CITY OF DETROIT RETIREMENT SYSTEMS

Financial Statements

June 30, 2001

(With Independent Auditors' Report Thereon)

CITY OF DETROIT RETIREMENT SYSTEMS

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Suite 1200
150 West Jefferson
Detroit, MI 48226-4429

Independent Auditors' Report

To the Boards of Trustees
The City of Detroit General Retirement System
and
The Policemen and Firemen Retirement System
of the City of Detroit:

We have audited the statement of plan net assets and the related statement of changes in plan net assets of the City of Detroit General Retirement System and the Policemen and Firemen Retirement System of the City of Detroit (the Systems) as of and for the year ended June 30, 2001. These financial statements are the responsibility of the Systems' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the Systems as of June 30, 2001 and the changes in plan net assets for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The schedules of employer contributions and funding progress on page 13 are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board (GASB), and we did not audit, and do not express an opinion on, such information. We have applied to the schedules of employer contributions and funding progress certain limited procedures prescribed by professional auditing standards, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the schedules.

KPMG LLP

December 5, 2001

CITY OF DETROIT RETIREMENT SYSTEMS

Statement of Plan Net Assets

June 30, 2001

(With comparative totals for June 30, 2000)

	General Retirement System		Policemen Retirem
	2001	2000	2001
Assets:			
Cash	$ 2,819,153	3,985,023	263,468
Investments, at fair value	2,704,046,265	2,979,070,129	3,556,816,043
Accrued investment income	13,584,240	14,997,714	20,246,327
Contributions receivable	4,323,523	6,606,627	7,144,893
Receivables from investment sales	199,933,603	185,973,204	147,254,932
Other accounts receivable	422,874	186,414	417,977
Total assets	2,925,129,658	3,190,819,111	3,732,143,640
Liabilities:			
Payables for investment purchases	200,208,104	194,591,475	161,085,677
Claims payable to retirants and beneficiaries	2,332,160	2,967,497	976,575
Accrued pension benefits	—	12,191,550	81,791,707
Due to City of Detroit agencies	1,515,915	1,691,915	—
Other liabilities	30,067,397	31,585,598	4,664,461
Total liabilities	234,123,576	243,028,035	248,518,420
Net assets held in trust for pension benefits (a schedule of funding progress for each plan is presented on page 12)	$ 2,691,006,082	2,947,791,076	3,483,625,220

See accompanying notes to financial statements.

CITY OF DETROIT RETIREMENT SYSTEMS

Statement of Changes in Plan Net Assets

Year ended June 30, 2001

(With comparative totals for 2000)

	General Retirement System					
	Annuity reserves			Pension reserves		
	Annuity Savings Fund	Annuity Reserve Fund	Market Stabilization Fund	Pension Accumulation Fund	Pension Reserve Fund	2001
Additions:						
Employer contributions	$ —	—	—	68,139,535	—	68,13
Employee contributions	25,432,043	—	—	46,618	—	25,47
Investment income (loss), net	52,287,361	2,082,622	(266,498,319)	(8,928,591)	92,978,395	(128,07
Total additions (reductions)	77,719,404	2,082,622	(266,498,319)	59,257,562	92,978,395	(34,46
Deductions:						
Pension and annuity benefits	—	3,195,253	—	—	132,808,650	136,00
General and administrative expenses	—	—	—	3,149,697	—	3,14
Refunds	82,154,215	—	—	1,016,843	—	83,17
Total deductions	82,154,215	3,195,253	—	4,166,540	132,808,650	222,32
Net increase (decrease)	(4,434,811)	(1,112,631)	(266,498,319)	55,091,022	(39,830,255)	(256,78
Transfers, net	(719,972)	(378,294)	—	(24,582,089)	25,680,355	
Net assets held in trust for pension benefits, beginning of year	725,956,046	25,576,021	45,358,013	912,057,915	1,238,843,081	2,947,79
Net assets held in trust for pension benefits, end of year	$ 720,801,263	24,085,096	(221,140,306)	942,566,848	1,224,693,181	2,691,00

(Continued)

CITY OF DETROIT RETIREMENT SYSTEMS

Statement of Changes in Plan Net Assets

Year ended June 30, 2001

(With comparative totals for 2000)

	Policemen and Firemen Retirement System						
	Annuity reserves			Pension reserves			
	Annuity Savings Fund	Annuity Reserve Fund	Market Stabilization Fund	Survivor Benefits Fund	Pension Accumulation Fund	Pension Reserve Fund	200
Additions:							
Employer contributions	$ —	—	—	—	14,443,382	—	14,44
Employee contributions	10,239,667	—	—	—	61,114	—	10,30
Investment income (loss), net	36,934,638	1,462,010	(628,110,581)	2,314,161	(31,259,591)	153,993,609	(464,66
Total additions (reductions)	47,174,305	1,462,010	(628,110,581)	2,314,161	(16,755,095)	153,993,609	(439,92
Deductions:							
Pension and annuity benefits	—	110,390,525	—	3,404,524	—	174,790,706	288,58
General and administrative expenses	—	—	—	—	3,147,697	—	3,14
Refunds	17,616,973	149,332	—	—	—	—	17,76
Total deductions	17,616,973	110,539,857	—	3,404,524	3,147,697	174,790,706	309,49
Net increase (decrease)	29,557,332	(109,077,847)	(628,110,581)	(1,090,363)	(19,902,792)	(20,797,097)	(749,42
Transfers, net	108,743,236	97,995,456	—	—	(407,306,799)	200,568,107	
Net assets held in trust for pension benefits, beginning of year	225,914,827	25,057,750	211,715,097	31,370,989	1,744,044,936	1,994,942,969	4,233,04
Net assets held in trust for pension benefits, end of year	$ 364,215,395	13,975,359	(416,395,484)	30,280,626	1,316,835,345	2,174,713,979	3,483,62

See accompanying notes to financial statements.

(A) Plan Description

The City of Detroit, a single employer, Retirement Systems consist of the General Retirement System (GRS) and the Policemen and Firemen Retirement System (PFRS). Each System is composed of a defined benefit plan and a defined contribution plan. The plans provide retirement, disability, and death benefits to plan members and beneficiaries.

These Systems are administered in accordance with the City of Detroit (City) Charter and union contracts, which assign the authority to establish and amend contributions and benefit provisions to each System's board of trustees. The Systems' investment policies are governed in accordance with the State of Michigan Public Act 314 of 1965, as amended.

(B) Summary of Significant Accounting Policies

Basis of Accounting

The Systems' financial statements are prepared using the accrual basis of accounting. Employee contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable, in accordance with the terms of each plan. The Systems' report in accordance with GASB Statement No. 25,

Method Used to Value Investments

System investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar investments. Investments that do not have an established market are reported at estimated fair value.

Funding Policy – Contributions

The City's policy is to fund normal costs and amortization of prior service costs. The City is required to contribute at an actuarially determined rate. The current rate is 13.37% of active annual payroll for the GRS and 27.25% of active annual payroll for the PFRS. Contributions from employer for the year ended June 30, 2001 amounted to $68,139,535 and $14,443,382 for the GRS and the PFRS, respectively.

Employee contributions for annuity savings are as follows:

- ***General Retirement System:*** 3% of the first $68,400 of annual compensation and 5% of any excess over $68,400. Employees may also elect to contribute 3%, 5%, or 7%. Contributions are voluntary for all union and non-union employees.

- ***Policemen and Firemen Retirement System:*** Mandatory contributions are 5% of base compensation until eligibility for retirement is reached.

Contributions from employees during the year ended June 30, 2001 amounted to $25,478,661 and $10,300,781 for the GRS and the PFRS, respectively.

The contribution requirements of plan members and the City of Detroit are established and may be amended by the board of trustees in accordance with the City Charter, union contracts, and plan provisions.

Benefits

GRS members may retire with full benefits after attaining 30 years of service; age 55 with 30 years of service if hired after January 1, 1996; age 60 with 10 years of service; or age 65 with 8 years of service. Employees may retire after 25 years of service and collect an actuarially reduced retirement benefit.

Police officers and firefighters hired prior to January 1, 1969 may retire after 25 years of service with full benefits and an escalator clause for future increases. Police officers and firefighters hired after January 1, 1969 may retire after 25 years of service with full benefits and a yearly cost-of-living adjustment of 2.25%.

Members of the GRS who separated prior to July 1, 1981, met the age and service requirements, and who did not withdraw their accumulated annuity contributions are generally eligible for a pension at the time they would have been eligible had they continued in City employment. Members who separate after July 1, 1981 are not required to leave their accumulated annuity contributions in the System.

Members of the PFRS who separated prior to July 1, 1982, met the age and service requirements, and who did not withdraw their accumulated annuity contributions are generally eligible for a pension at the time they would have been eligible had they continued in City employment. Members who separate after July 1, 1982 and meet the age and service requirements are able to withdraw their accumulated contributions and remain eligible for a benefit.

Monthly pension benefits, which are subject to certain minimum and maximum amounts, are determined according to fixed rates per year of credited service. Pension benefits for all members of the GRS are increased annually by 2.25% of the original pension. For those members of the PFRS who were hired after January 1, 1969, pension benefits are increased annually by 2.25% of the original pension. Police officers and firefighters hired before January 1, 1969 may elect, at retirement, increases based upon pay increases of active members or annual increases of 2.25% of the original pension.

Employee contributions to both Systems for annuity savings may be withdrawn upon separation from the City. At retirement, members have the option to withdraw their accumulated annuity contributions plus interest in a lump sum or to receive monthly annuity payments. Employees in both Systems may withdraw their annuity balance if they have accumulated 25 years of service credit.

Class of Employees

The GRS covers all eligible employees other than police officers and firefighters, who are covered by the PFRS.

The Systems' membership consisted of the following at June 30, 2000, the date of the latest actuarial valuation:

	Defined benefit plans		Defined contribution plans	
	GRS	PFRS	GRS	PFRS
Retirees and beneficiaries receiving benefits	14,480	8,079	1,893	1,757
Terminated plan members entitled to but not yet receiving benefits	1,472	40	396	9
Active plan members	12,147	5,481	11,680	5,224

The Systems' membership consisted of the following at June 30, 1999 and are included for informational purposes only:

	Defined benefit plans		Defined contribution plans	
	GRS	PFRS	GRS	PFRS
Retirees and beneficiaries receiving benefits	11,537	7,883	2,060	1,880
Terminated plan members entitled to but not yet receiving benefits	1,351	45	574	19
Active plan members	11,987	5,329	11,286	4,646

(C) Cash and Investments

Cash balances for the Systems are held in financial institutions insured as members of FDIC in the Systems' name. As of June 30, 2001, the carrying amounts of $2,819,153 for the GRS and $263,468 for the PFRS were equal to bank balances. Of the bank balance, $136,844 for the GRS and $200,000 for the PFRS were covered by federal depository insurance. The remaining balances for both GRS and PFRS are uncollateralized.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 3, the Systems' investments are categorized to give an indication of the level of custodial risk assumed by the Systems at June 30, 2001. Category 2 includes investments which are uninsured, unregistered, and held by a trust department or agent in the Systems' name.

The Systems have adopted an official investment policy, which is in accordance with state statute. Authorized investments include U.S. Government obligations, certificates of deposit, savings and depository accounts of insured institutions, commercial paper of certain investment quality, bankers' acceptances, repurchase agreements, mutual funds of certain investment quality, secured lease obligations, real and personal property, small business and venture capital firms, preferred stock, common stock, and other investments not excluded by state statute, limited as to portfolio share.

Following is a description of the investments by type and category:

Investment			Category
General Retirement System:			
Short-term investments	$	157,634,951	2
Bonds and stocks		1,737,001,934	2
Mortgage-backed securities		83,942,510	2
Mortgage and construction loans		138,194,331	N/A
Equity interest in real estate		87,236,905	N/A
Securities lending		191,090,775	N/A
Pooled investments		117,867,092	N/A
Private placements		191,077,767	2
Total	$	2,704,046,265	
Policemen and Firemen System:			
Short-term investments	$	159,402,831	2
Bonds and stocks		2,289,139,608	2
Mortgage-backed securities		175,888,125	2
Mortgage and construction loans		81,469,075	N/A
Equity interest in real estate		75,203,433	N/A
Securities lending		409,745,112	N/A
Pooled investments		343,431,003	N/A
Private placements		22,536,856	2
Total	$	3,556,816,043	

Investment loss, net presented in the Statement of Changes in Plan Net Assets, consist of interest income, dividend income, net depreciation and investment expenses. GRS and PFRS were unable to breakdown each component by reserve fund as required in GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* however the Systems were able to present components in total:

	PFRS	GRS
Investment loss, net		
Dividends income	$ 31,276,803	$ 20,521,797
Interest income	109,352,491	60,256,705
Net depreciation	(591,172,213)	(204,207,246)
Investment expenses	(14,122,835)	(4,649,788)
Total	$ (464,665,754)	$ (128,078,532)

(Continued)

(D) Securities Lending

Under the provisions of Securities Lending Authorization Agreements, the Systems lend securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The Systems' custodial banks manage the securities lending program and receive cash, securities, and irrevocable bank letters of credit as collateral. The custodial banks do not have the ability to pledge or sell collateral securities unless the borrower defaults. Borrowers are required to deliver collateral for each loan equal to not less than 100% of the market value of the loaned securities.

The Systems did not impose any restrictions during the fiscal year on the amount of the loans that the custodial banks made on its behalf, and the custodial banks indemnified the Systems by agreeing to purchase replacement securities or return cash collateral in the event a borrower failed to return the loaned security or pay distributions thereon. There were no such failures by any borrowers during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or the custodial banks.

The Systems and the borrowers maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan is invested in two separate collective investment pools. The average duration of both investment pools as of June 30, 2001 was 74 days. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2001, the Systems had no credit risk exposure to borrowers. The collateral held and the market value of securities on loan for the Systems as of June 30, 2001 were $745,945,053 and $600,835,887, respectively.

The GRS has, via a Securities Lending Authorization Agreement, authorized State Street Bank and Trust Company (State Street) to lend its securities to broker-dealers and banks pursuant to a form of loan agreement. Cash collateral received with respect to such loans was invested, at the discretion of the board of trustees of the Systems, in Quality Funds for Short-term Investments, a pooled external vehicle (the Fund). The fair value of investments held by the Fund is based upon valuations provided by a recognized pricing service. Because the Fund does not meet the requirements of Rule 2a-7 of the Investment Company Act of 1940, State Street has valued the Fund's investments at fair value for reporting purposes. The Fund is not registered with the Securities and Exchange Commission. State Street, and consequently the investment vehicles it sponsors (including the Fund), is subject to the oversight of the Federal Reserve Board and the Massachusetts Commissioner of Banks. The fair value of the GRS's position in the Fund is not the same as the value of the Fund shares. There was no involuntary participation in an external investment pool by the System for the fiscal year. Further, State Street assigned no income from one fund to another fund during the fiscal year.

(E) Net Assets Held in Trust for Employees' Pension Benefits

Net assets held in trust for employees' pension benefits include legally required reserves and amounts designated by the plans' boards of trustees for specific purposes. Net assets as of June 30, 2001 consist of the following reserves and designations:

	GRS	PFRS
Annuity reserves:		
Annuity Savings Fund	$ 720,801,263	364,215,395
Annuity Reserve Fund	24,085,096	13,975,359
	744,886,359	378,190,754
Pension reserves:		
Pension Accumulation Fund	942,566,848	1,316,835,345
Pension Reserve Fund	1,224,693,181	2,174,713,979
Survivor Benefit Fund	—	30,280,626
	2,167,260,029	3,521,829,950
Trustee-designated fund – Market Stabilization Fund	(221,140,306)	(416,395,484)
Total net assets	$ 2,691,006,082	3,483,625,220

Annuity Savings and Annuity Reserve Funds (Defined Contribution Plan)

The Annuity Savings Fund represents cumulative contributions made by active employees plus credited interest. Amounts are subject to withdrawal upon termination of employment or retirement. Amounts transferred to the Annuity Reserve Fund represent cumulative contributions for retirees, disabled members, or surviving spouses who have elected monthly annuity benefits.

Pension Accumulation and Pension Reserve Funds (Defined Benefit Plan)

The Pension Accumulation Fund represents the fund in which City contributions are accumulated for the payment of pensions and other benefits. Employees who served in World War II, the Korean War, or Vietnam are eligible to contribute a one-time contribution to receive an additional pension payment upon retirement. Total employee contributions for the veterans were $46,618 for GRS and $61,114 for PFRS for the year ended June 30, 2001.

The Pension Reserve Fund represents funded pension benefits available for retired lives and is funded by actuarially determined transfers from the Pension Accumulation Fund.

Survivor Benefits Reserve Fund

The Survivor Benefits Reserve Fund represents accumulated employee and City contributions for certain survivor benefits from which the related benefits are paid.

Market Stabilization Fund

The Market Stabilization Fund represents amounts designated from plans' earnings for cushioning the effect of future market value adjustments for investment performance. The boards of trustees authorized the creation of this fund, and the reserve amounts are calculated using a three-year-average method.

(F) Transfers

Reserves are subject to adjustments based upon actuarial valuation. Such adjustments are recorded each fiscal year.

(G) Accrued Pension Benefits

On October 4, 2000, the City of Detroit, Michigan, the Detroit Police and Lieutenants and Sergeants Association (DPLSA), the Detroit Police Officers Association (DPOA), the Detroit Firefighters Association (DFFA), the Detroit Police Command Officers Association (DPCOA), and the Retired Detroit Police and Fire Association (RDPFA), collectively known as "the Union," entered into an agreement whereby $92.4 million and $98 million for the years ended June 30, 1998 and 2000, respectively, of net assets held in trust for pension benefits was distributed to the City (40%) and active (30%) and retired (30%) member police officers and firefighters.

The distribution resulted from the excess of the funding value of assets over actuarial accrued liabilities (full funding credit). The City's portion was credited toward the normal cost contribution for the fiscal years ending June 30, 2001 and 2002. Retired employees or beneficiaries received an additional pension check, referred to as the "13th Check." All active employees on the payroll July 1, 2000 and July 1, 2001 received a distribution in the form of contributions to each employee's defined contribution plan account, based upon the employee's pension service credit earned as of the June 30 of the applicable plan year. The payout was scheduled in three installments – June 2001, July 2001, and October 2001. The $81,791,707 recorded as a liability on the accompanying statement of plan net assets, represents the accrued pension benefits earned but not paid until October 2001.

(H) Old Pension Plans

Certain old pension plans, which include retired members only, are accounted for by the sponsor funds on a pay-as-you-go basis and are not reflected in the accompanying financial statements. The sponsor funds and contributions made for the year ended June 30, 2001 are $50,083.

(I) Other Postemployment Benefits

In addition to the pension benefits described above, the City provides postretirement benefits to its retirees, which include hospitalization, dental care, eye care, and life insurance. The number of City retirees at June 30, 2001 is 19,559. Costs are accounted for in accordance with GASB Statement No. 12, *Disclosure of Information on Postretirement Benefits Other Than Pension Benefits by State and Local Government Employers*. The benefits are provided in accordance with the City Charter and union contracts. The costs of benefits, which are financed on a pay-as-you-go basis, for the year ended June 30, 2001 are as follows:

Benefits		City cost	Retiree cost	Total cost
Hospitalization	$	96,233,472	8,899,661	105,133,133
Dental care		5,295,352	—	5,295,352
Eye care		1,844,286	—	1,844,286
Life insurance		135,078	26,951	162,029
Total	$	103,508,188	8,926,612	112,434,800

(J) Subsequent Events

On November 30, 2001, City Council approved a Defined Contribution Plan for employees of the GRS and an estimated date of enactment has not been determined. The City Council also approved several insignificant changes in actuarial methods and assumptions. Such changes were included in the June 30, 2000 actuarial report and were contingent upon approval.

CITY OF DETROIT RETIREMENT SYSTEMS

Required Supplementary Information

June 30, 2001

A. Schedule of Employer Contributions
(Dollar amounts in millions)

General Retirement System			Policemen and Firemen Retirement System		
Year ended June 30	Annual required contributions	Percentage contributed	Year ended June 30	Annual required contributions	Percentage contributed
1995	$ 36.5	100%	1995	$ 57.3	100%
1996	42.5	100	1996	55.0	100
1997	54.7	100	1997	54.5	100
1998	52.7	100	1998	48.1	100
1999	55.6	100	1999	15.7	100
2000	66.7	100	2000	20.0	100

B. Schedule of Funding Progress
(Dollar amounts in millions)

Actuarial valuation date June 30	Actuarial value of assets	Actuarial accrued liability (AAL)	Funded ratio	Unfunded AAL (UAAL)	Covered payroll	UAAL as a percentage of payroll
General Retirement System						
1995	$ 2,043.4	2,275.2	89.8	$ 231.8	327.6	70.8%
1996	2,193.2	2,382.8	92.0	189.6	360.1	52.7
1997	2,333.4	2,537.8	92.0	204.4	382.8	53.4
1998	2,582.0	2,814.9	91.7	232.9	387.0	60.2
1999(A)(B)	2,756.6	2,900.4	95.0	143.8	383.4	37.5
2000(A)(B)	2,902.4	3,077.0	94.3	174.6	417.2	41.9
Policemen and Firemen Retirement System						
1995	$ 2,443.0	2,574.2	94.9	$ 131.2	209.7	62.6%
1996(A)	2,628.6	2,633.4	99.8	4.8	212.7	2.3
1997	2,944.2	2,806.6	104.9	(137.6)	217.6	—
1998	3,325.9	2,976.8	111.7	(349.1)	217.5	—
1999(A)(B)	3,668.4	3,218.7	114.0	(449.7)	216.0	—
2000(A)(B)	3,964.2	3,342.1	118.6	(622.1)	237.7	—

(A) After changes in actuarial assumptions.

(B) Plan amended.

(Continued)

CITY OF DETROIT RETIREMENT SYSTEMS

Required Supplementary Information

June 30, 2001

Significant Actuarial Assumptions

Significant actuarial assumptions used in preparing the accompanying Systems' required supplementary information for the year ended June 30, 2001 follow:

	General Retirement System	Policemen and Firemen Retirement System
Valuation date	June 30, 2000	June 30, 2000
Actuarial cost method	Entry age	Entry age
Amortization method	Level percent closed	Level percent closed
Remaining amortization period	21 years	17 years
Asset valuation method	3-year smoothed market	3-year smoothed market
Actuarial assumptions:		
Investment rate of return	7.9%	7.8%
Projected salary increases	4.0%-10.0%	5.5%-9.0%
Includes inflation at	4.0%	4.8%
Cost-of-living adjustments	2.25%	2.25%

Factors that significantly affect the identification of trends in the amounts reported include, for example, changes in benefit provisions, the size or composition of the population covered by the plans, or the actuarial methods and assumptions used.

HOOKER & HOLCOMBE, INC.

65 LaSalle Road
West Hartford, CT 06107-2397
860-521-8400 tel
860-521-3742 fax
www.hhconsultants.com

City of Hartford Municipal Employee's Retirement Fund (MERF)

Actuarial Survey

July 1, 2001

Daniel M. Arnold, F.S.A.
Consulting Actuary

Elizabeth J. Williard, A.S.A.
DB Reviewing Actuary

Victor Adelstein
Pension Analyst

Scott Moss
Pension Analyst

July 22, 2002

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Section I

Actuarial Costs for Maintaining MERF

		Police	Firefighters	Board of Education	General Government	Total Membership
Active Membership						
Number of Employees		454	373	1,123	695	2,645
Annual Payroll (000)	(1)	$31,385	$21,849	$34,258	$32,117	$119,609
Normal Actuarial Costs						
A. Actuarial Present Value of Future Benefits (000)						
Active Members		$160,302	$126,549	$106,854	$155,533	$549,238
Terminated Non-Vested Members		266	221	176	243	906
Terminated Vested Members		627	97	1,543	3,751	6,018
Retired Members		147,414	158,174	64,431	147,383	517,402
Old Plans COLA 1987/1990/1997/1999/2001		2,043	1,837	2,655	469	7,004
Total		$310,652	$286,878	$175,659	$307,379	$1,080,568
B. Valuation Assets (Adjusted Value) (000)		$307,048	$280,617	$119,993	$274,226	$981,884*
C. Actuarial Present Value of Future Normal Costs (A) - (B) (000)		$3,604	$6,261	$55,666	$33,153	$98,684
D. Actuarial Present Value of Future Salaries (000)		$252,212	$224,711	$407,295	$303,065	$1,187,283
E. Normal Actuarial Costs as Percentage of Payroll						
Service Pension (C)/(D)	(2)	1.43%	2.79%	13.67%	10.94%	
Disability Pension	(3)	3.00%	3.00%	1.00%	1.00%	
Total Normal Cost Percent		4.43%	5.79%	14.67%	11.94%	
F. Employee Contributions		7.88%	8.00%	4.02%	5.42%	
G. Net Normal Actuarial Costs Payable by City (E) - (F)	(4)	**(3.45%)**	**(2.21%)**	**10.65%**	**6.52%**	

* *Includes $3.0 (was $1.4) million receivable from CMERS.*

(1) Salaries have been adjusted for groups in negotiations by **3.3%** per year for the period of each open contract, and non-bargaining groups by **3.3%** per year for one full fiscal year from the measurement date.

(2) Normal Actuarial Costs as level percentage of future payrolls (including overtime) for funding actuarial present values required for all future service pensions, survivor's benefits thereon, and refunds on terminations.

(3) Annual term Normal Actuarial Costs for establishing actuarial liabilities for new disability pensions, and survivor benefits thereon, at time pensions are approved.

(4) Social Security (F.I.C.A.) taxes are also paid by the City and Employees, except for primarily Police and Firefighters. The tax rate is 7.65% for 2001 and 7.65% for 2002 and is applied to earnings below the wage base. For 2001 the wage base is $80,400, increasing to $84,900 for 2002. All employees hired on or after April 1, 1986 must be covered by the Medicare portion of the Social Security Act. The Medicare tax rate is 1.45%.

Section II

Actuarial Balance Sheet as of July 1, 2001

Valuation Assets on July 1, 2001 (Adjusted Value)

Investments held by City Treasurer (includes Cash and Accounts Payable)		$ 14,172,000
Assets held by Banks as Investment Managers and Custodians at Adjusted Value (1)		960,794,000
Estimated Experience Assets of One Insurance Company (including Reserves for Purchased Annuities)		3,918,000
Receivable from CMERS*		3,000,000
Total Valuation Assets (Adjusted Value) July 1, 2001		$981,884,000

Actuarial Liabilities on July 1, 2001

Actuarial Liability for Inactive Members (2)		
Regular Retirement Annuities	$442,914,000 (3)	
Disability Retirement Annuities	56,161,000	
Survivor-Only Annuities	25,331,000	
Deferred Benefits for Terminated Non-Vested Members	906,000	
Deferred Benefits for Terminated Vested Members	6,018,000	
		531,330,000
Actuarial Liability for Future Retirement Benefits for Currently Active Members (4)		450,554,000
Total Actuarial Liabilities		$981,884,000

(1) See Actuarial Assumptions for explanation of Adjusted Value of Valuation Assets. Cost basis and market value are shown on following page.

(2) Includes actuarial liabilities for retiree Cost of Living Adjustment (COLA) effective July 1, 1987, July 1, 1990, July 1, 1997, July 1, 1999, and July 1, 2001 for both MERF and the unfunded plans (PBF, FRF, and RAF). Unfunded plans COLA actuarial liability included is $3,849,000 for 1987 COLA, $1,011,000 for 1990 COLA, $1,667,000 for 1997 COLA, $328,000 for 1999 COLA, and $149,000 for 2001 COLA.

(3) Includes actuarial liabilities for annuities purchased from insurance companies revalued on the actuarial basis used for this survey.

(4) The Actuarial Present Value of Future Retirement Benefits for currently active members is $549,238,000. This includes the actuarial accrued liability for Local 1716 members who transferred to the State Plan on July 1, 1986 and for Local 566 members who transferred on August 1, 1988. The difference between this Actuarial Present Value and the Actuarial Liability for current members will be funded by future City and Employee Contributions.

* *Connecticut Municipal Employees' Retirement System (CMERS). Estimated value of assets expected to be transferred from CMERS to this plan for members whose pension benefits were transferred prior to July 1, 2001 (was $1.4 million).*

Assets as of July 1, 2001

Investment Managers	Cost Basis	Market Value
Treasurer's Account (includes Cash and Accounts Payable)	$ 19,393,000	$ 15,194,000
State Street Bank - Advisory Accounts	834,078,000	853,761,000
State Street Bank & Trust Company	112,989,000	118,749,000
Insurance Carrier*	6,388,000	4,164,000
Total	$972,848,000	$991,868,000
Receivable from CMERS**	3,000,000	3,000,000
Grand Total	$975,848,000	$994,868,000

* *Aetna Life.*

** *Connecticut Municipal Employees' Retirement System (CMERS). Estimated value of assets expected to be transferred from CMERS to this plan for members whose pension benefits were transferred prior to July 1, 2001 (was $1.4 million).*

Section III

Comments on Valuation Results

The recommended contribution rates are Normal Actuarial Costs of (3.45%) for Police, (2.21%) for Firefighters, 10.65% for Board of Education and 6.52% for General Government. The Normal Actuarial Cost ratios should be applied to the appropriate membership payrolls.

Changes in Contribution Rates

Contribution rates have increased for all groups as compared to last year primarily due to the 2001 COLA and for General Government actuarial losses due to early retirements and change in the assumed retirement age from age 60 to the earlier of (age 58 plus 25 years) and (age 62 plus 10 years). Please note that the salaries used were adjusted for groups which are currently in negotiations by **3.3%** per year for the period of each open contract and non-bargaining groups by **3.3%** per year for one full fiscal year from the measurement date. Also, for Police under age 45, overtime has been limited to no more than 20% of base pay as the actual overtime rate in 2001 is not expected to continue.

Adjusted Value of Assets

The adjusted value of assets includes $3 (was $1.4) million in funds assumed owed the MERF from the State of Connecticut Municipal Employees' Retirement System (CMERS). The $3 (was $1.4) million is the estimated value of assets expected to be transferred from CMERS to this plan for members whose pension benefits were transferred prior to July 1, 2001.

Investment Returns

According to the Funds Evaluation Services of SEI, State Street, and Russell/Mellon, the combined pension fund had the following investment returns (gross of fees):

12-Month Period Ending	Rate of Return	12-Month Period Ending	Rate of Return
June 30, 1990	10.0%	June 30, 1996	14.9%
December 31, 1990	1.6%	December 31, 1996	13.1%*
June 30, 1991	8.3%	June 30, 1997	20.7%**
December 31, 1991	19.4%	December 31, 1997	21.6%**
June 30, 1992	10.1%	June 30, 1998	18.0%**
December 31, 1992	9.4%	December 31, 1998	13.7%**
June 30, 1993	12.1%	June 30, 1999	10.4%**
December 31, 1993	9.3%	December 31, 1999	12.1%**
June 30, 1994	2.9%	June 30, 2000	8.8%**
December 31, 1994	0.9%	December 31, 2000	3.2%**
June 30, 1995	15.1%	June 30, 2001	-2.1%***
December 31, 1995	21.0%	December 31, 2001	-2.7%***

* *Sum of first 9 months by SEI of 8.0% and last 3 months by State Street of 5.1%.*

** *12 months of State Street.*

*** *Starting January 1, 2001 provided by Russell/Mellon analytical services.*

It should be noted that if the last three fiscal year's (1998-1999, 1999-2000, and 2000-2001) gross rates of return on market value are compounded, the average rate was 5.6%. For the three previous fiscal years (1997-1998, 1998-1999, and 1999-2000), the gross average rate was 12.3%. On a calendar year basis, the 1999, 2000, and 2001, and the 1998, 1999, and 2000 gross average rates were 4.0% and 9.6%, respectively (15.7% for average of 1997, 1998, and 1999).

The net return on adjusted assets for 1998-1999, 1999-2000, and 2000-2001 were estimated to be, 14.8%, 13.6% and 8.1% respectively. Investment expenses for 1998-1999, 1999-2000, and 2000-2001 have been estimated to be 0.31%, 0.32%, and 0.34% of adjusted assets, respectively.

Please note adjusted assets are used to determine City contribution rates. Under the basis for determining adjusted assets, each year's gains are distributed over four years in order to moderate fluctuations and their impact on the plan's contribution rate. The gains not recognized in the adjusted asset total this year will be included in following years.

1999 Experience Study

This study reflects the application of the results of the 1999 Experience Study of December 17, 1999. It is recommended that the City have another review of actual and expected experience in 2004 in order to update the actuarial assumptions at that time.

Membership

The active membership of MERF as of October 1, 2001, was 2,645, an increase of 81 from the total of 2,564 last year. Police membership increased by 4, Firefighters decreased by 13, Board of Education increased by 74, and General Government increased by 16.

Status of Fund

Please note the comments on the sound financial condition of the MERF fund found in the letter of this report.

Change of Actuarial Assumptions

Please refer to Section VII Actuarial Assumptions (pages 18-20) for a list of new and old actuarial assumptions.

Section IV

Accounting Information

A. FASB Statements No. 35

The following information is based on Statement No. 35 (Accounting and Reporting by Defined Benefit Pension Plans) of the Financial Accounting Standards Board. The figures below are the actuarial present value of plan benefits accumulated through July 1, 2001. For retired members and survivors, this includes the actual benefit they are receiving including the COLA's effective July 1, 1987, July 1, 1990, July 1, 1997, July 1, 1999, and July 1, 2001. It also includes the COLA for retirees and survivors under the three unfunded plans, PBF, FRF, and RAF. Deferred benefits for members who terminated in a vested status, accumulated contributions of members who terminated in a non-vested status, and accrued benefits for Locals 1716 and 566, net of amortization payments to Connecticut Municipal Employees' Retirement System (CMERS), are also included.

For active members, we have calculated the benefits accumulated for service to July 1, 2001 and have considered the compensation over the appropriate averaging period ending on July 1, 2001. In computing actuarial present values, the regular valuation assumptions outlined in Section VII are used. There is no projection of future salary increases.

The asset figure is the market value of assets and is greater than the adjusted asset figure used in the valuation. The adjusted asset figure is found in Section II, Actuarial Balance Sheet.

Actuarial Present Value of Accumulated Plan Benefits as of July 1, 2001

Vested (including employee contributions for non-vested members)	$771,652,000
Non-Vested	8,552,000
Total	$780,204,000
Net Assets at Market Value Available for Benefits as of July 1, 2001	$991,868,000*

** Excludes $3 (was $1.4) million receivable from CMERS.*

B. GASB Statement No. 5

The following information provided is based on Statement No. 5 of the Governmental Accounting Standards Board on "Disclosure of Pension Information by Public Employee Retirement Systems and State and Local Governmental Employees".

The amount shown below as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the plan's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among plans. The measure is independent of the actuarial funding method used to determine contributions to the plan.

The Pension Benefit Obligation was based on the actuarial valuation at July 1, 2001. Significant actuarial assumptions used include (a) rate of return on the investment of present and future assets of 8.00 percent per year compounded annually, (b) projected salary increase of 3.3 percent per year compounded annually, attributable to inflation*, (c) additional projected salary increases which vary by age and group, attributable to promotion or merit, and (d) no post-retirement benefit increases.

At July 1, 2001 the excess of assets (Cost Basis) over Pension Benefit Obligation was $107,278,000 as follows:

Pension Benefit Obligation:	
Retirees and beneficiaries currently receiving benefits (1)	$524,406,000
Terminated employees not yet receiving benefits	6,924,000
Current employees:	
Accumulated employee contributions including allocated investments earnings	60,264,000
Employer-Financed Vested Employees (2)	248,027,000
Employer-Financed Non-Vested Employees	25,949,000
Total Pension Benefit Obligation	$865,570,000
Net assets available for benefits, Cost Basis (Market Value $991,868,000)**	$972,848,000**
Excess of assets over Pension Benefit Obligation	$107,278,000

(1) Includes $3,849,000 for Old Plans COLA effective 7/1/1987, $1,011,000 for Old Plans COLA effective 7/1/1990, $1,667,000 for Old Plans COLA effective 7/1/1997, $328,000 for Old Plans COLA effective 7/1/1999, and $149,000 for Old Plans COLA effective 7/1/2001.

(2) Includes $15,234,000 for Locals 1716 and 566 now in CMERS.

* *For Police, overtime for those under age 45 was limited to 20% of base pay.*

** *Excludes $3 (was $1.4) million receivable from CMERS.*

C. GASB Statements No. 25 and 27

The following information is based on the Governmental Accounting Standards Board Statement No. 25 on "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and Statement No. 27 on "Accounting for Pensions by State and Local Governmental Employers".

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed	Net Annual Required Contribution *	Miscellaneous **	Net Percentage Contributed
1996	$9,791,441	100%	$9,791,441	0	100%
1997	9,028,651	100%	8,558,150	470,501	100%
1998	9,019,116	100%	8,563,860	455,256	100%
1999	8,984,312	100%	8,576,940	407,372	100%
2000	7,301,471	100%	7,036,870	264,601	100%
2001	759,283	100%	470,000	289,283	100%

* *City's cash contribution to MERF.*

** *Funds transferred from State of Connecticut's Connecticut Municipal Employees' Retirement System (CMERS) and Aetna annuity payments.*

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets * (a)	Actuarial Accrued Liability (AAL) # (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)÷c)
7/1/1996	$629,111,000	$612,129,000	$(16,982,000)	102.8%	$98,279,000	-17.3%
7/1/1997	688,311,000	665,478,000	(22,833,000)	103.4%	99,812,000	-22.9%
7/1/1998	772,757,000	716,332,000	(56,425,000)	107.9%	106,825,000	-52.8%
7/1/1999	858,805,000	753,379,000	(105,426,000)	114.0%	110,398,000	-95.5%
7/1/2000	944,652,000	805,453,000	(139,199,000)	117.3%	112,921,000	-123.3%
7/1/2001	978,884,000	865,570,000	(113,314,000)	113.1%	119,609,000	-94.7%

During the fiscal year ending June 30, 1997, the City implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans", and elected to implement early the provisions of GASB Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers". The information required for completion of GASB No. 25 and No. 27 for the fiscal year ending June 30, 2001 was prepared based upon the previous year's actuarial valuation (2000 Actuarial Survey) and additional information for fiscal year 2000-2001. It was contained in a separate report which was sent to the City's auditors, Scully & Wolf, LLP on November 6, 2001.

The information required for completion of GASB No. 25 and No. 27 for the fiscal year ending June 30, 2002 will be prepared based upon the current year's actuarial valuation (2001 Actuarial Survey) and additional information for fiscal year 2001-2002. It will be contained in a separate report and submitted to the City's auditors.

* *Excludes receivable from CMERS, and for July 1, 1997 excludes 1/4 of realized gain from the Webber/Mitchell-Hutchins litigation and 1/4 of unrealized loss due to reappraisal of 10 Prospect Street.*

\# *Liability shown is on a PBO basis.*

Section V

Hartford MERF - Summary of Principal Provisions of Pension Plan
July 1, 2001

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	GENERAL GOVERNMENT MEMBERS
Retirement Pensions:	Firefighters hired before July 1, 2000: 2.65% of Final Average Pay (rate of weekly pay immediately preeding retirement times 52, plus for firefighters who work a 42 hour week, holiday pay) multiplied by years of service up to 20 plus a decreasing percentage for years over 20. Firefighters hired after June 30, 2000: 2.5% of Final Average Pay (rate of weekly pay immediately preceding retirement times 52, plus for firefighters who work a 42 hour week, holiday pay) multiplied by years of service up to 20 plus 2% of Final Average Pay for years of service over 20. Sworn Police Officers hired before July 2, 1999: 2.65% of Final Average Pay for highest 3 of last 5 years multiplied by years of service up to 20 plus a decreasing percentage for years over 20. Final Average Pay includes a provision for over-time and private duty pay. Sworn Police Officers hired after July 1, 1999: 2.5% of Final Average Pay for highest 3 of last 5 years times years of service up to 20 plus 2% for years of service over 20.	2% of Final Average Pay for highest 5 of last 10 years times years of service, with maximum benefit of 70% of Final Average Pay. Final Average pay for HFSHP and Local 2221, Hartford Federation of Paraprofessionals is based on highest 3 out of last 5 years. Benefit for Local 2221 is 2.5% of Final Average Pay multiplied by years of service up to 20 plus 2% of Final Average Pay for years of service over 20 (maximum of 10 years).	2% of Final Average Pay for highest 2 of last 5 years times years of service with maximum benefit of 70% of Final Average Pay. Benefit for CHPEA*, HMEA**, Non-bargaining (excluding Library) and MLA members is 2.5% of Final Average Pay. Non-bargaining (excluding Library) have a maximum benefit of 80% of Final Average Pay. CHPEA*, HMEA**, and MLA members have a maximum benefit of 70% of Final Average Pay (highest 2 of last 5 years). For CHPEA*, and HMEA** (who retire prior to July 1, 2000) members increase maximum benefit to 80% of Final Average Pay with sick exchange provision. Benefits for Non-bargaining who have 5-year option are based on highest 5 out of last 10 years. SCG members Final Average Pay based on highest 5 out of last 10 years. SCG members have benefit reduced by 1% of average Social Security covered earnings for all years included in computation of Social Security primary benefit. **Applies to October 1, 1997 active employees only who remain in the unit and retire therefrom.* ***Applies to December 1, 1998 active employees only who remain in the unit and retire therefrom.*

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	GENERAL GOVERNMENT MEMBERS
Retirement Pensions:	Non-Sworn Police Officers: 2.5% of Final Average Pay for highest 3 of last 5 years times years of service, with maximum benefit of 80% of Final Average Pay. Firefighters, Sworn Police Officers who are hired before July 2, 1999 and Non-Sworn Police Officers have a sick exchange provision which allows them to buy up to 4 years of pension credit of 2.5% of Final Average Pay per year purchased. Sworn Police Officers have a maximum benefit of 70% of Final Average Pay. For Sworn Police Officers hired before July 2, 1999 increase maximum benefit to 80% of Final Average Pay with sick exchange provision. Firefighters have a maximum benefit of 80% of Final Average Pay. For firefighters hired before July 1, 2000 increase maximum benefit to 85% of Final Average Pay with sick exchange provision. Firefighters hired before July 1, 1984 can elect current or new provisions prior to July 1, 2001.		Assistant Police Chief, Police Chief, Assistant Fire Chief and Fire Chief: Same as Non-Bargaining.
Normal Form of Benefit:	For unmarried members: life annuity. For married members: surviving spouse benefit of 25% of member's final year's earnings, if non-service connected death, and surviving spouse benefit of 50% of member's final year's earnings, if service connected death. For married Non-Sworn Police Officers: life annuity with 50% to survivor.	For unmarried members: life annuity. For married members: life annuity with 50% to survivor.	For unmarried members: life annuity. For married members: life annuity with 50% to survivor.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	GENERAL GOVERNMENT MEMBERS
Normal Retirement Age and Service Requirement:	Firefighters hired before July 1, 2000 and Sworn Police Officers hired before July 2, 1999: Full benefits after 20 years of continuous service. Sworn Police Officers hired after July 1, 1999: Full benefits after 25 years of service. Firefighters hired after June 30, 2000: 25 years of continuous service. Non-Sworn Police Officers: Full benefits after 20 years of service, or age 60 plus 10 years of continuous service, or after 15 years of continuous service, if contributions are left in the MERF for 5 more years before retirement.	Age 60 plus 10 years of continuous service. Members are also eligible at age 55 with 25 years of service.	Age 60 plus 10 years of service (10 years of continuous service for SCG, Non-bargaining and Library members). SCG members are also eligible at age 55 with 25 years of continuous service. HMEA and CHPEA members are eligible after 25 years of service with no minimum age. October 1, 1997 active CHPEA members who remain in the unit and retire therefrom are eligible after 20 years of continuous service with no minimum age. December 1, 1998 active HMEA members who remain in the unit and retire therefrom are eligible after 20 years of continous service with no minimum age. Library members are eligible after 25 year of continuous service with no minimum age. MLA members are eligible after 20 years of continuous service with no minimum age. Non-bargaining (excluding Library) members are eligible after 20 years or after 15 years of service, if contributions are left in the MERF for 5 more years before retirement.
Optional Early Retirement:	Firefighters and Sworn Police Officers: Age 50 with 10 years of continuous service, actuarially reduced or reduced at 2% per whole year and fractional year prior to Normal Retirement Age. Non-Sworn Police Officers: Age 55 with 10 years of service, reduced at 4% per whole year prior to age 60.	At age 55 with 10 years of service, reduced at 4% per whole year prior to age 60. Local 3534 and Local 818 reduced by 2%.	At age 55 with 10 years of service reduced at 4% per whole year prior to age 60. For SCG members, at age 55 with 10 years of continuous service reduced at 2% per whole year and fraction year prior to age 60.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	GENERAL GOVERNMENT MEMBERS
Vesting of Earned Deferred Pension:	Firefighters and Sworn Police Officers: After 10 years of continuous service. Non-Sworn Police Officers: After 10 years of service.	After 10 years of service. Payments begin no earlier than age 55. For SCG members, 10 years of continuous service.	
Benefits to Survivors: (Death of Active Member Prior to Retirement)	Surviving Spouse: 25% of final year's earnings (50% if service connected death), payable until death or remarriage. Surviving Child: $100 per month for first child, $50 for each additional child (10% of final year's earnings if service connected death, or 15% if no surviving spouse). Total benefit, including Worker's Compensation, cannot exceed 100% of current pay rate for Member's rank. Non-Sworn Police Officers: Same as General Government members.	Member must meet qualifications for vesting. Surviving Spouse: 50% of pension which Member is receiving or would be entitled to when retired, payments beginning no earlier than date of Member's 55th birthday. Surviving Spouse benefits are payable until death or remarriage.	
Refund of Contributions upon Discontinuance of Employment or at Death (Non-Vested Members): (May be taken in lieu of earned deferred pension by vested members)	Refund of total contributions, without interest. Non-Sworn Police Officers: Same as General Government members.	Termination: Refund of total contributions, with 3% interest compounded annually. Death: Refund of total contributions without interest.	

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	GENERAL GOVERNMENT MEMBERS
Pensions for Permanent, Total Disability - Service Requirements:	5 years of continuous service, but no requirement if disability is service connected as defined in Worker's Compensation Act. Non-Sworn Police Officers: Same as General Government members.	10 years of continuous service, except no requirement if disability is service connected as defined in Worker's Compensation Act.	
Amount of Total Disability Pension: (Payable so long as total disability continues.)	Retirement Pension with minimum of 25% of "final average pay." If disability is service connected, the pension equals 100% of the Member's final annual pay less Worker's Compensation benefits. Non-Sworn Police Officers: Same as General Government members.	Retirement Pension using Final Average Pay for last 10 years. If disability is service connected, amount not less than 50% of Member's final annual pay at time of disability, less Worker's Compensation Benefits.	
Pensions for Permanent Partial Disability: (Where earnings capacity is reduced by at least 10%.)	Ten years of continuous service, but no service requirement if disability is service connected. Same as disability pension with reduction for less than 15 years of service. If service connected, pension equals 50% of final annual pay if 15 years of service, with reductions for less than 15 years of service. If at least 20 years of service, pension equals retirement pension. Non-Sworn Police Officers: Same as General Government members.	Retirement Pension using Final Average Pay for last 10 years. Subject to a minimum pension of $10 monthly, and maximum 1-2/3% of the reduction in income times years of service. If the disability is service connected, the minimum benefit is not to be less than 50% of the reduction in earnings.	

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	GENERAL GOVERNMENT MEMBERS
Member's Contribution Rate of Total Earnings: (City pays full balance of costs to fund MERF benefits; also Members and City pay taxes for those covered by Social Security.)	Firefighters and Sworn Police Officers hired before July 2, 1999: 8%. Sworn Police Officers hired after July 1, 1999: 6.5%. Non-Sworn Police Officers: 4% on earnings taxed for Social Security and 7% on excess.	4% on earnings taxed for Social Security and 7% on excess.	4% on earnings taxed for Social Security and 7% on excess. SCG members contribute 3% and 6%. Non-bargaining members electing 2-year option contribute 5% and 8%. CHPEA members hired before October 1, 1997 contribute 6.5% and 9.5%. HMEA members hired before December 1, 1998 contribute 6% and 9%. CHPEA members hired after September 30, 1997, HMEA members hired after November 30, 1998, and MLA members contribute 5% and 8%. Assistant Police Chief, Police Chief, Assistant Fire Chief and Fire Chief: Same as Non-Bargaining.

Note 1 Any Member (other than a Police Officer or Firefighter) who was a Member before January 1, 1958 is guaranteed a minimum total benefit, including Social Security based on earnings from the City, equal to the pension the Member would have received under the terms of the MERF plan in existence prior to the enactment of the 1957 Special Act No. 347. Also, several active Members who transferred to MERF on or after July 1, 1968 from the City's Retirement Allowance Fund are entitled to a pension determined by the RAF provisions if it is greater than that based on the MERF provisions.

Note 2 Section 2-166 of the Municipal Code provides a minimum benefit of $155 monthly for all pensions granted by reason of service or for service-connected disability, and for joint annuitants under elected options, except members for whom Social Security taxes have been paid and anyone for whom more than half of the total pension is paid by the Metropolitan District.

Note 3 All members (other than SCG) may purchase up to 4 years of pension credit for military service. Pension credit is at the following rates of Final Average Pay per year purchased:

Sworn Police Officers, Firefighters, CHPEA members hired before October 1, 1997, HMEA members hired before December 1, 1998, Non-bargaining (including Assistant Police Chief, Police Chief, Assistant Fire Chief, and Fire Chief), Non-Sworn Police Officers, and MLA	2.50%
Other (including CHPEA members hired after September 30, 1997, HMEA members hired after November 30, 1998)	2.00%

Note 4 All members (other than Sworn Police Officers hired after July 1, 1999, all Board of Education members, CHPEA, HMEA, Library, and SCG) may exchange accumulated sick leave upon retirement for up to 4 years of pension service time. October 1, 1997 active CHPEA members who remain in the unit and retire therefrom by July 1, 2001, may exchange accumulated sick leave upon retirement for up to 4 years of pension service time. December 1, 1998 active HMEA members who remain in the unit and retire therefrom may exchange accumulated sick leave upon retirement for up to 4 years of pension service time. Additional pension service time may be purchased from accumulated sick leave at the rate of twenty days of accumulated sick leave for each year of pension service time.

Section VI

Actuarial Cost Method

The "Aggregate Actuarial Cost Method" (first adopted for the 1969 valuation) is used for determining the future rates of contributions needed for funding service retirements. This method is designed to produce stable "percentage-of-payroll" Normal Actuarial Costs over a period of years and this aim will be achieved so long as the emerging experience conforms with the actuarial assumptions.

Using this method, an actuarial valuation was made of the actuarial present value of all future normal retirement pensions for active members (including survivor benefits and refunds of employee contributions). The actuarial present value, needed for future payments to present pensioners and deferred vested pensioners and survivors was subtracted from the Valuation Assets (Adjusted Value) to determine the current Valuation Assets (Adjusted Value) available for future benefits for active members. The latter figure was subtracted from the actuarial present value of future benefits for active members in order to determine the remaining actuarial present value to be funded by future contributions. Finally, the net remainder was divided by the actuarial present value of all future salaries, and the total Normal Actuarial Costs for future contributions was determined as a level percentage of future annual payrolls.

Since the MERF fund includes several classifications of members who have different provisions for benefits and contributions, it was necessary to apply this method by separate actuarial valuations for Police, Firefighters, Board of Education, and General Government.

A provision is included for the Normal Actuarial Costs for disability pensions. On this basis the additional actuarial liabilities for such annuities will be set up from year to year as the benefits are approved, without advance funding of such actuarial costs. The "percentage-of-payroll" Normal Actuarial Costs for these benefits were based on a study of the actual past experience as explained in the actuarial assumptions. In view of the differing benefit provisions these estimates were made separately for Police Officers and Firefighters and for all other classifications combined.

Section VII

Actuarial Assumptions

The actuarial assumptions used in the **2001** MERF valuation are as follows:

Mortality Basis: UP-94 Projected by Scale AA to Year of valuation plus 10 (2011 for July 1, 2001 valuation), with separate male and female tables.

Termination:

Yearly Rates of Employee Termination

Age	Non-Uniformed	Uniformed
20	10.0%	5.0%
25	7.0%	2.0%
30	5.0%	2.0%
35	4.0%	2.0%
40+	0.0%	0.0%

Salary Scale: **3.3%** for salary increases **plus** a percentage for promotion or merit increases. For Police under age 45, overtime limited to less than or equal to 20% of base pay.

Yearly Rates of Increases for Promotion or Merit

Age	Police	Firefighters	Non-Uniformed
25 and under	6.0%	5.0%	4.0%
30	3.5%	2.5%	4.0%
35	2.2%	1.6%	2.1%
40	1.2%	1.1%	1.0%
Over 40	1.0%	1.0%	1.0%

Salaries are adjusted for groups in negotiations by **3.3%** per year for the period of each open contract, and non-bargaining groups by **3.3%** per year for one full fiscal year from the measurement date.

Investment Return: **8.00%** per year, net of investment expenses.

Assumed Retirement Age:	Board of Education: Age **62**. General Government: Earlier of age **58** with **25** years service and age **62** with **10** years service (was age 60). All Police: Age **50** with **20** years service. **Maximum retirement age of 65.** Firefighters: Age **53** with **25** years service. **Maximum retirement age of 65.** For both Uniformed and Non-Uniformed who have reached Assumed Retirement Age, retirement after one year.
Early Retirement:	Actuarial present value of future retirement benefits for active members has been increased by **5%** to cover the additional actuarial cost due to early retirement factors which are more liberal than a straight actuarial reduction.
Social Security:	Future tax wage bases are developed by projecting the 2001 base of **$80,400** forward at **4.3%** per year.
Marital Status at Retirement:	Non-Uniformed: Males - **82%** married, spouse 3 years younger. Females - **40%** married, spouse same age. Uniformed: All - **90%** married, spouse 2 years younger.
Normal Actuarial Costs for Disability:	Based on study of actual experience. The amount considered is the cost of establishing a reserve for the temporary annuity payable until normal retirement date.
Normal Actuarial Costs for Survivors	Costed explicitly.

Refund of Employee Contribution:	Actuarial present value of future retirement benefits for active members has been increased by a percentage based on actual refunds made over the past 5 years.
Expenses other than Investment Expenses:	All actuarial present values of future benefits have been increased by **2.50%** to cover expenses other than investment expenses.
Valuation Assets (Adjusted Value):	In order to smooth the year-to-year fluctuations in asset values, the asset values are adjusted by phasing in recognition of capital appreciation, i.e., realized and unrealized gains and losses. Capital appreciation is recognized over a four-year period at **25%** per year. The assets held by the insurance companies include the funds on deposit for future purchase of annuities, as well as the reserves and contingency reserves for annuities already purchased which are subject to experience rating.
Sick Exchange:	If provision available, four years are purchased by all actives.
Military and Prior Service Buy-backs:	When buy-back occurs, date of hire is adjusted accordingly.

Section VIII

Membership Data - 2001

Table 1 - Active Members

	Number	Payroll*	Average Annual Pay*
Police	454	$ 31,385,500	$69,131
Firefighters	373	21,848,600	58,575
Board of Education	1,123	34,258,400	30,506
General Government	695	32,116,800	46,211
TOTAL	2,645	$119,609,300	$45,221

** Basic salary plus overtime and private duty pay, if applicable. Salaries are adjusted for groups in negotiations 3.3% per year for the period of each open contract, and non-bargaining groups by 3.3% per year for one full fiscal year from the measurement date.*

Table 2 - Terminated Non-Vested Members and Total Monthly Annuities

Number	Total Monthly Annuities
977	N/A (all Non-Vested, return of employee contributions pending)

Table 3 - Number of Pensioners** and Total Monthly Annuities

	Service Pensions		Disability Pensions		Survivor Benefit		Total	
Police	333	$980,273	56	$95,956	44	$34,009	433	$1,110,238
Firefighters	281	875,720	135	308,600	77	66,407	493	1,250,727
Board of Education	552	536,504	25	10,409	91	23,264	668	570,177
General Government	552	1,130,899	27	16,826	163	99,817	742	1,247,542
Vested Deferred Pensions	73	77,015	--	--	--	--	73	77,015
TOTAL***	1,791	$3,600,411	243	$431,791	375	$223,497	2,409	$4,255,699

*** Sixteen pensioners receiving benefits as retiree and as survivor are included in both groups.*

**** An additional monthly benefit for the July 1, 1987, July 1, 1990, July 1, 1997, July 1,1999, and July 1, 2001 COLA's for the unfunded plans (PBF, FRF, and RAF) is also included in the total liabilities for MERF.*

CITY OF HARTFORD MERF - POLICE

NUMBER OF PERSONS IN PROCESSING GROUP BY AGE AND YEARS OF SERVICE

October 1, 2001

AGE	COMPLETED YEARS OF CREDITED SERVICE											
	< 1	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30 +	ALL YEARS
< 20												
20-24	4	2		3	1	1						11
25-29	6		3	13		10						32
30-34	10		3	8		68	26					115
35-39	2		2	4		29	38	24	1			100
40-44				1		5	28	55	23			112
45-49		1				4	3	35	10	1		54
50-54							2	11	7		1	21
55-59								1	1			2
60-64							1	1		1	1	4
65-69											3	3
70-74												
> 74												
ALL AGES	22	3	8	29	1	117	98	127	42	2	5	454

CITY OF HARTFORD MERF - POLICE

AVERAGE SALARY OF PERSONS IN PROCESSING GROUP BY AGE AND YEARS OF SERVICE

October 1, 2001

COMPLETED YEARS OF CREDITED SERVICE

AGE	< 1	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30 +	ALL YEARS
< 20												
20-24	32343	34579		49767	50092	49348						40661
25-29	32215		41980	46106		68232						50029
30-34	32220		45336	50249		67381	78323					65030
35-39	32228		39772	52004		66475	76227	85642	73509			73054
40-44				50904		73029	70147	75916	73212			73566
45-49		92475				58591	60676	79575	80090	86409		77431
50-54							68469	75989	65411		122809	73976
55-59								83798	54990			69394
60-64							42999	96779		28665	79339	61945
65-69											64156	64156
70-74												
> 74												
ALL AGES	32242	53878	42686	48606	50092	67016	74072	78995	73123	57537	78923	69131

CITY OF HARTFORD MERF - FIREFIGHTERS

NUMBER OF PERSONS IN PROCESSING GROUP BY AGE AND YEARS OF SERVICE

October 1, 2001

COMPLETED YEARS OF CREDITED SERVICE

AGE	< 1	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30 +	ALL YEARS
< 20												
20-24		2	2									4
25-29		7	7	8	3	14						39
30-34		8	3	4	4	25	7					51
35-39		4	2	4	2	28	25	11	1			77
40-44		1	2	2	3	13	28	35	19			103
45-49				1		4	3	17	17			42
50-54						1	2	6	17	3	10	39
55-59							1	1	1		11	14
60-64										1	3	4
65-69												
70-74												
> 74												
ALL AGES		22	16	19	12	85	66	70	55	4	24	373

CITY OF HARTFORD MERF - FIREFIGHTERS

AVERAGE SALARY OF PERSONS IN PROCESSING GROUP BY AGE AND YEARS OF SERVICE

October 1, 2001

COMPLETED YEARS OF CREDITED SERVICE

AGE	< 1	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30 +	ALL YEARS
< 20												
20-24		39980	41568									40774
25-29		39053	40270	43978	44079	58113						47511
30-34		42648	41255	45179	44570	60275	57664					53617
35-39		36526	42051	43263	45618	59787	63167	66774	59994			58990
40-44		36881	43628	44529	47370	57354	62011	60341	65595			60150
45-49				46992		60931	67575	64105	65910			64374
50-54						56818	61633	64922	60653	58918	64962	62233
55-59							60707	74399	52791		68954	67599
60-64										58415	74913	70789
65-69												
70-74												
> 74												
ALL AGES		39886	41259	44297	45322	59302	62210	62859	63830	58793	68035	58575

CITY OF HARTFORD MERF - BOARD OF EDUCATION

NUMBER OF PERSONS IN PROCESSING GROUP BY AGE AND YEARS OF SERVICE

October 1, 2001

	COMPLETED YEARS OF CREDITED SERVICE											
AGE	< 1	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30 +	ALL YEARS
< 20	2											2
20-24	5	10	11	3	2							31
25-29	13	19	12	10	13	17	1					85
30-34	10	20	27	14	18	35	11					135
35-39	11	19	28	11	22	46	24	5	1			167
40-44	13	10	30	22	23	57	20	16	5			196
45-49	12	11	22	9	12	36	32	30	8	6		178
50-54	5	11	12	4	7	29	23	40	18	15	8	172
55-59	2	6	8	1	6	15	14	17	16	14	9	108
60-64	1	3	5		2	7	9	8	1	4	1	41
65-69			1	1	2		1		2			7
70-74								1				1
> 74												
ALL AGES	74	109	156	75	107	242	135	117	51	39	18	1123

CITY OF HARTFORD MERF - BOARD OF EDUCATION

AVERAGE SALARY OF PERSONS IN PROCESSING GROUP BY AGE AND YEARS OF SERVICE

October 1, 2001

COMPLETED YEARS OF CREDITED SERVICE

AGE	< 1	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30 +	ALL YEARS
< 20	21809											21809
20-24	21412	16652	18756	16264	20025							18346
25-29	30777	23648	23348	30854	24271	24542	21662					25794
30-34	34034	29609	26412	31875	20274	28533	24718					27610
35-39	27140	33999	24674	19458	25155	30555	37210	41243	129320			30161
40-44	31515	27307	30672	27116	22547	29630	31956	25960	51034			29166
45-49	36507	23229	31986	25205	20160	34776	32018	33123	43200	46374		32360
50-54	45731	44055	26020	30806	27882	28111	34119	32423	33878	41600	35299	33471
55-59	47715	22344	27166	33945	40023	42623	38563	40816	31793	29175	31087	35101
60-64	24685	22517	38154		22306	41206	33873	31953	34043	39051	31449	34103
65-69			14873	20030	55732		25912		33576			34204
70-74								23830				23830
> 74												
ALL AGES	32246	28154	27241	26909	24540	31013	33375	33209	38231	37613	32979	30503

CITY OF HARTFORD MERF - GENERAL GOVERNMENT

NUMBER OF PERSONS IN PROCESSING GROUP BY AGE AND YEARS OF SERVICE

October 1, 2001

	COMPLETED YEARS OF CREDITED SERVICE											
AGE	< 1	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30 +	ALL YEARS
< 20												
20-24	6	1	2		1							10
25-29	3	5	1	2	1	2	1					15
30-34	4	5	9	2	1	6	9	2				38
35-39	11	5	2	1	6	13	26	11	1			76
40-44	3	5	1	3	5	12	26	24	12			91
45-49	13	9	4	2	2	20	34	37	26	10	2	159
50-54	9	4	2	3	3	19	24	26	37	13		140
55-59	5	4	5	5	2	16	17	13	12	6	5	90
60-64	1	2	2	1	1	9	10	3	9	2	5	45
65-69	1		1		1	6	8	3			2	22
70-74	1					1		2				4
> 74						2	1		1		1	5
ALL AGES	57	40	29	19	23	106	156	121	98	31	15	695

CITY OF HARTFORD MERF - GENERAL GOVERNMENT

AVERAGE SALARY OF PERSONS IN PROCESSING GROUP BY AGE AND YEARS OF SERVICE

October 1, 2001

COMPLETED YEARS OF CREDITED SERVICE

AGE	< 1	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30 +	ALL YEARS
< 20												
20-24	26759	31937	28126		42080							29082
25-29	16272	41487	42080	38193	40507	31719	31774					34029
30-34	41944	42120	40469	38455	11159	57018	38361	33878				41731
35-39	29973	33559	40067	39675	24758	41679	37356	41645	54156			36726
40-44	39427	38858	35249	11159	38541	48199	43979	54405	50421			46227
45-49	37667	25569	50137	54999	51161	47801	52271	56212	58188	57970	48676	51168
50-54	52008	31172	41408	37244	38292	60469	49634	55638	52928	49127		52042
55-59	65085	35606	58521	38812	31404	42511	47637	58798	52856	55649	64485	50692
60-64	33386	33480	10420	89272	11159	25985	26869	57431	49116	29042	48832	36461
65-69	9682		15621		29184	45089	43512	55513			23049	40262
70-74	9682					37643		28481				26072
> 74						11221	11334		71622		11509	23381
ALL AGES	37913	34406	41047	38501	32841	45994	44219	53869	53861	51946	48103	46211

Section IX

City of Hartford Section 415(m) Fund

The Section 415(m) Fund* is an unfunded "excess benefit plan" to provide that portion of certain retirees' pension benefits that exceed the limits permitted under Section 415 of the Federal Internal Revenue Code (IRC).

	July 1, 2001	July 1, 2000
1. Number of retirees and beneficiaries receiving benefits	10	10
2. Annual benefits payable	$ 69,000	$ 84,000
3. Present value of benefits	$129,000	$319,000

The "actives" are funded through MERF. The City provides contributions for the retirees' benefits payable each year, as determined by the Pension Commission.

Actuarial Assumptions

The actuarial assumptions used in the **2001** Section 415(m) Fund valuation are as follows:

Mortality Basis:	UP-94 Projected by Scale AA to Year of valuation plus 10 (2011 for July 1, 2001 valuation), with separate male and female tables.
Termination:	N/A.
Salary Scale:	N/A.
Investment Return:	**8.00%** per year, net of investment expenses.
Assumed Retirement age:	Immediate as all are retired.
Increases in dollar limit on benefits under IRC Section 415:	**3.0%** per year.

Benefits

Retiree pension amounts in excess of IRC Section 415 limits. Benefits which do not exceed such amounts are payable from the City's MERF Plan. IRC Section 415 limits are assumed to increase annually and thus decrease the benefits payable from this Plan and increase the portion of the benefits payable from the City's MERF Plan.

**Section 415(m) Fund adopted by the Court of Common Council on March 24, 1997.*

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

October 1, 1999 Actuarial Report
(Revised)

For the Fiscal and Plan Year
October 1, 2000
through
September 30, 2001

Prepared By:

STANLEY, HOLCOMBE & ASSOCIATES, INC.
Eight Piedmont Center / Suite 310
3525 Piedmont Road, N. E.
Atlanta, GA 30305
(404) 262-7522

March 28, 2002

S
H
& A

Stanley,
Holcombe
& Associates, Inc.

March 28, 2002

Board of Trustees
City of Miami Fire Fighters' and
Police Officers' Retirement Trust
2828 Coral Way, Suite 101
Miami, FL 33145-3214

Revised Actuarial Report

Dear Board Members:

Enclosed is our revised report on the actuarial valuation of the City of Miami Fire Fighters' and Police Officers' Retirement Trust for the fiscal year beginning October 1, 2000.

The report is based upon the terms of Ordinance No. 10002 and the Amended Final Judgment in the matter of Gates v. City of Miami. Consistent with reports for the past five years, no liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.

The calculations summarized in this report reflect the recommendations from the triennial experience study, dated January 5, 2000, which were adopted at the April 14, 2000 Board meeting, as revised at the March 1, 2002 Board meeting.

Please note that the City contribution has been calculated based on a Member contribution rate of 7%, even though the City contribution rate is less than 7%.

Sincerely,

Randall L. Stanley

Randall L. Stanley, F.S.A.
Consulting Actuary and Principal

Frans Christ

Frans Christ, F.S.A.
Consulting Actuary

RLS/FC/di
MIAMI01B

Enclosures (15)

Eight Piedmont Center/Suite 310 • 3525 Piedmont Road, N.E. • Atlanta, GA 30305
(404) 262-7522 • Fax (404) 262-9413

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

OCTOBER 1, 1999 ACTUARIAL REPORT

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

OCTOBER 1, 1999 ACTUARIAL REPORT

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CITY OF MIAMI
'FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results - Regular Fund

		Actuarial Valuation Prepared as of 10/1/99	10/1/98
A.	Participant Data		
	Active Members	1,684	1,587
	Total Annual Payroll	$77,714,839	$74,285,456
	Retired Members and Beneficiaries	1,137	1,111
	Total Annualized Benefits	$33,897,228	$32,119,544
	Disabled Members	238	244
	Total Annualized Benefits	$3,843,012	$3,854,337
	Terminated Vested Members	20	20
	Total Annualized Benefits	$365,078	$372,959
B.	Assets	-$-	-$-
	Actuarial Value (Ex. 2)	911,710,668	850,724,632
	Market Value (Ex. 4)	932,848,186	857,657,547
C.	Liabilities (Excl. COLA)		
	Present Value of Benefits (Ex. 1)		
	Active Members - Retirement	543,957,165	511,500,876
	Vesting	9,300,714	9,216,541
	Disability	11,136,818	10,653,622
	Death	223,217	243,185
	Return of Contributions	1,258,016	1,427,951
	Total	565,875,930	533,042,175
	Inactive Members - Retired and Beneficiaries	356,837,388	333,841,021
	Disabled	36,995,628	37,317,465
	Terminated Vested	2,954,136	3,214,033
	Total	396,787,152	374,372,519
	Total	962,663,082	907,414,694
	Actuarial Accrued Liability	N/A	N/A
	Unfunded Actuarial Accrued Liability	N/A	N/A

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CITY OF MIAMI
'FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results - Regular Fund
(Continued)

		Actuarial Valuation Prepared as of 10/1/99	Actuarial Valuation Prepared as of 10/1/98
D.	Actuarial Present Value of Accrued Benefits (Exhibit 5)	-$-	-$-
	Vested Accrued Benefits		
	Inactive Members and Beneficiaries	396,787,152	374,372,519
	Active Members	375,317,388	353,901,635
	Total	772,104,540	728,274,154
	Non-Vested Accrued Benefits	12,785,156	12,306,549
	Total	784,889,696	740,580,703
E.	Pension Cost (Exhibit 1)		
	Normal Cost	9,469,401	10,750,476
	Payment to Amortize Unfunded Liability	N/A	N/A
	Expected Plan Sponsor Contribution	4,029,362	5,550,494
	As % of Payroll	5.2%	7.5%
	Expected Member Contribution	5,440,039	5,199,982
	As % of Payroll	7.0%	7.0%
		Year Ending 9/30/99	Year Ending 9/30/98
F.	Past Contributions	-$-	-$-
	Required Plan Sponsor Contribution	10,376,473	14,155,472
	Required Member Contributions	8,556,140	7,692,571
	Actual Contributions		
	Plan Sponsor	10,376,473	14,155,472
	Members	8,556,140	7,692,571
G.	Net Actuarial Gain (Loss)	N/A	N/A
H.	Other Disclosures		
	Active Members:		
	Present Value Future Salaries (at attained age)	384,635,338	361,360,257
	Present Value Future Contributions (at attained age)	25,902,241	24,360,892

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CITY OF MIAMI
'FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results – COLA Fund

		Actuarial Valuation Prepared as of 10/1/99	10/1/98
A.	Participant Data		
	Active Members		
	Total Annual Payroll		
	Retired Members and Beneficiaries	1,137	1,111
	Total Annualized Benefits	$5,848,101	–
	Disabled Members	238	244
	Total Annualized Benefits	$1,606,118	–
	Terminated Vested Members		
	Total Annualized Benefits		
B.	Assets	-$-	-$-
	Actuarial Value (Ex. 13)	205,855,412	169,260,446
	Market Value (Ex. 13)	180,669,469	144,191,624
C.	Liabilities (COLA Only)		
	Present Value of Benefits (Ex. 13)		
	Active Members - Reserve for Current Actives	31,333,770	20,379,934
	Reserve for Contribution Refunds	30,969	44,285
	Reserve for Future Actives	4,700,066	3,056,990
	Total	36,064,805	23,481,209
	Inactive Members - Frozen COLA I Benefits	3,436,654	3,611,116
	COLA II Benefits	99,622,534	66,883,148
	Total	103,059,188	70,494,264
	Total	139,123,993	93,975,473

Comparative Summary of Total Assets - Combined

Market Value (Ex. 4)	1,084,691,071	976,453,035

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CITY OF MIAMI
'FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

REVIEW OF COSTS

Summary Discussion

This is a revised actuarial report for the fiscal year beginning October 1, 2000 for the Board of Trustees of the City of Miami Fire Fighters' and Police Officers' Retirement Trust. This report is intended to reflect the provisions and requirements of Ordinance No. 10002.

Comparison of Deposit Requirements

The City contribution requirement, and the results calculated for the 2000/2001 fiscal year, are as follow:

		2000/2001	
	1999/2000	Prior Assumptions	Revised Assumptions
	-$-	-$-	-$-
Past Service Cost	N/A	N/A	N/A
Normal Cost	5,400,784	3,064,572	4,029,362
Payment Timing	0	0	0
	5,400,784	3,064,572	4,029,362

As will be noted, the 2000/2001 deposit amount of $3,064,572 (prior to the assumption change) was approximately $2.3 million less than the $5,400,784 for the prior year. Approximately $2.7 million is due to investment experience more favorable than expected during the year ending September 30, 1999.

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Experience Study

The triennial experience study, covering the period October 1, 1996 through September 30, 1998, was completed by Pension Board Consultants, Inc. Their report, dated January 5, 2000 contained the following recommendations:

Assumptions	Recommendation
Retirement	Reduce decrements
Active Mortality	Change from 1983 to 1994 table
Inactive Healthy Mortality	Change from 1983 to 1994 table
Net Investment Return	Reduce from 7.75% to 7.50%

Retirement: Our annual gain/loss analyses (see next Section) tend to support the reduction of the retirement decrements, with the differences between actual and expected retirements particularly pronounced in the year ending September 30, 1999. Some of the benefits changes which can be expected to impact the incidences of retirement have been:

- As of October 1, 1994:
  - 3% multiplier for firefighters
  - Police changed from Rule of 70 to Rule of 64
  - Early retirement window in June - July, 1995
- As of October 1, 1998:
  - DROP for firefighters
- As of October 1, 1998:
  - Firefighters changed from Rule of 70 to Rule of 64
  - DROP for police
  - Back DROP for both groups
  - Multiplier increased from 3% to 3.5% after 15 years

With the introduction of DROP for each group, the retirement assumptions were changed to the assumption that all members would retire (DROP) when first eligible. Emerging experience seems to clearly indicate that this is not occurring. However, because of the variety of changes summarized above, it is very difficult to predict how members will retire in the future. Consequently, we recommend no change in the retirement assumption at this time.

Mortality: The Experience Study report recommended that the Board consider changing from the 1983 Group Annuity Mortality Table to the 1994 Group Annuity Mortality Table. Since the 1994 Table is the more current table, we support this recommendation.

Investment Return/Interest Discount: The Experience Study report recommends that the Board consider reducing the investment return/interest discount assumption from 7.75% to 7.5%. This recommendation was due to the payment of investment expenses from the Trust and the expectation that future investment yields will be lower than in the past.

We do not disagree with these recommendations. The reduction of .25% is approximately equivalent to a $30 million increase in liabilities. In many respects, this may be viewed as equivalent to a reserve of $30 million from past investment gains. Conceptually, this has a great deal of appeal. In fact, it could well be prudent to reserve substantially more than the $30 million (which is approximately 3% of assets).

Consequently, with the caveat that it may not be sufficient, we agree with this recommendation.

At the April 14, 2000 Board Meeting the change to the 1994 Group Annuity Mortality Table and reduction of 1/8% to 7.625% in the Investment Return/Interest Discount were approved by the Board. At the March 1, 2002 Board Meeting, the Investment Return/Interest Discount assumption was changed back to 7.75%.

Analysis of Cost Changes

The Normal Cost element of FIPO costs is expected to remain level as a percentage of covered payroll, if the actual Plan experience is the same as the actuarial assumptions. An increase in the Normal Cost rate indicates that experience has been less favorable than assumed, while a decrease indicates more favorable experience.

Quantification of the reasons for the changes is as follows:

Analysis of Cost Changes from October 1, 1998 to October 1, 1999

	Normal Cost	
	-$-	-%-
1998/1999 Normal Cost	5,400,784	9.6
1999/2000 Normal Cost Expected (for continuing participants)	5,464,778	9.6
Element of Experience		
Salary Increases	-1,240,000	-2.1
Turnover	+66,000	+0.1
Mortality	+334,000	+0.6
Retirement	-1,674,000	-2.6
New Participants	+2,441,000	+3.9
Disability	-96,000	-0.2
Investment Return	-2,699,000	-4.7
Other, Data	-293,941	-0.6
Total	(3,161,941)	(5.6)
2000/2001 Normal Cost - Preliminary	2,302,837	4.0
Changes in Member Contribution Rate	761,735	+1.3
1999/2000 Normal Cost	3,064,572	5.3
Assumption Changes	964,790	+1.7
2000/2001 Normal Cost	4,029,362	7.0

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As may be noted from the table, the effects of some elements of experience (salary increases and investment return, e.g.) in the 1998/99 year were favorable relative to the actuarial assumption basis. The combined net effect was to decrease both the dollar amount of the Normal Cost and the Normal Cost as a percentage of payroll. Following is a more detailed description of the elements of experience.

Salary Increases - During the period October 1, 1998 through September 30, 1999, covered payroll for the continuing actives increased less than expected, resulting in a decrease of $1,240,000 in the Normal Cost. Covered payroll for continuing active participants at September 30, 1999 was approximately 97.8% of expected. (This compares to 96.0% of expected for the previous year, which decreased the normal cost by $2,315,000.)

Mortality - For active members there were no deaths, as compared to 1.2 expected; for inactive members there were 30 deaths (17 without survivors), as compared to about 15 expected.

Disability - During the past year there were 3 disabilities, as compared to 3.9 expected. Over the past 20 years, there have been 105 disabilities, as compared to about 118 expected.

Turnover - From October 1, 1998 to September 30, 1999, there were 23 employee terminations, as compared to about 22 predicted by the actuarial assumptions. Following is a comparison of the expected and actual turnover rates for the past six years:

	1993/94		1994/95		1995/96		1996/97		1997/98		1998/99	
Age	Expected	Actual	Expected	Actual	Expected	Actual	Expected	Actual	Expected	Actual	Expected	Actual
20-24	1.8	0	2.3	1	1.8	1	1.4	2	0.6	0	0.9	1
25-29	8.0	7	7.4	2	6.6	5	6.5	3	3.6	3	3.8	4
30-34	13.7	8	12.8	11	11.0	8	9.5	7	5.5	7	5.3	7
35-39	8.7	6	9.0	7	9.3	10	9.7	11	7.9	5	7.4	4
40+	3.8	8	4.7	2	5.2	3	5.7	10	4.9	3	4.1	7
	36.0	29	36.2	23	33.9	27	32.8	33	22.5	18	21.5	23

Retirement - There were 30 retirements during the period, as compared to about 339 expected (13 firefighters, 17 police). This resulted in a $1,674,000 decrease in the Normal Cost. Note that retirees electing DROP are included among the actual retirees for the last three years.

Following is a comparison of the expected and actual retirements in the last six years:

	1993/94		1994/95		1995/96		1996/97		1997/98		1998/99	
Age	Expected	Actual	Expected	Actual	Expected	Actual	Expected	Actual	Expected	Actual	Expected	Actual
Under 44	2.4	1	48.1	21	9.8	6	8.5	7	9.1	7	56.8	2
45-49	28.5	15	132.0	48	57.8	6	66.0	36	78.6	9	187.9	16
50-54	21.6	11	69.4	16	56.4	18	53.0	32	31.1	8	75.0	9
55-59	2.7	1	13.0	4	9.4	2	10.4	9	3.7	1	17.0	2
60+	0.0	0	1.0	0	1.0	1	0.5	0	0.5	0	2.0	1
	55.2	28	263.5	89	134.4	33	138.4	84	122.9	25	338.7	30

Investment Return

The rate of return for the year ending September 30, 1999 was 13.8% on mean market value, as shown in Exhibit 4 (13.41% on actuarial asset value, Exhibit 2). A $16.8 million gain decreased the Normal Cost by $2,699,000. In addition, there will be a COLA transfer of $31,591,116 as of January 1, 2001, resulting in no City minimum contribution to the COLA fund as of that date.

Plan Assets

Exhibits 3 and 4 show the asset transactions and investment results during the year. The rate of return on mean market value for the period ending September 30, 1999 was 13.8%, as compared to the 7.75% assumption.

The actuarial asset valuation method (Exhibit 2) involves a moving average of the ratios of market to book values. Under the method, one-third of the change in unrealized gains or losses is immediately reflected, in addition to one-third of the relationships existing as of the two previous valuation dates. The result is not allowed to exceed 120% of the market value of assets, nor be less than 80% of market value (shown in Exhibit 4). The Actuarial Asset Value is further reduced to reflect anticipated future COLA transfers based on past investment results. As of September 30, 1999, this resulted in an actuarial asset value of $21.1 million less than market value, as compared to $6.9 million less as of September 30, 1998.

Funding Progress

The comparison of the present values of vested and accrued benefits to FIPO assets from one year to the next, or over a period of time, is a measure of interim funding progress and the degree of benefit security.

Exhibit 6 contains the result of this comparison for the past two years. The market value of assets on October 1, 1999 is $932,848,000, as compared to the value of accrued benefits of $774,376,000 for a ratio of 120.5% (prior assumptions) or $784,890,000 (revised assumptions) for a ratio of 118.9. The ratio as of October 1, 1998 was 115.8%.

A ratio in excess of 100% typically may be viewed to be that of a well-funded program.

Governmental Accounting Standards

In November, 1986 the Governmental Accounting Standards Board issued Statement No. 5, Disclosure of Pension Information by Public Employee Retirement Systems and State and Local Governmental Employers. Calculations and Disclosures under the Statement have been required for financial reports issued for fiscal years beginning after December 15, 1986.

Statement 5 requires the computation and disclosure of a "standardized measure" of the pension obligation. This measure, the actuarial present value (APV) of credited projected benefits, is based on a proration of total projected benefits over total predicted service (past and prospective), including the impact of future expected salary increases. These calculations are used for disclosure items. They do not determine funding or expense requirements.

The disclosure requirements include information for ten years on assets and pension obligation, contributions required and contributions made, revenues by source, and expenses by type. During the transition period when ten years of standardized measures are not available, the disclosure requirements are limited to the information available.

Calculations have been made as of October 1, 1999 to determine the pension obligation, $820.2 million. This compares to assets of $932.8 million, for a funded ratio of 114%. Last year the funded ratio was 111%. These amounts, together with other required disclosures, are contained in Exhibit 11.

These calculations are made to comply with the requirements of GASB 5. It should be understood that they are only one approach to the measurement of funding progress. They should not be used for any other purpose, such as determination of compliance with City ordinances or State Statutes or the current or future solvency of the F.I.P.O. Trust.

Revised Standards for Governmental Accounting

In November 1994 GASB issued Statement No. 25, Financial Reporting for Defined Benefit pension Plans...and Statement No. 27, Accounting for Pensions by State and Local Governmental Employers. Statement No. 25 provides parameters for financial reporting and comparison of actual contributions to "actuarially required contributions." Statement No. 27 provides standards for the financial reports of the state and local governmental employers. Statement No. 25 is effective for periods beginning after June 15, 1996; Statement No. 27, for periods beginning after June 15, 1997. GASB encourages early implementation of both statements.

The Statements do not directly impact funding, although they do require calculation of an "actuarially required contribution," or "ARC" and amortization of any deficiency or excess of actual contributions made in relation to the ARC.

This is essentially the first GASB standard for disclosures comparing actual funding to GASB standards, which are actually very permissive. The requirements of GASB25 include reporting a Schedule of Funding Progress and a Schedule of Employer Contributions.

Since the F.I.P.O. Trust uses the Aggregate Cost Method, technically no Schedule of Funding Progress is required. However, such a Schedule of Funding Progress may be prepared using another acceptable cost method. Based on our recommendation in the 1997 report, and discussion with FIPO auditors, it is our understanding that the Schedule of Funding Progress will be prepared using the Projected Unit Credit Actuarial Accrued Liability, which was previously required under GASB5. This Schedule is shown in Exhibit 11, Section III.

As recommended in the 1997 report, and reviewed by FIPO auditors, the employer contributions made in accordance with the requirements of the Florida Division of Retirement should be used as the Actuarially Required Contribution (ARC), since an exact calculation of the ARC would not differ materially from the required contribution amount. On this basis a Schedule of Employer Contributions has been added to Exhibit 11 in order to comply with the reporting requirements of GASB25. Since the Aggregate Cost Method has been in use for the past four years, only four years are shown on this Schedule.

Application of GASB27

The provisions of GASB27 are virtually identical to those of GASB25. It is our understanding that the same schedules used for GASB25 disclosure may also be used for GASB27 purposes.

COLA Fund

Calculations were made based on the updated information provided as of 10/1/99. The calculations reflect the approach adopted with .

Exhibit 12, parts I and II, illustrate the general impact of the COLA increases which have been provided thus far (including the additional benefit which was provided as of January 1, 2000), by duration since retirement and by age, respectively.

As discussed in earlier reports, there is probably no completely acceptable index for measuring the impact of inflation on retirees' benefits. Although the CPI is the most widely used inflation index, it is generally considered to overstate inflation for retirees since it includes components which are not typically germane to them, such as home purchases. In the absence of a suitable alternative, a percentage of the CPI is often used as a target. If 50% of the cumulative CPI is used as a target, the current COLA equals 95% of the target. A comparison of COLA increases vs. the CPI is shown in Exhibit 12, part III. Historical data on the CPI is shown in Exhibit 12, part IV.

Enrolled Actuary's Statement

This report has been prepared in accordance with standards established by the American Academy of Actuaries. To the best of our knowledge, it reflects the actuarial condition of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 1999 for the Retirement Fund and as of January 1, 2000 for the C.O.L.A. Fund.

All costs and cost components are calculated on the basis of actuarial assumptions which reasonably reflect the experience of the Trust.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Randall L. Stanley — March 28, 2002

Signature — Date

Enrolled Actuary No. 99-602

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

City Contribution Requirement for 2000/2001 Fiscal Year

		Revised Assumptions -$-	Prior Assumptions -$-
I.	Unfunded Actuarial Accrued Liability	0	0
II.	Normal Cost		
	A. Present Value of Future Benefits		
	1. Active Members		
	a. Retirement	543,957,165	538,636,626
	b. Disability	11,136,818	11,135,175
	c. Death	223,217	255,446
	d. Turnover	9,300,714	9,164,031
	e. Return of Contributions	1,258,016	1,312,267
	f. Total	565,875,930	560,503,545
	2. Retired Members and Beneficiaries		
	a. Service Retirements	344,200,941	337,486,596
	b. Beneficiaries	12,636,447	12,617,937
	c. Disability Retirements	36,995,628	36,994,780
	d. Terminated Vested Members	2,954,136	2,923,781
	e. Total	396,787,152	390,023,094
	3. Total	962,663,082	950,526,639

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

City Contribution Requirement for 2000/2001 Fiscal Year

		Revised Assumptions -$-	Prior Assumptions -$-
II.	Normal Cost (Cont'd)		
A.	Total Present Value of Future Benefits	962,663,082	950,526,639
B.	Present Value of Future Employee Contributions	25,902,241[2]	19,763,357[1]
C.	Actuarial Asset Value	911,710,668	911,710,668
D.	Unfunded Actuarial Accrued Liability	0	0
E.	Present Value of Future Normal Costs (A-B-C-D)	25,050,173	19,052,614
F.	Present Value of Future Payrolls	384,635,338	384,643,454
G.	Normal Cost as a Percentage of Payroll (E/F)	6.5127%	4.9533%
H.	Current Payroll for those under Expected Retirement Age	57,419,305	57,419,305
I.	Current Normal Cost - Payable 10/1/2000	4,029,362	3,064,572
J.	(I)/(H)	7.0%	5.3%
III.	Recommended City Contribution		
A.	Past Service Cost	0	0
B.	Normal Cost	4,029,362	3,064,572
C.	Payment Timing	0	0
D.	Total	4,029,362	3,064,572

[1]5.3% of Compensation

[2]7% of Compensation

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

I. Development of Actuarial Asset Value

		9/30/99 -$-	9/30/98 -$-	9/30/97 -$-
A.	Book Value	760,554,174	720,981,723	645,682,485
B.	Market Value	932,848,186	857,657,547	835,280,017
C.	B/A	1.2265375	1.1895691	1.2936390
D.	1/3∑(C)		1.2365819	
E.	Adjusted Market Value at 9/30/99: D x $760,554,174		940,487,526	
F.	1. 80% of Market Value		746,278,549	
	2. 120% of Market Value		1,119,417,823	
G.	Preliminary Actuarial Asset Value		940,487,526	
H.	Present Value of 1/1/2001 COLA Transfer, discounted at 7.75%		28,776,858	
I.	Actuarial Asset Value		911,710,668	

II. Rate of Return on Actuarial Asset Value

		-$-
A.	Actuarial Asset Value at 10/01/98	850,724,632
B.	Contributions	
	1. City	10,376,473
	2. Members	8,556,140
	3. Total	18,932,613
C.	Benefits and Expenses	39,847,963
D.	Present Value of 1/1/2001 COLA Transfer	28,776,858
E.	Actuarial Asset Value at 10/01/99	911,710,668
F.	Net Return on Investment [E+D+C-B-A]	110,678,244
G.	Rate of Return [2 x F/(A+E-F)]	13.40%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

2001 Cost-of-Living Adjustment
(COLA) Distribution Plan

Calculation of Excess Investment Return
On Membership and Benefits Accounts for 1998/99 Fiscal Year

		-$-
I.	**Net Actual Return on Actuarial Asset Value**	
A.	Preliminary Actuarial Asset Value as of 10/1/99	940,487,526
B.	Benefits Paid During Plan Year	36,900,501
C.	Value of COLA transfer for 1997/98 Year	27,364,337
D.	Contributions Refunded During Plan Year	258,383
E.	City Contributions During Plan Year	10,376,473
F.	Member Contributions During Plan Year	8,556,140
G.	Actuarial Asset Value as of 10/1/98	850,724,632
H.	Total Actual Return During Plan year (A)+(B)+(C)+(D)-(E)-(F)-(G)	135,353,502
I.	Investment Expenses Paid During Plan Year	2,614,094
J.	Net Actual Return During Plan Year	132,739,408
II.	**Net Expected Return on Actuarial Asset Value**	
A.	Actuarial Asset Value as of 10/1/98	850,724,632
B.	Benefits Paid During Plan Year	36,900,501
C.	Value of COLA transfer for 1997/98 Year	27,364,337
D.	Contributions Refunded During Plan Year	258,383
E.	City Contributions During Plan Year	10,376,473
F.	Member Contributions During Plan Year	8,556,140
G.	Expected Rate of Return	7.75%
H.	Expected Return During Plan Year	65,288,308*
I.	Base Amount for Expected Return (H)/.0775	842,429,786
J.	Excess Return on Assets (I(J) - II(H))	67,451,100
K.	Excess Return as % of II(I)	8.006733%

III. Amount to be Transferred to COLA Fund

A.

	Excess Return		COLA Transfer	
	%	$	%	$
First	2.5	21,060,745	75	15,795,558
Next	2.5	21,060,745	50	10,530,372
Next	2.5	21,060,745	25	5,265,186
	.506733	4,268,865	–	–

B. Total Transfer Amount at 1/1/2001 — 31,591,116

*Assumes Uniform Quarterly Contributions and Monthly Benefits
[(850,724,632) + (10,376,473 + 8,556,140)(2.5/4) - (36,900,501 + 258,383)(13/24)](.0775) = 65,288,308

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Asset Transactions for Year Ending September 30, 1999

		Membership and Benefits Accounts -$-	COLA I Account -$-	COLA II Account -$-
A.	Market Value as of October 1, 1998[1]	879,469,701	26,643,487	70,519,847
B.	Book Value as of October 1, 1998[1]	742,793,877	22,350,874	59,560,563
C.	Income During Year			
1.	City Contributions	10,376,473		
2.	Member Contributions	8,556,140	11,792	
3.	Interest	25,324,784	688,024	2,134,630
4.	Dividends	8,260,901	224,463	695,674
5.	Net Realized Gains (Losses)	49,115,452	1,314,160	4,179,689
6.	Income Transfer	(17,020,337)		17,020,337
7.	Securities Lending Income	206,841	5,676	18,750
8.	Rental and Other Income	152,343	4,089	12,966
		84,972,597	2,248,204	24,062,046
D.	Disbursements During Years			
1.	Benefit Payments	36,900,501	518,566	5,246,476
2.	Contribution Refunds	258,383	17,974	
3.	Custodial and Investment Expenses	2,614,094		
4.	Administrative Expenses	13,021	70,356	218,034
5.	Securities Lending Fees	61,964	1,701	5,617
		39,847,963	608,597	5,470,127
E.	Book Value as of 9/30/99[2] (B)+(C)-(D)	787,918,511	23,990,481	78,152,482
F.	Net Change in Unrealized Gains (Losses)	35,618,188	953,382	6,130,306
G.	Market Value as of 9/30/99 (A)+(C)-(D)+(F)	960,212,523	29,236,476	95,242,072
H.	January 1, 2000 Allocation to COLA II (discounted)	(27,364,337)		27,364,337
I.	Net Market Value as of 9/30/99[2]	932,848,186	29,236,476	122,606,409

[1]Based on unaudited financial statements.
[2]Based on unaudited financial statements.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
Distribution of Assets as of September 30, 1999[1]
Membership and Benefits and Cost-of-Living Adjustment Accounts

Description	Market -$-	Book -$-
Bills, Bonds, Notes	353,699,575	364,477,316
Corporate Stocks	653,525,552	453,675,115
Money Market Funds and Time Deposits	0	0
Guaranteed Inv. Contract	976,011	976,011
Mutual Funds	44,614,848	39,057,947
Rental Property	70,202	70,202
A: Sub-Total	1,052,886,188	858,256,591
B: Cash	26,406,425	26,406,425
Receivables:		
City Contributions	314,980	314,980
Accounts Receivable	102	102
Member Contributions		
Accrued Interest	4,370,483	4,370,483
Securities Proceeds	4,572,767	4,572,767
C: Sub-Total	9,258,332	9,258,332
Payables:		
Budget Advance	526,313	526,313
Deferred Rental Income		
Tax Withheld	(119)	(119)
Accounts Payable	87,094	87,094
Securities Purchased	3,246,586	3,246,586
D: Sub-Total	3,859,874	3,859,874
E. Total (A+B+C-D)	1,084,691,071	890,061,474
Accounts:		
COLA I Account	29,236,476	23,990,481
COLA II Account	95,242,072	78,152,482
COLA II Transfer (1/1/2000)	27,364,337	27,364,337[2]
F: Membership & Benefits Account	932,848,186	760,554,174

[1]Based on unaudited financial statements.
[2]Actual book value of transfer will be based on relationship between book and market on December 31, 1999.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Investment Results

Yield on Mean Values for 12-Month Period Ending 9/30/99

	-$-	Market -%-	Book -%-
Membership and Benefits Accounts			
Interest	25,324,784	2.9	3.5
Dividends	8,260,901	1.0	1.1
Rental and Other Income	152,343	0.0	0.0
Realized Gains	49,115,452	5.8	6.9
Securities Lending (Net)	144,877	0.0	0.0
Increase in Unrealized Gains	35,618,188	4.1	–
	118,616,545	13.8	11.5
COLA I Account			
Interest	688,024	2.6	3.1
Dividends	224,463	0.9	1.0
Rental and Other Income	4,089	0.0	0.0
Realized Gains	1,314,160	5.0	6.0
Securities Lending (Net)	3,975	0.0	0.0
Increase in Unrealized Gains	953,382	3.6	–
Custodial and Investment Expenses	(70,356)	(0.3)	(0.3)
	3,117,737	11.8	9.8
COLA II Account			
Interest	2,134,630	2.8	3.3
Dividends	695,674	0.9	1.1
Rental and Other Income	12,966	0.0	0.0
Realized Gains	4,179,689	5.5	6.3
Securities Lending (Net)	13,133	0.0	0.0
Increase in Unrealized Gains	6,130,306	8.0	–
Custodial and Investment Expenses	(218,034)	(0.3)	(0.3)
	12,948,364	16.9	10.4

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
Summary of Accounting Information
As of October 1, 1999

		Revised Assumptions -$-	Prior Assumptions -$-
I.	Present Value of Vested Accrued Benefits		
A.	Service Retirements and Beneficiaries	356,837,388	350,104,533
B.	Disability Retirements	36,995,628	36,994,780
C.	Vested Terminated Members	2,954,136	2,923,781
D.	Active Members	375,317,388	371,646,823
E.	Total	772,104,540	761,669,917
II.	Present Value of Non-Vested Accrued Benefits	12,785,156	12,705,898
III.	Present Value of Accrued Benefits	784,889,696	774,375,815
IV.	The values of accumulated plan benefits were determined in accordance with the Academy of Actuaries Interpretations and FASB Statement No. 35, Accounting and Reporting by Defined Benefit Pension Plans.		
V.	Statement of Changes in Accrued Benefits		
A.	Present Value of Accrued Benefits at 10/1/98	740,580,703	740,580,703
B.	Increase (Decrease) During the Year Attributable to:		
1.	Benefits Accumulated	14,998,898	14,998,898
2.	Benefits Paid and Contributions Refunded	(37,158,884)	(37,158,884)
3.	Plan Amendment	0	0
4.	Assumption Changes	10,513,881	0
5.	Increase Due to Decrease in Discount Period	55,955,098	55,955,098
6.	Net Increase	44,308,993	33,795,112
C.	Present Value of Accrued Benefits at 10/1/99	784,889,696	774,375,815

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparison of Funding Progress
($000)

		10/1/99		
		Revised Assumptions -$-	Prior Assumptions -$-	10/01/98 -$-
I.	Assets			
	A. Book Value	760,554	760,554	720,982
	B. Market Value	932,848	932,848	857,658
II.	Liabilities			
	A. Retired and Vested	396,787	390,023	374,373
	B. Active			
	Employee Contributions	95,963	95,963	89,590
	Other Vested	279,355	275,684	264,311
	Non-Vested Accrued	12,785	12,706	12,307
	C. Total Accrued	784,890	774,376	740,581
III.	Ratios	%	%	%
	IA/IIC	96.9	98.2	97.4
	IB/IIC	118.9	120.5	115.8

Rev.03-06-2002: SHA

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Member Statistics

I. Active Members

Number of	Date 10/1/99	10/1/98	10/1/97
Males	1,444	1,352	1,319
Females	240	235	217
Total	1,684	1,587	1,536
Averages			
Current Age	38.1	38.2	37.9
Past Service	12.5	12.8	12.6
Credited Past Service	12.2	12.5	12.4
Annual Earnings	$46,149	$46,809	$45,281

II. Inactive Members

A. Retirees and Beneficiaries			
Number	1,137	1,111	1,089
Average Annual Benefit	$29,813	$28,910	$28,458
Average Age	63.3	63.0	62.5
B. Disabled			
Number	238	244	251
Average Annual Benefit	$16,147	$15,796	$15,984
Average Age	62.0	61.5	60.9
C. Vested Terminated			
Number	20	20	22
Average Annual Benefit	$18,254	$18,648	$18,602
Average Age	44.0	44.7	45.7

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Age-Service Distribution

	Completed Years of Service										Earnings	
Age	0-1	2-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total	Total -$-	Avg. -$-
15-24	29	40	-	-	-	-	-	-	-	69	2,125,063	30,798
25-29	41	99	62	2	-	-	-	-	-	204	6,888,700	33,768
30-34	20	75	108	89	3	-	-	-	-	295	11,618,463	39,385
35-39	9	28	64	162	158	-	-	-	-	421	19,666,798	46,714
40-44	1	14	18	72	227	54	6	-	-	392	20,076,556	51,216
45-49	1	3	5	19	66	58	56	3	-	211	12,201,398	57,827
50-54	-	2	-	8	17	16	25	6	-	74	4,177,898	56,458
55-59	1	-	1	5	1	2	3	3	-	16	861,055	53,816
60-64	-	-	-	-	-	-	2	-	-	2	98,907	49,454
65+	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	102	261	258	357	472	130	92	12	-	1684	77,714,839	46,149

Average Age: 38.1 Average Service: 12.5

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Reconciliation of Participant Counts

	Actives	Retirees & Beneficiaries	Disableds	Vested Terminated
10/1/98	1,587	1,111	244	20
Changes due to:				
Retirement	-30	+34		-4
Withdrawal	-23			+4
Disability	-3		+3	
Death		-21	-9	
New Beneficiary		+13		
New Hires	+153			
Data Changes				
	—	—	—	-
10/1/99	1,684	1,137	238	20

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Principal System Provisions

(Based on Ordinance No. 10002, as Amended by Ordinance No. 11235)

Effective Date:	January 1, 1940, as restated effective May 23, 1985.
Fiscal Year:	October 1 - September 30.
Membership:	Police officers and fire fighters.
Covered Compensation:	An employee's base salary, including pick-up contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death-in-family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.
Contributions:	Members: 7% of Compensation effective 10/01/99. City: Balance, as actuarially determined; if the City contribution were less than 7%, then the portion of each Member's contribution exceeding the City contribution percentage shall be set aside in separate Individual Contribution Accounts in the Trust.
Creditable Service:	Service credited under Retirement System; military service (maximum of four years) during wartime for which Member makes contributions; maternity leave (maximum of 180 days for each leave) for which Member makes contributions.
Average Final Compensation:	Average Compensation during the highest year of Creditable Service.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Normal Service Age:	Age 50
Service Retirement:	3.0% of Average Final Compensation for each of the first fifteen years of Creditable Service plus 3.5% of Average Final Compensation for each year of Creditable Service after the fifteenth year; maximum of 100% for those with less than 100% under prior rules on 9/30/98.
Early Service Retirement:	After 20 years of Creditable Service. Benefits are based on Average Final Compensation and Creditable Service at retirement date. Actuarial equivalence for early commencement.
Rule of 64 Retirement:	Service retirement on the basis of combined age and Creditable Service equaling 64 or more.
Disability:	Ordinary Disability: After 10 or more years of Creditable Service, and not eligible for service retirement. Not incurred as accident in performance of duties. 90% of benefit rate times Average Final Compensation times Creditable Service, with a minimum benefit of 30% of Average Final Compensation. Accidental Disability: Incurred as accident in performance of duties. 66 2/3% of Average Final Compensation, or 66 2/3% of Final Compensation, whichever is greater.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Deferred Retirement Option Plan:	Members who are eligible for Service Retirement or Rule of 64 after September 1998 may elect Deferred Retirement Option Plan for a maximum of 3 years.
Death:	Ordinary Death: (a) After 3 or more years of Creditable Service, and death not accidentally incurred in performance of duties. Lump sum benefit equal to 50% of Compensation received in year preceding death. (b) If eligible for service, early service, or Rule of 70 retirement, considered to have retired on the date of death. Surviving spouse would receive 40% of the member's monthly retirement allowance. Accidental Death: Incurred in performance of duties. Pension of 50% of Average Final compensation to spouse until death or remarriage. If there is no spouse, or if spouse dies or remarries before youngest child is 18, payable until attainment of age 18. If no spouse or no children under 18, benefit is payable to dependent parents.
Employment Termination:	After 10 years of Creditable Service, based on Creditable Service and Average Final Compensation at termination date. If Member contributions are withdrawn, benefit is forfeited. Benefits are deferred to Normal Retirement Age.
Optional Allowances:	Normal form is joint and 40% contingent survivor. Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of Member. Option 6 is withdrawal of employee contributions with credited interest; monthly benefits is 1/2 of normal level; A Back DROP option (maximum of 3 years) may be elected prior to DROP entry; combined years of Back DROP and DROP may not exceed 3.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Transfer of Compensated Leave Balances:	Accumulated leave balances may be transferred into system immediately prior to retirement to purchase additional Creditable Service, on an actuarially equivalent basis.
Changes Since Prior Valuation:	Member Contributions are reduced from 10% to 7% effective 10/1/99.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis - Prior Assumptions

Valuation Date: October 1, 1999 for Fiscal Year beginning October 1, 2000.

Valuation Method: Aggregate Cost Method.

Asset Valuation Method: Average of ratios of market to book values as of cur-rent and most recent September 30's. Average ratio is applied to book value at current September 30. The result cannot be greater than 120% of market value or less than 80% of market value.

Actuarial Assumptions:

Interest Discount/ Investment Return: 7.75%, compounded annually.

Mortality: 1983 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	.0377%	.0189%
30	.0607%	.0342%
40	.1238%	.0665%
50	.3909%	.1647%
60	.9158%	.4241%
70	2.7530%	1.2385%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis - Prior Assumptions
(Continued)

Age	Disability	Turnover		Retirement*	Salary Increase**
		<5	5+		
20	.00085	.0240	.0192		.093
21	.00095	.0240	.0192		.091
22	.00105	.0240	.0192		.088
23	.00110	.0240	.0192		.086
24	.00125	.0240	.0192		.084
25	.00130	.0240	.0192		.082
26	.00140	.0240	.0192		.079
27	.00150	.0240	.0192		.077
28	.00160	.0240	.0192		.075
29	.00170	.0240	.0192		.072
30	.00180	.0240	.0192		.070
31	.00200	.0240	.0192		.069
32	.00220	.0240	.0192		.068
33	.00245	.0240	.0192		.068
34	.00265	.0240	.0192		.067
35	.00285	.0240	.0192		.066
36	.00305	.0228	.0182		.065
37	.00325	.0216	.0173		.064
38	.00345	.0204	.0163		.064
39	.00370	.0192	.0154		.063
40	.00390	.0180	.0144		.062
41	.00470	.0168	.0134		.062
42	.00555	.0156	.0125		.061
43	.00635	.0144	.0115		.061
44	.00720	.0132	.0106		.061
45	.00800	.0120	.0096		.061
46	.00880	.0096	.0077		.061
47	.00965	.0072	.0057		.060
48	.01045	.0048	.0038		.060
49	.01130	.0024	.0019		.059
50	.01210	.0000	.0000		.059

* 100% are assumed to retire when first eligible for Rule of 64 or Service Retirement.

** A 13% additional increase applies in the final year of Creditable Service.

A 2% across-the-board salary increase is included for September 30, 1999 (Fire only), 2000 (all), and 2001 (all), instead of the 4.5% increase expected due to inflation; For Police, a 0% increase is included as of September 30, 1999.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis - Prior Assumptions
(Continued)

Age	Disability	Turnover		Retirement*	Salary Increase**
		<5	5+		
51	.01295	.0000	.0000		.058
52	.01375	.0000	.0000		.056
53	.01455	.0000	.0000		.055
54	.01540	.0000	.0000		.053
55	.01620	.0000	.0000		.052
56	.01785	.0000	.0000		.051
57	.01870	.0000	.0000		.049
58	.01950	.0000	.0000		.048
59	.02030	.0000	.0000		.046
60	.00000	.0000	.0000		.045
61	.00000	.0000	.0000		.045
62	.00000	.0000	.0000		.045
63	.00000	.0000	.0000		.045
64	.00000	.0000	.0000		.045
65	.00000	.0000	.0000		.045

*100% are assumed to retire when first eligible for Rule of 64 or Service Retirement.

**A 13% additional increase applies in the final year of Creditable Service.

A 2% across-the-board salary increase is included for September 30, 1999 (Fire only), 2000 (all), and 2001 (all), instead of the 4.5% increase expected due to inflation; For Police, a 0% increase is included as of September 30, 1999.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis - Prior Assumptions
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employees are assumed to be married.
Investment Expenses:	None; the investment return assumption of 7.75% is net of investment expenses.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Adjustments from Valuation Date:	One year's interest is added to the calculated deposit to reflect ordinance provision.
Sources of Data:	Asset data is from unaudited financial statements. Membership data is furnished by Administrator.
Changes Since Prior Valuation:	None.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis - Revised Assumptions

Valuation Date: October 1, 1999 for Fiscal Year beginning October 1, 2000.

Valuation Method: Aggregate Cost Method.

Asset Valuation Method: Average of ratios of market to book values as of current and most recent September 30's. Average ratio is applied to book value at current September 30. The result cannot be greater than 120% of market value or less than 80% of market value.

Actuarial Assumptions:

Interest Discount/ Investment Return: 7.75%, compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	.0507%	.0284%
30	.0801%	.0351%
40	.1072%	.0709%
50	.2579%	.1428%
60	.7976%	.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis - Revised Assumptions
(Continued)

Age	Disability	Turnover		Retirement*	Salary Increase**
		<5	5+		
20	.00085	.0240	.0192		.093
21	.00095	.0240	.0192		.091
22	.00105	.0240	.0192		.088
23	.00110	.0240	.0192		.086
24	.00125	.0240	.0192		.084
25	.00130	.0240	.0192		.082
26	.00140	.0240	.0192		.079
27	.00150	.0240	.0192		.077
28	.00160	.0240	.0192		.075
29	.00170	.0240	.0192		.072
30	.00180	.0240	.0192		.070
31	.00200	.0240	.0192		.069
32	.00220	.0240	.0192		.068
33	.00245	.0240	.0192		.068
34	.00265	.0240	.0192		.067
35	.00285	.0240	.0192		.066
36	.00305	.0228	.0182		.065
37	.00325	.0216	.0173		.064
38	.00345	.0204	.0163		.064
39	.00370	.0192	.0154		.063
40	.00390	.0180	.0144		.062
41	.00470	.0168	.0134		.062
42	.00555	.0156	.0125		.061
43	.00635	.0144	.0115		.061
44	.00720	.0132	.0106		.061
45	.00800	.0120	.0096		.061
46	.00880	.0096	.0077		.061
47	.00965	.0072	.0057		.060
48	.01045	.0048	.0038		.060
49	.01130	.0024	.0019		.059
50	.01210	.0000	.0000		.059

* 100% are assumed to retire when first eligible for Rule of 64 or Service Retirement.

**A 13% additional increase applies in the final year of Creditable Service.

Rev.03-06-2002: SHA

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis - Revised Assumptions
(Continued)

Age	Disability	Turnover		Retirement*	Salary Increase**
		<5	5+		
51	.01295	.0000	.0000		.058
52	.01375	.0000	.0000		.056
53	.01455	.0000	.0000		.055
54	.01540	.0000	.0000		.053
55	.01620	.0000	.0000		.052
56	.01785	.0000	.0000		.051
57	.01870	.0000	.0000		.049
58	.01950	.0000	.0000		.048
59	.02030	.0000	.0000		.046
60	.00000	.0000	.0000		.045
61	.00000	.0000	.0000		.045
62	.00000	.0000	.0000		.045
63	.00000	.0000	.0000		.045
64	.00000	.0000	.0000		.045
65	.00000	.0000	.0000		.045

* 100% are assumed to retire when first eligible for Rule of 64 or Service Retirement.

** A 13% additional increase applies in the final year of Creditable Service.

A 2% across-the-board salary increase is included for September 30, 1999 (Fire only), 2000 (all), and 2001 (all), instead of the 4.5% increase expected due to inflation; For Police, a 0% increase is included as of September 30, 1999.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis - Revised Assumptions
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employees are assumed to be married.
Investment Expenses:	None; the investment return assumption of 7.755% is net of investment expenses.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Adjustments from Valuation Date:	One year's interest is added to the calculated deposit to reflect ordinance provision.
Sources of Data:	Asset data is from unaudited financial statements. Membership data is furnished by Administrator.
Changes Since Prior Valuation:	The mortality table was updated to the 1994 Group Annuity Mortality Table (from the 1983 Group Annuity Mortality Table).

Rev.03-06-2002: SHA

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Information Under Florida Statutes

I. Comparison of Salary Increases

Year Ending	Actual	Assumed
	-%-	-%-
9/30/99	0.52	2.75
9/30/98	(1.35)	2.75
9/30/97	(1.07)	2.75
9/30/96	0.76	2.75
9/30/95	5.50	2.75
9/30/94	2.86	3.00
9/30/93	6.37	6.80
9/30/92	3.48	6.80
9/30/91	2.65	6.80
9/30/90	2.79	7.00
9/30/89	8.64	7.00
9/30/88	6.05	7.00
9/30/87	7.45	7.50
9/30/86	7.49	7.50
9/30/85	14.28	7.50
9/30/84	11.53	7.50

II. Comparison of Investment Returns

Year Ending	Actual MV	Actual AAV(1)	Assumed
-%-	-%-	-%-	-%-
9/30/99	13.8	13.40	7.75
9/30/98	6.9	19.45	7.75
9/30/97	28.3	26.34	8.00
9/30/96	13.2	11.27	8.00
9/30/95	21.0	12.86	7.75
9/30/94	(1.7)	5.18	7.75
9/30/93	15.8	13.73	7.75
9/30/92	9.9	12.48	7.75
9/30/91	25.9	20.93	7.75
9/30/90	0.4	1.89	7.50
9/30/89	N.A.	16.09	7.50
9/30/88	N.A.	0.08	7.50
9/30/87	N.A.	22.64	7.00
9/30/86	N.A.	21.66	7.00

(1) Based on mean actuarial asset values for periods ending 9/30.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Information Under Florida Statutes
(Continued)

III. Comparison of Payroll Growth

Year Ending	Actual -%-	Assumed -%-
9/30/99	4.6	N.A.
9/30/98	6.8	N.A.
9/30/97	(4.5)	N.A.
9/30/96	1.9	N.A.
9/30/95	(1.9)	N.A.
9/30/94	1.1	N.A.
9/30/93	7.5	N.A.
9/30/92	2.1	N.A.
9/30/91	(7.6)	5.00
9/30/90	(0.8)	5.00
9/30/89	9.5	5.00
9/30/88	3.4	5.00
9/30/87	5.9	5.00
9/30/86	5.8	5.00
9/30/85	7.8	5.00
9/30/84	9.7	5.00

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5 and 25
(Excluding COLA Fund)

I. Funding Status and Progress as of September 30, 1998 and 1999

Pension benefit obligation:

	$(Millions)		
	1999		
	Revised Assump.	Prior Assump.	1998
- Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	396.8	390.0	374.4
- Current employees - Accumulated employee contributions including interest	96.0	96.0	89.6
Employer - financed vested	279.4	275.7	264.3
Employer - financed nonvested	48.0	47.6	46.2
Total pension benefit obligation	820.2	809.3	774.5
Net assets available for benefits (market value)	932.8	932.8	857.7
Unfunded pension benefit obligation	(112.6)	(123.5)	(83.2)

The pension benefit obligation was determined as part of an actuarial valuation at September 30, 1999. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually, (b) projected salary increases of 4.50 percent per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0 percent to 5.1 percent per year, attributable to seniority/merit.

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5 and 25
(Excluding COLA Fund)

II. Contributions Required and Contributions Made

The funding policy provides for periodic employer contributions at actuarially determined rates that are sufficient to pay benefits when due. Contributions for normal costs are determined using the aggregate actuarial cost method. This cost method does not provide for an unfunded actuarial accrued liability.

Contributions totaling $18,932,613 ($10,376,473) employer and $8,556,140 employee) were made for the year ending September 30, 1999. These contributions consisted of (a) $18,932,613 normal cost, (b) $0 amortization of the unfunded actuarial accrued liability, and (c) $0 noninvestment expenses.

Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the standardized measure of the pension obligation as of the beginning of the preceding year.

III. Analysis of Funding Progress ($ Millions)

Fiscal Year	(1) Net Assets Available for Benefits ($)	(2) Pension Benefit Obligation ($)	(3) Percent Funded (%)	(4) Unfunded PBO (2)-(1) ($)	(5) Annual Covered Payroll ($)	(4)/(5) (%)
1987	309.1	335.7	92	26.6	63.3	42
1988	307.7	357.9	86	50.2	65.4	77
1989	364.2	385.9	94	21.7	71.6	30
1990	364.7	394.6	92	29.9	71.1	42
1991	455.3	450.0	101	(5.3)	71.4	(7)
1992	492.0	458.1	107	(33.9)	67.1	(50)
1993	550.6	488.2	113	(62.4)	72.0	(87)
1994	516.4	522.9	99	6.5	72.9	9
1995	616.5	583.1	106	(33.4)	71.5	(47)
1996	674.7	620.7	109	(54.0)	72.9	(74)
1997	835.3	702.1	119	(133.2)	69.6	(191)
1998	857.7	774.5	111	(83.2)	74.3	(112)
1999	932.8	820.2	114	(112.6)	77.7	(145)

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding C.O.L.A. Fund)

IV. Revenues and Expenses

Fiscal Year	Revenues by Source: Employee Contributions ($)	Employer Contributions ($)	Investment Income ($)	Total ($)
1987	5,385,969	14,200,675	48,891,929	68,478,573
1988	5,516,972	11,515,831	19,011,633	36,044,436
1989	5,989,692	11,157,203	33,064,932	50,211,827
1990	6,303,644	9,579,771	37,046,457	52,929,872
1991	6,474,938	8,959,044	46,689,710	62,123,692
1992	6,115,655	10,029,747	44,569,353	60,714,755
1993	6,455,623	10,442,881	50,309,468	67,207,972
1994	7,435,034	9,296,175	36,915,202	53,646,411
1995	8,318,833	10,880,346	38,919,229	58,118,408
1996	7,852,469	16,547,235	55,421,603	79,821,307
1998	7,692,571	14,155,472	96,007,011	117,855,054
1997	7,664,034	14,377,032	83,180,597	105,221,663
1998	7,692,571	14,155,472	96,007,011	117,855,054
1999	8,556,140	10,376,473	66,039,984	84,972,597

Fiscal Year	Expenses by Type: Benefits ($)	Administrative Expenses ($)	Refunds ($)	Total ($)
1987	12,655,732	522,090	556,895	13,734,717
1988	13,556,449	443,765	650,068	14,650,282
1989	14,179,715	493,209	371,459	15,044,383
1990	15,572,994	568,072	659,176	16,800,242
1991	16,764,637	973,982	555,661	18,294,280
1992	22,345,166	1,137,047	751,088	24,233,301
1993	22,735,888	1,314,925	672,376	24,723,189
1994	23,787,091	1,420,693	510,074	25,717,858
1995	25,846,564	1,567,841	703,269	28,117,674
1996	29,506,924	1,870,188	822,497	32,199,609
1997	33,841,809	2,079,183	1,225,239	37,146,231
1998	35,593,108	2,543,855	391,524	38,537,297
1999	36,900,501	2,689,079	258,383	39,847,963

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

V. Schedule of Employer Contributions

Fiscal Year	Annual Pension Cost (APC) ($)	Percentage Contributed (%)	Net Pension Obligation ($)
1994	9,296,175	100	0
1995	10,880,346	100	0
1996	16,547,235	100	0
1997	14,377,032	100	0
1998	14,155,472	100	0
1999	10,376,473	100	0

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(C.O.L.A. Fund)

I. C.O.L.A. Increases by Duration Since Retirement (Including 2000 Increment)

Years Retired	No.	FIPO Benefits $	COLA Benefits $	%
0 - 5	300	1,217,256	5,546	0.5
5 -15	251	873,797	54,384	6.2
10-15	159	388,767	65,378	16.8
15-20	173	267,870	101,440	37.9
20-25	245	246,600	177,525	72.0
25-30	159	106,794	129,615	121.4
30-35	58	31,153	56,766	182.2
35-40	20	9,664	22,854	236.5
40-45	7	3,417	7,997	234.0
45+	4	1,415	4,480	316.6
Total	1,376	3,146,734	625,985	19.9

II. C.O.L.A. Increases by Attained Age (Including 2000 Increment)

Age	No.	FIPO Benefits $	COLA Benefits $	%
<45	29	65,995	597	0.9
45-50	107	367,050	943	0.3
50-54	218	776,345	17,408	2.2
55-59	209	699,959	43,063	6.2
60-64	175	421,560	63,835	15.1
65-69	219	383,634	134,179	35.0
70-74	220	267,974	173,576	64.8
75-79	131	117,143	120,096	102.5
80-84	49	35,674	50,841	142.5
85-89	17	11,047	19,678	178.1
>90	2	353	1,768	500.9
Total	1,376	3,146,734	625,985	19.9

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(C.O.L.A. Fund)

III. C.O.L.A. Increases vs. CPI (Including 2000 Increment)

Years Retired	No.	COLA -$-	CPI -%-	COLA/CPI %
0 - 5	300	5,546	3.7	12.3
5 -10	251	54,384	17.1	36.5
10-15	159	65,378	41.1	41.0
15-20	173	101,440	65.4	57.9
20-25	245	177,525	140.3	51.3
25-30	159	129,615	241.4	50.3
30-35	58	56,766	359.9	50.6
35-40	20	22,854	441.3	53.6
40-45	7	7,997	486.5	48.1
45+	4	4,480	536.0	59.1
Total	1,376	625,985	41.7	47.7

IV. Consumer Price Index (CPI-U)

Year	December Index	Annual %	Year	December Index	Annual %
1956	27.6	2.9	1976	58.2	4.8
1957	28.4	3.0	1977	62.1	6.8
1958	28.9	1.8	1978	67.7	9.0
1959	29.4	1.5	1979	76.7	13.3
1960	29.8	1.5	1980	86.3	12.4
1961	30.0	0.7	1981	94.0	8.9
1962	30.4	1.2	1982	97.6	3.9
1963	30.9	1.6	1983	101.3	3.8
1964	31.2	1.2	1984	105.3	4.0
1965	31.8	1.9	1985	109.3	3.8
1966	32.9	3.4	1986	110.5	1.1
1967	33.9	3.0	1987	115.4	4.4
1968	35.5	4.7	1988	120.5	4.4
1969	37.7	6.1	1989	126.1	4.6
1970	39.8	5.5	1990	133.8	6.2
1971	41.1	3.4	1991	137.9	3.0
1972	42.5	3.4	1992	141.9	2.9
1973	46.2	8.7	1993	145.8	2.7
1974	51.9	12.2	1994	149.7	2.7
1975	55.5	7.0	1995	153.5	2.5
			1996	158.6	3.3
			1997	161.3	1.7
			1998	163.9	1.6
			1999	168.3	2.7

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST
(COLA Fund)

		Revised Assumptions -$-	Prior Assumptions -$-
I.	Summary of Assets Available for Benefits at October 1, 1999		
A.	COLA Accounts		
1.	COLA I Account (Exhibit 3) at 9/30/99	29,236,476	29,236,476
2.	COLA II Account (Exhibit 3) at 9/30/99	95,242,072	95,242,072
B.	Transfers of Excess Investment Income		
1.	$27,879,774 due on 1/1/2000, discounted	27,364,337	27,364,337
2.	$31,591,116 due on 1/1/2001, discounted	28,776,858	28,776,858
C.	Minimum City Contributions[1] $3,421,423 beginning 1/1/2002, payable for 13 years discounted	24,975,490	24,975,490
D.	$0 City Contribution due 1/1/2000	0	0
E.	Assets Available for COLA Benefits	205,595,233	205,595,233
II.	COLA Fund Liabilities for Benefits at 10/1/99		
A.	Present Value of Existing COLA Benefits for inactives		
1.	Frozen COLA I benefits	3,436,654	3,353,247
2.	COLA II benefits	84,347,079	81,780,587
3.	Total inactive COLA benefits	87,783,733	85,133,834
B.	Present Value of Projected COLA Benefits for Current Actives		
1.	Reserve for current actives	26,529,259	25,869,278
2.	Reserve for contribution refunds	30,969	34,845
3.	Reserve for future actives (15% of B1)	3,979,389	3,880,392
4.	Total	30,539,617	29,784,515
C.	Total Liability Allocated (A3+B4)	118,323,350	114,918,349
D.	Contingency Reserve [22% of I(E)-I(B)(2)]	38,900,043	38,900,043
E.	Unallocated Reserve	48,371,840	51,776,841
F.	Total Liability for COLA Benefits	205,595,233	205,595,233

Note: (1) $(1/1.0775)^{1.25}$ $a_{\overline{13}|} = 7.29973767$

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

III. Derivation of Increase in Table

		Revised Assumptions -$-	Prior Assumptions -$-
A.	Liability based on current $635 table		
1.	Inactive COLA II Benefits	84,347,079	81,780,587
2.	Present Value of Projected COLA benefits for current actives	26,529,259	25,869,278
3.	Reserve for future actives [15% of (2)]	3,979,389	3,880,392
4.	Total	114,855,727	111,530,257
B.	Assets available to increase table		
1.	Total assets available for COLA Benefits	205,595,233	205,595,233
2.	Total Liability Allocated (current $635 table)	118,323,350	114,918,349
3.	Contingency Reserve II(D)	38,900,043	38,900,043
4.	Available Assets [(1)-(2)-(3)]	48,371,840	51,776,841
5.	$31,591,116 due on 1/1/2001, discounted	28,776,858	28,776,858
6.	Net Available Assets [(4)-(5)]	19,594,982	22,999,983
7.	Increase ratio [(B6)/(A4)]	0.17061	0.20622
8.	Table increase [$635x(7)]	108	131
9.	New table amount [$635+(8)]	743	766
10.	Actual new table amount	750	750

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Cumulative Experience Position Net of Asset Transfers

		Revised Assumptions -$-	Prior Assumptions -$-
I.	Calculation of Expected Unfunded Actuarial Accrued Liability at 10/1/99		
A.	Expected Unfunded Actuarial Accrued Liability at 10/1/98	149,680,142	149,680,142
B.	Additional Unfunded Actuarial Accrued Liability due to Plan Changes	46,786,371	46,786,371
C.	Entry Age Normal Cost for 1998/99 Year Paid or Payable by Employer	0	0
D.	Interest on (A), (B), and (C)	15,226,155	15,226,155
E.	Contributions for 1998/99 Year Paid or Payable by Employer	10,376,473	10,376,473
F.	Interest on (E)	502,610	502,610
G.	Expected Unfunded Actuarial Accrued Liability at 9/30/99	200,813,585	200,813,585
H.	Additional Unfunded Actuarial Accrued Liability due to Asumption Changes	11,101,455	N/A
I.	Final Expected Unfunded Actuarial Accrued Liability at 9/30/99	211,915,040	200,813,585
II.	Determination of Net Cumulative Experience Position at 10/1/99		
A.	Expected Unfunded Actuarial Liability as of September 30, 1999	211,915,040	200,813,585
B.	Entry Age Reserve - Actives	446,395,431	442,058,034
	- Inactives	396,787,152	390,023,094
	- Total	843,182,583	832,081,128
C.	Actuarial Asset Value (Net of Future Transfers)	911,710,668	911,710,668
D.	Actual Unfunded Actuarial Liability (B)-(C)	(68,528,085)	(79,629,540)
E.	Cumulative Experience Gain (Loss) (A)-(D)	280,443,125	280,443,125
III.	Future Transfers of Excess Investment Income at 10/1/99		
A.	$27,879,774 due on 1/1/2000, discounted	27,364,337	27,364,337
B.	$31,591,116 due on 1/1/2001, discounted	28,776,858	28,776,858
C.	Total Future Transfers at 10/1/99 (A)+(B)	56,141,195	56,141,195

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

Summary of Principal COLA Provisions

Effective Date:	January 1, 1994, amended January 1, 1995.
Eligibility:	All inactive members in Miami Fire Fighters' and Police Officers' Retirement Trust.
Prior COLA:	Benefits granted through 1993 will continue to be paid, in addition to benefits to be granted in the future.
Available Assets:	Existing COLA assets as of January 1, 1995; beginning with the 1991/92 fiscal year, a percentage of excess investment return on FIPO assets (75% of first 2.5%, 50% of next 2.5%, 25% of next 2.5%), subject to a minimum City contribution of $2.5 million, increasing 4% annually.
Allocated Assets:	Current COLA assets as of December 31, 1998, plus present value of $2.5 million minimum guarantee for 14 years. The 4% future annual increases are not pre-allocated. A contingency reserve of 22% has been established for adverse experience.
COLA Benefits:	In addition to prior COLA, benefits are based on attached table, with $635 monthly benefit for 25 years of creditable service and 22 completed years of retirement (after age 46). The $635 amount is reduced by 5% for each year of retirement less than 22 and each year of creditable service less than 25 and increased similarly for years of retirement greater than 22 and years of creditable service greater than 25. Benefits are based on the FIPO option elected. Tabular amounts are adjusted, based on the FIPO adjustments at the time of FIPO benefit commencement, for options other than Option 8 (Joint & 40%). Surviving spouses receive the percentage of the table amount determined under the FIPO election. Service-incurred and accidental disabilities and deaths receive benefits based on the greater of 25 years or actual creditable service.
Changes from Prior Year Valuation:	The $635 table was increased to the $750 table.

MIAMI FIREFIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
2000 MONTHLY RETIREMENT SUPPLEMENTS

COMPLETED YEARS OF RETIREMENT (AFTER AGE 46)

YEARS OF CREDITABLE SERVICE	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	2
10	0	0	0	19	28	37	47	56	66	75	84	94	103	113	122	131	141	150	159	169	178	188	197	206	2
11	0	0	0	22	34	45	56	67	79	90	101	113	124	135	146	158	169	180	191	203	214	225	236	248	2
12	0	0	0	26	39	52	66	79	92	105	118	131	144	158	171	184	197	210	223	236	249	263	276	289	302
13	0	0	0	30	45	60	75	90	105	120	135	150	165	180	195	210	225	240	255	270	285	300	315	330	345
14	0	0	0	34	51	67	84	101	118	135	152	169	186	203	219	236	253	270	287	304	321	338	354	371	388
15	0	0	0	37	56	75	94	112	131	150	169	188	206	225	244	263	281	300	319	338	356	375	394	413	431
16	0	0	0	41	62	82	103	124	144	165	186	206	227	248	268	289	309	330	351	371	392	413	433	454	474
17	0	0	0	45	67	90	112	135	157	180	203	225	248	270	293	315	338	360	383	405	428	450	473	495	518
18	0	0	0	49	73	97	122	146	171	195	219	244	268	293	317	341	366	390	414	439	463	488	512	536	561
19	0	0	0	52	79	105	131	157	184	210	236	263	289	315	341	368	394	420	446	473	499	525	551	578	604
20	0	0	0	56	84	112	141	169	197	225	253	281	309	338	366	394	422	450	478	506	534	563	591	619	647
21	0	0	0	60	90	120	150	180	210	240	270	300	330	360	390	420	450	480	510	540	570	600	630	660	690
22	0	0	0	64	96	127	159	191	223	255	287	319	351	383	414	446	478	510	542	574	606	638	669	701	733
23	0	0	0	67	101	135	169	202	236	270	304	338	371	405	439	473	506	540	574	608	641	675	709	743	776
24	0	0	0	71	107	142	178	214	249	285	321	356	392	428	463	499	534	570	606	641	677	713	748	784	819
25	0	0	0	75	112	150	187	225	263	300	338	375	413	450	488	525	563	600	638	675	713	750	788	825	863
26	0	0	0	79	118	157	197	236	276	315	354	394	433	473	512	551	591	630	669	709	748	788	827	866	906
27	0	0	0	82	124	165	206	247	289	330	371	413	454	495	536	578	619	660	701	743	784	825	866	908	949
28	0	0	0	86	129	172	216	259	302	345	388	431	474	518	561	604	647	690	733	776	819	863	906	949	992
29	0	0	0	90	135	180	225	270	315	360	405	450	495	540	585	630	675	720	765	810	855	900	945	990	1035
30	0	0	0	94	141	187	234	281	328	375	422	469	516	563	609	656	703	750	797	844	891	938	984	1031	1078
31	0	0	0	97	146	195	244	292	341	390	439	488	536	585	634	683	731	780	829	878	926	975	1024	1073	1121
32	0	0	0	101	152	202	253	304	354	405	456	506	557	608	658	709	759	810	861	911	962	1013	1063	1114	1164
33	0	0	0	105	157	210	262	315	367	420	472	525	578	630	683	735	788	840	893	945	998	1050	1103	1155	1208
34	0	0	0	109	163	217	272	326	381	435	489	544	598	653	707	761	816	870	924	979	1033	1088	1142	1196	1251
35	0	0	0	112	169	225	281	337	394	450	506	563	619	675	731	788	844	900	956	1013	1069	1125	1181	1238	1294
36	0	0	0	116	174	232	291	349	407	465	523	581	639	698	756	814	872	930	988	1046	1104	1163	1221	1279	1337
37	0	0	0	120	180	240	300	360	420	480	540	600	660	720	780	840	900	960	1020	1080	1140	1200	1260	1320	1380
38	0	0	0	124	186	247	309	371	433	495	557	619	681	743	804	866	928	990	1052	1114	1176	1238	1299	1361	1423
39	0	0	0	127	191	255	319	382	446	510	574	638	701	765	829	893	956	1020	1084	1148	1211	1275	1339	1403	1466
40	0	0	0	131	197	262	328	394	459	525	591	656	722	788	853	919	984	1050	1116	1181	1247	1313	1378	1444	1509
41	0	0	0	135	202	270	337	405	472	540	608	675	743	810	878	945	1013	1080	1148	1215	1283	1350	1418	1485	1553
42	0	0	0	139	208	277	347	416	486	555	624	694	763	833	902	971	1041	1110	1179	1249	1318	1388	1457	1526	1596
43	0	0	0	142	214	285	356	427	499	570	641	713	784	855	926	998	1069	1140	1211	1283	1354	1425	1496	1568	1639
44	0	0	0	146	219	292	366	439	512	585	658	731	804	878	951	1024	1097	1170	1243	1316	1389	1463	1536	1609	1682
45	0	0	0	150	225	300	375	450	525	600	675	750	825	900	975	1050	1125	1200	1275	1350	1425	1500	1575	1650	1725
46	0	0	0	154	231	307	384	461	538	615	692	769	846	923	999	1076	1153	1230	1307	1384	1461	1538	1614	1691	1768
47	0	0	0	157	236	315	394	472	551	630	709	788	866	945	1024	1103	1181	1260	1339	1418	1496	1575	1654	1733	1811
48	0	0	0	161	242	322	403	484	564	645	726	806	887	968	1048	1129	1209	1290	1371	1451	1532	1613	1693	1774	1854
49	0	0	0	165	247	330	412	495	577	660	743	825	908	990	1073	1155	1238	1320	1403	1485	1568	1650	1733	1815	1898
50	0	0	0	169	253	337	422	506	591	675	759	844	928	1013	1097	1181	1266	1350	1434	1519	1603	1688	1772	1856	1941

MIAMI FIREFIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
2000 MONTHLY RETIREMENT SUPPLEMENTS

	COMPLETED YEARS OF RETIREMENT (AFTER AGE 46)																								
	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50
10	225	234	244	253	263	272	281	291	300	309	319	328	338	347	356	366	375	384	394	403	413	422	431	441	450
11	270	281	293	304	315	326	338	349	360	371	383	394	405	416	428	439	450	461	473	484	495	506	518	529	540
12	315	328	341	354	368	381	394	407	420	433	446	459	473	486	499	512	525	538	551	564	578	591	604	617	630
13	360	375	390	405	420	435	450	465	480	495	510	525	540	555	570	585	600	615	630	645	660	675	690	705	720
14	405	422	439	456	473	489	506	523	540	557	574	591	608	624	641	658	675	692	709	726	743	759	776	793	810
15	450	469	488	506	525	544	563	581	600	619	638	656	675	694	713	731	750	769	788	806	825	844	863	881	900
16	495	516	536	557	578	598	619	639	660	681	701	722	743	763	784	804	825	846	866	887	908	928	949	969	990
17	540	563	585	608	630	653	675	698	720	743	765	788	810	833	855	878	900	923	945	968	990	1013	1035	1058	1080
18	585	609	634	658	683	707	731	756	780	804	829	853	878	902	926	951	975	999	1024	1048	1073	1097	1121	1146	1170
19	630	656	683	709	735	761	788	814	840	866	893	919	945	971	998	1024	1050	1076	1103	1129	1155	1181	1208	1234	1260
20	675	703	731	759	788	816	844	872	900	928	956	984	1013	1041	1069	1097	1125	1153	1181	1209	1238	1266	1294	1322	1350
21	720	750	780	810	840	870	900	930	960	990	1020	1050	1080	1110	1140	1170	1200	1230	1260	1290	1320	1350	1380	1410	1440
22	765	797	829	861	893	924	956	988	1020	1052	1084	1116	1148	1179	1211	1243	1275	1307	1339	1371	1403	1434	1466	1498	1530
23	810	844	878	911	945	979	1013	1046	1080	1114	1148	1181	1215	1249	1283	1316	1350	1384	1418	1451	1485	1519	1553	1586	1620
24	855	891	926	962	998	1033	1069	1104	1140	1176	1211	1247	1283	1318	1354	1389	1425	1461	1496	1532	1568	1603	1639	1674	1710
25	900	938	975	1013	1050	1088	1125	1163	1200	1238	1275	1313	1350	1388	1425	1463	1500	1538	1575	1613	1650	1688	1725	1763	1800
26	945	984	1024	1063	1103	1142	1181	1221	1260	1299	1339	1378	1418	1457	1496	1536	1575	1614	1654	1693	1733	1772	1811	1851	1890
27	990	1031	1073	1114	1155	1196	1238	1279	1320	1361	1403	1444	1485	1526	1568	1609	1650	1691	1733	1774	1815	1856	1898	1939	1980
28	1035	1078	1121	1164	1208	1251	1294	1337	1380	1423	1466	1509	1553	1596	1639	1682	1725	1768	1811	1854	1898	1941	1984	2027	2070
29	1080	1125	1170	1215	1260	1305	1350	1395	1440	1485	1530	1575	1620	1665	1710	1755	1800	1845	1890	1935	1980	2025	2070	2115	2160
30	1125	1172	1219	1266	1313	1359	1406	1453	1500	1547	1594	1641	1688	1734	1781	1828	1875	1922	1969	2016	2063	2109	2156	2203	2250
31	1170	1219	1268	1316	1365	1414	1463	1511	1560	1609	1658	1706	1755	1804	1853	1901	1950	1999	2048	2096	2145	2194	2243	2291	2340
32	1215	1266	1316	1367	1418	1468	1519	1569	1620	1671	1721	1772	1823	1873	1924	1974	2025	2076	2126	2177	2228	2278	2329	2379	2430
33	1260	1313	1365	1418	1470	1523	1575	1628	1680	1733	1785	1838	1890	1943	1995	2048	2100	2153	2205	2258	2310	2363	2415	2468	2520
34	1305	1359	1414	1468	1523	1577	1631	1686	1740	1794	1849	1903	1958	2012	2066	2121	2175	2229	2284	2338	2393	2447	2501	2556	2610
35	1350	1406	1463	1519	1575	1631	1688	1744	1800	1856	1913	1969	2025	2081	2138	2194	2250	2306	2363	2419	2475	2531	2588	2644	2700
36	1395	1453	1511	1569	1628	1686	1744	1802	1860	1918	1976	2034	2093	2151	2209	2267	2325	2383	2441	2499	2558	2616	2674	2732	2790
37	1440	1500	1560	1620	1680	1740	1800	1860	1920	1980	2040	2100	2160	2220	2280	2340	2400	2460	2520	2580	2640	2700	2760	2820	2880
38	1485	1547	1609	1671	1733	1794	1856	1918	1980	2042	2104	2166	2228	2289	2351	2413	2475	2537	2599	2661	2723	2784	2846	2908	2970
39	1530	1594	1658	1721	1785	1849	1913	1976	2040	2104	2168	2231	2295	2359	2423	2486	2550	2614	2678	2741	2805	2869	2933	2996	3060
40	1575	1641	1706	1772	1838	1903	1969	2034	2100	2166	2231	2297	2363	2428	2494	2559	2625	2691	2756	2822	2888	2953	3019	3084	3150
41	1620	1688	1755	1823	1890	1958	2025	2093	2160	2228	2295	2363	2430	2498	2565	2633	2700	2768	2835	2903	2970	3038	3105	3173	3240
42	1665	1734	1804	1873	1943	2012	2081	2151	2220	2289	2359	2428	2498	2567	2636	2706	2775	2844	2914	2983	3053	3122	3191	3261	3330
43	1710	1781	1853	1924	1995	2066	2138	2209	2280	2351	2423	2494	2565	2636	2708	2779	2850	2921	2993	3064	3135	3206	3278	3349	3420
44	1755	1828	1901	1974	2048	2121	2194	2267	2340	2413	2486	2559	2633	2706	2779	2852	2925	2998	3071	3144	3218	3291	3364	3437	3510
45	1800	1875	1950	2025	2100	2175	2250	2325	2400	2475	2550	2625	2700	2775	2850	2925	3000	3075	3150	3225	3300	3375	3450	3525	3600
46	1845	1922	1999	2076	2153	2229	2306	2383	2460	2537	2614	2691	2768	2844	2921	2998	3075	3152	3229	3306	3383	3459	3536	3613	3690
47	1890	1969	2048	2126	2205	2284	2363	2441	2520	2599	2678	2756	2835	2914	2993	3071	3150	3229	3308	3386	3465	3544	3623	3701	3780
48	1935	2016	2096	2177	2258	2338	2419	2499	2580	2661	2741	2822	2903	2983	3064	3144	3225	3306	3386	3467	3548	3628	3709	3789	3870
49	1980	2063	2145	2228	2310	2393	2475	2558	2640	2723	2805	2888	2970	3053	3135	3218	3300	3383	3465	3548	3630	3713	3795	3878	3960
50	2025	2109	2194	2278	2363	2447	2531	2616	2700	2784	2869	2953	3038	3122	3206	3291	3375	3459	3544	3628	3713	3797	3881	3966	4050

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

Summary of Actuarial Basis - Prior Assumptions

Valuation Date: January 1, 2000.

Valuation Method: Accrued Benefit Cost Method, based on benefits granted to date.

Asset Valuation Method: Market Value.

Actuarial Assumptions:

Investment Return: 7.75% compounded annually.

Mortality: 1983 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	.0377%	.0189%
30	.0607%	.0342%
40	.1238%	.0665%
50	.3909%	.1647%
60	.9158%	.4241%
70	2.7530%	1.2385%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Summary of Actuarial Basis - Prior Assumptions
(Continued)

Age	Disability	Turnover		Retirement*
		<5	5+	
20	.00085	.0240	.0192	
21	.00095	.0240	.0192	
22	.00105	.0240	.0192	
23	.00110	.0240	.0192	
24	.00125	.0240	.0192	
25	.00130	.0240	.0192	
26	.00140	.0240	.0192	
27	.00150	.0240	.0192	
28	.00160	.0240	.0192	
29	.00170	.0240	.0192	
30	.00180	.0240	.0192	
31	.00200	.0240	.0192	
32	.00220	.0240	.0192	
33	.00245	.0240	.0192	
34	.00265	.0240	.0192	
35	.00285	.0240	.0192	
36	.00305	.0228	.0182	
37	.00325	.0216	.0173	
38	.00345	.0204	.0163	
39	.00370	.0192	.0154	
40	.00390	.0180	.0144	
41	.00470	.0168	.0134	
42	.00555	.0156	.0125	
43	.00635	.0144	.0115	
44	.00720	.0132	.0106	
45	.00800	.0120	.0096	
46	.00880	.0096	.0077	
47	.00965	.0072	.0057	
48	.01045	.0048	.0038	
49	.01130	.0024	.0019	
50	.01210	.0000	.0000	

* 100% are assumed to retire when first eligible for Rule of 64 or Service Retirement.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Summary of Actuarial Basis - Prior Assumptions
(Continued)

Age	Disability	Turnover		Retirement*
		<5	5+	
51	.01295	.0000	.0000	
52	.01375	.0000	.0000	
53	.01455	.0000	.0000	
54	.01540	.0000	.0000	
55	.01620	.0000	.0000	
56	.01785	.0000	.0000	
57	.01870	.0000	.0000	
58	.01950	.0000	.0000	
59	.02030	.0000	.0000	
60	.00000	.0000	.0000	
61	.00000	.0000	.0000	
62	.00000	.0000	.0000	
63	.00000	.0000	.0000	
64	.00000	.0000	.0000	
65	.00000	.0000	.0000	

* 100% are assumed to retire when first eligible for Rule of 64 or Service Retirement.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

Summary of Actuarial Basis - Prior Assumptions
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Martial Status:	All employees are assumed to be married.
Investment Expenses:	Not provided for.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Adjustments from Valuation Date:	Liabilities are discounted for 3 months at the Investment Return assumption.
Sources of Data:	Asset data is from unaudited financial statements. Membership data is furnished by Administrator.
Changes from Prior Year Valuation:	None.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

(COLA Fund)

Summary of Actuarial Basis - Revised Assumptions

Valuation Date: January 1, 2000.

Valuation Method: Accrued Benefit Cost Method, based on benefits granted to date.

Asset Valuation Method: Market Value.

Actuarial Assumptions:

Investment Return: 7.75% compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	.0507%	.0284%
30	.0801%	.0351%
40	.1072%	.0709%
50	.2579%	.1428%
60	.7976%	.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Summary of Actuarial Basis - Revised Assumptions
(Continued)

Age	Disability	Turnover		Retirement*
		<5	5+	
20	.00085	.0240	.0192	
21	.00095	.0240	.0192	
22	.00105	.0240	.0192	
23	.00110	.0240	.0192	
24	.00125	.0240	.0192	
25	.00130	.0240	.0192	
26	.00140	.0240	.0192	
27	.00150	.0240	.0192	
28	.00160	.0240	.0192	
29	.00170	.0240	.0192	
30	.00180	.0240	.0192	
31	.00200	.0240	.0192	
32	.00220	.0240	.0192	
33	.00245	.0240	.0192	
34	.00265	.0240	.0192	
35	.00285	.0240	.0192	
36	.00305	.0228	.0182	
37	.00325	.0216	.0173	
38	.00345	.0204	.0163	
39	.00370	.0192	.0154	
40	.00390	.0180	.0144	
41	.00470	.0168	.0134	
42	.00555	.0156	.0125	
43	.00635	.0144	.0115	
44	.00720	.0132	.0106	
45	.00800	.0120	.0096	
46	.00880	.0096	.0077	
47	.00965	.0072	.0057	
48	.01045	.0048	.0038	
49	.01130	.0024	.0019	
50	.01210	.0000	.0000	

* 100% are assumed to retire when first eligible for Rule of 64 or Service Retirement.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Summary of Actuarial Basis -Revised Assumptions
(Continued)

Age	Disability	Turnover		Retirement*
		<5	5+	
51	.01295	.0000	.0000	
52	.01375	.0000	.0000	
53	.01455	.0000	.0000	
54	.01540	.0000	.0000	
55	.01620	.0000	.0000	
56	.01785	.0000	.0000	
57	.01870	.0000	.0000	
58	.01950	.0000	.0000	
59	.02030	.0000	.0000	
60	.00000	.0000	.0000	
61	.00000	.0000	.0000	
62	.00000	.0000	.0000	
63	.00000	.0000	.0000	
64	.00000	.0000	.0000	
65	.00000	.0000	.0000	

* 100% are assumed to retire when first eligible for Rule of 64 or Service Retirement.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

Summary of Actuarial Basis - Revised Assumptions
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Martial Status:	All employees are assumed to be married.
Investment Expenses:	Not provided for.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Adjustments from Valuation Date:	Liabilities are discounted for 3 months at the Investment Return assumption.
Sources of Data:	Asset data is from unaudited financial statements. Membership data is furnished by Administrator.
Changes from Prior Year Valuation:	The mortality table was updated to the 1994 Group Annuity Mortality Table (from the 1983 Group Annuity Mortality Table).

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)

I. Funding Status and Progress as of September 30, 1998 and 1999

Pension benefit obligation:	$(Millions) 1999 Current Assump.	1999 Prior Assump.	1998
- Retirees and beneficiaries currently receiving prior COLA benefits	3.4	3.4	3.6
- Retirees and beneficiaries receiving COLA tabular benefits (beginning January 1) and terminated employees not yet receiving tabular benefits	84.3	81.8	66.9
- Current Employees Accumulated employee contributions including interest	9.5	9.5	9.9
Employer - financed vested	0.0	0.0	0.0
Employer - financed non-vested	17.1	16.3	14.1
- Total pension benefit obligation	114.3	111.0	90.9
Net assets available for benefits	180.6	180.6	144.2
Unfunded pension benefit (obligation)/asset	66.3	69.6	53.3

The pension benefit obligation was determined as part of an actuarial valuation at January 1, 2000, based on data and asset information at September 30, 1999. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually, (b) post retirement COLA benefits based on the table in effect at January 1, 1999, assuming it will be updated to reflect the current level of COLA assets.

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)

II. Contributions Required and Contributions Made

The funding policy provides for annual employer contributions for 21 years from January 1, 1994. The amount of the contribution will be $2.5 million, beginning January 1, 1994, increasing 4% per year each year thereafter, and reduced (but not below zero) by any excess investment income transfer due on the same date.

The excess investment income transfer consists of a portion of gains due to investment return exceeding the lesser of 7.75 percent and the 7.75 percent assumption. The $27,879,774 amount to be transferred on January 1, 2000 is due to excess investment income during the year ended September 30, 1998, and therefore already is part of the Retirement Trust. The $31,591,116 amount to be transferred on January 1, 2001 is due to excess investment income during the year ending September 30, 1999.

III. Analysis of funding Progress ($ Millions)

Fiscal Year	(1) Net Assets Available for Benefits* ($)	(2) Pension Benefit Obligation** ($)	(3) Percent Funded (%)	(4) Unfunded PBO (2)-(1) ($)	(5) Annual Covered Payroll ($)	(4)/(5) (%)
1993	40.8	32.5	126	(8.3)	72.0	(12)
1994	42.6	51.5	83	8.9	72.9	12
1995	63.8	52.0	123	(11.8)	71.5	(17)
1996	83.9	65.7	128	(18.1)	72.9	(25)
1997	117.7	70.8	166	(46.9)	69.6	(67)
1998	144.2	90.9	159	(53.3)	74.3	(72)
1999	180.7	114.3	158	(66.4)	77.7	(85)

* Excluding future City minimum contributions.
** Excluding new increment, contingency reserves, and reserves for future actives.

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(C.O.L.A. Fund)

IV. Revenues and Expenses

Fiscal Year	Revenues by Source: Employee Contributions ($)	Employer Contributions ($)	Investment Income ($)	Total ($)
1987	1,246,688	298,682	871,969	2,417,339
1988	1,272,000	0	393,935	1,665,935
1989	1,381,407	0	686,477	2,067,884
1990	1,457,451	0	694,749	2,152,200
1991	1,505,015	0	1,024,972	2,529,987
1992	1,422,192	0	1,031,806	2,453,998
1993	1,493,735	0	1,151,821	2,645,556
1994	474,233	9,481,546	1,313,750	11,269,529
1995	506	16,818,431	3,754,787	20,573,724
1996	0	2,622,149	3,795,508	6,417,657
1997	4,226	12,736,609	7,724,214	20,465,049
1998	1,094	14,344,834	10,325,730	24,671,658
1999	11,792	17,020,337	9,278,121	26,310,250

Fiscal Year	Expenses by Type: Benefits ($)	Administrative Expenses ($)	Refunds ($)	Total ($)
1987	183,548	7,301	36,679	227,528
1988	321,908	387	68,950	391,245
1989	430,185	0	46,021	476,206
1990	534,058	0	85,067	619,125
1991	578,758	0	76,730	655,488
1992	628,793	20,956	78,054	727,803
1993	665,938	27,288	84,945	778,171
1994	1,657,947	7,430	72,595	1,737,972
1995	2,706,830	0	101,814	2,808,644
1996	3,051,315	0	84,143	3,135,458
1997	3,676,801	0	124,925	3,801,726
1998	4,695,927	0	30,136	4,726,063
1999	5,765,042	295,708	17,974	6,078,724

The City of Miami
Fire Fighters' and Police Officers'
Retirement Trust

62nd ANNUAL REPORT

SEPTEMBER 30, 2001

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I

INTRODUCTORY

SECTION

BOARD OF TRUSTEES

AND

PERSONNEL OF THE RETIREMENT TRUST

AS OF SEPTEMBER 30, 2001

Robert Williams - Chairman
Police Officer
Elected by the Police Officers

Marshall Barry
Appointed by the City Commission

Alexander Gurdak
Appointed by the City Commission

Raul Fernandez
Fire Fighter
Elected by the Fire Fighters

Charles Hall
Appointed by the City Commission

Jesse Diner
Appointed by the City Commission

Albert Ruder
Assistant City Manager
Appointed by the City Manager

Tom Gabriel
Fire Fighter
Elected by the Fire Fighters

Mark Wisner
Police Officer
Elected by the Police Officers

Administrator
Robert H. Nagle

Assistant Administrator
Dania L. Orta

Legal Advisor
Stephen H. Cypen

Medical Advisor
Cornell Lupu

Consulting Actuary
Stanley, Holcombe & Associates

Certified Public Accountants
Koch Reiss & Company

Investment Managers

Alliance Capital Management
John Hancock Advisors
John McStay Investments
Morgan Stanley Investment Advisors
Scudder Kemper Investment Management
Lazard Asset Management

Barrow, Hanley, et al
Boston Partners
J. P. Morgan Investment Mang.
Munder Capital Management
Barclays Global Investors
Oechsle International Advisors

Consultant
Dorn, Helliesen & Cottle

Custodian
Northern Trust Bank

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

62ND ANNUAL REPORT

On September 30, 2001, the City of Miami Fire Fighters' and Police Officers' Retirement Trust completed its sixty first year of operation.

Retirement benefits granted during the year represent annual benefits of $624,881.52 as follows:

5	Service Retirements with Annual Benefits of	203,426.00
3	DROP Service Retirements with Annual Benefits of	205,689.00
1	Vested Right Retirement with annual benefits of	49,615.00
4	Accidental Disability Retirements with an annual benefit of	139,454.00
1	Accidental Death Allowance with an annual benefit of	26,698.00

During the year, 27 pensioners of the Retirement Trust died. Of these, 16 had selected a pension which terminated at their death and 11 had selected an option that will continue to a beneficiary representing yearly benefits of $71,090.00.

During the year ending September 30, 2001, the pension payroll totaled of $41,386,774.00. It was 10.4% greater than the previous year as follows:

		ANNUAL BENEFITS
833	Service Retirements	31,171,512.00
53	DROP Service Retirements	3,188,063.00
97	Early Service Retirements	1,097,003.00
27	Vested Right Retirements	454,350.00
12	Ordinary Disability Retirements	78,273.00
222	Service/Accidental Disability Retirements	3,908,994.00
14	Accidental Death Retirements	200,296.00
162	Continuances	1,2882283.00
		41,386,774.00
Securities' gains and losses, Miscellaneous Income		45,943,300.00

The various statements and schedules, which follow, reflect the activities of the system from the beginning as well as for the current year. An outline showing benefits and working procedures is also included.

II

FINANCIAL

SECTION

Report of Independent Certified Public Accountants

Board of Trustees
City of Miami Fire Fighters' and Police Officers' Retirement Trust
Miami, Florida

We have audited the accompanying statements of plan net assets of the City of Miami Fire Fighters' and Police Officers' Retirement Trust at September 30, 2001 and 2000, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of September 30, 2001 and 2000, and the changes in plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 16, 2001 on our consideration of the City of Miami Fire Fighters' and Police Officers' Retirement Trust internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The supplementary information presented in Schedules 1 and 2 which show historical pension information is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit and express no opinion on it.

Koch Leiss & Company, P.A.

November 16, 2001

CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2001 AND 2000

	2001				2000			
	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total
Additions:								
Contributions:								
City	$ 5,481,599	$ -	$ -	$ 5,481,599	$ 5,400,784	$ -	$ -	$ 5,400,784
Members	6,336,918	-	-	6,336,918	6,257,588	293	-	6,257,881
Total contributions	11,818,517	-	-	11,818,517	11,658,372	293	-	11,658,665
Investment income:								
Net appreciation (depreciation) in the fair value of plan investments	(135,538,086)	(3,746,072)	(18,590,799)	(157,874,957)	91,001,130	2,357,104	8,998,275	102,356,509
Interest	27,538,622	755,444	3,527,572	31,821,638	26,920,182	716,888	2,784,373	30,421,443
Dividend	5,350,813	145,804	677,589	6,174,206	5,413,287	144,406	547,724	6,105,417
Rental and other	311,663	8,357	37,903	357,923	198,532	5,506	21,899	225,937
	(102,336,988)	(2,836,467)	(14,347,735)	(119,521,190)	123,533,131	3,223,904	12,352,271	139,109,306
Less investment expense	2,656,990	73,641	334,967	3,065,598	2,539,941	65,177	250,918	2,856,036
Net investment income (loss)	(104,993,978)	(2,910,108)	(14,682,702)	(122,586,788)	120,993,190	3,158,727	12,101,353	136,253,270
Security lending activities:								
Security lending income	514,784	13,973	65,071	593,828	558,479	15,018	57,517	631,014
Security lending expense	154,461	4,193	19,525	178,179	167,544	4,505	17,255	189,304
Net income from security lending	360,323	9,780	45,546	415,649	390,935	10,513	40,262	441,710
Total additions (reductions)	(92,815,138)	(2,900,328)	(14,637,156)	(110,352,622)	133,042,497	3,169,533	12,141,615	148,353,645
Deductions:								
Pension benefits	41,386,773	-	-	41,386,773	41,215,266	-	-	41,215,266
Refunds upon resignation, death, etc.	481,746	16,796	-	498,542	280,961	13,932	-	294,893
Distributions to retirees	-	467,170	7,758,739	8,225,909	-	494,740	6,521,638	7,016,378
Total deductions	41,868,519	483,966	7,758,739	50,111,224	41,496,227	508,672	6,521,638	48,526,537
Allocation of net earnings	(31,591,116)	-	31,591,116	-	(27,879,774)	-	27,879,774	-
Net increase (decrease)	(166,274,773)	(3,384,294)	9,195,221	(160,463,846)	63,666,496	2,660,861	33,499,751	99,827,108
Net assets held in trust for pension benefits:								
Beginning of year	1,023,570,222	31,779,301	129,168,656	1,184,518,179	959,903,726	29,118,440	95,668,905	1,084,691,071
End of year	$ 857,295,449	$ 28,395,007	$ 138,363,877	$ 1,024,054,333	$ 1,023,570,222	$ 31,779,301	$129,168,656	$1,184,518,179

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

Note 1 – Description of the Plan

a. Organization

The City of Miami Fire Fighters' and Police Officers' Retirement Trust (the Trust) is a single employer defined benefit plan established by the City of Miami, Florida (the City) pursuant to the provisions and requirements of Ordinance No. 10002 as amended. Since the Trust is sponsored by the City, the Trust is included as a pension trust fund in the City's comprehensive financial report as part of the City's financial reporting entity.

The following brief description of the Trust is provided for general information purposes only. Participants should refer to the Trust document for more detailed and comprehensive information.

b. Participants

Participants are the police officers and firefighters with fulltime status in the Police and Fire Department of the City of Miami, Florida.

c. Membership

As of October 1, 2001 and 2000, membership in the Trust consisted of:

	2001	2000
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.	1,442	1,444
Current employees:		
Vested	1,056	1,048
Nonvested	620	628
	1,676	1,676

d. Member Contributions

Members contribute a percentage of their base salaries on a bi-weekly basis. Member contributions, effective October 1, 1999, is 7% of compensation. Prior to the agreement dated January 9, 1994, members contributed 10½%, of which 2% was designated as a contribution to the Cost-Of-Living Adjustment Account (COLA I account). Effective January 9, 1994, the Trust entered into an agreement with the City whereby this percentage was decreased to 10% and a new Cost-of-Living Adjustment Account (COLA II account) was created and funded by a percentage of the excess investment return (from other than COLA I account assets).

Note 1 – Description of the Plan (continued)

e. Funding Requirements

The City is to contribute such amounts as are necessary to maintain the actuarial soundness of the Trust and to provide the Trust with assets sufficient to meet the benefits to be paid to the participants. Contributions to the Trust are authorized, pursuant to City of Miami Code Section 40.196 (a) and (b). Contributions to the COLA accounts are authorized pursuant to Section 40.204 of the City of Miami Code. The City's contributions to the Trust provide for non-investment expenses and normal costs of the Trust. If the City contribution were less than 7%, then the portion of each member's contribution exceeding the City contribution percentage shall be set aside in separate Individual Contribution Accounts in the Trust. The yield (interest, dividends, and net realized gains and losses) on investments of the Trust serves to reduce future contributions that would otherwise be required to provide for the defined level of benefits under the Trust.

The actuarial valuation of the Trust at October 1, 2000, for the fiscal year ended September 30, 2001 utilized an assumed investment rate of return of 7.625%, which resulted in a minimum required contribution of approximately $6,400,000. The City is disputing the aforementioned assumption and has subjected it to arbitration. In compliance with the Trust ordinance, the City has contributed approximately $5,400,000, the same amount as in the prior year, which will satisfy the September 30, 2001 required contribution until the issue is resolved.

f. Pension Benefits

Effective October 1, 1998 members may elect to retire after 10 or more years of creditable service upon attainment of normal retirement age. Normal retirement age for members shall be 50 years of age. A member exercising normal service retirement or rule of 64 retirement (computation of service retirement on the basis of his or her combined age and creditable service equaling 64) shall be entitled to receive a retirement allowance equal to 3% (2.75% for police officers prior to October 1, 1998) of the member's average final compensation multiplied by years of creditable service for the first 15 years of such creditable service, plus a retirement allowance equal to 3½% (3% for police officers prior to October 1, 1998) of member's final average compensation multiplied by the years of creditable service in excess of 15 years, paid in monthly installments.

Prior to October 1, 1998, a firefighter member exercising normal service retirement or rule of 70 retirement (computation of service retirement on the basis of his or her combined age and creditable service equaling 70) were entitled to receive a retirement allowance equal to 3% of the member's final average compensation multiplied by years of creditable service, paid in monthly installments.

Early retirement, disability, death and other benefits are also provided.

Note 1 – Description of the Plan (continued)

g. Investments

The Trust investment policy is determined by the Board of Trustees and is implemented by investment managers. In addition, the Trust utilizes an investment advisor who monitors the investing activities. The investment policy of the Trust stipulates that the trustees shall, in acquiring, investing, reinvesting, exchanging, retaining, selling and maintaining property for the benefit of the Trust exercise the judgment and care under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital. The trustees are authorized to acquire and retain various kinds of property, real, personal or mixed, and various types of investments specifically including, but not by way of limitation, bonds, debentures and other corporate obligations, and stocks, preferred or common, which persons of prudence, discretion and intelligence acquire or retain for their own account. The investment of funds shall be in a manner that is consistent with the applicable sections of the City Code as well as State and Federal laws within the allocation percentages established in the Trust's investment policy guidelines.

The investments are considered held by the Membership and Benefit account and a share of the value of this account is allocated to each account based on a weighted average calculation performed each month to reflect each account's membership and benefit, COLA I and COLA II activity.

Note 2 – Summary of Significant Accounting Policies

a. Basis of Accounting

The Trust's financial statements are prepared using the accrual basis of accounting. Member contributions are recognized as revenues in the period in which employee services are performed. Employer contributions are recognized as revenues when due pursuant to actuarial valuations. Interest, rental and dividend income are recorded as earned.

Note 2 – Summary of Significant Accounting Policies (continued)

b. Investments

Investments are recorded at fair market value. Fair market values of investments are determined as follows: securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year; securities traded in the over-the counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price; commercial paper, time deposits and short-term investment pools are valued at cost which approximates market; mortgages are valued based on current market yield; and real estate is valued at the purchase price plus the cost of improvements.

Unrealized gains and losses are presented as net appreciation (depreciation) in fair value of investments on the statement of changes in plan net assets along with gains and losses realized on sales of investments. Purchases and sales of securities are reflected on a trade date basis. Realized gains and losses on the sale of investments are based on average cost identification method.

c. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

d. Income Tax Status

The Trust is tax-exempt under the Internal Revenue Code and, therefore, has recorded no income tax liability or expense.

e. Reclassifications

Certain reclassifications have been made to the 2000 financial statement presentation to correspond to the current year's format. Total net assets held in trust for pension benefits and net increase in net assets are unchanged due to these reclassifications.

Note 3 – Cash and Investments

A retirement system is authorized by state statutes and board of trustees policies to lend its investment securities. The lending is managed by the Trust's custodial bank. All loans can be terminated on demand by either the Trust or the borrowers, although the average term of loans is approximately twenty eight days. The custodial bank and its affiliates are prohibited from borrowing the system's securities.

The agent lends the Trust's U.S. government and agency securities and domestic corporate fixed-income and equity securities for securities or cash collateral of 102 percent and international securities of 105 percent of the securities plus any accrued interest. The securities lending contracts do not allow the Trust to pledge or sell any collateral securities unless the borrower defaults. Cash collateral is invested in the agent's collateral investment pool, whose share values are based on the amortized cost of the pool's investments. At year-end, the pool has a weighted average term to maturity of twenty three days. The relationship between the maturities of the investment pool and the Trust's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Trust cannot determine. There are policy restrictions by the custodial bank that limits the amount of securities that can be lent at one time or to one borrower.

Before the security lending transactions and the investment of the cash collateral, the Trust's investments are categorized below to give an indication of the level of risk assumed by the Trust at September 30, 2001 and 2000. Category I includes the following investments that are insured or registered or for which the securities are held by the Trust or its agent in the Trust's name.

	Fair Value 2001	Fair Value 2000
U.S. government and agency obligations	$ 235,852,770	$ 245,266,341
Corporate stocks	540,769,859	726,008,593
Corporate bonds	157,898,977	129,829,095
	$ 934,521,606	$ 1,101,104,029

The investments in cash and short-term investments, mutual funds and real estate are not categorized because they are not evidenced by securities that exist in physical or book entry form.

Note 3 – Cash and Investments (continued)

The following represents the balances relating to securities lending transactions at September 30:

	2001		
Securities Lent:	Fair Value of Underlying Securities	Cash Collateral Received/Securities Collateral Value	Cash Collateral Investment Value
Lent for cash collateral:			
U.S. government and agency obligations	$ 65,680,656	$ 66,993,863	$ 66,993,863
Domestic corporate stocks	18,321,847	18,723,133	18,723,133
Domestic corporate bonds	21,303,260	21,751,906	21,751,906
International corporate stocks	2,777,883	2,922,454	2,922,454
	108,083,646	110,391,356	110,391,356
Lent for securities collateral:			
U.S. government and agency obligations	5,032,028	5,172,465	-
Domestic corporate stocks	346,541	354,511	-
Domestic corporate bonds	312,146	321,666	-
	5,690,715	5,848,642	-
Total securities lent	$ 113,774,361	$ 116,239,998	$ 110,391,356

	2000		
Securities Lent:	Fair Value of Underlying Securities	Cash Collateral Received/Securities Collateral Value	Cash Collateral Investment Value
Lent for cash collateral:			
U.S. government and agency obligations	$ 46,487,289	$ 47,611,943	$ 47,611,943
Domestic corporate stocks	27,051,921	28,471,722	28,471,722
Domestic corporate bonds	23,176,268	23,943,861	23,943,861
International corporate stocks	3,541,015	3,789,954	3,789,954
	100,256,493	103,817,480	103,817,480
Lent for securities collateral:			
U.S. government and agency obligations	9,059,040	9,767,382	-
Domestic corporate stocks	196,682	203,778	-
	9,255,722	9,971,160	-
Total securities lent	$ 109,512,215	$ 113,788,640	$ 103,817,480

Note 3 – Cash and Investments (continued)

The following represents the schedule of investments by category of custodial risk required for securities lending at September 30:

	2001 Total Fair Value	2000 Total Fair Value
Investments – Category 1 (held by Trust's agent in Trust's name)		
U.S. government and agency obligations		
Not on securities loan	$ 165,140,086	$ 189,720,012
On securities loan for securities collateral	5,032,028	9,059,040
Corporate stocks		
Not on securities loan	519,315,618	695,218,975
On securities loan for securities collateral	354,511	196,682
Corporate bonds		
Not on securities loan	136,274,051	106,652,827
On securities loan for securities collateral	321,666	-
Subtotals	826,437,960	1,000,847,536
Investments – not categorized		
Investments held by broker-dealer under securities loans with cash collateral		
U.S. government and agency securities	65,680,656	46,487,289
Corporate stocks	21,099,730	30,592,936
Corporate bonds	21,303,260	23,176,268
Securities lending short-term collateral investment pool	110,391,356	103,817,480
Mutual funds	55,457,666	50,676,855
Real estate	912,037	770,202
Mutual funds – DROP participants	5,362,748	6,247,842
Totals	$ 1,106,645,413	$ 1,262,616,408

The contract with the Trust's custodian requires the custodian to indemnify the Trust if the borrower fails to return the securities (and if collateral is inadequate to replace the securities lent) or fail to pay the Trust for income distributions by the securities' issuers while the securities are on loan. At year end, the Trust has no credit risk exposure to borrowers because the amounts the Trust owes the borrowers exceed the amounts the borrowers owe the Trust. There are no significant violations of legal or contractual provisions, no borrowers or lending agent default losses, and no recoveries of prior period losses during the year. There are no income distribution owing on securities lent.

Note 3 – Cash and Investments (continued)

The Trust's cash balances are federally insured. In addition to insurance provided by the Federal Deposit Insurance Corporation ("FDIC"), all time and demand deposits are held in banking institutions which participate in a State approved multiple financial institution collateral pool, as defined by Governmental Accounting Standards Board (GASB) Statement No. 3. In the event of a failure of any member of the pool, the remaining members would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are deemed insured and are, therefore, not subject to classification by credit risk category under the provisions of GASB Statement No. 3.

Note 4 – COLA Accounts

Effective January 1, 1994, the Trust entered into an agreement with the City of Miami with regards to the funding methods, employee benefits, employee contributions and retiree COLA. As of January 9, 1994, members no longer contribute to the original COLA account (COLA I), and a new COLA account (COLA II) was established.

The agreement included the following provisions:

- The funding method was changed to an aggregate cost method.
- Combining all accounts for investment purposes (membership and benefit, COLA I and COLA II).
- Retirees receive additional COLA benefits.
- Active employees no longer contribute 2% of pretax earnings to fund the original retiree COLA account (COLA I account).

The COLA II account is funded annually by a percentage of the excess investment return from other than COLA I account assets. The excess earnings contributed to the COLA II account will be used to fund a minimum annual payment of $2.5 million, increasing by 4% compounded annually. To the extent necessary, the City will fund the portion of the minimum annual payment not funded by annual excess earnings no later than January 1 of the following year.

Note 4 – COLA Accounts (continued)

Benefits payable from the COLA accounts are computed in accordance with an actuarially based formula as defined in Section 40.204 of the City of Miami Code. Benefits are subject to review and modification in accordance with City of Miami Code Section 40.204, which provides that all other matters regarding the COLA accounts shall be determined by negotiations between the City, the Board of Trustees and the bargaining representatives of the International Association of Fire Fighters and the Fraternal Order of Police.

Note 5 – Deferred Retirement Option Plan (DROP)

Members who are eligible for service retirement or Rule of 64 after September 1998 may elect to enter the Deferred Retirement Option Plan for a maximum of 3 years.

A member's creditable service, accrued benefit and compensation calculation shall be frozen.

Upon commencement of participation in the DROP, the participant's contribution and the City's contribution to the Trust for that participant cease as the participant will not earn further creditable service for pension purposes. DROP participants may continue City employment for up to a maximum of thirty-six full months, and no payment is made to or for the benefit of a DROP participant beyond that period. For each person electing participation in the DROP, an individual DROP account shall be created. Payment shall be made by the retirement trust into the employee's DROP account in an amount equal to the regular monthly retirement benefit which the participant would have received had the participant separated from service and commenced receipt of pension benefits. Payments received by the participant in the DROP account are tax deferred. A series of investment vehicles which are established by the board of trustees are made available to DROP participants to choose from. Any losses, charges, or expenses incurred by the participant in their DROP account are not made up by the City or the Trust, but shall be borne by the participant.

Upon termination of employment, a member may receive distribution from the DROP account in the following manner:

- Lump sum distribution
- Periodic payments
- Annuity
- Roll over of the balance to another qualified retirement plan

Note 5 – Deferred Retirement Option Plan (DROP) (continued)

Any member may defer distribution until the latest date authorized by Section 401(a)(9) of the Internal Revenue Code.

A DROP participant shall not be entitled to receive an ordinary or service disability retirement and in the event of death of a DROP participant, there shall be no accidental death benefit for pension purposes. DROP participation does not affect any other death or disability benefit provided to a member under federal law, state law, City ordinance, or any rights or benefits under any applicable collective bargaining agreement. At September 30, 2001 and 2000, there were 54 and 76 DROP participants, respectively.

The DROP of the Trust also consists of a Benefit Actuarially Calculated DROP (BACDROP). A member may elect to BACDROP to a date no further back than the date of their retirement eligibility date. The BACDROP period must be in 12 month increments, beginning at the start of a pay period, not to exceed thirty-six months. Participation in the BACDROP does not preclude participation in the Forward DROP.

Note 6 – Budget Advance from City

Administrative costs of the Trust are paid directly by the Trust from budget advance monies provided by the City. The Trust provides the City with an accounting of how these funds are expended during the period. Funding for such administrative costs for the years ended September 30, 2001 and 2000 was as follows:

	2001	2000
Budget advance – beginning of year	$ 644,692	$ 526,313
Advance received from the City	1,340,882	1,358,500
	1,985,574	1,884,813
Administrative costs incurred, including custodian and consultants' fees, personnel and other office expenses	1,297,143	1,240,121
Budget advance – end of year	$ 688,431	$ 644,692

Since the above administrative costs are fully funded by the City, they are not included in the administrative expenses set forth in the statements of changes in plan net assets.

CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST
REQUIRED SUPPLEMENTARY INFORMATION
(unaudited)
SEPTEMBER 30, 2001

Schedule "1" – Schedule of Funding Progress
(dollars in millions)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability AAL	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
9/30/95	$ 616.5	$ 583.1	$ (33.4)	106%	$ 71.5	(47)%
9/30/96	674.7	620.7	(54.0)	109	72.9	(74)
9/30/97	835.3	702.1	(133.2)	119	69.6	(191)
9/30/98	857.7	774.5	(83.2)	111	74.3	(112)
9/30/99	932.8	831.1	(101.7)	112	77.7	(131)
9/30/00	994.6	892.4	(102.2)	111	84.3	(121)

Schedule "2" – Schedule of Contributions by Employer

Year Ended September 30,	Annual Required Contribution	Percentage Contributed
1996	$ 16,547,235	100%
1997	14,377,032	100%
1998	14,155,472	100%
1999	10,376,473	100%
2000	5,400,784	100%
2001	5,481,599	100%

The information presented in the required Supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Since the Trust uses the Aggregate Cost Method, a schedule of Funding Progress is not required as that method does not separately identify or separately amortize unfunded actuarial liabilities. As the Trust believes the above information is useful to users of the financial statements, the above Schedule "1" was prepared excluding COLA accounts using the Projected Unit Credit Actuarial Accrued Liability. Additional information as of the latest actuarial valuation follows:

Valuation Date	October 1, 2000
Actuarial Cost Method	Aggregate Cost Method
Amortization Method	N/A
Asset Valuation Method	Average of ratios of market to book values as of current and previous two September 30's. Average ratio is applied to book value at current September 30. The result cannot be greater that 120% of market value or less than 80% of market value.
Actuarial assumptions:	
Investment rate of return	7.625%, compounded annually
Salary increases:	
Inflation	4.50%
Merit, longevity, etc.	5.1% to 0% reducing by attained age
Mortality table	Ga94 – Mortality table
Disabled mortality	Pension Benefit Guaranty Corporation ("PBGC") Non-OASDI basis

III

INVESTMENT

SECTION

Investment Analysis

Year Ending September 30, 2001

		GENERAL FUND		COLA I		COLA II
BEGINNING BALANCES:			991,603,148		31,779,301	129,168,657
ADDITIONS:						
PURCHASES:						
Short Term Investments	14					
Mutual Funds	4,780,811					
US Treasury Bonds	327,052,529					
US Treasury Notes	158,672,244					
Corporate Bonds	149,335,518					
Corporate Stock	302,634,832					
Investment Rental Property	700,000					
Share of Asset Transferred						16,953,960
Share of Securities Transferred COLA I	3,384,294					
Subtotal:			946,002,078			16,953,960
DEDUCTIONS:						
REDEMPTIONS & SALE						
Short Term Investment	2					
US Treasury Bonds	353,997,136					
US Treasury Notes	141,141,208					
Corporate Bonds	121,265,636					
Corporate Stock	487,873,567					
Share of Assets Transferred				2,900,328		
Share of Securities Transferred to COLA I				483,967		
Share of Securities Transferred to COLA II	9,195,221				7,758,739	
Subtotal:			1,113,472,770		3,384,294	7,758,739
BALANCE:			**824,132,456**		**28,395,006**	**138,363,878**

Insert - left top tray

Cover - right side flap

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define chapters(insert) call chapter 1
say what page number the insert goes in.

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chapter 1 → interpose → pg # to insert
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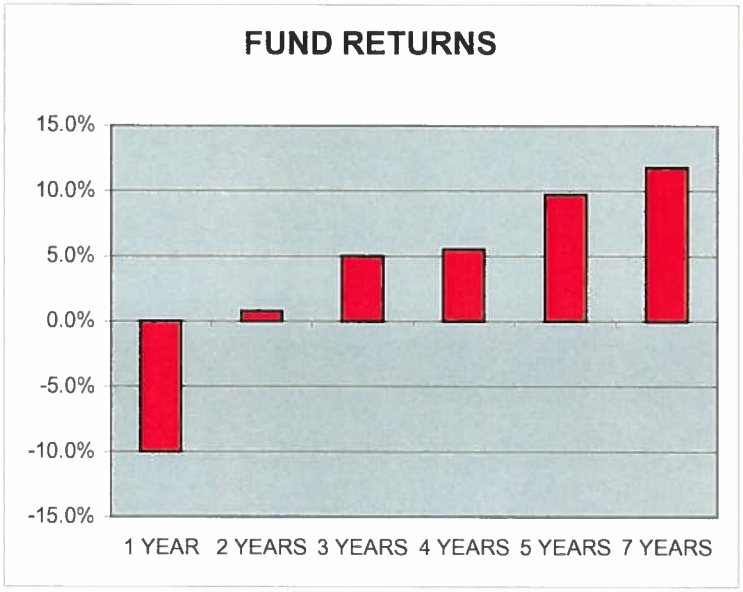
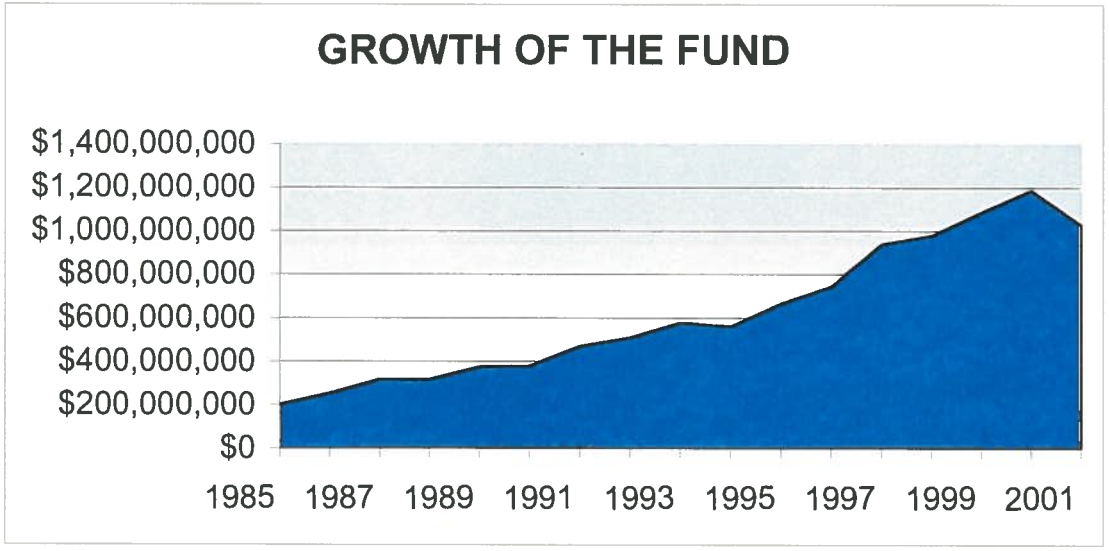
CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST

FUND HIGHLIGHTS

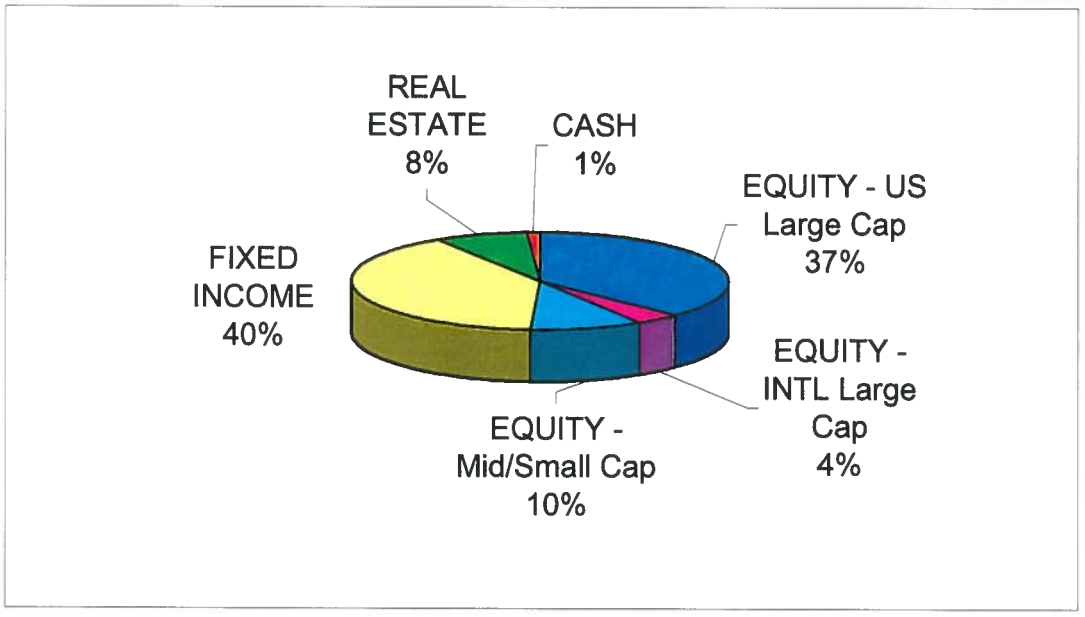




CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST

FUND HIGHLIGHTS

ASSET ALLOCATION – SEPTEMBER 30, 2001



CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2001

Account name	Asset description	Country	Shares/Par Value	Book Value	Market Value
	SHORT TERM FUNDS				
BGI MID CAP INDEX	CF BARCLAYS MONEY MKT FD	USA	3.00	3.00	3.00
BGI S&P INDEX	CF BARCLAYS MONEY MKT FD	USA	25.00	25.00	25.00
BGI SML VALUE INDEX	CF BARCLAYS MONEY MKT FD	USA	2.00	2.00	2.00
ALLIANCE	COLTV GOVT STIF REG	USA	11,808,515.10	11,808,515.10	11,808,515.10
BARROW HANLEY	COLTV GOVT STIF REG	USA	7,666,174.68	7,666,174.68	7,666,174.68
BGI MID CAP INDEX	COLTV GOVT STIF REG	USA	159.81	159.81	159.81
BGI SML VALUE INDEX	COLTV GOVT STIF REG	USA	350.43	350.43	350.43
BOSTON PARTNERS	COLTV GOVT STIF REG	USA	1,435,783.22	1,435,783.22	1,435,783.22
JOHN HANCOCK	COLTV GOVT STIF REG	USA	137,354.39	137,354.39	137,354.39
JOHN McSTAY	COLTV GOVT STIF REG	USA	1,036,650.81	1,036,650.81	1,036,650.81
LAZARD	COLTV GOVT STIF REG	USA	1,262,516.41	1,262,516.41	1,262,516.41
MAIN ACCOUNT	COLTV GOVT STIF REG	USA	1,551,516.20	1,551,516.20	1,551,516.20
MUNDER	COLTV GOVT STIF REG	USA	684,183.09	684,183.09	684,183.09
MORGAN STANLEY BOND	COLTV GOVT STIF REG	USA	5,663,864.93	5,663,864.93	5,663,864.93
MORGAN STANLEY SML	COLTV GOVT STIF REG	USA	2,766,403.08	2,766,403.08	2,766,403.08
ZURICH SCUDDER	COLTV GOVT STIF REG	USA	14,491,655.97	14,491,655.97	14,491,655.97
BGI MID CAP INDEX	INVESTED CASH	USA	0.17	0.17	0.17
BGI S&P INDEX	INVESTED CASH	USA	0.83	0.83	0.83
BGI SML VALUE INDEX	INVESTED CASH	USA	0.54	0.54	0.54
OECHSLE INTL	INVESTED CASH	USA	0.00	799,679.43	799,679.43
	TOTAL SHORT TERM FUNDS		48,505,159.66	49,304,839.09	49,304,839.09

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2001

Account name	Asset description	Country	Shares/Par Value	Book Value	Market Value
	COMMON STOCK				
OECHSLE INTL	##GDR SAMSUNG ELECTRS LTD SEC #2792604	South Korea	2,855.00	249,617.88	168,159.50
BARROW HANLEY	#REORG CONOCO INC CL B RECLASSIFICATION TO COM CONOCO INC COM #2197242 10-8-01	USA	32,800.00	966,555.77	831,152.00
LAZARD	#REORG DEUTSCHE BK ADR ADR TERMINATION TO DEUTSCHE BK AG 2043507 EFF 10/3/01	Germany	10,000.00	832,150.00	545,060.00
MORGAN STANLEY SML	#REORG KS CY PWR &LT N/C TO GREAT PLAINSENERGY INC #2359199 10-1-01	USA	5,300.00	138,426.30	138,277.00
OECHSLE INTL	#REORG T.I.M AS SPONS ADR REV SPLT TO T.I.M AS SPONS ADR 10-3-01	Turkey	7,611.00	99,401.67	5,860.47
BARROW HANLEY	#REORG TEXACO INC STK MERGER TO CHEVRONTEXACO CORP 2128569 EFF 10/9/01	USA	34,000.00	1,325,962.20	2,210,000.00
ZURICH SCUDDER	&&& TSL HLDG INC PUR CPN (FORMERLY TANDON CORP)	USA	8,978.00	3,142.30	8.97
MORGAN STANLEY SML	***MAX RE CAP LTD	Bermuda	4,000.00	61,460.46	57,200.00
JOHN McSTAY	1ST INDL RLTY TR INC COM	USA	13,200.00	414,833.49	396,000.00
BOSTON PARTNERS	6 FLAGS INC COM	USA	62,200.00	1,196,442.43	760,706.00
BOSTON PARTNERS	ADAPTEC INC COM	USA	20,300.00	222,416.73	159,558.00
MORGAN STANLEY SML	ADC TELECOMMUNICATIONS INC COM	USA	6,800.00	66,413.56	23,732.00
MORGAN STANLEY SML	ADELPHIA COMMUNICATIONS CORP CL A	USA	3,100.00	98,876.26	68,820.00
LAZARD	ADR AB ELECTROLUX	Sweden	17,000.00	563,735.60	344,080.00
LAZARD	ADR ABN AMRO HLDG N V	Netherlands	40,000.00	913,525.10	664,800.00
LAZARD	ADR ALCATEL ALSTHOM SPONSORED ADR ISIN #US0139043055	France	30,300.00	1,248,040.11	351,480.00
MORGAN STANLEY SML	ADR ASML HLDG ASML HLDG NV EUR0.02(NY REG)	Netherlands	3,200.00	61,713.60	35,872.00
LAZARD	ADR ASTRAZENECA PLC SPONSORED ADR UK	UK	16,200.00	750,970.67	756,540.00
LAZARD	ADR AVENTIS S A SPONSORED ADR	France	10,200.00	768,403.74	765,918.00
LAZARD	ADR AXA SA SPONSORED ADR	France	26,000.00	936,109.45	509,600.00
BARROW HANLEY	ADR BP P L C FORMERLY BP AMOCO P L C TO 05/ SPONSORED ADR BP PLC	UK	39,072.00	1,763,752.66	1,921,170.24
LAZARD	ADR BP P L C FORMERLY BP AMOCO P L C TO 05/ SPONSORED ADR BP PLC	UK	14,000.00	765,905.00	688,380.00
LAZARD	ADR CADBURY SCHWEPPES PLC A.D.R. FOR 10 ORD	UK	28,500.00	761,958.94	723,900.00
LAZARD	ADR CANON INC A.D.R. FOR COM YEN	Japan	13,000.00	614,060.00	352,300.00
LAZARD	ADR DANSKE BK A/S ADR	Denmark	40,000.00	510,080.00	627,080.00
LAZARD	ADR DIAGEO PLC SPONSORED	UK	20,300.00	760,643.03	842,450.00
LAZARD	ADR ENDESA S A SPONSORED ADR	Spain	46,000.00	894,700.00	705,640.00
LAZARD	ADR ENI SPA	Italy	13,200.00	763,651.68	806,520.00
JOHN HANCOCK	ADR ERICSSON L M TEL CO CL B SER 10 NEW	Sweden	11,000.00	118,389.44	38,390.00
BARROW HANLEY	ADR HANSON PLC	UK	39,800.00	1,119,971.90	1,394,990.00
LAZARD	ADR HEINEKEN N.V NETH A.D.R. FOR BR 25 GUILDERS	Netherlands	13,025.00	599,843.00	493,699.60
LAZARD	ADR HSBC HLDGS PLC SPONSORED ADR NEW	UK	8,600.00	501,659.50	461,820.00
LAZARD	ADR ING GROEP N V SPONSORED ADR	Netherlands	24,000.00	805,670.00	638,640.00
LAZARD	ADR KAO CORP ADR ISIN #US4855372037	Japan	2,000.00	594,740.00	492,740.00
OECHSLE INTL	ADR KOREA TELECOM CORP SPONSORED ADR ISIN US50063P1030	South Korea	10,495.00	315,832.99	191,953.55
LAZARD	ADR NESTLE S A SPONSORED ADR REPSTG REG SH	Switzerland	14,800.00	753,098.00	789,654.00
ALLIANCE	ADR NOKIA CORP SPONSORED ADR	Finland	153,000.00	3,487,184.71	2,394,450.00
JOHN HANCOCK	ADR NOKIA CORP SPONSORED ADR	Finland	6,000.00	241,485.00	93,900.00
LAZARD	ADR NOKIA CORP SPONSORED ADR	Finland	32,700.00	900,729.96	511,755.00
LAZARD	ADR NOVARTIS AG SPONSORED ADR ISIN #US66987V1098	Switzerland	20,000.00	783,996.65	778,400.00
OECHSLE INTL	ADR POHANG IRON & STL LTD SPONSORED ADR	South Korea	5,915.00	115,955.54	92,885.50
LAZARD	ADR SANPAOLO-IMI S P A SPONSORED ADR	Italy	20,000.00	478,120.00	415,000.00
LAZARD	ADR SIEMENS AG COM DM50 (NEW)	Germany	10,550.00	971,189.00	405,120.00
OECHSLE INTL	ADR SK TELECOM LTD SPONSORED	South Korea	8,642.00	259,242.28	159,358.48
LAZARD	ADR SOCIETE GENERALE FRANCE SPONSORED ADR	France	63,000.00	788,310.00	628,803.00
LAZARD	ADR SONY CORP AMER DEPY RCPT FOR DOLLAR-VALIDATED COM BKD BY 1 SH COM	Japan	10,300.00	972,078.50	341,960.00
JOHN HANCOCK	ADR TAIWAN SEMICONDUCTOR MFG CO LTD ISINUS8740391003	Taiwan	6,600.00	96,132.40	62,634.00
LAZARD	ADR TOTAL FINA ELF S A SPONSORED ADR	France	10,500.00	796,708.36	709,275.00
LAZARD	ADR UNILEVER PLC SPONSORED ADR NEW	UK	30,300.00	764,938.65	909,000.00
LAZARD	ADR VIVENDI UNVL SPONSORED ADR NEW	France	12,200.00	985,936.00	585,470.00
ALLIANCE	ADR VODAFONE GROUP PLC NEW SPONSORED ADR	UK	73,000.00	4,316,908.44	1,603,080.00
LAZARD	ADR ZURICH FINL SVCS SPONSORED ADR	Switzerland	21,849.00	1,048,532.75	446,702.80
MORGAN STANLEY SML	ADVANCED FIBRE COMMUNICATIONS INC COM	USA	800.00	12,410.34	11,688.00
LAZARD	AEGON N V ORD AMER REG	Netherlands	26,800.00	938,516.44	699,480.00
ALLIANCE	AES CORP COM	USA	69,900.00	3,786,965.33	896,118.00
MORGAN STANLEY SML	AETHER SYSTEMS INC COM	USA	9,300.00	85,639.39	58,311.00
BOSTON PARTNERS	AETNA INC	USA	20,300.00	538,434.78	586,467.00
BOSTON PARTNERS	AFFILIATED MANAGERS GROUP INC COM STK	USA	6,100.00	341,119.11	346,541.00
MORGAN STANLEY SML	AFFILIATED MANAGERS GROUP INC COM STK	USA	1,700.00	89,114.51	96,577.00
ALLIANCE	AFLAC INC COM	USA	48,000.00	1,355,935.67	1,296,000.00
MORGAN STANLEY SML	AGL RES INC COM	USA	2,700.00	60,021.54	53,919.00
MORGAN STANLEY SML	AGNICO EAGLE MINES LTD COM	Canada	40,100.00	288,260.95	415,436.00
OECHSLE INTL	AHOLD(KON)NV EUR0.25	Netherlands	19,207.00	554,684.96	533,498.62
MORGAN STANLEY SML	AK STL HLDG CORP COM STK PAR $0.01	USA	16,600.00	195,743.33	140,270.00
BARROW HANLEY	ALLEGHENY ENERGY INC COM	USA	38,700.00	1,805,944.29	1,420,290.00
MORGAN STANLEY SML	ALLETE INC	USA	3,500.00	78,888.30	89,740.00
MORGAN STANLEY SML	ALLIANCE ATLANTIS COMMUNICATIONS INC CL B NON-VTG SHS	Canada	7,200.00	81,360.00	69,840.00
MORGAN STANLEY SML	ALLIANT TECHSYSTEMS INC COM	USA	1,350.00	59,340.78	115,560.00
OECHSLE INTL	ALLIANZ AG NPV(REGD)(VINKULIERT)	Germany	1,778.00	575,457.61	401,566.40
BOSTON PARTNERS	ALLMERICA FINL CORP COM	USA	10,300.00	560,190.95	481,955.00
MORGAN STANLEY SML	ALLMERICA FINL CORP COM	USA	2,800.00	162,192.39	125,580.00
BARROW HANLEY	ALLSTATE CORP COM	USA	70,238.00	1,721,296.78	2,623,389.30
MORGAN STANLEY SML	ALPHARMA INC CL A	USA	5,200.00	199,814.52	149,760.00
OECHSLE INTL	ALSTOM EUR6	France	13,728.00	368,887.17	209,784.38
ALLIANCE	ALTERA CORP COM	USA	86,000.00	1,883,528.01	1,408,680.00
JOHN McSTAY	AMB PPTY CORP REIT	USA	27,200.00	614,453.36	666,400.00
MORGAN STANLEY SML	AMB PPTY CORP REIT	USA	5,400.00	123,885.47	132,300.00
ALLIANCE	AMDOCS ORD GBP0.01	Guernsey Is.	57,500.00	3,740,535.98	1,532,375.00
MORGAN STANLEY SML	AMER FINL GROUP INC OH COM STK	USA	6,400.00	141,384.52	142,080.00
ALLIANCE	AMER INTL GROUP INC COM	USA	94,500.00	5,108,823.40	7,371,000.00
MORGAN STANLEY SML	AMERICAN TOWER CORP CL A	USA	2,600.00	69,971.47	36,114.00
MORGAN STANLEY SML	AMERN PWR CONVERSION CORP COM	USA	4,200.00	66,078.16	49,056.00
MORGAN STANLEY SML	AMKOR TECH INC COM	USA	9,700.00	200,618.51	102,044.00
MORGAN STANLEY SML	ANADIGICS INC COM	USA	3,000.00	58,105.03	36,600.00
JOHN HANCOCK	ANALOG DEVICES INC COM	USA	3,000.00	244,555.00	98,100.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2001

Account name	Asset description	Country	Shares/Par Value	Book Value	Market Value
	COMMON STOCK				
MORGAN STANLEY SML	ANDREW CORP COM	USA	2,000.00	33,334.89	36,360.00
ALLIANCE	ANHEUSER BUSCH COS INC COM	USA	29,000.00	1,170,813.70	1,214,520.00
ALLIANCE	AOL TIME WARNER INC COM	USA	200,250.00	9,145,213.96	6,623,742.00
JOHN HANCOCK	AOL TIME WARNER INC COM	USA	4,000.00	213,053.66	132,400.00
ALLIANCE	APACHE CORP COM	USA	13,000.00	740,714.00	559,000.00
BOSTON PARTNERS	APOGENT TECHNOLOGIES INC COM	USA	22,900.00	482,266.85	547,310.00
JOHN HANCOCK	APPLIED MATERIALS INC COM	USA	5,000.00	272,683.05	142,200.00
ALLIANCE	APPLIED MICRO CIRCUITS CORP CDT-COM	USA	37,500.00	2,052,142.73	262,125.00
BOSTON PARTNERS	APRIA HEALTHCARE GROUP INC COM	USA	24,600.00	628,886.15	637,140.00
MORGAN STANLEY SML	APRIA HEALTHCARE GROUP INC COM	USA	5,200.00	120,557.71	134,680.00
JOHN McSTAY	APT INVT & MGMT CO CL A	USA	29,900.00	1,218,432.22	1,353,274.00
MORGAN STANLEY SML	APT INVT & MGMT CO CL A	USA	2,700.00	117,722.95	122,202.00
MORGAN STANLEY SML	ARBITRON INC COM	USA	1,400.00	37,209.60	36,624.00
JOHN McSTAY	ARCHSTONE CMNTYS TR SH BEN INT	USA	11,400.00	253,286.20	297,540.00
JOHN McSTAY	ARDEN RLTY GROUP INC	USA	28,900.00	704,908.85	738,973.00
MORGAN STANLEY SML	ARDEN RLTY GROUP INC	USA	4,400.00	109,818.93	112,508.00
MORGAN STANLEY SML	ARROW ELECTR INC COM	USA	1,700.00	36,462.11	35,462.00
MORGAN STANLEY SML	ARTESYN TECHNOLOGIES INC COM	USA	2,900.00	45,049.94	15,776.00
MAIN ACCOUNT	ASCENTIAL SOFTWARE CORP COM	USA	1,394.00	0.00	4,600.20
BOSTON PARTNERS	ASHLAND INC COM	USA	10,200.00	388,784.68	393,210.00
BOSTON PARTNERS	ASSOCTD BANC-CORP COM	USA	7,500.00	228,790.51	254,175.00
MORGAN STANLEY SML	ASSOCTD BANC-CORP COM	USA	300.00	9,478.82	10,167.00
MORGAN STANLEY SML	ASTEC INDS INC COM	USA	5,800.00	134,895.83	75,458.00
OECHSLE INTL	ASTRAZENECA USD PAR .25	UK	9,098.00	424,475.13	423,203.22
MORGAN STANLEY SML	ASYST TECHNOLOGIES INC COM	USA	2,800.00	48,545.75	25,340.00
ALLIANCE	AT&T WIRELESS SVCS INC COM COM	USA	198,000.00	5,013,026.88	2,958,120.00
JOHN McSTAY	AVALONBAY CMNTYS REIT	USA	11,723.00	489,583.82	559,773.25
OECHSLE INTL	AVENTIS SA EUR3.82	France	7,589.00	563,539.76	574,192.39
MORGAN STANLEY SML	AVIRON COM	USA	5,100.00	210,450.38	126,939.00
MORGAN STANLEY SML	AVNET INC COM	USA	2,000.00	36,111.00	36,380.00
MORGAN STANLEY SML	AVOCENT CORP COM	USA	1,500.00	80,775.07	22,320.00
OECHSLE INTL	BAE SYSTEMS ORD GBP0.025	UK	112,076.00	662,348.35	545,217.68
ALLIANCE	BAKER HUGHES INC COM	USA	71,300.00	2,663,849.83	2,064,135.00
BARROW HANLEY	BAKER HUGHES INC COM	USA	36,500.00	965,361.95	1,056,675.00
MORGAN STANLEY SML	BALLY TOTAL FITNESS HLDG CORP COM	USA	7,400.00	206,639.24	150,294.00
ALLIANCE	BANK ONE CORP COM	USA	30,000.00	1,121,652.00	944,100.00
MORGAN STANLEY SML	BARNES & NOBLE INC COM	USA	5,300.00	136,061.92	191,330.00
OECHSLE INTL	BCA NAZ DEL LAVORO ITL1000	Italy	112,922.00	396,361.15	237,555.16
ALLIANCE	BEA SYS INC COM	USA	25,600.00	1,212,335.85	245,504.00
JOHN HANCOCK	BEA SYS INC COM	USA	3,000.00	234,243.30	28,770.00
OECHSLE INTL	BHP BILLITON LTD NPV	Australia	46,962.00	257,924.50	198,848.15
MORGAN STANLEY SML	BISYS GROUP INC COM	USA	1,000.00	51,732.25	53,020.00
BOSTON PARTNERS	BMC SOFTWARE INC COM STK	USA	18,200.00	239,330.00	231,140.00
BARROW HANLEY	BOEING CO COM	USA	31,400.00	1,406,087.54	1,051,900.00
MORGAN STANLEY SML	BOISE CASCADE CORP COM	USA	5,600.00	206,203.30	171,100.00
MORGAN STANLEY SML	BORDERS GROUP INC COM STK	USA	9,900.00	154,498.20	189,585.00
JOHN McSTAY	BRE PROPS INC CL A COM	USA	23,700.00	648,082.76	709,815.00
MORGAN STANLEY SML	BRE PROPS INC CL A COM	USA	5,400.00	156,635.49	161,730.00
OECHSLE INTL	BRIDGESTONE CORP Y50	Japan	29,000.00	331,456.38	202,291.61
BARROW HANLEY	BRISTOL MYERS SQUIBB CO COM	USA	37,300.00	1,790,166.77	2,072,388.00
OECHSLE INTL	BRITISH TELECOM ORD 25P	UK	52,004.00	370,150.24	259,863.32
MORGAN STANLEY SML	BSQUARE CORP COM	USA	1,700.00	14,875.61	4,505.00
JOHN McSTAY	BSTN PPTYS INC COM STK	USA	32,200.00	1,185,184.64	1,227,786.00
BARROW HANLEY	BURL NORTHN SANTA FE CORP COM	USA	67,500.00	1,708,213.79	1,805,625.00
BOSTON PARTNERS	BURL RES INC COM	USA	3,500.00	134,347.50	119,735.00
MORGAN STANLEY SML	CABOT INDL TR COM SH BEN INT	USA	6,600.00	137,937.22	135,300.00
JOHN HANCOCK	CADENCE DESIGN SYS INC COM	USA	1,500.00	28,891.95	24,975.00
BOSTON PARTNERS	CAMBREX CORP COM	USA	6,200.00	276,354.96	207,886.00
JOHN McSTAY	CAMDEN PPTY TR SH BEN INT	USA	15,800.00	487,094.41	586,180.00
MORGAN STANLEY SML	CAMDEN PPTY TR SH BEN INT	USA	4,300.00	126,710.62	159,530.00
OECHSLE INTL	CANON INC JPY50	Japan	8,000.00	299,474.98	219,592.04
ALLIANCE	CARDINAL HLTH INC	USA	55,250.00	3,841,502.95	4,085,737.50
MORGAN STANLEY SML	CAREMARK RX INC COM	USA	23,500.00	275,482.06	391,980.00
JOHN McSTAY	CARRAMERICA RLTY CORP COM REIT	USA	22,900.00	632,640.68	686,084.00
OECHSLE INTL	CARREFOUR EUR2.5	France	5,145.00	348,362.93	247,864.87
JOHN McSTAY	CATELLUS DEV CORP	USA	18,600.00	306,475.57	325,128.00
JOHN McSTAY	CBL & ASSOC PPTYS INC COM	USA	15,900.00	476,719.78	433,275.00
MORGAN STANLEY SML	CELL GENESYS INC COM	USA	3,200.00	63,121.36	51,200.00
MORGAN STANLEY SML	CELL THERAPEUTICS INC CDT-COM	USA	6,400.00	159,790.74	153,920.00
JOHN McSTAY	CENTERPOINT PPTYS TR COM	USA	6,000.00	256,561.38	286,500.00
MORGAN STANLEY SML	CENTY ALUM CO COM	USA	5,700.00	99,918.89	45,657.00
MORGAN STANLEY SML	CEPHALON INC CON	USA	4,300.00	203,955.71	214,484.00
JOHN McSTAY	CHATEAU CMNTYS INC COM	USA	16,800.00	460,026.60	494,760.00
MORGAN STANLEY SML	CHES ENERGY CORP COM	USA	11,200.00	113,091.69	63,280.00
OECHSLE INTL	CHINA MOBILE (HK) HKD0.10	Hong Kong	85,000.00	630,890.39	270,273.74
OECHSLE INTL	CHINA UNICOM HKD0.10	Hong Kong	204,000.00	423,872.47	219,706.39
JOHN HANCOCK	CIENA CORP COM	USA	3,000.00	264,781.80	30,870.00
BARROW HANLEY	CIGNA CORP COM	USA	26,500.00	2,341,029.68	2,198,175.00
BARROW HANLEY	CINERGY CORP COM	USA	66,500.00	1,885,353.24	2,052,855.00
ALLIANCE	CISCO SYS INC COM	USA	202,500.00	3,660,725.10	2,468,450.00
JOHN HANCOCK	CISCO SYS INC COM	USA	7,000.00	378,062.50	85,260.00
ALLIANCE	CITIGROUP INC COM	USA	173,000.00	2,033,993.56	7,008,500.00
BARROW HANLEY	CITIGROUP INC COM	USA	31,881.00	429,019.14	1,290,370.50
JOHN HANCOCK	CITRIX SYS INC COM	USA	6,000.00	158,246.80	118,800.00
MORGAN STANLEY SML	CITY NATL CORP COM	USA	2,100.00	78,359.96	90,615.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2001

Account name	Asset description	Country	Shares/Par Value	Book Value	Market Value
	COMMON STOCK				
MORGAN STANLEY SML	CLARUS CORP DEL COM	USA	5,700.00	39,316.49	22,344.00
BOSTON PARTNERS	CNA FNCL CORP COM	USA	16,302.00	513,329.36	440,806.08
ALLIANCE	COLGATE-PALMOLIVE CO COM	USA	42,400.00	1,504,599.08	2,469,800.00
MORGAN STANLEY SML	COLONIAL BANCGROUP INC COM	USA	8,300.00	106,063.21	106,240.00
OECHSLE INTL	COLT TELECOM GROUP ORD GBP0.025	UK	16,653.00	382,788.42	17,866.71
ALLIANCE	COMCAST CORP CL A SPL	USA	90,000.00	3,922,917.54	3,228,300.00
MORGAN STANLEY SML	COMPASS BANCSHARES INC COM	USA	5,900.00	122,583.64	153,577.00
MORGAN STANLEY SML	COMPUWARE CORP COM	USA	10,600.00	106,821.42	88,298.00
MORGAN STANLEY SML	CONCURRENT COMPUTER CORP NEW COM NEW	USA	3,100.00	17,966.53	28,148.00
MORGAN STANLEY SML	CONEXANT SYS INC COM	USA	4,000.00	44,223.23	33,200.00
MORGAN STANLEY SML	CONSTELLATION BRANDS INC CL A	USA	7,300.00	218,473.29	304,118.00
BOSTON PARTNERS	CONSTELLATION ENERGY GROUP INC COM	USA	40,100.00	1,176,430.65	970,420.00
MORGAN STANLEY SML	COR THERAPEUTICS INC COM	USA	4,500.00	136,043.43	101,835.00
MORGAN STANLEY SML	CORINTHIAN COLLEGES INC COM STK	USA	1,100.00	11,044.86	37,081.00
BOSTON PARTNERS	COUNTRYWIDE CR IND INC COM	USA	10,300.00	455,607.72	452,479.00
JOHN McSTAY	COUSINS PROPS INC COM	USA	24,500.00	637,965.01	606,375.00
MORGAN STANLEY SML	COVANCE INC COM	USA	2,500.00	43,281.55	44,775.00
BOSTON PARTNERS	COVANTA ENERGY CORP COM	USA	30,800.00	584,556.60	359,744.00
MORGAN STANLEY SML	COVANTA ENERGY CORP COM	USA	3,100.00	61,563.07	36,208.00
MORGAN STANLEY SML	COVENTRY HLTH CARE INC COM	USA	3,100.00	58,634.31	73,160.00
BARROW HANLEY	CRESCENT REAL ESTATE EQUITIES CO TX COM	USA	52,900.00	1,027,875.70	1,134,705.00
MORGAN STANLEY SML	CULLEN / FROST BANKERS INC COM	USA	5,900.00	188,003.87	159,005.00
MORGAN STANLEY SML	CUMMINS INC	USA	5,500.00	194,715.14	181,500.00
MORGAN STANLEY SML	CYTEC IND COM	USA	1,600.00	60,190.41	37,040.00
MORGAN STANLEY SML	D & K HEALTHCARE RES INC COM	USA	1,900.00	63,650.00	91,010.00
OECHSLE INTL	DAIMLERCHRYSLER AG ORD NPV(REGD)	Germany	5,964.00	280,738.10	177,552.37
ALLIANCE	DANAHER CORP COM	USA	15,100.00	823,105.20	712,418.00
MORGAN STANLEY SML	DARDEN RESTAURANTS INC COM	USA	4,200.00	81,044.74	110,250.00
OECHSLE INTL	DBS GROUP HLDGS SGD1	Singapore	35,000.00	419,775.19	191,213.52
ALLIANCE	DELL COMPUTER CORP COM	USA	72,500.00	1,756,339.67	1,343,425.00
JOHN HANCOCK	DELL COMPUTER CORP COM	USA	8,000.00	236,915.15	148,240.00
JOHN McSTAY	DEVELOPERS DIVERSIFIED RLTY CORP COM	USA	19,800.00	326,198.67	355,410.00
MORGAN STANLEY SML	DEVELOPERS DIVERSIFIED RLTY CORP COM	USA	3,900.00	58,690.25	70,005.00
OECHSLE INTL	DIAGEO ORD GBX28.935185	UK	56,510.00	540,722.78	593,412.72
BOSTON PARTNERS	DIAMOND OFFSHORE DRILLING INC COM	USA	14,100.00	422,761.68	355,602.00
BOSTON PARTNERS	DIEBOLD INC COM	USA	27,100.00	817,319.68	1,032,510.00
BOSTON PARTNERS	DILLARDS INC CL A COM	USA	16,200.00	289,890.98	213,354.00
MORGAN STANLEY SML	DIMON INC COM	USA	8,200.00	82,248.46	47,150.00
MORGAN STANLEY SML	DOWNEY FINL CORP COM	USA	4,800.00	228,983.06	211,824.00
JOHN McSTAY	DUKE RLTY CORP	USA	13,606.00	285,646.16	322,326.14
MORGAN STANLEY SML	DUKE RLTY CORP	USA	1,800.00	40,300.24	42,642.00
MORGAN STANLEY SML	DYCOM INDS INC COM	USA	4,600.00	70,640.19	53,360.00
ALLIANCE	DYNEGY INC NEW CL A COM	USA	40,800.00	1,952,223.72	1,413,720.00
MORGAN STANLEY SML	E PIPHANY INC COM	USA	9,700.00	98,744.76	41,225.00
OECHSLE INTL	E.ON AG NPV	Germany	7,422.00	377,875.83	384,530.52
OECHSLE INTL	EADS(EURO AERO DEF EUR1	Netherlands	17,802.00	351,435.24	192,114.91
MORGAN STANLEY SML	ECLIPSYS CORP COM	USA	6,400.00	122,872.78	85,120.00
MORGAN STANLEY SML	EDISON SCHS INC CL A	USA	16,500.00	285,568.54	249,150.00
BOSTON PARTNERS	EDWARDS A.G INC COM	USA	10,200.00	440,195.80	358,122.00
ALLIANCE	ELECTR DATA SYS CORP NEW COM	USA	30,000.00	1,830,102.81	1,727,400.00
MORGAN STANLEY SML	ELECTRONICS BOUTIQUE HLDGS CORP COM	USA	1,700.00	33,339.45	45,815.00
JOHN HANCOCK	EMC CORP COM	USA	4,000.00	313,953.05	47,000.00
MORGAN STANLEY SML	EMCORE CORP COM	USA	3,000.00	84,582.79	25,680.00
BARROW HANLEY	EMERSON ELEC CO COM	USA	28,000.00	1,361,479.89	1,317,680.00
JOHN HANCOCK	EMULEX CORP COM NEW	USA	1,000.00	37,280.00	9,510.00
MORGAN STANLEY SML	ENERGEN CORP COM	USA	3,500.00	128,829.35	78,750.00
OECHSLE INTL	ENI EUR1 COM	Italy	40,700.00	480,809.38	505,200.99
BARROW HANLEY	ENTERGY CORP NEW COM	USA	51,500.00	1,413,892.79	1,831,340.00
MORGAN STANLEY SML	ENZON INC COM	USA	700.00	42,391.46	35,700.00
JOHN McSTAY	EQTY OFFICE PPTYS TR REIT	USA	59,722.00	1,749,120.03	1,911,104.00
JOHN McSTAY	EQTY RESDNTL PPTYS TR SH BEN INT	USA	24,500.00	1,150,354.34	1,430,800.00
MORGAN STANLEY SML	EQUITABLE RES INC COM	USA	6,200.00	133,099.64	186,062.00
JOHN HANCOCK	ESCROW SEAGATE TECHNOLOGY	USA	4,500.00	0.00	1.00
JOHN McSTAY	ESSEX PPTY TR REIT	USA	6,200.00	324,182.53	304,420.00
BOSTON PARTNERS	EVEREST RE GROUP LTD.ISIN BMG3223R1088 SEDOL 2709907	Bermuda	7,600.00	522,952.71	491,720.00
MORGAN STANLEY SML	EVEREST RE GROUP LTD.ISIN BMG3223R1088 SEDOL 2709907	Bermuda	2,900.00	114,055.17	187,630.00
OECHSLE INTL	FIAT SPA EUR5	Italy	10,450.00	242,804.94	182,722.26
JOHN HANCOCK	FINISAR CORP COM	USA	10,000.00	409,177.10	39,600.00
BARROW HANLEY	FLEETBOSTON FINL CORP COM STK	USA	51,669.00	1,462,519.56	1,898,835.75
MORGAN STANLEY SML	FLEMING COS INC COM	USA	2,500.00	71,670.82	73,750.00
ALLIANCE	FLEXTRONICS INTL LTD COM STK	Singapore	133,000.00	4,239,448.79	2,199,820.00
JOHN HANCOCK	FLEXTRONICS INTL LTD COM STK	Singapore	1,500.00	39,320.00	24,810.00
MORGAN STANLEY SML	FLOWERS FOODS INC COM	USA	1,460.00	90,365.81	52,925.00
MORGAN STANLEY SML	FOSTER WHEELER LTD	Bermuda	5,700.00	78,840.97	28,500.00
MORGAN STANLEY SML	FREEPORT MCMORAN C & G CL B COM STK	USA	34,400.00	432,478.82	378,056.00
MORGAN STANLEY SML	FSI INTL INC COM	USA	1,100.00	19,762.16	10,956.00
OECHSLE INTL	FUJITSU Y50	Japan	13,000.00	369,828.37	109,015.36
MORGAN STANLEY SML	FULTON FINL CORP PA COM	USA	3,900.00	81,066.05	87,165.00
MORGAN STANLEY SML	FURNITURE BRANDS INTL INC COM	USA	4,000.00	79,480.01	77,920.00
ALLIANCE	GEN ELEC CO COM	USA	269,000.00	3,501,581.54	10,006,800.00
JOHN McSTAY	GEN GROWTH PPTYS INC COM	USA	27,900.00	971,185.26	970,083.00
MORGAN STANLEY SML	GEN GROWTH PPTYS INC COM	USA	4,800.00	175,723.31	166,896.00
LAZARD	GLAXO SMITHKLINE SPONS ADR	UK	14,059.00	822,478.93	788,991.08
OECHSLE INTL	GLAXOSMITHKLINE ORD GBP0.25	UK	18,976.00	552,937.86	535,470.08
JOHN HANCOCK	GLOBAL CROSSING LTD COM	Bermuda	10,000.00	239,952.40	18,000.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2001

Account name	Asset description	Country	Shares/Par Value	Book Value	Market Value
	COMMON STOCK				
MORGAN STANLEY SML	GLOBAL SPORTS INC COM	USA	12,100.00	108,131.30	140,965.00
BOSTON PARTNERS	GLOBESPAN INC COM ISIN US3795711023	USA	28,500.00	371,885.60	257,640.00
BOSTON PARTNERS	GNT PRIDECO INC COM STK ISIN# US38821G1013	USA	45,600.00	633,746.41	277,704.00
BOSTON PARTNERS	GOLDEN ST BANCORP INC COM STK	USA	19,300.00	462,701.87	586,720.00
MORGAN STANLEY SML	GOLDEN ST BANCORP INC COM STK	USA	5,100.00	96,288.25	155,040.00
ALLIANCE	HARLEY DAVIDSON INC COM	USA	67,800.00	1,409,828.37	2,745,900.00
MORGAN STANLEY SML	HARMONIC INC COM	USA	7,600.00	48,362.34	61,560.00
BOSTON PARTNERS	HARRAH S ENTMT INC COM STK	USA	14,700.00	418,663.71	397,047.00
BOSTON PARTNERS	HARRIS CORP COM	USA	28,800.00	792,849.45	852,776.00
BARROW HANLEY	HARTFORD FINL SVCS GROUP INC COM	USA	40,100.00	1,628,787.23	2,355,474.00
MORGAN STANLEY SML	HAWAIIAN ELEC INDS INC COM	USA	2,900.00	108,477.73	113,100.00
MORGAN STANLEY SML	HCC INS HLDGS INC COM	USA	3,300.00	75,601.33	86,790.00
JOHN McSTAY	HEALTH CARE REIT INC COM	USA	11,800.00	266,681.50	297,360.00
MORGAN STANLEY SML	HEALTH NET INC COM	USA	13,400.00	192,002.19	257,548.00
JOHN McSTAY	HEALTHCARE RLTY TR	USA	18,400.00	425,765.93	469,200.00
BARROW HANLEY	HEINZ H J CO COM	USA	35,800.00	1,311,265.28	1,508,970.00
BOSTON PARTNERS	HELLER FINL INC CL A COM STK	USA	4,400.00	221,928.88	232,188.00
MORGAN STANLEY SML	HIBERNIA CORP CL A COM	USA	8,000.00	116,323.91	130,800.00
JOHN McSTAY	HLTH CARE PPTY INVS INC COM	USA	20,200.00	671,522.17	776,690.00
MORGAN STANLEY SML	HLTH CARE PPTY INVS INC COM	USA	3,600.00	124,195.41	138,420.00
ALLIANCE	HLTH MGMT ASSOC INC NEW CL A COM	USA	80,300.00	1,410,130.81	1,667,028.00
BOSTON PARTNERS	HLTH MGMT ASSOC INC NEW CL A COM	USA	30,800.00	515,526.04	639,408.00
ALLIANCE	HOME DEPOT INC COM	USA	108,000.00	2,816,968.31	4,143,960.00
JOHN McSTAY	HOME PROPS N.Y. INC COM	USA	13,700.00	397,906.59	433,468.00
BOSTON PARTNERS	HORMEL FOODS CORP COM	USA	8,800.00	207,993.56	207,856.00
JOHN McSTAY	HOSPITALITY PROPS TR COM	USA	4,600.00	101,452.51	110,768.00
OECHSLE INTL	HSBC HLDGS ORD USD0.50(UK REG)	UK	28,115.00	355,694.75	296,269.23
OECHSLE INTL	HUTCHISON WHAMPOA HKD0.25	Hong Kong	22,000.00	294,508.08	163,600.23
JOHN HANCOCK	I2 TECHNOLOGIES INC COM	USA	4,000.00	237,871.30	13,760.00
BARROW HANLEY	IKON OFFICE SOLUTIONS INC COM STK	USA	137,400.00	1,446,101.22	1,060,728.00
MORGAN STANLEY SML	IKON OFFICE SOLUTIONS INC COM STK	USA	6,500.00	50,069.32	50,180.00
BARROW HANLEY	ILL TOOL WKS INC COM	USA	21,300.00	1,168,783.81	1,152,543.00
BOSTON PARTNERS	INAMED CORP COM	USA	14,100.00	417,911.86	239,700.00
JOHN HANCOCK	INFOSPACE INC COM	USA	11,000.00	280,359.34	15,840.00
BOSTON PARTNERS	INSTINET GROUP INC COM	USA	30,200.00	444,958.95	295,658.00
MORGAN STANLEY SML	INTEGRATED CIRCUIT SYS INC COM NEW COM STK	USA	1,100.00	19,594.26	14,058.00
JOHN HANCOCK	INTEGRATED DEVICE TECH INC COM	USA	4,000.00	192,000.00	80,480.00
ALLIANCE	INTEL CORP CAP	USA	55,000.00	1,201,462.40	1,124,200.00
MORGAN STANLEY SML	INTERMAGNETICS GEN CORP COM	USA	1,428.00	45,990.28	33,215.28
MORGAN STANLEY SML	INTERMUNE INC COM	USA	3,000.00	80,789.47	114,750.00
MORGAN STANLEY SML	INTERNET SEC SYS INC COM	USA	5,400.00	108,403.14	49,194.00
BARROW HANLEY	INTL PAPER CO COM	USA	29,900.00	1,076,228.03	1,040,520.00
BOSTON PARTNERS	ITT INDS INC COM	USA	7,200.00	256,263.07	322,560.00
MORGAN STANLEY SML	ITT INDS INC COM	USA	2,900.00	96,860.07	129,920.00
ALLIANCE	J P MORGAN CHASE & CO COM	USA	95,800.00	3,972,819.20	3,271,570.00
BARROW HANLEY	J P MORGAN CHASE & CO COM	USA	42,930.00	919,664.02	1,466,059.50
BOSTON PARTNERS	JEFFERSON-PILOT CORP COM	USA	15,300.00	732,831.68	680,544.00
ALLIANCE	JOHNSON & JOHNSON COM	USA	84,500.00	4,136,314.38	4,681,300.00
ALLIANCE	JUNIPER NETWORKS INC COM	USA	65,100.00	3,034,883.31	631,470.00
BARROW HANLEY	K MART CORP COM	USA	168,500.00	1,891,345.53	1,177,815.00
OECHSLE INTL	KAO CORP JPY50	Japan	13,000.00	376,167.40	320,280.37
BOSTON PARTNERS	KERR MCGEE CORP COM	USA	8,200.00	483,211.40	425,662.00
MORGAN STANLEY SML	KEY ENERGY SVCS INC	USA	5,400.00	67,483.64	34,344.00
JOHN McSTAY	KILROY RLTY CORP COM	USA	18,292.00	456,634.88	456,385.40
JOHN McSTAY	KIMCO RLTY CORP COM	USA	27,900.00	1,073,179.90	1,354,545.00
JOHN HANCOCK	KLA-TENCOR CORP	USA	1,000.00	57,680.00	31,580.00
ALLIANCE	KOHLS CORP COM	USA	120,000.00	3,485,149.02	5,760,000.00
OECHSLE INTL	KON KPN NV EUR0.24	Netherlands	44,517.00	1,150,372.62	121,624.50
MORGAN STANLEY SML	KPMG CONSULTING INC COM	USA	4,800.00	76,788.42	51,888.00
ALLIANCE	KROGER CO COM	USA	85,500.00	1,974,657.95	2,106,720.00
MORGAN STANLEY SML	KULICKE & SOFFA INDS INC COM	USA	4,100.00	63,890.45	44,690.00
MORGAN STANLEY SML	LAM RESH CORP COM	USA	5,000.00	140,877.22	84,750.00
BOSTON PARTNERS	LAMAR ADVERTISING CO CL A COM	USA	13,800.00	405,717.49	418,416.00
MORGAN STANLEY SML	LEAP WIRELESS INTL INC COM	USA	3,400.00	118,101.06	53,380.00
BOSTON PARTNERS	LEAR CORP COM STK PAR $0.01	USA	14,900.00	484,638.97	402,598.00
MORGAN STANLEY SML	LEAR CORP COM STK PAR $0.01	USA	4,600.00	136,460.36	124,292.00
BOSTON PARTNERS	LEXMARK INTL INC NEW CL A	USA	14,900.00	696,398.73	666,179.00
BOSTON PARTNERS	LIBERTY FINL COS INC COM	USA	22,000.00	772,461.76	698,500.00
ALLIANCE	LIBERTY MEDIA CORP NEW COM SER A	USA	329,000.00	1,776,942.03	4,178,300.00
JOHN McSTAY	LIBERTY PPTY TR SH BEN INT	USA	15,800.00	391,111.89	453,302.00
MORGAN STANLEY SML	LONE STAR TECHNOLOGIES INC COM	USA	2,400.00	69,449.47	29,760.00
BOSTON PARTNERS	LOUISIANA-PACIFIC CORP COM	USA	11,900.00	144,373.63	77,350.00
MORGAN STANLEY SML	LSI LOGIC CORP COM	USA	4,900.00	99,922.83	57,575.00
JOHN HANCOCK	LUCENT TECHNOLOGIES INC COM STK	USA	10,000.00	275,381.25	57,300.00
BARROW HANLEY	LYONDELL CHEMICAL CO COM STK	USA	60,800.00	1,049,995.00	696,160.00
MORGAN STANLEY SML	M D C HLDGS INC COM	USA	900.00	33,221.51	24,948.00
MORGAN STANLEY SML	MACK CALI RLTY CORP COM REIT	USA	4,100.00	107,400.16	127,100.00
MORGAN STANLEY SML	MACROMEDIA INC COM	USA	4,200.00	68,750.72	50,862.00
MORGAN STANLEY SML	MANITOWOC INC COM	USA	5,100.00	178,180.25	123,624.00
JOHN McSTAY	MANUFACTURED HOME CMNTYS INC REIT	USA	8,000.00	219,147.48	243,360.00
OECHSLE INTL	MARKS & SPENCER ORD 25P	UK	82,974.00	315,948.34	310,965.01
BOSTON PARTNERS	MARTIN MARIETTA MATLS INC COM	USA	4,300.00	166,821.90	168,173.00
MORGAN STANLEY SML	MARTIN MARIETTA MATLS INC COM	USA	1,600.00	71,777.86	62,576.00
OECHSLE INTL	MATSUSHITA ELC IND Y50	Japan	15,000.00	225,197.83	183,832.79
ALLIANCE	MBNA CORP COM	USA	185,000.00	1,485,091.50	5,603,650.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2001

Account name	Asset description	Country	Shares/Par Value	Book Value	Market Value
	COMMON STOCK				
BOSTON PARTNERS	MC CORMICK & CO INC COM NON-VTG	USA	23,600.00	910,060.11	1,080,880.00
OECHSLE INTL	MEDIASET EUR0.52	Italy	31,668.00	460,840.58	177,654.12
ALLIANCE	MEDTRONIC INC COM	USA	56,000.00	1,631,529.28	2,436,000.00
MORGAN STANLEY SML	MENTOR GRAPHICS CORP COM	USA	2,800.00	49,086.80	38,584.00
MORGAN STANLEY SML	MERCANTILE BANKSHARES CORP COM	USA	1,700.00	61,168.29	67,490.00
BOSTON PARTNERS	MERCURY GEN CORP NEW COM	USA	19,800.00	718,951.40	786,060.00
MORGAN STANLEY SML	MERCURY GEN CORP NEW COM	USA	3,600.00	121,072.47	142,920.00
JOHN HANCOCK	MERCURY INTERACTIVE CORP	USA	3,000.00	397,612.50	57,120.00
MORGAN STANLEY SML	METAWAVE COMMUNICATIONS CORP OC-COM	USA	33,500.00	126,282.56	90,450.00
BARROW HANLEY	MGIC INVT CORP WIS COM	USA	11,300.00	791,194.18	738,342.00
ALLIANCE	MICRON TECH INC COM	USA	30,000.00	1,103,005.20	564,900.00
JOHN HANCOCK	MICRON TECH INC COM	USA	5,000.00	216,523.96	94,150.00
MORGAN STANLEY SML	MICROSEMI CORP COM	USA	1,800.00	48,617.10	46,890.00
ALLIANCE	MICROSOFT CORP COM	USA	111,500.00	5,881,859.10	5,705,455.00
MORGAN STANLEY SML	MIDWEST EXPRESS HLDGS INC COM	USA	3,600.00	102,353.81	38,160.00
MORGAN STANLEY SML	MIPS TECHNOLOGIES INC CL B COM	USA	300.00	13,253.63	1,800.00
OECHSLE INTL	MIZUHO HLDGS JPY50000	Japan	105.00	649,918.02	405,439.44
MORGAN STANLEY SML	MONTANA PWR CO COM	USA	9,800.00	144,306.31	51,450.00
ALLIANCE	MORGAN STANLEY DEAN WITTER & CO COM NEW ISIN #6174464486	USA	69,000.00	1,649,765.41	3,198,150.00
OECHSLE INTL	MTR CORP HKD1	Hong Kong	28,000.00	35,813.46	35,002.24
OECHSLE INTL	MUNCHENER RUCKVERS NPV(REGD)	Germany	1,444.00	444,116.06	371,500.65
OECHSLE INTL	MURATA MFG CO JPY50	Japan	3,900.00	515,036.11	223,596.07
MORGAN STANLEY SML	NATL FUEL GAS CO COM	USA	4,600.00	116,158.92	105,938.00
MORGAN STANLEY SML	NATL SERVICE IND INC COM	USA	2,700.00	66,796.98	55,755.00
MORGAN STANLEY SML	NAVISTAR INTL CORP NEW COM	USA	6,400.00	184,742.73	180,800.00
MORGAN STANLEY SML	NBTY INC COM	USA	41,100.00	290,995.70	540,876.00
MORGAN STANLEY SML	NDC HEALTH CORPORATION COM	USA	1,800.00	62,997.49	64,800.00
MORGAN STANLEY SML	NEOPHARM INC COM	USA	5,100.00	139,112.90	71,655.00
BOSTON PARTNERS	NETWORKS ASSOC INC COM STK	USA	36,700.00	445,550.80	473,063.00
MORGAN STANLEY SML	NETWORKS ASSOC INC COM STK	USA	4,500.00	42,992.54	58,005.00
MORGAN STANLEY SML	NEWMONT MINING CORP NEW COM	USA	8,000.00	152,688.59	188,800.00
OECHSLE INTL	NISSAN MOTOR CO Y50	Japan	75,000.00	469,195.57	312,893.48
OECHSLE INTL	NOMURA HOLDINGS INC Y50	Japan	21,000.00	477,886.44	274,464.87
OECHSLE INTL	NORTEL NETWORKS CP COM NPV	Canada	11,773.00	666,582.29	65,956.23
BARROW HANLEY	NORTHEAST UTILITIES COM	USA	114,600.00	1,592,627.85	2,146,458.00
MORGAN STANLEY SML	NOVELL INC COM	USA	7,500.00	55,359.37	27,450.00
MORGAN STANLEY SML	NOVELLUS SYS INC COM	USA	1,300.00	61,213.75	37,128.00
MORGAN STANLEY SML	NOVEN PHARMACEUTICALS INC COM	USA	1,900.00	45,020.75	34,390.00
BOSTON PARTNERS	NSTAR COM	USA	14,000.00	556,458.23	586,600.00
OECHSLE INTL	NTT DOCOMO NPV	Japan	36.00	672,624.26	486,527.32
MORGAN STANLEY SML	NY CMNTY BANCORP INC COM	USA	6,200.00	122,528.60	143,902.00
BARROW HANLEY	OCCIDENTAL PETE CORP COM	USA	71,300.00	1,576,467.86	1,735,442.00
MORGAN STANLEY SML	OCEAN ENERGY INC DELAWARE	USA	11,200.00	140,112.42	182,560.00
MORGAN STANLEY SML	OGE ENERGY CORP COM	USA	2,900.00	62,747.59	63,423.00
MORGAN STANLEY SML	OLD REP INTL CORP COM	USA	6,100.00	126,199.49	159,881.00
MORGAN STANLEY SML	OPENTV CORP OPENTV CORP ISIN NL0000470755	British Virgin Is.	2,600.00	20,781.56	13,052.00
MORGAN STANLEY SML	OPTIMAL ROBOTICS CORP CL A NEW	Canada	700.00	14,501.26	17,150.00
JOHN HANCOCK	ORACLE CORP COM	USA	10,000.00	353,875.00	125,800.00
MORGAN STANLEY SML	OSHKOSH TRUCK CORP COM	USA	2,900.00	85,747.44	105,038.00
MORGAN STANLEY SML	PACIFIC CAP BANCORP NEW COM	USA	1,500.00	44,879.49	43,455.00
BOSTON PARTNERS	PACTIV CORP COM	USA	67,300.00	750,539.47	975,177.00
MORGAN STANLEY SML	PACTIV CORP COM	USA	17,400.00	240,372.10	252,126.00
JOHN McSTAY	PAN PAC RETAIL PPTYS INC COM	USA	12,900.00	281,745.02	339,915.00
BARROW HANLEY	PANCANADIAN ENERGY CORP COM COM STK	Canada	8,100.00	191,746.68	191,746.68
BOSTON PARTNERS	PARAMETRIC TECH CORP COM	USA	108,300.00	995,821.94	562,077.00
JOHN HANCOCK	PARAMETRIC TECH CORP COM	USA	6,000.00	64,460.00	31,140.00
MORGAN STANLEY SML	PARLEX CORP COM	USA	1,600.00	16,240.78	14,528.00
BOSTON PARTNERS	PARTNERRE HLDG LTD COM STK	Bermuda	10,700.00	585,573.50	503,970.00
MORGAN STANLEY SML	PARTNERRE HLDG LTD COM STK	Bermuda	3,100.00	155,577.48	146,010.00
MORGAN STANLEY SML	PATHMARK STORES INC NEW COM	USA	2,000.00	45,600.00	47,600.00
BOSTON PARTNERS	PAYLESS SHOESHOURCE INC COM	USA	18,600.00	1,023,537.35	1,019,280.00
BOSTON PARTNERS	PEABODY ENERGY CORP COM COM STK	USA	10,000.00	344,151.26	241,000.00
MORGAN STANLEY SML	PEABODY ENERGY CORP COM COM STK	USA	5,400.00	159,937.37	130,140.00
BARROW HANLEY	PENNEY J C CO INC COM	USA	38,800.00	1,796,069.88	849,720.00
BARROW HANLEY	PEPSIAMERICAS INC COM	USA	29,162.00	338,177.95	435,971.90
ALLIANCE	PFIZER INC COM	USA	233,000.00	7,909,996.86	9,343,300.00
MORGAN STANLEY SML	PHARMACEUTICAL PROD DEV INC COM	USA	1,800.00	48,324.10	52,722.00
ALLIANCE	PHARMACIA CORP COM	USA	100,300.00	5,701,657.45	4,068,168.00
BARROW HANLEY	PHARMACIA CORP COM	USA	14,823.00	326,340.22	601,220.88
BARROW HANLEY	PHILIP MORRIS COS INC COM	USA	36,200.00	1,194,472.97	1,748,098.00
OECHSLE INTL	PHILIPS ELEC(KON) EUR0.20	Netherlands	8,882.00	248,941.01	172,291.68
BARROW HANLEY	PHILLIPS PETRO CO COM	USA	41,000.00	1,983,707.50	2,211,540.00
MORGAN STANLEY SML	PINNACLE SYS INC COM	USA	56,100.00	264,793.15	163,251.00
BOSTON PARTNERS	PINNACLE W CAP CORP COM	USA	25,500.00	1,204,087.84	1,012,350.00
BOSTON PARTNERS	PIONEER NAT RES CO COM STK	USA	36,400.00	618,437.86	517,972.00
MORGAN STANLEY SML	PMI GROUP INC COM	USA	1,100.00	63,286.41	68,629.00
BARROW HANLEY	PNC FINANCIAL SERVICES GROUP COM STK	USA	26,000.00	1,219,510.03	1,488,500.00
MORGAN STANLEY SML	POGO PROD CO COM	USA	7,400.00	205,087.65	173,900.00
MORGAN STANLEY SML	POLARIS INDS INC COM	USA	1,300.00	51,168.47	49,894.00
MORGAN STANLEY SML	POLYCOM INC COM	USA	3,100.00	72,866.90	75,547.00
MORGAN STANLEY SML	POTOMAC ELEC PWR CO COM	USA	13,900.00	363,867.89	305,244.00
MORGAN STANLEY SML	POWERWAVE TECHNOLOGIES INC COM	USA	8,800.00	145,551.66	104,896.00
MORGAN STANLEY SML	POZEN INC COM	USA	8,900.00	112,255.10	38,715.00
MORGAN STANLEY SML	PRECISION CASTPARTS CORP COM	USA	2,800.00	73,914.01	62,160.00
MORGAN STANLEY SML	PRECISION DRILLING CORP COM STK	Canada	4,000.00	111,682.80	84,480.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2001

Account name	Asset description	Country	Shares/Par Value	Book Value	Market Value
	COMMON STOCK				
JOHN McSTAY	PROLOGIS TR SH BEN INT	USA	50,790.00	1,063,943.32	1,071,669.00
MORGAN STANLEY SML	PROVIDENT BANKSHARES CORP COM	USA	1,100.00	24,942.50	22,770.00
MORGAN STANLEY SML	PROVIDENT FNCL GROUP INC COM STK	USA	3,900.00	128,692.40	98,475.00
MORGAN STANLEY SML	PRTY HEALTHCARE CORP CL B	USA	2,200.00	69,900.50	52,800.00
JOHN McSTAY	PS BUSINESS PKS INC CAL COM STK	USA	14,300.00	343,749.11	396,110.00
JOHN McSTAY	PUB STORAGE INC COM	USA	10,144.00	254,325.11	338,809.60
MORGAN STANLEY SML	PUB SVC CO N MEX COM	USA	2,400.00	61,532.52	60,504.00
MORGAN STANLEY SML	QUANTA SVCS INC COM	USA	2,100.00	58,029.39	29,925.00
MORGAN STANLEY SML	QUANTUM CORP DSSG COM	USA	6,500.00	75,025.20	53,040.00
MORGAN STANLEY SML	QUEST DIAGNOSTICS INC COM	USA	2,500.00	161,585.17	154,250.00
MORGAN STANLEY SML	R H DONNELLEY CORP COM NEW	USA	2,000.00	62,556.19	52,240.00
MORGAN STANLEY SML	R&G FINL CORP CL B	USA	4,400.00	65,779.82	75,680.00
BOSTON PARTNERS	RADIAN GROUP INC COM	USA	16,000.00	564,591.19	616,000.00
MORGAN STANLEY SML	RATIONAL SOFTWARE CORP COM NEW	USA	5,200.00	93,024.92	45,032.00
BOSTON PARTNERS	READERS DIGEST ASSN INC CL A NON VTG	USA	20,700.00	617,641.74	380,673.00
JOHN McSTAY	RECKSON ASSOCS RLTY CORP REIT	USA	37,100.00	814,445.19	895,965.00
MORGAN STANLEY SML	RECKSON ASSOCS RLTY CORP REIT	USA	1,400.00	31,715.51	33,810.00
JOHN HANCOCK	REDBACK NETWORKS INC COM ISIN US7572091012	USA	3,500.00	60,399.41	5,075.00
MORGAN STANLEY SML	REEBOK INTL COM	USA	1,700.00	36,042.25	35,190.00
OECHSLE INTL	REED INTERNATIONAL ORD GBP0.125	UK	71,675.00	615,022.36	591,489.15
JOHN McSTAY	REGENCY CTRS CORP COM	USA	18,600.00	414,642.82	478,950.00
MORGAN STANLEY SML	REGENERATION TECHNOLOGIES INC DEL COM STK	USA	14,700.00	135,681.72	171,255.00
MORGAN STANLEY SML	REINS GROUP AMER INC COM	USA	400.00	12,082.36	13,644.00
BARROW HANLEY	RELIANT ENERGY INC COM	USA	67,400.00	1,993,005.36	1,773,968.00
MORGAN STANLEY SML	REP SVCS INC COM	USA	10,800.00	150,860.49	171,720.00
OECHSLE INTL	REPSOL YPF SA EUR1	Spain	19,523.00	352,978.13	280,916.71
MORGAN STANLEY SML	REYNOLDS & REYNOLDS CO CL A COM	USA	7,900.00	188,149.02	184,070.00
MORGAN STANLEY SML	RF MICRO DEVICES INC COM	USA	4,400.00	106,449.76	73,040.00
MORGAN STANLEY SML	ROBBINS & MYERS INC COM	USA	3,900.00	90,195.03	96,135.00
OECHSLE INTL	ROCHE HLDGS AG GENUSSCHEINE NPV	Switzerland	2,918.00	193,983.83	209,395.61
OECHSLE INTL	ROHM CO JPY50	Japan	2,940.00	576,594.86	286,275.50
MORGAN STANLEY SML	ROUSE CO COM	USA	4,100.00	113,900.81	99,097.00
MORGAN STANLEY SML	ROWAN COMPANIES INC COM	USA	4,900.00	112,126.27	60,662.00
LAZARD	ROYAL DUTCH PETRO N.Y REGISTRY SH PAR N 1.25 GLDR	Netherlands	12,300.00	753,621.00	618,075.00
MORGAN STANLEY SML	SABA SOFTWARE INC COM ISIN US789321051	USA	2,300.00	22,882.35	4,554.00
BOSTON PARTNERS	SABRE HLDGS CORP	USA	16,100.00	385,172.10	430,514.00
MORGAN STANLEY SML	SANDISK CORP COM	USA	2,600.00	62,326.47	25,636.00
OECHSLE INTL	SANOFI-SYNTHELABO EUR2	France	4,364.00	239,185.78	284,161.16
BARROW HANLEY	SBC COMMUNICATIONS INC COM	USA	25,300.00	1,154,351.21	1,192,136.00
ALLIANCE	SCHERING-PLOUGH CORP COM	USA	101,000.00	2,693,959.30	3,747,100.00
BARROW HANLEY	SCHERING-PLOUGH CORP COM	USA	51,300.00	1,958,423.97	1,903,230.00
MORGAN STANLEY SML	SCI SYS INC COM	USA	5,500.00	160,802.95	99,000.00
BOSTON PARTNERS	SEALED AIR CORP NEW COM STK	USA	15,100.00	562,841.56	550,999.00
MORGAN STANLEY SML	SEC CAP GROUP INC CL B	USA	6,000.00	126,989.23	112,260.00
MORGAN STANLEY SML	SECURE COMPUTING CORP COM	USA	6,600.00	73,083.02	64,284.00
BOSTON PARTNERS	SEMPRA ENERGY INC COM STK	USA	21,200.00	564,604.72	524,700.00
MORGAN STANLEY SML	SENSIENT TECHNOLOGIES CORP COM	USA	12,200.00	244,918.58	227,286.00
MORGAN STANLEY SML	SEPRACOR INC COM	USA	2,200.00	69,485.28	78,980.00
OECHSLE INTL	SHARP CORP JPY50	Japan	30,000.00	413,915.96	269,453.54
MORGAN STANLEY SML	SHAW GROUP INC COM	USA	3,500.00	100,833.19	98,595.00
OECHSLE INTL	SHIN-ETSU CHEM CO Y50	Japan	7,000.00	263,590.84	196,843.78
OECHSLE INTL	SHOHKOH FUND & CO JPY50	Japan	1,460.00	167,064.41	147,066.23
MORGAN STANLEY SML	SHURGUARD STORAGE CTR INC COM	USA	3,600.00	106,712.13	108,504.00
ALLIANCE	SIEBEL SYS INC COM	USA	12,500.00	433,186.25	162,625.00
JOHN McSTAY	SIMON PPTY GROUP INC COM	USA	42,900.00	1,158,196.42	1,154,439.00
MORGAN STANLEY SML	SKYWEST INC COM	USA	3,100.00	54,754.51	51,832.00
JOHN McSTAY	SL GREEN RLTY CORP COM STK	USA	10,800.00	295,091.93	340,416.00
MORGAN STANLEY SML	SMITHFIELD FOODS INC COM	USA	7,800.00	147,278.48	159,980.00
ALLIANCE	SOLECTRON CORP COM	USA	196,000.00	2,126,155.18	2,283,400.00
JOHN HANCOCK	SOLECTRON CORP COM	USA	10,000.00	407,959.95	116,500.00
MORGAN STANLEY SML	SONICWALL INC COM	USA	3,700.00	65,845.64	43,956.00
MORGAN STANLEY SML	SOVEREIGN BANCORP INC COM	USA	7,600.00	68,860.74	72,200.00
MORGAN STANLEY SML	SPHERION CORP COM COM STK ISIN# US8484201053	USA	3,500.00	77,496.58	25,200.00
MORGAN STANLEY SML	ST MARY LD & EXPL CO COM	USA	4,300.00	106,408.29	68,499.00
MORGAN STANLEY SML	STELLENT INC COM	USA	4,100.00	92,188.13	59,040.00
MORGAN STANLEY SML	STERIS CORP COM	USA	4,600.00	86,138.87	90,436.00
MORGAN STANLEY SML	STEWART & STEVENSON SVCS INC COM	USA	4,100.00	83,449.56	98,728.00
MORGAN STANLEY SML	STILLWATER MNG CO COM	USA	3,200.00	96,194.11	64,384.00
OECHSLE INTL	STORA ENSO OYJ NPV SER'R'	Finland	8,390.00	93,882.52	93,599.17
MORGAN STANLEY SML	STORAGE TECH CORP COM (NEW)	USA	5,400.00	82,868.19	67,770.00
MORGAN STANLEY SML	STRATOS LIGHTWAVE INC COM	USA	9,000.00	101,379.16	31,050.00
OECHSLE INTL	SUEZ EUR2	France	15,584.00	532,409.87	518,019.05
BOSTON PARTNERS	SUIZA FOODS CORP COM	USA	3,500.00	163,434.42	220,990.00
MORGAN STANLEY SML	SUIZA FOODS CORP COM	USA	5,100.00	228,026.83	322,014.00
OECHSLE INTL	SUN HUNG KAI PROP HKD0.50	Hong Kong	45,000.00	427,347.73	286,749.15
JOHN HANCOCK	SUN MICROSYSTEMS INC COM STK $.00067 PAR	USA	2,000.00	31,000.00	16,540.00
MORGAN STANLEY SML	SURMODICS INC COM	USA	900.00	43,504.15	35,955.00
BOSTON PARTNERS	SWIFT ENERGY CO COM	USA	31,600.00	1,033,280.83	651,592.00
BOSTON PARTNERS	SYBASE INC COM	USA	53,800.00	736,768.63	500,340.00
BOSTON PARTNERS	SYBRON DENTAL SPECIALTIES INC COM	USA	16,732.00	309,095.39	311,215.20
OECHSLE INTL	T I M SPA EUR0.06	Italy	45,559.00	355,776.29	221,144.08
OECHSLE INTL	TAKEFUJI CORP JPY50	Japan	2,200.00	224,223.24	173,591.87
MORGAN STANLEY SML	TELEFLEX INC COM	USA	1,600.00	61,291.66	59,824.00
MORGAN STANLEY SML	TELIK INC COM STK	USA	10,400.00	65,752.29	67,600.00
BOSTON PARTNERS	TEMPLE INLAND INC COM	USA	11,300.00	540,287.06	536,637.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2001

Account name	Asset description	Country	Shares/Par Value	Book Value	Market Value
	COMMON STOCK				
MORGAN STANLEY SML	TERADYNE INC COM	USA	2,800.00	106,818.06	54,600.00
BOSTON PARTNERS	THERMO ELECTRON CORP COM	USA	22,000.00	437,538.19	397,100.00
MORGAN STANLEY SML	TIBCO SOFTWARE INC COM	USA	7,900.00	103,201.79	57,986.00
MORGAN STANLEY SML	TIDEWATER INC COM	USA	4,000.00	162,752.11	106,760.00
MORGAN STANLEY SML	TITAN CORP COM	USA	10,800.00	267,023.27	211,680.00
MORGAN STANLEY SML	TITAN PHARMACEUTICALS INC DEL COM	USA	7,600.00	90,343.48	47,500.00
BOSTON PARTNERS	TOMMY HILFIGER COM STK USD0.01	British Virgin Is.	39,000.00	513,075.17	349,050.00
OECHSLE INTL	TOTAL FINA ELF EUR10	France	4,037.00	613,000.28	542,281.39
MORGAN STANLEY SML	TOWER AUTOMOTIVE INC COM	USA	13,000.00	207,234.73	93,210.00
MORGAN STANLEY SML	TRANSKARYOTIC THERAPIES INC COM	USA	4,900.00	141,851.92	132,986.00
MORGAN STANLEY SML	TRANSWITCH CORP COM	USA	8,500.00	106,341.39	26,010.00
BOSTON PARTNERS	TRIGON HEALTHCARE INC CL A COM	USA	16,200.00	904,998.01	1,061,100.00
MORGAN STANLEY SML	TRIGON HEALTHCARE INC CL A COM	USA	2,000.00	124,601.95	131,000.00
MORGAN STANLEY SML	TRIQUINT SEMICONDUCTOR INC COM	USA	5,400.00	110,348.08	86,346.00
BOSTON PARTNERS	TRIZEC HAHN CORP SUB VTG	Canada	14,500.00	229,347.17	261,145.00
JOHN HANCOCK	TX INSTRS INC COM	USA	2,500.00	92,385.75	62,450.00
ALLIANCE	TYCO INTL LTD NEW COM	Bermuda	132,100.00	5,051,885.40	6,010,550.00
BARROW HANLEY	TYCO INTL LTD NEW COM	Bermuda	29,313.00	968,995.82	1,333,741.50
LAZARD	UBS AG JERSEY BRH COM	Switzerland	13,600.00	593,924.24	627,640.00
OECHSLE INTL	UNILEVER NV CVA NLG1.12	Netherlands	11,218.00	559,180.33	608,842.25
JOHN McSTAY	UNITED DOMINION REAL ESTATE COM	USA	27,300.00	387,049.83	389,844.00
MORGAN STANLEY SML	UNITED DOMINION REAL ESTATE COM	USA	5,200.00	75,459.00	74,256.00
MORGAN STANLEY SML	UNVL CORP VA COM	USA	4,800.00	146,051.59	160,176.00
MORGAN STANLEY SML	UNVL HEALTH SERVICES INC CL B COM	USA	5,300.00	197,929.52	258,640.00
BARROW HANLEY	USA EDUCATION INC COM	USA	22,900.00	1,080,444.16	1,898,639.00
MORGAN STANLEY SML	USFREIGHTWAYS CORP COM	USA	4,200.00	164,959.04	131,628.00
BOSTON PARTNERS	USX-US STEEL GROUP COM	USA	39,400.00	667,761.85	550,812.00
MORGAN STANLEY SML	USX-US STEEL GROUP COM	USA	11,800.00	209,812.12	164,964.00
MORGAN STANLEY SML	UTD BANKSHARES INC W VA COM	USA	3,400.00	94,956.85	91,800.00
BOSTON PARTNERS	VALASSIS COMMUNICATIONS INC COM	USA	43,500.00	1,440,262.90	1,388,085.00
MORGAN STANLEY SML	VALASSIS COMMUNICATIONS INC COM	USA	7,600.00	263,482.63	242,516.00
OECHSLE INTL	VALEO EUR3	France	6,599.00	333,651.22	208,235.75
MORGAN STANLEY SML	VARIAN MED SYS INC COM ISIN #US9222091057	USA	2,600.00	188,906.95	168,790.00
MORGAN STANLEY SML	VARIAN SEMICONDUCTOR EQUIPTMENT ASSOCS INC COM	USA	1,100.00	40,298.57	28,435.00
BOSTON PARTNERS	VENATOR GROUP INC COM STK	USA	32,200.00	457,496.52	491,050.00
MORGAN STANLEY SML	VENATOR GROUP INC COM STK	USA	5,800.00	65,752.19	88,450.00
JOHN HANCOCK	VERISIGN INC COM	USA	3,000.00	85,875.00	125,700.00
ALLIANCE	VERITAS SOFTWARE CORP COM	USA	59,200.00	4,466,224.11	1,091,648.00
JOHN HANCOCK	VERITAS SOFTWARE CORP COM	USA	2,009.00	319,230.27	37,045.96
BARROW HANLEY	VERIZON COMMUNICATIONS COM	USA	25,902.00	941,103.42	1,401,557.22
BOSTON PARTNERS	VIAD CORP COM	USA	20,300.00	460,962.05	389,354.00
BOSTON PARTNERS	VIASYSTEMS GROUP INC COM	USA	70,300.00	613,828.41	45,695.00
JOHN HANCOCK	VIGNETTE CORP COM	USA	8,500.00	269,281.25	30,090.00
OECHSLE INTL	VIVENDI UNIVERSAL EUR5.5	France	7,734.00	631,811.29	358,153.38
OECHSLE INTL	VNU NV EUR0.20	Netherlands	14,450.00	723,381.95	407,288.76
OECHSLE INTL	VODAFONE GROUP PLC ORD USD0.10	UK	175,424.00	708,210.57	386,731.53
JOHN McSTAY	VORNADO RLTY TR COM	USA	31,400.00	1,132,288.09	1,246,580.00
BARROW HANLEY	WA MUT INC COM	USA	57,867.00	662,924.52	2,226,722.16
MORGAN STANLEY SML	WABASH NATL CORP COM	USA	6,900.00	122,675.27	47,610.00
BARROW HANLEY	WACHOVIA CORP 2ND NEW COM	USA	48,010.00	1,551,290.60	1,488,310.00
BOSTON PARTNERS	WADDELL & REED FINL INC CL A COM	USA	26,600.00	878,742.82	696,800.00
ALLIANCE	WALGREEN CO COM	USA	45,000.00	1,531,267.50	1,549,350.00
ALLIANCE	WAL-MART STORES INC COM	USA	57,500.00	2,884,005.91	2,846,250.00
BARROW HANLEY	WASTE MGMT INC DEL COM STK	USA	59,185.00	1,721,298.06	1,582,606.90
MORGAN STANLEY SML	WELLMAN INC COM	USA	10,600.00	186,479.45	122,430.00
BARROW HANLEY	WENDY S INTL INC COM	USA	82,900.00	1,623,781.78	2,209,285.00
MORGAN STANLEY SML	WERNER ENTERPRISES INC COM	USA	7,100.00	133,088.69	118,712.00
MORGAN STANLEY SML	WGL HLDGS INC COM	USA	2,600.00	73,522.37	69,914.00
MORGAN STANLEY SML	WHOLE FOODS MKT INC COM	USA	5,800.00	154,311.57	182,178.00
BARROW HANLEY	WILLIAMS CO INC COM	USA	17,900.00	608,384.13	488,670.00
OECHSLE INTL	WOLTERS KLUWER CVA EUR0.12	Netherlands	18,491.00	455,918.59	409,878.28
BARROW HANLEY	XL CAP LTD-CL A	Bermuda	26,100.00	1,416,443.75	2,061,900.00
MORGAN STANLEY SML	XTO ENERGY INC COM	USA	8,700.00	160,709.08	121,365.00
BOSTON PARTNERS	YORK INTL CORP NEW COM	USA	4,200.00	138,100.78	120,288.00
	TOTAL COMMON STOCK		**13,467,309.00**	**355,045,804.14**	**341,543,335.07**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2001

Account name	Asset description	Country	Shares/Par Value	Book Value	Market Value
	CONVERTIBLE STOCK				
BARROW HANLEY	KMART FING I TR CONV PFD SECS 7.750	USA	5,600.00	280,000.00	208,264.00
	TOTAL CONVERTIBLE STOCK		**5,600.00**	**280,000.00**	**208,264.00**
	PREFERRED STOCK				
OECHSLE INTL	ADR EMBRATEL PARTICIPACOES S A PREF SH	Brazil	9,130.00	184,985.25	25,472.70
MORGAN STANLEY BOND	PVTPL HOME OWN FDG CORP PFD STEP DOWN	USA	1,425.00	1,429,884.65	1,048,865.55
	TOTAL PREFERRED STOCK		**10,555.00**	**1,614,869.90**	**1,074,338.25**
	RIGHTS/WARRANTS				
BOSTON PARTNERS	CNA FINL CORP SUBS RT	USA	4,598.00	0.00	1.00
	TOTAL RIGHTS/WARRANTS		**4,598.00**	**0.00**	**1.00**
	MUTUAL FUNDS				
BGI S&P INDEX	CF BARCLAYS EQTY INDEX FD	USA	378,676.55	119,267,100.66	100,524,764.08
BGI MID CAP INDEX	CF BARCLAYS MIDCAP EQTY INDEX FD	USA	3,564,351.15	35,559,452.06	36,324,619.79
BGI SML VALUE INDEX	CF BARCLAYS RUSSELL 1000 VALUE INDEX FD	USA	1,691,170.21	60,277,551.24	61,094,536.84
	TOTAL EQUITY MUTUAL FUNDS		**5,634,197.91**	**215,104,103.96**	**197,943,920.71**
	TOTAL EQUITY		**19,122,259.91**	**572,044,778.00**	**540,769,859.03**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2001

Account name	Asset description	Country	Shares/Par Value	Book Value	Market Value
	CORPORATE ASSET BACKED SECURITIES				
MORGAN STANLEY BOND	AST SECURITIZATION CORP COML MTG 98-MD VI CL A-1C 7.03999 11-13-2029 REG	USA	200,000.00	202,875.00	213,900.00
BARROW HANLEY	CAP 1 MASTER TR 2001-5 AST BKD CTF CL A 5.3 DUE 06-15-2009 BEO	USA	900,000.00	901,722.66	925,911.00
MUNDER	CHASE CR CARD MASTER TR SER 96-2 CL A 5.98 AST BKD CTF DUE 09-15-2008 BEO	USA	1,000,000.00	1,012,656.25	1,056,930.00
MORGAN STANLEY BOND	CHASE CR CARD OWNER TR 2001-4 AST BKD NTCL A 5.5 DUE 11-17-2008 BEO	USA	430,000.00	429,931.57	446,288.40
MUNDER	CHASE MANHATTAN AUTO OWNER TR 2001-A ASTBKD NT CL A-4 5.07 DUE 02-15-2008 BEO	USA	750,000.00	749,774.18	770,925.00
MUNDER	CIT EC-EF SER 2001-A CL A3 4.32 DUE 05-20-2005 BEO	USA	750,000.00	749,903.33	760,078.12
ALLIANCE	CITIBANK CR CARD ISSUANCE TR NT 2000-A3 6.875 DUE 11-16-2009 BEO	USA	3,000,000.00	3,070,200.00	3,283,170.00
ZURICH SCUDDER	CONTIMORTGAGE HOME EQTY LN TR SER 1998-1CL A4 6.78 ABS CTF DUE 01-15-2013	USA	21,639.72	21,673.44	21,619.37
MORGAN STANLEY BOND	CONTINENTAL AIRLS PASS SER 1999-1 CL A EXPECTED MTY 2-2-19 6.545 8-2-20 BEO	USA	126,273.17	121,486.57	112,849.06
ZURICH SCUDDER	CONTINENTAL AIRLS PASS SER 1999-1 CL A EXPECTED MTY 2-2-19 6.545 8-2-20 BEO	USA	1,052,276.77	948,880.05	940,409.22
MORGAN STANLEY BOND	CONTINENTAL AIRLS PASS THRU TRS CTF 1998-1 CL A 6.648 3-15-2019 BEO	USA	375,687.96	381,328.09	340,983.12
MUNDER	CONTL AIRLS PASS THRU TRS SER 1998-3 CL A-2 6.32 DUE 05-01-2010 BEO	USA	850,000.00	766,700.00	781,379.50
ZURICH SCUDDER	CONTL AIRLS SER 1997-4A 6.9 PASS THRU CTFS DUE 07-02-2019	USA	1,815,505.05	1,733,280.83	1,624,060.04
MORGAN STANLEY BOND	CREEKWOOD CAP CORP COLL 8.47 NT DUE 03-16-2015 REG 144A	USA	224,793.59	240,880.39	236,797.56
MORGAN STANLEY BOND	DAIMLERCHRYSLER AUTO TR 2000-1 A4 7.23 AUTO TR 2000-1 A4 7.23 1-6-05 BEO	USA	650,000.00	650,330.08	690,352.00
ALLIANCE	DAIMLERCHRYSLER AUTO TR 2001-C AST BKD NT CL A-4 4.63 DUE 12-06-2006 BEO	USA	840,000.00	839,798.72	854,296.80
MORGAN STANLEY BOND	DET EDISON SECURITIZATION FDG LLC 2001-1BD CL A-3 5.875 DUE 03-01-2010 BEO	USA	285,000.00	284,828.09	298,677.15
MORGAN STANLEY BOND	DET EDISON SECURITIZATION FDG LLC 2001-1BD CL A-5 6.4 DUE 03-01-2015 BEO	USA	330,000.00	329,902.35	346,783.80
ALLIANCE	DISCOVER CARD MASTER TR I SER 1999-6 6.85 DUE 07-17-2007 BEO	USA	1,450,000.00	1,499,617.19	1,559,939.00
MUNDER	DISCOVER CARD MASTER TR I SER 1999-6 6.85 DUE 07-17-2007 BEO	USA	1,000,000.00	1,016,835.94	1,075,820.00
ALLIANCE	DISCOVER CARD MASTER TR I SER 2000-9 CL A 6.35 DUE 07-15-2008 BEO	USA	1,100,000.00	1,127,027.34	1,171,786.00
MORGAN STANLEY BOND	DLJ COML MTG CORP SER 1998-CG1 CL A1A 6.11 PASSTHRU CTF DUE 12-10-2007 BEO	USA	264,174.45	266,898.87	275,441.49
MUNDER	FLEET CR CARD MASTER TR II 2001-B AST BKD CTF CL A 5.6 DUE 12-15-2008 BEO	USA	500,000.00	499,062.03	520,905.00
ZURICH SCUDDER	FNBC SER 1993 - A 8.08 PASS THRU CTF DUE1-05-2018 REG	USA	1,000,000.00	1,000,000.00	1,102,490.00
MORGAN STANLEY BOND	FORD CR AUTO OWNER TR 2000-E AST BKD NT CL A-4 6.74 DUE 08-15-2004 BEO	USA	670,000.00	669,934.28	696,532.00
ZURICH SCUDDER	FORD CR AUTO OWNER TR 2001-B AST BACKED NT CL A-4 5.12 DUE 10-15-2004 BEO	USA	1,680,000.00	1,679,845.29	1,727,372.64
MORGAN STANLEY BOND	HONDA AUTO RECEIVABLES 2000-1 OWNER TR AB NT CL A-3 6.62 DUE 07-15-2004 BEO	USA	440,000.00	439,929.48	457,538.40
ALLIANCE	MBNA CR CARD MASTER NT TR MBNA MASTER CCTR 01-A1 A1 5.75 DUE 10-15-2008 BEO	USA	1,075,000.00	1,098,969.14	1,127,051.50
MORGAN STANLEY BOND	MBNA MASTER CR CARD TR II MBNAM 2000-A AEXP MTY 2-15-05 DUE 7-16-07 7.35 BEO	USA	435,000.00	434,901.34	476,807.85
MORGAN STANLEY BOND	MBNA MASTER CR CARD TR II SER 2000-E ASTBKD NT CL A 7.8 DUE 10-15-2012 BEO	USA	200,000.00	226,281.25	232,638.00
MORGAN STANLEY BOND	MBNA MASTER CR CARD TR II SER 2000-I CL A AST BKD CTF 6.9 DUE 01-15-2008 BEO	USA	230,000.00	229,905.26	250,023.80
MORGAN STANLEY BOND	MMCA AUTO OWNER TR 2000-1 AST BKD NT CL A-3 7 DUE 06-15-2004 BEO	USA	530,000.00	529,337.50	548,486.40
MORGAN STANLEY BOND	NISSAN AUTO RECEIVABLES 2000-C OWNER TR AST BACKED NT CL A-3 6.72 08-16-04 BEO	USA	540,000.00	539,948.94	561,999.60
MORGAN STANLEY BOND	NISSAN AUTO RECEIVABLES 2001-C OWNER TR AST BACKED NT CL A-4 4.8 2-15-07 BEO	USA	250,000.00	249,973.80	255,492.50
ALLIANCE	P/O CITICORP CR CARD SER 97-6 CL A 0 BD DUE 08-15-2006	USA	1,725,000.00	1,418,138.67	1,520,052.75
MORGAN STANLEY BOND	PECO ENERGY TRANSITION TR 2000-A CL A3 7.625 DUE 03-01-2010 BEO	USA	650,000.00	660,241.37	741,156.00
MORGAN STANLEY BOND	PSE&G TRANSITION FDG LLC 2001-1 TRANSITION BD CL A-6 6.61 06-15-15	USA	285,000.00	286,231.10	305,280.60
MUNDER	STD CR CARD MASTER TR I SER 1994-2 CL A 7.25 PARTN CTF DUE 04-07-2006 REG	USA	1,000,000.00	989,062.50	1,102,540.00
MORGAN STANLEY BOND	US AWYS PASS THRU TRS SER 2000-2G CTF CLG 8.02 08-05-20 BEO 08-05-03	USA	290,000.00	316,862.70	302,658.50
	TOTAL CORPORATE ASSET BACKED SECURITIES		**28,915,350.71**	**28,615,171.57**	**29,717,402.17**
	CORPORATE BONDS				
MUNDER	1ST BK NATL ASSN 7.55 DUE 06-15-2004 REG	USA	970,000.00	964,238.10	1,043,041.00
MORGAN STANLEY BOND	1ST HAWAIIAN BK 6.93 DUE 12-01-2003 REG	USA	400,000.00	391,040.00	423,828.00
ZURICH SCUDDER	ALCOA INC NT 6.5 DUE 06-01-2011 BEO	USA	790,000.00	789,178.40	823,590.80
ALLIANCE	AMERADA HESS CORP NT 7.875 DUE 10-01-2029 BEO	USA	490,000.00	508,880.70	501,946.20
MORGAN STANLEY BOND	AMERN GEN CORP 7.5 DUE 07-15-2025 REG	USA	75,000.00	78,947.25	77,425.50
MORGAN STANLEY BOND	AMERN GEN FIN CORP MEDIUM TERM SR NTS TRANCHE # TR 00367 5.875 DUE 07-14-2006	USA	385,000.00	384,249.25	396,877.25
MORGAN STANLEY BOND	AMERN HOME PRODS CORP NT 6.7 DUE 03-15-2011 BEO	USA	285,000.00	284,501.25	295,593.45
ZURICH SCUDDER	ANHEUSER BUSCH COS INC 6 DUE 04-15-2011 BEO	USA	775,000.00	768,235.50	790,500.00
BARROW HANLEY	AOL TIME WARNER INC 7.625 DUE 04-15-2031BEO	USA	385,000.00	384,241.55	387,363.90
ZURICH SCUDDER	APACHE FIN CDA CORP 7.75 DUE 12-15-2029 BEO	USA	900,000.00	960,066.00	952,209.00
ALLIANCE	ASSOC CORP N AMER ASSOC 5.75 DUE 11-01-2003 BEO	USA	1,175,000.00	1,137,165.00	1,217,617.25
MORGAN STANLEY BOND	AT&T CORP NTS 6.5 DUE 03-15-2029 BEO	USA	165,000.00	161,826.50	143,982.30
BARROW HANLEY	ATLC RICHFIELD CO 8.5 DUE 04-01-2012 REG	USA	525,000.00	607,241.85	637,880.25
MUNDER	AXA SA US$ SUB NT 8.6 DUE 12-15-2030 BEO	USA	900,000.00	928,350.00	992,052.00
ALLIANCE	BANC 1 CORP 7.625 DUE 10-15-2026 REG	USA	355,000.00	383,909.55	371,851.85
MORGAN STANLEY BOND	BELLSOUTH TELECOMMUNICATIONS INC 6.375 BD DUE 06-01-2028 CALL	USA	300,000.00	264,362.31	273,687.00
MORGAN STANLEY BOND	BK 1 CORP MEDIUM TERM SUB NTS BOOK ENTRYTRANCHE # SB 00001 6 DUE 02-17-2009	USA	385,000.00	329,803.40	361,240.50
ALLIANCE	BK 1 CORP SUB NT 7.875 DUE 08-01-2010 BEO	USA	825,000.00	883,500.75	917,532.00
MORGAN STANLEY BOND	BK AMER CORP 7.4 DUE 01-15-2011 BEO	USA	355,000.00	367,075.55	387,191.40
MORGAN STANLEY BOND	BK NY INC 8.5 DUE 12-15-2004 REG	USA	520,000.00	552,172.40	574,189.20
MORGAN STANLEY BOND	BK OF BSTN CORP 6.625 DUE 02-01-2004 REG	USA	115,000.00	110,952.00	121,780.40
MORGAN STANLEY BOND	BK OF BSTN CORP 6.625 DUE 12-01-2005 REG	USA	140,000.00	132,452.60	148,226.40
ZURICH SCUDDER	BOEING CAP CORP BOEING CAP CORP 5.65 DUE05-15-2006 BEO	USA	1,350,000.00	1,347,543.00	1,350,364.50
ALLIANCE	BRISTOL MYERS SQUIBB CO NT 4.75 DUE 10-01-2006 BEO	USA	750,000.00	748,012.50	757,155.00
MORGAN STANLEY BOND	BRISTOL MYERS SQUIBB CO NT 5.75 DUE 10-01-2011 BEO	USA	705,000.00	702,292.80	722,399.40
ALLIANCE	BRIT TELECOMMUNICATIONS P L C NT 8.625 DUE 12-15-2030 BEO	UK	2,000,000.00	2,164,020.00	2,242,640.00
MORGAN STANLEY BOND	CHASE MANHATTAN CORP NEW SUB NT DTD 02/23/1999 6 DUE 02-15-2009 BEO	USA	400,000.00	398,784.00	399,388.00
MORGAN STANLEY BOND	CHUBB CORP NT DTD 08/17/1998 6.15 DUE 08-15-2005 BEO	USA	445,000.00	444,750.80	455,065.90
MORGAN STANLEY BOND	CIGNA CORP SR NT 7 DUE 01-15-2011 BEO	USA	120,000.00	119,486.40	124,505.04
MORGAN STANLEY BOND	CIT GROUP INC MTN BE 1ST NATL BK CHGO CIT GROUP INC NOTES LONG 5.625 5-17-04	USA	430,000.00	429,498.90	441,734.70
ZURICH SCUDDER	CIT GROUP INC NT 7.375 DUE 03-15-2003 BEO	USA	450,000.00	449,523.00	472,441.50
MORGAN STANLEY BOND	CITICORP MEDIUM TERM SUB NTS- BOOK ENTRYTRANCHE # SB 00195 6.375 DUE 11-15-2008	USA	510,000.00	515,645.10	529,364.70
MORGAN STANLEY BOND	CITIGROUP INC 5.75 DUE 05-10-2006 BEO	USA	585,000.00	583,870.95	604,977.75
ZURICH SCUDDER	CITIGROUP INC 5.75 DUE 05-10-2006 BEO	USA	2,080,000.00	2,080,665.60	2,151,032.00
BARROW HANLEY	CITIGROUP INC SUB NT 7.25 DUE 10-01-2010BEO	USA	520,000.00	535,860.00	566,789.60
ZURICH SCUDDER	COCA COLA ENTERPRISES INC 6.95 DUE 11-15-2026 REG	USA	775,000.00	788,159.50	766,544.75
ALLIANCE	COML CR CO 6.5 DUE 06-01-2005 REG PUT	USA	2,000,000.00	1,969,080.00	2,099,780.00
ALLIANCE	CONOCO INC NT DTD 04/20/1999 6.95 DUE 04-15-2029 BEO	USA	1,500,000.00	1,393,380.00	1,402,395.00
BARROW HANLEY	CONOCO INC NT DTD 04/20/1999 6.95 DUE 04-15-2029 BEO	USA	810,000.00	764,330.65	757,293.30
ALLIANCE	CONS EDISON CO N Y INC 6.25 DUE 02-01-2008 REG	USA	1,800,000.00	1,880,892.00	1,806,840.00
ZURICH SCUDDER	COUNTRYWIDE HOME LNS INC MEDIUM TERM NTSTRANCHE # TR 00244 5.25 6-15-04	USA	755,000.00	753,331.45	770,968.25
BARROW HANLEY	COUNTRYWIDE HOME LNS INC NOTE 5.5 DUE 08-01-2006 BEO	USA	1,100,000.00	1,092,905.00	1,107,282.00
MORGAN STANLEY BOND	CR SUISSE 1ST BSTN USA INC NT 5.875 DUE 08-01-2006 BEO	USA	460,000.00	459,208.80	471,274.60

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2001

Account name	Asset description	Country	Shares/Par Value	Book Value	Market Value
	CORPORATE BONDS				
MORGAN STANLEY BOND	CVS CORP NT 5.5 DUE 02-15-2004 BEO	USA	455,000.00	453,325.60	467,143.95
ALLIANCE	DAIMLER CHRYSLER N AMER HLDG CORP 6.4 DUE 05-15-2006 BEO	USA	1,235,000.00	1,230,936.85	1,245,102.30
MORGAN STANLEY BOND	DAIMLER CHRYSLER N AMER HLDG CORP 6.4 DUE 05-15-2006 BEO	USA	365,000.00	363,799.15	367,985.70
MORGAN STANLEY BOND	DAYTON HUDSON CORP DEBS 6.65 DUE 08-01-2028 BEO	USA	300,000.00	298,147.88	281,751.00
BARROW HANLEY	DEERE JOHN CAP CORP MEDIUM TERM NOTE BK ENTRY TRANCHE # TR 00294 5.52 4-30-04	USA	780,000.00	780,000.00	783,142.00
ALLIANCE	DISNEY WALT CO NEW MEDIUM TERM NTS BOOK 4.875 DUE 07-02-2004 BEO	USA	2,115,000.00	2,111,214.15	2,139,597.45
BARROW HANLEY	EL PASO ENERGY CORP MEDIUM TERM NTS BOOK TR 4 7.6 8-1-31	USA	360,000.00	358,503.61	349,333.20
BARROW HANLEY	EOP OPER LTD PARTNERSHIP EOP OPER LTD PARTNERSHIP 7.375 DUE 11-15-2003 BEO	USA	800,000.00	799,216.00	846,184.00
BARROW HANLEY	FEDT DEPT STORES INC DEL 6.79 BD DUE 07-15-2027 BEO PUTTABLE 7-15-2004 @ PUT	USA	600,000.00	607,614.00	628,740.00
ZURICH SCUDDER	FL PWR & LT CO FLA PWR & LT 1ST MTG 6.875 DUE 12-01-2005 BEO	USA	1,230,000.00	1,254,255.90	1,311,315.30
ZURICH SCUDDER	FLEET NATL BK PROVID R I MEDIUM TERM SUBBK NTS BOOK ENTRY FLEET BK 5.75 DUE	USA	575,000.00	509,622.50	585,736.75
MORGAN STANLEY BOND	FORD MTR CO DEL DEB 6.625 DUE 10-01-2028BEO	USA	755,000.00	762,604.60	632,750.40
MORGAN STANLEY BOND	FORD MTR CO DEL GLOBAL LANDMARK SECS-GLOBLS 7.45 DUE 07-16-2031 BEO	USA	115,000.00	109,074.90	107,376.99
ZURICH SCUDDER	FORD MTR CR CO GLOBAL LANDMARK SECS-GLOBLS 6.875 DUE 02-01-2006 BEO	USA	2,000,000.00	2,029,780.00	2,058,680.00
MORGAN STANLEY BOND	FORD MTR CR CO NT 7.375 DUE 10-28-2009 BEO	USA	165,000.00	161,371.50	169,014.45
MORGAN STANLEY BOND	GE GLOBAL INS HLDG CORP 7 DUE 02-15-2026REG	USA	415,000.00	416,900.70	416,776.20
ZURICH SCUDDER	GEN ELEC CAP CORP MEDIUM TERM NTS BEO MTN # TR 00482 6.125 DUE 02-22-2011	USA	725,000.00	729,161.05	752,209.25
MORGAN STANLEY BOND	GEN ELEC CAP CORP MEDIUM TERM NTS BOOK ENTRY 7 DUE 03-01-2002	USA	880,000.00	879,709.60	895,690.40
MUNDER	GEN ELEC CAP CORP MEDIUM TERM NTS BOOK TRANCHE # TR 00443 7.375 1-19-10 BEO	USA	500,000.00	548,145.00	561,230.00
BARROW HANLEY	GEN MTRS ACCEP CORP NT DTD 01/14/2001 6.75 DUE 01-15-2006 BEO	USA	890,000.00	890,943.40	918,112.60
ALLIANCE	GEN MTRS ACCEP CORP NT DTD 09/12/2001 6.875 DUE 09-15-2011 BEO	USA	625,000.00	623,118.75	617,468.75
ZURICH SCUDDER	GEN MTRS ACCEP CORP NT DTD 09/12/2001 6.875 DUE 09-15-2011 BEO	USA	1,825,000.00	1,825,596.50	1,803,008.75
MORGAN STANLEY BOND	GOLDMAN SACHS GROUP INC 6.875 DUE 01-15-2011 BEO	USA	460,000.00	462,203.25	474,264.60
MORGAN STANLEY BOND	GTE FLA INC DEB SER E MBIA-IBC DTD 02/01/98 6.86 DUE 02-01-2028 BEO	USA	935,000.00	967,855.90	921,031.10
MORGAN STANLEY BOND	HARTFORD FINL SVCS GROUP INC 7.75 DUE 06-15-2005 BEO	USA	120,000.00	120,720.00	130,215.60
MORGAN STANLEY BOND	HARTFORD LIFE INC 7.65 DUE 06-15-2027 REG	USA	235,000.00	256,034.03	239,972.60
MORGAN STANLEY BOND	HERTZ CORP NOTES 7.625 DUE 08-15-2007 BEO	USA	150,000.00	148,909.50	156,561.00
MORGAN STANLEY BOND	HOMESIDE LENDING INC MEDIUM TERM NTS BOOK ENTRY 6.2 DUE 05-15-2003	USA	545,000.00	551,845.20	561,736.95
ALLIANCE	HSEHD FIN CORP NT 6.5 DUE 11-15-2008 BEO	USA	1,300,000.00	1,182,935.00	1,335,828.00
MORGAN STANLEY BOND	HSEHD FIN CORP NT 8 DUE 07-15-2010 BEO	USA	415,000.00	432,868.32	460,977.85
ALLIANCE	INTL BK FOR RECON & DEV US$ GLOBAL NT 5 DUE 03-28-2006 BEO	Multi-National	2,485,000.00	2,483,175.90	2,547,873.30
BARROW HANLEY	INTL BUSINESS MACHS CORP BD 4.875 DUE 10-01-2006 BEO	USA	540,000.00	536,754.60	537,948.00
ZURICH SCUDDER	INTL BUSINESS MACHS CORP BD 4.875 DUE 10-01-2006 BEO	USA	1,000,000.00	993,990.00	996,200.00
BARROW HANLEY	INTL LEASE FIN CORP- MEDIUM TER TRANCHE # TR 00534 5.8 DUE 08-15-2007	USA	675,000.00	675,000.00	695,472.75
ALLIANCE	INTL PAPER CO NT DTD 08/27/2001 6.75 DUE09-01-2011 BEO	USA	265,000.00	265,000.00	264,509.75
BARROW HANLEY	INTL PAPER CO NT DTD 08/27/2001 6.75 DUE09-01-2011 BEO	USA	285,000.00	285,000.00	284,472.75
ALLIANCE	J P MORGAN CHASE & CO NT 6.75 DUE 02-01-2011 BEO	USA	700,000.00	707,734.58	733,229.00
ALLIANCE	KEYSPAN CORP NT 7.25 DUE 11-15-2005 BEO PUT	USA	550,000.00	548,812.00	593,604.00
ALLIANCE	LEHMAN BROS HLDGS INC BD 7.875 DUE 08-15-2010 BEO	UK	550,000.00	548,947.50	599,368.00
ZURICH SCUDDER	LEHMAN BROS HLDGS INC NTS 7 DUE 02-01-2008 BEO	USA	1,350,000.00	1,349,473.50	1,414,584.00
MORGAN STANLEY BOND	LOWES COS INC 6.875 DUE 02-15-2028 REG	USA	280,000.00	295,901.20	265,742.40
MORGAN STANLEY BOND	LOWES COS INC DEB DTD 02/23/1999 6.5 DUE03-15-2029 BEO	USA	260,000.00	256,357.80	235,125.80
MORGAN STANLEY BOND	MA MUT LIFE INS CO 7.625 DUE 11-15-2023 REG SF 11-15-2021	USA	475,000.00	548,872.00	490,960.00
MORGAN STANLEY BOND	MARSH & MCLENNAN COS INC SR NT 6.625 DUE06-15-2004 BEO	USA	455,000.00	452,634.00	474,505.85
MUNDER	MARSH & MCLENNAN COS INC SR NT 7.125 DUE06-15-2009 BEO	USA	625,000.00	600,417.50	660,912.50
BARROW HANLEY	MASCO CORP 6 DUE 05-03-2004 BEO	USA	495,000.00	494,084.25	507,340.35
MORGAN STANLEY BOND	MAY DEPT STORES CO 7.45 DUE 10-15-2016 REG	USA	240,000.00	266,525.55	262,176.00
MORGAN STANLEY BOND	MAY DEPT STORES CO 7.875 DUE 03-01-2030 BEO	USA	55,000.00	55,991.10	59,726.70
MORGAN STANLEY BOND	MAY DEPT STORES CO NT DTD 10/30/1998 5.95 DUE 11-01-2008 BEO	USA	185,000.00	172,606.85	183,468.20
MORGAN STANLEY BOND	MELLON FDG CORP SR NT 7.5 DUE 06-15-2005BEO	USA	415,000.00	414,385.80	453,445.60
ZURICH SCUDDER	MELLON FDG CORP SR NT 7.5 DUE 06-15-2005BEO	USA	425,000.00	424,371.00	464,372.00
ALLIANCE	MERRILL LYNCH & CO INC MEDIUM TERM NTS BTRANCHE # TR 00218 5.35 DUE 06-15-2004	USA	2,350,000.00	2,350,000.00	2,408,609.00
ALLIANCE	MORGAN STANLEY DEAN WITTER & CO GLOBAL NT DTD 04/25/2001 6.1 DUE 04-15-2006 BEO	USA	1,225,000.00	1,223,824.00	1,284,469.50
ZURICH SCUDDER	MORGAN STANLEY GLOBAL NTS 7.75 DUE 06-15-2005 BEO	USA	250,000.00	268,967.50	272,600.00
MUNDER	MOTOROLA INC PUTTABLE RESET SECS PURS DUE 02-01-2011/02-01-2003 BEO PUT	USA	850,000.00	849,872.50	856,443.00
MORGAN STANLEY BOND	NATIONWIDE MUT INS CO 7.5 DUE 02-15-2024/02-15-2004 REG	USA	425,000.00	390,277.50	387,149.50
BARROW HANLEY	NATL CY CORP SUB DEB DTD 05/04/1999 6.875 DUE 05-15-2019 BEO	USA	1,025,000.00	1,023,196.00	1,005,699.25
ZURICH SCUDDER	NATL RURAL UTILS COOP FIN CORP COLL TR BD DTD 05/23/2001 6 DUE 05-15-2006 BEO	USA	1,000,000.00	997,900.00	1,043,210.00
MUNDER	NATL RURAL UTILS COOP FIN CORP MEDIUM TERM NTS-BOOKENTRY TRANCHE # TR 00057	USA	600,000.00	559,095.00	606,648.00
BARROW HANLEY	NISOURCE FIN CORP GTD NT 7.5 DUE 11-15-2003 BEO	USA	700,000.00	706,053.25	743,624.00
BARROW HANLEY	NISOURCE FIN CORP GTD NT DTD 11/14/2000 7.875 DUE 11-15-2010 BEO	USA	475,000.00	472,183.25	523,673.25
BARROW HANLEY	NORFOLK SOUTHN CORP 7.05 NT DUE 05-01-2037 PUTTABLE 5-1-2004 @ PAR	USA	365,000.00	363,605.70	385,173.55
MORGAN STANLEY BOND	NORWEST CORP DISC COML PAPER 3/A3 YRS 1&2 5.625 DUE 02-03-2009 BEO	USA	550,000.00	534,015.70	538,659.00
MORGAN STANLEY BOND	PECO ENERGY TRANSITION TR SER 2001-A TRANSITION BD 6.52 DUE 12-31-2010 BEO	USA	225,000.00	225,000.00	240,752.25
MORGAN STANLEY BOND	PHARMACIA CORP DEB 6.6 DUE 12-01-2028 BEO	USA	230,000.00	227,911.50	228,185.30
MORGAN STANLEY BOND	PNC FDG CORP SR NT 5.75 DUE 08-01-2008 BEO	USA	280,000.00	282,003.60	287,792.40
BARROW HANLEY	PNC FDG CORP SUB NT 7.5 DUE 11-01-2009 BEO	USA	540,000.00	567,027.00	590,355.00
ZURICH SCUDDER	PPL ELEC UTILS CORP SR SECD BD 6.25 DUE 08-15-2009 BEO	USA	950,000.00	945,905.50	965,846.00
MUNDER	PROCTER & GAMBLE PFT SHG TR & EMP STR OWN PLAN 9.36 DUE 01-01-2021 REG PUT SF	USA	900,000.00	1,029,690.00	1,148,022.00
BARROW HANLEY	PROGRESS ENERGY INC SR NT 6.55 DUE 03-01-2004 BEO	USA	575,000.00	575,725.90	602,329.75
BARROW HANLEY	PROGRESS ENERGY INC SR NT 7.1 DUE 03-01-2011 BEO	USA	435,000.00	434,399.70	463,392.45
ALLIANCE	PROGRESS ENERGY INC SR NT 7.75 DUE 03-01-2031 BEO	USA	270,000.00	269,676.00	287,598.60
MORGAN STANLEY BOND	PRUDENTIAL FDG CORP MEDIUM TERM NOTES BK\ENT 144A TRANCHE # TR 00084 6.6 5-15-08	USA	350,000.00	349,594.00	361,396.00
MORGAN STANLEY BOND	PRUDENTIAL INS CO AMER 8.3 DUE 07-01-2025 REG	USA	375,000.00	457,353.75	392,343.75
MORGAN STANLEY BOND	PVTPL 277 PK AVE FIN CORP 7.58 DUE 05-12-2007 REG	USA	286,584.93	288,066.59	312,007.87
MORGAN STANLEY BOND	PVTPL AIG SUNAMERICA GLOBAL FING VI SR NT 144A 6.3 DUE 05-10-2011 BEO	USA	935,000.00	933,625.55	946,743.60
MORGAN STANLEY BOND	PVTPL AMER W AIRLS PASS THRU TR AMER W AIRLS I 7.1 DUE 04-02-2022 BEO	USA	385,000.00	385,000.00	375,405.80
ALLIANCE	PVTPL AT&T WIRELESS SVCS INC SR NT 144A 8.75 DUE 03-01-2031 BEO	USA	810,000.00	809,295.30	877,084.20
BARROW HANLEY	PVTPL AT&T WIRELESS SVCS INC SR NT 144A 8.75 DUE 03-01-2031 BEO	USA	685,000.00	698,425.05	741,731.70
ALLIANCE	PVTPL BARCLAYS BK PLC BARCLAYS BK PLC 7.375 DUE 06-29-2049 BEO	USA	2,150,000.00	2,192,118.50	2,259,435.00
MORGAN STANLEY BOND	PVTPL BEVERLY FIN CORP 8.36 DUE 07-15-2004 REG	USA	100,000.00	107,665.00	109,841.00
MORGAN STANLEY BOND	PVTPL EQUITABLE LIFE ASSURN SOC U S 6.95DUE 12-01-2005 REG	USA	500,000.00	491,325.00	532,045.00
MORGAN STANLEY BOND	PVTPL FARMERS EXCHANGE CAP 7.05 DUE 07-15-2028 REG	USA	100,000.00	91,575.00	85,160.00
MORGAN STANLEY BOND	PVTPL FARMERS INS EXCHANGE 8.625 SURP NT144A DUE 05-01-2024 REG	USA	395,000.00	467,917.00	416,278.65

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2001

Account name	Asset description	Country	Shares/Par Value	Book Value	Market Value
	CORPORATE BONDS				
MORGAN STANLEY BOND	PVTPL FL WINDSTORM ASSN SER 1999A SR SECD NT 144A 7.125 DUE 02-25-2019 BEO	USA	825,000.00	818,988.35	826,113.75
MORGAN STANLEY BOND	PVTPL HANCOCK JOHN GLOBAL FDG II BOOK ENTRY 144A 7.9 DUE 07-02-2010 BEO	USA	225,000.00	243,920.25	253,442.25
MORGAN STANLEY BOND	PVTPL HANCOCK JOHN MUT LIFE INS CO SURP NT 144A 7.375 DUE 02-15-2024 BEO	USA	375,000.00	369,738.75	375,360.00
MORGAN STANLEY BOND	PVTPL JET EQUIP TR 10 DUE 06-15-2012 REG	USA	525,000.00	591,923.75	623,012.25
MORGAN STANLEY BOND	PVTPL MET LIFE INS CO 7.45 DUE 11-01-2023 REG	USA	400,000.00	391,973.00	390,044.00
MORGAN STANLEY BOND	PVTPL PRIME PPTY FDG II INC 7.0 NTS DUE 08-15-2004 BEO 144A	USA	290,000.00	289,382.00	303,250.10
ALLIANCE	PVTPL PSEG ENERGY HLDGS INC PSEG ENERGY HOLDINGS - 144A 8.5 DUE 06-15-2011 BEO	USA	1,200,000.00	1,197,876.00	1,217,652.00
ALLIANCE	PVTPL STD CHARTERED BK SUB NT 144A 8 DUE05-30-2031 BEO	UK	450,000.00	446,310.00	439,483.50
BARROW HANLEY	PVTPL TYSON FOODS INC NT 144A 6.625 DUE 10-01-2004 BEO	USA	380,000.00	379,289.40	379,289.40
ALLIANCE	PVTPL TYSON FOODS INC NT 144A 8.25 DUE 10-01-2011 BEO	USA	300,000.00	298,956.00	298,956.00
MORGAN STANLEY BOND	PVTPL WORLD FINL PPTYS TOWER D FIN CORP SER 1998 WFP-D PASS THRU CTF 6.95 9-1-13	USA	250,000.00	244,678.75	256,337.50
ALLIANCE	QWEST CAP FDG INC GTD NT 7.9 DUE 08-15-2010 REG	USA	1,550,000.00	1,546,667.50	1,633,049.00
BARROW HANLEY	REED ELSEVIER CAP INC NT 6.125 DUE 08-01-2006 BEO	USA	425,000.00	425,317.20	435,348.75
MUNDER	SOC NATL BK CLEV OH 7.25 DUE 06-01-2005 REG	USA	600,000.00	594,869.00	642,762.00
ALLIANCE	SPRINT CAP CORP NT 7.625 DUE 01-30-2011 BEO	USA	400,000.00	397,428.00	418,964.00
MORGAN STANLEY BOND	ST STR CORP 7.65 DUE 06-15-2010 BEO	USA	185,000.00	184,633.70	207,782.75
ZURICH SCUDDER	TEXACO CAP INC 7.09 NT DUE 02-01-2007	USA	925,000.00	929,125.00	983,552.50
MUNDER	TEXTRON INC 6.75 DUE 09-15-2002 BEO	USA	600,000.00	593,955.00	614,532.00
ALLIANCE	TIME WARNER ENTMT CO L P 8.375 DUE 03-15-2023 REG	USA	250,000.00	275,355.00	271,387.50
ALLIANCE	TIME WARNER ENTMT CO L P SR SUB DEB 8.375 DUE 07-15-2033 REG	USA	1,150,000.00	1,191,064.80	1,285,188.80
BARROW HANLEY	TIME WARNER INC 6.85 DUE 01-15-2026 REG PUT	USA	600,000.00	596,544.00	615,066.00
ZURICH SCUDDER	TX UTILS CO 6.2 DUE 10-01-2002 REG	USA	870,000.00	889,164.80	891,602.10
ALLIANCE	TXU CORP SR NT 6.375 DUE 06-15-2006 BEO	USA	350,000.00	348,187.00	360,444.00
ALLIANCE	TYCO INTL GROUP S A CB 6.375 DUE 02-15-2006 BEO	USA	1,225,000.00	1,221,006.50	1,273,693.75
MORGAN STANLEY BOND	U S BANCORP MEDIUM TERM NTS- BOOK ENTRY TR 00125 6.875 DUE 12-01-2004	USA	615,000.00	612,978.00	655,915.95
BARROW HANLEY	U S BK NATL ASSN MINNEAPOLIS MINN SUB NTACCD INVS 5.7 DUE 12-15-2008 BEO	USA	305,000.00	280,608.10	303,246.25
ALLIANCE	UN PAC CORP 6.625 DUE 02-01-2029 BEO	USA	1,600,000.00	1,491,480.00	1,664,280.00
ZURICH SCUDDER	VERIZON GLOBAL FDG CORP NT 7.25 DUE 12-01-2010 BEO	USA	830,000.00	831,528.20	892,532.20
MUNDER	VIACOM INC NT 7.875 DUE 07-30-2030 BEO	USA	800,000.00	872,680.00	853,887.20
ZURICH SCUDDER	VIACOM INC NT 7.875 DUE 07-30-2030 BEO	USA	1,315,000.00	1,389,859.95	1,403,577.08
ALLIANCE	WA MUT FIN CORP SR NT 6.875 DUE 05-15-2011 BEO	USA	1,225,000.00	1,217,723.50	1,286,458.25
BARROW HANLEY	WA MUT FIN CORP SR NT 6.875 DUE 05-15-2011 BEO	USA	240,000.00	238,574.40	252,040.80
ALLIANCE	WAL-MART STORES INC NT 6.875 DUE 08-10-2009 BEO	USA	260,000.00	254,178.60	281,083.40
MORGAN STANLEY BOND	WAL-MART STORES INC NT 6.875 DUE 08-10-2009 BEO	USA	135,000.00	134,470.80	145,947.15
ALLIANCE	WILLIAMS COS INC DEB SER A 7.5 DUE 01-15-2031 BEO	USA	665,000.00	660,217.35	630,193.90
ALLIANCE	WORLDCOM INC GA NEW 8.25000 05/16/01 05/15/31 8.25 DUE 05-15-2031 BEO	USA	800,000.00	785,616.30	794,416.00
MORGAN STANLEY BOND	WORLDCOM INC GA NT 6.95 DUE 08-15-2028 BEO	USA	515,000.00	427,743.55	442,421.05
	TOTAL CORPORATE BONDS		**110,036,584.93**	**110,382,357.17**	**113,603,833.23**
	NON-GOVERNMENT BACKED CMO's				
MORGAN STANLEY BOND	CMO 1ST UN NATL BK-CHASE MANHATTAN BK COML MTG TR CL A-2 6.645 4-15-09 BEO	USA	450,000.00	460,968.75	478,629.00
MORGAN STANLEY BOND	CMO BANC AMER COML MTG INC 2000-2 7.197 DUE 09-15-2032 BEO	USA	550,000.00	576,808.60	601,034.50
ALLIANCE	CMO BEAR STEARNS INC COML MTG PSTRU CTF CL A-2 2001-TOP2 6.48 4-15-11 BE	USA	1,270,000.00	1,276,776.72	1,329,969.40
MORGAN STANLEY BOND	CMO CHASE COML MTG SECS CORP 1999-2 COMLMTG PASSTHRU CTF CL A-1 1-15-32 BEO	USA	466,834.80	455,765.68	500,661.65
MUNDER	CMO CHASE MTG FIN TR 2000-S2 MC MTG PASSTHRU CTF CL A-6 7.25 03-25-2030BEO	USA	847,083.61	844,039.42	861,373.91
ZURICH SCUDDER	CMO GMAC COML MTG SEC INC SER 1998-C2 CLASS-A2 6.42 DUE 05-15-2035 BEO	USA	315,000.00	293,967.78	331,509.15
ALLIANCE	CMO GS MTG SECS CORP II COML MTG PASSTHRU CTF 2001ROCK 144A 5-3-11 BEO	USA	690,000.00	690,027.12	728,874.60
ZURICH SCUDDER	CMO LB COML CONDUIT MTG TR 1999-C1 MTG PASSTHRU CTF CL A-2 6.78 DUE 06-15-2031	USA	1,520,000.00	1,456,641.41	1,626,977.60
MORGAN STANLEY BOND	CMO LB-UBS COML MTG TR 2000-C3 COML MTG PASS CL A-1 7.95 DUE 07-15-2009BEO	USA	290,928.19	313,156.94	321,981.86
MORGAN STANLEY BOND	CMO LB-UBS COML MTG TR 2000-C4 PASSTHRU CTF CL A-2 7.37 08-15-2026 BEO	USA	450,000.00	483,328.13	497,209.50
MUNDER	CMO MERRILL LYNCH MTG INVS INC MTG SER 1998-C3 CL A-3 5.88 12-15-2030 BEO	USA	890,000.00	819,425.78	908,974.80
MUNDER	CMO MORGAN J P COML FIN CORP PASS THRU CTF 1998-C8 CL 6.613 DUE 01-15-2030 BEO	USA	1,100,000.00	1,050,414.06	1,167,969.00
MUNDER	CMO MORGAN STANLEY DEAN WITTER CAP I TR 2001-TOP3 CL A-3 6.39 6-15-11 BEO	USA	1,000,000.00	1,005,333.00	1,039,200.00
MORGAN STANLEY BOND	CMO NATIONSLINK FDG CORP 6.001 DUE 11-20-2007 BEO	USA	448,039.67	420,718.30	465,047.25
MUNDER	CMO NATIONSLINK FDG CORP SER 1999-1 CL-A2 6.316 DUE 01-20-2031 BEO	USA	750,000.00	751,230.47	785,302.50
MORGAN STANLEY BOND	CMO PNC MTG ACCEP CORP 2000-C2 COML MTG PASSTHRU CTF CL A-2 7.3 09-15-2010 BEO	USA	500,000.00	535,722.66	549,765.00
MORGAN STANLEY BOND	CMO SALOMON BROS COML MTG TR SER 2000-C3CL A2 6.592 DUE 12-18-2033 BEO	USA	500,000.00	506,894.53	526,165.00
MORGAN STANLEY BOND	CMO US AWYS PASS THRU TRS SER 2000-1 PASSTHRU CTF CL G 8.11 DUE 02-20-2017	USA	156,242.66	156,242.66	163,103.27
ZURICH SCUDDER	COML MTG ACCEP CORP PASSTHRU CTF S ER 1998-C2 CL A-2 6.03 DUE 03-15-2008 B EO	USA	1,000,000.00	1,003,242.19	1,033,250.00
MORGAN STANLEY BOND	I/O AMER S W. FINL SECS CORP SER 93-2 CLS1 VAR RT COML MTG PASS THRU CTF 1-18-09	USA	2,706,887.76	61,551.58	62,312.55
MORGAN STANLEY BOND	I/O AST SECURITIZATION CORP SER SER 97-D5 CL PS1 VAR RT MTG 2-14-2041 BEO	USA	1,897,297.76	184,475.36	141,177.92
MORGAN STANLEY BOND	I/O GMAC COML MTG SEC INC SER 1998-C1 X2VAR RT MTG PASSTHRU CTF 3-15-21 BEO	USA	1,337,523.63	62,748.88	73,510.29
MORGAN STANLEY BOND	PVTPL CMO WORLD FINL PPTYS TOWER B FIN CORP SER 1998 WFP-B 144A 6.91 09-01-2013	USA	372,304.95	371,437.81	381,742.88
	TOTAL NON-GOVERNMENT BACKED CMO's		**19,508,143.03**	**13,780,917.83**	**14,577,741.63**
	TOTAL CORPORATE FIXED INCOME		**158,460,078.67**	**152,778,446.57**	**157,898,977.03**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2001

Account name	Asset description	Country	Shares/Par Value	Book Value	Market Value
	U.S. GOVERNMENT AGENCIES				
MUNDER	FHLB 5.125 09-15-2003	USA	750,000.00	753,691.41	777,667.50
MUNDER	FHLB 5.8 09-02-2008	USA	1,000,000.00	912,990.00	1,057,750.00
ZURICH SCUDDER	FHLB 6.17 BD DUE 11-20-2002/00 BEO	USA	1,000,000.00	1,000,000.00	1,036,410.00
MUNDER	FHLB 6.5 DUE 11-15-2005 REG	USA	1,000,000.00	1,035,700.00	1,087,300.00
MUNDER	FHLB FEDERAL HOME LOAN BANK 5.5 12-11-2013 BEO	USA	500,000.00	433,660.00	500,310.00
MUNDER	FHLMC CONS BD 7.5 05-15-2020	USA	1,150,000.00	1,202,273.00	1,332,562.50
ALLIANCE	FHLMC DEB 5.25 02-15-2004	USA	6,195,000.00	6,204,418.51	6,452,526.15
ALLIANCE	FHLMC DEB DTD 07/16/2001 5.5 07-15-2006	USA	4,900,000.00	4,990,009.11	5,151,419.00
BARROW HANLEY	FHLMC DEB DTD 07/16/2001 5.5 07-15-2006	USA	180,000.00	183,023.44	189,235.80
ALLIANCE	FHLMC REFERENCE NT 5.5 09-15-2011	USA	1,305,000.00	1,305,261.00	1,325,044.80
MUNDER	FHLMC REFERENCE NT 5.5 09-15-2011	USA	1,500,000.00	1,485,981.50	1,523,040.00
ALLIANCE	FNMA 6 12-15-2005	USA	1,855,000.00	1,869,542.21	1,984,831.45
ZURICH SCUDDER	FNMA FNMA 6 05-15-2011	USA	250,000.00	256,875.00	263,340.00
MORGAN STANLEY BOND	FNMA NT 7.25 05-15-2030 BEO	USA	0.01	0.10	0.01
MUNDER	FNMA PREASSIGN 00060 5.5 02-15-2006	USA	3,025,000.00	3,074,712.46	3,177,792.75
MUNDER	PVT EXPT FDG CORP 5.75 DUE 01-15-2008 REG	USA	1,000,000.00	1,000,000.00	1,070,970.00
	TOTAL U.S. GOVERNMENT AGENCIES		**25,610,000.01**	**25,688,137.74**	**26,930,199.96**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2001

Account name	Asset description	Country	Shares/Par Value	Book Value	Market Value
	U.S. GOVERNMENT BONDS				
BARROW HANLEY	US TREAS BDS 10.75 DUE 02-15-2003 REG	USA	1,170,000.00	1,390,334.77	1,295,985.60
BARROW HANLEY	US TREAS BDS 6.125 DUE 11-15-2027 REG	USA	710,000.00	743,637.08	772,210.20
ZURICH SCUDDER	US TREAS BDS 6 625 DUE 02-15-2027 REG	USA	2,255,000.00	2,525,528.47	2,601,728.80
ZURICH SCUDDER	US TREAS BDS 7.25 DUE 08-15-2022 REG	USA	4,365,000.00	4,916,859.63	5,333,549.85
MUNDER	US TREAS BDS 7.5 DUE 11-15-2016 REG	USA	1,000,000.00	1,175,555.57	1,229,150.00
ZURICH SCUDDER	US TREAS BDS 7.5 DUE 11-15-2016 REG	USA	90,000.00	106,441.65	110,623.50
MORGAN STANLEY BOND	US TREAS BDS 8 3/4 15/8/2020 USD1000 8.75 DUE 08-15-2020 REG	USA	500,000.00	687,578.13	696,625.00
MUNDER	US TREAS BDS 8 DUE 11-15-2021/04-29-1999REG	USA	1,000,000.00	1,191,093.69	1,311,500.00
BARROW HANLEY	US TREAS BDS 8.125 DUE 08-15-2019 REG	USA	645,000.00	792,285.85	846,149.70
ALLIANCE	US TREAS BDS 8.125 DUE 08-15-2019 REG CVOVER 1 BIL	USA	2,185,000.00	2,706,079.96	2,866,414.10
ALLIANCE	US TREAS BDS WI TREAS SEC GOVT NATL 5.375 DUE 02-15-2031 BEO	USA	3,180,000.00	3,136,535.00	3,160,125.00
ALLIANCE	US TREAS NTS 4.625 DUE 05-15-2006 REG	USA	7,325,000.00	7,347,686.25	7,581,375.00
ALLIANCE	US TREAS NTS 5 DUE 08-15-2011 REG	USA	700,000.00	701,365.00	723,408.00
BARROW HANLEY	US TREAS NTS 5 DUE 08-15-2011 REG	USA	700,000.00	717,171.88	723,408.00
MUNDER	US TREAS NTS 5.5 DUE 05-15-2009 REG	USA	1,500,000.00	1,530,996.09	1,602,825.00
ALLIANCE	US TREAS NTS 6.5 DUE 05-31-2002 REG	USA	4,150,000.00	4,246,873.15	4,258,937.50
BARROW HANLEY	US TREAS NTS 6.625 DUE 05-15-2007 REG	USA	1,090,000.00	1,187,591.98	1,226,587.90
BARROW HANLEY	US TREAS NTS 6.75 15/5/2005 USD1000 6.75DUE 05-15-2005 REG	USA	1,900,000.00	2,041,267.09	2,099,899.00
BARROW HANLEY	US TREAS NTS DTD 00878 5.75 DUE 11-15-2005 BEO	USA	1,650,000.00	1,727,236.36	1,774,921.50
ZURICH SCUDDER	US TREAS NTS DTD 02/15/2000 6.5 DUE 02-15-2010 BEO	USA	4,413,000.00	4,885,573.22	5,007,872.40
ALLIANCE	US TREAS NTS DTD 08/15/1999 - NTS 6 DUE 08-15-2004 REG	USA	1,965,000.00	2,056,420.61	2,110,449.30
BARROW HANLEY	US TREAS NTS DTD 08/15/2000 5.75 DUE 08-15-2010 REG	USA	3,145,000.00	3,304,221.22	3,407,701.85
	TOTAL U.S. GOVERNMENT BONDS		**45,638,000.00**	**49,118,332.45**	**50,741,447.20**
	U.S. GOVERNMENT MORTGAGE BACKED				
ZURICH SCUDDER	FHLMC GOLD C01079 7.5 10-01-2030	USA	157,052.88	160,488.43	163,457.49
ZURICH SCUDDER	FHLMC GOLD C0-1210 6.5 08-01-2031	USA	3,368,987.86	3,381,071.84	3,428,989.17
BARROW HANLEY	FHLMC GOLD C26472 6.5 05-01-2029	USA	1,110,352.72	1,090,227.59	1,134,747.16
ZURICH SCUDDER	FHLMC GOLD C48590 6.5 03-01-2031	USA	3,705,304.17	3,695,172.49	3,776,186.63
ZURICH SCUDDER	FHLMC GOLD C48827 6 03-01-2031	USA	1,064,352.28	1,042,233.70	1,062,670.60
MORGAN STANLEY BOND	FHLMC GOLD C5-2115 7.5 05-01-2031	USA	690,294.31	711,326.71	718,962.23
MORGAN STANLEY BOND	FHLMC GOLD C5-3329 7.5 08-01-2031	USA	528,147.05	544,239.03	550,080.99
MORGAN STANLEY BOND	FHLMC GOLD C5-5068 7.5 07-01-2031	USA	499,956.20	515,189.24	520,719.38
MORGAN STANLEY BOND	FHLMC GOLD C5-5069 7.5 07-01-2031	USA	781,360.18	805,167.24	813,810.06
BARROW HANLEY	FHLMC GOLD E83710 6 06-01-2016	USA	620,864.80	617,568.46	632,760.57
MORGAN STANLEY BOND	FHLMC GOLD E8-5035 6 08-01-2016	USA	3,313,331.55	3,301,941.96	3,371,314.85
BARROW HANLEY	FHLMC GOLD GROUP C00835 6.5 07-01-2029	USA	1,469,045.93	1,378,541.96	1,501,320.86
MUNDER	FHLMC GOLD GROUP C01095 7 11-01-2030	USA	1,519,420.91	1,499,478.51	1,571,521.85
MUNDER	FHLMC MULTICLASS SER 1602 CL 1602-PO 6.504-15-2022	USA	1,000,000.00	958,593.75	1,059,060.00
MUNDER	FHLMC MULTICLASS SER 1611 CL IA 6.5 MTG PARTN CTF DUE 02-15-2023 REG	USA	1,000,000.00	964,218.75	1,055,620.00
MUNDER	FHLMC MULTICLASS SER 2141 CL N 5.55 11-15-2027	USA	1,000,000.00	959,257.81	977,180.00
MORGAN STANLEY BOND	FHLMC MULTICLASS SER 2171 6.279 06-15-2009	USA	540,000.00	518,315.63	563,662.80
MUNDER	FHLMC MULTICLASS SER G023 CL G023-G 5 04-25-2019	USA	529,264.80	509,169.30	533,064.92
ZURICH SCUDDER	FNMA 30 YR PASS-THROUGHS 6 30 YEARS SETTLES OCT	USA	4,125,000.00	4,098,871.09	4,112,088.75
ALLIANCE	FNMA 30 YR PASS-THROUGHS 6.5 30 YEARS SETTLES OCT	USA	4,980,000.00	5,020,073.44	5,064,012.60
BARROW HANLEY	FNMA 30 YR PASS-THROUGHS 6.5 30 YEARS SETTLES OCT	USA	1,200,000.00	1,215,562.50	1,220,244.00
ZURICH SCUDDER	FNMA 30 YR PASS-THROUGHS 6.5 30 YEARS SETTLES OCT	USA	4,525,000.00	4,568,835.94	4,601,336.75
MORGAN STANLEY BOND	FNMA POOL # 0535283 8 DUE 05-01-2030 REG	USA	791,312.30	819,502.81	828,583.10
MORGAN STANLEY BOND	FNMA POOL # 0558403 6 DUE 03-01-2031 REG	USA	0.01	0.01	0.01
MORGAN STANLEY BOND	FNMA POOL # 0568200 6 DUE 07-01-2031 REG	USA	808,931.13	782,514.48	807,143.39
MORGAN STANLEY BOND	FNMA POOL # 0569579 6 DUE 04-01-2031 REG	USA	726,190.47	709,283.85	724,585.58
MORGAN STANLEY BOND	FNMA POOL # 0572821 6 DUE 04-01-2031 REG	USA	0.01	0.03	0.01
MORGAN STANLEY BOND	FNMA POOL # 0573439 6 DUE 04-01-2031 REG	USA	0.01	0.01	0.01
MORGAN STANLEY BOND	FNMA POOL # 0574047 6 DUE 05-01-2031 REG	USA	122,386.67	118,389.98	122,116.19
MORGAN STANLEY BOND	FNMA POOL # 0574717 6 DUE 03-01-2031 REG	USA	0.01	0.04	0.01
MORGAN STANLEY BOND	FNMA POOL # 0575042 6 DUE 03-01-2031 REG	USA	0.01	0.01	0.01
MORGAN STANLEY BOND	FNMA POOL # 0575077 6 DUE 05-01-2031 REG	USA	263,487.86	254,883.33	262,905.55
MORGAN STANLEY BOND	FNMA POOL # 0575119 6 DUE 05-01-2031 REG	USA	860,463.51	832,364.00	858,561.88
MORGAN STANLEY BOND	FNMA POOL # 0575420 6 DUE 04-01-2031 REG	USA	994,273.05	961,803.81	992,075.70
MORGAN STANLEY BOND	FNMA POOL # 0575794 6 DUE 04-01-2031 REG	USA	1,223,364.87	1,194,883.40	1,220,661.23
MORGAN STANLEY BOND	FNMA POOL # 0575834 6 DUE 05-01-2031 REG	USA	675,238.71	657,800.72	673,748.43
MORGAN STANLEY BOND	FNMA POOL # 0577936 6 DUE 04-01-2031 REG	USA	277,494.12	268,432.21	276,880.85
MORGAN STANLEY BOND	FNMA POOL # 0578189 6 DUE 07-01-2031 REG	USA	748,470.77	724,028.52	746,816.65
MORGAN STANLEY BOND	FNMA POOL # 0578557 6 DUE 04-01-2031 REG	USA	995,777.80	963,259.42	993,577.13
BARROW HANLEY	FNMA POOL # 0578778 6 DUE 05-01-2016 REG	USA	553,444.45	548,688.28	563,356.64
MORGAN STANLEY BOND	FNMA POOL # 0579276 6 DUE 04-01-2031 REG	USA	117,270.29	113,440.68	117,011.12
MORGAN STANLEY BOND	FNMA POOL # 0581717 6 DUE 07-01-2031 REG	USA	248,907.11	240,778.74	248,357.02
MORGAN STANLEY BOND	FNMA POOL # 0581857 6 DUE 07-01-2031 REG	USA	750,074.19	725,579.58	748,416.52
MORGAN STANLEY BOND	FNMA POOL # 0582058 6 DUE 05-01-2031 REG	USA	61,127.24	59,131.06	60,992.14
MORGAN STANLEY BOND	FNMA POOL # 0582119 6 DUE 05-01-2031 REG	USA	118,683.54	116,180.05	118,421.24
MORGAN STANLEY BOND	FNMA POOL # 0582922 6 DUE 07-01-2031 REG	USA	255,240.29	246,905.10	254,676.20
MORGAN STANLEY BOND	FNMA POOL # 0582993 6 DUE 07-01-2031 REG	USA	400,484.12	390,398.70	399,599.05
MORGAN STANLEY BOND	FNMA POOL # 0582997 6.5 DUE 07-01-2031 REG	USA	166,195.84	166,377.62	169,165.76
MORGAN STANLEY BOND	FNMA POOL # 0583655 6 DUE 06-01-2031 REG	USA	261,853.36	256,329.89	261,274.66
MORGAN STANLEY BOND	FNMA POOL # 0583956 6 DUE 07-01-2031 REG	USA	618,248.30	605,207.10	616,881.97
MORGAN STANLEY BOND	FNMA POOL # 0586702 6.5 DUE 06-01-2031 REG	USA	159,456.82	159,631.23	162,306.31
MORGAN STANLEY BOND	FNMA POOL # 0588289 6 DUE 06-01-2031 REG	USA	245,226.20	237,218.03	244,684.25
MORGAN STANLEY BOND	FNMA POOL # 0588977 6 DUE 06-01-2031 REG	USA	328,185.82	317,468.51	327,460.52
MORGAN STANLEY BOND	FNMA POOL # 0590035 6 DUE 06-01-2031 REG	USA	898,989.29	876,106.25	895,006.94
MORGAN STANLEY BOND	FNMA POOL # 0590130 6 DUE 06-01-2031 REG	USA	707,222.28	684,127.05	705,659.31
MORGAN STANLEY BOND	FNMA POOL # 0592125 6 DUE 06-01-2031 REG	USA	174,227.99	168,538.35	173,842.94
MORGAN STANLEY BOND	FNMA POOL # 0592145 6 DUE 07-01-2031 REG	USA	994,431.74	961,957.33	992,234.04
MORGAN STANLEY BOND	FNMA POOL # 0593020 6.5 DUE 09-01-2031 REG	USA	235,242.00	235,499.30	239,137.60

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2001

Account name	Asset description	Country	Shares/Par Value	Book Value	Market Value
	U.S. GOVERNMENT MORTGAGE BACKED				
MORGAN STANLEY BOND	FNMA POOL # 0593093 6 DUE 07-01-2031 REG	USA	331,025.27	323,111.70	330,293.70
MORGAN STANLEY BOND	FNMA POOL # 0595949 6 DUE 07-01-2031 REG	USA	807,673.24	781,297.66	805,888.28
MORGAN STANLEY BOND	FNMA POOL # 0595975 6 DUE 07-01-2031 REG	USA	439,817.35	425,454.57	438,845.35
ZURICH SCUDDER	FNMA POOL # 0597497 6.5 DUE 09-01-2031 REG	USA	2,275,040.93	2,298,146.81	2,315,229.41
MORGAN STANLEY BOND	FNMA POOL # 0598209 6.5 DUE 08-01-2031 REG	USA	664,668.02	665,395.00	675,674.92
MORGAN STANLEY BOND	FNMA POOL # 0599060 6.5 DUE 08-01-2031 REG	USA	674,347.93	675,085.50	685,515.13
BARROW HANLEY	FNMA POOL # 0601838 6.5 DUE 08-01-2031 REG	USA	898,926.86	895,415.43	913,813.08
MORGAN STANLEY BOND	FNMA POOL # 0601886 6 DUE 08-01-2031 REG	USA	1,498,534.41	1,468,329.58	1,493,379.45
ZURICH SCUDDER	FNMA POOL # 252438 6 DUE 05-01-2029 REG	USA	1,903,690.70	1,733,251.05	1,907,707.48
MORGAN STANLEY BOND	FNMA POOL # 252982 8 DUE 01-01-2030 REG	USA	226,068.19	234,121.88	236,851.64
BARROW HANLEY	FNMA POOL # 253355 7.5 DUE 07-01-2030 REG	USA	643,647.47	624,941.47	669,367.62
MORGAN STANLEY BOND	FNMA POOL # 253517 8.5 DUE 11-01-2030 REG	USA	274,310.16	284,168.19	289,789.48
BARROW HANLEY	FNMA POOL # 253843 7.5 DUE 02-01-2031 REG	USA	712,291.50	726,537.33	740,754.66
ZURICH SCUDDER	FNMA POOL # 253794 6.5 DUE 05-01-2031 REG	USA	1,037,850.54	1,033,958.60	1,056,396.92
BARROW HANLEY	FNMA POOL # 323908 6 DUE 09-01-2029 REG	USA	469,292.55	436,882.04	470,282.75
ALLIANCE	FNMA POOL # 323970 7 DUE 10-01-2014 REG	USA	5,728,161.05	5,631,945.19	5,972,295.27
ZURICH SCUDDER	FNMA POOL # 357125 6 DUE 05-01-2016 REG	USA	3,091,838.71	3,060,437.23	3,147,213.54
MUNDER	FNMA POOL # 360010 7.05 DUE 09-01-2003 REG	USA	850,000.00	837,117.19	886,975.00
MUNDER	FNMA POOL # 380823 ADJ RT DUE 09-01-2008REG	USA	386,764.01	369,609.42	405,653.56
MUNDER	FNMA POOL # 450601 6 DUE 12-01-2028 REG	USA	1,164,274.65	1,056,943.10	1,167,802.40
MUNDER	FNMA POOL # 508855 8 DUE 08-01-2029 REG	USA	836,043.05	839,178.21	875,922.30
ZURICH SCUDDER	FNMA POOL # 512154 6 DUE 07-01-2014 REG	USA	3,267,647.84	3,061,377.39	3,342,640.15
ALLIANCE	FNMA POOL # 516804 6 DUE 10-01-2029 REG	USA	5,010,074.88	4,566,998.37	5,020,646.11
MORGAN STANLEY BOND	FNMA POOL # 534828 8.5 DUE 04-01-2030 REG	USA	210,084.51	217,634.44	221,939.57
ZURICH SCUDDER	FNMA POOL # 535102 7 DUE 01-01-2015 REG	USA	1,473,136.26	1,442,752.84	1,535,921.32
MORGAN STANLEY BOND	FNMA POOL # 535364 8 DUE 06-01-2030 REG	USA	14,678.45	15,201.37	15,369.80
ALLIANCE	FNMA POOL # 535785 6.5 DUE 03-01-2016 REG	USA	6,429,840.77	6,461,487.69	6,634,116.81
ALLIANCE	FNMA POOL # 535996 7.5 DUE 06-01-2031 REG	USA	9,894,883.85	10,098,132.41	10,131,490.40
ZURICH SCUDDER	FNMA POOL # 536794 7 DUE 05-01-2015 REG	USA	1,198,471.56	1,173,940.39	1,248,651.56
ZURICH SCUDDER	FNMA POOL # 541838 7 DUE 06-01-2015 REG	USA	274,827.93	269,202.54	286,334.97
MORGAN STANLEY BOND	FNMA POOL # 542206 8.5 DUE 07-01-2030 REG	USA	146,908.42	152,187.95	155,198.46
MORGAN STANLEY BOND	FNMA POOL # 542797 8.5 DUE 08-01-2030 REG	USA	352,533.71	365,202.90	372,427.18
MORGAN STANLEY BOND	FNMA POOL # 544397 8.5 DUE 08-01-2030 REG	USA	295,996.62	306,634.01	312,699.70
MORGAN STANLEY BOND	FNMA POOL # 544476 8.5 DUE 08-01-2030 REG	USA	215,786.36	223,541.19	227,963.18
MORGAN STANLEY BOND	FNMA POOL # 544701 8.5 DUE 07-01-2030 REG	USA	251,095.07	260,118.81	265,264.36
MORGAN STANLEY BOND	FNMA POOL # 544940 8.5 DUE 07-01-2030 REG	USA	182,284.83	188,835.70	192,571.16
MORGAN STANLEY BOND	FNMA POOL # 546560 8.5 DUE 07-01-2030 REG	USA	244,264.40	253,042.66	258,048.24
MORGAN STANLEY BOND	FNMA POOL # 546667 8.5 DUE 07-01-2030 REG	USA	102,279.72	105,955.41	108,051.36
MORGAN STANLEY BOND	FNMA POOL # 548965 8.5 DUE 07-01-2030 REG	USA	345,125.93	357,528.90	364,601.38
MORGAN STANLEY BOND	FNMA POOL # 549604 8 DUE 08-01-2030 REG	USA	15,740.86	16,301.63	16,482.25
MORGAN STANLEY BOND	FNMA POOL # 552561 8.5 DUE 10-01-2030 REG	USA	323,429.14	335,052.39	341,680.24
MORGAN STANLEY BOND	FNMA POOL # 553246 8.5 DUE 09-01-2030 REG	USA	212,765.28	220,411.53	224,771.62
ZURICH SCUDDER	FNMA POOL # 553269 7.5 DUE 10-01-2030 REG	USA	592,610.89	589,833.03	616,291.62
MORGAN STANLEY BOND	FNMA POOL # 553646 8 DUE 09-01-2030 REG	USA	799,200.12	827,671.63	836,842.44
MORGAN STANLEY BOND	FNMA POOL # 554289 8.5 DUE 09-01-2023 REG	USA	133,674.13	138,478.06	141,217.36
BARROW HANLEY	FNMA POOL # 557390 7.5 DUE 10-01-2015 REG	USA	754,319.33	775,416.72	788,459.82
MORGAN STANLEY BOND	FNMA POOL # 560458 8 DUE 12-01-2030 REG	USA	38,320.35	39,685.51	40,125.23
MORGAN STANLEY BOND	FNMA POOL # 560994 8.5 DUE 11-01-2030 REG	USA	542,695.34	562,198.45	573,319.63
MORGAN STANLEY BOND	FNMA POOL # 562055 8.5 DUE 12-01-2030 REG	USA	353,891.36	366,609.35	373,861.44
MORGAN STANLEY BOND	FNMA POOL # 562119 8.5 DUE 12-01-2030 REG	USA	325,050.67	336,732.18	343,393.27
MORGAN STANLEY BOND	FNMA POOL # 563783 8.5 DUE 12-01-2030 REG	USA	830,058.03	859,888.25	876,898.20
MORGAN STANLEY BOND	FNMA POOL # 567550 8.5 DUE 01-01-2031 REG	USA	479,677.85	496,916.28	506,746.07
MORGAN STANLEY BOND	FNMA POOL # 568495 8.5 DUE 01-01-2031 REG	USA	1,259,224.26	1,304,477.83	1,330,282.28
BARROW HANLEY	FNMA POOL # 573932 6 DUE 03-01-2031 REG	USA	391,012.43	383,008.90	390,148.29
MORGAN STANLEY BOND	FNMA POOL # 577186 6 DUE 05-01-2031 REG	USA	333,362.00	323,984.16	332,625.27
MORGAN STANLEY BOND	FNMA POOL # 579483 6 DUE 04-01-2031 REG	USA	848,474.97	820,766.95	846,599.84
MORGAN STANLEY BOND	FNMA POOL # 582652 6 DUE 06-01-2031 REG	USA	137,411.55	132,924.20	137,107.87
MORGAN STANLEY BOND	FNMA POOL # 583823 6 DUE 05-01-2031 REG	USA	929,789.11	899,406.34	927,714.32
ZURICH SCUDDER	FNMA POOL #0253516 DUE 12-01-2040 REG	USA	627,782.81	634,943.48	657,351.38
MUNDER	FNMA REMIC SER 1993-203 CL PL 6.5 DUE 10-25-2023 BEO	USA	500,000.00	483,867.19	520,310.00
MUNDER	FNMA REMIC TR 1993-068 CL-PL 7 05-25-2008	USA	500,000.00	486,210.94	537,185.00
MUNDER	FNMA REMIC TR 1998-46 CL-PE 6 10-18-2019	USA	960,134.81	941,437.39	989,831.78
MUNDER	FNMA REMIC TR 1998-61 CL-PK 6 12-25-2026	USA	1,675,000.00	1,582,500.00	1,703,257.25
MUNDER	FNMA REMIC TR 1999-17 CL-PC 6 12-25-2022	USA	1,000,000.00	961,562.50	1,047,500.00
MUNDER	FNMA REMIC TR SER 1993-130 CL J 6.5 GTD MTG PASS THRU CTF DUE 08-25-2021 REG	USA	1,500,001.23	1,473,281.25	1,582,021.29
MUNDER	FNMA SERIES-T5 CL B 7.3 05-25-2010	USA	320,000.00	326,700.00	356,326.40
BARROW HANLEY	FNMA TBA POOL #9999999 7 DUE 11-01-2029 REG	USA	2,630,000.00	2,673,559.37	2,711,345.90
MORGAN STANLEY BOND	FNMA TBA POOL #9999999 8 DUE 10-14-2029 REG	USA	3,250,000.00	3,400,312.50	3,407,397.50
BARROW HANLEY	FNMA TBA POOL 6.5 15 YR OCT	USA	400,000.00	409,500.00	412,000.00
BARROW HANLEY	GNMA POOL # 0550382 SER 2031 7 DUE 03-15-2031 REG	USA	1,224,022.08	1,255,005.15	1,270,534.91
MAIN ACCOUNT	GNMA POOL # 196400 8.5 DUE 04-15-2002 REG	USA	1,124.31	1,114.12	1,149.51
MORGAN STANLEY BOND	GNMA POOL # 248155 10 DUE 01-15-2018 REG	USA	15,572.49	17,168.68	17,294.18
MORGAN STANLEY BOND	GNMA POOL # 337484 6 DUE 07-15-2008 REG	USA	193,957.54	188,381.28	198,373.95
MORGAN STANLEY BOND	GNMA POOL # 358424 6 DUE 09-15-2008 REG	USA	352,483.56	342,349.70	360,509.61
MORGAN STANLEY BOND	GNMA POOL # 365501 7 DUE 12-15-2025 REG	USA	202,292.12	200,711.71	210,968.42
MORGAN STANLEY BOND	GNMA POOL # 395898 7 DUE 12-15-2025 REG	USA	64,255.69	63,753.69	67,011.61
MORGAN STANLEY BOND	GNMA POOL # 409232 7 DUE 12-15-2025 REG	USA	61,525.76	61,045.09	64,164.60
MORGAN STANLEY BOND	GNMA POOL # 419334 7 DUE 12-15-2025 REG	USA	87,810.13	87,124.12	91,576.30
MORGAN STANLEY BOND	GNMA POOL # 426727 SER 2029 7 DUE 02-15-2029 REG	USA	609,382.46	591,386.67	632,112.42
ZURICH SCUDDER	GNMA POOL # 434555 SER 2029 7 DUE 10-15-2029 REG	USA	1,661,857.12	1,610,962.75	1,723,844.39
ZURICH SCUDDER	GNMA POOL # 434644 SER 2029 7.5 DUE 12-15-2029 REG	USA	573,228.59	590,918.08	598,714.33
ALLIANCE	GNMA POOL # 486845 SER 2029 6.5 DUE 01-15-2029 REG	USA	3,795,052.42	3,611,229.58	3,882,148.87
MUNDER	GNMA POOL # 498499 SER 2029 7 DUE 02-15-2029 REG	USA	811,377.03	830,076.74	841,641.39
MORGAN STANLEY BOND	GNMA POOL # 504549 SER 2029 7 DUE 09-15-2029 REG	USA	873,967.06	848,157.75	906,566.03
ZURICH SCUDDER	GNMA POOL # 505085 SER 2029 7.5 DUE 07-15-2029 REG	USA	1,379,245.81	1,356,402.06	1,440,567.07

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2001

Account name	Asset description	Country	Shares/Par Value	Book Value	Market Value
	U.S. GOVERNMENT MORTGAGE BACKED				
MORGAN STANLEY BOND	GNMA POOL # 514513 SER 2029 7 DUE 09-15-2029 REG	USA	1,765,350.89	1,713,217.87	1,831,198.47
MORGAN STANLEY BOND	GNMA POOL # 518451 SER 2029 7 DUE 09-15-2029 REG	USA	1,578,026.47	1,531,425.41	1,636,886.85
BARROW HANLEY	GNMA POOL # 544639 SER 2030 7.5 DUE 11-15-2030 REG	USA	416,176.38	416,306.45	434,733.68
ALLIANCE	GNMA POOL # 781216 SER 2030 6.5 DUE 12-15-2030 REG	USA	359,999.69	361,799.69	368,535.28
ZURICH SCUDDER	GNMA POOL # 781216 SER 2030 6.5 DUE 12-15-2030 REG	USA	883,690.61	884,104.85	904,642.91
ALLIANCE	GNMA POOL # 781245 SER 2031 6 DUE 02-15-2031 REG	USA	2,388,156.58	2,346,383.08	2,397,852.49
MORGAN STANLEY BOND	GNMA POOL #404669 7.00 DUE 12-15-2025 REG	USA	131,478.67	130,451.52	137,117.79
MORGAN STANLEY BOND	GNMA REMIC SER 2000-8 CL SA FLT RT 01-16-2030	USA	1,373,452.70	88,492.96	132,139.88
ZURICH SCUDDER	GNMAII POOL # 003068 SER 2031 6.5 DUE 04-20-2031 REG	USA	1,419,226.79	1,417,674.51	1,445,624.40
MORGAN STANLEY BOND	I/O FHLMC MULTICLASS FHLMC #S1-0095 03-15-2031	USA	216,277.63	39,062.50	27,508.35
MORGAN STANLEY BOND	I/O FHLMC MULTICLASS SER 2234 CL SC 10-15-2029	USA	1,196,163.54	93,328.06	71,185.24
MORGAN STANLEY BOND	I/O FHLMC MULTICLASS SER G063 CL SA 06-17-2027	USA	1,353,383.04	65,204.39	30,072.17
MORGAN STANLEY BOND	I/O FHLMC STRIP SER 191 CL IO 8 CTF DUE 01-15-2028 REG	USA	228,319.24	72,160.91	40,597.44
MORGAN STANLEY BOND	I/O FNMA PREASSIGN 00300 12-25-2027	USA	1,783,614.42	103,882.10	93,259.93
MORGAN STANLEY BOND	I/O FNMA REMIC TR 1997-30 CL-SI VAR RATE07-25-2022	USA	1,299,169.44	169,687.22	105,414.60
MORGAN STANLEY BOND	I/O FNMA SMBS TR 000267 CL 2 10-25-2024	USA	428,543.42	105,977.52	70,975.36
MORGAN STANLEY BOND	I/O FNMA SMBS TR 000296 CL 2 03-25-2028	USA	341,748.08	50,923.62	70,847.79
MORGAN STANLEY BOND	I/O FNMA SMBS TR 000306 CL 2 04-25-2030	USA	1,300,512.16	341,867.12	178,820.42
MORGAN STANLEY BOND	I/O FNMA SMBS TR 000307 CL 2 05-25-2030	USA	556,964.78	117,571.44	76,582.65
MORGAN STANLEY BOND	I/O FNMA SMBS TR 270 CL 2 08-25-2025	USA	554,587.07	209,905.74	103,203.10
MORGAN STANLEY BOND	I/O GNMA REMIC SER 1999-29 CL SD VAR RT 03-16-2026	USA	1,111,530.09	25,580.48	77,562.57
MORGAN STANLEY BOND	I/O GNMA REMIC SER 1999-34 CL SB 07-16-2027	USA	2,150,722.58	111,156.59	154,658.46
MORGAN STANLEY BOND	I/O GNMA REMIC TR 1999 27 CL SE INVERSE FLTG 08-16-2027	USA	1,393,843.42	119,301.64	132,061.65
MORGAN STANLEY BOND	I/O GNMA REMIC TR 1999-30 CL SA INV INT ONLY 04-16-2029	USA	1,478,380.02	33,644.84	108,158.28
MORGAN STANLEY BOND	I/O GNMA REMIC TR 1999-32 CL MX-SB FLTG RATE 07-16-2027	USA	1,277,847.36	80,548.98	89,564.32
MORGAN STANLEY BOND	I/OFNMA REMIC SER 2001-4 CL SA DUE 02-17-2031 REG	USA	0.02	93,727.84	0.00
MORGAN STANLEY BOND	P/O FHLMC MULTICLASS SER 1911 CL C MTG PARTN CTF DUE 11-15-2023 REG	USA	387,125.29	124,419.36	366,801.21
MORGAN STANLEY BOND	P/O FNMA REMIC TR SER 1996-14 CL PC 0 GTD MTG PASS THRU CTF DUE 12-25-2023 REG	USA	16,441.54	3,491.02	14,838.49
	TOTAL U.S. GOVERNMENT MORTGAGE BACKED SECURITIES		**170,273,097.91**	**152,122,055.66**	**157,395,632.20**
	MUNICIPAL BONDS				
ALLIANCE	QUE PROV CDA PROV DE QUE GLOBAL NT 7.5 DUE 09-15-2029 BEO	Canada	700,000.00	684,068.00	785,491.00
	TOTAL MUNICIPAL BONDS		**700,000.00**	**684,068.00**	**785,491.00**
	TOTAL GOVERNMENT BONDS & BILLS		**216,611,097.91**	**201,924,456.11**	**208,922,570.40**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2001

Account name	Asset description	Country	Shares/Par Value	Book Value	Market Value
	REAL ESTATE FUNDS				
JP MORGAN	CF MGT-JPM SPECIAL SITUATION PROPERTY FUND	USA	16,979.32	11,129,658.52	12,955,526.78
JP MORGAN	CF MGT-JPM STRATEGIC PROPERTY FUND	USA	50,897.23	35,900,690.17	42,502,139.08
	TOTAL REAL ESTATE FUNDS		**67,876.55**	**47,030,348.69**	**55,457,665.86**
	REAL ESTATE				
FIPO	234 BISCAYNE BOULEVARD, MIAMI, FLORIDA	USA		70,202.00	70,202.00
FIPO	1895 CORAL WAY (SW 3RD AVENUE), MIAMI, FLORIDA	USA		841,835.00	841,835.00
	TOTAL REAL ESTATE			**912,037.00**	**912,037.00**

IV

ACTUARIAL

SECTION

Enrolled Actuary's Statement

This report has been prepared in accordance with standards established by the American Academy of Actuaries. To the best of our knowledge, it reflects the actuarial condition of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2000 for the Retirement Fund and for the COLA Fund.

All costs and cost components are calculated on the basis of actuarial assumptions, which reasonable reflect the experience of the Trust.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends, which may require a material increase in, plan costs or required contribution rates have been taken into account in the valuation.

STANLEY HOLCOMBE & ASSOCIATES

Comparison of Funding Progress
($000)

		10/01/2000 -$-	10/01/1999 -$-
I.	**Assets**		
A.	Book Value	854,106	760,554
B.	Market Value	994,587	932,848
II.	**Liabilities**		
A.	Retired and Vested	436,381	400,984
B.	Active		
	Employee Contributions	100,472	95,963
	Other Vested	281,021	284,770
	Non-Vested Accrued	14,804	13,283
C.	Total Accrued	832,678	795,000
III.	**Ratios**	%	%
	IA/IIC	102.6	95.7
	IB/IIC	119.4	117.3

STANLEY HOLCOMBE & ASSOCIATES – EXHIBIT 6

Summary of Actuarial Basis

Valuation Date: October 1, 2000 for Fiscal Year beginning October 1, 2001.

Valuation Method: Aggregate Cost Method.

Asset Valuation Method: Average of ratios of market to book values as of current and most recent September 30's. Average ratio is applied to book value at current September 30. The result cannot be greater than 120% of market value or less than 80% of market value.

Actuarial Assumptions:

Interest Discount/ Investment Return: 7.625% , compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	0.0507%	0.0284%
30	0.0801%	0.0351%
40	0.1072%	0.0709%
50	0.2579%	0.1428%
60	0.7976%	0.4439%
70	2.3760%	1.3730%

Disability Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

V

STATISTICAL

SECTION

STATISTICAL DATA OF VARIOUS ACCOUNTS

THROUGH SEPTEMBER 30, 2001

	GENERAL FUND		COLA I		COLA II	
MEMERSHIP ACCOUNT						
ADD:						
Members' Contributions						
After Tax	63,183,789					
Pre Tax	102,172,178		11,814,941			
After Tax from G & S	17,636					
Interest						
From Benefit Acct	59,337,754					
From Withdrawals	385,365					
		225,096,721		11,814,941		
DEDUCT:						
Refunds -						
Leaving Service	15,669,731		921,245			
Additional Contributions	171,226					
Accidental Death	441,596		22,039			
Accidental Disability	1,982,443					
Option 6A	571,614					
Ordinary Death	1,102,671		39,876			
Transfers -						
After Tax from G & S	4,412,189					
Benefit Account	89,753,333		4,679,894			
Transfers to Acct Payable	204,202					
Interest withheld	267,942					
Interest	1,225,548					
		115,822,496		5,663,053		
BALANCE AS OF 9/30/01		109,274,225		6,151,888		
BENEFIT ACCOUNT:						
ADD:						
Contributions -						
City of Miami	328,142,145		2,042,899		2,078,159	
Police Relief & Pension Fund	52,342					
Fire Relief & Pension Fund	28,473					
Members	697,822		0		0	
Transfers from Membership Acct	89,764,257		4,679,894		0	
Amortization of Discounts	10,319,476		249,134		0	
Dividends Received	114,293,402		513,605		1,919,985	
Securities Lending Income	1,280,162		34,630		141,318	
Excess Interest Transfer	0		0		134,886,212	
Interest Income	383,439,044		6,949,040		8,443,845	
Other Income	1,785,302		17,676		71,774	
Profit on Sale of Investments	575,070,623		14,269,511		34,372,726	
Unrealized Profit on Sales of Inv	182,786		204,714		-10,155,511	
Rental Income	228,585		249		966	
Share of Earnings Income	0		1,170,581		0	
		1,505,284,419		30,131,932		171,559,475
DEDUCT:						
Pensions Paid						
Fire	251,653,556					
Police	244,958,664					
General	7,034,700					
Former Gen assumed by Trust	276,624					
Pension Payments Prior 1966	989,022					
Distributions	0		7,788,386		32,349,654	
Lump Sum Payments to Benef	79,137					
Death Benefits	846,543					
Amortization of Premium	4,876,744					
Corrections to Control	17,117,379					
Income Expenses	23,648,551		267,074		803,552	
Securities Lending Fees	383,987		10,387		42,392	
Other Expenses	0		45,256			
Vested Rights Withdrawals	538,416					
Transfers -						
Excess Interest Earnings	134,686,212					
G & S Benefit Account	5,378,420					
G & S Share of Earnings	5,251,212					
Interest to Membership Acct	59,402,742					
Interest on VR Withdrawals	140,518					
Overpayments (uncollectible)	789					
		757,263,196		8,111,104		33,195,597
BALANCE AS OF 9/30/01		748,021,223		22,020,829		138,363,878
BENEFIT ACCOUNT - SPECIAL						
ADD:						
Contributions - City of Miami	1,001,273					
Members	9,945					
		1,011,218				
DEDUCT:						
Pension Paid		1,011,218				
BALANCE AS OF 9/30/01		0				
RESERVE ACCOUNT						
ADD:						
Transfers -						
Benefit Account	961,029					
BA Share of Earnings	222,289					
BALANCE AS OF 9/30/01		1,183,318				

SUMMARY OF ACTIVE MEMBERS STATISTICS

AS OF SEPTEMBER 30, 2001

NUMBER OF :		
	MALES	1,444
	FEMALES	240
TOTAL:		1,684
AVERAGES :		
	CURRENT AGE	38.1
	PAST SERVICE	12.5
	CREDITED PAST SERVICE	12.2
	ANNUAL EARNINGS	46,149

SUMMARY OF RETIREMENTS

JANUARY 1, 1940 THRU SEPTEMBER 30, 2001

Description	Service	Ordinary Disability	Accidental Disability	Accidental Death	Early Service	DROP Plan	Vested Rights	Continuances	Total Benefits Granted
Benefits Granted	1,668	51	447	38	105	169	71	170	2,719
Assumed by G.E.S.E. Fund	-184	-3	-19	0	0	0	0	0	-206
Terminated by Death	-647	-32	-202	-15	-8	0	-1	-8	-913
Terminated DROP Plan	0	0	0	0	0	-116	0	0	-116
Terminated by Marriage	0	0	0	-2	0	0	0	0	-2
Return to Service	-2	-3	-1	0	0	0	0	0	-6
Minors Attaining Age 18	0	-1	0	-7	0	0	0	0	-8
Payment Suspended	-2	0	-1	0	0	0	0	0	-3
Unmatured Vested Rights	0	0	0	0	0	0	-21	0	-21
Withdrawn Vested Rights	0	0	-2	0	0	0	-22	0	-24
Inactive Participants:	833	12	222	14	97	53	27	162	1,420

OUTLINE OF PRINCIPAL BENEFIT PROVISIONS OF THE CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

ORDINANCE NO. 10002 ADOPTED JUNE 13, 1985

EARNABLE COMPENSATION:

Earnable compensation, shall mean an employee's base salary including pickup contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death in the family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.

COVERED GROUP:

All fire fighters or police officers presently employed by the City as a fire fighter or police officer whether in the classified or unclassified service of the City.

EMPLOYEE CONTRIBUTIONS:

Effective the first full pay period following October 1, 1999, it shall be 7% of pre tax earnable compensation. Effective the first full pay period following October 1, 2000, it shall be 7% of pre tax earnable compensation or a percent equal to the City's contribution, whichever is less.

INDIVIDUAL RETIREMENT ACCOUNTS:

Effective the first full pay period following October 1, 2000, should the members contribution be less than seven percent (7%) the difference between the seven percent and the actual contribution shall be deducted from the member's paycheck and placed into an individual contribution account (ICA) as part of the retirement system.

EMPLOYER CONTRIBUTIONS:

The City's annual fiscal contribution to the retirement system shall provide for the following (1) non-investment expenses of the retirement system, (2) normal costs of the retirement system.

NORMAL RETIREMENT AGE:

Age 50

SERVICE RETIREMENT:

The annual normal service retirement allowance, payable on a 40% Joint and Survivor basis will equal 3.0% of average final compensation per year of creditable service for the first 15 years of such creditable service and 3.5% of the average final compensation per year of creditable service after 15 years.

RULE OF 64 RETIREMENT:

A member, in service, who has not withdrawn from active membership in the retirement system may elect service retirement on the basis of his or her combined age and creditable service equaling 64 or more. Such election shall be made upon written application to the board, setting forth not less than 10 nor more than 90 days subsequent to the execution and filing thereof, the date the member desires to be retired.

EARLY RETIREMENT:

After 20 years of creditable service, accrued benefit actuarially adjusted.

DEFERRED RETIREMENT OPTION PROGRAM: (DROP)

A member who is eligible to retire under either Rule of 64 or Service retirement can elect to participate in the Deferred Retirement Option Program (DROP). The program allows the member to defer receipt of his retirement benefit into a "DROP" account while he/she continues to be employed by the Department. The member can be in the DROP for a maximum of 3 years.

B. A. C. DEFERRED RETIREMENT OPTION PROGRAM:

Shall mean *Benefit Actuarially Calculated* deferred retirement option program.

EARLY SERVICE RETIREMENT:

After 20 years of creditable service, accrued benefit actuarily adjusted.

AVERAGE FINAL COMPENSATION:

Shall mean the annual earnable compensation of a member during either the last one (1) year or the highest one (1) year of membership service, whichever is greater.

CREDITABLE SERVICE:

Membership credit upon which a member's eligibility to receive benefits under the retirement system is based or upon which the amount of such benefits is determined.

LIMITATIONS ON BENEFITS:

A member's retirement allowances shall not exceed one hundred percent (100%) of the member's final average compensation for members retiring under service retirement or rule of 64 retirement. Exceptions are, (1) members whose retirement allowances, prior to October 1, 1998, had already earned one hundred percent or greater, these members may continue to accrue pension benefits; (2) members whose retirement allowance exceeds one hundred percent as of October 1, 1998 due to the multiplier change, these members shall be capped at the new percentage.

OPTIONAL ALLOWANCES:

Normal form (Option 6C) is joint and 40% contingent survivor. Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of member. Option 6A is withdrawal of employee contributions with credited interest; monthly benefit is half of normal level. Option 6B is an additional 5% with no survivor benefit.

DISABILITY RETIREMENTS:

A. Ordinary Disability
After 10 years of creditable service, if not otherwise eligible for normal retirement, and incurred while not in line of duty, a benefit payable for life consisting of the benefit rate times 90% of average final compensation times years of creditable service, if such retirement allowance exceeds 30% of average final compensation. Otherwise, a benefit of 30% of the member's average final compensation.

B. Accidental Disability
Prior to age 60, incurred in line of duty. A benefit payable on a 40% joint and survivor basis of 66 2/3% of average or final compensation, whichever is larger.

DEATH BENEFIT:

A. Ordinary Death Benefit
After 3 years of service, provided death is not accidentally incurred in line of duty, a lump sum payment f 50% of annual compensation received in year prior to death plus an additional lump sum payment of member's accumulated contributions with interest to date of death. Or in lieu thereof; if eligible for Early or Service retirement, and with 3 years of membership, automatic Option 6C, payable to spouse, as through retirement had occurred on date of death (40% payable)

B. Accidental Death Benefit
Incurred in line of duty (or presumed to be in the line, i.e. heart), annual pension of 50% of average final compensation to spouse until death or remarriage or to children under 18, or to dependent parents for life. If none of such beneficiaries exist, the ordinary death benefit will be paid. Also a lump sum payment of member's accumulated contributions with interest to date of death is paid in addition to the above payments.

VESTED RIGHTS BENEFIT:

After completion of 10 years of service, provided accumulated contributions are not withdrawn. A benefit based on service and average final compensation when employment is terminated. Benefit is deferred to minimum retirement age.

C.O.L.A. ACCOUNT:

The COLA I benefit was determined from available monies from an initial city contribution made from the trust funds excess interest earnings. These monies were allocated to the retiree population, according to unit values and distributed to each member according to his/her actuarial life expectancy, in level monthly lifetime payments. In addition to the above initial benefit, a yearly COLA I increase was financed by 2% of the active member's pension contributions. This yearly increase was

C.O.L.A. ACCOUNT: (continued)

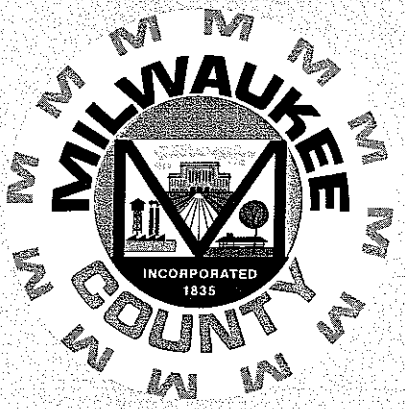
determined on the basis as the initial benefit and added to the monthly lifetime payments. As of January 9, 1994, the active employees ceased making the 2% pension contribution to the COLA I account, and the COLA I benefits were frozen as of that date. Beginning with 1994, in addition to the frozen COLA I benefit, a COLA II benefit was paid. The COLA II benefit is funded from the pension fund's annual excess investment return (other than COLA account assets). The methodology for determining the excess investment return and amounts available for the COLA II benefit are described in detail in Section 40-213 of the City of Miami Code. An actuarial table is developed yearly identifying the benefits due. This table is based upon full years of creditable service at retirement and full years retired as of April of the current year. For accidental death and accidental disability, years of service are defined as twenty five (25) years, or actual creditable service if greater. Receipt of the COLA II benefit is based on the retiree reaching at least four (4) full years of retirement and fifty years of age. In case of accidental death, the beneficiary will be entitled to the COLA benefit on April 1st following the fiftieth anniversary of the employee's birth and the fourth anniversary of the employee's death. COLA benefits for a vested right retiree are based upon such retiree reaching at least four (4) full years of retirement after fifty (50) years of age. COLA benefits reflect the option selected at the time of retirement.

In addition, funding for COLA benefits for future employees hired during the remaining term of the amended final judgement, Gates vs. City of Miami, Circuit Court Case No. 77-9491 CA04, shall be defined and allocated through the remaining term of such final judgement.

ORDINANCES ADOPTED DURING THE YEAR

DATE	ORDINANCE NUMBER
	None

EMPLOYEES RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE



2001 Annual Report

Public Pension Fund

EMPLOYEES' RETIREMENT SYSTEM

Milwaukee County

PENSION BOARD
Jeremiah J. Hegarty • Chairman

Michael Colombo
Melvin F. Marino
Michael Mayo
Guy M. Stuller
Clifford Van Beek

Jac R. Amerell • Secretary/
Director-ERS

June 26, 2002

Retirement System Members:

We are pleased to present the 2001 Annual Report of your Pension Board. As can be seen, the Retirement System experienced a loss as a result of the continued downturn in the stock market. Since the events of September 11, 2001, however, the System has shown positive results. Total assets at the end of the year are nearly of $1.5 billion and the Actuarial Value of Assets continues to exceed the Actuarial Accrued Liability, indicating an adequately funded System.

The description of the Employees' Retirement System, included in this report, highlights major plan provisions. County ordinances, labor agreements, Pension Board rules and the Governmental Accounting Standards Board prevail over the contents of this report. If you have any questions, please call the Retirement System office at 278-4207.

Members considering retirement within the next few years are reminded to watch for announcements from the County for retirement information programs. Please call the Retirement Division at 278-4208 for further information regarding these programs. If you are interested in meeting with a retirement counselor to discuss retirement, please schedule an appointment by calling 278-5127.

Several options are available to members who retire or otherwise leave County service. Before terminating employment, you should become fully informed of the various opportunities so you can make the best choice for your situation.

Each year, Milwaukee County distributes benefit statements reflecting balances as of the end of the previous year. You should be aware that, in the event you ever worked for Milwaukee County on a part-time basis, the benefit statement that you received may slightly overstate your pension service credit total. If it is overstated, the pension service credit will be adjusted at the time of your retirement.

Remember to keep your beneficiary designations current by informing the Retirement System Office of any changes. Retired members should also notify the Retirement System Office in writing of any changes in residence or address so that your checks and year-end 1099R statements are properly mailed.

Sincerely,

The Pension Board

ANDERSEN

Report of Independent Public Accountants

To the Honorable Members of the Pension Board of the Employees' Retirement System of the County of Milwaukee:

We have audited the accompanying statements of plan net assets of the Employees' Retirement System of the County of Milwaukee (the "Retirement System") as of December 31, 2001 and 2000, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Retirement System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Retirement System as of December 31, 2001 and 2000, and the changes in its plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 11, 12 and 13 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The additional information is the responsibility of the Retirement System's management and the 2001 and 2000 information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Arthur Andersen LLP

ARTHUR ANDERSEN LLP

Milwaukee, Wisconsin
April 26, 2002

STATEMENTS OF PLAN NET ASSETS

	December 31, 2001	December 31, 2000
ASSETS:		
CASH AND CASH EQUIVALENTS	$ 13,929,450	$ 11,739,152
RECEIVABLES		
Receivable for foreign exchange contracts	10,928,833	14,520,401
Accrued interest and dividends	8,582,093	8,981,042
Due from sale of investments	15,565,239	5,017,862
County of Milwaukee	2,370,618	251,983
Miscellaneous receivables	451,509	630,715
TOTAL RECEIVABLES	37,898,292	29,402,003
INVESTMENTS AT FAIR VALUE		
Domestic common and preferred stocks	549,986,363	620,378,532
Corporate bonds	495,879,424	467,044,799
International common and preferred stocks	199,677,824	248,482,197
Federal agency and mortgage-backed certificates	94,016,805	102,978,139
International fixed income	60,746,039	65,685,178
US Government and state obligations	23,097,464	33,092,663
Real estate investment trusts	33,159,319	32,666,331
Venture capital	16,673,617	20,324,641
SBA loan-backed securities	134,786	253,183
TOTAL INVESTMENTS	1,473,371,641	1,590,905,663
Securities lending - collateral (See Note 5)	87,026,904	59,206,986
TOTAL ASSETS	1,612,226,287	1,691,253,804
LIABILITIES		
Securities lending - collateral (See Note 5)	87,026,904	59,206,986
Payable for foreign exchange contracts	10,310,796	13,569,078
Payable for securities purchased	30,232,954	7,820,820
Miscellaneous payables	2,210,048	2,399,181
Payable to OBRA Retirement Plan	662,409	612,583
TOTAL LIABILITIES	130,443,111	83,608,648
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$1,481,783,176	$1,607,645,156

(A schedule of funding progress is presented on page 11)

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN PLAN NET ASSETS

	Year Ended December 31, 2001	Year Ended December 31, 2000
ADDITIONS:		
CONTRIBUTIONS		
County of Milwaukee	$ 2,646,523	$ 629,279
Plan participants	265,567	180,729
	2,912,090	810,008
INVESTMENT INCOME (EXPENSE)		
Net depreciation in fair value	(84,772,744)	(71,515,716)
Interest and dividends	55,555,759	56,169,059
Security lending income	3,478,739	4,068,346
Other income	532,883	363,748
Total investment income	(25,205,363)	(10,914,563)
Less: Securities lending rebates and fees	(3,103,672)	(3,812,158)
Investment expense	(4,195,202)	(4,209,224)
Net investment loss	(32,504,237)	(18,935,945)
TOTAL ADDITIONS	(29,592,147)	(18,125,937)
DEDUCTIONS:		
Benefits paid to retirees and beneficiaries	(94,842,239)	(85,664,789)
Administrative expenses	(1,193,862)	(1,110,971)
Withdrawal of membership accounts	(233,732)	(257,600)
TOTAL DEDUCTIONS	(96,269,833)	(87,033,360)
NET CHANGE IN PLAN ASSETS:	(125,861,980)	(105,159,297)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:		
Beginning of year	1,607,645,156	1,712,804,453
End of year	$1,481,783,176	$1,607,645,156

The accompanying notes are an integral part of these financial statements.

(1) Description of Retirement System –

The following brief description of the provisions of the Employees' Retirement System of the County of Milwaukee ("ERS" or the "Retirement System") is provided for financial statement purposes only. Participants should refer to Section 201.24 of the General Ordinances of Milwaukee County and their respective bargaining agreement for more complete information.

The Retirement System is a single-employer plan that was created to encourage qualified personnel to enter and remain in the service of the County of Milwaukee (the "County") by providing for a system of retirement, disability and death benefits to or on behalf of its employees. By the passage of Chapter 201 of the Laws of Wisconsin for 1937, the County was mandated to create the Retirement System as a separate legal entity. It did so by the passage of Section 201.24 of the General Ordinance of Milwaukee County. The authority to manage and control the Retirement System is vested in the Pension Board. The Pension Board consists of seven members – three members appointed by the County Executive (subject to confirmation by the County Board of Supervisors), the County's Director of Human Resources and three employee members elected by the employee participants.

	As of December 31	
Participants –	**2001**	**2000**
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	7,859	7,857
Current employees –		
Vested	4,451	3,642
Non-vested	1,626	2,676
Total current employees	6,077	6,318
Total participants	13,936	14,175

Contributions –

The Retirement System is substantially noncontributory. However, participants meeting certain criteria have the option to contribute to membership accounts. In addition, the County contributes to membership accounts of most employee participants enrolled prior to 1971. Member account balances are as follows:

	As of December 31	
	2001	**2000**
Membership accounts –		
Participants and County contributed	**$21,347,817**	**$22,690,459**
Voluntary savings accounts	**358,697**	**348,975**

Contributions due from the County to the Retirement System consist of amounts sufficient to fund the annual normal cost and interest on and amortization of the unfunded or overfunded actuarial accrued liability. A substantial portion of the current year's contribution is paid to the Retirement System in the following year.

The County makes contributions to the Retirement System based upon actuarially determined contribution requirements, as well as additional contributions made at the discretion of the County Board. Actuarially determined contribution requirements are set during the County's budget process. The data available for the determination is based upon the prior fiscal year's demographics. The actuarially determined contribution requirements set during the budgeting process may differ from the annual required contribution (ARC) for the current period as a result of changes in the plan provisions implemented subsequent to approval of the County budget. During the year, the Retirement System accrues only those contributions that the County is statutorily required to pay. This consists of those contributions that were included in the County's current year's budget and any additional contributions that may have been committed at the discretion of the County Board. For 2001, the County contribution recorded by the Retirement System was $5,939,920 less than the ARC for 2001.

Benefits –

The normal retirement benefit is a monthly pension for the life of the participant. For deputy sheriff participants with less than 30 years of service, the normal retirement age is 57. For all other participants the normal retirement age is 60, although some labor agreements require a minimum of 5 years creditable service at age 60. Active participants are also eligible to retire when their age added to their years of service equals 75. The normal retirement benefit payable to a participant whose membership began prior to January 1, 1982, is equal to 2.5% for deputy sheriffs and elected officials, and 2% for all other participants, of the participant's three-year final average monthly salary, as defined in the Ordinance and labor agreements,

multiplied by the number of years of credited service. The amount of normal retirement benefits payable for a participant whose membership began after January 1, 1982 is as follows: 2.5% for deputy sheriffs, deputy sheriff lieutenants, deputy sheriff ECPs and DA investigators hired before July 1, 1995; 2% for deputy sheriffs, deputy sheriff lieutenants, deputy sheriff ECPs and DA investigators hired after June 30, 1995; 2% for elected officials; 2% for firefighters and non-represented firefighters beginning January 1, 1999; and 1.5% for all other participants, of the participant's five-year final average monthly salary, as defined in the Ordinance and labor agreements, multiplied by the number of years of credited service. Each year after retirement, the amount of monthly benefit is increased by an amount equal to 2% of the benefit paid for the first full month of retirement. The maximum benefit, excluding any post-retirement increases, payable to a participant cannot exceed the sum of 80% of the participant's final average monthly salary.

As of January 1, 2001, certain plan changes became effective, except for represented deputy sheriffs. These changes are noted below:

- The County will pay the accrued sick allowance in full upon retirement for those participants hired prior to January 1, 1994. Previously, a member received both a cash payment from the County and pension service credit for a portion of the accrued sick allowance.

- A bonus of 7.5% per year, up to a maximum of 25%, is added to the Final Average Salary for those employees whose membership in the Employee's Retirement System began before January 1, 1982, or July 1, 1995 for a non-represented Deputy Sheriff.

- All service credit earned after January 1, 2001 will be credited with a 2% multiplier for those employees whose membership in the Employee's Retirement System began after December 31, 1981, or June 30, 1995 for a non-represented Deputy Sheriff. Also, for each year of pension service earned after January 1, 2001, eight (8) years of service earned prior to January 1, 2001 shall be credited with an additional .5% multiplier.

- A "back drop" payment option was established that would permit an employee to receive a lump-sum cash payment and a monthly pension benefit upon retirement. The lump-sum cash payment is the total of the monthly pension benefits, adjusted for COLA increases, that a member would be entitled to from a prior date (back drop date) to the date that the member terminates employment plus compounded interest. The back drop date must be at least one year prior to the termination date and the member must have been eligible to retire as of that date. The member will be entitled to a COLA adjusted monthly pension benefit based on the back drop date once the member terminates employment.

The following changes were made effective on January 1, 2002:

- Effective March 15, 2002, the County will pay non-represented employees for the first 400 hours of accrued sick allowance and 16% of any sick allowance in excess of 400 hours. No pension service credit is added for this accrued sick allowance payout.

- Effective January 1, 2003, the pension benefit for employees who became members after December 31, 1981 shall be based upon a final average salary equal to the three highest consecutive years of earnings instead of the five highest consecutive years of earnings.

A participant who meets the requirements for an accidental or ordinary disability benefit is entitled to an amount equal to the normal retirement benefit, but not less than 60% of a participant's final average salary for accidental disability. Fifteen years of credited service is required to apply for ordinary disability.

A participant who is 55 years of age and has 15 years of credited service may elect to receive early reduced retirement benefits. The participant would be entitled to a benefit equal to the normal retirement benefit with a lifetime reduction of 5% for each year prior to the normal retirement date.

A participant is vested upon attaining 5 years of creditable pension service. Most participants are immediately vested upon attaining age 60. A vested participant is eligible for a deferred pension beginning as of the member's normal retirement date.

Upon the death of an employee participant and usually after one year of service, which varies by labor agreement, a dependent spouse with one dependent child, as defined in the Ordinance, will receive 40% of the deceased participant's salary, reduced by an amount equal to Social Security benefits payable to the spouse. An additional 10% of salary, reduced by Social Security benefits, is paid for each dependent child. The total benefit, if there are more than five eligible children, generally cannot exceed 90% of the prior salary level. The total benefit includes Social Security benefits. Upon attaining age 60, the dependent spouse will receive 50% of the normal retirement benefit based upon service projected to age 60 of the employee participant. If there is no dependent spouse or child, the death benefit payable to a designated beneficiary is equal to 50% of the deceased participant's final average salary, but not to exceed $2,000. Deputy sheriffs are covered by special provisions if their death occurs as a result of an accident in actual performance of duty.

Currently, employee participants may choose between several options when retiring. The available options are:

- Maximum This option is a pension benefit that is payable over the life of the participant and ceases upon the participant's death;

- Membership Account Refund This option is an actuarially reduced pension benefit that ceases upon the death of the participant. This option, however, guarantees that the participant will receive the total balance in his/her Membership Account as of the retirement date. The Membership Account balance is reduced each month by an actuarial determined amount. Any balance remaining upon the participant's death will be paid to the participant's beneficiary. Generally, only participants hired prior to 1971 have a Membership Account and, therefore, are the only employees eligible for this option;
- 25% This option is a reduced pension benefit that is payable over the life of the participant. Upon the participant's death, 25% of the pension benefit is payable over the life of a named beneficiary, if living;
- 50% This option is a reduced pension benefit that is payable over the life of the participant. Upon the participant's death, 50% of the pension benefit is payable over the life of a named beneficiary, if living;
- 75% This option is a reduced pension benefit that is payable over the life of the participant. Upon the participant's death, 75% of the pension benefit is payable over the life of a named beneficiary, if living;
- 100% This option is a reduced pension benefit that is payable over the life of the participant. Upon the participant's death, 100% of the pension benefit is payable over the life of a named beneficiary, if living;
- 10-Year Certain This option is a reduced pension benefit payable over the life of the participant but is guaranteed for a period of 10-years, in the event that the participant should die within 10 years after the retirement date.
- Board Discretion This option is at the discretion of the Pension Board and is the payment of a benefit in a form other than those set forth above provided that payments in such other form shall be the actuarial equivalent of the benefit otherwise payable. An administrative charge is assessed for each calculation performed under this option.

Benefits of $94.8 million and $85.7 million were paid in 2001 and 2002, respectively, including periodic pension benefit payments of $88.6 million and lump-sum pension benefit payments of $6.2 million in 2001. There were no lump-sum benefit payments made in 2000. From the period of January 1, 2002 through March 31, 2002, lump-sum pension benefit payments were $2.4 million.

(2) Summary of Significant Accounting Policies:

Basis of Accounting –

The accompanying financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed and expenses are recorded when the corresponding liabilities are incurred.

Investments –

Investments, primarily stocks, bonds, certain government loans and mortgage-backed certificates, are stated at quoted fair value. Temporary cash investments are valued at cost, which approximates fair value. Investments in venture capital partnerships are valued at estimated fair value, as provided by the Retirement System's venture capital investment manager. Investment transactions are recorded on the trade date. Realized gains and losses are computed based on the average cost method.

	As of December 31	
	2001	2000
Domestic common and preferred stocks	$ 513,203,272	$ 518,610,406
Corporate bonds	495,527,533	476,265,209
International common and preferred stocks	211,810,318	218,520,312
Federal agency and mortgage-backed certificates	92,419,787	101,776,092
International fixed income	59,463,122	62,078,907
US Government, State & Local obligations	23,352,167	30,125,874
Real estate investment trusts	30,110,580	28,925,412
Venture capital	24,614,975	24,537,992
SBA loan-backed securities	134,786	253,183
Cash and cash equivalents	13,933,083	11,732,839
Total investments at cost	$1,464,569,623	$1,472,826,226

Valuation of International Securities –

Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts on the date of valuation. Purchases and sales of securities and income items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

Expenses –

Administrative expenses incurred by the County related to the Retirement System are payable by the Retirement System to the County. Such expenses totaled $774,526 and $772,022 in 2001 and 2000, respectively.

Use of Estimates –

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification of Prior Year Amounts –

Certain amounts in the prior year financial statements have been reclassified to conform with the current presentation.

(3) Income taxes –

The Internal Revenue Service ruled on July 23, 2001, that the Plan was in compliance with Section 401(a) of the Internal Revenue Code (IRC), and, therefore, is a tax-qualified plan. The Retirement System has been subsequently amended. Management believes that the Plan continues to be in compliance with the IRC and maintains its tax-qualified status.

(4) Contributions Required and Contributions Made –

The Retirement System's funding policy provides for periodic County contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Payroll contribution rates are determined using the Aggregate Entry Age Normal method of funding. The Retirement System also uses the level percentage of payroll method to amortize the unfunded liability through the year 2035. The significant actuarial assumptions used to compute the contribution requirements are the same as those used to compute the pension benefit obligation.

County contributions totaling $2,646,523 and $629,279 were recorded in 2001 and 2000, respectively, in accordance with amounts budgeted by the County which are based on 100% of the total actuarial required contribution using the Aggregate Entry Age Normal method of funding with normal cost computed as a level percentage of pay. See the Schedule of Employer Contributions in the Required Supplementary Information. The County's contributions to the Retirement System were 1.1% and .3% of annual covered payroll for 2001 and 2000, respectively.

The 2001 and 2000 contributions reflected in the accompanying statements were actuarially determined as of January 1, 2000 and 1999, respectively. These amounts were included in the County's 2001 and 2000 budgets. Due to the plan changes which became effective on January 1, 2001, a new 2001 contribution was determined. The unpaid portion of the 2001 and 2000 contributions are reflected as a contribution receivable by the Retirement System as of December 31, 2001 and 2000, respectively.

Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 9.0% and 8.5%, compounded annually, in 2001 and 2000, respectively, (b) projected salary increases averaging 5.5% per year compounded annually, attributed to inflation, seniority and merit, and (c) post-retirement benefit increases of 2.0% per year for both 2001 and 2000.

(5) Investments –

Investment Concentrations –

The Retirement System has the following investments (other than those issued or guaranteed by the U.S. Government) that represent 5 percent or more of the plan net assets at December 31, 2001:

- The Mellon Capital Management Employee Benefit Stock Index Fund of $120.707 million.
- The Mellon Capital Management Employee Benefit Market Completion Fund of $119.219 million.
- The Mellon Capital Management Employee Benefit Large Cap Growth Stock Index Fund of $95.591 million.

Cash –

The following table presents the Retirement System's total deposits as of December 31, 2001:

	Schedule of Cash (in thousands of dollars)	
	Carrying Value	Bank Balance
Deposits with banks	$4,464	$7,740
Money market deposits held at bank	9,464	9,464
Total Deposits	$13,929	$17,205

The difference between the carrying values and bank balances are due to outstanding checks and deposits not yet processed by the bank.

Other Investments –

The following table presents the total investments held at December 31, 2001, categorized to give an indication of the level of risk assumed by the Retirement System. Investments not evidenced by securities are not categorized. The categories for investments are:

1. Insured or registered securities, or securities held by the custodian in the Retirement System's name.
2. Uninsured and unregistered, with the securities held by the custodian, in the Retirement System's name.
3. Uninsured and unregistered, with the securities held by the custodian, but not in the Retirement System's name.

The Retirement System does not hold any Category 2 or 3 investments.

The Retirement System's deposits have been categorized to give an indication of the level of custodial credit risk assumed. This risk categorization does not reflect market risk. The categories are:

1. Insured or collateralized with securities held by the Retirement System or by its agent in the Retirement System's name
2. Collateralized with securities held by the pledging financial institution's trust department or agent in the Retirement System's name
3. Uncollateralized or collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the Retirement System's name.

The Retirement System does not hold any Category 2 or 3 deposits.

Schedule of Investments and Deposits by Custodial Credit Risk

	Total Fair Value
Investments - Category 1	
Domestic and preferred common stocks	$ 549,986,363
Corporate bonds	495,879,424
International common and preferred stocks	199,677,824
Federal agency and mortgage-backed certificates	94,016,805
International fixed income	60,746,039
US Government Obligations	23,097,464
Real estate investment trusts	33,159,319
SBA loan-backed securities	134,786
TOTAL	$1,456,698,024
Investments - Not categorized	
Venture capital	$ 16,673,617
Deposits - Category 1	
Deposits	$ 13,929,450

Security Lending –

The Retirement System participates in a security lending program for the lending of corporate bonds, equity and government securities to qualified brokers. Collateral received for securities loaned consists primarily of cash. Other forms of collateral are letters of credit and government agency securities. Collateral for domestic issues is set at 102% of the fair value of the securities loaned at the time of the initial transaction. If the value falls to 100% of the fair value of the securities loaned, additional collateral is obtained to reestablish collateral at 102% of the fair value of the securities loaned. Collateral for international securities is maintained at a level of 105% of the fair value of securities loaned at all times. The net investment income earned on collateral is divided between the custodian, as a fee for its services under the program, and the Retirement System, according to agreed-upon rates. For 2001 and 2000, the net investment income realized from security lending was $375,067 and $ 256,188, respectively.

Securities loaned and the collateral held were as follows:

	As of December 31	
	2001	2000
Fair Value of Securities Loaned:	$89,804,396	$64,387,399
Fair Value of Collateral:	$91,605,927	$65,804,054
Percentage Collateral to Securities Loaned:	102.01%	102.20%

The collateral received from security lending transactions are recorded as assets at quoted fair value on the financial statement date. The Retirement System records an identical amount as a liability, representing the obligation of the Retirement System to return the collateral at the time the borrower of the Retirement System's securities returns those securities.

The collateral received from securities lending transactions includes cash of $87,026,904 and $59,206,986, U.S. Treasury securities of $4,145,059 and $4,110,575, Government agency securities of $316,400 and $2,096,350 and letters of credit of $117,563 and $390,143 for years ended December 31, 2001 and 2000, respectively. Under the terms of the securities lending agreement, the Retirement System has the right to sell or pledge the cash collateral. Non-cash collateral in the amount of $4,579,021 and $6,597,068 for years ended December 31, 2001 and 2000, respectively, is controlled by the custodian and, correspondingly, is not reflected in the Statement of the Plan Net Assets Available for Plan Benefits.

(6) Financial Instruments With Off-Balance Sheet Risks –

A currency forward is a contractual agreement between two parties to pay or receive amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. Forward commitments are entered into with the foreign exchange department of a bank located in a major money market. These transactions are entered into in order to hedge risks from exposure to foreign currency rate fluctuations. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the Retirement System records the amount receivable or payable at fair value, with the unrealized gain or loss reported as a component of net appreciation in fair value.

Unrealized gains on forward foreign exchange contracts at year-end were $618,836 and $951,323 for 2001 and 2000, respectively. At year-end, the Retirement System holds forward foreign exchange contracts in the Euro-currency, Japanese Yen, UK Pound, Canadian Dollar and the Swiss Franc, primarily.

(7) Commitments and Contingencies –

The Retirement System is involved in litigation and certain other disputes arising during the normal course of operations. Management does not believe the settlement of such matters will have a material impact on the Retirement System's financial statements.

(8) OBRA 1990 Retirement System of the County of Milwaukee –

The County established the OBRA 1990 Retirement System of the County of Milwaukee (OBRA) to cover seasonal and certain temporary employees who are not enrolled in the Retirement System. Assets of the OBRA are commingled for investment purposes with the assets of the Retirement System. As the assets of the Retirement System are legally available to pay benefits of either the ERS or OBRA and all assets have been commingled, the Retirement System is considered a single plan for financial reporting purposes. Net assets identified for OBRA benefits as of December 31, 2001 and 2000, were as follows:

	(Unaudited)	
	2001	2000
Cash	$ 176	$ 12,228
Contributions receivable from County	250,094	229,359
Assets held by Retirement System	412,139	370,996
Net assets available for benefits	$662,409	$612,583

Changes in net assets available for benefits for OBRA for the years ended December 31, 2001 and 2000, were as follows:

	(Unaudited)	
	2001	2000
Contributions from County	$250,094	$229,359
Investment income	(3,000)	(9,900)
Investment and administrative expenses	(109,857)	(100,656)
Benefits paid	(87,411)	(90,503)
Net increase in assets available for benefits	$49,826	$ 28,300

As of December 31, 2001 and 2000, respectively, there were 7,961 and 7,554 participants with vested benefits in OBRA. The actuarial accrued liability of OBRA at December 31, 2001 and 2000, was $1,890,289 and $ 1,845,671, respectively, leaving net assets available less than the actuarial accrued liability of ($1,227,880) and ($1,233,088), respectively. These amounts are not reflected in the required supplementary information tables that follow the notes to the financial statements.

(9) Subsequent Event –

As of January 1, 2002, certain plan changes became effective. See Note 3 of the Required Supplementary Information for a description of the 2002 plan changes. These changes reduce the actuarial accrued liability as of January 1, 2002 by $72 million.

Required Supplementary Information

Schedule of Funding Progress
(in thousands of dollars)

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability– AAL (b)	Funded ratio (a/b)	(Overfunded) Unfunded AAL– UAAL (b-a)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
1/1/02	1,620,157	1,492,072	108.6%	(128,085)*	238,387	(53.7%)**
1/1/01	1,670,601	1,499,261	111.4%	(171,340)*	238,195	(71.9%)**
1/1/00	1,622,710	1,336,573	121.4%	(286,137)*	230,324	(124.2%)**
1/1/99	1,562,824	1,211,563	129.0%	(351,261)*	215,091	(163.3%)**
1/1/98	1,442,016	1,213,254	118.9%	(228,762)*	209,974	(108.9%)**
1/1/97	1,265,857	1,184,236	106.9%	(81,621)*	204,481	(39.9%)**

* These amounts represent actuarial value of assets in excess of actuarial accrued liabilities.

** These percentages represent the amount of overfunded actuarial assets as a percentage of payroll.

Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded (overfunded) actuarial accrued liability in isolation can be misleading. Expressing plan net assets as a percentage of the actuarial accrued liability provides one indication of the Retirement System's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Retirement System. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids the analysis of the Retirement System's progress in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, or the larger the percentage, if negative, the stronger the Retirement System.

Schedule of Employer Contributions for the Year Ended December 31,

Fiscal Year	Annual Required Contribution (ARC)	Percentage Contributed
2001	8,586,443	30.8%*
2000	629,279	100.0%
1999	2,756,636	100.0%
1998	10,816,807	100.0%
1997	12,942,084	100.0%
1996	18,442,468	100.0%

* In 2000, the County budgeted for the biweekly mandatory contributions for the 2001 pension contribution based on the plan benefits in effect on January 1, 2000. A new ARC calculation was performed in 2001 as a result of the changes in benefits that became effective January 1, 2001. The new benefits increased the 2001 ARC. The actual County contribution included the biweekly mandatory contributions of $546,523 and an additional contribution of $2.1 million. The 2001 contribution deficiency will be contributed in 2002 through 2006.

Notes to Required Supplementary Information

(1) Description –

The historical trend information is presented as required supplementary information. This information is intended to help users assess the Retirement System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

(2) Actuarial Assumptions and Methods –

The information presented in the required supplementary schedules was determined as part of the actuarial valuations as of January 1, 2002, for the plan year ending December 31, 2001. The actuarial valuations consider the changes effective January 1, 2002. Additional information as of the latest actuarial valuation follows:

Valuation date	1/1/02
Actuarial Cost Method	Aggregate Entry Age
Amortization Method	Level percent closed
Remaining amortization period	20 years
Asset valuation method	5-year moving average (unrealized); immediate recognition (realized)
Actuarial Assumptions:	
Investment rate of return	9.0%
Projected salary increases	5.5%
Mortality	The Sex-Distinct 1994 Uninsured Pensioner Table

(3) Significant Factors Affecting Trends in Actuarial Information –

2002 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Increase in annual compensation limit to $200,000.
- Increase in maximum annual benefit limit to $160,000.
- Increase in discount rate to 9.0%.
- For purposes of computing the ARC by the County, the unfunded actuarial accrued liability of $(128,085,000) will be reamortized over a 20-year period ending December, 2020. The unfunded actuarial liability, as of January 1, 1996, was being amortized over a 40-year period ending December, 2035. Plan and assumption changes, as well as, actuarial gains and losses since January 1, 1996, were also being amortized through December, 2035. Effective January 1, 2002, future plan and assumption changes, as well as, actuarial gains and losses will be amortized over 20 years.

2001 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Increase in maximum annual benefit limit to $140,000.
- Except for represented deputy sheriff members, vesting was changed from ten years to five years for those hired after December 31, 1981.
- Except for represented deputy sheriff members, the accrued sick allowance will be paid in full by the County of Milwaukee upon retirement for those hired prior to January 1, 1994. Previously, a member received both a cash payment and pension service credit for a portion of the accrued sick allowance.
- Except for represented deputy sheriff members, those employees whose membership in the Employees' Retirement System began before January 1, 1982, or for a nonrepresented Deputy Sheriff, July 1, 1995, will receive a bonus added to their final average salary of 7.5% for each year of service credit earned after January 1, 2001 up to a maximum bonus of 25% of final average salary.
- Except for represented deputy sheriff members, those employees whose membership in the Employees' Retirement System began after December 31, 1981, or for a nonrepresented Deputy Sheriff, June 30, 1995, will have all service credited after January 1, 2001 with a 2% multiplier. Also, for each year of pension service earned after January 1, 2001, eight (8) years of service earned prior to January 1, 2001 will be credited with an additional .5% multiplier.
- Except for represented deputy sheriff members, a "back drop" payment option was established that will permit an employee to receive a lump-sum cash payment and a monthly pension benefit upon retirement. The lump-sum cash payment is the total of the monthly pension benefits, adjusted for COLA increases, that a member will be entitled to from a prior date (back drop date) to the date that the member terminates employment plus interest compounded monthly. The back drop date must be at least one year prior to the termination date and the member must be eligible to retire as of that date. The member will be entitled to a COLA adjusted monthly pension benefit as if the member had retired on the back drop date.
- Assumption that 25 percent of eligible retirees will elect to receive both a backdrop payment option and a monthly pension benefit upon retirement.
- Except for represented deputy sheriff members, beginning January 1, 2003, the pension benefit for employees who became members of the Employee's Retirement System after December 31, 1981 will be based upon a final average salary equal to the three highest consecutive years of earnings instead of the five highest consecutive years of earnings.

2000 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Increase in annual compensation limit to $170,000.
- Increase in maximum annual benefit limit to $135,000.
- Formula increased for Firefighters, DA Investigators and Nonrepresented Deputy Sheriffs.
- Revised mortality assumptions.

1999 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Salary Scale and Retirement Rates Assumptions were changed.

1998 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Military Service Credit was extended to pre-1985 retirees.
- Increased maximum annual benefit limit to $130,000.

1997 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- The formula was increased for Deputy Sheriffs hired from 1/1/82 to 6/30/95.
- Increased annual compensation limit to $160,000.
- Increased maximum annual benefit limit to $125,000.

1996 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Decreased maximum annual compensation limit to $150,000.
- In 1995, an early retirement window was offered to members meeting specific requirements. The early retirement window allowed the member additional service to be used in selection of an increased benefit or a decreased reduction for early commencement.
- For purposes of computing the ARC by the County, the unfunded actuarial accrued liability of $115,841,970 was reamortized over a 40-year period ending December 31, 2035. The previous 40-year amortization was through December 2028. The approximate impact of this change was a reduction in the 1996 annual contribution of $1,680,000.
- Changed the method for determining the Actuarial Value of the Assets. Under the revised method, realized gains and losses are recognized immediately instead of over a 5-year period. The approximate impact of this change was a reduction in the 1996 annual contribution of $7,256,000.

TEN-YEAR HISTORICAL TREND INFORMATION

REVENUES BY SOURCE AND EXPENSES BY TYPE
(Unaudited)

Revenues by Source

Fiscal Year	Participant Contributions	County Contributions*	Investment Income (Loss)**	Total
2001	$265,567	$2,646,523	$(28,309,035)	$(25,396,945)
2000	180,729	629,279	(14,726,721)	(13,916,713)
1999	140,834	2,756,636	243,675,430	246,572,900
1998	156,915	10,816,807	120,415,049	131,388,771
1997	130,253	12,942,084	256,829,536	269,901,873
1996	176,722	18,442,468	161,746,888	180,366,078
1995	314,544	20,309,361	275,737,913	296,361,818
1994	156,986	17,681,251	(22,637,446)	(4,799,209)
1993	341,700	17,403,247	136,561,001	154,305,948
1992	383,566	17,487,506	87,405,678	105,276,750

Expenses by Type

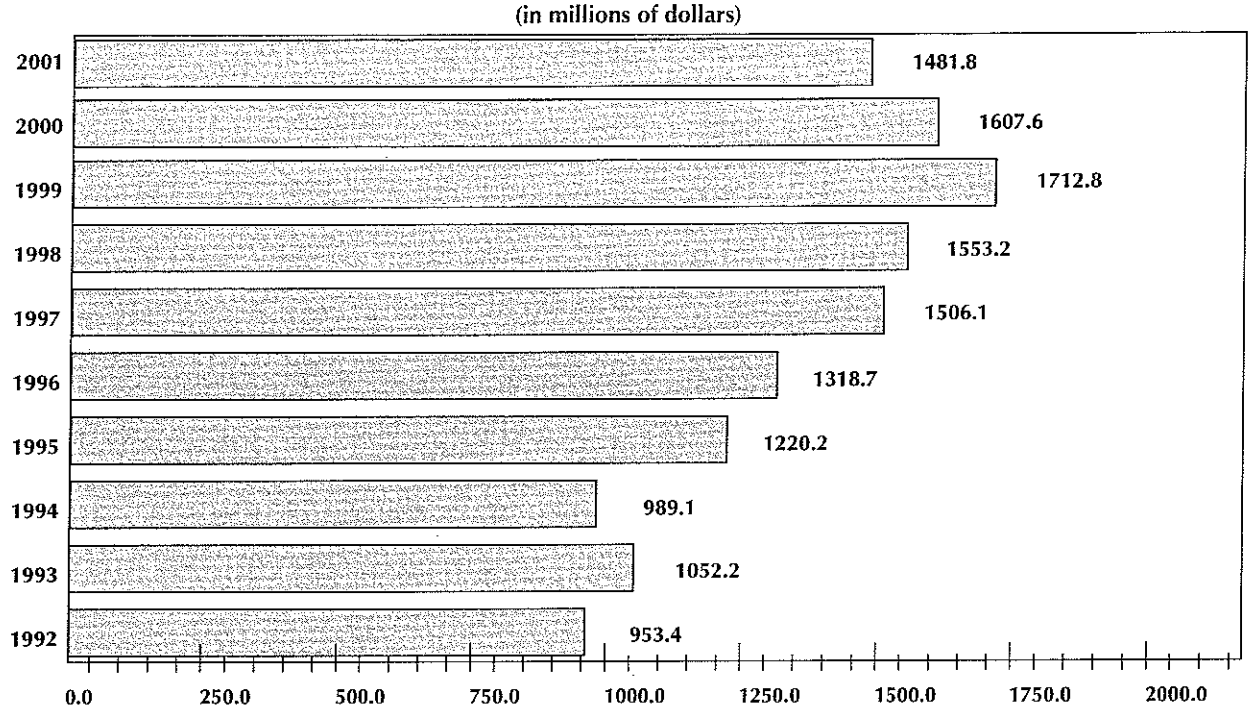
Fiscal Year	Benefits***	Investment and Administrative Expenses	Withdrawals	Total
2001	$94,842,239	$5,389,064	$233,732	$100,465,035
2000	85,664,789	5,320,195	257,600	91,242,584
1999	82,022,948	4,966,393	16,866	87,006,207
1998	79,261,523	4,913,214	50,504	84,225,241
1997	77,831,307	4,651,792	53,967	82,537,066
1996	76,921,047	4,605,169	115,956	81,642,172
1995	61,333,535	3,825,400	123,464	65,282,399
1994	54,936,274	3,177,094	117,904	58,231,272
1993	52,373,826	2,826,743	317,907	55,518,476
1992	51,216,087	3,641,257	186,526	55,043,870

*Contributions were made based upon actuarially determined contribution requirements, as well as additional contributions made at the discretion of the County Board.

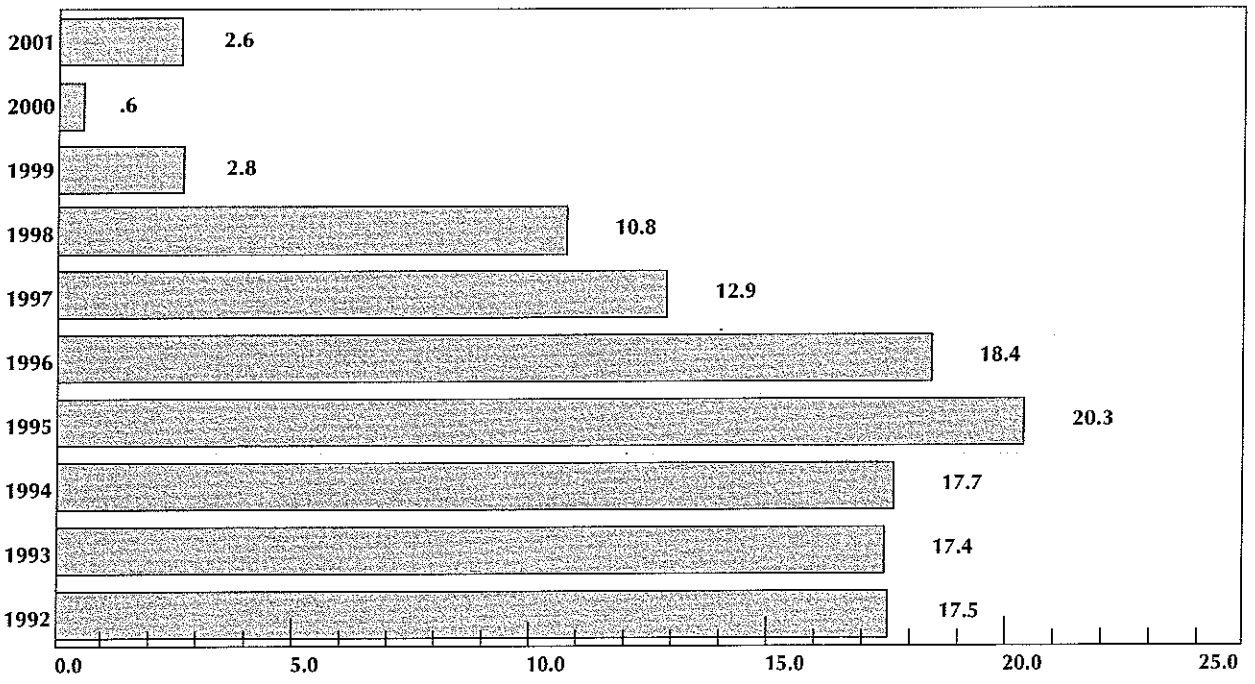
**Includes interest and dividends, net appreciation (depreciation) of fair value, net security lending income, and other income.

***Included in the benefits for year 2001 are lump-sum payments in the amount of $6.2 million.

NET FUND ASSETS
FAIR VALUES 1992-2001
(in millions of dollars)



ACTUAL COUNTY CONTRIBUTIONS
(in millions of dollars)



ACTIVE MEMBERSHIP STATISTICS (Unaudited)

	2001
Members as of January 1	7,707*
Changes During the Year:	
New enrollments	446
Transferred to nonvested inactive	(477)
Retirements	(237)
Withdrawals	(14)
Deaths in active service	(21)
Members as of December 31	7,404*

**This total includes vested inactive members.*

RETIREMENTS AND SURVIVORS (Unaudited)

	Retirements Granted								Survivors & Beneficiaries	Total
	Maximum Pension	Option								
		Refund	100%	75%	50%	25%	10-yr.	Other		
January 1, 2001	2,350	963	993	35	1,265	56	29	24	838	6,553
Changes During the Year:										
Retirements	116	2	41	10	21	28	11	3	5	237
Pensioner deaths	(118)	(55)	(35)	—	(54)	—	(1)	—	(15)	(278)
December 31, 2001	2,348	910	999	45	1,232	84	39	27	828	6,512

CONSULTANTS

as of December 31, 2001

Legal Advisors:

Milwaukee County
Corporation Counsel
Robert G. Ott

Reinhart, Boerner,
Van Deuren, Norris
& Reiselbach, S.C.
Milwaukee, Wisconsin

Foley & Lardner
Milwaukee, Wisconsin

Actuary:

William M. Mercer, Inc.
Milwaukee, Wisconsin

Disbursing Agent:

County Treasurer

Custodian/Securities Agent:

Mellon Trust
Boston, Massachusetts

Medical Board:

Aurora Occupational Health Services

Investment Consultant:

William M. Mercer
Investment Consulting, Inc.
Chicago, Illinois

Cash Management Manager:

Mellon Trust
Boston, Massachusetts

Boston Company Asset Management, Inc.
Boston, Massachusetts

Venture Capital Investment Managers:

Adams Street Partners, Inc.
Chicago, Illinois

Progress Investment Management Co.
San Francisco, California

Real Estate Investment Trusts Manager:

CRA Real Estate Securities
Radnor, Pennsylvania

Equity Investment Managers:

Ariel Capital Management Group, Inc.
Chicago, Illinois

Artisan Partners
Milwaukee, Wisconsin

Boston Partners Asset Management, Inc.
Boston, Massachusetts

Mellon Capital Management
Pittsburgh, Pennsylvania

MFS Institutional Advisors, Inc.
Boston, Massachusetts

US Bancorp Piper Jaffray Asset Management
Minneapolis, Minnesota

Westfield Capital Management Co., Inc.
Boston, Massachusetts

Fixed Income Investment Managers:

Loomis, Sayles & Company, Inc.
Boston, Massachusetts

Mellon Capital Management
Pittsburgh, Pennsylvania

Miller & Schroeder Small Business Capital Corp.
Milwaukee, Wisconsin

NCM Capital Management Group, Inc.
Durham, North Carolina

Stein Roe & Farnham
Chicago, Illinois

Strong Capital Management
Milwaukee, Wisconsin

International Investment Managers:

Capital Guardian Trust Company
Brea, California

Granthum, Mayo, Van Otterloo & Co.
Boston, Massachusetts

WILLIAM M. MERCER

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Actuarial Valuation Reports

County of Milwaukee

May 2001

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1. Employees' Retirement System Actuarial Valuation Report 1

2. OBRA 1990 Retirement System Actuarial Valuation Report 2

WILLIAM M. MERCER

Employees' Retirement System of the County of Milwaukee

Actuarial Valuation Report as of January 1, 2001 for the Plan Year and Taxable Year Ending December 31, 2001

May 2001

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Highlights

This report has been prepared by William M. Mercer, Incorporated on behalf of plan participants by the County of Milwaukee (the "Plan Sponsor") to:

- Determine the funding calculation under the Employees' Retirement System of the County of Milwaukee (the "Plan") for the plan and tax fiscal year ending December 31, 2001;
- Present the results of a valuation of the Plan as of January 1, 2001; and
- Review experience under the Plan for the year ended December 31, 2000.

The following table summarizes important contribution information.

	Plan Year Ending	
Contributions	**December 31, 2001**	**December 31, 2000**
Funding Calculation	$ 8,586,443	$ 0

The total funding calculation for the year is $8,586,443. It is estimated that $677,625 will be contributed on a biweekly basis (including interest on the contributions). The actual amount contributed for the 2000 plan year was $629,279 (representing biweekly contributions only and 0.2% of membership payroll).

$629,279 / 238,195,006 = .3%

(.2)

Summary of Principal Valuation Results

A summary of principal valuation results from the current valuation and the prior valuation follows. Any changes in actuarial assumptions, methods, or plan provisions between the two valuations are described after the summary.

	Actuarial Valuation as of	
	January 1, 2001	January 1, 2000
Funding Valuation		
Actuarial Accrued Liability *Funded Ratio*	$ 1,499,260,769 111.43%	$ 1,336,573,722 121.41%
Actuarial Value of Assets	$ 1,670,600,679	$ 1,622,710,113
Unfunded Actuarial Accrued Liability *Percentage of Membership Payroll*	$ (171,339,910) (71.9)%	$ (286,136,391) (124.2)%
Normal Cost	$ 18,232,202	$ 14,223,503

Funded Status (GASB No. 5)		
Market Value of Assets	$ 1,607,645,156	$ 1,712,804,453
Actuarial Present Value of Accrued Plan Benefits	$ 1,313,012,357	$ 1,260,119,901
Vested Present Value of Accrued Plan Benefits	$ 1,311,262,065	$ 1,210,643,398
Participant Data		
Number of Participants in Valuation		
Active Participants	6,318	6,286
Participants with Deferred Benefits	1,342	1,352
Participants Receiving Benefits	6,515	6,475
Total	**14,175**	**14,113**
Membership Payroll*	$ 238,195,006	$ 230,324,388

The liability measures shown above are developed throughout the report.

*Prior-year earnings increased by the salary assumption.

Changes

Plan Amendment

- This year's valuation reflects a required plan change increasing the maximum annual benefit from $135,000 to $140,000.
- For all non-sheriff members, the vesting requirements changed to five years.
- For non-sheriff members whose membership began before January 1, 1982, the final average salary will be increased by 7.5% for each year worked after 1/1/2001 to a maximum of 25%.
- For non-sheriff members whose membership began on or after January 1, 1982, the benefit multiplier was increased (i) 0.5% for each year of future service and (ii) 0.5% for each eight past service years for each year of future service worked after 1/1/2001 (fractional years are prorated).
- For all members, a BackDROP option was added.

Actuarial Assumptions

- The Post-Disability Mortality was changed from the 1965 Railroad Retirement Board Select and Ultimate Table to the 1985 Unisex Pension Disability Mortality Table.

The effect of the plan amendments and changes in the actuarial assumptions on the policy budget are noted in section 1.4.E.

Certification

We have prepared an actuarial valuation of the Employees' Retirement System for the County of Milwaukee as of January 1, 2001 for the plan year ending December 31, 2001. The results of the valuation are set forth in this report, which reflects the provisions of the Plan effective December 24, 1967, incorporating amendments through January 1, 2001.

The valuation is based on employee and financial data which were provided by the Plan Sponsor and County of Milwaukee, respectively, and which are summarized in this report.

All costs, liabilities and other factors under the Plan were determined in accordance with generally accepted actuarial principles and procedures. In our opinion, the actuarial assumptions are reasonable and represent our best estimate of the anticipated experience under the Plan. This report fully and fairly discloses the actuarial position of the Plan on an ongoing basis.

We are available to answer any questions on the material contained in the report, or to provide explanations or further details as may be appropriate.

Dennis A. Skelly — May 24, 2001
Date

Dennis A. Skelly
Associate, Society of Actuaries
Enrolled Actuary No. 99-3209

Glenn W. Soderstrom
Fellow, Society of Actuaries
Enrolled Actuary No. 99-2873

William M. Mercer, Incorporated
411 E. Wisconsin Avenue, Suite 800
Milwaukee, Wisconsin 53202-4417
414 223 4200

Section 1: Funding Results

Section 1.1 The unfunded actuarial accrued liability as of the valuation date.

Section 1.2 A development of the actuarial gain or loss during the year.

Section 1.3 The normal cost as of the valuation date.

Section 1.4 The determination of the contribution recommendations, including the actual and budgeted contributions.

Section 1.5 The actuarial present value of accrued benefits as of the valuation date.

Unfunded Actuarial Accrued Liability

The actuarial accrued liability is the present value of projected plan benefits allocated to past service by the actuarial funding method being used.

	January 1, 2001	January 1, 2000
1. Actuarial Accrued Liability		
a. Active Participants		
Retirement Benefits	$ 551,058,430	$ 430,417,924
Withdrawal Benefits	11,940,927	11,133,142
Disability Benefits	32,672,953	22,600,615
Death Benefits	3,243,293	2,997,275
Total	$ 598,915,603	$ 467,148,956
b. Participants with Deferred Benefits	47,209,402	45,350,783
c. Participants Receiving Benefits	853,135,764	824,073,983
d. Actuarial Accrued Liability *(a. + b. + c.)*	$ 1,499,260,769	$ 1,336,573,722
2. Actuarial Value of Assets	1,670,600,679	1,622,710,113
3. **Unfunded Actuarial Accrued Liability** *(1.d. – 2.)*	$ (171,339,910)	$ (286,136,391)

Actuarial Gain/(Loss)

The actuarial gain/(loss) is comprised of both the liability gain/(loss) and the actuarial asset gain/(loss). Each of these represents the difference between the expected and actual values as of January 1, 2000.

1. Expected Actuarial Accrued Liability	
a. Actuarial Accrued Liability at January 1, 2000	$ 1,336,573,722
b. Normal Cost at January 1, 2000	14,223,503
c. Interest on *a.* + *b.* to End of Year	114,817,764
d. Benefit Payments for Plan Year Ending December 31, 2000, with Interest to End of Year	89,574,091
e. Expected Actuarial Accrued Liability Before Change *(a. + b. + c. – d.)*	$ 1,376,040,898
f. Change in Actuarial Accrued Liability at January 1, 2001, Due to Change in Plan Provisions and Actuarial Assumptions	124,757,394
g. Expected Actuarial Accrued Liability at January 1, 2001 *(e. + f.)*	$ 1,500,798,292
2. Actuarial Accrued Liability at January 1, 2001	$ 1,499,260,769
3. Liability Gain/(Loss) *(1.g. – 2.)**	$ 1,537,523
4. Expected Actuarial Value of Assets	
a. Actuarial Value of Assets at January 1, 2000	$ 1,622,710,113
b. Interest on *a.* to End of Year	137,930,360
c. Contributions Made for Plan Year Ending December 31, 2000	629,279
d. Interest on *c.* to End of Year	26,744
e. Benefit Payments for Plan Year Ending December 31, 2001 with Interest to End of Year	89,574,091
f. Expense Reimbursed from Trust to the County	799,202
g. Expected Actuarial Value of Assets January 1, 2001 *(a. + b. + c. + d. – e – f.)*	$ 1,670,923,203
5. Actuarial Value of Assets as of January 1, 2001	$ 1,670,600,679
6. Actuarial Asset Gain/(Loss) *(5. – 4.g.)*	$ (322,524)
7. Actuarial Gain/(Loss) *(3. + 6.)*	**$ 1,214,999**

* The $1,537,523 liability gain is comprised of a gain of $832,411 due to salary increases lower than expected and a gain of $705,112 due to the net population change.

Normal Cost

	January 1, 2001	January 1, 2000
1. Present Value of Projected Benefits		
a. Active Participants		
Retirement Benefits	$ 675,918,144	$ 532,495,510
Withdrawal Benefits	31,580,686	23,799,043
Disability Benefits	42,725,794	29,245,646
Death Benefits	5,417,854	5,104,489
Total	$ 755,642,478	$ 590,644,688
b. Participants with Deferred Benefits	47,209,402	45,350,783
c. Participants Receiving Benefits	853,135,764	824,073,983
d. Total	$ 1,655,987,644	$ 1,460,069,454
2. Actuarial Value of Assets	1,670,600,679	1,622,710,113
3. Unfunded Actuarial Accrued Liability	(171,339,910)	(286,136,391)
4. Present Value of Future Normal Costs *(1.d. – 2. – 3.)*	$ 156,726,875	$ 123,495,732
5. Present Value of Future Salaries	2,041,241,480	1,992,309,705
6. Normal Cost Rate *(4. ÷ 5.)*	7.678%	6.199%
7. Expected Salaries	237,460,296	229,448,351
8. Normal Cost *(6. × 7.)*	**$ 18,232,202**	**$ 14,223,503**

Contributions

The County of Milwaukee has adopted the policy developed below for funding and accounting for pension expenses. The County's policy and the amounts required for the plan year ending December 31, 2001 are shown below.

A. Actual Funding Calculation

The actual funding calculation consists of the amortization of the unfunded actuarial liability plus the normal cost.

1. Net Annual Amortizations *(SECTION 1.4D)*	$ (11,195,496)
2. a. Normal Cost	18,232,202
b. Interest to December 31, 2001	1,549,737
c. Normal Cost with Interest	19,781,939
3. Total Funding Calculation, End-of-Year Basis *(1. + 2c., not less than zero)*	$ 8,586,443

B. Funding Budget Policy

	Plan Year Ending	
	December 31, 2002	December 31, 2001
1. Net Annual Amortizations	$ (7,528,962)	$ (16,708,710)
2. a. Normal Cost	19,234,973	15,005,796
b. Interest	1,634,972	1,275,493
c. Normal Cost with Interest	20,869,945	16,281,289
3. Total Funding Budget Policy, End-of-Year Basis *(1. + 2.c., not less than zero)*	$ 13,340,983	$ 0

C. Projected Lump-Sum Contribution For Year

	Plan Year Ending	
	December 31, 2002	December 31, 2001
1. Total Funding Policy Budget	$ 13,340,983	$ 0
2. a. Estimated Biweekly Contribution	525,000	650,000
b. Interest	22,313	27,625
c. Biweekly Contribution with Interest	547,313	677,625
3. Net Funding Policy Budget *(1. - 2.c., not less than zero)*	$ 12,793,670	$ 0

D. Amortization Schedule for Funding Calculation (continued)

Annual amortizations payments of the reestablished unfunded actuarial accrued liability and changes to the unfunded actuarial accrued liability arising from plan changes and actuarial gains/losses are amortized as a level percentage of payroll, assuming payroll growth of 5.5% per year over the period ending December 31, 2035. Expenses paid by the County and reimbursed by the Trust are amortized on a level dollar basis over 10 years. The variance between the actual contribution for the year and the contribution for the year to maintain the funding schedule is amortized on a level dollar basis over 5 years.

Charges	Amortization Period			Balances		Payment
	Date Created	Initial Years	Last Payment	Initial	Outstanding	
Reestablished Unfunded	1/1/1996	40	2035	$ 115,841,970	$ 141,422,572	$ 6,786,071
Expenses	1/1/1997	10	2006	689,121	478,253	105,027
Increase in Limits	1/1/1997	39	2035	176,709	207,733	9,968
Plan Change	1/1/1997	39	2035	3,118,117	3,665,561	175,890
Expense	1/1/1998	10	2007	739,537	576,913	112,711
Increase in Limits	1/1/1998	38	2035	215,980	243,609	11,689
Expense	1/1/1999	10	2008	710,319	610,487	108,258
Increase in Limits	1/1/2000	36	2035	311,014	323,535	15,524
Plan Amendment	1/1/2000	36	2035	3,561,179	3,704,548	177,760
Assumption Change	1/1/2000	36	2035	9,033,622	9,397,305	450,924
Actuarial Loss	1/1/2000	36	2035	69,256,486	72,044,669	3,457,018
Expense	1/1/2000	10	2009	655,908	611,695	99,965
Increase in Limits	1/1/2001	35	2035	225,127	225,127	10,802
Plan Change	1/1/2001	35	2035	55,708,595	55,708,595	2,673,141
Plan Change	1/1/2001	35	2035	42,460,352	42,460,352	2,037,433
Plan Change	1/1/2001	35	2035	19,544,355	19,544,355	937,823
Assumption Change	1/1/2001	35	2035	8,090,393	8,090,393	388,213
Expense	1/1/2001	10	2010	799,202	799,202	121,805
Total					**$ 360,114,904**	**$ 17,680,022**

D. Amortization Schedule for Funding Calculation (continued)

Credits	Amortization Period			Balances		Payment
	Date Created	Initial Years	Last Payment	Initial	Outstanding	
Actuarial Gain	1/1/1997	39	2035	$ 35,727,492	$ 42,000,133	$ 2,015,350
Variance	1/1/1997	5	2001	501,471	117,287	127,256
Asset Method Change	1/1/1997	39	2035	169,677,394	199,467,482	9,571,319
Actuarial Gain	1/1/1998	38	2035	142,308,857	160,514,238	7,702,173
Variance	1/1/1998	5	2002	2,370,494	1,065,414	601,550
Actuarial Gain	1/1/1999	37	2035	106,148,083	114,944,019	5,515,515
Variance	1/1/1999	5	2003	6,507,384	4,217,588	1,651,351
Assumption Change	1/1/1999	37	2035	1,483,777	1,606,730	77,098
Variance	1/1/2000	5	2004	5,061,294	4,207,121	1,284,383
Plan Change	1/1/2001	35	2035	1,271,428	1,271,428	61,009
Actuarial Gain	1/1/2001	35	2035	1,214,999	1,214,999	58,301
Variance	1/1/2001	5	2005	828,375	828,375	210,213
Total					**$ 531,454,814**	**$ 28,875,518**
Net Amount					$ (171,339,910)	**$ (11,195,496)**

E. Reconciliation

The following year's budgeted contribution calculation changed from last year's as follows:

1. 2001 Funding Policy Budget *(based on January 1, 2000 valuation results)*	$ (427,421)*
2. Expected Increase in Normal Cost and Amortization Payment Before Recognition of 2001 Experience	133,451
3. 2000 Experience Different than Expected	
a. Asset (Gain)/Loss	16,327
b. Population Demographics and Salary Change	540,964
c. Total (*a.* + *b.*)	557,291
4. Recognition of 2001 Expenses, Contribution Variance and Asset Experience	3,972,044
5. Plan Provisions and Actuarial Assumption Changes	9,105,618
6. 2002 Funding Policy Budget (*1.* + *2.* + *3.c.* + *4.* + *5.*)	$ 13,340,983

* This is the Funding Policy Budget before being restricted to "not less than zero."

(547.313) annually
$12,793,670
+ 274,972 OBRA
$13,068,642

Actuarial Present Value of Accrued Benefits

A. GASB No. 5 Liabilities

Shown below are the actuarial present value of accrued benefits and market value of assets from the current and prior actuarial valuation calculated in accordance with GASB Statement No. 5. The amounts presented represent the actuarial present value of benefits which have been accrued as of the valuation date.

In computing these values all assumptions used in the valuation for cost determination, **including the assumption as to future salary increases**, have been used. Underlying the calculation is the basic assumption that the plan will be ongoing.

Accrued Benefits	January 1, 2001		January 1, 2000	
	Participant Count	Present Value	Participant Count	Present Value
1. Vested Benefits				
a. Active Participants	3,642	$ 410,916,899	3,405	$ 341,218,632
b. Participants with Deferred Benefits	1,342	47,209,402	1,352	45,350,783
c. Participants Receiving Benefits	6,515	853,135,764	6,475	824,073,983
d. Actuarial Present Value of Vested Accrued Benefits (*a. + b. + c.*)	11,499	1,311,262,065	11,232	1,210,643,398
2. Nonvested Benefits	2,676	1,750,292	2,881	49,476,503
a. Actuarial Present Value of All Accrued Benefits (*1.d. + 2.*)	14,175	1,313,012,357	14,113	1,260,119,901
3. Assumed Rate of Interest		8.50%		8.50%
4. Market Value of Assets Available for Benefits		$ 1,607,645,156		$ 1,712,804,453
5. Excess of Actuarial Present Value of Vested Accrued Benefits over Assets (*1.d. – 4., not less than zero*)		$ 0		$ 0
6. Excess of Actuarial Present Value of All Accrued Benefits over Assets (*2. – 4., not less than zero*)		$ 0		$ 0

B. Funded Ratio

	January 1, 2001	January 1, 2000
1. Net Assets Available for Benefits	$ 1,607,645,156	$ 1,712,804,453
2. Pension Benefit Obligation	1,313,012,357	1,260,119,901
3. Percentage Funded *(1. ÷ 2.)*	122.4%	135.9%
4. Unfunded Pension Benefit Obligation *(2. – 1.)*	(294,632,799)	(452,684,552)
5. Annual Covered Payroll	$ 238,195,006	$ 230,324,388
6. Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll *(4. ÷ 5.)*	(123.7)%	(196.5)%

Section 2: Plan Assets

This section presents information regarding plan assets as reported by the plan administrator. The plan assets represent the portion of total plan liabilities which has been funded as of the valuation date.

Section 2.1 Summary of Assets.

Section 2.2 Reconciliation of Assets.

Section 2.3 Actuarial Value of Assets.

Section 2.4 Contributions for Prior Plan Year.

Summary of Assets

Asset Category	Market Value as of December 31, 2000
1. Cash and Equivalents	$ 11,739,153
2. General Investments	
▪ Common Stock (Domestic)	$ 620,378,532
▪ International Common and Preferred Stock	248,482,197
▪ Federal Agency Mortgages/Loans	110,176,386
▪ U.S. Government Obligations	33,092,663
▪ Corporate Bonds	467,044,799
▪ International Fixed Income	65,685,178
▪ Real Estate Investment Trusts	32,666,331
▪ SBA Loan Backed Securities	253,183
▪ Investment in Partnerships	
Venture Capital	20,324,641
Real Estate	0
▪ Total Investment	$ 1,598,103,910
3. Securities Lending - Collateral	$ 65,804,054
4. Receivables	
a. Accounts Receivable	20,168,977
b. Investment Income	8,981,042
c. Total Receivables *(a. + b.)*	$ 29,150,019
5. Payables	
a. Payable to OBRA Pension Plan	$ 612,583
b. Accounts Payable	96,791,380
c. Total Liabilities *(a. + b.)*	$ 97,403,963
6. Net Assets in the Trust *(1. + 2. + 3. + 4. – 5.)*	$ 1,607,393,173
7. Contributions Receivable	$ 251,983
8. Net Assets Available for Benefits *(6. + 7.)*	**$ 1,607,645,156**

Reconciliation of Assets

Transactions	January 1, 2000 to January 1, 2001
Income	
1. Contributions Received or Receivable	
▪ County of Milwaukee	$ 629,279
▪ Plan Participants	180,729
2. Investment Earnings	
▪ Unrealized Gains/(Losses)	$ (163,597,647)
▪ Realized Gains/(Losses)	92,081,932
▪ Interest and Dividends	56,169,059
▪ Security Lending Income	4,068,346
▪ Unclassified Income	363,747
▪ Security Lending Rebates & Fees	(3,812,158)
▪ Investment Expense	(4,209,224)
3. Other Income	$ 0
4. Total Income	**$ (18,125,937)**
Disbursements	
5. Benefit Payments	$ 85,922,389
6. Administrative Expenses	$ 1,110,971
7. Total Disbursements	**$ 87,033,360**
8. Net Income *(4. – 7.)*	**$ (105,159,297)**
9. Net Assets at Beginning of Year	$ 1,712,804,453
10. Net Assets at End of Year *(8. + 9.)*	**$ 1,607,645,156**

Actuarial Value of Assets

1. Market Value of Assets, December 31, 2000	$ 1,607,645,156
2. Less 80% of Unrealized Gains and Losses in 2000: $(163,597,647)	(130,878,118)
3. Less 60% of Unrealized Gains and Losses in 1999: $151,693,413	91,016,048
4. Less 40% of Unrealized Gains and Losses in 1998: $(74,828,595)	(29,931,438)
5. Less 20% of Unrealized Gains and Losses in 1997: $34,189,926	6,837,985
6. Actuarial Value of Assets, December 31, 2000 (*1. – 2. – 3. – 4. – 5.*)	**$ 1,670,600,679**

As of	Market Value	Actuarial Asset Value	Estimated Rate of Return		Assumed Rate of Return
			Market	Actuarial	
12/31/1996	$ 1,318,709,423	$ 1,096,179,178	13.3%	13.1%	8.5%
12/31/1997	1,506,074,230	1,442,015,740	19.8	19.6	8.5
12/31/1998	1,553,237,760	1,562,823,526	7.9	13.5	8.5
12/31/1999	1,712,804,453	1,622,710,113	15.8	9.1	8.5
12/31/2000	1,607,645,156	1,670,600,679	(1.2)	8.4	8.5
Compound Rate of Return (5 years):			10.9 %	12.7%	

Contributions for Prior Plan Year

Date	Amount		Interest	Total
	Employer	Employee		
Bi-weekly	$ 629,279	$ 180,729	$ 26,744	$ 656,023
Total	**$ 629,279**	**$ 180,729**	**$ 26,744**	**$ 656,023**

Section 3: Basis of Valuation

This section presents and describes the basis of the valuation. The census of participants, actuarial basis and provisions of the Plan are the foundation of the valuation, since these are the present facts on which the projection of benefit payments will depend. The valuation is based on the premise that the Plan will continue in existence.

Section 3.1 The participant data used for the actuarial valuation.

Section 3.2 The actuarial funding method, procedures, and actuarial assumptions.

Section 3.3 The plan provisions valued in the actuarial valuation.

Plan Participants

A. Participant Data Reconciliation

	Active Participants	Inactive Participants		Total
		With Deferred Benefits	Receiving Benefits	
Total at January 1, 2000	**6,286**	**1,352**	**6,475**	**14,113**
Vested Terminations	(44)	44	N/A	0
Nonvested Terminations	(355)	N/A	N/A	(355)
Retirements	(180)	(41)	221	0
Deaths, Expiration of Benefits, and Incorrectly Reported	(59)	(5)	(181)	(245)
Rehires	40	(8)	0	32
New Entrants	630	N/A	N/A	630
Net Change	32	(10)	40	62
Total at January 1, 2001	**6,318**	**1,342**	**6,515**	**14,175**

1/1/00 6286 + 1352 = 7638

1/1/01 6318 + 1342 = 7660

B. Count of Active Participants at January 1, 2001

General Employees

	Years of Service									
Age	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40+	Total
Under 20										0
20 - 24	113									113
25 - 29	293	12								305
30 - 34	316	119	39	2						476
35 - 39	213	175	166	42	4					600
40 - 44	220	196	266	160	61	1				904
45 - 49	180	194	252	182	234	83	2			1,127
50 - 54	120	138	244	171	210	220	71			1,174
55 - 59	61	95	128	94	68	87	69	7		609
60 - 64	28	45	71	40	34	23	15	7		263
65 - 69	3	10	16	9	10	4	1	1		54
70 - 74		3	3	1	2	2	2			13
75+		1	2							3
Total	1,547	988	1,187	701	623	420	160	15	0	5,641

B. Count of Active Participants at January 1, 2001 (continued)

Deputy Sheriffs

	Years of Service									
Age	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40+	Total
Under 20										0
20 - 24	18									18
25 - 29	89	22								111
30 - 34	70	81	4							155
35 - 39	14	61	31	4						110
40 - 44	13	18	25	17	6					79
45 - 49	1	12	31	19	32	5				100
50 - 54	2	7	7	8	21	17				62
55 - 59				3	2	4	1			10
60 - 64							1			1
65 - 69										0
70 - 74										0
75+										0
Total	207	201	98	51	61	26	2	0	0	646

B. Count of Active Participants at January 1, 2001 (continued)

Elected Officials

	Years of Service									
Age	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40+	Total
Under 20										0
20 - 24										0
25 - 29										0
30 - 34	1									1
35 - 39	1	2								3
40 - 44		5	2		1					8
45 - 49	2	2				1				5
50 - 54	1	1	2			2				6
55 - 59	1	1			2					4
60 - 64					1	1	1	1		4
65 - 69										0
70 - 74										0
75+										0
Total	6	11	4	0	4	4	1	1	0	31

C. Participant Statistics

Inactive Participants as of January 1, 2001	Number	Amount of Monthly Benefit
Participants Receiving Benefits	6,515	$ 7,205,785
Participants with Deferred Benefits	1,342	751,587

Statistics for Active Participants	Number	Average		
		Age	Service	Compensation*
As of January 1, 2000				
Total	6,286	44.5	12.3	$ 36,920
As of January 1, 2001				
Total	6,318	44.6	12.1	$ 37,701

*Prior-year earnings increased by the salary assumption.

Actuarial Basis

A. Aggregate Entry Age Normal Method

Liabilities and contributions shown in this report are computed using the aggregate entry age normal method of funding.

The objective under this method is to fund all benefits under the Plan in installments which are level as a percentage of the group's aggregate salary, starting at the original participation dates (or employment date), and continuing until the assumed retirement, terminations, disabilities or deaths.

At the time the funding method is introduced, there will be a liability which represents the contributions which would have been accumulated if this method of funding had always been used. The difference between this frozen initial liability and the assets (if any) which are held in the fund is the unfunded actuarial accrued liability, which is typically funded over a chosen period in accordance with an amortization schedule.

A detailed description of the calculation follows:

- The **normal cost** is determined by applying to earnings an aggregate level percentage of salary which, if contributed each year, is sufficient to provide the full value of the benefits expected to be payable.

- The **present value of future normal costs** is the total of the discounted values of all active participants' normal costs, assuming these to be paid in each case from the valuation date until retirement (termination, disability or death) date. For members hired before January 1, 1982, normal costs are based on the benefit levels in effect as of January 1, 1982. For members hired on or after January 1, 1982, normal costs are based on the new-entrant benefit levels.

- The **present value of projected benefits** is calculated as the value of all benefit payments expected to be paid to the plan's current participants, including active and retired members, beneficiaries, and terminated members with vested rights.

- The **actuarial accrued liability** is the excess of the present value of projected benefits over the present value of future normal costs.

- The **unfunded actuarial accrued liability** is the excess of the actuarial accrued liability over the assets of the fund.

B. Valuation of Assets

The actuarial asset value is a five-year moving average where 20% of the prior four years' unrealized gains/losses are annually recognized.

C. Valuation Procedures

- Financial and Census Data: Financial data and participant data as submitted by the plan sponsor without further audit. This information is not customarily verified by a plan's actuary. The information was reviewed for internal consistency.
- No benefits are projected to be greater than the limitation currently imposed by Section 415(b)(1) of the Internal Revenue Code as applied to governmental plans.
- No actuarial accrued liability is held for nonvested, inactive participants who have a break in service, or for nonvested participants who have quit or been terminated, even if a break in service had not occurred as of the valuation date.

D. Actuarial Assumptions

Economic	
Investment Return	▪ 8.50% compounded annually for funding purposes. ▪ 8.50% compounded annually for the present value of accrued plan benefits. Investment return is assumed to be net of investment management expense.
Salary Increases	Averages 5.5% per annum. See table on following page for sample values.
Mortality	a. Active participants and nondisabled pensioners: The sex-distinct 1994 Uninsured Pensioner Table. b. Disabled pensioners: 1985 Unisex Pension Disability Mortality Table.
Disability	Graduated rates. See table on following page for sample values.
Withdrawal	Graduated rates. Select and ultimate based on duration of service. See tables on following pages for sample values.
Retirement Age	See table on following page.
Percentage Married	▪ Males 80% ▪ Females 80%
Age Difference	Beneficiaries are assumed to be the same age as the participant.
BackDROP	25% of retirees are assumed to elect a BackDROP of 3 years but not earlier than participant's earliest full retirement date.

D. Actuarial Assumptions (continued)

Table of Sample Rates							
	Percentage						
	Mortality				Withdrawal - Ultimate		
	Healthy		Disabled				
Attained Age	Males	Females	Males	Females	General	Elected*	Deputy Sheriffs
20	0.05	0.03	.02	.02	9.81	4.50	4.50
25	0.07	0.03	.03	.03	9.58	4.48	4.48
30	0.09	0.04	.07	.07	9.01	4.23	4.23
35	0.09	0.05	.12	.12	7.15	3.00	3.00
40	0.12	0.08	.18	.18	5.15	1.24	1.24
45	0.17	0.10	.20	.28	3.72	0.55	0.55
50	0.28	0.15	.48	.48	2.73	0.22	0.22
55	0.48	0.25	.87	.87	1.84	0.00	0.00
60	0.86	0.48	1.38	1.38	0.00	0.00	0.00
65	1.56	0.93	0.00	0.00	0.00	0.00	0.00

* Select rates for elected officials assume no turnover for first four years.

Sample Annual Rates per 100 Participants					
Employment Age	Separation - Select Rates General Employees				
	0	1	2	3	4
20	12.5	7.5	7.0	9.0	10.0
25	12.2	6.3	6.5	8.4	9.4
30	11.4	6.0	6.3	7.4	8.4
35	10.7	6.0	6.3	6.7	7.4
40	10.2	6.0	6.0	6.2	6.1
45	9.7	6.0	6.0	5.7	5.2
50	9.2	6.0	5.8	5.2	4.4
55	8.7	5.2	4.8	4.4	3.4
60	0.0	0.0	0.0	0.0	0.0

D. Actuarial Assumptions (continued)

Retirement Rates			
Age	General	Deputy Sheriffs	Elected
45	0%	1%	0%
46	0	1	0
47	0	1	0
48	0	1	0
49	0	1	0
50	2	1	0
51	2	2	0
52	2	3	0
53	2	5	0
54	2	10	0
55	10	15	0
56	10	15	7
57	10	15	7
58	15	15	7
59	15	15	7
60	20	75	20
61	20	75	20
62	30	80	45
63	25	50	30
64	25	50	30
65	35	100	40
66	30	100	30
67	30	100	30
68	30	100	30
69	30	100	30
70	100	100	100

D. Actuarial Assumptions (continued)

Earnings Progression			
Age	General	Deputy Sheriffs	Elected
20	8.2%	7.4%	4.5%
25	5.9	7.4	4.5
30	5.5	7.1	4.5
35	5.2	6.7	4.5
40	4.7	6.3	4.5
45	4.5	6.0	4.5
50	4.2	5.7	4.5
55	3.9	5.4	4.5
60	3.8	5.3	4.5

Summary of Plan Provisions

Plan Name	Employees' Retirement System of the County of Milwaukee.
Effective Date	December 24, 1967.
Type of Plan	Municipal retirement system administered by the Pension Board.
Employer	County of Milwaukee.
Employees Included	Any person regularly employed by the County at an annual wage or salary payable at stated intervals, including any person employed by the State of Wisconsin and who receives part of his compensation from the County.
Service Considered	Service during period of employment in the County or in any department in any town, village, city or metropolitan sewerage commission in the County, which department has by consolidation or merger been absorbed by the County. Creditable service shall consist of "prior service," "military service," and "membership service," for which service credit is allowable under Section 4, Chapter 201, Laws of 1937, as well as service under Executive Order 11231, July 8, 1965, for Vietnam. Additional credit for periods of military service will be earned in accordance with the following chart: Years of Service with Milwaukee County / Maximum Years of Military Service Granted 0 – 4 / 0 5 – 9 / 1 10 – 14 / 2 15 – 19 / 3 20+ / 4
Benefit Service	Used in determining the amount of benefits. Same as Vesting Service except service prior to becoming a Participant does not count.

Summary of Plan Provisions

Earnings Considered	Earnable compensation is the full rate of compensation payable to a member if he worked the full normal working time for his position, including authorized overtime payments and the compensation rate assumed to have been received while the member is on authorized leave of absence. In cases where compensation includes maintenance, the Pension Board shall fix the value of that part of the compensation not payable in money. Compensation shall not exceed $150,000 in the pension calculation as indexed for changes in the cost of living. For members hired before January 1, 1982, the final average salary means the average annual earnable compensation for the highest three (3) consecutive calendar years of creditable service during which the member's earnable compensation was the highest, or if he should have less than three years of creditable service, then his average annual earnable compensation during his credited service. For non-sheriff members hired before January 1, 1982, the final average salary is increased 7.5% for each year worked after January 1, 2001, to a maximum of 25%. For members whose continuous membership began after January 1, 1982, the average annual earnable compensation shall be the highest five (5) consecutive calendar years.
County Contributions	County contributions shall be at least as great as the required amounts, actuarially determined and certified to the County Board of Supervisors by the Pension Board, which will become due and payable to the fund of the Retirement System during the year next following determination.
Voluntary Employee Contributions	Up to 10% of earnings, providing the employee was contributing on January 1, 1971.

Summary of Plan Provisions

Normal Pension	Payable upon request of any member who has attained the minimum service and retirement age. a. The minimum age and service requirements: (1) For general employees and elected officials: Age 60 and any service. (2) For non-union general employees and certain union general employees: The combination of age and service adding up to 75. (3) For deputy sheriffs: Age 57 and any service or age 55 and 15 years of service or the combination of age and service adding up to 75. For deputy sheriffs hired after February 28, 1991, the combination of age and service adding up to 75 does not apply. (4) For all members: Age 55 and 30 years of service. b. The benefit is the sum of: (1) Pension portion, plus i. 2% of final average salary per year of service accrued after January 1, 2001. ii. 2% of final average salary for each eight years of service accrued before January 1, 2001 (prorated for fractional years). iii. 1.5% of final average salary for each year of service accrued prior to January 1, 2001 not accounted for in ii. above. (2) Any voluntary contribution. c. The pension portion retirement allowance is: (1) (a) For general employees whose continuous membership began prior to January 1, 1982 – 2% of final average salary per year of service. (b) For those general employees whose membership began on or after January 1, 1982– 1.5% of final average salary per year of service. (c) For firefighters whose membership began prior to January 1, 1999 – 1.5% of final average salary per year of service. (d) For DA investigators and non-represented deputy sheriffs whose membership began on or after January 1, 1982 and prior to July 1, 1995 – 2 ½% of final average salary per year of service.

Summary of Plan Provisions

	(e) For the elected officials and deputy sheriffs whose membership began prior to January 1, 1982 – 2-1/2% of final average salary per year of service. (f) For elected officials whose membership began on or after January 1, 1982 – 2% of final average salary per year of service. (g) For those deputy sheriffs whose membership began on or after January 1, 1982 but before July 1, 1995 – 2-1/2% of final average salary per year of service. (h) For those deputy sheriffs whose membership began on or after July 1, 1995 – 2% of final average salary per year of service. (2) For non-sheriff employees whose membership began on or after January 1, 1982, the benefit multiplier is increased 0.5% per year of service accrued after January 1, 2001 and per eight years of pre-2001 service for each year worked after January 1, 2001 (prorated for fractional years). d. The maximum pension shall be 80% of final average salary plus any adjustment for automatic increase to retired employees.
Early Pension	Age 55 and 15 years of service reduced by 5/12 of 1% for each month payment starts preceding normal retirement age.
Ordinary Disability Pension	After 15 years of creditable service. Benefit computed as for normal retirement benefits. Minimum benefit 25% of final salary.
Accidental Disability Pension	Same as normal retirement benefit if the employee has attained the minimum service retirement age. If less than normal retirement age at time of disability, the benefit is computed as for normal retirement but is not less than 60% of final average salary.
Ordinary Death Benefit	A death benefit is payable to the estate of designated beneficiary of an active member who dies due to any cause other than an accident in the actual performance of duty, provided no other survivor benefits are payable. Benefit is equal to the member's accumulated mandatory contribution account, plus a lump-sum payment is limited to $2,000.

Summary of Plan Provisions

Accidental Death Benefit	Upon the death of a deputy sheriff resulting from an accident in the actual performance of duty, a pension is payable to his widow to continue during her widowhood; or if there is no widow or if his widow dies or remarries before his youngest child has attained age 18, then the pension is payable to his child or children under age 18 until the youngest child attains said age; or if neither widow nor children survive, it is payable to his dependent father or mother to continue for life. In the event of the accidental death of a deputy sheriff, his accumulated contributions are returned to his estate or designated beneficiary, and, in addition, a pension of one-half of his final average salary is payable to his beneficiary as described above. Any benefit payable on account of such accidental death under any state workers' compensation law or any law of the United States is offset against the pensions allowable under the provisions of the Retirement System.
Deferred Vested Pension	Upon termination of employment, a member who does not elect to withdraw any part of his membership account shall be eligible for a deferred vested pension if: a. The accrued pension at age 60 is at least $10 per month. b. He has at least 5 years of service. The benefit is computed the same as for a normal pension considering earnings and service prior to date of termination.
Survivor Benefit	Upon the death of a member prior to age 60 and after the completion of one year of service, a monthly pension equal to 40% of the member's monthly salary less the survivor's benefits payable under the Social Security law shall be payable to his surviving dependent spouse for as long as there is at least one dependent child. Upon attainment of age 60 the dependent spouse shall receive 50% of the normal pension which the member would have received considering service to age 60 and the final average earnings determined at death. In addition, each child of the deceased member shall be eligible for a monthly pension equal to 10% of the member's monthly salary until he attains age 18 or marries; or if he is a student and not married, until he attains age 22. The total survivor's pension may not exceed 90% of the member's monthly salary less the survivor's benefits payable under the Social Security law.

Summary of Plan Provisions

Optional Benefits	In lieu of the full retirement allowance, any member at retirement may elect to receive an equivalent reduced retirement allowance with the provision that: Option 1. In case of death before benefits attributable to his mandatory account have equaled the amount of his membership account at the date of retirement, the balance shall be paid to a designated beneficiary or to his estate, or Option 2. At the death of the member, one-half of his allowance shall be continued throughout the life of such other person as the member shall have designated at the time of his retirement, or Option 3. At the death of the member the same allowance shall be continued throughout the life of such other person as the member shall have designated at the time of his retirement.
Other Benefits	a. Provide 2% of initial benefit automatic increase per year to retired employees. b. Refund of employee voluntary contribution upon severance.
Expenses	Paid by County.
Minimum Benefit	Not less than under previous system.

WILLIAM M. MERCER

OBRA 1990 Retirement System of the County of Milwaukee

Actuarial Valuation Report as of January 1, 2001 for the Plan and Taxable Year Ending December 31, 2001

May 2001

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Highlights

This report has been prepared by William M. Mercer, Incorporated on behalf of plan participants of the County of Milwaukee (the "Plan Sponsor") to:

- Determine the funding calculation under the OBRA 1990 Retirement System of the County of Milwaukee (the "Plan") for the plan and tax fiscal year ending December 31, 2001;
- Present the results of a valuation of the Plan as of January 1, 2001; and
- Review experience under the Plan for the year ended December 31, 2000.

The following table summarizes important contribution information.

Contributions	Plan Year Ending	
	December 31, 2001	December 31, 2000
Funding calculation	$ 251,706	$ 228,588
Change between years	$ 23,118	N/A

Summary of Principal Valuation Assumptions

A summary of principal valuation results from the current valuation and the prior valuation follows. Any changes in actuarial assumptions, methods, or plan provisions between the two valuations are described after the summary.

	Actuarial Valuation as of	
	January 1, 2001	January 1, 2000
	December 31, 2000	December 31, 1999
Funding Valuation		
Actuarial Accrued Liability	$ 1,845,671	$ 1,580,877
Funded Ratio	33.19%	36.96%
Actuarial Value of Assets	$ 612,583	$ 584,283
Unfunded Actuarial Accrued Liability	$ 1,233,088	$ 996,594
Normal Cost	$ 107,224	$ 109,510
Percentage of Compensation	1.22%	1.26%

Participant Data		
Number of Participants in Valuation		
Active Participants	1,833	1,896
Participants with Deferred Benefits	5,721	4,972
Total	229,359 / **7,554**	209,152 / **6,868**
Total Compensation*	$ 8,782,583	$ 8,681,517 = 2.4%

2.6%

The liability measures shown above are developed throughout the report.

* Prior-year earnings projected with one-year salary scale.

Effects of Changes

Plan Amendment

A required plan change increasing the maximum annual benefit from $135,000 to $140,000 was recognized.

The effect of changes in the actuarial assumptions is described below.

	Actuarial Assumptions
Effect on Principal Values	
Normal Cost	$ 0
Unfunded Actuarial Accrued Liability	$ 0
Funding Policy Budget	$ 0

Certification

We have prepared an actuarial valuation of the OBRA 1990 Retirement System for the County of Milwaukee as of January 1, 2001 for the plan year ending December 31, 2001. The results of the valuation are set forth in this report, which reflects the provisions of the Plan as amended and effective January 1, 1992.

The valuation is based on employee and financial data which were provided by the Plan Sponsor and County of Milwaukee, respectively.

All costs, liabilities and other factors under the Plan were determined in accordance with generally accepted actuarial principles and procedures. In our opinion, the actuarial assumptions are reasonable and represent our best estimate of the anticipated experience under the Plan. This report fully and fairly discloses the actuarial position of the Plan on an ongoing basis.

We are available to answer any questions on the material contained in the report, or to provide explanations or further details as may be appropriate.

Dennis A. Skelly
Associate, Society of Actuaries
Enrolled Actuary No. 99-3209

May 24, 2001
Date

Glenn W. Soderstrom
Fellow, Society of Actuaries
Enrolled Actuary No. 99-2873

William M. Mercer, Incorporated
411 E. Wisconsin Avenue, Suite 800
Milwaukee, Wisconsin 53202-4417
414 223 4200

Section 1: Funding Results

Section 1.1 The unfunded actuarial accrued liability as of the valuation date.

Section 1.2 A development of the actuarial gain or loss during the year.

Section 1.3 The normal cost as of the valuation date.

Section 1.4 The determination of the contribution recommendations, including the actual and budgeted contributions.

Unfunded Actuarial Accrued Liability

The actuarial accrued liability is the present value of projected plan benefits allocated to past service by the actuarial funding method being used.

	January 1, 2001	January 1, 2000
1. Actuarial Accrued Liability		
a. Active Participants	$ 729,306	$ 712,004
b. Participants with Deferred Benefits	1,116,365	868,873
c. Participants Receiving Benefits	0	0
d. Actuarial Accrued Liability *(a. + b. + c.)*	$ 1,845,671	$ 1,580,877
2. Actuarial Value of Assets	$ 612,583	$ 584,283
3. Unfunded Actuarial Accrued Liability *(1.d. – 2., not less than $0)*	**$ 1,233,088**	**$ 996,594**

Actuarial Gain/(Loss)

The actuarial gain/(loss) is comprised of both the liability gain/(loss) and the actuarial asset gain/(loss). Each of these represents the difference between the expected and actual values as of January 1, 2001.

1. Expected Actuarial Accrued Liability	
a. Actuarial Accrued Liability at January 1, 2000	$ 1,580,877
b. Normal Cost at January 1, 2000	109,510
c. Interest on *a.* + *b.* to End of Year	143,683
d. Benefit Payments for Plan Year Ending December 31, 2000, with Interest to End of Year	94,349
e. Expected Actuarial Accrued Liability Before Change *(a. + b. + c. – d.)*	1,739,721
f. Change in Actuarial Accrued Liability at January 1, 2001 Due to Change in Plan Provisions	0
g. Expected Actuarial Liability at January 1, 2001 *(e. + f.)*	$ 1,739,721
2. Actuarial Accrued Liability at January 1, 2001	$ 1,845,671
3. Liability Gain/(Loss) *(1.g. – 2.)*	$ (105,950)
4. Expected Actuarial Value of Assets	
a. Actuarial Value of Assets at January 1, 2000	$ 584,283
b. Interest on *a.* to End of Year	49,664
c. Contributions Made for Plan Year Ending December 31, 2000	229,359
d. Interest on *c.* to End of Year	0
e. Benefit Payments for Plan Year Ending December 31, 2000, with Interest to End of Year	94,349
f. Expense Paid by Plan During 2000	100,656
g. Expected Actuarial Value of Assets January 1, 2001 *(a. + b. + c. + d. – e. – f.)*	$ 668,301
5. Actuarial Value of Assets as of January 1, 2001	$ 612,583
6. Actuarial Asset Gain/(Loss) *(5. – 4.g.)*	$ (55,718)
7. Actuarial Gain/(Loss) *(3. + 6.)*	**$ (161,668)**

Normal Cost

The components of normal cost under the Plan's funding method are:

Component	January 1, 2001	January 1, 2000
Retirement Benefits	$ 76,707	$ 78,436
Withdrawal Benefits	30,517	31,074
Expenses	0	0
Total Normal Cost	**$ 107,224**	**$ 109,510**

Contributions

The County of Milwaukee has adopted the policy developed below for funding and accounting for pension expenses. The County's policy and the amounts required for the plan year ending December 31, 2001 are shown below.

A. Actual 2001 Funding Calculation

The actual funding calculation consists of the amortization of the unfunded actuarial liability plus the normal cost.

1. Net Annual Amortizations *(SECTION 1.4C)*	$ 135,368
2. a. Normal Cost	107,224
b. Interest	9,114
c. Normal Cost with Interest	116,338
3. Total Funding Calculation, End-of-Year Basis *(1. + 2.c.)*	$ 251,706

B. Estimated 2002 Budget

	Plan Year Ending	
	December 31, 2002	**December 31, 2001**
1. Net Annual Amortizations	$ 148,745	$ 121,176
2. Normal Cost with Interest	126,227	128,918
3. Total Funding Policy Budget, End-of-Year Basis *(1. + 2.)*	**$ 274,972**	**$ 250,094**

C. Amortization Schedule for Funding Calculation

Annual amortizations payments of the reestablished unfunded actuarial accrued liability and changes to the unfunded actuarial accrued liability arising from plan changes and actuarial gains/losses are amortized as a level percentage of payroll, assuming payroll growth of 5% per year over the period ending December 31, 2028. Expenses paid by the County and reimbursed by the Trust are amortized over 10 years. The variance between the actual contribution for the year and the contribution for the year to maintain the funding schedule is amortized over 5 years.

	Amortization Period			Balances		
Charges	Date Created	Initial Years	Last Payment	Initial	Outstanding	Payment
Actuarial Loss	1/1/1994	35	2028	$ 73,157	$ 92,912	$ 5,413
Revised Assumptions	1/1/1994	35	2028	21,444	27,234	1,587
Actuarial Loss	1/1/1995	34	2028	214,047	279,665	16,294
Actuarial Loss	1/1/1996	33	2028	107,124	122,783	7,154
Contribution Variance	1/1/1997	5	2001	5,532	1,293	1,403
1993-1996 Expenses	1/1/1997	10	2006	243,729	169,149	37,146
Contribution Variance	1/1/1998	5	2002	20,972	9,426	5,322
Expenses	1/1/1998	10	2007	96,137	74,997	14,652
Expenses	1/1/1999	10	2008	81,673	70,193	12,448
Actuarial Loss	1/1/1999	30	2028	106,203	112,937	6,580
Actuarial Loss	1/1/2000	29	2028	232,443	239,574	13,958
Expenses	1/1/2000	10	2009	85,685	79,909	13,059
Actuarial Loss	1/1/2001	28	2028	161,668	161,668	9,419
Expenses	1/1/2001	10	2010	100,656	100,656	15,341
Total					**$ 1,542,396**	**$ 159,776**
Credits						
Reestablished Unfunded	1/1/1993	36	2028	$ 514	$ 41,810	$ 2,436
Actuarial Gain	1/1/1997	32	2028	70,135	79,620	4,639
Actuarial Gain	1/1/1998	31	2028	125,170	137,468	8,009
Variance	1/1/1999	5	2003	25,619	16,605	6,501
Variance	1/1/2000	5	2004	3,421	2,844	868
Revised Assumptions	1/1/2000	29	2028	29,291	30,190	1,759
Variance	1/1/2001	5	2005	771	771	196
Total					**$ 309,308**	**$ 24,408**
Net Amount					**$ 1,233,088**	**$ 135,368**

D. Reconciliation

The following year budgeted contribution calculation changed from last year as follows:

1. 2001 Funding Policy Budget *(based on January 1, 2000 valuation results)*	$ 250,094
2. Expected Increase in Normal Cost and Amortization Payment Before Recognition of 2001 Experience	11,733
3. 2000 Experience Different than Expected	
a. Asset Gain	(3,409)
b. Other	3,952
c. Total *(a. + b.)*	543
4. Recognition of 2001 Expenses and Contribution Variance	12,602
5. 2002 Funding Policy Budget	$ 274,972

Section 2: Plan Assets

This section presents information regarding plan assets as reported by the plan administrator. The plan assets represent the portion of total plan liabilities which have been funded as of the valuation date.

Section 2.1 Summary of Assets.

Section 2.2 Reconciliation of Assets.

Section 2.3 Actuarial Value of Assets.

Section 2.4 Contributions for Prior Plan Year.

Summary of Assets

Asset Category	Market Value as of December 31, 2000
1. Cash and Equivalents	$ 12,228
2. Assets Held by ERS Pension Plan	370,996
3. Contributions Receivable	229,359
4. Net Assets Available for Benefits *(1. + 2. + 3.)*	$ 612,583

Reconciliation of Assets

Transactions	January 1, 2000 to January 1, 2001
Income	
1. Contributions Received or Receivable	$ 229,359
2. Investment Income	(9,900)
3. Total Income	**$ 219,459**
Disbursements	
4. Benefit Payments	$ 90,503
5. Investment and Administrative Expenses	$ 100,656
6. Total Disbursements	**$ 191,159**
7. Net Income *(3. – 6.)*	**$ 28,300**
8. Net Assets at Beginning of Year	$ 584,283
9. Net Assets at End of Year *(7. + 8.)*	**$ 612,583**

Actuarial Value of Assets

The actuarial asset value is set equal to the market value of assets plus any receivable contributions.

	January 1, 2001	January 1, 2000
Actuarial Asset Value	$ 612,583	$ 584,283

Contributions for Prior Plan Year

Date	Amount		Interest	Total
	Employer	Employee		
02/01/2001	$ 229,359	$ 0	$ 0	$ 229,359
Total	**$ 229,359**	**$ 0**	**$ 0**	**$ 229,359**

Section 3: Basis of Valuation

This section presents and describes the basis of the valuation. The census of participants, actuarial basis and provisions of the Plan are the foundation of the valuation, since these are the present facts on which the projection of benefit payments will depend. The valuation is based on the premise that the Plan will continue in existence.

Section 3.1 The participant data used for the actuarial valuation.

Section 3.2 The actuarial funding method, procedures and actuarial assumptions.

Section 3.3 The plan provisions valued in the actuarial valuation.

Plan Participants

A. Participant Data Reconciliation

	Active Participants	Inactive Participants	Total
Total at January 1, 2000	**1,896**	**4,972**	**6,868**
Did Not Accrue Benefit in 2000	(791)	805*	14
Lump-Sum Payouts	0	0	0
Deaths	0	(2)	(2)
New Participants	674	0	674
Inactives – Began Accruing Benefit in 2000	54	(54)	0
Data Correction	0	0	0
Total at January 1, 2001	**1,833**	**5,721**	**7,554**

* Includes 14 previously not reported.

B. Count of Active Participants at January 1, 2001

	Years of Service									
Age	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40+	Total
Under 20	942									942
20 - 24	307	157								464
25 - 29	46	37								83
30 - 34	38	15								53
35 - 39	39	21								60
40 - 44	26	24								50
45 - 49	19	15								34
50 - 54	14	23								37
55 - 59	13	10								23
60 - 64	21	9								30
65 - 69	14	10								24
70 - 74	6	16								22
75+	3	8								11
Total	1,488	345	0	0	0	0	0	0	0	1,833

C. Participant Statistics

Inactive Participants as of January 1, 2001	Number	Amount of Monthly Benefit
Participants Receiving Benefits	0	$ 0
Participants with Deferred Benefits	5,721	79,715

Statistics for Active Participants	Number	Average Age	Average Service	Average Compensation*
As of January 1, 2000				
Total	1,896	25.7	0.9	$ 4,579
As of January 1, 2001				
Total	1,833	25.7	1.0	$ 4,791

* Prior-year earnings increased by the salary assumption.

Actuarial Basis

A. Unit Credit Method

Liabilities and contributions shown in this report are computed using the unit credit method of funding.

The objective under this method is to fund each participant's benefit under the plan as they accrue. Thus, the total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past service. The principle underlying the method is that each unit is funded in the year for which it is credited. Typically, when the method is introduced there will be an initial liability for benefits credited for service prior to that date. To the extent that this liability is not covered by assets of the plan, there is an unfunded liability to be funded over a chosen period in accordance with an amortization schedule.

A detailed description of the calculation follows:

- The **normal cost** is the present value of those benefits, which are expected to be credited with respect to service during the year beginning on the valuation.

- The **accrued liability** is calculated at the valuation date as the present value of benefits credited with respect to service to that date.

- The **unfunded accrued liability** is the excess of the accrued liability over the assets of the Plan at the valuation date. The level annual payment to be made over a stipulated number of years to amortize the unfunded liability is the past service cost.

Under this method, difference between the actual experience and the assumed in the determination of costs and liabilities will emerge as adjustments in the unfunded liability, subject to amortization.

B. Valuation of Assets

The actuarial asset value is the market value of assets plus any receivable contributions.

C. Valuation Procedures

- Financial and Census Data: We used financial data and participant data as submitted by the Plan Sponsor without further audit. This information would customarily not be verified by a plan's actuary. We have reviewed the information for internal consistency and we have no reason to doubt its substantial accurracy.

- No benefits are projected to be greater than the limitation currently imposed by Section 415(b)(1) of the Internal Revenue Code as applied to governmental plans.

- All participants are considered active employees for valuation purposes until they incur a break in service covering one full plan year.

D. Actuarial Assumptions

Economic	
Investment Return	▪ 8.5% compounded annually for funding purposes. Investment return is assumed to be net of investment management expense.
Salary Increases	▪ 5% per year compounded annually.
Mortality	▪ The sex-distinct 1994 Uninsured Pensioners Table. See table below for sample values.
Withdrawal	▪ Graduated rates. See table below for sample values.
Retirement Age	▪ Age 65.

Sample Annual Decrement Rates per 100 Participants								
Employment	Mortality		Separation - Select Rates General Employees					
Age	Male	Female	0	1	2	3	4	5
20	0.05	0.03	33.75	31.50	28.50	24.00	19.05	15.00
25	0.07	0.03	31.35	29.46	26.88	22.86	18.54	14.25
30	0.09	0.04	27.30	25.47	22.92	18.99	15.36	12.00
35	0.09	0.05	22.35	20.64	18.03	14.01	10.17	6.00
40	0.12	0.08	17.85	16.26	13.80	10.26	7.23	3.90
45	0.17	0.10	17.25	14.85	11.94	8.43	5.37	2.52
50	0.28	0.15	16.50	13.38	10.98	7.89	4.47	1.07
55	0.48	0.25	14.85	12.45	9.78	6.93	3.63	0.23
60	0.86	0.48	0.00	0.00	0.00	0.00	0.00	0.00
65	1.56	0.93	0.00	0.00	0.00	0.00	0.00	0.00

Summary of Plan Provisions

Plan Name	OBRA 1990 Retirement System of the County of Milwaukee.
Effective Date	January 1, 1992.
Type of Plan	Municipal retirement system administered by the Pension Board.
Employer	County of Milwaukee.
Employees Included	Any person employed by the County for whom the County is not obligated to collect and withhold FICA taxes. However, such persons shall exclude an employee: ▪ hired to relieve him from unemployment ▪ of a hospital, home, or institution where he is an inmate ▪ who is a temporary employee to handle fire, storm, snow, earthquake or similar emergencies ▪ paid on a fee basis as self-employed, or ▪ who is a member of the collective bargaining unit covered by an agreement which does not provide for his inclusion.
Service Considered	One year shall be credited on and after January 1, 1992 for each Plan Year during which the employee is employed at any time. However, the employee shall not receive credit for any Plan Year in which the County is obligated to collect and withhold FICA taxes. If, during such Plan Year, FICA taxes are withheld for only a portion of the year, the employee shall receive a pro rata credit for the portion of year worked when no FICA taxes were withheld.
Earnings Considered	Total wages shall include the compensation earned during the period for which no FICA tax was withheld, exclusive of any amounts reimbursed for moving expenses. However, such wages shall be limited to the Social Security taxable wage base for the Plan Year.
Average Compensation	The average of the total Earnings accumulated during the Plan Years of employment with the County, except that years prior to January 1, 1992 shall be disregarded.
Normal Retirement Pension	Payable upon request of any member who has attained age 65. Such pension shall equal one-twelfth of 2% of the member's Average Compensation multiplied by years of service (not in excess of 30).
Deferred Vested Pension	Upon termination of employment, a member shall be eligible for a deferred vested pension commencing at age 65. Such benefit shall be calculated as for normal retirement, considering Average Compensation and Service at termination.

REPORT ON
THE SEVENTY-FOURTH VALUATION OF
THE EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF PROVIDENCE
AS OF JUNE 30, 2001

BUCK CONSULTANTS®
A Mellon Consulting Company
10 Post Office Square Suite 600N
Boston, Massachusetts 02109-4603

November 29, 2001

Retirement Board
Employees' Retirement System of the
City of Providence
City Hall
Providence, Rhode Island 02903

Dear Board Members:

This report presents the results of the seventy-fourth actuarial valuation of the system, prepared as of June 30, 2001, which develops the appropriation required by the City for the fiscal year beginning July 1, 2002.

The Table of Contents, which immediately follows, outlines the material contained in the report.

Respectfully submitted,

Stephen G. Peterson
Principal and Consulting Actuary

Buck Consultants, Inc.
617 | 350-6006 Fax 617 | 350-5446

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REPORT ON THE SEVENTY-FOURTH VALUATION OF THE
EMPLOYEES' RETIREMENT SYSTEM OF THE
CITY OF PROVIDENCE
AS OF JUNE 30, 2001

SECTION I - SUMMARY OF PRINCIPAL RESULTS

1. For convenience of reference, the principal results of the current and preceding valuations are summarized below:

Valuation Date	**6/30/01**	**6/30/00**
Number of active members		
Vested	1,688	1,693
Nonvested	1,665	1,666
Total	3,353	3,359
Annual salaries	$ 116,493,172	$ 114,163,885
Number of beneficiaries	2,825	2,849
Annual retirement allowances	$ 50,391,922	$ 48,819,922
Assets for valuation purposes (5 year average)	$ 341,986,258	$ 341,957,045
Unfunded accrued liability	$ 479,377,017	$ 456,475,278
Contribution rates required		
Class A	23.44%	23.44%
Class B	54.23%	53.10%

2. Comments on the valuation results as of June 30, 2001 are given in Section IV and the appropriation payable by the City during the fiscal period beginning July 1, 2002 is set out in Section V.

3. The valuation was based on the assumptions as outlined in Schedule B.

4. Schedule D of this report presents a summary of the main provisions of the act governing the system, as interpreted in preparing the actuarial valuation. In particular, the valuation reflected the following with respect to annual cost of living adjustments (COLAs):

a)

GROUP		COLA
Class A retired prior to 12/18/91	-	3%, compounded
Class A retired after 12/18/91	-	None
Class B retired prior to 1/1/90	-	5%, compounded
Class B retired between 1/1/90 and 12/18/91	-	6%, compounded
Class B retired after 12/18/91	-	3%, simple, on first $12,000 of annual benefit

b) Three year deferral of initial COLA for current active members.

SECTION II - EMPLOYEE DATA

1. Employee data were furnished by the City Controller.

2. Tables 1 and 2 of Schedule E show the number and annual salaries of active members, while the remaining tables of Schedule E show the number and annual retirement allowances of beneficiaries as of June 30, 2001.

SECTION III - ASSETS

1. The amount of the assets taken into account in the valuation was obtained from information submitted by the City Controller.

2. The market value of the assets of the system as of June 30, 2001 was $322,045,955.

3. The amount of assets used for valuation purposes was determined by the use of a five-year moving average of market values. This procedure produced a value of $341,986,258 after adding $27,457,101 (discounted to June 30, 2001) appropriated for payment in the fiscal year beginning July 1, 2001. Schedule C outlines the calculation of this adjusted value.

SECTION IV - COMMENTS ON VALUATION

1. Schedule A of this report presents the results of the valuation and shows the present and prospective assets and liabilities of the retirement system of June 30, 2001. Actuarial liabilities consist of $72,923,726, which equals the contributions of active members; plus $564,801,427, which equals the present value of obligations to retired members and their

beneficiaries; plus $359,074,688, which equals the value of prospective benefits of active members which are to be paid by the City. These liabilities amount to $996,799,841. Against these prospective liabilities, the system has present assets of $341,986,258, which includes $72,923,726 attributable to contributions of active members. Expected future contributions of active members have a present value of $83,539,219. This leaves $571,274,364 to be met by the City through its annual contributions.

2. Section V discusses the portion of the total prospective City obligation we recommend for current payment.

SECTION V - APPROPRIATION PAYABLE BY CITY

1. Schedules A gives the basis for determining the appropriation payable by the City during the fiscal period beginning July 1, 2002. In accordance with the law governing the operation of the retirement system, we recommend contribution rates of 23.44% for Class A members, 56.39% for Fire and 48.47% for Police. These rates are based on amortizing the unfunded accrued liability as of June 30, 2001 on a level percentage basis over a 29 year period. If these rates are applied to the annual compensation of active members included in the actuarial valuation as of June 30, 2001 and contributions are paid on June 30, 2003, contributions payable by the City for the fiscal year beginning July 1, 2002 are as shown below:

Group	Amount
Class A:	
General	$ 10,213,113
School	3,957,115
School Crossing Guards	268,946
Water	2,402,972
JTPA	260,891
School Miscellaneous	110,748
Chapter I	1,180,759
Indirect Cost	91,093
Other Funds	0
Federal Funds*	83,124
Total Class A	$ 18,568,761
Class B:	
Fire	$ 12,883,578
Police	10,555,376
Total Class B	$ 23,438,954
Grand Total	$ 42,007,715

* $13,559 for Vocational Education, $55,988 for Special Education and $13,577 for Federal

2. The above contribution includes an additional contribution of $492,606 which is needed to amortize the remaining deferred contribution as of June 30, 1996 over a 29 year period.

3. The assets and liabilities in the valuation do not take the elected officials pensions into account. Therefore, in addition, the City should contribute an amount sufficient to provide for the payment of the special pensions to elected officials on a pay-as-you-go basis. Any deficiency which arises on account of elected officials whereby the contribution paid for a

fiscal year is not sufficient to cover the special pensions paid that year to such retired members should be met by a special contribution by the City.

SECTION VI - ACCOUNTING INFORMATION

1. Based on our interpretation of Statement 5 of the Governmental Accounting Standards Board, the pension benefit obligations for the system were $804,234,000 and $828,348,000 computed as of June 30, 2000 and June 30, 2001, respectively. The pension benefit obligation exceeded the market value of assets by $428,206,000 as of June 30, 2000 and by $478,845,000 as of June 30, 2001 as shown below:

		June 30, 2000	June 30, 2001
1.	Pension benefit obligation		
	A. Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	$ 552,009,000	$ 564,801,000
	B. Current employees		
	i. accumulated employee contributions	77,157,000	72,924,000
	ii. employer-financed vested	66,012,000	75,742,000
	iii. employer financed non-vested accrued	34,984,000	42,440,000
	iv. additional value of accrued benefits due to future salary increases	74,072,000	72,441,000
	C. Total	$ 804,234,000	$ 828,348,000
2.	Market value of assets including receivable contribution	$ 376,028,000	$ 347,352,000
3.	Excess of pension benefit obligation over market value of assets	$ 428,206,000	$ 480,996,000
4.	Funded ratio (2. ÷ 1C.)	46.8%	41.9%

The above values do not reflect future credited service for active members.

2. Statement No. 5 has been superseded by Statement No. 25. The previous information in this section has been shown for transitional purposes. The following schedules show the information required by Statement No. 25:

SCHEDULE OF EMPLOYER CONTRIBUTIONS
(dollar amounts in thousands)

Year Ended June 30	Annual Required Contribution	Percentage Contributed
1991	12,726	100.00
1992	15,466	100.36
1993	17,221	100.13
1994	18,612	99.90
1995	21,159	53.81
1996	16,136	100.00
1997	21,089	93.58
1998	35,701	57.52
1999	37,445	56.15
2000	37,415	60.00
2001	38,899	60.60

SCHEDULE OF FUNDING PROGRESS
(dollar amounts in thousands)

Year Ended June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1991	246,159	431,936	185,777	56.99	74,075	250.79
1992	266,166	403,404	137,238	65.98	78,347	175.17
1993	278,544	465,943	187,399	59.78	78,200	239.64
1994	286,956	500,119	213,163	57.38	84,176	253.23
1995	293,454	460,567	167,113	63.72	88,335	189.18
1996	287,320	699,265	411,945	41.09	84,178	489.38
1997	288,800	732,373	443,573	39.43	88,959	498.63
1998	315,000	732,775	417,775	42.99	99,182	421.22
1999	325,576	746,264	420,688	43.63	106,717	394.21
2000	341,817	798,292	456,475	42.82	114,164	399.84
2001	341,986	821,363	479,377	41.64	116,493	411.51

ANNUAL PENSION COST AND NET PENSION OBLIGATION FOR
FISCAL YEAR BEGINNING JULY 1, 2001

3. The pension cost and net pension obligation as required by Statement 27 of the Governmental Accounting Standards Board are:

Net Pension Obligation (NPO) at June 30, 2001	$ 76,986,626
Annual Required Contribution	39,762,820
Interest on NPO	6,543,863
Amortization of NPO	(4,669,690)
Annual Pension Cost	41,636,993
Contributions Paid	27,457,101
Increase in NPO	14,179,892
NPO of June 30, 2002	91,166,518

SCHEDULE A

RESULTS OF THE VALUATION AS OF JUNE 30, 2001
(Excluding Elected Officer Funds)

	Class A	Class B			Grand Total
		Fire	Police	Total	
1. Actuarial Liabilities					
(a) Contributions of active members accumulated to date	$ 35,684,071	$ 20,040,736	$ 17,198,919	$ 37,239,655	$ 72,923,726
(b) Present value of benefits payable to retired members and beneficiaries including benefits payable on death	165,106,508	227,436,701	172,258,218	399,694,919	564,801,427
(c) Present value of benefits to be paid by contributions of the City on account of active members	186,858,523	90,073,333	82,142,832	172,216,165	359,074,688
(d) Total actuarial liabilities	387,649,102	337,550,770	271,599,969	609,150,739	996,799,841
2. Assets of the System for Valuation Purposes	$ 110,779,424	$ 131,562,642	$ 99,644,192	$ 231,206,834	$ 341,986,258
3. Future Employee Contributions	$ 42,181,594	$ 20,353,043	$ 21,004,582	$ 41,357,625	$ 83,539,219
4. Total Prospective Contributions by the City (1(d) minus 2 and 3)	$ 234,688,085	$ 185,635,084	$ 150,951,195	$ 336,586,279	$ 571,274,364

	Class A	Class B			Grand Total
		Fire	Police	Total	
5. Normal Contribution Rates (For Average New Entrant)	8.10%	9.57%	9.57%	9.57%	
6. Present Value of Future Salaries of Present Active Members	$ 6,400,269	$ 2,069,263	$ 2,116,230	$ 4,185,493	
7. Present Value of Future Normal Contributions By City (5. x 6.)	$ 51,842,179	$ 19,802,847	$ 20,252,321	$ 40,055,168	$ 91,897,347
8. Balance-Unfunded Accrued Liability	$ 182,845,906	$ 165,832,238	$ 130,698,874	$ 296,531,111	$ 479,377,017
9. Total Contribution Rates					
(a) Contribution rate to liquidate unfunded accrued liability over 29 years	15.34%	46.82%	38.90%		
(b) Normal contribution rates	8.10%	9.57%	9.57%		
(c) Total contribution rates	23.44%	56.39%	48.47%		
10. Payroll	$ 73,777,309	$ 21,919,650	$ 20,796,213	$ 42,715,863	$ 116,493,172
11. Contribution payable for fiscal year beginning July 1, 2001	$ 18,351,013	$ 12,732,498	$ 10,431,598	$ 23,164,096	$ 41,515,109*

* Assumed payment date, June 30, 2003

SCHEDULE B

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

INTEREST RATE: 8½% per annum, compounded annually for General Funds and School Teacher Funds.

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of withdrawal and deferred retirement, disability, death and service retirement among members in active service are as follows:

CLASS A

Age	Retirement	Disability	
		Ordinary	Accidental
20		.0005	.0002
25		.0006	.0003
30		.0006	.0003
35		.0010	.0005
40		.0016	.0008
45	.0671	.0025	.0012
50	.0925	.0037	.0018
55	.0859	.0051	.0026
59	.1138	.0074	.0037
60	.1229	.0083	.0042
64	.1741	.0125	.0062
65	.2500	.0136	.0068
70	.2500	.0136	.0068
75	1.0000		

Age	Withdrawal and Deferred Retirement	Death	
		Ordinary	Accidental
20	.1413	.00025	.00002
25	.1206	.00032	.00002
30	.0644	.00039	.00002
35	.0473	.00049	.00003
40	.0389	.00064	.00004
45	.0272	.00099	.00006
50	.0174	.00163	.00010
54	.0101	.00241	.00015
55		.00266	.00016
60		.00382	.00023
65		.00562	.00034
70		.00796	.00048
74		.01052	.00064

CLASS B

Age	Withdrawal and Deferred Disability	Disability		Death	
		Ordinary	Accidental	Ordinary	Accidental
20	.0258	.0003	.0010	.0006	.0004
25	.0183	.0005	.0015	.0007	.0004
30	.0104	.0007	.0023	.0008	.0005
35	.0046	.0010	.0030	.0011	.0007
40	.0029	.0014	.0045	.0014	.0010
45	.0024	.0026	.0080	.0018	.0012
50		.0044	.0138	.0026	.0017
55			.0198	.0034	.0023
59			.0258	.0049	.0032

Age	Retirement
40	.07403
45	.07599
50	.08004
55	.08860
59	.10238
60	.25000
64	.25000
65	1.00000

SALARY INCREASES: 0% through June 30, 1999, 5% per year thereafter.

DEATHS AFTER RETIREMENT: Based on the 1983 GAM Table revised for retirements on and after June 30, 1990 to produce the following life expectancies.

Age	CLASS A				CLASS B	
	Service		Disability			
	Male	Female	Male	Female	Service	Disability
50	29.183	34.917	26.265	31.425	29.183	26.265
55	24.825	30.235	22.343	27.212	24.825	22.343
60	20.641	25.672	18.577	23.105	20.641	18.577
65	16.693	21.286	15.024	19.157	16.693	15.024
70	13.182	17.130	11.864	15.417	13.182	11.864

VALUATION METHOD: Projected benefit method with aggregate level entry age normal cost and open-end accrued liability. Gains and losses are reflected in the period remaining to liquidate the unfunded accrued liability.

ASSET VALUATION METHOD: 5-year moving average of market values.

SCHEDULE C

DETERMINATION OF ADJUSTED ASSET VALUE

The adjusted asset value is determined under a five-year moving average method as follows:

June 30	Market Value	Net Cash Flow During Preceding Year
2001	$322,045,955	$ (13,940,085) x 4 = $(55,760,341)
2000	351,949,390	(12,464,465) x 3 = (37,393,395)
1999	353,200,424	(12,387,948) x 2 = (24,775,896)
1998	352,993,163	(11,396,194) x 1 = (11,396,194)
1997	332,537,762	
Total	$1,712,726,694	$(129,325,826)

Adjusted Asset Value = ($1,712,726,694÷5) + (($129,325,826)÷5)) or $316,680,174 plus $25,306,084 (discounted value of $27,457,101 payable June 30, 2002 for FY02) or $341,986,258.

Net cash flow consists of contributions and investment income, excluding capital gains and losses, minus benefit payments and expenses, if any, charged to the trust.

The adjusted net cash flows serve to bring each market value up to the valuation date except for realized and unrealized capital gains and losses.

SCHEDULE D

SUMMARY OF MAIN PROVISIONS OF RETIREMENT SYSTEM

AS INTERPRETED FOR VALUATION PURPOSES

1 - BENEFITS

Final compensation is the average of the highest three years of base compensation including longevity pay earned by a member during his total service as an employee.

Service is total employment by the City plus any purchased service.

Service Retirement Allowance

Conditions for Allowance

The minimum age for service retirement for Class A members is age 55 or the age at which 25 years of service (30 years for members hired after July 1, 1995) are completed if earlier, and for Class B members age 55 or the age at which 20 years of service are completed if earlier.

Amount of Allowance

Provided by Member

An annuity which is the actuarial equivalent of his accumulated contributions at the time of his retirement, and

Provided by City

For Class A members hired prior to July 1, 1996, a pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/40 of his final compensation for each year of total service credited not in excess of 20 years plus 1/50 of his final compensation for each year of total service credited in excess of 20 years. For Class A members hired on or after July 1, 1996, a pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/50 of his final compensation for each year of total service credited.

If the member is a Class B member, a pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/40 of his final compensation for each year of

total service credited not in excess of 20 years plus 1/50 of his final compensation for each year of total service credited in excess of 20 years but not in excess of 32 years and 6 months.

Deferred Retirement Allowance

Conditions for Allowance

A member who has completed at least 10 years of service may retire and receive a deferred retirement allowance commencing at the minimum age for service retirement.

Amount of Allowance

Provided by Member

A deferred annuity which is the actuarial equivalent of his accumulated contributions, and

Provided by City

For Class A members hired prior to July 1, 1996, a deferred pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/40 of his final compensation for each year of total service credited not in excess of 20 years plus 1/50 of his final compensation for each year of total service credited in excess of 20 years. For Class A members hired on or after July 1, 1996, a deferred pension which when added to his annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/50 of his final compensation for each year of total credited service.

If the member is a Class B member, a deferred pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/40 of his final compensation for each year of total service credited not in excess of 20 years plus 1/50 of his final compensation for each year of total service credited in excess of 20 years but not in excess of 32 years and 6 months.

Ordinary Disability Retirement Allowance

Conditions for Allowance

After 10 years of service, a member under the minimum age for service retirement may be retired for disability upon his own request or upon the request of the head of the department employing him.

Amount of Allowance

Provided by Member

An annuity which is the actuarial equivalent of his accumulated contributions at the time of his retirement, and

Provided by City

If the member is a Class A member, a pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 9/10 of 1/50 of his final compensation for each year of total service which would have been credited had he continued in service to the minimum age for service retirement, but such retirement allowance, exclusive of any excess annuity, is not to exceed 45% of his final compensation.

If the member is a Class B member, a pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 9/10 of 1/40 of his final compensation for each year of total service which would have been credited had he continued in service to the minimum age for service retirement, but such retirement allowance, exclusive of any excess annuity, is not to exceed 45% of his final compensation.

Accidental Disability Retirement Allowance

Conditions for Allowance

A member may be retired on account of accidental disability occurring in the performance of duty regardless of age or length of service. Any condition or impairment of health of Class B employees who are firefighters caused by any disease of the heart or cardiovascular system or lungs or respiratory tract resulting in total or partial disability shall be presumed to be accidental and suffered in the line of duty unless the contrary be shown by competent evidence.

Amount of Allowance

Provided by Member — An annuity which is the actuarial equivalent of his accumulated contributions at the time of his retirement, and

Provided by City — A pension of 66-2/3% of his final compensation, but not less than the service retirement allowance. Upon the death of a member within 5 years after accidental disability retirement as a result of an accident while in the performance of duty a pension of one-half of the member's final compensation is paid to his widow until she dies or remarries, at which point the pension is paid to his child or children until they attain age 19.

Accidental Death Benefit

Conditions for Benefit — An accidental death benefit is payable upon the death of any member due to an accident in the performance of duty. Any condition or impairment of health of Class B employees who are firefighters caused by any disease of the heart or cardiovascular system or the lungs or respiratory tract resulting in death shall be presumed to be accidental and suffered in the line of duty unless the contrary be shown by competent evidence.

Amount of Benefit — A pension of one-half of the member's final compensation is paid to his widow until she dies or remarries, at which point the pension is payable to his child or children until they attain age 19. If there are no other dependents, the pension is payable to his dependent parents. In addition, a lump sum payment of the member's accumulated contributions is made.

Withdrawal or Ordinary Death Benefit — A member who withdraws prior to eligibility for retirement receives his accumulated contributions. Should a member die before retirement his accumulated contributions are paid to his estate or beneficiary; provided, however, if he has attained minimum retirement age and has not made an optional election as described below, and is survived by a spouse, such spouse is entitled, in lieu of the return of the member's accumulated contributions, to a benefit equal to that which would have been payable to such spouse upon the death of the member had the member retired on the day of his death and

elected to receive a benefit under the provisions of Option 2, as described below, and nominated his spouse as his designated beneficiary, except that for a Class B member the benefit to the spouse shall not be less than 67½% of the benefit that would have been paid to such retired member without reduction.

Benefit upon Death after Retirement

Class A — Benefits under any option. Also, the excess, if any, of the member's accumulated contributions at retirement over all payments paid out on the member's account.

Class B — Upon the death of a Class B pensioner, 67½% of his retirement allowance is paid to his widow until she dies or remarries, at which point the benefit is paid to his dependent children until they attain age 18. Also, the excess, if any, of the member's accumulated contributions at retirement over the total of all payments paid out on the member's account.

Minimum Benefits — The minimum monthly retirement allowance is $600, prorated for members whose credited service at retirement is less than 25.

Special Privileges at Retirement — At retirement, a member may elect to convert his allowance into a benefit of equivalent actuarial value in accordance with one of the options described below:

Option 1. A reduced retirement allowance payable during the retired member's life, with a provision that in case of death before such payments have equaled the present value of his retirement allowance at the date of retirement, the balance shall be paid to the heirs or assigns; or

Option 2. A reduced retirement allowance payable during the retired member's life, with a provision that after his death it shall be continued during the life of and paid to the person nominated by him by written designation at the time of his retirement; or

Option 3. A reduced retirement allowance payable during the retired member's life, with a provision

that after his death an allowance at one-half the rate of his reduced allowance shall be continued during the life of and paid to the person nominated by him by written designation at the time of his retirement; or

Option 4. A reduced retirement allowance payable during the retired member's life, with some other benefit payable after his death, provided that the benefit shall be certified by the actuary and approved by the retirement board.

Class B members may not elect options 2 or 3.

Special Privileges upon Attainment of Minimum Retirement Age

Any member who has attained minimum retirement age may elect, in accordance with Option 2, 3, or 4 above, a reduced retirement allowance with provision for benefits to a person having an insurable interest in his life, other than his wife. The benefit is determined as of the member's date of death or retirement, if prior thereto, in accordance with the provisions of the option selected and is in lieu of the return of the member's accumulated contributions if death occurs during the member's continuance in service after attainment of minimum retirement age. Such election is irrevocable after the option becomes effective unless the designated beneficiary predeceases the member prior to his retirement.

Cost of Living Adjustment

Class A

3%, compounded, for members who retired prior to 12/18/91; no adjustment for other members.

Class B

5%, compounded, for members who retired prior to 1/1/90, 6%, compounded, for members who retired between 1/1/90 and 12/18/91 and 3%, simple, on first $12,000 of annual benefit for other retired members.

The initial COLA payment is deferred until the January 1 which occurs three years after the member's retirement date.

Special Provisions for Certain Elected Officials

Any person who has served as Mayor or City Councilman for at least eight full legislative years is entitled to a retirement allowance on the basis of such service as an elected official upon attainment of age 52 or the completion of 20 consecutive years as an elected official, whichever is earlier, or the occurrence of total and permanent disability prior thereto.

Such retirement allowance is currently $350 for each year of service, provided that no more than 20 years of such service are to be used in determining the allowance.

Upon the death of any such elected official, benefits are payable in accordance with the Class A provisions of the act.

An elected official may elect to withdraw his accumulated contributions in lieu of his rights to the allowance based on service as an elected official.

2 - CONTRIBUTIONS

By Members

Class A members are required to contribute 8% of their salaries.

Class B members are required to contribute 9½% of their salaries.

The Mayor and members of the City Council are required to contribute at the rate of $350 per year.

By City

The City makes the balance of contributions needed to fund the system.

In addition the City shall contribute from time to time amounts sufficient with the contributions of elected officials to provide the special pensions granted to elected officials.

SCHEDULE E

TABLES OF EMPLOYEE DATA

TABLE 1

The Number and Annual Salaries of Members Distributed By 5th Age and Service As of June 30, 2001

CLASS A

SERVICE AGE	1	5	10	15	20	25	30	35	OVER 37	TOTAL	
20	11	5	0	0	0	0	0	0	0	16	NUMBER
	292,478	115,050	0	0	0	0	0	0	0	407,528	SALARY
25	37	95	12	0	0	0	0	0	0	144	NUMBER
	849,509	2,188,809	234,448	0	0	0	0	0	0	3,272,766	SALARY
30	34	125	76	16	0	0	0	0	0	251	NUMBER
	883,918	3,467,298	2,107,437	451,231	0	0	0	0	0	6,909,884	SALARY
35	40	107	91	66	2	0	0	0	0	306	NUMBER
	1,010,962	3,030,380	2,772,359	2,370,659	103,620	0	0	0	0	9,287,980	SALARY
40	37	103	91	88	19	8	0	0	0	346	NUMBER
	866,062	2,715,007	2,774,452	3,074,063	746,929	298,243	0	0	0	10,474,756	SALARY
45	29	103	111	66	35	44	33	0	0	421	NUMBER
	693,791	2,749,827	3,442,696	2,134,392	1,269,960	1,781,990	1,181,010	0	0	13,253,666	SALARY
50	18	74	75	74	26	40	66	7	0	380	NUMBER
	557,067	1,809,288	2,242,090	2,024,883	863,137	1,648,322	2,880,809	242,981	0	12,668,577	SALARY
55	17	35	55	49	26	29	37	14	1	263	NUMBER
	408,592	979,613	1,854,073	1,783,071	978,306	1,079,444	1,472,504	588,375	39,259	9,183,237	SALARY
60	5	26	46	29	17	11	14	6	7	161	NUMBER
	117,522	589,253	1,330,590	877,728	656,135	378,084	484,757	170,394	244,786	4,849,249	SALARY
65	4	12	19	19	8	6	5	2	0	75	NUMBER
	137,107	252,143	478,460	574,769	353,423	201,783	176,830	82,406	0	2,256,921	SALARY
70	1	1	5	9	5	0	3	1	1	26	NUMBER
	17,683	28,787	112,778	333,392	159,532	0	107,998	31,113	34,918	826,201	SALARY
75	1	3	0	6	3	2	1	1	1	18	NUMBER
	37,716	43,525	0	161,330	60,760	85,497	56,011	34,760	39,985	519,584	SALARY
OVER 77	0	0	5	2	1	0	0	0	1	9	NUMBER
	0	0	155,878	56,433	14,664	0	0	0	39,985	266,960	SALARY
TOTAL	234	689	586	424	142	140	159	31	11	2416	NUMBER
	5,872,407	17,968,980	17,505,261	13,841,951	5,206,466	5,473,363	6,359,919	1,150,029	398,933	73,777,309	SALARY

TABLE 2

The Number and Annual Salaries of Members Distributed By 5th Age and Service As of June 30, 2001

CLASS B

SERVICE / AGE	1	5	10	15	20	25	30	OVER 32	TOTAL	
20	9	0	0	0	0	0	0	0	9	NUMBER
	115,128	0	0	0	0	0	0	0	115,128	SALARY
25	8	10	0	0	0	0	0	0	18	NUMBER
	102,336	428,077	0	0	0	0	0	0	530,413	SALARY
30	24	36	56	1	0	0	0	0	117	NUMBER
	502,744	1,596,207	2,528,061	48,183	0	0	0	0	4,675,195	SALARY
35	9	15	102	90	1	0	0	0	217	NUMBER
	228,532	653,536	4,588,671	4,169,693	48,859	0	0	0	9,689,291	SALARY
40	7	7	54	119	49	5	0	0	241	NUMBER
	145,339	307,193	2,416,925	5,412,093	2,396,548	246,449	0	0	10,924,547	SALARY
45	1	3	18	39	45	72	7	0	185	NUMBER
	12,792	138,832	806,583	1,762,194	2,165,788	3,755,103	370,797	0	9,012,089	SALARY
50	0	0	3	9	14	37	36	1	100	NUMBER
	0	0	141,523	433,223	656,041	1,864,970	1,990,514	35,429	5,121,700	SALARY
55	0	0	0	2	1	8	11	19	41	NUMBER
	0	0	0	86,088	43,021	399,999	607,923	1,078,980	2,216,011	SALARY
60	0	0	0	0	0	1	1	7	9	NUMBER
	0	0	0	0	0	29,784	43,021	358,684	431,489	SALARY
OVER 62	0	0	0	0	0	0	0	0	0	NUMBER
	0	0	0	0	0	0	0	0	0	SALARY
TOTAL	58	71	233	260	110	123	55	27	937	NUMBER
	1,106,871	3,123,845	10,481,763	11,911,474	5,310,257	6,296,305	3,012,255	1,473,093	42,715,863	SALARY

TABLE 3

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2001

SERVICE RETIREMENTS

CLASS A

AGE	NUMBER	AMOUNT
45	4	$83,195
46	1	16,672
47	2	37,605
48	4	84,857
49	10	198,557
50	2	29,651
51	4	57,204
52	7	124,113
53	12	251,282
54	10	197,168
55	11	240,660
56	23	433,638
57	16	204,772
58	20	345,496
59	22	329,055
60	12	266,425
61	26	313,402
62	36	508,666
63	31	410,523
64	42	518,804
65	31	353,808
66	38	532,530
67	40	514,408
68	57	803,340
69	57	779,578
70	56	757,133
71	65	900,655
72	58	786,601
73	52	706,673

TABLE 3 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2001

SERVICE RETIREMENTS

CLASS A

AGE	NUMBER	AMOUNT
74	56	$700,132
75	48	592,299
76	43	545,658
77	50	612,007
78	32	278,033
79	30	341,440
80	42	438,956
81	43	443,869
82	24	225,302
83	36	313,263
84	32	304,641
85	25	194,451
86	23	197,891
87	18	114,045
88	8	48,534
89	19	119,750
90	7	31,099
91	9	58,628
92	8	56,056
93	5	17,661
94	8	52,465
95	4	34,195
97	1	3,758
98	5	31,468
100	1	751
101	1	3,758
TOTAL	1,328	$16,546,571

TABLE 4

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2001

SERVICE RETIREMENTS

CLASS B

AGE	NUMBER	AMOUNT
44	2	$49,521
45	1	15,889
46	2	44,927
47	4	87,080
48	7	146,835
49	3	56,275
50	10	235,290
51	8	177,967
52	9	228,381
53	9	212,831
54	27	680,923
55	20	531,018
56	10	322,421
57	10	257,754
58	8	198,295
59	8	286,060
60	7	144,873
61	12	294,225
62	9	279,678
63	10	193,285
64	13	324,261
65	15	336,065
66	13	361,624
67	10	242,610
68	13	408,519
69	20	432,817
70	17	383,485
71	18	401,027

TABLE 4 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2001

SERVICE RETIREMENTS

CLASS B

AGE	NUMBER	AMOUNT
72	16	$344,707
73	15	355,044
74	22	501,243
75	11	249,111
76	21	323,460
77	22	376,304
78	19	427,234
79	14	298,104
80	15	263,751
81	10	150,260
82	4	59,003
83	7	103,380
84	5	71,338
85	2	22,339
86	2	28,976
87	2	22,605
88	2	22,339
89	2	37,397
90	1	11,568
92	1	11,169
94	1	11,169
95	1	11,169
98	1	11,169
100	1	11,169
TOTAL	492	$11,058,941

TABLE 5

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2001

ELECTIVE OFFICIALS AND DEPENDENTS
OF ELECTIVE OFFICIALS

AGE	NUMBER	AMOUNT
59	1	$33,377
61	1	3,766
62	1	3,950
63	3	13,101
70	1	7,094
71	3	16,303
72	1	8,867
73	1	10,013
74	1	9,532
75	2	10,160
76	1	5,989
78	3	11,565
81	1	11,084
85	1	5,912
91	1	1,426
92	2	4,292
TOTAL	24	$156,431

TABLE 6

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2001

DISABILITY RETIREMENTS

CLASS A

AGE	NUMBER	AMOUNT
42	1	$15,905
43	1	8,371
45	1	10,651
46	1	22,469
47	2	28,681
48	3	57,015
49	2	32,744
50	1	17,796
51	4	63,184
52	2	31,704
53	4	64,443
54	3	55,002
55	3	47,230
56	3	50,130
57	1	11,606
58	4	68,403
59	3	55,079
60	5	62,919
61	2	26,385
62	8	117,349
64	3	27,429
65	3	33,315
66	6	97,047
67	3	43,163
68	2	23,337

TABLE 6 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2001

DISABILITY RETIREMENTS

CLASS A

AGE	NUMBER	AMOUNT
70	5	$80,135
71	4	69,902
72	4	75,016
73	1	16,784
74	2	21,927
75	4	71,364
76	2	21,416
77	1	5,637
78	2	17,559
79	1	3,998
80	2	8,497
81	1	9,376
88	2	22,086
98	1	4,742
TOTAL	103	$1,499,796

TABLE 7

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2001

DISABILITY RETIREMENTS

CLASS B

AGE	NUMBER	AMOUNT
33	1	$23,835
34	1	29,723
36	1	28,080
38	4	112,249
39	3	82,315
40	2	74,724
41	5	146,118
42	3	107,868
43	5	192,711
44	12	406,460
45	7	208,452
46	10	291,460
47	12	378,520
48	5	161,720
49	9	294,873
50	14	452,062
51	18	591,863
52	13	427,396
53	17	588,589
54	29	960,717
55	16	596,258
56	26	805,779
57	13	501,243
58	16	567,698
59	18	588,857
60	15	479,039
61	15	603,061
62	22	886,490
63	12	492,617

TABLE 7 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2001

DISABILITY RETIREMENTS

CLASS B

AGE	NUMBER	AMOUNT
64	8	$295,162
65	10	504,892
66	6	213,774
67	11	437,684
68	13	554,453
69	12	566,264
70	10	459,841
71	10	309,256
72	6	215,427
73	4	165,324
74	9	286,966
75	6	196,762
76	9	329,368
77	5	118,958
78	1	17,279
79	4	82,709
80	1	10,638
81	1	12,131
82	1	9,423
84	1	16,201
87	1	11,169
94	3	36,594
TOTAL	456	$15,931,052

TABLE 8

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF BENEFICIARIES OF DECEASED ACTIVE AND RETIRED MEMBERS DISTRIBUTED BY AGE AS OF JUNE 30, 2001

AGE	NUMBER	AMOUNT
28	1	$7,948
32	1	11,169
33	1	19,731
36	1	20,346
42	1	24,752
45	1	17,612
46	1	22,453
47	2	75,961
48	1	6,496
49	2	41,586
50	3	64,434
51	3	66,392
52	1	18,607
53	2	34,894
54	4	70,532
55	1	22,870
56	4	95,073
57	1	22,047
58	4	68,804
59	6	131,339
60	4	83,383
61	2	63,914
62	5	84,612
63	5	63,827
64	6	118,538
65	5	74,599
66	10	122,918
67	8	129,905
68	13	154,557

TABLE 8 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF BENEFICIARIES OF DECEASED ACTIVE AND RETIRED MEMBERS DISTRIBUTED BY AGE AS OF JUNE 30, 2001

AGE	NUMBER	AMOUNT
69	9	$154,966
70	7	80,536
71	6	104,781
72	9	117,693
73	17	239,419
74	15	152,504
75	17	231,105
76	20	233,694
77	15	176,624
78	19	186,517
79	14	136,334
80	14	137,133
81	16	187,578
82	14	123,724
83	18	147,330
84	12	102,810
85	12	100,466
86	13	109,091
87	11	94,711
88	9	82,449
89	11	108,412
90	8	77,675
91	7	68,491
92	7	67,037
93	5	45,010
94	5	54,073
95	4	44,678
96	2	20,564
97	1	10,641
98	3	33,509
99	3	30,277
TOTAL	422	$5,199,131

Retirement Systems of the City of Detroit

Financial Report
with Additional Information
June 30, 2002

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Retirement Systems of the City of Detroit

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plante moran

Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Independent Auditor's Report

To the Board of Trustees
General Retirement System
of the City of Detroit and
The Board of Trustees
Policemen and Firemen Retirement
System of the City of Detroit

We have audited the accompanying statement of plan net assets of the Retirement Systems of the City of Detroit as of June 30, 2002 and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the Systems' management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Retirement Systems of the City of Detroit for the year ended June 30, 2001 were audited by other auditors, whose report dated December 5, 2001 expressed an unqualified opinion.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Retirement Systems of the City of Detroit as of June 30, 2002 and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

During the year ended June 30, 2002, the Retirement Systems of the City of Detroit adopted Governmental Accounting Standards Board Statement No. 34. As a result, the Systems have included a Management's Discussion and Analysis section with these financial statements.

The management's discussion and analysis (identified in the table of contents) is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Plante & Moran, PLLC

October 15, 2002

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Management's Discussion and Analysis

Using this Annual Report

This annual report consists of three parts: (1) *management's discussion and analysis* (this section), (2) *the basic financial statements*, and (3) *required additional information*. The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required additional information* that further explains and supports the information in the financial statements.

Condensed Financial Information

The table below compares key financial information in a condensed format between the current year and the prior year:

General Retirement System

	Fiscal Year Ended June 30, 2002	Fiscal Year Ended June 30, 2001
Total assets	$ 2,719,951,225	$ 3,145,635,285
Total liabilities	329,954,534	454,629,203
Assets held in trust for pension benefits	2,389,996,691	2,691,006,082
Net investment loss	(155,570,805)	(128,078,532)
Contributions:		
Employee	25,482,285	25,478,661
Employer	67,791,488	68,139,535
Benefits paid to members and retirees:		
Retiree pension and annuity benefits	145,101,406	136,003,903
Member annuity refunds and withdrawals	90,070,711	83,171,058
Total benefits paid	235,172,117	219,174,961
Benefits paid in excess of contributions	141,898,344	122,556,765
Ratio of benefits paid to contributions	2.5	2.3
General and administrative expenses	3,406,964	3,149,697

Policemen and Firemen Retirement System

	Fiscal Year Ended June 30, 2002	Fiscal Year Ended June 30, 2001
Total assets	$ 3,379,676,538	$ 4,257,583,066
Total liabilities	390,769,548	773,957,846
Assets held in trust for pension benefits	2,988,906,990	3,483,625,220
Net investment loss	(289,217,131)	(464,665,754)
Contributions:		
Employee	10,301,296	10,300,781
Employer	8,449,645	14,443,382
Benefits paid to members and retirees:		
Retiree pension and annuity benefits	186,683,099	288,585,755
Member annuity refunds and withdrawals	34,174,745	17,766,305
Total benefits paid	220,857,844	306,352,060
Benefits paid in excess of contributions	202,106,903	281,607,897
Ratio of benefits paid to contributions	11.8	12.4
General and administrative expenses	3,260,918	3,147,697

Overall Fund Structure and Objectives

Both the General Retirement System (GRS) and the Policemen and Firemen Retirement System (PFRS) exist to pay benefits to their members and retirees. Active members earn service credit that entitles them to receive benefits in the future. Benefits currently being paid are significantly greater than contributions currently being received. The excess of benefits over contributions must be funded through investment income. The public capital markets represent the primary source of investments.

Asset Allocation

Both the GRS and PFRS have established asset allocation policies, which are expected to deliver more than enough investment income over a very long period of time to satisfy the obligations to pay the benefits promised to the members of the Systems. The following is a summary of the asset allocation as of June 30, 2002:

	GRS	PFRS
Equities	56%	60%
Fixed income	27%	28%
Real estate	10%	7%
Alternative investments	7%	5%

Investment Results

The past year was, for the third year in a row, another highly challenging and demanding period in the capital markets. The stock market, as measured by the S&P 500 index, declined 18 percent, an even greater decline than last year's 14.8 percent decline. Both the GRS and PFRS experienced sizeable losses on their investment portfolios owing primarily to declines in the market value of stocks. Returns from fixed income investments were positive, but declined steadily throughout the year as the Federal Reserve continued to lower interest rates. The returns from the asset allocations to bonds and real estate offset the decline in the allocations to stocks.

While this year's total fund investment return is disappointing, it must be considered in a longer-term context. The asset allocation of each fund is built upon the foundation that the obligations of the Retirement Systems to pay the benefits promised to members and retirees are very long-term obligations. Accordingly, each Board of Trustees must make investment decisions that it believes will be the most beneficial to the retirement system over many years, not just one or two years.

	General Retirement System	
	2002	2001
Assets		
Cash (Note 3)	$ 8,450,617	$ 2,819,153
Investments - At fair value (Note 3)	2,427,492,366	2,704,046,265
Accrued investment income	12,619,216	13,584,240
Contributions receivable	2,070,744	4,323,523
Receivables from investment sales	127,023,352	199,933,603
Other accounts receivable	96,854	422,874
Capital assets (Note 1)	822,110	-
Cash and investments held as collateral for securities lending (Note 3)	141,375,966	220,505,627
Total assets	2,719,951,225	3,145,635,285
Liabilities		
Payables for investment purchases	155,311,835	200,208,104
Claims payable to retirees and beneficiaries	2,471,860	2,332,160
Accrued pension benefits	-	-
Due to City of Detroit	1,677,019	1,515,915
Other liabilities	29,117,854	30,067,397
Amounts due broker under securities lending agreement (Note 3)	141,375,966	220,505,627
Total liabilities	329,954,534	454,629,203
Net Assets Held in Trust for Pension Benefits (a schedule of funding progress is presented in the additional information)	**$ 2,389,996,691**	**$ 2,691,006,082**

See Notes to Financial Statements.

Statement of Plan Net Assets
June 30, 2002

Policemen and Firemen Retirement System	
2002	2001
$ 10,610,287	$ 263,468
2,953,670,031	3,556,816,043
19,392,958	20,246,327
2,044,431	7,144,893
134,320,603	147,254,932
402,991	417,977
822,110	-
258,413,127	525,439,426
3,379,676,538	4,257,583,066
122,777,605	161,085,677
5,250,716	976,575
-	81,791,707
-	-
4,328,100	4,664,461
258,413,127	525,439,426
390,769,548	773,957,846
$ 2,988,906,990	**$ 3,483,625,220**

	General Retirement System	
	2002	2001
Additions		
Investment income (loss):		
Interest and dividend income	$ 97,039,748	$ 80,778,502
Net depreciation in fair value	(245,061,380)	(204,207,246)
Investment expense	(11,011,467)	(4,649,788)
Other income	3,462,294	-
Net investment loss	(155,570,805)	(128,078,532)
Contributions:		
Employee	25,482,285	25,478,661
Employer	67,791,488	68,139,535
Total additions and investment loss	(62,297,032)	(34,460,336)
Deductions		
Retirees' pension and annuity benefits	145,101,406	136,003,903
Member refunds and withdrawals	90,070,711	83,171,058
General and administrative expenses	3,406,964	3,149,697
Depreciation expense	133,278	-
Total deductions	238,712,359	222,324,658
Net Decrease in Net Assets Held for Pension Benefits	(301,009,391)	(256,784,994)
Net Assets Held in Trust for Pension Benefits - Beginning of year	2,691,006,082	2,947,791,076
Net Assets Held in Trust for Pension Benefits - End of year	**$2,389,996,691**	**$2,691,006,082**

See Notes to Financial Statements.

Statement of Changes in Plan Net Assets
Year Ended June 30, 2002

Policemen and Firemen Retirement System	
2002	2001
$ 122,896,130	$ 140,629,294
(406,157,986)	(591,172,213)
(12,118,598)	(14,122,835)
6,163,323	-
(289,217,131)	(464,665,754)
10,301,296	10,300,781
8,449,645	14,443,382
(270,466,190)	(439,921,591)
186,683,099	288,585,755
34,174,745	17,766,305
3,260,918	3,147,697
133,278	-
224,252,040	309,499,757
(494,718,230)	(749,421,348)
3,483,625,220	4,233,046,568
$2,988,906,990	**$3,483,625,220**

Note 1 - Summary of Significant Accounting Policies

The City of Detroit (the "City") sponsors the Retirement Systems of the City of Detroit (the "Systems") (contributory single employer retirement plans), which consist of the General Retirement System (GRS) and the Policemen and Firemen Retirement System (PFRS). Each system, which is administered by the respective Retirement Systems' Board of Trustees, is composed of a defined benefit plan and a defined contribution plan. The plans provide retirement, disability, and survivor benefits to plan members and beneficiaries.

Reporting Entity - The financial statements of the Systems are also included in the combined financial statements of the City of Detroit as Pension Trust Funds. The assets of the Pension Trust Funds include no securities of or loans to the City or any other related party.

Basis of Accounting - The Retirement Systems of the City of Detroit's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

During the year, the Systems adopted Governmental Accounting Standards Board (GASB) Statement No. 34. As a result, the Systems have included a management's discussion and analysis section with these financial statements.

Methods Used to Value Investments - Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

Capital Assets - Capital assets for the Systems represent office equipment and furniture. Depreciation expense is calculated by allocating the net cost of the assets over their estimated useful lives.

Note 2 - Plan Description and Contribution Information

At June 30, 2002, the membership of the defined benefit plan and the defined contribution plan consisted of the following:

	Defined Benefit Plans		Defined Contribution Plans	
	GRS	PFRS	GRS	PFRS
Retirees and beneficiaries receiving pension benefits	11,403	8,564	1,665	1,594
Terminated plan members entitled to but not yet receiving benefits	1,547	37	393	8
Active plan members	12,410	5,488	11,791	5,219

Plan Description - The Systems provide retirement benefits, as well as survivor and disability benefits. Employees may receive cost of living adjustments as a percentage of their base amount, pursuant to the collective bargaining agreement in effect at their date of retirement. The obligation to contribute to and maintain the System was established by City Charter and negotiation with the employees' collective bargaining units.

Contributions - The City's policy is to fund normal costs and amortization of prior service costs. The City is required to contribute at an actuarially determined rate. Administrative costs are financed through investment earnings. The contribution rate for 2001-2002 was 13.37 percent of active annual payroll for the GRS and 27.25 percent of active annual payroll for the PFRS. Contributions from employer for the year ended June 30, 2002 amounted to $67,791,488 and $8,449,645 for the GRS and PFRS, respectively. The PFRS normal cost contribution as calculated was $68,064,034. The contribution was reduced by $59,614,389 to $8,449,645 as a result of a release and settlement agreement dated April 26, 2001.

Employee contributions for annuity savings are as follows:

- *General Retirement System:* Employees may also elect to contribute (a) 0 percent, (b) 3 percent of annual compensation up to the Social Security wage base and 5 percent of any excess over that, (c) 5 percent, or (d) 7 percent.

- *Policemen and Firemen Retirement System:* Mandatory contributions are 5 percent of base compensation until eligibility for retirement is reached.

Note 2 - Plan Description and Contribution Information (Continued)

Contributions from employees during the year ended June 30, 2002 amounted to $25,482,285 and $10,301,296 for the GRS and PFRS, respectively.

The contribution requirements of plan members and the City of Detroit are established and may be amended by the Board of Trustees in accordance with the City Charter, union contracts, and plan provisions.

Note 3 - Deposits and Investments

Deposits - At year end, total deposits per bank were comprised of $8,450,617 for GRS and $10,602,991 for PFRS without recognition of deposits in transit or outstanding checks, of which $200,000 for each system was covered by federal depository insurance.

Investments - The Systems are authorized by Michigan Public Acts to invest in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, bankers' acceptances and mutual funds, and investment pools that are composed of authorized investment vehicles, certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 3, the Systems' investments are categorized to give an indication of the level of custodial risk assumed by the Systems at June 30, 2002. Category 2 includes investments that are uninsured, unregistered, and held by a trust department or agent in the Systems' name.

All of the Systems' investment securities are either insured, registered, or are held by the Systems or their agents in the Systems' name. Management believes that the investments of the Systems comply with the investment authority noted above.

Note 3 – Deposits and Investments (Continued)

The following is a description of the investments by type and category:

Investment	Amount	Category
General Retirement System:		
Short-term investments	$ 138,177,010	2
Bonds and stocks	1,621,642,136	2
Mortgage-backed securities	80,586,347	2
Mortgage and construction loans	142,053,294	N/A
Equity interest in real estate	71,099,600	N/A
Pooled investments	154,057,982	N/A
Private placements	219,875,997	2
Total	$ 2,427,492,366	
Policemen and Firemen System:		
Short-term investments	$ 84,847,603	2
Bonds and stocks	2,124,118,065	2
Mortgage-backed securities	157,299,147	2
Mortgage and construction loans	72,099,038	N/A
Equity interest in real estate	81,230,804	N/A
Real estate investment trusts held by custodian	24,658,081	2
Pooled investments	375,665,418	N/A
Private placements	33,751,875	2
Total	$ 2,953,670,031	

Included in the Systems' investments at June 30, 2002 are the following:

- Approximately $5,198,000 (GRS) and $21,633,000 (PFRS) of securities issued by the Government National Mortgage Association (GNMA). These investments are backed by the full faith and credit of the U.S. government. The yields provided by these mortgage-related securities historically have exceeded the yields on other types of U.S. government securities with comparable maturities, in large measure due to the potential for prepayment. Prepayment could result in difficulty in reinvesting the prepaid amounts in investments with comparable yields.

Note 3 - Deposits and Investments (Continued)

- Approximately $44,697,000 (GRS) and $146,221,000 (PFRS) of obligations of the Federal National Mortgage Association and Federal Home Loan Mortgage Corporation. These investments are usually not backed by the full faith and credit of the U.S. government, but are generally considered to offer modest credit risks. The yields provided by these mortgage-related securities historically have exceeded the yields on other types of U.S. government securities with comparable maturities, in large measure due to the potential for prepayment. Prepayment could result in difficulty in reinvesting the prepaid amounts in investments with comparable yields.

As permitted by State statutes and under the provisions of a Securities Lending Authorization Agreement, the Systems lend securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The Systems' custodial bank manages the securities lending program and receives cash, government securities, or irrevocable bank letters of credit as collateral. The custodial banks do not have the ability to pledge or sell collateral securities unless the borrower defaults. Borrowers are required to deliver collateral for each loan equal to not less than 100 percent of the market value of the loaned securities.

The Systems did not impose any restrictions during the fiscal year on the amount of loans made on its behalf by the custodial bank. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or custodial bank.

The Systems and the borrower maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other lenders, in an investment pool. The average duration of such investment pool as of June 30, 2002 was 64 days. Because the loans are terminable on demand, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2002, the Systems had no credit risk exposure to borrowers. The collateral held and the fair market value of underlying securities on loan for the Systems as of June 30, 2002 were $141,375,966 and $137,865,048 (GRS), and $258,413,127 and $252,029,788 (PFRS), respectively.

Note 4 - Reserves

State law requires employee contributions to be segregated. In addition, amounts must be set aside as determined by the actuary to fund benefits to retirees currently approved to receive benefits. As of June 30, 2002, the Systems' reserves have been fully funded as follows:

	GRS	PFRS
Reserved for employee contributions	$ 705,617,753	$ 390,637,734
Reserved for retired employees	1,341,025,861	2,284,727,012

A statement of changes in plan net assets by reserve is included in additional information.

Additional Information

plante moran

Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

To the Board of Trustees
General Retirement System
of the City of Detroit and
The Board of Trustees
Policemen and Firemen Retirement
System of the City of Detroit

We have audited the financial statements of the Retirement Systems of the City of Detroit as of and for the year ended June 30, 2002. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information listed in the table of contents is presented for the purpose of additional analysis. This information has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

October 15, 2002

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Description of Funds

Annuity Savings Fund - This fund represents cumulative required and voluntary contributions made by the active employees plus accumulated interest.

Annuity Reserve Fund - Transfers are made from the Annuity Savings Fund into the Reserve Fund when an employee retires, becomes disabled, or if a surviving spouse elects an annuity rather than a lump-sum payout of accumulated employee contributions.

Both Annuity Funds are referred to as Defined Contribution Plans.

Market Stabilization Fund - This fund represents designations from the plans' investment income (loss) to be used to cushion the market value adjustments within the other funds. The Board of Trustees authorized the creation of this fund, and the reserve amounts are calculated using a three-year-average method.

Survivor Benefits Fund - This fund is used to accumulate employee and City contributions for certain survivor benefits from which the related benefits are paid.

Pension Accumulation Fund - This fund represents accumulated City contributions to the pension system for the payment of pensions and other benefits to future retirees. Additionally, pre-employment military service credit contributions are captured in this fund.

Pension Reserve Fund - This fund represents funded pension benefits available for retired members and is funded by actuarially determined transfers from the Pension Accumulation Fund.

	Annuity Reserves	
	Annuity Savings Fund	Annuity Reserve Fund
Additions		
Investment income (loss) - Net	$ 51,962,374	$ 1,945,907
Contributions:		
Employee	25,426,515	-
Employer	-	-
Total additions (reductions)	77,388,889	1,945,907
Deductions		
Pension and annuity benefits	-	3,369,057
General and administrative expenses	-	-
Depreciation expense	-	-
Refunds	89,114,425	-
Total deductions	89,114,425	3,369,057
Net Deductions - Before transfers	(11,725,536)	(1,423,150)
Transfers - Net	(3,457,974)	3,689,827
Net Increase (Decrease) in Net Assets Held for Pension Benefits	(15,183,510)	2,266,677
Net Assets Held in Trust for Pension Benefits - Beginning of year	720,801,263	24,085,096
Net Assets Held in Trust for Pension Benefits - End of year	**$ 705,617,753**	**$ 26,351,773**

Statement of Changes in Plan Net Assets
General Retirement System
Year Ended June 30, 2002

Market Stabilization Fund	Pension Reserves: Pension Accumulation Fund	Pension Reserves: Pension Reserve Fund	Total 2002	Total 2001
$ (150,066,682)	$ (150,954,623)	$ 91,542,219	$ (155,570,805)	$ (128,078,532)
-	55,770	-	25,482,285	25,478,661
-	67,791,488	-	67,791,488	68,139,535
(150,066,682)	(83,107,365)	91,542,219	(62,297,032)	(34,460,336)
-	-	141,732,349	145,101,406	136,003,903
-	3,406,964	-	3,406,964	3,149,697
-	133,278	-	133,278	-
-	956,286	-	90,070,711	83,171,058
-	4,496,528	141,732,349	238,712,359	222,324,658
(150,066,682)	(87,603,893)	(50,190,130)	(301,009,391)	(256,784,994)
-	(166,754,663)	166,522,810	-	-
(150,066,682)	(254,358,556)	116,332,680	(301,009,391)	(256,784,994)
(221,140,306)	942,566,848	1,224,693,181	2,691,006,082	2,947,791,076
$(371,206,988)	**$ 688,208,292**	**$1,341,025,861**	**$2,389,996,691**	**$2,691,006,082**

	Annuity Reserves	
	Annuity Savings Fund	Annuity Reserve Fund
Additions		
Investment income (loss) - Net	$ 49,930,588	$ 1,055,861
Contributions:		
Employee	10,238,785	-
Employer	-	-
Total additions (reductions)	60,169,373	1,055,861
Deductions		
Pension and annuity benefits	-	1,338,485
General and administrative expenses	-	-
Depreciation expense	-	-
Refunds	34,174,745	-
Total deductions	34,174,745	1,338,485
Net Additions (Deductions) - Before transfers	25,994,628	(282,624)
Transfers - Net	427,711	461,130
Net Increase (Decrease) in Net Assets Held for Pension Benefits	26,422,339	178,506
Net Assets Held in Trust for Pension Benefits - Beginning of year	364,215,395	13,975,359
Net Assets Held in Trust for Pension Benefits - End of year	**$390,637,734**	**$ 14,153,865**

Statement of Changes in Plan Net Assets
Policemen and Firemen Retirement System
Year Ended June 30, 2002

Market Stabilization Fund	Pension Reserves: Survivor Benefits Fund	Pension Reserves: Pension Accumulation Fund	Pension Reserves: Pension Reserve Fund	Total 2002	Total 2001
$ (229,804,110)	$ 2,215,653	$ (280,376,120)	$ 167,760,997	$ (289,217,131)	$ (464,665,754)
-	-	62,511	-	10,301,296	10,300,781
-	-	8,449,645	-	8,449,645	14,443,382
(229,804,110)	2,215,653	(271,863,964)	167,760,997	(270,466,190)	(439,921,591)
-	3,749,643	-	181,594,971	186,683,099	288,585,755
-	-	3,260,918	-	3,260,918	3,147,697
-	-	133,278	-	133,278	-
-	-	-	-	34,174,745	17,766,305
-	3,749,643	3,394,196	181,594,971	224,252,040	309,499,757
(229,804,110)	(1,533,990)	(275,258,160)	(13,833,974)	(494,718,230)	(749,421,348)
-	-	(124,735,848)	123,847,007	-	-
(229,804,110)	(1,533,990)	(399,994,008)	110,013,033	(494,718,230)	(749,421,348)
(416,395,484)	30,280,626	1,316,835,345	2,174,713,979	3,483,625,220	4,233,046,568
$ (646,199,594)	**$ 28,746,636**	**$ 916,841,337**	**$ 2,284,727,012**	**$2,988,906,990**	**$3,483,625,220**

Required Supplementary Information
Schedule of Analysis of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
General Retirement System						
06/30/96	$ 2,193,234,516	$ 2,382,866,954	$ 189,632,438	92.0	$ 360,068,578	52.7
06/30/97	2,333,412,893	2,528,504,057	195,091,164	92.3	382,835,917	51.0
06/30/98	2,582,099,884	2,814,878,226	232,778,342	91.7	387,022,423	60.1
06/30/99	2,756,614,458	2,900,404,223	143,789,765	95.0	383,449,421	37.5
06/30/00	2,902,433,063	3,077,001,129	174,568,066	94.3	417,187,666	41.8
06/30/01	2,912,146,389	3,179,601,214	267,454,825	91.6	439,636,072	60.8
Policemen and Firemen Retirement System						
06/30/96	2,628,627,790	2,633,394,644	4,766,854	99.8	212,656,401	2.2
06/30/97	2,944,208,105	2,820,330,323	(123,877,782)	104.4	217,585,229	-
06/30/98	3,325,929,721	2,976,770,662	(349,159,059)	111.7	217,479,443	-
06/30/99	3,668,362,979	3,274,050,127	(394,312,852)	112.0	216,049,687	-
06/30/00	3,964,231,470	3,342,123,550	(622,107,920)	118.6	237,741,560	-
06/30/01	3,900,020,703	3,463,248,393	(436,772,310)	112.6	253,297,027	-

Retirement Systems of the City of Detroit

Required Supplementary Information
Schedule of Employer Contributions

General Retirement System			Policemen and Firemen Retirement System		
Year Ended June 30	Annual Required Contribution	Percentage Contributed	Year Ended June 30	Annual Required Contribution	Percentage Contributed
1996	$ 42,473,029	100	1996	$ 55,010,539	100
1997	54,655,929	100	1997	54,572,561	100
1998	52,707,172	100	1998	48,120,578	100
1999	55,683,125	100	1999	15,709,799	100
2000	66,681,049	100	2000	19,972,058	100
2001	68,139,535	100	2001	14,443,382	100
2002	67,791,488	100	2002	8,449,645	100

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of June 30, 2001, the latest actuarial valuation, follows:

	General Retirement System	Policemen and Firemen Retirement System
Valuation date	June 30, 2001	June 30, 2001
Actuarial cost method	Entry age	Entry age
Amortization method	Level percent closed	Level percent closed
Remaining amortization period	20 years	16 years
Asset valuation method	3-year smoothed market	3-year smoothed market
Actuarial assumptions:		
Investment rate of return	7.9%	7.8%
Projected salary increases	4.0%-10.0%	5.5%-9.0%
Includes inflation at	4.0%	4.8%
Cost of living adjustments	2.25%	2.25%

HOOKER & HOLCOMBE, INC.

65 LaSalle Road
West Hartford, CT 06107-2397
860-521-8400 tel
860-521-3742 fax
www.hhconsultants.com

City of Hartford Municipal Employee's Retirement Fund (MERF)

Actuarial Survey

July 1, 2002

William W. Bush, III, F.S.A., M.A.A.A., Enrolled Actuary
Consulting Actuary

Elizabeth J. Williard, A.S.A.
DB Reviewing Actuary

Victor Adelstein
Pension Analyst

Scott Moss
Pension Analyst

June 26, 2003

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Section I

Actuarial Costs for Maintaining MERF

		Police	Firefighters	Board of Education	General Government	Total Membership
Active Membership						
Number of Employees		425	361	1,097	636	2,519
Annual Payroll (000)	(1)	$29,876	$22,260	35,417	$29,945	$117,498
Normal Actuarial Costs						
A. Actuarial Present Value of Future Benefits (000)						
Active Members		$150,018	$125,209	$107,877	$143,339	$526,443
Terminated Non-Vested Members		374	314	273	359	1,320
Terminated Vested Members		4,464	240	2,042	6,994	13,740
Retired Members		160,568	156,033	65,147	160,166	541,914
Old Plans COLA 1987/1990/1997/1999/2001		1,656	1,582	2,029	358	5,625
Total		$317,080	$283,378	$177,368	$311,216	$1,089,042
B. Valuation Assets (Adjusted Value) (000)		$303,308	$274,240	$116,761	$266,081	$960,390*
C. Actuarial Present Value of Future Normal Costs (A) - (B) (000)		$13,772	$9,138	$60,607	$45,135	$128,652
D. Actuarial Present Value of Future Salaries (000)		$236,979	$216,577	$399,532	259,117	$1,112,205
E. Normal Actuarial Costs as Percentage of Payroll						
Service Pension (C)/(D)	(2)	5.81%	4.22%	15.17%	17.42%	
Disability Pension	(3)	3.00%	3.00%	1.00%	1.00%	
Total Normal Cost Percent		8.81%	7.22%	16.17%	18.42%	
F. Employee Contributions		7.84%	8.00%	4.01%	5.39%	
G. Net Normal Actuarial Costs Payable by City (E) - (F)	(4)	**0.97%**	**(0.78%)**	**12.16%**	**13.03%**	

* *Includes $3.0 million receivable from CMERS.*

(1) Salaries have been adjusted for groups in negotiations by **3%** (was 3.3% last year) per year for the period of each open contract, and non-bargaining groups by **3%** (was 3.3% last year) per year for one full fiscal year from the measurement date.

(2) Normal Actuarial Costs as level percentage of future payrolls (including overtime) for funding actuarial present values required for all future service pensions, survivor's benefits thereon, and refunds on terminations.

(3) Annual term Normal Actuarial Costs for establishing actuarial liabilities for new disability pensions, and survivor benefits thereon, at time pensions are approved.

(4) Social Security (F.I.C.A.) taxes are also paid by the City and Employees, except for primarily Police and Firefighters. The tax rate is 7.65% for 2002 and 7.65% for 2003 and is applied to earnings below the wage base. For 2002 the wage base is $84,900, increasing to $87,000 for 2003. All employees hired on or after April 1, 1986 must be covered by the Medicare portion of the Social Security Act. The Medicare tax rate is 1.45%.

Section II

Actuarial Balance Sheet as of July 1, 2002

Valuation Assets on July 1, 2002 (Adjusted Value)

Investments held by City Treasurer (includes Cash and Accounts Payable)		$ 13,667,000
Assets held by Banks as Investment Managers and Custodians at Adjusted Value (1)		939,499,000
Estimated Experience Assets of One Insurance Company (including Reserves for Purchased Annuities)		4,224,000
Receivable from CMERS*		3,000,000
Total Valuation Assets (Adjusted Value) July 1, 2002		$960,390,000

Actuarial Liabilities on July 1, 2002

Actuarial Liability for Inactive Members (2)		
Regular Retirement Annuities	$464,386,000 (3)	
Disability Retirement Annuities	58,443,000	
Survivor-Only Annuities	24,710,000	
Deferred Benefits for Terminated Non-Vested Members	1,320,000	
Deferred Benefits for Terminated Vested Members	13,740,000	
		562,599,000
Actuarial Liability for Future Retirement Benefits for Currently Active Members (4)		397,791,000
Total Actuarial Liabilities		$960,390,000

(1) See Actuarial Assumptions for explanation of Adjusted Value of Valuation Assets. Cost basis and market value are shown on following page.

(2) Includes actuarial liabilities for retiree Cost of Living Adjustment (COLA) effective July 1, 1987, July 1, 1990, July 1, 1997, July 1, 1999, and July 1, 2001 for both MERF and the unfunded plans (PBF, FRF, and RAF). Unfunded plans COLA actuarial liability included is $3,078,000 for 1987 COLA, $813,000 for 1990 COLA, $1,347,000 for 1997 COLA, $267,000 for 1999 COLA, and $120,000 for 2001 COLA.

(3) Includes actuarial liabilities for annuities purchased from insurance companies revalued on the actuarial basis used for this survey.

(4) The Actuarial Present Value of Future Retirement Benefits for currently active members is $526,443,000. This includes the actuarial accrued liability for Local 1716 members who transferred to the State Plan on July 1, 1986 and for Local 566 members who transferred on August 1, 1988. The difference between this Actuarial Present Value and the Actuarial Liability for current members will be funded by future City and Employee Contributions.

* *Connecticut Municipal Employees' Retirement System (CMERS). Estimated value of assets expected to be transferred from CMERS to this plan for members whose pension benefits were transferred prior to July 1, 2002.*

Assets as of July 1, 2002

Investment Managers	Cost Basis	Market Value
Treasurer's Account (includes Cash and Accounts Payable)	$ 17,767,000	$ 17,021,000
Citibank - Advisory Accounts	794,674,000	792,139,000
State Street Bank & Trust Company	112,744,000	98,706,000
Insurance Carrier*	6,426,000	4,755,000
Total	$931,611,000	$912,621,000
Receivable from CMERS**	3,000,000	3,000,000
Grand Total	$934,611,000	$915,621,000

* *Aetna Life*

** *Connecticut Municipal Employees' Retirement System (CMERS). Estimated value of assets expected to be transferred from CMERS to this plan for members whose pension benefits were transferred prior to July 1, 2002.*

Section III

Comments on Valuation Results

The recommended contribution rates are Normal Actuarial Costs of 0.97% for Police, (0.78%) for Firefighters, 12.16% for Board of Education and 13.03% for General Government. The Normal Actuarial Cost ratios should be applied to the appropriate membership payrolls.

Changes in Contribution Rates

Contribution rates have increased for all groups as compared to last year primarily due to investment losses only partially offset by the change of the inflation assumption in the Salary Scale only from 3.3% to 3%, combined with steady increases in benefit payments caused by several years of pension enhancements. Please note that the salaries used were adjusted for groups which are currently in negotiations by **3%** (was 3.3% last year) per year for the period of each open contract and non-bargaining groups by **3%** (was 3.3% last year) per year for one full fiscal year from the measurement date. Also, for Police under age 45, overtime has been limited to no more than 20% of base pay as the actual overtime rate in 2002 is not expected to continue.

Adjusted Value of Assets

The adjusted value of assets includes $3 million in funds assumed owed the MERF from the State of Connecticut Municipal Employees' Retirement System (CMERS). The $3 million is the estimated value of assets expected to be transferred from CMERS to this plan for members whose pension benefits were transferred prior to July 1, 2002.

Investment Returns

According to the Funds Evaluation Services of SEI, State Street, and Russell/Mellon, the combined pension fund had the following investment returns (gross of fees):

12-Month Period Ending	Rate of Return	12-Month Period Ending	Rate of Return
June 30, 1990	10.0%	December 31, 1996	13.1%*
December 31, 1990	1.6%	June 30, 1997	20.7%**
June 30, 1991	8.3%	December 31, 1997	21.6%**
December 31, 1991	19.4%	June 30, 1998	18.0%**
June 30, 1992	10.1%	December 31, 1998	13.7%**
December 31, 1992	9.4%	June 30, 1999	10.4%**
June 30, 1993	12.1%	December 31, 1999	12.1%**
December 31, 1993	9.3%	June 30, 2000	8.8%**
June 30, 1994	2.9%	December 31, 2000	3.2%**
December 31, 1994	0.9%	June 30, 2001	-2.1%***
June 30, 1995	15.1%	December 31, 2001	-2.7%***
December 31, 1995	21.0%	June 30, 2002	-3.1%***
June 30, 1996	14.9%	December 31, 2002	-6.7%***

* *Sum of first 9 months by SEI of 8.0% and last 3 months by State Street of 5.1%.*

** *12 months of State Street.*

*** *Starting January 1, 2001 provided by Russell/Mellon analytical services.*

It should be noted that if the last three fiscal years' (1999-2000, 2000-2001, and 2001-2002) gross rates of return on market value are compounded, the average rate was 1.1%. For the three previous fiscal years (1998-1999, 1999-2000, and 2000-2001), the gross average rate was 5.6%. On a calendar year basis, the 2000, 2001, and 2002 and the 1999, 2000, and 2001 gross average rates were –2.2% and 4.0%, respectively (9.6% for average of 1998, 1999, and 2000).

The net return on adjusted assets for 1999-2000, 2000-2001, and 2001-2002 were estimated to be 13.6% and 8.1%, and 3.0% respectively. Investment expenses for 1999-2000, 2000-2001, and 2001-2002 have been estimated to be 0.32%, 0.34%, and 0.36% of adjusted assets, respectively.

Please note adjusted assets are used to determine City contribution rates. Under the basis for determining adjusted assets, each year's gains are distributed over four years in order to moderate fluctuations and their impact on the plan's contribution rate. The gains not recognized in the adjusted asset total this year will be included in following years.

1999 Experience Study

This study reflects the application of the results of the 1999 Experience Study of December 17, 1999. It is recommended that the City have another review of actual and expected experience in 2004 in order to update the actuarial assumptions at that time.

Membership

The active membership of MERF as of October 1, 2002, was 2,519, a decrease of 126 from the total of 2,645 last year. Police membership decreased by 29, Firefighters decreased by 12, Board of Education decreased by 26, and General Government decreased by 59.

Status of Fund

Please note the comments on the sound financial condition of the MERF fund found in the letter of this report.

Change of Actuarial Assumptions

Please refer to Section VII Actuarial Assumptions (pages 18-20) for a list of new and old actuarial assumptions.

Section IV

Accounting Information

A. FASB Statements No. 35

The following information is based on Statement No. 35 (Accounting and Reporting by Defined Benefit Pension Plans) of the Financial Accounting Standards Board. The figures below are the actuarial present value of plan benefits accumulated through July 1, 2002. For retired members and survivors, this includes the actual benefit they are receiving including the COLA's effective July 1, 1987, July 1, 1990, July 1, 1997, July 1, 1999, and July 1, 2001. It also includes the C[illegible]A for retirees and survivors under the three unfunded plans, PBF, FRF, and RAF. D[illegible] benefits for members who terminated in a vested status, accumulated contributions of members who terminated in a non-vested status, and accrued benefits for Locals 1716 and 566, net of amortization payments to Connecticut Municipal Employees' Retirement System (CMERS), are also included.

For active members, we have calculated the benefits accumulated for service to July 1, 2002 and have considered the compensation over the appropriate averaging period ending on July 1, 2002. In computing actuarial present values, the regular valuation assumptions outlined in Section VII are used. There is no projection of future salary increases.

The asset figure is the market value of assets and is less than the adjusted asset figure used in the valuation. The adjusted asset figure is found in Section II, Actuarial Balance Sheet.

Actuarial Present Value of Accumulated Plan Benefits as of July 1, 2002	
Vested (including employee contributions for non-vested members)	$801,264,000
Non-Vested	8,283,000
Total	$809,547,000
Net Assets at Market Value Available for Benefits as of July 1, 2002	$912,621,000*

1.127

* *Excludes $3 million receivable from CMERS.*

B. GASB Statement No. 5

The following information provided is based on Statement No. 5 of the Governmental Accounting Standards Board on "Disclosure of Pension Information by Public Employee Retirement Systems and State and Local Governmental Employees".

The amount shown below as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the plan's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among plans. The measure is independent of the actuarial funding method used to determine contributions to the plan.

The Pension Benefit Obligation was based on the actuarial valuation at July 1, 2002. Significant actuarial assumptions used include (a) rate of return on the investment of present and future assets of 8.00 percent per year compounded annually, (b) projected salary increase of 3 percent per year compounded annually, attributable to inflation*, (c) additional projected salary increases which vary by age and group, attributable to promotion or merit, and (d) no post-retirement benefit increases.

At July 1, 2002 the excess of assets (Cost Basis) over Pension Benefit Obligation was $51,167,000 as follows:

Pension Benefit Obligation:

Retirees and beneficiaries currently receiving benefits (1)	$547,539,000
Terminated employees not yet receiving benefits	15,060,000
Current employees:	
Accumulated employee contributions including allocated investments earnings	60,883,000
Employer-Financed Vested Employees (2)	231,352,000
Employer-Financed Non-Vested Employees	25,610,000
Total Pension Benefit Obligation	$880,444,000
Net assets available for benefits, Cost Basis (Market Value $912,621,000)**	$931,611,000**
Excess of assets over Pension Benefit Obligation	$51,167,000

1.058

(1) Includes $3,078,000 for Old Plans COLA effective 7/1/1987, $813,000 for Old Plans COLA effective 7/1/1990, $1,347,000 for Old Plans COLA effective 7/1/1997, $267,000 for Old Plans COLA effective 7/1/1999, and $120,000 for Old Plans COLA effective 7/1/2001.

(2) Includes $14,734,000 for Locals 1716 and 566 now in CMERS.

* *For Police, overtime for those under age 45 was limited to 20% of base pay.*

** *Excludes $3 million receivable from CMERS.*

C. GASB Statements No. 25 and 27

The following information is based on the Governmental Accounting Standards Board Statement No. 25 on "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and Statement No. 27 on "Accounting for Pensions by State and Local Governmental Employers".

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed	Net Annual Required Contribution *	Miscellaneous **	Net Percentage Contributed
1997	$9,028,651	100%	$8,558,150	$470,501	100%
1998	9,019,116	100%	8,563,860	455,256	100%
1999	8,984,312	100%	8,576,940	407,372	100%
2000	7,301,471	100%	7,036,870	264,601	100%
2001	759,283	100%	470,000	289,283	100%
2002	332,806	100%	0	332,806	100%

* *City's cash contribution to MERF.*

** *Funds transferred from State of Connecticut's Connecticut Municipal Employees' Retirement System (CMERS) and Aetna annuity payments.*

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets * (a)	Actuarial Accrued Liability (AAL) # (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)÷c)
7/1/1997	$688,311,000	$665,478,000	$(22,833,000)	103.4%	$99,812,000	-22.9%
7/1/1998	772,757,000	716,332,000	(56,425,000)	107.9%	106,825,000	-52.8%
7/1/1999	858,805,000	753,379,000	(105,426,000)	114.0%	110,398,000	-95.5%
7/1/2000	944,652,000	805,453,000	(139,199,000)	117.3%	112,921,000	-123.3%
7/1/2001	978,884,000	865,570,000	(113,314,000)	113.1%	119,609,000	-94.7%
7/1/2002	957,390,000	880,444,000	(76,946,000)	108.7%	117,498,000	-65.5%

During the fiscal year ending June 30, 1997, the City implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans", and elected to implement early the provisions of GASB Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers". The information required for completion of GASB No. 25 and No. 27 for the fiscal year ending June 30, 2002 was prepared based upon the previous year's actuarial valuation (2001 Actuarial Survey) and additional information for fiscal year 2001-2002. It was contained in a separate report which was sent to the City's auditors, Scully & Wolf, LLP on December 19, 2002.

The information required for completion of GASB No. 25 and No. 27 for the fiscal year ending June 30, 2003 will be prepared based upon the current year's actuarial valuation (2002 Actuarial Survey) and additional information for fiscal year 2002-2003. It will be contained in a separate report and submitted to the City's auditors.

* *Excludes receivable from CMERS, and for July 1, 1997 excludes 1/4 of realized gain from the Webber/Mitchell-Hutchins litigation and 1/4 of unrealized loss due to reappraisal of 10 Prospect Street.*

\# *Liability shown is on a PBO basis.*

Hartford MERF - Summary of Principal Provisions of Pension Plan
July 1, 2002

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	GENERAL GOVERNMENT MEMBERS
Retirement Pensions:	Firefighters hired before July 1, 2000: 2.65% of Final Average Pay (rate of weekly pay immediately preeding retirement times 52, plus for firefighters who work a 42 hour week, holiday pay) multiplied by years of service up to 20 plus a decreasing percentage for years over 20. Firefighters hired after June 30, 2000: 2.5% of Final Average Pay (rate of weekly pay immediately preceding retirement times 52, plus for firefighters who work a 42 hour week, holiday pay) multiplied by years of service up to 20 plus 2% of Final Average Pay for years of service over 20. Sworn Police Officers hired before July 2, 1999: 2.65% of Final Average Pay for highest 3 of last 5 years multiplied by years of service up to 20 plus a decreasing percentage for years over 20. Final Average Pay includes a provision for over-time and private duty pay. Sworn Police Officers hired after July 1, 1999: 2.5% of Final Average Pay for highest 3 of last 5 years times years of service up to 20 plus 2% for years of service over 20.	2% of Final Average Pay for highest 5 of last 10 years times years of service, with maximum benefit of 70% of Final Average Pay. Final Average pay for HFSHP and Local 2221, Hartford Federation of Paraprofessionals is based on highest 3 out of last 5 years. Benefit for Local 2221 is 2.5% of Final Average Pay multiplied by years of service up to 20 plus 2% of Final Average Pay for years of service over 20 (maximum of 10 years).	2% of Final Average Pay for highest 2 of last 5 years times years of service with maximum benefit of 70% of Final Average Pay. Benefit for CHPEA*, HMEA**, Non-bargaining (excluding Library) and MLA members is 2.5% of Final Average Pay. Non-bargaining (excluding Library) have a maximum benefit of 80% of Final Average Pay. CHPEA*, HMEA**, and MLA members have a maximum benefit of 70% of Final Average Pay (highest 2 of last 5 years). For CHPEA*, and HMEA** (who retire prior to July 1, 2000) members increase maximum benefit to 80% of Final Average Pay with sick exchange provision. Benefits for Non-bargaining who have 5-year option are based on highest 5 out of last 10 years. SCG members Final Average Pay based on highest 5 out of last 10 years. SCG members have benefit reduced by 1% of average Social Security covered earnings for all years included in computation of Social Security primary benefit. **Applies to October 1, 1997 active employees only who remain in the unit and retire therefrom.* ***Applies to December 1, 1998 active employees only who remain in the unit and retire therefrom.*

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	GENERAL GOVERNMENT MEMBERS
Retirement Pensions:	Non-Sworn Police Officers: 2.5% of Final Average Pay for highest 3 of last 5 years times years of service, with maximum benefit of 80% of Final Average Pay. Firefighters, Sworn Police Officers who are hired before July 2, 1999 and Non-Sworn Police Officers have a sick exchange provision which allows them to buy up to 4 years of pension credit of 2.5% of Final Average Pay per year purchased. Sworn Police Officers have a maximum benefit of 70% of Final Average Pay. For Sworn Police Officers hired before July 2, 1999 increase maximum benefit to 80% of Final Average Pay with sick exchange provision. Firefighters have a maximum benefit of 80% of Final Average Pay. For firefighters hired before July 1, 2000 increase maximum benefit to 85% of Final Average Pay with sick exchange provision. Firefighters hired before July 1, 1984 can elect current or new provisions prior to January 1, 2001.		Assistant Police Chief, Police Chief, Assistant Fire Chief and Fire Chief: Same as Non-Bargaining.
Normal Form of Benefit:	For unmarried members: life annuity. For married members: surviving spouse benefit of 25% of member's final year's earnings, if non-service connected death, and surviving spouse benefit of 50% of member's final year's earnings, if service connected death. For married Non-Sworn Police Officers: life annuity with 50% to survivor.	For unmarried members: life annuity. For married members: life annuity with 50% to survivor.	For unmarried members: life annuity. For married members: life annuity with 50% to survivor.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	GENERAL GOVERNMENT MEMBERS
Normal Retirement Age and Service Requirement:	Firefighters hired before July 1, 2000 and Sworn Police Officers hired before July 2, 1999: Full benefits after 20 years of continuous service. Sworn Police Officers hired after July 1, 1999: Full benefits after 25 years of service. Firefighters hired after June 30, 2000: 25 years of continuous service. Non-Sworn Police Officers: Full benefits after 20 years of service, or age 60 plus 10 years of continuous service, or after 15 years of continuous service, if contributions are left in the MERF for 5 more years before retirement.	Age 60 plus 10 years of continuous service. Members are also eligible at age 55 with 25 years of service.	Age 60 plus 10 years of service (10 years of continuous service for SCG, Non-bargaining and Library members). SCG members are also eligible at age 55 with 25 years of continuous service. HMEA and CHPEA members are eligible after 25 years of service with no minimum age. October 1, 1997 active CHPEA members who remain in the unit and retire therefrom are eligible after 20 years of continuous service with no minimum age. December 1, 1998 active HMEA members who remain in the unit and retire therefrom are eligible after 20 years of continous service with no minimum age. Library members are eligible after 25 year of continuous service with no minimum age. MLA members are eligible after 20 years of continuous service with no minimum age. Non-bargaining (excluding Library) members are eligible after 20 years or after 15 years of service, if contributions are left in the MERF for 5 more years before retirement.
Optional Early Retirement:	Firefighters and Sworn Police Officers: Age 50 with 10 years of continuous service, actuarially reduced or reduced at 2% per whole year and fractional year prior to Normal Retirement Age. Non-Sworn Police Officers: Age 55 with 10 years of service, reduced at 4% per whole year prior to age 60.	At age 55 with 10 years of service, reduced at 4% per whole year prior to age 60. Local 818 reduced by 2%.	At age 55 with 10 years of service reduced at 4% per whole year prior to age 60. For SCG members, at age 55 with 10 years of continuous service reduced at 2% per whole year and fraction year prior to age 60.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	GENERAL GOVERNMENT MEMBERS
Vesting of Earned Deferred Pension:	Firefighters and Sworn Police Officers: After 10 years of continuous service. Non-Sworn Police Officers: After 10 years of service.	After 10 years of service. Payments begin no earlier than age 55. For SCG members, 10 years of continuous service.	
Benefits to Survivors: (Death of Active Member Prior to Retirement)	Surviving Spouse: 25% of final year's earnings (50% if service connected death), payable until death or remarriage. Surviving Child: $100 per month for first child, $50 for each additional child (10% of final year's earnings if service connected death, or 15% if no surviving spouse). Total benefit, including Worker's Compensation, cannot exceed 100% of current pay rate for Member's rank. Non-Sworn Police Officers: Same as General Government members.	Member must meet qualifications for vesting. Surviving Spouse: 50% of pension which Member is receiving or would be entitled to when retired, payments beginning no earlier than date of Member's 55th birthday. Surviving Spouse benefits are payable until death or remarriage.	
Refund of Contributions upon Discontinuance of Employment or at Death (Non-Vested Members): (May be taken in lieu of earned deferred pension by vested members)	Refund of total contributions, without interest. Non-Sworn Police Officers: Same as General Government members.	Termination: Refund of total contributions, with 3% interest compounded annually. Death: Refund of total contributions without interest.	

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	GENERAL GOVERNMENT MEMBERS
Pensions for Permanent, Total Disability - Service Requirements:	5 years of continuous service, but no requirement if disability is service connected as defined in Worker's Compensation Act. Non-Sworn Police Officers: Same as General Government members.	10 years of continuous service, except no requirement if disability is service connected as defined in Worker's Compensation Act.	
Amount of Total Disability Pension: (Payable so long as total disability continues.)	Retirement Pension with minimum of 25% of "final average pay." If disability is service connected, the pension equals 100% of the Member's final annual pay less Worker's Compensation benefits. Non-Sworn Police Officers: Same as General Government members.	Retirement Pension using Final Average Pay for last 10 years. If disability is service connected, amount not less than 50% of Member's final annual pay at time of disability, less Worker's Compensation Benefits.	
Pensions for Permanent Partial Disability: (Where earnings capacity is reduced by at least 10%.)	Ten years of continuous service, but no service requirement if disability is service connected. Same as disability pension with reduction for less than 15 years of service. If service connected, pension equals 50% of final annual pay if 15 years of service, with reductions for less than 15 years of service. If at least 20 years of service, pension equals retirement pension. Non-Sworn Police Officers: Same as General Government members.	Retirement Pension using Final Average Pay for last 10 years. Subject to a minimum pension of $10 monthly, and maximum 1-2/3% of the reduction in income times years of service. If the disability is service connected, the minimum benefit is not to be less than 50% of the reduction in earnings.	

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	GENERAL GOVERNMENT MEMBERS
Member's Contribution Rate of Total Earnings: (City pays full balance of costs to fund MERF benefits; also Members and City pay taxes for those covered by Social Security.)	Firefighters and Sworn Police Officers hired before July 2, 1999: 8%. Sworn Police Officers hired after July 1, 1999: 6.5%. Non-Sworn Police Officers: 4% on earnings taxed for Social Security and 7% on excess.	4% on earnings taxed for Social Security and 7% on excess.	4% on earnings taxed for Social Security and 7% on excess. SCG members contribute 3% and 6%. Non-bargaining members electing 2-year option contribute 5% and 8%. CHPEA members hired before October 1, 1997 contribute 6.5% and 9.5%. HMEA members hired before December 1, 1998 contribute 6% and 9%. CHPEA members hired after September 30, 1997, HMEA members hired after November 30, 1998, and MLA members contribute 5% and 8%. Assistant Police Chief, Police Chief, Assistant Fire Chief and Fire Chief: Same as Non-Bargaining.

Note 1 Any Member (other than a Police Officer or Firefighter) who was a Member before January 1, 1958 is guaranteed a minimum total benefit, including Social Security based on earnings from the City, equal to the pension the Member would have received under the terms of the MERF plan in existence prior to the enactment of the 1957 Special Act No. 347. Also, several active Members who transferred to MERF on or after July 1, 1968 from the City's Retirement Allowance Fund are entitled to a pension determined by the RAF provisions if it is greater than that based on the MERF provisions.

Note 2 Section 2-166 of the Municipal Code provides a minimum benefit of $155 monthly for all pensions granted by reason of service or for service-connected disability, and for joint annuitants under elected options, except members for whom Social Security taxes have been paid and anyone for whom more than half of the total pension is paid by the Metropolitan District.

Note 3 All members (other than SCG) may purchase up to 4 years of pension credit for military service. Pension credit is at the following rates of Final Average Pay per year purchased:

Sworn Police Officers, Firefighters, CHPEA members hired before October 1, 1997, HMEA members hired before December 1, 1998, Non-bargaining (including Assistant Police Chief, Police Chief, Assistant Fire Chief, and Fire Chief), Non-Sworn Police Officers, and MLA	2.50%
Other (including CHPEA members hired after September 30, 1997, HMEA members hired after November 30, 1998)	2.00%

Note 4 All members (other than Sworn Police Officers hired after July 1, 1999, all Board of Education members, CHPEA, HMEA, Library, and SCG) may exchange accumulated sick leave upon retirement for up to 4 years of pension service time. October 1, 1997 active CHPEA members who remain in the unit and retire therefrom by July 1, 2001, may exchange accumulated sick leave upon retirement for up to 4 years of pension service time. December 1, 1998 active HMEA members who remain in the unit and retire therefrom may exchange accumulated sick leave upon retirement for up to 4 years of pension service time. Additional pension service time may be purchased from accumulated sick leave at the rate of twenty days of accumulated sick leave for each year of pension service time.

Section VI

Actuarial Cost Method

The "Aggregate Actuarial Cost Method" (first adopted for the 1969 valuation) is used for determining the future rates of contributions needed for funding service retirements. This method is designed to produce stable "percentage-of-payroll" Normal Actuarial Costs over a period of years and this aim will be achieved so long as the emerging experience conforms with the actuarial assumptions.

Using this method, an actuarial valuation was made of the actuarial present value of all future normal retirement pensions for active members (including survivor benefits and refunds of employee contributions). The actuarial present value, needed for future payments to present pensioners and deferred vested pensioners and survivors was subtracted from the Valuation Assets (Adjusted Value) to determine the current Valuation Assets (Adjusted Value) available for future benefits for active members. The latter figure was subtracted from the actuarial present value of future benefits for active members in order to determine the remaining actuarial present value to be funded by future contributions. Finally, the net remainder was divided by the actuarial present value of all future salaries, and the total Normal Actuarial Costs for future contributions was determined as a level percentage of future annual payrolls.

Since the MERF fund includes several classifications of members who have different provisions for benefits and contributions, it was necessary to apply this method by separate actuarial valuations for Police, Firefighters, Board of Education, and General Government.

A provision is included for the Normal Actuarial Costs for disability pensions. On this basis the additional actuarial liabilities for such annuities will be set up from year to year as the benefits are approved, without advance funding of such actuarial costs. The "percentage-of-payroll" Normal Actuarial Costs for these benefits were based on a study of the actual past experience as explained in the actuarial assumptions. In view of the differing benefit provisions these estimates were made separately for Police Officers and Firefighters,and for all other classifications combined.

Section VII

Actuarial Assumptions

The actuarial assumptions used in the **2002** MERF valuation are as follows:

Mortality Basis: UP-94 Projected by Scale AA to Year of valuation plus 10 years (2012 for July 1, 2002 valuation), with separate male and female tables.

Termination:

Yearly Rates of Employee Termination

Age	Non-Uniformed	Uniformed
20	10.0%	5.0%
25	7.0%	2.0%
30	5.0%	2.0%
35	4.0%	2.0%
40+	0.0%	0.0%

Salary Scale: **3%** for salary increases **plus** a percentage for promotion or merit increases (was 3.3% for salary increases **plus** a percentage for promotion or merit increases). For Police under age 45, overtime limited to less than or equal to 20% of base pay.

Yearly Rates of Increases for Promotion or Merit

Age	Police	Firefighters	Non-Uniformed
25 and under	6.0%	5.0%	4.0%
30	3.5%	2.5%	4.0%
35	2.2%	1.6%	2.1%
40	1.2%	1.1%	1.0%
Over 40	1.0%	1.0%	1.0%

Salaries are adjusted for groups in negotiations by **3%** per year for the period of each open contract, and non-bargaining groups by **3%** per year for one full fiscal year from the measurement date (was salaries are adjusted for groups in negotiations by **3.3%** per year for the period of each open contract, and non-bargaining groups by **3.3%** per year for one full fiscal year from the measurement date).

Investment Return: **8.00%** per year, net of investment expenses.

Assumed Retirement Age:	Board of Education: Age **62**. General Government: Earlier of age **58** with **25** years service and age **62** with **10** years service. All Police: Age **50** with **20** years service. **Maximum retirement age of 65.** Firefighters: Age **53** with **25** years service. **Maximum retirement age of 65.** For both Uniformed and Non-Uniformed who have reached Assumed Retirement Age, retirement after one year.
Early Retirement:	Actuarial present value of future retirement benefits for active members has been increased by **5%** to cover the additional actuarial cost due to early retirement factors which are more liberal than a straight actuarial reduction.
Social Security:	Future tax wage bases are developed by projecting the 2002 base of **$84,900** forward at **4%** per year. (Was future tax wage bases are developed by projecting the 2002 base of **$84,900** forward at **4.3%** per year.)
Marital Status at Retirement:	Non-Uniformed: Males - **82%** married, spouse 3 years younger. Females - **40%** married, spouse same age. Uniformed: All - **90%** married, spouse 2 years younger.
Normal Actuarial Costs for Disability:	Based on study of actual experience. The amount considered is the cost of establishing a reserve for the temporary annuity payable until normal retirement date.
Normal Actuarial Costs for Survivors	Costed explicitly.

Refund of Employee Contribution:	Actuarial present value of future retirement benefits for active members has been increased by a percentage based on actual refunds made over the past 5 years.
Expenses other than Investment Expenses:	All actuarial present values of future benefits have been increased by **2.50%** to cover expenses other than investment expenses.
Valuation Assets (Adjusted Value):	In order to smooth the year-to-year fluctuations in asset values, the asset values are adjusted by phasing in recognition of capital appreciation, i.e., realized and unrealized gains and losses. Capital appreciation is recognized over a four-year period at **25%** per year. The assets held by the insurance companies include the funds on deposit for future purchase of annuities, as well as the reserves and contingency reserves for annuities already purchased which are subject to experience rating.
Sick Exchange:	If provision available, four years are purchased by all actives.
Military and Prior Service Buy-backs:	When buy-back occurs, date of hire is adjusted accordingly.

Section VIII

Membership Data - 2002

Table 1 - Active Members

	Number	Payroll*	Average Annual Pay*
Police	425	$29,875,800	$70,296
Firefighters	361	22,259,900	61,662
Board of Education	1,097	35,416,800	32,285
General Government	636	29,944,700	47,083
TOTAL	**2,519**	**$117,497,200**	**$46,644**

** Basic salary plus overtime and private duty pay, if applicable. Salaries are adjusted for groups in negotiations 3% per year for the period of each open contract, and non-bargaining groups by 3% per year for one full fiscal year from the measurement date.*

Table 2 - Terminated Non-Vested Members and Total Monthly Annuities

Number	Total Monthly Annuities
947	N/A (all Non-Vested, return of employee contributions pending)

Table 3 - Number of Pensioners** and Total Monthly Annuities

	Service Pensions		Disability Pensions		Survivor Benefit		Total	
Police	348	$1,083,742	61	$113,315	44	$33,559	453	$1,230,616
Firefighters	287	897,362	134	316,455	75	65,067	496	1,278,884
Board of Education	554	549,621	23	11,125	80	20,937	657	581,683
General Government	578	1,222,992	26	17,704	161	103,529	765	1,344,225
Vested Deferred Pensions	95	137,094	--	--	--	--	95	137,094
TOTAL* **	**1,862**	**$3,890,811**	**244**	**$458,599**	**360**	**$223,092**	**2,466**	**$4,572,502**

*** Thirteen pensioners receiving benefits as retiree and as survivor are included in both groups.*

**** An additional monthly benefit for the July 1, 1987, July 1, 1990, July 1, 1997, July 1,1999, and July 1, 2001, COLA's for the unfunded plans (PBF, FRF, and RAF) is also included in the total liabilities for MERF.*

Table 4 – Reconciliation

	Lives				
	Police	Firefighters	Board of Education	General Government	Total Membership
Actives					
at 7/1/2001	**454**	**373**	**1,123**	**695**	**2,645**
Adds	18	0	64	64	146
Deletes	(47)	(12)	(90)	(123)	(272)
At 7/1/2002	**425**	**361**	**1,097**	**636**	**2,519**
Pensioners					
At 7/1/2001	**433**	**493**	**668**	**742**	**2,336**
Adds	29	14	15	57	115
Deletes	(9)	(11)	(26)	(34)	(80)
At 7/1/2002	**453**	**496**	**657**	**765**	**2,371**
Vested Deferred Pensioners					
At 7/1/2001	**4**	**1**	**18**	**50**	**73**
Adds	6	1	7	19	33
Deletes	0	0	(4)	(7)	(11)
At 7/1/2002	**10**	**2**	**21**	**62**	**95**

	Monthly Annuities				
	Police	Firefighters	Board of Education	General Government	Total Membership
Pensioners					
At 7/1/2001	**1,110,238**	**1,250,727**	**570,177**	**1,247,542**	**4,178,684**
Adjustments	21,151	3,347	(1,674)	126	22,950
Adds	112,591	44,785	21,264	123,286	301,926
Deletes	(13,364)	(19,975)	(8,084)	(26,729)	(68,152)
At 7/1/2002	**1,230,616**	**1,278,884**	**581,683**	**1,344,225**	**4,435,408**
Vested Deferred Pensioners					
At 7/1/2001	**5,605**	**747**	**20,164**	**50,499**	**77,015**
Adds	26,445	880	6,919	35,660	69,904
Deletes	0	0	(2,483)	(7,342)	(9,825)
At 7/1/2002	**32,050**	**1,627**	**24,600**	**78,817**	**137,094**

CITY OF HARTFORD MERF - POLICE

NUMBER OF PERSONS IN PROCESSING GROUP BY AGE AND YEARS OF SERVICE

October 1, 2002

AGE	COMPLETED YEARS OF CREDITED SERVICE											
	< 1	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30 +	ALL YEARS
< 20												
20-24	2	4	2		1	1						10
25-29	7	6		2	12	5						32
30-34	1	8	1	2	8	60	12	2				94
35-39	3	4		4	6	34	37	22				110
40-44	1				1	9	15	44	22			92
45-49			1			4	4	19	30			58
50-54						1	1	10	7	1		20
55-59								1	1	1		3
60-64							1	2				3
65-69											3	3
70-74												
> 74												
ALL AGES	14	22	4	8	28	114	70	100	60	2	3	425

CITY OF HARTFORD MERF - POLICE

AVERAGE SALARY OF PERSONS IN PROCESSING GROUP BY AGE AND YEARS OF SERVICE

October 1, 2002

	COMPLETED YEARS OF CREDITED SERVICE											
AGE	< 1	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30 +	ALL YEARS
< 20												
20-24	32934	35318	44000		51317	55101						40156
25-29	32940	37921		43060	50805	66795						46496
30-34	32825	38031	42530	60167	53968	75835	81621	104914				70969
35-39	32923	40144		43399	60674	71387	74153	87581				71769
40-44	32919				61926	80703	65972	79413	78135			76347
45-49			144526			60864	69350	73713	75769			74810
50-54						58177	77891	76880	73367	80724		74958
55-59								58877	60126	32273		50425
60-64							43524	89571				74222
65-69											61490	61490
70-74												
> 74												
ALL AGES	32926	37892	68764	47506	54239	73634	73022	80382	76096	56499	61490	70296

CITY OF HARTFORD MERF - FIREFIGHTERS

NUMBER OF PERSONS IN PROCESSING GROUP BY AGE AND YEARS OF SERVICE

October 1, 2002

	COMPLETED YEARS OF CREDITED SERVICE											
AGE	< 1	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30 +	ALL YEARS
< 20												
20-24			1	1								2
25-29			7	7	5	7	2					28
30-34			8	3	6	30	4					51
35-39			3	3	4	27	14	12	1			64
40-44			2	2	3	20	9	38	17			91
45-49					1	8	3	16	37			65
50-54						2	1	7	22	3	5	40
55-59							1	3		1	11	16
60-64											4	4
65-69												
70-74												
> 74												
ALL AGES			21	16	19	94	34	76	77	4	20	361

CITY OF HARTFORD MERF - FIREFIGHTERS

AVERAGE SALARY OF PERSONS IN PROCESSING GROUP BY AGE AND YEARS OF SERVICE

October 1, 2002

COMPLETED YEARS OF CREDITED SERVICE

AGE	< 1	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30 +	ALL YEARS
< 20												
20-24			41727	44289								43008
25-29			42796	44941	51526	60709	45293					49548
30-34			46601	42026	53154	61235	65232					57172
35-39			42002	45274	51754	61888	64143	63663	78514			60629
40-44			41056	46893	51353	59286	65536	67035	66576			63567
45-49					53913	58589	59988	67110	65756			64759
50-54						58039	63161	65475	65010	59010	64133	64137
55-59							63103	69235		58610	72040	70116
60-64											77248	77248
65-69												
70-74												
> 74												
ALL AGES			43916	44660	52187	60675	63105	66462	65890	58910	71105	61661

CITY OF HARTFORD MERF - BOARD OF EDUCATION

NUMBER OF PERSONS IN PROCESSING GROUP BY AGE AND YEARS OF SERVICE

October 1, 2002

	COMPLETED YEARS OF CREDITED SERVICE											
AGE	< 1	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30 +	ALL YEARS
< 20												
20-24	3	3	7	3	2							18
25-29	6	10	16	16	6	18						72
30-34	5	7	20	25	12	43	12	1				125
35-39	7	12	15	25	15	57	17	9				157
40-44	8	10	9	21	18	70	23	10	5			174
45-49	10	15	9	27	9	51	29	24	17	4		195
50-54	3	5	9	11	7	33	24	39	24	10	10	175
55-59	4	2	8	5	1	22	19	16	19	11	16	123
60-64	1	1	3	7	1	4	6	6	6	5	3	43
65-69	2	1			1	5	1		1			11
70-74				2			1	1				4
> 74												
ALL AGES	49	66	96	142	72	303	132	106	72	30	29	1097

CITY OF HARTFORD MERF - BOARD OF EDUCATION

AVERAGE SALARY OF PERSONS IN PROCESSING GROUP BY AGE AND YEARS OF SERVICE

October 1, 2002

COMPLETED YEARS OF CREDITED SERVICE

AGE	< 1	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30 +	ALL YEARS
< 20												
20-24	28681	23674	18776	25665	18509							22362
25-29	56265	37374	24755	22014	29875	23794						28711
30-34	20301	35553	34160	30519	29338	27126	29468	24420				29545
35-39	52277	32078	30091	27523	29166	30033	34202	39319				31688
40-44	30966	35038	29498	30982	30265	28198	32646	33774	50261			30878
45-49	39699	36552	33297	37092	26918	29788	31184	31667	38332	45977		33373
50-54	43639	46156	35809	28502	26926	29505	34222	36596	30799	39717	37273	33813
55-59	49766	50136	30526	24610	19196	38518	41414	36860	32877	34543	31757	35956
60-64	82321	61008	28696	35098	30834	43154	35711	33785	33697	32294	34203	36321
65-69	29077	25262			22865	45970	34354		34354			36804
70-74				18057			28846	26529				22872
> 74												
ALL AGES	40944	36281	29998	29935	28531	29780	33908	35116	34768	37418	33913	32285

CITY OF HARTFORD MERF - GENERAL GOVERNMENT

NUMBER OF PERSONS IN PROCESSING GROUP BY AGE AND YEARS OF SERVICE

October 1, 2002

COMPLETED YEARS OF CREDITED SERVICE

AGE	< 1	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30 +	ALL YEARS
< 20												
20-24	4	2		1								7
25-29	7	1	5	1	1	1	1					17
30-34	6	2	5	5	1	5	7	1				32
35-39	10	5	3	2		11	19	13	1			64
40-44	8	4	4	1	3	13	20	20	13	1		87
45-49	5	9	6	3	2	13	23	35	28	6		130
50-54	5	4	6	3	5	22	17	24	32	12	3	133
55-59	3	5	1	6	3	19	16	18	17	7	5	100
60-64			3	2		8	5	4	6	3	3	34
65-69		1				4	5	5	4		2	21
70-74		1				3	1	1				6
> 74						2		1	1		1	5
ALL AGES	48	34	33	24	15	101	114	122	102	29	14	636

CITY OF HARTFORD MERF - GENERAL GOVERNMENT

AVERAGE SALARY OF PERSONS IN PROCESSING GROUP BY AGE AND YEARS OF SERVICE

October 1, 2002

COMPLETED YEARS OF CREDITED SERVICE

AGE	< 1	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30 +	ALL YEARS
< 20												
20-24	33017	28040		24024								30310
25-29	36467	31659	39482	33021	43017	46256	31659					37547
30-34	41213	42089	46480	45525	39903	31823	47856	30743				42382
35-39	30110	40091	38447	48662		39900	38766	41892	50398			38823
40-44	26162	33688	51734	30580	11241	40831	45056	52590	55534	55116		44553
45-49	38123	39563	24012	52106	35343	53867	48499	55160	62766	51862		51790
50-54	56209	47944	29720	42473	46128	53561	53001	58956	53461	53245	47517	52600
55-59	31362	67859	48143	58798	34345	45989	49278	60392	56959	60167	56165	53570
60-64			33972	11241		20441	58408	34407	61834	23135	27609	36495
65-69		11241				49436	35014	28088	53512		23033	37362
70-74		11241				27122	9754	46746				24851
> 74						11304		11493	71737		11594	23487
ALL AGES	35641	41669	37107	44649	34734	43492	46370	52427	57506	51579	40276	47083

Section IX

City of Hartford Section 415(m) Fund

The Section 415(m) Fund* is an unfunded "excess benefit plan" to provide that portion of certain retirees' pension benefits that exceed the limits permitted under Section 415 of the Federal Internal Revenue Code (IRC).

	July 1, 2002	July 1, 2001
1. Number of retirees and beneficiaries receiving benefits	4	10
2. Annual benefits payable	$ 21,000	$ 69,000
3. Present value of benefits	$66,000	$129,000

The "actives" are funded through MERF. The City provides contributions for the retirees' benefits payable each year, as determined by the Pension Commission.

Actuarial Assumptions

The actuarial assumptions used in the **2002** Section 415(m) Fund valuation are as follows:

Mortality Basis:	UP-94 Projected by Scale AA to Year of valuation plus 10 years (2012 for July 1, 2002 valuation), with separate male and female tables.
Termination:	N/A.
Salary Scale:	N/A.
Investment Return:	**8.00%** per year, net of investment expenses.
Assumed Retirement age:	Immediate as all are retired.
Increases in dollar limit on benefits under IRC Section 415:	**3%** per year.

Benefits

Retiree pension amounts in excess of IRC Section 415 limits. Benefits which do not exceed such amounts are payable from the City's MERF Plan. IRC Section 415 limits are assumed to increase annually and thus decrease the benefits payable from this Plan and increase the portion of the benefits payable from the City's MERF Plan.

**Section 415(m) Fund adopted by the Court of Common Council on March 24, 1997.*

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

October 1, 2000 Actuarial Report
(Revised)

For the Fiscal and Plan Year
October 1, 2001
through
September 30, 2002

Prepared By:

STANLEY, HOLCOMBE & ASSOCIATES, INC.
Eight Piedmont Center / Suite 310
3525 Piedmont Road, N. E.
Atlanta, GA 30305
(404) 262-7522

S
H
& A

April 9, 2002

Stanley,
Holcombe
& Associates, Inc.

April 9, 2002

Board of Trustees
City of Miami Fire Fighters' and
Police Officers' Retirement Trust
2828 Coral Way, Suite 101
Miami, FL 33145-3214

October 1, 2000 Actuarial Report
(Revised)

Dear Board Members:

Enclosed is our revised report on the actuarial valuation of the City of Miami Fire Fighters' and Police Officers' Retirement Trust for the fiscal year beginning October 1, 2001.

The report is based upon the terms of Ordinance No. 10002 and the Amended Final Judgment in the matter of Gates v. City of Miami. Consistent with reports for the past six years, no liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.

The costs in this report do not reflect any future impact of Section 415 of the Internal Revenue Code. The City contribution requirement is $1,051,629. The member contribution rate is 7%.

Sincerely,

Randall L. Stanley, F.S.A.
Consulting Actuary and Principal

Frans Christ, F.S.A.
Consulting Actuary

RLS/FC/di
MIAMI01B

Enclosures (15)

Eight Piedmont Center/Suite 310 • 3525 Piedmont Road, N.E. • Atlanta, GA 30305
(404) 262-7522 • Fax (404) 262-9413

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

OCTOBER 1, 2000 ACTUARIAL REPORT
(Revised)

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

OCTOBER 1, 2000 ACTUARIAL REPORT
(Revised)

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results - Regular Fund

		Actuarial Valuation Prepared as of 10/1/2000	10/1/1999
A.	Participant Data		
	Active Members	1,676	1,684
	Total Annual Payroll	$84,343,269	$77,714,839
	Retired Members and Beneficiaries	1,190	1,137
	Total Annualized Benefits	$37,214,360	$33,897,228
	Disabled Members	235	238
	Total Annualized Benefits	$3,867,542	$3,843,012
	Terminated Vested Members	19	20
	Total Annualized Benefits	$347,822	365,078
B.	Assets	-$-	-$-
	Actuarial Value (Ex. 2)	988,730,632	911,710,668
	Market Value (Ex. 4)	994,587,398	932,848,186
C.	Liabilities (Excl. COLA)		
	Present Value of Benefits (Ex. 1)		
	Active Members - Retirement	581,217,719	543,957,165
	Vesting	10,774,606	9,300,714
	Disability	14,530,526	11,136,818
	Death	3,956,108	223,217
	Return of Contributions	1,500,856	1,258,016
	Total	611,979,815	565,875,930
	Inactive Members - Retired and Beneficiaries	391,998,247	356,837,388
	Disabled	36,885,331	36,995,628
	Terminated Vested	2,925,924	2,954,136
	Total	431,809,502	396,787,152
	Total	1,043,789,317	962,663,082
	Actuarial Accrued Liability	N/A	N/A
	Unfunded Actuarial Accrued Liability	N/A	N/A

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results - Regular Fund
(Continued)

		Actuarial Valuation Prepared as of 10/1/2000	Actuarial Valuation Prepared as of 10/1/1999
D.	Actuarial Present Value of Accrued Benefits (Exhibit 5)	-$-	$-
	Vested Accrued Benefits		
	Inactive Members and Beneficiaries	431,809,502	396,787,152
	Active Members	276,478,258	375,317,388
	Total	708,287,760	772,104,540
	Non-Vested Accrued Benefits	12,230,495	12,785,156
	Total	720,518,255	784,889,696
E.	Pension Cost (Exhibit 1)		
	Normal Cost	6,955,658	9,469,401
	Payment to Amortize Unfunded Liability	N/A	N/A
	Expected Plan Sponsor Contribution	1,051,629	4,029,362
	As % of Payroll	1.25%	5.2%
	Expected Member Contribution	5,904,029	5,440,039
	As % of Payroll	7.0%	7.0%
		Year Ending 9/30/2000	Year Ending 9/30/1999
F.	Past Contributions	-$-	-$-
	Required Plan Sponsor Contribution	4,029,362	10,376,473
	Required Member Contributions	6,257,588	8,556,140
	Actual Contributions		
	Plan Sponsor	5,400,784	10,376,473
	Members	6,257,588	8,556,140
G.	Net Actuarial Gain (Loss)	N/A	N/A
H.	Other Disclosures		
	Active Members:		
	Present Value Future Salaries (at attained age)	673,260,118	384,635,338
	Present Value Future Contributions (at attained age)	47,003,783	25,902,241

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results – COLA Fund

		Actuarial Valuation Prepared as of 10/1/2000	10/1/1999
A. Participant Data			
Active Members			
Total Annual Payroll			
Retired Members and Beneficiaries		1,190	1,137
Total Annualized Benefits		$6,902,203	5,848,101
Disabled Members		235	238
Total Annualized Benefits		$1,852,985	$1,606,118
Terminated Vested Members			
Total Annualized Benefits			
Table		$850	$750
B. Assets		-$-	-$-
Actuarial Value (Ex. 13)		245,544,421	205,855,412
Market Value (Ex. 13)		189,930,782	151,842,885
C. Liabilities (COLA Only)			
Present Value of Benefits (Ex. 13)			
Active Members -	Reserve for Current Actives	32,529,315	31,333,770
	Reserve for Contribution Refunds	14,889	30,969
	Reserve for Future Actives	4,879,398	4,700,066
	Total	37,423,602	36,064,805
Inactive Members -	Frozen COLA I Benefits	3,200,988	3,436,654
	COLA II Benefits	101,692,702	99,622,534
	Total	104,893,690	103,059,188
Total		142,317,292	139,123,993

Comparative Summary of Total Assets - Combined

Market Value (Ex. 4)	1,184,518,180	1,084,691,071

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

REVIEW OF COSTS

Summary Discussion

This is the actuarial report for the fiscal year beginning October 1, 2001 for the Board of Trustees of the City of Miami Fire Fighters' and Police Officers' Retirement Trust. This report is intended to reflect the provisions and requirements of Ordinance No. 10002, as amended through September 30, 2000.

Comparison of Deposit Requirements

The City contribution requirement, and the results calculated for the 2001/2002 fiscal year, are as follows:

	2001/2002 -$-	2000/2001 -$-	1999/2000 -$-
Past Service Cost	N/A	N/A	N/A
Normal Cost	1,051,629	4,029,362	5,400,784
Payment Timing	0	0	0
	1,051,629	4,029,362	5,400,784

Both the 2000/2001 and the 2001/2002 City contribution amounts reflect a member contribution rate of 7%.

Assumption Refinements

The cost calculations as of October 1, 2000 reflect the following assumption changes:

- Reduction of the inflation component of the salary increase assumption from 4.5% to 4%.
- Reduction in the compensation increase assumption at expected retirement from 13% to 7%.

Assumption Refinements (continued)

- Modification of the retirement assumption from 100% assumed to retire at eligibility for Rule of 64 to the following:

  After eligibility for Rule of 64 and attainment of age:

Prior to 50	15%/year
50 – 59	30%/year
60 and later	100%

The reduction in the inflation component of the salary increase assumption is in recognition of lower expected inflation levels. Our annual gain/loss analyses have shown lower than expected compensation increases.

The reduction in the compensation increase assumption at retirement reflects our conclusion that the data quality has improved with the conversion to the Pension Gold system. The reduction to 7% was determined by reviewing all retirements between October 1998 and October 2001, which averaged 6.78%.

The modifications to the retirement assumption are made in recognition that members in significant numbers were deferring retirement beyond earliest eligibility for Rule of 64. It should be noted that the Pension Board Consultants' 1996/1999 Experience Study contained the recommendation that the retirement decrements be reduced. Our recommendation at that time was that no change be made, due to the number of benefit changes, making it very difficult to predict how members would retire in the future. Two further years of experience continue to support this trend. Therefore, making this change effectively anticipates the conclusions expected from the next Experience Study.

Contribution Surplus Account

Exhibit 1B reflects a contribution surplus of $1,477,707 as of September 30, 2001, based on the difference between the $5,400,784 actual City contribution and the City contribution requirement of $4,029,362 from the revised October 1, 1999 actuarial report, accumulated at 7.75% interest for one year.

Analysis of Cost Changes

The Normal Cost element of FIPO costs is expected to remain level as a percentage of covered payroll, if the actual Plan experience is the same as the actuarial assumptions. An increase in the Normal Cost rate indicates that experience has been less favorable than assumed, while a decrease indicates more favorable experience.

Analysis of Cost Changes (continued)

Quantification of the reasons for the changes is as follows:

Analysis of Cost Changes from October 1, 1999 to October 1, 2000

	Normal Cost	
	-$-	-%-
2000/2001 Normal Cost	4,029,362	5.18
2001/2002 Normal Cost Expected (for continuing participants)	3,804,052	5.18
Element of Experience		
Salary Increases	+419,000	+0.52
Turnover	+36,000	+0.04
Mortality	+91,000	+0.12
Retirement	-1,826,000	-2.03
New Participants	+1,394,000	+1.80
Disability	-103,000	-0.14
Investment Return	-5,034,000	-7.16
Reduction in Member Rate		
Other, Data, One Year Lag	+4,077,274	5.06
Total	-945,726	(1.79)
2001/2002 Normal Cost	2,858,326	3.39
Changes in Florida Law 99-1	+83,303	+0.10
Changes in Assumptions	-1,890,000	-2.24
2001/2002 Normal Cost	1,051,629	1.25
Payment Timing	0	
	1,051,629	1.25

As may be noted from the table, the effects of some elements of experience (investment return, e.g.) in the 1999/2000 year were favorable relative to the actuarial assumption basis. The combined net effect was to decrease both the dollar amount of the Normal Cost and the Normal Cost as a percentage of payroll. Following is a more detailed description of the elements of experience.

Salary Increases - During the period October 1, 1999 through September 30, 2000, covered payroll for the continuing actives increased more than expected, resulting in an increase of $419,000 in the Normal Cost. Covered payroll for continuing active participants at September 30, 2000 was approximately 100.9% of expected. (This compares to 97.8% of expected for the previous year, which decreased the normal cost by $1,240,000.)

Mortality - For active members there were no deaths, as compared to 1.2 expected; for inactive members there were 30 deaths (15 without survivors), as compared to about 16 expected.

Disability - During the past year there were 2 disabilities, as compared to 4.0 expected. Over the past 20 years, there have been 107 disabilities, as compared to about 122 expected.

Turnover - From October 1, 1999 to September 30, 2000, there were 19 employee terminations, as compared to about 23 predicted by the actuarial assumptions. Following is a comparison of the expected and actual turnover rates for the past six years:

	1994/1995		1995/1996		1996/1997		1997/1998		1998/1999		1999/2000	
Age	Expected	Actual	Expected	Actual	Expected	Actual	Expected	Actual	Expected	Actual	Expected	Actual
20-24	2.3	1	1.8	1	1.4	2	0.6	0	0.9	1	1.3	1
25-29	7.4	2	6.6	5	6.5	3	3.6	3	3.8	4	4.5	2
30-34	12.8	11	11.0	8	9.5	7	5.5	7	5.3	7	5.9	7
35-39	9.0	7	9.3	10	9.7	11	7.9	5	7.4	4	7.2	6
40+	4.7	2	5.2	3	5.7	10	4.9	3	4.1	7	4.0	3
	36.2	23	33.9	27	32.8	33	22.5	18	21.5	23	22.9	19

Retirement - There were 63 retirements during the period, as compared to about 374 expected (27 firefighters, 36 police). This resulted in a $1,826,000 decrease in the Normal Cost. Note that retirees electing DROP are included among the actual retirees for the last four years.

Following is a comparison of the expected and actual retirements in the last six years:

	1994/1995		1995/1996		1996/1997		1997/1998		1998/1999		1999/2000	
Age	Expected	Actual	Expected	Actual	Expected	Actual	Expected	Actual	Expected	Actual	Expected	Actual
Under 44	48.1	21	9.8	6	8.5	7	9.1	7	56.8	2	72.7	8
45-49	132.0	48	57.8	6	66.0	36	78.6	9	187.9	16	197.0	24
50-54	69.4	16	56.4	18	53.0	32	31.1	8	75.0	9	84.0	24
55-59	13.0	4	9.4	2	10.4	9	3.7	1	17.0	2	18.0	6
60+	1.0	0	1.0	1	0.5	0	0.5	0	2.0	1	2.0	1
	263.5	89	134.4	33	138.4	84	122.9	25	338.7	30	373.7	63

Investment Return - The rate of return for the year ending September 30, 2000 was 12.7% on mean market value, as shown in Exhibit 4 (16.97% on actuarial asset value, Exhibit 2). A $32.8 million gain decreased the Normal Cost by $5,034,000. In addition, there will be a COLA transfer of $33,619,502 as of January 1, 2002, resulting in no City minimum contribution to the COLA fund as of that date.

Plan Assets

Exhibits 3 and 4 show the asset transactions and investment results during the year. The rate of return on mean market value for the period ending September 30, 2002 was 12.7%, as compared to the 7.75% assumption.

The actuarial asset valuation method (Exhibit 2) involves a moving average of the ratios of market to book values. Under the method, one-third of the change in unrealized gains or losses is immediately reflected, in addition to one-third of the relationships existing as of the two previous valuation dates. The result is not allowed to exceed 120% of the market value of assets, nor be less than 80% of market value (shown in Exhibit 4). The Actuarial Asset Value is further reduced to reflect anticipated future COLA transfers based on past investment results. As of September 30, 2000, this resulted in an actuarial asset value of $5.8 million less than market value, as compared to $21.1 million less as of September 30, 1999.

Funding Progress

The comparison of the present values of vested and accrued benefits to FIPO assets from one year to the next, or over a period of time, is a measure of interim funding progress and the degree of benefit security.

Exhibit 6 contains the result of this comparison for the past two years. The market value of assets on October 1, 2000 is $994,587,000, as compared to the value of accrued benefits of $720,518,000 for a ratio of 138.0%. The ratio as of October 1, 1999 was 120.5%.

A ratio in excess of 100% typically may be viewed to be that of a well-funded program.

Governmental Accounting Standards

In November, 1986 the Governmental Accounting Standards Board issued Statement No. 5, Disclosure of Pension Information by Public Employee Retirement Systems and State and Local Governmental Employers. Calculations and Disclosures under the Statement required for financial reports issued for fiscal years beginning after December 15, 1986 (and before the effective dates of GASB 25 and GASB 27).

Statement 5 uses the computation and disclosure of a "standardized measure" of the pension obligation. This measure, the actuarial present value (APV) of credited projected benefits, is based on a proration of total projected benefits over total predicted service (past and prospective), including the impact of future expected salary increases. These calculations are used for disclosure items. They do not determine funding or expense requirements.

The GASB 5 disclosures include information for ten years on assets and pension obligation, contributions required and contributions made, revenues by source, and expenses by type. During the transition period when ten years of standardized measures were not available, the disclosure requirements were limited to the information available.

Calculations have been made as of October 1, 2000 to determine the pension obligation, $823.1 million. This compares to assets of $994.6 million, for a funded ratio of 121%. Last year the funded ratio was 114%. These amounts, together with other disclosures, are contained in Exhibit 11.

These calculations are made for GASB 5. It should be understood that they are only one approach to the measurement of funding progress. They should not be used for any other purpose, such as determination of compliance with City ordinances or State Statutes or the current or future solvency of the FIPO Trust.

In November 1994 GASB issued Statement No. 25, Financial Reporting for Defined Benefit pension Plans...and Statement No. 27, Accounting for Pensions by State and Local Governmental Employers. Statement No. 25 provides parameters for financial reporting and comparison of actual contributions to "actuarially required contributions." Statement No. 27 provides standards for the financial reports of the state and local governmental employers. Statement No. 25 was effective for periods beginning after June 15, 1996; Statement No. 27, for periods beginning after June 15, 1997.

The Statements do not directly impact funding, although they do require calculation of an "actuarially required contribution," or "ARC" and amortization of any deficiency or excess of actual contributions made in relation to the ARC.

This is essentially the first GASB standard for disclosures comparing actual funding to GASB standards, which are actually very permissive. The requirements of GASB25 include reporting a Schedule of Funding Progress and a Schedule of Employer Contributions.

Since the FIPO Trust uses the Aggregate Cost Method, technically no Schedule of Funding Progress is required. However, such a Schedule of Funding Progress may be prepared using another acceptable cost method. Based on our recommendation in the 1997 report, and discussion with FIPO auditors, it is our understanding that the Schedule of Funding Progress will be prepared using the Projected Unit Credit Actuarial Accrued Liability, which was previously required under GASB5. This Schedule is shown in Exhibit 11, Section III.

As recommended in the 1997 report, and reviewed by FIPO auditors, the employer contributions made in accordance with the requirements of the Florida Division of Retirement should be used as the Actuarially Required Contribution (ARC), since an exact calculation of the ARC would not differ materially from the required contribution amount. On this basis a Schedule of Employer Contributions has been added to Exhibit 11 in order to comply with the reporting requirements of GASB25. Since the Aggregate Cost Method has been in use for the past five years, only five years are shown on this Schedule.

Application of GASB27

The provisions of GASB27 are virtually identical to those of GASB25. It is our understanding that the same schedules used for GASB25 disclosure may also be used for GASB27 purposes.

COLA Fund

Calculations were made based on the updated information provided as of 10/1/2000. The calculations reflect the approach adopted with the Amended Final Judgement in the matter of Gates vs. City of Miami.

Exhibit 12, parts I and II, illustrate the general impact of the COLA increases which have been provided thus far (including the additional benefit which is to be provided as of January 1, 2001), by duration since retirement and by age, respectively.

As discussed in earlier reports, there is probably no completely acceptable index for measuring the impact of inflation on retirees' benefits. Although the CPI is the most widely used inflation index, it is generally considered to overstate inflation for retirees since it includes components which are not typically germane to them, such as home purchases. In the absence of a suitable alternative, a percentage of the CPI is often used as a target. If 50% of the cumulative CPI is used as a target, the current COLA equals 102% of the target. A comparison of COLA increases to the CPI is shown in Exhibit 12, part III. Historical data on the CPI is shown in Exhibit 12, part IV.

Enrolled Actuary's Statement

This report has been prepared in accordance with standards established by the American Academy of Actuaries. To the best of our knowledge, it reflects the actuarial condition of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2000 for the Retirement Fund and for the COLA Fund.

All costs and cost components are calculated on the basis of actuarial assumptions which reasonably reflect the experience of the Trust.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Randall L. Stanley — April 9, 2002

Signature — Date

Enrolled Actuary No. 99-602

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

City Contribution Requirement for 2001/2002 Fiscal Year

		Revised Assumptions -$-	Prior Assumptions -$-
I.	Unfunded Actuarial Accrued Liability	0	0
II.	Normal Cost		
	A. Present Value of Future Benefits		
	1. Active Members		
	a. Retirement	581,217,719	579,432,578
	b. Disability	14,530,526	11,966,185
	c. Death	3,956,108	765,631
	d. Turnover	10,774,606	9,686,054
	e. Return of Contributions	1,500,856	1,454,773
	f. Total	611,979,815	603,305,221
	2. Retired Members and Beneficiaries		
	a. Service Retirements	378,660,685	378,660,685
	b. Beneficiaries	13,337,562	13,337,562
	c. Disability Retirements	36,885,331	36,885,331
	d. Terminated Vested Members	2,925,924	2,925,924
	e. Total	431,809,502	431,809,502
	3. Total	1,043,789,317	1,035,114,723

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

City Contribution Requirement for 2001/2002 Fiscal Year

		Revised Assumptions -$-	Prior Assumptions -$-
II.	Normal Cost (Cont'd)		
	A. Total Present Value of Future Benefits	1,043,789,317	1,035,114,723
	B. Present Value of Future Member Contributions	47,003,793[1]	27,926,790[1]
	C. Actuarial Asset Value	988,730,623	988,730,623
	D. Unfunded Actuarial Accrued Liability	0	0
	E. Present Value of Future Normal Costs (A-B-C-D)	8,054,901	18,457,310
	F. Present Value of Future Payrolls	673,260,118	414,506,562
	G. Current Payroll for those under Expected Retirement Age	81,577,049	61,304,652
	H. Current Normal Cost - Payable 10/1/2001 [(E) (G) / (F)] (1.0775)	1,051,629	2,941,357
	I. Covered Payroll	84,343,269	84,343,269
	J. (H)/(I)	1.25%	3.49%
III.	City Contribution Schedule		
	A. Past Service Cost	0	0
	B. Normal Cost	1,051,629	2,941,357
	C. Payment Timing	0	0
	D. Total	1,051,629	2,941,357

[1] 7% of Covered Payroll

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Contribution Surplus Account

	-$-
A. Contribution Surplus at October 1, 2000	0
B. Actual 2000/2001 Contribution made on 10/1/2000	5,400,784
C. Required Contribution as of 10/1/2000	4,029,362
D. Interest at 7.75%	106,285
D. Contribution Surplus at September 30, 2001 (A) + (B) – (C) + (D)	1,477,707

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

I. Development of Actuarial Asset Value

		9/30/2000 -$-	9/30/1999 -$-	9/30/1998 -$-
A.	Book Value	854,106,177	760,554,174	720,981,723
B.	Market Value	994,587,398	932,848,186	857,657,547
C.	B/A	1.1644775	1.2265375	1.1895691
D.	1/3 Σ (C)		1.1935280	
E.	Adjusted Market Value at 9/30/2000 D x $854,106,177		1,019,399,637	
F.	1. 80% of Market Value		795,669,918	
	2. 120% of Market Value		1,193,504,878	
G.	Preliminary Actuarial Asset Value		1,019,399,637	
H.	Present Value of 1/1/2002 COLA Transfer, discounted at 7.75%		30,624,547	
I.	Actuarial Asset Value		988,775,090	

II. Rate of Return on Actuarial Asset Value

		-$-
A.	Actuarial Asset Value at 10/01/1999	911,710,668
B.	Contributions	
	1. City	5,400,784
	2. Members	6,257,588
	3. Total	11,658,372
C.	Benefits and Expenses	44,812,949
D.	Present Value of 1/1/2002 COLA Transfer	30,624,547
E.	Actuarial Asset Value at 10/01/2000	988,775,090
F.	Net Return on Investment [E+D+C-B-A]	140,843,546
G.	Rate of Return [2 x F/(A+E-F)]	16.01%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

2002 Cost-of-Living Adjustment
(COLA) Distribution Plan

Calculation of Excess Investment Return
On Membership and Benefits Accounts for 1999/2000 Fiscal Year

I.	**Net Actual Return on Actuarial Asset Value**	-$-
A.	Preliminary Actuarial Asset Value as of 10/1/2000	1,019,399,637
B.	Benefits Paid During Plan Year	41,237,423
C.	Value of COLA transfer for 1998/1999 Year	31,016,064
D.	Contributions Refunded During Plan Year	258,804
E.	City Contributions During Plan Year	5,400,784
F.	Member Contributions During Plan Year	6,257,588
G.	Actuarial Asset Value as of 10/1/1999	911,710,668
H.	Total Actual Return During Plan year (A)+(B)+(C)+(D)-(E)-(F)-(G)	168,542,888
I.	Investment Expenses Paid During Plan Year	2,520,808
J.	Net Actual Return During Plan Year	166,022,080
II.	**Net Expected Return on Actuarial Asset Value**	
A.	Actuarial Asset Value as of 10/1/1999	911,710,668
B.	Benefits Paid During Plan Year	41,237,423
C.	Value of COLA transfer for 1998/1999 Year	31,016,064
D.	Contributions Refunded During Plan Year	258,804
E.	City Contributions During Plan Year	5,400,784
F.	Member Contributions During Plan Year	6,257,588
G.	Expected Rate of Return	7.625%
H.	Expected Return During Plan Year	68,359,652*
I.	Base Amount for Expected Return (H)/.07625	896,520,026
J.	Excess Return on Assets (I(J) - II(H))	97,662,428
K.	Excess Return as % of II(I)	10.893502%

III. Amount to be Transferred to COLA Fund

A.	Excess Return		COLA Transfer	
	%	$	%	-$-
First	2.5	22,413,001	75	16,809,751
Next	2.5	22,413,001	50	11,206,501
Next	2.5	22,413,001	25	5,603,250
	3.3935%	30,423,725	--	--

B. Total Transfer Amount at 1/1/2002 — 33,619,502

*Assumes Uniform Quarterly Contributions and Monthly Benefits
[(911,710,668) + (5,400,784 + 6,257,588) (2.5/4) - (41,237,423 + 258,804) (13/24)](.07625) = 68,359,652

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Asset Transactions for Year Ending September 30, 2000

		Membership and Benefits Accounts -$-	COLA I Account -$-	COLA II Account -$-
A.	Market Value as of October 1, 1999[1]	960,212,523	29,236,476	95,242,072
B.	Book Value as of October 1, 1999[1]	787,918,511	23,990,481	78,152,482
C.	Income During Year			
	1. City Contributions	5,400,784		
	2. Member Contributions	6,257,588	293	
	3. Interest	26,961,542	717,533	2,742,367
	4. Dividends	5,421,247	144,491	539,679
	5. Net Realized Gains (Losses)	120,048,317	3,249,816	11,439,536
	6. Income Transfer	(23,437,048)		23,437,048
	7. Securities Lending Income	559,361	15,020	56,634
	8. Rental and Other Income	198,918	5,505	21,514
		141,410,709	4,132,658	38,236,778
D.	Disbursements During Years			
	1. Benefit Payments	41,237,423	494,740	6,521,638
	2. Contribution Refunds	258,804	13,932	
	3. Custodial and Investment Expenses	2,520,808	65,348	247,744
	4. Administrative Expenses	22,136		
	5. Securities Lending Fees	167,808	4,506	16,990
		44,206,979	578,526	6,786,372
E.	Book Value as of 9/30/2000[2] (B) + (C)-(D)	885,122,241	27,544,613	109,602,888
F.	Net Change in Unrealized Gains (Losses)	(31,812,791)	(874,282)	305,914
G.	Market Value as of 9/30/2000 (A) + (C)-(D) + (F)	1,025,603,462	31,916,326	126,998,392
H.	January 1, 2001 Allocation to COLA II (discounted)	(31,016,064)		31,016,064
I.	Net Market Value as of 9/30/2000[2]	994,587,398	31,916,326	158,014,456

[1]Based on unaudited financial statements.
[2]Based on unaudited financial statements.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Distribution of Assets as of September 30, 2000[1]

Membership and Benefits and Cost-of-Living Adjustment Accounts

Description	Market -$-	Book -$-
Bills, Bonds, Notes	375,095,437	374,755,559
Corporate Stocks	726,008,593	571,912,728
Money Market Funds and Time Deposits	19	19
Guaranteed Inv. Contract	0	0
Mutual Funds	50,676,855	42,864,160
Rental Property	70,202	70,202
A: Sub-Total	**1,152,551,106**	**990,302,668**
B: Cash	**40,187,910**	**40,187,910**
Receivables:		
City Contributions	(6,879)	(6,879)
Accounts Receivable	102	102
Member Contributions		
Accrued Interest	3,287,182	3,287,182
Securities Proceeds	9,422,132	9,422,132
C: Sub-Total	**12,702,537**	**12,702,537**
Payables:		
Budget Advance	644,692	644,692
Deferred Rental Income		
Tax Withheld	(14)	(14)
Accounts Payable	116,187	116,187
Securities Purchased	20,162,508	20,162,508
D: Sub-Total	**20,923,373**	**20,923,373**
E. Total (A+B+C-D)	**1,184,518,180**	**1,022,269,742**
Accounts:		
COLA I Account	**31,916,326**	**27,544,613**
COLA II Account	**126,998,392**	**109,602,888**
COLA II Transfer (1/1/2001)	**31,016,064[2]**	**31,016,064[2]**
F: Membership & Benefits Account	**994,587,398**	**854,106,177**

[1]Based on unaudited financial statements.
[2]Actual book value of transfer will be based on relationship between book and market on December 31, 2000.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Investment Results

Yield on Mean Values for 12-Month Period Ending 9/30/2000

	-$-	Market -%-	Book -%-
Membership and Benefits Accounts			
Interest	26,961,542	2.9	3.5
Dividends	5,421,247	0.6	0.7
Rental and Other Income	198,918	0.0	0.0
Realized Gains	120,048,317	12.9	15.8
Securities Lending (Net)	391,553	0.0	0.1
Increase in Unrealized Gains	(31,812,791)	(3.4)	--
Custodial and Investment Expenses	(2,520,808)	(0.3)	(0.3)
	118,082,026	12.7	19.8
COLA I Account			
Interest	717,533	2.5	3.0
Dividends	144,491	0.5	0.6
Rental and Other Income	5,505	0.0	0.0
Realized Gains	3,249,816	11.2	13.7
Securities Lending (Net)	10,514	0.0	0.0
Increase in Unrealized Gains	(874,282)	(3.0)	--
Custodial and Investment Expenses	(65,348)	(0.2)	(0.2)
	3,188,229	11.0	17.1
COLA II Account			
Interest	2,742,367	2.6	3.2
Dividends	539,679	0.5	0.6
Rental and Other Income	21,514	0.0	0.0
Realized Gains	11,439,536	11.1	13.3
Securities Lending (Net)	39,644	0.0	0.0
Increase in Unrealized Gains	305,914	0.3	--
Custodial and Investment Expenses	(247,744)	(0.2)	(0.3)
	14,840,910	14.3	16.8

EXHIBIT 5

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Accounting Information
As of October 1, 2000

		October 1, 2000		
		Revised Assumptions -$_	Prior Assumptions -$-	October 1, 1999 -$-
I.	Present Value of Vested Accrued Benefits			
	A. Service Retirements and Beneficiaries	391,998,247	391,998,247	356,837,388
	B. Disability Retirements	36,885,331	36,885,331	36,995,628
	C. Vested Terminated Members	2,925,924	2,925,924	2,954,136
	D. Active Members	276,478,258	376,132,110	375,317,388
	E. Total	708,287,760	807,941,612	772,104,540
II.	Present Value of Non-Vested Accrued Benefits	12,230,495	14,261,599	12,785,156
III.	Present Value of Accrued Benefits	720,518,255	822,203,211	784,889,696
IV.	The values of accumulated plan benefits were determined in accordance with the Academy of Actuaries Interpretations and FASB Statement No. 35, Accounting and Reporting by Defined Benefit Pension Plans.			
V.	Statement of Changes in Accrued Benefits			
	A. Present Value of Accrued Benefits at Beginning of Year		784,889,696	740,580,703
	B. Increase (Decrease) During the Year Attributable to:			
	1. Benefits Accumulated		19,361,062	14,998,898
	2. Benefits Paid and Contributions Refunded		(41,496,227)	(37,158,884)
	3. Plan Amendment		227,707	0
	4. Assumption Changes		(101,684,956)	10,513,881
	5. Increase Due to Decrease in Discount Period		59,220,973	55,955,098
	6. Net Increase		(64,371,441)	44,308,993
	C. Present Value of Accrued Benefits at End of Year		720,518,255	784,889,696

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparison of Funding Progress
($000)

		10/1/2000 -$-	10/1/1999 -$-
I.	Assets		
A.	Book Value	854,106	760,554
B.	Market Value	994,587	932,848
II.	Liabilities		
A.	Retired and Vested	431,810	396,787
B.	Active		
	Employee Contributions	100,472	95,963
	Other Vested	176,006	279,355
	Non-Vested Accrued	12,230	12,785
C.	Total Accrued	720,518	784,890
III.	Ratios	%	%
	IA/IIC	118.5	96.9
	IB/IIC	138.0	118.9

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Member Statistics

I. Active Members

Number of	Date 10/1/2000	10/1/1999	10/1/1998
Males	1,436	1,444	1,352
Females	240	240	235
Total	1,676	1,684	1,587
Averages			
Current Age	38.4	38.1	38.2
Past Service	12.8	12.5	12.8
Credited Past Service	12.5	12.2	12.5
Annual Earnings	$50,324	$46,149	$46,809

II. Inactive Members

A. Retirees and Beneficiaries			
Number	1,190	1,137	1,111
Average Annual Benefit	$31,273	$29,813	$28,910
Average Age	63.4	63.3	63.0
B. Disabled			
Number	235	238	244
Average Annual Benefit	$16,458	$16,147	$15,796
Average Age	62.8	62.0	61.5
C. Vested Terminated			
Number	19	20	20
Average Deferred Benefit	$18,306	$18,648	$18,602
Average Age	44.7	44.0	44.7

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Age-Service Distribution

	Completed Years of Service										Earnings	
Age	0-1	2-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total	Total -$-	Avg. -$-
15-24	16	51	1	-	-	-	-	-	-	68	2,439,554	35,876
25-29	17	138	47	3	-	-	-	-	-	205	7,910,475	38,588
30-34	12	90	104	70	1	-	-	-	-	277	11,827,511	42,699
35-39	3	39	62	163	137	2	-	-	-	406	20,656,594	50,878
40-44	1	15	20	64	241	63	8	-	-	412	22,728,202	55,166
45-49	-	5	3	19	67	56	68	1	-	219	13,475,009	61,530
50-54	-	-	2	5	17	21	23	5	-	73	4,496,589	61,597
55-59	-	2	-	4	3	-	4	2	-	15	756,893	50,460
60-64	-	-	-	-	-	-	-	1	-	1	52,442	52,442
65+	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	49	340	239	328	466	142	103	9	-	1676	84,343,269	50,324

Average Age: 38.4 Average Service: 12.8

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Reconciliation of Participant Counts

	Actives	Retirees & Beneficiaries	Disableds	Vested Terminated
10/1/1999	1,684	1,137	238	20
Changes due to:				
Retirement	-63	+64		-1
Withdrawal	-19			
Disability	-2		+2	
Death		-27	-3	
New Beneficiary		+15		
New Hires	+76			
Data Changes		+1	-2	
10/1/2000	1,676	1,190	235	19

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions

(Based on Ordinance No. 10002, as Amended
by Ordinances Nos. 112351and 11944, and Resolution 657)

Effective Date:	January 1, 1940, as restated effective May 23, 1985, and amended through September 30, 2000.
Fiscal Year:	October 1 - September 30.
Membership:	Police officers and fire fighters.
Covered Compensation:	An employee's base salary, including pick-up contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death-in-family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.
Contributions:	Members: 7% of Compensation, effective 10/01/99. City: Balance, as actuarially determined. If the City contribution were less than 7%, then the portion of each Member's contribution exceeding the City contribution percentage will be set aside in separate Individual Contribution Accounts in the Trust.
Creditable Service:	Service credited under Retirement System; military service (maximum of four years) during wartime for which Member makes contributions; maternity leave (maximum of 180 days for each leave) for which Member makes contributions; up to 5 years, without member contributions, if member was an employee before period of military service.
Average Final Compensation:	Average Compensation during the highest year of Creditable Service.
Normal Service Age:	Age 50

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Service Retirement:	3.0% of Average Final Compensation for each of the first fifteen years of Creditable Service plus 3.5% of Average Final Compensation for each year of Creditable Service after the fifteenth year; maximum of 100% for those with less than 100% under prior rules on 9/30/98.
Early Service Retirement:	After 20 years of Creditable Service. Benefits are based on Average Final Compensation and Creditable Service at retirement date. Actuarial equivalence for early commencement.
Rule of 64 Retirement:	Service retirement on the basis of combined age and Creditable Service equaling 64 or more.
Disability:	Ordinary Disability: After 10 or more years of Creditable Service, and not eligible for service retirement. Not incurred as accident in performance of duties. 90% of benefit rate times Average Final Compensation times Creditable Service, with a minimum benefit of 30% of Average Final Compensation; 10 years' certain and life normal form. Accidental Disability: Incurred as accident in performance of duties. 66 2/3% of Average Final Compensation, or 66 2/3% of Final Compensation, whichever is greater. 40% joint & survivor normal form, with a minimum of 10 years' certain and life.
Deferred Retirement Option Plan:	Members who are eligible for Service Retirement or Rule of 64 Retirement after September 1998 may elect self-directed Deferred Retirement Option Plan, for a maximum of 3 years. A Back DROP option (maximum of 3 years) may be elected prior to DROP entry; combined years of Back DROP and DROP may not exceed 3.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Death:	Ordinary Death: (a) Between 3 and 10 years of Creditable Service, and death not accidentally incurred in performance of duties: Lump sum benefit equal to 50% of Compensation received in year preceding death. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferred period or 10 years' certain period. (c) If eligible for Service, Early Service, or Rule of 64 retirement, considered to have retired on the date of death. Surviving spouse would receive 40% of the member's monthly retirement allowance. Accidental Death: Incurred in performance of duties. (a) Pension of 50% of Average Final compensation to spouse until death or remarriage. If there is no spouse, or if spouse dies or remarries before youngest child is 18, payable until attainment of age 18. If no spouse or no children under 18, benefit is payable to dependent parents. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferred period or 10 years' certain period.
Employment Termination:	After 10 years of Creditable Service, based on Creditable Service and Average Final Compensation at termination date. If Member contributions are withdrawn, benefit is forfeited. Benefits are deferred to Normal Retirement Age.
Optional Allowances:	Normal form is joint and 40% contingent survivor, with a minimum of 10 years' certain and life. Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of Member. Option 6 is withdrawal of employee contributions with credited interest; monthly benefits is 1/2 of normal level.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Transfer of Compensated Leave Balances:	Accumulated leave balances may be transferred into system immediately prior to retirement to purchase additional Creditable Service, on an actuarially equivalent basis.
Changes Since Prior Valuation:	Changes required by Chapter 99-1, including: - Minimum normal form of 10 years' certain and life; - Up to 5 years credit for military service if member was Employee prior to military service; - 10 years' certain and life normal form for ordinary disability; - Minimum normal form of 10 years' certain and life for accidental disability; - Death benefit after 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 retirement, equal to accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary is not required to survive deferred period or 10 years' certain period.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis – Prior Basis

Valuation Date: October 1, 2000 for Fiscal Year beginning October 1, 2001.

Valuation Method: Aggregate Cost Method.

Asset Valuation Method: Average of ratios of market to book values as of current and most recent September 30's. Average ratio is applied to book value at current September 30. The result cannot be greater than 120% of market value or less than 80% of market value.

Actuarial Assumptions:

Interest Discount/
Investment Return: 7.75%, compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	.0507%	.0284%
30	.0801%	.0351%
40	.1072%	.0709%
50	.2579%	.1428%
60	.7976%	.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis – Prior Basis
(Continued)

Age	Disability	Turnover		Retirement*	Salary Increase**
		<5	5+		
20	.00085	.0240	.0192		.093
21	.00095	.0240	.0192		.091
22	.00105	.0240	.0192		.088
23	.00110	.0240	.0192		.086
24	.00125	.0240	.0192		.084
25	.00130	.0240	.0192		.082
26	.00140	.0240	.0192		.079
27	.00150	.0240	.0192		.077
28	.00160	.0240	.0192		.075
29	.00170	.0240	.0192		.072
30	.00180	.0240	.0192		.070
31	.00200	.0240	.0192		.069
32	.00220	.0240	.0192		.068
33	.00245	.0240	.0192		.068
34	.00265	.0240	.0192		.067
35	.00285	.0240	.0192		.066
36	.00305	.0228	.0182		.065
37	.00325	.0216	.0173		.064
38	.00345	.0204	.0163		.064
39	.00370	.0192	.0154		.063
40	.00390	.0180	.0144		.062
41	.00470	.0168	.0134		.062
42	.00555	.0156	.0125		.061
43	.00635	.0144	.0115		.061
44	.00720	.0132	.0106		.061
45	.00800	.0120	.0096		.061
46	.00880	.0096	.0077		.061
47	.00965	.0072	.0057		.060
48	.01045	.0048	.0038		.060
49	.01130	.0024	.0019		.059
50	.01210	.0000	.0000		.059

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis - Prior Basis
(Continued)

Age	Disability	Turnover		Retirement*	Salary Increase**
		<5	5+		
51	.01295	.0000	.0000		.058
52	.01375	.0000	.0000		.056
53	.01455	.0000	.0000		.055
54	.01540	.0000	.0000		.053
55	.01620	.0000	.0000		.052
56	.01785	.0000	.0000		.051
57	.01870	.0000	.0000		.049
58	.01950	.0000	.0000		.048
59	.02030	.0000	.0000		.046
60	.00000	.0000	.0000		.045
61	.00000	.0000	.0000		.045
62	.00000	.0000	.0000		.045
63	.00000	.0000	.0000		.045
64	.00000	.0000	.0000		.045
65	.00000	.0000	.0000		.045

* 100% are assumed to retire when first eligible for Rule of 64 or Service Retirement.

** A 13% additional increase applies in the final year of Creditable Service.

A 2% across-the-board salary increase is included for September 30, 2000 and 2001, instead of the 4.5% increase expected due to inflation.

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis – Prior Basis
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employees are assumed to be married.
Investment Expenses:	None; the investment return assumption of 7.75% is net of investment expenses.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Adjustments from Valuation Date:	One year's interest is added to the calculated deposit to reflect ordinance provision.
Sources of Data:	Asset data is from unaudited financial statements. Membership data was furnished by Administrator. Although our valuation procedures include a detailed gain/loss analysis by source, we do not specifically audit the data.
Changes Since Prior Valuation:	None. Same as revised October 1, 1999 actuarial basis.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis – Revised Basis

Valuation Date: October 1, 2000 for Fiscal Year beginning October 1, 2001.

Valuation Method: Aggregate Cost Method.

Asset Valuation Method: Average of ratios of market to book values as of current and most recent September 30's. Average ratio is applied to book value at current September 30. The result cannot be greater than 120% of market value or less than 80% of market value.

Actuarial Assumptions:

Interest Discount/
Investment Return: 7.75%, compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	.0507%	.0284%
30	.0801%	.0351%
40	.1072%	.0709%
50	.2579%	.1428%
60	.7976%	.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis – Revised Basis
(Continued)

Age	Disability	Turnover		Retirement*	Salary Increase**
		<5	5+		
20	.00085	.0240	.0192		.088
21	.00095	.0240	.0192		.086
22	.00105	.0240	.0192		.083
23	.00110	.0240	.0192		.081
24	.00125	.0240	.0192		.078
25	.00130	.0240	.0192		.075
26	.00140	.0240	.0192		.073
27	.00150	.0240	.0192		.071
28	.00160	.0240	.0192		.068
29	.00170	.0240	.0192		.066
30	.00180	.0240	.0192		.065
31	.00200	.0240	.0192		.064
32	.00220	.0240	.0192		.064
33	.00245	.0240	.0192		.063
34	.00265	.0240	.0192		.062
35	.00285	.0240	.0192		.061
36	.00305	.0228	.0182		.061
37	.00325	.0216	.0173		.060
38	.00345	.0204	.0163		.060
39	.00370	.0192	.0154		.059
40	.00390	.0180	.0144		.058
41	.00470	.0168	.0134		.058
42	.00555	.0156	.0125		.057
43	.00635	.0144	.0115		.057
44	.00720	.0132	.0106		.057
45	.00800	.0120	.0096	.15	.056
46	.00880	.0096	.0077	.15	.056
47	.00965	.0072	.0057	.15	.056
48	.01045	.0048	.0038	.15	.056
49	.01130	.0024	.0019	.15	.055
50	.01210	.0000	.0000	.30	.055

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis - Revised Basis
(Continued)

Age	Disability	Turnover		Retirement*	Salary Increase**
		<5	5+		
51	.01295	.0000	.0000	.30	.053
52	.01375	.0000	.0000	.30	.051
53	.01455	.0000	.0000	.30	.050
54	.01540	.0000	.0000	.30	.048
55	.01620	.0000	.0000	.30	.047
56	.01785	.0000	.0000	.30	.046
57	.01870	.0000	.0000	.30	.044
58	.01950	.0000	.0000	.30	.043
59	.02030	.0000	.0000	.30	.041
60	.00000	.0000	.0000	1.00	.040
61	.00000	.0000	.0000	1.00	.040
62	.00000	.0000	.0000	1.00	.040
63	.00000	.0000	.0000	1.00	.040
64	.00000	.0000	.0000	1.00	.040
65	.00000	.0000	.0000	1.00	.040

* After eligibility for Rule of 64 Retirement.

** A 7% additional increase applies in the final year of Creditable Service.

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis – Revised Basis
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employees are assumed to be married.
Investment Expenses:	None; the investment return assumption of 7.75% is net of investment expenses.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Adjustments from Valuation Date:	One year's interest is added to the calculated deposit to reflect ordinance provision.
Sources of Data:	Asset data is from unaudited financial statements. Membership data was furnished by Administrator. Although our valuation procedures include a detailed gain/loss analysis by source, we do not specifically audit the data.
Changes Since Prior Valuation:	The inflation component of the salary increase assumption was reduced from 4.5% to 4%, and current pay was increased by 2%; the pay increase assumption at expected retirement was reduced from 13% to 7%; the retirement assumption was changed from 100% when eligible for Rule of 64 or Service Retirement to 15%/year prior to age 50, 30%/year from age 50 to age 60 (if eligible for Rule of 64 Retirement), and 100% at age 60.

Rev.03-06-2002: SHA

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Information Under Florida Statutes

I. Comparison of Salary Increases

Year Ending	Actual	Assumed
	-%-	-%-
9/30/00	7.12	2.00
9/30/99	0.52	2.75
9/30/98	(1.35)	2.75
9/30/97	(1.07)	2.75
9/30/96	0.76	2.75
9/30/95	5.50	2.75
9/30/94	2.86	3.00
9/30/93	6.37	6.80
9/30/92	3.48	6.80
9/30/91	2.65	6.80
9/30/90	2.79	7.00
9/30/89	8.64	7.00
9/30/88	6.05	7.00
9/30/87	7.45	7.50
9/30/86	7.49	7.50
9/30/85	14.28	7.50
9/30/84	11.53	7.50

II. Comparison of Investment Returns

Year Ending	Actual MV	Actual AAV(1)	Assumed
-%-	-%-	-%-	-%-
9/30/00	12.7	16.01	7.75
9/30/99	13.8	13.40	7.75
9/30/98	6.9	19.45	7.75
9/30/97	28.3	26.34	8.00
9/30/96	13.2	11.27	8.00
9/30/95	21.0	12.86	7.75
9/30/94	(1.7)	5.18	7.75
9/30/93	15.8	13.73	7.75
9/30/92	9.9	12.48	7.75
9/30/91	25.9	20.93	7.75
9/30/90	0.4	1.89	7.50
9/30/89	N.A.	16.09	7.50
9/30/88	N.A.	0.08	7.50
9/30/87	N.A.	22.64	7.00
9/30/86	N.A.	21.66	7.00

(1) Based on mean actuarial asset values for periods ending 9/30.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Information Under Florida Statutes
(Continued)

III. Comparison of Payroll Growth

Year Ending	Actual	Assumed
	-%-	-%-
9/30/00	8.5	N.A.
9/30/99	4.6	N.A.
9/30/98	6.8	N.A.
9/30/97	(4.5)	N.A.
9/30/96	1.9	N.A.
9/30/95	(1.9)	N.A.
9/30/94	1.1	N.A.
9/30/93	7.5	N.A.
9/30/92	2.1	N.A.
9/30/91	(7.6)	5.00
9/30/90	(0.8)	5.00
9/30/89	9.5	5.00
9/30/88	3.4	5.00
9/30/87	5.9	5.00
9/30/86	5.8	5.00
9/30/85	7.8	5.00
9/30/84	9.7	5.00

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5 and 25
(Excluding COLA Fund)

I. Funding Status and Progress as of September 30, 2000 and 1999

Pension benefit obligation: $(Millions)

	Sept. 30, 2000 -$-	Sept. 30, 1999 -$-
- Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	431.8	396.8
- Current employees - Accumulated employee contributions including interest	100.5	96.0
Employer - financed vested	176.0	279.4
Employer - financed nonvested	114.8	48.0
Total pension benefit obligation	823.1	820.2
Net assets available for benefits (market value)	994.6	932.8
Unfunded pension benefit obligation	(171.5)	(112.6)

The pension benefit obligation was determined as part of actuarial valuations at September 30, 2000 and September 30, 1999. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually, (b) projected salary increases of 4.00 percent per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0 percent to 5.1 percent per year, attributable to seniority/merit.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5 and 25
(Excluding COLA Fund)

II. Contributions Required and Contributions Made

The funding policy provides for periodic employer contributions at actuarially determined rates that are sufficient to pay benefits when due. Contributions for normal costs are determined using the aggregate actuarial cost method. This cost method does not provide for an unfunded actuarial accrued liability.

Contributions totaling $11,658,372 ($5,400,784 employer and $6,257,588 employee) were made for the year ending September 30, 2000. These contributions consisted of (a) $11,658,372 normal cost, (b) $0 amortization of the unfunded actuarial accrued liability, and (c) $0 noninvestment expenses.

Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the standardized measure of the pension obligation as of the beginning of the preceding year.

III. Analysis of Funding Progress ($ Millions)

Fiscal Year	(1) Net Assets Available for Benefits ($)	(2) Pension Benefit Obligation ($)	(3) Percent Funded (%)	(4) Unfunded PBO (2)-(1) ($)	(5) Annual Covered Payroll ($)	(4)/(5) (%)
1987	309.1	335.7	92	26.6	63.3	42
1988	307.7	357.9	86	50.2	65.4	77
1989	364.2	385.9	94	21.7	71.6	30
1990	364.7	394.6	92	29.9	71.1	42
1991	455.3	450.0	101	(5.3)	71.4	(7)
1992	492.0	458.1	107	(33.9)	67.1	(50)
1993	550.6	488.2	113	(62.4)	72.0	(87)
1994	516.4	522.9	99	6.5	72.9	9
1995	616.5	583.1	106	(33.4)	71.5	(47)
1996	674.7	620.7	109	(54.0)	72.9	(74)
1997	835.3	702.1	119	(133.2)	69.6	(191)
1998	857.7	774.5	111	(83.2)	74.3	(112)
1999	932.8	820.2	114	(112.6)	77.7	(145)
2000	994.6	823.1	121	(171.5)	84.3	(203)

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

IV. Revenues and Expenses

Fiscal Year	Revenues by Source: Employee Contributions ($)	Employer Contributions ($)	Investment Income ($)	Total ($)
1987	5,385,969	14,200,675	48,891,929	68,478,573
1988	5,516,972	11,515,831	19,011,633	36,044,436
1989	5,989,692	11,157,203	33,064,932	50,211,827
1990	6,303,644	9,579,771	37,046,457	52,929,872
1991	6,474,938	8,959,044	46,689,710	62,123,692
1992	6,115,655	10,029,747	44,569,353	60,714,755
1993	6,455,623	10,442,881	50,309,468	67,207,972
1994	7,435,034	9,296,175	36,915,202	53,646,411
1995	8,318,833	10,880,346	38,919,229	58,118,408
1996	7,852,469	16,547,235	55,421,603	79,821,307
1998	7,692,571	14,155,472	96,007,011	117,855,054
1997	7,664,034	14,377,032	83,180,597	105,221,663
1998	7,692,571	14,155,472	96,007,011	117,855,054
1999	8,556,140	10,376,473	66,039,984	84,972,597
2000	6,257,588	5,400,784	129,752,337	141,410,709

Fiscal Year	Expenses by Type: Benefits ($)	Administrative Expenses ($)	Refunds ($)	Total ($)
1987	12,655,732	522,090	556,895	13,734,717
1988	13,556,449	443,765	650,068	14,650,282
1989	14,179,715	493,209	371,459	15,044,383
1990	15,572,994	568,072	659,176	16,800,242
1991	16,764,637	973,982	555,661	18,294,280
1992	22,345,166	1,137,047	751,088	24,233,301
1993	22,735,888	1,314,925	672,376	24,723,189
1994	23,787,091	1,420,693	510,074	25,717,858
1995	25,846,564	1,567,841	703,269	28,117,674
1996	29,506,924	1,870,188	822,497	32,199,609
1997	33,841,809	2,079,183	1,225,239	37,146,231
1998	35,593,108	2,543,855	391,524	38,537,297
1999	36,900,501	2,689,079	258,383	39,847,963
2000	41,237,423	2,710,752	258,804	44,206,979

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

V. Schedule of Employer Contributions

Fiscal Year	Annual Pension Cost (APC) ($)	Percentage Contributed (%)	Net Pension Obligation ($)
1994	9,296,175	100	0
1995	10,880,346	100	0
1996	16,547,235	100	0
1997	14,377,032	100	0
1998	14,155,472	100	0
1999	10,376,473	100	0
2000	5,400,784	100	0

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

I. COLA Increases by Duration Since Retirement (Including 2000 Increment)

Years Retired	No.	FIPO Benefits -$-	COLA Benefits -$-	%
0 - 5	254	1,100,675	2,232	0.2
5 -15	318	1,165,523	65,890	5.7
10-15	167	436,899	76,232	17.4
15-20	159	283,891	104,338	36.8
20-25	244	250,288	196,191	78.4
25-30	188	134,036	171,717	128.1
30-35	57	33,217	64,985	195.6
35-40	27	13,329	33,662	252.6
40-45	6	3,024	7,232	239.2
45-50	4	1,803	5,552	307.9
50+	1	499	1,568	314.0
Total	1,425	3,423,184	729,599	21.3

II. COLA Increases by Attained Age (Including 2001 Increment)

Age	No.	FIPO Benefits -$-	COLA Benefits -$-	%
<45	31	73,969	869	1.2
45-50	108	389,140	1,225	0.3
50-54	219	814,232	18,270	2.2
55-59	237	839,797	54,956	6.5
60-64	170	440,183	66,699	15.2
65-69	216	392,725	148,759	37.9
70-74	222	280,353	194,783	69.5
75-79	143	137,302	150,794	109.8
80-84	55	40,539	62,301	153.7
85-89	22	14,171	28,274	199.5
>90	2	773	2,629	339.9
Total	1,425	3,423,184	729,599	21.3

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

III. COLA Increases vs. CPI (Including 2001 Increment)

Years Retired	No.	COLA -$-	CPI -%-	COLA/CPI %
0 - 5	254	2,232	3.9	5.2
5 -10	318	65,890	16.4	34.4
10-15	167	76,232	38.3	45.6
15-20	159	104,338	64.9	56.6
20-25	244	196,191	127.9	61.3
25-30	188	171,717	233.6	54.8
30-35	57	64,985	355.5	55.0
35-40	27	33,662	449.3	56.2
40-45	6	7,232	494.0	48.4
45-50	4	5,552	540.6	56.9
50 +	1	1,568	557.0	56.4
Total	1,425	729,599	41.6	51.2

IV. Consumer Price Index (CPI-U)

Year	December Index	Annual %	Year	December Index	Annual %
1956	27.6	2.9	1976	58.2	4.8
1957	28.4	3.0	1977	62.1	6.8
1958	28.9	1.8	1978	67.7	9.0
1959	29.4	1.5	1979	76.7	13.3
1960	29.8	1.5	1980	86.3	12.4
1961	30.0	0.7	1981	94.0	8.9
1962	30.4	1.2	1982	97.6	3.9
1963	30.9	1.6	1983	101.3	3.8
1964	31.2	1.2	1984	105.3	4.0
1965	31.8	1.9	1985	109.3	3.8
1966	32.9	3.4	1986	110.5	1.1
1967	33.9	3.0	1987	115.4	4.4
1968	35.5	4.7	1988	120.5	4.4
1969	37.7	6.1	1989	126.1	4.6
1970	39.8	5.5	1990	133.8	6.2
1971	41.1	3.4	1991	137.9	3.0
1972	42.5	3.4	1992	141.9	2.9
1973	46.2	8.7	1993	145.8	2.7
1974	51.9	12.2	1994	149.7	2.7
1975	55.5	7.0	1995	153.5	2.5
			1996	158.6	3.3
			1997	161.3	1.7
			1998	163.9	1.6
			1999	168.3	2.7
			2000	174.1*	3.4

*November 2000 Index was used; December 2000 Index will be published in late January 2001.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

I. Summary of Assets Available for Benefits at October 1, 2000

		-$-
A.	COLA Accounts	
1.	COLA I Account (Exhibit 3) at 9/30/2000	31,916,326
2.	COLA II Account (Exhibit 3) at 9/30/2000	126,998,392
B.	Transfers of Excess Investment Income	
1.	$31,591,116 due on 1/1/2001, discounted	31,007,064
2.	$33,619,502 due on 1/1/2002, discounted	30,624,547
C.	Minimum City Contributions[1] $3,558,280 beginning 1/1/2003, payable for 12 years discounted	24,746,240
D.	$0 City Contribution due 1/1/2001	0
E.	Assets Available for COLA Benefits	245,292,569

II. COLA Fund Liabilities for Benefits at 10/1/2000

A.	Present Value of Existing COLA Benefits for inactives	
1.	Frozen COLA I benefits	3,201,528
2.	COLA II benefits	101,290,763
3.	Total inactive COLA benefits	104,492,291
B.	Present Value of Projected COLA Benefits for Current Actives	
1.	Reserve for current actives	32,538,914
2.	Reserve for contribution refunds	14,890
3.	Reserve for future actives (15% of B1)	4,880,837
4.	Total	37,434,641
C.	Total Liability Allocated (A3+B4)	141,926,932
D.	Contingency Reserve [22% of I(E)-I(B)(2)]	47,226,965
E.	Unallocated Reserve	56,138,672
F.	Total Liability for COLA Benefits	245,292,569

Notes: (1) $(1/1.0775)^{1.25}\ a\overline{12}| = 6.954551.2$
(2) For $750 Table

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

III. Derivation of Increase in Table

		-$-
A.	Liability based on current $750 table	
1.	Inactive COLA II Benefits	101,290,763
2.	Present Value of Projected COLA benefits for current actives	32,538,914
3.	Reserve for future actives [15% of (2)]	4,880,637
4.	Total	138,710,514
B.	Assets available to increase table	
1.	Total assets available for COLA Benefits	245,292,569
2.	Total Liability Allocated (current $750 table)	141,926,932
3.	Contingency Reserve II(D)	47,226,965
4.	Available Assets [(1)-(2)-(3)]	56,138,672
5.	$33,619,502 due on 1/1/2002, discounted	30,624,547
6.	Net Available Assets [(4)-(5)]	25,514,125
7.	Increase ratio [(B6)/(A4)]	.18394
8.	Table increase [$750x(7)]	137
9.	New table amount [$750 + (8)]	887
10.	Actual new table amount	850

EXHIBIT 14

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Cumulative Experience Position Net of Asset Transfers

		-$-
I.	**Calculation of Expected Unfunded Actuarial Accrued Liability at 10/1/2000**	
A.	Expected Unfunded Actuarial Accrued Liability at 10/1/99	211,915,040
B.	Additional Unfunded Actuarial Accrued Liability due to Plan Changes	0
C.	Entry Age Normal Cost for 1999/2000 Year Paid or Payable by Employer	0
D.	Interest on (A), (B), and (C)	16,423,416
E.	Contributions for 1999/2000 Year Paid or Payable by Employer	5,400,784
F.	Interest on (E)	418,561
G.	Expected Unfunded Actuarial Accrued Liability at 9/30/2000	222,519,111
H.	Additional Unfunded Actuarial Accrued Liability due to Florida Law 99-1	313,416
I.	Additional Unfunded Actuarial Accrued Liability due to Assumption Changes	(37,465,722)
J.	Final Expected Unfunded Actuarial Accrued Liability at 9/30/2000	185,366,755
II.	**Determination of Net Cumulative Experience Position at 10/1/2000**	
A.	Expected Unfunded Actuarial Liability as of September 30, 2000	222,989,488
B.	Entry Age Reserve - Actives	431,548,056
	- Inactives	431,809,502
	- Total	863,357,558
C.	Actuarial Asset Value (Net of Future Transfers)	988,775,090
D.	Actual Unfunded Actuarial Liability (B)-(C)	(125,417,532)
E.	Cumulative Experience Gain (Loss) (A)-(D)	310,784,287
III.	**Future Transfers of Excess Investment Income at 10/1/2000**	
A.	$31,591,116 due on 1/1/2001, discounted	31,007,064
B.	$33,619,502 due on 1/1/2002, discounted	30,624,547
C.	Total Future Transfers at 10/1/2000	61,631,611

EXHIBIT 15

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

Summary of Principal COLA Provisions

Effective Date:	January 1, 1994, amended January 1, 1995.
Eligibility:	All inactive members in Miami Fire Fighters' and Police Officers' Retirement Trust.
Prior COLA:	Benefits granted through 1993 continue to be paid, in addition to benefits to be granted in the future.
Available Assets:	Existing COLA assets as of January 1, 1995; beginning with the 1991/92 fiscal year, a percentage of excess investment return on FIPO assets (75% of first 2.5%, 50% of next 2.5%, 25% of next 2.5%), subject to a minimum City contribution of $2.5 million, increasing 4% annually.
Allocated Assets:	Current COLA assets as of September 30, 2000, plus present value of $2.5 million minimum guarantee for 14 years. The 4% future annual increases is not pre-allocated. A contingency reserve of 22% has been established for adverse experience.
COLA Benefits:	In addition to prior COLA, benefits are based on attached table, with $850 monthly benefit for 25 years of creditable service and 22 completed years of retirement (after age 46). The $850 amount is reduced by 5% for each year of retirement less than 22 and each year of creditable service less than 25 and increased similarly for years of retirement greater than 22 and years of creditable service greater than 25. Benefits are based on the FIPO option elected. Tabular amounts are adjusted, based on the FIPO adjustments at the time of FIPO benefit commencement, for options other than Option 8 (Joint & 40%). Surviving spouses receive the percentage of the table amount determined under the FIPO election. Service-incurred and accidental disabilities and deaths receive benefits based on the greater of 25 years or actual creditable service.
Changes from Prior Year Valuation:	The $750 table was increased to the $850 table.

MIAMI FIREFIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
2001 MONTHLY RETIREMENT SUPPLEMENTS

COMPLETED YEARS OF RETIREMENT (AFTER AGE 46)

YEARS OF SERVICE	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
10	0	0	0	21	32	42	53	64	74	85	96	106	117	128	138	149	159	170	181	191	202	213	223	234	244
11	0	0	0	25	38	51	64	76	89	102	115	128	140	153	166	179	191	204	217	230	242	255	268	281	293
12	0	0	0	30	45	59	74	89	104	119	134	149	164	179	193	208	223	238	253	268	283	298	312	327	342
13	0	0	0	34	51	68	85	102	119	136	153	170	187	204	221	238	255	272	289	306	323	340	357	374	391
14	0	0	0	38	57	76	96	115	134	153	172	191	210	230	249	268	287	306	325	344	363	383	402	421	440
15	0	0	0	42	64	85	106	127	149	170	191	213	234	255	276	298	319	340	361	383	404	425	446	468	489
16	0	0	0	47	70	93	117	140	164	187	210	234	257	281	304	327	351	374	397	421	444	468	491	514	538
17	0	0	0	51	76	102	127	153	178	204	229	255	281	306	332	357	383	408	434	459	485	510	536	561	587
18	0	0	0	55	83	110	138	166	193	221	249	276	304	332	359	387	414	442	470	497	525	553	580	608	635
19	0	0	0	59	89	119	149	178	208	238	268	298	327	357	387	417	446	476	506	536	565	595	625	655	684
20	0	0	0	64	96	127	159	191	223	255	287	319	351	383	414	446	478	510	542	574	606	638	669	701	733
21	0	0	0	68	102	136	170	204	238	272	306	340	374	408	442	476	510	544	578	612	646	680	714	748	782
22	0	0	0	72	108	144	181	217	253	289	325	361	397	434	470	506	542	578	614	650	686	723	759	795	831
23	0	0	0	76	115	153	191	229	268	306	344	383	421	459	497	536	574	612	650	689	727	765	803	842	880
24	0	0	0	81	121	161	202	242	283	323	363	404	444	485	525	565	606	646	686	727	767	808	848	888	929
25	0	0	0	85	127	170	212	255	297	340	383	425	468	510	553	595	638	680	723	765	808	850	893	935	978
26	0	0	0	89	134	178	223	268	312	357	402	446	491	536	580	625	669	714	759	803	848	893	937	982	1026
27	0	0	0	93	140	187	234	280	327	374	421	468	514	561	608	655	701	748	795	842	888	935	982	1029	1075
28	0	0	0	98	147	195	244	293	342	391	440	489	538	587	635	684	733	782	831	880	929	978	1026	1075	1124
29	0	0	0	102	153	204	255	306	357	408	459	510	561	612	663	714	765	816	867	918	969	1020	1071	1122	1173
30	0	0	0	106	159	212	266	319	372	425	478	531	584	638	691	744	797	850	903	956	1009	1063	1116	1169	1222
31	0	0	0	110	166	221	276	331	387	442	497	553	608	663	718	774	829	884	939	995	1050	1105	1160	1216	1271
32	0	0	0	115	172	229	287	344	402	459	516	574	631	689	746	803	861	918	975	1033	1090	1148	1205	1262	1320
33	0	0	0	119	178	238	297	357	416	476	536	595	655	714	774	833	893	952	1012	1071	1131	1190	1250	1309	1369
34	0	0	0	123	185	246	308	370	431	493	555	616	678	740	801	863	924	986	1048	1109	1171	1233	1294	1356	1417
35	0	0	0	127	191	255	319	382	446	510	574	638	701	765	829	893	956	1020	1084	1148	1211	1275	1339	1403	1466
36	0	0	0	132	198	263	329	395	461	527	593	659	725	791	856	922	988	1054	1120	1186	1252	1318	1383	1449	1515
37	0	0	0	136	204	272	340	408	476	544	612	680	748	816	884	952	1020	1088	1156	1224	1292	1360	1428	1496	1564
38	0	0	0	140	210	280	351	421	491	561	631	701	771	842	912	982	1052	1122	1192	1262	1332	1403	1473	1543	1613
39	0	0	0	144	217	289	361	433	506	578	650	723	795	867	939	1012	1084	1156	1228	1301	1373	1445	1517	1590	1662
40	0	0	0	149	223	297	372	446	521	595	669	744	818	893	967	1041	1116	1190	1264	1339	1413	1488	1562	1636	1711
41	0	0	0	153	229	306	382	459	536	612	689	765	842	918	995	1071	1148	1224	1301	1377	1454	1530	1607	1683	1760
42	0	0	0	157	236	314	393	472	550	629	708	786	865	944	1022	1101	1179	1258	1337	1415	1494	1573	1651	1730	1808
43	0	0	0	161	242	323	404	484	565	646	727	808	888	969	1050	1131	1211	1292	1373	1454	1534	1615	1696	1777	1857
44	0	0	0	166	249	331	414	497	580	663	746	829	912	995	1077	1160	1243	1326	1409	1492	1575	1658	1740	1823	1906
45	0	0	0	170	255	340	425	510	595	680	765	850	935	1020	1105	1190	1275	1360	1445	1530	1615	1700	1785	1870	1955
46	0	0	0	174	261	348	436	523	610	697	784	871	958	1046	1133	1220	1307	1394	1481	1568	1655	1743	1830	1917	2004
47	0	0	0	178	268	357	446	535	625	714	803	893	982	1071	1160	1250	1339	1428	1517	1607	1696	1785	1874	1964	2053
48	0	0	0	183	274	365	457	548	640	731	822	914	1005	1097	1188	1279	1371	1462	1553	1645	1736	1828	1919	2010	2102
49	0	0	0	187	280	374	467	561	654	748	841	935	1029	1122	1216	1309	1403	1496	1590	1683	1777	1870	1964	2057	2151
50	0	0	0	191	287	382	478	574	669	765	861	956	1052	1148	1243	1339	1434	1530	1626	1721	1817	1913	2008	2104	2199

MIAMI FIREFIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
2001 MONTHLY RETIREMENT SUPPLEMENTS
COMPLETED YEARS OF RETIREMENT (AFTER AGE 46)

YEARS OF CREDITED SERVICE	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50
10	255	266	276	287	298	308	319	329	340	351	361	372	383	393	404	414	425	436	446	457	468	478	489	499	510
11	306	319	332	344	357	370	383	395	408	421	434	446	459	472	485	497	510	523	536	548	561	574	587	599	612
12	357	372	387	402	417	431	446	461	476	491	506	521	536	550	565	580	595	610	625	640	655	669	684	699	714
13	408	425	442	459	476	493	510	527	544	561	578	595	612	629	646	663	680	697	714	731	748	765	782	799	816
14	459	478	497	516	536	555	574	593	612	631	650	669	689	708	727	746	765	784	803	822	842	861	880	899	918
15	510	531	553	574	595	616	638	659	680	701	723	744	765	786	808	829	850	871	893	914	935	956	978	999	1020
16	561	584	608	631	655	678	701	725	748	771	795	818	842	865	888	912	935	958	982	1005	1029	1052	1075	1099	1122
17	612	638	663	689	714	740	765	791	816	842	867	893	918	944	969	995	1020	1046	1071	1097	1122	1148	1173	1199	1224
18	663	691	718	746	774	801	829	856	884	912	939	967	995	1022	1050	1077	1105	1133	1160	1188	1216	1243	1271	1298	1326
19	714	744	774	803	833	863	893	922	952	982	1012	1041	1071	1101	1131	1160	1190	1220	1250	1279	1309	1339	1369	1398	1428
20	765	797	829	861	893	924	956	988	1020	1052	1084	1116	1148	1179	1211	1243	1275	1307	1339	1371	1403	1434	1466	1498	1530
21	816	850	884	918	952	986	1020	1054	1088	1122	1156	1190	1224	1258	1292	1326	1360	1394	1428	1462	1496	1530	1564	1598	1632
22	867	903	939	975	1012	1048	1084	1120	1156	1192	1228	1264	1301	1337	1373	1409	1445	1481	1517	1553	1590	1626	1662	1698	1734
23	918	956	995	1033	1071	1109	1148	1186	1224	1262	1301	1339	1377	1415	1454	1492	1530	1568	1607	1645	1683	1721	1760	1798	1836
24	969	1009	1050	1090	1131	1171	1211	1252	1292	1332	1373	1413	1454	1494	1534	1575	1615	1655	1696	1736	1777	1817	1857	1898	1938
25	1020	1063	1105	1148	1190	1233	1275	1318	1360	1403	1445	1488	1530	1573	1615	1658	1700	1743	1785	1828	1870	1913	1955	1998	2040
26	1071	1116	1160	1205	1250	1294	1339	1383	1428	1473	1517	1562	1607	1651	1696	1740	1785	1830	1874	1919	1964	2008	2053	2097	2142
27	1122	1169	1216	1262	1309	1356	1403	1449	1496	1543	1590	1636	1683	1730	1777	1823	1870	1917	1964	2010	2057	2104	2151	2197	2244
28	1173	1222	1271	1320	1369	1417	1466	1515	1564	1613	1662	1711	1760	1808	1857	1906	1955	2004	2053	2102	2151	2199	2248	2297	2346
29	1224	1275	1326	1377	1428	1479	1530	1581	1632	1683	1734	1785	1836	1887	1938	1989	2040	2091	2142	2193	2244	2295	2346	2397	2448
30	1275	1328	1381	1434	1488	1541	1594	1647	1700	1753	1806	1859	1913	1966	2019	2072	2125	2178	2231	2284	2338	2391	2444	2497	2550
31	1326	1381	1437	1492	1547	1602	1658	1713	1768	1823	1879	1934	1989	2044	2100	2155	2210	2265	2321	2376	2431	2486	2542	2597	2652
32	1377	1434	1492	1549	1607	1664	1721	1779	1836	1893	1951	2008	2066	2123	2180	2238	2295	2352	2410	2467	2525	2582	2639	2697	2754
33	1428	1488	1547	1607	1666	1726	1785	1845	1904	1964	2023	2083	2142	2202	2261	2321	2380	2440	2499	2559	2618	2678	2737	2797	2856
34	1479	1541	1602	1664	1726	1787	1849	1910	1972	2034	2095	2157	2219	2280	2342	2403	2465	2527	2588	2650	2712	2773	2835	2896	2958
35	1530	1594	1658	1721	1785	1849	1913	1976	2040	2104	2168	2231	2295	2359	2423	2486	2550	2614	2678	2741	2805	2869	2933	2996	3060
36	1581	1647	1713	1779	1845	1910	1976	2042	2108	2174	2240	2306	2372	2437	2503	2569	2635	2701	2767	2833	2899	2964	3030	3096	3162
37	1632	1700	1768	1836	1904	1972	2040	2108	2176	2244	2312	2380	2448	2516	2584	2652	2720	2788	2856	2924	2992	3060	3128	3196	3264
38	1683	1753	1823	1893	1964	2034	2104	2174	2244	2314	2384	2454	2525	2595	2665	2735	2805	2875	2945	3015	3086	3156	3226	3296	3366
39	1734	1806	1879	1951	2023	2095	2168	2240	2312	2384	2457	2529	2601	2673	2746	2818	2890	2962	3035	3107	3179	3251	3324	3396	3468
40	1785	1859	1934	2008	2083	2157	2231	2306	2380	2454	2529	2603	2678	2752	2826	2901	2975	3049	3124	3198	3273	3347	3421	3496	3570
41	1836	1913	1989	2066	2142	2219	2295	2372	2448	2525	2601	2678	2754	2831	2907	2984	3060	3137	3213	3290	3366	3443	3519	3596	3672
42	1887	1966	2044	2123	2202	2280	2359	2437	2516	2595	2673	2752	2831	2909	2988	3066	3145	3224	3302	3381	3460	3538	3617	3695	3774
43	1938	2019	2100	2180	2261	2342	2423	2503	2584	2665	2746	2826	2907	2988	3069	3149	3230	3311	3392	3472	3553	3634	3715	3795	3876
44	1989	2072	2155	2238	2321	2403	2486	2569	2652	2735	2818	2901	2984	3066	3149	3232	3315	3398	3481	3564	3647	3729	3812	3895	3978
45	2040	2125	2210	2295	2380	2465	2550	2635	2720	2805	2890	2975	3060	3145	3230	3315	3400	3485	3570	3655	3740	3825	3910	3995	4080
46	2091	2178	2265	2352	2440	2527	2614	2701	2788	2875	2962	3049	3137	3224	3311	3398	3485	3572	3659	3746	3834	3921	4008	4095	4182
47	2142	2231	2321	2410	2499	2588	2678	2767	2856	2945	3035	3124	3213	3302	3392	3481	3570	3659	3749	3838	3927	4016	4106	4195	4284
48	2193	2284	2376	2467	2559	2650	2741	2833	2924	3015	3107	3198	3290	3381	3472	3564	3655	3746	3838	3929	4021	4112	4203	4295	4386
49	2244	2338	2431	2525	2618	2712	2805	2899	2992	3086	3179	3273	3366	3460	3553	3647	3740	3834	3927	4021	4114	4208	4301	4395	4488
50	2295	2391	2486	2582	2678	2773	2869	2964	3060	3156	3251	3347	3443	3538	3634	3729	3825	3921	4016	4112	4208	4303	4399	4494	4590

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

Summary of Actuarial Basis – Prior Basis

Valuation Date: January 1, 2001.

Valuation Method: Accrued Benefit Cost Method, based on benefits granted to date.

Asset Valuation Method: Market Value, plus present value of future minimum City contributions.

Actuarial Assumptions:

Investment Return: 7.75% compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	.0507%	.0284%
30	.0801%	.0351%
40	.1072%	.0709%
50	.2579%	.1428%
60	.7976%	.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Summary of Actuarial Basis – Prior Basis
(Continued)

Age	Disability	Turnover		Retirement*
		<5	5+	
20	.00085	.0240	.0192	
21	.00095	.0240	.0192	
22	.00105	.0240	.0192	
23	.00110	.0240	.0192	
24	.00125	.0240	.0192	
25	.00130	.0240	.0192	
26	.00140	.0240	.0192	
27	.00150	.0240	.0192	
28	.00160	.0240	.0192	
29	.00170	.0240	.0192	
30	.00180	.0240	.0192	
31	.00200	.0240	.0192	
32	.00220	.0240	.0192	
33	.00245	.0240	.0192	
34	.00265	.0240	.0192	
35	.00285	.0240	.0192	
36	.00305	.0228	.0182	
37	.00325	.0216	.0173	
38	.00345	.0204	.0163	
39	.00370	.0192	.0154	
40	.00390	.0180	.0144	
41	.00470	.0168	.0134	
42	.00555	.0156	.0125	
43	.00635	.0144	.0115	
44	.00720	.0132	.0106	
45	.00800	.0120	.0096	
46	.00880	.0096	.0077	
47	.00965	.0072	.0057	
48	.01045	.0048	.0038	
49	.01130	.0024	.0019	
50	.01210	.0000	.0000	

- 100% are assumed to retire when first eligible for Rule of 64 or Service Retirement.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Summary of Actuarial Basis – Prior Basis
(Continued)

Age	Disability	Turnover		Retirement*
		<5	5+	
51	.01295	.0000	.0000	
52	.01375	.0000	.0000	
53	.01455	.0000	.0000	
54	.01540	.0000	.0000	
55	.01620	.0000	.0000	
56	.01785	.0000	.0000	
57	.01870	.0000	.0000	
58	.01950	.0000	.0000	
59	.02030	.0000	.0000	
60	.00000	.0000	.0000	
61	.00000	.0000	.0000	
62	.00000	.0000	.0000	
63	.00000	.0000	.0000	
64	.00000	.0000	.0000	
65	.00000	.0000	.0000	

- 100% are assumed to retire when first eligible for Rule of 64 or Service Retirement.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

Summary of Actuarial Basis – Prior Basis
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Martial Status:	All employees are assumed to be married.
Investment Expenses:	Not provided for.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Adjustments from Valuation Date:	Liabilities are discounted for 3 months at the Investment Return assumption.
Sources of Data:	Asset data is from unaudited financial statements. Membership data was furnished by Administrator. Although our valuation procedures include a detailed gain/loss analysis by source, we do not specifically audit the data.
Changes from Prior Year Valuation:	None. Same as revised October 1, 1999 actuarial basis.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

Summary of Actuarial Basis – Revised Basis

Valuation Date: January 1, 2001.

Valuation Method: Accrued Benefit Cost Method, based on benefits granted to date.

Asset Valuation Method: Market Value, plus present value of future minimum City contributions.

Actuarial Assumptions:

Investment Return: 7.75% compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	.0507%	.0284%
30	.0801%	.0351%
40	.1072%	.0709%
50	.2579%	.1428%
60	.7976%	.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Summary of Actuarial Basis – Revised Basis
(Continued)

Age	Disability	Turnover		Retirement*
		<5	5+	
20	.00085	.0240	.0192	
21	.00095	.0240	.0192	
22	.00105	.0240	.0192	
23	.00110	.0240	.0192	
24	.00125	.0240	.0192	
25	.00130	.0240	.0192	
26	.00140	.0240	.0192	
27	.00150	.0240	.0192	
28	.00160	.0240	.0192	
29	.00170	.0240	.0192	
30	.00180	.0240	.0192	
31	.00200	.0240	.0192	
32	.00220	.0240	.0192	
33	.00245	.0240	.0192	
34	.00265	.0240	.0192	
35	.00285	.0240	.0192	
36	.00305	.0228	.0182	
37	.00325	.0216	.0173	
38	.00345	.0204	.0163	
39	.00370	.0192	.0154	
40	.00390	.0180	.0144	
41	.00470	.0168	.0134	
42	.00555	.0156	.0125	
43	.00635	.0144	.0115	
44	.00720	.0132	.0106	
45	.00800	.0120	.0096	.15
46	.00880	.0096	.0077	.15
47	.00965	.0072	.0057	.15
48	.01045	.0048	.0038	.15
49	.01130	.0024	.0019	.15
50	.01210	.0000	.0000	.30

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Summary of Actuarial Basis – Revised Basis
(Continued)

Age	Disability	Turnover		Retirement*
		<5	5+	
51	.01295	.0000	.0000	.30
52	.01375	.0000	.0000	.30
53	.01455	.0000	.0000	.30
54	.01540	.0000	.0000	.30
55	.01620	.0000	.0000	.30
56	.01785	.0000	.0000	.30
57	.01870	.0000	.0000	.30
58	.01950	.0000	.0000	.30
59	.02030	.0000	.0000	.30
60	.00000	.0000	.0000	1.00
61	.00000	.0000	.0000	1.00
62	.00000	.0000	.0000	1.00
63	.00000	.0000	.0000	1.00
64	.00000	.0000	.0000	1.00
65	.00000	.0000	.0000	1.00

- After eligibility for Rule of 64 Retirement.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

Summary of Actuarial Basis – Revised Basis
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Martial Status:	All employees are assumed to be married.
Investment Expenses:	Not provided for.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Adjustments from Valuation Date:	Liabilities are discounted for 3 months at the Investment Return assumption.
Sources of Data:	Asset data is from unaudited financial statements. Membership data was furnished by Administrator. Although our valuation procedures include a detailed gain/loss analysis by source, we do not specifically audit the data.
Changes from Prior Year Valuation:	The retirement assumption was changed from 100% when eligible for Rule of 64 or Service Retirement to 15%/year prior to age 50, 30%/year from age 50 to age 60 (if eligible for Rule of 64 Retirement), and 100% at age 60.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)

I. Funding Status and Progress as of September 30, 1999 and 2000

Pension benefit obligation:	$(Millions) 2000	1999
- Retirees and beneficiaries currently receiving prior COLA benefits	3.2	3.4
- Retirees and beneficiaries receiving COLA tabular benefits (beginning January 1) and terminated employees not yet receiving tabular benefits	101.3	84.3
- Current Employees Accumulated employee contributions including interest	6.4	9.5
Employer - financed vested	0.0	0.0
Employer - financed non-vested	26.1	17.1
- Total pension benefit obligation	137.0	114.3
Net assets available for benefits	220.5	180.6
Unfunded pension benefit (obligation)/asset	83.5	66.3

The pension benefit obligations were determined as part of actuarial valuations at January 1, 2000 and January 1, 1999, based on data and asset information at September 30, 2000 and September 30, 1999. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75% per year compounded annually, (b) post retirement COLA benefits based on the table in effect at January 1, 2000 and January 1, 1999.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)

II. Contributions Required and Contributions Made

The funding policy provides for annual employer contributions for 21 years from January 1, 1994. The amount of the contribution was $2.5 million, beginning January 1, 1994, increasing 4% per year each year thereafter, and reduced (but not below zero) by any excess investment income transfer due on the same date.

The excess investment income transfer consists of a portion of gains due to investment return exceeding the lesser of 7.75 percent and the 7.625 percent assumption. The $31,591,116 amount to be transferred on January 1, 2001 is due to excess investment income during the year ended September 30, 1999, and therefore already is part of the Retirement Trust. The $33,619,502 amount to be transferred on January 1, 2002 is due to excess investment income during the year ending September 30, 2000.

III. Analysis of funding Progress ($ Millions)

Fiscal Year	(1) Net Assets Available for Benefits* ($)	(2) Pension Benefit Obligation** ($)	(3) Percent Funded (%)	(4) Unfunded PBO (2)-(1) ($)	(5) Annual Covered Payroll ($)	(4)/(5) (%)
1993	40.8	32.5	126	(8.3)	72.0	(12)
1994	42.6	51.5	83	8.9	72.9	12
1995	63.8	52.0	123	(11.8)	71.5	(17)
1996	83.9	65.7	128	(18.1)	72.9	(25)
1997	117.7	70.8	166	(46.9)	69.6	(67)
1998	144.2	90.9	159	(53.3)	74.3	(72)
1999	180.7	116.3	155	(64.4)	77.7	(83)
2000	220.5	137.0	161	(83.5)	84.3	(99)

* Excluding future City minimum contributions.
** Excluding new increment, contingency reserves, and reserves for future actives.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)

IV. Revenues and Expenses

Fiscal Year	Revenues by Source: Employee Contributions ($)	Employer Contributions ($)	Investment Income ($)	Total ($)
1987	1,246,688	298,682	871,969	2,417,339
1988	1,272,000	0	393,935	1,665,935
1989	1,381,407	0	686,477	2,067,884
1990	1,457,451	0	694,749	2,152,200
1991	1,505,015	0	1,024,972	2,529,987
1992	1,422,192	0	1,031,806	2,453,998
1993	1,493,735	0	1,151,821	2,645,556
1994	474,233	9,481,546	1,313,750	11,269,529
1995	506	16,818,431	3,754,787	20,573,724
1996	0	2,622,149	3,795,508	6,417,657
1997	4,226	12,736,609	7,724,214	20,465,049
1998	1,094	14,344,834	10,325,730	24,671,658
1999	11,792	17,020,337	9,278,121	26,310,250
2000	293	23,437,048	18,932,095	42,369,436

Fiscal Year	Expenses by Type: Benefits ($)	Administrative Expenses ($)	Refunds ($)	Total ($)
1987	183,548	7,301	36,679	227,528
1988	321,908	387	68,950	391,245
1989	430,185	0	46,021	476,206
1990	534,058	0	85,067	619,125
1991	578,758	0	76,730	655,488
1992	628,793	20,956	78,054	727,803
1993	665,938	27,288	84,945	778,171
1994	1,657,947	7,430	72,595	1,737,972
1995	2,706,830	0	101,814	2,808,644
1996	3,051,315	0	84,143	3,135,458
1997	3,676,801	0	124,925	3,801,726
1998	4,695,927	0	30,136	4,726,063
1999	5,765,042	295,708	17,974	6,078,724
2000	7,016,378	334,588	13,932	7,364,898

The City of Miami Fire Fighters' and Police Officers' Retirement Trust

63rd ANNUAL REPORT
SEPTEMBER 30, 2002

THE CITY OF MIAMI
FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST

* * * * * *

63RD ANNUAL REPORT
SEPTEMBER 30, 2002

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I

INTRODUCTORY

SECTION

BOARD OF TRUSTEES

AND

PERSONNEL OF THE RETIREMENT TRUST

AS OF SEPTEMBER 30, 2002

Robert Williams - Chairman
Police Officer
Elected by the Police Officers

Marshall Barry
Appointed by the City Commission

Alexander Gurdak
Appointed by the City Commission

Raul Fernandez
Fire Fighter
Elected by the Fire Fighters

Monica Fernandez
Appointed by the City Commission

Jesse Diner
Appointed by the City Commission

Albert Ruder
Assistant City Manager
Appointed by the City Manager

Tom Gabriel
Fire Fighter
Elected by the Fire Fighters

Mark Wisner
Police Officer
Elected by the Police Officers

Administrator
Robert H. Nagle

Assistant Administrator
Dania L. Orta

Legal Advisor
Stephen H. Cypen

Medical Advisor
Cornell Lupu

Consulting Actuary
Stanley, Holcombe & Associates

Certified Public Accountants
Koch Reiss & Company

Investment Managers

Alliance Capital Management
John Hancock Advisors
John McStay Investments
Morgan Stanley Investment Advisors
Scudder Kemper Investment Management
Lazard Asset Management

Barrow, Hanley, et al
Boston Partners
J. P. Morgan Investment Mang.
Munder Capital Management
Barclays Global Investors
Oechsle International Advisors

Consultant
Dorn, Helliesen & Cottle

Custodian
Northern Trust Bank

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

63RD ANNUAL REPORT

On September 30, 2002, the City of Miami Fire Fighters' and Police Officers' Retirement Trust completed its sixty first year of operation.

Retirement benefits granted during the year represent annual benefits of $1,033,780.00 as follows:

14	Service Retirements with Annual Benefits of	721,361.00
3	DROP Service Retirements with Annual Benefits of	207,307.00
1	Vested Right Retirement with annual benefits of	20,088.00
2	Accidental Disability Retirements with an annual benefit of	76,636.00
1	Ordinary Death Allowance with an annual benefit of	8,389.00

In addition, 2 beneficiaries received an Ordinary Death benefit of one half (1/2) year's salary totaling $23,095.00.

During the year, 29 pensioners of the Retirement Trust died. Of these, 18 had selected a pension which terminated at their death and 11 had selected an option that will continue to a beneficiary representing yearly benefits of $110,873.00.

During the year ending September 30, 2002, the pension payroll totaled of $42,743,765.00. It was 10.3% greater than the previous year as follows:

		ANNUAL BENEFITS
849	Service Retirements	33,177,130.00
40	DROP Service Retirements	2,451,353.00
95	Early Service Retirements	1,079,504.00
25	Vested Right Retirements	447,803.00
11	Ordinary Disability Retirements	75,562.00
230	Service/Accidental Disability Retirements	4,115,340.00
1	Accidental Death Retirements	8,389.00
171	Continuances	1,388,684.00
		42,743,765.00
Securities' gains and losses, Miscellaneous Income		5,579,206.00

The various statements and schedules, which follow, reflect the activities of the system from the beginning as well as for the current year. An outline showing benefits and working procedures is also included.

II

FINANCIAL

SECTION

KOCH
CERTIFIED PUBLIC ACCOUNTANTS & COUNSELORS
REISS

Donald F. Bellantoni, CPA
Dana M. Kaufman, CPA / JD
Jeffrey B. Koch, CPA / PFS
A. Gerald Reiss, CPA
Jack N. Rosenberg, CPA
Michael J. Roth, CPA / ABV
Lawrence W. Rubenstein, CPA
Bernard J. Schinder, CPA

Members of the Private Companies Practice Section
of the American Institute of
Certified Public Accountants

Member of TAG International
with offices in principal cities worldwide

Report of Independent Certified Public Accountants

Board of Trustees
City of Miami Fire Fighters' and Police Officers' Retirement Trust
Miami, Florida

We have audited the accompanying statements of plan net assets of the City of Miami Fire Fighters' and Police Officers' Retirement Trust at September 30, 2002 and 2001, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of September 30, 2002 and 2001, and the changes in plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 22, 2002 on our consideration of the City of Miami Fire Fighters' and Police Officers' Retirement Trust internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The supplementary information presented in Schedules 1 and 2 which show historical pension information is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit and express no opinion on it.

Koch Reiss & Company, P.A.

November 22, 2002

CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST
STATEMENTS OF PLAN NET ASSETS
SEPTEMBER 30, 2002 AND 2001

	2002				2001			
	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total
Assets:								
Cash and short-term investments	$ 41,786,315	$ 1,427,151	$ 8,267,410	$ 51,480,876	$ 41,400,541	$ 1,345,911	$ 6,558,387	$ 49,304,839
Investments, at fair value:								
U.S. government and agency obligations	214,692,605	7,332,518	42,476,871	264,501,994	198,042,070	6,438,248	31,372,452	235,852,770
Corporate stocks	376,228,702	12,849,552	74,436,742	463,514,996	454,076,423	14,761,796	71,931,640	540,769,859
Corporate bonds	103,361,320	3,530,158	20,450,008	127,341,486	132,585,427	4,310,286	21,003,264	157,898,977
Mutual funds	40,121,435	1,370,290	7,938,015	49,429,740	46,566,979	1,513,869	7,376,818	55,457,666
Rental property	56,982	1,946	11,274	70,202	58,948	1,916	9,338	70,202
Mutual funds - Deferred Retirement Option Plan participants	5,596,093	-	-	5,596,093	5,362,748	-	-	5,362,748
Total investments	740,057,137	25,084,464	145,312,910	910,454,511	836,692,595	27,026,115	131,693,512	995,412,222
Security lending collateral	97,268,223	-	-	97,268,223	110,391,356	-	-	110,391,356
Receivables:								
Proceeds from securities sold	17,174,821	-	-	17,174,821	8,009,659	-	-	8,009,659
Budget advance from City	461,297	-	-	461,297	-	-	-	-
Accrued interest and other	2,883,369	-	-	2,883,369	3,491,592	-	-	3,491,592
Total receivables	20,519,487	-	-	20,519,487	11,501,251	-	-	11,501,251
Property and equipment	1,765,506	60,298	349,305	2,175,109	706,876	22,981	111,978	841,835
Total assets	901,396,668	26,571,913	153,929,625	1,081,898,206	1,000,692,619	28,395,007	138,363,877	1,167,451,503
Liabilities:								
Payable for securities purchased	51,611,275	-	-	51,611,275	26,834,109	-	-	26,834,109
Accounts payable	121,464	-	-	121,464	120,526	-	-	120,526
Budget advance from City	-	-	-	-	688,431	-	-	688,431
Obligations under securities lending	97,268,223	-	-	97,268,223	110,391,356	-	-	110,391,356
Deferred Retirement Option Plan payable	5,596,093	-	-	5,596,093	5,362,748	-	-	5,362,748
Total liabilities	154,597,055	-	-	154,597,055	143,397,170	-	-	143,397,170
Net assets held in trust for pension benefits (a schedule of funding progress is presented on page 14)	$ 746,799,613	$ 26,571,913	$ 153,929,625	$ 927,301,151	$ 857,295,449	$ 28,395,007	$ 138,363,877	$ 1,024,054,333

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2002 AND 2001

	2002				2001			
	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total
Additions:								
Contributions:								
City	$ 5,400,784	$ -	$ -	$ 5,400,784	$ 5,481,599	$ -	$ -	$ 5,481,599
Members	6,721,236	-	-	6,721,236	6,336,918	-	-	6,336,918
Total contributions	12,122,020	-	-	12,122,020	11,818,517	-	-	11,818,517
Investment income:								
Net appreciation (depreciation) in fair value of investments	(72,725,165)	(2,129,783)	(13,762,392)	(88,617,340)	(135,538,086)	(3,746,072)	(18,590,799)	(157,874,957)
Interest	23,469,825	653,759	3,624,115	27,747,699	27,538,622	755,444	3,527,572	31,821,638
Dividend	5,622,636	157,990	872,238	6,652,864	5,350,813	145,804	677,589	6,174,206
Rental and other	152,165	4,393	23,995	180,553	311,663	8,357	37,903	357,923
	(43,480,539)	(1,313,641)	(9,242,044)	(54,036,224)	(102,336,988)	(2,836,467)	(14,347,735)	(119,521,190)
Less investment expense	2,689,616	67,053	353,724	3,110,393	2,656,990	73,641	334,967	3,065,598
Net investment income (loss)	(46,170,155)	(1,380,694)	(9,595,768)	(57,146,617)	(104,993,978)	(2,910,108)	(14,682,702)	(122,586,788)
Security lending activities:								
Security lending income	432,824	12,062	65,574	510,460	514,784	13,973	65,071	593,828
Security lending expense	129,907	3,621	19,684	153,212	154,461	4,193	19,525	178,179
Net income from security lending	302,917	8,441	45,890	357,248	360,323	9,780	45,546	415,649
Total additions (reductions)	(33,745,218)	(1,372,253)	(9,549,878)	(44,667,349)	(92,815,138)	(2,900,328)	(14,637,156)	(110,352,622)
Deductions:								
Pension benefits	42,743,765	-	-	42,743,765	41,386,773	-	-	41,386,773
Refunds upon resignation, death, etc.	387,351	11,101	-	398,452	481,746	16,796	-	498,542
Distributions to retirees	-	439,740	8,503,876	8,943,616	-	467,170	7,758,739	8,225,909
Total deductions	43,131,116	450,841	8,503,876	52,085,833	41,868,519	483,966	7,758,739	50,111,224
Allocation of net earnings	(33,619,502)	-	33,619,502	-	(31,591,116)	-	31,591,116	-
Net increase (decrease)	(110,495,836)	(1,823,094)	15,565,748	(96,753,182)	(166,274,773)	(3,384,294)	9,195,221	(160,463,846)
Net assets held in trust for pension benefits:								
Beginning of year	857,295,449	28,395,007	138,363,877	1,024,054,333	1,023,570,222	31,779,301	129,168,656	1,184,518,179
End of year	$ 746,799,613	$ 26,571,913	$ 153,929,625	$ 927,301,151	$ 857,295,449	$ 28,395,007	$138,363,877	$1,024,054,333

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

Note 1 – Description of the Plan

a. Organization

The City of Miami Fire Fighters' and Police Officers' Retirement Trust (the Trust) is a single employer defined benefit plan established by the City of Miami, Florida (the City) pursuant to the provisions and requirements of Ordinance No. 10002 as amended. Since the Trust is sponsored by the City, the Trust is included as a pension trust fund in the City's comprehensive financial report as part of the City's financial reporting entity.

The following brief description of the Trust is provided for general information purposes only. Participants should refer to the Trust document for more detailed and comprehensive information.

b. Participants

Participants are the police officers and firefighters with fulltime status in the Police and Fire Department of the City of Miami, Florida.

c. Membership

As of October 1, 2002 and 2001, membership in the Trust consisted of:

	2002	2001
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.	1,445	1,442
Current employees:		
Vested	1,064	1,056
Nonvested	621	620
	1,685	1,676

d. Member Contributions

Members contribute a percentage of their base salaries on a bi-weekly basis. Effective October 1, 2000 and thereafter, member contribution, is 7% of compensation or equal to the City's contribution, whichever is less. Prior to the agreement dated January 9, 1994, members contributed 10½%, of which 2% was designated as a contribution to the Cost-Of-Living Adjustment Account (COLA I account). Effective January 9, 1994, the Trust entered into an agreement with the City whereby this percentage was decreased to 10% and a new Cost-of-Living Adjustment Account (COLA II account) was created and funded by a percentage of the excess investment return (from other than COLA I account assets).

Note 1 – Description of the Plan (continued)

d. Member Contributions (continued)

Effective October 1, 2000, should the member contribution be less than 7% due to the City contribution the difference between the 7% and the actual contribution shall be deducted from the member's paycheck and placed into an individual contribution account (ICA), as part of the retirement system. Interest on ICA's shall be determined in the same manner as the COLA transfer methodology. Interest shall be credited periodically to the ICA's as determined by the retirement system board's actuary. Member contributions and earnings in ICA's shall be deemed 100% vested upon deposit. Upon the member's separation, ICA balances shall be disbursed as provided under the IRS Code. For the year ended September 30, 2002, ICA's would have been established, however the City, Fraternal Order of Police, Lodge No. 20, and the International Association of Firefighters, Local 587, came to an agreement to waive the provisions for the ICA's for the period of October 7, 2001 through October 5, 2002. This waiver shall be only for that period and none other.

e. Funding Requirements

The City is to contribute such amounts as are necessary to maintain the actuarial soundness of the Trust and to provide the Trust with assets sufficient to meet the benefits to be paid to the participants. Contributions to the Trust are authorized, pursuant to City of Miami Code Section 40.196 (a) and (b). Contributions to the COLA accounts are authorized pursuant to Section 40.204 of the City of Miami Code. The City's contributions to the Trust provide for non-investment expenses and normal costs of the Trust. The yield (interest, dividends, and net realized gains and losses) on investments of the Trust serves to reduce future contributions that would otherwise be required to provide for the defined level of benefits under the Trust.

The actuarial valuation of the Trust at October 1, 2000, for the fiscal year ended September 30, 2001 utilized an assumed investment rate of return of 7.625%, which resulted in a minimum required contribution of approximately $6,400,000. The City was disputing the aforementioned assumption and had subjected it to arbitration. In compliance with the Trust ordinance, the City had contributed approximately $5,400,000, the same amount as in the prior year, which would satisfy the September 30, 2001 required contribution until the issue was resolved. Revised actuarial valuation reports at October 1, 1999, 2000 and 2001 were issued by the Trust's actuary. The revised reports reflect an assumed investment rate of return of 7.75% resulting in required City contribution of approximately $4,000,000 for the fiscal year ended September 30, 2001.

Note 1 – Description of the Plan (continued)

f. Pension Benefits

Effective October 1, 1998 members may elect to retire after 10 or more years of creditable service upon attainment of normal retirement age. Normal retirement age for members shall be 50 years of age. A member exercising normal service retirement or rule of 64 retirement (computation of service retirement on the basis of his or her combined age and creditable service equaling 64) shall be entitled to receive a retirement allowance equal to 3% (2.75% for police officers prior to October 1, 1998) of the member's average final compensation multiplied by years of creditable service for the first 15 years of such creditable service, plus a retirement allowance equal to 3½% (3% for police officers prior to October 1, 1998) of member's final average compensation multiplied by the years of creditable service in excess of 15 years, paid in monthly installments.

Prior to October 1, 1998, a firefighter member exercising normal service retirement or rule of 70 retirement (computation of service retirement on the basis of his or her combined age and creditable service equaling 70) were entitled to receive a retirement allowance equal to 3% of the member's final average compensation multiplied by years of creditable service, paid in monthly installments.

Early retirement, disability, death and other benefits are also provided.

g. Investments

The Trust investment policy is determined by the Board of Trustees and is implemented by investment managers. In addition, the Trust utilizes an investment advisor who monitors the investing activities. The investment policy of the Trust stipulates that the trustees shall, in acquiring, investing, reinvesting, exchanging, retaining, selling and maintaining property for the benefit of the Trust exercise the judgment and care under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital. The trustees are authorized to acquire and retain various kinds of property, real, personal or mixed, and various types of investments specifically including, but not by way of limitation, bonds, debentures and other corporate obligations, and stocks, preferred or common, which persons of prudence, discretion and intelligence acquire or retain for their own account. The investment of funds shall be in a manner that is consistent with the applicable sections of the City Code as well as State and Federal laws within the allocation percentages established in the Trust's investment policy guidelines.

The investments are considered held by the Membership and Benefit account and a share of the value of this account is allocated to each account based on a weighted average calculation performed each month to reflect each account's membership and benefit, COLA I and COLA II activity.

Note 2 – Summary of Significant Accounting Policies

a. Basis of Accounting

The Trust's financial statements are prepared using the accrual basis of accounting. Member contributions are recognized as revenues in the period in which employee services are performed. Employer contributions are recognized as revenues when due pursuant to actuarial valuations. Interest, rental and dividend income are recorded as earned.

b. Investments

Investments are recorded at fair market value. Fair market values of investments are determined as follows: securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year; securities traded in the over-the counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price; commercial paper, time deposits and short-term investment pools are valued at cost which approximates market; mortgages are valued based on current market yield; and rental property is valued at the purchase option price.

Unrealized gains and losses are presented as net appreciation (depreciation) in fair value of investments on the statement of changes in plan net assets along with gains and losses realized on sales of investments. Purchases and sales of securities are reflected on a trade date basis. Realized gains and losses on the sale of investments are based on average cost identification method.

c. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

d. Property and Equipment

Land is carried at cost. Construction in progress represents the capitalized costs of construction of the building during the period it is being readied for its intended purpose which will be the Trust's offices. Occupancy of the building took place at the beginning of the fiscal year ending September 30, 2003 and at that time depreciation of the building commenced over its estimated useful life.

e. Income Tax Status

The Trust is tax-exempt under the Internal Revenue Code and, therefore, has recorded no income tax liability or expense.

Note 2 – Summary of Significant Accounting Policies (continued)

f. Reclassifications

Certain reclassifications have been made to the 2001 financial statement presentation to correspond to the current year's format. Total net assets held in trust for pension benefits and net increase in net assets are unchanged due to these reclassifications.

Note 3 – Cash and Investments

A retirement system is authorized by state statutes and board of trustees policies to lend its investment securities. The lending is managed by the Trust's custodial bank. All loans can be terminated on demand by either the Trust or the borrowers, although the average term of loans is approximately eighty nine days. The custodial bank and its affiliates are prohibited from borrowing the system's securities.

The agent lends the Trust's U.S. government and agency securities and domestic corporate fixed-income and equity securities for securities or cash collateral of 102 percent and international securities of 105 percent of the securities plus any accrued interest. The securities lending contracts do not allow the Trust to pledge or sell any collateral securities unless the borrower defaults. Cash collateral is invested in the agent's collateral investment pool, whose share values are based on the amortized cost of the pool's investments. At year-end, the pool has a weighted average term to maturity of thirty two days. The relationship between the maturities of the investment pool and the Trust's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Trust cannot determine. There are policy restrictions by the custodial bank that limits the amount of securities that can be lent at one time or to one borrower.

Before the security lending transactions and the investment of the cash collateral, the Trust's investments are categorized below to give an indication of the level of risk assumed by the Trust at September 30, 2002 and 2001. Category 1 includes the following investments that are insured or registered or for which the securities are held by the Trust or its agent in the Trust's name.

	Fair Value 2002	Fair Value 2001
U.S. government and agency obligations	$ 264,501,994	$ 235,852,770
Corporate stocks	463,514,996	540,769,859
Corporate bonds	127,341,486	157,898,977
	$ 855,358,476	$ 934,521,606

The investments in cash and short-term investments, mutual funds and rental property are not categorized because they are not evidenced by securities that exist in physical or book entry form.

Note 3 – Cash and Investments (continued)

The following represents the balances relating to securities lending transactions at September 30:

	2002		
Securities Lent:	Fair Value of Underlying Securities	Cash Collateral Received/Securities Collateral Value	Cash Collateral Investment Value
Lent for cash collateral:			
U.S. government and agency obligations	$ 43,768,926	$ 44,667,850	$ 44,667,850
Domestic corporate stocks	27,256,457	28,172,747	28,172,747
Domestic corporate bonds	22,222,768	22,722,098	22,722,098
International corporate stocks	1,587,920	1,705,528	1,705,528
	94,836,071	97,268,223	97,268,223
Lent for securities collateral:			
U.S. government and agency obligations	17,284,051	17,782,926	-
Domestic corporate stocks	563,371	586,577	-
Domestic corporate bonds	1,457,377	1,480,264	-
	19,304,799	19,849,767	-
Total securities lent	$ 114,140,870	$ 117,117,990	$ 97,268,223

	2001		
Securities Lent:	Fair Value of Underlying Securities	Cash Collateral Received/Securities Collateral Value	Cash Collateral Investment Value
Lent for cash collateral:			
U.S. government and agency obligations	$ 65,680,656	$ 66,993,863	$ 66,993,863
Domestic corporate stocks	18,321,847	18,723,133	18,723,133
Domestic corporate bonds	21,303,260	21,751,906	21,751,906
International corporate stocks	2,777,883	2,922,454	2,922,454
	108,083,646	110,391,356	110,391,356
Lent for securities collateral:			
U.S. government and agency obligations	5,032,028	5,172,465	-
Domestic corporate stocks	346,541	354,511	-
Domestic corporate bonds	312,146	321,666	-
	5,690,715	5,848,642	-
Total securities lent	$ 113,774,361	$ 116,239,998	$ 110,391,356

Note 3 – Cash and Investments (continued)

The following represents the schedule of investments by category of custodial risk required for securities lending at September 30:

	2002 Total Fair Value	2001 Total Fair Value
Investments – Category 1 (held by Trust's agent in Trust's name)		
U.S. government and agency obligations		
Not on securities loan	$ 203,449,017	$ 165,140,086
On securities loan for securities collateral	17,284,051	5,032,028
Corporate stocks		
Not on securities loan	434,084,042	519,315,618
On securities loan for securities collateral	586,577	354,511
Corporate bonds		
Not on securities loan	103,638,454	136,274,051
On securities loan for securities collateral	1,480,264	321,666
Subtotals	760,522,405	826,437,960
Investments – not categorized		
Investments held by broker-dealer under securities loans with cash collateral		
U.S. government and agency securities	43,768,926	65,680,656
Corporate stocks	28,844,377	21,099,730
Corporate bonds	22,222,768	21,303,260
Securities lending short-term collateral investment pool	97,268,223	110,391,356
Mutual funds	49,429,740	55,457,666
Rental property	70,202	70,202
Mutual funds – DROP participants	5,596,093	5,362,748
Totals	$ 1,007,722,734	$ 1,105,803,578

The contract with the Trust's custodian requires the custodian to indemnify the Trust if the borrower fails to return the securities, due to the insolvency of a borrower, and the custodian has failed to live up to its contractual responsibilities relating to the lending of those securities. At year end, the Trust has no credit risk exposure to borrowers because the amounts of collateral held by the Trust exceed the amounts the borrowers owe the Trust. There are no significant violations of legal or contractual provisions, no borrowers or lending agent default losses, and no recoveries of prior period losses during the year. There are no income distributions owing on securities lent.

Note 3 – Cash and Investments (continued)

The Trust's cash balances are federally insured. In addition to insurance provided by the Federal Deposit Insurance Corporation ("FDIC"), all time and demand deposits are held in banking institutions which participate in a State approved multiple financial institution collateral pool, as defined by Governmental Accounting Standards Board (GASB) Statement No. 3. In the event of a failure of any member of the pool, the remaining members would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are deemed insured and are, therefore, not subject to classification by credit risk category under the provisions of GASB Statement No. 3.

Note 4 – COLA Accounts

Effective January 1, 1994, the Trust entered into an agreement with the City of Miami with regards to the funding methods, employee benefits, employee contributions and retiree COLA. As of January 9, 1994, members no longer contribute to the original COLA account (COLA I), and a new COLA account (COLA II) was established.

The agreement included the following provisions:

- The funding method was changed to an aggregate cost method.
- Combining all accounts for investment purposes (membership and benefit, COLA I and COLA II).
- Retirees receive additional COLA benefits.
- Active employees no longer contribute 2% of pretax earnings to fund the original retiree COLA account (COLA I account).

The COLA II account is funded annually by a percentage of the excess investment return from other than COLA I account assets. The excess earnings contributed to the COLA II account will be used to fund a minimum annual payment of $2.5 million, increasing by 4% compounded annually. To the extent necessary, the City will fund the portion of the minimum annual payment not funded by annual excess earnings no later than January 1 of the following year.

Benefits payable from the COLA accounts are computed in accordance with an actuarially based formula as defined in Section 40.204 of the City of Miami Code. Benefits are subject to review and modification in accordance with City of Miami Code Section 40.204, which provides that all other matters regarding the COLA accounts shall be determined by negotiations between the City, the Board of Trustees and the bargaining representatives of the International Association of Fire Fighters and the Fraternal Order of Police.

Note 5 – Deferred Retirement Option Plan (DROP)

Members who are eligible for service retirement or Rule of 64 after September 1998 may elect to enter the Deferred Retirement Option Plan for a maximum of 3 years prior to October 1, 2001. Effective October 1, 2001 maximum participation in the DROP for firefighters shall be 48 full months and for police officers who elect DROP on October 1, 2003, or thereafter, maximum participation in the DROP shall be 48 full months.

A member's creditable service, accrued benefit and compensation calculation shall be frozen.

Upon commencement of participation in the DROP, the participant's contribution and the City's contribution to the Trust for that participant cease as the participant will not earn further creditable service for pension purposes. Effective October 1, 2001, firefighter DROP participants may continue City employment for up to a maximum of 48 full months and police officers who elect DROP on October 1, 2003, or thereafter, may continue City employment for up to a maximum of 48 full months (36 full months prior to October 1, 2001). No payment is made to or for the benefit of a DROP participant beyond that period. For persons electing participation in the DROP, an individual DROP account shall be created. Payment shall be made by the retirement trust into the employee's DROP account in an amount equal to the regular monthly retirement benefit which the participant would have received had the participant separated from service and commenced receipt of pension benefits. Payments received by the participant in the DROP account are tax deferred. A series of investment vehicles which are established by the board of trustees are made available to DROP participants to choose from. Any losses, charges, or expenses incurred by the participant in their DROP account are not made up by the City or the Trust, but shall be borne by the participant.

Upon termination of employment, a member may receive distribution from the DROP account in the following manner:

- Lump sum distribution
- Periodic payments
- Annuity
- Roll over of the balance to another qualified retirement plan

Any member may defer distribution until the latest date authorized by Section 401(a)(9) of the Internal Revenue Code.

A DROP participant shall not be entitled to receive an ordinary or service disability retirement and in the event of death of a DROP participant, there shall be no accidental death benefit for pension purposes. DROP participation does not affect any other death or disability benefit provided to a member under federal law, state law, City ordinance, or any rights or benefits under any applicable collective bargaining agreement. At September 30, 2002 and 2001, there were 40 and 54 DROP participants, respectively.

Note 5 – Deferred Retirement Option Plan (DROP) (continued)

The DROP of the Trust also consists of a Benefit Actuarially Calculated DROP (BACDROP). A member may elect to BACDROP to a date no further back than the date of their retirement eligibility date. Effective October 1, 2001, the BACDROP period must be in 12 month increments, beginning at the start of a pay period, not to exceed 48 full months for firefighters and for police officers who elect DROP on October 1, 2003 (36 months prior to October 1, 2001). Participation in the BACDROP does not preclude participation in the Forward DROP.

Note 6 – Property and Equipment

Property and equipment consist of the following at September 30:

	2002	2001
Land	$ 700,000	$ 700,000
Construction in progress	1,475,109	141,835
Total cost	2,175,109	841,835
Less: accumulated depreciation	0	0
Net	$ 2,175,109	$ 841,835

Note 7 – Budget Advance from City

Administrative costs of the Trust are paid directly by the Trust from budget advance monies provided by the City. The Trust provides the City with an accounting of how these funds are expended during the period. Funding for such administrative costs for the years ended September 30, 2002 and 2001 was as follows:

	2002	2001
Budget advance due to (from) City – beginning of year	$ 688,431	$ 644,692
Advance received from the City	279,887	1,340,882
	968,318	1,985,574
Administrative costs incurred, including custodian and consultants' fees, personnel and other office expenses	1,429,615	1,297,143
Budget advance due to (from) City – end of year	$ (461,297)	$ 688,431

Since the above administrative costs are fully funded by the City, they are not included in the administrative expenses set forth in the statements of changes in plan net assets.

CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST
REQUIRED SUPPLEMENTARY INFORMATION
(unaudited)
SEPTEMBER 30, 2002

Schedule "1" – Schedule of Funding Progress
(dollars in millions)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability AAL	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
9/30/96	$ 674.7	$ 620.7	$ (54.0)	109%	$ 72.9	(74)%
9/30/97	835.3	702.1	(133.2)	119	69.6	(191)
9/30/98	857.7	774.5	(83.2)	111	74.3	(112)
9/30/99 (a)	932.8	820.2	(112.6)	114	77.7	(145)
9/30/00 (a)	994.6	823.1	(171.3)	121	84.3	(203)
9/30/01 (a)	828.9	884.7	55.8	94	89.7	62

(a) – As revised, see Note 1(e)

Schedule "2" – Schedule of Contributions by Employer

Year Ended September 30,	Annual Required Contribution	Percentage Contributed
1997	$ 14,377,032	100%
1998	14,155,472	100
1999	10,376,473	100
2000	5,400,784	100
2001	4,003,892	100
2002	1,051,629	100

The information presented in the required Supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Since the Trust uses the Aggregate Cost Method, a schedule of Funding Progress is not required as that method does not separately identify or separately amortize unfunded actuarial liabilities. As the Trust believes the above information is useful to users of the financial statements, the above Schedule "1" was prepared excluding COLA accounts using the Projected Unit Credit Actuarial Accrued Liability. Additional information as of the latest actuarial valuation follows:

Valuation Date	October 1, 2001 (Revised)
Actuarial Cost Method	Aggregate Cost Method
Amortization Method	N/A
Asset Valuation Method	Average of ratios of market to book values as of current and previous two September 30's. Average ratio is applied to book value at current September 30. The result cannot be greater that 120% of market value or less than 80% of market value.
Actuarial assumptions:	
Investment rate of return	7.75%, compounded annually
Salary increases:	
Inflation	4.00%
Merit, longevity, etc.	5.1% to 0% reducing by attained age
Mortality table	Ga94 – Mortality table
Disabled mortality	Pension Benefit Guaranty Corporation ("PBGC") Non-OASDI basis

III

INVESTMENT

SECTION

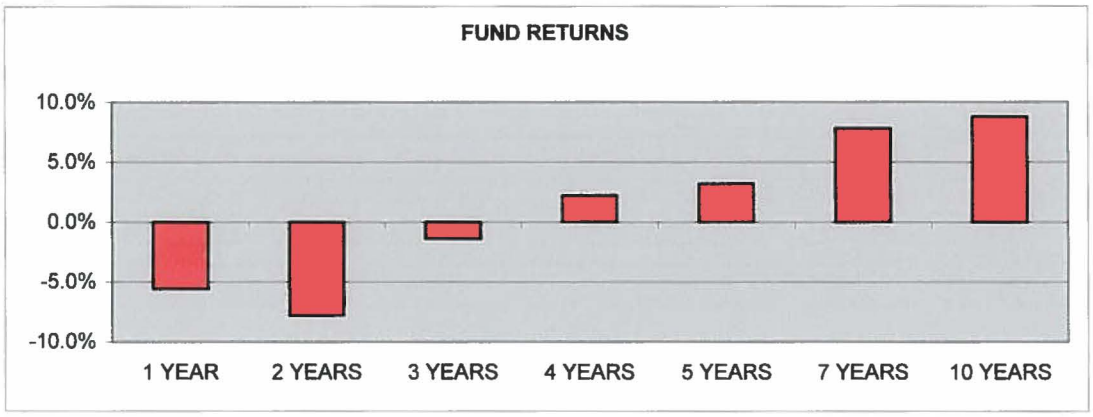
Investment Analysis

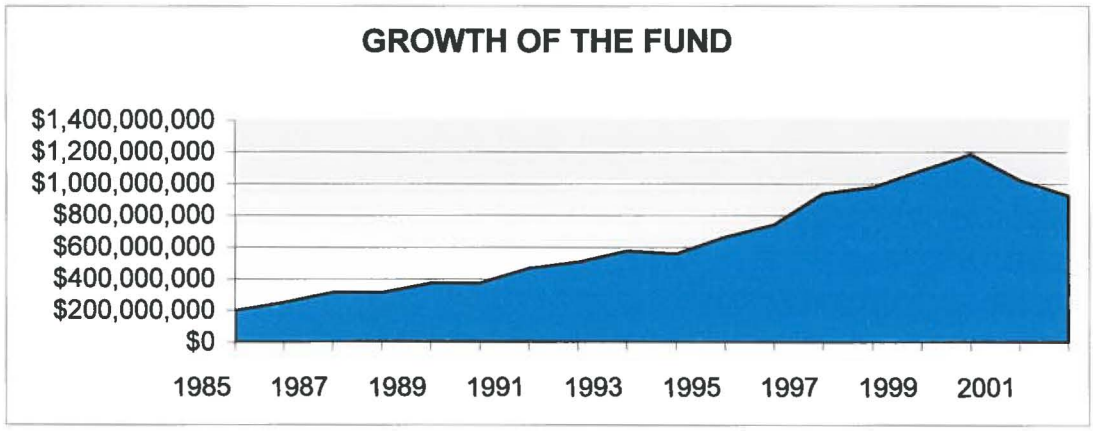
Year Ending September 30, 2002

	GENERAL FUND		COLA I		COLA II	
BEGINNING BALANCES:		824,132,456		28,395,006.43		138,363,877.77
ADDITIONS:						
PURCHASES:						
Short Term Investments	6					
Other Money Market	1					
Mutual Funds	3,795,953					
US Treasury Bills	50,797,211					
US Treasury Bonds	512,857,750					
US Treasury Notes	230,948,696					
Corporate Bonds	141,909,344					
Corporate Stock	287,800,502					
Share of Asset Transferred						24,069,623
Share of Securities Transferred COLA I	1,823,093					
Subtotal:		1,229,932,558				24,069,623
DEDUCTIONS:						
REDEMPTIONS & SALE						
Other Money Market	2					
Mutual Funds	9,823,879					
US Treasury Bills	23,794,589					
US Treasury Bonds	505,931,208					
US Treasury Notes	236,228,637					
Corporate Bonds	172,466,836					
Corporate Stock	365,055,365					
Investment Rental Property	841,835					
Share of Assets Transferred			1,372,252			
Share of Securities Transferred to COLA I			450,841			
Share of Securities Transferred to COLA II	15,565,747				8,503,876	
Subtotal:		1,329,708,098		1,823,093		8,503,876
BALANCE:		**724,356,916**		**26,571,913**		**153,929,625**

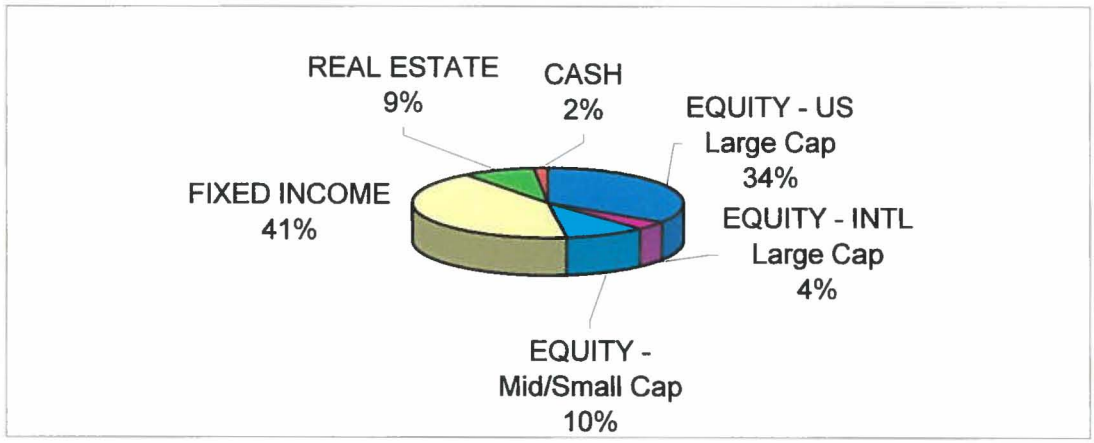
CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST

FUND HIGHLIGHTS





Asset Allocation – Sept. 30, 2002



CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2002

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	SHORT TERM FUNDS				
BGI MID CAP INDEX	BARCLAYS MONEY MKT FD	USA	3.00	3.00	3.00
BGI S&P INDEX	BARCLAYS MONEY MKT FD	USA	30.00	30.00	30.00
BGI SMALL VALUE INDEX	BARCLAYS MONEY MKT FD	USA	3.00	3.00	3.00
ALLIANCE	COLTV GOVT STIF REG	USA	21,381,749.71	21,381,749.71	21,381,749.71
BARROW HANLEY BOND	COLTV GOVT STIF REG	USA	4,111,521.92	4,111,521.92	4,111,521.92
BARROW HANLEY	COLTV GOVT STIF REG	USA	2,569,409.15	2,569,409.15	2,569,409.15
BGI MID CAP INDEX	COLTV GOVT STIF REG	USA	163.60	163.60	163.60
BGI SMALL VALUE INDEX	COLTV GOVT STIF REG	USA	4,545.68	4,545.68	4,545.68
BOSTON PARTNERS	COLTV GOVT STIF REG	USA	1,903,261.10	1,903,261.10	1,903,261.10
DODGE & COX	COLTV GOVT STIF REG	USA	3,981,604.46	3,981,604.46	3,981,604.46
JOHN HANCOCK	COLTV GOVT STIF REG	USA	154,594.49	154,594.49	154,594.49
JOHN MCSTAY	COLTV GOVT STIF REG	USA	547,082.99	547,082.99	547,082.99
JP MORGAN	COLTV GOVT STIF REG	USA	3,639.52	3,639.52	3,639.52
LAZARD	COLTV GOVT STIF REG	USA	1,365,566.25	1,365,566.25	1,365,566.25
MAIN ACCOUNT	COLTV GOVT STIF REG	USA	259,700.29	259,700.29	259,700.29
MORGAN STANLEY BOND	COLTV GOVT STIF REG	USA	12,341,265.79	12,341,265.79	12,341,265.79
MORGAN STANLEY SML	COLTV GOVT STIF REG	USA	449,812.51	449,812.51	449,812.51
MUNDER	COLTV GOVT STIF REG	USA	1,874,765.95	1,874,765.95	1,874,765.95
BGI MID CAP INDEX	INVESTED CASH	USA	0.35	0.35	0.35
BGI S&P INDEX	INVESTED CASH	USA	0.38	0.38	0.38
BGI SMALL VALUE INDEX	INVESTED CASH	USA	0.55	0.55	0.55
OECHSLE INTL	INVESTED CASH	USA	0.00	532,155.75	532,155.75
	TOTAL SHORT TERM FUNDS		**50,948,720.69**	**51,480,876.44**	**51,480,876.44**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2002

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	COMMON STOCK				
JOHN MCSTAY	1ST INDL RLTY TR INC COM	USA	16,000.00	516,502.16	495,840.00
MORGAN STANLEY SML	1ST MIDWEST BANCORP INC DEL COM	USA	3,600.00	97,479.56	96,696.00
MORGAN STANLEY SML	3COM CORP COMMON STOCK	USA	32,400.00	176,060.00	127,656.00
BOSTON PARTNERS	ABITIBI-CONS INC COM	Canada	35,300.00	246,737.59	238,981.00
OECHSLE INTL	ACCOR EUR3	France	5,810.00	207,587.48	169,668.15
ALLIANCE	ACE LTD ORD STK USD0.0416	Cayman Is.	11,600.00	502,546.90	343,476.00
JOHN HANCOCK	ACTIVISION INC NEW COM NEW	USA	1,100.00	31,558.39	26,323.00
BOSTON PARTNERS	ADAPTEC INC COM	USA	34,100.00	398,552.71	150,381.00
MORGAN STANLEY SML	ADAPTEC INC COM	USA	8,700.00	119,862.82	38,367.00
OECHSLE INTL	ADECCO SA CHF1(REGD)	Switzerland	2,191.00	82,510.46	74,138.85
MORGAN STANLEY SML	ADOLOR CORP COM	USA	5,700.00	66,425.25	79,914.00
LAZARD	ADR ABN AMRO HLDG N V	Netherlands	40,000.00	913,525.10	446,000.00
LAZARD	ADR ALLIED IRISH BKS P L C SPONSORED ADRREPSTG ORD	Ireland	15,600.00	440,338.02	374,400.00
LAZARD	ADR ASTRAZENECA PLC SPONSORED ADR UK	UK	16,200.00	750,970.67	495,234.00
LAZARD	ADR AVENTIS S A SPONSORED ADR	France	10,200.00	768,403.74	536,010.00
LAZARD	ADR AXA SA SPONSORED ADR	France	26,000.00	936,109.45	260,000.00
LAZARD	ADR BARCLAYS PLC A.D.R.	UK	28,400.00	925,755.78	675,068.00
BARROW HANLEY	ADR BP P L C FORMERLY BP AMOCO P L C TO 05/ SPONSORED ADR BP PLC	UK	50,372.00	2,288,402.78	2,009,842.80
LAZARD	ADR BP P L C FORMERLY BP AMOCO P L C TO 05/ SPONSORED ADR BP PLC	UK	14,000.00	765,905.00	558,600.00
LAZARD	ADR CADBURY SCHWEPPES P L C ADR 4 ORD	UK	28,500.00	761,956.94	760,095.00
LAZARD	ADR CANON INC A.D.R. FOR COM YEN	Japan	13,000.00	614,060.00	414,310.00
LAZARD	ADR DANSKE BK A/S ADR	Denmark	40,000.00	510,080.00	606,720.00
LAZARD	ADR DIAGEO PLC SPONSORED ADR NEW	UK	20,300.00	760,643.03	1,013,173.00
LAZARD	ADR ENDESA S A SPONSORED ADR	Spain	46,000.00	894,700.00	419,980.00
LAZARD	ADR ENI S P A SPONSORED ADR	Italy	13,200.00	763,651.68	905,916.00
BARROW HANLEY	ADR HANSON PLC SPONSORED ADR NEW	UK	39,800.00	1,119,971.90	1,023,656.00
LAZARD	ADR HEINEKEN N.V NETH A.D.R. FOR BR 25 GUILDERS	Netherlands	16,625.00	759,603.08	652,414.87
LAZARD	ADR HSBC HLDGS PLC SPONSORED ADR NEW	UK	16,000.00	939,775.74	823,680.00
BARROW HANLEY	ADR IMPERIAL TOB GROUP PLC SPONSORED	UK	41,600.00	1,228,070.56	1,320,800.00
LAZARD	ADR ING GROEP N V SPONSORED ADR	Netherlands	24,000.00	805,670.00	336,960.00
LAZARD	ADR KAO CORP ADR ISIN #US4855372037	Japan	2,000.00	594,740.00	441,104.00
OECHSLE INTL	ADR KOOKMIN BK NEW SPONSORED ADR KOOKMINBK ADRS	South Korea	4,087.00	196,729.09	144,802.41
LAZARD	ADR NESTLE S A SPONSORED ADR REPSTG REG SH	Switzerland	16,200.00	831,083.74	885,200.40
ALLIANCE	ADR NOKIA CORP SPONSORED ADR	Finland	11,000.00	248,776.24	145,750.00
JOHN HANCOCK	ADR NOKIA CORP SPONSORED ADR	Finland	3,500.00	132,672.50	46,375.00
LAZARD	ADR NOKIA CORP SPONSORED ADR	Finland	48,850.00	1,126,960.78	647,262.50
LAZARD	ADR NOVARTIS AG SPONSORED ADR ISIN #US66987V1098	Switzerland	24,000.00	934,461.05	953,520.00
LAZARD	ADR SANPAOLO-IMI S P A SPONSORED ADR	Italy	20,000.00	478,120.00	228,600.00
LAZARD	ADR SIEMENS AG COM DM50 (NEW)	Germany	10,550.00	971,189.00	354,585.50
OECHSLE INTL	ADR SK TELECOM LTD SPONSORED	South Korea	8,642.00	259,242.28	183,469.66
LAZARD	ADR SOCIETE GENERALE FRANCE SPONSORED ADR	France	63,000.00	788,310.00	531,216.00
JOHN HANCOCK	ADR TAIWAN SEMICONDUCTOR MFG CO LTD ISINUS8740391003	Taiwan	4,978.00	62,858.68	31,610.30
OECHSLE INTL	ADR TAIWAN SEMICONDUCTOR MFG CO LTD ISINUS8740391003	Taiwan	16,214.00	240,744.46	102,958.90
LAZARD	ADR TESCO PLC SPONSORED	UK	41,600.00	442,357.76	403,811.20
LAZARD	ADR TOTAL FINA ELF S A SPONSORED ADR	France	10,500.00	796,708.36	691,425.00
OECHSLE INTL	ADR TURKCELL ILETISIM HIZMETLERI A S SPONSORED ADR NEW	Turkey	761.00	99,388.61	8,941.75
LAZARD	ADR UNILEVER PLC SPONSORED ADR NEW	UK	30,300.00	764,938.65	1,104,435.00
OECHSLE INTL	ADR UTD MICROELECTRONICS CORP	Taiwan	37,832.00	279,153.27	133,546.96
MORGAN STANLEY SML	ADVANCED NEUROMODULATION SYS INC COM	USA	1,900.00	58,057.78	63,232.00
MORGAN STANLEY SML	AEROFLEX INC COM	USA	6,900.00	102,975.35	34,776.00
ALLIANCE	AFFILIATED COMPUTER SVCS INC CL A COM	USA	5,700.00	305,576.32	242,535.00
BOSTON PARTNERS	AFFILIATED MANAGERS GROUP INC COM STK	USA	6,300.00	349,389.11	281,043.00
MORGAN STANLEY SML	AFFILIATED MANAGERS GROUP INC COM STK	USA	3,500.00	214,851.49	156,135.00
MORGAN STANLEY SML	AGCO CORP COM	USA	4,300.00	74,463.29	99,760.00
MORGAN STANLEY SML	AGL RES INC COM	USA	3,900.00	87,636.39	86,151.00
MORGAN STANLEY SML	AK STL HLDG CORP COM STK PAR $0.01	USA	13,700.00	164,100.74	100,147.00
JOHN MCSTAY	ALEXANDRIA REAL ESTATE EQUITIES INC COM	USA	7,100.00	287,783.23	301,608.00
BARROW HANLEY	ALLEGHENY ENERGY INC COM	USA	36,103.00	1,581,693.80	472,949.30
MORGAN STANLEY SML	ALLIANCE ATLANTIS COMMUNICATIONS INC CL B NON-VTG SHS	Canada	8,300.00	93,868.18	82,327.70
MORGAN STANLEY SML	ALLIED WASTE INDS INC COM PAR $0.01 NEW	USA	17,100.00	163,205.90	125,685.00
BOSTON PARTNERS	ALLMERICA FINL CORP COM	USA	12,000.00	584,012.26	144,000.00
BARROW HANLEY	ALLSTATE CORP COM	USA	58,538.00	1,504,036.04	2,081,025.90
ALLIANCE	ALTERA CORP COM	USA	92,000.00	2,012,124.33	797,640.00
JOHN MCSTAY	AMB PPTY CORP REIT	USA	6,900.00	169,061.77	199,410.00
MORGAN STANLEY SML	AMB PPTY CORP REIT	USA	2,400.00	59,124.59	69,360.00
MORGAN STANLEY SML	AMER FINL GROUP INC OH COM STK	USA	3,700.00	83,463.85	85,174.00
ALLIANCE	AMERN INTL GROUP INC COM	USA	109,200.00	6,287,658.00	5,973,240.00
ALLIANCE	AMGEN INC COM	USA	55,000.00	2,988,293.53	2,293,500.00
JOHN HANCOCK	AMKOR TECH INC COM	USA	4,000.00	69,306.80	9,520.00
MORGAN STANLEY SML	ANDREW CORP COM	USA	2,600.00	42,859.08	17,030.00
ALLIANCE	ANHEUSER BUSCH COS INC COM	USA	18,800.00	967,355.20	951,280.00
JOHN HANCOCK	AOL TIME WARNER INC COM	USA	3,000.00	159,790.24	35,100.00
JOHN HANCOCK	APPLIED MATERIALS INC COM	USA	5,000.00	136,341.52	57,750.00
BOSTON PARTNERS	APRIA HEALTHCARE GROUP INC COM	USA	30,400.00	719,071.91	716,224.00
MORGAN STANLEY SML	APRIA HEALTHCARE GROUP INC COM	USA	3,400.00	78,736.66	80,104.00
JOHN MCSTAY	APT INVT & MGMT CO CL A	USA	29,900.00	1,259,399.02	1,161,615.00
JOHN MCSTAY	ARCHSTONE-SMITH TR COM	USA	46,200.00	1,196,411.80	1,103,256.00
JOHN MCSTAY	ARDEN RLTY GROUP INC	USA	19,000.00	472,732.41	449,350.00
MORGAN STANLEY SML	ARDEN RLTY GROUP INC	USA	2,400.00	61,389.73	56,760.00
MORGAN STANLEY SML	ARGOSY GAMING CO COM	USA	5,400.00	166,436.89	123,984.00
BOSTON PARTNERS	ASHLAND INC COM	USA	13,000.00	424,148.17	348,270.00
BOSTON PARTNERS	ASSOCTD BANC-CORP COM	USA	7,680.00	222,007.11	243,686.40
MORGAN STANLEY SML	ASSOCTD BANC-CORP COM	USA	4,960.00	159,716.80	157,380.80
OECHSLE INTL	ASTRAZENECA USD PAR .25	UK	7,680.00	358,317.10	232,855.37
MORGAN STANLEY SML	ATLC COAST AIRLINES HLDG COM	USA	1,500.00	34,475.62	13,875.00
MORGAN STANLEY SML	ATMI INC COM	USA	3,600.00	106,135.11	50,760.00
BOSTON PARTNERS	AURORA FOODS INC COM STK	USA	49.00	60.76	31.85
JOHN MCSTAY	AVALONBAY CMNTYS REIT	USA	5,923.00	257,338.39	247,581.40
OECHSLE INTL	AVENTIS SA EUR3.82	France	7,627.00	551,927.24	399,481.17
MORGAN STANLEY SML	AVNET INC COM	USA	6,000.00	123,079.49	64,740.00
ALLIANCE	AVON PROD INC COM	USA	26,000.00	1,410,067.48	1,198,600.00
MORGAN STANLEY SML	AXCELIS TECHNOLOGIES INC COM STK ISIN# US0545401095	USA	10,500.00	137,958.24	51,240.00
OECHSLE INTL	BAA ORD GBP1	UK	22,630.00	214,979.38	188,260.08
OECHSLE INTL	BAE SYSTEMS ORD GBP0.025	UK	86,485.00	511,110.30	261,131.96
ALLIANCE	BAKER HUGHES INC COM	USA	46,200.00	1,726,085.02	1,341,186.00
ALLIANCE	BANK ONE CORP COM	USA	83,500.00	3,182,631.63	3,122,900.00
BOSTON PARTNERS	BARD C R INC CAP	USA	11,400.00	535,730.32	622,782.00
OECHSLE INTL	BCO SANT CENT HISP EUR0.50(REGD)	Spain	23,586.00	207,110.61	120,506.79
JOHN HANCOCK	BEA SYS INC COM	USA	5,000.00	253,568.10	25,900.00
ALLIANCE	BED BATH BEYOND INC COM	USA	24,000.00	782,891.60	781,680.00
MORGAN STANLEY SML	BERKLEY W R CORP COM	USA	3,000.00	105,341.16	102,000.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2002

Account name	Asset description	Country	Shares/Par value	Book value	Market value
OECHSLE INTL	BHP BILLITON LTD NPV	Australia	67,622.00	341,958.04	332,519.63
MORGAN STANLEY SML	BIOSITE INC COM	USA	1,500.00	36,839.55	43,485.00
BOSTON PARTNERS	BJS WHSL CLUB INC COM STK	USA	17,200.00	398,205.56	326,972.00
BARROW HANLEY	BOEING CO COM	USA	23,400.00	1,047,848.68	798,642.00
BOSTON PARTNERS	BOISE CASCADE CORP COM	USA	13,500.00	409,649.27	307,800.00
MORGAN STANLEY SML	BOISE CASCADE CORP COM	USA	4,600.00	157,380.75	104,880.00
MORGAN STANLEY SML	BORG WARNER INC COM	USA	3,500.00	221,557.65	173,740.00
BOSTON PARTNERS	BOWATER INC COM	USA	10,300.00	498,128.95	383,590.00
MORGAN STANLEY SML	BOWATER INC COM	USA	5,200.00	227,921.11	183,560.00
MORGAN STANLEY SML	BRE PROPS INC CL A COM	USA	1,500.00	44,687.60	46,125.00
OECHSLE INTL	BRIDGESTONE CORP Y50	Japan	28,000.00	311,079.92	333,037.62
BARROW HANLEY	BRISTOL MYERS SQUIBB CO COM	USA	74,400.00	2,954,580.70	1,770,720.00
OECHSLE INTL	BRITISH SKY BROADC ORD GBP0.50	UK	40,975.00	454,513.36	330,240.89
MORGAN STANLEY SML	BROOKS - PRI AUTOMATION INC COM	USA	8,500.00	287,520.33	97,325.00
JOHN MCSTAY	BSTN PPTYS INC COM STK	USA	25,500.00	939,507.64	948,600.00
OECHSLE INTL	BT GROUP ORD GBP1.15	UK	55,336.00	283,407.60	143,150.10
BOSTON PARTNERS	BUNGE LTD	Bermuda	24,700.00	467,560.82	597,740.00
BARROW HANLEY	BURL NORTHN SANTA FE CORP COM	USA	75,500.00	1,939,093.79	1,805,980.00
MORGAN STANLEY SML	CABOT MICROELECTRONICS CORP COM	USA	3,400.00	162,404.85	126,616.00
OECHSLE INTL	CADBURY SCHWEPPES ORD GBP0.125	UK	37,807.00	275,642.85	252,684.82
JOHN HANCOCK	CADENCE DESIGN SYS INC COM	USA	1,328.00	24,204.09	13,505.76
MORGAN STANLEY SML	CAMBREX CORP COM	USA	500.00	19,574.65	18,400.00
JOHN MCSTAY	CAMDEN PPTY TR SH BEN INT	USA	18,800.00	614,060.24	623,220.00
MORGAN STANLEY SML	CAMDEN PPTY TR SH BEN INT	USA	1,800.00	60,676.41	59,670.00
OECHSLE INTL	CANON INC JPY50	Japan	12,000.00	434,947.86	392,311.48
ALLIANCE	CARDINAL HLTH INC	USA	95,150.00	6,521,984.40	5,918,330.00
BOSTON PARTNERS	CAREMARK RX INC COM	USA	12,900.00	193,761.00	219,300.00
MORGAN STANLEY SML	CAREMARK RX INC COM	USA	22,500.00	285,206.55	382,500.00
JOHN MCSTAY	CARRAMERICA RLTY CORP COM REIT	USA	34,900.00	1,003,151.57	878,433.00
OECHSLE INTL	CARREFOUR EUR2.50	France	7,308.00	316,322.99	293,218.43
JOHN MCSTAY	CATELLUS DEV CORP	USA	28,600.00	510,948.45	527,670.00
MORGAN STANLEY SML	CATELLUS DEV CORP	USA	3,600.00	68,478.40	66,420.00
JOHN MCSTAY	CBL & ASSOC PPTYS INC COM	USA	23,700.00	744,188.13	918,375.00
MORGAN STANLEY SML	CBRL GROUP INC COM STK	USA	5,200.00	146,408.43	118,664.00
JOHN MCSTAY	CENTERPOINT PPTYS TR COM	USA	9,700.00	468,764.19	538,350.00
MORGAN STANLEY SML	CEPHALON INC CON	USA	5,700.00	262,922.09	232,674.00
MORGAN STANLEY SML	CHARLOTTE RUSSE HLDG INC COM ISIN US1610481038	USA	7,900.00	148,872.57	75,050.00
JOHN MCSTAY	CHELSEA PPTY GROUP INC COM REF # 2123884	USA	17,600.00	470,783.42	594,000.00
MORGAN STANLEY SML	CHES ENERGY CORP COM	USA	16,200.00	147,847.69	106,920.00
BARROW HANLEY	CHEVRONTEXACO CORP COM	USA	29,580.00	1,635,527.62	2,048,415.00
OECHSLE INTL	CHINA MOBILE (HK) HKD0.10	Hong Kong	88,600.00	565,500.44	204,473.34
MORGAN STANLEY SML	CHIPPAC INC CL A	USA	7,300.00	47,372.52	15,614.70
BARROW HANLEY	CIGNA CORP COM	USA	28,000.00	2,268,450.38	1,839,500.00
BARROW HANLEY	CINERGY CORP COM	USA	59,800.00	1,878,575.41	1,879,514.00
ALLIANCE	CISCO SYS INC COM	USA	190,700.00	3,415,638.55	1,998,536.00
JOHN HANCOCK	CISCO SYS INC COM	USA	6,550.00	323,050.67	68,644.00
ALLIANCE	CITIGROUP INC COM	USA	160,600.00	2,027,349.59	4,761,790.00
BARROW HANLEY	CITIGROUP INC COM	USA	31,861.00	401,675.18	944,678.65
JOHN HANCOCK	CITRIX SYS INC COM	USA	6,000.00	158,246.80	36,180.00
MORGAN STANLEY SML	CITY NATL CORP COM	USA	700.00	30,236.74	32,739.00
BOSTON PARTNERS	CNA FNCL CORP COM	USA	12,500.00	373,767.75	312,500.00
ALLIANCE	COLGATE-PALMOLIVE CO COM	USA	43,200.00	1,937,646.09	2,330,640.00
MORGAN STANLEY SML	COLONIAL BANCGROUP INC COM	USA	5,100.00	75,456.26	63,240.00
ALLIANCE	COMCAST CORP CL A SPL	USA	168,000.00	6,016,725.07	3,504,480.00
MORGAN STANLEY SML	COMPASS BANCSHARES INC COM	USA	3,600.00	87,805.76	106,164.00
MORGAN STANLEY SML	COMPUTER PROGRAMS & SYS INC COM	USA	1,900.00	32,678.33	40,622.00
MORGAN STANLEY SML	CONCEPTUS INC COM	USA	8,300.00	139,471.91	126,990.00
BARROW HANLEY	CONOCOPHILLIPS COM	USA	43,200.00	2,105,838.79	1,997,568.00
BOSTON PARTNERS	CONSTELLATION ENERGY GROUP INC COM	USA	10,800.00	316,844.16	267,732.00
MAIN ACCOUNT	CORRECTIONS CORP AMER	USA	156.00	2,321.28	2,191.80
BOSTON PARTNERS	COUNTRYWIDE CR IND INC COM	USA	12,200.00	520,288.77	575,230.00
MORGAN STANLEY SML	COVANCE INC COM	USA	10,200.00	184,568.83	199,614.00
ALLIANCE	COX COMMUNICATIONS INC NEW CL A	USA	55,000.00	1,784,657.77	1,352,450.00
OECHSLE INTL	CREDIT SUISSE GRP CHF1(REGD)	Switzerland	11,205.00	387,192.25	219,810.28
BARROW HANLEY	CRESCENT REAL ESTATE EQUITIES CO TX COM	USA	38,400.00	746,132.83	602,880.00
MORGAN STANLEY SML	CULLEN / FROST BANKERS INC COM	USA	2,800.00	90,276.75	95,620.00
MORGAN STANLEY SML	CUMMINS INC	USA	4,000.00	137,450.96	94,480.00
MORGAN STANLEY SML	CUMULUS MEDIA INC CL A DEL	USA	8,900.00	175,004.01	157,085.00
MORGAN STANLEY SML	CV THERAPEUTICS INC COM	USA	7,600.00	266,745.42	158,916.00
MORGAN STANLEY SML	CYMER INC COM	USA	1,600.00	75,978.54	29,824.00
JOHN HANCOCK	CYPRESS SEMICONDUCTOR CORP COM	USA	2,500.00	18,531.00	16,400.00
MORGAN STANLEY SML	CYTEC IND COM	USA	2,300.00	80,023.41	50,485.00
MORGAN STANLEY SML	D & K HEALTHCARE RES INC COM	USA	1,800.00	42,302.43	16,110.00
ALLIANCE	DANAHER CORP COM	USA	24,800.00	1,377,369.14	1,409,880.00
OECHSLE INTL	DBS GROUP HLDGS SGD1	Singapore	41,000.00	467,125.98	258,376.71
BOSTON PARTNERS	DEAN FOODS CO NEW COM	USA	5,500.00	137,916.69	218,790.00
MORGAN STANLEY SML	DELIAS CORP CL A	USA	32,400.00	144,050.89	34,020.00
ALLIANCE	DELL COMPUTER CORP COM	USA	132,000.00	3,321,370.65	3,103,320.00
JOHN HANCOCK	DELL COMPUTER CORP COM	USA	6,000.00	177,686.36	141,060.00
BOSTON PARTNERS	DELTA & PINE LD CO COM COM	USA	26,100.00	485,457.15	489,114.00
LAZARD	DEUTSCHE BK AG COM STK ISIN DE0005140008 SDL 505964X	Germany	10,000.00	832,150.00	454,200.00
JOHN MCSTAY	DEVELOPERS DIVERSIFIED RLTY CORP COM	USA	40,600.00	751,113.38	893,606.00
MORGAN STANLEY SML	DEVELOPERS DIVERSIFIED RLTY CORP COM	USA	5,500.00	120,329.23	121,055.00
BOSTON PARTNERS	DEVON ENERGY CORP NEW COM	USA	9,400.00	335,973.56	453,550.00
BOSTON PARTNERS	DIAMOND OFFSHORE DRILLING INC COM	USA	21,900.00	629,402.02	436,905.00
MORGAN STANLEY SML	DORAL FINL CORP COM	Puerto Rico	4,200.00	89,394.04	152,082.00
BARROW HANLEY	DOW CHEM CO COM	USA	25,000.00	751,500.00	682,750.00
MORGAN STANLEY SML	DOWNEY FINL CORP COM	USA	3,600.00	144,360.21	123,300.00
JOHN MCSTAY	DUKE RLTY CORP	USA	23,106.00	552,899.55	568,869.72
OECHSLE INTL	EAST JAPAN RAILWAY JPY50000	Japan	45.00	203,894.98	209,955.64
JOHN HANCOCK	EBAY INC COM	USA	400.00	22,510.72	21,124.00
BOSTON PARTNERS	EDWARDS A G INC COM	USA	14,800.00	591,750.60	473,304.00
MORGAN STANLEY SML	ELECTRONICS BOUTIQUE HLDGS CORP COM	USA	4,600.00	130,551.32	126,270.00
JOHN HANCOCK	EMC CORP COM	USA	7,000.00	339,223.05	31,990.00
BARROW HANLEY	EMERSON ELEC CO COM	USA	38,400.00	1,891,047.21	1,687,296.00
BARROW HANLEY	ENCANA CORP COM NPV	Canada	36,300.00	987,797.81	1,092,630.00
MORGAN STANLEY SML	ENERGEN CORP COM	USA	3,300.00	110,100.45	83,523.00
OECHSLE INTL	ENI EUR1	Italy	29,339.00	372,200.40	402,440.30
BARROW HANLEY	ENTERGY CORP NEW COM	USA	53,200.00	1,551,859.61	2,213,120.00
JOHN MCSTAY	EQTY OFFICE PPTYS TR REIT	USA	61,622.00	1,789,843.45	1,591,080.04
JOHN MCSTAY	EQTY RESDNTL EFF 5/15/02	USA	43,900.00	1,084,542.01	1,050,966.00
MORGAN STANLEY SML	EQUITABLE RES INC COM	USA	7,200.00	182,763.82	248,760.00
JOHN HANCOCK	ESCROW SEAGATE TECHNOLOGY	USA	4,500.00	0.00	1.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2002

Account name	Asset description	Country	Shares/Par value	Book value	Market value
BOSTON PARTNERS	EVEREST RE GROUP LTD.ISIN BMG3223R1088 SEDOL 2709907	Bermuda	7,000.00	397,617.04	384,020.00
MORGAN STANLEY SML	EVEREST RE GROUP LTD.ISIN BMG3223R1088 SEDOL 2709907	Bermuda	4,100.00	227,224.65	224,926.00
BOSTON PARTNERS	EXPRESS SCRIPTS INC COM	USA	4,100.00	190,280.18	223,532.00
MORGAN STANLEY SML	F N B CORP PA COM	USA	2,400.00	68,430.53	67,248.00
MORGAN STANLEY SML	FACTSET RESH SYS INC COM	USA	3,000.00	69,777.16	79,650.00
MORGAN STANLEY SML	FDRY NETWORKS INC COM	USA	9,600.00	85,338.50	52,608.00
MORGAN STANLEY SML	FED AGRIC MTG CORP CL C	USA	3,300.00	95,769.49	97,383.00
MORGAN STANLEY SML	FELCOR LODGING TR INC COM	USA	4,700.00	79,671.89	60,301.00
JOHN HANCOCK	FINISAR CORP COM	USA	12,000.00	424,151.90	8,280.00
ALLIANCE	FIRST DATA CORP COM	USA	24,000.00	1,020,271.55	670,800.00
MORGAN STANLEY SML	FIRSTMERIT CORP COM	USA	3,400.00	91,789.44	72,828.00
BARROW HANLEY	FLEETBOSTON FINL CORP COM STK	USA	89,869.00	2,489,298.97	1,827,036.77
ALLIANCE	FLEXTRONICS INTL LTD COM STK	Singapore	120,700.00	3,601,169.20	841,520.40
JOHN HANCOCK	FLEXTRONICS INTL LTD COM STK	Singapore	4,000.00	94,150.00	27,888.00
MORGAN STANLEY SML	FLOWSERVE CORP COM	USA	10,800.00	294,544.24	108,000.00
MORGAN STANLEY SML	FMC CORP COM (NEW)	USA	5,500.00	161,683.94	142,010.00
ALLIANCE	FNMA COM STK	USA	45,000.00	3,577,695.87	2,679,300.00
BOSTON PARTNERS	FOOT LOCKER INC COM	USA	28,200.00	405,189.43	281,718.00
MORGAN STANLEY SML	FOOT LOCKER INC COM	USA	9,000.00	133,816.74	89,910.00
ALLIANCE	FOREST LAB INC COM	USA	4,900.00	385,505.00	401,849.00
MORGAN STANLEY SML	FOSSIL INC COM	USA	200.00	3,635.52	4,010.00
MORGAN STANLEY SML	FREEPORT MCMORAN C & G CL B COM STK	USA	7,200.00	95,365.96	96,912.00
MORGAN STANLEY SML	FRESH DEL MONTE PRODUCE INC COM STK	USA	10,000.00	195,389.37	255,900.00
MORGAN STANLEY SML	FULTON FINL CORP PA COM	USA	0.00	0.00	0.00
MORGAN STANLEY SML	FURNITURE BRANDS INTL INC COM	USA	6,600.00	164,701.60	151,470.00
MORGAN STANLEY SML	GAMESTOP CORP CL A	USA	5,900.00	111,974.92	120,655.00
MORGAN STANLEY SML	GART SPORTS CO COM	USA	4,100.00	118,668.00	77,367.00
MORGAN STANLEY SML	GATX CORP COM	USA	7,300.00	212,578.28	144,540.00
BOSTON PARTNERS	GEMSTAR-TV GUIDE INTL INC COM	USA	123,500.00	675,865.48	311,220.00
ALLIANCE	GEN ELEC CO COM	USA	151,100.00	1,966,873.50	3,724,615.00
JOHN MCSTAY	GEN GROWTH PPTYS INC COM	USA	24,100.00	853,347.55	1,241,150.00
LAZARD	GLAXO SMITHKLINE SPONS ADR	UK	17,959.00	1,018,570.93	690,164.37
OECHSLE INTL	GLAXOSMITHKLINE ORD GBP0.25	UK	17,917.00	399,648.45	346,567.96
BOSTON PARTNERS	GLOBESPAN VIRATA INC COM	USA	192,600.00	1,367,784.14	454,536.00
BOSTON PARTNERS	GOLDEN ST BANCORP INC COM STK	USA	12,300.00	318,177.60	397,536.00
MORGAN STANLEY SML	GOODRICH CORPORATION	USA	5,700.00	131,461.72	107,616.00
MORGAN STANLEY SML	GRAFTECH INTL LTD COM	USA	7,200.00	78,442.94	52,200.00
BOSTON PARTNERS	GRAINGER W W INC COM	USA	3,100.00	129,780.97	131,905.00
MORGAN STANLEY SML	GREAT PLAINS ENERGY INC COM	USA	7,000.00	176,814.91	134,050.00
BOSTON PARTNERS	GREENPOINT FNCL CORP COM	USA	4,400.00	154,094.68	183,656.00
MORGAN STANLEY SML	GREY WOLF INC COM	USA	27,300.00	112,894.89	98,280.00
MORGAN STANLEY SML	GSI COMM INC COM STK	USA	7,800.00	87,319.30	39,390.00
MORGAN STANLEY SML	GTECH HLDGS CORP COM	USA	7,800.00	183,390.90	193,596.00
ALLIANCE	HARLEY DAVIDSON INC COM	USA	86,000.00	2,720,208.30	3,994,700.00
MORGAN STANLEY SML	HARMONIC INC COM	USA	8,400.00	56,343.34	14,700.00
BOSTON PARTNERS	HARRAH S ENTMT INC COM STK	USA	6,600.00	268,143.74	318,186.00
BARROW HANLEY	HARTFORD FINL SVCS GROUP INC COM	USA	38,000.00	1,642,575.97	1,558,000.00
MORGAN STANLEY SML	HAWAIIAN ELEC INDS INC COM	USA	4,300.00	168,889.07	185,330.00
JOHN MCSTAY	HEALTH CARE REIT INC COM	USA	22,100.00	625,387.72	604,435.00
BOSTON PARTNERS	HEALTH NET INC COM	USA	27,000.00	624,529.86	579,150.00
MORGAN STANLEY SML	HEALTH NET INC COM	USA	1,200.00	27,578.38	25,740.00
JOHN MCSTAY	HEALTHCARE RLTY TR	USA	4,900.00	120,900.75	152,390.00
MORGAN STANLEY SML	HEALTHETECH INC OC-COM	USA	13,100.00	95,350.00	58,805.90
OECHSLE INTL	HEINEKEN NV EUR2	Netherlands	4,354.00	174,805.53	170,865.75
BARROW HANLEY	HEINZ H J CO COM	USA	59,400.00	2,229,677.27	1,982,178.00
MORGAN STANLEY SML	HENRY JACK & ASSOC INC COM	USA	3,700.00	79,404.10	45,991.00
MORGAN STANLEY SML	HERCULES INC VTG COM	USA	6,400.00	65,694.93	58,944.00
JOHN MCSTAY	HERITAGE PPTY INVT TR INC COM	USA	20,300.00	505,656.38	506,688.00
MORGAN STANLEY SML	HIBERNIA CORP CL A COM	USA	3,000.00	51,164.40	59,970.00
BOSTON PARTNERS	HILTON HOTELS CORP COM	USA	42,300.00	476,271.84	481,374.00
JOHN MCSTAY	HILTON HOTELS CORP COM	USA	29,300.00	325,267.76	333,434.00
JOHN MCSTAY	HLTH CARE PPTY INVS INC COM	USA	15,700.00	613,564.32	668,820.00
ALLIANCE	HLTH MGMT ASSOC INC NEW CL A COM	USA	113,800.00	2,077,343.01	2,301,036.00
ALLIANCE	HOME DEPOT INC COM	USA	87,000.00	2,694,981.22	2,270,700.00
JOHN MCSTAY	HOME PROPS N.Y. INC COM	USA	15,800.00	510,247.45	513,500.00
OECHSLE INTL	HONDA MOTOR CO Y50	Japan	8,300.00	362,896.47	336,117.96
BARROW HANLEY	HONEYWELL INTL INC COM STK	USA	45,100.00	1,491,902.83	976,886.00
MORGAN STANLEY SML	HORACE MANN EDUCATORS CORP COM	USA	2,300.00	45,950.39	33,810.00
BOSTON PARTNERS	HORMEL FOODS CORP COM	USA	17,800.00	406,169.03	389,464.00
JOHN MCSTAY	HOST MARRIOTT CORP REIT	USA	77,200.00	792,750.71	716,416.00
OECHSLE INTL	HSBC HLDGS ORD USD0.50(UK REG)	UK	27,948.00	350,082.07	283,044.43
MORGAN STANLEY SML	HUNT J B TRANS SVCS INC COM	USA	3,700.00	87,632.46	87,135.00
MORGAN STANLEY SML	HUTCHINSON TECH INC COM	USA	5,600.00	113,580.21	90,440.00
JOHN HANCOCK	I2 TECHNOLOGIES INC COM	USA	5,750.00	209,908.10	2,990.00
MORGAN STANLEY SML	ICOS CORP COM	USA	4,200.00	95,472.91	88,074.00
BARROW HANLEY	IKON OFFICE SOLUTIONS INC COM STK	USA	68,700.00	698,322.61	541,356.00
MORGAN STANLEY SML	IKON OFFICE SOLUTIONS INC COM STK	USA	19,700.00	179,131.62	155,236.00
BARROW HANLEY	ILL TOOL WKS INC COM	USA	14,500.00	795,650.95	845,785.00
MORGAN STANLEY SML	IMPAX LAB INC COM	USA	6,600.00	74,306.64	32,076.00
OECHSLE INTL	IMPERIAL TOBACCO ORD GBP0.10	UK	11,838.00	134,187.04	187,095.10
BARROW HANLEY	IMS HLTH INC COM STK	USA	47,000.00	773,063.30	703,590.00
MORGAN STANLEY SML	INDEPENDENCE CMNTY BK CORP COM	USA	1,500.00	42,763.03	37,635.00
MORGAN STANLEY SML	INSITUFORM TECHNOLOGIES INC CL A COM	USA	8,600.00	141,258.22	123,401.40
JOHN HANCOCK	INTEGRATED DEVICE TECH INC COM	USA	4,000.00	192,000.00	41,760.00
ALLIANCE	INTEL CORP CAP	USA	178,100.00	4,888,552.18	2,473,809.00
MORGAN STANLEY SML	INTERMUNE INC COM	USA	4,800.00	142,440.16	157,536.00
MORGAN STANLEY SML	INTERSIL CORP	USA	3,104.00	81,359.09	40,227.84
OECHSLE INTL	INTESABCI EUR0.52	Italy	140,857.00	444,198.21	236,643.21
JOHN HANCOCK	INTL BUSINESS MACHS CORP COM	USA	500.00	29,472.75	29,195.00
BARROW HANLEY	INTL PAPER CO COM	USA	38,900.00	1,418,228.03	1,298,871.00
BOSTON PARTNERS	INVITROGEN CORP COM	USA	8,400.00	287,112.69	286,188.00
MORGAN STANLEY SML	ISIS PHARMACEUTICALS COM	USA	12,200.00	115,625.54	120,292.00
OECHSLE INTL	ITO-YOKADO CO Y50	Japan	7,000.00	334,586.94	274,848.04
MORGAN STANLEY SML	ITT EDL SVCS INC COM	USA	1,600.00	31,795.67	30,032.00
BOSTON PARTNERS	ITT INDS INC COM	USA	4,600.00	184,591.74	286,718.00
MORGAN STANLEY SML	J JILL GROUP INC COM	USA	10,400.00	220,829.28	181,168.00
BARROW HANLEY	J P MORGAN CHASE & CO COM	USA	38,830.00	810,407.57	737,381.70
MORGAN STANLEY SML	JDA SOFTWARE GROUP INC COM	USA	4,200.00	53,720.83	29,358.00
JOHN MCSTAY	JDN RLTY CORP COM	USA	1,180.00	14,266.20	14,254.40
BOSTON PARTNERS	JEFFERSON-PILOT CORP COM	USA	9,900.00	473,772.45	396,990.00
MORGAN STANLEY SML	JOHN NUVEEN CO CL A	USA	100.00	2,298.46	2,275.00
ALLIANCE	JOHNSON & JOHNSON COM	USA	88,700.00	4,511,165.05	4,796,896.00
BOSTON PARTNERS	JONES APPAREL GROUP INC COM	USA	14,800.00	429,581.68	454,360.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2002

Account name	Asset description	Country	Shares/Par value	Book value	Market value
MORGAN STANLEY SML	KB HOME COM	USA	2,300.00	95,504.80	112,332.00
BOSTON PARTNERS	KERR MCGEE CORP COM	USA	11,400.00	610,837.51	495,216.00
MORGAN STANLEY SML	KEY ENERGY SVCS INC	USA	7,500.00	87,769.10	59,100.00
MORGAN STANLEY SML	KILROY RLTY CORP COM	USA	3,900.00	102,204.90	92,469.00
JOHN MCSTAY	KIMCO RLTY CORP COM	USA	31,450.00	825,457.48	978,095.00
BOSTON PARTNERS	KINDRED HEALTHCARE INC COM STK	USA	7,400.00	273,301.16	274,022.00
OECHSLE INTL	KINGFISHER ORD GBP0.1375	UK	70,370.00	250,503.13	227,967.42
JOHN HANCOCK	KLA-TENCOR CORP	USA	1,500.00	81,480.00	41,910.00
BOSTON PARTNERS	KNIGHT-RIDDER INC COM STK	USA	11,600.00	680,620.48	654,356.00
ALLIANCE	KOHLS CORP COM	USA	90,000.00	2,880,407.87	5,472,900.00
OECHSLE INTL	KON KPN NV EUR0.24	Netherlands	37,898.00	661,037.53	196,626.61
MORGAN STANLEY SML	KULICKE & SOFFA INDS INC COM	USA	8,700.00	135,921.19	26,100.00
BOSTON PARTNERS	LAMAR ADVERTISING CO CL A COM	USA	19,400.00	612,070.61	588,790.00
JOHN MCSTAY	LASALLE HOTEL PPTYS SH BEN INT COM STK	USA	19,400.00	231,711.07	242,500.00
BOSTON PARTNERS	LEAR CORP COM STK PAR $0.01	USA	16,200.00	516,667.44	674,730.00
BOSTON PARTNERS	LEXMARK INTL INC NEW CL A	USA	11,900.00	568,466.81	559,300.00
ALLIANCE	LIBERTY MEDIA CORP NEW COM SER A	USA	64,000.00	345,666.54	459,520.00
MORGAN STANLEY SML	LIFEPOINT HOSPS INC COM ISIN US53219L1098	USA	1,700.00	60,437.75	53,019.60
MORGAN STANLEY SML	LINENS N THINGS INC COM	USA	8,600.00	252,402.51	157,982.00
BOSTON PARTNERS	LOEWS CORP CAROLINA GROUP STK TRACKING STK	USA	30,500.00	801,089.28	573,705.00
MORGAN STANLEY SML	LTX CORP COM	USA	3,600.00	72,268.34	16,416.00
JOHN HANCOCK	LUCENT TECHNOLOGIES INC COM STK	USA	10,000.00	225,109.03	7,600.00
OECHSLE INTL	LVMH MOET HENNESSY EUR0.30	France	6,285.00	322,759.27	228,462.09
BARROW HANLEY	LYONDELL CHEMICAL CO COM STK	USA	60,800.00	1,049,995.00	725,952.00
MORGAN STANLEY SML	M D C HLDGS INC COM	USA	2,990.00	115,874.55	105,547.00
MORGAN STANLEY SML	MACROMEDIA INC COM	USA	8,900.00	153,340.66	68,797.00
MORGAN STANLEY SML	MANITOWOC INC COM	USA	2,300.00	79,385.84	62,905.00
BOSTON PARTNERS	MANOR CARE INC NEW COM STK	USA	30,500.00	587,388.85	685,640.00
JOHN MCSTAY	MANUFACTURED HOME CMNTYS INC REIT	USA	9,100.00	263,552.93	290,108.00
OECHSLE INTL	MARKS & SPENCER GP ORD GBP0.25	UK	54,038.00	213,215.10	272,788.14
OECHSLE INTL	MATSUSHITA ELC IND Y50	Japan	28,000.00	397,318.25	290,487.93
ALLIANCE	MAXIM INTEGRATED PRODS INC COM	USA	39,900.00	2,021,289.10	987,924.00
ALLIANCE	MBNA CORP COM	USA	298,500.00	2,091,159.48	5,486,430.00
BOSTON PARTNERS	MC CORMICK & CO INC COM NON-VTG	USA	24,000.00	470,719.63	547,200.00
OECHSLE INTL	MEDIASET EUR0.52	Italy	53,956.00	638,582.12	335,395.39
ALLIANCE	MEDTRONIC INC COM	USA	63,100.00	2,018,540.68	2,657,772.00
MORGAN STANLEY SML	MENTOR GRAPHICS CORP COM	USA	6,500.00	108,883.95	31,720.00
MORGAN STANLEY SML	MERCANTILE BANKSHARES CORP COM	USA	2,800.00	114,612.99	106,876.00
BOSTON PARTNERS	MERCURY GEN CORP NEW COM	USA	32,700.00	1,255,986.06	1,399,560.00
JOHN HANCOCK	MERCURY INTERACTIVE CORP COM	USA	3,000.00	397,612.50	51,480.00
BOSTON PARTNERS	MEREDITH CORP COM	USA	8,600.00	340,991.04	370,230.00
MORGAN STANLEY SML	MERISTAR HOSPITALITY CORP REIT	USA	7,200.00	94,474.63	61,848.00
ALLIANCE	MERRILL LYNCH & CO INC COM	USA	12,500.00	654,168.27	411,875.00
BARROW HANLEY	MGIC INVT CORP WIS COM	USA	30,400.00	1,899,440.24	1,241,232.00
BOSTON PARTNERS	MGIC INVT CORP WIS COM	USA	4,600.00	225,236.24	187,818.00
ALLIANCE	MICRON TECH INC COM	USA	30,000.00	1,032,513.93	371,100.00
JOHN HANCOCK	MICRON TECH INC COM	USA	4,107.00	177,852.78	50,803.59
ALLIANCE	MICROSOFT CORP COM	USA	140,300.00	7,403,111.61	6,136,722.00
JOHN HANCOCK	MICROSOFT CORP COM	USA	1,500.00	85,254.40	65,610.00
MORGAN STANLEY SML	MIDWEST EXPRESS HLDGS INC COM	USA	5,000.00	119,329.91	20,000.00
JOHN MCSTAY	MILLS CORP COM STK PAR $0.01	USA	9,600.00	267,669.59	284,736.00
MORGAN STANLEY SML	MINERALS TECHNOLOGIES INC COM	USA	3,500.00	134,826.32	129,745.00
BOSTON PARTNERS	MOLEX INC CL A	USA	12,500.00	319,349.46	262,487.50
BOSTON PARTNERS	MOLEX INC COM	USA	6,000.00	174,983.74	141,120.00
ALLIANCE	MORGAN STANLEY	USA	65,000.00	1,654,828.62	2,202,200.00
OECHSLE INTL	MUENCHENER RUECKVE NPV(REGD)	Germany	1,866.00	463,466.24	196,744.25
OECHSLE INTL	MURATA MFG CO JPY50	Japan	0.00	0.00	0.00
MORGAN STANLEY SML	MYKROLIS CORP COM	USA	6,300.00	82,453.00	38,745.00
BOSTON PARTNERS	NABORS INDUSTRIES COM USD0.10	Bermuda	11,200.00	333,071.61	366,800.00
BOSTON PARTNERS	NATIONWIDE FINL SVCS INC CL A COM	USA	12,100.00	462,720.92	323,070.00
BOSTON PARTNERS	NATL SEMICONDUCTOR CORP COM	USA	14,900.00	367,469.79	177,906.00
MORGAN STANLEY SML	NAUTILUS GROUP INC COM	USA	1,900.00	67,041.39	37,050.00
MORGAN STANLEY SML	NAVISTAR INTL CORP NEW COM	USA	7,700.00	256,220.42	166,936.00
MORGAN STANLEY SML	NBTY INC COM	USA	24,400.00	213,475.59	316,712.00
BOSTON PARTNERS	NETWORKS ASSOC INC COM STK	USA	53,160.00	913,245.31	565,090.80
JOHN HANCOCK	NETWORKS ASSOC INC COM STK	USA	3,000.00	61,550.00	31,890.00
MORGAN STANLEY SML	NETWORKS ASSOC INC COM STK	USA	3,000.00	36,915.40	31,890.00
JOHN MCSTAY	NEW PLAN EXCEL RLTY TR INC	USA	39,100.00	740,561.36	721,004.00
OECHSLE INTL	NISSAN MOTOR CO Y50	Japan	55,000.00	344,076.75	408,411.37
OECHSLE INTL	NOMURA HOLDINGS JPY50	Japan	19,000.00	282,748.98	249,712.50
BARROW HANLEY	NORTHEAST UTILITIES COM	USA	132,800.00	1,910,795.50	2,244,320.00
OECHSLE INTL	NOVARTIS AG CHF0.50(REGD)	Switzerland	6,386.00	271,857.63	252,501.02
BOSTON PARTNERS	NSTAR COM	USA	9,900.00	393,495.46	391,545.00
BOSTON PARTNERS	NUCOR CORP COM	USA	9,200.00	361,517.85	348,680.00
MORGAN STANLEY SML	NY CMNTY BANCORP INC COM	USA	2,800.00	70,599.24	78,876.00
BARROW HANLEY	OCCIDENTAL PETE CORP COM	USA	77,400.00	1,768,758.07	2,196,612.00
MORGAN STANLEY SML	OGE ENERGY CORP COM	USA	6,900.00	149,150.20	116,403.00
MORGAN STANLEY SML	OH CAS CORP COM	USA	7,900.00	137,909.90	128,612.00
MORGAN STANLEY SML	OM GROUP INC	USA	2,700.00	117,670.72	115,560.00
OECHSLE INTL	ORIX CORP JPY50	Japan	2,900.00	267,496.73	170,798.42
MORGAN STANLEY SML	OSI PHARMACEUTICALS INC COM	USA	800.00	14,014.72	13,576.00
MORGAN STANLEY SML	PAC SUNWEAR CAL INC COM	USA	5,800.00	118,190.85	118,088.00
MORGAN STANLEY SML	PACER INTL INC TENN COM	USA	9,100.00	134,477.38	103,285.00
BOSTON PARTNERS	PACTIV CORP COM	USA	27,500.00	332,388.81	452,375.00
MORGAN STANLEY SML	PALL CORP COM	USA	5,800.00	111,117.29	91,582.00
JOHN MCSTAY	PAN PAC RETAIL PPTYS INC COM	USA	9,700.00	244,565.72	334,456.00
MORGAN STANLEY SML	PAN PAC RETAIL PPTYS INC COM	USA	1,300.00	37,280.28	44,824.00
MORGAN STANLEY SML	PANERA BREAD CO CL A	USA	2,800.00	75,553.48	75,600.00
BOSTON PARTNERS	PARAMETRIC TECH CORP COM	USA	82,000.00	753,992.61	147,600.00
JOHN HANCOCK	PARAMETRIC TECH CORP COM	USA	12,000.00	109,340.00	21,600.00
BOSTON PARTNERS	PARTNERRE HLDG LTD COM STK	Bermuda	8,400.00	404,595.49	404,712.00
MORGAN STANLEY SML	PARTNERRE HLDG LTD COM STK	Bermuda	3,500.00	173,075.94	168,630.00
BOSTON PARTNERS	PAYLESS SHOESOURCE INC COM	USA	15,100.00	833,559.71	815,551.00
MORGAN STANLEY SML	PEABODY ENERGY CORP COM COM STK	USA	300.00	8,722.48	7,650.00
BARROW HANLEY	PENNEY J.C CO INC COM	USA	38,800.00	1,796,069.88	617,696.00
MORGAN STANLEY SML	PEOPLES ENERGY CORP COM	USA	1,600.00	62,227.80	53,904.00
ALLIANCE	PEOPLESOFT INC COM	USA	19,000.00	571,361.70	235,030.00
MORGAN STANLEY SML	PEPCO HLDGS INC COM	USA	13,300.00	330,967.80	255,335.00
BARROW HANLEY	PEPSIAMERICAS INC COM	USA	29,162.00	338,177.95	414,100.40
OECHSLE INTL	PERNOD-RICARD NPV	France	1,652.00	144,427.65	148,565.56
ALLIANCE	PFIZER INC COM	USA	240,500.00	8,159,912.02	6,979,310.00
BOSTON PARTNERS	PHELPS DODGE CORP CAP	USA	14,700.00	432,061.18	376,761.00
MORGAN STANLEY SML	PHIL SUBN CORP COM PAR $0.50	USA	7,750.00	153,618.99	157,325.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2002

Account name	Asset description	Country	Shares/Par value	Book value	Market value
BARROW HANLEY	PHILIP MORRIS COS INC COM	USA	48,200.00	1,726,886.11	1,870,160.00
OECHSLE INTL	PHILIPS ELEC(KON) EUR0.20	Netherlands	14,620.00	416,266.06	212,388.70
MORGAN STANLEY SML	PHOTRONICS INC COM	USA	3,700.00	113,775.14	37,222.00
MORGAN STANLEY SML	PINNACLE SYS INC COM	USA	49,100.00	256,068.25	530,280.00
BOSTON PARTNERS	PINNACLE W. CAP CORP COM	USA	26,200.00	1,233,749.78	727,312.00
OECHSLE INTL	PIONEER CORP JPY50	Japan	7,300.00	131,116.77	120,827.17
MORGAN STANLEY SML	PITTSTON BRINKS GROUP COM	USA	10,200.00	242,810.63	228,480.00
JOHN MCSTAY	PLUM CREEK TIMBER CO INC COM	USA	9,000.00	241,880.62	203,490.00
BARROW HANLEY	PNC FINANCIAL SERVICES GROUP COM STK	USA	26,000.00	1,219,510.03	1,096,420.00
MORGAN STANLEY SML	PNM RES INC COM	USA	3,000.00	74,868.98	59,400.00
MORGAN STANLEY SML	POGO PROD CO COM	USA	4,900.00	140,752.36	166,894.00
MORGAN STANLEY SML	POLARIS INDS INC COM	USA	2,400.00	118,965.87	148,800.00
MORGAN STANLEY SML	POZEN INC COM	USA	8,400.00	89,344.89	42,588.00
BOSTON PARTNERS	PPL CORP COM ISIN US69351T1060	USA	5,300.00	181,998.89	172,462.00
MORGAN STANLEY SML	PRECISION DRILLING CORP COM STK	Canada	2,600.00	76,454.69	78,260.00
MORGAN STANLEY SML	PRENTISS PPTYS TR SH BEN INT REIT	USA	3,100.00	86,941.20	89,714.00
ALLIANCE	PROCTER & GAMBLE CO COM	USA	32,300.00	2,904,576.04	2,886,974.00
JOHN MCSTAY	PROLOGIS	USA	33,790.00	720,728.94	841,708.90
BOSTON PARTNERS	PROQUEST CO COM	USA	12,700.00	449,580.00	385,445.00
MORGAN STANLEY SML	PROTECTIVE LIFE CORP COM	USA	3,100.00	96,433.82	95,387.00
MORGAN STANLEY SML	PROTEIN DESIGN LABS INC COM	USA	6,500.00	144,686.44	70,550.00
MORGAN STANLEY SML	PROVIDENT FNCL GROUP INC COM STK	USA	6,500.00	187,421.32	163,085.00
MORGAN STANLEY SML	PROVIDIAN FINL CORP COM	USA	18,500.00	104,597.42	90,650.00
JOHN MCSTAY	PS BUSINESS PKS INC CAL COM STK	USA	18,400.00	498,488.18	625,600.00
MORGAN STANLEY SML	PS BUSINESS PKS INC CAL COM STK	USA	3,500.00	120,857.10	119,000.00
JOHN MCSTAY	PUB STORAGE INC COM	USA	12,200.00	399,068.42	389,180.00
OECHSLE INTL	PVTPL GDR SAMSUNG ELECTRS LTD GDR 1995 RPSTG COM 144A	South Korea	2,581.00	236,097.35	313,756.17
JOHN HANCOCK	QUALCOMM INC COM	USA	1,000.00	50,745.00	27,620.00
MORGAN STANLEY SML	QUIKSILVER INC COM	USA	8,500.00	198,645.26	192,015.00
MORGAN STANLEY SML	R H DONNELLEY CORP COM NEW	USA	1,500.00	45,195.38	39,000.00
MORGAN STANLEY SML	R&G FINL CORP CL B	Puerto Rico	3,000.00	57,000.00	65,460.00
MORGAN STANLEY SML	RACING CHAMPIONS ERTL CORP	USA	7,900.00	136,058.10	129,086.00
BOSTON PARTNERS	RADIAN GROUP INC COM	USA	31,800.00	1,149,954.29	1,041,854.00
MORGAN STANLEY SML	RAILAMERICA INC COM SEE SEC#2755149	USA	10,200.00	127,551.21	73,950.00
MORGAN STANLEY SML	RAINBOW TECHNOLOGIES INC COM	USA	8,400.00	78,457.91	23,856.00
JOHN HANCOCK	RATIONAL SOFTWARE CORP COM NEW	USA	5,300.00	92,463.55	22,896.00
BOSTON PARTNERS	READERS DIGEST ASSN INC CL A NON VTG	USA	15,900.00	289,653.62	248,835.00
JOHN MCSTAY	RECKSON ASSOCS RLTY CORP REIT	USA	24,700.00	542,231.71	562,419.00
MORGAN STANLEY SML	RECKSON ASSOCS RLTY CORP REIT	USA	4,700.00	110,021.40	107,019.00
OECHSLE INTL	REED ELSEVIER ORD GBP0.125	UK	60,967.00	519,957.53	523,965.87
BOSTON PARTNERS	REGAL ENTMT GROUP CL A	USA	36,300.00	765,444.04	646,140.00
MORGAN STANLEY SML	REGENERATION TECHNOLOGIES INC DEL COM STK	USA	20,000.00	153,033.15	160,000.00
MORGAN STANLEY SML	REINS GROUP AMER INC COM	USA	5,000.00	159,344.32	129,200.00
BARROW HANLEY	RELIANT ENERGY INC COM	USA	75,900.00	2,207,469.23	759,759.00
MORGAN STANLEY SML	REP BANCORP INC COM	USA	3,400.00	46,148.84	44,200.00
MORGAN STANLEY SML	RESPIRONICS INC COM	USA	2,800.00	80,849.16	89,628.00
JOHN HANCOCK	RF MICRO DEVICES INC COM	USA	5,000.00	68,757.90	30,000.00
MORGAN STANLEY SML	ROADWAY CORPORATION	USA	2,900.00	70,532.10	106,372.00
MORGAN STANLEY SML	ROBBINS & MYERS INC COM	USA	4,800.00	110,976.04	89,520.00
MORGAN STANLEY SML	ROCK-TENN CO CL A	USA	500.00	7,473.68	7,710.00
OECHSLE INTL	ROHM CO JPY50	Japan	1,940.00	361,173.93	227,719.73
MORGAN STANLEY SML	ROPER INDS INC NEW COM	USA	2,200.00	73,620.54	75,900.00
JOHN MCSTAY	ROUSE CO COM	USA	32,400.00	958,905.31	1,035,180.00
MORGAN STANLEY SML	ROUSE CO COM	USA	3,700.00	107,325.90	118,215.00
MORGAN STANLEY SML	ROWAN COMPANIES INC COM	USA	4,200.00	91,220.69	78,288.00
OECHSLE INTL	ROYAL BK SCOTLAND ORD GBP0.25	UK	11,631.00	324,325.15	219,490.79
LAZARD	ROYAL DUTCH PETRO N.Y REGISTRY SH PAR N 1.25 GLDR	Netherlands	12,300.00	753,621.00	494,091.00
MORGAN STANLEY SML	SANDISK CORP COM	USA	8,200.00	152,992.65	107,502.00
OECHSLE INTL	SANOFI-SYNTHELABO EUR2	France	6,168.00	339,549.51	347,749.66
BARROW HANLEY	SBC COMMUNICATIONS INC COM	USA	25,300.00	1,154,351.21	508,530.00
BARROW HANLEY	SCHERING-PLOUGH CORP COM	USA	76,700.00	2,620,886.42	1,635,244.00
OECHSLE INTL	SCHNEIDER ELECTRIC EUR8	France	4,184.00	204,839.10	185,571.48
MORGAN STANLEY SML	SCHOLASTIC CORP COM	USA	4,700.00	216,898.12	209,996.00
MORGAN STANLEY SML	SCIOS INC COM	USA	9,500.00	224,587.33	241,775.00
MORGAN STANLEY SML	SCOTTISH ANNUITY & LIFE HLDGS SCOTTISH ANNUITY & LIFE HLDGS COM STK	Cayman Is.	8,100.00	148,350.18	138,105.00
MORGAN STANLEY SML	SCP POOL CORP COM	USA	3,200.00	81,767.17	87,712.00
BARROW HANLEY	SEARS ROEBUCK & CO COM	USA	23,300.00	1,190,048.62	908,700.00
MORGAN STANLEY SML	SELECTIVE INS GROUP INC COM	USA	3,200.00	68,643.97	69,536.00
OECHSLE INTL	SHIN-ETSU CHEM CO Y50	Japan	8,100.00	303,284.62	268,137.01
MORGAN STANLEY SML	SILICON STORAGE TECH INC COM	USA	17,300.00	168,621.85	67,643.00
JOHN MCSTAY	SIMON PPTY GROUP INC COM	USA	51,100.00	1,458,542.83	1,825,803.00
MORGAN STANLEY SML	SKY FINL GROUP INC COM STK	USA	6,400.00	131,825.57	127,424.00
MORGAN STANLEY SML	SKYWEST INC COM	USA	4,200.00	78,053.62	55,020.00
MORGAN STANLEY SML	SKYWORKS SOLUTIONS INC COM	USA	19,576.00	165,849.67	88,679.28
JOHN MCSTAY	SL GREEN RLTY CORP COM STK	USA	21,100.00	627,517.49	648,614.00
BARROW HANLEY	SLM CORP COM	USA	20,900.00	986,082.22	1,946,626.00
BOSTON PARTNERS	SMITHFIELD FOODS INC COM	USA	30,500.00	626,894.30	478,850.00
JOHN HANCOCK	SOLECTRON CORP COM	USA	12,500.00	413,342.70	26,375.00
MORGAN STANLEY SML	SOLUTIA INC COM STK	USA	15,000.00	122,187.81	78,300.00
MORGAN STANLEY SML	SONIC CORP COM	USA	2,100.00	57,053.35	48,510.00
JOHN MCSTAY	SR HSG PPTYS TR SH BEN INT	USA	35,100.00	451,632.64	393,822.00
MORGAN STANLEY SML	ST MARY LD & EXPL CO COM	USA	6,100.00	148,094.89	145,790.00
MORGAN STANLEY SML	STAGE STORES INC COM NEW	USA	8,200.00	221,930.31	177,858.00
BOSTON PARTNERS	STARWOOD HOTELS & RESORTS WORLDWIDE INC PAIRED CTF 1 CL B SH BEN INT STARW	USA	13,300.00	330,297.00	295,590.00
MORGAN STANLEY SML	STD MICROSYSTEMS CORP COM	USA	3,200.00	73,890.83	48,899.20
MORGAN STANLEY SML	STD PAC CORP NEW COM	USA	3,900.00	130,578.50	91,182.00
MORGAN STANLEY SML	STERIS CORP COM	USA	10,600.00	210,180.32	264,046.00
MORGAN STANLEY SML	STL DYNAMICS INC COM	USA	4,900.00	61,013.95	64,141.00
MORGAN STANLEY SML	STORAGE TECH CORP COM (NEW)	USA	7,400.00	131,747.74	77,774.00
MORGAN STANLEY SML	STRATEX NETWORKS INC COM	USA	7,400.00	48,641.28	9,464.60
BOSTON PARTNERS	STUD LN CORP COM	USA	700.00	62,895.00	63,336.00
OECHSLE INTL	SUEZ EUR2	France	12,764.00	412,910.63	200,815.19
OECHSLE INTL	SUN HUNG KAI PROP HKD0.50	Hong Kong	28,000.00	265,905.24	164,419.74
MORGAN STANLEY SML	SUPERIOR INDS INTL INC COM	USA	9,500.00	428,989.39	447,260.00
BOSTON PARTNERS	SWIFT ENERGY CO COM	USA	23,900.00	758,942.72	248,560.00
MORGAN STANLEY SML	SWIFT TRANSN INC COM	USA	5,000.00	96,764.02	78,000.00
BOSTON PARTNERS	SYBASE INC COM	USA	45,600.00	582,730.23	529,872.00
JOHN MCSTAY	TAUBMAN CTRS INC COM	USA	0.00	0.00	0.00
MORGAN STANLEY SML	TECH DATA CORP COM	USA	1,200.00	46,628.30	31,680.00
OECHSLE INTL	TELEFONICA SA EUR1	Spain	25,836.00	295,624.68	192,514.44
MORGAN STANLEY SML	TELIK INC COM STK	USA	20,200.00	178,807.85	250,076.00
BOSTON PARTNERS	TEMPLE INLAND INC COM	USA	7,600.00	356,579.44	293,588.00
ALLIANCE	TENET HEALTHCARE CORP COM	USA	92,900.00	3,847,920.82	4,598,550.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2002

Account name	Asset description	Country	Shares/Par value	Book value	Market value
BOSTON PARTNERS	TERADYNE INC COM	USA	12,300.00	251,096.01	118,080.00
MORGAN STANLEY SML	TETRA TECH INC NEW COM	USA	6,800.00	91,605.41	54,332.00
MORGAN STANLEY SML	TIBCO SOFTWARE INC COM	USA	6,200.00	67,679.60	23,250.00
MORGAN STANLEY SML	TIDEWATER INC COM	USA	4,400.00	166,686.83	118,756.00
OECHSLE INTL	TOKYO ELECTRON Y50	Japan	0.00	0.00	0.00
OECHSLE INTL	TOTAL FINA ELF EUR10	France	2,807.00	426,915.07	369,499.06
MORGAN STANLEY SML	TOWER AUTOMOTIVE INC COM	USA	13,500.00	172,154.05	90,450.00
BOSTON PARTNERS	TOYS R US INC (HOLDING COMPANY)	USA	12,800.00	226,930.01	130,304.00
MORGAN STANLEY SML	TRANSKARYOTIC THERAPIES INC COM	USA	2,400.00	80,326.39	77,784.00
BARROW HANLEY	TRAVELERS PPTY CAS CORP NEW CL A	USA	54,200.00	842,049.77	715,440.00
MORGAN STANLEY SML	TRIMERIS INC COM	USA	3,800.00	151,271.79	169,670.00
MORGAN STANLEY SML	TRIZEC CDA INC SUB VTG SHS	Canada	4,397.00	74,177.39	45,210.13
MORGAN STANLEY SML	TRIZEC PPTYS INC COM	USA	803.00	12,382.58	9,114.05
MORGAN STANLEY SML	TRUSTMARK CORP COM	USA	300.00	7,657.92	6,840.00
MORGAN STANLEY SML	TUESDAY MORNING CORP COM NEW ISIN US8990355054	USA	3,900.00	71,979.04	71,019.00
MORGAN STANLEY SML	TX INDS INC	USA	6,000.00	214,344.10	145,680.00
ALLIANCE	TX INSTRS INC COM	USA	32,100.00	778,753.80	474,117.00
BARROW HANLEY	TYCO INTL LTD NEW COM	Bermuda	66,713.00	1,357,798.54	940,653.30
BOSTON PARTNERS	U.S. CELLULAR CORP COM	USA	17,000.00	720,349.16	502,860.00
LAZARD	UBS AG JERSEY BRH COM	Switzerland	13,600.00	593,924.24	557,600.00
ALLIANCE	UN PAC CORP COM	USA	4,200.00	244,059.83	243,054.00
OECHSLE INTL	UNILEVER NV CVA NLG1.12	Netherlands	5,058.00	255,734.74	299,414.17
JOHN MCSTAY	UNITED DOMINION REAL ESTATE COM	USA	38,500.00	552,698.25	612,535.00
MORGAN STANLEY SML	UNITED DOMINION REAL ESTATE COM	USA	11,800.00	176,089.82	187,738.00
MORGAN STANLEY SML	UNVL CORP VA COM	USA	2,600.00	84,856.80	91,182.00
MORGAN STANLEY SML	UNVL DISPLAY CORP COM	USA	20,800.00	106,328.00	125,008.00
MORGAN STANLEY SML	UNVL HEALTH SERVICES INC CL B COM	USA	2,200.00	88,811.32	112,530.00
MORGAN STANLEY SML	URBAN OUTFITTERS INC COM	USA	7,600.00	186,230.18	184,604.00
MORGAN STANLEY SML	USFREIGHTWAYS CORP COM	USA	3,300.00	118,867.19	94,644.00
OECHSLE INTL	UTD O/S BANK SGD1	Singapore	27,000.00	217,898.55	180,784.92
BOSTON PARTNERS	UTD STS STL CORP NEW COM	USA	15,600.00	264,392.94	181,116.00
ALLIANCE	UTD TECHNOLOGIES CORP COM	USA	11,300.00	689,865.00	638,337.00
MORGAN STANLEY SML	VALASSIS COMMUNICATIONS INC COM	USA	2,400.00	85,108.49	84,168.00
OECHSLE INTL	VALEO EUR3	France	5,035.00	243,672.58	144,448.56
MORGAN STANLEY SML	VARIAN INC COM	USA	3,700.00	130,784.24	102,157.00
MORGAN STANLEY SML	VARIAN MED SYS INC COM ISIN #US9222091057	USA	3,300.00	122,265.36	141,867.00
MORGAN STANLEY SML	VARIAN SEMICONDUCTOR EQUIPTMENT ASSOCS INC COM	USA	3,300.00	125,599.94	54,252.00
BOSTON PARTNERS	VENTAS INC COM	USA	25,400.00	331,133.36	339,090.00
ALLIANCE	VERITAS SOFTWARE CORP COM	USA	70,000.00	4,056,875.83	1,026,900.00
BARROW HANLEY	VERIZON COMMUNICATIONS COM	USA	23,902.00	844,226.84	655,870.88
MORGAN STANLEY SML	VERTEX PHARMACEUTICALS INC COM	USA	3,400.00	64,818.44	62,866.00
ALLIANCE	VIACOM COM CL B	USA	103,000.00	4,512,078.26	4,176,650.00
BOSTON PARTNERS	VIAD CORP COM	USA	25,000.00	537,667.10	510,750.00
MORGAN STANLEY SML	VIAD CORP COM	USA	7,700.00	183,480.72	157,311.00
BOSTON PARTNERS	VIGNETTE CORP COM	USA	89,100.00	290,998.90	71,369.10
JOHN HANCOCK	VIGNETTE CORP COM	USA	10,000.00	277,056.20	8,010.00
OECHSLE INTL	VNU NV EUR0.20	Netherlands	14,450.00	723,381.95	335,727.70
OECHSLE INTL	VODAFONE GROUP PLC ORD USD0.10	UK	307,835.00	759,480.88	394,542.34
OECHSLE INTL	VOLKSWAGEN AG ORD NPV	Germany	6,100.00	305,575.58	220,154.36
JOHN MCSTAY	VORNADO RLTY TR COM	USA	35,200.00	1,348,509.33	1,388,640.00
BARROW HANLEY	WA MUT INC COM	USA	63,367.00	867,304.52	1,994,159.49
MORGAN STANLEY SML	WABASH NATL CORP COM	USA	17,800.00	227,772.62	96,298.00
BARROW HANLEY	WACHOVIA CORP 2ND NEW COM	USA	36,910.00	1,192,629.37	1,206,587.90
ALLIANCE	WALGREEN CO COM	USA	79,900.00	2,788,848.54	2,457,724.00
ALLIANCE	WAL-MART STORES INC COM	USA	93,600.00	4,806,579.73	4,608,864.00
BARROW HANLEY	WASTE MGMT INC DEL COM STK	USA	71,785.00	2,013,247.49	1,674,026.20
MORGAN STANLEY SML	WEBSTER FNCL CORP WATERBURY CONN COM	USA	4,000.00	132,316.84	134,320.00
MORGAN STANLEY SML	WELLMAN INC COM	USA	9,600.00	162,994.18	131,040.00
ALLIANCE	WELLPOINT HLTH NETWORKS INC CL A (NEW) DELAW EFF 8-4-97	USA	29,900.00	1,816,873.15	2,191,670.00
BARROW HANLEY	WENDY S INTL INC COM	USA	58,100.00	1,264,831.36	1,925,487.00
MORGAN STANLEY SML	WERNER ENTERPRISES INC COM	USA	3,000.00	51,074.23	55,140.00
JOHN HANCOCK	WESTN DIGITAL CORP COM	USA	8,000.00	31,450.40	37,600.00
MORGAN STANLEY SML	WESTN DIGITAL CORP COM	USA	20,000.00	118,151.10	94,000.00
MORGAN STANLEY SML	WGL HLDGS INC COM	USA	3,900.00	107,437.91	93,249.00
BOSTON PARTNERS	WHITE MTN COM STK	Bermuda	600.00	197,211.90	176,700.00
BOSTON PARTNERS	WMS INDS INC COM	USA	48,700.00	799,785.23	686,670.00
OECHSLE INTL	WOLTERS KLUWER CVA EUR0.12	Netherlands	17,335.00	410,281.70	313,502.95
ALLIANCE	WYETH COM	USA	40,500.00	2,384,382.14	1,287,900.00
BARROW HANLEY	XL CAP LTD SHS A	Bermuda	22,200.00	1,301,968.71	1,631,700.00
MORGAN STANLEY SML	XTO ENERGY INC COM	USA	6,300.00	113,595.04	129,843.00
MORGAN STANLEY SML	YELLOW CORP COM	USA	4,600.00	113,443.81	135,736.80
	TOTAL COMMON STOCK		**13,201,673.00**	**344,543,294.20**	**304,604,021.54**
	PREFERRED STOCK				
MORGAN STANLEY BOND	PVTPL HOME OWN FDG CORP PFD STEP DOWN	USA	1,425.00	1,429,884.65	961,875.00
	TOTAL PREFERRED STOCK		**1,425.00**	**1,429,884.65**	**961,875.00**
	MUTUAL FUNDS				
BGI MID CAP INDEX	BARCLAYS BK CDA BARCLAYS MIDCAP EQTY INDEX FD	USA	3,338,735.03	33,308,611.65	32,453,038.68
BGI S&P INDEX	BARCLAYS EQTY INDEX FD	USA	343,170.86	108,084,309.69	72,479,409.37
BGI SMALL VALUE INDEX	BARCLAYS RUSSELL 1000 VALUE INDEX FD	USA	1,766,298.87	63,297,207.99	53,016,651.06
	TOTAL EQUITY MUTUAL FUNDS		**5,448,204.76**	**204,690,129.33**	**157,949,099.11**
	TOTAL EQUITY		**18,651,302.76**	**550,663,308.18**	**463,514,995.65**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2002

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	CORPORATE ASSET BACKED SECURITIES				
ALLIANCE	CITIBANK CR CARD ISSUANCE TR NT 2000-A3 6.875 DUE 11-16-2009 BEO	USA	1,875,000.00	1,918,875.00	2,162,343.75
ALLIANCE	DISCOVER CARD MASTER TR I SER 2000-9 CL A 6.35 DUE 07-15-2008 BEO	USA	1,100,000.00	1,127,027.34	1,211,397.00
ALLIANCE	MBNA CR CARD MASTER NT TR MBNA MASTER CCTR 01-A1 A1 5.75 DUE 10-15-2008 BEO	USA	1,075,000.00	1,098,969.14	1,171,363.00
BARROW HANLEY BOND	HONDA AUTO RECEIVABLES 2002-1 OWNER TR HONDA AUTO 3.5 DUE 10-17-2005 BEO	USA	585,000.00	584,951.62	596,144.25
DODGE & COX	BURL NORTHN SANTA FE RY CO PASS THRU TR SER 1999-2 MTG 7.57 1-2-21 BEO SF 7-2-00	USA	1,825,722.41	1,990,119.85	2,211,992.69
DODGE & COX	CAL INFRASTURCTURE & ECON DEV BK SPL PURP TR 97-1 CL A7 6.42 ABS CTF 9-25-8	USA	1,000,000.00	1,056,054.69	1,088,310.00
DODGE & COX	FNBC SER 1993 - A 8.08 PASS THRU CTF DUE1-05-2018 REG	USA	1,000,000.00	1,000,000.00	1,255,640.00
DODGE & COX	UN PAC RR CO PASS THRU TR CTF SER 1998-C6.33 DUE 01-02-2020 BEO SF 01-02-2003	USA	458,128.47	453,480.14	509,012.79
MORGAN STANLEY BOND	AMER W AIRLS INC 2001-1 PASS THRU CTF CLG 7.1 DUE 10-02-2022 BEO	USA	373,301.74	373,301.74	377,034.75
MORGAN STANLEY BOND	CHASE CR CARD OWNER TR 2001-4 AST BKD NTCL A 5.5 DUE 11-17-2008 BEO	USA	430,000.00	429,931.57	467,091.80
MORGAN STANLEY BOND	CONTINENTAL AIRLS PASS SER 1999-1 CL A EXPECTED MTY 2-2-19 6.545 8-2-20 BEO	USA	121,073.78	116,484.28	107,755.66
MORGAN STANLEY BOND	CONTINENTAL AIRLS PASS THRU TRS CTF 1998-1 CL A 6.648 3-15-2019 BEO	USA	363,620.38	369,079.34	334,856.80
MORGAN STANLEY BOND	DAIMLERCHRYSLER AUTO TR 2000-1 A4 7.23 AUTO TR 2000-1 A4 7.23 1-6-05 BEO	USA	650,000.00	650,330.08	675,161.50
MORGAN STANLEY BOND	MBNA MASTER CR CARD TR II MBNAM 2000-A AEXP MTY 2-15-05 DUE 7-15-07 7.35 BEO	USA	435,000.00	434,901.34	482,597.70
MORGAN STANLEY BOND	MBNA MASTER CR CARD TR II SER 2000-E ASTBKD NT CL A 7.8 DUE 10-15-2012 BEO	USA	200,000.00	226,281.25	244,356.00
MORGAN STANLEY BOND	MBNA MSTR CC TR II 6.9% BDS 15/1/2008 USD1000	USA	230,000.00	229,905.26	255,709.40
MORGAN STANLEY BOND	NISSAN AUTO RECEIVABLES 2000-C OWNER TR AST BACKED NT CL A-3 6.72 08-16-04 BEO	USA	323,746.72	323,716.12	329,577.39
MORGAN STANLEY BOND	NISSAN AUTO RECEIVABLES 2001-C OWNER TR AST BACKED NT CL A-4 4.8 2-15-07 BEO	USA	250,000.00	249,973.80	262,057.50
MORGAN STANLEY BOND	US AWYS PASS THRU TRS SER 2000-2G CTF CLG 8.02 08-05-20 BEO 08-05-03	USA	290,000.00	316,862.70	297,250.00
MUNDER	CHASE CR CARD MASTER TR SER 96-2 CL A 5.98 AST BKD CTF DUE 09-15-2008 BEO	USA	1,000,000.00	1,012,656.25	1,093,560.00
MUNDER	CHASE MANHATTAN AUTO OWNER TR 2001-A ASTBKD NT CL A-4 5.07 DUE 02-15-2008 BEO	USA	750,000.00	749,774.18	790,447.50
MUNDER	CIT EC-EF SER 2001-A CL A3 4.32 DUE 05-20-2005 BEO	USA	750,000.00	749,903.33	767,220.00
MUNDER	DISCOVER CARD MASTER TR I SER 1999-8 6.85 DUE 07-17-2007 BEO	USA	1,000,000.00	1,016,835.94	1,093,920.00
MUNDER	FLEET CR CARD MASTER TR II 2001-B AST BKD CTF CL A 5.6 DUE 12-15-2008 BEO	USA	500,000.00	499,082.03	542,840.00
MUNDER	STD CR CARD MASTER TR I SER 1994-2 CL A 7.25 PARTN CTF DUE 04-07-2006 REG	USA	1,000,000.00	989,062.50	1,139,740.00
	TOTAL CORPORATE ASSET BACKED SECURITIES		**17,585,593.50**	**17,967,539.49**	**19,467,379.48**
	CORPORATE BONDS				
MORGAN STANLEY BOND	1ST HAWAIIAN BK SECD NT CL A 144A 6.93 DUE 12-01-2003 REG	USA	400,000.00	391,040.00	418,772.00
BARROW HANLEY BOND	ALBERTA ENERGY LTD NT 7.375 DUE 11-01-2031 BEO	Canada	175,000.00	174,389.25	204,294.91
BARROW HANLEY BOND	ALLSTATE CORP 5.375 DUE 12-01-2006 BEO	USA	470,000.00	469,097.60	505,491.28
ALLIANCE	AMERADA HESS CORP NT 7.875 DUE 10-01-2029 BEO	USA	340,000.00	353,100.90	409,401.79
MORGAN STANLEY BOND	AMERN GEN CORP 7.5 DUE 07-15-2025 REG	USA	75,000.00	78,947.25	88,933.26
MORGAN STANLEY BOND	AMERN GEN FIN CORP MEDIUM TERM SR NTS TRANCHE # TR 00367 5.875 DUE 07-14-2006	USA	215,000.00	214,580.75	230,885.44
BARROW HANLEY BOND	AMERN GEN FIN CORP MEDIUM TERM SR NTS TRANCHE # TR 00377 5.375 DUE 09-01-2009	USA	190,000.00	188,632.00	196,332.44
DODGE & COX	AMERN HOME PRODS CORP NT 6.7 DUE 03-15-2011 BEO	USA	500,000.00	497,130.00	547,073.17
ALLIANCE	ANTHEM INC NT 2009 6.8 DUE 08-01-2012 BEO	USA	240,000.00	238,694.40	259,951.63
BARROW HANLEY BOND	AOL TIME WARNER INC DEB DTD 04/08/2002 7.7 DUE 05-01-2032 BEO	USA	160,000.00	159,001.60	134,400.00
BARROW HANLEY BOND	ARCHER DANIELS MIDLAND CO BD DTD 10/01/2002 5.935 DUE 10-01-2032 BEO	USA	250,000.00	248,152.50	249,700.45
ALLIANCE	AT&T CORP NTS 6.5 DUE 03-15-2029 BEO	USA	560,000.00	493,208.80	464,800.00
ALLIANCE	AT&T CORP USD SR NT 7.3 DUE 11-15-2011/11-14-2011 BEO	USA	570,000.00	568,022.10	544,350.00
DODGE & COX	AT&T CORP USD SR NT 7.3 DUE 11-15-2011/11-14-2011 BEO	USA	1,300,000.00	1,232,940.00	1,241,500.00
DODGE & COX	AT&T CORP USD SR NT 8 DUE 11-15-2031/11-14-2031 BEO	USA	1,500,000.00	1,294,795.00	1,372,500.00
BARROW HANLEY BOND	AT&T WIRELESS SVCS INC NT 8.125 DUE 05-01-2012 BEO	USA	165,000.00	164,175.00	127,050.00
ALLIANCE	AT&T WIRELESS SVCS INC SR NT 8.75 DUE 03-01-2031 BEO	USA	510,000.00	509,556.30	367,200.00
BARROW HANLEY BOND	AT&T WIRELESS SVCS INC SR NT 8.75 DUE 03-01-2031 BEO	USA	200,000.00	203,335.80	144,000.00
BARROW HANLEY BOND	ATLC RICHFIELD CO 8.5 DUE 04-01-2012 REG	USA	525,000.00	607,241.85	688,113.85
MUNDER	AXA SA US$ SUB NT 8.6 DUE 12-15-2030 BEO	France	900,000.00	928,350.00	985,473.83
ALLIANCE	BANC 1 CORP 7.625 DUE 10-15-2026 REG	USA	260,000.00	266,525.30	317,467.67
BARROW HANLEY BOND	BB&T CORP SUB NT 2012 4.75 DUE 10-01-2012 BEO	USA	155,000.00	153,513.55	157,050.38
BARROW HANLEY BOND	BK 1 CORP 4.125 DUE 09-01-2007 BEO	USA	315,000.00	316,453.70	324,555.91
MORGAN STANLEY BOND	BK 1 CORP MEDIUM TERM SUB NTS BOOK ENTRYTRANCHE # SB 00001 6 DUE 02-17-2009	USA	275,000.00	248,482.02	299,487.38
DODGE & COX	BK 1 CORP NT 6 DUE 08-01-2008 BEO	USA	750,000.00	763,537.50	834,360.81
ALLIANCE	BK 1 CORP SUB NT 7.875 DUE 08-01-2010 BEO	USA	250,000.00	267,727.50	302,891.16
ALLIANCE	BK AMER CORP BK AMER CORP SUB 6.25 DUE 04-15-2012 BEO	USA	270,000.00	279,219.17	301,136.00
DODGE & COX	BK TOKYO-MITSUBISHI LTD GLOBAL SR SUB NT8.4 DUE 04-15-2010 BEO	Japan	450,000.00	475,785.00	532,584.16
ALLIANCE	BOEING CAP CORP GLOBAL NT DTD 07/25/20025.8 DUE 01-15-2013 BEO	USA	135,000.00	135,097.20	137,044.95
BARROW HANLEY BOND	BOEING CAP CORP MEDIUM TERM SR NTS BOOK TRANCHE # SR 00094 4.29 DUE 06-20-200	USA	340,000.00	340,000.00	344,981.00
MORGAN STANLEY BOND	BOEING CAP CORP SR NT DTD 03/01/2001 6.1DUE 03-01-2011 BEO	USA	60,000.00	61,565.40	61,974.53
ALLIANCE	BRISTOL MYERS SQUIBB CO NT 4.75 DUE 10-01-2006 BEO	USA	195,000.00	194,483.25	205,302.84
ALLIANCE	CAROLINA PWR & LT CO NT 6.5 DUE 07-15-2012/07-14-2012 BEO	USA	165,000.00	164,934.00	179,916.45
BARROW HANLEY BOND	CATERPILLAR FINL SVCS CORP MEDIUM TERM NTRANCHE # TR 00724 4.69 DUE 04-25-200	USA	625,000.00	625,000.00	651,482.77
BARROW HANLEY BOND	CDN NAT RES LTD NT 5.45 DUE 10-01-2012 BEO	Canada	325,000.00	325,109.25	337,591.24
ALLIANCE	CHASE MANHATTAN CORP NEW 6.375 DUE 04-01-2008 REG	USA	455,000.00	483,943.29	497,070.62
MORGAN STANLEY BOND	CHASE MANHATTAN CORP NEW SUB NT DTD 02/23/1999 6 DUE 02-15-2009 BEO	USA	400,000.00	396,784.00	415,310.18
BARROW HANLEY BOND	CHEVRONTEXACO CAP CO CHEVRONTEXACO CORPORATION 3.5 DUE 09-17-2007 BEO	USA	370,000.00	368,346.10	376,267.40
MORGAN STANLEY BOND	CHUBB CORP NT DTD 08/17/1998 6.15 DUE 08-15-2005 BEO	USA	445,000.00	444,750.80	476,735.21
DODGE & COX	CIGNA CORP 7.875 DEB DUE 05-15-2027	USA	1,000,000.00	1,082,045.00	1,179,599.91
MORGAN STANLEY BOND	CIGNA CORP SR NT 7 DUE 01-15-2011/01-14-2011 BEO	USA	170,000.00	172,336.04	191,554.14
ALLIANCE	CIN GAS & ELEC CO DEB 5.7 DUE 09-15-2012BEO	USA	115,000.00	114,958.60	116,101.38
DODGE & COX	CIT GROUP HOLDINGS 7.375 DUE 04-02-2007 BEO	USA	450,000.00	483,500.00	480,882.36
DODGE & COX	CIT GROUP INC NEW SR NT 5.75 DUE 09-25-2007	USA	350,000.00	349,804.77	354,550.11
DODGE & COX	CIT GROUP INC SR NT 6.5 DUE 02-07-2006 BEO	USA	500,000.00	498,960.00	518,711.16
ALLIANCE	CITICORP MEDIUM TERM SUB NTS- BOOK ENTRYTRANCHE # SB 00195 6.375 DUE 11-15-200	USA	455,000.00	473,441.15	501,888.44
MORGAN STANLEY BOND	CITICORP MEDIUM TERM SUB NTS- BOOK ENTRYTRANCHE # SB 00195 6.375 DUE 11-15-200	USA	265,000.00	267,933.24	292,308.65
MORGAN STANLEY BOND	CITIGROUP INC 5.625 DUE 08-27-2012 BEO	USA	150,000.00	150,141.90	155,662.09
BARROW HANLEY BOND	CITIGROUP INC NT GLOBAL 20120021 6 DUE 02-21-2012 BEO	USA	475,000.00	472,430.25	513,792.41
ALLIANCE	CITIGROUP INC SUB NT 7.25 DUE 10-01-2010BEO	USA	655,000.00	708,917.43	748,412.25
ALLIANCE	COMCAST CABLE COMMUNICATIONS INC 6.2 DUE11-15-2008 BEO	USA	265,000.00	241,287.50	245,125.00
BARROW HANLEY BOND	CONAGRA INC 7.125 SR NT DUE 10-1-2026/ 06 BEO PUTTABLE 10-1-2006 @ PAR HLD**PUT	USA	210,000.00	225,613.40	238,398.95
ALLIANCE	CONOCO FDG CO NT 5.45 DUE 10-15-2006/10-11-2001 BEO	Canada	230,000.00	229,688.80	247,485.64
ALLIANCE	CONOCO INC NT DTD 04/20/1999 6.95 DUE 04-15-2029/04-20-1999 BEO	USA	450,000.00	466,533.00	512,057.20
MORGAN STANLEY BOND	CONOCO INC NT DTD 04/20/1999 6.95 DUE 04-15-2029/04-20-1999 BEO	USA	105,000.00	118,647.90	119,480.01
DODGE & COX	CONS RAIL CORP 9.75 DEB DUE 6-15-2020 REG	USA	750,000.00	921,247.50	1,009,504.85
BARROW HANLEY BOND	COUNTRYWIDE HOME LNS INC NOTE 5.5 DUE 08-01-2006 BEO	USA	320,000.00	317,936.00	337,302.19
ALLIANCE	COX COMMUNICATIONS INC NEW NT 2012 7.125DUE 10-01-2012 BEO	USA	135,000.00	134,005.05	135,675.69
MORGAN STANLEY BOND	CR SUISSE 1ST BSTN USA INC NT 5.875 DUE 08-01-2006 BEO	USA	460,000.00	459,208.80	492,396.77
ALLIANCE	CSX CORP 7.95 E-DOLLR DEB DUE 05-01-2027BEO	USA	235,000.00	282,547.20	284,361.49
MORGAN STANLEY BOND	CVS CORP NT 5.5 DUE 02-15-2004 BEO	USA	455,000.00	453,325.60	472,567.96
MORGAN STANLEY BOND	DAIMLER CHRYSLER N AMER HLDG CORP NT DTD05/15/2001 6.4 DUE 05-15-2006 BEO	USA	385,000.00	383,799.15	389,447.66
DODGE & COX	DEERE & CO GLOBAL NT 6.95 DUE 04-25-2014BEO	USA	500,000.00	499,505.00	590,470.81
ALLIANCE	DEERE JOHN CAP CORP GLOBAL NT 4.5 DUE 08-22-2007 BEO	USA	275,000.00	274,367.50	280,696.98
BARROW HANLEY BOND	DEERE JOHN CAP CORP MTN BOOKTRANCHE # TR00309 4.125 DUE 07-15-2005	USA	470,000.00	469,736.80	477,563.31
DODGE & COX	DEERE JOHN CAP CORP NT DTD 03/22/2002 7 DUE 03-15-2012 BEO	USA	900,000.00	895,295.00	1,048,805.28
ALLIANCE	DEVON ENERGY COPORATION 7.95 DUE 04-15-2032/04-14-2032 BEO	USA	45,000.00	44,766.45	53,970.39
ALLIANCE	DEVON FING CORP U L C DEB 7.875 DUE 09-30-2031 BEO	USA	300,000.00	300,046.08	353,372.58
DODGE & COX	EASTMAN CHEM CO SR NT DTD 04/03/2002 7 DUE 04-15-2012 BEO	USA	1,150,000.00	1,140,501.00	1,294,558.85
DODGE & COX	EOP OPER LTD PARTNERSHIP GTD NT 7 DUE 07-15-2011 BEO	USA	1,000,000.00	1,049,640.00	1,106,748.20
BARROW HANLEY BOND	FEDT DEPT STORES INC DEL 6.79 BD DUE 07-15-2027 BEO PUTTABLE 7-15-2004 @ PUT	USA	600,000.00	607,614.00	632,214.88
BARROW HANLEY BOND	FIRSTENERGY CORP NT SER B 6.45 DUE 11-15-2011/11-14-2011 BEO	USA	330,000.00	328,658.55	307,296.69
MUNDER	FLEETBOSTON FINL CORP 7.25 DUE 09-15-2005 BEO	USA	970,000.00	1,047,764.90	1,072,248.73

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2002

Account name	Asset description	Country	Shares/Par value	Book value	Market value
MORGAN STANLEY BOND	FORD MTR CO DEL DEB 6.625 DUE 10-01-2028BEO	USA	365,000.00	368,676.40	278,049.42
ALLIANCE	FORD MTR CO DEL GLOBAL LANDMARK SECS-GLOBLS 7.45 DUE 07-16-2031 BEO	USA	1,180,000.00	1,105,625.20	965,781.37
ALLIANCE	FORD MTR CR CO FORD MTR CR CO CPN 6.5 MAT 1/25/07 6.5 DUE 01-25-2007 BEO	USA	565,000.00	551,123.60	544,846.13
BARROW HANLEY BOND	FORD MTR CR CO FORD MTR CR CO CPN 6.5 MAT 1/25/07 6.5 DUE 01-25-2007 BEO	USA	610,000.00	606,797.50	588,240.95
DODGE & COX	FORD MTR CR CO GLOBAL LANDMARK SECS-GLOBLS 6.875 DUE 02-01-2006 BEO	USA	2,000,000.00	2,029,780.00	1,968,393.40
MORGAN STANLEY BOND	FORD MTR CR CO NT 7.375 DUE 10-28-2009 BEO	USA	165,000.00	161,371.50	156,490.04
MORGAN STANLEY BOND	GE GLOBAL INS HLDG CORP 7 DUE 02-15-2026REG	USA	415,000.00	416,900.70	431,380.51
MORGAN STANLEY BOND	GEN ELEC CAP CORP MEDIUM TERM NTS BO TRANCHE # TR 00528 6.75 DUE 03-15-2032	USA	435,000.00	428,198.24	466,344.54
ALLIANCE	GEN ELEC CAP CORP MEDIUM TERM NTS BO TRANCHE # TR 00551 6 DUE 06-15-2012	USA	890,000.00	883,316.10	960,292.28
BARROW HANLEY BOND	GEN ELEC CAP CORP MEDIUM TERM NTS BO TRANCHE # TR 00564 2.99 DUE 10-03-2005	USA	780,000.00	780,218.40	780,218.40
MUNDER	GEN ELEC CAP CORP MEDIUM TERM NTS BOOK TRANCHE # TR 00443 7.375 1-19-10 BEO	USA	500,000.00	548,145.00	585,050.16
ALLIANCE	GEN MTRS ACCEP CORP GM 8 DUE 11-01-2031 BEO	USA	500,000.00	494,510.00	485,510.14
BARROW HANLEY BOND	GEN MTRS ACCEP CORP GM 8 DUE 11-01-2031 BEO	USA	260,000.00	257,145.20	252,465.27
ALLIANCE	GEN MTRS ACCEP CORP NT DTD 09/12/2001 6.875 DUE 09-15-2011 BEO	USA	500,000.00	498,495.00	489,277.07
DODGE & COX	GEN MTRS ACCEP CORP NT DTD 09/12/2001 6.875 DUE 09-15-2011 BEO	USA	1,825,000.00	1,825,596.50	1,785,861.32
BARROW HANLEY BOND	GEN MTRS ACCEP CORP SR NT DTD 08/29/20026.125 DUE 08-28-2007 BEO	USA	315,000.00	314,092.80	316,920.87
MORGAN STANLEY BOND	GOLDMAN SACHS GROUP INC NT DTD 01/10/2001 6.875 DUE 01-15-2011 BEO	USA	460,000.00	462,203.25	510,538.96
ALLIANCE	GOLDMAN SACHS GROUP INC SR NT DTD 08/27/2002 5.7 DUE 09-01-2012 BEO	USA	290,000.00	290,232.55	298,763.69
MORGAN STANLEY BOND	GTE FLA INC DEB SER E MBIA-IBC DTD 02/01/98 6.86 DUE 02-01-2028 BEO	USA	935,000.00	967,855.90	1,017,850.35
DODGE & COX	HARTFORD FINL SVCS GROUP INC 6.375 DUE 11-01-2008 BEO	USA	1,000,000.00	1,007,880.00	1,096,913.91
MORGAN STANLEY BOND	HARTFORD FINL SVCS GROUP INC 7.75 DUE 06-15-2005 BEO	USA	120,000.00	120,720.00	133,827.95
MORGAN STANLEY BOND	HARTFORD LIFE INC 7.65 DUE 06-15-2027 REG	USA	235,000.00	256,034.03	262,864.38
MUNDER	HELLER FINL INC NT 8 DUE 06-15-2005 BEO	USA	750,000.00	842,452.50	848,529.22
MORGAN STANLEY BOND	HERTZ CORP NOTES 7.625 DUE 08-15-2007 BEO	USA	150,000.00	148,909.50	147,283.99
DODGE & COX	HEWLETT PACKARD CO GLOBAL NT 5.5 DUE 07-01-2007/06-30-2007 BEO	USA	1,250,000.00	1,247,632.00	1,312,176.90
BARROW HANLEY BOND	HEWLETT PACKARD CO GLOBAL NT 5.75 DUE 12-15-2006 BEO	USA	310,000.00	308,026.29	329,205.68
DODGE & COX	HLTH NET INC SR NT 8.375 DUE 04-15-2011 BEO	USA	1,000,000.00	1,049,850.00	1,156,610.49
MORGAN STANLEY BOND	HONEYWELL INTL INC NT DTD 10/31/2001 6.125 DUE 11-01-2011 BEO	USA	295,000.00	294,810.60	323,413.71
ALLIANCE	HSEHD FIN CORP NT 6.5 DUE 11-15-2008 BEO	USA	260,000.00	236,587.00	254,429.57
MORGAN STANLEY BOND	HSEHD FIN CORP NT 8 DUE 07-15-2010 BEO	USA	370,000.00	385,930.80	380,625.64
BARROW HANLEY BOND	INTL BUSINESS MACHS CORP BD 4.875 DUE 10-01-2006 BEO	USA	415,000.00	424,964.90	439,173.32
MORGAN STANLEY BOND	J P MORGAN CHASE & CO 5.35000 5.35 DUE 03-01-2007 BEO	USA	70,000.00	69,916.00	73,562.22
ALLIANCE	J P MORGAN CHASE & CO NT 6.75 DUE 02-01-2011 BEO	USA	575,000.00	591,760.11	623,540.85
ALLIANCE	KERR MCGEE CORP CRP KMG 7.875 DUE 09-15-2031 BEO	USA	130,000.00	145,750.10	157,831.80
BARROW HANLEY BOND	KEYCORP MEDIUM TERM SR NTS BOOK ENTRY TRANCHE # SR 00085 4.625 DUE 05-16-200	USA	155,000.00	154,618.70	160,483.38
ALLIANCE	KEYSPAN CORP NT 7.25 DUE 11-15-2005 BEO	USA	440,000.00	439,049.60	493,063.72
ALLIANCE	KRAFT FOODS INC KRAFT FOODS INC 5.62500 01-11-2011 5.625 DUE 11-01-2011 BEO	USA	565,000.00	564,700.55	611,356.75
ALLIANCE	LEHMAN BROS HLDGS INC MEDIUM TERM NT TRANCHE # TR 00387 6.625 1-18-12 REG	USA	280,000.00	295,201.20	305,783.04
DODGE & COX	LOCKHEED MARTIN CORP 7.65 CO GUARNT DUE 05-01-2016	USA	1,000,000.00	1,102,070.00	1,252,905.88
BARROW HANLEY BOND	LOCKHEED MARTIN CORP NT 7.2 DUE 05-01-2036 REG PUT	USA	500,000.00	535,695.00	569,705.35
MORGAN STANLEY BOND	LOWES COS INC 6.875 DUE 02-15-2028 REG	USA	280,000.00	295,901.20	313,132.05
MORGAN STANLEY BOND	LOWES COS INC DEB DTD 02/23/1999 6.5 DUE03-15-2029 BEO	USA	185,000.00	182,408.44	198,118.63
MORGAN STANLEY BOND	MA MUT LIFE INS CO 7.625 DUE 11-15-2023 REG SF 11-15-2021	USA	475,000.00	548,872.00	529,178.50
MORGAN STANLEY BOND	MARSH & MCLENNAN COS INC SR NT 6.625 DUE06-15-2004/06-14-2004 BEO	USA	455,000.00	452,634.00	484,595.58
MUNDER	MARSH & MCLENNAN COS INC SR NT 7.125 DUE06-15-2009 BEO	USA	625,000.00	600,417.50	714,984.36
BARROW HANLEY BOND	MASCO CORP MASCO CORP NOTES 6.75 MAR 15 2006 6.75 DUE 03-15-2006 BEO	USA	450,000.00	467,230.50	488,374.69
DODGE & COX	MAY DEPT STORES CO 6.9 DUE 01-15-2032 BEO	USA	1,000,000.00	988,630.00	1,070,710.07
MORGAN STANLEY BOND	MAY DEPT STORES CO 7.45 DUE 10-15-2016 REG	USA	240,000.00	266,525.55	286,346.40
DODGE & COX	MAY DEPT STORES CO 7.625 DUE 08-15-2013 REG	USA	1,000,000.00	1,083,260.00	1,217,940.00
MORGAN STANLEY BOND	MAY DEPT STORES CO NT DTD 10/30/1998 5.95 DUE 11-01-2008 BEO	USA	185,000.00	172,606.85	201,351.53
ALLIANCE	MORGAN STANLEY MORGAN STANLEY DEAN 7.25 DUE 04-01-2032/04-03-2002 BEO	USA	235,000.00	234,772.05	254,297.60
MUNDER	MOTOROLA INC PUTTABLE RESET SECS PURS DUE 02-01-2011/02-01-2003 BEO PUT	USA	850,000.00	849,872.50	852,405.50
MORGAN STANLEY BOND	NATIONWIDE MUT INS CO 7.5 DUE 02-15-2024/02-15-2004 REG	USA	425,000.00	390,277.50	422,564.75
BARROW HANLEY BOND	NATL CY CORP SUB DEB DTD 05/04/1999 6.875 DUE 05-15-2019 BEO	USA	1,025,000.00	1,023,196.00	1,130,598.17
MUNDER	NATL RURAL UTILS COOP FIN CORP MEDIUM TERM NTS-BOOKENTRY TRANCHE # TR 0005	USA	600,000.00	559,095.00	628,284.00
ALLIANCE	NATL RURAL UTILS COOP FIN CORP NT 2012 7.25 DUE 03-01-2012/02-28-2012 BEO	USA	135,000.00	134,464.05	151,086.18
MUNDER	NIKE INC NT 5.5 DUE 08-15-2006 BEO	USA	600,000.00	621,042.00	646,141.20
ALLIANCE	NISOURCE FIN CORP GTD NT DTD 11/14/2000 7.875 DUE 11-15-2010 BEO	USA	85,000.00	86,331.10	86,884.18
DODGE & COX	NORDSTROM INC 6.95 DUE 03-15-2028 REG	USA	1,750,000.00	1,522,772.50	1,789,287.27
BARROW HANLEY BOND	NORFOLK SOUTHN CORP 7.05 NT DUE 05-01-2037 PUTTABLE 5-1-2004 @ PAR	USA	465,000.00	472,941.79	512,662.50
BARROW HANLEY BOND	PNC FDG CORP SUB NT 7.5 DUE 11-01-2009 BEO	USA	540,000.00	567,027.00	611,636.43
MUNDER	PROCTER & GAMBLE PFT SHG TR & EMP STR OWN PLAN 9.36 DUE 01-01-2021 REG PUT SF	USA	1,000,000.00	1,168,904.00	1,412,189.33
MORGAN STANLEY BOND	PVTPL AIG SUNAMERICA GLOBAL FING VI SR NT 144A 6.3 DUE 05-10-2011 BEO	USA	935,000.00	933,625.55	1,040,355.80
MORGAN STANLEY BOND	PVTPL COOPER INDS INC GTD SR NT 144A 5.25 DUE 07-01-2007 BEO	USA	140,000.00	139,846.00	147,936.31
MORGAN STANLEY BOND	PVTPL EQUITABLE LIFE ASSURN SOC U S 6.95DUE 12-01-2005 REG	USA	250,000.00	245,862.50	275,122.50
MORGAN STANLEY BOND	PVTPL FARMERS EXCHANGE CAP 7.05 DUE 07-15-2028 REG	USA	100,000.00	91,575.00	62,579.00
MORGAN STANLEY BOND	PVTPL FARMERS INS EXCHANGE 8.625 SURP NT144A DUE 05-01-2024 REG	USA	395,000.00	467,917.00	300,934.70
MORGAN STANLEY BOND	PVTPL FL WINDSTORM ASSN SER 1999A SR SECD NT 144A 7.125 DUE 02-25-2019 BEO	USA	345,000.00	342,486.06	388,273.35
MORGAN STANLEY BOND	PVTPL HANCOCK JOHN GLOBAL FDG II BOOK ENTRY 144A 7.9 DUE 07-02-2010 BEO	UK	225,000.00	243,920.25	265,716.00
MORGAN STANLEY BOND	PVTPL HANCOCK JOHN MUT LIFE INS CO SURP NT 144A 7.375 DUE 02-15-2024 BEO	USA	375,000.00	369,738.75	402,870.00
BARROW HANLEY BOND	PVTPL KINDER MORGAN INC 6.5 DUE 09-01-2012/08-31-2012 BEO	USA	255,000.00	257,491.55	260,518.61
MORGAN STANLEY BOND	PVTPL MET LIFE INS CO 7.45 DUE 11-01-2023 REG	USA	400,000.00	391,973.00	437,700.00
MORGAN STANLEY BOND	PVTPL PRIME PPTY FDG II INC NT 144A 7 DUE 08-15-2004 REG	USA	290,000.00	289,362.00	311,796.40
MORGAN STANLEY BOND	PVTPL PRUDENTIAL HLDGS LLC SER B INSD NT144A 7.245 DUE 12-18-2023 BEO	USA	770,000.00	777,777.36	882,181.30
MORGAN STANLEY BOND	PVTPL PRUDENTIAL HLDGS LLC SER C INSD NT 144A 8.695 12-18-2023 BEO SF 12-18-13	USA	300,000.00	306,285.21	342,129.00
ALLIANCE	PVTPL PUB SVC CO OF CO 1ST COLL TR BD SER 144A 7.875 DUE 10-01-2012 BEO	USA	65,000.00	65,000.00	65,450.85
ALLIANCE	PVTPL SCI APPLICATIONS INTL CORP NT 144A8.25 DUE 07-01-2012/06-30-2012 BEO	USA	270,000.00	268,887.60	282,689.99
ALLIANCE	PVTPL STD CHARTERED BK SUB NT 144A 8 DUE05-30-2031 BEO	UK	155,000.00	153,729.00	169,728.10
BARROW HANLEY BOND	PVTPL VERIZON WIRELESS CAP LLC NT 144A 5.375 DUE 12-15-2006/12-14-2006 BEO	USA	315,000.00	313,503.75	295,087.33
ALLIANCE	PVTPL VERIZON WIRELESS CAP LLC VERIZON WIRELESS 2.22 DUE 12-17-2003 BEO	USA	1,400,000.00	1,400,000.00	1,341,956.00
ALLIANCE	PVTPL WEYERHAEUSER CO DEB 144A 7.375 DUE03-15-2032 BEO	USA	90,000.00	88,832.70	96,984.98
BARROW HANLEY BOND	PVTPL WEYERHAEUSER CO DEB 144A 7.375 DUE03-15-2032 BEO	USA	190,000.00	187,535.70	204,746.07
ALLIANCE	PVTPL WEYERHAEUSER CO NT 144A 6.75 DUE 03-15-2012 BEO	USA	185,000.00	184,911.20	201,108.41
MORGAN STANLEY BOND	PVTPL WORLD FINL PPTYS TOWER D FIN CORP SER 1996 WFP-D PASS THRU CTF 6.95 9-1-	USA	246,774.78	241,522.18	268,113.39
DODGE & COX	RAYTHEON CO NT 8.3 DUE 03-01-2010 BEO	USA	1,600,000.00	1,768,646.90	1,882,160.89
BARROW HANLEY BOND	REED ELSEVIER CAP INC NT 6.125 DUE 08-01-2006 BEO	USA	425,000.00	425,317.20	463,651.97
DODGE & COX	REP N Y CORP 9.7 DUE 02-01-2009 REG	USA	1,000,000.00	1,172,390.00	1,258,322.45
ALLIANCE	ROYAL BK SCOTLAND GROUP PLC 5 DUE 10-01-2014 BEO	UK	455,000.00	453,257.35	458,953.68
MORGAN STANLEY BOND	S.W AIRLS 2001-1 PASS THRU TRS S.W AIR5.496 DUE 11-01-2006 BEO	USA	95,000.00	95,000.00	98,135.00
DODGE & COX	SAFECO CORP SR NT 7.25 DUE 09-01-2012 BEO	USA	1,250,000.00	1,248,112.50	1,340,895.27
BARROW HANLEY BOND	SEARS ROEBUCK ACCEP CORP NT 7 DUE 06-01-2032/05-31-2032 BEO	USA	170,000.00	165,071.70	170,324.65
MUNDER	SOC NATL BK CLEV OH 7.25 DUE 06-01-2005 REG	USA	600,000.00	594,869.00	666,274.29
ALLIANCE	SPRINT CAP CORP NT 7.625 DUE 01-30-2011 BEO	USA	415,000.00	392,928.06	282,200.00
BARROW HANLEY BOND	SPRINT CAP CORP NT 8.75 DUE 03-15-2032 BEO	USA	170,000.00	174,255.87	110,500.00
DODGE & COX	ST PAUL COS INC SR NT 5.75 DUE 03-15-2007 BEO	USA	1,000,000.00	999,390.00	1,046,718.44
ALLIANCE	TARGET CORP NT DTD 03/11/2002 5.875 DUE 03-01-2012 BEO	USA	275,000.00	274,504.25	304,568.75
MUNDER	TARGET CORP TARGET CORP 5.375 JUN 15 09	USA	750,000.00	750,600.75	813,143.40
ALLIANCE	TECO ENERGY INC NT 6.125 DUE 05-01-2007/04-30-2007 BEO	USA	190,000.00	189,492.70	172,622.95
ALLIANCE	TIME WARNER ENTMT CO L P 8.375 DUE 03-15-2023 REG	USA	830,000.00	933,891.10	778,374.00
ALLIANCE	TIME WARNER ENTMT CO L P SR SUB DEB 8.375 DUE 07-15-2033 REG	USA	110,000.00	112,945.80	102,300.00
DODGE & COX	TIME WARNER ENTMT CO L P SR SUB DEB 8.375 DUE 07-15-2033 REG	USA	1,650,000.00	1,855,057.50	1,534,500.00
BARROW HANLEY BOND	TYSON FOODS INC NT 8.625 DUE 10-01-2004 BEO	USA	380,000.00	379,289.40	402,800.35
ALLIANCE	TYSON FOODS INC NT 8.25 DUE 10-01-2011 BEO	USA	210,000.00	209,269.20	249,688.36

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2002

Account name	Asset description	Country	Shares/Par value	Book value	Market value
ALLIANCE	U S BK NATL ASSN MINNEAPOLIS MINN MEDIUMTRANCHE # SB 00001 6.375 8-1-11 REG	USA	355,000.00	361,477.10	399,924.43
BARROW HANLEY BOND	U S BK NATL ASSN MINNEAPOLIS MINN SUB NTACCD INVS 5.7 DUE 12-15-2008 BEO	USA	530,000.00	503,745.35	579,553.69
DODGE & COX	UNUMPROVIDENT CORP SR NT 7.625 DUE 03-01-2011 BEO	USA	850,000.00	894,472.00	910,983.05
BARROW HANLEY BOND	USA ED INC MEDIUM TERM NTS BOOK ENTRY 5.625 DUE 04-10-2007 BEO	USA	165,000.00	164,808.60	177,918.60
MUNDER	USA ED INC MEDIUM TERM NTS BOOK ENTRY 5.625 DUE 04-10-2007 BEO	USA	750,000.00	749,130.00	808,720.95
MORGAN STANLEY BOND	UTD TECHNOLOGIES CORP 6.1 DUE 05-15-2012/05-14-2012 BEO	USA	200,000.00	200,214.00	224,698.18
ALLIANCE	VERIZON GLOBAL FDG CORP GLOBAL NT DTD 08/26/2002 7.375 DUE 09-01-2012 BEO	USA	90,000.00	89,559.00	94,760.19
BARROW HANLEY BOND	VERIZON PENN 5.65 DUE 11-15-2011 BEO	USA	440,000.00	438,669.20	432,190.06
BARROW HANLEY BOND	VIACOM INC 5.625 DUE 08-15-2012 BEO	USA	310,000.00	322,282.20	323,678.03
ALLIANCE	WA MUT FIN CORP SR NT 6.875 DUE 05-15-2011 BEO	USA	445,000.00	446,815.37	498,417.79
BARROW HANLEY BOND	WA MUT FIN CORP SR NT 6.875 DUE 05-15-2011 BEO	USA	200,000.00	209,518.00	224,007.99
BARROW HANLEY BOND	WAL-MART STORES INC WAL-MART STORES 4.375 DUE 07-12-2007 BEO	USA	425,000.00	423,546.50	449,307.86
BARROW HANLEY BOND	WELLS FARGO & CO NEW SUB NT DTD 09/05/2002 5.125 DUE 09-01-2012 BEO	USA	315,000.00	312,354.00	326,685.39
	TOTAL CORPORATE BONDS		**90,401,774.78**	**91,906,516.90**	**96,134,118.02**
	NON-GOVERNMENT BACKED CMO's				
DODGE & COX	CMO AMERN AIRLS PASS THRU TR PASSTHRU CTF 2001-2 CL A-2 7.858 DUE 04-01-2013	USA	1,925,000.00	1,969,104.50	1,944,250.00
ALLIANCE	CMO BEAR STEARNS COML MTG SECS INC 2002-PBW1 CTF A-2 4.72 11-11-2035	USA	450,000.00	452,384.06	452,384.06
ALLIANCE	CMO BEAR STEARNS COML MTG SECS INC 2002 TOP8 PSTRU CTF A-2 4.83 8-15-38 BEO	USA	470,000.00	472,451.52	472,448.70
ALLIANCE	CMO COML MTG AST TR 99-C1 A3 6.64 EXPECTED MAT 9-17-10 DUE 1-17-32 BEO	USA	555,000.00	572,488.66	629,953.70
ALLIANCE	CMO GE CAP COML MTG CORP 2002-1 COML MTGPASSTHRU CTF A-2 5.994 12-10-35 BEO	USA	490,000.00	492,430.30	539,518.22
MUNDER	CMO MERRILL LYNCH MTG INVS INC MTG SER 1998-C3 CL A-3 5.88 12-15-2030 BEO	USA	890,000.00	819,425.78	972,411.28
MUNDER	CMO MORGAN STANLEY DEAN WITTER CAP I TR 2001-TOP3 CL A-3 6.39 8-15-11 BEO	USA	1,000,000.00	1,005,333.00	1,102,206.71
ALLIANCE	CMO MORGAN STANLEY DEAN WITTER CAP I TR 2002-TOP7 MTG CTF CL A-2 05-15-12 BEO	USA	615,000.00	618,014.12	672,195.18
ALLIANCE	CMO MSDW CAP I TR 2002-HQ MTG PASSTHRU CTF CL A-3 6.51 04-15-34 BEO	Cayman Is.	655,000.00	658,533.73	739,816.66
MUNDER	CMO NATIONSLINK FDG CORP SER 1999-1 CL-A2 6.316 DUE 01-20-2031 BEO	USA	750,000.00	751,230.47	835,968.15
DODGE & COX	CMO UN PAC RR CO SER 2002-1 PASS THRU TR6.061 DUE 1-17-2023 BEO	USA	1,400,000.00	1,400,000.00	1,505,840.00
MORGAN STANLEY BOND	CMO US AWYS PASS THRU TRS SER 2000-1 PASSTHRU CTF CL G 8.11 DUE 02-20-2017	USA	152,581.56	152,581.56	156,396.09
MORGAN STANLEY BOND	I/O CMO FHLMC FHLMC #S1-0087 09-15-2030 BEO	USA	1,841,293.80	247,711.56	230,658.87
ALLIANCE	NOMURA AST SECS CORP SER 1998-D6 CL A1B 6.59 PASS THRU CTF DUE 03-15-2030	Ireland	975,000.00	1,010,115.23	1,101,191.26
MORGAN STANLEY BOND	PVTPL CMO WORLD FINL PPTYS TOWER B FIN CORP SER 1996 WFP-B 144A 6.91 09-01-201	USA	355,036.25	354,209.33	384,749.23
	TOTAL NON-GOVERNMENT BACKED CMO's		**12,523,911.61**	**10,976,013.82**	**11,739,988.11**
	TOTAL CORPORATE FIXED INCOME		**120,511,279.89**	**120,850,070.21**	**127,341,485.61**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2002

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	U.S. GOVERNMENT AGENCIES				
MORGAN STANLEY BOND	FED NATL MORT ASSC 6.625% BDS 15/11/30 USD1000	USA	350,000.00	358,242.15	410,290.96
MUNDER	FFCB PREASSIGN 00224 7 09-01-2015	USA	1,250,000.00	1,334,717.50	1,545,700.00
BARROW HANLEY BOND	FHLB 3.25 08-15-2005	USA	265,000.00	267,753.52	271,314.95
MUNDER	FHLB 6.5 DUE 11-15-2005 REG	USA	1,000,000.00	1,035,700.00	1,118,259.89
MUNDER	FHLB BDS 5.75 05-15-2012	USA	1,250,000.00	1,239,637.50	1,389,112.47
DODGE & COX	FHLB CONS BD DTD 11/20/1997 6.17 11-20-2002/11-20-2000	USA	1,000,000.00	1,000,000.00	1,006,250.00
MUNDER	FHLB FEDERAL HOME LOAN BANK 5.5 12-11-2013 BEO	USA	500,000.00	433,660.00	544,220.00
MUNDER	FHLB PREASSIGN 00212 5.8 09-02-2008	USA	1,000,000.00	912,990.00	1,119,229.89
MUNDER	FHLMC CONS BD 7.5 05-15-2020	USA	1,150,000.00	1,202,273.00	1,518,356.50
MUNDER	FHLMC DEB 5.75 03-15-2009	USA	1,100,000.00	1,162,884.80	1,229,866.00
MUNDER	FHLMC DEB DTD 03/05/2002 6.25 03-05-2012/03-05-2007	USA	500,000.00	501,215.00	537,820.05
BARROW HANLEY BOND	FHLMC DEB DTD 07/16/2001 5.5 07-15-2006	USA	400,000.00	413,744.04	438,348.02
ALLIANCE	FHLMC DISC NT 11-13-2002	USA	2,925,000.00	2,917,672.88	2,919,150.00
BARROW HANLEY BOND	FHLMC INT PMT ON 0 DEB 5.75 01-15-2012	USA	475,000.00	480,158.20	527,316.50
ALLIANCE	FHLMC NTS 5.125 07-15-2012	USA	425,000.00	438,736.00	450,886.73
BARROW HANLEY BOND	FHLMC REFERENCE NT 3.5 09-15-2003	USA	1,070,000.00	1,076,334.40	1,089,399.14
MUNDER	FHLMC REFERENCE NT 5.5 09-15-2011	USA	350,000.00	373,047.50	382,479.99
ALLIANCE	FNMA 4.25 07-15-2007	USA	3,160,000.00	3,261,814.88	3,315,693.26
MUNDER	FNMA DEB DTD 03/10/1986 8.2 03-10-2016	USA	500,000.00	586,165.00	667,634.96
ALLIANCE	FNMA DISC NT 10-09-2002	USA	19,290,000.00	19,270,077.72	19,282,284.00
ALLIANCE	FNMA DISC NT 10-17-2002	USA	4,805,000.00	4,798,232.96	4,801,188.04
DODGE & COX	FNMA DTD 10/25/2001 4.375 10-15-2006	USA	1,000,000.00	1,015,859.00	1,055,299.99
DODGE & COX	FNMA FNMA 6 05-15-2011	USA	250,000.00	256,875.00	282,000.00
MUNDER	FNMA NT 3.875 03-15-2005	USA	1,000,000.00	998,496.72	1,040,059.89
BARROW HANLEY BOND	FNMA NT 5.25 01-15-2009	USA	475,000.00	463,440.43	517,103.99
MUNDER	FNMA NT 5.25 01-15-2009	USA	1,250,000.00	1,324,012.50	1,360,799.97
MUNDER	PVT EXPT FDG CORP 5.75 DUE 01-15-2008 REG	USA	1,000,000.00	1,000,000.00	1,120,102.31
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF 7.15 DUE 03-01-2017/03-01-2003 REG	USA	657,710.51	689,609.47	747,941.81
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF DEB SER 1999-20 F 6.8 DUE 06-01-2019 REG	USA	1,486,700.00	1,535,250.04	1,686,482.74
	TOTAL U.S. GOVERNMENT AGENCIES		**49,884,410.51**	**50,348,600.21**	**52,374,592.05**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2002

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	U.S. GOVERNMENT BONDS				
DODGE & COX	US DEPT VETERANS AFFAIRS GTD REMIC PASS THRU CTFS 6.5 DUE 02-15-2020 REG	USA	4,779,912.77	4,949,104.59	5,146,245.28
MUNDER	US TREAS BDS 12 DUE 08-15-2013/08-15-2008 REG	USA	350,000.00	496,234.38	517,075.97
BARROW HANLEY BOND	US TREAS BDS 7.5 11/15/2016 USD1000 7.5 DUE 11-15-2016 REG	USA	740,000.00	915,546.47	980,559.17
MUNDER	US TREAS BDS 7.5 11/15/2016 USD1000 7.5 DUE 11-15-2016 REG	USA	450,000.00	529,000.00	596,285.98
MUNDER	US TREAS BDS 8 15/11/2021 USD1000 8 DUE 11-15-2021/04-29-1999 REG	USA	1,000,000.00	1,191,093.69	1,413,679.96
BARROW HANLEY BOND	US TREAS BDS 8.125 8/15/2019 USD1000 8.125 DUE 08-15-2019 REG	USA	795,000.00	980,121.36	1,123,279.34
MORGAN STANLEY BOND	US TREAS BDS 8.125 8/15/2019 USD1000 8.125 DUE 08-15-2019 REG	USA	2,450,000.00	3,219,750.31	3,461,678.47
MORGAN STANLEY BOND	US TREAS BDS 8.125 DUE 08-15-2021 REG	USA	2,585,000.00	3,284,908.42	3,690,552.92
ALLIANCE	US TREAS BDS BDS 5.375 DUE 02-15-2031 BEO	USA	4,200,000.00	4,088,441.48	4,667,250.33
BARROW HANLEY BOND	US TREAS BDS BDS 5.375 DUE 02-15-2031 BEO	USA	895,000.00	889,866.31	994,568.82
BARROW HANLEY BOND	US TREAS BDS DTD 02/15/2000 6.25 DUE 05-15-2030 REG	USA	50,000.00	52,693.19	61,008.00
MUNDER	US TREAS BDS DTD 02/15/2000 6.25 DUE 05-15-2030 REG	USA	670,000.00	810,090.63	817,507.19
BARROW HANLEY BOND	US TREAS NTS 4.625 DUE 05-15-2006 REG	USA	1,445,000.00	1,505,141.61	1,563,923.54
MUNDER	US TREAS NTS 4.75 DUE 11-15-2008 REG	USA	400,000.00	397,587.50	439,264.00
DODGE & COX	US TREAS NTS 6.25 15/2/2003 USD1000 6.25DUE 02-15-2003 REG	USA	4,000,000.00	4,175,312.53	4,069,799.80
ALLIANCE	US TREAS NTS DTD 00003 4.375 DUE 05-15-2007 REG	USA	2,975,000.00	3,143,356.41	3,210,887.78
ALLIANCE	US TREAS NTS DTD 00004 3.25 DUE 05-31-2004 REG	USA	4,495,000.00	4,557,638.50	4,614,297.61
BARROW HANLEY BOND	US TREAS NTS DTD 00008 3.25 DUE 08-15-2007 REG	USA	210,000.00	214,681.93	216,415.50
ALLIANCE	US TREAS NTS DTD 00009 4.375 DUE 08-15-2012 REG	USA	1,455,000.00	1,489,545.30	1,547,523.58
BARROW HANLEY BOND	US TREAS NTS DTD 00009 4.375 DUE 08-15-2012 REG	USA	330,000.00	341,942.53	350,984.73
DODGE & COX	US TREAS NTS DTD 00858 5.875 DUE 11-15-2004 BEO	USA	1,150,000.00	1,244,441.37	1,248,969.03
BARROW HANLEY BOND	US TREAS NTS DTD 08/15/2000 5.75 DUE 08-15-2010 REG	USA	1,635,000.00	1,710,506.36	1,900,393.23
DODGE & COX	US TREAS NTS DTD 11/15/2000 5.75 DUE 11-15-2005 REG	USA	250,000.00	262,988.28	277,740.00
ALLIANCE	US TREAS NTS INFLATION INDEX 3.625 TIPS 01-15-2008	USA	1,670,000.00	1,945,591.60	1,842,479.77
DODGE & COX	US TREAS NTS INFLATION-INDEXED NT 3.5 DUE 01-15-2011 BEO	USA	3,450,000.00	3,522,925.47	3,954,765.98
	TOTAL U.S. GOVERNMENT BONDS		**42,429,912.77**	**45,918,610.22**	**48,707,135.98**
	U.S.GOVERNMENT MORTGAGE BACKED				
ALLIANCE	FHLMC 30 YR GOLD PARTN CTF (PC) 6 30 YEARS SETTLES OCT	USA	705,000.00	714,372.66	724,824.60
ALLIANCE	FHLMC 30 YR GOLD PARTN CTF (PC) 7 30 YEARS SETTLES OCT	USA	2,805,000.00	2,921,582.81	2,927,718.75
MORGAN STANLEY BOND	FHLMC GOLD C0-1369 7.5 04-01-2032	USA	5,552,375.13	5,841,272.16	5,858,274.52
MORGAN STANLEY BOND	FHLMC GOLD C01371 7 06-01-2032	USA	5,105,404.62	5,249,592.46	5,329,540.10
BARROW HANLEY BOND	FHLMC GOLD C26472 6.5 05-01-2029	USA	847,108.65	831,754.82	878,821.36
MORGAN STANLEY BOND	FHLMC GOLD C5-2115 7.5 05-01-2031	USA	305,267.16	314,568.29	321,993.14
MORGAN STANLEY BOND	FHLMC GOLD C55607 6.5 08-01-2031	USA	103,483.70	104,271.96	107,343.49
MORGAN STANLEY BOND	FHLMC GOLD C5-6693 6.5 08-01-2031	USA	6,466,625.16	6,515,882.74	6,707,821.03
ALLIANCE	FHLMC GOLD C8-7999 7 06-01-2032	USA	228,766.88	238,578.84	238,810.11
ALLIANCE	FHLMC GOLD C8-8162 7 06-01-2032	USA	114,242.39	119,142.31	119,257.81
BARROW HANLEY BOND	FHLMC GOLD G1-1202 6 11-01-2016	USA	524,715.50	527,339.08	545,595.51
DODGE & COX	FHLMC GOLD G1-1204 6 02-01-2015	USA	1,699,212.68	1,708,770.76	1,771,431.37
BARROW HANLEY BOND	FHLMC GOLD GROUP C00835 6.5 07-01-2029	USA	1,078,685.13	1,010,761.72	1,119,067.24
MUNDER	FHLMC GOLD GROUP C01095 7 11-01-2030	USA	762,072.16	752,069.97	793,829.53
MUNDER	FHLMC MULTICLASS REMIC 2104 CL PD 6 05-15-2021	USA	1,100,000.00	1,133,687.50	1,133,517.00
MUNDER	FHLMC MULTICLASS SER 1602 CL 1602-PO 6.504-15-2022	USA	924,528.80	886,247.54	963,747.31
MUNDER	FHLMC MULTICLASS SER 1611 CL IA 6.5 MTG PARTN CTF DUE 02-15-2023 REG	USA	1,000,000.00	964,218.75	1,057,220.00
DODGE & COX	FHLMC MULTICLASS SER 2055 CL OD 6.0 MTG PARTN CTF DUE 01-15-2012 REG	USA	4,500,000.00	4,640,625.00	4,674,735.00
MUNDER	FHLMC MULTICLASS SER 2141 CL N 5.55 11-15-2027	USA	1,000,000.00	959,257.81	1,019,550.00
MUNDER	FHLMC MULTICLASS SER 2421 CL ON 5 09-15-2020	USA	500,000.00	509,648.44	512,505.00
MUNDER	FHLMC MULTICLASS SER G023 CL G023-G 5 04-25-2019	USA	87,783.60	84,450.57	87,879.28
ALLIANCE	FNMA 30 YR PASS-THROUGHS 6 30 YEARS SETTLES OCT	USA	10,335,000.00	10,506,878.12	10,616,008.65
BARROW HANLEY BOND	FNMA 30 YR PASS-THROUGHS 6 30 YEARS SETTLES OCT	USA	1,290,000.00	1,317,165.62	1,325,075.10
MORGAN STANLEY BOND	FNMA 30 YR PASS-THROUGHS 6 30 YEARS SETTLES OCT	USA	4,700,000.00	4,820,070.31	4,827,793.00
ALLIANCE	FNMA 30 YR PASS-THROUGHS 6.5 30 YEARS SETTLES OCT	USA	6,880,000.00	7,095,321.88	7,127,267.20
ALLIANCE	FNMA 30 YR PASS-THROUGHS 7 30 YEARS SETTLES OCT	USA	465,000.00	485,634.38	485,780.85
BARROW HANLEY BOND	FNMA POOL # 0254343 6.5 DUE 06-01-2017 REG	USA	899,185.96	923,351.59	942,774.52
MUNDER	FNMA POOL # 0323406 5.995 DUE 11-01-2008REG	USA	592,434.42	648,090.86	655,380.57
DODGE & COX	FNMA POOL # 0323491 5.952 DUE 01-01-2009REG	USA	1,990,199.06	2,030,622.33	2,218,056.95
DODGE & COX	FNMA POOL # 0323623 6 DUE 03-01-2014 REG	USA	1,847,422.38	1,900,824.44	1,926,684.68
MUNDER	FNMA POOL # 0381208 5.71 DUE 01-01-2009 REG	USA	381,961.47	388,825.52	420,707.84
DODGE & COX	FNMA POOL # 0433301 6.5 DUE 07-01-2013 REG	USA	1,727,647.66	1,781,096.76	1,811,791.46
MORGAN STANLEY BOND	FNMA POOL # 0527758 8 DUE 02-01-2030 REG	USA	579,802.39	610,423.21	618,454.12
MORGAN STANLEY BOND	FNMA POOL # 0535801 7 DUE 03-01-2016 REG	USA	169,934.26	178,112.35	179,405.61
MORGAN STANLEY BOND	FNMA POOL # 0561232 8 DUE 05-01-2031 REG	USA	108,682.45	113,709.01	116,002.78
MORGAN STANLEY BOND	FNMA POOL # 0584055 8 DUE 06-01-2030 REG	USA	143,778.66	150,428.42	153,363.46
MORGAN STANLEY BOND	FNMA POOL # 0568386 7 DUE 12-01-2015 REG	USA	603,682.10	632,734.30	637,328.57
MORGAN STANLEY BOND	FNMA POOL # 0576022 8 DUE 12-01-2029 REG	USA	33,372.88	35,135.40	35,862.42
MORGAN STANLEY BOND	FNMA POOL # 0576781 8 DUE 12-01-2028 REG	USA	34,977.38	36,824.63	37,482.46
MORGAN STANLEY BOND	FNMA POOL # 0580370 7 DUE 05-01-2016 REG	USA	170,462.62	178,666.13	180,198.47
MORGAN STANLEY BOND	FNMA POOL # 0582993 6 DUE 07-01-2031 REG	USA	153,263.26	149,598.75	157,540.07
MORGAN STANLEY BOND	FNMA POOL # 0582997 6.5 DUE 07-01-2031 REG	USA	133,890.27	134,036.70	138,726.56
MORGAN STANLEY BOND	FNMA POOL # 0586702 6.5 DUE 06-01-2031 REG	USA	121,101.23	121,233.70	125,475.56
MORGAN STANLEY BOND	FNMA POOL # 0590035 6 DUE 06-01-2031 REG	USA	826,691.55	807,445.13	849,760.38
BARROW HANLEY BOND	FNMA POOL # 0591103 7 DUE 08-01-2031 REG	USA	593,900.47	607,634.43	619,752.75
MORGAN STANLEY BOND	FNMA POOL # 0593020 6.5 DUE 09-01-2031 REG	USA	226,163.04	226,410.40	234,332.34
MORGAN STANLEY BOND	FNMA POOL # 0593391 8 DUE 12-01-2030 REG	USA	815,613.92	855,120.24	869,985.71
MORGAN STANLEY BOND	FNMA POOL # 0598133 8 DUE 07-01-2031 REG	USA	101,657.00	106,581.02	108,504.13
MORGAN STANLEY BOND	FNMA POOL # 0598209 6.5 DUE 08-01-2031 REG	USA	567,831.60	568,452.67	588,342.42
MORGAN STANLEY BOND	FNMA POOL # 0598528 6 DUE 08-01-2031 REG	USA	1,774,138.44	1,756,397.05	1,823,645.79
MORGAN STANLEY BOND	FNMA POOL # 0599060 6.5 DUE 08-01-2031 REG	USA	604,080.72	604,741.42	625,900.91
BARROW HANLEY BOND	FNMA POOL # 0599321 7 DUE 07-01-2031 REG	USA	1,218,142.95	1,246,502.91	1,271,188.28
MORGAN STANLEY BOND	FNMA POOL # 0601631 6 DUE 10-01-2031 REG	USA	1,780,765.38	1,762,957.71	1,830,457.63
ALLIANCE	FNMA POOL # 0608008 6.5 DUE 11-01-2031 REG	USA	1,053,249.53	1,060,490.62	1,091,294.29
BARROW HANLEY BOND	FNMA POOL # 0629683 6.5 DUE 01-01-2032 REG	USA	235,825.22	238,183.47	244,343.53
BARROW HANLEY BOND	FNMA POOL # 0638403 6.5 DUE 03-01-2032 REG	USA	1,778,699.79	1,796,486.80	1,844,526.46
MORGAN STANLEY BOND	FNMA POOL # 0648257 7 DUE 06-01-2032 REG	USA	2,871,104.78	2,965,761.53	2,999,098.51
BARROW HANLEY BOND	FNMA POOL # 0648337 6 DUE 06-01-2017 REG	USA	539,533.80	544,254.73	561,054.04
BARROW HANLEY BOND	FNMA POOL # 0648511 6 DUE 06-01-2017 REG	USA	1,529,482.15	1,542,865.12	1,590,488.20
BARROW HANLEY BOND	FNMA POOL # 0650077 7.5 DUE 07-01-2032 REG	USA	972,777.82	1,035,400.39	1,027,728.33
DODGE & COX	FNMA POOL # 252062 6.5 DUE 10-01-2013 REG	USA	3,640,451.31	3,758,197.20	3,817,756.79
DODGE & COX	FNMA POOL # 252640 6.5 DUE 08-01-2014 REG	USA	1,533,444.29	1,588,432.65	1,606,785.64
MORGAN STANLEY BOND	FNMA POOL # 252982 8 DUE 01-01-2030 REG	USA	115,024.93	119,122.71	122,776.56
MORGAN STANLEY BOND	FNMA POOL # 253517 8.5 DUE 11-01-2030 REG	USA	118,531.65	122,791.41	127,230.22
BARROW HANLEY BOND	FNMA POOL # 254048 6.5 DUE 11-01-2018 REG	USA	317,822.07	325,370.34	333,021.24
MORGAN STANLEY BOND	FNMA POOL # 254478 6 DUE 10-01-2032 REG	USA	5,200,000.00	5,265,875.00	5,348,980.00
DODGE & COX	FNMA POOL # 323818 6.5 DUE 07-01-2014 REG	USA	3,011,082.77	3,119,058.33	3,157,735.32
MUNDER	FNMA POOL # 360010 7.05 DUE 09-01-2003 REG	USA	850,000.00	837,117.19	866,728.00
MUNDER	FNMA POOL # 450601 6 DUE 12-01-2028 REG	USA	957,474.19	869,207.05	985,635.01
MUNDER	FNMA POOL # 508855 8 DUE 08-01-2029 REG	USA	439,326.88	440,974.36	468,933.51
DODGE & COX	FNMA POOL # 512154 6 DUE 07-01-2014 REG	USA	2,706,945.08	2,536,069.18	2,820,485.85
MORGAN STANLEY BOND	FNMA POOL # 528319 7 DUE 07-01-2015 REG	USA	165,719.86	173,695.13	174,956.32
MORGAN STANLEY BOND	FNMA POOL # 531119 7 DUE 02-01-2015 REG	USA	681,306.39	714,094.26	719,828.98

Account name	Asset description	Country	Shares/Par value	Book value	Market value
MORGAN STANLEY BOND	FNMA POOL # 534828 8.5 DUE 04-01-2030 REG	USA	11,246.39	11,650.55	12,071.71
MORGAN STANLEY BOND	FNMA POOL # 535951 8 DUE 03-01-2031 REG	USA	161,384.76	168,848.81	172,143.25
MORGAN STANLEY BOND	FNMA POOL # 542206 8.5 DUE 07-01-2030 REG	USA	60,860.39	63,047.57	65,326.69
MORGAN STANLEY BOND	FNMA POOL # 544397 8.5 DUE 08-01-2030 REG	USA	147,375.23	152,671.53	158,190.51
MORGAN STANLEY BOND	FNMA POOL # 544476 8.5 DUE 08-01-2030 REG	USA	50,041.94	51,840.32	53,714.32
MORGAN STANLEY BOND	FNMA POOL # 544701 8.5 DUE 07-01-2030 REG	USA	57,832.40	59,910.76	62,076.49
MORGAN STANLEY BOND	FNMA POOL # 544940 8.5 DUE 07-01-2030 REG	USA	62,854.57	65,113.40	67,467.21
MORGAN STANLEY BOND	FNMA POOL # 545369 7 DUE 09-01-2016 REG	USA	1,593,600.29	1,670,292.31	1,682,420.27
ALLIANCE	FNMA POOL # 545485 7 DUE 02-01-2032 REG	USA	5,241,977.07	5,341,902.27	5,470,158.49
ALLIANCE	FNMA POOL # 545640 7 DUE 04-01-2032 REG	USA	959,479.07	992,611.07	1,002,252.60
DODGE & COX	FNMA POOL # 545961 5.5 DUE 02-01-2014 REG	USA	2,000,000.00	2,071,250.00	2,071,240.00
MORGAN STANLEY BOND	FNMA POOL # 546560 8.5 DUE 07-01-2030 REG	USA	103,771.86	107,501.18	111,387.26
MORGAN STANLEY BOND	FNMA POOL # 546667 8.5 DUE 07-01-2030 REG	USA	32,775.68	33,953.55	35,180.95
MORGAN STANLEY BOND	FNMA POOL # 548965 8.5 DUE 07-01-2030 REG	USA	148,451.23	153,786.21	159,345.48
MORGAN STANLEY BOND	FNMA POOL # 552561 8.5 DUE 10-01-2030 REG	USA	136,817.06	141,733.95	146,857.52
MORGAN STANLEY BOND	FNMA POOL # 553246 8.5 DUE 09-01-2030 REG	USA	79,165.44	82,010.46	84,975.08
MORGAN STANLEY BOND	FNMA POOL # 557184 8 DUE 11-01-2030 REG	USA	71,360.68	74,817.22	76,117.84
BARROW HANLEY BOND	FNMA POOL # 557390 7.5 DUE 10-01-2015 REG	USA	423,967.53	435,825.40	450,587.15
MORGAN STANLEY BOND	FNMA POOL # 560994 8.5 DUE 11-01-2030 REG	USA	216,803.42	224,594.80	232,713.76
MORGAN STANLEY BOND	FNMA POOL # 562055 8.5 DUE 12-01-2030 REG	USA	147,777.55	153,088.32	158,622.36
MORGAN STANLEY BOND	FNMA POOL # 562119 8.5 DUE 12-01-2030 REG	USA	162,556.85	168,398.74	174,486.25
MORGAN STANLEY BOND	FNMA POOL # 563763 8.5 DUE 12-01-2030 REG	USA	584,430.68	605,433.67	627,319.74
MORGAN STANLEY BOND	FNMA POOL # 567550 8.5 DUE 01-01-2031 REG	USA	73,040.73	75,665.64	78,414.41
MORGAN STANLEY BOND	FNMA POOL # 568495 8.5 DUE 01-01-2031 REG	USA	774,840.68	802,686.52	831,703.18
BARROW HANLEY BOND	FNMA POOL # 647747 7 DUE 05-01-2032 REG	USA	2,188,984.59	2,204,035.30	2,288,569.43
DODGE & COX	FNMA PREASSIGN 00278 7 03-23-2035	USA	3,876,128.31	3,974,243.18	3,987,566.99
MORGAN STANLEY BOND	FNMA PRIN STRIP SMBS TR 000320 CL 2 03-25-2026 REG	USA	599,280.33	82,588.32	85,631.16
MUNDER	FNMA REMIC SER 1993-203 CL PL 6.5 DUE 10-25-2023 BEO	USA	500,000.00	463,867.19	543,410.00
MORGAN STANLEY BOND	FNMA REMIC TR 1997-30 CL-SI VAR RATE 07-25-2022	USA	764,665.09	152,325.90	75,694.19
MUNDER	FNMA REMIC TR 1998-46 CL-PE 6 10-18-2019	USA	624,657.98	612,493.56	631,254.36
MUNDER	FNMA REMIC TR 1998-61 CL-PK 6 12-25-2026	USA	1,675,000.00	1,582,500.00	1,756,505.50
MUNDER	FNMA REMIC TR 1999-17 CL-PC 6 12-25-2022	USA	1,000,000.00	961,562.50	1,034,110.00
MUNDER	FNMA REMIC TR SER 1993-130 CL J 6.5 GTD MTG PASS THRU CTF DUE 06-25-2021 REG	USA	1,500,000.00	1,473,281.25	1,547,295.00
MUNDER	FNMA REMIC TR SER 1994-50 CL PH 5.50 PASS THRU CTF DUE 01-25-2023 REG	USA	700,000.00	720,343.75	732,886.00
MORGAN STANLEY BOND	FNMA SER 2002-50 CL-SC 12-25-2029	USA	1,264,757.35	88,406.54	80,881.23
MORGAN STANLEY BOND	FNMA SER 303 CL 2 7.50 DUE10-25-2029	USA	1,048,587.06	148,276.76	141,936.74
ALLIANCE	FNMA SINGLE FAMILY MTG 6 15 YEARS SETTLES OCT	USA	4,710,000.00	4,879,265.63	4,893,972.60
ALLIANCE	FNMA TBA POOL #9999999 5.5 DUE 11-15-2029 REG	USA	1,250,000.00	1,256,542.97	1,257,812.50
BARROW HANLEY BOND	GNMA POOL # 0486057 SER 2031 7.5 DUE 02-15-2031 REG	USA	252,158.27	265,396.59	267,556.29
MUNDER	GNMA POOL # 0538257 SER 2031 7 DUE 10-15-2031 REG	USA	642,264.68	662,310.38	674,855.04
MORGAN STANLEY BOND	GNMA POOL # 248155 10 DUE 01-15-2018 REG	USA	15,068.38	16,612.88	16,984.53
MORGAN STANLEY BOND	GNMA POOL # 365501 7 DUE 12-15-2025 REG	USA	147,618.19	146,464.93	155,792.00
MORGAN STANLEY BOND	GNMA POOL # 395896 7 DUE 12-15-2025 REG	USA	42,214.04	41,884.23	44,551.48
MORGAN STANLEY BOND	GNMA POOL # 409232 7 DUE 12-15-2025 REG	USA	43,727.93	43,386.31	46,149.20
MORGAN STANLEY BOND	GNMA POOL # 419334 7 DUE 12-15-2025 REG	USA	65,049.14	64,540.95	68,650.99
MORGAN STANLEY BOND	GNMA POOL # 426727 SER 2029 7 DUE 02-15-2029 REG	USA	392,148.38	380,567.77	412,331.76
MORGAN STANLEY BOND	GNMA POOL # 504549 SER 2029 7 DUE 09-15-2029 REG	USA	486,574.83	472,205.70	511,618.22
MORGAN STANLEY BOND	GNMA POOL # 514513 SER 2029 7 DUE 09-15-2029 REG	USA	1,518,039.98	1,473,210.37	1,596,171.60
MORGAN STANLEY BOND	GNMA POOL # 518451 SER 2029 7 DUE 09-15-2029 REG	USA	1,022,047.82	991,865.53	1,074,651.34
BARROW HANLEY BOND	GNMA POOL # 555732 SER 2032 6.5 DUE 03-15-2032 REG	USA	474,036.12	480,183.79	495,079.54
MORGAN STANLEY BOND	GNMA POOL # 570195 SER 2031 6 DUE 10-15-2031 REG	USA	498,133.73	490,116.89	516,711.73
BARROW HANLEY BOND	GNMA POOL # 574846 SER 2031 7 DUE 11-15-2031 REG	USA	795,013.42	810,913.70	835,354.69
MORGAN STANLEY BOND	GNMA POOL # 575991 SER 2032 6 DUE 03-15-2032 REG	USA	448,439.56	441,222.48	465,267.47
ALLIANCE	GNMA POOL # 579908 SER 2032 6.5 DUE 02-15-2032 REG	USA	263,845.59	264,890.73	275,750.96
MORGAN STANLEY BOND	GNMA POOL # 583960 SER 2032 6.5 DUE 06-15-2032 REG	USA	1,844,908.19	1,861,339.40	1,928,155.04
BARROW HANLEY BOND	GNMA POOL # 584480 SER 2032 7 DUE 06-15-2032 REG	USA	293,143.71	301,754.80	308,460.10
MORGAN STANLEY BOND	GNMA POOL #404669 7.00 DUE 12-15-2025 REG	USA	106,330.42	105,499.73	112,218.07
ALLIANCE	GNMA TBA POOL 0 TBA	USA	2,880,000.00	2,992,300.00	2,786,238.80
MORGAN STANLEY BOND	I/O FHLMC MULTICLASS FHLMC #S1-0084 12-15-2029	USA	743,837.50	163,208.35	95,664.94
MORGAN STANLEY BOND	I/O FHLMC MULTICLASS FHLMC #S1-0095 06-01-2031	USA	83,333.08	32,385.82	12,174.96
MORGAN STANLEY BOND	I/O FHLMC MULTICLASS SER 2234 CL SC 10-15-2029	USA	526,399.28	71,880.71	45,554.59
MORGAN STANLEY BOND	I/O FHLMC MULTICLASS SER G063 CL SA 06-17-2027	USA	818,606.88	60,170.35	20,923.59
MORGAN STANLEY BOND	I/O FHLMC STRIP SER 191 CL IO 8 CTF DUE 01-15-2028 REG	USA	136,767.69	66,924.12	22,059.26
MORGAN STANLEY BOND	I/O FNMA PREASSIGN 00300 12-25-2027	USA	802,419.67	76,123.31	50,520.34
MORGAN STANLEY BOND	I/O FNMA SMBS TR #000317 CL 2 11-25-2011	USA	2,735,727.66	638,751.55	436,977.77
MORGAN STANLEY BOND	I/O FNMA SMBS TR 000287 CL 2 10-25-2024	USA	259,513.90	95,184.62	39,791.26
MORGAN STANLEY BOND	I/O FNMA SMBS TR 000296 CL 2 03-25-2028	USA	205,569.29	35,956.24	31,795.40
MORGAN STANLEY BOND	I/O FNMA SMBS TR 000306 CL 2 04-25-2030	USA	517,648.61	306,237.42	78,972.47
MORGAN STANLEY BOND	I/O FNMA SMBS TR 000307 CL 2 05-25-2030	USA	224,606.62	99,825.13	33,929.07
MORGAN STANLEY BOND	I/O FNMA SMBS TR 270 CL 2 08-25-2025	USA	342,887.76	192,834.02	66,057.32
MORGAN STANLEY BOND	I/O GNMA 2001-46 REMIC TR CL SA VAR RT 09-16-2031	USA	838,600.73	87,740.94	55,750.17
MORGAN STANLEY BOND	I/O GNMA REMIC SER 2000-29 CL MX-S INV IO 09-20-2030	USA	697,324.18	87,927.40	56,852.84
MORGAN STANLEY BOND	I/O GNMA REMIC TR 1999 27 CL SE INVERSE FLTG 08-16-2027	USA	865,672.40	110,753.68	101,023.96
MORGAN STANLEY BOND	I/O GNMA REMIC TR 1999-30 CL SA INV INT ONLY 04-16-2029	USA	877,095.25	0.00	76,623.04
MORGAN STANLEY BOND	I/OFNMA REMIC SER 2001-4 CL SA DUE 02-17-2031 REG	USA	1,020,778.54	90,847.11	106,589.69
MORGAN STANLEY BOND	P/O FNMA SMBS TR #000317 CL 1 11-25-2011	USA	2,735,727.66	2,711,176.88	2,478,651.33
DODGE & COX	VENDE MTG TR SER 2001-CL 2B 7 DUE 12-15-2022 REG	USA	3,000,000.00	3,135,000.00	3,124,500.00
	TOTAL U.S. GOVERNMENT MORTGAGE BACKED		**170,666,608.84**	**160,538,332.94**	**162,909,119.06**
	MUNICIPAL BONDS				
ALLIANCE	QUE PROV CDA PROV DE QUE GLOBAL NT 7.5 DUE 09-15-2029 BEO	Canada	395,000.00	386,009.80	511,147.15
	TOTAL MUNICIPAL BONDS		**395,000.00**	**386,009.80**	**511,147.15**
	TOTAL GOVERNMENT BONDS & BILLS		**213,491,521.61**	**206,842,952.96**	**212,127,402.19**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2002

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	REAL ESTATE FUNDS				
JP MORGAN	CF JPMCB SPECIAL SITUATION PROPERTY FUND	USA	14,463.47	10,244,174.99	11,758,065.09
JP MORGAN	CF JPMCB STRATEGIC PROPERTY FUND	USA	43,617.68	33,798,357.51	37,671,675.11
	TOTAL REAL ESTATE FUNDS		**58,081.15**	**44,042,532.50**	**49,429,740.20**
	REAL ESTATE, PROPERTY & EQUIPMENT				
FIPO	234 BISCAYNE BOULEVARD, MIAMI, FLORIDA	USA		70,202.00	70,202.00
FIPO	1895 SW 3RD AVENUE, MIAMI, FLORIDA	USA		2,175,109.00	2,175,109.00
	TOTAL REAL ESTATE, PROPERTY & EQUIPMENT			**2,245,311.00**	**2,245,311.00**

IV

ACTUARIAL

SECTION

Enrolled Actuary's Statement

This report has been prepared in accordance with standards established by the American Academy of Actuaries. To the best of our knowledge, it reflects the actuarial condition of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2001 for the Retirement Fund and for the COLA Fund.

All costs and cost components are calculated on the basis of actuarial assumptions, which reasonable reflect the experience of the Trust.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends, which may require a material increase in, plan costs or required contribution rates have been taken into account in the valuation.

STANLEY HOLCOMBE & ASSOCIATES

Comparison of Funding Progress
($000)

		10/01/2001 -$-	10/01/2000 -$-
I.	**Assets**		
A.	Book Value	836,849	854,106
B.	Market Value	828,863	994,587
II.	**Liabilities**		
A.	Retired and Vested	430,016	431,810
B.	Active		
	Employee Contributions	108,597	100,472
	Other Vested	225,342	176,006
	Non-Vested Accrued	13,837	12,230
C.	Total Accrued	777,792	720,518
III.	**Ratios**	%	%
	IA/IIC	107.6	118.5
	IB/IIC	106.6	138.0

STANLEY HOLCOMBE & ASSOCIATES – EXHIBIT 6

Summary of Actuarial Basis

Valuation Date: October 1, 2001 for Fiscal Year beginning October 1, 2002.

Valuation Method: Aggregate Cost Method.

Asset Valuation Method: Average of ratios of market to book values as of current and most recent September 30's. Average ratio is applied to book value at current September 30. The result cannot be greater than 120% of market value or less than 80% of market value.

Actuarial Assumptions:

Interest Discount/ Investment Return: 7.75% , compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	0.0507%	0.0284%
30	0.0801%	0.0351%
40	0.1072%	0.0709%
50	0.2579%	0.1428%
60	0.7976%	0.4439%
70	2.3760%	1.3730%

Disability Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

V

STATISTICAL

SECTION

STATISTICAL DATA OF VARIOUS ACCOUNTS

THROUGH SEPTEMBER 30, 2002

	GENERAL FUND		COLA I		COLA II	
MEMERSHIP ACCOUNT						
ADD:						
Members' Contributions						
After Tax	63,245,038					
Pre Tax	108,830,600		11,814,941			
After Tax from G & S	17,210					
Interest						
From Benefit Acct	60,400,947					
From Withdrawals	385,365					
Transfers from G & S	1,991					
		232,881,151		11,814,941		
DEDUCT:						
Refunds -						
Leaving Service	15,858,699		926,029			
Additional Contributions	171,226					
Accidental Death	441,596		22,039			
Accidental Disability	1,982,443					
Option 6A	571,614					
Ordinary Death	1,202,247		46,193			
Transfers -						
After Tax from G & S	4,412,189					
Benefit Account	92,134,579		4,810,158			
Transfers to Acct Payable	204,202					
Interest withheld	292,982					
Interest	1,301,261					
		118,573,038		5,804,418		
BALANCE AS OF 9/30/01		114,308,113		6,010,523		
BENEFIT ACCOUNT:						
ADD:						
Contributions -						
City of Miami	333,542,929		2,042,899		2,078,159	
Police Relief & Pension Fund	52,342					
Fire Relief & Pension Fund	28,473					
Members	697,822		0		0	
Transfers from Membership Acct	92,145,503		4,810,158		0	
Amortization of Discounts	10,319,476		249,134		0	
Dividends Received	119,916,038		671,595		2,792,224	
Securities Lending Income	1,712,985		46,692		206,893	
Excess Interest Transfer	0		0		168,305,714	
Interest Income	406,908,889		7,602,799		12,067,960	
Other Income	1,939,030		21,966		95,184	
Profit on Sale of Investments	551,102,287		13,606,523		30,553,785	
Unrealized Profit on Sales of Inv	-48,574,043		-1,262,079		-20,098,963	
Rental Income	232,061		352		1,550	
Share of Earnings Income	0		1,170,581		0	
		1,470,023,772		28,960,619		196,002,507
DEDUCT:						
Pensions Paid						
Fire	274,117,780					
Police	265,238,205					
General	7,034,700					
Former Gen assumed by Trust	276,624					
Pension Payments Prior 1966	989,022					
Distributions	0		8,228,126		40,853,529	
Lump Sum Payments to Benef	79,137					
Death Benefits	869,638					
Amortization of Premium	4,876,744					
Corrections to Control	17,117,379					
Income Expenses	26,338,166		334,129		1,157,277	
Securities Lending Fees	513,894		14,008		62,076	
Other Expenses	0		45,256			
Vested Rights Withdrawals	538,416					
Transfers -						
Excess Interest Earnings	168,305,714					
G & S Benefit Account	5,378,420					
G & S Share of Earnings	5,251,212					
Interest to Membership Acct	60,485,935					
Interest on VR Withdrawals	140,518					
Overpayments (uncollectible)	769					
		837,532,273		8,621,519		42,072,882
BALANCE AS OF 9/30/01		632,491,499		20,339,101		153,929,625
BENEFIT ACCOUNT - SPECIAL						
ADD:						
Contributions - City of Miami	1,001,273					
Members	9,945					
		1,011,218				
DEDUCT:						
Pension Paid		1,011,218				
BALANCE AS OF 9/30/01		0				
RESERVE ACCOUNT						
ADD:						
Transfers -						
Benefit Account	961,029					
BA Share of Earnings	222,289					
BALANCE AS OF 9/30/01		1,183,318				

SUMMARY OF ACTIVE MEMBERS STATISTICS

AS OF SEPTEMBER 30, 2002

NUMBER OF :		
	MALES	1,443
	FEMALES	233
TOTAL:		1,676
AVERAGES :		
	CURRENT AGE	39.0
	PAST SERVICE	13.3
	CREDITED PAST SERVICE	13.1
	ANNUAL EARNINGS	53,493

SUMMARY OF RETIREMENTS

JANUARY 1, 1940 THROUGH SEPTEMBER 30, 2002

DESCRIPTION	SERVICE	ORDINARY DISABILITY	SERVICE ACCIDENTAL DISABILITY	ACCIDENTAL DEATH	ORDINARY DEATH	EARLY SERVICE	DROP PLAN	VESTED RIGHTS	CONTINUANCES	TOTAL BENEFITS GRANTED
BENEFITS GRANTED	1,698	51	449	38	1	105	172	72	181	2,767
ASSUMED BY G.E.S.E. FUND	-184	-3	-19	0	0	0	0	0	0	-206
TERMINATED BY DEATH	-661	-33	-208	-17	0	-10	0	-3	-10	-942
TERMINATED DROP PLAN	0	0	0	0	0	0	-132	0	0	-132
TERMINATED BY MARRIAGE	0	0	0	-2	0	0	0	0	0	-2
RETURNED TO SERVICE	-2	-3	-1	0	0	0	0	0	0	-6
MINORS ATTAINING AGE 18	0	-1	0	-7	0	0	0	0	0	-8
PAYMENT SUSPENDED	-2	0	-1	0	0	0	0	0	0	-3
UNMATURED VESTED RIGHTS	0	0	0	0	0	0	0	-21	0	-21
WITHDRAWN VESTED RIGHTS	0	0	-2	0	0	0	0	-23	0	-25
INACTIVE PARTICIPANTS:	849	11	218	12	1	95	40	25	171	1,422

OUTLINE OF PRINCIPAL BENEFIT PROVISIONS OF THE CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

EARNABLE COMPENSATION:

Earnable compensation, shall mean an employee's base salary including pickup contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death in the family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.

COVERED GROUP:

All fire fighters or police officers presently employed by the City as a fire fighter or police officer whether in the classified or unclassified service of the City.

EMPLOYEE CONTRIBUTIONS:

Effective the first full pay period following October 1, 1999, it shall be 7% of pre tax earnable compensation. Effective the first full pay period following October 1, 2000, it shall be 7% of pre tax earnable compensation or a percent equal to the City's contribution, whichever is less.

INDIVIDUAL RETIREMENT ACCOUNTS:

Effective the first full pay period following October 1, 2000, should the members contribution be less than seven percent (7%) the difference between the seven percent and the actual contribution shall be deducted from the member's paycheck and placed into an individual contribution account (ICA) as part of the retirement system.

EMPLOYER CONTRIBUTIONS:

The City's annual fiscal contribution to the retirement system shall provide for the following (1) non-investment expenses of the retirement system, (2) normal costs of the retirement system.

NORMAL RETIREMENT AGE:

Age 50

SERVICE RETIREMENT:

The annual normal service retirement allowance, payable on a 40% Joint and Survivor basis will equal 3.0% of average final compensation per year of creditable service for the first 15 years of such creditable service and 3.5% of the average final compensation per year of creditable service after 15 years.

RULE OF 64 RETIREMENT:

A member, in service, who has not withdrawn from active membership in the retirement system may elect service retirement on the basis of his or her combined age and creditable service equaling 64 or more. Such election shall be made upon written application to the board, setting forth not less than 10 nor more than 90 days subsequent to the execution and filing thereof, the date the member desires to be retired.

EARLY RETIREMENT:

After 20 years of creditable service, accrued benefit actuarially adjusted.

DEFERRED RETIREMENT OPTION PROGRAM: (DROP)

A member who is eligible to retire under either Rule of 64 or Service retirement can elect to participate in the Deferred Retirement Option Program (DROP). The program allows the member to defer receipt of his retirement benefit into a "DROP" account while he/she continues to be employed by the Department. The fire fighters can be in the DROP for a maximum of 4 years, police officers can be in the DROP for a maximum of 3 years.

B. A. C. DEFERRED RETIREMENT OPTION PROGRAM:

Shall mean *Benefit Actuarially Calculated* deferred retirement option program.

EARLY SERVICE RETIREMENT:

After 20 years of creditable service, accrued benefit actuarily adjusted.

AVERAGE FINAL COMPENSATION:

Shall mean the annual earnable compensation of a member during either the last one (1) year or the highest one (1) year of membership service, whichever is greater.

CREDITABLE SERVICE:

Membership credit upon which a member's eligibility to receive benefits under the retirement system is based or upon which the amount of such benefits is determined.

LIMITATIONS ON BENEFITS:

A member's retirement allowances shall not exceed one hundred percent (100%) of the member's final average compensation for members retiring under service retirement or rule of 64 retirement. Exceptions are, (1) members whose retirement allowances, prior to October 1, 1998, had already earned one hundred percent or greater, these members may continue to accrue pension benefits; (2) members whose retirement allowance exceeds one hundred percent as of October 1, 1998 due to the multiplier change, these members shall be capped at the new percentage.

OPTIONAL ALLOWANCES:

Normal form (Option 6C) is joint and 40% contingent survivor. Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of member. Option 6A is withdrawal of employee contributions with credited interest; monthly benefit is half of normal level. Option 6B is an additional 5% with no survivor benefit.

DISABILITY RETIREMENTS:

A. Ordinary Disability
After 10 years of creditable service, if not otherwise eligible for normal retirement, and incurred while not in line of duty, a benefit payable for life consisting of the benefit rate times 90% of average final compensation times years of creditable service, if such retirement allowance exceeds 30% of average final compensation. Otherwise, a benefit of 30% of the member's average final compensation.

B. Accidental Disability
Prior to age 60, incurred in line of duty. A benefit payable on a 40% joint and survivor basis of 66 2/3% of average or final compensation, whichever is larger.

DEATH BENEFIT:

A. Ordinary Death Benefit
After 3 years of service, provided death is not accidentally incurred in line of duty, a lump sum payment f 50% of annual compensation received in year prior to death plus an additional lump sum payment of member's accumulated contributions with interest to date of death. Or in lieu thereof; if eligible for Early or Service retirement, and with 3 years of membership, automatic Option 6C, payable to spouse, as through retirement had occurred on date of death (40% payable)

B. Accidental Death Benefit
Incurred in line of duty (or presumed to be in the line, i.e. heart), annual pension of 50% of average final compensation to spouse until death or remarriage or to children under 18, or to dependent parents for life. If none of such beneficiaries exist, the ordinary death benefit will be paid. Also a lump sum payment of member's accumulated contributions with interest to date of death is paid in addition to the above payments.

VESTED RIGHTS BENEFIT:

After completion of 10 years of service, provided accumulated contributions are not withdrawn. A benefit based on service and average final compensation when employment is terminated. Benefit is deferred to minimum retirement age.

C.O.L.A. ACCOUNT:

The COLA I benefit was determined from available monies from an initial city contribution made from the trust funds excess interest earnings. These monies were allocated to the retiree population, according to unit values and distributed to each member according to his/her actuarial life expectancy, in level monthly lifetime payments. In addition to the above initial benefit, a yearly COLA I increase was financed by 2% of the active member's pension contributions. This yearly increase was

determined on the basis as the initial benefit and added to the monthly lifetime payments. As of January 9, 1994, the active employees ceased making the 2% pension contribution to the COLA I account, and the COLA I benefits were frozen as of that date. Beginning with 1994, in addition to the frozen COLA I benefit, a COLA II benefit was paid. The COLA II benefit is funded from the pension fund's annual excess investment return (other than COLA account assets). The methodology for determining the excess investment return and amounts available for the COLA II benefit are described in detail in Section 40-213 of the City of Miami Code. An actuarial table is developed yearly identifying the benefits due. This table is based upon full years of creditable service at retirement and full years retired as of April of the current year. For accidental death and accidental disability, years of service are defined as twenty five (25) years, or actual creditable service if greater. Receipt of the COLA II benefit is based on the retiree reaching at least four (4) full years of retirement and fifty years of age. In case of accidental death, the beneficiary will be entitled to the COLA benefit on April 1st following the fiftieth anniversary of the employee's birth and the fourth anniversary of the employee's death. COLA benefits for a vested right retiree are based upon such retiree reaching at least four (4) full years of retirement after fifty (50) years of age. COLA benefits reflect the option selected at the time of retirement.

In addition, funding for COLA benefits for future employees hired during the remaining term of the amended final judgement, Gates vs. City of Miami, Circuit Court Case No. 77-9491 CA04, shall be defined and allocated through the remaining term of such final judgement.

ORDINANCES ADOPTED DURING THE YEAR

DATE	ORDINANCE NUMBER
03/14/2002	12201
03/27/2002	12203

EMPLOYEES' RETIREMENT SYSTEM

of the County of Milwaukee

2002 Annual Report of the Pension Board

as of December 31, 2002

CITIZEN MEMBERS
Jeremiah J. Hegarty, Chairman
Melvin F. Marino
Michael Mayo, Sr.

EMPLOYEE MEMBERS
Michael Colombo
Guy Stuller
Clifford Van Beek

EX-OFFICIO MEMBER
Director of Human Resources

SECRETARY/MANAGER, ERS
Jac R. Amerell

901 North 9th Street, Room 210-C
Milwaukee, Wisconsin 53233
Telephone: 278-4207

EMPLOYEES' RETIREMENT SYSTEM

Milwaukee County

PENSION BOARD
Walter J. Lanier
Chairman
John G. Martin
Linda S. Bedford
Gary E. Long
Guy M. Stuller
Clifford Van Beek
Charles E. McDowell
Ex-officio
Matthew M. Janes
Secretary/Manager-ERS

June 11, 2003

Retirement System Members:

We are pleased to present the 2002 Annual Report of your Pension Board. As can be seen, the Retirement System has experienced a loss as a result of the continued downturn in the stock market. The Retirement System continues to be well funded with total assets at the end of the year are nearly $1.3 billion.

The description of the Employees' Retirement System, included in this report, highlights major plan provisions. County ordinances, labor agreements, Pension Board rules and the Governmental Accounting Standards Board prevail over the contents of this report. If you have any questions, please call the Retirement System office at 278-4207.

Members considering retirement within the next few years are reminded to watch for announcements from the County for retirement information programs. Please call the Retirement Division at 278-4208 for further information regarding these programs. If you are interested in meeting with a retirement counselor to discuss retirement, please schedule an appointment by calling 278-5127.

Several options are available to members who retire or otherwise leave County service. Before terminating employment, you should become fully informed of the various opportunities so you can make the best choice for your situation.

Each year, Milwaukee County distributes benefit statements reflecting balances as of the end of the previous year. You should be aware that, in the event you ever worked for Milwaukee County on a part-time basis, the benefit statement that you received may slightly overstate your pension service credit total. If it is overstated, the pension service credit will be adjusted at the time of your retirement.

Remember to keep your beneficiary designations current by informing the Retirement System Office of any changes. Retired members should also notify the Retirement System Office in writing of any changes in residence or address so that your checks and year-end 1099R statements are properly mailed.

Sincerely,

The Pension Board

COURTHOUSE, ROOM 210-C • 901 NORTH 9TH STREET • MILWAUKEE, WI 53233 • (414) 278-4207

Virchow Krause & company

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Honorable Members of the
Pension Board of the Employees' Retirement
System of the County of Milwaukee:

We have audited the accompanying statement of plan net assets of the Employees' Retirement System of the County of Milwaukee (the "Retirement System") as of December 31, 2002, and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the Retirement System's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Employees' Retirement System of the County of Milwaukee (the "Retirement System") as of December 31, 2001 were audited by other auditors whose report dated April 26, 2002, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Retirement System as of December 31, 2002, and the changes in its plan net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The schedules of funding progress, employee contributions, and notes to required supplementary information on pages 11 – 13 are not a required part of the basic financial statements but use supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures to the 2002 information which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The required supplementary information as of December 31, 2001 was audited by other auditors whose report dated April 26, 2002, expressed an unqualified opinion on such information.

The ten-year historical trend and related information on pages 13 - 15 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Virchow, Krause & Company, LLP

Milwaukee, Wisconsin
April 29, 2003

STATEMENTS OF PLAN NET ASSETS

	December 31, 2002	December 31, 2001
ASSETS:		
CASH AND CASH EQUIVALENTS	$ 37,995,385	$ 13,929,450
RECEIVABLES		
Receivable for foreign exchange contracts	5,547,736	10,928,833
Accrued interest and dividends	7,699,905	8,582,093
Due from sale of investments	7,383,937	15,565,239
County of Milwaukee	2,450,078	2,370,618
Miscellaneous receivables	823,220	451,509
TOTAL RECEIVABLES	23,904,876	37,898,292
INVESTMENTS AT FAIR VALUE		
Domestic common and preferred stocks	412,610,738	549,986,363
Corporate bonds	431,962,518	495,879,424
International common and preferred stocks	181,694,831	199,677,824
Federal agency and mortgage-backed certificates	97,605,688	94,016,805
International fixed income	54,277,131	60,746,039
US Government and state obligations	29,596,203	23,097,464
Real estate investment trusts	32,742,753	33,159,319
Venture capital	14,937,489	16,673,617
SBA loan-backed securities	117,423	134,786
TOTAL INVESTMENTS	1,255,544,774	1,473,371,641
Securities lending - collateral (See Note 5)	93,820,258	87,026,904
TOTAL ASSETS	1,411,265,293	1,612,226,287
LIABILITIES		
Securities lending - collateral (See Note 5)	93,820,258	87,026,904
Payable for foreign exchange contracts	5,367,716	10,310,796
Payable for securities purchased	26,429,806	30,232,954
Miscellaneous payables	2,092,575	2,210,048
Payable to OBRA Retirement Plan	674,132	662,409
TOTAL LIABILITIES	128,384,487	130,443,111
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$1,282,880,806	$1,481,783,176

(A schedule of funding progress is presented on page 11)

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN PLAN NET ASSETS

	Year Ended December 31, 2002	Year Ended December 31, 2001
ADDITIONS:		
CONTRIBUTIONS		
County of Milwaukee	$ 2,579,984	$ 2,646,523
Plan participants	436,682	265,567
	3,016,666	2,912,090
INVESTMENT INCOME (EXPENSE)		
Net depreciation in fair value of investments	(130,249,175)	(84,772,744)
Interest and dividends	50,680,500	55,555,759
Security lending income	1,616,476	3,478,739
Other income	798,381	532,883
Total investment income	(77,153,818)	(25,205,363)
Less: Securities lending rebates and fees	(1,355,150)	(3,103,672)
Investment expense	(3,822,792)	(4,195,202)
Net investment loss	(82,331,760)	(32,504,237)
TOTAL ADDITIONS	(79,315,094)	(29,592,147)
DEDUCTIONS:		
Benefits paid to retirees and beneficiaries	(118,078,160)	(94,842,239)
Administrative expenses	(1,478,886)	(1,193,862)
Withdrawal of membership accounts	(30,230)	(233,732)
TOTAL DEDUCTIONS	(119,587,276)	(96,269,833)
NET CHANGE IN PLAN NET ASSETS:	(198,902,370)	(125,861,980)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:		
Beginning of year	1,481,783,176	1,607,645,156
End of year	$1,282,880,806	$1,481,783,176

The accompanying notes are an integral part of these financial statements.

(1) Description of Retirement System –

The following brief description of the provisions of the Employees' Retirement System of the County of Milwaukee ("ERS" or the "Retirement System") is provided for financial statement purposes only. Participants should refer to Section 201.24 of the General Ordinances of Milwaukee County and their respective bargaining agreement for more complete information.

The Retirement System is a single-employer plan that was created to encourage qualified personnel to enter and remain in the service of the County of Milwaukee (the "County") by providing for a system of retirement, disability and death benefits to or on behalf of its employees. By the passage of Chapter 201 of the Laws of Wisconsin for 1937, the County was mandated to create the Retirement System as a separate legal entity. It did so by the passage of Section 201.24 of the General Ordinance of Milwaukee County. The authority to manage and control the Retirement System is vested in the Pension Board. The Pension Board consists of seven members – three members appointed by the County Executive (subject to confirmation by the County Board of Supervisors), the County's Director of Human Resources and three employee members elected by the employee participants.

	As of December 31	
Participants –	**2002**	**2001**
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	8,162	7,859
Current employees –		
Vested	5,793	6,077
Total participants	13,955	13,936

Contributions –

The Retirement System is substantially noncontributory. However, participants meeting certain criteria have the option to contribute to membership accounts. In addition, the County contributes to membership accounts of most employee participants enrolled prior to 1971. Member account balances are as follows:

	As of December 31	
	2002	**2001**
Membership accounts –		
Participants and County contributed	$16,627,845	$21,347,817
Voluntary savings accounts	600,975	358,697

Contributions due from the County to the Retirement System consist of amounts sufficient to fund the annual normal cost and interest on and amortization of the unfunded or overfunded actuarial accrued liability. A substantial portion of the current year's contribution is paid to the Retirement System in the following year.

The County makes contributions to the Retirement System based upon actuarially determined contribution requirements, as well as additional contributions made at the discretion of the County Board. Actuarially determined contribution requirements are set during the County's budget process. The data available for the determination is based upon the prior fiscal year's demographics. The actuarially determined contribution requirements set during the budgeting process may differ from the annual required contribution (ARC) for the current period as a result of changes in the plan provisions implemented subsequent to approval of the County budget. During the year, the Retirement System accrues only those contributions that the County is statutorily required to pay. This consists of those contributions that were included in the County's current year's budget and any additional contributions that may have been committed at the discretion of the County Board. For 2002 and 2001, the County contribution recorded by the Retirement System was $5,948,493 and $5,939,920 less than the ARC for 2002 and 2001, respectively.

Benefits –

The normal retirement benefit is a monthly pension for the life of the participant. For deputy sheriff participants with less than 30 years of service, the normal retirement age is 57. For all other participants the normal retirement age is 60, although some labor agreements require a minimum of 5 years creditable service at age 60. Active participants are also eligible to retire when their age added to their years of service equals 75. The normal retirement benefit payable to a participant whose membership began prior to January 1, 1982, is equal to 2.5% for deputy sheriffs and elected officials, and 2% for all other participants, of the participant's three-year final average monthly salary, as defined in the Ordinance and labor agreements, multiplied by the number of years of credited service. The amount of normal retirement benefits payable for a participant whose membership began after January 1, 1982 is as follows: 2.5% for deputy sheriffs, deputy sheriff lieutenants, deputy sheriff ECPs and DA investigators hired before July 1, 1995; 2% for deputy sheriffs, deputy sheriff lieutenants, deputy sheriff ECPs and DA investigators hired after June 30, 1995; 2% for elected officials; 2% for firefighters and non-represented firefighters beginning January 1, 1999; and 1.5% for all

other participants, of the participant's five-year final average monthly salary, as defined in the Ordinance and labor agreements, multiplied by the number of years of credited service. Each year after retirement, the amount of monthly benefit is increased by an amount equal to 2% of the benefit paid for the first full month of retirement. The maximum benefit, excluding any post-retirement increases, payable to a participant cannot exceed the sum of 80% of the participant's final average monthly salary.

As of January 1, 2001, certain plan changes became effective, except for represented deputy sheriffs. These changes are noted below:

- The County will pay the accrued sick allowance in full upon retirement for those participants hired prior to January 1, 1994. Previously, a member received both a cash payment from the County and pension service credit for a portion of the accrued sick allowance.
- A bonus of 7.5% per year, up to a maximum of 25%, is added to the Final Average Salary for those employees whose membership in the Employee's Retirement System began before January 1, 1982, or July 1, 1995 for a non-represented Deputy Sheriff.
- All service credit earned after January 1, 2001 will be credited with a 2% multiplier for those employees whose membership in the Employee's Retirement System began after December 31, 1981, or June 30, 1995 for a non-represented Deputy Sheriff. Also, for each year of pension service earned after January 1, 2001, eight (8) years of service earned prior to January 1, 2001 shall be credited with an additional .5% multiplier.
- A "back drop" payment option was established that would permit an employee to receive a lump-sum cash payment and a monthly pension benefit upon retirement. The lump-sum cash payment is the total of the monthly pension benefits, adjusted for COLA increases, that a member would be entitled to from a prior date (back drop date) to the date that the member terminates employment plus compounded interest. The back drop date must be at least one year prior to the termination date and the member must have been eligible to retire as of that date. The member will be entitled to a COLA adjusted monthly pension benefit based on the back drop date once the member terminates employment.

The following changes were made effective on January 1, 2002:

- Effective March 15, 2002, the County will pay non-represented employees for the first 400 hours of accrued sick allowance and 16% of any sick allowance in excess of 400 hours. No pension service credit is added for this accrued sick allowance payout.
- Effective January 1, 2003, the pension benefit for employees who became members after December 31, 1981 shall be based upon a final average salary equal to the three highest consecutive years of earnings instead of the five highest consecutive years of earnings.

A participant who meets the requirements for an accidental or ordinary disability benefit is entitled to an amount equal to the normal retirement benefit, but not less than 60% of a participant's final average salary for accidental disability. Fifteen years of credited service is required to apply for ordinary disability.

A participant who is 55 years of age and has 15 years of credited service may elect to receive early reduced retirement benefits. The participant would be entitled to a benefit equal to the normal retirement benefit with a lifetime reduction of 5% for each year prior to the normal retirement date.

Effective January 1, 2001, a participant is vested upon attaining 5 years of creditable pension service. Most participants are immediately vested upon attaining age 60. A vested participant is eligible for a deferred pension beginning as of the member's normal retirement date.

Upon the death of an employee participant and usually after one year of service, which varies by labor agreement, a dependent spouse with one dependent child, as defined in the Ordinance, will receive 40% of the deceased participant's salary, reduced by an amount equal to Social Security benefits payable to the spouse. An additional 10% of salary, reduced by Social Security benefits, is paid for each dependent child. The total benefit, if there are more than five eligible children, generally cannot exceed 90% of the prior salary level. The total benefit includes Social Security benefits. Upon attaining age 60, the dependent spouse will receive 50% of the normal retirement benefit based upon service projected to age 60 of the employee participant. If there is no dependent spouse or child, the death benefit payable to a designated beneficiary is equal to 50% of the deceased participant's final average salary, but not to exceed $2,000. Deputy sheriffs are covered by special provisions if their death occurs as a result of an accident in actual performance of duty.

Currently, employee participants may choose between several options when retiring. The available options are:

- Maximum This option is a pension benefit that is payable over the life of the participant and ceases upon the participant's death;
- Membership Account Refund This option is an actuarially reduced pension benefit that ceases upon the death of the participant. This option, however, guarantees that the participant will receive the total balance in his/her Membership Account as of the retirement date. The Membership Account balance is reduced each month by an actuarial determined amount. Any balance remaining upon the participant's death will be paid to the participant's beneficiary. Generally, only participants hired prior to 1971 have a Membership Account and, therefore, are the only employees eligible for this option;

- 25% This option is a reduced pension benefit that is payable over the life of the participant. Upon the participant's death, 25% of the pension benefit is payable over the life of a named beneficiary, if living;
- 50% This option is a reduced pension benefit that is payable over the life of the participant. Upon the participant's death, 50% of the pension benefit is payable over the life of a named beneficiary, if living;
- 75% This option is a reduced pension benefit that is payable over the life of the participant. Upon the participant's death, 75% of the pension benefit is payable over the life of a named beneficiary, if living;
- 100% This option is a reduced pension benefit that is payable over the life of the participant. Upon the participant's death, 100% of the pension benefit is payable over the life of a named beneficiary, if living;
- 10-Year Certain This option is a reduced pension benefit payable over the life of the participant but is guaranteed for a period of 10-years, in the event that the participant should die within 10 years after the retirement date.
- Board Discretion This option is at the discretion of the Pension Board and is the payment of a benefit in a form other than those set forth above provided that payments in such other form shall be the actuarial equivalent of the benefit otherwise payable. An administrative charge is assessed for each calculation performed under this option.

Benefits of $118.1 million and $94.8 million were paid in 2002 and 2001, respectively, including periodic pension benefit payments of $95.0 million and $88.6 million and dropback lump-sum pension benefit payments of $23.0 million and $6.2 million in 2002 and 2001,respectively.

(2) Summary of Significant Accounting Policies:

Government Accounting Standards Board (GASB) Statements No. 34, No. 37 and No. 38

Milwaukee County adopted the Government Accounting Standards Board Statement No. 34,*Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments,* for the year ended December 31, 2002. GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus* and GASB Statement No. 38, *Certain Financial Statement Note Disclosures* have also been implemented in the basic financial statements and accompanying notes. Implementation of GASB Statements No. 34, No. 37 and No. 38 had no monetary impact on the financial statements of the Retirement System. The accrual basis of accounting has been applied in both the current and comparative years, including the Notes to the Basic Financial Statements and the Required Supplementary Information.

Basis of Accounting –

The accompanying financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed and expenses are recorded when the corresponding liabilities are incurred.

Investments –

Investments, primarily stocks, bonds, certain government loans and mortgage-backed certificates, are stated at quoted fair value. Temporary cash investments are valued at cost, which approximates fair value. Investments in venture capital partnerships are valued at estimated fair value, as provided by the Retirement System's venture capital investment manager. Investment transactions are recorded on the trade date. Realized gains and losses are computed based on the average cost method.

	As of December 31	
	2002	2001
Domestic common and preferred stocks	$ 451,614,650	$ 513,203,272
Corporate bonds	423,424,044	495,527,533
International common and preferred stocks	210,934,409	211,810,318
Federal agency and mortgage-backed certificates	92,420,471	92,419,787
International fixed income	51,497,133	59,463,122
US Government, State & Local obligations	28,176,550	23,352,167
Real estate investment trusts	30,301,810	30,110,580
Venture capital	24,518,511	24,614,975
SBA loan-backed securities	117,422	134,786
Cash and cash equivalents	37,938,775	13,933,083
Total investments at cost	$1,350,943,775	$1,464,569,623

Valuation of International Securities –

Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts on the date of valuation. Purchases and sales of securities and income items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

Expenses –

Administrative expenses incurred by the County related to the Retirement System are payable by the Retirement System to the County. Such expenses totaled $1,017,500 and $774,526 in 2002 and 2001, respectively.

Use of Estimates –

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(3) Income taxes –

The Internal Revenue Service ruled on July 23, 2001, that the Plan was in compliance with Section 401(a) of the Internal Revenue Code (IRC), and, therefore, is a tax-qualified plan. The Retirement System has been subsequently amended. Management believes that the Plan continues to be in compliance with the IRC and maintains its tax-qualified status.

(4) Contributions Required and Contributions Made –

The Retirement System's funding policy provides for periodic County contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Payroll contribution rates are determined using the Aggregate Entry Age Normal method of funding. The Retirement System also uses the level percentage of payroll method to amortize the unfunded liability over a 20 year period. The significant actuarial assumptions used to compute the contribution requirements are the same as those used to compute the pension benefit obligation.

County contributions totaling $2,579,984 and $2,646,523 were recorded in 2002 and 2001, respectively, in accordance with amounts budgeted by the County. These contributions represent a percentage of the total actuarial required contribution using the Aggregate Entry Age Normal method of funding with normal cost computed as a level percentage of pay. See the Schedule of Employer Contributions in the Required Supplementary Information. The County's contributions to the Retirement System were 1.1% and 1.1% of annual covered payroll for 2002 and 2001, respectively.

The 2002 and 2001 contributions reflected in the accompanying statements were actuarially determined as of January 1, 2001 and 2000, respectively. These amounts were included in the County's 2002 and 2001 budgets. The unpaid portion of the 2002 and 2001 contributions are reflected as a contribution receivable by the Retirement System as of December 31, 2002 and 2001, respectively.

Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 9.0% and 8.5%, compounded annually, in 2002 and 2001, respectively, (b) projected salary increases averaging 5.5% per year compounded annually, attributed to inflation, seniority and merit, and (c) post-retirement benefit increases of 2.0% per year for both 2002 and 2001.

(5) Investments –

Investment Concentrations –

The Retirement System has the following investments (other than those issued or guaranteed by the U.S. Government) that represent 5 percent or more of the plan net assets at December 31, 2002:

- The Mellon Capital Management Employee Benefit Stock Index Fund of $78.741 million.
- The Mellon Capital Management Employee Benefit Market Completion Fund of $108.126 million.
- The Mellon Capital Management Employee Benefit Large Cap Growth Stock Index Fund of $68.410 million.
- The GMO International Intrinsic Value Fund III of $69.941 million.

Cash –

The following table presents the Retirement System's total deposits as of December 31, 2002:

	Schedule of Cash (in thousands of dollars)	
	Carrying Value	Bank Balance
Deposits with banks	$4,690	$7,257
Money market deposits held at bank	12,995	12,995
Total Deposits	$17,685	$20,252

The difference between the carrying values and bank balances are due to outstanding checks and deposits not yet processed by the bank.

Other Investments –

The following table presents the total investments held at December 31, 2002, categorized to give an indication of the level of risk assumed by the Retirement System. Investments not evidenced by securities are not categorized. The categories for investments are:

1. Insured or registered securities, or securities held by the custodian in the Retirement System's name.
2. Uninsured and unregistered, with the securities held by the custodian, in the Retirement System's name.
3. Uninsured and unregistered, with the securities held by the custodian, but not in the Retirement System's name.

The Retirement System does not hold any Category 2 or 3 investments.

The Retirement System's deposits have been categorized to give an indication of the level of custodial credit risk assumed. This risk categorization does not reflect market risk. The categories are:

1. Insured or collateralized with securities held by the Retirement System or by its agent in the Retirement System's name
2. Collateralized with securities held by the pledging financial institution's trust department or agent in the Retirement System's name
3. Uncollateralized or collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the Retirement System's name.

The Retirement System does not hold any Category 2 or 3 deposits.

Schedule of Investments and Deposits by Custodial Credit Risk

	Total Fair Value
Investments - Category 1	
Domestic and preferred common stocks	$ 412,610,738
Corporate bonds	431,962,518
International common and preferred stocks	181,694,831
Federal agency and mortgage-backed certificates	97,605,688
International fixed income	54,277,131
US Government Obligations	29,596,203
Real estate investment trusts	32,742,753
SBA loan-backed securities	117,423
TOTAL	$1,240,607,285
Investments - Not categorized	
Venture capital	$ 14,937,489
Deposits - Category 1	
Deposits	$ 37,995,385

Security Lending –

The Retirement System participates in a security lending program for the lending of corporate bonds, equity and government securities to qualified brokers. Collateral received for securities loaned consists primarily of cash. Other forms of collateral are letters of credit and government agency securities. Collateral for domestic issues is set at 102% of the fair value of the securities loaned at the time of the initial transaction. If the value falls to 100% of the fair value of the securities loaned, additional collateral is obtained to reestablish collateral at 102% of the fair value of the securities loaned. Collateral for international securities is maintained at a level of 105% of the fair value of securities loaned at all times. The net investment income earned on collateral is divided between the custodian, as a fee for its services under the program, and the Retirement System, according to agreed-upon rates. For 2002 and 2001, the net investment income realized from security lending was $261,326 and $375,067, respectively.

Securities loaned and the collateral held were as follows:

	As of December 31	
	2002	2001
Fair Value of Securities Loaned:	$97,262,742	$89,804,396
Fair Value of Collateral:	$100,052,518	$91,605,927
Percentage Collateral to Securities Loaned:	102.87%	102.01%

The collateral received from security lending transactions are recorded as assets at quoted fair value on the financial statement date. The Retirement System records an identical amount as a liability, representing the obligation of the Retirement System to return the collateral at the time the borrower of the Retirement System's securities returns those securities.

The collateral received from securities lending transactions includes cash of $93,820,258 and $87,026,904, U.S. Treasury securities of $2,147,154 and $ 4,461,459, and letters of credit of $4,085,106 and $117,563 for years ended December 31, 2002 and 2001, respectively. Under the terms of the securities lending agreement, the Retirement System has the right to sell or pledge the cash collateral. Non-cash collateral in the amount of $6,232,260 and $4,579,022 for years ended December 31, 2002 and 2001, respectively, is controlled by the custodian and, correspondingly, is not reflected in the Statement of the Plan Net Assets Available for Plan Benefits.

(6) Financial Instruments With Off-Balance Sheet Risks –

A currency forward is a contractual agreement between two parties to pay or receive amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. Forward commitments are entered into with the foreign exchange department of a bank located in a major money market. These transactions are entered into in order to hedge risks from exposure to foreign currency rate fluctuations. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the Retirement System records the amount receivable or payable at fair value, with the unrealized gain or loss reported as a component of net appreciation in fair value.

Unrealized gains on forward foreign exchange contracts at year-end were $180,020 and $618,036 for 2002 and 2001, respectively. At year-end, the Retirement System holds forward foreign exchange contracts in the Euro-currency, Japanese Yen, Canadian Dollar and the Mexican New Peso, primarily.

(7) Commitments and Contingencies –

The Retirement System is involved in litigation and certain other disputes arising during the normal course of operations. Management does not believe the settlement of such matters will have a material impact on the Retirement System's financial statements.

(8) OBRA 1990 Retirement System of the County of Milwaukee –

The County established the OBRA 1990 Retirement System of the County of Milwaukee (OBRA) to cover seasonal and certain temporary employees who are not enrolled in the Retirement System. Assets of the OBRA are commingled for investment purposes with the assets of the Retirement System. As the assets of the Retirement System are legally available to pay benefits of either the ERS or OBRA and all assets have been commingled, the Retirement System is considered a single plan for financial reporting purposes. Net assets identified for OBRA benefits as of December 31, 2002 and 2001, were as follows:

	(Unaudited)	
	2002	2001
Cash	$ –	$ 176
Contributions receivable from County	399,213	250,094
Assets held by Retirement System	274,919	412,139
Net assets available for benefits	$674,132	$662,409

Changes in net assets available for benefits for OBRA for the years ended December 31, 2002 and 2001, were as follows:

	(Unaudited)	
	2002	2001
Contributions from County	$274,972	$250,094
Investment income	(43,000)	(3,000)
Investment and administrative expenses	(141,818)	(109,857)
Benefits paid	(78,431)	(87,411)
Net increase in assets available for benefits	$11,723	$ 49,826

As of December 31, 2002 and 2001, respectively, there were 8,294 and 7,961 participants with vested benefits in OBRA. The actuarial accrued liability of OBRA at December 31, 2002 and 2001, was $2,049,981 and $1,890,289 , respectively, leaving net assets available less than the actuarial accrued liability of ($1,375,849) and ($ 1,227,880), respectively. These amounts are not reflected in the required supplementary information tables that follow the notes to the financial statements.

Required Supplementary Information

Schedule of Funding Progress
(in thousands of dollars)

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability–AAL (b)	Funded ratio (a/b)	(Overfunded) Unfunded AAL–UAAL (b-a)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
1/1/03	1,446,860	1,542,045	93.8%	95,185 *	234,679	40.6% **
1/1/02	1,620,157	1,492,072	108.6%	(128,085)*	238,387	(53.7%)**
1/1/01	1,670,601	1,499,261	111.4%	(171,340)*	238,195	(71.9%)**
1/1/00	1,622,710	1,336,573	121.4%	(286,137)*	230,324	(124.2%)**
1/1/99	1,562,824	1,211,563	129.0%	(351,261)*	215,091	(163.3%)**
1/1/98	1,442,016	1,213,254	118.9%	(228,762)*	209,974	(108.9%)**

* These amounts represent actuarial value of assets in excess of actuarial accrued liabilities.
** These percentages represent the amount of overfunded actuarial assets as a percentage of payroll.

Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded (overfunded) actuarial accrued liability in isolation can be misleading. Expressing plan net assets as a percentage of the actuarial accrued liability provides one indication of the Retirement System's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Retirement System. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids the analysis of the Retirement System's progress in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, or the larger the percentage, if negative, the stronger the Retirement System.

Schedule of Employer Contributions for the Year Ended December 31,

Fiscal Year	Annual Required Contribution (ARC)	Percentage Contributed
2002	8,528,477	30.3%
2001	8,586,443	30.8%
2000	629,279	100.0%
1999	2,756,636	100.0%
1998	10,816,807	100.0%
1997	12,942,084	100.0%

Notes to Required Supplementary Information

(1) Description –

The historical trend information is presented as required supplementary information. This information is intended to help users assess the Retirement System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

(2) Actuarial Assumptions and Methods –

The information presented in the required supplementary schedules was determined as part of the actuarial valuations as of January 1, 2003, for the plan year ending December 31, 2002. The actuarial valuations consider the changes effective January 1, 2003. Additional information as of the latest actuarial valuation follows:

Valuation date	1/1/03
Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level percent of payroll
Remaining amortization period	22 years
Asset valuation method	5-year moving average (unrealized); immediate recognition (realized)

Actuarial Assumptions:	
Investment rate of return	9.0%
Projected salary increases	5.5%
Mortality	The Sex-Distinct 1994 Uninsured Pensioner Table

(3) Significant Factors Affecting Trends in Actuarial Information –

2003 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Final Average Salary was changed to a three-year average for non-deputy sheriffs hired after January 1, 1982.

2002 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Increase in annual compensation limit to $200,000.
- Increase in maximum annual benefit limit to $160,000.
- Increase in discount rate to 9.0%.
- For purposes of computing the ARC by the County, the unfunded actuarial accrued liability of $(128,085,000) will be reamortized over a 20-year period ending December, 2020. The unfunded actuarial liability, as of January 1, 1996, was being amortized over a 40-year period ending December, 2035. Plan and assumption changes, as well as, actuarial gains and losses since January 1, 1996, were also being amortized through December, 2035. Effective January 1, 2002, future plan and assumption changes, as well as, actuarial gains and losses will be amortized over 20 years.

2001 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Increase in maximum annual benefit limit to $140,000.
- Except for represented deputy sheriff members, vesting was changed from ten years to five years for those hired after December 31, 1981.
- Except for represented deputy sheriff members, the accrued sick allowance will be paid in full by the County of Milwaukee upon retirement for those hired prior to January 1, 1994. Previously, a member received both a cash payment and pension service credit for a portion of the accrued sick allowance.
- Except for represented deputy sheriff members, those employees whose membership in the Employees' Retirement System began before January 1, 1982, or for a nonrepresented Deputy Sheriff, July 1, 1995, will receive a bonus added to their final average salary of 7.5% for each year of service credit earned after January 1, 2001 up to a maximum bonus of 25% of final average salary.
- Except for represented deputy sheriff members, those employees whose membership in the Employees' Retirement System began after December 31, 1981, or for a nonrepresented Deputy Sheriff, June 30, 1995, will have all service credited after January 1, 2001 with a 2% multiplier. Also, for each year of pension service earned after January 1, 2001, eight (8) years of service earned prior to January 1, 2001 will be credited with an additional .5% multiplier.
- Except for represented deputy sheriff members, a "back drop" payment option was established that will permit an employee to receive a lump-sum cash payment and a monthly pension benefit upon retirement. The lump-sum cash payment is the total of the monthly pension benefits, adjusted for COLA increases, that a member will be entitled to from a prior date (back drop date) to the date that the member terminates employment plus interest compounded monthly. The back drop date must be at least one year prior to the termination date and the member must be eligible to retire as of that date. The member will be entitled to a COLA adjusted monthly pension benefit as if the member had retired on the back drop date.
- Assumption that 25 percent of eligible retirees will elect to receive both a backdrop payment option and a monthly pension benefit upon retirement.
- Except for represented deputy sheriff members, beginning January 1, 2003, the pension benefit for employees who became members of the Employee's Retirement System after December 31, 1981 will be based upon a final average salary equal to the three highest consecutive years of earnings instead of the five highest consecutive years of earnings.

2000 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Increase in annual compensation limit to $170,000.
- Increase in maximum annual benefit limit to $135,000.
- Formula increased for Firefighters, DA Investigators and Nonrepresented Deputy Sheriffs.
- Revised mortality assumptions.

1999 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Salary Scale and Retirement Rates Assumptions were changed.

1998 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Military Service Credit was extended to pre-1985 retirees.
- Increased maximum annual benefit limit to $130,000.

1997 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- The formula was increased for Deputy Sheriffs hired from 1/1/82 to 6/30/95.
- Increased annual compensation limit to $160,000.
- Increased maximum annual benefit limit to $125,000.

TEN-YEAR HISTORICAL TREND INFORMATION

REVENUES BY SOURCE AND EXPENSES BY TYPE
(Unaudited)

Revenues by Source

Fiscal Year	Participant Contributions	County Contributions*	Investment Income (Loss)**	Total
2002	$436,682	$2,579,984	$(78,508,968)	$(75,492,302)
2001	265,567	2,646,523	(28,309,035)	(25,396,945)
2000	180,729	629,279	(14,726,721)	(13,916,713)
1999	140,834	2,756,636	243,675,430	246,572,900
1998	156,915	10,816,807	120,415,049	131,388,771
1997	130,253	12,942,084	256,829,536	269,901,873
1996	176,722	18,442,468	161,746,888	180,366,078
1995	314,544	20,309,361	275,737,913	296,361,818
1994	156,986	17,681,251	(22,637,446)	(4,799,209)
1993	341,700	17,403,247	136,561,001	154,305,948

Expenses by Type

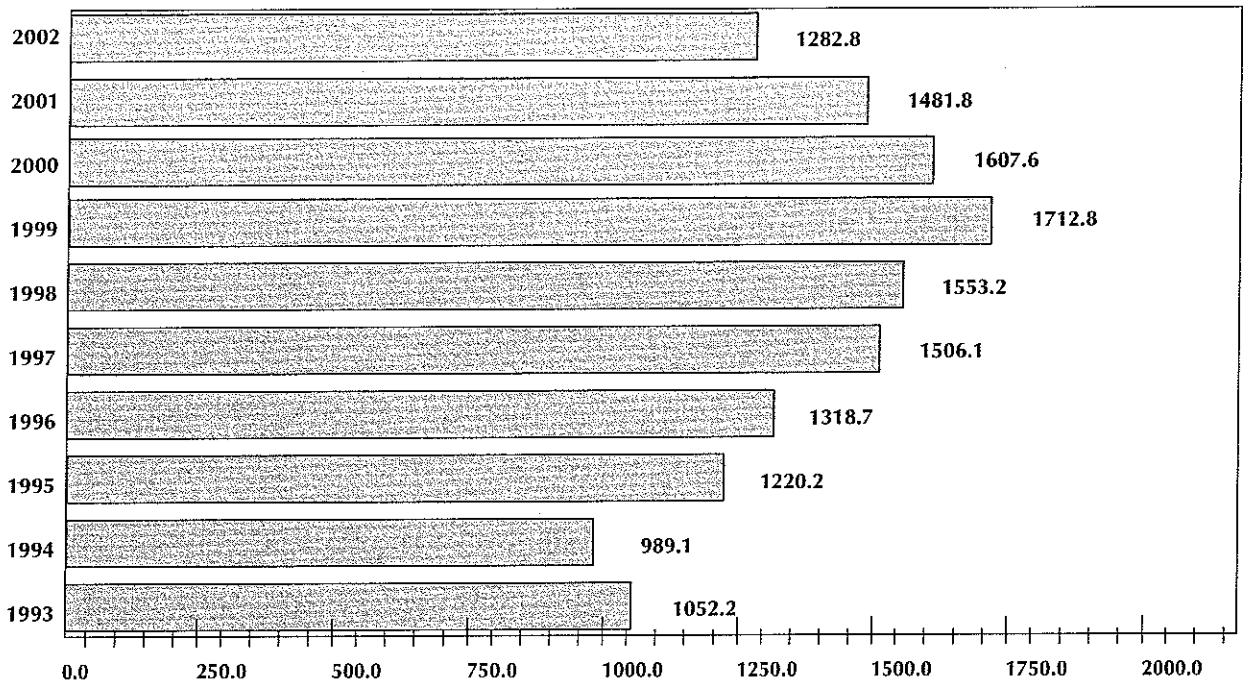
Fiscal Year	Benefits***	Investment and Administrative Expenses	Withdrawals	Total
2002	$118,078,160	$5,301,678	$30,230	$123,410,068
2001	94,842,239	5,389,064	233,732	100,465,035
2000	85,664,789	5,320,195	257,600	91,242,584
1999	82,022,948	4,966,393	16,866	87,006,207
1998	79,261,523	4,913,214	50,504	84,225,241
1997	77,831,307	4,651,792	53,967	82,537,066
1996	76,921,047	4,605,169	115,956	81,642,172
1995	61,333,535	3,825,400	123,464	65,282,399
1994	54,936,274	3,177,094	117,904	58,231,272
1993	52,373,826	2,826,743	317,907	55,518,476

*Contributions were made based upon actuarially determined contribution requirements, as well as additional contributions made at the discretion of the County Board.

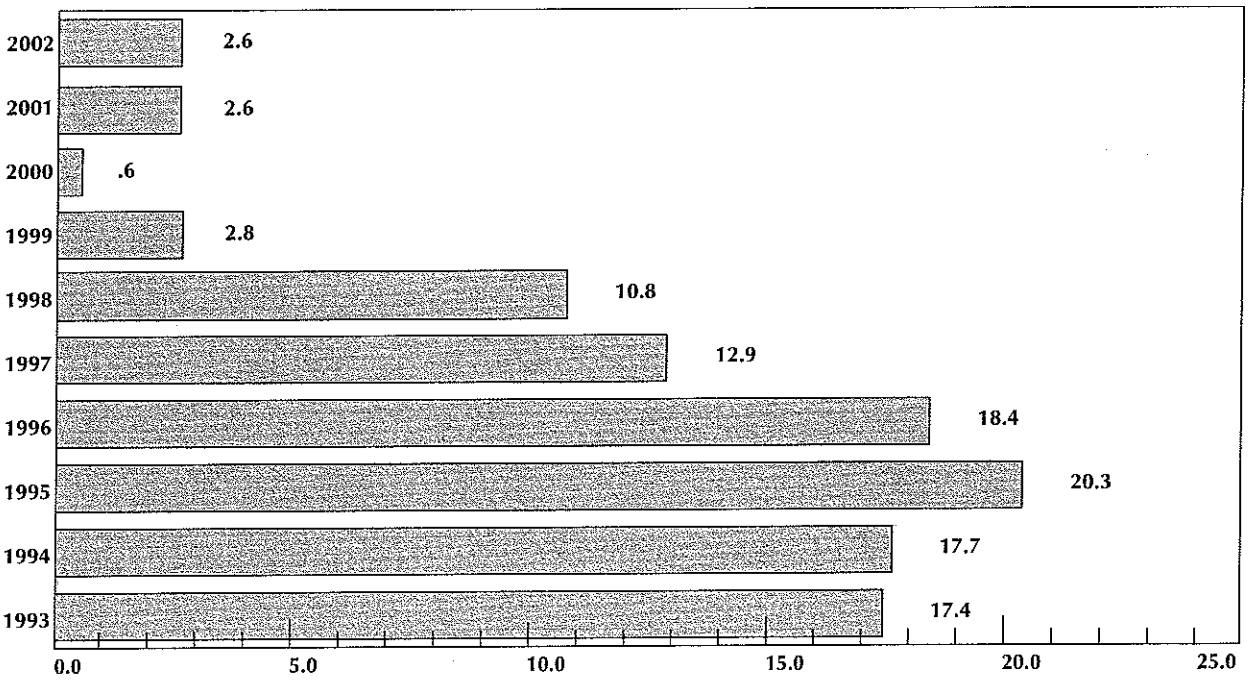
**Includes interest and dividends, net appreciation (depreciation) of fair value, net security lending income, and other income.

***Included in the benefits for years 2002 and 2001 are drop-back lump-sum payments in the amount of $23.0 million and $6.2 million, respectively.

NET FUND ASSETS
FAIR VALUES 1993-2002
(in millions of dollars)
(unaudited)



ACTUAL COUNTY CONTRIBUTIONS
(in millions of dollars)
(unaudited)



ACTIVE MEMBERSHIP STATISTICS (Unaudited)

	2002
Members as of January 1	7,404*
Changes During the Year:	
New enrollments	350
Transferred to nonvested inactive	(211)
Retirements	(350)
Withdrawals	(13)
Deaths in active service	(11)
Members as of December 31	7,169*

**This total includes vested inactive members.*

RETIREMENTS AND SURVIVORS (Unaudited)

	Retirements Granted								Survivors & Beneficiaries	Total
	Maximum Pension	Option								
		Refund	100%	75%	50%	25%	10-yr.	Other		
January 1, 2002	2,399	910	999	45	1,232	84	39	27	828	6,563
Changes During the Year:										
Retirements	149	7	73	18	45	42	13	3	0	350
Pensioner deaths	(105)	(57)	(41)	(1)	(52)	(2)	(1)	(1)	25	(235)
December 31, 2002	2,443	860	1,031	62	1,225	124	51	29	853	6,678

CONSULTANTS

as of December 31, 2002

Legal Advisors:

Milwaukee County
Corporation Counsel
Robert G. Ott

Reinhart, Boerner
& Van Deuren, S.C.
Milwaukee, Wisconsin

Foley & Lardner
Milwaukee, Wisconsin

Actuary:

William M. Mercer, Inc.
Milwaukee, Wisconsin

Disbursing Agent:

County Treasurer

Custodian/Securities Agent:

Mellon Trust
Boston, Massachusetts

Medical Board:

Medical Associates

Investment Consultant:

William M. Mercer
Investment Consulting, Inc.
Chicago, Illinois

Cash Management Manager:

Mellon Trust
Boston, Massachusetts

Standish Mellon Asset Management
Woburn, Massachusetts

Venture Capital Investment Managers:

Adams Street Partners, Inc.
Chicago, Illinois

Progress Investment Management Co.
San Francisco, California

Real Estate Investment Trusts Manager:

CRA Real Estate Securities
Radnor, Pennsylvania

Equity Investment Managers:

Ariel Capital Management Group, Inc.
Chicago, Illinois

Artisan Partners
Milwaukee, Wisconsin

Boston Partners Asset Management, Inc.
Boston, Massachusetts

Mellon Capital Management
Pittsburgh, Pennsylvania

US Bancorp Piper Jaffray Asset Management
Minneapolis, Minnesota

Westfield Capital Management Co., Inc.
Boston, Massachusetts

Fixed Income Investment Managers:

Loomis, Sayles & Company, Inc.
Boston, Massachusetts

Mellon Capital Management
Pittsburgh, Pennsylvania

Miller & Schroeder Small Business Capital Corp.
Milwaukee, Wisconsin

NCM Capital Management Group, Inc.
Durham, North Carolina

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Boston, Massachusetts

Employees' Retirement System of the County of Milwaukee

Actuarial Valuation Report as of January 1, 2002 for the Plan Year and Taxable Year Ending December 31, 2002

May 2002

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Highlights

This report has been prepared by Mercer Human Resource Consulting on behalf of plan participants by the County of Milwaukee (the "Plan Sponsor") to:

- Determine the funding calculation under the Employees' Retirement System of the County of Milwaukee (the "Plan") for the plan and tax fiscal year ending December 31, 2002;
- Present the results of a valuation of the Plan as of January 1, 2002; and
- Review experience under the Plan for the year ended December 31, 2001.

The following table summarizes important contribution information.

Contributions	Plan Year Ending	
	December 31, 2002	December 31, 2001
Funding Calculation	$ 8,528,477	$ 8,586,443

The total funding calculation for the year is $8,528,477. It is estimated that $548,625 will be contributed on a biweekly basis (including interest on the contributions). The actual amount contributed for the 2001 plan year was $2,646,523, representing 1.1% of membership payroll.

Following Year's Budget Contribution

The 2003 budget contribution is $20,500,216. It is estimated that $496,375 will be contributed on a biweekly basis and the lump sum due is $20,003,841.

Summary of Principal Valuation Results

A summary of principal valuation results from the current valuation and the prior valuation follows. Any changes in actuarial assumptions, methods, or plan provisions between the two valuations are described after the summary.

	Actuarial Valuation as of	
	January 1, 2002	January 1, 2001
Funding Valuation		
Actuarial Accrued Liability *Funded Ratio*	$ 1,492,071,562 108.58%	$ 1,499,260,769 111.43%
Actuarial Value of Assets	1,620,157,072	1,670,600,679
Unfunded Actuarial Accrued Liability *Percentage of Membership Payroll*	(128,085,510) (53.73)%	(171,339,910) (71.9)%
Normal Cost	$ 17,982,218	$ 18,232,202

Participant Data		
Number of Participants in Valuation		
Active Participants	6,077	6,318
Participants with Deferred Benefits	1,348	1,342
Participants Receiving Benefits	6,511	6,515
Total	**13,936**	**14,175**
Membership Payroll*	$ 238,387,178	$ 238,195,006

The liability measures shown above are developed throughout the report.

*Prior-year earnings increased by the salary assumption.

Changes

Plan Amendment

- This year's valuation reflects a required plan change increasing the maximum annual benefit from $140,000 to $160,000.

Actuarial Assumptions

The pension Board adopted the following changes effective January 1, 2002.

- The period of amortization for all plan changes, assumption changes and actuarial experience was changed to 20 years. All such future bases are amortized over 20 years from the date established.

- The investment return assumption was changed from 8.5% to 9.0%.

Certification

We have prepared an actuarial valuation of the Employees' Retirement System for the County of Milwaukee as of January 1, 2002 for the plan year ending December 31, 2002. The results of the valuation are set forth in this report, which reflects the provisions of the Plan effective December 24, 1967, incorporating amendments through January 1, 2002.

The valuation is based on employee and financial data which were provided by the County of Milwaukee and which are summarized in this report.

All costs, liabilities and other factors under the Plan were determined in accordance with generally accepted actuarial principles and procedures. In our opinion, the actuarial assumptions selected by the Pension Board are reasonable estimates of the anticipated experience under the Plan. This report fully and fairly discloses the actuarial position of the Plan on an ongoing basis.

We are available to answer any questions on the material contained in the report, or to provide explanations or further details as may be appropriate.

Dennis A. Skelly — Date: 5/23/2002

Dennis A. Skelly
Associate, Society of Actuaries
Enrolled Actuary No. 02-3209

Glenn W. Soderstrom — Date: 5/23/2002

Glenn W. Soderstrom
Fellow, Society of Actuaries
Enrolled Actuary No. 02-2873

Mercer Human Resource Consulting
411 E. Wisconsin Avenue, Suite 800
Milwaukee, Wisconsin 53202-4417
(414) 223 4200

Section 1: Funding Results

Section 1.1 The unfunded actuarial accrued liability as of the valuation date.

Section 1.2 A development of the actuarial gain or loss during the year.

Section 1.3 The normal cost as of the valuation date.

Section 1.4 The determination of the contribution recommendations, including the actual and budgeted contributions.

Section 1.5 The actuarial present value of accrued benefits as of the valuation date.

Unfunded Actuarial Accrued Liability

The actuarial accrued liability is the present value of projected plan benefits allocated to past service by the actuarial funding method being used.

	January 1, 2002	January 1, 2001
1. Actuarial Accrued Liability		
a. Active Participants		
Retirement Benefits	$ 537,686,828	$ 551,058,430
Withdrawal Benefits	8,693,210	11,940,927
Disability Benefits	30,759,304	32,672,953
Death Benefits	3,049,862	3,243,293
Total	580,189,204	598,915,603
b. Participants with Deferred Benefits	48,359,493	47,209,402
c. Participants Receiving Benefits	863,522,865	853,135,764
d. Actuarial Accrued Liability *(a. + b. + c.)*	1,492,071,562	1,499,260,769
2. Actuarial Value of Assets	1,620,157,072	1,670,600,679
3. Unfunded Actuarial Accrued Liability *(1.d. – 2.)*	**$ (128,085,510)**	**$ (171,339,910)**

Actuarial Gain/(Loss)

The actuarial gain/(loss) is comprised of both the liability gain/(loss) and the actuarial asset gain/(loss). Each of these represents the difference between the expected and actual values as of January 1, 2001.

1. Expected Actuarial Accrued Liability	
a. Actuarial Accrued Liability at January 1, 2001	$ 1,499,260,769
b. Normal Cost at January 1, 2001	18,232,202
c. Interest on *a.* + *b.* to End of Year	128,986,903
d. Benefit Payments for Plan Year Ending December 31, 2001, with Interest to End of Year	99,116,701
e. Expected Actuarial Accrued Liability Before Change *(a. + b. + c. – d.)*	1,547,363,173
f. Change in Actuarial Accrued Liability at January 1, 2002, Due to Change in Plan Provisions and Actuarial Assumptions	(71,619,398)
g. Expected Actuarial Accrued Liability at January 1, 2002 *(e. + f.)*	1,475,743,775
2. Actuarial Accrued Liability at January 1, 2002	1,492,071,562
3. Liability Gain/(Loss) *(1.g. – 2.)**	(16,327,787)
4. Expected Actuarial Value of Assets	
a. Actuarial Value of Assets at January 1, 2001	1,670,600,679
b. Interest on *a.* to End of Year	142,001,058
c. Contributions Made for Plan Year Ending December 31, 2001	2,646,523
d. Interest on *c.* to End of Year	1,831
e. Benefit Payments for Plan Year Ending December 31, 2002 with Interest to End of Year	99,116,701
f. Expense Reimbursed from Trust to the County	780,362
g. Expected Actuarial Value of Assets January 1, 2002 *(a. + b. + c. + d. – e – f.)*	1,715,353,028
5. Actuarial Value of Assets as of January 1, 2002	1,620,157,072
6. Actuarial Asset Gain/(Loss) *(5. – 4.g.)*	(95,195,956)
7. Actuarial Gain/(Loss) *(3. + 6.)*	**$ (111,523,743)**

* The $16,327,787 liability loss is comprised of a loss of $10,516,557 due to salary increases higher than expected and a loss of $5,811,230 due to the net population change.

Normal Cost

	January 1, 2002	January 1, 2001
1. Present Value of Projected Benefits		
a. Active Participants		
Retirement Benefits	$ 655,665,074	$ 675,918,144
Withdrawal Benefits	26,498,376	31,580,686
Disability Benefits	40,255,211	42,725,794
Death Benefits	4,995,181	5,417,854
Total	727,413,842	755,642,478
b. Participants with Deferred Benefits	48,359,493	47,209,402
c. Participants Receiving Benefits	863,522,865	853,135,764
d. Total	1,639,296,200	1,655,987,644
2. Actuarial Value of Assets	1,620,157,072	1,670,600,679
3. Unfunded Actuarial Accrued Liability	(128,085,510)	(171,339,910)
4. Present Value of Future Normal Costs *(1.d. – 2. – 3.)*	147,224,638	156,726,875
5. Present Value of Future Salaries	1,946,462,476	2,041,241,480
6. Normal Cost Rate *(4. ÷ 5.)*	7.564%	7.678%
7. Expected Salaries	237,734,236	237,460,296
8. Normal Cost *(6. × 7.)*	**$ 17,982,218**	**$ 18,232,202**

Contributions

The County of Milwaukee has adopted the policy developed below for funding and accounting for pension expenses. The County's policy and the amounts required for the plan year ending December 31, 2002 are shown below.

A. Actual Funding Calculation

The actual funding calculation consists of the amortization of the unfunded actuarial liability plus the normal cost.

1. Net Annual Amortizations *(SECTION 1.4D)*	$ (11,072,141)
2. a. Normal Cost	17,982,218
b. Interest to December 31, 2002	1,618,400
c. Normal Cost with Interest	19,600,618
3. Total Funding Calculation, End-of-Year Basis *(1. + 2c., not less than zero)*	$ 8,528,477

B. Funding Budget Policy

	Plan Year Ending	
	December 31, 2003	December 31, 2002
1. Net Annual Amortizations	$ 245,307	$ (19,135,525)
2. a. Normal Cost	18,582,485	17,057,949
b. Interest	1,672,424	1,535,215
c. Normal Cost with Interest	20,254,909	18,593,164
3. Total Funding Budget Policy, End-of-Year Basis *(1. + 2.c., not less than zero)*	$ 20,500,216	$ 0

C. Projected Lump-Sum Contribution For Year

	Plan Year Ending	
	December 31, 2003	December 31, 2002
1. Total Funding Policy Budget	$ 20,500,216	$ 0
2. a. Estimated Biweekly Contribution	475,000	525,000
b. Interest	21,375	22,313
c. Biweekly Contribution with Interest	496,375	547,313
3. Net Funding Policy Budget *(1. - 2.c., not less than zero)*	$ 20,003,841	$ 0

D. Amortization Schedule for Funding Calculation (continued)

Annual amortizations payments of the reestablished unfunded actuarial accrued liability and changes to the unfunded actuarial accrued liability arising from plan changes, assumption changes and actuarial gains/losses are amortized as a level percentage of payroll, assuming payroll growth of 5.5% per year over a 20-year period. Expenses paid by the County and reimbursed by the Trust are amortized on a level dollar basis over 10 years. The variance between the actual contribution for the year and the contribution for the year to maintain the funding schedule is amortized on a level dollar basis over 5 years.

	Amortization Period			Balances		
Charges	**Date Created**	**Initial Years**	**Last Payment**	**Initial**	**Outstanding**	**Payment**
Expense	1/1/1997	10	2006	$ 689,121	$ 413,878	$ 106,405
Expense	1/1/1998	10	2007	739,537	513,241	114,412
Expense	1/1/1999	10	2008	710,319	554,120	110,098
Expense	1/1/2000	10	2009	655,908	563,724	101,850
Expense	1/1/2001	10	2010	799,202	745,329	124,320
Expense	1/1/2002	10	2011	780,362	780,362	121,596
Variance	1/1/2002	5	2006	5,938,089	5,938,089	1,526,638
Total					**$ 9,508,743**	**$ 2,205,319**
Credits	**Date Created**	**Initial Years**	**Last Payment**	**Initial**	**Outstanding**	**Payment**
Variance	1/1/1998	5	2002	2,370,494	554,425	604,323
Variance	1/1/1999	5	2003	6,507,384	2,924,733	1,662,620
Variance	1/1/2000	5	2004	5,061,294	3,280,343	1,295,915
Variance	1/1/2001	5	2005	828,375	688,574	212,541
Reestablished Unfunded	1/1/2002	20	2021	130,146,178	130,146,178	9,502,061
Total					**$ 137,594,253**	**$ 13,277,460**
Net Amount					**$ (128,085,510)**	**$ (11,072,141)**

E. Summary of Reconciliation of Budget Contributions

I. 2002 Funding Budget (Calculated in 2001)		**$ (542,361)**
a. Impact of Investment Return		
i. 2001 Asset Loss	$ 4,309,538	
ii. Recognition of Losses Over Previous 5 Years	5,208,257	
iii. 2002 Contribution Variance	1,499,582	
iv. Subtotal		11,017,377
b. Impact of Plan Changes		
i. 3-year Final Average Salary	1,080,936	
ii. Recognition of 2002 Retirees	879,151	
iii. Backdrop Utilization Assumption	2,019,411	
iv. IRS Law Change	464,613	
v. 2001 Contribution Variance	1,404,929	
vi. Resetting Normal Cost Multiplier at 2%	1,138,213	
vii. Subtotal		6,987,253
c. Other Factors		
i. Projected Growth Due to Level Percentage	1,284,402	
ii. New Entrants	910,707	
iii. Demographic Experience	842,838	
iv. Subtotal		3,037,947
II. 2003 Funding Budget		**$ 20,500,216**

GASB Nos. 25 and 27 Disclosure

A. Equivalent Single Amortization Period

Shown below is the derivation of the equivalent single amortization period of the unfunded calculated in accordance with GASB Statement Nos. 25 and 27. The maximum allowable amortization period is 40 years (30-years effective January 1, 2007).

	January 1, 2002	January 1, 2001
1. Covered Payroll	$ 238,387,178	$ 238,195,006
2. Unfunded Amount	(128,085,510)	(171,339,910)
3. Amortization Payment	(11,072,141)	(11,195,496)
4. Payment as a Level Percentage of payroll *(3 ÷ 1)*	(4.64%)	(4.70%)
5. Weighted Average Amortization Factor *(2 ÷ 3)*	11.57	15.3
6. Equivalent Single Amortization Period (Nearest Whole Year)	16	22

Section 2: Plan Assets

This section presents information regarding plan assets as reported by the plan administrator. The plan assets represent the portion of total plan liabilities which has been funded as of the valuation date.

Section 2.1 Summary of Assets.

Section 2.2 Reconciliation of Assets.

Section 2.3 Actuarial Value of Assets.

Section 2.4 Contributions for Prior Plan Year.

Summary of Assets

Asset Category	Market Value as of December 31, 2001
1. Cash and Equivalents	$ 13,929,450
2. General Investments	
▪ Common Stock (Domestic)	549,986,363
▪ International Common and Preferred Stock	199,677,824
▪ Federal Agency Mortgages/Loans	94,016,805
▪ U.S. Government Obligations	23,097,464
▪ Corporate Bonds	495,879,424
▪ International Fixed Income	60,746,039
▪ Real Estate Investment Trusts	33,159,319
▪ SBA Loan Backed Securities	134,786
▪ Investment in Partnerships	16,673,617
▪ Total Investments	1,473,371,641
3. Securities Lending - Collateral	91,605,927
4. Receivables	
▪ Accounts Receivable	26,945,581
▪ Investment Income	8,582,093
5. Payables	
▪ Payable to OBRA Pension Plan	662,409
▪ Accounts Payable	134,359,725
6. Net Assets in the Trust *(1. + 2. + 3. + 4. – 5.)*	1,479,412,558
7. Contributions Receivable	2,370,618
8. Net Assets Available for Benefits *(6. + 7.)*	**$ 1,481,783,176**

Reconciliation of Assets

Transactions	January 1, 2001 to January 1, 2002
Income	
1. Contributions Received or Receivable	
▪ County of Milwaukee	$ 2,646,523
▪ Plan Participants	265,567
2. Investment Earnings	
▪ Unrealized Gains/(Losses)	(107,408,692)
▪ Realized Gains/(Losses)	22,635,949
▪ Interest and Dividends	55,555,759
▪ Security Lending Income	3,478,739
▪ Unclassified Income	532,883
▪ Security Lending Rebates & Fees	(3,103,672)
▪ Investment Expense	(4,195,202)
3. Other Income	0
4. Total Income	**$ (29,592,146)**
Disbursements	
5. Benefit Payments	$ 95,075,972
6. Administrative Expenses	1,193,862
7. Total Disbursements	**96,269,834**
8. Net Income *(4. – 7.)*	**(125,861,980)**
9. Net Assets at Beginning of Year	1,607,645,156
10. Net Assets at End of Year *(8. + 9.)*	**$ 1,481,783,176**

Actuarial Value of Assets

1.	Market Value of Assets, December 31, 2001		$ 1,481,783,176
2.	Less 80% of Unrealized Gains and Losses in 2001:	$ (107,408,692)	(85,926,954)
3.	Less 60% of Unrealized Gains and Losses in 2000:	$ (163,597,647)	(98,158,588)
4.	Less 40% of Unrealized Gains and Losses in 1999:	$ 151,693,413	60,677,365
5.	Less 20% of Unrealized Gains and Losses in 1998:	$ (74,828,595)	(14,965,719)
6.	Actuarial Value of Assets, December 31, 2001 *(1. – 2. – 3. – 4. – 5.)*		**$ 1,620,157,072**

As of	Market Value	Actuarial Asset Value	Estimated Rate of Return		Assumed Rate of Return
			Market	Actuarial	
12/31/1997	$ 1,506,074,230	$ 1,442,015,740	19.8%	19.6%	8.5%
12/31/1998	1,553,237,760	1,562,823,526	7.9	13.5	8.5
12/31/1999	1,712,804,453	1,622,710,113	15.8	9.1	8.5
12/31/2000	1,607,645,156	1,670,600,679	(1.2)	8.4	8.5
12/31/2001	1,481,783,176	1,620,157,072	(2.2)	2.6	8.5
Compound Rate of Return (5 years):			7.7%	10.5%	

Contributions for Prior Plan Year

	Amount							
	Employer		Employee		Interest		Total	
Bi-weekly	$	2,646,543	$	265,567	$	1,831	$	2,913,921
Total	**$**	**2,646,523**	**$**	**265,567**	**$**	**1,831**	**$**	**2,913,921**

Section 3: Basis of Valuation

This section presents and describes the basis of the valuation. The census of participants, actuarial basis and provisions of the Plan are the foundation of the valuation, since these are the present facts on which the projection of benefit payments will depend. The valuation is based on the premise that the Plan will continue in existence.

Section 3.1 The participant data used for the actuarial valuation.

Section 3.2 The actuarial funding method, procedures, and actuarial assumptions.

Section 3.3 The plan provisions valued in the actuarial valuation.

Plan Participants

A. Participant Data Reconciliation

	Active Participants	Inactive Participants		Total
		With Deferred Benefits	Receiving Benefits	
Total at January 1, 2001	**6,318**	**1,342**	**6,515**	**14,175**
Vested Terminations	(50)	50	N/A	0
Nonvested Terminations	(508)	N/A	N/A	(508)
Retirements	(128)	(37)	165	0
Deaths, Expiration of Benefits, and Incorrectly Reported	(4)	(2)	(169)	(175)
Rehires	98	(5)	0	93
New Entrants	351	N/A	N/A	351
Net Change	(241)	6	(4)	(239)
Total at January 1, 2002	**6,077**	**1,348**	**6,511**	**13,936**

B. Count of Active Participants at January 1, 2002

General Employees

	Years of Service									
Age	**0 - 4**	**5 - 9**	**10 - 14**	**15 - 19**	**20 - 24**	**25 - 29**	**30 - 34**	**35 - 39**	**40+**	**Total**
Under 20										**0**
20 – 24	95									**95**
25 – 29	259	10								**269**
30 - 34	286	78	30	5						**399**
35 - 39	213	137	168	40	4					**562**
40 - 44	211	133	249	140	60	1				**794**
45 - 49	161	153	285	210	194	63	1			**1,067**
50 - 54	107	127	248	164	216	220	57	1		**1,140**
55 - 59	66	75	140	118	86	94	100	9		**688**
60 - 64	26	35	87	42	40	20	21	14		**285**
65 - 69	4	12	23	13	15	5	3	1		**76**
70 - 74		2	1	2	1	2				**8**
75+		1	2	1		1				**5**
Total	**1,428**	**763**	**1,233**	**735**	**616**	**406**	**182**	**25**	**0**	**5,388**

B. Count of Active Participants at January 1, 2002 (continued)

Deputy Sheriffs

	Years of Service									
Age	**0 - 4**	**5 - 9**	**10 - 14**	**15 - 19**	**20 - 24**	**25 - 29**	**30 - 34**	**35 - 39**	**40+**	**Total**
Under 20										**0**
20 - 24	21									**21**
25 - 29	69	20								**89**
30 - 34	75	90	5							**170**
35 - 39	18	57	39	5						**119**
40 - 44	10	21	29	15	4					**79**
45 - 49	1	10	27	22	27	7				**94**
50 - 54	1	7	8	13	20	12	1			**62**
55 - 59			2	4	6	9	2			**23**
60 - 64							1			**1**
65 - 69										**0**
70 - 74										**0**
75+										**0**
Total	**195**	**205**	**110**	**59**	**57**	**28**	**4**	**0**	**0**	**658**

B. Count of Active Participants at January 1, 2002 (continued)

Elected Officials

	Years of Service									
Age	**0 - 4**	**5 - 9**	**10 - 14**	**15 - 19**	**20 - 24**	**25 - 29**	**30 - 34**	**35 - 39**	**40+**	**Total**
Under 20										**0**
20 - 24										**0**
25 - 29										**0**
30 - 34										**0**
35 - 39	1	3								**4**
40 - 44		2	1							**3**
45 - 49		5	1		1	1				**8**
50 - 54		2	1			1	1			**5**
55 - 59	2	2		1	2					**7**
60 - 64					1		2			**3**
65 - 69								1		**1**
70 - 74										**0**
75+										**0**
Total	**3**	**14**	**3**	**1**	**4**	**2**	**3**	**1**	**0**	**31**

C. Participant Statistics

Inactive Participants as of January 1, 2002	Number	Amount of Monthly Benefit
Participants Receiving Benefits	6,511	$ 7,475,117
Participants with Deferred Benefits	1,348	$ 774,207

Statistics for Active Participants	Number	Average Age	Average Service	Average Compensation*
As of January 1, 2001				
Total	6,318	44.6	12.1	$ 37,701
As of January 1, 2002				
Total	6,077	45.3	12.7	$ 39,228

*Prior-year earnings increased by the salary assumption.

Actuarial Basis

A. Aggregate Entry Age Normal Method

Liabilities and contributions shown in this report are computed using the aggregate entry age normal method of funding.

The objective under this method is to fund all benefits under the Plan in installments which are level as a percentage of the group's aggregate salary, starting at the original participation dates (or employment date), and continuing until the assumed retirement, terminations, disabilities or deaths.

At the time the funding method is introduced, there will be a liability which represents the contributions which would have been accumulated if this method of funding had always been used. The difference between this frozen initial liability and the assets (if any) which are held in the fund is the unfunded actuarial accrued liability, which is typically funded over a chosen period in accordance with an amortization schedule.

A detailed description of the calculation follows:

- The **normal cost** is determined by applying to earnings an aggregate level percentage of salary which, if contributed each year, is sufficient to provide the full value of the benefits expected to be payable.

- The **present value of future normal costs** is the total of the discounted values of all active participants' normal costs, assuming these to be paid in each case from the valuation date until retirement (termination, disability or death) date.

- The **present value of projected benefits** is calculated as the value of all benefit payments expected to be paid to the plan's current participants, including active and retired members, beneficiaries, and terminated members with vested rights.

- The **actuarial accrued liability** is the excess of the present value of projected benefits over the present value of future normal costs.

- The **unfunded actuarial accrued liability** is the excess of the actuarial accrued liability over the assets of the fund.

B. Valuation of Assets

The actuarial asset value is a five-year moving average where 20% of the prior four years' unrealized gains/losses are annually recognized.

C. Valuation Procedures

- Financial and Census Data: Financial data and participant data as submitted by the plan sponsor without further audit. This information is not customarily verified by a plan's actuary. The information was reviewed for internal consistency.
- No benefits are projected to be greater than the limitation currently imposed by Section 415(b)(1) of the Internal Revenue Code as applied to governmental plans.
- No actuarial accrued liability is held for nonvested, inactive participants who have a break in service, or for nonvested participants who have quit or been terminated, even if a break in service had not occurred as of the valuation date.

D. Actuarial Assumptions

Economic	
Investment Return	▪ 9.0% per year compounded annually. Investment return is assumed to be net of investment management expense.
Salary Increases	Averages 5.5% per year compounded annually. See table on following page for sample values.
Mortality	a. Active participants and nondisabled pensioners: The sex-distinct 1994 Uninsured Pensioner Table. b. Disabled pensioners: 1985 Unisex Pension Disability Mortality Table.
Disability	Graduated rates. See table on following page for sample values.
Withdrawal	Graduated rates. Select and ultimate based on duration of service. See tables on following pages for sample values.
Retirement Age	See table on following page.
Percentage Married	▪ Males 80% ▪ Females 80%
Age Difference	Beneficiaries are assumed to be the same age as the participant.
Backdrop	25% of retirees are assumed to elect a Backdrop of 3 years but not earlier than participant's earliest full retirement date.

D. Actuarial Assumptions (continued)

	Table of Sample Rates						
	Percentage						
	Mortality				Withdrawal - Ultimate		
	Healthy		Disabled				
Attained Age	Males	Females	Males	Females	General	Elected*	Deputy Sheriffs
20	0.05	0.03	.02	.02	9.81	4.50	4.50
25	0.07	0.03	.03	.03	9.58	4.48	4.48
30	0.09	0.04	.07	.07	9.01	4.23	4.23
35	0.09	0.05	.12	.12	7.15	3.00	3.00
40	0.12	0.08	.18	.18	5.15	1.24	1.24
45	0.17	0.10	.20	.28	3.72	0.55	0.55
50	0.28	0.15	.48	.48	2.73	0.22	0.22
55	0.48	0.25	.87	.87	1.84	0.00	0.00
60	0.86	0.48	1.38	1.38	0.00	0.00	0.00
65	1.56	0.93	0.00	0.00	0.00	0.00	0.00

* Select rates for elected officials assume no turnover for first four years.

Sample Annual Rates per 100 Participants					
Employment	Separation - Select Rates General Employees				
Age	0	1	2	3	4
20	12.5	7.5	7.0	9.0	10.0
25	12.2	6.3	6.5	8.4	9.4
30	11.4	6.0	6.3	7.4	8.4
35	10.7	6.0	6.3	6.7	7.4
40	10.2	6.0	6.0	6.2	6.1
45	9.7	6.0	6.0	5.7	5.2
50	9.2	6.0	5.8	5.2	4.4
55	8.7	5.2	4.8	4.4	3.4
60	0.0	0.0	0.0	0.0	0.0

D. Actuarial Assumptions (continued)

Retirement Rates			
Age	**General**	**Deputy Sheriffs**	**Elected**
45	0%	1%	0%
46	0	1	0
47	0	1	0
48	0	1	0
49	0	1	0
50	2	1	0
51	2	2	0
52	2	3	0
53	2	5	0
54	2	10	0
55	10	15	0
56	10	15	7
57	10	15	7
58	15	15	7
59	15	15	7
60	20	75	20
61	20	75	20
62	30	80	45
63	25	50	30
64	25	50	30
65	35	100	40
66	30	100	30
67	30	100	30
68	30	100	30
69	30	100	30
70	100	100	100

D. Actuarial Assumptions (continued)

Earnings Progression			
Age	**General**	**Deputy Sheriffs**	**Elected**
20	8.2%	9.7%	4.5%
25	5.9	7.4	4.5
30	5.5	7.1	4.5
35	5.2	6.7	4.5
40	4.7	6.3	4.5
45	4.5	6.0	4.5
50	4.2	5.7	4.5
55	3.9	5.4	4.5
60	3.8	5.3	4.5

Summary of Plan Provisions

Plan Name	Employees' Retirement System of the County of Milwaukee.
Effective Date	December 24, 1967.
Type of Plan	Municipal retirement system administered by the Pension Board.
Employer	County of Milwaukee.
Employees Included	Any person regularly employed by the County at an annual wage or salary payable at stated intervals, including any person employed by the State of Wisconsin and who receives part of his compensation from the County.
Service Considered	Service during period of employment in the County or in any department in any town, village, city or metropolitan sewerage commission in the County, which department has by consolidation or merger been absorbed by the County. Creditable service shall consist of "prior service," "military service," and "membership service," for which service credit is allowable under Section 4, Chapter 201, Laws of 1937, as well as service under Executive Order 11231, July 8, 1965, for Vietnam. Additional credit for periods of military service will be earned in accordance with the following chart: Years of Service with Milwaukee County / Maximum Years of Military Service Granted 0 – 4 / 0 5 – 9 / 1 10 – 14 / 2 15 – 19 / 3 20+ / 4
Benefit Service	Used in determining the amount of benefits. Same as Vesting Service except service prior to becoming a Participant does not count.

Summary of Plan Provisions *(continued)*

Earnings Considered	Earnable compensation is the full rate of compensation payable to a member if he worked the full normal working time for his position, including authorized overtime payments and the compensation rate assumed to have been received while the member is on authorized leave of absence. In cases where compensation includes maintenance, the Pension Board shall fix the value of that part of the compensation not payable in money. Compensation shall not exceed $150,000 in the pension calculation as indexed for changes in the cost of living. For members hired before January 1, 1982, the final average salary means the average annual earnable compensation for the highest three (3) consecutive calendar years of creditable service during which the member's earnable compensation was the highest, or if he should have less than three years of creditable service, then his average annual earnable compensation during his credited service. For non-sheriff members hired before January 1, 1982, the final average salary is increased 7.5% for each year worked after January 1, 2001, to a maximum of 25%. For members whose continuous membership began after January 1, 1982, the average annual earnable compensation shall be the highest five (5) consecutive calendar years.
County Contributions	County contributions shall be at least as great as the required amounts, actuarially determined and certified to the County Board of Supervisors by the Pension Board, which will become due and payable to the fund of the Retirement System during the year next following determination.
Voluntary Employee Contributions	Up to 10% of earnings, providing the employee was contributing on January 1, 1971.

Summary of Plan Provisions *(continued)*

Normal Pension	Payable upon request of any member who has attained the minimum service and retirement age. a. The minimum age and service requirements: (1) For general employees and elected officials: Age 60 and any service. (2) For non-union general employees and certain union general employees: The combination of age and service adding up to 75. (3) For deputy sheriffs: Age 57 and any service or age 55 and 15 years of service or the combination of age and service adding up to 75. For deputy sheriffs hired after February 28, 1991, the combination of age and service adding up to 75 does not apply. (4) For all members: Age 55 and 30 years of service. b. The benefit is the sum of: (1) Pension portion, plus (2) Any voluntary contribution. c. The pension portion retirement allowance is: (1) (a) For general employees whose continuous membership began prior to January 1, 1982 – 2% of final average salary per year of service. (b) For those general employees whose membership began on or after January 1, 1982– 1.5% of final average salary per year of service. (c) For firefighters whose membership began prior to January 1, 1999 – 1.5% of final average salary per year of service. (d) For DA investigators and non-represented deputy sheriffs whose membership began on or after January 1, 1982 and prior to July 1, 1995 – 2 ½% of final average salary per year of service. (e) For the elected officials and deputy sheriffs whose membership began prior to January 1, 1982 – 2-1/2% of final average salary per year of service. (f) For elected officials whose membership began on or after January 1, 1982 – 2% of final average salary per year of service. (g) For those deputy sheriffs whose membership

Summary of Plan Provisions *(continued)*

	began on or after January 1, 1982 but before July 1, 1995 – 2-1/2% of final average salary per year of service. (h) For those deputy sheriffs whose membership began on or after July 1, 1995 – 2% of final average salary per year of service. (2) For non-sheriff employees whose membership began on or after January 1, 1982, the benefit multiplier is increased 0.5% per year of service accrued after January 1, 2001 and per eight years of pre-2001 service for each year worked after January 1, 2001 (prorated for fractional years). d. The maximum pension shall be 80% of final average salary plus any adjustment for automatic increase to retired employees.
Early Pension	Age 55 and 15 years of service reduced by 5/12 of 1% for each month payment starts preceding normal retirement age.
Ordinary Disability Pension	After 15 years of creditable service. Benefit computed as for normal retirement benefits. Minimum benefit 25% of final salary.
Accidental Disability Pension	Same as normal retirement benefit if the employee has attained the minimum service retirement age. If less than normal retirement age at time of disability, the benefit is computed as for normal retirement but is not less than 60% of final average salary.
Ordinary Death Benefit	A death benefit is payable to the estate of designated beneficiary of an active member who dies due to any cause other than an accident in the actual performance of duty, provided no other survivor benefits are payable. Benefit is equal to the member's accumulated mandatory contribution account, plus a lump-sum payment is limited to $2,000.

Summary of Plan Provisions *(continued)*

Accidental Death Benefit	Upon the death of a deputy sheriff resulting from an accident in the actual performance of duty, a pension is payable to his widow to continue during her widowhood; or if there is no widow or if his widow dies or remarries before his youngest child has attained age 18, then the pension is payable to his child or children under age 18 until the youngest child attains said age; or if neither widow nor children survive, it is payable to his dependent father or mother to continue for life. In the event of the accidental death of a deputy sheriff, his accumulated contributions are returned to his estate or designated beneficiary, and, in addition, a pension of one-half of his final average salary is payable to his beneficiary as described above. Any benefit payable on account of such accidental death under any state workers' compensation law or any law of the United States is offset against the pensions allowable under the provisions of the Retirement System.
Deferred Vested Pension	Upon termination of employment, a member who does not elect to withdraw any part of his membership account shall be eligible for a deferred vested pension if: a. The accrued pension at age 60 is at least $10 per month. b. He has at least 5 years of service. The benefit is computed the same as for a normal pension considering earnings and service prior to date of termination.
Survivor Benefit	Upon the death of a member prior to age 60 and after the completion of one year of service, a monthly pension equal to 40% of the member's monthly salary less the survivor's benefits payable under the Social Security law shall be payable to his surviving dependent spouse for as long as there is at least one dependent child. Upon attainment of age 60 the dependent spouse shall receive 50% of the normal pension which the member would have received considering service to age 60 and the final average earnings determined at death. In addition, each child of the deceased member shall be eligible for a monthly pension equal to 10% of the member's monthly salary until he attains age 18 or marries; or if he is a student and not married, until he attains age 22. The total survivor's pension may not exceed 90% of the member's monthly salary less the survivor's benefits payable under the Social Security law.

Summary of Plan Provisions *(continued)*

Optional Benefits	In lieu of the full retirement allowance, any member at retirement may elect to receive an equivalent reduced retirement allowance with the provision that: Option 1. In case of death before benefits attributable to his mandatory account have equaled the amount of his membership account at the date of retirement, the balance shall be paid to a designated beneficiary or to his estate, or Option 2. At the death of the member, one-half of his allowance shall be continued throughout the life of such other person as the member shall have designated at the time of his retirement, or Option 3. At the death of the member the same allowance shall be continued throughout the life of such other person as the member shall have designated at the time of his retirement.
Other Benefits	a. Provide 2% of initial benefit automatic increase per year to retired employees. b. Refund of employee voluntary contribution upon severance. c. Backdrop pension benefit. Employee may opt to receive a monthly benefit earned as of chosen date in the past (Backdrop date). Employee receives cash payment equal to monthly benefits that would have been paid between backdrop date and actual retirement date plus interest.
Expenses	Paid by County.
Minimum Benefit	Not less than under previous system.

OBRA 1990 Retirement System of the County of Milwaukee

Actuarial Valuation Report as of January 1, 2002 for the Plan Year and Taxable Year Ending December 31, 2002

May 2002

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Highlights

This report has been prepared by Mercer Human Resource Consulting on behalf of plan participants of the County of Milwaukee (the "Plan Sponsor") to:

- Determine the funding calculation under the OBRA 1990 Retirement System of the County of Milwaukee (the "Plan") for the plan and tax fiscal year ending December 31, 2002;
- Present the results of a valuation of the Plan as of January 1, 2002; and
- Review experience under the Plan for the year ended December 31, 2001.

The following table summarizes important contribution information.

Contributions	Plan Year Ending December 31, 2002	Plan Year Ending December 31, 2001
Funding calculation	$ 263,691	$ 251,706
Change between years	$ 11,985	N/A

The 2003 budget contribution is $279,727.

Summary of Principal Valuation Assumptions

A summary of principal valuation results from the current valuation and the prior valuation follows. Any changes in actuarial assumptions, methods, or plan provisions between the two valuations are described after the summary.

	Actuarial Valuation as of	
	January 1, 2002	January 1, 2001
Funding Valuation		
Actuarial Accrued Liability	$ 1,890,289	$ 1,845,671
Funded Ratio	35.04%	33.19%
Actuarial Value of Assets	662,409	612,583
Unfunded Actuarial Accrued Liability	1,227,880	1,233,088
Normal Cost	$ 94,065	$ 107,224
Percentage of Compensation	1.08%	1.22%

Participant Data		
Number of Participants in Valuation		
Active Participants	1,822	1,833
Participants with Deferred Benefits	6,139	5,721
Total	**7,961**	**7,554**
Total Compensation*	$ 8,712,677	$ 8,782,583

The liability measures shown above are developed throughout the report.

* Prior-year earnings projected with one-year salary scale.

Changes

Plan Amendment

- A required plan change increasing the maximum annual benefit from $140,000 to $160,000 was recognized.

Assumption Changes

The Pension Board adopted the following assumption changes effective January 1, 2002:

- The investment return assumption was changed from 8.5% to 9%.
- The period of amortization for all plan changes, assumption changes, and actuarial experience was changed to 20 years. All future changes are amortized over 20 years from the date established.

Certification

We have prepared an actuarial valuation of the OBRA 1990 Retirement System for the County of Milwaukee as of January 1, 2002 for the plan year ending December 31, 2002. The results of the valuation are set forth in this report, which reflects the provisions of the Plan as amended and effective January 1, 1992.

The valuation is based on employee and financial data which were provided by the County of Milwaukee.

All costs, liabilities and other factors under the Plan were determined in accordance with generally accepted actuarial principles and procedures. In our opinion, the actuarial assumptions selected by the Pension Board are reasonable estimates of the anticipated experience under the Plan. This report fully and fairly discloses the actuarial position of the Plan on an ongoing basis.

We are available to answer any questions on the material contained in the report, or to provide explanations or further details as may be appropriate.

Dennis A. Skelly — Date: 5/23/2002
Associate, Society of Actuaries
Enrolled Actuary No. 02-3209

Glenn W. Soderstrom — Date: 5/23/2002
Glenn W. Soderstrom, FSA, MAAA, FCA
Enrolled Actuary No. 02-2873

Mercer Human Resource Consulting
411 E. Wisconsin Avenue, Suite 800
Milwaukee, Wisconsin 53202-4417
(414) 223-4200

Section 1: Funding Results

Section 1.1 The unfunded actuarial accrued liability as of the valuation date.

Section 1.2 A development of the actuarial gain or loss during the year.

Section 1.3 The normal cost as of the valuation date.

Section 1.4 The determination of the contribution recommendations, including the actual and budgeted contributions.

Unfunded Actuarial Accrued Liability

The actuarial accrued liability is the present value of projected plan benefits allocated to past service by the actuarial funding method being used.

	January 1, 2002	January 1, 2001
1. Actuarial Accrued Liability		
a. Active Participants	$ 791,033	$ 729,306
b. Participants with Deferred Benefits	1,099,256	1,116,365
c. Participants Receiving Benefits	0	0
d. Actuarial Accrued Liability *(a. + b. + c.)*	1,890,289	1,845,671
2. Actuarial Value of Assets	662,409	612,583
3. Unfunded Actuarial Accrued Liability *(1.d. – 2., not less than $0)*	**$ 1,227,880**	**$ 1,233,088**

Actuarial Gain/(Loss)

The actuarial gain/(loss) is comprised of both the liability gain/(loss) and the actuarial asset gain/(loss). Each of these represents the difference between the expected and actual values as of January 1, 2002.

1. Expected Actuarial Accrued Liability	
a. Actuarial Accrued Liability at January 1, 2001	$ 1,845,671
b. Normal Cost at January 1, 2001	107,224
c. Interest on *a.* + *b.* to End of Year	165,996
d. Benefit Payments for Plan Year Ending December 31, 2001, with Interest to End of Year	91,126
e. Expected Actuarial Accrued Liability Before Change *(a. + b. + c. – d.)*	2,027,765
f. Change in Actuarial Accrued Liability at January 1, 2002 Due to Change in Plan Provisions and Actuarial Assumptions	(185,689)
g. Expected Actuarial Liability at January 1, 2002 *(e. + f.)*	1,842,076
2. Actuarial Accrued Liability at January 1, 2002	1,890,289
3. Liability Gain/(Loss) *(1.g. – 2.)*	(48,213)
4. Expected Actuarial Value of Assets	
a. Actuarial Value of Assets at January 1, 2001	612,583
b. Interest on *a.* to End of Year	52,070
c. Contributions Made for Plan Year Ending December 31, 2001	250,094
d. Interest on *c.* to End of Year	0
e. Benefit Payments for Plan Year Ending December 31, 2001, with Interest to End of Year	91,126
f. Expense Paid by Plan During 2001	109,857
g. Expected Actuarial Value of Assets January 1, 2002 *(a. + b. + c. + d. – e. – f.)*	713,764
5. Actuarial Value of Assets as of January 1, 2002	662,409
6. Actuarial Asset Gain/(Loss) *(5. – 4.g.)*	(51,355)
7. Actuarial Gain/(Loss) *(3. + 6.)*	**$ (99,568)**

Normal Cost

The components of normal cost under the Plan's funding method are:

	January 1, 2002	January 1, 2001
Retirement Benefits	$ 68,371	$ 76,707
Withdrawal Benefits	25,694	30,517
Expenses	0	0
Total Normal Cost	**$ 94,065**	**$ 107,224**

Contributions

The County of Milwaukee has adopted the policy developed below for funding and accounting for pension expenses. The County's policy and the amounts required for the plan year ending December 31, 2002 are shown below.

A. Actual 2002 Funding Calculation

The actual funding calculation consists of the amortization of the unfunded actuarial liability plus the normal cost.

1. Net Annual Amortizations *(SECTION 1.4C)*	$	161,160
2. a. Normal Cost		94,065
b. Interest		8,466
c. Normal Cost with Interest		102,531
3. Total Funding Calculation, End-of-Year Basis *(1. + 2.c.)*	$	263,691

B. Estimated 2003 Budget

	Plan Year Ending	
	December 31, 2003	**December 31, 2002**
1. Net Annual Amortizations	$ 167,968	$ 148,745
2. Normal Cost with Interest	111,759	126,227
3. Total Funding Policy Budget, End-of-Year Basis *(1. + 2.)*	**$ 279,727**	**$ 274,972**

C. Amortization Schedule for Funding Calculation

Annual amortizations payments of the reestablished unfunded actuarial accrued liability and changes to the unfunded actuarial accrued liability arising from plan changes and actuarial gains/losses are amortized as a level percentage of payroll, assuming payroll growth of 5% per year over a period of 20 years. Expenses paid by the County and reimbursed by the Trust are amortized over 10 years. The variance between the actual contribution for the year and the contribution for the year to maintain the funding schedule is amortized over 5 years.

	Amortization Period			Balances		
Charges	**Date Created**	**Initial Years**	**Last Payment**	**Initial**	**Outstanding**	**Payment**
1993-1996 Expenses	1/1/1997	10	2006	243,729	146,381	37,633
Contribution Variance	1/1/1998	5	2002	20,972	4,905	5,347
Expenses	1/1/1998	10	2007	96,137	66,720	14,873
Expenses	1/1/1999	10	2008	81,673	63,711	12,659
Expenses	1/1/2000	10	2009	85,685	73,642	13,305
Expenses	1/1/2001	10	2010	100,656	93,871	15,658
Reestablished Unfunded	1/1/2002	20	2021	$ 681,555	$ 681,555	$ 51,773
Variance	1/1/2002	5	2006	1,612	1,612	414
Expenses	1/1/2002	10	2011	109,857	109,857	17,118
Total					**$ 1,242,254**	**$ 168,780**
Credits						
Variance	1/1/1999	5	2003	25,619	11,515	6,546
Variance	1/1/2000	5	2004	3,421	2,218	876
Variance	1/1/2001	5	2005	771	641	198
Total					**$ 14,374**	**$ 7,620**
Net Amount					**$ 1,227,880**	**$ 161,160**

D. Reconciliation

The following year budgeted contribution calculation changed from last year as follows:

1. 2002 Funding Policy Budget *(based on January 1, 2001 valuation results)*	$	274,972
2. Expected Increase in Normal Cost and Amortization Payment Before Recognition of 2002 Experience		15,812
3. Plan and Assumption Changes		(12,790)
4. 2001 Experience Different than Expected		
a. Asset Gain (Loss)		(4,096)
b. Other		(3,737)
c. Total *(a. + b.)*		(7,833)
5. Recognition of Anticipated 2002 Expenses and Contribution Variance		9,566
6. 2003 Funding Policy Budget	$	279,727

GASB Nos. 25 and 27 Disclosure

A. Equivalent Single Amortization Period

Shown below is the derivation of the equivalent single amortization period of the unfunded calculation in accordance with GASB statement Nos. 25 and 27. The maximum allowable amortization period is 40 years (30 years effective January 1, 2007).

	January 1, 2002	January 1, 2001
1. Covered Payroll	$ 8,712,677	$ 8,782,583
2. Unfunded Amount	1,227,880	1,233,088
3. Amortization Payment	161,160	135,368
4. Payment as a Level Percentage of Payroll *(3 ÷ 1)*	1.85%	1.54%
5. Weighted Average Amortization Factor *(2 ÷ 3)*	7.62	9.11
6. Equivalent Single Amortization Period (Nearest Whole Year)	10	12

Section 2: Plan Assets

This section presents information regarding plan assets as reported by the plan administrator. The plan assets represent the portion of total plan liabilities which have been funded as of the valuation date.

Section 2.1 Summary of Assets.

Section 2.2 Reconciliation of Assets.

Section 2.3 Actuarial Value of Assets.

Section 2.4 Contributions for Prior Plan Year.

Summary of Assets

Asset Category	Market Value as of December 31, 2001
1. Cash and Equivalents	$ 176
2. Assets Held by ERS Pension Plan	412,139
3. Contributions Receivable	250,094
4. Net Assets Available for Benefits *(1. + 2. + 3.)*	$ 662,409

Reconciliation of Assets

Transactions	January 1, 2001 to January 1, 2002
Income	
1. Contributions Received or Receivable	$ 250,094
2. Investment Income	(3,000)
3. Total Income	**$ 247,094**
Disbursements	
4. Benefit Payments	$ 87,411
5. Investment and Administrative Expenses	109,857
6. Total Disbursements	**197,268**
7. Net Income *(3. – 6.)*	**49,826**
8. Net Assets at Beginning of Year	612,583
9. Net Assets at End of Year *(7. + 8.)*	**$ 662,409**

Actuarial Value of Assets

The actuarial asset value is set equal to the market value of assets plus any receivable contributions.

	January 1, 2002	January 1, 2001
Actuarial Asset Value	$ 662,409	$ 612,583

Contributions for Prior Plan Year

	Amount			
	Employer	Employee	Interest	Total
Contribution	$ 250,094	$ 0	$ 0	$ 250,094
Total	**$ 250,094**	**$ 0**	**$ 0**	**$ 250,094**

Section 3: Basis of Valuation

This section presents and describes the basis of the valuation. The census of participants, actuarial basis and provisions of the Plan are the foundation of the valuation, since these are the present facts on which the projection of benefit payments will depend. The valuation is based on the premise that the Plan will continue in existence.

Section 3.1 The participant data used for the actuarial valuation.

Section 3.2 The actuarial funding method, procedures and actuarial assumptions.

Section 3.3 The plan provisions valued in the actuarial valuation.

Plan Participants

A. Participant Data Reconciliation

	Active Participants	Inactive Participants	Total
Total at January 1, 2001	**1,833**	**5,721**	**7,554**
Did Not Accrue Benefit in 2001	(734)	734	0
Lump-Sum Payouts	(1)	(255)	(256)
Deaths	(2)	(1)	(3)
New Participants	660	0	660
Inactives – Began Accruing Benefit in 2001	78	(78)	0
Data Correction	(12)	18	6
Total at January 1, 2002	**1,822**	**6,139**	**7,961**

B. Count of Active Participants at January 1, 2002

	Years of Service									
Age	**0 - 4**	**5 - 9**	**10 - 14**	**15 - 19**	**20 - 24**	**25 - 29**	**30 - 34**	**35 - 39**	**40+**	**Total**
Under 20	551									**551**
20 - 24	652	130								**782**
25 - 29	76	57	2							**135**
30 - 34	41	9	2							**52**
35 - 39	37	12	4							**53**
40 - 44	28	15	6							**49**
45 - 49	22	14	1							**37**
50 - 54	21	14	2							**37**
55 - 59	16	20	3							**39**
60 - 64	14	6	2							**22**
65 - 69	12	12	3							**27**
70 - 74	5	11	3							**19**
75+	5	8	6							**19**
Total	**1,480**	**308**	**34**	**0**	**0**	**0**	**0**	**0**	**0**	**1,822**

C. Participant Statistics

Inactive Participants as of January 1, 2002	Number	Amount of Monthly Benefit
Participants Receiving Benefits	0	$ 0
Participants with Deferred Benefits	6,139	90,693

Statistics for Active Participants	Number	Average Age	Average Service	Average Compensation*
As of January 1, 2001				
Total	1,833	25.7	1.0	$ 4,791
As of January 1, 2002				
Total	1,822	25.8	1.0	$ 4,782

* Prior-year earnings increased by the salary assumption.

Actuarial Basis

A. Unit Credit Method

Liabilities and contributions shown in this report are computed using the unit credit method of funding.

The objective under this method is to fund each participant's benefit under the plan as they accrue. Thus, the total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past service. The principle underlying the method is that each unit is funded in the year for which it is credited. Typically, when the method is introduced there will be an initial liability for benefits credited for service prior to that date. To the extent that this liability is not covered by assets of the plan, there is an unfunded liability to be funded over a chosen period in accordance with an amortization schedule.

A detailed description of the calculation follows:

- The **normal cost** is the present value of those benefits, which are expected to be credited with respect to service during the year beginning on the valuation.

- The **accrued liability** is calculated at the valuation date as the present value of benefits credited with respect to service to that date.

- The **unfunded accrued liability** is the excess of the accrued liability over the assets of the Plan at the valuation date. The level annual payment to be made over a stipulated number of years to amortize the unfunded liability is the past service cost.

Under this method, difference between the actual experience and the assumed in the determination of costs and liabilities will emerge as adjustments in the unfunded liability, subject to amortization.

B. Valuation of Assets

The actuarial asset value is the market value of assets plus any receivable contributions.

C. Valuation Procedures

- Financial and Census Data: We used financial data and participant data as submitted by the Plan Sponsor without further audit. This information would customarily not be verified by a plan's actuary. We have reviewed the information for internal consistency and we have no reason to doubt its substantial accurracy.

- No benefits are projected to be greater than the limitation currently imposed by Section 415(b)(1) of the Internal Revenue Code as applied to governmental plans.

- All participants are considered active employees for valuation purposes until they incur a break in service covering one full plan year.

D. Actuarial Assumptions

Economic	
Investment Return	▪ 9.0% per year compounded annually. Investment return is assumed to be net of investment management expense.
Salary Increases	▪ 5% per year compounded annually.
Mortality	▪ The sex-distinct 1994 Uninsured Pensioners Table. See table below for sample values.
Withdrawal	▪ Graduated rates. See table below for sample values.
Retirement Age	▪ Age 65.

Sample Annual Decrement Rates per 100 Participants								
Employment	Mortality		Separation - Select Rates General Employees					
Age	Male	Female	0	1	2	3	4	5
20	0.05	0.03	33.75	31.50	28.50	24.00	19.05	15.00
25	0.07	0.03	31.35	29.46	26.88	22.86	18.54	14.25
30	0.09	0.04	27.30	25.47	22.92	18.99	15.36	12.00
35	0.09	0.05	22.35	20.64	18.03	14.01	10.17	6.00
40	0.12	0.08	17.85	16.26	13.80	10.26	7.23	3.90
45	0.17	0.10	17.25	14.85	11.94	8.43	5.37	2.52
50	0.28	0.15	16.50	13.38	10.98	7.89	4.47	1.07
55	0.48	0.25	14.85	12.45	9.78	6.93	3.63	0.23
60	0.86	0.48	0.00	0.00	0.00	0.00	0.00	0.00
65	1.56	0.93	0.00	0.00	0.00	0.00	0.00	0.00

Summary of Plan Provisions

Plan Name	OBRA 1990 Retirement System of the County of Milwaukee.
Effective Date	January 1, 1992.
Type of Plan	Municipal retirement system administered by the Pension Board.
Employer	County of Milwaukee.
Employees Included	Any person employed by the County for whom the County is not obligated to collect and withhold FICA taxes. However, such persons shall exclude an employee: ▪ hired to relieve him from unemployment ▪ of a hospital, home, or institution where he is an inmate ▪ who is a temporary employee to handle fire, storm, snow, earthquake or similar emergencies ▪ paid on a fee basis as self-employed, or ▪ who is a member of the collective bargaining unit covered by an agreement which does not provide for his inclusion.
Service Considered	One year shall be credited on and after January 1, 1992 for each Plan Year during which the employee is employed at any time. However, the employee shall not receive credit for any Plan Year in which the County is obligated to collect and withhold FICA taxes. If, during such Plan Year, FICA taxes are withheld for only a portion of the year, the employee shall receive a pro rata credit for the portion of year worked when no FICA taxes were withheld.
Earnings Considered	Total wages shall include the compensation earned during the period for which no FICA tax was withheld, exclusive of any amounts reimbursed for moving expenses. However, such wages shall be limited to the Social Security taxable wage base for the Plan Year.
Average Compensation	The average of the total Earnings accumulated during the Plan Years of employment with the County, except that years prior to January 1, 1992 shall be disregarded.
Normal Retirement Pension	Payable upon request of any member who has attained age 65. Such pension shall equal one-twelfth of 2% of the member's Average Compensation multiplied by years of service (not in excess of 30).
Deferred Vested Pension	Upon termination of employment, a member shall be eligible for a deferred vested pension commencing at age 65. Such benefit shall be calculated as for normal retirement, considering Average Compensation and Service at termination.

MERCER
Human Resource Consulting

411 East Wisconsin Avenue, Suite 800
Milwaukee, WI 53202-4417
414 223 4200

MMC Marsh & McLennan Companies

REPORT ON
THE SEVENTY-FIFTH VALUATION OF
THE EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF PROVIDENCE
AS OF JUNE 30, 2002

January 15, 2003

Retirement Board
Employees' Retirement System of the
City of Providence
City Hall
Providence, Rhode Island 02903

Dear Board Members:

This report presents the results of the seventy-fifth actuarial valuation of the system, prepared as of June 30, 2002, which develops the appropriation required by the City for the fiscal year beginning July 1, 2003.

The Table of Contents, which immediately follows, outlines the material contained in the report.

Respectfully submitted,

Mitchell L. Barlas, ASA, MCA, MAAA, EA
Principal and Consulting Actuary

Robert G Brau, CEBS
Associate Principal, Retirement Actuary

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REPORT ON THE SEVENTY-FIFTH VALUATION OF THE
EMPLOYEES' RETIREMENT SYSTEM OF THE
CITY OF PROVIDENCE
AS OF JUNE 30, 2002

SECTION I - SUMMARY OF PRINCIPAL RESULTS

1. For convenience of reference, the principal results of the current and preceding valuations are summarized below:

Valuation Date	6/30/2002	6/30/2001
Number of active members		
Vested	1,742	1,688
Nonvested	1,458	1,491
Total	3,200	3,179
Annual salaries of active members	$ 114,264,923	$ 114,935,828
Average salary of active members	$ 35,708	$ 36,155
Number of retirees and beneficiaries	2,793	2,825
Annual retirement allowances	$ 52,132,381	$ 50,391,922
Average retirement allowance	$ 18,665	$ 17,838
No. of vested terminated members	175	174
Accumulated member contributions	$ 1,854,742	$ 1,557,344
Market value of plan assets (accrual basis)	$ 327,451,331	$ 347,352,039
Assets for valuation purposes (5-year average, accrual basis)	$ 340,549,815	$ 341,986,258
Unfunded accrued liability	$ 526,482,008	$ 479,377,017
Contribution rates required		
Class A	25.14%	23.44%
Class B		
- Fire	57.35%	56.39%
- Police	62.50%	48.47%

2. Comments on the valuation results as of June 30, 2002 are given in Section IV and the appropriation payable by the City during the fiscal period beginning July 1, 2003 is set out in Section V.

3. The valuation was based on the assumptions as outlined in Schedule B.

4. Schedule D of this report presents a summary of the main provisions of the act governing the system, as interpreted in preparing the actuarial valuation. The July 1, 2002 valuation reflects the changes in provisions included in the recently ratified Police Contract. In particular, the valuation reflected the following with respect to annual cost of living adjustments (COLAs):

a) GROUP	COLA	Number of Recipients
Class A retired prior to 12/18/91	- 3%, compounded	910
Class A retired after 12/18/91	- None	670
Class B Police	- 3%, compounded	564
Class B Fire –		
Retired prior to 1/1/90	- 5% compounded	401
Retired between 1/1/90 and 12/18/91	- 6% compounded	87
Retired after 12/18/91	- 3% simple, on first $12,000 of annual benefit	138
Total Number of Class A and Class B retirees and beneficiaries		2,770*

*Excludes elected officials

b) Three-year deferral of initial COLA for current active members.

SECTION II - EMPLOYEE DATA

1. Employee data were furnished by the City Controller.

2. Tables 1 and 2 of Schedule E show the number and annual salaries of active members, while the remaining tables of Schedule E show the number and annual retirement allowances of beneficiaries as of June 30, 2002.

SECTION III - ASSETS

1. The amount of the assets taken into account in the valuation was obtained from information submitted by the City Controller.

2. The market value of the assets of the system as of June 30, 2002 on a "cash basis" was $296,510,834. To convert this amount to an "accrual basis," this amount should be increased by the discounted value of the City's contribution already appropriated for the 7/1/2002 – 6/30/2003 fiscal year ($33,570,439) but assumed not to be deposited until 6/30/2003. The discounted value of this contribution is $30,940,497. Therefore, the market value of the assets of the system as of June 30, 2002 on an "accrual basis" was $327,451,331.

3. The amount of assets used for valuation purposes was determined by the use of a five-year moving average of market values. This procedure produced a value of $340,549,815 on an "accrual basis." Schedule C outlines the calculation of this adjusted value.

SECTION IV - COMMENTS ON VALUATION

1. Schedule A of this report presents the results of the valuation and shows the present and prospective assets and liabilities of the retirement system of June 30, 2002. Actuarial liabilities consist of $446,779,262, which equals the value of prospective benefits of active members; plus $588,126,505, which equals the present value of obligations to retired members and their beneficiaries; plus $8,633,956, which equals the value of prospective benefits of deferred vested members. These liabilities amount to $1,043,539,723. Against these prospective liabilities, the system has present assets of $340,549,815. Expected future contributions of active members have a present value of $79,135,439. This leaves $623,854,470 to be met by the City through its annual contributions.

2. Section V discusses the portion of the total prospective City obligation we recommend for current payment.

SECTION V - APPROPRIATION PAYABLE BY CITY

1. Schedules A gives the basis for determining the appropriation payable by the City during the fiscal period beginning July 1, 2003. In accordance with the law governing the operation of the retirement system, we recommend contribution rates of 25.14% for Class A members, 57.35% for Class B Fire and 62.50% for Class B Police. These rates are based on amortizing the unfunded accrued liability as of June 30, 2002 on a level percentage-of-payroll basis over a 28-year period (one year less than the amortization period used by the prior actuarial valuation). If these rates are applied to the annual compensation of active

members included in the actuarial valuation as of June 30, 2002 and contributions are paid on June 30, 2004, contributions payable by the City for the fiscal year beginning July 1, 2003 are as shown below:

Group	Amount
Class A:	
General	$ 10,357,840
School	4,334,809
School Crossing Guards	264,572
Water	2,493,655
JTPA	263,792
School Miscellaneous	0
Chapter I	1,051,202
Indirect Cost	17,288
Other Funds	66,188
Federal Funds*	59,556
Total Class A	$ 18,908,901
Class B:	
Fire	$ 13,817,801
Police	13,568,628
Total Class B	$ 27,386,429
Grand Total	**$ 46,295,330 (see # 2 below)**

* $59,556 for Special Education.

2. **The above contribution includes an additional contribution of $492,606, which is needed to amortize the remaining deferred contribution as of June 30, 1996 over a 28-year period.**

3. The assets and liabilities in the valuation do not take the elected officials' pensions into account. Therefore, in addition, the City should contribute an amount sufficient to provide for the payment of the special pensions to elected officials on a pay-as-you-go basis. Any deficiency which arises on account of elected officials whereby the contribution paid for a fiscal year is not sufficient to cover the special pensions paid that year to such retired members should be met by a special contribution by the City.

SECTION VI - ACCOUNTING INFORMATION

1. Based on our interpretation of Statement 5 of the Governmental Accounting Standards Board, the pension benefit obligations for the system were $828,348,000 and $910,481,000 computed as of June 30, 2001 and June 30, 2002, respectively. The pension benefit obligation exceeded the market value of assets by $480,996,000 as of June 30, 2001 and by $583,030,000 as of June 30, 2002 as shown below:

		June 30, 2001	June 30, 2002
1.	Pension benefit obligation		
	A. Retirees and beneficiaries currently receiving benefits	$ 564,801,000	$ 588,127,000
	B. Vested terminated members not yet receiving benefits		$ 8,634,000
	C. Current active members		
	i. accumulated employee contributions	$ 72,924,000	$ 83,437,000
	ii. employer-financed vested	$ 75,742,000	$ 63,115,000
	iii. employer financed non-vested accrued	$ 42,440,000	$ 68,648,000
	iv. additional value of accrued benefits due to future salary increases	$ 72,441,000	$ 98,520,000
	D. Total	$ 828,348,000	$ 910,481,000
2.	Market value of assets including discounted value of receivable contribution	$ 347,352,000	$ 327,451,000
3.	Excess of pension benefit obligation over market value of assets	$ 480,996,000	$ 583,030,000
4.	Funded ratio (2. ÷ 1D.)	41.9%	35.96%

The above values do not reflect future credited service for active members.

2. Statement No. 5 has been superseded by Statement No. 25. The previous information in this section has been shown for transitional purposes. The following schedules show the information required by Statement No. 25:

SCHEDULE OF EMPLOYER CONTRIBUTIONS
(dollar amounts in thousands)

Year Ended June 30	Annual Required Contribution	Percentage Contributed
1991	12,726	100.00
1992	15,466	100.36
1993	17,221	100.13
1994	18,612	99.90
1995	21,159	53.81
1996	16,136	100.00
1997	21,089	93.58
1998	35,701	57.52
1999	37,445	56.15
2000	37,415	60.00
2001	38,899	60.60
2002	39,763	68.51

SCHEDULE OF FUNDING PROGRESS
(dollar amounts in thousands)

Year Ended June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1991	246,159	431,936	185,777	56.99	74,075	250.79
1992	266,166	403,404	137,238	65.98	78,347	175.17
1993	278,544	465,943	187,399	59.78	78,200	239.64
1994	286,956	500,119	213,163	57.38	84,176	253.23
1995	293,454	460,567	167,113	63.72	88,335	189.18
1996	287,320	699,265	411,945	41.09	84,178	489.38
1997	288,800	732,373	443,573	39.43	88,959	498.63
1998	315,000	732,775	417,775	42.99	99,182	421.22
1999	325,576	746,264	420,688	43.63	106,717	394.21
2000	341,817	798,292	456,475	42.82	114,164	399.84
2001	341,986	821,363	479,377	41.64	116,493	411.51
2002	340,550	867,032	526,482	39.28	114,265	460.76

ANNUAL PENSION COST AND NET PENSION OBLIGATION FOR
FISCAL YEAR BEGINNING JULY 1, 2002

3. The pension cost and net pension obligation as required by Statement 27 of the Governmental Accounting Standards Board are:

Net Pension Obligation (NPO) at June 30, 2002	$ 91,382,313
Annual Required Contribution	42,500,321
Interest on NPO	7,767,497
Amortization of NPO	(5,655,466)
Annual Pension Cost	44,612,352
Contributions Paid (not discounted)	33,570,439
Increase in NPO	11,041,913
NPO of June 30, 2003	102,424,226

SCHEDULE A

RESULTS OF THE VALUATION AS OF JUNE 30, 2002
(Excluding Elected Officer Funds)

	Class A	Class B			Grand Total
		Fire	Police	Total	
1. Actuarial Liabilities					
(a) Present value of all future benefits payable to active members	$ 210,817,619	$ 114,795,608	$ 121,166,035	$ 235,961,643	$ 446,779,262
(b) Present value of benefits payable to retirees and beneficiaries including benefits payable on death	170,323,900	230,521,250	187,281,355	417,802,605	588,126,505
(c) Present value of benefits payable to vested terminated members	7,372,663	127,996	1,133,297	1,261,293	8,633,956
(d) Total actuarial liabilities	388,514,182	345,444,854	309,580,687	655,025,541	1,043,539,723
2. Assets of the System for Valuation Purposes	$ 108,748,036	$ 127,895,890	$ 103,905,889	$ 231,801,779	$ 340,549,815
3. Present Value of Future Employee Contributions	$ 40,544,763	$ 21,516,085	$ 17,074,591	$ 38,590,676	$ 79,135,439
4. Present Value of Total Prospective Contributions by the City (1(d) minus 2 and 3)	$ 239,221,384	$ 196,032,879	$ 188,600,207	$ 384,633,086	$ 623,854,470

	Class A	Class B			Grand Total
		Fire	Police	Total	
5. Normal Contribution Rates (For Average New Entrant)	8.10%	9.57%	13.12%	11.25%	
6. Present Value of Future Salaries of Present Active Members	$ 610,876,100	$ 219,842,200	$ 204,669,200	$ 424,511,400	
7. Present Value of Future Normal Contributions By City (5. x 6.)	$ 49,480,964	$ 21,038,899	$ 26,852,599	$ 47,891,498	$ 97,372,462
8. Balance-Unfunded Accrued Liability (4 minus 7)	$ 189,740,420	$ 174,993,981	$ 161,747,607	$ 336,741,588	$ 526,482,008
9. Total Contribution Rates					
(a) Contribution rate to liquidate unfunded accrued liability over 28 years	17.04%	47.78%	49.38%		
(b) Normal contribution rates	8.10%	9.57%	13.12%		
(c) Total contribution rates	25.14%	57.35%	62.50%		
10. Payroll	$ 70,402,936	$ 23,154,123	$ 20,707,864	$ 43,861,987	$ 114,264,923
11. **Contribution payable for fiscal year beginning July 1, 2003**	$ 18,707,701	$ 13,670,773	$ 13,424,250	$ 27,095,023	**$ 45,802,724***

*** Assumed payment date, June 30, 2004**

SCHEDULE B

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

INTEREST RATE: 8½% per annum, compounded annually for General Funds and School Teacher Funds.

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of withdrawal and deferred retirement, disability, death and service retirement among members in active service are as follows:

CLASS A

Age	Retirement	Disability	
		Ordinary	Accidental
20		.0005	.0002
25		.0006	.0003
30		.0006	.0003
35		.0010	.0005
40		.0016	.0008
45	.0671	.0025	.0012
50	.0925	.0037	.0018
55	.0859	.0051	.0026
59	.1138	.0074	.0037
60	.1229	.0083	.0042
64	.1741	.0125	.0062
65	.2500	.0136	.0068
70	.2500	.0136	.0068
75	1.0000		

Age	Withdrawal and Deferred Retirement	Death	
		Ordinary	Accidental
20	.1413	.00025	.00002
25	.1206	.00032	.00002
30	.0644	.00039	.00002
35	.0473	.00049	.00003
40	.0389	.00064	.00004
45	.0272	.00099	.00006
50	.0174	.00163	.00010
54	.0101	.00241	.00015
55		.00266	.00016
60		.00382	.00023
65		.00562	.00034
70		.00796	.00048
74		.01052	.00064

CLASS B

Age	Withdrawal and Deferred Disability	Disability		Death	
		Ordinary	Accidental	Ordinary	Accidental
20	.0258	.0003	.0010	.0006	.0004
25	.0183	.0005	.0015	.0007	.0004
30	.0104	.0007	.0023	.0008	.0005
35	.0046	.0010	.0030	.0011	.0007
40	.0029	.0014	.0045	.0014	.0010
45	.0024	.0026	.0080	.0018	.0012
50		.0044	.0138	.0026	.0017
55			.0198	.0034	.0023
59			.0258	.0049	.0032

Age	Retirement
40	.07403
45	.07599
50	.08004
55	.08860
59	.10238
60	.25000
64	.25000
65	1.00000

SALARY INCREASES NOT INCLUDING LONGEVITY: 5%

LONGEVITY TABLES:

CLASS A:

FOR EMPLOYEE HIRED ON OR PRIOR TO OCTOBER 23, 1999:

YEAR OF SERVICE	PERCENTAGE AMOUNT
5 years but less than 10 years	5%
10 years but less than 15 years	6%
15 years but less than 20 years	7%
20 years or more	8%

FOR EMPLOYEES HIRED AFTER OCTOBER 23, 1999:

YEAR OF SERVICE	PERCENTAGE AMOUNT
7 years but less than 12 years	4%
12 years but less than 17 years	5%
17 years but less than 20 years	6%
20 years or more	7%

CLASS B:

FIRE:

FOR EMPLOYEE HIRED ON OR PRIOR TO JUNE 30, 1996

YEAR OF SERVICE	PERCENTAGE AMOUNT
5 years but less than 10 years	8%
10 years but less than 15 years	9%
15 years but less than 20 years	10%
20 years or more	11%

FOR EMPLOYEES HIRED AFTER JUNE 30, 1996

YEAR OF SERVICE	PERCENTAGE AMOUNT
5 years but less than 10 years	7%
10 years but less than 15 years	8%
15 years but less than 20 years	9%
20 years or more	10%

POLICE:

FOR EMPLOYEE HIRED ON OR PRIOR TO JUNE 30, 1998

YEAR OF SERVICE	PERCENTAGE AMOUNT
0 year but less than 6 years	0%
6 years but less than 11 years	8%
11 years but less than 16 years	9%
16 years but less than 21 years	10%
21 years or more	11%

FOR EMPLOYEES HIRED AFTER JUNE 30, 1998

YEAR OF SERVICE	PERCENTAGE AMOUNT
0 year but less than 6 years	0%
6 years but less than 11 years	7%
11 years but less than 16 years	8%
16 years but less than 21 years	9%
21 years or more	10%

DEATHS AFTER RETIREMENT: Based on the 1983 GAM Table revised for retirements on and after June 30, 1990 to produce the following life expectancies.

Age	CLASS A				CLASS B	
	Service		Disability			
	Male	Female	Male	Female	Service	Disability
50	29.183	34.917	26.265	31.425	29.183	26.265
55	24.825	30.235	22.343	27.212	24.825	22.343
60	20.641	25.672	18.577	23.105	20.641	18.577
65	16.693	21.286	15.024	19.157	16.693	15.024
70	13.182	17.130	11.864	15.417	13.182	11.864

VALUATION METHOD: Projected benefit method with aggregate level entry age normal cost and open-end accrued liability. Gains and losses are reflected in the period remaining to liquidate the unfunded accrued liability.

ASSET VALUATION METHOD: 5-year moving average of market values.

SCHEDULE C

DETERMINATION OF ADJUSTED ASSET VALUE

The adjusted asset value is determined under a five-year moving average method as follows:

June 30	Market Value	Net Cash Flow During Preceding Year
2002	$296,510,834	$ (12,379,011) x 4 = $(49,516,043)
2001	322,045,955	(13,940,085) x 3 = (41,820,255)
2000	351,949,390	(12,464,465) x 2 = (24,928,930)
1999	353,200,424	(12,387,948) x 1 = (12,387,948)
1998	352,993,163	
Total	$1,676,699,766	$(128,653,176)

Adjusted Asset Value = ($1,676,699,766÷5) + (($128,653,176)÷5)) or $309,609,318 plus $30,940,497 (discounted value of $33,570,439 payable June 30, 2003 for FY03) or $340,549,815.

Net cash flow consists of contributions and investment income, excluding capital gains and losses, minus benefit payments and expenses, if any, charged to the trust.

The adjusted net cash flows serve to bring each market value up to the valuation date except for realized and unrealized capital gains and losses.

SCHEDULE D

SUMMARY OF MAIN PROVISIONS OF RETIREMENT SYSTEM

AS INTERPRETED FOR VALUATION PURPOSES

1 – BENEFITS

Final compensation is the average of the highest three years of base compensation including longevity pay earned by a member during his total service as an employee.

Service is total employment by the City plus any purchased service.

Service Retirement Allowance

Conditions for Allowance	The minimum age for service retirement for Class A members is age 55 or the age at which 25 years of service (30 years for members hired after July 1, 1995) are completed if earlier, and for Class B members age 55 or the age at which 20 years of service are completed if earlier.
Amount of Allowance	
Provided by Member	An annuity which is the actuarial equivalent of his accumulated contributions at the time of his retirement, and
Provided by City	For Class A members hired prior to July 1, 1996: A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/40 of his final compensation for each year of total service credited not in excess of 20 years plus 1/50 of his final compensation for each year of total service credited in excess of 20 years. For Class A members hired on or after July 1, 1996: A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/50 of his final compensation for each year of total service credited.

For Police:
A pension which when added to his normal annuity, exclusive of any excess annuity, equals:

1. For members of the bargaining unit hired on or after September 1, 2001:

Eligible Years of Service	Designated Percentage
Prior to 20 years of service	2.5% per year
20 years of service	50%
21 years of service	52%
22 years of service	54%
23 years of service	56%
24 years of service	58%
25 years of service	60%
26 years of service	62%
27 years of service	64%
28 years of service	66%
29 years of service	68%
30 years of service	70%
31 years of service	72%
32 years of service	75%

2. For members of the bargaining unit hired prior to September ~~1~~, 2001:

Eligible Years of Service	Designated Percentage
Prior to 20 years of service	2.5% per year
20 years of service	50%
21 years of service	52%
22 years of service	54%
23 years of service	56%
24 years of service	58%
25 years of service	65%
26 years of service	62%
27 years of service	64%
28 years of service	66%
29 years of service	68%
30 years of service	75%
31 years of service	72%
32 years of service	80%

For all other Class B:
A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/40 of his final compensation for each year of total service credited not in excess of 20 years plus 1/50 of his final compensation for each year of total service credited in excess of 20 years but not in excess of 32 years and 6 months.

Deferred Retirement Allowance

Conditions for Allowance — A member who has completed at least 10 years of service may retire and receive a deferred retirement allowance commencing at the minimum age for service retirement.

Amount of Allowance

Provided by Member — A deferred annuity which is the actuarial equivalent of his accumulated contributions, and

Provided by City — See "Service Retirement Allowance."

Ordinary Disability Retirement Allowance

Conditions for Allowance

For Police:
After 10 years but less than 20 years of service.

For All Others:
After 10 years of service, a member under the minimum age for service retirement may be retired for disability upon his own request or upon the request of the head of the department employing him.

Amount of Allowance

Provided by Member — An annuity which is the actuarial equivalent of his accumulated contributions at the time of his retirement, and

Provided by City

If the member is a Class A member:
A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 9/10 of 1/50 of his final

compensation for each year of total service which would have been credited had he continued in service to the minimum age for service retirement, but such retirement allowance, exclusive of any excess annuity, is not to exceed 45% of his final compensation.

For Police:
A pension which when added to his normal annuity will give a total retirement allowance, equal to a percentage of his final compensation, as described in the following table:

Eligible Years of Service	Percentage
10 years of service	22.50%
11 years of service	24.75%
12 years of service	27%
13 years of service	29.25%
14 years of service	31.50%
15 years of service	33.75%
16 years of service	36%
17 years of service	38.25%
18 years of service	40.50%
19 years of service	42.75%

For All other Class B:
A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 9/10 of 1/40 of his final compensation for each year of total service which would have been credited had he continued in service to the minimum age for service retirement, but such retirement allowance, exclusive of any excess annuity, is not to exceed 45% of his final compensation.

Accidental Disability Retirement Allowance

Conditions for Allowance

A member may be retired on account of accidental disability occurring in the performance of duty regardless of age or length of service. Any condition or impairment of health of Class B employees who are firefighters caused by any disease of the heart or cardiovascular system or lungs or respiratory tract resulting in total or partial disability shall be presumed to be accidental and suffered in the line of duty unless the contrary be shown by competent evidence.

Amount of Allowance

Provided by Member

Non-Police:
An annuity which is the actuarial equivalent of his accumulated contributions at the time of his retirement.

Police:
In light of the member's receipt of the pension stated below, the only annuity payable is the actuarial equivalent of any accumulated additional contributions at the time of his retirement.

and

Provided by City

For All:
A pension of 66-2/3% of his final compensation, but not less than the service retirement allowance. Upon the death of a member within 5 years after accidental disability retirement as a result of an accident while in the performance of duty, a pension of one-half of the member's final compensation is paid to his widow until she dies or remarries, at which point the pension is paid to his child or children until they attain age 19.

Accidental Death Benefit

Conditions for Benefit

An accidental death benefit is payable upon the death of any member due to an accident in the performance of duty. Any condition or impairment of health of Class B employees who are firefighters caused by any disease of the heart or cardiovascular system or the lungs or respiratory tract resulting in death shall be presumed to be accidental and suffered in the line of duty unless the contrary be shown by competent evidence.

Amount of Benefit

A pension of one-half of the member's final compensation is paid to his widow until she dies or remarries, at which point the pension is payable to his child or children until they attain age 19. If there are no other dependents, the pension is payable to his dependent parents. In addition, a lump sum payment of the member's accumulated contributions is made.

Withdrawal or Ordinary Death Benefit

A member who withdraws prior to eligibility for retirement receives his accumulated contributions. Should a member die before retirement his accumulated contributions are paid to his estate or beneficiary; provided, however, if he has attained minimum retirement age and has not made an optional election as described below, and is survived by a spouse, such spouse is entitled, in lieu of the return of the member's accumulated contributions, to a benefit equal to that which would have been payable to such spouse upon the death of the member had the member retired on the day of his death and elected to receive a benefit under the provisions of Option 2, as described below, and nominated his spouse as his designated beneficiary, except that for a Class B member the benefit to the spouse shall not be less than 67½% of the benefit that would have been paid to such retired member without reduction.

Benefit upon Death after Retirement

For Class A:
Benefits under any option. Also, the excess, if any, of the member's accumulated contributions at retirement over all payments paid out on the member's account.

For Class B:
Upon the death of a Class B pensioner, 67½% of his retirement allowance is paid to his widow until she dies or remarries, at which point the benefit is paid to his dependent children until they attain age 18. Also, the excess, if any, of the member's accumulated contributions at retirement over the total of all payments paid out on the member's account.

Minimum Benefits

The minimum monthly retirement allowance is $600, prorated for members whose credited service at retirement is less than 25.

Special Privileges at Retirement

At retirement, a member may elect to convert his allowance into a benefit of equivalent actuarial value in accordance with one of the options described below:

Option 1. A reduced retirement allowance payable during the retired member's life, with a provision that in case of death before such payments have equaled the present value of his retirement allowance at the date of retirement, the balance shall be paid to the heirs or assigns; or

Option 2. A reduced retirement allowance payable during the retired member's life, with a provision that after his death it shall be continued during the life of and paid to the person nominated by him by written designation at the time of his retirement; or

Option 3. A reduced retirement allowance payable during the retired member's life, with a provision that after his death an allowance at one-half the rate of his reduced allowance shall be continued during the life of and paid to the person nominated by him by written designation at the time of his retirement; or

Option 4. A reduced retirement allowance payable during the retired member's life, with some other benefit payable after his death, provided that the benefit shall be certified by the actuary and approved by the retirement board. This Option is not available to Police who retire on an Accidental Disability Allowance.

Class B members may not elect Options 2 or 3.

Married Class B members may also not elect Option 1.

Special Privileges upon Attainment of Minimum Retirement Age

Any member who has attained minimum retirement age may elect, in accordance with Option 2, 3, or 4 above, a reduced retirement allowance with provision for benefits to a person having an insurable interest in his life, other than his wife. The benefit is determined as of the member's date of death or retirement, if prior thereto, in accordance with the provisions of the option selected and is in lieu of the return of the member's

accumulated contributions if death occurs during the member's continuance in service after attainment of minimum retirement age. Such election is irrevocable after the option becomes effective unless the designated beneficiary predeceases the member prior to his retirement.

Cost of Living Adjustment

For Class A:
3% compounded, for members who retired prior to 12/18/91; no adjustment for other Class A members.

For Police:

3% compounded not to exceed the annual base salary of an active member at the same rank.

For all other Class B Retirees:

5%, compounded, for members who retired prior to 1/1/90; 6%, compounded, for members who retired between 1/1/90 and 12/18/91; and, 3%, simple, on first $12,000 of annual benefit for other retired members.

The initial COLA payment is deferred until the January 1 which occurs three years after the member's retirement date.

Special Provisions for Certain Elected Officials

Any person who has served as Mayor or City Councilman for at least eight full legislative years is entitled to a retirement allowance on the basis of such service as an elected official upon attainment of age 52 or the completion of 20 consecutive years as an elected official, whichever is earlier, or the occurrence of total and permanent disability prior thereto.

Such retirement allowance is currently $350 for each year of service, provided that no more than 20 years of such service are to be used in determining the allowance.

Upon the death of any such elected official, benefits are payable in accordance with the Class A provisions of the act.

An elected official may elect to withdraw his accumulated contributions in lieu of his rights to the allowance based on service as an elected official.

2 – CONTRIBUTIONS

Provided by Members

For Class A: 8% of their salaries.

For Police: 8% of this salaries

For all other Class B Members: 9½% of their salaries.

The Mayor and members of the City Council are required to contribute at the rate of $350 per year.

Provided by City

The City makes the balance of contributions needed to fund the system.

In addition the City shall contribute from time to time amounts sufficient with the contributions of elected officials to provide the special pensions granted to elected officials.

SCHEDULE E

TABLES OF EMPLOYEE DATA

TABLE 1

The Number and Annual Salaries of Members Distributed By 5th Age and Service As of June 30, 2002

CLASS A

SERVICE AGE	1	5	10	15	20	25	30	35	OVER 37	TOTAL	
20	15	1	0	0	0	0	0	0	0	16	NUMBER
	361,038	37,960	0	0	0	0	0	0	0	398,998	SALARY
25	26	87	9	1	0	0	0	0	0	123	NUMBER
	751,978	1,974,419	230,246	15,188	0	0	0	0	0	2,971,831	SALARY
30	36	117	65	12	0	0	0	0	0	230	NUMBER
	891,890	2,923,880	1,809,450	370,009	0	0	0	0	0	5,995,229	SALARY
35	29	101	81	67	4	0	0	0	0	282	NUMBER
	722,641	2,664,335	2,537,424	2,448,208	139,233	0	0	0	0	8,511,841	SALARY
40	32	94	82	93	21	4	0	0	0	326	NUMBER
	861,338	2,459,038	2,563,166	3,343,052	901,002	163,898	0	0	0	10,291,494	SALARY
45	21	117	90	80	35	26	23	0	0	392	NUMBER
	525,326	2,977,602	2,709,998	2,912,448	1,365,469	1,123,361	944,087	0	0	12,558,291	SALARY
50	13	86	79	79	23	31	55	10	0	376	NUMBER
	362,583	2,193,850	2,320,234	2,627,668	875,861	1,223,063	2,429,913	429,389	0	12,462,561	SALARY
55	8	44	42	45	26	23	32	14	5	239	NUMBER
	217,453	1,216,564	1,336,514	1,621,427	1,055,247	959,911	1,308,736	584,746	232,220	8,532,818	SALARY
60	6	27	46	36	15	9	12	7	4	162	NUMBER
	199,118	570,494	1,483,608	1,148,604	618,432	326,879	442,048	241,576	147,241	5,178,000	SALARY
65	4	16	17	15	6	6	4	1	1	70	NUMBER
	135,686	329,843	478,345	473,461	264,334	205,809	173,710	18,601	46,936	2,126,725	SALARY
70	2	1	1	6	4	0	4	0	0	18	NUMBER
	70,683	17,212	19,247	150,820	172,677	0	172,477	0	0	603,116	SALARY
75	1	2	1	4	3	1	1	1	1	15	NUMBER
	37,716	36,623	28,787	177,965	79,324	57,716	56,011	34,760	34,918	543,820	SALARY
OVER 77	0	1	2	4	0	1	0	0	0	8	NUMBER
	0	19,234	37,472	156,842	0	14,664	0	0	0	228,212	SALARY
TOTAL	193	694	515	442	137	101	131	33	11	2257	NUMBER
	5,137,450	17,421,054	15,554,491	15,445,692	5,471,579	4,075,301	5,526,982	1,309,072	461,315	70,402,936	SALARY

TABLE 2

The Number and Annual Salaries of Members Distributed By 5th Age and Service As of June 30, 2002

CLASS B

SERVICE / AGE	1	5	10	15	20	25	30	OVER 32	TOTAL	
20	6	0	0	0	0	0	0	0	6	NUMBER
	264,038	0	0	0	0	0	0	0	264,038	SALARY
25	18	2	1	0	0	0	0	0	21	NUMBER
	540,775	92,386	12,792	0	0	0	0	0	645,953	SALARY
30	33	32	31	11	0	0	0	0	107	NUMBER
	1,030,655	1,435,616	1,431,229	496,041	0	0	0	0	4,393,541	SALARY
35	12	21	90	83	1	0	0	0	207	NUMBER
	269,619	960,622	4,090,466	3,876,639	50,447	0	0	0	9,247,793	SALARY
40	11	6	44	147	40	1	0	0	249	NUMBER
	388,236	275,236	1,985,997	6,770,044	1,972,030	43,881	0	0	11,435,424	SALARY
45	2	2	14	59	42	70	4	0	193	NUMBER
	83,554	89,112	636,877	2,711,940	2,064,695	3,672,796	244,806	0	9,503,780	SALARY
50	1	6	9	15	34	32	3	0	100	NUMBER
	12,792	285,475	440,630	718,166	1,698,706	1,856,835	164,604	0	5,177,208	SALARY
55	0	0	0	4	2	8	19	15	48	NUMBER
	0	0	0	176,533	87,762	388,199	1,062,807	822,292	2,537,593	SALARY
60	0	0	0	0	0	1	2	9	12	NUMBER
	0	0	0	.0	0	56,380	91,711	508,566	656,657	SALARY
OVER 62	0	0	0	0	0	0	0	0	0	NUMBER
	0	0	0	0	0	0	0	0	0	SALARY
TOTAL	83	69	189	319	119	112	28	24	943	NUMBER
	2,589,669	3,138,447	8,597,991	14,749,363	5,873,640	6,018,091	1,563,928	1,330,858	43,861,987	SALARY

TABLE 3

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2002

SERVICE RETIREMENTS

CLASS A

AGE	NUMBER	AMOUNT
46	3	$69,566
47	2	33,185
48	4	100,860
49	5	104,694
50	11	366,291
51	4	93,151
52	5	89,383
53	8	140,046
54	12	251,282
55	12	225,639
56	17	395,942
57	26	466,001
58	19	294,820
59	20	348,151
60	25	338,798
61	15	316,685
62	28	342,990
63	38	533,022
64	31	411,304
65	47	608,215
66	34	394,296
67	38	527,684
68	41	534,748
69	57	793,851
70	55	767,135
71	54	750,651
72	62	880,575
73	58	817,271
74	49	684,099
75	56	716,724
76	46	592,817

TABLE 3 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2002

SERVICE RETIREMENTS

CLASS A

AGE	NUMBER	AMOUNT
77	43	$549,193
78	49	623,617
79	27	232,921
80	28	306,772
81	41	433,180
82	39	417,723
83	23	226,562
84	33	358,453
85	31	305,651
86	23	188,228
87	17	146,890
88	14	91,670
89	6	33,508
90	17	114,053
91	7	32,033
92	5	34,068
93	4	36,064
94	3	13,934
95	4	25,010
96	3	29,029
98	1	3,870
99	3	19,640
101	1	774
TOTAL	1,304	$17,212,719

TABLE 4

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2002

SERVICE RETIREMENTS

CLASS B

AGE	NUMBER	AMOUNT
41	1	$17,178
44	1	19,161
45	3	84,341
46	2	25,838
47	2	44,927
48	4	87,080
49	9	191,561
50	4	73,798
51	11	264,965
52	9	189,229
53	9	247,687
54	10	294,873
55	28	699,081
56	20	547,984
57	10	302,381
58	11	313,016
59	8	201,930
60	8	290,021
61	7	150,321
62	12	299,917
63	9	286,229
64	10	202,949
65	13	335,597
66	15	350,601
67	13	371,309
68	10	250,806
69	13	426,398
70	19	441,797
71	15	349,438
72	17	404,310

TABLE 4 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2002

SERVICE RETIREMENTS

CLASS B

AGE	NUMBER	AMOUNT
73	16	$362,492
74	14	336,837
75	22	526,880
76	11	261,566
77	21	339,324
78	20	363,371
79	17	397,164
80	12	268,973
81	14	266,024
82	10	157,773
83	2	41,074
84	6	97,218
85	3	52,224
86	2	23,456
87	2	30,425
88	2	23,736
89	2	23,456
90	2	40,317
91	1	12,147
96	1	11,728
99	1	11,728
101	1	11,728
TOTAL	485	$11,424,364

TABLE 5

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2002

ELECTIVE OFFICIALS AND DEPENDENTS
OF ELECTIVE OFFICIALS

AGE	NUMBER	AMOUNT
60	1	$3,489
62	1	3,766
63	1	3,950
64	3	13,391
71	1	7,307
72	3	16,655
73	1	9,133
74	1	10,314
75	1	9,818
76	2	10,465
77	1	5,989
79	3	11,772
86	1	6,089
92	1	1,426
93	2	4,422
TOTAL	23	$117,986

TABLE 6

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2002

DISABILITY RETIREMENTS

CLASS A

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
43			1	$15,905	1	$15,905
44	1	$8,371			1	8,371
46	2	22,418			2	22,418
47			1	23,143	1	23,143
48	1	5,722	2	29,010	3	34,732
49	1	4,828	2	53,753	3	58,581
50			2	35,830	2	35,830
51			1	17,796	1	17,796
52			4	63,524	4	63,524
53	1	2,855	2	31,704	3	34,559
54	3	52,889	1	13,011	4	65,900
55	1	4,087	2	50,915	3	55,002
56	1	8,585	2	39,337	3	47,922
57	1	6,230	2	45,216	3	51,446
58			1	11,954	1	11,954
59	1	15,887	3	52,978	4	68,865
60			3	55,629	3	55,629
61			5	63,229	5	63,229
62			2	26,385	2	26,385
63	1	7,976	7	111,210	8	119,186
65	2	12,660	1	15,138	3	27,798
66			3	33,899	3	33,899
67	1	5,032	5	94,184	6	99,216
68			2	21,539	2	21,539
69	1	7,635	1	15,924	2	23,559
71	2	25,926	2	40,978	4	66,904
72			2	34,860	2	34,860

TABLE 6 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2002

DISABILITY RETIREMENTS

CLASS A

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
73	1	$20,729	3	$55,999	4	$76,728
74			1	17,288	1	17,288
75			2	22,290	2	22,290
76			4	74,233	4	74,233
77			2	22,058	2	22,058
78	1	5,806			1	5,806
79	1	9,676	1	8,409	2	18,085
80			1	4,118	1	4,118
81	1	4,257	1	4,495	2	8,752
82			1	9,657	1	9,657
89	1	9,676	1	13,073	2	22,749
99			1	4,885	1	4,885
TOTAL	25	$241,245	77	$1,233,556	102	$1,474,801

TABLE 7

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2002

DISABILITY RETIREMENTS

CLASS B

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
34			1	$23,835	1	$23,835
35			1	29,723	1	29,723
37			1	28,080	1	28,080
38			1	29,799	1	29,799
39			4	112,249	4	112,249
40			3	82,315	3	82,315
41			2	77,207	2	77,207
42	1	$18,119	5	148,326	6	166,445
43	1	14,529	3	112,173	4	126,702
44			5	202,670	5	202,670
45			12	369,140	12	369,140
46	1	16,016	7	210,784	8	226,800
47			11	305,673	11	305,673
48			12	391,836	12	391,836
49			5	163,699	5	163,699
50			9	301,724	9	301,724
51			14	467,980	14	467,980
52			18	617,280	18	617,280
53			14	485,772	14	485,772
54	1	25,669	16	588,033	17	613,702
55	2	41,316	27	955,487	29	996,803
56			16	562,844	16	562,844
57	1	14,969	25	784,789	26	799,758
58			13	516,569	13	516,569
59			16	588,617	16	588,617
60			17	605,427	17	605,427
61			15	494,002	15	494,002
62			15	632,729	15	632,729
63			22	919,117	22	919,117
64			12	511,685	12	511,685

TABLE 7 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2002

DISABILITY RETIREMENTS

CLASS B

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
65	1	$14,271	6	$220,365	7	$234,636
66			10	532,843	10	532,843
67			6	217,386	6	217,386
68			10	441,561	10	441,561
69			13	584,986	13	584,986
70			12	594,114	12	594,114
71			10	486,546	10	486,546
72			10	326,517	10	326,517
73			6	226,198	6	226,198
74	1	11,728	3	162,476	4	174,204
75			9	301,315	9	301,315
76			6	207,315	6	207,315
77			9	346,329	9	346,329
78			5	124,906	5	124,906
79			1	18,143	1	18,143
80			3	73,113	3	73,113
81			1	11,169	1	11,169
82	1	12,738			1	12,738
83			1	10,389	1	10,389
85			1	17,011	1	17,011
88			1	11,728	1	11,728
95			3	38,424	3	38,424
TOTAL	10	$169,355	448	$16,272,398	458	$16,441,753

TABLE 8

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2002

DISABILITY RETIREMENTS

GRAND TOTAL

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
34			1	$23,835	1	$23,835
35			1	29,723	1	29,723
37			1	28,080	1	28,080
38			1	29,799	1	29,799
39			4	112,249	4	112,249
40			3	82,315	3	82,315
41			2	77,207	2	77,207
42			6	166,445	6	166,445
43	1	$15,905	4	126,702	5	142,607
44	1	8,371	5	202,670	6	211,041
45			12	369,140	12	369,140
46	2	22,418	8	226,800	10	249,218
47	1	23143	11	305,673	12	328,816
48	3	34,732	12	391,836	15	426,568
49	3	58,581	5	163,699	8	222,280
50	2	35830	9	301,724	11	337,554
51	1	17796	14	467,980	15	485,776
52	4	63524	18	617,280	22	680,804
53	3	34,559	14	485,772	17	520,331
54	4	65,900	17	613,702	21	679,602
55	3	55,002	29	996,803	32	1,051,805
56	3	47,922	16	562,844	19	610,766
57	3	51,446	26	799,758	29	851,204
58	1	11954	13	516,569	14	528,523
59	4	68,865	16	588,617	20	657,482
60	3	55629	17	605,427	20	661,056
61	5	63229	15	494,002	20	557,231
62	2	26385	15	632,729	17	659,114
63	8	119,186	22	919,117	30	1,038,303
64			12	511,685	12	511,685

TABLE 8 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2002

DISABILITY RETIREMENTS

GRAND TOTAL

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
65	3	$27,798	7	$234,636	10	$262,434
66	3	33899	10	532,843	13	566,742
67	6	99,216	6	217,386	12	316,602
68	2	21539	10	441,561	12	463,100
69	2	23,559	13	584,986	15	608,545
70			12	594,114	12	594,114
71	4	66,904	10	486,546	14	553,450
72	2	34860	10	326,517	12	361,377
73	4	76,728	6	226,198	10	302,926
74	1	17288	4	174,204	5	191,492
75	2	22290	9	301,315	11	323,605
76	4	74233	6	207,315	10	281,548
77	2	22058	9	346,329	11	368,387
78	1	5,806	5	124,906	6	130,712
79	2	18,085	1	18,143	3	36,228
80	1	4118	3	73,113	4	77,231
81	2	8,752	1	11,169	3	19,921
82	1	9657	1	12,738	2	22,395
83			1	10,389	1	10,389
85			1	17,011	1	17,011
88			1	11,728	1	11,728
89	2	22,749			2	22,749
95			3	38,424	3	38,424
99	1	4885			1	4,885
TOTAL	102	$1,474,801	458	$16,441,753	560	$17,916,554

TABLE 9

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF BENEFICIARIES OF DECEASED ACTIVE AND RETIRED MEMBERS DISTRIBUTED BY AGE AS OF JUNE 30, 2002

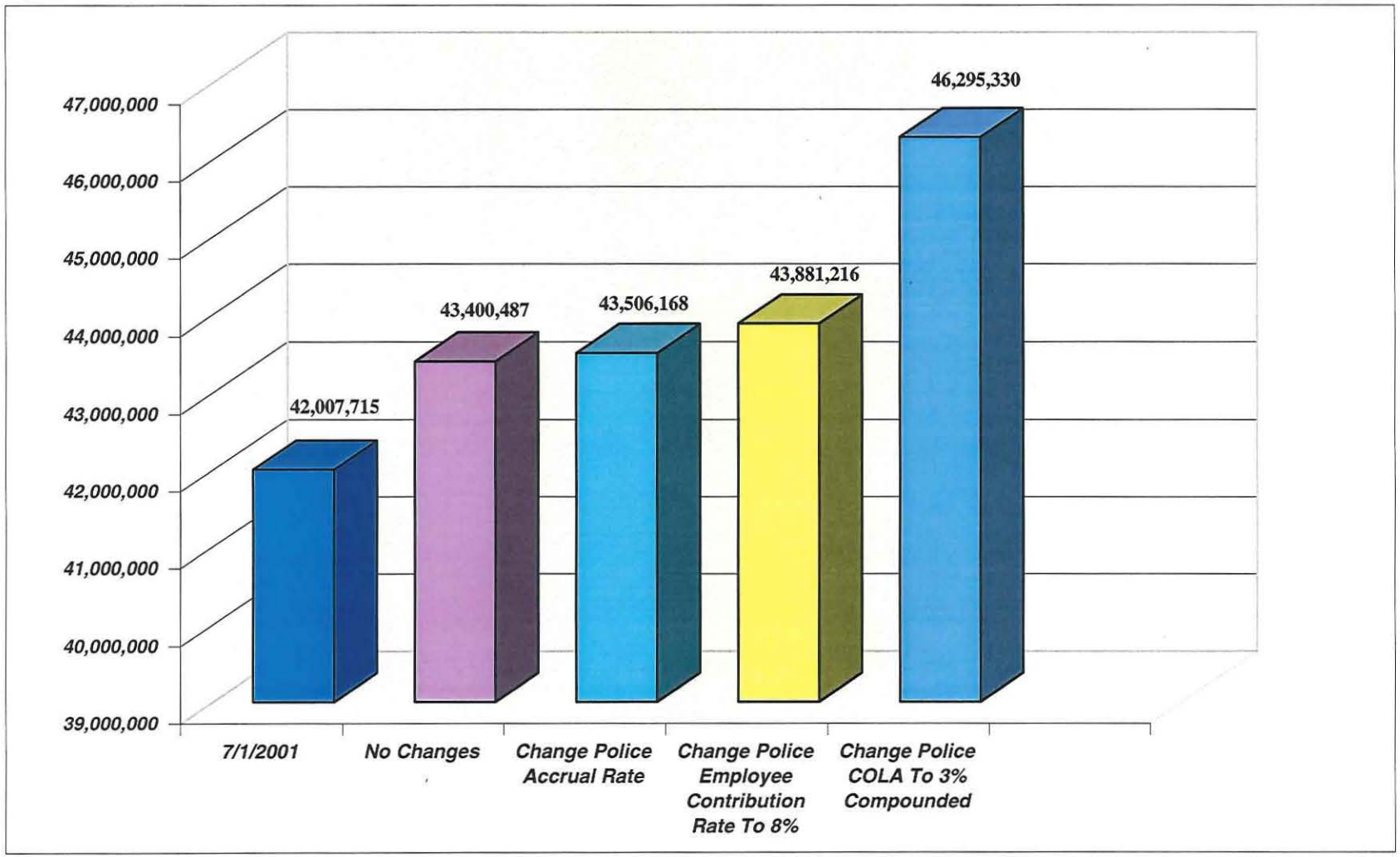
AGE	NUMBER	AMOUNT
29	1	$7,948
33	1	11,728
34	1	21,496
37	1	20,346
43	1	25,989
46	1	19,417
47	1	22,453
48	2	77,518
49	1	6,691
50	2	43,763
51	3	65,768
52	3	67,648
53	1	18,607
54	2	36,392
55	4	75,881
56	1	24,013
57	4	100,103
58	2	37,840
59	4	69,930
60	6	135,139
61	4	86,317
62	2	67,434
63	5	87,126
64	7	79,807
65	6	119,201
66	6	94,361
67	11	139,411
68	8	135,888
69	13	159,884
69	10	172,994
71	9	100,633

TABLE 9 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF BENEFICIARIES OF DECEASED ACTIVE AND RETIRED MEMBERS DISTRIBUTED BY AGE AS OF JUNE 30, 2002

AGE	NUMBER	AMOUNT
72	7	137,788
73	9	122,978
74	17	251,151
75	17	195,048
76	16	224,461
77	20	242,616
78	16	206,444
79	19	183,349
80	16	189,785
81	15	150,832
82	14	174,140
83	13	118,700
84	15	133,706
85	11	97,903
86	12	105,035
87	13	113,633
88	11	98,349
89	9	90,483
90	9	98,235
91	8	80,971
92	8	74,707
93	4	34,757
94	5	47,180
95	4	44,860
96	3	35,184
97	2	21,404
98	1	10,960
99	2	23,456
100	2	20,917
TOTAL	421	$5,460,758

Cost Impact Of Benefit Changes From Ratified Police Contract On City Appropriations From July 1, 2001 to July 1, 2002



EMPLOYEES RETIREMENT SYSTEM
of the
CITY OF PROVIDENCE

JANUARY 22, 2003

10:30 A.M.

MEMBERS

Mayor David N. Cicilline
Pasquale T. D'Amico – Chairman
Betty J. Jackson – Vice-Chairwoman
Daniel J. McCarthy
Edward J. Maroney
Pasquale Grieco
Councilman Kevin Jackson
Melvin Hershkowitz, MD
Carla Dowben
Joseph L. Chiodo, Controller

_____
Edward J. Lynch, Jr.
Pension Administrator

1. **Approval of Minutes:** November 2002 and January 8, 2003-Special Meeting

2. **Disability Committee Report:** Dr. Guy Geffroy, Medical Advisor
   Closed Session: RIGL 42-46-4 and RIGL 42-46-5 (a) (1) (Specific to discussion regarding physical or mental health of a person).

   a. Keith Grant – Accidental Disability
   b. Barbara LaPlante – Accidental Disability
   c. Michael Herchen – Accidental Disability
   d. Hope Varone – Accidental Disability

3. **Invoices for Payment:**

   a. Medical Consultant - None
   b. Attorney Skolnik - None

4. **Loans Approved:**

Total number of loans since last Board Meeting: 177
Total amount of loans since last Board Meeting: $434,940.00

5. **Purchase of Service: See Attached**

6. **Service Retirements:**

A. Maximum: Joseph W. Caprio
Diana Gomes

B. Option I: None

C. Option II: None

D. Option III: None

E. Option IV: Normand L. Roussell

7. **New Business:**

a. Discussion Regarding Actuarial Report-Buck Consultants – Joseph L. Chiodo

b. Ad-hoc Committee regarding 18 month rule for Accidental Disability applicants – Councilman Kevin Jackson

c. Investment Sub-Committee – Daniel McCarthy

d. Forensic Audit request to City Council – Edward Maroney

e. Decrease in health benefits over the last 10 years – Edward Maroney

f. Retirement Benefits for John Reis – Daniel McCarthy

g. Chief Joseph Scolardi's pension – Edward Maroney

h. Police and Fire COLAs – Discussion regarding Funding – Buck Consultants – Edward J. Maroney

i. Reimbursement of medical bills for Thomas Whelan – Edward J. Maroney

j. Request to Buck Consultants for information regarding the funded percentage of the ERS based on the 3% compounded COLAs – Edward J. Maroney

k. Request of Anthony Campanelli to address the Retirement Board regarding limits on Blue Cross Coverage – Edward J. Lynch

l. Immediate Appointment by the City Solicitor of an Independent Hearing Officer for revocation and/or suspension of the pension benefits of Vincent A. Cianci, Jr. and Frank Corrente – Carla Dowben

m. Legal opinion from the City Solicitor regarding the Appointment of an Independent Hearing Officer – Carla Dowben

n. Discussion relative to termination and replacement of Buck Consultants – Edward Maroney

o. Resignation of David J. Peters as Class B Fire Representative – Edward J. Lynch, Jr.

Vincent A. Cianci, Jr., Mayor
Pasquale T. D'Amico, Chairman
Betty J. Jackson, Vice Chairman
David J. Peters
Edward J. Maroney
Daniel J. McCarthy

RETIREMENT BOARD
EMPLOYEES' RETIREMENT SYSTEM
Room 409, Providence City Hall, 25 Dorrance Street
Providence, Rhode Island 02903

Tel. 421-7740, ext. 299 - Fax 453-6175

Pasquale Grieco
Kevin Jackson, Councilman
Dr. Melvin Hershkowitz
Carla Dowben, Esq.
Joseph L. Chiodo, Controller

Edward J. Lynch, Jr.
Pension Administrator

PURCHASE OF SERVICE
DECEMBER 17,2002

(1) ALESSANDRO GERARDI- 1 YEAR 8 MONTHS 21 DAYS
CONTINUOUS TEMP. TIME- PUBLIC WORKS

(2) ESTER L. PERSON- 1 YEAR 9 MONTHS 17 DAYS
CONTINUOUS TEMP. TIME-
SUBSTITUTE CLERK,SCHOOL DEPARTMENT
$3,284.60

(3) DENNIS LAMBERT- 4 MONTHS 4 DAYS
POLICE ACADEMY TIME
$2,376.43

City of Atlanta Police Officers' Pension Fund

Interim Actuarial Valuation Report
as of
January 1, 2003

FUNDING RESULTS

ACCOUNTING RESULTS

ASSETS

SOUTHERN ACTUARIAL SERVICES

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ACCOUNTING RESULTS

ASSETS

SOUTHERN ACTUARIAL SERVICES

Post Office Box 888343
Atlanta, Georgia 30356-0343
Telephone 770.392.0980
Facsimile 770.392.2193
www.southernactuarial.com

June 7, 2004

Board of Trustees
City of Atlanta Police Officers' Pension Fund

Ladies and Gentlemen:

This report presents the interim results of the actuarial valuation of the City of Atlanta Police Officers' Pension Fund as of January 1, 2003. The purpose of this interim report is to provide a summary of the funded status of the plan as of January 1, 2003 and to determine the annual required contribution and accounting disclosures pursuant to Governmental Accounting Standard Nos. 25 and 27 (GASB 25/27). In addition, this report summarizes recent changes in the law and regulations affecting the plan, provides a record of any plan amendments or other plan changes affecting the financial status of the plan, and discusses the impact of recent gains and losses.

Legislative and Regulatory Changes During the Prior Year

There were no significant legislative or regulatory changes enacted during the prior year.

Plan Changes Adopted During the Prior Year

There were no plan changes adopted since the prior valuation. All plan provisions adopted through January 1, 2003 have been reflected in this valuation.

Recommended Contribution

Currently, the plan receives contributions from the City of Atlanta and from employees. Employees contribute either 6% or 7% of base salary, depending on whether the employee has any beneficiaries who would be eligible for death benefits under the plan. The City contributes the amount that is actuarially determined as a level percentage of payroll, where the unfunded accrued liability is scheduled to be eliminated as of January 1, 2019 and payroll is assumed to increase at the rate of 5% per year. The contribution is based on the actuarial valuation results as of January 1 of the preceding plan year.

For the 2004 plan year, the minimum required contribution based on the January 1, 2002 actuarial valuation results is equal to 23.33% of payroll. If the interim valuation results were used to determine the 2004 contribution, the minimum required contribution would be 42.70% of payroll after taking into account expected employee contributions of 6.63% of payroll. This amount represents an increase of 19.37% of payroll from the required contribution for the 2003 plan year. We recommend that the City include the increased contribution rate in its budget for the 2005 plan year.

The increase in the contribution is partially due to poor investment performance. The market value of assets lost 6.42% during 2002 as compared with an assumed return of 8.00%. Rather than reflect the entire amount of the unrealized gains and losses immediately, the actuarial value of assets is based on a five-year phase-in of the unrealized appreciation. On this basis, the actuarial value of assets only lost 1.73% for the year, which was still well below the assumed 8.00% return.

Contents of the Report

A summary of the results of the valuation is presented in Table I, while Table II provides a historical record of the City's contribution percentage. A detailed breakdown of the liabilities of the plan by type of benefit is presented in Table III. Information for the auditors can be found in Tables IV and V. Tables VI through VIII provide information about the fund's assets. In particular, Table VI provides a breakdown of the fund assets by investment type, and Tables VII and VIII provide a historical record of the growth, expenditures, and annual yields of the fund. Tables IX through XII provide a variety of useful information concerning the participant population. Finally, Table XIII provides a summary of the assumptions and methods used to complete the valuation and Table XIV provides a summary of the plan provisions.

Certification

To the best of our knowledge, this report fairly and accurately represents the liabilities of the plan as of January 1, 2003 based on the participant data and asset information provided by the City of Atlanta and the plan provisions and actuarial assumptions set forth herein. We believe that these assumptions are reasonable in the aggregate and represent our best estimate of anticipated experience. All calculations set forth herein conform to generally accepted actuarial principles and practices and comply with our current understanding of the requirements of the Georgia Code and the Governmental Accounting Standards Board.

Respectfully submitted,

Harry S. Lutz
Consulting Actuary
Enrolled Actuary No. 02-01126

Charles T. Carr
Consulting Actuary
Enrolled Actuary No. 02-04927

SUMMARY OF VALUATION RESULTS — TABLE I

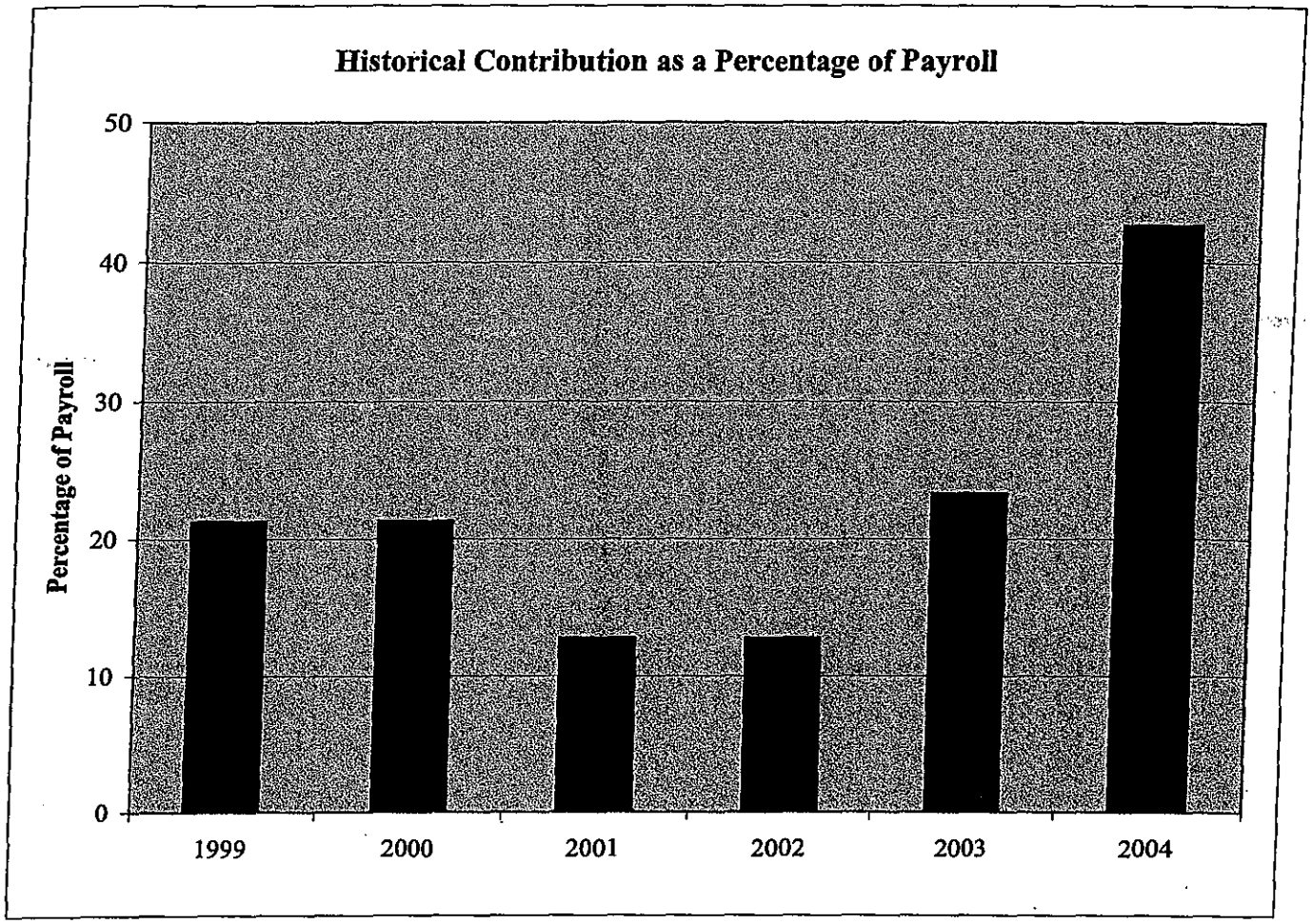
	As of January 1, 2002	As of January 1, 2003
1. Number of Participants		
a. Active Participants		
i. Fully Vested	548	496
ii. Partially Vested	572	631
iii. Non-Vested	420	396
iv. Sub-total	**1,540**	**1,523**
b. Deferred Vested Participants	**0**	**0**
c. Retired Participants		
i. Service Retirement		643
ii. Disability Retirement		105
iii. Beneficiaries		222
iv. Sub-total	**953**	**970**
d. Total Participants	**2,493**	**2,493**
2. Expected Annual Compensation *	**$64,588**	**$66,371**
3. Development of Required Contribution *		
a. Actuarial Accrued Liability	$541,209	$592,428
b. Actuarial Value of Assets	($448,676)	($437,282)
c. Unfunded Actuarial Accrued Liability (UAAL)	$92,533	$155,146
d. Amortization Payment Towards UAAL		$12,865
e. Normal Cost		$20,491
f. Total Annual Cost		$33,356

	For the 2003 Plan Year	For the 2004 Plan Year
4. Minimum Required Contribution		
a. Level Percent Amortization of UAAL	11.09 %	18.46 %
b. Normal Cost Percentage	18.98 %	30.87 %
c. Total Contribution Percentage	30.07 %	49.33 %
d. Effective Employee Contribution	(6.74)%	(6.63)%
e. Minimum Required Employer Contribution	**23.33 %**	**42.70 %**

** dollar amounts are shown in 000's*

HISTORICAL CONTRIBUTION RATE

TABLE II



Plan Year	Employer Contribution Percentage	Plan Year	Employer Contribution Percentage	Plan Year	Employer Contribution Percentage
1999	21.31%	2001	12.77%	2003	23.33%
2000	21.31%	2002	12.77%	2004	42.70%

LIABILITIES AS OF January 1, 2003

TABLE III

	Retirement Benefits	Disability Benefits	Withdrawal Benefits	Pre-Ret. Death Benefits	Return of Employee Contributions		Total
1. Present Value of Future Benefits							
a. Active participants	$464,087	$16,019	$4,067	$13,910	$480		$498,563
b. Def. vested participants	$0	$0	$0	$0	$0		$0
c. Retired participants:							
Retirees	$221,076	$35,404	$0	$0	$0		$256,480
Beneficiaries	$33,605	$0	$0	$0	$0		$33,605
d. Total	$718,768	$51,423	$4,067	$13,910	$480		$788,648
2. Entry Age Accrued Liability							
a. Active participants	$280,931	$9,614	$2,465	$9,060	$273		$302,343
b. Def. vested participants	$0	$0	$0	$0	$0		$0
c. Retired participants:							
Retirees	$221,076	$35,404	$0	$0	$0		$256,480
Beneficiaries	$33,605	$0	$0	$0	$0		$33,605
d. Total	$535,612	$45,018	$2,465	$9,060	$273		$592,428
3. Entry Age Normal Cost	$18,395	$1,015	$379	$588	$114		$20,491
4. Present Value of Vested Benefits							
a. Active participants	$149,331	$8,594	$13,297	$5,915	$715		$177,852
b. Def. vested participants	$0	$0	$0	$0	$0		$0
c. Retired participants:							
Retirees	$221,076	$35,404	$0	$0	$0		$256,480
Beneficiaries	$33,605	$0	$0	$0	$0		$33,605
d. Total	$404,012	$43,998	$13,297	$5,915	$715		$467,937
5. Present Value of Accrued Benefits							
a. Active participants	$176,833	$8,594	$2,068	$6,172	$266		$193,933
b. Def. vested participants	$0	$0	$0	$0	$0		$0
c. Retired participants:							
Retirees	$221,076	$35,404	$0	$0	$0		$256,480
Beneficiaries	$33,605	$0	$0	$0	$0		$33,605
d. Total	$431,514	$43,998	$2,068	$6,172	$266		$484,018

** all amounts are shown in 000's*

	For the 2003 Plan Year	For the 2004 Plan Year
A. Number of Plan Participants as of Preceding January 1		
a. Retirees and beneficiaries receiving benefits	953	970
b. Terminated plan participants entitled to but not yet receiving benefits	0	0
c. Active plan participants	1,540	1,523
d. Total	2,493	2,493
B. Development of Annual Required Contribution (ARC) *		
a. Employer normal cost:		
i. Total normal cost (EOY)	$13,605	$23,234
ii. Expected employee contribution	($4,831)	($4,990)
iii. Employer normal cost	**$8,774**	**$18,244**
b. Amortization of UAAL:		
i. PV of future benefits	$672,044	$788,648
ii. PV of future employer normal costs	($82,369)	($136,270)
iii. PV of future employee contributions	($48,466)	($59,950)
iv. Actuarial accrued liability (AAL)	$541,209	$592,428
v. Actuarial value of assets	($448,676)	($437,282)
vi. Unfunded AAL (UAAL)	$92,533	$155,146
vii. Amortization of UAAL	**$6,288**	**$12,865**
c. Amortization of NPO	**$0**	**$0**
d. **ARC** (Item B.a.iii. plus item B.b.vii. plus item B.c.)	**$15,062**	**$31,109**
C. Annual Pension Cost and Net Pension Obligation (NPO) *		
a. ARC	$15,062	$31,109
b. Interest on NPO	$0	$0
c. Adjustment to ARC	$0	$0
d. **Annual Pension Cost**	**$15,062**	**$31,109**
e. Contributions made (w/interest to EOY)	($15,062)	($31,109)
f. Increase(decrease) in NPO	$0	$0
g. NPO (beginning of year)	$0	$0
h. **NPO (end of year)**	**$0**	**$0**

** dollar amounts are shown in 000's*

D. Schedule of Employer Contributions **

Year Ended December 31	Annual Pension Cost	Percentage Contributed
1999	$11,966	100%
2000	$13,816	100%
2001	$14,200	100%
2002	$15,068	100%
2003	$15,062	100%
2004	$31,109	100%

E. Schedule of Funding Progress **

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) – (1)	(4) Funded Ratio (1) ÷ (2)	(5) Covered Payroll	(6) UAAL as % of Covered Payroll (3) ÷ (5)
1/1/1998	$296,516	$384,074	$87,558	77.2%	$46,913	186.6%
1/1/2000	$384,083	$419,439	$35,356	91.6%	$56,966	62.1%
1/1/2002	$448,676	$541,209	$92,533	82.9%	$64,588	143.3%
1/1/2003	$437,282	$592,428	$155,146	73.8%	$66,371	233.8%

F. Additional Information

	January 1, 2002	January 1, 2003
Valuation date		
Actuarial cost method	Individual entry age	Individual entry age
Amortization method	Level percent closed	Level percent closed
Remaining amortization period	40 years from 1/1/1979	40 years from 1/1/1979
Asset valuation method	Five-year smoothed market	Five-year smoothed market
Actuarial assumptions:		
Investment rate of return *	8.00%	8.00%
Projected salary increases *	Ranges from 5% to 10%	Ranges from 5% to 10%
* Includes inflation at:	5.00%	5.00%
Cost-of-living adjustments	3.00%	3.00%

*** dollar amounts are shown in 000's.*

PRESENT VALUE OF ACCRUED BENEFITS — TABLE V

1. Actuarial Present Value of Accrued Benefits

		As of January 1, 2002	As of January 1, 2003
a.	Vested Benefits:		
	i. Participants currently receiving benefits	$269,509	$290,085
	ii. Other participants	$148,105	$177,852
	iii. Sub-total	$417,614	$467,937
b.	Non-Vested Benefits	$40,667	$16,081
c.	Total Benefits	**$458,281**	**$484,018**
d.	Market Value of Assets	$402,836	$373,446
e.	Funded Ratio	87.90%	77.16%

2. Statement of Change in Actuarial Present Value of Accrued Benefits

a.	Actuarial Present Value as of January 1, 2002	**$458,281**
b.	Increase (Decrease) During 2002 Plan Year Due to:	
	i. Interest	$36,662
	ii. Benefits accumulated	$11,238
	iii. Benefits paid	($22,163)
	iv. Plan amendments	$0
	v. Changes in actuarial assumptions or methods	$0
	vi. Net increase (decrease)	$25,737
c.	Actuarial Present Value as of January 1, 2003	**$484,018**

3. Items Affecting Calculation of Actuarial Present Value of Accrued Benefits

a. Plan provisions reflected in the accrued benefits (see Table XIV on page 18)
b. Actuarial assumptions and methods used to determine present values (see Table XIII on page 16)

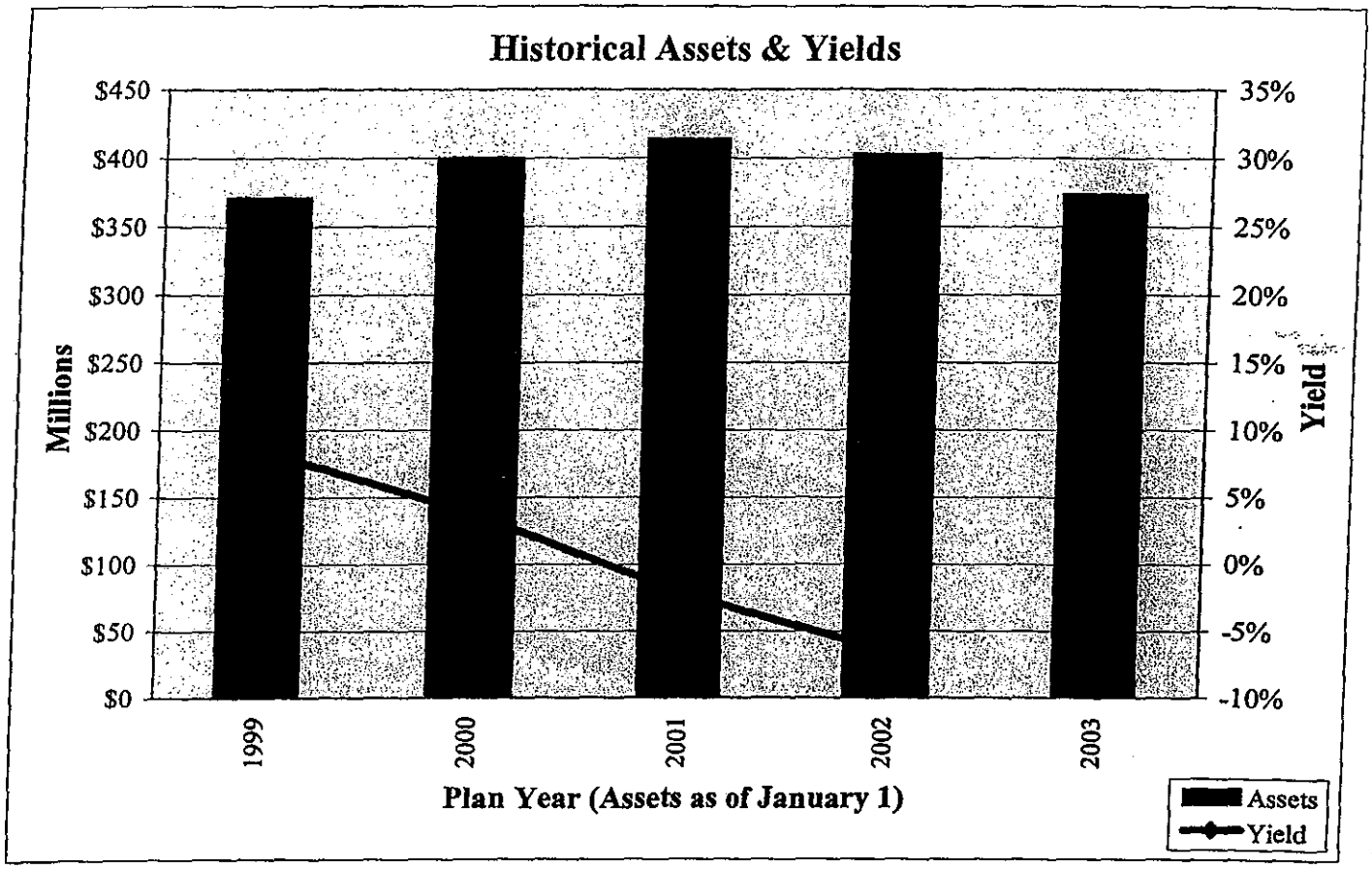
SUMMARY OF ASSETS — TABLE VI

	As of January 1, 2002	As of January 1, 2003
1. Market Value of Assets (in 000's)		
a. Cash and cash equivalents (5%)	$3,657	$19,504
b. Government bonds & notes (13%)	$53,118	$48,139
c. Corporate bonds (26%)	$44,883	$98,138
d. Equities (43%)	$202,993	$161,353
e. Repurchase agreements (0%)	$10,062	$0
f. Real estate (0%)	$0	$0
g. Mortgages (15%)	$89,274	$55,191
h. Accrued income receivable (0%)	$0	$1,479
i. Contributions receivable (0%)	$9	$157
j. Other receivables (1%)	$0	$3,150
k. Benefits and accounts payable (-2%)	($258)	($7,064)
l. Other payables (-2%)	($902)	($6,601)
m. Market value of assets	**$402,836**	**$373,446**
2. Actuarial Value of Assets (in 000's)		
a. Market value of assets	$402,836	$373,446
b. Five-year phase-in of unrealized investment appreciation:		
i. 1998	$65 x *20%* = $13	
ii. 1999	($6,197) x *40%* = ($2,479)	x *20%* = ($1,239)
iii. 2000	$37,436 x *60%* = $22,462	x *40%* = $14,974
iv. 2001	$32,305 x *80%* = $25,844	x *60%* = $19,383
v. 2002	$38,397	x *80%* = $30,718
vi. Total unrecognized losses(gains)	$45,840	$63,836
c. Actuarial Value of Assets (Item a. plus item b., but within an 80-120% corridor of item a.)	**$448,676**	**$437,282**

Note:

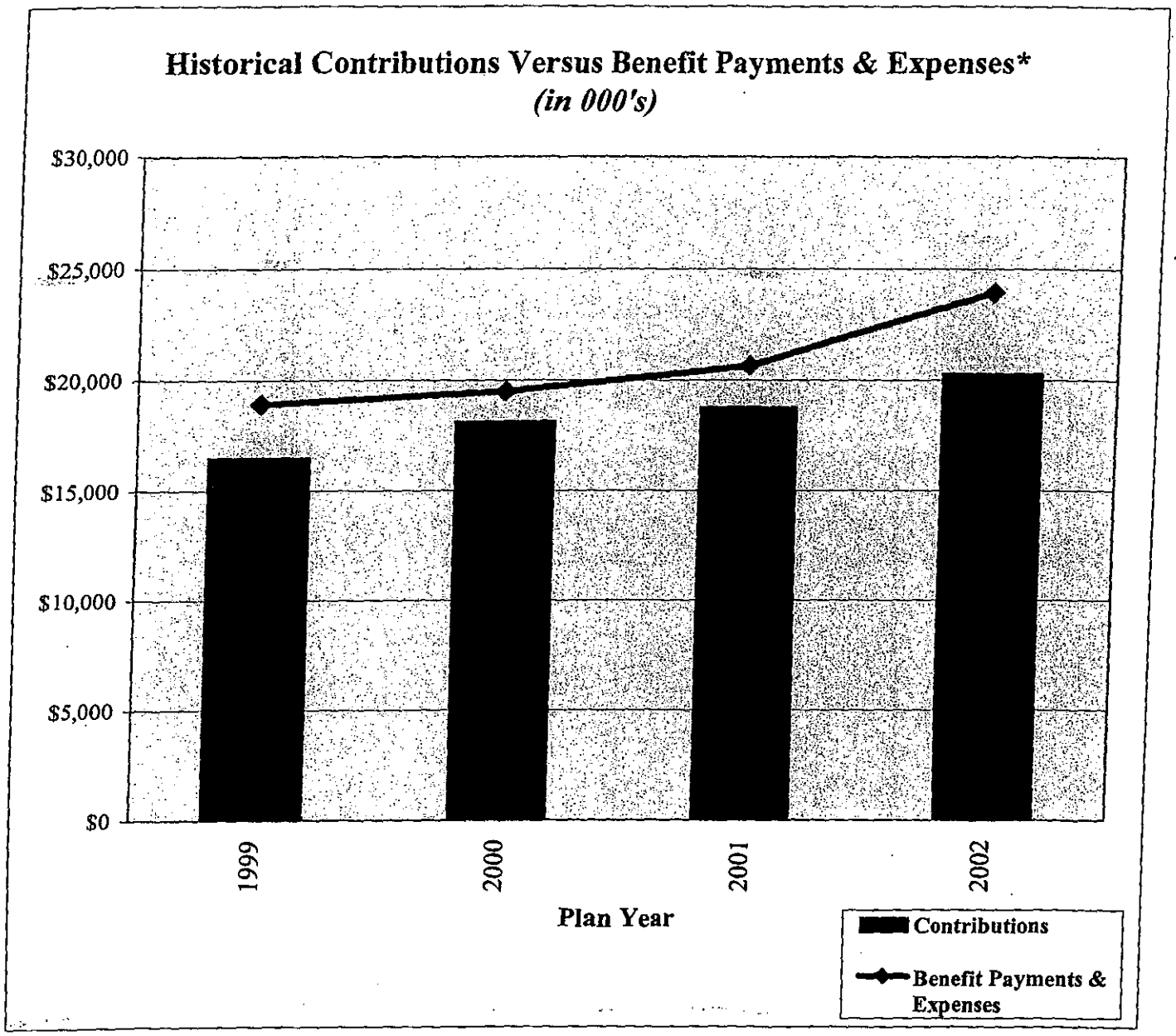
The percentages in parentheses indicate the proportion of assets committed to each type of investment as of January 1, 2003.

HISTORICAL ASSET INFORMATION — TABLE VII



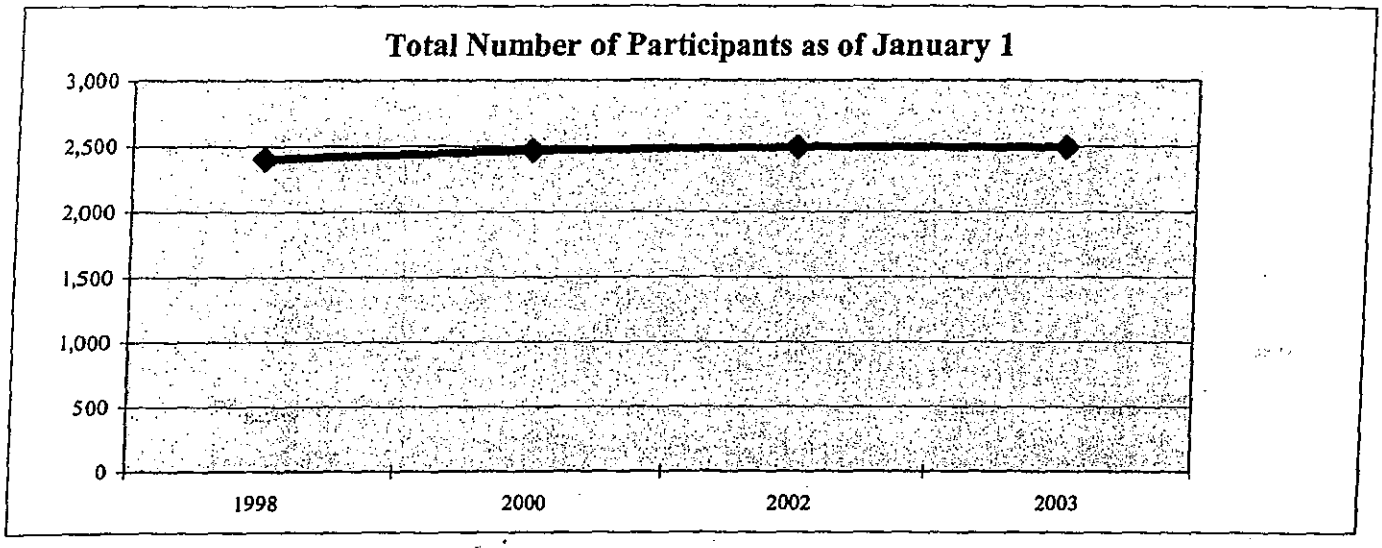
Plan Year	Market Value as of January 1	Actuarial Value as of January 1	Benefit Payments	Expenses	Contributions	Market Value Yield	Actuarial Value Yield
1999	$370,953		$18,555	$359	$16,471	8.49%	
2000	$399,889	$384,083	$18,986	$496	$18,108	3.78%	8.51%
2001	$413,593		$20,020	$611	$18,750	-2.15%	8.51%
2002	$402,836	$448,676	$22,163	$1,769	$20,279	-6.42%	-1.73%
2003	$373,446	$437,282					

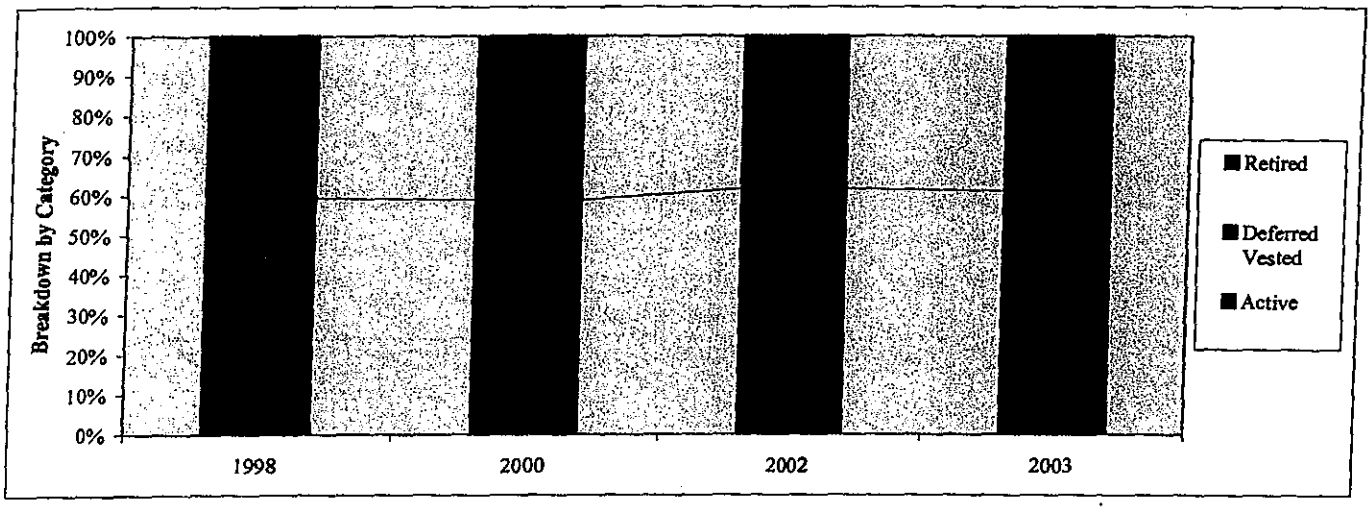
** all dollar amounts are shown in 000's*



* *Please reference Table VII on page 10 for the historical benefit payments, expenses, and contributions.*

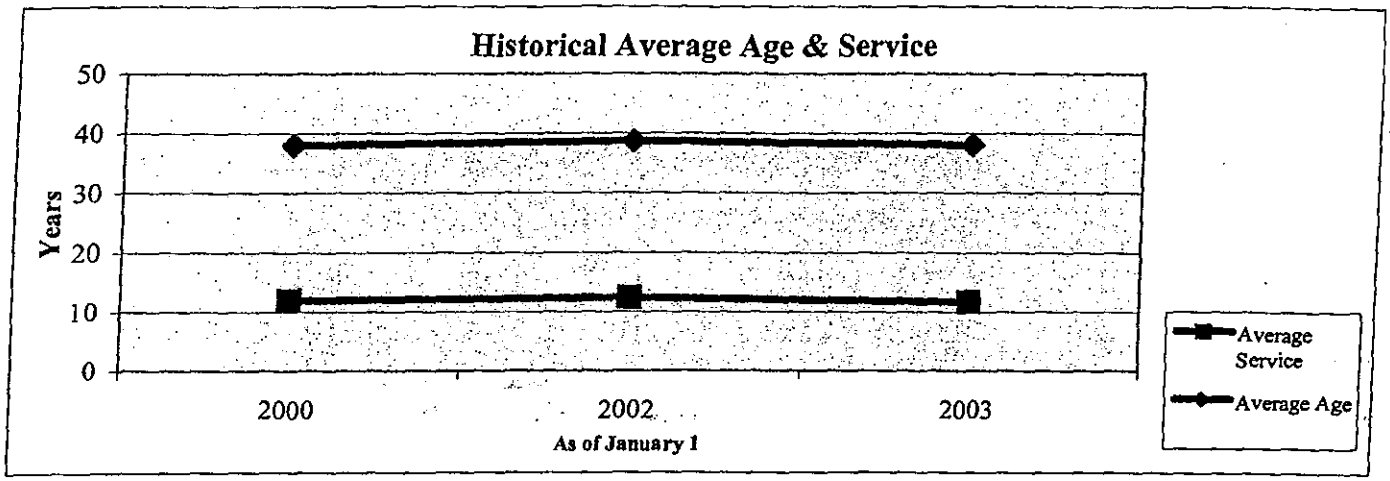
SUMMARY OF PARTICIPANT DATA — TABLE IX



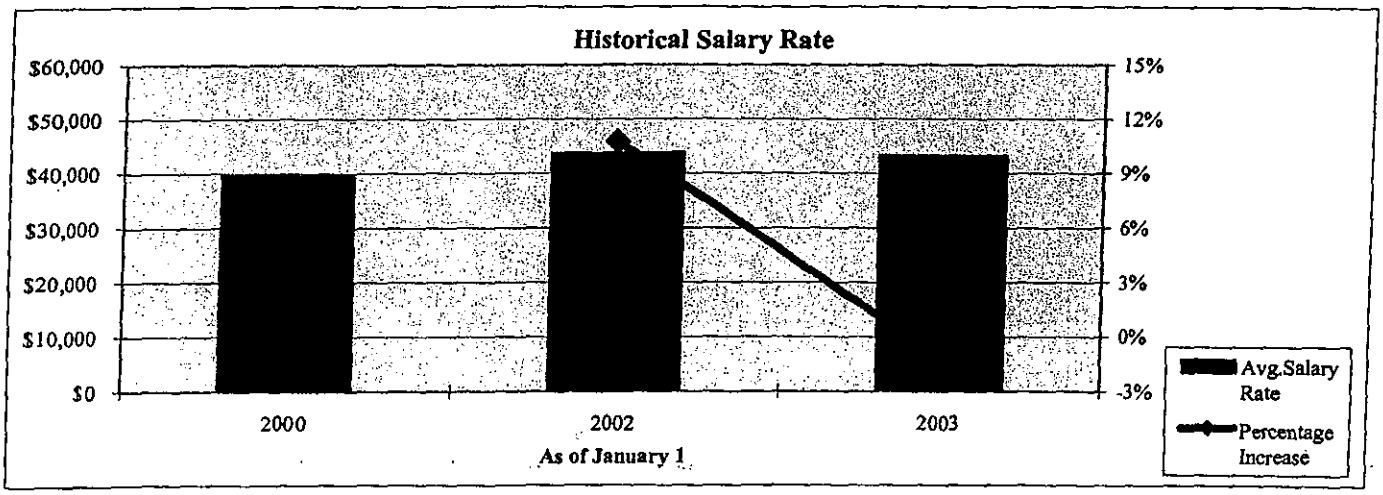


	As of January 1, 2002	As of January 1, 2003
1. Active Participants		
a. Fully Vested	548	496
b. Partially Vested	572	631
c. Non-Vested	420	396
d. Sub-total	**1,540**	**1,523**
2. Deferred Vested Participants	**0**	**0**
3. Retired Participants		
a. Service Retirement	*	643
b. Disability Retirement	*	105
c. Beneficiaries	*	222
d. Sub-total	**953**	**970**
4. Total Participants	**2,493**	**2,493**

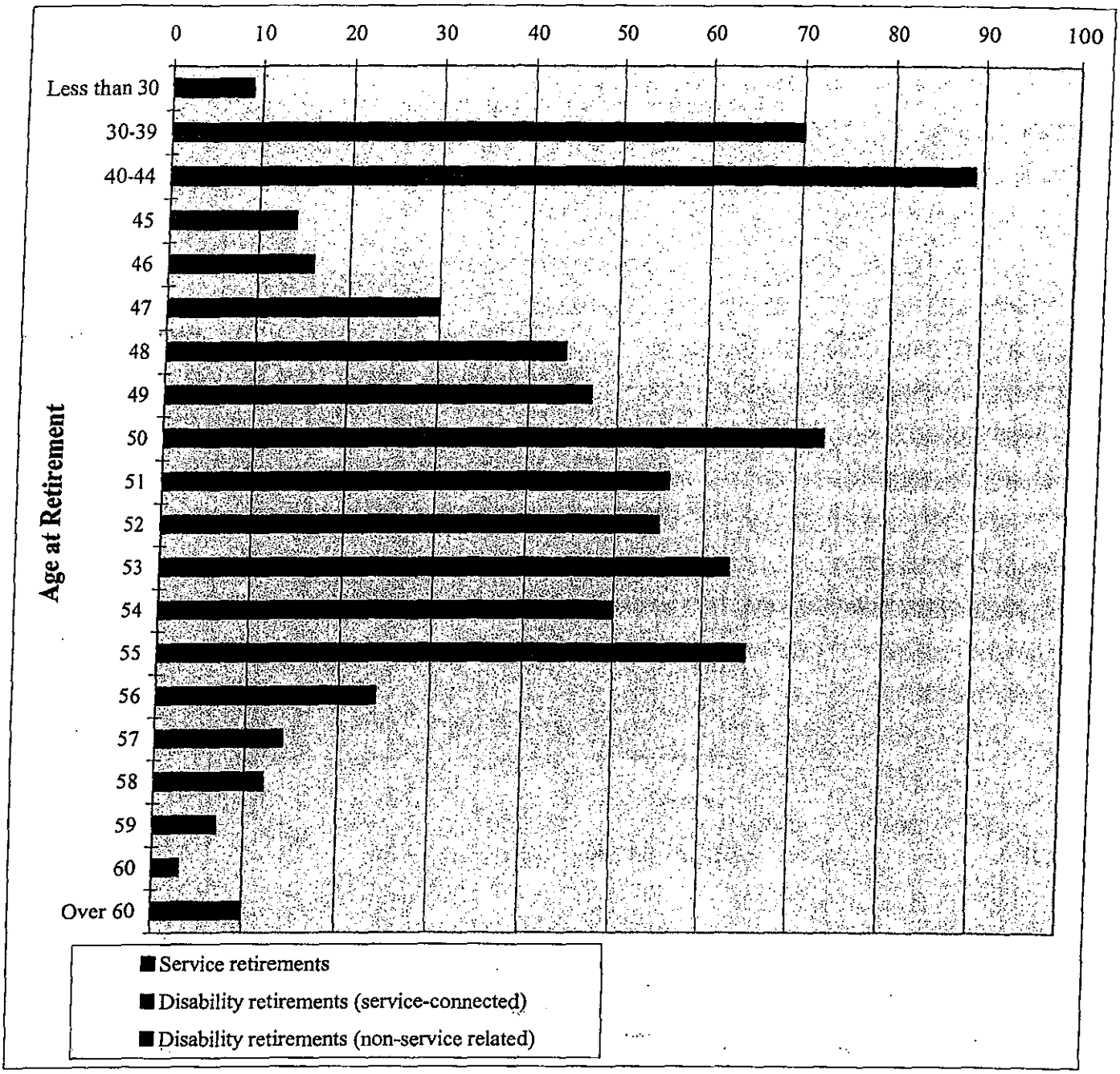
** not provided by the prior actuary*



Date	Average Service Earned	Average Attained Age	Date	Average Service Earned	Average Attained Age
1/1/2000	11.9	38.0	1/1/2003	11.7	38.1
1/1/2002	12.4	38.7			



Date	Average Salary Rate	Increase from Prior Year	Date	Average Salary Rate	Increase from Prior Year
1/1/2000	$39,478		1/1/2003	$43,203	-1.20%
1/1/2002	$43,729	10.77%			



Note: Results are based on retiree data as of January 1, 2003.

Average benefit being paid to members on service retirement is $2,286.03 per month.
Average benefit being paid to members on disability retirement is $2,031.84 per month.
Average benefit being paid to beneficiaries is $1,017.51 per month.

AGE-SERVICE-SALARY TABLE

TABLE XII

Attained Age	Completed Years of Service										
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25	**34**	**52**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**86**
Avg.Pay	29,344	32,112	0	0	0	0	0	0	0	0	31,018
25 to 29	**36**	**115**	**42**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**193**
Avg.Pay	29,627	34,339	38,256	0	0	0	0	0	0	0	34,312
30 to 34	**24**	**80**	**166**	**58**	**0**	**0**	**0**	**0**	**0**	**0**	**328**
Avg.Pay	29,650	34,962	40,104	44,606	0	0	0	0	0	0	38,881
35 to 39	**12**	**22**	**65**	**157**	**62**	**1**	**0**	**0**	**0**	**0**	**319**
Avg.Pay	32,198	35,359	39,384	46,409	49,085	44,262	0	0	0	0	44,194
40 to 44	**5**	**8**	**26**	**62**	**85**	**51**	**1**	**0**	**0**	**0**	**238**
Avg.Pay	29,402	39,405	39,470	45,831	49,939	54,468	48,306	0	0	0	47,903
45 to 49	**1**	**4**	**9**	**26**	**31**	**95**	**30**	**0**	**0**	**0**	**196**
Avg.Pay	99,727	35,028	40,647	47,137	49,465	51,032	53,515	0	0	0	50,092
50 to 54	**0**	**2**	**5**	**12**	**11**	**39**	**49**	**13**	**0**	**0**	**131**
Avg.Pay	0	34,089	42,529	45,924	46,181	48,556	53,607	63,241	0	0	51,011
55 to 59	**1**	**0**	**0**	**3**	**6**	**10**	**7**	**3**	**0**	**0**	**30**
Avg.Pay	157,026	0	0	48,323	49,985	49,773	57,459	51,692	0	0	55,231
60 to 64	**0**	**0**	**0**	**0**	**1**	**1**	**0**	**0**	**0**	**0**	**2**
Avg.Pay	0	0	0	0	54,371	44,262	0	0	0	0	49,317
65 to 69	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
70 & up	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
Total	**113**	**283**	**313**	**318**	**196**	**197**	**87**	**16**	**0**	**0**	**1,523**
Avg.Pay	31,558	34,336	39,708	46,027	49,407	51,299	53,824	61,076	0	0	43,203

1. Actuarial Cost Method

Individual Entry Age Normal Cost Method

2. Decrements

- **Mortality**

  Sex-distinct mortality rates set forth in the 1971 Group Annuity Mortality Table, set back three years

- **Disability**

  50% of the sex-distinct disability rates derived from the 1974 study of disability experience under the Social Security system; 75% of disabilities are assumed to be service-connected. A sample of disability rates is set forth in the following tables:

Male Rates

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	0.0600%	30	0.095%	40	0.198%	50	0.522%
25	0.0745%	35	0.132%	45	0.308%	55	0.909%

Female Rates

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	0.0300%	30	0.077%	40	0.191%	50	0.457%
25	0.0445%	35	0.131%	45	0.290%	55	0.766%

- **Permanent Withdrawal from Active Status**

  Withdrawal rates were derived from a study of actual plan experience covering the period 1982 through 1986. A sample of withdrawal rates is set forth in the following table:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	15.0%	30	7.8%	40	2.30%	50	0.956%
25	11.4%	35	4.9%	45	1.35%	55	0.000%

- **Retirement**

  Retirement is assumed to occur in accordance with the rates set forth in the following table:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
45	2%	49	2%	53	10%	57	20%
46	2%	50	2%	54	15%	58	20%
47	2%	51	5%	55	50%	59	20%
48	2%	52	5%	56	50%	60	100%

3. **Interest Rate**

- **Used for Calculating All Liabilities (including GASB 25/27 liabilities)**
  8.00% per annum

4. **Cost-of-Living Adjustment for Retirement Benefits**

For purposes of determining the annual cost-of-living adjustment for retirees, the Consumer Price Index is assumed to increase at the rate of 3.00% per year.

5. **Salary Increases**

Assumed rates of salary increase were developed from past experience and include an adjustment for expected future inflation. A sample of salary increase rates is set forth in the following table:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	10.000%	30	9.167%	40	7.500%	50	5.833%
25	10.000%	35	8.333%	45	6.667%	55	5.000%

6. **Payroll Increase**

Total payroll has been assumed to grow at the rate of 5.00% per year for purposes of amortizing the unfunded actuarial accrued liability as a level percentage of payroll.

7. **Surviving Beneficiaries**

Those active participants who are making the additional 1% employee contribution to provide a survivor benefit to their eligible beneficiaries are assumed to have only one surviving beneficiary of the opposite sex of the employee. Males are assumed to be three years older than females for this purpose.

8. **Expenses**

All costs and liabilities have been loaded by 1.00% to cover anticipated administrative expenses. In addition, the interest rate set forth in item 3. above is assumed to be net of investment expenses and commissions.

9. **Assets**

The actuarial value of assets is equal to the market value of assets adjusted to reflect a five-year phase-in of the net investment appreciation (or depreciation).

1. **Monthly Accrued Benefit**

   3% of Average Monthly Earnings multiplied by up to 26⅔ years of Creditable Service

2. **Normal Retirement Age and Benefit**

   - **Age**
     Age 55 with at least 15 years of Creditable Service
   - **Amount**
     Monthly Accrued Benefit
   - **Form of Payment**
     Life annuity (for those participants without a beneficiary); or
     75% joint and contingent annuity (for those participants with a beneficiary)

     Note: All annuity forms of payment include an automatic cost-of-living adjustment effective each January 1 based on the increase in the Consumer Price Index as of the preceding November 1 and limited to 3%, and include a minimum payout equal to the employee's accumulated contributions.

3. **Early Retirement Age and Benefit**

   - **Age**
     At least 15 years of Creditable Service
   - **Amount**
     Monthly Accrued Benefit (payable at age 55); or
     Monthly Accrued Benefit reduced by ½% for each of the first 60 months and by ¼% for each additional month by which the participant's Early Retirement Age precedes age 55 (payable at Early Retirement Age)
   - **Form of Payment**
     Same as for Normal Retirement

4. **Delayed Retirement Age and Benefit**

   - **Age**
     After Normal Retirement Age
   - **Amount**
     Monthly Accrued Benefit
   - **Form of Payment**
     Same as for Normal Retirement

5. **Disability Retirement Eligibility and Benefit**

- **Eligibility**
  All active participants are eligible if the disability is service-connected;
  At least five years of Creditable Service is required otherwise.
- **Condition**
  The participant must become "totally and permanently disabled" and must remain so disabled until age 55. "Totally and permanently disabled" means the participant is in a continuous state of incapacity due to illness or injury, is prevented from performing his regular assigned or comparable duties during the first months of his disability, and is thereafter prevented from engaging in any occupation for which he is or becomes reasonably qualified by education, training, or experience.
- **Amount**
  Greater of 50% of Average Monthly Earnings at the time of disability or Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 75% of the participant's salary at the time of disability (payable until the earlier of recovery from disability or age 55); and
  Monthly Accrued Benefit based on Average Monthly Earnings at the time of disability and Creditable Service including the period during which the participant was disabled (payable at age 55)
- **Form of Payment**
  Same as for Normal Retirement

6. **Deferred Vested Benefit**

- **Age**
  Any age with at least five years of Creditable Service
- **Amount**
  Monthly Accrued Benefit multiplied by the participant's Vested Percentage and payable at age 60
- **Form of Payment**
  Same as for Normal Retirement

7. **Pre-Retirement Death Benefit**

In the case of the death of an active or deferred vested participant (or disabled participant prior to age 55), his beneficiary(ies) will receive 75% of the monthly benefit to which the participant would have been entitled had he retired on the day before his death (or 75% of the amount the disabled participant was receiving at the time of his death). The death benefit is payable for the remaining lifetime of the participant's eligible spouse (or to his minor children until age 18 or age 23 if unmarried and a full-time student). In the case of a disabled participant, the death benefit is limited to 60% of the participant's salary at the time of disability.

8. **Vested Percentage**

Retirement benefits become vested in accordance with the following schedule:

Years of Creditable Service	Vested Percentage
Less than five	0%
At least five, but less than six	25%
At least six, but less than seven	30%
At least seven, but less than eight	35%
At least eight, but less than nine	40%
At least nine, but less than 10	45%
At least 10, but less than 11	50%
At least 11, but less than 12	60%
At least 12, but less than 13	70%
At least 13, but less than 14	80%
At least 14, but less than 15	90%
At least 15	100%

9. **Average Monthly Earnings**

Average of the participant's monthly Salary for the highest three consecutive years during his period of Creditable Service

10. **Salary**

The employee's basic salary excluding overtime pay, but including accumulated vacation pay, sick leave bonus pay, and other similar compensation; pursuant to IRC section 401(a)(17), annual Salary is limited to $200,000 as indexed.

11. **Employee Contribution**

All participating employees must make the required contribution to the plan. The required contribution is 7% of basic salary for those participants who have an eligible beneficiary for death benefits and 6% of basic salary for all other participants.

2. **Creditable Service**

Participants receive Creditable Service for all periods of employment with the City of Atlanta provided that the employee has made the required contribution for such period of service.

13. Participation Requirement

All full-time, sworn police officers employed by the City of Atlanta are eligible to participate in the plan.

14. Plan Effective Date

April 1, 1978

Retirement Systems of the City of Detroit

Financial Report with Additional Information June 30, 2003

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Retirement Systems of the City of Detroit

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Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Independent Auditor's Report

To the Board of Trustees
General Retirement System
of the City of Detroit and
The Board of Trustees
Policemen and Firemen Retirement
System of the City of Detroit

We have audited the accompanying statement of plan net assets of the Retirement Systems of the City of Detroit as of June 30, 2003 and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the Systems' management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Systems' 2002 financial statements and, in our report dated October 15, 2002, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Retirement Systems of the City of Detroit as of June 30, 2003 and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis (identified in the table of contents) is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Plante & Moran, PLLC

October 3, 2003

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Using this Annual Report

This annual report consists of three parts: (1) management's discussion and analysis (this section), (2) the basic financial statements, and (3) required additional information. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required additional information that further explains and supports the information in the financial statements.

Condensed Financial Information

The table below compares key financial information in a condensed format between the current year and the prior year:

General Retirement System

	Fiscal Year Ended	
	June 30, 2003	June 30, 2002
Total assets	$ 2,545,116,149	$ 2,719,951,225
Total liabilities	221,291,935	329,954,534
Assets held in trust for pension benefits	**$ 2,323,824,214**	**$ 2,389,996,691**
Net investment income (loss)	$ 81,733,380	$ (155,570,805)
Contributions:		
Employee	25,046,453	25,482,285
Employer	72,859,246	67,791,488
Total contributions	97,905,699	93,273,773
Benefits paid to members and retirees:		
Retiree pension and annuity benefits	151,158,815	145,101,406
Member annuity refunds and withdrawals	90,883,100	90,070,711
Total benefits paid	242,041,915	235,172,117
Benefits paid in excess of contributions	144,136,216	141,898,344
Ratio of benefits paid to contributions	2.5	2.5
Other expenses	3,769,641	3,540,242
Net decrease in net assets	**$ (66,172,477)**	**$ (301,009,391)**

Policemen and Firemen Retirement System

	Fiscal Year Ended	
	June 30, 2003	June 30, 2002
Total assets	$ 2,972,014,380	$ 3,379,676,538
Total liabilities	93,749,435	390,769,548
Assets held in trust for pension benefits	**$ 2,878,264,945**	**$ 2,988,906,990**
Net investment income (loss)	$ 78,568,683	$ (289,217,131)
Contributions:		
Employee	10,143,949	10,301,296
Employer	66,843,029	8,449,645
Total contributions	76,986,978	18,750,941
Benefits paid to members and retirees:		
Retiree pension and annuity benefits	190,516,952	186,683,099
Member annuity refunds and withdrawals	72,193,984	34,174,745
Total benefits paid	262,710,936	220,857,844
Benefits paid in excess of contributions	185,723,958	202,106,903
Ratio of benefits paid to contributions	3.4	11.8
Other expenses	3,486,770	3,394,196
Net decrease in net assets	**$ (110,642,045)**	**$ (494,718,230)**

Overall Fund Structure and Objectives

Both the General Retirement System (GRS) and the Policemen and Firemen Retirement System (PFRS) exist to pay benefits to their members and retirees. Active members earn service credit that entitles them to receive benefits in the future. Benefits currently being paid are significantly greater than contributions currently being received. The excess of benefits over contributions must be funded through investment income. The public capital markets represent the primary source of investment income.

Asset Allocation

Both the GRS and PFRS have established asset allocation policies, which are expected to deliver more than enough investment income over a very long period of time to satisfy the obligations to pay the benefits promised to the members of the Retirement Systems of the City of Detroit (the "Systems"). The following is a summary of the asset allocation as of June 30, 2003:

	GRS	PFRS
Equities	56%	60%
Fixed income	27%	28%
Real estate	10%	7%
Alternative investments	7%	5%

Investment Results

The past year was another highly challenging and demanding period in the capital markets. The stock market, as measured by the S&P 500 index, was essentially unchanged from June 30, 2002, after having declined 18 percent and 14.8 percent in the two prior one-year periods. Returns from fixed income investments were significantly above their historical averages. Both the GRS and PFRS experienced gains on their investment portfolios owing primarily to the returns from the asset allocations to bonds and real estate. The overall portfolio returns achieved by the GRS and PFRS were below the actuarially assumed rates for the Systems during the current year and on a trailing three- and five-year basis.

While this year's total fund investment return is again disappointing, it must be considered in a longer-term context. Returns achieved in the public capital markets are highly dependent upon the health of the economy, both in the United States as well as in other countries. Investment returns achieved during the current year turned positive for the first time in three years. Management believes that this is an indication that investment returns will revert to their long-term historical averages as the economy continues to improve.

The asset allocation of each fund is built upon the foundation that the obligations of the Systems to pay the benefits promised to members and retirees are very long-term obligations. Accordingly, each Board of Trustees must make investment decisions that they believe will be the most beneficial to the Systems over many years, not just one or two years. The actuarially assumed investment returns for the Systems are well below the long-run average returns achieved in the public capital markets.

	General Retirement System	
	2003	2002
Assets		
Cash (Note 3)	$ -	$ 8,450,617
Investments - At fair value (Note 3)	2,336,018,795	2,427,492,366
Accrued investment income	8,326,932	12,619,216
Contributions receivable	8,447,812	2,070,744
Receivables from investment sales	50,147,570	127,023,352
Other accounts receivable	1,077,197	96,854
Capital assets (Note 1)	598,933	822,110
Cash and investments held as collateral for securities lending (Note 3)	140,498,910	141,375,966
Total assets	2,545,116,149	2,719,951,225
Liabilities		
Bank overdraft (Note 3)	1,665,263	-
Payables for investment purchases	44,738,382	155,311,835
Claims payable to retirees and beneficiaries	4,551,486	2,471,860
Due to City of Detroit	1,608,667	1,677,019
Other liabilities	28,229,227	29,117,854
Amounts due broker under securities lending agreement (Note 3)	140,498,910	141,375,966
Total liabilities	221,291,935	329,954,534
Net Assets Held in Trust for Pension Benefits (a schedule of analysis of funding progress is presented in the additional information)	**$ 2,323,824,214**	**$ 2,389,996,691**

See Notes to Financial Statements.

Statement of Plan Net Assets
June 30, 2003
(with comparative totals for June 30, 2002)

Policemen and Firemen Retirement System	
2003	2002
$ 1,625,974	$ 10,610,287
2,814,323,022	2,953,670,031
17,326,211	19,392,958
66,843,029	2,044,431
70,707,206	134,320,603
590,005	402,991
598,933	822,110
-	258,413,127
2,972,014,380	3,379,676,538
-	-
85,533,471	122,777,605
4,245,327	5,250,716
19,000	-
3,951,637	4,328,100
-	258,413,127
93,749,435	390,769,548
$ 2,878,264,945	**$ 2,988,906,990**

	General Retirement System	
	2003	2002
Additions		
Investment income (loss):		
Interest and dividend income	$ 105,272,178	$ 97,039,748
Net depreciation in fair value	(17,140,820)	(245,061,380)
Investment expense	(8,345,720)	(11,011,467)
Other income	1,947,742	3,462,294
Net investment income (loss)	81,733,380	(155,570,805)
Contributions:		
Employee	25,046,453	25,482,285
Employer	72,859,246	67,791,488
Total additions	179,639,079	(62,297,032)
Deductions		
Retirees' pension and annuity benefits	151,158,815	145,101,406
Member refunds and withdrawals	90,883,100	90,070,711
General and administrative expenses	3,487,593	3,406,964
Loss on disposal of capital assets	162,015	-
Depreciation expense	120,033	133,278
Total deductions	245,811,556	238,712,359
Net Decrease in Net Assets Held in Trust for Pension Benefits	(66,172,477)	(301,009,391)
Net Assets Held in Trust for Pension Benefits - Beginning of year	2,389,996,691	2,691,006,082
Net Assets Held in Trust for Pension Benefits - End of year	**$ 2,323,824,214**	**$ 2,389,996,691**

See Notes to Financial Statements.

Statement of Changes in Plan Net Assets
Year Ended June 30, 2003
(with comparative totals for the year ended June 30, 2002)

	Policemen and Firemen Retirement System	
	2003	2002
$	113,703,878	$ 122,896,130
	(28,227,412)	(406,157,986)
	(10,424,790)	(12,118,598)
	3,517,007	6,163,323
	78,568,683	(289,217,131)
	10,143,949	10,301,296
	66,843,029	8,449,645
	155,555,661	(270,466,190)
	190,516,952	186,683,099
	72,193,984	34,174,745
	3,204,722	3,260,918
	162,015	-
	120,033	133,278
	266,197,706	224,252,040
	(110,642,045)	(494,718,230)
	2,988,906,990	3,483,625,220
	$ 2,878,264,945	**$ 2,988,906,990**

Note 1 - Summary of Significant Accounting Policies

The City of Detroit (the "City") sponsors the Retirement Systems of the City of Detroit (the "Systems"), contributory single employer retirement plans, which consist of the General Retirement System (GRS) and the Policemen and Firemen Retirement System (PFRS). Each system, which is administered by the respective retirement system's Board of Trustees, is composed of a defined benefit plan and a defined contribution plan. The plans provide retirement, disability, and survivor benefits to plan members and beneficiaries.

The General Retirement System and the Policemen and Firemen Retirement System are separate and independent trusts qualified under applicable provisions of the Internal Revenue Code, and are independent entities (separate and distinct from the employer/plan sponsor) as required by (1) State law and (2) Internal Revenue Code provisions setting forth qualified plan status. The trustees of the plans have fiduciary obligations and legal liability for any violations of fiduciary duties as independent trustees.

Reporting Entity - The financial statements of the Systems are also included in the combined financial statements of the City of Detroit as Pension Trust Funds. The assets of the Pension Trust Funds include no securities of or loans to the City or any other related party.

Basis of Accounting - The Retirement Systems of the City of Detroit's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Methods Used to Value Investments - Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

Capital Assets - Capital assets for the Systems represent office equipment and furniture. Depreciation expense is calculated by allocating the net cost of the assets over their estimated useful lives.

Note 2 - Plan Description and Contribution Information

At June 30, 2003, the membership of the defined benefit plans and the defined contribution plans consisted of the following:

	Defined Benefit Plans		Defined Contribution Plans	
	GRS	PFRS	GRS	PFRS
Retirees and beneficiaries receiving pension benefits	11,348	8,648	1,611	1,507
Terminated plan members entitled to but not yet receiving benefits	1,546	38	357	13
Active plan members	12,850	5,417	11,576	4,874

Plan Description - The Systems provide retirement benefits, as well as survivor and disability benefits. Employees may receive cost of living adjustments as a percentage of their base amount, pursuant to the collective bargaining agreement in effect at their date of retirement. The obligation to contribute to and maintain the System was established by City Charter and negotiation with the employees' collective bargaining units.

Contributions - The City's policy is to fund normal costs and amortization of prior service costs. The City is required to contribute at an actuarially determined rate. Administrative costs are financed through investment earnings. The contribution rate for 2002-2003 was 0 percent to 19.12 percent of active annual payroll for the GRS (depending on bargaining unit) and 27.22 percent of active annual payroll for the PFRS. Contributions from the employer for the year ended June 30, 2003 totaled $72,859,246 and $66,843,029 for the GRS and PFRS, respectively.

Employee contributions for annuity savings are as follows:

- General Retirement System: Employees may also elect to contribute (a) 0 percent, (b) 3 percent of annual compensation up to the Social Security wage base and 5 percent of any excess over that, (c) 5 percent, or (d) 7 percent.

- Policemen and Firemen Retirement System: Mandatory contributions are 5 percent of base compensation until eligibility for retirement is reached.

Note 2 - Plan Description and Contribution Information (Continued)

Contributions from employees during the year ended June 30, 2003 totaled $25,046,453 and $10,143,949 for the GRS and PFRS, respectively.

The contribution requirements of plan members and the City of Detroit are established and may be amended by the Boards of Trustees in accordance with the City Charter, union contracts, and plan provisions.

Note 3 - Deposits and Investments

Deposits - At year end, total deposits were comprised of a bank overdraft of $1,665,266 for the GRS and a bank balance of $1,544,173 for the PFRS without recognition of deposits in transit or outstanding checks. Of the bank balance for the PFRS, $200,000 was covered by federal depository insurance.

Investments - The Systems are authorized by Michigan Public Acts to invest in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, bankers' acceptances and mutual funds, and investment pools that are composed of authorized investment vehicles, certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, debt or equity of certain small businesses, certain State and local government obligations, and certain other specified investment vehicles.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 3, the Systems' investments are categorized to give an indication of the level of custodial risk assumed by the Systems at June 30, 2003.

Investments are categorized into these three categories of credit risk:

Category 1 - Insured or registered, with securities held by the Systems or its agent in the Systems name;

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Systems name; and

Category 3 - Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Systems name.

Management believes that the investments of the Systems comply with the investment authority noted above.

Note 3 - Deposits and Investments (Continued)

The following is a description of the investments by type and category:

Investment	Amount	Category
General Retirement System:		
Short-term investments	$ 142,673,003	2
Bonds and stocks	1,592,711,016	1
Mortgage-backed securities	76,948,913	1
Mortgage and construction loans	104,476,451	1
Equity interest in real estate	76,558,487	1
Pooled investments	92,121,206	N/A
Private placements	250,529,719	2
Total	$ 2,336,018,795	
Policemen and Firemen System:		
Short-term investments	$ 68,905,580	2
Bonds and stocks	1,993,343,467	1
Mortgage-backed securities	115,066,417	1
Mortgage and construction loans	104,089,752	1
Equity interest in real estate	77,075,396	1
Real estate investment trusts held by custodian	23,472,362	2
Pooled investments	386,696,255	N/A
Private placements	45,673,793	2
Total	$ 2,814,323,022	

Included in the Systems' investments at June 30, 2003 are the following:

- Approximately $2,223,254 (GRS) and $11,617,567 (PFRS) of securities issued by the Government National Mortgage Association (GNMA). These investments are backed by the full faith and credit of the U.S. government. The yields provided by these mortgage-related securities historically have exceeded the yields on other types of U.S. government securities with comparable maturities, in large measure due to the potential for prepayment. Prepayment could result in difficulty in reinvesting the prepaid amounts in investments with comparable yields.

Note 3 - Deposits and Investments (Continued)

- Approximately $74,725,659 (GRS) and $103,448,849 (PFRS) of obligations of the Federal National Mortgage Association and Federal Home Loan Mortgage Corporation. These investments are usually not backed by the full faith and credit of the U.S. government, but are generally considered to offer modest credit risks. The yields provided by these mortgage-related securities historically have exceeded the yields on other types of U.S. government securities with comparable maturities, in large measure due to the potential for prepayment. Prepayment could result in difficulty in reinvesting the prepaid amounts in investments with comparable yields.

As permitted by State statutes and under the provisions of a securities lending authorization agreement, the Systems lend securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The Systems' custodial bank manages the securities lending program and receives cash, government securities, or irrevocable bank letters of credit as collateral. The custodial banks do not have the ability to pledge or sell collateral securities unless the borrower defaults. Borrowers are required to deliver collateral for each loan equal to not less than 100 percent of the market value of the loaned securities.

The Systems did not impose any restrictions during the fiscal year on the amount of loans made on its behalf by the custodial bank. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or custodial bank.

The Systems and the borrower maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other lenders, in an investment pool. The average duration of this investment pool as of June 30, 2003 was 70 days. Because the loans are terminable on demand, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2003, the Systems had no credit risk exposure to borrowers. The collateral held and the fair market value of underlying securities on loan for the Systems as of June 30, 2003 were $140,498,910 and $136,390,113 for GRS, and $0 and $0 for PFRS, respectively.

Note 4 - Reserves

State law requires employee contributions to be segregated. In addition, amounts must be set aside as determined by the actuary to fund benefits to retirees currently approved to receive benefits. As of June 30, 2003, the Systems' reserves have been fully funded as follows:

	GRS	PFRS
Reserved for employee contributions	$ 719,664,149	$ 356,041,509
Reserved for retired employees	1,462,541,180	2,334,895,269

A statement of changes in plan net assets by reserve is included in additional information.

Additional Information

plante moran

Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

To the Board of Trustees
General Retirement System
of the City of Detroit and
The Board of Trustees
Policemen and Firemen Retirement
System of the City of Detroit

We have audited the financial statements of the Retirement Systems of the City of Detroit as of and for the year ended June 30, 2003. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information listed in the table of contents is presented for the purpose of additional analysis. This information has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

October 3, 2003

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Description of Funds

Annuity Savings Fund - This fund represents cumulative required and voluntary contributions made by the active employees plus accumulated interest.

Annuity Reserve Fund - Transfers are made from the Annuity Savings Fund into the Annuity Reserve Fund when an employee retires, becomes disabled, or if a surviving spouse elects an annuity rather than a lump-sum payout of accumulated employee contributions.

Both annuity funds are referred to as defined contribution plans.

Market Stabilization Fund - This fund represents designations from the plans' investment income (loss) to be used to cushion the market value adjustments within the other funds. The Boards of Trustees authorized the creation of this fund, and the reserve amounts are calculated using a three-year average method.

Survivor Benefits Fund - This fund is used to accumulate employee and City contributions for certain survivor benefits from which the related benefits are paid.

Pension Accumulation Fund - This fund represents accumulated City contributions to the pension system for the payment of pensions and other benefits to future retirees. Additionally, pre-employment military service credit contributions are captured in this fund.

Pension Reserve Fund - This fund represents funded pension benefits available for retired members and is funded by actuarially determined transfers from the Pension Accumulation Fund.

	Annuity Reserves	
	Annuity Savings Fund	Annuity Reserve Fund
Additions		
Net investment income (loss)	$ 49,948,628	$ 2,178,032
Contributions:		
Employee	24,960,429	-
Employer	-	-
Total additions - Net of investment income (loss)	74,909,057	2,178,032
Deductions		
Retirees' pension and annuity benefits	-	3,610,157
General and administrative expenses	-	-
Depreciation expense	-	-
Loss on disposal of capital asset	-	-
Member refunds and withdrawals	90,077,910	-
Total deductions	90,077,910	3,610,157
Net Additions (Deductions) - Before transfers	(15,168,853)	(1,432,125)
Transfers - Net	(1,875,404)	6,171,005
Net Increase (Decrease) in Net Assets Held in Trust for Pension Benefits	(17,044,257)	4,738,880
Net Assets Held in Trust for Pension Benefits - Beginning of year	705,617,753	26,351,773
Net Assets Held in Trust for Pension Benefits - End of year	**$ 688,573,496**	**$ 31,090,653**

Statement of Changes in Plan Net Assets
General Retirement System
Year Ended June 30, 2003
(with comparative totals for the year ended June 30, 2002)

Market Stabilization Fund	Pension Reserves: Pension Accumulation Fund	Pension Reserves: Pension Reserve Fund	Total 2003	Total 2002
$ 157,362,826	$ (228,228,141)	$ 100,472,035	$ 81,733,380	$ (155,570,805)
-	86,024	-	25,046,453	25,482,285
-	72,859,246	-	72,859,246	67,791,488
157,362,826	(155,282,871)	100,472,035	179,639,079	(62,297,032)
-	-	147,548,658	151,158,815	145,101,406
-	3,487,593	-	3,487,593	3,406,964
-	120,033	-	120,033	133,278
-	162,015	-	162,015	-
-	805,190	-	90,883,100	90,070,711
-	4,574,831	147,548,658	245,811,556	238,712,359
157,362,826	(159,857,702)	(47,076,623)	(66,172,477)	(301,009,391)
-	(172,887,543)	168,591,942	-	-
157,362,826	(332,745,245)	121,515,319	(66,172,477)	(301,009,391)
(371,206,988)	688,208,292	1,341,025,861	2,389,996,691	2,691,006,082
$ (213,844,162)	**$ 355,463,047**	**$1,462,541,180**	**$2,323,824,214**	**$2,389,996,691**

	Annuity Reserves	
	Annuity Savings Fund	Annuity Reserve Fund
Additions		
Net investment income (loss)	$ 13,817,134	$ 1,084,122
Contributions:		
Employee	10,092,079	-
Employer	-	-
Total additions - Net of investment income (loss)	23,909,213	1,084,122
Deductions		
Retirees' pension and annuity benefits	-	1,004,953
General and administrative expenses	-	-
Depreciation expense	-	-
Loss on disposal of capital asset	-	-
Member refunds and withdrawals	72,193,984	-
Total deductions	72,193,984	1,004,953
Net Additions (Deductions) - Before transfers	(48,284,771)	79,169
Transfers - Net	(1,039,699)	495,211
Net Increase (Decrease) in Net Assets Held in Trust for Pension Benefits	(49,324,470)	574,380
Net Assets Held in Trust for Pension Benefits - Beginning of year	390,637,734	14,153,865
Net Assets Held in Trust for Pension Benefits - End of year	**$341,313,264**	**$ 14,728,245**

Statement of Changes in Plan Net Assets
Policemen and Firemen Retirement System
Year Ended June 30, 2003
(with comparative totals for the year ended June 30, 2002)

Market Stabilization Fund	Pension Reserves: Survivor Benefits Fund	Pension Reserves: Pension Accumulation Fund	Pension Reserves: Pension Reserve Fund	Total 2003	Total 2002
$ 318,947,882	$ 2,095,719	$ (428,340,431)	$ 170,964,257	$ 78,568,683	$ (289,217,131)
-	-	51,870	-	10,143,949	10,301,296
-	-	66,843,029	-	66,843,029	8,449,645
318,947,882	2,095,719	(361,445,532)	170,964,257	155,555,661	(270,466,190)
-	3,756,881	-	185,755,118	190,516,952	186,683,099
-	-	3,204,722	-	3,204,722	3,260,918
-	-	120,033	-	120,033	133,278
-	-	162,015	-	162,015	-
-	-	-	-	72,193,984	34,174,745
-	3,756,881	3,486,770	185,755,118	266,197,706	224,252,040
318,947,882	(1,661,162)	(364,932,302)	(14,790,861)	(110,642,045)	(494,718,230)
-	-	(64,414,630)	64,959,118	-	-
318,947,882	(1,661,162)	(429,346,932)	50,168,257	(110,642,045)	(494,718,230)
(646,199,594)	28,746,636	916,841,337	2,284,727,012	2,988,906,990	3,483,625,220
$ (327,251,712)	**$ 27,085,474**	**$ 487,494,405**	**$ 2,334,895,269**	**$2,878,264,945**	**$2,988,906,990**

Required Supplementary Information
Schedule of Analysis of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
General Retirement System:						
06/30/97	$ 2,333,412,893	$ 2,528,504,057	$ 195,091,164	92.3	$ 382,835,917	51.0
06/30/98	2,582,099,884	2,814,878,226	232,778,342	91.7	387,022,423	60.1
06/30/99	2,756,614,458	2,900,404,223	143,789,765	95.0	383,449,421	37.5
06/30/00	2,902,433,063	3,077,001,129	174,568,066	94.3	417,187,666	41.8
06/30/01	2,912,146,389	3,179,601,214	267,454,825	91.6	439,636,072	60.8
06/30/02	2,761,203,680	3,276,591,209	515,387,529	84.3	440,680,045	117.0
Policemen and Firemen Retirement System:						
06/30/97	2,944,208,105	2,820,330,323	(123,877,782)	104.4	217,585,229	-
06/30/98	3,325,929,721	2,976,770,662	(349,159,059)	111.7	217,479,443	-
06/30/99	3,668,362,979	3,274,050,127	(394,312,852)	112.0	216,049,687	-
06/30/00	3,964,231,470	3,342,123,550	(622,107,920)	118.6	237,741,560	-
06/30/01	3,900,020,703	3,463,248,393	(436,772,310)	112.6	253,297,027	-
06/30/02	3,635,106,581	3,523,446,635	(111,659,946)	103.2	248,663,133	-

Required Supplementary Information
Schedule of Employer Contributions

General Retirement System			Policemen and Firemen Retirement System		
Year Ended June 30	Annual Required Contribution	Percentage Contributed	Year Ended June 30	Annual Required Contribution	Percentage Contributed
1997	$ 54,655,929	100	1997	$ 54,572,561	100
1998	52,707,172	100	1998	48,120,578	100
1999	55,683,125	100	1999	15,709,799	100
2000	66,681,049	100	2000	19,972,058	100
2001	68,139,535	100	2001	14,443,382	100
2002	67,791,488	100	2002	8,449,645	100
2003	72,859,246 *	88	2003	66,843,029 *	-

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of June 30, 2002, the latest actuarial valuation, follows:

	General Retirement System	Policemen and Firemen Retirement System
Valuation date	June 30, 2002	June 30, 2002
Actuarial cost method	Entry age	Entry age
Amortization method	Level percent	Level percent
Remaining amortization period	19 years	15 years
Asset valuation method	3-year smoothed market	3-year smoothed market
Actuarial assumptions:		
Investment rate of return	7.9%	7.8%
Projected salary increases	4.0%-10.0%	5.5%-9.0%
Includes inflation at	4.0%	4.8%
Cost of living adjustments	2.25%	2.25%

* At June 30, 2003, $8,447,812 and $66,843,029 of the annual required contributions noted above were not received by the General Retirement System and the Policemen and Firemen Retirement System, respectively. Contributions receivable in the same amount have been recorded.

HOOKER & HOLCOMBE, INC.

65 LaSalle Road
West Hartford, CT 06107-2397
860-521-8400 tel
860-521-3742 fax
www.hhconsultants.com

City of Hartford Municipal Employee's Retirement Fund (MERF)

Actuarial Survey

July 1, 2003

William W. Bush, III, F.S.A., M.A.A.A., Enrolled Actuary
Consulting Actuary

Elizabeth J. Williard, A.S.A.
DB Reviewing Actuary

Victor Adelstein
Pension Analyst

Scott Moss, A.S.A.
Pension Analyst

April 29, 2004

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Section I

Actuarial Costs for Maintaining MERF

		Police	Firefighters	Board of Education	General Government	Total Membership
Active Membership						
Number of Employees		432	371	980	544	2,327
Annual Payroll (000)	(1)	$29,300	$22,584	$33,636	$24,819	$110,339
Normal Actuarial Costs						
A. Actuarial Present Value of Future Benefits (000)						
Active Members		$134,087	$115,059	$89,095	$103,230	$441,471
Terminated Non-Vested Members		374	314	273	359	1,320
Terminated Vested Members		531	288	1,403	4,051	6,273
Retired Members		186,890	162,571	85,703	214,291	649,455
Old Plans COLA 1987/1990/1997/1999/2001		1,566	1,511	1,743	308	5,128
Total		$323,448	$279,743	$178,217	$322,239	$1,103,647
B. Valuation Assets (Adjusted Value) (000)		$307,834	$276,469	$118,514	$265,572	$968,389*
C. Actuarial Present Value of Future Employee Contributions (000)		$16,528	$16,926	$13,719	$9,556	$56,729
D. Actuarial Present Value of Future Normal Costs (A) - (B) – (C) (000)		($914)	($13,652)	$45,984	$47,111	$78,529
E. Actuarial Present Value of Future Salaries (000)		$226,691	$220,958	$357,631	$196,168	$1,001,448
F. Normal Actuarial Costs as Percentage of Payroll						
Service Pension (D)/(E)	(2)	-0.40%	-6.18%	12.86%	24.02%	
Disability Pension	(3)	3.00%	3.00%	1.00%	1.00%	
Total Normal Cost Percent Payable by City		**2.60%**	**-3.18%**	**13.86%**	**25.02%**	

* *Includes $3.0 million receivable from CMERS.*

(1) Salaries have been adjusted for groups in negotiations by 3% per year for the period of each open contract, and non-bargaining groups by 3% per year for one full fiscal year from the measurement date.

(2) Normal Actuarial Costs as level percentage of future payrolls (including overtime) for funding actuarial present values required for all future service pensions, survivor's benefits thereon, and refunds on terminations.

(3) Annual term Normal Actuarial Costs for establishing actuarial liabilities for new disability pensions, and survivor benefits thereon, at time pensions are approved.

(4) Social Security (F.I.C.A.) taxes are also paid by the City and Employees, except for primarily Police and Firefighters. The tax rate is 7.65% for 2003 and 7.65% for 2004 and is applied to earnings below the wage base. For 2003 the wage base is $87,000, increasing to $87,900 for 2004. All employees hired on or after April 1, 1986 must be covered by the Medicare portion of the Social Security Act. The Medicare tax rate is 1.45%.

Section II

Actuarial Balance Sheet as of July 1, 2003

Valuation Assets on July 1, 2003 (Adjusted Value)

Investments held by City Treasurer (includes Cash and Accounts Payable)		$ 11,594,000
Assets held by Banks as Investment Managers and Custodians at Adjusted Value (1)		946,141,000
Estimated Experience Assets of One Insurance Company (including Reserves for Purchased Annuities)		7,654,000
Receivable from CMERS*		3,000,000
Total Valuation Assets (Adjusted Value) July 1, 2003		$968,389,000

Actuarial Liabilities on July 1, 2003

Actuarial Liability for Inactive Members (2)		
Regular Retirement Annuities	$566,202,000 (3)	
Disability Retirement Annuities	63,193,000	
Survivor-Only Annuities	25,188,000	
Deferred Benefits for Terminated Non-Vested Members	1,320,000	
Deferred Benefits for Terminated Vested Members	6,273,000	
		662,176,000
Actuarial Liability for Future Retirement Benefits for Currently Active Members (4)		306,213,000
Total Actuarial Liabilities		$968,389,000

(1) See Actuarial Assumptions for explanation of Adjusted Value of Valuation Assets. Cost basis and market value are shown on following page.

(2) Includes actuarial liabilities for retiree Cost of Living Adjustment (COLA) effective July 1, 1987, July 1, 1990, July 1, 1997, July 1, 1999, and July 1, 2001 for both MERF and the unfunded plans (PBF, FRF, and RAF). Unfunded plans COLA actuarial liability included is $2,792,000 for 1987 COLA, $741,000 for 1990 COLA, $1,237,000 for 1997 COLA, $247,000 for 1999 COLA, and $111,000 for 2001 COLA.

(3) Includes actuarial liabilities for annuities purchased from insurance companies revalued on the actuarial basis used for this survey.

(4) The Actuarial Present Value of Future Retirement Benefits for currently active members is $441,471,000. This includes the actuarial accrued liability for Local 1716 members who transferred to the State Plan on July 1, 1986 and for Local 566 members who transferred on August 1, 1988. The difference between this Actuarial Present Value and the Actuarial Liability for current members will be funded by future City and Employee Contributions.

* *Connecticut Municipal Employees' Retirement System (CMERS). Estimated value of assets expected to be transferred from CMERS to this plan for members whose pension benefits were transferred prior to July 1, 2003.*

Assets as of July 1, 2003

Investment Managers	Cost Basis	Market Value
Treasurer's Account (includes Cash and Accounts Payable)	$ 11,598,000	$ 10,851,000
Citibank - Advisory Accounts	826,487,000	885,544,000
Insurance Carrier*	6,533,000	7,164,000
Total	$844,618,000	$903,559,000
Receivable from CMERS**	3,000,000	3,000,000
Grand Total	$847,618,000	$906,559,000

* *Aetna Life*

** *Connecticut Municipal Employees' Retirement System (CMERS). Estimated value of assets expected to be transferred from CMERS to this plan for members whose pension benefits were transferred prior to July 1, 2003.*

Section III

Comments on Valuation Results

The recommended contribution rates are Normal Actuarial Costs of 2.60% for Police, (3.18%) for Firefighters, 13.86% for Board of Education and 25.02% for General Government. The Normal Actuarial Cost ratios should be applied to the appropriate membership payrolls.

Changes in Contribution Rates

Contribution rates have increased for all groups except for Firefighters as compared to last year primarily due to investment losses and Early Retirement Incentive only partially offset by the change of Actuarial Assumptions, combined with steady increases in benefit payments caused by several years of pension enhancements. Please note that the salaries used were adjusted for groups which are currently in negotiations by **3%** per year for the period of each open contract and non-bargaining groups by **3%** per year for one full fiscal year from the measurement date. Also, for Police under age 45, overtime has been limited to no more than 20% of base pay as the actual overtime rate in 2003 is not expected to continue.

Adjusted Value of Assets

The adjusted value of assets includes $3 million in funds assumed owed the MERF from the State of Connecticut Municipal Employees' Retirement System (CMERS). The $3 million is the estimated value of assets expected to be transferred from CMERS to this plan for members whose pension benefits were transferred prior to July 1, 2003.

Investment Returns

According to the Funds Evaluation Services of SEI, State Street, and Russell/Mellon, the combined pension fund had the following investment returns (gross of fees):

12-Month Period Ending	Rate of Return	12-Month Period Ending	Rate of Return
June 30, 1990	10.0%	June 30, 1997	20.7%**
December 31, 1990	1.6%	December 31, 1997	21.6%**
June 30, 1991	8.3%	June 30, 1998	18.0%**
December 31, 1991	19.4%	December 31, 1998	13.7%**
June 30, 1992	10.1%	June 30, 1999	10.4%**
December 31, 1992	9.4%	December 31, 1999	12.1%**
June 30, 1993	12.1%	June 30, 2000	8.8%**
December 31, 1993	9.3%	December 31, 2000	3.2%**
June 30, 1994	2.9%	June 30, 2001	-2.1%***
December 31, 1994	0.9%	December 31, 2001	-2.7%***
June 30, 1995	15.1%	June 30, 2002	-3.1%***
December 31, 1995	21.0%	December 31, 2002	-6.7%***
June 30, 1996	14.9%	June 30, 2003	4.6%***
December 31, 1996	13.1%*	December 31, 2003	21.3%***

* *Sum of first 9 months by SEI of 8.0% and last 3 months by State Street of 5.1%.*

** *12 months of State Street.*

*** *Starting January 1, 2001 provided by Russell/Mellon analytical services.*

Please note that if the last three fiscal years' (2000-2001, 2001-2002, and 2002-2003) gross rates of return on market value are compounded, the average annual rate of return was –0.3%. For the three previous fiscal years (1999-2000, 2000-2001, and 2001-2002), the gross average annual rate was 1.1%. On a calendar year basis, the 2001, 2002, and 2003 and the 2000, 2001, and 2002 gross average annual rates were 3.3% and –2.2%, respectively (4.0% for average of 1999, 2000, and 2001).

The net return on adjusted assets for 2000-2001, 2001-2002, and 2002-2003 were estimated to be 8.1% and 3.0%, and 5.8% respectively. Investment expenses for 2000-2001, 2001-2002, and 2002-2003 have been estimated to be 0.34%, 0.36%, and 0.28% of adjusted assets, respectively.

Please note adjusted assets are used to determine City contribution rates. Under the basis for determining adjusted assets, each year's gains are distributed over four years in order to moderate fluctuations and their impact on the plan's contribution rate. The gains not recognized in the adjusted asset total this year will be included in following years.

1999 Experience Study

This study reflects the application of the results of the 1999 Experience Study of December 17, 1999. It is recommended that the City have another review of actual and expected experience in 2005 in order to update the actuarial assumptions at that time.

Membership

The active membership of MERF as of October 1, 2003, was 2,327, a decrease of 192 from the total of 2,519 last year. Police membership increased by 7, Firefighters increased by 10, Board of Education decreased by 117, and General Government decreased by 92.

Status of Fund

Please note the comments on the sound financial condition of the MERF fund found in the letter of this report.

Change of Actuarial Assumptions

Please refer to Section VII Actuarial Assumptions (pages 18-20) for a list of new and old actuarial assumptions.

Section IV

Accounting Information

A. FASB Statements No. 35

The following information is based on Statement No. 35 (Accounting and Reporting by Defined Benefit Pension Plans) of the Financial Accounting Standards Board. The figures below are the actuarial present value of plan benefits accumulated through July 1, 2003. For retired members and survivors, this includes the actual benefit they are receiving including the COLA's effective July 1, 1987, July 1, 1990, July 1, 1997, July 1, 1999, and July 1, 2001. It also includes the COLA for retirees and survivors under the three unfunded plans, PBF, FRF, and RAF. Deferred benefits for members who terminated in a vested status, accumulated contributions of members who terminated in a non-vested status, and accrued benefits for Locals 1716 and 566, net of amortization payments to Connecticut Municipal Employees' Retirement System (CMERS), are also included.

For active members, we have calculated the benefits accumulated for service to July 1, 2003 and have considered the compensation over the appropriate averaging period ending on July 1, 2003. In computing actuarial present values, the regular valuation assumptions outlined in Section VII are used. There is no projection of future salary increases.

The asset figure is the market value of assets and is less than the adjusted asset figure used in the valuation. The adjusted asset figure is found in Section II, Actuarial Balance Sheet.

Actuarial Present Value of Accumulated Plan Benefits as of July 1, 2003

Vested (including employee contributions for non-vested members)	$853,184,000
Non-Vested	7,261,000
Total	$860,445,000
Net Assets at Market Value Available for Benefits as of July 1, 2003	$903,559,000*

* *Excludes $3 million receivable from CMERS.*

B. GASB Statement No. 5

The following information provided is based on Statement No. 5 of the Governmental Accounting Standards Board on "Disclosure of Pension Information by Public Employee Retirement Systems and State and Local Governmental Employees".

The amount shown below as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the plan's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among plans. The measure is independent of the actuarial funding method used to determine contributions to the plan.

The Pension Benefit Obligation was based on the actuarial valuation at July 1, 2003. Significant actuarial assumptions used include (a) rate of return on the investment of present and future assets of 8 percent per year compounded annually, (b) projected salary increase of 3 percent per year compounded annually, attributable to inflation*, (c) additional projected salary increases which vary by age and group, attributable to promotion or merit, and (d) no post-retirement benefit increases.

At July 1, 2003 the excess of Pension Benefit Obligation over assets (Cost Basis) was $77,640,000 as follows:

Pension Benefit Obligation:	
Retirees and beneficiaries currently receiving benefits (1)	$654,583,000
Terminated employees not yet receiving benefits	7,593,000
Current employees:	
Accumulated employee contributions including allocated investments earnings	55,418,000
Employer-Financed Vested Employees (2)	181,527,000
Employer-Financed Non-Vested Employees	23,137,000
Total Pension Benefit Obligation	$922,258,000
Net assets available for benefits, Cost Basis (Market Value $912,621,000)**	$844,618,000**
Excess of Pension Benefit Obligation over assets	$77,640,000

(1) Includes $2,792,000 for Old Plans COLA effective 7/1/1987, $741,000 for Old Plans COLA effective 7/1/1990, $1,237,000 for Old Plans COLA effective 7/1/1997, $247,000 for Old Plans COLA effective 7/1/1999, and $111,000 for Old Plans COLA effective 7/1/2001.

(2) Includes $14,194,000 for Locals 1716 and 566 now in CMERS.

* *For Police, overtime for those under age 45 was limited to 20% of base pay. No salary scale for one year.*

** *Excludes $3 million receivable from CMERS.*

C. GASB Statements No. 25 and 27

The following information is based on the Governmental Accounting Standards Board Statement No. 25 on "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and Statement No. 27 on "Accounting for Pensions by State and Local Governmental Employers".

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed	Net Annual Required Contribution *	Miscellaneous **	Net Percentage Contributed
1998	$9,019,116	100%	$8,563,860	$455,256	100%
1999	8,984,312	100%	8,576,940	407,372	100%
2000	7,301,471	100%	7,036,870	264,601	100%
2001	759,283	100%	470,000	289,283	100%
2002	332,806	100%	0	332,806	100%
2003	2,463,804	100%	2,196,698	267,106	100%

* *City's cash contribution to MERF.*

** *Funds transferred from State of Connecticut's Connecticut Municipal Employees' Retirement System (CMERS) and Aetna annuity payments.*

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets * (a)	Actuarial Accrued Liability (AAL) # (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)÷c)
7/1/1998	$772,757,000	$716,332,000	$(56,425,000)	107.9%	$106,825,000	-52.8%
7/1/1999	858,805,000	753,379,000	(105,426,000)	114.0%	110,398,000	-95.5%
7/1/2000	944,652,000	805,453,000	(139,199,000)	117.3%	112,921,000	-123.3%
7/1/2001	978,884,000	865,570,000	(113,314,000)	113.1%	119,609,000	-94.7%
7/1/2002	957,390,000	880,444,000	(76,946,000)	108.7%	117,498,000	-65.5%
7/1/2003	965,389,000	922,258,000	(43,131,000)	104.7%	110,339,000	-39.1%

During the fiscal year ending June 30, 1997, the City implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans", and elected to implement early the provisions of GASB Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers". The information required for completion of GASB No. 25 and No. 27 for the fiscal year ending June 30, 2003 was prepared based upon the previous year's actuarial valuation (2002 Actuarial Survey) and additional information for fiscal year 2002-2003. It was contained in a separate report which was sent to the City's auditors, Scully & Wolf, LLP on January 6, 2004.

The information required for completion of GASB No. 25 and No. 27 for the fiscal year ending June 30, 2004 will be prepared based upon the current year's actuarial valuation (2003 Actuarial Survey) and additional information for fiscal year 2003-2004. It will be contained in a separate report and submitted to the City's auditors.

* *Excludes receivable from CMERS.*

\# *Liability shown on a PBO basis.*

Hartford MERF - Summary of Principal Provisions of Pension Plan
July 1, 2003

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	GENERAL GOVERNMENT MEMBERS
Retirement Pensions:	Firefighters hired before July 1, 2000: 2.65% of Final Average Pay (rate of weekly pay immediately preeding retirement times 52, plus for firefighters who work a 42 hour week, holiday pay) multiplied by years of service up to 20 plus a decreasing percentage for years over 20. Firefighters hired after June 30, 2000: 2.5% of Final Average Pay (rate of weekly pay immediately preceding retirement times 52, plus for firefighters who work a 42 hour week, holiday pay) multiplied by years of service up to 20 plus 2% of Final Average Pay for years of service over 20. Sworn Police Officers hired before July 2, 1999: 2.65% of Final Average Pay for highest 3 of last 5 years multiplied by years of service up to 20 plus a decreasing percentage for years over 20. Final Average Pay includes a provision for over-time and private duty pay. Sworn Police Officers hired after July 1, 1999: 2.5% of Final Average Pay for highest 3 of last 5 years times years of service up to 20 plus 2% for years of service over 20.	2% of Final Average Pay for highest 5 of last 10 years times years of service, with maximum benefit of 70% of Final Average Pay. Final Average pay for HFSHP and Local 2221, Hartford Federation of Paraprofessionals is based on highest 3 out of last 5 years. Benefit for Local 2221 is 2.5% of Final Average Pay multiplied by years of service up to 20 plus 2% of Final Average Pay for years of service over 20 (maximum of 10 years).	2% of Final Average Pay for highest 2 of last 5 years times years of service with maximum benefit of 70% of Final Average Pay. Benefit for CHPEA*, HMEA**, Non-bargaining (excluding Library) and MLA members is 2.5% of Final Average Pay. Non-bargaining (excluding Library) have a *maximum* benefit of 80% of Final Average Pay. CHPEA*, HMEA**, and MLA members have a maximum benefit of 70% of Final Average Pay (highest 2 of last 5 years). For CHPEA*, and HMEA** (who retire prior to July 1, 2000) members increase maximum benefit to 80% of Final Average Pay with sick exchange provision. Benefits for Non-bargaining who have 5-year option are based on highest 5 out of last 10 years. SCG members Final Average Pay based on highest 5 out of last 10 years. SCG members have benefit reduced by 1% of average Social Security covered earnings for all years included in computation of Social Security primary benefit. **Applies to October 1, 1997 active employees only who remain in the unit and retire therefrom.* ***Applies to December 1, 1998 active employees only who remain in the unit and retire therefrom.*

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	GENERAL GOVERNMENT MEMBERS
Retirement Pensions:	Non-Sworn Police Officers: 2.5% of Final Average Pay for highest 3 of last 5 years times years of service, with maximum benefit of 80% of Final Average Pay. Firefighters, Sworn Police Officers who are hired before July 2, 1999 and Non-Sworn Police Officers have a sick exchange provision which allows them to buy up to 4 years of pension credit of 2.5% of Final Average Pay per year purchased. Sworn Police Officers have a maximum benefit of 70% of Final Average Pay. For Sworn Police Officers hired before July 2, 1999 increase maximum benefit to 80% of Final Average Pay with sick exchange provision. Firefighters have a maximum benefit of 80% of Final Average Pay. For firefighters hired before July 1, 2000 increase maximum benefit to 85% of Final Average Pay with sick exchange provision. Firefighters hired before July 1, 1984 can elect current or new provisions prior to January 1, 2001.		Assistant Police Chief, Police Chief, Assistant Fire Chief and Fire Chief: Same as Non-Bargaining.
Normal Form of Benefit:	For unmarried members: life annuity. For married members: surviving spouse benefit of 25% of member's final year's earnings, if non-service connected death, and surviving spouse benefit of 50% of member's final year's earnings, if service connected death. For married Non-Sworn Police Officers: life annuity with 50% to survivor.	For unmarried members: life annuity. For married members: life annuity with 50% to survivor.	For unmarried members: life annuity. For married members: life annuity with 50% to survivor.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	GENERAL GOVERNMENT MEMBERS
Normal Retirement Age and Service Requirement:	Firefighters hired before July 1, 2000 and Sworn Police Officers hired before July 2, 1999: Full benefits after 20 years of continuous service. Sworn Police Officers hired after July 1, 1999: Full benefits after 25 years of service. Firefighters hired after June 30, 2000: 25 years of continuous service. Non-Sworn Police Officers: Full benefits after 20 years of service, or age 60 plus 10 years of continuous service, or after 15 years of continuous service, if contributions are left in the MERF for 5 more years before retirement.	Age 60 plus 10 years of continuous service. Members are also eligible at age 55 with 25 years of service.	Age 60 plus 10 years of service (10 years of continuous service for SCG, Non-bargaining and Library members). SCG members are also eligible at age 55 with 25 years of continuous service. HMEA and CHPEA members are eligible after 25 years of service with no minimum age. October 1, 1997 active CHPEA members who remain in the unit and retire therefrom are eligible after 20 years of continuous service with no minimum age. December 1, 1998 active HMEA members who remain in the unit and retire therefrom are eligible after 20 years of continous service with no minimum age. Library members are eligible after 25 year of continuous service with no minimum age. MLA members are eligible after 20 years of continuous service with no minimum age. Non-bargaining (excluding Library) members are eligible after 20 years or after 15 years of service, if contributions are left in the MERF for 5 more years before retirement.
Optional Early Retirement:	Firefighters and Sworn Police Officers: Age 50 with 10 years of continuous service, actuarially reduced or reduced at 2% per whole year and fractional year prior to Normal Retirement Age. Non-Sworn Police Officers: Age 55 with 10 years of service, reduced at 4% per whole year prior to age 60.	At age 55 with 10 years of service, reduced at 4% per whole year prior to age 60. Local 818 reduced by 2%.	At age 55 with 10 years of service reduced at 4% per whole year prior to age 60. For SCG members, at age 55 with 10 years of continuous service reduced at 2% per whole year and fraction year prior to age 60.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	GENERAL GOVERNMENT MEMBERS
Vesting of Earned Deferred Pension:	Sworn Police Officers: After 10 years of continuous service. Non-Sworn Police Officers: After 10 years of service. Firefighters: After 5 years of continuous service.	After 10 years of service. Payments begin no earlier than age 55.	After 10 years of service. Payments begin no earlier than age 55. For SCG members, 10 years of continuous service. For CHPEA and HMEA, 5 years of service.
Benefits to Survivors: (Death of Active Member Prior to Retirement)	Surviving Spouse: 25% of final year's earnings (50% if service connected death), payable until death or remarriage. Surviving Child: $100 per month for first child, $50 for each additional child (10% of final year's earnings if service connected death, or 15% if no surviving spouse). Total benefit, including Worker's Compensation, cannot exceed 100% of current pay rate for Member's rank. Non-Sworn Police Officers: Same as General Government members.	Member must meet qualifications for vesting. Surviving Spouse: 50% of pension which Member is receiving or would be entitled to when retired, payments beginning no earlier than date of Member's 55th birthday. Surviving Spouse benefits are payable until death or remarriage.	
Refund of Contributions upon Discontinuance of Employment or at Death (Non-Vested Members): (May be taken in lieu of earned deferred pension by vested members)	Refund of total contributions, without interest. Non-Sworn Police Officers: Same as General Government members.	Termination: Refund of total contributions, with 3% interest compounded annually. Death: Refund of total contributions without interest.	

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	GENERAL GOVERNMENT MEMBERS
Pensions for Permanent, Total Disability - Service Requirements:	5 years of continuous service, but no requirement if disability is service connected as defined in Worker's Compensation Act. Non-Sworn Police Officers: Same as General Government members.	10 years of continuous service, except no requirement if disability is service connected as defined in Worker's Compensation Act.	
Amount of Total Disability Pension: (Payable so long as total disability continues.)	Retirement Pension with minimum of 25% of "final average pay." If disability is service connected, the pension equals 100% of the Member's final annual pay less Worker's Compensation benefits. Non-Sworn Police Officers: Same as General Government members.	Retirement Pension using Final Average Pay for last 10 years. If disability is service connected, amount not less than 50% of Member's final annual pay at time of disability, less Worker's Compensation Benefits.	
Pensions for Permanent Partial Disability: (Where earnings capacity is reduced by at least 10%.)	Ten years of continuous service, but no service requirement if disability is service connected. Same as disability pension with reduction for less than 15 years of service. If service connected, pension equals 50% of final annual pay if 15 years of service, with reductions for less than 15 years of service. If at least 20 years of service, pension equals retirement pension. Non-Sworn Police Officers: Same as General Government members.	Retirement Pension using Final Average Pay for last 10 years. Subject to a minimum pension of $10 monthly, and maximum 1-2/3% of the reduction in income times years of service. If the disability is service connected, the minimum benefit is not to be less than 50% of the reduction in earnings.	

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	GENERAL GOVERNMENT MEMBERS
Member's Contribution Rate of Total Earnings: (City pays full balance of costs to fund MERF benefits; also Members and City pay taxes for those covered by Social Security.)	Firefighters and Sworn Police Officers hired before July 2, 1999: 8%. Sworn Police Officers hired after July 1, 1999: 6.5%. Non-Sworn Police Officers: 4% on earnings taxed for Social Security and 7% on excess.	4% on earnings taxed for Social Security and 7% on excess.	4% on earnings taxed for Social Security and 7% on excess. SCG members contribute 3% and 6%. Non-bargaining members electing 2-year option contribute 5% and 8%. CHPEA members hired before October 1, 1997 contribute 6.5% and 9.5%. HMEA members hired before December 1, 1998 contribute 6% and 9%. CHPEA members hired after September 30, 1997, HMEA members hired after November 30, 1998, and MLA members contribute 5% and 8%. Assistant Police Chief, Police Chief, Assistant Fire Chief and Fire Chief: Same as Non-Bargaining.

Note 1 Any Member (other than a Police Officer or Firefighter) who was a Member before January 1, 1958 is guaranteed a minimum total benefit, including Social Security based on earnings from the City, equal to the pension the Member would have received under the terms of the MERF plan in existence prior to the enactment of the 1957 Special Act No. 347. Also, several active Members who transferred to MERF on or after July 1, 1968 from the City's Retirement Allowance Fund are entitled to a pension determined by the RAF provisions if it is greater than that based on the MERF provisions.

Note 2 Section 2-166 of the Municipal Code provides a minimum benefit of $155 monthly for all pensions granted by reason of service or for service-connected disability, and for joint annuitants under elected options, except members for whom Social Security taxes have been paid and anyone for whom more than half of the total pension is paid by the Metropolitan District.

Note 3 All members (other than SCG) may purchase up to 4 years of pension credit for military service. Pension credit is at the following rates of Final Average Pay per year purchased:

Sworn Police Officers, Firefighters, CHPEA members hired before October 1, 1997, HMEA members hired before December 1, 1998, Non-bargaining (including Assistant Police Chief, Police Chief, Assistant Fire Chief, and Fire Chief), Non-Sworn Police Officers, and MLA	2.50%
Other (including CHPEA members hired after September 30, 1997, HMEA members hired after November 30, 1998)	2.00%

Note 4 All members (other than Sworn Police Officers hired after July 1, 1999, all Board of Education members, CHPEA, HMEA, Library, and SCG) may exchange accumulated sick leave upon retirement for up to 4 years of pension service time. October 1, 1997 active CHPEA members who remain in the unit and retire therefrom by July 1, 2001, may exchange accumulated sick leave upon retirement for up to 4 years of pension service time. December 1, 1998 active HMEA members who remain in the unit and retire therefrom may exchange accumulated sick leave upon retirement for up to 4 years of pension service time. Additional pension service time may be purchased from accumulated sick leave at the rate of twenty days of accumulated sick leave for each year of pension service time.

Section VI

Actuarial Cost Method

The "Aggregate Actuarial Cost Method" (first adopted for the 1969 valuation) is used for determining the future rates of contributions needed for funding service retirements. This method is designed to produce stable "percentage-of-payroll" Normal Actuarial Costs over a period of years and this aim will be achieved so long as the emerging experience conforms with the actuarial assumptions.

Using this method, an actuarial valuation was made of the actuarial present value of all future normal retirement pensions for active members (including survivor benefits and refunds of employee contributions). The actuarial present value, needed for future payments to present pensioners and deferred vested pensioners and survivors was subtracted from the Valuation Assets (Adjusted Value) to determine the current Valuation Assets (Adjusted Value) available for future benefits for active members. The latter figure was subtracted from the actuarial present value of future benefits for active members in order to determine the remaining actuarial present value to be funded by future contributions. Finally, the net remainder was divided by the actuarial present value of all future salaries, and the total Normal Actuarial Costs for future contributions was determined as a level percentage of future annual payrolls.

Since the MERF fund includes several classifications of members who have different provisions for benefits and contributions, it was necessary to apply this method by separate actuarial valuations for Police, Firefighters, Board of Education, and General Government.

A provision is included for the Normal Actuarial Costs for disability pensions. On this basis the additional actuarial liabilities for such annuities will be set up from year to year as the benefits are approved, without advance funding of such actuarial costs. The "percentage-of-payroll" Normal Actuarial Costs for these benefits were based on a study of the actual past experience as explained in the actuarial assumptions. In view of the differing benefit provisions these estimates were made separately for Police Officers and Firefighters and for all other classifications combined.

Section VII

Actuarial Assumptions

The actuarial assumptions used in the **2003** MERF valuation are as follows:

Mortality Basis: UP-94 Projected by Scale AA to Year of valuation plus 10 years (2013 for July 1, 2003 valuation), with separate male and female tables.

Termination:

Yearly Rates of Employee Termination

Age	Non-Uniformed	Uniformed
20	10.0%	5.0%
25	7.0%	2.0%
30	5.0%	2.0%
35	4.0%	2.0%
40+	0.0%	0.0%

Salary Scale: **3%** for salary increases **plus** a percentage for promotion or merit increases except there are 0% increases for one year. For Police under age 45, overtime limited to less than or equal to 20% of base pay.

Yearly Rates of Increases for Promotion or Merit

Age	Police	Firefighters	Non-Uniformed
25 and under	6.0%	5.0%	4.0%
30	3.5%	2.5%	4.0%
35	2.2%	1.6%	2.1%
40	1.2%	1.1%	1.0%
Over 40	1.0%	1.0%	1.0%

Salaries are adjusted for groups in negotiations by **3%** per year for the period of each open contract, and non-bargaining groups by **3%** per year for one full fiscal year from the measurement date.

Investment Return: **8.00%** per year, net of investment expenses.

Assumed Retirement Age:	Board of Education: Age **61** (was Age 62). General Government: Earlier of age **53** (was age 58) with **25** years service and age **62** with **10** years service. All Police: Age **48** (was age 50) with **20** years service. **Maximum retirement age of 65.** Firefighters: Age **53** with **25** years service. **Maximum retirement age of 65.** For both Uniformed and Non-Uniformed who have reached Assumed Retirement Age, retirement after one year.
Early Retirement:	Costed explicitly. (Was actuarial present value of future retirement benefits for active members has been increased by **5%** to cover the additional actuarial cost due to early retirement factors which are more liberal than a straight actuarial reduction.)
Social Security:	Future tax wage bases are developed by projecting the 2003 base of **$87,000** forward at **4%** per year.
Marital Status at Retirement:	Non-Uniformed: Males - **82%** married, spouse 3 years younger. Females - **40%** married, spouse same age. Uniformed: All - **90%** married, spouse 2 years younger.
Normal Actuarial Costs for Disability:	Based on study of actual experience. The amount considered is the cost of establishing a reserve for the temporary annuity payable until normal retirement date.
Normal Actuarial Costs for Survivors	Costed explicitly.

Refund of Employee Contribution:	Costed explicitly. (Was actuarial present value of future retirement benefits for active members has been increased by a percentage based on actual refunds made over the past 5 years.)
Expenses other than Investment Expenses:	All actuarial present values of future benefits have been increased by **2.50%** to cover expenses other than investment expenses.
Valuation Assets (Adjusted Value):	In order to smooth the year-to-year fluctuations in asset values, the asset values are adjusted by phasing in recognition of gains and losses over a four-year period.* Gains and losses are defined as the difference between the actual and the expected return on assets. (Was in order to smooth the year-to-year fluctuations in asset values, the asset values are adjusted by phasing in recognition of capital appreciation, i.e., realized and unrealized gains and losses. Capital appreciation is recognized over a four-year period at **25%** per year.) The assets held by the insurance companies include the funds on deposit for future purchase of annuities, as well as the reserves and contingency reserves for annuities already purchased which are subject to experience rating.
Sick Exchange:	If provision available, four years are purchased by all actives.
Military and Prior Service Buy-backs:	When buy-back occurs, date of hire is adjusted accordingly.

* *Starting to be phased in July 1, 2003.*

Section VIII

Membership Data - 2003

Table 1 - Active Members

	Number	Payroll*	Average Annual Pay*
Police	432	$29,299,600	$67,823
Firefighters	371	22,583,500	60,872
Board of Education	980	33,635,800	34,322
General Government	544	24,819,200	45,624
TOTAL	**2,327**	**$110,338,100**	**$47,416**

** Basic salary plus overtime and private duty pay, if applicable. Salaries are adjusted for groups in negotiations 3% per year for the period of each open contract, and non-bargaining groups by 3% per year for one full fiscal year from the measurement date.*

Table 2 - Terminated Non-Vested Members and Total Monthly Annuities

Number	Total Monthly Annuities
947	N/A (all Non-Vested, return of employee contributions pending)

Table 3 - Number of Pensioners** and Total Monthly Annuities

	Service Pensions		Disability Pensions		Survivor Benefit		Total	
Police	387	$1,229,320	65	$133,544	45	$35,435	497	$1,398,299
Firefighters	292	913,932	133	321,783	80	68,925	505	1,304,640
Board of Education	645	697,624	24	12,371	83	24,485	752	734,480
General Government	702	1,610,623	26	17,769	162	106,006	890	1,734,398
Vested Deferred Pensions	81	82,427	--	--	--	--	81	82,427
TOTAL* **	**1,862**	**$4,533,926**	**248**	**$485,467**	**370**	**$234,851**	**2,725**	**$5,254,244**

*** Sixteen pensioners receiving benefits as retirees and as survivors are included in both groups.*

**** An additional monthly benefit for the July 1, 1987, July 1, 1990, July 1, 1997, July 1,1999, and July 1, 2001, COLA's for the unfunded plans (PBF, FRF, and RAF) is also included in the total liabilities for MERF.*

Table 4 – Reconciliation

	Lives				
	Police	Firefighters	Board of Education	General Government	Total Membership
Actives					
at 7/1/2002	425	361	1,097	636	2,519
Adds	53	22	62	60	97
Deletes	(46)	(12)	(179)	(152)	(389)
At 7/1/2003	432	371	980	544	2,327
Pensioners					
At 7/1/2002	453	496	657	765	2,371
Adds	48	23	113	158	342
Deletes	(4)	(14)	(18)	(33)	(69)
At 7/1/2003	497	505	752	890	2,644
Vested Deferred Pensioners					
At 7/1/2002	10	2	21	62	95
Adds	2	1	7	9	19
Deletes	(8)	(1)	(6)	(18)	(33)
At 7/1/2003	4	2	22	53	81
Total at 7/1/2002	888	859	1,775	1,463	4,985
Total at 7/1/2003	933	878	1,754	1,487	5,052

	Monthly Annuities				
	Police	Firefighters	Board of Education	General Government	Total Membership
Pensioners					
At 7/1/2002	1,230,616	1,278,884	581,683	1,344,225	4,435,408
Adjustments	(19,125)	(5,746)	405	1,521	(22,945)
Adds	194,069	62,722	161,725	419,871	838,387
Deletes	(7,262)	(31,219)	(9,333)	(31,218)	(79,032)
At 7/1/2003	1,398,298	1,304,641	734,480	1,734,399	5,171,818
Vested Deferred Pensioners					
At 7/1/2002	32,050	1,627	24,600	78,817	137,094
Adds	2,693	1,239	6,498	11,847	22,277
Deletes	(29,873)	(880)	(10,876)	(35,315)	(76,944)
At 7/1/2003	4,870	1,986	20,222	55,349	82,427

CITY OF HARTFORD MERF - POLICE

NUMBER OF PERSONS IN PROCESSING GROUP BY AGE AND YEARS OF SERVICE

October 1, 2003

	COMPLETED YEARS OF CREDITED SERVICE											
AGE	< 1	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30 +	ALL YEARS
< 20												
20-24	7	2	4	1								14
25-29	21	6	5	1	2	12						47
30-34	12	2	9	1	2	59	7					92
35-39	9	2	4		3	52	19	30	1			120
40-44	4	1				9	17	35	14			80
45-49				1		3	1	21	25			51
50-54						2	1	7	9	1		20
55-59								1	2	1		4
60-64								1	1			2
65-69											2	2
70-74												
> 74												
ALL AGES	53	13	22	4	7	137	45	95	52	2	2	432

CITY OF HARTFORD MERF - POLICE

AVERAGE SALARY OF PERSONS IN PROCESSING GROUP BY AGE AND YEARS OF SERVICE

October 1, 2003

COMPLETED YEARS OF CREDITED SERVICE

AGE	< 1	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30 +	ALL YEARS
< 20												
20-24	36043	37932	38502	40212								37313
25-29	36043	37932	40212	42199	56702	65849						45348
30-34	36200	37932	40212	42199	59542	74371	76950					64783
35-39	36462	37932	40212		54550	75489	81837	75713	78130			71320
40-44	36043	37932				77323	73070	82564	79632			76560
45-49				78130		77266	71490	75451	80809			78159
50-54						74810	78130	77744	69848	71490		73604
55-59								86118	74810	33752		67372
60-64								50246	74881			62563
65-69											74810	74810
70-74												
> 74												
ALL AGES	36150	37932	39901	50685	56591	74313	77453	78170	78199	52621	74810	67823

CITY OF HARTFORD M__F - FIREFIGHTERS

NUMBER OF PERSONS IN PROCESSING GROUP BY AGE AND YEARS OF SERVICE

October 1, 2003

COMPLETED YEARS OF CREDITED SERVICE

AGE	< 1	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30 +	ALL YEARS
< 20												
20-24	5			1								6
25-29	8			6	7	9	2					32
30-34	6			6	4	30	3					49
35-39	2			6	3	31	9	10				61
40-44	1			2	1	29	9	32	25			99
45-49					1	9	2	18	38			68
50-54						3	1	6	21	1	3	35
55-59						1	1	3	3	1	8	17
60-64											4	4
65-69												
70-74												
> 74												
ALL AGES	22			21	16	112	27	69	87	2	15	371

CITY OF HARTFORD M&F - FIREFIGHTERS

AVERAGE SALARY OF PERSONS IN PROCESSING GROUP BY AGE AND YEARS OF SERVICE

October 1, 2003

COMPLETED YEARS OF CREDITED SERVICE

AGE	< 1	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30 +	ALL YEARS
< 20												
20-24	40615			45254								41389
25-29	40564			44266	47316	58366	47595					48181
30-34	39819			44763	47500	60391	63529					55098
35-39	41810			48398	47738	60143	62817	65015				58970
40-44	39819			44266	49418	60480	65291	66998	68367			64368
45-49					47405	60034	66117	63893	65924			64340
50-54						60736	62265	66490	67498	61331	65946	66287
55-59						60780	69982	63701	60520	58898	70052	66044
60-64											76483	76483
65-69												
70-74												
> 74												
ALL AGES	40452			45635	47578	60167	63083	65713	66819	60114	70946	60872

CITY OF HARTFORD MERS — BOARD OF EDUCATION

NUMBER OF PERSONS IN PROCESSING GROUP BY AGE AND YEARS OF SERVICE

October 1, 2003

	COMPLETED YEARS OF CREDITED SERVICE											
AGE	< 1	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30 +	ALL YEARS
< 20												
20-24	7	2	1	2	3							15
25-29	15	3	4	13	8	14	1					58
30-34	10	3	9	19	22	49	9	2				123
35-39	9	4	10	15	24	67	16	6				151
40-44	7	6	9	10	18	77	18	14				159
45-49	5	6	12	7	23	53	27	17	13	3		166
50-54	7	4	6	9	16	40	32	23	10	7	3	157
55-59	1	3	3	6	3	23	15	19	11	7	11	102
60-64	1	1	1	5	4	6	5	4	2	4	2	35
65-69		1	1		1	5	2					10
70-74		1			2			1				4
> 74												
ALL AGES	62	34	56	86	124	334	125	86	36	21	16	980

CITY OF HARTFORD MER[illegible] - BOARD OF EDUCATION

AVERAGE SALARY OF PERSONS IN PROCESSING GROUP BY AGE AND YEARS OF SERVICE

October 1, 2003

COMPLETED YEARS OF CREDITED SERVICE

AGE	< 1	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30 +	ALL YEARS
< 20												
20-24	23863	43578	17472	19897	26867							26137
25-29	27017	46011	34174	25146	23822	25862	21851					27265
30-34	21984	49911	38696	35884	29048	31802	29609	31059				31915
35-39	19936	29507	41653	32579	30455	32347	34945	29406				32029
40-44	30470	40743	29440	32816	30370	31819	34386	40874				32948
45-49	29768	52091	41161	31607	38316	30680	32273	36565	45982	52551		35737
50-54	47299	33747	47757	36013	31035	31172	35093	43292	32689	41994	33864	36059
55-59	50627	53530	63720	35156	31092	39038	44599	37535	43164	43977	39864	41253
60-64	34493	47583	69791	30543	40428	38122	42407	46776	35521	35121	31940	39130
65-69		21369	37776		17472	46056	33571					37404
70-74		48258			19955			27994				29040
> 74												
ALL AGES	28224	43022	40413	32260	31274	32238	35271	39028	40847	42854	37749	34322

CITY OF HARTFORD MER - GENERAL GOVERNMENT

NUMBER OF PERSONS IN PROCESSING GROUP BY AGE AND YEARS OF SERVICE

October 1, 2003

COMPLETED YEARS OF CREDITED SERVICE

AGE	< 1	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30 +	ALL YEARS
< 20	3											3
20-24	14	1	1		1							17
25-29	5	4	2	4	1	2	1					19
30-34	8	7	1	4	3	7	3	3				36
35-39	5	10	5	4	2	6	13	16	1			62
40-44	10	8	4	4	1	14	15	23	10			89
45-49	5	6	8	4	4	13	9	28	11	3		91
50-54	6	4	5	7	3	22	17	18	16	5	1	104
55-59	2	2	4	2	2	18	10	16	9	2	1	68
60-64	1	1		3	4	9	2	4	2	2	3	31
65-69	1		1			3	4	3	1			13
70-74			1			4	1	1				7
> 74						1		1	1		1	4
ALL AGES	60	43	32	32	21	99	75	113	51	12	6	544

CITY OF HARTFORD MERS -- GENERAL GOVERNMENT

AVERAGE SALARY OF PERSONS IN PROCESSING GROUP BY AGE AND YEARS OF SERVICE

October 1, 2003

COMPLETED YEARS OF CREDITED SERVICE

AGE	< 1	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30 +	ALL YEARS
< 20	23677											23677
20-24	21754	34800	36624		28586							23798
25-29	23709	36722	25074	44533	35248	48995	32643					34715
30-34	36665	45319	34486	52192	54673	35551	58866	48764				44155
35-39	46156	32081	34972	43514	37213	41809	45087	44829	32643			41320
40-44	38257	27948	44415	51632	51690	29371	44772	47446	65790			43528
45-49	47794	42761	41428	21216	51974	51253	55793	56577	64239	61784		52355
50-54	61328	55360	47288	31460	47391	58128	43192	62490	55175	45640	45610	52719
55-59	20808	43550	61274	44309	37979	48889	45658	56623	63793	61621	46194	51831
60-64	39699	10521		34951	41295	25265	51749	46146	57376	60147	26678	37122
65-69	9572		11579			30448	44600	11579	72046			30590
70-74			11579			49812	10521	11579				33275
> 74						11579		11579	70743		11579	26370
ALL AGES	34977	37650	40934	39564	45008	44076	46031	51436	61013	54757	30569	45623

Section IX

City of Hartford Section 415(m) Fund

The Section 415(m) Fund* is an unfunded "excess benefit plan" to provide that portion of certain retirees' pension benefits that exceed the limits permitted under Section 415 of the Federal Internal Revenue Code (IRC).

	July 1, 2003	July 1, 2002
1. Number of retirees and beneficiaries receiving benefits	5	4
2. Annual benefits payable	$ 18,000	$ 21,000
3. Present value of benefits	$ 46,000	$ 66,000

The "actives" are funded through MERF. The City provides contributions for the retirees' benefits payable each year, as determined by the Pension Commission.

Actuarial Assumptions

The actuarial assumptions used in the **2003** Section 415(m) Fund valuation are as follows:

Mortality Basis:	UP-94 Projected by Scale AA to Year of valuation plus 10 years (2013 for July 1, 2003 valuation), with separate male and female tables.
Termination:	N/A.
Salary Scale:	N/A.
Investment Return:	**8.00%** per year, net of investment expenses.
Assumed Retirement age:	Immediate as all are retired.
Increases in dollar limit on benefits under IRC Section 415:	**3%** per year.

Benefits

Retiree pension amounts in excess of IRC Section 415 limits. Benefits which do not exceed such amounts are payable from the City's MERF Plan. IRC Section 415 limits are assumed to increase annually and thus decrease the benefits payable from this Plan and increase the portion of the benefits payable from the City's MERF Plan.

**Section 415(m) Fund adopted by the Court of Common Council on March 24, 1997.*

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

October 1, 2003 Actuarial Report

For the Fiscal and Plan Year
October 1, 2004
through
September 30, 2005

Prepared By:

STANLEY, HOLCOMBE & ASSOCIATES, INC.
2000 RiverEdge Parkway, Suite 540
Atlanta, GA 30328
(770) 933-1933

February 25, 2004

S
H
& A

Stanley,
Holcombe
& Associates, Inc.

February 25, 2004

Pension Board
City of Miami Fire Fighters' and
Police Officers' Retirement Trust
Post Office Box 330708
Miami, FL 33233-0708

October 1, 2003 Actuarial Report

Dear Board Members:

Enclosed is our report on the actuarial valuation of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2003, for the fiscal year beginning October 1, 2004.

The report is based upon the terms of Ordinance No. 10002 and the Amended Final Judgment in the matter of Gates v. City of Miami.

The costs in this report do not reflect any future impact of Section 415 of the Internal Revenue Code.

The City contribution requirement is $45,545,130. As previously decided, this amount was calculated using a 5-year averaging period for the asset valuation method. (The COLA transfer calculations are to continue to utilize the 3-year basis.). The member contribution rate is 7%.

Respectfully submitted,

Randall L. Stanley, F.S.A.
Consulting Actuary and Principal

Frans Christ, F.S.A.
Vice President and Consulting Actuary

Jonathan T. Craven, A.S.A.
Consulting Actuary

RLS/FC/JTC/di
MIAMI01B

Enclosures (15)

2000 RiverEdge Parkway/Suite 540 • Atlanta, GA 30328
(770) 933-1933 • Fax (770) 933-8918 • www.stanleyholcombe.com

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

October 1, 2003 ACTUARIAL REPORT

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

October 1, 2003 ACTUARIAL REPORT

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results – Regular Fund

		Actuarial Valuation as of 10/1/2003	Actuarial Valuation as of 10/1/2002
A. Participant Data (Ex.7)			
Active Members		1,622	1685
Total Annual Payroll		$98,920,675	$96,873,690
Retired Members and Beneficiaries		1,256	1,197
Total Annualized Benefits		$42,008,191	$38,078,517
Disabled Members		222	231
Total Annualized Benefits		$3,942,336	$3,993,423
Terminated Vested Members		17	17
Total Annualized Benefits		$305,401	$300,385
B. Assets		-$-	-$-
Actuarial Value (Ex. 2)		865,776,458	865,450,392
Market Value (Ex. 4)		844,864,362	753,228,750
C. Liabilities (Excl. COLA)			
Present Value of Benefits (Ex. 1)			
Active Memebers-	Retirement	766,801,817	741,558,604
	Vesting	11,169,688	11,408,703
	Disability	19,271,587	19,169,985
	Death	5,689,319	5,565,755
	Return of Contributions	1,340,555	1,419,208
	Total	804,272,966	779,122,255
Inactive Members-	Retired, Beneficiaries	434,062,955	392,568,785
	Disabled	36,955,417	37,593,834
	Terminated Vested	2,943,754	3,299,352
	Total	473,962,126	433,461,971
Total		1,278,235,092	1,212,584,226
Actuarial Accrued Liability		N/A	N/A
Unfunded Actuarial Accrued Liability		N/A	N/A

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results - Regular Fund
(Continued)

	Actuarial Valuation as of 10/1/2003	Actuarial Valuation as of 10/1/2002
D. Actuarial Present Value of Accrued Benefits (Exhibit 5)	-$-	-$-
Vested Accrued Benefits		
Inactive Members and Beneficiaries	473,962,126	433,461,971
Active Members	391,556,458	367,758,099
Total	865,518,584	801,220,070
Non-Vested Accrued Benefits	16,668,674	16,275,631
Total	882,187,258	817,495,701
E. Pension Cost (Exhibit 1)		
Normal Cost	52,469,577	43,122,673
Payment to Amortize Unfunded Liability	N/A	N/A
Expected Plan Sponsor Contribution	45,545,130	36,341,515
As % of Payroll	46.04%	37.51%
Expected Member Contribution	6,924,447	6,781,158
As % of Payroll	7.00%	7.00%
F. Past Contributions	Year Ending 9/30/2003	Year Ending 9/30/2002
	-$-	-$-
Required Plan Sponsor Contribution	18,163,588	1,051,629
Required Member Contributions	6,275,753	5,904,029
Actual Contributions		
Plan Sponsor and Contribution Surplus Account	18,163,588	5,400,784
Members	6,275,753	5,904,029
G. Net Actuarial Gain (Loss)	N/A	N/A
H. Other Disclosures		
Active Members:		
Present Value Future Salaries (at attained age)	784,744,342	788,893,099
Present Value Future Contributions (at attained age)	54,415,244	54,647,741

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results – COLA Fund

		Actuarial Valuation Prepared as of 10/1/2003	10/1/2002
A. Participant Data			
Active Members			
Total Annual Payroll			
Retired Members and Beneficiaries		$1,256	$1,197
Total Annualized Benefits		$8,324,787	$7,694,900
Disabled Members		$222	$231
Total Annualized Benefits		$1,986,783	$1,966,293
Terminated Vested Members			
Total Annualized Benefits			
Table		$920	$880
B. Assets		-$-	-$-
Actuarial Value (Ex. 13)		223,036,047	202,802,941
Market Value (Ex. 13)		194,754,295	174,072,401
C. Liabilities (COLA Only)			
Present Value of Benefits (Ex. 13)			
Active Members -	Reserve for Current Actives	38,100,609	39,556,204
	Reserve for Contribution Refunds	5,752	7,681
	Reserve for Future Actives	5,715,091	5,933,431
	Total	43,821,452	45,497,316
Inactive Members -	Frozen COLA I Benefits	2,532,124	2,764,616
	COLA II Benefits	124,465,873	122,150,057
	Total	126,997,997	124,914,673
Total		170,819,449	170,411,989

Comparative Summary of Total Assets - Combined

Market Value (Ex. 4)	1,039,618,657	927,301,151

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

REVIEW OF COSTS

Summary Discussion

This is the actuarial report for the fiscal year beginning October 1, 2004 for the City of Miami Fire Fighters' and Police Officers' Retirement Trust. This report is intended to reflect the provisions and requirements of Ordinance No. 10002, as amended through September 30, 2003.

Comparison of Deposit Requirements

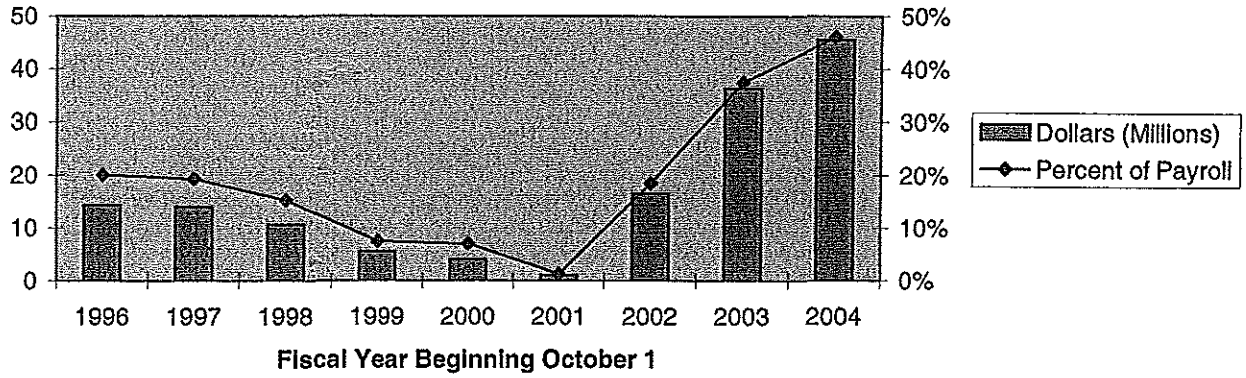
The City contribution requirement, and the results calculated for the 2004/2005 fiscal year, are as follows:

	2004/2005	2003/2004	2002/2003
	-$-	-$-	-$-
Past Service Cost	N/A	N/A	N/A
Normal Cost	45,545,130	36,341,515	18,163,588
Payment Timing	0	0	0
	45,545,130	36,341,515	18,163,588

The 2004/2005 deposit amount of $45,545,130 is approximately $9 million more than the $36,341,575 for the prior year. As of October 1, 2003 there is a contribution surplus of $3,382,512, which will decrease to $0 at October 1, 2004, based on our understanding that the surplus was used to reduce the 2003/2004 contribution requirement.

As can be seen from Table I, Normal Costs have increased dramatically over the last three years following the decline in equity prices. Before that, decreases in Normal Costs were prevalent as equity prices increased.

Table I: Historical City Costs



Analysis of Cost Changes

The Normal Cost element of FIPO costs is expected to remain level as a percentage of covered payroll, if the actual Plan experience is the same as the actuarial assumptions. An increase in the Normal Cost rate indicates that experience has been less favorable than assumed, while a decrease indicates more favorable experience.

Quantification of the reasons for the changes is as follows:

Table 2 - Gain/Loss Analysis from October 1, 2002 to October 1, 2003 Valuations

	Normal Cost	
	-$-	-%-
2002/2003 Normal Cost	36,341,515	37.51
2003/2004 Normal Cost Expected (for continuing participants)	37,139,661	37.51
Element of Experience		
Salary Increases	+1,185,000	+ 0.73
Turnover	+248,000	+ 0.03
Mortality	+186,000	+ 0.17
Retirement	- 1,783,000	- 0.58
New Participants	+95,000	- 0.29
Disability	- 83,000	- 0.17
Investment Return, Contribution Lag	+ 8,600,000	+ 8.69
Assumption Change	--	--
Other, Data	- 43,000	- 0.05
Total	+8,405,469	+8.53
2003/2004 Normal Cost	45,545,130	46.04
Payment Timing	0	
	45,545,130	

As may be noted from the table, the effect of one element of experience (investment return) in the 2002/2003 year was responsible for virtually the entire increase in Normal Cost. Salary increases also contributed to the increase in cost while retirement experience was favorable. Following is a more detailed description of the elements of experience:

Salary Increases - During the period October 1, 2002 through September 30, 2003, covered payroll for the continuing actives increased more than expected, resulting in an increase of $1,185,000 in the Normal Cost. Covered payroll for continuing active participants at September 30, 2003 was approximately 101.3% of expected. (This compares to 100.4% of expected for the previous year, which increased the normal cost by $584,000.)

Mortality - For active members there was one death, as compared to 2 expected; for inactive members there were 32 deaths (20 without survivors), as compared to about 34 expected.

Disability - During the past year there was 1 disability, as compared to 4.7 expected. Over the past 23 years, there have been 114 disabilities, as compared to about 136 expected.

Turnover - From October 1, 2002 to September 30, 2003, there were 20 employee terminations, as compared to about 21 predicted by the actuarial assumptions. Following is a comparison of the expected and actual turnover rates for the past six years:

	1997/1998		1998/1999		1998/1999		2000/2001		2001/2002		2002/2003	
Age	Expected	Actual	Expected	Actual	Expected	Actual	Expected	Actual	Expected	Actual	Expected	Actual
20-24	0.6	0	0.9	1	1.3	1	1.4	1	1.0	1	0.5	0
25-29	3.6	3	3.8	4	4.5	2	4.1	7	3.7	2	3.9	4
30-34	5.5	7	5.3	7	5.9	7	5.9	9	6.1	5	5.7	7
35-39	7.9	5	7.4	4	7.2	6	6.8	3	6.2	4	5.5	3
40+	4.9	3	4.1	7	4.0	3	4.9	16	4.9	0	5.0	6
	22.5	18	21.5	23	22.9	19	23.1	36	21.8	12	20.6	20

Retirement - There were 71 retirements during the period, as compared to about 81.9 expected (32 firefighters, 39 police). This resulted in a $1,783,000 decrease in the Normal Cost. Note that retirees electing DROP are included among the actual retirees.

Following is a comparison of the expected and actual retirements in the last six years:

	1997/1998		1998/1999		1999/2000		2000/2001		2001/2002		2002/2003	
Age	Expected	Actual	Expected	Actual	Expected	Actual	Expected	Actual	Expected	Actual	Expected	Actual
Under 45	9.1	7	56.8	2	72.7	8	10.5	1	13.8	5	11.1	13
45-49	78.6	9	187.9	16	197.0	24	29.7	5	32.9	7	26.4	27
50-54	31.1	8	75.0	9	84.0	24	24.6	5	30.3	3	29.0	17
55-59	3.7	1	17.0	2	18.0	6	5.4	0	8.4	2	14.4	12
60+	0.5	0	2.0	1	2.0	1	2.0	0	2.0	0	1.0	2
	122.9	25	338.7	30	373.7	63	72.2	11	87.4	17	81.9	71

Investment Return - The rate of return for the year ending September 30, 2003 was 15.7% on mean market value, as shown in Exhibit 4 and 3.26% on actuarial asset value (Exhibit 2). A loss on the actuarial value of assets combined with the effect of the timing of the 2003/2004 fiscal year contribution increased the Normal Cost by $8.6 million. In addition, there will be no COLA transfer as of January 1, 2005, resulting in a City minimum contribution of $3,848,635 to the COLA fund as of that date.

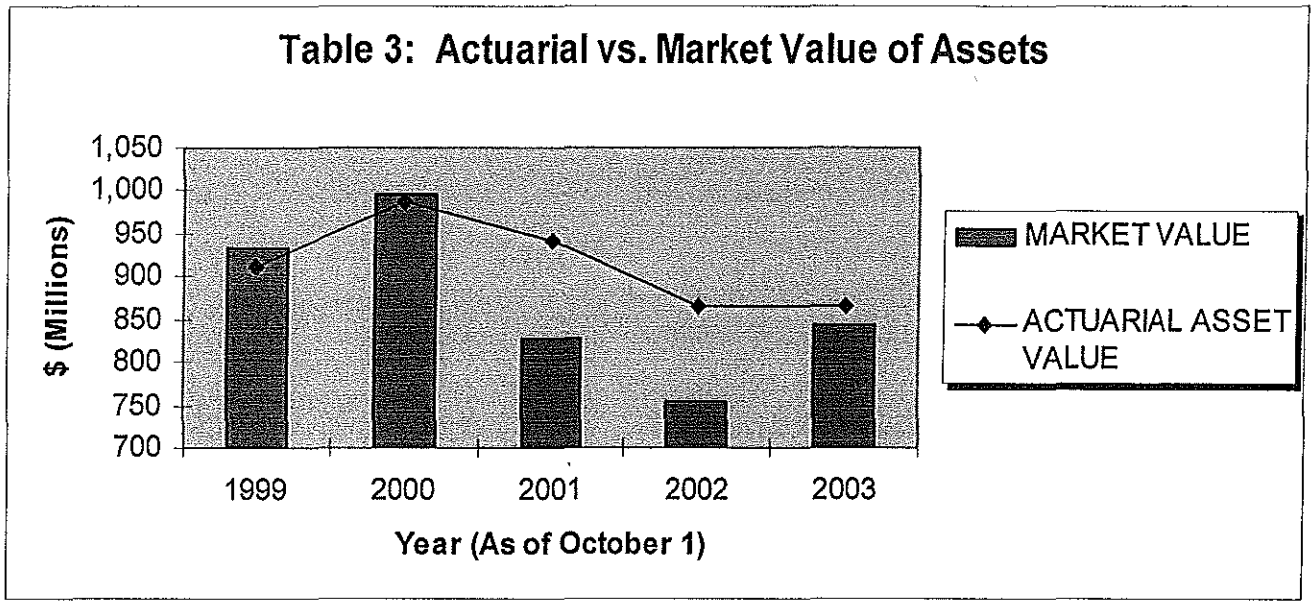
New Participants – During the year there were 30 new participants, who decreased the City contribution requirement for the Fund by .17%. Last year, 30 new participants increased the rate by .20%.

Plan Assets

Exhibits 3 and 4 show the asset transactions and investment results during the year. The rate of return on mean market value for the period ending September 30, 2003 was 15.7%, as compared to the 7.75% assumption.

The actuarial asset valuation method (Exhibit 2) involves a moving average of the ratios of market to book values. Under the method, one-fifth of the change in unrealized gains or losses is immediately reflected, in addition to one-fifth of the relationships existing as of the four previous valuation dates. The result is not allowed to exceed 120% of the market value of assets, nor be less than 80% of market value (shown in Exhibit 4). As of September 30, 2003, this resulted in an actuarial asset value of $20.9 million more than market value, as compared to $112.2 more as of September 30, 2003.

Table 3 illustrates the effect of using the asset smoothing methodology. The volatility of the market value of assets can be seen in the columns, while the actuarial value is illustrated by the line.



Expected Ongoing Cost Levels

System costs have increased dramatically over the past 3 years, due almost exclusively to asset performance.

Since the City's contribution requirement is the primary variable, it has been significantly impacted.

Nevertheless, it is important to distinguish between individual annual costs (which may be somewhat erratic) and expected ongoing annual costs. The following table compares the City contribution requirement as a percentage of payroll to the theoretical entry age normal contribution percentages:

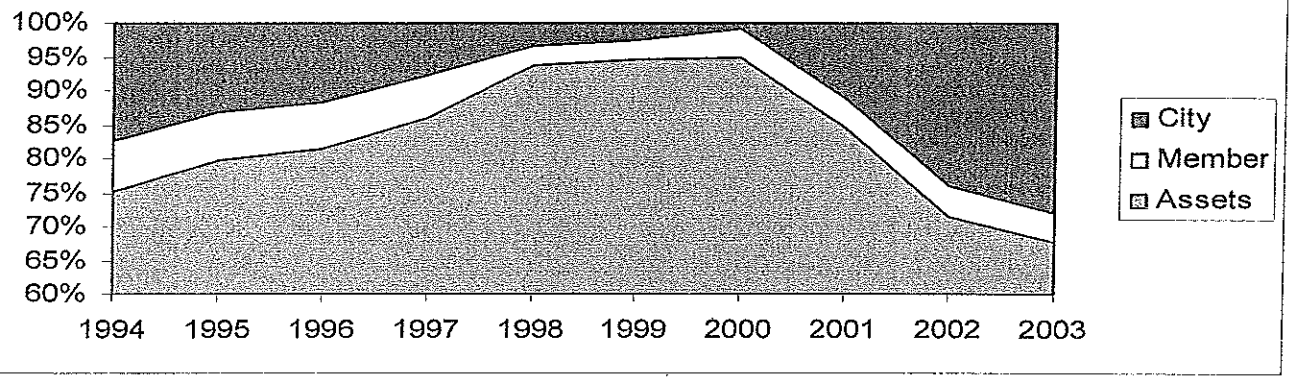
Valuation Date	Contribution %	EAN %
10/1/2003	46	28
10/1/2002	38	28
10/1/2001	20	26
10/1/2000	1	23
10/1/1999	5	24

As will be noted, contribution requirements in the three years before the 10/1/2002 valuation were below the System's theoretical contribution level. This was due to the System having accumulated more assets than expected. During the most recent two years the contribution requirement has exceeded the theoretical contribution level, due to erosion of assets.

Sources of Benefit Funding

Table 4 compares the sources of benefit funding for the past 10 years. The present value of benefits is equal to 100% on the Table. The present value of benefits is provided by 3 sources; the actuarial value of assets, the present value of member contributions, and the present value of future normal costs (city).

Table 4: Funding Sources



As seen on the table, the city portion of future benefit responsibility decreased as asset values climbed during the late nineties. When asset values started to decline, the city portion increased. As of October 1, 2003, the actuarial value of assets equals 68% of the present value of benefits, the present value of employee contributions equals 4%, and the present value of future normal costs equal 28% of the present value of future benefits.

Funding Progress

The comparison of the present values of vested and accrued benefits to FIPO assets from one year to the next, or over a period of time, is a measure of interim funding progress and the degree of benefit security.

Exhibit 6 contains the result of this comparison for the past two years. The market value of assets on October 1, 2003 is $844,864,000, as compared to the value of accrued benefits of $882,187,000 for a ratio of 95.8%. The ratio as of October 1, 2002 was 92.1%.

A ratio in excess of 100% typically may be viewed to be that of a well-funded program.

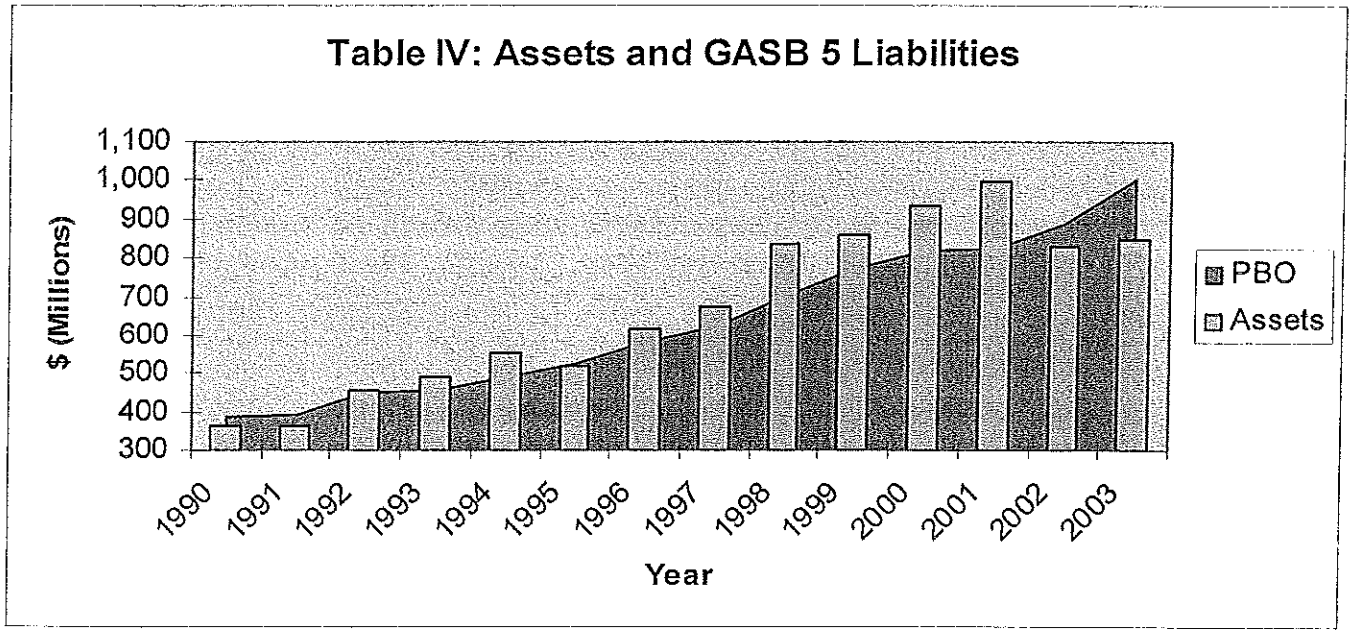
Governmental Accounting Standards

The Governmental Accounting Standards Board Statement No. 5, Disclosure of Pension Information by Public Employee Retirement Systems and State and Local Governmental Employers, was required for financial reports issued for fiscal years beginning after December 15, 1986 (and before the effective dates of GASB 25 and GASB 27).

Statement 5 uses the computation and disclosure of a "standardized measure" of the pension obligation. This measure, the actuarial present value (APV) of credited projected benefits, is based on a proration of total projected benefits over total predicted service (past and prospective), including the impact of future expected salary increases. These calculations are typically used for disclosure items. They do not determine funding or expense requirements.

The GASB 5 disclosures include information for ten years on assets and pension obligation, contributions required and contributions made, revenues by source, and expenses by type. During the transition period when ten years of standardized measures were not available, the disclosure requirements were limited to the information available.

As of October 1, 2003 the pension obligation is $1,000.9 million. This compares to assets of $844.9 million, for a funded ratio of 84%. Last year the funded ratio was 78%. These amounts, together with other disclosures, are contained in Exhibit 11 and illustrated in the following Table 5:



These calculations are made for GASB 5. It should be understood that they are only one approach to the measurement of funding progress. They should not be used for any other purpose, such as determination of compliance with City ordinances or State Statutes or the current or future solvency of the FIPO Trust.

GASB Statement No. 25, Financial Reporting for Defined Benefit pension Plans and Statement No. 27, Accounting for Pensions by State and Local Governmental Employers were issued in 1994. Statement No. 25 provides parameters for financial reporting and comparison of actual contributions to "actuarially required contributions." Statement No. 27 provides standards for the financial reports of the state and local governmental employers. Statement No. 25 was effective for periods beginning after June 15, 1996; Statement No. 27, for periods beginning after June 15, 1997.

The Statements do not directly impact funding, although they do require calculation of an "actuarially required contribution," or "ARC" and amortization of any deficiency or excess of actual contributions made in relation to the ARC.

This is essentially the first GASB standard for disclosures comparing actual funding to GASB standards. The requirements of GASB25 include reporting a Schedule of Funding Progress and a Schedule of Employer Contributions.

Since the FIPO Trust uses the Aggregate Cost Method, technically no Schedule of Funding Progress is required. However, such a Schedule of Funding Progress may be prepared using another acceptable cost method. Based on our recommendation in the 1997 report, and discussion with FIPO auditors, the Schedule of Funding Progress is prepared using the Projected Unit Credit Actuarial Accrued Liability, which was previously required under GASB 5. This Schedule is shown in Exhibit 11, Section III.

As recommended in the 1997 report, and reviewed by FIPO auditors, the employer contributions made in accordance with the requirements of the Florida Division of Retirement should be used as the Actuarially Required Contribution (ARC), since an exact calculation of the ARC would not differ materially from the required contribution amount. On this basis a Schedule of Employer Contributions has been added to Exhibit 11 in order to comply with the reporting requirements of GASB25.

Application of GASB27

The provisions of GASB27 are virtually identical to those of GASB25. It is our understanding that the schedules used for GASB25 disclosure may also be used for GASB27 purposes.

COLA Fund

Calculations were made based on the updated information provided as of 10/1/2003. The calculations reflect the approach adopted with the Amended Final Judgement in the matter of Gates vs. City of Miami.

Exhibit 12, parts I and II, illustrate the general impact of the COLA increases which have been provided thus far (including the additional benefit which is to be provided as of January 1, 2004), by duration since retirement and by age, respectively.

As discussed in earlier reports, there is probably no completely acceptable index for measuring the impact of inflation on retirees' benefits. Although the CPI is the most widely used inflation index, it is generally considered to distort inflation for retirees since it includes components which are not typically germane to them, such as home purchases. In the absence of a suitable alternative, a percentage of the CPI is often used as a target. If the cumulative CPI were used as a target, the current COLA averages 55% of the target. A comparison of COLA increases to the CPI is shown in Exhibit 12, part III. Historical data on the CPI is shown in Exhibit 12, part IV.

Cumulative Experience Position

Ordinance Section 40-204(C) (4) provides that transfers of excess investment return from the Regular Fund to the COLA Fund may be made only if the system remains in a net positive experience position on a cumulative basis from October 1, 1982. Since the aggregate cost method is used for determining funding requirements, the determination of the experience position is measured under the entry age normal method.

The approach used to measure the cumulative experience position since October 1, 1992 has consistently utilized the actuarial value of assets in the calculations. This means that the portion of investment gains recognized by the actuarial asset valuation method was included in the expected unfunded liability, thereby reducing the measurement of the cumulative experience gains.

Our recommended adjustment involves the redetermination of the annual and cumulative experience position and the expected unfunded liability, without using the actuarial asset value. This results in an increase in the net experience gain position as of September 30, 2003 from ($76,528,201) to $78,150,927.

Since the revised method would not have impacted any past transfers to the COLA Fund, we recommend that this change be adopted.

Enrolled Actuary's Statement

This report has been prepared in accordance with standards established by the American Academy of Actuaries. To the best of our knowledge, it reflects the actuarial condition of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2003 for the Retirement Fund and for the COLA Fund.

All costs and cost components are calculated on the basis of actuarial assumptions which reasonably reflect the experience of the Trust.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Randall L. Stanley
Signature
Enrolled Actuary No. 02-602

February 25, 2004
Date

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

City Contribution Requirement for 2003/2004 Fiscal Year

	2004/2005 -$-	2003/2004 -$-
I. Unfunded Actuarial Accrued Liability	0	0
II. Normal Cost		
A. Present Value of Future Benefits		
1. Active Members		
a. Retirement	766,801,817	741,558,604
b. Disability	19,271,587	19,169,985
c. Death	5,689,319	5,565,755
d. Turnover	11,169,688	11,408,703
e. Return of Contributions	1,340,555	1,419,208
f. Total	804,272,966	779,122,255
2. Retired Members and Beneficiaries		
a. Service Retirements	418,956,376	377,765,262
b. Beneficiaries	15,106,579	14,803,523
c. Disability Retirements	36,955,417	37,593,834
d. Terminated Vested Members	2,943,754	3,299,352
e. Total	473,962,126	433,461,971
3. Total	1,278,235,092	1,212,584,226

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

City Contribution Requirement for 2004/2005 Fiscal Year

	2004/2005 -$-	2003/2004 -$-
II. Normal Cost (Cont'd)		
A. Total Present Value of Future Benefits	1,278,235,092	1,212,584,226
B. Present Value of Future Member Contributions [1]	54,415,244	54,647,741
C. Actuarial Asset Value	865,776,458	865,450,392
D. Unfunded Actuarial Accrued Liability	0	0
E. Present Value of Future Normal Costs (A-B-C-D)	358,043,390	292,486,093
F. Present Value of Future Payrolls	784,744,342	788,893,099
G. Current Payroll for those under Expected Retirement Age	92,643,979	90,970,103
H. Current Normal Cost - Payable 10/1/2003 [(E)x(G) / (F)] (1.0775)	45,545,130	36,341,515
I. Covered Payroll	98,920,675	96,873,690
J. Normal Cost as Percentage of Payroll (H)/(I)	46.04%	37.51%
III. Quarterly City Contribution Schedule		
A. Past Service Cost	0	0
B. Normal Cost	45,545,130	36,341,515
C. Payment Timing	0	0
D. Total	45,545,130	36,341,515

(1) 7% of Future Covered Payroll

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Contribution Surplus Account

	-$-
A. Contribution Surplus At October 1, 2003	3,382,512
B. Actual 2002/2003 Contribution Made on 10/1/2003	32,959,003
C. Required Contribution As of 10/1/2003	36,341,515
D. Interest at 7.75%	0
E. Contribution Surplus at September 30, 2004 (A) + (B) – (C) + (D)	0

EXHIBIT 2A

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

I. Development of Actuarial Asset Value (5 Years)

		9/30/2003	9/30/2002	9/30/2001	9/30/2000	9/30/1999
		-$-	-$-	-$-	-$-	-$-
A.	Book Value	811,680,164	808,430,731	836,848,564	854,106,177	760,554,174
B.	Market Value	844,864,362	753,228,750	828,863,088	994,587,398	932,848,186
C.	B/A	1.0408833	0.9317171	0.9904577	1.1644775	1.2265375

D.	1/5 ∑ (C)	1.0708146	
E.	Adjusted Market Value at 9/30/2003 D x $811,680,164	869,158,970	
F.	Contribution Surplus at 9/30/2003	(3,382,512)	
G.	1. 80% of (Market Value – (F))	673,185,480	
	2. 120% of (Market Value – (F))	1,009,778,220	
H.	Preliminary Actuarial Asset Value (E- F)	865,776,458	
I.	Present Value of 1/1/2005 COLA Transfer, discounted at 7.75%	0	
J.	Actuarial Asset Value	865,776,458	

II. Rate of Return on Actuarial Asset Value

		-$-
A.	Actuarial Asset Value at 10/01/2002	865,450,392
B.	Contributions	
	1. City (Including amount from surplus account)	18,163,588
	2. Members	7,193,936
	3. Total	25,357,524
C.	Benefits and Expenses	49,434,967
D.	Present Value of 1/1/2005 COLA Transfer	0
E.	Contribution Surplus	3,382,512
F.	Actuarial Asset Value at 10/01/2003	865,776,458
G.	Net Return on Investment [F+E+D+C-B-A]	27,786,021
H.	Rate of Return [2 x G/(A+F-G)]	3.26%

EXHIBIT 2B

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

I. Development of Actuarial Asset Value (For COLA Transfer Only)

		9/30/2003	9/30/2002	9/30/2001
		-$-	-$-	-$-
A.	Book Value	811,680,164	808,430,731	836,848,564
B.	Market Value	844,864,362	753,228,750	828,863,088
C.	B/A	1.0408833	0.9317171	0.9904577
D.	1/3 ∑ (C)		0.9876860	
E.	Adjusted Market Value at 9/30/2003 D x $811,680,164		801,685,135	
F.	Contribution Surplus at 9/30/2003		(3,382,512)	
G.	1. 80% of (Market Value – (F))		673,185,480	
	2. 120% of (Market Value – (F))		1,009,778,220	
H.	Preliminary Actuarial Asset Value (E - F)		798,302,623	
I.	Present Value of 1/1/2005 COLA Transfer, discounted at 7.75%		0	
J.	Actuarial Asset Value		798,302,623	

II. Rate of Return on Actuarial Asset Value

		-$-
A.	Actuarial Asset Value at 10/01/2002	825,503,081
B.	Contributions	
	1. City (Including amount from surplus account)	18,163,588
	2. Members	7,193,936
	3. Total	25,357,524
C.	Benefits and Expenses	49,434,967
D.	Present Value of 1/1/2005 COLA Transfer	0
E.	Contribution Surplus	3,382,512
F.	Actuarial Asset Value at 10/01/2003	798,302,623
G.	Net Return on Investment [F+E+D+C-B-A]	259,497
H.	Rate of Return [2 x G/(A+F-G)]	0.03%

EXHIBIT 2C

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Calculation of Excess Investment Return
On Membership and Benefits Accounts for 2002/2003 Fiscal Year
2005 COLA Transfer

I.	**Net Actual Return on Actuarial Asset Value**	-$-
A.	Preliminary Actuarial Asset Value as of 10/1/2003	798,302,623
B.	Benefits Paid During Plan Year	46,083,206
C.	Value of COLA transfer for 2001/2002 Year	0
D.	Contributions Refunded During Plan Year	429,225
E.	City Contributions During Plan Year (Required)	18,163,588
F.	Member Contributions During Plan Year	7,193,936
G.	Actuarial Asset Value as of 10/1/2002	825,503,081
H.	Total Actual Return During Plan year (A) + (B) + (C) + (D)-(E)-(F)-(G)	(6,045,551)
I.	Investment Expenses Paid During Plan Year	2,529,528
J.	Net Actual Return During Plan Year	(8,575,079)
II.	**Net Expected Return on Actuarial Asset Value**	
A.	Actuarial Asset Value as of 10/1/2002	825,503,081
B.	Benefits Paid During Plan Year	46,083,206
C.	Value of COLA transfer for 2001/2002 Year	0
D.	Contributions Refunded During Plan Year	429,225
E.	City Contributions During Plan Year (Required)	18,163,588
F.	Member Contributions During Plan Year	7,193,936
G.	Expected Rate of Return	7.75%
H.	Expected Return During Plan Year	63,252,191 *
I.	Base Amount for Expected Return (H)/.0775	816,157,303
J.	Excess Return on Assets (I(J) - II(H))	(71,827,270)
K.	Excess Return as % of II(I)	(8.800665%)

III. Amount to be Transferred to COLA Fund

A.	Excess Return		COLA Transfer	
	%	$	%	$
First	2.5		75	0
Next	2.5		50	0
Next	2.5		25	0
			--	--
B.	Total Transfer Amount at 1/1/2005			0

*Assumes Uniform Quarterly Contributions and Monthly Benefits
[(825,503,081) + (18,163,588 + 7,193,936) (2.5/4) - (46,083,206 + 429,225) (13/24)](.0775) = 63,252,191

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Asset Transactions for Year Ending September 30, 2003

	Membership and Benefits Accounts	COLA I Account	COLA II Account
	-$-	-$-	-$-
A. Market Value as of October 1, 2002	753,228,750	25,894,352	148,178,049
B. Book Value as of October 1, 2002	808,430,731	27,792,074	159,037,595
C. Income During Year			
1. City Contributions	15,024,366		3,558,280
2. Member Contributions	7,193,936		
3. Other Contributions			
4. Interest	17,424,546	480,712	3,139,752
5. Dividends	6,517,736	183,227	1,179,094
6. Net Realized Gains (Losses)	5,982,288	192,217	1,363,094
7. Income Transfer	0	N/A	0
8. Securities Lending Income	249,933	6,933	44,909
9. Rental and Other Income	291,595	8,101	51,802
	52,684,400	871,190	9,336,931
D. Disbursements During Years			
1. Benefit Payments	46,083,206	418,100	8,914,218
2. Contribution Refunds	429,225	9,806	
3. Custodial and Investment Expenses	2,529,528	75,804	491,479
4. Non-Vested Refunds Payable	283,308		
5. Securities Lending Fees	74,982	2,080	13,471
6. Building Depreciation	34,718	1,202	6,806
	49,434,968	506,992	9,425,974
E. Book Value as of 9/30/2003 (B) + (C)-(D)	811,680,164	28,156,272	158,948,552
F. Net Change in Unrealized Gains (Losses)	88,386,179	3,048,845	17,357,894
G. Market Value as of 9/30/2003 (A) + (C)-(D) + (F)	844,864,362	29,307,395	165,446,900
H. January 1, 2004 Allocation to COLA II (discounted)	0	N/A	0
I. Net Market Value as of 9/30/2003	844,864,362	29,307,395	165,446,900

[1]Based on unaudited financial statements.

[2]Based on unaudited financial statements.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Distribution of Assets as of September 30, 2003

Membership and Benefits and Cost-of-Living Adjustment Accounts

Description	Market -$-	Book -$-
Bills, Bonds, Notes	323,645,914	312,516,052
Corporate Stocks	644,016,524	619,562,652
Money Market Funds and Time Deposits	3,512,183	3,157,272
Guaranteed Inv. Contract	0	0
Mutual Funds	42,893,957	37,998,933
Real Estate	2,384,445	2,384,445
A: Sub-Total	**1,016,453,023**	**975,619,354**
B: Cash	**26,545,867**	**26,545,867**
Receivables:		
City Contributions		
Accounts Receivable	142	142
Member Contributions		
Accrued Interest	2,293,597	2,293,597
Securities Proceeds	3,858,605	3,858,605
C: Sub-Total	**6,152,344**	**6,152,344**
Payables:		
Budget Advance	(90,377)	(90,377)
Deferred Rental Income		
Tax Withheld	(14)	(14)
Accounts Payable	405,772	405,772
Securities Purchased	9,217,196	9,217,196
D: Sub-Total	**9,532,577**	**9,532,577**
E. Total (A+B+C-D)	**1,039,618,657**	**998,784,988**
Accounts:		
COLA I Account	**29,307,395**	**28,156,272**
COLA II Account	**165,446,900**	**158,948,552**
COLA II Transfer (1/1/2004)	**0**	**0**
F: Membership & Benefits Account	**844,864,362**	**811,680,164**

[1]Based on unaudited financial statements.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Investment Results

Yield on Mean Values for 12-Month Period Ending 9/30/2003

	-$-	Market -%-	Book -%-
Membership and Benefits Accounts			
Interest	17,424,546	2.4	2.2
Dividends	6,517,736	0.9	0.8
Rental and Other Income, less Depreciation	256,877	0.0	0.0
Realized Gains	5,982,288	0.8	0.8
Securities Lending (Net)	174,951	0.0	0.0
Increase in Unrealized Gains	88,386,179	11.9	--
Custodial and Investment Expenses	(2,529,528)	(0.3)	(0.3)
	116,213,049	15.7	3.5
COLA I Account			
Interest	480,712	1.9	1.8
Dividends	183,227	0.7	0.7
Rental and Other Income, less Depreciation	6,899	0.0	0.0
Realized Gains	192,217	0.7	0.7
Securities Lending (Net)	4,853	0.0	0.0
Increase in Unrealized Gains	3,048,845	12.0	--
Custodial and Investment Expenses	(75,804)	(0.3)	(0.3)
	3,840,949	15.0	2.9
COLA II Account			
Interest	3,139,752	2.2	2.0
Dividends	1,179,094	0.8	0.8
Rental and Other Income, less Depreciation	44,996	0.0	0.0
Realized Gains	1,363,094	0.9	0.9
Securities Lending (Net)	31,438	0.0	0.0
Increase in Unrealized Gains	17,357,894	11.9	--
Custodial and Investment Expenses	(491,479)	(0.3)	(0.3)
	22,624,789	15.5	3.4

EXHIBIT 5

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Accounting Information
As of October 1, 2003

	October 1, 2003	October 1, 2002
	-$-	-$-
I. Present Value of Vested Accrued Benefits		
A. Service Retirements and Beneficiaries	434,062,955	392,568,785
B. Disability Retirements	36,955,417	37,593,834
C. Vested Terminated Members	2,943,754	3,299,352
D. Active Members	391,556,458	367,758,099
E. Total	865,518,584	801,220,070
II. Present Value of Non-Vested Accrued Benefits	16,668,674	16,275,631
III. Present Value of Accrued Benefits	882,187,258	817,495,701

The values of accumulated plan benefits were determined in accordance with the Academy of Actuaries Interpretations and FASB Statement No. 35, Accounting and Reporting by Defined Benefit Pension Plans.

V. Statement of Changes in Accrued Benefits

	-$-
A. Present Value of Accrued Benefits at Beginning of Year	817,495,701
B. Increase (Decrease) During the Year Attributable to:	
1. Benefits Accumulated	49,650,428
2. Benefits Paid and Contributions Refunded	(46,512,431)
3. Plan Amendment	0
4. Assumption Changes	0
5. Increase Due to Decrease in Discount Period	61,553,560
6. Net Increase	64,691,557
C. Present Value of Accrued Benefits at End of Year	882,187,258

EXHIBIT 6

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparison of Funding Progress
($000)

	10/01/2003 -$-	10/01/2002 -$-	10/01/2001 -$-
I. Assets			
A. Book Value	811,680	808,431	836,849
B. Market Value	844,864	753,229	828,863
II. Liabilities			
A. Retired and Vested	473,962	433,462	430,016
B. Active			
Employee Contributions	115,003	113,613	108,597
Other Vested	276,553	254,145	225,342
Non-Vested Accrued	16,669	16,276	13,837
C. Total Accrued	882,187	817,496	777,792
III. Ratios	%	%	%
IA/IIC	92.0	98.9	107.6
IB/IIC	95.8	92.1	106.6

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Member Statistics

I. Active Members

Number of	Date 10/01/2003	10/01/2002	10/01/2001
Males	1,397	1,453	1,443
Females	225	232	233
Total	1,622	1,685	1,676
Averages			
Current Age	40.1	39.6	39.0
Past Service	14.3	13.9	13.3
Credited Past Service	14.1	13.7	13.1
Annual Earnings	$60,987	$57,492	$53,493

II. Inactive Members

A. Retirees and Beneficiaries			
Number	1,256	1,197	1,189
Average Annual Benefit	$33,446	$31,812	$31,454
Average Age	64.6	64.6	64.0
B. Disabled			
Number	222	231	236
Average Annual Benefit	$17,758	$17,288	$16,859
Average Age	64.0	63.7	63.2
C. Vested Terminated			
Number	17	17	17
Average Deferred Benefit	$17,965	$17,670	$17,670
Average Age	47.3	46.2	45.2

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Age-Service Distribution

	Completed Years of Service										Earnings	
Age	0-1	2-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total	Total -$-	Avg. -$-
15-24	7	16	-	-	-	-	-	-	-	23	923,792	40,165
25-29	7	97	52	-	-	-	-	-	-	156	7,272,526	46,619
30-34	6	76	131	49	-	-	-	-	-	262	12,725,613	48,571
35-39	6	33	71	116	68	3	-	-	-	297	16,434,776	55,336
40-44	1	7	30	74	157	161	5	-	-	435	28,489,972	65,494
45-49	-	2	17	15	54	162	40	-	-	290	21,075,726	72,675
50-54	1	-	1	8	11	49	48	13	-	131	10,078,909	76,938
55-59	-	-	-	1	5	6	5	5	2	24	1,706,741	71,114
60-64	-	-	-	1	3	-	-	-	-	4	212,620	53,155
65+	-	-	-	-	-	-	-	-	-	-	--	--
TOTAL	28	231	302	264	298	381	98	18	2	1622	98,920,675	60,987

Average Age: 40.1 Average Service: 14.3

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Reconciliation of Participant Counts

	Actives	Retirees & Beneficiaries	Disableds	Vested Terminated
10/01/2002	1,685	1,197	231	17
Changes due to:				
Retirement	-71	+71		
Withdrawal	-20			
Disability	-1		+1	
Death	-1	-22	-10	
New Beneficiary		+11		
New Hires	+28			
Data Changes	+2	-1		
10/01/2003	1,622	1,256	222	17

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Principal System Provisions

(Based on Ordinance No. 10002, as Amended by Ordinances Nos. 112351and 11944, and Resolution 657)

Effective Date:	January 1, 1940, as restated effective May 23, 1985, and amended through September 30, 2003.
Fiscal Year:	October 1 - September 30.
Membership:	Police officers and fire fighters.
Covered Compensation:	An employee's base salary, including pick-up contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death-in-family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.
Contributions:	Members: 7% of Compensation, effective 10/01/99. City: Balance, as actuarially determined.
Creditable Service:	Service credited under Retirement System; military service (maximum of four years) during wartime for which Member makes contributions; maternity leave (maximum of 180 days for each leave) for which Member makes contributions; up to 5 years, without member contributions, if member was an employee before period of military service.
Average Final Compensation:	Average Compensation during the highest year of Creditable Service.
Normal Service Age:	Age 50

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Service Retirement:	3.0% of Average Final Compensation for each of the first fifteen years of Creditable Service plus 3.5% of Average Final Compensation for each year of Creditable Service after the fifteenth year; maximum of 100% for those with less than 100% under prior rules on 9/30/98.
Early Service Retirement:	After 20 years of Creditable Service. Benefits are based on Average Final Compensation and Creditable Service at retirement date. Actuarial equivalence for early commencement.
Rule of 64 Retirement:	Service retirement on the basis of combined age and Creditable Service equaling 64 or more.
Disability:	Ordinary Disability: After 10 or more years of Creditable Service, and not eligible for service retirement. Not incurred as accident in performance of duties. 90% of benefit rate times Average Final Compensation times Creditable Service, with a minimum benefit of 30% of Average Final Compensation; 10 years' certain and life normal form. Accidental Disability: Incurred as accident in perfor-mance of duties. 66 2/3% of Average Final Compensation, or 66 2/3% of Final Compensation, whichever is greater. 40% joint & survivor normal form, with a minimum of 10 years' certain and life.
Deferred Retirement Option Plan:	Members who are eligible for Service Retirement or Rule of 64 Retirement after September 1998 may elect self-directed Deferred Retirement Option Plan, for a maximum of 4 years. An actuarially equivalent Back DROP option (maximum of 4 years) may be elected prior to DROP entry; combined years of DROP may not exceed 4.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Death:	Ordinary Death: (a) Between 3 and 10 years of Creditable Service, and death not accidentally incurred in performance of duties: Lump sum benefit equal to 50% of Compensation received in year preceding death. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferred period or 10 years' certain period. (c) If eligible for Service, Early Service, or Rule of 64 retirement, considered to have retired on the date of death. Surviving spouse would receive 40% of the member's monthly retirement allowance. Accidental Death: Incurred in performance of duties. (a) Pension of 50% of Average Final compensation to spouse until death or remarriage. If there is no spouse, or if spouse dies or remarries before youngest child is 18, payable until attainment of age 18. If no spouse or no children under 18, benefit is payable to dependent parents. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferral period or 10 years' certain period.
Employment Termination:	After 10 years of Creditable Service, based on Creditable Service and Average Final Compensation at termination date. If Member contributions are withdrawn, benefit is forfeited. Benefits are deferred to Normal Retirement Age.
Optional Allowances:	Normal form is joint and 40% contingent survivor, with a minimum of 10 years' certain and life. Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of Member. Option 6 is withdrawal of member contributions with credited interest; monthly benefit is 1/2 of normal level.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Transfer of Compensated Leave Balances:	Accumulated leave balances may be transferred into system immediately prior to retirement to purchase additional Creditable Service, on an actuarially equivalent basis.
Changes Since Prior Valuation:	None.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis

Valuation Date: October 1, 2003 for Fiscal Year beginning October 1, 2004.

Valuation Method: Aggregate Cost Method.

Asset Valuation Method: Average of ratios of market to book values as of current and five most recent September 30's. Average ratio is applied to book value at current September 30. The result cannot be greater than 120% of market value or less than 80% of market value.

Actuarial Assumptions:

Interest Discount/ Investment Return: 7.75%, compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	0.0507%	0.0284%
30	0.0801%	0.0351%
40	0.1072%	0.0709%
50	0.2579%	0.1428%
60	0.7976%	0.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis
(Continued)

Age	Disability	Turnover		Salary Increase*
		<5	5+	
20	.00085	.0240	.0192	.088
21	.00095	.0240	.0192	.086
22	.00105	.0240	.0192	.083
23	.00110	.0240	.0192	.081
24	.00125	.0240	.0192	.078
25	.00130	.0240	.0192	.075
26	.00140	.0240	.0192	.073
27	.00150	.0240	.0192	.071
28	.00160	.0240	.0192	.068
29	.00170	.0240	.0192	.066
30	.00180	.0240	.0192	.065
31	.00200	.0240	.0192	.064
32	.00220	.0240	.0192	.064
33	.00245	.0240	.0192	.063
34	.00265	.0240	.0192	.062
35	.00285	.0240	.0192	.061
36	.00305	.0228	.0182	.061
37	.00325	.0216	.0173	.060
38	.00345	.0204	.0163	.060
39	.00370	.0192	.0154	.059
40	.00390	.0180	.0144	.058
41	.00470	.0168	.0134	.058
42	.00555	.0156	.0125	.057
43	.00635	.0144	.0115	.057
44	.00720	.0132	.0106	.057
45	.00800	.0120	.0096	.056
46	.00880	.0096	.0077	.056
47	.00965	.0072	.0057	.056
48	.01045	.0048	.0038	.056
49	.01130	.0024	.0019	.055
50	.01210	.0000	.0000	.055

* A 7% additional increase applies in the final year of Creditable Service, and a 5% additional increase applies after 22 years.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis
(Continued)

Age	Disability	Turnover		Salary Increase*
		<5	5+	
51	.01295	.0000	.0000	.053
52	.01375	.0000	.0000	.051
53	.01455	.0000	.0000	.050
54	.01540	.0000	.0000	.048
55	.01620	.0000	.0000	.047
56	.01785	.0000	.0000	.046
57	.01870	.0000	.0000	.044
58	.01950	.0000	.0000	.043
59	.02030	.0000	.0000	.041
60	.00000	.0000	.0000	.040
61	.00000	.0000	.0000	.040
62	.00000	.0000	.0000	.040
63	.00000	.0000	.0000	.040
64	.00000	.0000	.0000	.040
65	.00000	.0000	.0000	.040

* A 7% additional increase applies in the final year of Creditable Service, and a 5% additional increase applies after 22 years.

Retirement: After eligibility for Rule of 64 Retirement, the following decrements apply, based on service:

Years of Service	%
20-24	10
25-29	25
30+	100

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employees are assumed to be married.
Investment Expenses:	None; the investment return assumption of 7.75% is net of investment expenses.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Compensated Absence Balance Transfers:	No liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.
Adjustments from Valuation Date:	One year's interest is added to the calculated deposit to reflect ordinance provision.
Sources of Data:	Asset data is from unaudited financial statements. Membership data was furnished by Administrator.
Changes Since Prior Valuation:	Asset Valuation Method was changed from a 4-year average ratio to a 5-year average ratio at October 1, 2003; prior 3-year basis retained for excess investment return transfer for COLA purposes.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Information Under Florida Statutes

I. Comparison of Salary Increases

Year Ending	Actual	Assumed
	-%-	-%-
9/30/2003	5.38	4.00
9/30/2002	2.43	2.00
9/30/2001	4.79	2.00
9/30/2000	7.12	2.00
9/30/1999	0.52	2.75
9/30/1998	(1.35)	2.75
9/30/1997	(1.07)	2.75
9/30/1996	0.76	2.75
9/30/1995	5.50	2.75
9/30/1994	2.86	3.00
9/30/1993	6.37	6.80
9/30/1992	3.48	6.80
9/30/1991	2.65	6.80
9/30/1990	2.79	7.00
9/30/1989	8.64	7.00
9/30/1988	6.05	7.00
9/30/1987	7.45	7.50
9/30/1986	7.49	7.50
9/30/1985	14.28	7.50
9/30/1984	11.53	7.50

II. Comparison of Investment Returns

Year Ending	Actual MV	Actual AAV(1)	Assumed
-%-	-%-	-%-	-%-
9/30/2003	15.7	3.26	7.75
9/30/2002	(5.5)	(3.93)	7.75
9/30/2001	(10.6)	(1.29)	7.75
9/30/2000	12.7	16.01	7.75
9/30/1999	13.8	13.40	7.75
9/30/1998	6.9	19.45	7.75
9/30/1997	28.3	26.34	8.00
9/30/1996	13.2	11.27	8.00
9/30/1995	21.0	12.86	7.75
9/30/1994	(1.7)	5.18	7.75
9/30/1993	15.8	13.73	7.75
9/30/1992	9.9	12.48	7.75
9/30/1991	25.9	20.93	7.75
9/30/1990	0.4	1.89	7.50
9/30/1989	N.A.	16.09	7.50
9/30/1988	N.A.	0.08	7.50
9/30/1987	N.A.	22.64	7.00
9/30/1986	N.A.	21.66	7.00

(1) Based on mean actuarial asset values for periods ending 9/30.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Information Under Florida Statutes
(Continued)

III. Comparison of Payroll Growth

Year Ending	Actual	Assumed
	-%-	-%-
9/30/2003	2.1	N.A.
9/30/2002	8.1	N.A.
9/30/2001	6.3	N.A.
9/30/2000	8.5	N.A.
9/30/1999	4.6	N.A.
9/30/1998	6.8	N.A.
9/30/1997	(4.5)	N.A.
9/30/1996	1.9	N.A.
9/30/1995	(1.9)	N.A.
9/30/1994	1.1	N.A.
9/30/1993	7.5	N.A.
9/30/1992	2.1	N.A.
9/30/1991	(7.6)	5.00
9/30/1990	(0.8)	5.00
9/30/1989	9.5	5.00
9/30/1988	3.4	5.00
9/30/1987	5.9	5.00
9/30/1986	5.8	5.00
9/30/1985	7.8	5.00
9/30/1984	9.7	5.00

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5 and 25
(Excluding COLA Fund)

I. Funding Status and Progress as of September 30, 2003 and 2002

Pension benefit obligation:

	$(Millions)	
	Sept. 30, 2003	Sept. 30, 2002
	-$-	-$-
- Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	474.0	433.5
- Current employees - Accumulated employee contributions including interest	115.0	113.6
Employer - financed vested	276.6	254.1
Employer - financed nonvested	135.3	158.9
Total pension benefit obligation	1,000.9	960.1
Net assets available for benefits (market value)	844.9	753.2
Unfunded pension benefit obligation	156.0	206.2

The pension benefit obligation was determined as part of actuarial valuations at September 30, 2003 and September 30, 2002. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually, (b) projected salary increases of 4.00 percent per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0 percent to 5.1 percent per year, attributable to seniority/merit.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5 and 25
(Excluding COLA Fund)

II. Contributions Required and Contributions Made

The funding policy provides for periodic employer contributions at actuarially determined rates that are sufficient to pay benefits when due. Contributions for normal costs are determined using the aggregate actuarial cost method. This cost method does not provide for an unfunded actuarial accrued liability.

Contributions totaling $22,218,302 ($15,024,366 employer and $7,193,936 employee) were made for the year ending September 30, 2003. These contributions consisted of (a) $22,218,302 normal cost, (b) $0 amortization of the unfunded actuarial accrued liability, and (c) $0 noninvestment expenses.

Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the standardized measure of the pension obligation as of the beginning of the preceding year.

III. Analysis of Funding Progress ($ Millions)

Fiscal Year	(1) Net Assets Available for Benefits ($)	(2) Pension Benefit Obligation ($)	(3) Percent Funded (%)	(4) Unfunded PBO (2)-(1) ($)	(5) Annual Covered Payroll ($)	(4)/(5) (%)
1987	309.1	335.7	92	26.6	63.3	42
1988	307.7	357.9	86	50.2	65.4	77
1989	364.2	385.9	94	21.7	71.6	30
1990	364.7	394.6	92	29.9	71.1	42
1991	455.3	450.0	101	(5.3)	71.4	(7)
1992	492.0	458.1	107	(33.9)	67.1	(50)
1993	550.6	488.2	113	(62.4)	72.0	(87)
1994	516.4	522.9	99	6.5	72.9	9
1995	616.5	583.1	106	(33.4)	71.5	(47)
1996	674.7	620.7	109	(54.0)	72.9	(74)
1997	835.3	702.1	119	(133.2)	69.6	(191)
1998	857.7	774.5	111	(83.2)	74.3	(112)
1999	932.8	820.2	114	(112.6)	77.7	(145)
2000	994.6	823.1	121	(171.5)	84.3	(203)
2001	828.9	884.7	94	55.8	89.7	62
2002	753.2	960.1	78	206.2	96.9	213
2003	844.9	1000.9	84	156.0	98.9	158

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

IV. Revenues and Expenses

	Revenues by Source			
Fiscal Year	Employee Contributions	Employer Contributions	Investment Income	Total
	($)	($)	($)	($)
1987	5,385,969	14,200,675	48,891,929	68,478,573
1988	5,516,972	11,515,831	19,011,633	36,044,436
1989	5,989,692	11,157,203	33,064,932	50,211,827
1990	6,303,644	9,579,771	37,046,457	52,929,872
1991	6,474,938	8,959,044	46,689,710	62,123,692
1992	6,115,655	10,029,747	44,569,353	60,714,755
1993	6,455,623	10,442,881	50,309,468	67,207,972
1994	7,435,034	9,296,175	36,915,202	53,646,411
1995	8,318,833	10,880,346	38,919,229	58,118,408
1996	7,852,469	16,547,235	55,421,603	79,821,307
1997	7,664,034	14,377,032	83,180,597	105,221,663
1998	7,692,571	14,155,472	96,007,011	117,855,054
1999	8,556,140	10,376,473	66,039,984	84,972,597
2000	6,257,588	5,400,784	129,752,337	141,410,709
2001	6,336,918	5,481,599	17,717,791	29,536,308
2002	6,721,236	5,400,784	(27,704,711)	(15,582,691)
2003	7,193,936	15,024,366	30,466,098	52,684,400

	Expenses by Type			
Fiscal Year	Benefits	Administrative Expenses	Refunds	Total
	($)	($)	($)	($)
1987	12,655,732	522,090	556,895	13,734,717
1988	13,556,449	443,765	650,068	14,650,282
1989	14,179,715	493,209	371,459	15,044,383
1990	15,572,994	568,072	659,176	16,800,242
1991	16,764,637	973,982	555,661	18,294,280
1992	22,345,166	1,137,047	751,088	24,233,301
1993	22,735,888	1,314,925	672,376	24,723,189
1994	23,787,091	1,420,693	510,074	25,717,858
1995	25,846,564	1,567,841	703,269	28,117,674
1996	29,506,924	1,870,188	822,497	32,199,609
1997	33,841,809	2,079,183	1,225,239	37,146,231
1998	35,593,108	2,543,855	391,524	38,537,297
1999	36,900,501	2,689,079	258,383	39,847,963
2000	41,237,423	2,710,752	258,804	44,206,979
2001	41,386,774	2,933,939	481,746	44,802,459
2002	42,766,860	2,825,903	364,256	45,957,019
2003	46,083,206	2,922,537	429,225	49,434,968

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

V. Schedule of Employer Contributions

Fiscal Year	Annual Pension Cost (APC) ($)	Percentage Contributed (%)	Net Pension Obligation ($)
1994	9,296,175	100	0
1995	10,880,346	100	0
1996	16,547,235	100	0
1997	14,377,032	100	0
1998	14,155,472	100	0
1999	10,376,473	100	0
2000	5,400,784	100	0
2001	4,003,892	100	0
2002	1,051,629	100	0
2003	18,163,588	100	0
2004	36,341,515		

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

I. COLA Increases by Duration Since Retirement (Including 2004 Increment)

Years Retired	No.	FIPO Benefits -$-	COLA Benefits -$-	%
0 - 5	212	926,694	2,562	0.3
5-10	302	1,208,193	55,375	4.6
10-15	233	768,422	109,420	14.2
15-20	173	408,451	125,275	30.7
20-25	173	218,962	159,271	72.7
25-30	217	198,895	221,301	111.3
30-35	107	62,013	112,767	181.8
35-40	42	20,888	55,624	266.3
40-45	11	5,452	16,408	300.9
45-50	3	1,490	4,955	332.5
50+	2	835	2,797	334.9
Total	1,475	3,820,295	865,755	22.7

II. COLA Increases by Attained Age (2004 Table)

Age	No.	FIPO Benefits -$-	COLA Benefits -$-	%
<45	29	74,406	1,295	1.7
45-50	77	286,631	249	0.1
50-54	195	775,530	22,746	2.9
55-59	254	965,594	60,134	6.2
60-64	211	670,507	92,971	13.9
65-69	179	402,410	111,298	27.7
70-74	214	335,425	205,385	61.2
75-79	193	210,734	213,192	101.2
80-84	85	69,547	103,919	149.4
85-89	31	25,896	45,136	174.3
>90	7	3,615	9,430	260.9
Total	1,475	3,820,295	865,755	22.7

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

III. COLA Increases vs. CPI (including 2004 Increment)

Years Retired	No.	COLA -%-	CPI -%-	COLA/CPI -%-
0-5	212	0.3	2.8	9.8
5-10	302	4.6	15.2	30.1
10-15	233	14.2	30.7	46.4
15-20	173	30.7	59.5	51.6
20-25	173	72.7	93.2	78.0
25-30	217	111.3	185.4	60.0
30-35	107	181.8	303.5	59.9
35-40	42	266.3	428.9	62.1
40-45	11	300.9	504.6	59.6
45-50	3	332.5	555.9	59.8
50+	2	334.9	592.9	56.5
Total	1475	22.7	41.4	54.8

IV. Consumer Price Index (CPI-U)

Year	December Index	Annual -%-	Year	December Index	Annual -%-
1956	27.6	2.9	1981	94.0	8.9
1957	28.4	3.0	1982	97.6	3.9
1958	28.9	1.8	1983	101.3	3.8
1959	29.4	1.5	1984	105.3	4.0
1960	29.8	1.5	1985	109.3	3.8
1961	30.0	0.7	1986	110.5	1.1
1962	30.4	1.2	1987	115.4	4.4
1963	30.9	1.6	1988	120.5	4.4
1964	31.2	1.2	1989	126.1	4.6
1965	31.8	1.9	1990	133.8	6.2
1966	32.9	3.4	1991	137.9	3.0
1967	33.9	3.0	1992	141.9	2.9
1968	35.5	4.7	1993	145.8	2.7
1969	37.7	6.1	1994	149.7	2.7
1970	39.8	5.5	1995	153.5	2.5
1971	41.1	3.4	1996	158.6	3.3
1972	42.5	3.4	1997	161.3	1.7
1973	46.2	8.7	1998	163.9	1.6
1974	51.9	12.2	1999	168.3	2.7
1975	55.5	7.0	2000	174.0	3.4
1976	58.2	4.8	2001	176.7	1.6
1977	62.1	6.8	2002	180.9	2.4
1978	67.7	9.0	2003	185.0 *	2.3
1979	76.7	13.3			
1980	86.3	12.4			

* October 2003

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

I. Summary of Assets Available for Benefits at October 1, 2003

	-$-
A. COLA Accounts	
1. COLA I Account (Exhibit 3) at 9/30/2003	29,307,395
2. COLA II Account (Exhibit 3) at 9/30/2003	165,446,900
B. Transfers of Excess Investment Income	
1. $0 due on 1/1/2004	0
2. $0 due on 1/1/2005	0
C. Minimum City Contributions[1] $3,700,611 beginning 1/1/2004, payable for 11 years discounted	28,281,752
D. Additional City Contribution due 1/1/2005	0
E. Assets Available for COLA Benefits	223,036,047

II. COLA Fund Liabilities for Benefits at 10/1/2003

	Prior Assumptions	Revised Assumptions
	-$-	-$-
A. Present Value of Existing COLA Benefits for Inactives		
1. Frozen COLA I benefits	2,532,124	2,532,124
2. COLA II benefits	124,465,873	124,465,873
3. Total inactive COLA benefits	126,997,997	126,997,997
B. Present Value of Projected COLA Benefits for Current Actives		
1. Reserve for current actives	39,071,449	38,100,609
2. Reserve for contribution refunds	5,669	5,752
3. Reserve for future actives (15% of B1)	5,860,717	5,715,091
4. Total	44,937,835	43,821,452
C. Total Liability Allocated (A3 + B4)	171,935,832	170,819,449
D. Contingency Reserve [20% of I(E)-I(B)(2)]	49,067,930 [3]	44,607,209
E. Unallocated Reserve[2]	2,032,285	7,609,389
F. Total Liability for COLA Benefits	223,036,047	223,036,047

Notes: (1) $(1/1.0775)^{0.25}\,\ddot{a}_{\overline{11}|} = 7.6424546$
(2) For $880 Table
(3) Prior method was 22%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

III. Derivation of Increase in Table as of January 1, 2004

	-$-
A. Liability based on current $880 table	
1. Inactive COLA II Benefits	124,465,873
2. Present Value of Projected COLA benefits for current actives	38,100,609
3. Reserve for future actives [15% of (2)]	5,715,091
4. Total COLA II Liability	168,281,573
B. Assets available to increase table	
1. Total assets available for COLA Benefits	223,036,047
2. Total Liability Allocated (current $880 table)	170,819,449
3. Contingency Reserve II(D)	44,607,209
4. Available Assets [(1)-(2)-(3)]	7,609,389
5. $0 due on 1/1/2005, discounted	0
6. Net Available Assets [(4)-(5)]	7,609,389
7. Increase ratio [(B6)/(A4)]	0.04522
8. Table increase [$880x(7)]	40
9. New table amount [$880+(8)]	920
10. Actual new table amount	920

EXHIBIT 14

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Cumulative Experience Position Net of Asset Transfers

I. Calculation of Expected Unfunded Actuarial Accrued Liability at 10/1/2003	
	-$-
A. (i) Expected Unfunded Actuarial Accrued Liability at 10/1/2002 (Prior Method)	227,592,770
(ii) Adjustment to Revised Method	134,792,627
(iii) Expected Unfunded Actuarial Accrued Liability at 10/1/2002 (Revised Method)	362,385,397
B. Entry Age Normal Cost for 2002/2003 Year Paid or Payable by Employer	16,824,159
C. Interest on (A) and (B)	29,388,741
D. Contributions for 2002/2003 Year Paid or Payable by Employer (Required)	18,163,588
E. Interest on (D)	1,407,678
F. Expected Unfunded Actuarial Accrued Liability at 9/30/2003	389,027,031
G. Additional Unfunded Actuarial Accrued Liability due to Assumption and Method Changes	(41,249,437)
H. Additional Unfunded Actuarial Accrued Liability due to Florida Law 99-1	0
I. Final Expected Unfunded Actuarial Accrued Liability at 9/30/2003	347,777,594
II. Determination of Net Cumulative Experience Position at 10/1/2003	
A. Expected Unfunded Actuarial Liability as of September 30, 2003	347,777,594
B. Entry Age Reserve - Actives	593,967,164
- Inactives	473,962,126
- Total	1,067,929,290
C. Actuarial Asset Value (Net of Future Transfers)	798,302,623
D. Actual Unfunded Actuarial Liability (B)-(C)	269,626,667
E. Cumulative Experience Gain (Loss) (A)-(D)	78,150,927
III. Future Transfers of Excess Investment Income at 10/1/2003	
A $0 due on 1/1/2004, discounted	0
B. $0 due on 1/1/2005, discounted	0
C. Total Future Transfers at 10/1/2003 (A) + (B)	0

Miami FIPO Cumulative Gain/(Loss) Position
Comparison of Prior Method with Individual Entry Normal Method

Current "FIL" METHOD

Valuation Year	91/92	92/93	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03
Expected UAAL (BOY)		127,641,351	128,507,179	156,388,205	138,725,571	133,426,700	151,525,292	149,680,142	211,915,040	185,366,805	212,274,670	227,592,827
Plan Change								46,786,371				
FIL Normal Cost		743,464	810,249	889,151	918,587	995,515	1,064,132	0	0	0	0	8,063,014
Interest		9,949,823	10,022,101	12,188,995	11,171,533	10,753,777	11,825,680	15,226,155	16,423,416	14,365,927	16,451,287	18,263,328
Contributions Paid or Payable by Employer (Required)		9,120,612	10,618,444	10,880,346	16,547,235	14,377,032	14,155,472	10,376,473	5,400,784	4,003,892	1,051,629	18,163,588
Interest on Contributions		706,847	822,929	843,227	841,756	718,818	579,490	502,610	418,561	310,302	81,501	1,407,678
Expected UAAL (EOY)		128,507,179	127,898,156	157,742,778	133,426,700	130,080,142	149,680,142	200,813,585	222,519,111	195,418,538	227,592,827	234,347,903
Assumption Changes		0	0	(19,017,207)	0	21,445,150	0	11,101,455	(37,465,722)	16,856,132	0	(41,249,437)
Plan Changes, Florida Law 99-1		0	28,490,049	0	0	0	0	0	313,416	0	0	0
Final Expected UAAL	127,641,351	128,507,179	156,388,205	138,725,571	133,426,700	151,525,292	149,680,142	211,915,040	185,366,805	212,274,670	227,592,827	193,098,466
Entry Age Reserve	483,722,957	513,374,364	587,511,102	614,392,908	649,954,363	727,095,736	753,880,034	843,182,583	863,357,558	932,669,964	999,848,535	1,067,929,290
Actuarial Asset Value	476,616,853	523,029,875	540,345,379	585,596,805	625,960,216	750,889,476	850,724,632	911,710,668	988,775,090	941,782,512	825,503,081	798,302,623
Actual Unfunded Actuarial Liability	7,106,104	(9,655,511)	47,165,723	28,796,103	23,994,147	(23,793,740)	(96,844,598)	(68,528,085)	(125,417,532)	(9,112,548)	174,345,454	269,626,667
Cumulative Experience Gain (Loss)	120,535,247	138,162,690	109,222,482	109,929,468	109,432,553	175,319,032	246,524,740	280,443,125	310,784,337	221,387,218	53,247,373	(76,528,201)

Proposed IND. EA NORMAL METHOD

Valuation Year	91/92	92/93	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03
Expected UAAL (BOY)		127,641,351	136,763,315	172,321,434	161,516,438	165,613,302	192,920,344	203,476,260	279,901,235	269,677,837	319,969,920	362,385,397
Plan Change								46,786,371				0
Gross Ind. EA Normal Cost		13,989,133	14,776,367	14,426,372	15,782,599	14,801,699	17,288,442	17,856,259	16,518,291	21,078,195	23,306,292	23,099,912
EE Contributions		5,583,362	7,435,034	8,318,833	7,852,469	7,664,034	7,692,571	8,556,140	6,257,588	5,440,039	5,904,029	6,275,753
Net Ind. EA Normal Cost		8,405,771	7,341,333	6,107,539	7,930,130	7,137,665	9,595,871	9,300,119	10,260,703	15,638,156	17,402,263	16,824,159
Interest		10,543,652	11,168,110	13,828,245	13,555,725	13,820,077	15,695,007	20,116,113	22,487,550	22,111,989	26,146,344	29,388,741
Contributions Paid or Payable by Employer (Required)		9,120,612	10,618,444	10,880,346	16,547,235	14,377,032	14,155,472	10,376,473	5,400,784	4,003,892	1,051,629	18,163,588
Interest on Contributions		706,847	822,929	843,227	841,756	718,818	579,490	502,610	418,561	310,302	81,501	1,407,678
Expected UAAL (EOY)		136,763,315	143,831,385	180,533,645	165,613,302	171,475,194	203,476,260	268,799,780	306,830,143	303,113,788	362,385,397	389,027,031
Assumption Changes		0	0	(19,017,207)	0	21,445,150	0	11,101,455	(37,465,722)	16,856,132	0	(41,249,437
Plan Changes, Florida Law 99-1		0	28,490,049	0	0	0	0	0	313,416	0	0	0
Final Expected UAAL (EOY)	127,641,351	136,763,315	172,321,434	161,516,438	165,613,302	192,920,344	203,476,260	279,901,235	269,677,837	319,969,920	362,385,397	347,777,594
Entry Age Reserve	483,722,957	513,374,364	587,511,102	614,392,908	649,954,363	727,095,736	753,880,034	843,182,583	863,357,558	932,669,964	999,848,535	1,067,929,290
Actuarial Asset Value	476,616,853	523,029,875	540,345,379	585,596,805	625,960,216	750,889,476	850,724,632	911,710,668	988,775,090	941,782,512	825,503,081	798,302,623
Actual Unfunded Actuarial Liability	7,106,104	(9,655,511)	47,165,723	28,796,103	23,994,147	(23,793,740)	(96,844,598)	(68,528,085)	(125,417,532)	(9,112,548)	174,345,454	269,626,667
Cumulative Experience Gain (Loss)	120,535,247	146,418,826	125,155,711	132,720,335	141,619,155	216,714,084	300,320,858	348,429,320	395,095,369	329,082,468	188,039,943	78,150,927

FIL NORMAL COST

Valuation Date	10/01/92	10/01/93	10/01/94	10/01/95	10/01/96	10/01/97	10/01/98	10/01/99	10/01/00	10/01/01	10/01/02	10/01/03
Present Value of Benefits	619,803,855	663,288,976	718,643,983	769,522,903	735,420,922	872,737,696	907,414,694	962,663,082	1,043,789,317	1,126,709,684	1,212,584,226	1,278,235,092
Present Value of Future Ee Contributions	52,278,784	60,905,148	53,868,985	55,572,707	53,754,660	53,562,242	24,360,892	25,902,241	47,003,793	48,487,458	54,647,741	54,415,244
Actuarial Asset Value	483,329,964	523,029,875	540,345,379	585,596,805	625,960,216	750,889,476	850,724,632	911,710,668	988,775,090	941,782,512	865,450,392	865,776,458
Expected Unfunded Actuarial Liability	127,641,351	128,507,179	156,388,205	138,725,571	133,426,700	151,525,292	149,680,142	211,915,040	185,366,805	212,274,670	227,592,827	184,410,568
PV of Future Employer Normal Costs	(43,446,244)	(49,153,226)	(31,958,586)	(10,372,180)	(77,720,654)	(83,239,314)	(117,350,972)	(186,864,867)	(177,356,371)	(75,834,956)	64,893,266	173,632,822
PV Future Payroll											788,893,099	
Covered Payroll											90,970,103	
Normal Cost at Beginning of Year											7,483,076	
Normal Cost at End of Year											8,063,014	

EXHIBIT 15

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Summary of Principal COLA Provisions

Effective Date:	January 1, 1994, amended January 1, 1995.
Eligibility:	All inactive members in Miami Fire Fighters' and Police Officers' Retirement Trust.
Prior COLA:	Benefits granted through 1993 continue to be paid, in addition to benefits to be granted in the future.
Available Assets:	Existing COLA assets as of January 1, 1995; beginning with the 1991/92 fiscal year, a percentage of excess investment return on FIPO assets (75% of first 2.5%, 50% of next 2.5%, 25% of next 2.5%), subject to a minimum City contribution of $2.5 million, increasing 4% annually.
Allocated Assets:	Current COLA assets as of September 30, 2003, plus present value of $2.5 million minimum guarantee for 11 years. The 4% future annual increases is not pre-allocated. A contingency reserve of 20% has been established for adverse experience.
COLA Benefits:	In addition to prior COLA, benefits are based on attached table, with $920 monthly benefit for 25 years of creditable service and 22 completed years of retirement (after age 46). The $920 amount is reduced by 5% for each year of retirement less than 22 and each year of creditable service less than 25 and increased similarly for years of retirement greater than 22 and years of creditable service greater than 25. Benefits are based on the FIPO option elected. Tabular amounts are adjusted, based on the FIPO adjustments at the time of FIPO benefit commencement, for options other than Option 8 (Joint & 40%). Surviving spouses receive the percentage of the table amount determined under the FIPO election. Service-incurred and accidental disabilities and deaths receive benefits based on the greater of 25 years or actual creditable service.
Changes from Prior Valuation:	The $880 table was increased to the $920 table.

Miami Firefighters' and Police Officers' Retirement Trust

2004 Monthly Retirement Supplements (920 Table)

Completed Years of Retirement (after age 46)

YEARS OF CREDITABLE SERVICE	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
10	0	0	0	23	34	46	57	69	80	92	103	115	126	138	149	161	172	184	195	207	218	230	241	253	264
11	0	0	0	28	41	55	69	83	97	110	124	138	152	166	179	193	207	221	235	248	262	276	290	304	317
12	0	0	0	32	48	64	80	97	113	129	145	161	177	193	209	225	241	258	274	290	306	322	338	354	370
13	0	0	0	37	55	74	92	110	129	147	166	184	202	221	239	258	276	294	313	331	350	368	386	405	423
14	0	0	0	41	62	83	103	124	145	166	186	207	228	248	269	290	311	331	352	373	393	414	435	455	476
15	0	0	0	46	69	92	115	138	161	184	207	230	253	276	299	322	345	368	391	414	437	460	483	506	529
16	0	0	0	51	76	101	126	152	177	202	228	253	278	304	329	354	380	405	430	455	481	506	531	557	582
17	0	0	0	55	83	110	138	166	193	221	248	276	304	331	359	386	414	442	469	497	524	552	580	607	635
18	0	0	0	60	90	120	149	179	209	239	269	299	329	359	389	419	449	478	508	538	568	598	628	658	688
19	0	0	0	64	97	129	161	193	225	258	290	322	354	386	419	451	483	515	547	580	612	644	676	708	741
20	0	0	0	69	103	138	172	207	241	276	311	345	380	414	449	483	518	552	587	621	656	690	725	759	794
21	0	0	0	74	110	147	184	221	258	294	331	368	405	442	478	515	552	589	626	662	699	736	773	810	846
22	0	0	0	78	117	156	195	235	274	313	352	391	430	469	508	547	587	626	665	704	743	782	821	860	899
23	0	0	0	83	124	166	207	248	290	331	373	414	455	497	538	580	621	662	704	745	787	828	869	911	952
24	0	0	0	87	131	175	218	262	306	350	393	437	481	524	568	612	656	699	743	787	830	874	918	961	1005
25	0	0	0	92	138	184	230	276	322	368	414	460	506	552	598	644	690	736	782	828	874	920	966	1012	1058
26	0	0	0	97	145	193	241	290	338	386	435	483	531	580	628	676	725	773	821	869	918	966	1014	1063	1111
27	0	0	0	101	152	202	253	304	354	405	455	506	557	607	658	708	759	810	860	911	961	1012	1063	1113	1164
28	0	0	0	106	159	212	264	317	370	423	476	529	582	635	688	741	794	846	899	952	1005	1058	1111	1164	1217
29	0	0	0	110	166	221	276	331	386	442	497	552	607	662	718	773	828	883	938	994	1049	1104	1159	1214	1270
30	0	0	0	115	172	230	287	345	402	460	518	575	633	690	748	805	863	920	978	1035	1093	1150	1208	1265	1323
31	0	0	0	120	179	239	299	359	419	478	538	598	658	718	777	837	897	957	1017	1076	1136	1196	1256	1316	1375
32	0	0	0	124	186	248	310	373	435	497	559	621	683	745	807	869	932	994	1056	1118	1180	1242	1304	1366	1428
33	0	0	0	129	193	258	322	386	451	515	580	644	708	773	837	902	966	1030	1095	1159	1224	1288	1352	1417	1481
34	0	0	0	133	200	267	333	400	467	534	600	667	734	800	867	934	1001	1067	1134	1201	1267	1334	1401	1467	1534
35	0	0	0	138	207	276	345	414	483	552	621	690	759	828	897	966	1035	1104	1173	1242	1311	1380	1449	1518	1587
36	0	0	0	143	214	285	356	428	499	570	642	713	784	856	927	998	1070	1141	1212	1283	1355	1426	1497	1569	1640
37	0	0	0	147	221	294	368	442	515	589	662	736	810	883	957	1030	1104	1178	1251	1325	1398	1472	1546	1619	1693
38	0	0	0	152	228	304	379	455	531	607	683	759	835	911	987	1063	1139	1214	1290	1366	1442	1518	1594	1670	1746
39	0	0	0	156	235	313	391	469	547	626	704	782	860	938	1017	1095	1173	1251	1329	1408	1486	1564	1642	1720	1799
40	0	0	0	161	241	322	402	483	563	644	725	805	886	966	1047	1127	1208	1288	1369	1449	1530	1610	1691	1771	1852
41	0	0	0	166	248	331	414	497	580	662	745	828	911	994	1076	1159	1242	1325	1408	1490	1573	1656	1739	1822	1904
42	0	0	0	170	255	340	425	511	596	681	766	851	936	1021	1106	1191	1277	1362	1447	1532	1617	1702	1787	1872	1957
43	0	0	0	175	262	350	437	524	612	699	787	874	961	1049	1136	1224	1311	1398	1486	1573	1661	1748	1835	1923	2010
44	0	0	0	179	269	359	448	538	628	718	807	897	987	1076	1166	1256	1346	1435	1525	1615	1704	1794	1884	1973	2063
45	0	0	0	184	276	368	460	552	644	736	828	920	1012	1104	1196	1288	1380	1472	1564	1656	1748	1840	1932	2024	2116
46	0	0	0	189	283	377	471	566	660	754	849	943	1037	1132	1226	1320	1415	1509	1603	1697	1792	1886	1980	2075	2169
47	0	0	0	193	290	386	483	580	676	773	869	966	1063	1159	1256	1352	1449	1546	1642	1739	1835	1932	2029	2125	2222
48	0	0	0	198	297	396	494	593	692	791	890	989	1088	1187	1286	1385	1484	1582	1681	1780	1879	1978	2077	2176	2275
49	0	0	0	202	304	405	506	607	708	810	911	1012	1113	1214	1316	1417	1518	1619	1720	1822	1923	2024	2125	2226	2328
50	0	0	0	207	310	414	517	621	724	828	931	1035	1139	1242	1346	1449	1553	1656	1760	1863	1967	2070	2174	2277	2381

Miami Firefighters' and Police Officers' Retirement Trust

2004 Monthly Retirement Supplements (920 Table)

Completed Years of Retirement (after age 46)

YEARS OF SERVICE	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50
10	276	287	299	310	322	333	345	356	368	379	391	402	414	425	437	448	460	471	483	494	506	518	529	541	552
11	331	345	359	373	386	400	414	428	442	455	469	483	497	511	524	538	552	566	580	593	607	621	635	649	662
12	386	402	419	435	451	467	483	499	515	531	547	563	580	596	612	628	644	660	676	692	708	724	741	757	773
13	442	460	478	497	515	534	552	570	589	607	626	644	662	681	699	718	736	754	773	791	810	828	846	865	883
14	497	518	538	559	580	600	621	642	662	683	704	725	745	766	787	807	828	849	869	890	911	932	952	973	994
15	552	575	598	621	644	667	690	713	736	759	782	805	828	851	874	897	920	943	966	989	1012	1035	1058	1081	1104
16	607	633	658	683	708	734	759	784	810	835	860	886	911	936	961	987	1012	1037	1063	1088	1113	1139	1164	1189	1214
17	662	690	718	745	773	800	828	856	883	911	938	966	994	1021	1049	1076	1104	1132	1159	1187	1214	1242	1270	1297	1325
18	718	748	777	807	837	867	897	927	957	987	1017	1047	1076	1106	1136	1166	1196	1226	1256	1286	1316	1346	1375	1405	1435
19	773	805	837	869	902	934	966	998	1030	1063	1095	1127	1159	1191	1224	1256	1288	1320	1352	1385	1417	1449	1481	1513	1546
20	828	863	897	932	966	1001	1035	1070	1104	1139	1173	1208	1242	1277	1311	1346	1380	1415	1449	1484	1518	1553	1587	1622	1656
21	883	920	957	994	1030	1067	1104	1141	1178	1214	1251	1288	1325	1362	1398	1435	1472	1509	1546	1582	1619	1656	1693	1730	1766
22	938	978	1017	1056	1095	1134	1173	1212	1251	1290	1329	1369	1408	1447	1486	1525	1564	1603	1642	1681	1720	1760	1799	1838	1877
23	994	1035	1076	1118	1159	1201	1242	1283	1325	1366	1408	1449	1490	1532	1573	1615	1656	1697	1739	1780	1822	1863	1904	1946	1987
24	1049	1093	1136	1180	1224	1267	1311	1355	1398	1442	1486	1530	1573	1617	1661	1704	1748	1792	1835	1879	1923	1967	2010	2054	2098
25	1104	1150	1196	1242	1288	1334	1380	1426	1472	1518	1564	1610	1656	1702	1748	1794	1840	1886	1932	1978	2024	2070	2116	2162	2208
26	1159	1208	1256	1304	1352	1401	1449	1497	1546	1594	1642	1691	1739	1787	1835	1884	1932	1980	2029	2077	2125	2174	2222	2270	2318
27	1214	1265	1316	1366	1417	1467	1518	1569	1619	1670	1720	1771	1822	1872	1923	1973	2024	2075	2125	2176	2226	2277	2328	2378	2429
28	1270	1323	1375	1428	1481	1534	1587	1640	1693	1746	1799	1852	1904	1957	2010	2063	2116	2169	2222	2275	2328	2381	2433	2486	2539
29	1325	1380	1435	1490	1546	1601	1656	1711	1766	1822	1877	1932	1987	2042	2098	2153	2208	2263	2318	2374	2429	2484	2539	2594	2650
30	1380	1438	1495	1553	1610	1668	1725	1783	1840	1898	1955	2013	2070	2128	2185	2243	2300	2358	2415	2473	2530	2588	2645	2703	2760
31	1435	1495	1555	1615	1674	1734	1794	1854	1914	1973	2033	2093	2153	2213	2272	2332	2392	2452	2512	2571	2631	2691	2751	2811	2870
32	1490	1553	1615	1677	1739	1801	1863	1925	1987	2049	2111	2174	2236	2298	2360	2422	2484	2546	2608	2670	2732	2795	2857	2919	2981
33	1546	1610	1674	1739	1803	1868	1932	1996	2061	2125	2190	2254	2318	2383	2447	2512	2576	2640	2705	2769	2834	2898	2962	3027	3091
34	1601	1668	1734	1801	1868	1934	2001	2068	2134	2201	2268	2335	2401	2468	2535	2601	2668	2735	2801	2868	2935	3002	3068	3135	3202
35	1656	1725	1794	1863	1932	2001	2070	2139	2208	2277	2346	2415	2484	2553	2622	2691	2760	2829	2898	2967	3036	3105	3174	3243	3312
36	1711	1783	1854	1925	1996	2068	2139	2210	2282	2353	2424	2496	2567	2638	2709	2781	2852	2923	2995	3066	3137	3209	3280	3351	3422
37	1766	1840	1914	1987	2061	2134	2208	2282	2355	2429	2502	2576	2650	2723	2797	2870	2944	3018	3091	3165	3238	3312	3386	3459	3533
38	1822	1898	1973	2049	2125	2201	2277	2353	2429	2505	2581	2657	2732	2808	2884	2960	3036	3112	3188	3264	3340	3416	3491	3567	3643
39	1877	1955	2033	2111	2190	2268	2346	2424	2502	2581	2659	2737	2815	2893	2972	3050	3128	3206	3284	3363	3441	3519	3597	3675	3754
40	1932	2013	2093	2174	2254	2335	2415	2496	2576	2657	2737	2818	2898	2979	3059	3140	3220	3301	3381	3462	3542	3623	3703	3784	3864
41	1987	2070	2153	2236	2318	2401	2484	2567	2650	2732	2815	2898	2981	3064	3146	3229	3312	3395	3478	3560	3643	3726	3809	3892	3974
42	2042	2128	2213	2298	2383	2468	2553	2638	2723	2808	2893	2979	3064	3149	3234	3319	3404	3489	3574	3659	3744	3830	3915	4000	4085
43	2098	2185	2272	2360	2447	2535	2622	2709	2797	2884	2972	3059	3146	3234	3321	3409	3496	3583	3671	3758	3846	3933	4020	4108	4195
44	2153	2243	2332	2422	2512	2601	2691	2781	2870	2960	3050	3140	3229	3319	3409	3498	3588	3678	3767	3857	3947	4037	4126	4216	4306
45	2208	2300	2392	2484	2576	2668	2760	2852	2944	3036	3128	3220	3312	3404	3496	3588	3680	3772	3864	3956	4048	4140	4232	4324	4416
46	2263	2358	2452	2546	2640	2735	2829	2923	3018	3112	3206	3301	3395	3489	3583	3678	3772	3866	3961	4055	4149	4244	4338	4432	4526
47	2318	2415	2512	2608	2705	2801	2898	2995	3091	3188	3284	3381	3478	3574	3671	3767	3864	3961	4057	4154	4250	4347	4444	4540	4637
48	2374	2473	2571	2670	2769	2868	2967	3066	3165	3264	3363	3462	3560	3659	3758	3857	3956	4055	4154	4253	4352	4451	4549	4648	4747
49	2429	2530	2631	2732	2834	2935	3036	3137	3238	3340	3441	3542	3643	3744	3846	3947	4048	4149	4250	4352	4453	4554	4655	4756	4858
50	2484	2588	2691	2795	2898	3002	3105	3209	3312	3416	3519	3623	3726	3830	3933	4037	4140	4244	4347	4451	4554	4658	4761	4865	4968

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

Summary of Actuarial Basis

Valuation Date: January 1, 2004.

Valuation Method: Accrued Benefit Cost Method, based on benefits granted to date.

Asset Valuation Method: Market Value, plus present value of future minimum City contributions.

Actuarial Assumptions:

Investment Return: 7.75% compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	0.0507%	0.0284%
30	0.0801%	0.0351%
40	0.1072%	0.0709%
50	0.2579%	0.1428%
60	0.7976%	0.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Summary of Actuarial Basis
(Continued)

Age	Disability	Turnover	
		<5	5+
20	0.00085	0.0240	0.0192
21	0.00095	0.0240	0.0192
22	0.00105	0.0240	0.0192
23	0.00110	0.0240	0.0192
24	0.00125	0.0240	0.0192
25	0.00130	0.0240	0.0192
26	0.00140	0.0240	0.0192
27	0.00150	0.0240	0.0192
28	0.00160	0.0240	0.0192
29	0.00170	0.0240	0.0192
30	0.00180	0.0240	0.0192
31	0.00200	0.0240	0.0192
32	0.00220	0.0240	0.0192
33	0.00245	0.0240	0.0192
34	0.00265	0.0240	0.0192
35	0.00285	0.0240	0.0192
36	0.00305	0.0228	0.0182
37	0.00325	0.0216	0.0173
38	0.00345	0.0204	0.0163
39	0.00370	0.0192	0.0154
40	0.00390	0.0180	0.0144
41	0.00470	0.0168	0.0134
42	0.00555	0.0156	0.0125
43	0.00635	0.0144	0.0115
44	0.00720	0.0132	0.0106
45	0.00800	0.0120	0.0096
46	0.00880	0.0096	0.0077
47	0.00965	0.0072	0.0057
48	0.01045	0.0048	0.0038
49	0.01130	0.0024	0.0019
50	0.01210	0.0000	0.0000

- After eligibility for Rule of 64 Retirement.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Summary of Actuarial Basis
(Continued)

Age	Disability	Turnover	
		<5	5+
51	0.01295	0.0000	0.0000
52	0.01375	0.0000	0.0000
53	0.01455	0.0000	0.0000
54	0.01540	0.0000	0.0000
55	0.01620	0.0000	0.0000
56	0.01785	0.0000	0.0000
57	0.01870	0.0000	0.0000
58	0.01950	0.0000	0.0000
59	0.02030	0.0000	0.0000
60	0.00000	0.0000	0.0000
61	0.00000	0.0000	0.0000
62	0.00000	0.0000	0.0000
63	0.00000	0.0000	0.0000
64	0.00000	0.0000	0.0000
65	0.00000	0.0000	0.0000

Retirement (Prior Basis): After eligibility for Rule of 64 Retirement, the following decrements apply, based on age:

Age	%
40-49	15
50-59	30
60+	100

Retirement (Revised Basis): After eligibility for Rule of 64 Retirement, the following decrements apply, based on service:

Years of Service	%
20-24	10
25-29	25
30+	100

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

Summary of Actuarial Basis
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Martial Status:	All employees are assumed to be married.
Investment Expenses:	Not provided for.
Contingency Reserve:	20% of assets available for COLA benefits.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Adjustments from Valuation Date:	Liabilities are discounted for 3 months at the Investment Return assumption.
Sources of Data:	Asset data is from unaudited financial statements. Membership data was furnished by Administrator.
Changes from Prior Year Valuation:	Retirement assumption changed from age based to service based and contingency reserve decreased from 22% to 20% of assets available for COLA benefits.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)

I. Funding Status and Progress as of September 30, 2003 and 2002

Pension benefit obligation:	$(Millions) 2003	2002
- Retirees and beneficiaries currently receiving prior COLA benefits	2.5	2.8
- Retirees and beneficiaries receiving COLA tabular benefits (beginning January 1) and terminated employees not yet receiving tabular benefits	124.5	122.2
- Current Employees Accumulated employee contributions including interest	6.1	6.4
Employer - financed vested	0.0	0.0
Employer - financed non-vested	32.0	33.1
- Total pension benefit obligation	165.1	164.5
Net assets available for benefits	194.8	174.1
Unfunded pension benefit (obligation)/asset	29.7	9.6

The pension benefit obligations were determined as part of actuarial valuations at January 1, 2004 and January 1, 2003, based on data and asset information at September 30, 2003 and September 30, 2002. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75% per year compounded annually, (b) post retirement COLA benefits based on the table in effect at January 1, 2003 and January 1, 2002.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)

II. Contributions Required and Contributions Made

The funding policy provides for annual employer contributions for 21 years from January 1, 1994. The amount of the contribution was $2.5 million, beginning January 1, 1994, increasing 4% per year each year thereafter, and reduced (but not below zero) by any excess investment income transfer due on the same date.

The excess investment income transfer consists of a portion of gains due to investment return exceeding the lesser of 7.75 percent and the 7.75 percent assumption. There is no excess investment income transfer scheduled for January 1, 2004 or January 1, 2005. Instead, City contributions of $3,700,611 and $3,848,635 will become due on January 1, 2004 and January 1, 2005, respectively.

III. Analysis of funding Progress ($ Millions)

Fiscal Year	(1) Net Assets Available for Benefits* ($)	(2) Pension Benefit Obligation** ($)	(3) Percent Funded (%)	(4) Unfunded PBO (2)-(1) ($)	(5) Annual Covered Payroll ($)	(4)/(5) (%)
1993	40.8	32.5	126	(8.3)	72.0	(12)
1994	42.6	51.5	83	8.9	72.9	12
1995	63.8	52.0	123	(11.8)	71.5	(17)
1996	83.9	65.7	128	(18.1)	72.9	(25)
1997	117.7	70.8	166	(46.9)	69.6	(67)
1998	144.2	90.9	159	(53.3)	74.3	(72)
1999	180.7	116.3	155	(64.4)	77.7	(83)
2000	220.5	137.0	161	(83.5)	84.3	(99)
2001	195.0	158.4	123	(36.6)	89.7	(41)
2002	174.1	164.5	106	(9.6)	96.9	(10)
2003	194.8	165.1	118	(29.7)	98.9	(30)

* Excluding future City minimum contributions.
** Excluding new increment, contingency reserves, and reserves for future actives.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)

IV. Revenues and Expenses

Fiscal Year	Revenues by Source: Employee Contributions ($)	Employer Contributions ($)	Investment Income ($)	Total ($)
1987	1,246,688	298,682	871,969	2,417,339
1988	1,272,000	0	393,935	1,665,935
1989	1,381,407	0	686,477	2,067,884
1990	1,457,451	0	694,749	2,152,200
1991	1,505,015	0	1,024,972	2,529,987
1992	1,422,192	0	1,031,806	2,453,998
1993	1,493,735	0	1,151,821	2,645,556
1994	474,233	9,481,546	1,313,750	11,269,529
1995	506	16,818,431	3,754,787	20,573,724
1996	0	2,622,149	3,795,508	6,417,657
1997	4,226	12,736,609	7,724,214	20,465,049
1998	1,094	14,344,834	10,325,730	24,671,658
1999	11,792	17,020,337	9,278,121	26,310,250
2000	293	23,437,048	18,932,095	42,369,436
2001	0	28,380,385	6,709,796	35,090,181
2002	0	32,080,031	571,271	32,651,302
2003	0	3,558,280	6,649,841	10,208,121

Fiscal Year	Expenses by Type: Benefits ($)	Administrative Expenses ($)	Refunds ($)	Total ($)
1987	183,548	7,301	36,679	227,528
1988	321,908	387	68,950	391,245
1989	430,185	0	46,021	476,206
1990	534,058	0	85,067	619,125
1991	578,758	0	76,730	655,488
1992	628,793	20,956	78,054	727,803
1993	665,938	27,288	84,945	778,171
1994	1,657,947	7,430	72,595	1,737,972
1995	2,706,830	0	101,814	2,808,644
1996	3,051,315	0	84,143	3,135,458
1997	3,676,801	0	124,925	3,801,726
1998	4,695,927	0	30,136	4,726,063
1999	5,765,042	295,708	17,974	6,078,724
2000	7,016,378	334,588	13,932	7,364,898
2001	8,225,910	445,723	16,796	8,688,429
2002	8,943,616	437,703	11,101	9,392,420
2003	9,332,318	590,842	9,806	9,932,966

The City of Miami Fire Fighters' and Police Officers' Retirement Trust

64th ANNUAL REPORT
SEPTEMBER 30, 2003

The City of Miami
Fire Fighters' and Police Officers' Retirement Trust

64th ANNUAL REPORT
SEPTEMBER 30, 2003

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I

INTRODUCTORY

SECTION

BOARD OF TRUSTEES

AND

PERSONNEL OF THE RETIREMENT TRUST

AS OF SEPTEMBER 30, 2003

Thomas Gabriel - Chairman
Fire Captain
Elected by the Fire Fighters

Marshall Barry
Appointed by the City Commission

Clarence Dickson
Appointed by the City Commission

Raul Fernandez
Fire Fighter
Elected by the Fire Fighters

Monica Fernandez
Appointed by the City Commission

Jesse Diner
Appointed by the City Commission

John Petillo
Assistant City Manager
Appointed by the City Manager

Carlos Avila
Police Officer
Elected by the Police Officers

Mark Wisner
Police Officer
Elected by the Police Officers

Administrator
Robert H. Nagle

Assistant Administrator
Dania L. Orta

Legal Advisor
Stephen H. Cypen

Medical Advisor
Cornell Lupu

Consulting Actuary
Stanley, Holcombe & Associates

Certified Public Accountants
Koch Reiss & Company

Investment Managers

Alliance Capital Management
John Hancock Advisors
John McStay Investments
Morgan Stanley Investment Advisors
State Street Global Advisors
Lazard Asset Management

Barrow, Hanley, et al
Boston Partners
J. P. Morgan Investment Mang.
Munder Capital Management
Barclays Global Investors
Oechsle International Advisors

Consultant
Milliman, USA

Custodian
Northern Trust Bank

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

64th ANNUAL REPORT

On September 30, 2003, the City of Miami Fire Fighters' and Police Officers' Retirement Trust completed its sixty first year of operation.

Retirement benefits granted during the year represent annual benefits of $4,234,038 as follows:

26	Service Retirements with Annual Benefits of	1,362,401.00
38	DROP Service Retirements with Annual Benefits of	2,689,603.00
4	Vested Right Retirement with annual benefits of	86,262.00
1	Accidental Disability Retirements with an annual benefit of	40,135.00
1	Ordinary Death Allowance with an annual benefit of	17,154.00

During the year, 29 pensioners of the Retirement Trust died. Of these, 18 had selected a pension which terminated at their death and 10 had selected an option that will continue to a beneficiary representing yearly benefits of $67,985.00.

During the year ending September 30, 2003, the pension payroll totaled of $46,083,206. It was 10.8% greater than the previous year as follows:

		ANNUAL BENEFITS
890	Service Retirements	34,593,591.00
53	DROP Service Retirements	4,338,179.00
92	Early Service Retirements	1,084,136.00
27	Vested Right Retirements	487,243.00
11	Ordinary Disability Retirements	75,562.00
209	Service/Accidental Disability Retirements	3,875,380.00
12	Accidental Death Allowance	188,873.00
2	Ordinary Death Allowance	25,542.00
176	Continuances	1,414,699.00
		46,083,206.00
	Securities' gains and losses, Miscellaneous Income	28,364,183.00

The various statements and schedules, which follow, reflect the activities of the system from the beginning as well as for the current year. An outline showing benefits and working procedures is also included.

II

FINANCIAL

SECTION

KOCH
CERTIFIED PUBLIC ACCOUNTANTS & COUNSELORS
REISS

Donald F. Bellantoni, CPA
Dana M. Kaufman, CPA / JD
Jeffrey E. Koch, CPA / PFS
A. Gerald Reiss, CPA
Jack N. Rosenberg, CPA
Michael J. Roth, CPA / ABV
Lawrence W. Rubenstein, CPA
Bernard J. Schlinder, CPA

Members of the Private Companies Practice Section
of the American Institute of
Certified Public Accountants

Member of TAG International
with offices in principal cities worldwide

Report of Independent Certified Public Accountants

Board of Trustees
City of Miami Fire Fighters' and Police Officers' Retirement Trust
Miami, Florida

We have audited the accompanying statements of plan net assets of the City of Miami Fire Fighters' and Police Officers' Retirement Trust at September 30, 2003 and 2002, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of September 30, 2003 and 2002, and the changes in plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 21, 2003 on our consideration of the City of Miami Fire Fighters' and Police Officers' Retirement Trust internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The supplementary management discussion and analysis on pages 2-6 and the supplementary information in Schedules 1 and 2 which show historical pension information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit and express no opinion on them.

Koch Reiss + Company, P.A.

November 21, 2003

The City of Miami
Fire Fighters' and Police Officers'
Retirement Trust

ADMINISTRATOR
Robert H. Nagle

ASSISTANT ADMINISTRATOR
Dania L. Orta

TRUSTEES
Jesse Diner
Clarence Dickson
Monica Fernandez
Raul Fernandez
Tom Gabriel
Ricardo Gutierrez
Joseph Kaplan
Annette Rotolo

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Miami Fire Fighters' and Police Officers' Retirement Trust (The Trust) financial performance provides an overview of the Trust's financial activities for the fiscal years ended September 30, 2003 and 2002, Please read it in conjunction with the Trust's financial statements, which follow this discussion.

Financial Highlights

- Trust assets exceeded its liabilities at the close of fiscal years ended 2003 by $1,039.6 million (reported as net assets held in trust for pension benefits). Net assets are held in trust to meet future benefit payments.

- Trust funding objective is to meet long-term benefit obligations through contributions and investment income. As of September 30, 2001, date of the latest actuarial valuation, the funded ratio was approximately 94%.

- Revenues for the fiscal year ended 2003 were $168.2 million which is comprised of contributions of $25.8 million and investment income of $142.4 million.

- Expenses increased over the prior year from $52.1 million to $55.9 million or 7.3%. Most of this increase represented increased retirement benefits paid.

Overview of the Financial Statements

The Trust Fund was established to administer a defined benefit pension plan for fire fighters and police officers employed by the City of Miami, Florida (the City). Benefits are determined based on 3% of the last or highest one-year average final compensation for the first 15 years of creditable service and 3.5% of the last or highest one year average final compensation after the first 15 years. Members become fully vested upon attaining 10 years of creditable service. Members become eligible for service retirement after attaining 10 years of creditable service and upon attainment of normal retirement age, 50 years of age.

Overview of the Financial Statements (continued)

The Trust's financial statements are comprised of a Statement of Plan Net Assets, a Statement of Changes in Plan Net Assets, and Notes to Financial Statements. Also included is certain required supplementary information. These financial statements report information about the Trust, as a whole, and about its financial condition that should help answer the question: Is the Trust, as a whole, better off or worse off as a result of this year's activities? These statements include all assets and liabilities using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, all revenues and expenses are taken into account regardless of when cash is received or paid.

The statement of plan net assets presents information on the assets and liabilities and the resulting net assets held in trust for pension benefits. This statement reflects the Trust's investments, at fair value, along with cash and cash equivalents, receivables and other assets and liabilities.

The statement of changes in plan net assets presents information showing how the Trust's net assets held in trust for pension benefits changed during the years ended September 30, 2003 and 2002. It reflects contributions by members and the employer along with deductions for retirement benefits, refunds and withdrawals, and administrative expenses. Investment income during the period is also presented showing income from investing and securities lending activities.

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The required supplementary information and the related notes present a schedule of funding progress and a schedule of employer contributions along with a discussion of actuarial assumptions and methods.

Financial Analysis

Trust's total assets as of September 30, 2003, were $1,152.7 million and were mostly comprised of cash and short-term investments, investments, property and equipment and receivables related to investments. Total assets increased $70.9 million or 6.6% from the prior year primarily due to increase investment earnings.

Total liabilities as of September 30, 2003 were $113.2 million and were mostly comprised of obligations under securities lending, payable for securities purchased and deferred retirement option plan payable. Total liabilities decreased $41.4 million or 26.8% from the prior year primarily due to a decrease in obligations under securities lending and a decrease in payables for the purchase of investments.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
Financial Analysis (continued)

City of Miami
Fire Fighters' and Police Officers' Retirement Trust
Plan Net Assets
(In Thousands)

	2003	2002	Increase (Decrease) Amount	Total Percentage Change
Assets:				
Cash and Short-Term Investments	$ 26,546	$ 51,481	$ (24,935)	(48.4) %
Receivables	6,243	20,519	(14,276)	(69.6)
Investments	1,020,943	910,455	110,488	12.1
Security Lending Collateral	96,666	97,268	(602)	(0.6)
Property and Equipment, Net	2,384	2,175	209	9.6
Total Assets	1,152,782	1,081,898	70,884	6.6
Liabilities:				
Payables for Securities Purchased	9,217	51,611	(42,394)	(82.1)
Accounts Payable	406	122	284	232.8
DROP Payable	6,872	5,596	1,276	22.8
Obligations under Securities Lending	96,666	97,268	(602)	(0.6)
Total Liabilities	113,161	154,597	(41,436)	(26.8)
Net Assets Held in Trust For Pension Benefits	$ 1,039,621	$ 927,301	$ 112,320	12.1 %

City of Miami Fire Fighters' and Police Officers' Retirement Trust
1895 SW 3rd Avenue, Miami, FL 33129-1456
Tel: 305-858-6006 Fax: 305-585-9008

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Financial Analysis (continued)

Trust assets exceeded its liabilities at the close of fiscal year ended September 30, 2003 by $1,039.6 million. Total net assets held in trust for pension benefits increased $112.3 million or 12.1% from the previous year, primarily due to improvement in market conditions and an increase in investment earnings. This is unlike the previous year, when net assets decreased by $96.8 million or 9.5% from the prior year.

Revenues – Additions to Plan Net Assets

The reserves needed to finance retirement benefits are accumulated through the collection of contributions from members and the City and through earnings on investments. Contributions and net investment income/(losses) for fiscal year 2003 totaled $168.2 millon.

Total contributions and net investment income increased $212.9 million or 476.6% from those of the prior year, due primarily to market conditions and investment earnings. Total City contributions increased from the previous year by $13.7 million or 113.2%. This increase is primarily due to an increase in the City's contribution rate. Investment income increased from the previous year by $199.4 million or 348.9%.

Additions (Reductions) in Plan Net Assets
(In Thousands)

	2003	2002	Increase (Decrease) Amount	Total Percentage Change
City Contribution	$ 18,583	$ 5,401	$ 13,182	244.1 %
Member Contribution	7,194	6,721	473	7.0
Net Investment Income (Loss)	142,229	(57,146)	199,375	348.9
Net Income from Securities Lending	211	357	(146)	(40.9)
Total Additions (Reductions)	$ 168,217	$ (44,667)	$ 212,884	476.6 %

Expenses – Deductions from Plan Net Assets

The primary expenses of the Trust include the payment of pension benefits to members and beneficiaries, refund of contributions to former members, and distributions to retirees. Total deductions for fiscal year ended 2003 were $55.9 million, an increase of 7.3% over year 2002 expenditures.

The payment of pension benefits to retirees increased by $3.4 million or 7.8% from the previous year. The increase in pension benefit expenditures resulted from an increase in number of retirees (50) and an increase in benefit payments to retirees.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Expenses – Deductions from Plan Net Assets (continued)

Deductions from Plan Net Assets
(In Thousands)

	2003	2002	Increase (Decrease) Amount	Total Percentage Change
Pension benefits	$ 46,083	$ 42,744	$ 3,339	7.8 %
Refunds upon resignation, death, etc.	439	398	41	10.3
Distributions to retirees	9,332	8,944	388	4.3
Depreciation expense	43	0	43	0
Total deductions	$ 55,897	$ 52,086	$ 3,811	7.3 %

Capital Assets

As of September 30, 2003, the Trust's investment in capital assets totaled $2.4 million (net of accumulated depreciation), an increase of $0.2 million or 9.6% over September 30, 2002. This investment in capital assets includes land and building for administrative use. The increase in the Trust's investment in capital assets for the current year was largely attributable to additional costs incurred to complete the building in the current year.

Retirement System as a Whole

The Trust's combined net assets have experienced one year of decreases over the last 5 years. Again, this decrease is a result of a national economic slowdown that resulted in investment income decreases. Management believes, and actuarial studies concur, that the Trust is in a financial position to meet its current obligations. We believe the current financial position will improve due to a prudent investment program, cost controls, and strategic planning.

Contacting the Trust's Financial Management

This financial report is designed to provide the Retirement Board, our membership, taxpayers, investors, and creditors with a general overview of the Trust's finances and to demonstrate the Trust's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City of Miami Fire Fighters and Police Officers' Retirement Trust Fund, 1895 SW 3 Avenue, Miami, FL 33129.

CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST
STATEMENTS OF PLAN NET ASSETS
SEPTEMBER 30, 2003 AND 2002

	2003				2002			
	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total
Assets:								
Cash and short-term investments	$ 21,391,269	$ 756,172	$ 4,398,467	$ 26,545,908	$ 41,786,315	$ 1,427,151	$ 8,267,410	$ 51,480,876
Investments, at fair value:								
U.S. government and agency obligations	136,841,999	4,837,299	28,137,413	169,816,711	214,692,605	7,332,518	42,476,871	264,501,994
Corporate stocks	518,964,406	18,345,144	106,709,314	644,018,864	376,228,702	12,849,552	74,436,742	463,514,996
Corporate bonds	126,789,077	4,481,933	26,070,334	157,341,344	103,361,320	3,530,158	20,450,008	127,341,486
Mutual funds	34,564,883	1,221,852	7,107,222	42,893,957	40,121,435	1,370,290	7,938,015	49,429,740
Rental property	-	-	-	-	56,982	1,946	11,274	70,202
Mutual funds - Deferred Retirement Option Plan participants	6,871,394	-	-	6,871,394	5,596,093	-	-	5,596,093
Total investments	824,031,759	28,886,228	168,024,283	1,020,942,270	740,057,137	25,084,464	145,312,910	910,454,511
Security lending collateral	96,666,334	-	-	96,666,334	97,268,223	-	-	97,268,223
Receivables:								
Proceeds from securities sold	3,858,605	-	-	3,858,605	17,174,821	-	-	17,174,821
Budget advance from City	90,378	-	-	90,378	461,297	-	-	461,297
Accrued interest and other	2,293,753	-	-	2,293,753	2,883,369	-	-	2,883,369
Total receivables	6,242,736	-	-	6,242,736	20,519,487	-	-	20,519,487
Property and equipment, net	1,921,438	67,922	395,085	2,384,445	1,765,506	60,298	349,305	2,175,109
Total assets	950,253,536	29,710,322	172,817,835	1,152,781,693	901,396,668	26,571,913	153,929,625	1,081,898,206
Liabilities:								
Payable for securities purchased	9,217,196	-	-	9,217,196	51,611,275	-	-	51,611,275
Accounts payable	405,772	-	-	405,772	121,464	-	-	121,464
Obligations under securities lending	96,666,334	-	-	96,666,334	97,268,223	-	-	97,268,223
Deferred Retirement Option Plan payable	6,871,394	-	-	6,871,394	5,596,093	-	-	5,596,093
Total liabilities	113,160,696	-	-	113,160,696	154,597,055	-	-	154,597,055
Net assets held in trust for pension benefits (a schedule of funding progress is presented on page 19)	$ 837,092,840	$ 29,710,322	$ 172,817,835	$ 1,039,620,997	$ 746,799,613	$ 26,571,913	$ 153,929,625	$ 927,301,151

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2003 AND 2002

	2003				2002			
	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total
Additions:								
Contributions:								
City	$ 15,024,366	$ -	$ 3,558,280	$ 18,582,646	$ 5,400,784	$ -	$ -	$ 5,400,784
Members	7,193,936	-	-	7,193,936	6,721,236	-	-	6,721,236
Total contributions	22,218,302	-	3,558,280	25,776,582	12,122,020	-	-	12,122,020
Investment income:								
Net appreciation (depreciation) in fair value of investments	93,156,268	2,954,467	20,222,121	116,332,856	(72,725,165)	(2,129,783)	(13,762,392)	(88,617,340)
Interest	17,319,558	490,697	3,234,755	21,045,010	23,469,825	653,759	3,624,115	27,747,699
Dividend	6,477,603	186,814	1,215,641	7,880,058	5,622,636	157,990	872,238	6,652,864
Rental and other	289,977	8,243	53,277	351,497	152,165	4,393	23,995	180,553
	117,243,406	3,640,221	24,725,794	145,609,421	(43,480,539)	(1,313,641)	(9,242,044)	(54,036,224)
Less investment expense	2,795,561	77,635	506,924	3,380,120	2,689,616	67,053	353,724	3,110,393
Net investment income (loss)	114,447,845	3,562,586	24,218,870	142,229,301	(46,170,155)	(1,380,694)	(9,595,768)	(57,146,617)
Security lending activities:								
Security lending income	248,414	7,073	46,288	301,775	432,824	12,062	65,574	510,460
Security lending expense	74,526	2,122	13,884	90,532	129,907	3,621	19,684	153,212
Net income from security lending	173,888	4,951	32,404	211,243	302,917	8,441	45,890	357,248
Total additions (reductions)	136,840,035	3,567,537	27,809,554	168,217,126	(33,745,218)	(1,372,253)	(9,549,878)	(44,667,349)
Deductions:								
Pension benefits	46,083,206	-	-	46,083,206	42,743,765	-	-	42,743,765
Refunds upon resignation, death, etc.	429,225	9,806	-	439,031	387,351	11,101	-	398,452
Distributions to retirees	-	418,100	8,914,218	9,332,318	-	439,740	8,503,876	8,943,616
Depreciation expense	34,377	1,221	7,127	42,725	-	-	-	-
Total deductions	46,546,808	429,127	8,921,345	55,897,280	43,131,116	450,841	8,503,876	52,085,833
Allocation of net earnings	-	-	-	-	(33,619,502)	-	33,619,502	-
Net increase (decrease)	90,293,227	3,138,410	18,888,209	112,319,846	(110,495,836)	(1,823,094)	15,565,748	(96,753,182)
Net assets held in trust for pension benefits:								
Beginning of year	746,799,613	26,571,912	153,929,626	927,301,151	857,295,449	28,395,006	138,363,878	1,024,054,333
End of year	$ 837,092,840	$ 29,710,322	$ 172,817,835	$ 1,039,620,997	$ 746,799,613	$ 26,571,912	$ 153,929,626	$ 927,301,151

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

Note 1 – Description of the Plan

a. Organization

The City of Miami Fire Fighters' and Police Officers' Retirement Trust (the Trust) is a single employer defined benefit plan established by the City of Miami, Florida (the City) pursuant to the provisions and requirements of Ordinance No. 10002 as amended. Since the Trust is sponsored by the City, the Trust is included as a pension trust fund in the City's comprehensive financial report as part of the City's financial reporting entity.

The following brief description of the Trust is provided for general information purposes only. Participants should refer to the Trust document for more detailed and comprehensive information.

b. Participants

Participants are the police officers and firefighters with fulltime status in the Police and Fire Department of the City of Miami, Florida.

c. Membership

As of October 1, 2003 and 2002, membership in the Trust consisted of:

	2003	2002
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.	1,495	1,445
Current employees:		
Vested	1,061	1,064
Nonvested	561	621
	1,622	1,685

d. Member Contributions

Members contribute a percentage of their base salaries on a bi-weekly basis. Effective October 1, 2000 and thereafter, member contribution, is 7% of compensation or equal to the City's contribution, whichever is less. Prior to the agreement dated January 9, 1994, members contributed 10½%, of which 2% was designated as a contribution to the Cost-Of-Living Adjustment Account (COLA I account). Effective January 9, 1994, the Trust entered into an agreement with the City whereby this percentage was decreased to 10% and a new Cost-of-Living Adjustment Account (COLA II account) was created and funded by a percentage of the excess investment return (from other than COLA I account assets).

Note 1 – Description of the Plan (continued)

d. Member Contributions (continued)

Effective October 1, 2000, should the member contribution be less than 7% due to the City contribution the difference between the 7% and the actual contribution shall be deducted from the member's paycheck and placed into an individual contribution account (ICA), as part of the retirement system. Interest on ICA's shall be determined in the same manner as the COLA transfer methodology. Interest shall be credited periodically to the ICA's as determined by the retirement system board's actuary. Member contributions and earnings in ICA's shall be deemed 100% vested upon deposit. Upon the member's separation, ICA balances shall be disbursed as provided under the IRS Code. For the year ended September 30, 2002, ICA's would have been established, however the City, Fraternal Order of Police, Lodge No. 20, and the International Association of Firefighters, Local 587, came to an agreement to waive the provisions for the ICA's for the period of October 7, 2001 through October 5, 2002. This waiver shall be only for that period and none other.

e. Funding Requirements

The City is to contribute such amounts as are necessary to maintain the actuarial soundness of the Trust and to provide the Trust with assets sufficient to meet the benefits to be paid to the participants. Contributions to the Trust are authorized, pursuant to City of Miami Code Section 40.196 (a) and (b). Contributions to the COLA accounts are authorized pursuant to Section 40.204 of the City of Miami Code. The City's contributions to the Trust provide for non-investment expenses and normal costs of the Trust. The yield (interest, dividends, and net realized gains and losses) on investments of the Trust serves to reduce future contributions that would otherwise be required to provide for the defined level of benefits under the Trust.

f. Pension Benefits

Effective October 1, 1998 members may elect to retire after 10 or more years of creditable service upon attainment of normal retirement age. Normal retirement age for members shall be 50 years of age. A member exercising normal service retirement or rule of 64 retirement (computation of service retirement on the basis of his or her combined age and creditable service equaling 64) shall be entitled to receive a retirement allowance equal to 3% (2.75% for police officers prior to October 1, 1998) of the member's average final compensation multiplied by years of creditable service for the first 15 years of such creditable service, plus a retirement allowance equal to 3½% (3% for police officers prior to October 1, 1998) of member's final average compensation multiplied by the years of creditable service in excess of 15 years, paid in monthly installments.

Note 1 – Description of the Plan (continued)

f. Pension Benefits (continued)

Prior to October 1, 1998, a firefighter member exercising normal service retirement or rule of 70 retirement (computation of service retirement on the basis of his or her combined age and creditable service equaling 70) were entitled to receive a retirement allowance equal to 3% of the member's final average compensation multiplied by years of creditable service, paid in monthly installments.

Early retirement, disability, death and other benefits are also provided.

g. Investments

The Trust investment policy is determined by the Board of Trustees and is implemented by investment managers. In addition, the Trust utilizes an investment advisor who monitors the investing activities. The investment policy of the Trust stipulates that the trustees shall, in acquiring, investing, reinvesting, exchanging, retaining, selling and maintaining property for the benefit of the Trust exercise the judgment and care under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital. The trustees are authorized to acquire and retain various kinds of property, real, personal or mixed, and various types of investments specifically including, but not by way of limitation, bonds, debentures and other corporate obligations, and stocks, preferred or common, which persons of prudence, discretion and intelligence acquire or retain for their own account. The investment of funds shall be in a manner that is consistent with the applicable sections of the City Code as well as State and Federal laws within the allocation percentages established in the Trust's investment policy guidelines.

The investments are considered held by the Membership and Benefit account and a share of the value of this account is allocated to each account based on a weighted average calculation performed each month to reflect each account's membership and benefit, COLA I and COLA II activity.

Note 2 – Summary of Significant Accounting Policies

a. Basis of Accounting

The Trust's financial statements are prepared using the accrual basis of accounting. Member contributions are recognized as revenues in the period in which employee services are performed. Employer contributions are recognized as revenues when due pursuant to actuarial valuations. Interest, rental and dividend income are recorded as earned.

Note 2 – Summary of Significant Accounting Policies (continued)

a. Basis of Accounting (continued)

For the year ended September 30, 2003, the plan adopted GASB Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.*

b. Investments

Investments are recorded at fair market value. Fair market values of investments are determined as follows: securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year; securities traded in the over-the counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price; commercial paper, time deposits and short-term investment pools are valued at cost which approximates market; mortgages are valued based on current market yield; and rental property is valued at the purchase option price.

Unrealized gains and losses are presented as net appreciation (depreciation) in fair value of investments on the statement of changes in plan net assets along with gains and losses realized on sales of investments. Purchases and sales of securities are reflected on a trade date basis. Realized gains and losses on the sale of investments are based on average cost identification method.

c. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

d. Property and Equipment

Property and equipment are stated at cost and depreciated using straight-line method over the estimated lives of the assets.

Occupancy of the building took place at the beginning of the fiscal year ending September 30, 2003 and at that time depreciation of the building commenced over its estimated useful life.

e. Income Tax Status

The Trust is tax-exempt under the Internal Revenue Code and, therefore, has recorded no income tax liability or expense.

Note 3 – Cash and Investments

A retirement system is authorized by state statutes and board of trustees policies to lend its investment securities. The lending is managed by the Trust's custodial bank. All loans can be terminated on demand by either the Trust or the borrowers, although the average term of loans is approximately eighty nine days. The custodial bank and its affiliates are prohibited from borrowing the system's securities.

The agent lends the Trust's U.S. government and agency securities and domestic corporate fixed-income and equity securities for securities or cash collateral of 102 percent and international securities of 105 percent of the securities plus any accrued interest. The securities lending contracts do not allow the Trust to pledge or sell any collateral securities unless the borrower defaults. Cash collateral is invested in the agent's collateral investment pool, whose share values are based on the amortized cost of the pool's investments. At year-end, the pool has a weighted average term to maturity of thirty days. The relationship between the maturities of the investment pool and the Trust's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Trust cannot determine. There are policy restrictions by the custodial bank that limits the amount of securities that can be lent at one time or to one borrower.

Before the security lending transactions and the investment of the cash collateral, the Trust's investments are categorized below to give an indication of the level of risk assumed by the Trust at September 30, 2003 and 2002. Category 1 includes the following investments that are insured or registered or for which the securities are held by the Trust or its agent in the Trust's name.

	Fair Value 2003	Fair Value 2002
U.S. government and agency obligations	$ 169,816,711	$ 264,501,994
Corporate stocks	644,018,864	463,514,996
Corporate bonds	157,341,344	127,341,486
	$ 971,176,919	$ 855,358,476

The investments in cash and short-term investments, mutual funds and rental property are not categorized because they are not evidenced by securities that exist in physical or book entry form.

Note 3 – Cash and Investments (continued)

The following represents the balances relating to securities lending transactions at September 30:

	2003		
Securities Lent:	Fair Value of Underlying Securities	Cash Collateral Received/Securities Collateral Value	Cash Collateral Investment Value
Lent for cash collateral:			
U.S. government and agency obligations	$ 37,930,368	$ 38,601,117	$ 38,601,117
Domestic corporate stocks	39,972,746	41,151,109	41,151,109
Domestic corporate bonds	13,806,163	14,104,549	14,104,549
International corporate stocks	2,669,269	2,809,559	2,809,559
	94,378,546	96,666,334	96,666,334
Lent for securities collateral:			
U.S. government and agency obligations	10,660,937	10,879,404	-
Domestic corporate stocks	312,980	323,991	-
Domestic corporate bonds	203,991	207,512	-
	11,177,908	11,410,907	-
Total securities lent	$ 105,556,454	$ 108,077,241	$ 96,666,334

	2002		
Securities Lent:	Fair Value of Underlying Securities	Cash Collateral Received/Securities Collateral Value	Cash Collateral Investment Value
Lent for cash collateral:			
U.S. government and agency obligations	$ 43,768,926	$ 44,667,850	$ 44,667,850
Domestic corporate stocks	27,256,457	28,172,747	28,172,747
Domestic corporate bonds	22,222,768	22,722,098	22,722,098
International corporate stocks	1,587,920	1,705,528	1,705,528
	94,836,071	97,268,223	97,268,223
Lent for securities collateral:			
U.S. government and agency obligations	17,284,051	17,782,926	-
Domestic corporate stocks	563,371	586,577	-
Domestic corporate bonds	1,457,377	1,480,264	-
	19,304,799	19,849,767	-
Total securities lent	$ 114,140,870	$ 117,117,990	$ 97,268,223

Note 3 – Cash and Investments (continued)

The following represents the schedule of investments by category of custodial risk required for securities lending at September 30:

	2003 Total Fair Value	2002 Total Fair Value
Investments – Category 1 (held by Trust's agent in Trust's name)		
U.S. government and agency obligations		
Not on securities loan	$ 121,225,406	$ 203,449,017
On securities loan for securities collateral	10,660,937	17,284,051
Corporate stocks		
Not on securities loan	601,052,858	434,084,042
On securities loan for securities collateral	323,991	586,577
Corporate bonds		
Not on securities loan	143,327,669	103,638,454
On securities loan for securities collateral	207,512	1,480,264
Subtotals	876,798,373	760,522,405
Investments – not categorized		
Investments held by broker-dealer under securities loans with cash collateral		
U.S. government and agency securities	37,930,368	43,768,926
Corporate stocks	42,642,015	28,844,377
Corporate bonds	13,806,163	22,222,768
Securities lending short-term collateral investment pool	96,666,334	97,268,223
Mutual funds	42,893,957	49,429,740
Rental property	0	70,202
Mutual funds – DROP participants	6,871,394	5,596,093
Totals	$ 1,117,608,604	$ 1,007,722,734

The contract with the Trust's custodian requires the custodian to indemnify the Trust if the borrower fails to return the securities, due to the insolvency of a borrower, and the custodian has failed to live up to its contractual responsibilities relating to the lending of those securities. At year end, the Trust has no credit risk exposure to borrowers because the amounts of collateral held by the Trust exceed the amounts the borrowers owe the Trust. There are no significant violations of legal or contractual provisions, no borrowers or lending agent default losses, and no recoveries of prior period losses during the year. There are no income distributions owing on securities lent.

Note 3 – Cash and Investments (continued)

The Trust's cash balances are federally insured. In addition to insurance provided by the Federal Deposit Insurance Corporation ("FDIC"), all time and demand deposits are held in banking institutions which participate in a State approved multiple financial institution collateral pool, as defined by Governmental Accounting Standards Board (GASB) Statement No. 3. In the event of a failure of any member of the pool, the remaining members would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are deemed insured and are, therefore, not subject to classification by credit risk category under the provisions of GASB Statement No. 3.

Note 4 – COLA Accounts

Effective January 1, 1994, the Trust entered into an agreement with the City of Miami with regards to the funding methods, employee benefits, employee contributions and retiree COLA. As of January 9, 1994, members no longer contribute to the original COLA account (COLA I), and a new COLA account (COLA II) was established.

The agreement included the following provisions:

- The funding method was changed to an aggregate cost method.
- Combining all accounts for investment purposes (membership and benefit, COLA I and COLA II).
- Retirees receive additional COLA benefits.
- Active employees no longer contribute 2% of pretax earnings to fund the original retiree COLA account (COLA I account).

The COLA II account is funded annually by a percentage of the excess investment return from other than COLA I account assets. The excess earnings contributed to the COLA II account will be used to fund a minimum annual payment of $2.5 million, increasing by 4% compounded annually. To the extent necessary, the City will fund the portion of the minimum annual payment not funded by annual excess earnings no later than January 1 of the following year.

Benefits payable from the COLA accounts are computed in accordance with an actuarially based formula as defined in Section 40.204 of the City of Miami Code. Benefits are subject to review and modification in accordance with City of Miami Code Section 40.204, which provides that all other matters regarding the COLA accounts shall be determined by negotiations between the City, the Board of Trustees and the bargaining representatives of the International Association of Fire Fighters and the Fraternal Order of Police.

Note 5 – Deferred Retirement Option Plan (DROP)

Members who are eligible for service retirement or Rule of 64 after September 1998 may elect to enter the Deferred Retirement Option Plan for a maximum of 3 years prior to October 1, 2001. Effective October 1, 2001 maximum participation in the DROP for firefighters shall be 48 full months and for police officers who elect DROP on October 1, 2003, or thereafter, maximum participation in the DROP shall be 48 full months.

A member's creditable service, accrued benefit and compensation calculation shall be frozen.

Upon commencement of participation in the DROP, the participant's contribution and the City's contribution to the Trust for that participant cease as the participant will not earn further creditable service for pension purposes. Effective October 1, 2001, firefighter DROP participants may continue City employment for up to a maximum of 48 full months and police officers who elect DROP on October 1, 2003, or thereafter, may continue City employment for up to a maximum of 48 full months (36 full months prior to October 1, 2001). No payment is made to or for the benefit of a DROP participant beyond that period. For persons electing participation in the DROP, an individual DROP account shall be created. Payment shall be made by the retirement trust into the employee's DROP account in an amount equal to the regular monthly retirement benefit which the participant would have received had the participant separated from service and commenced receipt of pension benefits. Payments received by the participant in the DROP account are tax deferred. A series of investment vehicles which are established by the board of trustees are made available to DROP participants to choose from. Any losses, charges, or expenses incurred by the participant in their DROP account are not made up by the City or the Trust, but shall be borne by the participant.

Upon termination of employment, a member may receive distribution from the DROP account in the following manner:

- Lump sum distribution
- Periodic payments
- Annuity
- Roll over of the balance to another qualified retirement plan

Any member may defer distribution until the latest date authorized by Section 401(a)(9) of the Internal Revenue Code.

A DROP participant shall not be entitled to receive an ordinary or service disability retirement and in the event of death of a DROP participant, there shall be no accidental death benefit for pension purposes. DROP participation does not affect any other death or disability benefit provided to a member under federal law, state law, City ordinance, or any rights or benefits under any applicable collective bargaining agreement. At September 30, 2003 and 2002, there were 53 and 40 DROP participants, respectively.

Note 5 – Deferred Retirement Option Plan (DROP) (continued)

The DROP of the Trust also consists of a Benefit Actuarially Calculated DROP (BACDROP). A member may elect to BACDROP to a date no further back than the date of their retirement eligibility date. Effective October 1, 2001, the BACDROP period must be in 12 month increments, beginning at the start of a pay period, not to exceed 48 full months for firefighters and for police officers who elect DROP on October 1, 2003 (36 months prior to October 1, 2001). Participation in the BACDROP does not preclude participation in the Forward DROP.

Note 6 – Property and Equipment

Property and equipment consist of the following at September 30:

	Estimated Useful Life	2003	2002
Land	N/A	$ 760,865	$ 700,000
Building	39 years	1,666,305	1,475,109
Total cost		2,427170	2,175,109
Less: accumulated depreciation		42,725	0
Net		$ 2,384,445	$ 2,175,109

Note 7 – Budget Advance from City

Administrative costs of the Trust are paid directly by the Trust from budget advance monies provided by the City. The Trust provides the City with an accounting of how these funds are expended during the period. Funding for such administrative costs for the years ended September 30, 2003 and 2002 was as follows:

	2003	2002
Budget advance due to (from) City – beginning of year	$ (461,297)	$ 688,431
Advance received from the City	1,793,303	279,887
	1,332,006	968,318
Administrative costs incurred, including custodian and consultants' fees, personnel and other office expenses	1,422,383	1,429,615
Budget advance due to (from) City – end of year	$ (90,377)	$ (461,297)

Since the above administrative costs are fully funded by the City, they are not included in the administrative expenses set forth in the statements of changes in plan net assets.

CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST
REQUIRED SUPPLEMENTARY INFORMATION
(unaudited)
SEPTEMBER 30, 2003

Schedule "1" – Schedule of Funding Progress
(dollars in millions)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability AAL	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
9/30/96	$ 674.7	$ 620.7	$ (54.0)	109 %	$ 72.9	(74) %
9/30/97	835.3	702.1	(133.2)	119	69.6	(191)
9/30/98	857.7	774.5	(83.2)	111	74.3	(112)
9/30/99 (a)	932.8	820.2	(112.6)	114	77.7	(145)
9/30/00 (a)	994.6	823.1	(171.3)	121	84.3	(203)
9/30/01 (a)	828.9	884.7	55.8	94	89.7	62

(a) – As revised

Schedule "2" – Schedule of Contributions by Employer

Year Ended September 30,	Annual Required Contribution	Percentage Contributed
1998	$ 14,155,472	100 %
1999	10,376,473	100
2000	5,400,784	100
2001	4,003,892	100
2002	1,051,629	100
2003	18,163,588	100

The information presented in the required Supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Since the Trust uses the Aggregate Cost Method, a schedule of Funding Progress is not required as that method does not separately identify or separately amortize unfunded actuarial liabilities. As the Trust believes the above information is useful to users of the financial statements, the above Schedule "1" was prepared excluding COLA accounts using the Projected Unit Credit Actuarial Accrued Liability. Additional information as of the latest actuarial valuation follows:

Valuation Date	October 1, 2001 (Revised)
Actuarial Cost Method	Aggregate Cost Method
Amortization Method	N/A
Asset Valuation Method	Average of ratios of market to book values as of current and previous two September 30's. Average ratio is applied to book value at current September 30. The result cannot be greater that 120% of market value or less than 80% of market value.
Actuarial assumptions:	
Investment rate of return	7.75%, compounded annually
Salary increases:	
Inflation	4.00%
Merit, longevity, etc.	5.1% to 0% reducing by attained age
Mortality table	Ga94 – Mortality table
Disabled mortality	Pension Benefit Guaranty Corporation ("PBGC") Non-OASDI basis

III

INVESTMENT

SECTION

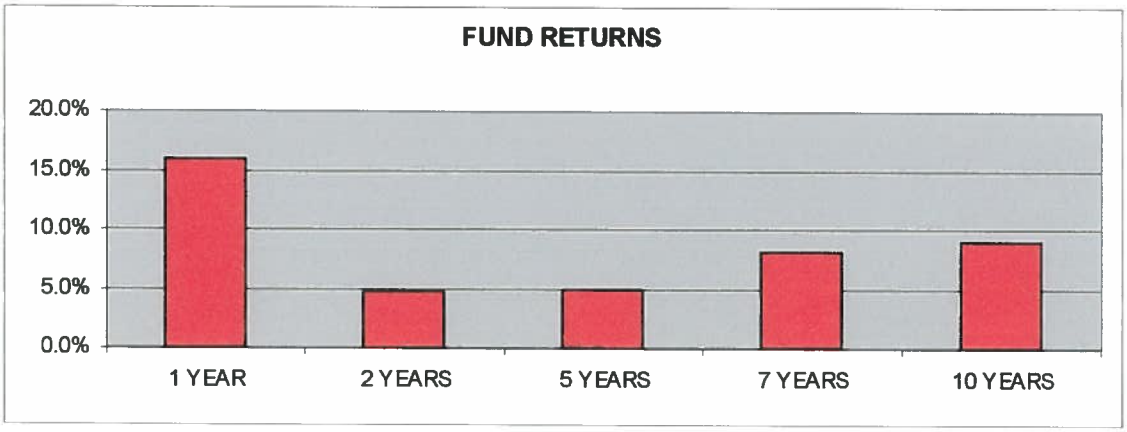
Investment Analysis

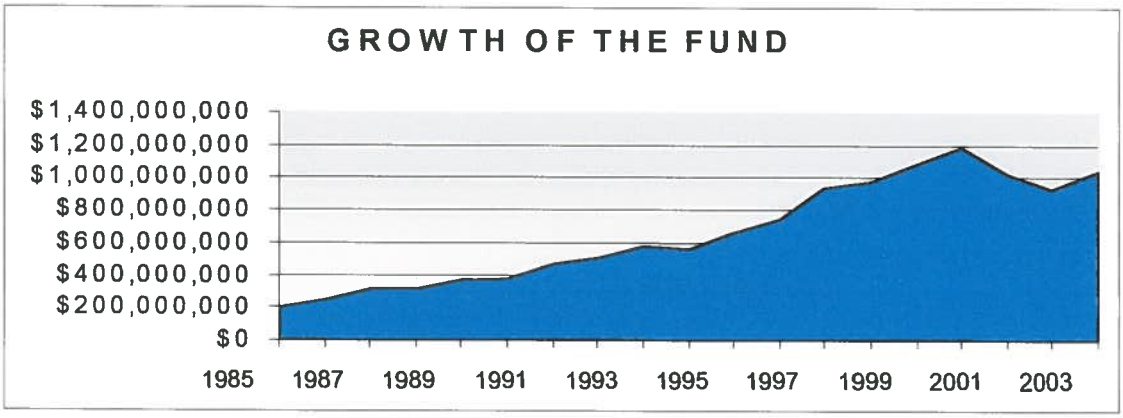
Year Ending September 30, 2003

	GENERAL FUND		COLA I		COLA II	
BEGINNING BALANCES:		724,356,916		26,571,913		153,929,625
ADDITIONS:						
PURCHASES:						
Short Term Investments	15,003,355					
Other Money Market	2					
Mutual Funds	2,864,089					
Commercial Paper	5,681,334					
US Treasury Bills	14,122,964					
US Treasury Bonds	296,294,347					
US Treasury Notes	112,907,679					
Corporate Bonds	150,062,720					
Corporate Stock	286,541,296					
Share of Asset Transferred			3,566,315		27,802,428	
Subtotal:		883,477,786		3,566,315		27,802,428
DEDUCTIONS:						
REDEMPTIONS & SALE						
Short Term Investment	15,003,352					
Mutual Funds	9,399,872					
Commercial Paper	2,169,192					
US Treasury Bills	41,125,586					
US Treasury Bonds	371,082,368					
US Treasury Notes	105,802,320					
Corporate Bonds	123,575,002					
Corporate Stock	106,037,427					
Investment Rental Property	70,202					
Share of Securities Transferred to COLA I	3,138,409		427,906			
Share of Securities Transferred to COLA II	18,888,210				8,914,218	
Subtotal:		796,291,940		427,906		8,914,218
BALANCE:		**811,542,761**		**29,710,322**		**172,817,835**

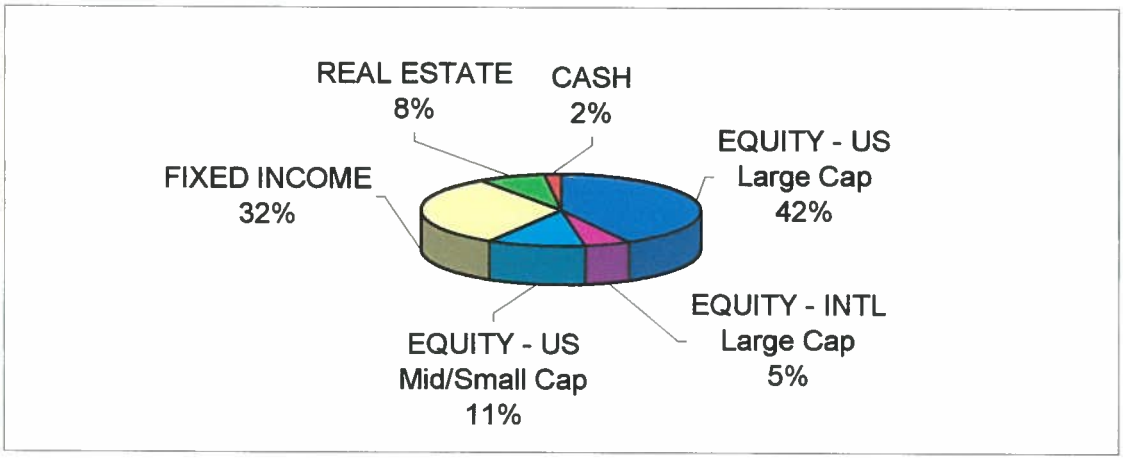
CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST

FUND HIGHLIGHTS





Asset Allocation – Sep. 30, 2003



CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2003

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	SHORT TERM FUNDS				
BGI MID CAP INDEX	BARCLAYS MONEY MKT FD	USA	3.00	3.00	3.00
BGI S&P INDEX	BARCLAYS MONEY MKT FD	USA	33.00	33.00	33.00
BGI SMALL VALUE INDEX	BARCLAYS MONEY MKT FD	USA	3.00	3.00	3.00
ALLIANCE	COLTV GOVT STIF	USA	1,095,717.49	1,095,717.49	1,095,717.49
BARROW HANLEY BOND	COLTV GOVT STIF	USA	5,243,833.06	5,243,833.06	5,243,833.06
BARROW HANLEY EQUITY	COLTV GOVT STIF	USA	2,432,699.14	2,432,699.14	2,432,699.14
BOSTON PARTNERS	COLTV GOVT STIF	USA	1,226,917.67	1,226,917.67	1,226,917.67
DODGE & COX	COLTV GOVT STIF	USA	2,660,997.32	2,660,997.32	2,660,997.32
JOHN HANCOCK	COLTV GOVT STIF	USA	139,494.55	139,494.55	139,494.55
JOHN MCSTAY	COLTV GOVT STIF	USA	1,784,823.59	1,784,823.59	1,784,823.59
LAZARD INTL	COLTV GOVT STIF	USA	257,994.91	257,994.91	257,994.91
MAIN ACCOUNT	COLTV GOVT STIF	USA	468,870.93	468,870.93	468,870.93
MORGAN STANLEY BOND	COLTV GOVT STIF	USA	7,931,959.90	7,931,959.90	7,931,959.90
MORGAN STANLEY SMALL	COLTV GOVT STIF	USA	1,260,250.24	1,260,250.24	1,260,250.24
MUNDER	COLTV GOVT STIF	USA	1,418,879.17	1,418,879.17	1,418,879.17
OECHSLE INTL	INVESTED CASH	USA	623,431.06	623,431.06	623,431.06
	TOTAL SHORT TERM FUNDS		26,545,908.03	26,545,908.03	26,545,908.03

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2003

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	COMMON STOCK				
ALLIANCE	ACE LTD ORD STK USD0.0416	Caymen Is.	22,600.00	881,477.10	747,608.00
ALLIANCE	AFFILIATED COMPUTER SVCS INC CL A COM	USA	16,500.00	835,224.90	803,385.00
ALLIANCE	ALCON INC	Switzerland	9,100.00	440,528.81	510,965.00
ALLIANCE	ALLERGAN INC COM	USA	16,100.00	1,168,642.86	1,267,553.00
ALLIANCE	ALTERA CORP COM	USA	84,600.00	1,830,556.04	1,598,940.00
ALLIANCE	AMERN INTL GROUP INC COM	USA	105,200.00	6,058,593.86	6,070,040.00
ALLIANCE	AMGEN INC COM	USA	80,000.00	4,523,097.55	5,165,600.00
ALLIANCE	ANHEUSER BUSCH COS INC COM	USA	33,500.00	1,744,031.65	1,652,890.00
ALLIANCE	AVON PROD INC COM	USA	55,400.00	3,006,424.46	3,576,624.00
ALLIANCE	BED BATH BEYOND INC COM	USA	69,800.00	2,559,359.11	2,664,964.00
ALLIANCE	BROADCOM CORP CL A	USA	31,000.00	840,395.98	825,220.00
ALLIANCE	BSTN SCIENTIFIC CORP COM	USA	18,700.00	796,766.55	1,193,060.00
ALLIANCE	CENTEX CORP COM	USA	5,200.00	384,488.00	404,976.00
ALLIANCE	CISCO SYS INC COM	USA	213,000.00	3,802,270.16	4,162,020.00
ALLIANCE	CITIGROUP INC COM	USA	141,100.00	1,894,746.90	6,421,461.00
ALLIANCE	COLGATE-PALMOLIVE CO COM	USA	46,700.00	2,149,699.11	2,610,063.00
ALLIANCE	COMCAST CORP NEW CL A SPL	USA	141,800.00	5,019,202.19	4,188,772.00
ALLIANCE	DANAHER CORP COM	USA	39,950.00	2,300,737.12	2,950,707.00
ALLIANCE	DELL INC COM STK	USA	167,650.00	4,471,204.11	5,597,833.50
ALLIANCE	EBAY INC COM	USA	30,600.00	1,492,467.50	1,637,406.00
ALLIANCE	ECHOSTAR COMMUNICATIONS CORP NEW CL A	USA	15,800.00	397,864.60	604,666.00
ALLIANCE	ELECTR ARTS COM	USA	13,500.00	1,088,441.48	1,245,105.00
ALLIANCE	EXPRESS SCRIPTS INC COM	USA	19,020.00	1,225,970.54	1,163,073.00
ALLIANCE	FIRST DATA CORP COM	USA	72,600.00	2,802,450.31	2,901,096.00
ALLIANCE	FLEXTRONICS INTL LTD COM STK	Singapore	73,500.00	2,192,924.08	1,042,230.00
ALLIANCE	FNMA COM STK	USA	57,000.00	4,299,303.37	4,001,400.00
ALLIANCE	FOREST LAB INC COM	USA	32,500.00	1,485,688.81	1,672,125.00
ALLIANCE	GEN ELEC CO COM	USA	100,100.00	1,303,004.88	2,983,981.00
ALLIANCE	GILEAD SCI INC COM	USA	14,900.00	930,065.73	833,357.00
ALLIANCE	GOLDMAN SACHS GROUP INC COM	USA	18,300.00	1,568,700.68	1,535,370.00
ALLIANCE	HARLEY DAVIDSON INC COM	USA	85,900.00	2,717,045.27	4,140,380.00
ALLIANCE	HLTH MGMT ASSOC INC NEW CL A COM	USA	127,000.00	2,327,390.40	2,769,870.00
ALLIANCE	INTEL CORP COM	USA	234,800.00	6,288,924.52	6,459,348.00
ALLIANCE	INTUIT COM	USA	29,150.00	1,210,956.30	1,406,196.00
ALLIANCE	JOHNSON & JOHNSON COM	USA	99,400.00	5,123,225.51	4,922,288.00
ALLIANCE	JUNIPER NETWORKS INC COM	USA	107,100.00	1,166,756.20	1,597,932.00
ALLIANCE	KOHLS CORP COM	USA	29,400.00	940,933.24	1,572,900.00
ALLIANCE	LENNAR CORP COM CL A	USA	4,700.00	309,474.79	365,613.00
ALLIANCE	LINEAR TECH CORP DEL	USA	42,700.00	1,454,711.44	1,529,087.00
ALLIANCE	LOWES COS INC COM	USA	46,900.00	2,168,486.19	2,434,110.00
ALLIANCE	MAXIM INTEGRATED PRODS INC COM	USA	35,500.00	1,636,993.75	1,402,250.00
ALLIANCE	MBNA CORP COM	USA	194,000.00	1,359,078.52	4,423,200.00
ALLIANCE	MEDTRONIC INC COM	USA	87,100.00	3,106,693.46	4,086,732.00
ALLIANCE	MERCURY INTERACTIVE CORP COM	USA	13,500.00	656,521.65	613,035.00
ALLIANCE	MERRILL LYNCH & CO INC COM	USA	29,600.00	1,496,912.13	1,584,488.00
ALLIANCE	MICROSOFT CORP COM	USA	294,400.00	7,736,723.60	8,181,376.00
ALLIANCE	MORGAN STANLEY BOND	USA	79,000.00	2,363,247.29	3,986,340.00
ALLIANCE	PFIZER INC COM	USA	240,500.00	8,159,912.02	7,306,390.00
ALLIANCE	PROCTER & GAMBLE CO COM	USA	39,400.00	3,559,647.51	3,657,108.00
ALLIANCE	PROGRESSIVE CORP OH COM	USA	23,200.00	1,636,232.98	1,603,352.00
ALLIANCE	STRYKER CORP COM	USA	7,300.00	528,084.20	549,763.00
ALLIANCE	SYMANTEC CORP COM	USA	36,300.00	1,688,778.90	2,287,626.00
ALLIANCE	UNITEDHEALTH GROUP INC COM	USA	42,200.00	1,969,568.89	2,123,504.00
ALLIANCE	VERITAS SOFTWARE CORP COM	USA	115,550.00	4,794,540.66	3,628,270.00
ALLIANCE	VIACOM COM CL B	USA	86,500.00	3,789,269.60	3,312,950.00
ALLIANCE	WALGREEN CO COM	USA	62,200.00	2,171,043.54	1,905,808.00
ALLIANCE	WAL-MART STORES INC COM	USA	63,200.00	3,245,468.37	3,529,720.00
ALLIANCE	WELLPOINT HLTH NETWORKS INC CL A (NEW) DELAW EFF 8-4-97	USA	39,100.00	2,537,039.51	3,013,828.00
ALLIANCE	WESTWOOD 1 INC COM	USA	8,500.00	291,333.44	256,615.00
ALLIANCE	WILLIS GROUP HOLDINGS COM	Bermuda	15,100.00	468,100.00	464,325.00
ALLIANCE	WYETH COM	USA	39,000.00	2,117,634.01	1,797,900.00
BARROW HANLEY EQUITY	#REORG/HANSON PLC (411352404)AS IT WENT THROUGH A SCHEME ARRANGEMENT INTO H/	UK	59,300.00	1,658,308.18	1,896,414.00
BARROW HANLEY EQUITY	ADR BP P L C FORMERLY BP AMOCO P L C TO 05/ SPONSORED ADR BP PLC	UK	37,572.00	1,656,950.36	1,581,781.20
BARROW HANLEY EQUITY	ADR IMPERIAL TOB GROUP PLC SPONSORED	UK	56,900.00	1,737,611.88	1,878,838.00
BARROW HANLEY EQUITY	ALLSTATE CORP COM	USA	74,338.00	2,132,423.85	2,715,567.14
BARROW HANLEY EQUITY	ALTRIA GROUP INC COM	USA	70,300.00	2,492,852.02	3,079,140.00
BARROW HANLEY EQUITY	AMER ELEC PWR CO INC COM	USA	31,400.00	657,830.00	942,000.00
BARROW HANLEY EQUITY	BAXTER INTL INC COM	USA	77,700.00	1,723,985.46	2,257,962.00
BARROW HANLEY EQUITY	BRISTOL MYERS SQUIBB CO COM	USA	101,700.00	3,604,836.43	2,609,622.00
BARROW HANLEY EQUITY	BURL NORTHN SANTA FE CORP COM	USA	102,400.00	2,657,276.54	2,956,288.00
BARROW HANLEY EQUITY	CENTERPOINT ENERGY INC COM	USA	143,300.00	2,393,200.55	1,314,061.00
BARROW HANLEY EQUITY	CHEVRONTEXACO CORP COM	USA	42,780.00	2,537,873.62	3,056,631.00
BARROW HANLEY EQUITY	CIGNA CORP COM	USA	68,100.00	4,273,800.12	3,040,665.00
BARROW HANLEY EQUITY	CINERGY CORP COM	USA	60,300.00	1,748,953.33	2,213,010.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2003

Account name	Asset description	Country	Shares/Par value	Book value	Market value
BARROW HANLEY EQUITY	CITIGROUP INC COM	USA	53,961.00	1,227,129.42	2,455,765.11
BARROW HANLEY EQUITY	CONAGRA FOODS INC	USA	47,700.00	1,012,848.22	1,013,148.00
BARROW HANLEY EQUITY	CONOCOPHILLIPS COM	USA	44,900.00	2,214,049.12	2,458,275.00
BARROW HANLEY EQUITY	CRESCENT REAL ESTATE EQUITIES CO TX COM	USA	85,600.00	1,514,040.46	1,241,200.00
BARROW HANLEY EQUITY	DOLLAR GEN CORP COM	USA	114,900.00	1,465,188.43	2,298,000.00
BARROW HANLEY EQUITY	DOW CHEM CO COM	USA	34,100.00	1,016,516.00	1,109,614.00
BARROW HANLEY EQUITY	DUKE ENERGY CORP COM STK	USA	85,000.00	1,608,489.00	1,513,850.00
BARROW HANLEY EQUITY	EMERSON ELEC CO COM	USA	52,400.00	2,568,373.02	2,758,860.00
BARROW HANLEY EQUITY	ENCANA CORP COM NPV	Canada	42,400.00	1,193,811.95	1,542,512.00
BARROW HANLEY EQUITY	ENTERGY CORP NEW COM	USA	53,200.00	1,745,075.22	2,880,780.00
BARROW HANLEY EQUITY	EXXON MOBIL CORP COM	USA	40,400.00	1,429,104.86	1,478,640.00
BARROW HANLEY EQUITY	FLEETBOSTON FINL CORP COM STK	USA	92,669.00	2,505,821.10	2,793,970.35
BARROW HANLEY EQUITY	HARTFORD FINL SVCS GROUP INC COM	USA	57,400.00	2,457,304.17	3,020,962.00
BARROW HANLEY EQUITY	HCA INC COM	USA	46,000.00	1,633,606.54	1,695,560.00
BARROW HANLEY EQUITY	HEINZ H J CO COM	USA	50,400.00	1,707,444.88	1,727,712.00
BARROW HANLEY EQUITY	HONEYWELL INTL INC COM STK	USA	61,600.00	1,891,216.83	1,623,160.00
BARROW HANLEY EQUITY	IKON OFFICE SOLUTIONS INC COM STK	USA	112,800.00	1,033,188.45	824,568.00
BARROW HANLEY EQUITY	ILL TOOL WKS INC COM	USA	19,800.00	1,121,472.83	1,311,948.00
BARROW HANLEY EQUITY	IMS HLTH INC COM STK	USA	56,900.00	912,606.60	1,200,590.00
BARROW HANLEY EQUITY	INTL PAPER CO COM	USA	53,100.00	1,921,836.63	2,071,962.00
BARROW HANLEY EQUITY	LYONDELL CHEMICAL CO COM STK	USA	67,100.00	1,143,865.00	857,538.00
BARROW HANLEY EQUITY	MARATHON OIL CORP COM	USA	38,600.00	1,087,226.90	1,100,100.00
BARROW HANLEY EQUITY	MGIC INVT CORP WIS COM	USA	52,200.00	2,948,719.02	2,718,054.00
BARROW HANLEY EQUITY	NORTHEAST UTILITIES COM	USA	181,500.00	2,633,836.64	3,252,480.00
BARROW HANLEY EQUITY	OCCIDENTAL PETE CORP COM	USA	88,200.00	2,235,821.92	3,107,286.00
BARROW HANLEY EQUITY	PENNEY J.C CO INC COM	USA	87,600.00	2,453,605.04	1,872,012.00
BARROW HANLEY EQUITY	PITNEY BOWES INC COM	USA	40,400.00	1,325,425.54	1,548,128.00
BARROW HANLEY EQUITY	PNC FINANCIAL SERVICES GROUP COM STK	USA	35,400.00	1,641,968.17	1,684,332.00
BARROW HANLEY EQUITY	SBC COMMUNICATIONS INC COM	USA	40,100.00	1,444,451.54	892,225.00
BARROW HANLEY EQUITY	SCHERING-PLOUGH CORP COM	USA	132,500.00	3,637,729.89	2,019,300.00
BARROW HANLEY EQUITY	SLM CORP COM	USA	19,800.00	311,394.38	771,408.00
BARROW HANLEY EQUITY	STANLEY WKS COM	USA	75,900.00	2,190,478.81	2,240,568.00
BARROW HANLEY EQUITY	TRAVELERS PPTY CAS CORP NEW CL A	USA	61,800.00	952,272.05	981,384.00
BARROW HANLEY EQUITY	TYCO INTL LTD NEW COM	Bermuda	78,913.00	1,496,306.34	1,612,192.59
BARROW HANLEY EQUITY	VERIZON COMMUNICATIONS COM	USA	34,002.00	1,217,975.78	1,103,024.88
BARROW HANLEY EQUITY	WA MUT INC COM	USA	77,467.00	1,571,493.58	3,049,875.79
BARROW HANLEY EQUITY	WACHOVIA CORP 2ND NEW COM	USA	55,910.00	1,900,140.57	2,302,932.90
BARROW HANLEY EQUITY	WASTE MGMT INC DEL COM STK	USA	63,985.00	1,698,544.51	1,674,487.45
BARROW HANLEY EQUITY	WELLS FARGO & CO NEW COM STK	USA	31,400.00	1,577,382.07	1,617,100.00
BARROW HANLEY EQUITY	WENDY S INTL INC COM	USA	78,400.00	1,839,872.43	2,532,320.00
BARROW HANLEY EQUITY	XL CAP LTD SHS A	Caymen Is.	20,100.00	1,229,803.84	1,556,544.00
BOSTON PARTNERS	ABITIBI-CONS INC COM	Canada	27,800.00	194,314.59	194,600.00
BOSTON PARTNERS	ACTIVISION INC NEW COM NEW	USA	21,550.00	189,677.87	257,522.50
BOSTON PARTNERS	ADAPTEC INC COM	USA	26,800.00	313,232.04	202,608.00
BOSTON PARTNERS	ADR SHIRE PHARMACEUTICALS GROUP PLC SPONSORED ADR	UK	10,500.00	200,683.07	232,155.00
BOSTON PARTNERS	AFFILIATED MANAGERS GROUP INC COM STK	USA	8,300.00	438,873.55	521,240.00
BOSTON PARTNERS	ALLMERICA FINL CORP COM	USA	8,700.00	149,818.50	207,147.00
BOSTON PARTNERS	AMBAC FNCL GROUP COM STK	USA	5,000.00	252,787.52	320,000.00
BOSTON PARTNERS	AMIS HLDGS INC COM	USA	10,600.00	212,000.00	195,676.00
BOSTON PARTNERS	APRIA HEALTHCARE GROUP INC COM	USA	8,300.00	197,326.48	227,254.00
BOSTON PARTNERS	ARGOSY GAMING CO COM	USA	5,800.00	116,055.68	141,520.00
BOSTON PARTNERS	ARROW ELECTR INC COM	USA	18,000.00	296,160.04	331,020.00
BOSTON PARTNERS	ASSOCTD BANC-CORP COM	USA	5,780.00	172,633.13	218,484.00
BOSTON PARTNERS	AVNET INC COM	USA	18,200.00	214,680.12	300,664.00
BOSTON PARTNERS	BARD C R INC CAP	USA	5,100.00	239,668.83	362,100.00
BOSTON PARTNERS	BEARINGPOINT INC COM	USA	35,100.00	216,212.74	280,098.00
BOSTON PARTNERS	BOWATER INC COM	USA	8,100.00	391,732.48	340,686.00
BOSTON PARTNERS	BRUNSWICK CORP COM	USA	10,600.00	225,163.94	272,208.00
BOSTON PARTNERS	CATALINA MARKETING CORP COM	USA	22,400.00	365,395.64	340,256.00
BOSTON PARTNERS	CENTURYTEL INC COM COM STK	USA	7,600.00	262,574.30	257,564.00
BOSTON PARTNERS	COMWLTH TEL ENTERPRISES INC NEW COM	USA	8,900.00	342,117.60	357,157.00
BOSTON PARTNERS	CONSTELLATION ENERGY GROUP INC COM	USA	8,500.00	249,368.09	304,130.00
BOSTON PARTNERS	DELTA & PINE LD CO COM COM	USA	19,000.00	353,303.13	437,190.00
BOSTON PARTNERS	DIAL CORP NEW COM	USA	36,600.00	715,101.64	788,364.00
BOSTON PARTNERS	DIAMOND OFFSHORE DRILLING INC COM	USA	17,800.00	448,559.07	339,980.00
BOSTON PARTNERS	DIEBOLD INC COM	USA	7,500.00	256,607.15	379,875.00
BOSTON PARTNERS	DOVER CORP COM	USA	17,300.00	468,885.67	611,901.00
BOSTON PARTNERS	EASTMAN CHEM CO COM	USA	9,100.00	318,062.29	304,850.00
BOSTON PARTNERS	EDWARDS A.G INC COM	USA	13,700.00	525,387.60	526,217.00
BOSTON PARTNERS	ENGELHARD CORP COM	USA	13,300.00	338,835.22	368,011.00
BOSTON PARTNERS	ENSCO INTL INC COM	USA	21,700.00	564,552.75	581,994.00
BOSTON PARTNERS	EVEREST RE GROUP LTD.ISIN BMG3223R1088 SEDOL 2709907	Bermuda	2,800.00	159,046.82	210,448.00
BOSTON PARTNERS	EXPRESS SCRIPTS INC COM	USA	8,700.00	439,341.08	532,005.00
BOSTON PARTNERS	GRAINGER W W INC COM	USA	12,200.00	517,570.45	580,110.00
BOSTON PARTNERS	HARRAH S ENTMT INC COM STK	USA	12,700.00	470,382.85	534,797.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2003

Account name	Asset description	Country	Shares/Par value	Book value	Market value
BOSTON PARTNERS	HEALTH NET INC COM	USA	7,100.00	164,228.23	224,857.00
BOSTON PARTNERS	HILTON HOTELS CORP COM	USA	40,800.00	445,268.82	661,776.00
BOSTON PARTNERS	HORMEL FOODS CORP COM	USA	15,700.00	357,524.55	360,786.00
BOSTON PARTNERS	IPC HLDGS LTD	Bermuda	6,700.00	215,819.00	234,500.00
BOSTON PARTNERS	ITT INDS INC COM	USA	6,300.00	324,253.01	376,992.00
BOSTON PARTNERS	KERR MCGEE CORP COM	USA	10,400.00	542,009.87	464,256.00
BOSTON PARTNERS	LAIDLAW INTL INC COM STK	USA	21,200.00	212,337.24	208,820.00
BOSTON PARTNERS	LAMAR ADVERTISING CO CL A COM	USA	17,500.00	552,469.25	513,450.00
BOSTON PARTNERS	LEAR CORP COM STK PAR $0.01	USA	6,200.00	207,807.70	326,368.00
BOSTON PARTNERS	LOEWS CORP CAROLINA GROUP STK TRACKING STK	USA	28,000.00	700,852.80	644,000.00
BOSTON PARTNERS	MAGUIRE PPTYS INC COM	USA	17,175.00	326,325.00	352,087.50
BOSTON PARTNERS	MANOR CARE INC NEW COM STK	USA	9,200.00	177,179.59	276,000.00
BOSTON PARTNERS	MARSHALL & ILSLEY CORP COM	USA	5,400.00	142,193.18	170,208.00
BOSTON PARTNERS	MBIA INC COM	USA	7,300.00	295,585.17	401,281.00
BOSTON PARTNERS	MC CORMICK & CO INC COM NON-VTG	USA	10,900.00	213,785.17	298,878.00
BOSTON PARTNERS	MEDIA GEN INC CL A	USA	8,600.00	446,746.28	525,460.00
BOSTON PARTNERS	MERCURY GEN CORP NEW COM	USA	26,700.00	1,034,959.45	1,195,626.00
BOSTON PARTNERS	MICHAELS STORES INC COM	USA	11,900.00	394,215.26	485,044.00
BOSTON PARTNERS	MOLEX INC CL A	USA	9,800.00	250,369.98	240,492.00
BOSTON PARTNERS	NABORS INDUSTRIES COM USD0.10	Bermuda	5,300.00	187,352.78	234,738.00
BOSTON PARTNERS	NATIONWIDE FINL SVCS INC CL A COM	USA	9,400.00	310,655.93	294,596.00
BOSTON PARTNERS	NATL SEMICONDUCTOR CORP COM	USA	6,000.00	112,996.46	193,740.00
BOSTON PARTNERS	NETWORKS ASSOC INC COM STK	USA	31,660.00	489,630.63	435,641.60
BOSTON PARTNERS	NSTAR COM	USA	6,400.00	253,242.18	304,000.00
BOSTON PARTNERS	NUCOR CORP COM	USA	8,100.00	316,385.76	371,628.00
BOSTON PARTNERS	PACTIV CORP COM	USA	8,500.00	102,738.37	172,380.00
BOSTON PARTNERS	PALL CORP COM	USA	20,300.00	358,810.92	455,532.00
BOSTON PARTNERS	PARTNERRE HLDG LTD COM STK	Bermuda	4,700.00	226,380.81	238,149.00
BOSTON PARTNERS	PAYLESS SHOESOURCE INC COM	USA	21,500.00	373,065.10	278,210.00
BOSTON PARTNERS	PENN NATL GAMING INC COM	USA	9,400.00	180,251.22	200,408.00
BOSTON PARTNERS	PHELPS DODGE CORP CAP	USA	2,900.00	85,522.88	135,720.00
BOSTON PARTNERS	PINNACLE W. CAP CORP COM	USA	11,600.00	545,240.36	411,800.00
BOSTON PARTNERS	PMI GROUP INC COM	USA	13,000.00	396,994.99	438,750.00
BOSTON PARTNERS	POPULAR INC COM	Puerto Rico	6,000.00	232,470.15	238,800.00
BOSTON PARTNERS	PPL CORP COM ISIN US69351T1060	USA	5,200.00	212,619.04	253,890.00
BOSTON PARTNERS	RADIAN GROUP INC COM	USA	20,000.00	729,494.19	888,000.00
BOSTON PARTNERS	READERS DIGEST ASSN INC COM CL A NON VTG	USA	15,300.00	256,797.07	214,047.00
BOSTON PARTNERS	SEALED AIR CORP NEW COM STK	USA	11,400.00	412,365.80	538,422.00
BOSTON PARTNERS	SIERRA PAC RES NEW COM	USA	80,500.00	401,626.93	390,425.00
BOSTON PARTNERS	SMITHFIELD FOODS INC COM	USA	29,500.00	583,286.21	566,400.00
BOSTON PARTNERS	ST JOE CO COM	USA	8,400.00	264,600.00	269,472.00
BOSTON PARTNERS	STUD LN CORP COM	USA	1,300.00	119,582.69	155,129.00
BOSTON PARTNERS	SYBASE INC COM	USA	22,600.00	288,809.28	384,426.00
BOSTON PARTNERS	TEREX CORP NEW COM	USA	13,800.00	248,026.18	255,714.00
BOSTON PARTNERS	U.S. CELLULAR CORP COM	USA	5,900.00	230,311.07	171,690.00
BOSTON PARTNERS	UNUMPROVIDENT CORP COM	USA	33,400.00	363,225.00	493,318.00
BOSTON PARTNERS	V F CORP COM	USA	7,300.00	250,390.00	284,043.00
BOSTON PARTNERS	VALASSIS COMMUNICATIONS INC COM	USA	22,200.00	566,666.65	586,080.00
BOSTON PARTNERS	VENTAS INC COM	USA	21,700.00	273,348.58	371,504.00
BOSTON PARTNERS	VIAD CORP COM	USA	30,900.00	674,798.89	737,892.00
BOSTON PARTNERS	WELLCHOICE INC COM COM	USA	17,800.00	406,876.16	536,314.00
BOSTON PARTNERS	WENDY S INTL INC COM	USA	5,500.00	151,320.56	177,650.00
BOSTON PARTNERS	WESTCORP COM	USA	9,200.00	257,600.00	321,540.00
BOSTON PARTNERS	WHITE MTN COM STK	Bermuda	745.00	237,226.42	295,787.35
BOSTON PARTNERS	WMS INDS INC COM	USA	24,600.00	403,998.29	557,436.00
JOHN HANCOCK	#REORG/AOL TIME WARNER INC.(00184A105) AS THERE WAS A NAME CHNGINTO TIME WARI	USA	1,621.00	86,340.00	24,493.31
JOHN HANCOCK	ADR ASML HLDG ASML HLDG NV EUR0.02(NY REG)	Netherlands	1,500.00	15,175.00	19,695.00
JOHN HANCOCK	ADR NOKIA CORP SPONSORED ADR	Finland	3,500.00	132,672.50	54,600.00
JOHN HANCOCK	ADR TAIWAN SEMICONDUCTOR MFG CO LTD SPONSORED ADR	Taiwan	6,480.00	72,631.92	70,178.40
JOHN HANCOCK	AFFILIATED COMPUTER SVCS INC CL A COM	USA	759.00	35,272.93	36,955.71
JOHN HANCOCK	AGERE SYS INC CL A	USA	9,400.00	18,616.34	28,858.00
JOHN HANCOCK	AMKOR TECH INC COM	USA	3,100.00	53,712.77	44,051.00
JOHN HANCOCK	APPLIED MATERIALS INC COM	USA	5,000.00	136,341.52	90,700.00
JOHN HANCOCK	ARIBA INC COM	USA	800.00	2,760.99	2,432.00
JOHN HANCOCK	AT&T WIRELESS SVCS INC COM	USA	4,402.00	29,901.91	36,008.36
JOHN HANCOCK	ATARI INC COM	USA	5,050.00	21,590.00	20,654.50
JOHN HANCOCK	AUTODESK INC COM	USA	1,500.00	23,004.26	25,530.00
JOHN HANCOCK	BEA SYS INC COM	USA	6,400.00	269,324.66	77,120.00
JOHN HANCOCK	BEARINGPOINT INC COM	USA	721.00	6,625.36	5,753.58
JOHN HANCOCK	BORLAND SOFTWARE CORP COM	USA	1,600.00	15,819.82	14,736.00
JOHN HANCOCK	BROCADE COMMUNICATIONS SYS INC COM ISIN #US1116211087	USA	2,750.00	19,989.52	14,355.00
JOHN HANCOCK	CISCO SYS INC COM	USA	5,200.00	256,467.71	101,608.00
JOHN HANCOCK	CITRIX SYS INC COM	USA	3,800.00	100,222.98	83,904.00
JOHN HANCOCK	COMPUTER ASSOC INTL INC COM	USA	1,100.00	22,972.05	28,721.00
JOHN HANCOCK	CRAY INC COM	USA	2,300.00	17,055.43	25,254.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2003

Account name	Asset description	Country	Shares/Par value	Book value	Market value
JOHN HANCOCK	CROWN CASTLE INTL CORP COM STK	USA	1,800.00	14,587.48	16,938.00
JOHN HANCOCK	CYPRESS SEMICONDUCTOR CORP COM	USA	2,400.00	17,789.76	42,432.00
JOHN HANCOCK	DELL INC COM STK	USA	3,850.00	114,015.41	128,551.50
JOHN HANCOCK	DOUBLECLICK INC COM	USA	100.00	1,099.19	1,077.00
JOHN HANCOCK	EBAY INC COM	USA	900.00	25,340.82	48,159.00
JOHN HANCOCK	EMC CORP COM	USA	7,400.00	343,355.57	93,462.00
JOHN HANCOCK	ENTERASYS NETWORKS INC COM	USA	1,250.00	4,912.56	5,000.00
JOHN HANCOCK	FDRY NETWORKS INC COM	USA	1,400.00	23,956.20	30,114.00
JOHN HANCOCK	FINISAR CORP COM	USA	11,350.00	401,177.01	25,537.50
JOHN HANCOCK	FIRST DATA CORP COM	USA	900.00	35,478.64	35,964.00
JOHN HANCOCK	FLEXTRONICS INTL LTD COM STK	Singapore	4,000.00	94,150.00	56,720.00
JOHN HANCOCK	HEWLETT PACKARD CO COM	USA	1,595.00	21,158.85	30,879.20
JOHN HANCOCK	INTEL CORP COM	USA	1,600.00	27,201.66	44,016.00
JOHN HANCOCK	KLA-TENCOR CORP	USA	1,500.00	81,480.00	77,100.00
JOHN HANCOCK	LIONBRIDGE TECHNOLOGIES INC COM	USA	950.00	5,988.49	7,134.50
JOHN HANCOCK	MERCURY INTERACTIVE CORP COM	USA	2,400.00	318,090.00	108,984.00
JOHN HANCOCK	MICRON TECH INC COM	USA	4,107.00	177,852.78	55,115.94
JOHN HANCOCK	MICROSOFT CORP COM	USA	3,000.00	85,254.40	83,370.00
JOHN HANCOCK	NETWORKS ASSOC INC COM STK	USA	2,150.00	42,064.81	29,584.00
JOHN HANCOCK	ORACLE CORP COM	USA	1,800.00	22,254.77	20,196.00
JOHN HANCOCK	QUALCOMM INC COM	USA	600.00	30,447.00	24,984.00
JOHN HANCOCK	SANMINA-SCI CORP FORMERLY SANMINA HLDGS COM COM	USA	2,350.00	16,072.42	22,795.00
JOHN HANCOCK	SEAGATE TECH HLDGS COM USD0.00001	Caymen Is.	1,000.00	18,750.00	27,200.00
JOHN HANCOCK	SIEBEL SYS INC COM	USA	2,700.00	23,246.58	26,244.00
JOHN HANCOCK	VIGNETTE CORP COM	USA	12,000.00	279,741.98	27,600.00
JOHN HANCOCK	VITESSE SEMICONDUCTOR CORP COM	USA	1,650.00	4,043.37	10,560.00
JOHN HANCOCK	WESTN DIGITAL CORP COM	USA	6,500.00	27,276.45	83,785.00
JOHN MCSTAY	1ST INDL RLTY TR INC COM	USA	30,500.00	901,923.70	978,135.00
JOHN MCSTAY	AMB PPTY CORP REIT	USA	42,900.00	1,210,601.60	1,321,749.00
JOHN MCSTAY	AMERN FINL RLTY TR COM	USA	55,700.00	789,370.49	785,370.00
JOHN MCSTAY	ARCHSTONE-SMITH TR COM	USA	67,000.00	1,665,734.38	1,767,460.00
JOHN MCSTAY	AVALONBAY CMNTYS REIT	USA	33,200.00	1,464,914.67	1,553,760.00
JOHN MCSTAY	BRE PROPS INC CL A COM	USA	37,100.00	1,228,583.70	1,223,558.00
JOHN MCSTAY	BSTN PPTYS INC	USA	20,700.00	894,851.26	899,829.00
JOHN MCSTAY	CAMDEN PPTY TR SH BEN INT	USA	22,100.00	737,929.70	849,303.00
JOHN MCSTAY	CARRAMERICA RLTY CORP COM REIT	USA	26,300.00	756,485.95	785,055.00
JOHN MCSTAY	DUKE RLTY CORP COM NEW REIT	USA	63,406.00	1,617,055.13	1,851,455.20
JOHN MCSTAY	EQTY OFFICE PPTYS TR REIT	USA	89,722.00	2,510,755.60	2,470,046.66
JOHN MCSTAY	EQTY RESDNTL EFF 5/15/02	USA	56,000.00	1,410,925.66	1,639,680.00
JOHN MCSTAY	HERITAGE PPTY INVT TR INC COM	USA	22,600.00	568,383.31	652,688.00
JOHN MCSTAY	HIGHWOODS PPTYS INC COM	USA	52,300.00	1,171,407.11	1,247,878.00
JOHN MCSTAY	HLTH CARE PPTY INVS INC COM	USA	17,800.00	734,277.14	831,260.00
JOHN MCSTAY	HOSPITALITY PROPS TR COM	USA	20,800.00	644,914.33	729,664.00
JOHN MCSTAY	KIMCO RLTY CORP COM	USA	15,700.00	638,630.00	643,229.00
JOHN MCSTAY	MACERICH CO COM	USA	42,200.00	1,341,443.31	1,593,050.00
JOHN MCSTAY	NATIONWIDE HLTH PPTYS INC REIT	USA	33,400.00	546,630.86	584,166.00
JOHN MCSTAY	PLUM CREEK TIMBER CO INC COM	USA	61,800.00	1,645,089.66	1,572,192.00
JOHN MCSTAY	POST PPTYS INC REIT	USA	40,800.00	1,103,835.00	1,110,984.00
JOHN MCSTAY	PRENTISS PPTYS TR SH BEN INT REIT	USA	43,800.00	1,304,694.15	1,357,800.00
JOHN MCSTAY	PROLOGIS	USA	19,590.00	474,816.12	592,597.50
JOHN MCSTAY	PUB STORAGE INC COM	USA	11,700.00	380,732.28	458,991.00
JOHN MCSTAY	RECKSON ASSOCS RLTY CORP REIT	USA	28,400.00	610,820.28	656,324.00
JOHN MCSTAY	REGENCY CTRS CORP COM	USA	40,200.00	1,357,124.24	1,481,370.00
JOHN MCSTAY	SHURGUARD STORAGE CTR INC COM	USA	38,800.00	1,289,223.72	1,369,640.00
JOHN MCSTAY	SIMON PPTY GROUP INC COM	USA	50,500.00	1,629,146.03	2,200,790.00
JOHN MCSTAY	SL GREEN RLTY CORP COM STK	USA	21,900.00	693,017.71	790,809.00
JOHN MCSTAY	WEINGARTEN RLTY INVS COM	USA	15,000.00	672,636.69	675,000.00
LAZARD INTL	ADR ABN AMRO HLDG N V	Netherlands	60,000.00	1,129,531.10	1,108,200.00
LAZARD INTL	ADR ALLIED IRISH BKS P L C SPONSORED ADRREPSTG ORD	Ireland	28,900.00	798,107.57	856,885.00
LAZARD INTL	ADR AVENTIS S A SPONSORED ADR	France	13,300.00	935,879.69	695,590.00
LAZARD INTL	ADR AXA SA SPONSORED ADR	France	61,000.00	1,293,014.95	1,036,390.00
LAZARD INTL	ADR BARCLAYS PLC A.D.R.	UK	39,900.00	1,215,291.28	1,236,900.00
LAZARD INTL	ADR BP P L C FORMERLY BP AMOCO P L C TO 05/ SPONSORED ADR BP PLC	UK	18,300.00	936,142.00	770,430.00
LAZARD INTL	ADR CADBURY SCHWEPPES P L C ADR 4 ORD	UK	39,500.00	1,055,379.74	991,055.00
LAZARD INTL	ADR CANON INC A.D.R. FOR COM YEN	Japan	21,400.00	920,336.42	1,042,608.00
LAZARD INTL	ADR COMPAGNIE FINANCIERE RICHEMONT AG SPONSORED ADR	Switzerland	29,500.00	512,160.66	586,371.50
LAZARD INTL	ADR DANSKE BK A/S ADR	Denmark	40,000.00	510,080.00	762,200.00
LAZARD INTL	ADR DIAGEO PLC SPONSORED ADR NEW	UK	20,300.00	760,643.03	896,245.00
LAZARD INTL	ADR ENDESA S A SPONSORED ADR	Spain	78,500.00	1,192,042.50	1,220,675.00
LAZARD INTL	ADR ENI S P A SPONSORED ADR	Italy	14,000.00	820,067.68	1,071,420.00
LAZARD INTL	ADR HEINEKEN N V ADR	Netherlands	27,650.00	1,193,160.02	1,004,303.30
LAZARD INTL	ADR HSBC HLDGS PLC SPONSORED ADR NEW	UK	19,300.00	1,107,811.74	1,273,800.00
LAZARD INTL	ADR KAO CORP ADR ISIN #US4855372037	Japan	3,400.00	911,588.00	718,256.80
LAZARD INTL	ADR NESTLE S A SPONSORED ADR REPSTG REG SH	Switzerland	17,900.00	924,192.74	1,031,809.70
LAZARD INTL	ADR NOKIA CORP SPONSORED ADR	Finland	66,550.00	1,405,241.98	1,038,180.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2003

Account name	Asset description	Country	Shares/Par value	Book value	Market value
LAZARD INTL	ADR NOVARTIS AG SPONSORED ADR ISIN #US66987V1098	Switzerland	22,900.00	891,823.51	889,436.00
LAZARD INTL	ADR ROCHE HLDG LTD SPONSORED ADR ISIN #US771195104	Switzerland	7,300.00	585,384.81	605,279.50
LAZARD INTL	ADR SANPAOLO-IMI S P A SPONSORED ADR	Italy	42,900.00	736,855.65	855,855.00
LAZARD INTL	ADR SIEMENS AG COM DM50 (NEW)	Germany	20,900.00	1,251,792.55	1,241,669.00
LAZARD INTL	ADR SOCIETE GENERALE FRANCE SPONSORED ADR	France	91,800.00	1,017,558.00	1,223,051.40
LAZARD INTL	ADR SWISS REINS CO	Switzerland	9,100.00	593,083.52	578,123.00
LAZARD INTL	ADR TESCO PLC SPONSORED	UK	49,600.00	519,077.76	595,795.20
LAZARD INTL	ADR TOTAL SA	France	14,600.00	1,090,936.96	1,106,680.00
LAZARD INTL	ADR UNILEVER PLC SPONSORED ADR NEW	UK	30,300.00	764,938.65	1,049,592.00
LAZARD INTL	ADR VODAFONE GROUP PLC NEW SPONSORED ADR	UK	58,900.00	1,111,873.31	1,192,725.00
LAZARD INTL	GLAXO SMITHKLINE SPONS ADR	UK	23,959.00	1,257,490.93	1,015,861.60
LAZARD INTL	ROYAL DUTCH PETRO N.Y REGISTRY SH PAR N 1.25 GLDR	Netherlands	17,600.00	973,836.00	777,920.00
LAZARD INTL	UBS AG JERSEY BRH COM	Switzerland	22,400.00	935,442.28	1,259,552.00
MORGAN STANLEY SMALL	#REORG/OPENWAVE SYS INC REV SPLIT TO OPENWAVE SYS NEWSEC#2-004650 EF 10/21/0:	USA	26,400.00	82,946.96	111,408.00
MORGAN STANLEY SMALL	1ST MIDWEST BANCORP INC DEL COM	USA	11,600.00	338,130.62	344,636.00
MORGAN STANLEY SMALL	1ST NIAGARA FINL GROUP INC NEW COM	USA	15,400.00	195,677.31	232,540.00
MORGAN STANLEY SMALL	ADVANCED DIGITAL INFORMATION CORP COM	USA	11,400.00	110,517.20	159,828.00
MORGAN STANLEY SMALL	AEROFLEX INC COM	USA	15,200.00	124,743.17	134,520.00
MORGAN STANLEY SMALL	AFFILIATED MANAGERS GROUP INC COM STK	USA	4,900.00	295,784.09	307,720.00
MORGAN STANLEY SMALL	AGCO CORP COM	USA	3,600.00	69,644.51	61,704.00
MORGAN STANLEY SMALL	AGL RES INC COM	USA	10,100.00	247,640.44	284,517.00
MORGAN STANLEY SMALL	ALBANY INTL CORP NEW CL A	USA	7,400.00	176,170.86	228,216.00
MORGAN STANLEY SMALL	ALLIANCE GAMING CORP COM NEW NEW	USA	16,700.00	286,712.31	338,676.00
MORGAN STANLEY SMALL	AMER FINL GROUP INC OH COM STK	USA	12,300.00	260,048.18	267,525.00
MORGAN STANLEY SMALL	AMERISTAR CASINOS INC COM COM STK USD0.01	USA	15,400.00	292,704.88	385,616.00
MORGAN STANLEY SMALL	AMERN MED SEC GROUP INC COM	USA	13,100.00	214,254.07	266,061.00
MORGAN STANLEY SMALL	AMETEK INC NEW COM	USA	7,900.00	303,111.35	338,594.00
MORGAN STANLEY SMALL	AMIS HLDGS INC COM	USA	6,300.00	126,000.00	116,298.00
MORGAN STANLEY SMALL	AMR CORP COM	USA	11,000.00	122,996.46	125,950.00
MORGAN STANLEY SMALL	ANDREW CORP COM	USA	19,100.00	221,581.07	234,739.00
MORGAN STANLEY SMALL	AR BEST CORP DEL COM	USA	16,300.00	429,082.16	448,250.00
MORGAN STANLEY SMALL	ARGOSY GAMING CO COM	USA	14,900.00	355,763.67	363,560.00
MORGAN STANLEY SMALL	ASCENTIAL SOFTWARE CORP COM NEW	USA	12,325.00	195,633.32	228,382.25
MORGAN STANLEY SMALL	ASPECT COMMUNICATIONS INC COM	USA	16,400.00	131,266.13	136,612.00
MORGAN STANLEY SMALL	ASSOCTD BANC-CORP COM	USA	6,600.00	233,450.92	249,480.00
MORGAN STANLEY SMALL	ASYST TECHNOLOGIES INC COM	USA	14,100.00	216,767.57	198,387.00
MORGAN STANLEY SMALL	AVID TECH INC COM	USA	3,200.00	105,829.49	169,088.00
MORGAN STANLEY SMALL	AVISTA CORP COM ISIN # US05379B1070	USA	9,900.00	129,408.22	154,242.00
MORGAN STANLEY SMALL	AVOCENT CORP COM	USA	4,100.00	108,467.94	124,189.00
MORGAN STANLEY SMALL	AXCELIS TECHNOLOGIES INC COM STK ISIN# US0545401095	USA	14,700.00	116,952.35	121,422.00
MORGAN STANLEY SMALL	BANCORPSOUTH INC COM	USA	6,200.00	131,771.59	135,780.00
MORGAN STANLEY SMALL	BANKATLANTIC BANCORP INC CL A NON VTG	USA	2,000.00	25,847.20	28,500.00
MORGAN STANLEY SMALL	BEARINGPOINT INC COM	USA	16,400.00	129,610.43	130,872.00
MORGAN STANLEY SMALL	BEAZER HOMES USA INC COM	USA	1,600.00	149,327.28	135,040.00
MORGAN STANLEY SMALL	BENCHMARK ELECTRS INC COM	USA	3,400.00	138,780.16	143,718.00
MORGAN STANLEY SMALL	BISYS GROUP INC COM	USA	24,100.00	434,523.28	316,915.00
MORGAN STANLEY SMALL	BLACK BOX CORP DEL COM	USA	2,900.00	136,465.46	115,449.00
MORGAN STANLEY SMALL	BORLAND SOFTWARE CORP COM	USA	19,600.00	194,139.75	180,516.00
MORGAN STANLEY SMALL	BOWATER INC COM	USA	9,400.00	382,899.93	395,364.00
MORGAN STANLEY SMALL	BRE PROPS INC CL A COM	USA	3,700.00	115,851.76	122,026.00
MORGAN STANLEY SMALL	BROOKLINE BANCORP INC DEL COM BROOKLINE BANCORP INC +	USA	7,400.00	102,294.37	108,928.00
MORGAN STANLEY SMALL	CAMDEN PPTY TR SH BEN INT	USA	4,600.00	159,798.56	176,778.00
MORGAN STANLEY SMALL	CARRAMERICA RLTY CORP COM REIT	USA	6,000.00	161,077.82	179,100.00
MORGAN STANLEY SMALL	CATELLUS DEV CORP	USA	10,300.00	216,147.74	251,835.00
MORGAN STANLEY SMALL	CEPHALON INC CON	USA	6,200.00	278,854.15	284,704.00
MORGAN STANLEY SMALL	CHARTER COMMUNICATIONS INC DEL CL A	USA	27,000.00	130,936.36	111,240.00
MORGAN STANLEY SMALL	CHILDRENS PL RETAIL STORES INC COM	USA	26,700.00	497,275.29	457,905.00
MORGAN STANLEY SMALL	CHOICE HOTELS INTL INC COM	USA	8,900.00	282,084.21	258,278.00
MORGAN STANLEY SMALL	CIMAREX ENERGY CO COM	USA	14,000.00	293,465.09	274,400.00
MORGAN STANLEY SMALL	CIRCOR INTL INC COM	USA	5,500.00	89,178.33	105,600.00
MORGAN STANLEY SMALL	COLONIAL BANCGROUP INC COM	USA	8,800.00	122,186.65	127,072.00
MORGAN STANLEY SMALL	COMMSCOPE INC COM	USA	11,100.00	138,701.43	133,866.00
MORGAN STANLEY SMALL	CONCEPTUS INC COM	USA	17,500.00	243,907.24	229,250 00
MORGAN STANLEY SMALL	CONEXANT SYS INC COM	USA	24,100.00	136,349.34	136,406.00
MORGAN STANLEY SMALL	CONTL AIRL INC CL B	USA	7,300.00	103,277.64	121,034.00
MORGAN STANLEY SMALL	COVENANT TRANS INC NEV CL A	USA	11,900.00	215,288.49	218,960.00
MORGAN STANLEY SMALL	COVENTRY HLTH CARE INC COM	USA	15,800.00	619,941.52	833,292.00
MORGAN STANLEY SMALL	CRAY INC COM	USA	13,300.00	144,077.08	146,034.00
MORGAN STANLEY SMALL	CTI MOLECULAR IMAGING INC COM	USA	6,800.00	123,465.27	100,436.00
MORGAN STANLEY SMALL	CULLEN / FROST BANKERS INC COM	USA	6,800.00	230,675.11	253,164.00
MORGAN STANLEY SMALL	CUMULUS MEDIA INC CL A DEL	USA	8,600.00	163,573.78	146,630.00
MORGAN STANLEY SMALL	DELTA AIR LINES INC COM	USA	16,300.00	192,648.60	216,790.00
MORGAN STANLEY SMALL	DIGITAL INSIGHT CORP COM STK	USA	6,600.00	129,043.69	131,340.00
MORGAN STANLEY SMALL	DIGITAL RIV INC COM	USA	4,800.00	144,451.08	131,280.00
MORGAN STANLEY SMALL	DIME CMNTY BANCORP INC COM	USA	4,300.00	101,535.03	98,900.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2003

Account name	Asset description	Country	Shares/Par value	Book value	Market value
MORGAN STANLEY SMALL	DIRECT GEN CORP COM STK	USA	5,800.00	122,177.29	145,406.00
MORGAN STANLEY SMALL	DOCUMENTUM INC COM	USA	10,100.00	181,487.63	215,231.00
MORGAN STANLEY SMALL	DOT HILL SYS CORP COM	USA	8,600.00	137,917.74	118,336.00
MORGAN STANLEY SMALL	DOWNEY FINL CORP COM	USA	6,300.00	270,750.75	294,399.00
MORGAN STANLEY SMALL	DRS TECHNOLOGIES INC COM	USA	16,600.00	450,005.82	400,558.00
MORGAN STANLEY SMALL	DUPONT PHOTOMASKS INC COM	USA	5,600.00	135,781.46	127,176.00
MORGAN STANLEY SMALL	E W BANCORP INC COM	USA	1,800.00	62,364.41	76,950.00
MORGAN STANLEY SMALL	EARTHLINK INC COM STK	USA	17,700.00	127,342.85	145,671.00
MORGAN STANLEY SMALL	ELECTRONICS FOR IMAGING INC COM	USA	9,400.00	184,911.70	219,208.00
MORGAN STANLEY SMALL	EMULEX CORP COM NEW	USA	5,800.00	136,469.49	147,726.00
MORGAN STANLEY SMALL	ENDO PHARMACEUTICALS HLDGS INC COM	USA	16,900.00	270,287.91	345,605.00
MORGAN STANLEY SMALL	ENERGEN CORP COM	USA	8,500.00	282,428.13	307,530.00
MORGAN STANLEY SMALL	ENTERASYS NETWORKS INC COM	USA	23,200.00	67,198.47	92,800.00
MORGAN STANLEY SMALL	EQTY 1 INC COM	USA	5,800.00	94,480.93	98,600.00
MORGAN STANLEY SMALL	EXPRESSJET HLDGS INC COM	USA	13,500.00	167,190.86	186,300.00
MORGAN STANLEY SMALL	EXTD STAY AMER INC COM	USA	16,100.00	249,744.03	240,373.00
MORGAN STANLEY SMALL	F N B CORP PA COM	USA	4,000.00	116,358.73	138,000.00
MORGAN STANLEY SMALL	FILENET CORP COM	USA	12,900.00	228,357.51	258,903.00
MORGAN STANLEY SMALL	FINL FED CORP COM	USA	2,600.00	66,154.31	79,326.00
MORGAN STANLEY SMALL	FISHER SCIENTIFIC INTL INC COM NEW	USA	3,100.00	92,616.58	123,039.00
MORGAN STANLEY SMALL	FMC CORP COM (NEW)	USA	5,700.00	128,989.89	143,640.00
MORGAN STANLEY SMALL	FOOT LOCKER INC COM	USA	16,200.00	223,450.99	262,440.00
MORGAN STANLEY SMALL	FOOTSTAR INC COM	USA	14,200.00	145,496.94	95,992.00
MORGAN STANLEY SMALL	FOREST OIL CORP COM PAR $0.01	USA	17,300.00	426,345.98	414,335.00
MORGAN STANLEY SMALL	FURNITURE BRANDS INTL INC COM	USA	10,500.00	274,229.84	253,050.00
MORGAN STANLEY SMALL	GA GULF CORP COM PAR $0.01	USA	9,800.00	207,952.08	228,830.00
MORGAN STANLEY SMALL	GALYANS TRADING INC COM	USA	2,500.00	35,022.77	25,525.00
MORGAN STANLEY SMALL	GARDNER DENVER INC COM	USA	8,900.00	182,299.29	186,989.00
MORGAN STANLEY SMALL	GATX CORP COM	USA	6,600.00	147,265.97	139,590.00
MORGAN STANLEY SMALL	GENESEE & WYO INC CL A	USA	8,500.00	156,409.30	201,535.00
MORGAN STANLEY SMALL	GLOBESPAN VIRATA INC COM	USA	23,100.00	165,296.80	166,782.00
MORGAN STANLEY SMALL	GOODRICH CORPORATION	USA	8,600.00	167,371.25	208,464.00
MORGAN STANLEY SMALL	GRAFTECH INTL LTD COM	USA	15,200.00	81,616.37	121,600.00
MORGAN STANLEY SMALL	GRAY T.V INC COM CL B	USA	30,600.00	329,432.58	357,408.00
MORGAN STANLEY SMALL	GREY WOLF INC COM	USA	86,100.00	345,342.00	299,628.00
MORGAN STANLEY SMALL	GTR BAY BANCORP COM	USA	13,000.00	266,378.55	270,400.00
MORGAN STANLEY SMALL	HANCOCK FABRICS INC COM	USA	16,500.00	262,645.24	260,370.00
MORGAN STANLEY SMALL	HARLEYSVILLE GROUP INC COM	USA	800.00	19,093.16	18,648.00
MORGAN STANLEY SMALL	HERCULES INC VTG COM	USA	8,700.00	86,661.10	98,571.00
MORGAN STANLEY SMALL	HIBERNIA CORP CL A COM	USA	20,300.00	377,048.43	411,278.00
MORGAN STANLEY SMALL	HILB ROGAL & HAMILTON CO COM	USA	6,200.00	209,049.61	192,448.00
MORGAN STANLEY SMALL	HOLLYWOOD ENTMT CORP COM	USA	19,100.00	327,075.36	324,700.00
MORGAN STANLEY SMALL	HORIZON OFFSHORE INC COM	USA	10,000.00	48,138.42	41,100.00
MORGAN STANLEY SMALL	HUTCHINSON TECH INC COM	USA	5,400.00	143,515.28	178,740.00
MORGAN STANLEY SMALL	HYPERION SOLUTIONS CORP COM	USA	8,600.00	267,320.42	248,282.00
MORGAN STANLEY SMALL	IBERIABANK CORP COM	USA	2,100.00	95,245.19	110,502.00
MORGAN STANLEY SMALL	II-VI INC COM	USA	2,300.00	47,211.62	45,977.00
MORGAN STANLEY SMALL	IMATION CORP COM	USA	3,600.00	133,233.02	117,540.00
MORGAN STANLEY SMALL	IMC GLOBAL INC	USA	22,300.00	159,475.67	142,943.00
MORGAN STANLEY SMALL	IMMUCOR INC COM STK	USA	21,000.00	433,903.69	565,950.00
MORGAN STANLEY SMALL	INET TECHNOLOGIES INC COM ISIN US45662V1052	USA	12,700.00	111,262.39	164,338.00
MORGAN STANLEY SMALL	INFINITY PPTY & CAS CORP COM	USA	3,600.00	72,032.91	101,196.00
MORGAN STANLEY SMALL	INFORMATICA CORP COM	USA	23,200.00	163,372.42	172,840.00
MORGAN STANLEY SMALL	INSITUFORM TECHNOLOGIES INC CL A COM	USA	8,100.00	127,020.69	143,856.00
MORGAN STANLEY SMALL	INTER TEL INC COM	USA	5,000.00	138,477.18	122,750.00
MORGAN STANLEY SMALL	INTERGRAPH CORP COM	USA	9,200.00	218,223.15	214,176.00
MORGAN STANLEY SMALL	INTERNET SEC SYS INC COM	USA	10,600.00	138,350.26	132,500.00
MORGAN STANLEY SMALL	INTRADO INC COM	USA	5,900.00	141,263.17	134,402.00
MORGAN STANLEY SMALL	ISLE CAPRI CASINOS INC COM	USA	9,100.00	181,507.55	180,271.00
MORGAN STANLEY SMALL	IXIA COM	USA	18,000.00	118,108.30	194,742.00
MORGAN STANLEY SMALL	JDA SOFTWARE GROUP INC COM	USA	8,000.00	138,376.38	118,960.00
MORGAN STANLEY SMALL	JO-ANN STORES INC CL A	USA	11,700.00	303,091.71	326,430.00
MORGAN STANLEY SMALL	KEMET CORP COM	USA	12,000.00	137,768.45	152,880.00
MORGAN STANLEY SMALL	KEY ENERGY SVCS INC	USA	34,300.00	366,375.10	330,995.00
MORGAN STANLEY SMALL	KILROY RLTY CORP COM	USA	9,900.00	264,717.26	282,645.00
MORGAN STANLEY SMALL	KOMAG INC COM NEW STK	USA	7,800.00	137,035.85	136,656.00
MORGAN STANLEY SMALL	KRONOS INC COM	USA	2,500.00	139,059.27	132,275.00
MORGAN STANLEY SMALL	LA QUINTA CORP PAIRED CTF 1 COM B LA QUINTA PPTYS &	USA	39,500.00	248,661.66	246,085.00
MORGAN STANLEY SMALL	LEXAR MEDIA INC COM	USA	8,500.00	107,663.36	144,840.00
MORGAN STANLEY SMALL	LIFEPOINT HOSPS INC COM ISIN US53219L1098	USA	14,300.00	317,559.10	343,915.00
MORGAN STANLEY SMALL	LIGHTBRIDGE INC COM	USA	12,700.00	120,605.72	119,761.00
MORGAN STANLEY SMALL	LINENS N THINGS INC COM	USA	15,400.00	402,985.28	366,212.00
MORGAN STANLEY SMALL	LOC FINL CORP COM	USA	6,800.00	117,676.38	121,652.00
MORGAN STANLEY SMALL	M D C HLDGS INC COM	USA	2,600.00	113,401.48	140,400.00
MORGAN STANLEY SMALL	MACERICH CO COM	USA	5,200.00	177,497.68	196,300.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2003

Account name	Asset description	Country	Shares/Par value	Book value	Market value
MORGAN STANLEY SMALL	MACROMEDIA INC COM	USA	5,300.00	140,226.88	131,122.00
MORGAN STANLEY SMALL	MACROVISION CORP COM	USA	6,400.00	132,795.70	118,208.00
MORGAN STANLEY SMALL	MAF BANCORP INC COM	USA	3,600.00	131,056.24	137,520.00
MORGAN STANLEY SMALL	MAIN STR BKS INC NEW COM	USA	5,500.00	130,091.56	137,775.00
MORGAN STANLEY SMALL	MEDICINES COMPANY COM	USA	17,100.00	338,802.97	444,600.00
MORGAN STANLEY SMALL	MENTOR GRAPHICS CORP COM	USA	7,300.00	108,427.62	127,969.00
MORGAN STANLEY SMALL	MERCANTILE BANKSHARES CORP COM	USA	2,500.00	100,895.52	100,000.00
MORGAN STANLEY SMALL	MERITAGE CORP COM	USA	2,900.00	151,006.05	137,025.00
MORGAN STANLEY SMALL	MGI PHARMA INC COM	USA	15,300.00	358,235.87	600,678.00
MORGAN STANLEY SMALL	MICROMUSE INC COM	USA	16,900.00	132,360.98	138,242.00
MORGAN STANLEY SMALL	MINDSPEED TECHNOLOGIES INC COM STK	USA	25,800.00	136,614.83	139,062.00
MORGAN STANLEY SMALL	MINERALS TECHNOLOGIES INC COM	USA	3,100.00	138,349.42	157,790.00
MORGAN STANLEY SMALL	MRO SOFTWARE INC COM	USA	11,700.00	139,477.85	159,705.00
MORGAN STANLEY SMALL	NATL FINL PARTNERS CORP COM	USA	1,800.00	41,400.00	48,600.00
MORGAN STANLEY SMALL	NAVISTAR INTL CORP NEW COM	USA	5,000.00	162,930.90	186,400.00
MORGAN STANLEY SMALL	NBTY INC COM	USA	20,500.00	321,133.65	478,675.00
MORGAN STANLEY SMALL	NETIQ CORP COM	USA	19,000.00	277,565.87	226,860.00
MORGAN STANLEY SMALL	NEWPARK RES INC COM PAR $0.01 NEW	USA	26,900.00	158,176.76	115,670.00
MORGAN STANLEY SMALL	OIL STS INTL INC COM ISIN US6780261052	USA	10,700.00	122,419.57	135,783.00
MORGAN STANLEY SMALL	ON SEMICONDUCTOR CORP COM	USA	30,100.00	138,664.28	123,410.00
MORGAN STANLEY SMALL	ONEOK INC COM STK	USA	9,100.00	176,242.90	183,547.00
MORGAN STANLEY SMALL	OSHKOSH TRUCK CORP COM	USA	6,900.00	215,025.15	273,309.00
MORGAN STANLEY SMALL	OVERLAND STORAGE INC COM	USA	6,900.00	111,134.15	101,775.00
MORGAN STANLEY SMALL	PENN NATL GAMING INC COM	USA	34,900.00	689,873.07	744,068.00
MORGAN STANLEY SMALL	PEOPLES ENERGY CORP COM	USA	3,600.00	148,419.69	148,968.00
MORGAN STANLEY SMALL	PILGRIMS PRIDE CORP COM	USA	19,800.00	174,205.77	247,500.00
MORGAN STANLEY SMALL	PINNACLE SYS INC COM	USA	15,600.00	140,168.47	131,508.00
MORGAN STANLEY SMALL	PIXELWORKS INC COM	USA	13,100.00	93,259.50	112,922.00
MORGAN STANLEY SMALL	PLANAR SYS INC	USA	5,900.00	139,715.81	126,555.00
MORGAN STANLEY SMALL	PLANTRONICS INC NEW COM	USA	8,700.00	179,556.50	207,669.00
MORGAN STANLEY SMALL	PLATINUM UNDERWRITERS HLDGS INC COM USD0.01	Bermuda	10,300.00	267,333.20	289,430.00
MORGAN STANLEY SMALL	PNM RES INC COM	USA	7,700.00	197,539.92	215,908.00
MORGAN STANLEY SMALL	POLARIS INDS INC COM	USA	1,700.00	100,993.08	126,055.00
MORGAN STANLEY SMALL	POLYCOM INC COM	USA	7,800.00	86,571.19	129,558.00
MORGAN STANLEY SMALL	POWERWAVE TECHNOLOGIES INC COM	USA	16,800.00	138,480.03	111,216.00
MORGAN STANLEY SMALL	POZEN INC COM	USA	5,200.00	51,339.58	92,456.00
MORGAN STANLEY SMALL	PRENTISS PPTYS TR SH BEN INT REIT	USA	7,800.00	224,702.30	241,800.00
MORGAN STANLEY SMALL	PROVIDENT BANKSHARES CORP COM	USA	3,300.00	83,332.55	93,225.00
MORGAN STANLEY SMALL	PROVIDENT FNCL GROUP INC COM STK	USA	5,400.00	147,213.57	150,984.00
MORGAN STANLEY SMALL	PS BUSINESS PKS INC CAL COM	USA	5,400.00	186,790.17	203,796.00
MORGAN STANLEY SMALL	QUEST SOFTWARE INC COM ISIN US74834T1034	USA	16,800.00	161,719.89	203,280.00
MORGAN STANLEY SMALL	QUIKSILVER INC COM	USA	13,200.00	189,671.51	210,540.00
MORGAN STANLEY SMALL	RADISYS CORP COM	USA	7,200.00	143,082.04	129,888.00
MORGAN STANLEY SMALL	REGENCY CTRS CORP COM	USA	3,500.00	115,392.86	128,975.00
MORGAN STANLEY SMALL	REGENERATION TECHNOLOGIES INC DEL COM STK	USA	19,200.00	204,255.67	173,760.00
MORGAN STANLEY SMALL	RESPIRONICS INC COM	USA	9,900.00	338,286.51	413,622.00
MORGAN STANLEY SMALL	RF MICRO DEVICES INC COM	USA	16,700.00	121,879.98	155,143.00
MORGAN STANLEY SMALL	ROBBINS & MYERS INC COM	USA	6,300.00	132,171.95	140,112.00
MORGAN STANLEY SMALL	RSA SEC INC COM COM USD0.01	USA	9,200.00	142,561.16	131,376.00
MORGAN STANLEY SMALL	RYDER SYS INC COM	USA	6,200.00	167,734.66	181,784.00
MORGAN STANLEY SMALL	S W BANCORPORATION TEX INC COM	USA	2,300.00	69,871.82	83,973.00
MORGAN STANLEY SMALL	SCHULMAN A INC COM	USA	3,900.00	67,438.74	61,854.00
MORGAN STANLEY SMALL	SCOTTISH RE GROUP	Caymen Is.	13,200.00	254,958.50	318,780.00
MORGAN STANLEY SMALL	SCOTTS CO CL A	USA	6,000.00	309,905.28	328,200.00
MORGAN STANLEY SMALL	SCP POOL CORP COM	USA	12,500.00	252,551.40	347,750.00
MORGAN STANLEY SMALL	SCS TRANSN INC COM	USA	6,300.00	63,043.33	95,130.00
MORGAN STANLEY SMALL	SELECT MED CORP OC-COM	USA	3,700.00	106,987.00	106,560.00
MORGAN STANLEY SMALL	SELECTIVE INS GROUP INC COM	USA	4,400.00	106,437.54	130,944.00
MORGAN STANLEY SMALL	SEROLOGICALS CORP COM	USA	7,400.00	109,485.22	97,310.00
MORGAN STANLEY SMALL	SILICON LABORATORIES INC COM	USA	3,400.00	143,783.67	152,830.00
MORGAN STANLEY SMALL	SILICON STORAGE TECH INC COM	USA	30,300.00	198,721.08	265,125.00
MORGAN STANLEY SMALL	SKY FINL GROUP INC COM STK	USA	14,900.00	306,748.52	335,399.00
MORGAN STANLEY SMALL	SKYWEST INC COM	USA	9,100.00	158,807.83	157,612.00
MORGAN STANLEY SMALL	SKYWORKS SOLUTIONS INC COM	USA	23,600.00	226,248.99	214,760.00
MORGAN STANLEY SMALL	SMITHFIELD FOODS INC COM	USA	11,800.00	246,845.36	226,560.00
MORGAN STANLEY SMALL	SONIC CORP COM	USA	18,100.00	439,780.37	457,568.00
MORGAN STANLEY SMALL	SOUTHWESTN ENERGY CO COM	USA	9,100.00	125,569.44	164,710.00
MORGAN STANLEY SMALL	SRA INTL INC CL A	USA	3,400.00	124,388.25	127,262.00
MORGAN STANLEY SMALL	ST MARY LD & EXPL CO COM	USA	6,000.00	151,523.33	151,920.00
MORGAN STANLEY SMALL	STAGE STORES INC COM NEW	USA	11,500.00	281,933.94	293,020.00
MORGAN STANLEY SMALL	STANCORP FINL GROUP INC COM	USA	6,800.00	373,538.21	390,660.00
MORGAN STANLEY SMALL	STD MICROSYSTEMS CORP COM	USA	5,900.00	111,583.71	159,182.00
MORGAN STANLEY SMALL	STD PAC CORP NEW COM	USA	4,600.00	158,231.37	174,340.00
MORGAN STANLEY SMALL	STERIS CORP COM	USA	21,600.00	482,032.75	497,232.00
MORGAN STANLEY SMALL	STL DYNAMICS INC COM	USA	5,100.00	68,035.64	77,214.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2003

Account name	Asset description	Country	Shares/Par value	Book value	Market value
MORGAN STANLEY SMALL	SYBASE INC COM	USA	18,000.00	267,187.99	306,180.00
MORGAN STANLEY SMALL	SYNAPTICS INC COM	USA	9,900.00	107,324.88	106,524.00
MORGAN STANLEY SMALL	TECH DATA CORP COM	USA	5,700.00	138,116.32	175,845.00
MORGAN STANLEY SMALL	TETRA TECH INC NEW COM	USA	5,000.00	76,702.25	99,550.00
MORGAN STANLEY SMALL	THORATEC CORP	USA	9,100.00	161,289.39	154,609.00
MORGAN STANLEY SMALL	TREX INC COM	USA	6,400.00	224,276.01	198,720.00
MORGAN STANLEY SMALL	TTM TECHNOLOGIES INC COM	USA	7,200.00	86,537.69	102,816.00
MORGAN STANLEY SMALL	TUESDAY MORNING CORP COM NEW ISIN US8990355054	USA	10,900.00	235,125.42	303,347.00
MORGAN STANLEY SMALL	TWEETER HOME ENTMT GROUP INC COM	USA	5,700.00	44,946.02	43,776.00
MORGAN STANLEY SMALL	TX INDS INC	USA	5,400.00	146,197.48	132,840.00
MORGAN STANLEY SMALL	TX REGL BANCSHARES INC CL A VTG	USA	13,600.00	447,927.48	459,544.00
MORGAN STANLEY SMALL	UGI CORP NEW COM	USA	4,700.00	138,599.67	135,971.00
MORGAN STANLEY SMALL	ULTRA PETE CORP COM NPV	Canada	13,900.00	143,051.39	193,905.00
MORGAN STANLEY SMALL	UNVL CORP VA COM	USA	6,700.00	256,738.29	282,271.00
MORGAN STANLEY SMALL	UNVL DISPLAY CORP COM	USA	11,000.00	83,158.76	114,290.00
MORGAN STANLEY SMALL	UNVL HLTH RLTY INC TR SH BEN INT	USA	3,800.00	99,946.54	103,170.00
MORGAN STANLEY SMALL	URBAN OUTFITTERS INC COM	USA	19,200.00	290,214.54	500,352.00
MORGAN STANLEY SMALL	USF CORP COM	USA	3,400.00	100,129.57	106,998.00
MORGAN STANLEY SMALL	UTD DOMINION RLTY TR INC MD	USA	9,000.00	145,975.50	164,790.00
MORGAN STANLEY SMALL	UTD ONLINE INC COM	USA	3,700.00	138,413.09	128,464.00
MORGAN STANLEY SMALL	UTD THERAPEUTICS CORP DEL COM STK	USA	18,600.00	382,924.18	420,174.00
MORGAN STANLEY SMALL	VARIAN SEMICONDUCTOR EQUIPTMENT ASSOCS INC COM	USA	4,800.00	167,322.41	179,760.00
MORGAN STANLEY SMALL	VERTEX PHARMACEUTICALS INC COM	USA	12,000.00	183,980.14	147,600.00
MORGAN STANLEY SMALL	VIGNETTE CORP COM	USA	64,800.00	135,338.47	149,040.00
MORGAN STANLEY SMALL	W HLDG CO INC COM	Puerto Rico	10,600.00	184,169.11	189,740.00
MORGAN STANLEY SMALL	WABASH NATL CORP COM	USA	4,500.00	59,574.16	71,775.00
MORGAN STANLEY SMALL	WASTE CONNECTIONS INC COM	USA	11,400.00	394,732.86	400,026.00
MORGAN STANLEY SMALL	WATTS WTR TECHNOLOGIES INC 10/15/03	USA	13,300.00	247,661.09	234,346.00
MORGAN STANLEY SMALL	WCI CMNTYS INC COM	USA	17,700.00	316,104.57	292,050.00
MORGAN STANLEY SMALL	WEBEX INC COM	USA	8,100.00	127,621.34	153,819.00
MORGAN STANLEY SMALL	WEBSTER FNCL CORP WATERBURY CONN COM	USA	9,400.00	344,996.00	374,872.00
MORGAN STANLEY SMALL	WGL HLDGS INC COM	USA	9,900.00	270,719.59	273,042.00
MORGAN STANLEY SMALL	W-H ENERGY SVCS INC COM	USA	9,700.00	150,747.22	172,660.00
MORGAN STANLEY SMALL	WINNEBAGO INDS INC COM	USA	6,800.00	240,181.04	303,144.00
MORGAN STANLEY SMALL	YELLOW CORP COM	USA	13,700.00	333,697.20	409,356.00
MORGAN STANLEY SMALL	ZORAN CORP COM	USA	7,500.00	140,122.46	146,250.00
OECHSLE INTL	ACCOR EUR3	France	6,510.00	216,353.07	239,718.19
OECHSLE INTL	ACERINOX SA EUR1(REGD)	Spain	2,812.00	106,719.42	118,937.63
OECHSLE INTL	ADECCO SA CHF1(REGD)	Switzerland	6,843.00	267,293.76	338,108.25
OECHSLE INTL	ADIDAS-SALOMON AG NPV	Germany	3,121.00	270,497.09	272,410.31
OECHSLE INTL	ADR KOOKMIN BK NEW SPONSORED ADR KOOKMINBK ADRS	South Korea	12,549.00	450,688.08	412,862.10
OECHSLE INTL	ADR SK TELECOM LTD SPONSORED	South Korea	10,164.00	285,450.63	181,325.76
OECHSLE INTL	ADR TAIWAN SEMICONDUCTOR MFG CO LTD SPONSORED ADR	Taiwan	20,078.00	178,455.97	217,444.74
OECHSLE INTL	AEGON NV EUR0.12	Netherlands	27,724.00	340,550.79	322,536.98
OECHSLE INTL	ALLIANZ AG NPV(REGD)(VINKULIERT)	Germany	1,445.00	124,775.52	127,554.32
OECHSLE INTL	ASTRAZENECA USD PAR .25	UK	6,267.00	270,470.05	264,672.89
OECHSLE INTL	BAA ORD GBP1	UK	29,857.00	275,450.75	230,164.51
OECHSLE INTL	BAE SYSTEMS ORD GBP0.025	UK	114,104.00	601,061.08	318,481.61
OECHSLE INTL	BANGKOK BANK THB10(ALIEN MKT)	Thailand	75,400.00	113,230.55	162,394.19
OECHSLE INTL	BBVA(BILB-VIZ-ARG) EUR0.49	Spain	34,252.00	378,026.11	353,409.15
OECHSLE INTL	BCA INTESA EUR0.52	Italy	168,973.00	443,173.75	511,621.51
OECHSLE INTL	BHP BILLITON LTD NPV	Australia	76,326.00	393,443.31	545,542.84
OECHSLE INTL	BOC HONG KONG HLDG HKD5	Hong Kong	111,500.00	127,098.29	161,264.50
OECHSLE INTL	BRIDGESTONE CORP Y50	Japan	31,000.00	353,678.83	414,850.29
OECHSLE INTL	BRITISH SKY BROADC ORD GBP0.50	UK	29,898.00	309,085.99	305,237.75
OECHSLE INTL	CANON INC JPY50	Japan	6,000.00	209,219.74	293,246.21
OECHSLE INTL	CARREFOUR EUR2.50	France	11,776.00	494,775.12	592,433.59
OECHSLE INTL	CHEUNG KONG(HLDGS) HKD0.50	Hong Kong	26,000.00	212,120.43	205,648.39
OECHSLE INTL	CHINA MOBILE (HK) HKD0.10	Hong Kong	128,600.00	605,316.51	338,779.41
OECHSLE INTL	CREDIT SUISSE GRP CHF1(REGD)	Switzerland	5,873.00	171,147.20	187,895.09
OECHSLE INTL	DBS GROUP HLDGS SGD1	Singapore	51,000.00	478,046.17	380,608.02
OECHSLE INTL	DEUTSCHE BANK AG NPV(REGD)	Germany	4,104.00	269,177.09	249,718.11
OECHSLE INTL	DEUTSCHE BOERSE AG NPV(REGD)	Germany	2,514.00	112,042.43	128,232.32
OECHSLE INTL	ENI EUR1	Italy	38,708.00	506,334.90	591,415.50
OECHSLE INTL	FIAT SPA EUR5	Italy	34,559.00	263,875.69	273,268.19
OECHSLE INTL	FRANCE TELECOM EUR4	France	16,558.00	392,936.28	380,831.72
OECHSLE INTL	HBOS ORD GBP0.25	UK	27,907.00	279,270.53	318,989.07
OECHSLE INTL	HONDA MOTOR CO Y50	Japan	11,800.00	498,656.53	472,147.88
OECHSLE INTL	HSBC HLDGS ORD USD0.50(UK REG)	UK	55,375.00	653,892.76	730,020.22
OECHSLE INTL	HYUNDAI MOTOR CO KRW5000	South Korea	4,580.00	125,214.57	131,807.16
OECHSLE INTL	IMPERIAL TOBACCO ORD GBP0.10	UK	21,692.00	288,992.46	353,543.47
OECHSLE INTL	INTERCONTL HOTELS ORD GBP1	UK	31,793.00	211,490.28	253,540.28
OECHSLE INTL	ITO-YOKADO CO Y50	Japan	12,000.00	486,607.57	399,588.24
OECHSLE INTL	KINGFISHER ORD GBP0.157142857	UK	94,898.00	342,521.08	411,501.84
OECHSLE INTL	KON KPN NV EUR0.24	Netherlands	28,052.00	405,537.14	210,054.96

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2003

Account name	Asset description	Country	Shares/Par value	Book value	Market value
OECHSLE INTL	MARKS & SPENCER GP ORD GBP0.25	UK	55,146.00	241,437.34	280,355.87
OECHSLE INTL	MATSUSHITA ELC IND Y50	Japan	46,000.00	549,161.90	553,819.99
OECHSLE INTL	MEDIASET EUR0.52	Italy	55,067.00	571,621.72	504,048.23
OECHSLE INTL	METRO AG ORD NPV	Germany	8,797.00	211,694.08	320,244.51
OECHSLE INTL	MITCHELLS & BUTLER ORD GBP0.05 SHS	UK	32,138.00	122,333.11	122,539.40
OECHSLE INTL	MITSUBISHI EST CO Y50	Japan	12,000.00	94,227.97	113,324.08
OECHSLE INTL	MITSUBISHI TOKYO F NPV	Japan	63.00	331,857.51	397,574.18
OECHSLE INTL	MUENCHENER RUECKVE NPV(REGD)	Germany	4,499.00	491,379.42	446,965.57
OECHSLE INTL	NISSAN MOTOR CO Y50	Japan	33,700.00	215,794.17	363,500.87
OECHSLE INTL	NOMURA HOLDINGS JPY50	Japan	25,000.00	348,783.54	402,810.72
OECHSLE INTL	NTT DOCOMO NPV	Japan	109.00	222,338.16	266,365.30
OECHSLE INTL	ORIX CORP JPY50	Japan	5,500.00	421,795.37	429,799.04
OECHSLE INTL	PERNOD RICARD NPV	France	1,249.00	90,863.01	118,252.71
OECHSLE INTL	PHILIPS ELEC(KON) EUR0.20	Netherlands	17,906.00	420,217.68	405,788.33
OECHSLE INTL	PIN-PRINTEMPS-REDO EUR4	France	2,853.00	179,812.26	234,233.51
OECHSLE INTL	PVTPL GDR SAMSUNG ELECTRS LTD GDR 1995 RPSTG COM	South Korea	1,675.00	165,566.66	285,441.11
OECHSLE INTL	REED ELSEVIER ORD GBP0.125	UK	76,217.00	630,958.78	596,095.26
OECHSLE INTL	RICHEMONT(CIE FIN) 'A'CHF1(BR)EQUITY UNIT	Switzerland	20,426.00	385,533.01	406,014.31
OECHSLE INTL	RICOH CO JPY50	Japan	15,000.00	232,883.95	267,197.78
OECHSLE INTL	ROCHE HLDGS AG GENUSSCHEINE NPV	Switzerland	5,017.00	390,014.05	415,993.87
OECHSLE INTL	ROHM CO JPY50	Japan	3,140.00	501,909.40	407,554.94
OECHSLE INTL	SAMSUNG ELECTRONIC KRW5000	South Korea	990.00	245,510.65	337,416.86
OECHSLE INTL	SHIN-ETSU CHEM CO Y50	Japan	10,700.00	380,750.01	402,273.64
OECHSLE INTL	SIEMENS AG NPV(REGD)	Germany	11,534.00	599,815.49	686,908.36
OECHSLE INTL	STORA ENSO OYJ NPV SER'R'	Finland	19,713.00	256,434.20	244,030.51
OECHSLE INTL	SUEZ EUR2	France	16,840.00	477,402.42	267,298.23
OECHSLE INTL	SUN HUNG KAI PROP HKD0.50	Hong Kong	43,000.00	309,015.53	348,440.04
OECHSLE INTL	SWIRE PACIFIC 'A'HKD0.60	Hong Kong	37,000.00	165,322.64	218,355.33
OECHSLE INTL	TELEFONICA SA EUR1	Spain	21,948.00	208,764.74	259,173.77
OECHSLE INTL	TOTAL SA EUR10	France	3,703.00	547,915.14	558,877.78
OECHSLE INTL	UNILEVER NV CVA NLG1.12	Netherlands	3,896.00	207,575.41	229,122.88
OECHSLE INTL	UTD O/S BANK SGD1	Singapore	50,000.00	373,434.96	387,608.11
OECHSLE INTL	VALEO EUR3	France	3,763.00	152,070.05	137,382.02
OECHSLE INTL	VNU NV EUR0.20	Netherlands	24,052.00	987,093.39	705,005.56
OECHSLE INTL	VODAFONE GROUP ORD USD0.10	UK	246,789.00	528,318.30	492,018.30
OECHSLE INTL	VOLKSWAGEN AG ORD NPV	Germany	8,385.00	362,712.37	376,821.76
OECHSLE INTL	WPP GROUP ORD 10P	UK	29,801.00	256,897.37	252,352.68
	TOTAL COMMON STOCK		**16,295,792.00**	**406,935,910.24**	**439,372,112.57**
	PREFERRED STOCK				
MORGAN STANLEY BOND	PVTPL HOME OWN FDG CORP PFD STEP DOWN	USA	1,425.00	1,429,884.65	762,152.34
	TOTAL PREFERRED STOCK		**1,425.00**	**1,429,884.65**	**762,152.34**
	STOCK FUNDS				
BGI MID CAP INDEX	CF BARCLAYS BK CDA BARCLAYS MIDCAP EQTY INDEX FD	USA	2,487,064.09	24,811,987.55	30,686,500.99
BGI S&P INDEX	CF BARCLAYS EQTY INDEX FD	USA	408,032.38	123,087,661.43	107,269,657.44
BGI SMALL VALUE INDEX	CF BARCLAYS RUSSELL 1000 VALUE INDEX FD	USA	1,766,298.87	63,297,207.99	65,928,440.64
	TOTAL STOCK FUNDS		**4,661,395.34**	**211,196,856.97**	**203,884,599.07**
	TOTAL EQUITY		**20,958,612.34**	**619,562,651.86**	**644,018,863.98**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2003

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	CORPORATE ASSET BACKED SECURITIES				
BARROW HANLEY BOND	MBNA CR CARD MASTER NT TR SER 2003-A7 CLA7 2.65 DUE 11-15-2010 REG	USA	730,000.00	729,788.37	712,662.93
DODGE & COX	CAL INFRASTRUCTURE & ECON DEV BK SPL PURP TR 97-1 CL A7 6.42 ABS CTF 9-25-8	USA	966,424.45	1,020,597.08	1,036,928.01
DODGE & COX	UN PAC RR CO PASS THRU TR CTF SER 1998-C6.33 DUE 01-02-2020 BEO SF 01-02-2004	USA	441,016.21	436,522.43	479,428.72
MORGAN STANLEY BOND	AMER W AIRLS INC 2001-1 PASS THRU CTF CLG 7.1 DUE 10-02-2022 BEO	USA	258,873.18	258,873.18	267,747.37
MORGAN STANLEY BOND	CHASE CR CARD OWNER TR 2001-4 AST BKD NTCL A 5.5 DUE 11-17-2008 BEO	USA	430,000.00	429,931.57	467,563.51
MORGAN STANLEY BOND	DAIMLERCHRYSLER AUTO TR 2000-1 A4 7.23 AUTO TR 2000-1 A4 7.23 1-6-05 BEO	USA	260,436.91	260,569.18	263,687.65
MORGAN STANLEY BOND	MBNA MASTER CR CARD TR II MBNAM 2000-A AEXP MTY 2-15-05 DUE 7-16-07 7.35 BEO	USA	435,000.00	434,901.34	469,520.07
MORGAN STANLEY BOND	MBNA MASTER CR CARD TR II SER 2000-E ASTBKD NT CL A 7.8 DUE 10-15-2012 BEO	USA	200,000.00	226,281.25	242,457.82
MORGAN STANLEY BOND	MBNA MSTR CC TR II 6.9% BDS 15/1/2008 USD1000	USA	230,000.00	229,905.26	251,484.57
MORGAN STANLEY BOND	NISSAN AUTO RECEIVABLES 2001-C OWNER TR AST BACKED NT CL A-4 4.8 2-15-07 BEO	USA	250,000.00	249,973.80	258,737.77
MORGAN STANLEY BOND	PVTPL WORLD FINL PPTYS TOWER D FIN CORP SER 1996 WFP-D PASS THRU CTF 6.95 9-1-13	USA	235,755.84	230,737.78	263,720.09
MUNDER	CAP AUTO RECEIVABLES AST TR SER 2003-3 CL A2A 2.35 DUE 10-16-2006 REG	USA	1,000,000.00	999,848.68	1,011,367.60
MUNDER	CHASE MANHATTAN AUTO OWNER TR 2001-A ASTBKD NT CL A-4 5.07 DUE 02-15-2008 BEO	USA	750,000.00	749,774.18	781,410.07
MUNDER	CHEM MASTER CR CARD TR I 1996-2 AST BACKED CTF CL A 5.98 DUE 09-15-2008 REG	USA	1,000,000.00	1,012,656.25	1,069,043.30
MUNDER	DISCOVER CARD MASTER TR I SER 1999-6 6.85 DUE 07-17-2007 BEO	USA	1,000,000.00	1,016,835.94	1,068,944.80
MUNDER	DISCOVER CARD MASTER TR I SER 2000-9 CL A 6.35 DUE 07-15-2008 BEO	USA	1,100,000.00	1,127,027.34	1,204,161.53
MUNDER	DISTR FINL SVCS FLOORPLAN MASTER TR DISTR FINL SVCS 2003-2 A 04-15-2008 BEO	USA	1,000,000.00	1,000,312.50	1,001,525.90
MUNDER	FLEET CR CARD MASTER TR II 2001-B AST BKD CTF CL A 5.6 DUE 12-15-2008 BEO	USA	500,000.00	499,082.03	540,626.05
MUNDER	MBNA CR CARD MASTER NT TR MBNA MASTER CCTR 01-A1 A1 5.75 DUE 10-15-2008 BEO	USA	1,075,000.00	1,098,969.14	1,174,448.78
MUNDER	STD CR CARD MASTER TR I SER 1994-2 CL A 7.25 PARTN CTF DUE 04-07-2006 REG	USA	1,000,000.00	989,062.50	1,125,179.80
	TOTAL CORPORATE ASSET BACKED SECURITIES		**12,862,506.59**	**13,001,649.80**	**13,690,646.34**
	CORPORATE BONDS				
ALLIANCE	AT&T CORP NT 6.5 DUE 03-15-2013/03-14-2013 BEO	USA	560,000.00	493,208.80	592,782.40
ALLIANCE	TIME WARNER ENTMT CO L P SR SUB DEB 8.375 DUE 07-15-2033 REG	USA	110,000.00	112,945.80	139,486.60
ALLIANCE	VERIZON WIRELESS CAP LLC NT FLTG RATE DUE 12-17-2003 BEO	USA	1,400,000.00	1,400,000.00	1,400,770.00
BARROW HANLEY BOND	ALLSTATE CORP 5.375 DUE 12-01-2006 BEO	USA	470,000.00	469,097.60	512,516.20
BARROW HANLEY BOND	AMERN GEN FIN CORP MEDIUM TERM SR NTS TRANCHE # TR 00377 5.375 DUE 09-01-2009	USA	190,000.00	188,632.00	205,298.80
BARROW HANLEY BOND	AOL TIME WARNER INC 7.625 DUE 04-15-2031/04-14-2031 BEO	USA	275,000.00	317,834.00	312,584.25
BARROW HANLEY BOND	APPALACHIAN PWR CO BD 5.95 DUE 05-15-2033/05-14-2033 BEO	USA	130,000.00	129,725.70	124,146.10
BARROW HANLEY BOND	AT&T WIRELESS SVCS INC NT 8.125 DUE 05-01-2012 BEO	USA	240,000.00	245,643.75	284,956.80
BARROW HANLEY BOND	AT&T WIRELESS SVCS INC SR NT 8.75 DUE 03-01-2031 BEO	USA	300,000.00	310,398.80	371,052.00
BARROW HANLEY BOND	ATLC RICHFIELD CO DEB DTD 04/01/1992 8.5DUE 04-01-2012 REG	USA	525,000.00	607,241.85	674,467.50
BARROW HANLEY BOND	AUTOZONE INC AUTOZONE INC NT 4.3750000 20130601 20030603 4.375 6-1-2013 BEO	USA	265,000.00	262,800.50	251,636.05
BARROW HANLEY BOND	BK 1 CORP NT 2.625 DUE 06-30-2008 BEO	USA	515,000.00	513,068.75	499,179.20
BARROW HANLEY BOND	CAMPBELL SOUP CO CAMBELL SOUP CO 5 DUE 12-03-2012/12-02-2012 BEO	USA	150,000.00	149,731.50	156,259.50
BARROW HANLEY BOND	CAP 1 BK MTN SR BK NTS BOOK TRANCHE # TR00176 5.75 DUE 09-15-2010 REG	USA	225,000.00	224,919.00	236,819.25
BARROW HANLEY BOND	CATERPILLAR FINL SVCS CORP MEDIUM TERM NTRANCHE # TR 00758 2.5 DUE 10-03-2006	USA	625,000.00	623,762.50	623,762.50
BARROW HANLEY BOND	CENDANT CORP NT 6.875 DUE 08-15-2006 BEO	USA	290,000.00	319,603.20	321,427.30
BARROW HANLEY BOND	CITIGROUP INC 6.5 DUE 01-18-2011 BEO	USA	575,000.00	635,340.50	657,035.25
BARROW HANLEY BOND	CLEAR CHANNEL COMMUNICATIONS INC 4.25 DUE 05-15-2009 BEO	USA	355,000.00	354,581.10	359,196.10
BARROW HANLEY BOND	CLEAR CHANNEL COMMUNICATIONS INC NT 5.75DUE 01-15-2013/01-14-2013 BEO	USA	190,000.00	188,373.60	201,624.20
BARROW HANLEY BOND	COMCAST CABLE COMMUNICATIONS INC COMCASTCABLE COMM 6.75 DUE 01-30-2011 BEO	USA	240,000.00	245,534.40	270,648.00
BARROW HANLEY BOND	CONAGRA INC 7.125 SR NT DUE 10-1-2026/ 06 BEO PUTTABLE 10-1-2006 @ PAR HLD**PUT	USA	260,000.00	281,568.30	297,785.80
BARROW HANLEY BOND	CONS NAT GAS CO 6.875 DEB DUE 10-15-2026REG PUTTABLE 10-15-2006 @ PAR PUT	USA	335,000.00	375,792.95	376,238.50
BARROW HANLEY BOND	COUNTRYWIDE HOME LNS INC MEDIUM TERM NTSTRANCHE TR 00304 3.25 05-21-2008	USA	570,000.00	569,504.10	561,028.20
BARROW HANLEY BOND	DAIMLER CHRYSLER N AMER HLDG CORP 4.75 MAT 1/15/08 4.75 DUE 01-15-08 BEO	USA	185,000.00	184,650.35	189,230.95
BARROW HANLEY BOND	DEERE JOHN CAP CORP MTN BOOKTRANCHE # TR00309 4.125 DUE 07-15-2005	USA	695,000.00	702,393.55	723,759.10
BARROW HANLEY BOND	DEUTSCHE TELEKOM INTL FIN B V NT 3.875 DUE 07-22-2008/07-22-2003 BEO	Netherlands	435,000.00	434,824.85	439,219.50
BARROW HANLEY BOND	DEVON ENERGY CORP NEW SR NT 2.75 DUE 08-01-2006/08-04-2003 BEO	USA	465,000.00	464,790.75	468,422.40
BARROW HANLEY BOND	DISNEY WALT CO MTN 5.375 DUE 06-01-2007	USA	220,000.00	222,766.50	237,056.60
BARROW HANLEY BOND	DOMINION RES INC VA NEW DOMINION 5 DUE 03-15-2013/03-14-2013 BEO	USA	235,000.00	234,537.05	235,519.35
BARROW HANLEY BOND	EMERSON ELEC CO EMERSON ELEC CO NT 5 141215 021211 5 DUE 12-15-2014 BEO	USA	280,000.00	280,934.30	289,948.40
BARROW HANLEY BOND	ENTERPRISE PRODS OPER L P SR NT 6.875 DUE 03-01-2033/07-23-2003 BEO	USA	240,000.00	237,220.80	258,691.20
BARROW HANLEY BOND	ENTERPRISE PRODS OPER L P SR NT 7.5 DUE 02-01-2011/01-31-2011 BEO	USA	250,000.00	281,342.50	294,920.00
BARROW HANLEY BOND	FIRSTENERGY CORP NT SER B 6.45 DUE 11-15-2011/11-14-2011 BEO	USA	200,000.00	199,187.00	208,700.00
BARROW HANLEY BOND	FORD MTR CR CO FORD MTR CR CO CPN 6.5 MAT 1/25/07 6.5 DUE 01-25-2007 BEO	USA	345,000.00	342,643.60	364,599.45
BARROW HANLEY BOND	GEN ELEC CAP CORP MEDIUM TERM NTS BOOK ENTRY MTN 3.25 DUE 06-15-2009	USA	705,000.00	703,237.50	689,997.60
BARROW HANLEY BOND	GEN MTRS ACCEP CORP SR NT DTD 08/29/20026.125 DUE 08-28-2007 BEO	USA	300,000.00	299,136.00	317,181.00
BARROW HANLEY BOND	GEN MTRS CORP SR NT 8.375 DUE 07-15-2033REG	USA	455,000.00	448,734.65	475,748.00
BARROW HANLEY BOND	GTE CORP 6.36 DUE 04-15-2006 REG	USA	660,000.00	721,558.20	725,927.40
BARROW HANLEY BOND	HEWLETT PACKARD CO GLOBAL NT 5.75 DUE 12-15-2006 BEO	USA	485,000.00	497,395.54	530,410.55
BARROW HANLEY BOND	HSEHD FIN CORP HSEHD FIN GLBL CPN 6.375 MAT 11/27/12 6.375 DUE 11-27-2012 BEO	USA	260,000.00	265,173.15	288,438.80
BARROW HANLEY BOND	INTL BUSINESS MACHS CORP BD 4.875 DUE 10-01-2006 BEO	USA	615,000.00	639,130.90	661,838.40
BARROW HANLEY BOND	KERR MCGEE CORP NT 10/03/2001 5.875 DUE 09-15-2006/09-14-2006 BEO	USA	460,000.00	497,416.40	498,690.60
BARROW HANLEY BOND	KEYCORP MEDIUM TERM SR NTS BOOK ENTRY TRANCHE # SR 00085 4.625 DUE 05-16-2005	USA	155,000.00	154,618.70	162,339.25
BARROW HANLEY BOND	LENFEST COMMUNICATIONS INC SR NT 7.625 DUE 02-15-2008/02-15-2003 BEO	USA	235,000.00	273,504.90	268,682.55
BARROW HANLEY BOND	LOCKHEED MARTIN CORP NT 7.2 DUE 05-01-2036 REG PUT	USA	650,000.00	706,737.00	780,793.00
BARROW HANLEY BOND	MARATHON OIL CORP NT DTD 05/29/2002 5.375 DUE 06-01-2007/05-31-2001 BEO	USA	465,000.00	486,146.35	500,498.10
BARROW HANLEY BOND	MERRILL LYNCH & CO INC MEDIUM TERM NTS BOOK ENTRY MTN 3.125 DUE 07-15-2008	USA	620,000.00	600,073.20	613,775.20
BARROW HANLEY BOND	MIDAMERICAN ENERGY HLDGS CO NEW SR NT 3.5 DUE 05-15-2008/05-14-2008 REG	USA	440,000.00	439,300.40	436,537.20

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2003

Account name	Asset description	Country	Shares/Par value	Book value	Market value
BARROW HANLEY BOND	MIDAMERICAN ENERGY HLDGS CO NEW SR NT 5.875 DUE 10-01-2012/09-30-2012 BEO	USA	190,000.00	189,956.30	200,932.60
BARROW HANLEY BOND	NORFOLK SOUTHN CORP 7.05 NT DUE 05-01-2037 PUTTABLE 5-1-2004 @ PAR	USA	555,000.00	576,233.55	630,163.65
BARROW HANLEY BOND	OCCIDENTAL PETE CORP MEDIUM TERM SR NTS TRANCHE # TR 00137 4.25 DUE 03-15-2010	USA	250,000.00	250,000.00	254,210.00
BARROW HANLEY BOND	PNC FDG CORP SUB NT 7.5 DUE 11-01-2009 BEO	USA	590,000.00	632,018.75	706,188.70
BARROW HANLEY BOND	PRUDENTIAL FINL INC MEDIUM TERM NTS BOOKENTRY MTN 3.75 DUE 05-01-2008	USA	205,000.00	204,897.50	207,794.15
BARROW HANLEY BOND	PVTPL AEP TEX CENT CO 6.65 DUE 02-15-2033/02-14-2033 BEO	USA	135,000.00	134,548.80	141,415.20
BARROW HANLEY BOND	PVTPL BRISTOL MYERS SQUIBB CO SR NT 144A4 DUE 08-15-2008/08-18-2003 BEO	USA	400,000.00	397,972.00	411,756.00
BARROW HANLEY BOND	PVTPL ONCOR ELEC DELIVERY CO SR SECD NT 144A 7.25 DUE 01-15-2033/01-14-2033 BEO	USA	135,000.00	133,069.50	154,624.95
BARROW HANLEY BOND	REED ELSEVIER CAP INC NT 6.125 DUE 08-01-2006 BEO	USA	675,000.00	697,522.20	744,403.50
BARROW HANLEY BOND	SLM CORP MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00027 3.95 DUE 08-15-2008	USA	445,000.00	444,853.15	454,167.00
BARROW HANLEY BOND	SPRINT CAP CORP NT 6.125 DUE 11-15-2008 BEO	USA	220,000.00	225,500.00	237,498.80
BARROW HANLEY BOND	TRAVELERS PPTY CAS CORP NEW SR NT DTD 03/11/2003 5 DUE 3-15-13/3-14-13 BEO	USA	220,000.00	218,442.40	224,983.00
BARROW HANLEY BOND	TYSON FOODS INC NT 6.625 DUE 10-01-2004 BEO	USA	385,000.00	392,894.77	401,331.70
BARROW HANLEY BOND	U S BK NATL ASSN MINNEAPOLIS MINN SUB NTACCD INVS 5.7 DUE 12-15-2008 BEO	USA	530,000.00	503,745.35	592,306.80
BARROW HANLEY BOND	VERIZON WIRELESS CAP LLC NT 5.375 DUE 12-15-2006/11-12-2002 BEO	USA	615,000.00	627,579.75	664,907.25
BARROW HANLEY BOND	VIACOM INC 5.625 DUE 08-15-2012 BEO	USA	460,000.00	481,792.20	495,374.00
BARROW HANLEY BOND	WA MUT FIN CORP SR NT 6.875 DUE 05-15-2011 BEO	USA	200,000.00	209,518.00	229,446.00
BARROW HANLEY BOND	WACHOVIA CORP 2ND NEW GLOBAL NT 4.95 DUE11-01-2006 REG	USA	290,000.00	308,910.90	312,738.90
BARROW HANLEY BOND	WEYERHAEUSER CO NT DTD 10/22/2001 5.95 DUE 11-01-2008 BEO	USA	255,000.00	262,886.25	279,694.20
BARROW HANLEY BOND	XCEL ENERGY INC SR NT 7 DUE 12-01-2010 BEO	USA	555,000.00	620,306.85	627,993.60
DODGE & COX	AOL TIME WARNER INC 7.625 DUE 04-15-2031/04-14-2031 BEO	USA	500,000.00	510,530.00	568,335.00
DODGE & COX	AOL TIME WARNER INC DEB DTD 04/08/2002 7.7 DUE 05-01-2032 BEO	USA	750,000.00	782,475.00	861,067.50
DODGE & COX	AT&T CORP USD SR NT 7.8 DUE 11-15-2011/11-14-2011 BEO	USA	800,000.00	758,732.31	924,672.00
DODGE & COX	AT&T CORP USD SR NT 8.5 DUE 11-15-2031/11-14-2031 BEO	USA	1,225,000.00	1,057,415.93	1,450,363.25
DODGE & COX	BK 1 CORP NT 6 DUE 08-01-2008 BEO	USA	750,000.00	763,537.50	836,175.00
DODGE & COX	BSTN PPTYS LTD PARTNERSHIP SR NT 5.625 DUE 04-15-2015/04-14-2015 BEO	USA	500,000.00	499,490.00	508,715.00
DODGE & COX	BSTN PPTYS LTD PARTNERSHIP SR NT 6.25 DUE 01-15-2013/01-14-2013 BEO	USA	500,000.00	500,870.00	542,460.00
DODGE & COX	BURL NORTHN SANTA FE RY CO PASS THRU TR SER 1999-2 MTG 7.57 1-2-21 BEO SF 7-2-00	USA	972,739.79	1,060,330.32	1,161,324.85
DODGE & COX	CIGNA CORP 7.875 DEB DUE 05-15-2027	USA	750,000.00	811,533.75	843,465.00
DODGE & COX	CIT GROUP HOLDINGS 7.375 DUE 04-02-2007 BEO	USA	175,000.00	180,250.00	200,537.75
DODGE & COX	CIT GROUP INC NEW SR NT 5.75 DUE 09-25-2007	USA	350,000.00	349,804.77	381,136.00
DODGE & COX	COMCAST CORP NEW NT 5.3 DUE 01-15-2014/01-14-2014 BEO	USA	750,000.00	739,106.00	757,042.50
DODGE & COX	CONS RAIL CORP 9.75 DEB DUE 6-15-2020 REG	USA	750,000.00	921,247.50	1,016,047.50
DODGE & COX	EOP OPER LTD PARTNERSHIP GTD NT 7 DUE 07-15-2011/07-14-2011 BEO	USA	1,000,000.00	1,049,640.00	1,138,830.00
DODGE & COX	FORD MTR CR CO GLOBAL LANDMARK SECS-GLOBLS 6.875 DUE 02-01-2006 BEO	USA	2,000,000.00	2,029,780.00	2,127,620.00
DODGE & COX	GEN MTRS ACCEP CORP NT DTD 09/12/2001 6.875 DUE 09-15-2011 BEO	USA	1,500,000.00	1,495,096.29	1,557,000.00
DODGE & COX	HARTFORD FINL SVCS GROUP INC 6.375 DUE 11-01-2008 BEO	USA	1,000,000.00	1,007,880.00	1,129,170.00
DODGE & COX	HEWLETT PACKARD CO GLOBAL NT 5.5 DUE 07-01-2007/06-30-2007 BEO	USA	500,000.00	499,052.80	544,560.00
DODGE & COX	HLTH NET INC SR NT 8.375 DUE 04-15-2011 BEO	USA	1,000,000.00	1,049,850.00	1,207,030.00
DODGE & COX	MAY DEPT STORES CO 6.9 DUE 01-15-2032 BEO	USA	250,000.00	247,157.50	272,715.00
DODGE & COX	MAY DEPT STORES CO 7.625 DUE 08-15-2013 REG	USA	1,000,000.00	1,083,260.00	1,192,810.00
DODGE & COX	NORDSTROM INC SR DEB 6.95 DUE 03-15-2028REG	USA	500,000.00	435,077.87	547,535.00
DODGE & COX	RAYTHEON CO NT 8.3 DUE 03-01-2010 BEO	USA	750,000.00	829,053.23	917,857.50
DODGE & COX	REP N Y CORP 9.7 DUE 02-01-2009 REG	USA	1,000,000.00	1,172,390.00	1,281,300.00
DODGE & COX	ST PAUL COS INC SR NT 5.75 DUE 03-15-2007 BEO	USA	1,000,000.00	999,390.00	1,078,490.00
DODGE & COX	TIME WARNER ENTMT CO L P SR SUB DEB 8.375 DUE 07-15-2033 REG	USA	750,000.00	843,207.99	951,045.00
DODGE & COX	UNUMPROVIDENT CORP SR NT 7.625 DUE 03-01-2011 BEO	USA	700,000.00	736,624.00	770,000.00
MORGAN STANLEY BOND	1ST HAWAIIAN BK SECD NT CL A 144A 6.93 DUE 12-01-2003 REG	USA	400,000.00	391,040.00	403,712.00
MORGAN STANLEY BOND	AMERN GEN CORP 7.5 DUE 07-15-2025 REG	USA	75,000.00	78,947.25	89,850.00
MORGAN STANLEY BOND	BK 1 CORP MEDIUM TERM SUB NTS BOOK ENTRYTRANCHE # SB 00001 6 DUE 02-17-2009	USA	275,000.00	248,482.02	306,097.00
MORGAN STANLEY BOND	BK AMER CORP GLOBAL NT DTD 10/09/2001 4.75 DUE 10-15-2006 BEO	USA	65,000.00	69,010.65	69,381.65
MORGAN STANLEY BOND	BK AMER CORP SR NT DTD 3.875 DUE 01-15-2008 BEO	USA	90,000.00	90,365.95	92,814.30
MORGAN STANLEY BOND	BK NY INC SR NOTES 5.2 DUE 07-01-2007 BEO	USA	45,000.00	48,294.45	48,652.20
MORGAN STANLEY BOND	BOEING CAP CORP SR NT 5.75 DUE 02-15-2007 BEO	USA	35,000.00	38,566.15	37,887.85
MORGAN STANLEY BOND	BOEING CO 6.625 DEB DUE 02-15-2038	USA	125,000.00	128,739.75	128,523.75
MORGAN STANLEY BOND	CHASE MANHATTAN CORP NEW SUB NT DTD 02/23/1999 6 DUE 02-15-2009 BEO	USA	200,000.00	198,392.00	220,418.00
MORGAN STANLEY BOND	CHUBB CORP NT DTD 08/17/1998 6.15 DUE 08-15-2005 BEO	USA	445,000.00	444,750.80	479,318.40
MORGAN STANLEY BOND	CIT GROUP INC NEW SR NT 2.875 DUE 09-29-2006	USA	70,000.00	69,885.20	70,352.80
MORGAN STANLEY BOND	CIT GROUP INC SR NT 6.5 DUE 02-07-2006 BEO	USA	130,000.00	141,908.20	142,132.90
MORGAN STANLEY BOND	CITICORP MEDIUM TERM SUB NTS- BOOK ENTRYTRANCHE # SB 00195 6.375 DUE 11-15-2008	USA	265,000.00	267,933.24	299,015.40
MORGAN STANLEY BOND	CITICORP SUB 6.75 NT 8-15-2005 REG	USA	90,000.00	98,697.40	98,352.90
MORGAN STANLEY BOND	CONOCO INC NT DTD 04/20/1999 6.95 DUE 04-15-2029/04-20-1999 BEO	USA	200,000.00	223,245.14	230,438.00
MORGAN STANLEY BOND	CONS EDISON CO N Y INC ED 5.875 DUE 04-01-2033/03-31-2033 BEO	USA	75,000.00	75,892.50	76,755.00
MORGAN STANLEY BOND	COOPER INDS INC GTD SR NT 5.25 DUE 07-01-2007 BEO	USA	140,000.00	139,846.00	150,731.00
MORGAN STANLEY BOND	COUNTRYWIDE HOME LNS INC MEDIUM TERM NTSTRANCHE TR 00304 3.25 05-21-2008	USA	155,000.00	154,865.15	152,560.30
MORGAN STANLEY BOND	CVS CORP NT 5.5 DUE 02-15-2004 BEO	USA	455,000.00	453,325.60	461,752.20
MORGAN STANLEY BOND	DET EDISON CO SR NT 2032 6.35 DUE 10-15-2032/10-14-2032 BEO	USA	65,000.00	70,711.55	69,607.20
MORGAN STANLEY BOND	FL PWR & LT CO FL PWR 4.85 DUE 02-01-2013 BEO	USA	40,000.00	40,000.00	41,012.40
MORGAN STANLEY BOND	FLEETBOSTON FINL CORP 7.25 DUE 09-15-2005 BEO	USA	140,000.00	155,731.80	154,562.80
MORGAN STANLEY BOND	GE GLOBAL INS HLDG CORP NT 7 DUE 02-15-2026 BEO	USA	415,000.00	416,900.70	449,552.90
MORGAN STANLEY BOND	GEN ELEC CAP CORP MEDIUM TERM NTS BO TRANCHE # TR 00528 6.75 DUE 03-15-2032	USA	210,000.00	206,715.44	236,987.10
MORGAN STANLEY BOND	GOLDMAN SACHS GROUP INC 6.125 DUE 02-15-2033/02-13-2003 BEO	USA	95,000.00	95,000.00	96,521.90
MORGAN STANLEY BOND	GOLDMAN SACHS GROUP INC NT DTD 01/10/2001 6.875 DUE 01-15-2011 BEO	USA	175,000.00	175,838.21	201,222.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2003

Account name	Asset description	Country	Shares/Par value	Book value	Market value
MORGAN STANLEY BOND	HARTFORD LIFE INC 7.65 DUE 06-15-2027 REG	USA	235,000.00	256,034.03	280,639.35
MORGAN STANLEY BOND	HONEYWELL INTL INC NT DTD 10/31/2001 6.125 DUE 11-01-2011 BEO	USA	175,000.00	174,887.65	195,707.75
MORGAN STANLEY BOND	HSEHD FIN CORP 6.75 DUE 05-15-2011 BEO	USA	50,000.00	56,469.70	57,025.50
MORGAN STANLEY BOND	HSEHD FIN CORP NT 6.375 DUE 10-15-2011 BEO	USA	40,000.00	43,388.40	44,473.60
MORGAN STANLEY BOND	HSEHD FIN CORP NT DTD 06/17/1998 6.4 DUE06-17-2008 REG	USA	45,000.00	51,786.00	50,506.65
MORGAN STANLEY BOND	HSEHD FIN CORP SR NT DTD 02/05/1999 5.875 DUE 02-01-2009 BEO	USA	20,000.00	21,727.20	21,930.80
MORGAN STANLEY BOND	INTL LEASE FIN CORP NT 3.75 DUE 08-01-2007 BEO	USA	65,000.00	64,868.70	67,444.00
MORGAN STANLEY BOND	J P MORGAN CHASE & CO JP MORGAN CHASE CONT 5 1 4 DUE 5.25 DUE 05-30-2007 BEO	USA	95,000.00	101,322.25	102,818.50
MORGAN STANLEY BOND	JOHNSON CTLS INC NT 4.875 DUE 09-15-2013/09-14-2013 BEO	USA	75,000.00	74,619.75	76,992.75
MORGAN STANLEY BOND	LOWES COS INC 6.875 DUE 02-15-2028 REG	USA	180,000.00	190,222.20	205,318.80
MORGAN STANLEY BOND	LOWES COS INC DEB DTD 02/23/1999 6.5 DUE03-15-2029 BEO	USA	55,000.00	54,229.54	60,206.30
MORGAN STANLEY BOND	MA MUT LIFE INS CO 7.625 DUE 11-15-2023 REG SF 11-15-2021	USA	475,000.00	548,872.00	571,349.00
MORGAN STANLEY BOND	MARSH & MCLENNAN COS INC SR NT 6.625 DUE06-15-2004/06-14-2004 BEO	USA	455,000.00	452,634.00	471,489.20
MORGAN STANLEY BOND	NATIONWIDE MUT INS CO 7.5 DUE 02-15-2024/02-15-2004 REG	USA	360,000.00	330,588.00	376,030.80
MORGAN STANLEY BOND	PVTPL AIG SUNAMERICA GLOBAL FING VI SR NT 144A 6.3 DUE 05-10-2011 BEO	USA	935,000.00	933,625.55	1,051,098.95
MORGAN STANLEY BOND	PVTPL CVS CORP PASSTHRU CTF 144A 6.204 DUE 10-10-2025 REG	USA	30,000.00	30,000.00	30,006.24
MORGAN STANLEY BOND	PVTPL EQUITABLE LIFE ASSURN SOC U S 6.95DUE 12-01-2005 REG	USA	250,000.00	245,662.50	275,420.00
MORGAN STANLEY BOND	PVTPL FARMERS INS EXCHANGE 8.625 SURP NT144A DUE 05-01-2024 REG	USA	395,000.00	467,917.00	402,900.00
MORGAN STANLEY BOND	PVTPL HANCOCK JOHN GLOBAL FDG II BOOK ENTRY 144A 7.9 DUE 07-02-2010 BEO	UK	100,000.00	108,409.00	121,247.00
MORGAN STANLEY BOND	PVTPL HANCOCK JOHN MUT LIFE INS CO SURP NT 144A 7.375 DUE 02-15-2024 BEO	USA	250,000.00	246,492.50	279,430.00
MORGAN STANLEY BOND	PVTPL MET LIFE INS CO 7.45 DUE 11-01-2023/11-01-2003 REG	USA	400,000.00	391,973.00	415,944.00
MORGAN STANLEY BOND	PVTPL PRIME PPTY FDG II INC NT 144A 7 DUE 08-15-2004 REG	USA	205,000.00	204,549.00	213,983.10
MORGAN STANLEY BOND	PVTPL PRUDENTIAL HLDGS LLC SER B INSD NT144A 7.245 DUE 12-18-2023 BEO	USA	595,000.00	601,009.79	662,907.35
MORGAN STANLEY BOND	PVTPL PRUDENTIAL HLDGS LLC SER C INSD NT 144A 8.695 12-18-2023 BEO SF 12-18-13	USA	200,000.00	204,190.14	245,504.00
MORGAN STANLEY BOND	S.W AIRLS 2001-1 PASS THRU TRS S.W AIR5.496 DUE 11-01-2006 BEO	USA	95,000.00	95,000.00	103,495.87
MORGAN STANLEY BOND	SC ELEC & GAS CO SC ELEC & GAS CO 99.807KDJ2 X7-9446 5.3 05-15-2033 BEO	USA	35,000.00	34,932.45	32,946.20
MORGAN STANLEY BOND	VERIZON GLOBAL FDG CORP NT 7.75 DUE 12-01-2030 BEO	USA	170,000.00	188,694.77	204,205.70
MORGAN STANLEY BOND	VERIZON GLOBAL FDG CORP VERIZON GLOBAL FDG CORP 6.125 DUE 06-15-2007 BEO	USA	65,000.00	71,647.55	72,055.10
MORGAN STANLEY BOND	VERIZON NEW ENG INC VERIZON NEW ENG INC 6.5 DUE 09-15-2011 BEO	USA	240,000.00	250,209.07	270,240.00
MORGAN STANLEY BOND	WACHOVIA CORP 2ND NEW GLOBAL NT 4.95 DUE11-01-2006 REG	USA	130,000.00	138,811.25	140,193.30
MORGAN STANLEY BOND	WI ELEC PWR CO NT 5.625 DUE 05-15-2033 BEO	USA	40,000.00	39,884.00	39,634.00
MUNDER	ARCHER DANIELS MIDLAND CO NT DTD 02/08/2001 7 DUE 02-01-2031 BEO	USA	900,000.00	1,113,147.00	1,055,385.00
MUNDER	AXA SA US$ SUB NT 8.6 DUE 12-15-2030 BEO	France	450,000.00	464,175.00	563,850.00
MUNDER	BECTON DICKINSON & CO SR DEB DTD 08/03/1998 6.7 DUE 08-01-2028 BEO	USA	750,000.00	881,430.00	839,220.00
MUNDER	CARDINAL HLTH INC 6.75 DUE 02-15-2011 BEO	USA	850,000.00	1,028,967.50	986,892.50
MUNDER	CONOCO INC NT DTD 04/20/1999 6.95 DUE 04-15-2029/04-20-1999 BEO	USA	360,000.00	408,110.40	414,788.40
MUNDER	DAIMLERCHRYSLER N AMER HLDG CORP MED TR# 00031 3.4 DUE 12-15-2004	USA	500,000.00	499,785.00	504,865.00
MUNDER	DOVER CORP NT 6.5 DUE 02-15-2011 BEO	USA	1,000,000.00	1,130,300.00	1,145,340.00
MUNDER	EQUITABLE COS INC SR NT 6.5 DUE 04-01-2008 REG	USA	820,000.00	878,400.40	923,459.40
MUNDER	FLEETBOSTON FINL CORP SR NT DTD 02/13/2003 3.85 DUE 02-15-2008 BEO	USA	800,000.00	811,552.00	820,800.00
MUNDER	GEN ELEC CAP CORP MEDIUM TERM NTS BOOK TRANCHE # TR 00443 7.375 1-19-10 BEO	USA	500,000.00	548,145.00	593,750.00
MUNDER	HELLER FINL INC NT 8 DUE 06-15-2005 BEO	USA	750,000.00	842,452.50	827,902.50
MUNDER	HSEHD FIN CORP NT 8 DUE 07-15-2010 BEO	USA	500,000.00	590,715.00	605,915.00
MUNDER	NATL RURAL UTILS COOP FIN CORP MEDIUM TERM NTS-BOOKENTRY TRANCHE # TR 00057	USA	600,000.00	559,095.00	642,192.00
MUNDER	NIKE INC NT 5.5 DUE 08-15-2006 BEO	USA	175,000.00	181,137.25	191,388.75
MUNDER	PEMEX FIN LTD NT 9.69 DUE 08-15-2009 BEO	Caymen Is.	500,000.00	592,500.00	599,095.00
MUNDER	PROCTER & GAMBLE PFT SHG TR & EMP STR OWN PLAN 9.36 DUE 01-01-2021 REG PUT SF	USA	1,000,000.00	1,168,904.00	1,387,450.00
MUNDER	PVTPL SIMON DEBARTOLO PUTABLE AST TR 6.75 DUE 11-15-2003 REG	USA	750,000.00	769,230.00	754,320.00
MUNDER	PVTPL TIAA GLOBAL MKTS INC NT DTD 01/09/2003 3.875 DUE 01-22-2008 BEO	USA	1,000,000.00	1,030,180.00	1,032,770.00
MUNDER	SLM CORP MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00002 5.125 DUE 08-27-2012	USA	540,000.00	549,714.60	556,329.60
MUNDER	SOC NATL BK CLEV OH 7.25 DUE 06-01-2005 REG	USA	600,000.00	594,869.00	653,082.00
MUNDER	TARGET CORP NT 6.35 DUE 01-15-2011 BEO	USA	750,000.00	847,035.00	853,822.50
MUNDER	VALERO ENERGY CORP NEW VALERO ENRGY 6 875 6.875 DUE 04-15-2012/04-14-2012 BEO	USA	350,000.00	383,012.00	390,428.50
MUNDER	WA MUT BK FA CHATSWORTH CAL GL TRANCHE #SR 00011 DUE 07-25-2006 BEO	USA	750,000.00	751,275.00	754,072.50
MUNDER	WA MUT FIN CORP SR NT 6.875 DUE 05-15-2011 BEO	USA	445,000.00	446,815.37	510,517.35
	TOTAL CORPORATE BONDS		74,457,739.79	77,530,882.98	82,389,850.71

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2003

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	CORPORATE BOND FUNDS				
SSGA BOND INDEX	CF SSGA PASSIVE BD MKT INDEX FD	USA	3,127,188.20	50,302,747.34	53,118,418.76
	TOTAL CORPORATE BOND FUNDS		3,127,188.20	50,302,747.34	53,118,418.76
	NON-GOVERNMENT BACKED CMO's				
BARROW HANLEY BOND	CMO GE COML MTG CORP SER 2003-C2 CL A2 4.17 DUE 07-10-2037 REG	USA	500,000.00	502,492.95	513,840.00
BARROW HANLEY BOND	CMO MORGAN STANLEY BOND DEAN WITTER CAP I TR SER 2003-T11 CL A2 4.34 06-13-2041	USA	445,000.00	447,282.41	454,945.75
BARROW HANLEY BOND	CMO WACHOVIA BK COML MTG TR 2003-C5 MTG PASSTHRU CTF CL A-2 3.99 06-15-2035 REG	USA	634,999.99	638,128.06	607,004.87
DODGE & COX	CMO UN PAC RR CO SER 2002-1 PASS THRU TR6.061 DUE 1-17-2023 BEO	USA	1,400,000.00	1,400,000.00	1,558,522.00
MORGAN STANLEY BOND	I/O CMO FHLMC FHLMC #S1-0087 09-15-2030 BEO	USA	501,356.07	157,754.52	72,611.40
MORGAN STANLEY BOND	PVTPL CMO WORLD FINL PPTYS TOWER B FIN CORP SER 1998 WFP-B 144A 6.91 09-01-2013	USA	336,534.39	335,750.56	375,778.10
MUNDER	CMO COML MTG AST TR 99-C1 A3 6.64 EXPECTED MAT 9-17-10 DUE 1-17-32 BEO	USA	555,000.00	572,488.66	636,039.54
MUNDER	CMO GE CAP COML MTG CORP 2002-1 COML MTGPASSTHRU CTF A-2 5.994 12-10-35 BEO	USA	490,000.00	492,430.30	542,870.11
MUNDER	CMO MORGAN STANLEY BOND D/WITTER CAP TR 2002 MTG P/THRU CTF CL A-2 5.98 DUE 1-15	USA	615,000.00	618,014.12	681,025.66
MUNDER	CMO MSDW CAP I TR 2001-TOP3 COML MTG CL A-3 6.2 EXP 11-15-10 FINAL 7-15-33 BEO	USA	1,000,000.00	1,005,333.00	1,115,243.20
MUNDER	CMO MSDW CAP I TR 2002-HQ MTG PASSTHRU CTF CL A-3 6.51 04-15-34 BEO	Caymen Is.	655,000.00	658,533.73	742,336.66
MUNDER	CMO NATIONSLINK FDG CORP SER 1999-1 CL-A2 6.316 DUE 01-20-2031 BEO	USA	750,000.00	751,230.47	842,210.92
	TOTAL NON-GOVERNMENT BACKED CMO's		7,882,890.45	7,579,438.78	8,142,428.21
	TOTAL CORPORATE FIXED INCOME		98,330,325.03	148,414,718.90	157,341,344.02

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2003

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	U.S. GOVERNMENT AGENCIES				
DODGE & COX	FNMA FNMA 6 05-15-2011	USA	250,000.00	256,875.00	282,500.00
DODGE & COX	SBA GTD DEV PARTN CTF SER 2003-20-D PARTN CTF 4.76 DUE 04-01-23 REG	USA	1,000,000.00	1,000,000.00	1,007,810.00
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF 7.15 DUE 03-01-2017/03-01-2004 REG	USA	504,179.63	528,632.35	562,946.80
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF DEB SER 1999-20 F 6.8 DUE 06-01-2019 REG	USA	1,317,031.04	1,360,040.33	1,463,959.02
MORGAN STANLEY BOND	SLMA TRANCHE # TR 00031 5 10-01-2013	USA	100,000.00	99,687.00	101,093.00
MUNDER	FFCB PREASSIGN 00224 7 09-01-2015	USA	1,250,000.00	1,334,717.50	1,537,500.00
MUNDER	FHLB 6.5 DUE 11-15-2005 REG	USA	500,000.00	517,850.00	550,625.00
MUNDER	FHLB FEDERAL HOME LOAN BANK 5.5 12-11-2013 BEO	USA	500,000.00	433,660.00	542,655.00
MUNDER	FHLB PREASSIGN 00212 5.8 09-02-2008	USA	1,000,000.00	912,990.00	1,121,250.00
MUNDER	FHLMC CONS BD 7.5 05-15-2020	USA	1,150,000.00	1,202,273.00	1,477,750.00
MUNDER	FHLMC PREASSIGN 00578 4.5 07-23-2007/07-23-2004	USA	1,000,000.00	1,034,443.00	1,022,810.00
MUNDER	FNMA 4.75 06-18-2007/06-18-2004	USA	750,000.00	774,772.50	766,410.00
MUNDER	FNMA 7.125 01-15-2030	USA	610,000.00	748,274.61	749,159.30
MUNDER	FNMA BDS 4.75 11-14-2003	USA	1,000,000.00	1,010,375.00	1,004,380.00
MUNDER	FNMA DEB DTD 03/10/1986 8.2 03-10-2016	USA	500,000.00	586,165.00	674,065.00
MUNDER	PVT EXPT FDG CORP 5.75 DUE 01-15-2008 REG	USA	1,000,000.00	1,000,000.00	1,113,750.00
MUNDER	RESOLUTION FDG CORP FED BOOK ENTRY PRIN STRIPS GENERIC PRIN PMT 04-15-2030	USA	1,000,000.00	234,100.00	234,500.00
MUNDER	SLM CORP MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00003 DUE 09-15-2005 REG	USA	450,000.00	450,058.60	450,891.00
	TOTAL U.S. GOVERNMENT AGENCIES		13,881,210.67	13,484,923.89	14,664,054.12

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2003

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	U.S. GOVERNMENT BONDS				
BARROW HANLEY BOND	US TREAS BDS 5.375 DUE 02-15-2031 BEO	USA	1,205,000.00	1,298,085.76	1,293,121.65
BARROW HANLEY BOND	US TREAS BDS 7.5 11/15/2016 USD1000 7.5 DUE 11-15-2016 REG	USA	740,000.00	915,546.47	965,929.40
BARROW HANLEY BOND	US TREAS BDS DTD 02/15/2000 6.25 DUE 05-15-2030 REG	USA	50,000.00	52,693.19	59,328.00
BARROW HANLEY BOND	US TREAS BDS USD1000 8.125 DUE 08-15-2019 REG	USA	1,300,000.00	1,666,386.38	1,801,722.00
BARROW HANLEY BOND	US TREAS NTS 4.625 DUE 05-15-2006 REG	USA	3,255,000.00	3,468,954.17	3,493,038.15
BARROW HANLEY BOND	US TREAS NTS DTD 00025 3.625 DUE 05-15-2013 REG	USA	2,425,000.00	2,364,665.54	2,380,283.00
BARROW HANLEY BOND	US TREAS NTS DTD 05/15/2003 2.625 DUE 05-15-2008 REG	USA	3,005,000.00	2,968,222.20	2,997,487.50
BARROW HANLEY BOND	US TREAS NTS DTD 08/15/2000 5.75 DUE 08-15-2010 REG	USA	900,000.00	985,247.01	1,030,500.00
BARROW HANLEY BOND	USA TREAS NTS BD INFLATION INDEXED 3 DUE 07-15-2012 REG	USA	985,000.00	1,065,941.46	1,103,291.56
DODGE & COX	NEW VY GENERATION V 2003-2 PASSTHRU CTF 4.929 DUE 01-15-2021 BEO	USA	750,000.00	750,000.00	750,000.00
DODGE & COX	US TREAS NTS 5.75 DUE 11-15-2005 BEO	USA	5,750,000.00	6,225,332.03	6,256,747.50
DODGE & COX	US TREAS NTS 5.875 DUE 11-15-2004 BEO	USA	5,050,000.00	5,423,839.81	5,316,690.50
DODGE & COX	US TREAS NTS DTD 04/30/2002 3.375 DUE 04-30-2004 REG	USA	3,500,000.00	3,585,312.50	3,548,125.00
DODGE & COX	US TREAS NTS INFLATION-INDEXED NT 3.5 DUE 01-15-2011 BEO	USA	650,000.00	663,739.60	776,916.48
MORGAN STANLEY BOND	U.S TREAS BDS 5.500 DUE 08-15-2028 REG	USA	975,000.00	1,111,329.11	1,044,468.75
MORGAN STANLEY BOND	US TREAS BDS 6.125 BDS 08-15-2029 USD1000	USA	1,050,000.00	1,179,900.39	1,222,263.00
MORGAN STANLEY BOND	US TREAS BDS DTD 02/15/1995 7.625 DUE 02-15-2025 REG	USA	1,465,000.00	2,042,012.12	1,987,360.40
MORGAN STANLEY BOND	US TREAS NTS DTD 3.875 DUE 02-15-2013 REG	USA	3,400,000.00	3,289,474.18	3,398,946.00
MUNDER	U.S TREAS BDS 5.500 DUE 08-15-2028 REG	USA	1,000,000.00	1,000,429.69	1,071,250.00
MUNDER	US TREAS BD STRIPPED PRIN PMT 02-15-2015REG	USA	500,000.00	279,525.00	299,090.00
MUNDER	US TREAS BDS 12 15/8/2013 USD1000 12 DUE08-15-2013/08-15-2008 REG	USA	1,000,000.00	1,426,343.76	1,416,880.00
MUNDER	US TREAS BDS 5.375 DUE 02-15-2031 BEO	USA	750,000.00	735,925.43	804,847.50
MUNDER	US TREAS BDS DTD 02/15/2000 6.25 DUE 05-15-2030 REG	USA	1,000,000.00	1,108,398.44	1,186,560.00
MUNDER	US TREAS NTS DTD 02/18/2003 3 DUE 02-15-2008 REG	USA	750,000.00	763,886.72	762,892.50
MUNDER	US TREAS NTS INFLATION INDEX 3.625 TIPS DUE 01-15-2008 REG	USA	1,000,000.00	1,198,268.65	1,277,885.93
	TOTAL U.S. GOVERNMENT BONDS		**42,455,000.00**	**45,569,459.61**	**46,245,624.82**
	U.S. GOVERNMENT MORTGAGE BACKED				
BARROW HANLEY BOND	FHLMC GOLD C26472 6.5 05-01-2029	USA	217,258.94	213,321.14	227,039.93
BARROW HANLEY BOND	FHLMC GOLD E90777 5.5 08-01-2017	USA	343,765.84	354,830.81	355,797.64
BARROW HANLEY BOND	FHLMC GOLD G11202 6 11-01-2016	USA	214,015.17	215,085.25	222,815.47
BARROW HANLEY BOND	FHLMC GOLD GROUP C00835 6.5 07-01-2029	USA	350,801.12	328,711.63	366,594.18
BARROW HANLEY BOND	FHLMC POOL # E01386 5 06-01-2018 BEO	USA	2,707,370.14	2,802,974.17	2,774,837.80
BARROW HANLEY BOND	FHLMC POOL # E9-7381 5.5 06-01-2018 BEO	USA	694,675.70	722,462.72	718,989.35
BARROW HANLEY BOND	FNMA POOL # 545302 5.5 DUE 11-01-2016 REG	USA	219,089.21	226,791.58	226,842.77
BARROW HANLEY BOND	FNMA POOL # 557390 7.5 DUE 10-01-2015 REG	USA	134,455.14	138,215.71	143,782.29
BARROW HANLEY BOND	FNMA POOL # 599321 7 DUE 07-01-2031 REG	USA	296,518.11	303,421.46	313,828.83
BARROW HANLEY BOND	FNMA POOL # 629048 6.5 DUE 04-01-2032 REG	USA	752,702.49	782,810.59	784,609.54
BARROW HANLEY BOND	FNMA POOL # 639288 6.5 DUE 11-01-2032 REG	USA	992,096.90	1,032,400.86	1,034,151.88
BARROW HANLEY BOND	FNMA POOL # 647747 7 DUE 05-01-2032 REG	USA	1,209,990.31	1,218,309.85	1,280,000.34
BARROW HANLEY BOND	FNMA POOL # 648337 6 DUE 06-01-2017 REG	USA	282,495.37	284,967.22	294,888.44
BARROW HANLEY BOND	FNMA POOL # 648511 6 DUE 06-01-2017 REG	USA	830,117.88	837,381.41	866,535.15
BARROW HANLEY BOND	FNMA POOL # 650077 7.5 DUE 07-01-2032 REG	USA	530,856.82	565,030.74	566,498.54
BARROW HANLEY BOND	FNMA POOL # 665380 7 DUE 10-01-2032 REG	USA	316,765.98	333,321.96	335,094.06
BARROW HANLEY BOND	FNMA POOL # 670881 6.5 DUE 12-01-2032 REG	USA	682,126.05	709,837.42	711,041.37
BARROW HANLEY BOND	FNMA POOL # 674606 6.5 DUE 12-01-2032 REG	USA	466,782.00	485,745.03	486,568.88
BARROW HANLEY BOND	FNMA POOL # 675231 6.5 DUE 12-01-2032 REG	USA	621,682.70	646,938.56	648,035.83
BARROW HANLEY BOND	FNMA POOL # 678220 6.5 DUE 12-01-2032 REG	USA	49,295.17	51,297.80	51,384.79
BARROW HANLEY BOND	FNMA POOL # 705607 6 06-01-2033 BEO	USA	1,439,632.00	1,507,564.64	1,485,743.41
BARROW HANLEY BOND	FNMA POOL # 705609 6 06-01-2033 BEO	USA	1,189,930.47	1,245,894.39	1,228,043.94
BARROW HANLEY BOND	FNMA POOL # 713706 5.5 08-01-2033 BEO	USA	981,195.92	981,042.61	1,001,585.17
BARROW HANLEY BOND	FNMA POOL # 727223 5.5 09-01-2033 BEO	USA	900,000.00	915,187.50	918,702.00
BARROW HANLEY BOND	FNMA SINGLE FAMILY MTG 4.5 15 YEARS SETTLES OCT	USA	3,250,000.00	3,219,531.25	3,276,422.50
BARROW HANLEY BOND	GNMA POOL # 486057 SER 2031 7.5 DUE 02-15-2031 REG	USA	49,863.63	52,481.48	53,372.53
BARROW HANLEY BOND	GNMA POOL # 550284 SER 2031 7 DUE 08-15-2031 REG	USA	112,502.67	119,393.46	119,652.21
BARROW HANLEY BOND	GNMA POOL # 553235 6 05-15-2033 BEO	USA	2,951,823.37	3,108,869.59	3,068,656.53
BARROW HANLEY BOND	GNMA POOL # 555732 SER 2032 6.5 DUE 03-15-2032 REG	USA	214,184.96	216,962.69	225,007.72
BARROW HANLEY BOND	GNMA POOL # 574846 SER 2031 7 DUE 11-15-2031 REG	USA	292,632.13	298,484.78	311,228.90
BARROW HANLEY BOND	GNMA POOL # 579750 6 09-15-2032 BEO	USA	1,912,392.92	1,999,048.24	1,988,506.15
DODGE & COX	FHLMC GOLD G11204 6 02-01-2015	USA	695,114.66	699,024.69	725,268.73
DODGE & COX	FHLMC MULTICLASS PREASSIGN 00890 6.5 09-25-2043	USA	3,727,956.85	3,901,539.86	3,965,614.09
DODGE & COX	FHLMC MULTICLASS SER 2055 CL OD 6.0 MTG PARTN CTF DUE 01-15-2012 REG	USA	1,355,759.10	1,398,126.62	1,371,569.69
DODGE & COX	FHLMC POOL # G11185 5.5 10-01-2016 BEO	USA	1,871,705.60	1,938,385.12	1,937,102.99
DODGE & COX	FNMA POOL # 252062 6.5 DUE 10-01-2013 REG	USA	1,679,027.64	1,733,333.78	1,775,387.03
DODGE & COX	FNMA POOL # 252640 6.5 DUE 08-01-2014 REG	USA	697,847.12	722,671.50	737,729.08
DODGE & COX	FNMA POOL # 323491 5.952 DUE 01-01-2009 REG	USA	1,960,656.11	2,000,479.33	2,162,623.29
DODGE & COX	FNMA POOL # 323623 6 DUE 03-01-2014 REG	USA	858,429.89	883,243.93	898,012.09
DODGE & COX	FNMA POOL # 323818 6.5 DUE 07-01-2014 REG	USA	1,446,449.13	1,498,317.94	1,529,460.84
DODGE & COX	FNMA POOL # 433301 6.5 DUE 07-01-2013 REG	USA	863,439.50	890,152.18	912,992.29
DODGE & COX	FNMA POOL # 512154 6 DUE 07-01-2014 REG	USA	1,583,724.73	1,483,752.12	1,656,021.76
DODGE & COX	FNMA POOL # 535574 7.5 11-01-2013 BEO	USA	2,048,682.37	2,182,807.06	2,190,758.49
DODGE & COX	FNMA POOL # 545387 5 835 01-01-2012 BEO	USA	221,102.21	240,940.96	244,008.39
DODGE & COX	FNMA POOL # 545961 5 5 DUE 02-01-2014 REG	USA	1,074,381.84	1,112,656.70	1,117,303.39

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2003

Account name	Asset description	Country	Shares/Par value	Book value	Market value
DODGE & COX	FNMA POOL # 555382 5.5 08-01-2015 BEO	USA	2,697,495.12	2,824,361.75	2,805,260.05
DODGE & COX	FNMA PREASSIGN 00276 7 03-23-2035	USA	2,888,171.29	2,961,278.42	3,131,860.74
DODGE & COX	FNMA REMIC SER 2003-W2 CL 1-A1 6.5 07-25-2032	USA	1,462,844.78	1,548,672.65	1,554,730.44
MORGAN STANLEY BOND	FHLMC GOLD C01369 7.5 04-01-2032	USA	2,903,253.23	3,054,313.28	3,105,609.98
MORGAN STANLEY BOND	FHLMC GOLD C01371 7 06-01-2032	USA	2,239,830.47	2,303,088.21	2,364,365.04
MORGAN STANLEY BOND	FHLMC GOLD C52115 7.5 05-01-2031	USA	83,628.21	86,176.28	89,453.75
MORGAN STANLEY BOND	FHLMC GOLD C55607 6.5 08-01-2031	USA	19,238.11	19,384.66	20,086.89
MORGAN STANLEY BOND	FHLMC GOLD C56693 6.5 08-01-2031	USA	1,061,478.59	1,069,564.09	1,108,311.02
MORGAN STANLEY BOND	FHLMC GOLD G01433 6.5 07-01-2032	USA	4,655,316.66	4,842,984.19	4,861,128.21
MORGAN STANLEY BOND	FHLMC GOLD POOL C24908 6.5 04-01-2029	USA	253,829.42	264,061.93	265,335.50
MORGAN STANLEY BOND	FNMA I/O REMIC TR 1997-30 CL-SI VAR RATEDUE 07-25-2022 REG	USA	395,443.05	130,800.61	38,107.38
MORGAN STANLEY BOND	FNMA POOL # 252982 8 DUE 01-01-2030 REG	USA	56,933.02	58,961.26	61,560.53
MORGAN STANLEY BOND	FNMA POOL # 253517 8.5 DUE 11-01-2030 REG	USA	52,352.21	54,233.64	56,410.55
MORGAN STANLEY BOND	FNMA POOL # 254478 6 DUE 10-01-2032 REG	USA	1,474,465.13	1,493,144.18	1,521,721.73
MORGAN STANLEY BOND	FNMA POOL # 510618 7 DUE 08-01-2029 REG	USA	488,600.50	514,252.03	517,423.04
MORGAN STANLEY BOND	FNMA POOL # 527756 8 DUE 02-01-2030 REG	USA	310,571.92	326,974.01	335,498.42
MORGAN STANLEY BOND	FNMA POOL # 528319 7 DUE 07-01-2015 REG	USA	106,729.45	111,865.80	113,568.67
MORGAN STANLEY BOND	FNMA POOL # 531119 7 DUE 02-01-2015 REG	USA	283,054.33	296,676.34	301,198.11
MORGAN STANLEY BOND	FNMA POOL # 535801 7 DUE 03-01-2016 REG	USA	55,504.66	58,175.84	59,061.39
MORGAN STANLEY BOND	FNMA POOL # 535951 8 DUE 03-01-2031 REG	USA	60,699.76	63,507.13	65,633.43
MORGAN STANLEY BOND	FNMA POOL # 542206 8.5 DUE 07-01-2030 REG	USA	26,942.84	27,911.10	29,031.44
MORGAN STANLEY BOND	FNMA POOL # 544397 8.5 DUE 08-01-2030 REG	USA	45,788.77	47,434.32	49,338.31
MORGAN STANLEY BOND	FNMA POOL # 544476 8.5 DUE 08-01-2030 REG	USA	25,534.64	26,452.30	27,514.08
MORGAN STANLEY BOND	FNMA POOL # 544701 8.5 DUE 07-01-2030 REG	USA	29,194.56	30,243.74	31,457.72
MORGAN STANLEY BOND	FNMA POOL # 545369 7 DUE 09-01-2016 REG	USA	603,534.55	632,579.68	642,209.04
MORGAN STANLEY BOND	FNMA POOL # 546560 8.5 DUE 07-01-2030 REG	USA	50,693.23	52,515.03	54,622.96
MORGAN STANLEY BOND	FNMA POOL # 548965 8.5 DUE 07-01-2030 REG	USA	80,545.51	83,440.12	86,789.39
MORGAN STANLEY BOND	FNMA POOL # 552561 8.5 DUE 10-01-2030 REG	USA	56,400.50	58,427.42	60,772.66
MORGAN STANLEY BOND	FNMA POOL # 553246 8.5 DUE 09-01-2030 REG	USA	30,340.76	31,431.13	32,692.77
MORGAN STANLEY BOND	FNMA POOL # 557184 8 DUE 11-01-2030 REG	USA	42,704.42	44,772.93	46,131.87
MORGAN STANLEY BOND	FNMA POOL # 560994 8.5 DUE 11-01-2030 REG	USA	130,040.44	134,713.78	140,121.17
MORGAN STANLEY BOND	FNMA POOL # 561232 8 DUE 05-01-2031 REG	USA	73,004.68	76,381.14	78,688.09
MORGAN STANLEY BOND	FNMA POOL # 562055 8.5 DUE 12-01-2030 REG	USA	71,708.60	74,285.64	77,267.45
MORGAN STANLEY BOND	FNMA POOL # 562119 8.5 DUE 12-01-2030 REG	USA	92,013.44	95,320.17	99,146.32
MORGAN STANLEY BOND	FNMA POOL # 563763 8.5 DUE 12-01-2030 REG	USA	320,176.58	331,682.94	344,996.66
MORGAN STANLEY BOND	FNMA POOL # 564055 8 DUE 06-01-2030 REG	USA	31,223.43	32,667.51	34,002.31
MORGAN STANLEY BOND	FNMA POOL # 568386 7 DUE 12-01-2015 REG	USA	496,805.10	520,713.85	528,650.30
MORGAN STANLEY BOND	FNMA POOL # 568495 8.5 DUE 01-01-2031 REG	USA	237,750.43	246,294.61	256,180.84
MORGAN STANLEY BOND	FNMA POOL # 576022 8 DUE 12-01-2029 REG	USA	20,893.64	21,997.10	22,729.98
MORGAN STANLEY BOND	FNMA POOL # 576781 8 DUE 12-01-2028 REG	USA	8,607.63	9,062.23	9,352.79
MORGAN STANLEY BOND	FNMA POOL # 580370 7 DUE 05-01-2016 REG	USA	85,972.72	90,110.17	91,483.57
MORGAN STANLEY BOND	FNMA POOL # 582997 6.5 DUE 07-01-2031 REG	USA	27,450.41	27,480.43	28,615.40
MORGAN STANLEY BOND	FNMA POOL # 585971 7 06-01-2031 BEO	USA	60,939.31	64,114.82	64,496.94
MORGAN STANLEY BOND	FNMA POOL # 586702 6.5 DUE 06-01-2031 REG	USA	38,210.47	38,252.27	39,832.12
MORGAN STANLEY BOND	FNMA POOL # 589509 7 DUE 08-01-2031 REG	USA	280,159.44	294,867.82	296,515.14
MORGAN STANLEY BOND	FNMA POOL # 593020 6.5 DUE 09-01-2031 REG	USA	52,359.47	52,416.74	54,581.60
MORGAN STANLEY BOND	FNMA POOL # 593391 8 DUE 12-01-2030 REG	USA	225,677.33	236,608.61	244,020.38
MORGAN STANLEY BOND	FNMA POOL # 598133 8 DUE 07-01-2031 REG	USA	48,876.90	51,244.38	52,681.96
MORGAN STANLEY BOND	FNMA POOL # 598209 6.5 DUE 08-01-2031 REG	USA	194,640.29	194,853.19	202,900.82
MORGAN STANLEY BOND	FNMA POOL # 599060 6.5 DUE 08-01-2031 REG	USA	140,961.37	141,115.56	146,943.77
MORGAN STANLEY BOND	FNMA POOL # 634232 7 04-01-2032 BEO	USA	38,615.23	40,627.45	40,849.50
MORGAN STANLEY BOND	FNMA POOL # 649879 6 DUE 09-01-2032 REG	USA	302,312.85	310,036.13	312,001.97
MORGAN STANLEY BOND	FNMA POOL # 677790 5 08-01-2033 BEO	USA	198,377.94	201,702.32	198,502.91
MORGAN STANLEY BOND	FNMA POOL # 678001 5.5 DUE 12-01-2017 REG	USA	1,588,998.53	1,641,137.56	1,645,042.50
MORGAN STANLEY BOND	FNMA POOL # 689070 5 06-01-2033 BEO	USA	206,344.23	207,891.82	206,474.22
MORGAN STANLEY BOND	FNMA POOL # 707791 5 06-01-2033 BEO	USA	508,961.14	512,778.35	509,281.78
MORGAN STANLEY BOND	FNMA POOL # 720535 5.5 06-01-2033 BEO	USA	2,996,084.40	2,957,697.07	3,058,343.03
MORGAN STANLEY BOND	FNMA POOL # 729400 5 08-01-2033 BEO	USA	996,567.36	1,013,501.22	997,195.19
MORGAN STANLEY BOND	FNMA POOL # 729690 5 08-01-2033 BEO	USA	306,145.76	311,048.88	306,338.63
MORGAN STANLEY BOND	FNMA POOL # 730816 5 08-01-2033 BEO	USA	2,387,078.29	2,422,355.81	2,388,582.14
MORGAN STANLEY BOND	FNMA POOL # 730861 5.5 08-01-2033 BEO	USA	298,061.84	294,242.92	304,255.56
MORGAN STANLEY BOND	FNMA POOL # 730969 5 08-01-2033 BEO	USA	198,825.71	202,010.02	198,950.97
MORGAN STANLEY BOND	FNMA POOL # 731326 5 08-01-2033 BEO	USA	249,705.01	252,719.03	249,862.32
MORGAN STANLEY BOND	FNMA POOL # 734371 5 DUE 07-01-2033 REG	USA	284,595.09	286,729.56	284,774.38
MORGAN STANLEY BOND	FNMA POOL # 734835 5 DUE 08-01-2033 REG	USA	998,457.54	1,015,423.52	999,086.56
MORGAN STANLEY BOND	FNMA POOL # 734836 5 DUE 08-01-2033 REG	USA	149,818.90	152,364.65	149,913.28
MORGAN STANLEY BOND	FNMA POOL # 736934 5 DUE 09-01-2033 REG	USA	800,080.00	806,080.60	800,584.05
MORGAN STANLEY BOND	FNMA POOL #330286 7 GTD MTG PASS THRU CTF DUE 11-01-2025 REG	USA	35,885.16	37,755.12	38,078.82
MORGAN STANLEY BOND	GNMA POOL # 248155 10 DUE 01-15-2018 REG	USA	14,544.34	16,035.14	16,420.70
MORGAN STANLEY BOND	GNMA POOL # 395896 7 DUE 12-15-2025 REG	USA	30,003.57	29,769.17	32,072.61
MORGAN STANLEY BOND	GNMA POOL # 419334 7 DUE 12-15-2025 REG	USA	23,371.56	23,188.97	24,983.26
MORGAN STANLEY BOND	GNMA POOL # 504549 SER 2029 7 DUE 09-15-2029 REG	USA	222,252.99	215,689.59	236,534.96
MORGAN STANLEY BOND	GNMA POOL # 583960 SER 2032 6.5 DUE 06-15-2032 REG	USA	659,474.88	665,348.38	692,798.14
MORGAN STANLEY BOND	GNMA POOL #404669 7.00 DUE 12-15-2025 REG	USA	33,097.51	32,838.94	35,379.91
MORGAN STANLEY BOND	I/O FHLMC MULTICLASS FHLMC #S1-0068 01-15-2028	USA	71,917.02	57,974.38	12,860.20

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2003

Account name	Asset description	Country	Shares/Par value	Book value	Market value
MORGAN STANLEY BOND	I/O FHLMC MULTICLASS FHLMC #S1-0084 12-15-2029	USA	255,847.57	99,536.13	41,096.79
MORGAN STANLEY BOND	I/O FHLMC MULTICLASS S1-0095 SER 215 03-15-2031	USA	32,189.35	21,066.44	5,509.52
MORGAN STANLEY BOND	I/O FHLMC MULTICLASS SER 199 CL IO 6.5 09-15-2028	USA	505,873.44	67,460.90	67,695.98
MORGAN STANLEY BOND	I/O FHLMC MULTICLASS SER 2234 CL SC 10-15-2029	USA	251,784.29	47,452.03	18,108.88
MORGAN STANLEY BOND	I/O FHLMC MULTICLASS SER G063 CL SA 06-17-2027	USA	399,667.93	48,721.01	11,260.80
MORGAN STANLEY BOND	I/O FNMA PREASSIGN 00300 12-25-2027	USA	333,782.55	36,229.38	19,253.11
MORGAN STANLEY BOND	I/O FNMA REMIC SER 2002-50 CL-SC DUE 12-25-2029 BEO	USA	365,360.94	67,207.22	24,085.79
MORGAN STANLEY BOND	I/O FNMA REMIC SER 2003-58 CL IM 07-25-2033	USA	1,164,231.39	152,402.34	223,207.37
MORGAN STANLEY BOND	I/O FNMA SER 2001-4 CL SA VAR RATE 02-17-2031	USA	586,685.73	76,198.67	57,903.71
MORGAN STANLEY BOND	I/O FNMA SER 2003-25 CL IK 04-25-2033	USA	994,020.77	150,844.76	120,047.69
MORGAN STANLEY BOND	I/O FNMA SMBS TR #000317 CL 2 11-25-2011	USA	1,126,106.14	398,116.21	194,095.65
MORGAN STANLEY BOND	I/O FNMA SMBS TR 000267 CL 2 10-25-2024	USA	149,487.03	82,900.63	30,314.47
MORGAN STANLEY BOND	I/O FNMA SMBS TR 000296 CL 2 03-25-2028	USA	101,512.33	22,336.78	18,695.52
MORGAN STANLEY BOND	I/O FNMA SMBS TR 000303 CL 2 10-25-2029	USA	396,061.50	82,203.23	66,055.13
MORGAN STANLEY BOND	I/O FNMA SMBS TR 000306 CL 2 04-25-2030	USA	209,917.14	228,536.43	36,529.78
MORGAN STANLEY BOND	I/O FNMA SMBS TR 000307 CL 2 05-25-2030	USA	88,114.70	72,244.70	14,904.60
MORGAN STANLEY BOND	I/O FNMA SMBS TR 000313 CL 2 07-01-2031	USA	724,755.75	104,210.11	96,211.32
MORGAN STANLEY BOND	I/O FNMA SMBS TR 000320 CL 2 03-25-2026	USA	235,652.41	68,385.23	37,520.57
MORGAN STANLEY BOND	I/O GNMA 2001-46 REMIC TR CL SA VAR RT 09-16-2031	USA	293,160.82	62,590.58	23,210.07
MORGAN STANLEY BOND	I/O GNMA REMIC SER 2000-29 CL MX-S INV IO 09-20-2030	USA	291,210.65	64,251.42	29,285.33
MORGAN STANLEY BOND	I/O GNMA REMIC TR 1999 27 CL SE INVERSE FLTG 08-16-2027	USA	479,845.76	93,044.22	54,226.69
MORGAN STANLEY BOND	I/O GNMA REMIC TR 1999-30 CL SA INV INT ONLY 04-16-2029	USA	433,455.47	0.00	44,041.59
MUNDER	FHLMC CMO SER 1665 CL 1665-KZ 6.501-15-2024	USA	1,403,481.09	1,512,690.81	1,521,400.02
MUNDER	FHLMC GOLD C67999 7 06-01-2032	USA	72,946.27	76,074.98	77,002.08
MUNDER	FHLMC GOLD C68162 7 06-01-2032	USA	42,165.38	43,973.88	44,509.77
MUNDER	FHLMC GOLD GROUP C01095 7 11-01-2030	USA	191,230.87	188,720.97	201,945.53
MUNDER	FHLMC MULTICLASS SER 1508 CL HA 7.1 MTG PARTN CTF DUE 10-15-2022 REG	USA	1,069,248.22	1,086,623.48	1,079,302.25
MUNDER	FHLMC MULTICLASS SER 1602 CL 1602-PO 6.504-15-2022	USA	142,036.99	136,155.79	142,241.80
MUNDER	FHLMC MULTICLASS SER 1611 CL IA 6.5 MTG PARTN CTF DUE 02-15-2023 REG	USA	690,916.25	666,194.41	709,145.31
MUNDER	FHLMC MULTICLASS SER 1673 CL H 6 11-15-2022	USA	1,000,000.00	1,072,812.50	1,055,241.00
MUNDER	FHLMC MULTICLASS SER 2043 CL PL 6.5 MTG PARTN CTF DUE 06-15-2027 REG	USA	498,430.73	520,704.36	505,299.65
MUNDER	FHLMC MULTICLASS SER 2091 CL PP 6 02-15-2027	USA	311,130.67	324,450.95	319,544.82
MUNDER	FHLMC MULTICLASS SER 2123 CL PE 6 12-15-2027	USA	1,428,979.00	1,480,779.49	1,490,640.44
MUNDER	FHLMC MULTICLASS SER 2141 CL N 5.55 11-15-2027	USA	1,000,000.00	959,257.81	1,025,911.50
MUNDER	FHLMC MULTICLASS SER 2175 CL 2175-TG 6 03-15-2028	USA	1,000,000.00	1,028,750.00	1,041,196.90
MUNDER	FNMA POOL # 323406 5.995 DUE 11-01-2008 REG	USA	583,300.43	638,098.78	644,447.81
MUNDER	FNMA POOL # 381208 5.71 DUE 01-01-2009 REG	USA	376,256.10	381,047.50	409,961.12
MUNDER	FNMA POOL # 386314 3.79 07-01-2013 BEO	USA	1,497,123.63	1,442,151.13	1,426,639.04
MUNDER	FNMA POOL # 450601 6 DUE 12-01-2028 REG	USA	517,328.14	469,636.98	535,212.17
MUNDER	FNMA POOL # 508855 8 DUE 08-01-2029 REG	USA	248,705.54	249,638.21	268,920.32
MUNDER	FNMA POOL # 684968 5 09-01-2033 BEO	USA	1,000,000.00	962,343.75	1,000,630.00
MUNDER	FNMA REMIC SER 1993-203 CL PL 6.5 DUE 10-25-2023 BEO	USA	500,000.00	463,867.19	546,281.55
MUNDER	FNMA REMIC SER 2002-94 CL BE 5 06-25-2014	USA	1,000,000.00	1,028,437.50	1,036,738.80
MUNDER	FNMA REMIC TR 1993-130 CL-J 6.5 06-25-2021/10-25-2003	USA	15,716.11	15,436.17	15,700.82
MUNDER	FNMA REMIC TR 1998-61 CL-PK 6 12-25-2026	USA	1,675,000.00	1,582,500.00	1,661,075.44
MUNDER	FNMA REMIC TR 1999-57 CL-VK 7 03-25-2017	USA	769,578.44	788,817.90	777,905.81
MUNDER	FNMA REMIC TR SER 1994-50 CL PH 5.50 PASS THRU CTF DUE 01-25-2023 REG	USA	1,012,303.92	1,036,804.18	1,029,860.40
MUNDER	FNMA REMIC TR SER 1994-51 CL PH 6.5 GTD MTG PASS THRU CTF DUE 01-25-2023 REG	USA	544,447.21	571,159.16	553,230.23
MUNDER	FNMA REMIC TR SER 92-64 CL J 7.50000 GTDMTG PASS THRU CTF DUE 05-25-2007 REG	USA	697,835.29	742,649.44	736,844.14
MUNDER	GNMA POOL # 538257 SER 2031 7 DUE 10-15-2031 REG	USA	226,268.04	233,330.09	240,647.37
	TOTAL U.S. GOVERNMENT MORTGAGE BACKED		**113,002,616.06**	**107,911,807.79**	**108,630,107.05**
	NON-U.S. GOVERNMENT BONDS				
BARROW HANLEY BOND	UTD MEXICAN STS MEDIUM TERM NTS BOOK TRANCHE # TR 00013 7.5 04-08-2033 REG	Mexico	265,000.00	292,374.50	276,925.00
	TOTAL NON-U.S. GOVERNMENT BONDS		**265,000.00**	**292,374.50**	**276,925.00**
	TOTAL GOVERNMENT BONDS & BILLS		**155,722,616.06**	**153,773,641.90**	**155,152,656.87**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2003

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	REAL ESTATE FUNDS				
JP MORGAN	CF JMPCB STRATEGIC PROPERTY FUND	USA	34,933.90	29,406,673.39	33,068,115.33
JP MORGAN	CF JPMCB SPECIAL SITUATION PROPERTY FUND	USA	11,387.25	8,592,259.37	9,825,841.66
	TOTAL REAL ESTATE FUNDS		46,321.15	37,998,932.76	42,893,956.99
	REAL ESTATE, PROPERTY & EQUIPMENT				
FIPO	1895 SW 3RD AVENUE, MIAMI, FLORIDA	USA		2,384,445.00	2,384,445.00
	TOTAL REAL ESTATE, PROPERTY & EQUIPMENT			2,384,445.00	2,384,445.00

IV

ACTUARIAL

SECTION

Enrolled Actuary's Statement

This report has been prepared in accordance with standards established by the American Academy of Actuaries. To the best of our knowledge, it reflects the actuarial condition of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2002 for the Retirement Fund and for the COLA Fund.

All costs and cost components are calculated on the basis of actuarial assumptions, which reasonable reflect the experience of the Trust.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends, which may require a material increase in, plan costs or required contribution rates have been taken into account in the valuation.

STANLEY HOLCOMBE & ASSOCIATES

Comparison of Funding Progress
($000)

		10/01/2002 -$-	10/01/2001 -$-
I.	**Assets**		
A.	Book Value	808,431	836,849
B.	Market Value	753,229	828,863
II.	**Liabilities**		
A.	Retired and Vested	433,462	430,016
B.	Active		
	Employee Contributions	113,613	108,597
	Other Vested	254,145	225,342
	Non-Vested Accrued	16,278	13,837
C.	Total Accrued	817,496	777,792
III.	**Ratios**	%	%
	IA/IIC	98.9	107.6
	IB/IIC	92.1	106.6

STANLEY HOLCOMBE & ASSOCIATES – EXHIBIT 6

Summary of Actuarial Basis

Valuation Date: October 1, 2002 for Fiscal Year beginning October 1, 2003.

Valuation Method: Aggregate Cost Method.

Asset Valuation Method: Average of ratios of market to book values as of current and most recent September 30's. Average ratio is applied to book value at current September 30. The result cannot be greater than 120% of market value or less than 80% of market value.

Actuarial Assumptions:

Interest Discount/ Investment Return: 7.75% , compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	0.0507%	0.0284%
30	0.0801%	0.0351%
40	0.1072%	0.0709%
50	0.2579%	0.1428%
60	0.7976%	0.4439%
70	2.3760%	1.3730%

Disability Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

V

STATISTICAL

SECTION

STATISTICAL DATA OF VARIOUS ACCOUNTS

THROUGH SEPTEMBER 30, 2003

	GENERAL FUND		COLA I		COLA II	
MEMERSHIP ACCOUNT						
ADD:						
Members' Contributions						
After Tax	63,284,272					
Pre Tax	115,985,302		11,814,941			
After Tax from G & S	17,210					
Interest						
From Benefit Acct	64,968,033					
From Withdrawals	385,365					
Transfers from G & S	1,991					
		244,642,173		11,814,941		
DEDUCT:						
Refunds -						
Leaving Service	16,029,003		926,029			
Additional Contributions	171,226					
Accidental Death	441,596		22,039			
Accidental Disability	1,982,443					
Option 6A	571,614					
Ordinary Death	1,270,367		52,647			
Transfers -						
After Tax from G & S	4,412,189					
Benefit Account	101,144,832		5,247,514			
Transfers to Acct Payable	487,510					
Interest withheld	296,388					
Interest	1,347,806					
		128,154,974		6,251,581		
BALANCE AS OF 9/30/03		116,487,199		5,563,361		
BENEFIT ACCOUNT:						
ADD:						
Contributions -						
City of Miami	348,567,295		2,042,899		5,636,439	
Police Relief & Pension Fund	52,342					
Fire Relief & Pension Fund	28,473					
Members	697,822					
Transfers from Membership Acct	101,155,756		5,247,514			
Amortization of Discounts	10,319,476		249,134			
Dividends Received	126,393,640		858,409		4,007,865	
Securities Lending Income	1,961,399		53,765		253,180	
Excess Interest Transfer					168,305,714	
Interest Income	424,228,427		8,093,496		15,302,715	
Other Income	2,123,950		27,067		128,245	
Profit on Sale of Investments	555,205,446		13,736,182		31,575,138	
Unrealized Profit on Sales of Inv	40,479,067		1,562,728		-898,193	
Rental Income	340,525		3,494		21,767	
Share of Earnings Income			1,170,581			
		1,611,553,617		33,045,269		224,332,870
DEDUCT:						
Pensions Paid						
Fire	298,370,109					
Police	287,069,081					
General	7,034,700					
Former Gen assumed by Trust	276,624					
Pension Payments Prior 1966	989,022					
Distributions			8,646,226		49,767,748	
Lump Sum Payments to Benef	79,137					
Death Benefits	869,638					
Amortization of Premium	4,876,744					
Corrections to Control	17,117,379					
Income Expenses	28,850,418		411,763		1,664,201	
Securities Lending Fees	588,420		16,130		75,960	
Other Expenses			45,256			
Vested Rights Withdrawals	682,671					
Transfers -						
Excess Interest Earnings	168,305,714					
G & S Benefit Account	5,378,420					
G & S Share of Earnings	5,251,212					
Interest to Membership Acct	65,033,021					
Interest on VR Withdrawals	140,518					
Overpayments (uncollectible)	769					
		890,947,976		9,120,597		51,515,036
BALANCE AS OF 9/30/01		720,605,641		23,924,672		172,817,835
BENEFIT ACCOUNT - SPECIAL						
ADD:						
Contributions - City of Miami	1,001,273					
Members	9,945					
		1,011,218				
DEDUCT:						
Pension Paid		1,011,218				
BALANCE AS OF 9/30/01		0				
RESERVE ACCOUNT						
ADD:						
Transfers -						
Benefit Account	961,029					
BA Share of Earnings	222,289					
BALANCE AS OF 9/30/01		1,183,318				

SUMMARY OF ACTIVE MEMBER STATISTICS

AS OF SEPTEMBER 30, 2003

NUMBER OF :		
	MALES	1,453
	FEMALES	232
TOTAL:		1,685
AVERAGES :		
	CURRENT AGE	39.6
	PAST SERVICE	13.9
	CREDITED PAST SERVICE	13.7
	ANNUAL EARNINGS	53,492

SUMMARY OF RETIREMENTS

JANUARY 1, 1940 THROUGH SEPTEMBER 30, 2003

DESCRIPTION	SERVICE	ORDINARY DISABILITY	SERVICE ACCIDENTAL DISABILITY	ACCIDENTAL DEATH	ORDINARY DEATH	EARLY SERVICE	DROP PLAN	VESTED RIGHTS	CONTINUANCES	TOTAL BENEFITS GRANTED
BENEFITS GRANTED	1,749	51	450	38	2	106	210	74	191	2,871
ASSUMED BY G.E.S.E. FUND	-184	-3	-19	0	0	0	0	0	0	-206
TERMINATED BY DEATH	-671	-33	-218	-17	0	-14	0	-3	-15	-971
TERMINATED DROP PLAN	0	0	0	0	0	0	-157	0	0	-157
TERMINATED BY MARRIAGE	0	0	0	-2	0	0	0	0	0	-2
RETURNED TO SERVICE	-2	-3	-1	0	0	0	0	0	0	-6
MINORS ATTAINING AGE 18	0	-1	0	-7	0	0	0	0	0	-8
PAYMENT SUSPENDED	-2	0	-1	0	0	0	0	0	0	-3
UNMATURED VESTED RIGHTS	0	0	0	0	0	0	0	-22	0	-22
WITHDRAWN VESTED RIGHTS	0	0	-2	0	0	0	0	-22	0	-24
INACTIVE PARTICIPANTS:	890	11	209	12	2	92	53	27	176	1,472

OUTLINE OF PRINCIPAL BENEFIT PROVISIONS OF THE CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

EARNABLE COMPENSATION:

Earnable compensation, shall mean an employee's base salary including pickup contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death in the family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.

COVERED GROUP:

All fire fighters or police officers presently employed by the City as a fire fighter or police officer whether in the classified or unclassified service of the City.

EMPLOYEE CONTRIBUTIONS:

Effective the first full pay period following October 1, 1999, it shall be 7% of pre tax earnable compensation. Effective the first full pay period following October 1, 2000, it shall be 7% of pre tax earnable compensation or a percent equal to the City's contribution, whichever is less.

INDIVIDUAL RETIREMENT ACCOUNTS:

Effective the first full pay period following October 1, 2000, should the members contribution be less than seven percent (7%) the difference between the seven percent and the actual contribution shall be deducted from the member's paycheck and placed into an individual contribution account (ICA) as part of the retirement system.

EMPLOYER CONTRIBUTIONS:

The City's annual fiscal contribution to the retirement system shall provide for the following (1) non-investment expenses of the retirement system, (2) normal costs of the retirement system.

NORMAL RETIREMENT AGE:

Age 50

SERVICE RETIREMENT:

The annual normal service retirement allowance, payable on a 40% Joint and Survivor basis will equal 3.0% of average final compensation per year of creditable service for the first 15 years of such creditable service and 3.5% of the average final compensation per year of creditable service after 15 years.

RULE OF 64 RETIREMENT:

A member, in service, who has not withdrawn from active membership in the retirement system may elect service retirement on the basis of his or her combined age and creditable service equaling 64 or more. Such election shall be made upon written application to the board, setting forth not less than 10 nor more than 90 days subsequent to the execution and filing thereof, the date the member desires to be retired.

EARLY RETIREMENT:

After 20 years of creditable service, accrued benefit actuarially adjusted.

DEFERRED RETIREMENT OPTION PROGRAM: (DROP)

A member who is eligible to retire under either Rule of 64 or Service retirement can elect to participate in the Deferred Retirement Option Program (DROP). The program allows the member to defer receipt of his retirement benefit into a "DROP" account while he/she continues to be employed by the Department. The fire fighters can be in the DROP for a maximum of 4 years, police officers can be in the DROP for a maximum of 3 years.

B. A. C. DEFERRED RETIREMENT OPTION PROGRAM:

Shall mean *Benefit Actuarially Calculated* deferred retirement option program.

EARLY SERVICE RETIREMENT:

After 20 years of creditable service, accrued benefit actuarily adjusted.

AVERAGE FINAL COMPENSATION:

Shall mean the annual earnable compensation of a member during either the last one (1) year or the highest one (1) year of membership service, whichever is greater.

CREDITABLE SERVICE:

Membership credit upon which a member's eligibility to receive benefits under the retirement system is based or upon which the amount of such benefits is determined.

LIMITATIONS ON BENEFITS:

A member's retirement allowances shall not exceed one hundred percent (100%) of the member's final average compensation for members retiring under service retirement or rule of 64 retirement. Exceptions are, (1) members whose retirement allowances, prior to October 1, 1998, had already earned one hundred percent or greater, these members may continue to accrue pension benefits; (2) members whose retirement allowance exceeds one hundred percent as of October 1, 1998 due to the multiplier change, these members shall be capped at the new percentage.

OPTIONAL ALLOWANCES:

Normal form (Option 6C) is joint and 40% contingent survivor. Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of member. Option 6A is withdrawal of employee contributions with credited interest; monthly benefit is half of normal level. Option 6B is an additional 5% with no survivor benefit.

DISABILITY RETIREMENTS:

A. Ordinary Disability
After 10 years of creditable service, if not otherwise eligible for normal retirement, and incurred while not in line of duty, a benefit payable for life consisting of the benefit rate times 90% of average final compensation times years of creditable service, if such retirement allowance exceeds 30% of average final compensation. Otherwise, a benefit of 30% of the member's average final compensation.

B. Accidental Disability
Prior to age 60, incurred in line of duty. A benefit payable on a 40% joint and survivor basis of 66 2/3% of average or final compensation, whichever is larger.

DEATH BENEFIT:

A. Ordinary Death Benefit
After 3 years of service, provided death is not accidentally incurred in line of duty, a lump sum payment f 50% of annual compensation received in year prior to death plus an additional lump sum payment of member's accumulated contributions with interest to date of death. Or in lieu thereof; if eligible for Early or Service retirement, and with 3 years of membership, automatic Option 6C, payable to spouse, as through retirement had occurred on date of death (40% payable)

B. Accidental Death Benefit
Incurred in line of duty (or presumed to be in the line, i.e. heart), annual pension of 50% of average final compensation to spouse until death or remarriage or to children under 18, or to dependent parents for life. If none of such beneficiaries exist, the ordinary death benefit will be paid. Also a lump sum payment of member's accumulated contributions with interest to date of death is paid in addition to the above payments.

VESTED RIGHTS BENEFIT:

After completion of 10 years of service, provided accumulated contributions are not withdrawn. A benefit based on service and average final compensation when employment is terminated. Benefit is deferred to minimum retirement age.

C.O.L.A. ACCOUNT:

The COLA I benefit was determined from available monies from an initial city contribution made from the trust funds excess interest earnings. These monies were allocated to the retiree population, according to unit values and distributed to each member according to his/her actuarial life expectancy, in level monthly lifetime payments. In addition to the above initial benefit, a yearly COLA I increase was financed by 2% of the active member's pension contributions. This yearly increase was

determined on the basis as the initial benefit and added to the monthly lifetime payments. As of January 9, 1994, the active employees ceased making the 2% pension contribution to the COLA I account, and the COLA I benefits were frozen as of that date. Beginning with 1994, in addition to the frozen COLA I benefit, a COLA II benefit was paid. The COLA II benefit is funded from the pension fund's annual excess investment return (other than COLA account assets). The methodology for determining the excess investment return and amounts available for the COLA II benefit are described in detail in Section 40-213 of the City of Miami Code. An actuarial table is developed yearly identifying the benefits due. This table is based upon full years of creditable service at retirement and full years retired as of April of the current year. For accidental death and accidental disability, years of service are defined as twenty five (25) years, or actual creditable service if greater. Receipt of the COLA II benefit is based on the retiree reaching at least four (4) full years of retirement and fifty years of age. In case of accidental death, the beneficiary will be entitled to the COLA benefit on April 1st following the fiftieth anniversary of the employee's birth and the fourth anniversary of the employee's death. COLA benefits for a vested right retiree are based upon such retiree reaching at least four (4) full years of retirement after fifty (50) years of age. COLA benefits reflect the option selected at the time of retirement.

In addition, funding for COLA benefits for future employees hired during the remaining term of the amended final judgement, Gates vs. City of Miami, Circuit Court Case No. 77-9491 CA04, shall be defined and allocated through the remaining term of such final judgement.

ORDINANCES ADOPTED DURING THE YEAR

DATE	ORDINANCE NUMBER
	None

EMPLOYEES' RETIREMENT SYSTEM

of the County of Milwaukee

2003 Annual Report of the Pension Board

as of December 31, 2003

CITIZEN MEMBERS
Walter J. Lanier, Chairman
Linda Bedford

EMPLOYEE MEMBERS
John G. Martin
Guy Stuller
Clifford Van Beek

EX-OFFICIO MEMBER
Director of Human Resources
Charles E. McDowell

SECRETARY/MANAGER, ERS
Matthew M. Janes

901 North 9th Street, Room 210-C
Milwaukee, Wisconsin 53233
Telephone: 278-4207

EMPLOYEES' RETIREMENT SYSTEM

Milwaukee County

PENSION BOARD
Walter J. Lanier
Chairman

John G. Martin
Linda S. Bedford
Gary E. Long
Guy M. Stuller
Clifford Van Beek

Charles E. McDowell
Ex-officio

Matthew M. Janes
Secretary/Manager-ERS

June 16, 2004

Retirement System Members:

We are pleased to present the 2003 Annual Report of your Pension Board. As can be seen, the Retirement System had a very good year as the stock market has finally turned around. Contributions and net investment income exceeded pension benefits and administrative expenses by nearly $192 million. The Retirement System continues to be well funded with total assets at the end of the year are nearly $1.5 billion.

The description of the Employees' Retirement System, included in this report, highlights major plan provisions. County ordinances, labor agreements, Pension Board rules and the Governmental Accounting Standards Board prevail over the contents of this report. If you have any questions, please call the Retirement System office at 278-4207.

Members considering retirement within the next few years are reminded to watch for announcements from the County for retirement information programs. Please call the Retirement Division at 278-4208 for further information regarding these programs. If you are interested in meeting with a retirement counselor to discuss retirement, please schedule an appointment by calling 278-5127.

Several options are available to members who retire or otherwise leave County service. Before terminating employment, you should become fully informed of the various opportunities so you can make the best choice for your situation.

Each year, Milwaukee County distributes benefit statements reflecting balances as of the end of the previous year. You should be aware that, in the event you ever worked for Milwaukee County on a part-time basis, the benefit statement that you received may slightly overstate your pension service credit total. If it is overstated, the pension service credit will be adjusted at the time of your retirement.

Remember to keep your beneficiary designations current by informing the Retirement System Office of any changes. Retired members should also notify the Retirement System Office in writing of any changes in residence or address so that your checks and year-end 1099R statements are properly mailed.

Sincerely,

The Pension Board

COURTHOUSE, ROOM 210-C • 901 NORTH 9TH STREET • MILWAUKEE, WI 53233 • (414) 278-4207

1935 R36

Virchow Krause & company

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Members of the Pension
Board of the Employees' Retirement
System of the County of Milwaukee:

We have audited the accompanying statements of plan net assets of the Employees' Retirement System of the County of Milwaukee (the "Retirement System") as of December 31, 2003 and 2002, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Retirement System's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Retirement System as of December 31, 2003 and 2002, and the changes in its plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 and 4 and the schedules of funding progress, employee contributions, and notes to required supplementary information on pages 14 – 16 are not a required part of the basic financial statements but use supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures to the 2003 and 2002 information which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The ten-year historical trend and related information on pages 17 - 19 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Virchow, Krause & Company, LLP

Milwaukee, Wisconsin
April 14, 2004

Management's Discussion and Analysis
(In Thousands of Dollars)

Management is pleased to provide this overview and analysis of the financial activities of the Employees' Retirement System of the County of Milwaukee (ERS or Retirement System) for the years ended December 31, 2003 and 2002.

FINANCIAL HIGHLIGHTS

- Plan net assets for ERS increased $210,570 during the calendar year 2003 compared to a decrease of $198,902 for the calendar year of 2002. The increase was primarily due to improved market conditions and an increase in contributions receivable from Milwaukee County.
- Receivables increased primarily due to an increase in the actuarially determined Annual Required Contribution and the issuance of $18,600 in pension obligation bonds to pay the unamortized contribution variances for 2001, 2002 and 2003. The actuarially determined Annual Required Contribution increased from $8,528 in 2002 to $25,242 in 2003.
- For the year ended December 31, 2003, the rate of return on the investment assets was 25% compared to a negative 5.4% for the year ended December 31, 2002. Adverse market conditions were the primary cause for the negative rate of return in the prior year.
- There was a net investment gain of $288,872 for the year ended December 31, 2003 versus a loss of $82,332 for the year ended December 31, 2002.
- As of December 31, 2003 and 2002, the funding ratio (actuarial value of the assets divided by the actuarial accrued liability) for the plan was 84.7% and 93.8% respectively. The funding ratio listed above gives an indication of how well this objective has been met to date. The higher the funding ratio the better the plan is funded. The funding ratio has declined because of investment losses and revisions in the plan benefits.

  The Board of Trustees of ERS has the responsibility for the overall performance of the Pension Fund. The Board's principal means to achieve this goal is by (a) determining an asset allocation policy which is expected to provide long-term rate of return sufficient to fund benefits while minimizing the risk of loss through diversification (b) selecting an appropriate number of investment managers to manage the assets within an asset class and monitoring the performance of such investment managers relative to specified benchmarks, and (c) implementing cost containment measures intended to reduce the investment fees and costs associated with investing the Fund's assets. The Board is the fiduciary of the Fund and is responsible for carrying out the investment functions solely in the interest of the members and benefit recipients.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Retirement System's financial statements. The financial section is comprised of four components: (1) financial statements, (2) notes to the financial statements, (3) required supplementary information, and (4) other supplementary schedules.

Financial Statements. There are two financial statements presented for the plan. The Statement of Plan Net Assets as of December 31, 2003 and 2002 indicates the net assets available to pay future benefits and gives a snapshot of the financial assets available for pension benefits at a particular point in time. The Statement of Changes in Net Plan Assets for the year ended December 31, 2003 and 2002 provides a view of the additions and deductions to the plan for the years presented.

Notes to financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the financial statements.

Required supplementary information. The required supplementary information consists of a Schedule of Funding Progress and a Schedule of Employer Contributions and related notes concerning the funding status of the plan. These schedules provide historical trend information, which contributes to understanding the changes in the funded status of the plan over time.

Other supplementary schedules. The additional schedules (Ten-Year Historical Trend Information, Net Fund Assets, Actual County Contributions, Active Membership Statistics, Retirements and Survivors are presented for the purpose of additional analysis.

COMPARATIVE FINANCIAL STATEMENTS

Retirement System's Net Assets	12/31/03	12/31/02	% Change
Assets			
Cash and short-term investments	$16,063	$37,995	(57.7%)
Securities lending collateral	123,309	93,820	31.4%
Receivables	51,027	23,905	113.5%
Investments, at fair value	1,475,003	1,255,545	17.5%
Total Assets	$1,665,402	$1,411,265	18.0%
Liabilities			
Security lending obligations	123,309	93,820	31.4%
Other Liabilities	48,643	34,564	40.7%
Total Liabilities	171,952	128,384	33.9%
Net assets available for benefits	$1,493,450	$1,282,881	16.4%

Retirement System's Changes in Net Assets	2003	2002	% Change
Additions			
Employer Contributions	$33,980	$2,580	1217.1%
Member Contributions	705	437	61.3%
Investment Income (loss)	288,872	(82,332)	450.9%
Total Additions	323,557	(79,315)	507.9%
Deductions			
Benefit Payments	(111,110)	(118,078)	(5.9%)
Administrative expenses	(1,865)	(1,479)	26.1%
Withdrawals	(13)	(30)	(56.7%)
Total deductions	(112,988)	(119,587)	(5.5%)
Changes in net assets available for benefits	210,569	(198,902)	205.9%
New assets held in trust for pension benefits:			
Beginning of year	1,282,881	1,481,783	(13.4%)
End of year	$1,493,450	$1,282,881	16.4%

Reqests for financial information:

The financial report is designed to provide the Retirement Board, our membership, taxpayers, investment managers and creditors with a general overview of ERS finances and to demonstrate ERS's accountability for the funds under its stewardship. Please address any questions about this report or requests for additional financial information to:

Milwaukee County ERS
901 N. 9th Street Room 210-C
Milwaukee, WI 53233

STATEMENTS OF PLAN NET ASSETS

	December 31, 2003	December 31, 2002
ASSETS:		
CASH AND CASH EQUIVALENTS	$ 16,063,243	$ 37,995,385
RECEIVABLES		
Receivable for foreign exchange contracts	4,044,188	5,547,736
Accrued interest and dividends	7,659,106	7,699,905
Due from sale of investments	4,128,223	7,383,937
County of Milwaukee	33,934,872	2,450,078
Miscellaneous receivables	1,260,843	823,220
TOTAL RECEIVABLES	51,027,232	23,904,876
INVESTMENTS AT FAIR VALUE		
Domestic common and preferred stocks	524,452,350	412,610,738
Corporate bonds	427,646,125	431,962,518
International common and preferred stocks	259,425,610	181,694,831
Federal agency and mortgage-backed certificates	118,199,573	97,605,688
International fixed income	56,293,343	54,277,131
US Government and state obligations	32,076,653	29,596,203
Real estate investment trusts	42,645,333	32,742,753
Venture capital	14,263,614	14,937,489
SBA loan-backed securities	--	117,423
TOTAL INVESTMENTS	1,475,002,601	1,255,544,774
Securities lending - collateral (See Note 5)	123,308,997	93,820,258
TOTAL ASSETS	1,665,402,073	1,411,265,293
LIABILITIES		
Securities lending - collateral (See Note 5)	123,308,997	93,820,258
Payable for foreign exchange contracts	4,101,806	5,367,716
Payable for securities purchased	41,171,049	26,429,806
Miscellaneous payables	2,580,474	2,092,575
Payable to OBRA Retirement Plan	789,388	674,132
TOTAL LIABILITIES	171,951,714	128,384,487
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$1,493,450,359	$1,282,880,806

(A schedule of funding progress is presented on page 14)

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN PLAN NET ASSETS

	Year Ended December 31, 2003	Year Ended December 31, 2002
ADDITIONS:		
CONTRIBUTIONS		
County of Milwaukee	$ 33,980,592	$ 2,579,984
Plan participants	704,758	436,682
	34,685,350	3,016,666
INVESTMENT INCOME (EXPENSE)		
Net appreciation (depreciation) in fair value of investments	244,387,710	(130,249,175)
Interest and dividends	47,403,322	50,680,500
Security lending income	1,479,342	1,616,476
Other income	588,005	798,381
Total investment income	293,858,379	(77,153,818)
Less: Securities lending rebates and fees	(1,189,283)	(1,355,150)
Investment expense	(3,797,072)	(3,822,792)
Net investment income (loss)	288,872,024	(82,331,760)
TOTAL ADDITIONS	323,557,374	(79,315,094)
DEDUCTIONS:		
Benefits paid to retirees and beneficiaries	(111,109,514)	(118,078,160)
Administrative expenses	(1,865,308)	(1,478,886)
Withdrawal of membership accounts	(12,999)	(30,230)
TOTAL DEDUCTIONS	(112,987,821)	(119,587,276)
NET CHANGE IN PLAN NET ASSETS:	210,569,553	(198,902,370)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:		
Beginning of year	1,282,880,806	1,481,783,176
End of year	$1,493,450,359	$1,282,880,806

The accompanying notes are an integral part of these financial statements.

(1) Description of Retirement System –

The following brief description of the provisions of the Employees' Retirement System of the County of Milwaukee ("ERS" or the "Retirement System") is provided for financial statement purposes only. Participants should refer to Section 201.24 of the General Ordinances of Milwaukee County and their respective bargaining agreement for more complete information.

The Retirement System is a single-employer plan that was created to encourage qualified personnel to enter and remain in the service of the County of Milwaukee (the "County") by providing for a system of retirement, disability and death benefits to or on behalf of its employees. By the passage of Chapter 201 of the Laws of Wisconsin for 1937, the County was mandated to create the Retirement System as a separate legal entity. It did so by the passage of Section 201.24 of the General Ordinance of Milwaukee County. The authority to manage and control the Retirement System is vested in the Pension Board. The Pension Board consists of seven members – three members appointed by the County Executive (subject to confirmation by the County Board of Supervisors), the County's Director of Human Resources and three employee members elected by the employee participants.

	As of December 31	
Participants –	**2003**	**2002**
Retiree and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	8,254	8,162
Current employees –		
Vested	5,465	5,793
Total participants	13,719	13,955

Contributions –

The Retirement System is substantially noncontributory. However, participants meeting certain criteria have the option to contribute to membership accounts. In addition, the County contributes to membership accounts of most employee participants enrolled prior to 1971. Member account balances are as follows:

	As of December 31	
	2003	**2002**
Membership accounts –		
Participants and County contributed	$15,663,298	$16,627,845
Voluntary savings accounts	882,918	600,975

Contributions due from the County to the Retirement System consist of amounts sufficient to fund the annual normal cost and interest on and amortization of the unfunded or overfunded actuarial accrued liability. A substantial portion of the current year's contribution is paid to the Retirement System in the following year.

The County makes contributions to the Retirement System based upon actuarially determined contribution requirements, as well as additional contributions made at the discretion of the County Board. Actuarially determined contribution requirements are set during the County's budget process. The data available for the determination is based upon the prior fiscal year's demographics. The actuarially determined contribution requirements set during the budgeting process may differ from the annual required contribution (ARC) for the current period as a result of changes in the plan provisions implemented subsequent to approval of the County budget. During the year, the Retirement System accrues only those contributions that the County is statutorily required to pay. This consists of those contributions that were included in the County's current year's budget and any additional contributions that may have been committed at the discretion of the County Board. For 2003 and 2002, the County contribution recorded by the Retirement System was $8,738,267 and ($5,948,493) greater than or (less than) the ARC for 2003 and 2002, respectively.

Benefits –

The normal retirement benefit is a monthly pension for the life of the participant. For deputy sheriff participants with less than 30 years of service, the normal retirement age is 57. For all other participants the normal retirement age is 60, although some labor agreements require a minimum of 5 years creditable service at age 60. Active participants are also eligible to retire when their age added to their years of service equals 75. Several Union contracts require an employee to be a member prior to a stated date in order to qualify for the rule of 75. The normal retirement benefit payable to a participant whose membership began prior to

January 1, 1982, is equal to 2.5% for deputy sheriffs and elected officials, and 2% for all other participants, of the participant's three-year final average monthly salary, as defined in the Ordinance and labor agreements, multiplied by the number of years of credited service. The amount of normal retirement benefits payable for a participant whose membership began after January 1, 1982 is as follows: 2.5% for deputy sheriffs, deputy sheriff lieutenants, deputy sheriff ECPs and DA investigators hired before July 1, 1995; 2% for deputy sheriffs, deputy sheriff lieutenants, deputy sheriff ECPs and DA investigators hired after June 30, 1995; 2% for elected officials; 2% for firefighters and non-represented firefighters beginning January 1, 1999; and 1.5% for all other participants, of the participant's five-year final average monthly salary, as defined in the Ordinance and labor agreements, multiplied by the number of years of credited service. Each year after retirement, the amount of monthly benefit is increased by an amount equal to 2% of the benefit paid for the first full month of retirement. The maximum benefit, excluding any post-retirement increases, payable to a participant cannot exceed the sum of 80% of the participant's final average monthly salary.

As of January 1, 2001, certain plan changes became effective, except for represented deputy sheriffs. These changes are noted below:

- The County will pay the accrued sick allowance in full upon retirement for those participants hired prior to January 1, 1994. Previously, a member received both a cash payment from the County and pension service credit for a portion of the accrued sick allowance.
- A bonus of 7.5% per year, up to a maximum of 25%, is added to the Final Average Salary for those employees whose membership in the Employee's Retirement System began before January 1, 1982, or July 1, 1995 for a non-represented Deputy Sheriff.
- All service credit earned after January 1, 2001 will be credited with an additional .5% multiplier for those employees whose membership in the Employee's Retirement System began after December 31, 1981, or June 30, 1995 for a non-represented Deputy Sheriff. Also, for each year of pension service earned after January 1, 2001, eight (8) years of service earned prior to January 1, 2001 shall be credited with an additional .5% multiplier.
- A "back drop" payment option was established that would permit an employee to receive a lump-sum cash payment and a monthly pension benefit upon retirement. The lump-sum cash payment is the total of the monthly pension benefits, adjusted for COLA increases, that a member would be entitled to from a prior date (back drop date) to the date that the member terminates employment plus compounded interest. The back drop date must be at least one year prior to the termination date and the member must have been eligible to retire as of that date. The member will be entitled to a COLA adjusted monthly pension benefit based on the back drop date once the member terminates employment.

The following changes were made effective as of the stated dates:

- Effective March 15, 2002, the County will pay non-represented employees for the first 400 hours of accrued sick allowance and 16% of any sick allowance in excess of 400 hours. No pension service credit is added for this accrued sick allowance payout.
- Non-represented employees and elected officials hired on or after March 15, 2002 are not eligible to receive the drop back pension benefit.
- Individuals elected after March 15, 2002 are not eligible to receive the additional .5% pension benefit multiplier.
- Effective January 1, 2003, the pension benefit for employees who became members after December 31, 1981 shall be based upon a final average salary equal to the three highest consecutive years of earnings instead of the five highest consecutive years of earnings, except for represented sheriffs.

A participant who meets the requirements for an accidental or ordinary disability benefit is entitled to an amount equal to the normal retirement benefit, but not less than 60% of a participant's final average salary for accidental disability. Fifteen years of credited service is required to apply for ordinary disability.

A participant who is 55 years of age and has 15 years of credited service may elect to receive early reduced retirement benefits. The participant would be entitled to a benefit equal to the normal retirement benefit with a lifetime reduction of 5% for each year prior to the normal retirement date.

Effective January 1, 2001, a participant is vested upon attaining 5 years of creditable pension service. Most participants are immediately vested upon attaining age 60. A vested participant is eligible for a deferred pension beginning as of the member's normal retirement date.

Upon the death of an employee participant and usually after one year of service, which varies by labor agreement, a spouse with one dependent child, as defined in the Ordinance, will receive 40% of the deceased participant's salary, reduced by an amount equal to Social Security benefits payable to the spouse. An additional 10% of salary, reduced by Social Security benefits, is paid for each dependent child. The total benefit, if there are more than five eligible children, generally cannot exceed 90% of the prior salary level.

The total benefit includes Social Security benefits. Upon attaining age 60, the spouse will receive 50% of the normal retirement benefit based upon service projected to age 60 of the employee participant. If there is no spouse or child, the death benefit payable to a designated beneficiary is equal to 50% of the deceased participant's final average salary, but not to exceed $2,000. Deputy sheriffs are covered by special provisions if their death occurs as a result of an accident in actual performance of duty.

Currently, employee participants may choose between several options when retiring. The available options are:

- Maximum This option is a pension benefit that is payable over the life of the participant and ceases upon the participant's death;
- Membership Account Refund This option is an actuarially reduced pension benefit that ceases upon the death of the participant. This option, however, guarantees that the participant will receive the total balance in his/her Membership Account as of the retirement date. The Membership Account balance is reduced each month by an actuarial determined amount. Any balance remaining upon the participant's death will be paid to the participant's beneficiary. Generally, only participants hired prior to 1971 have a Membership Account and, therefore, are the only employees eligible for this option;
- 25% This option is a reduced pension benefit that is payable over the life of the participant. Upon the participant's death, 25% of the pension benefit is payable over the life of a named beneficiary, if living;
- 50% This option is a reduced pension benefit that is payable over the life of the participant. Upon the participant's death, 50% of the pension benefit is payable over the life of a named beneficiary, if living;
- 75% This option is a reduced pension benefit that is payable over the life of the participant. Upon the participant's death, 75% of the pension benefit is payable over the life of a named beneficiary, if living;
- 100% This option is a reduced pension benefit that is payable over the life of the participant. Upon the participant's death, 100% of the pension benefit is payable over the life of a named beneficiary, if living;
- 10-Year Certain This option is a reduced pension benefit payable over the life of the participant but is guaranteed for a period of 10-years, in the event that the participant should die within 10 years after the retirement date.
- Board Discretion This option is at the discretion of the Pension Board and is the payment of a benefit in a form other than those set forth above provided that payments in such other form shall be the actuarial equivalent of the benefit otherwise payable. An administrative charge is assessed for each calculation performed under this option.

Benefits of $111.1 million and $118.1 million were paid in 2003 and 2002, respectively, including periodic pension benefit payments of $100.1 million and $95.0 million and dropback lump-sum pension benefit payments of $11.0 million and $23.1 million in 2003 and 2002,respectively.

(2) Summary of Significant Accounting Policies:

Government Accounting Standards Board (GASB) Statements No. 34, No. 37 and No. 38

Milwaukee County adopted the Government Accounting Standards Board Statement No. 34,*Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments,* for the year ended December 31, 2002. GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus* and GASB Statement No. 38, *Certain Financial Statement Note Disclosures* have also been implemented in the basic financial statements and accompanying notes. Implementation of GASB Statements No. 34, No. 37 and No. 38 had no monetary impact on the financial statements of the Retirement System. The accrual basis of accounting has been applied in both the current and comparative years, including the Notes to the Basic Financial Statements and the Required Supplementary Information.

Basis of Accounting –

The accompanying financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed and expenses are recorded when the corresponding liabilities are incurred.

Investments –

Investments, primarily stocks, bonds, certain government loans and mortgage-backed certificates, are stated at quoted fair value. Temporary cash investments are valued at cost, which approximates fair value. Investments in venture capital partnerships are valued at estimated fair value, as provided by the Retirement System's venture capital investment manager. Investment transactions are recorded on the trade date. Realized gains and losses are computed based on the average cost method.

A summary of investments at cost is as follows:

	As of December 31	
	2003	2002
Domestic common and preferred stocks	$ 452,414,375	$ 451,614,650
Corporate bonds	404,453,674	423,424,044
International common and preferred stocks	208,755,009	210,934,409
Federal agency and mortgage-backed certificates	115,272,505	92,420,471
International fixed income	48,115,527	51,497,133
US Government, State & Local obligations	32,033,442	28,176,550
Real estate investment trusts	33,390,468	30,301,810
Venture capital	24,376,514	24,518,511
SBA loan-backed securities	—	117,422
Cash and cash equivalents	16,021,251	37,938,775
Total investments at cost	$1,334,832,765	$1,350,943,775

Valuation of International Securities –

Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts on the date of valuation. Purchases and sales of securities and income items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

Expenses –

Administrative expenses incurred by the County related to the Retirement System are payable by the Retirement System to the County. Such expenses totaled $1,052,422 and $1,017,500 in 2003 and 2002, respectively.

Use of Estimates –

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(3) Income taxes –

The Internal Revenue Service ruled on July 23, 2001, that the Plan was in compliance with Section 401(a) of the Internal Revenue Code (IRC), and, therefore, is a tax-qualified plan. The Retirement System has been subsequently amended. Management believes that the Plan continues to be in compliance with the IRC and maintains its tax-qualified status.

(4) Contributions Required and Contributions Made –

The Retirement System's funding policy provides for periodic County contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Payroll contribution rates are determined using the Aggregate Entry Age Normal method of funding. The Retirement System also uses the level percentage of payroll method to amortize the unfunded liability over a 20 year period. The significant actuarial assumptions used to compute the contribution requirements are the same as those used to compute the pension benefit obligation.

County contributions totaling $33,980,592 and $2,579,984 were recorded in 2003 and 2002, respectively. The 2003 contributions was greater than and the 2002 contributions was less than the total actuarial required contribution using the Aggregate Entry Age Normal method of funding with normal cost computed as a level percentage of pay. See the Schedule of Employer Contributions in the Required Supplementary Information. The County's contributions to the Retirement System were 14.6% and 1.1% of annual covered payroll for 2003 and 2002, respectively.

Milwaukee County agreed to issue Pension Obligation bonds in early 2004 in the amount of $18.6 million to pay the unamortized contribution variances for 2001, 2002 and 2003. The $18.6 million is included in the 2003 County contributions of $33,980,592 for 2003.

The 2003 and 2002 contributions reflected in the accompanying statements were actuarially determined as of January 1, 2002 and 2001. These amounts, less the $18.6 million payment of the unamortized contributions variances, were included in the County's 2003 and 2002 budgets. The Retirement System as of December 31, 2003 and 2002 reflected the unpaid portion of the 2003 and 2002 contributions as a contribution receivable.

Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 9.0%, compounded annually, in 2003 and 2002, (b) projected salary increases averaging 5.5% per year compounded annually, attributed to inflation, seniority and merit, and (c) post-retirement benefit increases of 2.0% per year for both 2003 and 2002.

(5) Investments –

Investment Concentrations –

The Retirement System has the following investments (other than those issued or guaranteed by the U.S. Government) that represent 5 percent or more of the plan net assets at December 31, 2003:

- The Mellon Capital Management Employee Benefit Stock Index Fund of $99.512 million.
- The Mellon Capital Management Employee Benefit Market Completion Fund of $96.337 million.
- The Mellon Capital Management Employee Benefit Large Cap Growth Stock Index Fund of $87.703 million.
- The GMO International Intrinsic Value Fund III of $85.859 million.

Cash –

The following table presents the Retirement System's total deposits as of December 31, 2003:

	Schedule of Cash (in thousands of dollars)	
	Carrying Value	Bank Balance
Deposits with banks	$1,542	$4,062
Money market deposits held at bank	14,521	14,521
Total Deposits	$16,063	$18,582

The difference between the carrying values and bank balances are due to outstanding checks and deposits not yet processed by the bank.

Other Investments –

The following table presents the total investments held at December 31, 2003, categorized to give an indication of the level of risk assumed by the Retirement System. Investments not evidenced by securities are not categorized. The categories for investments are:

1. Insured or registered securities, or securities held by the custodian in the Retirement System's name.
2. Uninsured and unregistered, with the securities held by the custodian, in the Retirement System's name.
3. Uninsured and unregistered, with the securities held by the custodian, but not in the Retirement System's name.

The Retirement System does not hold any Category 2 or 3 investments.

The Retirement System's deposits have been categorized to give an indication of the level of custodial credit risk assumed. This risk categorization does not reflect market risk. The categories are:

1. Insured or collateralized with securities held by the Retirement System or by its agent in the Retirement System's name
2. Collateralized with securities held by the pledging financial institution's trust department or agent in the Retirement System's name
3. Uncollateralized or collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the Retirement System's name.

The Retirement System does not hold any Category 2 or 3 deposits.

Schedule of Investments and Deposits by Custodial Credit Risk	Total Fair Value
Investments - Category 1	
Domestic and preferred common stocks	$ 524,452,350
Corporate bonds	427,646,125
International common and preferred stocks	259,425,610
Federal agency and mortgage-backed certificates	118,199,573
International fixed income	56,293,343
US Government Obligations	32,076,653
Real estate investment trusts	42,645,333
TOTAL	$1,460,738,987
Investments - Not categorized	
Venture capital	$ 14,263,614
Deposits - Category 1	
Deposits	$ 16,063,243

Security Lending –

The Retirement System participates in a security lending program for the lending of corporate bonds, equity and government securities to qualified brokers. Collateral received for securities loaned consists primarily of cash. Other forms of collateral are letters of credit and government agency securities. Collateral for domestic issues is set at 102% of the fair value of the securities loaned at the time of the initial transaction. If the value falls to 100% of the fair value of the securities loaned, additional collateral is obtained to reestablish collateral at 102% of the fair value of the securities loaned. Collateral for international securities is maintained at a level of 105% of the fair value of securities loaned at all times. The net investment income earned on collateral is divided between the custodian, as a fee for its services under the program, and the Retirement System, according to agreed-upon rates. For 2003 and 2002, the net investment income realized from security lending was $290,059 and $ 261,326, respectively.

Securities loaned and the collateral held were as follows:

	As of December 31	
	2003	2002
Fair Value of Securities Loaned:	$124,046,792	$97,262,742
Fair Value of Collateral:	$127,553,855	$100,052,518
Percentage Collateral to Securities Loaned:	102.83%	102.87%

The collateral received from security lending transactions are recorded as assets at quoted fair value on the financial statement date. The Retirement System records an identical amount as a liability, representing the obligation of the Retirement System to return the collateral at the time the borrower of the Retirement System's securities returns those securities.

The collateral received from securities lending transactions includes cash of $123,308,997 and $93,820,258, U.S. Treasury securities of $4,244,858 and $ 2,147,154, and letters of credit of $0 and $4,085,106 for the years ended December 31, 2003 and 2002, respectively. Under the terms of the securities lending agreement, the Retirement System has the right to sell or pledge the cash collateral. Non-cash collateral in the amount of $4,244,858 and $6,232,260 for years ended December 31, 2003 and 2002, respectively, is controlled by the custodian and, correspondingly, is not reflected in the Statement of the Plan Net Assets Available for Plan Benefits.

(6) Financial Instruments With Off-Balance Sheet Risks –

A currency forward is a contractual agreement between two parties to pay or receive amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. Forward commitments are entered into with the foreign exchange department of a bank located in a major money market. These transactions are entered into in order to hedge risks from exposure to foreign currency rate

fluctuations. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the Retirement System records the amount receivable or payable at fair value, with the unrealized gain or loss reported as a component of net appreciation in fair value.

Unrealized gains or (losses) on forward foreign exchange contracts at year-end were ($57,618) and $180,020 for 2003 and 2002, respectively. At year-end, the Retirement System holds forward foreign exchange contracts in the Euro-currency and Australian Dollars, primarily.

(7) Commitments and Contingencies –

The Retirement System is involved in litigation and certain other disputes arising during the normal course of operations. Management does not believe the settlement of such matters will have a material impact on the Retirement System's financial statements.

(8) OBRA 1990 Retirement System of the County of Milwaukee –

The County established the OBRA 1990 Retirement System of the County of Milwaukee (OBRA) to cover seasonal and certain temporary employees who are not enrolled in the Retirement System. Assets of the OBRA are commingled for investment purposes with the assets of the Retirement System. As the assets of the Retirement System are legally available to pay benefits of either the ERS or OBRA and all assets have been commingled, the Retirement System is considered a single plan for financial reporting purposes. Net assets identified for OBRA benefits as of December 31, 2003 and 2002, were as follows:

	(Unaudited)	
	2003	2002
Cash	$ 302	$ –
Contributions receivable from County	279,727	274,919
Assets held by Retirement System	509,661	399,213
Net assets available for benefits	$789,690	$674,132

Changes in net assets available for benefits for OBRA for the years ended December 31, 2003 and 2002, were as follows:

	(Unaudited)	
	2003	2002
Contributions from County	$279,727	$274,972
Investment income	139,200	(43,000)
Investment and administrative expenses	(178,462)	(141,818)
Benefits paid	(124,907)	(78,431)
Net increase in assets available for benefits	$115,558	$ 11,723

As of December 31, 2003 and 2002, respectively, there were 8,685 and 8,294 participants with vested benefits in OBRA. The actuarial accrued liability of OBRA at December 31, 2003 and 2002, was $2,535,291 and $2,049,981 , respectively, leaving net assets available less than the actuarial accrued liability of ($1,745,601) and ($1,375,849), respectively. These amounts are not reflected in the required supplementary information tables that follow the notes to the financial statements.

Required Supplementary Information

Schedule of Funding Progress
(in thousands of dollars)

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability–AAL (b)	Funded ratio (a/b)	(Overfunded) Unfunded AAL–UAAL (b-a)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
1/1/04	1,446,726	1,707,999	84.7%	261,273	233,478	111.9%
1/1/03	1,446,860	1,542,045	93.8%	95,185	234,679	40.6%
1/1/02	1,620,157	1,492,072	108.6%	(128,085)*	238,387	(53.7%)**
1/1/01	1,670,601	1,499,261	111.4%	(171,340)*	238,195	(71.9%)**
1/1/00	1,622,710	1,336,573	121.4%	(286,137)*	230,324	(124.2%)**
1/1/99	1,562,824	1,211,563	129.0%	(351,261)*	215,091	(163.3%)**

* These amounts represent actuarial value of assets in excess of actuarial accrued liabilities.
** These percentages represent the amount of overfunded actuarial assets as a percentage of payroll.

Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded (overfunded) actuarial accrued liability in isolation can be misleading. Expressing plan net assets as a percentage of the actuarial accrued liability provides one indication of the Retirement System's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Retirement System. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids the analysis of the Retirement System's progress in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, or the larger the percentage, if negative, the stronger the Retirement System.

Schedule of Employer Contributions for the Year Ended December 31,

Fiscal Year	Annual Required Contribution (ARC)	Percentage Contributed
2003	25,242,325	134.6%
2002	8,528,477	30.3%
2001	8,586,443	30.8%
2000	629,279	100.0%
1999	2,756,636	100.0%
1998	10,816,807	100.0%

Notes to Required Supplementary Information

(1) Description –

The historical trend information is presented as required supplementary information. This information is intended to help users assess the Retirement System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

(2) Actuarial Assumptions and Methods –

The information presented in the required supplementary schedules was determined as part of the actuarial valuations as of January 1, 2004, for the plan year ending December 31, 2003. The actuarial valuations consider the changes effective January 1, 2004. Additional information as of the latest actuarial valuation follows:

Valuation date	1/1/04
Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level percent of payroll, open
Remaining amortization period	33 years
Asset valuation method	5-year smoothing of difference between total expected return versus actual return
Actuarial Assumptions:	
Investment rate of return	8.5%
Projected salary increases	5.5%
Mortality	RP 2000 Mortality Table

(3) Significant Factors Affecting Trends in Actuarial Information –

2004 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Decrease in discount rate to 8.5%.
- The amortization period for plan amendments, assumption changes and actuarial experience was changed from 20 years to 30 years. Future plan and assumption changes, as well as, actuarial gains and losses will be amortized over 30 years from the date established.

2003 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Beginning January 1, 2003, the pension benefit is based upon a final average salary equal to the three highest consecutive years of earnings for employees who became members of the Retirement System after December 31, 1981, except for represented deputy sheriff members.
- Assumption that 50 percent of eligible retirees will elect to receive both a backdrop payment option of 4 years and a monthly pension benefit upon retirement.

2002 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Increase in annual compensation limit to $200,000.
- Increase in maximum annual benefit limit to $160,000.
- Increase in discount rate to 9.0%.
- For purposes of computing the ARC by the County, the unfunded actuarial accrued liability of $(128,085,000) will be reamortized over a 20-year period ending December, 2020. The unfunded actuarial liability, as of January 1, 1996, was being amortized over a 40-year period ending December, 2035. Plan and assumption changes, as well as, actuarial gains and losses since January 1, 1996, were also being amortized through December, 2035. Effective January 1, 2002, future plan and assumption changes, as well as, actuarial gains and losses will be amortized over 20 years.

2001 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Increase in maximum annual benefit limit to $140,000.
- Except for represented deputy sheriff members, vesting was changed from ten years to five years for those hired after December 31, 1981.
- Except for represented deputy sheriff members, the accrued sick allowance will be paid in full by the County of Milwaukee upon retirement for those hired prior to January 1, 1994. Previously, a member received both a cash payment and pension service credit for a portion of the accrued sick allowance.
- Except for represented deputy sheriff members, those employees whose membership in the Employees' Retirement System began before January 1, 1982, or for a nonrepresented Deputy Sheriff, July 1, 1995, will receive a bonus added to their final average salary of 7.5% for each year of service credit earned after January 1, 2001 up to a maximum bonus of 25% of final average salary.
- Except for represented deputy sheriff members, those employees whose membership in the Employees' Retirement System began after December 31, 1981, or for a nonrepresented Deputy Sheriff, June 30, 1995, will have all service credited after January 1, 2001 with a 2% multiplier. Also, for each year of pension service earned after January 1, 2001, eight (8) years of service earned prior to January 1, 2001 will be credited with an additional .5% multiplier.
- Except for represented deputy sheriff members, a "back drop" payment option was established that will permit an employee to receive a lump-sum cash payment and a monthly pension benefit upon retirement. The lump-sum cash payment is the total of the monthly pension benefits, adjusted for COLA increases, that a member will be entitled to from a prior date (back drop date) to the date that the member terminates employment plus interest compounded monthly. The back drop date must be at least one year prior to the termination date and the member must be eligible to retire as of that date. The member will be entitled to a COLA adjusted monthly pension benefit as if the member had retired on the back drop date.
- Assumption that 25 percent of eligible retirees will elect to receive both a backdrop payment option of 3 years and a monthly pension benefit upon retirement.

2000 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Increase in annual compensation limit to $170,000.
- Increase in maximum annual benefit limit to $135,000.
- Formula increased for Firefighters, DA Investigators and Nonrepresented Deputy Sheriffs.
- Revised mortality assumptions.

1999 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Salary Scale and Retirement Rates Assumptions were changed.

1998 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Military Service Credit was extended to pre-1985 Retiree.
- Increased maximum annual benefit limit to $130,000.

TEN-YEAR HISTORICAL TREND INFORMATION

REVENUES BY SOURCE AND EXPENSES BY TYPE

(Unaudited)

Revenues by Source

Fiscal Year	Participant Contributions	County Contributions*	Investment Income (Loss)**	Total
2003	$704,758	$33,980,592	$292,669,096	$327,354,446
2002	436,682	2,579,984	(78,508,968)	(75,492,302)
2001	265,567	2,646,523	(28,309,035)	(25,396,945)
2000	180,729	629,279	(14,726,721)	(13,916,713)
1999	140,834	2,756,636	243,675,430	246,572,900
1998	156,915	10,816,807	120,415,049	131,388,771
1997	130,253	12,942,084	256,829,536	269,901,873
1996	176,722	18,442,468	161,746,888	180,366,078
1995	314,544	20,309,361	275,737,913	296,361,818
1994	156,986	17,681,251	(22,637,446)	(4,799,209)

Expenses by Type

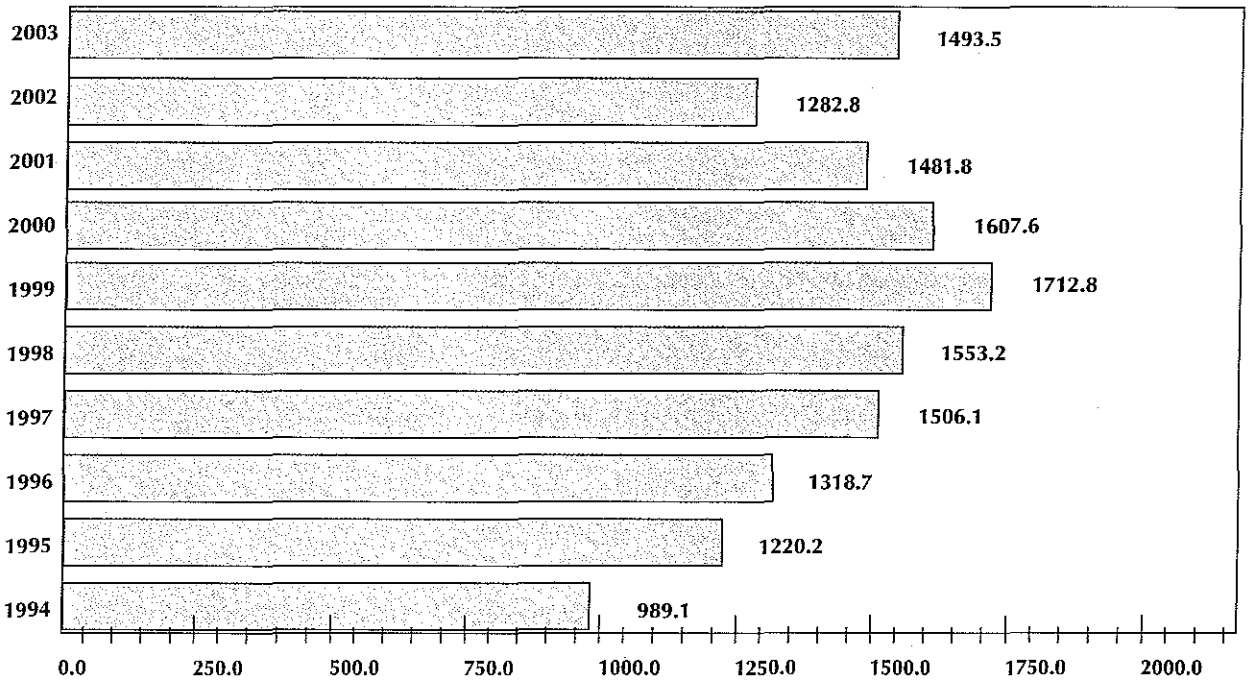
Fiscal Year	Benefits***	Investment and Administrative Expenses	Withdrawals	Total
2003	$111,109,514	$5,662,380	$12,999	$116,784,893
2002	118,078,160	5,301,678	30,230	123,410,068
2001	94,842,239	5,389,064	233,732	100,465,035
2000	85,664,789	5,320,195	257,600	91,242,584
1999	82,022,948	4,966,393	16,866	87,006,207
1998	79,261,523	4,913,214	50,504	84,225,241
1997	77,831,307	4,651,792	53,967	82,537,066
1996	76,921,047	4,605,169	115,956	81,642,172
1995	61,333,535	3,825,400	123,464	65,282,399
1994	54,936,274	3,177,094	117,904	58,231,272

*Contributions were made based upon actuarially determined contribution requirements, as well as additional contributions made at the discretion of the County Board.

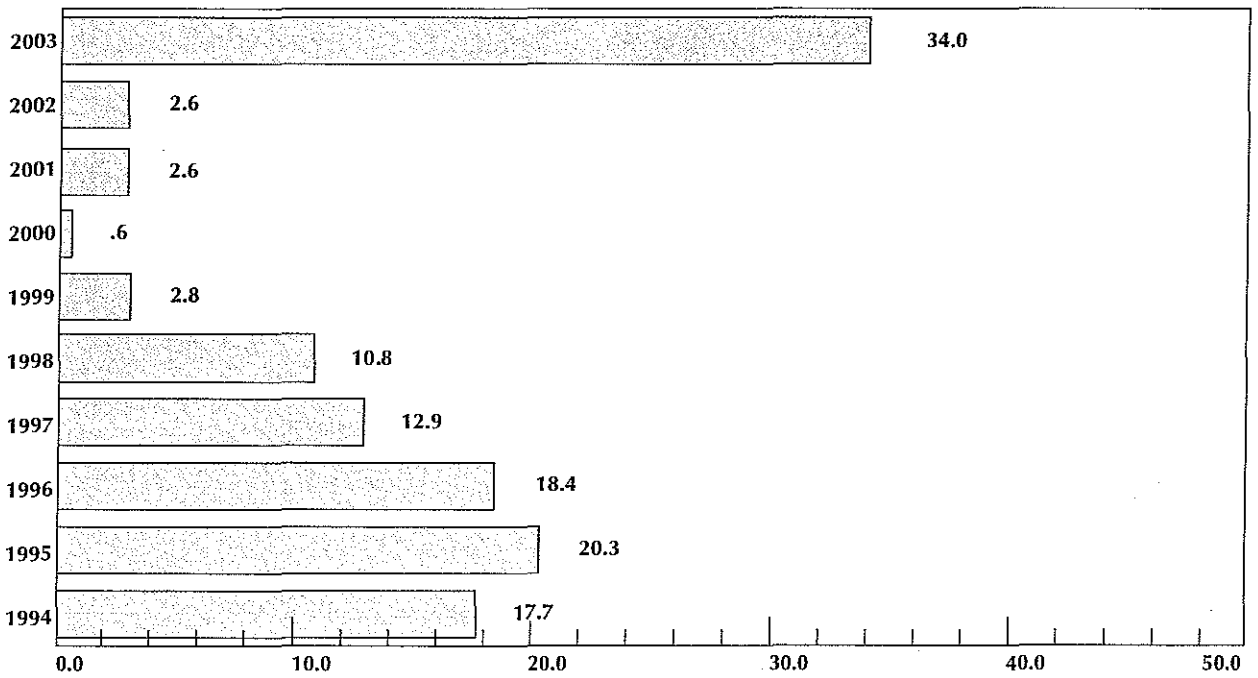
**Includes interest and dividends, net appreciation (depreciation) of fair value, net security lending income, and other income.

***Included in the benefits for years 2003 and 2002 are drop-back lump-sum payments in the amount of $11.0 million and $23.1 million, respectively.

NET FUND ASSETS
FAIR VALUES 2003-1994
(in millions of dollars)
(unaudited)



ACTUAL COUNTY CONTRIBUTIONS
(in millions of dollars)
(unaudited)



ACTIVE MEMBERSHIP STATISTICS (Unaudited)

	2003
Members as of January 1	7,169*
Changes During the Year:	
New enrollments	332
Transferred to nonvested inactive	(204)
Retirements	(290)
Withdrawals	(11)
Deaths in active service	(15)
Members as of December 31	6,981*

**This total includes vested inactive members.*

RETIREMENTS AND SURVIVORS (Unaudited)

	Retirements Granted								Survivors & Beneficiaries	Total
	Maximum Pension	Option								
		Refund	100%	75%	50%	25%	10-yr.	Other		
January 1, 2003	2,443	860	1,031	62	1,225	124	51	29	853	6,678
Changes During the Year:										
Retirements	143	5	52	20	32	27	10	1	0	290
Pensioner deaths	(111)	(60)	(34)	-	(48)	-	(1)	-	(16)	(270)
December 31, 2003	2,475	805	1,049	82	1,209	151	60	30	837	6,698

CONSULTANTS

as of December 31, 2003

Legal Advisors:

Milwaukee County
Corporation Counsel
William Domina

Reinhart, Boerner, Van Deuren,
Norris & Rieselbach, S.C.
Milwaukee, Wisconsin

Foley & Lardner
Milwaukee, Wisconsin

Actuary:

William M. Mercer, Inc.
Milwaukee, Wisconsin

Disbursing Agent:

County Treasurer

Custodian/Securities Agent:

Mellon Trust
Boston, Massachusetts

Medical Board:

Medical Associates

Investment Consultant:

William M. Mercer
Investment Consulting, Inc.
Chicago, Illinois

Cash Management Manager:

Mellon Trust
Boston, Massachusetts

Standish Mellon Asset Management
Woburn, Massachusetts

Venture Capital Investment Managers:

Adams Street Partners, Inc.
Chicago, Illinois

Progress Investment Management Co.
San Francisco, California

Real Estate Investment Trusts Manager:

CRA Real Estate Securities
Radnor, Pennsylvania

Equity Investment Managers:

Ariel Capital Management Group, Inc.
Chicago, Illinois

Artisan Partners
Milwaukee, Wisconsin

Boston Partners Asset Management, Inc.
Boston, Massachusetts

Mellon Capital Management
Pittsburgh, Pennsylvania

US Bancorp Piper Jaffray Asset Management
Minneapolis, Minnesota

Westfield Capital Management Co., Inc.
Boston, Massachusetts

Fixed Income Investment Managers:

Loomis, Sayles & Company, Inc.
Boston, Massachusetts

Mellon Capital Management
Pittsburgh, Pennsylvania

Miller & Schroeder Small Business Capital Corp.
Milwaukee, Wisconsin

NCM Capital Management Group, Inc.
Durham, North Carolina

Stein Roe & Farnham
Chicago, Illinois

Strong Capital Management
Milwaukee, Wisconsin

International Investment Managers:

Capital Guardian Trust Company
Brea, California

Granthum, Mayo, Van Otterloo & Co.
Boston, Massachusetts

May 2003

Actuarial Valuation Reports

County of Milwaukee

MERCER

Human Resource Consulting

MMC Marsh & McLennan Companies

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2. OBRA 1990 Retirement System Actuarial Valuation Report.....2

May 2003

Employees' Retirement System of the County of Milwaukee

Actuarial Valuation Report as of January 1, 2003 for the
Plan Year and Fiscal Year Ending December 31, 2003

MERCER
Human Resource Consulting

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Highlights

This report has been prepared by Mercer Human Resource Consulting on behalf of plan participants by the County of Milwaukee (the "Plan Sponsor") to:

- Determine the funding calculation under the Employees' Retirement System of the County of Milwaukee (the "Plan") for the plan and fiscal year ending December 31, 2003;
- Present the results of a valuation of the Plan as of January 1, 2003; and
- Review experience under the Plan for the year ended December 31, 2002.

The following table summarizes important contribution information.

	Plan Year Ending	
Contributions	**December 31, 2003**	**December 31, 2002**
Funding Calculation	$ 25,242,325	$ 8,528,477
Percentage of Payroll	9.30%	3.58%

The total funding calculation for the year is $25,242,325. This amount will pay the normal cost for the year and amortize the unfunded actuarial accrued liability as a level percentage of pay over the next 20 years. Of this amount, it is estimated that $418,000 will be contributed on a biweekly basis (including interest on the contributions).

Following Year's Budget Contribution

The 2004 budget contribution is $44,354,000. It is estimated that $417,000 will be contributed on a biweekly basis and the lump sum due is $43,937,000.

The 2004 budget amount incorporates the following changes as Mercer understands as adopted by the Pension Board:

Assumption/Method	Change[1]	Impact on 2004 Budget Contribution
Mortality	Changed from UP 1994 to RP 2000	$ 24,000
Salary Scale Rates	Adjusted for general employees; lowered 1.5% for deputy sheriffs	(238,000)
Withdrawal Rates	Increased for general employees with less than five years of service; lowered for general employees with greater than five years of service; adjusted for deputy sheriffs	514,000
Retirement Rates	Increased for general employees prior to age 58; lowered for general employees from age 62-65; increased for deputy sheriffs prior to age 55	616,000
Asset Smoothing Method	Changed from smoothing unrealized gains/losses to smoothing difference between total expected return vs. actual return beginning January 1, 2004 (change is phased in over 5-year period)	0[2]
Subtotal		**$ 916,000**
Investment Return Assumption	Lowered from 9% to 8.5%	7,264,000
Total		**$ 8,180,000**

[1] *More detailed descriptions of the assumption and method changes may be found in our April 9, 2003 Experience Analysis report.*

[2] *Change does not affect the 2004 budget contribution. The effect on future contribution calculations will depend on asset returns after January 1, 2004.*

Summary of Principal Valuation Results

A summary of principal valuation results from the current valuation and the prior valuation follows. Any changes in actuarial assumptions, methods, or plan provisions between the two valuations are described after the summary.

	Actuarial Valuation as of	
	January 1, 2003	**January 1, 2002**
Funding Valuation		
Market Value of Assets	$ 1,282,880,806	$ 1,481,783,176
Actuarial Value of Assets	1,446,860,024	1,620,157,072
Actuarial Accrued Liability	1,542,044,756	1,492,071,562
Funded Ratio	93.83%	108.58%
Unfunded Actuarial Accrued Liability	95,184,732	(128,085,510)
Normal Cost	$ 17,176,791	$ 17,982,218
Percentage of Payroll	7.32%	7.32%
Participant Data		
Number of Participants in Valuation		
Active Participants	5,793	6,077
Participants with Deferred Benefits	1,525	1,348
Participants Receiving Benefits	6,637	6,511
Total	**13,955**	**13,936**
Membership Payroll*	$ 234,679,129	$ 238,387,178

The liability measures shown above are developed throughout the report.

**Prior-year earnings increased by the salary assumption.*

Changes

Plan Amendment

- Final Average Earnings was changed to a three-year average for non-deputy sheriffs hired after January 1, 1982.

Actuarial Assumptions

The Pension Board adopted the following change effective January 1, 2003:

- The backdrop-related assumptions were changed to 50% utilization with an average backdrop period of four years.

Certification

We have prepared an actuarial valuation of the Employees' Retirement System for the County of Milwaukee as of January 1, 2003 for the plan year ending December 31, 2003. The results of the valuation are set forth in this report, which reflects the provisions of the Plan effective December 24, 1967, incorporating subsequent amendments.

The valuation is based on employee and financial data which were provided by the County of Milwaukee and which are summarized in this report.

All costs, liabilities and other factors under the Plan were determined in accordance with generally accepted actuarial principles and procedures. In our opinion, the actuarial assumptions selected by the Pension Board are reasonable estimates of the anticipated experience under the Plan. This report fully and fairly discloses the actuarial position of the Plan on an ongoing basis.

We are available to answer any questions on the material contained in the report, or to provide explanations or further details as may be appropriate. The undersigned credentialed actuaries meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained within this report.

Dennis A. Skelly — May 30, 2003

Dennis A. Skelly
Associate, Society of Actuaries
Enrolled Actuary No. 02-3209

Date

Glenn W. Soderstrom — 5/30/2003

Glenn W. Soderstrom
Fellow, Society of Actuaries
Enrolled Actuary No. 02-2873

Date

Mercer Human Resource Consulting
411 E. Wisconsin Ave., Suite 1500
Milwaukee, WI 53202
(414) 223-4200

Section 1: Funding Results

Section 1.1 The unfunded actuarial accrued liability as of the valuation date.

Section 1.2 A development of the actuarial gain or loss during the year.

Section 1.3 The normal cost as of the valuation date.

Section 1.4 The determination of the contribution recommendations, including the actual and budgeted contributions.

Section 1.5 The actuarial present value of accrued benefits as of the valuation date.

Section 1.1

Unfunded Actuarial Accrued Liability

The actuarial accrued liability is the present value of projected plan benefits allocated to past service by the actuarial funding method being used.

	January 1, 2003	January 1, 2002
1. Actuarial Accrued Liability		
a. Active Participants		
Retirement Benefits	$ 534,229,777	$ 537,686,828
Withdrawal Benefits	10,591,217	8,693,210
Disability Benefits	30,477,216	30,759,304
Death Benefits	2,798,880	3,049,862
Total	578,097,090	580,189,204
b. Participants with Deferred Benefits	54,652,334	48,359,493
c. Participants Receiving Benefits	909,295,332	863,522,865
d. Actuarial Accrued Liability *(a. + b. + c.)*	1,542,044,756	1,492,071,562
2. Actuarial Value of Assets	1,446,860,024	1,620,157,072
3. Unfunded Actuarial Accrued Liability *(1.d. – 2.)*	**$ 95,184,732**	**$ (128,085,510)**

The vested accrued liability for active participants as of January 1, 2003 is $526,892,783.

Section 1.2

Actuarial Gain/(Loss)

The actuarial gain/(loss) is comprised of both the liability gain/(loss) and the actuarial asset gain/(loss). Each of these represents the difference between the expected and actual values as of January 1, 2002.

1. Expected Actuarial Accrued Liability		
a. Actuarial Accrued Liability at January 1, 2002	$	1,492,971,562
b. Normal Cost at January 1, 2002		17,982,218
c. Interest on *a.* + *b.* to End of Year		135,904,840
d. Benefit Payments for Plan Year Ending December 31, 2002, with Interest to End of Year		123,391,677
e. Expected Actuarial Accrued Liability Before Change *(a. + b. + c. – d.)*		1,523,466,943
f. Change in Actuarial Accrued Liability at January 1, 2003, Due to Change in Plan Provisions and Actuarial Assumptions		28,907,245
g. Expected Actuarial Accrued Liability at January 1, 2003 *(e. + f.)*		1,552,374,188
2. Actuarial Accrued Liability at January 1, 2003		1,542,044,756
3. Liability Gain/(Loss) *(1.g. – 2.)**		10,329,432
4. Expected Actuarial Value of Assets		
a. Actuarial Value of Assets at January 1, 2002		1,620,157,072
b. Interest on *a.* to End of Year		145,814,137
c. Contributions Made for Plan Year Ending December 31, 2002		2,579,984
d. Interest on *c.* to End of Year		19,484
e. Benefit Payments for Plan Year Ending December 31, 2003 with Interest to End of Year		123,391,677
f. Expense Reimbursed from Trust to the County		1,017,500
g. Expected Actuarial Value of Assets January 1, 2003 *(a. + b. + c. + d. – e – f.)*		1,644,161,500
5. Actuarial Value of Assets as of January 1, 2003		1,446,860,024
6. Actuarial Asset Gain/(Loss) *(5. – 4.g.)*		(197,301,476)
7. Actuarial Gain/(Loss) *(3. + 6.)*	**$**	**(186,972,044)**

** The $10,329,432 liability gain is comprised of a loss of $1,888,344 due to salary increases higher than expected and a gain of $11,317,776 due to the net population change.*

Section 1.3

Normal Cost

	January 1, 2003	January 1, 2002
1. Present Value of Projected Benefits		
a. Active Participants		
Retirement Benefits	$ 646,676,826	$ 655,665,074
Withdrawal Benefits	27,255,861	26,498,376
Disability Benefits	39,239,476	40,255,211
Death Benefits	4,625,786	4,995,181
Total	717,797,949	727,413,842
b. Participants with Deferred Benefits	54,652,334	48,359,493
c. Participants Receiving Benefits	909,295,332	863,522,865
d. Total	1,681,745,615	1,639,296,200
2. Actuarial Value of Assets	1,446,860,024	1,620,157,072
3. Unfunded Actuarial Accrued Liability	95,184,732	(128,085,510)
4. Present Value of Future Normal Costs *(1.d. – 2. – 3.)*	139,700,859	147,224,638
5. Present Value of Future Salaries	1,905,119,382	1,946,462,476
6. Normal Cost Rate *(4. ÷ 5.)*	7.333%	7.564%
7. Expected Salaries*	234,239,620	237,734,236
8. Normal Cost *(6. × 7.)*	**$ 17,176,791**	**$ 17,982,218**

* *Prior-year earnings increased by the salary assumption and limited by the IRS compensation limit for those under the mandatory retirement age.*

Contributions

The County of Milwaukee has adopted the policy developed below for funding and accounting for pension expenses. The County's policy and the amounts required for the plan year ending December 31, 2003 are shown below.

A. Actual Funding Calculation

The actual funding calculation consists of the amortization of the unfunded actuarial liability plus the normal cost.

1. Net Annual Amortizations *(SECTION 1.4D)*	$	6,519,623
2. a. Normal Cost		17,176,791
b. Interest to December 31, 2003		1,545,911
c. Normal Cost with Interest		18,722,702
3. Total Funding Calculation, End-of-Year Basis *(1. + 2c., not less than zero)*	$	25,242,325

B. Funding Budget Policy

	Plan Year Ending	
	December 31, 2004	December 31, 2003
1. Net Annual Amortizations	$ 22,837,000	$ 245,307
2. a. Normal Cost	19,832,000	18,582,485
b. Interest	1,685,000	1,672,424
c. Normal Cost with Interest	21,517,000	20,254,909
3. Total Funding Budget Policy, End-of-Year Basis *(1. + 2.c., not less than zero)*	$ 44,354,000	$ 20,500,216

C. Projected Lump-Sum Contribution for Year

	Plan Year Ending	
	December 31, 2004	December 31, 2003
1. Total Funding Policy Budget	$ 44,354,000	$ 20,500,216
2. a. Estimated Biweekly Contributions	400,000	475,000
b. Interest	17,000	21,375
c. Biweekly Contribution with Interest	417,000	496,375
3. Net Funding Policy Budget *(1. - 2.c., not less than zero)*	$ 43,937,000	$ 20,003,841

Section 1.4

D. Amortization Schedule for Funding Calculation

Annual amortization payments of the reestablished unfunded actuarial accrued liability and changes to the unfunded actuarial accrued liability arising from plan changes, assumption changes and actuarial gains/losses are amortized as a level percentage of payroll, assuming payroll growth of 5.5% per year over a 20-year period. Expenses paid by the County and reimbursed by the Trust are amortized on a level dollar basis over 10 years. The variance between the actual amount contributed for the year and the contribution for the year to maintain the funding schedule is amortized on a level dollar basis over five years.

	Amortization Period			Balances		
Charges	**Date Created**	**Initial Years**	**Last Payment**	**Initial**	**Outstanding**	**Payment**
Expense	1/1/1997	10	2006	$ 689,121	$ 344,722	$ 106,405
Expense	1/1/1998	10	2007	739,537	445,021	114,412
Expense	1/1/1999	10	2008	710,319	493,893	110,098
Expense	1/1/2000	10	2009	655,908	512,609	101,850
Expense	1/1/2001	10	2010	799,202	688,088	124,320
Expense	1/1/2002	10	2011	780,362	728,998	121,596
Variance	1/1/2002	5	2006	5,938,089	4,945,879	1,526,638
Expense	1/1/2003	10	2012	1,017,500	1,017,500	158,547
Variance	1/1/2003	5	2007	5,929,009	5,929,009	1,524,303
Assumption change	1/1/2003	20	2022	21,144,593	21,144,593	1,543,781
Plan change	1/1/2003	20	2022	7,762,652	7,762,652	566,756
Actuarial (gain)/loss	1/1/2003	20	2022	187,872,044	187,872,044	13,716,665
Total					**$ 231,885,008**	**$ 19,715,373**

	Amortization Period			Balances		
Credits	**Date Created**	**Initial Years**	**Last Payment**	**Initial**	**Outstanding**	**Payment**
Variance	1/1/1999	5	2003	6,507,384	$ 1,525,339	1,662,620
Variance	1/1/2000	5	2004	5,061,294	2,279,659	1,295,915
Variance	1/1/2001	5	2005	828,375	538,005	212,541
Reestablished unfunded	1/1/2002	20	2021	130,146,178	132,357,273	10,024,674
Total					**$ 136,700,276**	**$ 13,195,750**
Net Amount					**$ 95,184,732**	**$ 6,519,623**

E. Reconciliation of Budget Contributions

1. 2003 Actual Funding Calculation			$ 25,242,000
a. Impact of Investment Return			
i. Recognition of Losses Over Previous Four Years	$	5,255,000	
ii. 2003 Contribution Variance (excluding variance due to underpayment of requested contribution)		1,219,000	
iii. Subtotal			6,474,000
b. Impact of Assumption Changes			
i. Funding Interest Rate		7,264,000	
ii. Other Assumptions		916,000	
iii. Subtotal			8,180,000
c. Other Factors			
i. Projected Growth		1,349,000	
ii. 2003 Contribution Variance Due to Under Payment of Requested Contribution		1,307,000	
iii. Amortization of 2003 Expenses		140,000	
iv. Full Recognition of 1998 Contribution Variance		1,662,000	
v. Subtotal			4,458,000
2. 2003 Funding Budget			$ 44,354,000

Section 1.5

GASB Nos. 25 and 27 Disclosure

A. Equivalent Single Amortization Period

Shown below is the derivation of the equivalent single amortization period of the unfunded calculated in accordance with GASB Statement Nos. 25 and 27. The maximum allowable amortization period is 40 years (30-years effective January 1, 2007).

	January 1, 2003	January 1, 2002
1. Covered Payroll	$ 234,679,129	$ 238,387,178
2. Unfunded Amount	95,184,732	(128,085,510)
3. Amortization Payment	6,519,623	(11,072,141)
4. Payment as a Level Percentage of payroll *(3 ÷ 1)*	2.78%	(4.64%)
5. Weighted Average Amortization Factor *(2 ÷ 3)*	14.60	11.57
6. Equivalent Single Amortization Period (Nearest Whole Year)	22	16

Section 2

Plan Assets

This section presents information regarding plan assets as reported by the plan administrator. The plan assets represent the portion of total plan liabilities which has been funded as of the valuation date.

Section 2.1 Summary of Assets.

Section 2.2 Reconciliation of Assets.

Section 2.3 Actuarial Value of Assets.

Section 2.4 Contributions for Prior Plan Year.

Section 2.1

Summary of Assets

Asset Category	Market Value as of December 31, 2002
1. Cash and Equivalents	$ 37,995,385
2. General Investments	
▪ Domestic Common and Preferred Stock	412,610,738
▪ International Common and Preferred Stock	181,694,831
▪ Federal Agency and Mortgage – Backed Certificates	97,605,688
▪ U.S. Government and State Obligations	29,596,203
▪ Corporate Bonds	431,962,518
▪ International Fixed Income	54,277,131
▪ Real Estate Investment Trusts	32,742,753
▪ SBA Loan Backed Securities	117,423
▪ Venture Capital	14,937,489
3. Net Receivables (Payables)	(12,435,299)
4. Payable to OBRA Pension Plan	674,132
5. Net Assets in the Trust *(1. + 2. + 3. – 4.)*	1,280,430,728
6. Contributions Receivable	2,450,078
7. Net Assets Available for Benefits *(5. + 6.)*	**$ 1,282,880,806**

Section 2.2

Reconciliation of Assets

Transactions		January 1, 2002 to January 1, 2003
Income		
1. Contributions Received or Receivable		
▪ County of Milwaukee	$	2,579,984
▪ Plan Participants		436,682
2. Investment Earnings		
▪ Unrealized Gains/(Losses)		(80,542,034)
▪ Realized Gains/(Losses)		(49,707,141)
▪ Interest and Dividends		50,680,500
▪ Security Lending Income		1,616,476
▪ Security Lending Rebates & Fees		(1,355,150)
▪ Investment Expense		(3,822,792)
3. Other Income		798,381
4. Total Income	**$**	**(79,315,094)**
Disbursements		
5. Benefit Payments	$	118,108,390
6. Administrative Expenses		1,478,886
7. Total Disbursements		**119,587,276**
8. Net Income *(4. – 7.)*		**(198,902,370)**
9. Net Assets at Beginning of Year		1,481,783,176
10. Net Assets at End of Year *(8. + 9.)*	**$**	**1,282,880,806**

Section 2.3

Actuarial Value of Assets

1.	Market Value of Assets, December 31, 2002		$ 1,282,880,806
2.	Less 80% of Unrealized Gains and Losses in 2002:	$ (80,542,034)	(64,433,627)
3.	Less 60% of Unrealized Gains and Losses in 2001:	$ (107,408,692)	(64,445,215)
4.	Less 40% of Unrealized Gains and Losses in 2000:	$ (163,597,647)	(65,439,059)
5.	Less 20% of Unrealized Gains and Losses in 1999:	$ 151,693,413	30,338,683
6.	Actuarial Value of Assets, December 31, 2002 *(1. – 2. – 3. – 4. – 5.)*		**$ 1,446,860,024**

As of	Market Value	Actuarial Asset Value	Estimated Rate of Return: Market	Estimated Rate of Return: Actuarial	Assumed Rate of Return
12/31/1998	$ 1,553,237,760	$ 1,562,823,526	7.9	13.5	8.5
12/31/1999	1,712,804,453	1,622,710,113	15.8	9.1	8.5
12/31/2000	1,607,645,156	1,670,600,679	(1.2)	8.4	8.5
12/31/2001	1,481,783,176	1,620,157,072	(2.2)	2.6	8.5
12/31/2002	1,282,880,806	1,446,860,024	(5.9)	(3.7)	9.0
Compound Rate of Return (5 years):			2.6%	5.8%	

Section 2.4

Contributions for Prior Plan Year

		Employer		Interest		Total
3/5/2003	$	2,147,000	$	0	$	2,147,000
Bi-weekly		432,984		19,484		452,468
Total	**$**	**2,579,984**	**$**	**19,484**	**$**	**2,599,468**

Section 3

Basis of Valuation

This section presents and describes the basis of the valuation. The census of participants, actuarial basis and provisions of the Plan are the foundation of the valuation, since these are the present facts on which the projection of benefit payments will depend. The valuation is based on the premise that the Plan will continue in existence.

Section 3.1 The participant data used for the actuarial valuation.

Section 3.2 The actuarial funding method, procedures, and actuarial assumptions.

Section 3.3 The plan provisions valued in the actuarial valuation.

B. Count of Active Participants at January 1, 2003

General Employees

	Years of Service									
Age	**0 - 4**	**5 - 9**	**10 - 14**	**15 - 19**	**20 - 24**	**25 - 29**	**30 - 34**	**35 - 39**	**40+**	**Total**
Under 20										**0**
20 – 24	70	1								**71**
25 – 29	236	17								**253**
30 - 34	261	63	24	1						**349**
35 - 39	218	131	152	29	1					**531**
40 - 44	197	118	256	145	43					**759**
45 - 49	161	124	273	219	161	60				**998**
50 - 54	124	104	245	178	200	175	53	1		**1,080**
55 - 59	78	63	150	149	74	85	101	8		**708**
60 - 64	26	33	85	57	31	21	15	12		**280**
65 - 69	6	5	20	13	12	5	6	1		**68**
70 - 74		3		1		1				**5**
75+	1		3			1				**5**
Total	**1,378**	**662**	**1,208**	**792**	**522**	**348**	**175**	**22**	**0**	**5,107**

Section 3.1

B. Count of Active Participants at January 1, 2003 *(continued)*

Deputy Sheriffs

	Years of Service									
Age	**0 - 4**	**5 - 9**	**10 - 14**	**15 - 19**	**20 - 24**	**25 - 29**	**30 - 34**	**35 - 39**	**40+**	**Total**
Under 20										**0**
20 - 24	20									**20**
25 - 29	65	13								**78**
30 - 34	56	96	15							**167**
35 - 39	28	42	57	4						**131**
40 - 44	9	21	37	18	2	1				**88**
45 - 49	1	6	33	21	18	3				**82**
50 - 54	1	4	12	16	19	9	2			**63**
55 - 59			2	1	9	10				**22**
60 - 64				2		1	1			**4**
65 - 69										**0**
70 - 74										**0**
75+										**0**
Total	**180**	**182**	**156**	**62**	**48**	**24**	**3**	**0**	**0**	**655**

B. Count of Active Participants at January 1, 2003 *(continued)*

Elected Officials

	Years of Service									
Age	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40+	Total
Under 20										0
20 - 24										0
25 - 29	2									2
30 - 34										0
35 - 39	3		1							4
40 - 44		2	1							3
45 - 49	2	1	4		1	1				9
50 - 54	1	1		1						3
55 - 59	2		2	1		1				6
60 - 64					1	1				2
65 - 69	1							1		2
70 - 74										0
75+										0
Total	11	4	8	2	2	3	0	1	0	31

C. Participant Statistics

Inactive Participants as of January 1, 2003	Number		Amount of Monthly Benefit
Participants Receiving Benefits	6,637	$	8,080,084
Participants with Deferred Benefits	1,525	$	874,686

Statistics for Active Participants	Number	Average Age	Average Service		Average Compensation*
As of January 1, 2002					
Total	6,077	45.3	12.7	$	39,228
As of January 1, 2003					
Total	5,793	45.5	12.7	$	40,511

* *Prior-year earnings increased by the salary assumption.*

Section 3.2

Actuarial Basis

A. Aggregate Entry Age Normal Method

Liabilities and contributions shown in this report are computed using the aggregate entry age normal method of funding.

The objective under this method is to fund all benefits under the Plan in installments which are level as a percentage of the group's aggregate salary, starting at the original participation dates (or employment date), and continuing until the assumed retirement, terminations, disabilities or deaths.

At the time the funding method is introduced, there will be a liability which represents the contributions which would have been accumulated if this method of funding had always been used. The difference between this frozen initial liability and the assets (if any) which are held in the fund is the unfunded actuarial accrued liability, which is typically funded over a chosen period in accordance with an amortization schedule.

A detailed description of the calculation follows:

- The **normal cost** is determined by applying to earnings an aggregate level percentage of salary which, if contributed each year, is sufficient to provide the full value of the benefits expected to be payable.

- The **present value of future normal costs** is the total of the discounted values of all active participants' normal costs, assuming these to be paid in each case from the valuation date until retirement (termination, disability or death) date.

- The **present value of projected benefits** is calculated as the value of all benefit payments expected to be paid to the plan's current participants, including active and retired members, beneficiaries, and terminated members with vested rights.

- The **actuarial accrued liability** is the excess of the present value of projected benefits over the present value of future normal costs.

- The **unfunded actuarial accrued liability** is the excess of the actuarial accrued liability over the assets of the fund.

B. Valuation of Assets

The actuarial asset value is a five-year moving average where 20% of the prior four years' unrealized gains/losses are annually recognized.

C. Valuation Procedures

- Financial and Census Data: Financial data and participant data as submitted by the plan sponsor without further audit. This information is not customarily verified by a plan's actuary. The information was reviewed for internal consistency.

- No benefits are projected to be greater than the limitation currently imposed by Section 415(b)(1) of the Internal Revenue Code as applied to governmental plans.

- No actuarial accrued liability is held for nonvested, inactive participants who have a break in service, or for nonvested participants who have quit or been terminated, even if a break in service had not occurred as of the valuation date.

D. Actuarial Assumptions

Economic	
Investment Return	▪ 9.0% per year compounded annually. Investment return is assumed to be net of investment management expense.
Salary Increases	Averages 5.5% per year compounded annually. See table on following page for sample values.
Mortality	a. Active participants and nondisabled pensioners: The sex-distinct 1994 Uninsured Pensioner Table. b. Disabled pensioners: 1985 Unisex Pension Disability Mortality Table.
Disability	Graduated rates. See table on following page for sample values.
Withdrawal	Graduated rates. Select and ultimate based on duration of service. See tables on following pages for sample values.
Retirement Age	See table on following page.
Percentage Married	▪ Males ..... 80% ▪ Females 80%
Age Difference	Beneficiaries are assumed to be the same age as the participant.
Backdrop	50% of retirees are assumed to elect a Backdrop of 4 years but not earlier than participant's earliest full retirement date.

D. Actuarial Assumptions *(continued)*

	Sample Annual Rates per 100 Participants							
	Mortality				Withdrawal - Ultimate			
	Healthy		Disabled					
Attained Age	Males	Females	Males	Females	General	Elected*	Deputy Sheriffs	Disability
20	0.05	0.03	2.05	1.71	9.81	4.50	4.50	0.02
25	0.07	0.03	1.81	1.85	9.58	4.48	4.48	0.03
30	0.09	0.04	1.79	1.98	9.01	4.23	4.23	0.07
35	0.09	0.05	2.14	2.17	7.15	3.00	3.00	0.12
40	0.12	0.08	2.68	2.40	5.15	1.24	1.24	0.18
45	0.17	0.10	3.47	2.89	3.72	0.55	0.55	0.28
50	0.28	0.15	4.54	3.36	2.73	0.22	0.22	0.48
55	0.48	0.25	5.69	3.70	1.84	0.00	0.00	0.87
60	0.86	0.48	6.92	4.12	0.00	0.00	0.00	1.38
65	1.56	0.93	8.22	4.53	0.00	0.00	0.00	1.88

** Select rates for elected officials assume no turnover for first four years.*

	Sample Annual Rates per 100 Participants				
Employment	Separation - Select Rates General Employees				
Age	0	1	2	3	4
20	12.5	7.5	7.0	9.0	10.0
25	12.2	6.3	6.5	8.4	9.4
30	11.4	6.0	6.3	7.4	8.4
35	10.7	6.0	6.3	6.7	7.4
40	10.2	6.0	6.0	6.2	6.1
45	9.7	6.0	6.0	5.7	5.2
50	9.2	6.0	5.8	5.2	4.4
55	8.7	5.2	4.8	4.4	3.4

D. Actuarial Assumptions *(continued)*

Sample Annual Rates Per 100 Participants

	Retirement Rates		
Age	**General**	**Deputy Sheriffs**	**Elected**
45	0	1	0
46	0	1	0
47	0	1	0
48	0	1	0
49	0	1	0
50	2	1	0
51	2	2	0
52	2	3	0
53	2	5	0
54	2	10	0
55	10	15	0
56	10	15	7
57	10	15	7
58	15	15	7
59	15	15	7
60	20	75	20
61	20	75	20
62	30	80	45
63	25	50	30
64	25	50	30
65	35	100	40
66	30	100	30
67	30	100	30
68	30	100	30
69	30	100	30
70	100	100	100

Section 3.2

D. Actuarial Assumptions *(continued)*

Earnings Progression

Age	General	Deputy Sheriffs	Elected
20	8.2%	9.7%	4.5%
25	5.9	7.4	4.5
30	5.5	7.1	4.5
35	5.2	6.7	4.5
40	4.7	6.3	4.5
45	4.5	6.0	4.5
50	4.2	5.7	4.5
55	3.9	5.4	4.5
60	3.8	5.3	4.5

Section 3.3

Summary of Plan Provisions

Plan Name	Employees' Retirement System of the County of Milwaukee.
Effective Date	December 24, 1967.
Type of Plan	Municipal retirement system administered by the Pension Board.
Employer	County of Milwaukee.
Employees Included	Any person regularly employed by the County at an annual wage or salary payable at stated intervals, including any person employed by the State of Wisconsin and who receives part of his compensation from the County.
Service Considered	Service during period of employment in the County or in any department in any town, village, city or metropolitan sewerage commission in the County, which department has by consolidation or merger been absorbed by the County. Creditable service shall consist of "prior service," "military service," and "membership service," for which service credit is allowable under Section 4, Chapter 201, Laws of 1937, as well as service under Executive Order 11231, July 8, 1965, for Vietnam. Additional credit for periods of military service will be earned in accordance with the following chart: Years of Service with Milwaukee County / Maximum Years of Military Service Granted 0 – 4 / 0 5 – 9 / 1 10 – 14 / 2 15 – 19 / 3 20+ / 4
Benefit Service	Used in determining the amount of benefits. Same as Vesting Service except service prior to becoming a Participant does not count.

Section 3.3

Summary of Plan Provisions *(continued)*

Earnings Considered	Earnable compensation is the full rate of compensation payable to a member if he worked the full normal working time for his position, including authorized overtime payments and the compensation rate assumed to have been received while the member is on authorized leave of absence. In cases where compensation includes maintenance, the Pension Board shall fix the value of that part of the compensation not payable in money. Compensation shall not exceed $200,000 in the pension calculation as indexed for changes in the cost of living. The final average salary means the average annual earnable compensation for the highest three (3) consecutive calendar years of creditable service during which the member's earnable compensation was the highest, or if he should have less than three years of creditable service, then his average annual earnable compensation during his credited service. For non-sheriff members hired before January 1, 1982, the final average salary is increased 7.5% for each year worked after January 1, 2001, to a maximum of 25%.
County Contributions	County contributions shall be at least as great as the required amounts, actuarially determined and certified to the County Board of Supervisors by the Pension Board, which will become due and payable to the fund of the Retirement System during the year next following determination.
Voluntary Employee Contributions	Up to 10% of earnings, providing the employee was contributing on January 1, 1971.

Summary of Plan Provisions *(continued)*

Normal Pension	Payable upon request of any member who has attained the minimum service and retirement age. a. The minimum age and service requirements: 1.) For general employees and elected officials: Age 60 and any service. 2.) For non-union general employees and certain union general employees: The combination of age and service adding up to 75. 3.) For deputy sheriffs: Age 57 and any service or age 55 and 15 years of service or the combination of age and service adding up to 75. For deputy sheriffs hired after February 28, 1991, the combination of age and service adding up to 75 does not apply. 4.) For all members: Age 55 and 30 years of service. b. The benefit is the sum of: 1.) Pension portion, plus 2.) Any voluntary contribution. c. The pension portion retirement allowance is: 1. a.) For general employees whose continuous membership began prior to January 1, 1982 – 2% of final average salary per year of service. b.) For those general employees whose membership began on or after January 1, 1982– 1.5% of final average salary per year of service. c.) For firefighters whose membership began on or after January 1, 1982 and prior to January 1, 1999 – 2.0% of final average salary per year of service accrued on or after January 1, 1999, 1½% of final average salary per year of service prior to January 1, 1999. d.) For DA investigators and non-represented deputy sheriffs whose membership began on or after January 1, 1982 and prior to July 1, 1995 – 2½% of final average salary per year of service. e.) For the elected officials and deputy sheriffs whose membership began prior to January 1, 1982 – 2½% of final average salary per year of service.

Summary of Plan Provisions *(continued)*

Normal Pension (continued)	f.) For elected officials whose membership began on or after January 1, 1982 – 2% of final average salary per year of service. g.) For those deputy sheriffs whose membership began on or after January 1, 1982 but before July 1, 1995 – 2½% of final average salary per year of service. h.) For those deputy sheriffs whose membership began on or after July 1, 1995 – 2% of final average salary per year of service. 2. For non-sheriff employees whose membership began on or after January 1, 1982, the benefit multiplier is increased 0.5% per year of service accrued after January 1, 2001 and per eight years of pre-2001 service for each year worked after January 1, 2001 (prorated for fractional years). d. The maximum pension shall be 80% of final average salary plus any adjustment for automatic increase to retired employees.
Early Pension	Age 55 and 15 years of service reduced by 5/12 of 1% for each month payment starts preceding normal retirement age.
Ordinary Disability Pension	After 15 years of creditable service. Benefit computed as for normal retirement benefits. Minimum benefit 25% of final average salary.
Accidental Disability Pension	Same as normal retirement benefit if the employee has attained the minimum service retirement age. If less than normal retirement age at time of disability, the benefit is computed as for normal retirement but is not less than 60% of final average salary.
Ordinary Death Benefit	A death benefit is payable to the estate of designated beneficiary of an active member who dies due to any cause other than an accident in the actual performance of duty, provided no other survivor benefits are payable. Benefit is equal to the member's accumulated mandatory contribution account, plus a lump-sum payment of 50% of final average salary limited to $2,000.

Summary of Plan Provisions *(continued)*

Accidental Death Benefit	Upon the death of a deputy sheriff resulting from an accident in the actual performance of duty, a pension is payable to his widow to continue during her widowhood; or if there is no widow or if his widow dies or remarries before his youngest child has attained age 18, then the pension is payable to his child or children under age 18 until the youngest child attains said age; or if neither widow nor children survive, it is payable to his dependent father or mother to continue for life. In the event of the accidental death of a deputy sheriff, his accumulated contributions are returned to his estate or designated beneficiary, and, in addition, a pension of one-half of his final average salary is payable to his beneficiary as described above. Any benefit payable on account of such accidental death under any state workers' compensation law or any law of the United States is offset against the pensions allowable under the provisions of the Retirement System.
Deferred Vested Pension	Upon termination of employment, a member who does not elect to withdraw any part of his membership account shall be eligible for a deferred vested pension if: a. The accrued pension at age 60 is at least $10 per month. b. He has at least 5 years of service. The benefit is computed the same as for a normal pension considering earnings and service prior to date of termination.
Survivor Benefit	Upon the death of a member prior to age 60 and after the completion of one year of service, a monthly pension equal to 40% of the member's monthly salary less the survivor's benefits payable under the Social Security law shall be payable to his surviving dependent spouse for as long as there is at least one dependent child. Upon attainment of age 60 the dependent spouse shall receive 50% of the normal pension which the member would have received considering service to age 60 and the final average earnings determined at death. In addition, each child of the deceased member shall be eligible for a monthly pension equal to 10% of the member's monthly salary until he attains age 18 or marries; or if he is a student and not married, until he attains age 22. The total survivor's pension may not exceed 90% of the member's monthly salary less the survivor's benefits payable under the Social Security law.

Section 3.3

Summary of Plan Provisions *(continued)*

Optional Benefits	In lieu of the full retirement allowance, any member at retirement may elect to receive an equivalent reduced retirement allowance with the provision that: Option 1. In case of death before benefits attributable to his mandatory account have equaled the amount of his membership account at the date of retirement, the balance shall be paid to a designated beneficiary or to his estate, or Option 2. At the death of the member, one-half of his allowance shall be continued throughout the life of such other person as the member shall have designated at the time of his retirement, or Option 3. At the death of the member the same allowance shall be continued throughout the life of such other person as the member shall have designated at the time of his retirement.
Other Benefits	a. Provide 2% of initial benefit automatic increase per year to retired employees. b. Refund of employee voluntary contribution upon severance. c. Backdrop pension benefit. Employee may opt to receive a monthly benefit earned as of chosen date in the past (Backdrop date). Employee receives cash payment equal to monthly benefits that would have been paid between backdrop date and actual retirement date plus interest.
Expenses	Paid by County.
Minimum Benefit	Not less than under previous system.

May 2003

OBRA 1990 Retirement System of the County of Milwaukee

Actuarial Valuation Report as of January 1, 2003 for the
Plan Year and Fiscal Year Ending December 31, 2003

MERCER
Human Resource Consulting

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Highlights

This report has been prepared by Mercer Human Resource Consulting on behalf of plan participants of the County of Milwaukee (the "Plan Sponsor") to:

- Determine the funding calculation under the OBRA 1990 Retirement System of the County of Milwaukee (the "Plan") for the plan and tax fiscal year ending December 31, 2003;
- Present the results of a valuation of the Plan as of January 1, 2003; and
- Review experience under the Plan for the year ended December 31, 2002.

The following table summarizes important contribution information.

	Plan Year Ending	
Contributions	**December 31, 2003**	**December 31, 2002**
Funding Calculation	$ 288,487	$ 263,691
Percentage of Payroll	3.36%	3.03%

This amount will pay the normal cost for the year and amortize the unfunded actuarial accrued liability as a level percentage of pay over the next 20 years.

Following Year's Budget Contribution

The 2004 budget contribution is $348,000. This amount incorporates the following changes as Mercer understands was adopted by the Pension Board:

Assumption	Change	Impact on 2004 Budget Contribution
Investment Return Assumption	Lowered from 9% to 8.5%	$ 22,000

Summary of Principal Valuation Assumptions

A summary of principal valuation results from the current valuation and the prior valuation follows. Any changes in actuarial assumptions, methods, or plan provisions between the two valuations are described after the summary.

	Actuarial Valuation as of	
	January 1, 2003	**January 1, 2002**
Funding Valuation		
Market Value of Assets	$ 674,132	$ 662,409
Actuarial Value of Assets	674,132	662,409
Actuarial Accrued Liability	2,049,981	1,890,289
Funded Ratio	32.88%	35.04%
Unfunded Actuarial Accrued Liability	1,375,849	1,227,880
Normal Cost	$ 96,986	$ 94,065
Percentage of Compensation	1.13%	1.08%
Participant Data		
Number of Participants in Valuation		
Active Participants	1,640	1,822
Participants with Deferred Benefits	6,653	6,139
Participants Receiving Benefits	1	0
Total	8,294	7,961
Total Compensation*	$ 8,595,969	$ 8,712,677

The liability measures shown above are developed throughout the report.

* *Prior-year earnings projected with one-year salary scale.*

Changes

None.

Certification

We have prepared an actuarial valuation of the OBRA 1990 Retirement System for the County of Milwaukee as of January 1, 2003 for the plan year ending December 31, 2002. The results of the valuation are set forth in this report, which reflects the provisions of the Plan effective January 1, 1992, and incorporating subsequent amendments.

The valuation is based on employee and financial data which were provided by the County of Milwaukee and which are summarized in this report.

All costs, liabilities and other factors under the Plan were determined in accordance with generally accepted actuarial principles and procedures. In our opinion, the actuarial assumptions selected by the Pension Board are reasonable estimates of the anticipated experience under the Plan. This report fully and fairly discloses the actuarial position of the Plan on an ongoing basis.

We are available to answer any questions on the material contained in the report, or to provide explanations or further details as may be appropriate. The undersigned credentialed actuaries meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained within this report.

Dennis A. Skelly — May 30, 2003

Dennis A. Skelly
Associate, Society of Actuaries
Enrolled Actuary No. 02-3209

Date

Glenn W. Soderstrom — 5/30/2003

Glenn W. Soderstrom
Fellow, Society of Actuaries
Enrolled Actuary No. 02-2873

Date

Mercer Human Resource Consulting
411 E. Wisconsin Ave., Suite 1500
Milwaukee, WI 53202-4417
(414) 223-4200

Section 1: Funding Results

Section 1.1 The unfunded actuarial accrued liability as of the valuation date.

Section 1.2 A development of the actuarial gain or loss during the year.

Section 1.3 The normal cost as of the valuation date.

Section 1.4 The determination of the contribution recommendations, including the actual and budgeted contributions.

Section 1.1

Unfunded Actuarial Accrued Liability

The actuarial accrued liability is the present value of projected plan benefits allocated to past service by the actuarial funding method being used.

	January 1, 2003	January 1, 2002
1. Actuarial Accrued Liability		
a. Active Participants	$ 786,650	$ 791,033
b. Participants with Deferred Benefits	1,252,750	1,099,256
c. Participants Receiving Benefits	10,581	0
d. Actuarial Accrued Liability *(a. + b. + c.)*	2,049,981	1,890,289
2. Actuarial Value of Assets	674,132	662,409
3. Unfunded Actuarial Accrued Liability *(1.d. – 2., not less than $0)*	**$** 1,375,849	**$** 1,227,880

Section 1.2

Actuarial Gain/(Loss)

The actuarial gain/(loss) is comprised of both the liability gain/(loss) and the actuarial asset gain/(loss). Each of these represents the difference between the expected and actual values as of January 1, 2003.

1. Expected Actuarial Accrued Liability		
a. Actuarial Accrued Liability at January 1, 2002	$	1,890,289
b. Normal Cost at January 1, 2002		94,065
c. Interest on *a.* + *b.* to End of Year		178,592
d. Benefit Payments for Plan Year Ending December 31, 2002, with Interest to End of Year		81,960
e. Expected Actuarial Accrued Liability Before Change *(a. + b. + c. – d.)*		2,080,986
f. Change in Actuarial Accrued Liability at January 1, 2003 Due to Change in Plan Provisions and Actuarial Assumptions		0
g. Expected Actuarial Liability at January 1, 2003 *(e. + f.)*		2,080,986
2. Actuarial Accrued Liability at January 1, 2003		2,049,981
3. Liability Gain/(Loss) *(1.g. – 2.)*		31,005
4. Expected Actuarial Value of Assets		
a. Actuarial Value of Assets at January 1, 2002		662,409
b. Interest on *a.* to End of Year		59,617
c. Contributions Made for Plan Year Ending December 31, 2002		274,972
d. Interest on *c.* to End of Year		0
e. Benefit Payments for Plan Year Ending December 31, 2002, with Interest to End of Year		81,960
f. Expense Paid by Plan During 2002		141,818
g. Expected Actuarial Value of Assets January 1, 2003 *(a. + b. + c. + d. – e. – f.)*		773,220
5. Actuarial Value of Assets as of January 1, 2003		674,132
6. Actuarial Asset Gain/(Loss) *(5. – 4.g.)*		(99,088)
7. Actuarial Gain/(Loss) *(3. + 6.)*	**$**	**(68,083)**

Section 1.3

Normal Cost

The components of normal cost under the Plan's funding method are:

	January 1, 2003	January 1, 2002
Retirement Benefits	$ 71,340	$ 68,371
Withdrawal Benefits	25,646	25,694
Expenses	0	0
Total Normal Cost	**$ 96,986**	**$ 94,065**

Contributions

The County of Milwaukee has adopted the policy developed below for funding and accounting for pension expenses. The County's policy and the amounts required for the plan year ending December 31, 2003 are shown below.

A. Actual 2003 Funding Calculation

The actual funding calculation consists of the amortization of the unfunded actuarial liability plus the normal cost.

1. Net Annual Amortizations *(Section 1.4C)*	$	182,772
2. a. Normal Cost		96,986
b. Interest		8,729
c. Normal Cost with Interest		105,715
3. Total Funding Calculation, End-of-Year Basis *(1. + 2.c.)*	$	288,487

B. Funding Budget Policy

	Plan Year Ending	
	December 31, 2004	December 31, 2003
1. Net Annual Amortizations	$ 220,000	$ 167,968
2. Normal Cost with Interest	128,000	111,759
3. Total Funding Budget Policy, End-of-Year Basis *(1. + 2.)*	$ 348,000	$ 279,727

C. Amortization Schedule for Funding Calculation

Annual amortization payments of the reestablished unfunded actuarial accrued liability and changes to the unfunded actuarial accrued liability arising from plan changes and actuarial gains/losses are amortized as a level percentage of payroll, assuming payroll growth of 5% per year over a period of 20 years. Expenses paid by the County and reimbursed by the Trust are amortized over 10 years. The variance between the actual amount contributed for the year and the contribution for the year to maintain the funding schedule is amortized over five years.

	Amortization Period			Balances		
Charges	**Date Created**	**Initial Years**	**Last Payment**	**Initial**	**Outstanding**	**Payment**
1993-1996 Expenses	1/1/1997	10	2006	243,729	121,922	37,633
Expenses	1/1/1998	10	2007	96,137	57,852	14,873
Expenses	1/1/1999	10	2008	81,673	56,786	12,659
Expenses	1/1/2000	10	2009	85,685	66,965	13,305
Expenses	1/1/2001	10	2010	100,656	86,661	15,658
Reestablished Unfunded	1/1/2002	20	2021	$ 681,555	$ 691,121	$ 54,362
Variance	1/1/2002	5	2006	1,612	1,343	414
Expenses	1/1/2002	10	2011	109,857	102,626	17,118
Actuarial Loss	1/1/2003	20	2022	68,083	68,083	5,172
Expenses	1/1/2003	10	2012	141,818	141,818	22,098
Total					**$ 1,395,177**	**$ 193,292**

	Amortization Period			Balances		
Credits	**Date Created**	**Initial Years**	**Last Payment**	**Initial**	**Outstanding**	**Payment**
Variance	1/1/1999	5	2003	25,619	6,006	6,546
Variance	1/1/2000	5	2004	3,421	1,541	876
Variance	1/1/2001	5	2005	771	501	198
Variance	1/1/2003	5	2007	11,281	11,281	2,900
Total					**$ 19,329**	**$ 10,520**
Net Amount					**$ 1,375,849**	**$ 182,772**

Section 1.4

D. Reconciliation

The following year budgeted contribution calculation changed from last year as follows:

1. 2003 Actual Funding Calculation			**$**	**288,000**
a. Impact of Assumption Changes				
i. Funding Interest Rate	$	22,000		
ii. Subtotal				22,000
b. Other Factors				
i. Projected Growth		13,000		
ii. 2003 Contribution Variance		2,000		
iii. Amortization of 2003 Expenses		16,000		
iv. Full Recognition of 1998 Contribution Variance		7,000		
v. Subtotal				38,000
2. 2004 Funding Budget			**$**	**348,000**

Section 1.5

GASB Nos. 25 and 27 Disclosure

A. Equivalent Single Amortization Period

Shown below is the derivation of the equivalent single amortization period of the unfunded calculation in accordance with GASB statement Nos. 25 and 27. The maximum allowable amortization period is 40 years (30 years effective January 1, 2007).

		January 1, 2002	January 1, 2001
1.	Covered Payroll	$ 8,595,969	$ 8,712,677
2.	Unfunded Amount	1,375,849	1,227,880
3.	Amortization Payment	182,772	161,160
4.	Payment as a Level Percentage of Payroll *(3 ÷ 1)*	2.13%	1.85%
5.	Weighted Average Amortization Factor *(2 ÷ 3)*	7.52	7.62
6.	Equivalent Single Amortization Period (Nearest Whole Year)	10	10

Section 2: Plan Assets

This section presents information regarding plan assets as reported by the plan administrator. The plan assets represent the portion of total plan liabilities which have been funded as of the valuation date.

Section 2.1 Summary of Assets.

Section 2.2 Reconciliation of Assets.

Section 2.3 Actuarial Value of Assets.

Section 2.4 Contributions for Prior Plan Year.

Section 2.1

Summary of Assets

Asset Category	Market Value as of December 31, 2002
1. Cash and Equivalents	$ (53)
2. Assets Held by ERS Pension Plan	399,213
3. Contributions Receivable	274,972
4. Net Assets Available for Benefits *(1. + 2. + 3.)*	$ 674,132

Section 2.2

Reconciliation of Assets

Transactions		January 1, 2002 to January 1, 2003
Income		
1. Contributions Received or Receivable	$	274,972
2. Investment Income		(43,000)
3. Total Income	**$**	**231,972**
Disbursements		
4. Benefit Payments	$	78,431
5. Investment and Administrative Expenses		141,818
6. Total Disbursements		220,249
7. Net Income *(3. – 6.)*		11,723
8. Net Assets at Beginning of Year		662,409
9. Net Assets at End of Year *(7. + 8.)*	**$**	**674,132**

Section 2.3

Actuarial Value of Assets

The actuarial asset value is set equal to the market value of assets plus any receivable contributions.

	January 1, 2003	January 1, 2002
Actuarial Asset Value	$ 674,132	$ 662,409

Section 2.4

Contributions for Prior Plan Year

	Amount			
	Employer	Employee	Interest	Total
3/5/2003	$ 274,972	$ 0	$ 0	$ 274,972
Total	**$** 274,972	**$** 0	**$** 0	**$** 274,972

Section 3: Basis of Valuation

This section presents and describes the basis of the valuation. The census of participants, actuarial basis and provisions of the Plan are the foundation of the valuation, since these are the present facts on which the projection of benefit payments will depend. The valuation is based on the premise that the Plan will continue in existence.

Section 3.1 The participant data used for the actuarial valuation.

Section 3.2 The actuarial funding method, procedures and actuarial assumptions.

Section 3.3 The plan provisions valued in the actuarial valuation.

Section 3.1

Plan Participants

A. Participant Data Reconciliation

	Active Participants	Inactive Participants	Total
Total at January 1, 2002	**1,822**	**6,139**	**7,961**
Did Not Accrue Benefit in 2002	(798)	798	0
Lump-Sum Payouts	0	(138)	(138)
Deaths	0	(2)	(2)
New Participants	553	10	563
Inactives – Began Accruing Benefit in 2002	71	(71)	0
Data Correction	(8)	(82)	(90)
Total at January 1, 2003	**1,640**	**6,654***	**8,294**

* *One of these is currently in payment status.*

Section 3.1

B. Count of Active Participants at January 1, 2003

	Years of Service									
Age	**0 - 4**	**5 - 9**	**10 - 14**	**15 - 19**	**20 - 24**	**25 - 29**	**30 - 34**	**35 - 39**	**40+**	**Total**
Under 20	593									**593**
20 - 24	495	143								**638**
25 - 29	58	46	7							**111**
30 - 34	30	7	4							**41**
35 - 39	24	7	3							**34**
40 - 44	33	9	11							**53**
45 - 49	17	10	1							**28**
50 - 54	18	10	3							**31**
55 - 59	14	14	9							**37**
60 - 64	11	6	3							**20**
65 - 69	11	11	4							**26**
70 - 74	4	5	5							**14**
75+	2	6	6							**14**
Total	**1,310**	**274**	**56**	**0**	**0**	**0**	**0**	**0**	**0**	**1,640**

C. Participant Statistics

Inactive Participants as of January 1, 2003	Number	Amount of Monthly Benefit
Participants Receiving Benefits	1	$ 114
Participants with Deferred Benefits	6,653	102,643

Statistics for Active Participants	Number	Average Age	Average Service	Average Compensation*
As of January 1, 2002				
Total	1,822	25.8	1.0	$ 4,782
As of January 1, 2003				
Total	1,640	25.8	1.0	$ 5,499

* *Prior-year earnings increased by the salary assumption.*

Section 3.2

Actuarial Basis

A. Unit Credit Method

Liabilities and contributions shown in this report are computed using the unit credit method of funding.

The objective under this method is to fund each participant's benefit under the plan as they accrue. Thus, the total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past service. The principle underlying the method is that each unit is funded in the year for which it is credited. Typically, when the method is introduced there will be an initial liability for benefits credited for service prior to that date. To the extent that this liability is not covered by assets of the plan, there is an unfunded liability to be funded over a chosen period in accordance with an amortization schedule.

A detailed description of the calculation follows:

- The **normal cost** is the present value of those benefits, which are expected to be credited with respect to service during the year beginning on the valuation.
- The **accrued liability** is calculated at the valuation date as the present value of benefits credited with respect to service to that date.
- The **unfunded accrued liability** is the excess of the accrued liability over the assets of the Plan at the valuation date. The level annual payment to be made over a stipulated number of years to amortize the unfunded liability is the past service cost.

Under this method, differences between the actual experience and the assumed in the determination of costs and liabilities will emerge as adjustments in the unfunded liability, subject to amortization.

B. Valuation of Assets

The actuarial asset value is the market value of assets plus any receivable contributions.

C. Valuation Procedures

- Financial and Census Data: We used financial data and participant data as submitted by the Plan Sponsor without further audit. This information would customarily not be verified by a plan's actuary. We have reviewed the information for internal consistency and we have no reason to doubt its substantial accuracy.
- No benefits are projected to be greater than the limitation currently imposed by Section 415(b)(1) of the Internal Revenue Code as applied to governmental plans.
- All participants are considered active employees for valuation purposes until they incur a break in service covering one full plan year.

Section 3.2

D. Actuarial Assumptions

Economic	
Investment Return	▪ 9.0% per year compounded annually. Investment return is assumed to be net of investment management expense.
Salary Increases	5% per year compounded annually.
Mortality	The sex-distinct 1994 Uninsured Pensioners Table. See table below for sample values.
Withdrawal	Graduated rates. See table below for sample values.
Retirement Age	Age 65.

Sample Annual Decrement Rates per 100 Participants

			Withdrawal					
Employment	**Mortality**		**Select Rates**					
Age	**Male**	**Female**	**0**	**1**	**2**	**3**	**4**	**Ultimate**
20	0.05	0.03	33.75	31.50	28.50	24.00	19.05	15.00
25	0.07	0.03	31.35	29.46	26.88	22.86	18.54	14.25
30	0.09	0.04	27.30	25.47	22.92	18.99	15.36	12.00
35	0.09	0.05	22.35	20.64	18.03	14.01	10.17	6.00
40	0.12	0.08	17.85	16.26	13.80	10.26	7.23	3.90
45	0.17	0.10	17.25	14.85	11.94	8.43	5.37	2.52
50	0.28	0.15	16.50	13.38	10.98	7.89	4.47	1.07
55	0.48	0.25	14.85	12.45	9.78	6.93	3.63	0.23
60	0.86	0.48	0.00	0.00	0.00	0.00	0.00	0.00
65	1.56	0.93	0.00	0.00	0.00	0.00	0.00	0.00

Section 3.3

Summary of Plan Provisions

Plan Name	OBRA 1990 Retirement System of the County of Milwaukee.
Effective Date	January 1, 1992.
Type of Plan	Municipal retirement system administered by the Pension Board.
Employer	County of Milwaukee.
Employees Included	Any person employed by the County for whom the County is not obligated to collect and withhold FICA taxes. However, such persons shall exclude an employee: ▪ hired to relieve him from unemployment ▪ of a hospital, home, or institution where he is an inmate ▪ who is a temporary employee to handle fire, storm, snow, earthquake or similar emergencies ▪ paid on a fee basis as self-employed, or ▪ who is a member of the collective bargaining unit covered by an agreement which does not provide for his inclusion.
Service Considered	One year shall be credited on and after January 1, 1992 for each Plan Year during which the employee is employed at any time. However, the employee shall not receive credit for any Plan Year in which the County is obligated to collect and withhold FICA taxes. If, during such Plan Year, FICA taxes are withheld for only a portion of the year, the employee shall receive a pro rata credit for the portion of year worked when no FICA taxes were withheld.
Earnings Considered	Total wages shall include the compensation earned during the period for which no FICA tax was withheld, exclusive of any amounts reimbursed for moving expenses. However, such wages shall be limited to the Social Security taxable wage base for the Plan Year.
Average Compensation	The average of the total Earnings accumulated during the Plan Years of employment with the County, except that years prior to January 1, 1992 shall be disregarded.
Normal Retirement Pension	Payable upon request of any member who has attained age 65. Such pension shall equal one-twelfth of 2% of the member's Average Compensation multiplied by years of service (not in excess of 30).

Section 3.3

Summary of Plan Provisions *(continued)*

Deferred Vested Pension	Upon termination of employment, a member shall be eligible for a deferred vested pension commencing at age 65. Such benefit shall be calculated as for normal retirement, considering Average Compensation and Service at termination.

CITY OF OMAHA
POLICE AND FIREFIGHTERS RETIREMENT SYSTEM

Actuarial Valuation Report
as of January 1, 2003

A MILLIMAN GLOBAL FIRM

Milliman USA
Consultants and Actuaries

1120 South 101st Street, Suite 400
Omaha, NE 68124
Tel +1 402 393.9400
Fax +1 402 393.1037
www.milliman.com

November 7, 2003

Board of Trustees
City of Omaha
Police & Firefighters Retirement System
Omaha/Douglas Civic Center
1819 Farnam Street
Omaha, NE 68183

Re: January 1, 2003 Actuarial Report

Dear Members of the Board:

At your request, we have conducted our actuarial valuation of the City of Omaha Police & Firefighters Retirement System as of January 1, 2003. The major findings of the valuation are contained in this report. Changes in plan provisions, actuarial assumptions, or methods from the prior valuation are noted in the report.

In preparing our report, we relied, without audit, on information (some oral and some written) supplied by the Retirement System. This information includes, but is not limited to, plan provisions, member data and financial information. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board (ASB) and the Code of Professional Conduct and Qualification Standards for Public Statements of Actuarial Opinion of the American Academy of Actuaries.

We hereby further certify that all costs, liabilities, rates of interest and other factors for the System have been determined on the basis of actuarial assumptions and methods which are internally consistent, individually reasonable (taking into account the experience of the Plan and reasonable expectations of future experience); and which, in combination, offer our best estimate of anticipated experience under the Plan. Nevertheless, the emerging costs will vary from those presented in this report to the extent actual experience differs from that projected by the actuarial assumptions. The Retirement System has the final decision regarding the appropriateness of the assumptions and has adopted them as disclosed in this report.

Actuarial computations presented in this report are for purposes of determining the actuarial contribution rate for funding the Plan. Determinations for purposes other than this may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes. Any distribution of this report must be in its entirety including this cover letter, unless prior written consent from Milliman USA is obtained.

I, Gregg Rueschhoff A.S.A., am a member of the American Academy of Actuaries and an Associate of the Society of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

We respectfully submit the following report and look forward to discussing it with you.

Sincerely,
MILLIMAN USA, Inc.

Gregg Rueschhoff

Gregg Rueschhoff, A.S.A.
Consulting Actuary
Member of the American Academy of Actuaries
Enrolled Actuary No. 02-4349

CITY OF OMAHA POLICE & FIREFIGHTERS RETIREMENT SYSTEM
ACTUARIAL VALUATION REPORT

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Board Summary

This report presents the results of the January 1, 2003 actuarial valuation of the City of Omaha Police & Firefighters Retirement System (the "System"). The primary purposes of performing the valuation are to:

- Determine the actuarial contribution rates required to fund the System on an actuarially sound basis,
- Disclose asset and liability measures as of January 1, 2003,
- Determine the experience of the System since the last valuation date, and
- Analyze and report on trends in System contributions, assets, and liabilities over the past two years.

Several significant changes occurred since the last actuarial valuation report was prepared, which impact the comparability of the results of the last valuation (2001) to the current valuation. The changes were:

- Change in the actuarial cost method
- Benefit improvements
- Change in the actuarial assumption for retirement

The actuarial valuation process calculates the liabilities of the system, which are the projected benefit payments expected to be paid to current members in the future. The projected benefit payments are then discounted at the investment return assumption to determine the "present value" of those benefit payments. The resulting amount is what would have to be invested today in order to have enough money to pay all benefits in the future, assuming all assumptions are met.

The actuarial cost method selected by the System effectively develops the methodology to fund this present value amount. The purpose of a funding method is to allocate the present value of future benefits into annual costs. In order to do this allocation, it is necessary for the funding method to "break down" the present value of future benefits into three components:

(1) that which is attributable to the past (called the actuarial liability),
(2) that which is attributable to the current year (called the normal cost) and
(3) that which is attributable to the future (called the present value of future normal costs).

The various actuarial cost methods split the present value of future benefits differently, resulting in different normal cost rates and different actuarial liability amounts.

There is no single "correct" cost method. The various actuarial cost methods do, however, have different characteristics, advantages and disadvantages. The Entry Age Normal method is the only actuarial cost method whose costs are specifically developed as a level percentage of payroll for each individual member. As a result, the normal cost rate tends to be stable and is not dependent on the attained age of the members. It also directly calculates the actuarial liability each year, which permits analysis of actual versus expected experience for each plan year. This provides valuable information

from an actuarial perspective. Because of these characteristics, the Entry Age Normal method is the most commonly used actuarial cost method by public retirement systems.

The actuarial funding method was changed to the Entry Age Normal Cost Method effective with this valuation. This change was made to provide for a more stable contribution rate from year to year as compared to the prior cost method. More details on the Entry Age Normal Cost method can be found in Appendix C of this report.

There were two benefit improvements to the System since the last valuation. The Service Retirement Pension and Survivor's Pension for members who retire with 25 years of service increased from 55% in the last valuation to 69% in this valuation. In addition, this valuation reflects commencement of the COLA 13 months after the first pension payment as opposed to 36 months in the prior valuation. As a part of the benefit improvement package, the City and member contributions also increased from 16.50% and 10.885% to 18.75% and 13.14% respectively. In addition, the City continues to contribute a "past service" payment of $1,327,600 annually through the year 2028. This valuation reflects these changes. More detail on the plan provisions is available in Appendix B of this report.

A change was made in the actuarial assumption used to predict member retirements. In prior actuarial valuations, the assumed rate of retirement was dependent on the member's age. It was assumed that members would retire at a fairly consistent rate from ages 50 through 62, without consideration for the members' years of service. However, the latest benefit change was to increase the benefit factor to 69% of pay at 25 years of service, with no additional benefits accruing after 25 years of service. Although it is too soon to determine how this change will affect retirement patterns, it is our belief that this plan design change will impact members' behavior and retirements will be concentrated at or near attainment of 25 years of service. The revised retirement rates reflect a concentration of retirements between 25 and 29 years of service. This change increased the actuarial contribution rate.

The valuation results provide a "snapshot" view of the System's financial condition on January 1, 2003. The valuation results reflect a significant increase in the Unfunded Actuarial Liability and, consequently, the Actuarial Contribution rate. As of January 1, 2003, the Actuarial Contribution rate is 40.55% of Covered Payroll as compared to 27.18% in the last valuation. In addition, the Unfunded Actuarial Liability is $206.9 million, which was impacted by experience losses on investments and demographics, benefit improvements and the change in the assumed rate of retirements. Each component of change in the Actuarial Contribution Rate is identified in the table on page 4 of the Board Summary.

Numerous factors contributed to the change in the System's assets, liabilities and actuarial contribution rate between January 1, 2001 and December 31, 2002. Further discussion on each of these areas follows.

Assets

The market value of assets is not used directly in the actuarial calculation of the Plan's funded status and the recommended contribution. An asset valuation method is used to smooth the effects of market fluctuations. The actuarial value of assets is equal to 2/3 of the expected asset value (based on last year's actuarial value of assets, net cash flows and a rate of return equal to the actuarial assumed rate of 8.0%) plus 1/3 of the market value of assets.

As of January 1, 2003, the System had total funds, when measured on an actuarial value basis, of $374.3 million. This was an increase of $16.8 million from the January 1, 2001 figure of $357.5 million. However, we expected an increase of $59.6 million over that time period.

The components of the change in the actuarial value of assets (in millions) are set forth below:

	Actuarial Value	*Market Value*
Assets, January 1, 2001	$ 357.5	$ 361.5
• employer and member contributions	+ 47.0	+ 47.0
• benefit payments	- 46.9	- 46.9
• net investment income (expected)	+ 59.5	+ 60.1
• net investment actuarial gain/(loss)	+ (42.8)	+ (107.6)
Assets, December 31, 2002	$ 374.3	$ 314.1

See page 8 for the detailed development of the actuarial value of assets as of January 1, 2003.

Liabilities

The actuarial liability (also referred to as past service liability) is the portion of the present value of projected benefits that will not be paid by future employer normal costs. The difference between this liability and asset values at the same date is referred to as the unfunded actuarial liability (UAL).

As a result of a settlement of a lawsuit, the City has agreed to make extra contributions to the fund equal to $1,327,600 per year through the year 2028. We refer to these payments as the "prior service payments" within this report. To determine the Unfunded Actuarial Liability for funding purposes, we have subtracted the present value of the prior service payments.

The calculation of the Unfunded Actuarial Liability as of January 1, 2003 is shown below:

Actuarial Liability	$ 581,187,364
Actuarial Value of Assets	$(374,252,476)
Unfunded Actuarial Liability (UAL)	$ 206,934,888
Present Value of Prior Service Payments	$ (14,593,006)
UAL for Funding Purposes	$ 192,341,882

The unfunded actuarial liability will be reduced if the contributions exceed the normal cost for the year, after allowing for interest earned on the previous balance of the unfunded actuarial liability. Benefit improvements, actuarial gains and losses, and changes in actuarial assumptions and procedures will also impact the total actuarial liability and the unfunded portion thereof.

Contributions

Under the Entry Age Normal Method, contributions to the System consist of:

- a "normal cost" for the portion of projected liabilities attributable to service of members during the year following the valuation date, and
- an "unfunded actuarial liability" contribution for the excess of the portion of projected liabilities allocated to service to date over assets on hand.
- a "prior service" payment

The System's total actuarially determined contribution rate (payable as a percentage of member payroll) increased by **13.37%** of pay, to **40.55%** on January 1, 2003, from 27.18% on January 1, 2001. The primary components of this change are as follows:

	Rate
Total Actuarial Contribution Rate, January 1, 2001	27.18%
• Benefit Improvements	4.50
• Actuarial (Gain)/Loss – Investment Experience	6.73
• Actuarial (Gain)/Loss – Demographic Experience	2.43
• Actuarial Method Change	(4.36)
• Change in Actuarial Assumptions	4.07
Total Actuarial Contribution Rate, January 1, 2003	40.55%

See page 10 for a detailed calculation of the Actuarial Contribution Rate as of January 1, 2003.

Observations

The City contributes 18.75% of payroll plus a past service payment of approximately 1.55% of payroll. This contribution rate is set in statute. Member contributions are 13.14% of payroll. The combined statutory contribution rate of 33.44% is 7.11% of payroll less than the Actuarial Contribution Rate of 40.55%. When the actual or statutory contribution rate is below the actuarially recommended contribution rate without a mechanism in the law to raise the statutory contribution rate in the future, the system is out of "actuarial balance". Said another way, the current assets plus the present value of future contributions are less than the present value of future benefits. If all assumptions are met in the future and contributions are not increased, the Unfunded Actuarial Liability (UAL) will grow steadily and the actuarial contribution rate will increase significantly.

The valuation shows that the current Actuarial Contribution Rate is less than the current statutory contribution rate and thus the System is not in "actuarial balance." This situation creates a long term funding concern. As the System's actuary we strongly recommend action be taken to increase future contributions to a level which will restore the System to actuarial balance. Due to recent negative investment experience and the delayed reflection of market experience in the actuarial value of assets, it is expected that additional actuarial losses will be reflected in the unfunded actuarial liability over the next few years, which will in turn exacerbate the long term funding concerns. It is in the System's best financial interest for additional contributions to begin as soon as possible.

Summary of Principal Results

	2001 Valuation	*2003 Valuation*	*% Change*
1. Participant Data			
Number of:			
Active Members	1,347	1,395	3.6%
Service Retirements	547	566	3.5%
Surviving Spouses and Children	232	253	9.1%
Disabled	261	270	3.4%
Deferred Vested	8	5	
Annual Salaries of Active Members	$71,033,212	$79,725,536	12.2%
Average Salary	52,734	57,151	8.4%
Average Age of Active Members	38.7	38.9	0.5%
2. Assets and Liabilities			
Total Actuarial Liability	N/A	$581,187,364*	
Assets for Valuation Purposes	N/A	374,252,476	
Unfunded Actuarial Liability	N/A	206,934,888	
3. Contribution Rates			
Actuarial Contribution Rate	27.18%	40.55%*	
Member Contribution Rate	10.89%	13.14%	
Employer Contribution Rate	16.50%	18.75%	
Employer "Past Service" payment	1.76%	1.55%	
4. Shortfall/(Excess) Contributions			
Actuarial Contribution Rate	27.18%	40.55%*	
Statutory Contribution Rate	29.15%	33.44%	
Shortfall/(Excess)	(1.97%)	7.11%	
Expected Payroll for year	$72,778,326	$85,820,469	
Dollar Amount of Shortfall/(Overage)	$ (1,433,733)	$ 6,101,835	

* Calculated using Entry Age Normal cost method

Plan Assets at Market Value
Increases since January 1, 2001

Assets at January 1, 2001	$361,495,219
Receipts:	
City Contributions – Current	26,644,313
City Contributions – Past Service	2,655,200
Employee Contributions	17,703,216
Investment Income	(42,851,376)
Total Receipts	$4,151,353
Disbursements:	
Pensions Paid to Retirees	$46,533,683
Death Benefits	219,326
Termination Withdrawals	162,322
Investment Fees	3,663,644
Other Fees	948,874
Total Disbursements	$51,527,849
Assets at December 31, 2002 (Market Value)	$314,118,723
Annualized Yield for the Two Year Period	
- Gross	-5.8%
- Net of Expenses	-6.4%

Actuarial Value of Assets

Neither the market value of assets, representing a "cash-out" value of Plan assets, nor the book values of assets, representing the cost of investments, may be the best measure of the System's ongoing ability to meet its obligations.

To arrive at a suitable value for the actuarial valuation, a technique for determining the actuarial value of assets is used which dampens swings in the market value while still indirectly recognizing market values. The specific technique follows:

Step 1: Determine the expected value of plan assets at the current valuation date using the actuarial assumption for investment return and the actual receipts and disbursements of the fund since the previous actuarial valuation.

Step 2: Subtract the expected value determined in Step 1 from the total market value of the Fund at the current valuation date.

Step 3: Multiply the difference between market and expected values determined in Step 2 by 33%.

Step 4: Add the expected value of Step 1 and the product of Step 3 to determine the actuarial value of assets.

		2001	2002
1.	Actuarial Value of Assets as of January 1	$ 357,501,331	$ 374,035,021
2.	Actual Receipts/Disbursements		
	a. Total Contributions	22,326,021	24,676,708
	b. Benefit Payments	(22,586,246)	(24,329,085)
	c. Net Change	(260,225)	347,623
3.	Expected Investment Earnings	28,589,697	29,936,707
4.	Expected Actuarial Value of Assets as of December 31	385,830,803	404,319,351
5.	Market Value as of December 31	350,443,459	314,118,723
6.	Difference Between Market and Expected Values	(35,387,344)	(90,200,628)
7.	Actuarial Value of Assets as of December 31 (4 + 1/3 of 6)	$ 374,035,021	$ 374,252,476

UNFUNDED ACTUARIAL LIABILITY

The actuarial liability is the portion of the present value of future benefits which will not be paid by future normal costs. The actuarial value of assets is subtracted from the actuarial liability to determine the unfunded actuarial liability.

1. Entry Age Normal Actuarial Liability	$581,187,364
2. Present Value of Prior Service Payments	14,593,006
3. Actuarial Value of Assets	374,252,476
4. Unfunded Actuarial Liability (3) – (4) – (5)	$192,341,882

DEVELOPMENT OF ACTUARIAL CONTRIBUTION RATE

The actuarial cost method used to determine the required level of annual contributions to support the expected benefits is the Entry Age Normal Cost Method. Under this method, the total cost is comprised of the normal cost rate and the unfunded actuarial liability payment. The Plan is financed by contributions from members and the City.

1. (a) Normal Cost (Adjusted to Mid-Year)	$ 23,157,484
(b) Covered Payroll for Members Under Assumed Retirement Age	$ 85,820,469
(c) Normal Cost Rate (a) / (b)	26.98%
2. Unfunded Actuarial Liability/(Surplus) at Valuation Date	$ 192,341,882
3. Amortization Factor to Pay UAL as a Level Percent of Payroll over 30 Years	19.37212
4. Unfunded Actuarial Liability/(Surplus) Payment (Adjusted to Mid-Year) [(2) / (3)] x $1.08^{1/2}$	$ 10,318,310
5. Prior Service Payment	$ 1,327,600
6. Total Actuarial Contribution 1(a) + 4 + 5	$ 34,803,394
7. Total Projected Payroll for the Year	$ 85,820,469
8. Total Contribution as a Percent of Pay (6) / (7)	40.55%

Governmental Accounting Standards Board Disclosure
SCHEDULE OF FUNDING PROGRESS

In accordance with Statement No. 25 of the Governmental Accounting Standards Board
(All Dollar Amounts in Millions)

Actuarial Valuation Date	Actuarial Value of Assets [2] (a)	Actuarial Accrued Liability (AAL)[1] (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (P/R) (c)	UAAL as a Percentage of Covered P/R [(b-a)/c]
6/30/91	$142.4	$203.6	$61.2	69.9%	N/A	N/A
6/30/92	163.9	209.7	45.8	78.2%	49.0	93.5%
6/30/93	N/A	227.4	N/A	N/A	N/A	N/A
6/30/94	191.3	244.1	52.8	78.4%	55.2	95.7%
6/30/95	N/A	N/A	N/A	N/A	N/A	N/A
6/30/96	251.1	313.3	62.2	80.1%	64.5	96.4%
6/30/97	300.0	336.9	36.9	89.0%	N/A	N/A
6/30/98	349.2	378.5	29.4	92.2%	67.4	43.5%
12/31/98	355.3	386.2	30.98	92.0%	70.3	44.0%
12/31/99	356.9	411.1	54.2	86.8%	70.8	76.6%
12/31/00	361.5	425.1	63.6	85.0%	74.5	85.4%
12/31/01	350.4	452.3	101.9	77.5%	76.7	133%
12/31/02	374.2	581.2	207.0	64.4%	79.7	260%

[1] For periods prior to 12/31/02, this amount is based on the Projected Unit Credit method. The Aggregate method is used to determine the required contribution.
On and after 12/31/02, this amount is based on the Entry Age Normal funding method.

[2] Effective 12/31/02, the Actuarial Value of Assets is used. All prior years were based on the Market Value of Assets.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

(All Dollar Amounts in Millions)

Fiscal Year Ending	Covered Employee Payroll [1]	Actual Employer Contributions	Actual Employer Contribution %[2]	Annual Required Contribution (ARC) %[3]	Annual Pension Cost (APC)	Percentage of APC Contributed
6/30/91	45.9	6.02	13.11	18.31	8.40	72%
6/30/92	49.0	6.42	13.11	18.31	8.97	72
6/30/93	52.1	6.83	13.11	18.31	9.54	72
6/30/94	55.2	7.07	12.81	16.47	9.09	78
6/30/95	59.8	7.66	12.81	16.47	9.85	78
6/30/96	64.5	10.98	17.02	20.22	13.04	84
6/30/97	69.2	11.78	17.02	20.22	13.99	84
6/30/98	67.4	11.50	17.06	15.77	10.63	108
12/31/98[4]	70.3	12.70	18.07	13.58	10.52	121
12/31/99	70.8	13.01	18.38	15.46	10.66	122
12/31/00	74.5	13.61	18.27	15.35	11.24	121
12/31/01	76.7	13.98	18.23	15.35	11.63	120
12/31/02	79.7	15.32	19.22	15.39	15.37	99

(1) Computed as the dollar amount of the actual employer contribution made as a percentage of payroll divided by the contribution rate, expressed as a percentage of payroll. Payroll is estimated for years where no valuation was done.

(2) The actual and required employer contributions are expressed as a percentage of payroll.

(3) The ARC (as a percentage of payroll) is assumed to remain the same as the prior year when no valuation was performed.

(4) Where applicable, these are annual amounts for the period 1/1/98 through 12/31/98.

City of Omaha Police & Firefighters' Retirement System
Development of the Net Pension Obligation in Accordance with Statement No. 27 of the Governmental Accounting Standards Board

	Fiscal Year Ended									
Fiscal Year End :	06/30/94	06/30/95	06/30/96	06/30/97	06/30/98	12/31/98	12/31/99	12/31/00	12/31/01	12/31/02
Assumptions and Methods										
Interest Rate	8.50%	8.50%	8.50%	8.50%	8.50%	8.00%	8.00%	8.00%	8.00%	8.00%
Amortization Period (years)	15	15	15	15	15	15	15	15	15	15
Cost Method	Aggregate	Aggregate	Aggregate	Aggregate	Aggregate	Aggregate	Aggregate	Aggregate	Aggregate	Aggregate
Annual Pension Cost :										
Annual Required Contribution (ARC)	9,522,289	9,256,542	11,645,537	13,372,313	12,130,894	9,545,452	10,943,105	11,439,320	11,738,696	15,392,189
Interest on NPO	0	232,183	399,399	582,664	744,035	741,784	622,503	434,172	244,243	56,158
Adjustment to ARC	0	(328,936)	(565,834)	(825,466)	(1,054,082)	(1,083,279)	(909,084)	(634,052)	(356,684)	(82,012)
Annual Pension Cost	9,522,289	9,159,789	11,479,102	13,129,511	11,820,847	9,203,957	10,656,524	11,239,440	11,626,255	15,366,335
Employer Contribution for the Year	6,790,726	7,192,536	9,323,049	11,231,031	11,301,890	6,099,534	13,010,651	13,613,563	13,977,312	15,322,201
Net Pension Obligation (NPO):										
NPO at beginning of year	0	2,731,563	4,698,816	6,854,869	8,753,349	9,272,306	7,781,283	5,427,156	3,013,032	701,976
Annual Pension Cost for year	9,522,289	9,159,789	11,479,102	13,129,511	11,820,847	4,608,511	10,656,524	11,239,440	11,626,255	15,366,335
Contributions for year	(6,790,726)	(7,192,536)	(9,323,049)	(11,231,031)	(11,301,890)	(6,099,534)	(13,010,651)	(13,613,563)	(13,977,312)	(15,322,201)
NPO at end of year	2,731,563	4,698,816	6,854,869	8,753,349	9,272,306	7,781,283	5,427,156	3,053,032	701,976	746,110

Appendix A — Membership Data

POLICE

	January 1 2001	January 1 2003
ACTIVE PARTICIPANTS	741	762
NON-ACTIVE PARTICIPANTS		
Service Retirements	253	255
Surviving Spouses	109	118
Surviving Children	10	12
Vested Terminated	4	2
Disabled		
- In Line of Duty	138	145
- Not in Line of Duty	14	15
ANNUAL COMPENSATION FOR ACTIVE PARTICIPANTS		
Total Annual Compensation	$39,253,379	$43,184,378
Average Per Participant	52,974	56,672
ANNUAL PENSION BENEFIT*		
Service Retirements	$6,714,636	$7,416,228
Surviving Spouses	942,684	1,108,935
Disabled		
- In Line of Duty	2,837,256	3,277,649
- Not in Line of Duty	284,004	338,419

* Pension Benefits paid from Pension Fund only.

FIREFIGHTERS

	January 1 2001	January 1 2003
ACTIVE PARTICIPANTS	606	633
NON-ACTIVE PARTICIPANTS		
Service Retirements	302	311
Surviving Spouses	107	113
Surviving Children	6	10
Vested Terminated	4	3
Disabled		
- In Line of Duty	96	97
- Not in Line of Duty	13	13
ANNUAL COMPENSATION FOR ACTIVE PARTICIPANTS		
Total Annual Compensation	$31,779,833	$36,541,158
Average Per Participant	52,442	57,727
ANNUAL PENSION BENEFIT*		
Service Retirements	$8,312,652	$9,950,381
Surviving Spouses	842,544	1,017,879
Disabled		
- In Line of Duty	2,033,112	2,171,937
- Not in Line of Duty	161,664	193,266

* Pension Benefits paid from Pension Fund only.

Appendix A — Membership Data

POLICE AND FIREFIGHTERS

	January 1 2001	January 1 2003
ACTIVE PARTICIPANTS	1,347	1,395
NON-ACTIVE PARTICIPANTS		
Service Retirements	555	566
Surviving Spouses	216	231
Surviving Children	16	22
Vested Terminated	8	5
Disabled		
- In Line of Duty	234	242
- Not in Line of Duty	27	28
ANNUAL COMPENSATION FOR ACTIVE PARTICIPANTS		
Total Annual Compensation	$71,033,212	$79,725,536
Average Per Participant	52,734	57,151
ANNUAL PENSION BENEFIT*		
Service Retirements	$15,027,288	17,366,609
Surviving Spouses	1,785,228	2,126,814
Disabled		
- In Line of Duty	4,870,368	5,449,586
- Not in Line of Duty	445,668	531,685

* Pension Benefits paid from Pension Fund only.

Appendix A — Plan Statistics Comparison

	January 1 2001	January 1 2003
ACTIVE MEMBERS		
Average Attained Age	38.7	38.9
Average Hire Age	28.1	27.7
Average Past Service	10.6	11.2
Average Annual Compensation	$52,734	$57,151
NON-ACTIVE MEMBERS		
Average Attained Age		
Service Retirees	62.8	63.3
Disability Retirees		
- In Line of Duty	61.8	62.0
- Not in Line of Duty	67.2	64.5
Surviving Spouses	74.8	74.4
Average Monthly Benefit		
Service Retirees	$2,256	$2,557
Disability Retirees		
- In Line of Duty	1,734	1,876
- Not in Line of Duty	1,376	1,582
Surviving Spouses	689	767
VALUE OF PLAN ASSETS MARKET VALUE	$361,495,219	$314,118,723
VALUE OF PLAN ASSETS ACTUARIAL VALUE ($ millions)	$357,501,331	$374,252,476

Appendix B — Summary of Plan Provisions

Average Final Monthly Compensation:
Section 22-63

Highest average monthly compensation during any consecutive twenty-six (26) pay periods out of the last five years of service as a member of the system for which service credit had been earned.

Member Contributions:
Section 22-73(a)
Section 22-68

13.135% of total monthly salary.

City of Omaha Contributions:
Section 22-73(b)

18.75% of each members total monthly salary.

In addition, the City shall make contributions of $1,327,600 annually through the year 2028.

Service Retirement Eligibility:
Section 22-75

Available after age 55 and 10 years of service, age 50 and 20 years of service, or age 45 and 25 years of service.

Service Retirement Pension:

Section 22-76

Starting December 21, 2003, Lifetime monthly annuity as follows:

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	50	49%
25 years	45	69%

Disability Retirement:

1. **In Line of Duty:**
   Section 22-78

A member shall become entitled to the following benefits while permanently disabled.

Years of Service	Percentage of Average Final Monthly Compensation
Less than 25	50%
25	*

* Same as Service Retirement Pension

2. **Not in Line of Duty:**
   Section 22-79

A member shall become entitled to the following benefits while permanently disabled.

Years of Service	Percentage of Average Final Monthly Compensation
Up to 10 years	10%
10 but less than 15	20%
15 but less than 20	30%
20 but less than 25	*
25 or more	*

Not payable while full salary continues.

* Same as Service Pension.

Spouse's Pension:

1. **Death of Active Member in Line of Duty:**

A monthly pension equal to 49% of the member's average final monthly compensation is paid to the surviving spouse if death occurs while the active member has less than 25 years of service. A monthly pension equal to 69% of the member's average final monthly compensation is paid to the surviving spouse if death occurs after the active member has 25 years or more of service.

2. **Death of Active Member Not in Line of Duty:**

The following monthly pension is paid to the surviving spouse.

Years of Service at Death	Percentage of Average Final Monthly Compensation
0-3	0%
3-10	35%
11	36.4%
12	37.8%
13	39.2%
14	40.6%
15	42.0%
16	43.4%
17	44.8%
18	46.2%
19	47.6%
20-25	49.0%
25+	69%

Benefit terminates upon remarriage of spouse.

3. **Death of Member Eligible for Retirement or Death of Retired Member:**
Section 22-82

75% of the pension the member was receiving or was eligible to receive at the time of death. Upon spouse's remarriage, all benefits cease.

Children's Pension:
Section 22-83

Upon the death of an active or retired member, the following benefit will be paid to the surviving children until age 18.

Number of Dependent Children	Percentage of Average Final Monthly Compensation
1	15%
2	30%
3	45%
4 or more	50%

Lump Sum Death Benefits:

1. **Active Member without Eligible Dependents:**
Section 22-84(a)

Accumulated member's contributions, or $500 if greater.

2. **Retired Member without Eligible Dependents:**
Section 22-84(b)

Accumulated member's contribution less previous pension payments made, or $500 if greater.

3. **Active Member with Eligible Dependents:**
Section 22-84(c)

An amount payable immediately, equal to one year's salary computed on the basis of the maximum monthly rate for patrolmen and firefighters, plus the deceased member's accumulated contributions less pension payments to his dependents, payable to the dependent who last ceases to receive pension benefits.

4. **Retired Member with Eligible Dependents:**
Section 22-84(c)

$1,000 payable immediately, plus the excess over $1,000 if any, of the deceased member's accumulated **contributions less pension payments to the member** and his dependents, payable to the dependent who last ceases to receive pension benefits.

Vesting:

Section 22-86

Upon severance of employment by a member with less than 10 years of service and prior to obtaining eligibility under Section 22-75, a refund of such member's accumulated contributions.

Section 22-90

Upon severance of employment by a member before age 50 with more than 20 years of service and prior to obtaining eligibility under Section 22-75, the member may elect, in lieu of receiving a refund of contributions, to receive a monthly pension, according to the table below, commencing at age 55. Such deferred pension shall be based on service credited to the date of severance.

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	50	49%
25 or more	45	69%

ACTUARIAL METHOD

Valuation of the plan use the *"entry age-normal"* cost method. Under this actuarial method, the value of future costs attributable to future employment of participants is determined. This is called present value of future normal costs. The following steps indicate how this is determined for benefits expected to be paid upon normal retirement.

1. The expected pension benefit at normal retirement is determined for each participant.

2. A normal cost, as a level percent of pay, is determined for each participant assuming that such level percent is paid from the employee's entry age into employment to his normal retirement. This normal cost is determined so that its accumulated value at normal retirement is sufficient to provide the expected pension benefits.

3. The sum of the normal costs for all participants for one year determines the total normal cost of the plan for one year.

4. The value of future payments of normal cost in future years is determined for each participant based on his years of service to normal retirement age.

5. The sum of the value of future payments of normal cost for all participants determines the present value of future costs.

The value of future costs attributable to past employment of participants, which is called the accrued liability is equal to the present value of benefits less the present value of future normal costs. The unfunded accrued liability is equal to the excess of the accrued liability over assets. The unfunded accrued liability is amortized as a level percent of pay over 30 years.

As experience develops with the plan, actuarial gains and actuarial losses result. These actuarial gains and losses indicate the extent to which actual experience is deviating from that expected on the basis of the actuarial assumptions. In each year, as they occur, actuarial gains and losses are recognized in the unfunded accrued liability as of the valuation date.

Appendix C — Actuarial Assumptions

Interest:	8.0% (net of investment expenses)
Salary Increases:	Merit increases based on age plus an inflation increase.
Service Retirement Age:	Ages 50 to 62.
Mortality:	
Active Members	1983 GAM Table.
Service Pensioners and Beneficiaries	1983 GAM Table.
Disabled	1983 GAM, set forward 10 years.
Disability:	Graduated rates by age.
Percent of Disabilities in Line of Duty:	85%
Medical Expenses for Disabilities in Line of Duty:	5% load on liability.
Percent Married at Death or Retirement:	75%
Percent with Dependents at Death:	77%
Average Number of Children per Married Member:	1
Turnover:	Graduated rates by age.
Assets:	Actuarial value of assets equal to 1/3 of market value, plus 2/3 of expected value.

Appendix C — Actuarial Assumptions

SAMPLE RATES

Age	Annual Rate			
	Mortality		Disability	Turnover
	Males	Females		
20	.04%	.02%	.52%	1.41%
30	.06	.03	.59	1.69
40	.12	.07	1.04	.63
50	.39	.16	1.90	.00
60	.92	.42	2.89	.00

Salary Progression

Age	Average Annual % Increase
25	9.9%
30	7.6
35	6.8
40	6.0
45	5.8
50	5.6
55	5.5
60	5.4

Service Retirements

Assumed retirement rates are based on the number of years of credited service as follows:

Years of Service	Distribution	Annual Rate
Less that 25	0%	0%
25	50%	50%
26	25%	50%
27	15%	60%
28	5%	50%
29	5%	100%

Also, if a member was hired after age 37, then it is assumed that member would retire at the later of age 62 or 10 years of service.

REPORT ON
THE SEVENTY-SIXTH VALUATION OF
THE EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF PROVIDENCE
AS OF JUNE 30, 2003

December 29, 2003

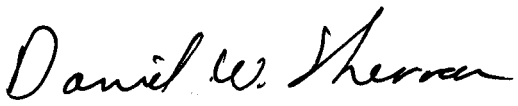
Retirement Board
Employees' Retirement System of the
City of Providence
City Hall
Providence, Rhode Island 02903

Dear Board Members:

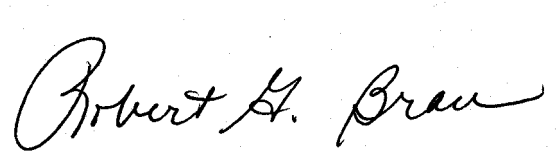
This report presents the revised results of the seventy-sixth actuarial valuation of the system, prepared as of June 30, 2003, which develops the appropriation required by the City for the fiscal year beginning July 1, 2004.

The Table of Contents, which immediately follows, outlines the material contained in the report.

Respectfully submitted,



Daniel W. Sherman, ASA, MAAA, EA
Associate Principal and Consulting Actuary



Robert G Brau, CEBS
Associate Principal, Retirement Actuary

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REPORT ON THE SEVENTY-SIXTH VALUATION OF THE
EMPLOYEES' RETIREMENT SYSTEM OF THE
CITY OF PROVIDENCE
AS OF JUNE 30, 2003

SECTION I - SUMMARY OF PRINCIPAL RESULTS

1. For convenience of reference, the principal results of the current and preceding valuations are summarized below:

Valuation Date	**6/30/2003**	**6/30/2002**
Number of active members		
Vested	1,625	1,742
Nonvested	1,473	1,458
Total	3,098	3,200
Annual salaries of active members	$ 115,015,233	$ 114,264,923
Average salary of active members	$ 37,126	$ 35,708
Number of retirees and beneficiaries	2,826	2,793
Annual retirement allowances	$ 55,816,709	$ 52,132,381
Average retirement allowance	$ 19,751	$ 18,665
No. of vested terminated members	95	175
Accumulated member contributions	$ 1,854,037	$ 1,854,742
Market value of plan assets (accrual basis)	$ 320,940,967	$ 327,451,331
Assets for valuation purposes (5-year average, accrual basis)	$ 334,928,730	$ 340,549,815
Unfunded accrued liability	$ 564,407,378	$ 526,906,771
Contribution rates required		
Class A	26.40%	25.14%
Class B		
- Fire	61.83%	57.42%
- Police	64.14%	62.54%

2. Comments on the valuation results as of June 30, 2003 are given in Section IV and the appropriation payable by the City during the fiscal period beginning July 1, 2004 is set out in Section V.

3. The valuation was based on the assumptions as outlined in Schedule B.

4. Schedule D of this report presents a summary of the main provisions of the act governing the system, as interpreted in preparing the actuarial valuation. The July 1, 2003 valuation reflects the changes in provisions included in the recently ratified Police Contract. In particular, the valuation reflected the following with respect to annual cost of living adjustments (COLAs):

GROUP	COLA	Number of Recipients
a) Class A		
(i) Retired prior to 12/18/1991	- 3%, compounded	862
(ii) Retired after 12/18/1991	- None	747
Total of Class A		1,609
b) Class B – Police		
(i) Retired prior to 1/1/1990	- 5%, compounded	357
(ii) Retired between 1/1/1990 and 12/18/1991	- 6% compounded	44
(iii) Retired after 12/18/1991	- 3% compounded	163
Total of Police		564

GROUP	COLA	Number of Recipients
c) Class B – Fire		
(i) Retired prior to 1/1/1990	- 5% compounded	386
(ii) Retired between 1/1/1990 and 12/18/1991	- 6% compounded	88
(iii) Retired after 12/18/1991	- 3% simple, on first $12,000	
	$12,000 of annual benefit	153
Total of Fire		627
d) Total Number of Class A and Class B retirees and beneficiaries		2,800*

*Excludes elected officials

There is a three-year deferral of the initial COLA for current active members when they retire.

SECTION II - EMPLOYEE DATA

1. Employee data were furnished by the City Controller.

2. Tables 1 and 2 of Schedule E show the number and annual salaries of active members, while the remaining tables of Schedule E show the number and annual retirement allowances of beneficiaries as of June 30, 2003.

SECTION III - ASSETS

1. The amount of the assets taken into account in the valuation was obtained from information submitted by the City Controller.

2. The market value of the assets of the system as of June 30, 2003 on a "cash basis" was $284,231,528. To convert this amount to an "accrual basis," this amount should be increased by the discounted value of the City's contribution already appropriated for the 7/1/2003 – 6/30/2004 fiscal year ($39,829,741) but assumed not to be deposited until 6/30/2004. The discounted value of this contribution is $36,709,439. Therefore, the market value of the assets of the system as of June 30, 2003 on an "accrual basis" was $320,940,967.

3. The amount of assets used for valuation purposes was determined by the use of a five-year moving average of market values. This procedure produced a value of $334,928,730 on an "accrual basis." Schedule C outlines the calculation of this adjusted value.

SECTION IV - COMMENTS ON VALUATION

1. Schedule A of this report presents the results of the valuation and shows the present and prospective assets and liabilities of the retirement system of June 30, 2003. Actuarial liabilities consist of $450,516,330, which equals the value of prospective benefits of active members; plus $621,719,128, which equals the present value of obligations to retired members and their beneficiaries; plus $6,422,766, which equals the value of prospective benefits of deferred vested members. These liabilities amount to $1,078,658,224. Against these prospective liabilities, the system has present assets of $334,928,730. Expected future contributions of active members have a present value of $80,192,451. This leaves $663,537,043 to be met by the City through its annual contributions.

2. The System experienced a net actuarial loss during the year. The principal source of the loss was the actuarial asset return of 1.0% versus an 8.5% assumption. The market value investment return was .7%.

3. Section V discusses the portion of the total prospective City obligation we recommend for current payment.

SECTION V - APPROPRIATION PAYABLE BY CITY

1. Schedules A gives the basis for determining the appropriation payable by the City during the fiscal period beginning July 1, 2004. In accordance with the law governing the operation of the retirement system, we recommend contribution rates of 26.40% for Class A members, 61.83% for Class B Fire and 64.14% for Class B Police. These rates are

based on amortizing the unfunded accrued liability as of June 30, 2003 on a level percentage-of-payroll basis over a 27-year period (one year less than the amortization period used by the prior actuarial valuation). If these rates are applied to the annual compensation of active members included in the actuarial valuation as of June 30, 2003 and contributions are paid on June 30, 2005, contributions payable by the City for the fiscal year beginning July 1, 2004 are as shown below:

Group	Amount
Class A:	
General	$ 10,026,729
School	4,972,351
School Crossing Guards	346,726
Water	2,668,838
JTPA	268,962
School Miscellaneous	0
Chapter I	1,172,597
Indirect Cost	9,747
Other Funds	52,766
Federal Funds*	87,840
Total Class A	$ 19,606,556
Class B:	
Fire	$ 14,768,421
Police	14,953,615
Total Class B	$ 29,722,036
Grand Total	**$ 49,328,592 (see # 2 below)**

* $87,490 for Special Education.

2. The above contribution includes an additional contribution of $492,606, which is needed to amortize the remaining deferred contribution as of June 30, 1996 over a 27-year period.

3. The assets and liabilities in the valuation do not take the elected officials' pensions into account. Therefore, in addition, the City should contribute an amount sufficient to provide for the payment of the special pensions to elected officials on a pay-as-you-go basis. Any deficiency which arises on account of elected officials whereby the contribution paid for a fiscal year is not sufficient to cover the special pensions paid that year to such retired members should be met by a special contribution by the City.

SECTION VI - ACCOUNTING INFORMATION

Based on our interpretation of Statement 25 of the Governmental Accounting Standards Board, the results of the June 30, 2002 and 2003 actuarial valuations are shown below:

	June 30, 2002	June 30, 2003
1. Normal cost for employees	$ 9,488,506	$ 9,546,470
2. Normal cost for employers	$ 10,635,359	$ 10,772,740
3. Actuarial liability for active members	$ 278,404,534	$ 277,616,980
4. Actuarial liability for retired members	$ 589,052,052	$ 621,719,128
5. Total actuarial liability	$ 867,456,586	$ 899,336,108
6. System assets	$ 340,549,815	$ 334,928,730
7. Unfunded actuarial accrued liability	$ 526,906,771	$ 564,407,378
8. Ratio of assets to actuarial liability	39.26%	37.24%
9. Investment return assumption	8.5%	8.5%
10. Rate of salary increase	5.0%	5.0%

SCHEDULE OF EMPLOYER CONTRIBUTIONS
(dollar amounts in thousands)

Year Ended June 30	Annual Required Contribution	Percentage Contributed
1994	$18,612	99.90%
1995	$21,159	53.81%
1996	$16,136	100.00%
1997	$21,089	93.58%
1998	$35,701	57.52%
1999	$37,445	56.15%
2000	$37,415	60.00%
2001	$38,899	60.60%
2002	$42,442	64.18%
2003	$42,008	80.25%

SCHEDULE OF FUNDING PROGRESS
(dollar amounts in thousands)

Year Ended June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1994	$286,956	$500,119	$213,163	57.38%	$84,176	253.23%
1995	$293,454	$460,567	$167,113	63.72%	$88,335	189.18%
1996	$287,320	$699,265	$411,945	41.09%	$84,178	489.38%
1997	$288,800	$732,373	$443,573	39.43%	$88,959	498.63%
1998	$315,000	$732,775	$417,775	42.99%	$99,182	421.22%
1999	$325,576	$746,264	$420,688	43.63%	$106,717	394.21%
2000	$341,817	$798,292	$456,475	42.82%	$114,164	399.84%
2001	$341,986	$821,363	$479,377	41.64%	$116,493	411.51%
2002	$340,550	$867,457	$526,907	39.26%	$114,265	461.13%
2003	$334,929	$899,336	$564,407	37.24%	$115,015	490.72%

ANNUAL PENSION COST AND NET PENSION OBLIGATION FOR
FISCAL YEARS BEGINNING JULY 1, 2002 AND JULY 1, 2003

3. The pension cost and net pension obligation as required by Statement 27 of the Governmental Accounting Standards Board are:

Fiscal year beginning July 1, 2002

Net Pension Obligation (NPO) at June 30, 2002	$ 91,166,518
a. Annual Required Contribution	42,007,715
b. Interest on NPO	7,749,154
c. Amortization of NPO	(5,642,110)
Annual Pension Cost	44,114,759
Contributions Paid (not discounted)	(33,709,099)
Increase in NPO	10,405,659
NPO of June 30, 2003	101,572,177

Fiscal year beginning July 1, 2003

Net Pension Obligation (NPO) at June 30, 2003	$ 101,572,177
a. Annual Required Contribution	46,321,152
b. Interest on NPO	8,633,635
c. Amortization of NPO	(6,420,870)
Annual Pension Cost	48,533,917
Expected Contributions to be Paid (not discounted)	(39,829,741)
Increase in NPO	8,704,176
Expected NPO of June 30, 2004	110,276,353

SCHEDULE A

RESULTS OF THE VALUATION AS OF JUNE 30, 2003
(Excluding Elected Officer Funds)

	Class A	Class B			Grand Total
		Fire	Police	Total	
1. Actuarial Liabilities					
(a) Present value of all future benefits payable to active members	$ 207,007,111	$ 115,580,754	$ 127,928,465	$ 243,509,219	$ 450,516,330
(b) Present value of benefits payable to retirees and beneficiaries including benefits payable on death	178,655,493	239,488,858	203,574,777	443,063,635	621,719,128
(c) Present value of benefits payable to vested terminated members	5,966,288	0	456,478	456,478	6,422,766
(d) Total actuarial liabilities	391,628,892	355,069,612	331,959,720	687,029,332	1,078,658,224
2. Assets of the System for Valuation Purposes	$ 102,647,072	$ 125,555,032	$ 106,726,626	$ 232,281,658	$ 334,928,730
3. Present Value of Future Employee Contributions	$ 40,468,174	$ 21,115,966	$ 18,608,311	$ 39,724,277	$ 80,192,451
4. Present Value of Total Prospective Contributions by the City (1(d) minus 2 and 3)	$ 248,513,646	$ 208,398,614	$ 206,624,783	$ 415,023,397	$ 663,537,043

	Class A	Class B			Grand Total
		Fire	Police	Total	
5. Normal Contribution Rates (For Average New Entrant)	8.10%	9.57%	13.12%		
6. Present Value of Future Salaries of Present Active Members	$ 608,406,000	$ 215,564,700	$ 222,707,600	$ 438,272,300	$ 1,046,678,300
7. Present Value of Future Normal Contributions By City (5. x 6.)	$ 49,280,886	$ 20,629,542	$ 29,219,237	$ 49,848,779	$ 99,129,665
8. Balance-Unfunded Accrued Liability (4 minus 7)	$ 199,232,760	$ 187,769,072	$ 177,405,546	$ 365,174,618	$ 564,407,378
9. Total Contribution Rates					
(a) Contribution rate to liquidate unfunded accrued liability over 27 years	18.30%	52.26%	51.02%	51.65%	31.43%
(b) Normal contribution rates	8.10%	9.57%	13.12%	11.32%	9.37%
(c) Total contribution rates	26.40%	61.83%	64.14%	62.97%	40.80%
10. Payroll	$ 69,724,332	$ 23,016,793	$ 22,274,108	$ 45,290,901	$ 115,015,233
11. **Contribution payable for fiscal year beginning July 1, 2004**	$ 19,410,762	$ 14,620,940	$ 14,804,285	$ 29,425,225	**$ 48,835,987***

*** Assumed payment date, June 30, 2005**

SCHEDULE B

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

INTEREST RATE: 8½% per annum, compounded annually for General Funds and School Teacher Funds.

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of withdrawal and deferred retirement, disability, death and service retirement among members in active service are as follows:

CLASS A

Age	Retirement	Disability	
		Ordinary	Accidental
20		.0005	.0002
25		.0006	.0003
30		.0006	.0003
35		.0010	.0005
40		.0016	.0008
45	.0671	.0025	.0012
50	.0925	.0037	.0018
55	.0859	.0051	.0026
59	.1138	.0074	.0037
60	.1229	.0083	.0042
64	.1741	.0125	.0062
65	.2500	.0136	.0068
70	.2500	.0136	.0068
75	1.0000		

Age	Withdrawal and Deferred Retirement	Death	
		Ordinary	Accidental
20	.1413	.00025	.00002
25	.1206	.00032	.00002
30	.0644	.00039	.00002
35	.0473	.00049	.00003
40	.0389	.00064	.00004
45	.0272	.00099	.00006
50	.0174	.00163	.00010
54	.0101	.00241	.00015
55		.00266	.00016
60		.00382	.00023
65		.00562	.00034
70		.00796	.00048
74		.01052	.00064

CLASS B

Age	Withdrawal and Deferred Disability	Disability		Death	
		Ordinary	Accidental	Ordinary	Accidental
20	.0258	.0003	.0010	.0006	.0004
25	.0183	.0005	.0015	.0007	.0004
30	.0104	.0007	.0023	.0008	.0005
35	.0046	.0010	.0030	.0011	.0007
40	.0029	.0014	.0045	.0014	.0010
45	.0024	.0026	.0080	.0018	.0012
50		.0044	.0138	.0026	.0017
55			.0198	.0034	.0023
59			.0258	.0049	.0032

Age	Retirement
40	.07403
45	.07599
50	.08004
55	.08860
59	.10238
60	.25000
64	.25000
65	1.00000

SALARY INCREASES NOT INCLUDING LONGEVITY: 5%

ANNUAL INCREASE IN AMORTIZATION PAYMENT: 5%

LONGEVITY TABLES:

CLASS A:

FOR EMPLOYEE HIRED ON OR PRIOR TO OCTOBER 23, 1999:

YEAR OF SERVICE	PERCENTAGE AMOUNT
5 years but less than 10 years	5%
10 years but less than 15 years	6%
15 years but less than 20 years	7%
20 years or more	8%

FOR EMPLOYEES HIRED AFTER OCTOBER 23, 1999:

YEAR OF SERVICE	PERCENTAGE AMOUNT
7 years but less than 12 years	4%
12 years but less than 17 years	5%
17 years but less than 20 years	6%
20 years or more	7%

CLASS B:

FIRE:

FOR EMPLOYEE HIRED ON OR PRIOR TO JUNE 30, 1996

YEAR OF SERVICE	PERCENTAGE AMOUNT
5 years but less than 10 years	8%
10 years but less than 15 years	9%
15 years but less than 20 years	10%
20 years or more	11%

FOR EMPLOYEES HIRED AFTER JUNE 30, 1996

YEAR OF SERVICE	PERCENTAGE AMOUNT
5 years but less than 10 years	7%
10 years but less than 15 years	8%
15 years but less than 20 years	9%
20 years or more	10%

POLICE:

FOR EMPLOYEE HIRED ON OR PRIOR TO JUNE 30, 1998

YEAR OF SERVICE	PERCENTAGE AMOUNT
0 year but less than 6 years	0%
6 years but less than 11 years	8%
11 years but less than 16 years	9%
16 years but less than 21 years	10%
21 years or more	11%

FOR EMPLOYEES HIRED AFTER JUNE 30, 1998

YEAR OF SERVICE	PERCENTAGE AMOUNT
0 year but less than 6 years	0%
6 years but less than 11 years	7%
11 years but less than 16 years	8%
16 years but less than 21 years	9%
21 years or more	10%

DEATHS AFTER RETIREMENT: Based on the 1983 GAM Table revised for retirements on and after June 30, 1990 to produce the following life expectancies.

	CLASS A				CLASS B	
	Service		Disability			
Age	Male	Female	Male	Female	Service	Disability
50	29.183	34.917	26.265	31.425	29.183	26.265
55	24.825	30.235	22.343	27.212	24.825	22.343
60	20.641	25.672	18.577	23.105	20.641	18.577
65	16.693	21.286	15.024	19.157	16.693	15.024
70	13.182	17.130	11.864	15.417	13.182	11.864

VALUATION METHOD: Projected benefit method with aggregate level entry age normal cost and open-end accrued liability. Gains and losses are reflected in the period remaining to liquidate the unfunded accrued liability.

ASSET VALUATION METHOD: 5-year moving average of market values.

SCHEDULE C

DETERMINATION OF ADJUSTED ASSET VALUE

The adjusted asset value is determined under a five-year moving average method as follows:

June 30	Market Value	Net Cash Flow During Preceding Year
2003	$284,231,528	$ (9,840,002) x 4 = $(39,360,010)
2002	296,510,834	(12,379,011) x 3 = (37,137,032)
2001	322,045,955	(13,940,085) x 2 = (27,880,170)
2000	351,949,390	(12,464,465) x 1 = (12,464,465)
1999	353,200,424	
Total	$1,607,938,131	$(116,841,677)

Adjusted Asset Value = ($1,607,938,131÷5) + (($116,841,677)÷5)) or $298,219,291 plus $36,709,439 (discounted value of $39,829,741 payable June 30, 2004 for FY04) or $334,928,730.

Net cash flow consists of contributions and investment income, excluding capital gains and losses, minus benefit payments and expenses, if any, charged to the trust.

The adjusted net cash flows serve to bring each market value up to the valuation date except for realized and unrealized capital gains and losses.

SCHEDULE D

SUMMARY OF MAIN PROVISIONS OF RETIREMENT SYSTEM

AS INTERPRETED FOR VALUATION PURPOSES

1 – BENEFITS

Final compensation is the average of the highest three years of base compensation including longevity pay earned by a member during his total service as an employee.

Service is total employment by the City plus any purchased service.

Service Retirement Allowance

Conditions for Allowance	The minimum age for service retirement for Class A members is age 55 or the age at which 25 years of service (30 years for members hired after July 1, 1995) are completed if earlier, and for Class B members age 55 or the age at which 20 years of service are completed if earlier.
Amount of Allowance	
Provided by Member	An annuity which is the actuarial equivalent of his accumulated contributions at the time of his retirement, and
Provided by City	For Class A members hired prior to July 1, 1996: A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/40 of his final compensation for each year of total service credited not in excess of 20 years plus 1/50 of his final compensation for each year of total service credited in excess of 20 years. For Class A members hired on or after July 1, 1996: A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/50 of his final compensation for each year of total service credited.

For Police:
A pension which when added to his normal annuity, exclusive of any excess annuity, equals:

1. For members of the bargaining unit hired on or after September 1, 2001:

Eligible Years of Service	Designated Percentage
Prior to 20 years of service	2.5% per year
20 years of service	50%
21 years of service	52%
22 years of service	54%
23 years of service	56%
24 years of service	58%
25 years of service	60%
26 years of service	62%
27 years of service	64%
28 years of service	66%
29 years of service	68%
30 years of service	70%
31 years of service	72%
32 years of service	75%

2. For members of the bargaining unit hired prior to September 1, 2001:

Eligible Years of Service	Designated Percentage
Prior to 20 years of service	2.5% per year
20 years of service	50%
21 years of service	52%
22 years of service	54%
23 years of service	56%
24 years of service	58%
25 years of service	65%
26 years of service	62%
27 years of service	64%
28 years of service	66%
29 years of service	68%
30 years of service	75%
31 years of service	72%
32 years of service	80%

For all other Class B:
A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/40 of his final compensation for each year of total service credited not in excess of 20 years plus 1/50 of his final compensation for each year of total service credited in excess of 20 years but not in excess of 32 years and 6 months.

Deferred Retirement Allowance

Conditions for Allowance — A member who has completed at least 10 years of service may retire and receive a deferred retirement allowance commencing at the minimum age for service retirement.

Amount of Allowance

Provided by Member — A deferred annuity which is the actuarial equivalent of his accumulated contributions, and

Provided by City — See "Service Retirement Allowance."

Ordinary Disability Retirement Allowance

Conditions for Allowance

For Police:
After 10 years but less than 20 years of service.

For All Others:
After 10 years of service, a member under the minimum age for service retirement may be retired for disability upon his own request or upon the request of the head of the department employing him.

Amount of Allowance

Provided by Member — An annuity which is the actuarial equivalent of his accumulated contributions at the time of his retirement, and

Provided by City

If the member is a Class A member:
A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 9/10 of 1/50 of his final compensation for each year of total service which

would have been credited had he continued in service to the minimum age for service retirement, but such retirement allowance, exclusive of any excess annuity, is not to exceed 45% of his final compensation.

For Police:
A pension which when added to his normal annuity will give a total retirement allowance, equal to a percentage of his final compensation, as described in the following table:

Eligible Years of Service	Percentage
10 years of service	22.50%
11 years of service	24.75%
12 years of service	27%
13 years of service	29.25%
14 years of service	31.50%
15 years of service	33.75%
16 years of service	36%
17 years of service	38.25%
18 years of service	40.50%
19 years of service	42.75%

For All other Class B:
A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 9/10 of 1/40 of his final compensation for each year of total service which would have been credited had he continued in service to the minimum age for service retirement, but such retirement allowance, exclusive of any excess annuity, is not to exceed 45% of his final compensation.

Accidental Disability Retirement Allowance

Conditions for Allowance

A member may be retired on account of accidental disability occurring in the performance of duty regardless of age or length of service. Any condition or impairment of health of Class B employees who are firefighters caused by any disease of the heart or cardiovascular system or lungs or respiratory tract resulting in total or partial disability shall be presumed to be accidental and suffered in the line of duty unless the contrary be shown by competent evidence.

Amount of Allowance

Provided by Member

Non-Police:
An annuity which is the actuarial equivalent of his accumulated contributions at the time of his retirement.

Police:
In light of the member's receipt of the pension stated below, the only annuity payable is the actuarial equivalent of any accumulated additional contributions at the time of his retirement.

and

Provided by City

For All:
A pension of 66-2/3% of his final compensation, but not less than the service retirement allowance. Upon the death of a member within 5 years after accidental disability retirement as a result of an accident while in the performance of duty, a pension of one-half of the member's final compensation is paid to his widow until she dies or remarries, at which point the pension is paid to his child or children until they attain age 19.

Accidental Death Benefit

Conditions for Benefit

An accidental death benefit is payable upon the death of any member due to an accident in the performance of duty. Any condition or impairment of health of Class B employees who are firefighters caused by any disease of the heart or cardiovascular system or the lungs or respiratory tract resulting in death shall be presumed to be accidental and suffered in the line of duty unless the contrary be shown by competent evidence.

Amount of Benefit

A pension of one-half of the member's final compensation is paid to his widow until she dies or remarries, at which point the pension is payable to his child or children until they attain age 19. If there are no other dependents, the pension is payable to his dependent parents. In addition, a lump sum payment of the member's accumulated contributions is made.

Withdrawal or Ordinary Death Benefit	A member who withdraws prior to eligibility for retirement receives his accumulated contributions. Should a member die before retirement his accumulated contributions are paid to his estate or beneficiary; provided, however, if he has attained minimum retirement age and has not made an optional election as described below, and is survived by a spouse, such spouse is entitled, in lieu of the return of the member's accumulated contributions, to a benefit equal to that which would have been payable to such spouse upon the death of the member had the member retired on the day of his death and elected to receive a benefit under the provisions of Option 2, as described below, and nominated his spouse as his designated beneficiary, except that for a Class B member the benefit to the spouse shall not be less than 67½% of the benefit that would have been paid to such retired member without reduction.
Benefit upon Death after Retirement	<u>For Class A</u>: Benefits under any option. Also, the excess, if any, of the member's accumulated contributions at retirement over all payments paid out on the member's account. <u>For Class B</u>: Upon the death of a Class B pensioner, 67½% of his retirement allowance is paid to his widow until she dies or remarries, at which point the benefit is paid to his dependent children until they attain age 18. Also, the excess, if any, of the member's accumulated contributions at retirement over the total of all payments paid out on the member's account.
Minimum Benefits	The minimum monthly retirement allowance is $600, prorated for members whose credited service at retirement is less than 25.

Special Privileges at Retirement

At retirement, a member may elect to convert his allowance into a benefit of equivalent actuarial value in accordance with one of the options described below:

Option 1. A reduced retirement allowance payable during the retired member's life, with a provision that in case of death before such payments have equaled the present value of his retirement allowance at the date of retirement, the balance shall be paid to the heirs or assigns; or

Option 2. A reduced retirement allowance payable during the retired member's life, with a provision that after his death it shall be continued during the life of and paid to the person nominated by him by written designation at the time of his retirement; or

Option 3. A reduced retirement allowance payable during the retired member's life, with a provision that after his death an allowance at one-half the rate of his reduced allowance shall be continued during the life of and paid to the person nominated by him by written designation at the time of his retirement; or

Option 4. A reduced retirement allowance payable during the retired member's life, with some other benefit payable after his death, provided that the benefit shall be certified by the actuary and approved by the retirement board. This Option is not available to Police who retire on an Accidental Disability Allowance.

Class B members may not elect Options 2 or 3.

Married Class B members may also not elect Option 1.

Special Privileges upon Attainment of Minimum Retirement Age

Any member who has attained minimum retirement age may elect, in accordance with Option 2, 3, or 4 above, a reduced retirement allowance with provision for benefits to a person having an insurable interest in his life, other than his wife. The benefit is determined as of the member's date of death or retirement, if prior thereto, in accordance with the provisions of the option selected and is in lieu of the return of the member's accumulated contributions if death occurs during the member's continuance in service after attainment of

minimum retirement age. Such election is irrevocable after the option becomes effective unless the designated beneficiary predeceases the member prior to his retirement.

Cost of Living Adjustment

For Class A:
3% compounded, for members who retired prior to 12/18/91; no adjustment for other Class A members.

For Police:

5%, compounded, for members who retired prior to 1/1/90; 6%, compounded, for members who retired between 1/1/90 and 12/18/91; 3% compounded for other retired members.

For all other Class B Retirees:

5%, compounded, for members who retired prior to 1/1/90; 6%, compounded, for members who retired between 1/1/90 and 12/18/91; and, 3%, simple, on first $12,000 of annual benefit for other retired members.

The initial COLA payment is deferred until the January 1 which occurs three years after the member's retirement date.

Special Provisions for Certain Elected Officials

Any person who has served as Mayor or City Councilman for at least eight full legislative years is entitled to a retirement allowance on the basis of such service as an elected official upon attainment of age 52 or the completion of 20 consecutive years as an elected official, whichever is earlier, or the occurrence of total and permanent disability prior thereto.

Such retirement allowance is currently $350 for each year of service, provided that no more than 20 years of such service are to be used in determining the allowance.

Upon the death of any such elected official, benefits are payable in accordance with the Class A provisions of the act.

An elected official may elect to withdraw his accumulated contributions in lieu of his rights to the allowance based on service as an elected official.

2 – CONTRIBUTIONS

Provided by Members

For Class A: 8% of their salaries.

For Police: 8% of their salaries

For all other Class B Members: 9½% of their salaries.

The Mayor and members of the City Council are required to contribute at the rate of $350 per year.

Provided by City

The City makes the balance of contributions needed to fund the system.

In addition the City shall contribute from time to time amounts sufficient with the contributions of elected officials to provide the special pensions granted to elected officials.

SCHEDULE E

TABLES OF EMPLOYEE DATA

TABLE 1

The Number and Annual Salaries of Members Distributed By 5th Age and Service As of June 30, 2003

CLASS A

SERVICE AGE	1	5	10	15	20	25	30	35	OVER 37	TOTAL	
20	3	0	0	0	0	0	0	0	0	3	NUMBER
	82,212	0	0	0	0	0	0	0	0	82,212	SALARY
25	28	26	3	0	0	0	0	0	0	57	NUMBER
	639,333	714,862	52,650	0	0	0	0	0	0	1,406,845	SALARY
30	22	72	65	1	0	0	0	0	0	160	NUMBER
	620,434	2,054,183	1,710,821	34,487	0	0	0	0	0	4,419,925	SALARY
35	32	82	103	35	1	0	0	0	0	253	NUMBER
	842,871	2,266,395	3,014,549	1,164,655	38,477	0	0	0	0	7,326,947	SALARY
40	35	91	97	87	12	1	0	0	0	323	NUMBER
	851,242	2,625,636	2,978,597	3,482,379	518,996	43,154	0	0	0	10,500,004	SALARY
45	50	82	91	76	26	16	2	0	0	343	NUMBER
	1,501,153	2,112,255	2,599,791	2,884,070	1,228,672	678,969	76,042	0	0	11,080,952	SALARY
50	24	69	108	73	32	23	48	4	0	381	NUMBER
	743,811	2,036,240	3,018,372	2,448,781	1,312,846	1,029,589	2,091,067	157,092	0	12,837,798	SALARY
55	25	49	63	69	21	18	40	20	1	306	NUMBER
	790,309	1,398,787	1,745,410	2,452,740	782,724	700,430	1,826,301	853,638	53,348	10,603,687	SALARY
60	12	24	46	33	24	15	17	13	7	191	NUMBER
	308,990	700,188	1,487,149	1,106,077	1,053,056	638,675	688,036	633,814	317,157	6,933,142	SALARY
65	4	10	28	24	10	5	5	2	4	92	NUMBER
	159,855	253,874	744,801	762,883	409,596	185,759	207,862	60,859	179,946	2,965,435	SALARY
70	1	5	11	8	5	0	1	1	0	32	NUMBER
	31,034	128,309	289,415	192,421	209,346	0	56,410	47,863	0	954,798	SALARY
75	0	1	1	3	5	1	0	1	1	13	NUMBER
	0	18,390	29,939	103,010	172,087	62,307	0	32,356	37,767	455,856	SALARY
OVER 77	0	2	3	2	1	0	0	0	0	8	NUMBER
	0	30,006	49,036	42,943	34746	0	0	0	0	156,731	SALARY
TOTAL	236	513	619	411	137	79	113	41	13	2162	NUMBER
	6,571,244	14,339,125	17,720,530	14,674,446	5,760,546	3,338,883	4,945,718	1,785,622	588,218	69,724,332	SALARY

TABLE 2

The Number and Annual Salaries of Members Distributed By 5th Age and Service As of June 30, 2003

CLASS B

SERVICE / AGE	1	5	10	15	20	25	30	OVER 32	TOTAL	
20	1	0	0	0	0	0	0	0	1	NUMBER
	47,806	0	0	0	0	0	0	0	47,806	SALARY
25	10	11	0	0	0	0	0	0	21	NUMBER
	420,602	515,020	0	0	0	0	0	0	935,622	SALARY
30	18	15	9	0	0	0	0	0	42	NUMBER
	758,122	690,172	422,656	0	0	0	0	0	1,870,950	SALARY
35	29	29	60	49	0	0	0	0	167	NUMBER
	1,231,603	1,339,530	2,942,140	2,214,467	0	0	0	0	7,727,740	SALARY
40	6	12	48	121	51	0	0	0	238	NUMBER
	252,550	556,871	2,344,341	5,638,008	2,436,150	0	0	0	11,227,920	SALARY
45	3	7	12	80	95	19	0	0	216	NUMBER
	125,803	319,988	566,507	3,683,097	4,656,615	1,043,485	0	0	10,395,495	SALARY
50	1	1	7	24	39	68	17	0	157	NUMBER
	38,002	45,884	342,123	1,106,815	1,901,352	3,650,283	912,226	0	7,996,685	SALARY
55	0	0	0	5	9	28	21	6	69	NUMBER
	0	0	0	265,675	420,375	1,394,066	1,253,056	354,618	3,687,790	SALARY
60	0	0	0	1	0	2	5	16	24	NUMBER
	0	0	0	43,044	0	103,292	297,009	892,858	1,336,203	SALARY
OVER 62	0	0	0	0	0	0	0	1	1	NUMBER
	0	0	0	0	0	0	0	64,690	64,690	SALARY
TOTAL	68	75	136	280	194	117	43	23	936	NUMBER
	2,874,488	3,467,465	6,617,767	12,951,106	9,414,492	6,191,126	2,462,291	1,312,166	45,290,901	SALARY

TABLE 3

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2003

SERVICE RETIREMENTS

CLASS A

AGE	NUMBER	AMOUNT
47	5	$113,259
48	2	33,185
49	5	120,471
50	6	119,718
51	13	358,154
52	5	129,558
53	6	111,503
54	9	183,409
55	18	396,831
56	15	388,420
57	23	462,128
58	29	567,119
59	21	294,882
60	23	418,139
61	30	410,509
62	19	353,900
63	37	441,838
64	40	575,784
65	36	450,980
66	53	686,372
67	35	443,375
68	39	523,863
69	44	603,956
70	57	885,457
71	55	778,793
72	54	748,025
73	59	851,609
74	60	847,689
75	48	675,660
76	57	857,810

TABLE 3 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2003

SERVICE RETIREMENTS

CLASS A

AGE	NUMBER	AMOUNT
77	42	566,321
78	40	521,873
79	46	604,726
80	27	232,120
81	24	277,677
82	38	407,218
83	39	429,425
84	21	212,026
85	28	320,086
86	24	206,636
87	20	192,897
88	17	151,297
89	13	86,326
90	5	30,527
91	14	88,189
92	6	30,602
93	5	35,090
94	4	37,145
95	2	11,561
96	3	22,458
97	2	19,933
99	1	3,987
100	3	20,230
TOTAL	1,327	$18,340,746

TABLE 4

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2003

SERVICE RETIREMENTS

CLASS B

AGE	NUMBER	AMOUNT
42	2	$43,618
44	1	24,387
45	1	19,161
46	3	85,941
47	2	34,598
48	4	109,369
49	4	217,504
50	10	227,567
51	5	119,343
52	13	344,727
53	12	389,329
54	11	417,440
55	12	317,828
56	28	731,622
57	22	661,800
58	13	425,076
59	11	332,748
60	9	250,956
61	9	341,991
62	8	192,020
63	12	319,749
64	9	309,307
65	10	213,097
66	13	358,962
67	15	369,520
68	13	400,443
69	10	278,362
70	12	415,112
71	19	463,887

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2003

SERVICE RETIREMENTS

CLASS B

AGE	NUMBER	AMOUNT
72	14	$277,108
73	16	404,370
74	17	413,050
75	14	354,402
76	20	530,166
77	11	274,645
78	19	330,702
79	19	369,226
80	16	379,204
81	11	454,539
82	14	279,326
83	8	141,033
84	2	43,128
85	6	102,079
86	3	54,835
87	2	24,629
88	1	19,075
89	1	12,314
90	2	24,629
91	1	30,019
97	1	12,314
100	1	12,314
102	1	12,314
TOTAL	493	$12,970,885

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2003

ELECTIVE OFFICIALS AND DEPENDENTS
OF ELECTIVE OFFICIALS

AGE	NUMBER	AMOUNT
54	1	$2,258
56	1	8,445
61	2	7,158
63	1	3,766
64	1	3,950
65	3	13,688
73	3	17,017
74	1	9,407
75	1	10,623
76	2	13,292
77	2	10,779
78	1	5,989
80	3	11,985
87	1	6,272
93	1	1,426
94	2	4,555
TOTAL	26	$130,610

TABLE 6

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2003

DISABILITY RETIREMENTS

CLASS A

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
44	1	$15,905			1	$15,905
45			1	8,371	1	8,371
47			2	22,418	2	22,418
48	1	23,837			1	23,837
49	2	29,350	1	5,722	3	35,072
50	2	55,365	1	4,828	3	60,193
51	2	33,788			2	33,788
52	1	17,796			1	17,796
53	4	63,873			4	63,873
54	2	31,704	1	2,855	3	34,559
55	2	24,698	3	54,001	5	78,699
56	2	54,496	1	4,087	3	58,583
57	2	40,049	1	8,585	3	48,634
58	2	46,573	1	6,230	3	52,803
59	1	12,313			1	12,313
60	3	52,978	1	16,364	4	69,342
61	3	56,196			3	56,196
62	4	56,852			4	56,852
63	2	26,385			2	26,385
64	7	112,863	1	8,216	8	121,079
66	1	15,138	2	13,040	3	28,178
67	3	34,501			3	34,501
68	5	96,266	1	5,183	6	101,449
69	2	21,768			2	21,768
70	1	15,924			1	15,924
72	2	40,978	2	26,117	4	67,095
73	1	12,140			1	12,140

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2003

DISABILITY RETIREMENTS

CLASS A

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
74	3	$57,142	1	21,351	4	$78,493
75	1	17,806			1	17,806
76	2	22,663			2	22,663
77	3	66,889			3	66,889
78	2	22,720			2	22,720
79			1	5,980	1	5,980
80	1	8,662	1	9,967	2	18,629
81	1	4,241			1	4,241
82	1	4,630	1	4,385	2	9,015
83	1	9,947			1	9,947
90	1	13,465	1	9,967	2	23,432
100	1	5,031			1	5,031
TOTAL	75	$1,224,932	24	$237,667	99	$1,462,599

TABLE 7

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2003

DISABILITY RETIREMENTS

CLASS B

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
35			1	$23,835	1	$23,835
36			1	30,614	1	30,614
37			1	31,332	1	31,332
38			1	28,080	1	28,080
39	1	$34,398	1	29,799	2	64,197
40			4	117,843	4	117,843
41			3	82,315	3	82,315
42			3	110,480	3	110,480
43	1	18,119	5	153,565	6	171,684
44	1	14,529	3	117,641	4	132,170
45			6	252,509	6	252,509
46			12	388,187	12	388,187
47	1	16,016	7	226,032	8	242,048
48			10	299,102	10	299,102
49			11	384,847	11	384,847
50			5	174,117	5	174,117
51			9	320,099	9	320,099
52			14	467,856	14	467,856
53			18	646,644	18	646,644
54			14	511,103	14	511,103
55	1	26,952	16	620,528	17	647,480
56	2	43,381	27	1,000,646	29	1,044,027
57			16	587,554	16	587,554
58	1	15,718	25	847,879	26	863,597
59			13	539,885	13	539,885
60			15	588,978	15	588,978
61			15	575,922	15	575,922
62			12	420,541	12	420,541
63			15	664,074	15	664,074
64			22	958,716	22	958,716

TABLE 7 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2003

DISABILITY RETIREMENTS

CLASS B

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
65			12	$531,849	12	$531,849
66	1	14,985	6	231,440	7	246,425
67			9	487,861	9	487,861
68			6	221,178	6	221,178
69			9	402,597	9	402,597
70			13	617,214	13	617,214
71			12	632,936	12	632,936
72			10	514,809	10	514,809
73			10	344,750	10	344,750
74			6	237,508	6	237,508
75	1	12,314	3	171,250	4	183,564
76			6	233,674	6	233,674
77			5	198,073	5	198,073
78			7	291,647	7	291,647
79			5	131,152	5	131,152
80			1	19,050	1	19,050
81			2	54,977	2	54,977
82			1	11,728	1	11,728
83	1	13,374			1	13,374
84			1	10,389	1	10,389
86			1	17,861	1	17,861
89			1	12,314	1	12,314
96			3	40,345	3	40,345
TOTAL	11	$209,786	434	$16,615,325	445	$16,825,111

TABLE 8

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2003

DISABILITY RETIREMENTS

GRAND TOTAL

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
35			1	$23,835	1	$23,835
36			1	30,614	1	30,614
37			1	31,332	1	31,332
38			1	28,080	1	28,080
39	1	$34,398	1	29,799	2	64,197
40			4	117,843	4	117,843
41			3	82,315	3	82,315
42			3	110,480	3	110,480
43	1	18,119	5	153,565	6	171,684
44	2	30,434	3	117,641	5	148,075
45			7	260,880	7	260,880
46			12	388,187	12	388,187
47	1	16,016	9	248,450	10	264,466
48	1	23,837	10	299,102	11	322,939
49	2	29,350	12	390,569	14	419,919
50	2	55,365	6	178,945	8	234,310
51	2	33,788	9	320,099	11	353,887
52	1	17,796	14	467,856	15	485,652
53	4	63,873	18	646,644	22	710,517
54	2	31,704	15	513,958	17	545,662
55	3	51,650	19	674,529	22	726,179
56	4	97,877	28	1,004,733	32	1,102,610
57	2	40,049	17	596,139	19	636,188
58	3	62,291	26	854,109	29	916,400
59	1	12,313	13	539,885	14	552,198
60	3	52,978	16	605,342	19	658,320
61	3	56,196	15	575,922	18	632,118
62	4	56,852	12	420,541	16	477,393
63	2	26,385	15	664,074	17	690,459

TABLE 8 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES

OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2003

DISABILITY RETIREMENTS

GRAND TOTAL

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
64	7	$112,863	23	$966,932	30	$1,079,795
65			12	531,849	12	531,849
66	2	30,123	8	244,480	10	274,603
67	3	34,501	9	487,861	12	522,362
68	5	96,266	7	226,361	12	322,627
69	2	21,768	9	402,597	11	424,365
70	1	15,924	13	617,214	14	633,138
71			12	632,936	12	632,936
72	2	40,978	12	540,926	14	581,904
73	1	12,140	10	344,750	11	356,890
74	3	57,142	7	258,859	10	316,001
75	2	30,120	3	171,250	5	201,370
76	2	22,663	6	233,674	8	256,337
77	3	66,889	5	198,073	8	264,962
78	2	22,720	7	291,647	9	314,367
79			6	137,132	6	137,132
80	1	8,662	2	29,017	3	37,679
81	1	4,241	2	54,977	3	59,218
82	1	4,630	2	16,113	3	20,743
83	2	23,321			2	23,321
84			1	10,389	1	10,389
86			1	17,861	1	17,861
89			1	12,314	1	12,314
90	1	13,465	1	9,967	2	23,432
96			3	40,345	3	40,345
100	1	5,031			1	5,031
TOTAL	86	$1,434,718	458	$16,852,992	544	$18,287,710

TABLE 9

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF
BENEFICIARIES OF DECEASED ACTIVE AND RETIRED MEMBERS DISTRIBUTED BY

AGE AS OF JUNE 30, 2003

AGE	NUMBER	AMOUNT
30	1	$7,948
34	1	12,314
35	1	25,406
38	1	23,694
44	2	45,278
47	1	20,388
48	2	45,063
49	2	81,842
50	1	6,891
51	3	71,887
52	3	69,343
53	3	68,968
54	1	19,165
55	2	37,957
56	6	121,437
57	1	25,214
58	5	124,105
59	2	39,879
60	4	71,107
61	7	155,693
62	4	89,361
63	2	155,878
64	6	143,663
65	7	82,187
66	8	238,222
67	6	87,210
68	12	159,557
69	9	143,037
70	14	185,898
71	10	184,077

TABLE 9 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF BENEFICIARIES OF DECEASED ACTIVE AND RETIRED MEMBERS DISTRIBUTED BY AGE AS OF JUNE 30, 2003

AGE	NUMBER	AMOUNT
72	9	$118,348
73	7	121,549
74	13	182,834
75	17	260,882
76	20	240,471
77	18	255,299
78	18	228,293
79	17	212,842
80	20	199,638
81	15	181,529
82	16	165,580
83	12	144,806
84	13	123,415
85	16	149,199
86	9	86,199
87	14	119,668
88	14	125,590
89	10	92,064
90	9	94,567
91	9	102,880
92	8	84,421
93	7	65,450
94	4	36,035
95	4	36,747
96	1	9,967
97	3	36,943
98	2	22,281
100	2	24,629
101	2	21,963
TOTAL	436	$6,086,758

City of Atlanta Police Officers' Pension Fund

Actuarial Valuation Report
as of
January 1, 2004

Dated 3-2-2005

SOUTHERN ACTUARIAL SERVICES

City of Atlanta Police Officers' Pension Fund

Actuarial Valuation Report
as of
January 1, 2004

p. 8 Components of APV change

SOUTHERN ACTUARIAL SERVICES

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SOUTHERN ACTUARIAL SERVICES

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March 2, 2005

Board of Trustees
City of Atlanta Police Officers' Pension Fund

Ladies and Gentlemen:

This report presents the results of the actuarial valuation of the City of Atlanta Police Officers' Pension Fund as of January 1, 2004. The purpose of this report is to provide a summary of the funded status of the plan as of January 1, 2004, to determine the minimum required contribution for the 2005 plan year, and to determine the annual required contribution and accounting disclosures pursuant to Governmental Accounting Standard Nos. 25 and 27 (GASB 25/27).

Recommended Contribution

Currently, the plan receives contributions from the City of Atlanta and from employees. Employees contribute either 6% or 7% of base salary, depending on whether the employee has any beneficiaries who would be eligible for death benefits under the plan. The City contributes the amount that is actuarially determined as a level percentage of payroll, where the unfunded accrued liability is scheduled to be eliminated as of January 1, 2019 and payroll is assumed to increase at the rate of 4.50% per year. The contribution is based on the actuarial valuation results as of January 1 of the preceding plan year.

For the 2005 plan year, the minimum required contribution is 38.27% of payroll after taking into account expected employee contributions of 6.67% of payroll. This amount represents an increase of 14.94% of payroll from the required contribution for the 2004 plan year.
per 2002 report - 23.3%

The increase in the contribution is partially due to poor investment performance over the past five years. The market value of assets gained 19.56% during 2003 as compared with an assumed return of 8.00%. Rather than reflect the entire amount of the unrealized gains and losses immediately, the actuarial value of assets is based on a five-year phase-in of the unrealized appreciation. On this basis, the actuarial value of assets only gained 0.99% for the year, which was well below the assumed 8.00% return.

In addition, for purposes of the January 1, 2004 valuation, we have changed several assumptions as follows:

(1) The assumed mortality rates have been changed from those set forth in the 1971 Group Annuity Mortality Table, set back three years, to those set forth in the 1983 Group Annuity Mortality Table in order to reflect increased life expectancy;

(2) The assumed increase in the Consumer Price Index has been changed from 3.00% per year to 2.50% per year to account for lower expected inflation;

(3) The assumed annual increase in future individual salaries has been changed from a range of 5.00% to 10.00%, depending on age, to 4.50% regardless of age in order to account for lower expected future compensation increases; and

(4) The assumed increase in total payroll has been decreased from 5.00% per year to 4.50% per year to coordinate with the change in the future salary increase assumption described above.

We will continue to monitor the assumptions used to determine the City's contribution and will make changes as necessary to reflect future expectations.

Contents of the Report

A summary of the results of the valuation is presented in Table I, while Table II provides a historical record of the City's contribution percentage. A detailed breakdown of the liabilities of the plan by type of benefit is presented in Table III. Information for the auditors can be found in Tables IV and V. Tables VI through VIII provide information about the fund's assets. In particular, Table VI provides a breakdown of the fund assets by investment type, and Tables VII and VIII provide a historical record of the growth, expenditures, and annual yields of the fund. Tables IX through XII provide a variety of useful information concerning the participant population. Finally, Table XIII provides a summary of the assumptions and methods used to complete the valuation and Table XIV provides a summary of the plan provisions.

Certification

To the best of our knowledge, this report fairly and accurately represents the liabilities of the plan as of January 1, 2004 based on the participant data and asset information provided by the City of Atlanta and the plan provisions and actuarial assumptions set forth herein. We believe that these assumptions are reasonable in the aggregate and represent our best estimate of anticipated experience. All calculations set forth herein conform to generally accepted actuarial principles and practices and comply with our current understanding of the requirements of the Georgia Code and the Governmental Accounting Standards Board.

Respectfully submitted,

Charles T. Carr
Consulting Actuary
Enrolled Actuary No. 05-04927

SUMMARY OF VALUATION RESULTS

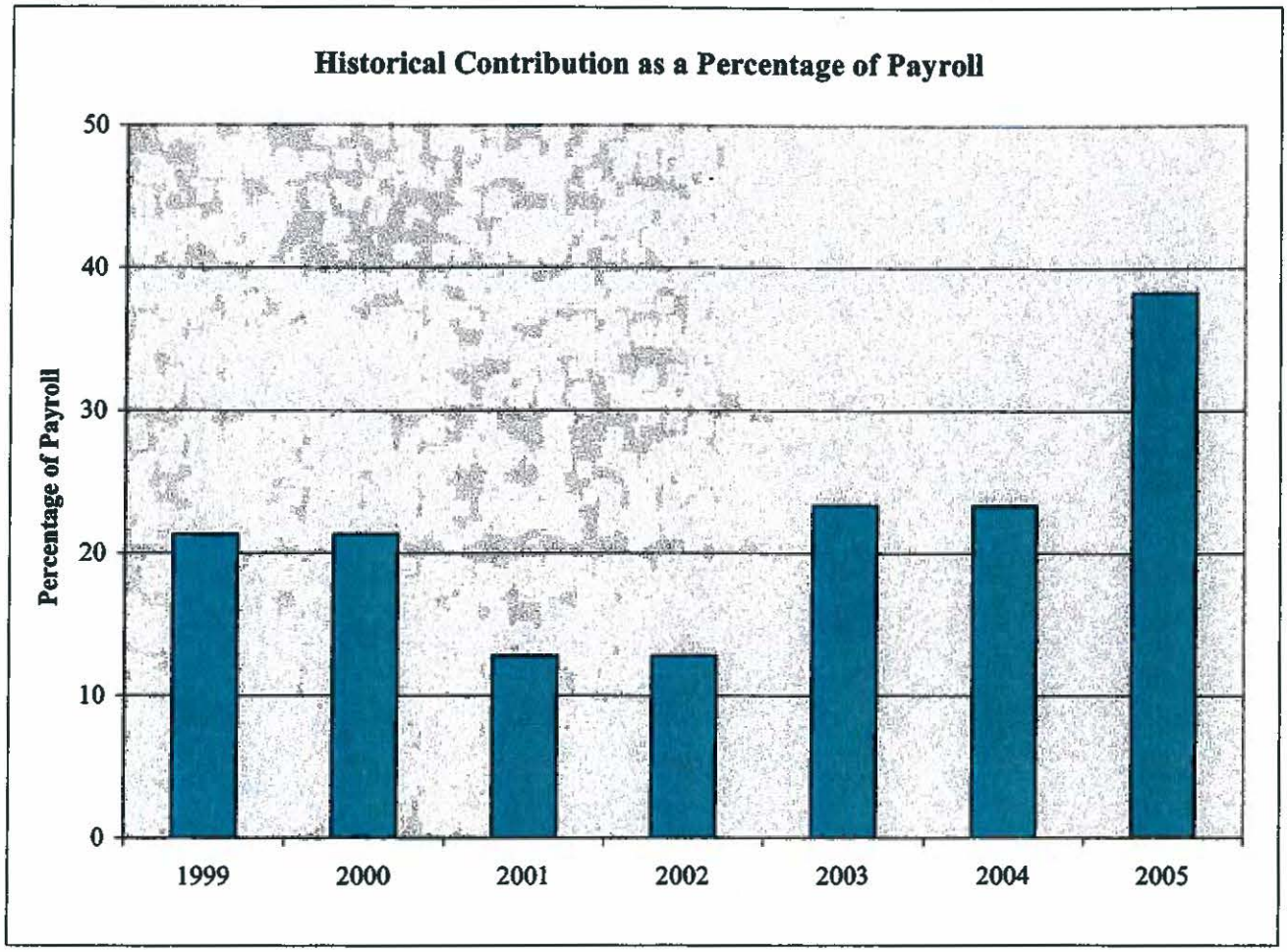
	As of January 1, 2003	Janu
1. Number of Participants		
a. Active Participants		
i. Fully Vested	496	521
ii. Partially Vested	631	594
iii. Non-Vested	396	373
iv. Sub-total	**1,523**	**1,488**
b. Deferred Vested Participants	**0**	**0**
c. Retired Participants		
i. Service Retirement	643	686
ii. Disability Retirement	105	102
iii. Beneficiaries	222	225
iv. Sub-total	**970**	**1,013**
d. Total Participants	**2,493**	**2,501**
2. Expected Annual Compensation *	**$66,371**	**$63,274**
3. Development of Required Contribution *		
a. Actuarial Accrued Liability	$592,428	$617,501
b. Actuarial Value of Assets	($437,282)	($440,212)
c. Unfunded Actuarial Accrued Liability (UAAL)	$155,146	$177,289
d. Amortization Payment Towards UAAL	$12,865	$15,674
e. Normal Cost	$20,491	$13,441 *
f. Initial Annual Cost	$33,356	$29,115

2005 Bulg

	For the 2004 Plan Year	For the 2005 Plan Year
4. Minimum Required Contribution		
a. Level Percent Amortization of UAAL	18.46 %	23.70 %
b. Normal Cost Percentage	30.87 %	21.24 %
c. Total Contribution Percentage	49.33 %	44.94 %
d. Effective Employee Contribution	(6.63)%	(6.67)%
e. Minimum Required Employer Contribution	**42.70 %**	**38.27 %**

* What is driving the significant change in normal cost?

** dollar amounts are shown in 000's*



Plan Year	Employer Contribution Percentage	Plan Year	Employer Contribution Percentage	Plan Year	Employer Contribution Percentage
1999	21.31%	2002	12.77%	2005	38.27%
2000	21.31%	2003	23.33%		
2001	12.77%	2004	23.33%		

LIABILITIES AS OF January 1, 2004

TABLE III

	Retirement Benefits	Disability Benefits	Withdrawal Benefits	Pre-Ret. Death Benefits	Return of Employee Contributions		Total
1. Present Value of Future Benefits							
a. Active participants	$348,400	$12,599	$3,449	$10,572	$451		$375,471
b. Def. vested participants	$0	$0	$0	$0	$0		$0
c. Retired participants:							
Retirees	$275,928	$38,262	$0	$0	$0		$314,190
Beneficiaries	$33,031	$0	$0	$0	$0		$33,031
d. Total	**$657,359**	**$50,861**	**$3,449**	**$10,572**	**$451**		**$722,692**
2. Entry Age Accrued Liability							
a. Active participants	$250,773	$8,965	$2,328	$7,903	$311		$270,280
b. Def. vested participants	$0	$0	$0	$0	$0		$0
c. Retired participants:							
Retirees	$275,928	$38,262	$0	$0	$0		$314,190
Beneficiaries	$33,031	$0	$0	$0	$0		$33,031
d. Total	**$559,732**	**$47,227**	**$2,328**	**$7,903**	**$311**		**$617,501**
3. Entry Age Normal Cost	**$11,972**	**$693**	**$301**	**$390**	**$85**		**$13,441**
4. Present Value of Vested Benefits							
a. Active participants	$144,408	$8,509	$12,954	$5,584	$814		$172,269
b. Def. vested participants	$0	$0	$0	$0	$0		$0
c. Retired participants:							
Retirees	$275,928	$38,262	$0	$0	$0		$314,190
Beneficiaries	$33,031	$0	$0	$0	$0		$33,031
d. Total	**$453,367**	**$46,771**	**$12,954**	**$5,584**	**$814**		**$519,490**
5. Present Value of Accrued Benefits							
a. Active participants	$170,689	$8,509	$1,995	$5,816	$299		$187,308
b. Def. vested participants	$0	$0	$0	$0	$0		$0
c. Retired participants:							
Retirees	$275,928	$38,262	$0	$0	$0		$314,190
Beneficiaries	$33,031	$0	$0	$0	$0		$33,031
d. Total	**$479,648**	**$46,771**	**$1,995**	**$5,816**	**$299**		**$534,529**

**** all amounts are shown in 000's***

ACCOUNTING DISCLOSURES (GASB 25/27)

	For the 2004 Plan Year	F 2005
A. Number of Plan Participants as of Preceding January 1		
a. Retirees and beneficiaries receiving benefits	970	1,013
b. Terminated plan participants entitled to but not yet receiving benefits	0	0
c. Active plan participants	1,523	1,488
d. Total	2,493	2,501
B. Development of Annual Required Contribution (ARC) *		
a. Employer normal cost:		
i. Total normal cost (EOY)	$22,128	$14,515
ii. Expected employee contribution	($4,531)	($4,786)
iii. Employer normal cost	**$17,597**	**$9,729**
b. Amortization of UAAL:		
i. PV of future benefits	$788,648	$722,692
ii. PV of future employer normal costs	($145,331)	($65,696)
iii. PV of future employee contributions	($50,889)	($39,495)
iv. Actuarial accrued liability (AAL)	$592,428	$617,501
v. Actuarial value of assets	($437,282)	($440,212)
vi. Unfunded AAL (UAAL)	$155,146	$177,289
vii. Amortization of UAAL	**$12,862**	**$15,542**
c. Amortization of NPO	**$0**	**$0**
d. **ARC** (Item B.a.iii. plus item B.b.vii. plus item B.c.)	**$30,459**	**$25,271**
C. Annual Pension Cost and Net Pension Obligation (NPO) *		
a. ARC	$30,459	$25,271
b. Interest on NPO	$0	$0
c. Adjustment to ARC	$0	$0
d. **Annual Pension Cost**	**$30,459**	**$25,271**
e. Contributions made (w/ interest to EOY)	($30,459)	($25,271)
f. Increase(decrease) in NPO	$0	$0
g. NPO (beginning of year)	$0	$0
h. **NPO (end of year)**	**$0**	**$0**

** dollar amounts are shown in 000's*

D. Schedule of Employer Contributions **

Year Ended December 31	Annual Pension Cost	Percentage Contributed
2000	$13,816	100%
2001	$14,200	100%
2002	$15,068	100%
2003	$15,062	100%
2004	$30,459	100%
2005	$25,271	100%

E. Schedule of Funding Progress **

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) – (1)	(4) Funded Ratio (1) ÷ (2)	(5) Covered Payroll	(6) UAAL as % of Covered Payroll (3) ÷ (5)
1/1/1998	$296,516	$384,074	$87,558	77.2%	$46,913	186.6%
1/1/2000	$384,083	$419,439	$35,356	91.6%	$56,966	62.1%
1/1/2002	$448,676	$541,209	$92,533	82.9%	$64,588	143.3%
1/1/2003	$437,282	$592,428	$155,146	73.8%	$66,371	233.8%
1/1/2004	$440,212	$617,501	$177,289	71.3%	$63,274	280.2%

F. Additional Information

	January 1, 2003	January 1, 2004
Valuation date		
Actuarial cost method	Individual entry age	Individual entry age
Amortization method	Level percent closed	Level percent closed
Remaining amortization period	40 years from 1/1/1979	40 years from 1/1/1979
Asset valuation method	Five-year smoothed market	Five-year smoothed market
Actuarial assumptions:		
Investment rate of return *	8.00%	8.00%
Projected salary increases *	Ranges from 5% to 10%	4.50%
* Includes inflation at:	3.00%	2.50%
Cost-of-living adjustments	3.00%	2.50%

*** dollar amounts are shown in 000's.*

1. Actuarial Present Value of Accrued Benefits

		As of January 1, 2003	As of January 1, 2004
a.	Vested Benefits:		
	i. Participants currently receiving benefits	$290,085	$347,221
	ii. Other participants	$177,852	$172,269
	iii. Sub-total	$467,937	$519,490
b.	Non-Vested Benefits	$16,081	$15,039
c.	Total Benefits	**$484,018**	**$534,529**
d.	Market Value of Assets	$373,446	$444,943
e.	Funded Ratio	77.16%	83.24%

2. Statement of Change in Actuarial Present Value of Accrued Benefits

a.	Actuarial Present Value as of January 1, 2003	**$484,018**
b.	Increase (Decrease) During 2003 Plan Year Due to:	
	i. Interest	$38,721
	ii. Benefits accumulated	$69,608
	iii. Benefits paid	($24,838)
	iv. Plan amendments	$0
	v. Changes in actuarial assumptions or methods	($32,980)
	vi. Net increase (decrease)	$50,511
c.	Actuarial Present Value as of January 1, 2004	**$534,529**

3. Items Affecting Calculation of Actuarial Present Value of Accrued Benefits

a. Plan provisions reflected in the accrued benefits (see Table XIV on page 18)
b. Actuarial assumptions and methods used to determine present values (see Table XIII on page 16)

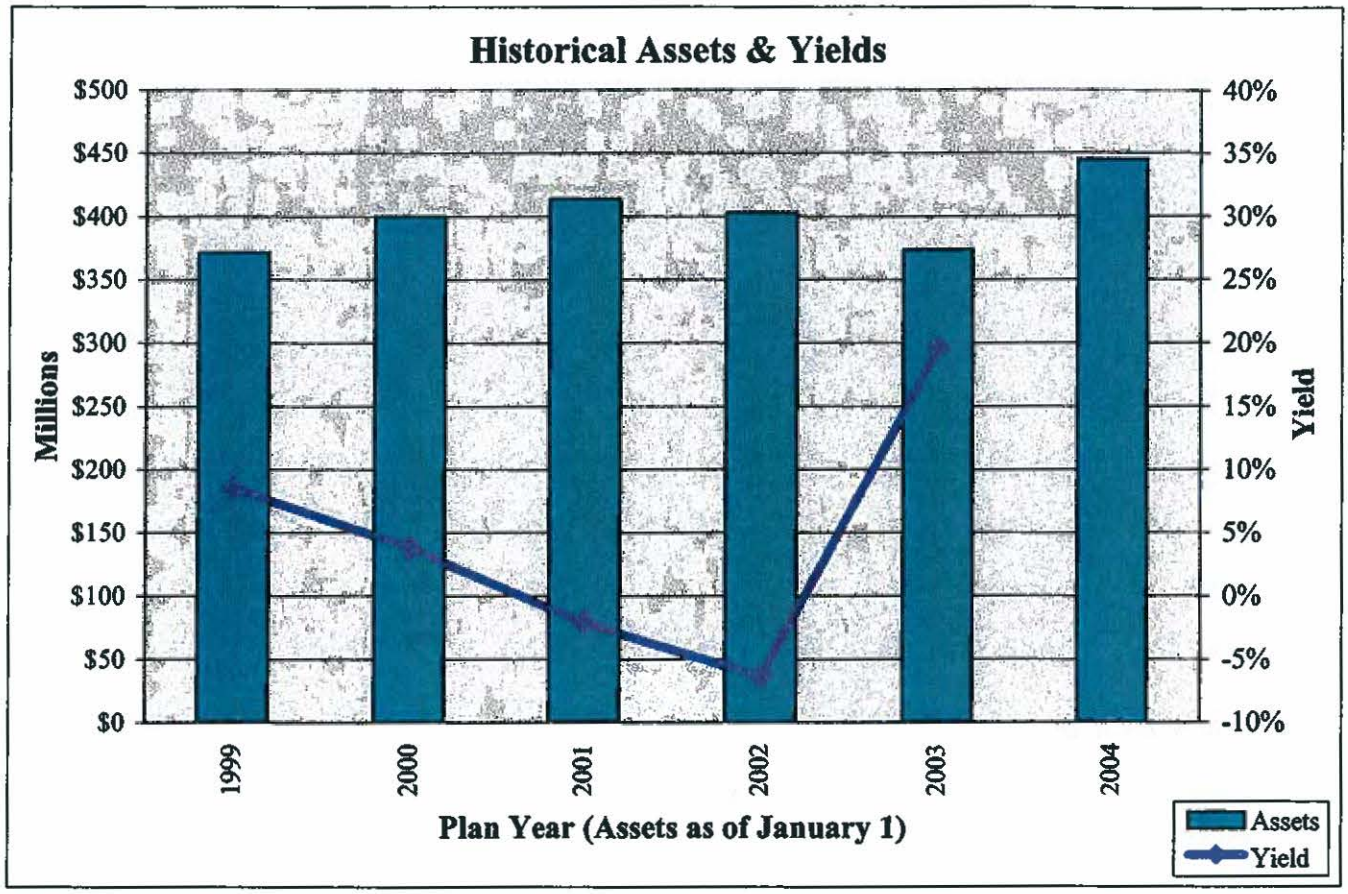
	As of January 1, 2003	As of January 1, 2004
1. Market Value of Assets (in 000's)		
a. Cash and cash equivalents (8%)	$19,504	$35,920
b. Government bonds & notes (17%)	$48,139	$73,526
c. Corporate bonds (11%)	$98,138	$48,387
d. Equities (52%)	$161,353	$230,945
e. Repurchase agreements (0%)	$0	$0
f. Real estate (0%)	$0	$0
g. Mortgages (13%)	$55,191	$55,827
h. Accrued income receivable (0%)	$1,479	$0
i. Contributions receivable (0%)	$157	$0
j. Other receivables (0%)	$3,150	$1,512
k. Benefits and accounts payable (0%)	($7,064)	($291)
l. Other payables (0%)	($6,601)	($883)
m. Market value of assets	**$373,446**	**$444,943**

2. Actuarial Value of Assets (in 000's)							
a. Market value of assets			$373,446				$444,943
b. Five-year phase-in of unrealized investment appreciation:							
i. 1999	($6,197)	x 20%	= ($1,239)				
ii. 2000	$37,436	x 40%	= $14,974		x 20%	=	$7,487
iii. 2001	$32,305	x 60%	= $19,383		x 40%	=	$12,922
iv. 2002	$38,397	x 80%	= $30,718		x 60%	=	$23,038
v. 2003	($60,222)				x 80%	=	($48,178)
vi. Total unrecognized losses(gains)			$63,836				($4,731)
c. Actuarial Value of Assets (Item a. plus item b., but within an 80-120% corridor of item a.)			**$437,282**				**$440,212**

FASB Erisa plan change

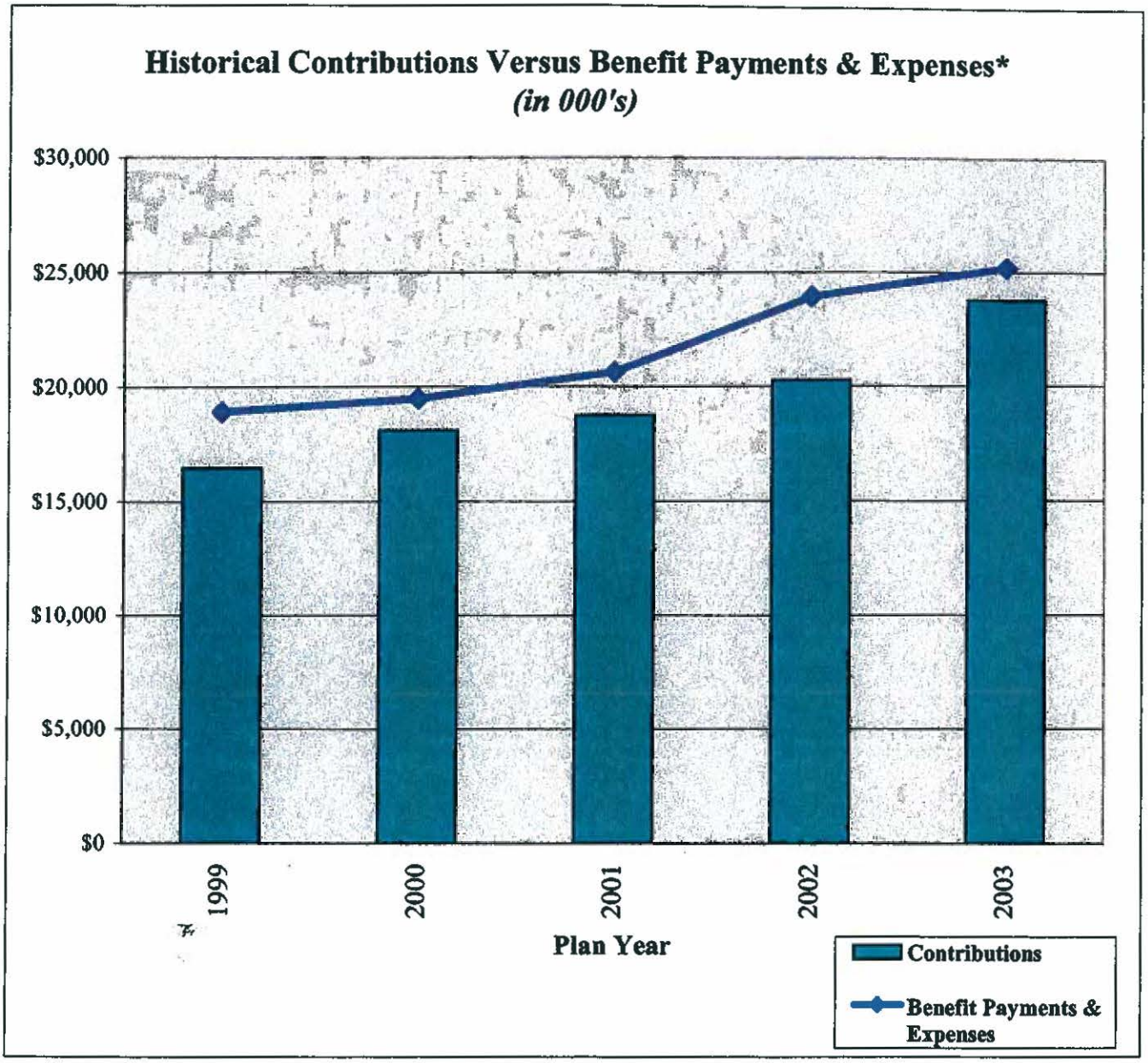
Note:

The percentages in parentheses indicate the proportion of assets committed to each type of investment as of January 1, 2004.

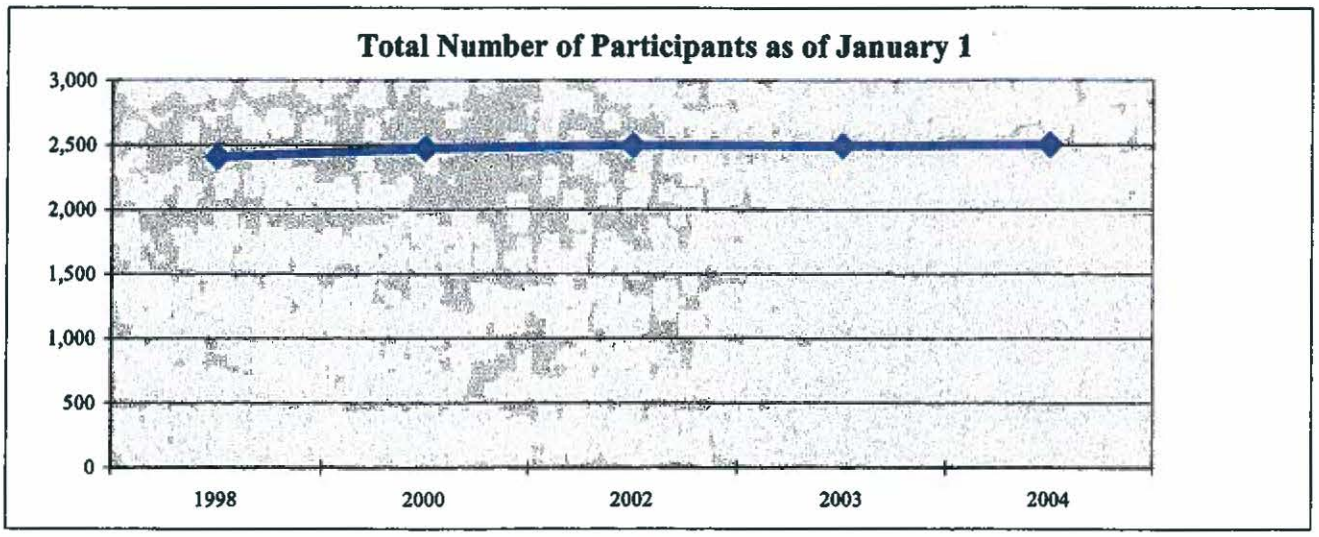


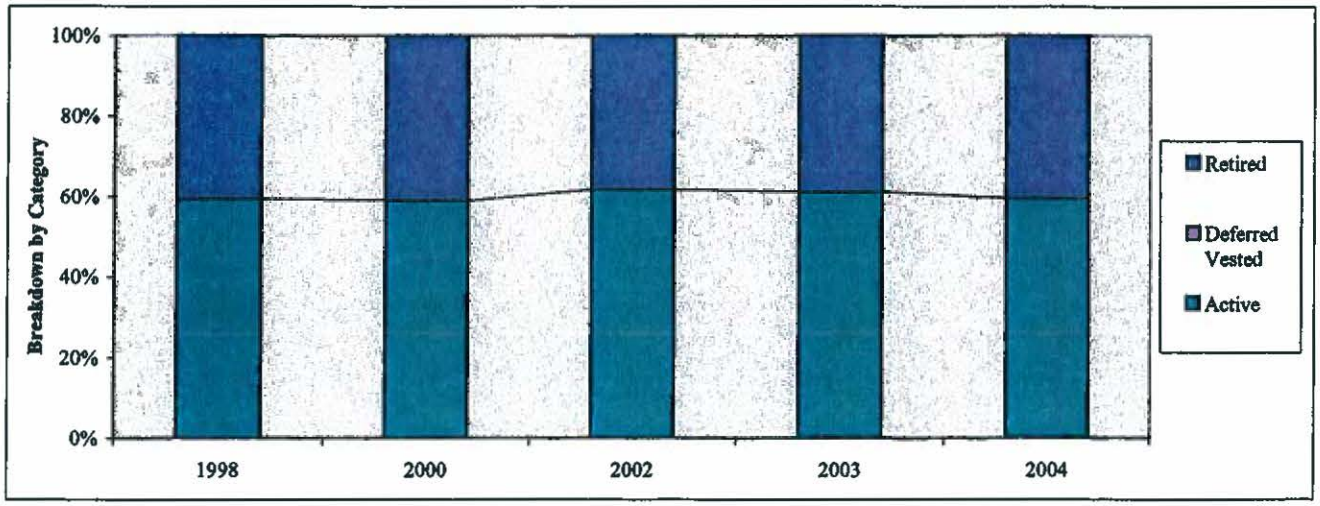
Plan Year	Market Value as of January 1	Actuarial Value as of January 1	Benefit Payments	Expenses	Contributions	Market Value Yield	Actuarial Value Yield
1999	$370,953		$18,555	$359	$16,471	8.49%	
2000	$399,889	$384,083	$18,986	$496	$18,108	3.78%	8.51%
2001	$413,593		$20,020	$611	$18,750	-2.15%	8.51%
2002	$402,836	$448,676	$22,163	$1,769	$20,279	-6.42%	-1.73%
2003	$373,446	$437,282	$24,838	$324	$23,755	19.56%	0.99%
2004	$444,943	$440,212					

** all dollar amounts are shown in 000's*

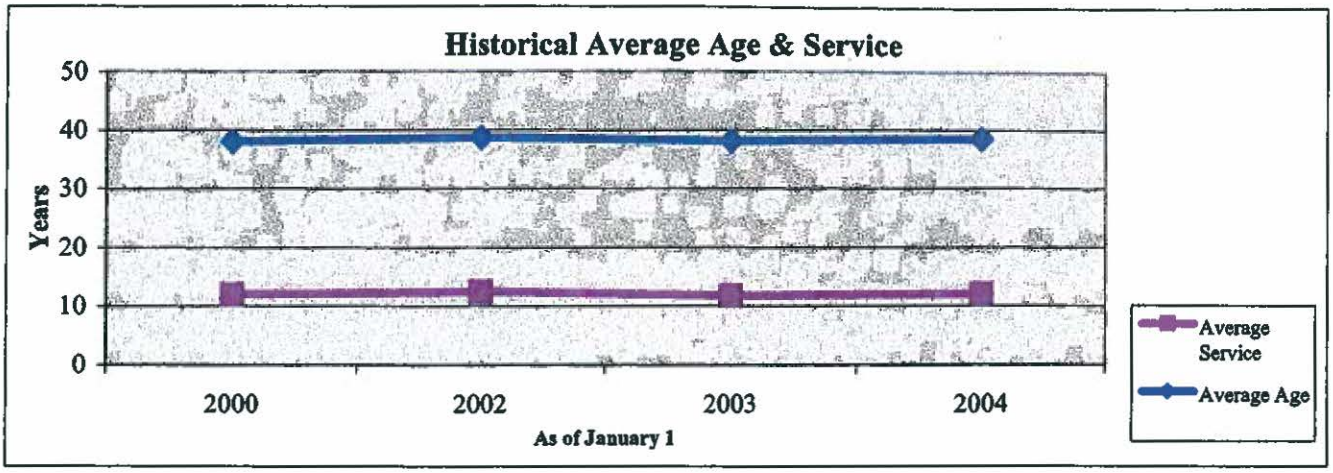


* *Please reference Table VII on page 10 for the historical benefit payments, expenses, and contributions.*

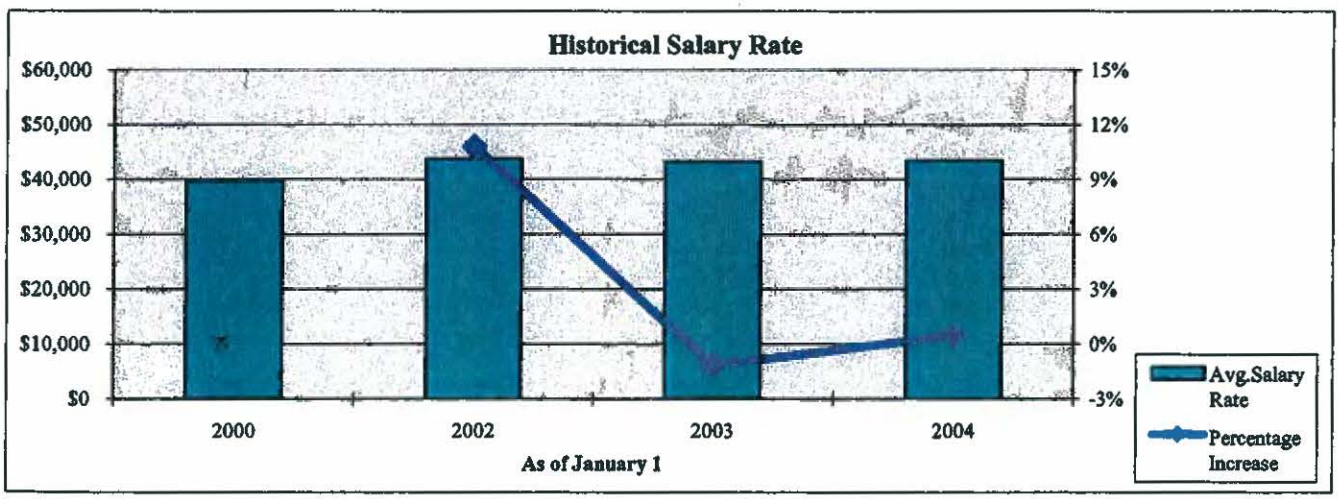




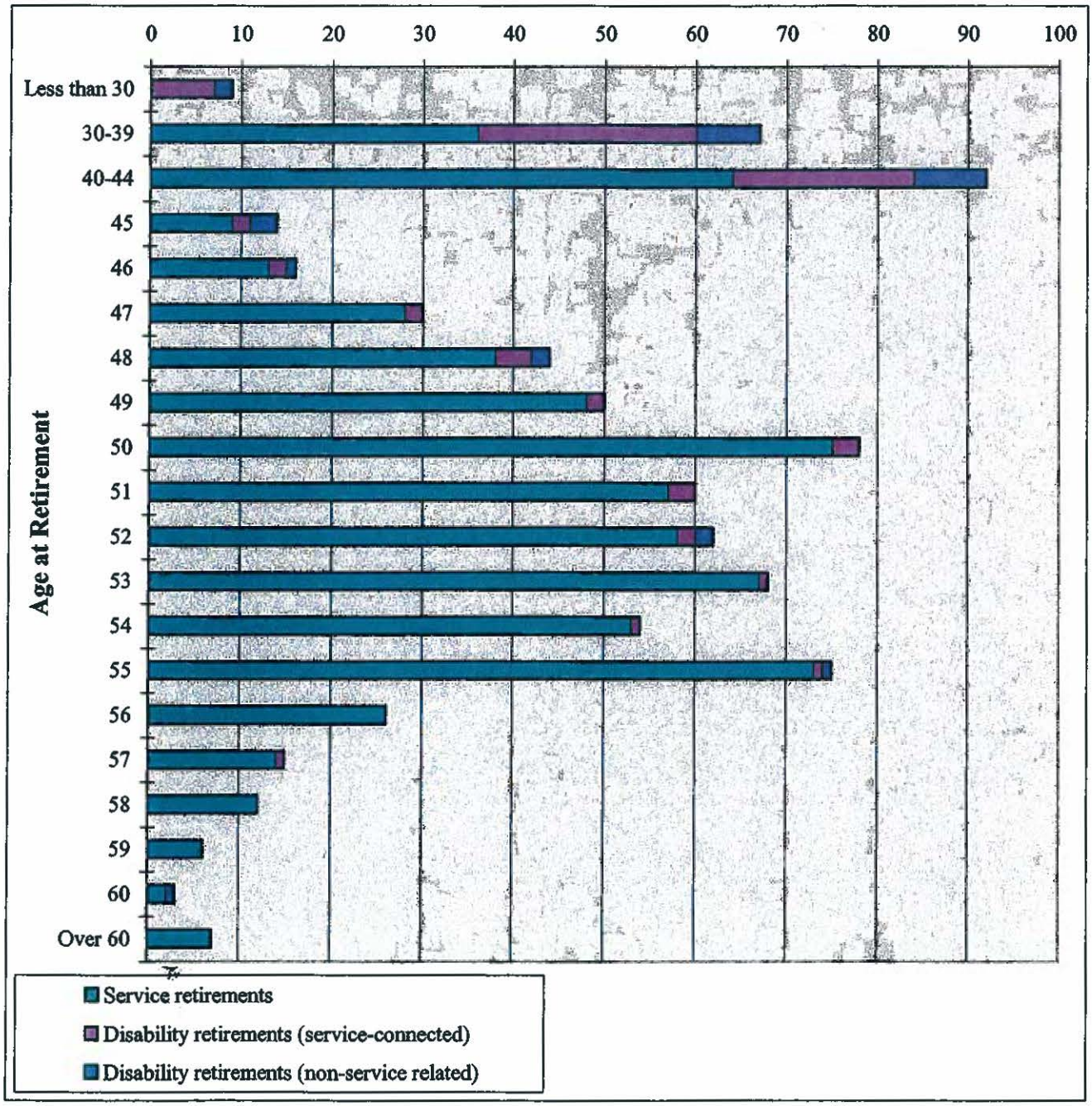
	As of January 1, 2003	As of January 1, 2004
1. Active Participants		
a. Fully Vested	496	521
b. Partially Vested	631	594
c. Non-Vested	396	373
d. Sub-total	**1,523**	**1,488**
2. Deferred Vested Participants	**0**	**0**
3. Retired Participants		
a. Service Retirement	643	686
b. Disability Retirement	105	102
c. Beneficiaries	222	225
d. Sub-total	**970**	**1,013**
4. Total Participants	**2,493**	**2,501**



Date	Average Service Earned	Average Attained Age	Date	Average Service Earned	Average Attained Age
1/1/2000	11.9	38.0	1/1/2003	11.7	38.1
1/1/2002	12.4	38.7	1/1/2004	12.0	38.5



Date	Average Salary Rate	Increase from Prior Year	Date	Average Salary Rate	Increase from Prior Year
1/1/2000	$39,478		1/1/2003	$43,203	-1.20%
1/1/2002	$43,729	10.77%	1/1/2004	$43,394	0.44%



Note: Results are based on retiree data as of January 1, 2004.

Average benefit being paid to members on service retirement is $2,438.77 per month.
Average benefit being paid to members on disability retirement is $2,124.79 per month.
Average benefit being paid to beneficiaries is $1,065.59 per month.

AGE-SERVICE-SALARY TABLE

Attained Age	Completed Years of Service										
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25	**18**	**52**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**71**
Avg.Pay	29,167	31,888	33,666	0	0	0	0	0	0	0	31,223
25 to 29	**14**	**136**	**41**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**191**
Avg.Pay	29,991	33,573	37,272	0	0	0	0	0	0	0	34,104
30 to 34	**5**	**88**	**136**	**53**	**0**	**0**	**0**	**0**	**0**	**0**	**282**
Avg.Pay	29,201	33,976	39,431	44,162	0	0	0	0	0	0	38,437
35 to 39	**9**	**30**	**61**	**155**	**75**	**0**	**0**	**0**	**0**	**0**	**330**
Avg.Pay	28,147	35,560	38,705	45,763	50,047	0	0	0	0	0	44,024
40 to 44	**1**	**14**	**19**	**69**	**105**	**43**	**1**	**0**	**0**	**0**	**252**
Avg.Pay	29,033	34,049	37,200	45,768	49,694	54,098	48,910	0	0	0	47,474
45 to 49	**0**	**3**	**11**	**26**	**34**	**98**	**19**	**0**	**0**	**0**	**191**
Avg.Pay	0	35,367	41,310	46,784	50,046	52,310	50,882	0	0	0	50,113
50 to 54	**0**	**2**	**3**	**16**	**12**	**51**	**32**	**26**	**0**	**0**	**142**
Avg.Pay	0	71,880	44,558	45,276	48,094	49,249	53,273	56,687	0	0	51,192
55 to 59	**0**	**1**	**0**	**3**	**5**	**8**	**2**	**7**	**0**	**0**	**26**
Avg.Pay	0	157,023	0	48,585	52,081	50,335	62,555	61,248	0	0	58,450
60 to 64	**0**	**0**	**0**	**0**	**2**	**1**	**0**	**0**	**0**	**0**	**3**
Avg.Pay	0	0	0	0	51,780	44,262	0	0	0	0	49,274
65 to 69	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
70 & up	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
Total	**47**	**326**	**272**	**322**	**233**	**201**	**54**	**33**	**0**	**0**	**1,488**
Avg.Pay	29,218	34,247	38,898	45,585	49,846	51,797	52,695	57,654	0	0	43,394

1. Actuarial Cost Method

Individual Entry Age Normal Cost Method

2. Decrements

- **Mortality**
  Sex-distinct mortality rates set forth in the 1983 Group Annuity Mortality Table

- **Disability**
  50% of the sex-distinct disability rates derived from the 1974 study of disability experience under the Social Security system; 75% of disabilities are assumed to be service-connected. A sample of disability rates is set forth in the following tables:

Male Rates

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	0.0600%	30	0.095%	40	0.198%	50	0.522%
25	0.0745%	35	0.132%	45	0.308%	55	0.909%

Female Rates

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	0.0300%	30	0.077%	40	0.191%	50	0.457%
25	0.0445%	35	0.131%	45	0.290%	55	0.766%

- **Permanent Withdrawal from Active Status**
  Withdrawal rates were derived from a study of actual plan experience covering the period 1982 through 1986. A sample of withdrawal rates is set forth in the following table:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	15.0%	30	7.8%	40	2.30%	50	0.956%
25	11.4%	35	4.9%	45	1.35%	55	0.000%

- **Retirement**
  Retirement is assumed to occur in accordance with the rates set forth in the following table:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
45	2%	49	2%	53	10%	57	20%
46	2%	50	2%	54	15%	58	20%
47	2%	51	5%	55	50%	59	20%
48	2%	52	5%	56	50%	60	100%

3. **Interest Rate**

- **Used for Calculating All Liabilities (including GASB 25/27 liabilities)**
  8.00% per annum

4. **Cost-of-Living Adjustment for Retirement Benefits**

For purposes of determining the annual cost-of-living adjustment for retirees, the Consumer Price Index is assumed to increase at the rate of 2.50% per year.

5. **Salary Increases**

Individual salaries have been assumed to increase at the rate of 4.50% compounded annually.

6. **Payroll Increase**

Total payroll has been assumed to grow at the rate of 4.50% per year for purposes of amortizing the unfunded actuarial accrued liability as a level percentage of payroll.

7. **Surviving Beneficiaries**

Those active participants who are making the additional 1% employee contribution to provide a survivor benefit to their eligible beneficiaries are assumed to have only one surviving beneficiary of the opposite sex of the employee. Males are assumed to be three years older than females for this purpose.

8. **Expenses**

All costs and liabilities have been loaded by 1.00% to cover anticipated administrative expenses. In addition, the interest rate set forth in item 3. above is assumed to be net of investment expenses and commissions.

9. **Assets**

The actuarial value of assets is equal to the market value of assets adjusted to reflect a five-year phase-in of the net investment appreciation (or depreciation).

1. Monthly Accrued Benefit

3% of Average Monthly Earnings multiplied by up to 26⅔ years of Creditable Service

2. Normal Retirement Age and Benefit

- **Age**
  Age 55 with at least 15 years of Creditable Service
- **Amount**
  Monthly Accrued Benefit
- **Form of Payment**
  Life annuity (for those participants without a beneficiary); or
  75% joint and contingent annuity (for those participants with a beneficiary)

  Note: All annuity forms of payment include an automatic cost-of-living adjustment effective each January 1 based on the increase in the Consumer Price Index as of the preceding November 1 and limited to 3%, and include a minimum payout equal to the employee's accumulated contributions.

3. Early Retirement Age and Benefit

- **Age**
  At least 15 years of Creditable Service
- **Amount**
  Monthly Accrued Benefit (payable at age 55); or
  Monthly Accrued Benefit reduced by ½% for each of the first 60 months and by ¼% for each additional month by which the participant's Early Retirement Age precedes age 55 (payable at Early Retirement Age)
- **Form of Payment**
  Same as for Normal Retirement

4. Delayed Retirement Age and Benefit

- **Age**
  After Normal Retirement Age
- **Amount**
  Monthly Accrued Benefit
- **Form of Payment**
  Same as for Normal Retirement

5. Disability Retirement Eligibility and Benefit

- **Eligibility**
  All active participants are eligible if the disability is service-connected;
  At least five years of Creditable Service is required otherwise.
- **Condition**
  The participant must become "totally and permanently disabled" and must remain so disabled until age 55. "Totally and permanently disabled" means the participant is in a continuous state of incapacity due to illness or injury, is prevented from performing his regular assigned or comparable duties during the first months of his disability, and is thereafter prevented from engaging in any occupation for which he is or becomes reasonably qualified by education, training, or experience.
- **Amount**
  Greater of 50% of Average Monthly Earnings at the time of disability or Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 75% of the participant's salary at the time of disability (payable until the earlier of recovery from disability or age 55); and
  Monthly Accrued Benefit based on Average Monthly Earnings at the time of disability and Creditable Service including the period during which the participant was disabled (payable at age 55)
- **Form of Payment**
  Same as for Normal Retirement

6. Deferred Vested Benefit

- **Age**
  Any age with at least five years of Creditable Service
- **Amount**
  Monthly Accrued Benefit multiplied by the participant's Vested Percentage and payable at age 60
- **Form of Payment**
  Same as for Normal Retirement

7. Pre-Retirement Death Benefit

In the case of the death of an active or deferred vested participant (or disabled participant prior to age 55), his beneficiary(ies) will receive 75% of the monthly benefit to which the participant would have been entitled had he retired on the day before his death (or 75% of the amount the disabled participant was receiving at the time of his death). The death benefit is payable for the remaining lifetime of the participant's eligible spouse (or to his minor children until age 18 or age 23 if unmarried and a full-time student). In the case of a disabled participant, the death benefit is limited to 60% of the participant's salary at the time of disability.

8. Vested Percentage

Retirement benefits become vested in accordance with the following schedule:

Years of Creditable Service	Vested Percentage
Less than five	0%
At least five, but less than six	25%
At least six, but less than seven	30%
At least seven, but less than eight	35%
At least eight, but less than nine	40%
At least nine, but less than 10	45%
At least 10, but less than 11	50%
At least 11, but less than 12	60%
At least 12, but less than 13	70%
At least 13, but less than 14	80%
At least 14, but less than 15	90%
At least 15	100%

9. Average Monthly Earnings

Average of the participant's monthly Salary for the highest three consecutive years during his period of Creditable Service

10. Salary

The employee's basic salary excluding overtime pay, but including accumulated vacation pay, sick leave bonus pay, and other similar compensation; pursuant to IRC section 401(a)(17), annual Salary is limited to $200,000 as indexed.

11. Employee Contribution

All participating employees must make the required contribution to the plan. The required contribution is 7% of basic salary for those participants who have an eligible beneficiary for death benefits and 6% of basic salary for all other participants.

12. Creditable Service

Participants receive Creditable Service for all periods of employment with the City of Atlanta provided that the employee has made the required contribution for such period of service.

13. Participation Requirement

All full-time, sworn police officers employed by the City of Atlanta are eligible to participate in the plan.

14. Plan Effective Date

April 1, 1978

City of Birmingham Retirement and Relief System
Health Department Employees

Actuarial Valuation and Review
as of July 1, 2004

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SEGAL

The Segal Company
2018 Powers Ferry Road, Suite 850 Atlanta, GA 30339-5003
T 678.306.3100 F 678.306.3190 www.segalco.com

March 8, 2005

Board of Managers
City of Birmingham Retirement and Relief System
Health Department Employees
710 North 20th Street, GA 100 City Hall
Birmingham, Alabama 35203

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of July 1, 2004. It summarizes the actuarial data used in the valuation, establishes the funding requirements for the coming fiscal year and analyzes the preceding year's experience.

The census and financial information on which our calculations were based was prepared by the City. That assistance is gratefully acknowledged. The actuarial calculations were completed under my supervision.

This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board of Managers are reasonably related to the experience of and the expectations for the Plan.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

THE SEGAL COMPANY

By: _____

Leon F. (Rocky) Joyner, Jr., ASA, MAAA, EA
Vice President and Actuary

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SECTION 1: Valuation Summary for the City of Birmingham Retirement and Relief System Health Department Employees

Purpose

This report has been prepared by The Segal Company to present a valuation of the City of Birmingham Retirement and Relief System Health Department Employees as of July 1, 2004. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Pension Plan, as administered by the Board;
- The characteristics of covered active participants, retired participants and beneficiaries as of July 1, 2004, provided by the City;
- The assets of the Plan as of June 30, 2004, provided by the City;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

Significant Issues in Valuation Year

The following key findings were the result of this actuarial valuation:

- Since the current year's actuarial value of assets, $12,481,374, exceeds the present value of benefits of $10,114,120 by $2,367,254 , there is no required contribution. If the excess of assets over the present value of benefits were to be eliminated by asset declines or through benefit modifications, employer contributions to the fund would be required in future years. Chart 13 provides a detailed reconciliation of the required contribution.
- For the year ended June 30, 2004, the plan had an investment return on an actuarial basis of 4.82% compared to the assumption of 7.50%, which resulted in a loss of $321,986. The rate of return on a market value basis was 8.62%. The actuarial value of assets as of June 30, 2004 is 93.5% of market value.
- There have been no plan changes or assumption changes reflected with this valuation.

Summary of Key Valuation Results

	2004	2003
Contributions for plan year beginning July 1:		
Recommended contribution	$0	$0
Actual employer contribution	--	41,285
Funding elements for plan year beginning July 1:		
Employer normal cost	-$431,652	-$364,450
Market value of assets	13,346,500	12,450,500
Actuarial value of assets	12,481,374	12,073,595
Demographic data for plan year beginning July 1:		
Number of retired participants and beneficiaries	22	23
Number of active participants	38	40
Total payroll	$1,716,491	$1,819,310
Average payroll	45,171	45,483

SECTION 2: Valuation Results for the City of Birmingham Retirement and Relief System Health Department Employees

A. PARTICIPANT DATA

The Actuarial Valuation and Review considers the number and demographic characteristics of covered participants, including active participants, retired participants and beneficiaries.

This section presents a summary of significant statistical data on these participant groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B, and C.

A historical perspective of how the participant population has changed over the past nine valuations can be seen in this chart.

CHART 1

Participant Population: June 30, 1996 – June 30, 2004

Year Ended June 30	Active Participants	Retired Participants and Beneficiaries	Ratio of Non-Actives to Actives
1996	81	14	0.17
1997	74	16	0.22
1998	66	17	0.26
1999	55	19	0.35
2000	51	20	0.39
2001	47	21	0.45
2002	41	22	0.54
2003	40	23	0.58
2004	38	22	0.58

Active Participants

Plan costs are affected by the age, years of credited service and payroll of active participants. In this year's valuation, there were 38 active participants with an average age of 50.8, average years of credited service of 18.8 years and average payroll of $45,171. The 40 active participants in the prior valuation had an average age of 50.0, average service of 18.1 years and average payroll of $45,483.

These graphs show a distribution of active participants by age and by years of credited service.

CHART 2

Distribution of Active Participants by Age as of June 30, 2004

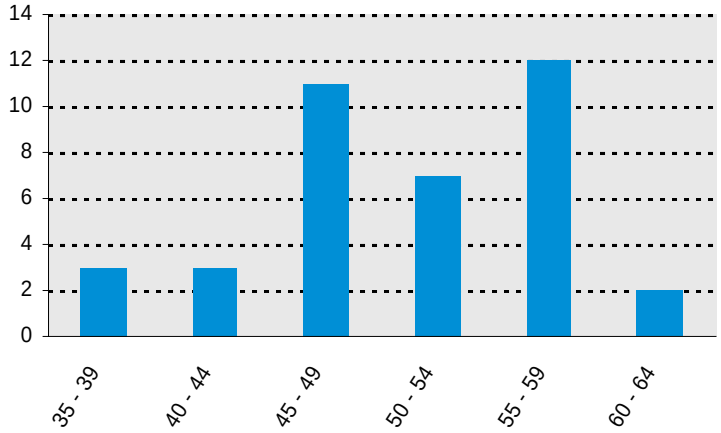
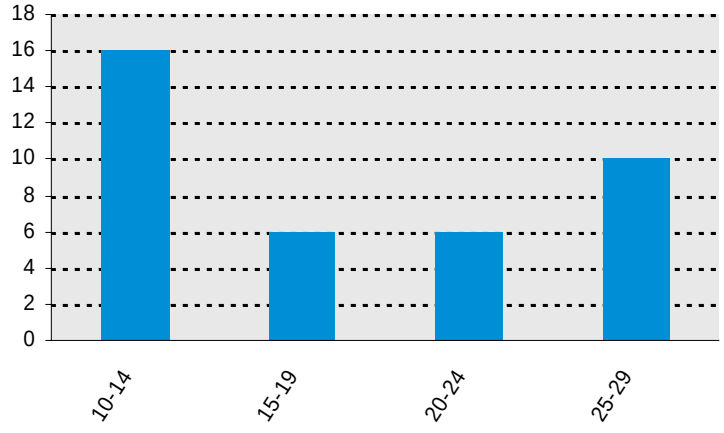


CHART 3

Distribution of Active Participants by Years of Credited Service as of June 30, 2004



Retired Participants and Beneficiaries

As of June 30, 2004, 20 retired participants and 2 beneficiaries were receiving total monthly benefits of $25,048. For comparison, in the previous valuation, there were 22 retired participants and one beneficiary receiving monthly benefits of $23,508.

These graphs show a distribution of the current retired participants and beneficiaries based on their monthly amount and age, by type of pension.

CHART 4

Distribution of Retired Participants and Beneficiaries by Type and by Monthly Amount as of June 30, 2004

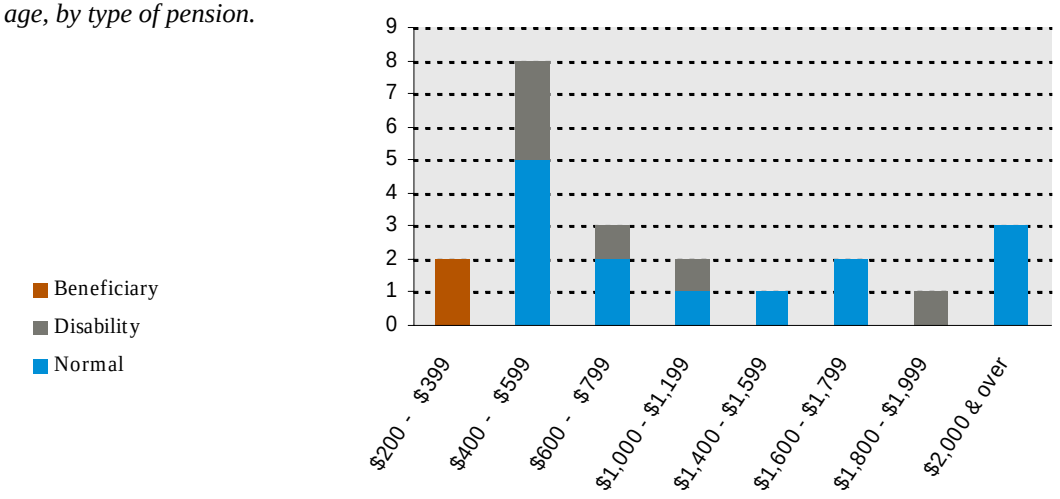
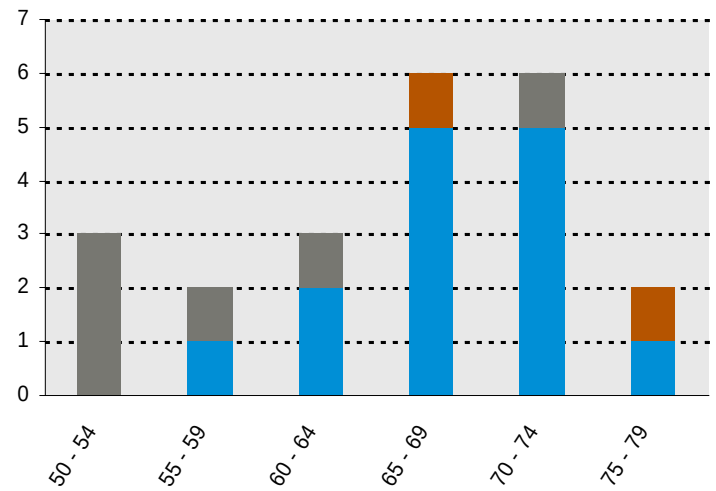


CHART 5

Distribution of Retired Participants and Beneficiaries by Type and by Age as of June 30, 2004



B. FINANCIAL INFORMATION

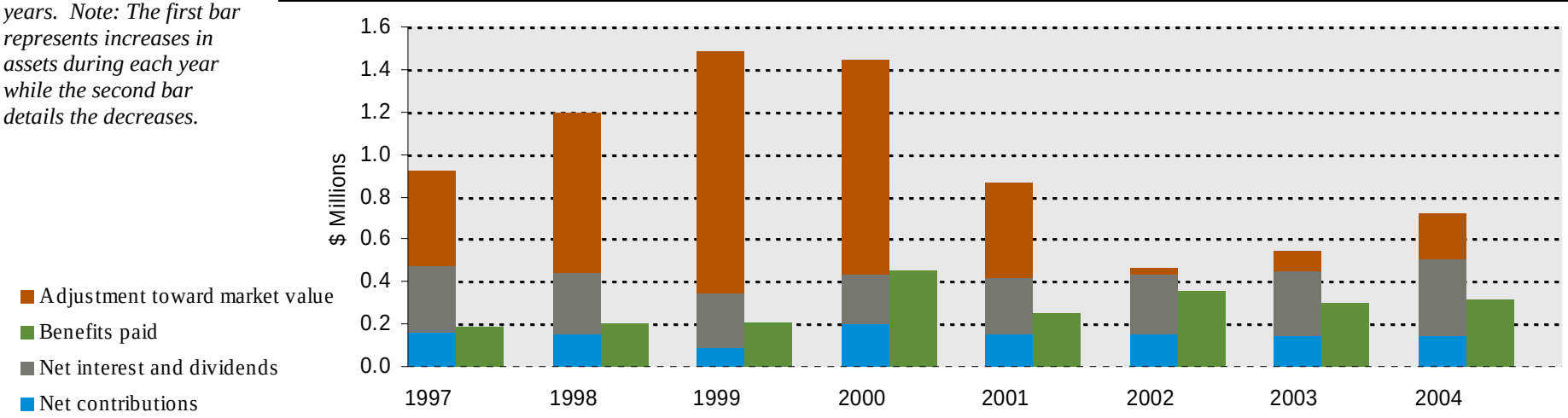
Retirement plan funding anticipates that, over the long term, both net contributions and net investment earnings (less investment fees and administrative expenses) will be needed to cover benefit payments.

Retirement plan assets change as a result of the net impact of these income and expense components. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits D, E and F.

The chart depicts the components of changes in the actuarial value of assets over the last eight years. Note: The first bar represents increases in assets during each year while the second bar details the decreases.

CHART 6

Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 1997 – 2004



It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

The chart shows the determination of the actuarial value of assets as of the valuation date.

CHART 7

Determination of Actuarial Value of Assets for Year Ended June 30, 2004

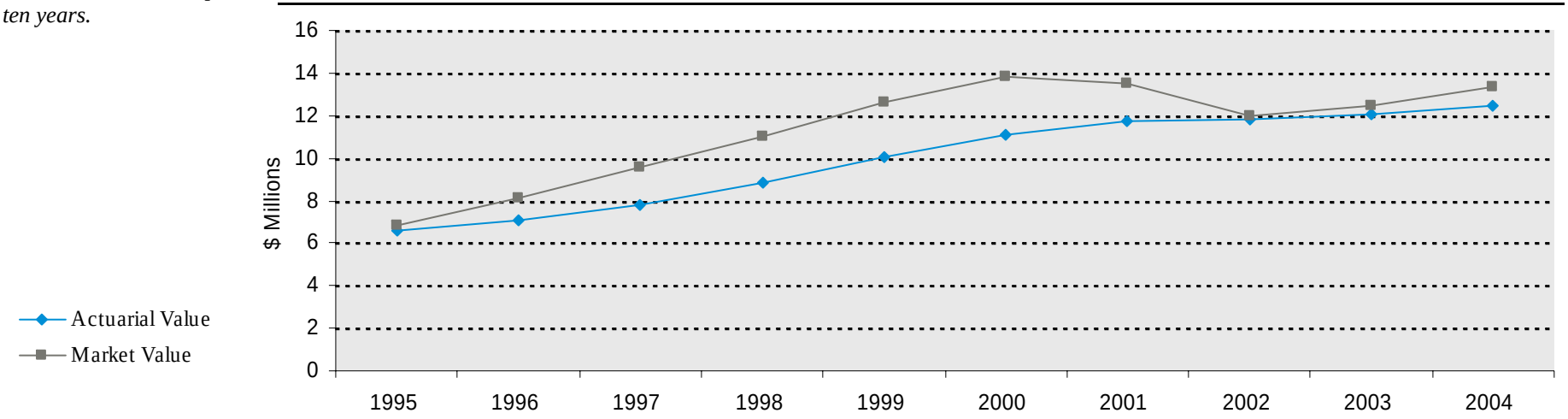
1.	Actuarial value of assets as of June 30, 2003	$12,073,595
2.	Contributions, interest and dividends, less benefit payments and expenses	191,498
3.	Preliminary actuarial value of assets: (1) + (2)	12,265,093
4.	Market value of assets as of June 30, 2004	13,346,500
5.	Adjustment toward market value: 20% of [(4) - (3)]	216,281
6.	Adjustment to be within 20% corridor	0
7.	Final actuarial value of assets as of June 30, 2004: (3) + (5) + (6)	$12,481,374
8.	Actuarial value as a percentage of market value: (7) ÷ (4)	93.5%

Both the actuarial value and market value of assets are representations of the Plan's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The actuarial asset value is significant because the Plan's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

This chart shows the change in the actuarial value of assets versus the market value over the past ten years.

CHART 8

Actuarial Value of Assets vs. Market Value of Assets as of June 30, 1995 – 2004



C. ACTUARIAL EXPERIENCE

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. To the extent these assumptions are not met, future contribution requirements will be adjusted. If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

Under the funding method used, gains and losses are reflected in the contribution as a change in the plan's normal cost. These gains and losses are spread over the future working lifetime of all employees. The amount of change in the normal cost is shown, along with other changes to the required contribution since last year, in Section 2, Chart 13.

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the Plan's investment policy. For valuation purposes, the assumed rate of return on the actuarial value of assets is 7.50%. The actual rate of return on an actuarial basis for the 2003-2004 plan year was 4.82%.

Since the actual return for the year was less than the assumed return, the Plan experienced an actuarial loss during the year ended June 30, 2004 with regard to its investments.

This chart shows the loss due to investment experience.

CHART 9

Actuarial Value Investment Experience for Year Ended June 30, 2004

1.	Actual return	$577,693
2.	Average value of assets	11,995,718
3.	Actual rate of return: (1) ÷ (2)	4.82%
4.	Assumed rate of return	7.50%
5.	Expected return: (2) x (4)	$899,679
6.	Actuarial loss: (1) – (5)	-$321,986

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial basis compared to the market value investment return for the last ten years, including five-year and eight-year averages.

Based upon this experience and future expectations, we have maintained the assumed rate of return of 7.50%.

This chart shows a history of actuarial value and market value investment returns.

CHART 10

Investment Return – Actuarial Value vs. Market Value: 1997 - 2004

Year Ended June 30	Net Interest and Dividend Income		Adjustment Toward Market		Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
1997	$311,538	4.41%	$448,226	6.34%	$759,764	10.75%	$1,481,566	18.21%
1998	293,257	3.76	754,242	9.68	1,047,499	13.45	1,457,587	15.21
1999	254,463	2.91	1,146,180	13.09	1,400,643	16.00	1,719,823	15.69
2000	236,593	2.37	1,014,309	10.17	1,250,902	12.54	1,501,042	12.01
2001	269,160	2.44	447,625	4.05	716,785	6.49	-265,054	-1.92
2002	281,206	2.42	30,865	0.27	312,071	2.69	-1,354,972	-10.11
2003	302,771	2.58	94,226	0.80	396,997	3.38	650,444	5.48
2004	361,412	3.01	216,281	1.80	577,693	4.82	1,065,914	8.62
Total	$2,310,400		$4,151,954		$6,462,354		$6,256,350	
					Five-year average return	5.77%		2.50%
					Eight-year average return	8.07%		6.75%

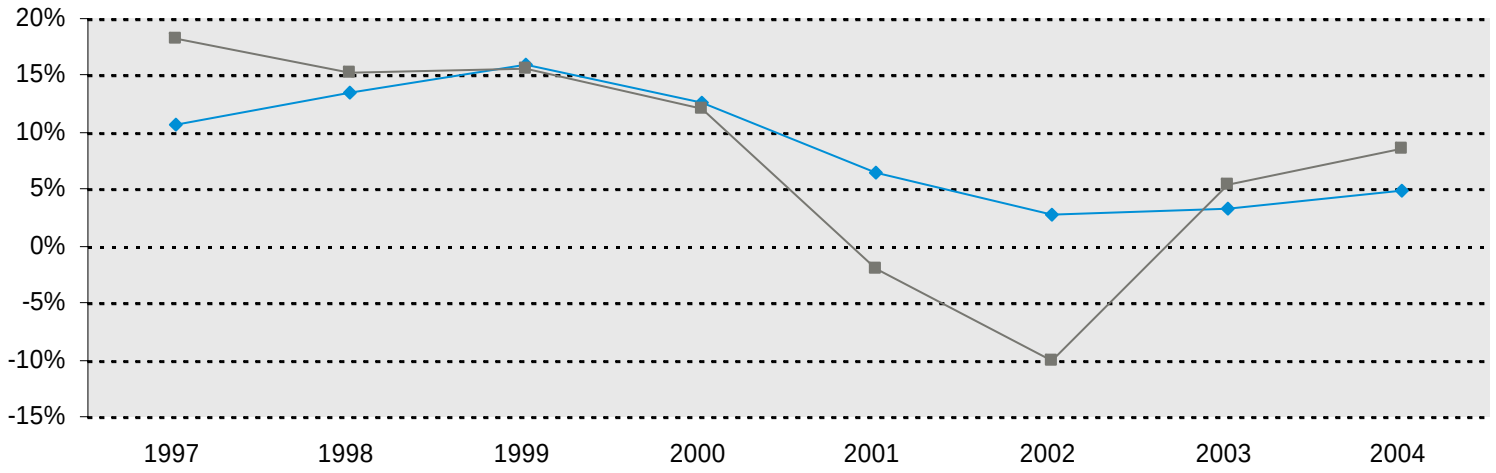
Note: Each year's yield is weighted by the average asset value in that year.

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

This chart illustrates how this leveling effect has actually worked over the years 1997 - 2004 .

CHART 11

Market and Actuarial Rates of Return for Years Ended June 30, 1997 - 2004



Other Experience

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

D. RECOMMENDED CONTRIBUTION

The amount of annual contribution required to fund the Plan is comprised of an employer normal cost payment and a payment on the unfunded/(overfunded) actuarial accrued liability. This total amount is then divided by the projected payroll for active members to determine the funding rate of (25.15%) of payroll.

The contribution rates as of July 1, 2004 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

The chart compares this valuation's recommended contribution with the prior valuation.

CHART 12

Recommended Contribution

	Year Beginning July 1			
	2004		2003	
	Amount	% of Payroll	Amount	% of Payroll
1. Total normal cost	-$321,097	-18.71%	-$248,843	-13.68%
2. Expected employee contributions	-94,062	-5.48%	-101,682	-5.59%
3. Employer normal cost: (1) + (2)	-$415,159	-24.19%	-$350,525	-19.27%
4. Employer normal cost, adjusted for timing	-431,652	25.15%	-364,450	-20.03%
5. Actuarial value of assets	12,481,374		12,073,595	
6. Total recommended contribution, adjusted for timing	$0	0.00%	$0	0.00%
7. Projected payroll	$1,716,491		$1,819,310	

Reconciliation of Recommended Contribution

The chart below details the changes in the recommended contribution from the prior valuation to the current year's valuation.

Since the calculated contribution is less than zero, the recommended contribution this year is zero, as it was last year. This calculation is monitored annually and employer contributions to this Fund will need to resume when the result is greater than zero.

The chart reconciles the contribution from the prior valuation to the amount determined in this valuation.

CHART 13

Reconciliation of Recommended Contribution from July 1, 2003 to July 1, 2004

Recommended Contribution as of July 1, 2003	-$364,450
Effect of contributions more than recommended contribution	-$58,735
Effect of investment loss	45,409
Effect of net other changes	-53,876
Total change	-$67,202
Recommended Contribution as of July 1, 2004	-$431,652

EXHIBIT A

Table of Plan Coverage

Category	Year Ended June 30 2004	2003	Change From Prior Year
Active participants in valuation:			
Number	38	40	-5.0%
Average age	50.8	50.0	N/A
Average service	18.8	18.1	N/A
Total payroll	$1,716,491	$1,819,310	-5.7%
Average payroll	45,171	45,483	-0.7%
Account balances	1,206,570	1,185,950	1.7%
Retired participants:			
Number in pay status	14	16	-12.5%
Average age	68.6	70.3	N/A
Average monthly benefit	$1,373	$1,127	21.8%
Disabled participants:			
Number in pay status	6	6	0.0%
Average age	58.0	57.0	N/A
Average monthly benefit	$856	$856	0.0%
Beneficiaries in pay status	2	1	100.0%

SECTION 3: Supplemental Information for the City of Birmingham Retirement and Relief System Health Department Employees

EXHIBIT B

Participants in Active Service as of June 30, 2004
By Age, Years of Credited Service, and Average Payroll

	Years of Credited Service				
Age	**Total**	**10-14**	**15-19**	**20-24**	**25-29**
35 - 39	3	3	- -	- -	- -
	$42,943	$42,943	- -	- -	- -
40 - 44	3	1	1	1	- -
	48,367	50,285	$53,144	$41,673	- -
45 - 49	11	5	2	3	1
	45,827	47,725	46,381	45,407	$36,493
50 - 54	7	1	- -	- -	6
	40,931	55,920	- -	- -	38,433
55 - 59	12	6	2	1	3
	48,933	43,394	58,819	50,822	52,789
60 - 64	2	- -	1	1	- -
	32,376	- -	33,571	31,181	- -
Total	38	16	6	6	10
	$45,171	$45,877	$49,519	$43,316	$42,546

EXHIBIT C

Reconciliation of Participant Data

	Active Participants	Disableds	Retired Participants	Beneficiaries	Total
Number as of July 1, 2003	40	6	16	1	63
New participants	0	N/A	N/A	N/A	0
Terminations – with vested rights	0	0	0	0	0
Terminations – without vested rights	0	N/A	N/A	N/A	0
Retirements	-1	N/A	1	N/A	0
New disabilities	0	0	N/A	N/A	0
Return to work	0	0	0	N/A	0
Deaths	0	0	-3	0	-3
New beneficiaries	0	0	0	1	1
Lump sum payoffs	-1	0	0	0	-1
Rehired	0	0	0	N/A	0
Certain period expired	N/A	0	0	0	0
Data adjustments	0	0	0	0	0
Number as of July 1, 2004	38	6	14	2	60

SECTION 3: Supplemental Information for the City of Birmingham Retirement and Relief System Health Department Employees

EXHIBIT D

Summary Statement of Income and Expenses on an Actuarial Value Basis

	Year Ended June 30, 2004		Year Ended June 30, 2003	
Contribution income:				
Employer contributions	$41,285		$47,566	
Employee contributions	102,732		100,766	
Net contribution income		$144,017		$148,332
Investment income:				
Interest, dividends and other income	$394,139		$331,914	
Adjustment toward market value	216,281		94,226	
Less investment fees	-32,727		-29,143	
Net investment income		577,693		396,997
Total income available for benefits		$721,710		$545,329
Less benefit payments:				
Benefits	-$313,931		-$281,710	
Refunds	0		-11,866	
Net benefit payments		-$313,931		-$293,576
Change in reserve for future benefits		$407,779		$251,753

SECTION 3: Supplemental Information for the City of Birmingham Retirement and Relief System Health Department Employees

EXHIBIT E

Table of Financial Information

	Year Ended June 30, 2004		Year Ended June 30, 2003	
Cash equivalents		$672,514		$247,112
Accounts receivable:				
Employee loans	$154,983		$142,861	
Accrued interest and dividends	100,194		65,519	
Employee contributions	21,187		7,211	
Other funds	7,409		6,062	
Total accounts receivable		283,773		221,653
Investments:				
Debt securities	$6,260,137		$9,566,509	
Corporate stocks	6,146,211		2,428,242	
Total investments at market value		12,406,348		11,994,751
Total assets		$13,362,635		$12,463,516
Less accounts payable		-$16,135		-$13,016
Net assets at market value		$13,346,500		$12,450,500
Net assets at actuarial value		$12,481,374		$12,073,595

EXHIBIT F

Development of the Fund Through June 30, 2004

Year Ended June 30	Employer Contributions	Employee Contributions	Net Investment Return*	Administrative Expenses	Benefit Payments	Actuarial Value of Assets at End of Year
1997	$52,049	$118,141	$759,764	$7,542	$188,742	$7,812,500
1998	45,842	112,621	1,047,499	7,600	199,022	8,811,800
1999	27,271	67,896	1,400,643	7,600	211,290	10,088,700
2000	49,051	158,330	1,250,902	7,600	450,023	11,089,360
2001	43,794	109,030	716,785	0	250,070	11,708,899
2002	44,539	108,872	312,071	0	352,539	11,821,842
2003	47,566	100,766	396,997	0	293,576	12,073,595
2004	41,285	102,732	577,693	0	313,931	12,481,374

** Net of investment fees*

EXHIBIT G

Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial Assumptions: The estimates on which the cost of the Plan is calculated including:

(a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;

(b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;

(c) Retirement rates — the rate or probability of retirement at a given age;

(d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal Cost: The amount of contributions required to fund the benefit allocated to the current year of service.

Investment Return: The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.

EXHIBIT I

Summary of Actuarial Valuation Results as of July 1, 2004

The valuation was made with respect to the following data supplied to us:			
1.	Retired participants as of the valuation date (including 2 beneficiaries in pay status)		22
2.	Participants active during the year ended June 30, 2004		38
	Fully vested	38	
	Not vested	0	
The actuarial factors as of the valuation date are as follows:			
1.	Present value of future benefits		$10,114,120
	Retired participants and beneficiaries	$2,850,186	
	Active participants	7,263,934	
2.	Actuarial value of assets ($13,346,500 at market value)		12,481,374
3.	Present value of future normal costs: (1) - (2)		-2,367,254
4.	Present value of future salary		1,625,427
5.	Total salary of employees below the assumed retirement age		11,983,305
6.	Assumed administrative expenses		0
7.	Normal cost, including administrative expenses: [(3) ÷ (4)] x (5) + (6)		-$321,097

EXHIBIT I (continued)

Summary of Actuarial Valuation Results as of July 1, 2004

The determination of the recommended contribution is as follows:

1.	Total normal cost	-$321,097
2.	Expected employee contributions	-94,062
3.	Employer normal cost: (1) + (2)	-$415,159
4.	Employer normal cost, adjusted for timing	-431,652
5.	Total recommended contribution, adjusted for timing	$0
6.	Projected payroll	$1,716,491
7.	Total recommended contribution as a percentage of projected payroll: (5) ÷ (6)	0.00%

EXHIBIT II

Supplementary Information Required by the GASB – Schedule of Employer Contributions

Plan Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
1999	$0	$27,271	100%
2000	0	49,051	100%
2001	0	43,794	100%
2002	0	44,539	100%
2003	0	47,566	100%
2004	0	41,285	100%
2005	0	--	--

EXHIBIT III

Supplementary Information Required by the GASB – Schedule of Funding Progress

The Aggregate Cost Method has been used to determine the cost for this plan. Therefore, according to GASB Statement No. 25, footnote to Section 33, a Schedule of Funding Progress is not required.

EXHIBIT IV

Supplementary Information Required by the GASB

Valuation date	July 1, 2004
Actuarial cost method	Aggregate Cost Method
Asset valuation method	Sum of actuarial value at beginning of year and increase in cost value during year excluding realized appreciation or losses plus 20 percent of market value at end of year in excess of that preliminary value, adjusted to be within 20 percent of their market value.
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	Inflation 5.00%
	Merit, Longevity, etc., varies from 0.00 to 2.00%
Plan membership:	
Retired participants and beneficiaries receiving benefits	22
Terminated participants entitled to, but not yet receiving benefits	0
Active participants	38
Total	60

EXHIBIT V

Actuarial Assumptions and Actuarial Cost Method

Mortality Rates:

Healthy: Basic table underlying the 1983 Group Annuity Mortality Table

Disabled: Basic table underlying the 1983 Group Annuity Mortality Table set forward 10 years

Termination Rates before Retirement:

	Rate (%)			
	Mortality			
Age	Male	Female	Disability	Withdrawal
20	0.04	0.02	0.09	5.44
25	0.05	0.03	0.13	5.29
30	0.07	0.04	0.17	5.07
35	0.10	0.05	0.22	4.70
40	0.14	0.07	0.33	4.19
45	0.24	0.11	0.54	3.54
50	0.43	0.18	0.91	2.48
55	0.68	0.28	1.51	0.94
60	1.02	0.47	2.44	0.09

Retirement Age: Employees are assumed to retire at age 60 with at least 10 years of credited service

Unknown Data for Participants:	Same as those exhibited by Participants with similar known characteristics. If not specified, Participants are assumed to be male.
Percent Married:	1972 Social Security Awards
Age of Spouse:	Females 3 years younger than males.
Net Investment Return:	7.50%

Salary Increases:

Age	Rate (%)
20	6.87
25	6.78
30	6.62
35	6.42
40	6.10
45	5.73
50	5.46
55	5.34
60	5.17

Actuarial Value of Assets:	Sum of actuarial value at beginning of year and increase in cost value during year excluding realized appreciation or losses plus 20 percent of market value at end of year in excess of that preliminary value, adjusted to be within 20 percent of the market value.
Actuarial Cost Method:	Aggregate Actuarial Cost Method. The Actuarial Present Value of Future Normal Costs is allocated over the future salary of the participants.
Changes in Assumptions:	There have been no changes in actuarial assumptions since the last valuation.

EXHIBIT VI

Summary of Plan Provisions

This exhibit summarizes the major provisions of the Plan included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Plan Year:	July 1 through June 30
Normal Retirement:	
Eligibility	A participant may retire at (a) age 60 if he has completed 10 years of credited service, or (b) any age if he has completed 30 years of credited service.
Amount	2.00% of final average salary for each year of credited service. This amount cannot be greater than 70% of the final average salary nor less than $400 per month. Final average salary is defined as the highest average compensation over any 42-month period of the employee's last ten years of participation.
Early Retirement:	
Eligibility	A participant may retiree at age 55 if he has completed 25 years of credited service.
Amount	1.85% of final average salary for each year of credited service.
Ordinary Disability:	
Eligibility	5 years of credited service.
Amount	2.00% of final average salary at disability for each year of credited service, payable immediately. This amount cannot be greater than 60% of final average salary nor less than $400 per month.

Extraordinary Disability:

Eligibility	None
Amount	70% of final monthly salary at disability, payable immediately. The amount cannot be less than $400 per month

Termination:

To a participant terminating before becoming eligible for a vested deferred pension from the plan, a lump sum of his own contributions without interest is payable.

Participants terminating after 5 years of actual service who leave their contributions in the System Fund have a non-forfeitable right to a monthly pension beginning at age 60. The form and amount of the pension are the same as the normal pension.

Death Benefits:

If a participant dies prior to his attainment of eligibility for retirement, a lump sum of his own contributions without interest is payable to his beneficiary.

If an active participant who is eligible to retire or a retired participant dies, 45% of the accrued pension benefit is payable to the surviving spouse, if any, during her remaining lifetime. If an active participant who is not eligible to retire, but who has completed 5 years of service dies, a portion of 45% of the accrued pension benefit is payable to the spouse during her remaining lifetime. This portion is defined as follows:

Number of Years of Service	Portion of his Entitled Benefit
5	50%
6	60
7	70
8	80
9	90
10 or more	100

This benefit is payable at the earlier of (a) the date that the deceased participant would have attained age 60 or (b) the date the deceased participant would have completed 20 years of service. In lieu of the above, for all participants, an annuity of 40% of salary

	is payable to the surviving spouse and 10% is payable to a minor child if death is service connected; the maximum for spouse and children is 50%, and the maximum for children if no spouse is 40%. The minimum spouse benefit is $320 per month.
Participation:	All qualified employees are required to participate.
Contributions:	Employees contribute 6.00% of compensation and the employer contributes the additional required amount.
Changes in Plan Provisions:	There have been no changes in plan provisions since the last valuation.

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Retirement Systems of the City of Detroit

Financial Report
with Supplemental Information
June 30, 2004

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Retirement Systems of the City of Detroit

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Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Independent Auditor's Report

To the Board of Trustees
General Retirement System
of the City of Detroit and
The Board of Trustees
Policemen and Firemen Retirement
System of the City of Detroit

We have audited the accompanying statement of plan net assets of the Retirement Systems of the City of Detroit as of June 30, 2004 and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the Systems' management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Systems' 2003 financial statements and, in our report dated October 3, 2003, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Retirement Systems of the City of Detroit as of June 30, 2004 and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and required supplemental information (identified in the table of contents) are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

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To the Board of Trustees
General Retirement System
of the City of Detroit and
The Board of Trustees
Policemen and Firemen Retirement
System of the City of Detroit

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Retirement Systems of the City of Detroit's basic financial statements. The accompanying other supplemental information as identified in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The statements included in other supplemental information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

October 8, 2004

Using this Annual Report

This annual report consists of three parts: (1) management's discussion and analysis (this section), (2) the basic financial statements, and (3) required additional information. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required additional information that further explains and supports the information in the financial statements.

Condensed Financial Information

The table below compares key financial information in a condensed format between the current year and the prior year:

General Retirement System

	Fiscal Year Ended	
	June 30, 2004	June 30, 2003
Total assets	$ 2,894,485,068	$ 2,545,116,149
Total liabilities	372,988,054	221,291,935
Assets held in trust for pension benefits	**$ 2,521,497,014**	**$ 2,323,824,214**
Net investment income	$ 336,583,041	$ 81,733,380
Contributions:		
Employee	24,290,278	25,046,453
Employer	95,876,076	72,859,246
Total contributions	120,166,354	97,905,699
Benefits paid to members and retirees:		
Retiree pension and annuity benefits	156,921,199	151,158,815
Member annuity refunds and withdrawals	98,292,960	90,883,100
Total benefits paid	255,214,159	242,041,915
Benefits paid in excess of contributions	135,047,805	144,136,216
Ratio of benefits paid to contributions	2.1	2.5
Other expenses	3,862,436	3,769,641
Net increase (decrease) in net assets	**$ 197,672,800**	**$ (66,172,477)**

Policemen and Firemen Retirement System

	Fiscal Year Ended	
	June 30, 2004	June 30, 2003
Total assets	$ 3,818,936,551	$ 2,972,014,380
Total liabilities	696,416,534	93,749,435
Assets held in trust for pension benefits	**$ 3,122,520,017**	**$ 2,878,264,945**
Net investment income	$ 415,701,183	$ 78,568,683
Contributions:		
Employee	10,318,299	10,143,949
Employer	69,475,202	66,843,029
Total contributions	79,793,501	76,986,978
Benefits paid to members and retirees:		
Retiree pension and annuity benefits	200,381,990	190,516,952
Member annuity refunds and withdrawals	47,129,942	72,193,984
Total benefits paid	247,511,932	262,710,936
Benefits paid in excess of contributions	167,718,431	185,723,958
Ratio of benefits paid to contributions	3.1	3.4
Other expenses	3,727,680	3,486,770
Net increase (decrease) in net assets	**$ 244,255,072**	**$ (110,642,045)**

Overall Fund Structure and Objectives

Both the General Retirement System (GRS) and the Policemen and Firemen Retirement System (PFRS) exist to pay benefits to their members and retirees. Active members earn service credit that entitles them to receive benefits in the future. Benefits currently being paid are significantly greater than contributions currently being received. The excess of benefits over contributions must be funded through investment income. The public capital markets represent the primary source of investment income.

Asset Allocation

Both the GRS and PFRS have established asset allocation policies, which are expected to deliver more than enough investment income over a very long period of time to satisfy the obligations to pay the benefits promised to the members of the Retirement Systems of the City of Detroit (the "Systems"). The following is a summary of the asset allocation as of June 30, 2004:

	GRS	PFRS
Equities	56%	60%
Fixed income	27%	28%
Real estate	10%	7%
Alternative investments	7%	5%

Investment Results

This past year saw a sharp reversal of the disappointing investment results of the prior three years. The stock market, as measured by the S&P 500 index, was up 19.1 percent versus returns of 0.3 percent, -18 percent and -14.8 percent, for 2003, 2002, and 2001, respectively. The fixed income markets, as measured by the Lehman Aggregate Bond Index, returned 0.3 percent after having posted strong gains in each of the prior three years. Performance of fixed income investments was negatively impacted by a series of interest rate hikes imposed by the Federal Reserve throughout the current year.

The overall portfolio returns achieved by the GRS and PFRS were well above the actuarially assumed rate for each of the systems during the current year, owing primarily to the strong returns from equities and a bias of the asset allocation of each of the systems toward equities. However, on a trailing three-and five-year basis, both of the systems earned an overall portfolio return below their actuarially assumed rate.

This year's total fund investment return is particularly encouraging, as is the outlook for future investment returns. Returns achieved in the public capital markets are highly dependent upon the health of the economy, both in the United States as well as in other countries. Management believes that the outlook for continued global economic growth is good in both the short and long run.

The asset allocation of each fund is built upon the foundation that the obligations of the Systems to pay the benefits promised to members and retirees are very long-term obligations. Accordingly, each Board of Trustees must make investment decisions that it believes will be the most beneficial to the retirement system over many years, not just one or two years. For the trailing ten (10) and fifteen (15) year periods, each of the Systems has achieved a total portfolio return in excess of its actuarially assumed investment return.

	General Retirement System	
	2004	2003
Assets		
Cash (Note 3)	$ 8,051,609	$ -
Investments - At fair value (Note 3)	2,554,004,072	2,336,018,795
Accrued investment income	8,411,293	8,326,932
Contributions receivable	7,651,467	8,447,812
Receivables from investment sales	76,350,780	50,147,570
Other accounts receivable	688,729	1,077,197
Capital assets (Note 1)	569,142	598,933
Cash and investments held as collateral for securities lending (Note 3)	238,757,976	140,498,910
Total assets	2,894,485,068	2,545,116,149
Liabilities		
Bank overdraft (Note 3)	-	1,665,263
Payables for investment purchases	99,488,967	44,738,382
Claims payable to retirees and beneficiaries	6,473,803	4,551,486
Due to City of Detroit	1,672,755	1,608,667
Other liabilities	26,594,553	28,229,227
Amounts due broker under securities lending agreement (Note 3)	238,757,976	140,498,910
Total liabilities	372,988,054	221,291,935
Net Assets Held in Trust for Pension Benefits (a schedule of analysis of funding progress is presented in the additional information)	**$ 2,521,497,014**	**$ 2,323,824,214**

See Notes to Financial Statements.

Statement of Plan Net Assets
June 30, 2004
(with comparative totals for June 30, 2003)

Policemen and Firemen Retirement System	
2004	2003
$ 1,259,681	$ 1,625,974
3,055,424,485	2,814,323,022
17,039,456	17,326,211
69,475,202	66,843,029
23,507,318	70,707,206
614,796	590,005
569,142	598,933
651,046,471	-
3,818,936,551	2,972,014,380
-	-
33,788,157	85,533,471
5,669,853	4,245,327
19,000	19,000
5,893,053	3,951,637
651,046,471	-
696,416,534	93,749,435
$ 3,122,520,017	**$ 2,878,264,945**

	General Retirement System	
	2004	2003
Additions		
Investment income (loss):		
Interest and dividend income	$ 108,803,078	$ 105,272,178
Net appreciation (depreciation) in fair value	237,895,378	(17,140,820)
Investment expense	(11,496,468)	(8,345,720)
Other income	1,381,053	1,947,742
Net investment income	336,583,041	81,733,380
Contributions:		
Employee	24,290,278	25,046,453
Employer	95,876,076	72,859,246
Total additions	456,749,395	179,639,079
Deductions		
Retirees' pension and annuity benefits	156,921,199	151,158,815
Member refunds and withdrawals	98,292,960	90,883,100
General and administrative expenses	3,763,356	3,487,593
Loss on disposal of capital assets	-	162,015
Depreciation expense	99,080	120,033
Total deductions	259,076,595	245,811,556
Net Increase (Decrease) in Net Assets Held in Trust for Pension Benefits	197,672,800	(66,172,477)
Net Assets Held in Trust for Pension Benefits - Beginning of year	2,323,824,214	2,389,996,691
Net Assets Held in Trust for Pension Benefits - End of year	**$ 2,521,497,014**	**$ 2,323,824,214**

See Notes to Financial Statements.

Statement of Changes in Plan Net Assets
Year Ended June 30, 2004
(with comparative totals for the year ended June 30, 2003)

	Policemen and Firemen Retirement System	
	2004	2003
$	108,037,206	$ 113,703,878
	317,767,620	(28,227,412)
	(12,379,319)	(10,424,790)
	2,275,676	3,517,007
	415,701,183	78,568,683
	10,318,299	10,143,949
	69,475,202	66,843,029
	495,494,684	155,555,661
	200,381,990	190,516,952
	47,129,942	72,193,984
	3,628,600	3,204,722
	-	162,015
	99,080	120,033
	251,239,612	266,197,706
	244,255,072	(110,642,045)
	2,878,264,945	2,988,906,990
	$ 3,122,520,017	**$ 2,878,264,945**

Note 1 - Summary of Significant Accounting Policies

The City of Detroit (the "City") sponsors the Retirement Systems of the City of Detroit (the "Systems"), contributory single employer retirement plans, which consist of the General Retirement System (GRS) and the Policemen and Firemen Retirement System (PFRS). Each system, which is administered by the respective retirement system's Board of Trustees, is composed of a defined benefit plan and a defined contribution plan. The plans provide retirement, disability, and survivor benefits to plan members and beneficiaries.

The General Retirement System and the Policemen and Firemen Retirement System are separate and independent trusts qualified under applicable provisions of the Internal Revenue Code, and are independent entities (separate and distinct from the employer/plan sponsor) as required by (1) State law and (2) Internal Revenue Code provisions setting forth qualified plan status. The trustees of the plans have fiduciary obligations and legal liability for any violations of fiduciary duties as independent trustees.

Reporting Entity - The financial statements of the Systems are also included in the combined financial statements of the City of Detroit as Pension Trust Funds. The assets of the Pension Trust Funds include no securities of or loans to the City or any other related party.

Basis of Accounting - The Retirement Systems of the City of Detroit's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Methods Used to Value Investments - Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

As part of its overall investment strategy, the Systems occasionally invest in start-up ventures. In some instances, these ventures do not result in viable business enterprises, at which time the Systems will incur a loss. As of June 30, 2004, the Systems are involved in start-up ventures totaling approximately $40,800,000.

Note 2 - Plan Description and Contribution Information

Capital Assets - Capital assets for the Systems represent office equipment and furniture. Depreciation expense is calculated by allocating the net cost of the assets over their estimated useful lives.

At June 30, 2004, the membership of the defined benefit plans and the defined contribution plans consisted of the following:

	Defined Benefit Plans		Defined Contribution Plans	
	GRS	PFRS	GRS	PFRS
Retirees and beneficiaries receiving pension benefits	11,332	8,695	1,562	1,419
Terminated plan members entitled to but not yet receiving benefits	1,547	33	165	5
Active plan members	12,312	5,177	11,025	4,760

Plan Description - The Systems provide retirement benefits, as well as survivor and disability benefits. Employees may receive cost of living adjustments as a percentage of their base amount, pursuant to the collective bargaining agreement in effect at their date of retirement. The obligation to contribute to and maintain the System was established by City Charter and negotiation with the employees' collective bargaining units.

Contributions - The City's policy is to fund normal costs and amortization of prior service costs. The City is required to contribute at an actuarially determined rate. Administrative costs are financed through investment earnings. The contribution rate for 2003-2004 was .74 percent to 27.34 percent of active annual payroll for the GRS (depending on bargaining unit) and 27.68 percent of active annual payroll for the PFRS. Contributions from the employer for the year ended June 30, 2004 totaled $95,876,076 and $69,475,202 for the GRS and PFRS, respectively.

Employee contributions for annuity savings are as follows:

- General Retirement System: Employees may also elect to contribute (a) 0 percent, (b) 3 percent of annual compensation up to the Social Security wage base and 5 percent of any excess over that, (c) 5 percent, or (d) 7 percent.

- Policemen and Firemen Retirement System: Mandatory contributions are 5 percent of base compensation until eligibility for retirement is reached.

Note 2 - Plan Description and Contribution Information (Continued)

Contributions from employees during the year ended June 30, 2004 totaled $24,290,278 and $10,318,299 for the GRS and PFRS, respectively.

The contribution requirements of plan members and the City of Detroit are established and may be amended by the Boards of Trustees in accordance with the City Charter, union contracts, and plan provisions.

Note 3 - Deposits and Investments

Deposits - At year end, total bank balances were comprised of $8,051,609 and $1,259,681for the GRS and PFRS, respectively, without recognition of deposits in transit or outstanding checks. Of the bank balances, approximately $113,000 and $94,000 for the GRS and PFRS, respectively, was covered by federal depository insurance.

Investments - The Systems are authorized by Michigan Public Acts to invest in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, bankers' acceptances and mutual funds, and investment pools that are composed of authorized investment vehicles, certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, debt or equity of certain small businesses, certain State and local government obligations, and certain other specified investment vehicles.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 3, the Systems' investments are categorized to give an indication of the level of custodial risk assumed by the Systems at June 30, 2004.

Investments are categorized into these three categories of credit risk:

Category 1 - Insured or registered, with securities held by the Systems or their agents in the Systems' name;

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Systems' name; and

Category 3 - Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Systems' name.

Management believes that the investments of the Systems comply with the investment authority noted above.

Note 3 - Deposits and Investments (Continued)

The following is a description of the investments by type and category:

Investment	Amount	Category
General Retirement System:		
Short-term investments	$ 82,198,405	2
Stocks	1,553,816,583	1
Bonds	300,707,194	1
Mortgage-backed securities	59,636,979	1
Mortgage and construction loans	133,005,232	1
Equity interest in real estate	77,971,839	1
Pooled investments	93,010,892	N/A
Private placements	253,656,948	2
Total	$ 2,554,004,072	
Policemen and Firemen System:		
Short-term investments	$ 71,444,467	2
Stocks	1,670,466,391	1
Bonds	608,197,193	
Mortgage-backed securities	65,910,437	1
Mortgage and construction loans	110,140,189	1
Equity interest in real estate	88,390,272	1
Real estate investment trusts held by custodian	28,522,443	2
Pooled investments	363,858,019	N/A
Private placements	48,495,074	2
Total	$ 3,055,424,485	

Included in the Systems' investments at June 30, 2004 are the following:

- Approximately $956,000 (GRS) and $14,700,000 (PFRS) of securities issued by the Government National Mortgage Association (GNMA). These investments are backed by the full faith and credit of the U.S. government. The yields provided by these mortgage-related securities historically have exceeded the yields on other types of U.S. government securities with comparable maturities, in large measure due to the potential for prepayment. Prepayment could result in difficulty in reinvesting the prepaid amounts in investments with comparable yields.

Note 3 – Deposits and Investments (Continued)

- Approximately $34,805,000 (GRS) and $51,200,000 (PFRS) of obligations of the Federal National Mortgage Association and Federal Home Loan Mortgage Corporation. These investments are usually not backed by the full faith and credit of the U.S. government, but are generally considered to offer modest credit risks. The yields provided by these mortgage-related securities historically have exceeded the yields on other types of U.S. government securities with comparable maturities, in large measure due to the potential for prepayment. Prepayment could result in difficulty in reinvesting the prepaid amounts in investments with comparable yields.

As permitted by State statutes and under the provisions of a securities lending authorization agreement, the Systems lend securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The Systems' custodial bank manages the securities lending program and receives cash, government securities, or irrevocable bank letters of credit as collateral. The custodial banks do not have the ability to pledge or sell collateral securities unless the borrower defaults. Borrowers are required to deliver collateral for each loan equal to not less than 100 percent of the market value of the loaned securities.

The Systems did not impose any restrictions during the fiscal year on the amount of loans made on its behalf by the custodial bank. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or custodial bank.

The Systems and the borrower maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other lenders, in an investment pool. The average duration of this investment pool as of June 30, 2004 was 55 days. Because the loans are terminable on demand, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2004, the Systems had no credit risk exposure to borrowers. The collateral held and the fair market value of underlying securities on loan for the Systems as of June 30, 2004 were $238,757,976 and $232,701,006 for GRS, and $651,046,471 and $634,957,695 for PFRS, respectively.

Note 4 - Reserves

State law requires employee contributions to be segregated. In addition, amounts must be set aside as determined by the actuary to fund benefits to retirees currently approved to receive benefits. As of June 30, 2004, the Systems' reserves have been fully funded as follows:

	GRS	PFRS
Reserved for employee contributions	$ 693,216,709	$ 318,731,017
Reserved for retired employees	1,438,173,394	2,313,734,450

A statement of changes in plan net assets by reserve is included in the other supplemental information.

Required Supplemental Information

Required Supplemental Information
Schedule of Analysis of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
General Retirement System:						
06/30/98	$ 2,582,099,884	$ 2,814,878,226	$ 232,778,342	91.7	$ 387,022,423	60.1
06/30/99	2,756,614,458	2,900,404,223	143,789,765	95.0	383,449,421	37.5
06/30/00	2,902,433,063	3,077,001,129	174,568,066	94.3	417,187,666	41.8
06/30/01	2,912,146,389	3,179,601,214	267,454,825	91.6	439,636,072	60.8
06/30/02	2,761,203,680	3,276,591,209	515,387,529	84.3	440,680,045	117.0
06/30/03	2,537,668,376	3,270,627,177	732,958,801	77.6	448,579,064	163.4
Policemen and Firemen Retirement System:						
06/30/98	3,325,929,721	2,976,770,662	(349,159,059)	111.7	217,479,443	-
06/30/99	3,668,362,979	3,274,050,127	(394,312,852)	112.0	216,049,687	-
06/30/00	3,964,231,470	3,342,123,550	(622,107,920)	118.6	237,741,560	-
06/30/01	3,900,020,703	3,463,248,393	(436,772,310)	112.6	253,297,027	-
06/30/02	3,635,106,581	3,523,446,635	(111,659,946)	103.2	248,663,133	-
06/30/03	3,205,516,657	3,721,593,210	516,076,553	86.1	248,681,461	207.5

Required Supplemental Information
Schedule of Employer Contributions

General Retirement System			Policemen and Firemen Retirement System		
Year Ended June 30	Annual Required Contribution	Percentage Contributed	Year Ended June 30	Annual Required Contribution	Percentage Contributed
1998	$ 52,707,172	100	1998	$ 48,120,578	100
1999	55,683,125	100	1999	15,709,799	100
2000	66,681,049	100	2000	19,972,058	100
2001	68,139,535	100	2001	14,443,382	100
2002	67,791,488	100	2002	8,449,645	100
2003	72,859,246	100	2003	66,843,029	100
2004	95,876,076 *	92	2004	69,475,202 *	-

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of June 30, 2003, the latest actuarial valuation, follows:

	General Retirement System	Policemen and Firemen Retirement System
Valuation date	June 30, 2003	June 30, 2003
Actuarial cost method	Entry age	Entry age
Amortization method	Level percent	Level percent
Remaining amortization period	15 years	14 years
Asset valuation method	3-year smoothed market	3-year smoothed market
Actuarial assumptions:		
Investment rate of return	7.9%	7.8%
Projected salary increases	4.0%-9.5%	5.8%-10.8%
Includes inflation at	4.0%	4.8%
Cost of living adjustments	2.25%	2.25%

* At June 30, 2004, $7,651,467 and $69,475,202 of the annual required contributions noted above were not received by the General Retirement System and the Policemen and Firemen Retirement System, respectively. Contributions receivable in the same amount have been recorded.

Other Supplemental Information

Description of Funds

Annuity Savings Fund - This fund represents cumulative required and voluntary contributions made by the active employees plus accumulated interest.

Annuity Reserve Fund - Transfers are made from the Annuity Savings Fund into the Annuity Reserve Fund when an employee retires, becomes disabled, or if a surviving spouse elects an annuity rather than a lump-sum payout of accumulated employee contributions.

Both annuity funds are referred to as defined contribution plans.

Market Stabilization Fund - This fund represents designations from the plans' investment income (loss) to be used to cushion the market value adjustments within the other funds. The Boards of Trustees authorized the creation of this fund, and the reserve amounts are calculated using a three-year average method.

Survivor Benefits Fund - This fund is used to accumulate the PFRS employee and City contributions for certain survivor benefits from which the related benefits are paid.

Pension Accumulation Fund - This fund represents accumulated City contributions to the pension system for the payment of pensions and other benefits to future retirees. Additionally, pre-employment military service credit contributions are captured in this fund.

Pension Reserve Fund - This fund represents funded pension benefits available for retired members and is funded by actuarially determined transfers from the Pension Accumulation Fund.

	Annuity Reserves	
	Annuity Savings Fund	Annuity Reserve Fund
Additions		
Net investment income (loss)	$ 47,520,167	$ 2,559,171
Contributions:		
Employee	24,220,958	-
Employer	-	-
Total additions - Net of investment loss	71,741,125	2,559,171
Deductions		
Retirees' pension and annuity benefits	-	4,214,635
General and administrative expenses	-	-
Depreciation expense	-	-
Loss on disposal of capital asset	-	-
Member refunds and withdrawals	97,437,678	-
Total deductions	97,437,678	4,214,635
Net Additions (Deductions) - Before transfers	(25,696,553)	(1,655,464)
Transfers - Net	(4,528,397)	5,432,974
Net Increase (Decrease) in Net Assets Held in Trust for Pension Benefits	(30,224,950)	3,777,510
Net Assets Held in Trust for Pension Benefits - Beginning of year	688,573,496	31,090,653
Net Assets Held in Trust for Pension Benefits - End of year	**$ 658,348,546**	**$ 34,868,163**

Statement of Changes in Plan Net Assets
General Retirement System
Year Ended June 30, 2004
(with comparative totals for the year ended June 30, 2003)

	Pension Reserves				
Market Stabilization Fund	Pension Accumulation Fund	Pension Reserve Fund	Total 2004	Total 2003
$ 265,097,707	$ (88,716,978)	$ 110,122,974	$ 336,583,041	$ 81,733,380
-	69,320	-	24,290,278	25,046,453
-	95,876,076	-	95,876,076	72,859,246
265,097,707	7,228,418	110,122,974	456,749,395	179,639,079
-	-	152,706,564	156,921,199	151,158,815
-	3,763,356	-	3,763,356	3,487,593
-	99,080	-	99,080	120,033
-	-	-	-	162,015
-	855,282	-	98,292,960	90,883,100
-	4,717,718	152,706,564	259,076,595	245,811,556
265,097,707	2,510,700	(42,583,590)	197,672,800	(66,172,477)
-	(19,120,381)	18,215,804	-	-
265,097,707	(16,609,681)	(24,367,786)	197,672,800	(66,172,477)
(213,844,162)	355,463,047	1,462,541,180	2,323,824,214	2,389,996,691
$ 51,253,545	**$ 338,853,366**	**$1,438,173,394**	**$2,521,497,014**	**$2,323,824,214**

	Annuity Reserves		
	Annuity Savings Fund	Annuity Reserve Fund	Market Stabilization Fund
Additions			
Net investment income (loss)	$ -	$ 1,095,695	$ 375,245,546
Contributions:			
Employee	10,329,195	-	-
Employer	-	-	-
Total additions - Net of investment loss	10,329,195	1,095,695	375,245,546
Deductions			
Retirees' pension and annuity benefits	-	945,420	-
General and administrative expenses	-	-	-
Depreciation expense	-	-	-
Loss on disposal of capital asset	-	-	-
Member refunds and withdrawals	47,129,942	-	-
Total deductions	47,129,942	945,420	-
Net Additions (Deductions) - Before transfers	(36,800,747)	150,275	375,245,546
Transfers - Net	(1,191,839)	531,819	-
Net Increase (Decrease) in Net Assets Held in Trust for Pension Benefits	(37,992,586)	682,094	375,245,546
Net Assets Held in Trust for Pension Benefits - Beginning of year	341,313,264	14,728,245	(327,251,712)
Net Assets Held in Trust for Pension Benefits - End of year	**$303,320,678**	**$15,410,339**	**$ 47,993,834**

Statement of Changes in Plan Net Assets
Policemen and Firemen Retirement System
Year Ended June 30, 2004
(with comparative totals for the year ended June 30, 2003)

Pension Reserves			Total	
Survivor Benefits Fund	Pension Accumulation Fund	Pension Reserve Fund	2004	2003
$ 1,965,077	$ (137,096,529)	$ 174,491,394	$ 415,701,183	$ 78,568,683
-	(10,896)	-	10,318,299	10,143,949
-	69,475,202	-	69,475,202	66,843,029
1,965,077	(67,632,223)	174,491,394	495,494,684	155,555,661
3,784,357	-	195,652,213	200,381,990	190,516,952
-	3,628,600	-	3,628,600	3,204,722
-	99,080	-	99,080	120,033
-	-	-	-	162,015
-	-	-	47,129,942	72,193,984
3,784,357	3,727,680	195,652,213	251,239,612	266,197,706
(1,819,280)	(71,359,903)	(21,160,819)	244,255,072	(110,642,045)
-	660,020	-	-	-
(1,819,280)	(70,699,883)	(21,160,819)	244,255,072	(110,642,045)
27,085,474	487,494,405	2,334,895,269	2,878,264,945	2,988,906,990
$25,266,194	**$ 416,794,522**	**$2,313,734,450**	**$3,122,520,017**	**$2,878,264,945**

HOOKER & HOLCOMBE, INC.

65 LaSalle Road
West Hartford, CT 06107-2397
860-521-8400 tel
860-521-3742 fax
www.hhconsultants.com

City of Hartford Municipal Employee's Retirement Fund (MERF)

Actuarial Survey

July 1, 2004

William W. Bush, III, F.S.A., M.A.A.A., Enrolled Actuary
Consulting Actuary

Elizabeth J. Williard, F.S.A.
Consulting Actuary

Scott B. Moss, A.S.A.
Pension Analyst

Angela Corea
Pension Analyst

May 13, 2005

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Section I

Valuation Report

A. Purposes of the Valuation

The purpose of the valuation is to determine the funded status of the plan as well as the recommended cash contribution for the plan year. The information found in Section II of the report has been developed for this purpose.

The ultimate cost of a pension plan is based primarily on the level of benefits promised by the plan. The pension fund's investment earnings service to reduce the cost of plan benefits and expenses. Thus,

City's ultimate cost	=	*benefits paid*	+	*expenses incurred*	-	*investment return*	-	*employee contributions*

B. Contribution for 2005-2006 Fiscal Year

The City's contribution rates for the 2005-2006 fiscal year, determined from the July 1, 2004 actuarial valuation are shown below. Last year's results are shown for comparison purposes.

	2005-2006 Fiscal Year July 1, 2004 Valuation	**2004-2005 Fiscal Year July 1, 2003 Valuation**
Police	8.73%	2.60%
Firefighters	3.03%	(3.18%)
Board of Education	15.89%	13.86%
General Government	28.89%	25.02%

Please see Section II, Exhibit A for the development of these figures.

C. Funded Status

The MERF fund was in sound financial condition on July 1, 2004. The MERF adjusted value of plan assets of $966,044,000 (including $3 million receivable from CMERS) was equal to 99.9% of the "pension benefit obligation" of $967,393,000 as of July 1, 2004. The "pension benefit obligation" is the actuarial present value of credited projected benefits for prior years' service. For active members, the credited projected benefits are based on future salary increases and the ratio of actual service to total service projected at retirement.

D. Plan Experience During Period Under Review

Contribution rates have increased for all groups as compared to last year. Reasons for these increases include benefit enhancements, and a return on the actuarial value of assets that was less than expected.

The actuarial value of assets earned a return of about 5.5% during the 2003-2004 fiscal year, compared to an expected rate of return of 8.0%. The market value of assets returned 14.6% over the same period.

The active membership of MERF as of July 1, 2004, was 2,309, a decrease of 18 from the total of 2,327 last year. Police active membership decreased by 4, Firefighters decreased by 17, Board of Education increased by 42, and General Government decreased by 39.

E. Changes Since The Last Valuation

The July 1, 2004 actuarial valuation includes changes in Plan Provisions for several of the groups of members. Such changes included changes in vesting, sick exchange, employee contribution, and benefit formula provisions. These changes resulted in a 0.84% increase in the City contribution rate.

F. Certification

The results of this valuation are based on financial, personnel and payroll data furnished to us by the City and unaudited by us as of July 1, 2004.

In my opinion, and to the best of my knowledge, this Report presents fairly the financial and actuarial position of the City of Hartford Municipal Employees' Retirement Fund (MERF) as of July 1, 2004. The actuarial present values shown have been estimated on the basis of actuarial assumptions which, in my opinion, are appropriate for the purposes of the Report, are reasonable in the aggregate (taking into account the experience of the Plan and reasonable expectations), and, when applied in combination, represent my best estimate of the measure of anticipated experience under the Plan.

I believe that this Report meets the requirements of Public Act No. 77-468, An Act Requiring Periodic Actuarial Evaluation of Municipal Pension Plans.

I am a member of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.

HOOKER & HOLCOMBE, INC.

William W. Bush, III

William W. Bush, III, F.S.A., M.A.A.A.
Enrolled Actuary

May 13, 2005

Section II

Supporting Exhibits

A. Normal Cost

	July 1, 2004 Valuation				
	Police	Firefighters	Board of Education	General Government	Total Membership
Active Membership					
Number of Employees	428	354	1,022	505	2,309
Annual Payroll (000)	$ 26,655	$ 21,679	$ 35,418	$ 24,056	$107,808
Normal Actuarial Costs					
A. Actuarial Present Value of Future Benefits (000)					
Active Members	$133,235	$122,451	$104,450	$ 98,317	$ 458,453
Terminated Non-Vested Members	314	288	246	232	1,080
Terminated Vested Members	1,628	533	2,086	4,585	8,832
Retired Members	203,197	168,101	90,541	231,273	693,112
Old Plans COLA	1,404	1,289	1,455	257	4,405
Total	$339,778	$292,662	$198,778	$334,664	$1,165,882
B. Valuation Assets (Adjusted Value) (000)*	$308,830	$276,918	$119,823	$260,473	$ 966,044
C. Actuarial Present Value of Future Employee Contributions (000)	$ 17,185	$ 15,681	$ 19,506	$ 12,284	$ 64,656
D. Actuarial Present Value of Future Normal Costs (A) - (B) – (C) (000)	$ 13,763	$ 63	$ 59,449	$ 61,907	$ 135,182
E. Actuarial Present Value of Future Salaries (000)	$240,018	$204,675	$399,235	$221,992	$1,065,920
F. Normal Actuarial Costs as Percentage of Payroll					
Service Pension (D)/(E)**	5.73%	0.03%	14.89%	27.89%	
Disability Pension***	3.00%	3.00%	1.00%	1.00%	
Total Normal Cost Percent Payable by City	**8.73%**	**3.03%**	**15.89%**	**28.89%**	

* *Includes $3.0 million receivable from CMERS.*

** *Normal actuarial costs as level percentage of future payrolls (including overtime) for funding actuarial present values for all future service pensions, survivor's benefits thereon, and refunds on terminations.*

* *Annual term normal costs for new disability pensions & survivor benefits thereon.*

Section II

Supporting Exhibits
(continued)

B. Cash Contribution

		July 1, 2005 - June 30, 2006 Fiscal Year Contribution				
		Police	Firefighters	Board of Education	General Government	Total
(1)	Annual Adjusted Payroll, July 1, 2004	$26,655,414	$21,678,826	$35,418,067	$24,056,036	$107,808,343
(2)	Total Normal Cost Percent Payable by City	8.73%	3.03%	15.89%	28.89%	
(3)	Gross City Contribution: (1) x (2)	2,327,018	656,868	5,627,931	6,949,789	15,561,606
(4)	July 1, 2004 Payment for Local 566	0	0	303,918	0	303,918
(5)	July 1, 2004 Payment for Local 1716	0	0	0	509,126	509,126
(6)	Old Plans COLA Annual Payment	199,000	223,000	313,000	55,000	790,000
(7)	Payment from 415(m) Fund	0	0	0	36,422	36,422
(8)	Net City Contribution Estimate: (3)-(4)-(5)-(6)-(7)	**$2,128,018**	**$433,868**	**$5,011,013**	**$6,349,241**	**$13,922,140**

Section II

Supporting Exhibits
(continued)

C. Actuarial Balance Sheet

	July 1, 2004	July 1, 2003
Actuarial Liabilities		
Present Value of Future Benefits for:		
Active Employees	$ 458,453,000	$ 441,471,000
Inactive Members		
• Regular Retirees	604,667,000	562,905,000
• Disability Retirees	61,017,000	63,065,000
• Survivors	27,428,000	23,485,000
• Terminated Non-Vesteds	1,080,000	1,320,000
• Terminated Vesteds	8,832,000	6,273,000
• Old Plans COLA	4,405,000	5,128,000
TOTAL	$1,165,882,000	$1,103,647,000
Source of Funds		
1. Plan Assets	$ 966,044,000	$ 968,389,000
2. Present Value of Future Employee Contributions	64,656,000	56,729,000
3. Present Value of Future City Normal Cost Contributions	135,182,000	78,529,000
4. TOTAL = (1) + (2) + (3)	$1,165,882,000	$1,103,647,000

Section II

Supporting Exhibits
(continued)

D. Development of Asset Values

The Adjusted Value of assets is used in the determination of plan contributions. It phases in recognition of asset gains and losses. A method of smoothing is used because the Market Value can swing widely from one year to the next, resulting in undesirable fluctuations in pension contributions. The smoothing is accomplished by recognizing asset gains and losses over a four-year period at 25% per year.

Relationship of Adjusted Value to Market Value	
1. Market value 7/1/2004 (without CMERS receivable)	$977,022,227
2. Gains (losses) not recognized in actuarial value 7/1/2004	13,977,909
3. Preliminary adjusted value 7/1/2004: (1)–(2)	963,044,318
4. Preliminary adjusted value as a percentage of market value: (3)÷(1)	98.6%
5. CMERS receivable	3,000,000
6. Adjusted value 7/1/2004: (3) + (5)	966,044,318

Recognized Gains and Losses in Adjusted Value					
	2000-2001	2001-2002	2002-2003	2003-2004	Total
1. Gains (losses)	$(46,129,584)	$(49,416,908)	$(34,119,614)	$57,855,924	$(71,810,182)
2. Recognized as of 7/1/2003	(34,597,188)	(24,708,454)	(8,529,903)	0	
3. Recognized in current year: 25% of (1)	(11,532,396)	(12,354,227)	(8,529,904)	14,463,981	$(17,952,546)
4. Total recognized as of 7/1/2004: (2)+(3)	(46,129,584)	(37,062,681)	(17,059,807)	14,463,981	
5. Gains (losses) not recognized in actuarial value 7/1/2004: (1)–(4)	0	(12,354,227)	(17,059,807)	43,391,943	13,977,909

Development of Asset Gain/Loss for 2003-2004 Year	
1. Market value 7/1/2003 (without CMERS receivable)	$901,881,000
a. Contributions	15,023,292
b. Benefit payments	65,552,816
c. Expenses	2,270,083
d. Expected interest at 8%	70,084,910
2. Expected value 7/1/2004: (1)+(a)-(b)-(c)+(d)	919,166,303
3. Market value 7/1/2004 (without CMERS receivable)	977,022,227
4. Asset gain/(loss): (3)-(2)	57,855,924

Section II

Supporting Exhibits
(continued)

D. Development of Asset Values

Summary of Fund Activity		
	Market Value	Adjusted Value
1. Beginning Value 7/1/2003		
a. Trust Assets	$ 901,881,000	$ 963,711,560
b. CMERS Receivable	3,000,000	3,000,000
c. Total	904,881,000	966,711,560
2. Contributions	15,023,292	15,023,292
3. Disbursements		
a. Benefit Payments	65,552,816	65,552,816
b. Expenses	2,270,083	2,270,083
c. Total	67,822,899	67,822,899
4. Net Investment Income		
a. Net Income	127,940,834	N/A
b. Expected Return	N/A	70,084,910
c. Recognized Gain (Loss)	N/A	(17,952,546)
d. Total	127,940,834	52,132,364
5. Ending Value 7/1/2004		
a. Trust Assets: (1a)+(2)-(3)+(4)	$ 977,022,227	$ 963,044,317
b. CMERS Receivable	3,000,000	3,000,000
c. Total	980,022,227	966,044,317
6. Approximate rate of return 2003-2004	14.6%	5.5%

Section II

Supporting Exhibits
(continued)

D. Development of Asset Values

Summary of Assets by Investment Manager		
	Cost Basis	Market Value
Treasurer's Account (includes Cash and Accounts Payable)	$ 43,389,000	$ 42,643,000
Citibank - Advisory Accounts	791,823,000	928,891,000
Insurance Carrier (Aetna Life)	6,660,000	5,488,000
Total	$841,872,000	$977,022,000
Receivable from CMERS	3,000,000	3,000,000
Grand Total	$844,872,000	$980,022,000

Rate of Return on Market Value of Assets*				
	Average Annual Effective Rate of Return			
Period Ending June 30th	1 Year	3 Years	5 Years	10 Years
1995	15.1%			
1996	14.9%			
1997	20.7%	16.9%		
1998	18.0%	17.8%		
1999	10.4%	16.3%	15.8%	
2000	8.8%	12.3%	14.5%	
2001	-2.1%	5.6%	10.9%	
2002	-3.1%	1.1%	6.1%	
2003	4.6%	-0.3%	3.6%	
2004	14.6%	5.1%	4.3%	9.9%

**Per SEI (pre 10/1/1996), State Street (10/1/1996-1/1/2001), and Russell/Mellon (1/1/2001+)*

Section II

Supporting Exhibits

E. Accounting Information

GASB Statements No. 25 and 27

The following information is based on the Governmental Accounting Standards Board (GASB) Statement No. 25 on "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and Statement No. 27 on "Accounting for Pensions by State and Local Governmental Employers".

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed	Net Annual Required Contribution *	Miscellaneous **	Net Percentage Contributed
1998	$9,019,116	100%	$8,563,860	$455,256	100%
1999	8,984,312	100%	8,576,940	407,372	100%
2000	7,301,471	100%	7,036,870	264,601	100%
2001	759,283	100%	470,000	289,283	100%
2002	332,806	100%	0	332,806	100%
2003	2,463,804	100%	2,196,698	267,106	100%
2004	6,536,149	100%	6,296,790	239,359	100%

* *City's cash contribution to MERF.*

** *Funds transferred from State of Connecticut's Connecticut Municipal Employees' Retirement System (CMERS) and Aetna annuity payments.*

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets * (a)	Actuarial Accrued Liability (AAL) ** (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)÷c)
7/1/1999	$858,805,000	$753,379,000	$(105,426,000)	114.0%	$110,398,000	-95.5%
7/1/2000	944,652,000	805,453,000	(139,199,000)	117.3%	112,921,000	-123.3%
7/1/2001	978,884,000	865,570,000	(113,314,000)	113.1%	119,609,000	-94.7%
7/1/2002	957,390,000	880,444,000	(76,946,000)	108.7%	117,498,000	-65.5%
7/1/2003	965,389,000	922,258,000	(43,131,000)	104.7%	110,339,000	-39.1%
7/1/2004	963,044,000	967,393,000	4,349,000	99.6%	107,808,000	4.0%

* *Excludes receivable from CMERS.*

** *Liability shown on a PBO basis.*

The information required for completion of GASB No. 25 and No. 27 for the fiscal year ending June 30, 2004 was prepared based upon the previous year's actuarial valuation (2003 Actuarial Survey) and additional information for fiscal year 2003-2004. It was contained in a separate report which was sent to the City's auditors, Scully & Wolf, LLP on December 6, 2004.

The information required for completion of GASB No. 25 and No. 27 for the fiscal year ending June 30, 2005 will be prepared based upon the current year's actuarial valuation (2004 Actuarial Survey) and additional information for fiscal year 2004-2005. It will be contained in a separate report and submitted to the City's auditors.

Section II

Supporting Exhibits
(continued)

F. Membership Data

Summary – Active Members as of July 1, 2004

	Number	Payroll*	Average Annual Pay*
Police	428	$26,655,000	$62,278
Firefighters	354	21,679,000	61,240
Board of Education	1,022	35,418,000	34,656
General Government	505	24,056,000	47,636
Total	**2,309**	**$107,808,000**	**$46,690**

* *Basic salary, plus overtime, plus Fire private duty pay.*

Summary – Terminated Non-Vested Members as of July 1, 2004

Number: 927
Total Monthly Annuities: N/A (all Non-Vested, return of employee contributions pending)

Summary – Pensioners as of July 1, 2004

	Service Pensions**		Disability Pensions		Survivor Benefits**		Total	
	Count	Total Monthly Annuities	Count	Total Monthly Annuities	Count	Total Monthly Annuities	Count	Total Monthly Annuities
Police	411	$1,346,636	64	$128,719	53	$44,273	528	$1,519,628
Firefighters	291	954,019	131	318,460	95	87,811	517	1,360,290
Board of Ed.	648	739,307	23	11,967	73	22,470	744	773,744
General Gov't	734	1,738,229	24	16,564	159	108,081	917	1,862,874
Vested Deferred	89	98,558	--	--	--	--	89	98,558
TOTAL* **	**2,173**	**$4,876,749**	**242**	**$475,710**	**380**	**$262,635**	**2,795**	**$5,615,094**

** *Fourteen pensioners receiving benefits as retirees and as survivors are included in both groups.*

*** *An additional monthly benefit for the July 1, 1987, July 1, 1990, July 1, 1997, July 1, 1999, and July 1, 2001, COLA's for the unfunded plans (PBF, FRF, and RAF) is also included in the total liabilities for MERF.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Police

Participant Data				
	Active	**Terminated Vested**	**Pensioners**	**Total**
Total Participants 7/1/2003	**432**	**4**	**497**	**933**
Adjustments	0	0	0	0
Retirements	-31	-1	+32	0
Disabilities	0	0	0	0
Terminations				
Vested	-3	+3	N/A	0
Non-vested	-13	N/A	N/A	-13
Deaths	0	0	-5	-5
New beneficiaries	N/A	0	+4	+4
Transfer group	+5	0	0	+5
Rehires	0	0	0	0
New entrants	+38	N/A	N/A	+38
Total Participants 7/1/2004	**428**	**6**	**528**	**962**
Payroll*				
7/1/2003	$29,299,600			
7/1/2004	26,655,414			
Total monthly benefits				
7/1/2003		$ 4,870	$1,398,299	
7/1/2004		13,676	1,519,628	

**Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Firefighters

Participant Data				
	Active	**Terminated Vested**	**Pensioners**	**Total**
Total Participants 7/1/2003	**371**	**2**	**505**	**878**
Adjustments	0	+1	0	+1
Retirements	-15	-1	+16	0
Disabilities	0	0	0	0
Terminations				
Vested	-1	+1	N/A	0
Non-vested	-4	N/A	N/A	-4
Deaths	0	0	-8	-8
New beneficiaries	N/A	0	+4	+4
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	+3	N/A	N/A	+3
Total Participants 7/1/2004	**354**	**3**	**517**	**874**
Payroll*				
7/1/2003	$22,583,500			
7/1/2004	21,678,826			
Total monthly benefits				
7/1/2003		$1,986	$1,304,640	
7/1/2004		3,760	1,360,290	

**Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Board of Education

Participant Data				
	Active	**Terminated Vested**	**Pensioners**	**Total**
Total Participants 7/1/2003	**980**	**22**	**752**	**1,754**
Adjustments	0	+1	0	+1
Retirements	-20	0	+20	0
Disabilities	0	0	0	0
Terminations				
Vested	-2	+2	N/A	0
Non-vested	-59	N/A	N/A	-59
Lump Sum	0	-2	N/A	-2
Deaths	0	0	-31	-31
New beneficiaries	N/A	0	+3	+3
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	+123	N/A	N/A	+123
Total Participants 7/1/2004	**1,022**	**23**	**744**	**1,789**
Payroll*				
7/1/2003	$33,635,800			
7/1/2004	35,418,067			
Total monthly benefits				
7/1/2003		$20,222	$734,480	
7/1/2004		22,816	773,744	

**Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – General Government

Participant Data				
	Active	Terminated Vested	Pensioners	Total
Total Participants 7/1/2003	**544**	**53**	**890**	**1,487**
Adjustments	0	+6	0	+6
Retirements	-48	-4	+52	0
Disabilities	0	0	0	0
Terminations				
Vested	-4	+4	N/A	0
Non-vested	-45	N/A	N/A	-45
Deaths	0	0	-31	-31
New beneficiaries	N/A	0	+6	+6
Transfer group	-5	0	0	-5
Rehires	+2	-2	0	0
New entrants	+61	N/A	N/A	+61
Total Participants 7/1/2004	**505**	**57**	**917**	**1,479**
Payroll*				
7/1/2003	$24,819,200			
7/1/2004	24,056,036			
Total monthly benefits				
7/1/2003		$55,349	$1,734,398	
7/1/2004		58,306	1,862,874	

**Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Total

Participant Data				
	Active	**Terminated Vested**	**Pensioners**	**Total**
Total Participants 7/1/2003	**2,327**	**81**	**2,644**	**5,052**
Adjustments	0	+8	0	+8
Retirements	-114	-6	+120	0
Disabilities	0	0	0	0
Terminations				
Vested	-10	+10	N/A	0
Non-vested	-121	N/A	N/A	-121
Lump Sum	0	-2	0	-2
Deaths	0	0	-75	-75
New beneficiaries	N/A	0	+17	+17
Transfer group	0	0	0	0
Rehires	+2	-2	0	0
New entrants	+225	N/A	N/A	+225
Total Participants 7/1/2004	**2,309**	**89**	**2,706**	**5,104**
Payroll*				
7/1/2003	$110,338,100			
7/1/2004	107,808,343			
Total monthly benefits				
7/1/2003		$82,427	$5,171,817	
7/1/2004		98,558	5,516,536	

**Basic salary plus overtime and private duty pay.*

City of Hartford MERF - Police

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2004

Attained Age	Completed Years of Credited Service																			
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	9	38,645	12	44,011																	21	41,711
25 to 29	10	38,565	30	45,577	7	62,434															47	46,596
30 to 34	8	37,618	21	43,901	39	67,208	17	71,514													85	59,526
35 to 39	5	37,447	18	44,799	42	67,813	37	73,586	26	68,180											128	65,134
40 to 44	2	37,066	2	41,466	13	67,471	11	68,250	28	68,932	13	71,921									69	67,392
45 to 49	4	36,376	2	60,860	2	74,854	5	59,451	14	70,666	25	77,220	1	82,485							53	70,123
50 to 54					3	67,473	1	76,532	1	98,489	11	74,542	1	60,295							17	73,982
55 to 59					1	29,081			1	106,828	3	60,286									5	63,353
60 to 64									1	46,284	1	72,184									2	59,234
65 to 69																			1	63,749	1	63,749
70 & over																						
All ages	38	37,928	85	45,040	107	66,959	71	71,309	71	69,629	53	74,311	2	71,390					1	63,749	428	

City of Hartford MERF - Firefighters

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2004

	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25			5	42,809	1	42,014															6	42,676
25 to 29			20	45,783	6	55,904	3	54,456													29	48,774
30 to 34			13	47,744	21	58,771	11	62,811													45	56,573
35 to 39			14	49,772	25	59,296	15	61,895	4	66,089											58	58,138
40 to 44			4	45,415	26	60,264	14	62,296	31	65,353	23	67,926									98	63,356
45 to 49			2	53,728	7	59,494	5	63,379	17	61,983	42	66,315									73	64,106
50 to 54					1	58,682	3	62,386	2	62,461	21	68,784	1	58,682	2	59,893					30	66,457
55 to 59									3	62,918	5	60,135	1	58,682	4	73,174					13	64,678
60 to 64							1	68,717									1	85,217			2	76,967
65 to 69																						
70 & over																						
All ages			58	47,178	87	59,035	52	62,070	57	64,170	91	66,952	2	58,682	6	68,747	1	85,217			354	

City of Hartford MERF - Board of Education

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2004

Attained Age	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	9	23,953	12	27,680	1	30,909															22	26,302
25 to 29	13	32,465	42	30,548	19	27,961	1	25,454													75	30,157
30 to 34	3	35,966	51	35,914	49	33,632	6	36,599													109	34,927
35 to 39	5	31,074	58	33,202	67	36,277	18	41,867	8	31,224											156	35,353
40 to 44	8	38,617	42	37,225	75	32,312	25	36,695	14	41,277	1	71,979									165	35,534
45 to 49	4	44,110	37	39,288	69	33,444	22	33,133	20	38,398	10	49,448	2	58,084							164	36,861
50 to 54	6	28,639	36	40,218	54	33,294	30	37,282	25	42,367	8	38,666	7	37,707	3	32,192					169	37,071
55 to 59	1	17,104	19	47,941	23	39,103	13	39,510	22	42,730	14	43,098	6	51,266	9	37,639					107	42,344
60 to 64	1	22,059	14	38,978	9	39,151	5	45,490	5	44,340	2	42,171	3	38,290	1	30,805					40	39,982
65 to 69	1	38,350	4	39,969	3	51,672	1	60,092	1	33,399											10	44,673
70 & over			3	31,238	1	26,883			1	29,775											5	30,074
All ages	51	32,071	318	36,313	370	34,063	121	37,724	96	40,414	35	44,671	18	44,588	13	35,856					1,022	

City of Hartford MERF - General Government

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2004

Attained Age	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	3	34,019	5	27,398																	8	29,881
25 to 29	3	33,488	11	42,175	4	37,332															18	39,651
30 to 34	8	42,654	15	46,713	8	50,053	2	67,206	2	39,067											35	47,283
35 to 39	7	52,584	18	40,996	6	41,351	10	47,168	16	49,194	1	54,718									58	45,994
40 to 44	11	50,464	23	38,548	12	26,404	15	54,088	22	51,833	11	48,522									94	45,148
45 to 49	8	58,950	18	49,766	11	50,181	9	62,374	16	57,428	11	62,065									73	55,922
50 to 54	12	76,974	20	39,352	16	56,198	19	43,650	18	60,620	12	52,540	2	57,715							99	53,296
55 to 59	4	64,987	11	60,712	17	63,870	10	50,418	10	63,353	7	65,736	3	55,665	2	34,020					64	60,101
60 to 64	5	104,638	4	30,960	12	40,867	4	50,573	4	57,059			3	64,641	1	12,316					33	53,764
65 to 69			2	11,753	3	12,316	1	12,316	4	21,687	1	77,405			1	12,316					12	20,770
70 & over			1	12,316	3	21,635	3	58,596	1	12,316	2	43,945							1	12,316	11	33,230
All ages	61	59,760	128	42,472	92	46,129	73	50,722	93	53,510	45	56,158	8	59,544	4	23,168			1	12,316	505	

City of Hartford MERF - All Groups

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2004

Attained Age	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	21	31,688	34	35,627	2	36,461															57	34,205
25 to 29	26	34,929	103	39,125	36	40,362	4	47,205													169	38,934
30 to 34	19	39,478	100	40,749	117	50,459	36	62,796	2	39,067											274	47,692
35 to 39	17	41,805	108	38,582	140	50,066	80	60,955	54	56,925	1	54,718									400	49,730
40 to 44	21	44,674	71	38,234	126	41,145	65	51,563	95	59,729	48	64,646									426	49,216
45 to 49	16	49,597	59	43,706	89	38,492	41	46,450	67	55,669	88	66,965	3	66,218							363	51,030
50 to 54	18	60,862	56	39,909	74	39,975	53	41,726	46	51,603	52	61,620	11	45,305	5	43,272					315	46,961
55 to 59	5	55,410	30	52,624	41	49,128	23	44,253	36	51,921	29	53,278	10	53,328	15	46,633					189	50,449
60 to 64	6	90,875	18	37,196	21	40,132	10	49,846	10	49,622	3	52,175	6	51,465	2	21,560	1	85,217			77	47,349
65 to 69	1	38,350	6	30,564	6	31,994	2	36,204	5	24,029	1	77,405			1	12,316			1	63,749	23	33,031
70 & over			4	26,507	4	22,947	3	58,596	2	21,046	2	43,945							1	12,316	16	32,244
All ages	150	44,815	589	39,981	656	44,433	317	52,233	317	55,071	224	63,043	30	51,303	23	42,230	1	85,217	2	38,032	2,309	

Section II

Supporting Exhibits
(continued)

G. IRC Section 415(m) Valuation

The IRC Section 415(m) Fund* is an unfunded "excess benefit plan" to provide that portion of certain retirees' pension benefits that exceed the limits permitted under Section 415 of the Federal Internal Revenue Code (IRC).

	July 1, 2004	July 1, 2003
1. Number of retirees and beneficiaries receiving benefits	6	5
2. Annual benefits payable	$ 36,000	$ 18,000
3. Present value of benefits	$141,000	$ 46,000

The "actives" are funded through MERF. The City provides contributions for the retirees' benefits payable each year, as determined by the Pension Commission.

Actuarial Assumptions

The actuarial assumptions used in the 2004 Section 415(m) Fund valuation are as follows:

Mortality Basis:	UP-94 Projected by Scale AA to Year of valuation plus 10 years (2014 for July 1, 2004 valuation), with separate male and female tables.
Termination:	N/A.
Salary Scale:	N/A.
Investment Return:	8.00% per year, net of investment expenses.
Assumed Retirement age:	Immediate as all are retired.
Increases in dollar limit on benefits under IRC Section 415:	3% per year.

Benefits

Retiree pension amounts in excess of IRC Section 415 limits. Benefits which do not exceed such amounts are payable from the City's MERF Plan. IRC Section 415 limits are assumed to increase annually and thus decrease the benefits payable from this Plan and increase the portion of the benefits payable from the City's MERF Plan.

**Section 415(m) Fund adopted by the Court of Common Council on March 24, 1997.*

Section III

Actuarial Cost Methods and Assumptions

A. Actuarial Cost Methods

Asset Valuation Method – Adjusted Value of Assets

In order to smooth the year-to-year fluctuations in asset values, the asset values are adjusted by phasing in recognition of gains and losses over a four-year period. (Phase-in started July 1, 2003.) Gains and losses are defined as the difference between the actual and the expected return on assets.

The assets held by the insurance companies include the funds on deposit for future purchase of annuities, as well as the reserves and contingency reserves for annuities already purchased which are subject to experience rating.

The adjusted value of assets includes $3 million in funds assumed owed the MERF from the State of Connecticut Municipal Employees' Retirement System (CMERS). The $3 million is the estimated value of assets expected to be transferred from CMERS to this plan for members whose pension benefits were transferred prior to July 1, 2004.

Actuarial Funding Method

The "Aggregate Actuarial Cost Method" (first adopted for the 1969 valuation) is used for determining the future rates of contributions needed for funding service retirements. This method is designed to produce stable "percentage-of-payroll" Normal Actuarial Costs over a period of years and this aim will be achieved so long as the emerging experience conforms with the actuarial assumptions.

Using this method, an actuarial valuation was made of the actuarial present value of all future normal retirement pensions for active members (including survivor benefits and refunds of employee contributions). The actuarial present value, needed for future payments to present pensioners and deferred vested pensioners and survivors was subtracted from the Valuation Assets (Adjusted Value) to determine the current Valuation Assets (Adjusted Value) available for future benefits for active members. The latter figure was subtracted from the actuarial present value of future benefits for active members in order to determine the remaining actuarial present value to be funded by future contributions. Finally, the net remainder was divided by the actuarial present value of all future salaries, and the total

Section III

Actuarial Cost Methods and Assumptions
(continued)

Normal Actuarial Costs for future contributions was determined as a level percentage of future annual payrolls.

Since the MERF fund includes several classifications of members who have different provisions for benefits and contributions, it was necessary to apply this method by separate actuarial valuations for Police, Firefighters, Board of Education, and General Government.

A provision is included for the Normal Actuarial Costs for disability pensions. On this basis the additional actuarial liabilities for such annuities will be set up from year to year as the benefits are approved, without advance funding of such actuarial costs. The "percentage-of-payroll" Normal Actuarial Costs for these benefits were based on a study of the actual past experience as explained in the actuarial assumptions. In view of the differing benefit provisions these estimates were made separately for Police Officers and Firefighters and for all other classifications combined.

Section III

Actuarial Cost Methods and Assumptions
(continued)

B. Actuarial Assumptions

The actuarial assumptions used in the 2004 MERF valuation are as follows:

Mortality Basis: UP-94 Projected by Scale AA to Year of valuation plus 10 years (2014 for July 1, 2004 valuation), with separate male and female tables.

Termination:

Yearly Rates of Employee Termination

Age	Non-Uniformed	Uniformed
20	10.0%	5.0%
25	7.0%	2.0%
30	5.0%	2.0%
35	4.0%	2.0%
40+	0.0%	0.0%

Salary Scale: 3% for salary increases plus a percentage for promotion or merit increases. For Police under age 45, overtime limited to less than or equal to 20% of base pay.

Yearly Rates of Increases for Promotion or Merit

Age	Police	Firefighters	Non-Uniformed
25 and under	6.0%	5.0%	4.0%
30	3.5%	2.5%	4.0%
35	2.2%	1.6%	2.1%
40	1.2%	1.1%	1.0%
Over 40	1.0%	1.0%	1.0%

Salaries are adjusted for groups in negotiations by 3% per year for the period of each open contract, and non-bargaining groups by 3% per year for one full fiscal year from the measurement date. Any wage increases negotiated beyond the valuation date have been reflected in our projections.*

* *The following salary increases have been negotiated for Firefighters as of this valuation:*

Year	*Negotiated Increase*
2003	*1.0000%*
2004	*2.2625%*
2005	*2.5156%*
2006	*3.2750%*

Section III

Actuarial Cost Methods and Assumptions
(continued)

Investment Return:	8.00% per year, net of investment expenses.
Assumed Retirement Age:	Board of Education: Age 61. General Government: Earlier of age 53 with 25 years service and age 62 with 10 years service. All Police: Age 48 with 20 years service. Maximum retirement age of 65. Firefighters: Age 53 with 25 years service. Maximum retirement age of 65. For both Uniformed and Non-Uniformed who have reached Assumed Retirement Age, retirement after one year.
Early Retirement:	Costed explicitly.
Social Security:	Future tax wage bases are developed by projecting the 2004 base of $87,900 forward at 4% per year.
Marital Status at Retirement:	Non-Uniformed: Males - 82% married, spouse 3 years younger. Females - 40% married, spouse same age. Uniformed: All - 90% married, spouse 2 years younger.
Normal Actuarial Costs for Disability:	Based on study of actual experience. The amount considered is the cost of establishing a reserve for the temporary annuity payable until normal retirement date.
Refund of Employee Contribution:	Costed explicitly.

Section III

Actuarial Cost Methods and Assumptions
(continued)

Expenses other than Investment Expenses:	All actuarial present values of future benefits have been increased by 2.50% to cover expenses other than investment expenses.
Sick Exchange:	If provision available, four years (six years for Firefighters hired prior to July 1, 2003) are purchased by all actives.
Military and Prior Service Buy-backs:	When buy-back occurs, date of hire is adjusted accordingly.
Additional Liabilities:	**COLAs:** Included in this valuation is the liability for the Cost of Living Adjustments (COLAs) effective July 1, 1987, July 1, 1990, July 1, 1997, July 1, 1999, and July 1, 2001 for both the MERF and the unfunded "Old Plans" (PBF, FRF, and RAF). **Local 1716:** Included in this valuation is the obligation for Local 1716 members who transferred to State MERF B on July 1, 1987. 29-year amortization payments (split between the City administration and the pension fund) commenced July 1, 1987 for this obligation. As of July 1, 2005, the City payment will be $509,126 ($4,250,000 on a present value basis) and the pension fund payment will be $462,336 ($3,859,000 on a present value basis).

Additional Liabilities:
(continued)

Local 566:

Included in this valuation is the obligation for Local 566 (included merged Local 1303) members who transferred to State MERF B on August 1, 1988.

30-year amortization payments (split between the City administration and the pension fund) commenced August 1, 1988 for this obligation. As of July 1, 2004, the City payment will be $303,918 ($2,882,000 on a present value basis) and the pension fund payment will be $276,288 ($2,619,000 on a present value basis).

Section IV

Hartford MERF - Summary of Principal Provisions of Pension Plan
July 1, 2004

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	GENERAL GOVERNMENT MEMBERS
Retirement Pensions:	Firefighters hired before July 1, 2003: 2.80% of Final Average Pay (rate of weekly pay immediately preceding retirement times 52, plus for firefighters who work a 42 hour week, holiday pay) multiplied by years of service up to 25 plus 2.0% for years over 25. Firefighters hired after June 30, 2003: 2.5% of Final Average Pay (rate of weekly pay immediately preceding retirement times 52, plus for firefighters who work a 42 hour week, holiday pay) multiplied by years of service up to 20 plus 2% of Final Average Pay for years of service over 20. Sworn Police Officers hired before July 2, 1999: 2.65% of Final Average Pay for highest 3 of last 5 years multiplied by years of service up to 20 plus a decreasing percentage for years over 20. Final Average Pay includes a provision for over-time and private duty pay. Sworn Police Officers hired after July 1, 1999: 2.5% of Final Average Pay for highest 3 of last 5 years times years of service up to 20 plus 2% for years of service over 20.	2% (2.5% for HSSSA and HESP) of Final Average Pay for highest 5 of last 10 years times years of service, with maximum benefit of 70% of Final Average Pay. Final Average pay for HFSHP, HESP, HSSSA, and Local 2221, Hartford Federation of Paraprofessionals are based on highest 3 out of last 5 years. Benefit for Local 2221 is 2.5% of Final Average Pay multiplied by years of service up to 20 plus 2% of Final Average Pay for years of service over 20 (maximum of 10 years).	2% of Final Average Pay for highest 2 of last 5 years times years of service with maximum benefit of 70% of Final Average Pay. Benefit for CHPEA*, Non-bargaining (excluding Library) and MLA members is 2.5% of Final Average Pay. Benefit for HMEA members hired before July 1, 2003 is 2.75% of Final Average Pay. Non-bargaining (excluding Library) have a maximum benefit of 80% of Final Average Pay. CHPEA*, HMEA, and MLA members have a maximum benefit of 70% of Final Average Pay (highest 2 of last 5 years). For CHPEA* members increase maximum benefit to 80% of Final Average Pay with sick exchange provision. Benefits for Non-bargaining who have 5-year option are based on highest 5 out of last 10 years. SCG members Final Average Pay based on highest 5 out of last 10 years. SCG members have benefit reduced by 1% of average Social Security covered earnings for all years included in computation of Social Security primary benefit. **Applies to October 1, 1997 active employees only who remain in the unit and retire therefrom.*

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	GENERAL GOVERNMENT MEMBERS
Retirement Pensions:	Non-Sworn Police Officers: 2.5% of Final Average Pay for highest 3 of last 5 years times years of service, with maximum benefit of 80% of Final Average Pay. Firefighters, Sworn Police Officers who are hired before July 2, 1999 and Non-Sworn Police Officers have a sick exchange provision which allows them to buy up to 4 years of pension credit of 2.5% of Final Average Pay per year purchased (6 years for Firefighters hired prior to July 1, 2003). Sworn Police Officers have a maximum benefit of 70% of Final Average Pay. For Sworn Police Officers hired before July 2, 1999 increase maximum benefit to 80% of Final Average Pay with sick exchange provision. Firefighters have a maximum benefit of 80% of Final Average Pay.		Assistant Police Chief, Police Chief, Assistant Fire Chief and Fire Chief: Same as Non-Bargaining.
Normal Form of Benefit:	For unmarried members: life annuity. For married members: surviving spouse benefit of 25% of member's final year's earnings, if non-service connected death, and surviving spouse benefit of 50% of member's final year's earnings, if service connected death. For married Non-Sworn Police Officers: life annuity with 50% to survivor.	For unmarried members: life annuity. For married members: life annuity with 50% to survivor.	For unmarried members: life annuity. For married members: life annuity with 50% to survivor.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	GENERAL GOVERNMENT MEMBERS
Normal Retirement Age and Service Requirement:	Firefighters hired before July 1, 2003 and Sworn Police Officers hired before July 2, 1999: Full benefits after 20 years of continuous service. Sworn Police Officers hired after July 1, 1999: Full benefits after 25 years of service. Firefighters hired after June 30, 2003: 25 years of continuous service. Non-Sworn Police Officers: Full benefits after 20 years of service, or age 60 plus 10 years of continuous service, or after 15 years of continuous service, if contributions are left in the MERF for 5 more years before retirement.	Age 60 plus 10 years of service. Members are also eligible at age 55 with 25 years of service.	Age 60 plus 5 years of continuous service for CHPEA, HMEA, Library, Non-Union and Unclassified; age 60 plus 10 years of continuous service for SCG and MLA members. SCG members are also eligible at age 55 with 25 years of continuous service. HMEA, CHPEA, and library members are eligible after 25 years of service with no minimum age. October 1, 1997 active CHPEA members who remain in the unit and retire therefrom, July 1, 2003 active HMEA members who remain in the unit and retire therefrom, and MLA members are eligible after 20 years of continuous service with no minimum age. Non-bargaining (excluding Library) members are eligible after 20 years or after 15 years of service, if contributions are left in the MERF for 5 more years before retirement.
Optional Early Retirement:	Firefighters and Sworn Police Officers: Age 50 with 10 years (5 years for Firefighters) of continuous service, actuarially reduced or reduced at 2% per whole year and fractional year prior to Normal Retirement Age. Non-Sworn Police Officers: Age 55 with 5 years of service, reduced at 4% per whole year prior to age 60.	At age 55 with 10 years of service, reduced at 4% per whole year prior to age 60.	At age 55 with 10 years of continuous service (5 years for CHPEA, HMEA, Library, Non-Union and Unclassified), reduced at 4% per whole year prior to age 60. For SCG members, at age 55 with 10 years of continuous service, reduced at 2% per whole year and fraction year prior to age 60.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	GENERAL GOVERNMENT MEMBERS
Vesting of Earned Deferred Pension:	Sworn Police Officers: After 10 years of continuous service. Non-Sworn Police Officers: After 5 years of continuous service. Firefighters: After 5 years of continuous service.	After 10 years of continuous service. Payments begin no earlier than age 55.	After 10 years of continuous service. Payments begin no earlier than age 55. For SCG members, 10 years of continuous service. For CHPEA, HMEA, Library, Non-Union and Unclassified, 5 years of continuous service.
Benefits to Survivors: (Death of Active Member Prior to Retirement)	Surviving Spouse: 25% of final year's earnings (50% if service connected death), payable until death or remarriage. Surviving Child: $100 per month for first child, $50 for each additional child (10% of final year's earnings if service connected death, or 15% if no surviving spouse). Total benefit, including Worker's Compensation, cannot exceed 100% of current pay rate for Member's rank. Non-Sworn Police Officers: Same as General Government members.	Member must meet qualifications for vesting. Surviving Spouse: 50% of pension which Member is receiving or would be entitled to when retired, payments beginning no earlier than date of Member's 55th birthday. Surviving Spouse benefits are payable until death or remarriage.	
Refund of Contributions upon Discontinuance of Employment or at Death (Non-Vested Members): (May be taken in lieu of earned deferred pension by vested members)	Refund of total contributions, without interest. Non-Sworn Police Officers: Same as General Government members.	Termination: Refund of total contributions, with 3% interest compounded annually. Death: Refund of total contributions without interest.	
Pensions for Permanent, Total Disability - Service Requirements:	5 years of continuous service, but no requirement if disability is service connected as defined in Worker's Compensation Act. Non-Sworn Police Officers: Same as General Government members.	10 years of continuous service, except no requirement if disability is service connected as defined in Worker's Compensation Act.	

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	GENERAL GOVERNMENT MEMBERS
Amount of Total Disability Pension: **(Payable so long as total disability continues.)**	Retirement Pension with minimum of 25% of "final average pay." If disability is service connected, the pension equals 100% of the Member's final annual pay less Worker's Compensation benefits. Non-Sworn Police Officers: Same as General Government members.	Retirement Pension using Final Average Pay for last 10 years. If disability is service connected, amount not less than 50% of Member's final annual pay at time of disability, less Worker's Compensation Benefits.	
Pensions for Permanent Partial Disability: (Where earnings capacity is reduced by at least 10%.)	Ten years of continuous service, but no service requirement if disability is service connected. Same as disability pension with reduction for less than 15 years of service. If service connected, pension equals 50% of final annual pay if 15 years of service, with reductions for less than 15 years of service. If at least 20 years of service, pension equals retirement pension. Non-Sworn Police Officers: Same as General Government members.	Retirement Pension using Final Average Pay for last 10 years. Subject to a minimum pension of $10 monthly, and maximum 1-2/3% of the reduction in income times years of service. If the disability is service connected, the minimum benefit is not to be less than 50% of the reduction in earnings.	
Member's Contribution Rate of Total Earnings: (City pays full balance of costs to fund MERF benefits; also Members and City pay taxes for those covered by Social Security.)	Firefighters and Sworn Police Officers hired before July 2, 1999: 8%. Sworn Police Officers hired after July 1, 1999: 6.5%. Non-Sworn Police Officers: 4% on earnings taxed for Social Security and 7% on excess.	4% on earnings taxed for Social Security and 7% on excess.	4% on earnings taxed for Social Security and 7% on excess. SCG members contribute 3% and 6%. For HESP (Local 82) 8.41% on earnings taxed for Social Security and 11.41% on excess. For HSSSA (Local 78) 8.75% on earnings taxed on Social Security and 11.75% on excess. Non-bargaining members electing 2-year option contribute 5% and 8%. CHPEA members hired before October 1, 1997 contribute 6.5% and 9.5%. HMEA members hired before July 1, 2003 contribute 6% and 9%; 7.8% effective January 1, 2004. CHPEA members hired after September 30, 1997, HMEA members hired after July 1, 2003, and MLA members contribute 5% and 8%. Assistant Police Chief, Police Chief, Assistant Fire Chief and Fire Chief: Same as Non-Bargaining.

Note 1 Any Member (other than a Police Officer or Firefighter) who was a Member before January 1, 1958 is guaranteed a minimum total benefit, including Social Security based on earnings from the City, equal to the pension the Member would have received under the terms of the MERF plan in existence prior to the enactment of the 1957 Special Act No. 347. Also, several active Members who transferred to MERF on or after July 1, 1968 from the City's Retirement Allowance Fund are entitled to a pension determined by the RAF provisions if it is greater than that based on the MERF provisions.

Note 2 Section 2-166 of the Municipal Code provides a minimum benefit of $155 monthly for all pensions granted by reason of service or for service-connected disability, and for joint annuitants under elected options, except members for whom Social Security taxes have been paid and anyone for whom more than half of the total pension is paid by the Metropolitan District.

Note 3 All members (other than SCG) may purchase up to 4 years of pension credit for military service. Pension credit is at the following rates of Final Average Pay per year purchased:

HMEA members hired before July 1, 2003	2.75%
Sworn Police Officers, Firefighters, CHPEA members hired before October 1, 1997, HSSSA, HESP, Non-bargaining (including Assistant Police Chief, Police Chief, Assistant Fire Chief, and Fire Chief), Non-Sworn Police Officers, and MLA	2.50%
Other (including CHPEA members hired after September 30, 1997, HMEA members hired after July 1, 2003)	2.00%

Note 4 All members (other than Sworn Police Officers hired after July 1, 1999, all Board of Education members, CHPEA, HMEA, Library, and SCG) may exchange accumulated sick leave upon retirement for up to 4 years (6 years for Firefighters hired prior to July 1, 2003) of pension service time. October 1, 1997 active CHPEA members who remain in the unit and retire therefrom by July 1, 2001, may exchange accumulated sick leave upon retirement for up to 4 years of pension service time. December 1, 1998 active HMEA members who remain in the unit and retire therefrom may exchange accumulated sick leave upon retirement for up to 4 years of pension service time. Additional pension service time may be purchased from accumulated sick leave at the rate of twenty days of accumulated sick leave for each year of pension service time.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

October 1, 2004 Actuarial Report

For the Fiscal and Plan Year
October 1, 2005
through
September 30, 2006

Prepared By:

STANLEY, HOLCOMBE & ASSOCIATES, INC.
2000 RiverEdge Parkway
Suite 540
Atlanta, GA 30328
(770) 933-1933

May 6, 2005

S
H
& A

Stanley,
Holcombe
& Associates, Inc.

May 6, 2005

Board of Trustees
City of Miami Fire Fighters' and
Police Officers' Retirement Trust
1895 SW 3 Avenue
Miami, FL 33129-1456

October 1, 2004 Actuarial Report

Dear Board Members:

Enclosed is our draft report on the actuarial valuation of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2004, for the fiscal year beginning October 1, 2005.

The report is based upon the terms of Ordinance No. 10002 and the Amended Final Judgment in the matter of Gates v. City of Miami.

The costs in this report do not reflect any impact of Section 415 of the Internal Revenue Code.

The City contribution requirement is $50,635,213. This amount was calculated using a 5-year averaging period for the asset valuation method. (The COLA transfer calculations continue to utilize the 3-year basis.). The member contribution rate is 7%.

Respectfully submitted,

Randall L. Stanley, F.S.A.
Consulting Actuary and Principal

Frans Christ, F.S.A.
Vice President and Consulting Actuary

RLS/FC/di
MIAMI01B

Enclosures 15B; 5NB

2000 RiverEdge Parkway/Suite 540 • Atlanta, GA 30328
(770) 933-1933 • Fax (770) 933-8918 • www.stanleyholcombe.com

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

October 1, 2004 ACTUARIAL REPORT

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

October 1, 2004 ACTUARIAL REPORT

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results – Regular Fund

		Actuarial Valuation as of 10/1/2004	Actuarial Valuation as of 10/1/2003
A. Participant Data (Ex.7)			
Active Members		1,468	1,622
Total Annual Payroll		$89,152,510	$98,920,675
Retired Members and Beneficiaries		1,424	1,256
Total Annualized Benefits		$54,428,554	$42,008,191
Disabled Members		215	222
Total Annualized Benefits		$3,900,165	$3,942,336
Terminated Vested Members		29	17
Total Annualized Benefits		$622,362	$305,401
B. Assets		-$-	-$-
Actuarial Value (Ex. 2)		894,601,110	865,776,458
Market Value (Ex. 4)		957,896,348	844,864,362
C. Liabilities (Excl. COLA)			
Present Value of Benefits (Ex. 1)			
Active Memebers-	Retirement	724,325,645	766,801,817
	Vesting	11,688,866	11,169,688
	Disability	18,941,517	19,271,587
	Death	6,162,571	5,689,319
	Return of Contributions	1,325,733	1,340,555
	Total	762,444,332	804,272,966
Inactive Members-	Retired, Beneficiaries	574,935,994	434,062,955
	Disabled	36,223,791	36,955,417
	Terminated Vested	4,922,742	2,943,754
	Total	616,082,527	473,962,126
Total		1,378,526,859	1,278,235,092
Actuarial Accrued Liability		N/A	N/A
Unfunded Actuarial Accrued Liability		N/A	N/A

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results - Regular Fund
(Continued)

	Actuarial Valuation as of 10/1/2004	Actuarial Valuation as of 10/1/2003
D. Actuarial Present Value of Accrued Benefits (Exhibit 5)	-$-	-$-
Vested Accrued Benefits		
Inactive Members and Beneficiaries	616,082,527	473,962,126
Active Members	351,757,589	391,556,458
Total	967,840,116	865,518,584
Non-Vested Accrued Benefits	14,211,787	16,668,674
Total	982,051,903	882,187,258
E. Pension Cost (Exhibit 1)		
Normal Cost	56,875,889	52,469,577
Payment to Amortize Unfunded Liability	N/A	N/A
Expected Plan Sponsor Contribution	50,635,213	45,545,130
As % of Payroll	56.8%	46.04%
Expected Member Contribution	6,240,676	6,924,447
As % of Payroll	7.00%	7.00%
F. Past Contributions	Year Ending 9/30/2004	Year Ending 9/30/2003
	-$-	-$-
Required Plan Sponsor Contribution	36,341,515	18,163,588
Required Member Contributions	6,781,158	6,275,753
Actual Contributions		
Plan Sponsor and Contribution Surplus Account	36,341,515	18,163,588
Members	6,781,158	6,275,753
G. Net Actuarial Gain (Loss)	N/A	N/A
H. Other Disclosures		
Active Members:		
Present Value Future Salaries (at attained age)	798,000,200	784,744,342
Present Value Future Contributions (at attained age)	53,813,642	54,415,244

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results – COLA Fund

		Actuarial Valuation Prepared as of 10/1/2004	10/1/2003
A. Participant Data			
Active Members			
Total Annual Payroll			
Retired Members and Beneficiaries		1,424	1,256
Total Annualized Benefits		$8,402,876	$8,324,787
Disabled Members		215	222
Total Annualized Benefits		$1,903,762	$1,986,783
Terminated Vested Members			
Total Annualized Benefits			
Table		$920	$920
B. Assets		-$-	-$-
Actuarial Value (Ex. 13)		249,415,066	223,036,047
Market Value (Ex. 13)		210,347,686	194,754,295
C. Liabilities (COLA Only)			
Present Value of Benefits (Ex. 13)			
Active Members -	Reserve for Current Actives	34,993,131	38,100,609
	Reserve for Contribution Refunds	N/A	5,752
	Reserve for Future Actives	5,248,970	5,715,091
	Total (excl. 457 Service)	40,242,101	43,821,452
Inactive Members -	Frozen COLA I Benefits	2,301,952	2,532,124
	COLA II Benefits	143,125,133	124,465,873
	Total	145,427,085	126,997,997
Total		185,669,186	170,819,449

Comparative Summary of Total Assets - Combined

Market Value (Ex. 4)	1,168,244,034	1,039,618,657

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

REVIEW OF COSTS

Summary Discussion

This is the actuarial report for the fiscal year beginning October 1, 2005 for the City of Miami Fire Fighters' and Police Officers' Retirement Trust. This report is intended to reflect the provisions and requirements of Ordinance No. 10002, as amended through September 30, 2004.

Comparison of Deposit Requirements

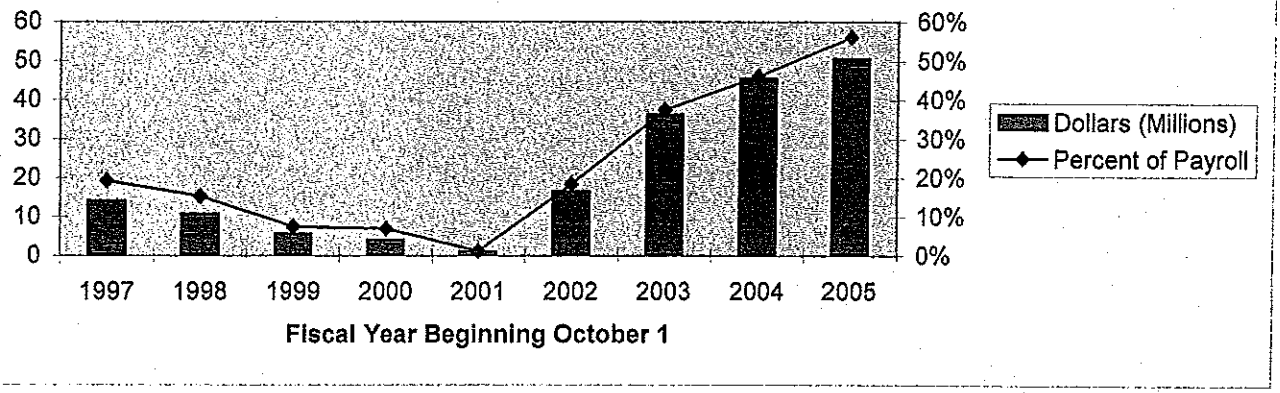
The City contribution requirement, and the results calculated for the 2005/2006 fiscal year, are as follows:

	2005/2006	2004/2005	2003/2004
	-$-	-$-	-$-
Past Service Cost	N/A	N/A	N/A
Normal Cost	50,635,213	45,545,130	36,341,515
Payment Timing	0	0	0
	50,635,213	45,545,130	36,341,515

The 2004/2005 deposit amount of $50,635,213 is approximately $5 million more than the $45,545,130 for the prior year. As of October 1, 2004 there is no longer a contribution surplus available to reduce the 2004/2005 contribution requirement.

As can be seen from Table 1, Normal Costs have increased dramatically over the last four years following the decline in equity prices. Before that, decreases in Normal Costs were prevalent as equity prices increased.

Table 1: Historical City Costs



Analysis of Cost Changes

The Normal Cost element of FIPO costs is expected to remain level as a percentage of covered payroll, if the actual Plan experience is the same as the actuarial assumptions. An increase in the Normal Cost rate indicates that experience has been less favorable than assumed, while a decrease indicates more favorable experience.

Quantification of the reasons for the changes is as follows:

Table 2 - Gain/Loss Analysis from October 1, 2003 to October 1, 2004 Valuations

	Normal Cost	
	-$-	-%-
2003/2004 Normal Cost	45,545,130	46.04
2004/2005 Normal Cost Expected (for continuing participants)	43,768,368	46.04
Element of Experience		
Salary Increases	+4,091,000	+ 0.90
Turnover	-75,000	- 0.19
Mortality	+1,055,000	+ 1.15
Retirement	- 1,744,000	+ 1.51
New Participants	+59,000	- 0.87
Disability	-225,000	- 0.36
Investment Return, Contribution Lag	+ 6,259,000	+ 6.42
Assumption Change	--	--
457 Service Purchases	+77,000	+ 0.09
Payroll Information Change	-2,722,000	+ 2.08
Other, Data	+92,000	+ 0.03
Total	+6,866,845	+10.76
2004/2005 Normal Cost	50,635,213	56.80
Payment Timing	0	
	50,635,213	

As may be noted from the table, two elements of experience (investment return and salary increases) in the 2003/2004 year were responsible for virtually the entire increase in Normal Cost. Following is a more detailed description of the elements of experience:

Salary Increases - During the period October 1, 2003 through September 30, 2004, covered payroll for the continuing actives increased significantly more than expected, resulting in an increase of $4,091,000 in the Normal Cost. Covered payroll for continuing active participants at September 30, 2004 was approximately 106.0% of expected. (This compares to 101.3% of expected for the previous year, which increased the normal cost by $1,185,000.)

The demographic data used in the past included annualized salary information based on the last payroll in the fiscal year. For the salary information as of September 30, 2004 data was also provided for the actual compensation paid in the 2003/2004 year. Using this basis for the valuation results in a reduction of $2,722,000 in the City contribution requirement.

Mortality - For active members there was one death, as compared to 2 expected; for inactive members there were 36 deaths (25 without survivors), as compared to about 36 expected.

Disability - During the past year there was 1 disability, as compared to 5 expected. Over the past 24 years, there have been 115 disabilities, as compared to about 141 expected.

Turnover - From October 1, 2003 to September 30, 2004, there were 19 employee terminations, as compared to about 18 predicted by the actuarial assumptions. Following is a comparison of the expected and actual turnover rates for the past six years:

	1998/1999		1998/1999		2000/2001		2001/2002		2002/2003		2003/2004	
Age	Expected	Actual	Expected	Actual	Expected	Actual	Expected	Actual	Expected	Actual	Expected	Actual
20-24	0.9	1	1.3	1	1.4	1	1	1	0.5	0	0.4	0
25-29	3.8	4	4.5	2	4.1	7	3.7	2	3.9	4	3.2	5
30-34	5.3	7	5.9	7	5.9	9	6.1	5	5.7	7	5.2	5
35-39	7.4	4	7.2	6	6.8	3	6.2	4	5.5	3	5.2	3
40+	4.1	7	4	3	4.9	16	4.9	0	5	6	4.4	6
	21.5	23	22.9	19	23.1	36	21.8	12	20.6	20	18.4	19

Retirement - There were 190 retirements during the period, as compared to about 89 expected (52 firefighters, 138 police). This resulted in a $1,744,000 decrease in the Normal Cost. Note that retirees electing DROP are included among the actual retirees.

Following is a comparison of the expected and actual retirements in the last six years:

	1998/1999		1999/2000		2000/2001		2001/2002		2002/2003		2003/2004	
Age	Expected	Actual	Expected	Actual	Expected	Actual	Expected	Actual	Expected	Actual	Expected	Actual
Under 45	56.8	2	72.7	8	10.5	1	13.8	5	11.1	13	11	41
45-49	187.9	16	197	24	29.7	5	32.9	7	26.4	27	27	70
50-54	75	9	84	24	24.6	5	30.3	3	29	17	38	55
55-59	17	2	18	6	5.4	0	8.4	2	14.4	12	12	20
60+	2	1	2	1	2	0	2	0	1	2	1	4
	338.7	30	373.7	63	72.2	11	87.4	17	81.9	71	89	190

Investment Return - The rate of return for the year ending September 30, 2004 was 12.9% on mean market value, as shown in Exhibit 4 and 4.29% on actuarial asset value (Exhibit 2). A loss on the actuarial value of assets increased the Normal Cost by $6.3 million. As shown in Exhibit 2C, there will be a COLA transfer of $13,147,517 as of January 1, 2006, resulting in no City minimum contribution to the COLA fund as of that date.

New Participants – During the year there were 57 new participants, who decreased the City contribution requirement for the Fund by .87%. Last year, 30 new participants decreased the rate by .17%.

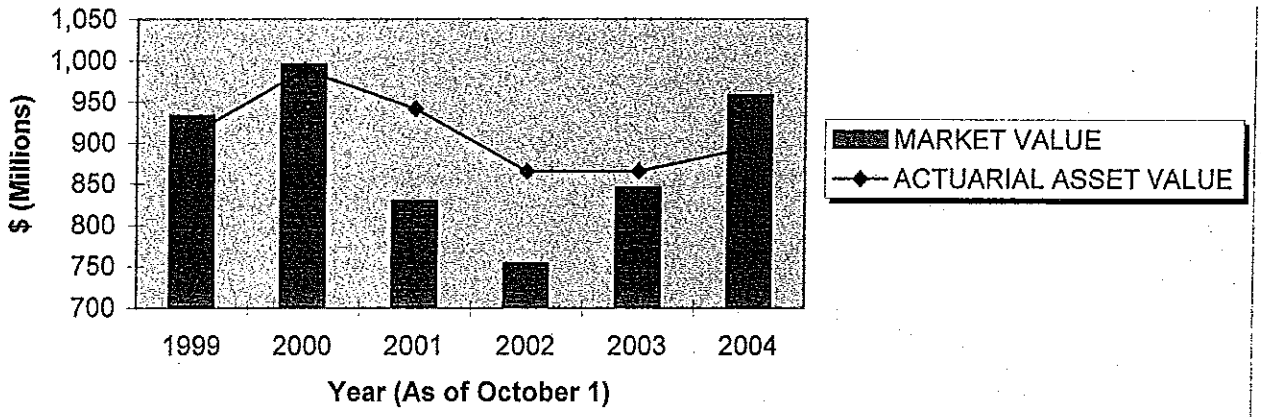
Plan Assets

Exhibits 3 and 4 show the asset transactions and investment results during the year. The rate of return on mean market value for the period ending September 30, 2004 was 12.9%, as compared to the 7.75% assumption.

The actuarial asset valuation method (Exhibit 2) involves a moving average of the ratios of market to book values. Under the method, one-fifth of the change in unrealized gains or losses is immediately reflected, in addition to one-fifth of the relationships existing as of the four previous valuation dates. The result is not allowed to exceed 120% of the market value of assets, nor be less than 80% of market value (shown in Exhibit 4). As of September 30, 2004, this resulted in an actuarial asset value of $63.3 million less than market value, as compared to $20.9 million more as of September 30, 2003.

Table 2 illustrates the effect of using the asset smoothing methodology. The volatility of the market value of assets can be seen in the columns, while the actuarial value is illustrated by the line.

Table 2: Actuarial vs. Market Value of Assets



Expected Ongoing Cost Levels

System costs have increased dramatically over the past 4 years, due almost exclusively to asset performance.

Since the City's contribution requirement is the primary variable, it has been significantly impacted.

Nevertheless, it is important to distinguish between individual annual costs (which may be somewhat erratic) and expected ongoing annual costs. The following table compares the City contribution requirement as a percentage of payroll to the theoretical entry age normal contribution percentages:

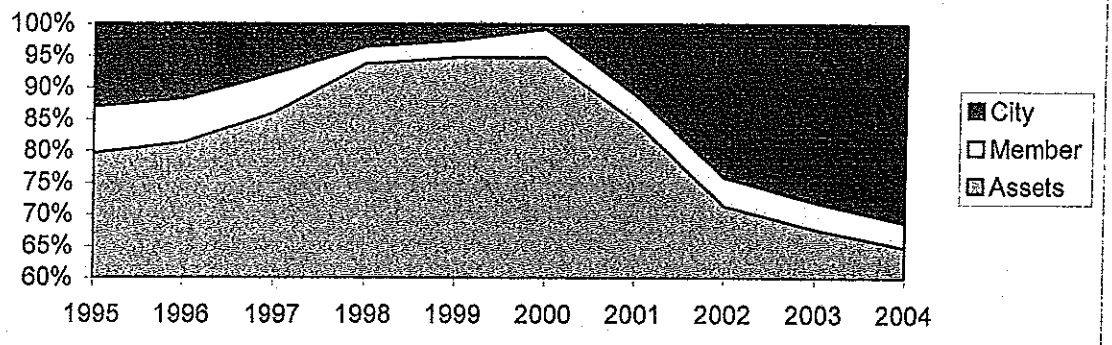
Valuation Date	Contribution %	EAN %
10/1/2004	57	30
10/1/2003	46	28
10/1/2002	38	28
10/1/2001	20	26
10/1/2000	1	23
10/1/1999	5	24

As will be noted, contribution requirements in the three years before the 10/1/2002 valuation were below the System's theoretical contribution level. This was due to the System having accumulated more assets than expected. During the most recent three years the contribution requirement has exceeded the theoretical contribution level, due to erosion of assets.

Sources of Benefit Funding

Table 3 compares the sources of benefit funding for the past 10 years. The present value of benefits is equal to 100% on the Table. The present value of benefits is provided by three sources; the actuarial value of assets, the present value of member contributions, and the present value of future normal costs (city).

Table 3: Funding Sources



As seen in the table, the city portion of future benefit responsibility decreased as asset values climbed during the late nineties. When asset values started to decline, the city portion increased. As of October 1, 2004, the actuarial value of assets equals 65% of the present value of benefits, the present value of employee contributions equals 4%, and the present value of future normal costs equal 31% of the present value of future benefits.

Funding Progress

The comparison of the present values of vested and accrued benefits to FIPO assets from one year to the next, or over a period of time, is a measure of interim funding progress and the degree of benefit security.

Exhibit 6 contains the result of this comparison for the past two years. The market value of assets on October 1, 2004 is $957,896,000, as compared to the value of accrued benefits of $982,052,000 for a ratio of 97.5%. The ratio as of October 1, 2003 was 95.8%.

A ratio in excess of 100% typically may be viewed to be that of a well-funded program.

Governmental Accounting Standards

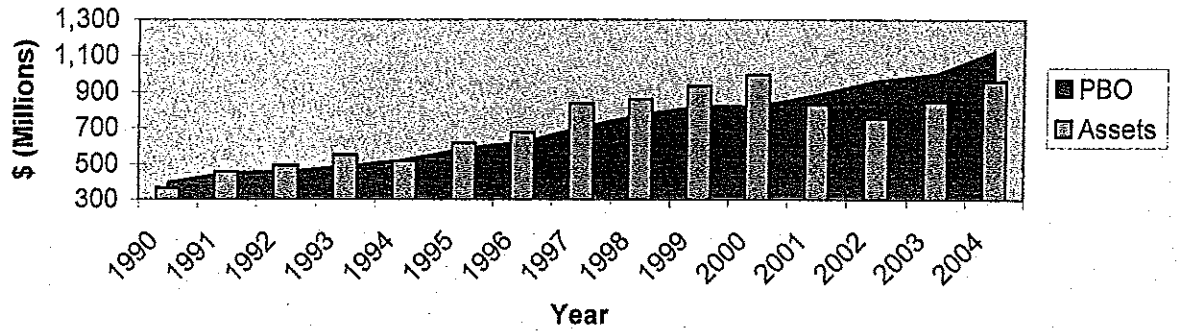
The Governmental Accounting Standards Board Statement No. 5, Disclosure of Pension Information by Public Employee Retirement Systems and State and Local Governmental Employers, was required for financial reports issued for fiscal years beginning after December 15, 1986 (and before the effective dates of GASB 25 and GASB 27).

Statement 5 uses the computation and disclosure of a "standardized measure" of the pension obligation. This measure, the actuarial present value (APV) of credited projected benefits, is based on a proration of total projected benefits over total predicted service (past and prospective), including the impact of future expected salary increases. These calculations are typically used for disclosure items. They do not determine funding or expense requirements.

The GASB 5 disclosures include information for ten years on assets and pension obligation, contributions required and contributions made, revenues by source, and expenses by type. During the transition period when ten years of standardized measures were not available, the disclosure requirements were limited to the information available.

As of October 1, 2004 the pension obligation is $1,126.2 million. This compares to assets of $957.9 million, for a funded ratio of 85%. Last year the funded ratio was 84%. These amounts, together with other disclosures, are contained in Exhibit 11 and illustrated in the following Table 4:

Table 4: GASB 5 Assets and Liabilities



These calculations are made for GASB 5. It should be understood that they are only one approach to the measurement of funding progress. They should not be used for any other purpose, such as determination of compliance with City ordinances or State Statutes or the current or future solvency of the FIPO Trust.

GASB Statement No. 25, Financial Reporting for Defined Benefit pension Plans and Statement No. 27, Accounting for Pensions by State and Local Governmental Employers were issued in 1994. Statement No. 25 provides parameters for financial reporting and comparison of actual contributions to "actuarially required contributions." Statement No. 27 provides standards for the financial reports of the state and local governmental employers. Statement No. 25 was effective for periods beginning after June 15, 1996; Statement No. 27, for periods beginning after June 15, 1997.

The Statements do not directly impact funding, although they do require calculation of an "actuarially required contribution," or "ARC" and amortization of any deficiency or excess of actual contributions made in relation to the ARC.

This is essentially the first GASB standard for disclosures comparing actual funding to GASB standards. The requirements of GASB25 include reporting a Schedule of Funding Progress and a Schedule of Employer Contributions.

Since the FIPO Trust uses the Aggregate Cost Method, technically no Schedule of Funding Progress is required. However, such a Schedule of Funding Progress may be prepared using another acceptable cost method. Based on our recommendation in the 1997 report, and discussion with FIPO auditors, the Schedule of Funding Progress is prepared using the Projected Unit Credit Actuarial Accrued Liability, which was previously required under GASB 5. This Schedule is shown in Exhibit 11, Section III.

As recommended in the 1997 report, and reviewed by FIPO auditors, the employer contributions made in accordance with the requirements of the Florida Division of Retirement should be used as the Actuarially Required Contribution (ARC), since an exact calculation of the ARC would not differ materially from the required contribution amount. On this basis a Schedule of Employer Contributions has been added to Exhibit 11 in order to comply with the reporting requirements of GASB25.

Application of GASB 27

The provisions of GASB 27 are virtually identical to those of GASB 25. It is our understanding that the schedules used for GASB 25 disclosure may also be used for GASB 27 purposes.

COLA Fund

Calculations were made based on the updated information provided as of 10/1/2004. The calculations reflect the approach adopted with the Amended Final Judgement in the matter of Gates vs. City of Miami.

Exhibit 12, parts I and II, illustrate the general impact of the COLA increases which have been provided thus far (under the $920 table as of 1/1/2004), by duration since retirement and by age, respectively.

As discussed in earlier reports, there is probably no completely acceptable index for measuring the impact of inflation on retirees' benefits. Although the CPI is the most widely used inflation index, it is generally considered to distort inflation for retirees since it includes components which are not typically germane to them, such as home purchases. In the absence of a suitable alternative, a percentage of the CPI is often used as a target. If the cumulative CPI were used as a target, the current COLA averages 55% of the target. A comparison of COLA increases to the CPI is shown in Exhibit 12, part III. Historical data on the CPI is shown in Exhibit 12, part IV.

Cumulative Experience Position

Ordinance Section 40-204(C) (4) provides that transfers of excess investment return from the Regular Fund to the COLA Fund may be made only if the System remains in a net positive experience position on a cumulative basis from October 1, 1982. Since the aggregate cost method is used for determining funding requirements, the determination of the experience position is measured under the entry age normal method.

The approach used to measure the cumulative experience position since October 1, 1982 was refined as of October 1, 2003 to redetermine the annual and cumulative experience position and the expected unfunded liability. This resulted in an increase in the net experience gain position as of September 30, 2003 from ($76, 528,201) to $78,150,927. This amount has decreased to $56,982,454 as of September 30, 2004.

The revised method would not have impacted any past transfers to the COLA Fund.

Enrolled Actuary's Statement

This report has been prepared in accordance with standards established by the American Academy of Actuaries. To the best of our knowledge, it reflects the actuarial condition of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2004 for the Retirement Fund and the COLA Fund.

All costs and cost components are calculated on the basis of actuarial assumptions which reasonably reflect the experience of the Trust.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the System and/or paid from the System's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Randall L. Hawley
Signature
Enrolled Actuary No. 05-602

May 6, 2005
Date

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

City Contribution Requirement for 2004/2005 Fiscal Year

	2005/2006 -$-	2004/2005 -$-
I. Unfunded Actuarial Accrued Liability	0	0
II. Normal Cost		
A. Present Value of Future Benefits		
1. Active Members		
a. Retirement	724,325,645	766,801,817
b. Disability	18,941,517	19,271,587
c. Death	6,162,571	5,689,319
d. Turnover	11,688,866	11,169,688
e. Return of Contributions	1,325,733	1,340,555
f. Total	762,444,332	804,272,966
2. Retired Members and Beneficiaries		
a. Service Retirements	559,522,701	418,956,376
b. Beneficiaries	15,413,293	15,106,579
c. Disability Retirements	36,223,791	36,955,417
d. Terminated Vested Members	4,922,742	2,943,754
e. Total	616,082,527	473,962,126
3. Total	1,378,526,859	1,278,235,092

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

City Contribution Requirement for 2005/2006 Fiscal Year

	2005/2006 -$-	2004/2005 -$-
II. Normal Cost (Cont'd)		
A. Total Present Value of Future Benefits	1,378,526,859	1,278,235,092
B. Present Value of Future Member Contributions (1)	53,813,642	54,415,244
C. Actuarial Asset Value	894,601,110	865,776,458
D. Unfunded Actuarial Accrued Liability	0	0
E. Present Value of Future Normal Costs (A-B-C-D)	430,112,107	358,043,390
F. Present Value of Future Payrolls	798,000,200	784,744,342
G. Current Payroll for those under Expected Retirement Age	87,187,996	92,643,979
H. Current Normal Cost - Payable 10/1/2004 [(E)x(G) / (F)] (1.0775)	50,635,213	45,545,130
I. Covered Payroll	89,152,510	98,920,675
J. Normal Cost as Percentage of Payroll (H)/(I)	56.8%	46.04%
III. Quarterly City Contribution Schedule		
A. Past Service Cost	0	0
B. Normal Cost	50,635,213	45,545,130
C. Payment Timing	0	0
D. Total	50,635,213	45,545,130

(1) 7% of Future Covered Payroll

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Contribution Surplus Account

	-$-
A. Contribution Surplus At October 1, 2004	0
B. Actual 2003/2004 Contribution Made on 10/1/2004	45,545,130
C. Required Contribution As of 10/1/2004	45,545,130
D. Interest at 7.75%	0
E. Contribution Surplus at September 30, 2005 (A) + (B) – (C) + (D)	0

EXHIBIT 2A

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

I. Development of Actuarial Asset Value (5 Years)

		9/30/2004	9/30/2003	9/30/2002	9/30/2001	9/30/2000
		-$-	-$-	-$-	-$-	-$-
A.	Book Value	866,131,977	811,680,164	808,430,731	836,848,564	854,106,177
B.	Market Value	957,896,348	844,864,362	753,228,750	828,863,088	994,587,398
C.	B/A	1.1059473	1.040883342	0.9317171	0.9904577	1.1644775

D.	1/5 ∑ (C)	1.0466966	
E.	Adjusted Market Value at 9/30/2004 D x $866,131,977	906,577,396	
F.	Contribution Surplus at 9/30/2004	0	
G.	1. 80% of (Market Value – (F))	766,317,078	
	2. 120% of (Market Value – (F))	1,149,475,618	
H.	Preliminary Actuarial Asset Value (E- F)	906,577,396	
I.	Present Value of 1/1/2006 COLA Transfer, discounted at 7.75%	11,976,286	
J.	Actuarial Asset Value	**894,601,110**	

II. Rate of Return on Actuarial Asset Value

		-$-
A.	Actuarial Asset Value at 10/01/2003	865,776,458
B.	Contributions	
	1. City (Including amount from Contribution Surplus Account)	36,341,515
	2. Members	24,415,150
	3. Total	60,756,665
C.	Benefits and Expenses	56,885,490
D.	Present Value of 1/1/2006 COLA Transfer	11,976,286
E.	Contribution Surplus	0
F.	Actuarial Asset Value at 10/01/2004	894,601,110
G.	Net Return on Investment [F+E+D+C-B-A]	36,929,763
H.	Rate of Return [2 x G/(A+F-G)]	**4.29%**

EXHIBIT 2B

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

I. Development of Actuarial Asset Value (For COLA Transfer Only)

		9/30/2004	9/30/2003	9/30/2002
		-$-	-$-	-$-
A.	Book Value	866,131,977	811,680,164	808,430,731
B.	Market Value	957,896,348	844,864,362	753,228,750
C.	B/A	1.1059473	1.040883342	0.9317171
D.	1/3 ∑ (C)		1.0261826	
E.	Adjusted Market Value at 9/30/2004 D x $866,131,977		888,809,564	
F.	Contribution Surplus at 9/30/2004		0	
G.	1. 80% of (Market Value – (F))		766,317,078	
	2. 120% of (Market Value – (F))		1,149,475,618	
H.	Preliminary Actuarial Asset Value (E - F)		888,809,564	
I.	Present Value of 1/1/2006 COLA Transfer, discounted at 7.75%		11,976,286	
J.	Actuarial Asset Value		876,833,278	

II. Rate of Return on Actuarial Asset Value

		-$-
A.	Actuarial Asset Value at 10/01/2003	798,302,623
B.	Contributions	
	1. City (Including amount from Contribution Surplus Account)	36,341,515
	2. Members	24,415,150
	3. Total	60,756,665
C.	Benefits and Expenses	56,885,490
D.	Present Value of 1/1/2006 COLA Transfer	11,976,286
E.	Contribution Surplus	0
F.	Actuarial Asset Value at 10/01/2004	876,833,278
G.	Net Return on Investment [F+E+D+C-B-A]	86,635,766
H.	Rate of Return [2 x G/(A+F-G)]	10.91%

EXHIBIT 2C

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Calculation of Excess Investment Return
On Membership and Benefits Accounts for 2003/2004 Fiscal Year
2006 COLA Transfer

I. Net Actual Return on Actuarial Asset Value		-$-
A.	Preliminary Actuarial Asset Value as of 10/1/2004	888,809,564
B.	Benefits Paid During Plan Year	53,249,450
C.	Value of COLA transfer for 2002/2003 Year	0
D.	Contributions Refunded During Plan Year	301,580
E.	City Contributions During Plan Year (Required)	36,341,515
F.	Member Contributions During Plan Year	24,415,150
G.	Actuarial Asset Value as of 10/1/2003	798,302,623
H.	Total Actual Return During Plan year (A)+(B)+(C)+(D)-(E)-(F)-(G)	83,301,306
I.	Investment Expenses Paid During Plan Year	3,207,956
J.	Net Actual Return During Plan Year	80,093,350

II. Net Expected Return on Actuarial Asset Value		
A.	Actuarial Asset Value as of 10/1/2003	798,302,623
B.	Benefits Paid During Plan Year	53,249,450
C.	Value of COLA transfer for 2002/2003 Year	0
D.	Contributions Refunded During Plan Year	301,580
E.	City Contributions During Plan Year (Required)	36,341,515
F.	Member Contributions During Plan Year	24,415,150
G.	Expected Rate of Return	7.75%
H.	Expected Return During Plan Year	62,563,327 *
I.	Base Amount for Expected Return (H)/.0775	807,268,736
J.	Excess Return on Assets (I(J) - II(H))	17,530,023
K.	Excess Return as % of II(I)	2.171523%

III. Amount to be Transferred to COLA Fund

A.	Excess Return		COLA Transfer	
	%	$	%	$
First	2.5 of	17,530,023	75	13,147,517
Next	2.5		50	0
Next	2.5		25	0
			--	--
B.	Total Transfer Amount at 1/1/2006			13,147,517

*Assumes Uniform Quarterly Contributions and Monthly Benefits
[(798,302,623) + (36,341,515 + 24,415,150) (2.5/4) - (53,249,450 + 301,580) (13/24)](.0775) = 62,563,327

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Asset Transactions for Year Ending September 30, 2004

	Membership and Benefits Accounts	COLA I Account	COLA II Account
	-$-	-$-	-$-
A. Market Value as of October 1, 2003	844,864,362	29,307,395	165,446,900
B. Book Value as of October 1, 2003	811,680,164	28,156,272	158,948,552
C. Income During Year			
1. City Contributions	32,959,003		3,700,611
2. Member Contributions	24,415,150		
3. Other Contributions			
4. Interest	15,307,149	426,606	2,425,152
5. Dividends	7,730,648	214,290	1,202,312
6. Net Realized Gains (Losses)	30,212,040	835,329	4,697,575
7. Capital Allocation	7,503	(1,128)	(6,374)
8. Securities Lending Income	268,054	7,444	41,741
9. Rental and Other Income	437,756	12,141	68,134
	111,337,303	1,494,682	12,129,151
D. Disbursements During Years			
1. Benefit Payments	53,249,450	386,966	9,529,289
2. Contribution Refunds	301,580	6,313	
3. Custodial and Investment Expenses	3,207,956	88,883	498,971
4. Non-Vested Refunds Payable	9,686	15	84
5. Securities Lending Fees	80,602	2,238	12,550
6. Building Depreciation	36,216	998	5,512
	56,885,490	485,413	10,046,406
E. Book Value as of 9/30/2004 (B)+(C)-(D)	866,131,977	29,165,541	161,031,297
F. Net Change in Unrealized Gains (Losses)	58,580,173	1,938,888	10,562,489
G. Market Value as of 9/30/2004 (A)+(C)-(D)+(F)	957,896,348	32,255,552	178,092,134
H. January 1, 2005 Allocation to COLA II (discounted)	0	N/A	0
I. Net Market Value as of 9/30/2004	957,896,348	32,255,552	178,092,134

[1]Based on unaudited financial statements.
[2]Based on unaudited financial statements.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Distribution of Assets as of September 30, 2004

Membership and Benefits and Cost-of-Living Adjustment Accounts

Description	Market -$-	Book -$-
Bills, Bonds, Notes	352,617,030	344,460,887
Corporate Stocks	734,044,818	638,024,957
Money Market Funds and Time Deposits	7,041,181	6,721,901
Guaranteed Inv. Contract	0	0
Mutual Funds	48,317,731	40,897,796
Real Estate	2,341,719	2,341,719
A: Sub-Total	**1,144,362,479**	**1,032,447,260**
B: Cash	**39,458,775**	**39,458,775**
Receivables:		
City Contributions	377,005	377,005
Accounts Receivable	226	226
Member Contributions		
Accrued Interest	2,123,590	2,123,590
Securities Proceeds	9,418,318	9,418,318
C: Sub-Total	**11,919,139**	**11,919,139**
Payables:		
Budget Advance	(223,557)	(223,557)
Deferred Rental Income		
Tax Withheld	(377)	(377)
Accounts Payable	406,532	406,532
Securities Purchased	27,313,761	27,313,761
D: Sub-Total	**27,496,359**	**27,496,359**
E. Total (A+B+C-D)	**1,168,244,034**	**1,056,328,815**
Accounts:		
COLA I Account	**32,255,552**	**29,165,541**
COLA II Account	**178,092,134**	**161,031,297**
COLA II Transfer (1/1/2005)	**0**	**0**
F: Membership & Benefits Account	**957,896,348**	**866,131,977**

[1]Based on unaudited financial statements.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Investment Results

Yield on Mean Values for 12-Month Period Ending 9/30/2004

	-$-	Market -%-	Book -%-
Membership and Benefits Accounts			
Interest	15,307,149	1.8	1.9
Dividends	7,730,648	0.9	1.0
Rental and Other Income, less Depreciation	401,540	0.0	0.0
Realized Gains	30,212,040	3.6	3.7
Securities Lending (Net)	187,452	0.0	0.0
Increase in Unrealized Gains	58,580,173	7.0	--
Custodial and Investment Expenses	(3,207,956)	(0.4)	(0.4)
	109,211,046	12.9	6.2
COLA I Account			
Interest	426,606	1.5	1.5
Dividends	214,290	0.7	0.8
Rental and Other Income, less Depreciation	11,143	0.0	0.0
Realized Gains	835,329	2.9	3.0
Securities Lending (Net)	5,206	0.0	0.0
Increase in Unrealized Gains	1,938,888	6.7	--
Custodial and Investment Expenses	(88,883)	(0.3)	(0.3)
	3,342,579	11.5	5.0
COLA II Account			
Interest	2,425,152	1.5	1.6
Dividends	1,202,312	0.7	0.8
Rental and Other Income, less Depreciation	62,622	0.0	0.0
Realized Gains	4,697,575	2.9	3.0
Securities Lending (Net)	29,191	0.0	0.0
Increase in Unrealized Gains	10,562,489	6.6	--
Custodial and Investment Expenses	(498,971)	(0.3)	(0.3)
	18,480,370	11.4	5.1

EXHIBIT 5

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Accounting Information
As of October 1, 2004

	October 1, 2004	October 1, 2003
I. Present Value of Vested Accrued Benefits	-$-	-$-
A. Service Retirements and Beneficiaries	574,935,994	434,062,955
B. Disability Retirements	36,223,791	36,955,417
C. Vested Terminated Members	4,922,742	2,943,754
D. Active Members	351,757,589	391,556,458
E. Total	967,840,116	865,518,584
II. Present Value of Non-Vested Accrued Benefits	14,211,787	16,668,674
III. Present Value of Accrued Benefits	982,051,903	882,187,258

The values of accumulated plan benefits were determined in accordance with the Academy of Actuaries Interpretations and FASB Statement No. 35, Accounting and Reporting by Defined Benefit Pension Plans.

V. Statement of Changes in Accrued Benefits	-$-
A. Present Value of Accrued Benefits at Beginning of Year	882,187,258
B. Increase (Decrease) During the Year Attributable to:	
1. Benefits Accumulated	76,000,294
2. Benefits Paid and Contributions Refunded	(53,551,030)
3. Plan Amendment	0
4. Assumption Changes	11,120,971
5. Increase Due to Decrease in Discount Period	66,294,410
6. Net Increase	99,864,645
C. Present Value of Accrued Benefits at End of Year	982,051,903

EXHIBIT 6

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparison of Funding Progress
($000)

	10/01/2004 -$-	10/01/2003 -$-	10/01/2002 -$-
I. Assets			
A. Book Value	866,132	811,680	808,431
B. Market Value	957,896	844,864	753,229
II. Liabilities			
A. Retired and Vested	616,083	473,962	433,462
B. Active			
Employee Contributions	118,102	115,003	113,613
Other Vested	233,655	276,553	254,145
Non-Vested Accrued	14,212	16,669	16,276
C. Total Accrued	982,052	882,187	817,496
III. Ratios	%	%	%
IA/IIC	88.2	92.0	98.9
IB/IIC	97.5	95.8	92.1

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Member Statistics

I. Active Members

Number of	Date 10/01/2004	10/01/2003	10/01/2002
Males	1,261	1,397	1,453
Females	207	225	232
Total	1,468	1,622	1,685
Averages			
Current Age	39.6	40.1	39.6
Past Service	13.6	14.3	13.9
Credited Past Service	13.6	14.1	13.7
Annual Earnings	$60,253	$60,987	$57,492

II. Inactive Members

A. Retirees and Beneficiaries			
Number	1,424	1,256	1,197
Average Annual Benefit	$38,222	$33,446	$31,812
Average Age	63.3	64.6	64.6
B. Disabled			
Number	215	222	231
Average Annual Benefit	$18,140	$17,758	$17,288
Average Age	64.6	64	63.7
C. Vested Terminated			
Number	29	17	17
Average Deferred Benefit	$21,461	$17,965	$17,670
Average Age	44.6	47.3	46.2

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Age-Service Distribution

	Completed Years of Service										Earnings	
Age	0-1	2-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total	Total -$-	Avg. -$-
15-24	11	15	-	-	-	-	-	-	-	26	956,172	36,776
25-29	20	64	62	-	-	-	-	-	-	146	6,738,563	46,155
30-34	14	53	123	59	2	-	-	-	-	251	12,483,908	49,737
35-39	3	25	92	98	81	3	-	-	-	302	16,878,483	55,889
40-44	3	6	32	60	152	115	-	-	-	368	24,546,650	66,703
45-49	1	2	13	17	64	142	26	2	-	267	19,277,643	72,201
50-54	-	1	2	4	16	35	20	15	-	93	7,248,078	77,936
55-59	-	-	-	-	3	7	1	1	-	12	855,236	71,270
60-64	-	-	-	-	3	-	-	-	-	3	167,777	55,926
65+	-	-	-	-	-	-	-	-	-	-	--	--
TOTAL	52	166	324	238	321	302	47	18	0	1468	89,152,510	60,731

Average Age: 39.6 Average Service: 13.6

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Reconciliation of Participant Counts

	Actives	Retirees & Beneficiaries	Disableds	Vested Terminated
10/01/2003	1,622	1,256	222	17
Changes due to:				
Retirement	-190	+190		
Withdrawal	-19			+6
Disability	-1		+1	
Death	-1	-27	-8	
New Beneficiary		+11		
New Hires	+57			
Data Changes		-6		6
10/01/2004	1,468	1,424	215	29

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions

(Based on Ordinance No. 10002, as Amended
by Ordinances Nos. 112351and 11944, and Resolution 657)

Effective Date:	January 1, 1940, as restated effective May 23, 1985, and amended through September 30, 2004.
Fiscal Year:	October 1 - September 30.
Membership:	Police officers and fire fighters.
Covered Compensation:	An employee's base salary, including pick-up contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death-in-family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.
Contributions:	Members: 7% of Compensation, effective 10/01/99. City: Balance, as actuarially determined.
Creditable Service:	Service credited under Retirement System; military service (maximum of four years) during wartime for which Member makes contributions; maternity leave (maximum of 180 days for each leave) for which Member makes contributions; up to 5 years, without member contributions, if member was an employee before period of military service.
Average Final Compensation:	Average Compensation during the highest year of Creditable Service.
Normal Service Age:	Age 50.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Service Retirement:	3.0% of Average Final Compensation for each of the first fifteen years of Creditable Service plus 3.5% of Average Final Compensation for each year of Creditable Service after the fifteenth year; maximum of 100% for those with less than 100% under prior rules on 9/30/98.
Early Service Retirement:	After 20 years of Creditable Service. Benefits are based on Average Final Compensation and Creditable Service at retirement date. Actuarial equivalence for early commencement.
Rule of 64 Retirement:	Service retirement on the basis of combined age and Creditable Service equaling 64 or more.
Disability:	Ordinary Disability: After 10 or more years of Creditable Service, and not eligible for service retirement. Not incurred as accident in performance of duties. 90% of benefit rate times Average Final Compensation times Creditable Service, with a minimum benefit of 30% of Average Final Compensation; 10 years' certain and life normal form. Accidental Disability: Incurred as accident in perfor-mance of duties. 66 2/3% of Average Final Compensation, or 66 2/3% of Final Compensation, whichever is greater. 40% joint & survivor normal form, with a minimum of 10 years' certain and life.
Deferred Retirement Option Plan:	Members who are eligible for Service Retirement or Rule of 64 Retirement after September 1998 may elect self-directed Deferred Retirement Option Plan, for a maximum of 4 years. An actuarially equivalent Back DROP option (maximum of 4 years) may be elected prior to DROP entry; combined years of DROP may not exceed 4.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Death:	Ordinary Death: (a) Between 3 and 10 years of Creditable Service, and death not accidentally incurred in performance of duties: Lump sum benefit equal to 50% of Compensation received in year preceding death. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferred period or 10 years' certain period. (c) If eligible for Service, Early Service, or Rule of 64 retirement, considered to have retired on the date of death. Surviving spouse would receive 40% of the member's monthly retirement allowance. Accidental Death: Incurred in performance of duties. (a) Pension of 50% of Average Final compensation to spouse until death or remarriage. If there is no spouse, or if spouse dies or remarries before youngest child is 18, payable until attainment of age 18. If no spouse or no children under 18, benefit is payable to dependent parents. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferral period or 10 years' certain period.
Employment Termination:	After 10 years of Creditable Service, based on Creditable Service and Average Final Compensation at termination date. If Member contributions are withdrawn, benefit is forfeited. Benefits are deferred to Normal Retirement Age.
Optional Allowances:	Normal form is joint and 40% contingent survivor, with a minimum of 10 years' certain and life. Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of Member. Option 6 is withdrawal of member contributions with credited interest; monthly benefit is 1/2 of normal level.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Transfer of Compensated Leave Balances:	Accumulated leave balances may be transferred into System immediately prior to retirement to purchase additional Creditable Service, on an actuarially equivalent basis.
Transfer of 457 Balances:	457 balances may be transferred into System at any time prior to retirement to purchase additional Service for multiplier purposes.
Changes Since Prior Valuation:	Transfer of 457 balances.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis

Valuation Date: October 1, 2004 for Fiscal Year beginning October 1, 2005.

Valuation Method: Aggregate Cost Method.

Asset Valuation Method: Average of ratios of market to book values as of current and four most recent September 30's. Average ratio is applied to book value at current September 30. The result cannot be greater than 120% of market value or less than 80% of market value.

Actuarial Assumptions:

Interest Discount/
Investment Return: 7.75%, compounded annually.
Inflation: 4.0%, compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	0.0507%	0.0284%
30	0.0801%	0.0351%
40	0.1072%	0.0709%
50	0.2579%	0.1428%
60	0.7976%	0.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis
(Continued)

Age	Disability	Turnover		Salary Increase*
		<5	5+	
20	.00085	.0240	.0192	.088
21	.00095	.0240	.0192	.086
22	.00105	.0240	.0192	.083
23	.00110	.0240	.0192	.081
24	.00125	.0240	.0192	.078
25	.00130	.0240	.0192	.075
26	.00140	.0240	.0192	.073
27	.00150	.0240	.0192	.071
28	.00160	.0240	.0192	.068
29	.00170	.0240	.0192	.066
30	.00180	.0240	.0192	.065
31	.00200	.0240	.0192	.064
32	.00220	.0240	.0192	.064
33	.00245	.0240	.0192	.063
34	.00265	.0240	.0192	.062
35	.00285	.0240	.0192	.061
36	.00305	.0228	.0182	.061
37	.00325	.0216	.0173	.060
38	.00345	.0204	.0163	.060
39	.00370	.0192	.0154	.059
40	.00390	.0180	.0144	.058
41	.00470	.0168	.0134	.058
42	.00555	.0156	.0125	.057
43	.00635	.0144	.0115	.057
44	.00720	.0132	.0106	.057
45	.00800	.0120	.0096	.056
46	.00880	.0096	.0077	.056
47	.00965	.0072	.0057	.056
48	.01045	.0048	.0038	.056
49	.01130	.0024	.0019	.055
50	.01210	.0000	.0000	.055

* A 7% additional increase applies in the final year of Creditable Service, and a 5% additional increase applies after 22 years.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis
(Continued)

Age	Disability	Turnover		Salary Increase*
		<5	5+	
51	.01295	.0000	.0000	.053
52	.01375	.0000	.0000	.051
53	.01455	.0000	.0000	.050
54	.01540	.0000	.0000	.048
55	.01620	.0000	.0000	.047
56	.01785	.0000	.0000	.046
57	.01870	.0000	.0000	.044
58	.01950	.0000	.0000	.043
59	.02030	.0000	.0000	.041
60	.00000	.0000	.0000	.040
61	.00000	.0000	.0000	.040
62	.00000	.0000	.0000	.040
63	.00000	.0000	.0000	.040
64	.00000	.0000	.0000	.040
65	.00000	.0000	.0000	.040

* A 7% additional increase applies in the final year of Creditable Service, and a 5% additional increase applies after 22 years.

Retirement: After eligibility for Rule of 64 Retirement, the following decrements apply, based on service:

Years of Service After R64, 20 Years	%
0-4	10
5-9	25
10+	100

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employees are assumed to be married.
Investment Expenses:	None; the investment return assumption of 7.75% is net of investment expenses.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Compensated Absence Balance Transfers:	No liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.
Adjustments from Valuation Date:	One year's interest is added to the calculated deposit to reflect ordinance provision.
Sources of Data:	Asset data is from unaudited financial statements. Membership data was furnished by Administrator.
Changes Since Prior Valuation:	Membership data provided included 9/30/2004 rate of pay as well as actual pay for the 2003/2004 Plan Year. Procedures were changed to use the actual pay provided as last year's pay instead of using the current rate as next year's pay.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Information Under Florida Statutes

I. Comparison of Salary Increases

Year Ending	Actual	Assumed
	-%-	-%-
9/30/2004	10.20	4.00
9/30/2003	5.38	4.00
9/30/2002	2.43	2.00
9/30/2001	4.79	2.00
9/30/2000	7.12	2.00
9/30/1999	0.52	2.75
9/30/1998	(1.35)	2.75
9/30/1997	(1.07)	2.75
9/30/1996	0.76	2.75
9/30/1995	5.50	2.75
9/30/1994	2.86	3.00
9/30/1993	6.37	6.80
9/30/1992	3.48	6.80
9/30/1991	2.65	6.80
9/30/1990	2.79	7.00
9/30/1989	8.64	7.00
9/30/1988	6.05	7.00
9/30/1987	7.45	7.50
9/30/1986	7.49	7.50
9/30/1985	14.28	7.50
9/30/1984	11.53	7.50

II. Comparison of Investment Returns

Year Ending	Actual MV	Actual AAV(1)	Assumed
-%-	-%-	-%-	-%-
9/30/2004	12.9	4.29	7.75
9/30/2003	15.7	3.26	7.75
9/30/2002	(5.5)	(3.93)	7.75
9/30/2001	(10.6)	(1.29)	7.75
9/30/2000	12.7	16.01	7.75
9/30/1999	13.8	13.40	7.75
9/30/1998	6.9	19.45	7.75
9/30/1997	28.3	26.34	8.00
9/30/1996	13.2	11.27	8.00
9/30/1995	21.0	12.86	7.75
9/30/1994	(1.7)	5.18	7.75
9/30/1993	15.8	13.73	7.75
9/30/1992	9.9	12.48	7.75
9/30/1991	25.9	20.93	7.75
9/30/1990	0.4	1.89	7.50
9/30/1989	N.A.	16.09	7.50
9/30/1988	N.A.	0.08	7.50
9/30/1987	N.A.	22.64	7.00
9/30/1986	N.A.	21.66	7.00

(1) Based on mean actuarial asset values for periods ending 9/30.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Information Under Florida Statutes
(Continued)

III. Comparison of Payroll Growth

Year Ending	Actual	Assumed
	-%-	-%-
9/30/2004	(9.9)	N.A.
9/30/2003	2.1	N.A.
9/30/2002	8.1	N.A.
9/30/2001	6.3	N.A.
9/30/2000	8.5	N.A.
9/30/1999	4.6	N.A.
9/30/1998	6.8	N.A.
9/30/1997	(4.5)	N.A.
9/30/1996	1.9	N.A.
9/30/1995	(1.9)	N.A.
9/30/1994	1.1	N.A.
9/30/1993	7.5	N.A.
9/30/1992	2.1	N.A.
9/30/1991	(7.6)	5.00
9/30/1990	(0.8)	5.00
9/30/1989	9.5	5.00
9/30/1988	3.4	5.00
9/30/1987	5.9	5.00
9/30/1986	5.8	5.00
9/30/1985	7.8	5.00
9/30/1984	9.7	5.00

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5 and 25
(Excluding COLA Fund)

I. Funding Status and Progress as of September 30, 2004 and 2003

Pension benefit obligation:	$(Millions)	
	Sept. 30, 2004	Sept. 30, 2003
	-$-	-$-
- Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	616.1	474.0
- Current employees - Accumulated employee contributions including interest	118.1	115.0
Employer - financed vested	233.7	276.6
Employer - financed nonvested	158.3	135.3
Total pension benefit obligation	1,126.2	1,000.9
Net assets available for benefits (market value)	957.9	844.9
Unfunded pension benefit obligation	168.3	156.0

The pension benefit obligation was determined as part of actuarial valuations at September 30, 2003 and September 30, 2002. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually, (b) projected salary increases of 4.00 percent per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0 percent to 4.8 percent per year, attributable to seniority/merit.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5 and 25
(Excluding COLA Fund)

II. Contributions Required and Contributions Made

The funding policy provides for periodic employer contributions at actuarially determined rates that are sufficient to pay benefits when due. Contributions for normal costs are determined using the aggregate actuarial cost method. This cost method does not provide for an unfunded actuarial accrued liability.

Contributions totaling $57,374,153 ($32,959,003 employer and $24,415,150 employee) were made for the year ending September 30, 2004. These contributions consisted of (a) $39,720,829 normal cost, (b) $0 amortization of the unfunded actuarial accrued liability, (c) $0 noninvestment expenses, and (d) $17,653,324 for Section 457 Service buybacks.

Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the standardized measure of the pension obligation as of the beginning of the preceding year.

III. Analysis of Funding Progress ($ Millions)

Fiscal Year	(1) Net Assets Available for Benefits ($)	(2) Pension Benefit Obligation ($)	(3) Percent Funded (%)	(4) Unfunded PBO (2)-(1) ($)	(5) Annual Covered Payroll ($)	(4)/(5) (%)
1987	309.1	335.7	92	26.6	63.3	42
1988	307.7	357.9	86	50.2	65.4	77
1989	364.2	385.9	94	21.7	71.6	30
1990	364.7	394.6	92	29.9	71.1	42
1991	455.3	450.0	101	(5.3)	71.4	(7)
1992	492.0	458.1	107	(33.9)	67.1	(50)
1993	550.6	488.2	113	(62.4)	72.0	(87)
1994	516.4	522.9	99	6.5	72.9	9
1995	616.5	583.1	106	(33.4)	71.5	(47)
1996	674.7	620.7	109	(54.0)	72.9	(74)
1997	835.3	702.1	119	(133.2)	69.6	(191)
1998	857.7	774.5	111	(83.2)	74.3	(112)
1999	932.8	820.2	114	(112.6)	77.7	(145)
2000	994.6	823.1	121	(171.5)	84.3	(203)
2001	828.9	884.7	94	55.8	89.7	62
2002	753.2	960.1	78	206.2	96.9	213
2003	844.9	1000.9	84	156.0	98.9	158
2004	957.9	1126.2	85	168.3	89.2	189

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

IV. Revenues and Expenses

Fiscal Year	Revenues by Source: Employee Contributions ($)	Employer Contributions ($)	Investment Income ($)	Total ($)
1987	5,385,969	14,200,675	48,891,929	68,478,573
1988	5,516,972	11,515,831	19,011,633	36,044,436
1989	5,989,692	11,157,203	33,064,932	50,211,827
1990	6,303,644	9,579,771	37,046,457	52,929,872
1991	6,474,938	8,959,044	46,689,710	62,123,692
1992	6,115,655	10,029,747	44,569,353	60,714,755
1993	6,455,623	10,442,881	50,309,468	67,207,972
1994	7,435,034	9,296,175	36,915,202	53,646,411
1995	8,318,833	10,880,346	38,919,229	58,118,408
1996	7,852,469	16,547,235	55,421,603	79,821,307
1997	7,664,034	14,377,032	83,180,597	105,221,663
1998	7,692,571	14,155,472	96,007,011	117,855,054
1999	8,556,140	10,376,473	66,039,984	84,972,597
2000	6,257,588	5,400,784	129,752,337	141,410,709
2001	6,336,918	5,481,599	17,717,791	29,536,308
2002	6,721,236	5,400,784	(27,704,711)	(15,582,691)
2003	7,193,936	15,024,366	30,466,098	52,684,400
2004	24,415,150	32,959,003	53,963,150	111,337,303

Fiscal Year	Expenses by Type: Benefits ($)	Administrative Expenses ($)	Refunds ($)	Total ($)
1987	12,655,732	522,090	556,895	13,734,717
1988	13,556,449	443,765	650,068	14,650,282
1989	14,179,715	493,209	371,459	15,044,383
1990	15,572,994	568,072	659,176	16,800,242
1991	16,764,637	973,982	555,661	18,294,280
1992	22,345,166	1,137,047	751,088	24,233,301
1993	22,735,888	1,314,925	672,376	24,723,189
1994	23,787,091	1,420,693	510,074	25,717,858
1995	25,846,564	1,567,841	703,269	28,117,674
1996	29,506,924	1,870,188	822,497	32,199,609
1997	33,841,809	2,079,183	1,225,239	37,146,231
1998	35,593,108	2,543,855	391,524	38,537,297
1999	36,900,501	2,689,079	258,383	39,847,963
2000	41,237,423	2,710,752	258,804	44,206,979
2001	41,386,774	2,933,939	481,746	44,802,459
2002	42,766,860	2,825,903	364,256	45,957,019
2003	46,083,206	2,922,537	429,225	49,434,968
2004	53,249,450	3,334,460	301,580	56,885,490

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

V. Schedule of Employer Contributions

Fiscal Year	Annual Pension Cost (APC) ($)	Percentage Contributed (%)	Net Pension Obligation ($)
1994	9,296,175	100	0
1995	10,880,346	100	0
1996	16,547,235	100	0
1997	14,377,032	100	0
1998	14,155,472	100	0
1999	10,376,473	100	0
2000	5,400,784	100	0
2001	4,003,892	100	0
2002	1,051,629	100	0
2003	18,163,588	100	0
2004	36,341,515	100	0
2005	50,635,213		

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)
(Based on 01/01/2004 $920 table; not updated)

I. COLA Increases by Duration Since Retirement (Including 2004 Increment)

Years Retired	No.	FIPO Benefits -$-	COLA Benefits -$-	%
0 - 5	212	926,694	2,562	0.3
5-10	302	1,208,193	55,375	4.6
10-15	233	768,422	109,420	14.2
15-20	173	408,451	125,275	30.7
20-25	173	218,962	159,271	72.7
25-30	217	198,895	221,301	111.3
30-35	107	62,013	112,767	181.8
35-40	42	20,888	55,624	266.3
40-45	11	5,452	16,408	300.9
45-50	3	1,490	4,955	332.5
50+	2	835	2,797	334.9
Total	1,475	3,820,295	865,755	22.7

II. COLA Increases by Attained Age (2004 Table)

Age	No.	FIPO Benefits -$-	COLA Benefits -$-	%
<45	29	74,406	1,295	1.7
45-50	77	286,631	249	0.1
50-54	195	775,530	22,746	2.9
55-59	254	965,594	60,134	6.2
60-64	211	670,507	92,971	13.9
65-69	179	402,410	111,298	27.7
70-74	214	335,425	205,385	61.2
75-79	193	210,734	213,192	101.2
80-84	85	69,547	103,919	149.4
85-89	31	25,896	45,136	174.3
>90	7	3,615	9,430	260.9
Total	1,475	3,820,295	865,755	22.7

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)
(Based on 01/01/2004 $920 table; not updated)

III. COLA Increases vs. CPI (including 2004 Increment)

Years Retired	No.	COLA -%-	CPI -%-	COLA/CPI -%-
0-5	212	0.3	2.8	9.8
5-10	302	4.6	15.2	30.1
10-15	233	14.2	30.7	46.4
15-20	173	30.7	59.5	51.6
20-25	173	72.7	93.2	78.0
25-30	217	111.3	185.4	60.0
30-35	107	181.8	303.5	59.9
35-40	42	266.3	428.9	62.1
40-45	11	300.9	504.6	59.6
45-50	3	332.5	555.9	59.8
50+	2	334.9	592.9	56.5
Total	1475	22.7	41.4	54.8

IV. Consumer Price Index (CPI-U)

Year	December Index	Annual -%-	Year	December Index	Annual -%-
1956	27.6	2.9	1981	94.0	8.9
1957	28.4	3.0	1982	97.6	3.9
1958	28.9	1.8	1983	101.3	3.8
1959	29.4	1.5	1984	105.3	4.0
1960	29.8	1.5	1985	109.3	3.8
1961	30.0	0.7	1986	110.5	1.1
1962	30.4	1.2	1987	115.4	4.4
1963	30.9	1.6	1988	120.5	4.4
1964	31.2	1.2	1989	126.1	4.6
1965	31.8	1.9	1990	133.8	6.2
1966	32.9	3.4	1991	137.9	3.0
1967	33.9	3.0	1992	141.9	2.9
1968	35.5	4.7	1993	145.8	2.7
1969	37.7	6.1	1994	149.7	2.7
1970	39.8	5.5	1995	153.5	2.5
1971	41.1	3.4	1996	158.6	3.3
1972	42.5	3.4	1997	161.3	1.7
1973	46.2	8.7	1998	163.9	1.6
1974	51.9	12.2	1999	168.3	2.7
1975	55.5	7.0	2000	174.0	3.4
1976	58.2	4.8	2001	176.7	1.6
1977	62.1	6.8	2002	180.9	2.4
1978	67.7	9.0	2003	185.0 *	2.3
1979	76.7	13.3			
1980	86.3	12.4			

* October 2003

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

I. Summary of Assets Available for Benefits at October 1, 2004

	-$-
A. COLA Accounts	
1. COLA I Account (Exhibit 3) at 9/30/2004	32,255,552
2. COLA II Account (Exhibit 3) at 9/30/2004	178,092,134
B. Transfers of Excess Investment Income	
1. $0 due on 1/1/2005	0
2. $13,147,517 due on 1/1/2006	11,976,286
C. Minimum City Contributions[1] $3,774,623 beginning 1/1/2005, payable for 10 years discounted	27,091,094
D. Additional City Contribution due 1/1/2006	0
E. Assets Available for COLA Benefits	249,415,066

II. COLA Fund Liabilities for Benefits at 10/1/2004

A. Present Value of Existing COLA Benefits for Inactives	Including 457 Service	Excluding 457 Service
	-$-	-$-
1. Frozen COLA I benefits	2,301,952	2,301,952
2. COLA II benefits	143,125,133	143,125,133
3. Total Inactive COLA benefits	145,427,085	145,427,085
B. Present Value of Projected COLA Benefits for Current Actives		
1. Reserve for current actives	37,339,562	34,993,131
2 Reserve for future actives (15% of B1)	5,600,934	5,248,970
3 Total	42,940,496	40,242,101
C. Total Liability Allocated (A3+B4)	188,367,581	185,669,186
D. Contingency Reserve [20% of I(E)-I(B)(2)]	47,487,756	47,487,756
E. Unallocated Reserve[2]	13,559,729	16,258,124
F. Total Liability for COLA Benefits	249,415,066	249,415,066

Notes: (1) $(1/1.0775)^{0.25}$ ä $\overline{11|}$= 7.1771654
(2) For $920 Table

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

III. Derivation of Increase in Table as of January 1, 2005

	Including 457 Service -$-	Excluding 457 Service -$-
A. Liability based on current $920 table		
1. Inactive COLA II Benefits	143,125,133	143,125,133
2. Present Value of Projected COLA benefits for current actives	37,339,562	34,993,131
3. Reserve for future actives [15% of (2)]	5,600,934	5,248,970
4. Total COLA II Liability	186,065,629	183,367,234
B. Assets available to increase table		
1. Total assets available for COLA Benefits	249,415,066	249,415,066
2. Total Liability Allocated (current $920 table)	188,367,581	185,669,186
3. Contingency Reserve II(D)	47,487,756	47,487,756
4. Available Assets [(1)-(2)-(3)]	13,559,729	16,258,124
5. $13,147,517 due on 1/1/2006, discounted	11,976,286	11,976,286
6. Net Available Assets [(4)-(5)]	1,583,443	4,281,838
7. Increase ratio [(B6)/(A4)]	0.00851	0.02335
8. Table increase [$920x(7)]	7	21
9. New table amount [$920+(8)]	927	941
10. Actual new table amount	**N/A**	**941**

EXHIBIT 14

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Cumulative Experience Position Net of Asset Transfers

		-$-
I.	Calculation of Expected Unfunded Actuarial Accrued Liability at 10/1/2004	
	A. Expected Unfunded Actuarial Accrued Liability at 10/1/2003	304,734,366
	B. Entry Age Normal Cost for 2003/2004 Year Paid or Payable by Employer	24,094,147
	C. Interest on (A) and (B)	25,484,210
	D. Contributions for 2003/2004 Year Paid or Payable by Employer (Required)	36,341,515
	E. Interest on (D)	2,816,467
	F. Expected Unfunded Actuarial Accrued Liability at 9/30/2004	315,154,741
	G. Additional Unfunded Actuarial Accrued Liability due to Assumption and Method Changes	0
	H. Additional Unfunded Actuarial Accrued Liability due to Florida Law 99-1	0
	I. Final Expected Unfunded Actuarial Accrued Liability at 9/30/2004	315,154,741
II.	Determination of Net Cumulative Experience Position at 10/1/2004	
	A. Expected Unfunded Actuarial Liability as of September 30, 2004	315,154,741
	B. Entry Age Reserve - Actives	536,690,870
	- Inactives	616,082,527
	- Total	1,152,773,397
	C. Actuarial Asset Value (Net of Future Transfers)	894,601,110
	D. Actual Unfunded Actuarial Liability (B)-(C)	258,172,287
	E. Cumulative Experience Gain (Loss) (A)-(D)	56,982,454
III.	Future Transfers of Excess Investment Income at 10/1/2004	
	A $0 due on 1/1/2005, discounted	0
	B. $13,147,517 due on 1/1/2006, discounted	11,976,286
	C. Total Future Transfers at 10/1/2004 (A)+(B)	11,976,286

EXHIBIT 15

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Summary of Principal COLA Provisions

Effective Date:	January 1, 1994, amended January 1, 1995.
Eligibility:	All inactive members in Miami Fire Fighters' and Police Officers' Retirement Trust.
Prior COLA:	Benefits granted through 1993 continue to be paid, in addition to benefits to be granted in the future.
Available Assets:	Existing COLA assets as of January 1, 1995; beginning with the 1991/92 fiscal year, a percentage of excess investment return on FIPO assets (75% of first 2.5%, 50% of next 2.5%, 25% of next 2.5%), subject to a minimum City contribution of $2.5 million, increasing 4% annually.
Allocated Assets:	Current COLA assets as of September 30, 2003, plus present value of $2.5 million minimum guarantee for 11 years. The 4% future annual increases is not pre-allocated. A contingency reserve of 20% has been established for adverse experience.
COLA Benefits:	In addition to prior COLA, benefits are based on attached table, with $920 monthly benefit for 25 years of creditable service and 22 completed years of retirement (after age 46). The $920 amount is reduced by 5% for each year of retirement less than 22 and each year of creditable service less than 25 and increased similarly for years of retirement greater than 22 and years of creditable service greater than 25. Benefits are based on the FIPO option elected. Tabular amounts are adjusted, based on the FIPO adjustments at the time of FIPO benefit commencement, for options other than Option 8 (Joint & 40%). Surviving spouses receive the percentage of the table amount determined under the FIPO election. Service-incurred and accidental disabilities and deaths receive benefits based on the greater of 25 years or actual creditable service.
Changes from Prior Valuation:	None.

Miami Firefighters' and Police Officers' Retirement Trust

2005 Monthly Retirement Supplements (941 Table)

Completed Years of Retirement (after age 46)

YEARS OF SERVICE	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
10	0	0	0	24	35	47	59	71	82	94	106	118	129	141	153	165	176	188	200	212	223	235	247	259	271
11	0	0	0	28	42	56	71	85	99	113	127	141	155	169	183	198	212	226	240	254	268	282	296	311	325
12	0	0	0	33	49	66	82	99	115	132	148	165	181	198	214	231	247	263	280	296	313	329	346	362	379
13	0	0	0	38	56	75	94	113	132	151	169	188	207	226	245	263	282	301	320	339	358	376	395	414	433
14	0	0	0	42	64	85	106	127	148	169	191	212	233	254	275	296	318	339	360	381	402	423	445	466	487
15	0	0	0	47	71	94	118	141	165	188	212	235	259	282	306	329	353	376	400	423	447	471	494	518	541
16	0	0	0	52	78	104	129	155	181	207	233	259	285	311	336	362	388	414	440	466	492	518	543	569	595
17	0	0	0	56	85	113	141	169	198	226	254	282	311	339	367	395	423	452	480	508	536	565	593	621	649
18	0	0	0	61	92	122	153	183	214	245	275	306	336	367	398	428	459	489	520	550	581	612	642	673	703
19	0	0	0	66	99	132	165	198	231	263	296	329	362	395	428	461	494	527	560	593	626	659	692	725	758
20	0	0	0	71	106	141	176	212	247	282	318	353	388	423	459	494	529	565	600	635	670	706	741	776	812
21	0	0	0	75	113	151	188	226	263	301	339	376	414	452	489	527	565	602	640	678	715	753	790	828	866
22	0	0	0	80	120	160	200	240	280	320	360	400	440	480	520	560	600	640	680	720	760	800	840	880	920
23	0	0	0	85	127	169	212	254	296	339	381	423	466	508	550	593	635	678	720	762	805	847	889	932	974
24	0	0	0	89	134	179	223	268	313	358	402	447	492	536	581	626	670	715	760	805	849	894	939	983	1028
25	0	0	0	94	141	188	235	282	329	376	423	471	518	565	612	659	706	753	800	847	894	941	988	1035	1082
26	0	0	0	99	148	198	247	296	346	395	445	494	543	593	642	692	741	790	840	889	939	988	1037	1087	1136
27	0	0	0	104	155	207	259	311	362	414	466	518	569	621	673	725	776	828	880	932	983	1035	1087	1139	1190
28	0	0	0	108	162	216	271	325	379	433	487	541	595	649	703	758	812	866	920	974	1028	1082	1136	1190	1244
29	0	0	0	113	169	226	282	339	395	452	508	565	621	678	734	790	847	903	960	1016	1073	1129	1186	1242	1299
30	0	0	0	118	176	235	294	353	412	470	529	588	647	706	765	823	882	941	1000	1059	1117	1176	1235	1294	1353
31	0	0	0	122	183	245	306	367	428	489	550	612	673	734	795	856	917	979	1040	1101	1162	1223	1284	1346	1407
32	0	0	0	127	191	254	318	381	445	508	572	635	699	762	826	889	953	1016	1080	1143	1207	1270	1334	1397	1461
33	0	0	0	132	198	263	329	395	461	527	593	659	725	790	856	922	988	1054	1120	1186	1252	1317	1383	1449	1515
34	0	0	0	136	205	273	341	409	478	546	614	682	750	819	887	955	1023	1092	1160	1228	1296	1364	1433	1501	1569
35	0	0	0	141	212	282	353	423	494	565	635	706	776	847	917	988	1059	1129	1200	1270	1341	1412	1482	1553	1623
36	0	0	0	146	219	292	365	438	510	583	656	729	802	875	948	1021	1094	1167	1240	1313	1386	1459	1531	1604	1677
37	0	0	0	151	226	301	376	452	527	602	678	753	828	903	979	1054	1129	1204	1280	1355	1430	1506	1581	1656	1731
38	0	0	0	155	233	311	388	466	543	621	699	776	854	932	1009	1087	1164	1242	1320	1397	1475	1553	1630	1708	1786
39	0	0	0	160	240	320	400	480	560	640	720	800	880	960	1040	1120	1200	1280	1360	1440	1520	1600	1680	1760	1840
40	0	0	0	165	247	329	412	494	576	659	741	823	906	988	1070	1153	1235	1317	1400	1482	1564	1647	1729	1811	1894
41	0	0	0	169	254	339	423	508	593	678	762	847	932	1016	1101	1186	1270	1355	1440	1524	1609	1694	1778	1863	1948
42	0	0	0	174	261	348	435	522	609	696	783	870	957	1045	1132	1219	1306	1393	1480	1567	1654	1741	1828	1915	2002
43	0	0	0	179	268	358	447	536	626	715	805	894	983	1073	1162	1252	1341	1430	1520	1609	1699	1788	1877	1967	2056
44	0	0	0	183	275	367	459	550	642	734	826	917	1009	1101	1193	1284	1376	1468	1560	1651	1743	1835	1927	2018	2110
45	0	0	0	188	282	376	470	565	659	753	847	941	1035	1129	1223	1317	1412	1506	1600	1694	1788	1882	1976	2070	2164
46	0	0	0	193	289	386	482	579	675	772	868	965	1061	1157	1254	1350	1447	1543	1640	1736	1833	1929	2026	2122	2218
47	0	0	0	198	296	395	494	593	692	790	889	988	1087	1186	1284	1383	1482	1581	1680	1778	1877	1976	2075	2174	2273
48	0	0	0	202	303	405	506	607	708	809	910	1012	1113	1214	1315	1416	1517	1619	1720	1821	1922	2023	2124	2225	2327
49	0	0	0	207	311	414	518	621	725	828	932	1035	1139	1242	1346	1449	1553	1656	1760	1863	1967	2070	2174	2277	2381
50	0	0	0	212	318	423	529	635	741	847	953	1059	1164	1270	1376	1482	1588	1694	1800	1906	2011	2117	2223	2329	2435

Miami Firefighters' and Police Officers' Retirement Trust

2005 Monthly Retirement Supplements (941 Table)

Completed Years of Retirement (after age 46)

Years of Service	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50
10	282	294	306	318	329	341	353	365	376	388	400	412	423	435	447	459	470	482	494	506	518	529	541	553	565
11	339	353	367	381	395	409	423	438	452	466	480	494	508	522	536	550	565	579	593	607	621	635	649	663	678
12	395	412	428	445	461	478	494	510	527	543	560	576	593	609	626	642	659	675	692	708	725	741	758	774	790
13	452	471	489	508	527	546	565	583	602	621	640	659	678	696	715	734	753	772	790	809	828	847	866	885	903
14	508	529	550	572	593	614	635	656	678	699	720	741	762	783	805	826	847	868	889	910	932	953	974	995	1016
15	565	588	612	635	659	682	706	729	753	776	800	823	847	870	894	917	941	965	988	1012	1035	1059	1082	1106	1129
16	621	647	673	699	725	750	776	802	828	854	880	906	932	957	983	1009	1035	1061	1087	1113	1139	1164	1190	1216	1242
17	678	706	734	762	790	819	847	875	903	932	960	988	1016	1045	1073	1101	1129	1157	1186	1214	1242	1270	1299	1327	1355
18	734	765	795	826	856	887	917	948	979	1009	1040	1070	1101	1132	1162	1193	1223	1254	1284	1315	1346	1376	1407	1437	1468
19	790	823	856	889	922	955	988	1021	1054	1087	1120	1153	1186	1219	1252	1284	1317	1350	1383	1416	1449	1482	1515	1548	1581
20	847	882	917	953	988	1023	1059	1094	1129	1164	1200	1235	1270	1306	1341	1376	1412	1447	1482	1517	1553	1588	1623	1659	1694
21	903	941	979	1016	1054	1092	1129	1167	1204	1242	1280	1317	1355	1393	1430	1468	1506	1543	1581	1619	1656	1694	1731	1769	1807
22	960	1000	1040	1080	1120	1160	1200	1240	1280	1320	1360	1400	1440	1480	1520	1560	1600	1640	1680	1720	1760	1800	1840	1880	1920
23	1016	1059	1101	1143	1186	1228	1270	1313	1355	1397	1440	1482	1524	1567	1609	1651	1694	1736	1778	1821	1863	1906	1948	1990	2033
24	1073	1117	1162	1207	1252	1296	1341	1386	1430	1475	1520	1564	1609	1654	1699	1743	1788	1833	1877	1922	1967	2011	2056	2101	2145
25	1129	1176	1223	1270	1317	1364	1412	1459	1506	1553	1600	1647	1694	1741	1788	1835	1882	1929	1976	2023	2070	2117	2164	2211	2258
26	1186	1235	1284	1334	1383	1433	1482	1531	1581	1630	1680	1729	1778	1828	1877	1927	1976	2026	2075	2124	2174	2223	2273	2322	2371
27	1242	1294	1346	1397	1449	1501	1553	1604	1656	1708	1760	1811	1863	1915	1967	2018	2070	2122	2174	2225	2277	2329	2381	2432	2484
28	1299	1353	1407	1461	1515	1569	1623	1677	1731	1786	1840	1894	1948	2002	2056	2110	2164	2218	2273	2327	2381	2435	2489	2543	2597
29	1355	1412	1468	1524	1581	1637	1694	1750	1807	1863	1920	1976	2033	2089	2145	2202	2258	2315	2371	2428	2484	2541	2597	2654	2710
30	1412	1470	1529	1588	1647	1706	1764	1823	1882	1941	2000	2058	2117	2176	2235	2294	2353	2411	2470	2529	2588	2647	2705	2764	2823
31	1468	1529	1590	1651	1713	1774	1835	1896	1957	2018	2080	2141	2202	2263	2324	2385	2447	2508	2569	2630	2691	2752	2814	2875	2936
32	1524	1588	1651	1715	1778	1842	1906	1969	2033	2096	2160	2223	2287	2350	2414	2477	2541	2604	2668	2731	2795	2858	2922	2985	3049
33	1581	1647	1713	1778	1844	1910	1976	2042	2108	2174	2240	2305	2371	2437	2503	2569	2635	2701	2767	2832	2898	2964	3030	3096	3162
34	1637	1706	1774	1842	1910	1978	2047	2115	2183	2251	2320	2388	2456	2524	2592	2661	2729	2797	2865	2934	3002	3070	3138	3206	3275
35	1694	1764	1835	1906	1976	2047	2117	2188	2258	2329	2400	2470	2541	2611	2682	2752	2823	2894	2964	3035	3105	3176	3246	3317	3388
36	1750	1823	1896	1969	2042	2115	2188	2261	2334	2407	2480	2552	2625	2698	2771	2844	2917	2990	3063	3136	3209	3282	3355	3428	3501
37	1807	1882	1957	2033	2108	2183	2258	2334	2409	2484	2560	2635	2710	2785	2861	2936	3011	3086	3162	3237	3312	3388	3463	3538	3613
38	1863	1941	2018	2096	2174	2251	2329	2407	2484	2562	2640	2717	2795	2872	2950	3028	3105	3183	3261	3338	3416	3493	3571	3649	3726
39	1920	2000	2080	2160	2240	2320	2400	2480	2560	2640	2719	2799	2879	2959	3039	3119	3199	3279	3359	3439	3519	3599	3679	3759	3839
40	1976	2058	2141	2223	2305	2388	2470	2552	2635	2717	2799	2882	2964	3046	3129	3211	3294	3376	3458	3541	3623	3705	3788	3870	3952
41	2033	2117	2202	2287	2371	2456	2541	2625	2710	2795	2879	2964	3049	3134	3218	3303	3388	3472	3557	3642	3726	3811	3896	3980	4065
42	2089	2176	2263	2350	2437	2524	2611	2698	2785	2872	2959	3046	3134	3221	3308	3395	3482	3569	3656	3743	3830	3917	4004	4091	4178
43	2145	2235	2324	2414	2503	2592	2682	2771	2861	2950	3039	3129	3218	3308	3397	3486	3576	3665	3755	3844	3933	4023	4112	4202	4291
44	2202	2294	2385	2477	2569	2661	2752	2844	2936	3028	3119	3211	3303	3395	3486	3578	3670	3762	3853	3945	4037	4129	4220	4312	4404
45	2258	2353	2447	2541	2635	2729	2823	2917	3011	3105	3199	3294	3388	3482	3576	3670	3764	3858	3952	4046	4140	4235	4329	4423	4517
46	2315	2411	2508	2604	2701	2797	2894	2990	3086	3183	3279	3376	3472	3569	3665	3762	3858	3955	4051	4147	4244	4340	4437	4533	4630
47	2371	2470	2569	2668	2767	2865	2964	3063	3162	3261	3359	3458	3557	3656	3755	3853	3952	4051	4150	4249	4347	4446	4545	4644	4743
48	2428	2529	2630	2731	2832	2934	3035	3136	3237	3338	3439	3541	3642	3743	3844	3945	4046	4147	4249	4350	4451	4552	4653	4754	4856
49	2484	2588	2691	2795	2898	3002	3105	3209	3312	3416	3519	3623	3726	3830	3933	4037	4140	4244	4347	4451	4554	4658	4761	4865	4968
50	2541	2647	2752	2858	2964	3070	3176	3282	3388	3493	3599	3705	3811	3917	4023	4129	4235	4340	4446	4552	4658	4764	4870	4976	5081

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

Summary of Actuarial Basis

Valuation Date: January 1, 2005.

Valuation Method: Accrued Benefit Cost Method, based on benefits granted to date.

Asset Valuation Method: Market Value, plus present value of future minimum City contributions.

Actuarial Assumptions:

Investment Return: 7.75% compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	0.0507%	0.0284%
30	0.0801%	0.0351%
40	0.1072%	0.0709%
50	0.2579%	0.1428%
60	0.7976%	0.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Summary of Actuarial Basis
(Continued)

Age	Disability	Turnover	
		<5	5+
20	0.00085	0.0240	0.0192
21	0.00095	0.0240	0.0192
22	0.00105	0.0240	0.0192
23	0.00110	0.0240	0.0192
24	0.00125	0.0240	0.0192
25	0.00130	0.0240	0.0192
26	0.00140	0.0240	0.0192
27	0.00150	0.0240	0.0192
28	0.00160	0.0240	0.0192
29	0.00170	0.0240	0.0192
30	0.00180	0.0240	0.0192
31	0.00200	0.0240	0.0192
32	0.00220	0.0240	0.0192
33	0.00245	0.0240	0.0192
34	0.00265	0.0240	0.0192
35	0.00285	0.0240	0.0192
36	0.00305	0.0228	0.0182
37	0.00325	0.0216	0.0173
38	0.00345	0.0204	0.0163
39	0.00370	0.0192	0.0154
40	0.00390	0.0180	0.0144
41	0.00470	0.0168	0.0134
42	0.00555	0.0156	0.0125
43	0.00635	0.0144	0.0115
44	0.00720	0.0132	0.0106
45	0.00800	0.0120	0.0096
46	0.00880	0.0096	0.0077
47	0.00965	0.0072	0.0057
48	0.01045	0.0048	0.0038
49	0.01130	0.0024	0.0019
50	0.01210	0.0000	0.0000

- After eligibility for Rule of 64 Retirement.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Summary of Actuarial Basis
(Continued)

Age	Disability	Turnover	
		<5	5+
51	0.01295	0.0000	0.0000
52	0.01375	0.0000	0.0000
53	0.01455	0.0000	0.0000
54	0.01540	0.0000	0.0000
55	0.01620	0.0000	0.0000
56	0.01785	0.0000	0.0000
57	0.01870	0.0000	0.0000
58	0.01950	0.0000	0.0000
59	0.02030	0.0000	0.0000
60	0.00000	0.0000	0.0000
61	0.00000	0.0000	0.0000
62	0.00000	0.0000	0.0000
63	0.00000	0.0000	0.0000
64	0.00000	0.0000	0.0000
65	0.00000	0.0000	0.0000

Retirement: After eligibility for Rule of 64 Retirement, the following decrements apply, based on service:

Years of Service After R64, 20 Years	%
0-4	10
5-9	25
10+	100

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

Summary of Actuarial Basis
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Martial Status:	All employees are assumed to be married.
Investment Expenses:	Not provided for.
Contingency Reserve:	20% of assets available for COLA benefits.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Adjustments from Valuation Date:	Liabilities are discounted for 3 months at the Investment Return assumption.
Sources of Data:	Asset data is from unaudited financial statements. Membership data was furnished by Administrator.
Changes from Prior Year Valuation:	None.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)
(Based on 01/01/2004 $920 table)

I. Funding Status and Progress as of September 30, 2004 and 2003

Pension benefit obligation:	$(Millions) 2004	2003
- Retirees and beneficiaries currently receiving prior COLA benefits	2.3	2.5
- Retirees and beneficiaries receiving COLA tabular benefits (beginning January 1) and terminated employees not yet receiving tabular benefits	143.1	124.5
- Current Employees Accumulated employee contributions including interest	5.8	6.1
Employer - financed vested	0.0	0.0
Employer - financed non-vested	34.5	32.0
- Total pension benefit obligation	185.7	165.1
Net assets available for benefits	210.3	194.8
Unfunded pension benefit (obligation)/asset	24.7	29.7

The pension benefit obligations were determined as part of actuarial valuations at January 1, 2005 and January 1, 2004, based on data and asset information at September 30, 2004 and September 30, 2003. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75% per year compounded annually, (b) post retirement COLA benefits based on the table in effect at January 1, 2004 and January 1, 2003.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)
(Based on 01/01/2004 $920 table)

II. Contributions Required and Contributions Made

The funding policy provides for annual employer contributions for 21 years from January 1, 1994. The amount of the contribution was $2.5 million, beginning January 1, 1994, increasing 4% per year each year thereafter, and reduced (but not below zero) by any excess investment income transfer due on the same date.

The excess investment income transfer consists of a portion of gains due to investment return exceeding the lesser of 7.75 percent and the 7.75 percent assumption. There is no excess investment income transfer scheduled for January 1, 2005. Instead, City contributions of $3,848,635 will become due on January 1, 2005. As of January 1, 2006 a $13,147,517 transfer of excess investment income is scheduled. No City contribution to the COLA Fund will be required on January 1, 2006.

III. Analysis of funding Progress ($ Millions)

Fiscal Year	(1) Net Assets Available for Benefits* ($)	(2) Pension Benefit Obligation** ($)	(3) Percent Funded (%)	(4) Unfunded PBO (2)-(1) ($)	(5) Annual Covered Payroll ($)	(4)/(5) (%)
1993	40.8	32.5	126	(8.3)	72.0	(12)
1994	42.6	51.5	83	8.9	72.9	12
1995	63.8	52.0	123	(11.8)	71.5	(17)
1996	83.9	65.7	128	(18.1)	72.9	(25)
1997	117.7	70.8	166	(46.9)	69.6	(67)
1998	144.2	90.9	159	(53.3)	74.3	(72)
1999	180.7	116.3	155	(64.4)	77.7	(83)
2000	220.5	137.0	161	(83.5)	84.3	(99)
2001	195.0	158.4	123	(36.6)	89.7	(41)
2002	174.1	164.5	106	(9.6)	96.9	(10)
2003	194.8	165.1	118	(29.7)	98.9	(30)
2004	210.3	185.7	113	(24.7)	89.2	(28)

* Excluding future City minimum contributions.
** Excluding new increment, contingency reserves, and reserves for future actives.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

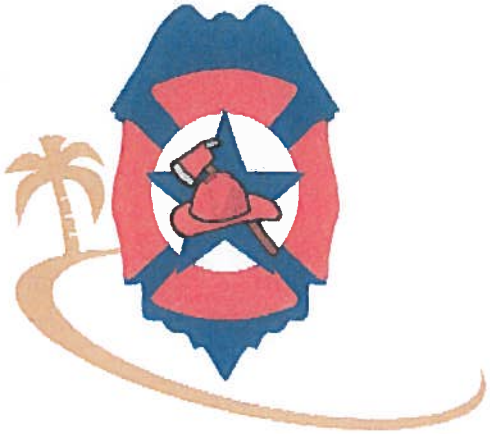
Disclosure Information Under GASB 5
(COLA Fund)

IV. Revenues and Expenses

Fiscal Year	Revenues by Source: Employee Contributions ($)	Employer Contributions ($)	Investment Income ($)	Total ($)
1992	1,422,192	0	1,031,806	2,453,998
1993	1,493,735	0	1,151,821	2,645,556
1994	474,233	9,481,546	1,313,750	11,269,529
1995	506	16,818,431	3,754,787	20,573,724
1996	0	2,622,149	3,795,508	6,417,657
1997	4,226	12,736,609	7,724,214	20,465,049
1998	1,094	14,344,834	10,325,730	24,671,658
1999	11,792	17,020,337	9,278,121	26,310,250
2000	293	23,437,048	18,932,095	42,369,436
2001	0	28,380,385	6,709,796	35,090,181
2002	0	32,080,031	571,271	32,651,302
2003	0	3,558,280	6,649,841	10,208,121
2004	0	3,700,611	9,923,222	13,623,833

Fiscal Year	Expenses by Type: Benefits ($)	Administrative Expenses ($)	Refunds ($)	Total ($)
1992	628,793	20,956	78,054	727,803
1993	665,938	27,288	84,945	778,171
1994	1,657,947	7,430	72,595	1,737,972
1995	2,706,830	0	101,814	2,808,644
1996	3,051,315	0	84,143	3,135,458
1997	3,676,801	0	124,925	3,801,726
1998	4,695,927	0	30,136	4,726,063
1999	5,765,042	295,708	17,974	6,078,724
2000	7,016,378	334,588	13,932	7,364,898
2001	8,225,910	445,723	16,796	8,688,429
2002	8,943,616	437,703	11,101	9,392,420
2003	9,332,318	590,842	9,806	9,932,966
2004	9,916,255	609,251	6,313	10,531,819

The City of Miami
Fire Fighters' and Police Officers' Retirement Trust



65th ANNUAL REPORT
SEPTEMBER 30, 2004

The City of Miami
Fire Fighters' and Police Officers'
Retirement Trust

65th ANNUAL REPORT
SEPTEMBER 30, 2004

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I

INTRODUCTORY

SECTION

BOARD OF TRUSTEES

AND

PERSONNEL OF THE RETIREMENT TRUST

AS OF SEPTEMBER 30, 2004

Thomas Gabriel - Chairman
Fire Captain
Elected by the Fire Fighters

Joseph Kaplan
Appointed by the City Commission

Clarence Dickson
Appointed by the City Commission

Raul Fernandez
Fire Fighter
Elected by the Fire Fighters

Monica Fernandez
Appointed by the City Commission

Jesse Diner
Appointed by the City Commission

Gerald Teitelbaum
Assistant City Manager
Appointed by the City Manager

Rolando Gutierrez
Police Officer
Elected by the Police Officers

Annette Rotolo
Police Officer
Elected by the Police Officers

Administrator
Robert H. Nagle

Assistant Administrator
Dania L. Orta

Legal Advisor
Stephen H. Cypen

Medical Advisor
Cornell Lupu

Consulting Actuary
Stanley, Holcombe & Associates

Certified Public Accountants
Koch Reiss & Company

Investment Managers

Barrow, Hanley, et al
John Hancock Advisors
John McStay Investments
Morgan Stanley Investment Advisors
State Street Global Advisors
Lazard Asset Management

Dodge & Cox Investment Mang.
Boston Partners
J. P. Morgan Investment Mang.
Munder Capital Management
Barclays Global Investors
Oechsle International Advisors

Consultant
Dorn, Helliesen & Cottle

Custodian
Northern Trust Bank

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

65th ANNUAL REPORT

On September 30, 2004, the City of Miami Fire Fighters' and Police Officers' Retirement Trust completed its sixty fifth year of operation.

Retirement benefits granted during the year represent annual benefits of $12,851,184 as follows:

47	Service Retirements with Annual Benefits of	1,594,237.00
143	DROP Service Retirements with Annual Benefits of	11,056,956.00
6	Vested Right Retirement with annual benefits of	143,141.00
1	Accidental Disability Retirements with an annual benefit of	39,026.00
1	Ordinary Death Early Retirement with an annual benefit of	17,823.00

During the year, 36 pensioners of the Retirement Trust died. Of these, 24 had selected a pension which terminated at their death and 12 had selected an option that will continue to a beneficiary representing yearly benefits of $85,587.00.

During the year ending September 30, 2004, the pension payroll totaled of $53,249,449.00. It was 11.6% greater than the previous year as follows:

		ANNUAL BENEFITS
941	Service Retirements	36,530,170.00
175	DROP Service Retirements	9,488,267.00
91	Early Service Retirements	1,077,277.00
30	Vested Right Retirements	537,728.00
9	Ordinary Disability Retirements	67,113.00
205	Service/Accidental Disability Retirements	3,871,684.00
12	Accidental Death Retirements	200,296.00
3	Ordinary Death Early	43,366.00
176	Continuances	1,444,971.00
		53,249,449.00
	Securities' gains and losses, Miscellaneous Income	53,819,160.00

The various statements and schedules, which follow, reflect the activities of the system from the beginning as well as for the current year. An outline showing benefits and working procedures is also included.

II

FINANCIAL

SECTION

KOCH
CERTIFIED PUBLIC ACCOUNTANTS & COUNSELORS
REISS

Donald F. Bellantoni, CPA
Dana M. Kaufman, CPA / JD
Jeffrey B. Koch, CPA / PFS
A. Gerald Reiss, CPA
Jack N. Rosenberg, CPA
Lawrence W. Rubenstein, CPA
Bernard J. Schinder, CPA

Members of the Private Companies Practice Section
of the American Institute of
Certified Public Accountants

Member of AGN International
with offices in principal cities worldwide

Report of Independent Certified Public Accountants

Board of Trustees
City of Miami Fire Fighters' and Police Officers' Retirement Trust
Miami, Florida

We have audited the accompanying statements of plan net assets of the City of Miami Fire Fighters' and Police Officers' Retirement Trust at September 30, 2004 and 2003, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of September 30, 2004 and 2003, and the changes in plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 12, 2004 on our consideration of the City of Miami Fire Fighters' and Police Officers' Retirement Trust internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis on pages 2-6 and the supplementary information in Schedules 1 and 2 which show historical pension information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit and express no opinion on them.

Koch Reiss + Company, P.A.

November 12, 2004

4700 Sheridan Street, Bldg. N. ■ Hollywood, Florida 33021-3497
Hollywood ■ Miami ■ Aventura ■ Boca Raton
954-989-7462 ■ Fax 954-962-1021
www.kr-cpa.com

The City of Miami
Fire Fighters' and Police Officers'
Retirement Trust

ADMINISTRATOR
Robert H. Nagle

ASSISTANT ADMINISTRATOR
Dania L. Orta

TRUSTEES
Jesse Diner
Clarence Dickson
Monica Fernandez
Raul Fernandez
Tom Gabriel
Ricardo Gutierrez
Joseph Kaplan
Annette Rotolo

MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION)

Our discussion and analysis of the City of Miami Fire Fighters' and Police Officers' Retirement Trust (The Trust) financial performance provides an overview of the Trust's financial activities for the fiscal years ended September 30, 2004 and 2003, Please read it in conjunction with the Trust's financial statements, which follow this discussion.

Financial Highlights

- Trust assets exceeded its liabilities at the close of fiscal years ended 2004 by $1,168.2 million (reported as net assets held in trust for pension benefits). Net assets are held in trust to meet future benefit payments.

- Trust funding objective is to meet long-term benefit obligations through contributions and investment income. As of October 1, 2003, date of the latest actuarial valuation, the funded ratio was approximately 84%.

- Revenues for the fiscal year ended 2004 were $192.1 million which is comprised of contributions of $61.1 million and investment income of $130.8 million.

- Expenses increased over the prior year from $55.9 million to $63.5 million or 13.6%. Most of this increase represented increased retirement benefits paid.

Overview of the Financial Statements

The Trust's financial statements are comprised of a Statement of Plan Net Assets, a Statement of Changes in Plan Net Assets, and Notes to Financial Statements. Also included is certain required supplementary information. These financial statements report information about the Trust, as a whole, and about its financial condition that should help answer the question: Is the Trust, as a whole, better off or worse off as a result of this year's activities? These statements include all assets and liabilities using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, all revenues and expenses are taken into account regardless of when cash is received or paid.

The statement of plan net assets presents information on the assets and liabilities and the resulting net assets held in trust for pension benefits. This statement reflects the Trust's investments, at fair value, along with cash and cash equivalents, receivables and other assets and liabilities.

Overview of the Financial Statements (continued)

The statement of changes in plan net assets presents information showing how the Trust's net assets held in trust for pension benefits changed during the years ended September 30, 2004 and 2003. It reflects contributions by members and the employer along with deductions for retirement benefits, refunds and withdrawals, and administrative expenses. Investment income during the period is also presented showing income from investing and securities lending activities.

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The required supplementary information and the related notes present a schedule of funding progress and a schedule of employer contributions along with a discussion of actuarial assumptions and methods.

Financial Analysis

Trust's total assets as of September 30, 2004, were $1,352.6 million and were mostly comprised of cash and cash equivalents, investments, property and equipment and receivables related to investments. Total assets increased $199.8 million or 17.3% from the prior year primarily due to increases in contributions and increased investment earnings.

Total liabilities as of September 30, 2004 were $184.4 million and were mostly comprised of obligations under securities lending, payable for securities purchased and deferred retirement option plan payable. Total liabilities increased $71.2 million or 62.9% from the prior year primarily due to an increase in obligations under securities lending and an increase in payables for the purchase of investments.

Trust assets exceeded its liabilities at the close of fiscal year ended September 30, 2004 by $1,168.2 million. Total net assets held in trust for pension benefits increased $128.6 million or 12.4% from the previous year, primarily due to improvement in market conditions and an increase in investment earnings.

City of Miami
Fire Fighters' and Police Officers' Retirement Trust
Plan Net Assets
(In Thousands)

	2004	2003	Increase (Decrease) Amount	Total Percentage Change
Assets:				
Cash and cash equivalents	$ 39,459	$ 26,546	$ 12,913	48.6 %
Receivables	12,143	6,243	5,900	94.5
Investments	1,151,707	1,020,943	130,764	12.8
Security lending collateral	146,959	96,666	50,293	52.0
Property and equipment, net	2,342	2,384	(42)	(1.8)
Total assets	1,352,610	1,152,782	199,828	17.3
Liabilities:				
Payables for securities purchased	27,314	9,217	18,097	196.3
Accounts payable	407	406	1	0.2
DROP payable	9,686	6,872	2,814	40.9
Obligations under securities lending	146,959	96,666	50,293	52.0
Total liabilities	184,366	113,161	71,205	62.9
Net assets held in trust for pension benefits	$ 1,168,244	$ 1,039,621	$ 128,623	12.4 %

City of Miami Fire Fighters' and Police Officers' Retirement Trust
1895 SW 3rd Avenue, Miami, FL 33129-1456
Tel: 305-858-6006 Fax: 305-585-9008

Revenues – Additions to Plan Net Assets

The reserves needed to finance retirement benefits are accumulated through the collection of contributions from members and the City and through earnings on investments. Contributions and net investment income/(losses) for fiscal year 2004 totaled $192.1 million.

Total contributions and net investment income increased $23.9 million or 14.2% from those of the prior year, due primarily market conditions and investment earnings. Total City contributions increased from the previous year by $18.1 million or 97.3%. This increase is primarily due to an increase in the City's actuarially computed minimum required contribution. Total employee contributions increased from the previous year by $17.2 million or 239.0% due primarily to the purchase of additional service years by employees. Investment income decreased from the previous year by $11.0 million or (7.5)%.

Additions in Plan Net Assets
(In Thousands)

	2004	2003	Increase Amount	Total Percentage Change
City contribution	$ 36,660	$ 18,583	$ 18,077	97.3 %
Member contributions	24,415	7,194	17,221	239.0
Net investment income	130,842	142,229	11,387	8.0
Net income from securities lending	222	211	11	5.2
Total additions	$ 192,139	$ 168,217	$ 23,922	14.2 %

Expenses – Deductions from Plan Net Assets

The primary expenses of the Trust include the payment of pension benefits to members and beneficiaries, refund of contributions to former members, and distributions to retirees. Total deductions for fiscal year ended 2004 were $63.5 million, an increase of 13.6% over year 2003 expenditures.

The payment of pension benefits to retirees increased by $7.2 million or 15.6% from the previous year. The increase in pension benefit expenditures resulted from an increase in number of retirees (115) and an increase in benefit payments to retirees.

Expenses – Deductions from Plan Net Assets (continued)

Deductions from Plan Net Assets
(In Thousands)

	2004	2003	Increase (Decrease) Amount	Total Percentage Change
Pension benefits	$ 53,249	$ 46,083	$ 7,166	15.6 %
Refunds upon resignation, death, etc.	308	439	(131)	(29.8)
Distributions to retirees	9,916	9,332	584	6.3
Depreciation expense	43	43	0	0
Total deductions	$ 63,516	$ 55,897	$ 7,619	13.6 %

Capital Assets

As of September 30, 2004, the Trust's investment in capital assets totaled $2.3 million (net of accumulated depreciation), a decrease of $0.05 million or 1.8% from September 30, 2003. This investment in capital assets includes land and building for administrative use.

Retirement System as a Whole

The Trust's combined net assets have experienced two years of decreases over the last 5 years. Again, these decreases are a result of a national economic slowdown that resulted in investment income decreases. Management believes, and actuarial studies concur, that the Trust is in a financial position to meet its current obligations.

Contacting the Trust's Financial Management

This financial report is designed to provide the Retirement Board, our membership, taxpayers, investors, and creditors with a general overview of the Trust's finances and to demonstrate the Trust's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City of Miami Fire Fighters and Police Officers' Retirement Trust Fund, 1895 SW 3 Avenue, Miami, FL 33129.

CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST
STATEMENTS OF PLAN NET ASSETS
SEPTEMBER 30, 2004 AND 2003

	2004				2003			
	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total
Assets:								
Cash and cash equivalents	$ 32,200,838	$ 1,082,599	$ 6,175,385	$ 39,458,822	$ 21,391,269	$ 756,172	$ 4,398,467	$ 26,545,908
Investments, at fair value:								
U.S. government and agency obligations	159,182,190	5,351,737	30,527,508	195,061,435	136,841,999	4,837,299	28,137,413	169,816,711
Corporate stocks	599,025,951	20,139,370	114,879,496	734,044,817	518,964,406	18,345,144	106,709,314	644,018,864
Corporate bonds	134,321,107	4,515,902	25,759,721	164,596,730	126,789,077	4,481,933	26,070,334	157,341,344
Mutual funds	39,430,255	1,325,653	7,561,822	48,317,730	34,564,883	1,221,852	7,107,222	42,893,957
Mutual funds - Deferred Retirement Option Plan participants	9,686,086	-	-	9,686,086	6,871,394	-	-	6,871,394
Total investments	941,645,589	31,332,662	178,728,547	1,151,706,798	824,031,759	28,886,228	168,024,283	1,020,942,270
Security lending collateral	146,958,999	-	-	146,958,999	96,666,334	-	-	96,666,334
Receivables:								
Proceeds from securities sold	9,418,318	-	-	9,418,318	3,858,605	-	-	3,858,605
City contributions	377,005	-	-	377,005	-	-	-	-
Budget advance from City	223,557	-	-	223,557	90,378	-	-	90,378
Accrued interest and other	2,124,193	-	-	2,124,193	2,293,753	-	-	2,293,753
Total receivables	12,143,073	-	-	12,143,073	6,242,736	-	-	6,242,736
Property and equipment, net	1,910,988	64,248	366,484	2,341,720	1,921,438	67,922	395,085	2,384,445
Total assets	1,134,859,487	32,479,509	185,270,416	1,352,609,412	950,253,536	29,710,322	172,817,835	1,152,781,693
Liabilities:								
Payable for securities purchased	27,313,761	-	-	27,313,761	9,217,196	-	-	9,217,196
Accounts payable	406,532	-	-	406,532	405,772	-	-	405,772
Obligations under secuities lending	146,958,999	-	-	146,958,999	96,666,334	-	-	96,666,334
Deferred Retirement Option Plan payable	9,686,086	-	-	9,686,086	6,871,394	-	-	6,871,394
Total liabilities	184,365,378	-	-	184,365,378	113,160,696	-	-	113,160,696
Net assets held in trust for pension benefits (a schedule of funding progress is presented on page 19)	$ 950,494,109	$ 32,479,509	$ 185,270,416	$ 1,168,244,034	$ 837,092,840	$ 29,710,322	$ 172,817,835	$ 1,039,620,997

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2004 AND 2003

	2004				2003			
	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total
Additions:								
Contributions:								
City	$ 32,959,003	$ -	$ 3,700,611	$ 36,659,614	$ 15,024,366	$ -	$ 3,558,280	$ 18,582,646
Members	24,415,150	-	-	24,415,150	7,193,936	-	-	7,193,936
Total contributions	57,374,153	-	3,700,611	61,074,764	22,218,302	-	3,558,280	25,776,582
Investment income:								
Net appreciation in fair value of investments	89,271,666	2,593,497	14,958,991	106,824,154	93,156,268	2,954,467	20,222,121	116,332,856
Interest	15,223,962	427,964	2,506,980	18,158,906	17,319,558	490,697	3,234,755	21,045,010
Dividend	7,689,445	214,899	1,242,907	9,147,251	6,477,603	186,814	1,215,641	7,880,058
Other	435,498	12,167	70,387	518,052	289,977	8,243	53,277	351,497
	112,620,571	3,248,527	18,779,265	134,648,363	117,243,406	3,640,221	24,725,794	145,609,421
Less investment expense	3,192,857	90,282	522,476	3,805,615	2,795,561	77,635	506,924	3,380,120
Net investment income	109,427,714	3,158,245	18,256,789	130,842,748	114,447,845	3,562,586	24,218,870	142,229,301
Security lending activities:								
Security lending income	266,637	7,463	43,139	317,239	248,414	7,073	46,288	301,775
Security lending expense	80,176	2,244	12,971	95,391	74,526	2,122	13,884	90,532
Net income from security lending	186,461	5,219	30,168	221,848	173,888	4,951	32,404	211,243
Total additions	166,988,328	3,163,464	21,987,568	192,139,360	136,840,035	3,567,537	27,809,554	168,217,126
Deductions:								
Pension benefits	53,249,449	-	-	53,249,449	46,083,206	-	-	46,083,206
Refunds upon resignation, death, etc.	301,580	6,313	-	307,893	429,225	9,806	-	439,031
Distributions to retirees	-	386,966	9,529,289	9,916,255	-	418,100	8,914,218	9,332,318
Depreciation expense	36,030	998	5,698	42,726	34,377	1,221	7,127	42,725
Total deductions	53,587,059	394,277	9,534,987	63,516,323	46,546,808	429,127	8,921,345	55,897,280
Allocation of net earnings	-	-	-	-	-	-	-	-
Net increase	113,401,269	2,769,187	12,452,581	128,623,037	90,293,227	3,138,410	18,888,209	112,319,846
Net assets held in trust for pension benefits:								
Beginning of year	837,092,840	29,710,322	172,817,835	1,039,620,997	746,799,613	26,571,912	153,929,626	927,301,151
End of year	$ 950,494,109	$ 32,479,509	$ 185,270,416	$ 1,168,244,034	$ 837,092,840	$ 29,710,322	$ 172,817,835	$ 1,039,620,997

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

Koch Reiss & Company, P.A.
Certified Public Accountants & Counselors

Note 1 – Description of the Plan

a. Organization

The City of Miami Fire Fighters' and Police Officers' Retirement Trust (the Trust) is a single employer defined benefit plan established by the City of Miami, Florida (the City) pursuant to the provisions and requirements of Ordinance No. 10002 as amended. Since the Trust is sponsored by the City, the Trust is included as a pension trust fund in the City's comprehensive financial report as part of the City's financial reporting entity.

The following brief description of the Trust is provided for general information purposes only. Participants should refer to the Trust document for more detailed and comprehensive information.

b. Participants

Participants are the police officers and firefighters with fulltime status in the Police and Fire Department of the City of Miami, Florida.

c. Membership

As of October 1, 2004 and 2003, membership in the Trust consisted of:

	2004	2003
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.	1,668	1,495
Current employees:		
Vested	542	561
Nonvested	926	1,061
	1,468	1,622

d. Member Contributions

Members contribute a percentage of their base salaries on a bi-weekly basis. Effective October 1, 2000 and thereafter, member contribution, is 7% of compensation or equal to the City's contribution, whichever is less. Prior to the agreement dated January 9, 1994, members contributed 10½%, of which 2% was designated as a contribution to the Cost-Of-Living Adjustment Account (COLA I account). Effective January 9, 1994, the Trust entered into an agreement with the City whereby this percentage was decreased to 10% and a new Cost-of-Living Adjustment Account (COLA II account) was created and funded by a percentage of the excess investment return (from other than COLA I account assets).

Note 1 – Description of the Plan (continued)

d. Member Contributions (continued)

Effective October 1, 2000, should the member contribution be less than 7% due to the City contribution the difference between the 7% and the actual contribution shall be deducted from the member's paycheck and placed into an individual contribution account (ICA), as part of the retirement system. Interest on ICA's shall be determined in the same manner as the COLA transfer methodology. Interest shall be credited periodically to the ICA's as determined by the retirement system board's actuary. Member contributions and earnings in ICA's shall be deemed 100% vested upon deposit. Upon the member's separation, ICA balances shall be disbursed as provided under the IRS Code. For the year ended September 30, 2002, ICA's would have been established, however the City, Fraternal Order of Police, Lodge No. 20, and the International Association of Firefighters, Local 587, came to an agreement to waive the provisions for the ICA's for the period of October 7, 2001 through October 5, 2002. This waiver shall be only for that period and none other.

During the year ended September 30, 2004, approximately $17,400,000 is included as employee contributions for the purchase of additional service years by employees as provided for by the Trust.

e. Funding Requirements

The City is to contribute such amounts as are necessary to maintain the actuarial soundness of the Trust and to provide the Trust with assets sufficient to meet the benefits to be paid to the participants. Contributions to the Trust are authorized, pursuant to City of Miami Code Section 40.196 (a) and (b). Contributions to the COLA accounts are authorized pursuant to Section 40.204 of the City of Miami Code. The City's contributions to the Trust provide for non-investment expenses and normal costs of the Trust. The yield (interest, dividends, and net realized gains and losses) on investments of the Trust serves to reduce future contributions that would otherwise be required to provide for the defined level of benefits under the Trust.

f. Pension Benefits

Effective October 1, 1998 members may elect to retire after 10 or more years of creditable service upon attainment of normal retirement age. Normal retirement age for members shall be 50 years of age. A member exercising normal service retirement or rule of 64 retirement (computation of service retirement on the basis of his or her combined age and creditable service equaling 64) shall be entitled to receive a retirement allowance equal to 3% (2.75% for police officers prior to October 1, 1998) of the member's average final compensation multiplied by years of creditable service for the first 15 years of such creditable service, plus a retirement allowance equal to 3½% (3% for police officers prior to October 1, 1998) of member's final average compensation multiplied by the years of creditable service in excess of 15 years, paid in monthly installments.

Note 1 – Description of the Plan (continued)

f. Pension Benefits (continued)

Prior to October 1, 1998, a firefighter member exercising normal service retirement or rule of 70 retirement (computation of service retirement on the basis of his or her combined age and creditable service equaling 70) were entitled to receive a retirement allowance equal to 3% of the member's final average compensation multiplied by years of creditable service, paid in monthly installments.

Early retirement, disability, death and other benefits are also provided.

g. Investments

The Trust investment policy is determined by the Board of Trustees and is implemented by investment managers. In addition, the Trust utilizes an investment advisor who monitors the investing activities. The investment policy of the Trust stipulates that the trustees shall, in acquiring, investing, reinvesting, exchanging, retaining, selling and maintaining property for the benefit of the Trust exercise the judgment and care under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital. The trustees are authorized to acquire and retain various kinds of property, real, personal or mixed, and various types of investments specifically including, but not by way of limitation, bonds, debentures and other corporate obligations, and stocks, preferred or common, which persons of prudence, discretion and intelligence acquire or retain for their own account. The investment of funds shall be in a manner that is consistent with the applicable sections of the City Code as well as State and Federal laws within the allocation percentages established in the Trust's investment policy guidelines.

The investments are considered held by the Membership and Benefit account and a share of the value of this account is allocated to each account based on a weighted average calculation performed each month to reflect each account's membership and benefit, COLA I and COLA II activity.

Note 2 – Summary of Significant Accounting Policies

a. Basis of Accounting

The Trust's financial statements are prepared using the accrual basis of accounting. Member contributions are recognized as revenues in the period in which employee services are performed. Employer contributions are recognized as revenues when due pursuant to actuarial valuations. Interest, rental and dividend income are recorded as earned.

Note 2 – Summary of Significant Accounting Policies (continued)

a. Basis of Accounting (continued)

For the year ended September 30, 2003, the plan adopted GASB Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.*

b. Cash equivalents

The Trust considers all highly liquid investment with maturity of three months or less when purchased, to be cash equivalents

c. Investments

Investments are recorded at fair market value. Fair market values of investments are determined as follows: securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year; securities traded in the over-the counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price; commercial paper, time deposits and short-term investment pools are valued at cost which approximates market; mortgages are valued based on current market yield.

Unrealized gains and losses are presented as net appreciation (depreciation) in fair value of investments on the statement of changes in plan net assets along with gains and losses realized on sales of investments. Purchases and sales of securities are reflected on a trade date basis. Realized gains and losses on the sale of investments are based on average cost identification method.

d. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

e. Property and Equipment

Property and equipment are stated at cost and depreciated using straight-line method over the estimated lives of the assets.

Occupancy of the building took place at the beginning of the fiscal year ending September 30, 2003 and at that time depreciation of the building commenced over its estimated useful life.

Note 2 – Summary of Significant Accounting Policies (continued)

f. Income Tax Status

The Trust is tax-exempt under the Internal Revenue Code and, therefore, has recorded no income tax liability or expense.

Note 3 – Cash and Investments

A retirement system is authorized by state statutes and board of trustees policies to lend its investment securities. The lending is managed by the Trust's custodial bank. All loans can be terminated on demand by either the Trust or the borrowers, although the average term of loans is approximately eighty nine days. The custodial bank and its affiliates are prohibited from borrowing the system's securities.

The agent lends the Trust's U.S. government and agency securities and domestic corporate fixed-income and equity securities for securities or cash collateral of 102 percent and international securities of 105 percent of the securities plus any accrued interest. The securities lending contracts do not allow the Trust to pledge or sell any collateral securities unless the borrower defaults. Cash collateral is invested in the agent's collateral investment pool, whose share values are based on the amortized cost of the pool's investments. At year-end, the pool has a weighted average term to maturity of thirty-one days. The relationship between the maturities of the investment pool and the Trust's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Trust cannot determine. There are policy restrictions by the custodial bank that limits the amount of securities that can be lent at one time or to one borrower.

Before the security lending transactions and the investment of the cash collateral, the Trust's investments are categorized below to give an indication of the level of risk assumed by the Trust at September 30, 2004 and 2003. Category 1 includes the following investments that are insured or registered or for which the securities are held by the Trust or its agent in the Trust's name.

	Fair Value 2004	Fair Value 2003
U.S. government and agency obligations	$ 195,061,435	$ 169,816,711
Corporate stocks	734,044,817	644,018,864
Corporate bonds	164,596,730	157,341,344
	$ 1,093,702,982	$ 971,176,919

The investments in cash and cash equivalents and mutual funds are not categorized because they are not evidenced by securities that exist in physical or book entry form.

Note 3 – Cash and Investments (continued)

The following represents the balances relating to securities lending transactions at September 30:

	2004		
Securities Lent:	Fair Value of Underlying Securities	Cash Collateral Received/Securities Collateral Value	Cash Collateral Investment Value
Lent for cash collateral:			
U.S. government and agency obligations	$ 45,402,166	$ 46,257,034	$ 45,257,034
Domestic corporate stocks	81,643,970	83,548,975	83,548,975
Domestic corporate bonds	9,126,842	9,332,517	9,332,517
International corporate stocks	7,477,217	7,820,473	7,820,473
	143,650,195	146,958,999	146,958,999
Lent for securities collateral:			
U.S. government and agency obligations	6,086,857	6,200,255	-
Domestic corporate stocks	3,390,728	3,472,403	-
Domestic corporate bonds	433,103	435,481	-
	9,910,688	10,108,139	-
Total securities lent	$ 153,560,883	$ 157,067,138	$ 146,958,999

	2003		
Securities Lent:	Fair Value of Underlying Securities	Cash Collateral Received/Securities Collateral Value	Cash Collateral Investment Value
Lent for cash collateral:			
U.S. government and agency obligations	$ 37,930,368	$ 38,601,117	$ 38,601,117
Domestic corporate stocks	39,972,746	41,151,109	41,151,109
Domestic corporate bonds	13,806,163	14,104,549	14,104,549
International corporate stocks	2,669,269	2,809,559	2,809,559
	94,378,546	96,666,334	96,666,334
Lent for securities collateral:			
U.S. government and agency obligations	10,660,937	10,879,404	-
Domestic corporate stocks	312,980	323,991	-
Domestic corporate bonds	203,991	207,512	-
	11,177,908	11,410,907	-
Total securities lent	$ 105,556,454	$ 108,077,241	$ 96,666,334

Note 3 – Cash and Investments (continued)

The following represents the schedule of investments by category of custodial risk required for securities lending at September 30:

	2004 Total Fair Value	2003 Total Fair Value
Investments – Category 1 (held by Trust's agent in Trust's name)		
U.S. government and agency obligations		
Not on securities loan	$ 143,572,412	$ 121,225,406
On securities loan for securities collateral	6,086,857	10,660,937
Corporate stocks		
Not on securities loan	641,451,227	601,052,858
On securities loan for securities collateral	3,472,403	323,991
Corporate bonds		
Not on securities loan	155,034,407	143,327,669
On securities loan for securities collateral	435,481	207,512
Subtotals	950,052,787	876,798,373
Investments – not categorized		
Investments held by broker-dealer under securities loans with cash collateral		
U.S. government and agency securities	45,402,166	37,930,368
Corporate stocks	89,121,187	42,642,015
Corporate bonds	9,126,842	13,806,163
Securities lending short-term collateral investment pool	146,958,999	96,666,334
Mutual funds	48,317,730	42,893,957
Mutual funds – DROP participants	9,686,086	6,871,394
Totals	$ 1,298,665,797	$ 1,117,608,604

The contract with the Trust's custodian requires the custodian to indemnify the Trust if the borrower fails to return the securities, due to the insolvency of a borrower, and the custodian has failed to live up to its contractual responsibilities relating to the lending of those securities. At year-end, the Trust has no credit risk exposure to borrowers because the amounts of collateral held by the Trust exceed the amounts the borrowers owe the Trust. There are no significant violations of legal or contractual provisions, no borrowers or lending agent default losses, and no recoveries of prior period losses during the year. There are no income distributions owing on securities lent.

Note 3 – Cash and Investments (continued)

The Trust's cash balances are federally insured. In addition to insurance provided by the Federal Deposit Insurance Corporation ("FDIC"), all time and demand deposits are held in banking institutions which participate in a State approved multiple financial institution collateral pool, as defined by Governmental Accounting Standards Board (GASB) Statement No. 3. In the event of a failure of any member of the pool, the remaining members would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are deemed insured and are, therefore, not subject to classification by credit risk category under the provisions of GASB Statement No. 3.

Note 4 – COLA Accounts

Effective January 1, 1994, the Trust entered into an agreement with the City of Miami with regards to the funding methods, employee benefits, employee contributions and retiree COLA. As of January 9, 1994, members no longer contribute to the original COLA account (COLA I), and a new COLA account (COLA II) was established.

The agreement included the following provisions:

- The funding method was changed to an aggregate cost method.
- Combining all accounts for investment purposes (membership and benefit, COLA I and COLA II).
- Retirees receive additional COLA benefits.
- Active employees no longer contribute 2% of pretax earnings to fund the original retiree COLA account (COLA I account).

The COLA II account is funded annually by a percentage of the excess investment return from other than COLA I account assets. The excess earnings contributed to the COLA II account will be used to fund a minimum annual payment of $2.5 million, increasing by 4% compounded annually. To the extent necessary, the City will fund the portion of the minimum annual payment not funded by annual excess earnings no later than January 1 of the following year.

Benefits payable from the COLA accounts are computed in accordance with an actuarially based formula as defined in Section 40.204 of the City of Miami Code. Benefits are subject to review and modification in accordance with City of Miami Code Section 40.204, which provides that all other matters regarding the COLA accounts shall be determined by negotiations between the City, the Board of Trustees and the bargaining representatives of the International Association of Fire Fighters and the Fraternal Order of Police.

Note 5 – Deferred Retirement Option Plan (DROP)

Members who are eligible for service retirement or Rule of 64 after September 1998 may elect to enter the Deferred Retirement Option Plan for a maximum of 3 years prior to October 1, 2001. Effective October 1, 2001 maximum participation in the DROP for firefighters shall be 48 full months and for police officers who elect DROP on October 1, 2003, or thereafter, maximum participation in the DROP shall be 48 full months.

A member's creditable service, accrued benefit and compensation calculation shall be frozen.

Upon commencement of participation in the DROP, the participant's contribution and the City's contribution to the Trust for that participant cease as the participant will not earn further creditable service for pension purposes. Effective October 1, 2001, firefighter DROP participants may continue City employment for up to a maximum of 48 full months and police officers who elect DROP on October 1, 2003, or thereafter, may continue City employment for up to a maximum of 48 full months (36 full months prior to October 1, 2001). No payment is made to or for the benefit of a DROP participant beyond that period. For persons electing participation in the DROP, an individual DROP account shall be created. Payment shall be made by the retirement trust into the employee's DROP account in an amount equal to the regular monthly retirement benefit which the participant would have received had the participant separated from service and commenced receipt of pension benefits. Payments received by the participant in the DROP account are tax deferred. A series of investment vehicles which are established by the board of trustees are made available to DROP participants to choose from. Any losses, charges, or expenses incurred by the participant in their DROP account are not made up by the City or the Trust, but shall be borne by the participant.

Upon termination of employment, a member may receive distribution from the DROP account in the following manner:

- Lump sum distribution
- Periodic payments
- Annuity
- Roll over of the balance to another qualified retirement plan

Any member may defer distribution until the latest date authorized by Section 401(a)(9) of the Internal Revenue Code.

A DROP participant shall not be entitled to receive an ordinary or service disability retirement and in the event of death of a DROP participant, there shall be no accidental death benefit for pension purposes. DROP participation does not affect any other death or disability benefit provided to a member under federal law, state law, City ordinance, or any rights or benefits under any applicable collective bargaining agreement. At September 30, 2004 and 2003, there were 193 and 53 DROP participants, respectively.

Note 5 – Deferred Retirement Option Plan (DROP) (continued)

The DROP of the Trust also consists of a Benefit Actuarially Calculated DROP (BACDROP). A member may elect to BACDROP to a date no further back than the date of their retirement eligibility date. Effective October 1, 2001, the BACDROP period must be in 12 month increments, beginning at the start of a pay period, not to exceed 48 full months for firefighters and for police officers who elect DROP on October 1, 2003 (36 months prior to October 1, 2001). Participation in the BACDROP does not preclude participation in the Forward DROP.

Note 6 – Property and Equipment

Property and equipment consist of the following at September 30:

	Estimated Useful Life	2004	2003
Land	N/A	$ 760,865	$ 760,865
Building	39 years	1,666,305	1,666,305
Total cost		2,427,170	2,427,170
Less: accumulated depreciation		85,450	42,725
Net		$ 2,341,720	$ 2,384,445

Note 7 – Budget Advance from City

Administrative costs of the Trust are paid directly by the Trust from budget advance monies provided by the City. The Trust provides the City with an accounting of how these funds are expended during the period. Funding for such administrative costs for the years ended September 30, 2004 and 2003 was as follows:

	2004	2003
Budget advance due to (from) City – beginning of year	$ (90,378)	$ (461,297)
Advance received from the City	1,366,081	1,793,303
	1,275,703	1,332,006
Administrative costs incurred, including custodian and consultants' fees, personnel and other office expenses	1,499,260	1,422,384
Budget advance due to (from) City – end of year	$ (223,557)	$ (90,378)

Since the above administrative costs are fully funded by the City, they are not included in the administrative expenses set forth in the statements of changes in plan net assets.

CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST
REQUIRED SUPPLEMENTARY INFORMATION
(unaudited)
SEPTEMBER 30, 2004

Schedule "1" – Schedule of Funding Progress
(dollars in millions)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability AAL	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
10/01/98	$ 857.7	$ 774.5	$ (83.2)	111 %	$ 74.3	(112) %
10/01/99 (a)	932.8	820.2	(112.6)	114	77.7	(145)
10/01/00 (a)	994.6	823.1	(171.3)	121	84.3	(203)
10/01/01 (a)	828.9	884.7	55.8	94	89.7	62
10/01/02	753.2	960.1	206.9	78	96.9	213
10/01/03	844.9	1,000.9	156.0	84	98.9	158

(a) – As revised

Schedule "2" – Schedule of Contributions by Employer

Year Ended September 30,	Annual Required Contribution	Percentage Contributed
1999	$ 10,376,473	100 %
2000	5,400,784	100
2001	4,003,892	100
2002	1,051,629	100
2003	18,163,588	100
2004	36,341,515	100

The information presented in the required Supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Since the Trust uses the Aggregate Cost Method, a schedule of Funding Progress is not required as that method does not separately identify or separately amortize unfunded actuarial liabilities. As the Trust believes the above information is useful to users of the financial statements, the above Schedule "1" was prepared excluding COLA accounts using the Projected Unit Credit Actuarial Accrued Liability. Additional information as of the latest actuarial valuation follows:

Valuation Date	October 1, 2003
Actuarial Cost Method	Aggregate Cost Method
Amortization Method	N/A
Asset Valuation Method	Average of ratios of market to book values as of current and previous four September 30's. Average ratio is applied to book value at current September 30. The result cannot be greater that 120% of market value or less than 80% of market value.
Actuarial assumptions:	
Investment rate of return	7.75%, compounded annually
Salary increases:	
Inflation	4.00%
Merit, longevity, etc.	4.8% to 0% reducing by attained age
Mortality table	Ga94 – Mortality table
Disabled mortality	Pension Benefit Guaranty Corporation ("PBGC") Non-OASDI basis

III

INVESTMENT

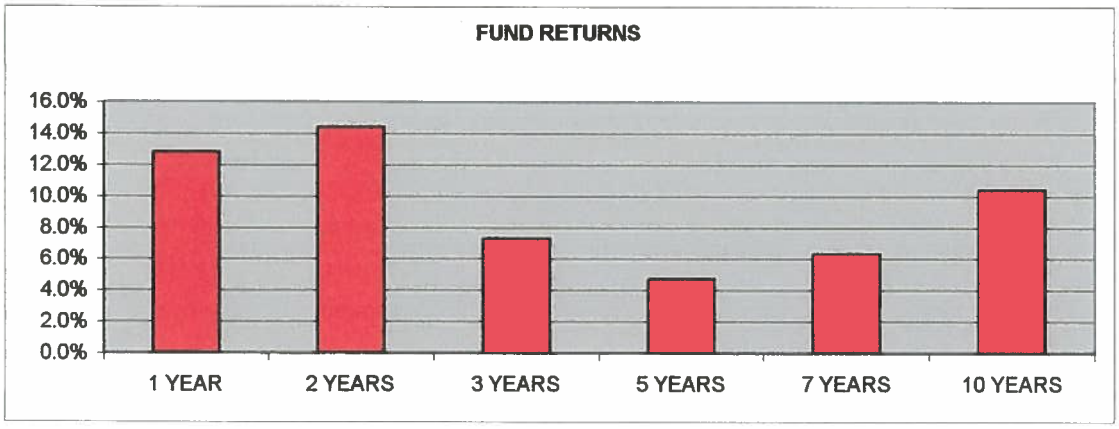
SECTION

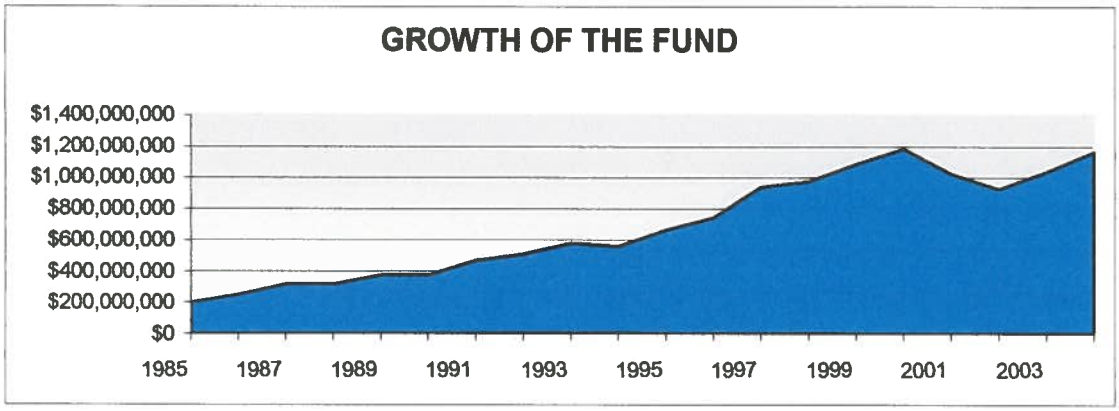
INVESTMENT ANALYSIS

	GENERAL FUND		COLA I		COLA II	
BALANCE AS OF 10/01/2003		811,542,761		29,710,322		172,817,835
Additions: Purchases						
Short Term Investment	7					
Mutual Funds	5,423,774					
Commercial Paper	5,023,677					
US Treasury Bills	28,035,060					
US Treasury Bonds	145,757,875					
US Treasury Notes	46,201,097					
Corporate Bonds	66,270,281					
Corporate Stocks	816,872,155					
Share of Assets Transferred			3,162,465		21,981,870	
		1,113,583,926		3,162,465		21,981,870
Deductions: Redemptions & Sale						
Other Money Market	1					
Commercial Paper	1,494,684					
US Treasury Bills	13,469,021					
US Treasury Bonds	135,938,696					
US Treasury Notes	45,341,592					
Corporate Bonds	62,543,889					
Corporate Stocks	726,846,202					
Share of Securities Tranferred To COLA I	2,769,186		393,279		9,529,289	
Share of Securities Tranferred To COLA II	12,452,581					
		1,000,855,852		393,279		9,529,289
BALANCE AS OF 09/30/2004		924,270,835		32,479,508		185,270,416

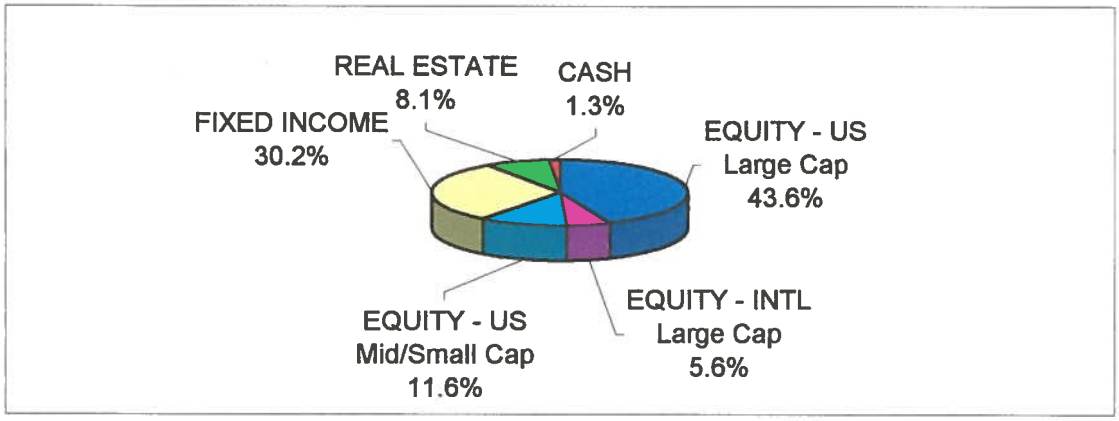
CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST

FUND HIGHLIGHTS





Asset Allocation – Sep 30, 2004



CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2004

Account Name	Asset description	Country	Shares/Par value	Book value	Market value
	SHORT TERM FUNDS				
BGI MID CAP INDEX	BARCLAYS MONEY MKT FD	USA	3.00	3.00	3.00
BGI S & P INDEX	BARCLAYS MONEY MKT FD	USA	40.00	40.00	40.00
BGI SMALL CAP INDEX	BARCLAYS MONEY MKT FD	USA	3.00	3.00	3.00
BARROW HANLEY BOND	COLTV GOVT STIF	USA	1,770,813.65	1,770,813.65	1,770,813.65
BARROW HANLEY EQUITY	COLTV GOVT STIF	USA	4,084,463.46	4,084,463.46	4,084,463.46
BOSTON PARTNERS	COLTV GOVT STIF	USA	1,201,879.21	1,201,879.21	1,201,879.21
DODGE & COX	COLTV GOVT STIF	USA	1,811,996.90	1,811,996.90	1,811,996.90
JOHN HANCOCK	COLTV GOVT STIF	USA	150,856.39	150,856.39	150,856.39
LAZARD	COLTV GOVT STIF	USA	1,932,672.02	1,932,672.02	1,932,672.02
MAIN ACCOUNT	COLTV GOVT STIF	USA	14,775,610.50	14,775,610.50	14,775,610.50
MORGAN STANLEY	COLTV GOVT STIF	USA	656,710.80	656,710.80	656,710.80
MUNDER	COLTV GOVT STIF	USA	1,420,311.71	1,420,311.71	1,420,311.71
NL CAPITAL	COLTV GOVT STIF	USA	5,282,787.22	5,282,787.22	5,282,787.22
RCM	COLTV GOVT STIF	USA	3,690,357.61	3,690,357.61	3,690,357.61
TRANSAMERICA	COLTV GOVT STIF	USA	790,600.18	790,600.18	790,600.18
URDANG	COLTV GOVT STIF	USA	1,186,681.52	1,186,681.52	1,186,681.52
OECHSLE	INVESTED CASH	USA	703,034.34	703,034.34	703,034.34
	TOTAL SHORT TERM FUNDS		**39,458,821.61**	**39,458,821.61**	**39,458,821.61**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2004

Account Name	Asset description	Country	Shares/Par value	Book value	Market value
	COMMON STOCK				
BARROW HANLEY EQUITY	ADR BP P L C SPONSORED ADR	UK	40972.00	1,817,639.46	2,357,119.16
BARROW HANLEY EQUITY	ADR HANSON PLC NEW SPONSORED ADR ADR	UK	70800.00	2,061,765.43	2,619,600.00
BARROW HANLEY EQUITY	ADR IMPERIAL TOB GROUP PLC SPONSORED	UK	56900.00	1,737,611.88	2,494,496.00
BARROW HANLEY EQUITY	ALLSTATE CORP COM	USA	74338.00	2,132,423.85	3,567,480.62
BARROW HANLEY EQUITY	ALTRIA GROUP INC COM	USA	79600.00	2,930,504.70	3,744,384.00
BARROW HANLEY EQUITY	AMERN PWR CONVERSION CORP COM	USA	86800.00	1,490,327.74	1,509,452.00
BARROW HANLEY EQUITY	ANTHEM INC COM	USA	46800.00	3,566,859.84	4,083,300.00
BARROW HANLEY EQUITY	BAXTER INTL INC COM	USA	91300.00	2,117,284.74	2,936,208.00
BARROW HANLEY EQUITY	BK AMER CORP COM	USA	83926.00	2,043,404.73	3,636,513.58
BARROW HANLEY EQUITY	BRISTOL MYERS SQUIBB CO COM	USA	101700.00	3,604,836.43	2,407,239.00
BARROW HANLEY EQUITY	BURL NORTHN SANTA FE CORP COM	USA	102400.00	2,657,276.54	3,922,944.00
BARROW HANLEY EQUITY	CHEVRONTEXACO CORP COM	USA	85560.00	2,537,873.62	4,589,438.40
BARROW HANLEY EQUITY	CIGNA CORP COM	USA	28900.00	1,813,697.85	2,012,307.00
BARROW HANLEY EQUITY	CINERGY CORP COM	USA	60300.00	1,749,953.33	2,387,880.00
BARROW HANLEY EQUITY	CITIGROUP INC COM	USA	53961.00	1,227,129.42	2,380,759.32
BARROW HANLEY EQUITY	CONAGRA FOODS INC	USA	47700.00	1,012,848.22	1,226,367.00
BARROW HANLEY EQUITY	CONOCOPHILLIPS COM	USA	51000.00	2,665,724.23	4,225,350.00
BARROW HANLEY EQUITY	DOLLAR GEN CORP COM	USA	121900.00	1,596,397.13	2,456,285.00
BARROW HANLEY EQUITY	DOW CHEM CO COM	USA	34100.00	1,016,516.00	1,540,638.00
BARROW HANLEY EQUITY	DUKE ENERGY CORP COM STK	USA	125000.00	2,390,333.00	2,861,250.00
BARROW HANLEY EQUITY	EMERSON ELEC CO COM	USA	56000.00	2,784,013.02	3,465,840.00
BARROW HANLEY EQUITY	ENCANA CORP COM NPV	Canada	42400.00	1,193,811.95	1,963,120.00
BARROW HANLEY EQUITY	ENTERGY CORP NEW COM	USA	53200.00	1,745,075.22	3,224,452.00
BARROW HANLEY EQUITY	HARTFORD FINL SVCS GROUP INC COM	USA	57400.00	2,457,304.17	3,554,782.00
BARROW HANLEY EQUITY	HCA INC COM	USA	67000.00	2,424,162.04	2,556,050.00
BARROW HANLEY EQUITY	HEINZ H J CO COM	USA	50400.00	1,707,444.88	1,815,408.00
BARROW HANLEY EQUITY	HONEYWELL INTL INC COM STK	USA	61600.00	1,891,216.83	2,208,976.00
BARROW HANLEY EQUITY	ILL TOOL WKS INC COM	USA	19800.00	1,121,472.83	1,844,766.00
BARROW HANLEY EQUITY	INTL PAPER CO COM	USA	63300.00	2,331,499.89	2,557,953.00
BARROW HANLEY EQUITY	KERR MCGEE CORP COM	USA	50000.00	2,485,841.24	2,862,500.00
BARROW HANLEY EQUITY	LYONDELL CHEMICAL CO COM STK	USA	67300.00	1,141,431.46	1,511,558.00
BARROW HANLEY EQUITY	MARATHON OIL CORP COM	USA	38600.00	1,087,226.90	1,593,408.00
BARROW HANLEY EQUITY	MATTEL INC COM	USA	80900.00	1,436,238.11	1,466,717.00
BARROW HANLEY EQUITY	MBNA CORP COM	USA	78900.00	1,936,647.09	1,988,280.00
BARROW HANLEY EQUITY	MGIC INVT CORP WIS COM	USA	52200.00	2,948,719.02	3,473,910.00
BARROW HANLEY EQUITY	OCCIDENTAL PETE CORP COM	USA	85000.00	2,154,703.66	4,754,050.00
BARROW HANLEY EQUITY	PENNEY J.C CO INC COM	USA	36600.00	1,066,638.43	1,291,248.00
BARROW HANLEY EQUITY	PITNEY BOWES INC COM	USA	40400.00	1,325,425.54	1,781,640.00
BARROW HANLEY EQUITY	PNC FINANCIAL SERVICES GROUP COM STK	USA	35400.00	1,641,968.17	1,915,140.00
BARROW HANLEY EQUITY	SBC COMMUNICATIONS INC COM	USA	48200.00	1,646,384.54	1,250,790.00
BARROW HANLEY EQUITY	SCHERING-PLOUGH CORP COM	USA	132500.00	3,637,729.89	2,525,450.00
BARROW HANLEY EQUITY	SLM CORP COM	USA	60000.00	1,809,909.64	2,676,000.00
BARROW HANLEY EQUITY	ST PAUL TRAVELERS CORP	USA	40568.00	1,420,106.47	1,341,178.08
BARROW HANLEY EQUITY	STANLEY WKS COM	USA	75900.00	2,190,478.81	3,228,027.00
BARROW HANLEY EQUITY	TYCO INTL LTD NEW COM	Bermuda	78613.00	1,490,617.90	2,410,274.58
BARROW HANLEY EQUITY	VERIZON COMMUNICATIONS COM	USA	53602.00	1,914,462.74	2,110,846.76
BARROW HANLEY EQUITY	WA MUT INC COM	USA	77467.00	1,571,493.58	3,027,410.36
BARROW HANLEY EQUITY	WACHOVIA CORP NEW COM	USA	55910.00	1,900,140.57	2,624,974.50
BARROW HANLEY EQUITY	WELLS FARGO & CO NEW COM STK	USA	31400.00	1,577,382.07	1,872,382.00
BARROW HANLEY EQUITY	WENDY S INTL INC COM	USA	81200.00	1,956,371.86	2,728,320.00
BARROW HANLEY EQUITY	WYETH COM	USA	34700.00	1,336,671.76	1,297,780.00
BARROW HANLEY EQUITY	XL CAP LTD SHS A	Cayman Is.	23100.00	1,448,887.24	1,709,169.00
BOSTON PARTNERS	ABERCROMBIE & FITCH CO CL A	USA	6800.00	179,345.55	214,200.00
BOSTON PARTNERS	ADR SHIRE PHARMACEUTICALS GROUP PLC SPONSORED ADR	UK	6600.00	126,143.64	189,090.00
BOSTON PARTNERS	ADVANCED MICRO DEVICES INC COM	USA	14600.00	181,987.54	189,800.00
BOSTON PARTNERS	AFFILIATED MANAGERS GROUP INC COM STK	USA	9150.00	322,545.62	489,891.00
BOSTON PARTNERS	ALLMERICA FINL CORP COM	USA	12200.00	274,890.67	327,936.00
BOSTON PARTNERS	AMIS HLDGS INC COM	USA	36400.00	626,843.40	492,128.00
BOSTON PARTNERS	APOLLO INVT CORP COM COM SH BEN INT	USA	51100.00	758,021.04	723,065.00
BOSTON PARTNERS	APRIA HEALTHCARE GROUP INC COM	USA	22100.00	577,658.32	602,225.00
BOSTON PARTNERS	ARGOSY GAMING CO COM	USA	5100.00	102,048.96	199,920.00
BOSTON PARTNERS	ARROW ELECTR INC COM	USA	20300.00	376,524.69	458,374.00
BOSTON PARTNERS	ASSUR GUARANTY COMMON STK	Bermuda	39400.00	693,393.15	656,404.00
BOSTON PARTNERS	ASSURANT INC COM	USA	8000.00	176,000.00	208,000.00
BOSTON PARTNERS	AVNET INC COM	USA	18100.00	275,654.44	309,872.00
BOSTON PARTNERS	BARD C R INC CAP	USA	3600.00	84,589.00	203,868.00
BOSTON PARTNERS	BEARINGPOINT INC COM	USA	31900.00	209,699.39	285,186.00
BOSTON PARTNERS	BISYS GROUP INC COM	USA	36100.00	488,826.03	527,421.00
BOSTON PARTNERS	BOWATER INC COM	USA	7200.00	348,206.65	274,968.00
BOSTON PARTNERS	BRISTOL W HLDGS INC COM	USA	31800.00	595,930.08	545,052.00
BOSTON PARTNERS	BUNGE LTD	Bermuda	8100.00	223,573.14	323,838.00
BOSTON PARTNERS	CENTURYTEL INC COM COM STK	USA	17600.00	583,046.29	602,624.00
BOSTON PARTNERS	CONSECO INC COM NEW STK	USA	14500.00	269,061.06	256,070.00
BOSTON PARTNERS	CONSTELLATION ENERGY GROUP INC COM	USA	7500.00	220,030.67	298,800.00
BOSTON PARTNERS	DELTA & PINE LD CO COM COM	USA	16800.00	312,394.35	449,400.00
BOSTON PARTNERS	DIAMOND OFFSHORE DRILLING INC COM	USA	9500.00	235,461.74	313,405.00
BOSTON PARTNERS	DIEBOLD INC COM	USA	10600.00	413,921.20	495,020.00
BOSTON PARTNERS	DOVER CORP COM	USA	8000.00	216,825.74	310,960.00
BOSTON PARTNERS	EARTHLINK INC COM STK	USA	40300.00	370,979.20	415,090.00
BOSTON PARTNERS	EASTMAN CHEM CO COM	USA	4000.00	138,129.58	190,200.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2004

Account Name	Asset description	Country	Shares/Par value	Book value	Market value
BOSTON PARTNERS	EDWARDS A.G INC COM	USA	18300.00	678,487.20	633,546.00
BOSTON PARTNERS	ENSCO INTL INC COM	USA	21700.00	569,262.11	708,939.00
BOSTON PARTNERS	ENTERASYS NETWORKS INC COM	USA	150000.00	339,676.62	240,000.00
BOSTON PARTNERS	EXPRESS SCRIPTS INC COM	USA	6400.00	328,277.73	418,176.00
BOSTON PARTNERS	FED SIGNAL CORP COM	USA	34900.00	660,581.42	648,442.00
BOSTON PARTNERS	FERRO CORP COM	USA	13800.00	346,808.21	300,978.00
BOSTON PARTNERS	FOOT LOCKER INC COM	USA	24300.00	480,422.94	575,910.00
BOSTON PARTNERS	FREEPORT MCMORAN C & G CL B COM STK	USA	7500.00	243,549.00	303,750.00
BOSTON PARTNERS	GA GULF CORP COM PAR $0.01	USA	8400.00	212,218.37	374,556.00
BOSTON PARTNERS	GRAFTECH INTL LTD COM	USA	30900.00	281,517.56	431,055.00
BOSTON PARTNERS	GRAINGER W W INC COM	USA	10700.00	459,790.26	616,855.00
BOSTON PARTNERS	GTECH HLDGS CORP COM	USA	26100.00	563,813.19	660,852.00
BOSTON PARTNERS	HARRAH S ENTMT INC COM STK	USA	8200.00	319,667.54	434,436.00
BOSTON PARTNERS	HILTON HOTELS CORP COM	USA	30400.00	331,768.92	572,736.00
BOSTON PARTNERS	HOLLYWOOD ENTMT CORP COM	USA	37300.00	490,300.13	368,151.00
BOSTON PARTNERS	HOSPIRA INC COM	USA	14500.00	376,428.70	443,700.00
BOSTON PARTNERS	IPASS INC COM	USA	27200.00	251,103.95	162,928.00
BOSTON PARTNERS	IPC HLDGS LTD COM STK USD0.01	Bermuda	5900.00	190,049.57	224,259.00
BOSTON PARTNERS	ITT INDS INC COM	USA	5600.00	288,224.90	447,944.00
BOSTON PARTNERS	KERR MCGEE CORP COM	USA	3900.00	203,253.70	223,275.00
BOSTON PARTNERS	LAIDLAW INTL INC COM STK	USA	18700.00	187,297.47	307,615.00
BOSTON PARTNERS	LAMAR ADVERTISING CO CL A COM	USA	9800.00	309,382.78	407,778.00
BOSTON PARTNERS	LEAR CORP COM STK PAR $0.01	USA	5500.00	184,345.54	299,475.00
BOSTON PARTNERS	LINCARE HLDGS INC COM	USA	4800.00	144,326.40	142,608.00
BOSTON PARTNERS	LOEWS CORP CAROLINA GROUP STK TRACKING STK	USA	8900.00	222,771.07	216,893.00
BOSTON PARTNERS	MAGUIRE PPTYS INC COM	USA	8550.00	162,450.00	207,850.50
BOSTON PARTNERS	MBIA INC COM	USA	4800.00	194,357.37	279,408.00
BOSTON PARTNERS	MCAFEE INC COM	USA	19160.00	297,792.23	385,116.00
BOSTON PARTNERS	MEDIA GEN INC CL A	USA	4500.00	233,762.59	251,775.00
BOSTON PARTNERS	MERCURY GEN CORP NEW COM	USA	3900.00	151,173.85	206,271.00
BOSTON PARTNERS	MICHAELS STORES INC COM	USA	9300.00	321,567.98	550,653.00
BOSTON PARTNERS	MONEYGRAM INTL INC COM	USA	28500.00	477,671.27	486,780.00
BOSTON PARTNERS	NABORS INDUSTRIES COM USD0.10	Bermuda	7300.00	236,065.80	345,655.00
BOSTON PARTNERS	NEWELL RUBBERMAID INC COM	USA	7900.00	166,720.02	158,316.00
BOSTON PARTNERS	NSTAR COM	USA	3900.00	154,319.45	191,490.00
BOSTON PARTNERS	PACTIV CORP COM	USA	7500.00	90,651.50	174,375.00
BOSTON PARTNERS	PALL CORP COM	USA	17900.00	316,389.92	438,192.00
BOSTON PARTNERS	PEOPLES BNK BRIDGEPORT CONN COM	USA	6000.00	180,200.00	214,380.00
BOSTON PARTNERS	PMI GROUP INC COM	USA	5300.00	161,851.80	215,074.00
BOSTON PARTNERS	PPL CORP COM ISIN US69351T1060	USA	5500.00	188,613.66	259,490.00
BOSTON PARTNERS	RADIAN GROUP INC COM	USA	19400.00	733,133.40	896,862.00
BOSTON PARTNERS	REEBOK INTL COM	USA	13500.00	450,800.01	495,720.00
BOSTON PARTNERS	SEALED AIR CORP NEW COM STK	USA	11700.00	438,433.47	542,295.00
BOSTON PARTNERS	SIERRA PAC RES NEW COM	USA	71100.00	354,728.87	636,345.00
BOSTON PARTNERS	SIRVA INC COM	USA	17000.00	308,505.11	389,300.00
BOSTON PARTNERS	SMITHFIELD FOODS INC COM	USA	25400.00	503,892.02	635,000.00
BOSTON PARTNERS	SPARTECH CORP COM NEW	USA	27200.00	645,389.70	682,720.00
BOSTON PARTNERS	SPHERION CORP COM COM STK ISIN# US8484201053	USA	39200.00	321,401.94	306,544.00
BOSTON PARTNERS	ST JOE CO COM	USA	3800.00	119,700.00	181,526.00
BOSTON PARTNERS	STUD LN CORP COM	USA	1100.00	101,185.35	155,925.00
BOSTON PARTNERS	SYBASE INC COM	USA	15500.00	198,077.16	213,745.00
BOSTON PARTNERS	TEREX CORP NEW COM	USA	10100.00	214,501.38	438,340.00
BOSTON PARTNERS	TNS INC COM	USA	3400.00	61,343.27	65,960.00
BOSTON PARTNERS	UNITEDGLOBALCOM CL A	USA	26500.00	182,044.40	197,955.00
BOSTON PARTNERS	UNUMPROVIDENT CORP COM	USA	25200.00	380,625.34	395,388.00
BOSTON PARTNERS	UTD ONLINE INC COM	USA	74000.00	760,616.02	711,880.00
BOSTON PARTNERS	V F CORP COM	USA	3800.00	130,340.00	187,910.00
BOSTON PARTNERS	VALASSIS COMMUNICATIONS INC COM	USA	11900.00	303,753.74	352,002.00
BOSTON PARTNERS	VENTAS INC COM	USA	14825.00	215,859.61	384,264.00
BOSTON PARTNERS	VINTAGE PETE INC COM	USA	20800.00	301,744.76	417,456.00
BOSTON PARTNERS	WELLCHOICE INC COM COM	USA	11000.00	281,861.80	410,630.00
BOSTON PARTNERS	WENDY S INTL INC COM	USA	15200.00	507,254.16	510,720.00
BOSTON PARTNERS	WESTCORP COM	USA	6300.00	190,202.40	267,876.00
BOSTON PARTNERS	WESTN DIGITAL CORP COM	USA	33100.00	293,392.44	290,949.00
BOSTON PARTNERS	WHITE MTN COM STK	Bermuda	545.00	173,541.48	286,670.00
BOSTON PARTNERS	WMS INDS INC COM	USA	15000.00	260,664.65	385,350.00
BOSTON PARTNERS	YORK INTL CORP NEW COM	USA	11100.00	413,681.45	350,649.00
JOHN HANCOCK	#REORG/AT&T WIRELESS SVCS INC CASH MERGER EFF 10/26/04	USA	3902.00	26,505.51	57,671.56
JOHN HANCOCK	#REORG/CORVIS CORP REV SPLIT & N/C TO BROADWING CORP SEC#2009930 E	USA	8900.00	20,087.23	7,120.00
JOHN HANCOCK	ADR ERICSSON L M TEL CO ADR CL B SEK 10 NEW ERICSSON L M TEL CO ADR	Sweden	1136.00	30,537.78	35,488.64
JOHN HANCOCK	ADR NV EUR0.02(NY REG)	Netherlands	850.00	9,852.49	10,939.50
JOHN HANCOCK	ADR SAP AKTIENGESELLSCHAFT SPONSORED ADR	Germany	643.00	25,765.43	25,044.85
JOHN HANCOCK	ADR TAIWAN SEMICONDUCTOR MFG CO LTD SPONSORED ADR	Taiwan	2301.00	22,610.06	16,429.14
JOHN HANCOCK	AEROFLEX INC COM	USA	1500.00	14,250.00	15,855.00
JOHN HANCOCK	AGERE SYS INC CL A	USA	10200.00	21,315.86	10,710.00
JOHN HANCOCK	ANDREW CORP COM	USA	2100.00	37,885.43	25,704.00
JOHN HANCOCK	APPLIED MATERIALS INC COM	USA	4400.00	119,980.53	72,556.00
JOHN HANCOCK	AUTODESK INC COM	USA	1250.00	19,170.21	60,787.50
JOHN HANCOCK	BEA SYS INC COM	USA	4200.00	171,357.90	29,022.00
JOHN HANCOCK	BORLAND SOFTWARE CORP COM	USA	1100.00	10,342.10	9,185.00
JOHN HANCOCK	BROCADE COMMUNICATIONS SYS INC COM ISIN #US1116211087	USA	5000.00	33,402.68	28,250.00
JOHN HANCOCK	CISCO SYS INC COM	USA	5200.00	256,467.71	94,120.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2004

Account Name	Asset description	Country	Shares/Par value	Book value	Market value
JOHN HANCOCK	COGENT INC COM	USA	150.00	1,800.00	2,733.00
JOHN HANCOCK	COGNOS INC COM	Canada	550.00	18,699.01	19,536.00
JOHN HANCOCK	COMPUTER ASSOC INTL INC COM	USA	2200.00	50,224.49	57,860.00
JOHN HANCOCK	COMVERSE TECH INC COM PAR $0.10	USA	1500.00	25,610.57	28,245.00
JOHN HANCOCK	CORNING INC COM	USA	300.00	3,294.39	3,324.00
JOHN HANCOCK	CRAY INC COM	USA	2600.00	19,902.22	9,178.00
JOHN HANCOCK	CROWN CASTLE INTL CORP COM STK	USA	1800.00	15,821.10	26,784.00
JOHN HANCOCK	CYPRESS SEMICONDUCTOR CORP COM	USA	2500.00	21,104.41	22,100.00
JOHN HANCOCK	DELL INC COM STK	USA	3300.00	97,727.49	117,480.00
JOHN HANCOCK	EBAY INC COM	USA	650.00	18,301.71	59,761.00
JOHN HANCOCK	ELECTR ARTS COM	USA	450.00	21,783.06	20,695.50
JOHN HANCOCK	EMC CORP COM	USA	7500.00	318,826.99	86,550.00
JOHN HANCOCK	FINISAR CORP COM	USA	6300.00	222,679.74	8,190.00
JOHN HANCOCK	FLEXTRONICS INTL LTD COM STK	Singapore	2350.00	54,816.92	31,137.50
JOHN HANCOCK	HEWLETT PACKARD CO COM	USA	1895.00	27,700.91	35,531.25
JOHN HANCOCK	IAC / INTERACTIVECORP COM	USA	800.00	24,803.32	17,616.00
JOHN HANCOCK	INTEL CORP COM	USA	2750.00	61,853.71	55,165.00
JOHN HANCOCK	INTER TEL INC COM	USA	550.00	12,510.55	11,891.00
JOHN HANCOCK	JAMDAT MOBILE INC COM	USA	80.00	1,280.00	1,845.60
JOHN HANCOCK	KLA-TENCOR CORP	USA	1400.00	76,048.00	58,072.00
JOHN HANCOCK	LIONBRIDGE TECHNOLOGIES INC COM	USA	1850.00	14,008.50	15,891.50
JOHN HANCOCK	LUCENT TECHNOLOGIES INC COM STK	USA	5950.00	19,712.67	18,861.50
JOHN HANCOCK	MCAFEE INC COM	USA	2150.00	42,064.81	43,215.00
JOHN HANCOCK	MEMC ELECTR MATLS INC COM	USA	3000.00	31,892.20	25,440.00
JOHN HANCOCK	MERCURY INTERACTIVE CORP COM	USA	2150.00	267,310.72	74,992.00
JOHN HANCOCK	MICRON TECH INC COM	USA	2607.00	112,895.59	31,362.21
JOHN HANCOCK	MICROSOFT CORP COM	USA	3500.00	99,199.40	96,775.00
JOHN HANCOCK	MOTOROLA INC COM	USA	900.00	13,598.31	16,236.00
JOHN HANCOCK	NAVTEQ CORP COM	USA	300.00	6,600.00	10,692.00
JOHN HANCOCK	ORACLE CORP COM	USA	2750.00	32,926.98	31,020.00
JOHN HANCOCK	POWERWAVE TECHNOLOGIES INC COM	USA	3050.00	20,754.77	18,788.00
JOHN HANCOCK	QUALCOMM INC COM	USA	250.00	9,575.00	9,760.00
JOHN HANCOCK	RSA SEC INC COM COM USD0.01	USA	1050.00	18,470.00	20,265.00
JOHN HANCOCK	SANMINA-SCI CORP FORMERLY SANMINA HLDGS COM COM	USA	2700.00	18,478.67	19,035.00
JOHN HANCOCK	SIEBEL SYS INC COM	USA	2800.00	25,969.14	21,112.00
JOHN HANCOCK	SUPPORT SOFT INC	USA	1200.00	13,543.44	11,688.00
JOHN HANCOCK	SYMANTEC CORP COM	USA	750.00	33,394.90	41,160.00
JOHN HANCOCK	VERITAS SOFTWARE CORP COM	USA	850.00	25,394.47	15,130.00
JOHN HANCOCK	WATCHGUARD TECHNOLOGIES INC COM	USA	500.00	3,751.13	2,340.00
JOHN HANCOCK	WESTN DIGITAL CORP COM	USA	5500.00	23,080.06	48,345.00
JOHN HANCOCK	YAHOO INC COM	USA	850.00	22,877.40	28,823.50
LAZARD	ADR ALLIED IRISH BKS P L C SPONSORED ADRREPSTG ORD	Ireland	28900.00	798,107.57	961,503.00
LAZARD	ADR AXA SA SPONSORED ADR	France	44000.00	932,666.52	892,320.00
LAZARD	ADR BARCLAYS PLC A.D.R.	UK	39900.00	1,215,291.28	1,543,731.00
LAZARD	ADR BP P L C SPONSORED ADR	UK	18300.00	936,142.00	1,052,799.00
LAZARD	ADR CADBURY SCHWEPPES P L C ADR 4 ORD	UK	39500.00	1,055,379.74	1,220,945.00
LAZARD	ADR CANON INC A.D.R. FOR COM YEN	Japan	21400.00	920,336.42	1,009,224.00
LAZARD	ADR COMPAGNIE FINANCIERE RICHEMONT AG SPONSORED ADR	Switzerland	29500.00	512,160.66	816,235.50
LAZARD	ADR CR SUISSE GROUP SPONSORED ADR ISIN US2254011081	Switzerland	29800.00	1,049,134.67	951,812.00
LAZARD	ADR DANSKE BK A/S ADR	Denmark	40000.00	510,080.00	1,051,480.00
LAZARD	ADR DIAGEO PLC SPONSORED ADR NEW	UK	20300.00	760,643.03	1,023,729.00
LAZARD	ADR ENI S P A SPONSORED ADR	Italy	11800.00	691,199.90	1,325,140.00
LAZARD	ADR HEINEKEN N V ADR	Netherlands	35825.00	1,233,073.92	1,078,547.45
LAZARD	ADR HSBC HLDGS PLC SPONSORED ADR NEW	UK	19300.00	1,107,811.74	1,540,140.00
LAZARD	ADR KAO CORP SPONSORED ADR REPSTG 10 SHSCOM	Japan	4200.00	1,108,388.00	927,914.40
LAZARD	ADR NESTLE S A SPONSORED ADR REPSTG REG SH	Switzerland	16200.00	836,420.25	927,603.90
LAZARD	ADR NOKIA CORP SPONSORED ADR	Finland	82900.00	1,642,454.32	1,137,388.00
LAZARD	ADR NOMURA HLDGS INC SPONSORED ADR	Japan	62400.00	1,079,038.08	805,584.00
LAZARD	ADR NOVARTIS AG SPONSORED ADR ISIN #US66987V1098	Switzerland	22900.00	891,823.51	1,068,743.00
LAZARD	ADR ROCHE HLDG LTD SPONSORED ADR ISIN #US771195104	Switzerland	7300.00	585,384.81	754,144.02
LAZARD	ADR SANOFI-AVENTIS SPONSORED ADR	France	30856.00	1,085,668.36	1,129,638.16
LAZARD	ADR SANPAOLO-IMI S P A SPONSORED ADR	Italy	32000.00	549,635.92	723,200.00
LAZARD	ADR SCHERING A G SPONSORED ADR	Germany	13000.00	729,145.78	815,750.00
LAZARD	ADR SIEMENS AG COM DM50 (NEW)	Germany	14500.00	868,468.52	1,068,650.00
LAZARD	ADR SOCIETE GENERALE FRANCE SPONSORED ADR	France	71000.00	787,000.20	1,256,600.60
LAZARD	ADR SWISS REINS CO	Switzerland	9100.00	593,083.52	523,612.18
LAZARD	ADR TESCO PLC SPONSORED ADR	UK	49600.00	519,077.76	768,056.00
LAZARD	ADR TOTAL SA	France	11975.00	894,792.47	1,223,485.75
LAZARD	ADR UNILEVER PLC SPONSORED ADR NEW	UK	30300.00	764,938.65	1,000,506.00
LAZARD	ADR VODAFONE GROUP PLC NEW SPONSORED ADR	UK	58900.00	1,111,873.31	1,420,079.00
LAZARD	GLAXO SMITHKLINE SPONS ADR	UK	31959.00	1,606,255.73	1,397,567.07
LAZARD	ROYAL DUTCH PETRO N.Y REGISTRY SH PAR N 1.25 GLDR	Netherlands	20900.00	1,142,062.08	1,078,440.00
LAZARD	UBS AG JERSEY BRH COM	Switzerland	19900.00	831,040.24	1,399,567.00
MAIN ACCOUNT	SILICON GRAPHICS INC COM	USA	375.00	735.00	536.25
NL CAPITAL	1ST MIDWEST BANCORP INC DEL COM	USA	14000.00	473,722.73	483,840.00
NL CAPITAL	A C MOORE ARTS & CRAFTS INC COM	USA	27300.00	527,518.93	675,129.00
NL CAPITAL	ABM INDS INC COM	USA	49000.00	876,004.86	987,350.00
NL CAPITAL	ACTIVISION INC NEW COM NEW	USA	35000.00	432,619.91	485,450.00
NL CAPITAL	ADVANCED NEUROMODULATION SYS INC COM	USA	14000.00	381,468.80	424,900.00
NL CAPITAL	ADVO INC COM	USA	19600.00	627,157.09	606,424.00
NL CAPITAL	ANDRX GROUP COM	USA	23000.00	452,701.84	514,280.00
NL CAPITAL	ANSYS INC COM	USA	8100.00	320,747.71	402,813.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2004

Account Name	Asset description	Country	Shares/Par value	Book value	Market value
NL CAPITAL	APTARGROUP INC COM	USA	14000.00	555,320.48	615,580.00
NL CAPITAL	ARTHROCARE CORP COM	USA	19500.00	438,942.70	571,155.00
NL CAPITAL	BIO RAD LABS INC CL A	USA	14000.00	802,533.73	715,400.00
NL CAPITAL	BIOSITE INC COM	USA	21500.00	636,686.90	1,052,640.00
NL CAPITAL	BISYS GROUP INC COM	USA	69000.00	996,236.13	1,008,090.00
NL CAPITAL	BJS WHSL CLUB INC COM STK	USA	11700.00	260,795.36	319,878.00
NL CAPITAL	BOB EVANS FARMS INC COM	USA	33000.00	1,029,261.05	896,280.00
NL CAPITAL	CABOT OIL & GAS CORP COM	USA	11700.00	352,265.75	525,330.00
NL CAPITAL	CARBO CERAMICS INC COM	USA	4000.00	205,558.14	288,560.00
NL CAPITAL	CASEYS GEN STORES INC COM	USA	39000.00	704,110.94	725,010.00
NL CAPITAL	CERIDIAN CORP NEW COM	USA	43500.00	878,436.64	800,835.00
NL CAPITAL	CERNER CORP COM	USA	12000.00	528,274.37	519,120.00
NL CAPITAL	CH & DWIGHT INC COM	USA	39750.00	1,054,255.40	1,115,385.00
NL CAPITAL	CLARCOR INC COM	USA	22300.00	974,271.97	1,063,041.00
NL CAPITAL	COM HILB ROGAL & HOBBS CO	USA	10000.00	321,390.00	362,200.00
NL CAPITAL	CORE LAB NV NLG0.03	Netherlands	21000.00	461,922.10	516,390.00
NL CAPITAL	COSTAR GROUP INC COM	USA	12000.00	472,714.69	590,280.00
NL CAPITAL	CUNO INC COM	USA	11500.00	508,355.20	664,125.00
NL CAPITAL	DIAGNOSTIC PRODS CORP COM	USA	21700.00	978,090.42	886,879.00
NL CAPITAL	DIGITAL INSIGHT CORP COM STK	USA	33000.00	692,746.47	449,790.00
NL CAPITAL	DIGITAS INC COM	USA	80000.00	726,297.12	618,400.00
NL CAPITAL	DONALDSON INC COM	USA	25000.00	727,915.21	709,750.00
NL CAPITAL	E W BANCORP INC COM	USA	14500.00	376,418.90	487,055.00
NL CAPITAL	EDWARDS LIFESCIENCES CORP COM	USA	16300.00	486,183.27	546,050.00
NL CAPITAL	ESCO TECHNOLOGIES INC	USA	9200.00	408,852.29	623,392.00
NL CAPITAL	FERRO CORP COM	USA	29500.00	801,146.30	643,395.00
NL CAPITAL	FREDS INC CL A	USA	55000.00	1,227,196.70	987,800.00
NL CAPITAL	FRONTIER FINL CORP WASH CDT-COM	USA	14000.00	478,143.41	494,200.00
NL CAPITAL	FULTON FINL CORP PA COM	USA	20000.00	411,859.76	428,000.00
NL CAPITAL	G & K SVCS INC CL A	USA	17000.00	629,767.07	675,580.00
NL CAPITAL	GALLAGHER ARTHUR J & CO COM	USA	17500.00	561,736.54	579,775.00
NL CAPITAL	HAIN CELESTIAL GROUP INC COM	USA	50000.00	1,139,330.95	884,000.00
NL CAPITAL	HARTE-HANKS INC COM (NEW)	USA	40000.00	874,417.67	1,000,400.00
NL CAPITAL	HCC INS HLDGS INC COM	USA	30000.00	950,397.79	904,500.00
NL CAPITAL	HEALTHCARE RLTY TR	USA	19791.00	728,643.43	772,640.64
NL CAPITAL	HEICO CORP NEW CL A	USA	45000.00	577,008.96	606,600.00
NL CAPITAL	HYPERION SOLUTIONS CORP COM	USA	9000.00	317,416.79	305,910.00
NL CAPITAL	ICU MED INC COM	USA	35000.00	1,109,448.37	911,400.00
NL CAPITAL	IDX SYS CORP COM	USA	13500.00	372,261.83	438,075.00
NL CAPITAL	IMMUCOR INC COM STK	USA	18000.00	205,305.60	445,500.00
NL CAPITAL	INDPT BK CORP MASS COM	USA	15400.00	445,244.04	476,014.00
NL CAPITAL	INTEGRA LIFESCIENCES HLDG CORP COM DESP	USA	16700.00	502,641.00	536,237.00
NL CAPITAL	INTEGRATED CIRCUIT SYS INC COM NEW COM STK	USA	14000.00	373,169.40	301,000.00
NL CAPITAL	KRONOS INC COM	USA	10800.00	360,782.92	478,332.00
NL CAPITAL	KYPHON INC COM	USA	8000.00	180,853.26	198,240.00
NL CAPITAL	LANCASTER COLONY CORP COM	USA	16900.00	766,606.47	712,588.50
NL CAPITAL	LAWSON SOFTWARE INC COM	USA	66000.00	541,027.23	369,600.00
NL CAPITAL	LEE ENTERPRISES INC COM	USA	8000.00	351,754.77	370,720.00
NL CAPITAL	LIFEPOINT HOSPS INC COM ISIN US53219L1098	USA	21000.00	575,394.06	630,210.00
NL CAPITAL	LINDSAY MFG CO COM	USA	13500.00	325,136.80	362,205.00
NL CAPITAL	LONE STAR STEAKHOUSE SALOON COM	USA	28200.00	706,149.95	728,406.00
NL CAPITAL	MACDERMID INC COM	USA	22500.00	760,263.58	651,600.00
NL CAPITAL	MAGNUM HUNTER RES INC COM PAR $0.002	USA	48000.00	535,959.90	553,920.00
NL CAPITAL	MAIN STR BKS INC NEW COM	USA	14200.00	377,518.72	434,520.00
NL CAPITAL	MANHATTAN ASSOCS INC COM	USA	17000.00	473,086.23	415,140.00
NL CAPITAL	MAXIMUS INC COM	USA	15500.00	627,378.49	446,555.00
NL CAPITAL	METHODE ELECTRS INC COM	USA	39000.00	474,178.74	498,810.00
NL CAPITAL	METTLER-TOLEDO INTL INC COM	USA	10000.00	437,197.47	472,200.00
NL CAPITAL	MILLIPORE CORP COM	USA	8000.00	347,630.84	382,800.00
NL CAPITAL	MSC INDL DIRECT INC CL A COM	USA	12700.00	348,483.77	432,816.00
NL CAPITAL	PERFORMANCE FOOD GROUP CO COM	USA	45000.00	1,490,678.94	1,066,500.00
NL CAPITAL	PEROT SYS CORP CDT-CL A COM STK	USA	77500.00	1,059,319.68	1,244,650.00
NL CAPITAL	REGIS CORP MINN COM	USA	20000.00	799,660.94	804,400.00
NL CAPITAL	REMINGTON OIL & GAS CORP COM	USA	16500.00	332,665.69	433,125.00
NL CAPITAL	RLI CORP COM	USA	16500.00	636,230.45	619,575.00
NL CAPITAL	ROGERS CORP COM	USA	11500.00	546,573.95	488,635.00
NL CAPITAL	SEMTECH CORP	USA	17000.00	313,959.77	325,890.00
NL CAPITAL	SENSIENT TECHNOLOGIES CORP COM	USA	34600.00	694,052.82	748,744.00
NL CAPITAL	SERENA SOFTWARE INC COM	USA	26000.00	506,795.22	434,980.00
NL CAPITAL	SEROLOGICALS CORP COM	USA	37000.00	663,530.54	863,210.00
NL CAPITAL	SOURCECORP INC COM	USA	45000.00	1,170,170.42	996,300.00
NL CAPITAL	SUN COMMUNITIES INC COM	USA	18871.00	728,309.66	739,554.49
NL CAPITAL	SUPERIOR ENERGY SVCS INC COM	USA	82000.00	824,863.86	1,059,440.00
NL CAPITAL	SYBRON DENTAL SPECIALTIES INC COM	USA	12000.00	336,467.70	356,280.00
NL CAPITAL	TELEFLEX INC COM	USA	23500.00	1,136,785.75	998,750.00
NL CAPITAL	TETRA TECHNOLOGIES INC DEL COM	USA	18000.00	480,407.44	558,900.00
NL CAPITAL	THOMAS INDS INC COM	USA	14000.00	486,708.17	439,600.00
NL CAPITAL	TIMBERLAND CO CL A	USA	16000.00	869,956.30	908,800.00
NL CAPITAL	UCBH HLDGS INC COM	USA	4000.00	149,643.11	156,280.00
NL CAPITAL	UNIFIRST CORP MASS COM	USA	22000.00	581,294.97	629,200.00
NL CAPITAL	UNIT CORP COM	USA	10000.00	234,500.00	350,800.00
NL CAPITAL	WASTE CONNECTIONS INC COM	USA	25000.00	608,694.50	792,000.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2004

Account Name	Asset description	Country	Shares/Par value	Book value	Market value
NL CAPITAL	WEST CORP COM	USA	23000.00	542,792.33	669,990.00
NL CAPITAL	WESTN GAS RES INC COM	USA	12000.00	328,328.38	343,080.00
NL CAPITAL	WILMINGTON TR CORP NEW COM	USA	13500.00	485,699.08	488,835.00
NL CAPITAL	WILSON GREATBATCH TECHNOLOGIES INC COM	USA	38300.00	1,021,090.86	685,187.00
OECHSLE	ACCOR EUR3	France	10926.00	396,560.73	425,829.48
OECHSLE	ACERINOX SA EUR0.25	Spain	11248.00	105,735.49	155,346.57
OECHSLE	ADIDAS-SALOMON AG NPV	Germany	3218.00	282,027.41	449,035.52
OECHSLE	ADR KOOKMIN BK NEW SPONSORED ADR KOOKMINBK ADRS	South Korea	7429.00	266,807.05	236,539.36
OECHSLE	ADR PETROLEO BRASILEIRO SA PETROBRAS SPONSORED ADR	Brazil	4515.00	149,060.47	159,153.75
OECHSLE	ADR SK TELECOM LTD SPONSORED	South Korea	7306.00	186,203.80	142,101.70
OECHSLE	ADR TAIWAN SEMICONDUCTOR MFG CO LTD SPONSORED ADR	Taiwan	19454.00	149,751.06	138,901.56
OECHSLE	ASTRAZENECA USD PAR .25	UK	6267.00	270,470.05	256,861.18
OECHSLE	BAYER AG ORD NPV	Germany	26555.00	719,832.02	726,248.43
OECHSLE	BAYER HYPO-VEREINS ORD NPV	Germany	20810.00	483,223.13	399,579.46
OECHSLE	BCA INTESA EUR0.52	Italy	165287.00	427,549.51	628,176.53
OECHSLE	BCO COM PORTUGUES EUR1(REGD)	Portugal	140542.00	332,151.09	305,468.03
OECHSLE	BELGACOM NPV	Belgium	4782.00	144,550.78	171,287.79
OECHSLE	BRIDGESTONE CORP Y50	Japan	24000.00	273,815.87	445,311.44
OECHSLE	BRISA(AUTO-ESTRADA EUR1(PRIVATIZED)	Portugal	10783.00	79,905.96	87,586.86
OECHSLE	BRITISH AIRWAYS ORD 25P	UK	61842.00	307,515.05	232,205.34
OECHSLE	BRITISH SKY BROADC ORD GBP0.50	UK	45077.00	624,531.33	390,919.82
OECHSLE	CANON INC JPY50	Japan	6000.00	209,219.74	281,994.28
OECHSLE	CAPITA GROUP ORD GBP0.02	UK	21622.00	122,596.19	128,724.83
OECHSLE	CARREFOUR EUR2.50	France	11776.00	494,775.12	553,878.73
OECHSLE	CHINA MOBILE (HK) HKD0.10	Hong Kong	77600.00	365,260.97	235,843.58
OECHSLE	COMMERCE ASSET HLD MYR1	Malaysia	132700.00	149,811.37	157,144.74
OECHSLE	COMPASS GROUP ORD GBP0.10	UK	88709.00	554,247.39	353,954.03
OECHSLE	CREDIT SUISSE GRP CHF0.50(REGD)	Switzerland	14797.00	470,146.74	472,219.47
OECHSLE	DAIMLERCHRYSLER AG ORD NPV(REGD)	Germany	5367.00	241,792.40	221,305.02
OECHSLE	DBS GROUP HLDGS SGD1	Singapore	44000.00	407,631.77	418,151.58
OECHSLE	DENSO CORP NPV	Japan	14800.00	324,141.32	349,807.20
OECHSLE	DENWAY MOTORS LTD HKD0.10	Hong Kong	378000.00	141,009.34	126,031.51
OECHSLE	DEUTSCHE TELEKOM NPV(REGD)	Germany	12759.00	254,615.66	236,749.36
OECHSLE	DIAGEO ORD GBP0.28935185	UK	22809.00	309,897.15	284,790.77
OECHSLE	EDP ENERGIAS PORTU EUR1(REGD)	Portugal	56230.00	161,772.81	164,118.50
OECHSLE	ELEC POWER DEV NPV	Japan	900.00	21,938.34	22,047.82
OECHSLE	ENI EUR1	Italy	14508.00	196,119.42	325,061.60
OECHSLE	ERICSSON(LM)TEL SEK1 SER'B'	Sweden	173253.00	493,739.40	537,831.08
OECHSLE	FRANCE TELECOM EUR4	France	22088.00	533,757.52	550,311.90
OECHSLE	GLAXOSMITHKLINE ORD GBP0.25	UK	21932.00	446,062.49	472,672.76
OECHSLE	HENNES & MAURITZ SEK0.25'B'	Sweden	16985.00	434,056.34	467,774.58
OECHSLE	HSBC HLDGS ORD USD0.50(UK REG)	UK	20133.00	237,739.47	319,505.74
OECHSLE	IBERDROLA SA EUR3	Spain	22048.00	444,060.47	457,306.38
OECHSLE	IMPERIAL TOBACCO ORD GBP0.10	UK	15237.00	214,598.73	331,968.23
OECHSLE	ITOCHU CORP JPY50 (8001)	Japan	39000.00	155,401.45	166,311.30
OECHSLE	LAFARGE EUR4	France	5323.00	434,699.10	465,756.63
OECHSLE	LAGARDERE SCA EUR6.10(REGD)	France	7459.00	456,629.28	462,648.04
OECHSLE	MATSUSHITA ELC IND NPV	Japan	21000.00	250,704.35	280,279.45
OECHSLE	MEDIASET EUR0.52	Italy	55067.00	571,621.72	625,113.96
OECHSLE	MILLEA HOLDINGS IN NPV	Japan	37.00	505,467.22	476,704.62
OECHSLE	MISAWA HOMES HLDGS NPV	Japan	8000.00	29,780.61	23,735.43
OECHSLE	MITSUBISHI EST CO Y50	Japan	48000.00	479,705.07	500,839.27
OECHSLE	MITSUBISHI TOKYO F NPV	Japan	75.00	466,481.72	625,368.60
OECHSLE	NESTLE SA CHF1(REGD)	Switzerland	2252.00	607,145.61	515,794.03
OECHSLE	NISSAN MOTOR CO Y50	Japan	33100.00	351,938.20	360,386.52
OECHSLE	NOKIA OYJ EUR0.06	Finland	10551.00	207,746.79	145,196.11
OECHSLE	ORIX CORP JPY50	Japan	6000.00	460,143.08	615,161.28
OECHSLE	PEARSON ORD 25P	UK	37590.00	460,901.11	402,004.00
OECHSLE	PIN-PRINTEMPS-REDO EUR4	France	2909.00	207,992.90	267,179.72
OECHSLE	PORTUGAL TCOM SGPS EUR1(REGD)	Portugal	57760.00	569,187.20	636,315.33
OECHSLE	PTT PUBLIC COMPANY THB10(ALIEN MKT)	Thailand	41800.00	156,941.23	173,557.03
OECHSLE	PVTPL GDR SAMSUNG ELECTRS LTD GDR 1995 RPSTG COM	South Korea	275.00	27,182.59	54,689.53
OECHSLE	RENTOKIL INITIAL ORD GBP0.01	UK	104391.00	292,191.21	284,295.60
OECHSLE	REPSOL YPF SA EUR1	Spain	20872.00	437,653.27	458,319.05
OECHSLE	RICHEMONT(CIE FIN) 'A'CHF1(BR)EQUITY UNIT	Switzerland	12161.00	229,534.26	336,479.98
OECHSLE	RICOH CO JPY50	Japan	23000.00	391,423.97	433,017.28
OECHSLE	ROCHE HLDGS AG GENUSSCHEINE NPV	Switzerland	3351.00	260,501.71	346,183.23
OECHSLE	ROLLS ROYCE GROUP ORD GBP0.20	UK	67572.00	302,895.56	309,661.21
OECHSLE	SAMSUNG ELECTRONIC KRW5000	South Korea	830.00	205,832.16	330,125.92
OECHSLE	SCHERING AG ORD NPV	Germany	12229.00	702,063.49	772,331.04
OECHSLE	SCHNEIDER ELECTRIC EUR8	France	4582.00	294,382.18	296,208.42
OECHSLE	SECOM Y50	Japan	7500.00	314,047.11	260,626.96
OECHSLE	SHIN-ETSU CHEM CO Y50	Japan	6400.00	227,738.32	229,950.55
OECHSLE	SKANDIA FORSAKRING SEK1	Sweden	77421.00	289,719.68	306,272.47
OECHSLE	SONAE SGPS SA EUR1	Portugal	55530.00	66,618.88	62,071.43
OECHSLE	SUN HUNG KAI PROP HKD0.50	Hong Kong	53000.00	458,613.40	499,547.96
OECHSLE	SWIRE PACIFIC 'A'HKD0.60	Hong Kong	59500.00	345,462.37	413,933.61
OECHSLE	T&D HOLDINGS INC NPV	Japan	3700.00	170,908.21	161,811.01
OECHSLE	TDK CORP JPY50	Japan	6300.00	456,482.26	419,561.77
OECHSLE	TELECOM ITALIA EUR0.55	Italy	169321.00	534,076.26	522,587.25
OECHSLE	TELEFONICA SA EUR1	Spain	21948.00	204,038.17	328,475.95
OECHSLE	TOKYO ELECTRON Y50	Japan	2900.00	154,818.78	141,296.56

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2004

Account Name	Asset description	Country	Shares/Par value	Book value	Market value
OECHSLE	TORAY IND INC Y50	Japan	68000.00	315,249.87	314,657.71
OECHSLE	TOTAL SA EUR10	France	1973.00	296,148.12	401,876.41
OECHSLE	VEOLIA ENVIRONNEME EUR5.00	France	10658.00	290,040.19	306,706.75
OECHSLE	VIVENDI UNIVERSAL EUR5.50	France	9264.00	249,900.27	237,366.46
OECHSLE	VNU NV EUR0.20	Netherlands	14427.00	556,267.71	370,909.50
OECHSLE	VODAFONE GROUP ORD USD0.10	UK	248603.00	528,563.14	594,939.25
OECHSLE	VOLKSWAGEN AG ORD NPV	Germany	15427.00	599,278.22	593,778.74
RCM	3M CO COM	USA	9400.00	739,563.44	751,718.00
RCM	5TH 3RD BANCORP COM	USA	15500.00	893,806.25	762,910.00
RCM	ABBOTT LAB COM	USA	18100.00	767,771.36	766,716.00
RCM	ACCENTURE LTD BERMUDA CLS A COM	Bermuda	36500.00	918,841.25	987,325.00
RCM	ADR NOVARTIS AG SPONSORED ADR ISIN #US66987V1098	Switzerland	24100.00	1,107,266.59	1,124,747.00
RCM	ADR SAP AKTIENGESELLSCHAFT SPONSORED ADR	Germany	19500.00	766,757.80	759,525.00
RCM	ADR TEVA PHARMACEUTICAL INDS	Israel	42700.00	1,329,522.63	1,108,065.00
RCM	AFLAC INC COM	USA	19400.00	732,816.26	760,674.00
RCM	AMERN INTL GROUP INC COM	USA	14750.00	1,037,818.14	1,002,852.50
RCM	AMGEN INC COM	USA	20500.00	1,159,043.76	1,161,940.00
RCM	ANTHEM INC COM	USA	11600.00	1,024,223.83	1,012,100.00
RCM	APACHE CORP COM	USA	16800.00	716,182.69	841,848.00
RCM	AVON PRODS INC COM USD0.25	USA	27800.00	1,046,565.13	1,214,304.00
RCM	BAKER HUGHES INC COM	USA	22400.00	687,016.04	979,328.00
RCM	BIOGEN IDEC INC COM STK	USA	9700.00	552,263.53	593,349.00
RCM	BJ SVCS CO COM	USA	10700.00	346,442.46	560,787.00
RCM	CARNIVAL CORP COM PAIRED	Panama	24200.00	924,903.90	1,144,418.00
RCM	CISCO SYS INC COM	USA	76500.00	1,545,515.13	1,384,650.00
RCM	CITIGROUP INC COM	USA	42500.00	787,037.40	1,875,100.00
RCM	COACH INC COM	USA	9400.00	409,260.06	398,748.00
RCM	COCA COLA CO COM	USA	22700.00	1,184,468.97	909,135.00
RCM	DANAHER CORP COM	USA	20300.00	754,761.52	1,040,984.00
RCM	DELL INC COM STK	USA	54300.00	1,750,572.36	1,933,080.00
RCM	EXXON MOBIL CORP COM	USA	52500.00	2,158,426.85	2,537,325.00
RCM	FEDEX CORP COM	USA	13900.00	1,136,773.65	1,191,091.00
RCM	FNMA COM STK	USA	9100.00	653,863.08	576,940.00
RCM	FRKLN RES INC COM	USA	21100.00	1,096,345.34	1,176,536.00
RCM	GEN ELEC CO COM	USA	95500.00	2,391,840.30	3,206,890.00
RCM	GENENTECH INC COM STK	USA	10300.00	456,048.96	539,926.00
RCM	GILEAD SCI INC COM	USA	37500.00	1,175,530.08	1,401,750.00
RCM	GOLDMAN SACHS GROUP INC COM	USA	10200.00	887,634.78	951,048.00
RCM	HONEYWELL INTL INC COM STK	USA	21200.00	776,727.72	760,232.00
RCM	INTEL CORP COM	USA	38500.00	1,091,709.60	772,310.00
RCM	INTL GAME TECH COM	USA	26700.00	1,190,006.87	959,865.00
RCM	JOHNSON & JOHNSON COM	USA	26200.00	1,478,913.76	1,475,846.00
RCM	M & T BK CORP COM	USA	6600.00	626,825.32	631,620.00
RCM	MAXIM INTEGRATED PRODS INC COM	USA	13800.00	585,553.78	583,602.00
RCM	MEDTRONIC INC COM	USA	32000.00	1,386,067.77	1,660,800.00
RCM	MELLON FINL CORP COM	USA	17600.00	564,092.89	487,344.00
RCM	MERRILL LYNCH & CO INC COM	USA	25300.00	1,325,906.67	1,257,916.00
RCM	MICROSOFT CORP COM	USA	55000.00	1,452,821.77	1,520,750.00
RCM	NIKE INC CL B	USA	19200.00	1,270,114.78	1,512,960.00
RCM	NOVELL INC COM	USA	35000.00	391,722.61	220,850.00
RCM	ORACLE CORP COM	USA	136000.00	1,625,459.13	1,534,080.00
RCM	PEPSICO INC COM	USA	25900.00	1,235,704.54	1,260,035.00
RCM	PFIZER INC COM STK $.11 1/9 PAR	USA	95000.00	3,223,250.07	2,907,000.00
RCM	PROCTER & GAMBLE CO COM	USA	41900.00	1,943,922.26	2,267,628.00
RCM	QUALCOMM INC COM	USA	19600.00	752,695.81	765,184.00
RCM	SAFECO CORP COM	USA	16200.00	649,906.72	830,830.00
RCM	SCHLUMBERGER LTD COM STK	Netherlands Ant.	18800.00	998,897.25	1,265,428.00
RCM	SMITH INTL INC COM	USA	13800.00	712,675.08	838,074.00
RCM	ST JUDE MED INC COM	USA	11800.00	834,196.34	888,186.00
RCM	STARBUCKS CORP COM	USA	20700.00	628,130.61	941,022.00
RCM	SYMANTEC CORP COM	USA	16000.00	705,860.16	878,080.00
RCM	SYSCO CORP COM	USA	27200.00	901,016.32	813,824.00
RCM	TYCO INTL LTD NEW COM	Bermuda	24400.00	767,815.30	748,104.00
RCM	UNITED PARCEL SVC INC CL B	USA	22800.00	1,614,324.78	1,730,976.00
RCM	UTD TECHNOLOGIES CORP COM	USA	8400.00	706,316.88	784,392.00
RCM	VIACOM COM CL B	USA	12800.00	558,433.41	429,568.00
RCM	WACHOVIA CORP NEW COM	USA	23800.00	1,145,557.40	1,117,410.00
RCM	WAL-MART STORES INC COM	USA	39500.00	2,139,107.52	2,101,400.00
RCM	WALGREEN CO COM	USA	34000.00	1,161,891.98	1,218,220.00
RCM	WRIGLEY WM JR CO CAP	USA	12700.00	797,563.90	804,037.00
RCM	XTO ENERGY INC COM	USA	18250.00	419,033.84	592,760.00
RCM	YAHOO INC COM	USA	64500.00	1,388,420.17	2,187,195.00
RCM	ZIONS BANCORP COM	USA	12400.00	756,383.88	756,896.00
TRANSAMERICA	ALLERGAN INC COM	USA	53000.00	3,983,390.75	3,845,150.00
TRANSAMERICA	ECHOSTAR COMMUNICATIONS CORP NEW CL A	USA	100000.00	3,675,997.04	3,112,000.00
TRANSAMERICA	EXPEDITORS INTL WASH INC COM	USA	75000.00	2,888,025.00	3,877,500.00
TRANSAMERICA	FIRST DATA CORP COM	USA	120000.00	4,362,809.12	5,220,000.00
TRANSAMERICA	GENENTECH INC COM STK	USA	80000.00	3,221,312.00	4,193,600.00
TRANSAMERICA	GILLETTE CO COM	USA	87500.00	2,715,265.00	3,652,250.00
TRANSAMERICA	INTEL CORP COM	USA	65000.00	1,740,971.44	1,303,900.00
TRANSAMERICA	INTL GAME TECH COM	USA	80000.00	2,602,483.80	2,876,000.00
TRANSAMERICA	INTUIT COM	USA	65000.00	2,592,977.35	2,951,000.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2004

Account Name	Asset description	Country	Shares/Par value	Book value	Market value
TRANSAMERICA	LEXMARK INTL INC NEW CL A	USA	31000.00	2,591,642.95	2,604,310.00
TRANSAMERICA	LIBERTY MEDIA INTL INC COM SER A	USA	90348.00	2,937,845.74	3,014,189.97
TRANSAMERICA	MARRIOTT INTL INC NEW COM STK CL A	USA	52500.00	2,278,878.00	2,727,900.00
TRANSAMERICA	MICROSOFT CORP COM	USA	145000.00	3,811,537.71	4,009,250.00
TRANSAMERICA	MOODYS CORP COM	USA	55000.00	3,088,530.50	4,028,750.00
TRANSAMERICA	NORTHN TR CORP COM	USA	70000.00	3,245,102.00	2,856,000.00
TRANSAMERICA	PAYCHEX INC COM	USA	120000.00	4,286,369.65	3,618,000.00
TRANSAMERICA	PFIZER INC COM STK $.11 1/9 PAR	USA	75000.00	2,544,671.11	2,295,000.00
TRANSAMERICA	PRAXAIR INC COM	USA	100000.00	3,306,038.50	4,274,000.00
TRANSAMERICA	QUALCOMM INC COM	USA	180000.00	4,019,556.34	7,027,200.00
TRANSAMERICA	SANDISK CORP COM	USA	100500.00	2,710,605.90	2,926,560.00
TRANSAMERICA	STAPLES INC COM	USA	160000.00	4,193,064.75	4,771,200.00
TRANSAMERICA	UNITED PARCEL SVC INC CL B	USA	60000.00	4,204,036.40	4,555,200.00
TRANSAMERICA	WAL-MART STORES INC COM	USA	70000.00	3,805,673.24	3,724,000.00
TRANSAMERICA	WALGREEN CO COM	USA	85000.00	2,902,133.11	3,045,550.00
TRANSAMERICA	WEIGHT WATCHERS INTL INC NEW COM	USA	80000.00	3,103,772.35	3,105,600.00
TRANSAMERICA	WELLPOINT HLTH NETWORKS INC CL A (NEW) DELAW EFF 8-4-97	USA	50000.00	3,802,189.42	5,254,500.00
TRANSAMERICA	XM SATELLITE RADIO HLDGS INC CL A	USA	135000.00	2,772,663.30	4,187,700.00
TRANSAMERICA	ZIMMER HLDGS INC COM	USA	53000.00	3,484,062.15	4,189,120.00
URDANG	1ST POTOMAC RLTY TR COM	USA	29400.00	567,925.98	607,404.00
URDANG	ALEXANDRIA REAL ESTATE EQUITIES INC COM	USA	14900.00	873,413.82	979,228.00
URDANG	APT INVT & MGMT CO CL A	USA	19300.00	663,338.60	671,254.00
URDANG	ARDEN RLTY GROUP INC	USA	26000.00	808,616.38	847,080.00
URDANG	AVALONBAY CMNTYS REIT	USA	26500.00	1,227,722.14	1,595,830.00
URDANG	BRANDYWINE RLTY TR SH BEN INT NEW REIT	USA	32700.00	899,982.82	931,296.00
URDANG	BRE PPTYS INC CL A	USA	32400.00	1,067,074.22	1,242,540.00
URDANG	BROOKFIELD PPTYS CORP COM	Canada	25800.00	775,393.44	832,308.00
URDANG	BSTN PPTYS INC	USA	27500.00	1,268,141.93	1,523,225.00
URDANG	CAMDEN PPTY TR SH BEN INT	USA	19300.00	817,263.85	891,660.00
URDANG	CARRAMERICA RLTY CORP COM REIT	USA	27200.00	824,050.74	889,440.00
URDANG	CATELLUS DEV CORP NEW COM	USA	24700.00	604,455.53	654,797.00
URDANG	DEVELOPERS DIVERSIFIED RLTY CORP COM	USA	40100.00	1,375,114.20	1,569,915.00
URDANG	ENTMNT PPTYS TR COM SH BEN INT	USA	5700.00	188,100.00	215,460.00
URDANG	EQTY OFFICE PPTYS TR REIT	USA	33200.00	903,519.38	904,700.00
URDANG	EQTY RESDNTL EFF 5/15/02	USA	52900.00	1,466,402.15	1,639,900.00
URDANG	ESSEX PPTY TR REIT	USA	6000.00	390,060.00	431,100.00
URDANG	FED RLTY INVT TR SH BEN INT NEW	USA	17300.00	679,636.88	761,200.00
URDANG	GEN GROWTH PPTYS INC COM	USA	35700.00	986,423.04	1,106,700.00
URDANG	GLOBAL SIGNAL INC COM	USA	14500.00	298,910.10	332,050.00
URDANG	HIGHLAND HOSPITALITY CORP COM	USA	33000.00	364,879.82	376,200.00
URDANG	HIGHWOODS PPTYS INC COM	USA	30300.00	803,920.22	745,683.00
URDANG	HILTON HOTELS CORP COM	USA	30200.00	517,969.26	568,968.00
URDANG	HLTH CARE REIT INC COM	USA	26800.00	893,807.09	943,360.00
URDANG	HOST MARRIOTT CORP REIT	USA	64300.00	721,488.56	902,129.00
URDANG	KIMCO RLTY CORP COM	USA	18500.00	806,406.97	949,050.00
URDANG	MACERICH CO COM	USA	32500.00	1,228,785.87	1,731,925.00
URDANG	MACK CALI RLTY CORP COM REIT	USA	15300.00	681,328.18	677,790.00
URDANG	MLS CORP COM	USA	16000.00	697,607.97	829,920.00
URDANG	PA REAL ESTATE INVT TR SH BEN INT	USA	32800.00	1,184,518.98	1,268,048.00
URDANG	POST PPTYS INC REIT	USA	38600.00	1,058,376.66	1,154,140.00
URDANG	PROLOGIS SH BEN INT	USA	57200.00	1,813,480.45	2,015,728.00
URDANG	PUB STORAGE INC COM	USA	23500.00	1,127,533.80	1,164,425.00
URDANG	RECKSON ASSOCS RLTY CORP REIT	USA	38300.00	864,430.69	1,101,125.00
URDANG	SHURGARD STORAGE CTRS INC CL A	USA	11400.00	378,792.53	442,320.00
URDANG	SIMON PPTY GROUP INC COM	USA	28800.00	1,160,660.75	1,544,544.00
URDANG	SL GREEN RLTY CORP COM STK	USA	20400.00	958,699.93	1,056,924.00
URDANG	ST JOE CO COM	USA	26100.00	1,117,602.00	1,246,797.00
URDANG	STARWOOD HOTELS & RESORTS WORLDWIDE INC PAIRED CTF 1 B SH BEN INT	USA	44500.00	1,592,338.00	2,062,046.44
URDANG	STRATEGIC HOTEL CAP INC COM STK	USA	33100.00	466,031.80	447,512.00
URDANG	TRIZEC PPTYS INC REIT	USA	54400.00	852,262.72	868,768.00
URDANG	UTD DOMINION RLTY TR INC MD	USA	31300.00	607,791.86	620,679.00
URDANG	VENTAS INC COM	USA	33900.00	785,477.20	878,688.00
URDANG	VORNADO RLTY TR COM	USA	27700.00	1,508,652.11	1,736,236.00
URDANG	WEINGARTEN RLTY INVS COM	USA	23700.00	708,888.35	782,337.00
	TOTAL COMMON STOCK		**17,192,513.00**	**447,297,422.49**	**512,613,130.86**
	PREFERRED STOCK				
MORGAN STANLEY	PVTPL HOME OWN FDG CORP PFD STEP DOWN	USA	1425.00	1,429,884.65	589,660.54
	TOTAL PREFERRED STOCK		**1,425.00**	**1,429,884.65**	**589,660.54**
	STOCK FUNDS				
BGI MID CAP INDEX	CF BGI MIDCAP EQTY INDEX FD	USA	2142754.20	21,377,008.65	31,098,168.82
BGI S & P INDEX	CF BARCLAYS ALPHA TILTS FD	USA	1023876.70	108,688,850.85	115,381,548.92
BGI SMALL CAP INDEX	CF BARCLAYS RUSSELL 1000 VALUE INDEX FD	USA	1652854.00	59,231,789.82	74,362,308.06
	TOTAL STOCK FUNDS		**4,819,484.90**	**189,297,649.32**	**220,842,025.80**
	TOTAL EQUITY		**22,013,422.90**	**638,024,956.46**	**734,044,817.20**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2004

Account Name	Asset description	Country	Shares/Par value	Book value	Market value
	CORPORATE ASSET BACKED SECURITIES				
BARROW HANLEY BOND	MBNA CR CARD MASTER NT TR SER 2003-A7 CLA7 2.65 DUE 11-15-2010 REG	USA	730000.00	729,788.37	708,448.21
BARROW HANLEY BOND	TXU ELEC DELIVERY TRANSITION BD CO LLC 2004-1 BD CL A-2 4.81 DUE 11-15-2(	USA	350000.00	349,559.11	361,455.15
DODGE & COX	CAL INFRASTRUCTURE & ECON DEV BK SPL PURP TR 97-1 CL A7 6.42 ABS CTF	USA	631281.08	666,667.36	656,094.84
DODGE & COX	UN PAC RR CO PASS THRU TR CTF SER 1998-C6.33 DUE 01-02-2020 BEO SF 01-0(	USA	421490.13	417,195.32	456,747.77
MORGAN STANLEY	AMER W AIRLS INC 2001-1 PASS THRU CTF CLG 7.1 DUE 10-02-2022 BEO	USA	249369.58	249,369.58	267,604.48
MORGAN STANLEY	AMERN EXPRESS CR A/C MASTER TR 2002-3 ABS CTF CL A FLTG RATE 12-15-09	USA	400000.00	400,937.50	400,919.20
MORGAN STANLEY	AST BACKED FDG CORP 2004-HE1 AST BKD CTFCL A-1 FLTG RATE 06-25-2022 RE	USA	240224.37	240,224.37	240,224.37
MORGAN STANLEY	BK 1 ISSUANCE TR SER 2003-A9 CL A9 3.86 DUE 06-15-2011 BEO	USA	350000.00	349,909.70	353,580.50
MORGAN STANLEY	BMW VEH OWNER TR BMW VEH OWNER TRUST2004A A3 2 2.67000007629 DUE 0(	USA	300000.00	299,993.16	299,474.40
MORGAN STANLEY	CAP AUTO RECEIVABLES AST TR SER 2003-2 CL A3A 1.44 DUE 02-15-2007 REG	USA	317335.09	315,760.81	315,589.11
MORGAN STANLEY	CAP AUTO RECEIVABLES AST TR SER 2003-3 CL A3B 01-15-2008 REG	USA	300000.00	300,421.88	300,222.60
MORGAN STANLEY	CHASE CR CARD OWNER TR 2001-4 AST BKD NTCL A 5.5 DUE 11-17-2008 BEO	USA	430000.00	429,931.57	449,476.42
MORGAN STANLEY	CHASE MANHATTAN AUTO OWNER TR 2003-C A4 2.94 DUE 06-15-2010 BEO	USA	400000.00	407,703.13	398,335.60
MORGAN STANLEY	CHASE MANHATTAN AUTO OWNER TR SER 2004-ACL A4 2.83 2.83 DUE 09-15-201(	USA	500000.00	499,995.55	494,375.00
MORGAN STANLEY	CITIBANK CR CARD ISSUANCE TR 2002-A2 NT FLTG RATE 02-15-2007 BEO	USA	400000.00	400,078.13	399,954.40
MORGAN STANLEY	DAIMLERCHRYSLER AUTO TR 2003B AST BACKEDNT CL A-4 2.86 DUE 03-09-2009	USA	350000.00	355,110.00	348,559.05
MORGAN STANLEY	GE CAP CR CARD MASTER NT TR SER 2004-2 CL A FLT RT 09-15-2010 REG	USA	300000.00	300,000.00	300,225.00
MORGAN STANLEY	GE DEALER FLOORPLAN MASTER NT TR VAR 07-20-2008 BEO	USA	300000.00	300,000.00	299,049.00
MORGAN STANLEY	HONDA AUTO RECEIVABLES 2004-1 OWNER TR ABS HAROT 3.06 DUE 10-21-2009	USA	350000.00	349,914.53	348,767.30
MORGAN STANLEY	MBNA CR CARD MASTER NT TR T 20 2.7 DUE 09-15-2009 BEO	USA	500000.00	499,576.55	494,824.50
MORGAN STANLEY	MBNA MASTER CR CARD TR II MBNAM 2000-A AEXP MTY 2-15-05 DUE 7-16-07 7.3(	USA	435000.00	434,901.34	443,483.80
MORGAN STANLEY	MBNA MASTER CR CARD TR II SER 2000-E ASTBKD NT CL A 7.8 DUE 10-15-2012 B	USA	200000.00	226,281.25	238,270.00
MORGAN STANLEY	MBNA MSTR CC TR II 6.9% BDS 15/1/2008 USD1000	USA	230000.00	229,905.26	238,876.56
MORGAN STANLEY	NEW CENTY HOME EQTY LN TR 2004-A AST BKDCTF CL A-II-1 VAR RATE 07-01-20	USA	196120.21	196,120.21	196,153.55
MORGAN STANLEY	NISSAN AUTO RECEIVABLES 2001-C OWNER TR AST BACKED NT CL A-4 4.8 2-15-	USA	131782.12	131,768.32	132,690.62
MORGAN STANLEY	RESDNTL AST SEC CORP MTG PA 2004-KS8 MTGPASSTHRU CTF CL A-I-1 09-25-	USA	345599.60	345,599.60	345,599.25
MORGAN STANLEY	SLM STUD LN TR 2004-9 STUD LN BKD NT CL A-2 10-25-2012 REG	USA	500000.00	500,000.00	499,765.62
MORGAN STANLEY	SLM STUDENT LN TR 2004-6 ASSET BKD CTF CL A-2 VAR RATE 01-25-2013 REG	USA	275000.00	275,128.91	275,575.30
MORGAN STANLEY	TXU ELEC DELIVERY TRANSITION BD CO LLC 2004-1 BD CL A-2 4.81 DUE 11-15-2(	USA	75000.00	74,905.52	77,454.67
MORGAN STANLEY	WACHOVIA AUTO OWNER TR 2004-1 2004-B ASTBACKED NT CL A-2 2.4 05-21-07 F	USA	300000.00	299,979.30	299,757.30
MORGAN STANLEY	WELLS FARGO HOME EQTY AST BACKED SEC SER2004-2 CL AI-1A 02-25-2018 F	USA	200000.00	200,000.00	200,000.00
MUNDER	CAP AUTO RECEIVABLES AST TR SER 2003-3 CL A2A 2.35 DUE 10-16-2006 REG	USA	1000000.00	999,848.68	998,353.00
MUNDER	CHASE MANHATTAN AUTO OWNER TR 2001-A ASTBKD NT CL A-4 5.07 DUE 02-15-	USA	520301.53	520,144.87	525,120.04
MUNDER	DISCOVER CARD MASTER TR I SER 2000-9 CL A 6.35 DUE 07-15-2008 BEO	USA	1100000.00	1,127,027.34	1,152,345.70
MUNDER	FLEET CR CARD MASTER TR II 2001-B AST BKD CTF CL A 5.6 DUE 12-15-2008 BE	USA	500000.00	499,082.03	522,420.00
MUNDER	STD CR CARD MASTER TR I SER 1994-2 CL A 7.25 PARTN CTF DUE 04-07-2006 RE	USA	1000000.00	989,062.50	1,066,554.00
MUNDER	VOLKSWAGEN AUTO LN ENHANCED TR SER 2003-2 CLASS-A4 2.94 DUE 03-22-	USA	500000.00	490,976.56	497,873.00
	TOTAL CORPORATE ASSET BACKED SECURITIES		**15,328,503.71**	**15,402,868.31**	**15,604,219.31**
	CORPORATE BONDS				
BARROW HANLEY BOND	AEP TEX CENT CO SR NT SER B 6.65 DUE 02-15-2033/02-14-2033 BEO	USA	135000.00	134,548.80	146,079.72
BARROW HANLEY BOND	AMERN GEN FIN CORP MEDIUM TERM SR NTS TRANCHE # TR 00377 5.375 DUE (	USA	190000.00	188,632.00	199,979.18
BARROW HANLEY BOND	AOL TIME WARNER INC 7.625 DUE 04-15-2031/04-14-2031 BEO	USA	275000.00	317,834.00	316,524.72
BARROW HANLEY BOND	APPALACHIAN PWR CO BD 5.95 DUE 05-15-2033/05-14-2033 BEO	USA	130000.00	129,725.70	128,214.32
BARROW HANLEY BOND	ASSURANT INC SR NT DTD 02/18/2004 5.625 DUE 02-15-2014 REG	USA	315000.00	321,665.40	323,233.15
BARROW HANLEY BOND	AT&T WIRELESS SVCS INC NT 8.125 DUE 05-01-2012 BEO	USA	240000.00	245,643.75	289,998.48
BARROW HANLEY BOND	AT&T WIRELESS SVCS INC SR NT 8.75 DUE 03-01-2031 BEO	USA	300000.00	310,398.80	393,909.30
BARROW HANLEY BOND	ATLC RICHFIELD CO DEB DTD 04/01/1992 8.5DUE 04-01-2012 REG	USA	525000.00	607,241.85	663,342.75
BARROW HANLEY BOND	BAXTER INTL INC BAXTER INTL INC 5.25 DUE05-01-2007/04-26-2002 BEO	USA	455000.00	479,965.85	475,668.83
BARROW HANLEY BOND	BK 1 CORP 5.9 DUE 11-15-2011 BEO	USA	500000.00	526,375.00	535,220.00
BARROW HANLEY BOND	CAP 1 BK MTN SR BK NTS BOOK TRANCHE # TR00176 5.75 DUE 09-15-2010 REG	USA	225000.00	224,919.00	239,863.50
BARROW HANLEY BOND	CARNIVAL CORP GTD SR NT 3.75 DUE 11-15-2007 REG	Panama	540000.00	538,104.60	542,554.20
BARROW HANLEY BOND	CATERPILLAR FINL SVCS CORP MEDIUM TERM NTS-BOOK ENTRY NT 3.7 DUE 08	USA	700000.00	700,000.00	701,806.00
BARROW HANLEY BOND	CENDANT CORP 6.25 DUE 01-15-2008/01-14-2008 BEO	USA	345000.00	378,044.10	371,892.40
BARROW HANLEY BOND	COMCAST CABLE COMMUNICATIONS INC COMCASTCABLE COMM 6.75 DUE 01-3(	USA	240000.00	245,534.40	266,208.96
BARROW HANLEY BOND	CONAGRA INC 7.125 SR NT DUE 10-1-2026/ 06 BEO PUTTABLE 10-1-2006 @ PAR I	USA	335000.00	367,201.05	393,106.08
BARROW HANLEY BOND	CONS NAT GAS CO 6.875 DEB DUE 10-15-2026REG PUTTABLE 10-15-2006 @ PAR	USA	335000.00	375,792.95	383,059.77
BARROW HANLEY BOND	COUNTRYWIDE HOME LNS INC MEDIUM TERM NTSTRANCHE TR 00304 3.25 05-;	USA	570000.00	569,504.10	560,548.83
BARROW HANLEY BOND	DAIMLER CHRYSLER N AMER HLDG CORP 4.75 MAT 1/15/08 4.75 DUE 01-15-08 BE	USA	185000.00	184,650.35	190,527.98
BARROW HANLEY BOND	DEERE JOHN CAP CORP MEDIUM TERM NTS BOOKTRANCHE # TR 00318 3.75 01-'	USA	525000.00	524,858.25	522,915.75
BARROW HANLEY BOND	DEUTSCHE TELEKOM INTL FIN B V GTD NT 8.5DUE 06-15-2010 BEO	Netherlands	290000.00	350,372.20	347,590.52
BARROW HANLEY BOND	DISNEY WALT CO MTN 5.375 DUE 06-01-2007	USA	220000.00	222,766.50	230,021.00
BARROW HANLEY BOND	DOMINION RES INC VA NEW DOMINION 5 DUE 03-15-2013/03-14-2013 BEO	USA	235000.00	234,537.05	234,688.62
BARROW HANLEY BOND	FORD MTR CR CO FORD MTR CR CO CPN 6.5 MAT 1/25/07 6.5 DUE 01-25-2007 BE	USA	345000.00	342,643.60	365,417.44
BARROW HANLEY BOND	GEN ELEC CAP CORP MEDIUM TERM NTS BOOK ENTRY TRANCHE #473 6.875 11-	USA	530000.00	609,945.20	602,519.37
BARROW HANLEY BOND	GEN MTRS ACCEP CORP SR NT DTD 08/29/20026.125 DUE 08-28-2007 BEO	USA	300000.00	299,136.00	316,066.80
BARROW HANLEY BOND	GEN MTRS CORP SR NT 8.375 DUE 07-15-2033REG	USA	315000.00	310,662.45	334,458.18
BARROW HANLEY BOND	GTE CORP 6.36 DUE 04-15-2006 REG	USA	660000.00	721,558.20	692,927.40
BARROW HANLEY BOND	HEWLETT PACKARD CO GLOBAL NT 5.75 DUE 12-15-2006 BEO	USA	485000.00	497,395.54	511,594.49
BARROW HANLEY BOND	HSEHD FIN CORP HSEHD FIN GLBL CPN 6.375 MAT 11/27/12 6.375 DUE 11-27-2012	USA	260000.00	265,173.15	288,091.70
BARROW HANLEY BOND	INTL BUSINESS MACHS CORP BD 4.875 DUE 10-01-2006 BEO	USA	615000.00	639,130.90	638,424.12
BARROW HANLEY BOND	INTL LEASE FIN COR MEDIUM TERM NTS TRANCHE # TR 00566 3.3 DUE 01-23-;	USA	415000.00	408,692.00	410,674.87
BARROW HANLEY BOND	KERR MCGEE CORP NT 10/03/2001 5.875 DUE 09-15-2006/09-14-2006 BEO	USA	520000.00	561,722.60	544,575.72
BARROW HANLEY BOND	LENFEST COMMUNICATIONS INC SR NT 7.625 DUE 02-15-2008/02-15-2003 BEO	USA	235000.00	273,504.90	259,347.88
BARROW HANLEY BOND	LOCKHEED MARTIN CORP NT 7.2 DUE 05-01-2036 REG PUT	USA	650000.00	706,737.00	781,224.60
BARROW HANLEY BOND	MARATHON OIL CORP NT DTD 05/29/2002 5.375 DUE 06-01-2007/05-31-2001 BEC	USA	465000.00	486,146.35	487,747.33
BARROW HANLEY BOND	MERRILL LYNCH & CO INC MEDIUM TERM NTS BOOK ENTRY MTN 4.125 DUE 09-1	USA	665000.00	662,772.25	666,815.45
BARROW HANLEY BOND	MIDAMERICAN ENERGY HLDGS CO NEW SR NT 3.5 DUE 05-15-2008/05-14-2008 R	USA	440000.00	439,300.40	433,093.32
BARROW HANLEY BOND	MIDAMERICAN ENERGY HLDGS CO NEW SR NT 5.875 DUE 10-01-2012/09-30-201;	USA	190000.00	189,956.30	200,594.97

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2004

Account Name	Asset description	Country	Shares/Par value	Book value	Market value
BARROW HANLEY BOND	MORGAN STANLEY GLOBAL SUB NT 4.75 DUE 04-01-2014 BEO	USA	560000.00	555,122.40	542,122.56
BARROW HANLEY BOND	MOTOROLA INC SR NT 4.608 DUE 11-16-2007 BEO	USA	810000.00	824,409.90	832,226.40
BARROW HANLEY BOND	NORFOLK SOUTHN CORP 7.05 NT DUE 05-01-2037 PUTTABLE 5-1-2004 @ PAI	USA	270000.00	280,329.85	305,210.70
BARROW HANLEY BOND	OCEAN ENERGY INC NEW SR NT 4.375 DUE 10-01-2007 BEO	USA	455000.00	461,888.70	464,893.06
BARROW HANLEY BOND	PROGRESS ENERGY INC SR NT 6.75 DUE 03-01-2006 BEO	USA	490000.00	517,307.70	514,574.48
BARROW HANLEY BOND	PRUDENTIAL FINL INC MEDIUM TERM NTS BOOKTRANCHE # TR 00005 5.1 09-2(	USA	290000.00	288,721.10	290,249.69
BARROW HANLEY BOND	PRUDENTIAL FINL INC MEDIUM TERM NTS BOOKENTRY MTN 3.75 DUE 05-01-200(	USA	205000.00	204,897.50	207,122.36
BARROW HANLEY BOND	PSEG PWR LLC SR NT 6.95 DUE 06-01-2012/05-31-2012 BEO	USA	400000.00	443,556.00	448,022.00
BARROW HANLEY BOND	REED ELSEVIER CAP INC NT 6.125 DUE 08-01-2006 BEO	USA	675000.00	697,522.20	710,295.75
BARROW HANLEY BOND	SCHERING PLOUGH CORP SR NT 6.5 DUE 12-01-2033/11-26-2003 REG	USA	300000.00	319,313.88	324,829.50
BARROW HANLEY BOND	SLM CORP MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00027 3.95 DUE 0(	USA	445000.00	444,853.15	449,043.71
BARROW HANLEY BOND	SPRINT CAP CORP GTD NT 6 DUE 01-15-2007/01-14-2007 BEO	USA	430000.00	451,727.90	455,161.88
BARROW HANLEY BOND	U S BK NATL ASSN MINNEAPOLIS MINN SUB NTACCD INVS 5.7 DUE 12-15-2008 BE	USA	530000.00	503,745.35	569,044.04
BARROW HANLEY BOND	UNIVISION COMMUNICATIONS INC UNIVISION COMMUNCTNS 3.875 DUE 10-15-2(	USA	555000.00	552,059.10	552,641.25
BARROW HANLEY BOND	VERIZON WIRELESS CAP LLC NT 5.375 DUE 12-15-2006/11-12-2002 BEO	USA	615000.00	627,579.75	643,751.25
BARROW HANLEY BOND	WA MUT FIN CORP SR NT 6.875 DUE 05-15-2011 BEO	USA	200000.00	209,518.00	228,959.80
BARROW HANLEY BOND	WEYERHAEUSER CO NT DTD 10/22/2001 5.95 DUE 11-01-2008 BEO	USA	255000.00	262,886.25	274,373.62
BARROW HANLEY BOND	WYETH WYE 5.50 02/01/2014 5.5 DUE 02-01-2014/12-16-2003 BEO	USA	330000.00	342,501.08	334,778.73
BARROW HANLEY BOND	XCEL ENERGY INC SR NT 7 DUE 12-01-2010 BEO	USA	555000.00	620,306.85	627,657.27
DODGE & COX	AMERN HOME PRODS CORP NT 6.95 DUE 03-15-2011 BEO	USA	750000.00	843,228.75	833,991.75
DODGE & COX	AOL TIME WARNER INC 7.625 DUE 04-15-2031/04-14-2031 BEO	USA	500000.00	510,530.00	575,499.50
DODGE & COX	AOL TIME WARNER INC DEB DTD 04/08/2002 7.7 DUE 05-01-2032 BEO	USA	750000.00	782,475.00	872,097.75
DODGE & COX	BK 1 CORP NT 6 DUE 08-01-2008 BEO	USA	750000.00	763,537.50	811,536.00
DODGE & COX	BSTN PPTYS LTD PARTNERSHIP SR NT 5.625 DUE 04-15-2015/04-14-2015 BEO	USA	500000.00	499,490.00	510,020.00
DODGE & COX	BSTN PPTYS LTD PARTNERSHIP SR NT 6.25 DUE 01-15-2013/01-14-2013 BEO	USA	400000.00	400,696.00	431,568.80
DODGE & COX	BURL NORTHN SANTA FE RY CO PASS THRU TR SER 1999-2 MTG 7.57 1-2-21 BEC	USA	934965.09	1,019,154.33	1,110,401.93
DODGE & COX	CIGNA CORP 7.875 DEB DUE 05-15-2027	USA	750000.00	811,533.75	903,719.25
DODGE & COX	CIGNA CORP SR NT 7 DUE 01-15-2011/01-14-2011 BEO	USA	300000.00	338,805.00	335,782.20
DODGE & COX	CIT GROUP INC NEW SR NT 5.75 DUE 09-25-2007	USA	350000.00	349,804.77	372,310.40
DODGE & COX	COMCAST CORP NEW NT 5.3 DUE 01-15-2014/01-14-2014 BEO	USA	1000000.00	990,771.00	1,002,167.00
DODGE & COX	CSX TRANSN INC NT 9.75 DUE 06-15-2020 REG	USA	315000.00	386,923.95	430,379.46
DODGE & COX	DOW CHEM CO NT DTD 08/29/2002 6 DUE 10-01-2012/09-30-2012 BEO	USA	400000.00	431,132.00	432,088.80
DODGE & COX	EOP OPER LTD PARTNERSHIP GTD NT 7 DUE 07-15-2011/07-14-2011 BEO	USA	1100000.00	1,158,186.00	1,235,754.30
DODGE & COX	FORD MTR CR CO FORD MTR CR CO 7.25 DUE 10-25-2011 BEO	USA	1600000.00	1,738,256.00	1,731,419.20
DODGE & COX	GEN MTRS ACCEP CORP NT DTD 09/12/2001 6.875 DUE 09-15-2011 BEO	USA	1550000.00	1,547,337.79	1,625,985.65
DODGE & COX	HEWLETT PACKARD CO GLOBAL NT 5.5 DUE 07-01-2007/06-30-2007 BEO	USA	500000.00	499,052.80	528,555.50
DODGE & COX	INTL PAPER CO NT DTD 03/18/2004 5.25 DUE04-01-2016/03-18-2004 BEO	USA	425000.00	409,763.75	417,098.82
DODGE & COX	MAY DEPT STORES CO 6.9 DUE 01-15-2032 BEO	USA	250000.00	247,157.50	265,226.00
DODGE & COX	MAY DEPT STORES CO 7.625 DUE 08-15-2013 REG	USA	1145000.00	1,252,406.85	1,331,096.85
DODGE & COX	NORDSTROM INC SR DEB 6.95 DUE 03-15-2028REG	USA	500000.00	435,077.87	553,282.50
DODGE & COX	NORFOLK SOUTHN RY CO VA NT 9.75 DUE 06-15-2020 REG	USA	435000.00	534,323.55	597,053.59
DODGE & COX	RAYTHEON CO NT 8.3 DUE 03-01-2010 BEO	USA	750000.00	829,053.23	896,589.00
DODGE & COX	REP N Y CORP 9.7 DUE 02-01-2009 REG	USA	1000000.00	1,172,390.00	1,221,410.00
DODGE & COX	SAFECO CORP SR NT 7.25 DUE 09-01-2012 BEO	USA	174000.00	203,846.22	200,860.72
DODGE & COX	SCHERING PLOUGH CORP SR NT 5.3 DUE 12-01-2013/11-26-2003 REG	USA	140000.00	139,483.40	144,883.90
DODGE & COX	ST PAUL COS INC SR NT 5.75 DUE 03-15-2007 BEO	USA	550000.00	549,664.50	577,926.80
DODGE & COX	TIME WARNER ENTMT CO L P SR SUB DEB 8.375 DUE 07-15-2033 REG	USA	600000.00	674,566.39	734,460.60
DODGE & COX	WYETH WYE 5.50 02/01/2014 5.5 DUE 02-01-2014/12-16-2003 BEO	USA	800000.00	800,850.00	811,584.80
MORGAN STANLEY	AETNA INC NEW FRMRLY AETNA US HLTHCR INCTO 12/13/00 SR NT 7.875 DUE 3-	USA	165000.00	189,715.10	194,759.23
MORGAN STANLEY	ALBERTSONS INC ALBERTSON'S INC 7.5 DUE 02-15-2011 BEO	USA	65000.00	72,753.20	75,180.95
MORGAN STANLEY	ALLSTATE LIFE GLOBAL FDG II MEDIUM TERM TRANCHE # SR 00003 2.625 DUE 1(	USA	125000.00	124,571.25	123,719.12
MORGAN STANLEY	ALTRIA GROUP INC NT 7 DUE 11-04-2013 BEO	USA	135000.00	133,581.15	140,854.00
MORGAN STANLEY	AMERN GEN FIN CORP MEDIUM TERM SR NTS MTN 4.625 DUE 05-15-2009 REG	USA	100000.00	99,715.00	102,679.10
MORGAN STANLEY	AT&T WIRELESS SVCS INC SR NT 8.75 DUE 03-01-2031 BEO	USA	55000.00	67,712.15	72,216.70
MORGAN STANLEY	AZ PUB SVC CO NT 5.8 DUE 06-30-2014/06-29-2014 BEO	USA	100000.00	100,014.25	105,396.80
MORGAN STANLEY	BK 1 CORP MEDIUM TERM SUB NTS BOOK ENTRYTRANCHE # SB 00001 6 DUE 02-	USA	275000.00	248,482.02	296,914.47
MORGAN STANLEY	BK AMER CORP GLOBAL NT DTD 10/09/2001 4.75 DUE 10-15-2006 BEO	USA	65000.00	69,010.65	67,225.40
MORGAN STANLEY	BK AMER CORP SR NT 3.375 DUE 02-17-2009 BEO	USA	170000.00	169,107.50	167,243.79
MORGAN STANLEY	BK AMER CORP SR NT DTD 3.875 DUE 01-15-2008 BEO	USA	90000.00	90,365.95	91,327.05
MORGAN STANLEY	BK NY INC SR NOTES 5.2 DUE 07-01-2007 BEO	USA	45000.00	48,294.45	47,244.06
MORGAN STANLEY	CAROLINA PWR & LT CO 1ST MTG BD 5.125 DUE 09-15-2013/09-14-2013 REG	USA	80000.00	79,808.80	81,934.72
MORGAN STANLEY	CATERPILLAR FINL SERVICES NT VAR RT DUE 08-20-2007	USA	130000.00	130,000.00	129,843.48
MORGAN STANLEY	CHASE MANHATTAN CORP NEW SUB NT DTD 02/23/1999 6 DUE 02-15-2009 BEC	USA	200000.00	198,392.00	215,734.80
MORGAN STANLEY	CHUBB CORP NT DTD 08/17/1998 6.15 DUE 08-15-2005 BEO	USA	445000.00	444,750.80	457,466.67
MORGAN STANLEY	CIN GAS & ELEC CO DEB 5.7 DUE 09-15-2012BEO	USA	80000.00	81,388.90	84,604.00
MORGAN STANLEY	CIT GROUP HOLDINGS 7.375 DUE 04-02-2007 BEO	USA	20000.00	22,794.80	21,933.62
MORGAN STANLEY	CIT GROUP INC NEW SR NT 2.875 DUE 09-29-2006	USA	70000.00	69,885.20	69,620.88
MORGAN STANLEY	CIT GROUP INC SR NT 6.5 DUE 02-07-2006 BEO	USA	130000.00	141,908.20	136,196.58
MORGAN STANLEY	CITICORP MEDIUM TERM SUB NTS- BOOK ENTRYTRANCHE # SB 00195 6.375 DUE	USA	265000.00	267,933.24	291,075.20
MORGAN STANLEY	CITICORP SUB 6.75 NT 8-15-2005 REG	USA	90000.00	98,697.40	93,263.04
MORGAN STANLEY	CITIGROUP GLOBAL MKTS HLDGS INC MEDIUM TTRANCHE # SR 00020 VAR 12-1(	USA	55000.00	55,000.00	54,979.54
MORGAN STANLEY	CITIGROUP INC GLOBAL SR NT DTD 05/10/2001 5.75 DUE 05-10-2006 BEO	USA	55000.00	59,265.25	57,488.47
MORGAN STANLEY	CLEAR CHANNEL COMMUNICATIONS INC SR NT 7.65 DUE 09-15-2010 BEO	USA	115000.00	130,019.30	131,229.49
MORGAN STANLEY	COMCAST CABLE COMMUNICATIONS INC COMCASTCABLE COMM 6.75 DUE 01-3(	USA	185000.00	199,422.15	205,202.74
MORGAN STANLEY	CONOCO INC NT DTD 04/20/1999 6.95 DUE 04-15-2029/04-20-1999 BEO	USA	130000.00	145,109.35	149,995.04
MORGAN STANLEY	CONS EDISON CO N Y INC ED 5.875 DUE 04-01-2033/03-31-2033 BEO	USA	75000.00	75,892.50	77,472.75
MORGAN STANLEY	CONS NAT GAS CO SR NT SER C 6.25 DUE 11-01-2011 BEO	USA	65000.00	69,104.75	70,922.34
MORGAN STANLEY	COOPER INDS INC GTD SR NT 5.25 DUE 07-01-2007 BEO	USA	140000.00	139,846.00	146,824.16
MORGAN STANLEY	COUNTRYWIDE HOME LNS INC MEDIUM TERM NTSTRANCHE TR 00304 3.25 05-:	USA	155000.00	154,865.15	152,429.94
MORGAN STANLEY	CSX CORP CSX CORP2750 021506 2.75 DUE 02-15-2006 BEO	USA	50000.00	50,001.60	49,865.15
MORGAN STANLEY	CSX CORP DEB 9 DUE 08-15-2006 REG	USA	45000.00	49,858.20	49,616.73
MORGAN STANLEY	DAIMLER CHRYSLER N AMER HLDG CORP SR GBLBD DTD 01/16/2002 7.3 1-15-12E	USA	120000.00	132,122.40	136,302.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2004

Account Name	Asset description	Country	Shares/Par value	Book value	Market value
MORGAN STANLEY	DUKE ENERGY CORP 1ST & REF MTG BD 3.75 DUE 03-05-2008/03-04-2008 REG	USA	155000.00	152,209.60	155,688.04
MORGAN STANLEY	ENTERGY GULF STS INC 1ST MTG BD 3.6 DUE 06-01-2008/06-01-2004 REG	USA	30000.00	28,820.70	29,656.53
MORGAN STANLEY	EOP OPER LTD PARTNERSHIP EOP OPER 4.75 DUE 03-15-2014 BEO	USA	110000.00	102,870.90	106,166.17
MORGAN STANLEY	EXELON CORP 6.75 DUE 05-01-2011 BEO	USA	60000.00	64,954.20	66,994.08
MORGAN STANLEY	FEDEX CORP NT 7.25 DUE 02-15-2011 BEO	USA	60000.00	67,047.00	68,686.14
MORGAN STANLEY	FEDT DEPT STORES INC DEL SR DEB 6.9 DUE 04-01-2029 BEO	USA	95000.00	99,387.10	104,083.80
MORGAN STANLEY	FL PWR & LT CO FL PWR 4.85 DUE 02-01-2013/01-31-2003 BEO	USA	40000.00	40,000.00	40,823.96
MORGAN STANLEY	FLEETBOSTON FINL CORP 7.25 DUE 09-15-2005 BEO	USA	140000.00	155,731.80	146,031.62
MORGAN STANLEY	FORD MTR CR CO FORD MTR CR CO 7.25 DUE 10-25-2011 BEO	USA	185000.00	193,767.15	200,195.34
MORGAN STANLEY	GEN ELEC CAP CORP MEDIUM TERM NTS BO TRANCHE # TR 00528 6.75 DUE 03	USA	25000.00	25,443.36	28,772.67
MORGAN STANLEY	GEN ELEC CAP CORP MEDIUM TERM NTS BOOK ENTRY MTN 4.25 DUE 12-01-201	USA	235000.00	231,515.30	235,887.12
MORGAN STANLEY	GEN MTRS ACCEP CORP NT DTD 09/12/2001 6.875 DUE 09-15-2011 BEO	USA	555000.00	568,830.60	582,207.76
MORGAN STANLEY	GOLDMAN SACHS GROUP INC FOR FUTURE EQTY USE 38143U 5.25 DUE 10-15-2(	USA	60000.00	59,962.80	60,412.14
MORGAN STANLEY	GOLDMAN SACHS GROUP INC NT DTD 01/10/2001 6.875 DUE 01-15-2011 BEC	USA	175000.00	175,838.21	197,627.50
MORGAN STANLEY	HONEYWELL INTL INC NT DTD 10/31/2001 6.125 DUE 11-01-2011 BEO	USA	175000.00	174,887.65	192,714.37
MORGAN STANLEY	HSEHD FIN CORP 6.75 DUE 05-15-2011 BEO	USA	50000.00	56,469.70	56,277.85
MORGAN STANLEY	HSEHD FIN CORP NT 6.375 DUE 10-15-2011 BEO	USA	40000.00	43,388.40	44,088.16
MORGAN STANLEY	HSEHD FIN CORP NT 8 DUE 07-15-2010 BEO	USA	45000.00	53,545.05	53,189.05
MORGAN STANLEY	HSEHD FIN CORP NT DTD 06/17/1998 6.4 DUE06-17-2008 REG	USA	65000.00	73,921.60	70,922.99
MORGAN STANLEY	HSEHD FIN CORP SR NT DTD 02/05/1999 5.875 DUE 02-01-2009 BEO	USA	65000.00	70,486.95	70,068.57
MORGAN STANLEY	ICI WILMINGTON INC GTD NT 4.375 DUE 12-01-2008/11-30-2008 REG	USA	50000.00	49,076.00	50,575.30
MORGAN STANLEY	INTL LEASE FIN CORP NT 3.75 DUE 08-01-2007 BEO	USA	65000.00	64,868.70	65,366.79
MORGAN STANLEY	INTL PAPER CO NT 5.85 DUE 10-30-2012 BEO	USA	130000.00	134,131.40	137,346.56
MORGAN STANLEY	J P MORGAN CHASE & CO JP MORGAN CHASE CONT 5 1 4 DUE 5.25 DUE 05-30-2(	USA	95000.00	101,322.25	99,831.70
MORGAN STANLEY	KERR MCGEE CORP NT 10/03/2001 6.875 DUE 09-15-2011 BEO	USA	60000.00	64,540.20	67,118.16
MORGAN STANLEY	KRAFT FOODS INC GLOBAL NT DTD 11/02/20015.625 DUE 11-01-2011 BEO	USA	125000.00	126,145.00	132,031.75
MORGAN STANLEY	LOWES COS INC 6.875 DUE 02-15-2028 REG	USA	180000.00	190,222.20	207,329.04
MORGAN STANLEY	LOWES COS INC DEB DTD 02/23/1999 6.5 DUE03-15-2029 BEO	USA	55000.00	54,229.54	60,840.45
MORGAN STANLEY	MARRIOTT INTL INC NT SER E DTD 01/16/2001 7 DUE 01-15-2008 BEO	USA	85000.00	91,992.95	92,847.28
MORGAN STANLEY	MARSH & MCLENNAN COS INC SR NT 5.375 DUE03-15-2007 BEO	USA	185000.00	198,026.30	194,533.97
MORGAN STANLEY	MAY DEPT STORES CO 6.9 DUE 01-15-2032 BEO	USA	195000.00	197,739.75	206,876.28
MORGAN STANLEY	MBNA AMER BK NATL ASSN MEDIUM TERM SUB NTRANCHE # SB 00003 7.125 11-	USA	150000.00	163,957.50	169,747.95
MORGAN STANLEY	NEWS AMER INC GTD SR DEB DTD 04/30/1998 7.3 DUE 04-30-2028 BEO	USA	155000.00	166,431.25	175,045.22
MORGAN STANLEY	NORFOLK SOUTHN CORP 7.35 NT DUE 05-15-2007	USA	30000.00	33,067.20	32,816.46
MORGAN STANLEY	NORTHROP GRUMMAN CORP NT 7.125 DUE 02-15-2011/02-14-2011 BEO	USA	115000.00	130,688.95	132,188.24
MORGAN STANLEY	NORTHROP GRUMMAN CORP SR NT 4.079 DUE 11-16-2006 REG	USA	30000.00	30,439.20	30,476.76
MORGAN STANLEY	OCCIDENTAL PETE CORP 8.45 DUE 02-15-2029BEO	USA	105000.00	135,322.95	140,368.41
MORGAN STANLEY	OH PWR CO SR NT SER E 6.6 DUE 02-15-2033/02-14-2033 BEO	USA	135000.00	144,811.80	147,312.40
MORGAN STANLEY	PAC GAS & ELEC CO 1ST MTG BD 4.8 DUE 03-01-2014 REG	USA	55000.00	51,823.20	54,591.13
MORGAN STANLEY	PAC GAS & ELEC CO 1ST MTG BD 6.05 DUE 03-01-2034/03-23-2004 REG	USA	45000.00	42,685.20	45,801.09
MORGAN STANLEY	PANHANDLE EASTN PIPE LINE CO SR NT SER B2.75 DUE 03-15-2007/03-14-2007 R	USA	15000.00	14,426.55	14,722.29
MORGAN STANLEY	PUB SVC ELEC GAS CO SECD MEDIUM TERM NTSBOOK ENTRY MTN 5.375 DUE 0!	USA	65000.00	65,253.50	67,923.96
MORGAN STANLEY	PVTPL AIG SUNAMERICA GLOBAL FING VI SR NT 144A 6.3 DUE 05-10-2011 BEO	USA	640000.00	639,059.20	705,473.28
MORGAN STANLEY	PVTPL AMERN HONDA FIN CORP MEDIUM TERM NTS 3.85 DUE 11-06-2008 BEO	USA	110000.00	109,910.90	110,591.36
MORGAN STANLEY	PVTPL ANTHEM INS COS INC SURP NT 144A 9.125 DUE 04-01-2010 BEO	USA	55000.00	66,432.30	68,048.97
MORGAN STANLEY	PVTPL EQUITABLE LIFE ASSURN SOC U S 6.95DUE 12-01-2005 REG	USA	250000.00	245,662.50	261,898.50
MORGAN STANLEY	PVTPL FARMERS INS EXCHANGE 8.625 SURP NT144A DUE 05-01-2024 REG	USA	395000.00	467,917.00	466,538.05
MORGAN STANLEY	PVTPL HANCOCK JOHN GLOBAL FDG II BOOK ENTRY 144A 7.9 DUE 07-02-2010 B	USA	180000.00	212,781.60	212,604.12
MORGAN STANLEY	PVTPL HYATT EQUITIES L L C NT 144A 6.875DUE 06-15-2007/06-14-2007 BEO	USA	70000.00	74,525.00	74,690.84
MORGAN STANLEY	PVTPL PRUDENTIAL HLDGS LLC SER B INSD NT144A 7.245 DUE 12-18-2023 BEO	USA	220000.00	222,222.11	258,530.80
MORGAN STANLEY	PVTPL SEALED AIR CORP NEW 144A 5.625 DUE07-15-2013 BEO	USA	100000.00	98,618.00	102,814.00
MORGAN STANLEY	RAYTHEON CO 4.85 DUE 01-15-2011/01-14-2011 BEO	USA	135000.00	135,575.65	138,587.35
MORGAN STANLEY	ROUSE CO 5.375 DUE 11-26-2013 BEO	USA	20000.00	19,295.00	19,074.48
MORGAN STANLEY	S.W AIRLS 2001-1 PASS THRU TRS S.W AIR5.496 DUE 11-01-2006 BEO	USA	95000.00	95,000.00	98,230.38
MORGAN STANLEY	SC ELEC & GAS CO SC ELEC & GAS CO 99.807KDJ2 X7-9446 5.3 05-15-2033 BE	USA	35000.00	34,932.45	33,456.11
MORGAN STANLEY	SLM CORP MEDIUM TERM NTS BOOK ENTRY 5 DUE 10-01-2013 BEO	USA	100000.00	99,687.00	100,501.40
MORGAN STANLEY	SOUTHN CAL EDISON CO SOUTHN CA EDISON CO5 DUE 01-15-2014/01-14-2014 BI	USA	20000.00	19,851.00	20,341.68
MORGAN STANLEY	SPRINT CAP CORP NT 8.75 DUE 03-15-2032 BEO	USA	30000.00	35,070.90	38,075.73
MORGAN STANLEY	TIME WARNER INC DEB DTD 11/23/1998 6.625DUE 05-15-2029 BEO	USA	205000.00	202,419.05	211,408.50
MORGAN STANLEY	TXU ENERGY CO LLC SR NT DTD 03/11/2003 7DUE 03-15-2013 BEO	USA	60000.00	65,025.60	67,744.98
MORGAN STANLEY	U S BANCORP MEDIUM TERM NTS- BOOK ENTRY TR 00147 5.1 DUE 07-15-2007 RE	USA	70000.00	74,536.00	73,205.86
MORGAN STANLEY	U S BK NATL ASSN CIN OH MEDIUM TRANCHE #TR 00189 2.85 DUE 11-15-2006 BE	USA	85000.00	84,992.35	84,848.19
MORGAN STANLEY	UN PAC CORP MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00164 6.79 DUE	USA	30000.00	32,851.20	32,677.14
MORGAN STANLEY	UN PAC CORP UN PAC CORP 6.65 DUE 01-15-2011/01-14-2011 BEO	USA	40000.00	44,532.80	44,460.16
MORGAN STANLEY	VERIZON GLOBAL FDG CORP NT 7.75 DUE 12-01-2030 BEO	USA	75000.00	83,247.69	89,821.65
MORGAN STANLEY	VERIZON GLOBAL FDG CORP VERIZON GLOBAL FDG CORP 6.125 DUE 06-15-200	USA	65000.00	71,647.55	69,642.88
MORGAN STANLEY	VERIZON NEW ENG INC VERIZON NEW ENG INC 6.5 DUE 09-15-2011 BEO	USA	100000.00	104,981.73	110,314.00
MORGAN STANLEY	WA MUT INC NTS 7.5 DUE 08-15-2006 BEO	USA	120000.00	130,611.15	129,522.84
MORGAN STANLEY	WACHOVIA CORP 3.625 DUE 02-17-2009 BEO	USA	35000.00	34,886.60	34,726.72
MORGAN STANLEY	WACHOVIA CORP NEW GLOBAL NT 4.95 DUE 11-01-2006 REG	USA	155000.00	165,321.50	160,984.86
MORGAN STANLEY	WASTE MGMT INC DEL SR NT 6.875 DUE 05-15-2009 BEO	USA	105000.00	114,768.55	117,263.16
MORGAN STANLEY	WELLS FARGO & CO NEW WFC 3YR FLOATING NT3L+10 DUE 03-03-2006 BEO	USA	100000.00	100,123.00	100,121.90
MORGAN STANLEY	WEYERHAEUSER CO NT 6.75 DUE 03-15-2012/03-12-2002 BEO	USA	245000.00	264,891.95	274,739.32
MORGAN STANLEY	WI ELEC PWR CO NT 5.625 DUE 05-15-2033 BEO	USA	55000.00	54,149.60	55,027.39
MUNDER	ARCHER DANIELS MIDLAND CO NT DTD 02/08/2001 7 DUE 02-01-2031 BEO	USA	900000.00	1,113,147.00	1,059,786.90
MUNDER	AXA SA US$ SUB NT 8.6 DUE 12-15-2030 BEO	France	450000.00	464,175.00	582,489.00
MUNDER	BECTON DICKINSON & CO SR DEB DTD 08/03/1998 6.7 DUE 08-01-2028 BEO	USA	750000.00	881,430.00	848,070.00
MUNDER	BROWN FORMAN CORP NT 2.125 DUE 03-15-2006 BEO	USA	750000.00	754,635.00	743,628.00
MUNDER	CONOCO INC NT DTD 04/20/1999 6.95 DUE 04-15-2029/04-20-1999 BEO	USA	360000.00	408,110.40	415,370.88
MUNDER	DAIMLERCHRYSLER N AMER HLDG CORP MED MTN .00001 DUE 09-10-2007	USA	500000.00	500,000.00	500,529.00
MUNDER	DOVER CORP NT 6.5 DUE 02-15-2011 BEO	USA	1000000.00	1,130,300.00	1,123,144.00
MUNDER	EQUITABLE COS INC SR NT 6.5 DUE 04-01-2008 REG	USA	820000.00	878,400.40	900,119.74

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2004

Account Name	Asset description	Country	Shares/Par value	Book value	Market value
MUNDER	FLEETBOSTON FINL CORP SR NT DTD 02/13/2003 3.85 DUE 02-15-2008 BEO	USA	800000.00	811,552.00	809,278.40
MUNDER	GEN ELEC CAP CORP MEDIUM TERM NTS BOOK TRANCHE # TR 00443 7.375 1-19	USA	500000.00	548,145.00	576,212.00
MUNDER	HELLER FINL INC NT 8 DUE 06-15-2005 BEO	USA	750000.00	842,452.50	778,560.00
MUNDER	HSEHD FIN CORP NT 8 DUE 07-15-2010 BEO	USA	500000.00	590,715.00	590,989.50
MUNDER	INDEPENDENCE CMNTY BK CORP VAR RT DUE 04-01-2014 BEO	USA	400000.00	398,980.00	388,560.00
MUNDER	KEYCORP MEDIUM TERM SR NTS BOOK ENTRY TR# SR 00090 4.7 DUE 05-21-20(	USA	600000.00	599,922.00	616,905.60
MUNDER	MORGAN STANLEY GLOBAL NT 5.3 DUE 03-01-2013 BEO	USA	700000.00	683,669.00	717,453.80
MUNDER	NATL RURAL UTILS COOP FIN CORP MEDIUM TERM NTS-BOOKENTRY TRANCHE	USA	600000.00	559,095.00	618,240.00
MUNDER	NIKE INC NT 5.5 DUE 08-15-2006 BEO	USA	175000.00	181,137.25	182,955.50
MUNDER	PEMEX FIN LTD NT 9.69 DUE 08-15-2009 BEO	Cayman Is.	500000.00	592,500.00	572,645.00
MUNDER	PROCTER & GAMBLE PFT SHG TR & EMP STR OWN PLAN 9.36 DUE 01-01-2021 R	USA	1000000.00	1,168,904.00	1,341,310.00
MUNDER	PROTECTIVE LIFE SECD TRS SECD MEDIUM TERTRANCHE # TR 00001 3.7 DUE	USA	700000.00	698,670.00	701,613.50
MUNDER	PULTE HOMES INC PULTE CORP 5.25 DUE 01-15-2014 BEO	USA	350000.00	351,158.50	348,490.45
MUNDER	PVTPL TIAA GLOBAL MKTS INC NT DTD 01/09/2003 3.875 DUE 01-22-2008 BEO	USA	1000000.00	1,030,180.00	1,013,479.00
MUNDER	RBS CAP TR I TR PFD SECS DUE 12-29-2049/07-01-2013 REG	USA	1000000.00	950,460.00	967,225.00
MUNDER	SLM CORP MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00002 5.125 DUE (	USA	540000.00	549,714.60	553,342.32
MUNDER	SOVEREIGN BK FSB WYOMISSING PA SUB FXD/FLTG RATE NT DUE 08-01-201:	USA	400000.00	405,024.00	401,397.60
MUNDER	SPRINT CAP CORP NT 7.625 DUE 01-30-2011 BEO	USA	500000.00	580,090.00	577,665.50
MUNDER	U S BK NATL ASSN MEDIUM TERM NTS TRANCHE#TR 00193 2.87 DUE 02-01-2007	USA	750000.00	746,730.00	745,062.00
MUNDER	UBS PFD FDG TR I GTD TR PFD SECS DUE 10-29-2049 BEO	USA	750000.00	922,065.00	905,470.50
MUNDER	VALERO ENERGY CORP NEW VALERO ENRGY 6 875 6.875 DUE 04-15-2012/04-14	USA	350000.00	383,012.00	394,087.40
MUNDER	WA MUT FIN CORP SR NT 6.875 DUE 05-15-2011 BEO	USA	445000.00	446,815.37	509,435.55
	TOTAL CORPORATE BONDS		**73,908,965.09**	**77,796,921.37**	**80,294,666.62**
	CORPORATE BOND FUNDS				
SSGA FUND	SSGA PASSIVE BD MKT INDEX FD	USA	3127194.84	50,302,860.79	55,044,883.57
	TOTAL CORPORATE BOND FUNDS		**3,127,194.84**	**50,302,860.79**	**55,044,883.57**
	NON-GOVERNEMNT BACKED CMO's				
BARROW HANLEY BOND	CMO BANC AMER COML MTG INC 2003-2 CL A-24.342 DUE 03-11-2041 REG	USA	450000.00	452,272.91	455,823.45
BARROW HANLEY BOND	CMO CWMBS INC 2004-18 MTG PASSTHRU CTF CL A-1 6 DUE 10-25-2034 REG	USA	1008448.58	1,031,453.82	1,052,060.95
BARROW HANLEY BOND	CMO GE COML MTG CORP 2004-C3 COML MTG PASSTHRU CTF CL A-3 0 DUE 07	USA	720000.00	723,581.76	738,707.04
BARROW HANLEY BOND	CMO GE COML MTG CORP SER 2003-C2 CL A2 4.17000007629% DUE 07-10-2037 F	USA	500000.00	502,492.95	505,300.00
BARROW HANLEY BOND	CMO HARLEY-DAVIDSON MOTORCYCLE TR 2003-4 CL A-2 2.69 4-15-11 REG	USA	630000.00	629,933.66	626,956.47
BARROW HANLEY BOND	CMO MASTR AST SECURITIZATION TR 2002-6 MTG CL 2-A-1 5.75 10-25-17 BEO	USA	876658.15	897,476.06	882,170.57
BARROW HANLEY BOND	CMO MORGAN STANLEY DEAN WITTER CAP I TR SER 2003-T11 CL A2 4.34 06-13-:	USA	445000.00	447,282.41	450,653.07
BARROW HANLEY BOND	CMO WACHOVIA BK COML MTG TR 2003-C5 MTG PASSTHRU CTF CL A-2 3.99 06-1	USA	634999.99	638,128.06	607,908.98
DODGE & COX	CMO UN PAC RR CO SER 2002-1 PASS THRU TR6.061 DUE 1-17-2023 BEO	USA	1400000.00	1,400,000.00	1,531,782.00
MORGAN STANLEY	CMO J P MORGAN CHASE COML MTG SECS CORP 2004-FL1 MTG A-1 144A 06-16-:	USA	299685.10	299,685.10	299,674.31
MORGAN STANLEY	CMO RESDNTL AST SEC CORP MTG PA 2004-KS9 A-1-1 FLTG 09-25-2021 REG	USA	150000.00	149,985.00	149,985.00
MORGAN STANLEY	CMO WAMU MTG PASS-THRU CTFS 2004-AR10 MTG PASS CL A-2-C VAR 07-25-2	USA	147791.03	147,791.03	147,987.29
MORGAN STANLEY	I/O CMO FHLMC FHLMC #S1-0087 09-15-2030 BEO	USA	220258.08	142,970.17	40,283.00
MORGAN STANLEY	PVTPL CMO WORLD FINL PPTYS TOWER B FIN CORP SER 1996 WFP-B 144A 6.91	USA	312338.72	311,611.26	348,321.70
MUNDER	CMO BEAR STEARNS ALT-A TR 2004-11 CL II-A-1 4.91200017929% DUE 11-25-20:	USA	1000000.00	1,025,156.25	1,025,150.00
MUNDER	CMO CHASE MTG FIN TR 2003-S5 MC MTG PASSTHRU CTF CL A-4 5.5 06-25-201	USA	503079.46	512,767.67	516,914.14
MUNDER	CMO COML MTG AST TR 99-C1 A3 6.64 EXPECTED MAT 9-17-10 DUE 1-17-32 BI	USA	555000.00	572,488.66	616,608.33
MUNDER	CMO GE CAP COML MTG CORP 2002-1 COML MTGPASSTHRU CTF A-2 5.994 12-	USA	490000.00	492,430.30	530,249.58
MUNDER	CMO MORGAN STANLEY D/WITTER CAP TR 2002 MTG P/THRU CTF CL A-2 5.98 DI	USA	615000.00	618,014.12	673,076.91
MUNDER	CMO MSDW CAP I TR 2001-TOP3 COML MTG CL A-3 6.2 EXP 11-15-10 FINAL 7-15-3	USA	1000000.00	1,005,333.00	1,082,028.00
MUNDER	CMO MSDW CAP I TR 2002-HQ MTG PASSTHRU CTF CL A-3 6.51 04-15-34 BEO	Cayman Is.	655000.00	658,533.73	731,051.94
MUNDER	CMO THORNBURG MTG SECS TR 2004-1 CL II-1A VAR 2.65977 DUE 03-25-2044 F	USA	650548.91	649,125.84	640,257.87
	TOTAL NON-GOVERNMENT BACKED CMO's		**13,263,808.02**	**13,308,513.76**	**13,652,960.60**
	TOTAL CORPORATE FIXED INCOME		**105,628,471.66**	**156,811,164.23**	**164,596,730.10**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2004

Account Name	Asset description	Country	Shares/Par value	Book value	Market value
	U.S.GOVERNMENT AGENCIES				
BARROW HANLEY BOND	FHLMC DEB 5.875 03-21-2011	USA	615000.00	655,824.30	667,623.09
BARROW HANLEY BOND	FNMA DISC NT 10-14-2004	USA	4705000.00	4,698,851.98	4,702,045.26
BARROW HANLEY BOND	FNMA PREASSIGN 00310 5.125 01-02-2014	USA	540000.00	535,572.00	550,085.58
DODGE & COX	FNMA FNMA 6 05-15-2011	USA	250000.00	256,875.00	276,066.75
DODGE & COX	NEW VY GENERATION V 2003-2 PASSTHRU CTF 4.92899990082% DUE 01-15-2021	USA	673166.11	673,166.11	664,657.96
DODGE & COX	SBA GTD DEV PARTN CTF SER 2003-20-D PARTN CTF 4.76 DUE 04-01-23 REG	USA	960794.37	960,794.37	970,104.46
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF 7.15 DUE 03-01-2017/03-01-2005 R	USA	410148.01	430,040.19	446,548.64
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF DEB SER 1999-20 F 6.8 DUE 06-01	USA	1101603.17	1,137,577.40	1,204,878.46
MORGAN STANLEY	FHLMC 10-05-2004	USA	3200000.00	3,195,992.90	3,165,585.95
MORGAN STANLEY	FHLMC DISC NT 02-28-2005	USA	3300000.00	3,262,776.00	3,271,140.11
MORGAN STANLEY	FHLMC PREASSIGN 00891 5.125 11-07-2013/11-07-2005	USA	610000.00	608,409.12	612,554.68
MORGAN STANLEY	FNMA DISC NT 11-08-2004	USA	3400000.00	3,390,321.33	3,393,472.00
MUNDER	FFCB DTD 09/01/2000 7 09-01-2015	USA	1250000.00	1,334,717.50	1,493,362.50
MUNDER	FHLB FEDERAL HOME LOAN BANK 5.5 12-11-2013 BEO	USA	500000.00	433,660.00	535,315.00
MUNDER	FHLB STEP UP 04-28-2006/01-28-2005 BD	USA	1000000.00	1,000,000.00	995,988.00
MUNDER	FHLMC CONS BD 7.5 05-15-2020	USA	1150000.00	1,202,273.00	1,499,312.50
MUNDER	FHLMC REFERENCE NT 5.5 09-15-2011	USA	750000.00	783,429.75	807,733.50
MUNDER	FHLMC TRANCHE # TR 00086 2 12-15-2006/12-15-2004	USA	1500000.00	1,500,000.00	1,497,915.00
MUNDER	FHLMC TRANCHE # TR 00116 4.75 12-08-2010/12-08-2005	USA	250000.00	250,468.75	252,041.50
MUNDER	FNMA 7.125 01-15-2030	USA	500000.00	613,339.84	615,987.50
MUNDER	FNMA DEB DTD 03/10/1986 8.2 03-10-2016	USA	500000.00	586,165.00	652,500.00
MUNDER	FNMA DTD 03/26/2001 5.5 03-15-2011	USA	1100000.00	1,143,748.54	1,184,278.70
MUNDER	FNMA NT 5.25 01-15-2009	USA	370000.00	393,450.97	394,073.68
MUNDER	FNMA PREASSIGN 00699 3.6 12-28-2006/12-28-2004	USA	375000.00	374,925.00	376,173.75
MUNDER	PVT EXPT FDG CORP 5.75 DUE 01-15-2008 REG	USA	1000000.00	1,000,000.00	1,075,630.00
MUNDER	RESOLUTION FDG CORP FED BOOK ENTRY PRIN STRIPS GENERIC PRIN PMT 04-	USA	1,000,000.00	234,100.00	257,590.00
	TOTAL U.S. GOVERNMENT AGENCIES		**31,010,711.66**	**30,656,479.05**	**31,562,664.67**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2004

Account Name	Asset description	Country	Shares/Par value	Book value	Market value
	U.S. GOVERNMENT BONDS				
BARROW HANLEY BOND	US TREAS BDS 5.375 DUE 02-15-2031 BEO	USA	1865000.00	1,987,284.30	1,997,881.25
BARROW HANLEY BOND	US TREAS BDS 7.5 11/15/2016 USD1000 7.5 DUE 11-15-2016 REG	USA	1240000.00	1,579,530.84	1,593,545.08
BARROW HANLEY BOND	US TREAS NTS 4.625 DUE 05-15-2006 REG	USA	2150000.00	2,266,930.13	2,224,325.50
BARROW HANLEY BOND	US TREAS NTS DTD 00049 4 DUE 02-15-2014 REG	USA	2020000.00	2,000,042.98	2,004,377.32
BARROW HANLEY BOND	US TREAS NTS DTD 00056 3.875 DUE 05-15-2009 REG	USA	2600000.00	2,630,461.24	2,663,172.20
BARROW HANLEY BOND	US TREAS NTS DTD 00068 3.375 DUE 09-15-2009 REG	USA	1180000.00	1,184,923.44	1,180,230.10
BARROW HANLEY BOND	US TREAS NTS DTD 06/15/2004 4.75 DUE 05-15-2014 REG	USA	510000.00	521,852.70	535,340.88
BARROW HANLEY BOND	US TREAS NTS DTD 08/15/2000 5.75 DUE 08-15-2010 REG	USA	900000.00	985,247.01	1,003,324.50
BARROW HANLEY BOND	US TREAS NTS NT 4.25 DUE 08-15-2014 REG	USA	335000.00	340,535.93	338,507.11
BARROW HANLEY BOND	UTD MEXICAN STS MEDIUM TERM NTS BOOK TRANCHE # TR 00013 7.5 04-08-20	Mexico	265000.00	292,374.50	278,515.00
DODGE & COX	US TREAS 5.625 NT DUE 05-15-2008	USA	5000000.00	5,446,875.00	5,437,305.00
DODGE & COX	US TREAS NTS 5.75 DUE 11-15-2005 BEO	USA	4800000.00	5,196,798.93	4,985,251.20
DODGE & COX	US TREAS NTS DTD 01-15-2004 3.25 DUE 01-15-2009 REG	USA	5000000.00	5,001,484.38	5,002,345.00
DODGE & COX	US TREAS NTS DTD 1.5 DUE 02-28-2005 REG	USA	5900000.00	5,894,770.19	5,890,318.10
MORGAN STANLEY	U.S TREAS BDS 5.500 DUE 08-15-2028 REG	USA	975000.00	1,111,329.11	1,048,086.97
MORGAN STANLEY	US TREAS BD STRIPPED PRIN PMT 028 02-15-2025 REG	USA	2650000.00	790,495.00	922,022.45
MORGAN STANLEY	US TREAS BDS 6.125 BDS 08-15-2029 USD1000	USA	1370000.00	1,544,635.69	1,596,639.10
MORGAN STANLEY	US TREAS BDS DTD 02/15/1995 7.625 DUE 02-15-2025 REG	USA	1890000.00	2,599,157.63	2,554,157.34
MORGAN STANLEY	US TREAS BDS USD1000 8.125 DUE 08-15-2019 REG	USA	550000.00	747,627.86	752,962.65
MORGAN STANLEY	US TREAS NTS DTD 3.875 DUE 02-15-2013 REG	USA	1950000.00	1,901,695.91	1,937,812.50
MORGAN STANLEY	US TREAS SEC STRIPPED INT PMT 259 02-15-2025 REG	USA	2525000.00	812,056.65	875,051.37
MUNDER	US TREAS BD STRIPPED PRIN PMT STRIP 15/2/2019 USD 02-15-2019 REG	USA	1000000.00	486,200.00	493,830.00
MUNDER	US TREAS BDS 12 15/8/2013 USD1000 12 DUE08-15-2013/08-15-2008 REG	USA	1000000.00	1,426,343.76	1,320,352.00
MUNDER	US TREAS BDS 5.375 DUE 02-15-2031 BEO	USA	750000.00	735,925.43	803,437.50
MUNDER	US TREAS BDS 8 11/15/2021 USD1000 8 DUE 11-15-2021/04-29-1999 REG	USA	500000.00	664,921.88	687,285.00
MUNDER	US TREAS BDS 8 7/8 15/8/2017 USD1000 8.875 DUE 08-15-2017 REG	USA	130000.00	187,545.31	185,453.06
MUNDER	US TREAS BDS DTD 02/15/2000 6.25 DUE 05-15-2030 REG	USA	500000.00	557,546.17	593,437.50
	TOTAL U.S. GOVERNMENT BONDS		**49,555,000.00**	**48,894,591.97**	**48,904,965.68**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2004

Account Name	Asset description	Country	Shares/Par value	Book value	Market value
	U.S.GOVERNMENT MORTGAGE BACKED				
BARROW HANLEY BOND	FHLMC GOLD B1-2563 5 02-01-2019	USA	698709.27	722,072.35	711,139.30
BARROW HANLEY BOND	FHLMC GOLD C00647 6.5 09-01-2028	USA	533344.51	551,844.91	560,911.48
BARROW HANLEY BOND	FHLMC GOLD C26472 6.5 05-01-2029	USA	97004.77	95,246.57	101,957.83
BARROW HANLEY BOND	FHLMC GOLD E90777 5.5 08-01-2017	USA	249102.96	257,120.98	257,873.87
BARROW HANLEY BOND	FHLMC GOLD G0-1533 6 03-01-2033	USA	1510083.89	1,561,993.02	1,561,955.27
BARROW HANLEY BOND	FHLMC GOLD G11202 6 11-01-2016	USA	122494.27	123,106.76	128,463.41
BARROW HANLEY BOND	FHLMC GOLD GROUP C00835 6.5 07-01-2029	USA	183559.26	172,000.78	192,931.61
BARROW HANLEY BOND	FHLMC POOL # A1-5436 5.5 11-01-2033 BEO	USA	783798.78	797,147.86	796,245.50
BARROW HANLEY BOND	FHLMC POOL # E9-7381 5.5 06-01-2018 BEO	USA	529637.67	550,823.17	548,286.21
BARROW HANLEY BOND	FHLMC POOL #E01386 5% 06-01-2018 BEO	USA	2207270.44	2,285,214.70	2,246,537.78
BARROW HANLEY BOND	FNMA 30 YR PASS-THROUGHS 6 30 YEARS SETTLES NOV	USA	3680000.00	3,790,399.21	3,791,548.16
BARROW HANLEY BOND	FNMA 30 YR PASS-THROUGHS 6 30 YEARS SETTLES OCT	USA	885000.00	915,975.00	915,144.87
BARROW HANLEY BOND	FNMA POOL # 255410 6.5 09-01-2034 BEO	USA	524308.31	552,326.04	550,424.10
BARROW HANLEY BOND	FNMA POOL # 648337 6 DUE 06-01-2017 REG	USA	161908.71	163,325.43	169,882.71
BARROW HANLEY BOND	FNMA POOL # 648511 6 DUE 06-01-2017 REG	USA	495110.55	499,442.77	519,494.74
BARROW HANLEY BOND	FNMA POOL # 713706 5.5 08-01-2033 BEO	USA	485665.02	481,848.23	493,158.83
BARROW HANLEY BOND	FNMA POOL # 713999 5.5 DUE 07-01-2033 REG	USA	71203.51	72,939.10	72,302.18
BARROW HANLEY BOND	FNMA POOL # 725706 6 08-01-2032 BEO	USA	615531.62	631,400.79	643,562.93
BARROW HANLEY BOND	FNMA POOL # 727223 5.5 09-01-2033 BEO	USA	1115506.61	1,133,764.32	1,132,718.87
BARROW HANLEY BOND	FNMA POOL # 741901 5.5 DUE 10-01-2033 REG	USA	520247.46	526,181.54	528,274.87
BARROW HANLEY BOND	FNMA POOL # 747844 5.5 DUE 12-01-2018 REG	USA	282820.84	294,575.59	292,750.68
BARROW HANLEY BOND	FNMA POOL # 749219 5.5 DUE 10-01-2033 REG	USA	126403.76	129,089.84	128,354.17
BARROW HANLEY BOND	FNMA POOL # 758322 5.5 DUE 12-01-2033 REG	USA	1835645.04	1,862,892.90	1,863,969.04
BARROW HANLEY BOND	FNMA POOL # 759666 6.5 DUE 04-01-2031 REG	USA	679836.91	706,817.95	716,636.48
BARROW HANLEY BOND	FNMA POOL # 761337 5 DUE 04-01-2019 REG	USA	501172.16	507,280.20	509,822.39
BARROW HANLEY BOND	FNMA POOL # 765304 5.5 DUE 03-01-2034 REG	USA	738872.29	761,615.71	749,571.16
BARROW HANLEY BOND	FNMA POOL # 784358 7 05-01-2031 BEO	USA	288810.47	303,973.03	307,418.52
BARROW HANLEY BOND	FNMA POOL #769018 6.5% 12-01-2031 BEO	USA	475933.81	493,037.68	500,415.84
BARROW HANLEY BOND	GNMA POOL # 003517 6 02-20-2034 BEO	USA	1453401.15	1,518,122.93	1,506,450.29
BARROW HANLEY BOND	GNMA POOL # 555732 SER 2032 6.5 DUE 03-15-2032 REG	USA	100910.68	102,219.38	106,575.80
BARROW HANLEY BOND	GNMA POOL # 616094 6 11-15-2033 BEO	USA	942669.73	984,500.70	978,783.40
BARROW HANLEY BOND	GNMA POOL #003515 5.5% 02-20-2034 BEO	USA	1805510.65	1,866,446.64	1,836,258.49
DODGE & COX	FHLMC GOLD G11204 6 02-01-2015	USA	410579.61	412,889.13	431,391.89
DODGE & COX	FHLMC MULTICLASS PREASSIGN 00890 6.5 09-25-2043	USA	2496437.91	2,612,678.33	2,638,422.81
DODGE & COX	FHLMC POOL # E9-0593 6 07-01-2017 BEO	USA	1166148.95	1,212,977.14	1,222,893.75
DODGE & COX	FHLMC POOL # G1-1184 5.5 09-01-2016 BEO	USA	2049106.35	2,105,136.64	2,121,841.42
DODGE & COX	FHLMC POOL # G11185 5.5 10-01-2016 BEO	USA	1241360.80	1,285,584.30	1,285,429.10
DODGE & COX	FHLMC POOL # G30242 6.5 10-01-2022 BEO	USA	1335653.32	1,399,305.55	1,406,955.83
DODGE & COX	FNMA POOL # 252062 6.5 DUE 10-01-2013 REG	USA	988886.36	1,020,870.71	1,048,328.31
DODGE & COX	FNMA POOL # 252640 6.5 DUE 08-01-2014 REG	USA	414772.39	429,645.90	439,679.47
DODGE & COX	FNMA POOL # 323491 5.951 DUE 01-01-2009 REG	USA	1929049.06	1,968,230.30	2,071,065.65
DODGE & COX	FNMA POOL # 323818 6.5 DUE 07-01-2014 REG	USA	909586.43	942,203.66	964,264.39
DODGE & COX	FNMA POOL # 433301 6.5 DUE 07-01-2013 REG	USA	553147.92	570,260.97	586,397.64
DODGE & COX	FNMA POOL # 512154 6 DUE 07-01-2014 REG	USA	1115879.06	1,045,439.22	1,171,929.66
DODGE & COX	FNMA POOL # 535574 7.5 11-01-2013 BEO	USA	1254643.38	1,336,783.38	1,335,843.90
DODGE & COX	FNMA POOL # 545387 5.835 01-01-2012 BEO	USA	218596.27	238,210.18	236,479.63
DODGE & COX	FNMA POOL # 725135 6 05-01-2018 BEO	USA	1047299.80	1,099,828.45	1,098,914.92
DODGE & COX	FNMA POOL # 725510 6.5 07-01-2017 BEO	USA	1296168.10	1,366,444.73	1,374,084.65
DODGE & COX	FNMA POOL #323623 6% DUE 03-01-2014 REG	USA	546024.35	561,807.90	573,980.79
DODGE & COX	FNMA POOL #545961 5.5% DUE 02-01-2014 REG	USA	701856.38	726,860.01	729,207.72
DODGE & COX	FNMA POOL #555382 5.5% 08-01-2015 BEO	USA	1751744.48	1,834,131.31	1,820,016.96
DODGE & COX	FNMA POOL #725194 6% 12-01-2018 BEO	USA	621247.22	652,989.09	651,864.76
DODGE & COX	FNMA POOL #725416 6% 01-01-2019 BEO	USA	2467625.01	2,598,717.59	2,589,229.57
DODGE & COX	FNMA PREASSIGN 00276 7 03-25-2035	USA	1988894.33	2,039,238.42	2,131,834.17
DODGE & COX	FNMA REMIC SER 2003-W2 CL 1-A1 6.5 07-25-2032	USA	957340.07	1,013,509.03	1,011,788.78
DODGE & COX	FNMA REMIC TR SER 1997-24 CL PJ 7.00 PASS THRU CTF DUE 08-18-2026 REG	USA	1815274.59	1,903,769.23	1,860,404.13
MORGAN STANLEY	FHLMC 15 YR GOLD PARTN CTF (PC) 5 15 YEARS SETTLES SEP	USA	2000000.00	2,022,656.25	2,033,860.00
MORGAN STANLEY	FHLMC GOLD C01369 7.5 04-01-2032	USA	1690440.46	1,778,396.29	1,812,862.15
MORGAN STANLEY	FHLMC GOLD C01371 7 06-01-2032	USA	1171702.74	1,204,794.22	1,243,256.28
MORGAN STANLEY	FHLMC GOLD C52115 7.5 05-01-2031	USA	80129.62	82,571.07	86,004.72
MORGAN STANLEY	FHLMC GOLD C55607 6.5 08-01-2031	USA	7188.42	7,243.17	7,546.76
MORGAN STANLEY	FHLMC GOLD C56693 6.5 08-01-2031	USA	373610.68	376,456.55	392,235.17
MORGAN STANLEY	FHLMC GOLD E01216 5.5 10-01-2017	USA	403139.36	415,548.49	417,333.89
MORGAN STANLEY	FHLMC GOLD G01433 6.5 07-01-2032	USA	2206029.25	2,294,959.89	2,316,021.86
MORGAN STANLEY	FHLMC GOLD POOL C24908 6.5 04-01-2029	USA	183666.96	191,071.05	193,160.70
MORGAN STANLEY	FHLMC GOLD SINGLE FAMILY 4.5 15 YEARS SETTLES SEP	USA	2800000.01	2,771,781.34	2,792,692.01
MORGAN STANLEY	FHLMC MULTICLASS SER 2468 CL VC 6 10-15-2027 REG	USA	291948.39	297,239.96	293,614.83
MORGAN STANLEY	FHLMC POOL # B1-0296 5.5 10-01-2018 BEO	USA	544983.83	561,759.11	563,785.77
MORGAN STANLEY	FHLMC POOL # B1-0378 5.5 11-01-2018 BEO	USA	1501875.55	1,548,105.16	1,553,690.25
MORGAN STANLEY	FHLMC POOL # B1-3137 5 04-01-2019 BEO	USA	1136037.82	1,148,907.00	1,155,293.66
MORGAN STANLEY	FHLMC POOL # B1-5025 5 06-01-2019 BEO	USA	863963.40	873,750.49	878,607.58
MORGAN STANLEY	FHLMC POOL # B1-5661 4.5 07-01-2019 BEO	USA	1400100.00	1,385,989.61	1,396,417.73
MORGAN STANLEY	FNMA 30 YR PASS-THROUGHS 6.5 30 YEARS SETTLES NOV	USA	3300000.00	3,455,203.13	3,452,625.00
MORGAN STANLEY	FNMA 30 YR PASS-THROUGHS 6.5 30 YEARS SETTLES OCT	USA	2000000.09	2,093,617.18	2,097,500.09
MORGAN STANLEY	FNMA POOL # 252982 8 DUE 01-01-2030 REG	USA	29584.18	30,638.12	32,217.17
MORGAN STANLEY	FNMA POOL # 253517 8.5 DUE 11-01-2030 REG	USA	32324.81	33,486.50	35,261.51
MORGAN STANLEY	FNMA POOL # 254478 6 DUE 10-01-2032 REG	USA	841927.11	852,592.98	872,438.54
MORGAN STANLEY	FNMA POOL # 446371 6.5 09-01-2028 BEO	USA	34621.27	36,349.63	36,402.18
MORGAN STANLEY	FNMA POOL # 450809 6.5 DUE 11-01-2028 REG	USA	42435.80	44,554.27	44,618.69
MORGAN STANLEY	FNMA POOL # 496769 6.5 05-01-2029 BEO	USA	27094.79	28,447.41	28,473.91
MORGAN STANLEY	FNMA POOL # 510618 7 DUE 08-01-2029 REG	USA	257122.16	270,621.08	273,079.16

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2004

Account Name	Asset description	Country	Shares/Par value	Book value	Market value
MORGAN STANLEY	FNMA POOL # 527756 8 DUE 02-01-2030 REG	USA	125397.99	132,020.58	136,425.48
MORGAN STANLEY	FNMA POOL # 528319 7 DUE 07-01-2015 REG	USA	50065.73	52,475.14	53,138.76
MORGAN STANLEY	FNMA POOL # 531119 7 DUE 02-01-2015 REG	USA	162854.60	170,692.00	172,847.35
MORGAN STANLEY	FNMA POOL # 535801 7 DUE 03-01-2016 REG	USA	29471.51	30,889.84	31,280.47
MORGAN STANLEY	FNMA POOL # 535951 8 DUE 03-01-2031 REG	USA	28472.94	29,789.81	31,007.03
MORGAN STANLEY	FNMA POOL # 542206 8.5 DUE 07-01-2030 REG	USA	9699.84	10,048.42	10,581.07
MORGAN STANLEY	FNMA POOL # 544397 8.5 DUE 08-01-2030 REG	USA	22349.24	23,152.43	24,379.66
MORGAN STANLEY	FNMA POOL # 544701 8.5 DUE 07-01-2030 REG	USA	28914.39	29,953.50	31,541.26
MORGAN STANLEY	FNMA POOL # 545369 7 DUE 09-01-2016 REG	USA	299349.77	313,756.00	317,723.85
MORGAN STANLEY	FNMA POOL # 545762 6.5 DUE 07-01-2032 REG	USA	1943745.98	2,040,933.30	2,040,286.01
MORGAN STANLEY	FNMA POOL # 546560 8.5 DUE 07-01-2030 REG	USA	50211.36	52,015.82	54,773.06
MORGAN STANLEY	FNMA POOL # 548965 8.5 DUE 07-01-2030 REG	USA	49067.64	50,831.01	53,525.43
MORGAN STANLEY	FNMA POOL # 553246 8.5 DUE 09-01-2030 REG	USA	30078.45	31,159.40	32,811.07
MORGAN STANLEY	FNMA POOL # 555147 6.5 12-01-2032 BEO	USA	469515.20	492,954.29	492,836.02
MORGAN STANLEY	FNMA POOL # 557184 8 DUE 11-01-2030 REG	USA	21681.04	22,731.23	23,587.67
MORGAN STANLEY	FNMA POOL # 560994 8.5 DUE 11-01-2030 REG	USA	47563.39	49,272.72	51,884.52
MORGAN STANLEY	FNMA POOL # 561232 8 DUE 05-01-2031 REG	USA	40566.68	42,442.90	44,082.18
MORGAN STANLEY	FNMA POOL # 562055 8.5 DUE 12-01-2030 REG	USA	18004.62	18,651.67	19,640.34
MORGAN STANLEY	FNMA POOL # 562119 8.5 DUE 12-01-2030 REG	USA	57771.61	59,847.78	63,020.16
MORGAN STANLEY	FNMA POOL # 563763 8.5 DUE 12-01-2030 REG	USA	228772.37	236,993.90	249,556.34
MORGAN STANLEY	FNMA POOL # 564055 8 DUE 06-01-2030 REG	USA	13188.91	13,798.89	14,434.47
MORGAN STANLEY	FNMA POOL # 568386 7 DUE 12-01-2015 REG	USA	411395.99	431,194.44	436,639.24
MORGAN STANLEY	FNMA POOL # 568495 8.5 DUE 01-01-2031 REG	USA	43622.32	45,190.00	47,585.40
MORGAN STANLEY	FNMA POOL # 576022 8 DUE 12-01-2029 REG	USA	11245.79	11,839.71	12,320.32
MORGAN STANLEY	FNMA POOL # 576781 8 DUE 12-01-2028 REG	USA	2609.76	2,747.59	2,856.17
MORGAN STANLEY	FNMA POOL # 580370 7 DUE 05-01-2016 REG	USA	56047.32	58,744.61	59,493.10
MORGAN STANLEY	FNMA POOL # 582997 6.5 DUE 07-01-2031 REG	USA	13683.73	13,698.69	14,363.12
MORGAN STANLEY	FNMA POOL # 586702 6.5 DUE 06-01-2031 REG	USA	22095.11	22,119.29	23,192.13
MORGAN STANLEY	FNMA POOL # 589509 7 DUE 08-01-2031 REG	USA	129128.75	135,908.01	137,019.80
MORGAN STANLEY	FNMA POOL # 593020 6.5 DUE 09-01-2031 REG	USA	34207.75	34,245.17	35,906.16
MORGAN STANLEY	FNMA POOL # 593391 8 DUE 12-01-2030 REG	USA	120906.88	126,763.32	131,667.59
MORGAN STANLEY	FNMA POOL # 598133 8 DUE 07-01-2031 REG	USA	37656.33	39,480.33	40,919.62
MORGAN STANLEY	FNMA POOL # 598209 6.5 DUE 08-01-2031 REG	USA	113755.93	113,880.36	119,403.91
MORGAN STANLEY	FNMA POOL # 599060 6.5 DUE 08-01-2031 REG	USA	64117.03	64,187.18	67,300.44
MORGAN STANLEY	FNMA POOL # 607695 6.5 DUE 11-01-2031 REG	USA	171119.27	179,675.24	179,615.34
MORGAN STANLEY	FNMA POOL # 634232 7 04-01-2032 BEO	USA	26574.53	27,959.33	28,190.79
MORGAN STANLEY	FNMA POOL # 649879 6 DUE 09-01-2032 REG	USA	184399.50	189,110.42	191,082.13
MORGAN STANLEY	FNMA POOL # 658828 6.5 08-01-2032 BEO	USA	337260.32	354,123.35	354,012.04
MORGAN STANLEY	FNMA POOL # 661080 6.5 09-01-2032 BEO	USA	45620.30	47,897.75	47,886.26
MORGAN STANLEY	FNMA POOL # 667021 6.5 11-01-2032 BEO	USA	35190.39	36,947.16	36,938.29
MORGAN STANLEY	FNMA POOL # 678001 5.5 DUE 12-01-2017 REG	USA	1139440.76	1,176,828.66	1,180,209.95
MORGAN STANLEY	FNMA POOL # 720535 5.5 06-01-2033 BEO	USA	1693117.27	1,671,424.30	1,719,242.06
MORGAN STANLEY	FNMA POOL # 730861 5.5 08-01-2033 BEO	USA	222775.92	219,921.60	226,213.35
MORGAN STANLEY	FNMA POOL #330286 7 GTD MTG PASS THRU CTF DUE 11-01-2025 REG	USA	25476.06	26,803.61	27,132.76
MORGAN STANLEY	FNMA POOL #636897 6.5% 05-01-2032 BEO	USA	39698.07	41,679.87	41,669.87
MORGAN STANLEY	GNMA POOL # 248155 10 DUE 01-15-2018 REG	USA	9173.21	10,113.45	10,310.13
MORGAN STANLEY	GNMA POOL # 395896 7 DUE 12-15-2025 REG	USA	10242.51	10,162.51	10,956.96
MORGAN STANLEY	GNMA POOL # 419334 7 DUE 12-15-2025 REG	USA	7881.35	7,819.79	8,438.79
MORGAN STANLEY	GNMA POOL # 504549 SER 2029 7 DUE 09-15-2029 REG	USA	111247.26	107,962.01	118,746.43
MORGAN STANLEY	GNMA POOL # 583960 SER 2032 6.5 DUE 06-15-2032 REG	USA	331171.69	334,121.23	349,763.66
MORGAN STANLEY	GNMA POOL #404669 7.00 DUE 12-15-2025 REG	USA	32482.85	32,229.08	34,780.36
MORGAN STANLEY	I/O FHLMC MULTICLASS FHLMC #S1-0068 01-15-2028	USA	41118.75	57,974.38	7,218.80
MORGAN STANLEY	I/O FHLMC MULTICLASS FHLMC #S1-0084 12-15-2029	USA	127293.90	85,823.25	21,504.52
MORGAN STANLEY	I/O FHLMC MULTICLASS S1-0095 SER 215 03-15-2031	USA	16086.42	19,194.08	2,840.29
MORGAN STANLEY	I/O FHLMC MULTICLASS SER 199 CL IO 6.5 09-15-2028	USA	254932.63	53,690.65	43,453.26
MORGAN STANLEY	I/O FHLMC MULTICLASS SER 2234 CL SC 10-15-2029	USA	102999.83	39,826.46	6,891.82
MORGAN STANLEY	I/O FNMA PREASSIGN 00300 12-25-2027	USA	123989.98	20,840.84	4,170.77
MORGAN STANLEY	I/O FNMA REMIC SER 2002-50 CL-SC DUE 12-25-2029 BEO	USA	132690.61	56,640.12	7,556.73
MORGAN STANLEY	I/O FNMA REMIC SER 2003-82 CL WI 08-25-2032	USA	99553.78	21,229.51	15,007.03
MORGAN STANLEY	I/O FNMA SER 2001-4 CL SA VAR RATE 02-17-2031	USA	399230.65	59,185.05	50,419.63
MORGAN STANLEY	I/O FNMA SER 2003-25 CL IK 04-25-2033	USA	481808.55	116,977.97	80,462.51
MORGAN STANLEY	I/O FNMA SMBS TR #000317 CL 2 11-25-2011	USA	546174.16	333,698.05	98,524.35
MORGAN STANLEY	I/O FNMA SMBS TR 000267 CL 2 10-25-2024	USA	90485.24	82,900.63	16,853.78
MORGAN STANLEY	I/O FNMA SMBS TR 000296 CL 2 04-01-2024	USA	58713.38	16,133.17	10,864.91
MORGAN STANLEY	I/O FNMA SMBS TR 000303 CL 2 10-25-2029	USA	209075.16	60,408.80	40,399.59
MORGAN STANLEY	I/O FNMA SMBS TR 000306 CL 2 04-25-2030	USA	107525.60	216,197.79	21,727.16
MORGAN STANLEY	I/O FNMA SMBS TR 000307 CL 2 05-25-2030	USA	41691.97	67,321.70	7,325.27
MORGAN STANLEY	I/O FNMA SMBS TR 000313 CL 2 04-25-2031	USA	348548.35	81,578.33	64,938.04
MORGAN STANLEY	I/O FNMA SMBS TR 000320 CL 2 03-25-2026	USA	111099.54	60,519.11	22,282.12
MORGAN STANLEY	I/O GNMA 2001-46 REMIC TR CL SA VAR RT 09-16-2031	USA	123698.85	55,395.88	10,738.29
MORGAN STANLEY	I/O GNMA REMIC SER 2000-29 CL MX-S INV IO 09-20-2030	USA	122161.71	56,358.50	10,028.49
MORGAN STANLEY	I/O GNMA REMIC TR 1999 27 CL SE INVERSE FLTG 08-16-2027	USA	279941.57	76,270.39	30,405.57
MORGAN STANLEY	I/O GNMA REMIC TR 1999-30 CL SA INV INT ONLY 04-16-2029	USA	224073.60	0.00	17,440.09
MUNDER	FHLMC CMO SER 1665 CL 1665-KZ 6.501-15-2024	USA	1497474.79	1,606,684.51	1,571,671.67
MUNDER	FHLMC GOLD C67999 7 06-01-2032	USA	31471.67	32,821.52	33,393.58
MUNDER	FHLMC GOLD C68162 7 06-01-2032	USA	16913.48	17,638.91	17,946.35
MUNDER	FHLMC GOLD GROUP C01095 7 11-01-2030	USA	88644.72	87,481.27	94,108.69
MUNDER	FHLMC MULTICLASS PREASSIGN 00883 4 10-15-2026	USA	724999.99	719,505.86	729,814.71
MUNDER	FHLMC MULTICLASS SER 1611 CL IA 6.5 MTG PARTN CTF DUE 02-15-2023 REG	USA	183322.92	176,763.42	184,733.59
MUNDER	FHLMC MULTICLASS SER 1673 CL H 6 11-15-2022	USA	864671.04	927,629.91	886,158.98
MUNDER	FHLMC MULTICLASS SER 2091 CL PP 6 02-15-2027	USA	91502.75	95,420.22	92,327.28
MUNDER	FHLMC MULTICLASS SER 2123 CL PE 6 12-15-2027	USA	654833.29	678,571.00	670,965.10

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2004

Account Name	Asset description	Country	Shares/Par value	Book value	Market value
MUNDER	FHLMC MULTICLASS SER 2141 CL N 5.55 11-15-2027	USA	636502.18	610,569.69	645,566.60
MUNDER	FHLMC MULTICLASS SER 2175 CL 2175-TG 6 03-15-2028	USA	339196.80	348,948.72	345,160.55
MUNDER	FHLMC MULTICLASS SER 2345 CL VD 7 07-15-2021	USA	771213.47	806,641.09	792,170.42
MUNDER	FHLMC MULTICLASS SER 2544 CL QB 5 09-15-2015	USA	500000.00	514,375.00	511,495.50
MUNDER	FHLMC MULTICLASS SER 2578 CL PE 5 11-15-2016	USA	1100000.00	1,111,343.75	1,126,292.20
MUNDER	FHLMC MULTICLASS SER 2634 CL LC 3 04-15-2020	USA	1000000.00	1,002,890.63	990,673.00
MUNDER	FHLMC MULTICLASS SER 2780 CL LC 5 07-15-2027	USA	500000.00	509,511.72	510,952.50
MUNDER	FNMA POOL # 323406 5.993 DUE 11-01-2008 REG	USA	542203.31	593,140.80	582,933.62
MUNDER	FNMA POOL # 380709 6.08 10-01-2008 BEO	USA	697924.04	769,570.30	749,898.44
MUNDER	FNMA POOL # 386314 3.79 07-01-2013 BEO	USA	729446.24	702,661.89	703,346.65
MUNDER	FNMA POOL # 450601 6 DUE 12-01-2028 REG	USA	311110.43	282,429.96	322,885.96
MUNDER	FNMA POOL # 508855 8 DUE 08-01-2029 REG	USA	164089.99	164,705.34	178,693.99
MUNDER	FNMA POOL # 684968 5 09-01-2033 BEO	USA	952495.05	916,627.67	944,913.18
MUNDER	FNMA POOL # 723640 3.16 06-01-2033 BEO	USA	474735.35	478,332.97	475,646.84
MUNDER	FNMA POOL # 737646 ADJ RT DUE 09-01-2033REG	USA	709743.64	713,347.81	710,162.38
MUNDER	FNMA POOL # 757571 5.5 01-01-2034 BEO	USA	996924.53	1,011,255.33	1,012,307.07
MUNDER	FNMA POOL # 767413 5.5 DUE 01-01-2034 REG	USA	933250.53	953,738.31	946,766.79
MUNDER	FNMA POOL # 788908 6 08-01-2034 BEO	USA	998928.76	1,034,827.76	1,034,763.33
MUNDER	FNMA PREASSIGN 00339 4.5 02-25-2029	USA	1500000.00	1,513,593.75	1,490,142.00
MUNDER	FNMA PREASSIGN 00367 4 07-25-2033	USA	986436.56	1,003,044.15	993,031.87
MUNDER	FNMA REMIC SER 1993-203 CL PL 6.5 DUE 10-25-2023 BEO	USA	500000.00	463,867.19	530,138.50
MUNDER	FNMA REMIC SER 2002-94 CL BE 5 06-25-2014	USA	714428.53	734,745.10	723,140.64
MUNDER	FNMA REMIC SER 2003-32 CL KB 5 03-25-2017	USA	750000.00	763,281.25	760,101.00
MUNDER	FNMA REMIC TR 1993-170 CL-K 6.25 07-25-2008	USA	324215.37	337,589.26	329,646.30
MUNDER	FNMA REMIC TR 1998-61 CL-PK 6 12-25-2026	USA	572813.54	541,180.59	576,949.82
MUNDER	FNMA REMIC TR 1999-57 CL-VK 7 03-25-2017	USA	52458.56	53,770.04	52,518.41
MUNDER	FNMA REMIC TR 2002-7 CL-VG 6 02-25-2018	USA	500000.00	520,078.13	515,759.50
MUNDER	FNMA REMIC TR SER 1994-50 CL PH 5.50 PASS THRU CTF DUE 01-25-2023 REG	USA	319439.62	327,170.87	320,975.48
MUNDER	FNMA REMIC TR SER 1994-51 CL PH 6.5 GTD MTG PASS THRU CTF DUE 01-25-202	USA	43499.10	45,633.28	43,461.21
MUNDER	FNMA REMIC TR SER 92-64 CL J 7.50000 GTDMTG PASS THRU CTF DUE 05-25-20(	USA	345445.67	367,629.78	358,170.50
MUNDER	GNMA POOL # 538257 SER 2031 7 DUE 10-15-2031 REG	USA	82529.90	85,105.75	88,050.16
MUNDER	GNMA POOL # 627907 5 02-15-2034 BEO	USA	482330.34	480,069.41	480,598.77
	TOTAL U.S. GOVERNMENT MORTGAGE BACKED		**114,136,901.54**	**114,820,544.46**	**114,593,804.81**
	TOTAL GOVERNMENT BONDS & BILLS		**163,691,901.54**	**163,715,136.43**	**163,498,770.49**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2004

Account Name	Asset description	Country	Shares/Par value	Book value	Market value
	REAL ESTATE FUNDS				
JP MORGAN	CF JPMCB SPECIAL SITUATION PROPERTY FUND	USA	11387.25	9,133,119.71	11,055,311.36
JP MORGAN	CF JPMCB STRATEGIC PROPERTY FUND	USA	34933.90	31,764,676.64	37,262,419.10
	TOTAL REAL ESTATE FUNDS		**46,321.15**	**40,897,796.35**	**48,317,730.46**
	REAL ESTATE, PROPERTY & EQUIPMENT				
FIPO	1895 SW 3RD AVENUE, MIAMI, FLORIDA			2,341,720.00	2,341,720.00
	TOTAL REAL ESTATE, PROPERTY & EQUIPMENT			**2,341,720.00**	**2,341,720.00**
	TOTAL REAL ESTATE		**46,321.15**	**43,239,516.35**	**50,659,450.46**
	TOTAL FIPO ASSETS		**361,849,650.42**	**1,071,906,074.03**	**1,183,821,254.33**

IV

ACTUARIAL

SECTION

Enrolled Actuary's Statement

This report has been prepared in accordance with standards established by the American Academy of Actuaries. To the best of our knowledge, it reflects the actuarial condition of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2003 for the Retirement Fund and for the COLA Fund.

All costs and cost components are calculated on the basis of actuarial assumptions which reasonably reflect the experience of the Trust.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Randall L. Stanley
Signature
Enrolled Actuary No. 02-602

February 25, 2004
Date

EXHIBIT 6

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparison of Funding Progress
($000)

	10/01/2003 -$-	10/01/2002 -$-	10/01/2001 -$-
I. Assets			
A. Book Value	811,680	808,431	836,849
B. Market Value	844,864	753,229	828,863
II. Liabilities			
A. Retired and Vested	473,962	433,462	430,016
B. Active			
Employee Contributions	115,003	113,613	108,597
Other Vested	276,553	254,145	225.342
Non-Vested Accrued	16,669	16,276	13,837
C. Total Accrued	882,187	817,496	777,792
III. Ratios	%	%	%
IA/IIC	92.0	98.9	107.6
IB/IIC	95.8	92.1	106.6

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis

Valuation Date: October 1, 2003 for Fiscal Year beginning October 1, 2004.

Valuation Method: Aggregate Cost Method.

Asset Valuation Method: Average of ratios of market to book values as of current and five most recent September 30's. Average ratio is applied to book value at current September 30. The result cannot be greater than 120% of market value or less than 80% of market value.

Actuarial Assumptions:

Interest Discount/ Investment Return: 7.75%, compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	0.0507%	0.0284%
30	0.0801%	0.0351%
40	0.1072%	0.0709%
50	0.2579%	0.1428%
60	0.7976%	0.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

V

STATISTICAL

SECTION

STATISTICAL DATA OF VARIOUS ACCOUNTS

THROUGH SEPTEMBER 30, 2004

	GENERAL FUND		COLA I		COLA II	
MEMERSHIP ACCOUNT						
ADD:						
Members' Contributions						
After Tax	64,785,292					
Pre Tax	138,899,291		11,814,941			
After Tax from G & S	17,210					
Interest						
From Benefit Acct	69,420,416					
From Withdrawals	385,365					
Transfers from G & S	2,132					
		273,509,706		11,814,941		
DEDUCT:						
Refunds -						
Leaving Service	16,188,356		929,380			
Additional Contributions	171,226					
Accidental Death	441,598		22,039			
Accidental Disability	1,982,443					
Option 6A	571,614					
Ordinary Death	1,345,516		58,961			
Transfers -						
After Tax from G & S	4,412,189					
Benefit Account	119,873,191		6,135,027			
Transfers to Acct Payable	487,510					
Interest withheld	300,607					
Interest	1,414,884					
		147,189,133		7,145,406		
BALANCE AS OF 9/30/03		126,320,573		4,669,535		
BENEFIT ACCOUNT:						
ADD:						
Contributions -						
City of Miami	381,526,298		2,042,899		9,337,050	
Police Relief & Pension Fund	52,342					
Fire Relief & Pension Fund	28,473					
Members	697,822					
Transfers from Membership Acct	119,884,115		6,135,027			
Amortization of Discounts	10,319,476		249,134			
Dividends Received	134,083,085		1,073,308		5,250,771	
Securities Lending Income	2,228,036		61,227		296,319	
Excess Interest Transfer	0				168,305,714	
Interest Income	439,452,389		8,521,460		17,809,695	
Other Income	2,129,887		27,050		128,142	
Corporate Action	233,284		6,480		37,485	
Commission Recapture	86,140		2,437		14,108	
Profit on Sale of Investments	585,489,240		14,582,675		36,481,640	
Unrealized Profit on Sales of Inv	99,466,940		3,309,732		9,154,296	
Rental Income	454,880		6,744		40,562	
Share of Earnings Income	0		1,170,581		0	
		1,776,132,406		37,188,754		246,855,783
DEDUCT:						
Pensions Paid						
Fire	326,722,000					
Police	311,966,639					
General	7,034,700					
Former Gen assumed by Trust	276,624					
Pension Payments Prior 1968	989,022					
Distributions			9,033,192		59,297,037	
Lump Sum Payments to Benef	79,137					
Death Benefits	869,838					
Amortization of Premium	4,878,744					
Corrections to Control	17,117,379					
Income Expenses	32,043,274		502,028		2,186,574	
Building Depreciation	70,406		2,220		12,825	
Securities Lending Fees	668,596		18,373		88,931	
Other Expenses	0		45,256		0	
Vested Rights Withdrawals	682,671					
Transfers -						
Excess Interest Earnings	168,305,714					
G & S Benefit Account	5,378,420					
G & S Share of Earnings	5,251,212					
Interest to Membership Acct	69,485,404					
Interest on VR Withdrawals	140,518					
Overpayments (uncollectible)	769					
		951,958,870		9,601,070		61,585,367
BALANCE AS OF 9/30/01		824,173,536		27,587,684		185,270,416
BENEFIT ACCOUNT - SPECIAL						
ADD:						
Contributions - City of Miami	1,001,273					
Members	9,945					
		1,011,218				
DEDUCT:						
Pension Paid		1,011,218				
BALANCE AS OF 9/30/01		0				
RESERVE ACCOUNT						
ADD:						
Transfers -						
Benefit Account	961,029					
BA Share of Earnings	222,289					
BALANCE AS OF 9/30/01		1,183,318				

SUMMARY OF ACTIVE MEMBER STATISTICS

As of September 30, 2004

NUMBER OF:		
	Males	1,397
	Females	225
Total:		1,622

AVERAGES:

Current Age	40.1
Past Service	14.3
Credited Past Service	14.1
Annual Earnings	60,987

SUMMARY OF RETIREMENTS

JANUARY 1, 1940 THROUGH SEPTEMBER 30, 2004

DESCRIPTION	SERVICE	ORDINARY DISABILITY	SERVICE ACCIDENTAL DISABILITY	ACCIDENTAL DEATH	ORDINARY DEATH	EARLY SERVICE	DROP PLAN	VESTED RIGHTS	CONTINUANCES	TOTAL BENEFITS GRANTED
BENEFITS GRANTED	1,817	51	451	38	3	106	353	80	203	3,102
ASSUMED BY G.E.S.E. FUND	-184	-3	-19	0	0	0	0	0	0	-206
TERMINATED BY DEATH	-687	-35	-223	-17	0	-15	0	-3	-27	-1,007
TERMINATED DROP PLAN	0	0	0	0	0	0	-178	0	0	-178
TERMINATED BY MARRIAGE	0	0	0	-2	0	0	0	0	0	-2
RETURNED TO SERVICE	-2	-3	-1	0	0	0	0	0	0	-6
MINORS ATTAINING AGE 18	0	-1	0	-7	0	0	0	0	0	-8
PAYMENT SUSPENDED	-3	0	-1	0	0	0	0	0	0	-4
UNMATURED VESTED RIGHTS	0	0	0	0	0	0	0	-25	0	-25
WITHDRAWN VESTED RIGHTS	0	0	-2	0	0	0	0	-22	0	-24
INACTIVE PARTICIPANTS:	941	9	205	12	3	91	175	30	176	1,642

OUTLINE OF PRINCIPAL BENEFIT PROVISIONS OF THE CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

ORDINANCE NO. 10002 ADOPTED JUNE 13, 1985

EARNABLE COMPENSATION:

Earnable compensation, shall mean an employee's base salary including pickup contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death in the family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.

COVERED GROUP:

All fire fighters or police officers presently employed by the City as a fire fighter or police officer whether in the classified or unclassified service of the City.

EMPLOYEE CONTRIBUTIONS:

Effective the first full pay period following October 1, 1999, it shall be 7% of pre tax earnable compensation. Effective the first full pay period following October 1, 2000, it shall be 7% of pre tax earnable compensation or a percent equal to the City's contribution, whichever is less.

INDIVIDUAL RETIREMENT ACCOUNTS:

Effective the first full pay period following October 1, 2000, should the members contribution be less than seven percent (7%) the difference between the seven percent and the actual contribution shall be deducted from the member's paycheck and placed into an individual contribution account (ICA) as part of the retirement system.

EMPLOYER CONTRIBUTIONS:

The City's annual fiscal contribution to the retirement system shall provide for the following (1) non-investment expenses of the retirement system, (2) normal costs of the retirement system.

NORMAL RETIREMENT AGE:

Age 50

SERVICE RETIREMENT:

The annual normal service retirement allowance, payable on a 40% Joint and Survivor basis will equal 3.0% of average final compensation per year of creditable service for the first 15 years of such creditable service and 3.5% of the average final compensation per year of creditable service after 15 years.

RULE OF 64 RETIREMENT:

A member, in service, who has not withdrawn from active membership in the retirement system may elect service retirement on the basis of his or her combined age and creditable service equaling 64 or more. Such election shall be made upon written application to the board, setting forth not less than 10 nor more than 90 days subsequent to the execution and filing thereof, the date the member desires to be retired.

EARLY RETIREMENT:

After 20 years of creditable service, accrued benefit actuarially adjusted.

DEFERRED RETIREMENT OPTION PROGRAM: (DROP)

A member who is eligible to retire under either Rule of 64 or Service retirement can elect to participate in the Deferred Retirement Option Program (DROP). The program allows the member to defer receipt of his retirement benefit into a "DROP" account while he/she continues to be employed by the Department. The member can be in the DROP for a maximum of 3 years.

B. A. C. DEFERRED RETIREMENT OPTION PROGRAM:

Shall mean *Benefit Actuarially Calculated* deferred retirement option program.

EARLY SERVICE RETIREMENT:

After 20 years of creditable service, accrued benefit actuarily adjusted.

AVERAGE FINAL COMPENSATION:

Shall mean the annual earnable compensation of a member during either the last one (1) year or the highest one (1) year of membership service, whichever is greater.

CREDITABLE SERVICE:

Membership credit upon which a member's eligibility to receive benefits under the retirement system is based or upon which the amount of such benefits is determined.

LIMITATIONS ON BENEFITS:

A member's retirement allowances shall not exceed one hundred percent (100%) of the member's final average compensation for members retiring under service retirement or rule of 64 retirement. Exceptions are, (1) members whose retirement allowances, prior to October 1, 1998, had already earned one hundred percent or greater, these members may continue to accrue pension benefits; (2) members whose retirement allowance exceeds one hundred percent as of October 1, 1998 due to the multiplier change, these members shall be capped at the new percentage.

OPTIONAL ALLOWANCES:

Normal form (Option 6C) is joint and 40% contingent survivor. Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of member. Option 6A is withdrawal of employee contributions with credited interest; monthly benefit is half of normal level. Option 6B is an additional 5% with no survivor benefit.

DISABILITY RETIREMENTS:

A. Ordinary Disability
After 10 years of creditable service, if not otherwise eligible for normal retirement, and incurred while not in line of duty, a benefit payable for life consisting of the benefit rate times 90% of average final compensation times years of creditable service, if such retirement allowance exceeds 30% of average final compensation. Otherwise, a benefit of 30% of the member's average final compensation.

B. Accidental Disability
Prior to age 60, incurred in line of duty. A benefit payable on a 40% joint and survivor basis of 66 2/3% of average or final compensation, whichever is larger.

DEATH BENEFIT:

A. Ordinary Death Benefit
After 3 years of service, provided death is not accidentally incurred in line of duty, a lump sum payment f 50% of annual compensation received in year prior to death plus an additional lump sum payment of member's accumulated contributions with interest to date of death. Or in lieu thereof; if eligible for Early or Service retirement, and with 3 years of membership, automatic Option 6C, payable to spouse, as through retirement had occurred on date of death (40% payable)

B. Accidental Death Benefit
Incurred in line of duty (or presumed to be in the line, i.e. heart), annual pension of 50% of average final compensation to spouse until death or remarriage or to children under 18, or to dependent parents for life. If none of such beneficiaries exist, the ordinary death benefit will be paid. Also a lump sum payment of member's accumulated contributions with interest to date of death is paid in addition to the above payments.

VESTED RIGHTS BENEFIT:

After completion of 10 years of service, provided accumulated contributions are not withdrawn. A benefit based on service and average final compensation when employment is terminated. Benefit is deferred to minimum retirement age.

C.O.L.A. ACCOUNT:

The COLA I benefit was determined from available monies from an initial city contribution made from the trust funds excess interest earnings. These monies were allocated to the retiree population, according to unit values and distributed to each member according to his/her actuarial life expectancy, in level monthly lifetime payments. In addition to the above initial benefit, a yearly COLA I increase was financed by 2% of the active member's pension contributions. This yearly increase was

C.O.L.A. ACCOUNT: (continued)

determined on the basis as the initial benefit and added to the monthly lifetime payments. As of January 9, 1994, the active employees ceased making the 2% pension contribution to the COLA I account, and the COLA I benefits were frozen as of that date. Beginning with 1994, in addition to the frozen COLA I benefit, a COLA II benefit was paid. The COLA II benefit is funded from the pension fund's annual excess investment return (other than COLA account assets). The methodology for determining the excess investment return and amounts available for the COLA II benefit are described in detail in Section 40-213 of the City of Miami Code. An actuarial table is developed yearly identifying the benefits due. This table is based upon full years of creditable service at retirement and full years retired as of April of the current year. For accidental death and accidental disability, years of service are defined as twenty five (25) years, or actual creditable service if greater. Receipt of the COLA II benefit is based on the retiree reaching at least four (4) full years of retirement and fifty years of age. In case of accidental death, the beneficiary will be entitled to the COLA benefit on April 1st following the fiftieth anniversary of the employee's birth and the fourth anniversary of the employee's death. COLA benefits for a vested right retiree are based upon such retiree reaching at least four (4) full years of retirement after fifty (50) years of age. COLA benefits reflect the option selected at the time of retirement.

In addition, funding for COLA benefits for future employees hired during the remaining term of the amended final judgement, Gates vs. City of Miami, Circuit Court Case No. 77-9491 CA04, shall be defined and allocated through the remaining term of such final judgement.

ORDINANCES ADOPTED DURING THE YEAR

DATE	ORDINANCE NUMBER
	None

EMPLOYEES' RETIREMENT SYSTEM

of the County of Milwaukee

2004 Annual Report of the Pension Board

as of December 31, 2004

CITIZEN MEMBERS
Walter J. Lanier, Chairman
Linda Bedford
Donald Cohen
Michael J Ostermeyer

RETIREE MEMBER
Marilyn Mayr

EMPLOYEE MEMBERS
John G. Martin
Dean A. Roepke
Clifford Van Beek

SECRETARY/MANAGER, ERS
Vacant

901 North 9th Street, Room 210-C
Milwaukee, Wisconsin 53233
Telephone: 278-4207

EMPLOYEE'S RETIREMENT SYSTEM

Milwaukee County

July 20, 2005

Retirement System Members:

We are pleased to present the 2004 Annual Report of your Pension Board. As can be seen, the Retirement System had another good year as the stock market continues to rebound from the lows experienced during the years of 2000 through 2002. Contributions and net investment income exceeded pension benefits and administrative expenses by approximately $57 million. Total assets at the end of the year exceeded $1.5 billion.

The description of the Employees' Retirement System, included in this report, highlights major plan provisions. County ordinances, labor agreements, Pension Board rules and the Governmental Accounting Standards Board prevail over the contents of this report. If you have any questions, please call the Retirement System office at 278-4207.

Members considering retirement within the next few years are reminded to watch for announcements from the County for retirement information programs. Please call the Retirement Division at 278-4208 for further information regarding these programs. If you are interested in meeting with a retirement counselor to discuss retirement, please schedule an appointment by calling 278-5127.

Several options are available to members who retire or otherwise leave County service. Before terminating employment, you should become fully informed of the various opportunities so you can make the best choice for your situation.

Each year, Milwaukee County distributes benefit statements reflecting balances as of the end of the previous year. You should be aware that, in the event you ever worked for Milwaukee County on a part-time basis, the benefit statement that you received might slightly overstate your pension service credit total. If it is overstated the pension service credit will be adjusted at the time of your retirement.

Remember to keep your beneficiary designations current by informing the Retirement System Office of any changes. Retired members should also notify the Retirement System Office in writing of any changes in residence or address so that your checks and year-end 1099R statements are properly mailed.

Sincerely,

The Pension Board

COURTHOUSE, ROOM 210-C • 901 NORTH 9TH STREET • MILWAUKEE, WI 53233 • (414) 278-4207

Virchow Krause & company

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Members of the Pension
Board of the Employees' Retirement
System of the County of Milwaukee:

We have audited the accompanying statements of plan net assets of the Employees' Retirement System of the County of Milwaukee (the "Retirement System") as of December 31, 2004 and 2003, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Retirement System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Retirement System as of December 31, 2004 and 2003, and the changes in its plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 and 4 and the schedules of funding progress, employee contributions, and notes to required supplementary information on pages 14 - 16 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures to the 2004 and 2003 information which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The ten-year historical trend and related information on pages 17 - 19 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Virchow, Krause & Company, LLP

Milwaukee, Wisconsin
April 14, 2005

Management's Discussion and Analysis
(In Thousands of Dollars)

Management is pleased to provide this overview and analysis of the financial activities of the Employees' Retirement System of the County of Milwaukee (ERS or Retirement System) for the years ended December 31, 2004 and 2003.

FINANCIAL HIGHLIGHTS

- Plan net assets for ERS increased $56,662 during the calendar year 2004 compared to an increase of $210,570 for the calendar year of 2003. The increase was primarily due to improved market conditions and an increase in contributions receivable from Milwaukee County.
- Cash and short-term investments fluctuate considerably from year to year. The amount in the General account at the end of 2004 was lower than normal.
- Receivables decreased primarily due to the partial payment of the 2004 lump-sum contribution of $10.0 million in 2004. In prior years the lump-sum contribution was paid in the year following the close of the year in which the lump-sum contribution was accrued.
- Other liabilities decreased due primarily to less pending purchases of securities at the end of 2004 versus 2003
- Withdrawls increased due to the deaths of two active members resulting in large withdrawls of their membership account balances.
- For the year ended December 31, 2004, the rate of return on the investment assets was 14.3% compared to 25.1% for the year ended December 31, 2003.
- There was a net investment gain of $184,521 for the year ended December 31, 2004 versus $288,872 for the year ended December 31, 2003.
- Benefit Payments increased $50.3 million in 2004 versus 2003 due to an increase in retirements from 290 in 2003 to 747 in 2004. This resulted in a $40.0 million increase in dropback lump-sum payments and $10.3 million increase in monthly pension benefits payments.
- As of December 31, 2004 and 2003, the funding ratio (actuarial value of the assets divided by the actuarial accrued liability) for the plan was 79.9% and 84.7% respectively. The funding ratio listed above gives an indication of how well this objective has been met to date. The higher the funding ratio the better the plan is funded. The funding ratio has declined because of investment losses and revisions in the plan benefits.

  The Board of Trustees of ERS has the responsibility for the overall performance of the Pension Fund. The Board's principal means to achieve this goal is by (a) determining an asset allocation policy which is expected to provide long-term rate of return sufficient to fund benefits while minimizing the risk of loss through diversification (b) selecting an appropriate number of investment managers to manage the assets within an asset class and monitoring the performance of such investment managers relative to specified benchmarks, and (c) implementing cost containment measures intended to reduce the investment fees and costs associated with investing the Fund's assets. The Board is the fiduciary of the Fund and is responsible for carrying out the investment functions solely in the interest of the members and benefit recipients.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Retirement System's financial statements. The financial section is comprised of four components: (1) financial statements, (2) notes to the financial statements, (3) required supplementary information, and (4) other supplementary schedules.

Financial Statements. There are two financial statements presented for the plan. The Statement of Plan Net Assets as of December 31, 2004 and 2003 indicates the net assets available to pay future benefits and gives a snapshot of the financial assets available for pension benefits at a particular point in time. The Statement of Changes in Net Plan Assets for the year ended December 31, 2004 and 2003 provides a view of the additions and deductions to the plan for the years presented.

Notes to financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the financial statements.

Required supplementary information. The required supplementary information consists of a Schedule of Funding Progress and a Schedule of Employer Contributions and related notes concerning the funding status of the plan. These schedules provide historical trend information, which contributes to understanding the changes in the funded status of the plan over time.

Other supplementary schedules. The additional schedules (Ten-Year Historical Trend Information, Net Fund Assets, Actual County Contributions, Active Membership Statistics, Retirements and Survivors) are presented for the purpose of additional analysis.

COMPARATIVE FINANCIAL STATEMENTS

Retirement System's Net Assets	12/31/04	12/31/03	% Change
Assets			
Cash and short-term investments	$ 7,814	$16,063	(51.4%)
Securities lending collateral	111,140	123,309	(9.9)%
Receivables	39,135	51,027	(23.3)%
Investments, at fair value	1,525,318	1,475,003	3.4%
Total Assets	$1,683,407	$1,665,402	1.1%
Liabilities			
Security lending obligations	111,140	123,309	(9.9)%
Other Liabilities	22,155	48,643	(54.5)%
Total Liabilities	133,295	171,952	(22.5)%
Net assets available for benefits	$1,550,112	$1,493,450	3.8%

Retirement System's Changes in Net Assets	2004	2003	% Change
Additions			
Employer Contributions	$35,143	$33,980	3.4%
Member Contributions	712	705	1.0%
Investment Income	184,521	288,872	36.1%
Total Additions	220,376	323,557	31.9%
Deductions			
Benefit Payments	(161,369)	(111,110)	45.2%
Administrative expenses	(2,190)	(1,865)	17.4%
Withdrawals	(155)	(13)	1092.4%
Total deductions	(163,714)	(112,988)	44.9%
Changes in net assets available for benefits	56,662	210,569	73.1%
New assets held in trust for pension benefits:			
Beginning of year	1,493,450	1,282,881	16.4%
End of year	$1,550,112	$1,493,450	3.8%

Reqests for financial information:

The financial report is designed to provide the Retirement Board, our membership, taxpayers, investment managers and creditors with a general overview of ERS finances and to demonstrate ERS's accountability for the funds under its stewardship. Please address any questions about this report or requests for additional financial information to:

Milwaukee County ERS
901 N. 9th Street Room 210-C
Milwaukee, WI 53233

STATEMENTS OF PLAN NET ASSETS

	December 31, 2004	December 31, 2003
ASSETS:		
CASH AND CASH EQUIVALENTS	**$ 7,813,683**	**$ 16,063,243**
RECEIVABLES		
Receivable for foreign exchange contracts	**3,135,624**	**4,044,188**
Accrued interest and dividends	**6,484,050**	**7,659,106**
Due from sale of investments	**2,773,662**	**4,128,223**
County of Milwaukee	**25,266,907**	**33,934,872**
Miscellaneous receivables	**1,474,659**	**1,260,843**
TOTAL RECEIVABLES	**39,134,902**	**51,027,232**
INVESTMENTS AT FAIR VALUE		
Domestic common and preferred stocks	**582,860,033**	**524,452,350**
Corporate bonds	**492,912,398**	**427,646,125**
International common and preferred stocks	**252,654,565**	**259,425,610**
Federal agency and mortgage-backed certificates	**57,105,842**	**118,199,573**
International fixed income	**42,389,765**	**56,293,343**
US Government and state obligations	**26,517,994**	**32,076,653**
Real estate investment trusts	**53,745,674**	**42,645,333**
Venture capital	**17,132,189**	**14,263,614**
TOTAL INVESTMENTS	**1,525,318,460**	**1,475,002,601**
Securities lending - collateral (See Note 5)	**111,140,331**	**123,308,997**
TOTAL ASSETS	**1,683,407,376**	**1,665,402,073**
LIABILITIES		
Securities lending - collateral (See Note 5)	**111,140,331**	**123,308,997**
Payable for foreign exchange contracts	**3,186,986**	**4,101,806**
Payable for securities purchased	**15,651,266**	**41,171,049**
Miscellaneous payables	**2,372,431**	**2,580,474**
Payable to OBRA Retirement Plan	**943,973**	**789,388**
TOTAL LIABILITIES	**133,294,987**	**171,951,714**
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	**$1,550,112,389**	**$1,493,450,359**

(A schedule of funding progress is presented on page 14)

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN PLAN NET ASSETS

	Year Ended December 31, 2004	Year Ended December 31, 2003
ADDITIONS:		
CONTRIBUTIONS		
County of Milwaukee	$ 35,143,178	$ 33,980,592
Plan participants	711,322	704,758
	35,854,500	34,685,350
INVESTMENT INCOME		
Net appreciation in fair value of investments	146,747,299	244,387,710
Interest and dividends	40,888,887	47,403,322
Security lending income	1,621,222	1,479,342
Other income	706,730	588,005
Total investment income	189,964,138	293,858,379
Less: Securities lending rebates and fees	(1,330,435)	(1,189,283)
Investment expense	(4,112,409)	(3,797,072)
Net investment income	184,521,294	288,872,024
TOTAL ADDITIONS	220,375,794	323,557,374
DEDUCTIONS:		
Benefits paid to retirees and beneficiaries	(161,368,700)	(111,109,514)
Administrative expenses	(2,190,542)	(1,865,308)
Withdrawal of membership accounts	(154,522)	(12,999)
TOTAL DEDUCTIONS	(163,713,764)	(112,987,821)
NET CHANGE IN PLAN NET ASSETS:	56,662,030	210,569,553
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:		
Beginning of year	1,493,450,359	1,282,880,806
End of year	$1,550,112,389	$1,493,450,359

The accompanying notes are an integral part of these financial statements.

(1) Description of Retirement System –

The following brief description of the provisions of the Employees' Retirement System of the County of Milwaukee ("ERS" or the "Retirement System") is provided for financial statement purposes only. Participants should refer to Section 201.24 of the General Ordinances of Milwaukee County and their respective bargaining agreement for more complete information.

The Retirement System is a single-employer plan that was created to encourage qualified personnel to enter and remain in the service of the County of Milwaukee (the "County") by providing for a system of retirement, disability and death benefits to or on behalf of its employees. By the passage of Chapter 201 of the Laws of Wisconsin for 1937, the County was mandated to create the Retirement System as a separate legal entity. It did so by the passage of Section 201.24 of the General Ordinance of Milwaukee County. The authority to manage and control the Retirement System is vested in the Pension Board. The Pension Board consists of nine members – three members appointed by the County Executive (subject to confirmation by the County Board of Supervisors), three employee members elected by the employee participants, two members appointed by the County Board chairperson and one retiree-elected member.

	As of December 31	
Participants –	**2004**	**2003**
Retiree and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	**8,729**	**8,254**
Current employees –		
Vested	**3,673**	**4,107**
Non Vested	**1,307**	**1,358**
Total participants	**13,709**	**13,719**

Contributions –

The Retirement System is substantially noncontributory. However, participants meeting certain criteria have the option to contribute to membership accounts. In addition, the County contributes to membership accounts of most employee participants enrolled prior to 1971. Member account balances are as follows:

	As of December 31	
	2004	**2003**
Membership accounts –		
Participants and County contributed	**$ 7,458,574**	**$15,663,298**
Voluntary savings accounts	**1,002,973**	**882,918**

Contributions due from the County to the Retirement System consist of amounts sufficient to fund the annual normal cost and interest on and amortization of the unfunded or overfunded actuarial accrued liability. A substantial portion of the current year's contribution is paid to the Retirement System in the following year.

The County makes contributions to the Retirement System based upon actuarially determined contribution requirements, as well as additional contributions made at the discretion of the County Board. Actuarially determined contribution requirements are set during the County's budget process. The data available for the determination is based upon the prior fiscal year's demographics. The actuarially determined contribution requirements set during the budgeting process may differ from the annual required contribution (ARC) for the current period as a result of changes in the plan provisions implemented subsequent to approval of the County budget. During the year, the Retirement System accrues only those contributions that the County is statutorily required to pay. This consists of those contributions that were included in the County's current year's budget and any additional contributions that may have been committed at the discretion of the County Board. For 2004 and 2003, the County contribution recorded by the Retirement System was $1,894,974 and $8,738,267 greater than the ARC for 2004 and 2003, respectively.

Benefits –

The normal retirement benefit is a monthly pension for the life of the participant. For deputy sheriff participants with less than 30 years of service, the normal retirement age is 57. For all other participants the normal retirement age is 60, although some labor agreements require a minimum of 5 years creditable service at age 60. Active participants are also eligible to retire when their age added to their years of service equals 75. Several Union contracts require an employee to be a member prior to a stated date in order to qualify for the rule of 75. The normal retirement benefit payable to a participant whose membership began prior to

January 1, 1982, is equal to 2.5% for deputy sheriffs and elected officials, and 2% for all other participants, of the participant's three-year final average monthly salary, as defined in the Ordinance and labor agreements, multiplied by the number of years of credited service. The amount of normal retirement benefits payable for a participant whose membership began after January 1, 1982 is as follows: 2.5% for deputy sheriffs, deputy sheriff lieutenants, deputy sheriff ECPs and DA investigators hired before July 1, 1995; 2% for deputy sheriffs, deputy sheriff lieutenants, deputy sheriff ECPs and DA investigators hired after June 30, 1995; 2% for elected officials; 2% for firefighters and non-represented firefighters beginning January 1, 1999; and 1.5% for all other participants, of the participant's five-year final average monthly salary, as defined in the Ordinance and labor agreements, multiplied by the number of years of credited service. Each year after retirement, the amount of monthly benefit is increased by an amount equal to 2% of the benefit paid for the first full month of retirement. The maximum benefit, excluding any post-retirement increases, payable to a participant cannot exceed the sum of 80% of the participant's final average monthly salary.

As of January 1, 2001, certain plan changes became effective, except for represented deputy sheriffs. These changes are noted below:

- The County will pay the accrued sick allowance in full upon retirement for those participants hired prior to January 1, 1994. Previously, a member received both a cash payment from the County and pension service credit for a portion of the accrued sick allowance.
- A bonus of 7.5% per year, up to a maximum of 25%, is added to the Final Average Salary for those employees whose membership in the Employee's Retirement System began before January 1, 1982, or July 1, 1995 for a non-represented Deputy Sheriff.
- All service credit earned after January 1, 2001 will be credited with an additional .5% multiplier for those employees whose membership in the Employee's Retirement System began after December 31, 1981, or June 30, 1995 for a non-represented Deputy Sheriff. Also, for each year of pension service earned after January 1, 2001, eight (8) years of service earned prior to January 1, 2001 shall be credited with an additional .5% multiplier.
- A "back drop" payment option was established that would permit an employee to receive a lump-sum cash payment and a monthly pension benefit upon retirement. The lump-sum cash payment is the total of the monthly pension benefits, adjusted for COLA increases, that a member would be entitled to from a prior date (back drop date) to the date that the member terminates employment plus compounded interest. The back drop date must be at least one year prior to the termination date and the member must have been eligible to retire as of that date. The member will be entitled to a COLA adjusted monthly pension benefit based on the back drop date once the member terminates employment.

The following changes were made effective as of the stated dates:

- Effective March 15, 2002, the County will pay non-represented employees for the first 400 hours of accrued sick allowance and 16% of any sick allowance in excess of 400 hours. No pension service credit is added for this accrued sick allowance payout.
- Non-represented employees and elected officials hired on or after March 15, 2002 are not eligible to receive the drop back pension benefit.
- Individuals elected after March 15, 2002 are not eligible to receive the additional .5% pension benefit multiplier.
- Effective January 1, 2003, the pension benefit for employees who became members after December 31, 1981 shall be based upon a final average salary equal to the three highest consecutive years of earnings instead of the five highest consecutive years of earnings, except for represented sheriffs.

A participant who meets the requirements for an accidental or ordinary disability benefit is entitled to an amount equal to the normal retirement benefit, but not less than 60% of a participant's final average salary for accidental disability. Fifteen years of credited service is required to apply for ordinary disability.

A participant who is 55 years of age and has 15 years of credited service may elect to receive early reduced retirement benefits. The participant would be entitled to a benefit equal to the normal retirement benefit with a lifetime reduction of 5% for each year prior to the normal retirement date.

Effective January 1, 2001, a participant is vested upon attaining 5 years of creditable pension service. Most participants are immediately vested upon attaining age 60. A vested participant is eligible for a deferred pension beginning as of the member's normal retirement date.

Upon the death of an employee participant and usually after one year of service, which varies by labor agreement, a spouse with one dependent child, as defined in the Ordinance, will receive 40% of the deceased participant's salary, reduced by an amount equal to Social Security benefits payable to the spouse. An additional 10% of salary, reduced by Social Security benefits, is paid for each dependent child. The total benefit, if there are more than five eligible children, generally cannot exceed 90% of the prior salary level.

The total benefit includes Social Security benefits. Upon attaining age 60, the spouse will receive 50% of the normal retirement benefit based upon service projected to age 60 of the employee participant. If there is no spouse or child, the death benefit payable to a designated beneficiary is equal to 50% of the deceased participant's final average salary, but not to exceed $2,000. Deputy sheriffs are covered by special provisions if their death occurs as a result of an accident in actual performance of duty.

Currently, employee participants may choose between several options when retiring. The available options are:

- Maximum This option is a pension benefit that is payable over the life of the participant and ceases upon the participant's death;
- Membership Account Refund This option is an actuarially reduced pension benefit that ceases upon the death of the participant. This option, however, guarantees that the participant will receive the total balance in his/her Membership Account as of the retirement date. The Membership Account balance is reduced each month by an actuarial determined amount. Any balance remaining upon the participant's death will be paid to the participant's beneficiary. Generally, only participants hired prior to 1971 have a Membership Account and, therefore, are the only employees eligible for this option;
- 25% This option is a reduced pension benefit that is payable over the life of the participant. Upon the participant's death, 25% of the pension benefit is payable over the life of a named beneficiary, if living;
- 50% This option is a reduced pension benefit that is payable over the life of the participant. Upon the participant's death, 50% of the pension benefit is payable over the life of a named beneficiary, if living;
- 75% This option is a reduced pension benefit that is payable over the life of the participant. Upon the participant's death, 75% of the pension benefit is payable over the life of a named beneficiary, if living;
- 100% This option is a reduced pension benefit that is payable over the life of the participant. Upon the participant's death, 100% of the pension benefit is payable over the life of a named beneficiary, if living;
- 10-Year Certain This option is a reduced pension benefit payable over the life of the participant but is guaranteed for a period of 10-years, in the event that the participant should die within 10 years after the retirement date.
- Board Discretion This option is at the discretion of the Pension Board and is the payment of a benefit in a form other than those set forth above provided that payments in such other form shall be the actuarial equivalent of the benefit otherwise payable. An administrative charge is assessed for each calculation performed under this option.

Benefits of $161.4 million and $111.1 million were paid in 2004 and 2003, respectively, including periodic pension benefit payments of $110.4 million and $100.1 million and dropback lump-sum pension benefit payments of $51.0 million and $11.0 million in 2004 and 2003,respectively.

(2) Summary of Significant Accounting Policies:

Basis of Accounting –

The accompanying financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed and expenses are recorded when the corresponding liabilities are incurred.

Investments –

Investments, primarily stocks, bonds, certain government loans and mortgage-backed certificates, are stated at quoted fair value. Temporary cash investments are valued at cost, which approximates fair value. Investments in venture capital partnerships are valued at estimated fair value, as provided by the Retirement System's venture capital investment manager. Investment transactions are recorded on the trade date. Realized gains and losses are computed based on the average cost method.

A summary of investments at cost is as follows:

	As of December 31 2004	2003
Domestic common and preferred stocks	$ 474,813,617	$ 452,414,375
Corporate bonds	463,771,911	404,453,674
International common and preferred stocks	180,421,974	208,755,009
Federal agency and mortgage-backed certificates	56,360,389	115,272,505
International fixed income	34,777,186	48,115,527
US Government, State & Local obligations	26,631,073	32,033,442
Real estate investment trusts	37,949,837	33,390,468
Venture capital	26,387,224	24,376,514
Cash and cash equivalents	7,747,121	16,021,251
Total investments at cost	$1,308,860,332	$1,334,832,765

Valuation of International Securities –

Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts on the date of valuation. Purchases and sales of securities and income items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

Expenses –

Administrative expenses incurred by the County related to the Retirement System are payable by the Retirement System to the County. Such expenses totaled $1,053,714 and $1,052,422 in 2004 and 2003, respectively.

Use of Estimates –

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(3) Income taxes –

The Internal Revenue Service ruled on July 23, 2001, that the Plan was in compliance with Section 401(a) of the Internal Revenue Code (IRC), and, therefore, is a tax-qualified plan. The Retirement System has been subsequently amended. Management believes that the Plan continues to be in compliance with the IRC and maintains its tax-qualified status.

(4) Contributions Required and Contributions Made –

The Retirement System's funding policy provides for periodic County contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Payroll contribution rates are determined using the Aggregate Entry Age Normal method of funding. The Retirement System also uses the level percentage of payroll method to amortize the unfunded liability over a 30 year period in 2004. The significant actuarial assumptions used to compute the contribution requirements are the same as those used to compute the pension benefit obligation.

County contributions totaling $35,143,178 and $33,980,592 were recorded in 2004 and 2003, respectively. The 2004 and 2003 contributions were greater than the total actuarial required contribution using the Aggregate Entry Age Normal method of funding with normal cost computed as a level percentage of pay. See the Schedule of Employer Contributions in the Required Supplementary Information. The County's contributions to the Retirement System were 16.8% and 14.6% of annual covered payroll for 2004 and 2003, respectively.

Milwaukee County agreed to issue Pension Obligation bonds in early 2004 in the amount of $18.6 million to pay the unamortized contribution variances for 2001, 2002 and 2003. The $18.6 million is included in the 2003 County contributions of $33,980,592 for 2003.

The 2004 and 2003 contributions reflected in the accompanying statements were actuarially determined as of January 1, 2003 and 2002. These amounts, less the $18.6 million payment of the unamortized contributions variances, were included in the County's 2004 and 2003 budgets. The Retirement System as of December 31, 2004 and 2003 reflected the unpaid portion of the 2004 and 2003 contributions as a contribution receivable.

Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 8.5%, compounded annually in 2004 and 9.0% compounded annually in 2003, (b) projected salary increases averaging 5.5% per year compounded annually, attributed to inflation, seniority and merit, and (c) post-retirement benefit increases of 2.0% per year for both 2004 and 2003.

(5) Investments –

Investment Concentrations –

The Retirement System has the following investments (other than those issued or guaranteed by the U.S. Government) that represent 5 percent or more of the plan net assets at December 31, 2004:

- The Mellon Capital Management Employee Benefit Stock Index Fund of $108.088 million.
- The Mellon Capital Management Employee Benefit Aggregate Bond Index Fund of $205.319 million.
- The Mellon Capital Management Employee Benefit Large Cap Growth Stock Index Fund of $91.889 million.
- The GMO International Intrinsic Value Fund III of $106.633 million.

Cash –

The following table presents the Retirement System's total deposits as of December 31, 2004:

	Schedule of Cash (in thousands of dollars)	
	Carrying Value	Bank Balance
Deposits with banks	$2,666	$7,319
Money market deposits held at bank	5,148	5,148
Total Deposits	$7,814	$12,467

The difference between the carrying values and bank balances are due to outstanding checks and deposits not yet processed by the bank.

Other Investments –

The following table presents the total investments held at December 31, 2004, categorized to give an indication of the level of risk assumed by the Retirement System. Investments not evidenced by securities are not categorized. The categories for investments are:

1. Insured or registered securities, or securities held by the custodian in the Retirement System's name.
2. Uninsured and unregistered, with the securities held by the custodian, in the Retirement System's name.
3. Uninsured and unregistered, with the securities held by the custodian, but not in the Retirement System's name.

The Retirement System does not hold any Category 2 or 3 investments.

The Retirement System's deposits have been categorized to give an indication of the level of custodial credit risk assumed. This risk categorization does not reflect market risk. The categories are:

1. Insured or collateralized with securities held by the Retirement System or by its agent in the Retirement System's name
2. Collateralized with securities held by the pledging financial institution's trust department or agent in the Retirement System's name
3. Uncollateralized or collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the Retirement System's name.

The Retirement System does not hold any Category 2 or 3 deposits.

Schedule of Investments and Deposits by Custodial Credit Risk

	Total Fair Value
Investments - Category 1	
Domestic and preferred common stocks	$ 582,860,033
Corporate bonds	492,912,398
International common and preferred stocks	252,654,565
Federal agency and mortgage-backed certificates	57,105,842
Real estate investment trusts	53,745,674
International fixed income	42,389,765
US Government Obligations	26,517,994
TOTAL	$1,508,186,271
Investments - Not categorized	
Venture capital	$17,132,189
Deposits - Category 1	
Deposits	$ 7,813,683

Security Lending –

The Retirement System participates in a security lending program for the lending of corporate bonds, equity and government securities to qualified brokers. Collateral received for securities loaned consists primarily of cash. Other forms of collateral are letters of credit and government agency securities. Collateral for domestic issues is set at 102% of the fair value of the securities loaned at the time of the initial transaction. If the value falls to 100% of the fair value of the securities loaned, additional collateral is obtained to reestablish collateral at 102% of the fair value of the securities loaned. Collateral for international securities is maintained at a level of 105% of the fair value of securities loaned at all times. The net investment income earned on collateral is divided between the custodian, as a fee for its services under the program, and the Retirement System, according to agreed-upon rates. For 2004 and 2003, the net investment income realized from security lending was $290,787 and $ 290,059, respectively.

Securities loaned and the collateral held were as follows:

	As of December 31	
	2004	2003
Fair Value of Securities Loaned:	$111,029,752	$124,046,792
Fair Value of Collateral:	$114,405,849	$127,553,855
Percentage Collateral to Securities Loaned:	103.04%	102.83%

The collateral received from security lending transactions are recorded as assets at quoted fair value on the financial statement date. The Retirement System records an identical amount as a liability, representing the obligation of the Retirement System to return the collateral at the time the borrower of the Retirement System's securities returns those securities.

The collateral received from securities lending transactions includes cash of $111,140,331 and $123,308,997 and U.S. Treasury securities of $3,265,518 and $ 4,244,858 for the years ended December 31, 2004 and 2003, respectively. Under the terms of the securities lending agreement, the Retirement System has the right to sell or pledge the cash collateral. Non-cash collateral in the amount of $3,265,518 and $4,244,858 for years ended December 31, 2004 and 2003, respectively, is controlled by the custodian and, correspondingly, is not reflected in the Statement of the Plan Net Assets Available for Plan Benefits.

(6) Financial Instruments With Off-Balance Sheet Risks –

A currency forward is a contractual agreement between two parties to pay or receive amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. Forward commitments are entered into with the foreign exchange department of a bank located in a major money market. These transactions are entered into in order to hedge risks from exposure to foreign currency rate

fluctuations. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the Retirement System records the amount receivable or payable at fair value, with the unrealized gain or loss reported as a component of net appreciation in fair value.

Unrealized losses on forward foreign exchange contracts at year-end were $51,362 and $57,618 for 2004 and 2003, respectively. At year-end, the Retirement System holds forward foreign exchange contracts in the Euro-currency, Japanese yen and Swiss francs, primarily.

(7) Commitments and Contingencies –

The Retirement System is involved in litigation and certain other disputes arising during the normal course of operations. Management does not believe the settlement of such matters will have a material impact on the Retirement System's financial statements.

(8) OBRA 1990 Retirement System of the County of Milwaukee –

The County established the OBRA 1990 Retirement System of the County of Milwaukee (OBRA) to cover seasonal and certain temporary employees who are not enrolled in the Retirement System. Assets of the OBRA are commingled for investment purposes with the assets of the Retirement System. As the assets of the Retirement System are legally available to pay benefits of either the ERS or OBRA and all assets have been commingled, the Retirement System is considered a single plan for financial reporting purposes. Net assets identified for OBRA benefits as of December 31, 2004 and 2003, were as follows:

	(Unaudited)	
	2004	**2003**
Cash	**$ 32,871**	**$ 302**
Contributions receivable from County	**348,000**	**279,727**
Assets held by Retirement System	**563,102**	**509,661**
Net assets available for benefits	**$943,973**	**$789,690**

Changes in net assets available for benefits for OBRA for the years ended December 31, 2004 and 2003, were as follows:

	(Unaudited)	
	2004	**2003**
Contributions from County	**$348,000**	**$279,727**
Investment income	**87,400**	**139,200**
Investment and administrative expenses	**(238,648)**	**(178,462)**
Benefits paid	**(42,469)**	**(124,907)**
Net increase in assets available for benefits	**$154,283**	**$115,558**

As of December 31, 2004 and 2003, respectively, there were 9,091 and 8,685 participants with vested benefits in OBRA. The actuarial accrued liability of OBRA at December 31, 2004 and 2003, was $2,871,834 and $2,535,291 , respectively, leaving net assets available less than the actuarial accrued liability of ($1,927,861) and ($1,745,601), respectively. These amounts are not reflected in the required supplementary information tables that follow the notes to the financial statements.

Required Supplementary Information

Schedule of Funding Progress
(in thousands of dollars)

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability– AAL (b)	Funded ratio (a/b)	(Overfunded) Unfunded AAL– UAAL (b-a)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
1/1/05	1,424,918	1,782,884	79.9%	357,966	209,796	170.6%
1/1/04	1,446,726	1,707,999	84.7%	261,273	233,478	111.9%
1/1/03	1,446,860	1,542,045	93.8%	95,185	234,679	40.6%
1/1/02	1,620,157	1,492,072	108.6%	(128,085)*	238,387	(53.7%)**
1/1/01	1,670,601	1,499,261	111.4%	(171,340)*	238,195	(71.9%)**
1/1/00	1,622,710	1,336,573	121.4%	(286,137)*	230,324	(124.2%)**

* These amounts represent actuarial value of assets in excess of actuarial accrued liabilities.

** These percentages represent the amount of overfunded actuarial assets as a percentage of payroll.

Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded (overfunded) actuarial accrued liability in isolation can be misleading. Expressing plan net assets as a percentage of the actuarial accrued liability provides one indication of the Retirement System's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Retirement System. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids the analysis of the Retirement System's progress in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, or the larger the percentage, if negative, the stronger the Retirement System.

Schedule of Employer Contributions for the Year Ended December 31,

Fiscal Year	Annual Required Contribution (ARC)	Percentage Contributed
2004	33,248,204	105.7%
2003	25,242,325	134.6%
2002	8,528,477	30.3%
2001	8,586,443	30.8%
2000	629,279	100.0%
1999	2,756,636	100.0%

*

Notes to Required Supplementary Information

(1) Description –

The historical trend information is presented as required supplementary information. This information is intended to help users assess the Retirement System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

(2) Actuarial Assumptions and Methods –

The information presented in the required supplementary schedules was determined as part of the actuarial valuations as of January 1, 2005, for the plan year ending December 31, 2004. The actuarial valuations consider the changes effective January 1, 2005. Additional information as of the latest actuarial valuation follows:

Valuation date	1/1/05
Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level percent of payroll, open
Remaining amortization period	30 years
Asset valuation method	5-year smoothing of difference between total expected return versus actual return
Actuarial Assumptions:	
Investment rate of return	8.5%
Projected salary increases	5.5%
Mortality	RP 2000 Mortality Table

(3) Significant Factors Affecting Trends in Actuarial Information –

2005 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- None

2004 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Decrease in discount rate to 8.5%.
- The amortization period for plan amendments, assumption changes and actuarial experience was changed from 20 years to 30 years. Future plan and assumption changes, as well as, actuarial gains and losses will be amortized over 30 years from the date established.

2003 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Beginning January 1, 2003, the pension benefit is based upon a final average salary equal to the three highest consecutive years of earnings for employees who became members of the Retirement System after December 31, 1981, except for represented deputy sheriff members.
- Assumption that 50 percent of eligible retirees will elect to receive both a backdrop payment option of 4 years and a monthly pension benefit upon retirement.

2002 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Increase in annual compensation limit to $200,000.
- Increase in maximum annual benefit limit to $160,000.
- Increase in discount rate to 9.0%.
- For purposes of computing the ARC by the County, the unfunded actuarial accrued liability of $(128,085,000) will be reamortized over a 20-year period ending December, 2020. The unfunded actuarial liability, as of January 1, 1996, was being amortized over a 40-year period ending December, 2035. Plan and assumption changes, as well as, actuarial gains and losses since January 1, 1996, were also being amortized through December, 2035. Effective January 1, 2002, future plan and assumption changes, as well as, actuarial gains and losses will be amortized over 20 years.

2001 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Increase in maximum annual benefit limit to $140,000.
- Except for represented deputy sheriff members, vesting was changed from ten years to five years for those hired after December 31, 1981.
- Except for represented deputy sheriff members, the accrued sick allowance will be paid in full by the County of Milwaukee upon retirement for those hired prior to January 1, 1994. Previously, a member received both a cash payment and pension service credit for a portion of the accrued sick allowance.
- Except for represented deputy sheriff members, those employees whose membership in the Employees' Retirement System began before January 1, 1982, or for a nonrepresented Deputy Sheriff, July 1, 1995, will receive a bonus added to their final average salary of 7.5% for each year of service credit earned after January 1, 2001 up to a maximum bonus of 25% of final average salary.
- Except for represented deputy sheriff members, those employees whose membership in the Employees' Retirement System began after December 31, 1981, or for a nonrepresented Deputy Sheriff, June 30, 1995, will have all service credited after January 1, 2001 with a 2% multiplier. Also, for each year of pension service earned after January 1, 2001, eight (8) years of service earned prior to January 1, 2001 will be credited with an additional .5% multiplier.
- Except for represented deputy sheriff members, a "back drop" payment option was established that will permit an employee to receive a lump-sum cash payment and a monthly pension benefit upon retirement. The lump-sum cash payment is the total of the monthly pension benefits, adjusted for COLA increases, that a member will be entitled to from a prior date (back drop date) to the date that the member terminates employment plus interest compounded monthly. The back drop date must be at least one year prior to the termination date and the member must be eligible to retire as of that date. The member will be entitled to a COLA adjusted monthly pension benefit as if the member had retired on the back drop date.
- Assumption that 25 percent of eligible retirees will elect to receive both a backdrop payment option of 3 years and a monthly pension benefit upon retirement.

2000 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Increase in annual compensation limit to $170,000.
- Increase in maximum annual benefit limit to $135,000.
- Formula increased for Firefighters, DA Investigators and Nonrepresented Deputy Sheriffs.
- Revised mortality assumptions.

1999 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Salary Scale and Retirement Rates Assumptions were changed.

TEN-YEAR HISTORICAL TREND INFORMATION

REVENUES BY SOURCE AND EXPENSES BY TYPE
(Unaudited)

Revenues by Source

Fiscal Year	Participant Contributions	County Contributions*	Investment Income (Loss)**	Total
2004	$711,322	$35,143,178	$188,633,703	$224,488,203
2003	704,758	33,980,592	292,669,096	327,354,446
2002	436,682	2,579,984	(78,508,968)	(75,492,302)
2001	265,567	2,646,523	(28,309,035)	(25,396,945)
2000	180,729	629,279	(14,726,721)	(13,916,713)
1999	140,834	2,756,636	243,675,430	246,572,900
1998	156,915	10,816,807	120,415,049	131,388,771
1997	130,253	12,942,084	256,829,536	269,901,873
1996	176,722	18,442,468	161,746,888	180,366,078
1995	314,544	20,309,361	275,737,913	296,361,818

Expenses by Type

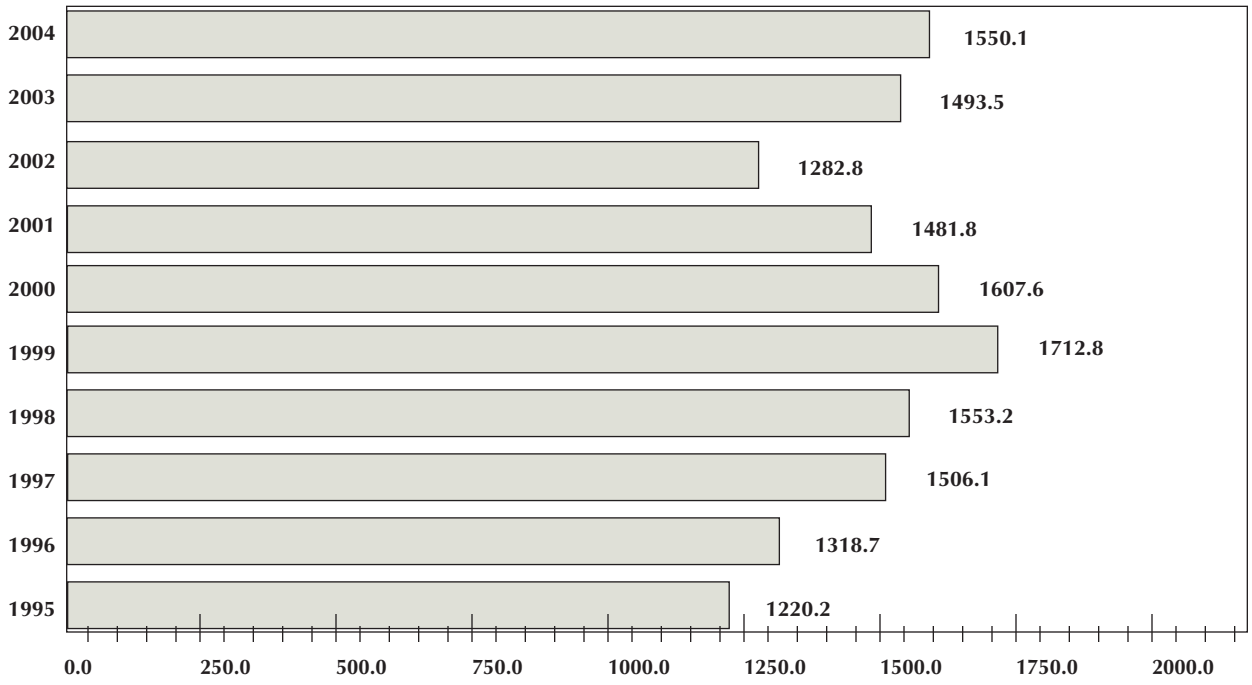
Fiscal Year	Benefits***	Investment and Administrative Expenses	Withdrawals	Total
2004	$161,368,700	$6,302,951	$154,522	$167,826,173
2003	111,109,514	5,662,380	12,999	116,784,893
2002	118,078,160	5,301,678	30,230	123,410,068
2001	94,842,239	5,389,064	233,732	100,465,035
2000	85,664,789	5,320,195	257,600	91,242,584
1999	82,022,948	4,966,393	16,866	87,006,207
1998	79,261,523	4,913,214	50,504	84,225,241
1997	77,831,307	4,651,792	53,967	82,537,066
1996	76,921,047	4,605,169	115,956	81,642,172
1995	61,333,535	3,825,400	123,464	65,282,399

*Contributions were made based upon actuarially determined contribution requirements, as well as additional contributions made at the discretion of the County Board.

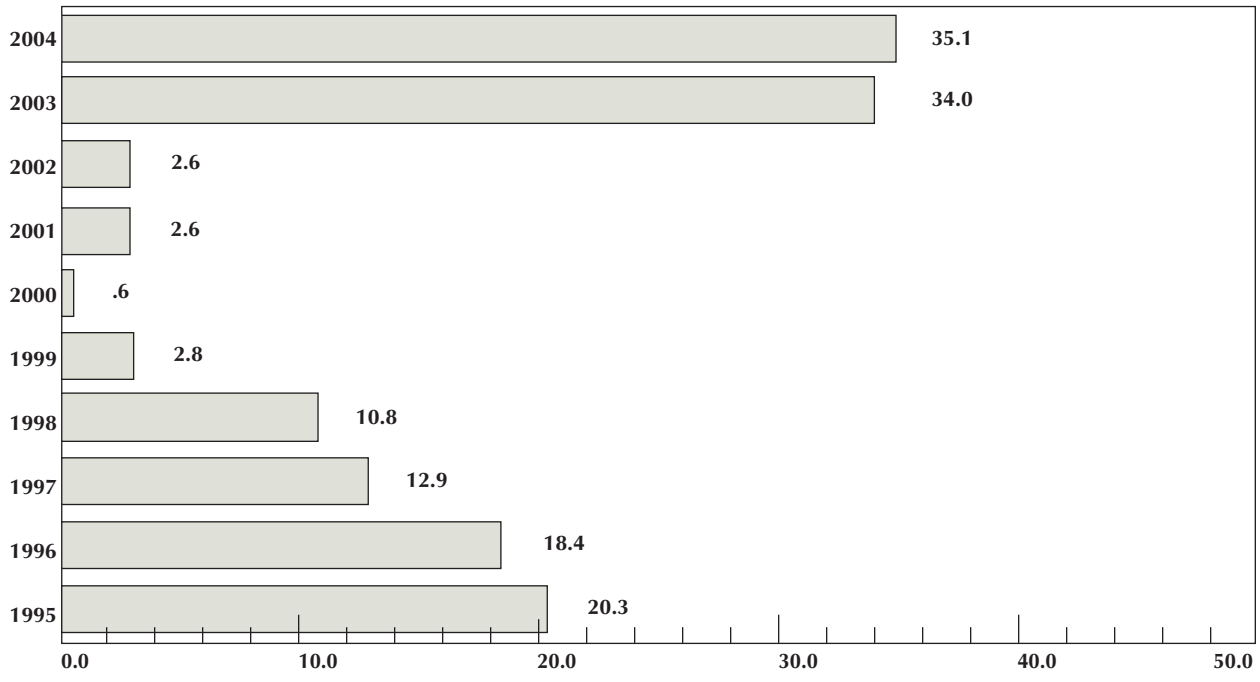
**Includes interest and dividends, net appreciation (depreciation) of fair value, net security lending income, and other income.

***Included in the benefits for years 2003 and 2002 are drop-back lump-sum payments in the amount of $11.0 million and $23.1 million, respectively.

NET FUND ASSETS
FAIR VALUES 2004-1995
(in millions of dollars)
(unaudited)



ACTUAL COUNTY CONTRIBUTIONS
(in millions of dollars)
(unaudited)



ACTIVE MEMBERSHIP STATISTICS (Unaudited)

	2004
Members as of January 1	**7,047***
Changes During the Year:	
New enrollments	**329**
Transferred to nonvested inactive	**(135)**
Retirements	**(747)**
Withdrawals	**(16)**
Deaths in active service	**(18)**
Members as of December 31	**6,460***

**This total includes vested inactive members.*

RETIREMENTS AND SURVIVORS (Unaudited)

	Retirements Granted								Survivors & Beneficiaries	Total
	Maximum Pension	Option								
		Refund	100%	75%	50%	25%	10-yr.	Other		
January 1, 2004	2,475	805	1,049	82	1,209	151	60	30	837	6,698
Changes During the Year:										
Retirements	334	12	151	67	75	72	22	9	5	747
Pensioner deaths	(133)	(55)	(33)	(3)	(51)	-	(1)	-	14	(262)
December 31, 2004	2,676	762	1,167	146	1,233	223	81	39	856	7,183

CONSULTANTS

as of December 31, 2004

Legal Advisors:

Milwaukee County
Corporation Counsel
William Domina

Reinhart, Boerner, Van Deuren s.c.
Milwaukee, Wisconsin

Foley & Lardner
Milwaukee, Wisconsin

Gonzalez, Saggio & Harlan L.L.P.
Milwaukee, Wisconsin

Actuary:

William M. Mercer, Inc.
Milwaukee, Wisconsin

Disbursing Agent:

County Treasurer

Custodian/Securities Agent:

Mellon Trust
Boston, Massachusetts

Medical Board:

Medical Associates

Investment Consultant:

William M. Mercer
Investment Consulting, Inc.
Chicago, Illinois

Cash Management Manager:

Mellon Trust
Boston, Massachusetts

Standish Mellon Asset Management
Woburn, Massachusetts

Venture Capital Investment Managers:

Adams Street Partners
Chicago, Illinois

Progress Investment Management Co.
San Francisco, California

Equity Investment Managers:

Ariel Capital Management Group, Inc.
Chicago, Illinois

Artisan Partners
Milwaukee, Wisconsin

Boston Partners Asset Management, Inc.
Boston, Massachusetts

Mellon Capital Management
Pittsburgh, Pennsylvania

US Bancorp Piper Jaffray Asset Management
Minneapolis, Minnesota

Westfield Capital Management Co., Inc.
Boston, Massachusetts

Fixed Income Investment Managers:

Loomis, Sayles & Company, Inc.
Boston, Massachusetts

Mellon Capital Management
Pittsburgh, Pennsylvania

NCM Capital Management Group, Inc.
Durham, North Carolina

Strong Capital Management
Milwaukee, Wisconsin

International Investment Managers:

Capital Guardian Trust Company
Brea, California

Granthum, Mayo, Van Otterloo & Co.
Boston, Massachusetts

Real Estate Investment Trusts Manager:

ING Clarion Real Estate Securities
Radnor, Pennsylvania

Milwaukee County
Employees' Retirement System
Courthouse, Room 210-C
901 N. 9th Street
Milwaukee, Wisconsin 53233

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June 2004

Actuarial Valuation Reports

County of Milwaukee

MERCER

Human Resource Consulting

MMC Marsh & McLennan Companies

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June 2004

Employees' Retirement System of the County of Milwaukee

Actuarial Valuation Report as of January 1, 2004 for the Plan Year and Fiscal Year Ending December 31, 2004

MERCER

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Highlights

This report has been prepared by Mercer Human Resource Consulting on behalf of plan participants by the County of Milwaukee (the "Plan Sponsor") to:

- Determine the funding calculation under the Employees' Retirement System of the County of Milwaukee (the "Plan") for the plan and fiscal year ending December 31, 2004;
- Present the results of a valuation of the Plan as of January 1, 2004; and
- Review experience under the Plan for the year ended December 31, 2003.

The following table summarizes important contribution information.

	Plan Year Ending	
Contributions	**December 31, 2004**	**December 31, 2003**
Funding Calculation	$ 33,248,204	$ 25,242,325
Percentage of Payroll	14.24%	9.30%

This amount will pay the normal cost for the year and amortize the unfunded actuarial accrued liability as a level percentage of pay over the next 30 years. The results incorporate a $18,627,012 contribution to the fund in May 2004 as a receivable for the 2003 plan year. As directed by Milwaukee County, this contribution was designated to fully pay contribution variance bases that had been established over the previous three years.

Variance Year	Date Base Created	Outstanding Amount on 12/31/2003	Contribution	Remaining Outstanding Amount
2001	1/1/2002	$3,864,370	$3,864,370	$0
2002	1/1/2003	4,938,317	4,938,317	0
2003	1/1/2004*	9,873,007	9,824,325	48,682
	Total	$18,675,694	$18,627,012	$48,682

* *Base not fully paid because the allocated contribution was based on the estimated contribution requirement. The final requirement was not known when the contribution allocation was determined.*

Following Year's Budget Contribution

The 2005 budget contribution is $37,783,000. It is estimated that $313,000 will be contributed on a biweekly basis and the lump sum due is $37,470,000.

The total funding calculation for 2004 is $33,248,204. Of this amount, it is estimated $338,813 will be contributed on a bi-weekly basis (including interest on the contributions). For 2005 budget purposes, it is assumed the remaining $32,909,391 will be contributed on a lump-sum basis in 2005 as a receivable for the 2004 plan year.

Summary of Principal Valuation Results

A summary of principal valuation results from the current valuation and the prior valuation follows. Any changes in actuarial assumptions, methods, or plan provisions between the two valuations are described after the summary.

	Actuarial Valuation as of	
	January 1, 2004	**January 1, 2003**
Funding Valuation		
Market Value of Assets	$ 1,493,450,359	$ 1,282,880,806
Actuarial Value of Assets	1,446,725,776	1,446,860,024
Actuarial Accrued Liability	1,707,998,621	1,542,044,756
Funded Ratio	84.70%	93.83%
Unfunded Actuarial Accrued Liability	261,272,845	95,184,732
Normal Cost	$ 18,568,117	$ 17,176,791
Percentage of Payroll	7.97%	7.32%
Participant Data		
Number of Participants in Valuation		
Active Participants	5,465	5,793
Participants with Deferred Benefits	1,559	1,525
Participants Receiving Benefits	6,695	6,637
Total	**13,719**	**13,955**
Membership Payroll*	$ 233,477,631	$ 234,679,129

The liability measures shown above are developed throughout the report.

**Prior-year earnings increased by the salary assumption.*

Changes

The Pension Board adopted the following changes effective January 1, 2004:

Assumption/Method	Change
Mortality	Changed from UP 1994 to RP 2000
Salary Scale Rates	Adjusted for general employees; lowered 1.5% for deputy sheriffs
Withdrawal Rates	Increased for general employees with less than five years of service; lowered for general employees with greater than five years of service; adjusted for deputy sheriffs
Retirement Rates	Increased for general employees prior to age 58; lowered for general employees from age 62-65; increased for deputy sheriffs prior to age 55
Asset Smoothing Method	Changed from smoothing unrealized gains/losses to smoothing difference between total expected return vs. actual return beginning January 1, 2004 (change is phased in over five-year period
Investment Return Assumption	Lowered from 9% to 8.5%
Amortization Method	Changed amortization period for plan amendments, assumption changes and actuarial experience from 20 years to 30 years. The outstanding balances of such existing bases were re-amortized over 30 years from January 1, 2004. New bases will be amortized over 30 years from the date established. For 2004 budget purposes, all existing bases were established over 30 years. However, the final policy adopted (and incorporated in the 2004 results shown in this report) maintained the amortization periods for reimbursable expenses and contribution variances remain at 10 and 5 years respectively.

The changes were reflected in the 2004 budget calculation. See the 2003 Actuarial Report for the financial impact of these changes.

Certification

We have prepared an actuarial valuation of the Employees' Retirement System for the County of Milwaukee as of January 1, 2004 for the plan year ending December 31, 2004. The results of the valuation are set forth in this report, which reflects the provisions of the Plan effective December 24, 1967, incorporating subsequent amendments.

The valuation is based on employee and financial data which were provided by the County of Milwaukee and which are summarized in this report.

All costs, liabilities and other factors under the Plan were determined in accordance with generally accepted actuarial principles and procedures. In our opinion, the actuarial assumptions selected by the Pension Board are reasonable estimates of the anticipated experience under the Plan. This report fully and fairly discloses the actuarial position of the Plan on an ongoing basis.

This report has been prepared exclusively for the County of Milwaukee to determine a contribution budget for the Employees' Retirement System of the County of Milwaukee and to provide the plan's accountants with the funded status of the plan. Mercer Human Resource Consulting is not responsible for any consequences arising from the use of this report for any other purpose.

We are available to answer any questions on the material contained in the report, or to provide explanations or further details as may be appropriate. The undersigned credentialed actuaries meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained within this report.

Dennis A. Skelly — Date: June 2, 2004

Dennis A. Skelly
Associate, Society of Actuaries
Enrolled Actuary No. 02-3209

Glenn W. Soderstrom — Date: June 2, 2004

Glenn W. Soderstrom
Fellow, Society of Actuaries
Enrolled Actuary No. 02-2873

Mercer Human Resource Consulting
411 E. Wisconsin Ave., Suite 1500
Milwaukee, WI 53202
(414) 223-4200

Section 1: Funding Results

Section 1.1 The unfunded actuarial accrued liability as of the valuation date.

Section 1.2 A development of the actuarial gain or loss during the year.

Section 1.3 The normal cost as of the valuation date.

Section 1.4 The determination of the contribution recommendations, including the actual and budgeted contributions.

Section 1.5 The actuarial present value of accrued benefits as of the valuation date.

Section 1.1

Unfunded Actuarial Accrued Liability

The actuarial accrued liability is the present value of projected plan benefits allocated to past service by the actuarial funding method being used.

	January 1, 2004	January 1, 2003
1. Actuarial Accrued Liability		
a. Active Participants		
Retirement Benefits	$ 596,083,376	$ 534,229,777
Withdrawal Benefits	12,412,951	10,591,217
Disability Benefits	36,342,560	30,477,216
Death Benefits	2,441,486	2,798,880
Total	647,280,373	578,097,090
b. Participants with Deferred Benefits	61,467,997	54,652,334
c. Participants Receiving Benefits	999,250,251	909,295,332
d. Actuarial Accrued Liability *(a. + b. + c.)*	1,707,998,621	1,542,044,756
2. Actuarial Value of Assets	1,446,725,776	1,446,860,024
3. Unfunded Actuarial Accrued Liability *(1.d. – 2.)*	**$ 261,272,845**	**$ 95,184,732**

Actuarial Gain/(Loss)

The actuarial gain/(loss) is comprised of both the liability gain/(loss) and the actuarial asset gain/(loss). Each of these represents the difference between the expected and actual values as of January 1, 2004.

1. Expected Actuarial Accrued Liability		
a. Actuarial Accrued Liability at January 1, 2003	$	1,542,044,756
b. Normal Cost at January 1, 2003		17,176,791
c. Interest on *a.* + *b.* to End of Year		140,329,939
d. Benefit Payments for Plan Year Ending December 31, 2003, with Interest to End of Year		116,109,442
e. Expected Actuarial Accrued Liability Before Change *(a. + b. + c. – d.)*		1,583,442,044
f. Change in Actuarial Accrued Liability at January 1, 2004, Due to Change in Plan Provisions and Actuarial Assumptions		100,382,053
g. Expected Actuarial Accrued Liability at January 1, 2004 *(e. + f.)*		1,683,824,097
2. Actuarial Accrued Liability at January 1, 2004		1,707,998,621
3. Liability Gain/(Loss) *(1.g. – 2.)*		(24,174,524)
4. Expected Actuarial Value of Assets		
a. Actuarial Value of Assets at January 1, 2003		1,446,860,024
b. Interest on *a.* to End of Year		130,217,402
c. Contributions Made for Plan Year Ending December 31, 2003		33,980,592
d. Interest on *c.* to End of Year		15,738
e. Benefit Payments for Plan Year Ending December 31, 2004 with Interest to End of Year		116,109,442
f. Expense Reimbursed from Trust to the County		1,052,422
g. Expected Actuarial Value of Assets January 1, 2004 *(a. + b. + c. + d. – e – f.)*		1,493,911,892
5. Actuarial Value of Assets as of January 1, 2004		1,446,725,776
6. Actuarial Asset Gain/(Loss) *(5. – 4.g.)*		(47,186,116)
7. Actuarial Gain/(Loss) *(3. + 6.)*	**$**	**(71,360,640)**

Section 1.3

Normal Cost

	January 1, 2004	January 1, 2003
1. Present Value of Projected Benefits		
a. Active Participants		
Retirement Benefits	$ 710,539,607	$ 646,676,826
Withdrawal Benefits	31,152,675	27,255,861
Disability Benefits	46,536,052	39,239,476
Death Benefits	3,955,415	4,625,786
Total	792,183,749	717,797,949
b. Participants with Deferred Benefits	61,467,997	54,652,334
c. Participants Receiving Benefits	999,250,251	909,295,332
d. Total	1,852,901,997	1,681,745,615
2. Actuarial Value of Assets	1,446,725,776	1,446,860,024
3. Unfunded Actuarial Accrued Liability	261,272,845	95,184,732
4. Present Value of Future Normal Costs *(1.d. – 2. – 3.)*	144,903,376	139,700,859
5. Present Value of Future Salaries	1,818,939,516	1,905,119,382
6. Normal Cost Rate *(4. ÷ 5.)*	7.966%	7.333%
7. Expected Salaries*	233,092,107	234,239,620
8. Normal Cost *(6. × 7.)*	**$ 18,568,117**	**$ 17,176,791**

* *Prior-year earnings increased by the salary assumption and limited by the IRS compensation limit for those under the mandatory retirement age.*

Section 1.4

Contributions

The County of Milwaukee has adopted the policy developed below for funding purposes and abides the requirements of GASB Nos. 25 and 27 for pension expenses. The County's policy and the amounts required for the plan year ending December 31, 2004 are shown below.

A. Actual Funding Calculation

The actual funding calculation consists of the amortization of the unfunded actuarial liability plus the normal cost.

1. Net Annual Amortizations *(SECTION 1.4D)*	$	13,101,797
2. a. Normal Cost		18,568,117
b. Interest to December 31, 2004		1,578,290
c. Normal Cost with Interest		20,146,407
3. Total Funding Calculation, End-of-Year Basis *(1. + 2c., not less than zero)*	$	33,248,204

B. Funding Budget Policy

	Plan Year Ending	
	December 31, 2005	December 31, 2004
1. Net Annual Amortizations	$ 16,529,000	$ 18,585,000
2. a. Normal Cost	19,589,000	19,832,000
b. Interest	1,665,000	1,685,000
c. Normal Cost with Interest	21,254,000	21,517,000
3. Total Funding Budget Policy, End-of-Year Basis *(1. + 2.c., not less than zero)*	$ 37,783,000	$ 40,102,000

C. Projected Lump-Sum Contribution for Year

	Plan Year Ending	
	December 31, 2005	December 31, 2004
1. Total Funding Policy Budget	$ 37,783,000	$ 40,102,000
2. a. Estimated Biweekly Contributions	300,000	400,000
b. Interest	13,000	17,000
c. Biweekly Contribution with Interest	313,000	417,000
3. Net Funding Policy Budget *(1. - 2.c., not less than zero)*	$ 37,470,000	$ 39,685,000

Section 1.4

D. Amortization Schedule for Funding Calculation

Annual amortization payments of the reestablished unfunded actuarial accrued liability and changes to the unfunded actuarial accrued liability arising from plan changes, assumption changes and actuarial gains/losses are amortized as a level percentage of payroll, assuming payroll growth of 5.5% per year over a 30-year period. Expenses paid by the Trust and reimbursed by the County are amortized on a level dollar basis over 10 years. The variance between the actual amount contributed for the year and the contribution for the year to maintain the funding schedule is amortized on a level dollar basis over five years.

	Amortization Period			Balances		
Charges	**Date Created**	**Initial Years**	**Last Payment**	**Initial**	**Outstanding**	**Payment**
Expense	1/1/1997	10	2006	$ 689,121	$ 269,342	$ 105,458
Expense	1/1/1998	10	2007	739,537	370,661	113,158
Expense	1/1/1999	10	2008	710,319	428,244	108,674
Expense	1/1/2000	10	2009	655,908	456,893	100,337
Expense	1/1/2001	10	2010	799,202	625,696	122,242
Expense	1/1/2002	10	2011	780,362	673,012	119,346
Expense	1/1/2003	10	2012	1,017,500	950,528	155,339
Expense	1/1/2004	10	2013	1,052,422	1,052,422	160,397
Variance	1/1/2004	5	2008	48,682	48,682	12,354
Reestablished unfunded	1/1/2004	30	2033	257,960,162	257,960,162	13,605,564
Total					**$ 262,835,642**	**$ 14,602,869**

	Amortization Period			Balances		
Credits	**Date Created**	**Initial Years**	**Last Payment**	**Initial**	**Outstanding**	**Payment**
Variance	1/1/2000	5	2004	5,061,294	$ 1,188,913	1,289,971
Variance	1/1/2001	5	2005	828,375	373,884	211,101
Total					**$ 1,562,797**	**$ 1,501,072**
Net Amount					**$ 261,272,845**	**$ 13,101,797**

Section 1.4

E. Reconciliation of Budget Contributions

1. Preliminary 2004 Funding Budget		$	**44,354,000**
a. Change in amortization period to 30 years	(4,252,000)		
2. 2004 Funding Budget		$	**40,102,000**
a. Assets Loss (Gain)	(1,340,000)		
b. Additional contribution to pay off contribution variances	(5,514,000)		
3. 2004 Actual Funding Calculation		$	**33,248,000**
a. Expected increase in normal cost and amortization payment	1,856,000		
b. Recognition of previous asset losses	1,252,000		
c. Amortization of 2004 expenses	137,000		
d. Full recognition of 1999 contribution variance	1,290,000		
4. 2005 Funding Budget		$	**37,783,000**

Section 1.5

GASB Nos. 25 and 27 Disclosure

A. Equivalent Single Amortization Period

Shown below is the derivation of the equivalent single amortization period of the unfunded calculated in accordance with GASB Statement Nos. 25 and 27. The maximum allowable amortization period is 40 years (30 years effective January 1, 2007).

	January 1, 2004	January 1, 2003
1. Covered Payroll	$ 233,477,631	$ 234,679,129
2. Unfunded Amount	261,272,845	95,184,732
3. Amortization Payment	13,101,797	6,519,623
4. Payment as a Level Percentage of payroll *(3 ÷ 1)*	5.61%	2.78%
5. Weighted Average Amortization Factor *(2 ÷ 3)*	19.94	14.60
6. Equivalent Single Amortization Period (Nearest Whole Year)	33	22

B. Net Pension Obligation

The Net Pension Obligation is derived as detailed in Section 1.4A.

	January 1, 2004	January 1, 2003
1. Net Pension Obligation at End-of-Year	$ 33,248,204	$ 25,242,325

C. History of Liability and Assets

Shown below is the supplemental schedule required by government accounting standards.

Schedule of Funding Progress (in thousands of dollars)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Funded Ratio (a/b)	Unfunded Actuarial Accrued Liabilty (b – a)	Covered Payroll (c)	Unfunded as a Percentage of Covered Payroll {(b-a)/c}
12/31/2003	$ 1,446,726	$ 1,707,999	84.7%	$ 261,273	$ 233,478	111.9%
12/31/2002	1,446,860	1,542,045	93.8%	95,185	234,679	40.6%
12/31/2001	1,620,157	1,492,072	108.6%	(128,085)	238,387	(53.7)%
12/31/2000	1,670,601	1,499,261	111.4%	(171,340)	238,195	(71.9)%
12/31/1999	1,622,710	1,336,574	121.4%	(286,136)	230,324	(124.2)%
12/31/1998	1,562,824	1,211,563	129.0%	(351,261)	215,091	(163.3)%

Section 2

Plan Assets

This section presents information regarding plan assets as reported by the plan administrator. The plan assets represent the portion of total plan liabilities which has been funded as of the valuation date.

Section 2.1 Summary of Assets.

Section 2.2 Reconciliation of Assets.

Section 2.3 Actuarial Value of Assets.

Section 2.4 Contributions for Prior Plan Year.

Section 2.1

Summary of Assets

Asset Category	Market Value as of December 31, 2003
1. Cash and Equivalents	$ 16,063,243
2. General Investments	
▪ Domestic Common and Preferred Stock	524,452,350
▪ International Common and Preferred Stock	259,425,610
▪ Federal Agency and Mortgage – Backed Certificates	118,199,573
▪ U.S. Government and State Obligations	32,076,653
▪ Corporate Bonds	427,646,125
▪ International Fixed Income	56,293,343
▪ Real Estate Investment Trusts	42,645,333
▪ Venture Capital	14,263,615
3. Net Receivables (Payables)	(32,035,727)
4. Payable to OBRA Pension Plan	789,388
5. Net Assets in the Trust *(1. + 2. + 3. – 4.)*	1,459,819,506
6. Contributions Receivable	33,630,853
7. Net Assets Available for Benefits *(5. + 6.)*	**$ 1,493,450,359**

Section 2.2

Reconciliation of Assets

Transactions		January 1, 2003 to January 1, 2004
Income		
1. Contributions Received or Receivable		
▪ County of Milwaukee	$	33,980,592
▪ Plan Participants		704,758
2. Investment Earnings		
▪ Unrealized Gains/(Losses)		213,416,011
▪ Realized Gains/(Losses)		30,971,699
▪ Interest and Dividends		47,403,322
▪ Security Lending Income		1,479,342
▪ Security Lending Rebates & Fees		(1,189,283)
▪ Investment Expense		(3,797,072)
3. Other Income		588,005
4. Total Income	**$**	**323,557,374**
Disbursements		
5. Benefit Payments	$	111,122,513
6. Administrative Expenses		1,865,308
7. Total Disbursements		**112,987,821**
8. Net Income *(4. – 7.)*		**210,569,553**
9. Net Assets at Beginning of Year		1,282,880,806
10. Net Assets at End of Year *(8. + 9.)*	**$**	**1,493,450,359**

Section 2.3

Actuarial Value of Assets

1.	Market Value of Assets, December 31, 2003		$ 1,493,450,359
2.	Less 80% of Unrealized Gains and Losses in 2003:	$ 213,416,041	170,732,809
3.	Less 60% of Unrealized Gains and Losses in 2002:	$ (80,542,034)	(48,325,220)
4.	Less 40% of Unrealized Gains and Losses in 2001:	$ (107,408,692)	(42,963,477)
5.	Less 20% of Unrealized Gains and Losses in 2000:	$ (163,597,647)	(32,719,529)
6.	Actuarial Value of Assets, December 31, 2003 *(1. – 2. – 3. – 4. – 5.)*		**$ 1,446,725,776**

			Estimated Rate of Return		
As of	Market Value	Actuarial Asset Value	Market	Actuarial	Assumed Rate of Return
12/31/1999	$ 1,712,804,453	$ 1,622,710,113	15.8	9.1	8.5
12/31/2000	1,607,645,156	1,670,600,679	(1.2)	8.4	8.5
12/31/2001	1,481,783,176	1,620,157,072	(2.2)	2.6	8.5
12/31/2002	1,282,880,806	1,446,860,024	(5.9)	(3.7)	9.0
12/31/2003	1,493,450,359	1,446,725,776	23.5	5.6	9.0
Compound Rate of Return (five years):			6.0%	4.4%	

Section 2.4

Contributions for Prior Plan Year

		Employer		Interest		Total
Bi-weekly	$	349,739	$	15,738	$	365,477
3/1/2004		5,003,841		0		5,003,841
4/1/2004		5,000,000		0		5,000,000
5/1/2004		5,000,000		0		5,000,000
5/18/2004		18,627,012		0		18,627,012
Total	**$**	**33,980,592**	**$**	**15,738**	**$**	**33,996,330**

Section 3

Basis of Valuation

This section presents and describes the basis of the valuation. The census of participants, actuarial basis and provisions of the Plan are the foundation of the valuation, since these are the present facts on which the projection of benefit payments will depend. The valuation is based on the premise that the Plan will continue in existence.

Section 3.1 The participant data used for the actuarial valuation.

Section 3.2 The actuarial funding method, procedures, and actuarial assumptions.

Section 3.3 The plan provisions valued in the actuarial valuation.

Section 3.1

Plan Participants

A. Participant Data Reconciliation

		Inactive Participants		
	Active Participants	With Deferred Benefits	Receiving Benefits	Total
Total at January 1, 2003	**5,793**	**1,525**	**6,637**	**13,955**
Vested Terminations	(143)	143	N/A	0
Nonvested Terminations	(208)	N/A	N/A	(208)
Retirements	(222)	(57)	279	0
Deaths With a Beneficiary	(2)	(4)	(53)	(59)
Deaths Without a Beneficiary	(9)	(7)	(252)	(268)
New Beneficiaries	N/A	N/A	59	59
Incorrectly Reported	2	(13)	26	15
Rehires	41	(18)	(1)	22
New Entrants	213	N/A	N/A	213
Net Change	(328)	44	58	(226)
Total at January 1, 2004	**5,465**	**1,559**	**6,695**	**13,719**

B. Count of Active Participants at January 1, 2004

General Employees

	Years of Service									
Age	**0 - 4**	**5 - 9**	**10 - 14**	**15 - 19**	**20 - 24**	**25 - 29**	**30 - 34**	**35 - 39**	**40+**	**Total**
Under 20										**0**
										*
20 – 24	48									**48**
	21,791									**21,791**
25 – 29	203	21								**224**
	29,404	30,517								**29,508**
30 - 34	202	94	15							**311**
	29,381	35,650	*							**31,641**
35 - 39	183	119	119	36						**457**
	31,739	35,877	38,026	40,242						**35,123**
40 - 44	171	105	216	144	37	1				**674**
	30,741	39,604	38,165	41,658	42,151	*				**37,475**
45 - 49	157	106	234	240	143	54				**934**
	33,203	38,596	40,615	43,398	43,835	44,335				**40,563**
50 - 54	128	94	219	200	163	176	43	2		**1,025**
	32,715	43,344	40,194	47,654	47,714	50,133	45,403	*		**44,112**
55 - 59	63	66	159	165	77	100	106	16		**752**
	31,838	38,148	42,199	47,797	49,662	51,321	50,963	*		**45,477**
60 - 64	26	29	75	71	24	22	21	17		**285**
	40,509	37,706	40,879	46,151	45,243	44,304	59,710	*		**44,512**
65 - 69	4	10	15	17	9	7	6	2		**70**
	*	*	*	*	*	*	*	*		**46,456**
70 - 74	2	1	1	1		2				**7**
	*	*	*	*		*				*
75+			3			2				**5**
			*			*				*
Total	**1,187**	**645**	**1,056**	**874**	**453**	**364**	**176**	**37**	**0**	**4,792**
	30,815	**38,288**	**39,986**	**45,078**	**46,113**	**49,177**	**50,789**	**48,036**		**40,151**

** Cells with fewer than 20 members are suppressed for confidentiality purposes.*

B. Count of Active Participants at January 1, 2004 *(continued)*

Deputy Sheriffs

Age	Years of Service									
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40+	Total
Under 20										**0**
20 - 24	9 *									**9** *
25 - 29	69 32,909	20 38,612								**89** **34,190**
30 - 34	54 31,892	88 41,747	13 *							**155** **38,848**
35 - 39	23 34,375	51 42,833	58 48,166	7 *						**139** **44,166**
40 - 44	3 *	22 42,823	43 49,484	22 59,711	2 *					**92** **50,069**
45 - 49		7 *	19 *	29 56,145	18 *	5 *				**78** **56,630**
50 - 54	1 *	2 *	14 *	18 *	15 *	7 *	1 *			**58** **58,526**
55 - 59		1 *	3 *	2 *	8 *	4 *	1 *			**19** *
60 - 64				1 *		1 *				**2** *
65 - 69										**0**
70 - 74										**0**
75+										**0**
Total	**159** **32,617**	**191** **42,006**	**150** **49,121**	**79** **56,698**	**43** **65,331**	**17** *	**2** *	**0**	**0**	**641** **45,530**

** Cells with fewer than 20 members are suppressed for confidentiality purposes.*

B. Count of Active Participants at January 1, 2004 *(continued)*

Elected Officials

	Years of Service									
Age	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40+	Total
Under 20										0
20 - 24										0
25 - 29	2									2
30 - 34										0
35 - 39	4									4
40 - 44			2	1						3
45 - 49	2	1	3	1	1	1				9
50 - 54	2	1		1						4
55 - 59		1	2	1		1				5
60 - 64	1					2				3
65 - 69	1							1		2
70 - 74										0
75+										0
Total	12	3	7	4	1	4	0	1	0	32

Section 3.1

C. Participant Statistics

Inactive Participants as of January 1, 2004	Number	Amount of Monthly Benefit
Participants Receiving Benefits	6,695	$ 8,453,688
Participants with Deferred Benefits	1,559	$ 879,428

Statistics for Active Participants	Number	Average Age	Average Service	Average Compensation*
As of January 1, 2003				
Total	5,793	45.5	12.7	$ 40,511
As of January 1, 2004				
Total	5,465	46.1	13.2	$ 42,722

* *Prior-year earnings increased by the salary assumption.*

Section 3.2

Actuarial Basis

A. Aggregate Entry Age Normal Method

Liabilities and contributions shown in this report are computed using the aggregate entry age normal method of funding.

The objective under this method is to fund all benefits under the Plan in installments that are level as a percentage of the group's aggregate salary, starting at the original participation dates (or employment date) and continuing until the assumed retirement, terminations, disabilities or deaths.

At the time the funding method is introduced, there will be a liability that represents the contributions that would have been accumulated if this method of funding had always been used. The difference between this frozen initial liability and the assets (if any) that are held in the fund is the unfunded actuarial accrued liability, which is typically funded over a chosen period in accordance with an amortization schedule.

A detailed description of the calculation follows:

- The **normal cost** is determined by applying to earnings an aggregate level percentage of salary which, if contributed each year, is sufficient to provide the full value of the benefits expected to be payable.

- The **present value of future normal costs** is the total of the discounted values of all active participants' normal costs, assuming these to be paid in each case from the valuation date until retirement (termination, disability or death) date.

- The **present value of projected benefits** is calculated as the value of all benefit payments expected to be paid to the plan's current participants, including active and retired members, beneficiaries, and terminated members with vested rights.

- The **actuarial accrued liability** is the excess of the present value of projected benefits over the present value of future normal costs.

- The **unfunded actuarial accrued liability** is the excess of the actuarial accrued liability over the assets of the fund.

B. Valuation of Assets

The actuarial asset value is a five-year moving average. Prior to January 1, 2004, 20% of the prior four years' unrealized gains/losses are annually recognized. After January 1, 2004, asset returns above or below the expected return are recognized at a rate of 20% per year.

C. Valuation Procedures

- Financial and Census Data: Financial data and participant data as submitted by the plan sponsor without further audit. This information is not customarily verified by a plan's actuary. The information was reviewed for internal consistency.
- No benefits are projected to be greater than the limitation currently imposed by Section 415(b)(1) of the Internal Revenue Code as applied to governmental plans.
- No actuarial accrued liability is held for nonvested, inactive participants who have a break in service, or for nonvested participants who have quit or been terminated, even if a break in service had not occurred as of the valuation date.

D. Actuarial Assumptions

Economic	
Investment Return	8.5% per year compounded annually. Investment return is assumed to be net of investment management expense.
Salary Increases	Averages 5.5% per year compounded annually. See table on following page for sample values.
Mortality	a. Active participants and nondisabled pensioners: The sex-distinct RP2000 Combined Mortality Table. b. Disabled pensioners: RP2000 Disabled Mortality Table.
Disability	Graduated rates. See table on following page for sample values. 100% of disabilities are assumed ordinary.
Withdrawal	Graduated rates. Select and ultimate based on duration of service. See tables on following pages for sample values.
Retirement Age	See table on following page.
Percentage Married	▪ Males ..... 80% ▪ Females 80%
Percentage Married With at Least One Dependent Child	▪ Generals ..... 21.6% ▪ Sheriffs and Elected ..... 43.2% For those who die prior to age 60, it is assumed at least one child will remain a dependent until the member would have turned age 60.
Age Difference	Beneficiaries are assumed to be the same age as the participant.
Backdrop	50% of retirees are assumed to elect a Backdrop of 4 years but not earlier than participant's earliest full retirement date.

D. Actuarial Assumptions *(continued)*

	Sample Annual Rates per 100 Participants							
	Mortality				Withdrawal - Ultimate			
	Healthy		Disabled					
Attained Age	Males	Females	Males	Females	General	Elected*	Deputy Sheriffs	Disability
20	0.03	0.02	2.26	0.75	9.81	11.00	11.00	0.02
25	0.04	0.02	2.26	0.75	8.91	8.00	8.00	0.03
30	0.04	0.03	2.26	0.75	8.00	5.00	5.00	0.07
35	0.08	0.05	2.26	0.75	6.57	3.00	3.00	0.12
40	0.11	0.07	2.26	0.75	5.15	1.24	1.24	0.18
45	0.15	0.11	2.26	0.75	3.72	1.00	1.00	0.28
50	0.21	0.17	2.90	1.15	2.73	0.75	0.75	0.48
55	0.36	0.27	3.54	1.65	1.84	0.05	0.05	0.87
60	0.67	0.51	4.20	2.18	0.00	0.00	0.00	1.38
65	1.27	0.97	5.02	2.80	0.00	0.00	0.00	1.88

** Select rates for elected officials assume no turnover for first four years.*

	Sample Annual Rates per 100 Participants				
Employment	Separation - Select Rates General Employees				
Age	0	1	2	3	4
20	21.4	15.1	13.9	12.0	11.0
25	20.9	12.7	11.0	10.6	9.9
30	19.5	12.1	10.6	9.4	8.7
35	18.3	11.1	10.6	8.7	7.3
40	17.5	11.1	10.2	8.0	6.1
45	16.6	11.1	10.2	7.3	5.3
50	15.8	11.1	9.6	6.5	4.1
55	14.9	10.5	8.1	5.2	3.0

Section 3.2

D. Actuarial Assumptions *(continued)*

Sample Annual Rates Per 100 Participants

	Retirement Rates		
Age	**General**	**Deputy Sheriffs**	**Elected**
45	0	1	0
46	0	1	0
47	0	1	0
48	0	1	0
49	0	1	0
50	0	1	0
51	0	2	0
52	0	3	0
53	0	5	0
54	0	10	0
55	15	15	7
56	15	15	7
57	15	15	7
58	15	15	7
59	15	15	7
60	20	75	20
61	20	75	20
62	20	80	45
63	20	50	30
64	25	50	30
65	30	100	40
66	30	100	30
67	30	100	30
68	30	100	30
69	30	100	30
70	100	100	100

Section 3.2

D. Actuarial Assumptions *(continued)*

Earnings Progression

Age	General	Deputy Sheriffs	Elected
20	6.9%	8.0%	4.5%
25	5.9	5.8	4.5
30	5.5	5.5	4.5
35	5.6	5.1	4.5
40	4.7	4.7	4.5
45	4.5	4.5	4.5
50	4.2	4.1	4.5
55	3.9	3.9	4.5
60	3.8	3.8	4.5

Section 3.3

Summary of Plan Provisions

Plan Name	Employees' Retirement System of the County of Milwaukee.
Effective Date	December 24, 1967.
Type of Plan	Municipal retirement system administered by the Pension Board.
Employer	County of Milwaukee.
Employees Included	Any person regularly employed by the County at an annual wage or salary payable at stated intervals, including any person employed by the State of Wisconsin and who receives part of his compensation from the County.
Service Considered	Service during period of employment in the County or in any department in any town, village, city or metropolitan sewerage commission in the County, which department has by consolidation or merger been absorbed by the County. Creditable service shall consist of "prior service," "military service," and "membership service," for which service credit is allowable under Section 4, Chapter 201, Laws of 1937, as well as service under Executive Order 11231, July 8, 1965, for Vietnam. Additional credit for periods of military service will be earned in accordance with the following chart:

Years of Service with Milwaukee County	Maximum Years of Military Service Granted
0 – 4	0
5 – 9	1
10 – 14	2
15 – 19	3
20+	4

Benefit Service	Used in determining the amount of benefits. Same as Vesting Service except service prior to becoming a Participant does not count.

Section 3.3

Summary of Plan Provisions *(continued)*

Earnings Considered	Earnable compensation is the full rate of compensation payable to a member if he worked the full normal working time for his position, including authorized overtime payments and the compensation rate assumed to have been received while the member is on authorized leave of absence. In cases where compensation includes maintenance, the Pension Board shall fix the value of that part of the compensation not payable in money. Compensation shall not exceed $205,000 in the pension calculation as indexed for changes in the cost of living. The final average salary means the average annual earnable compensation for the highest three (3) consecutive calendar years of creditable service during which the member's earnable compensation was the highest, or if he should have less than three years of creditable service, then his average annual earnable compensation during his credited service. For non-sheriff members hired before January 1, 1982, the final average salary is increased 7.5% for each year worked after January 1, 2001, to a maximum of 25%.
County Contributions	County contributions shall be at least as great as the required amounts, actuarially determined and certified to the County Board of Supervisors by the Pension Board, which will become due and payable to the fund of the Retirement System during the year next following determination.
Voluntary Employee Contributions	Up to 10% of earnings, providing the employee was contributing on January 1, 1971.

Section 3.3

Summary of Plan Provisions *(continued)*

Normal Pension	Payable upon request of any member who has attained the minimum service and retirement age. a. The minimum age and service requirements: 1.) For general employees and elected officials: Age 60 and any service. 2.) For non-union general employees and certain union general employees: The combination of age and service adding up to 75. 3.) For deputy sheriffs: Age 57 and any service or age 55 and 15 years of service or the combination of age and service adding up to 75. For deputy sheriffs hired after February 28, 1991, the combination of age and service adding up to 75 does not apply. 4.) For all members: Age 55 and 30 years of service. b. The benefit is the sum of: 1.) Pension portion, plus 2.) Any voluntary contribution. c. The pension portion retirement allowance is: 1. a.) For general employees whose continuous membership began prior to January 1, 1982 – 2% of final average salary per year of service. b.) For those general employees whose membership began on or after January 1, 1982– 1.5% of final average salary per year of service. c.) For firefighters whose membership began on or after January 1, 1982 and prior to January 1, 1999 – 2.0% of final average salary per year of service accrued on or after January 1, 1999, 1½% of final average salary per year of service prior to January 1, 1999. d.) For DA investigators and non-represented deputy sheriffs whose membership began on or after January 1, 1982 and prior to July 1, 1995 – 2½% of final average salary per year of service. e.) For the elected officials and deputy sheriffs whose membership began prior to January 1, 1982 – 2½% of final average salary per year of service.

Summary of Plan Provisions *(continued)*

Normal Pension (continued)	f.) For elected officials whose membership began on or after January 1, 1982 – 2% of final average salary per year of service. g.) For those deputy sheriffs whose membership began on or after January 1, 1982 but before July 1, 1995 – 2½% of final average salary per year of service. h.) For those deputy sheriffs whose membership began on or after July 1, 1995 – 2% of final average salary per year of service. 2. For non-sheriff employees whose membership began on or after January 1, 1982, the benefit multiplier is increased 0.5% per year of service accrued after January 1, 2001 and per eight years of pre-2001 service for each year worked after January 1, 2001 (prorated for fractional years). d. The maximum pension shall be 80% of final average salary plus any adjustment for automatic increase to retired employees.
Early Pension	Age 55 and 15 years of service reduced by 5/12 of 1% for each month payment starts preceding normal retirement age.
Ordinary Disability Pension	After 15 years of creditable service. Benefit computed as for normal retirement benefits. Minimum benefit 25% of final average salary.
Accidental Disability Pension	Same as normal retirement benefit if the employee has attained the minimum service retirement age. If less than normal retirement age at time of disability, the benefit is computed as for normal retirement but is not less than 60% of final average salary.
Ordinary Death Benefit	A death benefit is payable to the estate of designated beneficiary of an active member who dies due to any cause other than an accident in the actual performance of duty, provided no other survivor benefits are payable. Benefit is equal to the member's accumulated mandatory contribution account, plus a lump-sum payment of 50% of final average salary limited to $2,000.

Summary of Plan Provisions *(continued)*

Accidental Death Benefit	Upon the death of a deputy sheriff resulting from an accident in the actual performance of duty, a pension is payable to his widow to continue during her widowhood; or if there is no widow or if his widow dies or remarries before his youngest child has attained age 18, then the pension is payable to his child or children under age 18 until the youngest child attains said age; or if neither widow nor children survive, it is payable to his dependent father or mother to continue for life. In the event of the accidental death of a deputy sheriff, his accumulated contributions are returned to his estate or designated beneficiary, and, in addition, a pension of one-half of his final average salary is payable to his beneficiary as described above. Any benefit payable on account of such accidental death under any state workers' compensation law or any law of the United States is offset against the pensions allowable under the provisions of the Retirement System.
Deferred Vested Pension	Upon termination of employment, a member who does not elect to withdraw any part of his membership account shall be eligible for a deferred vested pension if: a. The accrued pension at age 60 is at least $10 per month. b. He has at least five years of service. The benefit is computed the same as for a normal pension considering earnings and service prior to date of termination.
Survivor Benefit	Upon the death of a member prior to age 60 and after the completion of one year of service, a monthly pension equal to 40% of the member's monthly salary less the survivor's benefits payable under the Social Security law shall be payable to his surviving dependent spouse for as long as there is at least one dependent child. Upon attainment of age 60 the dependent spouse shall receive 50% of the normal pension which the member would have received considering service to age 60 and the final average earnings determined at death. In addition, each child of the deceased member shall be eligible for a monthly pension equal to 10% of the member's monthly salary until he attains age 18 or marries; or if he is a student and not married, until he attains age 22. The total survivor's pension may not exceed 90% of the member's monthly salary less the survivor's benefits payable under the Social Security law.

Section 3.3

Summary of Plan Provisions *(continued)*

Optional Benefits	In lieu of the full retirement allowance, any member at retirement may elect to receive an equivalent reduced retirement allowance with the provision that: Option 1. In case of death before benefits attributable to his mandatory account have equaled the amount of his membership account at the date of retirement, the balance shall be paid to a designated beneficiary or to his estate, or Option 2. At the death of the member, one-half of his allowance shall be continued throughout the life of such other person as the member shall have designated at the time of his retirement, or Option 3. At the death of the member the same allowance shall be continued throughout the life of such other person as the member shall have designated at the time of his retirement.
Other Benefits	a. Provide 2% of initial benefit automatic increase per year to retired employees (surviving beneficiary receives proportionate amount based on survivorship percentage). b. Refund of employee voluntary contribution upon severance. c. Backdrop pension benefit. Employee may opt to receive a monthly benefit earned as of chosen date in the past (Backdrop date). Employee receives cash payment equal to monthly benefits that would have been paid between backdrop date and actual retirement date plus interest. Non-represented, general employees hired after March 15, 2002 are not eligible for the Backdrop benefit.
Expenses	Paid by County.
Minimum Benefit	Not less than under previous system.

June 2004

OBRA 1990 Retirement System of the County of Milwaukee

Actuarial Valuation Report as of January 1, 2004 for the
Plan Year and Fiscal Year Ending December 31, 2004

MERCER
Human Resource Consulting

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Highlights

This report has been prepared by Mercer Human Resource Consulting on behalf of plan participants of the County of Milwaukee (the "Plan Sponsor") to:

- Determine the funding calculation under the OBRA 1990 Retirement System of the County of Milwaukee (the "Plan") for the plan and tax fiscal year ending December 31, 2004;
- Present the results of a valuation of the Plan as of January 1, 2004; and
- Review experience under the Plan for the year ended December 31, 2003.

The following table summarizes important contribution information.

	Plan Year Ending	
Contributions	**December 31, 2004**	**December 31, 2003**
Funding Calculation	$ 337,669	$ 288,487
Percentage of Payroll	4.02%	3.36%

This amount will pay the normal cost for the year and amortize the unfunded actuarial accrued liability as a level percentage of pay over the next 30 years.

Following Year's Budget Contribution

The 2005 budget contribution is $365,000. This amount incorporates maintaining the investment return assumption at 8.5%, as directed by the Pension Board.

Summary of Principal Valuation Results

A summary of principal valuation results from the current valuation and the prior valuation follows. Any changes in actuarial assumptions, methods, or plan provisions between the two valuations are described after the summary.

	Actuarial Valuation as of	
	January 1, 2004	**January 1, 2003**
Funding Valuation		
Market Value of Assets	$ 789,690	$ 674,132
Actuarial Value of Assets	789,690	674,132
Actuarial Accrued Liability	2,535,291	2,049,981
Funded Ratio	31.15%	32.88%
Unfunded Actuarial Accrued Liability	1,745,601	1,375,849
Normal Cost	$ 123,879	$ 96,986
Percentage of Compensation	1.48%	1.13%
Participant Data		
Number of Participants in Valuation		
Active Participants	1,586	1,640
Participants with Deferred Benefits	7,098	6,653
Participants Receiving Benefits	1	1
Total	8,685	8,294
Total Compensation*	$ 8,397,870	$ 8,595,969

The liability measures shown above are developed throughout the report.

** Prior-year earnings projected with one-year salary scale for those under the mandatory retirement age.*

Assumption Changes

The Pension Board adopted the following assumption changes effective January 1, 2004:

- The investment return assumption was changed from 9.0% to 8.5%.
- The assumed mortality rates were changed from the UP-1994 table to the RP-2000 table.
- The period of amortization for all plan changes, assumption changes and actuarial experience was changed from 20 years to 30 years. All existing bases that were previously amortized over 20 years are reamortized over 30 years from January 1, 2004. All future changes are amortized over 30 years from the date established.

Certification

We have prepared an actuarial valuation of the OBRA 1990 Retirement System for the County of Milwaukee as of January 1, 2004 for the plan year ending December 31, 2004. The results of the valuation are set forth in this report, which reflects the provisions of the Plan effective January 1, 1992, and incorporating subsequent amendments.

The valuation is based on employee and financial data which were provided by the County of Milwaukee and which are summarized in this report.

All costs, liabilities and other factors under the Plan were determined in accordance with generally accepted actuarial principles and procedures. In our opinion, the actuarial assumptions selected by the Pension Board are reasonable estimates of the anticipated experience under the Plan. This report fully and fairly discloses the actuarial position of the Plan on an ongoing basis.

This report has been prepared for the County of Milwaukee to determine a contribution amount for the OBRA 1990 Retirement System of the County of Milwaukee and to provide the plan's accountants with the funded status of the plan. Mercer Human Resource Consulting is not responsible for any consequences arising from the use of this report for any other purpose.

We are available to answer any questions on the material contained in the report, or to provide explanations or further details as may be appropriate. The undersigned credentialed actuaries meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained within this report.

Dennis A. Skelly — Date: June 2, 2004

Dennis A. Skelly
Associate, Society of Actuaries
Enrolled Actuary No. 02-3209

Glenn W. Soderstrom — Date: June 2, 2004

Glenn W. Soderstrom
Fellow, Society of Actuaries
Enrolled Actuary No. 02-2873

Mercer Human Resource Consulting
411 E. Wisconsin Ave., Suite 1500
Milwaukee, WI 53202-4417
(414) 223-4200

Section 1: Funding Results

Section 1.1 The unfunded actuarial accrued liability as of the valuation date.

Section 1.2 A development of the actuarial gain or loss during the year.

Section 1.3 The normal cost as of the valuation date.

Section 1.4 The determination of the contribution recommendations, including the actual and budgeted contributions.

Section 1.1

Unfunded Actuarial Accrued Liability

The actuarial accrued liability is the present value of projected plan benefits allocated to past service by the actuarial funding method being used.

	January 1, 2004	January 1, 2003
1. Actuarial Accrued Liability		
a. Active Participants	$ 929,664	$ 786,650
b. Participants with Deferred Benefits	1,594,847	1,252,750
c. Participants Receiving Benefits	10,780	10,581
d. Actuarial Accrued Liability *(a. + b. + c.)*	2,535,291	2,049,981
2. Actuarial Value of Assets	789,690	674,132
3. Unfunded Actuarial Accrued Liability *(1.d. – 2., not less than $0)*	$ 1,745,601	$ 1,375,849

Section 1.2

Actuarial Gain/(Loss)

The actuarial gain/(loss) is comprised of both the liability gain/(loss) and the actuarial asset gain/(loss). Each of these represents the difference between the expected and actual values as of January 1, 2004.

1. Expected Actuarial Accrued Liability		
a. Actuarial Accrued Liability at January 1, 2003	$	2,049,981
b. Normal Cost at January 1, 2003		96,986
c. Interest on *a.* + *b.* to End of Year		193,227
d. Benefit Payments for Plan Year Ending December 31, 2003, with Interest to End of Year		130,528
e. Expected Actuarial Accrued Liability Before Change *(a. + b. + c. – d.)*		2,209,666
f. Change in Actuarial Accrued Liability at January 1, 2004 Due to Change in Plan Provisions and Actuarial Assumptions		256,688
g. Expected Actuarial Liability at January 1, 2004 *(e. + f.)*		2,466,354
2. Actuarial Accrued Liability at January 1, 2004		2,535,291
3. Liability Gain/(Loss) *(1.g. – 2.)*		(68,937)
4. Expected Actuarial Value of Assets		
a. Actuarial Value of Assets at January 1, 2003		674,132
b. Interest on *a.* to End of Year		60,672
c. Contributions Made for Plan Year Ending December 31, 2003		279,727
d. Interest on *c.* to End of Year		0
e. Benefit Payments for Plan Year Ending December 31, 2003, with Interest to End of Year		130,528
f. Expense Paid by Plan During 2003		178,462
g. Expected Actuarial Value of Assets January 1, 2004 *(a. + b. + c. + d. – e. – f.)*		705,541
5. Actuarial Value of Assets as of January 1, 2004		789,690
6. Actuarial Asset Gain/(Loss) *(5. – 4.g.)*		84,149
7. Actuarial Gain/(Loss) *(3. + 6.)*	**$**	15,212

Section 1.3

Normal Cost

The components of normal cost under the Plan's funding method are:

	January 1, 2004	January 1, 2003
Retirement Benefits	$ 83,629	$ 71,340
Withdrawal Benefits	30,545	25,646
Expenses	0	0
Total Normal Cost	**$** 114,174	**$** 96,986

Section 1.4

Contributions

The County of Milwaukee has adopted the policy developed below for funding purposes and abides the requirements of GASB Nos. 25 and 27 for pension expenses. The County's policy and the amounts required for the plan year ending December 31, 2004 are shown below.

A. Actual 2004 Funding Calculation

The actual funding calculation consists of the amortization of the unfunded actuarial liability plus the normal cost.

1. Net Annual Amortizations *(Section 1.4C)*	$ 213,790
2. a. Normal Cost	114,174
b. Interest	9,705
c. Normal Cost with Interest	123,879
3. Total Funding Calculation, End-of-Year Basis *(1. + 2.c.)*	$ 337,669

B. Funding Budget Policy

	Plan Year Ending	
	December 31, 2005	**December 31, 2004**
1. Net Annual Amortizations	$ 230,000	$ 220,000
2. Normal Cost with Interest	135,000	128,000
3. Total Funding Budget Policy, End-of-Year Basis *(1. + 2.)*	$ 365,000	$ 348,000

Section 1.4

C. Amortization Schedule for Funding Calculation

Annual amortization payments of the reestablished unfunded actuarial accrued liability and changes to the unfunded actuarial accrued liability arising from plan changes and actuarial gains/losses are amortized as a level percentage of payroll, assuming payroll growth of 5% per year over a period of 30 years (previously 20 years). The outstanding balances at previous bases that were amortized over 20 years are reamortized over 30 years from January 1, 2004. Expenses paid by the Trust and reimbursed by the County are amortized over 10 years. The variance between the actual amount contributed for the year and the contribution for the year to maintain the funding schedule is amortized over five years.

	Amortization Period			Balances		
Charges	Date Created	Initial Years	Last Payment	Initial	Outstanding	End-of-Year Payment
1993-1996 Expenses	1/1/1997	10	2006	$ 243,729	$ 95,262	$ 37,299
Expenses	1/1/1998	10	2007	96,137	48,186	14,711
Expenses	1/1/1999	10	2008	81,673	49,238	12,495
Expenses	1/1/2000	10	2009	85,685	59,687	13,108
Expenses	1/1/2001	10	2010	100,656	78,802	15,396
Variance	1/1/2002	5	2006	1,612	1,050	411
Expenses	1/1/2002	10	2011	109,857	94,744	16,801
Expenses	1/1/2003	10	2012	141,818	132,484	21,651
Variance	1/1/2004	5	2008	8,760	8,760	2,223
Expenses	1/1/2004	10	2013	178,462	178,462	27,199
Reestablished Unfunded	1/1/2004	30	2033	1,009,474	1,009,474	56,434
Total					**$ 1,756,149**	**$ 217,728**

	Amortization Period			Balances		
Credits	Date Created	Initial Years	Last Payment	Initial	Outstanding	End-of-Year Payment
Variance	1/1/2000	5	2004	$ 3,421	$ 804	$ 872
Variance	1/1/2001	5	2005	771	348	197
Variance	1/1/2003	5	2007	11,281	9,396	2,869
Total					**$ 10,548**	**$ 3,938**
Net Amount					**$ 1,745,601**	**$ 213,790**

D. Reconciliation

The following year budgeted contribution calculation changed from this year's calendar as follows:

1. 2004 Funding Budget	$ 348,000
a. Change in amortization period to 30 years	(21,000)
b. Assets Loss (Gain)	(5,000)
c. Liability Loss (Gain)*	4,000
d. Higher than anticipated expenses during 2003	12,000
2. 2004 Actual Funding Calculation	$ 338,000
a. Expected increase in normal cost and amortization payment	14,000
b. 2004 Contribution Variance	(3,000)
c. Amortization of 2004 Expenses	15,000
d. Full Recognition of 1999 Contribution Variance	1,000
3. 2005 Funding Budget	$ 365,000

* *Mainly due to the increase in number of members entitled to a benefit.*

Section 1.5

GASB Nos. 25 and 27 Disclosure

A. Equivalent Single Amortization Period

Shown below is the derivation of the equivalent single amortization period of the unfunded calculation in accordance with GASB statement Nos. 25 and 27. The maximum allowable amortization period is 40 years (30 years effective January 1, 2007).

		January 1, 2004	January 1, 2003
1.	Covered Payroll*	$ 8,397,870	$ 8,595,969
2.	Unfunded Amount	1,745,601	1,375,849
3.	Amortization Payment	213,790	182,772
4.	Payment as a Level Percentage of Payroll *(3 ÷ 1)*	2.55%	2.13%
5.	Weighted Average Amortization Factor *(2 ÷ 3)*	8.17	7.52
6.	Equivalent Single Amortization Period (Nearest Whole Year)	10	10

**Prior-year earnings increased by the salary assumption for those under the mandatory retirement age.*

B. Net Pension Obligation

The Net Pension Obligation is derived as detailed in Section 1.4A.

		January 1, 2004	January 1, 2003
1.	Net Pension Obligation at End-of-Year	$ 337,669	$ 288,487

Section 2: Plan Assets

This section presents information regarding plan assets as reported by the plan administrator. The plan assets represent the portion of total plan liabilities which have been funded as of the valuation date.

Section 2.1 Summary of Assets.

Section 2.2 Reconciliation of Assets.

Section 2.3 Actuarial Value of Assets.

Section 2.4 Contributions for Prior Plan Year.

Section 2.1

Summary of Assets

Asset Category	Market Value as of December 31, 2003
1. Cash and Equivalents	$ 302,000
2. Assets Held by ERS Pension Plan	509,661
3. Contributions Receivable	279,727
4. Net Assets Available for Benefits *(1. + 2. + 3.)*	$ 789,690

Section 2.2

Reconciliation of Assets

Transactions		January 1, 2003 to December 31, 2003
Income		
1. Contributions Received or Receivable	$	279,727
2. Investment Income		139,200
3. Total Income *(1. + 2.)*	**$**	**418,927**
Disbursements		
4. Benefit Payments	$	124,907
5. Investment and Administrative Expenses		178,462
6. Total Disbursements *(4. + 5.)*		303,369
7. Net Income *(3. – 6.)*		115,558
8. Net Assets at Beginning of Year		674,132
9. Net Assets at End of Year *(7. + 8.)*	**$**	**789,690**

Section 2.3

Actuarial Value of Assets

The actuarial asset value is set equal to the market value of assets plus any receivable contributions.

	January 1, 2004	January 1, 2003
Actuarial Asset Value	$ 789,690	$ 674,132

Section 2.4

Contributions for Prior Plan Year

	Amount			
	Employer	Employee	Interest	Total
3/1/2004	$ 279,727	$ 0	$ 0	$ 279,727
Total	**$** 279,727	**$** 0	**$** 0	**$** 279,727

Section 3: Basis of Valuation

This section presents and describes the basis of the valuation. The census of participants, actuarial basis and provisions of the Plan are the foundation of the valuation, since these are the present facts on which the projection of benefit payments will depend. The valuation is based on the premise that the Plan will continue in existence.

Section 3.1 The participant data used for the actuarial valuation.

Section 3.2 The actuarial funding method, procedures and actuarial assumptions.

Section 3.3 The plan provisions valued in the actuarial valuation.

Section 3.1

Plan Participants

A. Participant Data Reconciliation

	Active Participants	Inactive Participants	Total
Total at January 1, 2003	**1,640**	**6,654***	**8,294**
Did Not Accrue Benefit in 2003	(623)	623	0
Lump-Sum Payouts	0	(105)	(105)
Deaths	0	(15)	(15)
New Participants	513	10	523
Inactives – Began Accruing Benefit in 2003	58	(58)	0
Data Correction Reported by County	(2)	(10)	(12)
Total at January 1, 2004	**1,586**	**7,099***	**8,685**

* *One of these is currently in payment status.*

B. Distribution of Active Participants at January 1, 2004

	Years of Service									
Age	**0 - 4**	**5 - 9**	**10 - 14**	**15 - 19**	**20 - 24**	**25 - 29**	**30 - 34**	**35 - 39**	**40+**	**Total**
Under 20	544									**544**
	2,624									**2,624**
20 - 24	464	173								**637**
	4,877	7,150								**5,495**
25 - 29	60	40	12							**112**
	10,679	8,230	*							**9,418**
30 - 34	30	6	7							**43**
	7,530	*	*							**9,148**
35 - 39	12	9	5							**26**
	*	*	*							**9,080**
40 - 44	30	10	8							**48**
	6,952	*	*							**8,352**
45 - 49	20	9	2							**31**
	6,413	*	*							**7,554**
50 - 54	21	8	3							**32**
	7,186	*	*							**7,405**
55 - 59	16	12	8							**36**
	*	*	*							**8,749**
60 - 64	11	7	3							**21**
	*	*	*							**9,482**
65 - 69	9	13	1							**23**
	*	*	*							**6,077**
70 - 74	4	9	5							**18**
	*	*	*							*
75+	3	6	6							**15**
	*	*	*							*
Total	**1,224**	**302**	**60**	**0**	**0**	**0**	**0**	**0**	**0**	**1,586**
	4,429	**7,712**	**9,393**							**5,242**

Earnings represent prior-year actual salaries.

**For cells with less than 20 members, salary has been omitted for confidentiality purposes.*

C. Participant Statistics

Inactive Participants as of January 1, 2003	Number	Amount of Monthly Benefit
Participants Receiving Benefits	1	$ 114
Participants with Deferred Benefits	7,098	109,859

Statistics for Active Participants	Number	Average Age	Average Service	Average Compensation*
As of January 1, 2003				
Total	1,640	25.8	1.0	$ 5,499
As of January 1, 2004				
Total	1,586	26.1	1.0	$ 5,504

* *Prior-year earnings increased by the salary assumption.*

Section 3.2

Actuarial Basis

A. Unit Credit Method

Liabilities and contributions shown in this report are computed using the unit credit method of funding.

The objective under this method is to fund each participant's benefit under the plan as they accrue. Thus, the total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past service. The principle underlying the method is that each unit is funded in the year for which it is credited. Typically, when the method is introduced there will be an initial liability for benefits credited for service prior to that date. To the extent that this liability is not covered by assets of the plan, there is an unfunded liability to be funded over a chosen period in accordance with an amortization schedule.

A detailed description of the calculation follows:

- The **normal cost** is the present value of those benefits, which are expected to be credited with respect to service during the year beginning on the valuation.
- The **accrued liability** is calculated at the valuation date as the present value of benefits credited with respect to service to that date.
- The **unfunded accrued liability** is the excess of the accrued liability over the assets of the Plan at the valuation date. The level annual payment to be made over a stipulated number of years to amortize the unfunded liability is the past service cost.

Under this method, differences between the actual experience and the assumed in the determination of costs and liabilities will emerge as adjustments in the unfunded liability, subject to amortization.

B. Valuation of Assets

The actuarial asset value is the market value of assets plus any receivable contributions.

C. Valuation Procedures

- Financial and Census Data: We used financial data and participant data as submitted by the Plan Sponsor without further audit. This information would customarily not be verified by a plan's actuary. We have reviewed the information for internal consistency and we have no reason to doubt its substantial accuracy.
- No benefits are projected to be greater than the limitation currently imposed by Section 415(b)(1) of the Internal Revenue Code as applied to governmental plans.

D. Actuarial Assumptions

Economic	
Investment Return	8.5% per year compounded annually. Investment return is assumed to be net of investment management expense.
Salary Increases	5% per year compounded annually.
Mortality	The sex-distinct RP-2000 Combined Healthy Table. See table below for sample values.
Withdrawal	Graduated rates. See table below for sample values.
Retirement Age	Age 65.

Sample Annual Decrement Rates per 100 Participants

Employment	Mortality		Withdrawal					
			Select Rates					
Age	Male	Female	0	1	2	3	4	Ultimate
20	0.03	0.02	33.75	31.50	28.50	24.00	19.05	15.00
25	0.04	0.02	31.35	29.46	26.88	22.86	18.54	14.25
30	0.04	0.03	27.30	25.47	22.92	18.99	15.36	12.00
35	0.08	0.05	22.35	20.64	18.03	14.01	10.17	6.00
40	0.11	0.07	17.85	16.26	13.80	10.26	7.23	3.90
45	0.15	0.11	17.25	14.85	11.94	8.43	5.37	2.52
50	0.21	0.17	16.50	13.38	10.98	7.89	4.47	1.07
55	0.36	0.27	14.85	12.45	9.78	6.93	3.63	0.23
60	0.67	0.51	0.00	0.00	0.00	0.00	0.00	0.00
65	1.27	0.97	0.00	0.00	0.00	0.00	0.00	0.00

Section 3.3

Summary of Plan Provisions

Plan Name	OBRA 1990 Retirement System of the County of Milwaukee.
Effective Date	January 1, 1992.
Type of Plan	Municipal retirement system administered by the Pension Board.
Employer	County of Milwaukee.
Employees Included	Any person employed by the County for whom the County is not obligated to collect and withhold FICA taxes. However, such persons shall exclude an employee: ▪ hired to relieve him from unemployment ▪ of a hospital, home, or institution where he is an inmate ▪ who is a temporary employee to handle fire, storm, snow, earthquake or similar emergencies ▪ paid on a fee basis as self-employed, or ▪ who is a member of the collective bargaining unit covered by an agreement which does not provide for his inclusion.
Service Considered	One year shall be credited on and after January 1, 1992 for each Plan Year during which the employee is employed at any time. However, the employee shall not receive credit for any Plan Year in which the County is obligated to collect and withhold FICA taxes. If, during such Plan Year, FICA taxes are withheld for only a portion of the year, the employee shall receive a pro rata credit for the portion of year worked when no FICA taxes were withheld.
Earnings Considered	Total wages shall include the compensation earned during the period for which no FICA tax was withheld, exclusive of any amounts reimbursed for moving expenses. However, such wages shall be limited to the Social Security taxable wage base for the Plan Year.
Average Compensation	The average of the total Earnings accumulated during the Plan Years of employment with the County, except that years prior to January 1, 1992 shall be disregarded.
Normal Retirement Pension	Payable upon request of any member who has attained age 65. Such pension shall equal one-twelfth of 2% of the member's Average Compensation multiplied by years of service (not in excess of 30).

Section 3.3

Summary of Plan Provisions *(continued)*

Deferred Vested Pension	Upon termination of employment, a member shall be eligible for a deferred vested pension commencing at age 65. Such benefit shall be calculated as for normal retirement, considering Average Compensation and Service at termination.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Financial Statements and Supplemental Schedules
December 31 2004 and 2003
(With Independent Auditors' Report Thereon)

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

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BANKS, FINLEY, WHITE & CO.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

The Board of Trustees
City of Atlanta, Georgia
Police Officers' Pension Plan:

We have audited the accompanying financial statements of the City of Atlanta, Georgia Police Officers' Pension Plan (the "Plan") as of and for the years ended December 31, 2004 and 2003 as listed in the accompanying table of contents. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Atlanta, Georgia Police Officers' Pension Plan's net assets held in trust for pension benefits as of December 31, 2004 and 2003 and the changes therein for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The schedules of funding progress and employer contributions on page 12 are not a required part of the financial statements, but are supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. We have applied to the schedules certain limited procedures prescribed by professional standards, which consisted principally of inquiries of management regarding methods of measurement and presentation of the schedules.

Banks, Finley, White & Co.

August 16, 2005.

3504 EAST MAIN STREET • COLLEGE PARK, GEORGIA 30337 • (404) 763-1002

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Statements of Plan Net Assets
December 31, 2004 and 2003
(Dollars in thousands)

	2004	2003
ASSETS		
Cash and cash equivalents	$ 11,722	$ 35,920
Investments:		
Equities	338,328	230,945
U.S. government and agency obligations	89,166	73,526
Corporate bonds	45,408	48,387
Collateralized mortgage obligations	3,510	55,827
Total Investments	476,412	408,685
Securities lending collateral investment pool	58,872	63,124
Contributions receivable from employees	364	-
Other Assets	2,600	1,512
Total Assets	549,970	509,241
LIABILITIES		
Accounts payable	45	291
Other liabilities	71	883
Liability for securities lending agreement	58,872	63,124
Total Liabilities	58,988	64,298
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS (See Schedule of Funding Progress on page 12)	$ 490,982	$ 444,943

The accompanying notes are an integral part of the financial statements.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Statements of Changes in Plan Net Assets
Years ended December 31, 2004 and 2003
(Dollars in thousands)

Additions to Plan net assets:	2004	2003
Investments Income:		
Net appreciation in fair value of investments	$ 40,261	$ 60,222
Interest and dividends	8,372	12,351
Securities lending income	152	184
Less:		
Securities lending expenses	(53)	(64)
Net Investment Income (Loss)	48,732	72,693
Employee contributions	3,629	4,651
Employer contributions	20,246	19,104
Other income	108	211
Total Additions	72,715	96,659
Deduction from Plan net assets:		
Benefit payments	25,986	24,733
Refunds of contributions to terminated employees	467	105
Administrative fees, management fees, and other expenses	223	324
Total Deductions	26,676	25,162
Net Decrease	46,039	71,497
Net Assets Held in Trust for Pension Benefits:		
Beginning of Year	444,943	373,446
END OF YEAR	$ 490,982	$ 444,943

The accompanying notes are an integral part of the financial statements.

Note 1 - Summary of Significant Accounting Policies

a. *Overview of Plan and Related Government*

The City of Atlanta, Georgia Police Officers' Pension Plan (the "Plan"), a single employer defined benefit pension plan, was established by a 1933 Act of the State of Georgia Legislature to provide retirement benefits for sworn personnel of the City of Atlanta (the "City") Police Department. Until 1983, The Georgia Legislature established all requirements and policies of the Plan. By a constitutional amendment, effective July 1983, control over the Plan transferred to the City under the principle of Home Rule.

The funding methods and determination of benefits payable were established by the legislative acts creating the Plan, as amended, and in general, provide that funds are to be accumulated from employee contribution, City contributions, and income from the investment of accumulated funds.

The Plan is considered a fiduciary fund of the City and its financial statements are included in the City of Atlanta, Georgia's Annual Comprehensive Financial Report (CAFR) as part of the Pension Trust Fund. The latest available CAFR is as of and for the year ended December 31, 2004; the CAFR should be read in conjunction with these financial statements.

b. *Basis of Accounting*

The financial statements are prepared on the accrual basis of accounting whereby revenues are recognized as earned and expenses are recognized as the associated liabilities are incurred.

c. *Investments*

Investments, other than repurchase agreements, are carried at fair value based on quoted market prices. Repurchase agreements are valued at their amortized cost. The net appreciation (depreciation) in the fair value of investments held by the Plan is recorded as an increase (decrease) to investment income based on the valuation of investments at December 31. Investment income is recognized on the accrual basis as earned by the Plan.

No investment in any one organization represents 5% or more of the net assets held in trust for pension benefits at December 31, 2004 and 2003. There are no investments in loans or leases with parties related to the Plan.

Note 1 - Summary of Significant Accounting Policies, continued

d. *Use of Estimates*

Management of the Plan has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosures of contingent assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the Untied States of America. Actual results could differ from those estimates.

Note 2 - Plan Description

The following brief description of the Plan is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information.

a. *Benefit Provisions*

The Plan provides a monthly retirement benefit that initially represents 3% for each year of accredited services (maximum 26.67 years) times the participants' final average three-year earnings or the highest consecutive three-year earnings, whichever is the highest. The Plan was amended, effective January 1, 1986, to exclude overtime pay in the computation of benefits. Retirement benefits share adjusted annually based on the change in the consumer price index, limited to 3% per year. Upon the death of vested participant who has beneficiary coverage, his or her eligible beneficiary(ies) would be entitled to 3/4 of the amount the deceased participant was receiving or would have been entitled to receive.

b. *Benefit Options*

- Normal Monthly Pension Benefit

  An employee is eligible for a normal monthly pension benefit when he or she reaches the normal retirement age of 55 with 15 years of creditable service.

- Early Monthly Pension Benefit

  An employee is eligible for an early monthly pension benefit after 15 years of creditable service. The monthly benefit is reduced to allow for the fact that it will be paid over a longer period of time.

- Reduced Monthly Pension Benefit

  Employees hired prior to April 1, 1978 are eligible for a reduced monthly pension benefit at age 50 with 25 years of service. The reduction for the reduced monthly pension benefit is less than the reduction for an early monthly pension benefit.

Note 2 - Plan Description, continued

- General Disability Retirement

  Disability benefits are calculated, if disabled in the line of duty, without 1986 Amendment coverage, as 2% times 35 years times top pay within pay range or if otherwise disabled, as 2% times years of service times current average monthly salary. For employees hired after December 31, 1985, disability benefits are calculated based on 50% of current average salary or accrued pension benefit, whichever is greater. Accrued pension benefits in this case, is calculated in the same manner as the normal retirement benefit except that no reductions are made if minimum age or service requirements are not met. Participants becoming disabled, while not in the line of duty must have at least five years of creditable service in order to receive benefits.

c. *Membership*

The following schedule reflects membership for the Plan at January 1, 2004, the date of the most recent actuarial valuation.

Members:	
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	1,013
Current active employees:	
Fully vested	521
Partially vested	594
Nonvested	373
Total membership	2,501

d. Administration of Plan

The Plan is administered as single-employer plan by the Board of Trustee which includes an appointee of the Mayor, the City's Chief Financial Officer, a member of City Council, and three representatives elected by the membership (active and retired). All modifications to the plan must be supported by actuarial analysis and receive the recommendations of the City Attorney, the Chief Financial Officer, and the Board of Trustees. Each pension law modification must be adopted by at least two-thirds vote to the City Council and approved by the Mayor.

Note 3 - Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

The Plan maintains cash to meet its immediate liquidity needs. Cash not immediately needed is invested in either short-term or long-term investment securities as directed by management. The bank balance of the Plan's cash, $14,122,099 and $36,733,543 at December 31, 2004 and 2003, respectively, was insured or collateralized with securities held by the Plan or by its agent in the Plan's name. The carrying value of this cash was $11,722,000 and $35,920,000 at December 31, 2004 and 2003, respectively.

Investments

State of Georgia and City statutes authorize the Plan to invest in U.S. Government obligations, U.S. Government agency obligations, State of Georgia obligations, obligations of a corporation of the U.S. Government, and the Georgia Fund I (a local government investment pool maintained by the State of Georgia). Additionally, the Plan is authorized to invest in common stock provided that the cost basis of such investments do not exceed 55% of the net assets of the Plan.

The Plan invests in repurchase agreements only when they are collateralized by U.S. Government or agency obligations. Pledged collateral is held in safekeeping as indicated by the categories below.

The Plan also invest in various mortgage-backed securities, such as collateralized mortgage obligations (CMOs), to maximize yields. These securities are based on cash flows from interest payments on underlying mortgages. Mortgage backed securities are sensitive to prepayments by mortgagees, which may result from a decline in interest rates. For example, if interest rates decline and mortgagees refinance their mortgages, thereby prepaying the mortgages underlying these securities, the cash flows, from interest payments are reduced and the value of these securities declines. Likewise, if mortgagees pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated.

The Plan's investments are categorized below to give an indication of the level of collateral risk assumed by the Plan at December 31, 2004 and 2003. Category 1 represents investments that are insured or registered or for which the securities are held by the Plan's agent in the Plan's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Plan's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Plan's name. At December 31, 2004 and 2003, there were no investments classified in Categories 2 or 3.

Note 3 - Cash, Cash Equivalents, and Investments, continued

	2004 (in thousands) Risk Category 1	Carrying Value
Categorized Investments:		
Equities	$ 135,747	$ 135,747
U.S. government and agency obligations	83,057	83,057
Corporate bonds	45,408	45,408
Collateralized mortgage obligations	3,510	3,510
Total Categorized Investments	$ 267,722	267,722
Investments Not Categorized:		
Held by broker-dealers under securities lending arrangements with cash collateral:		
Equities		202,581
U.S. government and agency obligations		6,109
Securities lending short-term collateral investments		58,872
Total		$ 535,284

	2003 (in thousands) Risk Category 1	Carrying Value
Categorized investments:		
Equities	$ 124,833	$ 124,833
U.S. government and agency obligations	48,034	48,034
Corporate bonds	37,969	37,969
Collateralized mortgage obligations	55,827	55,827
Total Categorized Investments	$ 266,663	266,663
Investments not categorized:		
Held by broker-dealers under securities lending arrangements with cash collateral:		
Equities		106,112
U.S. government and agency obligations		25,492
Corporate bonds		10,418
Securities lending short-term collateral investments		63,124
Total		$ 471,809

Note 3 - Cash, Cash Equivalents, and Investments, continued

The following is a reconciliation of the carrying amounts of investments as shown above to the amounts shown on balance sheets at December 31, 2004 and 2003 (in thousands of dollars):

	2004	2003
Investments	$ 476,412	$ 408,685
Securities lending short-term collateral investment	58,872	63,124
	$ 535,284	$ 471,809

Securities Lending

State statutes and Board of Trustees policies permit the Plan to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Plan's custodians lend securities of the type of loan at year-end for collateral in the form of cash or other securities of 102%. Securities loaned at year-end for cash collateral are presented as unclassified in the preceding schedule of custodial credit risk; securities loaned for securities collateral are classified according to the category for the collateral.

Cash collateral is invested in overnight investments. At year-end, the Plan has no significant credit risk exposure to borrowers because the amounts the Plan owes the borrowers exceed the amounts the borrowers owe the Plan. The contract with the Plan's custodian requires it to indemnify the Plan if the borrowers fail to return the securities and if the collateral is inadequate to replace the securities loaned or fail to pay the Plan for the income distributions by the securities' issuers while the securities are on loan.

There were no violations of legal or contractual provisions, no borrower or lending agent default losses, and no recoveries of prior period losses during the year. There are no income distributions owed on the securities loaned. The Plan records the cash received as collateral under securities lending agreements and the investments purchased with that cash as securities lending short-term collateral investment pool with a corresponding amount recorded as a liability.

Note 4 - Funding Policy

The City's funding policy is to contribute a percentage of the Plan's covered employee payroll as developed in the actuarial valuation for the Plan. Active participants are required to contribute 7% of base pay (or 8% if participant has covered beneficiary). The City's contribution percentage is the actuarially determined amount necessary to fund plan benefits after consideration of employee contributions. The City makes an additional contribution of 1% of payroll, which effectively decreases the employee's required contribution percentage to 6% (or 7% if participant has a covered beneficiary), but has no effect on the overall required contribution. The City is not obligated to continue the 1% supplemental contribution for any specified period of time.

Note 4 - Funding Policy, continued

The actuarially determined contribution amount is the sum of the annual normal cost and the amortization of the unfunded actuarial accrued liability as a level percentage of future payrolls (over 40 years from January 1, 1979). The actuarial cost method used for funding purposes is the Entry Age Normal Cost Method. This method is one of the approved methods for such plans in the State of Georgia, and provides for contributions based on a level percentage of future payroll. The unfunded actuarial accrued liability for funding purposes is amortized on a closed basis over a period established by State of Georgia guidelines. The significant actuarial assumptions used to compute the contribution requirements are the same as those used to compute the actuarial accrued liability.

Note 5 - Contributions Required and Contributions Made

The required contribution percentages developed in the most recent actuarial valuation for the Plan for 2004 and 2003 and the actual contributions made are as follows (dollars in thousands):

	2004	2003
Normal cost	21.2 %	30.9 %
Amortization of the unfunded actuarial accrued liability	23.7	18.5
Total required contributions as a percentage of payroll	44.9 %	49.4 %
Actual employee contributions:		
Dollar amount	$ 3,629	$ 4,651
Percent of covered payroll	4.8 %	7.1 %
Actual employer contributions:		
Dollar amount	$ 20,246	$ 19,104
Percent of covered payroll	26.8 %	29.1 %

The annual covered payroll for the City was $75,611,000 and $63,722,000 for the years ended December 31, 2004 and 2003 respectively. The actual employer contributions shown above include amounts used to fund retiree supplemental cost of living increases and other minimum benefits. These amounts are components of the City's contributions for purposes of meeting actuarially determined funding requirements.

Note 6 - Contributions Receivable from Employees

Employees

Employees may receive credit for service for previous employment with certain state and local governmental agencies including previous employment with the City, upon payment to the Plan of an amount, as defined in the 1933 Act, as amended, representing contributions applicable to such service period. These contributions may be paid over a future period, even after retirement. In addition, 1964 and 1978 amendments to the Plan increased pension benefits and the related employee contribution rates. Active employees may retroactively increase their contribution rates from the date of employment in order to receive the maximum increased benefits available under the 1964 and 1978 amendments. These "back contributions" may also be paid over a future period.

Contributions receivable from employees were $364,000 and $- at December 31, 2004 and 2003, respectively.

Note 7 - Contingencies

The Internal Revenue Service (IRS) has ruled that the Plan qualifies under Section 401(a) of the Internal Revenue Code (IRC) and is therefore not subject to tax under present federal income tax laws. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualifications. The Plan obtained a determination letter on May 19, 1998, in which the IRS stated that the Plan, as then designed, was in compliance with the applicable requirements of the IRC. The Plan has been amended as well as there have been changes in the IRC subsequent to receiving this determination letter. The Plan obtained a determination letter on August 17, 2004, in which the IRS ruled that the amendments do not affect the qualified status of the Plan. The City and the Plan's tax counsel believe the Plan is currently designed and being operated in material compliance with the applicable tax requirements.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN
Required Supplementary Information

Schedule of Funding Progress

(Unaudited)
(Dollars in thousands)

Actuarial valuation date	Actuarial value of assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll (b-a)/c)
January 1, 2000	$ 384,083	$ 419,439	$ 35,356	91.6 %	$ 67,330	52.5 %
January 1, 2002	$ 448,676	$ 541,209	$ 92,533	82.9 %	$ 67,320	137.5 %
January 1, 2004	$ 440,212	$ 617,501	$ 177,289	71.3 %	$ 63,274	280.2 %

Schedule of Employer Contributions

(Unaudited)
(Dollars in thousands)

Year	Annual Required Contribution	Actual Employer contribution	Percentage contributed
2000	$ 13,816	$ 13,816	100.0 %
2002	$ 15,068	$ 15,595	103.5 %
2004	$ 25,271	$ 20,246	80.1 %

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Required Supplementary Information

Notes to Schedule of Funding Progress and
Schedule of Employer Contributions

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated.

The actuarial accrued liability is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits under the Plan are based on employee compensation. The accumulated plan benefits for active employee are based on their average compensation and credited service ending on the date as of which the benefit information is presented (the valuation date). Benefits payable under all circumstances - retirement, death, disability, and termination of employment - are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

Additional information as of the latest actuarial valuation follows:

Actuarial cost method	Entry age normal
Amortization method	Level percentage closed Over a closed period of 40 years from January 1, 1979 as a level percentage of estimated future payroll
Remaining amortization period	16 years
Asset valuation period	Smoothed 5 year averaged market
Investment rate of return	8.0%
Projected salary increases	2.3% due to inflation 4.5% for merit or seniority
Postretirement benefit increases	3%

REPORT ON
THE SEVENTY-SEVENTH VALUATION OF
THE EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF PROVIDENCE
AS OF JUNE 30, 2004

December 29, 2004

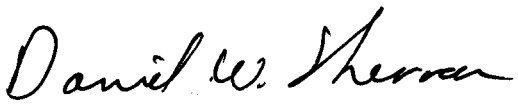
Retirement Board
Employees' Retirement System of the
City of Providence
City Hall
Providence, Rhode Island 02903

Dear Board Members:

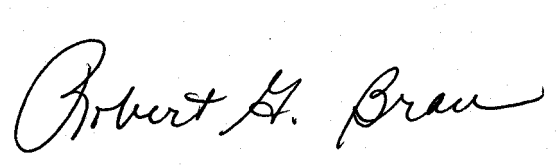
This report presents the revised results of the seventy-seventh actuarial valuation of the system, prepared as of June 30, 2004, which develops the appropriation required by the City for the fiscal year beginning July 1, 2005.

The Table of Contents, which immediately follows, outlines the material contained in the report.

Respectfully submitted,



Daniel W. Sherman, ASA, MAAA, EA
Director and Consulting Actuary



Robert G Brau, CEBS
Director

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REPORT ON THE SEVENTY-SEVENTH VALUATION OF THE
EMPLOYEES' RETIREMENT SYSTEM OF THE
CITY OF PROVIDENCE
AS OF JUNE 30, 2004

SECTION I - SUMMARY OF PRINCIPAL RESULTS

1. For convenience of reference, the principal results of the current and preceding valuations are summarized below:

Valuation Date	**6/30/2003**	**6/30/2004**
Number of active members		
Vested	1,625	1,696
Nonvested	1,473	1,377
Total	3,098	3,073
Annual salaries of active members	$ 115,015,233	$ 115,548,428
Average salary of active members	$ 37,126	$ 37,601
Number of retirees and beneficiaries	2,826	2,986
Annual retirement allowances	$ 55,816,709	$ 62,588,121
Average retirement allowance	$ 19,751	$ 20,961
No. of vested terminated members	95	97
Accumulated member contributions	$ 1,854,037	$ 2,300,571
Market value of plan assets (accrual basis)	$ 320,940,967	$ 365,559,334
Assets for valuation purposes (AVA average in '04, accrual basis)	$ 334,928,730	$ 372,128,439
Unfunded accrued liability	$ 564,407,378	$ 653,217,516
Contribution rates required		
Class A		
Class B	26.40%	26.87%
- Fire		
- Police	61.83%	61.98%
	64.14%	81.69%

2. Comments on the valuation results as of June 30, 2004 are given in Section IV and the appropriation payable by the City during the fiscal period beginning July 1, 2005 is set out in Section V.

3. The valuation was based on the assumptions as outlined in Schedule B. For purposes of the July 1, 2004 valuation, the mortality rates were revised to reflect the current life expectancy of employees. The disability withdrawal rates for ordinary and accidental disability retirement were lowered to reflect current experience and the rates of future salary increase were lowered to better estimate future salaries as described in Appendix B. The actuarial cost method was also changed to the individual entry age method.

4. Schedule D of this report presents a summary of the main provisions of the act governing the system, as interpreted in preparing the actuarial valuation. In particular, the valuation reflected the following with respect to annual cost of living adjustments (COLAs):

GROUP	COLA	Number of Recipients
a) Class A		
(i) Retired prior to 12/18/1991	- 3%, compounded	812
(ii) Retired after 12/18/1991	- None	807
Total of Class A		1,619
b) Class B – Police		
(i) Retired prior to 1/1/1990	- 5%, compounded	346
(ii) Retired between 1/1/1990 and 12/18/1991	- 6% compounded	44

GROUP	COLA	Number of Recipients
(iii) Retired after 12/18/1991	- 3% compounded	192
Total of Police		582

c) Class B – Fire

(i) Retired prior to 1/1/1990	- 5% compounded	375
(ii) Retired between 1/1/1990 and 12/18/1991	- 6% compounded	88
(iii) Retired after 12/18/1991	- 3% simple, on first $12,000 of annual benefit	172
Total of Fire		635

d) Total Number of Class A and Class B retirees and beneficiaries 2,836*

*Excludes elected officials and 127 Class A and B employees who retired prior to June 30, 2004 but were not processed on the June 30, 2004 payroll.

There is a three-year deferral of the initial COLA for current active members when they retire.

SECTION II - EMPLOYEE DATA

1. Employee data were furnished by the City Controller.

2. Tables 1 and 2 of Schedule E show the number and annual salaries of active members, while the remaining tables of Schedule E show the number and annual retirement allowances of beneficiaries as of June 30, 2004.

SECTION III - ASSETS

1. The amount of the assets taken into account in the valuation was obtained from information submitted by the City Controller.

2. The market value of the assets of the system as of June 30, 2004 on a "cash basis" was $324,641,608. To convert this amount to an "accrual basis," this amount should be increased by the discounted value of the City's contribution already appropriated for the 7/1/2004 – 6/30/2005 fiscal year ($44,395,733) but assumed not to be deposited until 6/30/2005. The discounted value of this contribution is $40,917,726. Therefore, the market value of the assets of the system as of June 30, 2004 on an "accrual basis" was $365,559,334.

3. The amount of assets used for valuation purposes was determined by the use of a five-year moving average of market values. This procedure produced a value of $372,128,439 on an "accrual basis." Schedule C outlines the calculation of this adjusted value which was modified for purposes of this year's valuation.

SECTION IV - COMMENTS ON VALUATION

1. Schedule A of this report presents the results of the valuation and shows the present and prospective assets and liabilities of the retirement system of June 30, 2004. Actuarial liabilities consist of $435,379,935, which equals the value of prospective benefits of active members; plus $736,390,912, which equals the present value of obligations to retired members and their beneficiaries; plus $6,977,381, which equals the value of prospective benefits of deferred vested members. These liabilities amount to $1,178,748,228. Expected future normal contributions of the City and of active members have a present value of $153,402,273. This leaves $1,025,345,955 to be met by the City and members through annual contributions. Against these prospective liabilities, the system has present assets of $372,128,439 leaving $653,217,516 as the unfunded accrued liability.

2. Section V discusses the portion of the total prospective City obligation we recommend for current payment.

SECTION V - APPROPRIATION PAYABLE BY CITY

1. Schedule A gives the basis for determining the appropriation payable by the City during the fiscal period beginning July 1, 2005. In accordance with the law governing the operation of the retirement system, we recommend contribution rates of 26.87% for Class A members, 61.98% for Class B Fire and 81.69% for Class B Police. These rates are based on amortizing the unfunded accrued liability as of June 30, 2004 on a level percentage-of-payroll basis over a 26-year period (one year less than the amortization period used by the prior actuarial valuation). If these rates are applied to the annual

compensation of active members included in the actuarial valuation as of June 30, 2004 and contributions are paid on June 30, 2006, contributions payable by the City for the fiscal year beginning July 1, 2005 are as shown below:

Group	Amount
Class A:	
General	$ 8,041,738
School	6,452,707
School Crossing Guards	452,229
Water	2,627,534
Workforce Development (JTPA)	262,719
Fire Civilians	740,672
Police Civilians	172,865
Total Class A	$ 18,750,464
Class B:	
Fire	$ 14,729,631
Police	17,973,512
Total Class B	$ 32,703,142
Grand Total	**$ 51,453,606 (see # 2 below)**

.

2. **The above contribution includes an additional contribution of $492,606, which is needed to amortize the remaining deferred contribution as of June 30, 1996 over a 26-year period.**

3. The assets and liabilities in the valuation do not take the elected officials' pensions into account. Therefore, in addition, the City should contribute an amount sufficient to provide for the payment of the special pensions to elected officials on a pay-as-you-go basis. Any deficiency which arises on account of elected officials whereby the contribution paid for a

fiscal year is not sufficient to cover the special pensions paid that year to such retired members should be met by a special contribution by the City.

SECTION VI - ACCOUNTING INFORMATION

Based on our interpretation of Statement 25 of the Governmental Accounting Standards Board, the results of the June 30, 2003 and 2004 actuarial valuations are shown below:

	June 30, 2003	June 30, 2004
1. Normal cost for employees	$ 9,546,470	$ 9,469,703
2. Normal cost for employers	$ 10,772,740	$ 8,057,661
3. Actuarial liability for active members	$ 277,616,980	$ 281,977,662
4. Actuarial liability for retired members	$ 621,719,128	$ 743,368,293
5. Total actuarial liability	$ 899,336,108	$1,025,345,955
6. System assets	$ 334,928,730	$ 372,128,439
7. Unfunded actuarial accrued liability	$ 564,407,378	$ 653,217,516
8. Ratio of assets to actuarial liability	37.24%	36.29%
9. Investment return assumption	8.5%	8.5%
10. Rate of salary increase	5.0%	graded%*

* See Schedule B.

SCHEDULE OF EMPLOYER CONTRIBUTIONS
(dollar amounts in thousands)

Year Ended June 30	Annual Required Contribution	Percentage Contributed
1994	$18,612	99.90%
1995	$21,159	53.81%
1996	$16,136	100.00%
1997	$21,089	93.58%
1998	$35,701	57.52%
1999	$37,445	56.15%
2000	$37,415	60.00%
2001	$38,899	60.60%
2002	$42,442	64.18%
2003	$42,008	80.25%
2004	$46,321	85.99%

SCHEDULE OF FUNDING PROGRESS
(dollar amounts in thousands)

Year Ended June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1994	$286,956	$500,119	$213,163	57.38%	$84,176	253.23%
1995	$293,454	$460,567	$167,113	63.72%	$88,335	189.18%
1996	$287,320	$699,265	$411,945	41.09%	$84,178	489.38%
1997	$288,800	$732,373	$443,573	39.43%	$88,959	498.63%
1998	$315,000	$732,775	$417,775	42.99%	$99,182	421.22%
1999	$325,576	$746,264	$420,688	43.63%	$106,717	394.21%
2000	$341,817	$798,292	$456,475	42.82%	$114,164	399.84%
2001	$341,986	$821,363	$479,377	41.64%	$116,493	411.51%
2002	$340,550	$867,457	$526,907	39.26%	$114,265	461.13%
2003	$334,929	$899,336	$564,407	37.24%	$115,015	490.72%
2004	$372,128	$1,025,345	$653,217	36.29%	$115,548	565.32%

ANNUAL PENSION COST AND NET PENSION OBLIGATION FOR
FISCAL YEARS BEGINNING JULY 1, 2003 AND JULY 1, 2004

3. The pension cost and net pension obligation as required by Statement 27 of the Governmental Accounting Standards Board are:

Fiscal year beginning July 1, 2003

Net Pension Obligation (NPO) at June 30, 2003	$ 101,572,177
a. Annual Required Contribution	46,321,152
b. Interest on NPO	8,633,635
c. Amortization of NPO	(6,420,870)
Annual Pension Cost	48,533,917
Contributions Paid (not discounted)	(39,829,741)
Increase in NPO	8,704,176
NPO of June 30, 2004	110,276,353

Fiscal year beginning July 1, 2004

Net Pension Obligation (NPO) at June 30, 2004	$ 110,276,353
a. Annual Required Contribution	49,328,593
b. Interest on NPO	9,373,490
c. Amortization of NPO	(7,129,046)
Annual Pension Cost	51,573,037
Expected Contributions to be Paid (not discounted)	(44,395,733)
Increase in NPO	7,177,304
Expected NPO of June 30, 2005	117,453,657

SCHEDULE A

RESULTS OF THE VALUATION AS OF JUNE 30, 2004
(Excluding Elected Officer Funds)

	Class A	Class B			Grand Total
		Fire	Police	Total	
1. Actuarial Liabilities					
(a) Present value of all future benefits payable to active members	$ 201,817,065	$ 106,113,303	$ 127,449,567	$ 233,562,870	$ 435,379,935
(b) Present value of benefits payable to retirees and beneficiaries including benefits payable on death	213,543,876	265,719,096	257,127,940	522,847,036	736,390,912
(c) Present value of benefits payable to vested terminated members	6,586,396	0	390,985	390,985	6,977,381
(d) Total actuarial liabilities	$ 421,947,337	$ 371,832,399	$ 384,968,492	$ 756,800,891	$1,178,748,228
2. Assets of the System	$ 119,875,847	$ 136,349,906	$ 115,902,686	$ 252,252,592	$ 372,128,439
3. Present Value of Future Normal Contributions	$ 66,932,983	$ 43,932,818	$ 42,536,472	$ 86,469,290	$ 153,402,273
4. Unfunded Value of Total Prospective Contributions by the City (1(d) minus 2 and 3)	$ 235,138,507	$ 191,549,675	$ 226,529,334	$ 418,079,009	$ 653,217,516
5. Amortization (26 years)	$ 15,443,902	$ 12,580,986	$ 14,878,451	$ 27,459,437	$ 42,903,339

	Class A	Class B			Grand Total
		Fire	Police	Total	
6. Total Individual Entry Age Normal Cost	$ 7,889,396	$ 4,220,860	$ 4,489,034	$ 8,709,894	$ 16,599,290
7. Employee Normal Cost	$ 5,122,519	$ 2,444,470	$ 1,902,714	$ 4,347,184	$ 9,469,703
8. Net City Normal Cost with Interest	$ 3,127,047	$ 2,007,627	$ 2,922,987	$ 4,930,614	$ 8,057,661
9. Amortization of 1995 Deferral	$ 179,514	$ 141,018	$ 172,074	$ 313,092	$ 492,606
10. Total City Appropriation (5 plus 8 plus 9)*	$ 18,750,463	$ 14,729,631	$ 17,973,512	$ 32,703,143	$ 51,453,606
11. Total Contribution Rate for Fiscal Year Beginning July 1, 2005	26.87%	61.98%	81.69%	71.46%	

*** Assumed payment date, June 30, 2006**

SCHEDULE B

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

INTEREST RATE: 8½% per annum, compounded annually for General Funds and School Teacher Funds.

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of withdrawal and deferred retirement, disability, death and service retirement among members in active service are as follows:

CLASS A

Age	Retirement	Disability	
		Ordinary	Accidental
20		.00025	.00010
25		.00030	.00015
30		.00030	.00015
35		.00050	.00025
40		.00080	.00040
45	.0671	.00125	.00060
50	.0925	.00185	.00090
55	.0859	.00255	.00130
59	.1138	.00370	.00185
60	.1229	.00415	.00210
64	.1741	.00625	.00310
65	.2500	.00680	.00340
70	.2500	.00680	.00340
75	1.0000		

Age	Withdrawal and Deferred Retirement	Ordinary and Accidental Death	
		Men	Women
20	.1413	.00035	.00019
25	.1206	.00038	.00021
30	.0644	.00044	.00026
35	.0473	.00077	.00048
40	.0389	.00108	.00071
45	.0272	.00151	.00112
50	.0174	.00214	.00168
54	.0101	.00281	.00232
55		.00303	.00253
60		.00488	.00393
65		.00757	.00582
70		.00992	.00761

CLASS B

Age	Withdrawal and Deferred Disability	Disability		Ordinary and Accidental Death	
		Ordinary	Accidental	Men	Women
20	.0258	.0001	.0008	.00035	.00019
25	.0183	.0001	.0011	.00038	.00021
30	.0104	.0002	.0017	.00044	.00026
35	.0046	.0025	.0023	.00077	.00048
40	.0029	.0004	.0034	.00108	.00071
45	.0024	.0007	.0060	.00151	.00112
50		.0011	.0104	.00214	.00168
55			.0149	.00281	.00232
59			.0194	.00303	.00253
				.00488	.00393

Age	Retirement
40	.07403
45	.07599
50	.08004
55	.08860
59	.10238
60	.25000
64	.25000
65	1.00000

SALARY INCREASES NOT INCLUDING LONGEVITY: Next 5 years – 4.5%, following 5 years – 4.75%, thereafter – 5%.

ANNUAL INCREASE IN AMORTIZATION PAYMENT: 5%

LONGEVITY TABLES:

CLASS A:

FOR EMPLOYEE HIRED ON OR PRIOR TO OCTOBER 23, 1999:

YEAR OF SERVICE	PERCENTAGE AMOUNT
5 years but less than 10 years	5%
10 years but less than 15 years	6%
15 years but less than 20 years	7%
20 years or more	8%

FOR EMPLOYEES HIRED AFTER OCTOBER 23, 1999:

YEAR OF SERVICE	PERCENTAGE AMOUNT
7 years but less than 12 years	4%
12 years but less than 17 years	5%
17 years but less than 20 years	6%
20 years or more	7%

CLASS B:

FIRE:

FOR EMPLOYEE HIRED ON OR PRIOR TO JUNE 30, 1996

YEAR OF SERVICE	PERCENTAGE AMOUNT
5 years but less than 10 years	8%
10 years but less than 15 years	9%
15 years but less than 20 years	10%
20 years or more	11%

FOR EMPLOYEES HIRED AFTER JUNE 30, 1996

YEAR OF SERVICE	PERCENTAGE AMOUNT
5 years but less than 10 years	7%
10 years but less than 15 years	8%
15 years but less than 20 years	9%
20 years or more	10%

POLICE:

FOR EMPLOYEE HIRED ON OR PRIOR TO JUNE 30, 1998

YEAR OF SERVICE	PERCENTAGE AMOUNT
0 year but less than 6 years	0%
6 years but less than 11 years	8%
11 years but less than 16 years	9%
16 years but less than 21 years	10%
21 years or more	11%

FOR EMPLOYEES HIRED AFTER JUNE 30, 1998

YEAR OF SERVICE	PERCENTAGE AMOUNT
0 year but less than 6 years	0%
6 years but less than 11 years	7%
11 years but less than 16 years	8%
16 years but less than 21 years	9%
21 years or more	10%

DEATHS AFTER RETIREMENT: Based on the RP-2000 Mortality Table producing the following life expectancies.

	CLASS A and CLASS B			
	Service		Disability	
Age	Male	Female	Male	Female
50	30.074	33.268	27.550	30.526
55	25.858	28.686	23.318	26.009
60	21.636	24.272	19.190	21.750
65	17.615	20.126	15.354	17.776
70	13.917	16.270	11.877	14.124

VALUATION METHOD: Individual entry age method. Gains and losses are reflected in the period remaining to liquidate the unfunded accrued liability.

ASSET VALUATION METHOD: Five-year smoothed market value. The actuarial value of assets is determined according to the following general formula, provided such value is within a 20% corridor of the market value:

$$VA = MV - .8I_1 - .6I_2 - .4I_3 - .2I_4$$

where

VA = Valuation assets.

MV = Market value of assets as of the valuation date.

I_n = Investment gain (loss) during n^{th} year preceding the valuation date.

SCHEDULE C

DETERMINATION OF ADJUSTED ASSET VALUE

Reconciliation of Market Value of Plan Assets (accrual basis), 7/1/2000 - 7/1/2004				
	7/1/2000-6/30/2001	7/1/2001-6/30/2002	7/1/2002-6/30/2003	7/1/2003-6/30/2004
Market value at beginning of period	351,949,390	322,045,955	296,510,834	284,231,528
Contributions during period	32,852,750	36,620,041	43,420,094	49,323,326
Total investment income (from auditor's reports)	18,674,752	8,879,249	10,607,665	20,265,697
Benefit payments and expenses	(53,827,358)	(54,729,213)	(57,490,294)	(62,776,945)
Market value at end of period	322,045,955	296,510,834	284,231,528	324,641,608
Expected market value at end of period	358,412,179	328,790,865	304,997,106	292,047,234
Investment gain/(loss) for the year	(36,366,224)	(32,280,031)	(20,765,578)	32,594,374

YearEnded	Investment Gain / (Loss)		Weight		Weighted Gain / (Loss)
6/30/2004	32,594,374	x	.80	=	26,075,499
6/30/2003	(20,765,578)	x	.60	=	(12,459,347)
6/30/2002	(32,280,031)	x	.40	=	(12,912,012)
6/30/2001	(36,366,224)	x	.20	=	(7,273,245)
					(6,569,105)

Actuarial Value of Assets = Market Value ***minus*** weighted gain / (loss) = 331,210,713

Plus discounted value of contribution due to be paid on June 30, 2005 40,917,726

Total 372,128,439

SCHEDULE D

SUMMARY OF MAIN PROVISIONS OF RETIREMENT SYSTEM

AS INTERPRETED FOR VALUATION PURPOSES

1 – BENEFITS

Final compensation is the average of the highest three years of base compensation including longevity pay earned by a member during his total service as an employee.

Service is total employment by the City plus any purchased service.

Service Retirement Allowance

Conditions for Allowance	The minimum age for service retirement for Class A members is age 55 or the age at which 25 years of service (30 years for members hired after July 1, 1995) are completed if earlier, and for Class B members age 55 or the age at which 20 years of service are completed if earlier.
Amount of Allowance	
Provided by Member	An annuity which is the actuarial equivalent of his accumulated contributions at the time of his retirement, and
Provided by City	<u>For Class A members hired prior to July 1, 1996</u>: A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/40 of his final compensation for each year of total service credited not in excess of 20 years plus 1/50 of his final compensation for each year of total service credited in excess of 20 years. <u>For Class A members hired on or after July 1, 1996</u>: A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/50 of his final compensation for each year of total service credited.

For Police:
A pension which when added to his normal annuity, exclusive of any excess annuity, equals:

1. For members of the bargaining unit hired on or after September 1, 2001:

Eligible Years of Service	Designated Percentage
Prior to 20 years of service	2.5% per year
20 years of service	50%
21 years of service	52%
22 years of service	54%
23 years of service	56%
24 years of service	58%
25 years of service	60%
26 years of service	62%
27 years of service	64%
28 years of service	66%
29 years of service	68%
30 years of service	70%
31 years of service	72%
32 years of service	75%

2. For members of the bargaining unit hired prior to September 1, 2001:

Eligible Years of Service	Designated Percentage
Prior to 20 years of service	2.5% per year
20 years of service	50%
21 years of service	52%
22 years of service	54%
23 years of service	56%
24 years of service	58%
25 years of service	65%
26 years of service	62%
27 years of service	64%
28 years of service	66%
29 years of service	68%
30 years of service	75%
31 years of service	72%
32 years of service	80%

For all other Class B:
A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/40 of his final compensation for each year of total service credited not in excess of 20 years plus 1/50 of his final compensation for each year of total service credited in excess of 20 years but not in excess of 32 years and 6 months.

Deferred Retirement Allowance

Conditions for Allowance — A member who has completed at least 10 years of service may retire and receive a deferred retirement allowance commencing at the minimum age for service retirement.

Amount of Allowance

Provided by Member — A deferred annuity which is the actuarial equivalent of his accumulated contributions, and

Provided by City — See "Service Retirement Allowance."

Ordinary Disability Retirement Allowance

Conditions for Allowance

For Police:
After 10 years but less than 20 years of service.

For All Others:
After 10 years of service, a member under the minimum age for service retirement may be retired for disability upon his own request or upon the request of the head of the department employing him.

Amount of Allowance

Provided by Member — An annuity which is the actuarial equivalent of his accumulated contributions at the time of his retirement, and

Provided by City

If the member is a Class A member:
A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 9/10 of 1/50 of his final compensation for each year of total service which

would have been credited had he continued in service to the minimum age for service retirement, but such retirement allowance, exclusive of any excess annuity, is not to exceed 45% of his final compensation.

For Police:
A pension which when added to his normal annuity will give a total retirement allowance, equal to a percentage of his final compensation, as described in the following table:

Eligible Years of Service	Percentage
10 years of service	22.50%
11 years of service	24.75%
12 years of service	27%
13 years of service	29.25%
14 years of service	31.50%
15 years of service	33.75%
16 years of service	36%
17 years of service	38.25%
18 years of service	40.50%
19 years of service	42.75%

For All other Class B:
A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 9/10 of 1/40 of his final compensation for each year of total service which would have been credited had he continued in service to the minimum age for service retirement, but such retirement allowance, exclusive of any excess annuity, is not to exceed 45% of his final compensation.

Accidental Disability Retirement Allowance

Conditions for Allowance

A member may be retired on account of accidental disability occurring in the performance of duty regardless of age or length of service. Any condition or impairment of health of Class B employees who are firefighters caused by any disease of the heart or cardiovascular system or lungs or respiratory tract resulting in total or partial disability shall be presumed to be accidental and suffered in the line of duty unless the contrary be shown by competent evidence.

Amount of Allowance

Provided by Member

Non-Police:
An annuity that is the actuarial equivalent of his accumulated contributions at the time of his retirement.

Police:
In light of the member's receipt of the pension stated below, the only annuity payable is the actuarial equivalent of any accumulated additional contributions at the time of his retirement.

and

Provided by City

For All:
A pension of 66-2/3% of his final compensation, but not less than the service retirement allowance. Upon the death of a member within 5 years after accidental disability retirement as a result of an accident while in the performance of duty, a pension of one-half of the member's final compensation is paid to his widow until she dies or remarries, at which point the pension is paid to his child or children until they attain age 19.

Accidental Death Benefit

Conditions for Benefit

An accidental death benefit is payable upon the death of any member due to an accident in the performance of duty. Any condition or impairment of health of Class B employees who are firefighters caused by any disease of the heart or cardiovascular system or the lungs or respiratory tract resulting in death shall be presumed to be accidental and suffered in the line of duty unless the contrary be shown by competent evidence.

Amount of Benefit

A pension of one-half of the member's final compensation is paid to his widow until she dies or remarries, at which point the pension is payable to his child or children until they attain age 19. If there are no other dependents, the pension is payable to his dependent parents. In addition, a lump sum payment of the member's accumulated contributions is made.

Withdrawal or Ordinary Death Benefit	A member who withdraws prior to eligibility for retirement receives his accumulated contributions. Should a member die before retirement his accumulated contributions are paid to his estate or beneficiary; provided, however, if he has attained minimum retirement age and has not made an optional election as described below, and is survived by a spouse, such spouse is entitled, in lieu of the return of the member's accumulated contributions, to a benefit equal to that which would have been payable to such spouse upon the death of the member had the member retired on the day of his death and elected to receive a benefit under the provisions of Option 2, as described below, and nominated his spouse as his designated beneficiary, except that for a Class B member the benefit to the spouse shall not be less than 67½% of the benefit that would have been paid to such retired member without reduction.
Benefit upon Death after Retirement	<u>For Class A</u>: Benefits under any option. Also, the excess, if any, of the member's accumulated contributions at retirement over all payments paid out on the member's account. <u>For Class B</u>: Upon the death of a Class B pensioner, 67½% of his retirement allowance is paid to his widow until she dies or remarries, at which point the benefit is paid to his dependent children until they attain age 18. Also, the excess, if any, of the member's accumulated contributions at retirement over the total of all payments paid out on the member's account.
Minimum Benefits	The minimum monthly retirement allowance is $600, prorated for members whose credited service at retirement is less than 25.

Special Privileges at Retirement

At retirement, a member may elect to convert his allowance into a benefit of equivalent actuarial value in accordance with one of the options described below:

Option 1. A reduced retirement allowance payable during the retired member's life, with a provision that in case of death before such payments have equaled the present value of his retirement allowance at the date of retirement, the balance shall be paid to the heirs or assigns; or

Option 2. A reduced retirement allowance payable during the retired member's life, with a provision that after his death it shall be continued during the life of and paid to the person nominated by him by written designation at the time of his retirement; or

Option 3. A reduced retirement allowance payable during the retired member's life, with a provision that after his death an allowance at one-half the rate of his reduced allowance shall be continued during the life of and paid to the person nominated by him by written designation at the time of his retirement; or

Option 4. A reduced retirement allowance payable during the retired member's life, with some other benefit payable after his death, provided that the benefit shall be certified by the actuary and approved by the retirement board. This Option is not available to Police who retire on an Accidental Disability Allowance.

Class B members may not elect Options 2 or 3.

Married Class B members may also not elect Option 1.

Special Privileges upon Attainment of Minimum Retirement Age

Any member who has attained minimum retirement age may elect, in accordance with Option 2, 3, or 4 above, a reduced retirement allowance with provision for benefits to a person having an insurable interest in his life, other than his wife. The benefit is determined as of the member's date of death or retirement, if prior thereto, in accordance with the provisions of the option selected and is in lieu of the return of the member's accumulated contributions if death occurs during the

member's continuance in service after attainment of minimum retirement age. Such election is irrevocable after the option becomes effective unless the designated beneficiary predeceases the member prior to his retirement.

Cost of Living Adjustment

For Class A:
3% compounded, for members who retired prior to 12/18/91; no adjustment for other Class A members.

For Police:

5%, compounded, for members who retired prior to 1/1/90; 6%, compounded, for members who retired between 1/1/90 and 12/18/91; 3% compounded for other retired members.

For all other Class B Retirees:

5%, compounded, for members who retired prior to 1/1/90; 6%, compounded, for members who retired between 1/1/90 and 12/18/91; and, 3%, simple, on first $12,000 of annual benefit for other retired members.

The initial COLA payment is deferred until the January 1 that occurs three years after the member's retirement date.

Special Provisions for Certain Elected Officials

Any person who has served as Mayor or City Councilman for at least eight full legislative years is entitled to a retirement allowance on the basis of such service as an elected official upon attainment of age 52 or the completion of 20 consecutive years as an elected official, whichever is earlier, or the occurrence of total and permanent disability prior thereto.

Such retirement allowance is currently $350 for each year of service, provided that no more than 20 years of such service are to be used in determining the allowance.

Upon the death of any such elected official, benefits are payable in accordance with the Class A provisions of the act.

An elected official may elect to withdraw his accumulated contributions in lieu of his rights to the allowance based on service as an elected official.

2 – CONTRIBUTIONS

Provided by Members

For Class A: 8% of their salaries.

For Police: 8% of their salaries

For all other Class B Members: 9½% of their salaries.

The Mayor and members of the City Council are required to contribute at the rate of $350 per year.

Provided by City

The City makes the balance of contributions needed to fund the system.

In addition the City shall contribute from time to time amounts sufficient with the contributions of elected officials to provide the special pensions granted to elected officials.

SCHEDULE E

TABLES OF EMPLOYEE DATA

TABLE 1

The Number and Annual Salaries of Members Distributed By 5th Age and Service As of June 30, 2004

CLASS A

SERVICE AGE	1	5	10	15	20	25	30	35	OVER 37	TOTAL	
20	1	0	0	0	0	0	0	0	0	1	NUMBER
	18,393	0	0	0	0	0	0	0	0	18,393	SALARY
25	15	45	4	0	0	0	0	0	0	64	NUMBER
	435,280	1,102,362	68,646	0	0	0	0	0	0	1,606,288	SALARY
30	13	53	76	4	0	0	0	0	0	146	NUMBER
	448,776	1,569,793	1,941,302	119,615	0	0	0	0	0	4,079,486	SALARY
35	14	65	117	48	3	0	0	0	0	247	NUMBER
	651,847	1,739,287	3,281,778	1,638,655	120,553	0	0	0	0	7,432,120	SALARY
40	16	86	108	75	22	0	0	0	0	307	NUMBER
	544,142	2,381,104	3,253,629	2,765,754	909,654	0	0	0	0	9,854,283	SALARY
45	28	80	104	74	43	7	3	0	0	339	NUMBER
	1,264,750	2,015,023	2,905,119	2,590,384	1,798,095	362,017	126,086	0	0	11,061,474	SALARY
50	12	52	114	86	49	26	39	3	0	381	NUMBER
	682,507	1,492,927	3,171,283	2,843,492	1,896,042	1,038,474	1,810,196	118,089	0	13,053,010	SALARY
55	20	40	82	69	48	18	26	25	1	329	NUMBER
	1,023,167	1,254,225	2,166,493	2,187,929	1,606,885	803,000	1,203,114	1,284,586	34,265	11,563,664	SALARY
60	6	35	37	33	29	9	10	18	6	183	NUMBER
	248,748	961,332	1,212,171	942,020	1,115,811	334,171	515,627	857,638	309,799	6,497,317	SALARY
65	4	5	34	27	11	3	7	0	3	94	NUMBER
	215,887	106,619	952,992	755,857	434,220	126,816	282,776	0	108,574	2,983,741	SALARY
70	3	6	10	8	3	2	3	0	0	35	NUMBER
	130,709	182,262	238,060	268,158	165,140	58,324	158,852	0	0	1,201,505	SALARY
75	1	1	2	1	2	0	0	1	2	10	NUMBER
	36,245	19,125	49,955	27,635	63,281	0	0	49,777	72,927	318,945	SALARY
OVER 77	0	0	1	2	1	1	0	0	0	5	NUMBER
	0	0	16,426	43,861	32,403	18,238	0	0	0	110,928	SALARY
TOTAL	133	468	689	427	211	66	88	47	12	2,141	NUMBER
	5,700,451	12,824,059	19,257,854	14,183,360	8,142,084	2,741,040	4,096,651	2,310,090	525,565	69,781,154	SALARY

TABLE 2

The Number and Annual Salaries of Members Distributed By 5th Age and Service As of June 30, 2004

CLASS B

SERVICE / AGE	1	5	10	15	20	25	30	OVER 32	TOTAL	
20	0	0	0	0	0	0	0	0	0	NUMBER
	0	0	0	0	0	0	0	0	0	SALARY
25	3	13	0	0	0	0	0	0	16	NUMBER
	130,512	594,205	0	0	0	0	0	0	724,717	SALARY
30	19	39	6	0	0	0	0	0	64	NUMBER
	826,576	1,773,799	307,617	0	0	0	0	0	2,907,992	SALARY
35	10	54	52	37	1	0	0	0	154	NUMBER
	433,312	2,469,657	2,671,015	1,670,222	52,162	0	0	0	7,296,368	SALARY
40	9	21	54	70	87	0	0	0	241	NUMBER
	391,536	966,763	2,811,179	3,235,736	4,331,236	0	0	0	11,736,450	SALARY
45	2	12	15	50	136	19	0	0	234	NUMBER
	87,008	553,538	783,265	2,269,354	6,743,264	1,015,731	0	0	11,452,160	SALARY
50	2	1	7	18	54	63	11	0	156	NUMBER
	86,507	45,643	361,987	825,089	2,667,719	3,418,116	655,419	0	8,060,480	SALARY
55	0	0	0	2	9	21	19	2	53	NUMBER
	0	0	0	108,237	432,753	1,089,116	1,083,112	114,878	2,828,096	SALARY
60	1	0	0	0	2	5	1	5	14	NUMBER
	88,110	0	0	0	86,086	241,330	60,519	284,966	761,011	SALARY
	0	0	0	0	0	0	0	0	0	NUMBER
	0	0	0	0	0	0	0	0	0	SALARY
TOTAL	46	140	134	177	289	108	31	7	932	NUMBER
	2,043,561	6,403,605	6,935,063	8,108,638	14,313,220	5,764,293	1,799,050	399,844	45,767,274	SALARY

TABLE 3

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2004

SERVICE RETIREMENTS

CLASS A

AGE	NUMBER	AMOUNT
46	1	$27,990
48	5	113,259
49	2	33,185
50	8	288,663
51	8	170,093
52	19	511,202
53	7	192,036
54	7	208,824
55	11	317,567
56	22	412,402
57	20	492,351
58	27	465,583
59	32	559,339
60	24	391,974
61	28	713,568
62	32	403,844
63	23	410,719
64	39	453,851
65	42	628,047
66	39	475,658
67	53	683,386
68	35	413,742
69	40	543,315
70	44	610,165
71	57	849,088
72	54	778,870
73	55	772,113
74	58	877,329
75	59	852,563
76	48	683,037

TABLE 3 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2004

SERVICE RETIREMENTS

CLASS A

AGE	NUMBER	AMOUNT
77	54	774,353
78	42	580,112
79	38	473,470
80	44	590,285
81	27	238,713
82	23	274,646
83	36	392,408
84	36	415,964
85	19	206,099
86	27	314,702
87	21	192,557
88	16	166,762
89	13	106,097
90	12	84,783
91	5	31,442
92	12	80,570
93	6	31,519
94	3	28,341
95	4	38,260
97	4	33,398
98	2	20,531
100	1	4,106
101	2	11,497
TOTAL	1,346	$19,424,378

TABLE 4

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2004

SERVICE RETIREMENTS

CLASS B

AGE	NUMBER	AMOUNT
41	1	$17,694
43	2	43,618
44	1	24,911
45	1	24,387
46	2	62,182
47	6	159,032
48	3	71,157
49	8	268,049
50	6	290,481
51	14	377,438
52	8	396,223
53	15	444,698
54	14	500,180
55	13	407,192
56	13	356,514
57	28	805,627
58	23	764,563
59	15	506,833
60	17	803,770
61	13	416,355
62	9	348,659
63	8	198,027
64	12	326,828
65	9	319,023
66	9	204,973
67	13	373,646
68	15	386,031
69	13	415,068
70	10	290,679

TABLE 4 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2004

SERVICE RETIREMENTS

CLASS B

AGE	NUMBER	AMOUNT
71	12	436,060
72	19	487,081
73	14	290,964
74	16	421,305
75	17	432,728
76	14	372,889
77	20	557,321
78	11	288,377
79	17	309,220
80	19	387,687
81	16	398,164
82	10	262,096
83	14	293,292
84	8	148,085
85	1	14,290
86	5	94,253
87	2	28,342
88	2	25,860
89	1	20,029
90	1	12,930
91	1	12,930
92	1	31,520
98	1	12,930
101	1	12,930
103	1	12,930
TOTAL	525	$14,968,051

TABLE 5

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2004

ELECTIVE OFFICIALS AND DEPENDENTS
OF ELECTIVE OFFICIALS

AGE	NUMBER	AMOUNT
55	1	$2,258
57	1	2,847
62	2	7,158
64	1	3,766
65	1	3,950
66	3	13,688
74	3	17,017
77	2	13,292
78	2	10,779
79	1	5,989
81	3	11,985
88	1	6,272
94	1	1,426
95	1	1,732
TOTAL	23	$102,159

TABLE 6

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2004

DISABILITY RETIREMENTS

CLASS A

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
37	1	58,144			1	$58,144
45			1	15,905	1	15,905
46	1	8,371			1	8,371
48	2	22,418			2	22,418
49			1	24,552	1	24,552
50	1	5,722	2	29,699	3	35,421
51	1	4,828	2	57,026	3	61,854
52			2	34,333	2	34,333
53			1	17,796	1	17,796
54			4	64,232	4	64,232
55	1	2,855	2	31,704	3	34,559
56	3	55,146	3	152,862	6	208,008
57	1	4,087	3	59,184	4	63,271
58	1	8,585	2	40,782	3	49,367
59	1	6,230	2	47,970	3	54,200
60			1	12,682	1	12,682
61	1	16,855	3	52,978	4	69,833
62			3	56,780	3	56,780
63			5	63,878	5	63,878
64			2	26,385	2	26,385
65	1	8,462	7	114,566	8	123,028
67	2	13,431			2	13,431
68			3	35,121	3	35,121
69	1	5,338	5	98,410	6	103,748
70			2	22,003	2	22,003
71			1	15,924	1	15,924
73	2	26,314	2	40,978	4	67,292

TABLE 6 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2004

DISABILITY RETIREMENTS

CLASS A

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
74			1	12,504	1	12,504
75	1	21,992	3	58,320	4	80,312
76			1	18,341	1	18,341
77			2	23,047	2	23,047
78			3	69,698	3	69,698
79			2	23,401	2	23,401
80	1	6,159			1	6,159
81	1	10,266			1	10,266
82			1	4,368	1	4,368
83			1	4,769	1	4,769
84			1	10,245	1	10,245
TOTAL	24	295469	74	1340443	98	$1,635,912

TABLE 7

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2004

DISABILITY RETIREMENTS

CLASS B

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
36			1	24,551	1	$24,551
37			2	66,421	2	66,421
38			1	31,332	1	31,332
39			1	28,080	1	28,080
40	1	16,917	1	29,799	2	46,716
41			4	118,837	4	118,837
42	1	16,872	5	192,159	6	209,031
43			3	113,270	3	113,270
44	1	18,119	6	193,933	7	212,052
45	1	14,529	3	123,392	4	137,921
46			6	264,645	6	264,645
47			12	392,881	12	392,881
48	1	16,016	7	233,258	8	249,274
49			11	334,595	11	334,595
50			11	397,466	11	397,466
51			5	177,824	5	177,824
52			9	330,644	9	330,644
53			14	485,768	14	485,768
54			18	675,944	18	675,944
55			14	529,536	14	529,536
56	1	28,300	17	719,294	18	747,594
57	2	45,550	27	1,041,543	29	1,087,093
58			16	612,307	16	612,307
59	1	16,504	25	925,447	26	941,951
60			13	559,038	13	559,038
61			13	538,943	13	538,943
62			15	594,444	15	594,444
63			12	433,563	12	433,563
64			15	697,192	15	697,192
65			22	998,373	22	998,373

TABLE 7 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2004

DISABILITY RETIREMENTS

CLASS B

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
66			11	502,436	11	502,436
67	1	15,734	6	240,904	7	256,638
68			9	515,294	9	515,294
69			6	225,984	6	225,984
70			9	411,995	9	411,995
71			12	616,714	12	616,714
72			12	666,634	12	666,634
73			9	482,321	9	482,321
74			10	364,009	10	364,009
75			6	249,384	6	249,384
76	1	12,930	3	180,501	4	193,431
77			6	245,357	6	245,357
78			5	208,780	5	208,780
79			7	306,783	7	306,783
80			5	137,709	5	137,709
81			1	20,003	1	20,003
82			2	57,726	2	57,726
83			1	12,314	1	12,314
84	1	14,043			1	14,043
85			1	10,389	1	10,389
90			1	12,930	1	12,930
97			2	27,661	2	27,661
			11	502,436	11	502,436
TOTAL	12	215514	433	17360307	445	$17,575,821

TABLE 8

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2004

DISABILITY RETIREMENTS

GRAND TOTAL

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
36			1	24,551	1	$24,551
37	1	58,144	2	66,421	3	124,565
38			1	31,332	1	31,332
39			1	28,080	1	28,080
40	1	16,917	1	29,799	2	46,716
41			4	118,837	4	118,837
42	1	16,872	5	192,159	6	209,031
43			3	113,270	3	113,270
44	1	18,119	6	193,933	7	212,052
45	1	14,529	4	139,297	5	153,826
46	1	8,371	6	264,645	7	273,016
47			12	392,881	12	392,881
48	3	38,434	7	233,258	10	271,692
49			12	359,147	12	359,147
50	1	5,722	13	427,165	14	432,887
51	1	4,828	7	234,850	8	239,678
52			11	364,977	11	364,977
53			15	503,564	15	503,564
54			22	740,176	22	740,176
55	1	2,855	16	561,240	17	564,095
56	4	83,446	20	872,156	24	955,602
57	3	49,637	30	1,100,727	33	1,150,364
58	1	8,585	18	653,089	19	661,674
59	2	22,734	27	973,417	29	996,151
60			14	571,720	14	571,720
61	1	16,855	16	591,921	17	608,776
62			18	651,224	18	651,224
63			17	497,441	17	497,441
64			17	723,577	17	723,577

TABLE 8 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2004

DISABILITY RETIREMENTS

GRAND TOTAL

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
65	1	8,462	29	1,112,939	30	1,121,401
66			11	502,436	11	502,436
67	3	29,165	6	240,904	9	270,069
68			12	550,415	12	550,415
69	1	5,338	11	324,394	12	329,732
70			11	433,998	11	433,998
71			13	632,638	13	632,638
72			12	666,634	12	666,634
73	2	26,314	11	523,299	13	549,613
74			11	376,513	11	376,513
75	1	21,992	9	307,704	10	329,696
76	1	12,930	4	198,842	5	211,772
77			8	268,404	8	268,404
78			8	278,478	8	278,478
79			9	330,184	9	330,184
80	1	6,159	5	137,709	6	143,868
81	1	10,266	1	20,003	2	30,269
82			3	62,094	3	62,094
83			2	17,083	2	17,083
84	1	14,043	1	10,245	2	24,288
85			1	10,389	1	10,389
90			1	12,930	1	12,930
91	1	10,266			1	10,266
97			2	27,661	2	27,661
TOTAL	36	$510,983	507	$18,700,750	543	$19,211,733

TABLE 9

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF BENEFICIARIES OF DECEASED ACTIVE AND RETIRED MEMBERS DISTRIBUTED BY AGE AS OF JUNE 30, 2004

AGE	NUMBER	AMOUNT
31	1	$7,948
35	1	12,930
36	1	26,168
39	1	24,405
45	2	46,642
48	1	21,408
49	2	45,063
50	2	86,409
51	1	7,098
52	3	75,089
53	3	71,560
54	3	70,353
55	2	42,215
56	2	39,593
57	6	126,443
58	2	49,153
59	5	129,685
60	2	42,029
61	5	102,124
62	7	160,701
63	4	92,518
64	2	164,883
65	6	148,871
66	8	97,346
67	8	227,279
68	6	91,338
69	12	166,403
70	9	146,826
71	14	186,001
72	10	193,260

TABLE 9 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF BENEFICIARIES OF DECEASED ACTIVE AND RETIRED MEMBERS DISTRIBUTED BY AGE AS OF JUNE 30, 2004

AGE	NUMBER	AMOUNT
73	10	162,785
74	8	130,022
75	13	191,109
76	17	273,773
77	19	250,484
78	18	266,795
79	19	221,032
80	17	221,964
81	20	200,781
82	16	204,244
83	13	152,790
84	11	142,083
85	12	115,412
86	14	132,209
87	10	94,698
88	11	102,712
89	13	122,806
90	9	88,893
91	9	98,842
92	6	68,958
93	7	76,030
94	6	57,763
95	3	32,229
96	2	17,683
97	1	10,266
98	3	38,790
99	2	23,196
101	1	12,930
102	1	10,131
TOTAL	422	$6,223,151

City of Atlanta Police Officers' Pension Fund

Actuarial Valuation Report
as of
January 1, 2005

SOUTHERN
ACTUARIAL
SERVICES

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SOUTHERN ACTUARIAL SERVICES

Post Office Box 888343
Atlanta, Georgia 30356-0343
Telephone 770.392.0980
Facsimile 770.392.2193
www.southernactuarial.com

November 1, 2005

Board of Trustees
City of Atlanta Police Officers' Pension Fund

Ladies and Gentlemen:

This report presents the results of the actuarial valuation of the City of Atlanta Police Officers' Pension Fund as of January 1, 2005. The purpose of this report is to provide a summary of the funded status of the plan as of January 1, 2005, to determine the minimum required contribution for the 2006 plan year, and to determine the annual required contribution and accounting disclosures pursuant to Governmental Accounting Standard Nos. 25 and 27 (GASB 25/27).

Recommended Contribution

Currently, the plan receives contributions from the City of Atlanta and from employees. Employees contribute either 6% or 7% of base salary, depending on whether the employee has any beneficiaries who would be eligible for death benefits under the plan. The City contributes the amount that is actuarially determined as a level percentage of payroll, where the unfunded accrued liability is scheduled to be eliminated as of January 1, 2019 and payroll is assumed to increase at the rate of 4.50% per year. The contribution is based on the actuarial valuation results as of January 1 of the preceding plan year.

For the 2006 plan year, the minimum required contribution is 41.55% of payroll after taking into account expected employee contributions of 6.61% of payroll. This amount represents an increase of 3.28% of payroll from the required contribution for the 2005 plan year.

The increase in the contribution is partially due to poor investment performance over the past five years. The market value of assets gained 11.01% during 2004 as compared with an assumed return of 8.00%. Rather than reflect the entire amount of the unrealized gains and losses immediately, the actuarial value of assets is based on a five-year phase-in of the unrealized appreciation. On this basis, the actuarial value of assets only gained 1.61% for the year, which was well below the assumed 8.00% return.

We will continue to monitor the assumptions used to determine the City's contribution and will make changes as necessary to reflect future expectations.

Contents of the Report

A summary of the results of the valuation is presented in Table I, while Table II provides a historical record of the City's contribution percentage. A detailed breakdown of the liabilities of the plan by type of benefit is presented in Table III. Information for the auditors can be found in Tables IV and V. Tables VI through VIII provide information about the fund's assets. In

particular, Table VI provides a breakdown of the fund assets by investment type, and Tables VII and VIII provide a historical record of the growth, expenditures, and annual yields of the fund. Tables IX through XII provide a variety of useful information concerning the participant population. Finally, Table XIII provides a summary of the assumptions and methods used to complete the valuation and Table XIV provides a summary of the plan provisions.

Certification

To the best of our knowledge, this report fairly and accurately represents the liabilities of the plan as of January 1, 2005 based on the participant data and asset information provided by the City of Atlanta and the plan provisions and actuarial assumptions set forth herein. We believe that these assumptions are reasonable in the aggregate and represent our best estimate of anticipated experience. All calculations set forth herein conform to generally accepted actuarial principles and practices and comply with our current understanding of the requirements of the Georgia Code and the Governmental Accounting Standards Board.

Respectfully submitted,

Charles T. Carr
Consulting Actuary
Enrolled Actuary No. 05-04927

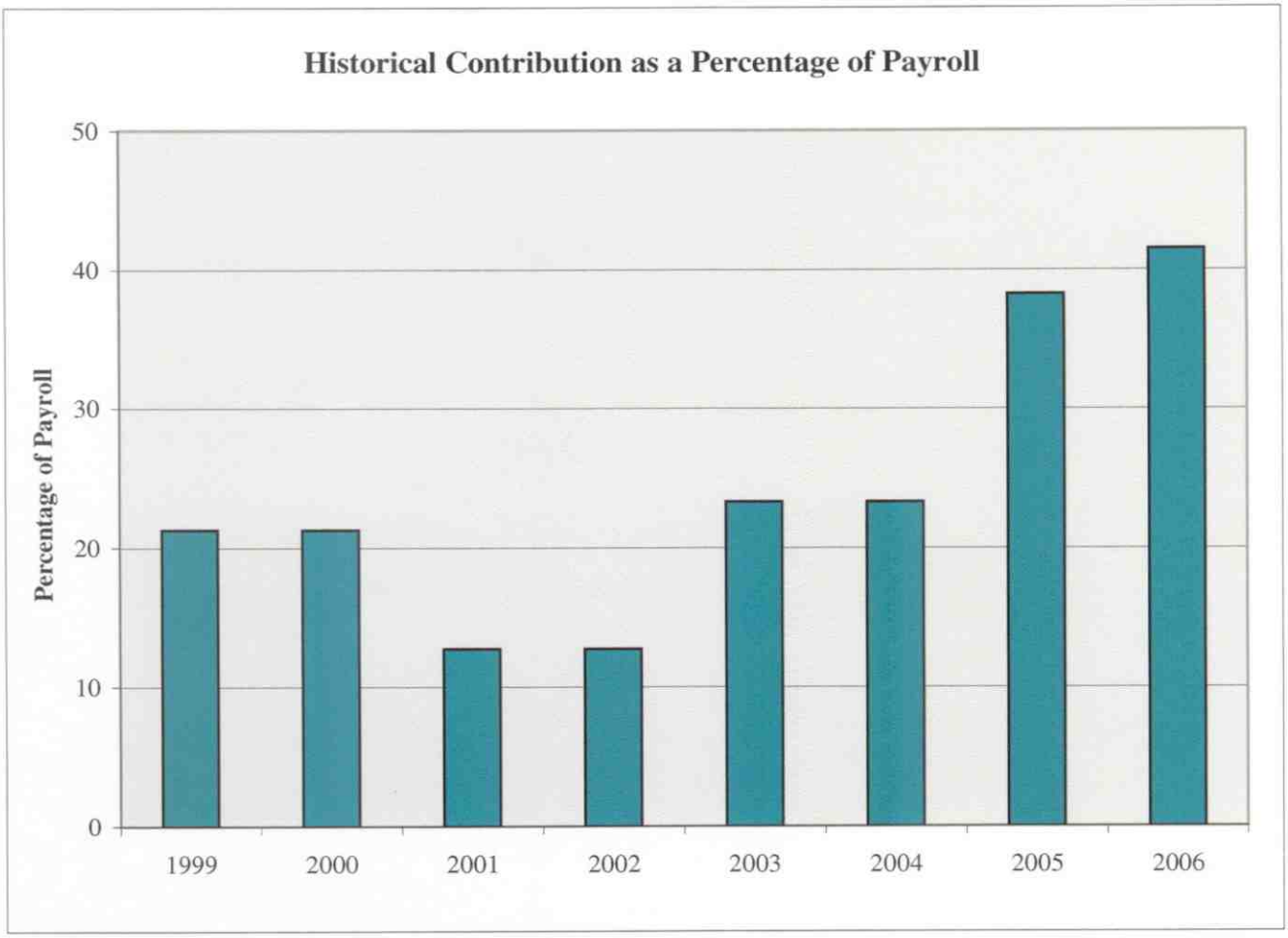
SUMMARY OF VALUATION RESULTS

TABLE I

	As of January 1, 2004	As of January 1, 2005
1. Number of Participants		
a. Active Participants		
i. Fully Vested	521	576
ii. Partially Vested	594	531
iii. Non-Vested	373	531
iv. Sub-total	**1,488**	**1,638**
b. Deferred Vested Participants	**0**	**0**
c. Retired Participants		
i. Service Retirement	686	710
ii. Disability Retirement	102	102
iii. Beneficiaries	225	229
iv. Sub-total	**1,013**	**1,041**
d. Total Participants	**2,501**	**2,679**
2. Expected Annual Compensation *	**$63,274**	**$70,973**
3. Development of Required Contribution *		
a. Actuarial Accrued Liability	$617,501	$658,861
b. Actuarial Value of Assets	($440,212)	($444,460)
c. Unfunded Actuarial Accrued Liability (UAAL)	$177,289	$214,401
d. Amortization Payment Towards UAAL	$15,674	$19,851
e. Normal Cost	$13,441	$15,865
f. Initial Annual Cost	$29,115	$35,716

	For the 2005 Plan Year	For the 2006 Plan Year
4. Minimum Required Contribution		
a. Level Percent Amortization of UAAL	23.70 %	26.77 %
b. Normal Cost Percentage	21.24 %	21.39 %
c. Total Contribution Percentage	44.94 %	48.16 %
d. Effective Employee Contribution	(6.67)%	(6.61)%
e. Minimum Required Employer Contribution	**38.27 %**	**41.55 %**

** dollar amounts are shown in 000's*



Plan Year	Employer Contribution Percentage	Plan Year	Employer Contribution Percentage	Plan Year	Employer Contribution Percentage
1999	21.31%	2002	12.77%	2005	38.27%
2000	21.31%	2003	23.33%	2006	41.55%
2001	12.77%	2004	23.33%		

LIABILITIES AS OF January 1, 2005

TABLE III

	Retirement Benefits	Disability Benefits	Withdrawal Benefits	Pre-Ret. Death Benefits	Return of Employee Contributions		Total
1. Present Value of Future Benefits							
a. Active participants	$379,789	$13,816	$4,114	$11,146	$823		$409,688
b. Def. vested participants	$0	$0	$0	$0	$0		$0
c. Retired participants:							
Retirees	$294,168	$38,411	$0	$0	$0		$332,579
Beneficiaries	$34,310	$0	$0	$0	$0		$34,310
d. Total	**$708,267**	**$52,227**	**$4,114**	**$11,146**	**$823**		**$776,577**
2. Entry Age Accrued Liability							
a. Active participants	$271,015	$9,480	$2,563	$8,403	$511		$291,972
b. Def. vested participants	$0	$0	$0	$0	$0		$0
c. Retired participants:							
Retirees	$294,168	$38,411	$0	$0	$0		$332,579
Beneficiaries	$34,310	$0	$0	$0	$0		$34,310
d. Total	**$599,493**	**$47,891**	**$2,563**	**$8,403**	**$511**		**$658,861**
3. Entry Age Normal Cost	**$13,343**	**$852**	**$398**	**$407**	**$182**		**$15,182**
4. Present Value of Vested Benefits							
a. Active participants	$163,684	$9,363	$10,879	$6,032	$1,479		$191,437
b. Def. vested participants	$0	$0	$0	$0	$0		$0
c. Retired participants:							
Retirees	$294,168	$38,411	$0	$0	$0		$332,579
Beneficiaries	$34,310	$0	$0	$0	$0		$34,310
d. Total	**$492,162**	**$47,774**	**$10,879**	**$6,032**	**$1,479**		**$558,326**
5. Present Value of Accrued Benefits							
a. Active participants	$186,773	$9,363	$2,320	$6,250	$557		$205,263
b. Def. vested participants	$0	$0	$0	$0	$0		$0
c. Retired participants:							
Retirees	$294,168	$38,411	$0	$0	$0		$332,579
Beneficiaries	$34,310	$0	$0	$0	$0		$34,310
d. Total	**$515,251**	**$47,774**	**$2,320**	**$6,250**	**$557**		**$572,152**

** all amounts are shown in 000's*

	For the 2005 Plan Year	For the 2006 Plan Year
A. Number of Plan Participants as of Preceding January 1		
a. Retirees and beneficiaries receiving benefits	1,013	1,041
b. Terminated plan participants entitled to but not yet receiving benefits	0	0
c. Active plan participants	1,488	1,638
d. Total	2,501	2,679
B. Development of Annual Required Contribution (ARC) *		
a. Employer normal cost:		
i. Total normal cost (EOY)	$14,515	$17,133
ii. Expected employee contribution	($4,786)	($5,295)
iii. Employer normal cost	**$9,729**	**$11,839**
b. Amortization of UAAL:		
i. PV of future benefits	$722,692	$776,577
ii. PV of future employer normal costs	($65,696)	($75,892)
iii. PV of future employee contributions	($39,495)	($41,824)
iv. Actuarial accrued liability (AAL)	$617,501	$658,861
v. Actuarial value of assets	($440,212)	($444,460)
vi. Unfunded AAL (UAAL)	$177,289	$214,401
vii. Amortization of UAAL	**$15,542**	**$20,768**
c. Amortization of NPO	**$0**	**$0**
d. **ARC** (Item B.a.iii. plus item B.b.vii. plus item B.c.)	**$25,271**	**$32,607**
C. Annual Pension Cost and Net Pension Obligation (NPO) *		
a. ARC	$25,271	$32,607
b. Interest on NPO	$0	$0
c. Adjustment to ARC	$0	$0
d. **Annual Pension Cost**	**$25,271**	**$32,607**
e. Contributions made (w/ interest to EOY)	($25,271)	($32,607)
f. Increase(decrease) in NPO	$0	$0
g. NPO (beginning of year)	$0	$0
h. **NPO (end of year)**	**$0**	**$0**

** dollar amounts are shown in 000's*

D. Schedule of Employer Contributions **

Year Ended December 31	Annual Required Contribution	Percentage Contributed	Annual Pension Cost	Percentage Contributed
2001	$14,200	100%	$14,200	100%
2002	$15,068	100%	$15,068	100%
2003	$15,062	100%	$15,062	100%
2004	$30,459	100%	$30,459	100%
2005	$25,271	100%	$25,271	100%
2006	$32,607	100%	$32,607	100%

E. Schedule of Funding Progress **

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) – (1)	(4) Funded Ratio (1) ÷ (2)	(5) Covered Payroll	(6) UAAL as % of Covered Payroll (3) ÷ (5)
1/1/1998	$296,516	$384,074	$87,558	77.2%	$46,913	186.6%
1/1/2000	$384,083	$419,439	$35,356	91.6%	$56,966	62.1%
1/1/2002	$448,676	$541,209	$92,533	82.9%	$64,588	143.3%
1/1/2003	$437,282	$592,428	$155,146	73.8%	$66,371	233.8%
1/1/2004	$440,212	$617,501	$177,289	71.3%	$63,274	280.2%
1/1/2005	$444,460	$658,861	$214,401	67.5%	$70,973	302.1%

F. Additional Information

	January 1, 2004	January 1, 2005
Valuation date		
Actuarial cost method	Individual entry age	Individual entry age
Amortization method	Level percent closed	Level percent closed
Remaining amortization period	40 years from 1/1/1979	40 years from 1/1/1979
Asset valuation method	Five-year smoothed market	Five-year smoothed market
Actuarial assumptions:		
Investment rate of return *	8.00%	8.00%
Projected salary increases *	4.50%	4.50%
* Includes inflation at:	2.50%	2.50%
Cost-of-living adjustments	2.50%	2.50%

*** dollar amounts are shown in 000's.*

1. Actuarial Present Value of Accrued Benefits

		As of January 1, 2004	As of January 1, 2005
a.	Vested Benefits:		
	i. Participants currently receiving benefits	$347,221	$366,889
	ii. Other participants	$172,269	$191,437
	iii. Sub-total	$519,490	$558,326
b.	Non-Vested Benefits	$15,039	$13,826
c.	Total Benefits	**$534,529**	**$572,152**
d.	Market Value of Assets	$444,943	$490,982
e.	Funded Ratio	83.24%	85.81%

2. Statement of Change in Actuarial Present Value of Accrued Benefits

a.	Actuarial Present Value as of January 1, 2004	**$534,529**
b.	Increase (Decrease) During 2004 Plan Year Due to:	
	i. Interest	$42,762
	ii. Benefits accumulated	$21,314
	iii. Benefits paid	($26,453)
	iv. Plan amendments	$0
	v. Changes in actuarial assumptions or methods	$0
	vi. Net increase (decrease)	$37,623
c.	Actuarial Present Value as of January 1, 2005	**$572,152**

3. Items Affecting Calculation of Actuarial Present Value of Accrued Benefits

a. Plan provisions reflected in the accrued benefits (see Table XIV on page 18)
b. Actuarial assumptions and methods used to determine present values (see Table XIII on page 16)

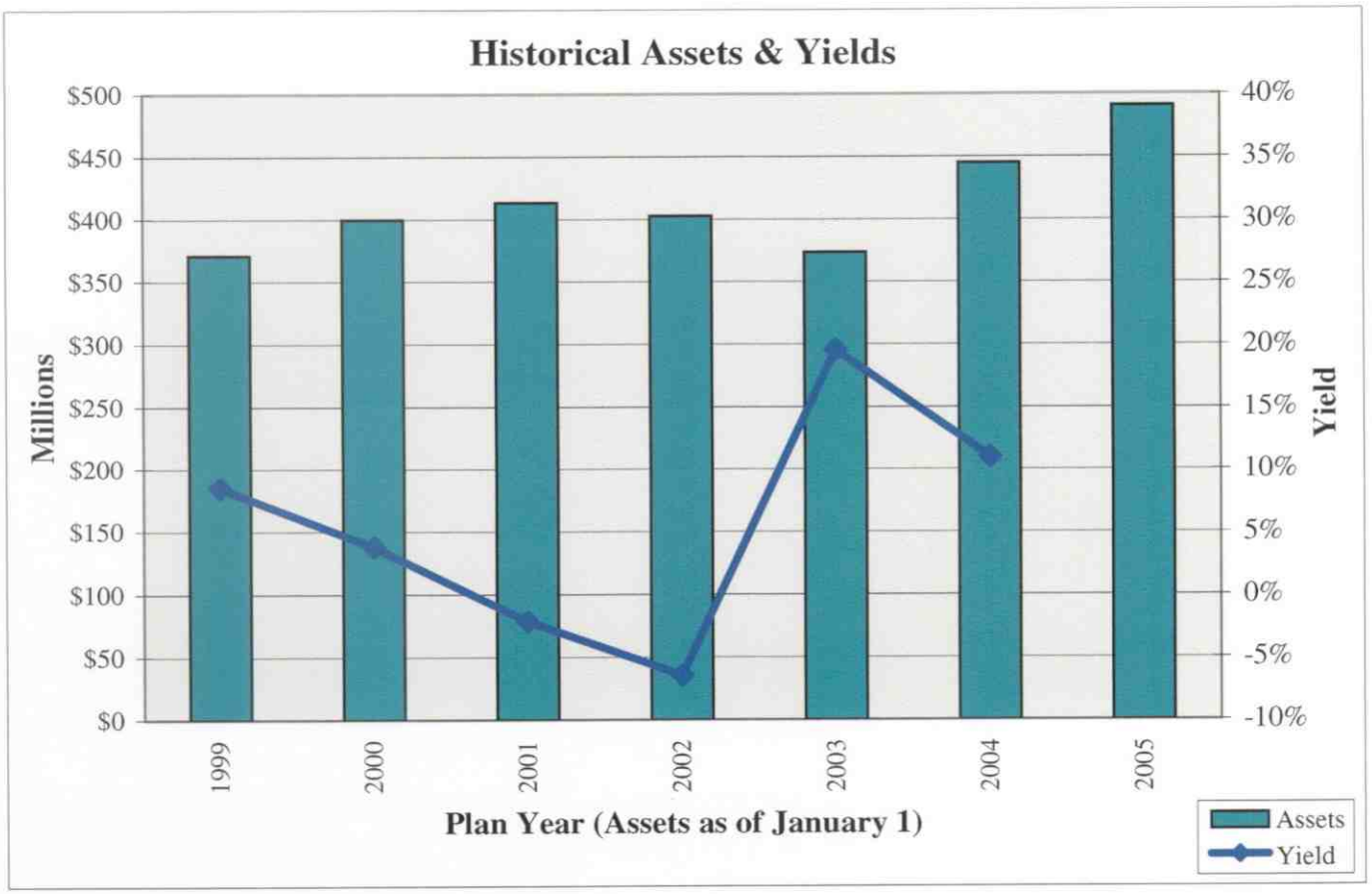
SUMMARY OF ASSETS

TABLE VI

	As of January 1, 2004	As of January 1, 2005
1. Market Value of Assets (in 000's)		
a. Cash and cash equivalents (2%)	$35,920	$11,722
b. Government bonds & notes (18%)	$73,526	$89,166
c. Corporate bonds (9%)	$48,387	$45,408
d. Equities (69%)	$230,945	$338,328
e. Repurchase agreements (0%)	$0	$0
f. Real estate (0%)	$0	$0
g. Mortgages (1%)	$55,827	$3,510
h. Accrued income receivable (0%)	$0	$0
i. Contributions receivable (0%)	$0	$364
j. Other receivables (1%)	$1,512	$2,600
k. Benefits and accounts payable (0%)	($291)	($45)
l. Other payables (0%)	($883)	($71)
m. Market value of assets	**$444,943**	**$490,982**
2. Actuarial Value of Assets (in 000's)		
a. Market value of assets	$444,943	$490,982
b. Five-year phase-in of unrealized investment appreciation:		
i. 2000	$37,436 x 20% =	$7,487
ii. 2001	$32,305 x 40% =	$12,922 x 20% = $6,461
iii. 2002	$38,397 x 60% =	$23,038 x 40% = $15,359
iv. 2003	($60,222) x 80% =	($48,178) x 60% = ($36,133)
v. 2004	($40,261)	x 80% = ($32,209)
vi. Total unrecognized losses(gains)	($4,731)	($46,522)
c. Actuarial Value of Assets (Item a. plus item b., but within an 80-120% corridor of item a.)	**$440,212**	**$444,460**

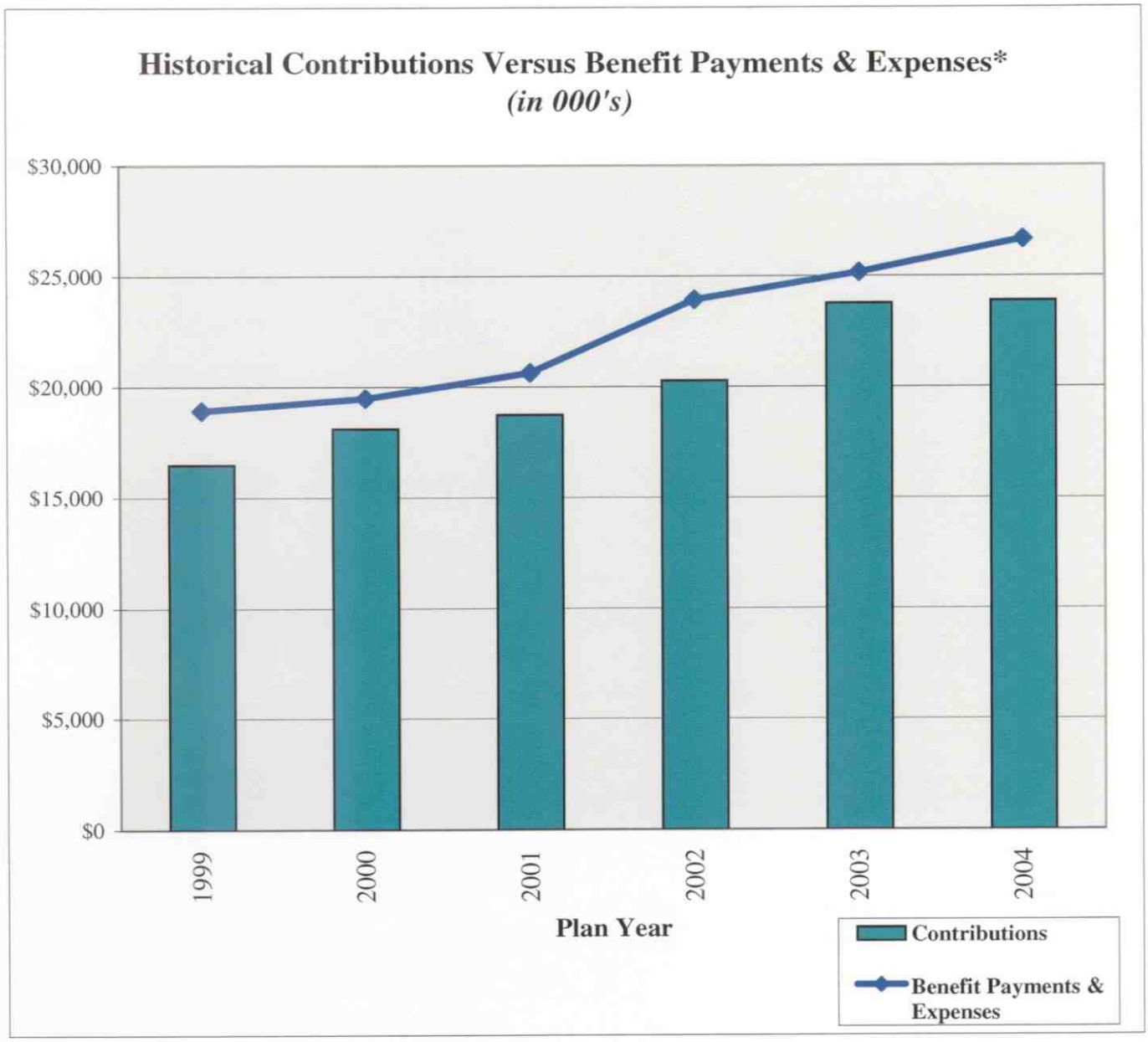
Note:

The percentages in parentheses indicate the proportion of assets committed to each type of investment as of January 1, 2005.

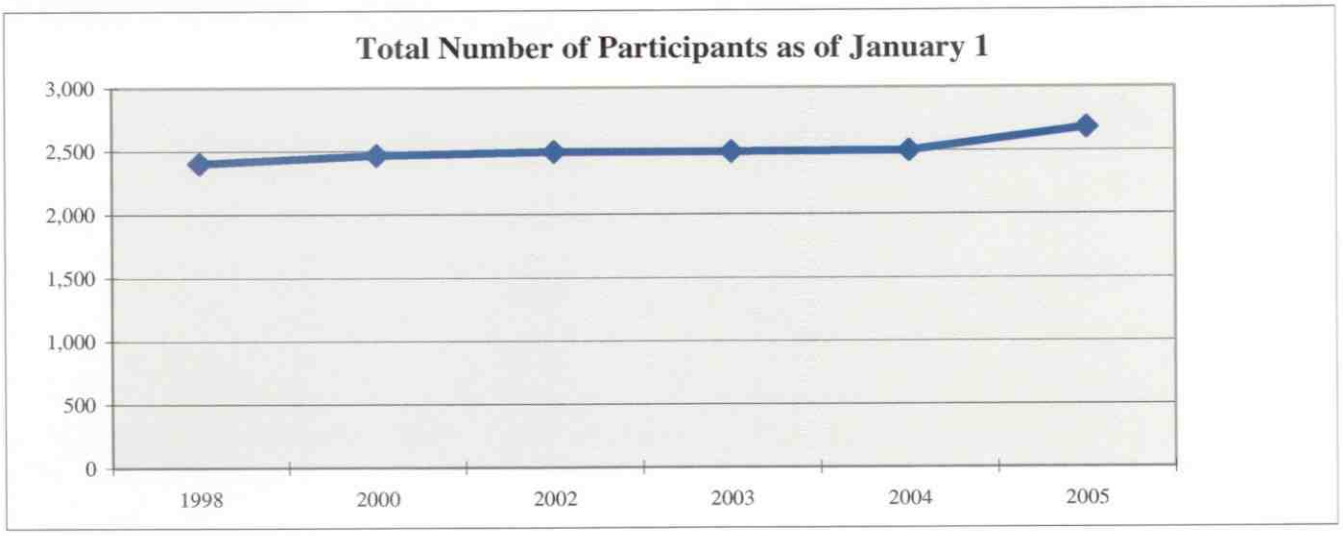


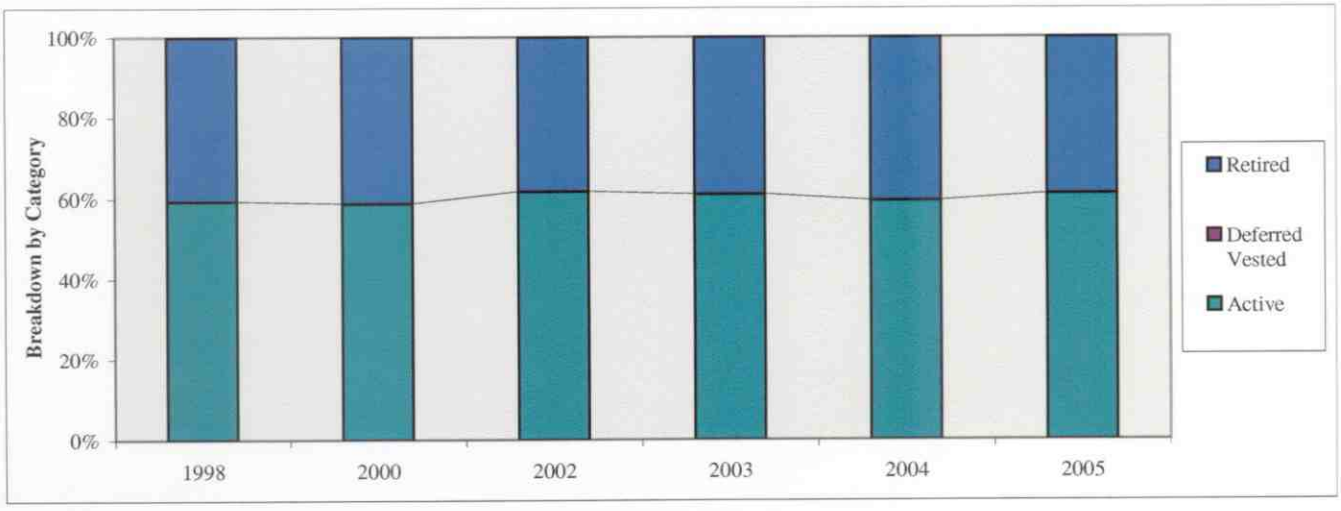
Plan Year	Market Value as of January 1	Actuarial Value as of January 1	Benefit Payments	Expenses	Contributions	Market Value Yield	Actuarial Value Yield
1999	$370,953		$18,555	$359	$16,471	8.49%	
2000	$399,889	$384,083	$18,986	$496	$18,108	3.78%	8.51%
2001	$413,593		$20,020	$611	$18,750	-2.15%	8.51%
2002	$402,836	$448,676	$22,163	$1,769	$20,279	-6.42%	-1.73%
2003	$373,446	$437,282	$24,838	$324	$23,755	19.56%	0.99%
2004	$444,943	$440,212	$26,453	$223	$23,875	11.01%	1.61%
2005	$490,982	$444,460					

** all dollar amounts are shown in 000's*

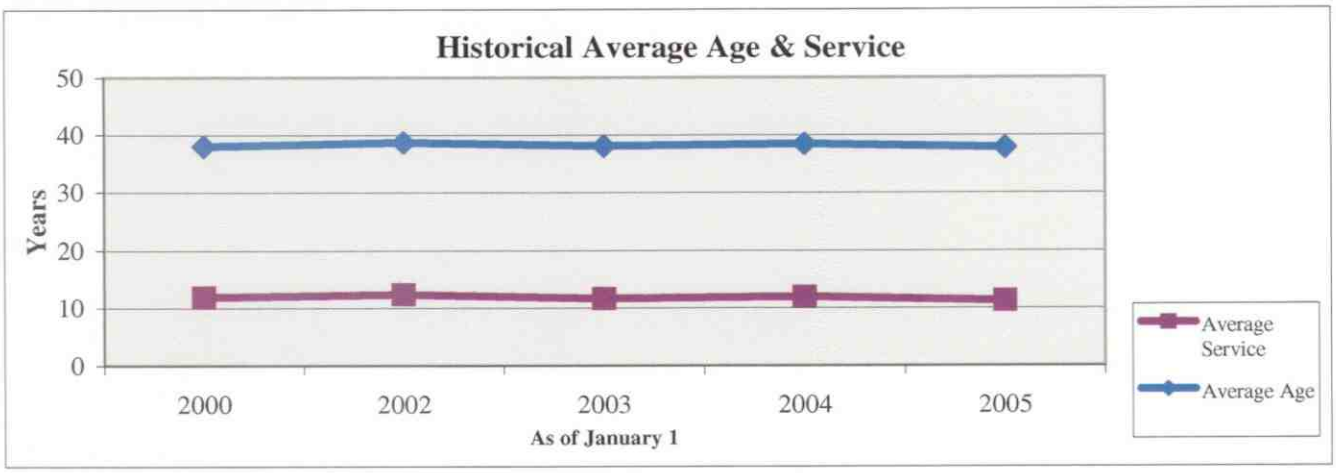


* *Please reference Table VII on page 10 for the historical benefit payments, expenses, and contributions.*

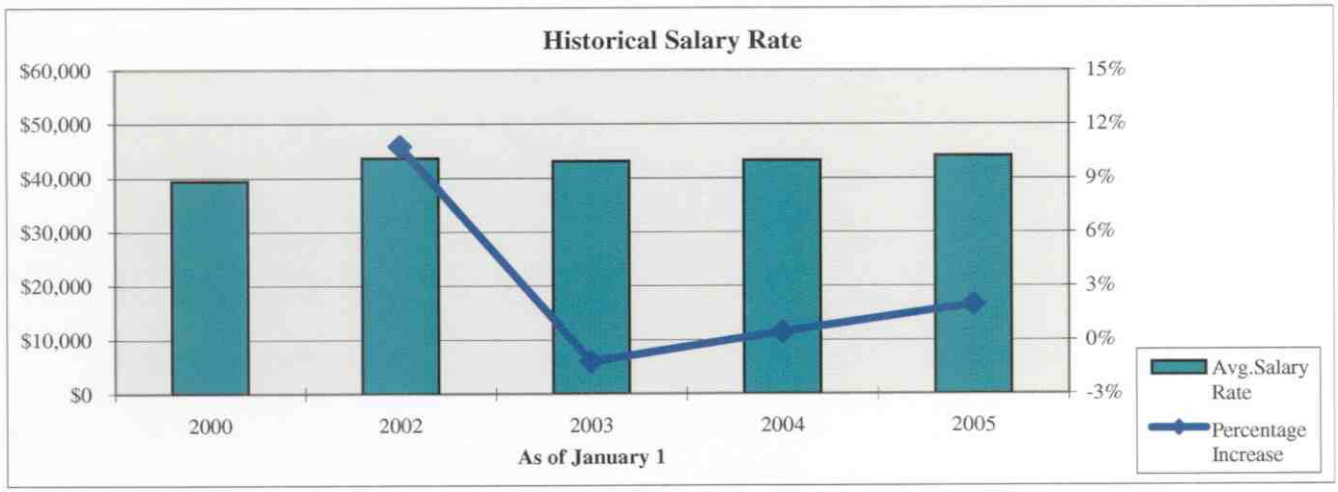




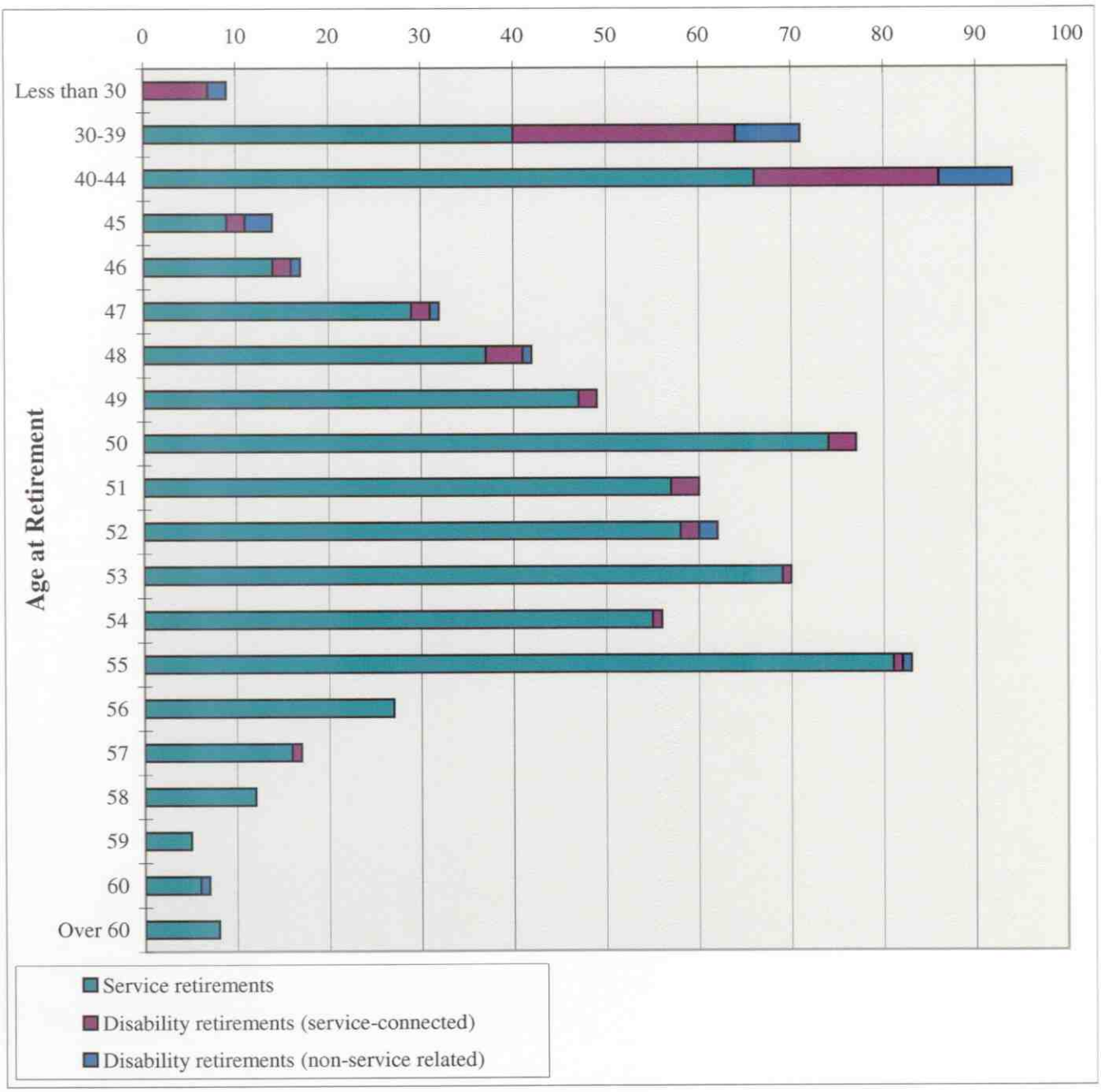
	As of January 1, 2004	As of January 1, 2005
1. Active Participants		
a. Fully Vested	521	576
b. Partially Vested	594	531
c. Non-Vested	373	531
d. Sub-total	**1,488**	**1,638**
2. Deferred Vested Participants	**0**	**0**
3. Retired Participants		
a. Service Retirement	686	710
b. Disability Retirement	102	102
c. Beneficiaries	225	229
d. Sub-total	**1,013**	**1,041**
4. Total Participants	**2,501**	**2,679**



Date	Average Service Earned	Average Attained Age	Date	Average Service Earned	Average Attained Age
1/1/2000	11.9	38.0	1/1/2004	12.0	38.5
1/1/2002	12.4	38.7	1/1/2005	11.3	37.9
1/1/2003	11.7	38.1			



Date	Average Salary Rate	Increase from Prior Year	Date	Average Salary Rate	Increase from Prior Year
1/1/2000	$39,478		1/1/2004	$43,394	0.44%
1/1/2002	$43,729	10.77%	1/1/2005	$44,256	1.99%
1/1/2003	$43,203	-1.20%			



Note: Results are based on retiree data as of January 1, 2005.

Average benefit being paid to members on service retirement is $2,517.57 per month.
Average benefit being paid to members on disability retirement is $2,144.78 per month.
Average benefit being paid to beneficiaries is $1,101.57 per month.

Attained Age	Completed Years of Service										
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25	**51**	**67**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**118**
Avg.Pay	31,100	32,999	0	0	0	0	0	0	0	0	32,178
25 to 29	**50**	**153**	**30**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**233**
Avg.Pay	30,857	34,743	38,842	0	0	0	0	0	0	0	34,437
30 to 34	**31**	**89**	**127**	**47**	**0**	**0**	**0**	**0**	**0**	**0**	**294**
Avg.Pay	33,763	35,390	41,205	45,896	0	0	0	0	0	0	39,410
35 to 39	**14**	**43**	**74**	**131**	**78**	**0**	**0**	**0**	**0**	**0**	**340**
Avg.Pay	35,510	35,666	40,935	47,578	51,452	0	0	0	0	0	45,017
40 to 44	**7**	**20**	**18**	**59**	**136**	**37**	**1**	**0**	**0**	**0**	**278**
Avg.Pay	34,270	36,694	41,088	47,713	52,203	54,746	51,021	0	0	0	49,297
45 to 49	**0**	**2**	**10**	**12**	**53**	**89**	**32**	**0**	**0**	**0**	**198**
Avg.Pay	0	41,437	43,073	42,097	52,060	54,849	56,584	0	0	0	52,880
50 to 54	**0**	**2**	**5**	**14**	**15**	**53**	**17**	**33**	**0**	**0**	**139**
Avg.Pay	0	93,380	42,408	46,163	48,843	52,180	54,362	57,112	0	0	52,893
55 to 59	**0**	**2**	**0**	**4**	**7**	**9**	**1**	**11**	**2**	**0**	**36**
Avg.Pay	0	102,043	0	49,166	54,782	51,807	48,225	66,881	56,679	0	59,660
60 to 64	**0**	**0**	**0**	**0**	**1**	**0**	**1**	**0**	**0**	**0**	**2**
Avg.Pay	0	0	0	0	57,717	0	45,598	0	0	0	51,658
65 to 69	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
70 & up	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
Total	**153**	**378**	**264**	**267**	**290**	**188**	**52**	**44**	**2**	**0**	**1,638**
Avg.Pay	32,109	35,496	40,946	47,015	51,882	53,931	55,379	59,554	56,679	0	44,256

1. Actuarial Cost Method

Individual Entry Age Normal Cost Method

2. Decrements

- **Mortality**
  Sex-distinct mortality rates set forth in the 1983 Group Annuity Mortality Table

- **Disability**
  50% of the sex-distinct disability rates derived from the 1974 study of disability experience under the Social Security system; 75% of disabilities are assumed to be service-connected. A sample of disability rates is set forth in the following tables:

Male Rates

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	0.0600%	30	0.095%	40	0.198%	50	0.522%
25	0.0745%	35	0.132%	45	0.308%	55	0.909%

Female Rates

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	0.0300%	30	0.077%	40	0.191%	50	0.457%
25	0.0445%	35	0.131%	45	0.290%	55	0.766%

- **Permanent Withdrawal from Active Status**
  Withdrawal rates were derived from a study of actual plan experience covering the period 1982 through 1986. A sample of withdrawal rates is set forth in the following table:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	15.0%	30	7.8%	40	2.30%	50	0.956%
25	11.4%	35	4.9%	45	1.35%	55	0.000%

- **Retirement**
  Retirement is assumed to occur in accordance with the rates set forth in the following table:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
45	2%	49	2%	53	10%	57	20%
46	2%	50	2%	54	15%	58	20%
47	2%	51	5%	55	50%	59	20%
48	2%	52	5%	56	50%	60	100%

3. **Interest Rate**

- **Used for Calculating All Liabilities (including GASB 25/27 liabilities)**
  8.00% per annum

4. **Cost-of-Living Adjustment for Retirement Benefits**

For purposes of determining the annual cost-of-living adjustment for retirees, the Consumer Price Index is assumed to increase at the rate of 2.50% per year.

5. **Salary Increases**

Individual salaries have been assumed to increase at the rate of 4.50% compounded annually.

6. **Payroll Increase**

Total payroll has been assumed to grow at the rate of 4.50% per year for purposes of amortizing the unfunded actuarial accrued liability as a level percentage of payroll.

7. **Surviving Beneficiaries**

Those active participants who are making the additional 1% employee contribution to provide a survivor benefit to their eligible beneficiaries are assumed to have only one surviving beneficiary of the opposite sex of the employee. Males are assumed to be three years older than females for this purpose.

8. **Expenses**

All costs and liabilities have been loaded by 1.00% to cover anticipated administrative expenses. In addition, the interest rate set forth in item 3. above is assumed to be net of investment expenses and commissions.

9. **Assets**

The actuarial value of assets is equal to the market value of assets adjusted to reflect a five-year phase-in of the net investment appreciation (or depreciation).

1. Monthly Accrued Benefit

3% of Average Monthly Earnings multiplied by up to 26⅔ years of Creditable Service

2. Normal Retirement Age and Benefit

- **Age**
  Age 55 with at least 15 years of Creditable Service
- **Amount**
  Monthly Accrued Benefit
- **Form of Payment**
  Life annuity (for those participants without a beneficiary); or
  75% joint and contingent annuity (for those participants with a beneficiary)

  Note: All annuity forms of payment include an automatic cost-of-living adjustment effective each January 1 based on the increase in the Consumer Price Index as of the preceding November 1 and limited to 3%, and include a minimum payout equal to the employee's accumulated contributions.

3. Early Retirement Age and Benefit

- **Age**
  At least 15 years of Creditable Service
- **Amount**
  Monthly Accrued Benefit (payable at age 55); or
  Monthly Accrued Benefit reduced by ½% for each of the first 60 months and by ¼% for each additional month by which the participant's Early Retirement Age precedes age 55 (payable at Early Retirement Age)
- **Form of Payment**
  Same as for Normal Retirement

4. Delayed Retirement Age and Benefit

- **Age**
  After Normal Retirement Age
- **Amount**
  Monthly Accrued Benefit
- **Form of Payment**
  Same as for Normal Retirement

5. Disability Retirement Eligibility and Benefit

- **Eligibility**
  All active participants are eligible if the disability is service-connected;
  At least five years of Creditable Service is required otherwise.
- **Condition**
  The participant must become "totally and permanently disabled" and must remain so disabled until age 55. "Totally and permanently disabled" means the participant is in a continuous state of incapacity due to illness or injury, is prevented from performing his regular assigned or comparable duties during the first months of his disability, and is thereafter prevented from engaging in any occupation for which he is or becomes reasonably qualified by education, training, or experience.
- **Amount**
  Greater of 50% of Average Monthly Earnings at the time of disability or Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 75% of the participant's salary at the time of disability (payable until the earlier of recovery from disability or age 55); and
  Monthly Accrued Benefit based on Average Monthly Earnings at the time of disability and Creditable Service including the period during which the participant was disabled (payable at age 55)
- **Form of Payment**
  Same as for Normal Retirement

6. Deferred Vested Benefit

- **Age**
  Any age with at least five years of Creditable Service
- **Amount**
  Monthly Accrued Benefit multiplied by the participant's Vested Percentage and payable at age 60
- **Form of Payment**
  Same as for Normal Retirement

7. Pre-Retirement Death Benefit

In the case of the death of an active or deferred vested participant (or disabled participant prior to age 55), his beneficiary(ies) will receive 75% of the monthly benefit to which the participant would have been entitled had he retired on the day before his death (or 75% of the amount the disabled participant was receiving at the time of his death). The death benefit is payable for the remaining lifetime of the participant's eligible spouse (or to his minor children until age 18 or age 23 if unmarried and a full-time student). In the case of a disabled participant, the death benefit is limited to 60% of the participant's salary at the time of disability.

8. Vested Percentage

Retirement benefits become vested in accordance with the following schedule:

Years of Creditable Service	Vested Percentage
Less than five	0%
At least five, but less than six	25%
At least six, but less than seven	30%
At least seven, but less than eight	35%
At least eight, but less than nine	40%
At least nine, but less than 10	45%
At least 10, but less than 11	50%
At least 11, but less than 12	60%
At least 12, but less than 13	70%
At least 13, but less than 14	80%
At least 14, but less than 15	90%
At least 15	100%

9. Average Monthly Earnings

Average of the participant's monthly Salary for the highest three consecutive years during his period of Creditable Service

10. Salary

The employee's basic salary excluding overtime pay, but including accumulated vacation pay, sick leave bonus pay, and other similar compensation; pursuant to IRC section 401(a)(17), annual Salary is limited to $200,000 as indexed.

11. Employee Contribution

All participating employees must make the required contribution to the plan. The required contribution is 7% of basic salary for those participants who have an eligible beneficiary for death benefits and 6% of basic salary for all other participants.

12. Creditable Service

Participants receive Creditable Service for all periods of employment with the City of Atlanta provided that the employee has made the required contribution for such period of service.

13. Participation Requirement

All full-time, sworn police officers employed by the City of Atlanta are eligible to participate in the plan.

14. Plan Effective Date

April 1, 1978

City of Birmingham Retirement and Relief System

Actuarial Valuation and Review
as of July 1, 2005

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SEGAL

The Segal Company
2018 Powers Ferry Road, Suite 850 Atlanta, GA 30339-5003
T 678.306.3100 F 678.306.3190 www.segalco.com

May 15, 2006

Board of Managers
City of Birmingham Retirement and Relief System
710 North 20th Street, GA 100 City Hall
Birmingham, Alabama 35203

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of July 1, 2005. It summarizes the actuarial data used in the valuation, establishes the funding requirements for the upcoming fiscal year and analyzes the preceding year's experience.

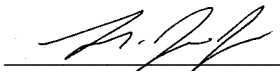
The census information on which our calculations were based was prepared by the Plan and the financial information was provided by the City's Finance Department. That assistance is gratefully acknowledged. The actuarial calculations were completed under my supervision.

This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board of Managers are reasonably related to the experience of and the expectations for the Plan.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

THE SEGAL COMPANY

By: 

Leon F. (Rocky) Joyner, Jr., FCA, ASA, MAAA, EA
Vice President and Actuary

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Purpose

This report has been prepared by The Segal Company to present a valuation of the City of Birmingham Retirement and Relief System as of July 1, 2005. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Pension Plan, as administered by the Board;
- The characteristics of covered active participants, inactive vested participants, and retired participants and beneficiaries as of July 1, 2005, provided by the Board;
- The assets of the Plan as of June 30, 2005, provided by the Administrative Office;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

Significant Issues in Valuation Year

The following key findings were the result of this actuarial valuation:

- The recommended contribution for the upcoming year is $27,485,086, or 17.30% of payroll. This is an increase of 1.01% of pay over the 16.29% recommended amount last year. City and employee contributions are 13.00% of payroll, producing a deficit of 4.30%. As of June 30, 2005, due to contributions in prior years being greater than the recommended amounts, the System has accumulated a net pension asset of $14,601,802 (see Exhibit V in Section 4). **Therefore, if the total contributions remain at 13.00% of payroll, the System's funding obligation will be met for the upcoming year.** We will monitor this annually and report to the Board any changes in funding status.
- The contribution rate includes a normal cost portion, for benefits allocated to the current year, and an amortization of the unfunded actuarial accrued liability. The Entry Age Normal Cost Method, which is used for the funding of this Plan, strives to maintain a level normal cost. In fact, the normal cost percentage was 13.83% of payroll in both this year's valuation and last year's. The increase in the contribution rate is due to an increase in the unfunded actuarial accrued liability, which primarily resulted from an actuarial investment loss for the year.

- For the year ended June 30, 2005, the plan had an investment return of 5.48% on an actuarial basis compared to the assumption of 7.50%. Since the return was lower than expected, there was an investment loss of $15,974,419. The market value rate of return was 6.02%. Currently the actuarial value of assets is $819,166,736, or 92.7% of market value.
- For the past five years, the actuarial rates of return have been below the assumed rate of 7.50%. During that time, the funded ratio under GASB 27 has fallen from 106.34% to 93.53%.
- There have been no assumption changes made with this valuation. However, the Plan is due for a comprehensive five-year experience review. The last experience review was for the period July 1, 1995 through June 30, 2000.
- In conjunction with the experience review, the Trustees may want to consider a change in the asset smoothing method. As discussed with the Trustees previously, the current method is quite conservative. If a new method were implemented, the actuarial value of assets would initially be set equal to market value. The immediate impact would be a decrease in the recommended contribution. Absent any other assumption changes, the recommended contribution as of July 1, 2005 would decrease from 17.30% of payroll to 13.97%. In addition, the GASB funded ratio would increase from 93.53% to 100.91%.
- Note that the audited financial information received rounds all results to the nearest thousand. The results in this valuation report are shown to the dollar. Therefore, occasionally rounded numbers are combined with unrounded ones.

Summary of Key Valuation Results

	2005	2004
Contributions for plan year beginning July 1:		
Recommended contribution	$27,485,086	$25,750,396
Recommended contribution as a percentage of payroll	17.30%	16.29%
Actual contributions (employer and employee)	--	21,092,628
Funding elements for plan year beginning July 1:		
Normal cost, including administrative expenses	$21,974,898	$21,862,230
Market value of assets	883,759,000	858,493,500
Actuarial value of assets	819,166,736	801,612,266
Actuarial accrued liability	875,792,038	838,485,603
Unfunded actuarial accrued liability	56,625,302	36,873,337
GASB 25/27 for plan year beginning July 1:		
Annual required employer contributions	$13,742,543	$12,875,198
Actual contributions	--	10,881,632
Percentage contributed	--	84.52%
Funded ratio	93.53%	95.60%
Covered payroll	$158,898,488	$158,062,119
Demographic data for plan year beginning July 1:		
Number of retired participants and beneficiaries	2,239	2,158
Number of vested former participants*	231	177
Number of active participants	3,802	3,915
Total payroll	$158,898,488	$158,062,119
Average payroll	41,793	40,373

** Including future pensioners currently receiving benefits from the Supplemental System.*

A. PARTICIPANT DATA

The Actuarial Valuation and Review considers the number and demographic characteristics of covered participants, including active participants, vested terminated participants, retired participants and beneficiaries.

This section presents a summary of significant statistical data on these participant groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B, and C.

A historical perspective of how the participant population has changed over the past ten valuations can be seen in this chart.

CHART 1

Participant Population: June 30, 1996 – June 30, 2005

Year Ended June 30	Active Participants	Vested Terminated Participants*	Retired Participants and Beneficiaries	Ratio of Non-Actives to Actives
1996	3,797	276	1,517	0.47
1997	3,797	298	1,638	0.51
1998	3,762	266	1,757	0.54
1999	3,942	266	1,784	0.52
2000	3,933	264	1,857	0.54
2001	4,081	244	1,906	0.53
2002	3,878	212	2,017	0.57
2003	3,867	196	2,095	0.59
2004	3,915	177	2,158	0.60
2005	3,802	231	2,239	0.65

**Includes future pensioners currently receiving benefits from the Supplemental System.*

Active Participants
Plan costs are affected by the age, years of service and payroll of active participants. In this year's valuation, there were 3,802 active participants with an average age of 44.4, average years of service of 12.3 years and average payroll of $41,793. The 3,915 active participants in the prior valuation had an average age of 43.8, average service of 11.9 years and average payroll of $40,373.

Inactive Participants
In this year's valuation, there were 231 participants with a vested right to a deferred or immediate vested benefit. This includes 151 possible future pensioners now receiving benefits from the Fireman's and Policeman's Supplemental Pension System.

These graphs show a distribution of active participants by age and by years of service.

CHART 2

Distribution of Active Participants by Age as of June 30, 2005

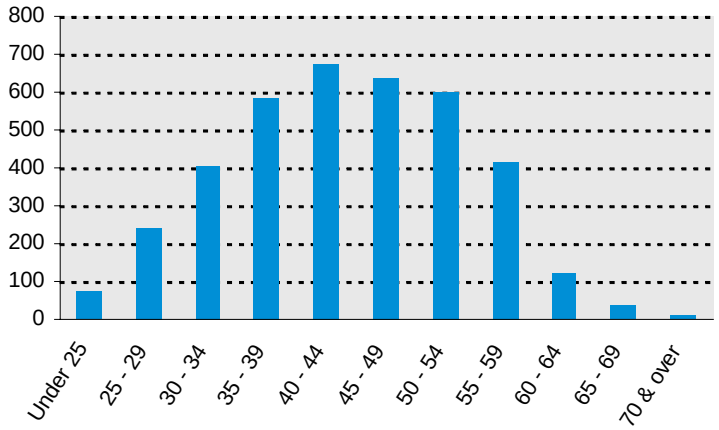
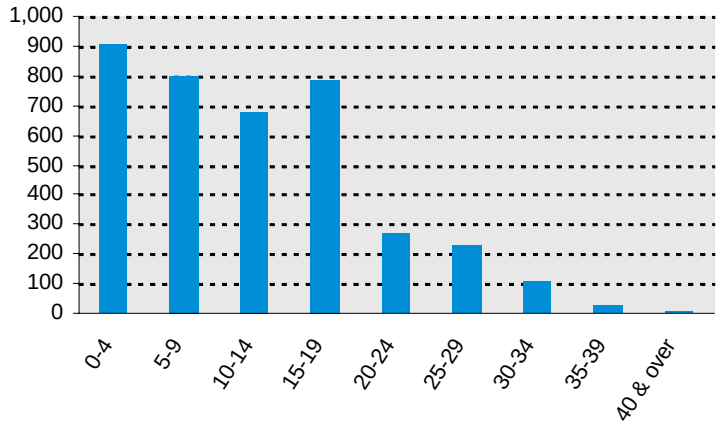


CHART 3

Distribution of Active Participants by Years of Service as of June 30, 2005



Retired Participants and Beneficiaries

As of June 30, 2005, 1,810 retired participants and 429 beneficiaries were receiving total monthly benefits of $3,615,865. For comparison, in the previous valuation, there were 1,742 retired participants and 416 beneficiaries receiving monthly benefits of $3,442,968.

These graphs show a distribution of the current retired participants and beneficiaries based on their monthly amount and age, by type of pension.

CHART 4

Distribution of Retired Participants and Beneficiaries by Type and by Monthly Amount as of June 30, 2005

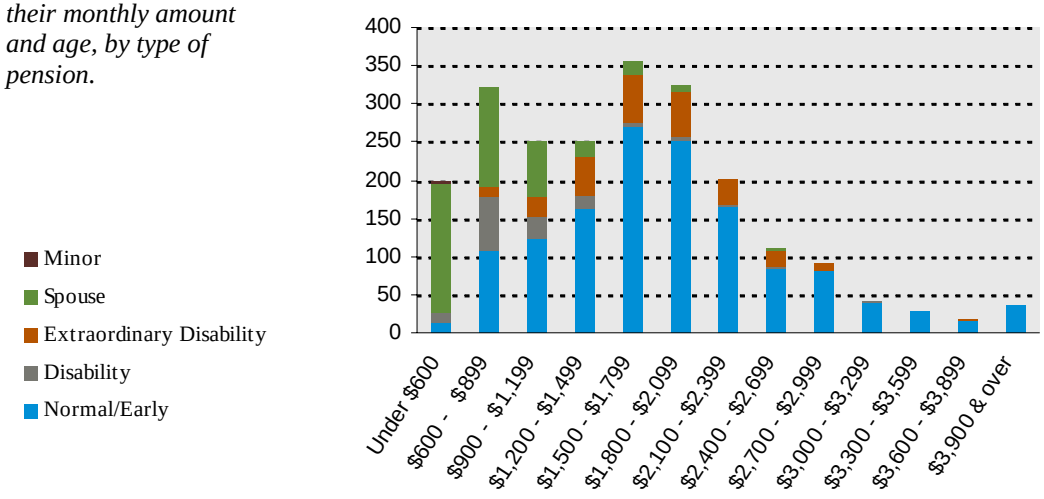
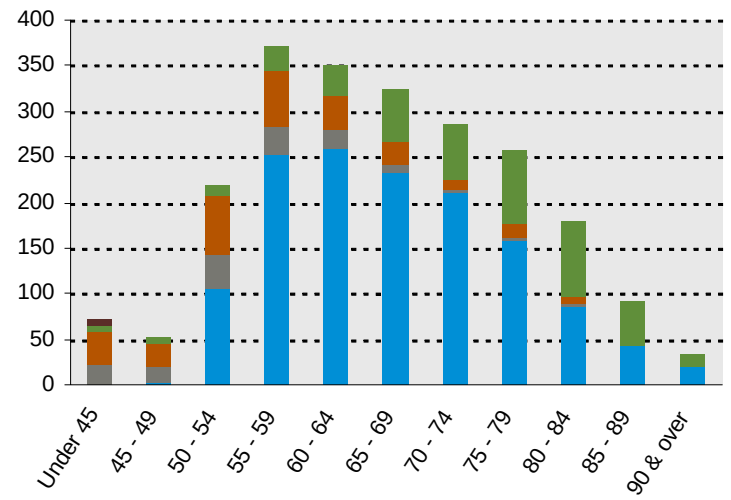


CHART 5

Distribution of Retired Participants and Beneficiaries by Type and by Age as of June 30, 2005



B. FINANCIAL INFORMATION

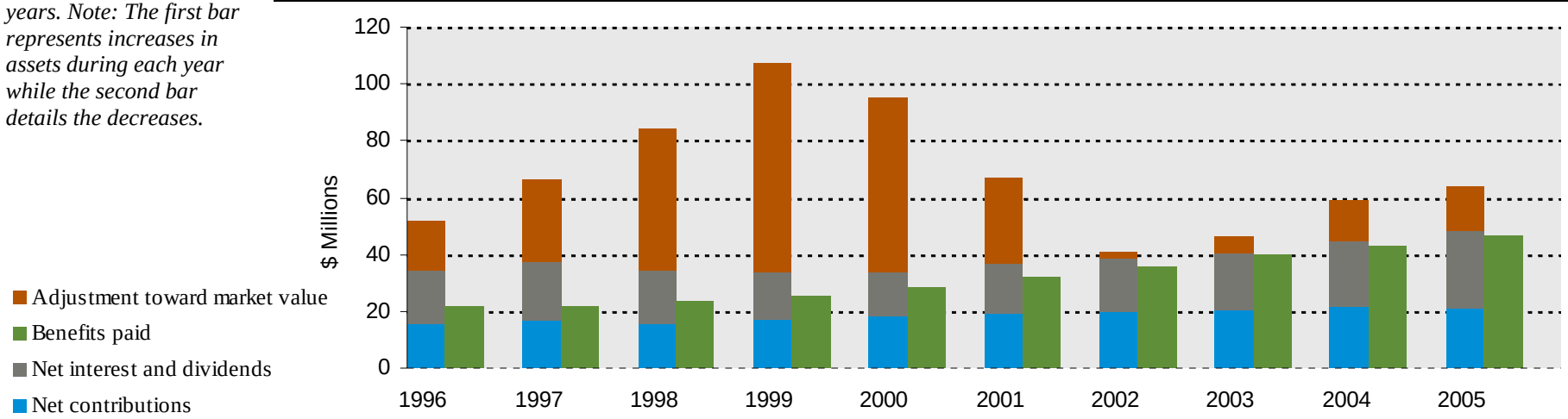
Retirement plan funding anticipates that, over the long term, both net contributions (less administrative expenses) and net investment earnings (less investment fees) will be needed to cover benefit payments.

Retirement plan assets change as a result of the net impact of these income and expense components. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits D, E and F.

The chart depicts the components of changes in the actuarial value of assets over the last ten years. Note: The first bar represents increases in assets during each year while the second bar details the decreases.

CHART 6

Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 1996 – 2005



It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

The chart shows the determination of the actuarial value of assets as of the valuation date.

CHART 7

Determination of Actuarial Value of Assets for Year Ended June 30, 2005

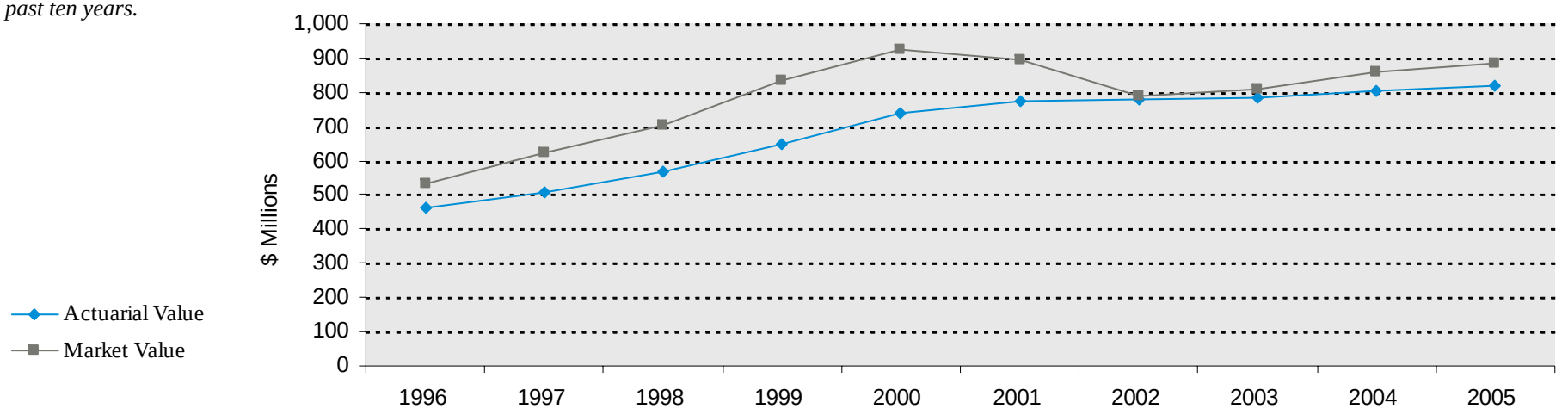
1.	Actuarial value of assets as of June 30, 2004	$801,612,266
2.	Contributions, interest and dividends, less benefit payments and expenses	1,406,404
3.	Preliminary actuarial value of assets: (1) + (2)	803,018,670
4.	Market value of assets	883,759,000
5.	Adjustment toward market value: 20% of [(4) - (3)]	16,148,066
6.	Adjustment to be within 20% corridor	0
7.	Final actuarial value of assets as of June 30, 2005: (3) + (5) + (6)	$819,166,736
8.	Actuarial value as a percentage of market value: (7) ÷ (4)	92.7%

Both the actuarial value and market value of assets are representations of the Plan's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The actuarial asset value is significant because the Plan's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

This chart shows the change in the actuarial value of assets versus the market value over the past ten years.

CHART 8

Actuarial Value of Assets vs. Market Value of Assets as of June 30, 1996 – 2005



C. ACTUARIAL EXPERIENCE

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total loss is $15,302,255, a loss of 15,974,419 from investments offset somewhat by a gain of $672,164 from all other sources. The net experience variation from individual sources other than investments was 0.1% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

This chart provides a summary of the actuarial experience during the past year.

CHART 9

Actuarial Experience for Year Ended June 30, 2005

1.	Net loss from investments*	-$15,974,419
2.	Net loss from administrative expenses	-63,069
3.	Net gain from other experience	735,233
4.	Net experience loss: (1) + (2) + (3)	-$15,302,255

** Details in Chart 10*

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the Plan's investment policy. For valuation purposes, the assumed rate of return on the actuarial value of assets is 7.50%. The actual rate of return on an actuarial basis for the 2004-2005 plan year was 5.48%.

Since the actual return for the year was less than the assumed return, the Plan experienced an actuarial loss during the year ended June 30, 2005 with regard to its investments.

This chart shows the loss due to investment experience.

CHART 10

Actuarial Value Investment Experience for Year Ended June 30, 2005

1.	Actual return	$43,262,778
2.	Average value of assets	789,829,292
3.	Actual rate of return: (1) ÷ (2)	5.48%
4.	Assumed rate of return	7.50%
5.	Expected return: (2) x (4)	$59,237,197
6.	Actuarial loss: (1) – (5)	-$15,974,419

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial basis compared to the market value investment return for the last ten years, including five-year and ten-year averages.

Based upon this experience and future expectations, we have maintained the assumed rate of return of 7.50%.

This chart shows a history of actuarial and market value investment returns

CHART 11

Investment Return – Actuarial Value vs. Market Value: 1996 - 2005

Year Ended June 30	Net Interest and Dividend Income		Adjustment Toward Market		Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
1996	$18,916,500	4.10	$17,434,958	3.78	$36,351,458	8.49	$84,193,700	20.37
1997	20,242,005	4.41	29,151,554	6.35	49,393,559	10.76	96,263,877	18.21
1998	18,932,743	3.77	50,068,683	9.97	69,001,426	13.74	94,100,441	15.21
1999	16,363,537	2.91	73,796,640	13.11	90,160,177	16.02	110,592,177	15.69
2000	15,703,307	2.35	61,285,291	9.18	76,988,598	11.54	99,628,658	12.01
2001	17,874,740	2.44	29,849,535	4.07	47,724,275	6.51	-17,602,046	-1.92
2002	18,574,794	2.42	2,263,863	0.30	20,838,657	2.72	-89,504,028	-10.11
2003	19,852,229	2.58	6,370,511	0.83	26,222,740	3.41	42,649,330	5.48
2004	23,403,588	3.02	14,220,308	1.83	37,623,896	4.85	69,023,086	8.61
2005	27,114,712	3.43	16,148,066	2.04	43,262,778	5.48	50,973,808	6.02
Total	$196,978,155		$300,589,409		$497,567,568		$540,319,003	
					Five-year average return	4.58%		1.31%
					Ten-year average return	7.71%		7.38%

Note: Each year's yield is weighted by the average asset value in that year.

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

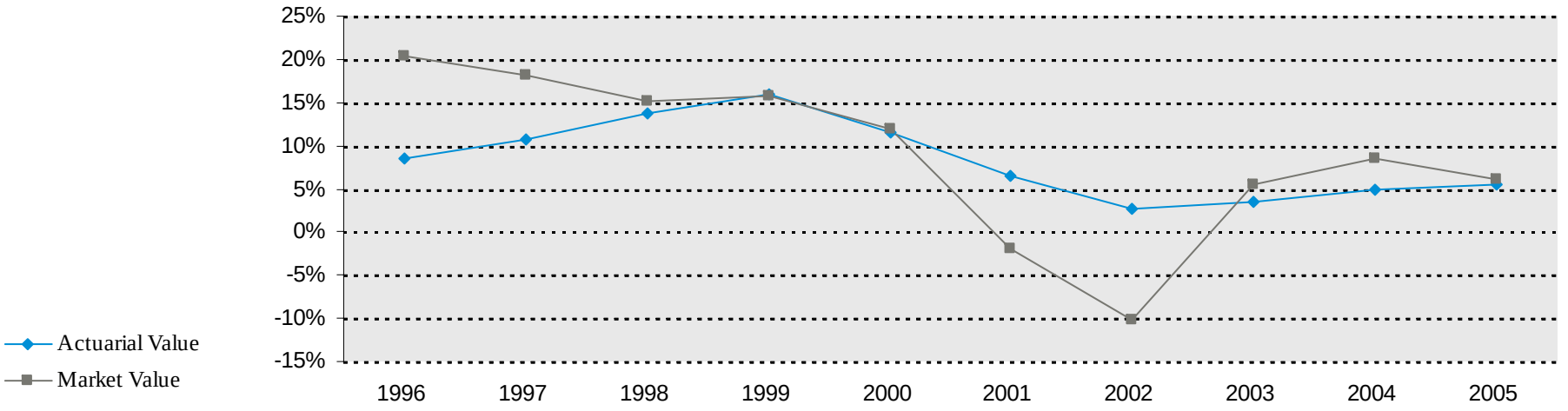
Administrative Expenses

Administrative expenses for the year. ended June 30, 2005 totaled $211,000 compared to the assumption of $150,000, payable monthly. This resulted in a loss of $63,069 for the year. We have maintained the same assumption for the current year.

This chart illustrates how this leveling effect has actually worked over the years 1996 - 2005 .

CHART 12

Market and Actuarial Rates of Return for Years Ended June 30, 1996 - 2005



Other Experience

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

The net gain from this other experience for the year ended June 30, 2005 amounted to $735,233, which is 0.1% of the actuarial accrued liability. This gain is not considered significant.

D. RECOMMENDED CONTRIBUTION

The amount of annual contribution required to fund the Plan is comprised of a normal cost payment and a payment on the unfunded actuarial accrued liability. This total amount is then divided by the projected payroll for active members to determine the funding rate of 17.30% of payroll. The unfunded actuarial accrued liability is amortized over a rolling 30-year period.

Expected contributions for the year are $20,656,803, or 13.00% of payroll, which leaves a deficit of 4.30% of payroll.

The chart compares this valuation's recommended contribution with the prior valuation.

CHART 13

Recommended Contribution

	Year Beginning July 1			
	2005		2004	
	Amount	% of Payroll	Amount	% of Payroll
1. Total normal cost*	$21,830,629	13.74%	$21,717,961	13.74%
2. Administrative expenses	144,269	0.09%	144,269	0.09%
3. Total normal cost: (1) + (2)	$21,974,898	13.83%	$21,862,230	13.83%
4. Actuarial accrued liability	875,792,038		838,485,603	
5. Actuarial value of assets	819,166,736		801,612,266	
6. Unfunded actuarial accrued liability: (4) - (5)	$56,625,302		$36,873,337	
7. Payment on unfunded/(overfunded) actuarial accrued liability	4,460,032	2.81%	2,904,289	1.84%
8. Total recommended contribution: (3) + (7), adjusted for timing**	$27,485,086	17.30%	$25,750,396	16.29%
9. Projected payroll	$158,898,488		$158,062,119	

**Including net obligations from the Supplemental System of -$947,557 for July 1, 2005 and -$888,888 for July 1, 2004 (-$985,200 and -$924,200 adjusted for timing.)*

***Recommended contributions are assumed to be paid at the beginning of every month.*

The contribution rates as of July 1, 2005 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Contribution

The chart below details the changes in the recommended contribution from the prior valuation to the current year's valuation.

The chart reconciles the contribution from the prior valuation to the amount determined in this valuation.

CHART 14

Reconciliation of Recommended Contribution from July 1, 2004 to July 1, 2005

Recommended Contribution as of July 1, 2004	$25,750,396
Effect of investment loss	$1,320,967
Effect of other gains and losses on accrued liability	-55,583
Effect of contributions less than recommended contribution	397,447
Effect of rolling 30-year amortization period	-45,286
Effect of net other changes	117,145
Total change	$1,734,690
Recommended Contribution as of July 1, 2005	$27,485,086

E. INFORMATION REQUIRED BY THE GASB

Governmental Accounting Standards Board (GASB) reporting information provides standardized information for comparative purposes of governmental pension plans. This information allows a reader of the financial statements to compare the funding status of one governmental plan to another on relatively equal terms.

Critical information to GASB is the historical comparison of the GASB required contribution to the actual contributions. This comparison demonstrates whether a plan is being funded on an actuarially sound basis and in accordance with the GASB funding requirements. Chart 15 below presents a graphical representation of this information for the Plan.

The other critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the actuarial value of assets to the actuarial accrued liabilities of the plan as calculated under GASB. High ratios indicate a well-funded plan with assets sufficient to pay most benefits. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other changes.

Although GASB requires that the actuarial value of assets be used to determine the funded ratio, Chart 16 shows the funded ratio calculated using both the actuarial value of assets and the market value of assets.

The details regarding the calculations of these values and other GASB numbers may be found in Section 4, Exhibits II, III, and IV.

These graphs show key GASB factors.

CHART 15

Required Versus Actual Contributions

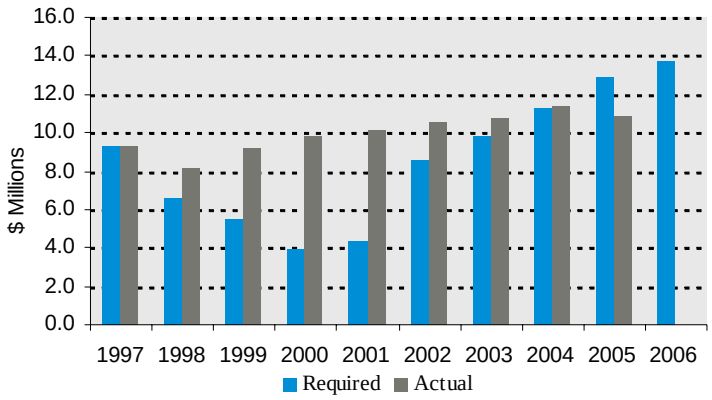


CHART 16

Funded Ratio

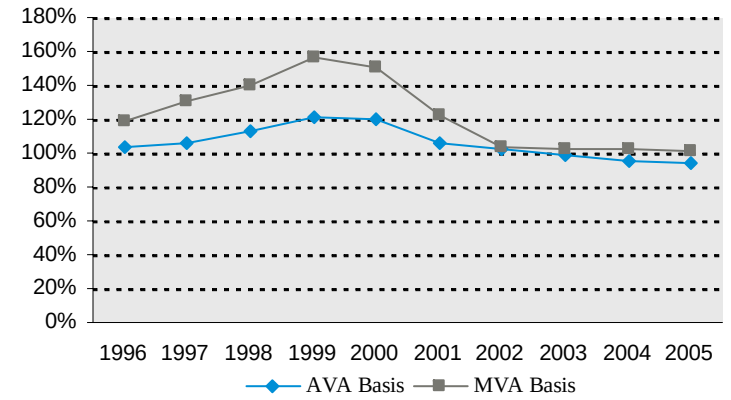


EXHIBIT A

Table of Plan Coverage

Category	Year Ended June 30 2005	2004	Change From Prior Year
Active participants in valuation:			
Number	3,802	3,915	-2.9%
Average age	44.4	43.8	N/A
Average service	12.3	11.9	N/A
Total payroll	$158,898,488	$158,062,119	0.5%
Average payroll	41,793	40,373	3.5%
Total active vested participants	2,893	2,883	0.3%
Vested terminated participants*	231	177	30.5%
Retired participants:			
Number in pay status	1,382	1,319	4.8%
Average age	67.2	67.0	N/A
Average monthly benefit	$1,899	$1,885	16.0%
Disabled participants:			
Number in pay status	428	423	1.2%
Average age	56.6	56.3	N/A
Average monthly benefit	$1,524	$1,492	2.1%
Beneficiaries in pay status	429	416	3.1%

** Including future pensioners currently receiving benefits from the Supplemental System.*

EXHIBIT B

Participants in Active Service as of June 30, 2005
By Age, Years of Service, and Average Payroll

	Years of Service									
Age	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	76	76	- -	- -	- -	- -	- -	- -	- -	- -
	$28,202	$28,202	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	240	179	58	3	- -	- -	- -	- -	- -	- -
	31,355	30,032	$35,670	$26,806	- -	- -	- -	- -	- -	- -
30 - 34	405	178	174	52	1	- -	- -	- -	- -	- -
	36,728	31,819	39,893	42,964	$35,479	- -	- -	- -	- -	- -
35 - 39	585	150	186	191	58	- -	- -	- -	- -	- -
	39,486	31,242	38,953	44,465	46,118	- -	- -	- -	- -	- -
40 - 44	674	110	134	163	239	27	1	- -	- -	- -
	42,312	32,555	39,181	43,605	47,073	$47,808	$37,861	- -	- -	- -
45 - 49	636	96	98	126	183	86	43	4	- -	- -
	43,404	34,179	37,584	42,347	44,950	54,194	52,117	$44,316	- -	- -
50 - 54	602	67	84	76	157	85	90	43	- -	- -
	45,680	33,331	39,525	42,477	47,016	50,677	53,649	51,178	- -	- -
55 - 59	418	37	39	43	108	54	74	48	15	- -
	47,747	36,526	37,007	40,342	43,724	49,627	58,144	61,110	$52,729	- -
60 - 64	122	13	15	14	31	13	15	12	6	3
	47,153	36,416	38,161	51,378	48,358	38,697	49,147	57,684	65,195	$54,940
65 - 69	35	2	9	6	4	1	3	3	5	2
	45,432	24,823	46,546	41,296	34,866	26,023	36,001	55,909	65,633	52,204
70 & over	9	1	1	1	2	1	1	- -	1	1
	36,930	22,789	28,705	25,123	50,417	37,561	26,023	- -	45,669	45,669
Total	3,802	909	798	675	783	267	227	110	27	6
	$41,793	$31,751	$38,813	$43,268	$46,015	$50,583	$54,102	$56,101	$57,627	$52,483

EXHIBIT C

Reconciliation of Participant Data

	Active Participants	Vested Former Participants	Fire and Police Retirees	Disableds	Retired Participants	Beneficiaries	Total
Number as of July 1, 2004	3,915	25	152	423	1,319	416	6,250
New participants	147	N/A	0	N/A	N/A	N/A	147
Terminations – with vested rights	-72	72	0	0	0	0	0
Terminations – without vested rights	-81	N/A	0	N/A	N/A	N/A	-81
Retirements	-80	-3	20	N/A	63	N/A	0
New disabilities	-19	0	0	19	N/A	N/A	0
Return to work	0	0	0	0	0	N/A	0
Deaths	-8	0	-1	-14	-30	-17	-70
New beneficiaries	0	0	0	0	0	29	29
Certain period expired	N/A	N/A	0	0	0	0	0
Data adjustments	0	-14	0	0	10	1	-3
Active participants no longer accruing benefits	0	0	0	N/A	N/A	N/A	0
Retirees transferring from supplemental plan	0	0	-20	0	20	0	0
Number as of July 1, 2005	3,802	80	151	428	1,382	429	6,272

EXHIBIT D

Summary Statement of Income and Expenses on an Actuarial Value Basis

	Year Ended June 30, 2005		Year Ended June 30, 2004	
Contribution income:				
Employer contributions	$10,881,632		$11,347,715	
Employee contributions	10,210,996		10,373,268	
Less administrative expenses	-211,000		-292,000	
Net contribution income		$20,881,628		$21,428,983
Other income		79,000		24,000
Investment income:				
Interest and dividends	$30,561,898		$25,522,861	
Adjustment toward market value	16,148,066		14,220,308	
Less investment fees	-3,447,186		-2,119,273	
Net investment income		43,262,778		37,623,896
Total income available for benefits		$64,223,406		$59,076,879
Less benefit payments:				
Benefits	-$45,715,936		-$41,988,069	
Refunds	-953,000		-1,123,000	
Net benefit payments		-$46,668,936		-$43,111,069
Change in reserve for future benefits		$17,554,470		$15,965,810

Note: A portion of the Retirement and Relief System's assets is allocated to the Health Department. The above summary excludes the Health Department portion.

EXHIBIT E

Table of Financial Information

	Year Ended June 30, 2005		Year Ended June 30, 2004	
Cash equivalents		$99,985,596		$43,258,485
Accounts receivable:				
Employee loans	$10,216,749		$9,969,017	
Accrued interest and dividends	11,120,572		6,444,806	
Employee contributions	1,345,890		1,362,813	
Other funds	518,862		476,591	
Total accounts receivable		23,202,073		18,253,227
Investments:				
Debt securities	$357,006,306		$402,673,864	
Corporate stock	405,045,799		395,345,789	
Total investments at market value		762,052,105		798,019,653
Total assets		$885,239,774		$859,531,365
Less accounts payable		-$1,480,774		-$1,037,865
Net assets at market value		$883,759,000		$858,493,500
Net assets at actuarial value		$819,166,736		$801,612,266

EXHIBIT F

Development of the Fund Through June 30, 2005

Year Ended June 30	Employer Contributions	Employee Contributions	Other Income	Net Investment Return*	Administrative Expenses	Benefit Payments	Actuarial Value of Assets at End of Year
1996	$8,488,350	$7,177,079	$0	$36,351,458	$66,345	$21,509,142	$461,316,600
1997	9,275,641	7,713,859	46,000	49,393,559	$72,001	21,977,258	505,696,400
1998	8,111,773	7,490,379	41,000	69,001,426	48,400	23,461,978	566,830,600
1999	9,215,729	8,026,104	0	90,160,177	56,400	25,617,710	648,558,500
2000	9,784,949	8,542,670	23,380,200**	76,988,598	46,100	28,310,977	738,897,840
2001	10,151,206	8,999,970	26,000	47,724,275	102,900	32,242,930	773,453,461
2002	10,537,461	9,521,128	31,000	20,838,657	92,000	35,684,461	778,605,246
2003	10,697,621	9,845,626	59,000	26,222,740	105,000	39,678,777	785,646,456
2004	11,347,715	10,373,268	24,000	37,623,896	292,000	43,111,069	801,612,266
2005	10,881,632	10,210,996	79,000	43,262,778	211,000	46,668,936	819,166,736

** Net of investment fees*

*** Includes $23,338,200 transferred from Library Board Employees' System.*

EXHIBIT G

Development of Unfunded Actuarial Accrued Liability for Year Ended June 30, 2005

1. Unfunded actuarial accrued liability at beginning of year		$36,873,337
2. Normal cost at beginning of year		21,862,230
3. Total contributions		-21,092,628
4. Interest		
(a) For whole year on (1) + (2)	$4,405,168	
(b) Monthly on (3)	-725,059	
(c) Total interest		3,680,109
5. Expected unfunded actuarial accrued liability		$41,323,047
6. Change due to experience loss		15,302,255
7. Unfunded actuarial accrued liability at end of year		$56,625,302

EXHIBIT H

Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial Assumptions: The estimates on which the cost of the Plan is calculated including:

(a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;

(b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;

(c) Retirement rates — the rate or probability of retirement at a given age;

(d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal Cost: The amount of contributions required to fund the benefit allocated to the current year of service.

Actuarial Accrued Liability For Actives: The equivalent of the accumulated normal costs allocated to the years before the valuation date.

Actuarial Accrued Liability For Pensioners: The single sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

Unfunded Actuarial Accrued Liability: The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan. There is a wide range of approaches to paying off the unfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

Amortization of the Unfunded Actuarial Accrued Liability: Payments made over a period of years equal in value to the Plan's unfunded actuarial accrued liability.

Investment Return: The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.

EXHIBIT I

Comparative Summary of Principal Valuation Results

	Year Ended June 30, 2005	Year Ended June 30, 2004
Participant data		
Active members	3,802	3,915
Total annual payroll	$158,898,488	$158,062,119
Retired members and beneficiaries	2,239	2,158
Total annualized benefit	$48,145,080	$41,315,616
Terminated vested members	80	25
Total annualized benefit	$562,920	$331,927
Future pensioners currently receiving benefits from Supplemental System	151	152
Total annualized benefit	$4,754,695	$4,598,655
Actuarial value of assets	$819,166,736	$801,612,266
Actuarial accrued liability:		
Active members	$419,404,575	$402,399,752
Terminated vested members	3,136,252	2,432,866
Retired members and beneficiaries	411,312,050	393,577,805
Future pensioners currently receiving benefits from Supplemental System	41,939,161	40,075,180
Total	$875,792,038	$838,485,603
Unfunded actuarial accrued liability	$56,625,302	$36,873,337

EXHIBIT I

Summary of Actuarial Valuation Results as of July 1, 2005

The valuation was made with respect to the following data supplied to us:			
1.	Retired participants as of the valuation date (including 429 beneficiaries in pay status)		2,239
2.	Participants inactive during year ended June 30, 2005 with vested rights (including 151 future pensioners now receiving benefits from the Supplemental System)		231
3.	Participants active during the year ended June 30, 2005		3,802
	Fully vested	2,893	
	Not vested	909	
The actuarial factors as of the valuation date are as follows:			
1.	Normal cost, including administrative expenses		$21,974,898
2.	Actuarial accrued liability		875,792,038
	Retired participants and beneficiaries	$411,312,050	
	Inactive participants with vested rights	45,075,413	
	Active participants	419,404,575	
3.	Actuarial value of assets ($883,759,000 at market value)		819,166,736
4.	Unfunded actuarial accrued liability		$56,625,302

EXHIBIT I (continued)

Summary of Actuarial Valuation Results as of July 1, 2005

The determination of the recommended contribution is as follows:

1.	Total normal cost	$21,830,629
2.	Administrative expenses	144,269
3.	Total normal cost: (1) + (2)	$21,974,898
4.	Payment on unfunded actuarial accrued liability	4,460,032
5.	Total recommended contribution: (3) + (4), adjusted for timing	$27,485,086
6.	Projected payroll	$158,898,488
7.	Total recommended contribution as a percentage of projected payroll: (5) ÷ (6)	17.30%

EXHIBIT II

Supplementary Information Required by the GASB – Schedule of Employer Contributions

Plan Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
1999	$5,494,650	$9,215,729	167.7%
2000	3,885,100	9,784,949	251.9%
2001	4,347,350	10,151,206	233.5%
2002	8,580,579	10,537,461	122.8%
2003	9,756,787	10,697,621	109.6%
2004	11,290,871	11,347,715	100.5%
2005	12,875,198	10,881,632	84.5%
2006	13,742,543	--	--

EXHIBIT III

Supplementary Information Required by the GASB – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll* [(b) - (a)] / (c)
07/01/1999	$648,558,500	$532,898,000	-$115,660,500	121.70%	$123,471,900	0.00%
07/01/2000	738,897,800	615,475,900	-123,421,900	120.05%	135,974,600	0.00%
07/01/2001	773,453,461	727,360,834	-46,092,627	106.34%	149,422,297	0.00%
07/01/2002	778,605,246	758,085,228	-20,520,018	102.71%	151,180,057	0.00%
07/01/2003	785,646,456	796,083,861	10,437,405	98.69%	152,242,441	6.86%
07/01/2004	801,612,266	838,485,603	36,873,337	95.60%	158,062,119	23.33%
07/01/2005	819,166,736	875,792,038	56,625,302	93.53%	158,898,488	35.64%

** Not less than zero*

EXHIBIT IV

Supplementary Information Required by the GASB

Valuation date	July 1, 2005
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level dollar
Remaining amortization period	Rolling, 30 years
Asset valuation method	Sum of actuarial value at beginning of year and increase in cost value during year excluding realized and unrealized appreciation, plus 20 percent of market value at end of year in excess of that preliminary value, adjusted to be within 20 percent of their market value. Similar formula used for negative adjustment if actuarial value exceeds market value.
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	
Inflation	4.00%
Merit, longevity, etc.	Varies from 0.00% to 6.00%
Plan membership:	
Retired participants and beneficiaries receiving benefits	2,239
Terminated participants entitled to, but not yet receiving benefits	231
Active participants	3,802
Total	6,272

EXHIBIT V

Development of the Net Pension Obligation and the Annual Pension Cost Pursuant to GASB 27

Plan Year Ended June 30	Employer Annual Required Contribution (a)	Employer Amount Contributed* (b)	Interest on NPO (h)* 7.50% (c)	ARC Adjustment (h) / (e) (d)	Amortization Factor (e)	Pension Cost (a) + (c) – (d) (f)	Change in NPO (f) – (b) (g)	NPO Balance NPO + (g) (h)
2000	$3,885,100	$9,784,949	-$389,059	-$502,731	10.3185	$3,998,772	-$5,786,177	-$10,973,624
2001	4,347,350	10,151,206	-823,022	-1,108,873	9.8962	4,633,201	-5,518,005	-16,491,629
2002	8,580,579	10,537,461	-1,236,872	-1,923,386	8.5743	9,267,093	-1,270,368	-17,761,997
2003	9,756,787	10,697,621	-1,332,150	-2,022,300	8.7831	10,446,937	-250,684	-18,012,681
2004	11,290,871	11,347,715	-1,350,951	-2,089,340	8.6212	12,029,259	681,544	-17,331,137
2005	12,875,198	10,881,632	-1,299,835	-2,035,605	8.5140	13,610,968	2,729,336	-14,601,802

EXHIBIT VI

Actuarial Assumptions and Actuarial Cost Method

Mortality Rates:

Healthy: 1983 Group Annuity Mortality Table (1971 Group Annuity Mortality Table rates assumed for retirement prior to July 1, 1994. Basic table underlying the 1983 Group Annuity Mortality Table used for retirements between July 1, 1994 and June 30, 2001.)

Disabled: Healthy table set forward 10 years

Termination Rates Before Retirement:

	Rate (%)						
	Mortality		Disability		Withdrawal		
Age	Male	Female	General	Fire & Police	General*	Fire**	Police
20	0.04	0.02	0.09	0.18	6.53	5.05	9.17
25	0.05	0.03	0.13	0.26	6.35	3.59	6.52
30	0.06	0.03	0.17	0.33	6.08	2.76	5.01
35	0.09	0.05	0.22	0.44	5.64	2.12	3.86
40	0.12	0.07	0.33	0.66	5.03	1.60	2.91
45	0.22	0.10	0.54	1.08	4.24	1.09	1.98
50	0.39	0.16	0.91	1.82	2.97	2.53	2.97
55	0.61	0.25	1.51	3.03	1.13	5.00	5.00
60	0.92	0.42	2.44	4.88	0.00	0.00	0.00

* *Withdrawal rates shown for general employees are multiplied by 1.25 and have 0.015 added during the first five years of employment.*

** *Withdrawal rates shown for firemen are multiplied by 1.2727 during the first five years of employment.*

Retirement Rates:

Fire and Police employees are assumed to retire on a Retirement and Relief pension in accordance with the following rates:

Hired on or before age 30		Hired between ages 30 and 35		Hired on or after age 35	
Years of Service	Rate	Age	Rate	Age	Rate**
33	25%	63	25%	60	5%
34	50	64	50	61	5
35	100	65	100	62	15
				63	50
				64	50
				65	100

General employees are assumed to retire, after meeting the service requirements, in accordance with the following rates:

Age	Rate*
Under 50	0%
50	15
51-59	25
60	35
61-64	25
65-66	40
67-74	25
Over 74	100

* Rates are decreased by half when employee either has 30-32 years of service, or is between ages 60 and 62 with 20 or more years of service. Rates are increased to 1.5 times the rate shown when employee reaches either 33 years of service or age 63 with 23 or more years of service.

Retirement Age for Inactive Vested Participants:	60
Unknown Data for Participants:	Same as those exhibited by Participants with similar known characteristics. If not specified, Participants are assumed to be male.
Percent Married:	1972 Social Security Awards
Age of Spouse:	Females 3 years younger than males.
On the Job Disability:	
General	30%
Fire and Police	90%
On the Job Death:	
General	5%
Fire and Police	15%
Net Investment Return:	7.50%

Salary Scale:

	Annual increase Rate (%)	
Age	General	Fire and Police
20	8.00	10.00
25	7.25	8.00
30	6.50	6.00
35	6.00	5.50
40	5.50	5.00
45	4.50	4.50
50	4.50	4.50
55	4.50	4.50

Includes allowance for inflation of 4.0% per year.

Administrative Expenses:	$150,000, payable monthly, equivalent to $144,269 at the beginning of the year.
Actuarial Value of Assets:	Sum of actuarial value at beginning of year and increase in cost value during year excluding realized and unrealized appreciation, plus 20 percent of market value at end of year in excess of that preliminary value, adjusted to be within 20 percent of their market value. Similar formula used for negative adjustment if actuarial value exceed market value.
Actuarial Cost Method:	Entry Age Normal Actuarial Cost Method. Entry Age is the age at the time the participant would have commenced employment if the plan had always been in existence. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by service, with Normal Cost determined as if the current benefit accrual rate had always been in effect. Actuarial Liability is allocated by salary.
Change in Assumptions:	There have been no changes in actuarial assumptions since the last valuation.

EXHIBIT VII

Summary of Plan Provisions

This exhibit summarizes the major provisions of the Plan included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Plan Year:	July 1 through June 30
Normal Pension:	
Eligibility	A participant may retire at (a) age 60 if he has completed 5 years of credited service, or (b) any age if he has completed 30 years of credited service.
Amount:	2.50% of final average salary for each year of credited service. This amount cannot be greater than 75.0% of the final average salary nor less than $400 per month. Service credit used to determine the benefit amount may be increased by credit granted for unused sick leave (on a percent of possible total basis). Final average salary is defined as the highest average compensation over any 36-month period of the employee's last ten years of participation.
Early Retirement Pension:	
Eligibility	A City participant may retire at age 55 if he has completed 25 years of credited service.
Amount	1.85% of final average salary for each year of credited service.

Disability:	
Ordinary	
Service Requirement	5 years credited service.
Amount	2.00% of final average salary at disability for each year of credited service, payable immediately. This amount cannot be greater than 60% of final average salary nor less than $400 per month.
Extraordinary	
Service Requirement	None
Amount	70% of final monthly salary at disability, payable immediately. The amount cannot be less than $400 per month.
Termination:	To a participant terminating before becoming eligible for a vested deferred pension from the plan, a lump sum of his or her own contributions without interest is payable. Participants terminating after 5 years of actual service who leave their contributions in the System Fund have a non-forfeitable right to a monthly pension beginning at age 60. The form and amount of the pension are the same as the normal pension.
Death Benefits:	If a participant dies prior to his or her attainment of eligibility for retirement, a lump sum of his or her own contributions without interest is payable to his or her beneficiary. If an active participant who is eligible to retire or a retired participant dies, 60% of the accrued pension benefit is payable to the surviving spouse, if any, during his or her remaining lifetime. If an active participant (other than a participant of the Firemen and Policemen Supplemental System) who is not eligible to retire, but who has completed 5 years of service dies, a portion of 60% of the accrued pension benefit is payable to the spouse during her remaining lifetime. This portion is defined as follows:

Number of Years of service	Portion of his entitled benefit
5	50%
6	60
7	70
8	80
9	90
10 or more	100

This benefit is payable at the earlier of (a) the date that the deceased participant would have attained age 60 or (b) the date the deceased participant would have completed 20 years of service. In lieu of the above, for all participants, an annuity of 60% of salary is payable to the surviving spouse and 10% is payable to a minor child if death is service connected; the maximum for spouse and children is 75% and the maximum for children if no spouse is 60%. The minimum spouse benefit is $320 per month.

*60% benefit is effective July 1, 2002. Prior to July 1, 2002 the percentage was 45%.

Back-DROP: An employee with 33 years of service or who is at least age 63 with 23 years of service may elect up to a 36-month Back-DROP. The employee's monthly benefit will be calculated using service and final average salary as of the Back-DROP date and the employee will receive a lump sum equal to the number of months dropped back times the retirement benefit, accumulated with interest.

Participation: All qualified employees of the Retirement and Relief System are required to participate.

Contributions: The City and the City employees each contribute 6.50% of compensation for the year.

Changes in Plan Provisions: There have been no changes in plan provisions since the last valuation.

General Retirement System for the City of Detroit

Financial Report
with Supplemental Information
June 30, 2005

General Retirement System for the City of Detroit

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plante moran

Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Independent Auditor's Report

To the Board of Trustees
General Retirement System
for the City of Detroit

We have audited the accompanying statement of plan net assets of the General Retirement System for the City of Detroit (the "System") as of June 30, 2005 and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the System's 2004 financial statements and, in our report dated October 8, 2004, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the General Retirement System for the City of Detroit as of June 30, 2005 and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and required supplemental information (identified in the table of contents) are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

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To the Board of Trustees
General Retirement System
for the City of Detroit

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the General Retirement System for the City of Detroit's basic financial statements. The accompanying other supplemental information as identified in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The statements included in other supplemental information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

October 13, 2005

Using this Annual Report

This annual report consists of three parts: (1) management's discussion and analysis (this section), (2) the basic financial statements, and (3) required supplemental information. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required additional information that further explains and supports the information in the financial statements.

Condensed Financial Information

The table below compares key financial information in a condensed format between the current year and the prior year:

	Fiscal Year Ended	
	June 30, 2005	June 30, 2004
Total assets	$ 3,551,174,431	$ 2,894,485,068
Total liabilities	232,288,104	372,988,054
Assets held in trust for pension benefits	**$ 3,318,886,327**	**$ 2,521,497,014**
Net investment income	$ 276,414,652	$ 336,583,041
Contributions:		
Employee	22,648,662	24,290,278
Employer	41,689,528	95,876,076
Employer - Pension obligation certificate proceeds	739,793,898	-
Total contributions	804,132,088	120,166,354
Benefits paid to members and retirees:		
Retiree pension and annuity benefits	172,251,379	156,921,199
Member annuity refunds and withdrawals	106,882,109	98,292,960
Total benefits paid	279,133,488	255,214,159
Benefits paid less than (in excess of) contributions	524,998,600	(135,047,805)
Ratio of benefits paid to contributions	0.4	2.1
Other expenses	4,023,939	3,862,436
Net increase in net assets	**$ 797,389,313**	**$ 197,672,800**

Overall Fund Structure and Objectives

The General Retirement System (GRS) exists to pay benefits to its active members and retirees. Active members earn service credit that entitles them to receive benefits in the future. Generally speaking, benefits paid out in any given year are significantly greater than the contributions received. The excess of benefits over contributions must be funded through investment income. The public capital markets represent the primary source of investment income.

Asset Allocation

GRS has established asset allocation policies, which are expected to deliver more than enough investment income over a very long period of time to satisfy the obligations to pay the benefits promised to its members. The following is a summary of the GRS asset allocation policy as of June 30, 2005:

Equities	55%
Fixed income	25%
Real estate	10%
Alternative investments	10%

Investment Results

This past year was another year in which GRS outperformed its actuarially assumed rate of return. The GRS total fund composite return was 8.3 percent versus its actuarially assumed rate of 7.9 percent. This was the second consecutive year of favorable investment experience following three consecutive years of unfavorable investment experience during which GRS underperformed its actuarially assumed rate. For the three-year period ended June 30, 2005, the GRS total fund composite investment return was 8.9 percent, outperforming its objective by 100 basis points.

The GRS equity composite return was 10.4 percent versus the broad domestic stock market, as measured by the S&P 500 index, which was up 6.3 percent for the year. This board's equity asset mix was underweighted to growth stocks, overweighted to value stocks, and overweighted to small cap stocks. All of these contributed to the outperformance of the equity composite versus the S&P 500. The board's allocation to international stocks also contributed to the outperformance.

The GRS fixed income composite return was 9.0 percent versus the broad domestic fixed income market, as measured by the Lehman Aggregate index, which was up 6.32 percent. The board's allocation to high yield and global bonds added significantly to the outperformance of the fixed income composite versus the broad domestic bond market.

The GRS real estate composite return was 17.1 percent versus the broad domestic real estate market, as measured by the NCREIF Property Index, which was up 12.04 percent. The GRS experienced favorable returns of both its core and non-core real estate investments relative to the index of the system.

This year's total fund investment return is particularly encouraging, as is the outlook for future investment returns. Returns achieved in the public capital markets are highly dependent upon the health of the economy, both in the United States as well as in other countries. Management believes that the outlook for continued global economic growth is good in both the short and long run.

The primary determinant of total fund investment performance over long periods of time is asset allocation. The asset allocation of the GRS is built upon the foundation that the obligations of the GRS to pay the benefits promised to members and retirees are very long-term obligations. Accordingly, the board of trustees must make investment decisions that it believes will be the most beneficial to the retirement system over many years, not just one or two years. For the trailing 10- and 15-year periods, the GRS has achieved a total portfolio return in excess of its actuarially assumed investment return.

General Retirement System for the City of Detroit

Statement of Plan Net Assets
June 30, 2005
(with comparative totals for June 30, 2004)

	2005	2004
Assets		
Cash (Note 3)	$ 23,279,582	$ 8,051,609
Investments - At fair value (Note 3)	3,383,373,136	2,554,004,072
Accrued investment income	10,236,614	8,411,293
Contributions receivable	-	7,651,467
Receivables from investment sales	133,349,955	76,350,780
Other accounts receivable	475,090	688,729
Capital assets (Note 1)	460,054	569,142
Cash and investments held as collateral for securities lending	-	238,757,976
Total assets	3,551,174,431	2,894,485,068
Liabilities		
Payables for investment purchases	167,433,642	99,488,967
Claims payable to retirees and beneficiaries	15,317,706	6,473,803
Due to City of Detroit	1,778,305	1,672,755
Pension over contribution	12,303,429	-
Other liabilities	35,455,022	26,594,553
Amounts due broker under securities lending agreement	-	238,757,976
Total liabilities	232,288,104	372,988,054
Net Assets Held in Trust for Pension Benefits (a schedule of analysis of funding progress is presented in the required supplement information)	**$ 3,318,886,327**	**$ 2,521,497,014**

The Notes to Financial Statements are an Integral Part of this Statement.

General Retirement System for the City of Detroit

Statement of Changes in Plan Net Assets
Year Ended June 30, 2005
(with comparative totals for the year ended June 30, 2004)

	2005	2004
Additions		
Investment income:		
Interest and dividend income	$ 120,321,635	$ 108,803,078
Net appreciation in fair value	160,852,269	237,895,378
Investment expense	(13,780,153)	(11,496,468)
Other income	9,020,901	1,381,053
Net investment income	276,414,652	336,583,041
Contributions:		
Employee	22,648,662	24,290,278
Employer	41,689,528	95,876,076
Employer - Pension obligation certificate proceeds	739,793,898	-
Total additions	1,080,546,740	456,749,395
Deductions		
Retirees' pension and annuity benefits	172,251,379	156,921,199
Member refunds and withdrawals	106,882,109	98,292,960
General and administrative expenses	3,927,794	3,763,356
Depreciation expense	96,145	99,080
Total deductions	283,157,427	259,076,595
Net Increase in Net Assets Held in Trust for Pension Benefits	797,389,313	197,672,800
Net Assets Held in Trust for Pension Benefits - Beginning of year	2,521,497,014	2,323,824,214
Net Assets Held in Trust for Pension Benefits - End of year	**$ 3,318,886,327**	**$ 2,521,497,014**

The Notes to Financial Statements are an Integral Part of this Statement.

Note 1 – Summary of Significant Accounting Policies

The City of Detroit (the "City") sponsors the General Retirement System for the City of Detroit (the "System"), which is a contributory single employer retirement plan. The System, which is administered by the retirement system's board of trustees, is composed of a defined benefit plan and a defined contribution plan. The plan provides retirement, disability, and survivor benefits to plan members and beneficiaries.

The General Retirement System is an independent trust qualified under applicable provisions of the Internal Revenue Code, and is an independent entity (separate and distinct from the employer/plan sponsor) as required by (1) State law and (2) Internal Revenue Code provisions setting forth qualified plan status. The trustees of the plan have fiduciary obligations and legal liability for any violations of fiduciary duties as independent trustees.

Reporting Entity - The financial statements of the System are also included in the combined financial statements of the City of Detroit as a Pension Trust Fund. The assets of the Pension Trust Fund include no securities of or loans to the City or any other related party.

Basis of Accounting - The General Retirement System for the City of Detroit's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Methods Used to Value Investments - Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

Capital Assets - Capital assets for the System represent office equipment and furniture. Depreciation expense is calculated by allocating the net cost of the assets over their estimated useful lives.

Note 2 - Plan Description and Contribution Information

At June 30, 2005, the membership of the defined benefit plans and the defined contribution plans consisted of the following:

	Defined Benefit Plan	Defined Contribution Plan
Retirees and beneficiaries receiving pension benefits	11,460	1,521
Terminated plan members entitled to but not yet receiving benefits	1,189	231
Active plan members	9,802	9,249

Plan Description - The System provides retirement benefits, as well as survivor and disability benefits. Employees may receive cost of living adjustments as a percentage of their base amount, pursuant to the collective bargaining agreement in effect at their date of retirement. The obligation to contribute to and maintain the System was established by City Charter and negotiation with the employees' collective bargaining units.

Contributions - The City's policy is to fund normal costs and amortization of prior service costs. The City is required to contribute at an actuarially determined rate. Administrative costs are financed through investment earnings. The contribution rate for 2004-2005 ranged from 10.09 percent to 29.82 percent of active annual payroll for the GRS (depending on bargaining unit). Contributions from the employer for the year ended June 30, 2005 totaled $781,483,426, of which $739,793,898 resulted from the deposit of proceeds from pension obligation certificates.

Employees may also elect to contribute (a) 0 percent, (b) 3 percent of annual compensation up to the Social Security wage base and 5 percent of any excess over that, (c) 5 percent, or (d) 7 percent toward annuity savings.

Contributions from employees during the year ended June 30, 2005 totaled $22,648,662.

The contribution requirements of plan members and the City of Detroit are established and may be amended by the boards of trustees in accordance with the City Charter, union contracts, and plan provisions.

Note 3 – Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The System is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles. The investment policy adopted by the board is in accordance with Public Act 196 of 1997 and has authorized the investments according to Michigan Public Act 314. The System's deposits and investment policies are in accordance with statutory authority.

The System's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year end, the System had $11,267,228 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The System believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the System evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Note 3 - Deposits and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The System's investment policy does not restrict investment maturities. At year end, the average maturities of investments broken down by years are as follows:

	Fair Value	Less than 1	1-5	6-10	More than 10
Asset backed	$ 83,953,543	$ 753,194	$ 59,361,622	$ 1,252,924	$ 22,585,803
CMO	24,876,956	-	799,965	272,038	23,804,953
Corporate bonds	231,628,740	15,904,350	82,989,282	118,588,374	14,146,734
FHLMC	24,969,252	-	1,247,691	2,044,374	21,677,187
FNMA	69,064,833	-	1,938,653	2,844,399	64,281,781
GNMA	4,743,387	-	534,423	204,094	4,004,870
Government issues	509,386,179	28,110,142	452,530,960	8,833,505	19,911,572
Municipals	702,496	653,242	49,254	-	-
Foreign government issues	33,112,342	4,028,477	6,725,441	19,353,419	3,005,005
STIF-type instrument	797,103,222	89,304,981	-	-	707,798,241
Mortgages	46,263,663	31,383,209	14,880,454	-	-
Construction loans	23,920,529	15,305,065	8,615,464	-	-
Private placement	5,000,000	-	5,000,000	-	-

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The System has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) is as follows:

S&P		Moody's	
Amount	Rating	Amount	Rating
$ 227,955	A	$ 3,609,067	A1
2,184,833	A+	10,746,815	A2
275,673	A-1+	2,448,851	A3
89,828	AA	1,682,295	AA1
542,621	AA-	3,530,682	AA2
152,974	AA+	914,947	AA3
11,684,542	AAA	246,131,696	AAA
3,255,949	B	18,169,725	B1
380,147	B-	21,017,424	B2

Note 3 - Deposits and Investments (Continued)

S&P		Moody's	
Amount	Rating	Amount	Rating
$ 4,625,130	B+	$ 25,387,322	B3
1,061,020	BB	9,453,732	BA1
60,738	BB-	15,725,284	BA2
2,822,961	BB+	15,975,582	BA3
1,764,783	BBB	6,043,284	BAA1
239,755	BBB+	9,005,332	BAA2
104,162	D	11,017,052	BAA3
		8,750	C
		3,598,138	CA
		11,218,333	CAA1
		4,612,680	CAA2
		867,250	CAA3

In addition, the System also had $1,344,213,711 of unrated debt securities.

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. The pension system does not restrict the amount of investments in foreign currency. The following deposits and securities are subject to foreign currency risk:

	Fair Market Value	Stock	Corporate Bonds	Cash and Cash Equivalents	Government Securities
Australian Dollar	$ 16,031,965	$ 7,586,522	$ -	$ 162,893	$ 8,282,550
Brazilian Real	3,992	-	-	3,992	-
Canadian Dollar	11,729,819	1,804,213	-	31,612	9,893,994
Danish Krone	2,735,357	2,686,307	-	49,050	-
Euro Currency	94,139,937	83,937,604	-	2,162,038	8,040,295
Hong Kong Dollar	2,987,214	2,936,157	-	51,057	-
Hungarian Forint	3,169,711	3,169,711	-	-	-
Indonesian Rupiah	538,435	534,819	-	3,616	-
Japanese Yen	52,441,123	45,341,895	-	7,099,228	-
Mexican Peso	982,554	937,097	-	11,277	34,180

Note 3 - Deposits and Investments (Continued)

	Fair Market Value	Stock	Corporate Bonds	Cash and Cash Equivalents	Government Securities
New Russian Ruble	$ 2	$ -	$ -	$ 2	$ -
New Zealand Dollar	3,032,877	293,993	1,374,483	3,751	1,360,650
Norwegian Krone	6,256,260	6,243,603	-	12,657	-
Philippine Peso	171,026	168,797	-	2,229	-
Polish Zloty	11,904,592	6,901,247	-	-	5,003,345
Pound Sterling	45,823,395	41,258,478	-	1,559,912	3,005,005
Singapore Dollar	5,621,411	1,576,226	-	16,708	4,028,477
South African Rand	546,680	537,065	-	9,615	-
South Korean Won	2,245,332	2,245,060	-	272	-
Swedish Krona	12,488,684	12,058,648	-	430,036	-
Swiss Franc	16,540,691	16,005,905	-	534,786	-
Thailand Baht	22,677	22,108	-	569	-

The following is a description of the investments by type and category:

Investment	Amount
Short-term investments	$ 664,850,311
Stocks	1,789,571,792
Bonds	307,964,461
Mortgage-backed securities	91,670,345
Mortgage and construction loans	70,184,192
Equity interest in real estate	80,762,192
Pooled investments	126,340,279
Private placements	252,029,564
Total	$ 3,383,373,136

As permitted by State statutes and under the provisions of a securities lending authorization agreement, the System lends securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The System's custodial bank manages the securities lending program and receives cash, government securities, or irrevocable bank letters of credit as collateral. The custodial banks do not have the ability to pledge or sell collateral securities unless the borrower defaults. Borrowers are required to deliver collateral for each loan equal to not less than 100 percent of the market value of the loaned securities.

Note 3 - Deposits and Investments (Continued)

The System did not impose any restrictions during the fiscal year on the amount of loans made on its behalf by the custodial bank. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or custodial bank.

As of June 30, 2005, the System had no securities lent to broker-dealers or banks.

Note 4 - Reserves

State law requires employee contributions to be segregated. In addition, amounts must be set aside as determined by the actuary to fund benefits to retirees currently approved to receive benefits. As of June 30, 2005, the System's reserves have been fully funded as follows:

Reserved for employee contributions	$ 632,101,967
Reserved for retired employees	1,670,907,580

A statement of changes in plan net assets by reserve is included in the other supplemental information.

Note 5 - Pension Obligation Certificates

In June 2005, the City of Detroit issued $1,440,000,000 of pension obligation certificates to provide funding for the unfunded actuarially accrued liability (UAAL), which existed at June 30, 2003. Any future UAAL that may arise will continue to be paid by the City, as well as the annual normal cost. The proceeds of the pension obligation certificates were deposited into the System and are accounted for in the Accrued Liability Fund (Pension Obligation Certificate) Reserve. Approximately $740,000,000 was deposited into the General Employees' Retirement System and approximately $630,000,000 was deposited into the Police and Fire Retirement System, net of issuance costs and premiums. On an annual basis, funds will be transferred from the Accrued Liability Fund reserve to the pension accumulation reserve. The Accrued Liability Fund was credited with investment earnings commensurate with the overall earnings of the System.

Required Supplemental Information

General Retirement System for the City of Detroit

Required Supplemental Information
Schedule of Analysis of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
General Retirement System:						
06/30/99	$ 2,756,614,458	$ 2,900,404,223	$ 143,789,765	95.0	$ 383,449,421	37.5
06/30/00	2,902,433,063	3,077,001,129	174,568,066	94.3	417,187,666	41.8
06/30/01	2,912,146,389	3,179,601,214	267,454,825	91.6	439,636,072	60.8
06/30/02	2,761,203,680	3,276,591,209	515,387,529	84.3	440,680,045	117.0
06/30/03	2,537,668,376	3,270,627,177	732,958,801	77.6	448,579,064	163.4
06/30/04	2,470,243,470	3,383,926,672	913,683,202	73.0	444,596,299	205.5

General Retirement System for the City of Detroit

Required Supplemental Information
Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution		Percentage Contributed
1999	$ 55,683,125		100
2000	66,681,049		100
2001	68,139,535		100
2002	67,791,488		100
2003	72,859,246		100
2004	95,876,076		100
2005	106,496,612	*	100

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of June 30, 2004, the latest actuarial valuation, follows:

Valuation date	June 30, 2004
Actuarial cost method	Entry age
Amortization method	Level percent
Remaining amortization period	20 years
Asset valuation method	3-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.9%
Projected salary increases	4.0%-9.5%
Includes inflation at	4.0%
Cost of living adjustments	2.25%

* For the year ended June 30, 2005, the annual required contribution was funded by transfers from the accrued liability reserve in the amount of $64,807,084 and from current year City contributions of $41,689,528.

Other Supplemental Information

Description of Funds

Annuity Savings Fund - This fund represents cumulative required and voluntary contributions made by the active employees plus accumulated interest.

Annuity Reserve Fund - Transfers are made from the Annuity Savings Fund into the Annuity Reserve Fund when an employee retires, becomes disabled, or if a surviving spouse elects an annuity rather than a lump-sum payout of accumulated employee contributions.

Both annuity funds are referred to as defined contribution plans.

Market Stabilization Fund - This fund represents designations from the plans' investment income (loss) to be used to cushion the market value adjustments within the other funds. The boards of trustees authorized the creation of this fund, and the reserve amounts are calculated using a three-year average method.

Accrued Liability Reserve Fund - This fund originated during June 2005 when the City issued pension obligation certificates to fund the unfunded actuarial accrued liability that existed at June 30, 2003 (subject UAAL). On an annual basis, the actuary will inform the system of the amount to transfer from the Accrued Liability Reserve to the Pension Accumulation Fund in lieu of contributions from the City for the subject UAAL.

Pension Accumulation Fund - This fund represents accumulated City contributions to the pension system for the payment of pensions and other benefits to future retirees. Additionally, pre-employment military service credit contributions are captured in this fund.

Pension Reserve Fund - This fund represents funded pension benefits available for retired members and is funded by actuarially determined transfers from the Pension Accumulation Fund.

	Annuity Reserves	
	Annuity Savings Fund	Annuity Reserve Fund
Additions		
Net investment income	$ 58,619,317	$ 2,770,790
Contributions:		
Employee	22,572,347	-
Employer	-	-
Total additions - Net of investment loss	81,191,664	2,770,790
Deductions		
Retirees' pension and annuity benefits	-	4,462,200
General and administrative expenses	-	-
Depreciation expense	-	-
Member refunds and withdrawals	105,512,457	-
Total deductions	105,512,457	4,462,200
Net Additions (Deductions) - Before transfers	(24,320,793)	(1,691,410)
Transfers - Net	(1,925,786)	5,475,864
Net Increase (Decrease) in Net Assets Held in Trust for Pension Benefits	(26,246,579)	3,784,454
Net Assets Held in Trust for Pension Benefits - Beginning of year	658,348,546	34,868,163
Net Assets Held in Trust for Pension Benefits - End of year	**$ 632,101,967**	**$ 38,652,617**

Other Supplemental Information
Statement of Changes in Plan Net Assets
Year Ended June 30, 2005
(with comparative totals for the year ended June 30, 2004)

Market Stabilization Fund	Accrued Liability Reserve Fund	Pension Reserves: Pension Accumulation Fund	Pension Reserves: Pension Reserve Fund	Total 2005	Total 2004
$ 45,238,922	$ 5,116,908	$ 49,988,238	$ 114,680,477	$ 276,414,652	$ 336,583,041
-	-	76,315	-	22,648,662	24,290,278
-	739,793,898	41,689,528	-	781,483,426	95,876,076
45,238,922	744,910,806	91,754,081	114,680,477	1,080,546,740	456,749,395
-	-	-	167,789,179	172,251,379	156,921,199
-	-	3,927,794	-	3,927,794	3,763,356
-	-	96,145	-	96,145	99,080
-	-	1,369,652	-	106,882,109	98,292,960
-	-	5,393,591	167,789,179	283,157,427	259,076,595
45,238,922	744,910,806	86,360,490	(53,108,702)	797,389,313	197,672,800
-	(64,807,084)	(185,933,265)	247,190,271	-	-
45,238,922	680,103,722	(99,572,775)	194,081,569	797,389,313	197,672,800
51,253,545	-	338,853,366	1,438,173,394	2,521,497,014	2,323,824,214
$ 96,492,467	**$ 680,103,722**	**$ 239,280,591**	**$1,632,254,963**	**$3,318,886,327**	**$2,521,497,014**

H&H
HOOKER & HOLCOMBE, INC.

65 LaSalle Road
West Hartford, CT 06107-2397
860-521-8400 tel
860-521-3742 fax
www.hhconsultants.com

City of Hartford Municipal Employee's Retirement Fund (MERF)

Actuarial Survey (Revised)

July 1, 2005

Elizabeth J. Willard, F.S.A.
Consulting Actuary

Scott B. Moss, A.S.A.
Pension Analyst

Angela Corea
Pension Analyst

February 6, 2007

received
2/13/2007

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Section I

Valuation Report

A. Purpose of the Valuation

The purpose of the valuation is to determine the funded status of the plan as well as the recommended cash contribution for the plan year. The information found in Section II of the report has been developed for this purpose.

The ultimate cost of a pension plan is based primarily on the level of benefits promised by the plan. The pension fund's investment earnings service to reduce the cost of plan benefits and expenses. Thus,

City's ultimate cost	=	*benefits paid*	+	*expenses incurred*	-	*investment return*	-	*employee contributions*

B. Contribution for 2006-2007 Fiscal Year

The City's contribution rates for the 2006-2007 fiscal year, determined from the July 1, 2005 actuarial valuation, are shown below. Last year's results are shown for comparison purposes.

	2006-2007 Fiscal Year July 1, 2005 Valuation	2005-2006 Fiscal Year July 1, 2004 Valuation
Police	3.36%	8.73%
Firefighters	-4.59%	3.03%
Board of Education	13.35%	15.89%
Municipal Services	30.91%	28.89%*
Library	18.68%	N/A

**Includes Library.*

Please see Section II, Exhibit A for the development of these figures.

C. Funded Status

The MERF fund was in sound financial condition on July 1, 2005. The MERF adjusted value of plan assets of $987,905,000 (including $1.5 million receivable from CMERS) was equal to 101.8% of the "pension benefit obligation" of $970,286,000 as of July 1, 2005. The "pension benefit obligation" is the actuarial present value of credited projected benefits for prior years' service. For active members, the credited projected benefits are based on future salary increases and the ratio of actual service to total service projected at retirement.

D. Plan Experience During Period Under Review

Overall, the recommended City contribution rate for the 2006/2007 fiscal year has increased from last year for the Municipal Services group. For the Police, Firefighters, Board of Education and Library groups, the rates have decreased.

Prior to reflecting the change in assumptions effective with the July 1, 2005 actuarial valuation, the contribution rates for all groups, increased from last year. Reasons for this increase include the ad hoc cost of living increase for retirees effective July 1, 2005, a return on the actuarial value of assets that was slightly less than expected, and salary increases that were modestly more than anticipated by our valuation assumption.

The actuarial value of assets earned a return of about 7.7% during the 2004-2005 fiscal year, compared to an expected rate of return of 8.0%. The market value of assets returned 9.1% over the same period.

The active membership of MERF as of July 1, 2005, was 2,448, an increase of 139 from the total of 2,309 last year. Police active membership increased by 9, Firefighters decreased by 7, Board of Education increased by 92, and General Government (including Library) increased by 45. The total covered payroll for all active participants increased by approximately 9% from $107,808,000 in last year's valuation to $117,261,000 in this year's valuation.

E. Changes Since The Last Valuation

The July 1, 2005 actuarial valuation reflects the changes in assumptions recommended in the 2005 Experience Study. Specifically, changes have been made to the retirement, salary scale, disability, marriage, expense, and mortality assumptions. See the description of actuarial assumptions in Section III for details. These changes decreased the recommenced City contribution rate for each of the groups as follows: 10.5% for Police, 9.6% for Firefighters, 2.6% for Board of Education, 5.1% for Municipal Services and 3.2% for Library. It decreased the estimated fiscal year 2006/2007 City contribution by approximately $7,550,000.

The July 1, 2005 actuarial valuation includes no changes in Plan Provisions from last year. It does, however, reflect the newly negotiated future increases in general wages for the HMEA and Non-Union groups. This change had a minimal impact on plan costs.

F. Certification

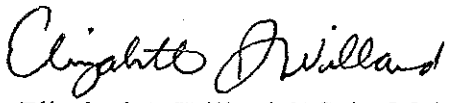
The results of this valuation are based on financial, personnel and payroll data furnished to us by the City and unaudited by us as of July 1, 2005.

In my opinion, and to the best of my knowledge, this Report presents fairly the financial and actuarial position of the City of Hartford Municipal Employees' Retirement Fund (MERF) as of July 1, 2005. The actuarial present values shown have been estimated on the basis of actuarial assumptions which, in my opinion, are appropriate for the purposes of the Report, are reasonable in the aggregate (taking into account the experience of the Plan and reasonable expectations), and, when applied in combination, represent my best estimate of the measure of anticipated experience under the Plan.

I believe that this Report meets the requirements of Public Act No. 77-468, An Act Requiring Periodic Actuarial Evaluation of Municipal Pension Plans.

I am a member of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.

HOOKER & HOLCOMBE, INC.



Elizabeth J. Willard, F.S.A., M.A.A.A.
Enrolled Actuary

February 6, 2007

Section II

Supporting Exhibits

A. Normal Cost

	July 1, 2005 Valuation					
	Police	Fire	Board of Ed.	Municipal Services	Library	Total Membership
Active Membership						
Number of Employees	437	347	1,114	485	65	2,448
Annual Payroll (000)	$28,532	$23,371	$38,511	$23,917	$2,929	$117,261
Normal Actuarial Costs						
A. Actuarial Present Value of Future Benefits (000)						
Active Members	$125,488	$119,011	$104,679	$98,030	$9,333	$456,540
Terminated Non-Vested Members	198	188	165	155	15	720
Terminated Vested Members	830	193	1,940	4,267	0	7,230
Retired Members	212,381	164,708	88,557	219,558	12,192	697,395
Old Plans COLA	703	536	901	69	0	2,209
Total	$339,599	$284,635	$196,243	$322,079	$21,539	$1,164,094
B. Valuation Assets (Adjusted Value) (000)*	$315,284	$283,109	$124,509	$250,085	$14,919	$987,905
C. Actuarial Present Value of Future Employee Contributions (000)	$20,074	$16,240	$19,756	$11,442	$1,316	$68,828
D. Actuarial Present Value of Future Normal Costs (A) - (B) - (C) (000)	$4,241	($14,714)	$51,978	$60,552	$5,305	$107,362
E. Actuarial Present Value of Future Salaries (000)	$298,553	$223,759	$415,035	$210,887	$30,353	$1,178,589
F. Normal Actuarial Costs as Percentage of Payroll						
Pension Benefits (D)/(E)**	1.42%	-6.58%	12.52%	28.71%	17.48%	9.11%
G. Expenses (other than Investment Expenses)	1.94%	1.99%	0.83%	2.20%	1.20%	1.62%
Total Normal Cost Percent Payable by City	**3.36%**	**-4.59%**	**13.35%**	**30.91%**	**18.68%**	**10.73%**

** Includes $1.5 million receivable from CMERS.*

*** Based on $1,904,000 estimate of expenses (other than investment expenses) allocated by present value of future benefits.*

Section II

Supporting Exhibits
(continued)

B. Estimated Cash Contribution

	Estimated July 1, 2006 - June 30, 2007 Fiscal Year Contribution					
	Police	Fire	Board of Ed	Municipal Services	Library	Total
(1) Annual Adjusted Payroll, July 1, 2005	$28,532,224	$23,370,771	$38,511,053	$23,917,186	$2,929,350	$117,260,584
(2) Total Normal Cost Percent Payable by City	3.36%	-4.59%	13.35%	30.91%	18.68%	
(3) Gross City Contribution: (1) x (2)	958,683	(1,072,718)	5,141,226	7,392,802	547,203	12,967,196
(4) July 1, 2005 Payment for Local 566	0	0	303,918	0	0	303,918
(5) July 1, 2005 Payment for Local 1716	0	0	0	509,126	0	509,126
(6) Old Plans COLA Annual Payment	124,887	107,609	200,001	17,430	0	449,927
(7) Net City Contribution Estimate: (3)-(4)-(5)-(6)	**$833,796**	**($1,180,327)**	**$4,637,307**	**$6,866,246**	**$547,203**	**$11,704,225**

Section II

Supporting Exhibits
(continued)

C. Actuarial Balance Sheet

	July 1, 2005	July 1, 2004
Actuarial Liabilities		
Present Value of Future Benefits for:		
Active Employees	$ 456,539,985	$ 458,452,035
Inactive Members		
• Regular Retirees	612,171,106	604,666,731
• Disability Retirees	59,941,185	61,017,068
• Survivors	25,283,174	27,427,550
• Terminated Non-Vesteds	720,251	1,080,000
• Terminated Vesteds	7,229,678	8,831,311
• Old Plans COLA	2,209,077	4,406,155
TOTAL	$1,164,094,456	$1,165,880,850
Source of Funds		
1. Plan Assets	$ 987,904,541	$ 966,044,318
2. Present Value of Future Employee Contributions	68,828,126	64,656,286
3. Present Value of Future City Normal Cost Contributions	107,361,789	135,180,246
4. TOTAL = (1) + (2) + (3)	$1,164,094,456	$1,165,880,850

Section II

Supporting Exhibits
(continued)

D. Development of Asset Values

The Adjusted Value of assets is used in the determination of plan contributions. It phases in recognition of asset gains and losses. A method of smoothing is used because the Market Value can swing widely from one year to the next, resulting in undesirable fluctuations in pension contributions. The smoothing is accomplished by recognizing asset gains and losses over a four-year period at 25% per year.

Relationship of Adjusted Value to Market Value	
1. Market value 7/1/2005 (without CMERS receivable)	$1,014,829,007
2. Gains (losses) not recognized in actuarial value 7/1/2005	28,424,466
3. Preliminary adjusted value 7/1/2005: (1)–(2)	986,404,541
4. Preliminary adjusted value as a percentage of market value: (3)÷(1)	97.2%
5. CMERS receivable	1,500,000
6. Adjusted value 7/1/2005: (3) + (5)	987,904,541

Recognized Gains and Losses in Adjusted Value					
	2001-2002	2002-2003	2003-2004	2004-2005	Total
1. Gains (losses)	$(49,416,908)	$(34,119,614)	$57,855,924	$10,701,876	$14,978,722
2. Recognized as of 7/1/2004	(37,062,681)	(17,059,807)	14,463,981	0	
3. Recognized in current year: 25% of (1)	(12,354,227)	(8,529,904)	14,463,981	2,675,469	$(3,744,681)
4. Total recognized as of 7/1/2005: (2)+(3)	(49,416,908)	(25,589,711)	28,927,962	2,675,469	
5. Gains (losses) not recognized in actuarial value 7/1/2005: (1)–(4)	0	(8,529,903)	28,927,962	8,026,407	28,424,466

Development of Asset Gain/Loss for 2003-2004 Year	
1. Market value 7/1/2004 (without CMERS receivable)	$977,022,227
2. Contributions	22,434,221
3. Benefit payments	69,589,379
4. Expenses	1,989,883
5. Expected interest at 8%	76,249,945
6. Expected value 7/1/2005: (1)+(2)-(3)-(4)+(5)	1,004,127,131
7. Market value 7/1/2005 (without CMERS receivable)	1,014,829,007
8. Asset gain/(loss): (7)-(6)	10,701,876

Section II

Supporting Exhibits
(continued)

D. Development of Asset Values

Summary of Fund Activity		
	Market Value	Adjusted Value
1. Beginning Value 7/1/2004		
a. Trust Assets	$ 977,022,227	$ 963,044,318
b. CMERS Receivable	3,000,000	3,000,000
c. Total	980,022,227	966,044,318
2. Contributions	22,434,221	22,434,221
3. Disbursements		
a. Benefit Payments	69,589,379	69,589,379
b. Expenses	1,989,883	1,989,883
c. Total	71,579,262	71,579,262
4. Net Investment Income		
a. Net Income	86,951,821	N/A
b. Expected Return	N/A	76,249,945
c. Recognized Gain (Loss)	N/A	(3,744,681)
d. Total	86,951,821	72,505,264
5. Ending Value 7/1/2005		
a. Trust Assets: (1a)+(2)-(3)+(4)	$1,014,829,007	$ 986,404,541
b. CMERS Receivable	1,500,000	1,500,000
c. Total	1,016,329,007	987,904,541
6. Approximate rate of return 2004-2005	9.1%	7.7%

Section II

Supporting Exhibits
(continued)

D. Development of Asset Values

Summary of Assets by Investment Manager		
	Cost Basis	Market Value
Treasurer's Account (includes Cash and Accounts Payable)	$ 16,029,389	$ 15,282,685
Citibank - Advisory Accounts	841,900,498	998,790,444
Insurance Carrier (Aetna Life)	1,708,295	755,878
Total	$859,638,182	$1,014,829,007
Receivable from CMERS	1,500,000	1,500,000
Grand Total	$861,138,182	$1,016,329,007

Rate of Return on Market Value of Assets				
	Average Annual Effective Rate of Return			
Period Ending June 30th	1 Year	3 Years	5 Years	10 Years
1996	14.9%			
1997	20.7%			
1998	18.0%	17.8%		
1999	10.4%	16.3%		
2000	8.8%	12.3%	14.5%	
2001	-2.1%	5.6%	10.9%	
2002	-3.1%	1.1%	6.1%	
2003	4.6%	-0.3%	3.6%	
2004	14.6%	5.1%	4.3%	
2005	9.1%	9.4%	4.4%	9.3%

Section II

Supporting Exhibits

E. Accounting Information

GASB Statements No. 25 and 27

The following information is based on the Governmental Accounting Standards Board (GASB) Statement No. 25 on "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and Statement No. 27 on "Accounting for Pensions by State and Local Governmental Employers".

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed	Net Annual Required Contribution *	Miscellaneous **	Net Percentage Contributed
1999	$8,984,312	100%	$8,576,940	$407,372	100%
2000	7,301,471	100%	7,036,870	264,601	100%
2001	759,283	100%	470,000	289,283	100%
2002	332,806	100%	0	332,806	100%
2003	2,463,804	100%	2,196,698	267,106	100%
2004	6,536,149	100%	6,296,790	239,359	100%
2005	9,206,742	100%	9,000,000	206,742	100%

* *City's cash contribution to MERF.*

** *Funds transferred from State of Connecticut's Connecticut Municipal Employees' Retirement System (CMERS) and Aetna annuity payments.*

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets * (a)	Actuarial Accrued Liability (AAL) ** (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)÷c)
7/1/1999	$858,805,000	$753,379,000	$(105,426,000)	114.0%	$110,398,000	-95.5%
7/1/2000	944,652,000	805,453,000	(139,199,000)	117.3%	112,921,000	-123.3%
7/1/2001	978,884,000	865,570,000	(113,314,000)	113.1%	119,609,000	-94.7%
7/1/2002	957,390,000	880,444,000	(76,946,000)	108.7%	117,498,000	-65.5%
7/1/2003	965,389,000	922,258,000	(43,131,000)	104.7%	110,339,000	-39.1%
7/1/2004	963,044,000	967,393,000	4,349,000	99.6%	107,808,000	4.0%
7/1/2005	986,405,000	970,286,000	(16,119,000)	101.7%	117,261,000	-13.7%

* *Excludes receivable from CMERS.*

** *Liability shown on a PBO basis.*

The information required for completion of GASB No. 25 and No. 27 for the fiscal year ending June 30, 2005 was prepared based upon the previous year's actuarial valuation (2004 Actuarial Survey) and additional information for fiscal year 2004-2005. It was contained in a separate report which was sent to the City's auditors, Scully & Wolf, LLP on November 8, 2005.

The information required for completion of GASB No. 25 and No. 27 for the fiscal year ending June 30, 2006 will be prepared based upon the current year's actuarial valuation (2005 Actuarial Survey) and additional information for fiscal year 2005-2006. It will be contained in a separate report and submitted to the City's auditors.

Section II

Supporting Exhibits
(continued)

F. Membership Data

Summary – Active Members as of July 1, 2005

	Number	Payroll*	Average Annual Pay*
Police	437	$ 28,532,224	$65,291
Firefighters	347	23,370,771	67,351
Board of Education	1,114	38,511,053	34,570
Municipal Services	485	23,917,186	49,314
Library	65	2,929,350	45,067
Total	**2,448**	**$117,260,584**	**$47,901**

**Basic salary, plus overtime, plus Fire private duty pay.*

Summary – Terminated Non-Vested Members as of July 1, 2005

Number: Unknown
Total Monthly Annuities: N/A (all Non-Vested, return of employee contributions pending)

Summary – Pensioners as of July 1, 2005

	Service Pensions*		Disability Pensions		Survivor Benefits*		Total	
	Count	Total Monthly Annuities	Count	Total Monthly Annuities	Count	Total Monthly Annuities	Count	Total Monthly Annuities
Police	429	$1,478,856	65	$137,302	57	$53,968	551	1,670,126
Firefighters	295	998,033	129	327,113	94	91,907	518	1,417,053
Board of Ed.	633	762,335	24	13,442	71	23,903	728	799,680
Municipal Svcs.	695	1,747,910	23	16,145	131	89,867	849	1,853,922
Library	51	107,479	0	0	2	660	53	108,139
Vested Deferred	89	88,085	--	--	--	--	89	88,085
TOTAL**	**2,192**	**$5,182,698**	**241**	**$494,002**	**355**	**$260,305**	**2,788**	**$5,937,005**

** Fourteen pensioners receiving benefits as retirees and as survivors are included in both groups.*

*** An additional monthly benefit for the July 1, 1987, July 1, 1990, July 1, 1997, July 1, 1999, July 1, 2001, and July 1, 2005, COLA's for the unfunded plans (PBF, FRF, and RAF) is also included in the total liabilities for MERF. Such participants are not included in the counts shown here.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Police

Participant Data				
	Active	Terminated Vested	Pensioners*	Total
Total Participants 7/1/2004	**428**	**6**	**528**	**962**
Adjustments	0	0	+2	+2
Retirements	-25	-2	+27	0
Disabilities	0	0	0	0
Terminations				
Vested	0	0	N/A	0
Non-vested	-17	N/A	N/A	-17
Deaths	0	0	-10	-10
New beneficiaries	N/A	0	+1	+1
Transfer group	+3	0	+3	+6
Rehires	0	0	0	0
New entrants	+48	N/A	N/A	+48
Total Participants 7/1/2005	**437**	**4**	**551**	**992**
Average Age				
7/1/2004	37.2			
7/1/2005	36.9			
Average Service				
7/1/2004	10.2			
7/1/2005	9.7			
Payroll**				
7/1/2004	$26,655,414			
7/1/2005	28,532,224			
Total monthly benefits*				
7/1/2004		$13,676	$1,519,628	
7/1/2005		7,612	1,670,126	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Firefighters

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2004	**354**	**3**	**517**	**874**
Adjustments	0	0	+1	+1
Retirements	-9	-1	+10	0
Disabilities	0	0	0	0
Terminations				
Vested	0	0	N/A	0
Non-vested	0	N/A	N/A	0
Deaths	0	0	-9	-9
New beneficiaries	N/A	0	+5	+5
Transfer group	0	0	-6	-6
Rehires	0	0	0	0
New entrants	+2	N/A	N/A	+2
Total Participants 7/1/2005	**347**	**2**	**518**	**867**
Average Age				
7/1/2004	41.0			
7/1/2005	41.7			
Average Service				
7/1/2004	13.8			
7/1/2005	14.6			
Payroll**				
7/1/2004	$21,678,826			
7/1/2005	23,370,771			
Total monthly benefits*				
7/1/2004		$3,760	$1,360,290	
7/1/2005		1,520	1,417,053	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Board of Education

Participant Data				
	Active	Terminated Vested	Pensioners*	Total
Total Participants 7/1/2004	**1,022**	**23**	**744**	**1,789**
Adjustments	0	0	+2	+2
Retirements	-7	-2	+9	0
Disabilities	-1	0	+1	0
Terminations				
Vested	-4	+4	N/A	0
Non-vested	-47	N/A	N/A	-47
Lump Sum	0	0	N/A	0
Deaths	0	0	-38	-38
New beneficiaries	N/A	0	+5	+5
Transfer group	+1	0	+5	+6
Rehires	0	0	0	0
New entrants	+150	N/A	N/A	+150
Total Participants 7/1/2005	**1,114**	**25**	**728**	**1,867**
Average Age				
7/1/2004	43.9			
7/1/2005	44.2			
Average Service				
7/1/2004	8.6			
7/1/2005	8.8			
Payroll**				
7/1/2004	$35,418,067			
7/1/2005	38,511,053			
Total monthly benefits*				
7/1/2004		$22,816	$773,744	
7/1/2005		23,025	799,680	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – General Government (Municipal Services and Library)

Participant Data				
	Active	Terminated Vested	Pensioners*	Total
Total Participants 7/1/2004	**505**	**57**	**917**	**1,479**
Adjustments	0	0	+3	+2
Retirements	-9	-4	+13	0
Disabilities	0	0	0	0
Terminations				
Vested	-5	+5	N/A	0
Non-vested	-23	N/A	N/A	-23
Deaths	0	0	-34	-34
New beneficiaries	N/A	0	+5	+5
Transfer group	-4	0	-2	-6
Rehires	0	0	0	0
New entrants	+86	N/A	N/A	+86
Total Participants 7/1/2005	**550**	**58**	**902**	**1,509**
Average Age				
7/1/2004	47.0			
7/1/2005	47.5			
Average Service				
7/1/2004	9.8			
7/1/2005	11.6			
Payroll**				
7/1/2004	$24,056,036			
7/1/2005	26,846,536			
Total monthly benefits*				
7/1/2004		$58,306	$1,862,874	
7/1/2005		55,928	1,962,061	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Total

Participant Data				
	Active	Terminated Vested	Pensioners*	Total
Total Participants 7/1/2004	**2,309**	**89**	**2,706**	**5,104**
Adjustments	0	0	+8	+8
Retirements	-50	-9	+59	0
Disabilities	-1	0	+1	0
Terminations				
Vested	-9	+9	N/A	0
Non-vested	-87	N/A	N/A	-87
Lump Sum	0	0	0	0
Deaths	0	0	-91	-91
New beneficiaries	N/A	0	+16	+16
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	+286	N/A	N/A	+286
Total Participants 7/1/2005	**2,448**	**89**	**2,699**	**5,236**
Payroll**				
7/1/2004	$107,808,343			
7/1/2005	117,260,584			
Total monthly benefits				
7/1/2004		$98,558	$5,516,536	
7/1/2005		88,085	5,848,920	

**Excludes old Plan COLA participants.*
***Basic salary plus overtime and private duty pay.*

City of Hartford MERF - Police

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2005

	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	6	41,447	15	48,781																	21	46,686
25 to 29	14	41,463	31	50,772	9	65,723															54	50,850
30 to 34	16	41,637	25	51,336	30	72,355	13	77,836	1	70,477											85	61,207
35 to 39	7	40,845	27	51,336	38	70,445	34	77,916	27	77,100											133	68,269
40 to 44	1	40,478	6	46,742	11	71,347	9	73,515	43	74,251	7	77,717									77	71,483
45 to 49			5	44,760	2	90,915	5	64,473	18	77,746	13	86,518	1	87,043							44	75,891
50 to 54					3	83,294			1	53,248	10	75,287			1	66,308					15	74,820
55 to 59					1	31,147			1	88,578	3	72,033	1	58,178							6	65,667
60 to 64											1	71,357									1	71,357
65 to 69																						
70 & over																			1	66,455	1	66,455
All ages	44	41,403	109	50,270	94	71,135	61	76,148	91	75,673	34	79,679	2	72,610	1	66,308			1	66,455	437	

City of Hartford MERF - Firefighters

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2005

	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25			1	46,606																	1	46,606
25 to 29			16	50,654	6	60,960	1	56,695													23	53,605
30 to 34			12	52,477	20	60,727	14	65,766													46	60,108
35 to 39	2	62,554	7	53,365	15	64,227	26	65,361	10	68,140	1	64,134									61	64,049
40 to 44			4	51,654	13	63,379	18	65,087	34	68,592	15	71,270	2	64,659							86	66,658
45 to 49			1	55,646	6	62,902	9	65,832	16	67,151	42	68,952	9	76,678	1	65,594					84	68,472
50 to 54					1	62,023	3	43,512	5	66,079	13	72,218	4	76,597			2	63,830			28	67,708
55 to 59							1	71,319			4	64,623	9	68,417	2	82,584					16	69,421
60 to 64									1	72,636							1	91,766			2	82,201
65 to 69																						
70 & over																						
All ages	2	62,554	41	51,771	61	62,411	72	64,482	66	68,045	75	69,686	24	72,565	3	76,921	3	73,142			347	

City of Hartford MERF - Board of Education

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2005

Attained Age	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	12	20,853	14	25,009	1	19,450															27	22,956
25 to 29	21	30,609	46	29,909	19	27,518	2	24,490													88	29,437
30 to 34	10	22,220	35	37,096	57	33,735	12	37,002	1	26,271											115	34,033
35 to 39	11	31,496	30	33,081	71	39,212	26	38,420	9	32,699	1	54,019									148	36,961
40 to 44	9	36,073	37	36,082	69	31,929	30	38,746	22	34,024	1	71,745	1	142,904							169	35,434
45 to 49	9	29,511	36	39,743	74	32,839	37	32,082	19	38,200	7	47,798	2	46,203	1	54,197					185	35,246
50 to 54	10	33,884	29	43,476	58	33,965	36	38,090	28	39,225	14	42,914	7	39,544	3	63,936					185	38,425
55 to 59	4	26,154	18	45,865	24	36,511	20	40,085	20	38,052	16	42,738	9	39,689	9	39,305					120	39,700
60 to 64	6	54,750	10	36,717	16	41,928	10	43,696	9	46,148	2	35,161	6	58,861	2	27,994					61	44,234
65 to 69			5	39,073	3	49,072	1	60,092	1	31,482	1	26,951									11	41,919
70 & over			1	54,205	3	29,159					1	28,066									5	33,950
All ages	92	30,695	261	36,343	395	34,517	174	37,421	109	37,624	43	43,495	25	48,899	15	43,716					1,114	

City of Hartford MERF - Library

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2005

Attained Age	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25					2	38,707															2	38,707
25 to 29			1	34,854	3	39,817															4	38,576
30 to 34	1	34,496	2	35,600	2	41,954	1	34,854	1	37,275											7	37,390
35 to 39	2	32,172	1	57,577	1	34,514	3	35,910	3	37,630	1	40,538									11	37,963
40 to 44			2	35,635	3	61,395			3	35,339	2	46,727									10	45,492
45 to 49			2	46,972	1	33,849	1	33,849	1	35,075	2	37,198									7	38,730
50 to 54	1	47,486	3	69,212	2	55,469	1	58,268	2	54,103	2	38,933									11	55,491
55 to 59			2	34,693	1	78,438	3	52,221	2	76,216			1	56,108							9	57,003
60 to 64					1	68,840					1	34,042									2	51,441
65 to 69													1	64,383							1	64,383
70 & over							1	135,500													1	135,500
All ages	4	36,582	13	46,605	16	49,471	10	52,686	12	45,991	8	40,037	2	60,246							65	

City of Hartford MERF - Municipal Services

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2005

	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	3	24,791	2	33,908																	5	28,438
25 to 29	3	23,923	14	41,078	5	42,736	1	44,379													23	39,344
30 to 34	1	73,806	11	36,644	5	54,073	1	94,415													18	46,759
35 to 39	3	53,987	20	45,659	8	50,291	5	63,955	8	48,970	4	54,718									48	50,164
40 to 44	4	60,879	27	39,665	13	30,207	5	45,223	22	50,727	9	50,990	9	52,381							89	44,715
45 to 49	6	47,017	15	55,953	9	42,647	16	64,084	14	55,557	12	55,245	4	52,636	3	59,095					79	55,179
50 to 54	6	47,311	28	56,907	15	46,656	11	47,507	16	50,379	7	68,458	2	40,401	6	54,484	5	52,982			96	52,683
55 to 59	1	50,434	11	67,417	16	68,386	11	55,768	12	60,844	9	60,583	5	61,967	2	33,783	1	41,296			68	61,672
60 to 64	1	110,324	8	61,039	13	45,545	3	49,661	6	51,594	1	88,063	1	126,085							33	56,467
65 to 69	1	157,606	2	84,781	5	21,123			3	11,957			1	11,957	2	11,957					14	36,038
70 & over	2	10,130			4	18,921			2	11,957	3	56,663							1	11,957	12	25,150
All ages	31	49,355	138	49,727	93	45,487	53	56,510	83	50,495	45	58,294	22	55,030	13	45,821	6	51,035	1	11,957	485	

City of Hartford MERF - All Groups

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2005

	Completed Years of Credited Service																			
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	21	27,300	32	37,383	3	32,288															56	33,329
25 to 29	38	34,080	108	40,465	42	43,172	4	37,514													192	39,732
30 to 34	28	35,596	85	43,362	114	49,670	41	61,119	3	44,674											271	47,914
35 to 39	25	39,351	85	43,798	133	51,588	94	61,436	57	62,492	7	53,938									401	53,073
40 to 44	14	43,475	76	39,004	109	40,263	62	51,963	124	60,447	34	65,799	12	61,971							431	50,254
45 to 49	15	36,513	59	44,804	92	37,033	68	46,486	68	59,007	76	67,008	16	67,506	5	59,415					399	50,731
50 to 54	17	39,423	60	51,030	79	39,148	51	40,836	52	46,081	46	61,947	13	51,077	10	58,502	7	56,082			335	47,148
55 to 59	5	31,010	31	52,792	42	49,524	35	46,946	35	49,491	32	53,239	25	55,883	13	45,114	1	41,296			219	50,116
60 to 64	7	62,689	18	47,527	30	44,392	13	45,072	16	49,846	5	52,757	7	68,464	2	27,994	1	91,766			99	49,498
65 to 69	1	157,606	7	52,133	8	31,604	1	60,092	4	16,838	1	26,951	2	38,170	2	11,957					26	39,616
70 & over	2	10,130	1	54,205	7	23,309	1	135,500	2	11,957	4	49,513							2	39,206	19	35,448
All ages	173	37,266	562	43,694	659	44,233	370	52,219	361	56,014	205	62,192	75	59,205	32	48,390	9	58,404	2	39,206	2,448	

Section II

Supporting Exhibits
(continued)

G. IRC Section 415(m) Valuation

The IRC Section 415(m) Fund* is an unfunded "excess benefit plan" to provide that portion of certain retirees' pension benefits that exceed the limits permitted under Section 415 of the Federal Internal Revenue Code (IRC).

	July 1, 2005	July 1, 2004
1. Number of retirees and beneficiaries receiving benefits	8	6
2. Annual benefits payable	$ 44,000	$ 36,000
3. Present value of benefits	$168,000	$141,000

The "actives" are funded through MERF. The City provides contributions for the retirees' benefits payable each year, as determined by the Pension Commission.

Actuarial Assumptions

The actuarial assumptions used in the 2005 Section 415(m) Fund valuation are as follows:

Mortality Basis:	RP-2000 Healthy Annuitants Table projected by Scale AA to year of valuation plus 10 years (2015 for July 1, 2005 valuation), with no adjustment and separate male and female rates. Prior valuation: UP-94 projected by Scale AA to year of valuation plus 10 years (2014 for July 1, 2004 valuation), with separate male and female tables.
Termination:	N/A.
Salary Scale:	N/A.
Investment Return:	8.00% per year, net of investment expenses.
Assumed Retirement age:	Immediate as all are retired.
Increases in dollar limit on benefits under IRC Section 415:	3% per year.

Benefits

Retiree pension amounts in excess of IRC Section 415 limits. Benefits which do not exceed such amounts are payable from the City's MERF Plan. IRC Section 415 limits are assumed to increase annually and thus decrease the benefits payable from this Plan and increase the portion of the benefits payable from the City's MERF Plan.

**Section 415(m) Fund adopted by the Court of Common Council on March 24, 1997.*

Section III

Actuarial Cost Methods and Assumptions

A. Actuarial Cost Methods

Asset Valuation Method – Adjusted Value of Assets

In order to smooth the year-to-year fluctuations in asset values, the asset values are adjusted by phasing in recognition of gains and losses over a four-year period. (Phase-in started July 1, 2003.) Gains and losses are defined as the difference between the actual and the expected return on assets.

The assets held by the insurance companies include the funds on deposit for future purchase of annuities, as well as the reserves and contingency reserves for annuities already purchased which are subject to experience rating.

The adjusted value of assets includes $1.5 million in funds assumed owed the MERF from the State of Connecticut Municipal Employees' Retirement System (CMERS). The $1.5 million is the estimated value of assets expected to be transferred from CMERS to this plan for members whose pension benefits were transferred prior to July 1, 2005.

Actuarial Funding Method

The "Aggregate Actuarial Cost Method" (first adopted for the 1969 valuation) is used for determining the future rates of contributions needed for funding service retirements. This method is designed to produce stable "percentage-of-payroll" Normal Actuarial Costs over a period of years. This aim will be achieved so long as the emerging experience conforms with the actuarial assumptions.

Using this method, an actuarial valuation was made of the actuarial present value of all future pension benefits for active members (including survivor benefits, disability benefits, and refunds of employee contributions). The actuarial present value needed for future payments to present pensioners and deferred vested pensioners and survivors was subtracted from the Valuation Assets (Adjusted Value) to determine the current Valuation Assets (Adjusted Value) available for future benefits for active members. The latter figure was subtracted from the actuarial present value of future benefits for active members in order to determine the remaining actuarial present value to be funded by future contributions. Finally, the net remainder was divided by the actuarial present value of all future salaries, and the total Normal Actuarial Costs for future contributions was determined as a level percentage of future annual payrolls.

Since the MERF fund includes several classifications of members who have different provisions for benefits and contributions, it was necessary to apply this method by separate actuarial valuations for Police, Firefighters, Board of Education, Municipal Services, and Library participants.

Section III

Actuarial Cost Methods and Assumptions
(continued)

B. Actuarial Assumptions

The actuarial assumptions used in the 2005 MERF valuation are as ows:

Mortality Basis:

For Police, Fire, Boar' ɔf Education Corridor Supervisors and Building and Grounds Supervisors:

- Pre-retirement: RP2000 Employees Table – male and female rates, projected by Scale AA to valuation date plus 17 years with occupational (i.e., non-office worker, blue collar) adjustment.
- Post-retirement: RP2000 Healthy Annuitants Table – male and female rates, projected by Scale AA to valuation date plus 8 years with occupational (i.e., non-office worker, blue collar) adjustment. No adjustment reflected for assumed future beneficiaries.
- Disability: RP2000 Disabled Table – male and female rates.

For All Other Groups:

- Pre-retirement: RP2000 Employees Table – male and female rates, projected by Scale AA to valuation date plus 17 years with no adjustment.
- Post-retirement: RP2000 Healthy Annuitants Table – male and female rates, projected by Scale AA to valuation date plus 8 years with no adjustment.
- Disability: RP2000 Disabled Table – male and female rates.

Prior valuation: UP-94 projected by Scale AA to year of valuation plus 10 years (2014 for July 1, 2004 valuation), with separate male and female tables.

Section III

Actuarial Cost Methods and Assumptions
(continued)

Termination:

Yearly Rates of Employee Termination

Age	Non-Uniformed	Uniformed
20	10.0%	5.0%
25	7.0%	2.0%
30	5.0%	2.0%
35	4.0%	2.0%
40+	0.0%	0.0%

Salary Scale:

3% for inflationary salary increases plus a percentage for promotion or merit increases. For Police under age 45, overtime limited to less than or equal to 20% of base pay.

Yearly Rates of Increases for Promotion or Merit

Age	Police	Fire	Bd of Ed	Munic. Svc. & Lib.
25	4.0%	2.5%	4.0%	6.0%
30	3.5%	2.5%	4.0%	4.7%
35	2.2%	1.6%	2.1%	3.1%
40	1.2%	1.1%	1.0%	2.0%
Over 40	1.0%	1.0%	1.0%	2.0%

Prior valuation:

Yearly Rates of Increases for Promotion or Merit

Age	Police	Firefighters	Non-Uniformed
25 and under	6.0%	5.0%	4.0%
30	3.5%	2.5%	4.0%
35	2.2%	1.6%	2.1%
40	1.2%	1.1%	1.0%
Over 40	1.0%	1.0%	1.0%

Salaries are adjusted for groups in negotiations by 3% per year for the period of each open contract, and non-bargaining groups by 3% per year for one full fiscal year from the measurement date. Any wage increases negotiated beyond the valuation date have been reflected in our projections.*

* *The following future salary increases have been negotiated as of this valuation:*

- HMEA: 1/1/2006 1.00%
  7/1/2006 1.00%
  1/1/2007 1.00%

Section III

Actuarial Cost Methods and Assumptions
(continued)

• Fire:	1/1/2006	1.25%
	7/1/2006	1.25%
	1/1/2007	1.25%
	7/1/2007	2.00%
• Police:	7/1/2006	3.00%
	7/1/2007	3.00%
	7/1/2008	2.00%
	1/1/2009	1.00%
	7/1/2009	3.00%
• Nonunion:	1/1/2006	1.00%

Investment Return: 8.00% per year, net of investment expenses.

Assumed Retirement Age: Retirement Rates:

Service	Police	Fire	Mun. Svc. & Lib.
20	20%	5%	10%
21	15%	1%	5%
22	5%	1%	5%
23	5%	1%	10%
24	20%	10%	15%
25	30%	30%	15%
26-27	5%	5%	10%
28	10%	5%	15%
29	25%	20%	15%
30	100%	20%	100%
31-34	n/a	5%	n/a
35	n/a	100%	n/a
	(maximum of age 65)		

Age	Bd of Ed
55	15%
56	10%
57-59	5%
60	30%
61	5%
62	20%
63-64	10%
65	100%

Prior valuation:

Board of Education: Age 61.

General Government: Earlier of age 53 with 25 years service and age 62 with 10 years service.

All Police: Age 48 with 20 years service. Maximum retirement age of 65.

Firefighters: Age 53 with 25 years service. Maximum retirement age of 65.

For both Uniformed and Non-Uniformed who have reached Assumed Retirement Age, retirement after one year.

Social Security:

Future tax wage bases are developed by projecting the 2005 base of $90,000 forward at 4% per year.

Marital Status at Retirement:

Non-Uniformed:

Males - 80% married, spouse 3 years younger.
Females - 60% married, spouse same age.

Uniformed:

All - 80% married, spouse 2 years younger.

Prior valuation:

Non-Uniformed:

Males - 82% married, spouse 3 years younger.
Females - 40% married, spouse same age.

Uniformed:

All - 90% married, spouse 2 years younger.

Disability:

Disability benefits were explicitly valued using the DP85 Class 1 Male and Female Disability Incidence Rate Table increased three times for the Police and Firefighter groups, two times for the Board of Education groups and with no increase for the Municipal Services and Library groups.

DP85 Class 1 Disability Incidence Table: Sample male and female rates

Age	Male	Female
15	0.021%	0.023%
20	0.029%	0.030%
25	0.038%	0.047%
30	0.048%	0.080%
35	0.069%	0.136%
40	0.117%	0.211%
45	0.202%	0.323%
50	0.358%	0.533%
55	0.722%	0.952%
60	1.256%	1.159%
65	1.753%	1.358%

Prior valuation:

Based on study of actual experience. The amount considered is the cost of establishing a reserve for the temporary annuity payable until normal retirement date.

Expenses other than Investment Expenses:

An explicit dollar amount was included in the development of the normal cost percentage equal to an estimate of expenses (other than investment expenses) for the upcoming year. The estimate was developed based on an average of actual expenses over the last four years. For the 2005 valuation, $1,904,000 was used.

Prior valuation:

All actuarial present values of future benefits have been increased by 2.50% to cover expenses other than investment expenses.

Sick Exchange:	Four years are exchanged by all actives if provision available. For Firefighters hired prior to July 1, 2003, six years are exchanged.
Military and Prior Service Buy-backs:	When a decision to buy-back service occurs, date of hire is adjusted accordingly.
Additional Liabilities:	**COLAs:**

Included in this valuation is the liability for the Cost of Living Adjustments (COLAs) effective July 1, 1987, July 1, 1990, July 1, 1997, July 1, 1999, July 1, 2001 and July 1, 2005 for both the MERF and the unfunded "Old Plans" (PBF, FRF, and RAF).

Local 1716:

Included in this valuation is the obligation for Local 1716 members who transferred to State MERF B on July 1, 1987.

29-year amortization payments (split between the City administration and the pension fund) commenced July 1, 1987 for this obligation. As of July 1, 2005, the City payment will be $509,126 ($4,026,000 on a present value basis) and the pension fund payment will be $462,336 ($3,656,000 on a present value basis).

Local 566:

Included in this valuation is the obligation for Local 566 (included merged Local 1303) members who transferred to State MERF B on August 1, 1988.

30-year amortization payments (split between the City administration and the pension fund) commenced August 1, 1988 for this obligation. As of July 1, 2005, the City payment will be $303,918 ($2,775,000 on a present value basis) and the pension fund payment will be $276,288 ($2,523,000 on a present value basis).

Section IV

Hartford MERF - Summary of Principal Provisions of Pension Plan
July 1, 2005

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Retirement Pensions:	Firefighters hired before July 1, 2003: 2.80% of Final Average Pay (rate of weekly pay immediately preceding retirement times 52, plus for firefighters who work a 42 hour week, holiday pay) multiplied by years of service up to 25 plus 2.0% for years over 25. Firefighters hired after June 30, 2003: 2.5% of Final Average Pay (rate of weekly pay immediately preceding retirement times 52, plus for firefighters who work a 42 hour week, holiday pay) multiplied by years of service up to 20 plus 2% of Final Average Pay for years of service over 20. Sworn Police Officers hired before July 1, 1999: 2.65% of Final Average Pay for highest 3 of last 5 years multiplied by years of service up to 20 plus 3% for year 21 plus a decreasing percentage for years over 21. Final Average Pay includes a provision for over-time and private duty pay. Sworn Police Officers hired after June 30, 1999: 2.5% of Final Average Pay for highest 3 of last 5 years times years of service up to 20 plus 2% for years of service- over 20.	2% (2.5% for HSSSA and HESP) of Final Average Pay for highest 5 of last 10 years times years of service, with maximum benefit of 70% of Final Average Pay. Final Average Pay for HFSHP, HESP, HSSSA, and Local 2221, Hartford Federation of Paraprofessionals are based on highest 3 out of last 5 years. Benefit for Local 2221 is 2.5% of Final Average Pay multiplied by years of service up to 20 plus 2% of Final Average Pay for years of service over 20 (maximum of 10 years).	For Library, HMEA hired after July 1, 2003, CHPEA hired after October 1, 1997, 2% of Final Average Pay for highest 2 of last 5 years times years of service with a maximum benefit of 70% of Final Average Pay. For Library with 5-year option, Final Average Pay is highest 5 of last 10 years. For CHPEA hired before October 1, 1997 who retire from the unit, MLA, and Nonbargaining, 2.5% of Final Average Pay for highest 2 of last 5 years times years of service. Maximum benefit of 70% of Final Average Pay for MLA and CHPEA, 80% for Nonbargaining. For Nonbargaining with 5-year option, Final Average Pay is highest 5 of last 10 years. For HMEA hired before July 1, 2003, 2.75% of Final Average Pay for highest 2 of last 5 years times years of service with a maximum benefit of 70% of Final Average Pay. For SCGA, 2% of Final Average Pay for highest 5 of last 10 years reduced by 1% of average Social Security covered earnings for all years included in computation of Social Security primary benefits. Maximum benefit of 100% of Final Average Pay.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Retirement Pensions:	Non-Sworn Police Officers: 2.5% of Final Average Pay for highest 3 of last 5 years times years of service, with maximum benefit of 80% of Final Average Pay. Sworn Police Officers have a maximum benefit of 70% of Final Average Pay. For Sworn Police Officers hired before July 1, 1999 increase maximum benefit to 80% of Final Average Pay with sick exchange provision. Firefighters have a maximum benefit of 80% of Final Average Pay (85% with sick exchange if hired prior to July 1, 2003).		Assistant Police Chief, Police Chief, Assistant Fire Chief and Fire Chief: Same as Non-Bargaining.
Normal Form of Benefit:	For unmarried members: life annuity. For married members: surviving spouse benefit of 25% of member's final year's earnings, if non-service connected death, and 50% of member's final year's earnings, if service connected death. Minimum of 50% of pension benefit for firefighters for non-service connected death. For married Non-Sworn Police Officers: life annuity with 50% to survivor.	For unmarried members: life annuity. For married members: life annuity with 50% to survivor.	For unmarried members: life annuity. For married members: life annuity with 50% to survivor.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Normal Retirement Age and Service Requirement:	Firefighters hired before July 1, 2003 and Sworn Police Officers hired before July 1, 1999: Full benefits after 20 years of continuous service. Sworn Police Officers hired after June 30, 1999: Full benefits after 25 years of service. Firefighters hired after June 30, 2003: 25 years of continuous service. Non-Sworn Police Officers: Full benefits after 20 years of service, or age 60 plus 5 years of continuous service, or after 15 years of service, if contributions are left in the MERF for 5 more years before retirement.	Age 60 plus 10 years of service (continuous service for Local 2221). Members are also eligible at age 55 with 25 years of service.	For MLA, earlier of (1) age 60 plus 10 years of continuous service or (2) 20 years of continuous service. For SCGA, earlier of (1) age 60 plus 5 years of continuous service or (2) age 55 with 25 years of continuous service. For Nonbargaining, earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of service, or (3) after 20 years of service if participant leaves after 15 years of service and contributions are left in the MERF for 5 years before retirement. For CHPEA, earlier of (1) age 60 plus 5 years of continuous service of (2) 20 years of aggregate service if hired before October 1, 1997, 25 years of aggregate service if hired October 1, 1997 – June 23, 2003, age 55 with 25 years of aggregate service if hired after June 23, 2003. For HMEA earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of continuous service if hired before July 1, 2003, age 55 with 25 years of continuous service if hired after July 1, 2003. For Library, earlier of (1) age 60 plus 5 years of continuous service or (2) 25 years of continuous service.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Optional Early Retirement:	Sworn Police Officers: Age 50 with 10 years of continuous service, actuarially reduced for years prior to Normal Retirement Age. Non-Sworn Police Officers: Age 55 with 5 years of continuous service, reduced at 4% per whole year prior to age 60. Firefighters: Age 50 with 5 years of continuous service, actuarially reduced or reduced at 2% per year (prorated for fractional years) prior to Normal Retirement Age.	At age 55 with 10 years of service (continuous service for Local 2221), reduced at 4% per whole year prior to age 60.	For MLA, age 55 with 10 years of continuous service. For all others, age 55 with 5 years of continuous service. Benefit reduced at 4% per whole year prior to age 60 (prorate for partial years for HMEA and CHPEA). For SCG members, reduction is 2% per whole year and fraction of a year prior to age 60.
Vesting of Earned Deferred Pension:	Sworn Police Officers: After 10 years of continuous service. Firefighters and Non-Sworn Police Officers: After 5 years of continuous service.	After 10 years of continuous service. Payments begin no earlier than age 55.	For MLA, 10 years of continuous service. For all others, 5 years of continuous service. Payments begin no earlier than age 55.
Benefits to Survivors: (Death of Active Member Prior to Retirement)	Surviving Spouse: 25% of final year's earnings (50% if service connected death), payable until death or remarriage. Minimum of 50% of pension benefit for Firefighters for non-service connected death. Surviving Child: $100 per month for first child, $50 for each additional child (10% of final year's earnings if service connected death, or 15% if no surviving spouse). Total benefit, including Worker's Compensation, cannot exceed 100% of current pay rate for Member's rank. Non-Sworn Police Officers: Same as General Government members.	Member must meet qualifications for vesting. Surviving Spouse: 50% of pension which Member is receiving or would be entitled to when retired, payments beginning no earlier than date of Member's 55th birthday. Surviving Spouse benefits are payable until death or remarriage.	

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Refund of Contributions upon Discontinuance of Employment or at Death (Non-Vested Members): (May be taken in lieu of earned deferred pension by vested members)	Refund of total contributions, without interest. Non-Sworn Police Officers: Same as General Government members.	Termination: Refund of total contributions, with 3% interest compounded annually. Death: Refund of total contributions with interest preretirement and without interest postretirement.	
Pensions for Permanent, Total Disability - Service Requirements:	5 years of continuous service, but no requirement if disability is service connected as defined in Worker's Compensation Act. Non-Sworn Police Officers: Same as General Government members.	10 years of continuous service, except no requirement if disability is service connected as defined in Worker's Compensation Act.	
Amount of Total Disability Pension: (Payable so long as total disability continues.)	Retirement Pension with minimum of 25% of "final average pay." If disability is service connected, the pension equals 100% of the Member's final annual pay less Worker's Compensation benefits. Non-Sworn Police Officers: Same as General Government members.	Retirement Pension using Final Average Pay for last 10 years. If disability is service connected, amount not less than 50% of Member's final annual pay at time of disability. Maximum benefit of 2/3 of 10-year Final Average Pay less Social Security benefit. Minimum benefit of $30 per month. All service connected disability benefits are offset by benefits payable by Worker's Compensation (exception: no offset for $30 minimum).	
Pensions for Permanent Partial Disability: (Where earnings capacity is reduced by at least 10%.)	Ten years of continuous service, but no service requirement if disability is service connected. Same as disability pension with reduction for less than 15 years of service. If service connected, pension equals 50% of final annual pay (regular 20 year pension for Firefighters) if 15 years of service, with reductions for less than 15 years of service. If at least 20 years of service, pension equals retirement pension. Non-Sworn Police Officers: Same as General Government members.	10 years of continuous service, except no requirement if disability is service connected as defined in Worker's Compensation Act. Retirement Pension using Final Average Pay for last 10 years (with offset for Worker's Compensation benefits if service-related disability), subject to a minimum pension of $10 monthly. If the disability is service connected, benefit not less than 50% of the reduction in earnings with offset for Worker's Compensation benefits. For service connected disability, the maximum benefit is 2/3 of 10 year final average pay less Worker's Compensation and Social Security benefits. For non-service connected disability, the maximum is 2/3 of 10 year final average pay less Social Security benefits, or 1-^{2}/3% of the reduction in income times years of service.	

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Member's Contribution Rate of Total Earnings: (City pays full balance of costs to fund MERF benefits; also Members and City pay taxes for those covered by Social Security.)	Firefighters and Sworn Police Officers hired before July 1, 1999: 8%. *Sworn Police Officers hired after June 30, 1999: 6.5%.* Non-Sworn Police Officers: 4% on earnings taxed for Social Security and 7% on excess.	4% on earnings taxed for Social Security and 7% on excess. For HESP, 8.41% and 11.41%, respectively. For HSSSA, 8.75% and 11.75%, respectively.	For Library and Nonbargaining, 4% on earnings taxed by Social Security and 7% on excess if 5 year Final Average Pay option elected. With 2 year option, 5% and 8%, respectively. For MLA, HMEA hired after July 1, 2003, and CHPEA hired after October 1, 1997, 5% on earnings taxed by Social Security and 8% on excess. For CHPEA hired before October 1, 1997, 6.5% and 9.5%, respectively. For HMEA hired before July 1, 2003, 7.8% on all earnings. For SCGA, 3% on earnings taxed by Social Security and 6% on excess. Assistant Police Chief, Police Chief, Assistant Fire Chief and Fire Chief: Same as Non-Bargaining.

Note 1 Any Member (other than a Police Officer or Firefighter) who was a Member before January 1, 1958 is guaranteed a minimum total benefit, including Social Security based on earnings from the City, equal to the pension the Member would have received under the terms of the MERF plan in existence prior to the enactment of the 1957 Special Act No. 347. Also, several active Members who transferred to MERF on or after July 1, 1968 from the City's Retirement Allowance Fund are entitled to a pension determined by the RAF provisions if it is greater than that based on the MERF provisions.

Note 2 Section 2-166 of the Municipal Code provides a minimum benefit of $155 monthly for all pensions granted by reason of service or for service-connected disability, and for joint annuitants under elected options, except members for whom Social Security taxes have been paid and anyone for whom more than half of the total pension is paid by the Metropolitan District.

Note 3 All members (other than SCG) may purchase up to 4 years of pension credit for military service. Pension credit is at the following rates of Final Average Pay per year purchased:

HMEA members hired before July 1, 2003	2.75%
Sworn Police Officers, Firefighters, CHPEA members hired before October 1, 1997, HSSSA, HESP, Non-bargaining (including Assistant Police Chief, Police Chief, Assistant Fire Chief, and Fire Chief), Non-Sworn Police Officers, and MLA	2.50%
Other (including CHPEA members hired after September 30, 1997, HMEA members hired after July 1, 2003)	2.00%

Note 4 All members (other than Sworn Police Officers hired after July 1, 1999, all Board of Education members, CHPEA hired after October 1, 1997, HMEA hired after July 1, 2003, Library, and SCG) may exchange accumulated sick leave upon retirement for up to 4 years (6 years for Firefighters hired prior to July 1, 2003) of pension service time. Additional pension service time may be purchased from accumulated sick leave at the rate of twenty days of accumulated sick leave for each year of pension service time.

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FINAL

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

October 1, 2005 Actuarial Report

For the Fiscal and Plan Year
October 1, 2006
through
September 30, 2007

Prepared By:

STANLEY, HOLCOMBE & ASSOCIATES, INC.
2000 RiverEdge Parkway/ Suite 540
Atlanta, GA 30328
(770) 933-1933

August 6, 2007

S
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& A

Stanley,
Holcombe
& Associates, Inc.

August 6, 2007

Board of Trustees
City of Miami Fire Fighters' and
Police Officers' Retirement Trust
1895 SW 3 Avenue
Miami, FL 33129-1456

October 1, 2005 Actuarial Report

Dear Board Members:

Enclosed is our report on the actuarial valuation of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2005, for the fiscal year beginning October 1, 2006.

The report is based upon the terms of Ordinance No. 10002 and the Amended Final Judgment in the matter of Gates v. City of Miami.

Our responses to the Triennial Experience Study and actuarial asset valuation methodology are covered on pages 13-30. All known issues are addressed, with the exception of the retirement probabilities, which will be finalized concurrently with the October 1, 2006 actuarial valuation.

The City contribution requirement under the revised Asset Valuation Method is $39,823,900. The revised method is the 20% Write-up method, commencing October 1, 2000.

Respectfully submitted,

Randall L. Stanley, F.S.A.
Consulting Actuary and Principal

Frans Christ, F.S.A.
Vice President and Consulting Actuary

Jonathan T. Craven, A.S.A.
Consulting Actuary

RLS/FC/JTC/di
MIAMI01B

Enclosures (15)

2000 RiverEdge Parkway/Suite 540 • Atlanta, GA 30328
(770) 933-1933 • Fax (770) 933-8918 • www.stanleyholcombe.com

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

October 1, 2005 ACTUARIAL REPORT

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

October 1, 2005 ACTUARIAL REPORT

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Comparative Summary of Principal Valuation Results - Regular Fund

		Actuarial Valuation Prepared as of 10/1/2005	10/1/2004
A.	Participant Data (Ex.7)		
	Active Members	1,455	1,468
	Total Annual Payroll	$91,514,713	$89,152,510
	Retired Members and Beneficiaries	1,503	1,424
	Total Annualized Benefits	$60,210,186	$54,428,554
	Disabled Members	215	215
	Total Annualized Benefits	$4,000,445	$3,900,165
	Terminated Vested Members	25	29
	Total Annualized Benefits	$548,262	$622,362
B.	Assets	-$-	-$-
	Actuarial Value (Ex. 2)	1,064,923,468	894,601,110
	Market Value (Ex. 4)	1,091,902,222	957,896,348
C.	Liabilities (Excl. COLA)		
	Present Value of Benefits (Ex. 1)		
	Active Members - Retirement	745,872,622	724,325,645
	Vesting	13,018,170	11,688,866
	Disability	20,472,984	18,941,517
	Death	6,696,478	6,162,571
	Return of Contributions	1,268,051	1,325,733
	Total	787,328,305	762,444,332
	Inactive Members - Retired and Beneficiaries	636,085,262	574,935,994
	Disabled	36,959,492	36,223,791
	Terminated Vested	4,141,293	4,922,742
	Total	677,186,047	616,082,527
	Total	1,464,514,352	1,378,526,859
	Actuarial Accrued Liability	N/A	N/A
	Unfunded Actuarial Accrued Liability	N/A	N/A

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Comparative Summary of Principal Valuation Results - Regular Fund
(Continued)

		Actuarial Valuation Prepared as of 10/1/2005	Actuarial Valuation Prepared as of 10/1/2004
D.	Actuarial Present Value of Accrued Benefits (Exhibit 5)	-$-	-$-
	Vested Accrued Benefits		
	Inactive Members and Beneficiaries	677,186,047	616,082,527
	Active Members	349,344,070	351,757,589
	Total	1,026,530,117	967,840,116
	Non-Vested Accrued Benefits	15,806,454	14,211,787
	Total	1,042,336,571	982,051,903
E.	Pension Cost (Exhibit 1)		
	Normal Cost	46,229,930	56,875,889
	Payment to Amortize Unfunded Liability	N/A	N/A
	Expected Plan Sponsor Contribution	39,823,900	50,635,213
	As % of Payroll	43.52%	56.8%
	Expected Member Contribution	6,406,030	6,240,676
	As % of Payroll	7.00%	7.00%
		Year Ending 9/30/2005	Year Ending 9/30/2004
F.	Past Contributions	-$-	-$-
	Required Plan Sponsor Contribution	45,545,130	36,341,515
	Required Member Contributions	6,924,447	6,781,158
	Actual Contributions		
	Plan Sponsor	45,545,130	36,341,515
	Members	6,924,447	6,781,158
G.	Net Actuarial Gain (Loss)	N/A	N/A
H.	Other Disclosures		
	Active Members:		
	Present Value Future Salaries (at attained age)	835,868,800	798,000,200
	Present Value Future Contributions (at attained age)	56,367,337	53,813,642

CITY OF MIAMI
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Comparative Summary of Principal Valuation Results – COLA Fund

	Actuarial Valuation Prepared as of 10/1/2005	10/1/2004
A. Participant Data		
Active Members		
Total Annual Payroll		
Retired Members and Beneficiaries	1,503	1,424
Total Annualized Benefits	$10,167,702	$8,402,876
Disabled Members	215	215
Total Annualized Benefits	$2,273,698	$1,903,762
Terminated Vested Members		
Total Annualized Benefits		
Table	$941	$920
B. Assets	-$-	-$-
Actuarial Value (Ex. 13)	295,874,961	249,415,066
Market Value (Ex. 13)	275,166,765	210,347,686
C. Liabilities (COLA Only)		
Present Value of Benefits (Ex. 13)		
Active Members - Reserve for Current Actives	34,530,830	34,993,131
Reserve for Contribution Refunds	N/A	N/A
Reserve for Future Actives	5,179,625	5,248,970
Total (excl. 457 Service)	39,710,455	40,242,101
Inactive Members - Frozen COLA I Benefits	2,157,847	2,301,952
COLA II Benefits	153,087,840	143,125,133
Total	155,245,687	145,427,085
Total	194,956,142	185,669,186

Comparative Summary of Total Assets - Combined

Market Value (Ex. 4)	1,336,399,435	1,168,244,034

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

REVIEW OF COSTS

Summary Discussion

This is the actuarial report for the fiscal year beginning October 1, 2006 for the City of Miami Fire Fighters' and Police Officers' Retirement Trust. This is the twenty second annual actuarial report prepared by Stanley, Holcombe & Associates, Inc. This report is intended to reflect the provisions and requirements of Ordinance No. 10002, as amended through September 30, 2005.

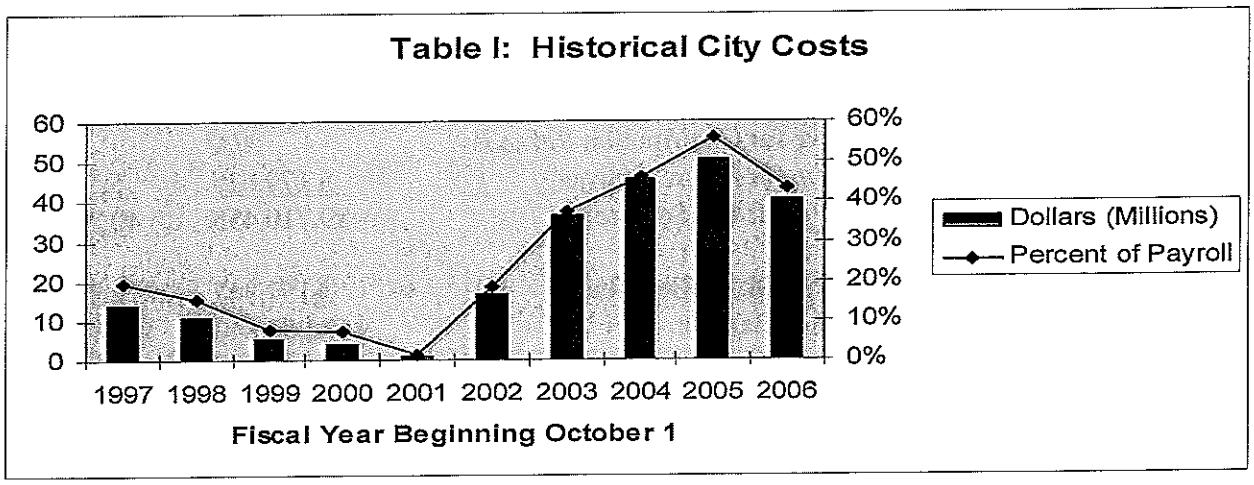
Comparison of Deposit Requirements

The City contribution requirement, and the results calculated for the 2006/2007 fiscal year, are as follows:

	Revised Basis 2006/2007 -$-	Prior Basis 2006/2007 -$-	2005/2006 -$-	2004/2005 -$-
Past Service Cost	N/A	N/A	N/A	N/A
Normal Cost	39,823,900	54,863,607	50,635,213	45,545,130
Payment Timing	718,178	0	0	0
	40,542,078	54,863,607	50,635,213	45,545,130

The 2006/2007 deposit amount of $40,542,078 is approximately $10 million less than the $50,635,213 for the prior year and $14.3 million less than the cost using the prior asset valuation method.

As can be seen from Table 1, the increases in City costs in recent years slowed and declined using the revised asset valuation method.



Analysis of Cost Changes

The Normal Cost element of FIPO costs is expected to remain level as a percentage of covered payroll, if the actual Plan experience is the same as the actuarial assumptions. An increase in the Normal Cost rate indicates that experience has been less favorable than assumed, while a decrease indicates more favorable experience.

Quantification of the reasons for the changes is as follows:

Table 2 – Gain/Loss Analysis of Cost Changes from October 1, 2004 to October 1, 2005 Valuations

	Normal Cost	
	-$-	-%-
2004/2005 Normal Cost	50,635,213	56.80
2005/2006 Normal Cost Expected (for continuing participants)	51,034,758	56.80
Element of Experience		
Salary Increases	+1,115,480	+0.01
Turnover	-318,360	-0.18
Mortality	+199,182	+0.15
Retirement	-894,984	-0.35
New Participants	+28,016	-0.83
Disability	-52,926	-0.12
Investment Return, Contribution Lag	-102,750	+0.24
Assumption Change	--	--
457 Service Purchases	+309,517	+0.35
COLA Transfer	+3,558,559	+3.89
Other, Data	-12,885	-0.01
Total	+3,828,849	+3.15
Asset Valuation Method Change	-15,039,707	-16.43
2005/2006 Normal Cost	39,823,900	43.52

As may be noted from the table, the transfer to the COLA fund was responsible for the largest increase in Normal Cost. This occurred because the investment return on the COLA basis (3 year smoothing) exceeded the investment return on the funding basis (5 year smoothing). The result was a COLA transfer that exceeded the asset gain on a funding basis. Following is a more detailed description of the elements of experience.

Salary Increases - During the period October 1, 2004 through September 30, 2005, covered payroll for the continuing actives increased more than expected, resulting in an increase of $1,115,480 in the Normal Cost. Covered payroll for continuing active participants at September 30, 2005 was approximately 102.3% of expected. (This compares to 106.0% of expected for the previous year, which increased the normal cost by $4,091,000.)

Mortality - For active members there was one death, as compared to 2 expected; for inactive members there were 25 deaths (13 without survivors), as compared to about 38 expected.

Disability - During the past year there were 3 disabilities, as compared to 4 expected. Over the past 25 years, there have been 118 disabilities, as compared to about 145 expected.

Turnover - From October 1, 2004 to September 30, 2005, there were 27 employee terminations, as compared to about 17 predicted by the actuarial assumptions. Following is a comparison of the expected and actual turnover rates for the past ten years:

	1996/1999		1999/2002		2002/2003		2003/2004		2004/2005	
Age	Expected	Actual	Expected	Actual	Expected	Actual	Expected	Actual	Expected	Actual
20-24	2.9	3	3.7	3	0.5	0	0.4	0	0.4	0
25-29	13.9	10	12.3	11	3.9	4	3.2	5	2.7	3
30-34	20.3	21	17.9	21	5.7	7	5.2	5	4.8	14
35-39	25.0	20	20.2	13	5.5	3	5.2	3	5.0	4
40+	14.7	20	13.8	19	5	6	4.4	6	4.1	6
	76.8	74	67.9	67	20.6	20	18.4	19	17.0	27

Retirement - There were 83 retirements during the period (19 firefighters, 64 police), as compared to about 62 expected. In addition, four vested terminations retired during the year. This resulted in a $894,984 decrease in the Normal Cost. Note that retirees electing DROP are included among the actual retirees for the last six years.

Following is a comparison of the expected and actual retirements in the last ten years:

	1996/1999		1999/2002		2002/2003		2003/2004		2004/2005	
Age	Expected	Actual	Expected	Actual	Expected	Actual	Expected	Actual	Expected	Actual
Under 44	74.4	16	97.0	14	11.1	13	11	41	11.9	19
45-49	332.5	61	259.6	36	26.4	27	27	70	22.6	35
50-54	159.1	49	138.9	32	29	17	38	55	23.9	21
55-59	31.1	12	31.8	8	14.4	12	12	20	3.6	7
60+	3	1	6.0	1	1	2	1	4	0	1
	600.1	139	533.3	91	81.9	71	89	190	62	83

Investment Return - The rate of return for the year ending September 30, 2005 was 15.6% on mean market value, as shown in Exhibit 4 and 4.85% (net of 1/1/2007 COLA transfer) on actuarial asset value (Exhibit 2A). As shown in Exhibit 2C, there will be a COLA transfer of $33,668,905 as of January 1, 2007, resulting in no City minimum contribution to the COLA fund as of that date.

These comments on investment return relate to the prior asset valuation method. The change to the revised asset valuation method (Exhibit 2I) resulted in a $15 million decrease in costs, with no impact on the COLA transfer. The revised actuarial asset value is discussed in detail below.

New Participants – During the year there were 101 new participants, who decreased the City contribution requirement for the Fund by 0.83%. Last year, 57 new participants decreased the rate by 0.87%.

Plan Assets

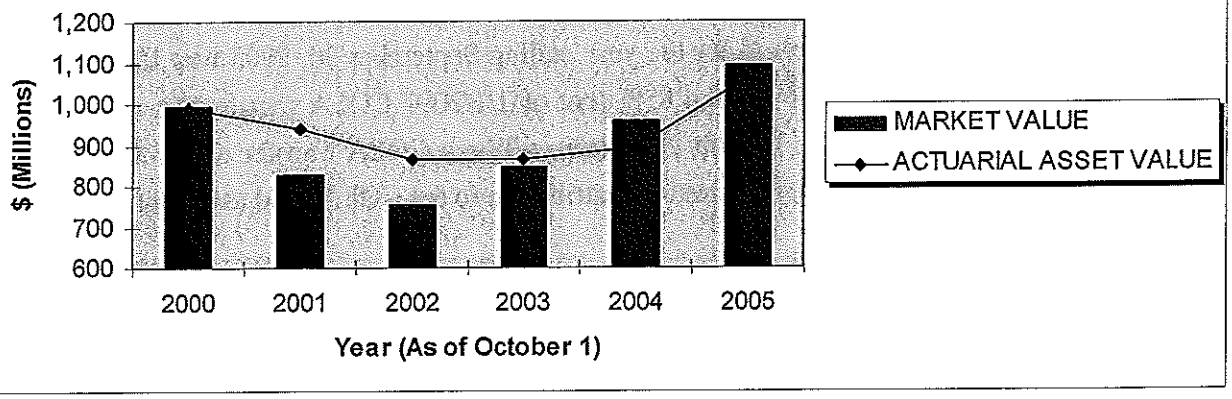
Exhibits 3 and 4 show the asset transactions and investment results during the year. The rate of return on mean market value for the period ending September 30, 2005 was 15.6%, as compared to the 7.75% assumption.

The prior actuarial asset valuation method (Exhibit 2A) involves a moving average of the ratios of market to book values. Under the method used for funding (Exhibit 2A), one-fifth of the change in unrealized gains or losses is immediately reflected, in addition to one-fifth of the relationships existing as of the four previous valuation dates. The result is not allowed to exceed 120% of the market value of assets, nor be less than 80% of market value (shown in Exhibit 4). As of September 30, 2005, this resulted in an actuarial asset value of $156.6 million less than market value, as compared to $63.3 million less as of September 30, 2004.

The revised asset valuation method results in an actuarial asset value of $1,064.9 million as of October 1, 2005 (Exhibit 2I).

Table 3 illustrates the effect of using the asset smoothing methodology. The volatility of the market value of assets can be seen in the columns, while the actuarial value is illustrated by the line.

Table 3: Actuarial vs. Market Value of Assets



For COLA transfer purposes, the actuarial asset valuation method utilizes a 3-year moving average (Exhibit 2B). Under this method, the rate of return for the year ending September 30, 2005 was 17.11%. This results in an asset transfer of $33,668,908 from the Regular Fund to the COLA Fund on January 1, 2007 (Exhibit 2C).

Expected Ongoing Cost Levels

System costs have increased dramatically over the past 5 years, due almost exclusively to asset performance. Since the City's contribution requirement is the primary variable, it has been significantly impacted.

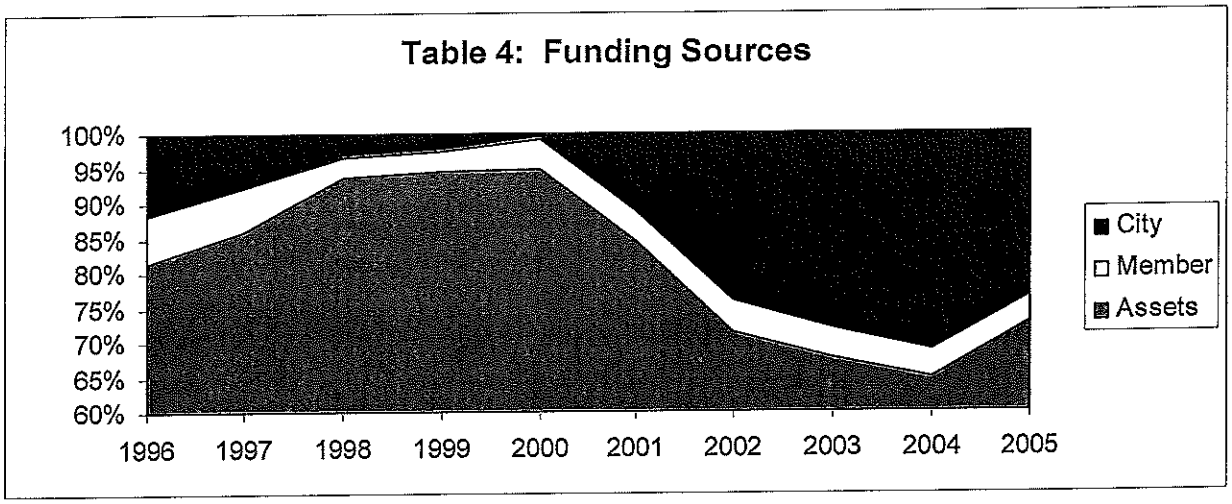
Nevertheless, it is important to distinguish between individual annual costs (which may be somewhat erratic) and expected ongoing annual costs. The following table compares the City contribution requirement as a percentage of payroll to the theoretical entry age normal contribution percentages:

Valuation Date	Contribution %	EAN %
10/1/2005 (Revised AAV)	44	30
10/1/2005 (Prior AAV)	60	30
10/1/2004	57	30
10/1/2003	46	28
10/1/2002	45	24
10/1/2001	20	26
10/1/2000	1	23
10/1/1999	5	24

As will be noted, contribution requirements in the three years before the 10/1/2002 valuation were below the System's theoretical contribution level. This was due to the System having accumulated more assets than expected. During the most recent four years the contribution requirement (under the prior actuarial asset valuation method) had increased dramatically, due to erosion of assets and the delayed effect of asset smoothing.

Sources of Benefit Funding

Table 4 compares the sources of benefit funding for the past 10 years. The present value of benefits is equal to 100% on the Table. The present value of benefits is provided by three sources; the actuarial value of assets, the present value of member contributions, and the present value of future normal costs (city).



As seen in the table, the city portion of future benefit responsibility decreased as asset values climbed during the late nineties. When asset values started to decline, the city portion increased. As of October 1, 2005, the actuarial value of assets equals 73% of the present value of benefits, the present value of employee contributions equals 4%, and the present value of future normal costs equal 23% of the present value of future benefits.

Funding Progress

The comparison of the present values of vested and accrued benefits to FIPO assets from one year to the next, or over a period of time, is a measure of interim funding progress and the degree of benefit security.

Exhibit 6 contains the result of this comparison for the past two years. The market value of assets on October 1, 2005 is $1,091,902,000, as compared to the value of accrued benefits of $1,042,337,000 for a ratio of 104.8%. The ratio as of October 1, 2004 was 97.5%.

A ratio in excess of 100% typically may be viewed to be that of a well-funded program.

Governmental Accounting Standards

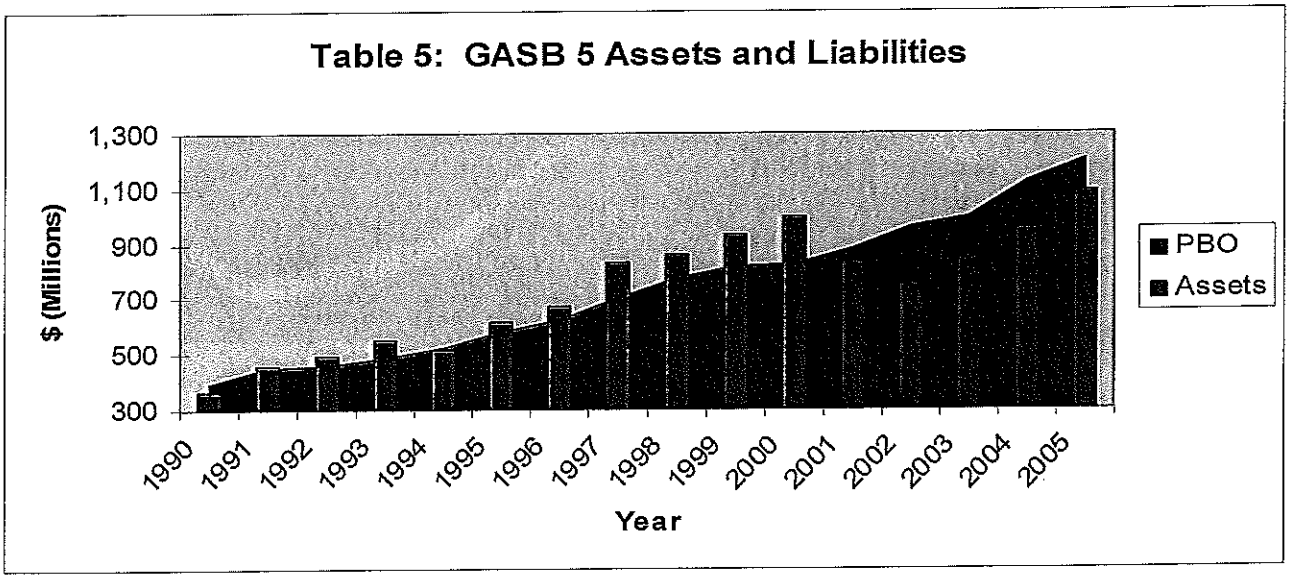
The Governmental Accounting Standards Board Statement No. 5, Disclosure of Pension Information by Public Employee Retirement Systems and State and Local Governmental Employers was required for financial reports issued for fiscal years beginning after December 15, 1986 (and before the effective dates of GASB 25 and GASB 27).

Statement 5 uses the computation and disclosure of a "standardized measure" of the pension obligation. This measure, the actuarial present value (APV) of credited projected benefits, is based on a proration of total projected benefits over total predicted service (past and prospective), including the impact of future expected salary increases. These calculations are used for disclosure items. They do not determine funding or expense requirements.

The GASB 5 disclosures include information for ten years on assets and pension obligation, contributions required and contributions made, revenues by source, and expenses by type. During the transition period when ten years of standardized measures were not available, the disclosure requirements were limited to the information available.

As of October 1, 2005 the pension obligation is $1,204.5 million. This compares to assets of $1,091.9 million, for a funded ratio of 91%. Last year the funded ratio was 85%. These amounts, together with other disclosures, are contained in Exhibit 11 and illustrated in the following Table 5:

Table 5: GASB 5 Assets and Liabilities



These calculations are made for GASB 5. It should be understood that they are only one approach to the measurement of funding progress. They should not be used for any other purpose, such as determination of compliance with City ordinances or State Statutes or the current or future solvency of the FIPO Trust.

GASB issued Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Statement No. 27, Accounting for Pensions by State and Local Governmental Employers were issued in 1994. Statement No. 25 provides parameters for financial reporting and comparison of actual contributions to "actuarially required contributions." Statement No. 27 provides standards for the financial reports of the state and local governmental employers. Statement No. 25 was effective for periods beginning after June 15, 1996; Statement No. 27, for periods beginning after June 15, 1997.

The Statements do not directly impact funding, although they do require calculation of an "actuarially required contribution," or "ARC" and amortization of any deficiency or excess of actual contributions made in relation to the ARC.

Since the FIPO Trust uses the Aggregate Cost Method, technically no Schedule of Funding Progress is required. However, such a Schedule of Funding Progress may be prepared using another acceptable cost method. Based on our recommendation in the 1997 report, and discussion with FIPO auditors, the Schedule of Funding Progress is prepared using the Projected Unit Credit Actuarial Accrued Liability, which was previously required under GASB 5. This Schedule is shown in Exhibit 11, Section III.

As recommended in the 1997 report, and reviewed by FIPO auditors, the employer contributions made in accordance with the requirements of the Florida Division of Retirement should be used as the Actuarially Required Contribution (ARC), since an exact calculation of the ARC would not differ materially from the required contribution amount. On this basis a Schedule of Employer Contributions has been added to Exhibit 11 in order to comply with the reporting requirements of GASB 25.

Application of GASB 27

The provisions of GASB 27 are virtually identical to those of GASB 25. It is our understanding that the schedules used for GASB 25 disclosure may also be used for GASB 27 purposes.

COLA Fund

Calculations were made based on the updated information provided as of 10/1/2005. The calculations reflect the approach adopted with the Amended Final Judgment in the matter of Gates vs. City of Miami.

Exhibit 12, parts I and II, illustrate the general impact of the COLA increases which have been provided thus far (under the $941 table as of 1/1/2005), by duration since retirement and by age, respectively.

As discussed in earlier reports, there is probably no completely acceptable index for measuring the impact of inflation on retirees' benefits. Although the CPI is the most widely used inflation index, it is generally considered to distort inflation for retirees since it includes components which are not typically germane to them, such as home purchases. In the absence of a suitable alternative, a percentage of the CPI is often used as a target. If the cumulative CPI were used as a target, the current COLA averages 55% of the target. A comparison of COLA increases to the CPI is shown in Exhibit 12, part III. Historical data on the CPI is shown in Exhibit 12, part IV.

Cumulative Experience Position

Ordinance Section 40-204(C) (4) provides that transfers of excess investment return from the Regular Fund to the COLA Fund may be made only if the System remains in a net positive experience position on a cumulative basis from October 1, 1982. Since the aggregate cost method is used for determining funding requirements, the determination of the experience position is measured under the entry age normal method.

The impact of the 20% Write-Up Method on the cumulative experience position is shown in Exhibits 14A through 14F. The additional assets reflected under the 20% Write-Up Method increase the cumulative experience gain from $30,270,392 to $159,890,586.

COLA Transfer Calculations

The COLA transfer calculations (Exhibit 2D) have been in place since the year ending September 30, 1992. The transfer mechanism in item I has essentially been unchanged since then, except for the treatment of investment expenses. Effective with the October 1, 1998 valuation, the investment return assumption was changed from 7.75% gross of expenses to 7.75% net of expenses. This resulted in the intended reduction of the actual returns by the investment expenses.

In addition, we have concluded that the value of the COLA transfer for the prior year should not be reflected in cash flow for determination of the actual return.

Exhibit 2D reflects these recommended changes as this valuation. As will be noted, there is no impact on the excess return transfer as of January 1, 2007, since the excess return calculated under either approach was more than 7.5%. However, in years when the actual return did not exceed expected return by 7.5% or more, the results would have been different. If the revised methodology were applied for all COLA transfer calculations since September 30, 1992, the cumulative difference would have been a reduction of COLA transfers of $9.6 million.

Triennial Experience Study

The triennial experience study, covering the period October 1, 2002 through September 30, 2005, by Pension Board Consultants, Inc., was presented at the January 18, 2006 Board meeting. The report resulted in our April 27 letter and discussion at the July 7 and August 11 Board meetings.

The PBC report and January 18 presentation contained the following recommendations:

- **Retirement:** Increase retirement probabilities for ages 40-50 (or wait until more experience is available); (pages 2, 6-8)
- **Post disablement Mortality:** Consider updating; (pages 2, 21-23)
- **Salary Scale, Turnover, Disability, Active Healthy Lives Mortality, Net Investment Yield, Marriage Assumption:** No Changes
- **Consider merging COLA and Regular Funds, reinitialize Regular Fund assets at market value, add investment expense assumption, and provide automatic annual COLA**

In its July 7 meeting, the Board directed SH&A to review:

- **Alternative Actuarial Asset valuation methods and to scrutinize retirement experience over an extended period of time.**

(A) **Actuarial Asset Valuation Method:** Although the actuarial asset valuation method was not specifically addressed by the Experience Study, questions were raised in the January 18 and July 7, 2006 Board meetings about whether the current 5-year actuarial asset valuation method could (or should) be changed.

The asset valuation periods for FIPO funding have been as follows:

Valuation	Period
10/1/01 & prior	3 years
10/1/02	4 years
10/1/03 & later	5 years

(A) Actuarial Asset Valuation Method: (continued)

The current actuarial asset valuation methodology (for funding) is:

(1) Determine the ratios of market value to book value as of the current and four most recent valuations;
(2) Apply the average of the ratios (calculated in (1)) to the book value of assets as of the valuation date.

Under Florida Law, the actuarial asset value must be between 80% and 120% of market value.

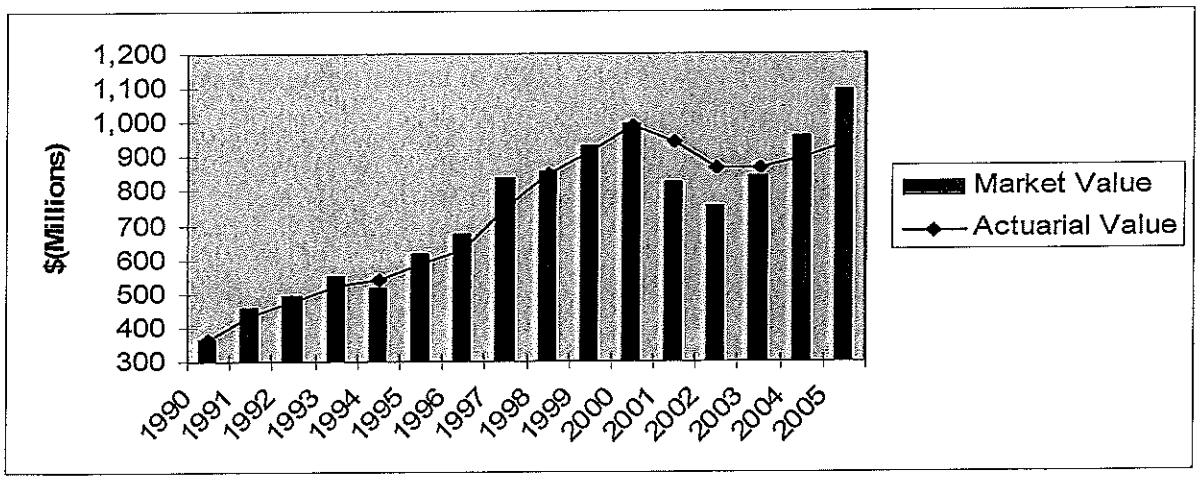
The current actuarial asset valuation method used to determine COLA asset transfers is the same as for funding, except that only three years of market to book ratios are used. The five year smoothing period was adopted to reduce volatility in the minimum contribution requirement. The three year method was left in place for the COLA transfer calculation, in order to avoid any impact on the COLA transfers.

Characteristics of the current method for funding are:

(A) In periods of erratic market value returns, it helps smooth market value aberrations, which is the primary purpose of asset valuation methods.
(B) It implicitly assumes that 5 years is a sufficiently long period for smoothing.
(C) Changes in book value of assets can create volatility.

Nevertheless, the current methodology, in conjunction with the prior 4 year and 3 year methods, has relatively effectively dampened much of the market volatility, as shown in Table 6.

Table 6 – Actuarial and Market Value of Assets



(A) Actuarial Asset Valuation Method: (continued)

Therefore, in our opinion the current asset valuation methodology has achieved its objectives relatively well in the past, by not immediately recognizing all of the investment gains in earlier years and not recognizing all of the investment losses more recently.

Despite this, increased market volatility in recent years might well indicate the need to look at other asset valuation methods. Table 7 shows the illustrative impact of two alternative 5-year methods (with no changes in cash flow):

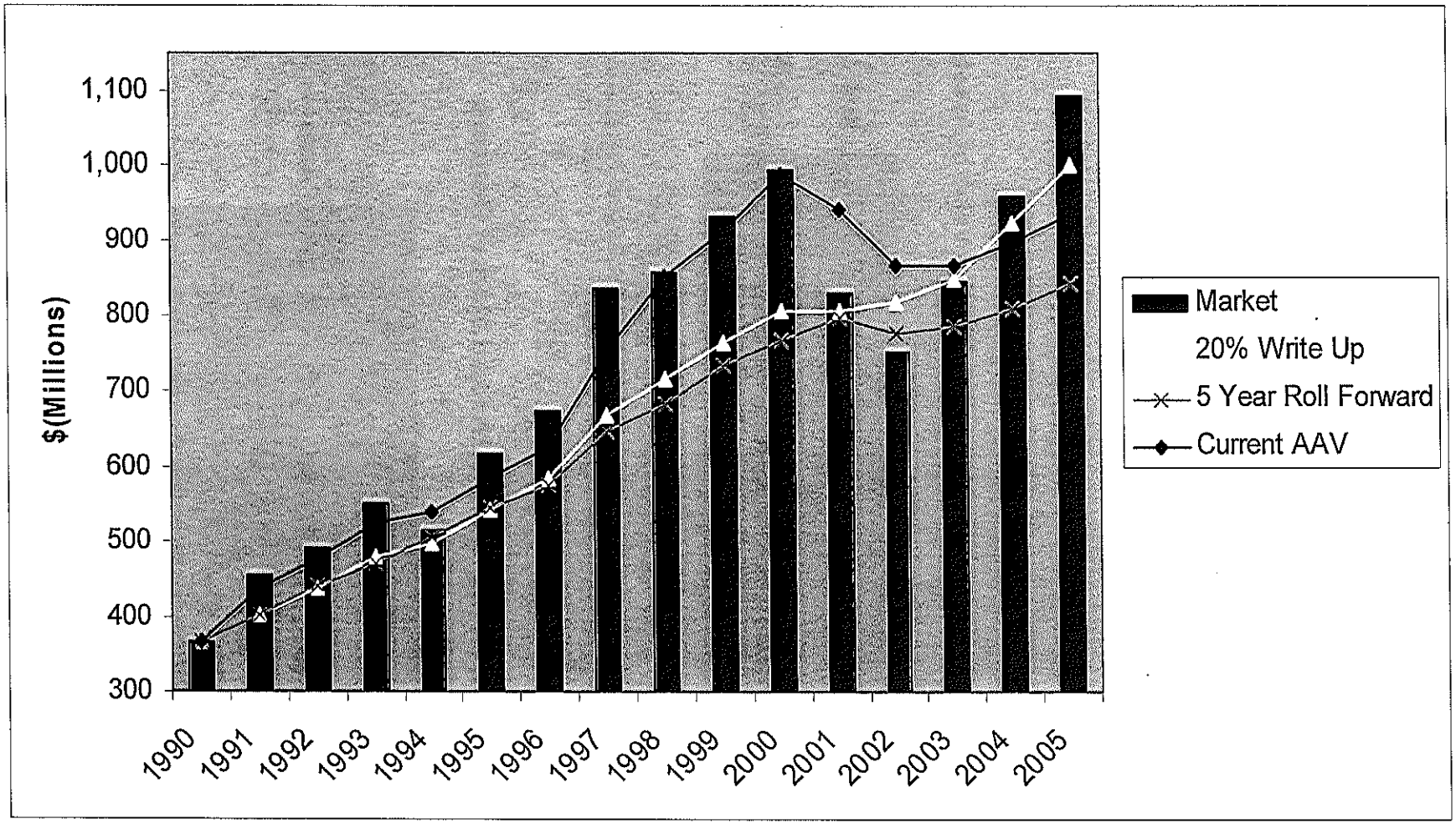
- **20% Write Up Method** – Under this method the actuarial value of assets is equal to the expected value (using last year actuarial value of assets, cash flow and the valuation interest rate) plus 20% of the difference between the expected actuarial value of assets and the market value of assets.

- **5-Year Roll Forward Method** – Under this method, 20% of the difference between expected return on the actuarial value of assets and the return on market value of assets is recognized in each of the current and 4 subsequent years. On an ongoing basis this means that 5 years of investment gains or losses are factors in the determination of the current actuarial asset value.

COLA transfers would continue to be determined under the 3-year moving average method, and the 20% adjustment between expected value and market value would be to market value net of any COLA transfer attributable to investment return in the year just ended.

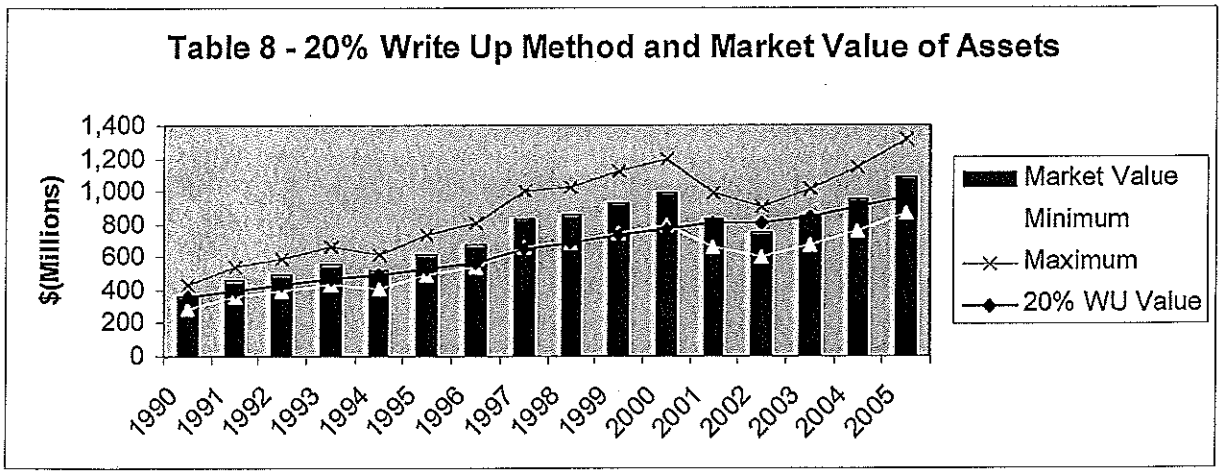
The result under either method cannot be greater than 120% of market value or less than 80% of market value.

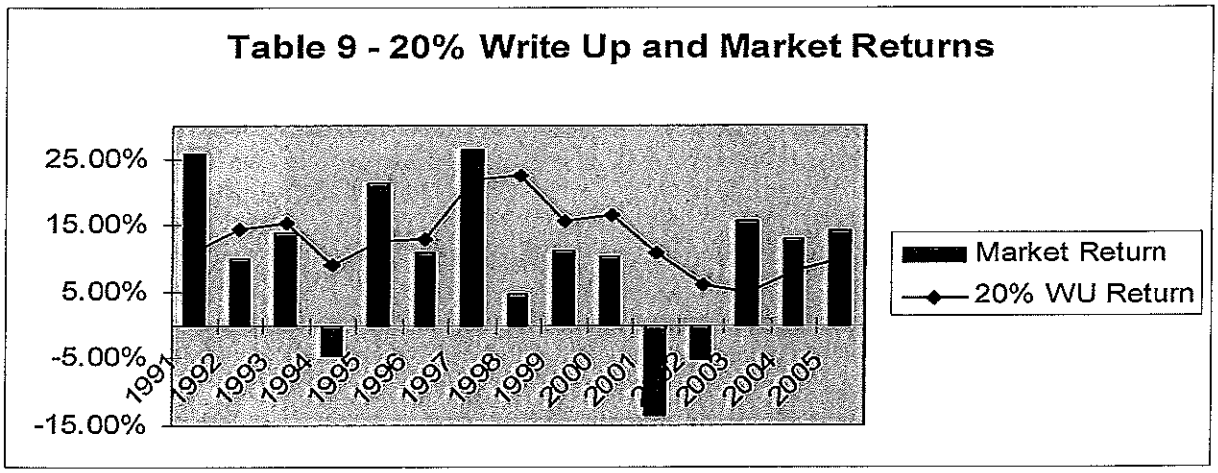
Table 7 – Asset Values Under Alternative Methods



(A) Actuarial Asset Valuation Method: (continued)

Table 7 shows that the 20% Write Up Method would have produced more stability of results than the current method over the past 15 years. This is the relative strength of this method. The weakness of this method is that it tends to lag in periods of sustained market gains or losses. Table 8 shows that the method lagged the market during the late 1990's. As shown in Table 9, the worst investment return would have been +4.9% in the year ending September 30, 2003.

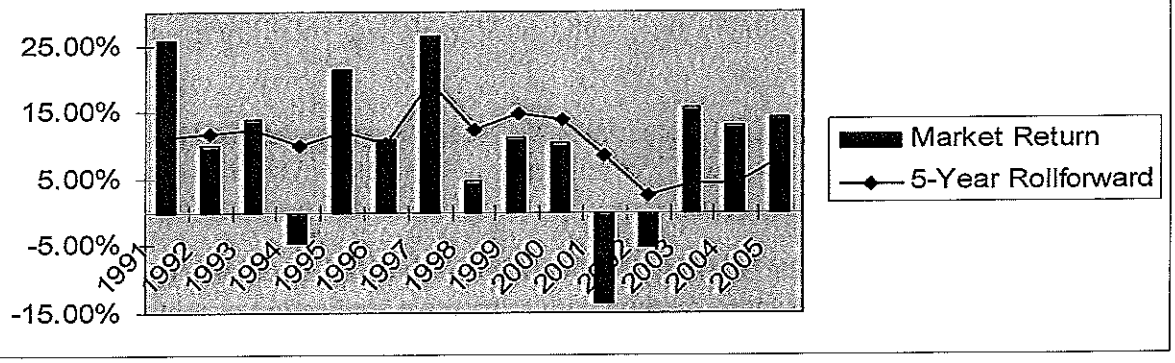




(A) **Actuarial Asset Valuation Method**: (continued)

The 5-Year Roll Forward Method (or the 4-Year version) are popular asset smoothing methods in the State. Table 10 shows how this method (5 years) would have performed during the 15-year period. As will be noted, it would have effectively dampened the market peaks and valleys, except for the year ending September 2002, when the 5-year roll forward from 1997 disappeared and an additional 1/5 of the negative return for 2001 was reflected. It can be expected to lag the market until the negative market value returns of 2001 and 2002 are no longer reflected (in 2006 and 2007, respectively).

Table 10 - 5-Year Rollforward and Market Returns



Actuarial Asset Valuation Method: (continued)

Table 11 compares the hypothetical September 30, 2005 values as well as the average return and standard deviation of the return for market value, the current smoothing method, the 20% write-up, and 5-year roll forward methods.

Table 11 – Asset Valuation Methods Comparative Statistics (15 Years)

Method	September 30, 2005 Value	Average Return	Average Volatility
	-$-	-%-	-%-
Market Value	1,091,902,222	11.1	10.8
Current Method	935,303,274	10.5	8.4
20% Write Up	970,230,833	12.8	5.1
5-Year Roll Forward	842,852,226	10.4	4.4

The volatility measure for each method is the standard deviation of annual returns in relation to the average return. By this measure the 5-Year Roll Forward method would have produced the best stability of results for this 15-year period. However, the 20% Write Up method would have produced the greatest 9/30/05 smoothed value, with considerably less volatility than market values.

At September 30, 2005 the $935 million Actuarial Asset Value was approximately $157 million below the $1.1 billion market value. This $157 million is not reflected in the funding requirements for the 2006/2007 fiscal year.

The only possibilities for immediate funding impact due to an actuarial asset valuation method change would involve adoption of a new method with retroactive application or reinitialization at market value.

For illustration purposes actuarial asset values have also been determined under the retrospective scenario, with asset values reinitialized at market value at October 1, 2000. The results are as follows:

Table 12 – Asset Valuation Methods Comparative Statistics (5 Years)

Method	September 30, 2005 Value	Average Return	Average Volatility
	-$-	-%-	-%-
Market Value	1,091,902,222	4.1	13.3
Current Method	935,303,274	2.0	4.9
20% Write Up	1,059,002,858	4.1	4.4
5-Year Roll Forward	911,131,765	2.0	3.0

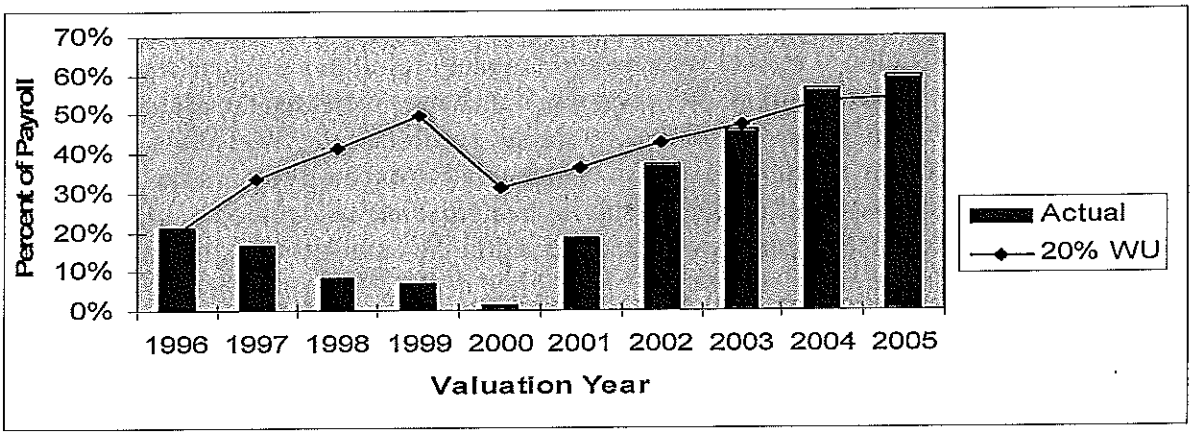
(A) **Actuarial Asset Valuation Method**: (continued)

As discussed in our February 20, 2003 letter, the February 21, 2003 Workshop and the July 7, 2006 Board meeting, any change in actuarial asset value which resulted in an immediate increase in value due to reinitialization at market value would probably result in a negative impact on the Trust's cumulative experience position. For example, if a change increased the actuarial asset value by $90 million, our understanding of the continuing position of the State Division of Retirement is that the change would not increase the cumulative experience position by $90 million. Since the change would effectively result in the immediate recognition of market value gains which could be expected to emerge and be reflected in the cumulative experience position in the future, the cumulative experience would be deprived of the $90 million in expected future gains. However, based on the June 1, 2006 e-mail from the actuary for the State Division of Retirement, the prospective redetermination of actuarial asset values from October 1, 2000 would not be expected to eliminate the potential cumulative gain recognition.

The cumulative experience gain as of October 1, 2005 under the prior asset valuation methodology (Exhibit 14A) was $30,270,392, down from a peak of $395,095,369 as of October 1, 1999 (Attachment A - page 45A in October 1, 2003 Actuarial Report). Under the revised methodology the cumulative gain as of October 1, 2005 is $159,890,586 (Exhibit 14F).

Table 13 compares the City contributions for each of the past 10 years based on the 20% Write-up Method, with the current method and no changes in cash flow. This means that the calculated 20% Write-up asset method does not reflect the differences in City contribution requirements.

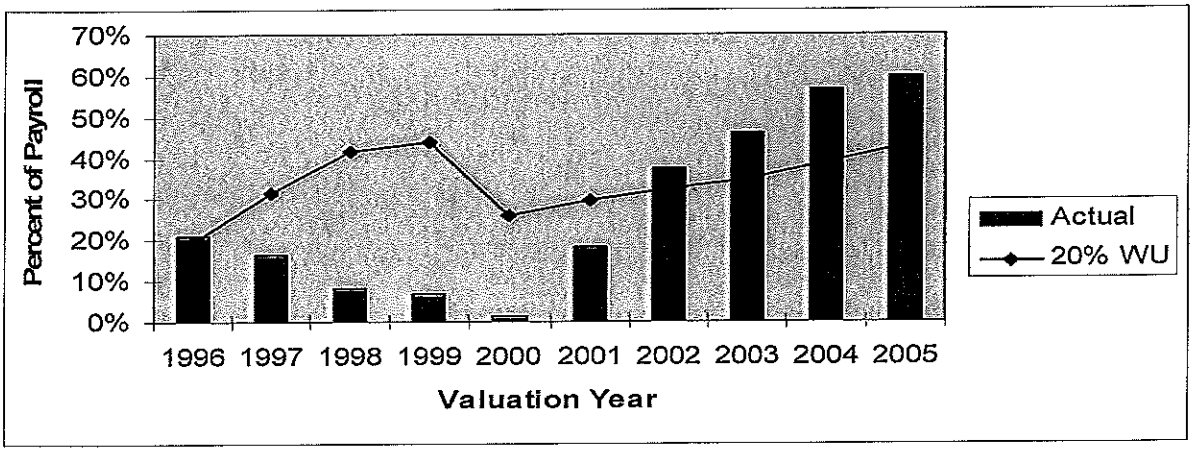
Table 13 – Contribution Rates (10 Years) – Actual Contributions



As will be noted, the contributions would not have decreased as much as they did under the current asset valuation method, and they would have been lower than under the current method for the last 2 years.

Table 14 is the same as Table 13, but with interim City contributions modified to reflect the contribution calculation results under the 20% Write-up Method. The contribution pattern is the same as shown in Table 13, but with higher contributions for the 1997-2001 period, with substantially lower contributions in more recent years. Over this 10-year period, aggregate City contributions would have totaled approximately $50 million more than under the current method.

Table 14 – Contribution Rates (10 Years) – Hypothetical Contributions



(B) Post-Disablement Mortality: The Experience Study recommendation was that consideration be given to updating this assumption.

The disabled mortality table was changed from the PBGC Table With OASDI to the PBGC Table Without OASDI as of the October 1, 1997 actuarial valuation. The two Tables compare to the mortality table used for healthy lives (1994 Group Annuity Table), and the 2006 PBGC Table, as follows:

Table 15 – Disabled Mortality Rates

	Healthy-Current		Disabled-Current		Disabled-Prior		New PBGC	
Age	Male	Female	Male	Female	Male	Female	Male	Female
30	.0801%	.0351%	.13%	.11%	3.62%	2.37%	.08%	.04%
40	.1072%	.0709%	.31%	.19%	2.82%	2.09%	.11%	.07%
50	.2579%	.1428%	.83%	.51%	3.83%	2.57%	.25%	.16%
60	.7976%	.4439%	2.05%	1.30%	6.03%	3.31%	.90%	.64%
70	2.3730%	1.3730%	4.85%	3.21%			2.41%	1.69%

As will be noted, the new PBGC Table is very close to the table we use for FIPO for healthy lives.

Over the 3-year Experience Study period, there were 22 deaths, compares to 30 expected. Over the past 9 years there have been 68 expected and 55 actual deaths.

Given the lack of statistical significance for FIPO experience, the fact that the current table has produced reasonable results for the past 9 years may not be conclusive. Therefore, any of the following actions would be reasonable.

(1) Retain current table;

(2) Use same table as actives, possibly set forward 5 or 10 years;

(3) Shift to new PBGC Table.

Recommendation: Await revisions to Section 60-T of State Administrative Code.

(C) **Asset Valuation for Retirement Office**: The asset valuation used by Koch Reiss is depreciated cost, based on a GASB 34 requirement. As of September 30, 2005 the depreciated cost was $2,298,993. This compares to the most recently appraised valuation amount of $2.5 million.

The question raised in the Board meeting was whether the State Division of Retirement would object to our use of appraised value when the audit report reflects depreciated cost.

I have also discussed this issue with the Division. The reaction was that the use of market value would be preferable to depreciated cost, particularly after the two measures have significantly diverged.

To some extent this reflects the flavor of Chapter 112, Part VII, Actuarial Soundness of Retirement Systems.

Chapter 112.661, Investment Policies, subsection 17, Valuation of Illiquid Investments, specifies that this issue should be covered by the board's investment policy, that the board verify the determination of fair market value, and that the board disclose each such investment to the Department of Management Services.

Recommendation: This would represent a potential improvement in asset valuation for FIPO, and that the Board should pursue implementation of this change, effective with the October 1, 2006 actuarial valuation.

(D) **Cumulative Gain/Loss for COLA Transfers:** Ordinance Section 40-204 (c) (4) specifies that excess returns will be transferred to the COLA Fund only if the system remained in a net positive experience position, determined on a cumulative basis from October 1, 1982.

This section pre-dates and parallels Section 112.61, Part VII F.S., which provides that "actuarial experience may be used to fund additional benefits, provided that the present value of such benefits does not exceed the net actuarial experience accumulated from all sources of gains and losses."

The reason this issue was raised in the January Board meeting was that the January 1, 2007 COLA transfer amount of $33,668,908 (based on system returns for the 2004/2005 year – Exhibit 2C) is in relatively close proximity to the cumulative experience gain of $30,270,392 (after the January 1, 2007 transfer (Exhibit 14). The issue became whether the transfer could be negatively impacted by an experience loss in the 2005/2006 year.

We have discussed our position that the determination of the experience position should only be as of September 30, 2005 with the Division Actuary, who did not disagree. In our opinion this means that any transfer should not be affected by experience subsequent to the original experience determination date

(E) Retirement Assumptions: Actual and Expected retirements, and the resultant impact on annual costs (gain/loss) have been as follows:

Table 16 – Actual and Expected Retirements and (Gain)/Loss – 17 Years

Period	Expected	Actual	(Gain)/Loss	
			-$-	-%-
2004/2005	62	83	(1,112,000)	-.5%
2003/2004	89	190	(1,744,000)	+1.5%
2002/2003	82	71	(1,783,000)	-.6%
2001/2002	87[3]	17	(579,000)	-2.0%
2000/2001	72	8	138,000	+.1%
Avg. (5 yrs.)	**78.4**	**74**	**(1,016,000)**	**-.3%**
1999/2000	374[2]	63	(1,826,000)	-2.0%
1998/1999	339	30	(1,674,000)	-2.6%
1997/1998	123	25	(283,000)	+.4%
1996/1997	134	84	324,000	+.8%
1995/1996	134	33	519,000	.0%
Avg. (5 yrs.)	**220.8**	**47**	**(588,000)**	**-.7%**
1994/1995	264	89	645,000	-5.0%
1993/1994	55	28	389,000	+.2%
1992/1993	43	10	240,000	-.1%
1991/1992	32	2	(69,000)	.0%
1990/1991	62	132[1]	(10,000)	+.1%
Avg. (5 yrs.)	**91.2**	**52**	**239,000**	**-.1%**
1989/1990	111	36	365,000	+.4%
1988/1989	91	18	226,000	-.1%
Avg. (10 yrs.)	**149.6**	**60**	**(802,000)**	**-.5%**
Avg. (17 yrs.)	**126.7**	**54**	**(367,000)**	**-.3%**

Notes: (1) Including 108 who retired in early retirement window.
(2) Retirement assumptions changed from 100% at R64 to 15%/year under 50, 30%/year for ages 50-59, and 100% at ages 60 and above
(3) Retirement assumptions changed to:

Years of Service (after R64 and 20 Years)	%
0-4	10
5-9	25
10+	100

(E) Retirement Assumptions: (continued)

A review of the gain/loss history suggests the following:

(1) 3 years is too short a time frame from which to make decisions ; and

(2) The current assumptions have resulted in an average gain of .3% of payroll over the past 5 and 17 years; this is a desirable result, which might be virtually impossible to improve upon.

However, the Experience Study recommendation to fine tune the retirement probabilities should be considered. Given the current service basis, the Board accepted our recommendation at its July 7, 2006 meeting that any changes be based on service or points (instead of age) and that actual retirements be more thoroughly scrutinized, in comparison to the current assumptions over the past several years.

Our approach to this analysis was to retrieve the retirement experience for each year, beginning with the 1988/89 year, separately for police and fire. This 17-year period covered 27,967 years of exposure (eligibility for retirement), consisting of 9,890 years for police and 18,077 years for firefighters. The results for the period are summarized as follows:

Table 17 – Actual and Expected Retirements by Points – After 20 Years and Rule of 64

	Firefighters			Police Officers			Combined		
	Expected	Actual	A/E	Expected	Actual	A/E	Expected	Actual	A/E
64-69	92.95	60.00	**64.55%**	**120.30**	**254.00**	**211.14%**	213.25	314.00	147.25%
70-74	129.35	80.00	**61.85%**	**96.55**	**169.00**	**175.04%**	225.90	249.00	110.23%
75-79	118.40	94.00	**79.39%**	**63.70**	**76.00**	**119.31%**	182.10	170.00	93.36%
80-84	124.85	85.00	**68.08%**	55.90	41.00	73.35%	180.75	126.00	69.71%
85+	75.25	38.00	**50.50%**	64.50	25.00	38.76%	139.75	63.00	45.08%
Total	540.80	357.00	**66.01%**	400.95	565.00	140.92%	941.75	922.00	**97.90%**

As may be noted in Table 17, on a combined basis, there were 922 actual retirements during the period, as compared to 941.75 predicted by the current actuarial assumptions, for an actual to expected ratio of 98%. In conjunction with an average annual gain of .3% of payroll (Table 16), the current assumptions would have effectively predicted experience over the 17-year period current assumptions.

However, as will be noted in Table 17, the actual to expected ratios are 66% for firefighters and 141% for police, which suggests potential areas for refinement, with different assumptions sets for the two groups. Table 17 also displays a pronounced difference in incidence of retirements for the two groups, with significant deferral of retirements for fire, with police retirements considerably more accelerated.

(E) Retirement Assumptions: (continued)

Table 18 shows the retirement experience by years of service. Again, the pattern of later retirement for fire fighters is evident. For police, retirement incidence is very pronounced in the years immediately following retirement eligibility.

Table 18 – Actual and Expected Retirements by Service – After 20 Years and Rule of 64

	Firefighters			Police Officers			Combined		
	Expected	Actual	A/E	Expected	Actual	A/E	Expected	Actual	A/E
0	19.40	16.00	82.47%	32.00	107.00	**334.38%**	51.40	123.00	239.30%
1	25.20	15.00	59.52%	40.60	66.00	162.56%	65.80	81.00	123.10%
2	30.75	18.00	58.54%	41.05	102.00	**248.48%**	71.80	120.00	167.13%
3	32.10	23.00	71.65%	28.40	52.00	183.10%	60.50	75.00	123.97%
4	50.40	30.00	59.52%	36.30	48.00	132.23%	86.70	78.00	89.97%
5	64.80	53.00	81.79%	40.00	60.00	150.00%	104.80	113.00	107.82%
6	47.45	34.00	71.65%	27.75	32.00	115.32%	75.20	66.00	87.77%
7	42.20	40.00	94.79%	22.25	22.00	98.88%	64.45	62.00	96.20%
8	31.75	34.00	**107.09%**	18.85	28.00	148.54%	50.60	62.00	122.53%
9	55.75	27.00	48.43%	23.25	15.00	64.52%	79.00	42.00	53.16%
10+	141.00	67.00	47.52%	90.50	33.00	36.46%	231.50	100.00	43.20%
Total	540.80	357.00	66.01%	400.95	565.00	140.92%	941.75	922.00	97.90%

Table 19 shows the retirement experience by age. Since no further insight is evident on this basis, this confirms that the retirement assumptions should be based on points (current basis) or service.

Table 19 – Actual and Expected Retirements by Age – After 20 Years and Rule of 64

	Firefighters			Police Officers			Combined		
	Expected	Actual	A/E	Expected	Actual	A/E	Expected	Actual	A/E
<45	42.55	23.00	54.05%	55.80	116.00	207.89%	98.35	139.00	141.33%
45-49	210.70	129.00	61.22%	167.05	272.00	162.83%	377.75	401.00	106.15%
50-54	217.10	158.00	72.78%	106.05	117.00	110.33%	323.15	275.00	85.10%
55-59	60.45	41.00	67.82%	59.20	48.00	81.08%	119.65	89.00	74.38%
60+	10.00	6.00	60.00%	12.85	12.00	93.39%	22.85	18.00	78.77%
Total	540.80	357.00	66.01%	400.95	565.00	140.92%	941.75	922.00	97.90%

(E) Retirement Assumptions: (continued)

The wide disparity in retirement incidence between police and fire, combined with the nominal gains (losses), suggest the following preliminary empirical assumptions, to be finalized as part of the October 1, 2006 actuarial valuation:

Table 20 – Retirement Assumptions After R64 and 20 Years

Service	Current		Fire	Police
			-%-	-%-
0-4	10%/year	-	6	20
5-9	25%/year	-	15	40
10-14	100%/year	-	60	100
15+		-	100	100

(F) Summary and Conclusions

While the Experience Study recommended no significant changes, the issue of some change to retirement probabilities may well have some merit. In our judgment the current assumptions may well be as effective in predicting future experience as possible. However, more detailed analyses over the past years shows significant differences between police and fire. We recommend that any refinements be deferred until the October 1, 2006 valuation.

With respect to the issue of post-disablement mortality, a change to the current active table (set forward 5 years) would be a desirable change, effective after finalization of revised rules under Section 60-T of the State Administrative Code.

The actuarial asset valuation method for funding is changed to the 20% Write Up Method, determined prospectively from October 1, 2000. This change does not result in the redetermination of any City contribution requirements for actuarial valuations prior to October 1, 2005. In addition, it does not directly impact any transfers to the COLA fund.

We recommend that the retirement office be valued at market value for funding purposes, beginning with the October 1, 2006 or 2007 valuation.

The cumulative gain/loss requirement for COLA transfer purposes appears to be satisfied under current rules, with the cumulative experience position determined as of a September 30 valuation date, in conjunction with a potential transfer as of January 1 (which is 15 months later).

Enrolled Actuary's Statement

This report has been prepared in accordance with standards established by the American Academy of Actuaries. To the best of our knowledge, it reflects the actuarial condition of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2005 for the Retirement Fund and for the COLA Fund.

All costs and cost components are calculated on the basis of actuarial assumptions which reasonably reflect the experience of the Trust.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Randall L. Stanley
Signature
Enrolled Actuary No. 05-602

August 6, 2007
Date

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

City Contribution Requirement for 2006/2007 Fiscal Year
(Current Basis)

		2006/2007 -$-	2005/2006 -$-
I.	Unfunded Actuarial Accrued Liability	0	0
II.	Normal Cost		
	A. Present Value of Future Benefits		
	1. Active Members		
	a. Retirement	745,872,622	724,325,645
	b. Disability	20,472,984	18,941,517
	c. Death	6,696,478	6,162,571
	d. Turnover	13,018,170	11,688,866
	e. Return of Contributions	1,268,051	1,325,733
	f. Total	787,328,305	762,444,332
	2. Retired Members and Beneficiaries		
	a. Service Retirements + Beneficiaries	636,085,262	574,935,994
	b. Disability Retirements	36,959,492	36,223,791
	c. Terminated Vested Members	4,141,293	4,922,742
	d. Total	677,186,047	616,082,527
	3. Total	1,464,514,352	1,378,526,859

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

City Contribution Requirement for 2006/2007 Fiscal Year
(Current Basis)

		2006/2007 -$-	2005/2006 -$-
II.	Normal Cost (Cont'd)		
	A. Total Present Value of Future Benefits	1,464,514,352	1,378,526,859
	B. Present Value of Future Member Contributions [(1)]	56,367,337	53,813,642
	C. Actuarial Asset Value	935,303,274	894,601,110
	D. Unfunded Actuarial Accrued Liability	0	0
	E. Present Value of Future Normal Costs (A-B-C-D)	472,843,741	430,112,107
	F. Present Value of Future Payrolls	835,868,800	798,000,200
	G. Current Payroll for those under Expected Retirement Age	90,009,335	87,187,996
	H. Current Normal Cost - Payable 10/1/2006 [(E)x(G) / (F)] (1.0775)	54,863,607	50,635,213
	I. Covered Payroll	91,514,713	89,152,510
	J. Normal Cost as Percentage of Payroll (H)/(I)	59.95%	56.8%
III.	Quarterly City Contribution Schedule		
	A. Past Service Cost	0	0
	B. Normal Cost	54,863,607	50,635,213
	C. Payment Timing	0	0
	D. Total	54,863,607	50,635,213

[(1)] 7% of Covered Payroll

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

City Contribution Requirement for 2006/2007 Fiscal Year
(Revised Asset Valuation Method)

		2006/2007	
		Revised Basis -$-	Current Basis -$-
I.	Unfunded Actuarial Accrued Liability	0	0
II.	Normal Cost		
	A. Present Value of Future Benefits		
	1. Active Members		
	a. Retirement	745,872,622	745,872,622
	b. Disability	20,472,984	20,472,984
	c. Death	6,696,478	6,696,478
	d. Turnover	13,018,170	13,018,170
	e. Return of Contributions	1,268,051	1,268,051
	f. Total	787,328,305	787,328,305
	2. Retired Members and Beneficiaries		
	a. Service Retirements + Beneficiaries	636,085,262	636,085,262
	b. Disability Retirements	36,959,492	36,959,492
	c. Terminated Vested Members	4,141,293	4,141,293
	d. Total	677,186,047	677,186,047
	3. Total	1,464,514,352	1,464,514,352

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

City Contribution Requirement for 2006/2007 Fiscal Year
(Revised Asset Valuation Method)

		Revised Basis -$-	Current Basis -$-
II.	Normal Cost (Cont'd)		
	A. Total Present Value of Future Benefits	1,464,514,352	1,464,514,352
	B. Present Value of Future Member Contributions [1]	56,367,337	56,367,337
	C. Actuarial Asset Value	1,064,923,468	935,303,274
	D. Unfunded Actuarial Accrued Liability	0	0
	E. Present Value of Future Normal Costs (A-B-C-D)	343,223,547	472,843,741
	F. Present Value of Future Payrolls	835,868,800	835,868,800
	G. Current Payroll for those under Expected Retirement Age	90,009,335	90,009,335
	H. Current Normal Cost - Payable 10/1/2006 [(E)x(G) / (F)] (1.0775)	39,823,900	54,863,607
	I. Covered Payroll	91,514,713	91,514,713
	J. Normal Cost as Percentage of Payroll (H)/(I)	43.52%	59.95%
III.	Quarterly City Contribution Schedule		
	A. Past Service Cost	0	0
	B. Normal Cost	39,823,900	54,863,607
	C. Payment Timing	718,178	0
	D. Total	40,542,078	54,863,607

[1] 7% of Covered Payroll

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

I. Development of Actuarial Asset Value (5 Years, for Funding Purposes)

	9/30/2005	9/30/2004	9/30/2003	9/30/2002	9/30/2001
	-$-	-$-	-$-	-$-	-$-
A. Book Value	918,642,613	866,131,977	811,680,164	808,430,731	836,848,564
B. Market Value	1,091,902,222	957,896,348	844,864,362	753,228,750	828,863,088
C. B/A	1.1886039	1.1059473	1.0408833	0.9317171	0.9904577
D. 1/5 $\sum$ (C)				1.0515219	
E. Adjusted Market Value at 9/30/2005 D x $918,642,613				965,972,826	
F. Contribution Surplus at 9/30/2005				0	
G. 1. 80% of Market Value				873,521,778	
2. 120% of Market Value				1,310,282,666	
H. Preliminary Actuarial Asset Value				965,972,826	
I. Present Value of 1/1/2007 COLA Transfer, discounted at 7.75%				30,669,552	
J. Actuarial Asset Value (H-I)				935,303,274	

II. Rate of Return on Actuarial Asset Value

	-$-
A. Actuarial Asset Value at 10/01/2004	894,601,110
B. Contributions	
1. City	45,545,130
2. Members	18,607,681
3. Total	64,152,811
C. Benefits	66,776,642
D. Present Value of 1/1/2007 COLA Transfer	30,669,552
E. Contribution Surplus	0
F. Actuarial Asset Value at 10/01/2005	935,303,274
G. Net Return on Investment [F+E+D+C-B-A]	73,995,547
H. Rate of Return [2 x G/(A+F-G)]	8.43% *

*Before 1/1/2007 COLA transfer. Rate net of transfer is 4.85%.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

I. Development of Actuarial Asset Value (3 Years, for COLA Transfer Purposes)

		9/30/2005	9/30/2004	9/30/2003
		-$-	-$-	-$-
A.	Book Value	918,642,613	866,131,977	811,680,164
B.	Market Value	1,091,902,222	957,896,348	844,864,362
C.	B/A	1.1886039	1.1059473	1.0408833
D.	1/3 ∑ (C)		1.1118115	
E.	Adjusted Market Value at 9/30/2005 D x $918,642,613		1,021,357,422	
F.	Contribution Surplus at 9/30/2005		0	
G.	1. 80% of Market Value		873,521,778	
	2. 120% of Market Value		1,310,282,666	
H.	Preliminary Actuarial Asset Value		1,021,357,422	
I.	Present Value of 1/1/2007 COLA Transfer, discounted at 7.75%		30,669,552	
J.	Actuarial Asset Value (H-I)		990,687,870	

II. Rate of Return on Actuarial Asset Value

		-$-
A.	Actuarial Asset Value at 10/01/2004	876,833,278
B.	Contributions	
	1. City	45,545,130
	2. Members	18,607,681
	3. Total	64,152,811
C.	Benefits	66,776,642
D.	Present Value of 1/1/2007 COLA Transfer	30,669,552
E.	Contribution Surplus	0
F.	Actuarial Asset Value at 10/01/2005	990,687,870
G.	Net Return on Investment [F+E+D+C-B-A]	147,147,975
H.	Rate of Return [2 x G/(A+F-G)]	17.11% *

*Before 1/1/2007 COLA transfer. Rate net of transfer is 13.30%.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Calculation of Excess Investment Return
On Membership and Benefits Accounts for 2004/2005 Fiscal Year
2007 COLA Transfer

		-$-
I.	**Net Actual Return on Actuarial Asset Value**	
A.	Preliminary Actuarial Asset Value as of 10/1/2005	1,021,357,422
B.	Benefits Paid During Plan Year	66,518,783
C.	Value of COLA transfer for 2003/2004 Year	12,904,448
D.	Contributions Refunded During Plan Year	257,859
E.	City Contributions During Plan Year (Required)	45,545,130
F.	Member Contributions During Plan Year	18,607,681
G.	Actuarial Asset Value as of 10/1/2004	876,833,278
H.	Total Actual Return During Plan year (A)+(B)+(C)+(D)-(E)-(F)-(G)	160,052,423
I.	Investment Expenses Paid During Plan Year	3,724,841
J.	Net Actual Return During Plan Year	156,327,582
II.	**Net Expected Return on Actuarial Asset Value**	
A.	Actuarial Asset Value as of 10/1/2004	876,833,278
B.	Benefits Paid During Plan Year	66,518,783
C.	Value of COLA transfer for 2003/2004 Year	12,904,448
D.	Contributions Refunded During Plan Year	257,859
E.	City Contributions During Plan Year	45,545,130
F.	Member Contributions During Plan Year	18,607,681
G.	Expected Rate of Return	7.75%
H.	Expected Return During Plan Year	69,582,408 *
I.	Base Amount for Expected Return (H)/.0775	897,837,523
J.	Excess Return on Assets (I(J) - II(H))	86,745,174
K.	Excess Return as % of II(I)	9.661567% **

III. Amount to be Transferred to COLA Fund

A.

	Excess Return		COLA Transfer	
	%	$	%	-$-
First	2.5	22,445,938	75	16,834,454
Next	2.5	22,445,938	50	11,222,969
Next	2.5	22,445,938	25	5,611,485
Remainder		19,407,360	0	0

B. Total Transfer Amount at 1/1/2007 — 33,668,908

*Assumes Uniform Quarterly Contributions and Monthly Benefits
[(876,833,278) + 45,545,130 + (18,607,681) (2.5/4) - (66,518,783 + 257,859) (13/24)](.0775) = 69,582,408

**Before 1/1/2007 COLA transfer.

EXHIBIT 2D

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Calculation of Excess Investment Return
On Membership and Benefits Accounts for 2004/2005 Fiscal Year
2007 COLA Transfer

I.	**Net Actual Return on Actuarial Asset Value**	-$-
A.	Preliminary Actuarial Asset Value as of 10/1/2005	1,021,357,422
B.	Benefits Paid During Plan Year	66,518,783
C.	Contributions Refunded During Plan Year	257,859
D.	City Contributions During Plan Year (Required)	45,545,130
E.	Member Contributions During Plan Year	18,607,681
F.	Actuarial Asset Value as of 10/1/2004	876,833,278
G.	Total Actual Return During Plan year (A)+(B)+(C)-(D)-(E)-(F)	147,147,975
II.	**Net Expected Return on Actuarial Asset Value**	
A.	Actuarial Asset Value as of 10/1/2004	876,833,278
B.	Benefits Paid During Plan Year	66,518,783
C.	Contributions Refunded During Plan Year	257,859
D.	City Contributions During Plan Year	45,545,130
E.	Member Contributions During Plan Year	18,607,681
F.	Expected Rate of Return	7.75%
G.	Expected Return During Plan Year	69,582,408 *
H.	Base Amount for Expected Return (G)/.0775	897,837,523
I.	Excess Return on Assets (I(G) - II(G))	77,565,567
J.	Excess Return as % of II(H)	8.639154% **

III. Amount to be Transferred to COLA Fund

A.	Excess Return		COLA Transfer	
	%	$	%	-$-
First	2.5	22,445,938	75	16,834,454
Next	2.5	22,445,938	50	11,222,969
Next	2.5	22,445,938	25	5,611,485
Remainder		10,227,753	0	0
B.	Total Transfer Amount at 1/1/2007			33,668,908

*Assumes Uniform Quarterly Contributions and Monthly Benefits
[(876,833,278) + 45,545,130 + (18,607,681) (2.5/4) - (66,518,783 + 257,859) (13/24)](.0775) = 69,582,408

**Before 1/1/2007 COLA transfer.

EXHIBIT 2E

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Actuarial Asset Value – 20% Prospective Write Up of 10/01/2000 Actuarial Value

I. Determination of Actuarial Asset Value as of October 1, 2001

	-$-
A. Actuarial Value of Assets as of 10/01/2000	**988,775,090**
B. City Contributions	4,003,892
C. Member Contribution	6,336,918
D. Benefits Paid	41,386,774
E. Contributions Refunded	481,746
F. Expected Return (at 7.75%)	75,373,347
G. Expected Actuarial Value of Assets (A+B+C-D-E+F)	1,032,620,727
H. Market Value of Assets (Net 01/01/02 and 01/01/03 COLA Transfers)	828,863,088
I. Difference (H-G)	(203,757,639)
J. 20% of Difference	(40,751,528)
K. Preliminary Actuarial Asset Value (G+J)	991,869,199
L. Maximum Actuarial Asset Value (120% of H)	994,635,706
M. Minimum Actuarial Asset Value (80% of H)	663,090,470
N. Actuarial Asset Value at 10/1/2001	991,869,199
O. Contribution Surplus Account Balance	1,477,707
P. Final Actuarial Value at 10/01/2001 (N - O)	**990,391,492**

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Actuarial Asset Value – 20% Prospective Write Up of 10/01/2000 Actuarial Value

I. Determination of Actuarial Asset Value as of October 1, 2002

	-$-
A. Actuarial Value of Assets as of 10/01/2001	**990,391,492**
B. City Contributions	1,051,629
C. Member Contribution	6,721,236
D. Benefits Paid	42,766,860
E. Contributions Refunded	364,256
F. Expected Return (at 7.75%)	75,321,230
G. Expected Actuarial Value of Assets (A+B+C-D-E+F)	1,030,354,471
H. Market Value of Assets (Net 01/01/03 and 01/01/04 COLA Transfers)	753,228,750
I. Difference (H-G)	(277,125,721)
J. 20% of Difference	(55,425,144)
K. Preliminary Actuarial Asset Value (G+J)	974,929,327
L. Maximum Actuarial Asset Value (120% of H)	903,874,500
M. Minimum Actuarial Asset Value (80% of H)	602,583,000
N. Actuarial Asset Value at 10/1/2002	903,874,500
O. Contribution Surplus Account Balance	6,278,444
P. Final Actuarial Value at 10/01/2002 (N - O)	**897,596,056**

EXHIBIT 2G

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Actuarial Asset Value – 20% Prospective Write Up of 10/01/2000 Actuarial Value

I. Determination of Actuarial Asset Value as of October 1, 2003

	-$-
A. Actuarial Value of Assets as of 10/01/2002	**897,596,056**
B. City Contributions	18,163,588
C. Member Contribution	7,193,936
D. Benefits Paid	46,083,206
E. Contributions Refunded	429,225
F. Expected Return (at 7.75%)	68,839,396
G. Expected Actuarial Value of Assets (A+B+C-D-E+F)	945,280,545
H. Market Value of Assets (Net 01/01/04 and 01/01/05 COLA Transfers)	844,864,179
I. Difference (H-G)	(100,416,366)
J. 20% of Difference	(20,083,273)
K. Preliminary Actuarial Asset Value (G+J)	925,197,272
L. Maximum Actuarial Asset Value (120% of H)	1,013,837,015
M. Minimum Actuarial Asset Value (80% of H)	675,891,343
N. Actuarial Asset Value at 10/1/2003	925,197,272
O. Contribution Surplus Account Balance	3,382,512
P. Final Actuarial Value at 10/01/2003 (N - O)	**921,814,760**

EXHIBIT 2H

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Actuarial Asset Value – 20% Prospective Write Up of 10/01/2000 Actuarial Value

I. Determination of Actuarial Asset Value as of October 1, 2004

	-$-
A. Actuarial Value of Assets as of 10/01/2003	**921,814,760**
B. City Contributions	36,341,515
C. Member Contribution	24,415,150
D. Benefits Paid	53,249,450
E. Contributions Refunded	301,580
F. Expected Return (at 7.75%)	72,135,517
G. Expected Actuarial Value of Assets (A+B+C-D-E+F)	1,001,155,912
H. Market Value of Assets (Net 01/01/05 and 01/01/06 COLA Transfers)	945,920,062
I. Difference (H-G)	(55,235,850)
J. 20% of Difference	(11,047,170)
K. Preliminary Actuarial Asset Value (G+J)	990,108,742
L. Maximum Actuarial Asset Value (120% of H)	1,135,104,074
M. Minimum Actuarial Asset Value (80% of H)	756,736,050
N. Actuarial Asset Value at 10/1/2004	990,108,742
O. Contribution Surplus Account Balance	0
P. Final Actuarial Value at 10/01/2004 (N - O)	**990,108,742**

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Actuarial Asset Value – 20% Write Up Method

I. Determination of Actuarial Asset Value as of October 1, 2005

	-$-
A. Actuarial Value of Assets as of 10/01/2004	990,108,742
B. City Contributions	45,545,130
C. Member Contribution	18,607,681
D. Benefits Paid	66,518,783
E. Contributions Refunded	257,859
F. Expected Return (at 7.75%)	78,361,257
G. Expected Actuarial Value of Assets (A+B+C-D-E+F)	1,065,846,168
H. Market Value of Assets (Net 01/01/06 and 01/01/07 COLA Transfers)	1,061,232,670
I. Difference (H-G)	(4,613,498)
J. 20% of Difference	(922,700)
K. Preliminary Actuarial Asset Value (G+J)	1,064,923,468
L. Maximum Actuarial Asset Value (120% of H)	1,273,479,204
M. Minimum Actuarial Asset Value (80% of H)	848,986,136
N. Actuarial Asset Value at 10/1/2005	1,064,923,468
O. Contribution Surplus Account Balance	0
P. Final Actuarial Value at 10/01/2005 (N – O)	**1,064,923,468**

II. Rate of Return on Actuarial Asset Value

	-$-
A. Actuarial Asset Value at 10/01/2004	990,108,742
B. Contributions	
1. City (Including amount from Contribution Surplus Account)	45,545,130
2. Members	18,607,681
3. Total	64,152,811
C. Benefits and Refunds	66,776,642
D. Contribution Surplus	0
E. Actuarial Asset Value at 10/01/2005	1,064,923,468
F. Net Return on Investment [E+D+C-B-A]	77,438,557
G. Rate of Return [2 x F/(A+E-F)]	7.83%

EXHIBIT 3

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Asset Transactions for Year Ending September 30, 2005 *

	Membership and Benefits Accounts	COLA I Account	COLA II Account
	-$-	-$-	-$-
A. Market Value as of October 1, 2004	957,896,348	32,255,552	178,092,134
B. Book Value as of October 1, 2004	866,131,977	29,165,541	161,031,297
C. Income During Year			
1. City Contributions	45,545,130		3,848,635
2. Member Contributions	18,607,681		
3. Other Contributions			
4. Interest	16,252,509	437,489	2,429,242
5. Dividends	9,236,580	247,779	1,356,567
6. Net Realized Gains (Losses)	45,828,388	1,229,076	6,715,235
7. Securities Lending Income	348,257	9,365	51,232
8. Rental and Other Income	239,176	6,295	34,462
	136,057,721	1,930,004	14,435,373
D. Disbursements During Years			
1. Benefit Payments	66,518,783	368,080	10,246,430
2. Contribution Refunds	257,859	1,882	
3. Custodial and Investment Expenses	3,724,841	100,052	547,750
4. Other Expense			
5. Securities Lending Fees	104,654	2,814	15,396
6. Building Depreciation	36,500	976	5,250
	70,642,637	473,804	10,814,826
E. Book Value as of 9/30/2005 (B)+(C)-(D)	931,547,061	30,621,741	164,651,844
F. Net Change in Unrealized Gains (Losses)	81,495,238	2,605,366	13,562,966
G. Market Value as of 9/30/2005 (A)+(C)-(D)+(F)	1,104,806,670	36,317,118	195,275,647
H. January 1, 2006 Allocation to COLA II (discounted)	(12,904,448)	N/A	12,904,448
I. Net Market Value as of 9/30/2005	1,091,902,222	36,317,118	208,180,095

*Based on unaudited financial statements.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Distribution of Assets as of September 30, 2005[1]

Membership and Benefits and Cost-of-Living Adjustment Accounts

Description	Market -$-	Book -$-
Bills, Bonds, Notes	370,817,643	365,881,886
Corporate Stocks	872,513,591	682,821,456
Money Market Funds and Time Deposits	8,001,359	8,003,587
Mutual Funds	59,133,188	44,180,063
Real Estate[2]	2,298,993	2,298,993
A: Sub-Total	**1,312,764,774**	**1,103,185,985**
B: Cash	**35,254,534**	**35,254,534**
Receivables:		
City Contributions		
Accounts Receivable	226	226
Member Contributions		
Accrued Interest	2,276,231	2,276,231
Securities Proceeds	2,099,296	2,099,296
C: Sub-Total	**4,375,753**	**4,375,753**
Payables:		
Budget Advance	(238,913)	(238,913)
Transfer	1,300	1,300
Tax Withheld	(864)	(864)
Accounts Payable	253,971	253,971
Securities Purchased	15,980,132	15,980,132
D: Sub-Total	**15,995,626**	**15,995,626**
E. Total (A+B+C-D)	**1,336,399,435**	**1,126,820,646**
Accounts:		
COLA I Account	**36,317,118**	**30,621,741**
COLA II Account	**195,275,647**	**164,651,844**
COLA II Transfer (1/1/2006)	**12,904,448**	**12,904,448**
F: Membership & Benefits Account	**1,091,902,222**	**918,642,613**

[1]Based on unaudited financial statements.
[2]Carried at depreciated cost.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Investment Results

Yield on Mean Values for 12-Month Period Ending 9/30/2005

	-$-	Market -%-	Book -%-
Membership and Benefits Accounts*			
Interest	16,252,509	1.7	1.9
Dividends	9,236,580	1.0	1.1
Rental and Other Income, less Depreciation	202,676	0.0	0.0
Realized Gains	45,828,388	4.8	5.3
Securities Lending (Net)	243,603	0.0	0.0
Increase in Unrealized Gains	81,495,238	8.5	--
Custodial and Investment Expenses	(3,724,841)	(0.4)	(0.4)
	149,534,153	15.6	7.9
COLA I Account			
Interest	437,489	1.4	1.5
Dividends	247,779	0.8	0.9
Rental and Other Income, less Depreciation	5,319	0.0	0.0
Realized Gains	1,229,076	3.8	4.2
Securities Lending (Net)	6,551	0.0	0.0
Increase in Unrealized Gains	2,605,365	8.1	--
Custodial and Investment Expenses	(100,052)	(0.3)	(0.3)
	4,431,527	13.8	6.3
COLA II Account			
Interest	2,429,242	1.4	1.5
Dividends	1,356,567	0.8	0.9
Rental and Other Income, less Depreciation	29,212	0.0	0.0
Realized Gains	6,715,235	3.8	4.2
Securities Lending (Net)	35,836	0.0	0.0
Increase in Unrealized Gains	13,562,966	7.8	--
Custodial and Investment Expenses	(547,750)	(0.3)	(0.3)
	23,581,308	13.5	6.3

*Before 1/1/2007 COLA transfer

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Accounting Information
As of October 1, 2005

		October 1, 2005 -$-	October 1, 2004 -$-
I.	Present Value of Vested Accrued Benefits		
	A. Service Retirements and Beneficiaries	636,085,262	574,935,994
	B. Disability Retirements	36,959,492	36,223,791
	C. Vested Terminated Members	4,141,293	4,922,742
	D. Active Members	349,344,070	351,757,589
	E. Total	1,026,530,117	967,840,116
II.	Present Value of Non-Vested Accrued Benefits	15,806,454	14,211,787
III.	Present Value of Accrued Benefits	1,042,336,571	982,051,903
IV.	The values of accumulated plan benefits were determined in accordance with the Academy of Actuaries Interpretations and FASB Statement No. 35, Accounting and Reporting by Defined Benefit Pension Plans.		
V.	Statement of Changes in Accrued Benefits		
	A. Present Value of Accrued Benefits at Beginning of Year		982,051,903
	B. Increase (Decrease) During the Year Attributable to:		
	1. Benefits Accumulated		53,004,180
	2. Benefits Paid and Contributions Refunded		(66,260,924)
	3. Plan Amendment		0
	4. Assumption Changes		0
	5. Increase Due to Decrease in Discount Period		73,541,412
	6. Net Increase		60,284,668
	C. Present Value of Accrued Benefits at End of Year		1,042,336,571

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparison of Funding Progress
($000)

		10/1/2005 -$-	10/1/2004 -$-	10/1/2003 -$-
I.	Assets			
	A. Book Value	918,643	866,132	811,680
	B. Market Value	1,091,902	957,896	844,864
II.	Liabilities			
	A. Retired and Vested	677,186	616,083	473,962
	B. Active			
	Employee Contributions	121,189	118,102	115,003
	Other Vested	228,156	233,655	276,553
	Non-Vested Accrued	15,806	14,212	16,669
	C. Total Accrued	1,042,337	982,052	882,187
III.	Ratios	%	%	%
	IA/IIC	88.1	88.2	92.0
	IB/IIC	104.8	97.5	95.8

Note: Item II amounts are present values of accrued benefits.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Member Statistics

I. Active Members

Number of	10/1/2005	10/1/2004	10/1/2003
Males	1,247	1,261	1,397
Females	208	207	225
Total	1,455	1,468	1,622
Averages			
Current Age	39.4	39.6	40.1
Past Service	13.1	13.6	14.3
Credited Past Service	13.1	13.6	14.1
Annual Earnings	$62,897	$60,253	$60,987

II. Inactive Members

A. Retirees and Beneficiaries			
Number	1,503	1,424	1,256
Average Annual Benefit	$40,060	$38,222	$33,446
Average Age	63.4	63.3	64.6
B. Disabled			
Number	215	215	222
Average Annual Benefit	$18,607	$18,140	$17,758
Average Age	65.2	64.6	64
C. Vested Terminated			
Number	25	29	17
Average Deferred Benefit	$21,930	$21,461	$17,965
Average Age	43.4	44.6	47.3

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Age-Service Distribution

	Completed Years of Service										Earnings	
Age	0-1	2-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total	Total -$-	Avg. -$-
15-24	20	17	1	-	-	-	-	-	-	38	1,452,907	38,234
25-29	31	63	65	1	-	-	-	-	-	160	7,728,403	48,303
30-34	26	47	127	45	4	-	-	-	-	249	13,038,978	52,365
35-39	12	21	99	91	68	1	-	-	-	292	16,827,113	57,627
40-44	1	10	36	56	153	97	3	-	-	356	24,624,053	69,169
45-49	3	2	14	18	56	130	31	1	-	255	19,304,401	75,704
50-54	-	1	3	2	15	31	25	10	-	87	7,229,790	83,101
55-59	-	1	-	1	2	7	2	2	-	15	1,119,110	74,607
60-64	-	-	-	-	3	-	-	-	-	3	189,957	63,319
65+	-	-	-	-	-	-	-	-	-	-	--	--
TOTAL	93	162	345	214	301	266	61	13	0	1,455	91,514,713	62,897

Average Age: 39.4 Average Service: 13.1

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Reconciliation of Participant Counts

	Actives	Retirees & Beneficiaries	Disableds	Vested Terminated
10/1/2004	1,468	1,424	215	29
Changes due to:				
Retirement	-83	+87		-4
Withdrawal	-27			+1
Disability	-3		+3	
Death	-1	-20	-4	-1
New Beneficiary		+12		
New Hires	+101			
Data Changes			+1	
10/1/2005	1,455	1,503	215	25

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Principal System Provisions

(Based on Ordinance No. 10002, as Amended
by Ordinances Nos. 112351 and 11944, and Resolution 657)

Effective Date:	January 1, 1940, as restated effective May 23, 1985, and amended through September 30, 2005.
Fiscal Year:	October 1 - September 30.
Membership:	Police officers and fire fighters.
Covered Compensation:	An employee's base salary, including pick-up contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death-in-family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.
Contributions:	Members: 7% of Compensation, effective 10/01/99. City: Balance, as actuarially determined.
Creditable Service:	Service credited under Retirement System; military service (maximum of four years) during wartime for which Member makes contributions; maternity leave (maximum of 180 days for each leave) for which Member makes contributions; up to 5 years, without member contributions, if member was an employee before period of military service.
Average Final Compensation:	Average Compensation during the highest year of Creditable Service.
Normal Service Age:	Age 50

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Service Retirement:	3.0% of Average Final Compensation for each of the first fifteen years of Creditable Service plus 3.5% of Average Final Compensation for each year of Creditable Service after the fifteenth year; maximum of 100% for those with less than 100% under prior rules on 9/30/98.
Early Service Retirement:	After 20 years of Creditable Service. Benefits are based on Average Final Compensation and Creditable Service at retirement date. Actuarial equivalence for early commencement.
Rule of 64 Retirement:	Service retirement on the basis of combined age and Creditable Service equaling 64 or more.
Disability:	Ordinary Disability: After 10 or more years of Creditable Service, and not eligible for service retirement. Not incurred as accident in performance of duties. 90% of benefit rate times Average Final Compensation times Creditable Service, with a minimum benefit of 30% of Average Final Compensation; 10 years' certain and life normal form. Accidental Disability: Incurred as accident in performance of duties. 66 2/3% of Average Final Compensation, or 66 2/3% of Final Compensation, whichever is greater. 40% joint & survivor normal form, with a minimum of 10 years' certain and life.
Deferred Retirement Option Plan:	Members who are eligible for Service Retirement or Rule of 64 Retirement after September 1998 may elect self-directed Deferred Retirement Option Plan, for a maximum of 4 years. An actuarially equivalent Back DROP option (maximum of 4 years) may be elected prior to DROP entry; combined years of DROP may not exceed 4.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Death:	Ordinary Death: (a) Between 3 and 10 years of Creditable Service, and death not accidentally incurred in performance of duties: Lump sum benefit equal to 50% of Compensation received in year preceding death. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferred period or 10 years' certain period. (c) If eligible for Service, Early Service, or Rule of 64 retirement, considered to have retired on the date of death. Surviving spouse would receive 40% of the member's monthly retirement allowance.
	Accidental Death: Incurred in performance of duties. (a) Pension of 50% of Average Final compensation to spouse until death or remarriage. If there is no spouse, or if spouse dies or remarries before youngest child is 18, payable until attainment of age 18. If no spouse or no children under 18, benefit is payable to dependent parents. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferral period or 10 years' certain period.
Employment Termination:	After 10 years of Creditable Service, based on Creditable Service and Average Final Compensation at termination date. If Member contributions are withdrawn, benefit is forfeited. Benefits are deferred to Normal Retirement Age.
Optional Allowances:	Normal form is joint and 40% contingent survivor, with a minimum of 10 years' certain and life. Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of Member. Option 6 is withdrawal of member contributions with credited interest; monthly benefits is 1/2 of normal level.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Transfer of Compensated Leave Balances:	Accumulated leave balances may be transferred into system immediately prior to retirement to purchase additional Creditable Service, on an actuarially equivalent basis.
Transfer of 457 Balances:	457 balances of Firefighters may be transferred into System at any time prior to retirement to purchase additional Service for multiplier purposes.
Changes Since Prior Valuation:	Police Officers are no longer allowed to purchase additional service using 457 balances, effective June 20, 2005.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Actuarial Basis (Prior Basis)

Valuation Date: October 1, 2005 for Fiscal Year beginning October 1, 2006.

Valuation Method: Aggregate Cost Method.

Asset Valuation Method: Average of ratios of market to book values as of current and four most recent September 30's. Average ratio is applied to book value at current September 30. The result cannot be greater than 120% of market value or less than 80% of market value.

Actuarial Assumptions:

Interest Discount/
Investment Return: 7.75%, compounded annually.
Inflation: 4.0%, compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	.0507%	.0284%
30	.0801%	.0351%
40	.1072%	.0709%
50	.2579%	.1428%
60	.7976%	.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis (Prior Basis)
(Continued)

Age	Disability	Turnover		Salary Increase**
		<5	5+	
20	.00085	.0240	.0192	.088
21	.00095	.0240	.0192	.086
22	.00105	.0240	.0192	.083
23	.00110	.0240	.0192	.081
24	.00125	.0240	.0192	.078
25	.00130	.0240	.0192	.075
26	.00140	.0240	.0192	.073
27	.00150	.0240	.0192	.071
28	.00160	.0240	.0192	.068
29	.00170	.0240	.0192	.066
30	.00180	.0240	.0192	.065
31	.00200	.0240	.0192	.064
32	.00220	.0240	.0192	.064
33	.00245	.0240	.0192	.063
34	.00265	.0240	.0192	.062
35	.00285	.0240	.0192	.061
36	.00305	.0228	.0182	.061
37	.00325	.0216	.0173	.060
38	.00345	.0204	.0163	.060
39	.00370	.0192	.0154	.059
40	.00390	.0180	.0144	.058
41	.00470	.0168	.0134	.058
42	.00555	.0156	.0125	.057
43	.00635	.0144	.0115	.057
44	.00720	.0132	.0106	.057
45	.00800	.0120	.0096	.056
46	.00880	.0096	.0077	.056
47	.00965	.0072	.0057	.056
48	.01045	.0048	.0038	.056
49	.01130	.0024	.0019	.055
50	.01210	.0000	.0000	.055

** A 7% additional increase applies in the final year of Creditable Service, and a 5% additional increase applies after 22 years.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis (Prior Basis)
(Continued)

Age	Disability	Turnover		Salary Increase*
		<5	5+	
51	.01295	.0000	.0000	.053
52	.01375	.0000	.0000	.051
53	.01455	.0000	.0000	.050
54	.01540	.0000	.0000	.048
55	.01620	.0000	.0000	.047
56	.01785	.0000	.0000	.046
57	.01870	.0000	.0000	.044
58	.01950	.0000	.0000	.043
59	.02030	.0000	.0000	.041
60	.00000	.0000	.0000	.040
61	.00000	.0000	.0000	.040
62	.00000	.0000	.0000	.040
63	.00000	.0000	.0000	.040
64	.00000	.0000	.0000	.040
65	.00000	.0000	.0000	.040

* A 7% additional increase applies in the final year of Creditable Service, and a 5% additional increase applies after 22 years.

After eligibility for Rule of 64 Retirement, the following decrements apply, based on service:

Years of Service	%
After R64 and, 20 Years or Age 60	
0-4	10
5-9	25
10+ or age 65	100

There is no explicit assumption on the percentage of retirements expected to enter the DROP. No distinction is necessary, since funding is calculated to expected retirement or expected DROP entry.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis (Prior Basis)
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employees are assumed to be married.
Investment Expenses:	None; the investment return assumption of 7.75% is net of investment expenses.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Compensated Absence Balance Transfers:	No liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.
Adjustments from Valuation Date:	One year's interest is added to the calculated deposit to reflect ordinance provision.
Sources of Data:	Asset data is from unaudited financial statements. Membership data was furnished by Administrator.
Changes Since Prior Valuation:	None.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Actuarial Basis (Revised Basis)

Valuation Date:	October 1, 2005 for Fiscal Year beginning October 1, 2006.
Valuation Method:	Aggregate Cost Method.
Asset Valuation Method:	20% Write-Up Method: Expected value is based on the Interest Discount/Investment Return rate applied to the actuarial asset value as of previous valuation date and cash flow during the year. 20% of the difference between the Expected Value and the Market Value (net of pending transfers to the COLA Fund) is added to the Expected Value. The result cannot be greater than 120% of market value or less than 80% of market value (net of pending COLA transfers).
Actuarial Assumptions:	
Interest Discount/ Investment Return:	7.75%, compounded annually.
Inflation:	4.0%, compounded annually.
Mortality:	1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	.0507%	.0284%
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40	.1072%	.0709%
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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis (Revised Basis)
(Continued)

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25	.00130	.0240	.0192	.075
26	.00140	.0240	.0192	.073
27	.00150	.0240	.0192	.071
28	.00160	.0240	.0192	.068
29	.00170	.0240	.0192	.066
30	.00180	.0240	.0192	.065
31	.00200	.0240	.0192	.064
32	.00220	.0240	.0192	.064
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36	.00305	.0228	.0182	.061
37	.00325	.0216	.0173	.060
38	.00345	.0204	.0163	.060
39	.00370	.0192	.0154	.059
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42	.00555	.0156	.0125	.057
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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis (Revised Basis)
(Continued)

Age	Disability	Turnover		Salary Increase*
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56	.01785	.0000	.0000	.046
57	.01870	.0000	.0000	.044
58	.01950	.0000	.0000	.043
59	.02030	.0000	.0000	.041
60	.00000	.0000	.0000	.040
61	.00000	.0000	.0000	.040
62	.00000	.0000	.0000	.040
63	.00000	.0000	.0000	.040
64	.00000	.0000	.0000	.040
65	.00000	.0000	.0000	.040

* A 7% additional increase applies in the final year of Creditable Service, and a 5% additional increase applies after 22 years.

After eligibility for Rule of 64 Retirement, the following decrements apply, based on service:

Years of Service After R64 and, 20 Years or Age 60	%
0-4	10
5-9	25
10+ or age 65	100

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis (Revised Basis)
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
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Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employees are assumed to be married.
Investment Expenses:	None; the investment return assumption of 7.75% is net of investment expenses.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Compensated Absence Balance Transfers:	No liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.
Adjustments from Valuation Date:	One year's interest is added to the calculated deposit to reflect ordinance provision.
Sources of Data:	Asset data is from unaudited financial statements. Membership data was furnished by Administrator.
Changes Since Prior Valuation:	Actuarial Asset Valuation Method changed from 5-year average ratio of market values to book values, to 20% Write-Up Method, prospectively from October 1, 2000. No redetermination of City contribution requirements for actuarial valuation dates of October 1, 2004 and prior. COLA transfers are not affected.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Information Under Florida Statutes

I. Comparison of Salary Increases

Year Ending	Actual -%-	Assumed -%-
9/30/05	8.15	5.77
9/30/04	10.20	5.78
9/30/03	5.38	4.00
9/30/02	2.43	2.00
9/30/01	4.79	2.00
9/30/00	7.12	2.00
9/30/99	0.52	2.75
9/30/98	(1.35)	2.75
9/30/97	(1.07)	2.75
9/30/96	0.76	2.75
9/30/95	5.50	2.75
9/30/94	2.86	3.00
9/30/93	6.37	6.80
9/30/92	3.48	6.80
9/30/91	2.65	6.80
9/30/90	2.79	7.00
9/30/89	8.64	7.00
9/30/88	6.05	7.00
9/30/87	7.45	7.50
9/30/86	7.49	7.50
9/30/85	14.28	7.50
9/30/84	11.53	7.50

II. Comparison of Investment Returns

Year Ending -%-	Actual MV -%-	Actual AAV* -%-	Assumed -%-
9/30/05 (Revised)	15.6	7.83	7.75
9/30/05 (Prior)	15.6	8.43	7.75
9/30/04	12.9	4.29	7.75
9/30/03	15.7	3.26	7.75
9/30/02	(5.5)	(3.93)	7.75
9/30/01	(10.6)	(1.29)	7.75
9/30/00	12.7	16.01	7.75
9/30/99	13.8	13.40	7.75
9/30/98	6.9	19.45	7.75
9/30/97	28.3	26.34	8.00
9/30/96	13.2	11.27	8.00
9/30/95	21.0	12.86	7.75
9/30/94	(1.7)	5.18	7.75
9/30/93	15.8	13.73	7.75
9/30/92	9.9	12.48	7.75
9/30/91	25.9	20.93	7.75
9/30/90	0.4	1.89	7.50
9/30/89	N.A.	16.09	7.50
9/30/88	N.A.	0.08	7.50
9/30/87	N.A.	22.64	7.00
9/30/86	N.A.	21.66	7.00

* Based on mean actuarial asset values for periods ending 9/30. Rates of return on AAV prior to 9/30/05 are based on prior asset valuation methods, with COLA transfers treated as cash flow.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Information Under Florida Statutes
(Continued)

III. Comparison of Payroll Growth

Year Ending	Actual	Assumed
	-%-	-%-
9/30/05	2.6	N.A.
9/30/04	(9.9)	N.A.
9/30/03	2.1	N.A.
9/30/02	8.1	N.A.
9/30/01	6.3	N.A.
9/30/00	8.5	N.A.
9/30/99	4.6	N.A.
9/30/98	6.8	N.A.
9/30/97	(4.5)	N.A.
9/30/96	1.9	N.A.
9/30/95	(1.9)	N.A.
9/30/94	1.1	N.A.
9/30/93	7.5	N.A.
9/30/92	2.1	N.A.
9/30/91	(7.6)	5.00
9/30/90	(0.8)	5.00
9/30/89	9.5	5.00
9/30/88	3.4	5.00
9/30/87	5.9	5.00
9/30/86	5.8	5.00
9/30/85	7.8	5.00
9/30/84	9.7	5.00

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5 and 25
(Excluding COLA Fund)

I. Funding Status and Progress as of September 30, 2005 and 2004

Pension benefit obligation: $(Millions)

	Sept. 30, 2005 -$-	Sept. 30, 2004 -$-
- Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	677.2	616.1
- Current employees - Accumulated employee contributions including interest	121.2	118.1
Employer - financed vested	228.2	233.7
Employer - financed nonvested	177.9	158.3
Total pension benefit obligation	1,204.5	1,126.2
Net assets available for benefits (market value)	1,091.9	957.9
Unfunded pension benefit obligation	112.6	168.3

The pension benefit obligation was determined as part of actuarial valuations at September 30, 2005 and September 30, 2004. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually, (b) projected salary increases of 4.00 percent per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0 percent to 4.8 percent per year, attributable to seniority/merit.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5 and 25
(Excluding COLA Fund)

II. Contributions Required and Contributions Made

The funding policy provides for periodic employer contributions at actuarially determined rates that are sufficient to pay benefits when due. Contributions for normal costs are determined using the aggregate actuarial cost method. This cost method does not provide for an unfunded actuarial accrued liability.

Contributions totaling $64,152,811 ($45,545,130 employer and $18,607,681 employee) were made for the year ending September 30, 2005. These contributions consisted of (a) $52,421,726 normal cost, (b) $0 amortization of the unfunded actuarial accrued liability, (c) $0 noninvestment expenses and (d) $11,731,085 for Section 457 Service buybacks.

Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the standardized measure of the pension obligation as of the beginning of the preceding year.

III. Analysis of Funding Progress ($ Millions)

Fiscal Year	(1) Net Assets Available for Benefits ($)	(2) Pension Benefit Obligation ($)	(3) Percent Funded (%)	(4) Unfunded PBO (2)-(1) ($)	(5) Annual Covered Payroll ($)	(4)/(5) (%)
1987	309.1	335.7	92	26.6	63.3	42
1988	307.7	357.9	86	50.2	65.4	77
1989	364.2	385.9	94	21.7	71.6	30
1990	364.7	394.6	92	29.9	71.1	42
1991	455.3	450.0	101	(5.3)	71.4	(7)
1992	492.0	458.1	107	(33.9)	67.1	(50)
1993	550.6	488.2	113	(62.4)	72.0	(87)
1994	516.4	522.9	99	6.5	72.9	9
1995	616.5	583.1	106	(33.4)	71.5	(47)
1996	674.7	620.7	109	(54.0)	72.9	(74)
1997	835.3	702.1	119	(133.2)	69.6	(191)
1998	857.7	774.5	111	(83.2)	74.3	(112)
1999	932.8	820.2	114	(112.6)	77.7	(145)
2000	994.6	823.1	121	(171.5)	84.3	(203)
2001	828.9	884.7	94	55.8	89.7	62
2002	753.2	960.1	78	206.2	96.9	213
2003	844.9	1000.9	84	156.0	98.9	158
2004	957.9	1126.2	85	168.3	89.2	189
2005	1091.9	1204.5	91	112.6	91.5	123

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

IV. Revenues and Expenses

Fiscal Year	Revenues by Source: Employee Contributions ($)	Employer Contributions ($)	Investment Income ($)	Total ($)
1987	5,385,969	14,200,675	48,891,929	68,478,573
1988	5,516,972	11,515,831	19,011,633	36,044,436
1989	5,989,692	11,157,203	33,064,932	50,211,827
1990	6,303,644	9,579,771	37,046,457	52,929,872
1991	6,474,938	8,959,044	46,689,710	62,123,692
1992	6,115,655	10,029,747	44,569,353	60,714,755
1993	6,455,623	10,442,881	50,309,468	67,207,972
1994	7,435,034	9,296,175	36,915,202	53,646,411
1995	8,318,833	10,880,346	38,919,229	58,118,408
1996	7,852,469	16,547,235	55,421,603	79,821,307
1997	7,664,034	14,377,032	83,180,597	105,221,663
1998	7,692,571	14,155,472	96,007,011	117,855,054
1999	8,556,140	10,376,473	66,039,984	84,972,597
2000	6,257,588	5,400,784	129,752,337	141,410,709
2001	6,336,918	5,481,599	17,717,791	29,536,308
2002	6,721,236	5,400,784	(27,704,711)	(15,582,691)
2003	7,193,936	15,024,366	30,466,098	52,684,400
2004	24,415,150	32,959,003	53,963,150	111,337,303
2005	18,607,681	45,545,130	71,904,910	136,057,721

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)
(Continued)

IV. Revenues and Expenses (Continued)

Fiscal Year	Expenses by Type			
	Benefits ($)	Administrative Expenses ($)	Refunds ($)	Total ($)
1987	12,655,732	522,090	556,895	13,734,717
1988	13,556,449	443,765	650,068	14,650,282
1989	14,179,715	493,209	371,459	15,044,383
1990	15,572,994	568,072	659,176	16,800,242
1991	16,764,637	973,982	555,661	18,294,280
1992	22,345,166	1,137,047	751,088	24,233,301
1993	22,735,888	1,314,925	672,376	24,723,189
1994	23,787,091	1,420,693	510,074	25,717,858
1995	25,846,564	1,567,841	703,269	28,117,674
1996	29,506,924	1,870,188	822,497	32,199,609
1997	33,841,809	2,079,183	1,225,239	37,146,231
1998	35,593,108	2,543,855	391,524	38,537,297
1999	36,900,501	2,689,079	258,383	39,847,963
2000	41,237,423	2,710,752	258,804	44,206,979
2001	41,386,774	2,933,939	481,746	44,802,459
2002	42,766,860	2,825,903	364,256	45,957,019
2003	46,083,206	2,922,537	429,225	49,434,968
2004	53,249,450	3,334,460	301,580	56,885,490
2005	66,518,783	3,865,995	257,859	70,642,637

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

V. Schedule of Employer Contributions

Fiscal Year	Annual Pension Cost (APC) ($)	Percentage Contributed (%)	Net Pension Obligation ($)
1994	9,296,175	100	0
1995	10,880,346	100	0
1996	16,547,235	100	0
1997	14,377,032	100	0
1998	14,155,472	100	0
1999	10,376,473	100	0
2000	5,400,784	100	0
2001	4,003,892	100	0
2002	1,051,629	100	0
2003	18,163,588	100	0
2004	36,341,515	100	0
2005	45,545,130	100	0
2006	50,635,213	100	0

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

I. COLA Increases by Duration Since Retirement (Including 2005 Increment)

Years Retired	No.	FIPO Benefits -$-	COLA Benefits -$-	%
0 - 5	379	2,039,759	1,161	0.1
5 -10	259	1,111,695	45,025	4.1
10-15	316	1,148,726	158,247	13.8
15-20	162	423,225	131,059	31.0
20-25	156	269,614	158,929	58.9
25-30	224	217,911	251,262	115.3
30-35	153	104,717	186,344	177.9
35-40	41	23,525	62,898	267.4
40-45	19	9,804	30,176	307.8
45-50	2	1,038	3,201	308.5
50+	8	3,343	8,417	251.8
Total	1,719	5,353,358	1,036,726	19.4

II. COLA Increases by Attained Age (2005 Table)

Age	No.	FIPO Benefits -$-	COLA Benefits -$-	%
<45	40	168,746	947	0.6
45-50	169	764,145	1,216	0.2
50-54	242	1,166,811	21,564	1.8
55-59	278	1,169,073	65,791	5.6
60-64	246	882,992	121,914	13.8
65-69	176	440,149	121,492	27.6
70-74	204	368,553	218,560	59.3
75-79	207	257,618	259,426	100.7
80-84	111	101,028	158,110	156.5
85-89	34	25,977	49,561	190.8
>90	12	8,266	18,144	219.5
Total	1,719	5,353,358	1,036,726	19.4

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

III. COLA Increases vs. CPI (including 2005 Increment)

Years Retired	No.	COLA -%-	CPI -%-	COLA/CPI %
0 - 5	379	0.1	1.5	3.8
5 -10	259	4.1	17.4	23.2
10-15	316	13.8	32.1	42.9
15-20	162	31.0	56.9	54.4
20-25	156	58.9	87.3	67.5
25-30	224	115.3	156.4	73.7
30-35	153	177.9	275.2	64.7
35-40	41	267.4	421.6	63.4
40-45	19	307.8	519.2	59.3
45-50	2	308.5	567.6	54.3
50+	8	251.8	806.4	31.2
Total	1,719	19.4	35.1	55.1

IV. Consumer Price Index (CPI-U)

Year	December Index	Annual %	Year	December Index	Annual %
1956	27.6	2.9	1981	94.0	8.9
1957	28.4	3.0	1982	97.6	3.9
1958	28.9	1.8	1983	101.3	3.8
1959	29.4	1.5	1984	105.3	4.0
1960	29.8	1.5	1985	109.3	3.8
1961	30.0	0.7	1986	110.5	1.1
1962	30.4	1.2	1987	115.4	4.4
1963	30.9	1.6	1988	120.5	4.4
1964	31.2	1.2	1989	126.1	4.6
1965	31.8	1.9	1990	133.8	6.2
1966	32.9	3.4	1991	137.9	3.0
1967	33.9	3.0	1992	141.9	2.9
1968	35.5	4.7	1993	145.8	2.7
1969	37.7	6.1	1994	149.7	2.7
1970	39.8	5.5	1995	153.5	2.5
1971	41.1	3.4	1996	158.6	3.3
1972	42.5	3.4	1997	161.3	1.7
1973	46.2	8.7	1998	163.9	1.6
1974	51.9	12.2	1999	168.3	2.7
1975	55.5	7.0	2000	174.0	3.4
1976	58.2	4.8	2001	176.7	1.6
1977	62.1	6.8	2002	180.9	2.4
1978	67.7	9.0	2003	184.3	1.9
1979	76.7	13.3	2004	190.3	3.3
1980	86.3	12.4	2005	196.8	3.4

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

		-$-
I.	Summary of Assets Available for Benefits at October 1, 2005	
A.	COLA Accounts (Exhibit 2)	
1.	COLA I Account at 9/30/2005	36,317,118
2.	COLA II Account at 9/30/2005	195,275,647
B.	Transfers of Excess Investment Income	
1.	$13,147,517 due on 1/1/2006	12,904,448
2.	$33,668,908 due on 1/1/2007	30,669,552
C.	Minimum City Contributions[1] $4,329,190 beginning 1/1/2008, payable for 7 years discounted	20,708,196
D.	City Contribution due 1/1/2007	0
E.	Assets Available for COLA Benefits	295,874,961
II.	COLA Fund Liabilities for Benefits at 10/1/2005 [3]	
A.	Present Value of Existing COLA Benefits for inactives	
1.	Frozen COLA I benefits	2,157,847
2.	COLA II benefits	153,087,840
3.	Total inactive COLA benefits	155,245,687
B.	Present Value of Projected COLA Benefits for Current Actives	
1.	Reserve for current actives	34,530,830
2.	Reserve for future actives (15% of B1)	5,179,625
3.	Total	39,710,455
C.	Total Liability Allocated (A3+B4)	194,956,142
D.	Contingency Reserve [20% of I(E)-I(B)(2)]	53,041,082
E.	Unallocated Reserve[2]	47,877,737
F.	Total Liability for COLA Benefits	295,874,961

Notes: (1) $(1/1.0775)^{2.25}$ ä · ¬ 4.7833881

(2) For $941 Table

(3) Service for COLA excludes 457 buyback service.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

III. Derivation of Increase in Table as of January 1, 2006

		-$-
A.	Liability based on current $941 table	
1.	Inactive COLA II Benefits	153,087,840
2.	Present Value of Projected COLA benefits for current actives	34,530,830
3.	Reserve for future actives [15% of (2)]	5,179,625
4.	Total	192,798,295
B.	Assets available to increase table	
1.	Total assets available for COLA Benefits	295,874,961
2.	Total Liability Allocated (current $941 table)	194,956,142
3.	Contingency Reserve II(D)	53,041,082
4.	Available Assets [(1)-(2)-(3)]	47,877,737
5.	$33,668,908 due on 1/1/2007, discounted	30,669,552
6.	Net Available Assets [(4)-(5)]	17,208,185
7.	Increase ratio [(B6)/(A4)]	.08925
8.	Table increase [$941x(7)]	83
9.	New table amount [$941+(8)]	**1,024**
10.	Actual new table amount	**1,024**

EXHIBIT 14A

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Cumulative Experience Position Net of Asset Transfers

I. Calculation of Expected Unfunded Actuarial Accrued Liability at 10/1/2005 (Prior Basis)

		-$-
A.	Expected Unfunded Actuarial Accrued Liability at 10/1/2004	315,154,741
B.	Entry Age Normal Cost for 2004/2005 Year Paid or Payable by Employer	24,143,147
C.	Interest on (A) and (B)	26,295,586
D.	Contributions for 2004/2005Year Paid or Payable by Employer (Required)	45,545,130
E.	Interest on (D)	3,529,748
F.	Expected Unfunded Actuarial Accrued Liability at 9/30/2005	316,518,596
G.	Additional Unfunded Actuarial Accrued Liability due to Method Changes	(90,905,096)
H.	Additional Unfunded Actuarial Accrued Liability due to Florida Law 99-1	0
I.	Final Expected Unfunded Actuarial Accrued Liability at 9/30/2005	225,613,500

II. Determination of Net Cumulative Experience Position at 10/1/2005

A.	Expected Unfunded Actuarial Liability as of September 30, 2005	225,613,500
B.	Entry Age Reserve - Actives	544,365,431
	- Inactives	677,186,047
	- Total	1,221,551,478
C.	Actuarial Asset Value (Net of Future Transfers)	1,026,208,370
D.	Actual Unfunded Actuarial Liability (B)-(C)	195,343,108
E.	Cumulative Experience Gain (Loss) (A)-(D)	30,270,392

III. Future Transfers of Excess Investment Income at 10/1/2005

A.	$13,147,517 due on 1/1/2006, discounted	12,904,448
B.	$33,668,908 due on 1/1/2007, discounted	33,046,442
C.	Total Future Transfers at 10/1/2005 (A)+(B)	43,574,000

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Cumulative Experience Position Net of Asset Transfers

I. Calculation of Expected Unfunded Actuarial Accrued Liability at 10/1/2001	
	-$-
A. (i) Expected Unfunded Actuarial Accrued Liability at 10/1/2000	269,677,837
B. Entry Age Normal Cost for 2002/2003 Year Paid or Payable by Employer	15,638,156
C. Interest on (A) and (B)	22,111,989
D. Contributions for 2000/2001 Year Paid or Payable by Employer (Required)	4,003,892
E. Interest on (D)	310,302
F. Expected Unfunded Actuarial Accrued Liability at 9/30/2001	303,113,788
G. Additional Unfunded Actuarial Accrued Liability due to Assumption and Method Changes	16,856,132
H. Additional Unfunded Actuarial Accrued Liability due to Florida Law 99-1	0
I. Final Expected Unfunded Actuarial Accrued Liability at 9/30/2001	319,969,920
II. Determination of Net Cumulative Experience Position at 10/1/2001	
A. Expected Unfunded Actuarial Liability as of September 30, 2001	319,969,920
B. Entry Age Reserve - Actives	502,653,559
- Inactives	430,016,405
- Total	932,669,964
C. Actuarial Asset Value	990,391,492
D. Actual Unfunded Actuarial Liability (B)-(C)	(57,721,528)
E. Cumulative Experience Gain (Loss) (A)-(D)	377,691,448
III. Future Transfers of Excess Investment Income at 10/1/2001	
A. $33,619,502 due on 1/1/2002, discounted	32,997,950
B. $0 due on 1/1/2003, discounted	0
C. Total Future Transfers at 10/1/2001 (A) + (B)	32,997,950

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Cumulative Experience Position Net of Asset Transfers

I. Calculation of Expected Unfunded Actuarial Accrued Liability at 10/1/2002	
A. (i) Expected Unfunded Actuarial Accrued Liability at 10/1/2001	-$- 319,969,920
B. Entry Age Normal Cost for 2001/2002 Year Paid or Payable by Employer	17,402,263
C. Interest on (A) and (B)	26,146,344
D. Contributions for 2001/2002 Year Paid or Payable by Employer (Required)	1,051,629
E. Interest on (D)	81,501
F. Expected Unfunded Actuarial Accrued Liability at 9/30/2002	362,385,397
G. Additional Unfunded Actuarial Accrued Liability due to Assumption and Method Changes	(39,947,311)
H. Additional Unfunded Actuarial Accrued Liability due to Florida Law 99-1	0
I. Final Expected Unfunded Actuarial Accrued Liability at 9/30/2002	322,438,086
II. Determination of Net Cumulative Experience Position at 10/1/2002	
A. Expected Unfunded Actuarial Liability as of September 30, 2002	322,438,086
B. Entry Age Reserve - Actives	566,386,564
- Inactives	433,461,971
- Total	999,848,535
C. Actuarial Asset Value	897,596,056
D. Actual Unfunded Actuarial Liability (B)-(C)	102,252,479
E. Cumulative Experience Gain (Loss) (A)-(D)	220,185,607
III. Future Transfers of Excess Investment Income at 10/1/2002	
A. $0 due on 1/1/2003, discounted	0
B. $0 due on 1/1/2004, discounted	0
C. Total Future Transfers at 10/1/2002 (A) + (B)	0

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Cumulative Experience Position Net of Asset Transfers

	-$-
I. Calculation of Expected Unfunded Actuarial Accrued Liability at 10/1/2003	
A. (i) Expected Unfunded Actuarial Accrued Liability at 10/1/2002	322,438,086
B. Entry Age Normal Cost for 2002/2003 Year Paid or Payable by Employer	16,824,159
C. Interest on (A) and (B)	26,292,824
D. Contributions for 2002/2003 Year Paid or Payable by Employer (Required)	18,163,588
E. Interest on (D)	1,407,678
F. Expected Unfunded Actuarial Accrued Liability at 9/30/2003	345,983,803
G. Additional Unfunded Actuarial Accrued Liability due to Assumption and Method Changes	(41,249,437)
H. Additional Unfunded Actuarial Accrued Liability due to Florida Law 99-1	0
I. Final Expected Unfunded Actuarial Accrued Liability at 9/30/2003	304,734,366
II. Determination of Net Cumulative Experience Position at 10/1/2003	
A. Expected Unfunded Actuarial Liability as of September 30, 2003	304,734,366
B. Entry Age Reserve - Actives	593,967,164
- Inactives	473,962,126
- Total	1,067,929,290
C. Actuarial Asset Value	921,814,760
D. Actual Unfunded Actuarial Liability (B)-(C)	146,114,530
E. Cumulative Experience Gain (Loss) (A)-(D)	158,619,836
III. Future Transfers of Excess Investment Income at 10/1/2003	
A. $0 due on 1/1/2004, discounted	0
B. $0 due on 1/1/2005, discounted	0
C. Total Future Transfers at 10/1/2003 (A)+(B)	0

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Cumulative Experience Position Net of Asset Transfers

I. Calculation of Expected Unfunded Actuarial Accrued Liability at 10/1/2004	
	-$-
A. (i) Expected Unfunded Actuarial Accrued Liability at 10/1/2003	304,734,366
B. Entry Age Normal Cost for 2003/2004 Year Paid or Payable by Employer	24,094,147
C. Interest on (A) and (B)	25,484,210
D. Contributions for 2003/2004 Year Paid or Payable by Employer (Required)	36,341,515
E. Interest on (D)	2,816,467
F. Expected Unfunded Actuarial Accrued Liability at 9/30/2004	315,154,741
G. Additional Unfunded Actuarial Accrued Liability due to Assumption and Method Changes	0
H. Additional Unfunded Actuarial Accrued Liability due to Florida Law 99-1	0
I. Final Expected Unfunded Actuarial Accrued Liability at 9/30/2004	315,154,741
II. Determination of Net Cumulative Experience Position at 10/1/2004	
A. Expected Unfunded Actuarial Liability as of September 30, 2004	315,154,741
B. Entry Age Reserve - Actives	536,690,870
- Inactives	616,082,527
- Total	1,152,773,397
C. Actuarial Asset Value	990,108,742
D. Actual Unfunded Actuarial Liability (B)-(C)	162,664,655
E. Cumulative Experience Gain (Loss) (A)-(D)	152,490,086
III. Future Transfers of Excess Investment Income at 10/1/2004	
A. $0 due on 1/1/2005, discounted	0
B. $13,147,517 due on 1/1/2006, discounted	11,976,286
C. Total Future Transfers at 10/1/2004 (A) + (B)	11,976,286

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Cumulative Experience Position Net of Asset Transfers

I. Calculation of Expected Unfunded Actuarial Accrued Liability at 10/1/2005	
	-$-
A. (i) Expected Unfunded Actuarial Accrued Liability at 10/1/2004	315,154,741
B. Entry Age Normal Cost for 2004/2005 Year Paid or Payable by Employer	24,143,147
C. Interest on (A) and (B)	26,295,586
D. Contributions for 2004/2005 Year Paid or Payable by Employer (Required)	45,545,130
E. Interest on (D)	3,529,748
F. Expected Unfunded Actuarial Accrued Liability at 9/30/2005	316,518,596
G. Additional Unfunded Actuarial Accrued Liability due to Assumption and Method Changes	0
H. Additional Unfunded Actuarial Accrued Liability due to Florida Law 99-1	0
I. Final Expected Unfunded Actuarial Accrued Liability at 9/30/2005	316,518,596
II. Determination of Net Cumulative Experience Position at 10/1/2005	
A. Expected Unfunded Actuarial Liability as of September 30, 2005	316,518,596
B. Entry Age Reserve - Actives	544,365,431
- Inactives	677,186,047
- Total	1,221,551,478
C. Actuarial Asset Value	1,064,923,468
D. Actual Unfunded Actuarial Liability (B)-(C)	156,628,010
E. Cumulative Experience Gain (Loss) (A)-(D)	159,890,586
III. Future Transfers of Excess Investment Income at 10/1/2005	
A. $13,147,517 due on 1/1/2006, discounted	12,904,448
B. $33,668,908 due on 1/1/2007, discounted	30,669,552
C. Total Future Transfers at 10/1/2005 (A)+(B)	43,574,000

EXHIBIT 15

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

(COLA Fund)

Summary of Principal COLA Provisions

Effective Date:	January 1, 1994, amended January 1, 1995.
Eligibility:	All inactive members in Miami Fire Fighters' and Police Officers' Retirement Trust.
Prior COLA:	Benefits granted through 1993 continue to be paid, in addition to benefits to be granted in the future.
Available Assets:	Existing COLA assets as of January 1, 1995; beginning with the 1991/92 fiscal year, a percentage of excess investment return on FIPO assets (75% of first 2.5%, 50% of next 2.5%, 25% of next 2.5%), subject to a minimum City contribution of $2.5 million, increasing 4% annually.
Allocated Assets:	Current COLA assets as of September 30, 2005, plus present value of $2.5 million minimum guarantee for 14 years. The 4% future annual increases is not pre-allocated. A contingency reserve of 22% has been established for adverse experience.
COLA Benefits:	In addition to prior COLA, benefits are based on attached table, with $1,024 monthly benefit for 25 years of creditable service and 22 completed years of retirement (after age 46). The $1,024 amount is reduced by 5% for each year of retirement less than 22 and each year of creditable service less than 25 and increased similarly for years of retirement greater than 22 and years of creditable service greater than 25. Benefits are based on the FIPO option elected. Tabular amounts are adjusted, based on the FIPO adjustments at the time of FIPO benefit commencement, for options other than Option 8 (Joint & 40%). Surviving spouses receive the percentage of the table amount determined under the FIPO election. Service-incurred and accidental disabilities and deaths receive benefits based on the greater of 25 years or actual creditable service.
Changes from Prior Year Valuation:	Table changed from $941 to $1,024 (at 25 years of creditable service and 22 years of retirement).

Miami Firefighters' and Police Officers' Retirement Trust

2006 Monthly Retirement Supplements (1024 Table)

Completed Years of Retirement (after age 46)

YEARS OF CREDITABLE SERVICE	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
10	0	0	0	26	38	51	64	77	90	102	115	128	141	154	166	179	192	205	218	230	243	256	269	282	294
11	0	0	0	31	46	61	77	92	108	123	138	154	169	184	200	215	230	246	261	276	292	307	323	338	353
12	0	0	0	36	54	72	90	108	125	143	161	179	197	215	233	251	269	287	305	323	340	358	376	394	412
13	0	0	0	41	61	82	102	123	143	164	184	205	225	246	266	287	307	328	348	369	389	410	430	451	471
14	0	0	0	46	69	92	115	138	161	184	207	230	253	276	300	323	346	369	392	415	438	461	484	507	530
15	0	0	0	51	77	102	128	154	179	205	230	256	282	307	333	358	384	410	435	461	486	512	538	563	589
16	0	0	0	56	84	113	141	169	197	225	253	282	310	338	366	394	422	451	479	507	535	563	591	620	648
17	0	0	0	61	92	123	154	184	215	246	276	307	338	369	399	430	461	492	522	553	584	614	645	676	707
18	0	0	0	67	100	133	166	200	233	266	300	333	366	399	433	466	499	532	566	599	632	666	699	732	765
19	0	0	0	72	108	143	179	215	251	287	323	358	394	430	466	502	538	573	609	645	681	717	753	788	824
20	0	0	0	77	115	154	192	230	269	307	346	384	422	461	499	538	576	614	653	691	730	768	806	845	883
21	0	0	0	82	123	164	205	246	287	328	369	410	451	492	532	573	614	655	696	737	778	819	860	901	942
22	0	0	0	87	131	174	218	261	305	348	392	435	479	522	566	609	653	696	740	783	827	870	914	957	1001
23	0	0	0	92	138	184	230	276	323	369	415	461	507	553	599	645	691	737	783	829	876	922	968	1014	1060
24	0	0	0	97	146	195	243	292	340	389	438	486	535	584	632	681	730	778	827	876	924	973	1021	1070	1119
25	0	0	0	102	154	205	256	307	358	410	461	512	563	614	666	717	768	819	870	922	973	1024	1075	1126	1178
26	0	0	0	108	161	215	269	323	376	430	484	538	591	645	699	753	806	860	914	968	1021	1075	1129	1183	1236
27	0	0	0	113	169	225	282	338	394	451	507	563	620	676	732	788	845	901	957	1014	1070	1126	1183	1239	1295
28	0	0	0	118	177	236	294	353	412	471	530	589	648	707	765	824	883	942	1001	1060	1119	1178	1236	1295	1354
29	0	0	0	123	184	246	307	369	430	492	553	614	676	737	799	860	922	983	1044	1106	1167	1229	1290	1352	1413
30	0	0	0	128	192	256	320	384	448	512	576	640	704	768	832	896	960	1024	1088	1152	1216	1280	1344	1408	1472
31	0	0	0	133	200	266	333	399	466	532	599	666	732	799	865	932	998	1065	1132	1198	1265	1331	1398	1464	1531
32	0	0	0	138	207	276	346	415	484	553	622	691	760	829	899	968	1037	1106	1175	1244	1313	1382	1452	1521	1590
33	0	0	0	143	215	287	358	430	502	573	645	717	788	860	932	1004	1075	1147	1219	1290	1362	1434	1505	1577	1649
34	0	0	0	148	223	297	371	445	520	594	668	742	817	891	965	1039	1114	1188	1262	1336	1411	1485	1559	1633	1708
35	0	0	0	154	230	307	384	461	538	614	691	768	845	922	998	1075	1152	1229	1306	1382	1459	1536	1613	1690	1766
36	0	0	0	159	238	317	397	476	556	635	714	794	873	952	1032	1111	1190	1270	1349	1428	1508	1587	1667	1746	1825
37	0	0	0	164	246	328	410	492	573	655	737	819	901	983	1065	1147	1229	1311	1393	1475	1556	1638	1720	1802	1884
38	0	0	0	169	253	338	422	507	591	676	760	845	929	1014	1098	1183	1267	1352	1436	1521	1605	1690	1774	1859	1943
39	0	0	0	174	261	348	435	522	609	696	783	870	957	1044	1132	1219	1306	1393	1480	1567	1654	1741	1828	1915	2002
40	0	0	0	179	269	358	448	538	627	717	806	896	986	1075	1165	1254	1344	1434	1523	1613	1702	1792	1882	1971	2061
41	0	0	0	184	276	369	461	553	645	737	829	922	1014	1106	1198	1290	1382	1475	1567	1659	1751	1843	1935	2028	2120
42	0	0	0	189	284	379	474	568	663	758	852	947	1042	1137	1231	1326	1421	1516	1610	1705	1800	1894	1989	2084	2179
43	0	0	0	195	292	389	486	584	681	778	876	973	1070	1167	1265	1362	1459	1556	1654	1751	1848	1946	2043	2140	2237
44	0	0	0	200	300	399	499	599	699	799	899	998	1098	1198	1298	1398	1498	1597	1697	1797	1897	1997	2097	2196	2296
45	0	0	0	205	307	410	512	614	717	819	922	1024	1126	1229	1331	1434	1536	1638	1741	1843	1946	2048	2150	2253	2355
46	0	0	0	210	315	420	525	630	735	840	945	1050	1155	1260	1364	1469	1574	1679	1784	1889	1994	2099	2204	2309	2414
47	0	0	0	215	323	430	538	645	753	860	968	1075	1183	1290	1398	1505	1613	1720	1828	1935	2043	2150	2258	2365	2473
48	0	0	0	220	330	440	550	660	771	881	991	1101	1211	1321	1431	1541	1651	1761	1871	1981	2092	2202	2312	2422	2532
49	0	0	0	225	338	451	563	676	788	901	1014	1126	1239	1352	1464	1577	1690	1802	1915	2028	2140	2253	2365	2478	2591
50	0	0	0	230	346	461	576	691	806	922	1037	1152	1267	1382	1498	1613	1728	1843	1958	2074	2189	2304	2419	2534	2650

Miami Firefighters' and Police Officers' Retirement Trust

2006 Monthly Retirement Supplements (1024 Table)

Completed Years of Retirement (after age 46)

YEARS OF SERVICE	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50
10	307	320	333	346	358	371	384	397	410	422	435	448	461	474	486	499	512	525	538	550	563	576	589	602	614
11	369	384	399	415	430	445	461	476	492	507	522	538	553	568	584	599	614	630	645	660	676	691	707	722	737
12	430	448	466	484	502	520	538	556	573	591	609	627	645	663	681	699	717	735	753	771	788	806	824	842	860
13	492	512	532	553	573	594	614	635	655	676	696	717	737	758	778	799	819	840	860	881	901	922	942	963	983
14	553	576	599	622	645	668	691	714	737	760	783	806	829	852	876	899	922	945	968	991	1014	1037	1060	1083	1106
15	614	640	666	691	717	742	768	794	819	845	870	896	922	947	973	998	1024	1050	1075	1101	1126	1152	1178	1203	1229
16	676	704	732	760	788	817	845	873	901	929	957	986	1014	1042	1070	1098	1126	1155	1183	1211	1239	1267	1295	1324	1352
17	737	768	799	829	860	891	922	952	983	1014	1044	1075	1106	1137	1167	1198	1229	1260	1290	1321	1352	1382	1413	1444	1475
18	799	832	865	899	932	965	998	1032	1065	1098	1132	1165	1198	1231	1265	1298	1331	1364	1398	1431	1464	1498	1531	1564	1597
19	860	896	932	968	1004	1039	1075	1111	1147	1183	1219	1254	1290	1326	1362	1398	1434	1469	1505	1541	1577	1613	1649	1684	1720
20	922	960	998	1037	1075	1114	1152	1190	1229	1267	1306	1344	1382	1421	1459	1498	1536	1574	1613	1651	1690	1728	1766	1805	1843
21	983	1024	1065	1106	1147	1188	1229	1270	1311	1352	1393	1434	1475	1516	1556	1597	1638	1679	1720	1761	1802	1843	1884	1925	1966
22	1044	1088	1132	1175	1219	1262	1306	1349	1393	1436	1480	1523	1567	1610	1654	1697	1741	1784	1828	1871	1915	1958	2002	2045	2089
23	1106	1152	1198	1244	1290	1336	1382	1428	1475	1521	1567	1613	1659	1705	1751	1797	1843	1889	1935	1981	2028	2074	2120	2166	2212
24	1167	1216	1265	1313	1362	1411	1459	1508	1556	1605	1654	1702	1751	1800	1848	1897	1946	1994	2043	2092	2140	2189	2237	2286	2335
25	1229	1280	1331	1382	1434	1485	1536	1587	1638	1690	1741	1792	1843	1894	1946	1997	2048	2099	2150	2202	2253	2304	2355	2406	2458
26	1290	1344	1398	1452	1505	1559	1613	1667	1720	1774	1828	1882	1935	1989	2043	2097	2150	2204	2258	2312	2365	2419	2473	2527	2580
27	1352	1408	1464	1521	1577	1633	1690	1746	1802	1859	1915	1971	2028	2084	2140	2196	2253	2309	2365	2422	2478	2534	2591	2647	2703
28	1413	1472	1531	1590	1649	1708	1766	1825	1884	1943	2002	2061	2120	2179	2237	2296	2355	2414	2473	2532	2591	2650	2708	2767	2826
29	1475	1536	1597	1659	1720	1782	1843	1905	1966	2028	2089	2150	2212	2273	2335	2396	2458	2519	2580	2642	2703	2765	2826	2888	2949
30	1536	1600	1664	1728	1792	1856	1920	1984	2048	2112	2176	2240	2304	2368	2432	2496	2560	2624	2688	2752	2816	2880	2944	3008	3072
31	1597	1664	1731	1797	1864	1930	1997	2063	2130	2196	2263	2330	2396	2463	2529	2596	2662	2729	2796	2862	2929	2995	3062	3128	3195
32	1659	1728	1797	1866	1935	2004	2074	2143	2212	2281	2350	2419	2488	2557	2627	2696	2765	2834	2903	2972	3041	3110	3180	3249	3318
33	1720	1792	1864	1935	2007	2079	2150	2222	2294	2365	2437	2509	2580	2652	2724	2796	2867	2939	3011	3082	3154	3226	3297	3369	3441
34	1782	1856	1930	2004	2079	2153	2227	2301	2376	2450	2524	2598	2673	2747	2821	2895	2970	3044	3118	3192	3267	3341	3415	3489	3564
35	1843	1920	1997	2074	2150	2227	2304	2381	2458	2534	2611	2688	2765	2842	2918	2995	3072	3149	3226	3302	3379	3456	3533	3610	3686
36	1905	1984	2063	2143	2222	2301	2381	2460	2540	2619	2698	2778	2857	2936	3016	3095	3174	3254	3333	3412	3492	3571	3651	3730	3809
37	1966	2048	2130	2212	2294	2376	2458	2540	2621	2703	2785	2867	2949	3031	3113	3195	3277	3359	3441	3523	3604	3686	3768	3850	3932
38	2028	2112	2196	2281	2365	2450	2534	2619	2703	2788	2872	2957	3041	3126	3210	3295	3379	3464	3548	3633	3717	3802	3886	3971	4055
39	2089	2176	2263	2350	2437	2524	2611	2698	2785	2872	2959	3046	3133	3220	3308	3395	3482	3569	3656	3743	3830	3917	4004	4091	4178
40	2150	2240	2330	2419	2509	2598	2688	2778	2867	2957	3046	3136	3226	3315	3405	3494	3584	3674	3763	3853	3942	4032	4122	4211	4301
41	2212	2304	2396	2488	2580	2673	2765	2857	2949	3041	3133	3226	3318	3410	3502	3594	3686	3779	3871	3963	4055	4147	4239	4332	4424
42	2273	2368	2463	2557	2652	2747	2842	2936	3031	3126	3220	3315	3410	3505	3599	3694	3789	3884	3978	4073	4168	4262	4357	4452	4547
43	2335	2432	2529	2627	2724	2821	2918	3016	3113	3210	3308	3405	3502	3599	3697	3794	3891	3988	4086	4183	4280	4378	4475	4572	4669
44	2396	2496	2596	2696	2796	2895	2995	3095	3195	3295	3395	3494	3594	3694	3794	3894	3994	4093	4193	4293	4393	4493	4593	4692	4792
45	2458	2560	2662	2765	2867	2970	3072	3174	3277	3379	3482	3584	3686	3789	3891	3994	4096	4198	4301	4403	4506	4608	4710	4813	4915
46	2519	2624	2729	2834	2939	3044	3149	3254	3359	3464	3569	3674	3779	3884	3988	4093	4198	4303	4408	4513	4618	4723	4828	4933	5038
47	2580	2688	2796	2903	3011	3118	3226	3333	3441	3548	3656	3763	3871	3978	4086	4193	4301	4408	4516	4623	4731	4838	4946	5053	5161
48	2642	2752	2862	2972	3082	3192	3302	3412	3523	3633	3743	3853	3963	4073	4183	4293	4403	4513	4623	4733	4844	4954	5064	5174	5284
49	2703	2816	2929	3041	3154	3267	3379	3492	3604	3717	3830	3942	4055	4168	4280	4393	4506	4618	4731	4844	4956	5069	5181	5294	5407
50	2765	2880	2995	3110	3226	3341	3456	3571	3686	3802	3917	4032	4147	4262	4378	4493	4608	4723	4838	4954	5069	5184	5299	5414	5530

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

Summary of Actuarial Basis

Valuation Date: January 1, 2006.

Valuation Method: Accrued Benefit Cost Method, based on benefits granted to date.

Asset Valuation Method: Market Value, plus present value of future minimum City contributions.

Actuarial Assumptions:

Investment Return: 7.75% compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	.0507%	.0284%
30	.0801%	.0351%
40	.1072%	.0709%
50	.2579%	.1428%
60	.7976%	.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Summary of Actuarial Basis
(Continued)

Age	Disability	Turnover	
		<5	5+
20	.00085	.0240	.0192
21	.00095	.0240	.0192
22	.00105	.0240	.0192
23	.00110	.0240	.0192
24	.00125	.0240	.0192
25	.00130	.0240	.0192
26	.00140	.0240	.0192
27	.00150	.0240	.0192
28	.00160	.0240	.0192
29	.00170	.0240	.0192
30	.00180	.0240	.0192
31	.00200	.0240	.0192
32	.00220	.0240	.0192
33	.00245	.0240	.0192
34	.00265	.0240	.0192
35	.00285	.0240	.0192
36	.00305	.0228	.0182
37	.00325	.0216	.0173
38	.00345	.0204	.0163
39	.00370	.0192	.0154
40	.00390	.0180	.0144
41	.00470	.0168	.0134
42	.00555	.0156	.0125
43	.00635	.0144	.0115
44	.00720	.0132	.0106
45	.00800	.0120	.0096
46	.00880	.0096	.0077
47	.00965	.0072	.0057
48	.01045	.0048	.0038
49	.01130	.0024	.0019
50	.01210	.0000	.0000

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Summary of Actuarial Basis
(Continued)

Age	Disability	Turnover	
		< 5	5+
51	.01295	.0000	.0000
52	.01375	.0000	.0000
53	.01455	.0000	.0000
54	.01540	.0000	.0000
55	.01620	.0000	.0000
56	.01785	.0000	.0000
57	.01870	.0000	.0000
58	.01950	.0000	.0000
59	.02030	.0000	.0000
60	.00000	.0000	.0000
61	.00000	.0000	.0000
62	.00000	.0000	.0000
63	.00000	.0000	.0000
64	.00000	.0000	.0000
65	.00000	.0000	.0000

Retirement: After eligibility for Rule of 64 Retirement, the following decrements apply, based on service:

Years of Service After R64, 20 Years	%
0-4	10
5-9	25
10+	100

There is no explicit assumption on the percentage of retirements expected to enter the DROP. No distinction is necessary, since funding is calculated to expected retirement or expected DROP entry.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

Summary of Actuarial Basis
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Martial Status:	All employees are assumed to be married.
Investment Expenses:	Not provided for.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Adjustments from Valuation Date:	Liabilities are discounted for 3 months at the Investment Return assumption.
Sources of Data:	Asset data is from unaudited financial statements. Membership data was furnished by Administrator.
Changes from Prior Year Valuation:	None.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)
(Based on 01/01/2005 $941 Table)

I. Funding Status and Progress as of September 30, 2005 and 2004

Pension benefit obligation:	$(Millions) 2005	2004
- Retirees and beneficiaries currently receiving prior COLA benefits	2.2	2.3
- Retirees and beneficiaries receiving COLA tabular benefits (beginning January 1) and terminated employees not yet receiving tabular benefits	153.1	143.1
- Current Employees Accumulated employee contributions including interest	4.7	5.8
Employer - financed vested	0.0	0.0
Employer - financed non-vested	35.0	34.5
- Total pension benefit obligation	195.0	185.7
Net assets available for benefits	231.6	210.3
Unfunded pension benefit (obligation)/asset	36.6	24.7

The pension benefit obligations were determined as part of actuarial valuations at January 1, 2006 and January 1, 2005, based on data and asset information at September 30, 2005 and September 30, 2004. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75% per year compounded annually, (b) post retirement COLA benefits based on the table in effect at January 1, 2005 and January 1, 2004.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)
(Based on 01/01/2005 $941 Table)

II. Contributions Required and Contributions Made

The funding policy provides for annual employer contributions for 21 years from January 1, 1994. The amount of the contribution was $2.5 million, beginning January 1, 1994, increasing 4% per year each year thereafter, and reduced (but not below zero) by any excess investment income transfer due on the same date.

The excess investment income transfer consists of a portion of gains due to investment return exceeding the 7.75 percent assumption. The $13,147,517 amount to be transferred on January 1, 2006 is due to excess investment income during the year ended September 30, 2004, and therefore already is part of the Retirement Trust. The $33,668,908 amount to be transferred on January 1, 2007 is due to excess investment income during the year ended September 30, 2005.

III. Analysis of funding Progress ($ Millions)

Fiscal Year	(1) Net Assets Available for Benefits* ($)	(2) Pension Benefit Obligation** ($)	(3) Percent Funded (%)	(4) Unfunded PBO (2)-(1) ($)	(5) Annual Covered Payroll ($)	(4)/(5) (%)
1993	40.8	32.5	126	(8.3)	72.0	(12)
1994	42.6	51.5	83	8.9	72.9	12
1995	63.8	52.0	123	(11.8)	71.5	(17)
1996	83.9	65.7	128	(18.1)	72.9	(25)
1997	117.7	70.8	166	(46.9)	69.6	(67)
1998	144.2	90.9	159	(53.3)	74.3	(72)
1999	180.7	116.3	155	(64.4)	77.7	(83)
2000	220.5	137.0	161	(83.5)	84.3	(99)
2001	195.0	158.4	123	(36.6)	89.7	(41)
2002	174.1	164.5	106	(9.6)	96.9	(10)
2003	194.8	165.1	118	(29.7)	98.9	(30)
2004	210.3	185.7	113	(24.7)	89.2	(28)
2005	231.6	195.0	119	(36.6)	91.5	(40)

* Excluding future City minimum contributions.
** Excluding new increment, contingency reserves, and reserves for future actives.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)

IV. Revenues and Expenses

Fiscal Year	Revenues by Source: Employee Contributions ($)	Employer Contributions ($)	Investment Income ($)	Total ($)
1987	1,246,688	298,682	871,969	2,417,339
1988	1,272,000	0	393,935	1,665,935
1989	1,381,407	0	686,477	2,067,884
1990	1,457,451	0	694,749	2,152,200
1991	1,505,015	0	1,024,972	2,529,987
1992	1,422,192	0	1,031,806	2,453,998
1993	1,493,735	0	1,151,821	2,645,556
1994	474,233	9,481,546	1,313,750	11,269,529
1995	506	16,818,431	3,754,787	20,573,724
1996	0	2,622,149	3,795,508	6,417,657
1997	4,226	12,736,609	7,724,214	20,465,049
1998	1,094	14,344,834	10,325,730	24,671,658
1999	11,792	17,020,337	9,278,121	26,310,250
2000	293	23,437,048	18,932,095	42,369,436
2001	0	28,380,385	6,709,796	35,090,181
2002	0	32,080,031	571,271	32,651,302
2003	0	3,558,280	6,649,841	10,208,121
2004	0	3,700,611	9,923,222	13,623,833
2005	0	3,848,635	12,516,741	16,365,377

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)
(Continued)

IV. Revenues and Expenses (Continued)

Fiscal Year	Expenses by Type			
	Benefits ($)	Administrative Expenses ($)	Refunds ($)	Total ($)
1987	183,548	7,301	36,679	227,528
1988	321,908	387	68,950	391,245
1989	430,185	0	46,021	476,206
1990	534,058	0	85,067	619,125
1991	578,758	0	76,730	655,488
1992	628,793	20,956	78,054	727,803
1993	665,938	27,288	84,945	778,171
1994	1,657,947	7,430	72,595	1,737,972
1995	2,706,830	0	101,814	2,808,644
1996	3,051,315	0	84,143	3,135,458
1997	3,676,801	0	124,925	3,801,726
1998	4,695,927	0	30,136	4,726,063
1999	5,765,042	295,708	17,974	6,078,724
2000	7,016,378	334,588	13,932	7,364,898
2001	8,225,910	445,723	16,796	8,688,429
2002	8,943,616	437,703	11,101	9,392,420
2003	9,332,318	590,842	9,806	9,932,966
2004	9,916,255	609,251	6,313	10,531,819
2005	10,614,510	672,938	1,182	11,288,630

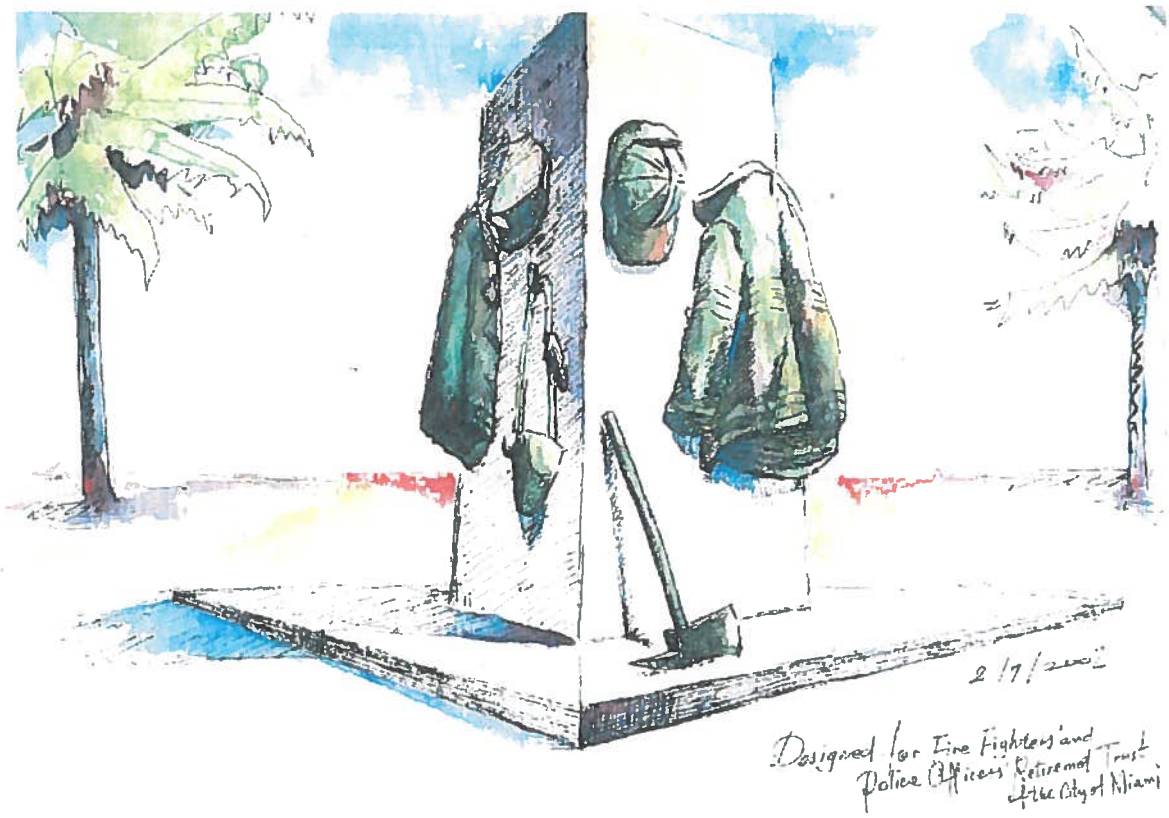
CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Accrued (Prepaid) Contributions Projected to September 30, 2007

	-$-
A. City Contribution Requirement on 10/1/2006	39,823,900
B. Interest on (A) to 9/30/2007	3,086,352
C. Contribution on 10/2/2006	13,715,901.75
D. Interest on (C) to 9/30/2007 (364 days)	1,060,070
E. Contribution on 1/2/2007	14,235,823.44
F. Interest on (E) to 9/30/2007 (272 days)	822,168
G. Contribution on 4/2/2007	12,559,137.81
H. Interest on (G) to 9/30/2007 (182 days)	485,333
I. Accrued (Prepaid) as of 9/30/2007 = (A) + (B) – (C) – (D) – (E) – (F) – (G) – (H)	31,818

Note: The $31,818 accrued contribution as of 9/30/2007 is equivalent to a contribution of $31,215 on 7/02/2007.

The City of Miami Fire Fighters' and Police Officers' Retirement Trust



66th ANNUAL REPORT
SEPTEMBER 30, 2005

The City of Miami
Fire Fighters' and Police Officers'
Retirement Trust

66th ANNUAL REPORT
SEPTEMBER 30, 2005

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I

INTRODUCTORY

SECTION

BOARD OF TRUSTEES

AND

PERSONNEL OF THE RETIREMENT TRUST

AS OF SEPTEMBER 30, 2005

Thomas Gabriel - Chairman
Fire Captain
Elected by the Fire Fighters

Joseph Kaplan
Appointed by the City Commission

Clarence Dickson
Appointed by the City Commission

Raul Fernandez
Fire Fighter
Elected by the Fire Fighters

Monica Fernandez
Appointed by the City Commission

Jesse Diner
Appointed by the City Commission

Gerald Teitelbaum
Assistant City Manager
Appointed by the City Manager

Rolando Gutierrez
Police Officer
Elected by the Police Officers

Annette Rotolo
Police Officer
Elected by the Police Officers

Administrator
Robert H. Nagle

Assistant Administrator
Dania L. Orta

Legal Advisor
Stephen H. Cypen, PA

Medical Advisor
Cornell Lupu, MD

Consulting Actuary
Stanley, Holcombe & Associates

Certified Public Accountants
Koch Reiss

Investment Managers

Barrow, Hanley, et al
Champlain Asset Mangagement
Delaware Asset Management
Morgan Stanley Investment Advisors
State Street Global Advisors
Lazard Asset Management
Eagle Asset Management

Dodge & Cox Investment Mang.
Boston Partners
J. P. Morgan Investment Mang.
Munder Capital Management
Barclays Global Investors
Oechsle International Advisors
Urdang
RCM

Consultant
Milliman USA

Custodian
Northern Trust Company

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

66th ANNUAL REPORT

On September 30, 2005, the City of Miami Fire Fighters' and Police Officers' Retirement Trust completed its sixty fifth year of operation.

Retirement benefits granted during the year represent annual benefits of $6,408,576and are as follows:

14	Service Retirements with Annual Benefits of	881,5350..
69	DROP Service Retirements with Annual Benefits of	5,340,511.00
1	Vested Right Retirement with annual benefits of	21,438.00
4	Accidental Disability Retirements with an annual benefit of	165,092.00

During the year, 29 pensioners of the Retirement Trust died. Of these, 15 had selected a pension which terminated at their death and 14 had selected an option that will continue to a beneficiary representing yearly benefits of $120,969.00.

During the year ending September 30, 2005, the pension payroll totaled of $66,518,784.00. It was 12.5% greater than the previous year as follows:

		ANNUAL BENEFITS
978	Service Retirements	43,204,361.00
206	DROP Service Retirements	15,940,723.00
87	Early Service Retirements	1,050,604.00
30	Vested Right Retirements	537,528.00
9	Ordinary Disability Retirements	67,113.00
204	Service/Accidental Disability Retirements	3,941,938.00
11	Accidental Death Retirements	181,001.00
3	Ordinary Death Early	43,366.00
187	Continuances	1,552,151.00
		66,518,784.00
	Securities' gains and losses, Miscellaneous Income	71,423,997.00

The various statements and schedules, which follow, reflect the activities of the system from the beginning as well as for the current year. An outline showing benefits and working procedures is also included.

II

FINANCIAL

SECTION

KOCH
CERTIFIED PUBLIC ACCOUNTANTS & COUNSELORS
REISS

Report of Independent Certified Public Accountants

Donald F. Bellantoni, CPA
Dana M. Kaufman, CPA / JD / CFE
Jeffrey B. Koch, CPA / PFS
A. Gerald Reiss, CPA
Jack N. Rosenberg, CPA
Lawrence W. Rubenstein, CPA
Bernard J. Schinder, CPA / PFS

Members of the Private Companies Practice Section
of the American Institute of
Certified Public Accountants

Member of AGN International
with offices in principal cities worldwide

Board of Trustees
City of Miami Fire Fighters' and Police Officers' Retirement Trust
Miami, Florida

We have audited the accompanying statements of plan net assets of the City of Miami Fire Fighters' and Police Officers' Retirement Trust at September 30, 2005 and 2004, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of September 30, 2005 and 2004, and the changes in plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 14, 2005 on our consideration of the City of Miami Fire Fighters' and Police Officers' Retirement Trust internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis on pages 2-6 and the supplementary information in Schedules 1 and 2 which show historical pension information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit and express no opinion on them.

Koch Reiss + Company, P.A.

November 14, 2005

The City of Miami
Fire Fighters' and Police Officers'
Retirement Trust

ADMINISTRATOR
Robert H. Nagle

ASSISTANT ADMINISTRATOR
Dania L. Orta

TRUSTEES
Clarence Dickson
Jesse Diner
Monica Fernandez
Raul Fernandez
Tom Gabriel
Rolando Gutierrez
Joseph Kaplan
Annette Rotolo
Gerald Teitelbaum

MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION)

Our discussion and analysis of the City of Miami Fire Fighters' and Police Officers' Retirement Trust (The Trust) financial performance provides an overview of the Trust's financial activities for the fiscal years ended September 30, 2005 and 2004, Please read it in conjunction with the Trust's financial statements, which follow this discussion.

Financial Highlights

- Trust assets exceeded its liabilities at the close of fiscal years ended 2005 by $1,336.4 million (reported as net assets held in trust for pension benefits). Net assets are held in trust to meet future benefit payments.

- Trust funding objective is to meet long-term benefit obligations through contributions and investment income. As of October 1, 2004, date of the latest actuarial valuation, the funded ratio was approximately 85%.

- Revenues for the fiscal year ended 2005 were $245.6 million which is comprised of contributions of $68.0 million and investment income of $177.6 million.

- Expenses increased over the prior year from $63.5 million to $77.4 million or 21.9%. Most of this increase represented increased retirement benefits paid.

Overview of the Financial Statements

The Trust's financial statements are comprised of a Statement of Plan Net Assets, a Statement of Changes in Plan Net Assets, and Notes to Financial Statements. Also included is certain required supplementary information. These financial statements report information about the Trust, as a whole, and about its financial condition that should help answer the question: Is the Trust, as a whole, better off or worse off as a result of this year's activities? These statements include all assets and liabilities using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, all revenues and expenses are taken into account regardless of when cash is received or paid.

The statement of plan net assets presents information on the assets and liabilities and the resulting net assets held in trust for pension benefits. This statement reflects the Trust's investments, at fair value, along with cash and cash equivalents, receivables and other assets and liabilities.

Overview of the Financial Statements (continued)

The statement of changes in plan net assets presents information showing how the Trust's net assets held in trust for pension benefits changed during the years ended September 30, 2005 and 2004. It reflects contributions by members and the employer along with deductions for retirement benefits, refunds and withdrawals, and administrative expenses. Investment income during the period is also presented showing income from investing and securities lending activities.

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The required supplementary information and the related notes present a schedule of funding progress and a schedule of employer contributions along with a discussion of actuarial assumptions and methods.

Financial Analysis

Trust's total assets as of September 30, 2005, were $1,573.2 million and were mostly comprised of cash and cash equivalents, investments, property and equipment and receivables related to investments. Total assets increased $220.6 million or 16.3% from the prior year primarily due to increases in contributions and increased investment earnings.

Total liabilities as of September 30, 2005 were $236.8 million and were mostly comprised of obligations under securities lending, payable for securities purchased and deferred retirement option plan payable. Total liabilities increased $52.4 million or 28.4% from the prior year primarily due to an increase in obligations under securities lending and an increase in payables for the purchase of investments.

Trust assets exceeded its liabilities at the close of fiscal year ended September 30, 2005 by $1,336.4 million. Total net assets held in trust for pension benefits increased $168.2 million or 14.4% from the previous year, primarily due to improvement in market conditions and an increase in investment earnings.

City of Miami
Fire Fighters' and Police Officers' Retirement Trust
Plan Net Assets
(In Thousands)

	2005	2004	Increase (Decrease) Amount	Total Percentage Change
Assets:				
Cash and cash equivalents	$ 35,255	$ 39,459	$ (4,204)	(10.7) %
Receivables	4,616	12,143	(7,527)	(62.0)
Investments	1,334,989	1,151,707	183,282	15.9
Security lending collateral	196,025	146,959	49,066	33.4
Property and equipment, net	2,299	2,342	(43)	(1.8)
Total assets	1,573,184	1,352,610	220,574	16.3
Liabilities:				
Payables for securities purchased	15,980	27,314	(11,334)	(41.5)
Accounts payable	255	407	(152)	(37.3)
DROP payable	24,523	9,686	14,837	153.2
Obligations under securities lending	196,025	146,959	49,066	33.4
Total liabilities	236,783	184,366	52,417	28.4
Net assets held in trust for pension benefits	$ 1,336,401	$ 1,168,244	$ 168,157	14.4 %

Revenues – Additions to Plan Net Assets

The reserves needed to finance retirement benefits are accumulated through the collection of contributions from members and the City and through earnings on investments. Contributions and net investment income/(losses) for fiscal year 2005 totaled $245.6 million.

Total contributions and net investment income increased $53.5 million or 27.8% from those of the prior year, due primarily market conditions and investment earnings. Total City contributions increased from the previous year by $12.7 million or 34.7%. This increase is primarily due to an increase in the City's actuarially computed minimum required contribution. Total employee contributions decreased from the previous year by $5.8 million or 23.8% due primarily to the retirement of higher paid employees who were not replaced and subsequent replacements at lower rates of compensation. Investment income increased from the previous year by $46.5 million or 35.5%.

Additions in Plan Net Assets
(In Thousands)

	2005	2004	Increase Amount	Total Percentage Change
City contribution	$ 49,394	$ 36,660	$ 12,734	34.7 %
Member contributions	18,608	24,415	(5,807)	23.8
Net investment income	177,304	130,842	46,462	35.5
Net income from securities lending	286	222	64	28.8
Total additions	$ 245,592	$ 192,139	$ 53,453	27.8 %

Expenses – Deductions from Plan Net Assets

The primary expenses of the Trust include the payment of pension benefits to members and beneficiaries, refund of contributions to former members, and distributions to retirees. Total deductions for fiscal year ended 2005 were $77.4 million, an increase of 21.9% over year 2004 expenditures.

The payment of pension benefits to retirees increased by $13.3 million or 24.9% from the previous year. The increase in pension benefit expenditures resulted from an increase in number of retirees (75) and an increase in benefit payments to retirees.

Expenses – Deductions from Plan Net Assets (continued)

Deductions from Plan Net Assets
(In Thousands)

	2005	2004	Increase (Decrease) Amount	Total Percentage Change
Pension benefits	$ 66,519	$ 53,249	$ 13,270	24.9 %
Refunds upon resignation, death, etc.	260	308	(48)	(15.6)
Distributions to retirees	10,615	9,916	699	7.0
Depreciation expense	43	43	0	0
Total deductions	$ 77,437	$ 63,516	$ 13,921	21.9 %

Capital Assets

As of September 30, 2005, the Trust's investment in capital assets totaled $2.3 million (net of accumulated depreciation), a decrease of $0.04 million or 1.8% from September 30, 2004. This investment in capital assets includes land and building for administrative use.

Retirement System as a Whole

The Trust's combined net assets have experienced increases over the last 3 years. Management believes, and actuarial studies concur, that the Trust is in a financial position to meet its current obligations.

Contacting the Trust's Financial Management

This financial report is designed to provide the Retirement Board, our membership, taxpayers, investors, and creditors with a general overview of the Trust's finances and to demonstrate the Trust's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City of Miami Fire Fighters and Police Officers' Retirement Trust Fund, 1895 SW 3 Avenue, Miami, FL 33129.

CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST
STATEMENTS OF PLAN NET ASSETS
SEPTEMBER 30, 2005 AND 2004

	2005				2004			
	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total
Assets:								
Cash and cash equivalents	$ 29,033,953	$ 945,175	$ 5,275,453	$ 35,254,581	$ 32,200,838	$ 1,082,599	$ 6,175,385	$ 39,458,822
Investments, at fair value:								
U.S. government and agency obligations	155,590,041	5,065,093	28,270,620	188,925,754	159,182,190	5,351,737	30,527,508	195,061,435
Corporate stocks	718,559,659	23,392,060	130,561,870	872,513,589	599,025,951	20,139,370	114,879,496	734,044,817
Corporate bonds	156,386,784	5,091,030	28,415,388	189,893,202	134,321,107	4,515,902	25,759,721	164,596,730
Mutual funds	48,699,211	1,585,358	8,848,618	59,133,187	39,430,255	1,325,653	7,561,822	48,317,730
Mutual funds - Deferred Retirement Option Plan participants	24,523,233	-	-	24,523,233	9,686,086	-	-	9,686,086
Total investments	1,103,758,928	35,133,541	196,096,496	1,334,988,965	941,645,589	31,332,662	178,728,547	1,151,706,798
Security lending collateral	196,025,160	-	-	196,025,160	146,958,999	-	-	146,958,999
Receivables:								
Proceeds from securities sold	2,099,296	-	-	2,099,296	9,418,318	-	-	9,418,318
City contributions	-	-	-	-	377,005	-	-	377,005
Budget advance from City	238,913	-	-	238,913	223,557	-	-	223,557
Accrued interest and other	2,277,321	-	-	2,277,321	2,124,193	-	-	2,124,193
Total receivables	4,615,530	-	-	4,615,530	12,143,073	-	-	12,143,073
Property and equipment, net	1,893,339	61,636	344,018	2,298,993	1,910,988	64,248	366,484	2,341,720
Total assets	1,335,326,910	36,140,352	201,715,967	1,573,183,229	1,134,859,487	32,479,509	185,270,416	1,352,609,412
Liabilities:								
Payable for securities purchased	15,980,132	-	-	15,980,132	27,313,761	-	-	27,313,761
Accounts payable	255,271	-	-	255,271	406,532	-	-	406,532
Obligations under securities lending	196,025,160	-	-	196,025,160	146,958,999	-	-	146,958,999
Deferred Retirement Option Plan payable	24,523,233	-	-	24,523,233	9,686,086	-	-	9,686,086
Total liabilities	236,783,796	-	-	236,783,796	184,365,378	-	-	184,365,378
Net assets held in trust for pension benefits (a schedule of funding progress is presented on page 20)	$ 1,098,543,114	$ 36,140,352	$ 201,715,967	$ 1,336,399,433	$ 950,494,109	$ 32,479,509	$ 185,270,416	$ 1,168,244,034

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2005 AND 2004

	2005				2004			
	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total
Additions:								
Contributions:								
City	$ 45,545,130	$ -	$ 3,848,635	$ 49,393,765	$ 32,959,003	$ -	$ 3,700,611	$ 36,659,614
Members	18,607,681	-	-	18,607,681	24,415,150	-	-	24,415,150
Total contributions	64,152,811	-	3,848,635	68,001,446	57,374,153	-	3,700,611	61,074,764
Investment income:								
Net appreciation in fair value of investments	128,561,787	3,435,815	19,438,669	151,436,271	89,271,666	2,593,497	14,958,991	106,824,154
Interest	16,179,609	435,940	2,503,691	19,119,240	15,223,962	427,964	2,506,980	18,158,906
Dividend	9,195,177	246,949	1,398,799	10,840,925	7,689,445	214,899	1,242,907	9,147,251
Other	238,122	6,274	35,536	279,932	435,498	12,167	70,387	518,052
	154,174,695	4,124,978	23,376,695	181,676,368	112,620,571	3,248,527	18,779,265	134,648,363
Less investment expense	3,707,970	99,739	564,934	4,372,643	3,192,857	90,282	522,476	3,805,615
Net investment income	150,466,725	4,025,239	22,811,761	177,303,725	109,427,714	3,158,245	18,256,789	130,842,748
Security lending activities:								
Security lending income	346,707	9,330	52,816	408,853	266,637	7,463	43,139	317,239
Security lending expense	104,189	2,804	15,872	122,865	80,176	2,244	12,971	95,391
Net income from security lending	242,518	6,526	36,944	285,988	186,461	5,219	30,168	221,848
Total additions	214,862,054	4,031,765	26,697,340	245,591,159	166,988,328	3,163,464	21,987,568	192,139,360
Deductions:								
Pension benefits	66,518,784	-	-	66,518,784	53,249,449	-	-	53,249,449
Refunds upon resignation, death, etc.	257,859	1,882	-	259,741	301,580	6,313	-	307,893
Distributions to retirees	-	368,080	10,246,430	10,614,510	-	386,966	9,529,289	9,916,255
Depreciation expense	36,406	960	5,359	42,725	36,030	998	5,698	42,726
Total deductions	66,813,049	370,922	10,251,789	77,435,760	53,587,059	394,277	9,534,987	63,516,323
Allocation of net earnings	-	-	-	-	-	-	-	-
Net increase	148,049,005	3,660,843	16,445,551	168,155,399	113,401,269	2,769,187	12,452,581	128,623,037
Net assets held in trust for pension benefits:								
Beginning of year	950,494,109	32,479,509	185,270,416	1,168,244,034	837,092,840	29,710,322	172,817,835	1,039,620,997
End of year	$ 1,098,543,114	$ 36,140,352	$ 201,715,967	$ 1,336,399,433	$ 950,494,109	$ 32,479,509	$ 185,270,416	$ 1,168,244,034

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

Note 1 – Description of the Plan

a. Organization

The City of Miami Fire Fighters' and Police Officers' Retirement Trust (the Trust) is a single employer defined benefit plan established by the City of Miami, Florida (the City) pursuant to the provisions and requirements of Ordinance No. 10002 as amended. Since the Trust is sponsored by the City, the Trust is included as a pension trust fund in the City's comprehensive financial report as part of the City's financial reporting entity.

The following brief description of the Trust is provided for general information purposes only. Participants should refer to the Trust document for more detailed and comprehensive information.

b. Membership

Participants are contributing police officers and firefighters with fulltime status in the Police and Fire Department of the City of Miami, Florida.

As of October 1, 2005 and 2004, membership in the Trust consisted of:

	2005	2004
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.	1,743	1,668
Current employees:		
Vested	855	542
Nonvested	600	926
	1,455	1,468

c. Member Contributions

Members contribute a percentage of their base salaries on a bi-weekly basis. Effective October 1, 2000 and thereafter, member contribution, is 7% of compensation or equal to the City's contribution, whichever is less. Prior to the agreement dated January 9, 1994, members contributed 10½%, of which 2% was designated as a contribution to the Cost-Of-Living Adjustment Account (COLA I account). Effective January 9, 1994, the Trust entered into an agreement with the City whereby this percentage was decreased to 10% and a new Cost-of-Living Adjustment Account (COLA II account) was created and funded by a percentage of the excess investment return (from other than COLA I account assets).

Note 1 – Description of the Plan (continued)

c. Member Contributions (continued)

Effective October 1, 2000, should the member contribution be less than 7% due to the City contribution the difference between the 7% and the actual contribution shall be deducted from the member's paycheck and placed into an individual contribution account (ICA), as part of the retirement system. Interest on ICA's shall be determined in the same manner as the COLA transfer methodology. Interest shall be credited periodically to the ICA's as determined by the retirement system board's actuary. Member contributions and earnings in ICA's shall be deemed 100% vested upon deposit. Upon the member's separation, ICA balances shall be disbursed as provided under the IRS Code. For the year ended September 30, 2002, ICA's would have been established, however the City, Fraternal Order of Police, Lodge No. 20, and the International Association of Firefighters, Local 587, came to an agreement to waive the provisions for the ICA's for the period of October 7, 2001 through October 5, 2002. This waiver shall be only for that period and none other.

During the year ended September 30, 2005 and 2004, approximately $11,700,000 and $17,400,000 respectively, is included as employee contributions for the purchase of additional service years by employees as provided for by the Trust.

d. Funding Requirements

The City is to contribute such amounts as are necessary to maintain the actuarial soundness of the Trust and to provide the Trust with assets sufficient to meet the benefits to be paid to the participants. Contributions to the Trust are authorized, pursuant to City of Miami Code Section 40.196 (a) and (b). Contributions to the COLA accounts are authorized pursuant to Section 40.204 of the City of Miami Code. The City's contributions to the Trust provide for non-investment expenses and normal costs of the Trust. The yield (interest, dividends, and net realized gains and losses) on investments of the Trust serves to reduce future contributions that would otherwise be required to provide for the defined level of benefits under the Trust.

e. Pension Benefits

Effective October 1, 1998 members may elect to retire after 10 or more years of creditable service upon attainment of normal retirement age. Normal retirement age for members shall be 50 years of age. A member exercising normal service retirement or rule of 64 retirement (computation of service retirement on the basis of his or her combined age and creditable service equaling 64) shall be entitled to receive a retirement allowance equal to 3% (2.75% for police officers prior to October 1, 1998) of the member's average final compensation (as defined in the city code section 40-191), multiplied by years of creditable service for the first 15 years of such creditable service, plus a retirement allowance equal to 3½% (3% for police officers prior to October 1, 1998) of member's final average compensation multiplied by the years of creditable service in excess of 15 years, paid in monthly installments.

Note 1 – Description of the Plan (continued)

e. Pension Benefits (continued)
Prior to October 1, 1998, a firefighter member exercising normal service retirement or rule of 70 retirement (computation of service retirement on the basis of his or her combined age and creditable service equaling 70) were entitled to receive a retirement allowance equal to 3% of the member's final average compensation multiplied by years of creditable service, paid in monthly installments.

Early retirement, disability, death and other benefits are also provided.

f. Investments
The Trust investment policy is determined by the Board of Trustees and is implemented by investment managers. In addition, the Trust utilizes an investment advisor who monitors the investing activities. The investment policy of the Trust stipulates that the trustees shall, in acquiring, investing, reinvesting, exchanging, retaining, selling and maintaining property for the benefit of the Trust exercise the judgment and care under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital. The trustees are authorized to acquire and retain various kinds of property, real, personal or mixed, and various types of investments specifically including, but not by way of limitation, bonds, debentures and other corporate obligations, and stocks, preferred or common, which persons of prudence, discretion and intelligence acquire or retain for their own account. The investment of funds shall be in a manner that is consistent with the applicable sections of the City Code as well as State and Federal laws within the allocation percentages established in the Trust's investment policy guidelines.

The investments are considered held by the Membership and Benefit account and a share of the value of this account is allocated to each account based on a weighted average calculation performed each month to reflect each account's membership and benefit, COLA I and COLA II activity.

Note 2 – Summary of Significant Accounting Policies

a. Basis of Accounting
The Trust's financial statements are prepared using the accrual basis of accounting. Member contributions are recognized as revenues in the period in which employee services are performed. Employer contributions are recognized as revenues when due pursuant to actuarial valuations. Interest, rental and dividend income are recorded as earned.

For the year ended September 30, 2005, the Trust adopted GASB Statement No. 40 *Deposit and Investment Risk Disclosures* (an amendment of GASB Statement No. 3). The adoption of GASB 40 requires the Trust to include a presentation of Deposit and Investment Risk Disclosures.

The adoption of GASB 40 does not have an impact on the Trust's financial statements.

Note 2 – Summary of Significant Accounting Policies (continued)

b. Cash equivalents
The Trust considers all highly liquid investment with maturity of three months or less when purchased, to be cash equivalents

c. Investments
Investments are recorded at fair market value. Fair market values of investments are determined as follows: securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year; securities traded in the over-the counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price; commercial paper, time deposits and short-term investment pools are valued at cost which approximates market; mortgages are valued based on current market yield.

Unrealized gains and losses are presented as net appreciation (depreciation) in fair value of investments on the statement of changes in plan net assets along with gains and losses realized on sales of investments. Purchases and sales of securities are reflected on a trade date basis. Realized gains and losses on the sale of investments are based on average cost identification method.

d. Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

e. Property and Equipment
Property and equipment are stated at cost and depreciated using straight-line method over the estimated lives of the assets.

f. Income Tax Status
The Trust is tax-exempt under the Internal Revenue Code and, therefore, has recorded no income tax liability or expense.

Note 3 – Deposit and Investment Risk Disclosures

a. Investment Authorization
The Trust's investment policy is determined by the Board of Trustees. The policy has been identified by the Board as having the greatest expected investment return, and the resulting positive impact on asset values, funded status, and benefits, without exceeding a prudent level of risk. The Trustees are authorized to acquire and retain every kind of property, real, personal or mixed, and every kind of investment specifically including, but not by way of limitation, bonds, debentures, and other corporate obligations, and stocks, preferred or common, which persons of prudence, discretion and intelligence acquire or retain for their own account.

Note 3 – Deposit and Investment Risk Disclosures (continued)

b. Investment Authorization (continued)
Investment in all equity securities shall be limited to those listed on a major U.S. stock exchange and limited to no more than 60% (at market) of the Plan's total asset value with no more than 5% of an investment manager's equity portfolio invested in the shares of a single corporate issuer. Large capitalization domestic equity portfolios will primarily invest in stocks with market capitalization above $5-$6 billion dollars at time purchase, mid capitalization domestic equity portfolios will primarily invest in stocks with market capitalization between $1.25 billion and $5-6 billion at the time of purchase, while small capitalization domestic equity portfolios will primarily invest in stocks with market capitalization of less than $1.25 billion at the time of purchase. The vast majority of equity holdings will be in large capitalization issues. Investments in stocks of foreign companies shall be limited to 7% of the value of the portfolio.

The fixed income portfolio shall be comprised of securities rated "A" or higher by Moodys' or Standard & Poors rating services unless specific approval has been given in writing to the fixed income portfolio managers for investments in BBB rated securities. No more than 5% of the market value of a portfolio at the time of purchase be invested in the securities of any single corporate issuer.

b. Types of Investments
Florida statutes and Plan investment policy authorize the Trustees to invest funds in various investments. The current target allocation of these investments at market is as follows:

Authorized investments	Target % of portfolio	Actual % of portfolio
Equities (small/mid cap)	13.0 %	15.1 %
Equities (large cap)	41.0 %	41.9 %
Fixed income	28.0 %	28.8 %
International equities	6.0 %	6.1 %
Real estate	8.0 %	8.1 %
Private equity	4.0 %	0 %

c. Interest Rate Risk
Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to interest rate risk, the Plan diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities.

Note 3 – Deposit and Investment Risk Disclosures (continued)

c. Interest Rate Risk (continued)

Information about the sensitivity of the fair values of the Plan's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Plan's investments by maturity at September 30, 2005:

		Investment Maturities (in years)			
Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. treasuries	$ 71,040,572	$ 4,812,562	$ 31,016,265	$14,366,214	$ 20,845,531
U.S. agencies	117,885,182	9,694,047	11,845,655	14,174,766	82,170,714
Corporate bonds	189,893,202	78,275,675	42,402,631	23,515,473	45,699,423
	$ 378,818,956	$ 92,782,284	$ 85,264,551	$ 52,056,453	$148,715,668
% of fixed income portfolio	100%	24.5%	22.5%	13.7%	39.3%

d. Credit Risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Plan's investment policy utilizes portfolio diversification in order to control this risk.

The following table discloses credit ratings by investment type, at September 30, 2005, as applicable:

	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	$ 188,925,754	49.87 %
Credit risk debt securities		
A	16,825,541	4.44
A+	6,879,877	1.82
A-	9,677,736	2.55
AA	1,344,403	0.35
AA+	1,214,987	0.32
AA-	5,728,857	1.51
AAA	36,288,885	9.58
BB	1,500,861	0.40
BB+	1,751,244	0.46
BBB	8,891,557	2.35
BBB+	14,073,325	3.72
BBB-	3,531,478	0.93
Not rated (Bond funds and CMO's)	82,184,451	21.70
Total credit risk debt securities	189,893,202	50.13
Total fixed income securities	$378,818,956	100.00 %

*Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

e. Concentration of Credit Risk

The investment policy of the Plan contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of plan net assets at September 30, 2005 and 2004.

Note 3 – Deposit and Investment Risk Disclosures (continued)

f. Custodial Credit Risk
This is the risk that in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Consistent with the Plan's investment policy, the investments are held by Plan's custodial bank and registered in the Plan's name.

g. Foreign Currency Risk
Foreign currency is the risk that changes in exchange rates will adversely affect the fair value of the investment or a deposit. Each investment manager, through the purchase of units in a commingled investment trust fund or international equity mutual fund, establishes investments in international equities. The Trust has an indirect exposure to foreign currency fluctuation as follows:

Currency	Holdings valued in U.S. dollars – Int'ntl equities
Swiss franc	$ 2,636,533
Danish krone	552,428
Euro	13,672,343
British pound sterling	5,213,541
Hong Kong dollar	1,250,952
Japanese yen	10,230,905
South Korean won	888,940
Other	1,631,471
Total	$ 36,077,113

h. Securities Lending Transactions
A retirement system is authorized by state statutes and board of trustees policies to lend its investment securities. The lending is managed by the Trust's custodial bank. All loans can be terminated on demand by either the Trust or the borrowers, although the average term of loans is approximately eighty nine days. The custodial bank and its affiliates are prohibited from borrowing the system's securities.

The agent lends the Trust's U.S. government and agency securities and domestic corporate fixed-income and equity securities for securities or cash collateral of 102 percent and international securities of 105 percent of the securities plus any accrued interest. The securities lending contracts do not allow the Trust to pledge or sell any collateral securities unless the borrower defaults. Cash collateral is invested in the agent's collateral investment pool, whose share values are based on the amortized cost of the pool's investments. Investments are restricted to issuers with a credit rating A3 or A- or higher by Moodys or Standard & Poors. At year-end, the pool has a weighted average term to maturity of thirty-one days. The relationship between the maturities of the investment pool and the Trust's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Trust cannot determine. There are policy restrictions by the custodial bank that limits the amount of securities that can be lent at one time or to one borrower.

Note 3 – Deposit and Investment Risk Disclosures (continued)

h. Securities Lending Transactions (continued)

The following represents the balances relating to securities lending transactions at September 30:

	2005		
Securities Lent:	Fair Value of Underlying Securities	Cash Collateral Received/Securities Collateral Value	Cash Collateral Investment Value
Lent for cash collateral:			
U.S. government and agency obligations	$ 59,795,060	$ 61,129,531	$ 61,129,531
Domestic corporate stocks	119,504,150	122,153,840	122,153,840
Domestic corporate bonds	7,414,600	7,586,840	7,586,840
International corporate stocks	4,944,386	5,154,949	5,154,949
	191,658,196	196,025,160	196,025,160
Lent for securities collateral:			
U.S. government and agency obligations	12,357,322	12,613,711	-
Domestic corporate stocks	1,629,901	1,665,728	-
Domestic corporate bonds	1,764,026	1,803,234	-
	15,751,249	16,082,673	-
Total securities lent	$ 207,409,445	$ 212,107,833	$ 196,025,160

	2004		
Securities Lent:	Fair Value of Underlying Securities	Cash Collateral Received/Securities Collateral Value	Cash Collateral Investment Value
Lent for cash collateral:			
U.S. government and agency obligations	$ 45,402,166	$ 46,257,034	$ 46,257,034
Domestic corporate stocks	81,643,970	83,548,975	83,548,975
Domestic corporate bonds	9,126,842	9,332,517	9,332,517
International corporate stocks	7,477,217	7,820,473	7,820,473
	143,650,195	146,958,999	146,958,999
Lent for securities collateral:			
U.S. government and agency obligations	6,086,857	6,200,255	-
Domestic corporate stocks	3,390,728	3,472,403	-
Domestic corporate bonds	433,103	435,481	-
	9,910,688	10,108,139	-
Total securities lent	$ 153,560,883	$ 157,067,138	$ 146,958,999

Note 3 – Deposit and Investment Risk Disclosures (continued)

h. Securities Lending Transactions (continued)
The contract with the Trust's custodian requires the custodian to indemnify the Trust if the borrower fails to return the securities, due to the insolvency of a borrower, and the custodian has failed to live up to its contractual responsibilities relating to the lending of those securities. At year-end, the Trust has no credit risk exposure to borrowers because the amounts of collateral held by the Trust exceed the amounts the borrowers owe the Trust. There are no significant violations of legal or contractual provisions, no borrowers or lending agent default losses, and no recoveries of prior period losses during the year. There are no income distributions owing on securities lent.

Note 4 – COLA Accounts

Effective January 1, 1994, the Trust entered into an agreement with the City of Miami with regards to the funding methods, employee benefits, employee contributions and retiree COLA. As of January 9, 1994, members no longer contribute to the original COLA account (COLA I), and a new COLA account (COLA II) was established.

The agreement included the following provisions:

- The funding method was changed to an aggregate cost method.
- Combining all accounts for investment purposes (membership and benefit, COLA I and COLA II).
- Retirees receive additional COLA benefits.
- Active employees no longer contribute 2% of pretax earnings to fund the original retiree COLA account (COLA I account).

The COLA II account is funded annually by a percentage of the excess investment return from other than COLA I account assets. The excess earnings contributed to the COLA II account will be used to fund a minimum annual payment of $2.5 million, increasing by 4% compounded annually. To the extent necessary, the City will fund the portion of the minimum annual payment not funded by annual excess earnings no later than January 1 of the following year.

Benefits payable from the COLA accounts are computed in accordance with an actuarially based formula as defined in Section 40.204 of the City of Miami Code. Benefits are subject to review and modification in accordance with City of Miami Code Section 40.204, which provides that all other matters regarding the COLA accounts shall be determined by negotiations between the City, the Board of Trustees and the bargaining representatives of the International Association of Fire Fighters and the Fraternal Order of Police.

Note 5 – Deferred Retirement Option Plan (DROP)

Members who are eligible for service retirement or Rule of 64 after September 1998 may elect to enter the Deferred Retirement Option Plan for a maximum of 3 years prior to October 1, 2001. Effective October 1, 2001 maximum participation in the DROP for firefighters shall be 48 full months and for police officers who elect DROP on October 1, 2003, or thereafter, maximum participation in the DROP shall be 48 full months.

A member's creditable service, accrued benefit and compensation calculation shall be frozen.

Upon commencement of participation in the DROP, the participant's contribution and the City's contribution to the Trust for that participant cease as the participant will not earn further creditable service for pension purposes. Effective October 1, 2001, firefighter DROP participants may continue City employment for up to a maximum of 48 full months and police officers who elect DROP on October 1, 2003, or thereafter, may continue City employment for up to a maximum of 48 full months (36 full months prior to October 1, 2001). No payment is made to or for the benefit of a DROP participant beyond that period. For persons electing participation in the DROP, an individual DROP account shall be created. Payment shall be made by the retirement trust into the employee's DROP account in an amount equal to the regular monthly retirement benefit which the participant would have received had the participant separated from service and commenced receipt of pension benefits. Payments received by the participant in the DROP account are tax deferred. A series of investment vehicles which are established by the board of trustees are made available to DROP participants to choose from. Any losses, charges, or expenses incurred by the participant in their DROP account are not made up by the City or the Trust, but shall be borne by the participant.

Upon termination of employment, a member may receive distribution from the DROP account in the following manner:

- Lump sum distribution
- Periodic payments
- Annuity
- Roll over of the balance to another qualified retirement plan

Any member may defer distribution until the latest date authorized by Section 401(a)(9) of the Internal Revenue Code.

A DROP participant shall not be entitled to receive an ordinary or service disability retirement and in the event of death of a DROP participant, there shall be no accidental death benefit for pension purposes. DROP participation does not affect any other death or disability benefit provided to a member under federal law, state law, City ordinance, or any rights or benefits under any applicable collective bargaining agreement. At September 30, 2005 and 2004, there were 206 and 193 DROP participants, respectively.

Note 5 – Deferred Retirement Option Plan (DROP) (continued)

The DROP of the Trust also consists of a Benefit Actuarially Calculated DROP (BACDROP). A member may elect to BACDROP to a date no further back than the date of their retirement eligibility date. Effective October 1, 2001, the BACDROP period must be in 12 month increments, beginning at the start of a pay period, not to exceed 48 full months for firefighters (36 months prior to October 1, 2001), and 12 full months for police officers (48 months prior to October 1, 2004) who elect DROP on October 1, 2003. Participation in the BACDROP does not preclude participation in the Forward DROP.

Note 6 – Property and Equipment

Property and equipment consist of the following at September 30:

	Estimated Useful Life	2005	2004
Land	N/A	$ 760,865	$ 760,865
Building	39 years	1,666,305	1,666,305
Total cost		2,427,170	2,427,170
Less: accumulated depreciation		128,177	85,450
Net		$ 2,298,993	$ 2,341,720

Note 7 – Budget Advance from City

Administrative costs of the Trust are paid directly by the Trust from budget advance monies provided by the City. The Trust provides the City with an accounting of how these funds are expended during the period. Funding for such administrative costs for the years ended September 30, 2005 and 2004 was as follows:

	2005	2004
Budget advance due to (from) City – beginning of year	$ (223,557)	$ (90,378)
Advance received from the City	1,357,817	1,366,081
	1,134,260	1,275,703
Administrative costs incurred, including custodian and consultants' fees, personnel and other office expenses	1,373,173	1,499,260
Budget advance due to (from) City – end of year	$ (238,913)	$ (223,557)

Since the above administrative costs are fully funded by the City, they are not included in the administrative expenses set forth in the statements of changes in plan net assets.

CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST
REQUIRED SUPPLEMENTARY INFORMATION
(unaudited)
SEPTEMBER 30, 2005

Schedule "1" – Schedule of Funding Progress
(dollars in millions)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability AAL	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
10/01/99 (a)	$ 932.8	$ 820.2	$(112.6)	114 %	$ 77.7	(145) %
10/01/00 (a)	994.6	823.1	(171.3)	121	84.3	(203)
10/01/01 (a)	828.9	884.7	55.8	94	89.7	62
10/01/02	753.2	960.1	206.9	78	96.9	213
10/01/03	844.9	1,000.9	156.0	84	98.9	158
10/01/04	957.9	1,126.2	168.3	85	89.2	189

(a) – As revised

Schedule "2" – Schedule of Contributions by Employer

Year Ended September 30,	Annual Required Contribution	Percentage Contributed
2000	$ 5,400,784	100 %
2001	4,003,892	100
2002	1,051,629	100
2003	18,163,588	100
2004	36,341,515	100
2005	45,545,130	100

The information presented in the required Supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Since the Trust uses the Aggregate Cost Method, a schedule of Funding Progress is not required as that method does not separately identify or separately amortize unfunded actuarial liabilities. As the Trust believes the above information is useful to users of the financial statements, the above Schedule "1" was prepared excluding COLA accounts using the Projected Unit Credit Actuarial Accrued Liability. Additional information as of the latest actuarial valuation follows:

Valuation Date	October 1, 2004
Actuarial Cost Method	Aggregate Cost Method
Amortization Method	N/A
Asset Valuation Method	Average of ratios of market to book values as of current and previous four September 30's. Average ratio is applied to book value at current September 30. The result cannot be greater that 120% of market value or less than 80% of market value.
Actuarial assumptions:	
Investment rate of return	7.75%, compounded annually
Salary increases:	
Inflation	4.00%
Merit, longevity, etc.	4.8% to 0% reducing by attained age
Mortality table	Ga94 – Mortality table
Disabled mortality	Pension Benefit Guaranty Corporation ("PBGC") Non-OASDI basis

III

INVESTMENT

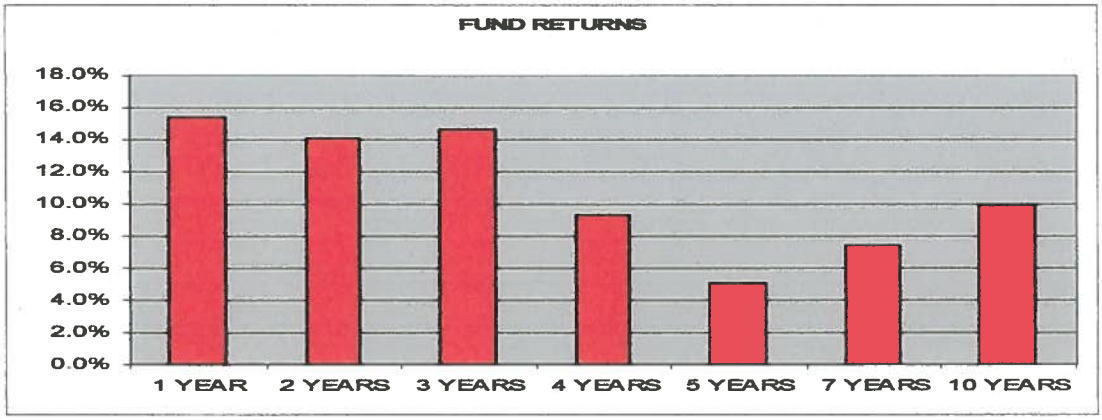
SECTION

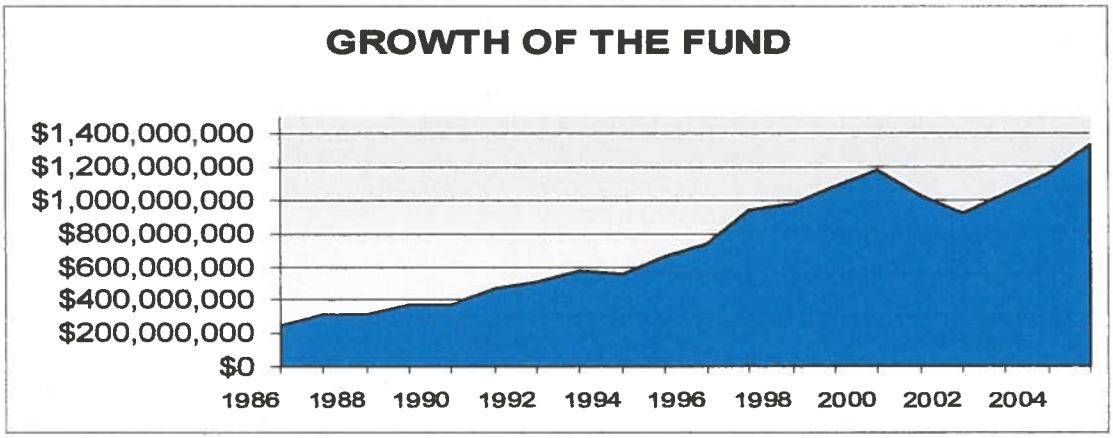
INVESTMENT ANALYSIS

	GENERAL FUND		COLA I		COLA II	
BALANCE AS OF 10/01/2004		924,270,835		32,479,508		185,270,416
Additions: Purchases						
Short Term Investment	0					
Mutual Funds	11,114,938					
Commercial Paper	3,454,578					
US Treasury Bills	7,845,652					
US Treasury Bonds	40,502,430					
US Treasury Notes	39,010,104					
Corporate Bonds	49,826,967					
Corporate Stocks	289,018,923					
Share of Assets Transferred			4,030,806		26,691,981	
		440,773,591		4,030,806		26,691,981
Deductions: Redemptions & Sale						
Mutual Funds	299,481					
Commercial Paper	2,494,353					
US Treasury Bills	16,915,342					
US Treasury Bonds	53,351,850					
US Treasury Notes	23,226,675					
Corporate Bonds	25,490,720					
Corporate Stocks	150,550,150					
Share of Securities Tranferred To COLA I	3,660,844		369,962		10,246,430	
Share of Securities Tranferred To COLA II	16,445,551					
		292,434,965		369,962		10,246,430
BALANCE AS OF 09/30/2004		1,072,609,461		36,140,352		201,715,967

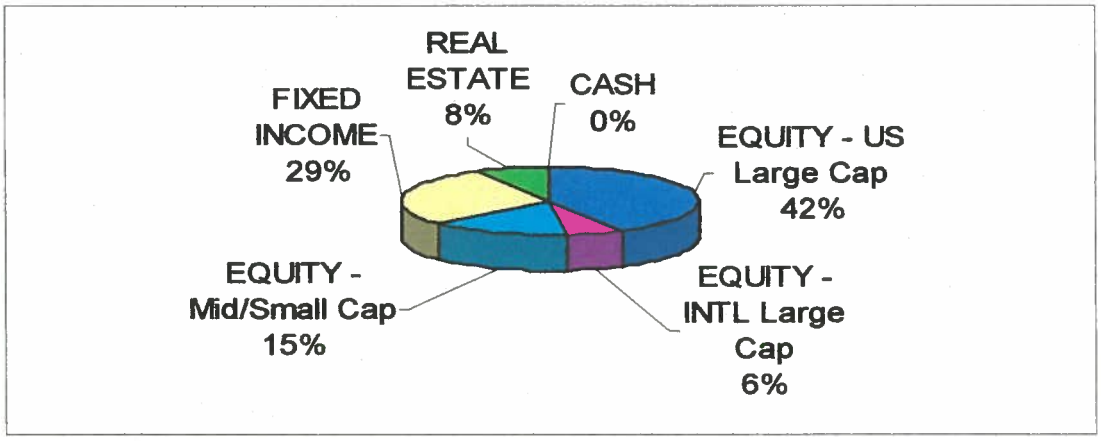
CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST

FUND HIGHLIGHTS





Asset Allocation – Sep 30, 2005



CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2005

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	SHORT TERM FUNDS				
BGI MID CAP INDEX	BARCLAYS MONEY MKT FD	USA	3.00	3.00	3.00
BGI S & P INDEX	BARCLAYS MONEY MKT FD	USA	40.00	40.00	40.00
BGI SMALL CAP INDEX	BARCLAYS MONEY MKT FD	USA	3.00	3.00	3.00
BARROW HANLEY BOND	COLTV GOVT STIF	USA	2,289,816.62	2,289,816.62	2,289,816.62
BARROW HANLEY EQUITY	COLTV GOVT STIF	USA	6,145,992.55	6,145,992.55	6,145,992.55
BGI SMALL CAP INDEX	COLTV GOVT STIF	USA	6,339.17	6,339.17	6,339.17
BOSTON PARTNERS	COLTV GOVT STIF	USA	1,386,055.81	1,386,055.81	1,386,055.81
CHAMPLAIN	COLTV GOVT STIF	USA	6,084,803.32	6,084,803.32	6,084,803.32
DELAWARE	COLTV GOVT STIF	USA	361,221.19	361,221.19	361,221.19
DODGE & COX	COLTV GOVT STIF	USA	6,050,761.84	6,050,761.84	6,050,761.84
EAGLE	COLTV GOVT STIF	USA	4,282,715.89	4,282,715.89	4,282,715.89
LAZARD	COLTV GOVT STIF	USA	1,762,976.61	1,762,976.61	1,762,976.61
MORGAN STANLEY	COLTV GOVT STIF	USA	1,159,362.05	1,159,362.05	1,159,362.05
MUNDER	COLTV GOVT STIF	USA	2,041,484.90	2,041,484.90	2,041,484.90
RCM	COLTV GOVT STIF	USA	3,044,404.75	3,044,404.75	3,044,404.75
URDANG	COLTV GOVT STIF	USA	638,600.40	638,600.40	638,600.40
	TOTAL SHORT TERM FUNDS		35,254,581.10	35,254,581.10	35,254,581.10

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2005

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	COMMON STOCK				
BARROW HANLEY EQUITY	ADR BP P L C SPONSORED ADR	UK	36,072.00	1,600,260.92	2,555,701.20
BARROW HANLEY EQUITY	ADR HANSON PLC NEW SPONSORED ADR ADR	UK	61,600.00	1,793,852.41	3,203,200.00
BARROW HANLEY EQUITY	ADR IMPERIAL TOB GROUP PLC SPONSORED	UK	76,000.00	2,711,308.87	4,419,400.00
BARROW HANLEY EQUITY	ADR NOKIA CORP SPONSORED ADR	Finland	263,200.00	4,112,842.19	4,450,712.00
BARROW HANLEY EQUITY	ALLSTATE CORP COM	USA	65,238.00	1,871,385.66	3,607,009.02
BARROW HANLEY EQUITY	ALTRIA GROUP INC COM	USA	79,600.00	2,930,504.70	5,864,325.86
BARROW HANLEY EQUITY	AMERN INTL GROUP INC COM	USA	20,800.00	1,220,065.21	1,288,768.00
BARROW HANLEY EQUITY	AMERN PWR CONVERSION CORP COM	USA	78,000.00	1,339,234.61	2,020,200.00
BARROW HANLEY EQUITY	ANADARKO PETRO CORP COM	USA	20,600.00	1,817,339.33	1,972,450.00
BARROW HANLEY EQUITY	BANK AMER CORP COM COM	USA	83,926.00	2,043,404.73	3,533,284.60
BARROW HANLEY EQUITY	BAXTER INTL INC COM	USA	91,300.00	2,117,284.74	3,640,131.00
BARROW HANLEY EQUITY	BRISTOL MYERS SQUIBB CO COM	USA	101,700.00	3,604,836.43	2,446,902.00
BARROW HANLEY EQUITY	BURL NORTHN SANTA FE CORP COM	USA	75,600.00	1,961,817.44	4,520,880.00
BARROW HANLEY EQUITY	CHEVRON CORP COM	USA	69,460.00	2,060,316.76	4,496,145.80
BARROW HANLEY EQUITY	CIGNA CORP COM	USA	14,500.00	909,986.80	1,708,970.00
BARROW HANLEY EQUITY	CINERGY CORP COM	USA	60,300.00	1,749,953.33	2,677,923.00
BARROW HANLEY EQUITY	CITIGROUP INC COM	USA	74,961.00	2,177,895.42	3,412,224.72
BARROW HANLEY EQUITY	CONAGRA FOODS INC	USA	72,800.00	1,605,332.05	1,801,800.00
BARROW HANLEY EQUITY	CONOCOPHILLIPS COM	USA	85,900.00	2,244,957.95	6,005,269.00
BARROW HANLEY EQUITY	DOLLAR GEN CORP COM	USA	133,200.00	1,819,785.70	2,442,888.00
BARROW HANLEY EQUITY	DOW CHEM CO COM	USA	34,100.00	1,016,516.00	1,420,947.00
BARROW HANLEY EQUITY	DUKE ENERGY CORP COM STK	USA	125,000.00	2,390,333.00	3,646,250.00
BARROW HANLEY EQUITY	EMERSON ELEC CO COM	USA	56,000.00	2,784,013.02	4,020,800.00
BARROW HANLEY EQUITY	ENTERGY CORP NEW COM	USA	44,100.00	1,446,575.51	3,277,512.00
BARROW HANLEY EQUITY	GANNETT INC COM	USA	18,500.00	1,476,288.10	1,273,355.00
BARROW HANLEY EQUITY	HARTFORD FINL SVCS GROUP INC COM	USA	56,600.00	2,594,807.47	4,367,822.00
BARROW HANLEY EQUITY	HCA INC COM	USA	64,900.00	2,435,927.62	3,110,008.00
BARROW HANLEY EQUITY	HEINZ H J CO COM	USA	50,400.00	1,707,444.88	1,841,616.00
BARROW HANLEY EQUITY	HONEYWELL INTL INC COM STK	USA	67,600.00	2,113,894.83	2,535,000.00
BARROW HANLEY EQUITY	ILL TOOL WKS INC COM	USA	33,700.00	2,253,760.53	2,774,521.00
BARROW HANLEY EQUITY	MARATHON OIL CORP COM	USA	92,800.00	3,591,080.30	6,398,704.00
BARROW HANLEY EQUITY	MATTEL INC COM	USA	121,200.00	2,201,897.67	2,021,616.00
BARROW HANLEY EQUITY	MBNA CORP COM	USA	155,000.00	3,902,338.10	3,819,200.00
BARROW HANLEY EQUITY	MGIC INVT CORP WIS COM	USA	52,900.00	3,032,070.50	3,398,180.00
BARROW HANLEY EQUITY	OCCIDENTAL PETE CORP COM	USA	68,000.00	1,723,762.93	5,809,240.00
BARROW HANLEY EQUITY	PENNEY J.C CO INC COM	USA	34,600.00	1,116,899.97	1,640,732.00
BARROW HANLEY EQUITY	PFIZER INC COM STK $.11 1/9 PAR	USA	167,200.00	4,559,133.24	4,174,984.00
BARROW HANLEY EQUITY	PITNEY BOWES INC COM	USA	40,400.00	1,325,425.54	1,686,296.00
BARROW HANLEY EQUITY	SBC COMMUNICATIONS INC COM	USA	48,200.00	1,646,384.54	1,155,354.00
BARROW HANLEY EQUITY	SCHERING-PLOUGH CORP COM	USA	145,500.00	3,872,778.99	3,062,775.00
BARROW HANLEY EQUITY	SLM CORP COM	USA	63,900.00	2,281,757.52	3,427,596.00
BARROW HANLEY EQUITY	ST PAUL TRAVELERS CORP	USA	40,568.00	1,420,106.47	1,820,286.16
BARROW HANLEY EQUITY	STANLEY WKS COM	USA	75,900.00	2,190,478.81	3,543,012.00
BARROW HANLEY EQUITY	TYCO INTL LTD NEW COM	Bermuda	87,813.00	1,876,617.53	2,445,592.05
BARROW HANLEY EQUITY	UST INC COM	USA	40,600.00	1,897,027.66	1,699,516.00
BARROW HANLEY EQUITY	VERIZON COMMUNICATIONS COM	USA	89,302.00	3,148,881.02	2,919,282.38
BARROW HANLEY EQUITY	WACHOVIA CORP NEW COM	USA	55,910.00	1,900,140.57	2,660,756.90
BARROW HANLEY EQUITY	WASHINGTON MUT INC COM COM	USA	90,667.00	2,127,929.54	3,555,959.74
BARROW HANLEY EQUITY	WELLPOINT INC COM COM	USA	93,600.00	3,566,859.84	7,096,752.00
BARROW HANLEY EQUITY	WELLS FARGO & CO NEW COM STK	USA	31,400.00	1,577,382.07	1,839,098.00
BARROW HANLEY EQUITY	WENDY S INTL INC COM	USA	14,700.00	354,170.77	663,705.00
BARROW HANLEY EQUITY	WYETH COM COM	USA	34,700.00	1,336,671.76	1,605,569.00
BOSTON PARTNERS	#REORG/ARGOSY GAMING CASH MERGER EFF 10/3/05	USA	5,100.00	102,048.96	239,649.00
BOSTON PARTNERS	#REORG/GAMESTOP CORP CL A CUSIP CHGE TO GAMESTOP CORP CL A SEC #2017115 10/10/05	USA	16,900.00	343,702.37	531,843.00
BOSTON PARTNERS	AEROPOSTALE COM	USA	14,000.00	388,364.60	297,500.00
BOSTON PARTNERS	AFFILIATED MANAGERS GROUP INC COM STK	USA	7,250.00	280,345.45	525,045.00
BOSTON PARTNERS	ALLMERICA FINL CORP COM	USA	10,500.00	236,586.23	431,970.00
BOSTON PARTNERS	AMERN FINL RLTY TR COM	USA	18,500.00	275,369.48	262,700.00
BOSTON PARTNERS	AMIS HLDGS INC COM	USA	12,200.00	210,095.87	144,692.00
BOSTON PARTNERS	AMPHENOL CORP NEW CL A	USA	5,800.00	197,256.26	233,972.00
BOSTON PARTNERS	APOLLO INVT CORP COM COM SH BEN INT	USA	51,263.00	758,011.13	1,015,007.40
BOSTON PARTNERS	APRIA HEALTHCARE GROUP INC COM	USA	17,400.00	454,807.91	555,234.00
BOSTON PARTNERS	ARROW ELECTR INC COM	USA	12,700.00	253,039.47	398,272.00
BOSTON PARTNERS	ASSURANT INC COM	USA	8,000.00	176,000.00	304,480.00
BOSTON PARTNERS	ASSURED GUARANTY LTD COMMON STK	Bermuda	34,500.00	607,657.65	825,585.00
BOSTON PARTNERS	AVNET INC COM	USA	18,100.00	275,654.44	442,545.00
BOSTON PARTNERS	BARD C R INC CAP	USA	2,500.00	58,742.36	165,075.00
BOSTON PARTNERS	BISYS GROUP INC COM	USA	34,000.00	466,287.39	456,620.00
BOSTON PARTNERS	BORG WARNER INC COM	USA	7,200.00	399,168.24	406,512.00
BOSTON PARTNERS	BOWATER INC COM	USA	7,200.00	348,206.65	203,544.00
BOSTON PARTNERS	BOWNE & CO INC COM	USA	46,800.00	607,177.66	668,772.00
BOSTON PARTNERS	BRISTOL W HLDGS INC COM	USA	28,800.00	517,449.87	525,600.00
BOSTON PARTNERS	BUNGE LTD	Bermuda	4,700.00	189,497.65	247,314.00
BOSTON PARTNERS	CENTURYTEL INC COM COM STK	USA	8,600.00	283,006.95	300,828.00
BOSTON PARTNERS	CLAIRES STORES INC	USA	28,200.00	596,161.76	680,466.00
BOSTON PARTNERS	CONSECO INC COM NEW STK	USA	30,900.00	621,188.65	652,299.00
BOSTON PARTNERS	CORN PRODS INTL INC COM	USA	31,300.00	698,270.85	631,321.00
BOSTON PARTNERS	CROWN HLDGS INC COM	USA	39,300.00	589,749.44	626,442.00
BOSTON PARTNERS	CSG SYS INTL INC COM	USA	17,900.00	318,396.09	388,609.00
BOSTON PARTNERS	DIAMOND OFFSHORE DRILLING INC COM	USA	7,900.00	195,805.02	483,875.00
BOSTON PARTNERS	DOVER CORP COM	USA	8,000.00	216,825.74	326,320.00
BOSTON PARTNERS	DST SYS INC COM	USA	5,500.00	253,511.50	301,565.00
BOSTON PARTNERS	DYCOM INDS INC COM	USA	13,800.00	350,152.03	279,036.00
BOSTON PARTNERS	EDWARDS A.G INC COM	USA	8,800.00	326,267.07	385,528.00
BOSTON PARTNERS	ELECTRONICS BOUTIQUE HLDGS CORP COM	USA	4,100.00	157,289.94	257,644.00
BOSTON PARTNERS	ENSCO INTL INC COM	USA	13,100.00	358,416.04	610,329.00
BOSTON PARTNERS	FED SIGNAL CORP COM	USA	44,900.00	825,856.83	767,341.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2005

Account name	Asset description	Country	Shares/Par value	Book value	Market value
BOSTON PARTNERS	FINISH LINE INC CL A	USA	44,700.00	735,859.09	652,173.00
BOSTON PARTNERS	FOOT LOCKER INC COM	USA	19,500.00	385,524.58	427,830.00
BOSTON PARTNERS	FOSSIL INC COM	USA	15,700.00	398,033.51	285,583.00
BOSTON PARTNERS	G & K SVCS INC CL A	USA	11,900.00	459,017.35	468,741.00
BOSTON PARTNERS	GA GULF CORP COM PAR $0.01	USA	7,200.00	212,422.79	173,376.00
BOSTON PARTNERS	GRAINGER W W INC COM	USA	12,900.00	581,274.26	811,668.00
BOSTON PARTNERS	GTECH HLDGS CORP COM	USA	33,000.00	725,913.18	1,057,980.00
BOSTON PARTNERS	HEARST-ARGYLE T V INC COM	USA	5,200.00	133,426.26	133,588.00
BOSTON PARTNERS	HILTON HOTELS CORP COM	USA	15,700.00	171,341.19	350,424.00
BOSTON PARTNERS	HOSPIRA INC COM	USA	11,400.00	295,950.84	467,058.00
BOSTON PARTNERS	HUDSON CY BANCORP INC COM STK	USA	36,400.00	364,000.00	433,160.00
BOSTON PARTNERS	HUNT J B TRANS SVCS INC COM	USA	15,000.00	275,917.50	285,150.00
BOSTON PARTNERS	IMATION CORP COM	USA	11,100.00	348,194.67	475,857.00
BOSTON PARTNERS	INFOSPACE INC COM NEW	USA	14,500.00	447,669.97	346,115.00
BOSTON PARTNERS	INGRAM MICRO INC CL A	USA	36,000.00	615,709.78	667,440.00
BOSTON PARTNERS	ITT INDS INC COM	USA	0.00	0.00	0.00
BOSTON PARTNERS	JONES APPAREL GROUP INC COM	USA	12,600.00	444,574.82	359,100.00
BOSTON PARTNERS	LAIDLAW INTL INC COM STK	USA	15,700.00	157,249.75	379,469.00
BOSTON PARTNERS	LAMAR ADVERTISING CO CL A COM	USA	7,800.00	246,243.44	353,808.00
BOSTON PARTNERS	LEAR CORP COM STK PAR $0.01	USA	6,900.00	253,113.12	234,393.00
BOSTON PARTNERS	LIFEPOINT HOSPS INC COM ISIN US53219L1098	USA	16,000.00	661,693.33	699,680.00
BOSTON PARTNERS	LINCARE HLDGS INC COM	USA	4,800.00	144,326.40	197,040.00
BOSTON PARTNERS	LOEWS CORP CAROLINA GROUP STK TRACKING STK	USA	5,700.00	142,673.61	225,891.00
BOSTON PARTNERS	MAGUIRE PPTYS INC COM	USA	8,550.00	162,450.00	256,927.50
BOSTON PARTNERS	MANOR CARE INC NEW COM STK	USA	7,100.00	225,371.86	272,711.00
BOSTON PARTNERS	MANPOWER INC WIS COM	USA	13,200.00	526,136.75	585,948.00
BOSTON PARTNERS	MAX RE CAP LTD	Bermuda	5,700.00	113,229.91	141,303.00
BOSTON PARTNERS	MBIA INC COM	USA	5,400.00	238,483.35	327,348.00
BOSTON PARTNERS	MCAFEE INC COM	USA	11,760.00	207,127.44	369,499.20
BOSTON PARTNERS	MEDIA GEN INC CL A	USA	2,900.00	150,647.00	168,229.00
BOSTON PARTNERS	MEREDITH CORP COM	USA	8,900.00	414,578.00	444,021.00
BOSTON PARTNERS	MICHAELS STORES INC COM	USA	17,900.00	462,479.34	591,774.00
BOSTON PARTNERS	NBTY INC COM	USA	20,700.00	447,021.53	486,450.00
BOSTON PARTNERS	NEENAH PAPER INC COM COM	USA	22,900.00	715,382.85	670,970.00
BOSTON PARTNERS	NSTAR COM	USA	7,800.00	154,319.45	225,576.00
BOSTON PARTNERS	NU SKIN ENTERPRISES INC CL A	USA	29,900.00	652,948.14	569,595.00
BOSTON PARTNERS	OFFSHORE LOGISTICS INC COM	USA	10,900.00	385,671.73	403,300.00
BOSTON PARTNERS	OUTBACK STEAKHOUSE INC COM	USA	15,800.00	687,637.84	578,280.00
BOSTON PARTNERS	PALL CORP COM	USA	7,300.00	129,030.52	200,750.00
BOSTON PARTNERS	PEOPLES BNK BRIDGEPORT CONN COM	USA	4,650.00	93,103.33	134,757.00
BOSTON PARTNERS	PINNACLE ENTMT INC COM	USA	17,400.00	316,490.15	318,942.00
BOSTON PARTNERS	PLATINUM UNDERWRITERS HLDGS INC COM USD0.01	Bermuda	4,600.00	138,125.13	137,494.00
BOSTON PARTNERS	PMI GROUP INC COM	USA	13,700.00	499,981.35	546,219.00
BOSTON PARTNERS	POGO PROD CO COM	USA	7,100.00	322,600.78	418,474.00
BOSTON PARTNERS	POLO RALPH LAUREN CORP CL A	USA	13,400.00	499,291.34	674,020.00
BOSTON PARTNERS	PXRE CORP COM STK USD0.01	Bermuda	9,800.00	184,306.64	131,908.00
BOSTON PARTNERS	RADIAN GROUP INC COM	USA	17,100.00	646,215.52	908,010.00
BOSTON PARTNERS	SABRE HLDGS CORP	USA	20,800.00	445,911.56	421,824.00
BOSTON PARTNERS	SCIENTIFIC-ATLANTA INC COM	USA	7,300.00	223,026.88	273,823.00
BOSTON PARTNERS	SCOTTISH RE GROUP	Cayman Is.	24,400.00	568,155.64	581,696.00
BOSTON PARTNERS	SEALED AIR CORP NEW COM STK	USA	6,400.00	249,987.54	303,744.00
BOSTON PARTNERS	SIERRA PAC RES NEW COM	USA	52,200.00	260,433.85	775,170.00
BOSTON PARTNERS	SMITHFIELD FOODS INC COM	USA	20,400.00	438,889.61	605,472.00
BOSTON PARTNERS	STUD LN CORP COM	USA	400.00	36,794.67	94,752.00
BOSTON PARTNERS	SYBASE INC COM	USA	9,900.00	126,513.80	231,858.00
BOSTON PARTNERS	TERADYNE INC COM	USA	21,200.00	281,700.69	349,800.00
BOSTON PARTNERS	TEREX CORP NEW COM	USA	8,900.00	292,532.52	439,927.00
BOSTON PARTNERS	TNS INC COM	USA	14,800.00	276,164.91	358,900.00
BOSTON PARTNERS	TORO CO COM	USA	7,200.00	267,440.25	264,672.00
BOSTON PARTNERS	UAP HLDG CORP COM COM	USA	35,900.00	576,022.29	649,790.00
BOSTON PARTNERS	UMB FINL CORP COM	USA	6,700.00	367,177.54	440,056.00
BOSTON PARTNERS	UTD ONLINE INC COM	USA	41,100.00	422,450.25	569,235.00
BOSTON PARTNERS	V F CORP COM	USA	4,600.00	198,049.62	266,662.00
BOSTON PARTNERS	VALASSIS COMMUNICATIONS INC COM	USA	14,900.00	412,378.64	580,802.00
BOSTON PARTNERS	VENTAS INC COM	USA	12,425.00	180,914.38	400,085.00
BOSTON PARTNERS	VINTAGE PETE INC COM	USA	21,500.00	348,177.20	981,690.00
BOSTON PARTNERS	WELLCHOICE INC COM COM	USA	2,000.00	51,247.60	151,800.00
BOSTON PARTNERS	WESTCORP COM	USA	8,200.00	288,873.46	482,980.00
CHAMPLAIN	1ST ADVANTAGE CORP CL A	USA	30,000.00	573,140.18	882,000.00
CHAMPLAIN	1ST MIDWEST BANCORP INC DEL COM	USA	5,000.00	172,182.12	186,200.00
CHAMPLAIN	ABM INDS INC COM	USA	90,000.00	1,690,212.85	1,872,900.00
CHAMPLAIN	ADVANCED NEUROMODULATION SYS INC COM	USA	10,000.00	287,712.32	474,600.00
CHAMPLAIN	ADVO INC COM	USA	45,000.00	1,425,358.87	1,408,050.00
CHAMPLAIN	AGCO CORP COM	USA	60,000.00	1,185,542.05	1,092,000.00
CHAMPLAIN	ALLEGHANY CORP DEL COM	USA	3,790.00	1,116,975.81	1,159,740.00
CHAMPLAIN	AMERN MED SYS HLDGS INC COM STK	USA	60,000.00	1,203,203.74	1,209,000.00
CHAMPLAIN	APTARGROUP INC COM	USA	31,000.00	1,399,961.42	1,544,110.00
CHAMPLAIN	ARTHROCARE CORP COM	USA	30,000.00	803,941.73	1,206,600.00
CHAMPLAIN	BIO RAD LABS INC CL A	USA	15,000.00	852,803.28	824,850.00
CHAMPLAIN	BISYS GROUP INC COM	USA	50,000.00	731,103.26	671,500.00
CHAMPLAIN	BRADY CORP CL A	USA	30,400.00	972,208.32	940,576.00
CHAMPLAIN	CABOT OIL & GAS CORP COM	USA	15,000.00	301,081.84	757,650.00
CHAMPLAIN	CASEYS GEN STORES INC COM	USA	60,000.00	1,108,315.94	1,392,000.00
CHAMPLAIN	CATHAY GENERAL BANCORP INC COM	USA	20,000.00	692,253.13	709,200.00
CHAMPLAIN	CENT GARDEN & PET CO COM	USA	20,000.00	838,742.56	905,000.00
CHAMPLAIN	CERIDIAN CORP NEW COM COM	USA	75,000.00	1,435,670.68	1,556,250.00
CHAMPLAIN	CHECKPOINT SYS INC	USA	65,000.00	1,129,896.84	1,541,800.00
CHAMPLAIN	CLARCOR INC COM	USA	40,000.00	873,786.52	1,148,800.00
CHAMPLAIN	COMSTOCK RES INC COM NEW	USA	35,000.00	902,530.72	1,148,350.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2005

Account name	Asset description	Country	Shares/Par value	Book value	Market value
CHAMPLAIN	CORE LAB NV NLG0.03	Netherlands	25,000.00	601,645.46	806,500.00
CHAMPLAIN	COSTAR GROUP INC COM	USA	15,000.00	601,993.34	700,800.00
CHAMPLAIN	CVB FINL CORP COM	USA	30,000.00	605,342.50	558,000.00
CHAMPLAIN	DIAGNOSTIC PRODS CORP COM	USA	10,000.00	450,732.91	527,300.00
CHAMPLAIN	DIONEX CORP COM	USA	20,000.00	932,413.91	1,085,000.00
CHAMPLAIN	DTS INC COM	USA	70,000.00	1,234,626.16	1,178,800.00
CHAMPLAIN	E W BANCORP INC COM	USA	20,000.00	576,885.80	680,800.00
CHAMPLAIN	ED MGMT CORP COM	USA	50,000.00	1,397,540.85	1,612,000.00
CHAMPLAIN	EURONET WORLDWIDE INC COM COM	USA	30,000.00	774,791.31	887,700.00
CHAMPLAIN	FACTSET RESH SYS INC COM	USA	30,000.00	989,551.38	1,057,200.00
CHAMPLAIN	FILENET CORP COM	USA	35,000.00	903,523.34	976,500.00
CHAMPLAIN	FRONTIER FINL CORP WASH CDT-COM	USA	17,700.00	411,607.80	513,300.00
CHAMPLAIN	G & K SVCS INC CL A	USA	20,000.00	769,492.47	787,800.00
CHAMPLAIN	GLACIER BANCORP INC NEW COM	USA	15,000.00	379,281.21	463,050.00
CHAMPLAIN	GREATBATCH INC COM COM	USA	30,000.00	742,132.02	823,200.00
CHAMPLAIN	HAIN CELESTIAL GROUP INC COM	USA	85,000.00	1,781,966.45	1,649,000.00
CHAMPLAIN	HANMI FINL CORP COM	USA	25,000.00	409,779.92	448,750.00
CHAMPLAIN	HARSCO CORP COM	USA	23,000.00	1,194,356.20	1,508,110.00
CHAMPLAIN	HARTE-HANKS INC COM (NEW)	USA	52,000.00	1,230,396.20	1,374,360.00
CHAMPLAIN	HCC INS HLDGS INC COM	USA	25,000.00	527,682.83	713,250.00
CHAMPLAIN	HEALTHCARE RLTY TR	USA	40,000.00	1,512,473.01	1,605,600.00
CHAMPLAIN	HEICO CORP NEW CL A	USA	50,000.00	663,452.75	890,000.00
CHAMPLAIN	HYPERION SOLUTIONS CORP COM COM	USA	22,000.00	945,020.45	1,070,300.00
CHAMPLAIN	IDX SYS CORP COM	USA	35,000.00	1,085,610.45	1,511,300.00
CHAMPLAIN	INDPT BK CORP MASS COM	USA	15,000.00	434,399.38	455,700.00
CHAMPLAIN	INTEGRA LIFESCIENCES HLDG CORP COM DESP	USA	25,000.00	755,469.65	956,500.00
CHAMPLAIN	KANBAY INTL INC COM	USA	20,000.00	342,414.00	376,000.00
CHAMPLAIN	KRONOS INC COM	USA	25,000.00	1,044,412.75	1,116,000.00
CHAMPLAIN	KYPHON INC COM	USA	10,000.00	246,930.72	439,400.00
CHAMPLAIN	LANCASTER COLONY CORP COM	USA	35,000.00	1,554,500.62	1,505,000.00
CHAMPLAIN	MACDERMID INC COM	USA	25,000.00	835,670.10	656,500.00
CHAMPLAIN	MATTHEWS INTL CORP CL A	USA	20,000.00	748,578.50	755,800.00
CHAMPLAIN	METTLER-TOLEDO INTL INC COM	USA	28,000.00	1,343,497.67	1,427,440.00
CHAMPLAIN	MRO SOFTWARE INC COM	USA	45,000.00	635,343.16	757,800.00
CHAMPLAIN	MSC INDL DIRECT INC CL A COM	USA	40,000.00	1,160,994.71	1,326,800.00
CHAMPLAIN	OPEN SOLUTIONS INC COM STK	USA	40,000.00	781,203.30	872,800.00
CHAMPLAIN	PERFORMANCE FOOD GROUP CO COM	USA	40,000.00	1,251,299.29	1,262,400.00
CHAMPLAIN	RANGE RES CORP COM	USA	15,000.00	302,801.62	579,150.00
CHAMPLAIN	REGIS CORP MINN COM	USA	50,000.00	2,003,552.39	1,891,000.00
CHAMPLAIN	RLI CORP COM	USA	15,000.00	580,078.54	693,900.00
CHAMPLAIN	SALIX PHARMACEUTICALS LTD COM DE	USA	30,000.00	442,424.50	637,500.00
CHAMPLAIN	SAUER-DANFOSS INC COM	USA	30,000.00	594,574.18	600,000.00
CHAMPLAIN	SEROLOGICALS CORP COM	USA	50,000.00	979,206.27	1,128,000.00
CHAMPLAIN	SUPERIOR ENERGY SVCS INC COM	USA	50,000.00	602,536.94	1,154,500.00
CHAMPLAIN	SYBRON DENTAL SPECIALTIES INC COM	USA	30,000.00	968,395.49	1,247,400.00
CHAMPLAIN	TOOTSIE ROLL INDS INC COM	USA	45,000.00	1,420,235.52	1,428,750.00
CHAMPLAIN	UCBH HLDGS INC COM	USA	40,000.00	738,993.36	732,800.00
CHAMPLAIN	UNIFIRST CORP MASS COM	USA	20,000.00	540,531.06	701,400.00
CHAMPLAIN	UNVL TECH INST INC COM	USA	40,000.00	1,290,052.80	1,424,400.00
CHAMPLAIN	WASTE CONNECTIONS INC COM	USA	15,000.00	403,514.01	526,200.00
CHAMPLAIN	WHITING PETE CORP NEW COM STK	USA	10,000.00	443,992.22	438,400.00
CHAMPLAIN	WRIGHT MED GROUP INC COM	USA	40,000.00	1,016,053.88	987,200.00
DELAWARE	ALLERGAN INC COM	USA	57,000.00	4,255,901.15	5,222,340.00
DELAWARE	CHGO MERCANTILE EXCHANGE HLDGS INC CL A	USA	16,000.00	3,133,778.37	5,396,800.00
DELAWARE	EBAY INC COM	USA	115,000.00	4,352,759.72	4,738,000.00
DELAWARE	EXPEDITORS INTL WASH INC COM	USA	75,000.00	2,888,025.00	4,258,500.00
DELAWARE	FIRST DATA CORP COM	USA	130,000.00	4,776,244.82	5,200,000.00
DELAWARE	GENENTECH INC COM STK	USA	80,000.00	3,221,312.00	6,736,800.00
DELAWARE	GILLETTE CO COM	USA	75,000.00	2,426,359.50	4,365,000.00
DELAWARE	INTL GAME TECH COM	USA	135,000.00	4,235,798.60	3,645,000.00
DELAWARE	INTUIT COM	USA	80,000.00	3,242,817.75	3,584,800.00
DELAWARE	LIBERTY GLOBAL INC COM SER A	USA	105,000.00	1,851,060.32	2,844,450.00
DELAWARE	LIBERTY GLOBAL INC COM SER C COM SER C	USA	105,000.00	1,697,234.63	2,703,750.00
DELAWARE	MGM MIRAGE COM	USA	94,000.00	2,435,253.83	4,114,380.00
DELAWARE	MICROSOFT CORP COM	USA	180,000.00	4,745,771.71	4,631,400.00
DELAWARE	MOODYS CORP COM	USA	80,000.00	2,246,204.00	4,086,400.00
DELAWARE	NAVTEQ CORP COM	USA	70,000.00	2,621,240.17	3,496,500.00
DELAWARE	PAYCHEX INC COM	USA	120,000.00	4,286,369.65	4,449,600.00
DELAWARE	PRAXAIR INC COM	USA	85,000.00	2,810,132.72	4,074,050.00
DELAWARE	QUALCOMM INC COM COM	USA	175,000.00	4,111,791.96	7,831,250.00
DELAWARE	SANDISK CORP COM	USA	125,000.00	3,241,508.25	6,031,250.00
DELAWARE	SPRINT NEXTEL CORP	USA	160,000.00	4,237,729.81	3,804,800.00
DELAWARE	STAPLES INC COM	USA	225,000.00	3,930,998.20	4,797,000.00
DELAWARE	UNITED PARCEL SVC INC CL B	USA	55,000.00	3,853,441.49	3,802,150.00
DELAWARE	UNITEDHEALTH GROUP INC COM COM	USA	55,000.00	2,603,414.30	3,091,000.00
DELAWARE	WALGREEN CO COM	USA	100,000.00	3,502,661.11	4,345,000.00
DELAWARE	WAL-MART STORES INC COM	USA	75,000.00	4,071,113.74	3,286,500.00
DELAWARE	WEIGHT WATCHERS INTL INC NEW COM	USA	80,000.00	3,103,772.35	4,126,400.00
DELAWARE	WELLPOINT INC COM COM	USA	50,000.00	2,515,625.00	3,791,000.00
DELAWARE	XM SATELLITE RADIO HLDGS INC CL A	USA	135,000.00	2,947,628.18	4,847,850.00
DELAWARE	ZIMMER HLDGS INC COM	USA	55,000.00	3,621,023.40	3,788,950.00
EAGLE	ACETO CORP COM	USA	14,025.00	103,173.85	80,924.25
EAGLE	ACTUANT CORP CL A NEW	USA	12,855.00	548,388.73	601,614.00
EAGLE	ADE CORP MASS COM	USA	4,410.00	99,517.27	99,136.80
EAGLE	AFFILIATED MANAGERS GROUP INC COM STK	USA	8,550.00	614,967.08	619,191.00
EAGLE	ALAMOSA HLDGS INC COM COM	USA	74,700.00	1,256,177.61	1,278,117.00
EAGLE	AMCOL INTL CORP COM	USA	10,345.00	197,584.55	197,279.15
EAGLE	AMERN MED SYS HLDGS INC COM STK	USA	20,690.00	430,781.43	416,903.50
EAGLE	AMERN REPROGRAPHICS CO COM COM	USA	20,000.00	343,662.00	342,000.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2005

Account name	Asset description	Country	Shares/Par value	Book value	Market value
EAGLE	AMETEK INC NEW COM	USA	17,335.00	692,983.76	744,884.95
EAGLE	ANSYS INC COM	USA	19,445.00	741,173.00	748,438.05
EAGLE	ARROW INTL INC COM	USA	9,105.00	276,605.37	256,761.00
EAGLE	BALCHEM CORP COM	USA	9,200.00	282,484.29	253,460.00
EAGLE	BK HAW CORP COM	USA	14,270.00	727,322.21	702,369.40
EAGLE	BLACKBAUD INC COM	USA	44,200.00	584,598.04	626,314.00
EAGLE	BRADY CORP CL A	USA	6,625.00	213,550.86	204,977.50
EAGLE	BROWN & BROWN INC COM	USA	15,555.00	717,188.71	772,927.95
EAGLE	CARBO CERAMICS INC COM	USA	7,795.00	486,323.97	514,392.05
EAGLE	CNA SURETY CORP COM	USA	37,200.00	516,905.16	528,984.00
EAGLE	CONNETICS CORP COM	USA	15,400.00	272,703.20	260,414.00
EAGLE	CORVEL CORP COM	USA	10,390.00	257,133.76	248,944.40
EAGLE	CRA INTL INC COM COM	USA	10,615.00	482,789.02	442,539.35
EAGLE	CYTYC CORP COM	USA	7,860.00	203,159.74	211,041.00
EAGLE	DAKTRONICS INC COM	USA	28,605.00	634,806.39	685,947.90
EAGLE	DEERFIELD TRIARC CAP CORP COM STK	USA	5,900.00	81,917.96	81,774.00
EAGLE	DELTIC TIMBER CORP COM	USA	10,310.00	407,307.39	474,775.50
EAGLE	DIGENE CORP COM	USA	7,990.00	248,050.51	227,715.00
EAGLE	DIODES INC COM	USA	20,850.00	761,743.27	756,021.00
EAGLE	DIONEX CORP COM	USA	4,785.00	239,993.56	259,586.25
EAGLE	DOLBY LABORATORIES INC CL A COM STK	USA	17,785.00	290,230.66	284,560.00
EAGLE	DRIL-QUIP INC COM	USA	17,300.00	700,788.40	830,400.00
EAGLE	DTS INC COM	USA	8,700.00	172,697.61	146,508.00
EAGLE	EATON VANCE CORP COM NON VTG	USA	16,490.00	424,915.76	409,281.80
EAGLE	EDWARDS LIFESCIENCES CORP COM	USA	14,300.00	617,262.36	635,063.00
EAGLE	ENTEGRIS INC COM	USA	56,805.00	610,943.22	641,896.50
EAGLE	ESCO TECHNOLOGIES INC	USA	15,040.00	782,251.48	753,052.80
EAGLE	EXCEL TECH INC COM	USA	8,265.00	206,212.17	212,327.85
EAGLE	FMC TECHNOLOGIES INC COM	USA	27,155.00	1,059,336.78	1,143,497.05
EAGLE	FOREST OIL CORP COM PAR $0.01	USA	7,710.00	401,282.11	401,691.00
EAGLE	FRKLN ELEC INC COM	USA	11,230.00	469,823.72	464,809.70
EAGLE	FWD AIR CORP COM	USA	19,795.00	667,599.59	729,247.80
EAGLE	GAYLORD ENTMT CO NEW COM	USA	18,445.00	841,731.12	878,904.25
EAGLE	GEN-PROBE INC NEW COM	USA	2,800.00	125,645.24	138,460.00
EAGLE	GFI GROUP INC COM STK	USA	9,100.00	308,153.30	374,647.00
EAGLE	GRACO INC COM	USA	11,780.00	427,755.21	403,818.40
EAGLE	GRAY T.V INC COM CL B	USA	47,625.00	548,567.33	504,348.75
EAGLE	GTECH HLDGS CORP COM	USA	19,795.00	610,176.34	634,627.70
EAGLE	HERITAGE COMM CORP COM	USA	6,500.00	132,773.92	135,200.00
EAGLE	IDEX CORP COM	USA	4,535.00	197,749.42	192,964.25
EAGLE	IMMUCOR INC COM STK	USA	21,050.00	592,232.68	577,612.00
EAGLE	INTERACTIVE DATA CORP COM	USA	31,235.00	699,777.13	707,472.75
EAGLE	INTERMAGNETICS GEN CORP DE	USA	9,200.00	247,144.20	257,048.00
EAGLE	KRONOS INC COM	USA	12,700.00	552,458.89	566,928.00
EAGLE	LANDSTAR SYS INC COM	USA	6,340.00	212,484.93	253,790.20
EAGLE	LAYNE CHRISTENSEN CO COM	USA	5,550.00	140,735.97	130,702.50
EAGLE	LITTELFUSE INC COM	USA	14,585.00	409,786.57	410,276.05
EAGLE	LO JACK CORP COM	USA	5,925.00	130,494.73	125,254.50
EAGLE	MACDERMID INC COM	USA	15,100.00	458,185.34	396,526.00
EAGLE	MED ACTION INDS INC COM	USA	6,855.00	118,062.54	117,631.80
EAGLE	MERCURY GEN CORP NEW COM	USA	11,350.00	648,102.06	680,886.50
EAGLE	MERIDIAN BIOSCIENCE INC COM	USA	23,145.00	402,264.45	479,101.50
EAGLE	MICROS SYS INC COM	USA	7,685.00	345,302.48	338,218.75
EAGLE	MINERALS TECHNOLOGIES INC COM	USA	7,785.00	467,764.07	445,379.85
EAGLE	NEENAH PAPER INC COM COM	USA	13,700.00	426,008.35	401,410.00
EAGLE	NELSON THOMAS INC COM STK USD1	USA	10,685.00	216,091.10	200,450.60
EAGLE	NETRATINGS INC COM	USA	34,500.00	449,962.80	525,090.00
EAGLE	NEWALLIANCE BANCSHARES INC COM	USA	43,420.00	639,682.60	635,668.80
EAGLE	NEWPARK RES INC COM PAR $0.01 NEW	USA	38,695.00	332,813.95	325,811.90
EAGLE	OUTDOOR CHANNEL HLDGS INC COM NEW COM NEW	USA	2,182.00	30,693.37	32,206.32
EAGLE	PHIL CONS HLDG CORP COM	USA	4,050.00	328,954.01	343,845.00
EAGLE	REGAL ENTMT GROUP CL A CL A	USA	23,575.00	460,689.03	472,443.00
EAGLE	REGIS CORP MINN COM	USA	10,145.00	410,005.70	383,683.90
EAGLE	RES CONNECTION INC COM	USA	14,340.00	411,827.10	424,894.20
EAGLE	RESPIRONICS INC COM	USA	18,750.00	742,275.24	790,875.00
EAGLE	RLI CORP COM	USA	10,060.00	466,572.14	465,375.60
EAGLE	ROFIN SINAR TECHNOLOGIES INC COM	USA	8,100.00	274,657.23	307,719.00
EAGLE	SCHAWK INC CL A COM STK	USA	16,050.00	346,614.33	320,839.50
EAGLE	SCIENTIFIC GAMES CORP	USA	25,900.00	776,002.09	802,900.00
EAGLE	SCOTTS MIRACLE-GRO COMPANY CL A CL A	USA	5,690.00	462,243.67	500,321.70
EAGLE	SEROLOGICALS CORP COM	USA	8,755.00	208,246.07	197,512.80
EAGLE	STANCORP FINL GROUP INC COM COM	USA	4,200.00	343,455.00	353,640.00
EAGLE	SYMMETRY MED INC COM STK	USA	10,630.00	265,704.94	251,931.00
EAGLE	TELEDYNE TECHNOLOGIES INC COM	USA	16,965.00	631,072.53	584,783.55
EAGLE	THORATEC CORP	USA	12,515.00	205,638.87	222,266.40
EAGLE	TRIARC COS INC CL A	USA	29,240.00	474,930.85	491,232.00
EAGLE	UNVL TECH INST INC COM	USA	12,475.00	389,434.14	444,234.75
EAGLE	VAIL RESORTS INC COM	USA	25,030.00	716,721.34	719,612.50
EAGLE	VARIAN SEMICONDUCTOR EQUIPTMENT ASSOCS INC COM	USA	10,195.00	456,810.80	431,962.15
EAGLE	WARWICK VY TEL CO COM	USA	4,360.00	98,500.25	99,190.43
EAGLE	WASTE CONNECTIONS INC COM	USA	13,675.00	482,855.51	479,719.00
EAGLE	WILEY JOHN & SONS INC CL A	USA	10,600.00	469,207.70	442,444.00
LAZARD	ADR ALLIED IRISH BKS P L C SPONSORED ADRREPSTG ORD	Ireland	20,100.00	555,085.20	858,270.00
LAZARD	ADR AXA SA SPONSORED ADR	France	44,000.00	932,666.52	1,211,320.00
LAZARD	ADR BARCLAYS PLC A.D.R.	UK	39,900.00	1,215,291.28	1,627,122.00
LAZARD	ADR BP P L C SPONSORED ADR	UK	18,300.00	936,142.00	1,296,555.00
LAZARD	ADR CADBURY SCHWEPPES P L C ADR 4 ORD	UK	39,500.00	1,055,379.74	1,608,835.00
LAZARD	ADR CANON INC A.D.R. FOR COM YEN	Japan	22,700.00	984,426.42	1,231,702.00
LAZARD	ADR COMPAGNIE FINANCIERE RICHEMONT AG SPONSORED ADR	Switzerland	29,500.00	512,160.66	1,172,684.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2005

Account name	Asset description	Country	Shares/Par value	Book value	Market value
LAZARD	ADR CR SUISSE GROUP SPONSORED ADR ISIN US2254011081	Switzerland	29,800.00	1,049,134.67	1,325,504.00
LAZARD	ADR DANSKE BK A/S ADR	Denmark	40,000.00	510,080.00	1,227,840.00
LAZARD	ADR DIAGEO PLC SPONSORED ADR NEW	UK	20,300.00	760,643.03	1,177,603.00
LAZARD	ADR ENI S P A SPONSORED ADR	Italy	11,800.00	691,199.90	1,747,580.00
LAZARD	ADR GLAXOSMITHKLINE PLC SPONSORED ADR	UK	33,059.00	1,659,031.42	1,695,265.52
LAZARD	ADR HEINEKEN N V ADR	Netherlands	35,825.00	1,233,073.92	1,153,672.47
LAZARD	ADR HOYA CORP SPONSORED ADR	Japan	3,500.00	410,129.30	465,678.50
LAZARD	ADR HSBC HLDGS PLC SPONSORED ADR NEW	UK	19,300.00	1,107,811.74	1,567,739.00
LAZARD	ADR IMPERIAL TOB GROUP PLC SPONSORED	UK	16,000.00	874,034.04	930,400.00
LAZARD	ADR KAO CORP SPONSORED ADR REPSTG 10 SHSCOM	Japan	4,700.00	1,222,388.00	1,159,034.10
LAZARD	ADR NESTLE S A SPONSORED ADR REPSTG REG SH	Switzerland	16,200.00	836,420.25	1,190,575.26
LAZARD	ADR NOKIA CORP SPONSORED ADR	Finland	90,600.00	1,767,034.16	1,532,046.00
LAZARD	ADR NOMURA HLDGS INC SPONSORED ADR	Japan	73,400.00	1,211,936.78	1,140,636.00
LAZARD	ADR NOVARTIS AG SPONSORED ADR ISIN #US66987V1098	Switzerland	16,700.00	650,369.11	851,700.00
LAZARD	ADR ROYAL DUTCH SHELL PLC SPONSORED ADR REPSTG A SHS	UK	20,900.00	1,142,062.08	1,371,876.00
LAZARD	ADR SANOFI-AVENTIS SPONSORED ADR	France	30,856.00	1,085,668.36	1,282,066.80
LAZARD	ADR SANPAOLO-IMI S P A SPONSORED ADR	Italy	32,000.00	549,635.92	995,520.00
LAZARD	ADR SCHERING A G SPONSORED ADR	Germany	13,000.00	729,145.78	824,200.00
LAZARD	ADR SIEMENS AG COM DM50 (NEW)	Germany	16,800.00	1,043,642.96	1,299,144.00
LAZARD	ADR SOCIETE GENERALE FRANCE SPONSORED ADR	France	71,000.00	787,000.20	1,625,545.00
LAZARD	ADR SWISS REINS CO	Switzerland	10,400.00	676,543.52	685,669.92
LAZARD	ADR TESCO PLC SPONSORED ADR	UK	49,600.00	519,077.76	814,729.60
LAZARD	ADR TOTAL SA	France	11,975.00	894,792.47	1,626,444.50
LAZARD	ADR UNILEVER PLC SPONSORED ADR NEW	UK	33,500.00	895,646.81	1,414,370.00
LAZARD	ADR VIVENDI UNIVERSAL SPONSORED ADR NEW	France	25,150.00	792,330.63	823,159.50
LAZARD	ADR VODAFONE GROUP PLC NEW SPONSORED ADR	UK	62,000.00	1,192,777.42	1,610,140.00
LAZARD	UBS AG REGISTERED COM	Switzerland	19,900.00	831,040.24	1,701,450.00
MAIN ACCOUNT	SILICON GRAPHICS INC COM	USA	375.00	735.00	292.50
OESCHLE	ACCOR EUR3	France	15,967.00	605,906.12	808,910.79
OESCHLE	ACERINOX SA EUR0.25	Spain	11,248.00	105,735.49	156,766.91
OESCHLE	ADIDAS-SALOMON AG NPV	Germany	5,304.00	630,575.63	924,555.51
OESCHLE	ADR INFOSYS TECHNOLOGIES LTD SPONSORED ADR REPSTG 1/4 EQTY SH	India	2,494.00	170,845.20	185,254.32
OESCHLE	ADR KOOKMIN BK NEW SPONSORED ADR KOOKMINBK ADRS	South Korea	7,429.00	266,807.05	440,168.25
OESCHLE	ADR TAIWAN SEMICONDUCTOR MFG CO LTD SPONSORED ADR	Taiwan	20,426.00	149,746.37	167,901.72
OESCHLE	ASTRAZENECA ORD USD0.25	UK	15,524.00	678,097.31	723,663.41
OESCHLE	BAYER AG ORD NPV	Germany	20,396.00	519,910.55	749,762.44
OESCHLE	BCA INTESA EUR0.52	Italy	147,634.00	381,886.32	690,175.36
OESCHLE	BCO COM PORTUGUES EUR1(REGD)	Portugal	140,542.00	332,151.09	391,416.71
OESCHLE	BRIDGESTONE CORP NPV	Japan	16,000.00	182,543.91	343,038.64
OESCHLE	CANON INC NPV	Japan	6,000.00	209,219.74	324,510.32
OESCHLE	CAPITA GROUP ORD GBP0.02	UK	34,800.00	213,836.54	231,944.92
OESCHLE	CARLSBERG SER'B'DKK20	Denmark	3,435.00	178,466.62	201,448.37
OESCHLE	CARNIVAL PLC ORD USD1.66	UK	7,409.00	401,236.47	384,173.83
OESCHLE	CARREFOUR EUR2.50	France	8,026.00	337,216.81	370,418.22
OESCHLE	COMMERCE ASSET HLD MYR1	Malaysia	132,700.00	149,811.37	197,166.36
OESCHLE	COMPASS GROUP ORD GBP0.10	UK	88,709.00	554,247.39	323,678.61
OESCHLE	CREDIT SAISON CO NPV	Japan	7,600.00	272,195.85	333,933.30
OESCHLE	DAIMLERCHRYSLER AG ORD NPV(REGD)	Germany	5,367.00	241,792.40	285,617.74
OESCHLE	DANSKE BANK A/S DKK10	Denmark	11,434.00	355,506.15	350,979.85
OESCHLE	DBS GROUP HLDGS SGD1	Singapore	53,000.00	516,592.60	495,649.60
OESCHLE	DENSO CORP NPV	Japan	14,800.00	324,141.32	429,610.02
OESCHLE	DENWAY MOTORS LTD HKD0.10	Hong Kong	878,000.00	328,841.86	319,725.44
OESCHLE	DEUTSCHE BANK AG NPV(REGD)	Germany	6,161.00	527,937.61	578,047.72
OESCHLE	DEUTSCHE TELEKOM NPV(REGD)	Germany	12,759.00	254,615.66	232,896.93
OESCHLE	DIAGEO ORD GBP0.28935185	UK	47,372.00	635,534.95	683,017.28
OESCHLE	EIFFAGE EUR8	France	3,421.00	278,034.51	321,094.56
OESCHLE	ELEC POWER DEV NPV	Japan	6,300.00	158,334.12	210,667.02
OESCHLE	ENEL EUR1	Italy	23,807.00	199,676.84	205,799.86
OESCHLE	ENI EUR1	Italy	14,508.00	196,119.42	432,216.70
OESCHLE	ERICSSON(LM)TEL SEK1 SER'B'	Sweden	119,509.00	340,578.82	437,555.19
OESCHLE	FANUC LTD NPV	Japan	7,400.00	519,481.98	599,364.74
OESCHLE	FRANCE TELECOM EUR4	France	11,482.00	277,463.05	330,577.37
OESCHLE	GLAXOSMITHKLINE ORD GBP0.25	UK	21,932.00	446,062.49	559,494.55
OESCHLE	HSBC HLDGS ORD USD0.50(UK REG)	UK	20,133.00	237,739.47	326,610.54
OESCHLE	IMPERIAL TOBACCO ORD GBP0.10	UK	6,610.00	93,095.59	189,906.51
OESCHLE	INDITEX EUR0.15	Spain	6,328.00	169,839.82	186,308.81
OESCHLE	JSR CORP NPV	Japan	16,000.00	332,539.26	333,156.87
OESCHLE	KEYENCE CORP NPV	Japan	800.00	187,496.68	201,446.97
OESCHLE	KINGFISHER ORD GBP0.157142857	UK	120,177.00	547,603.33	459,227.06
OESCHLE	LVMH MOET HENNESSY EUR0.30	France	12,142.00	922,412.00	1,004,235.57
OESCHLE	MATSUSHITA ELC IND NPV	Japan	21,000.00	250,704.35	356,299.63
OESCHLE	MEDIASET EUR0.52	Italy	37,435.00	449,040.23	444,339.39
OESCHLE	MILLEA HOLDINGS IN NPV	Japan	39.00	534,694.45	626,257.28
OESCHLE	MITSUBISHI ESTATE NPV	Japan	56,000.00	596,063.49	769,790.01
OESCHLE	MITSUBISHI UFJ FINANCIAL GROUP INC	Japan	68.00	569,694.97	893,947.41
OESCHLE	MITSUI TRUST HLDGS NPV	Japan	34,000.00	243,685.66	471,572.26
OESCHLE	NATL BK OF GREECE EUR4.50(REGD)	Greece	4,948.00	175,798.29	198,653.02
OESCHLE	NCSOFT CORPN KRW500	South Korea	2,290.00	173,890.98	188,872.78
OESCHLE	NESTLE SA CHF1(REGD)	Switzerland	2,697.00	717,115.17	792,835.37
OESCHLE	NISSAN MOTOR CO NPV	Japan	33,300.00	360,534.40	380,772.90
OESCHLE	NITTO DENKO CORP NPV	Japan	4,400.00	235,895.55	248,067.76
OESCHLE	NOVARTIS AG CHF0.50(REGD)	Switzerland	14,054.00	683,199.88	715,644.83
OESCHLE	NTT DATA CORP NPV	Japan	145.00	519,952.38	560,349.39
OESCHLE	ORIX CORP NPV	Japan	6,000.00	460,143.08	1,085,230.28
OESCHLE	PIONEER CORP JPY50	Japan	20,800.00	335,476.56	296,566.08
OESCHLE	PORTUGAL TCOM SGPS EUR1(REGD)	Portugal	26,879.00	264,875.05	246,290.67
OESCHLE	PPR EUR4	France	1,231.00	88,016.24	129,566.75
OESCHLE	PTT PUBLIC COMPANY THB10(ALIEN MKT)	Thailand	41,800.00	156,941.23	248,367.22
OESCHLE	PVTPL GDR SAMSUNG ELECTRS LTD GDR 1995 RPSTG COM	South Korea	275.00	27,182.59	77,628.43

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2005

Account name	Asset description	Country	Shares/Par value	Book value	Market value
OESCHLE	RENTOKIL INITIAL ORD GBP0.01(POST REORG)	UK	104,391.00	292,191.21	305,180.58
OESCHLE	REPSOL YPF SA EUR1	Spain	20,872.00	437,653.27	678,430.26
OESCHLE	RICHEMONT(CIE FIN) 'A'CHF1(BR)EQUITY UNIT	Switzerland	3,672.00	69,307.61	145,968.59
OESCHLE	ROCHE HLDGS AG GENUSSCHEINE NPV	Switzerland	7,042.00	703,827.79	982,083.85
OESCHLE	ROYAL DUTCH SHELL 'A'SHS EUR0.07 (DUTCH LIST)	Netherlands	14,766.00	455,487.18	489,038.19
OESCHLE	ROYAL DUTCH SHELL 'B'SHS EUR0.07 (UK LIST)	UK	10,910.00	350,664.02	377,911.23
OESCHLE	SAMSUNG ELECTRONIC KRW5000	South Korea	1,240.00	410,054.00	700,067.21
OESCHLE	SCHERING AG ORD NPV	Germany	5,536.00	317,820.22	351,945.25
OESCHLE	SHARP CORP JPY50	Japan	22,000.00	344,296.08	319,110.64
OESCHLE	SHIMAMURA CO NPV	Japan	2,100.00	176,251.82	233,086.29
OESCHLE	SIEMENS AG NPV(REGD)	Germany	11,351.00	880,985.66	877,914.13
OESCHLE	SUN HUNG KAI PROP HKD0.50	Hong Kong	37,000.00	320,164.07	383,223.23
OESCHLE	SWIRE PACIFIC 'A'HKD0.60	Hong Kong	59,500.00	345,462.37	548,003.61
OESCHLE	T&D HOLDINGS INC NPV	Japan	8,050.00	386,946.50	480,130.58
OESCHLE	TDK CORP NPV	Japan	5,000.00	362,287.51	356,890.77
OESCHLE	TELEFONICA SA EUR1	Spain	47,624.00	633,889.35	782,031.47
OESCHLE	TELENOR ASA ORD NOK6	Norway	18,663.00	177,695.39	167,341.40
OESCHLE	TENAGA NASIONL BHD MYR1	Malaysia	29,800.00	84,362.11	85,391.35
OESCHLE	TOKYU CORP Y50	Japan	71,000.00	396,447.05	377,113.11
OESCHLE	TOTAL SA EUR10	France	1,973.00	296,148.12	540,213.55
OESCHLE	VEOLIA ENVIRONNEME EUR5	France	10,658.00	290,040.19	451,157.10
OESCHLE	VODAFONE GROUP ORD USD0.10	UK	248,603.00	528,563.14	648,710.24
OESCHLE	VOLKSWAGEN AG ORD NPV	Germany	13,186.00	526,210.75	813,962.30
RCM	ABBOTT LAB COM	USA	51,900.00	2,256,975.67	2,200,560.00
RCM	ADR NOVARTIS AG SPONSORED ADR ISIN #US66987V1098	Switzerland	21,500.00	987,810.44	1,096,500.00
RCM	ADR SHIRE PHARMACEUTICALS GROUP PLC SPONSORED ADR	UK	22,475.00	853,694.75	831,350.25
RCM	AETNA INC	USA	20,400.00	994,771.14	1,757,256.00
RCM	AFLAC INC COM	USA	20,000.00	765,206.57	906,000.00
RCM	AMERN INTL GROUP INC COM	USA	24,400.00	1,494,910.70	1,511,824.00
RCM	APPLE COMPUTER INC COM	USA	34,675.00	970,111.92	1,858,926.75
RCM	BAKER HUGHES INC COM	USA	14,400.00	819,494.61	859,392.00
RCM	BOEING CO COM	USA	20,300.00	1,197,176.29	1,379,385.00
RCM	CARNIVAL CORP COM PAIRED	Panama	34,225.00	1,427,004.02	1,710,565.50
RCM	CDN NAT RES LTD COM CDN NAT RES COM STK	Canada	23,500.00	1,098,609.47	1,061,965.00
RCM	CITIGROUP INC COM	USA	53,225.00	1,779,060.39	2,422,802.00
RCM	COACH INC COM	USA	26,000.00	569,826.37	815,360.00
RCM	CONOCOPHILLIPS COM	USA	29,300.00	1,655,106.60	2,048,363.00
RCM	CORNING INC COM	USA	41,800.00	718,003.53	807,994.00
RCM	EMC CORP COM	USA	88,000.00	1,272,572.94	1,138,720.00
RCM	FRKLN RES INC COM	USA	28,000.00	1,571,602.16	2,350,880.00
RCM	GEN ELEC CO COM	USA	107,300.00	2,813,953.26	3,612,791.00
RCM	GENENTECH INC COM STK	USA	10,650.00	810,442.45	896,836.50
RCM	GENWORTH FINL INC COM CL A	USA	34,300.00	1,046,426.86	1,105,832.00
RCM	GILEAD SCI INC COM	USA	29,800.00	1,013,507.21	1,453,048.00
RCM	GILLETTE CO COM	USA	22,700.00	1,023,575.58	1,321,140.00
RCM	GOOGLE INC CL A	USA	5,306.00	1,282,395.88	1,679,136.76
RCM	HEALTH NET INC COM	USA	21,100.00	907,601.49	998,452.00
RCM	HEWLETT PACKARD CO COM	USA	72,500.00	1,866,153.09	2,117,000.00
RCM	IVAX CORP COM	USA	32,950.00	537,774.45	868,562.00
RCM	JOHNSON & JOHNSON COM	USA	23,000.00	1,298,283.07	1,455,440.00
RCM	JUNIPER NETWORKS INC COM	USA	37,600.00	939,475.85	894,504.00
RCM	MARRIOTT INTL INC NEW COM STK CL A	USA	18,525.00	1,247,426.77	1,167,075.00
RCM	MARVELL TECH GROUP MARVELL TECH GROUP INC	Bermuda	38,150.00	1,338,437.19	1,759,096.50
RCM	MEDTRONIC INC COM	USA	34,950.00	1,558,901.19	1,874,019.00
RCM	MERRILL LYNCH & CO INC COM STK	USA	29,200.00	1,588,927.95	1,791,420.00
RCM	MICROSOFT CORP COM	USA	75,600.00	2,024,374.76	1,945,188.00
RCM	MOTOROLA INC COM	USA	56,900.00	1,210,983.35	1,256,921.00
RCM	NCR CORP COM	USA	38,400.00	1,316,236.98	1,225,344.00
RCM	NEWS CORP CL A COM	USA	46,400.00	808,732.08	723,376.00
RCM	NIKE INC CL B	USA	16,400.00	1,152,712.48	1,339,552.00
RCM	NOBLE CORPORATION COM	Cayman Is.	17,400.00	869,173.19	1,191,204.00
RCM	ORACLE CORP COM	USA	130,900.00	1,591,912.84	1,621,851.00
RCM	PENNEY J.C CO INC COM	USA	36,575.00	1,509,462.44	1,734,386.50
RCM	PEPSICO INC COM	USA	39,700.00	1,991,646.59	2,251,387.00
RCM	PFIZER INC COM STK $.11 1/9 PAR	USA	58,800.00	1,605,835.87	1,468,236.00
RCM	PIXAR COM	USA	2,800.00	122,289.21	124,628.00
RCM	PROCTER & GAMBLE CO COM	USA	23,900.00	1,127,344.14	1,421,094.00
RCM	SANDISK CORP COM	USA	29,700.00	1,053,758.99	1,433,025.00
RCM	SMITH INTL INC COM	USA	24,200.00	649,832.31	806,102.00
RCM	STARWOOD HOTELS & RESORTS WORLDWIDE INC PAIRED CTF 1 B SH BEN INT STARWOOD REIT	USA	7,500.00	410,832.00	428,775.00
RCM	SYMANTEC CORP COM	USA	39,300.00	978,150.01	890,538.00
RCM	TARGET CORP COM COM	USA	16,000.00	820,369.65	830,880.00
RCM	TEXAS INSTRS INC COM	USA	55,300.00	1,381,073.95	1,874,670.00
RCM	UNITEDHEALTH GROUP INC COM COM	USA	29,225.00	1,134,076.37	1,642,445.00
RCM	UNIVISION COMMUNICATIONS INC CL A	USA	29,200.00	856,735.30	774,676.00
RCM	US BANCORP	USA	28,800.00	838,995.04	808,704.00
RCM	UTD TECHNOLOGIES CORP COM	USA	32,400.00	1,505,467.98	1,679,616.00
RCM	WALGREEN CO COM	USA	45,250.00	1,610,760.59	1,966,112.50
RCM	WRIGLEY WM JR CO CAP	USA	14,500.00	921,130.84	1,042,260.00
RCM	WYETH COM COM	USA	25,300.00	1,080,611.88	1,170,631.00
RCM	XTO ENERGY INC COM	USA	48,400.00	1,414,759.26	2,193,488.00
RCM	YAHOO INC COM	USA	62,300.00	1,580,426.06	2,108,232.00
RCM	ZIONS BANCORP COM	USA	23,975.00	1,534,357.80	1,707,259.75
URDANG	1ST POTOMAC RLTY TR COM	USA	10,100.00	195,103.82	259,570.00
URDANG	4 SEASONS HOTELS INC LTD VTG SH	Canada	6,800.00	435,749.62	390,320.00
URDANG	ALEXANDRIA REAL ESTATE EQUITIES INC COM	USA	18,700.00	1,158,578.39	1,546,303.00
URDANG	AMB PPTY CORP REIT	USA	27,800.00	1,107,830.50	1,248,220.00
URDANG	ARDEN RLTY GROUP INC	USA	25,800.00	827,792.89	1,062,186.00
URDANG	AVALONBAY CMNTYS REIT	USA	22,200.00	1,028,506.85	1,902,540.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2005

Account name	Asset description	Country	Shares/Par value	Book value	Market value
URDANG	BIOMED RLTY TR INC COM COM	USA	21,800.00	482,210.09	540,640.00
URDANG	BROOKFIELD PPTYS CORP COM	Canada	44,050.00	942,429.06	1,298,153.50
URDANG	BSTN PPTYS INC	USA	19,300.00	943,150.79	1,368,370.00
URDANG	CAMDEN PPTY TR SH BEN INT	USA	35,400.00	1,730,222.36	1,973,550.00
URDANG	COLUMBIA EQUITY TR INC COM COM	USA	17,100.00	258,051.17	249,660.00
URDANG	CORP OFFICE PPTYS TR COM	USA	20,400.00	581,603.13	712,980.00
URDANG	DEVELOPERS DIVERSIFIED RLTY CORP COM	USA	24,400.00	853,017.23	1,139,480.00
URDANG	EQTY OFFICE PPTYS TR REIT	USA	34,700.00	1,003,536.98	1,135,037.00
URDANG	EQTY RESDNTL EFF 5/15/02	USA	41,900.00	1,161,479.21	1,585,915.00
URDANG	EQUITY LIFESTYLE PPTYS INC COM STK	USA	9,200.00	324,342.69	414,000.00
URDANG	ESSEX PPTY TR REIT	USA	17,900.00	1,288,045.17	1,611,000.00
URDANG	FED RLTY INVT TR SH BEN INT NEW	USA	22,100.00	962,572.65	1,346,553.00
URDANG	GENERAL GROWTH PPTYS INC COM COM	USA	29,800.00	973,961.16	1,338,914.00
URDANG	HERITAGE PPTY INVT TR INC COM	USA	10,700.00	374,426.01	374,500.00
URDANG	HIGHLAND HOSPITALITY CORP COM	USA	23,600.00	246,637.02	242,136.00
URDANG	HILTON HOTELS CORP COM	USA	43,900.00	907,413.76	979,848.00
URDANG	HOST MARRIOTT CORP REIT	USA	78,500.00	1,005,277.60	1,326,650.00
URDANG	JER INVS TR INC COM COM	USA	6,800.00	121,093.25	122,808.00
URDANG	KILROY RLTY CORP COM	USA	10,000.00	459,250.89	560,300.00
URDANG	KIMCO RLTY CORP COM	USA	30,100.00	690,847.67	945,742.00
URDANG	LIBERTY PPTY TR SH BEN INT	USA	46,000.00	1,819,879.23	1,956,840.00
URDANG	MACERICH CO COM	USA	14,100.00	675,804.49	915,654.00
URDANG	MILLS CORP COM COM	USA	22,400.00	1,114,533.38	1,233,792.00
URDANG	PLUM CREEK TIMBER CO INC COM	USA	25,600.00	953,354.18	970,496.00
URDANG	PRENTISS PPTYS TR SH BEN INT REIT	USA	12,700.00	472,407.50	515,620.00
URDANG	PROLOGIS SH BEN INT	USA	46,956.57	1,549,415.26	2,080,645.61
URDANG	PUB STORAGE INC COM	USA	24,200.00	1,237,745.27	1,621,400.00
URDANG	RECKSON ASSOCS RLTY CORP REIT	USA	27,800.00	662,718.76	960,490.00
URDANG	RLTY INC CORP COM	USA	26,800.00	643,808.28	640,788.00
URDANG	SIMON PPTY GROUP INC COM	USA	40,100.00	2,029,864.15	2,972,212.00
URDANG	STARWOOD HOTELS & RESORTS WORLDWIDE INC PAIRED CTF 1 B SH BEN INT STARWOOD REIT	USA	15,200.00	589,505.33	868,984.00
URDANG	SUNSTONE HOTEL INVS INC NEW COM COM	USA	45,000.00	1,061,935.03	1,097,550.00
URDANG	TOWN & CTRY TR SH BEN INT	USA	10,300.00	286,300.88	298,906.00
URDANG	TRIZEC PPTYS INC REIT	USA	59,300.00	1,017,283.15	1,367,458.00
URDANG	U-STORE-IT TR COM COM	USA	1,100.00	22,055.00	22,297.00
URDANG	UTD DOMINION RLTY TR INC MD	USA	62,000.00	1,326,994.64	1,469,400.00
URDANG	VENTAS INC COM	USA	48,100.00	1,187,729.80	1,548,820.00
URDANG	VORNADO RLTY TR COM	USA	15,200.00	917,536.73	1,318,624.00
URDANG	WEINGARTEN RLTY INVS COM	USA	29,200.00	931,262.20	1,105,220.00
	TOTAL COMMON STOCK		**19,652,042.57**	**520,936,995.88**	**656,787,380.95**
	PREFERRED STOCK				
MORGAN STANLEY	PVTPL HOME OWN FDG CORP PFD STEP DOWN	USA	1,425.00	1,429,884.65	426,965.62
	TOTAL PREFERRED STOCK		**1,425.00**	**1,429,884.65**	**426,965.62**
	RIGHTS/WARRANTS				
MAIN ACCOUNT	LUCENT TECHNOLOGIES INC WT PUR COM EXP 12-10-2007	USA	4,144.00	6,588.96	3,936.80
	TOTAL RIGHTS/WARRANTS		**4,144.00**	**6,588.96**	**3,936.80**
	STOCK FUNDS				
BGI MID CAP INDEX	CF BGI MIDCAP EQTY INDEX FD	USA	2,142,754.20	21,377,008.65	38,091,030.01
BGI S & P INDEX	CF BARCLAYS ALPHA TILTS FD	USA	977,596.82	103,776,045.46	128,302,371.87
BGI SMALL CAP INDEX	CF BARCLAYS RUSSELL 1000 VALUE INDEX FD	USA	930,879.04	35,294,931.28	48,901,903.98
	TOTAL STOCK FUNDS		**4,051,230.06**	**160,447,985.39**	**215,295,305.86**
	TOTAL EQUITY		**23,708,841.63**	**682,821,454.88**	**872,513,589.23**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2005

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	CORPORATE ASSET BACKED SECURITIES				
BARROW HANLEY BOND	TXU ELEC DELIVERY TRANSITION BD CO LLC 2004-1 BD CL A-2 4 81 DUE 11-17-2014 REG	USA	350,000.00	349,559.11	350,054.95
DODGE & COX	CAL INFRASTRUCTURE & ECON DEV BK SPL PURP TR 97-1 CL A7 6.42 ABS CTF 9-25-8	USA	296,116.11	312,714.81	299,578.89
MORGAN STANLEY	ACE SECS CORP HOME EQUITY LN TR 2005-HE4CL A-2A FLTG RATE 07-25-2035 REG	USA	480,956.58	480,956.58	480,945.99
MORGAN STANLEY	AEGIS ASSET BACKED SECS TR 2005-3 MTG BKD NT CL A1 VAR RATE 08-25-2035 REG	USA	391,306.65	391,306.65	391,323.08
MORGAN STANLEY	AMER W AIRLS INC 2001-1 PASS THRU CTF CLG 7.1 DUE 10-02-2022 BEO	USA	238,309.64	238,309.64	245,895.27
MORGAN STANLEY	AMERICAN EXPRESS CR A/C MASTER TR 2002-2AST BKD CTF CL A FLTG 11-15-2009 BEO	USA	500,000.00	501,210.94	500,781.50
MORGAN STANLEY	AMERN EXPRESS CR A/C MASTER TR 2002-3 ABS CTF CL A FLTG RATE 12-15-09BEO	USA	400,000.00	400,937.50	400,657.60
MORGAN STANLEY	ASSET BACKED FDG CORP 2004-OPT5 ASSET BKD CTF CL A-2 FLTG RATE 06-25-2025 REG	USA	110,144.58	110,176.47	110,162.53
MORGAN STANLEY	ASSET BACKED FDG CORP SER 2005-WF1 CL A2A FLT RT 06-25-2023 REG	USA	217,450.02	217,450.02	217,485.68
MORGAN STANLEY	BEAR STEARNS ASSET BACKED SECS I TR 2004-HE5 CL I-A-1 08-25-2031 REG	USA	233,378.32	233,451.70	233,387.18
MORGAN STANLEY	BEAR STEARNS ASSET BACKED SECS I TR SER 2004-BO1 CL IA1 FLT RT 01-25-2018 REG	USA	195,089.00	195,089.00	195,213.27
MORGAN STANLEY	CAP AUTO RECEIVABLES AST TR SER 2003-2 CL A3A 1.44000005722 DUE 02-15-2007 REG	USA	66,881.40	66,549.61	66,559.09
MORGAN STANLEY	CAPITAL AUTO RECEIVABLES ASSET TR SER 2003-3 CL A3B 01-15-2008 REG	USA	300,000.00	300,421.88	300,188.10
MORGAN STANLEY	CAPITAL AUTO RECEIVABLES ASSET TR SER 2004-2 CL A2 3.35% DUE 02-15-2008 BEO	USA	225,000.00	224,958.95	221,847.30
MORGAN STANLEY	CARRINGTON MTG LN TR 2005-NC1 ASSET BKD PASSTHRU CTF A-1A 01-25-2035 REG	USA	233,266.99	233,266.99	233,305.47
MORGAN STANLEY	CARRINGTON MTG LN TR SER 2005-NC3 CL A1A06-25-2035 BEO	USA	247,083.91	247,083.91	247,063.15
MORGAN STANLEY	CHASE CR CARD OWNER TR 2001-4 ASSET BKD NT CL A 5.5% DUE 11-17-2008 BEO	USA	430,000.00	429,931.57	433,964.06
MORGAN STANLEY	DAIMLERCHRYSLER AUTO TR 2003B AST BACKEDNT CL A-4 2.86 DUE 03-09-2009 REG	USA	350,000.00	355,110.00	342,799.45
MORGAN STANLEY	EQUIFIRST MTG LN TR EQUIFIRST MTG LN TR 20051 04-25-2035 BEO	USA	265,841.43	265,831.05	265,877.05
MORGAN STANLEY	FIRST FRANKLIN MTG LN TR SER 2005-FF7 CLA2 FLT RT 07-25-2035 BEO	USA	358,505.24	358,505.24	358,529.97
MORGAN STANLEY	GE CAP CR CARD MASTER NT TR SER 2004-2 CL A FLT RT 09-15-2010 REG	USA	300,000.00	300,000.00	300,240.00
MORGAN STANLEY	GE DEALER FLOORPLAN MASTER NT TR VAR 07-20-2008 BEO	USA	300,000.00	300,000.00	300,008.70
MORGAN STANLEY	GS MTG SECS CORP GSAMP 2005-HE1 MTG PASSTHRU A-2 12-25-2034 REG	USA	168,141.30	168,180.72	168,181.99
MORGAN STANLEY	GS MTG SECS CORP GSAMP 2005-HE3 MTG PASSTHRU CTF A-2A 05-25-2045 REG	USA	269,230.36	269,230.36	269,245.43
MORGAN STANLEY	GS MTG SECS CORP GSAMP TRUST 2005 NC1 A12.700 25FEB 02-25-2035 BEO	USA	127,152.76	127,152.76	127,179.71
MORGAN STANLEY	GS MTG SECS CORP SER 2005-AHL CL A1 FLT RT 04-25-2035 REG	USA	186,662.90	186,662.90	186,685.11
MORGAN STANLEY	MASTR ASSET BACKED SECS TR SER 2005-OPT1CL A3 FLT RT 03-25-2035 REG	USA	200,835.38	200,835.38	200,870.72
MORGAN STANLEY	MBNA CR CARD MASTER NT TR 2002-10 NT CL A FLTG RATE 02-15-2010 BEO	USA	300,000.00	301,054.69	300,768.30
MORGAN STANLEY	MBNA CR CARD MASTER NT TR 2003-3 NT CL AFLTG RATE 08-16-2010 BEO	USA	500,000.00	501,542.97	501,358.00
MORGAN STANLEY	MERRILL LYNCH MTG INVS INC SER 2004-HE2 CL A2A 08-25-2035 REG	USA	82,912.51	82,912.51	82,924.44
MORGAN STANLEY	NEW CENTY HOME EQTY LN TR 2004-A AST BKDCTF CL A-II-1 VAR RATE 07-01-2034 REG	USA	56,202.42	56,202.42	56,204.44
MORGAN STANLEY	NEW CENTY HOME EQUITY LN TR 2004-4 SR NTCL A-3 FLTG 02-25-2035 REG	USA	142,168.86	142,168.86	142,177.39
MORGAN STANLEY	PARK PL SECS INC 2005-WCW2 ASSET BKD PASSTHU CTF A-2A 07-25-2035 REG	USA	290,877.34	290,877.34	290,916.31
MORGAN STANLEY	PARK PL SECS INC SER 2005-WHQ3 CL A2A 08-25-2035 BEO	USA	323,400.98	323,400.98	323,291.99
MORGAN STANLEY	RESDNTL AST SEC CORP MTG PA 2004-KS8 MTGPASSTHRU CTF CL A-I-1 09-25-2034 REG	USA	123,871.55	123,871.55	123,888.39
MORGAN STANLEY	RESIDENTIAL ASSET MTG PRODS INC SER 2005-RS1 CL A-II-1 FLT RT 10-25-2026 REG	USA	189,063.78	189,063.78	189,123.90
MORGAN STANLEY	SAXON ASSET SECS TR SER 2005 2 10-25-2035 BEO	USA	389,995.31	389,995.31	389,986.73
MORGAN STANLEY	SLM STUDENT LN TR 2004-6 ASSET BKD CTF CL A-2 VAR RATE 01-25-2013 REG	USA	334,502.16	334,658.97	334,754.04
MORGAN STANLEY	SPECIALTY UNDERWRITING & RESIDENTIAL FIN12-25-2035 BEO	USA	230,069.37	230,069.37	230,092.60
MORGAN STANLEY	SPECIALTY UNDERWRITING & RESIDENTIAL FINSER 2005-BC2 CL A2A 12-25-2035 REG	USA	218,115.75	218,115.75	218,110.95
MORGAN STANLEY	STRUCTURED ASSET INVT LN TR 2005-2 CL A2VAR RATE 03-25-2035 REG	USA	224,065.94	224,065.94	224,090.81
MORGAN STANLEY	STRUCTURED ASSET INVT LN TR 2005-HE1 MTGPASSTHRU CTF CL A1 VAR 07-25-2035 REG	USA	479,098.91	479,098.91	479,003.56
MORGAN STANLEY	STRUCTURED ASSET INVT LN TR SER 2005-5 CL A6 FLT RT 06-25-2035 REG	USA	273,446.84	273,446.84	273,440.82
MORGAN STANLEY	STRUCTURED ASSET SECS CORP 2005-WMC1 MTGPASSTHRU CTF CL A1 FLTG 01-25-2035 REG	USA	307,839.57	307,780.02	307,850.34
MORGAN STANLEY	TERWIN MTG TR 2003-8HE ASSET BKD CTF CL A 01-25-2035 REG	USA	234,877.62	235,354.73	235,005.62
MORGAN STANLEY	TERWIN MTG TR 2004-22SL ASSET BKD CTF CLA 11-25-2035 REG	USA	194,431.24	194,674.29	194,842.65
MORGAN STANLEY	USAA AUTO OWNER TR 2004-3 AST BACKED NT CL A-3 3.16000008583 DUE 02-17-2009 REG	USA	500,000.00	499,912.73	492,702.50
MORGAN STANLEY	VOLKSWAGEN AUTO LEASE TR SER 2005-A CL A-3 FLT RT 05-20-2008 REG	USA	275,000.00	274,984.07	272,718.87
MORGAN STANLEY	WACHOVIA AUTO OWNER TR 2004-1 2004-B ASTBACKED NT CL A-2 2.4 05-21-07 REG	USA	133,818.61	133,809.77	133,385.70
MORGAN STANLEY	WELLS FARGO HOME EQTY AST BACKED SEC SER2004-2 CL AI-1A 02-25-2018 REG	USA	188,014.30	188,036.34	188,048.89
MUNDER	CAP AUTO RECEIVABLES AST TR SER 2003-3 CL A2A 2.34999990463 DUE 10-16-2006 REG	USA	504,854.44	504,778.07	503,483.76
MUNDER	DISCOVER CARD MASTER TR I SER 2000-9 CL A 6.34999990463% DUE 07-15-2008 BEO	USA	1,100,000.00	1,127,027.34	1,106,766.10
MUNDER	FLEET CR CARD MASTER TR II 2001-B AST BKD CTF CL A 5.6 DUE 12-15-2008 BEO	USA	500,000.00	499,082.03	503,979.00
MUNDER	STD CR CARD MASTER TR I-SER 1994-2 CL-A 7.25 PARTN CTF DUE 04-07-2006 REG	USA	500,000.00	494,531.25	507,262.50
MUNDER	VOLKSWAGEN AUTO LN ENHANCED TR SER 2003-2 CLASS-A4 2.94 DUE 03-22-2010 REG	USA	500,000.00	490,976.56	488,474.50
MUNDER	WELLS FARGO MTG BACKED SECS 2004-N TR MTG PASS CL A-3 VAR 08-25-2034 REG	USA	750,000.00	750,468.75	742,078.50
MUNDER	WFS FINL 2003-1 OWNER TR NT CL A-4 2.740000009549% DUE 09-20-2010 BEO	USA	750,000.00	742,353.52	741,802.50
	TOTAL CORPORATE ASSET BACKED SECURITIES		18,037,980.07	18,069,199.40	18,026,565.34
	CORPORATE BONDS				
BARROW HANLEY BOND	ALLTEL CORP SR NT 4.656% DUE 05-17-2007 REG	USA	705,000.00	715,476.45	704,344.49
BARROW HANLEY BOND	AMERICA MOVIL S A DE C V SR NT 6.375% DUE 03-01-2035 REG	Mexico	300,000.00	299,001.00	290,886.30
BARROW HANLEY BOND	AMERN GEN FIN CORP MEDIUM TERM SR NTS TRANCHE # TR 00377 5.375 DUE 09-01-2009	USA	265,000.00	266,371.00	269,707.99
BARROW HANLEY BOND	AMGEN INC SR NT 4% DUE 11-18-2009/11-18-2004 REG	USA	310,000.00	309,389.30	303,078.94
BARROW HANLEY BOND	AOL TIME WARNER INC 7.625% DUE 04-15-2031/04-14-2031 BEO	USA	275,000.00	317,834.00	322,170.75
BARROW HANLEY BOND	AT&T WIRELESS SVCS INC NT 8.125% DUE 05-01-2012 BEO	USA	240,000.00	245,643.75	281,442.00
BARROW HANLEY BOND	AT&T WIRELESS SVCS INC SR NT 8.75 DUE 03-01-2031 BEO	USA	300,000.00	310,398.80	404,939.40
BARROW HANLEY BOND	ATLC RICHFIELD CO DEB DTD 04/01/1992 8.5DUE 04-01-2012 REG	USA	525,000.00	607,241.85	630,908.25
BARROW HANLEY BOND	BAXTER INTL INC BAXTER INTL INC 5.25 DUE05-01-2007/04-26-2002 BEO	USA	455,000.00	479,965.85	458,733.27
BARROW HANLEY BOND	BK 1 CORP 5.9 DUE 11-15-2011 BEO	USA	500,000.00	526,375.00	524,021.00
BARROW HANLEY BOND	CAP 1 FINL CORP 4.8 DUE 02-21-2012 BEO	USA	340,000.00	338,759.00	331,579.56
BARROW HANLEY BOND	CARNIVAL CORP GTD SR NT 3.75 DUE 11-15-2007 REG	Panama	540,000.00	538,104.60	529,703.28
BARROW HANLEY BOND	CHUBB CORP SR NT 4.75% DUE 11-16-2007 BEO	USA	585,000.00	588,691.35	587,200.77
BARROW HANLEY BOND	COMCAST CORP NEW NT 5.3 DUE 01-15-2014/01-14-2014 BEO	USA	410,000.00	419,946.60	408,933.18
BARROW HANLEY BOND	CONS NAT GAS CO 6.875 DEB DUE 10-15-2026REG PUTTABLE 10-15-2006 @ PAR PUT	USA	525,000.00	591,165.55	591,052.35
BARROW HANLEY BOND	DAIMLER CHRYSLER N AMER HLDG CORP 4.75 MAT 1/15/08 4.75 DUE 01-15-08 BEO	USA	260,000.00	259,755.35	258,630.32
BARROW HANLEY BOND	DEERE JOHN CAP CORP MEDIUM TERM NTS-BOOKTRANCHE # TR 00333 4.375 3-14-08	USA	265,000.00	264,968.20	263,429.87
BARROW HANLEY BOND	DEERE JOHN CAP CORP MEDIUM TERM NTS-BOOKENTRY MTN 4.4% DUE 07-15-2009	USA	210,000.00	209,680.80	207,618.18
BARROW HANLEY BOND	DEUTSCHE TELEKOM INTL FIN B V GTD NT STEP UP 06-15-2010	Netherlands	290,000.00	350,372.20	328,780.25
BARROW HANLEY BOND	EQTY RESDNTL PPTY 5.125 3 15 18 5.125 DUE 03-15-2016 BEO	USA	290,000.00	289,672.30	285,662.47
BARROW HANLEY BOND	FED EXPRESS CORP NT DTD 06-25-1992 9.65 DUE 06-15-2012 REG	USA	200,000.00	256,952.00	250,928.80
BARROW HANLEY BOND	FPL GROUP CAP INC NT 4.086% DUE 02-16-2007 REG	USA	310,000.00	313,806.80	307,960.20
BARROW HANLEY BOND	GA PWR CO GA PWR 4.875 DUE 07-15-2007 BEO	USA	385,000.00	390,875.10	386,663.20
BARROW HANLEY BOND	GEN ELEC CAP CORP MEDIUM TERM NTS BOOK ENTRY TRANCHE #473 6.875 11-15-2010	USA	530,000.00	609,945.20	578,629.09
BARROW HANLEY BOND	HEWLETT PACKARD CO GLOBAL NT 5.75 DUE 12-15-2006 BEO	USA	485,000.00	497,395.54	491,709.00
BARROW HANLEY BOND	HSBC FIN CORP NT 4.75% DUE 04-15-2010 BEO	USA	390,000.00	388,736.40	388,506.69
BARROW HANLEY BOND	KINDER MORGAN INC KINDER MORGAN SRNT 6.5DUE 09-01-2012 BEO	USA	215,000.00	239,381.00	230,169.54

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2005

Account name	Asset description	Country	Shares/Par value	Book value	Market value
BARROW HANLEY BOND	LENFEST COMMUNICATIONS INC SR NT 7.625 DUE 02-15-2008/02-15-2003 BEO	USA	235,000.00	273,504.90	248,615.90
BARROW HANLEY BOND	LOCKHEED MARTIN CORP NT 7.2 DUE 05-01-2036 REG PUT	USA	650,000.00	706,737.00	798,026.45
BARROW HANLEY BOND	MARATHON OIL CORP NT DTD 05/29/2002 5.375 DUE 06-01-2007/05-31-2001 BEO	USA	465,000.00	486,146.35	470,058.27
BARROW HANLEY BOND	MERRILL LYNCH & CO INC MEDIUM TERM NTS BTRANCHE # TR 00456 4.25 2-8-2010 REG	USA	495,000.00	493,589.25	483,912.49
BARROW HANLEY BOND	METLIFE INC NT 5% DUE 06-15-2015/06-23-2005 BEO	USA	340,000.00	340,249.35	335,614.00
BARROW HANLEY BOND	MIDAMERICAN ENERGY HLDGS CO NEW SR NT 3.5% DUE 05-15-2008/05-14-2008 REG	USA	440,000.00	439,300.40	424,962.56
BARROW HANLEY BOND	MIDAMERICAN ENERGY HLDGS CO NEW SR NT 5.875 DUE 10-01-2012/09-30-2012 BEO	USA	265,000.00	269,479.55	276,502.85
BARROW HANLEY BOND	MOTOROLA INC SR NT 4.608 DUE 11-16-2007 BEO	USA	340,000.00	346,048.60	339,606.28
BARROW HANLEY BOND	MOTOROLA INC SR NT 8 DUE 11-01-2011/10-31-2011 BEO	USA	385,000.00	451,558.80	450,115.05
BARROW HANLEY BOND	PNC FDG CORP NT 4.2% DUE 03-10-2008 REG	USA	515,000.00	514,757.95	509,913.86
BARROW HANLEY BOND	PRUDENTIAL FINL INC MEDIUM TERM NTS BOOKTRANCHE # TR 00005 5.1 09-20-2014	USA	290,000.00	288,721.10	290,228.52
BARROW HANLEY BOND	PRUDENTIAL FINL INC MEDIUM TERM NTS BOOKENTRY MTN 3.75 DUE 05-01-2008	USA	205,000.00	204,897.50	201,936.68
BARROW HANLEY BOND	PSEG PWR LLC SR NT 6.95 DUE 06-01-2012/05-31-2012 BEO	USA	575,000.00	641,929.00	627,304.87
BARROW HANLEY BOND	REED ELSEVIER CAP INC NT 6.125 DUE 08-01-2006 BEO	USA	720,000.00	744,122.85	726,667.20
BARROW HANLEY BOND	REGIONS FINL CORP NEW BD 4.5% DUE 08-08-2008 BEO	USA	585,000.00	584,350.65	581,939.86
BARROW HANLEY BOND	SCHERING PLOUGH CORP SR NT STEP UP 12-01-2033 11-26-2003	USA	375,000.00	408,654.63	432,821.25
BARROW HANLEY BOND	SLM CORP MEDIUM TERM NTS BOOK ENTRY MTN 4% DUE 01-15-2010	USA	375,000.00	365,396.25	364,339.50
BARROW HANLEY BOND	SLM CORP MEDIUM TERM NTS BOOK ENTRY MTN 4.5% DUE 07-26-2010 REG	USA	405,000.00	403,861.95	399,170.43
BARROW HANLEY BOND	SOUTHN CO CAP FDG INC SOUTHER CO CAP FDG5.3 DUE 02-01-2007 BEO	USA	325,000.00	340,515.50	327,613.97
BARROW HANLEY BOND	SPRINT CAP CORP GTD NT DTD 05/06/1999 6.375 DUE 05-01-2009 REG	USA	430,000.00	454,918.50	451,482.80
BARROW HANLEY BOND	UNIVISION COMMUNICATIONS INC UNIVISION COMMUNCTNS 3.875 DUE 10-15-2008 BEO	USA	555,000.00	552,059.10	535,136.55
BARROW HANLEY BOND	VERIZON WIRELESS CAP LLC NT 5.375 DUE 12-15-2006/11-12-2002 BEO	USA	615,000.00	627,579.75	620,968.57
BARROW HANLEY BOND	WA MUT FIN CORP SR NT 6.875 DUE 05-15-2011 BEO	USA	350,000.00	377,486.50	383,988.85
BARROW HANLEY BOND	WELLPOINT INC NT 3.75% DUE 12-14-2007 REG	USA	355,000.00	354,716.00	347,776.10
BARROW HANLEY BOND	WELLPOINT INC NT 5% DUE 12-15-2014/05-06-2005 REG	USA	310,000.00	307,851.70	308,397.92
BARROW HANLEY BOND	WEYERHAEUSER CO NT DTD 10/22/2001 5.95 DUE 11-01-2008 BEO	USA	255,000.00	262,886.25	264,238.90
BARROW HANLEY BOND	WYETH WYE 5.50 02/01/2014 5.5 DUE 02-01-2014/12-16-2003 BEO	USA	330,000.00	342,501.08	338,160.57
BARROW HANLEY BOND	XCEL ENERGY INC SR NT 7 DUE 12-01-2010 BEO	USA	555,000.00	620,306.85	605,796.93
BARROW HANLEY BOND	XL CAP LTD SR NT 5.25% DUE 09-15-2014/09-14-2014 BEO	Cayman Is.	155,000.00	157,557.50	149,528.65
DODGE & COX	AMERICAN HOME PRODS CORP NT 6.95% DUE 03-15-2011 BEO	USA	350,000.00	393,506.75	384,469.40
DODGE & COX	AOL TIME WARNER INC 7.625% DUE 04-15-2031/04-14-2031 BEO	USA	500,000.00	510,530.00	585,765.00
DODGE & COX	AOL TIME WARNER INC DEB DTD 04/08/2002 7.7 DUE 05-01-2032 BEO	USA	850,000.00	904,850.00	1,006,335.40
DODGE & COX	BK 1 CORP NT 6 DUE 08-01-2008 BEO	USA	750,000.00	763,537.50	776,392.50
DODGE & COX	BSTN PPTYS LTD PARTNERSHIP SR NT 5.625 DUE 04-15-2015/04-14-2015 BEO	USA	500,000.00	499,490.00	510,955.50
DODGE & COX	BSTN PPTYS LTD PARTNERSHIP SR NT 6.25 DUE 01-15-2013/01-14-2013 BEO	USA	400,000.00	400,696.00	423,896.40
DODGE & COX	BURL NORTHN SANTA FE RY CO PASS THRU TR SER 1999-2 MTG 7.57 1-2-21 BEO SF 7-2-00	USA	899,344.96	980,326.77	1,043,312.10
DODGE & COX	CIGNA CORP 7.875 DEB DUE 05-15-2027	USA	650,000.00	703,329.25	805,019.80
DODGE & COX	CIGNA CORP SR NT 7 DUE 01-15-2011/01-14-2011 BEO	USA	200,000.00	225,870.00	218,169.00
DODGE & COX	COMCAST CORP NEW NT 5.3 DUE 01-15-2014/01-14-2014 BEO	USA	600,000.00	594,462.60	598,438.80
DODGE & COX	COX COMMUNICATIONS INC NEW NT 5.45% DUE 12-15-2014/05-17-2005 BEO	USA	775,000.00	779,524.00	769,958.62
DODGE & COX	CSX TRANSN INC NT 9.75 DUE 06-15-2020 REG	USA	315,000.00	386,923.95	440,413.78
DODGE & COX	DOW CHEM CO 7.375 DUE 11-01-2029 BEO	USA	350,000.00	451,927.00	427,298.90
DODGE & COX	DOW CHEM CO NT DTD 08/29/2002 6% DUE 10-01-2012/09-30-2012 BEO	USA	400,000.00	431,132.00	423,585.20
DODGE & COX	EOP OPER LTD PARTNERSHIP GTD NT 7 DUE 07-15-2011/07-14-2011 BEO	USA	1,100,000.00	1,158,186.00	1,200,296.90
DODGE & COX	FORD MTR CR CO FORD MTR CR CO 7.25 DUE 10-25-2011 BEO	USA	1,725,000.00	1,869,541.00	1,637,342.40
DODGE & COX	GEN ELEC CO NT 5 DUE 02-01-2013 BEO	USA	800,000.00	826,688.00	806,650.40
DODGE & COX	GEN MTRS ACCEP CORP NT DTD 09/12/2001 6.875 DUE 09-15-2011 BEO	USA	1,650,000.00	1,646,681.79	1,500,861.45
DODGE & COX	HEWLETT PACKARD CO GLOBAL NT 5.5 DUE 07-01-2007/06-30-2007 BEO	USA	500,000.00	499,052.80	507,650.00
DODGE & COX	INTL PAPER CO NT DTD 03/18/2004 5.25 DUE04-01-2016/03-18-2004 BEO	USA	425,000.00	409,763.75	411,354.10
DODGE & COX	MAY DEPT STORES CO NT DTD 08/15/1995 7.625% DUE 08-15-2013 REG	USA	1,070,000.00	1,170,371.47	1,217,555.14
DODGE & COX	NORDSTROM INC SR DEB 6.95 DUE 03-15-2028REG	USA	750,000.00	714,536.37	840,200.25
DODGE & COX	NORFOLK SOUTHN RY CO VA NT 9.75 DUE 06-15-2020 REG	USA	435,000.00	534,323.55	620,286.07
DODGE & COX	RAYTHEON CO NT 8.3 DUE 03-01-2010 BEO	USA	650,000.00	718,512.80	737,491.95
DODGE & COX	REP N Y CORP 9.7 DUE 02-01-2009 REG	USA	1,000,000.00	1,172,390.00	1,148,080.00
DODGE & COX	SAFECO CORP SR NT 7.25 DUE 09-01-2012 BEO	USA	250,000.00	290,188.30	280,622.50
DODGE & COX	TRAVELERS PPTY CAS CORP NEW SR NT DTD 03/11/2003 5 DUE 3-15-13/3-14-13 BEO	USA	350,000.00	352,198.00	342,909.35
DODGE & COX	UN PAC RR CO 2002-1 PASS THRU TR MTG PASSTHRU CTF 2002-1 6.061 1-17-23 BEO	USA	1,381,382.49	1,381,382.49	1,487,928.52
DODGE & COX	UN PAC RR CO PASS THRU TR CTF SER 1998-C8.33 DUE 01-02-2020 BEO SF 01-02-2005	USA	401,956.04	397,860.28	430,543.15
DODGE & COX	WYETH WYE 5.50 02/01/2014 5.5 DUE 02-01-2014/12-16-2003 BEO	USA	600,000.00	600,637.50	614,837.40
MORGAN STANLEY	ALLSTATE LIFE GLOBAL FDG II MEDIUM TERM TRANCHE # SR 00003 2.625 DUE 10-22-2006	USA	125,000.00	124,571.25	122,191.75
MORGAN STANLEY	ALTRIA GROUP INC NT 7 DUE 11-04-2013 BEO	USA	135,000.00	133,581.15	147,766.00
MORGAN STANLEY	AMERN GEN FIN CORP MEDIUM TERM SR NTS MTN 4.625 DUE 05-15-2009 REG	USA	100,000.00	99,715.00	99,010.40
MORGAN STANLEY	AT&T WIRELESS SVCS INC SR NT 8.75 DUE 03-01-2031 BEO	USA	55,000.00	67,712.15	74,238.89
MORGAN STANLEY	AZ PUB SVC CO NT 5.8 DUE 06-30-2014/06-29-2014 BEO	USA	100,000.00	100,014.25	104,747.00
MORGAN STANLEY	AZ PUB SVC CO SR NT DTD 11/15/1996 6.75 DUE 11-15-2006 REG	USA	30,000.00	31,464.00	30,677.49
MORGAN STANLEY	BANK AMER CORP GLOBAL NT DTD 10/09/2001 4.75% DUE 10-15-2006 BEO	USA	65,000.00	69,010.65	65,183.10
MORGAN STANLEY	BANK AMER CORP SR NT 3.375% DUE 02-17-2009 BEO	USA	170,000.00	169,107.50	163,374.25
MORGAN STANLEY	BK 1 CORP MEDIUM TERM SUB NTS BOOK ENTRYTRANCHE # SB 00001 6 DUE 02-17-2009	USA	275,000.00	248,482.02	283,979.02
MORGAN STANLEY	BK AMER CORP SR NT DTD 3.875 DUE 01-15-2008 BEO	USA	90,000.00	90,365.95	88,677.18
MORGAN STANLEY	BK NY INC SR NOTES 5.2 DUE 07-01-2007 BEO	USA	45,000.00	48,294.45	45,461.79
MORGAN STANLEY	BURL NORTHN & SANTA FE RY CO 2004- 2004-1 PASS THRU CTF 4.575 1-15-2021 BEO	USA	52,591.89	52,591.89	51,378.22
MORGAN STANLEY	CAROLINA PWR & LT CO 1ST MTG BD 5.125 DUE 09-15-2013/09-14-2013 REG	USA	100,000.00	100,363.60	100,690.90
MORGAN STANLEY	CATERPILLAR FINL SERVICES NT VAR RT DUE 08-20-2007	USA	130,000.00	130,000.00	130,179.79
MORGAN STANLEY	CATERPILLAR FINL SVCS CORP MEDIUM TERM NTS-BOOK ENTRY MTN 3.625% DUE 11-15-2007	USA	30,000.00	29,996.10	29,444.85
MORGAN STANLEY	CC FDG TR I SR NT 6.9% DUE 02-16-2007 BEO	USA	45,000.00	46,787.60	46,248.25
MORGAN STANLEY	CHASE MANHATTAN CORP NEW SUB NT DTD 02/23/1999 6 DUE 02-15-2009 BEO	USA	200,000.00	198,392.00	207,337.20
MORGAN STANLEY	CIN GAS & ELEC CO DEB 5.7 DUE 09-15-2012BEO	USA	80,000.00	81,388.90	82,973.52
MORGAN STANLEY	CIT GROUP HOLDINGS 7.375 DUE 04-02-2007 BEO	USA	20,000.00	22,794.80	20,797.02
MORGAN STANLEY	CIT GROUP INC NEW SR NT 2.875% DUE 09-29-2006	USA	70,000.00	69,885.20	68,853.75
MORGAN STANLEY	CIT GROUP INC NT 4.75% DUE 08-15-2008 BEO	USA	100,000.00	99,909.00	100,027.60
MORGAN STANLEY	CIT GROUP INC SR NT 6.5% DUE 02-07-2006 BEO	USA	130,000.00	141,908.20	130,959.53
MORGAN STANLEY	CITICORP MEDIUM TERM SUB NTS- BOOK ENTRYTRANCHE # SB 00195 6.375 DUE 11-15-2008	USA	265,000.00	267,933.24	277,962.21
MORGAN STANLEY	CITIGROUP GLOBAL MKTS HLDGS INC MEDIUM TTRANCHE # SR 00020 VAR 12-12-2006	USA	55,000.00	55,000.00	55,071.39
MORGAN STANLEY	CITIGROUP INC GLOBAL SR NT DTD 05/10/2001 5.75 DUE 05-10-2006 BEO	USA	55,000.00	59,265.25	55,449.13
MORGAN STANLEY	CLOROX CO SR NT FLTG RATE DUE 12-14-2007REG	USA	120,000.00	120,136.85	120,188.64
MORGAN STANLEY	COMCAST CABLE COMMUNICATIONS INC COMCASTCABLE COMM 6.75 DUE 01-30-2011 BEO	USA	195,000.00	210,399.35	209,675.70
MORGAN STANLEY	CONS NAT GAS CO SR NT SER C 6.25 DUE 11-01-2011 BEO	USA	65,000.00	69,104.75	69,074.39
MORGAN STANLEY	CONSOLIDATED NAT GAS CO SR NT 5% DUE 12-01-2014/11-18-2004 BEO	USA	75,000.00	75,261.48	73,923.82
MORGAN STANLEY	CONSUMERS ENERGY CO 1ST MTG BD SER H 4.8DUE 02-17-2009 REG	USA	65,000.00	66,511.90	64,808.77

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2005

Account name	Asset description	Country	Shares/Par value	Book value	Market value
MORGAN STANLEY	COOPER INDS INC GTD SR NT 5.25% DUE 07-01-2007 BEO	USA	140,000.00	139,846.00	141,260.70
MORGAN STANLEY	COUNTRYWIDE HOME LNS INC MEDIUM TERM NTSTRANCHE TR 00304 3.25 05-21-2008	USA	130,000.00	129,886.90	125,135.79
MORGAN STANLEY	COX COMMUNICATIONS INC NEW NT 4.625% DUE01-15-2010/05-17-2005 REG	USA	75,000.00	74,922.00	73,331.32
MORGAN STANLEY	DET EDISON CO 6.125 DUE 10-01-2010 BEO	USA	15,000.00	16,416.00	15,849.27
MORGAN STANLEY	ENTERGY GULF STS INC 1ST MTG BD 3.6% DUE06-01-2008/06-01-2005 REG	USA	30,000.00	28,820.70	28,805.79
MORGAN STANLEY	ENTERGY GULF STS INC 1ST MTG BD FLTG RATE DUE 12-01-2009/12-01-2006 REG	USA	75,000.00	74,821.50	75,180.45
MORGAN STANLEY	EOP OPER LTD PARTNERSHIP EOP OPER 4.75 DUE 03-15-2014 BEO	USA	110,000.00	102,870.90	105,940.45
MORGAN STANLEY	EXELON CORP 6.75 DUE 05-01-2011 BEO	USA	60,000.00	64,954.20	64,314.36
MORGAN STANLEY	FEDEX CORP NT 7.25 DUE 02-15-2011 BEO	USA	60,000.00	67,047.00	66,230.40
MORGAN STANLEY	FL PWR & LT CO FL PWR 4.85 DUE 02-01-2013/01-31-2003 BEO	USA	40,000.00	40,000.00	40,173.56
MORGAN STANLEY	FORD MTR CR CO FORD MTR CR CO 7.25 DUE 10-25-2011 BEO	USA	120,000.00	125,686.80	113,902.08
MORGAN STANLEY	FPL GROUP CAP INC FPL GROUP CAP INC 3.25DUE 4/11/08 3.25 DUE 04-11-2006 BEO	USA	60,000.00	59,916.60	59,655.48
MORGAN STANLEY	GEN ELEC CAP CORP MEDIUM TERM NTS BO TRANCHE # TR 00528 6.75 DUE 03-15-2032	USA	25,000.00	25,443.36	29,405.70
MORGAN STANLEY	GEN ELEC CAP CORP MTN BO TRANCHE # TR 00521 5.875 DUE 02-15-2012BEO	USA	25,000.00	26,988.25	26,266.00
MORGAN STANLEY	GEN MLS INC BD DTD 11/20/2002 3.875 DUE 11-30-2007/11-29-2007 BEO	USA	40,000.00	39,499.20	39,300.44
MORGAN STANLEY	GENERAL ELEC CAP CORP MEDIUM TERM NTS BOOK ENTRY MTN 4.25% DUE 12-01-2010	USA	235,000.00	231,515.30	230,490.58
MORGAN STANLEY	GOLDMAN SACHS GROUP INC FOR FUTURE EQTY USE 38143U 5.25 DUE 10-15-2013 BEO	USA	75,000.00	75,342.15	75,677.02
MORGAN STANLEY	HOUSEHOLD FIN CORP NT 8% DUE 07-15-2010 BEO	USA	45,000.00	53,545.05	50,777.05
MORGAN STANLEY	HOUSEHOLD FIN CORP NT DTD 06/17/1998 6.4% DUE 06-17-2008 REG	USA	65,000.00	73,921.60	67,802.47
MORGAN STANLEY	HSBC FIN CORP NT 6.75% DUE 05-15-2011 REG	USA	50,000.00	56,469.70	54,381.00
MORGAN STANLEY	HSEHD FIN CORP NT 6.375 DUE 10-15-2011 BEO	USA	40,000.00	43,388.40	42,785.84
MORGAN STANLEY	HSEHD FIN CORP SR NT DTD 02/05/1999 5.875 DUE 02-01-2009 BEO	USA	85,000.00	91,721.15	87,719.23
MORGAN STANLEY	ICI WILMINGTON INC GTD NT 4.375% DUE 12-01-2008/11-30-2008 REG	USA	50,000.00	49,076.00	49,156.25
MORGAN STANLEY	INTL LEASE FIN CORP NT 3.75 DUE 08-01-2007 BEO	USA	65,000.00	64,868.70	63,941.60
MORGAN STANLEY	J P MORGAN CHASE & CO JP MORGAN CHASE CONT 5 1 4 DUE 5.25 DUE 05-30-2007 BEO	USA	95,000.00	101,322.25	96,116.82
MORGAN STANLEY	KNIGHT RIDDER INC 5.75% DUE 09-01-2017/08-31-2017 BEO	USA	95,000.00	95,122.90	93,942.93
MORGAN STANLEY	LTD BRANDS INC DEB 6.95 DUE 03-01-2033 BEO	USA	65,000.00	66,979.85	63,288.81
MORGAN STANLEY	M & I MARSHALL & ILSLEY BK MILW WI TRANCHE # TR 00014 3.8 DUE 02-08-2008	USA	175,000.00	174,594.00	172,025.52
MORGAN STANLEY	MARRIOTT INTL INC 7.875 DUE 09-15-2009 BEO	USA	45,000.00	50,855.40	49,737.01
MORGAN STANLEY	MARRIOTT INTL INC NT SER E DTD 01/16/2001 7 DUE 01-15-2008 BEO	USA	115,000.00	124,850.15	120,310.35
MORGAN STANLEY	MARSH & MCLENNAN COS INC NT 5.375 DUE 07-15-2014 BEO	USA	180,000.00	174,405.45	174,058.02
MORGAN STANLEY	MBNA AMER BK NATL ASSN MEDIUM TERM SUB NTRANCHE # SB 00003 7.125 11-15-12	USA	150,000.00	163,957.50	168,616.65
MORGAN STANLEY	MBNA CORP SR MEDIUM TERM NTS BOOK ENTRY FLT RT MTN DUE 05-05-2008 BEO	USA	130,000.00	130,000.00	131,069.77
MORGAN STANLEY	MOHAWK INDS INC NT 7.2 DUE 04-15-2012/04-14-2012 BEO	USA	50,000.00	57,551.25	55,557.30
MORGAN STANLEY	NISOURCE FIN CORP NT DUE 11-23-2009/11-23-2008 REG	USA	70,000.00	70,000.00	70,273.91
MORGAN STANLEY	NORFOLK SOUTHN CORP 7.35 NT DUE 05-15-2007	USA	70,000.00	75,368.40	72,829.96
MORGAN STANLEY	NORTHROP GRUMMAN CORP SR NT 4.079 DUE 11-16-2006 REG	USA	30,000.00	30,439.20	29,844.18
MORGAN STANLEY	PACIFIC GAS & ELEC CO 1ST MTG BD 4.8% DUE 03-01-2014 REG	USA	55,000.00	51,823.20	53,778.06
MORGAN STANLEY	PANHANDLE EASTN PIPE LINE CO SR NT SER B2.75 DUE 03-15-2007/03-14-2007 REG	USA	30,000.00	29,095.20	29,157.18
MORGAN STANLEY	PVTPL AIG SUNAMERICA GLOBAL FING VI SR NT 144A 6.3 DUE 05-10-2011 BEO	USA	265,000.00	264,610.45	283,623.67
MORGAN STANLEY	PVTPL AMERN HONDA FIN CORP MEDIUM TERM NTS 3.85 DUE 11-06-2008 BEO	USA	110,000.00	109,910.90	107,554.70
MORGAN STANLEY	PVTPL EQUITABLE LIFE ASSURN SOC U S 6.95DUE 12-01-2005 REG	USA	250,000.00	245,662.50	251,041.75
MORGAN STANLEY	PVTPL FARMERS INS EXCHANGE 8.625 SURP NT144A DUE 05-01-2024 REG	USA	395,000.00	467,917.00	471,813.67
MORGAN STANLEY	PVTPL HANCOCK JOHN GLOBAL FDG II BOOK ENTRY 144A 7.9 DUE 07-02-2010 BEO	USA	180,000.00	212,781.60	204,429.42
MORGAN STANLEY	PVTPL HYATT EQUITIES L L C NT 144A 6.875DUE 06-15-2007/06-14-2007 BEO	USA	90,000.00	96,000.00	91,747.71
MORGAN STANLEY	PVTPL SEALED AIR CORP NEW 144A 5.625 DUE07-15-2013 BEO	USA	135,000.00	133,444.20	135,370.84
MORGAN STANLEY	RAYTHEON CO 6.15 DUE 11-01-2008 BEO	USA	75,000.00	78,213.75	77,978.32
MORGAN STANLEY	S.W AIRLS 2001-1 PASS THRU TRS S.W AIR5.496 DUE 11-01-2006 BEO	USA	95,000.00	95,000.00	96,025.71
MORGAN STANLEY	SC ELEC & GAS CO SC ELEC & GAS CO 99.807KDJ2 X7-9446 5.3 05-15-2033 BEO	USA	35,000.00	34,932.45	34,503.49
MORGAN STANLEY	SEMPRA ENERGY SR NT 4.621% DUE 05-17-2007 BEO	USA	70,000.00	70,428.40	69,853.70
MORGAN STANLEY	SLM CORP MEDIUM TERM NTS BOOK ENTRY 5 DUE 10-01-2013 BEO	USA	100,000.00	99,687.00	100,129.10
MORGAN STANLEY	SLM CORP MEDIUM TERM NTS BOOK ENTRY MTN 4% DUE 01-15-2010	USA	105,000.00	104,410.95	102,015.06
MORGAN STANLEY	SOVEREIGN BK FSB WYOMISSING PA CTF DEP DTD 01-18-2005 4 02-01-2008	USA	100,000.00	99,905.00	98,831.00
MORGAN STANLEY	SPRINT CAP CORP NT 8.75 DUE 03-15-2032 BEO	USA	30,000.00	35,070.90	40,227.84
MORGAN STANLEY	U S BANCORP MEDIUM TERM NTS- BOOK ENTRY TR 00147 5.1 DUE 07-15-2007 REG	USA	70,000.00	74,536.00	70,609.77
MORGAN STANLEY	U S BK NATL ASSN CIN OH MEDIUM TRANCHE #TR 00189 2.85 DUE 11-15-2006 BEO	USA	85,000.00	84,992.35	83,233.78
MORGAN STANLEY	UN PAC CORP 6.625 NTS DUE 02-01-2008 BEO	USA	30,000.00	31,669.80	31,245.00
MORGAN STANLEY	UN PAC CORP MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00164 6.79 DUE 11-09-2007	USA	30,000.00	32,851.20	31,249.32
MORGAN STANLEY	UN PAC CORP UN PAC CORP 6.65 DUE 01-15-2011/01-14-2011 BEO	USA	40,000.00	44,532.80	43,119.80
MORGAN STANLEY	VERIZON GLOBAL FDG CORP VERIZON GLOBAL FDG CORP 6.125 DUE 06-15-2007 BEO	USA	65,000.00	71,647.55	66,662.18
MORGAN STANLEY	VERIZON NEW ENG INC VERIZON NEW ENG INC 6.5 DUE 09-15-2011 BEO	USA	100,000.00	104,981.73	106,423.80
MORGAN STANLEY	WA MUT INC NTS 7.5 DUE 08-15-2006 BEO	USA	120,000.00	130,611.15	122,701.80
MORGAN STANLEY	WA MUT INC SUB NT 8.25 DUE 04-01-2010 BEO	USA	25,000.00	29,631.00	28,054.80
MORGAN STANLEY	WACHOVIA CORP NEW GLOBAL NT 4.95% DUE 11-01-2006 REG	USA	155,000.00	165,321.50	155,687.42
MORGAN STANLEY	WELLPOINT INC NT 3.75% DUE 12-14-2007 REG	USA	50,000.00	49,960.00	48,982.55
MORGAN STANLEY	WELLPOINT INC NT 4.25% DUE 12-15-2009 REG	USA	50,000.00	49,897.00	48,907.70
MORGAN STANLEY	WELLS FARGO & CO NEW WFC 3YR FLOATING NOTE 3L+10 DUE 03-03-2006 BEO	USA	100,000.00	100,123.00	100,031.10
MUNDER	ARCHER DANIELS MIDLAND CO NT DTD 02/08/2001 7 DUE 02-01-2031 BEO	USA	620,000.00	766,834.60	733,817.74
MUNDER	AXA SA US$ SUB NT 8.6 DUE 12-15-2030 BEO	France	450,000.00	464,175.00	592,423.20
MUNDER	BECTON DICKINSON & CO SR DEB DTD 08/03/1998 6.7 DUE 08-01-2028 BEO	USA	750,000.00	881,430.00	870,435.00
MUNDER	BLOCK FINL CORP GTD NT 5.125% DUE 10-30-2014/10-29-2014 REG	USA	600,000.00	596,472.00	582,204.00
MUNDER	CONOCO INC NT DTD 04/20/1999 6.95 DUE 04-15-2029/04-20-1999 BEO	USA	360,000.00	408,110.40	438,222.96
MUNDER	DAIMLERCHRYSLER N AMER HLDG CORP MED MTN .00001 DUE 09-10-2007	USA	500,000.00	500,000.00	501,178.00
MUNDER	DAIMLERCHRYSLER NORTH AMER HLDG CORP BD FLT RT DUE 03-07-2007 BEO	USA	500,000.00	500,000.00	499,256.00
MUNDER	DELUXE CORP SR NT 5 DUE 12-15-2012/12-14-2012 BEO	USA	350,000.00	342,893.90	332,300.50
MUNDER	DOVER CORP NT 6.5% DUE 02-15-2011 BEO	USA	1,000,000.00	1,130,300.00	1,080,177.00
MUNDER	EQUITABLE COS INC SR NT 6.5 DUE 04-01-2008 REG	USA	820,000.00	878,400.40	855,832.36
MUNDER	FLEETBOSTON FINL CORP SR NT DTD 02/13/2003 3.85 DUE 02-15-2008 BEO	USA	800,000.00	811,552.00	788,124.00
MUNDER	GEN ELEC CAP CORP MEDIUM TERM NTS BOOK TRANCHE # TR 00443 7.375 1-19-10 BEO	USA	500,000.00	548,145.00	551,767.00
MUNDER	HOUSEHOLD FIN CORP NT 8% DUE 07-15-2010 BEO	USA	500,000.00	590,715.00	564,189.50
MUNDER	INDEPENDENCE CMNTY BK CORP VAR RT DUE 04-01-2014 BEO	USA	400,000.00	398,980.00	384,368.00
MUNDER	MERCK & CO INC MERCK & CO NTS GLOBAL 4.75% DUE 03-01-2015 BEO	USA	500,000.00	483,185.00	481,577.50
MUNDER	MORGAN STANLEY GLOBAL NT 5.3 DUE 03-01-2013 BEO	USA	700,000.00	683,669.00	705,970.60
MUNDER	NATL RURAL UTILS COOP FIN CORP MEDIUM TERM NTS-BOOKENTRY TRANCHE # TR 00057	USA	600,000.00	559,095.00	601,596.00
MUNDER	NIKE INC NT 5.5 DUE 08-15-2006 BEO	USA	175,000.00	181,137.25	176,562.75
MUNDER	PEMEX FIN LTD NT 9.69 DUE 08-15-2009 BEO	Cayman Is.	400,000.00	474,000.00	434,140.00
MUNDER	POPULAR N AMER INC MEDIUM TERM NTS B TRANCHE # TR 00010 3.875 DUE 10-01-08	USA	700,000.00	688,884.00	682,701.60
MUNDER	PROCTER & GAMBLE PFT SHG TR & EMP STR OWN PLAN 9.36 DUE 01-01-2021 REG PUT SF	USA	1,000,000.00	1,168,904.00	1,309,100.00
MUNDER	PROTECTIVE LIFE SECD TRS SECD MEDIUM TERTRANCHE # TR 00001 3.7 DUE 11-24-2008	USA	1,250,000.00	1,236,443.50	1,222,211.25

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2005

Account name	Asset description	Country	Shares/Par value	Book value	Market value
MUNDER	PVTPL TIAA GLOBAL MKTS INC NT DTD 01/09/2003 3.875 DUE 01-22-2008 BEO	USA	1,000,000.00	1,030,180.00	983,031.00
MUNDER	RBS CAP TR I TR PFD SECS STEP UP 12-29-2049 12-30-2013	USA	1,000,000.00	950,460.00	964,772.00
MUNDER	SLM CORP MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00002 5.125 DUE 08-27-2012	USA	540,000.00	549,714.60	545,648.94
MUNDER	SOVEREIGN BK FSB WYOMISSING PA SUB FXD/FLTG RATE NT DUE 08-01-2013 BEO	USA	400,000.00	405,024.00	393,844.00
MUNDER	SPRINT CAP CORP NT 7.625 DUE 01-30-2011 BEO	USA	500,000.00	580,090.00	559,502.50
MUNDER	U S BK NATL ASSN MEDIUM TERM NTS TRANCHE#TR 00193 2.87 DUE 02-01-2007	USA	750,000.00	746,730.00	734,043.00
MUNDER	UBS PFD FDG TR I GTD TR PFD SECS DUE 10-29-2049 BEO	USA	750,000.00	922,065.00	868,848.00
MUNDER	WA MUT FIN CORP SR NT 6.875 DUE 05-15-2011 BEO	USA	445,000.00	446,815.37	488,214.39
	TOTAL CORPORATE BONDS		70,555,275.38	74,032,423.61	74,368,389.59
	CORPORATE BOND FUNDS				
SSGA FUND	SSGA PASSIVE BD MKT INDEX FD	USA	4,266,875.61	70,304,293.73	77,192,046.66
	TOTAL CORPORATE BOND FUNDS		4,266,875.61	70,304,293.73	77,192,046.66
	NON-GOVERNMENT BACKED CMO"s				
BARROW HANLEY BOND	CMO BANC AMER COML MTG INC 2003-2 CL A-2 4.34200000763% DUE 03-11-2041 REG	USA	450,000.00	452,272.91	441,390.15
BARROW HANLEY BOND	CMO BANC AMER MTG SECS INC 2004-8 CL 3-A-1 5.25% DUE 10-25-2019 REG	USA	1,521,693.27	1,522,168.80	1,511,648.57
BARROW HANLEY BOND	CMO BEAR STEARNS COML MTG SECS 2004-PWR5CL A-4 4.831 DUE 07-11-2042 REG	USA	740,000.00	744,038.99	732,080.52
BARROW HANLEY BOND	CMO CHASE MTG FIN TR SER 2004-S1 CL A3 5.5% DUE 02-25-2019 BEO	USA	434,777.43	440,553.24	439,807.80
BARROW HANLEY BOND	CMO CITIGROUP COML MTG TR SER 2004-C2 CLA3 4.38000011444% DUE 10-15-2041 BEO	USA	715,000.00	718,551.41	694,603.91
BARROW HANLEY BOND	CMO CWALT INC SER 2005-53T2 CL 2-A-1 6% DUE 11-25-2035 REG	USA	1,180,000.00	1,194,565.62	1,180,000.00
BARROW HANLEY BOND	CMO CWMBS INC 2004-18 MTG PASSTHRU CTF CL A-1 6% DUE 10-25-2034 REG	USA	609,959.57	623,874.31	616,467.22
BARROW HANLEY BOND	CMO GE COML MTG CORP SER 2003-C2 CL A2 4.17000007629% DUE 07-10-2037 REG	USA	500,000.00	502,492.95	491,659.00
BARROW HANLEY BOND	CMO J P MORGAN CHASE COML MTG SECS CORP SER 2004-CBX CL A4 4.565 11-12-2039 REG	USA	370,000.00	371,847.78	362,711.37
BARROW HANLEY BOND	CMO J P MORGAN CHASE COML MTG SECS CORP SER 2005-LDP1 CL A-2 4.625 3-15-2046 REG	USA	725,000.00	728,598.90	719,355.87
BARROW HANLEY BOND	CMO PRIME MTG TR 2005-2 MTG PASSTHRU CTFI-A-3 5.25% DUE 07-25-2020 REG	USA	1,263,742.42	1,267,691.62	1,266,018.42
BARROW HANLEY BOND	CMO WACHOVIA BK COML MTG TR 2003-C5 MTG PASSTHRU CTF CL A-2 3.99 06-15-2035 REG	USA	634,999.99	638,128.06	596,903.80
MORGAN STANLEY	CMO BANC AMER FDG CORP 2005-F MTG PASSTHRU CTF CL 1-A-2 DUE 09-20-2035 REG	USA	299,950.69	299,950.69	300,681.97
MORGAN STANLEY	CMO CITIGROUP MTG LN TR 2005-OPT3 ASSET BKD CTF CL 1-1A VAR 0 DUE 07-25-2035 REG	USA	432,694.43	432,694.43	432,751.97
MORGAN STANLEY	CMO CWALT INC 2005-51 MTG PASSTHRU CTF CL 1-A-2A DUE 11-20-2035 REG	USA	325,000.00	325,000.00	325,000.00
MORGAN STANLEY	CMO CWALT INC 2005-59 MTG PASSTHRU CTF CL 1-A-2B DUE 11-20-2035 REG	USA	300,000.00	300,000.00	300,000.00
MORGAN STANLEY	CMO HARBORVIEW MTG LN TR 2005-10 CL 2-A1B DUE 11-19-2035 REG	USA	324,700.51	324,700.51	325,538.23
MORGAN STANLEY	CMO HARBORVIEW MTG LN TR 2005-5 MTG PASSTHRU CTF CL 2-A1B DUE 07-19-2045 REG	USA	195,770.51	195,204.61	195,678.30
MORGAN STANLEY	CMO J P MORGAN CHASE COML MTG SECS CORP 2004-FL1 MTG A-1 144A 06-16-2006 BEO	USA	268,771.58	268,771.58	268,875.86
MORGAN STANLEY	CMO LONG BEACH MTG LN TR LONG BEACH MORTGAGE LOAN TR 2005 DUE 04-25-2035 BEO	USA	268,051.06	268,051.06	268,091.53
MORGAN STANLEY	CMO MERRILL AUTO TR SECURITIZATION 2005-1 CL A-2B 3.47% DUE 04-25-2008 REG	USA	500,000.00	500,000.00	500,012.50
MORGAN STANLEY	CMO MERRILL LYNCH MTG INVS INC 2005-A6 2-A-1 DUE 08-25-2035 REG	USA	460,344.81	460,344.81	460,222.35
MORGAN STANLEY	CMO OWNIT 2005-2 MTG LN ASSET BKD CTF CLA-2A 3.94000005722% DUE 03-25-2036 REG	USA	215,265.78	215,265.78	215,301.94
MORGAN STANLEY	CMO RESDNTL AST SEC CORP MTG PA 2004-KS9 A-1-1 FLTG 09-25-2021 REG	USA	55,908.20	55,902.62	55,916.92
MORGAN STANLEY	CMO STRUCTURED ASSET SECS CORP SER 2005-WF2 CL A1 VAR RT DUE 05-25-2035 REG	USA	374,197.07	374,197.07	373,948.60
MORGAN STANLEY	CMO WAMU MTG PASS-THROUGH CTFS 2005-AR11CL A-1B1 VAR DUE 08-25-2045 REG	USA	271,616.63	271,616.63	271,638.90
MORGAN STANLEY	CMO WAMU MTG PASS-THRU CTFS 2004-AR10 MTG PASS CL A-2-C VAR 07-25-2034 REG	USA	93,271.62	93,271.62	93,395.95
MORGAN STANLEY	I/O CMO FHLMC FHLMC #S1-0087 09-01-2030 BEO	USA	132,366.60	114,452.20	27,301.93
MORGAN STANLEY	PVTPL CMO WORLD FINL PPTYS TOWER B FIN CORP SER 1996 WFP-B 144A 6.91 09-01-2013	USA	286,415.22	285,748.13	303,966.17
MUNDER	CMO BANC AMER COML MTG INC 2000-1 MTG PASTHRU CTF CL A-1A 7.109 11-15-31 BEO	USA	458,121.08	482,959.85	474,291.83
MUNDER	CMO BANC AMER MTG SECS INC 2004-F MTG PASSTHRU CTF CL 2-A-2 .0001 07-25-34 REG	USA	1,500,000.00	1,512,500.00	1,496,553.00
MUNDER	CMO BEAR STEARNS ALT-A TR 2004-11 CL II-A-1 4.88602113724% DUE 11-25-2034 REG	USA	776,484.49	796,017.94	778,466.85
MUNDER	CMO CHASE MTG FIN TR 2003-S5 MC MTG PASSTHRU CTF CL A-4 5.5 06-25-2018 REG	USA	382,153.95	389,513.46	378,333.17
MUNDER	CMO COML MTG AST TR 99-C1 A3 6.64 EXPECTED MAT 9-17-10 DUE 1-17-32 BEO	USA	555,000.00	572,488.66	586,099.98
MUNDER	CMO CSFB MTG SECS CORP 2001-CK3 COML MTGPASSTHRU CTF CL A-2 6.04 6-15-34BE	USA	461,215.15	468,709.90	463,022.65
MUNDER	CMO GE CAP COML MTG CORP 2002-1 COML MTGPASSTHRU CTF A-2 5.994 12-10-35 BEO	USA	490,000.00	492,430.30	509,888.12
MUNDER	CMO MORGAN STANLEY DWITTER CAP TR 2002 MTG P/THRU CTF CL A-2 5.98 DUE 1-15-39	USA	615,000.00	618,014.12	650,592.51
MUNDER	CMO MSDW CAP I TR 2002-HQ MTG PASSTHRU CTF CL A-3 6.51 04-15-34 BEO	USA	655,000.00	658,533.73	705,917.73
MUNDER	CMO THORNBURG MTG SECS TR 2004-1 CL II-1A VAR 2.65977 DUE 03-25-2044 REG	USA	507,063.36	505,954.16	492,064.42
	TOTAL NON-GOVERNMENT BACKED CMO"s		20,349,535.42	20,487,078.45	20,306,200.01
	TOTAL CORPORATE FIXED INCOME		113,209,666.48	182,892,995.19	189,893,201.60

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2005

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	U.S. GOVERNMENT AGENCIES				
BARROW HANLEY BOND	FHLMC DEB 5.875 03-21-2011	USA	615,000.00	655,824.30	647,868.06
BARROW HANLEY BOND	FNMA PREASSIGN 00310 5.125 01-02-2014	USA	540,000.00	535,572.00	548,298.18
DODGE & COX	FNMA FNMA 6 05-15-2011	USA	250,000.00	256,875.00	267,457.75
DODGE & COX	NEW VY GENERATION V 2003-2 PASSTHRU CTF 4.92899990082% DUE 01-15-2021 BEO	USA	652,116.74	652,116.74	646,359.85
DODGE & COX	SBA GTD DEV PARTN CTF SER 2003-20-D PARTN CTF 4.76 DUE 04-01-23 REG	USA	899,733.76	899,733.76	898,821.43
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF 7.15 DUE 03-01-2017/03-01-2005 REG	USA	322,904.25	342,013.79	339,856.72
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF DEB SER 1999-20 F 6.8 DUE 06-01-2019 REG	USA	879,048.32	907,754.75	931,518.71
MORGAN STANLEY	FEDERAL HOME LN BK CONS DISC NTS 10-05-2005	USA	2,000,000.00	1,994,555.56	1,999,600.00
MORGAN STANLEY	FEDERAL HOME LN BK CONS DISC NTS 10-14-2005	USA	1,500,000.00	1,496,229.17	1,498,350.00
MORGAN STANLEY	FHLMC DISC NT 10-11-2005	USA	2,000,000.00	1,994,462.22	1,998,400.00
MORGAN STANLEY	FHLMC PREASSIGN 00891 5.125 11-07-2013/11-07-2005	USA	610,000.00	608,409.12	610,498.37
MORGAN STANLEY	FNMA NT 4.25 05-15-2009	USA	1,250,000.00	1,267,675.00	1,239,933.75
MUNDER	FED AGRIC MTG CORP MEDIUM TERM NTS F AGYFAMCA 4.25 DUE 07-29-2008 REG	USA	850,000.00	847,382.00	845,280.80
MUNDER	FFCB DTD 09/01/2000 7 09-01-2015	USA	1,250,000.00	1,334,717.50	1,478,125.00
MUNDER	FHLB FEDERAL HOME LOAN BANK 5.5 12-11-2013 BEO	USA	500,000.00	433,660.00	528,905.00
MUNDER	FHLB STEP UP 04-28-2006/10-28-2005 BD	USA	1,000,000.00	1,000,000.00	990,993.00
MUNDER	FHLB TRANCHE # TR 00017 5.125 08-15-2019	USA	1,000,000.00	1,045,210.00	1,022,907.00
MUNDER	FHLMC CONS BD 7.5 05-15-2020	USA	1,150,000.00	1,202,273.00	1,475,599.50
MUNDER	FHLMC REFERENCE NT 5.5 09-15-2011	USA	750,000.00	783,429.75	784,885.50
MUNDER	FHLMC TRANCHE # TR 00029 5.3 05-12-2020/05-12-2010	USA	1,000,000.00	987,230.00	987,876.00
MUNDER	FHLMC TRANCHE # TR 00116 4.75 12-08-2010/12-08-2005	USA	250,000.00	250,468.75	249,836.75
MUNDER	FNMA 7.125 01-15-2030	USA	500,000.00	613,339.84	649,486.00
MUNDER	FNMA DTD 03/26/2001 5.5 03-15-2011	USA	500,000.00	519,885.70	522,241.50
MUNDER	FNMA NT 5.25 01-15-2009	USA	370,000.00	393,450.97	378,543.67
MUNDER	FNMA PREASSIGN 00409 4.3 02-17-2010/02-17-2006	USA	650,000.00	650,000.00	642,687.50
MUNDER	PRIVATE EXPT FDG CORP SECD NT SER T 4.55% DUE 05-15-2015 REG	USA	650,000.00	649,291.50	645,937.50
MUNDER	PVT EXPT FDG CORP 5.75 DUE 01-15-2008 REG	USA	1,000,000.00	1,000,000.00	1,028,440.00
	TOTAL U.S. GOVERNMENT AGENCIES		22,936,803.07	23,321,560.42	23,858,707.54

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2005

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	U.S. GOVERNMENT BONDS				
BARROW HANLEY BOND	US TREAS BDS 5.375 DUE 02-15-2031 BEO	USA	2,625,000.00	2,912,939.39	2,940,819.00
BARROW HANLEY BOND	US TREAS BDS 7.5 11/15/2016 USD1000 7.5 DUE 11-15-2016 REG	USA	1,285,000.00	1,636,190.41	1,626,428.35
BARROW HANLEY BOND	US TREAS NTS DTD 00056 3.875 DUE 05-15-2009 REG	USA	485,000.00	490,682.20	479,695.07
BARROW HANLEY BOND	USA TREAS NTS DTD 00068 3.375%DUE 09-15-2009 REG	USA	1,760,000.00	1,727,933.59	1,707,337.28
BARROW HANLEY BOND	USA TREAS NTS DTD 00092 4.125%DUE 05-15-2015 REG	USA	2,505,000.00	2,516,327.60	2,461,846.36
BARROW HANLEY BOND	USA TREAS NTS DTD 00103 3.875%DUE 09-15-2010 REG	USA	730,000.00	728,117.97	719,677.07
BARROW HANLEY BOND	USA TREAS NTS DTD 08/15/2000 5.75% DUE 08-15-2010 REG	USA	900,000.00	985,247.01	959,870.70
BARROW HANLEY BOND	USA TREAS NTS T-BD 3.375% DUE 02-15-2008 REG	USA	1,320,000.00	1,300,242.78	1,296,177.96
DODGE & COX	US TREAS 5.625 NT DUE 05-15-2008	USA	5,000,000.00	5,446,875.00	5,187,813.53
DODGE & COX	US TREAS NTS 5 DUE 08-15-2011 REG	USA	950,000.00	997,648.44	987,146.90
DODGE & COX	US TREAS NTS 5.75 DUE 11-15-2005 BEO	USA	4,800,000.00	5,196,798.93	4,812,561.60
DODGE & COX	US TREAS NTS DTD 01-15-2004 3.25 DUE 01-15-2009 REG	USA	5,000,000.00	5,001,484.38	4,855,665.00
DODGE & COX	USA TREAS NTS 00064 2.75% DUE 08-15-2007 REG	USA	3,000,000.00	2,940,468.75	2,924,298.00
DODGE & COX	USA TREAS NTS DTD 00071 2.5% DUE 10-31-2006 REG	USA	2,600,000.00	2,574,406.25	2,555,618.00
DODGE & COX	USA TREAS NTS DTD 00089 3.625%DUE 04-30-2007 REG	USA	3,400,000.00	3,371,578.13	3,371,310.80
DODGE & COX	USA TREAS NTS DTD 08/15/2002 3.25% DUE 08-15-2007 REG	USA	5,500,000.00	5,455,527.34	5,410,625.00
MORGAN STANLEY	U.S TREAS BDS 5.500 DUE 08-15-2028 REG	USA	975,000.00	1,111,329.11	1,095,504.15
MORGAN STANLEY	US TREAS BD STRIPPED PRIN PMT 028 02-15-2025 REG	USA	4,750,000.00	1,593,619.00	1,924,481.50
MORGAN STANLEY	US TREAS BDS 6.125 BDS 08-15-2029 USD1000	USA	1,070,000.00	1,235,325.66	1,302,683.27
MORGAN STANLEY	US TREAS BDS 8 1/8 15/8/2021 USD(VAR) 8.125 DUE 08-15-2021 REG	USA	650,000.00	902,785.16	906,495.85
MORGAN STANLEY	US TREAS BDS DTD 02/15/1995 7.625 DUE 02-15-2025 REG	USA	2,440,000.00	3,367,212.32	3,368,439.52
MORGAN STANLEY	US TREAS BDS USD1000 8.125 DUE 08-15-2019 REG	USA	1,550,000.00	2,116,172.78	2,116,173.15
MORGAN STANLEY	US TREAS NTS DTD 00032 4.25 DUE 08-15-2013 REG	USA	8,275,000.00	8,363,807.61	8,246,550.55
MORGAN STANLEY	US TREAS NTS DTD 3.875 DUE 02-15-2013 REG	USA	1,150,000.00	1,123,855.47	1,120,396.70
MORGAN STANLEY	US TREAS SEC STRIPPED INT PMT 259 02-15-2025 REG	USA	225,000.00	72,361.70	90,643.72
MORGAN STANLEY	USA TREAS BDS DTD 08/15/1997 6.375% DUE 08-15-2027 REG	USA	625,000.00	745,810.55	774,511.87
MORGAN STANLEY	USA TREAS NTS 00064 2.75% DUE 08-15-2007 REG	USA	1,600,000.00	1,558,562.50	1,559,625.60
MUNDER	US TREAS BD STRIPPED PRIN PMT STRIP 15/2/2019 USD 02-15-2019 REG	USA	2,500,000.00	1,281,042.50	1,357,675.00
MUNDER	US TREAS BDS 12 15/8/2013 USD1000 12 DUE08-15-2013/08-15-2008 REG	USA	1,000,000.00	1,426,343.76	1,209,570.00
MUNDER	US TREAS BDS 5.375 DUE 02-15-2031 BEO	USA	400,000.00	406,874.08	448,124.80
MUNDER	US TREAS BDS 7 1/4 15/8/2022 USD1000 7.25 DUE 08-15-2022 REG	USA	500,000.00	663,652.34	653,281.00
MUNDER	US TREAS BDS 8 11/15/2021 USD1000 8 DUE 11-15-2021/04-29-1999 REG	USA	500,000.00	664,921.88	692,148.50
MUNDER	US TREAS BDS 8 7/8 15/8/2017 USD1000 8.875 DUE 08-15-2017 REG	USA	130,000.00	187,545.31	182,274.17
MUNDER	US TREAS BDS DTD 02/15/2000 6.25 DUE 05-15-2030 REG	USA	1,100,000.00	1,277,264.92	1,365,848.00
MUNDER	USA TREAS NTS DTD 00084 4% DUE02-15-2015 REG	USA	350,000.00	345,679.69	340,703.30
	TOTAL U.S. GOVERNMENT BONDS		**71,650,000.00**	**71,726,634.51**	**71,052,021.27**
	U.S. GOVERNMENT MORTGAGE BACKED				
BARROW HANLEY BOND	FHLMC GOLD B1-2563 5 02-01-2019	USA	610,228.53	630,633.04	609,056.89
BARROW HANLEY BOND	FHLMC GOLD C00647 6.5 09-01-2028	USA	368,810.37	381,603.50	380,556.24
BARROW HANLEY BOND	FHLMC GOLD C26472 6.5 05-01-2029	USA	63,943.92	62,784.95	65,961.35
BARROW HANLEY BOND	FHLMC GOLD E90777 5.5 08-01-2017	USA	180,851.80	186,672.98	183,566.38
BARROW HANLEY BOND	FHLMC GOLD G0-1533 6 03-01-2033	USA	1,200,143.74	1,241,398.70	1,221,302.27
BARROW HANLEY BOND	FHLMC GOLD G11295 5.5 09-01-2017	USA	463,143.11	474,432.22	470,094.88
BARROW HANLEY BOND	FHLMC GOLD GROUP C00835 6.5 07-01-2029	USA	121,814.79	114,144.27	125,657.43
BARROW HANLEY BOND	FHLMC POOL #A2-5418 6% 08-01-2034 BEO	USA	963,622.08	996,746.59	980,552.92
BARROW HANLEY BOND	FHLMC POOL #A2-7483 6% 10-01-2034 BEO	USA	921,355.24	953,170.81	937,543.45
BARROW HANLEY BOND	FHLMC POOL #A3-0948 5.5% 01-01-2035 BEO	USA	1,119,920.62	1,139,169.26	1,120,581.37
BARROW HANLEY BOND	FHLMC POOL #A4-5500 5.5% 06-01-2035 BEO	USA	2,520,415.36	2,550,345.28	2,521,675.56
BARROW HANLEY BOND	FHLMC POOL #E01386 5% 06-01-2018 BEO	USA	1,830,324.51	1,894,957.86	1,826,810.28
BARROW HANLEY BOND	FHLMC POOL #E9-7381 5.5% 06-01-2018 BEO	USA	391,654.18	407,320.35	397,532.90
BARROW HANLEY BOND	FNMA POOL #252211 6% DUE 01-01-2029	USA	511,398.16	530,176.08	521,063.58
BARROW HANLEY BOND	FNMA POOL #255364 6% 09-01-2034 BEO	USA	2,674,346.11	2,750,188.93	2,719,622.79
BARROW HANLEY BOND	FNMA POOL #713999 5.5% DUE 07-01-2033 REG	USA	59,845.01	61,303.73	59,872.53
BARROW HANLEY BOND	FNMA POOL #725706 6% 08-01-2032 BEO	USA	391,373.96	401,464.07	401,651.44
BARROW HANLEY BOND	FNMA POOL #727223 5.5% 09-01-2033 BEO	USA	943,262.89	958,701.46	943,696.79
BARROW HANLEY BOND	FNMA POOL #747844 5.5% DUE 12-01-2018 REG	USA	232,331.87	241,988.18	235,786.64
BARROW HANLEY BOND	FNMA POOL #749219 5.5% DUE 10-01-2033 REG	USA	105,969.16	108,221.01	106,017.90
BARROW HANLEY BOND	FNMA POOL #758322 5.5% DUE 12-01-2033 REG	USA	1,595,292.17	1,618,866.97	1,596,026.00
BARROW HANLEY BOND	FNMA POOL #761337 5% DUE 04-01-2019 REG	USA	422,311.60	427,458.52	421,348.73
BARROW HANLEY BOND	FNMA POOL #765304 5.5% DUE 03-01-2034 REG	USA	692,140.11	713,445.05	692,188.56
BARROW HANLEY BOND	FNMA POOL #781822 6% 12-01-2034 BEO	USA	1,710,938.44	1,768,949.98	1,739,904.62
BARROW HANLEY BOND	FNMA POOL #811328 5% DUE 02-01-2020 REG	USA	893,716.40	906,144.64	891,669.78
BARROW HANLEY BOND	FNMA POOL #828377 5.5% DUE 06-01-2035 REG	USA	1,253,343.41	1,268,422.76	1,253,193.00
BARROW HANLEY BOND	FNMA POOL #830989 6% 08-01-2035 BEO	USA	1,512,074.50	1,542,315.99	1,537,689.04
BARROW HANLEY BOND	FNMA POOL #834769 6% 07-01-2035 BEO	USA	1,525,518.50	1,556,028.87	1,551,360.78
BARROW HANLEY BOND	GNMA POOL #003515 5.5% 02-20-2034 BEO	USA	1,429,699.35	1,477,951.73	1,441,008.27
DODGE & COX	FHLMC GOLD G11204 6 02-01-2015	USA	320,068.59	321,869.01	328,950.49
DODGE & COX	FHLMC MULTICLASS PREASSIGN 00890 6.5 09-25-2043	USA	1,662,662.00	1,740,079.73	1,705,788.12
DODGE & COX	FHLMC POOL #E9-0593 6% 07-01-2017 BEO	USA	840,174.27	873,912.56	863,556.32
DODGE & COX	FHLMC POOL #G1-1184 5.5% 09-01-2016 BEO	USA	1,525,765.89	1,567,486.11	1,549,049.07
DODGE & COX	FHLMC POOL #G11185 5.5% 10-01-2016 BEO	USA	936,199.24	969,551.38	950,485.64
DODGE & COX	FHLMC POOL #G11623 6% 03-01-2019 BEO	USA	734,423.16	771,488.59	754,854.81
DODGE & COX	FHLMC POOL #G30242 6.5% 10-01-2022 BEO	USA	930,998.72	975,366.65	964,502.57
DODGE & COX	FNMA POOL #252062 6.5% DUE 10-01-2013 REG	USA	714,339.46	737,443.91	739,377.05
DODGE & COX	FNMA POOL #252640 6.5% DUE 08-01-2014 REG	USA	298,206.08	308,899.60	308,659.09
DODGE & COX	FNMA POOL #323491 5.951% DUE 01-01-2009 REG	USA	1,895,233.65	1,933,728.07	1,946,006.95
DODGE & COX	FNMA POOL #323623 6% DUE 03-01-2014 REG	USA	384,802.08	395,925.29	395,890.15
DODGE & COX	FNMA POOL #323818 6.5% DUE 07-01-2014 REG	USA	649,324.08	672,608.46	672,082.88
DODGE & COX	FNMA POOL #433301 6.5% DUE 07-01-2013 REG	USA	413,944.65	426,751.10	428,453.41
DODGE & COX	FNMA POOL #512154 6% DUE 07-01-2014 REG	USA	834,059.34	781,409.37	858,230.38
DODGE & COX	FNMA POOL #535574 7.5% 11-01-2013 BEO	USA	831,635.26	886,081.43	877,092.44
DODGE & COX	FNMA POOL #545387 5.862% 01-01-2012 BEO	USA	186,952.31	203,726.92	196,492.29
DODGE & COX	FNMA POOL #545898 5.5% DUE 09-01-2017 REG	USA	1,673,700.64	1,705,082.53	1,698,903.22
DODGE & COX	FNMA POOL #545961 5.5% DUE 02-01-2014 REG	USA	520,266.60	538,801.10	528,664.74
DODGE & COX	FNMA POOL #555382 5.5% 08-01-2015 BEO	USA	1,298,590.12	1,359,664.51	1,319,551.96
DODGE & COX	FNMA POOL #725135 6% 05-01-2018 BEO	USA	753,527.13	791,321.26	775,242.27

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2005

Account name	Asset description	Country	Shares/Par value	Book value	Market value
DODGE & COX	FNMA POOL #725194 6% 12-01-2018 BEO	USA	440,164.05	462,653.72	452,848.69
DODGE & COX	FNMA POOL #725416 6% 01-01-2019 BEO	USA	1,737,418.32	1,829,718.68	1,787,490.71
DODGE & COX	FNMA POOL #725510 6.5% 07-01-2017 BEO	USA	903,654.99	952,650.07	935,328.09
DODGE & COX	FNMA POOL #735067 6% 01-01-2019 BEO	USA	2,901,401.80	3,043,751.83	2,985,014.39
DODGE & COX	FNMA PREASSIGN 00276 7 03-25-2035	USA	1,387,071.78	1,422,182.19	1,441,138.45
DODGE & COX	FNMA REMIC SER 2003-W2 CL 1-A1 6.5 07-25-2032	USA	658,875.18	697,532.64	681,321.08
DODGE & COX	FNMA REMIC TR SER 1997-24 CL PJ 7.00 PASS THRU CTF DUE 08-18-2026 REG	USA	659,663.09	691,821.68	663,859.86
MORGAN STANLEY	FHLMC GOLD C01369 7.5 04-01-2032	USA	1,169,781.18	1,230,646.43	1,240,190.30
MORGAN STANLEY	FHLMC GOLD C01371 7 06-01-2032	USA	775,735.75	797,644.25	810,595.76
MORGAN STANLEY	FHLMC GOLD C52115 7.5 05-01-2031	USA	57,384.19	59,132.62	60,842.16
MORGAN STANLEY	FHLMC GOLD C55607 6.5 08-01-2031	USA	4,194.26	4,226.22	4,320.21
MORGAN STANLEY	FHLMC GOLD C56693 6.5 08-01-2031	USA	236,254.33	238,053.93	243,349.04
MORGAN STANLEY	FHLMC GOLD E01216 5.5 10-01-2017	USA	315,481.11	325,192.01	320,216.48
MORGAN STANLEY	FHLMC GOLD G01433 6.5 07-01-2032	USA	1,411,964.15	1,468,884.04	1,453,405.29
MORGAN STANLEY	FHLMC GOLD POOL C24908 6.5 04-01-2029	USA	180,470.29	187,745.49	186,218.26
MORGAN STANLEY	FHLMC POOL #B1-0296 5.5% 10-01-2018 BEO	USA	480,136.88	494,916.08	487,286.11
MORGAN STANLEY	FHLMC POOL #B1-0378 5.5% 11-01-2018 BEO	USA	1,272,299.59	1,311,462.59	1,291,244.13
MORGAN STANLEY	FHLMC POOL #B1-3137 5% 04-01-2019 BEO	USA	918,229.22	928,631.06	916,154.02
MORGAN STANLEY	FHLMC POOL #B1-5025 5% 06-01-2019 BEO	USA	776,370.81	785,165.64	774,616.21
MORGAN STANLEY	FHLMC POOL #B1-5661 4.5% 07-01-2019 BEO	USA	1,273,022.41	1,260,192.72	1,247,485.58
MORGAN STANLEY	FNMA 30 YR PASS-THROUGHS 7 30 YEARS SETTLES OCT	USA	4,000,000.00	4,191,250.00	4,186,248.00
MORGAN STANLEY	FNMA POOL #252982 8% DUE 01-01-2030 REG	USA	19,336.26	20,025.11	20,673.94
MORGAN STANLEY	FNMA POOL #253517 8.5% DUE 11-01-2030 REG	USA	20,370.99	21,103.09	22,146.32
MORGAN STANLEY	FNMA POOL #254478 6% DUE 10-01-2032 REG	USA	559,636.74	566,726.45	569,133.77
MORGAN STANLEY	FNMA POOL #330286 7 GTD MTG PASS THRU CTF DUE 11-01-2025 REG	USA	17,190.75	18,086.56	18,058.88
MORGAN STANLEY	FNMA POOL #446371 6.5% 09-01-2028 BEO	USA	25,232.41	26,492.06	26,060.53
MORGAN STANLEY	FNMA POOL #450809 6.5% DUE 11-01-2028 REG	USA	41,711.99	43,794.33	43,080.97
MORGAN STANLEY	FNMA POOL #510618 7% DUE 08-01-2029 REG	USA	169,828.56	178,744.57	177,829.18
MORGAN STANLEY	FNMA POOL #527756 8% DUE 02-01-2030 REG	USA	79,892.29	84,111.63	85,416.84
MORGAN STANLEY	FNMA POOL #528319 7% DUE 07-01-2015 REG	USA	29,917.14	31,356.91	31,271.78
MORGAN STANLEY	FNMA POOL #531119 7% DUE 02-01-2015 REG	USA	130,633.66	136,920.42	136,573.57
MORGAN STANLEY	FNMA POOL #535801 7% DUE 03-01-2016 REG	USA	20,012.03	20,975.12	20,918.17
MORGAN STANLEY	FNMA POOL #535951 8% DUE 03-01-2031 REG	USA	16,064.69	16,807.67	17,176.04
MORGAN STANLEY	FNMA POOL #544397 8.5% DUE 08-01-2030 REG	USA	8,530.52	8,837.08	9,273.95
MORGAN STANLEY	FNMA POOL #545389 7% DUE 09-01-2016 REG	USA	197,212.81	206,703.69	206,142.60
MORGAN STANLEY	FNMA POOL #546560 8.5% DUE 07-01-2030 REG	USA	49,684.95	51,470.49	54,014.99
MORGAN STANLEY	FNMA POOL #548965 8.5% DUE 07-01-2030 REG	USA	37,385.26	38,728.81	40,643.38
MORGAN STANLEY	FNMA POOL #553246 8.5% DUE 09-01-2030 REG	USA	29,790.20	30,860.78	32,386.41
MORGAN STANLEY	FNMA POOL #557184 8% DUE 11-01-2030 REG	USA	21,461.97	22,501.56	22,946.06
MORGAN STANLEY	FNMA POOL #561232 8% DUE 05-01-2031 REG	USA	31,327.30	32,776.20	33,489.19
MORGAN STANLEY	FNMA POOL #562055 8.5% DUE 12-01-2030 REG	USA	17,825.50	18,466.12	19,378.99
MORGAN STANLEY	FNMA POOL #562119 8.5% DUE 12-01-2030 REG	USA	37,682.14	39,036.33	40,966.13
MORGAN STANLEY	FNMA POOL #568386 7% DUE 12-01-2015 REG	USA	305,633.06	320,341.68	319,530.19
MORGAN STANLEY	FNMA POOL #576022 8% DUE 12-01-2029 REG	USA	4,461.45	4,697.07	4,780.31
MORGAN STANLEY	FNMA POOL #576781 8% DUE 12-01-2028 REG	USA	1,263.98	1,330.74	1,354.03
MORGAN STANLEY	FNMA POOL #580370 7% DUE 05-01-2016 REG	USA	25,134.98	26,344.58	26,270.55
MORGAN STANLEY	FNMA POOL #593020 6.5% DUE 09-01-2031 REG	USA	28,075.21	28,105.91	28,943.01
MORGAN STANLEY	FNMA POOL #598209 6.5% DUE 08-01-2031 REG	USA	61,065.06	61,131.87	62,952.58
MORGAN STANLEY	FNMA POOL #607695 6.5% DUE 11-01-2031 REG	USA	125,742.17	132,029.29	129,628.86
MORGAN STANLEY	FNMA POOL #834232 7% 04-01-2032 BEO	USA	26,272.90	27,641.98	27,501.42
MORGAN STANLEY	FNMA POOL #649879 6% DUE 09-01-2032 REG	USA	117,923.05	120,935.67	119,924.20
MORGAN STANLEY	FNMA POOL #661080 6.5% 09-01-2032 BEO	USA	15,221.61	15,981.51	15,683.89
MORGAN STANLEY	FNMA POOL #667021 6.5% 11-01-2032 BEO	USA	24,507.20	25,730.65	25,251.48
MORGAN STANLEY	FNMA POOL #678001 5.5% DUE 12-01-2017 REG	USA	937,912.72	968,687.98	952,037.68
MORGAN STANLEY	GNMA POOL #248155 10% DUE 01-15-2018 REG	USA	8,811.30	9,714.45	9,846.89
MORGAN STANLEY	GNMA POOL #395896 7% DUE 12-15-2025 REG	USA	9,925.84	9,848.31	10,479.30
MORGAN STANLEY	GNMA POOL #404669 7.00 DUE 12-15-2025 REG	USA	11,338.94	11,250.36	11,971.19
MORGAN STANLEY	GNMA POOL #419334 7% DUE 12-15-2025 REG	USA	4,793.10	4,755.65	5,060.36
MORGAN STANLEY	GNMA POOL #504549 SER 2029 7% DUE 09-15-2029 REG	USA	85,847.82	83,312.63	90,329.93
MORGAN STANLEY	GNMA POOL #583960 SER 2032 6.5% DUE 06-15-2032 REG	USA	288,340.95	290,909.03	300,010.10
MORGAN STANLEY	I/O FHLMC MULTICLASS FHLMC #S1-0068 01-01-2028	USA	29,151.87	48,727.51	6,108.48
MORGAN STANLEY	I/O FHLMC MULTICLASS FHLMC #S1-0084 12-01-2029	USA	82,869.33	69,568.87	17,049.37
MORGAN STANLEY	I/O FHLMC MULTICLASS S1-0095 SERIES 215 06-01-2031	USA	10,110.44	15,653.73	1,861.65
MORGAN STANLEY	I/O FHLMC MULTICLASS SER 199 CL IO 6.5% 08-01-2028	USA	171,221.90	40,991.94	32,552.70
MORGAN STANLEY	I/O FHLMC MULTICLASS SER 2234 CL SC 10-15-2029	USA	51,035.78	31,682.97	2,151.92
MORGAN STANLEY	I/O FNMA 2005-68 CL-XI 08-25-2035	USA	438,708.69	73,245.32	90,738.55
MORGAN STANLEY	I/O FNMA PREASSIGN 00300 12-25-2027	USA	26,502.96	14,863.54	260.10
MORGAN STANLEY	I/O FNMA REMIC SER 2002-50 CL-SC DUE 12-25-2029 BEO	USA	57,590.57	42,541.80	1,734.57
MORGAN STANLEY	I/O FNMA REMIC SER 2003-82 CL WI 08-25-2032	USA	47,710.25	15,662.44	4,926.70
MORGAN STANLEY	I/O FNMA SER 2001-4 CL SA VAR RATE 02-17-2031	USA	287,234.60	41,596.41	18,630.32
MORGAN STANLEY	I/O FNMA SER 2003-25 CL IK 04-25-2033	USA	291,319.64	84,570.13	59,374.73
MORGAN STANLEY	I/O FNMA SMBS TR #000317 CL 2 08-01-2031	USA	328,202.07	223,427.15	69,723.24
MORGAN STANLEY	I/O FNMA SMBS TR 000267 CL 2 10-25-2024	USA	64,069.71	65,836.56	14,274.73
MORGAN STANLEY	I/O FNMA SMBS TR 000296 CL 2 04-01-2024	USA	40,996.43	11,707.96	8,108.27
MORGAN STANLEY	I/O FNMA SMBS TR 000303 CL 2 10-25-2029	USA	134,202.81	44,447.84	27,157.28
MORGAN STANLEY	I/O FNMA SMBS TR 000306 CL 2 05-01-2030	USA	67,168.42	169,219.14	14,684.22
MORGAN STANLEY	I/O FNMA SMBS TR 000307 CL 2 05-01-2030	USA	26,304.11	52,444.26	6,053.10
MORGAN STANLEY	I/O FNMA SMBS TR 000313 CL 2 06-01-2031	USA	219,047.38	60,658.48	45,029.57
MORGAN STANLEY	I/O FNMA SMBS TR 000320 CL 2 04-01-2032	USA	67,869.33	46,025.48	14,053.02
MORGAN STANLEY	I/O GNMA 2001-46 REMIC TR CL SA VAR RT 09-16-2031	USA	71,943.04	48,164.08	3,952.26
MORGAN STANLEY	I/O GNMA REMIC SER 2000-29 CL MX-S INV IO 09-20-2030	USA	70,707.99	49,958.43	4,304.49
MORGAN STANLEY	I/O GNMA REMIC TR 1999 27 CL SE INVERSE FLTG 08-16-2027	USA	187,210.74	61,443.91	15,567.69
MORGAN STANLEY	I/O GNMA REMIC TR 1999-30 CL SA INV INT ONLY 04-16-2029	USA	140,774.04	0.00	9,367.66
MUNDER	FHLMC CMO SER 1665 CL 1665-KZ 6.501-15-2024	USA	1,597,763.44	1,706,973.16	1,653,201.03
MUNDER	FHLMC GOLD C67999 7 08-01-2032	USA	15,869.84	16,550.51	16,582.99
MUNDER	FHLMC GOLD C68162 7 06-01-2032	USA	10,933.11	11,402.03	11,424.42
MUNDER	FHLMC GOLD GROUP C01095 7 11-01-2030	USA	52,391.60	51,703.98	54,748.38
MUNDER	FHLMC MULTICLASS PREASSIGN 00305 3.5 11-15-2009	USA	977,332.68	972,827.79	970,864.69
MUNDER	FHLMC MULTICLASS PREASSIGN 00883 4 10-15-2026	USA	1,249,999.98	1,238,087.89	1,229,401.23

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2005

Account name	Asset description	Country	Shares/Par value	Book value	Market value
MUNDER	FHLMC MULTICLASS SER 1673 CL H 6 11-15-2022	USA	448,719.65	481,392.07	452,129.91
MUNDER	FHLMC MULTICLASS SER 2091 CL PP 6 02-15-2027	USA	3,333.30	3,476.01	3,328.69
MUNDER	FHLMC MULTICLASS SER 2123 CL PE 6 12-15-2027	USA	332,778.78	344,842.02	336,305.57
MUNDER	FHLMC MULTICLASS SER 2141 CL N 5.55000019073 11-15-2027	USA	331,356.25	317,856.08	333,567.39
MUNDER	FHLMC MULTICLASS SER 2175 CL 2175-TG 6 03-15-2028	USA	99,145.20	101,995.63	99,480.70
MUNDER	FHLMC MULTICLASS SER 2345 CL VD 7 07-15-2021	USA	238,757.57	249,725.51	240,598.15
MUNDER	FHLMC MULTICLASS SER 2544 CL QB 5 09-15-2015	USA	500,000.00	514,375.00	501,594.50
MUNDER	FHLMC MULTICLASS SER 2578 CL PE 5 11-15-2016	USA	1,100,000.00	1,111,343.75	1,112,474.00
MUNDER	FHLMC MULTICLASS SER 2634 CL LC 3 04-15-2020	USA	1,000,000.00	1,002,890.63	983,070.00
MUNDER	FHLMC MULTICLASS SER 2780 CL LC 5 07-15-2027	USA	500,000.00	509,511.72	500,930.00
MUNDER	FHLMC MULTICLASS SER 4 10-15-2020	USA	750,000.00	752,929.69	732,882.75
MUNDER	FNMA POOL #255217 4.5% 04-01-2024 BEO	USA	1,574,047.90	1,546,502.06	1,518,184.94
MUNDER	FNMA POOL #323406 6.024% DUE 11-01-2008 REG	USA	444,537.28	486,299.51	457,171.02
MUNDER	FNMA POOL #380709 6.08% 10-01-2008 BEO	USA	686,839.04	757,347.36	705,878.21
MUNDER	FNMA POOL #386314 3.79% 07-01-2013 BEO	USA	711,028.45	684,920.37	669,888.34
MUNDER	FNMA POOL #450601 6% DUE 12-01-2028 REG	USA	204,597.73	185,736.39	208,464.62
MUNDER	FNMA POOL #508855 8% DUE 08-01-2029 REG	USA	120,477.07	120,928.88	128,811.67
MUNDER	FNMA POOL #684968 5% 09-01-2033 BEO	USA	832,185.61	800,848.63	816,582.13
MUNDER	FNMA POOL #723640 3.16% 06-01-2033 BEO	USA	300,910.69	303,191.05	299,887.59
MUNDER	FNMA POOL #757571 5.5% 01-01-2034 BEO	USA	757,718.80	768,611.01	758,067.35
MUNDER	FNMA POOL #765473 7.5% 08-01-2007 BEO	USA	941,462.11	975,443.04	966,938.07
MUNDER	FNMA POOL #767413 5.5% DUE 01-01-2034 REG	USA	787,652.77	804,944.24	787,709.48
MUNDER	FNMA POOL #788908 6% 08-01-2034 BEO	USA	824,157.60	853,775.77	838,113.06
MUNDER	FNMA PREASSIGN 00339 4.5 02-25-2029	USA	1,500,000.00	1,513,593.75	1,455,312.00
MUNDER	FNMA REMIC SER 1993-203 CL PL 6.5 DUE 10-25-2023 BEO	USA	500,000.00	463,867.19	516,446.50
MUNDER	FNMA REMIC SER 2002-94 CL BE 5 06-25-2014	USA	241,224.33	248,084.15	241,358.21
MUNDER	FNMA REMIC SER 2003-32 CL KB 5 03-25-2017	USA	750,000.00	763,281.25	749,658.75
MUNDER	FNMA REMIC SER 2003-41 CL ON 4.5 09-25-2021	USA	500,000.00	506,562.50	498,179.50
MUNDER	FNMA REMIC SER 20035-35 CL TC 4.5 07-25-2015	USA	750,000.00	757,382.81	736,079.25
MUNDER	FNMA REMIC TR 1993-170 CL-K 6.25 07-25-2008	USA	98,593.65	102,660.66	98,648.07
MUNDER	FNMA REMIC TR 1998-61 CL-PK 6 12-25-2026	USA	1,081.48	1,021.76	1,078.87
MUNDER	FNMA REMIC TR 2002-7 CL-VG 6 02-25-2018	USA	500,000.00	520,078.13	504,617.50
MUNDER	FNMA REMIC TR SER 1994-50 CL PH 5.50 PASS THRU CTF DUE 01-25-2023 REG	USA	37,623.91	38,534.51	37,532.74
MUNDER	FNMA REMIC TR SER 92-64 CL J 7.50000 GTDMTG PASS THRU CTF DUE 05-25-2007 REG	USA	151,987.16	161,747.60	154,322.74
MUNDER	GNMA POOL #538257 SER 2031 7% DUE 10-15-2031 REG	USA	46,911.70	48,375.85	49,338.63
MUNDER	GNMA POOL #627907 5% 02-15-2034 BEO	USA	366,962.80	365,242.67	363,370.23
	TOTAL U.S. GOVERNMENT MORTGAGE BACKED		95,067,569.60	95,944,236.15	94,015,025.19
	TOTAL GOVERNMENT BONDS & BILLS		166,717,569.60	167,670,870.66	165,067,046.46

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2005

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	REAL ESTATE FUNDS				
JP MORGAN	CF JPMCB SPECIAL SITUATION PROPERTY FUND	USA	11,387 25	9,779,972.63	13,459,034.87
JP MORGAN	CF JPMCB STRATEGIC PROPERTY FUND	USA	34,933.90	34,400,089.98	45,674,152.88
	TOTAL REAL ESTATE FUNDS		46,321.15	44,180,062.61	59,133,187.75
	REAL ESTATE, PROPERTY & EQUIPMENT				
FIPO	1895 SW 3RD AVENUE, MIAMI, FLORIDA	USA		2,298,993.00	2,298,993.00
	TOTAL REAL ESTATE, PROPERTY & EQUIPMENT			2,298,993.00	2,298,993.00

IV

ACTUARIAL

SECTION

Enrolled Actuary's Statement

This report has been prepared in accordance with standards established by the American Academy of Actuaries. To the best of our knowledge, it reflects the actuarial condition of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2004 for the Retirement Fund and the COLA Fund.

All costs and cost components are calculated on the basis of actuarial assumptions which reasonably reflect the experience of the Trust.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the System and/or paid from the System's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Randall L. Hawley
Signature
Enrolled Actuary No. 05-602

May 6, 2005
Date

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparison of Funding Progress
($000)

	10/01/2004 -$-	10/01/2003 -$-	10/01/2002 -$-
I. Assets			
A. Book Value	866,132	811,680	808,431
B. Market Value	957,896	844,864	753,229
II. Liabilities			
A. Retired and Vested	616,083	473,962	433,462
B. Active			
Employee Contributions	118,102	115,003	113,613
Other Vested	233,655	276,553	254,145
Non-Vested Accrued	14,212	16,669	16,276
C. Total Accrued	982,052	882,187	817,496
III. Ratios	%	%	%
IA/IIC	88.2	92.0	98.9
IB/IIC	97.5	95.8	92.1

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis

Valuation Date: October 1, 2004 for Fiscal Year beginning October 1, 2005.

Valuation Method: Aggregate Cost Method.

Asset Valuation Method: Average of ratios of market to book values as of current and four most recent September 30's. Average ratio is applied to book value at current September 30. The result cannot be greater than 120% of market value or less than 80% of market value.

Actuarial Assumptions:

Interest Discount/ Investment Return: 7.75%, compounded annually.

Inflation: 4.0%, compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	0.0507%	0.0284%
30	0.0801%	0.0351%
40	0.1072%	0.0709%
50	0.2579%	0.1428%
60	0.7976%	0.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis
(Continued)

Age	Disability	Turnover		Salary Increase*
		<5	5+	
20	.00085	.0240	.0192	.088
21	.00095	.0240	.0192	.086
22	.00105	.0240	.0192	.083
23	.00110	.0240	.0192	.081
24	.00125	.0240	.0192	.078
25	.00130	.0240	.0192	.075
26	.00140	.0240	.0192	.073
27	.00150	.0240	.0192	.071
28	.00160	.0240	.0192	.068
29	.00170	.0240	.0192	.066
30	.00180	.0240	.0192	.065
31	.00200	.0240	.0192	.064
32	.00220	.0240	.0192	.064
33	.00245	.0240	.0192	.063
34	.00265	.0240	.0192	.062
35	.00285	.0240	.0192	.061
36	.00305	.0228	.0182	.061
37	.00325	.0216	.0173	.060
38	.00345	.0204	.0163	.060
39	.00370	.0192	.0154	.059
40	.00390	.0180	.0144	.058
41	.00470	.0168	.0134	.058
42	.00555	.0156	.0125	.057
43	.00635	.0144	.0115	.057
44	.00720	.0132	.0106	.057
45	.00800	.0120	.0096	.056
46	.00880	.0096	.0077	.056
47	.00965	.0072	.0057	.056
48	.01045	.0048	.0038	.056
49	.01130	.0024	.0019	.055
50	.01210	.0000	.0000	.055

* A 7% additional increase applies in the final year of Creditable Service, and a 5% additional increase applies after 22 years.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis
(Continued)

Age	Disability	Turnover		Salary Increase*
		<5	5+	
51	.01295	.0000	.0000	.053
52	.01375	.0000	.0000	.051
53	.01455	.0000	.0000	.050
54	.01540	.0000	.0000	.048
55	.01620	.0000	.0000	.047
56	.01785	.0000	.0000	.046
57	.01870	.0000	.0000	.044
58	.01950	.0000	.0000	.043
59	.02030	.0000	.0000	.041
60	.00000	.0000	.0000	.040
61	.00000	.0000	.0000	.040
62	.00000	.0000	.0000	.040
63	.00000	.0000	.0000	.040
64	.00000	.0000	.0000	.040
65	.00000	.0000	.0000	.040

* A 7% additional increase applies in the final year of Creditable Service, and a 5% additional increase applies after 22 years.

Retirement: After eligibility for Rule of 64 Retirement, the following decrements apply, based on service:

Years of Service After R64, 20 Years	%
0-4	10
5-9	25
10+	100

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employees are assumed to be married.
Investment Expenses:	None; the investment return assumption of 7.75% is net of investment expenses.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Compensated Absence Balance Transfers:	No liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.
Adjustments from Valuation Date:	One year's interest is added to the calculated deposit to reflect ordinance provision.
Sources of Data:	Asset data is from unaudited financial statements. Membership data was furnished by Administrator.
Changes Since Prior Valuation:	Membership data provided included 9/30/2004 rate of pay as well as actual pay for the 2003/2004 Plan Year. Procedures were changed to use the actual pay provided as last year's pay instead of using the current rate as next year's pay.

V

STATISTICAL

SECTION

STATISTICAL DATA OF VARIOUS ACCOUNTS

THROUGH SEPTEMBER 30, 2005

	GENERAL FUND		COLA I		COLA II	
MEMERSHIP ACCOUNT						
ADD:						
Members' Contributions						
After Tax	66,394,196					
Pre Tax	155,892,807		11,814,941			
After Tax from G & S	17,210					
Interest						
From Benefit Acct	73,307,347					
From Withdrawals	385,365					
Transfers from G & S	7,393					
		296,004,317		11,814,941		
DEDUCT:						
Refunds -						
Leaving Service	16,423,435		931,262			
Additional Contributions	171,226					
Accidental Death	441,596		22,039			
Accidental Disability	1,982,443					
Option 6A	571,614					
Ordinary Death	1,345,516		58,961			
Transfers -						
After Tax from G & S	4,412,189					
Benefit Account	148,534,228		7,140,067			
Transfers to Acct Payable	487,510					
Interest withheld	302,683					
Interest	1,437,664					
		176,110,105		8,152,329		
BALANCE AS OF 9/30/03		119,894,212		3,662,612		
BENEFIT ACCOUNT:						
ADD:						
Contributions -						
City of Miami	427,071,428		2,042,899		13,185,685	
Police Relief & Pension Fund	52,342					
Fire Relief & Pension Fund	28,473					
Members	697,822					
Transfers from Membership Acct	148,545,152		7,140,067			
Amortization of Discounts	10,319,476		249,134			
Dividends Received	143,278,262		1,320,257		6,649,570	
Securities Lending Income	2,574,743		70,558		349,135	
Excess Interest Transfer	0				168,305,714	
Interest Income	455,631,999		8,957,399		20,313,388	
Other Income	2,131,979		27,050		128,141	
Corporate Action	278,415		7,699		44,402	
Commission Recapture	172,368		4,747		27,187	
Profit on Sale of Investments	631,057,809		15,806,929		43,404,563	
Unrealized Profit on Sales of Inv	182,460,157		5,521,294		21,670,042	
Rental Income	561,628		9,489		56,103	
Share of Earnings Income	0		1,170,581		0	
		2,004,862,053		42,328,103		274,133,928
DEDUCT:						
Pensions Paid						
Fire	364,653,732					
Police	340,553,691					
General	7,034,700					
Former Gen assumed by Trust	276,624					
Pension Payments Prior 1966	989,022					
Distributions			9,401,272		69,543,467	
Lump Sum Payments to Benef	79,137					
Death Benefits	869,638					
Amortization of Premium	4,876,744					
Corrections to Control	17,117,379					
Income Expenses	35,751,245		601,767		2,751,508	
Building Depreciation	106,813		3,181		18,184	
Securities Lending Fees	772,785		21,177		104,803	
Other Expenses	0		45,256		0	
Vested Rights Withdrawals	682,671					
Transfers -						
Excess Interest Earnings	168,305,714					
G & S Benefit Account	5,378,420					
G & S Share of Earnings	5,251,212					
Interest to Membership Acct	73,372,335					
Interest on VR Withdrawals	140,518					
Overpayments (uncollectible)	769					
		1,026,213,149		10,072,653		72,417,962
BALANCE AS OF 9/30/01		978,648,904		32,255,450		201,715,966
BENEFIT ACCOUNT - SPECIAL						
ADD:						
Contributions - City of Miami	1,001,273					
Members	9,945					
		1,011,218				
DEDUCT:						
Pension Paid		1,011,218				
BALANCE AS OF 9/30/01		0				
RESERVE ACCOUNT						
ADD:						
Transfers -						
Benefit Account	961,029					
BA Share of Earnings	222,289					
BALANCE AS OF 9/30/01		1,183,318				

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Member Statistics

I. Active Members

Number of	Date 10/01/2004	10/01/2003	10/01/2002
Males	1,261	1,397	1,453
Females	207	225	232
Total	1,468	1,622	1,685
Averages			
Current Age	39.6	40.1	39.6
Past Service	13.6	14.3	13.9
Credited Past Service	13.6	14.1	13.7
Annual Earnings	$60,253	$60,987	$57,492

II. Inactive Members

A. Retirees and Beneficiaries			
Number	1,424	1,256	1,197
Average Annual Benefit	$38,222	$33,446	$31,812
Average Age	63.3	64.6	64.6
B. Disabled			
Number	215	222	231
Average Annual Benefit	$18,140	$17,758	$17,288
Average Age	64.6	64	63.7
C. Vested Terminated			
Number	29	17	17
Average Deferred Benefit	$21,461	$17,965	$17,670
Average Age	44.6	47.3	46.2

SUMMARY OF RETIREMENTS

JANUARY 1, 1940 THROUGH SEPTEMBER 30, 2005

DESCRIPTION	SERVICE	ORDINARY DISABILITY	SERVICE ACCIDENTAL DISABILITY	ACCIDENTAL DEATH	ORDINARY DEATH	EARLY SERVICE	DROP PLAN	VESTED RIGHTS	CONTINUANCES	TOTAL BENEFITS GRANTED
BENEFITS GRANTED	1,869	51	455	38	3	106	422	80	217	3,242
ASSUMED BY G.E.S.E. FUND	-184	-3	-19	0	0	0	0	0	0	-206
TERMINATED BY DEATH	-702	-35	-228	-18	0	-19	0	-3	-30	-1,036
TERMINATED DROP PLAN	0	0	0	0	0	0	-216	0	0	-216
TERMINATED BY MARRIAGE	0	0	0	-2	0	0	0	0	0	-2
RETURNED TO SERVICE	-2	-3	-1	0	0	0	0	0	0	-6
MINORS ATTAINING AGE 18	0	-1	0	-7	0	0	0	0	0	-8
PAYMENT SUSPENDED	-3	0	-1	0	0	0	0	0	0	-4
UNMATURED VESTED RIGHTS	0	0	0	0	0	0	0	-25	0	-25
WITHDRAWN VESTED RIGHTS	0	0	-2	0	0	0	0	-22	0	-24
INACTIVE PARTICIPANTS:	978	9	204	11	3	87	206	30	187	1,715

OUTLINE OF PRINCIPAL BENEFIT PROVISIONS OF THE CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

ORDINANCE NO. 10002 ADOPTED JUNE 13, 1985

EARNABLE COMPENSATION:

Earnable compensation, shall mean an employee's base salary including pickup contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death in the family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.

COVERED GROUP:

All fire fighters or police officers presently employed by the City as a fire fighter or police officer whether in the classified or unclassified service of the City.

EMPLOYEE CONTRIBUTIONS:

Effective the first full pay period following October 1, 1999, it shall be 7% of pre tax earnable compensation. Effective the first full pay period following October 1, 2000, it shall be 7% of pre tax earnable compensation or a percent equal to the City's contribution, whichever is less.

INDIVIDUAL RETIREMENT ACCOUNTS:

Effective the first full pay period following October 1, 2000, should the members contribution be less than seven percent (7%) the difference between the seven percent and the actual contribution shall be deducted from the member's paycheck and placed into an individual contribution account (ICA) as part of the retirement system.

EMPLOYER CONTRIBUTIONS:

The City's annual fiscal contribution to the retirement system shall provide for the following (1) non-investment expenses of the retirement system, (2) normal costs of the retirement system.

NORMAL RETIREMENT AGE:

Age 50

SERVICE RETIREMENT:

The annual normal service retirement allowance, payable on a 40% Joint and Survivor basis will equal 3.0% of average final compensation per year of creditable service for the first 15 years of such creditable service and 3.5% of the average final compensation per year of creditable service after 15 years.

RULE OF 64 RETIREMENT:

A member, in service, who has not withdrawn from active membership in the retirement system may elect service retirement on the basis of his or her combined age and creditable service equaling 64 or more. Such election shall be made upon written application to the board, setting forth not less than 10 nor more than 90 days subsequent to the execution and filing thereof, the date the member desires to be retired.

EARLY RETIREMENT:

After 20 years of creditable service, accrued benefit actuarially adjusted.

DEFERRED RETIREMENT OPTION PROGRAM: (DROP)

A member who is eligible to retire under either Rule of 64 or Service retirement can elect to participate in the Deferred Retirement Option Program (DROP). The program allows the member to defer receipt of his retirement benefit into a "DROP" account while he/she continues to be employed by the Department. The member can be in the DROP for a maximum of 3 years.

B. A. C. DEFERRED RETIREMENT OPTION PROGRAM:

Shall mean *Benefit Actuarially Calculated* deferred retirement option program.

EARLY SERVICE RETIREMENT:

After 20 years of creditable service, accrued benefit actuarily adjusted.

AVERAGE FINAL COMPENSATION:

Shall mean the annual earnable compensation of a member during either the last one (1) year or the highest one (1) year of membership service, whichever is greater.

CREDITABLE SERVICE:

Membership credit upon which a member's eligibility to receive benefits under the retirement system is based or upon which the amount of such benefits is determined.

LIMITATIONS ON BENEFITS:

A member's retirement allowances shall not exceed one hundred percent (100%) of the member's final average compensation for members retiring under service retirement or rule of 64 retirement. Exceptions are, (1) members whose retirement allowances, prior to October 1, 1998, had already earned one hundred percent or greater, these members may continue to accrue pension benefits; (2) members whose retirement allowance exceeds one hundred percent as of October 1, 1998 due to the multiplier change, these members shall be capped at the new percentage.

OPTIONAL ALLOWANCES:

Normal form (Option 6C) is joint and 40% contingent survivor. Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of member. Option 6A is withdrawal of employee contributions with credited interest; monthly benefit is half of normal level. Option 6B is an additional 5% with no survivor benefit.

DISABILITY RETIREMENTS:

A. Ordinary Disability
After 10 years of creditable service, if not otherwise eligible for normal retirement, and incurred while not in line of duty, a benefit payable for life consisting of the benefit rate times 90% of average final compensation times years of creditable service, if such retirement allowance exceeds 30% of average final compensation. Otherwise, a benefit of 30% of the member's average final compensation.

B. Accidental Disability
Prior to age 60, incurred in line of duty. A benefit payable on a 40% joint and survivor basis of 66 2/3% of average or final compensation, whichever is larger.

DEATH BENEFIT:

A. Ordinary Death Benefit
After 3 years of service, provided death is not accidentally incurred in line of duty, a lump sum payment f 50% of annual compensation received in year prior to death plus an additional lump sum payment of member's accumulated contributions with interest to date of death. Or in lieu thereof; if eligible for Early or Service retirement, and with 3 years of membership, automatic Option 6C, payable to spouse, as through retirement had occurred on date of death (40% payable)

B. Accidental Death Benefit
Incurred in line of duty (or presumed to be in the line, i.e. heart), annual pension of 50% of average final compensation to spouse until death or remarriage or to children under 18, or to dependent parents for life. If none of such beneficiaries exist, the ordinary death benefit will be paid. Also a lump sum payment of member's accumulated contributions with interest to date of death is paid in addition to the above payments.

VESTED RIGHTS BENEFIT:

After completion of 10 years of service, provided accumulated contributions are not withdrawn. A benefit based on service and average final compensation when employment is terminated. Benefit is deferred to minimum retirement age.

C.O.L.A. ACCOUNT:

The COLA I benefit was determined from available monies from an initial city contribution made from the trust funds excess interest earnings. These monies were allocated to the retiree population, according to unit values and distributed to each member according to his/her actuarial life expectancy, in level monthly lifetime payments. In addition to the above initial benefit, a yearly COLA I increase was financed by 2% of the active member's pension contributions. This yearly increase was

C.O.L.A. ACCOUNT: (continued)

determined on the basis as the initial benefit and added to the monthly lifetime payments. As of January 9, 1994, the active employees ceased making the 2% pension contribution to the COLA I account, and the COLA I benefits were frozen as of that date. Beginning with 1994, in addition to the frozen COLA I benefit, a COLA II benefit was paid. The COLA II benefit is funded from the pension fund's annual excess investment return (other than COLA account assets). The methodology for determining the excess investment return and amounts available for the COLA II benefit are described in detail in Section 40-213 of the City of Miami Code. An actuarial table is developed yearly identifying the benefits due. This table is based upon full years of creditable service at retirement and full years retired as of April of the current year. For accidental death and accidental disability, years of service are defined as twenty five (25) years, or actual creditable service if greater. Receipt of the COLA II benefit is based on the retiree reaching at least four (4) full years of retirement and fifty years of age. In case of accidental death, the beneficiary will be entitled to the COLA benefit on April 1st following the fiftieth anniversary of the employee's birth and the fourth anniversary of the employee's death. COLA benefits for a vested right retiree are based upon such retiree reaching at least four (4) full years of retirement after fifty (50) years of age. COLA benefits reflect the option selected at the time of retirement.

In addition, funding for COLA benefits for future employees hired during the remaining term of the amended final judgement, Gates vs. City of Miami, Circuit Court Case No. 77-9491 CA04, shall be defined and allocated through the remaining term of such final judgement.

ORDINANCES ADOPTED DURING THE YEAR

DATE	ORDINANCE NUMBER
07/28/2005	12718

An emergency Ordinance of the Miami City Commission amending Chapter 40/Article IV/Division 2, of the Code of the City of Miami, Florida, as amended, entitled "Personnel, Pension and Retirement Plan, City of Miami Firefighters' and Police Officers' Retirement Trust, "To provide that the provisions of the City Code are consistent with the terms and conditions of certain collective bargaining agreements; more particularly by amending Sections 40-202 (6) to eliminate the ability of Fraternal Order of Police ("FOP") members to purchase creditable service years upon retirement, and 40-203 (Q)(13) to specify that the benefit actuarially calculated Deferred Retirement Option Program for FOP bargaining unit employees is reduced from forty eight (48) months to twelve (12) months; containing a repealer provision, a severability clause, and providing for an effective date.

EMPLOYEES' RETIREMENT SYSTEM

of the County of Milwaukee

2005 Annual Report of the Pension Board

as of December 31, 2005

CITIZEN MEMBERS
Walter J. Lanier, Chairman
Linda S. Bedford
Donald Cohen
Michael J. Ostermeyer
Thomas A. Weber

RETIREE MEMBER
Marilyn B. Mayr

EMPLOYEE MEMBERS
John G. Martin
Dean A. Roepke
John E. Parish

SECRETARY/MANAGER, ERS
Jack L. Hohrein

901 North 9th Street, Room 210-C
Milwaukee, Wisconsin 53233
Telephone: 278-4207

EMPLOYEE'S RETIREMENT SYSTEM

Milwaukee County

PENSION BOARD
Walter J. Lanier
Chairman

John G. Martin
Linda S. Bedford
Michael J. Ostemeyer
Marilyn Mayr
John E. Parish
Thomas A. Weber
Dean A. Roepke
Don Cohen

Charles E. McDowell
Director-DHR

Jack L. Hohrein
Secretary/Manager-ERS

August 16, 2006

Retirement System Members:

We are pleased to present the 2005 Annual Report of your Pension Board. As can be seen, the Retirement System experienced another year with an increase in net assets available for pension benefits as the stock market continued its rebound from the lows reported during the years of 2000 through 2002. Contributions and net investment income exceeded pension benefits and administrative expenses by $9.7 million. Total assets at the end of the year exceeded $1.5 billion. For further detailed information regarding the performance of the pension fund, please see the management discussion, financial statements and footnotes that follow.

The description of the Employees' Retirement System, included in this report, highlights major plan provisions. County ordinances, labor agreements, Pension Board rules and the Governmental Accounting Standards Board prevail over the contents of this report. If you have any questions, please call the Retirement System office at 278-4207.

Members considering retirement within the next few years are reminded to watch for announcements from the County for retirement information programs. Please call the Retirement Division at 278-4208 for further information regarding these programs. If you are interested in meeting with a retirement counselor to discuss retirement, please schedule an appointment by calling 278-5127.

Each year, Milwaukee County distributes benefit statements reflecting balances as of the end of the 'previous year. You should be aware that, in the event you ever worked for Milwaukee County on a part-time basis, the benefit statement that you received might slightly overstate your pension service credit total. If it is overstated the pension service credit will be adjusted at the time of your retirement.

Remember to keep your beneficiary designations current by informing the Retirement System Office of any changes. Retired members should also notify the Retirement System Office in writing of any changes in residence or address so that your checks and year-end 1099R statements are properly mailed.

Sincerely,

The Pension Board

COURTHOUSE, ROOM 210-C • 901 NORTH 9TH STREET • MILWAUKEE, WI 53233 • (414) 278-4207

Virchow Krause & company

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Members of the Pension
Board of the Employees' Retirement
System of the County of Milwaukee:

We have audited the accompanying statements of plan net assets of the Employees' Retirement System of the County of Milwaukee (the "Retirement System") as of December 31, 2005 and 2004, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Retirement System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Retirement System as of December 31, 2005 and 2004, and the changes in its plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 and 4 and the schedules of funding progress, employee contributions, and notes to required supplementary information on pages 16 – 17 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures to the 2005 and 2004 information which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The ten-year historical trend and related information on pages 18 - 19 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Virchow, Krause & Company, LLP

Milwaukee, Wisconsin
April 13, 2006

Management is pleased to provide this overview and analysis of the financial activities of the Employees' Retirement System of the County of Milwaukee "ERS" or "Retirement System" for the years ended December 31, 2005.

FINANCIAL HIGHLIGHTS

- Plan net assets for ERS increased $9,665 during the calendar year 2005 compared to an increase of $56,662 for the calendar year of 2004. The increase was due to the continued improvement in market conditions.
- Cash and short-term investments fluctuate considerably from year to year. The amount for 2005 and 2004 are at the lower end of normal.
- Receivables increased primarily due to the partial payment of the 2004 lump-sum contribution of $10.0 million in 2004. As in prior years, the lump-sum contribution for 2005 will be paid following the close of the year.
- Other liabilities increased in 2005 versus 2004 due to $15,807 increase in security lending collateral offset by an $11,888 decrease in pending purchases of securities at the end of the year.
- The rate of return on total assets, of the Pension Fund net of investment expenses, was 8.3% and 12.9% for the years ended December 31, 2005 and 2004, respectively.
- There was a net investment gain of $124,391 for the year ended December 31, 2005 versus $184,521 for the year ended December 31, 2004.
- Benefit payments decreased $13,061 in 2005 versus 2004 due to a reduction in retirements in 2005. This resulted in a $25,356 decrease in lump-sum payments. This was offset by a $12,295 increase in monthly pension benefits.
- Withdrawals decreased $118 in 2005 due to the death of two active members in 2004 resulting in two large withdrawals.
- As of December 31, 2005 and 2004, the funding ratio (actuarial value of the assets divided by the actuarial accrued liability) for the plan was 76.2% and 79.9% respectively. The funding ratio listed above gives an indication of how well this objective has been met to date. The higher the funding ratio the better the plan is funded. The funding ratio has declined because of investment losses and revisions in the plan benefits.

The Board of Trustees of ERS has the responsibility for the overall performance of the Pension Fund. The Board's principal means to achieve this goal is by (a) determining an asset allocation policy which is expected to provide long-term rate of return sufficient to fund benefits while minimizing the risk of loss through diversification, (b) selecting an appropriate number of investment managers to manage the assets within an asset class and monitoring the performance of such investment managers relative to specified benchmarks, and (c) implementing cost containment measures intended to reduce the investment fees and costs associated with investing the Fund's assets. The Board is the fiduciary of the Fund and is responsible for carrying out the investment functions solely in the interest of the members and benefit recipients.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Retirement System's financial statements. The financial section is comprised of four components: (1) financial statements, (2) notes to the financial statements, (3) required supplementary information, and (4) other supplementary schedules.

Financial Statements. There are two financial statements presented for the plan. The Statement of Plan Net Assets as of December 31, 2005 and 2004 indicates the net assets available to pay future benefits and gives a snapshot of the financial assets available for pension benefits at a particular point in time. The Statement of Changes in Net Plan Assets for the year ended December 31, 2005 and 2004 provides a view of the additions and deductions to the plan for the years presented.

Notes to financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the financial statements.

Required supplementary information. The required supplementary information consists of a Schedule of Funding Progress and a Schedule of Employer Contributions and related notes concerning the funding status of the plan. These schedules provide historical trend information, which contributes to understanding the changes in the funded status of the plan over time.

Other supplementary schedules. The additional schedules (Ten-Year Historical Trend Information, Net Fund Assets, Actual County Contributions, Active Membership Statistics, Retirements and Survivors) are presented for the purpose of additional analysis.

COMPARATIVE FINANCIAL STATEMENTS

Retirement System's Net Assets	12/31/05	12/31/04	% Change
Assets			
Cash and short-term investments	$ 8,704	$ 7,814	11.4%
Securities lending collateral	126,947	111,140	14.2%
Receivables	47,340	39,135	21.0%
Investments, at fair value	1,514,478	1,525,318	(0.7%)
Total Assets	$1,697,469	$1,683,407	0.8%
Liabilities			
Security lending obligations	126,947	111,140	14.2%
Other Liabilities	10,745	22,155	(51.5)%
Total Liabilities	137,692	133,295	3.3%
Net assets available for benefits	$1,559,777	$1,550,112	.6%

Retirement System's Changes in Net Assets	2005	2004	% Change
Additions			
Employer Contributions	$35,415	$35,143	0.8%
Member Contributions	360	712	(49.3%)
Investment Income	124,391	184,521	(32.6%)
Total Additions	160,166	220,376	(27.3%)
Deductions			
Benefit Payments	(148,307)	(161,369)	(8.1%)
Administrative expenses	(2,157)	(2,190)	(1.5%)
Withdrawals	(37)	(155)	(76.1%)
Total deductions	(150,501)	(163,714)	(8.1%)
Changes in net assets available for benefits	9,665	56,662	(82.9%)
New assets held in trust for pension benefits:			
Beginning of year	1,550,112	1,493,450	3.8%
End of year	$1,559,777	$1,550,112	0.6%

Requests for financial information:

The financial report is designed to provide the Retirement Board, our membership, taxpayers, investment managers and creditors with a general overview of ERS finances and to demonstrate ERS's accountability for the funds under its stewardship. Please address any questions about this report or requests for additional financial information to:

Milwaukee County ERS
901 N. 9th Street Room 210-C
Milwaukee, WI 53233

STATEMENTS OF PLAN NET ASSETS

	December 31, 2005	December 31, 2004
ASSETS:		
CASH AND CASH EQUIVALENTS	$ 8,704,242	$ 7,813,683
RECEIVABLES		
Receivable for foreign exchange contracts	2,983,139	3,135,624
Accrued interest and dividends	6,244,920	6,484,050
Due from sale of investments	1,434,880	2,773,662
County of Milwaukee	35,738,239	25,266,907
Miscellaneous receivables	939,163	1,474,659
TOTAL RECEIVABLES	47,340,341	39,134,902
INVESTMENTS AT FAIR VALUE		
Domestic common and preferred stocks	570,614,993	582,860,033
Corporate bonds	460,757,437	492,912,398
International common and preferred stocks	264,187,426	252,654,565
Federal agency and mortgage-backed certificates	46,207,868	57,105,842
International fixed income	35,200,314	42,389,765
US Government and state obligations	58,112,905	26,517,994
Real estate investment trusts	59,303,759	53,745,674
Venture capital	20,093,802	17,132,189
TOTAL INVESTMENTS	1,514,478,504	1,525,318,460
Securities lending - collateral (See Note 5)	126,947,004	111,140,331
TOTAL ASSETS	1,697,470,091	1,683,407,376
LIABILITIES:		
Securities lending - collateral (See Note 5)	126,947,004	111,140,331
Payable for foreign exchange contracts	3,011,236	3,186,986
Payable for securities purchased	3,762,917	15,651,266
Miscellaneous payables	2,881,038	2,372,431
Payable to OBRA Retirement Plan	1,090,405	943,973
TOTAL LIABILITIES	137,692,600	133,294,987
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$1,559,777,491	$1,550,112,389

(A schedule of funding progress is presented on page 16)

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN PLAN NET ASSETS

	Year Ended December 31, 2005	Year Ended December 31, 2004
ADDITIONS:		
CONTRIBUTIONS		
County of Milwaukee	$ 35,415,185	$ 35,143,178
Plan participants	360,283	711,322
	35,775,468	35,854,500
INVESTMENT INCOME		
Net appreciation in fair value of investments	96,870,929	146,747,299
Interest and dividends	30,461,069	40,888,887
Security lending income	4,139,684	1,621,222
Other income	878,615	706,730
Total investment income	132,350,297	189,964,138
Less: Securities lending rebates and fees	(3,821,549)	(1,330,435)
Investment expense	(4,137,513)	(4,112,409)
Net investment income	124,391,235	184,521,294
TOTAL ADDITIONS	160,166,703	220,375,794
DEDUCTIONS:		
Benefits paid to retirees and beneficiaries	(148,307,335)	(161,368,700)
Administrative expenses	(2,157,303)	(2,190,542)
Withdrawal of membership accounts	(36,963)	(154,522)
TOTAL DEDUCTIONS	(150,501,601)	(163,713,764)
NET CHANGE IN PLAN NET ASSETS:	9,665,102	56,662,030
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:		
Beginning of year	1,550,112,389	1,493,450,359
End of year	$1,559,777,491	$1,550,112,389

The accompanying notes are an integral part of these financial statements.

(1) Description of Retirement System –

The following brief description of the provisions of the Employees' Retirement System of the County of Milwaukee ("ERS" or the "Retirement System") is provided for financial statement purposes only. Participants should refer to Section 201.24 of the General Ordinances of Milwaukee County and their respective bargaining agreement for more complete information.

The Retirement System is a single-employer plan that was created to encourage qualified personnel to enter and remain in the service of the County of Milwaukee (the "County") by providing for a system of retirement, disability and death benefits to or on behalf of its employees. By the passage of Chapter 201 of the Laws of Wisconsin for 1937, the County was mandated to create the Retirement System as a separate legal entity. It did so by the passage of Section 201.24 of the General Ordinance of Milwaukee County. The authority to manage and control the Retirement System is vested in the Pension Board. The Pension Board consists of nine members – three members appointed by the County Executive (subject to confirmation by the County Board of Supervisors), three employee members elected by the employee participants, two members appointed by the County Board chairperson and one retiree-elected member.

	As of December 31	
Participants –	**2005**	**2004**
Retiree and beneficiaries currently receiving benefits	7,275	7,229
Vested and terminated employees not yet receiving benefits	1,399	1,430
Current employees	5,056	4,980
Total participants	13,730	13,709

Contributions –

The Retirement System is substantially noncontributory. However, participants meeting certain criteria have the option to contribute to membership accounts. In addition, the County contributes to membership accounts of most employee participants enrolled prior to 1971. Member account balances are as follows:

	As of December 31	
	2005	**2004**
Membership accounts –		
Participants and County contributed	$ 4,479,292	$ 7,458,574
Voluntary savings accounts	943,656	1,002,973

Contributions due from the County to the Retirement System consist of amounts sufficient to fund the annual normal cost and interest on and amortization of the unfunded or overfunded actuarial accrued liability. A substantial portion of the current year's contribution is paid to the Retirement System in the following year.

The County makes contributions to the Retirement System based upon actuarially determined contribution requirements, as well as additional contributions made at the discretion of the County Board. Actuarially determined contribution requirements are set during the County's budget process. The data available for the determination is based upon the prior fiscal year's demographics. The actuarially determined contribution requirements set during the budgeting process may differ from the annual required contribution (ARC) for the current period as a result of changes in the plan provisions implemented subsequent to approval of the County budget. During the year, the Retirement System accrues only those contributions that the County is statutorily required to pay. This consists of those contributions that were included in the County's current year's budget and any additional contributions that may have been committed at the discretion of the County Board. For 2005 and 2004, the County contribution recorded by the Retirement System was $2,192,755 less than and $1,894,974 greater than the ARC for 2005 and 2004, respectively.

Benefits –

The normal retirement benefit is a monthly pension for the life of the participant. For deputy sheriff participants with less than 30 years of service, the normal retirement age is 57. For all other participants the normal retirement age is 60, although some labor agreements require a minimum of 5 years creditable service at age 60. Active participants are also eligible to retire when their age added to their years of service equals 75. The County Ordinance and Labor Agreements require an employee to be a member prior to a stated date in order to qualify for the rule of 75. The normal retirement benefit payable to a participant whose membership began prior to January 1, 1982, is equal to 2.5% for deputy sheriffs and elected officials, and 2%

for all other participants, of the participant's three-year final average monthly salary, as defined in the Ordinance and labor agreements, multiplied by the number of years of credited service. The amount of normal retirement benefits payable for a participant whose membership began after January 1, 1982 is as follows: 2.5% for deputy sheriffs, deputy sheriff lieutenants, deputy sheriff ECPs and DA investigators hired before July 1, 1995; 2% for deputy sheriffs, deputy sheriff lieutenants, deputy sheriff ECPs and DA investigators hired after June 30, 1995; 2% for elected officials; 2% for firefighters and non-represented firefighters beginning January 1, 1999; and 1.5% for all other participants, of the participant's five-year final average monthly salary, as defined in the Ordinance and labor agreements, multiplied by the number of years of credited service. Each year after retirement, the amount of monthly benefit is increased by an amount equal to 2% of the benefit paid for the first full month of retirement. The maximum benefit, excluding any post-retirement increases, payable to a participant cannot exceed the sum of 80% of the participant's final average monthly salary.

As of January 1, 2001, certain plan changes became effective, except for represented deputy sheriffs. These changes are noted below:

- The County will pay the accrued sick allowance in full upon retirement for those participants hired prior to January 1, 1994. Previously, a member received both a cash payment from the County and pension service credit for a portion of the accrued sick allowance.
- A bonus of 7.5% per year, up to a maximum of 25%, is added to the Final Average Salary for those employees whose membership in the Employee's Retirement System began before January 1, 1982, or July 1, 1995 for a non-represented Deputy Sheriff.
- All service credit earned after January 1, 2001 will be credited with an additional .5% multiplier for those employees whose membership in the Employee's Retirement System began after December 31, 1981, or June 30, 1995 for a non-represented Deputy Sheriff. Also, for each year of pension service earned after January 1, 2001, eight (8) years of service earned prior to January 1, 2001 shall be credited with an additional .5% multiplier.
- A "back drop" payment option was established that would permit an employee to receive a lump-sum cash payment and a monthly pension benefit upon retirement. The lump-sum cash payment is the total of the monthly pension benefits, adjusted for COLA increases, that a member would be entitled to from a prior date (back drop date) to the date that the member terminates employment plus compounded interest. The back drop date must be at least one year prior to the termination date and the member must have been eligible to retire as of that date. The member will be entitled to a COLA adjusted monthly pension benefit based on the back drop date once the member terminates employment.
- A participant is vested upon attaining 5 years of creditable pension service.

The following changes were made effective as of the stated dates:

- Effective March 15, 2002, the County will pay non-represented employees for the first 400 hours of accrued sick allowance and 16% of any sick allowance in excess of 400 hours. No pension service credit is added for this accrued sick allowance payout.
- Non-represented employees and elected officials hired on or after March 15, 2002 are not eligible to receive the drop back pension benefit. Employees represented by a labor agreement must also be hired prior to the date specified in the labor agreement to be eligible to receive the the drop back benefit.
- Individuals elected after March 15, 2002 are not eligible to receive the additional .5% pension benefit multiplier.
- Effective January 1, 2003, the pension benefit for employees who became members after December 31, 1981 shall be based upon a final average salary equal to the three highest consecutive years of earnings instead of the five highest consecutive years of earnings, except for represented sheriffs.

A participant who meets the requirements for an accidental or ordinary disability benefit is entitled to an amount equal to the normal retirement benefit, but not less than 60% of a participant's final average salary for accidental disability. Fifteen years of credited service is required to apply for ordinary disability.

Most participants are immediately vested upon attaining age 60. A vested participant is eligible for a deferred pension beginning as of the member's normal retirement date.

A participant who is 55 years of age and has 15 years of credited service may elect to receive early reduced retirement benefits. The participant would be entitled to a benefit equal to the normal retirement benefit with a lifetime reduction of 5% for each year prior to the normal retirement date.

Upon the death of an employee participant and usually after one year of service, which varies by labor agreement, a spouse with one dependent child, as defined in the Ordinance, will receive 40% of the deceased participant's salary, reduced by an amount equal to Social Security benefits payable to the spouse.

An additional 10% of salary, reduced by Social Security benefits, is paid for each dependent child. The total benefit, if there are more than five eligible children, generally cannot exceed 90% of the prior salary level. The total benefit includes Social Security benefits. Upon attaining age 60, the spouse will receive 50% of the normal retirement benefit based upon service projected to age 60 of the employee participant. If there is no spouse or child, the death benefit payable to a designated beneficiary is equal to 50% of the deceased participant's final average salary, but not to exceed $2,000. Deputy sheriffs are covered by special provisions if their death occurs as a result of an accident in actual performance of duty.

A participant who attained eligibility for normal retirement benefit may elect a protective survivorship option of 100% or 50% (discussed below). A surviving spouse will be paid a survivorship pension of 100% without making an election. For a survivorship pension to be paid to a designated beneficiary, other than a surviving spouse, election must be filed in writing on a form prescribed by the Pension Board.

Currently, employee participants may choose between several options when retiring. The available options are:

- Maximum This option is a pension benefit that is payable over the life of the participant and ceases upon the participant's death;
- Membership Account Refund This option is an actuarially reduced pension benefit that ceases upon the death of the participant. This option, however, guarantees that the participant will receive the total balance in his/her Membership Account as of the retirement date. The Membership Account balance is reduced each month by an actuarial determined amount. Any balance remaining upon the participant's death will be paid to the participant's beneficiary. Generally, only participants hired prior to 1971 have a Membership Account and, therefore, are the only employees eligible for this option;
- 25% This option is a reduced pension benefit that is payable over the life of the participant. Upon the participant's death, 25% of the pension benefit is payable over the life of a named beneficiary, if living;
- 50% This option is a reduced pension benefit that is payable over the life of the participant. Upon the participant's death, 50% of the pension benefit is payable over the life of a named beneficiary, if living;
- 75% This option is a reduced pension benefit that is payable over the life of the participant. Upon the participant's death, 75% of the pension benefit is payable over the life of a named beneficiary, if living;
- 100% This option is a reduced pension benefit that is payable over the life of the participant. Upon the participant's death, 100% of the pension benefit is payable over the life of a named beneficiary, if living;
- 10-Year Certain This option is a reduced pension benefit payable over the life of the participant but is guaranteed for a period of 10 years, in the event that the participant should die within 10 years after the retirement date.
- Board Discretion This option is at the discretion of the Pension Board and is the payment of a benefit in a form other than those set forth above provided that payments in such other form shall be the actuarial equivalent of the benefit otherwise payable. An administrative charge is assessed for each calculation performed under this option.

Benefits of $148.3 million and $161.4 million were paid in 2005 and 2004, respectively, including periodic pension benefit payments of $122.6 million and $110.4 million and dropback lump-sum pension benefit payments of $25.7 million and $51.0 million in 2005 and 2004, respectively.

(2) Summary of Significant Accounting Policies:

New Accounting Pronouncements –

In fiscal year 2005, the Retirement System implemented Governmental Accounting Standards Board ("GASB") Statement No. 40, "Deposit and Investment Risk Disclosures" (an amendment of GASB No. 3). GASB 40 modifies and expands disclosure requirements for deposits and investments. In accordance with GASB 40, deposit and investment risk disclosures are required for interest rate risk, credit risk, concentration of credit risk, custodial credit risk and foreign currency risk. The new requirements are effective for fiscal periods beginning after June 15, 2004.

Basis of Accounting –

The accompanying financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed and expenses are recorded when the corresponding liabilities are incurred.

Investments –

Investments, primarily stocks, bonds, certain government loans and mortgage-backed certificates, are stated at quoted fair value. Temporary cash investments are valued at cost, which approximates fair value. Investments in venture capital partnerships are valued at estimated fair value, as provided by the Retirement System's venture capital investment manager. Investment transactions are recorded on the trade date. Realized gains and losses are computed based on the average cost method.

A summary of investments at cost is as follows:

	As of December 31	
	2005	2004
Domestic common and preferred stocks	$ 484,539,247	$ 474,813,617
Corporate bonds	437,546,882	463,771,911
International common and preferred stocks	169,004,703	180,421,974
Federal agency and mortgage-backed certificates	47,181,885	56,360,389
International fixed income	30,880,903	34,777,186
US Government	58,856,368	26,631,073
Real estate investment trusts	44,817,722	37,949,837
Venture capital	26,417,074	26,387,224
Cash and cash equivalents	8,715,671	7,747,121
Total investments at cost	$1,307,960,455	$1,308,860,332

Valuation of International Securities –

Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts on the date of valuation. Purchases and sales of securities and income items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

Expenses –

Administrative expenses incurred by the County related to the Retirement System are payable by the Retirement System to the County. Such expenses totaled $972,805 and $1,053,714 in 2005 and 2004, respectively.

Use of Estimates –

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(3) Income taxes –

The Internal Revenue Service ruled on July 23, 2001, that the Plan was in compliance with Section 401(a) of the Internal Revenue Code (IRC), and, therefore, is a tax-qualified plan. The Retirement System has been subsequently amended. Management believes that the Plan continues to be in compliance with the IRC and maintains its tax-qualified status.

(4) Contributions Required and Contributions Made –

The Retirement System's funding policy provides for periodic County contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Payroll contribution rates are determined using the Aggregate Entry Age Normal method of funding. The Retirement System also uses the level percentage of payroll method to amortize the unfunded liability over a 30 year period in 2005. The significant actuarial assumptions used to compute the contribution requirements are the same as those used to compute the pension benefit obligation.

County contributions totaling $35,415,185 and $35,143,178 were recorded in 2005 and 2004, respectively. The 2005 contribution was less than and the 2004 contribution was greater than the total actuarial required contribution using the Aggregate Entry Age Normal method of funding with normal cost computed as a level percentage of pay. See the Schedule of Employer Contributions in the Required Supplementary Information. The County's contributions to the Retirement System were 15.7% and 16.8% of annual covered payroll for 2005 and 2004, respectively.

The 2005 and 2004 contributions reflected in the accompanying statements were actuarially determined as of January 1, 2004 and 2003. These amounts were included in the County's 2005 and 2004 budgets. The Retirement System as of December 31, 2005 and 2004 reflected the unpaid portion of the 2005 and 2004 contributions as a contribution receivable.

Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 8.5%, compounded annually in 2005 and 2004, (b) projected salary increases averaging 5.5% per year compounded annually, attributed to inflation, seniority and merit, and (c) post-retirement benefit increases of 2.0% per year for both 2005 and 2004.

(5) Deposit and Investment Risk Disclosure –

As provided by state legislative act and County Ordinance, the Retirement System's Board has exclusive control and management responsibility of the Retirement System's funds and full power to invest the funds. In exercising its fiduciary responsibility, the Board is governed by the "prudent person" rule in establishing investment policy. The "prudent person" rule, requires the exercise of that degree of judgment, skill and care under the circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to permanent disposition of their funds, considering the probable income as well as the probable safety of the principal. The Board has adopted a Statement of Investment Policy to formally document investment objectives and responsibilities. This policy establishes guidelines for permissible investments of the Retirement System. The Retirement System's investments are subject to various risks. Among them are credit risk, concentration of credit risk, custodial credit risk, interest rate risk, and foreign currency risk. Each of these risks is discussed in more detail below.

Concentration of Credit Risk –

Concentration of credit risk is a risk of loss that may be attributed to the magnitude of the Retirement System's investment in a single issuer, generally inivestments in any one issuer that represents five (5) percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this definition.

Credit Risk –

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's Investors Services (Moody's), Standard and Poor (S & P) and Fitch Ratings (Fitch's). With the exception of the Loomis Sayles - High Yield and the MCM Aggregate Bond portfolios, bonds purchased and owned in each portfolio must have a minimum quality rating of Baa3 (Moody's) or BBB- (S & P or Fitch's). The average quality of each portfolio must be A or better. For Loomis Sayles - High Yield, bonds must have a minimum quality rating of B3 (Moody's) or B- (S & P or Fitch's) at the time of purchase. The fixed income securities for the MCM Aggregate Bond portfolio should have a minimum quality rating of A, with the exception of 15% of the portfolio which may have a minimum quality rating of BBB. The average credit quality ratings of investments in fixed income securities by nationally recognized statistical rating agencies as of December 31,2005 are as follows: (amounts are in thousands of dollars)

Average Quality Ratings *	Fair Value
Aaa	$37,187
Aa1	4,225
Aa2	1,735
Aa3	476
A1	3,307
A2	63,197
A3	6,960
Baa1	11,018
Baa2	23,971
Baa3	16,685
Ba1	25,054
Ba2	26,289
Ba3	15,624
B1	16,436
B2	12,756
B3	8,836
Caa1	5,731
Caa2	1,437
NR	5,944
Total Credit Risk Fixed Income Securities	**$286,868**
U.S. Government and Agencies	104,321
Mutual Funds (Not Rated)	209,090
Total Investment in fixed income	**$600,279**

* This represents the average rating of the Moody's, S & P and Fitch's rating services. The rating symbols are those used by Moody's.

The Loomis Sayles High Yield portfolio holds all investments with a rating less than Baa3, except for the following securities that have an average rating of Ba1

- a security in the amount of $425,000 held by J.P. Morgan and
- securities in the amount of $124,201 and $588,550 held by the Loomis Sayles Investment Grade portfolio.

Custodial Credit Risk – Deposits and Investments

Custodial credit risk is the risk that, in the event a financial institution or counterparty fails, the Retirement System will not be able to recover the value of its deposits, investments or securities. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the Retirement System's name and are held by the counterparty.

No formal policy exists on custodial risk. However, substantially all assets of the Retirement Syatem are held in its name. Repurchase agreements held by the Retirement System are essentially collateralized overnight loans, with the securities held by Wells Fargo, the counterparty, as collateral. These securities are held by Wells Fargo but not in the name of the Retirement System. As of December 31, 2005, the underlying collateral for the Retirement System's repurchase agreements in the amount of $2,817,000 was exposed to custodial risk as it was held outside the name of the trust.

Also as of December 31, 2005, the Retirement System was exposed to custodial credit risk for the uncollateralized deposits with banks that were not covered by Federal Depository Insurance Corporation or the State Deposit Guarantee Fund in the amount of $100,000. Subsequent to year-end, deposits with banks were reduced to less than $500,000. All deposits with banks are currently fully insured and no longer exposed to custodial credit risk.

The following table presents the Retirement System's total cash, deposits and cash equivalents as of December 31,2005: (amounts are in thousands of dollars)

Schedule of Cash and Cash Equivalent Investments		
Depository Account	**Carrying Value**	**Bank Balance**
Cash held by various investment managers	$162	$162
Deposits with banks	566	605
Foreign currency	1,201	1,201
Repurchase agreements	-	2,817
Money market deposits	6,775	6,775
Total Deposits	$8,704	$11,525

The difference between the carrying value and bank balances are due to outstanding checks and deposits not yet processed by the bank. Deposits in excess of a predetermined amount are maintained in overnight repurchase agreements and transferred to a bank checking account as checks are presented for payment.

Foreign Currency Risk –

Foreign currency is the risk that changes in currency exchange rates will adversely affect the fair value of an investment or deposit.

The Retirement Systems exposure to foreign currency risk derives from its positions in foreign currency denominated international equity and fixed income investments. Its exposure to foreign currency is as follows: (amounts are in thousands of dollars)

Currency Unit	Equity Incl Private Equity	Fixed Income Incl Conv Deb	Total
Austrailian Dollar	$1,237	-	$1,237
Brazilian Real	-	1,146	1,146
British Pound Sterling	10,913	-	10,913
Canadian Dollar	3,233	3,879	7,112
Danish Krone	263	-	263
Euro Currency Unit	22,348	-	22,348
Hong Kong Dollar	1,028	-	1,028
Japanese Yen	25,084	-	25,084
Mexican New Peso	-	2,642	2,642
Norwegian Krone	220	941	1,161
S. African Comm Rand	886	-	886
Singapore Dollar	725	2,035	2,760
South Korean Won	1,312	1,445	2,757
Swedish Krona	1,385	425	1,810
Swiss Franc	6,916	-	6,916
Thailand Baht	-	1,758	1,758
Totals	**75,550**	**14,271**	**89,821**

Interest Rate Risk –

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Duration is a measure of an investment's sensitivity to changes in interest rates. The higher the duration, the greater the changes in fair value when interest rates change. The Option-Adjusted Duration method of measuring duration takes into effect the embedded options on cash flows.

The Retirement System does not have a formal investment policy that limits investment maturities as a means of managing exposure to losses arising from increasing interest rates with the exception of the cash equivalent portfolio. The investment policy limits the duration of individual securities held in the cash equivalent portfolio to 2.5 years. In addition, the duration of the entire cash equivalent portfolio should be between 1 and 2 years.

As of December 31,2005, the Retirement System had the following Option-Adjusted Durations for the fixed income investments: (amounts are in thousands of dollars)

Fixed Income Sector	Fair Value	Option-Adjusted Duration (in years)
Asset Backed Securities	$11,948	1.07
CM Backed Securities	4,368	5.97
CMO Corporate	12,362	1.60
CMO Government Agencies	7,328	3.36
Corporate	160,132	5.76
Energy	1,439	2.41
Government	68,412	3.43
Health Care	3,314	3.16
Industrials	683	3.75
Information Technology	3,928	0.85
Other	61,766	0.08
U.S. Convertibles	2,880	0.84
U.S. Gov't Mortgages	25,412	3.63
U.S. Private Placements	11,451	6.30
Non U.S.	14,012	3.31
Other *	273,085	N/A
Totals	**662,520**	

* Represents $211,104 invested in bond mutual funds for which the duration was not available.

Security Lending –

The Retirement System participates in a security-lending program for the lending of corporate bonds, equity and government securities to qualified brokers. Collateral received for securities loaned consists primarily of cash. Other forms of collateral are letters of credit and government agency securities. Collateral for domestic issues is set at 102% of the fair value of the securities loaned at the time of the initial transaction. If the value falls to 100% of the fair value of the securities loaned, additional collateral is obtained to reestablish collateral at 102% of the fair value of the securities loaned. Collateral for international securities is maintained at a level of 105% of the fair value of securities loaned at all times. The net investment income earned on collateral is divided between the custodian, as a fee for its services under the program, and the Retirement System, according to agreed upon rates. For 2005 and 2004, the net investment income realized from security lending was $318,135 and $290,787, respectively.

Securities loaned and the collateral held were as follows: (amounts are in thousands of dollars)

	As of December 31	
	2005	2004
Fair Value of Securities Loaned:	$126,529	$111,030
Fair Value of Collateral:	$130,135	$114,406
Percentage Collateral to Securities Loaned:	102.85%	103.04%

The collateral received from security lending transactions are recorded as assets at quoted fair value of the financial statement date. The Retirement System records an identical amount as a liability, representing the obligation of the Retirement System to return the collateral at the time the borrower of the Retirement System's securities return those securities.

The collateral received from securities lending transactions includes cash of $126,947 and $111,140 and U.S. Treasury securities of $3,188 and $3,266 for the years ended December 31, 2005 and 2004, respectively. Under the terms of the securities lending agreement, the Retirement System has the right to sell or pledge the cash collateral. The non-cash collateral in the amount of $3,188 and $3,266 for the years ended December 31, 2005 and 2004, respectively, is controlled by the custodian and, correspondingly, is not reflected in the Statement of Net Assets Available for Plan Benefits.

At year-end, the Retirement System has no credit risk exposure to borrowers because the amounts the Retirement System owes the borrowers exceed the amounts the borrowers owe the Retirement System. The contract with the Retirement System's custodian requires it to indemnify the Retirement System if a borrower fails to return the securities (and if the collateral is inadequate to replace the securities lent) or fails to pay the Retirement System for income distributions by the securities' issuers while the securities are on loan.

(6) Financial Instruments With Off-Balance Sheet Risks –

A currency forward is a contractual agreement between two parties to pay or receive amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. Forward commitments are entered into with the foreign exchange department of a bank located in a major money market. These transactions are entered into in order to hedge risks from exposure to foreign currency rate fluctuations. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the Retirement System records the amount receivable or payable at fair value, with the unrealized gain or loss reported as a component of net appreciation in fair value.

Unrealized losses on forward foreign exchange contracts at year-end were $28,097 and $51,362 for 2005 and 2004, respectively. At year-end, the Retirement System holds forward foreign exchange contracts in the Euro-currency, Japanese yen, Swiss francs and Canadian dollars primarily.

(7) Commitments and Contingencies –

The Retirement System is involved in litigation and certain other disputes arising during the normal course of operations. Management does not believe the settlement of such matters will have a material impact on the Retirement System's financial statements.

(8) OBRA 1990 Retirement System of the County of Milwaukee –

The County established the OBRA 1990 Retirement System of the County of Milwaukee (OBRA) to cover seasonal and certain temporary employees who are not enrolled in the Retirement System. Assets of the OBRA are commingled for investment purposes with the assets of the Retirement System. As the assets of the

Retirement System are legally available to pay benefits of either the ERS or OBRA and all assets have been commingled, the Retirement System is considered a single plan for financial reporting purposes. Net assets identified for OBRA benefits as of December 31, 2005 and 2004, were as follows:

	(Unaudited)	
	2005	2004
Cash	$ 406	$32,871
Contributions receivable from County	365,000	348,000
Assets held by Retirement System	724,999	563,102
Net assets available for benefits	$1,090,405	$943,973

Changes in net assets available for benefits for OBRA for the years ended December 31, 2005 and 2004, were as follows:

	(Unaudited)	
	2005	2004
Contributions from County	$365,000	$348,000
Investment income	108,300	87,400
Investment and administrative expenses	(276,403)	(238,648)
Benefits paid	(50,465)	(42,469)
Net increase in assets available for benefits	$146,432	$154,283

As of December 31, 2005 and 2004, respectively, there were 9,477 and 9,091 participants with vested benefits in OBRA. The actuarial accrued liability of OBRA at December 31, 2005 and 2004, was $3,530,352 and $2,871,834 , respectively, leaving net assets available less than the actuarial accrued liability of ($2,439,947) and ($1,927,861), respectively. These amounts are not reflected in the required supplementary information tables that follow the notes to the financial statements.

Required Supplementary Information

Schedule of Funding Progress
(in thousands of dollars)

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability–AAL (b)	Funded ratio (a/b)	(Overfunded) Unfunded AAL–(UAAL) (b-a)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
1/1/06	$1,454,302	$1,909,321	76.2%	$455,019	$225,722	201.6%
1/1/05	1,424,918	1,782,884	79.9%	357,966	209,796	170.6%
1/1/04	1,446,726	1,707,999	84.7%	261,273	233,478	111.9%
1/1/03	1,446,860	1,542,045	93.8%	95,185	234,679	40.6%
1/1/02	1,620,157	1,492,072	108.6%	(128,085)*	238,387	(53.7%)**
1/1/01	1,670,601	1,499,261	111.4%	(171,340)*	238,195	(71.9%)**

* These amounts represent actuarial value of assets in excess of actuarial accrued liabilities.

** These percentages represent the amount of overfunded actuarial assets as a percentage of payroll.

Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded (overfunded) actuarial accrued liability in isolation can be misleading. Expressing plan net assets as a percentage of the actuarial accrued liability provides one indication of the Retirement System's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Retirement System. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids the analysis of the Retirement System's progress in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, or the larger the percentage, if negative, the stronger the Retirement System.

Schedule of Employer Contributions for the Year Ended December 31,

Fiscal Year	Annual Required Contribution (ARC)	Percentage Contributed
2005	$37,607,940	94.2%
2004	33,248,204	105.7%
2003	25,242,325	134.6%
2002	8,528,477	30.3%
2001	8,586,443	30.8%
2000	629,279	100.0%

Notes to Required Supplementary Information

(1) Description –

The historical trend information is presented as required supplementary information. This information is intended to help users assess the Retirement System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

(2) Actuarial Assumptions and Methods –

The information presented in the required supplementary schedules was determined as part of the actuarial valuations as of January 1, 2006, for the plan year ending December 31, 2005. The actuarial valuations consider the changes effective January 1, 2006. Additional information as of the latest actuarial valuation follows:

Valuation date	1/1/06
Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level percent of payroll, closed
Equivalent Single Amortization Period	27 years
Asset valuation method	5-year smoothing of difference between total expected return versus actual return
Actuarial Assumptions:	
Investment rate of return	8.5%
Projected salary increases	5.5%
Mortality	RP 2000 Mortality Table

(3) Significant Factors Affecting Trends in Actuarial Information –

2006 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Increase annual compensation limit to $220,000.
- Increase annual benefit limit to $175,000.
- Decrease in the discount rate to 8.0%.
- Increase in backrop utilization assumption from 50% to 70%.

2005 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Increase annual compensation limit to $210,000.
- Increase annual benefit limit to $170,000.

2004 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Increase annual compensation limit to $205,000.
- Increase annual benefit limit to $165,000.
- Decrease in discount rate to 8.5%.
- The amortization period for plan amendments, assumption changes and actuarial experience was changed from 20 years to 30 years. Future plan and assumption changes, as well as, actuarial gains and losses will be amortized over 30 years from the date established.
- Changed from smoothing unrealized gains or losses to smoothing difference between total expected return versus actual return.

2003 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Beginning January 1, 2003, the pension benefit is based upon a final average salary equal to the three highest consecutive years of earnings for employees who became members of the Retirement System after December 31, 1981, except for represented deputy sheriff members.
- Assumption that 50 percent of eligible retirees will elect to receive both a backdrop payment option of 4 years and a monthly pension benefit upon retirement.

2002 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Increase in annual compensation limit to $200,000.
- Increase in maximum annual benefit limit to $160,000.
- Increase in discount rate to 9.0%.
- For purposes of computing the ARC by the County, the unfunded actuarial accrued liability of $(128,085,000) will be reamortized over a 20-year period ending December, 2020. The unfunded actuarial liability, as of January 1, 1996, was being amortized over a 40-year period ending December, 2035. Plan and assumption changes, as well as, actuarial gains and losses since January 1, 1996, were also being amortized through December, 2035. Effective January 1, 2002, future plan and assumption changes, as well as, actuarial gains and losses will be amortized over 20 years.

TEN-YEAR HISTORICAL TREND INFORMATION

REVENUES BY SOURCE AND EXPENSES BY TYPE

(Unaudited)

Revenues by Source

Fiscal Year	Participant Contributions	County Contributions(1)	Investment Income (Loss)(2)	Total
2005	$360,283	$35,415,185	$128,528,748	$164,304,216
2004	711,322	35,143,178	188,633,703	224,488,203
2003	704,758	33,980,592	292,669,096	327,354,446
2002	436,682	2,579,984	(78,508,968)	(75,492,302)
2001	265,567	2,646,523	(28,309,035)	(25,396,945)
2000	180,729	629,279	(14,726,721)	(13,916,713)
1999	140,834	2,756,636	243,675,430	246,572,900
1998	156,915	10,816,807	120,415,049	131,388,771
1997	130,253	12,942,084	256,829,536	269,901,873
1996	176,722	18,442,468	161,746,888	180,366,078

Expenses by Type

Fiscal Year	Benefits(3)	Investment and Administrative Expenses(4)	Withdrawals	Total
2005	$148,307,335	$6,294,816	$36,963	$154,639,114
2004	161,368,700	6,302,951	154,522	167,826,173
2003	111,109,514	5,662,380	12,999	116,784,893
2002	118,078,160	5,301,678	30,230	123,410,068
2001	94,842,239	5,389,064	233,732	100,465,035
2000	85,664,789	5,320,195	257,600	91,242,584
1999	82,022,948	4,966,393	16,866	87,006,207
1998	79,261,523	4,913,214	50,504	84,225,241
1997	77,831,307	4,651,792	53,967	82,537,066
1996	76,921,047	4,605,169	115,956	81,642,172

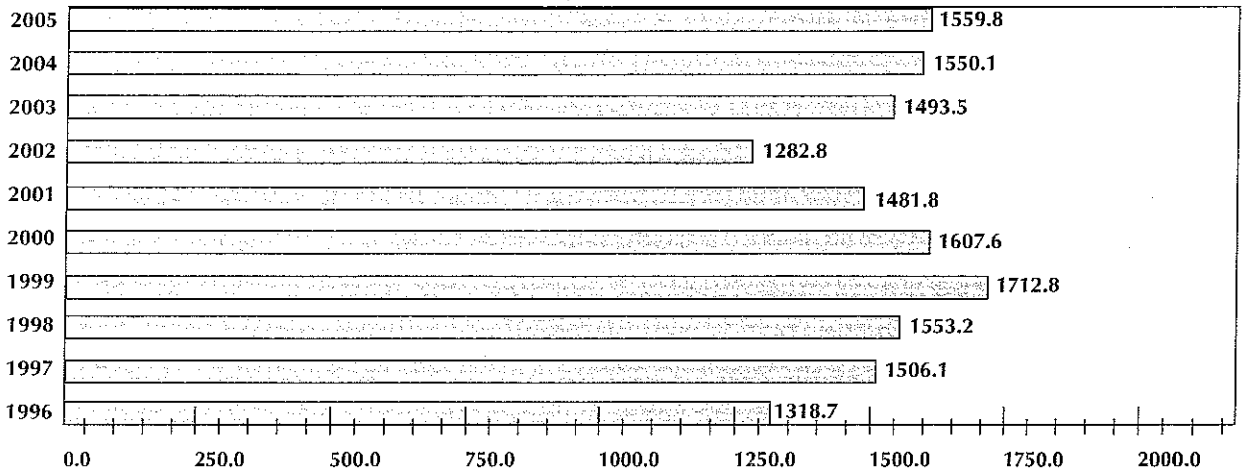
(1) Contributions were made based upon actuarially determined contribution requirements, as well as additional contributions made at the discretion of the County Board.

(2) Includes interest and dividends, net appreciation (depreciation) of fair value, net security lending income, and other income.

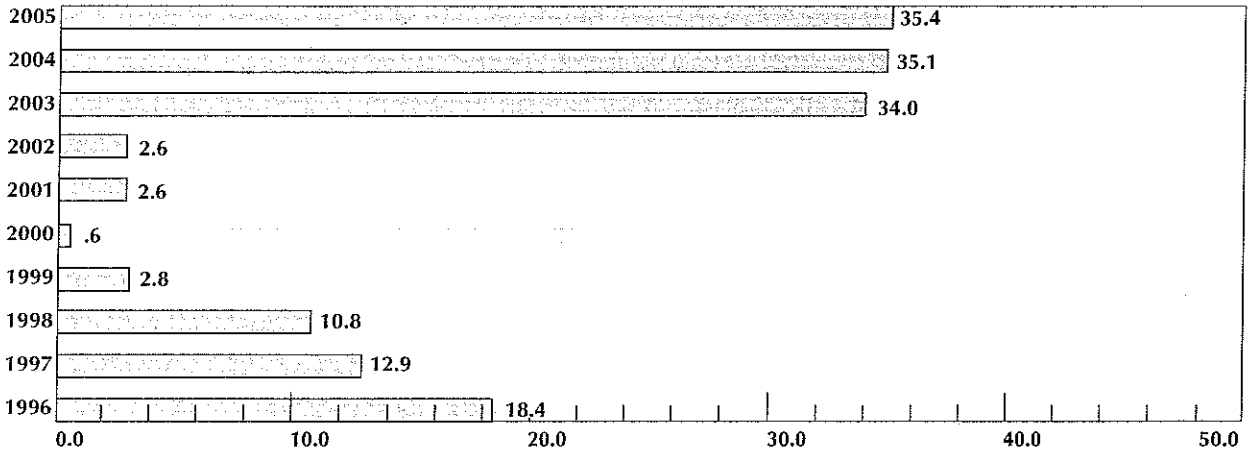
(3) Included in the benefits for years 2005, 2004, 2003 and 2002 are drop-back lump-sum payments in the amount of $25.7, $51.0, $11.0 and $23.1 million, respectively.

(4) The increase in investment and administrative expenses of $1,690 during the past ten years is due largely to an increase in investment management fees of $830 primarily because of an approximate 20% growth in the size of the fund during the 10-year period. There were also significant increases in salaries and wages of $339 due primarily to the increase in the cost of benefits, in the cost of fiduciary insurance of $455 and legal and corporate counsel fees of $145 due to litigation and various legal issues. All other expense experience a slight decline.

NET FUND ASSETS
FAIR VALUES 2005-1996
(in millions of dollars)
(unaudited)



ACTUAL COUNTY CONTRIBUTIONS
(in millions of dollars)
(unaudited)



ACTIVE MEMBERSHIP STATISTICS (Unaudited)

	2005
Members as of January 1	6,410*
Changes During the Year:	
New enrollments	423
Nonvested terminations	(166)
Retirements	(194)
Withdrawals	(6)
Deaths in active service	(12)
Members as of December 31	6,455*

**This total includes vested inactive members.*

RETIREMENTS AND SURVIVORS (Unaudited)

	Retirements Granted								Survivors & Beneficiaries	Total
	Maximum Pension	Option: Refund	Option: 100%	Option: 75%	Option: 50%	Option: 25%	Option: 10-yr.	Option: Other		
January 1, 2005	2,763	759	1,167	148	1,231	224	80	39	888	7,299
Changes During the Year:										
Retirements	97	2	47	10	15	17	3	2	1	194
Pensioner deaths	(82)	(56)	(29)	-	(47)	(1)	(1)	-	(2)	(218)
December 31, 2005	2,778	705	1,185	158	1,199	240	82	41	887	7,275

CONSULTANTS

as of December 31, 2005

Legal Advisors:

Milwaukee County
Corporation Counsel

Reinhart, Boerner, Van Deuren s.c.
Milwaukee, Wisconsin

Foley & Lardner
Milwaukee, Wisconsin

Actuary:

Buck Consultants (hired 2/28/06)
Chicago, Illinois

Disbursing Agent:

County Treasurer

Custodian/Securities Agent:

Mellon Trust
Boston, Massachusetts

Medical Board:

Aurora Medical Group

Investment Consultant:

William M. Mercer
Investment Consulting, Inc.
Chicago, Illinois

Cash Management Manager:

Mellon Trust
Boston, Massachusetts

Standish Mellon Asset Management
Woburn, Massachusetts

Venture Capital Investment Managers:

Adams Street Partners
Chicago, Illinois

Progress Investment Management Co.
San Francisco, California

Equity Investment Managers:

Ariel Capital Management Group, Inc.
Chicago, Illinois

Artisan Partners
Milwaukee, Wisconsin

Boston Partners Asset Management, Inc.
Boston, Massachusetts

Earnest Partners, Inc.
Atlanta, Georgia

Hotchkis & Wiley Capital Management
Los Angeles, California

Mellon Capital Management
Pittsburgh, Pennsylvania

Reinhart & Mahoney Capital Management
Mequon, Wisconsin

Westfield Capital Management Co., Inc.
Boston, Massachusetts

Fixed Income Investment Managers:

Loomis, Sayles & Company, Inc.
Boston, Massachusetts

JP Morgan Investment Management, Inc.
New York, New York

Mellon Capital Management
Pittsburgh, Pennsylvania

International Investment Managers:

Capital Guardian Trust Company
Brea, California

Granthum, Mayo, Van Otterloo & Co.
Boston, Massachusetts

Real Estate Investment Trusts Manager:

ING Clarion Real Estate Securities
Radnor, Pennsylvania

July 2005

Actuarial Valuation Reports

County of Milwaukee

MERCER

Human Resource Consulting

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July 2005

Employees' Retirement System of the County of Milwaukee

Actuarial Valuation Report as of January 1, 2005 for the
Plan Year and Fiscal Year Ending December 31, 2005

MERCER
Human Resource Consulting

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Highlights

This report has been prepared by Mercer Human Resource Consulting on behalf of plan participants by the County of Milwaukee (the "Plan Sponsor") to:

- Determine the funding calculation under the Employees' Retirement System of the County of Milwaukee (the "Plan") for the plan and fiscal year ending December 31, 2005;
- Present the results of a valuation of the Plan as of January 1, 2005; and
- Review experience under the Plan for the year ended December 31, 2004.

The following table summarizes important contribution information.

	Plan Year Ending	
Contributions	**December 31, 2005**	**December 31, 2004**
Funding Calculation	$ 37,607,940	$ 33,248,204
Percentage of Payroll	15.85%	14.24%

The funding calculation is the amount required to pay the normal cost for the year and amortize the unfunded accrued actuarial liability as a level percentage of pay over the next 30 years.

Following Year's Budget Contribution

The 2006 budget contribution is $45,933,000.

Summary of Principal Valuation Results

A summary of principal valuation results from the current valuation and the prior valuation follows. Any changes in actuarial assumptions, methods, or plan provisions between the two valuations are described after the summary.

	Actuarial Valuation as of	
	January 1, 2005	**January 1, 2004**
Funding Valuation		
Market Value of Assets	$ 1,550,112,389	$ 1,493,450,359
Actuarial Value of Assets	1,424,917,604	1,446,725,776
Actuarial Accrued Liability	1,782,883,932	1,707,998,621
Funded Ratio	79.92%	84.70%
Unfunded Actuarial Accrued Liability	357,966,328	261,272,845
Normal Cost	$ 16,760,182	$ 18,568,117
Percentage of Payroll	8.01%	7.97%
Participant Data		
Number of Participants in Valuation		
Active Participants	4,980	5,465
Participants with Deferred Benefits	1,430	1,559
Participants Receiving Benefits	7,299	6,695
Total	**13,709**	**13,719**
Membership Payroll*	$ 209,795,776	$ 233,477,631

The liability measures shown above are developed throughout the report.

**Prior-year earnings increased by the salary assumption.*

Changes

There were no changes for the January 1, 2005 plan year.

For 2006 budget purposes, the following assumption changes were recognized:

- The investment return assumption was lowered from 8.5% to 8.0%
- The backdrop utilization assumption was changed from 50% to 70%

Certification

We have prepared an actuarial valuation of the Employees' Retirement System for the County of Milwaukee as of January 1, 2005 for the plan year ending December 31, 2005. The results of the valuation are set forth in this report, which reflects the provisions of the Plan effective December 24, 1967, incorporating subsequent amendments.

The valuation is based on employee and financial data which were provided by the County of Milwaukee and which are summarized in this report.

All costs, liabilities and other factors under the Plan were determined in accordance with generally accepted actuarial principles and procedures. In our opinion, the actuarial assumptions selected by the Pension Board are reasonable estimates of the anticipated experience under the Plan. This report fully and fairly discloses the actuarial position of the Plan on an ongoing basis.

This report has been prepared exclusively for the County of Milwaukee to determine a contribution budget for the Employees' Retirement System of the County of Milwaukee and to provide the plan's accountants with the funded status of the plan. Mercer Human Resource Consulting is not responsible for any consequences arising from the use of this report for any other purpose.

We are available to answer any questions on the material contained in the report, or to provide explanations or further details as may be appropriate. The undersigned credentialed actuaries meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained within this report.

Dennis A. Skelly — Date: 7/6/2005

Dennis A. Skelly
Associate, Society of Actuaries
Enrolled Actuary No. 05-3209

Glenn W. Soderstrom — Date: 7/6/2005

Glenn W. Soderstrom
Fellow, Society of Actuaries
Enrolled Actuary No. 05-2873

Mercer Human Resource Consulting
411 E. Wisconsin Ave., Suite 1500
Milwaukee, WI 53202
(414) 223-4200

Section 1: Funding Results

Section 1.1 The unfunded actuarial accrued liability as of the valuation date.

Section 1.2 A development of the actuarial gain or loss during the year.

Section 1.3 The normal cost as of the valuation date.

Section 1.4 The determination of the contribution recommendations, including the actual and budgeted contributions.

Section 1.5 The actuarial present value of accrued benefits as of the valuation date.

Section 1.1

Unfunded Actuarial Accrued Liability

The actuarial accrued liability is the present value of projected plan benefits allocated to past service by the actuarial funding method being used.

	January 1, 2005	January 1, 2004
1. Actuarial Accrued Liability		
a. Active Participants		
Retirement Benefits	$ 451,306,892	$ 596,083,376
Withdrawal Benefits	12,984,850	12,412,951
Disability Benefits	29,314,145	36,342,560
Death Benefits	1,862,161	2,441,486
Total	495,468,048	647,280,373
b. Participants with Deferred Benefits	60,991,275	61,467,997
c. Participants Receiving Benefits	1,226,424,609	999,250,251
d. Actuarial Accrued Liability *(a. + b. + c.)*	1,782,883,932	1,707,998,621
2. Actuarial Value of Assets	1,424,917,604	1,446,725,776
3. Unfunded Actuarial Accrued Liability *(1.d. – 2.)*	**$ 357,966,328**	**$ 261,272,845**

Section 1.2

Actuarial Gain/(Loss)

The actuarial gain/(loss) is comprised of both the liability gain/(loss) and the actuarial asset gain/(loss). Each of these represents the difference between the expected and actual values as of January 1, 2005.

1. Expected Actuarial Accrued Liability		
a. Actuarial Accrued Liability at January 1, 2004	$	1,707,998,621
b. Normal Cost at January 1, 2004		18,568,117
c. Interest on *a.* + *b.* to End of Year		146,758,173
d. Benefit Payments for Plan Year Ending December 31, 2004, with Interest to End of Year		168,226,870
e. Expected Actuarial Accrued Liability Before Change *(a. + b. + c. – d.)*		1,705,098,041
f. Change in Actuarial Accrued Liability at January 1, 2005, Due to Change in Plan Provisions and Actuarial Assumptions		0
g. Expected Actuarial Accrued Liability at January 1, 2005 *(e. + f.)*		1,705,098,041
2. Actuarial Accrued Liability at January 1, 2005		1,782,883,932
3. Liability Gain/(Loss) *(1.g. – 2.)*		(77,785,891)
4. Expected Actuarial Value of Assets		
a. Actuarial Value of Assets at January 1, 2004		1,446,725,776
b. Interest on *a.* to End of Year		122,971,691
c. Contributions Made for Plan Year Ending December 31, 2004		35,134,271
d. Interest on *c.* to End of Year		310,422
e. Benefit Payments for Plan Year Ending December 31, 2004 with Interest to End of Year		168,226,870
f. Expense Reimbursed from Trust to the County		1,053,714
g. Expected Actuarial Value of Assets January 1, 2005 *(a. + b. + c. + d. – e – f.)*		1,435,861,576
5. Actuarial Value of Assets as of January 1, 2005		1,424,917,604
6. Actuarial Asset Gain/(Loss) *(5. – 4.g.)*		(10,943,972)
7. Actuarial Gain/(Loss) *(3. + 6.)*	**$**	**(88,729,863)**

Section 1.3

Normal Cost

	January 1, 2005	January 1, 2004
1. Present Value of Projected Benefits		
a. Active Participants		
Retirement Benefits	$ 558,935,329	$ 710,539,607
Withdrawal Benefits	30,296,568	31,152,675
Disability Benefits	38,870,033	46,536,052
Death Benefits	3,264,375	3,955,415
Total	631,366,305	792,183,749
b. Participants with Deferred Benefits	60,991,275	61,467,997
c. Participants Receiving Benefits	1,226,424,609	999,250,251
d. Total	1,918,782,189	1,852,901,997
2. Actuarial Value of Assets	1,424,917,604	1,446,725,776
3. Unfunded Actuarial Accrued Liability	357,966,328	261,272,845
4. Present Value of Future Normal Costs *(1.d. – 2. – 3.)*	135,898,257	144,903,376
5. Present Value of Future Salaries	1,697,371,757	1,818,939,516
6. Normal Cost Rate *(4. ÷ 5.)*	8.006%	7.966%
7. Expected Salaries*	209,345,260	233,092,107
8. Normal Cost *(6. × 7.)*	**$ 16,760,182**	**$ 18,568,117**

* *Prior-year earnings increased by the salary assumption and limited by the IRS compensation limit for those under the mandatory retirement age.*

Section 1.4

Contributions

The County of Milwaukee has adopted the policy developed below for funding purposes and abides the requirements of GASB Nos. 25 and 27 for pension expenses. The County's policy and the amounts required for the plan year ending December 31, 2005 are shown below.

A. Actual Funding Calculation

The actual funding calculation consists of the amortization of the unfunded actuarial liability plus the normal cost.

1. Net Annual Amortizations *(SECTION 1.4D)*	$	19,423,143
2. a. Normal Cost		16,760,182
b. Interest to December 31, 2005		1,424,615
c. Normal Cost with Interest		18,184,797
3. Net Pension Obligation, End-of-Year Basis *(1. + 2c., not less than zero)*	$	37,607,940

B. Funding Budget Policy

	Plan Year Ending	
	December 31, 2006	**December 31, 2005**
1. Net Annual Amortizations	$ 24,444,000	$ 16,529,000
2. a. Normal Cost	19,897,000	19,589,000
b. Interest	1,592,000	1,665,000
c. Normal Cost with Interest	21,489,000	21,254,000
3. Total Funding Budget Policy, End-of-Year Basis *(1. + 2.c., not less than zero)*	$ 45,933,000	$ 37,783,000

Section 1.4

C. Amortization Schedule for Funding Calculation

Annual amortization payments of the reestablished unfunded actuarial accrued liability and changes to the unfunded actuarial accrued liability arising from plan changes, assumption changes and actuarial gains/losses are amortized as a level percentage of payroll, assuming payroll growth of 5.5% per year over a 30-year period. Expenses paid by the Trust and reimbursed by the County are amortized on a level dollar basis over 10 years. The variance between the actual amount contributed for the year and the contribution for the year to maintain the funding schedule is amortized on a level dollar basis over five years.

	Amortization Period			Balances		
Charges	Date Created	Initial Years	Last Payment	Initial	Outstanding	Payment
Expense	1/1/1997	10	2006	$ 689,121	$ 186,778	$ 105,458
Expense	1/1/1998	10	2007	739,537	289,009	113,158
Expense	1/1/1999	10	2008	710,319	355,971	108,674
Expense	1/1/2000	10	2009	655,908	395,392	100,337
Expense	1/1/2001	10	2010	799,202	556,638	122,242
Expense	1/1/2002	10	2011	780,362	610,872	119,346
Expense	1/1/2003	10	2012	1,017,500	875,984	155,339
Expense	1/1/2004	10	2013	1,052,422	981,481	160,397
Variance	1/1/2004	5	2008	48,682	40,466	12,354
Reestablished unfunded	1/1/2004	30	2033	257,960,162	266,281,212	14,353,870
Expense	1/1/2005	10	2014	1,053,714	1,053,714	160,594
Loss	1/1/2005	30	2034	88,729,863	88,729,863	4,679,869
Total					**$ 360,357,380**	**$ 20,191,638**

	Amortization Period			Balances		
Credits	Date Created	Initial Years	Last Payment	Initial	Outstanding	Payment
Variance	1/1/2001	5	2005	$ 828,375	$ 194,563	$ 211,101
Variance	1/1/2005	5	2009	2,196,489	2,196,489	557,394
Total					**$ 2,391,052**	**$ 768,495**
Net Amount					**$ 357,966,328**	**$ 19,423,143**

Section 1.4

D. Reconciliation of Budget Contributions

1. 2005 Funding Budget	**$**	**37,783,000**
a. Liability loss (gain) during 2004		1,031,000
b. Asset gain		(672,000)
c. Reimbursable expenses higher than assumed		23,000
d. Excess 2004 contributions		(557,000)
2. 2005 Actual Funding Calculation	**$**	**37,608,000**
a. Expected increase in normal cost and amortization payment		2,049,000
b. Phase-in of prior year asset gains		(1,480,000)
c. Amortization of 2005 reimbursable expenses		152,000
d. Full recognition of 2000 contribution variance		211,000
e. Excess 2005 contributions		(58,000)
f. Assumption changes		7,451,000
3. 2006 Funding Budget	**$**	**45,933,000**

Section 1.5

GASB Nos. 25 and 27 Disclosure

A. Equivalent Single Amortization Period

Shown below is the derivation of the equivalent single amortization period of the unfunded calculated in accordance with GASB Statement Nos. 25 and 27. The maximum allowable amortization period is 40 years (30 years effective January 1, 2007).

	January 1, 2005	January 1, 2004
1. Covered Payroll	$ 209,795,776	$ 233,477,631
2. Unfunded Amount	357,966,328	261,272,845
3. Amortization Payment	19,423,143	13,101,797
4. Payment as a Level Percentage of payroll *(3 ÷ 1)*	9.26%	5.61%
5. Weighted Average Amortization Factor *(2 ÷ 3)*	18.43	19.94
6. Equivalent Single Amortization Period (Nearest Whole Year)	29	33

B. Net Pension Obligation

The Net Pension Obligation is derived as detailed in Section 1.4A.

	January 1, 2005	January 1, 2004
1. Net Pension Obligation at End-of-Year	$ 37,607,940	$ 33,248,204

C. History of Liability and Assets

Shown below is the supplemental schedule required by government accounting standards.

Schedule of Funding Progress (in thousands of dollars)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Funded Ratio (a/b)	Unfunded Actuarial Accrued Liability (b – a)	Covered Payroll (c)	Unfunded as a Percentage of Covered Payroll {(b-a)/c}
12/31/2004	$ 1,424,918	$ 1,782,884	79.9%	$ 357,966	$ 209,796	170.6%
12/31/2003	1,446,726	$ 1,707,999	84.7%	$ 261,273	$ 233,478	111.9%
12/31/2002	1,446,860	1,542,045	93.8%	95,185	234,679	40.6%
12/31/2001	1,620,157	1,492,072	108.6%	(128,085)	238,387	(53.7)%
12/31/2000	1,670,601	1,499,261	111.4%	(171,340)	238,195	(71.9)%
12/31/1999	1,622,710	1,336,574	121.4%	(286,136)	230,324	(124.2)%

Section 2

Plan Assets

This section presents information regarding plan assets as reported by the plan administrator. The plan assets represent the portion of total plan liabilities which has been funded as of the valuation date.

Section 2.1 Summary of Assets.

Section 2.2 Reconciliation of Assets.

Section 2.3 Actuarial Value of Assets.

Section 2.4 Contributions for Prior Plan Year.

Section 2.1

Summary of Assets

Asset Category	Market Value as of December 31, 2004
1. Cash and Equivalents	$ 7,813,683
2. General Investments	
▪ Domestic Common and Preferred Stock	582,860,033
▪ International Common and Preferred Stock	252,654,565
▪ Federal Agency and Mortgage – Backed Certificates	57,105,842
▪ U.S. Government and State Obligations	26,517,994
▪ Corporate Bonds	492,912,398
▪ International Fixed Income	42,389,765
▪ Real Estate Investment Trusts	53,745,674
▪ Venture Capital	17,132,189
3. Net Receivables (Payables)	(7,333,781)
4. Payable to OBRA Pension Plan	943,973
5. Net Assets in the Trust *(1. + 2. + 3. – 4.)*	1,524,854,389
6. Contributions Receivable	25,258,000
7. Net Assets Available for Benefits *(5. + 6.)*	**$ 1,550,112,389**

Section 2.2

Reconciliation of Assets

Transactions		December 31, 2003 to December 31, 2004
Income		
1. Contributions Received or Receivable		
▪ County of Milwaukee	$	35,143,178
▪ Plan Participants		711,322
2. Investment Earnings		
▪ Net appreciation		244,387,710
▪ Interest and Dividends		40,888,887
▪ Security Lending Income		1,621,222
▪ Security Lending Rebates & Fees		(1,330,435)
▪ Investment Expense		(4,112,409)
3. Other Income		706,730
4. Total Income	**$**	**220,375,794**
Disbursements		
5. Benefit Payments	$	161,523,222
6. Administrative Expenses		2,190,542
7. Total Disbursements		**163,713,764**
8. Net Income *(4. – 7.)*		**56,662,030**
9. Net Assets at Beginning of Year		1,493,450,359
10. Net Assets at End of Year *(8. + 9.)*	**$**	**1,550,112,389**

Section 2.3

Actuarial Value of Assets

1. Market Value of Assets, December 31, 2004			$ 1,550,112,389
2. Less 80% of total Gains and Losses in 2004:	$	63,554,640	50,843,712
3. Less 60% of Unrealized Gains and Losses in 2003:	$	213,416,041	128,049,625
4. Less 40% of Unrealized Gains and Losses in 2002:	$	(80,542,034)	(32,216,814)
5. Less 20% of Unrealized Gains and Losses in 2001:	$	(107,408,692)	(21,481,738)
6. Actuarial Value of Assets, December 31, 2004 *(1. – 2. – 3. – 4. – 5.)*			**$ 1,424,917,604**

			Estimated Rate of Return		
As of	Market Value	Actuarial Asset Value	Market	Actuarial	Assumed Rate of Return
12/31/2000	1,607,645,156	1,670,600,679	(1.2)	8.4	8.5
12/31/2001	1,481,783,176	1,620,157,072	(2.2)	2.6	8.5
12/31/2002	1,282,880,806	1,446,860,024	(5.8)	(3.7)	9.0
12/31/2003	1,493,450,359	1,446,725,776	23.3	5.6	9.0
12/31/2004	1,550,112,389	1,424,917,604	14.0%	8.0%	8.5%
Compound Rate of Return (five years):			5.0%	4.1%	

Section 3

Basis of Valuation

This section presents and describes the basis of the valuation. The census of participants, actuarial basis and provisions of the Plan are the foundation of the valuation, since these are the present facts on which the projection of benefit payments will depend. The valuation is based on the premise that the Plan will continue in existence.

Section 3.1 The participant data used for the actuarial valuation.

Section 3.2 The actuarial funding method, procedures, and actuarial assumptions.

Section 3.3 The plan provisions valued in the actuarial valuation.

Section 2.4

Contributions for Prior Plan Year

	Employer	Interest	Total
Bi-weekly	$ 233,178	$ 9,708	$ 242,886
8/20/2004	10,000,000	291,807	10,291,807
1/15/2005	5,258,000	0	5,258,000
2/15/2005	5,000,000	0	5,000,000
3/15/2005	4,652,000	0	4,652,000
4/15/2005	5,000,000	0	5,000,000
5/15/2005	5,000,000	0	5,000,000
Total	**$ 35,143,178**	**$ 301,515**	**$ 35,444,693**

Section 3.1

Plan Participants

A. Participant Data Reconciliation

	Active Participants	Inactive Participants: With Deferred Benefits	Inactive Participants: Receiving Benefits	Total
Total at January 1, 2004	**5,465**	**1,559**	**6,695**	**13,719**
Vested Terminations	(76)	76	N/A	0
Nonvested Terminations	(125)	N/A	N/A	(125)
Retirements	(701)	(128)	829	0
Deaths With a Beneficiary	(3)	3	(50)	(50)
Deaths Without a Beneficiary	(1)	(12)	(253)	(266)
New Beneficiaries	N/A	N/A	50	50
Incorrectly Reported	3	8	28	39
Rehires	161	(76)	0	85
New Entrants	257	N/A	N/A	257
Net Change	(485)	(129)	604	(10)
Total at January 1, 2005	**4,980**	**1,430**	**7,299**	**13,709**

Section 3.1

B. Count of Active Participants at January 1, 2005

General Employees

	Years of Service									
Age	**0 - 4**	**5 - 9**	**10 - 14**	**15 - 19**	**20 - 24**	**25 - 29**	**30 - 34**	**35 - 39**	**40+**	**Total**
Under 20	1 *									**1**
20 – 24	41 20,861									**41**
25 – 29	174 24,461	40 34,496								**214**
30 - 34	199 26,978	127 34,901	10 *	1 *						**337**
35 - 39	186 28,638	152 35,617	98 39,876	39 41,252						**475**
40 - 44	168 29,749	117 37,207	172 38,206	164 42,605	38 42,886	2 *				**661**
45 - 49	157 30,474	118 37,889	198 40,381	247 45,855	151 45,137	43 45,766				**914**
50 - 54	111 33,359	109 42,361	185 41,955	229 46,357	144 50,190	65 56,387	16 *			**859**
55 - 59	87 34,100	57 38,073	141 41,512	158 47,114	59 55,546	47 59,009	31 57,610	2 *		**582**
60 - 64	25 38,929	29 36,216	66 36,714	65 49,070	10 *	4 *	9 *	3 *		**211**
65 - 69	7 *	7 *	24 46,284	1 *	4 *	2 *	1 *			**46**
70 - 74	1 *		3 *	3 *				1 *		**8**
75+			1 *	1 *			1 *			**3**
Total	**1,157**	**756**	**898**	**908**	**406**	**163**	**58**	**6**	**0**	**4,352**

** Compensation in cells with fewer than 20 members has been suppressed.*

B. Count of Active Participants at January 1, 2005 *(continued)*

Deputy Sheriffs

	Years of Service									
Age	**0 - 4**	**5 - 9**	**10 - 14**	**15 - 19**	**20 - 24**	**25 - 29**	**30 - 34**	**35 - 39**	**40+**	**Total**
Under 20										**0**
20 - 24	5 *									**5**
25 - 29	45 36,834	20 39,419								**65**
30 - 34	33 35,800	79 41,160	22 48,301							**134**
35 - 39	21 35,336	55 41,456	64 49,577	7 *						**147**
40 - 44	5 *	17 *	50 51,019	29 55,881	1 *					**102**
45 - 49		7 *	12 *	29 55,064	14 *	7 *				**69**
50 - 54	1 *	1 *	15 *	19 *	15 *	7 *	3 *			**61**
55 - 59		1 *	4 *	5 *	3 *	4 *	1 *			**18**
60 - 64										**0**
65 - 69										**0**
70 - 74										**0**
75+										**0**
Total	**110**	**180**	**167**	**89**	**33**	**18**	**4**	**0**	**0**	**601**

- *Cells with fewer than 20 members are suppressed.*

Section 3.1

B. Count of Active Participants at January 1, 2005 *(continued)*

Elected Officials

	Years of Service									
Age	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40+	Total
Under 20										0
20 - 24	1									1
25 - 29										0
30 - 34	3									3
35 - 39	3									3
40 - 44			1							1
45 - 49	2	1	3	1	1					8
50 - 54	1			1		1				3
55 - 59	1	1	2	1		1				6
60 - 64	1									1
65 - 69								1		1
70 - 74										0
75+										0
Total	12	2	6	3	1	2	0	1	0	27

C. Participant Statistics

Inactive Participants as of January 1, 2005	Number		Amount of Monthly Benefit
Participants Receiving Benefits	7,299	$	10,091,476
Participants with Deferred Benefits	1,430	$	901,854

Statistics for Active Participants	Number	Average Age	Average Service		Average Compensation*
As of January 1, 2004					
Total	5,465	46.1	13.2	$	42,722
As of January 1, 2005					
Total	4,980	45.2	11.8	$	42,128

* *Prior-year earnings increased by the salary assumption.*

Section 3.2

Actuarial Basis

A. Aggregate Entry Age Normal Method

Liabilities and contributions shown in this report are computed using the aggregate entry age normal method of funding.

The objective under this method is to fund all benefits under the Plan in installments that are level as a percentage of the group's aggregate salary, starting at the original participation dates (or employment date) and continuing until the assumed retirement, terminations, disabilities or deaths.

At the time the funding method is introduced, there will be a liability that represents the contributions that would have been accumulated if this method of funding had always been used. The difference between this frozen initial liability and the assets (if any) that are held in the fund is the unfunded actuarial accrued liability, which is typically funded over a chosen period in accordance with an amortization schedule.

A detailed description of the calculation follows:

- The **normal cost** is determined by applying to earnings an aggregate level percentage of salary which, if contributed each year, is sufficient to provide the full value of the benefits expected to be payable.

- The **present value of future normal costs** is the total of the discounted values of all active participants' normal costs, assuming these to be paid in each case from the valuation date until retirement (termination, disability or death) date.

- The **present value of projected benefits** is calculated as the value of all benefit payments expected to be paid to the plan's current participants, including active and retired members, beneficiaries, and terminated members with vested rights.

- The **actuarial accrued liability** is the excess of the present value of projected benefits over the present value of future normal costs.

- The **unfunded actuarial accrued liability** is the excess of the actuarial accrued liability over the assets of the fund.

Section 3.2

B. Valuation of Assets

The actuarial asset value is a five-year moving average. Prior to January 1, 2005, 20% of the prior four years' unrealized gains/losses are annually recognized. After January 1, 2005, asset returns above or below the expected return are recognized at a rate of 20% per year.

C. Valuation Procedures

- Financial and Census Data: Financial data and participant data as submitted by the plan sponsor without further audit. This information is not customarily verified by a plan's actuary. The information was reviewed for internal consistency.

- No benefits are projected to be greater than the limitation currently imposed by Section 415(b)(1) of the Internal Revenue Code as applied to governmental plans.

- No actuarial accrued liability is held for nonvested, inactive participants who have a break in service, or for nonvested participants who have quit or been terminated, even if a break in service had not occurred as of the valuation date.

D. Actuarial Assumptions

Economic	
Investment Return	8.5% per year compounded annually. Investment return is assumed to be net of investment management expense.
Salary Increases	Averages 4.5% per year compounded annually. See table on following page for sample values.
Mortality	a. Active participants and nondisabled pensioners: The sex-distinct RP2000 Combined Mortality Table. b. Disabled pensioners: RP2000 Disabled Mortality Table.
Disability	Graduated rates. See table on following page for sample values. 100% of disabilities are assumed ordinary.
Withdrawal	Graduated rates. Select and ultimate based on duration of service. See tables on following pages for sample values.
Retirement Age	See table on following page.
Percentage Married	▪ Males ..... 80% ▪ Females 80%
Percentage Married With at Least One Dependent Child	▪ Generals ..... 21.6% ▪ Sheriffs and Elected ..... 43.2% For those who die prior to age 60, it is assumed at least one child will remain a dependent until the member would have turned age 60.
Age Difference	Beneficiaries are assumed to be the same age as the participant.
Backdrop	50% of retirees are assumed to elect a Backdrop of 4 years but not earlier than participant's earliest full retirement date.

Section 3.2

D. Actuarial Assumptions *(continued)*

	Sample Annual Rates per 100 Participants							
	Mortality				Withdrawal - Ultimate			
	Healthy		Disabled					
Attained Age	Males	Females	Males	Females	General	Elected*	Deputy Sheriffs	Disability
20	0.03	0.02	2.26	0.75	9.81	11.00	11.00	0.02
25	0.04	0.02	2.26	0.75	8.91	8.00	8.00	0.03
30	0.04	0.03	2.26	0.75	8.00	5.00	5.00	0.07
35	0.08	0.05	2.26	0.75	6.57	3.00	3.00	0.12
40	0.11	0.07	2.26	0.75	5.15	1.24	1.24	0.18
45	0.15	0.11	2.26	0.75	3.72	1.00	1.00	0.28
50	0.21	0.17	2.90	1.15	2.73	0.75	0.75	0.48
55	0.36	0.27	3.54	1.65	1.84	0.05	0.05	0.87
60	0.67	0.51	4.20	2.18	0.00	0.00	0.00	1.38
65	1.27	0.97	5.02	2.80	0.00	0.00	0.00	1.88

** Select rates for elected officials assume no turnover for first four years.*

	Sample Annual Rates per 100 Participants				
Employment	Separation - Select Rates General Employees				
Age	0	1	2	3	4
20	21.4	15.1	13.9	12.0	11.0
25	20.9	12.7	11.0	10.6	9.9
30	19.5	12.1	10.6	9.4	8.7
35	18.3	11.1	10.6	8.7	7.3
40	17.5	11.1	10.2	8.0	6.1
45	16.6	11.1	10.2	7.3	5.3
50	15.8	11.1	9.6	6.5	4.1
55	14.9	10.5	8.1	5.2	3.0

D. Actuarial Assumptions *(continued)*

Sample Annual Rates Per 100 Participants

	Retirement Rates		
Age	**General**	**Deputy Sheriffs**	**Elected**
45	0	1	0
46	0	1	0
47	0	1	0
48	0	1	0
49	0	1	0
50	7	10	0
51	7	10	0
52	7	10	0
53	7	10	0
54	7	10	0
55	15	15	7
56	15	15	7
57	15	15	7
58	15	15	7
59	15	15	7
60	20	75	20
61	20	75	20
62	20	80	45
63	20	50	30
64	25	50	30
65	30	100	40
66	30	100	30
67	30	100	30
68	30	100	30
69	30	100	30
70	100	100	100

Section 3.2

D. Actuarial Assumptions *(continued)*

Earnings Progression

Age	General	Deputy Sheriffs	Elected
20	6.9%	8.0%	4.5%
25	5.9	5.8	4.5
30	5.5	5.5	4.5
35	5.1	5.1	4.5
40	4.7	4.7	4.5
45	4.5	4.5	4.5
50	4.2	4.1	4.5
55	3.9	3.9	4.5
60	3.8	3.8	4.5

Section 3.3

Summary of Plan Provisions

Plan Name	Employees' Retirement System of the County of Milwaukee.
Effective Date	December 24, 1967.
Type of Plan	Municipal retirement system administered by the Pension Board.
Employer	County of Milwaukee.
Employees Included	Any person regularly employed by the County at an annual wage or salary payable at stated intervals, including any person employed by the State of Wisconsin and who receives part of his compensation from the County.
Service Considered	Service during period of employment in the County or in any department in any town, village, city or metropolitan sewerage commission in the County, which department has by consolidation or merger been absorbed by the County. Creditable service shall consist of "prior service," "military service," and "membership service," for which service credit is allowable under Section 4, Chapter 201, Laws of 1937, as well as service under Executive Order 11231, July 8, 1965, for Vietnam. Additional credit for periods of military service will be earned in accordance with the following chart: Years of Service with Milwaukee County / Maximum Years of Military Service Granted 0 – 4 / 0 5 – 9 / 1 10 – 14 / 2 15 – 19 / 3 20+ / 4
Benefit Service	Used in determining the amount of benefits. Same as Vesting Service except service prior to becoming a Participant does not count.

Section 3.3

Summary of Plan Provisions *(continued)*

Earnings Considered	Earnable compensation is the full rate of compensation payable to a member if he worked the full normal working time for his position, including authorized overtime payments and the compensation rate assumed to have been received while the member is on authorized leave of absence. In cases where compensation includes maintenance, the Pension Board shall fix the value of that part of the compensation not payable in money. Compensation shall not exceed $205,000 in the pension calculation as indexed for changes in the cost of living. The final average salary means the average annual earnable compensation for the highest three (3) consecutive calendar years of creditable service during which the member's earnable compensation was the highest, or if he should have less than three years of creditable service, then his average annual earnable compensation during his credited service. For non-sheriff members hired before January 1, 1982, the final average salary is increased 7.5% for each year worked after January 1, 2001, to a maximum of 25%.
County Contributions	County contributions shall be at least as great as the required amounts, actuarially determined and certified to the County Board of Supervisors by the Pension Board, which will become due and payable to the fund of the Retirement System during the year next following determination.
Voluntary Employee Contributions	Up to 10% of earnings, providing the employee was contributing on January 1, 1971.

Section 3.3

Summary of Plan Provisions *(continued)*

Normal Pension	Payable upon request of any member who has attained the minimum service and retirement age. a. The minimum age and service requirements: 1.) For general employees and elected officials: Age 60 and any service. 2.) For non-union general employees and certain union general employees: The combination of age and service adding up to 75. 3.) For deputy sheriffs: Age 57 and any service or age 55 and 15 years of service or the combination of age and service adding up to 75. For deputy sheriffs hired after February 28, 1991, the combination of age and service adding up to 75 does not apply. 4.) For all members: Age 55 and 30 years of service. b. The benefit is the sum of: 1.) Pension portion, plus 2.) Any voluntary contribution. c. The pension portion retirement allowance is: 1. a.) For general employees whose continuous membership began prior to January 1, 1982 – 2% of final average salary per year of service. b.) For those general employees whose membership began on or after January 1, 1982– 1.5% of final average salary per year of service. c.) For firefighters whose membership began on or after January 1, 1982 and prior to January 1, 1999 – 2.0% of final average salary per year of service accrued on or after January 1, 1999, 1½% of final average salary per year of service prior to January 1, 1999. d.) For DA investigators and non-represented deputy sheriffs whose membership began on or after January 1, 1982 and prior to July 1, 1995 – 2½% of final average salary per year of service. e.) For the elected officials and deputy sheriffs whose membership began prior to January 1, 1982 – 2½% of final average salary per year of service.

Section 3.3

Summary of Plan Provisions *(continued)*

Normal Pension (continued)	f.) For elected officials whose membership began on or after January 1, 1982 – 2% of final average salary per year of service. g.) For those deputy sheriffs whose membership began on or after January 1, 1982 but before July 1, 1995 – 2½% of final average salary per year of service. h.) For those deputy sheriffs whose membership began on or after July 1, 1995 – 2% of final average salary per year of service. 2. For non-sheriff employees whose membership began on or after January 1, 1982, the benefit multiplier is increased 0.5% per year of service accrued after January 1, 2001 and per eight years of pre-2001 service for each year worked after January 1, 2001 (prorated for fractional years). d. The maximum pension shall be 80% of final average salary plus any adjustment for automatic increase to retired employees.
Early Pension	Age 55 and 15 years of service reduced by 5/12 of 1% for each month payment starts preceding normal retirement age.
Ordinary Disability Pension	After 15 years of creditable service. Benefit computed as for normal retirement benefits. Minimum benefit 25% of final average salary.
Accidental Disability Pension	Same as normal retirement benefit if the employee has attained the minimum service retirement age. If less than normal retirement age at time of disability, the benefit is computed as for normal retirement but is not less than 60% of final average salary.
Ordinary Death Benefit	A death benefit is payable to the estate of designated beneficiary of an active member who dies due to any cause other than an accident in the actual performance of duty, provided no other survivor benefits are payable. Benefit is equal to the member's accumulated mandatory contribution account, plus a lump-sum payment of 50% of final average salary limited to $2,000.

Section 3.3

Summary of Plan Provisions *(continued)*

Accidental Death Benefit	Upon the death of a deputy sheriff resulting from an accident in the actual performance of duty, a pension is payable to his widow to continue during her widowhood; or if there is no widow or if his widow dies or remarries before his youngest child has attained age 18, then the pension is payable to his child or children under age 18 until the youngest child attains said age; or if neither widow nor children survive, it is payable to his dependent father or mother to continue for life. In the event of the accidental death of a deputy sheriff, his accumulated contributions are returned to his estate or designated beneficiary, and, in addition, a pension of one-half of his final average salary is payable to his beneficiary as described above. Any benefit payable on account of such accidental death under any state workers' compensation law or any law of the United States is offset against the pensions allowable under the provisions of the Retirement System.
Deferred Vested Pension	Upon termination of employment, a member who does not elect to withdraw any part of his membership account shall be eligible for a deferred vested pension if: a. The accrued pension at age 60 is at least $10 per month. b. He has at least five years of service. The benefit is computed the same as for a normal pension considering earnings and service prior to date of termination.
Survivor Benefit	Upon the death of a member prior to age 60 and after the completion of one year of service, a monthly pension equal to 40% of the member's monthly salary less the survivor's benefits payable under the Social Security law shall be payable to his surviving dependent spouse for as long as there is at least one dependent child. Upon attainment of age 60 the dependent spouse shall receive 50% of the normal pension which the member would have received considering service to age 60 and the final average earnings determined at death. In addition, each child of the deceased member shall be eligible for a monthly pension equal to 10% of the member's monthly salary until he attains age 18 or marries; or if he is a student and not married, until he attains age 22. The total survivor's pension may not exceed 90% of the member's monthly salary less the survivor's benefits payable under the Social Security law.

Section 3.3

Summary of Plan Provisions *(continued)*

Optional Benefits	In lieu of the full retirement allowance, any member at retirement may elect to receive an equivalent reduced retirement allowance with the provision that: Option 1. In case of death before benefits attributable to his mandatory account have equaled the amount of his membership account at the date of retirement, the balance shall be paid to a designated beneficiary or to his estate, or Option 2. At the death of the member, one-half of his allowance shall be continued throughout the life of such other person as the member shall have designated at the time of his retirement, or Option 3. At the death of the member the same allowance shall be continued throughout the life of such other person as the member shall have designated at the time of his retirement.
Other Benefits	a. Provide 2% of initial benefit automatic increase per year to retired employees (surviving beneficiary receives proportionate amount based on survivorship percentage). b. Refund of employee voluntary contribution upon severance. c. Backdrop pension benefit. Employee may opt to receive a monthly benefit earned as of chosen date in the past (Backdrop date). Employee receives cash payment equal to monthly benefits that would have been paid between backdrop date and actual retirement date plus interest. Non-represented, general employees and elected officials hired after March 15, 2002 are not eligible for the Backdrop benefit.
Minimum Benefit	Not less than under previous system.

CITY OF OMAHA
POLICE AND FIREFIGHTERS RETIREMENT SYSTEM

Actuarial Valuation Report
as of January 1, 2005

CITY OF OMAHA POLICE & FIREFIGHTERS RETIREMENT SYSTEM
ACTUARIAL VALUATION REPORT

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A MILLIMAN GLOBAL FIRM

Milliman
Consultants and Actuaries

1120 South 101st Street, Suite 400
Omaha, NE 68124-1088
Tel +1 402 393.9400
Fax +1 402 393.1037
www.milliman.com

August 17, 2005

Board of Trustees
City of Omaha
Police & Firefighters Retirement System
Omaha/Douglas Civic Center
1819 Farnam Street
Omaha, NE 68183

Re: January 1, 2005 Actuarial Report

Dear Members of the Board:

At your request, we have conducted our actuarial valuation of the City of Omaha Police & Firefighters Retirement System as of January 1, 2005. The major findings of the valuation are contained in this report. Changes in plan provisions, actuarial assumptions, or methods from the prior valuation are noted in the report.

In preparing our report, we relied, without audit, on information (some oral and some written) supplied by the Retirement System. This information includes, but is not limited to, plan provisions, member data and financial information. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board (ASB) and the Code of Professional Conduct and Qualification Standards for Public Statements of Actuarial Opinion of the American Academy of Actuaries.

We hereby further certify that all costs, liabilities, rates of interest and other factors for the System have been determined on the basis of actuarial assumptions and methods which are internally consistent, individually reasonable (taking into account the experience of the Plan and reasonable expectations of future experience); and which, in combination, offer our best estimate of anticipated experience under the Plan. Nevertheless, the emerging costs will vary from those presented in this report to the extent actual experience differs from that projected by the actuarial assumptions. The Retirement System has the final decision regarding the appropriateness of the assumptions and has adopted them as disclosed in this report.

Actuarial computations presented in this report are for purposes of determining the actuarial contribution rate for funding the Plan. Determinations for purposes other than this may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes. Any distribution of this report must be in its entirety including this cover letter, unless prior written consent from Milliman, Inc. is obtained.

I, Gregg Rueschhoff A.S.A., am a member of the American Academy of Actuaries and an Associate of the Society of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

I respectfully submit the following report and look forward to discussing it with you.

Sincerely,
MILLIMAN, Inc.

Gregg Rueschhoff, A.S.A.
Principal and Consulting Actuary
Member of the American Academy of Actuaries
Enrolled Actuary No. 05-4349

Board Summary

This report presents the results of the January 1, 2005 actuarial valuation of the City of Omaha Police & Firefighters Retirement System (the "System"). The primary purposes of performing the valuation are to:

- Determine the employer contribution rates required to fund the System on an actuarially sound basis,
- Disclose asset and liability measures as of January 1, 2005,
- Analyze and report on trends in System contributions, assets, and liabilities over the past two years,
- Determine the cost of various proposed benefit changes.

The valuation results provide a "snapshot" view of the System's financial condition on January 1, 2005 using updated System Asset values at December 31, 2004. The valuation results reflect a significant increase in the Unfunded Actuarial Liability and related Actuarial Contribution Rate. (Throughout this report we refer to the actuarially determined contribution rate as the Actuarial Contribution Rate). The reasons for the increase include a loss on the actuarial value of assets, contributions less than the actuarially recommended rate and benefit improvements. There was an actuarial gain due to demographic changes more favorable then expected. This gain partially offset the effect of the increase in the Actuarial Contribution Rate. Each component of change in the Actuarial Contribution Rate is identified in this Board Summary (see page 3).

There were several changes in benefit provisions that are reflected in this valuation. Plan improvements were made to the following provisions:

- Scheduled increases in the service retirement benefit percentage was increased
- The Cost of Living Adjustment (COLA) was modified
- The spouse's pension in the event of death to an active member was increased (For both In-line and Not-in line of duty)
- The percentage of benefit payable to the spouse after death of a retired member was increased to 90% (for Fire only).
- The lump sum death benefit for retired members was increased to $5,000 (Fire only).

Many of these changes vary for Police versus Firefighters. See Appendix C for a summary of all plan provisions used for the preparation of this report.

Several factors contributed to the change in the System's assets, liabilities and recommended contribution rate between January 1, 2003 and December 31, 2004.

Assets

The market value of assets is not used directly in the actuarial calculation of the Plan's funded status and the recommended contribution. An asset valuation method is used to smooth the effects of market fluctuations. The actuarial value of assets is equal to 2/3 of the expected asset value (based on last year's actuarial value of assets, net cash flows and a rate of return equal to the actuarial assumed rate of 8.0%) plus 1/3 of the market value of assets. See page 7 for the detailed development of the actuarial value of assets as of January 1, 2005.

As of January 1, 2005, the System had total funds, when measured on an actuarial value basis, of $422.9 million. This was an increase of $48.6 million from the January 1, 2003 figure of $374.3 million. However, based on the actuarial assumption, an increase of $57.0 million was expected over that time period.

The components of the change in the actuarial value of assets (in millions) are set forth below:

	Actuarial Value	*Market Value*
Assets, January 1, 2003	$ 374.3	$ 314.1
• employer and member contributions	+ 55.4	+ 55.4
• benefit payments	- 60.0	- 60.0
• net investment income (expected)	+ 61.6	+ 56.6
• net investment actuarial gain/(loss)	- 8.4	+ 54.2
Assets, December 31, 2004	$ 422.9	$ 420.3

Liabilities

The actuarial liability (also referred to as past service liability) is the portion of the present value of projected benefits that will not be paid by future employer normal costs. The difference between this liability and asset values at the same date is referred to as the unfunded actuarial liability. The unfunded actuarial liability will be reduced if the contributions exceed the normal cost for the year, after allowing for interest earned on the previous balance of the unfunded actuarial liability. Benefit improvements, actuarial gains and losses, and changes in actuarial assumptions and procedures will also impact the total actuarial liability and the unfunded portion thereof.

The calculation of the Unfunded Actuarial Liability as of January 1, 2005 is shown below:

Actuarial Liability	$ 657,650,175
Actuarial Value of Assets	$(422,898,286)
Unfunded Actuarial Liability (UAL)	$ 234,751,889
Present Value of Prior Service Payments	$ (14,213,372)
UAL for Funding Purposes	$ 220,538,517

The unfunded actuarial liability will be reduced if the contributions exceed the normal cost for the year, after allowing for interest earned on the previous balance of the unfunded actuarial liability. Benefit improvements, actuarial gains and losses, and changes in actuarial assumptions and procedures will also impact the total actuarial liability and the unfunded portion thereof.

The components of change in the Unfunded Actuarial Liability (in millions) are set forth below:

Unfunded Actuarial Liability, January 1, 2003	$192.3
Plus	
Net Investment Actuarial (Gain)/Loss	8.3
Net Liability Actuarial (Gain)/Loss	(31.8)
Normal Cost with interest	51.4
Benefit Improvements	24.8
Interest on Unfunded Actuarial Liability	32.0
Less	
Employer Contributions with interest	(33.2)
Employee Contributions with interest	(23.3)
Unfunded Actuarial Liability, January 1, 2005	$220.5

Contributions

Under the Entry Age Normal Method, contributions to the System consist of:

- a "normal cost" for the portion of projected liabilities attributable to service of members during the year following the valuation date, and
- an "unfunded actuarial liability" contribution for the excess of the portion of projected liabilities allocated to service to date over assets on hand.

The System's total Actuarial Contribution Rate (payable as a % of member payroll) increased by **4.67%** of pay, to **45.22%** on January 1, 2005, from **40.55%** on January 1, 2003. The primary components of this change are as follows:

	Rate
Total Actuarial Contribution Rate, January 1, 2003	40.55%
• Actuarial (Gain)/Loss - Investment Experience	0.55
• Actuarial (Gain)/Loss - Demographic Experience	(0.55)
• Benefit Improvements	3.84
• Contributing less than Actuarial Contribution Rate	0.83
Total Actuarial Contribution Rate, January 1, 2005	45.22%

See page 9 for a detailed calculation of the Actuarial Contribution Rate as of January 1, 2005.

Observations

Currently the Actuarial Contribution Rate is not contributed to the System. Both the member and City contribution rates are scheduled to increase each year, with the final increase scheduled in 2007. At that time, the City's contribution rate will be 20.55% of pensionable payroll plus a past service payment of approximately 1.57% of payroll. The member contribution rate will be 14.93% of payroll. Even with these scheduled contribution increases and the resulting total contribution rate of 37.05%, the actual contribution to the System will be 8.17% less than the Actuarial Contribution Rate developed in this valuation. In the 2003 valuation report we discussed the importance of closing this contribution shortfall. The situation still exists and without some action, the System's funded status in future years will decline and the Actuarial Contribution Rate will systematically increase.

The shortfall between the actual contribution rate (city and member) and the Actuarial Contribution Rate results in an increase in the Unfunded Actuarial Liability and a corresponding increase in the Actuarial Contribution Rate. Under the current schedule of contribution rates, the shortfall is expected to increase in future years. The table on page 3 provides a reconciliation of the change in the Actuarial Contribution Rate from the prior valuation. As that table illustrates, the Actuarial Contribution Rate in the current valuation is 0.83% higher due to actual contributions less than the Actuarial Contribution Rate. If all actuarial assumptions are met in the future, the contribution shortfall will increase and its impact on the Actuarial Contribution Rate will also increase. We strongly recommend that the contribution shortfall between the actual contribution rate and the Actuarial Contribution Rate be addressed and measures be taken to eliminate it. The longer action is delayed to address this funding shortfall, the higher the ultimate contribution rate will be.

The contribution shortfall also has an impact on the Net Pension Obligation (NPO) as determined under Governmental Accounting Standard Number 27 (GASB27). On page 12 of our report we develop the history of the NPO. As of December 31, 2004 the NPO was $12.5 million. The NPO will increase from year to year by interest on the NPO and by the shortfall between the actual contribution rate and the Actuarial Contribution Rate. If the currently scheduled contribution rates remain unchanged and all actuarial assumptions are met in the future, the NPO is projected to exceed $100 million by 2015.

The purpose of the actuarial valuation is to analyze the resources needed to meet the current and future obligations of the System. The actuarial assumptions are the cornerstone of the valuation process. When GRS completed their actuarial audit of our 2003 report, they recommended that a comprehensive experience study be conducted. There may be recommended changes in the actuarial assumptions or methods as a result of the experience study. While we concur with GRS, we recommend that the study be delayed until 2006 so an additional year of experience can be included in the study. There have been several changes to the plan provisions, as well as changes to the internal policies regarding banking and accumulating unpaid comp time. We believe a better experience analysis can be conducted if another year passes and that experience is included. It is our recommendation that the experience study be completed for the five year period ending December 31, 2005. Any resulting changes in assumptions or methods would first be reflected in the January 1, 2006 valuation report.

Summary of Principal Results

	2001 Valuation	*2003 Valuation*	*2005 Valuation*
1. Participant Data			
Number of:			
Active Members	1,347	1,395	1,390
Service Retirements	547	566	638
Surviving Spouses and Children	232	253	279
Disabled	261	270	265
Deferred Vested	8	5	9
Annual Salaries of Active Members	$71,033,212	$79,725,536	$79,578,328
Average Salary	52,734	57,151	57,251
Average Age of Active Members	38.7	38.9	39.0
2. Assets and Liabilities			
Total Actuarial Liability	N/A	$581,187,364[1]	$657,650,175[1]
Assets for Valuation Purposes	N/A	374,252,476	422,898,286
Unfunded Actuarial Liability (UAL)	N/A	206,934,888	234,751,889
Present Value of Prior Service Payments	N/A	(14,593,006)	(14,213,372)
UAL for Funding Purpose	N/A	192,341,882	220,538,517
3. Contribution Rates			
Actuarial Contribution Rate	27.18%	40.55%[1]	45.22%[1]
Member Contribution Rate	10.89%	13.14%	14.93%[2]
Employer Contribution Rate	16.50%	18.75%	20.55%[2]
Employer "Past Service" payment	1.76%	1.55%	1.57%
4. Shortfall/(Excess) Contributions			
Actuarial Contribution Rate	27.18%	40.55%[1]	45.22%
Statutory Contribution Rate	29.15%	33.44%	37.05%
Shortfall/(Excess)	(1.97%)	7.11%	8.17%
Expected Payroll for year	$72,778,326	$85,820,469	$84,765,936
Dollar Amount of Shortfall/(Overage)	$ (1,433,733)	$ 6,101,835	$ 6,925,377

[1] Calculated using Entry Age Normal cost method.
[2] Blended Police and Fire rates effective in 2007.

Plan Assets at Market Value
Increases since January 1, 2003

Assets at January 1, 2003	$314,118,723
Receipts:	
City Contributions – Current	31,177,173
City Contributions – Past Service	2,655,200
Employee Contributions	21,519,179
Investment Income	115,267,575
Total Receipts	$170,619,127
Disbursements:	
Pensions Paid to Retirees	$57,755,488
Death Benefits	193,525
Termination Withdrawals	227,295
Medical Fees	1,796,214
Investment Fees	4,380,010
Other Fees	36,827
Total Disbursements	$64,389,359
Assets at December 31, 2004 (Market Value)	$420,348,491
Annualized Yield for the Two Year Period	
- Gross	17.0%
- Net of Expenses	16.3%

Actuarial Value of Assets

Neither the market value of assets, representing a "cash-out" value of Plan assets, nor the book values of assets, representing the cost of investments, may be the best measure of the System's ongoing ability to meet its obligations.

To arrive at a suitable value for the actuarial valuation, a technique for determining the actuarial value of assets is used which dampens swings in the market value while still indirectly recognizing market values. The specific technique follows:

Step 1: Determine the expected value of plan assets at the current valuation date using the actuarial assumption for investment return and the actual receipts and disbursements of the fund since the previous actuarial valuation.

Step 2: Subtract the expected value determined in Step 1 from the total market value of the Fund at the current valuation date.

Step 3: Multiply the difference between market and expected values determined in Step 2 by 33%.

Step 4: Add the expected value of Step 1 and the product of Step 3 to determine the actuarial value of assets.

		2003	2004
1.	Actuarial Value of Assets as of January 1	$ 374,252,476	$ 397,816,393
2.	Actual Receipts/Disbursements		
	a. Total Contributions	28,086,797	27,264,755
	b. Benefit Payments	(27,445,681)	(32,526,841)
	c. Net Change	641,116	(5,262,086)
3.	Expected Investment Earnings	29,965,349	31,618,877
4.	Expected Actuarial Value of Assets as of December 31	404,858,941	424,173,184
5.	Market Value as of December 31	383,731,297	420,348,491
6.	Difference Between Market and Expected Values	(21,127,644)	(3,824,693)
7.	Actuarial Value of Assets as of December 31 (4 + 1/3 of 6)	$ 397,816,393	$ 422,898,286

UNFUNDED ACTUARIAL LIABILITY

The actuarial liability is the portion of the present value of future benefits which will not be paid by future normal costs. The actuarial value of assets is subtracted from the actuarial liability to determine the unfunded actuarial liability.

1. Entry Age Normal Actuarial Liability		657,650,175
2. Present Value of Prior Service Payments		14,213,372
3. Actuarial Value of Assets		422,898,286
4. Unfunded Actuarial Liability (3) – (4) – (5)	$	220,538,517

DEVELOPMENT OF ACTUARIAL CONTRIBUTION RATE

The actuarial cost method used to determine the required level of annual contributions to support the expected benefits is the Entry Age Normal Cost Method. Under this method, the total cost is comprised of the normal cost rate and the unfunded actuarial liability payment. The Plan is financed by contributions from members and the City.

1. (a) Normal Cost (Adjusted to Mid-Year)	$ 24,676,301
(b) Covered Payroll for Members Under Assumed Retirement Age	$ 84,765,936
(c) Normal Cost Rate (a) / (b)	29.11%
2. Unfunded Actuarial Liability/(Surplus) at Valuation Date	$ 220,538,517
3. Amortization Factor to Pay UAL as a Level Percent of Payroll over 28 Years	18.59
4. Unfunded Actuarial Liability/(Surplus) Payment (Adjusted to Mid-Year) [(2) / (3)] x $1.08^{1/2}$	$ 12,328,750
5. Prior Service Payment	$ 1,327,600
6. Total Actuarial Contribution 1(a) + 4 + 5	$ 38,332,651
7. Total Projected Payroll for the Year	$ 84,765,936
8. Total Contribution as a Percent of Pay (6) / (7)	45.22%

Governmental Accounting Standards Board Disclosure
SCHEDULE OF FUNDING PROGRESS

In accordance with Statement No. 25 of the Governmental Accounting Standards Board
(All Dollar Amounts in Millions)

Actuarial Valuation Date	Market Value of Assets (a)	Actuarial Accrued Liability (AAL)* (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (P/R) (c)	UAAL as a Percentage of Covered P/R [(b-a)/c]
6/30/91	$142.4	$203.6	$61.2	69.9%	N/A	N/A
6/30/92	163.9	209.7	45.8	78.2%	49.0	93.5%
6/30/93	N/A	227.4	N/A	N/A	N/A	N/A
6/30/94	191.3	244.1	52.8	78.4%	55.2	95.7%
6/30/95	N/A	N/A	N/A	N/A	N/A	N/A
6/30/96	251.1	313.3	62.2	80.1%	64.5	96.4%
6/30/97	300.0	336.9	36.9	89.0%	N/A	N/A
6/30/98	349.2	378.5	29.4	92.2%	67.4	43.5%
12/31/98	355.3	386.2	30.98	92.0%	70.3	44.0%
12/31/99	356.9	411.1	54.2	86.8%	70.8	76.6%
12/31/00	361.5	425.1	63.6	85.0%	74.5	85.4%
12/31/01	350.4	452.3	101.9	77.5%	76.7	133%
12/31/02	314.1	481.6	167.5	65.2%	79.7	210%
12/31/03	383.7	511.9	128.2	75.0%	85.1	151%
12/31/04	420.3	543.9	123.6	77.3%	82.1	151%

*This amount is based on the Projected Unit Credit method.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

(All Dollar Amounts in Millions)

Fiscal Year Ending	Covered Employee Payroll [1]	Actual Employer Contributions	Actual Employer Contribution %[2]	Annual Required Contribution (ARC) %[3]	Annual Pension Cost (APC)	Percentage of APC Contributed
6/30/91	45.9	6.02	13.11	18.31	8.40	72%
6/30/92	49.0	6.42	13.11	18.31	8.97	72
6/30/93	52.1	6.83	13.11	18.31	9.54	72
6/30/94	55.2	7.07	12.81	16.47	9.09	78
6/30/95	59.8	7.66	12.81	16.47	9.85	78
6/30/96	64.5	10.98	17.02	20.22	13.04	84
6/30/97	69.2	11.78	17.02	20.22	13.99	84
6/30/98	67.4	11.50	17.06	15.77	10.63	108
12/31/98[4]	70.3	12.70	18.07	13.58	10.52	121
12/31/99	70.8	13.01	18.38	15.46	10.66	122
12/31/00	74.5	13.61	18.27	15.35	11.24	121
12/31/01	76.7	13.98	18.23	15.35	11.63	120
12/31/02	79.7	15.32	19.22	15.39	15.37	99
12/31/03	85.1	17.28	20.31	27.41	23.32	74
12/31/04	82.1	16.72	20.37	27.41	22.43	75

(1) Computed as the dollar amount of the actual employer contribution made as a percentage of payroll divided by the contribution rate, expressed as a percentage of payroll. Payroll is estimated for years where no valuation was done.

(2) The actual and required employer contributions are expressed as a percentage of payroll.

(3) The ARC (as a percentage of payroll) is assumed to remain the same as the prior year when no valuation was performed.

(4) Where applicable, these are annual amounts for the period 1/1/98 through 12/31/98.

City of Omaha Police & Firefighters' Retirement System
Development of the Net Pension Obligation in Accordance with Statement No. 27 of the Governmental Accounting Standards Board

	Fiscal Year Ended									
Fiscal Year End :	06/30/96	06/30/97	06/30/98	12/31/98	12/31/99	12/31/00	12/31/01	12/31/02	12/31/03	12/31/04
Assumptions and Methods										
Interest Rate	8.50%	8.50%	8.50%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Amortization Period (years)	15	15	15	15	15	15	15	15	30	30
Cost Method	Aggregate	Aggregate	Aggregate	Aggregate	Aggregate	Aggregate	Aggregate	Aggregate	Entry Age	Entry Age
Annual Pension Cost :										
Annual Required Contribution (ARC)	11,645,537	13,372,313	12,130,894	9,545,452	10,943,105	11,439,320	11,738,696	15,392,189	23,329,940	22,487,399
Interest on NPO	399,399	582,664	744,035	741,784	622,503	434,172	244,243	56,158	59,689	543,111
Adjustment to ARC	(565,834)	(825,466)	(1,054,082)	(1,083,279)	(909,084)	(634,052)	(356,684)	(82,012)	(66,275)	(603,040)
Annual Pension Cost	11,479,102	13,129,511	11,820,847	9,203,957	10,656,524	11,239,440	11,626,255	15,366,335	23,323,354	22,427,470
Employer Contribution for the Year	9,323,049	11,231,031	11,301,890	6,099,534	13,010,651	13,613,563	13,977,312	15,322,201	17,280,573	16,715,500
Net Pension Obligation (NPO):										
NPO at beginning of year	4,698,816	6,854,869	8,753,349	9,272,306	7,781,283	5,427,156	3,013,032	701,976	746,110	6,788,891
Annual Pension Cost for year	11,479,102	13,129,511	11,820,847	4,608,511	10,656,524	11,239,440	11,626,255	15,366,335	23,323,354	22,427,470
Contributions for year	(9,323,049)	(11,231,031)	(11,301,890)	(6,099,534)	(13,010,651)	(13,613,563)	(13,977,312)	(15,322,201)	(17,280,573)	(16,715,500)
NPO at end of year	6,854,869	8,753,349	9,272,306	7,781,283	5,427,156	3,053,032	701,976	746,110	6,788,891	12,500,861

POLICE

	January 1 2003	January 1 2005
ACTIVE PARTICIPANTS	762	749
NON-ACTIVE PARTICIPANTS		
Service Retirements	255	309
Surviving Spouses	118	129*
Surviving Children	12	12
Vested Terminated	2	5
Disabled		
- In Line of Duty	145	143
- Not in Line of Duty	15	16
* includes ex-spouses		
ANNUAL COMPENSATION FOR ACTIVE PARTICIPANTS		
Total Annual Compensation	$43,184,378	$43,044,365
Average Per Participant	56,672	57,469
ANNUAL PENSION BENEFIT*		
Service Retirements	$7,416,228	$10,810,080
Surviving Spouses	1,108,935	1,382,913
Disabled		
- In Line of Duty	3,277,649	3,528,274
- Not in Line of Duty	338,419	348,960

* Pension Benefits paid from Pension Fund only.

FIREFIGHTERS

	January 1 2003	January 1 2005
ACTIVE PARTICIPANTS	633	641
NON-ACTIVE PARTICIPANTS		
Service Retirements	311	329
Surviving Spouses	113	126*
Surviving Children	10	12
Vested Terminated	3	4
Disabled		
- In Line of Duty	97	97
- Not in Line of Duty	13	9
* includes ex-spouses		
ANNUAL COMPENSATION FOR ACTIVE PARTICIPANTS		
Total Annual Compensation	$36,541,158	$36,533,963
Average Per Participant	57,727	56,995
ANNUAL PENSION BENEFIT*		
Service Retirements	$9,950,381	$11,823,024
Surviving Spouses	1,017,879	1,289,544
Disabled		
- In Line of Duty	2,171,937	2,418,504
- Not in Line of Duty	193,266	153,612

* Pension Benefits paid from Pension Fund only.

POLICE AND FIREFIGHTERS

	January 1 2003	January 1 2005
ACTIVE PARTICIPANTS	1,395	1,390
NON-ACTIVE PARTICIPANTS		
Service Retirements	566	638
Surviving Spouses	231	255*
Surviving Children	22	24
Vested Terminated	5	9
Disabled		
- In Line of Duty	242	240
- Not in Line of Duty	28	25
* includes ex-spouses		
ANNUAL COMPENSATION FOR ACTIVE PARTICIPANTS		
Total Annual Compensation	$79,725,536	$79,578,328
Average Per Participant	57,151	57,251
ANNUAL PENSION BENEFIT*		
Service Retirements	$17,366,609	$22,633,104
Surviving Spouses	2,126,814	2,672,457
Disabled		
- In Line of Duty	5,449,586	5,946,778
- Not in Line of Duty	531,685	502,572

* Pension Benefits paid from Pension Fund only.

Appendix A — Plan Statistics Comparison

	January 1 2003	January 1 2005
ACTIVE MEMBERS		
Average Attained Age	38.9	39.0
Average Hire Age	27.7	28.1
Average Past Service	11.2	10.9
Average Annual Compensation	$57,151	$57,251
NON-ACTIVE MEMBERS		
Average Attained Age		
Service Retirees	63.3	62.9
Disability Retirees		
- In Line of Duty	62.0	62.8
- Not in Line of Duty	64.5	63.6
Surviving Spouses	74.4	77.4
Average Monthly Benefit		
Service Retirees	$2,557	$2,956
Disability Retirees		
- In Line of Duty	1,876	2,064
- Not in Line of Duty	1,582	1,675
Surviving Spouses	767	873
VALUE OF PLAN ASSETS MARKET VALUE	$314,118,723	$420,348,491
VALUE OF PLAN ASSETS ACTUARIAL VALUE	$374,252,476	$422,898,286

ACTUARIAL METHOD

Valuation of the plan use the *"entry age-normal"* cost method. Under this actuarial method, the value of future costs attributable to future employment of participants is determined. This is called present value of future normal costs. The following steps indicate how this is determined for benefits expected to be paid upon normal retirement.

1. The expected pension benefit at normal retirement is determined for each participant.

2. A normal cost, as a level percent of pay, is determined for each participant assuming that such level percent is paid from the employee's entry age into employment to his normal retirement. This normal cost is determined so that its accumulated value at normal retirement is sufficient to provide the expected pension benefits.

3. The sum of the normal costs for all participants for one year determines the total normal cost of the plan for one year.

4. The value of future payments of normal cost in future years is determined for each participant based on his years of service to normal retirement age.

5. The sum of the value of future payments of normal cost for all participants determines the present value of future costs.

The value of future costs attributable to past employment of participants, which is called the accrued liability is equal to the present value of benefits less the present value of future normal costs. The unfunded accrued liability is equal to the excess of the accrued liability over assets. The unfunded accrued liability is amortized as a level percent of pay over 30 years beginning January 1, 2003.

As experience develops with the plan, actuarial gains and actuarial losses result. These actuarial gains and losses indicate the extent to which actual experience is deviating from that expected on the basis of the actuarial assumptions. In each year, as they occur, actuarial gains and losses are recognized in the unfunded accrued liability as of the valuation date.

Appendix B Actuarial Assumptions

Interest:	8.0% (net of investment expenses)
Salary Increases:	Merit increases based on age plus an inflation increase.
Service Retirement Age:	Graduated Rates based on service.
Mortality:	
Active Members	1983 GAM Table.
Service Pensioners and Beneficiaries	1983 GAM Table.
Disabled	1983 GAM, set forward 10 years.
Disability:	Graduated rates by age.
Percent of Disabilities in Line of Duty:	85%
Medical Expenses for Disabilities in Line of Duty:	5% load on liability.
Percent Married at Death or Retirement:	75%
Percent with Dependents at Death:	77%
Average Number of Children per Married Member:	1
Turnover:	Graduated rates by age.
Assets:	Actuarial value of assets equal to 1/3 of market value, plus 2/3 of expected value.

SAMPLE RATES

Age	Annual Rate			
	Mortality		Disability	Turnover
	Males	Females		
20	.04%	.02%	.52%	1.41%
30	.06	.03	.59	1.69
40	.12	.07	1.04	.63
50	.39	.16	1.90	.00
60	.92	.42	2.89	.00

Salary Progression

Age	Average Annual % Increase
25	9.9%
30	7.6
35	6.8
40	6.0
45	5.8
50	5.6
55	5.5
60	5.4

Service Retirements

Assumed retirement rates are based on the number of years of credited service as follows:

Years of Service	Distribution	Annual Rate
Less than 25	0%	0%
25	50	50
26	25	50
27	15	60
28	5	50
29	5	100

Also, if a member was hired after age 37, then it is assumed that member would retire at the later of age 62 or 10 years of service.

Appendix C — Summary of Plan Provisions

Average Final Monthly Compensation:
Section 22-63

Highest average monthly compensation during any consecutive twenty-six (26) pay periods out of the last five years of service as a member of the system for which service credit had been earned.

Member Contributions:
Section 22-73(a)
Section 22-68

Ultimate rates effective July 1, 2007:
14.545% of total monthly salary for police.
15.40% of total monthly salary for fire.

City of Omaha Contributions:
Section 22-73(b)

Ultimate rates effective July 1, 2007:
20.16% of each members total monthly salary for police.
21.015% of each members total monthly salary for fire.

In addition, the City shall make contributions of $1,327,600 annually through the year 2028.

Service Retirement Eligibility:
Section 22-75

Available after age 55 and 10 years of service or age 45 and 20 years of service.

Service Retirement Pension:

Section 22-76

Beginning July 1, 2007, lifetime monthly annuity as follows:

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	45	55%*
25 years	45	75%

*55% at 20 years of service, plus 2% for each additional six months of service after 20 years and before 25 years.

Cost of Living Adjustment (COLA):

The monthly pension shall be increased by the lesser of 3% or $50 ($65 for Fire retirements after June 30, 2007). The increase will be made annually, beginning in the 13th month of retirement.

Disability Retirement:

1. **In Line of Duty:** Section 22-78

A member shall become entitled to the following benefits while permanently disabled.

Years of Service	Percentage of Average Final Monthly Compensation
Less than 25	50%**
25	*

* Same as Service Retirement Pension
** 55% for Fire after June 30, 2007

2. **Not in Line of Duty:** Section 22-79

A member shall become entitled to the following benefits while permanently disabled.

Years of Service	Percentage of Average Final Monthly Compensation
Up to 10 years	10%
10 but less than 15	20%
15 but less than 20	30%
20 but less than 25	*
25 or more	*

Not payable while full salary continues.

* Same as Service Pension.

Spouse's Pension:

1. **Death of Active Member in Line of Duty:**

A monthly pension equal to 49% (52% Fire) of the member's average final monthly compensation is paid to the surviving spouse if death occurs while the active member has less than 25 years of service. A monthly pension equal to 69% (72% Fire) of the member's average final monthly compensation is paid to the surviving spouse if death occurs after the active member has 25 years or more of service.

2. **Death of Active Member Not in Line of Duty:**

The following monthly pension is paid to the surviving spouse.

Years of Service at Death	Percentage of Average Final Monthly Compensation*
0-3	0%
3-10	35%
11	36.4%
12	37.8%
13	39.2%
14	40.6%
15	42.0%
16	43.4%
17	44.8%
18	46.2%
19	47.6%
20-25	49.0%
25+	69%

* add 3% to each number for Fire effective July 1, 2007

Benefit terminates upon remarriage of spouse.

3. **Death of Member Eligible for Retirement or Death of Retired Member:**
Section 22-82

75% (90% for Fire retirements after June 30, 2007) of the pension the member was receiving or was eligible to receive at the time of death. Upon spouse's remarriage, all benefits cease.

Children's Pension:
Section 22-83

Upon the death of an active or retired member, the following benefit will be paid to the surviving children until age 18.

Number of Dependent Children	Percentage of Average Final Monthly Compensation
1	15%
2	30%
3	45%
4 or more	50%

Lump Sum Death Benefits:

1. **Active Member without Eligible Dependents:**
Section 22-84(a)

Accumulated member's contributions, or $500 if greater.

2. **Retired Member without Eligible Dependents:**
Section 22-84(b)

Accumulated member's contribution less previous pension payments made, or $500 if greater.

3. **Active Member with Eligible Dependents:**
Section 22-84(c)

An amount payable immediately, equal to one year's salary computed on the basis of the maximum monthly rate for patrolmen and firefighters, plus the deceased member's accumulated contributions less pension payments to his dependents, payable to the dependent who last ceases to receive pension benefits.

4. **Retired Member with Eligible Dependents:**
Section 22-84(c)

$1,000 ($5,000 Fire) payable immediately, plus the excess over $1,000 ($5,000 Fire) if any, of the deceased member's accumulated **contributions less pension payments to the member** and his dependents, payable to the dependent who last ceases to receive pension benefits.

Vesting:

Section 22-86

Upon severance of employment by a member with less than 10 years of service and prior to obtaining eligibility under Section 22-75, a refund of such member's accumulated contributions.

Section 22-90

Upon severance of employment by a member before age 45 with more than 20 years of service and prior to obtaining eligibility under Section 22-75, the member may elect, in lieu of receiving a refund of contributions, to receive a monthly pension, according to the table below, commencing at age 55. Such deferred pension shall be based on service credited to the date of severance.

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	45	55%
25 or more	45	75%

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Financial Statements and Supplemental Schedules
December 31 2005 and 2004
(With Independent Auditors' Report Thereon)

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

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BANKS, FINLEY, WHITE & CO.
CERTIFIED PUBLIC ACCOUNTANTS

The Board of Trustees
City of Atlanta, Georgia
Police Officers' Pension Plan:

Independent Auditors' Report

We have audited the accompanying financial statements of the City of Atlanta, Georgia Police Officers' Pension Plan (the "Plan") as of and for the years ended December 31, 2005 and 2004 as listed in the accompanying table of contents. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of the City of Atlanta, Georgia Police Officers' Pension Plan's net assets held in trust for pension benefits as of December 31, 2005 and 2004 and the changes therein for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The schedules of funding progress and employer contributions on page 14 are not a required part of the financial statements, but are supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. We have applied to the schedules certain limited procedures prescribed by professional standards, which consisted principally of inquiries of management regarding methods of measurement and presentation of the schedules.

Banks, Finley, White & Co.

July 14, 2006.

3504 EAST MAIN STREET · COLLEGE PARK, GEORGIA 30337 · (404) 763-1002

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Statements of Plan Net Assets
December 31, 2005 and 2004
(Dollars in thousands)

	2005	2004
ASSETS		
Cash and cash equivalents	$ 22,549	$ 11,722
Investments:		
Equities	298,157	338,328
U.S. government and agency obligations	169,304	89,166
Corporate bonds	25,612	45,408
Collateralized mortgage obligations	5,039	3,510
Total Investments	498,112	476,412
Securities lending collateral investment pool	40,999	58,872
Contributions receivable from employees	257	189
Accrued interest receivable	1,237	175
Due from other funds of the City of Atlanta	9,508	2,600
Total Assets	572,662	549,970
LIABILITIES		
Accounts payable	48	45
Due to brokers for securities purchased	8,668	-
Due to Other funds of the City of Atlanta	79	71
Liability for securities lending agreement	40,999	58,872
Total Liabilities	49,794	58,988
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS (See Schedule of Funding Progress on page 14)	$ 522,868	$ 490,982

The accompanying notes are an integral part of the financial statements.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Statements of Changes in Plan Net Assets
Years ended December 31, 2005 and 2004
(Dollars in thousands)

Additions to Plan net assets:	2005	2004
Investments Income:		
Net appreciation in fair value of investments	$ 22,416	$ 40,261
Interest and dividends	8,379	8,372
Securities lending income	112	152
Less:		
Investment expenses	(1,093)	-
Securities lending expenses	(39)	(53)
Net Investment Income	29,775	48,732
Employee contributions	5,305	3,629
Employer contributions	25,271	20,246
Other income	142	108
Total Additions	60,493	72,715
Deduction from Plan net assets:		
Benefit payments	27,824	25,986
Refunds of contributions to terminated employees	423	467
Administrative fees, management fees, and other expenses	360	223
Total Deductions	28,607	26,676
Net Increase	31,886	46,039
Net Assets Held in Trust for Pension Benefits:		
Beginning of Year	490,982	444,943
END OF YEAR	$ 522,868	$ 490,982

The accompanying notes are an integral part of the financial statements.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN
Notes to Financial Statements
December 31, 2005 and 2004

Note 1 - Summary of Significant Accounting Policies

a. *Overview of Plan and Related Government*

The City of Atlanta, Georgia Police Officers' Pension Plan (the "Plan"), a single employer defined benefit pension plan, was established by a 1933 Act of the State of Georgia Legislature to provide retirement benefits for sworn personnel of the City of Atlanta (the "City") Police Department. Until 1983, The Georgia Legislature established all requirements and policies of the Plan. By a constitutional amendment, effective July 1983, control over the Plan was transferred to the City under the principle of Home Rule.

The funding methods and determination of benefits payable were established by the legislative acts creating the Plan, as amended, and in general, provide that funds are to be accumulated from employee contribution, City contributions, and income from the investment of accumulated funds.

The Plan is considered a fiduciary fund of the City and its financial statements are included in the City of Atlanta, Georgia's Comprehensive Annual Financial Report (CAFR) as part of the Pension Trust Fund. The CAFR as of and for the year ended December 31, 2005 should be read in conjunction with these financial statements.

b. *Basis of Accounting*

The financial statements are prepared on the accrual basis of accounting whereby revenues are recognized as earned and expenses are recognized as the associated liabilities are incurred.

c. Cash

The Plan considers all highly liquid debt securities with an origina maturity of three months or less to be cash equivalents.

d. Investments

State of Georgia and City statutes authorize the Plan to invest in U.S. Government obligations, U.S. Government agency obligations, State of Georgia obligations, obligations of a corporation of the U.S. Government and the Georgia Fund I (a local government investment pool maintained by the State of Georgia). Additionally, the Plan is authorized to invest in common stock provided that the cost basis of such investments do not exceed 55% of the net assets of the Plan. The Plan invests in repurchase agreements only when they are collateralized by U.S. Government or agency obligations.

Note 1 - Summary of Significant Accounting Policies, continued

The Plan is also authorized to invest in collateralized mortgage obligations (CMOs) to maximize yields. These securities are based on cash flows from interest payments on underlying mortgages. CMOs are sensitive to prepayment by mortgagees, which may result from a decline in interest rates. For example, if interest rates decline and mortgagees refinance their mortgages, thereby prepaying the mortgages underlying these securities, the cash flows from interest payments are reduced and the value of these securities declines. Likewise, if mortgagees pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated.

Investments, other than repurchase agreements, are carried at fair value based on quoted market prices. Repurchase agreements are valued at their amortized cost.

The net appreciation (depreciation) in the fair value of investments held by the Plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of balance sheet date. Investment income is recognized on the accrual basis as earned by the Plan.

e. Use of Estimates

Management of the Plan has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosures of contingent assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the Untied States of America. Actual results could differ from those estimates.

Note 2 - Plan Description

The following brief description of the Plan is provided for general information purposes only. Participants should refer to the City of Atlanta Code of Ordinances for more complete information.

a. *Benefit Provisions*

The Plan provides a monthly retirement benefit that initially represents 3% for each year of credited service times a participant's final average three-year earnings or the highest consecutive three-year earnings (limited to 80% of the average or consecutive earnings), whichever is the highest. The Plan was amended, effective January 1, 1986, to exclude overtime pay in the computation of benefits. Retirement benefits are adjusted annually based on the change in the consumer price index, limited to 3% per year. Upon the death of vested participant who has beneficiary coverage, his or her eligible beneficiary(ies) would be entitled to 3/4 of the amount the deceased participant was receiving or would have been entitled to receive.

Group A – Covered by the 1978 Plan and the participant have elected to be covered by the 1986 Amendments. Any police officer hired after 1985 is automatically included in this group.

Group B – Covered by the 1978 Plan and the participant has elected not to be covered by the 1986 Amendment

b. *Benefit Options*

- Normal Monthly Pension Benefit

An employee is eligible for a normal monthly pension benefit after 30 years of creditable service, at any age (*) or when he or she reaches the normal retirement age of 55 with 10 (**) years of creditable service.

(*) The 30 and out provision was approved by Ordinance 05-O-1731, adopted by City Council on October 17, 2005 and approved by the Mayor on October 25, 2005.

Alternatively, a police officer is eligible for normal retirement at age 65 with at least 5 years of credited service.

- Early Monthly Pension Benefit

An employee is eligible for an early monthly pension benefit after 10 (**) years of creditable service. The monthly benefit is reduced to allow for the fact that it will be paid over a longer period of time.

Note 2 - Plan Description, continued

(**) Decreased from 15 years of service by Ordinance 05-O-1232, adopted by City Council on September 6, 2005 and approved by the Mayor September 12, 2005.

- Reduced Monthly Pension Benefit

Employees hired prior to April 1, 1978 are eligible for a reduced monthly pension benefit at age 50 with 25 years of service. The reduction for the reduced monthly pension benefit is less than the reduction for an early monthly pension benefit.

- Total and Permanent Disability

A participant will be considered to be totally and permanently disabled if:

Group A – The participant's disability is determined to be a continuous state of incapacity due to illness or injury such that (a) the participant is prevented from performing their regular assigned or comparable duties during your first 12 months of disability, and (b) are thereafter prevented from engaging in any occupation for which they have become reasonably qualified by education, training or experience.

Group B – The participant's disability is determined to be a total and permanent physical or mental injury to perform their regular assigned or comparable duties as a police officer with the City of Atlanta.

If a participant becomes totally and permanently disabled in the line of duty, they will be eligible to receive a monthly disability retirement benefit calculated as follows:

Group A – The greater of (a) their monthly accrued benefit determined as of the date of disability or (b) 50% of the average monthly earnings determined as of the date of the disability. The benefit will be recalculated when the participant reaches age 55. The recalculated amount will include credited service for your period of disability, but will not include any cost-of-living adjustments that were applied to the previous disability benefit.

Group B – The greater of (a) your monthly accrued benefit determined as of the date of the disability or (b) 70% of the top salary for the grade and position of the participant on the day before their date of disability.

Note 2 - Plan Description, continued

c. *Membership*

The following schedule reflects membership for the Plan at January 1, 2005, the date of the most recent actuarial valuation.

Members:	
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	1,041
Current active employees:	
Fully vested	576
Partially vested	531
Nonvested	531
Total membership	2,679

d. Administration of Plan

The Plan is administered as a single-employer plan by the Board of Trustees (the "Board") which includes an appointee of the Mayor, the City's Chief Financial Officer, a member of City Council, and three representatives elected by their membership (active and retired). All modifications to the plan must be supported by actuarial analysis and receive the recommendations of the City Attorney, the Chief Financial Officer, and the Board of Trustees. Each pension law modification must be adopted by at least two-thirds vote to the City Council and approved by the Mayor.

Note 3 - Deposits and Investments

Investments in Employee Retirement Plans

The Board, as described in Note 2, is ultimately responsible for making all decisions with regard to the administration of the Plan, including the management of Plan assets, and for carrying out the investment policy on behalf of the Plan.

The Plan's investments are managed by various investment managers under contracts with the Plan who have discretionary authority over the assets managed by them, within the investment guidelines, established by the Board. The investments are held in trust by the Plan's custodian in the Plan's name. These assets are held exclusively for the purpose of providing benefits to members of the plan and their beneficiaries.

Identified below are the investment types that are authorized by the Board for the Plan. The investment policy also identifies certain provisions that address interest rate risk, credit risk and concentration of credit risk.

The Plan, by policy, is to invest their funds in domestic equities, domestic fixed income securities and cash equivalents. These instruments consist of common and preferred stock, obligations of the U.S. government and agencies (GNMA, FHLMC, and FNMA securities and

Note 3 - Deposits, and Investments, continued

CMO's), corporate bonds, and certificates of deposit. The Plan has strict limitations on the amounts managers are allowed to invest in any one issuer in all classes of securities. The Plan also invests in repurchase agreements which must be fully collateralized by U.S. government or agency guaranteed securities.

Board policy permits the Plan to engage in securities lending with an authorized agent, provided that the securities are fully collateralized at least 102% and that collateral is received prior to the release of the securities by the custodian.

Investment Risk Disclosure

Interest Rate Risk. Interest rate risk is the risk that changes in market rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Additionally, the fair values of the investments may be highly sensitive to interest rate fluctuations.

The Plan maintains cash to meet its immediate liquidity needs. Cash not immediately needed is invested in either short-term or long-term investment securities as directed by the Board.

Credit Risk. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization.

As of December 31, 2005, the Plan had the following fixed income investments (in thousands), with the corresponding credit ratings and maturities.

Type of Investment	Credit Rating	Under 1 Year	1 - 3 Years	3 - 5 Years	5 - 10 Years	Over 10 Years	Fair Value
FHLB	Aaa	$ -	$ 5,995	$ -	$ -	$ -	$ 5,995
FHLMC	Aaa	-	1,952	-	2,997	-	4,949
FNMA	Aaa	-	2,002	1,984	1,296	6,650	11,932
US Gov. Obligations/Agency	Exempt	-	1,999	-	3,710	18,666	24,375
US Treasury Securities	Exempt	491	-	9,831	9,255	7,750	27,327
Government Bonds	Aaa	-	-	-	2,500	343	2,843
Corporate Bonds	Baa2	1,135	9,934	15,852	550	2,817	30,288
CMO's	AAA	-	-	-	1,338	-	1,338
CD's	A1+	19,042	-	-	-	-	19,042
		$ 20,668	$ 21,882	$ 27,667	$ 21,646	$ 36,226	$ 128,089

Securities Lending

State statutes and Board policies permit the Plan to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Plan's custodians lend securities of the type on loan at year-end for collateral in the

Note 3 - Deposits and Investments, continued

form of cash or other securities of 102%. Cash collateral is invested in overnight investments. At year-end, the Plan has no significant credit risk exposure to borrowers because the amounts the Plan owes the borrower exceed the amounts the borrowers owe the Plan. The contract with the Plan's custodian requires it to indemnify the Plan if the borrowers fail to return the securities and if the collateral is inadequate to replace the securities or fail to pay the Plan for income distributions by the securities issuers while the securities are on loan.

There were no violations of legal or contractual provisions, borrower or lending agent default losses, and no recoveries of prior period losses during the year. There are income distributions owed on the securities loaned. The Plan records the cash received as collateral under securities lending agreements and the investments purchased with that cash as securities lending short-term collateral investment pool with a corresponding amount recorded as a liability.

All securities loans can be terminated on demand by either the Plan or the borrower, with the borrower returning equivalent securities to the Plans within a specified period of time.

Custodial Credit Risk. Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the Plan will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Custodial credit risks for *investments,* is the risk that in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Plan requires that all uninsured collected balances plus accrued interest in depository accounts be collateralized and that the market value of collateralized pledged securities must be at least 110% of the deposit balances, and 102% for repurchase agreements. As a result, the Plan had no deposits or investments with custodial risks as of December 31, 2005

Concentration Credit Risk. Investments in any one issuer representing 5% or more of the net assets held in trust for pension benefits at December 31, 2005 are as follows:

Issuer	Investment Type	% of Total Investments
Europac Growth Fund	Equities	5.818 %
Northern Trust Bank N.A	Equities	29.128 %
NTGI	Equities	9.049 %

Note 3 - Deposits and Investments, continued

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates could adversely affect an investment's or deposit's fair value. The Plan's policy states that the portfolio will consist of domestic equities, domestic fixed income and cash equivalents. At December 31, 2005, the Plan was not in compliance with the provisions of its policy requirements for authorized investment purchases. As of year-end, the Plan had investments in foreign fixed income securities totaling $371,000 and investments in foreign equity securities totaling $51,591,000.

Although all of the foreign equity securities are American Depository Receipts (ADR's), this does not eliminate the foreign currency risk involved in purchasing foreign securities.

The following table provides the value in U.S. dollars by foreign currency denominations and investment type for the Plan investments denominated in foreign currencies (in thousands).

Currency	Debt	Equity	Total
Total International Region	$ -	$ 22,540	$ 22,540
Total Multi-National Agencies	-	29,051	29,051
Canada	106	-	106
United Kingdom	265	-	265
Total Securities subject to Foreign Currency Risk	$ 371	$ 51,591	$ 51,962

Note 4 - Funding Policy

The City's funding policy is to contribute a percentage of the Plan's covered employee payroll as developed in the actuarial valuation for the Plan. Active participants are required to contribute 7% of base pay (or 8% if participant has covered beneficiary). The City's contribution percentage is the actuarially determined amount necessary to fund Plan benefits after consideration of employee contributions. The City makes an additional contribution of 1% of payroll, which effectively decreases the employee's required contribution percentage to 6% (or 7% if participant has a covered beneficiary), but has no effect on the overall required contribution. The City is not obligated to continue the 1% supplemental contribution for any specified period of time.

The actuarially determined contribution amount is the sum of the annual normal cost and the amortization of the unfunded actuarial accrued liability as a level percentage of future payrolls (over 40 years from January 1, 1979). The actuarial cost method used for funding purposes is the Entry Age Normal Cost Method. This method is one of the approved methods for such plans in the State of Georgia, and provides for contributions based on a level percentage of future payroll. The unfunded actuarial accrued liability for funding purposes is amortized on a closed basis over a period established by State of Georgia guidelines. The significant actuarial assumptions used to compute the contribution requirements are the same as those used to compute the actuarial accrued liability.

Note 5 - Contributions Required and Contributions Made

The required contribution percentages developed in the most recent actuarial valuation for the Plan for 2005 and 2004 and the actual contributions made are as follows (dollars in thousands):

	2005	2004
Normal cost	21.4 %	21.2 %
Amortization of the unfunded actuarial accrued liability	26.8	23.7
Total required contributions as a percentage of payroll	48.2 %	44.9 %
Actual employee contributions:		
Dollar amount	$ 5,305	$ 3,629
Percent of covered payroll	7.5 %	4.8 %
Actual employer contributions:		
Dollar amount	$ 25,271	$ 20,246
Percent of covered payroll	35.6 %	26.8 %

The annual covered payroll for the City was $70,973,000 and $75,611,000 for the years ended December 31, 2005 and 2004 respectively. The actual employer contributions shown above include amounts used to fund retiree supplemental cost of living increases and other minimum benefits. These amounts are components of the City's contributions for purposes of meeting actuarially determined funding requirements.

Note 6 - Contributions Receivable from Employees

Employees may receive credit for service for previous employment with certain state and local governmental agencies including previous employment with the City, upon payment to the Plan of an amount, as defined in the 1933 Act, as amended, representing contributions applicable to such service period. These contributions may be paid over a future period, even after retirement. In addition, 1964 and 1978 amendments to the Plan increased pension benefits and the related employee contribution rates. Active employees may retroactively increase their contribution rates from the date of employment in order to receive the maximum increased benefits available under the 1964 and 1978 amendments. These "back contributions" may also be paid over a future period.

Contributions receivable from employees for these back contributions were $257,000 and $189,000 at December 31, 2005 and 2004, respectively.

Note 7 - Contingencies

The Internal Revenue Service (IRS) has ruled that the Plan qualifies under Section 401(a) of the Internal Revenue Code (IRC) and is therefore not subject to tax under present federal income tax laws. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualifications. The Plan obtained a determination letter on May 19, 1998, in which the IRS stated that the Plan, as then designed, was in compliance with the applicable requirements of the IRC. The Plan has been amended as well as there have been changes in the IRC subsequent to receiving this determination letter. The Plan obtained a determination letter on August 17, 2004, in which the IRS ruled that the amendments do not affect the qualified status of the Plan. The City and the Plan's tax counsel believe the Plan is currently designed and being operated in material compliance with the applicable tax requirements.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN
Required Supplementary Information

Schedule of Funding Progress
(Unaudited)
(Dollars in thousands)

Actuarial valuation date	Actuarial value of assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll (b-a)/c)
January 1, 2000	$ 384,083	$ 419,439	$ 35,356	91.6 %	$ 67,330	52.5 %
January 1, 2002	$ 448,676	$ 541,209	$ 92,533	82.9 %	$ 67,320	137.5 %
January 1, 2004	$ 440,212	$ 617,501	$ 177,289	71.3 %	$ 63,274	280.2 %

Schedule of Employer Contributions
(Unaudited)
(Dollars in thousands)

Year	Annual Required Contribution	Actual Employer contribution	Percentage contributed
2000	$ 13,816	$ 13,816	100.0 %
2002	$ 15,068	$ 15,595	103.5 %
2004	$ 25,271	$ 25,271	100.0 %

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Required Supplementary Information

Notes to Schedule of Funding Progress and
Schedule of Employer and Other Contributions

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated.

The actuarial accrued liability is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits under the Plan are based on employee compensation. The accumulated plan benefits for active employee are based on their average compensation and credited service ending on the date as of which the benefit information is presented (the valuation date). Benefits payable under all circumstances - retirement, death, disability, and termination of employment - are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

Additional information as of the latest actuarial valuation follows:

Actuarial cost method	Entry age normal
Amortization method	Level percentage closed Over a closed period of 40 years from January 1, 1979 as a level percentage of estimated future payroll
Remaining amortization period	15 years
Asset valuation period	Smoothed 5 year averaged market
Investment rate of return	8.0%
Projected salary increases	2.3% due to inflation 4.5% for merit or seniority
Postretirement benefit increases	3%

REPORT ON
THE SEVENTY-EIGHTH VALUATION OF
THE EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF PROVIDENCE
AS OF JUNE 30, 2005

February 7, 2006

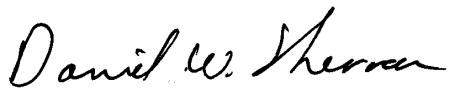
Retirement Board
Employees' Retirement System of the
City of Providence
City Hall
Providence, Rhode Island 02903

Dear Board Members:

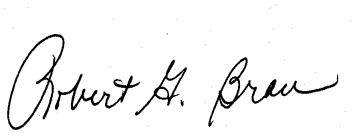
This report presents the results of the seventy-eighth actuarial valuation of the system, prepared as of June 30, 2005, which develops the appropriation required by the City for the fiscal year beginning July 1, 2006.

The Table of Contents, which immediately follows, outlines the material contained in the report.

Respectfully submitted,



Daniel W. Sherman, ASA, MAAA, EA
Director and Consulting Actuary



Robert G Brau, CEBS
Senior Consultant

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REPORT ON THE SEVENTY-EIGHTH VALUATION OF THE
EMPLOYEES' RETIREMENT SYSTEM OF THE
CITY OF PROVIDENCE
AS OF JUNE 30, 2005

SECTION I - SUMMARY OF PRINCIPAL RESULTS

1. For convenience of reference, the principal results of the current and preceding valuations are summarized below:

Valuation Date	**6/30/2004**	**6/30/2005**
Number of active members		
Vested	1,696	1,603
Nonvested	1,377	1,405
Total	3,073	3,008
Annual salaries of active members	$ 115,548,428	$ 118,824,745
Average salary of active members	$ 37,601	$ 39,503
Number of retirees and beneficiaries	2,986	2,940
Annual retirement allowances	$ 62,588,121	$ 62,442,755
Average retirement allowance	$ 20,961	$ 21,239
No. of non-active members w/contributions	N/A	318
Accumulated member contributions	N/A	$ 6,710,717
Market value of plan assets (accrual basis)	$ 365,559,334	$ 381,791,548
Assets for valuation purposes (accrual basis)	$ 372,128,439	$ 376,689,759
Unfunded accrued liability	$ 653,217,516	$ 616,339,388
Contribution rates required		
Class A	26.87%	24.53%
Class B Fire	61.98%	64.88%
Class B Police	81.69%	77.56%

2. Comments on the valuation results as of June 30, 2005 are given in Section IV and the appropriation payable by the City during the fiscal period beginning July 1, 2006 is set out in Section V.

3. The valuation was based on the assumptions as outlined in Schedule B. There were no changes to the actuarial assumptions or methods.

4. Schedule D of this report presents a summary of the main provisions of the act governing the system, as interpreted in preparing the actuarial valuation. In particular, the valuation reflected the following with respect to annual cost of living adjustments (COLAs):

GROUP	COLA	Number of Recipients
a) Class A		
(i) Retired prior to 12/18/1991	- 3%, compounded	751
(ii) Retired after 12/18/1991	- None	892
Total of Class A		1,643
b) Class B – Police		
(i) Retired prior to 1/1/1990	- 5%, compounded	348
(ii) Retired between 1/1/1990 and 12/18/1991	- 6% compounded	45
(iii) Retired after 12/18/1991	- 3% compounded	222
(iv) Special Award	- 5% compounded	12
Total of Police		627

GROUP	COLA	Number of Recipients
c) Class B – Fire		
(i) Retired prior to 1/1/1990	- 5% compounded	344
(ii) Retired between 1/1/1990 and 12/18/1991	- 6% compounded	84
(iii) Special Award	- 5% compounded	8
(iv) Retired after 12/18/1991	- 3% simple, on first $12,000 of annual benefit	185
Total of Fire		621
d) Total Number of Class A and Class B retirees and beneficiaries		2,891*

*Excludes elected officials and 26 Class A and B employees who retired prior to June 30, 2005 but were not processed on the June 30, 2005 payroll.

There is a three-year deferral of the initial COLA for current active members when they retire.

SECTION II - EMPLOYEE DATA

1. Employee data were furnished by the City Controller.

2. Tables 1 and 2 of Schedule E show the number and annual salaries of active members, while the remaining tables of Schedule E show the number and annual retirement allowances of beneficiaries as of June 30, 2005.

SECTION III - ASSETS

1. The amount of the assets taken into account in the valuation was obtained from information submitted by the City Controller.

2. The market value of the assets of the system as of June 30, 2005 on a "cash basis" was $336,498,228. To convert this amount to an "accrual basis," this amount should be increased by the discounted value of the City's contribution already appropriated for the 7/1/2005 – 6/30/2006 fiscal year ($49,143,252) but assumed not to be deposited until 6/30/2006. The discounted value of this contribution is $45,293,320. Therefore, the market value of the assets of the system as of June 30, 2005 on an "accrual basis" was $381,791,548.

3. The amount of assets used for valuation purposes was determined by the use of a five-year moving average of market values. This procedure produced a value of $376,689,759 on an "accrual basis." Schedule C outlines the calculation of this adjusted value which was modified for purposes of this year's valuation.

SECTION IV - COMMENTS ON VALUATION

1. Schedule A of this report presents the results of the valuation and shows the present and prospective assets and liabilities of the retirement system of June 30, 2005. Actuarial liabilities consist of $457,313,679, which equals the present value of prospective benefits of active members; plus $697,998,090, which equals the present value of obligations to retired members and their beneficiaries; plus $6,710,717, which equals the value of contributions of non-active members remaining in the fund. These liabilities amount to $1,162,022,486. Expected future normal contributions of the City and of active members have a present value of $168,993,339. This leaves $993,029,147 to be met by the City and members through annual contributions. Against these prospective liabilities, the system has present assets of $376,689,759 leaving $616,339,388 as the unfunded accrued liability.

2. Section V discusses the portion of the total prospective City obligation we recommend for current payment.

SECTION V - APPROPRIATION PAYABLE BY CITY

1. Schedule A gives the basis for determining the appropriation payable by the City during the fiscal period beginning July 1, 2006. In accordance with the law governing the operation of the retirement system, we recommend contribution rates of 24.53% for Class A members, 64.88% for Class B Fire and 77.56% for Class B Police. These rates are based on amortizing the unfunded accrued liability as of June 30, 2005 on a level percentage-of-payroll basis over a 25-year period (one year less than the amortization period used by the prior actuarial valuation). If these rates are applied to the annual

compensation of active members included in the actuarial valuation as of June 30, 2005 and contributions are paid on June 30, 2007, contributions payable by the City for the fiscal year beginning July 1, 2006 are as shown below:

Group	Amount
Class A:	
General	$ 7,714,394
School	5,886,114
School Crossing Guards	386,144
Water	2,566,142
Workforce Development (JTPA)	203,457
Fire Civilians	811,711
Police Civilians	223,124
Total Class A	$ 17,791,086
Class B:	
Fire	$ 15,923,156
Police	16,869,596
Total Class B	$ 32,792,752
Grand Total	$ 50,583,838 (see #2 below)

2. The above contribution includes an additional contribution of $492,606, which is needed to amortize the remaining deferred contribution as of June 30, 1996 over a 25-year period.

3. The assets and liabilities in the valuation do not take the elected officials' pensions into account. Therefore, in addition, the City should contribute an amount sufficient to provide for the payment of the special pensions to elected officials on a pay-as-you-go basis. Any

deficiency which arises on account of elected officials whereby the contribution paid for a fiscal year is not sufficient to cover the special pensions paid that year to such retired members should be met by a special contribution by the City.

SECTION VI - ACCOUNTING INFORMATION

Based on our interpretation of Statement 25 of the Governmental Accounting Standards Board, the results of the June 30, 2004 and 2005 actuarial valuations are shown below:

		June 30, 2004	June 30, 2005
1.	Normal cost for employees	$ 9,469,703	$ 9,803,354
2.	Normal cost for employers	$ 8,057,661	$ 8,597,302
3.	Actuarial liability for active members	$ 281,977,662	$ 288,320,340
4.	Actuarial liability for retired members	$ 743,368,293	$ 704,708,807
5.	Total actuarial liability	$ 1,025,345,955	$ 993,029,147
6.	System assets	$ 372,128,439	$ 376,689,759
7.	Unfunded actuarial accrued liability	$ 653,217,516	$ 616,339,388
8.	Ratio of assets to actuarial liability	36.29%	37.93%
9.	Investment return assumption	8.5%	8.5%
10.	Rate of salary increase	graded%*	graded%*

* See Schedule B

SCHEDULE OF EMPLOYER CONTRIBUTIONS
(dollar amounts in thousands)

Year Ended June 30	Annual Required Contribution	Percentage Contribution
1994	$18,612	99.90%
1995	$21,159	53.81%
1996	$16,136	100.00%
1997	$21,089	93.58%
1998	$35,701	57.52%
1999	$37,445	56.15%
2000	$37,415	60.00%
2001	$38,899	60.60%
2002	$42,442	64.18%
2003	$42,008	80.25%
2004	$46,321	85.99%
2005	$49,329	90.00%

SCHEDULE OF FUNDING PROGRESS
(dollar amounts in thousands)

Year Ended June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1994	$286,956	$500,119	$213,163	57.38%	$84,176	253.23%
1995	$293,454	$460,567	$167,113	63.72%	$88,335	189.18%
1996	$287,320	$699,265	$411,945	41.09%	$84,178	489.38%
1997	$288,800	$732,373	$443,573	39.43%	$88,959	498.63%
1998	$315,000	$732,775	$417,775	42.99%	$99,182	421.22%
1999	$325,576	$746,264	$420,688	43.63%	$106,717	394.21%
2000	$341,817	$798,292	$456,475	42.82%	$114,164	399.84%
2001	$341,986	$821,363	$479,377	41.64%	$116,493	411.51%
2002	$340,550	$867,457	$526,907	39.26%	$114,265	461.13%
2003	$334,929	$899,336	$564,407	37.24%	$115,015	490.72%
2004	$372,128	$1,025,345	$653,217	36.29%	$115,548	565.32%
2005	$376,690	$993,029	$616,339	37.93%	$118,825	518.70%

ANNUAL PENSION COST AND NET PENSION OBLIGATION FOR
FISCAL YEARS BEGINNING JULY 1, 2004 AND JULY 1, 2005

The pension cost and net pension obligation as required by Statement 27 of the Governmental Accounting Standards Board are:

Fiscal year beginning July 1, 2004

Net Pension Obligation (NPO) at June 30, 2004	$ 110,276,353
a. Annual Required Contribution	49,328,593
b. Interest on NPO	9,373,490
c. Amortization of NPO	(7,129,046)
Annual Pension Cost	51,573,037
Contributions Paid (not discounted)	(45,455,294)
Increase in NPO	6,117,743
NPO of June 30, 2005	116,394,096

Fiscal year beginning July 1, 2005

Net Pension Obligation (NPO) at June 30, 2005	$ 116,394,096
a. Annual Required Contribution	51,453,606
b. Interest on NPO	9,893,498
c. Amortization of NPO	(7,704,928)
Annual Pension Cost	53,642,176
Expected Contributions to be Paid (not discounted)	(49,143,252)
Increase in NPO	4,498,924
Expected NPO of June 30, 2006	120,893,020

SCHEDULE A

RESULTS OF THE VALUATION AS OF JUNE 30, 2005
(Excluding Elected Officer Funds)

	Class A	Class B			Grand Total
		Fire	Police	Total	
1. Actuarial Liabilities					
(a) Present value of all future benefits payable to active members	$ 218,790,047	$ 112,768,857	$ 125,754,775	$ 238,523,632	$ 457,313,679
(b) Present value of benefits payable to retirees and beneficiaries including benefits payable on death	197,691,578	255,756,023	244,550,489	500,306,512	697,998,090
(c) Employee contributions of non-active members	5,722,552	481,310	506,855	988,165	6,710,717
(d) Total actuarial liabilities	$ 422,204,177	$ 369,006,190	$ 370,812,119	$ 739,818,309	$ 1,162,022,486
2. Assets of the System	$ 130,671,667	$ 121,305,769	$ 124,712,323	$ 246,018,092	$ 376,689,759
3. Present Value of Future Normal Contributions	$ 77,727,665	$ 49,220,049	$ 42,045,625	$ 91,265,674	$ 168,993,339
4. Unfunded Value of Total Prospective Contributions by the City (1(d) minus 2 and 3)	$ 213,804,845	$ 198,480,372	$ 204,054,171	$ 402,534,543	$ 616,339,388
5. Amortization (26 years)	$ 14,394,023	$ 13,362,331	$ 13,737,577	$ 27,099,908	$ 41,493,931

	Class A	Class B			Grand Total
		Fire	Police	Total	
6. Total Individual Entry Age Normal Cost	$ 8,504,289	$ 4,502,663	$ 4,403,475	$ 8,906,138	$ 17,410,427
7. Employee Normal Cost	$ 5,651,797	$ 2,373,997	$ 1,777,560	$ 4,151,557	$ 9,803,354
8. Net City Normal Cost with Interest	$ 3,223,807	$ 2,405,759	$ 2,967,736	$ 5,373,495	$ 8,597,302
9. Amortization of 1995 Deferral	$ 173,255	$ 155,066	$ 164,283	$ 319,349	$ 492,605
10. Total City Appropriation (5 plus 8 plus 9)*	$ 17,791,086	$ 15,923,156	$ 16,869,596	$ 32,792,752	$ 50,583,838
11. Total Contribution Rate for Fiscal Year Beginning July 1, 2005	24.53%	64.88%	77.56%	70.84%	

*** Assumed payment date, June 30, 2007**

SCHEDULE B

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

INTEREST RATE: 8½% per annum, compounded annually for General Funds and School Teacher Funds.

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of withdrawal and deferred retirement, disability, death and service retirement among members in active service are as follows:

CLASS A

Age	Retirement	Disability	
		Ordinary	Accidental
20		.00025	.00010
25		.00030	.00015
30		.00030	.00015
35		.00050	.00025
40		.00080	.00040
45	.0671	.00125	.00060
50	.0925	.00185	.00090
55	.0859	.00255	.00130
59	.1138	.00370	.00185
60	.1229	.00415	.00210
64	.1741	.00625	.00310
65	.2500	.00680	.00340
70	.2500	.00680	.00340
75	1.0000		

Age	Withdrawal and Deferred Retirement	Ordinary and Accidental Death	
		Men	Women
20	.1413	.00035	.00019
25	.1206	.00038	.00021
30	.0644	.00044	.00026
35	.0473	.00077	.00048
40	.0389	.00108	.00071
45	.0272	.00151	.00112
50	.0174	.00214	.00168
54	.0101	.00281	.00232
55		.00303	.00253
60		.00488	.00393
65		.00757	.00582
70		.00992	.00761

CLASS B

Age	Withdrawal and Deferred Disability	Disability		Ordinary and Accidental Death	
		Ordinary	Accidental	Men	Women
20	.0258	.0001	.0008	.00035	.00019
25	.0183	.0001	.0011	.00038	.00021
30	.0104	.0002	.0017	.00044	.00026
35	.0046	.0025	.0023	.00077	.00048
40	.0029	.0004	.0034	.00108	.00071
45	.0024	.0007	.0060	.00151	.00112
50		.0011	.0104	.00214	.00168
55			.0149	.00281	.00232
59			.0194	.00303	.00253
				.00488	.00393

Age	Retirement
40	.07403
45	.07599
50	.08004
55	.08860
59	.10238
60	.25000
64	.25000
65	1.00000

SALARY INCREASES NOT INCLUDING LONGEVITY: Next 4 years – 4.5%, following 5 years – 4.75%, thereafter – 5%.

ANNUAL INCREASE IN AMORTIZATION PAYMENT: 5%

LONGEVITY TABLES:

CLASS A:

FOR EMPLOYEE HIRED ON OR PRIOR TO OCTOBER 23, 1999:

YEAR OF SERVICE	PERCENTAGE AMOUNT
5 years but less than 10 years	5%
10 years but less than 15 years	6%
15 years but less than 20 years	7%
20 years or more	8%

FOR EMPLOYEES HIRED AFTER OCTOBER 23, 1999:

YEAR OF SERVICE	PERCENTAGE AMOUNT
7 years but less than 12 years	4%
12 years but less than 17 years	5%
17 years but less than 20 years	6%
20 years or more	7%

CLASS B:

FIRE:

FOR EMPLOYEE HIRED ON OR PRIOR TO JUNE 30, 1996

YEAR OF SERVICE	PERCENTAGE AMOUNT
5 years but less than 10 years	8%
10 years but less than 15 years	9%
15 years but less than 20 years	10%
20 years or more	11%

FOR EMPLOYEES HIRED AFTER JUNE 30, 1996

YEAR OF SERVICE	PERCENTAGE AMOUNT
5 years but less than 10 years	7%
10 years but less than 15 years	8%
15 years but less than 20 years	9%
20 years or more	10%

POLICE:

FOR EMPLOYEE HIRED ON OR PRIOR TO JUNE 30, 1998

YEAR OF SERVICE	PERCENTAGE AMOUNT
0 year but less than 6 years	0%
6 years but less than 11 years	8%
11 years but less than 16 years	9%
16 years but less than 21 years	10%
21 years or more	11%

FOR EMPLOYEES HIRED AFTER JUNE 30, 1998

YEAR OF SERVICE	PERCENTAGE AMOUNT
0 year but less than 6 years	0%
6 years but less than 11 years	7%
11 years but less than 16 years	8%
16 years but less than 21 years	9%
21 years or more	10%

DEATHS AFTER RETIREMENT: Based on the RP-2000 Mortality Table producing the following life expectancies.

	CLASS A and CLASS B			
	Service		Disability	
Age	Male	Female	Male	Female
50	30.074	33.268	27.550	30.526
55	25.858	28.686	23.318	26.009
60	21.636	24.272	19.190	21.750
65	17.615	20.126	15.354	17.776
70	13.917	16.270	11.877	14.124

VALUATION METHOD: Individual entry age method. Gains and losses are reflected in the period remaining to liquidate the unfunded accrued liability.

ASSET VALUATION METHOD: Five-year smoothed market value. The actuarial value of assets is determined according to the following general formula, provided such value is within a 20% corridor of the market value:

$$VA = MV - .8I_1 - .6I_2 - .4I_3 - .2I_4$$

where

VA = Valuation assets.

MV = Market value of assets as of the valuation date.

I_n = Investment gain (loss) during n^{th} year preceding the valuation date.

SCHEDULE C

DETERMINATION OF ADJUSTED ASSET VALUE

Reconciliation of Market Value of Plan Assets (accrual basis), 7/1/2001 - 7/1/2005				
	7/1/2001-6/30/2002	7/1/2002-6/30/2003	7/1/2003-6/30/2004	7/1/2004-6/30/2005
Market value at beginning of period	322,045,955	296,510,834	284,231,528	324,641,608
Contributions during period	36,620,041	43,420,094	49,323,326	55,524,329
Total investment income (from auditor's reports)	8,879,249	10,607,665	20,265,697	26,252,786
Benefit payments and expenses	(54,729,213)	(57,490,294)	(62,776,945)	(68,492,967)
Market value at end of period	296,510,834	284,231,528	324,641,608	336,498,228
Expected market value at end of period	328,790,865	304,997,106	292,047,234	336,113,976
Investment gain/(loss) for the year	(32,280,031)	(20,765,578)	32,594,374	384,252

Year Ended	Investment Gain / (Loss)		Weight		Weighted Gain / (Loss)
6/30/2005	384,252	x	0.80	=	307,402
6/30/2004	32,594,374	x	0.60	=	19,556,624
6/30/2003	(20,765,578)	x	0.40	=	(8,306,231)
6/30/2002	(32,280,031)	x	0.20	=	(6,456,006)
					5,101,789

Actuarial Value of Assets = Market Value ***minus*** weighted gain / (loss) =	331,396,439
Plus discounted value of contribution due to be paid on June 30, 2006	45,293,320
Total	376,689,759

The return on the actuarial value of assets was 4.05% for the prior plan year. This created an asset loss of about $14.4 million. The return on a market value basis was about 8.6%.

SCHEDULE D

SUMMARY OF MAIN PROVISIONS OF RETIREMENT SYSTEM

AS INTERPRETED FOR VALUATION PURPOSES

1 – BENEFITS

Final compensation is the average of the highest three years of base compensation including longevity pay earned by a member during his total service as an employee.

Service is total employment by the City plus any purchased service.

Service Retirement Allowance

Conditions for Allowance	The minimum age for service retirement for Class A members is age 55 or the age at which 25 years of service (30 years for members hired after July 1, 1995) are completed if earlier, and for Class B members age 55 or the age at which 20 years of service are completed if earlier.
Amount of Allowance	
Provided by Member	An annuity which is the actuarial equivalent of his accumulated contributions at the time of his retirement, and
Provided by City	<u>For Class A members hired prior to July 1, 1996</u>: A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/40 of his final compensation for each year of total service credited not in excess of 20 years plus 1/50 of his final compensation for each year of total service credited in excess of 20 years. <u>For Class A members hired on or after July 1, 1996</u>: A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/50 of his final compensation for each year of total service credited.

For Police:
A pension which when added to his normal annuity, exclusive of any excess annuity, equals:

1. For members of the bargaining unit hired on or after September 1, 2001:

Eligible Years of Service	Designated Percentage
Prior to 20 years of service	2.5% per year
20 years of service	50%
21 years of service	52%
22 years of service	54%
23 years of service	56%
24 years of service	58%
25 years of service	60%
26 years of service	62%
27 years of service	64%
28 years of service	66%
29 years of service	68%
30 years of service	70%
31 years of service	72%
32 years of service	75%

2. For members of the bargaining unit hired prior to September 1, 2001:

Eligible Years of Service	Designated Percentage
Prior to 20 years of service	2.5% per year
20 years of service	50%
21 years of service	52%
22 years of service	54%
23 years of service	56%
24 years of service	58%
25 years of service	65%
26 years of service	62%
27 years of service	64%
28 years of service	66%
29 years of service	68%
30 years of service	75%
31 years of service	72%
32 years of service	80%

For all other Class B:
A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/40 of his final compensation for each year of total service credited not in excess of 20 years plus 1/50 of his final compensation for each year of total service credited in excess of 20 years but not in excess of 32 years and 6 months.

Deferred Retirement Allowance

Conditions for Allowance — A member who has completed at least 10 years of service may retire and receive a deferred retirement allowance commencing at the minimum age for service retirement.

Amount of Allowance

Provided by Member — A deferred annuity which is the actuarial equivalent of his accumulated contributions, and

Provided by City — See "Service Retirement Allowance."

Ordinary Disability Retirement Allowance

Conditions for Allowance

For Police:
After 10 years but less than 20 years of service.

For All Others:
After 10 years of service, a member under the minimum age for service retirement may be retired for disability upon his own request or upon the request of the head of the department employing him.

Amount of Allowance

Provided by Member — An annuity which is the actuarial equivalent of his accumulated contributions at the time of his retirement, and

Provided by City

If the member is a Class A member:
A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 9/10 of 1/50 of his final compensation for each year of total service which

would have been credited had he continued in service to the minimum age for service retirement, but such retirement allowance, exclusive of any excess annuity, is not to exceed 45% of his final compensation.

For Police:
A pension which when added to his normal annuity will give a total retirement allowance, equal to a percentage of his final compensation, as described in the following table:

Eligible Years of Service	Percentage
10 years of service	22.50%
11 years of service	24.75%
12 years of service	27%
13 years of service	29.25%
14 years of service	31.50%
15 years of service	33.75%
16 years of service	36%
17 years of service	38.25%
18 years of service	40.50%
19 years of service	42.75%

For All other Class B:
A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 9/10 of 1/40 of his final compensation for each year of total service which would have been credited had he continued in service to the minimum age for service retirement, but such retirement allowance, exclusive of any excess annuity, is not to exceed 45% of his final compensation.

Accidental Disability Retirement Allowance

Conditions for Allowance

A member may be retired on account of accidental disability occurring in the performance of duty regardless of age or length of service. Any condition or impairment of health of Class B employees who are firefighters caused by any disease of the heart or cardiovascular system or lungs or respiratory tract resulting in total or partial disability shall be presumed to be accidental and suffered in the line of duty unless the contrary be shown by competent evidence.

Amount of Allowance

Provided by Member

Non-Police:
An annuity that is the actuarial equivalent of his accumulated contributions at the time of his retirement.

Police:
In light of the member's receipt of the pension stated below, the only annuity payable is the actuarial equivalent of any accumulated additional contributions at the time of his retirement.

and

Provided by City

For All:
A pension of 66-2/3% of his final compensation, but not less than the service retirement allowance. Upon the death of a member within 5 years after accidental disability retirement as a result of an accident while in the performance of duty, a pension of one-half of the member's final compensation is paid to his widow until she dies or remarries, at which point the pension is paid to his child or children until they attain age 19.

Accidental Death Benefit

Conditions for Benefit

An accidental death benefit is payable upon the death of any member due to an accident in the performance of duty. Any condition or impairment of health of Class B employees who are firefighters caused by any disease of the heart or cardiovascular system or the lungs or respiratory tract resulting in death shall be presumed to be accidental and suffered in the line of duty unless the contrary be shown by competent evidence.

Amount of Benefit

A pension of one-half of the member's final compensation is paid to his widow until she dies or remarries, at which point the pension is payable to his child or children until they attain age 19. If there are no other dependents, the pension is payable to his dependent parents. In addition, a lump sum payment of the member's accumulated contributions is made.

Withdrawal or Ordinary Death Benefit	A member who withdraws prior to eligibility for retirement receives his accumulated contributions. Should a member die before retirement his accumulated contributions are paid to his estate or beneficiary; provided, however, if he has attained minimum retirement age and has not made an optional election as described below, and is survived by a spouse, such spouse is entitled, in lieu of the return of the member's accumulated contributions, to a benefit equal to that which would have been payable to such spouse upon the death of the member had the member retired on the day of his death and elected to receive a benefit under the provisions of Option 2, as described below, and nominated his spouse as his designated beneficiary, except that for a Class B member the benefit to the spouse shall not be less than 67½% of the benefit that would have been paid to such retired member without reduction.
Benefit upon Death after Retirement	<u>For Class A</u>: Benefits under any option. Also, the excess, if any, of the member's accumulated contributions at retirement over all payments paid out on the member's account. <u>For Class B</u>: Upon the death of a Class B pensioner, 67½% of his retirement allowance is paid to his widow until she dies or remarries, at which point the benefit is paid to his dependent children until they attain age 18. Also, the excess, if any, of the member's accumulated contributions at retirement over the total of all payments paid out on the member's account.
Minimum Benefits	The minimum monthly retirement allowance is $600, prorated for members whose credited service at retirement is less than 25.

Special Privileges at Retirement

At retirement, a member may elect to convert his allowance into a benefit of equivalent actuarial value in accordance with one of the options described below:

Option 1. A reduced retirement allowance payable during the retired member's life, with a provision that in case of death before such payments have equaled the present value of his retirement allowance at the date of retirement, the balance shall be paid to the heirs or assigns; or

Option 2. A reduced retirement allowance payable during the retired member's life, with a provision that after his death it shall be continued during the life of and paid to the person nominated by him by written designation at the time of his retirement; or

Option 3. A reduced retirement allowance payable during the retired member's life, with a provision that after his death an allowance at one-half the rate of his reduced allowance shall be continued during the life of and paid to the person nominated by him by written designation at the time of his retirement; or

Option 4. A reduced retirement allowance payable during the retired member's life, with some other benefit payable after his death, provided that the benefit shall be certified by the actuary and approved by the retirement board. This Option is not available to Police who retire on an Accidental Disability Allowance.

Class B members may not elect Options 2 or 3.

Married Class B members may also not elect Option 1.

Special Privileges upon Attainment of Minimum Retirement Age

Any member who has attained minimum retirement age may elect, in accordance with Option 2, 3, or 4 above, a reduced retirement allowance with provision for benefits to a person having an insurable interest in his life, other than his wife. The benefit is determined as of the member's date of death or retirement, if prior thereto, in accordance with the provisions of the option selected and is in lieu of the return of the member's accumulated contributions if death occurs during the

member's continuance in service after attainment of minimum retirement age. Such election is irrevocable after the option becomes effective unless the designated beneficiary predeceases the member prior to his retirement.

Cost of Living Adjustment

For Class A:
3% compounded, for members who retired prior to 12/18/91; no adjustment for other Class A members.

For Police:

5%, compounded, for members who retired prior to 1/1/90; 6%, compounded, for members who retired between 1/1/90 and 12/18/91; 5% compounded for special court awarded members; 3% compounded for other retired members.

For all other Class B Retirees:

5%, compounded, for members who retired prior to 1/1/90; 6%, compounded, for members who retired between 1/1/90 and 12/18/91; 5% compounded for special court awarded members; and, 3%, simple, on first $12,000 of annual benefit for other retired members.

The initial COLA payment is deferred until the January 1 that occurs three years after the member's retirement date.

Special Provisions for Certain Elected Officials

Any person who has served as Mayor or City Councilman for at least eight full legislative years is entitled to a retirement allowance on the basis of such service as an elected official upon attainment of age 52 or the completion of 20 consecutive years as an elected official, whichever is earlier, or the occurrence of total and permanent disability prior thereto.

Such retirement allowance is currently $350 for each year of service, provided that no more than 20 years of such service are to be used in determining the allowance.

Upon the death of any such elected official, benefits are payable in accordance with the Class A provisions of the act.

An elected official may elect to withdraw his accumulated contributions in lieu of his rights to the allowance based on service as an elected official.

2 – CONTRIBUTIONS

Provided by Members

For Class A: 8% of their salaries.

For Police: 8% of their salaries

For all other Class B Members: 9½% of their salaries.

The Mayor and members of the City Council are required to contribute at the rate of $350 per year.

Provided by City

The City makes the balance of contributions needed to fund the system.

In addition the City shall contribute from time to time amounts sufficient with the contributions of elected officials to provide the special pensions granted to elected officials.

SCHEDULE E

TABLES OF EMPLOYEE DATA

TABLE 1

The Number and Annual Salaries of Members Distributed By 5th Age and Service As of June 30, 2005

CLASS A

SERVICE AGE	<1	1	5	10	15	20	25	30	35	OVER 37	TOTAL	
20	14	33	1								48	NUMBER
	403,639	916,466	16,120								1,336,225	SALARY
25	20	43	64	2							129	NUMBER
	743,120	1,438,183	1,663,661	83,771							3,928,735	SALARY
30	20	59	110	41	6						236	NUMBER
	723,038	1,992,562	3,225,984	1,396,917	242,928						7,581,429	SALARY
35	30	74	103	67	22						296	NUMBER
	1,122,096	2,309,147	3,304,280	2,569,073	921,831						10,226,427	SALARY
40	27	81	101	61	47	7	3				327	NUMBER
	1,044,858	2,631,608	2,994,775	2,157,756	2,092,860	359,651	144,486				11,425,994	SALARY
45	19	55	103	88	53	21	40	4			383	NUMBER
	802,989	1,724,960	2,847,626	3,103,085	2,196,076	944,804	1,917,844	138,598			13,675,982	SALARY
50	22	46	82	66	55	14	27	24	2		338	NUMBER
	1,123,984	1,953,489	2,287,998	2,211,454	1,969,174	586,374	1,341,795	1,243,529	82,324		12,800,121	SALARY
55	9	28	36	31	33	11	10	12	4	5	179	NUMBER
	383,159	943,320	1,162,561	932,086	1,295,843	517,781	495,123	658,021	192,439	284,063	6,864,396	SALARY
60	3	9	29	26	12	2	5	1	1	2	90	NUMBER
	118,777	342,612	752,622	887,766	462,970	91,733	203,310	19,994	32,741	78,234	2,990,759	SALARY
65	4	5	10	8	3	3	2				35	NUMBER
	159,633	177,408	207,377	328,974	117,236	156,311	104,740				1,251,679	SALARY
70	2	1		1	1	1		1	1	1	9	NUMBER
	65,721	19,994		28,051	52,984	12,600		52,039	35,179	39,865	306,433	SALARY
75			1		1	1					3	NUMBER
			29,939		33,875	18,582					82,396	SALARY
OVER 77			1	2							3	NUMBER
			16,703	43,861							60,564	SALARY
TOTAL	170	434	641	393	233	60	87	42	8	8	2,076	NUMBER
	6,691,014	14,449,749	18,509,646	13,742,794	9,385,777	2,720,577	4,207,298	2,112,181	342,683	402,162	72,531,140	SALARY

TABLE 2

The Number and Annual Salaries of Members Distributed By 5th Age and Service As of June 30, 2005

CLASS B

SERVICE AGE	<1	1	5	10	15	20	25	30	35	TOTAL	
20	12	7								19	NUMBER
	524,997	324,872								849,869	SALARY
25	29	37	4							70	NUMBER
	1,273,412	1,756,579	202,478							3,232,469	SALARY
30	17	54	32	43						146	NUMBER
	750,745	2,541,491	1,673,488	2,049,571						7,015,295	SALARY
35	12	23	33	91	74					233	NUMBER
	530,709	1,095,593	1,704,142	4,371,134	3,763,668					11,465,246	SALARY
40	4	14	9	61	132	15	3			237	NUMBER
	175,982	666,268	467,129	2,800,081	6,571,695	792,735	156,025			11,586,872	SALARY
45	1	3	7	21	56	45	22			155	NUMBER
	44,487	240,892	366,178	978,119	2,814,472	2,478,451	1,358,478			8,281,077	SALARY
50				3	9	11	28	3		54	NUMBER
				153,880	435,898	555,799	1,611,036	149,879		2,906,492	SALARY
55					2	1	8	5	1	17	NUMBER
					86,086	46,573	417,596	311,275	51,712	913,242	SALARY
TOTAL	75	138	85	219	273	72	61	8	1	932	NUMBER
	3,300,332	6,625,695	4,413,415	10,352,785	13,671,819	3,873,558	3,543,135	461,154	51,712	46,293,605	SALARY

TABLE 3

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2005

SERVICE RETIREMENTS

CLASS A

AGE	NUMBER	AMOUNT
45	1	27,804
46	2	37,082
47	2	53,479
48	7	123,157
49	5	108,568
50	11	219,092
51	4	104,869
52	16	316,649
53	20	579,117
54	11	298,593
55	15	291,744
56	29	615,577
57	28	458,334
58	39	777,574
59	23	432,517
60	33	475,753
61	28	490,948
62	42	699,037
63	24	426,361
64	36	524,061
65	55	771,734
66	33	489,824
67	47	537,786
68	43	586,359
69	40	516,094
70	34	450,687
71	45	670,328
72	62	929,988
73	49	660,038
74	55	836,959

TABLE 3 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2005

SERVICE RETIREMENTS

CLASS A

AGE	NUMBER	AMOUNT
75	60	918,849
76	52	746,896
77	44	605,257
78	43	598,256
79	40	549,274
80	35	416,516
81	42	544,830
82	20	191,731
83	26	310,414
84	28	306,163
85	27	325,987
86	26	331,643
87	21	236,100
88	16	162,226
89	14	129,342
90	13	114,636
91	6	47,147
92	10	70,763
93	5	33,656
94	2	9,305
95	6	54,322
97	2	20,301
98	1	3,525
101	2	7,190
TOTAL	1,380	20,244,440

TABLE 4

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2005

SERVICE RETIREMENTS

CLASS B

AGE	NUMBER	AMOUNT
40	1	5,200
41	0	0
42	2	44,297
43	1	25,153
44	4	95,390
45	2	49,298
46	3	67,039
47	7	196,357
48	9	236,589
49	6	219,211
50	10	270,336
51	17	457,723
52	13	385,125
53	15	413,095
54	17	505,051
55	18	662,656
56	13	396,858
57	23	635,879
58	32	998,760
59	19	569,612
60	19	673,071
61	18	606,958
62	15	513,034
63	7	228,702
64	8	220,997
65	13	420,586
66	9	210,642
67	11	334,781
68	17	446,033

TABLE 4 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2005

SERVICE RETIREMENTS

CLASS B

AGE	NUMBER	AMOUNT
69	10	285,268
70	12	378,382
71	10	304,911
72	17	503,207
73	14	386,973
74	9	169,260
75	19	476,497
76	21	591,145
77	15	380,427
78	18	539,752
79	11	252,560
80	19	422,755
81	11	197,779
82	15	394,690
83	8	203,841
84	11	202,723
85	5	90,879
87	3	61,970
89	2	27,153
91	1	13,577
93	1	33,096
103	1	13,577
104	1	13,577
TOTAL	563	15,832,429

TABLE 5

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2005

ELECTIVE OFFICIALS AND DEPENDENTS
OF ELECTIVE OFFICIALS

AGE	NUMBER	AMOUNT
56	1	2,258
58	1	2,847
63	2	7,158
65	2	7,716
67	3	13,688
69	1	3,246
75	3	17,017
78	1	3,179
79	1	5,989
81	3	8,707
85	1	10,113
88	1	6,272
90	1	4,900
93	1	5,644
95	1	1,732
TOTAL	23	100,466

TABLE 6

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2005

DISABILITY RETIREMENTS

CLASS A

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
38	1	28,595	1	3,218	2	31,813
39	0	0	0	0	0	0
40	1	6,432	0	0	1	6,432
41	0	0	0	0	0	0
42	0	0	0	0	0	0
43	0	0	0	0	0	0
44	0	0	0	0	0	0
45	1	12,906	0	0	1	12,906
46	2	14,093	1	15,905	3	29,998
47	0	0	0	0	0	0
48	2	22,418	0	0	2	22,418
49	1	6,230	0	0	1	6,230
50	0	0	2	37,650	2	37,650
51	1	4,828	2	53,744	3	58,573
52	0	0	3	57,586	3	57,586
53	1	8,585	1	17,796	2	26,381
54	0	0	1	15,971	1	15,971
55	0	0	3	50,774	3	50,774
56	3	51,737	1	16,849	4	68,586
57	0	0	3	71,999	3	71,999
58	1	4,087	5	96,197	6	100,284
59	0	0	0	0	0	0
60	0	0	0	0	0	0
61	0	0	3	45,343	3	45,343
62	1	17,361	1	20,698	2	38,058
63	0	0	5	92,840	5	92,840
64	0	0	3	36,627	3	36,627
65	1	8,716	4	61,955	5	70,671
66	0	0	3	52,442	3	52,442
67	1	9,130	1	7,569	2	16,700

TABLE 6 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2005

DISABILITY RETIREMENTS

CLASS A

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
68	1	5,498	2	19,235	3	24,733
69	0	0	3	43,638	3	43,638
70	0	0	6	118,298	6	118,298
71	0	0	4	59,022	4	59,022
72	0	0	0	0	0	0
73	0	0	0	0	0	0
74	1	19,559	3	45,512	4	65,071
75	1	22,652	2	34,367	3	57,019
76	0	0	2	38,045	2	38,045
77	0	0	0	0	0	0
78	0	0	2	23,443	2	23,443
79	0	0	1	5,145	1	5,145
80	1	6,344	2	24,103	3	30,447
81	1	10,574	0	0	1	10,574
82	0	0	2	23,390	2	23,390
83	0	0	0	0	0	0
84	0	0	1	4,912	1	4,912
85	0	0	0	0	0	0
86	0	0	1	10,552	1	10,552
91	1	10,574	0	0	1	10,574
101	0	0	1	12,713	1	12,713
TOTAL	23	270,317	75	1,217,539	98	1,487,857

TABLE 7

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2005

DISABILITY RETIREMENTS

CLASS B

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
37	0	0	2	70,977	2	70,977
38	0	0	2	40,879	2	40,879
39	1	16,688	2	60,132	3	76,820
40	0	0	1	10,767	1	10,767
41	1	16,917	4	120,409	5	137,326
42	0	0	3	103,500	3	103,500
43	1	16,872	5	150,975	6	167,848
44	0	0	4	158,894	4	158,894
45	1	18,479	5	166,921	6	185,400
46	1	14,965	5	229,271	6	244,236
47	0	0	13	473,286	13	473,286
48	1	16,497	5	163,289	6	179,786
49	0	0	10	310,435	10	310,435
50	0	0	10	386,067	10	386,067
51	0	0	12	398,866	12	398,866
52	0	0	10	383,347	10	383,347
53	0	0	11	353,177	11	353,177
54	0	0	15	601,247	15	601,247
55	0	0	12	457,652	12	457,652
56	0	0	13	534,601	13	534,601
57	1	29,715	22	987,171	23	1,016,885
58	2	47,828	25	971,275	27	1,019,103
59	1	17,329	18	723,879	19	741,208
60	0	0	20	792,588	20	792,588
61	0	0	15	742,585	15	742,585
62	0	0	15	630,621	15	630,621
63	0	0	11	421,691	11	421,691
64	0	0	13	517,143	13	517,143
65	0	0	18	877,105	18	877,105
66	0	0	18	908,811	18	908,811

TABLE 7 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2005

DISABILITY RETIREMENTS

CLASS B

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
67	1	16,521	3	107,663	4	124,184
68	0	0	8	333,310	8	333,310
69	0	0	11	624,513	11	624,513
70	0	0	3	98,671	3	98,671
71	0	0	15	815,987	15	815,987
72	0	0	7	454,950	7	454,950
73	0	0	11	537,155	11	537,155
74	0	0	10	529,543	10	529,543
75	0	0	5	225,835	5	225,835
76	0	0	6	272,827	6	272,827
77	1	13,577	6	322,072	7	335,649
78	0	0	7	237,268	7	237,268
79	0	0	6	269,140	6	269,140
80	0	0	4	175,825	4	175,825
81	0	0	3	79,708	3	79,708
82	0	0	1	22,278	1	22,278
83	0	0	1	12,930	1	12,930
84	1	14,745	1	25,875	2	40,620
90	0	0	2	46,500	2	46,500
91	0	0	1	13,577	1	13,577
94	0	0	1	13,577	1	13,577
98	0	0	1	15,467	1	15,467
TOTAL	13	240,133	432	17,982,235	445	18,222,368

TABLE 8

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2005

DISABILITY RETIREMENTS

GRAND TOTAL

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
37	0	0	2	70,977	2	70,977
38	1	28,595	3	44,097	4	72,692
39	1	16,688	2	60,132	3	76,820
40	1	6,432	1	10,767	2	17,199
41	1	16,917	4	120,409	5	137,326
42	0	0	3	103,500	3	103,500
43	1	16,872	5	150,975	6	167,848
44	0	0	4	158,894	4	158,894
45	2	31,385	5	166,921	7	198,305
46	3	29,058	6	245,175	9	274,233
47	0	0	13	473,286	13	473,286
48	3	38,915	5	163,289	8	202,204
49	1	6,230	10	310,435	11	316,666
50	0	0	12	423,717	12	423,717
51	1	4,828	14	452,610	15	457,439
52	0	0	13	440,933	13	440,933
53	1	8,585	12	370,973	13	379,558
54	0	0	16	617,218	16	617,218
55	0	0	15	508,426	15	508,426
56	3	51,737	14	551,451	17	603,188
57	1	29,715	25	1,059,170	26	1,088,884
58	3	51,915	30	1,067,473	33	1,119,388
59	1	17,329	18	723,879	19	741,208
60	0	0	20	792,588	20	792,588
61	0	0	18	787,928	18	787,928
62	1	17,361	16	651,318	17	668,679
63	0	0	16	514,531	16	514,531
64	0	0	16	553,770	16	553,770
65	1	8,716	22	939,060	23	947,776
66	0	0	21	961,252	21	961,252
67	2	25,651	4	115,233	6	140,884
68	1	5,498	10	352,545	11	358,043

TABLE 8 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2005

DISABILITY RETIREMENTS

GRAND TOTAL

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
69	0	0	14	668,151	14	668,151
70	0	0	9	216,969	9	216,969
71	0	0	19	875,009	19	875,009
72	0	0	7	454,950	7	454,950
73	0	0	11	537,155	11	537,155
74	1	19,559	13	575,055	14	594,614
75	1	22,652	7	260,203	8	282,854
76	0	0	8	310,872	8	310,872
77	1	13,577	6	322,072	7	335,649
78	0	0	9	260,712	9	260,712
79	0	0	7	274,286	7	274,286
80	1	6,344	6	199,929	7	206,273
81	1	10,574	3	79,708	4	90,282
82	0	0	3	45,669	3	45,669
83	0	0	1	12,930	1	12,930
84	1	14,745	2	30,787	3	45,532
85	0	0	0	0	0	0
86	0	0	1	10,552	1	10,552
87	0	0	0	0	0	0
88	0	0	0	0	0	0
89	0	0	0	0	0	0
90	0	0	2	46,500	2	46,500
91	1	10,574	1	13,577	2	24,150
94	0	0	1	13,577	1	13,577
98	0	0	1	15,467	1	15,467
101	0	0	1	12,713	1	12,713
TOTAL	36	510,451	507	19,199,774	543	19,710,225

TABLE 9

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF BENEFICIARIES OF DECEASED ACTIVE AND RETIRED MEMBERS DISTRIBUTED BY AGE AS OF JUNE 30, 2005

AGE	NUMBER	AMOUNT
32	1	7,948
33	1	31,278
36	1	26,953
38	1	20,333
40	2	56,809
44	1	22,836
45	1	31,976
46	3	89,722
47	1	18,728
48	2	71,894
50	2	60,654
51	4	131,245
52	3	91,822
53	4	57,136
54	1	18,651
55	7	146,391
56	2	46,315
57	3	87,657
58	2	29,789
59	4	78,006
60	8	257,064
61	3	59,748
62	6	105,459
63	6	107,460
64	5	146,627
65	7	212,859
66	7	138,589
67	8	187,373
68	5	36,537
69	11	172,283

TABLE 9 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF BENEFICIARIES OF DECEASED ACTIVE AND RETIRED MEMBERS DISTRIBUTED BY AGE AS OF JUNE 30, 2005

AGE	NUMBER	AMOUNT
70	9	129,246
71	12	189,399
72	11	201,005
73	11	275,366
74	11	172,354
75	10	133,313
76	12	230,403
77	17	215,853
78	22	356,460
79	19	247,315
80	8	109,010
81	19	257,958
82	11	136,312
83	13	173,722
84	11	136,491
85	11	114,859
86	12	102,853
87	9	84,665
88	11	105,768
89	8	78,357
90	9	88,724
91	5	51,233
92	11	132,297
93	3	32,229
94	5	54,393
95	4	47,032
96	2	21,260
97	3	31,665
99	2	24,150
102	1	10,638
105	1	24,153
TOTAL	405	6,518,622

TABLE 10

THE NUMBER AND ESTIMATED ANNUAL RETIREMENT ALLOWANCES
OF DEFERRED SERVICE MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2005

AGE	NUMBER	AMOUNT
57	2	3,428
58	2	28,020
60	2	18,344
61	1	5,080
62	2	13,647
63	1	6,023
64	2	9,534
65	1	2,729
67	2	7,860
69	1	2,899
70	1	1,475
71	1	8,132
74	1	3,409
76	2	12,783
77	1	8,082
82	1	5,593
TOTAL	23	137,039

City of Atlanta Police Officers' Pension Fund

Actuarial Valuation Report
as of
January 1, 2006

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SOUTHERN ACTUARIAL SERVICES

Post Office Box 888343
Atlanta, Georgia 30356-0343
Telephone 770.392.0980
Facsimile 770.392.2193
www.southernactuarial.com

November 13, 2006

Board of Trustees
City of Atlanta Police Officers' Pension Fund

Ladies and Gentlemen:

This report presents the results of the actuarial valuation of the City of Atlanta Police Officers' Pension Fund as of January 1, 2006. The purpose of this report is to provide a summary of the funded status of the plan as of January 1, 2006, to determine the minimum required contribution for the 2007 plan year, and to determine the annual required contribution and accounting disclosures pursuant to Governmental Accounting Standard Nos. 25 and 27 (GASB 25/27).

Recommended Contribution

Currently, the plan receives contributions from the City of Atlanta and from employees. Employees contribute either 6% or 7% of base salary, depending on whether the employee has any beneficiaries who would be eligible for death benefits under the plan. The City contributes the amount that is actuarially determined as a level percentage of payroll, where the unfunded accrued liability is scheduled to be eliminated as of January 1, 2024 and payroll is assumed to increase at the rate of 4.00% per year. The contribution is based on the actuarial valuation results as of January 1 of the preceding plan year.

For the 2007 plan year, the minimum required contribution is 60.51% of payroll after taking into account expected employee contributions of 6.61% of payroll. This amount represents an increase of 18.96% of payroll from the required contribution for the 2006 plan year.

The dramatic increase in the required contribution is primarily due to two factors:

(1) The plan has been amended to provide an unreduced retirement benefit at any age upon the attainment of 30 years of service and to reduce the vesting schedule from 15 years to 10 years; and

(2) Several assumptions have been changed from the prior year, including the interest rate (which was decreased from 8.00% per annum to 7.75% per annum), the salary scale (which was decreased from 4.50% per annum to 4.00% per annum), and the cost-of-living adjustment (which was increased from 2.50% per annum to 3.00% per annum).

The increase in the contribution is also partially due to poor investment performance over the past five years. The market value of assets gained 6.08% during 2005 as compared with an

assumed return of 8.00%. Rather than reflect the entire amount of the unrealized gains and losses immediately, the actuarial value of assets is based on a five-year phase-in of the unrealized appreciation. On this basis, the actuarial value of assets only gained 4.03% for the year, which also was well below the assumed 8.00% return.

We will continue to monitor the assumptions used to determine the City's contribution and will make changes as necessary to reflect future expectations.

Contents of the Report

A summary of the results of the valuation is presented in Table I, while Table II provides a historical record of the City's contribution percentage. A detailed breakdown of the liabilities of the plan by type of benefit is presented in Table III. Information for the auditors can be found in Tables IV and V. Tables VI through VIII provide information about the fund's assets. In particular, Table VI provides a breakdown of the fund assets by investment type, and Tables VII and VIII provide a historical record of the growth, expenditures, and annual yields of the fund. Tables IX through XII provide a variety of useful information concerning the participant population. Finally, Table XIII provides a summary of the assumptions and methods used to complete the valuation and Table XIV provides a summary of the plan provisions.

Certification

To the best of our knowledge, this report fairly and accurately represents the liabilities of the plan as of January 1, 2006 based on the participant data and asset information provided by the City of Atlanta and the plan provisions and actuarial assumptions set forth herein. We believe that these assumptions are reasonable in the aggregate and represent our best estimate of anticipated experience. All calculations set forth herein conform to generally accepted actuarial principles and practices and comply with our current understanding of the requirements of the Georgia Code and the Governmental Accounting Standards Board.

Respectfully submitted,

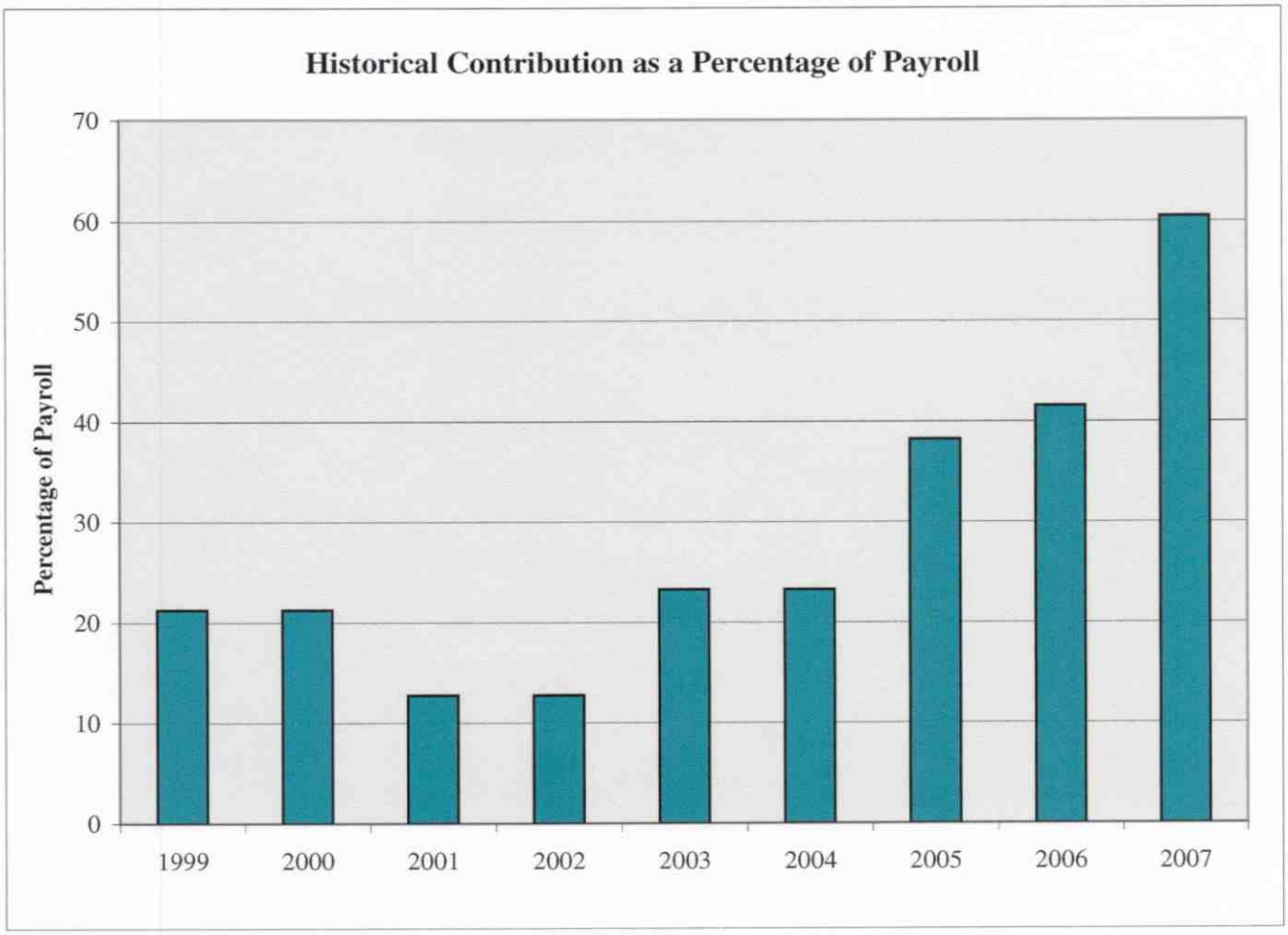
Charles T. Carr
Consulting Actuary
Enrolled Actuary No. 05-04927

SUMMARY OF VALUATION RESULTS — TABLE I

	As of January 1, 2005	As of January 1, 2006
1. Number of Participants		
a. Active Participants		
i. Fully Vested	576	884
ii. Partially Vested	531	316
iii. Non-Vested	531	575
iv. Sub-total	**1,638**	**1,775**
b. Deferred Vested Participants	**0**	**0**
c. Retired Participants		
i. Service Retirement	710	783
ii. Disability Retirement	102	103
iii. Beneficiaries	229	229
iv. Sub-total	**1,041**	**1,115**
d. Total Participants	**2,679**	**2,890**
2. Expected Annual Compensation *	**$70,973**	**$73,515**
3. Development of Required Contribution *		
a. Actuarial Accrued Liability	$658,861	$839,384
b. Actuarial Value of Assets	($444,460)	($464,368)
c. Unfunded Actuarial Accrued Liability (UAAL)	$214,401	$375,016
d. Amortization Payment Towards UAAL	$19,851	$29,455
e. Normal Cost	$15,865	$21,858
f. Initial Annual Cost	$35,716	$51,313

	For the 2006 Plan Year	For the 2007 Plan Year
4. Minimum Required Contribution		
a. Level Percent Amortization of UAAL	26.77 %	38.53 %
b. Normal Cost Percentage	21.39 %	28.59 %
c. Total Contribution Percentage	48.16 %	67.12 %
d. Effective Employee Contribution	(6.61)%	(6.61)%
e. Minimum Required Employer Contribution	**41.55 %**	**60.51 %**

** dollar amounts are shown in 000's*



Plan Year	Employer Contribution Percentage	Plan Year	Employer Contribution Percentage	Plan Year	Employer Contribution Percentage
1999	21.31%	2002	12.77%	2005	38.27%
2000	21.31%	2003	23.33%	2006	41.55%
2001	12.77%	2004	23.33%	2007	60.51%

LIABILITIES AS OF January 1, 2006

TABLE III

	Retirement Benefits	Disability Benefits	Withdrawal Benefits	Pre-Ret. Death Benefits	Return of Employee Contributions		Total
1. Present Value of Future Benefits							
a. Active participants	$551,418	$17,648	$2,177	$11,784	$731		$583,758
b. Def. vested participants	$0	$0	$0	$0	$0		$0
c. Retired participants:							
Retirees	$342,880	$42,093	$0	$0	$0		$384,973
Beneficiaries	$36,765	$0	$0	$0	$0		$36,765
d. Total	**$931,063**	**$59,741**	**$2,177**	**$11,784**	**$731**		**$1,005,496**
2. Entry Age Accrued Liability							
a. Active participants	$395,465	$11,953	$1,302	$8,465	$461		$417,646
b. Def. vested participants	$0	$0	$0	$0	$0		$0
c. Retired participants:							
Retirees	$342,880	$42,093	$0	$0	$0		$384,973
Beneficiaries	$36,765	$0	$0	$0	$0		$36,765
d. Total	**$775,110**	**$54,046**	**$1,302**	**$8,465**	**$461**		**$839,384**
3. Entry Age Normal Cost	**$19,002**	**$1,089**	**$267**	**$502**	**$157**		**$21,017**
4. Present Value of Vested Benefits							
a. Active participants	$276,598	$11,932	$727	$6,636	$945		$296,838
b. Def. vested participants	$0	$0	$0	$0	$0		$0
c. Retired participants:							
Retirees	$342,880	$42,093	$0	$0	$0		$384,973
Beneficiaries	$36,765	$0	$0	$0	$0		$36,765
d. Total	**$656,243**	**$54,025**	**$727**	**$6,636**	**$945**		**$718,576**
5. Present Value of Accrued Benefits							
a. Active participants	$299,319	$11,932	$1,217	$6,755	$457		$319,680
b. Def. vested participants	$0	$0	$0	$0	$0		$0
c. Retired participants:							
Retirees	$342,880	$42,093	$0	$0	$0		$384,973
Beneficiaries	$36,765	$0	$0	$0	$0		$36,765
d. Total	**$678,964**	**$54,025**	**$1,217**	**$6,755**	**$457**		**$741,418**

** all amounts are shown in 000's*

	For the 2006 Fiscal Year **	For the 2006/07 Fiscal Year
A. Number of Plan Participants as of Preceding January 1		
a. Retirees and beneficiaries receiving benefits	1,041	1,115
b. Terminated plan participants entitled to but not yet receiving benefits	0	0
c. Active plan participants	1,638	1,775
d. Total	2,679	2,890
B. Development of Annual Required Contribution (ARC) *		
a. Employer normal cost:		
i. Total normal cost (EOY)	$8,243	$22,249
ii. Expected employee contribution	($2,548)	($5,144)
iii. Employer normal cost	**$5,695**	**$17,105**
b. Amortization of UAAL:		
i. PV of future benefits	$776,577	$1,005,496
ii. PV of future employer normal costs	($75,892)	($123,210)
iii. PV of future employee contributions	($41,824)	($42,902)
iv. Actuarial accrued liability (AAL)	$658,861	$839,384
v. Actuarial value of assets	($444,460)	($464,368)
vi. Unfunded AAL (UAAL)	$214,401	$375,016
vii. Amortization of UAAL	**$9,992**	**$30,260**
c. Amortization of NPO	**$0**	**$0**
d. **ARC** (Item B.a.iii. plus item B.b.vii. plus item B.c.)	**$15,687**	**$47,365**
C. Annual Pension Cost and Net Pension Obligation (NPO) *		
a. ARC	$15,687	$47,365
b. Interest on NPO	$0	$0
c. Adjustment to ARC	$0	$0
d. **Annual Pension Cost**	**$15,687**	**$47,365**
e. Contributions made (w/ interest to EOY)	($15,687)	($47,365)
f. Increase(decrease) in NPO	$0	$0
g. NPO (beginning of year)	$0	$0
h. **NPO (end of year)**	**$0**	**$0**

** dollar amounts are shown in 000's*

*** For 2006, the City's fiscal year runs from January 1 through June 30.*

D. Schedule of Employer Contributions **

Year Ended December 31	Annual Required Contribution	Percentage Contributed	Annual Pension Cost	Percentage Contributed
2002	$15,068	100%	$15,068	100%
2003	$15,062	100%	$15,062	100%
2004	$30,459	100%	$30,459	100%
2005	$25,271	100%	$25,271	100%
2006 ***	$15,687	100%	$15,687	100%
2007 ***	$47,365	100%	$47,365	100%

**** As of July 1, 2006, the City's fiscal year runs from July 1 to June 30.*

E. Schedule of Funding Progress **

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) – (1)	(4) Funded Ratio (1) ÷ (2)	(5) Covered Payroll	(6) UAAL as % of Covered Payroll (3) ÷ (5)
1/1/2000	$384,083	$419,439	$35,356	91.6%	$56,966	62.1%
1/1/2002	$448,676	$541,209	$92,533	82.9%	$64,588	143.3%
1/1/2003	$437,282	$592,428	$155,146	73.8%	$66,371	233.8%
1/1/2004	$440,212	$617,501	$177,289	71.3%	$63,274	280.2%
1/1/2005	$444,460	$658,861	$214,401	67.5%	$70,973	302.1%
1/1/2006	$464,368	$839,384	$375,016	55.3%	$73,515	510.1%

F. Additional Information

	January 1, 2005	January 1, 2006
Valuation date		
Actuarial cost method	Individual entry age	Individual entry age
Amortization method	Level percent closed	Level percent closed
Remaining amortization period	40 years from 1/1/1979	45 years from 1/1/1979
Asset valuation method	Five-year smoothed market	Five-year smoothed market
Actuarial assumptions:		
Investment rate of return *	8.00%	7.75%
Projected salary increases *	4.50%	4.00%
* Includes inflation at:	2.50%	3.00%
Cost-of-living adjustments	2.50%	3.00%

*** dollar amounts are shown in 000's.*

1. Actuarial Present Value of Accrued Benefits

		As of January 1, 2005	As of January 1, 2006
a.	Vested Benefits:		
	i. Participants currently receiving benefits	$366,889	$421,738
	ii. Other participants	$191,437	$296,838
	iii. Sub-total	$558,326	$718,576
b.	Non-Vested Benefits	$13,826	$22,842
c.	Total Benefits	**$572,152**	**$741,418**
d.	Market Value of Assets	$490,982	$522,868
e.	Funded Ratio	85.81%	70.52%

2. Statement of Change in Actuarial Present Value of Accrued Benefits

a.	Actuarial Present Value as of January 1, 2005	**$572,152**
b.	Increase (Decrease) During 2005 Plan Year Due to:	
	i. Interest	$45,772
	ii. Benefits accumulated	$101,321
	iii. Benefits paid	($28,247)
	iv. Plan amendments	$26,641
	v. Changes in actuarial assumptions or methods	$23,779
	vi. Net increase (decrease)	$169,266
c.	Actuarial Present Value as of January 1, 2006	**$741,418**

3. Items Affecting Calculation of Actuarial Present Value of Accrued Benefits

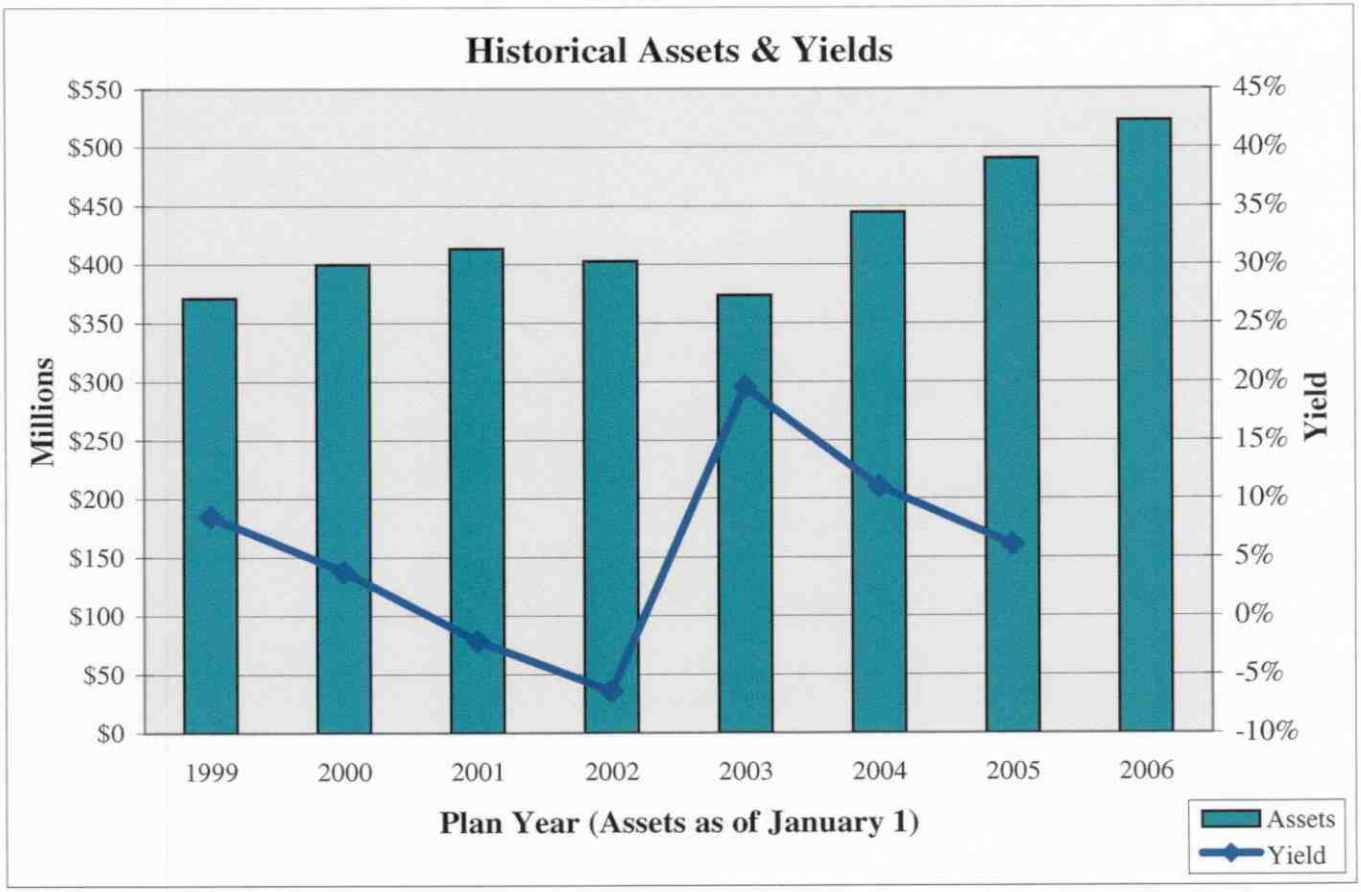
a. Plan provisions reflected in the accrued benefits (see Table XIV on page 18)
b. Actuarial assumptions and methods used to determine present values (see Table XIII on page 16)

	As of January 1, 2005	As of January 1, 2006
1. Market Value of Assets (in 000's)		
a. Cash and cash equivalents (4%)	$11,722	$22,549
b. Government bonds & notes (32%)	$89,166	$169,304
c. Corporate bonds (5%)	$45,408	$25,612
d. Equities (57%)	$338,328	$298,157
e. Repurchase agreements (0%)	$0	$0
f. Real estate (0%)	$0	$0
g. Mortgages (1%)	$3,510	$5,039
h. Accrued income receivable (0%)	$0	$0
i. Contributions receivable (2%)	$364	$9,508
j. Other receivables (2%)	$2,600	$8,083
k. Benefits and accounts payable (-3%)	($45)	($15,383)
l. Other payables (0%)	($71)	($1)
m. Market value of assets	**$490,982**	**$522,868**

2. Actuarial Value of Assets (in 000's)							
a. Market value of assets			$490,982				$522,868
b. Five-year phase-in of unrealized investment appreciation:							
i. 2001	$32,305	*x 20%*	= $6,461				
ii. 2002	$38,397	*x 40%*	= $15,359		*x 20%*	=	$7,679
iii. 2003	($60,222)	*x 60%*	= ($36,133)		*x 40%*	=	($24,089)
iv. 2004	($40,261)	*x 80%*	= ($32,209)		*x 60%*	=	($24,157)
v. 2005	($22,416)				*x 80%*	=	($17,933)
vi. Total unrecognized losses(gains)			($46,522)				($58,500)
c. Actuarial Value of Assets (Item a. plus item b., but within an 80-120% corridor of item a.)			**$444,460**				**$464,368**

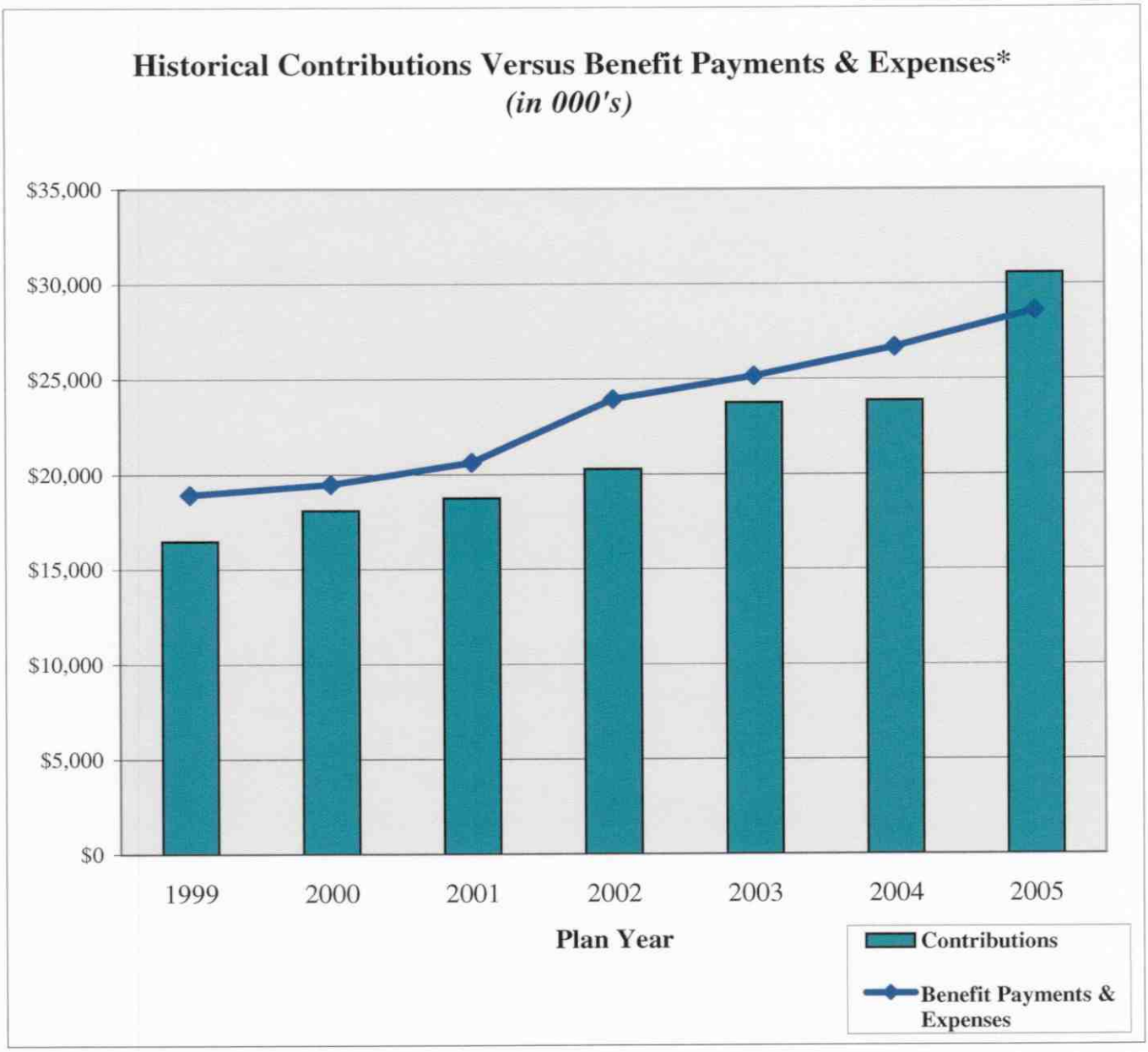
Note:

The percentages in parentheses indicate the proportion of assets committed to each type of investment as of January 1, 2006.

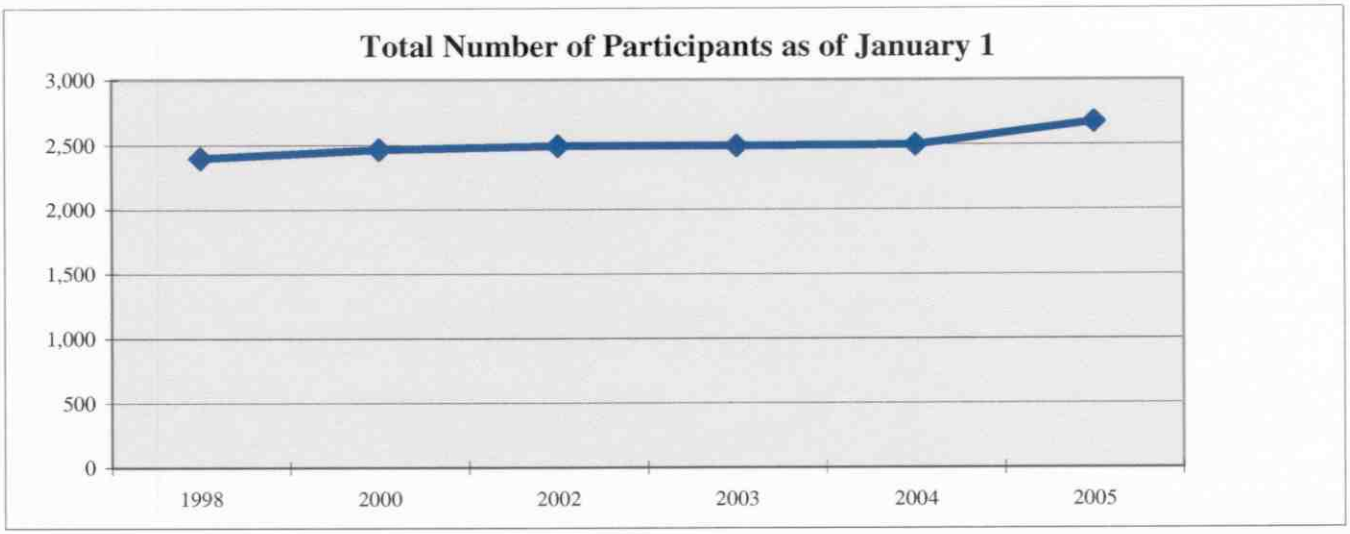


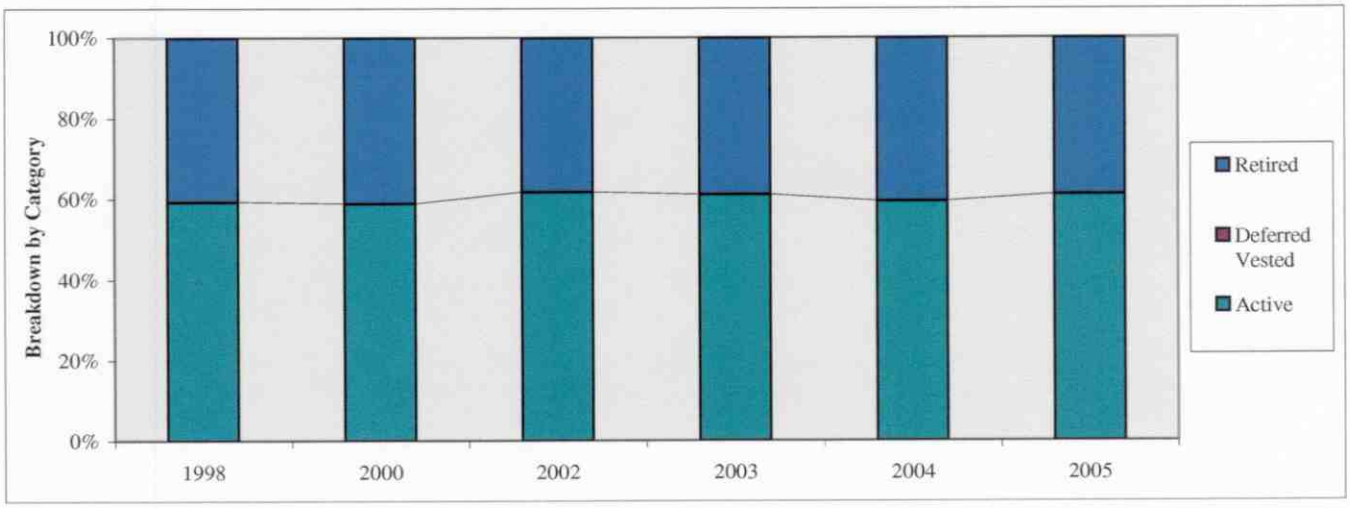
Plan Year	Market Value as of January 1	Actuarial Value as of January 1	Benefit Payments	Expenses	Contributions	Market Value Yield	Actuarial Value Yield
1999	$370,953		$18,555	$359	$16,471	8.49%	
2000	$399,889	$384,083	$18,986	$496	$18,108	3.78%	8.51%
2001	$413,593		$20,020	$611	$18,750	-2.15%	8.51%
2002	$402,836	$448,676	$22,163	$1,769	$20,279	-6.42%	-1.73%
2003	$373,446	$437,282	$24,838	$324	$23,755	19.56%	0.99%
2004	$444,943	$440,212	$26,453	$223	$23,875	11.01%	1.61%
2005	$490,982	$444,460	$28,247	$360	$30,576	6.08%	4.03%
2006	$522,868	$464,368					

** all dollar amounts are shown in 000's*

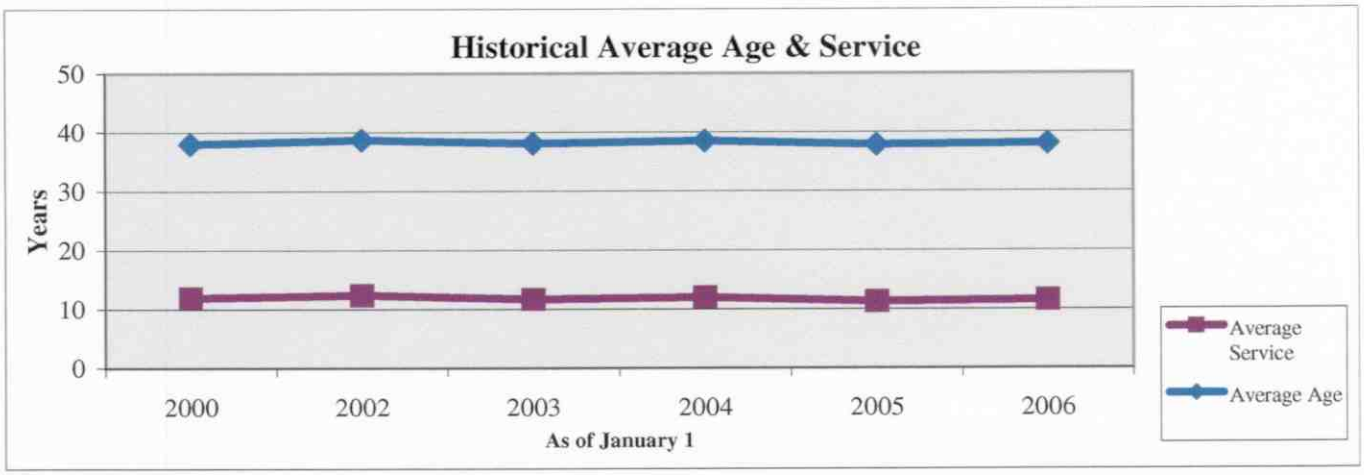


* *Please reference Table VII on page 10 for the historical benefit payments, expenses, and contributions.*

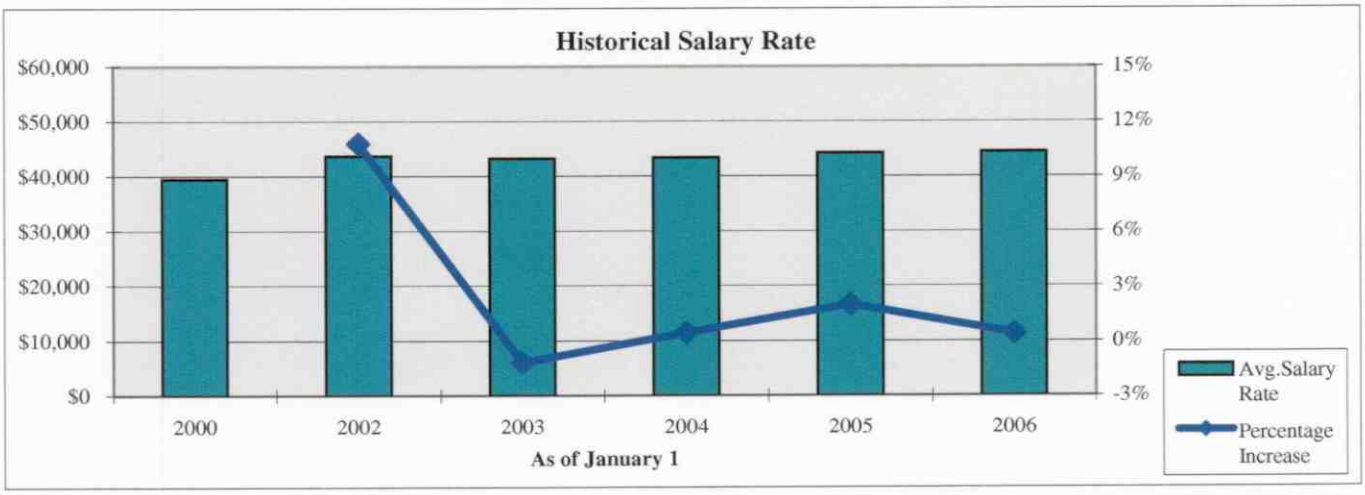




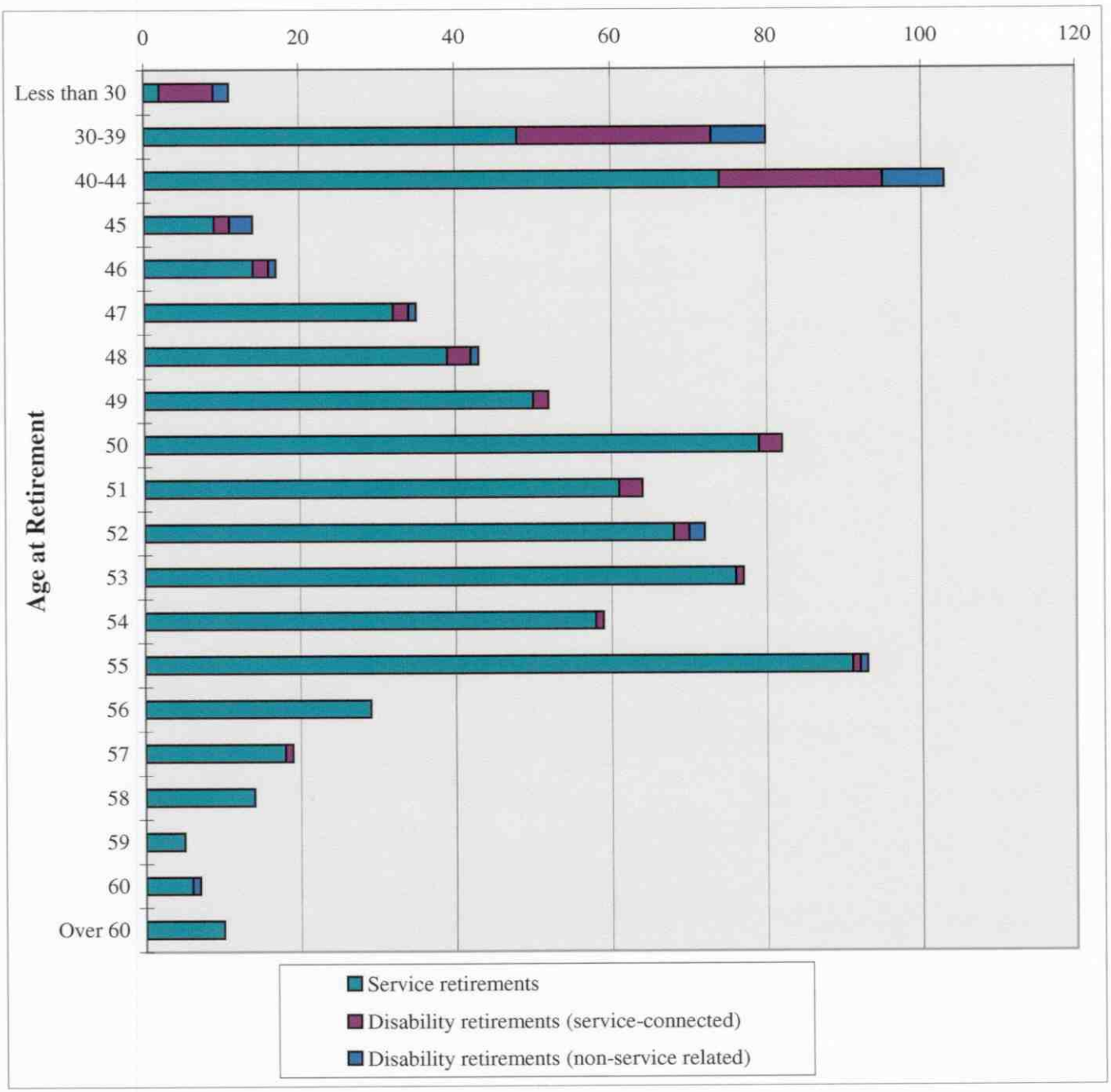
	As of January 1, 2005	As of January 1, 2006
1. Active Participants		
a. Fully Vested	576	884
b. Partially Vested	531	316
c. Non-Vested	531	575
d. Sub-total	**1,638**	**1,775**
2. Deferred Vested Participants	**0**	**0**
3. Retired Participants		
a. Service Retirement	710	783
b. Disability Retirement	102	103
c. Beneficiaries	229	229
d. Sub-total	**1,041**	**1,115**
4. Total Participants	**2,679**	**2,890**



Date	Average Service Earned	Average Attained Age	Date	Average Service Earned	Average Attained Age
1/1/2000	11.9	38.0	1/1/2004	12.0	38.5
1/1/2002	12.4	38.7	1/1/2005	11.3	37.9
1/1/2003	11.7	38.1	1/1/2006	11.6	38.1



Date	Average Salary Rate	Increase from Prior Year	Date	Average Salary Rate	Increase from Prior Year
1/1/2000	$39,478		1/1/2004	$43,394	0.44%
1/1/2002	$43,729	10.77%	1/1/2005	$44,256	1.99%
1/1/2003	$43,203	-1.20%	1/1/2006	$44,442	0.42%



Note: Results are based on retiree data as of January 1, 2006.

Average benefit being paid to members on service retirement is $2,551.23 per month.
Average benefit being paid to members on disability retirement is $2,192.60 per month.
Average benefit being paid to beneficiaries is $1,125.10 per month.

AGE-SERVICE-SALARY TABLE

TABLE XII

Attained Age	Completed Years of Service										
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25	**41**	**74**	**2**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**117**
Avg.Pay	24,866	33,560	22,961	0	0	0	0	0	0	0	30,332
25 to 29	**40**	**192**	**48**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**280**
Avg.Pay	27,792	34,685	36,064	0	0	0	0	0	0	0	33,937
30 to 34	**31**	**113**	**125**	**37**	**0**	**0**	**0**	**0**	**0**	**0**	**306**
Avg.Pay	30,883	35,266	40,636	47,179	0	0	0	0	0	0	38,456
35 to 39	**10**	**38**	**98**	**124**	**65**	**1**	**0**	**0**	**0**	**0**	**336**
Avg.Pay	22,896	35,407	40,772	47,952	51,019	46,512	0	0	0	0	44,282
40 to 44	**4**	**25**	**26**	**54**	**172**	**41**	**1**	**0**	**0**	**0**	**323**
Avg.Pay	22,333	36,564	42,400	47,690	53,821	55,857	49,897	0	0	0	50,397
45 to 49	**1**	**2**	**12**	**7**	**59**	**56**	**56**	**4**	**0**	**0**	**197**
Avg.Pay	38,660	39,679	46,007	44,066	50,020	58,511	59,628	52,336	0	0	54,593
50 to 54	**1**	**1**	**4**	**8**	**23**	**35**	**51**	**32**	**0**	**0**	**155**
Avg.Pay	30,436	123,683	44,854	47,942	52,940	53,508	55,025	62,800	0	0	55,634
55 to 59	**0**	**2**	**1**	**4**	**6**	**10**	**11**	**19**	**4**	**0**	**57**
Avg.Pay	0	106,056	42,372	50,357	49,218	50,804	52,143	62,409	68,592	0	57,771
60 to 64	**0**	**0**	**0**	**0**	**2**	**0**	**1**	**1**	**0**	**0**	**4**
Avg.Pay	0	0	0	0	55,902	0	40,687	85,653	0	0	59,536
65 to 69	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
70 & up	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
Total	**128**	**447**	**316**	**234**	**327**	**143**	**120**	**56**	**4**	**0**	**1,775**
Avg.Pay	27,156	35,353	40,280	47,694	52,445	55,903	56,747	62,328	68,592	0	44,442

1. Actuarial Cost Method

Individual entry age normal cost method

2. Decrements

- **Mortality**
  Sex-distinct mortality rates set forth in the 1983 Group Annuity Mortality Table

- **Disability**
  50% of the sex-distinct disability rates derived from the 1974 study of disability experience under the Social Security system; 75% of disabilities are assumed to be service-connected. A sample of disability rates is set forth in the following tables:

Male Rates

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	0.0600%	30	0.095%	40	0.198%	50	0.522%
25	0.0745%	35	0.132%	45	0.308%	55	0.909%

Female Rates

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	0.0300%	30	0.077%	40	0.191%	50	0.457%
25	0.0445%	35	0.131%	45	0.290%	55	0.766%

- **Permanent Withdrawal from Active Status**
  Withdrawal rates were derived from a study of actual plan experience covering the period 1982 through 1986. A sample of withdrawal rates is set forth in the following table:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	15.0%	30	7.8%	40	2.30%	50	0.956%
25	11.4%	35	4.9%	45	1.35%	55	0.000%

- **Retirement**
  Retirement is assumed to occur in accordance with the rates set forth in the following table, except that 100% retirement is assumed to occur upon the attainment of 30 years of service:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
45	2%	49	2%	53	10%	57	20%
46	2%	50	2%	54	15%	58	20%
47	2%	51	5%	55	50%	59	20%
48	2%	52	5%	56	50%	60	100%

3. Interest Rate

- **Used for Calculating All Liabilities (including GASB 25/27 liabilities)**
  7.75% per annum

4. Cost-of-Living Adjustment for Retirement Benefits

For purposes of determining the annual cost-of-living adjustment for retirees, the Consumer Price Index is assumed to increase at the rate of 3.00% per year.

5. Salary Increases

Individual salaries have been assumed to increase at the rate of 4.00% compounded annually; all participants are assumed to have accumulated at least two days of unused vacation upon termination of employment, retirement, or death.

6. Payroll Increase

Total payroll has been assumed to grow at the rate of 4.00% per year for purposes of amortizing the unfunded actuarial accrued liability as a level percentage of payroll.

7. Surviving Beneficiaries

Those active participants who are making the additional 1% employee contribution to provide a survivor benefit to their eligible beneficiaries are assumed to have only one surviving beneficiary of the opposite sex of the employee. Males are assumed to be three years older than females for this purpose.

8. Expenses

All costs and liabilities have been loaded by 1.00% to cover anticipated administrative expenses. In addition, the interest rate set forth in item 3. above is assumed to be net of investment expenses and commissions.

9. Assets

The actuarial value of assets is equal to the market value of assets adjusted to reflect a five-year phase-in of the net investment appreciation (or depreciation).

1. Monthly Accrued Benefit

3% of Average Monthly Earnings multiplied by up to 26.667 years of Creditable Service

2. Normal Retirement Age and Benefit

- **Age**
  Any age with at least 30 years of Creditable Service *(only for participants covered by the '05 Amendment)*; or
  Age 55 with at least 10 years of Creditable Service; or
  Age 65 with at least 5 years of Creditable Service
- **Amount**
  Monthly Accrued Benefit
- **Form of Payment**
  Life annuity *(for those participants without an eligible beneficiary)*; or
  75% joint and contingent annuity *(for those participants with an eligible beneficiary; benefits continue in equal shares to the participant's dependent children upon the death of the participant's spouse or domestic partner or, for participants not covered by the '86 Amendment, upon the remarriage of the participant's spouse or domestic partner)*

  Note: All annuity forms of payment include an automatic cost-of-living adjustment effective each January 1 based on the increase in the Consumer Price Index as of the preceding November 1 and limited to 3%. All annuity forms of payment also provide a minimum payout equal to the employee's accumulated contributions, with interest credited after 1985 at the rate of 5% per year (or less than 5% with respect to any year during which the trust fund earns less than 5% on its investments).

3. Early Retirement Age and Benefit

- **Age**
  Any age with at least 10 years of Creditable Service
- **Amount**
  Monthly Accrued Benefit *(payable at age 55)*; or
  Monthly Accrued Benefit reduced by ½% for each of the first 60 months and by ¼% for each additional month by which the participant's Early Retirement Age precedes age 55 *(payable at Early Retirement Age)*; or
  Monthly Accrued Benefit reduced by ¼% for each month by which the participant's Early Retirement Age precedes age 55 *(payable at Early Retirement Age and only applicable if the participant was hired prior to April 1, 1978 and has earned at least 25 years of Creditable Service)*
- **Form of Payment**
  Same as for Normal Retirement

4. Delayed Retirement Age and Benefit

- **Age**
  After Normal Retirement Age
- **Amount**
  Monthly Accrued Benefit
- **Form of Payment**
  Same as for Normal Retirement

5. Disability Retirement Eligibility and Benefit

- **Eligibility**
  All active participants are eligible if the disability is service-connected;
  At least five years of Creditable Service is required otherwise.
- **Condition**
  The participant must become "totally and permanently disabled" and must remain so disabled until age 55. "Totally and permanently disabled" means the participant is in a continuous state of incapacity due to illness or injury, is prevented from performing his regular assigned or comparable duties during the first 12 months of his disability, and is thereafter prevented from engaging in any occupation for which he is or becomes reasonably qualified by education, training, or experience. With respect to participants who are not covered by the '86 Amendment, the participant must only be prevented from performing his regular assigned or comparable duties during the entire period of his disability.
- **Amount**
  For participants who incur a catastrophic injury in the line of duty:
    100% of the top salary for the grade and position occupied by the participant at the time of disability
  For all other participants who are covered by the '86 Amendment:
    Greater of 50% of Average Monthly Earnings at the time of disability or Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 75% of the participant's salary at the time of disability *(payable until the earlier of recovery from disability or age 55)*; and
    Monthly Accrued Benefit based on Average Monthly Earnings at the time of disability and Creditable Service including the period during which the participant was disabled, but excluding any cost-of-living adjustments that were previously applied to the participant's disability payments *(payable at age 55)*

Disability Retirement Eligibility and Benefit *(continued)*

For all other participants with a service-connected disability:

Greater of 70% of the top salary for the grade and position occupied by the participant at the time of disability or Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 100% of the participant's salary at the time of disability

For all other participants:

Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 100% of the participant's salary at the time of disability

- **Form of Payment**
  Same as for Normal Retirement

6. Deferred Vested Benefit

- **Age**
  Any age with at least five years of Creditable Service
- **Amount**
  Monthly Accrued Benefit multiplied by the participant's Vested Percentage and payable at age 60
- **Form of Payment**
  Same as for Normal Retirement

7. Pre-Retirement Death Benefit

For participants who die in the line of duty and who are covered by the '86 Amendment:

100% of the participant's base salary at the time of his death, offset by worker's compensation or other payments received for line of duty injuries prior to the participant's death *(payable for the first two years after the participant's death)*; and

75% of the Monthly Accrued Benefit *(payable thereafter)*

For all other participants who die in the line of duty:

100% of the participant's base salary at the time of his death, offset by worker's compensation or other payments received for line of duty injuries prior to the participant's death *(payable for the first two years after the participant's death)*; and

75% of the greater of: (a) the Monthly Accrued Benefit, or (b) 70% of the top salary for the grade and position occupied by the participant at his death *(payable thereafter)*

For all other participants:

75% of the Monthly Accrued Benefit

8. Vested Percentage

Retirement benefits become vested in accordance with the following schedule:

Years of Creditable Service	Vested Percentage
Less than five	0%
At least five, but less than six	25%
At least six, but less than seven	30%
At least seven, but less than eight	35%
At least eight, but less than nine	40%
At least nine, but less than 10	45%
At least 10	100%

9. Average Monthly Earnings

The participant's Average Monthly Earnings is equal to: (a) the average of the participant's Base Salary for the highest 36 consecutive months during his period of Creditable Service; plus (b) the difference between the highest and lowest daily rate of pay during such 36-month period multiplied by the days of unused sick leave and divided by 36; plus (c) a credit based on 75 days of accumulated vacation (provided the participant has at least two days of unused vacation).

10. Base Salary

The employee's basic salary excluding overtime pay and other special compensation; pursuant to IRC section 401(a)(17), total annual plan compensation is limited to $200,000 as indexed.

11. Employee Contribution

All participating employees must make the required pre-tax contribution to the plan. The required contribution is 7% of basic salary for those participants who have an eligible beneficiary for death benefits and 6% of basic salary for all other participants. An eligible beneficiary is the participant's legal spouse, registered domestic partner, or unmarried child under the age of 18 (or under age 23 if a full-time student). The participant must have been married or registered to his legal spouse or domestic partner for at least one year prior to his death in order for such individual to be an eligible beneficiary. *(Prior to March, 1994, the required contribution was 1% higher for all participants and the contribution was made on an after-tax basis.)*

12. Creditable Service

Creditable Service includes "base creditable service" and an "unused sick leave service credit," plus military service as required by federal law. Base creditable service is granted for all periods of full-time employment as a police officer with the City of Atlanta provided that the employee has made the required contribution for such period of service. An unused sick leave service credit is granted by dividing the participant's days of unused sick leave by the number of work days set forth in the following chart:

Years of Base Creditable Service	Work Days
Less than five	239
At least five, but less than 10	236
At least 10, but less than 15	233
At least 15, but less than 20	230
At least 20	226

Creditable Service also includes other service with the City of Atlanta if the relevant contributions are transferred into this plan and may include prior service with the State of Georgia, Fulton County, Dekalb County, or as a teacher in a public school system or private college or university within the State of Georgia if the required contribution is made to the plan.

13. Participation Requirement

All full-time police officers employed by the City of Atlanta are eligible to participate in the plan.

14. Plan Effective Date

April 1, 1978

City of Birmingham Retirement and Relief System

Actuarial Valuation and Review
as of July 1, 2006

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THE PARENT OF THE SEGAL COMPANY
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SEGAL

The Segal Company
2018 Powers Ferry Road, Suite 850 Atlanta, GA 30339
T 678.306.3100 F 678.306.3190 www.segalco.com

June 8, 2007

Board of Managers
City of Birmingham Retirement and Relief System
710 North 20th Street, GA 100 City Hall
Birmingham, Alabama 35203

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of July 1, 2006. It summarizes the actuarial data used in the valuation, establishes the funding requirements for the upcoming fiscal year and analyzes the preceding year's experience.

The census information on which our calculations were based was prepared by the Plan and the financial information was provided by the City's Finance Department. That assistance is gratefully acknowledged. The actuarial calculations were completed under the supervision of K. Eric Fredén, FSA, MAAA, EA.

This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board of Managers are reasonably related to the experience of and the expectations for the Plan.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

THE SEGAL COMPANY

By: _____ _____

Leon F. (Rocky) Joyner, Jr., FCA, ASA, MAAA, EA
Vice President and Actuary

K. Eric Fredén, FSA, MAAA, EA
Vice President and Actuary

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Purpose

This report has been prepared by The Segal Company to present a valuation of the City of Birmingham Retirement and Relief System as of July 1, 2006. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Pension Plan, as administered by the Board;
- The characteristics of covered active participants, inactive vested participants, and retired participants and beneficiaries as of July 1, 2006, provided by the Board;
- The assets of the Plan as of June 30, 2006, provided by the Administrative Office;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

Significant Issues in Valuation Year

The following key findings were the result of this actuarial valuation:

- The recommended contribution for the upcoming year is $28,346,705, or 17.41% of payroll. This is an increase of 0.11% of pay over the 17.30% recommended amount last year. City and employee contributions are 13.00% of payroll, producing a deficit of 4.41%. As of June 30, 2006, due to contributions in prior years being greater than the recommended amounts, the System has accumulated a net pension asset of $12,203,031 (see Exhibit V in Section 4). **Therefore, if the total contributions remain at 13.00% of payroll, the System's funding obligation will be met for the upcoming year.** Nevertheless, the Board should be aware that statutory contributions are out of balance with actuarial recommendations. This imbalance could lead to the exhaustion of the net pension asset within five to six years. The Board should take action soon to bring contributions and benefits back into actuarial balance.
- The contribution rate includes a normal cost portion, for benefits allocated to the current year, and an amortization of the unfunded actuarial accrued liability. The Entry Age Normal Cost Method, which is used for the funding of this Plan, strives to maintain a level normal cost. This year's normal cost percentage is 14.57% as compared to 13.83% last year. The increase in the contribution rate is due to an increase in the unfunded actuarial accrued liability, which primarily resulted from an actuarial investment loss and assumption changes, offset somewhat by a change in asset method.

- For the year ended June 30, 2006, the plan had an investment return of 4.57% on an actuarial basis compared to the assumption of 7.50%. Since the return was lower than expected, there was an investment loss of $23,625,236. The market value rate of return was 4.64%. As a result of the change in asset method discussed below, the actuarial value of assets is equal to the market value of assets for this valuation.
- For the past six years, the actuarial rates of return have been below the assumed rate of 7.50%. During that time, the funded ratio under GASB 27 has fallen from 106.34% to 94.94%. It should be noted that the funded ratio increased this year from last year's ratio of 93.53%. This increase is primarily due to the assumption changes listed below.
- A comprehensive experience review for the period July 1, 2000 through June 30, 2005 has recently been completed and presented to the Board. As a result of the Board adopting the changes recommended in the experience review, the following assumption and method changes have been incorporated into this report:
  - The investment return assumption has been lowered from 7.50% to 7.00%
  - The inflation component was lowered from 4.00% to 3.50%. In conjunction with the decrease in the inflation assumption, salary rates decreased by 0.50% as well. For employees in their mid-20's through mid-30's, this was coupled with a modest increase.
  - Healthy mortality was changed to the 1983 Group Annuity Mortality Table for all dates of hire.
  - Retirement rates were changed to those shown in Section 4, Exhibit VI.
  - Termination rates for firemen and policemen were increased by 50% for the first five years and decreased by 50% thereafter.
  - The asset valuation method was changed to the method described as Approval 16 in Revenue Procedure 2000-40. This method recognizes gains and losses on a market value basis over a five-year period.
- Note that the audited financial information received rounds all results to the nearest thousand. The results in this valuation report are shown to the dollar. Therefore, occasionally rounded numbers are combined with unrounded ones.

Summary of Key Valuation Results

	2006	2005
Contributions for plan year beginning July 1:		
Recommended	$28,346,705	$27,485,086
Recommended contribution as a percentage of payroll	17.41%	17.30%
Actual contributions (employer and employee)	--	21,921,318
Funding elements for plan year beginning July 1:		
Normal cost, including administrative expenses	$23,723,246	$21,974,898
Market value of assets	898,671,013	883,759,000
Actuarial value of assets	898,671,013	819,166,736
Actuarial accrued liability	946,584,547	875,792,038
Unfunded actuarial accrued liability	47,913,534	56,625,302
GASB 25/27 for plan year beginning July 1:		
Annual required employer contributions	$14,173,353	$13,742,543
Actual contributions	--	11,398,732
Percentage contributed	--	82.94%
Funded ratio	94.94%	93.53%
Covered payroll	$162,849,137	$158,898,488
Demographic data for plan year beginning July 1:		
Number of retired participants and beneficiaries	2,255	2,239
Number of vested former participants*	204	231
Number of active participants	3,782	3,802
Total payroll	$162,849,137	$158,898,488
Average payroll	43,059	41,793

* *Includes future pensioners now receiving benefits from the Supplemental System.*

A. PARTICIPANT DATA

The Actuarial Valuation and Review considers the number and demographic characteristics of covered participants, including active participants, vested terminated participants, retired participants and beneficiaries.

This section presents a summary of significant statistical data on these participant groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B, and C.

A historical perspective of how the participant population has changed over the past ten valuations can be seen in this chart.

CHART 1

Participant Population: June 30, 1997 – June 30, 2006

Year Ended June 30	Active Participants	Vested Terminated Participants*	Retired Participants and Beneficiaries	Ratio of Non-Actives to Actives
1997	3,797	298	1,638	0.51
1998	3,762	266	1,757	0.54
1999	3,942	266	1,784	0.52
2000	3,933	264	1,857	0.54
2001	4,081	244	1,906	0.53
2002	3,878	212	2,017	0.57
2003	3,867	196	2,095	0.59
2004	3,915	177	2,158	0.60
2005	3,802	231	2,239	0.65
2006	3,782	204	2,255	0.65

* *Includes future pensioners receiving benefits from the Supplemental System*

Active Participants

Plan costs are affected by the age, years of service and payroll of active participants. In this year's valuation, there were 3,782 active participants with an average age of 44.5, average years of service of 12.5 years and average payroll of $43,059. The 3,802 active participants in the prior valuation had an average age of 44.4, average service of 12.3 years and average payroll of $41,793.

Among the active participants, there were 3 participants with unknown age. The actuarial calculations were adjusted for the missing information by assuming that it was the same as information provided for other active participants with similar known characteristics.

Inactive Participants

In this year's valuation, there were 204 participants with a vested right to a deferred or immediate vested benefit. This includes 170 possible future pensioners now receiving benefits from the Fireman's and Policeman's Supplemental Pension System.

These graphs show a distribution of active participants by age and by years of service.

CHART 2

Distribution of Active Participants by Age as of June 30, 2006

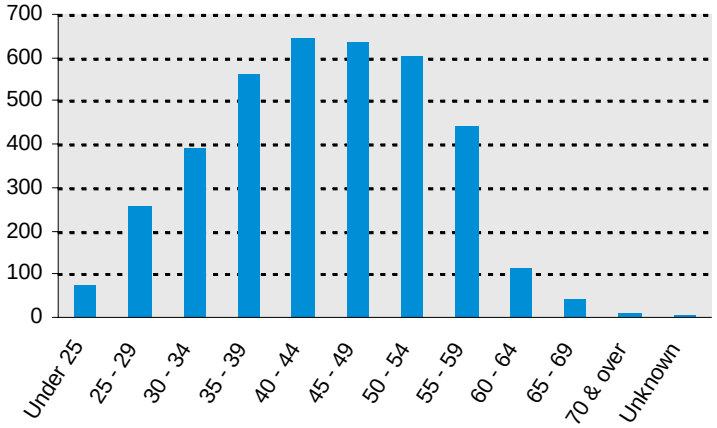
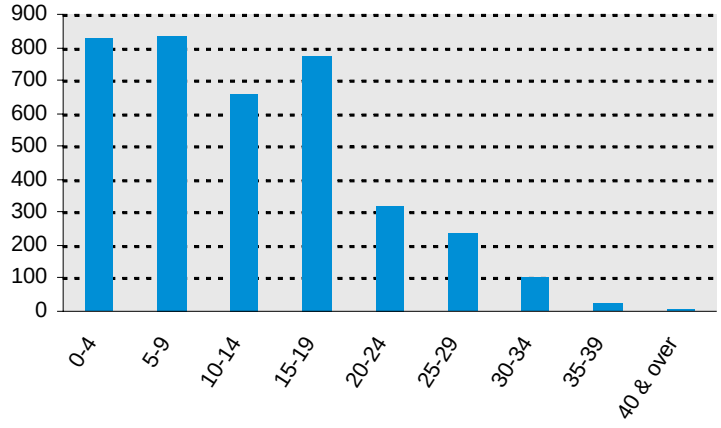


CHART 3

Distribution of Active Participants by Years of Service as of June 30, 2006



Retired Participants and Beneficiaries

As of June 30, 2006, 1,822 retired participants and 433 beneficiaries were receiving total monthly benefits of $3,724,803. For comparison, in the previous valuation, there were 1,810 retired participants and 429 beneficiaries receiving monthly benefits of $3,615,865.

These graphs show a distribution of the current retired participants and beneficiaries based on their monthly amount and age, by type of pension.

CHART 4

Distribution of Retired Participants and Beneficiaries by Type and by Monthly Amount as of June 30, 2006

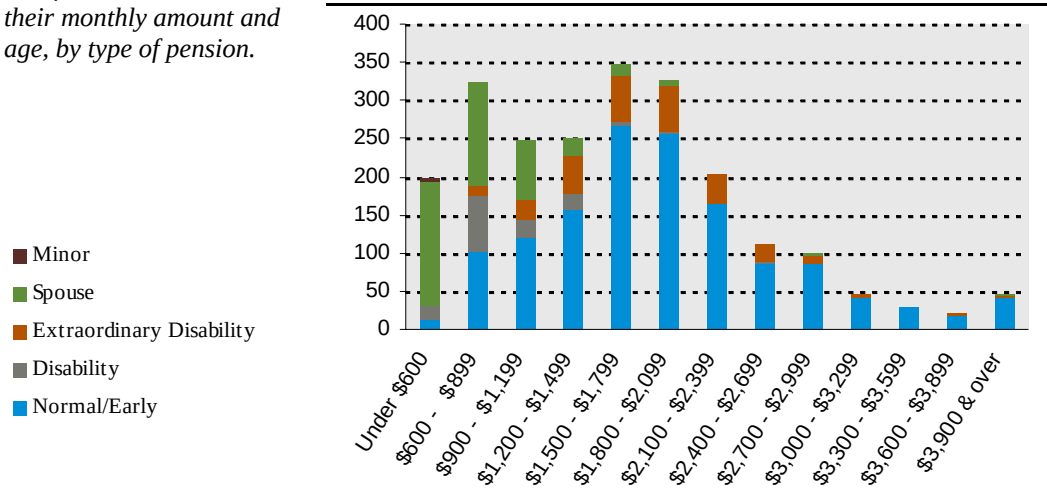
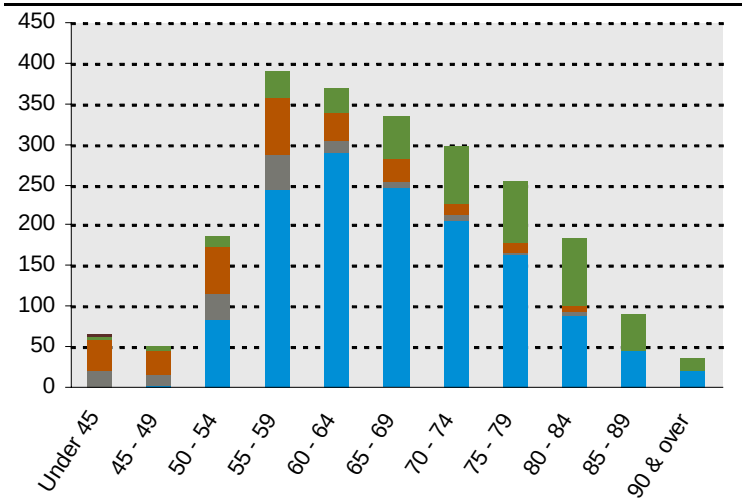


CHART 5

Distribution of Retired Participants and Beneficiaries by Type and by Age as of June 30, 2006



B. FINANCIAL INFORMATION

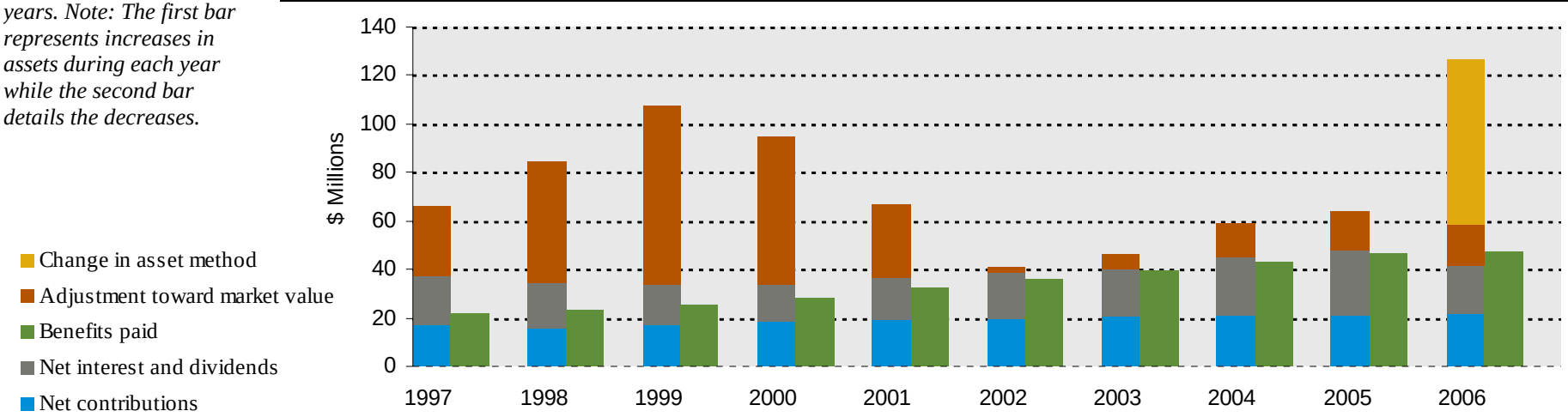
Retirement plan funding anticipates that, over the long term, both net contributions (less administrative expenses) and net investment earnings (less investment fees) will be needed to cover benefit payments.

Retirement plan assets change as a result of the net impact of these income and expense components. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits D, E and F.

The chart depicts the components of changes in the actuarial value of assets over the last ten years. Note: The first bar represents increases in assets during each year while the second bar details the decreases.

CHART 6

Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 1997 – 2006



It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

In this first year of the newly adopted asset method, the actuarial value of assets is equal to the Market Value of assets.

The chart shows the determination of the actuarial value of assets as of the valuation date.

CHART 7

Determination of Actuarial Value of Assets for Year Ended June 30, 2006

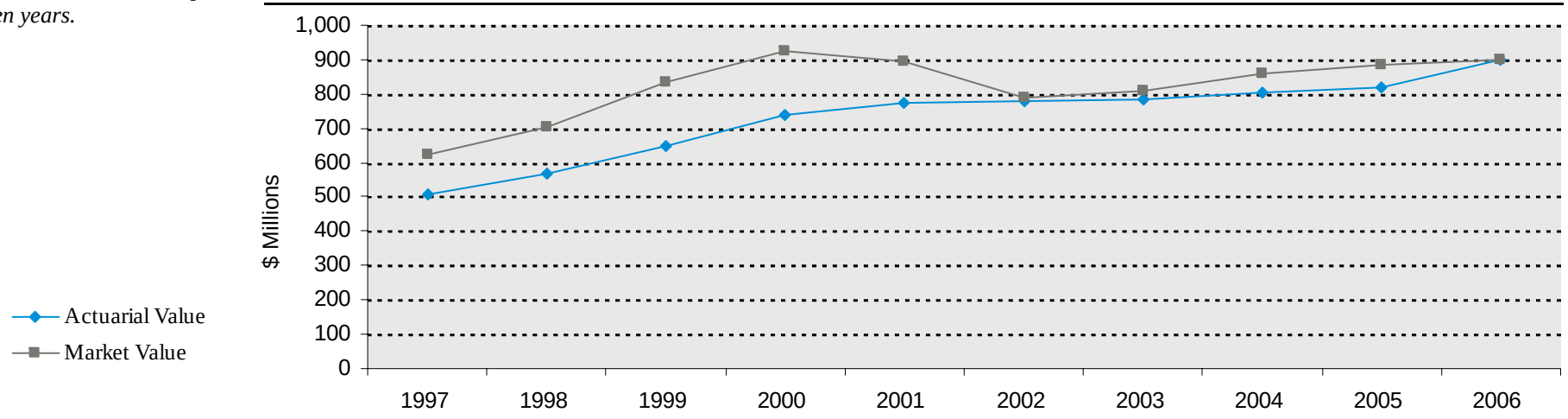
1. Actuarial value of assets = Market value of assets	$898,671,013

Both the actuarial value and market value of assets are representations of the Plan's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The actuarial asset value is significant because the Plan's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

This chart shows the change in the actuarial value of assets versus the market value over the past ten years.

CHART 8

Actuarial Value of Assets vs. Market Value of Assets as of June 30, 1997 – 2006



C. ACTUARIAL EXPERIENCE

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total loss is $22,670,026, a loss of $23,625,236 from investments offset somewhat by a gain of $955,210 from all other sources. The net experience variation from individual sources other than investments was 0.1% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

This chart provides a summary of the actuarial experience during the past year.

CHART 9

Actuarial Experience for Year Ended June 30, 2006

1.	Net loss from investments*	-$23,625,236
2.	Net loss from administrative expenses	-10,339
3.	Net gain from other experience	965,549
4.	Net experience loss: (1) + (2) + (3)	-$22,670,026

** Details in Chart 10*

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the Plan's investment policy. For valuation purposes, the assumed rate of return on the actuarial value of assets for year ending June 30, 2006 was 7.50%. The actual rate of return on an actuarial basis for the 2005-2006 plan year was 4.57%.

Since the actual return for the year was less than the assumed return, the Plan experienced an actuarial loss during the year ended June 30, 2006 with regard to its investments.

This chart shows the loss due to investment experience.

CHART 10

Actuarial Value Investment Experience for Year Ended June 30, 2006

1.	Actual return	$36,933,762
2.	Average value of assets	807,453,308
3.	Actual rate of return: (1) ÷ (2)	4.57%
4.	Assumed rate of return	7.50%
5.	Expected return: (2) x (4)	$60,558,998
6.	Actuarial loss: (1) – (5)	-$23,625,236

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial basis compared to the market value investment return for the last ten years, including five-year and ten-year averages.

Based upon this experience and future expectations, we have changed the assumed rate of return to 7.00%.

This chart shows a history of actuarial and market value investment returns.

CHART 11

Investment Return – Actuarial Value vs. Market Value: 1997 - 2006

Year Ended June 30	Net Interest and Dividend Income		Recognition of Capital Appreciation		Change in Asset Method		Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
1997	$20,242,005	4.41%	$29,151,554	6.35%	- -	- -	$49,393,559	10.76%	$96,263,877	18.21%
1998	18,932,743	3.77	50,068,683	9.97	- -	- -	69,001,426	13.74	94,100,441	15.21
1999	16,363,537	2.91	73,796,640	13.11	- -	- -	90,160,177	16.02	110,592,177	15.69
2000	15,703,307	2.35	61,285,291	9.19	- -	- -	76,988,598	11.54	99,628,658	12.01
2001	17,874,740	2.44	29,849,535	4.07	- -	- -	47,724,275	6.51	-17,602,046	-1.92
2002	18,574,794	2.42	2,263,863	0.30	- -	- -	20,838,657	2.72	-89,504,028	-10.11
2003	19,852,229	2.58	6,370,511	0.83	- -	- -	26,222,740	3.41	42,649,330	5.48
2004	23,403,588	3.02	14,220,308	1.83	- -	- -	37,623,896	4.85	69,023,086	8.61
2005	27,114,712	3.43	16,148,066	2.04	- -	- -	43,262,778	5.48	50,973,808	6.02
2006	19,901,991	2.46	17,031,771	2.11	$68,127,085	8.44%	105,060,847	13.01	40,468,583	4.64
Total	$197,963,646		$300,186,222		$68,127,085		$566,276,953		$496,593,886	
						Five-year average return		5.96%		2.72%
						Ten-year average return		8.29%		6.38%

Note: Each year's yield is weighted by the average asset value in that year.

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

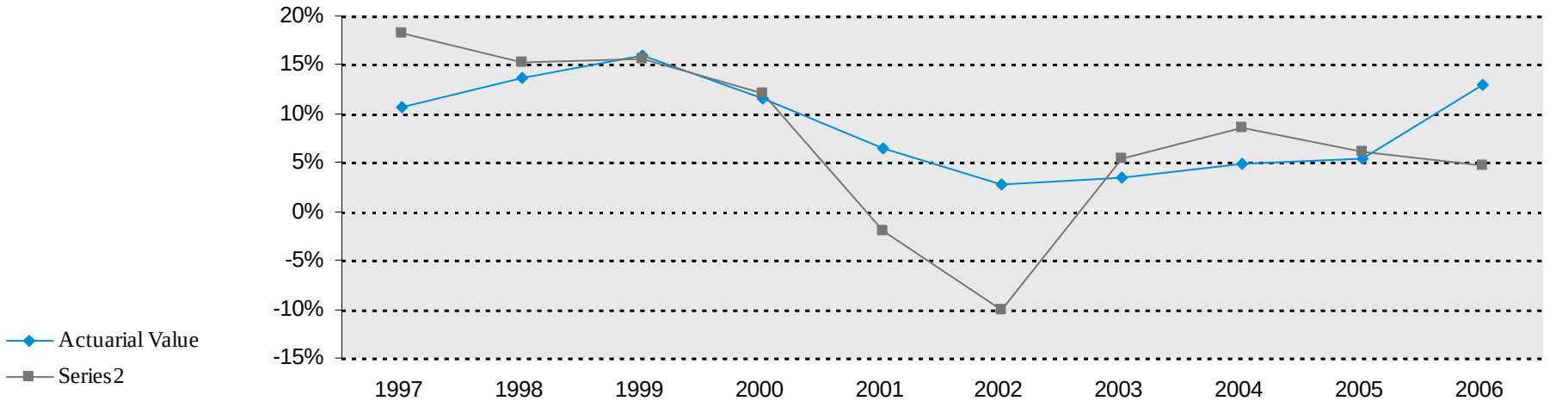
Administrative Expenses

Administrative expenses for the year ended June 30, 2006 totaled $160,000 compared to the assumption of $150,000, payable monthly. This resulted in a loss of $10,339 for the year. We have maintained the same assumption for the current year.

This chart illustrates how this leveling effect has actually worked over the years 1997 - 2006 .

CHART 12

Market and Actuarial Rates of Return for Years Ended June 30, 1997 - 2006



Other Experience

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

The net gain from this other experience for the year ended June 30, 2006 amounted to $965,549 which is 0.1% of the actuarial accrued liability. This gain is not considered significant.

D. RECOMMENDED CONTRIBUTION

The amount of annual contribution required to fund the Plan is comprised of a normal cost payment and a payment on the unfunded actuarial accrued liability. This total amount is then divided by the payroll for active members to determine the funding rate of 17.41% of payroll. The unfunded actuarial accrued liability is amortized on a level dollar basis over a rolling 30-year period.

Expected contributions for the year are $21,170,388, or 13% of payroll, which leaves a deficit of 4.41% of payroll.

The chart compares this valuation's recommended contribution with the prior valuation.

CHART 13

Recommended Contribution

	Year Beginning July 1			
	2006		2005	
	Amount	% of Payroll	Amount	% of Payroll
1. Normal cost*	$23,578,977	14.48%	$21,830,629	13.74%
2. Administrative expenses	144,269	0.09%	144,269	0.09%
3. Total normal cost: (1) + (2)	$23,723,246	14.57%	$21,974,898	13.83%
4. Actuarial accrued liability	946,584,547		875,792,038	
5. Actuarial value of assets	898,671,013		819,166,736	
6. Unfunded actuarial accrued liability: (4) - (5)	$47,913,534		$56,625,302	
7. Payment on unfunded actuarial accrued liability	3,608,579	2.22%	4,460,032	2.81%
8. Total recommended contribution: (3) + (7), adjusted for timing**	$28,346,705	17.41%	$27,485,086	17.30%
9. Total payroll	$162,849,137		$158,898,488	

* *Recommended contributions are assumed to be paid at the beginning of every month.*

** *Including net obligations from the Supplemental System of -$1,009,881 for July 1, 2006 and -$947,557 for July 1, 2005 (-$1,047,380 and -$985,240 adjusted for timing).*

The contribution rates as of July 1, 2006 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Contribution

The chart below details the changes in the recommended contribution from the prior valuation to the current year's valuation.

The chart reconciles the contribution from the prior valuation to the amount determined in this valuation.

CHART 14

Reconciliation of Recommended Contribution from July 1, 2005 to July 1, 2006

Recommended Contribution as of July 1, 2005	$27,485,086
Effect of assumption changes	3,761,328
Effect of change in asset method	-5,321,472
Effect of rolling 30-year amortization period	-67,402
Effect of contributions less than recommended contribution	474,878
Effect of investment loss	1,953,634
Effect of other gains and losses on accrued liability	-439,565
Effect of net other changes	500,218
Total change	$861,619
Recommended Contribution as of July 1, 2006	$28,346,705

E. INFORMATION REQUIRED BY THE GASB

Governmental Accounting Standards Board (GASB) reporting information provides standardized information for comparative purposes of governmental pension plans. This information allows a reader of the financial statements to compare the funding status of one governmental plan to another on relatively equal terms.

Critical information to GASB is the historical comparison of the GASB required contribution to the actual contributions. This comparison demonstrates whether a plan is being funded within the range of the GASB reporting requirements. Chart 15 below presents a graphical representation of this information for the Plan.

The other critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the actuarial value of assets to the actuarial accrued liabilities of the plan as calculated under GASB. High ratios indicate a well-funded plan with assets sufficient to pay most benefits. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other factors.

Although GASB requires that the actuarial value of assets be used to determine the funded ratio, Chart 16 shows the funded ratio calculated using both the actuarial value of assets and the market value of assets.

The details regarding the calculations of these values and other GASB numbers may be found in Section 4, Exhibits II, III, and IV.

These graphs show key GASB factors.

CHART 15

Required Versus Actual Contributions

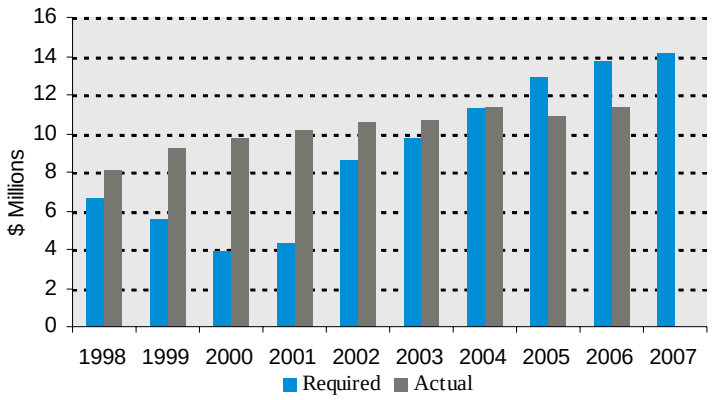


CHART 16

Funded Ratio

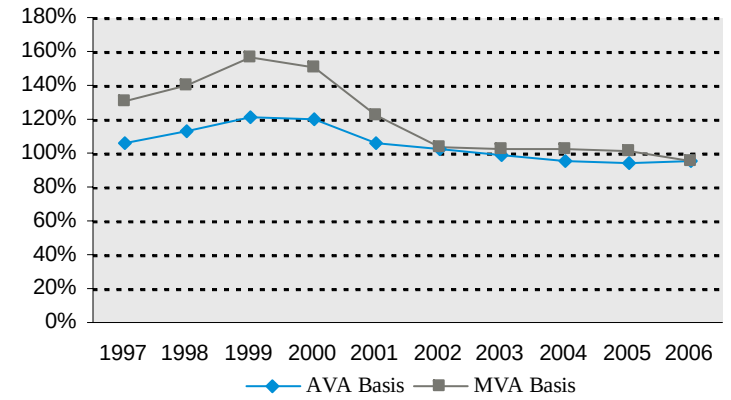


EXHIBIT A

Table of Plan Coverage

Category	Year Ended June 30 2006	2005	Change From Prior Year
Active participants in valuation:			
Number	3,782	3,802	-0.5%
Average age	44.5	44.4	N/A
Average service	12.5	12.3	N/A
Total payroll	$162,849,137	$158,898,488	2.5%
Average payroll	43,059	41,793	3.0%
Number with unknown age information	3	0	N/A
Total active vested participants	2,952	2,893	2.0%
Vested terminated participants*	204	231	-11.7%
Retired participants:			
Number in pay status	1,387	1,382	0.4%
Average age	67.7	67.2	N/A
Average monthly benefit	$1,945	$1,899	2.4%
Disabled participants:			
Number in pay status	435	428	1.6%
Average age	56.8	56.6	N/A
Average monthly benefit	$1,555	$1,524	2.0%
Beneficiaries in pay status	433	429	0.9%

* *Including future pensioners currently receiving benefits from the Supplemental System.*

EXHIBIT B

Participants in Active Service as of June 30, 2006
By Age, Years of Service, and Average Payroll

	Years of Service									
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & over**
Under 25	74	72	2	- -	- -	- -	- -	- -	- -	- -
	$29,061	$29,165	$25,311	- -	- -	- -	- -	- -	- -	- -
25 - 29	259	181	76	2	- -	- -	- -	- -	- -	- -
	32,410	31,079	35,708	$27,542	- -	- -	- -	- -	- -	- -
30 - 34	390	171	170	48	1	- -	- -	- -	- -	- -
	36,768	31,846	40,254	42,130	$28,499	- -	- -	- -	- -	- -
35 - 39	561	130	184	180	66	1	- -	- -	- -	- -
	41,394	32,982	41,350	45,413	47,226	$34,803	- -	- -	- -	- -
40 - 44	646	96	143	152	223	31	1	- -	- -	- -
	43,191	32,319	39,477	44,188	48,211	53,132	$38,604	- -	- -	- -
45 - 49	635	78	90	123	213	91	39	1	- -	- -
	44,978	32,508	41,438	42,676	46,541	53,932	55,991	$42,401	- -	- -
50 - 54	604	59	88	90	145	100	85	35	2	- -
	46,225	33,460	41,021	42,342	46,128	52,823	55,501	49,407	$53,720	- -
55 - 59	444	30	55	44	97	73	83	52	9	1
	50,125	39,251	38,891	42,492	44,729	50,998	60,524	66,613	54,886	$26,511
60 - 64	117	9	15	13	22	19	22	7	8	2
	49,932	36,507	40,356	52,952	49,800	45,128	54,358	57,868	73,112	40,450
65 - 69	41	- -	8	8	6	2	4	5	5	3
	45,681	- -	37,363	45,371	34,860	32,407	42,407	60,715	65,391	45,640
70 & over	8	1	- -	1	2	1	1	- -	1	1
	38,816	23,234	- -	25,611	51,875	38,304	26,511	- -	46,560	46,560
Unknown	3	3	- -	- -	- -	- -	- -	- -	- -	- -
	26,364	26,364	- -	- -	- -	- -	- -	- -	- -	- -
Total	3,782	830	831	661	775	318	235	100	25	7
	$43,059	$32,144	$40,005	$43,835	$46,768	$52,061	$56,831	$59,441	$62,393	$41,556

EXHIBIT C

Reconciliation of Participant Data

	Active Participants	Vested Former Participants	Fire and Police Retirees	Disableds	Retired Participants	Beneficiaries	Total
Number as of July 1, 2005	3,802	80	151	428	1,382	429	6,272
New participants	212	N/A	0	N/A	N/A	N/A	212
Terminations – with vested rights	-45	16	0	0	0	0	-29
Terminations – without vested rights	-58	N/A	0	N/A	N/A	N/A	-58
Retirements	-57	0	0	N/A	57	N/A	0
New disabilities	-20	0	0	20	N/A	N/A	0
Return to work	0	0	0	0	0	N/A	0
Deaths	-8	0	0	-13	-48	-33	-102
New beneficiaries	0	0	0	0	0	37	37
Lump sum payoffs	-59	-60	0	0	0	0	-119
Rehired	15	12	0	-1	-2	N/A	24
Certain period expired	N/A	N/A	0	0	0	0	0
Data adjustments	0	-14	0	1	-2	0	-15
Active participants no longer accruing benefits	0	0	0	N/A	N/A	N/A	0
Retirees transferring from supplemental plan	0	0	19	0	0	0	19
Number as of July 1, 2006	3,782	34	170	435	1,387	433	6,241

EXHIBIT D

Summary Statement of Income and Expenses on an Actuarial Value Basis

	Year Ended June 30, 2006		Year Ended June 30, 2005	
Contribution income:				
Employer contributions	$11,398,732		$10,881,632	
Employee contributions	10,522,586		10,210,996	
Less administrative expenses	-160,000		-211,000	
Net contribution income		$21,761,318		$20,881,628
Other income		36,000		79,000
Investment income:				
Interest and dividends	$23,269,581		$30,561,898	
Adjustment toward market value	17,031,771		16,148,066	
Less investment fees	-3,367,590		-3,447,186	
Net investment income		36,933,762		43,262,778
Total income available for benefits		$58,731,080		$64,223,406
Less benefit payments:				
Benefits	-$46,349,528		-$45,715,936	
Refunds	-1,004,360		-953,000	
Net benefit payments		-$47,353,888		-$46,668,936
Change in actuarial asset method		$68,127,085		$0
Change in reserve for future benefits		$79,504,277		$17,554,470

Note: A portion of the Retirement and Relief System's assets is allocated to the Health Department. The above summary excludes the Health Department portion.

EXHIBIT E

Table of Financial Information

	Year Ended June 30, 2006		Year Ended June 30, 2005	
Cash equivalents		$45,956,720		$99,985,596
Accounts receivable:				
Employee loans	$10,708,696		$10,216,749	
Accrued interest and dividends	5,641,338		11,120,572	
Employee contributions	1,770,179		1,345,890	
Other funds	572,010		518,862	
Total accounts receivable		18,692,223		23,202,073
Investments:				
Debt securities	$421,853,922		$357,006,306	
Corporate stock	413,805,416		405,045,799	
Total investments at market value		835,659,338		762,052,105
Total assets		$900,308,281		$885,239,774
Less accounts payable		-$1,637,268		-$1,480,774
Net assets at market value		$898,671,013		$883,759,000
Net assets at actuarial value		$898,671,013		$819,166,736

EXHIBIT F

Development of the Fund Through June 30, 2006

Year Ended June 30	Employer Contributions	Employee Contributions	Other Income	Net Investment Return*	Administrative Expenses	Benefit Payments	Actuarial Value of Assets at End of Year
1997	$9,275,641	$7,713,859	$46,000	$49,393,559	$72,001	$21,977,258	$505,696,400
1998	8,111,773	7,490,379	41,000	69,001,426	48,400	23,461,978	566,830,600
1999	9,215,729	8,026,104	0	90,160,177	56,400	25,617,710	648,558,500
2000	9,784,949	8,542,670	23,380,200**	76,988,598	46,100	28,310,977	738,897,840
2001	10,151,206	8,999,970	26,000	47,724,275	102,900	32,242,930	773,453,461
2002	10,537,461	9,521,128	31,000	20,838,657	92,000	35,684,461	778,605,246
2003	10,697,621	9,845,626	59,000	26,222,740	105,000	39,678,777	785,646,456
2004	11,347,715	10,373,268	24,000	37,623,896	292,000	43,111,069	801,612,266
2005	10,881,632	10,210,996	79,000	43,262,778	211,000	46,668,936	819,166,736
2006	11,398,732	10,522,586	36,000	105,060,847***	160,000	47,353,888	898,671,013

* *Net of investment fees*
** *Includes $23,338,200 transferred from Library Board Employees' System*
*** *Includes change in asset method.*

EXHIBIT G

Development of Unfunded Actuarial Accrued Liability for Year Ended June 30, 2006

1. Unfunded actuarial accrued liability at beginning of year		$56,625,302
2. Normal cost at beginning of year		21,974,898
3. Total contributions		-21,921,318
4. Interest		
(a) For whole year on (1) + (2)	$5,895,015	
(b) Monthly on (3)	-753,545	
(c) Total interest		5,141,470
5. Expected unfunded actuarial accrued liability		$61,820,352
6. Changes due to:		
(a) Experience loss	$22,670,026	
(b) Asset method	-68,127,085	
(c) Assumptions	31,550,241	
(d) Total changes		-13,906,818
7. Unfunded actuarial accrued liability at end of year		$47,913,534

EXHIBIT H

Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial Assumptions: The estimates on which the cost of the Plan is calculated including:

(a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;

(b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;

(c) Retirement rates — the rate or probability of retirement at a given age;

(d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal Cost: The amount of contributions required to fund the benefit allocated to the current year of service.

Actuarial Accrued Liability For Actives: The equivalent of the accumulated normal costs allocated to the years before the valuation date.

Actuarial Accrued Liability For Pensioners: The single sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

Unfunded Actuarial Accrued Liability: The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan. There is a wide range of approaches to paying off the unfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

Amortization of the Unfunded Actuarial Accrued Liability: Payments made over a period of years equal in value to the Plan's unfunded actuarial accrued liability.

Investment Return: The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.

EXHIBIT I

Comparative Summary of Principal Valuation Results

	Year Ended June 30, 2006	Year Ended June 30, 2005
Participant data		
Active members	3,782	3,802
Total annual payroll	$162,849,137	$158,898,488
Retired members and beneficiaries	2,255	2,239
Total annualized benefit	$44,697,636	$48,145,080
Terminated vested members	34	80
Total annualized benefit	$672,114	$562,920
Future pensioners currently receiving benefits from Supplemental System	170	151
Total annualized benefit	$5,498,190	$4,754,695
Actuarial value of assets	$898,671,013	$819,166,736
Actuarial accrued liability:		
Active members:	$440,535,022	$419,404,575
Terminated vested members	5,966,275	3,136,252
Retired members and beneficiaries	448,158,314	411,312,050
Future pensioners currently receiving benefits from Supplemental System	51,924,936	41,939,161
Total	$946,584,547	$875,792,038
Unfunded actuarial accrued liability	$47,913,534	56,625,302

EXHIBIT I

Summary of Actuarial Valuation Results as of July 1, 2006

The valuation was made with respect to the following data supplied to us:			
1.	Retired participants as of the valuation date (including 433 beneficiaries in pay status)		2,255
2.	Participants inactive during year ended June 30, 2006 with vested rights (including 170 future pensioners currently receiving benefits from the Supplemental System)		204
3.	Participants active during the year ended June 30, 2006 (including 3 participants with unknown age)		3,782
	Fully vested	2,952	
	Not vested	830	
The actuarial factors as of the valuation date are as follows:			
1.	Normal cost, including administrative expenses		$23,723,246
2.	Actuarial accrued liability		964,584,547
	Retired participants and beneficiaries	$448,158,314	
	Inactive participants with vested rights	57,891,211	
	Active participants	440,535,022	
3.	Actuarial value of assets ($898,671,013 at market value as reported by the City)		898,671,013
4.	Unfunded actuarial accrued liability		$47,913,534

EXHIBIT I (continued)

Summary of Actuarial Valuation Results as of July 1, 2006

The determination of the recommended contribution is as follows:

1.	Normal cost	$23,578,977
2.	Administrative expenses	144,269
3.	Total normal cost: (1) + (2)	$23,723,246
4.	Payment on unfunded actuarial accrued liability	3,608,579
5.	Total recommended contribution: (3) + (4), adjusted for timing	$28,346,705
6.	Projected payroll	$162,849,137
7.	Total recommended contribution as a percentage of projected payroll: (5) ÷ (6)	17.41%

EXHIBIT II

Supplementary Information Required by the GASB – Schedule of Employer Contributions

Plan Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
2000	$3,885,100	$9,784,949	251.9%
2001	4,347,350	10,151,206	233.5%
2002	8,580,579	10,537,461	122.8%
2003	9,756,787	10,697,621	109.6%
2004	11,290,871	11,347,715	100.5%
2005	12,875,198	10,881,632	84.5%
2006	13,742,543	11,398,732	82.9%
2007	14,173,353	--	--

EXHIBIT III

Supplementary Information Required by the GASB – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll* [(b) - (a)] / (c)
07/01/2000	$738,897,800	$615,475,900	-$123,421,900	120.05%	$135,974,600	0.00%
07/01/2001	773,453,461	727,360,834	-46,092,627	106.34%	149,422,297	0.00%
07/01/2002	778,605,246	758,085,228	-20,520,018	102.71%	151,180,057	0.00%
07/01/2003	785,646,456	796,083,861	10,437,405	98.69%	152,242,441	6.86%
07/01/2004	801,612,266	838,485,603	36,873,337	95.60%	158,062,119	23.33%
07/01/2005	819,166,736	875,792,038	56,625,302	93.53%	158,898,488	35.64%
07/01/2006	898,671,013	946,584,547	47,913,534	94.94%	162,849,137	29.42%

** Not less than zero*

EXHIBIT IV

Supplementary Information Required by the GASB

Valuation date	July 1, 2006
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level dollar
Remaining amortization period	Rolling, 30 years
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the actuarial value, and is recognized over a five - year period, further adjusted, if necessary, to be within 20% of the market value.
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases	
Inflations	3.50%
Merit, longevity, etc.	Varies from 0.00% to 5.50%
Plan membership:	
Retired participants and beneficiaries receiving benefits	2,255
Terminated participants entitled to, but not yet receiving benefits	204
Active participants	3,782
Total	6,241

EXHIBIT V

Development of the Net Pension Obligation and the Annual Pension Cost Pursuant to GASB 27

Plan Year Ended June 30	Employer Annual Required Contribution (a)	Employer Amount Contributed (b)	Interest on NPO (h)* 7.50% (c)	ARC Adjustment (h) / (e) (d)	Amortization Factor (e)	Pension Cost (a) + (c) – (d) (f)	Change in NPO (f) – (b) (g)	NPO Balance NPO + (g) (h)
2001	$4,347,350	$10,151,206	-$823,022	-$1,108,873	9.8962	$4,633,201	-$5,518,005	-$16,491,629
2002	8,580,579	10,537,461	-1,236,872	-1,923,386	8.5743	9,267,093	-1,270,368	-17,761,997
2003	9,756,787	10,697,621	-1,332,150	-2,022,300	8.7831	10,446,937	-250,684	-18,012,681
2004	11,290,871	11,347,715	-1,350,951	-2,089,340	8.6212	12,029,259	681,544	-17,331,137
2005	12,875,198	10,881,632	-1,299,835	-2,035,605	8.5140	13,610,968	2,729,336	-14,601,802
2006	13,742,543	11,398,732	-1,095,135	-1,150,095	12.6962	13,797,503	2,398,771	-12,203,031

EXHIBIT VI

Actuarial Assumptions and Actuarial Cost Method

Mortality Rates:

Healthy: 1983 Group Annuity Mortality Table

Disabled: Healthy table set forward 10 years

Termination Rates Before Retirement:

	Rate (%)						
	Mortality		Disability		Withdrawal		
Age	Male	Female	General	Fire & Police	General*	Fire**	Police***
20	0.04	0.02	0.09	0.18	6.53	2.52	4.58
25	0.05	0.03	0.13	0.26	6.35	1.80	3.26
30	0.06	0.03	0.17	0.33	6.08	1.38	2.51
35	0.09	0.05	0.22	0.44	5.64	1.06	1.93
40	0.12	0.07	0.33	0.66	5.03	0.80	1.45
45	0.22	0.10	0.54	1.08	4.24	0.54	0.99
50	0.39	0.16	0.91	1.82	2.97	2.27	2.48
55	0.61	0.25	1.51	3.03	1.13	5.00	5.00
60	0.92	0.42	2.44	4.88	0.00	0.00	0.00

* *Withdrawal rates shown for general employees are multiplied by 1.25 and have 0.015 added during the first five years of employment.*

** *Withdrawal rates shown for firemen are multiplied by 3.8181 during the first five years of employment.*

*** *Withdrawal rates shown for policemen are multiplied by 3.0 during the first five years of employment.*

Retirement Rates:

Fire and Police employees are assumed to retire on a Retirement and Relief pension in accordance with the following rates:

Fire		Police	
Years of Service	**Rate**	**Years of Service**	**Rate**
20	5%	20	20%
21-22	5	21-22	7
23	10	23	7
24	10	24	3
25	10	25	10
26	5	26	10
27	10	27	10
28	15	28	10
29	30	29	10
30-32	0	30-32	0
33	50	33	50
34	25	34	25
35	100	35	100

General employees are assumed to retire, after meeting the service requirements, in accordance with the following rates:

Age	**Rate***
Under 50	0%
50-51	35
52-54	10
55	20
56-59	10
60	5
61-66	20
67-74	25
Over 74	100

* Rates are decreased by 75% when employee has 31-32 years of service. Rates are increased to 1.5 times the rate shown when employee reaches 33 years of service.

Retirement Age for Inactive Vested Participants:	60
Unknown Data for Participants:	Same as those exhibited by Participants with similar known characteristics. If not specified, Participants are assumed to be male.
Percent Married:	1972 Social Security Awards
Age of Spouse:	Females 3 years younger than males.
On the Job Disability:	
General	30%
Fire and Police	90%
On the Job Death:	
General	5%
Fire and Police	15%

Net Investment Return: 7.00%

Salary Scale:

Age	Annual increase Rate (%) General	Fire and Police
20	8.00	9.50
25	7.25	7.60
30	6.50	6.20
35	6.00	5.10
40	5.50	4.50
45	4.50	4.00
50	4.50	4.00
55	4.50	4.00

Includes allowance for inflation of 3.5% per year.

Administrative Expenses: $150,000, payable monthly, equivalent to $144,269 at the beginning of the year.

Actuarial Value of Assets: Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the actuarial value, and is recognized over a five - year period, further adjusted, if necessary, to be within 20% of the market value.

Actuarial Cost Method: Entry Age Normal Actuarial Cost Method. Entry Age is the age at the time the participant would have commenced employment if the plan had always been in existence. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by service, with Normal Cost determined as if the current benefit accrual rate had always been in effect. Actuarial Liability is allocated by salary.

Change in Assumptions:

A comprehensive experience review for the period July 1, 2000 through June 30, 2005 has recently been completed and presented to the Board. As a result of the Board adopting the changes recommended in the experience review, the following assumption and method changes have been incorporated into this report:

- The investment return assumption has been lowered from 7.50% to 7.00%
- The inflation component was lowered from 4.00% to 3.50. In conjunction with the decrease in the inflation assumption, salary rates decreased by 0.50% as well. For employees in their mid-20's through mid-30's, this was coupled with a modest increase.
- Healthy mortality was changed to the 1983 Group Annuity Mortality Table for all dates of hire.
- Retirement rates were changed to those shown in this Exhibit.
- Termination rates for firemen and policemen were increased by 50% for the first five years and decreased by 50% thereafter.
- The asset valuation method was changed to the method describe as Approval 16 in Revenue Procedure 2000-40. This method recognizes gains and losses on a market value basis over a five-year period.

EXHIBIT VII

Summary of Plan Provisions

This exhibit summarizes the major provisions of the Plan included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Plan Year:	July 1 through June 30
Normal Pension:	
Eligibility	A participant may retire at (a) age 60 if he has completed 5 years of credited service, or (b) any age if he has completed 30 years of credited service.
Amount:	2.50% of final average salary for each year of credited service. This amount cannot be greater than 75.0% of the final average salary nor less than $400 per month. Service credit used to determine the benefit amount may be increased by credit granted for unused sick leave (on a percent of possible total basis). Final average salary is defined as the highest average compensation over any 36-month period of the employee's last ten years of participation.
Early Retirement Pension:	
Eligibility	A City participant may retire at age 55 if he has completed 25 years of credited service.
Amount	1.85% of final average salary for each year of credited service.

Disability:	
Ordinary	
Service Requirement	5 years credited service.
Amount	2.00% of final average salary at disability for each year of credited service, payable immediately. This amount cannot be greater than 60% of final average salary nor less than $400 per month.
Extraordinary	
Service Requirement	None
Amount	70% of final monthly salary at disability, payable immediately. The amount cannot be less than $400 per month.
Termination:	To a participant terminating before becoming eligible for a vested deferred pension from the plan, a lump sum of his or her own contributions without interest is payable. Participants terminating after 5 years of actual service who leave their contributions in the System Fund have a non-forfeitable right to a monthly pension beginning at age 60. The form and amount of the pension are the same as the normal pension.
Death Benefits:	If a participant dies prior to his or her attainment of eligibility for retirement, a lump sum of his or her own contributions without interest is payable to his or her beneficiary. If an active participant who is eligible to retire or a retired participant dies, 60% of the accrued pension benefit is payable to the surviving spouse, if any, during his or her remaining lifetime. If an active participant (other than a participant of the Firemen and Policemen Supplemental System) who is not eligible to retire, but who has completed 5 years of service dies, a portion of 60% of the accrued pension benefit is payable to the spouse during her remaining lifetime. This portion is defined as follows:

Number of Years of service	Portion of his entitled benefit
5	50%
6	60
7	70
8	80
9	90
10 or more	100

This benefit is payable at the earlier of (a) the date that the deceased participant would have attained age 60 or (b) the date the deceased participant would have completed 20 years of service. In lieu of the above, for all participants, an annuity of 60% of salary is payable to the surviving spouse and 10% is payable to a minor child if death is service connected; the maximum for spouse and children is 75% and the maximum for children if no spouse is 60%. The minimum spouse benefit is $320 per month.

*60% benefit is effective July 1, 2002. Prior to July 1, 2002 the percentage was 45%.

Back-DROP: An employee with 33 years of service or who is at least age 63 with 23 years of service may elect up to a 36-month Back-DROP. The employee's monthly benefit will be calculated using service and final average salary as of the Back-DROP date and the employee will receive a lump sum equal to the number of months dropped back times the retirement benefit, accumulated with interest.

Participation: All qualified employees of the Retirement and Relief System are required to participate.

Contributions: The City and the City employees each contribute 6.50% of compensation for the year.

Changes in Plan Provisions: There have been no changes in plan provisions since the last valuation.

General Retirement System for the City of Detroit

Financial Report
with Supplemental Information
June 30, 2006

General Retirement System for the City of Detroit

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plante moran

Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Independent Auditor's Report

To the Board of Trustees
General Retirement System
for the City of Detroit

We have audited the accompanying statement of plan net assets of the General Retirement System for the City of Detroit (the "System") as of June 30, 2006 and the related statement of changes in plan net assets by fund for the year then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the System's 2005 financial statements and, in our report dated October 13, 2005, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the General Retirement System for the City of Detroit as of June 30, 2006 and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and required supplemental information (identified in the table of contents) are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Praxity
MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

To the Board of Trustees
General Retirement System
for the City of Detroit

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the General Retirement System for the City of Detroit's basic financial statements. The accompanying other supplemental information as identified in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The statements included in other supplemental information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

October 11, 2006

Using this Annual Report

This annual report consists of three parts: (1) management's discussion and analysis (this section), (2) the basic financial statements, and (3) required supplemental information. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of required supplemental information that further explains and supports the information in the financial statements.

Condensed Financial Information

The table below compares key financial information in a condensed format between the current year and the prior year:

	Fiscal Year Ended	
	June 30, 2006	June 30, 2005
Total assets	$ 4,145,070,214	$ 3,551,174,431
Total liabilities	689,990,994	232,288,104
Assets held in trust for pension benefits	**$ 3,455,079,220**	**$ 3,318,886,327**
Net investment income	$ 377,184,751	$ 276,414,652
Contributions:		
Employee	20,462,296	22,648,662
Employer	58,162,088	41,689,528
Employer - Pension obligation certificate proceeds	-	739,793,898
Total contributions	78,624,384	804,132,088
Benefits paid to members and retirees:		
Retirees' pension and annuity benefits	201,611,854	172,251,379
Member annuity refunds and withdrawals	114,333,813	106,882,109
Total benefits paid	315,945,667	279,133,488
Benefits paid (in excess of) less than contributions	(237,321,283)	524,998,600
Ratio of benefits paid to contributions	4.0	0.4
Other expenses	3,670,575	4,023,939
Net increase in net assets	**$ 136,192,893**	**$ 797,389,313**

Overall Fund Structure and Objectives

The General Retirement System for the City of Detroit (GRS) is a defined benefit pension plan. The GRS exists to pay benefits to its active members, retirees, and beneficiaries. Active members earn service credit that entitles them to receive benefits in the future.

The GRS is governed by a 10-member board of trustees (the "Board"). Five members of the Board are elected by the active membership to serve six-year terms. One member is elected by the retiree membership to serve a three-year term. One member is appointed by the mayor of the City of Detroit from the citizens of the City of Detroit to serve a six-year term. Three members serve ex-officio, these members being the mayor of the City of Detroit, the city treasurer, and one representative from the Detroit City Council.

The City of Detroit (the employer) makes regular contributions to the system. Basic pension and disability benefits are funded through employer contributions plus investment earnings on those contributions.

Employees may voluntarily contribute 0 percent, 3 percent, 5 percent, or 7 percent of gross pay to the system. Employee contributions are maintained in separate accounts in the Annuity Savings Fund solely for the benefit of the contributing employee. After 25 years of service, an employee may elect to withdraw his or her accumulated contributions plus investment earnings. Upon retirement, an employee may elect to annuitize some or all of his or her annuity savings fund balance, resulting in a greater monthly retirement benefit. Any portion of an employee's annuity savings fund balance which is not annuitized is refunded in a lump sum upon retirement.

GRS is a relatively mature plan in that there are more retirants and beneficiaries receiving current benefits than active members. As of June 30, 2006, there were approximately 1.2 members receiving benefits for each active member contributing to the system.

GRS paid out $316 million in benefits and refunds of annuity savings fund balances during the year. This represents approximately 9.1 percent of the assets of the system. Employer and employee contributions were $84 million or 2.4 percent of the assets of the system. The excess of benefits over contributions must be funded through investment income. The public capital markets represent the primary source of opportunities to earn investment income.

Asset Allocation

The board of trustees believes that the primary determinant of total fund investment performance over long periods of time is asset allocation. The GRS asset allocation is built upon the foundation that the obligations of the GRS to pay the benefits promised to members are very long-term obligations. Accordingly, the board of trustees must make investment decisions that it believes will be the most beneficial to the retirement system over many years, not just one or two years. The board must also balance the desire to achieve long-term gains with the requirements of having to fund significant benefit payments every month.

The GRS has established asset allocation policies which are expected to deliver more than enough investment income over a very long period of time to satisfy the obligations to pay the benefits promised to the members of the system. The following is a summary of the GRS asset allocation policy as of June 30, 2006:

Equities	50%
Tactical asset allocation	8%
Fixed income	22%
Real estate	10%
Alternative investments	8%
Market neutral	2%

Investment Results

Returns stated herein have been determined using the AIMR-compliant, time-weighted, GIPS method unless explicitly stated to the contrary. All returns for periods of one year or greater have been annualized.

Total Fund Composite

The GRS total fund composite return for the year was 11.3 percent versus its actuarially assumed rate of 7.9 percent. This return ranked the GRS in the top quartile of all public funds as captured by the Independent Consultants Cooperative (ICC) Universe. This was the third consecutive year of favorable investment experience versus the actuarially assumed rate following three consecutive years of unfavorable investment experience during each of which the GRS underperformed its actuarially assumed rate.

Just before the end of the prior fiscal year, the City of Detroit elected to issue pension obligation certificates and contribute approximately $740 million to the retirement system. The time required to effectively and prudently deploy this large cash infusion caused the system to maintain cash balances at levels much higher than normal throughout the year. Maintenance of abnormally high cash balances coupled with transaction costs of buying securities to invest cash and selling securities to raise cash to pay benefits were a drag on the total fund composite performance.

This year's total fund investment return is particularly encouraging, as is the outlook for future investment returns. Returns achieved in the public capital markets are highly dependent upon the health of the economy, both in the United States as well as in other countries. The Board believes that the outlook for continued global economic growth is good in both the short and long run.

The favorable investment experience during the current year is primarily attributable to the bias in the Board's asset allocation toward equity investments and real estate versus fixed income and cash. The following is a summary of the composite investment performance of the major asset classes:

Domestic equities	9.8%
International equities	33.1%
Tactical asset allocation	14.4%
Fixed income	1.7%
Real estate	20.5%
Alternative investments	15.8%
Cash	4.7%

Domestic Equities

The domestic equity assets consist of a combination of separately managed accounts and commingled funds. Within the domestic equity composite, 18 percent of the assets are managed using passive strategies designed to replicate the S&P 500 Index with the remaining 82 percent of the assets actively managed.

The overall domestic equity composite return was 9.8 percent, which out-performed the return of the S&P 500 (8.6 percent) by 120 basis points. The domestic equity composite return ranked just below the median of the ICC domestic equity universe. The excess returns from actively managed accounts versus their underlying equity index benchmarks contributed significantly to the favorable equity composite return versus the S&P 500. The following is a summary of the performance of the domestic equity composite and major components versus the broad stock market averages:

GRS Domestic Equity Composite	9.8%
GRS Domestic Large Cap Equity Composite	8.7%
GRS Domestic Small Cap Equity Composite	12.8%
Russell 3000 Index	9.6%
S&P 500 Index	8.6%
Russell 1000 Index	9.1%
Russell 2000 Index	14.6%

International Equities

The international equity assets consist of a combination of separately managed accounts and commingled funds. During the year, the Board added emerging markets equity and international small cap equity accounts to the international equity allocation. As of June 30, 2006, all of the international equity accounts were actively managed.

The overall international equity composite return was 33.1 percent. This return ranked in the top 10 percent of the ICC international equity universe. The following is a summary of the performance of the international equity composite versus the broad international stock market averages:

GRS International Equity Composite	33.1%
MSCI World ex US Index	18.6%
MSCI EAFE Index	26.6%

Tactical Asset Allocation (TAA)

The TAA account consists of a continuously variable combination of domestic and international equities and fixed income. The TAA account manager has the flexibility to allocate the assets among domestic and international equities and fixed income based upon the manager's expectations as to which combination of these asset classes will provide the greatest total return. During the year the account was converted from a domestic to a global TAA mandate.

The overall TAA return was 14.4 percent. This return ranked in the top 5 percent of the ICC TAA peer group universe.

Fixed Income

All of the system's fixed income assets are actively managed in a combination of separately managed accounts and commingled funds. Accounts within the fixed income composite are diversified among domestic, international, established markets, emerging markets, government, investment grade corporate, mortgage, and high yield mandates. The following is a summary of the distribution of assets within the fixed income composite as of June 30, 2006:

Domestic core (government, investment grade corporate)	34%
Domestic mortgages	14%
Domestic high yield	21%
Global established markets, investment grade	21%
Global emerging markets	10%

The GRS fixed income composite return was 1.7 percent. This return ranked in the top quartile of the ICC fixed income universe. This compares favorably with the readily investable broad domestic fixed income market, as measured by the Lehman Aggregate index, which was down 0.8 percent. Allocations to mortgages, domestic high yield, and international investment grade assets contributed significantly to the excess fixed income composite returns. The following is a summary of the performance of the fixed income composite and its major components versus the broad fixed income market averages:

GRS Domestic Fixed Income Composite	1.7%
GRS Domestic Core Fixed Income Composite	-0.1%
GRS Domestic High Yield Fixed Income Composite	4.7%
GRS Global Core Fixed Income Composite	3.1%
Lehman Aggregate Index	-0.8%
Citigroup Broad Investment Grade Index	-0.8%
Merrill Lynch High Yield Master Index	4.6%
Citigroup World Government Bond Index	-0.4%
JP Morgan Emerging Market Bond Index	5.3%

Returns from domestic government and investment grade fixed income investments were depressed by actions taken by the Federal Reserve Board to increase interest rates throughout the year. The duration of the fixed income composite was slightly less than that of the broad market averages which dampened the effect of rising interest rates on the overall returns.

Real Estate

The GRS real estate portfolio consists of both separately owned and managed properties as well as investments in real estate investment trusts and real estate commingled funds. The portfolio is broadly diversified by property type and geographic location. Essentially all of the GRS real estate portfolio is located within the United States.

Approximately 75 percent of the portfolio consists of core property investments with the balance consisting of noncore investments. Core investments are those whose return is primarily derived from current income, whereas non-core investments are those whose return is primarily derived from appreciation in value. The board relies on the current income from real estate to defray a disproportionate fraction of the benefits and expenses of the system.

The GRS real estate composite return for the year was 20.5 percent. This return ranked just below the top quartile of the ICC real estate universe and out-performed the broad domestic real estate market, as measured by the NCREIF Property Index, which was up 18.7 percent.

Alternative Investments

The GRS alternative investment portfolio consists of both individually managed investments as well as investments in commingled funds. The portfolio is diversified by investment type and geographic location. Broad asset classes of alternative investments include private equity funds, direct investments of equity or debt in privately held companies, mezzanine debt, distressed debt, collateralized debt obligations, hedge funds, and venture capital. Essentially all of the GRS alternative investment portfolio is located within the United States.

The GRS alternative investment composite return was 15.8 percent. Distressed debt, mezzanine debt, and private equity commingled funds exceeded their return objectives while non-performing individually managed investments dragged down the overall return from alternative investments.

Cash

During the current year, the GRS paid out approximately $300 million in benefits to its members. This relatively high level of benefit payments necessitates maintaining relatively high cash balances at all times.

The GRS runs its own money market fund to invest not only the cash needed to pay the benefits and expenses of the system, but also the idle cash balances which accumulate in the managed accounts. The money market fund provides daily liquidity and supports unlimited check writing. All cash receipts, disbursements, and movements, as well as the settlements of purchases and sales of securities, are cleared through the money market fund.

The GRS cash composite return for the year was 4.7 percent. This return ranked in the top quartile of the ICCU cash management universe. This compares very favorably with three-month U.S. Treasury bills, which returned 4.0 percent. Returns from cash on an absolute basis have been constrained since 2001 by Federal Reserve Board policy of maintaining relatively low levels of short-term interest rates.

Market Neutral

During the prior fiscal year, the GRS made an allocation to market neutral investing. Market neutral portfolios are expected to provide a positive absolute return regardless of the direction of the domestic stock market. To provide this positive absolute return, the GRS market neutral portfolios are constructed to contain essentially equal and offsetting long and short equity positions.

The GRS market neutral composite returned 9.5 percent for the year. This return ranked in the top half of the ICC market neutral peer group universe. The objective for the performance of the market neutral composite is the investment return of three-month U.S. Treasury bills plus 3 percent per annum. For the current year, the annualized return from three-month U.S. Treasury bills was 4.1 percent, making the market neutral performance objective 7.1 percent. Accordingly, the GRS market neutral composite exceeded its objective by 240 basis points.

General Retirement System for the City of Detroit

Statement of Plan Net Assets
June 30, 2006
(with comparative totals for June 30, 2005)

	2006	2005
Assets		
Cash (Note 3)	$ 14,631,971	$ 23,279,582
Investments - At fair value (Note 3)	3,469,494,373	3,383,373,136
Accrued investment income	17,112,437	10,236,614
Contributions receivable	27,622,101	-
Receivables from investment sales	66,953,657	133,349,955
Other accounts receivable	543,597	475,090
Capital assets (Note 1)	417,749	460,054
Cash and investments held as collateral for securities lending	548,294,329	-
Total assets	4,145,070,214	3,551,174,431
Liabilities		
Payables for investment purchases	94,932,100	167,433,642
Claims payable to retirees and beneficiaries	3,964,094	15,317,706
Due to City of Detroit	1,372,501	1,778,305
Pension over contribution	-	12,303,429
Other liabilities	41,427,970	35,455,022
Amounts due broker under securities lending agreement	548,294,329	-
Total liabilities	689,990,994	232,288,104
Net Assets Held in Trust for Pension Benefits (a schedule of analysis of funding progress is presented in the required supplement information)	**$ 3,455,079,220**	**$ 3,318,886,327**

The Notes to Financial Statements are an Integral Part of this Statement.

General Retirement System for the City of Detroit

Statement of changes in plan net assets by fund
Year Ended June 30, 2006
(with comparative totals for the year ended June 30, 2005)

	2006	2005
Additions		
Investment income:		
Interest and dividend income	$ 125,575,445	$ 120,321,635
Net appreciation in fair value	261,754,054	160,852,269
Investment expense	(14,548,181)	(13,780,153)
Other income	4,403,433	9,020,901
Net investment income	377,184,751	276,414,652
Contributions:		
Employee	20,462,296	22,648,662
Employer	58,162,088	41,689,528
Employer - Pension obligation certificate proceeds	-	739,793,898
Total additions	455,809,135	1,080,546,740
Deductions		
Retirees' pension and annuity benefits	201,611,854	172,251,379
Member refunds and withdrawals	114,333,813	106,882,109
General and administrative expenses	3,565,514	3,927,794
Depreciation expense	105,061	96,145
Total deductions	319,616,242	283,157,427
Net Increase in Net Assets Held in Trust for Pension Benefits	136,192,893	797,389,313
Net Assets Held in Trust for Pension Benefits - Beginning of year	3,318,886,327	2,521,497,014
Net Assets Held in Trust for Pension Benefits - End of year	**$ 3,455,079,220**	**$ 3,318,886,327**

The Notes to Financial Statements are an Integral Part of this Statement.

Note 1 – Summary of Significant Accounting Policies

The City of Detroit (the "City") sponsors the General Retirement System for the City of Detroit (the "System"), which is a contributory single-employer retirement plan. The System, which is administered by the System's board of trustees, is composed of a defined benefit plan and a defined contribution plan. The plan provides retirement, disability, and survivor benefits to plan members and beneficiaries.

The General Retirement System for the City of Detroit is an independent trust qualified under applicable provisions of the Internal Revenue Code and is an independent entity (separate and distinct from the employer/plan sponsor) as required by (1) state law and (2) Internal Revenue Code provisions setting forth qualified plan status. The trustees of the plan have fiduciary obligations and legal liability for any violations of fiduciary duties as independent trustees.

Reporting Entity - The financial statements of the System are also included in the combined financial statements of the City of Detroit as a Pension Trust Fund. The assets of the Pension Trust Fund include no securities of or loans to the City or any other related party.

Basis of Accounting - The General Retirement System for the City of Detroit's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Methods Used to Value Investments - Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

Capital Assets - Capital assets for the System represent office equipment and furniture. Depreciation expense is calculated by allocating the net cost of the assets over their estimated useful lives.

Note 2 - Plan Description and Contribution Information

At June 30, 2006, the membership of the defined benefit plans and the defined contribution plans consisted of the following:

	Defined Benefit Plan	Defined Contribution Plan
Retirees and beneficiaries receiving pension benefits	11,474	1,496
Terminated plan members entitled to but not yet receiving benefits	2,844	1,202
Active plan members	9,496	8,403

Plan Description - The System provides retirement benefits, as well as survivor and disability benefits. Employees may receive cost of living adjustments as a percentage of their base amount, pursuant to the collective bargaining agreement in effect at their date of retirement. The obligation to contribute to and maintain the System was established by City Charter and negotiation with the employees' collective bargaining units.

Contributions - The City's policy is to fund normal costs and amortization of prior service costs. The City is required to contribute at an actuarially determined rate. Administrative costs are financed through investment earnings. The contribution rate for 2005-2006 ranged from 6.80 percent to 31.71 percent of active annual payroll (depending on bargaining unit), with a range of 0 percent to 13.64 percent being funded from the use of pension obligation certificate proceeds received during the prior year. The System's actuary has computed the portion of the total required contribution that is funded through the certificate proceeds. This amount is transferred from the Accrued Liability Reserve Fund to the Pension Reserve Fund. Contributions from the employer for the year ended June 30, 2006 totaled $58,162,088.

Employees may also elect to contribute (a) 0 percent, (b) 3 percent of annual compensation up to the Social Security wage base and 5 percent of any excess over that, (c) 5 percent, or (d) 7 percent toward annuity savings. Contributions from employees during the year ended June 30, 2006 totaled $20,462,296.

The contribution requirements of plan members and the City of Detroit are established and may be amended by the boards of trustees in accordance with the City Charter, union contracts, and plan provisions.

Note 3 – Deposits and Investments

The System is authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles. The investment policy adopted by the board is in accordance with Public Act 196 of 1997 and has authorized the investments according to Michigan Public Act 314. The System's deposits and investment policies are in accordance with statutory authority.

The System's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year end, the System had $1,182,296 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The System believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the System evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Note 3 - Deposits and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The System's investment policy does not restrict investment maturities. At year end, the average maturities of investments broken down by years are as follows:

	Investment Maturities (in years)				
Investment Type	Fair Value	Less than 1	1 - 5	6 - 10	More than 10
U.S. government	$ 83,182,932	$ 10,956,831	$ 18,142,385	$ 24,412,890	$ 29,670,826
Mortgage backed	78,218,328	2,469	11,561,068	6,330,101	60,324,690
Collateralized mortgage obligations	20,109,010	-	659,708	1,869,480	17,579,822
Corporate	196,687,355	10,468,105	75,722,413	94,146,484	16,350,353
Yankee bonds	3,565,397	-	819,340	2,103,776	642,281
Non-U.S. fixed income	68,050,764	5,406,571	36,664,624	24,280,017	1,699,552
Repurchase agreements	626,097	626,097	-	-	-
Agencies	4,049,694	4,049,694	-	-	-
Mortgages	59,991,582	24,401,997	21,589,585	-	14,000,000
Total	**$ 514,481,159**	**$ 55,911,764**	**$ 165,159,123**	**$ 153,142,748**	**$ 140,267,524**

Note 3 - Deposits and Investments (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The System has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than that guaranteed by the U.S. government) as rated by S&P is as follows:

Investment Type and Fair Value ($000)	AAA	AA	A	BBB	BB
U.S. government	$ 60,929	$ -	$ -	$ -	$ -
Mortgage backed	8,886	57	-	-	142
Collateralized mortgage obligations	6,686	498	-	-	
Corporate	6,826	2,700	10,232	28,404	33,583
Yankee bonds	-	-	-	1,370	614
Non-U.S. fixed income	39,603	1,190	7,426	540	7,502
Agencies	4,050	-	-	-	-
Total	**$ 126,980**	**$ 4,445**	**$ 17,658**	**$ 30,314**	**$ 41,841**

Investment Type and Fair Value ($000)	B	CCC & Below	A-1	NR
U.S. government	$ -	$ -	$ 47	$ 6,872
Mortgage backed	-	-	-	69,134
Collateralized mortgage obligations	-	-	-	12,925
Corporate	85,659	17,786	107	11,390
Yankee bonds	1,268	313	-	-
Non-U.S. fixed income	5,039	959	-	5,791
Repurhcase agreements	-	-	626	-
Mortgages	-	-	-	59,992
Total	**$ 91,966**	**$ 19,058**	**$ 780**	**$ 166,104**

Note 3 - Deposits and Investments (Continued)

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. The pension system does not restrict the amount of investments in foreign currency. The following deposits and securities are subject to foreign currency risk (in $000):

	Fixed Income	Equity	Forward Contracts Unrealized Gain (Loss)	Cash
Australian dollar	$ 7,815	$ 11,069	$ (3,595)	$ 1,005
Brazilian real	2,128	188	-	-
British pound sterling	3,008	59,926	(11,987)	346
Canadian dollar	8,732	4,433	-	97
Cyprus pound	-	1,129	-	-
Czech koruna	-	2,809	(1,099)	177
Danish krone	-	2,069	-	40
Euro currency	8,357	136,529	(11,361)	8,822
Hong Kong dollar	-	7,575	(1,418)	486
Hungarian forint	-	3,071	-	(1,689)
Indonesian rupiah	1,546	220	-	33
Japanese yen	-	78,021	19,635	2,717
Kroon	-	96	-	-
Malaysian ringgit	1,498	-	-	-
Mexican Nuevo peso	3,348	974	-	14
New Taiwan dollar	-	633	-	163
New Zealand dollar	1,199	234	(2,119)	-
Norwegian krone	-	8,255	-	778
New Turkish lira	-	2,068	(444)	7
Philippines peso	-	-	-	-
Polish zloty	5,177	9,519	(982)	(31)
Renminbi yuan	-	1,230	-	-
Russian new ruble	-	3,126	-	-
Singapore dollar	5,361	2,294	-	156
South African rand	271	-	-	-
South Korean won	-	2,686	-	(75)
Swedish krona	5,354	10,689	386	104
Swiss franc	-	30,079	-	490
Thai baht	770	349	1,123	-
Total	**$ 54,564**	**$ 379,271**	**$ (11,861)**	**$ 13,640**

Note 3 – Deposits and Investments (Continued)

The following is a description of the investments by type and category:

Investment	Amount
Short-term investments	$ 57,199,392
Stocks	1,480,486,746
Commingled equity funds	791,570,177
Bonds	360,671,578
Mortgage-backed securities	82,017,278
Pooled investments	162,121,174
Equity interest in real estate	89,256,803
Private placements	339,900,994
Mortgage and construction loans	106,270,231
Total	$ 3,469,494,373

As permitted by state statutes and under the provisions of a securities lending authorization agreement, the System lends securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The System's custodial bank manages the securities lending program and receives cash, government securities, or irrevocable bank letters of credit as collateral. The custodial banks do not have the ability to pledge or sell collateral securities unless the borrower defaults. Borrowers are required to deliver collateral for each loan equal to not less than 100 percent of the market value of the loaned securities.

The System did not impose any restrictions during the fiscal year on the amount of loans made on its behalf by the custodial bank. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or custodial bank.

Note 3 - Deposits and Investments (Continued)

The System and the borrower maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested together with the cash collateral of other lenders in an investment pool. The average duration of this investment pool as of June 30, 2006 was 26 days. Because the loans are terminable on demand, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2006, the System had no credit risk exposure to borrowers. The collateral held and the fair market value of the underlying securities on loan for the System as of June 30, 2006 was $548,294,329 and $535,930,060, respectively.

Note 4 - Reserves

State law requires employee contributions to be segregated. In addition, amounts must be set aside as determined by the actuary to fund benefits to retirees currently approved to receive benefits. As of June 30, 2006, the System's reserves have been fully funded as follows:

Reserved for employee contributions	$ 653,487,930
Reserved for retired employees	1,685,531,699

A statement of changes in plan net assets by fund is included in the other supplemental information.

Note 5 - Pension Obligation Certificates

In June 2005, the City of Detroit issued $1,440,000,000 of pension obligation certificates to provide funding for the unfunded actuarially accrued liability (UAAL), which existed at June 30, 2003. Any future UAAL that may arise will continue to be paid by the City, as well as the annual normal cost. The proceeds of the pension obligation certificates were deposited into the System and are accounted for in the Accrued Liability Fund (Pension Obligation Certificate) Reserve. Approximately $740,000,000 was deposited into the General Retirement System for the City of Detroit and approximately $630,000,000 was deposited into the Police and Fire Retirement System for the City of Detroit, net of issuance costs and premiums. On an annual basis, funds will be transferred from the Accrued Liability Fund reserve to the pension accumulation reserve on the advice of the actuary. The Accrued Liability Fund was credited with investment earnings commensurate with the overall earnings of the System.

Required Supplemental Information

General Retirement System for the City of Detroit

Required Supplemental Information
Schedule of Analysis of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
06/30/99	$ 2,756,614,458	$ 2,900,404,223	$ 143,789,765	95.0	$ 383,449,421	37.5
06/30/00	2,902,433,063	3,077,001,129	174,568,066	94.3	417,187,666	41.8
06/30/01	2,912,146,389	3,179,601,214	267,454,825	91.6	439,636,072	60.8
06/30/02	2,761,203,680	3,276,591,209	515,387,529	84.3	440,680,045	117.0
06/30/03	2,537,668,376	3,270,627,177	732,958,801	77.6	448,579,064	163.4
06/30/04	2,470,243,470	3,383,926,672	913,683,202	73.0	444,596,299	205.5
06/30/05	3,222,393,861	3,347,387,652	124,993,791	96.3	390,593,600	32.0

General Retirement System for the City of Detroit

Required Supplemental Information
Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution		Percentage Contributed
1999	$ 55,683,125		100
2000	66,681,049		100
2001	68,139,535		100
2002	67,791,488		100
2003	72,859,246		100
2004	95,876,076		100
2005	106,496,612	*	100
2006	75,450,813	**	120

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of June 30, 2005, the latest actuarial valuation, follows:

Valuation date	June 30, 2005
Actuarial cost method	Entry age
Amortization method	Level percent
Remaining amortization period	30 years
Asset valuation method	Three-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.9%
Projected salary increases	4.0%-9.5%
Includes inflation at	4.0%
Cost of living adjustments	2.25%

* For the year ended June 30, 2005, the annual required city contribution included city contributions of $41,689,528 as well as transfers of $64,807,084 from the proceeds of pension obligation certificates.

** For the year ended June 30, 2006, the annual required contribution was funded by transfers from the accrued liability reserve in the amount of $32,651,232 and from current year city contributions of $58,162,088.

Other Supplemental Information

Annuity Savings Fund - This fund represents cumulative required and voluntary contributions made by the active employees plus accumulated interest.

Annuity Reserve Fund - Transfers are made from the Annuity Savings Fund into the Annuity Reserve Fund when an employee retires, becomes disabled, or if a surviving spouse elects an annuity rather than a lump-sum payout of accumulated employee contributions.

Both annuity funds are referred to as defined contribution plans.

Market Stabilization Fund - This fund represents designations from the plans' investment income (loss) to be used to cushion the market value adjustments within the other funds. The boards of trustees authorized the creation of this fund, and the reserve amounts are calculated using a three-year average method.

Accrued Liability Reserve Fund - This fund originated during June 2005 when the City issued pension obligation certificates to fund the unfunded actuarial accrued liability that existed at June 30, 2003 (subject UAAL). On an annual basis, the actuary will inform the system of the amount to transfer from the Accrued Liability Reserve to the Pension Accumulation Fund in lieu of contributions from the City for the subject UAAL.

Pension Accumulation Fund - This fund represents accumulated city contributions to the pension system for the payment of pensions and other benefits to future retirees. Additionally, pre-employment military service credit contributions are captured in this fund.

Pension Reserve Fund - This fund represents funded pension benefits available for retired members and is funded by actuarially determined transfers from the Pension Accumulation Fund.

	Annuity Reserves	
	Annuity Savings Fund	Annuity Reserve Fund
Additions		
Net investment income	$ 119,783,196	$ 3,178,316
Contributions:		
Employee	20,401,031	-
Employer	-	-
Total additions - Net of investment loss	140,184,227	3,178,316
Deductions		
Retirees' pension and annuity benefits	-	4,746,340
General and administrative expenses	-	-
Depreciation expense	-	-
Member refunds and withdrawals	112,726,813	-
Total deductions	112,726,813	4,746,340
Net Additions (Deductions) - Before transfers	27,457,414	(1,568,024)
Transfers - Net	(6,071,451)	4,884,587
Net Increase in Net Assets Held in Trust for Pension Benefits	21,385,963	3,316,563
Net Assets Held in Trust for Pension Benefits - Beginning of year	632,101,967	38,652,617
Net Assets Held in Trust for Pension Benefits - End of year	**$ 653,487,930**	**$ 41,969,180**

Other Supplemental Information
Statement of Changes in Plan Net Assets by Fund
Year Ended June 30, 2006
(with comparative totals for the year ended June 30, 2005)

		Pension Reserves		Total	
Market Stabilization Fund	Accrued Liability Reserve Fund	Pension Accumulation Fund	Pension Reserve Fund	2006	2005
$ 4,418,887	$ 53,728,194	$ 61,647,172	$ 134,428,986	$ 377,184,751	$ 276,414,652
-	-	61,265	-	20,462,296	22,648,662
-	-	58,162,088	-	58,162,088	781,483,426
4,418,887	53,728,194	119,870,525	134,428,986	455,809,135	1,080,546,740
-	-	-	196,865,514	201,611,854	172,251,379
-	-	3,565,514	-	3,565,514	3,927,794
-	-	105,061	-	105,061	96,145
-	-	1,607,000	-	114,333,813	106,882,109
-	-	5,277,575	196,865,514	319,616,242	283,157,427
4,418,887	53,728,194	114,592,950	(62,436,528)	136,192,893	797,389,313
-	(32,651,232)	(104,713,072)	138,551,168	-	-
4,418,887	21,076,962	9,879,878	76,114,640	136,192,893	797,389,313
96,492,467	680,103,722	304,087,675	1,567,447,879	3,318,886,327	2,521,497,014
$ 100,911,354	**$ 701,180,684**	**$ 313,967,553**	**$1,643,562,519**	**$3,455,079,220**	**$3,318,886,327**

H&H
HOOKER & HOLCOMBE, INC.

65 LaSalle Road
West Hartford, CT 06107-2397
860-521-8400 tel
860-521-3742 fax
www.hhconsultants.com

City of Hartford Municipal Employee's Retirement Fund (MERF)

Actuarial Survey

July 1, 2006

Elizabeth J. Willard, F.S.A.
Consulting Actuary

Scott B. Moss, A.S.A.
Pension Analyst

June 21, 2007

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Section I

Valuation Report

A. Purpose of the Valuation

The purpose of the valuation is to determine the funded status of the plan as well as the recommended cash contribution for the plan year. The information found in Section II of the report has been developed for this purpose.

The ultimate cost of a pension plan is based primarily on the level of benefits promised by the plan. The pension fund's investment earnings service to reduce the cost of plan benefits and expenses. Thus,

City's ultimate cost	=	*benefits paid*	+	*expenses incurred*	-	*investment return*	-	*employee contributions*

B. Contribution for 2007-2008 Fiscal Year

The City's contribution rates for the 2007-2008 fiscal year, determined from the July 1, 2006 actuarial valuation, are shown below. Last year's results are shown for comparison purposes.

	2007-2008 Fiscal Year July 1, 2006 Valuation	**2006-2007 Fiscal Year July 1, 2005 Valuation**
Police	2.80%	3.36%
Firefighters	-5.13%	-4.59%
Board of Education	11.48%	13.35%
Municipal Services	30.36%	30.91%
Library	16.99%	18.68%

Please see Section II, Exhibit A for the development of these figures.

C. Funded Status

The MERF fund was in sound financial condition on July 1, 2006. The MERF adjusted value of plan assets of $1,028,513,000 (including $7.0 million contribution receivable from the City) was equal to 102.6% of the "pension benefit obligation" of $1,002,848,000 as of July 1, 2006. (Without the City contribution receivable, the funded ratio was 101.9%.) The "pension benefit obligation" is the actuarial present value of credited projected benefits for prior years' service. For active members, the credited projected benefits are based on future salary increases and the ratio of actual service to total service projected at retirement.

D. Plan Experience During Period Under Review

The recommended City contribution rate for the 2007-2008 fiscal year has fallen from last year for each group.

The actuarial value of assets earned a return of about 9.3% during the 2005-2006 fiscal year, compared to an expected rate of return of 8.0%. The market value of assets returned 8.7% over the same period. The decrease in contribution rates from last year is largely the result of investment gains generated from the return on the actuarial value of assets greater than expected.

The active membership of MERF as of July 1, 2006, was 2,554, an increase of 106 from the total of 2,448 last year. Police active membership decreased by 9, Firefighters decreased by 8, Board of Education increased by 73, Municipal Services increased by 32 and Library increased by 8. The total covered payroll for all active participants increased by approximately 6% from $117,261,000 in last year's valuation to $124,837,000 in this year's valuation.

E. Changes Since The Last Valuation

The July 1, 2006 actuarial valuation includes changes in Plan Provisions from last year for CHPEA and Local 1018A/B. It also reflects the newly negotiated future increases in general wages for these two groups, as well as the Paraprofessionals (Local 2221). These changes all had a minimal impact on plan costs except the new CHPEA provisions which increased the contribution rate for the Municipal Services group.

F. Certification

The results of this valuation are based on financial, personnel and payroll data furnished to us by the City and unaudited by us as of July 1, 2006.

In my opinion, and to the best of my knowledge, this Report presents fairly the financial and actuarial position of the City of Hartford Municipal Employees' Retirement Fund (MERF) as of July 1, 2006. The actuarial present values shown have been estimated on the basis of actuarial assumptions which, in my opinion, are appropriate for the purposes of the Report, are reasonable in the aggregate (taking into account the experience of the Plan and reasonable expectations), and, when applied in combination, represent my best estimate of the measure of anticipated experience under the Plan.

I believe that this Report meets the requirements of Public Act No. 77-468, An Act Requiring Periodic Actuarial Evaluation of Municipal Pension Plans.

I am a member of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.

HOOKER & HOLCOMBE, INC.

Elizabeth J. Willard

Elizabeth J. Willard, F.S.A., M.A.A.A.
Enrolled Actuary

June 21, 2007

Section II

Supporting Exhibits

A. Normal Cost

	July 1, 2006 Valuation					
	Police	Fire	Board of Ed.	Municipal Services	Library	Total Membership
Active Membership						
Number of Employees	428	339	1,187	517	73	2,544
Annual Payroll (000)	$29,624	$25,299	$39,459	$26,868	$3,587	$124,837
Normal Actuarial Costs						
A. Actuarial Present Value of Future Benefits (000)						
Active Members	$129,331	$126,176	$110,232	$118,831	$11,342	$495,912
Terminated Non-Vested Members	144	141	123	133	13	553
Terminated Vested Members	897	90	3,039	4,246	0	8,272
Retired Members	219,151	166,318	87,191	220,245	11,988	704,893
Old Plans COLA	656	466	649	57	0	1,827
Total	$350,179	$293,191	$201,235	$343,511	$23,342	$1,211,458
B. Valuation Assets (Adjusted Value) (000)*	$327,533	$292,763	$133,688	$258,552	$15,977	$1,028,513
C. Actuarial Present Value of Future Employee Contributions (000)	$20,194	$17,707	$22,341	$13,790	$1,583	$75,615
D. Actuarial Present Value of Future Normal Costs (A) - (B) - (C) (000)	$2,452	($17,280)	$45,206	$71,169	$5,783	$107,330
E. Actuarial Present Value of Future Salaries (000)	$303,331	$244,130	$425,475	$252,307	$36,366	$1,261,609
F. Normal Actuarial Costs as Percentage of Payroll						
Pension Benefits (D)/(E)**	0.81%	-7.08%	10.62%	28.21%	15.90%	8.51%
G. Expenses (other than Investment Expenses)	1.99%	1.95%	0.86%	2.15%	1.09%	1.63%
Total Normal Cost Percent Payable by City	**2.80%**	**-5.13%**	**11.48%**	**30.36%**	**16.99%**	**10.14%**

** Includes $7.0 million contribution receivable from the City.*

*** Based on $2,038,000 estimate of expenses (other than investment expenses) allocated by present value of future benefits.*

Section II

Supporting Exhibits
(continued)

B. Estimated Cash Contribution

	Estimated July 1, 2007 - June 30, 2008 Fiscal Year Contribution					
	Police	Fire	Board of Ed	Municipal Services	Library	Total
(1) Annual Adjusted Payroll, July 1, 2006	$29,623,885	$25,299,020	$39,458,781	$26,867,996	$3,586,852	$124,836,534
(2) Total Normal Cost Percent Payable by City	2.80%	-5.13%	11.48%	30.36%	16.99%	
(3) Gross City Contribution: (1) x (2)	829,469	(1,297,840)	4,529,868	8,157,124	609,406	12,828,027
(4) July 1, 2006 Payment for Local 566	0	0	303,918	0	0	303,918
(5) July 1, 2006 Payment for Local 1716	0	0	0	509,126	0	509,126
(6) Old Plans COLA Annual Payment	138,979	100,760	162,199	16,667	0	418,605
(7) Net City Contribution Estimate: (3)-(4)-(5)-(6)	**$690,490**	**($1,398,600)**	**$4,063,751**	**$7,631,331**	**$609,406**	**$11,596,378**

Section II

Supporting Exhibits
(continued)

C. Actuarial Balance Sheet

	July 1, 2006	July 1, 2005
Actuarial Liabilities		
Present Value of Future Benefits for:		
Active Employees	$ 495,911,768	$ 456,539,985
Inactive Members		
• Regular Retirees	618,582,326	612,171,106
• Disability Retirees	58,147,662	59,941,185
• Survivors	28,162,751	25,283,174
• Terminated Non-Vesteds	553,450	720,251
• Terminated Vesteds	8,272,358	7,229,678
• Old Plans COLA	1,827,314	2,209,077
TOTAL	$1,211,457,629	$1,164,094,456
Source of Funds		
1. Plan Assets	$1,028,513,283	$ 987,904,541
2. Present Value of Future Employee Contributions	75,614,602	68,828,126
3. Present Value of Future City Normal Cost Contributions	107,329,744	107,361,789
4. TOTAL = (1) + (2) + (3)	$1,211,457,629	$1,164,094,456

Section II

Supporting Exhibits
(continued)

D. Development of Asset Values

The Adjusted Value of assets is used in the determination of plan contributions. It phases in recognition of asset gains and losses. A method of smoothing is used because the Market Value can swing widely from one year to the next, resulting in undesirable fluctuations in pension contributions. The smoothing is accomplished by recognizing asset gains and losses over a four-year period at 25% per year.

Relationship of Adjusted Value to Market Value	
1. Market value 7/1/2006 (without receivable)	$1,046,393,156
2. Gains (losses) not recognized in actuarial value 7/1/2006	24,902,097
3. Preliminary adjusted value 7/1/2006: (1)–(2)	1,021,491,059
4. Preliminary adjusted value as a percentage of market value: (3)÷(1)	97.6%
5. Contribution receivable	7,022,224
6. Adjusted value 7/1/2006: (3) + (5)	1,028,513,283

Recognized Gains and Losses in Adjusted Value					
	2002-2003	2003-2004	2004-2005	2005-2006	Total
1. Gains (losses)	$(34,119,614)	$57,855,924	$10,701,876	$6,782,904	$41,221,090
2. Recognized as of 7/1/2005	(25,589,711)	28,927,962	2,675,469	0	
3. Recognized in current year: 25% of (1)	(8,529,903)	14,463,981	2,675,469	1,695,726	10,305,273
4. Total recognized as of 7/1/2006: (2)+(3)	(34,119,614)	43,391,943	5,350,938	1,695,726	
5. Gains (losses) not recognized in actuarial value 7/1/2006: (1)–(4)	0	14,463,981	5,350,938	5,087,178	24,902,097

Development of Asset Gain/Loss for 2005-2006 Year	
1. Market value 7/1/2005 (without receivable)	$1,014,829,007
2. Contributions	21,901,990
3. Benefit payments	73,949,576
4. Expenses	2,245,392
5. Expected interest at 8%	79,074,223
6. Expected value 7/1/2006: (1)+(2)-(3)-(4)+(5)	1,039,610,252
7. Market value 7/1/2006 (without receivable)	1,046,393,156
8. Asset gain/(loss): (7)-(6)	6,782,904

Section II

Supporting Exhibits
(continued)

D. Development of Asset Values

Summary of Fund Activity		
	Market Value	**Adjusted Value**
1. Beginning Value 7/1/2005		
a. Trust Assets	$1,014,829,007	$ 986,404,541
b. Contribution Receivable	1,500,000	1,500,000
c. Total	1,016,329,007	987,904,541
2. Contributions	21,901,990	21,901,990
3. Disbursements		
a. Benefit Payments	73,949,576	73,949,576
b. Expenses	2,245,392	2,245,392
c. Total	76,194,968	76,194,968
4. Net Investment Income		
a. Net Income	85,857,127	N/A
b. Expected Return	N/A	79,074,223
c. Recognized Gain (Loss)	N/A	10,305,273
d. Total	85,857,127	89,379,496
5. Ending Value 7/1/2006		
a. Trust Assets: (1a)+(2)-(3)+(4)	1,046,393,156	1,021,491,059
b. Contribution Receivable	7,022,224	7,022,224
c. Total	1,053,415,380	1,028,513,283
6. Approximate rate of return 2005-2006	8.7%	9.3%

Section II

Supporting Exhibits
(continued)

D. Development of Asset Values

Summary of Assets by Investment Manager		
	Cost Basis	**Market Value**
Treasurer's Account (includes Cash and Accounts Payable)	$ 11,789,930	$ 11,045,582
Citibank - Advisory Accounts	922,648,818	1,033,731,785
Insurance Carrier (Aetna Life)	1,615,789	1,615,789
Total	$936,054,537	$1,046,393,156
Contribution Receivable from City	7,022,224	7,022,224
Grand Total	$943,076,761	$1,053,415,380

Rate of Return on Market Value of Assets				
Period Ending June 30th	Average Annual Effective Rate of Return			
	1 Year	**3 Years**	**5 Years**	**10 Years**
1997	20.7%			
1998	18.0%			
1999	10.4%	16.3%		
2000	8.8%	12.3%		
2001	-2.1%	5.6%	10.9%	
2002	-3.1%	1.1%	6.1%	
2003	4.6%	-0.3%	3.6%	
2004	14.6%	5.1%	4.3%	
2005	9.1%	9.4%	4.4%	
2006	8.7%	10.8%	6.6%	8.7%

Section II

Supporting Exhibits

E. Accounting Information

GASB Statements No. 25 and 27

The following information is based on the Governmental Accounting Standards Board (GASB) Statement No. 25 on "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and Statement No. 27 on "Accounting for Pensions by State and Local Governmental Employers".

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed	Net Annual Required Contribution *	Miscellaneous **	Net Percentage Contributed
2001	$ 759,283	100%	$ 470,000	$289,283	100%
2002	332,806	100%	0	332,806	100%
2003	2,463,804	100%	2,196,698	267,106	100%
2004	6,536,149	100%	6,296,790	239,359	100%
2005	9,206,742	100%	9,000,000	206,742	100%
2006	16,196,000	74%	11,765,350	183,037	74%

* *City's cash contribution to MERF.*

** *Funds transferred from State of Connecticut's Connecticut Municipal Employees' Retirement System (CMERS) and Aetna annuity payments.*

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets * (a)	Actuarial Accrued Liability (AAL) ** (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)÷c)
7/1/2001	$ 978,884,000	$ 865,570,000	$(113,314,000)	113.1%	$119,609,000	-94.7%
7/1/2002	957,390,000	880,444,000	(76,946,000)	108.7%	117,498,000	-65.5%
7/1/2003	965,389,000	922,258,000	(43,131,000)	104.7%	110,339,000	-39.1%
7/1/2004	963,044,000	967,393,000	4,349,000	99.6%	107,808,000	4.0%
7/1/2005	986,405,000	970,286,000	(16,119,000)	101.7%	117,261,000	-13.7%
7/1/2006	1,021,491,000	1,002,848,000	(18,643,000)	101.9%	124,837,000	-14.9%

* *Excludes receivable from CMERS and the $7.0 million city contribution at July 1, 2006.*

** *Liability shown on a PBO basis.*

The information required for completion of GASB No. 25 and No. 27 for the fiscal year ending June 30, 2006 was prepared based upon the previous year's actuarial valuation (2005 Actuarial Survey) and additional information for fiscal year 2005-2006. It was contained in a separate report which was sent to the City's auditors, Blum Shapiro & Company, on February 13, 2007.

The information required for completion of GASB No. 25 and No. 27 for the fiscal year ending June 30, 2007 will be prepared based upon the current year's actuarial valuation (2006 Actuarial Survey) and additional information for fiscal year 2006-2007. It will be contained in a separate report and submitted to the City's auditors.

Section II

Supporting Exhibits
(continued)

F. Membership Data

Summary – Active Members as of July 1, 2006

	Number	Payroll*	Average Annual Pay*
Police	428	$ 29,623,885	$69,215
Firefighters	339	25,299,020	74,628
Board of Education	1,187	39,458,781	33,242
Municipal Services	517	26,867,996	51,969
Library	73	3,586,852	49,135
Total	**2,544**	**$124,836,534**	**$49,071**

**Basic salary, plus overtime, plus Fire private duty pay.*

Summary – Terminated Non-Vested Members as of July 1, 2006

Number: Unknown
Total Monthly Annuities: N/A (all Non-Vested, return of employee contributions pending)

Summary – Pensioners as of July 1, 2006

	Service Pensions*		Disability Pensions		Survivor Benefits*		Total	
	Count	Total Monthly Annuities	Count	Total Monthly Annuities	Count	Total Monthly Annuities	Count	Total Monthly Annuities
Police	446	$1,547,342	63	$134,934	51	$47,709	560	$1,729,985
Firefighters	305	1,028,449	125	321,038	94	92,429	524	1,441,916
Board of Ed.	608	754,783	24	13,211	77	27,662	709	795,656
Municipal Svcs.	696	1,762,397	18	13,972	135	98,042	849	1,874,411
Library	50	105,478	0	0	3	1,620	53	107,098
Vested Deferred	97	93,703	--	--	--	--	97	93,703
TOTAL**	**2,202**	**$5,292,152**	**230**	**$483,155**	**360**	**$267,462**	**2,792**	**$6,042,769**

* *Six pensioners receiving benefits as retirees and as survivors are included in both groups.*

** *An additional monthly benefit for the July 1, 1987, July 1, 1990, July 1, 1997, July 1, 1999, July 1, 2001, and July 1, 2005, COLA's for the unfunded plans (PBF, FRF, and RAF) is also included in the total liabilities for MERF. Such participants are not included in the counts shown here.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Police

Participant Data				
	Active	Terminated Vested	Pensioners*	Total
Total Participants 7/1/2005	**437**	**4**	**551**	**992**
Adjustments	0	0	+3	+3
Retirements	-14	0	+14	0
Disabilities	0	0	0	0
Terminations				
Vested	0	0	N/A	0
Non-vested	-7	N/A	N/A	-7
Deaths	-2	0	-12	-14
New beneficiaries	N/A	0	+4	+4
Transfer group	-1	0	0	-1
Rehires	0	0	0	0
New entrants	+15	N/A	N/A	+15
Total Participants 7/1/2006	**428**	**4**	**560**	**992**
Average Age				
7/1/2005	36.9			
7/1/2006	37.4			
Average Service				
7/1/2005	9.7			
7/1/2006	10.0			
Payroll**				
7/1/2005	$28,532,224			
7/1/2006	29,623,885			
Total monthly benefits*				
7/1/2005		$7,612	$1,670,126	
7/1/2006		7,612	1,729,985	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Firefighters

Participant Data				
	Active	Terminated Vested	Pensioners*	Total
Total Participants 7/1/2005	**347**	**2**	**518**	**867**
Adjustments	0	0	0	0
Retirements	-9	-1	+10	0
Disabilities	0	0	0	0
Terminations				
Vested	0	0	N/A	0
Non-vested	0	N/A	N/A	0
Deaths	0	0	-10	-10
New beneficiaries	N/A	0	+7	+7
Transfer group	0	0	-1	-1
Rehires	0	0	0	0
New entrants	+1	N/A	N/A	+1
Total Participants 7/1/2006	**339**	**1**	**524**	**864**
Average Age				
7/1/2005	41.7			
7/1/2006	42.4			
Average Service				
7/1/2005	14.6			
7/1/2006	15.1			
Payroll**				
7/1/2005	$23,370,771			
7/1/2006	25,299,020			
Total monthly benefits*				
7/1/2005		$1,520	$1,417,053	
7/1/2006		773	1,441,916	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Board of Education

Participant Data				
	Active	Terminated Vested	Pensioners*	Total
Total Participants 7/1/2005	**1,114**	**25**	**728**	**1,867**
Adjustments	0	-1	0	-1
Retirements	-6	-1	+7	0
Disabilities	0	0	0	0
Terminations				
Vested	-14	+14	N/A	0
Non-vested	-79	N/A	N/A	-79
Lump Sum	0	0	N/A	0
Deaths	-2	0	-32	-34
New beneficiaries	N/A	0	+5	+5
Transfer group	-2	0	+1	-1
Rehires	+2	-2	0	0
New entrants	+174	N/A	N/A	+174
Total Participants 7/1/2006	**1,187**	**35**	**709**	**1,931**
Average Age				
7/1/2005	44.2			
7/1/2006	44.0			
Average Service				
7/1/2005	8.8			
7/1/2006	8.6			
Payroll**				
7/1/2005	$38,511,053			
7/1/2006	39,458,781			
Total monthly benefits*				
7/1/2005		$23,025	$799,680	
7/1/2006		33,488	795,656	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Municipal Services

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2005	**487**	**58**	**849**	**1,394**
Adjustments	0	0	+2	+2
Retirements	-11	-2	+13	0
Disabilities	0	0	0	0
Terminations				
Vested	-2	+2	N/A	0
Non-vested	-20	N/A	N/A	-20
Deaths	0	0	-23	-23
New beneficiaries	N/A	0	+8	+8
Transfer group	+3	0	0	+3
Rehires	+1	-1	0	0
New entrants	+59	N/A	N/A	+59
Total Participants 7/1/2006	**517**	**57**	**849**	**1,423**
Average Age				
7/1/2005	48.0			
7/1/2006	48.2			
Average Service				
7/1/2005	11.7			
7/1/2006	10.6			
Payroll**				
7/1/2005	$23,917,186			
7/1/2006	26,867,996			
Total monthly benefits*				
7/1/2005		$55,928	$1,853,922	
7/1/2006		51,830	1,874,411	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Library

Participant Data				
	Active	Terminated Vested	Pensioners*	Total
Total Participants 7/1/2005	**63**	**0**	**53**	**116**
Adjustments	0	0	0	0
Retirements	-1	0	+1	0
Disabilities	0	0	0	0
Terminations				
Vested	0	0	N/A	0
Non-vested	-3	N/A	N/A	-3
Deaths	0	0	-1	-1
New beneficiaries	N/A	0	0	0
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	+14	N/A	N/A	+14
Total Participants 7/1/2006	**73**	**0**	**53**	**126**
Average Age				
7/1/2005	44.2			
7/1/2006	44.7			
Average Service				
7/1/2005	11.0			
7/1/2006	10.8			
Payroll**				
7/1/2005	$2,929,350			
7/1/2006	3,586,852			
Total monthly benefits*				
7/1/2005		$0	$108,139	
7/1/2006		0	107,098	

**Excludes old Plan COLA participants.*

***Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Total

Participant Data				
	Active	Terminated Vested	Pensioners*	Total
Total Participants 7/1/2005	**2,448**	**89**	**2,699**	**5,236**
Adjustments	0	-1	+5	+4
Retirements	-41	-4	+45	0
Disabilities	0	0	0	0
Terminations				
Vested	-16	+16	N/A	0
Non-vested	-109	N/A	N/A	-109
Lump Sum	0	0	0	0
Deaths	-4	0	-78	-82
New beneficiaries	N/A	0	+24	+24
Transfer group	0	0	0	0
Rehires	+3	-3	0	0
New entrants	+263	N/A	N/A	+263
Total Participants 7/1/2006	**2,544**	**97**	**2,695**	**5,336**
Payroll**				
7/1/2005	$117,260,584			
7/1/2006	124,836,534			
Total monthly benefits				
7/1/2005		$93,703	$5,949,066	
7/1/2006		93,703	5,949,066	

**Excludes old Plan COLA participants.*
***Basic salary plus overtime and private duty pay.*

City of Hartford MERF - Police

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2006

Attained Age	Completed Years of Credited Service																			
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	3	43,228	9	50,262																	12	48,503
25 to 29	6	43,406	39	52,823	11	68,579	1	72,878													57	55,224
30 to 34	4	43,006	37	51,917	20	69,370	12	78,482													73	60,577
35 to 39			29	52,115	23	69,472	55	81,206	28	82,297											135	73,184
40 to 44			6	51,689	11	69,651	21	76,878	35	76,991	8	75,100									81	73,904
45 to 49			7	49,536	2	77,966	5	65,427	21	79,838	9	82,450	3	104,129							47	75,763
50 to 54	1	41,802			1	80,023	3	84,706	1	54,929	8	75,984									14	74,196
55 to 59									1	94,279	4	83,231	1	59,712							6	81,152
60 to 64					1	33,062					1	82,954									2	58,008
65 to 69																						
70 & over																			1	70,650	1	70,650
All ages	14	43,139	127	51,981	69	69,200	97	79,141	86	79,359	30	78,887	4	93,025					1	70,650	428	

City of Hartford MERF - Firefighters

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2006

Attained Age	Completed Years of Credited Service																			
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25																						
25 to 29			9	51,305	4	65,018															13	55,524
30 to 34			6	51,845	29	63,833	14	68,613													49	63,731
35 to 39			6	59,373	17	66,053	24	67,765	6	69,234											53	66,432
40 to 44			3	52,024	10	64,375	27	68,382	29	70,502	11	75,394									80	69,000
45 to 49					7	64,048	13	67,376	26	70,396	30	68,634	15	75,563							91	69,747
50 to 54					1	63,739	4	69,531	4	68,029	13	73,359	14	77,212							36	73,573
55 to 59							1	76,197			3	65,548	8	73,761			3	78,707			15	73,270
60 to 64									1	74,663							1	97,931			2	86,297
65 to 69																						
70 & over																						
All ages			24	53,547	68	64,558	83	68,234	66	70,258	57	70,854	37	75,797			4	83,513			339	

City of Hartford MERF - Board of Education

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2006

	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	24	24,086	16	26,645	5	32,872															45	25,972
25 to 29	29	28,644	51	30,060	22	27,311															102	29,065
30 to 34	16	26,707	37	36,304	47	33,108	13	31,691													113	33,085
35 to 39	14	27,298	32	30,543	65	33,920	30	40,057	10	30,850											151	33,607
40 to 44	23	23,197	28	36,805	81	34,606	30	39,199	24	37,333	6	43,864									192	34,908
45 to 49	11	29,400	30	43,038	67	30,189	46	32,192	17	33,069	6	37,342	4	36,471							181	33,426
50 to 54	10	35,266	28	44,200	55	34,335	34	36,577	30	36,677	18	40,944	5	43,514	2	31,371					182	37,582
55 to 59	6	26,975	16	39,525	30	35,045	25	37,273	18	36,984	20	40,245	7	40,394	5	49,156	2	28,047			129	37,463
60 to 64	3	18,792	16	42,428	20	36,933	10	43,954	10	37,940	7	52,999	5	44,441	4	30,608					75	40,113
65 to 69	1	19,909	4	25,405	4	27,504	1	61,294	2	39,939					1	25,805					13	30,655
70 & over			1	55,231	2	71,464					1	26,873									4	56,258
All ages	137	26,759	259	35,936	398	33,375	189	36,755	111	35,964	58	41,845	21	41,353	12	38,063	2	28,047			1,187	

City of Hartford MERF - Municipal Services

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2006

	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	6	33,249	4	31,688																	10	32,625
25 to 29	6	39,788	14	42,440	5	44,764	1	48,635													26	42,513
30 to 34	4	42,095	13	47,297	7	64,547	1	43,916													25	51,160
35 to 39	2	50,336	12	51,132	12	61,199	6	70,183	7	56,587											39	58,099
40 to 44	3	55,655	27	52,702	15	35,688	6	51,357	22	53,322	11	54,453	1	122,836							85	50,921
45 to 49	4	73,872	27	56,024	8	34,330	12	65,022	12	48,479	12	62,759	7	78,848							82	57,925
50 to 54	5	51,423	25	58,525	17	40,437	16	62,084	23	58,166	12	64,450	4	48,690	1	54,066	1	43,659			104	55,815
55 to 59	2	28,819	11	70,557	11	54,416	15	86,818	13	59,785	14	69,124	8	57,986	2	41,023					76	66,125
60 to 64	1	54,645	8	50,261	12	47,360	4	64,149	9	47,068	2	75,189			1	56,245					37	51,672
65 to 69	2	34,530	4	96,545	4	23,919	5	22,113	2	12,438			1	135,291	1	12,438	1	12,438			20	42,326
70 & over	1	10,282	3	12,840	1	41,629	3	12,438	2	12,438	2	44,734	1	85,215							13	25,177
All ages	36	44,957	148	53,723	92	45,779	69	62,350	90	52,659	53	62,888	22	70,633	5	40,959	2	28,049			517	

City of Hartford MERF - Library

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2006

	Completed Years of Credited Service																			
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	2	38,533			1	39,692															3	38,919
25 to 29			3	37,986	1	37,258	1	41,483													5	38,540
30 to 34	1	67,464	2	39,037	2	46,162	1	39,131	1	41,895											7	45,556
35 to 39	1	45,721	1	39,745	2	38,482			4	42,115	1	45,632									9	41,836
40 to 44			3	39,543	1	72,622	3	50,051	2	39,151	1	38,194									10	45,790
45 to 49	2	54,944	1	39,556	4	54,437			3	39,653	3	51,192									13	49,210
50 to 54			3	72,317	3	73,496	1	69,927	2	58,631	1	47,729									10	67,236
55 to 59	2	50,148	2	37,738			1	80,069	2	64,450			2	51,699							9	54,238
60 to 64							3	58,997	1	86,387	1	38,194									5	60,314
65 to 69													1	72,622							1	72,622
70 & over							1	152,842													1	152,842
All ages	8	50,055	15	45,493	14	54,078	11	64,599	15	49,344	7	46,189	3	58,673							73	

City of Hartford MERF - All Groups

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2006

	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	35	28,123	29	34,670	6	34,009															70	31,340
25 to 29	41	32,435	116	41,061	43	43,636	3	54,332													203	40,060
30 to 34	25	33,407	95	44,928	105	50,846	41	58,473	1	41,895											267	48,245
35 to 39	17	31,092	80	43,729	119	48,210	115	67,091	55	65,324	1	45,632									387	54,568
40 to 44	26	26,943	67	45,348	118	40,855	87	58,563	112	61,488	37	62,986	1	122,836							448	51,328
45 to 49	17	42,869	65	49,078	88	35,447	76	45,580	79	60,377	60	65,530	29	73,919							414	51,564
50 to 54	16	40,724	56	52,102	77	38,183	58	48,951	60	48,041	52	59,994	23	64,926	3	38,936	1	43,659			346	49,146
55 to 59	10	31,978	29	51,173	41	40,242	42	56,913	34	49,003	41	56,151	26	57,686	7	46,832	5	58,443			235	50,776
60 to 64	4	27,755	24	45,039	33	40,607	17	51,360	21	45,908	11	58,411	5	44,441	5	35,736	1	97,931			121	45,541
65 to 69	3	29,656	8	60,975	8	25,711	6	28,644	4	26,189			2	103,956	2	19,121	1	12,438			34	38,755
70 & over	1	10,282	4	23,438	3	61,519	4	47,539	2	12,438	3	38,780	1	85,215					1	70,650	19	40,833
All ages	195	32,250	573	45,074	641	42,772	449	56,347	368	56,884	205	60,920	87	66,379	17	38,915	8	55,780	1	70,650	2,544	

Section II

Supporting Exhibits
(continued)

G. IRC Section 415(m) Valuation

The IRC Section 415(m) Fund* is an unfunded "excess benefit plan" to provide that portion of certain retirees' pension benefits that exceed the limits permitted under Section 415 of the Federal Internal Revenue Code (IRC).

	July 1, 2006	July 1, 2005
1. Number of retirees and beneficiaries receiving benefits	6	8
2. Annual benefits payable	$ 44,000	$ 44,000
3. Present value of benefits	$167,000	$168,000

The "actives" are funded through MERF. The City provides contributions for the retirees' benefits payable each year, as determined by the Pension Commission.

Actuarial Assumptions

The actuarial assumptions used in the 2006 Section 415(m) Fund valuation are as follows:

Mortality Basis:	RP-2000 Healthy Annuitants Table projected by Scale AA to year of valuation plus 8 years (2014 for July 1, 2006 valuation), with no adjustment and separate male and female rates. Prior valuation: RP-2000 Healthy Annuitants Table projected by Scale AA to year of valuation plus 10 years (2015 for July 1, 2005 valuation), with no adjustment and separate male and female tables.
Termination:	N/A.
Salary Scale:	N/A.
Investment Return:	8.00% per year, net of investment expenses.
Assumed Retirement age:	Immediate as all are retired.
Increases in dollar limit on benefits under IRC Section 415:	3% per year.

Benefits

Retiree pension amounts in excess of IRC Section 415 limits. Benefits which do not exceed such amounts are payable from the City's MERF Plan. IRC Section 415 limits are assumed to increase annually and thus decrease the benefits payable from this Plan and increase the portion of the benefits payable from the City's MERF Plan.

**Section 415(m) Fund adopted by the Court of Common Council on March 24, 1997.*

Section III

Actuarial Cost Methods and Assumptions

A. Actuarial Cost Methods

Asset Valuation Method – Adjusted Value of Assets

In order to smooth the year-to-year fluctuations in asset values, the asset values are adjusted by phasing in recognition of gains and losses over a four-year period. (Phase-in started July 1, 2003.) Gains and losses are defined as the difference between the actual and the expected return on assets.

The assets held by the insurance companies include the funds on deposit for future purchase of annuities, as well as the reserves and contingency reserves for annuities already purchased which are subject to experience rating.

Actuarial Funding Method

The "Aggregate Actuarial Cost Method" (first adopted for the 1969 valuation) is used for determining the future rates of contributions needed for funding service retirements. This method is designed to produce stable "percentage-of-payroll" Normal Actuarial Costs over a period of years. This aim will be achieved so long as the emerging experience conforms with the actuarial assumptions.

Using this method, an actuarial valuation was made of the actuarial present value of all future pension benefits for active members (including survivor benefits, disability benefits, and refunds of employee contributions). The actuarial present value needed for future payments to present pensioners and deferred vested pensioners and survivors was subtracted from the Valuation Assets (Adjusted Value) to determine the current Valuation Assets (Adjusted Value) available for future benefits for active members. The latter figure was subtracted from the actuarial present value of future benefits for active members in order to determine the remaining actuarial present value to be funded by future contributions. Finally, the net remainder was divided by the actuarial present value of all future salaries, and the total Normal Actuarial Costs for future contributions was determined as a level percentage of future annual payrolls.

Since the MERF fund includes several classifications of members who have different provisions for benefits and contributions, it was necessary to apply this method by separate actuarial valuations for Police, Firefighters, Board of Education, Municipal Services, and Library participants.

Section III

Actuarial Cost Methods and Assumptions
(continued)

B. Actuarial Assumptions

The actuarial assumptions used in the 2006 MERF valuation are as follows:

Mortality Basis:

For Police, Fire, Board of Education Corridor Supervisors and Building and Grounds Supervisors:

- Pre-retirement: RP2000 Employees Table – male and female rates, projected by Scale AA to valuation date plus 17 years with occupational (i.e., non-office worker, blue collar) adjustment.
- Post-retirement: RP2000 Healthy Annuitants Table – male and female rates, projected by Scale AA to valuation date plus 8 years with occupational (i.e., non-office worker, blue collar) adjustment. No adjustment reflected for assumed future beneficiaries.
- Disability: RP2000 Disabled Table – male and female rates.

For All Other Groups:

- Pre-retirement: RP2000 Employees Table – male and female rates, projected by Scale AA to valuation date plus 17 years with no adjustment.
- Post-retirement: RP2000 Healthy Annuitants Table – male and female rates, projected by Scale AA to valuation date plus 8 years with no adjustment.
- Disability: RP2000 Disabled Table – male and female rates.

Section III

Actuarial Cost Methods and Assumptions
(continued)

Termination:

Yearly Rates of Employee Termination

Age	Non-Uniformed	Uniformed
20	10.0%	5.0%
25	7.0%	2.0%
30	5.0%	2.0%
35	4.0%	2.0%
40+	0.0%	0.0%

Salary Scale:

3% for inflationary salary increases plus a percentage for promotion or merit increases. For Police under age 45, overtime limited to less than or equal to 20% of base pay.

Yearly Rates of Increases for Promotion or Merit

Age	Police	Fire	Bd of Ed	Munic. Svc. & Lib.
25	4.0%	2.5%	4.0%	6.0%
30	3.5%	2.5%	4.0%	4.7%
35	2.2%	1.6%	2.1%	3.1%
40	1.2%	1.1%	1.0%	2.0%
Over 40	1.0%	1.0%	1.0%	2.0%

Salaries are adjusted for groups in negotiations by 3% per year for the period of each open contract, and non-bargaining groups by 3% per year for one full fiscal year from the measurement date. Any wage increases negotiated beyond the valuation date have been reflected in our projections.*

* *The following groups have future salary increases that have been negotiated and are reflected in this valuation:*

HMEA
CHPEA
Fire
Police
Local 2221
Local 1018A/B

Section III

Actuarial Cost Methods and Assumptions
(continued)

Investment Return: 8.00% per year, net of investment expenses.

Assumed Retirement Age: Retirement Rates:

Service	Police	Fire	Mun. Svc. & Lib.
20	20%	5%	10%
21	15%	1%	5%
22	5%	1%	5%
23	5%	1%	10%
24	20%	10%	15%
25	30%	30%	15%
26-27	5%	5%	10%
28	10%	5%	15%
29	25%	20%	15%
30	100%	20%	100%
31-34	n/a	5%	n/a
35	n/a	100%	n/a
	(maximum of age 65)		

Age	Bd of Ed
55	15%
56	10%
57-59	5%
60	30%
61	5%
62	20%
63-64	10%
65	100%

For both Uniformed and Non-Uniformed who have reached Assumed Retirement Age, retirement after one year.

Social Security: Future tax wage bases are developed by projecting the 2006 base of $94,000 forward at 4% per year.

Section III

Actuarial Cost Methods and Assumptions
(continued)

Marital Status at Retirement:

Non-Uniformed:

Males - 80% married, spouse 3 years younger.
Females - 60% married, spouse same age.

Uniformed:

All - 80% married, spouse 2 years younger.

Disability:

Disability benefits were explicitly valued using the DP85 Class 1 Male and Female Disability Incidence Rate Table increased three times for the Police and Firefighter groups, two times for the Board of Education groups and with no increase for the Municipal Services and Library groups.

DP85 Class 1 Disability Incidence Table:
Sample male and female rates

Age	Male	Female
15	0.021%	0.023%
20	0.029%	0.030%
25	0.038%	0.047%
30	0.048%	0.080%
35	0.069%	0.136%
40	0.117%	0.211%
45	0.202%	0.323%
50	0.358%	0.533%
55	0.722%	0.952%
60	1.256%	1.159%
65	1.753%	1.358%

Expenses other than Investment Expenses:

An explicit dollar amount was included in the development of the normal cost percentage equal to an estimate of expenses (other than investment expenses) for the upcoming year. The estimate was developed based on an average of actual expenses over the last four years. For the 2006 valuation, $2,037,524 was used.

Section III

Actuarial Cost Methods and Assumptions
(continued)

Sick Exchange:	Four years are exchanged by all actives if provision available. For Firefighters hired prior to July 1, 2003, six years are exchanged.
Military and Prior Service Buy-backs:	When a decision to buy-back service occurs, date of hire is adjusted accordingly.
Additional Liabilities:	**COLAs:**

Included in this valuation is the liability for the Cost of Living Adjustments (COLAs) effective July 1, 1987, July 1, 1990, July 1, 1997, July 1, 1999, July 1, 2001 and July 1, 2005 for both the MERF and the unfunded "Old Plans" (PBF, FRF, and RAF).

Local 1716:

Included in this valuation is the obligation for Local 1716 members who transferred to State MERF B on July 1, 1987.

29-year amortization payments (split between the City administration and the pension fund) commenced July 1, 1987 for this obligation. As of July 1, 2006, the City payment will be $509,126 ($3,690,000 on a present value basis) and the pension fund payment will be $462,336 ($3,350,000 on a present value basis).

Local 566:

Included in this valuation is the obligation for Local 566 (included merged Local 1303) members who transferred to State MERF B on August 1, 1988.

30-year amortization payments (split between the City administration and the pension fund) commenced August 1, 1988 for this obligation. As of July 1, 2006, the City payment will be $303,918 ($2,594,000 on a present value basis) and the pension fund payment will be $276,288 ($2,358,000 on a present value basis).

Section IV

Hartford MERF - Summary of Principal Provisions of Pension Plan
July 1, 2006

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Retirement Pensions:	Firefighters hired before July 1, 2003: 2.80% of Final Average Pay (rate of weekly pay immediately preceding retirement times 52, plus for firefighters who work a 42 hour week, holiday pay) multiplied by years of service up to 25 plus 2.0% for years over 25. Firefighters hired after June 30, 2003: 2.5% of Final Average Pay (rate of weekly pay immediately preceding retirement times 52, plus for firefighters who work a 42 hour week, holiday pay) multiplied by years of service up to 20 plus 2% of Final Average Pay for years of service over 20. Sworn Police Officers hired before July 1, 1999: 2.65% of Final Average Pay for highest 3 of last 5 years multiplied by years of service up to 20 plus 3% for year 21 plus a decreasing percentage for years over 21. Final Average Pay includes a provision for over-time and private duty pay. Sworn Police Officers hired after June 30, 1999: 2.5% of Final Average Pay for highest 3 of last 5 years times years of service up to 20 plus 2% for years of service- over 20.	2% (2.5% for HFSHP, HSSSA and HESP) of Final Average Pay for highest 5 of last 10 years times years of service, with maximum benefit of 70% of Final Average Pay. Final Average Pay for HFSHP, HESP, HSSSA, and Local 2221, Hartford Federation of Paraprofessionals are based on highest 3 out of last 5 years. Benefit for Local 2221 is 2.5% of Final Average Pay multiplied by years of service up to 20 plus 2% of Final Average Pay for years of service over 20 (maximum of 10 years).	For Library, HMEA hired after July 1, 2003, CHPEA hired after June 17, 2003, 2% of Final Average Pay for highest 2 of last 5 years times years of service with a maximum benefit of 70% of Final Average Pay. For Library with 5-year option, Final Average Pay is highest 5 of last 10 years. For CHPEA hired before June 17, 2003 who retire from the unit, MLA, and Nonbargaining, 2.5% of Final Average Pay for highest 2 of last 5 years times years of service. Maximum benefit of 70% of Final Average Pay for MLA and CHPEA, 80% for Nonbargaining. For Nonbargaining with 5-year option, Final Average Pay is highest 5 of last 10 years. For HMEA hired before July 1, 2003, 2.75% of Final Average Pay for highest 2 of last 5 years times years of service with a maximum benefit of 70% of Final Average Pay. For SCGA, 2% of Final Average Pay for highest 5 of last 10 years reduced by 1% of average Social Security covered earnings for all years included in computation of Social Security primary benefits. Maximum benefit of 100% of Final Average Pay.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Retirement Pensions:	Non-Sworn Police Officers: 2.5% of Final Average Pay for highest 3 of last 5 years times years of service, with maximum benefit of 80% of Final Average Pay. Sworn Police Officers have a maximum benefit of 70% of Final Average Pay. For Sworn Police Officers hired before July 1, 1999 increase maximum benefit to 80% of Final Average Pay with sick exchange provision. Firefighters have a maximum benefit of 80% of Final Average Pay (85% with sick exchange if hired prior to July 1, 2003).		Assistant Police Chief, Police Chief, Assistant Fire Chief and Fire Chief: Same as Non-Bargaining.
Normal Form of Benefit:	For unmarried members: life annuity. For married members: surviving spouse benefit of 25% of member's final year's earnings, if non-service connected death, and 50% of member's final year's earnings, if service connected death. Minimum of 50% of pension benefit for firefighters for non-service connected death. For married Non-Sworn Police Officers: life annuity with 50% to survivor.	For unmarried members: life annuity. For married members: life annuity with 50% to survivor.	For unmarried members: life annuity. For married members: life annuity with 50% to survivor.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Normal Retirement Age and Service Requirement:	Firefighters hired before July 1, 2003 and Sworn Police Officers hired before July 1, 1999: Full benefits after 20 years of continuous service. Sworn Police Officers hired after June 30, 1999: Full benefits after 25 years of service. Firefighters hired after June 30, 2003: 25 years of continuous service. Non-Sworn Police Officers: Full benefits after 20 years of service, or age 60 plus 5 years of continuous service, or after 15 years of service, if contributions are left in the MERF for 5 more years before retirement.	Age 60 plus 10 years of service (continuous service for Local 2221). Members are also eligible at age 55 with 25 years of service.	For MLA, earlier of (1) age 60 plus 10 years of continuous service or (2) 20 years of continuous service. For SCGA, earlier of (1) age 60 plus 5 years of continuous service or (2) age 55 with 25 years of continuous service. For Nonbargaining, earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of service, or (3) after 20 years of service if participant leaves after 15 years of service and contributions are left in the MERF for 5 years before retirement. For CHPEA, earlier of (1) age 60 plus 5 years of continuous service of (2) 20 years of aggregate service if hired before October 1, 1997, 25 years of aggregate service if hired October 1, 1997 – June 23, 2003, age 55 with 25 years of aggregate service if hired after June 23, 2003. For HMEA earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of continuous service if hired before July 1, 2003, age 55 with 25 years of continuous service if hired after July 1, 2003. For Library, earlier of (1) age 60 plus 5 years of continuous service or (2) 25 years of continuous service.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Optional Early Retirement:	Sworn Police Officers: Age 50 with 10 years of continuous service, actuarially reduced for years prior to Normal Retirement Age. Non-Sworn Police Officers: Age 55 with 5 years of continuous service, reduced at 4% per whole year prior to age 60. Firefighters: Age 50 with 5 years of continuous service, actuarially reduced or reduced at 2% per year (prorated for fractional years) prior to Normal Retirement Age.	At age 55 with 10 years of service (continuous service for Local 2221), reduced at 4% per whole year prior to age 60.	For MLA, age 55 with 10 years of continuous service. For all others, age 55 with 5 years of continuous service. Benefit reduced at 4% per whole year prior to age 60 (prorate for partial years for HMEA and CHPEA). For SCG members, reduction is 2% per whole year and fraction of a year prior to age 60.
Vesting of Earned Deferred Pension:	Sworn Police Officers: After 10 years of continuous service. Firefighters and Non-Sworn Police Officers: After 5 years of continuous service.	After 10 years of continuous service. Payments begin no earlier than age 55.	For MLA, 10 years of continuous service. For all others, 5 years of continuous service. Payments begin no earlier than age 55.
Benefits to Survivors: (Death of Active Member Prior to Retirement)	Surviving Spouse: 25% of final year's earnings (50% if service connected death), payable until death or remarriage. Minimum of 50% of pension benefit for Firefighters for non-service connected death. Surviving Child: $100 per month for first child, $50 for each additional child (10% of final year's earnings if service connected death, or 15% if no surviving spouse). Total benefit, including Worker's Compensation, cannot exceed 100% of current pay rate for Member's rank. Non-Sworn Police Officers: Same as General Government members.	Member must meet qualifications for vesting. Surviving Spouse: 50% of pension which Member is receiving or would be entitled to when retired, payments beginning no earlier than date of Member's 55th birthday. Surviving Spouse benefits are payable until death or remarriage.	

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Refund of Contributions upon Discontinuance of Employment or at Death (Non-Vested Members): (May be taken in lieu of earned deferred pension by vested members)	Refund of total contributions, without interest. Non-Sworn Police Officers: Same as General Government members.	Termination: Refund of total contributions, with 3% interest compounded annually. Death: Refund of total contributions with interest preretirement and without interest postretirement.	
Pensions for Permanent, Total Disability - Service Requirements:	5 years of continuous service, but no requirement if disability is service connected as defined in Worker's Compensation Act. Non-Sworn Police Officers: Same as General Government members.	10 years of continuous service, except no requirement if disability is service connected as defined in Worker's Compensation Act.	
Amount of Total Disability Pension: (Payable so long as total disability continues.)	Retirement Pension with minimum of 25% of "final average pay." If disability is service connected, the pension equals 100% of the Member's final annual pay less Worker's Compensation benefits. Non-Sworn Police Officers: Same as General Government members.	Retirement Pension using Final Average Pay for last 10 years. If disability is service connected, amount not less than 50% of Member's final annual pay at time of disability. Maximum benefit of 2/3 of 10-year Final Average Pay less Social Security benefit. Minimum benefit of $30 per month. All service connected disability benefits are offset by benefits payable by Worker's Compensation (exception: no offset for $30 minimum).	
Pensions for Permanent Partial Disability: (Where earnings capacity is reduced by at least 10%.)	Ten years of continuous service, but no service requirement if disability is service connected. Same as disability pension with reduction for less than 15 years of service. If service connected, pension equals 50% of final annual pay (regular 20 year pension for Firefighters) if 15 years of service, with reductions for less than 15 years of service. If at least 20 years of service, pension equals retirement pension. Non-Sworn Police Officers: Same as General Government members.	10 years of continuous service, except no requirement if disability is service connected as defined in Worker's Compensation Act. Retirement Pension using Final Average Pay for last 10 years (with offset for Worker's Compensation benefits if service-related disability), subject to a minimum pension of $10 monthly. If the disability is service connected, benefit not less than 50% of the reduction in earnings with offset for Worker's Compensation benefits. For service connected disability, the maximum benefit is 2/3 of 10 year final average pay less Worker's Compensation and Social Security benefits. For non-service connected disability, the maximum is 2/3 of 10 year final average pay less Social Security benefits, or 1-^{2}/3% of the reduction in income times years of service.	

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Member's Contribution Rate of Total Earnings: (City pays full balance of costs to fund MERF benefits; also Members and City pay taxes for those covered by Social Security.)	Firefighters and Sworn Police Officers hired before July 1, 1999: 8%. *Sworn Police Officers hired after June 30, 1999: 6.5%.* Non-Sworn Police Officers: 4% on earnings taxed for Social Security and 7% on excess.	4% on earnings taxed for Social Security and 7% on excess. For HESP, 8.41% and 11.41%, respectively. For HSSSA, 8.75% and 11.75%, respectively. For HFSHP 10.14% and 13.14%, respectively.	For Library and Nonbargaining, 4% on earnings taxed by Social Security and 7% on excess if 5 year Final Average Pay option elected. With 2 year option, 5% and 8%, respectively. For MLA, HMEA hired after July 1, 2003, and CHPEA hired after October 1, 1997, 5% on earnings taxed by Social Security and 8% on excess. For CHPEA hired before October 1, 1997, 6.5% and 9.5%, respectively. For HMEA hired before July 1, 2003, 7.8% on all earnings. For SCGA, 3% on earnings taxed by Social Security and 6% on excess. Assistant Police Chief, Police Chief, Assistant Fire Chief and Fire Chief: Same as Non-Bargaining.

Note 1 Any Member (other than a Police Officer or Firefighter) who was a Member before January 1, 1958 is guaranteed a minimum total benefit, including Social Security based on earnings from the City, equal to the pension the Member would have received under the terms of the MERF plan in existence prior to the enactment of the 1957 Special Act No. 347. Also, several active Members who transferred to MERF on or after July 1, 1968 from the City's Retirement Allowance Fund are entitled to a pension determined by the RAF provisions if it is greater than that based on the MERF provisions.

Note 2 Section 2-166 of the Municipal Code provides a minimum benefit of $155 monthly for all pensions granted by reason of service or for service-connected disability, and for joint annuitants under elected options, except members for whom Social Security taxes have been paid and anyone for whom more than half of the total pension is paid by the Metropolitan District.

Note 3 All members (other than SCG) may purchase up to 4 years of pension credit for military service. Pension credit is at the following rates of Final Average Pay per year purchased:

HMEA members hired before July 1, 2003	2.75%
Sworn Police Officers, Firefighters, CHPEA members hired before October 1, 1997, HSSSA, HESP, Non-bargaining (including Assistant Police Chief, Police Chief, Assistant Fire Chief, and Fire Chief), Non-Sworn Police Officers, and MLA	2.50%
Other (including CHPEA members hired after September 30, 1997, HMEA members hired after July 1, 2003)	2.00%

Note 4 All members (other than Sworn Police Officers hired after July 1, 1999, all Board of Education members, CHPEA hired after October 1, 1997, HMEA hired after July 1, 2003, Library, and SCG) may exchange accumulated sick leave upon retirement for up to 4 years (6 years for Firefighters hired prior to July 1, 2003) of pension service time. Additional pension service time may be purchased from accumulated sick leave at the rate of twenty days of accumulated sick leave for each year of pension service time.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

October 1, 2006 Actuarial Report

For the Fiscal and Plan Year
October 1, 2007
through
September 30, 2008

Prepared By:

STANLEY, HOLCOMBE & ASSOCIATES, INC.
2000 RiverEdge Parkway/ Suite 540
Atlanta, GA 30328
(770) 933-1933

August 1, 2007

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& A

Stanley,
Holcombe
& Associates, Inc.

August 1, 2007

Board of Trustees
City of Miami Fire Fighters' and
Police Officers' Retirement Trust
1895 SW 3 Avenue
Miami, FL 33129-1456

October 1, 2006 Actuarial Report

Dear Board Members:

Enclosed is our report on the actuarial valuation of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2006, for the fiscal year beginning October 1, 2007.

The report is based upon the terms of Ordinance No. 10002 and the Amended Final Judgment in the matter of Gates v. City of Miami.

This report reflects the revised retirement assumptions discussed and approved at the June meeting.

The City contribution requirement is $36,040,251.

Respectfully submitted,

Randall L. Stanley, F.S.A.
Consulting Actuary and Principal

Frans Christ, F.S.A.
Vice President and Consulting Actuary

Jonathan T. Craven, A.S.A.
Consulting Actuary

RLS/FC/JTC/di
MIAMI01B

Enclosures (15)

2000 RiverEdge Parkway/Suite 540 • Atlanta, GA 30328
(770) 933-1933 • Fax (770) 933-8918 • www.stanleyholcombe.com

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

October 1, 2006 ACTUARIAL REPORT

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

October 1, 2006 ACTUARIAL REPORT

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results - Regular Fund

		Actuarial Valuation Prepared as of 10/1/2006	10/1/2005
A.	Participant Data (Ex.7)		
	Active Members	1,485	1,455
	Total Annual Payroll	$90,363,952	$91,514,713
	Retired Members and Beneficiaries	1,570	1,503
	Total Annualized Benefits	$66,848,645	$60,210,186
	Disabled Members	209	215
	Total Annualized Benefits	$3,972,061	$4,000,445
	Terminated Vested Members	22	25
	Total Annualized Benefits	$473,039	$548,262
B.	Assets	-$-	-$-
	Actuarial Value (Ex. 2)	1,133,007,182	1,064,923,468
	Market Value (Ex. 4)	1,147,871,078	1,091,902,222
C.	Liabilities (Excl. COLA)		
	Present Value of Benefits (Ex. 1)		
	Active Members - Retirement	716,310,641	745,872,622
	Vesting	13,284,527	13,018,170
	Disability	21,067,936	20,472,984
	Death	6,712,194	6,696,478
	Return of Contributions	1,358,930	1,268,051
	Total	758,734,228	787,328,305
	Inactive Members - Retired and Beneficiaries	707,181,317	636,085,262
	Disabled	36,353,990	36,959,492
	Terminated Vested	3,794,003	4,141,293
	Total	747,329,310	677,186,047
	Total	1,506,063,538	1,464,514,352
	Actuarial Accrued Liability	N/A	N/A
	Unfunded Actuarial Accrued Liability	N/A	N/A

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results - Regular Fund
(Continued)

		Actuarial Valuation Prepared as of 10/1/2006	Actuarial Valuation Prepared as of 10/1/2005
D.	Actuarial Present Value of Accrued Benefits (Exhibit 5)	-$-	-$-
	Vested Accrued Benefits		
	Inactive Members and Beneficiaries	747,329,310	677,186,047
	Active Members	331,524,872	349,344,070
	Total	1,078,854,182	1,026,530,117
	Non-Vested Accrued Benefits	17,985,120	15,806,454
	Total	1,096,839,302	1,042,336,571
E.	Pension Cost (Exhibit 1)		
	Normal Cost	42,365,728	46,229,930
	Payment to Amortize Unfunded Liability	N/A	N/A
	Expected Plan Sponsor Contribution	36,040,251	39,823,900
	As % of Payroll	39.88%	43.52%
	Expected Member Contribution	6,325,477	6,406,030
	As % of Payroll	7.00%	7.00%
F.	Past Contributions	Year Ending 9/30/2006 -$-	Year Ending 9/30/2005 -$-
	Required Plan Sponsor Contribution	50,635,213	45,545,130
	Required Member Contributions	6,240,676	6,924,447
	Actual Contributions		
	Plan Sponsor	50,635,213	45,545,130
	Members	6,240,676	6,924,447
G.	Net Actuarial Gain (Loss)	N/A	N/A
H.	Other Disclosures		
	Active Members:		
	Present Value Future Salaries (at attained age)	845,845,813	835,868,800
	Present Value Future Contributions (at attained age)	57,040,143	56,367,337

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results – COLA Fund

		Actuarial Valuation Prepared as of 10/1/2006	10/1/2005
A. Participant Data			
Active Members			
Total Annual Payroll			
Retired Members and Beneficiaries		1,570	1,503
Total Annualized Benefits		$11,174,392	$10,167,702
Disabled Members		209	215
Total Annualized Benefits		$2,386,725	$2,273,698
Terminated Vested Members			
Total Annualized Benefits			
Table		$1,024	$941
B. Assets		-$-	-$-
Actuarial Value (Ex. 13)		330,898,108	295,874,961
Market Value (Ex. 13)		311,793,768	275,166,765
C. Liabilities (COLA Only)			
Present Value of Benefits (Ex. 13)			
Active Members -	Reserve for Current Actives	36,475,945	34,530,830
	Reserve for Contribution Refunds	N/A	N/A
	Reserve for Future Actives	5,471,392	5,179,625
	Total (excl. 457 Service)	41,947,337	39,710,455
Inactive Members -	Frozen COLA I Benefits	1,965,162	2,157,847
	COLA II Benefits	172,898,871	153,087,840
	Total	174,864,033	155,245,687
Total		216,811,370	194,956,142

Comparative Summary of Total Assets - Combined

Market Value (Ex. 4)	1,429,900,171	1,336,399,435

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

REVIEW OF COSTS

Summary Discussion

This is the actuarial report for the fiscal year beginning October 1, 2007 for the City of Miami Fire Fighters' and Police Officers' Retirement Trust. This is the twenty third annual actuarial report prepared by Stanley, Holcombe & Associates, Inc. This report is intended to reflect the provisions and requirements of Ordinance No. 10002, as amended through September 30, 2006.

Comparison of Deposit Requirements

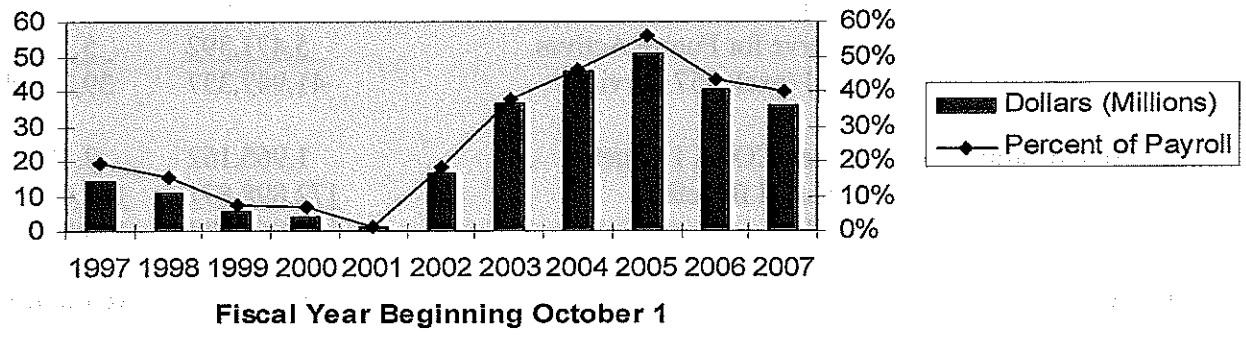
The City contribution requirement, and the results calculated for the 2007/2008 fiscal year, are as follows:

	Revised Basis 2007/2008 -$-	Prior Basis 2007/2008 -$-	Revised Basis 2006/2007 -$-	Prior Basis 2006/2007 -$-
Past Service Cost	N/A	N/A	N/A	N/A
Normal Cost	36,040,251	36,445,990	39,823,900	54,863,607
Payment Timing	0	0	718,178	0
	36,040,251	36,445,990	40,542,078	54,863,607

The 2007/2008 deposit amount of $36,040,251 is approximately $4.5 million less than the $40,542,078 for the prior year and 0.4 million less than the cost using the prior retirement assumptions.

As can be seen from Table 1, the increases in City costs in recent years slowed, and then declined using the revised asset valuation method and retirement assumptions.

Table 1: Historical City Costs



Analysis of Cost Changes

The Normal Cost element of FIPO costs is expected to remain level as a percentage of covered payroll, if the actual Plan experience is the same as the actuarial assumptions. An increase in the Normal Cost rate indicates that experience has been less favorable than assumed, while a decrease indicates more favorable experience.

Quantification of the reasons for the changes is as follows:

Table 2 – Gain/Loss Analysis of Cost Changes from October 1, 2005 to October 1, 2006 Valuations

	Normal Cost	
	-$-	-%-
2005/2006 Normal Cost	39,823,900	43.52
2006/2007 Normal Cost Expected (for continuing participants)	39,090,825	43.52
Element of Experience		
Salary Increases	-2,704,520	-1.89
Turnover	+283,264	+0.14
Mortality	+177,021	+0.16
Retirement	-641,191	+0.23
New Participants	+647,189	-1.17
Disability	-48,572	-0.13
Investment Return, Contribution Lag	-893,334	-0.99
457 Service Purchases	+4,749	+0.01
COLA Transfer	+671,121	+0.74
Other, Data	-140,562	-0.29
Total	-2,644,835	-3.19
Retirement Assumption Change	-405,739	-0.45
2006/2007 Normal Cost	36,040,251	39.88

As may be noted from the table, the transfer to the COLA fund was responsible for the largest increase in Normal Cost. This occurred because the investment return on the COLA basis (13.74% under 3 year smoothing) exceeded the investment return on the funding basis (7.57% under 20% Write-up). The result was a COLA transfer that exceeded the asset gain on a funding basis. Following is a more detailed description of the elements of experience.

Salary Increases - During the period October 1, 2005 through September 30, 2006, covered payroll for the continuing actives increased less than expected, resulting in a decrease of $2,704,520 in the Normal Cost. Covered payroll for continuing active participants at September 30, 2006 was approximately 97.2% of expected. (This compares to 102.3% of expected for the previous year, which increased the normal cost by $1,084,396.)

Mortality - For active members there was one death, as compared to 2 expected; for inactive members there were 39 deaths (30 without survivors), as compared to about 41 expected.

Disability - During the past year there were 2 disabilities, as compared to 4 expected. Over the past 2 years, there have been 120 disabilities, as compared to about 149 expected.

Turnover - From October 1, 2005 to September 30, 2006, there were 12 employee terminations, as compared to about 17 predicted by the actuarial assumptions. Following is a comparison of the expected and actual turnover rates for the past eleven years:

	1996/1999		1999/2002		2002/2003		2003/2004		2004/2005		2005/2006	
Age	Exp.	Act.	Exp.	Act.	Exp.	Act.	Exp.	Act.	Exp.	Act.	Exp.	Act.
20-24	2.9	3	3.7	3	0.5	0	0.4	0	0.4	0	0.7	1
25-29	13.9	10	12.3	11	3.9	4	3.2	5	2.7	3	2.8	1
30-34	20.3	21	17.9	21	5.7	7	5.2	5	4.8	14	4.5	3
35-39	25.0	20	20.2	13	5.5	3	5.2	3	5.0	4	5.1	5
40+	14.7	20	13.8	19	5	6	4.4	6	4.1	6	3.9	2
	76.8	74	67.9	67	20.6	20	18.4	19	17.0	27	17.0	12

Retirement - There were 89 retirements during the period (33 firefighters, 56 police), as compared to about 58 expected. This resulted in a $641,191 decrease in the Normal Cost. Note that retirees electing DROP are included among the actual retirees for the last seven years.

Following is a comparison of the expected and actual retirements in the last eleven years:

	1996/1999		1999/2002		2002/2003		2003/2004		2004/2005		2005/2006	
Age	Exp.	Act.	Exp.	Act.	Exp.	Act.	Exp.	Act.	Exp.	Act.	Exp.	Act.
Under 45	74.4	16	97.0	14	11.1	13	11	41	11.9	19	5.7	14
45-49	332.5	61	259.6	36	26.4	27	27	70	22.6	35	24.9	41
50-54	159.1	49	138.9	32	29	17	38	55	23.9	21	22.0	24
55-59	31.1	12	31.8	8	14.4	12	12	20	3.6	7	5.6	9
60+	3	1	6.0	1	1	2	1	4	0	1	0.1	1
	600.1	139	533.3	91	81.9	71	89	190	62	83	58.3	89

Retirement Assumption Change

The retirement assumptions have been slightly refined as of October 1, 2006, as a result of the 2002/2005 Experience Study and detailed analyses for the 22 years ending September 30, 2005, as follows:

Prior Basis		
After R64 and 20 Years, or Age 60		
Years	0-4	10%/year
	5-9	25%/year
	10+	100%
	(or age 65)	

Revised Basis			
If eligible for R64 Retirement			
		Police	Fire
Years	20-24	20%	5%
	25-29	25%	25%
	30-31	50%	25%
	32	100%	100%

Investment Return - The rate of return for the year ending September 30, 2006 was 9.1% on mean market value, as shown in Exhibit 4 and 7.57% (net of 1/1/2008 COLA transfer) on actuarial asset value (Exhibit 2A). As shown in Exhibit 2C, there will be a COLA transfer of $32,675,538 as of January 1, 2008, resulting in no City minimum contribution to the COLA fund as of that date.

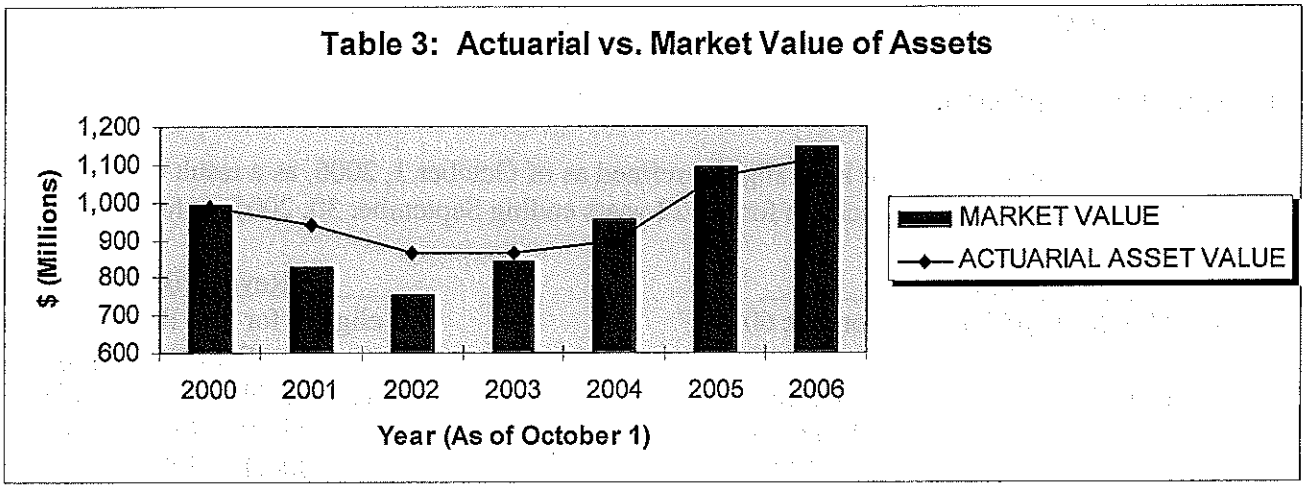
New Participants – During the year there were 134 new participants, who decreased the City contribution requirement for the Fund by 1.17%. Last year, 101 new participants decreased the rate by 1.02%.

Plan Assets

Exhibits 3 and 4 show the asset transactions and investment results during the year. The rate of return on mean market value for the period ending September 30, 2006 was 9.1%, as compared to the 7.75% assumption.

The asset valuation method results in an actuarial asset value of $1,133.0 million as of October 1, 2006 (Exhibit 2A).

Table 3 illustrates the effect of using the asset smoothing methodology. The volatility of the market value of assets can be seen in the columns, while the actuarial value is illustrated by the line. The actuarial asset value line reflects the 20% Write-Up Method as of September 30, 2005 and 2006.



For COLA transfer purposes, the actuarial asset valuation method utilizes a 3-year moving average (Exhibit 2B). Under this method, the rate of return for the year ending September 30, 2006 was 13.74%. This results in an asset transfer of $32,675,538 from the Regular Fund to the COLA Fund on January 1, 2008 (Exhibit 2C).

Expected Ongoing Cost Levels

System costs have varied dramatically over the past several years, due almost exclusively to asset performance. Since the City's contribution requirement is the primary variable, it has been significantly impacted.

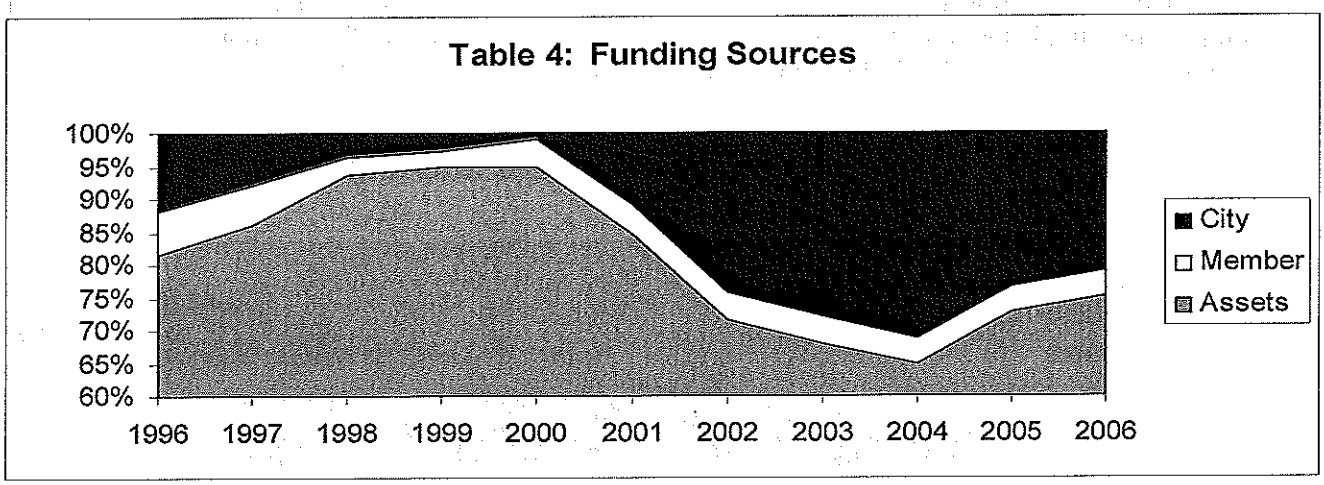
Nevertheless, it is important to distinguish between individual annual costs (which may be somewhat erratic) and expected ongoing annual costs. The following table compares the City contribution requirement as a percentage of payroll to the theoretical entry age normal contribution percentages:

Valuation Date	Contribution %	EAN %
10/1/2006	40	30
10/1/2005 (Revised AAV)	44	30
10/1/2005 (Prior AAV)	60	30
10/1/2004	57	30
10/1/2003	46	28
10/1/2002	45	24
10/1/2001	20	26
10/1/2000	1	23
10/1/1999	5	24

As will be noted, contribution requirements in the three years before the 10/1/2002 valuation were below the System's theoretical contribution level. This was due to the System having accumulated more assets than expected. During the 2001-2005 period the contribution requirement (under the prior actuarial asset valuation method) had increased dramatically, due to erosion of assets and the delayed effect of asset smoothing.

Sources of Benefit Funding

Table 4 compares the sources of benefit funding for the past 10 years. The present value of benefits is equal to 100% on the Table. The present value of benefits is provided by three sources; the actuarial value of assets, the present value of member contributions, and the present value of future normal costs (city).



As seen in the table, the city portion of future benefit responsibility decreased as asset values climbed during the late nineties. When asset values started to decline, the city portion increased. As of October 1, 2006, the actuarial value of assets equals 75% of the present value of benefits, the present value of employee contributions equals 4%, and the present value of future normal costs equal 21% of the present value of future benefits.

Funding Progress

The comparison of the present values of vested and accrued benefits to FIPO assets from one year to the next, or over a period of time, is a measure of interim funding progress and the degree of benefit security.

Exhibit 6 contains the result of this comparison for the past two years. The market value of assets on October 1, 2006 is $1,147,871,000, as compared to the value of accrued benefits of $1,096,839,000 for a ratio of 104.7%. The ratio as of October 1, 2005 was 104.8%.

A ratio in excess of 100% typically may be viewed to be that of a well-funded program.

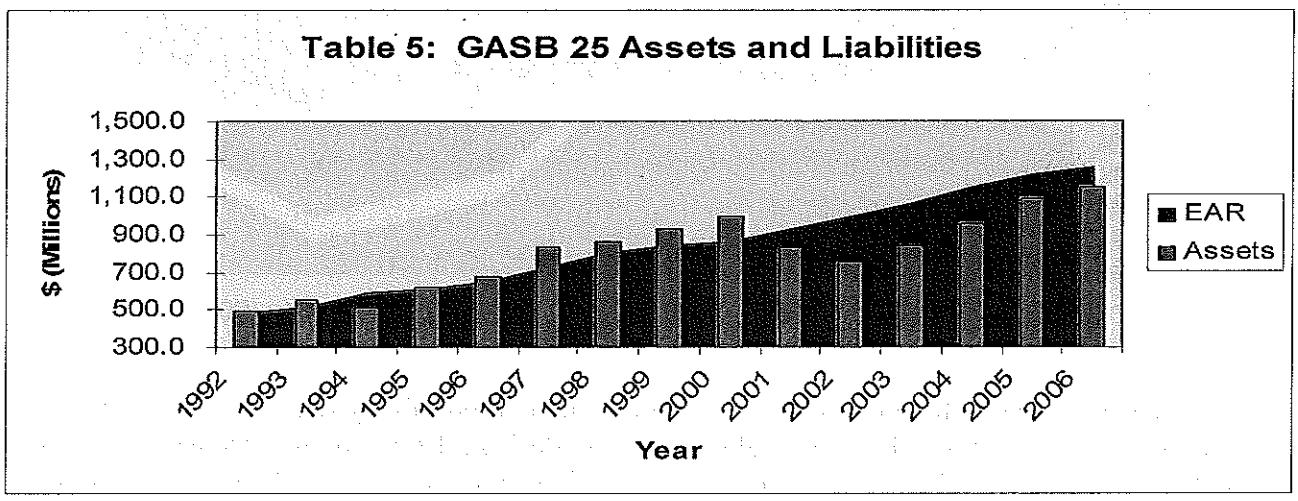
Governmental Accounting Standards

GASB issued Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Statement No. 27, Accounting for Pensions by State and Local Governmental Employers in 1994. Statement No. 25 provides parameters for financial reporting and comparison of actual contributions to "actuarially required contributions." Statement No. 27 provides standards for the financial reports of the state and local governmental employers. Statement No. 25 was effective for periods beginning after June 15, 1996; Statement No. 27, for periods beginning after June 15, 1997.

The Statements do not directly impact funding, although they do require calculation of an "actuarially required contribution," or "ARC" and amortization of any deficiency or excess of actual contributions made in relation to the ARC.

Since the FIPO Trust uses the Aggregate Cost Method, technically no Schedule of Funding Progress is required. However, such a Schedule of Funding Progress may be prepared using another acceptable cost method. Based on our recommendation in this report, the Schedule of Funding Progress is prepared using the Entry Age Normal Actuarial Accrued Liability, which is one of the acceptable measures under GASB 25. This Schedule is shown in Exhibit 11, Section III.

As of October 1, 2006 the entry age reserve is $1,260.5 million. This compares to assets of $1,147.9 million, for a funded ratio of 92%. Last year the funded ratio was 89%. These amounts, together with other disclosures, are contained in Exhibit 11 and illustrated in the following Table 5:



As recommended in the 1997 report, and reviewed by FIPO auditors, the employer contributions made in accordance with the requirements of the Florida Division of Retirement should be used as the Actuarially Required Contribution (ARC), since an exact calculation of the ARC would not differ materially from the required contribution amount. On this basis a Schedule of Employer Contributions has been added to Exhibit 11 in order to comply with the reporting requirements of GASB 25.

These calculations are made for GASB 25. It should be understood that they are only one approach to the measurement of funding progress. They should not be used for any other purpose, such as determination of compliance with City ordinances or State Statutes or the current or future solvency of the FIPO Trust.

Application of GASB 27

The provisions of GASB 27 are virtually identical to those of GASB 25. It is our understanding that the schedules used for GASB 25 disclosure may also be used for GASB 27 purposes.

COLA Fund

Calculations were made based on the information provided as of 10/1/2006. The calculations reflect the approach adopted with the Amended Final Judgment in the matter of Gates vs. City of Miami.

Exhibit 12, parts I and II, illustrate the general impact of the COLA increases which have been provided thus far (under the $1,024 table as of 1/1/2006), by duration since retirement and by age, respectively.

As discussed in earlier reports, there is probably no completely acceptable index for measuring the impact of inflation on retirees' benefits. Although the CPI is the most widely used inflation index, it is generally considered to distort inflation for retirees since it includes components which are not typically germane to them, such as home purchases. In the absence of a suitable alternative, a percentage of the CPI is often used as a target. If the cumulative CPI were used as a target, the current COLA averages 50% of the target. A comparison of COLA increases to the CPI is shown in Exhibit 12, part III. Historical data on the CPI is shown in Exhibit 12, part IV.

Cumulative Experience Position

Ordinance Section 40-204(C) (4) provides that transfers of excess investment return from the Regular Fund to the COLA Fund may be made only if the System remains in a net positive experience position on a cumulative basis from October 1, 1982. Since the aggregate cost method is used for determining funding requirements, the determination of the experience position is measured under the entry age normal method.

The cumulative experience gain increased to $181,747,246, from $159,890,586 last year (Exhibit 14).

The change in retirement assumptions does not affect the cumulative experience position.

COLA Transfer Calculations

Exhibit 2C shows the transfer calculations as of this valuation. As will be noted, the excess return transfer as of January 1, 2008 is scheduled to be $32,675,538. Therefore, there will be no City contribution to the COLA fund as of January 1, 2008.

Enrolled Actuary's Statement

This report has been prepared in accordance with standards established by the American Academy of Actuaries. To the best of our knowledge, it reflects the actuarial condition of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2006 for the Retirement Fund and for the COLA Fund.

All costs and cost components are calculated on the basis of actuarial assumptions which reasonably reflect the experience of the Trust.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Randall L. Stanley
Signature
Enrolled Actuary No. 05-602

August 1, 2007
Date

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

City Contribution Requirement for 2007/2008 Fiscal Year
(Prior Retirement Assumptions)

		2007/2008 -$-	2006/2007 -$-
I.	Unfunded Actuarial Accrued Liability	0	0
II.	Normal Cost		
	A. Present Value of Future Benefits		
	1. Active Members		
	a. Retirement	724,089,258	745,872,622
	b. Disability	21,088,161	20,472,984
	c. Death	6,655,401	6,696,478
	d. Turnover	13,284,527	13,018,170
	e. Return of Contributions	1,360,002	1,268,051
	f. Total	766,477,349	787,328,305
	2. Retired Members and Beneficiaries		
	a. Service Retirements + Beneficiaries	707,181,317	636,085,262
	b. Disability Retirements	36,353,990	36,959,492
	c. Terminated Vested Members	3,794,003	4,141,293
	d. Total	747,329,310	677,186,047
	3. Total	1,513,806,659	1,464,514,352

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

City Contribution Requirement for 2007/2008 Fiscal Year
(Prior Retirement Assumptions)

		2007/2008 -$-	2006/2007 -$-
II.	Normal Cost (Cont'd)		
	A. Total Present Value of Future Benefits	1,513,806,659	1,464,514,352
	B. Present Value of Future Member Contributions [1]	57,518,482	56,367,337
	C. Actuarial Asset Value	1,133,007,182	1,064,923,468
	D. Unfunded Actuarial Accrued Liability	0	0
	E. Present Value of Future Normal Costs (A-B-C-D)	323,280,995	343,223,547
	F. Present Value of Future Payrolls	852,939,081	835,868,800
	G. Current Payroll for those under Expected Retirement Age	89,242,209	90,009,335
	H. Current Normal Cost - Payable 10/1/2007 [(E)x(G) / (F)] (1.0775)	36,445,990	39,823,900
	I. Covered Payroll	90,363,952	91,514,713
	J. Normal Cost as Percentage of Payroll (H)/(I)	40.33%	43.52%
III.	Quarterly City Contribution Schedule		
	A. Past Service Cost	0	0
	B. Normal Cost	36,445,990	39,823,900
	C. Payment Timing	0	718,178
	D. Total	36,445,990	40,542,078

[1] 7% of Covered Payroll

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

City Contribution Requirement for 2007/2008 Fiscal Year
(Revised Retirement Assumptions)

		2007/2008	
		Revised Basis	Prior Basis
		-$-	-$-
I.	Unfunded Actuarial Accrued Liability	0	0
II.	Normal Cost		
	A. Present Value of Future Benefits		
	1. Active Members		
	a. Retirement	716,310,641	724,089,258
	b. Disability	21,067,936	21,088,161
	c. Death	6,712,194	6,655,401
	d. Turnover	13,284,527	13,284,527
	e. Return of Contributions	1,358,930	1,360,002
	f. Total	758,734,228	766,477,349
	2. Retired Members and Beneficiaries		
	a. Service Retirements + Beneficiaries	707,181,317	707,181,317
	b. Disability Retirements	36,353,990	36,353,990
	c. Terminated Vested Members	3,794,003	3,794,003
	d. Total	747,329,310	747,329,310
	3. Total	1,506,063,538	1,513,806,659

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

City Contribution Requirement for 2007/2008 Fiscal Year
(Revised Retirement Assumptions)

		Revised Basis -$-	Prior Basis -$-
II.	Normal Cost (Cont'd)		
	A. Total Present Value of Future Benefits	1,506,063,538	1,513,806,659
	B. Present Value of Future Member Contributions [1]	57,040,143	57,518,482
	C. Actuarial Asset Value	1,133,007,182	1,133,007,182
	D. Unfunded Actuarial Accrued Liability	0	0
	E. Present Value of Future Normal Costs (A-B-C-D)	316,016,213	323,280,995
	F. Present Value of Future Payrolls	845,845,813	852,939,081
	G. Current Payroll for those under Expected Retirement Age	89,526,657	89,242,209
	H. Current Normal Cost - Payable 10/1/2007 [(E)x(G) / (F)] (1.0775)	36,040,251	36,445,990
	I. Covered Payroll	90,363,952	90,363,952
	J. Normal Cost as Percentage of Payroll (H)/(I)	39.88%	40.33%
III.	Quarterly City Contribution Schedule		
	A. Past Service Cost	0	0
	B. Normal Cost	36,040,251	36,445,990
	C. Payment Timing	0	0
	D. Total	36,040,251	36,445,990

[1] 7% of Covered Payroll

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Actuarial Asset Value – 20% Write Up Method

I. Determination of Actuarial Asset Value as of October 1, 2006

	-$-
A. Actuarial Value of Assets as of 10/01/2005	1,064,923,468
B. City Contributions	50,635,213
C. Member Contribution	7,698,594
D. Benefits Paid	69,825,105
E. Contributions Refunded	573,228
F. Expected Return (at 7.75%)	83,873,435
G. Expected Actuarial Value of Assets (A+B+C-D-E+F)	1,136,732,377
H. Market Value of Assets (Net 01/01/07 and 01/01/08 COLA Transfers)	1,118,106,404
I. Difference (H-G)	(18,625,973)
J. 20% of Difference	(3,725,195)
K. Preliminary Actuarial Asset Value (G+J)	1,133,007,182
L. Maximum Actuarial Asset Value (120% of H)	1,341,727,685
M. Minimum Actuarial Asset Value (80% of H)	894,485,123
N. Actuarial Asset Value at 10/1/2006	1,133,007,182
O. Contribution Surplus Account Balance	0
P. Final Actuarial Value at 10/01/2006 (N – O)	**1,133,007,182**

II. Rate of Return on Actuarial Asset Value

	-$-
A. Actuarial Asset Value at 10/01/2005	1,064,923,468
B. Contributions	
1. City (Including amount from Contribution Surplus Account)	50,635,213
2. Members	7,698,594
3. Total	58,333,807
C. Benefits and Refunds	70,398,333
D. Contribution Surplus	0
E. Actuarial Asset Value at 10/01/2006	1,133,007,182
F. Net Return on Investment [E+D+C-B-A]	80,148,240
G. Rate of Return [2 x F/(A+E-F)]	7.57%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

I. Development of Actuarial Asset Value (3 Years, for COLA Transfer Purposes)

		9/30/2006	9/30/2005	9/30/2004
		-$-	-$-	-$-
A.	Book Value	953,417,616	918,642,613	866,131,977
B.	Market Value	1,147,871,078	1,091,902,222	957,896,348
C.	B/A	1.2039541	1.1886039	1.1059473
D.	1/3 ∑ (C)		1.1661684	
E.	Adjusted Market Value at 9/30/2006 D x $953,417,616		1,111,845,496	
F.	Contribution Surplus at 9/30/2006		0	
G.	1. 80% of Market Value		918,296,862	
	2. 120% of Market Value		1,377,445,294	
H.	Preliminary Actuarial Asset Value		1,111,845,496	
I.	Present Value of 1/1/2008 COLA Transfer, discounted at 7.75%		29,764,675	
J.	Actuarial Asset Value (H-I)		1,082,080,821	

II. Rate of Return on Actuarial Asset Value

		-$-
A.	Actuarial Asset Value at 10/01/2005	990,687,870
B.	Contributions	
	1. City	50,635,213
	2. Members	7,698,594
	3. Total	58,333,807
C.	Benefits and Refunds	70,398,333
D.	Present Value of 1/1/2008 COLA Transfer	29,764,675
E.	Contribution Surplus	0
F.	Actuarial Asset Value at 10/01/2006	1,082,080,821
G.	Net Return on Investment [F+E+D+C-B-A]	133,222,152
H.	Rate of Return [2 x G/(A+F-G)]	13.74% *

*Before 1/1/2008 COLA transfer.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Calculation of Excess Investment Return
On Membership and Benefits Accounts for 2005/2006 Fiscal Year
2008 COLA Transfer

I.	**Net Actual Return on Actuarial Asset Value**	-$-
A.	Preliminary Actuarial Asset Value as of 10/1/2006	1,111,845,496
B.	Benefits Paid During Plan Year	69,825,105
C.	Contributions Refunded During Plan Year	573,228
D.	City Contributions During Plan Year (Required)	50,635,213
E.	Member Contributions During Plan Year	7,698,594
F.	Actuarial Asset Value as of 10/1/2005	990,687,870
G.	Total Actual Return During Plan year (A)+(B)+(C)-(D)-(E)-(F)	133,222,152

II.	**Net Expected Return on Actuarial Asset Value**		
A.	Actuarial Asset Value as of 10/1/2005	990,687,870	
B.	Benefits Paid During Plan Year	69,825,105	
C.	Contributions Refunded During Plan Year	573,228	
D.	City Contributions During Plan Year	50,635,213	
E.	Member Contributions During Plan Year	7,698,594	
F.	Expected Rate of Return	7.75%	
G.	Expected Return During Plan Year	78,120,176	*
H.	Base Amount for Expected Return (G)/.0775	1,008,002,271	
I.	Excess Return on Assets (I(G) - II(G))	55,101,976	
J.	Excess Return as % of II(H)	5.466454%	**

III. Amount to be Transferred to COLA Fund

A.

	Excess Return		COLA Transfer	
	%	$	%	-$-
First	2.5	25,200,057	75	18,900,043
Next	2.5	25,200,057	50	12,600,029
Next	2.5	4,701,862	25	1,175,466
Remainder		0	0	0

B.	Total Transfer Amount at 1/1/2008	32,675,538

*Assumes Uniform Quarterly Contributions and Monthly Benefits
[(990,687,870) + 50,635,213 + (7,698,594) (2.5/4) - (69,825,105 + 573,228) (13/24)](.0775) = 78,120,176

**Before 1/1/2008 COLA transfer.

EXHIBIT 3

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Asset Transactions for Year Ending September 30, 2006 *

	Membership and Benefits Accounts	COLA I Account	COLA II Account
	-$-	-$-	-$-
A. Market Value as of October 1, 2005	1,104,806,670	36,317,118	195,275,647
B. Book Value as of October 1, 2005	931,547,061	30,621,741	164,651,844
C. Income During Year			
1. City Contributions	50,635,213		
2. Member Contributions	7,698,594		
3. Other Contributions			
4. Interest	18,586,213	494,418	2,712,160
5. Dividends	10,136,593	269,816	1,480,567
6. Net Realized Gains (Losses)	53,157,985	1,413,957	7,757,335
7. Securities Lending Income	425,946	11,325	62,148
8. Rental and Other Income	428,126	11,382	62,572
9. COLA Transfer at January 1, 2006	(11,065,739)	--	11,065,739
	130,002,931	2,200,898	23,140,085
D. Disbursements During Years			
1. Benefit Payments	69,825,105	347,941	11,412,130
2. Contribution Refunds	573,228	1,934	
3. Custodial and Investment Expenses	4,522,986	120,199	658,950
4. Other Expense			
5. Securities Lending Fees	128,226	3,409	16,784
6. Building Depreciation	36,389	979	7,279
	75,085,934	474,462	12,095,137
E. Book Value as of 9/30/2006 (B)+(C)-(D)	986,464,058	32,348,177	175,696,792
F. Net Change in Unrealized Gains (Losses)	21,193,853	669,878	3,948,624
G. Market Value as of 9/30/2006 (A)+(C)-(D)+(F)	1,180,917,520	38,713,432	210,269,219
H. January 1, 2007 Allocation to COLA II (discounted)	(33,046,442)	N/A	33,046,442
I. Net Market Value as of 9/30/2006	1,147,871,078	38,713,432	243,315,661

*Based on unaudited financial statements.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Distribution of Assets as of September 30, 2006[1]

Membership and Benefits and Cost-of-Living Adjustment Accounts

Description	Market -$-	Book -$-
Bills, Bonds, Notes	386,975,732	378,912,496
Corporate Stocks	927,421,074	722,670,756
Money Market Funds and Time Deposits	8,774,111	8,796,590
Mutual Funds	70,146,046	47,817,762
Real Estate[2]	2,600,000	2,256,267
A: Sub-Total	**1,397,337,843**	**1,161,946,697**
B: Cash	**34,742,271**	**34,742,271**
Receivables:		
City Contributions		
Accounts Receivable	226	226
Member Contributions		
Accrued Interest	2,450,939	2,450,939
Securities Proceeds	3,724,736	3,724,736
C: Sub-Total	**6,175,901**	**6,175,901**
Payables:		
Budget Advance	(36,054)	(36,054)
Transfer	(3,433)	(3,433)
Tax Withheld	10,579	10,579
Accounts Payable	262,967	262,967
Securities Purchased	8,121,785	8,121,785
D: Sub-Total	**8,355,844**	**8,355,844**
E. Total (A+B+C-D)	**1,429,900,171**	**1,194,509,026**
Accounts:		
COLA I Account	**38,713,432**	**32,348,177**
COLA II Account	**210,269,219**	**175,696,792**
COLA II Transfer (1/1/2007)	**33,046,442**	**33,046,442**
F: Membership & Benefits Account	**1,147,871,078**	**953,417,615**

[1]Based on unaudited financial statements.
[2]Carried at depreciated cost for Book Value and at appraised value for Market Value.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Investment Results

Yield on Mean Values for 12-Month Period Ending 9/30/2006

	-$-	Market -%-	Book -%-
Membership and Benefits Accounts*			
Interest	18,586,213	1.7	2.0
Dividends	10,136,593	1.0	1.1
Rental and Other Income, less Depreciation	391,737	0.0	0.0
Realized Gains	53,157,985	4.9	5.8
Securities Lending (Net)	297,720	0.0	0.0
Increase in Unrealized Gains	20,850,120	1.9	--
Custodial and Investment Expenses	(4,522,986)	(0.4)	(0.5)
Real Estate Adjustment to Appraised Value	343,733	0.0	--
	99,241,115	9.1	8.3
COLA I Account			
Interest	494,418	1.4	1.6
Dividends	269,816	0.7	0.9
Rental and Other Income, less Depreciation	10,403	0.0	0.0
Realized Gains	1,413,957	3.9	4.7
Securities Lending (Net)	7,916	0.0	0.0
Increase in Unrealized Gains	669,878	1.9	--
Custodial and Investment Expenses	(120,199)	(0.3)	(0.4)
	2,746,189	7.6	6.8
COLA II Account			
Interest	2,712,160	1.4	1.7
Dividends	1,480,075	0.8	0.9
Rental and Other Income, less Depreciation	55,297	0.0	0.0
Realized Gains	7,757,387	4.1	5.0
Securities Lending (Net)	45,364	0.0	0.0
Increase in Unrealized Gains	3,948,624	2.1	--
Custodial and Investment Expenses	(658,953)	(0.3)	(0.4)
	15,339,954	8.1	7.2

*Before 1/1/2007 COLA transfer

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Accounting Information
As of October 1, 2006

		October 1, 2006 -$-	October 1, 2005 -$-
I.	Present Value of Vested Accrued Benefits		
	A. Service Retirements and Beneficiaries	707,181,317	636,085,262
	B. Disability Retirements	36,353,990	36,959,492
	C. Vested Terminated Members	3,794,003	4,141,293
	D. Active Members	331,524,872	349,344,070
	E. Total	1,078,854,182	1,026,530,117
II.	Present Value of Non-Vested Accrued Benefits	17,985,120	15,806,454
III.	Present Value of Accrued Benefits	1,096,839,302	1,042,336,571

IV. The values of accumulated plan benefits were determined in accordance with the Academy of Actuaries Interpretations and FASB Statement No. 35, Accounting and Reporting by Defined Benefit Pension Plans.

V. Statement of Changes in Accrued Benefits

A.	Present Value of Accrued Benefits at Beginning of Year	1,042,336,571
B.	Increase (Decrease) During the Year Attributable to:	
	1. Benefits Accumulated	44,894,428
	2. Benefits Paid and Contributions Refunded	(70,398,333)
	3. Plan Amendment	0
	4. Assumption Changes	1,953,487
	5. Increase Due to Decrease in Discount Period	78,053,149
	6. Net Increase	54,502,731
C.	Present Value of Accrued Benefits at End of Year	1,096,839,302

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparison of Funding Progress
($000)

		10/1/2006 -$-	10/1/2005 -$-	10/1/2004 -$-
I.	Assets			
	A. Book Value	953,418	918,643	866,132
	B. Market Value	1,147,871	1,091,902	957,896
II.	Liabilities			
	A. Retired and Vested	747,329	677,186	616,083
	B. Active			
	Employee Contributions	116,287	121,189	118,102
	Other Vested	215,238	228,156	233,655
	Non-Vested Accrued	17,985	15,806	14,212
	C. Total Accrued	1,096,839	1,042,337	982,052
III.	Ratios	%	%	%
	IA/IIC	86.9	88.1	88.2
	IB/IIC	104.7	104.8	97.5

Note: Item II amounts are present values of accrued benefits.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Member Statistics

I. Active Members

Number of	10/1/2006	10/1/2005	10/1/2004
Males	1,268	1,247	1,261
Females	217	208	207
Total	1,485	1,455	1,468
Averages			
Current Age	38.7	39.4	39.6
Past Service	12.4	13.1	13.6
Credited Past Service	12.4	13.1	13.6
Annual Earnings	$60,851	$62,897	$60,253

II. Inactive Members

A. Retirees and Beneficiaries			
Number	1,570	1,503	1,424
Average Annual Benefit	$42,579	$40,060	$38,222
Average Age	63.3	63.4	63.3
B. Disabled			
Number	209	215	215
Average Annual Benefit	$19,005	$18,607	$18,140
Average Age	65.6	65.2	64.6
C. Vested Terminated			
Number	22	25	29
Average Deferred Benefit	$21,502	$21,930	$21,461
Average Age	44.5	43.4	44.6

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Age-Service Distribution

	Completed Years of Service										Earnings	
Age	0-1	2-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total	Total -$-	Average -$-
15-24	37	41	0	0	0	0	0	0	0	78	2,787,969	35,743
25-29	27	88	56	0	0	0	0	0	0	171	7,731,261	45,212
30-34	14	72	127	42	2	0	0	0	0	257	13,259,209	51,592
35-39	6	31	104	87	64	0	0	0	0	292	16,854,937	57,722
40-44	1	14	46	50	131	84	3	0	0	329	22,414,633	68,130
45-49	0	5	13	23	57	98	50	0	0	246	18,535,850	75,349
50-54	0	1	3	6	13	36	25	8	0	92	7,287,116	79,208
55-59	0	1	0	0	1	5	7	1	2	17	1,288,305	75,783
60-64	0	0	0	0	1	2	0	0	0	3	204,672	68,224
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	85	253	349	208	269	225	85	9	2	1,485	90,363,952	60,851

Average Age: 38.7 Average Service: 12.4

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Reconciliation of Participant Counts

	Actives	Retirees & Beneficiaries	Disableds	Vested Terminated
10/1/2005	1,455	1,503	215	25
Changes due to:				
Retirement	-89	+89		-3
Withdrawal	-12			
Disability	-2		+2	
Death	-1	-31	-8	
New Beneficiary		+9		
New Hires	+134			
Data Changes				
10/1/2006	1,485	1,570	209	22

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Principal System Provisions

(Based on Ordinance No. 10002, as Amended
by Ordinances Nos. 112351 and 11944, and Resolution 657)

Effective Date:	January 1, 1940, as restated effective May 23, 1985, and amended through September 30, 2006.
Fiscal Year:	October 1 - September 30.
Membership:	Police officers and fire fighters.
Covered Compensation:	An employee's base salary, including pick-up contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death-in-family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.
Contributions:	Members: 7% of Compensation, effective 10/01/99. City: Balance, as actuarially determined.
Creditable Service:	Service credited under Retirement System; military service (maximum of four years) during wartime for which Member makes contributions; maternity leave (maximum of 180 days for each leave) for which Member makes contributions; up to 5 years, without member contributions, if member was an employee before period of military service.
Average Final Compensation:	Average Compensation during the highest year of Creditable Service.
Normal Service Age:	Age 50

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Service Retirement:	3.0% of Average Final Compensation for each of the first fifteen years of Creditable Service plus 3.5% of Average Final Compensation for each year of Creditable Service after the fifteenth year; maximum of 100% for those with less than 100% under prior rules on 9/30/98.
Early Service Retirement:	After 20 years of Creditable Service. Benefits are based on Average Final Compensation and Creditable Service at retirement date. Actuarial equivalence for early commencement.
Rule of 64 Retirement:	Service retirement on the basis of combined age and Creditable Service equaling 64 or more.
Disability:	Ordinary Disability: After 10 or more years of Creditable Service, and not eligible for service retirement. Not incurred as accident in performance of duties. 90% of benefit rate times Average Final Compensation times Creditable Service, with a minimum benefit of 30% of Average Final Compensation; 10 years' certain and life normal form. Accidental Disability: Incurred as accident in performance of duties. 66 2/3% of Average Final Compensation, or 66 2/3% of Final Compensation, whichever is greater. 40% joint & survivor normal form, with a minimum of 10 years' certain and life.
Deferred Retirement Option Plan:	Members who are eligible for Service Retirement or Rule of 64 Retirement after September 1998 may elect self-directed Deferred Retirement Option Plan, for a maximum of 4 years. An actuarially equivalent Back DROP option (maximum of 4 years) may be elected prior to DROP entry; combined years of DROP may not exceed 4.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Death:	Ordinary Death: (a) Between 3 and 10 years of Creditable Service, and death not accidentally incurred in performance of duties: Lump sum benefit equal to 50% of Compensation received in year preceding death. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferred period or 10 years' certain period. (c) If eligible for Service, Early Service, or Rule of 64 retirement, considered to have retired on the date of death. Surviving spouse would receive 40% of the member's monthly retirement allowance. Accidental Death: Incurred in performance of duties. (a) Pension of 50% of Average Final compensation to spouse until death or remarriage. If there is no spouse, or if spouse dies or remarries before youngest child is 18, payable until attainment of age 18. If no spouse or no children under 18, benefit is payable to dependent parents. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferral period or 10 years' certain period.
Employment Termination:	After 10 years of Creditable Service, based on Creditable Service and Average Final Compensation at termination date. If Member contributions are withdrawn, benefit is forfeited. Benefits are deferred to Normal Retirement Age.
Optional Allowances:	Normal form is joint and 40% contingent survivor, with a minimum of 10 years' certain and life. Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of Member. Option 6 is withdrawal of member contributions with credited interest; monthly benefits is 1/2 of normal level.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Transfer of Compensated Leave Balances:	Accumulated leave balances may be transferred into system immediately prior to retirement to purchase additional Creditable Service, on an actuarially equivalent basis.
Transfer of 457 Balances:	457 balances of Firefighters may be transferred into System at any time prior to retirement to purchase additional Service for multiplier purposes.
Changes Since Prior Valuation:	None.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Actuarial Basis (Prior Basis)

Valuation Date: October 1, 2006 for Fiscal Year beginning October 1, 2007.

Valuation Method: Aggregate Cost Method.

Asset Valuation Method: 20% Write-Up Method: Expected value is based on the Interest Discount/Investment Return rate applied to the actuarial asset value as of previous valuation date and cash flow during the year. 20% of the difference between the Expected Value and the Market Value (net of pending transfers to the COLA Fund) is added to the Expected Value.

The result cannot be greater than 120% of market value or less than 80% of market value (net of pending COLA transfers).

Actuarial Assumptions:

Interest Discount/ Investment Return: 7.75%, compounded annually.

Inflation: 4.0%, compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	.0507%	.0284%
30	.0801%	.0351%
40	.1072%	.0709%
50	.2579%	.1428%
60	.7976%	.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis (Prior Basis)
(Continued)

Age	Disability	Turnover		Salary Increase**
		<5	5+	
20	.00085	.0240	.0192	.088
21	.00095	.0240	.0192	.086
22	.00105	.0240	.0192	.083
23	.00110	.0240	.0192	.081
24	.00125	.0240	.0192	.078
25	.00130	.0240	.0192	.075
26	.00140	.0240	.0192	.073
27	.00150	.0240	.0192	.071
28	.00160	.0240	.0192	.068
29	.00170	.0240	.0192	.066
30	.00180	.0240	.0192	.065
31	.00200	.0240	.0192	.064
32	.00220	.0240	.0192	.064
33	.00245	.0240	.0192	.063
34	.00265	.0240	.0192	.062
35	.00285	.0240	.0192	.061
36	.00305	.0228	.0182	.061
37	.00325	.0216	.0173	.060
38	.00345	.0204	.0163	.060
39	.00370	.0192	.0154	.059
40	.00390	.0180	.0144	.058
41	.00470	.0168	.0134	.058
42	.00555	.0156	.0125	.057
43	.00635	.0144	.0115	.057
44	.00720	.0132	.0106	.057
45	.00800	.0120	.0096	.056
46	.00880	.0096	.0077	.056
47	.00965	.0072	.0057	.056
48	.01045	.0048	.0038	.056
49	.01130	.0024	.0019	.055
50	.01210	.0000	.0000	.055

** A 7% additional increase applies in the final year of Creditable Service, and a 5% additional increase applies after 22 years.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis (Prior Basis)
(Continued)

Age	Disability	Turnover		Salary Increase*
		<5	5+	
51	.01295	.0000	.0000	.053
52	.01375	.0000	.0000	.051
53	.01455	.0000	.0000	.050
54	.01540	.0000	.0000	.048
55	.01620	.0000	.0000	.047
56	.01785	.0000	.0000	.046
57	.01870	.0000	.0000	.044
58	.01950	.0000	.0000	.043
59	.02030	.0000	.0000	.041
60	.00000	.0000	.0000	.040
61	.00000	.0000	.0000	.040
62	.00000	.0000	.0000	.040
63	.00000	.0000	.0000	.040
64	.00000	.0000	.0000	.040
65	.00000	.0000	.0000	.040

* A 7% additional increase applies in the final year of Creditable Service, and a 5% additional increase applies after 22 years.

After eligibility for Rule of 64 Retirement, the following decrements apply, based on service:

Years of Service After R64 and 20 Years, or Age 60	%
0-4	10
5-9	25
10+ or age 65	100

There is no explicit assumption on the percentage of retirements expected to enter the DROP. No distinction is necessary, since funding is calculated to expected retirement or expected DROP entry.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis (Prior Basis)
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employees are assumed to be married.
Investment Expenses:	None; the investment return assumption of 7.75% is net of investment expenses.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Compensated Absence Balance Transfers:	No liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.
Adjustments from Valuation Date:	One year's interest is added to the calculated deposit to reflect ordinance provision.
Sources of Data:	Asset data is from unaudited financial statements. Membership data was furnished by Administrator.
Changes Since Prior Valuation:	None.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Actuarial Basis (Revised Basis)

Valuation Date: October 1, 2006 for Fiscal Year beginning October 1, 2007.

Valuation Method: Aggregate Cost Method.

Asset Valuation Method: 20% Write-Up Method: Expected value is based on the Interest Discount/Investment Return rate applied to the actuarial asset value as of previous valuation date and cash flow during the year. 20% of the difference between the Expected Value and the Market Value (net of pending transfers to the COLA Fund) is added to the Expected Value.

The result cannot be greater than 120% of market value or less than 80% of market value (net of pending COLA transfers).

Actuarial Assumptions:

Interest Discount/ Investment Return: 7.75%, compounded annually.

Inflation: 4.0%, compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	.0507%	.0284%
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Age	Male	Female
30	0.13%	0.11%
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60	2.05%	1.30%
70	4.85%	3.21%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis (Revised Basis)
(Continued)

Age	Disability	Turnover		Salary Increase**
		<5	5+	
20	.00085	.0240	.0192	.088
21	.00095	.0240	.0192	.086
22	.00105	.0240	.0192	.083
23	.00110	.0240	.0192	.081
24	.00125	.0240	.0192	.078
25	.00130	.0240	.0192	.075
26	.00140	.0240	.0192	.073
27	.00150	.0240	.0192	.071
28	.00160	.0240	.0192	.068
29	.00170	.0240	.0192	.066
30	.00180	.0240	.0192	.065
31	.00200	.0240	.0192	.064
32	.00220	.0240	.0192	.064
33	.00245	.0240	.0192	.063
34	.00265	.0240	.0192	.062
35	.00285	.0240	.0192	.061
36	.00305	.0228	.0182	.061
37	.00325	.0216	.0173	.060
38	.00345	.0204	.0163	.060
39	.00370	.0192	.0154	.059
40	.00390	.0180	.0144	.058
41	.00470	.0168	.0134	.058
42	.00555	.0156	.0125	.057
43	.00635	.0144	.0115	.057
44	.00720	.0132	.0106	.057
45	.00800	.0120	.0096	.056
46	.00880	.0096	.0077	.056
47	.00965	.0072	.0057	.056
48	.01045	.0048	.0038	.056
49	.01130	.0024	.0019	.055
50	.01210	.0000	.0000	.055

** A 7% additional increase applies in the final year of Creditable Service, and a 5% additional increase applies after 22 years.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis (Revised Basis)
(Continued)

Age	Disability	Turnover		Salary Increase*
		<5	5+	
51	.01295	.0000	.0000	.053
52	.01375	.0000	.0000	.051
53	.01455	.0000	.0000	.050
54	.01540	.0000	.0000	.048
55	.01620	.0000	.0000	.047
56	.01785	.0000	.0000	.046
57	.01870	.0000	.0000	.044
58	.01950	.0000	.0000	.043
59	.02030	.0000	.0000	.041
60	.00000	.0000	.0000	.040
61	.00000	.0000	.0000	.040
62	.00000	.0000	.0000	.040
63	.00000	.0000	.0000	.040
64	.00000	.0000	.0000	.040
65	.00000	.0000	.0000	.040

* A 7% additional increase applies in the final year of Creditable Service, and a 5% additional increase applies after 22 years.

Retirement: If eligibile for Rule of 64 Retirement, the following decrements apply, based on service:

Years of Service	Police %	Fire %
<20	0	0
20-24	20	5
25-29	25	25
30-31	50	25
32	100	100

There is no explicit assumption on the percentage of retirements expected to enter the DROP. No distinction is necessary, since funding is calculated to expected retirement or expected DROP entry.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis (Revised Basis)
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employees are assumed to be married.
Investment Expenses:	None; the investment return assumption of 7.75% is net of investment expenses.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Compensated Absence Balance Transfers:	No liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.
Adjustments from Valuation Date:	One year's interest is added to the calculated deposit to reflect ordinance provision.
Sources of Data:	Asset data is from unaudited financial statements and includes an appraised value for the real estate to be used for Market Value. Membership data was furnished by Administrator.
Changes Since Prior Valuation:	Retirement decrements changed to separate decrements for Police and Fire, as shown above. The prior decrements, after eligibility for Rule of 64 Retirement, were applied based on service, as follows:

Years of Service	%
After R64 and 20 Years, or Age 60	
0-4	10
5-9	25
10+ or age 65	100

For Market Value purposes, the real estate is included at appraised value instead of depreciated cost.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Information Under Florida Statutes

I. Comparison of Salary Increases

Year Ending	Actual	Assumed
	-%-	-%-
9/30/06	2.84	5.79
9/30/05	8.15	5.77
9/30/04	10.20	5.78
9/30/03	5.38	4.00
9/30/02	2.43	2.00
9/30/01	4.79	2.00
9/30/00	7.12	2.00
9/30/99	0.52	2.75
9/30/98	(1.35)	2.75
9/30/97	(1.07)	2.75
9/30/96	0.76	2.75
9/30/95	5.50	2.75
9/30/94	2.86	3.00
9/30/93	6.37	6.80
9/30/92	3.48	6.80
9/30/91	2.65	6.80
9/30/90	2.79	7.00
9/30/89	8.64	7.00
9/30/88	6.05	7.00
9/30/87	7.45	7.50
9/30/86	7.49	7.50
9/30/85	14.28	7.50
9/30/84	11.53	7.50

II. Comparison of Investment Returns

Year Ending	Actual MV	Actual AAV*	Assumed
-%-	-%-	-%-	-%-
9/30/06	9.1	7.57	7.75
9/30/05 (Revised)	15.6	7.83	7.75
9/30/05 (Prior)	15.6	8.43	7.75
9/30/04	12.9	4.29	7.75
9/30/03	15.7	3.26	7.75
9/30/02	(5.5)	(3.93)	7.75
9/30/01	(10.6)	(1.29)	7.75
9/30/00	12.7	16.01	7.75
9/30/99	13.8	13.40	7.75
9/30/98	6.9	19.45	7.75
9/30/97	28.3	26.34	8.00
9/30/96	13.2	11.27	8.00
9/30/95	21.0	12.86	7.75
9/30/94	(1.7)	5.18	7.75
9/30/93	15.8	13.73	7.75
9/30/92	9.9	12.48	7.75
9/30/91	25.9	20.93	7.75
9/30/90	0.4	1.89	7.50
9/30/89	N.A.	16.09	7.50
9/30/88	N.A.	0.08	7.50
9/30/87	N.A.	22.64	7.00
9/30/86	N.A.	21.66	7.00

* Based on mean actuarial asset values for periods ending 9/30. Rates of return on AAV prior to 9/30/05 are based on prior asset valuation methods, with COLA transfers treated as cash flow.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Information Under Florida Statutes
(Continued)

III. Comparison of Payroll Growth

Year Ending	Actual -%-	Assumed -%-
9/30/06	(1.3)	N.A.
9/30/05	2.6	N.A.
9/30/04	(9.9)	N.A.
9/30/03	2.1	N.A.
9/30/02	8.1	N.A.
9/30/01	6.3	N.A.
9/30/00	8.5	N.A.
9/30/99	4.6	N.A.
9/30/98	6.8	N.A.
9/30/97	(4.5)	N.A.
9/30/96	1.9	N.A.
9/30/95	(1.9)	N.A.
9/30/94	1.1	N.A.
9/30/93	7.5	N.A.
9/30/92	2.1	N.A.
9/30/91	(7.6)	5.00
9/30/90	(0.8)	5.00
9/30/89	9.5	5.00
9/30/88	3.4	5.00
9/30/87	5.9	5.00
9/30/86	5.8	5.00
9/30/85	7.8	5.00
9/30/84	9.7	5.00

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Disclosure Information Under GASB 25
(Excluding COLA Fund)

I. Funding Status and Progress as of September 30, 2006 and 2005

Pension benefit obligation:

	$(Millions)		
	Sept. 30, 2006		Sept. 30, 2005
	EAR	PBO	PBO
	-$-	-$-	-$-
- Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	747.3	747.3	677.2
- Current employees - Accumulated employee contributions including interest	116.3	116.3	121.2
Employer - financed vested	215.2	215.2	228.2
Employer - financed nonvested	181.7	171.7	177.9
Total pension benefit obligation	1,260.5	1,250.5	1,204.5
Net assets available for benefits (market value)	1,147.9	1,147.9	1,091.9
Unfunded pension benefit obligation	112.6	102.6	112.6

The pension benefit obligation was determined as part of actuarial valuations at September 30, 2006 and September 30, 2005. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually, (b) projected salary increases of 4.00 percent per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0 percent to 4.8 percent per year, attributable to seniority/merit.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 25
(Excluding COLA Fund)

II. Contributions Required and Contributions Made

The funding policy provides for periodic employer contributions at actuarially determined rates that are sufficient to pay benefits when due. Contributions for normal costs are determined using the aggregate actuarial cost method. This cost method does not provide for an unfunded actuarial accrued liability.

Contributions totaling $58,333,807 ($50,635,213 employer and $7,698,594 employee) were made for the year ending September 30, 2006. These contributions consisted of (a) $57,451,634 normal cost, (b) $0 amortization of the unfunded actuarial accrued liability, (c) $0 noninvestment expenses and (d) $882,173 for Section 457 Service buybacks.

Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the standardized measure of the pension obligation as of the beginning of the preceding year.

III. Analysis of Funding Progress ($ Millions)

Fiscal Year	(1) Net Assets Available for Benefits ($)	(2) Entry Age Reserve ($)	(3) Percent Funded (%)	(4) Unfunded EAR (2)-(1) ($)	(5) Annual Covered Payroll ($)	(4)/(5) (%)
1992	492.0	483.7	102	(8.3)	67.1	(12)
1993	550.6	513.4	107	(37.2)	72.0	(52)
1994	516.4	587.5	88	71.1	72.9	98
1995	616.5	614.4	100	(2.1)	71.5	(3)
1996	674.7	650.0	104	(24.7)	72.9	(34)
1997	835.3	727.1	115	(108.2)	69.6	(155)
1998	857.7	800.7	107	(57.0)	74.3	(77)
1999	932.8	843.2	111	(89.6)	77.7	(115)
2000	994.6	863.4	115	(131.2)	84.3	(156)
2001	828.9	932.7	89	103.8	89.7	116
2002	753.2	999.8	75	246.6	96.9	254
2003	844.9	1,067.9	79	223.0	98.9	225
2004	957.9	1,152.8	83	194.9	89.2	218
2005	1091.9	1,221.6	89	129.7	91.5	142
2006	1147.9	1,260.5	91	112.6	90.4	125

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

IV. Revenues and Expenses

	Revenues by Source			
Fiscal Year ($)	Employee Contributions ($)	Employer Contributions ($)	Investment Income ($)	Total
1992	6,115,655	10,029,747	44,569,353	60,714,755
1993	6,455,623	10,442,881	50,309,468	67,207,972
1994	7,435,034	9,296,175	36,915,202	53,646,411
1995	8,318,833	10,880,346	38,919,229	58,118,408
1996	7,852,469	16,547,235	55,421,603	79,821,307
1997	7,664,034	14,377,032	83,180,597	105,221,663
1998	7,692,571	14,155,472	96,007,011	117,855,054
1999	8,556,140	10,376,473	66,039,984	84,972,597
2000	6,257,588	5,400,784	129,752,337	141,410,709
2001	6,336,918	5,481,599	17,717,791	29,536,308
2002	6,721,236	5,400,784	(27,704,711)	(15,582,691)
2003	7,193,936	15,024,366	30,466,098	52,684,400
2004	24,415,150	32,959,003	53,963,150	111,337,303
2005	18,607,681	45,545,130	71,904,910	136,057,721
2006	7,698,594	50,635,213	71,669,124	130,002,931

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

IV. Revenues and Expenses (Continued)

Fiscal Year	Expenses by Type			
	Benefits ($)	Administrative Expenses ($)	Refunds ($)	Total ($)
1992	22,345,166	1,137,047	751,088	24,233,301
1993	22,735,888	1,314,925	672,376	24,723,189
1994	23,787,091	1,420,693	510,074	25,717,858
1995	25,846,564	1,567,841	703,269	28,117,674
1996	29,506,924	1,870,188	822,497	32,199,609
1997	33,841,809	2,079,183	1,225,239	37,146,231
1998	35,593,108	2,543,855	391,524	38,537,297
1999	36,900,501	2,689,079	258,383	39,847,963
2000	41,237,423	2,710,752	258,804	44,206,979
2001	41,386,774	2,933,939	481,746	44,802,459
2002	42,766,860	2,825,903	364,256	45,957,019
2003	46,083,206	2,922,537	429,225	49,434,968
2004	53,249,450	3,334,460	301,580	56,885,490
2005	66,518,783	3,865,995	257,859	70,642,637
2006	69,825,105	4,687,601	573,228	75,085,934

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

V. Schedule of Employer Contributions

Fiscal Year	Annual Pension Cost (APC) ($)	Percentage Contributed (%)	Net Pension Obligation ($)
1994	9,296,175	100	0
1995	10,880,346	100	0
1996	16,547,235	100	0
1997	14,377,032	100	0
1998	14,155,472	100	0
1999	10,376,473	100	0
2000	5,400,784	100	0
2001	4,003,892	100	0
2002	1,051,629	100	0
2003	18,163,588	100	0
2004	36,341,515	100	0
2005	45,545,130	100	0
2006	50,635,213	100	0
2007	40,542,078	100	0

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

(COLA Fund)

I. COLA Increases by Duration Since Retirement (Including 2006 Increment)

Years Retired	No.	FIPO Benefits -$-	COLA Benefits -$-	%
0 - 5	454	2,133,331	283	0.0
5 -10	199	799,704	25,257	3.2
10-15	260	1,004,084	85,200	8.5
15-20	255	812,688	174,286	21.4
20-25	159	318,335	153,308	48.2
25-30	233	247,371	249,728	101.0
30-35	175	125,592	205,211	163.4
35-40	51	28,460	72,436	254.5
40-45	21	10,575	30,167	285.3
45-50	4	2,246	7,434	331.0
50+	8	3,343	8,417	251.8
Total	1,819	5,485,729	1,011,727	18.4

II. COLA Increases by Attained Age (2006 Table)

Age	No.	FIPO Benefits -$-	COLA Benefits -$-	%
<45	30	104,031	660	0.6
45-50	191	881,805	1,066	0.1
50-54	241	1,016,896	10,182	1.0
55-59	305	1,214,107	59,079	4.9
60-64	264	942,963	111,802	11.9
65-69	181	482,049	115,213	23.9
70-74	190	368,789	185,089	50.2
75-79	226	301,199	263,761	87.6
80-84	136	132,244	181,240	137.1
85-89	40	30,135	60,109	199.5
>90	15	11,511	23,526	204.4
Total	1,819	5,485,729	1,011,727	18.4

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

III. COLA Increases vs. CPI (including 2006 Increment)

Years Retired	No.	COLA -%-	CPI -%-	COLA/CPI %
0 - 5	454	0.0	2.6	0.5
5 -10	199	3.2	17.2	18.4
10-15	260	8.5	28.0	30.3
15-20	255	21.4	47.5	45.1
20-25	159	48.2	83.3	57.8
25-30	233	101.0	142.5	70.8
30-35	175	163.4	265.4	61.6
35-40	51	254.5	414.3	61.4
40-45	21	285.3	521.9	54.7
45-50	4	331.0	572.1	57.8
50+	8	251.8	825.7	30.5
Total	1,819	18.4	36.9	50.0

IV. Consumer Price Index (CPI-U)

Year	December Index	Annual %	Year	December Index	Annual %
1956	27.6	2.9	1981	94.0	8.9
1957	28.4	3.0	1982	97.6	3.9
1958	28.9	1.8	1983	101.3	3.8
1959	29.4	1.5	1984	105.3	4.0
1960	29.8	1.5	1985	109.3	3.8
1961	30.0	0.7	1986	110.5	1.1
1962	30.4	1.2	1987	115.4	4.4
1963	30.9	1.6	1988	120.5	4.4
1964	31.2	1.2	1989	126.1	4.6
1965	31.8	1.9	1990	133.8	6.2
1966	32.9	3.4	1991	137.9	3.0
1967	33.9	3.0	1992	141.9	2.9
1968	35.5	4.7	1993	145.8	2.7
1969	37.7	6.1	1994	149.7	2.7
1970	39.8	5.5	1995	153.5	2.5
1971	41.1	3.4	1996	158.6	3.3
1972	42.5	3.4	1997	161.3	1.7
1973	46.2	8.7	1998	163.9	1.6
1974	51.9	12.2	1999	168.3	2.7
1975	55.5	7.0	2000	174.0	3.4
1976	58.2	4.8	2001	176.7	1.6
1977	62.1	6.8	2002	180.9	2.4
1978	67.7	9.0	2003	184.3	1.9
1979	76.7	13.3	2004	190.3	3.3
1980	86.3	12.4	2005	196.8	3.4
			2006	201.8	2.5

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST
(COLA Fund)

		-$-
I.	Summary of Assets Available for Benefits at October 1, 2006	
A.	COLA Accounts (Exhibit 2)	
1.	COLA I Account at 9/30/2006	38,713,432
2.	COLA II Account at 9/30/2006	210,269,219
B.	Transfers of Excess Investment Income	
1.	$33,668,908 due on 1/1/2007	33,046,442
2.	$32,675,538 due on 1/1/2008	29,764,675
C.	Minimum City Contributions[1] $4,502,359 beginning 1/1/2009, payable for 6 years discounted	19,104,340
D.	City Contribution due 1/1/2008	0
E.	Assets Available for COLA Benefits	330,898,108
II.	COLA Fund Liabilities for Benefits at 10/1/2006 [3]	
A.	Present Value of Existing COLA Benefits for inactives	
1.	Frozen COLA I benefits	1,965,162
2.	COLA II benefits	172,898,871
3.	Total inactive COLA benefits	174,864,033
B.	Present Value of Projected COLA Benefits for Current Actives	
1.	Reserve for current actives	36,475,945
2.	Reserve for future actives (15% of B1)	5,471,392
3.	Total	41,947,337
C.	Total Liability Allocated (A3+B4)	216,811,370
D.	Contingency Reserve [20% of I(E)-I(B)(2)]	60,226,687
E.	Unallocated Reserve[2]	53,860,051
F.	Total Liability for COLA Benefits	330,898,108

Notes: (1) $(1/1.0775)^{2.25}$ ä · $\overline{6|}$ = 4.2431846

(2) For $1,024 Table

(3) Service for COLA excludes 457 buyback service.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

III. Derivation of Increase in Table as of January 1, 2007

		-$-
A.	Liability based on current $1,024 table	
1.	Inactive COLA II Benefits	172,898,871
2.	Present Value of Projected COLA benefits for current actives	36,475,945
3.	Reserve for future actives [15% of (2)]	5,471,392
4.	Total	214,846,208
B.	Assets available to increase table	
1.	Total assets available for COLA Benefits	330,898,108
2.	Total Liability Allocated (current $1,024 table)	216,811,370
3.	Contingency Reserve II(D)	60,226,687
4.	Available Assets [(1)-(2)-(3)]	53,860,051
5.	$32,675,538 due on 1/1/2008, discounted	29,764,675
6.	Net Available Assets [(4)-(5)]	24,095,376
7.	Increase ratio [(B6)/(A4)]	0.11215
8.	Table increase [$1,024x(7)]	115
9.	New table amount [$1,024+(8)]	1,139
10.	Actual new table amount	**1,139**

EXHIBIT 14

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Cumulative Experience Position Net of Asset Transfers

I. Calculation of Expected Unfunded Actuarial Accrued Liability at 10/1/2006

		-$-
A.	Expected Unfunded Actuarial Accrued Liability at 10/1/2005	316,518,596
B.	Entry Age Normal Cost for 2005/2006 Year Paid or Payable by Employer	25,496,455
C.	Interest on (A) and (B)	26,506,166
D.	Contributions for 2005/2006Year Paid or Payable by Employer (Required)	50,635,213
E.	Interest on (D)	3,924,229
F.	Expected Unfunded Actuarial Accrued Liability at 9/30/2006	313,961,775
G.	Additional Unfunded Actuarial Accrued Liability due to Assumption Changes	(4,770,409)
H.	Additional Unfunded Actuarial Accrued Liability due to Florida Law 99-1	0
I.	Final Expected Unfunded Actuarial Accrued Liability at 9/30/2006	309,191,366

II. Determination of Net Cumulative Experience Position at 10/1/2006

A.	Expected Unfunded Actuarial Liability as of September 30, 2006	309,191,366
B.	Entry Age Reserve - Actives	513,121,992
	- Inactives	747,329,310
	- Total	1,260,451,302
C.	Actuarial Asset Value	1,133,007,182
D.	Actual Unfunded Actuarial Liability (B)-(C)	127,444,120
E.	Cumulative Experience Gain (Loss) (A)-(D)	181,747,246

III. Future Transfers of Excess Investment Income at 10/1/2006

A.	$33,668,908 due on 1/1/2007, discounted	33,046,442
B.	$32,675,538 due on 1/1/2008, discounted	29,764,675
C.	Total Future Transfers at 10/1/2006 (A)+(B)	62,811,117

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

(COLA Fund)

Summary of Principal COLA Provisions

Effective Date:	January 1, 1994, amended January 1, 1995.
Eligibility:	All inactive members in Miami Fire Fighters' and Police Officers' Retirement Trust.
Prior COLA:	Benefits granted through 1993 continue to be paid, in addition to benefits to be granted in the future.
Available Assets:	Existing COLA assets as of January 1, 1995; beginning with the 1991/92 fiscal year, a percentage of excess investment return on FIPO assets (75% of first 2.5%, 50% of next 2.5%, 25% of next 2.5%), subject to a minimum City contribution of $2.5 million, increasing 4% annually.
Allocated Assets:	Current COLA assets as of September 30, 2005, plus present value of $2.5 million minimum guarantee for 14 years. The 4% future annual increases is not pre-allocated. A contingency reserve of 22% has been established for adverse experience.
COLA Benefits:	In addition to prior COLA, benefits are based on attached table, with $1,024 monthly benefit for 25 years of creditable service and 22 completed years of retirement (after age 46). The $1,024 amount is reduced by 5% for each year of retirement less than 22 and each year of creditable service less than 25 and increased similarly for years of retirement greater than 22 and years of creditable service greater than 25. Benefits are based on the FIPO option elected. Tabular amounts are adjusted, based on the FIPO adjustments at the time of FIPO benefit commencement, for options other than Option 8 (Joint & 40%). Surviving spouses receive the percentage of the table amount determined under the FIPO election. Service-incurred and accidental disabilities and deaths receive benefits based on the greater of 25 years or actual creditable service.
Changes from Prior Year Valuation:	Table changed from $1,024 to $1,139 (at 25 years of creditable service and 22 years of retirement).

Miami Firefighters' and Police Officers' Retirement Trust

2007 Monthly Retirement Supplements ($1139 Table)

YEARS OF SERVICE	Completed Years of Retirement (after age 46)																								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
10	0	0	0	28	43	57	71	85	100	114	128	142	157	171	185	199	214	228	242	256	271	285	299	313	327
11	0	0	0	34	51	68	85	103	120	137	154	171	188	205	222	239	256	273	290	308	325	342	359	376	393
12	0	0	0	40	60	80	100	120	140	159	179	199	219	239	259	279	299	319	339	359	379	399	419	439	458
13	0	0	0	46	68	91	114	137	159	182	205	228	251	273	296	319	342	364	387	410	433	456	478	501	524
14	0	0	0	51	77	103	128	154	179	205	231	256	282	308	333	359	384	410	436	461	487	513	538	564	589
15	0	0	0	57	85	114	142	171	199	228	256	285	313	342	370	399	427	456	484	513	541	570	598	626	655
16	0	0	0	63	94	125	157	188	219	251	282	313	345	376	407	439	470	501	532	564	595	626	658	689	720
17	0	0	0	68	103	137	171	205	239	273	308	342	376	410	444	478	513	547	581	615	649	683	718	752	786
18	0	0	0	74	111	148	185	222	259	296	333	370	407	444	481	518	555	592	629	666	703	740	777	814	851
19	0	0	0	80	120	159	199	239	279	319	359	399	439	478	518	558	598	638	678	718	757	797	837	877	917
20	0	0	0	85	128	171	214	256	299	342	384	427	470	513	555	598	641	683	726	769	812	854	897	940	982
21	0	0	0	91	137	182	228	273	319	364	410	456	501	547	592	638	683	729	775	820	866	911	957	1002	1048
22	0	0	0	97	145	194	242	290	339	387	436	484	532	581	629	678	726	775	823	871	920	968	1017	1065	1113
23	0	0	0	103	154	205	256	308	359	410	461	513	564	615	666	718	769	820	871	923	974	1025	1076	1128	1179
24	0	0	0	108	162	216	271	325	379	433	487	541	595	649	703	757	812	866	920	974	1028	1082	1136	1190	1244
25	0	0	0	114	171	228	285	342	399	456	513	570	626	683	740	797	854	911	968	1025	1082	1139	1196	1253	1310
26	0	0	0	120	179	239	299	359	419	478	538	598	658	718	777	837	897	957	1017	1076	1136	1196	1256	1316	1375
27	0	0	0	125	188	251	313	376	439	501	564	626	689	752	814	877	940	1002	1065	1128	1190	1253	1316	1378	1441
28	0	0	0	131	196	262	327	393	458	524	589	655	720	786	851	917	982	1048	1113	1179	1244	1310	1375	1441	1506
29	0	0	0	137	205	273	342	410	478	547	615	683	752	820	888	957	1025	1093	1162	1230	1298	1367	1435	1503	1572
30	0	0	0	142	214	285	356	427	498	570	641	712	783	854	925	997	1068	1139	1210	1281	1353	1424	1495	1566	1637
31	0	0	0	148	222	296	370	444	518	592	666	740	814	888	962	1036	1111	1185	1259	1333	1407	1481	1555	1629	1703
32	0	0	0	154	231	308	384	461	538	615	692	769	846	923	999	1076	1153	1230	1307	1384	1461	1538	1615	1691	1768
33	0	0	0	159	239	319	399	478	558	638	718	797	877	957	1036	1116	1196	1276	1355	1435	1515	1595	1674	1754	1834
34	0	0	0	165	248	330	413	495	578	661	743	826	908	991	1074	1156	1239	1321	1404	1486	1569	1652	1734	1817	1899
35	0	0	0	171	256	342	427	513	598	683	769	854	940	1025	1111	1196	1281	1367	1452	1538	1623	1709	1794	1879	1965
36	0	0	0	177	265	353	441	530	618	706	794	883	971	1059	1148	1236	1324	1412	1501	1589	1677	1765	1854	1942	2030
37	0	0	0	182	273	364	456	547	638	729	820	911	1002	1093	1185	1276	1367	1458	1549	1640	1731	1822	1914	2005	2096
38	0	0	0	188	282	376	470	564	658	752	846	940	1034	1128	1222	1316	1410	1503	1597	1691	1785	1879	1973	2067	2161
39	0	0	0	194	290	387	484	581	678	775	871	968	1065	1162	1259	1355	1452	1549	1646	1743	1839	1936	2033	2130	2227
40	0	0	0	199	299	399	498	598	698	797	897	997	1096	1196	1296	1395	1495	1595	1694	1794	1894	1993	2093	2193	2292
41	0	0	0	205	308	410	513	615	718	820	923	1025	1128	1230	1333	1435	1538	1640	1743	1845	1948	2050	2153	2255	2358
42	0	0	0	211	316	421	527	632	738	843	948	1054	1159	1264	1370	1475	1580	1686	1791	1896	2002	2107	2213	2318	2423
43	0	0	0	216	325	433	541	649	757	866	974	1082	1190	1298	1407	1515	1623	1731	1839	1948	2056	2164	2272	2381	2489
44	0	0	0	222	333	444	555	666	777	888	999	1111	1222	1333	1444	1555	1666	1777	1888	1999	2110	2221	2332	2443	2554
45	0	0	0	228	342	456	569	683	797	911	1025	1139	1253	1367	1481	1595	1709	1822	1936	2050	2164	2278	2392	2506	2620
46	0	0	0	233	350	467	584	700	817	934	1051	1167	1284	1401	1518	1634	1751	1868	1985	2101	2218	2335	2452	2568	2685
47	0	0	0	239	359	478	598	718	837	957	1076	1196	1316	1435	1555	1674	1794	1914	2033	2153	2272	2392	2511	2631	2751
48	0	0	0	245	367	490	612	735	857	980	1102	1224	1347	1469	1592	1714	1837	1959	2082	2204	2326	2449	2571	2694	2816
49	0	0	0	251	376	501	626	752	877	1002	1128	1253	1378	1503	1629	1754	1879	2005	2130	2255	2381	2506	2631	2756	2882
50	0	0	0	256	384	513	641	769	897	1025	1153	1281	1410	1538	1666	1794	1922	2050	2178	2306	2435	2563	2691	2819	2947

Miami Firefighters' and Police Officers' Retirement Trust

2007 Monthly Retirement Supplements ($1139 Table)

Completed Years of Retirement (after age 46)

Years of Service	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50
10	342	356	370	384	399	413.	427	441	456	470	484	498	513	527	541	555	569	584	598	612	626	641	655	669	683
11	410	427	444	461	478	495.	513	530	547	564	581	598	615	632	649	666	683	700	718	735	752	769	786	803	820
12	478	498	518	538	558	578.	598	618	638	658	678	698	718	738	757	777	797	817	837	857	877	897	917	937	957
13	547	570	592	615	638	661.	683	706	729	752	775	797	820	843	866	888	911	934	957	980	1002	1025	1048	1071	1093
14	615	641	666	692	718	743.	769	794	820	846	871	897	923	948	974	999	1025	1051	1076	1102	1128	1153	1179	1204	1230
15	683	712	740	769	797	826.	854	883	911	940	968	997	1025	1054	1082	1111	1139	1167	1196	1224	1253	1281	1310	1338	1367
16	752	783	814	846	877	908.	940	971	1002	1034	1065	1096	1128	1159	1190	1222	1253	1284	1316	1347	1378	1410	1441	1472	1503
17	820	854	888	923	957	991.	1025	1059	1093	1128	1162	1196	1230	1264	1298	1333	1367	1401	1435	1469	1503	1538	1572	1606	1640
18	888	925	962	999	1036	1074.	1111	1148	1185	1222	1259	1296	1333	1370	1407	1444	1481	1518	1555	1592	1629	1666	1703	1740	1777
19	957	997	1036	1076	1116	1156.	1196	1236	1276	1316	1355	1395	1435	1475	1515	1555	1595	1634	1674	1714	1754	1794	1834	1874	1914
20	1025	1068	1111	1153	1196	1239.	1281	1324	1367	1410	1452	1495	1538	1580	1623	1666	1709	1751	1794	1837	1879	1922	1965	2007	2050
21	1093	1139	1185	1230	1276	1321.	1367	1412	1458	1503	1549	1595	1640	1686	1731	1777	1822	1868	1914	1959	2005	2050	2096	2141	2187
22	1162	1210	1259	1307	1355	1404.	1452	1501	1549	1597	1646	1694	1743	1791	1839	1888	1936	1985	2033	2082	2130	2178	2227	2275	2324
23	1230	1281	1333	1384	1435	1486.	1538	1589	1640	1691	1743	1794	1845	1896	1948	1999	2050	2101	2153	2204	2255	2306	2358	2409	2460
24	1298	1353	1407	1461	1515	1569.	1623	1677	1731	1785	1839	1894	1948	2002	2056	2110	2164	2218	2272	2326	2381	2435	2489	2543	2597
25	1367	1424	1481	1538	1595	1652.	1709	1765	1822	1879	1936	1993	2050	2107	2164	2221	2278	2335	2392	2449	2506	2563	2620	2677	2734
26	1435	1495	1555	1615	1674	1734.	1794	1854	1914	1973	2033	2093	2153	2213	2272	2332	2392	2452	2511	2571	2631	2691	2751	2810	2870
27	1503	1566	1629	1691	1754	1817.	1879	1942	2005	2067	2130	2193	2255	2318	2381	2443	2506	2568	2631	2694	2756	2819	2882	2944	3007
28	1572	1637	1703	1768	1834	1899.	1965	2030	2096	2161	2227	2292	2358	2423	2489	2554	2620	2685	2751	2816	2882	2947	3013	3078	3144
29	1640	1709	1777	1845	1914	1982.	2050	2119	2187	2255	2324	2392	2460	2529	2597	2665	2734	2802	2870	2939	3007	3075	3144	3212	3280
30	1709	1780	1851	1922	1993	2064.	2136	2207	2278	2349	2420	2492	2563	2634	2705	2776	2848	2919	2990	3061	3132	3203	3275	3346	3417
31	1777	1851	1925	1999	2073	2147.	2221	2295	2369	2443	2517	2591	2665	2739	2813	2887	2961	3035	3109	3184	3258	3332	3406	3480	3554
32	1845	1922	1999	2076	2153	2230.	2306	2383	2460	2537	2614	2691	2768	2845	2922	2998	3075	3152	3229	3306	3383	3460	3537	3613	3690
33	1914	1993	2073	2153	2232	2312.	2392	2472	2551	2631	2711	2791	2870	2950	3030	3109	3189	3269	3349	3428	3508	3588	3668	3747	3827
34	1982	2064	2147	2230	2312	2395.	2477	2560	2642	2725	2808	2890	2973	3055	3138	3221	3303	3386	3468	3551	3633	3716	3799	3881	3964
35	2050	2136	2221	2306	2392	2477.	2563	2648	2734	2819	2904	2990	3075	3161	3246	3332	3417	3502	3588	3673	3759	3844	3930	4015	4100
36	2119	2207	2295	2383	2472	2560.	2648	2736	2825	2913	3001	3090	3178	3266	3354	3443	3531	3619	3707	3796	3884	3972	4061	4149	4237
37	2187	2278	2369	2460	2551	2642.	2734	2825	2916	3007	3098	3189	3280	3371	3463	3554	3645	3736	3827	3918	4009	4100	4192	4283	4374
38	2255	2349	2443	2537	2631	2725.	2819	2913	3007	3101	3195	3289	3383	3477	3571	3665	3759	3853	3947	4041	4135	4229	4323	4416	4510
39	2324	2420	2517	2614	2711	2808.	2904	3001	3098	3195	3292	3389	3485	3582	3679	3776	3873	3969	4066	4163	4260	4357	4453	4550	4647
40	2392	2492	2591	2691	2791	2890.	2990	3090	3189	3289	3389	3488	3588	3688	3787	3887	3987	4086	4186	4285	4385	4485	4584	4684	4784
41	2460	2563	2665	2768	2870	2973.	3075	3178	3280	3383	3485	3588	3690	3793	3895	3998	4100	4203	4305	4408	4510	4613	4715	4818	4920
42	2529	2634	2739	2845	2950	3055.	3161	3266	3371	3477	3582	3688	3793	3898	4004	4109	4214	4320	4425	4530	4636	4741	4846	4952	5057
43	2597	2705	2813	2922	3030	3138.	3246	3354	3463	3571	3679	3787	3895	4004	4112	4220	4328	4436	4545	4653	4761	4869	4977	5086	5194
44	2665	2776	2887	2998	3109	3221.	3332	3443	3554	3665	3776	3887	3998	4109	4220	4331	4442	4553	4664	4775	4886	4997	5108	5219	5331
45	2734	2848	2961	3075	3189	3303.	3417	3531	3645	3759	3873	3987	4100	4214	4328	4442	4556	4670	4784	4898	5012	5126	5239	5353	5467
46	2802	2919	3035	3152	3269	3386.	3502	3619	3736	3853	3969	4086	4203	4320	4436	4553	4670	4787	4903	5020	5137	5254	5370	5487	5604
47	2870	2990	3109	3229	3349	3468.	3588	3707	3827	3947	4066	4186	4305	4425	4545	4664	4784	4903	5023	5143	5262	5382	5501	5621	5741
48	2939	3061	3184	3306	3428	3551.	3673	3796	3918	4041	4163	4285	4408	4530	4653	4775	4898	5020	5143	5265	5387	5510	5632	5755	5877
49	3007	3132	3258	3383	3508	3633.	3759	3884	4009	4135	4260	4385	4510	4636	4761	4886	5012	5137	5262	5387	5513	5638	5763	5889	6014
50	3075	3203	3332	3460	3588	3716.	3844	3972	4100	4229	4357	4485	4613	4741	4869	4997	5126	5254	5382	5510	5638	5766	5894	6022	6151

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

Summary of Actuarial Basis

Valuation Date: January 1, 2007.

Valuation Method: Accrued Benefit Cost Method, based on benefits granted to date.

Asset Valuation Method: Market Value, plus present value of future minimum City contributions.

Actuarial Assumptions:

Investment Return: 7.75% compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	.0507%	.0284%
30	.0801%	.0351%
40	.1072%	.0709%
50	.2579%	.1428%
60	.7976%	.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Summary of Actuarial Basis
(Continued)

Age	Disability	Turnover	
		<5	5+
20	.00085	.0240	.0192
21	.00095	.0240	.0192
22	.00105	.0240	.0192
23	.00110	.0240	.0192
24	.00125	.0240	.0192
25	.00130	.0240	.0192
26	.00140	.0240	.0192
27	.00150	.0240	.0192
28	.00160	.0240	.0192
29	.00170	.0240	.0192
30	.00180	.0240	.0192
31	.00200	.0240	.0192
32	.00220	.0240	.0192
33	.00245	.0240	.0192
34	.00265	.0240	.0192
35	.00285	.0240	.0192
36	.00305	.0228	.0182
37	.00325	.0216	.0173
38	.00345	.0204	.0163
39	.00370	.0192	.0154
40	.00390	.0180	.0144
41	.00470	.0168	.0134
42	.00555	.0156	.0125
43	.00635	.0144	.0115
44	.00720	.0132	.0106
45	.00800	.0120	.0096
46	.00880	.0096	.0077
47	.00965	.0072	.0057
48	.01045	.0048	.0038
49	.01130	.0024	.0019
50	.01210	.0000	.0000

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Summary of Actuarial Basis
(Continued)

Age	Disability	Turnover	
		< 5	5+
51	.01295	.0000	.0000
52	.01375	.0000	.0000
53	.01455	.0000	.0000
54	.01540	.0000	.0000
55	.01620	.0000	.0000
56	.01785	.0000	.0000
57	.01870	.0000	.0000
58	.01950	.0000	.0000
59	.02030	.0000	.0000
60	.00000	.0000	.0000
61	.00000	.0000	.0000
62	.00000	.0000	.0000
63	.00000	.0000	.0000
64	.00000	.0000	.0000
65	.00000	.0000	.0000

Retirement: If eligible for Rule of 64 Retirement, the following decrements apply, based on service:

Years of Service After R64, 20 Years	%
0-4	10
5-9	25
10+	100

There is no explicit assumption on the percentage of retirements expected to enter the DROP. No distinction is necessary, since funding is calculated to expected retirement or expected DROP entry.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

Summary of Actuarial Basis
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Martial Status:	All employees are assumed to be married.
Investment Expenses:	Not provided for.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Adjustments from Valuation Date:	Liabilities are discounted for 3 months at the Investment Return assumption.
Sources of Data:	Asset data is from unaudited financial statements. Membership data was furnished by Administrator.
Changes from Prior Year Valuation:	None.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)
(Based on 01/01/2005 $1,024 Table)

I. Funding Status and Progress as of September 30, 2006 and 2005

Pension benefit obligation:	$(Millions) 2006	2005
- Retirees and beneficiaries currently receiving prior COLA benefits	2.0	2.2
- Retirees and beneficiaries receiving COLA tabular benefits (beginning January 1) and terminated employees not yet receiving tabular benefits	172.9	153.1
- Current Employees Accumulated employee contributions including interest	3.7	4.7
Employer - financed vested	0.0	0.0
Employer - financed non-vested	38.2	35.0
- Total pension benefit obligation	216.8	195.0
Net assets available for benefits	249.0	231.6
Unfunded pension benefit (obligation)/asset	32.2	36.6

The pension benefit obligations were determined as part of actuarial valuations at January 1, 2007 and January 1, 2006, based on data and asset information at September 30, 2006 and September 30, 2005. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75% per year compounded annually, (b) post retirement COLA benefits based on the table in effect at January 1, 2006 and January 1, 2005.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)
(Based on 01/01/2006 $1,024 Table)

II. Contributions Required and Contributions Made

The funding policy provides for annual employer contributions for 21 years from January 1, 1994. The amount of the contribution was $2.5 million, beginning January 1, 1994, increasing 4% per year each year thereafter, and reduced (but not below zero) by any excess investment income transfer due on the same date.

The excess investment income transfer consists of a portion of gains due to investment return exceeding the 7.75 percent assumption. The $33,668,908 amount to be transferred on January 1, 2007 is due to excess investment income during the year ended September 30, 2005, and therefore already is part of the Retirement Trust. The $32,675,538 amount to be transferred on January 1, 2008 is due to excess investment income during the year ended September 30, 2006.

III. Analysis of funding Progress ($ Millions)

Fiscal Year	(1) Net Assets Available for Benefits* ($)	(2) Pension Benefit Obligation** ($)	(3) Percent Funded (%)	(4) Unfunded PBO (2)-(1) ($)	(5) Annual Covered Payroll ($)	(4)/(5) (%)
1993	40.8	32.5	126	(8.3)	72.0	(12)
1994	42.6	51.5	83	8.9	72.9	12
1995	63.8	52.0	123	(11.8)	71.5	(17)
1996	83.9	65.7	128	(18.1)	72.9	(25)
1997	117.7	70.8	166	(46.9)	69.6	(67)
1998	144.2	90.9	159	(53.3)	74.3	(72)
1999	180.7	116.3	155	(64.4)	77.7	(83)
2000	220.5	137.0	161	(83.5)	84.3	(99)
2001	195.0	158.4	123	(36.6)	89.7	(41)
2002	174.1	164.5	106	(9.6)	96.9	(10)
2003	194.8	165.1	118	(29.7)	98.9	(30)
2004	210.3	185.7	113	(24.7)	89.2	(28)
2005	231.6	195.0	119	(36.6)	91.5	(40)
2006	249.0	216.8	115	(32.2)	90.4	(36)

* Excluding future City minimum contributions.
** Excluding new increment, contingency reserves, and reserves for future actives.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)

IV. Revenues and Expenses

Fiscal Year	Revenues by Source: Employee Contributions ($)	Employer Contributions ($)	Investment Income ($)	Total ($)
1987	1,246,688	298,682	871,969	2,417,339
1988	1,272,000	0	393,935	1,665,935
1989	1,381,407	0	686,477	2,067,884
1990	1,457,451	0	694,749	2,152,200
1991	1,505,015	0	1,024,972	2,529,987
1992	1,422,192	0	1,031,806	2,453,998
1993	1,493,735	0	1,151,821	2,645,556
1994	474,233	9,481,546	1,313,750	11,269,529
1995	506	16,818,431	3,754,787	20,573,724
1996	0	2,622,149	3,795,508	6,417,657
1997	4,226	12,736,609	7,724,214	20,465,049
1998	1,094	14,344,834	10,325,730	24,671,658
1999	11,792	17,020,337	9,278,121	26,310,250
2000	293	23,437,048	18,932,095	42,369,436
2001	0	28,380,385	6,709,796	35,090,181
2002	0	32,080,031	571,271	32,651,302
2003	0	3,558,280	6,649,841	10,208,121
2004	0	3,700,611	9,923,222	13,623,833
2005	0	3,848,635	12,516,741	16,365,377
2006	0	0	25,340,983	25,340,983

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)
(Continued)

IV. Revenues and Expenses (Continued)

Fiscal Year	Expenses by Type			
	Benefits ($)	Administrative Expenses ($)	Refunds ($)	Total ($)
1987	183,548	7,301	36,679	227,528
1988	321,908	387	68,950	391,245
1989	430,185	0	46,021	476,206
1990	534,058	0	85,067	619,125
1991	578,758	0	76,730	655,488
1992	628,793	20,956	78,054	727,803
1993	665,938	27,288	84,945	778,171
1994	1,657,947	7,430	72,595	1,737,972
1995	2,706,830	0	101,814	2,808,644
1996	3,051,315	0	84,143	3,135,458
1997	3,676,801	0	124,925	3,801,726
1998	4,695,927	0	30,136	4,726,063
1999	5,765,042	295,708	17,974	6,078,724
2000	7,016,378	334,588	13,932	7,364,898
2001	8,225,910	445,723	16,796	8,688,429
2002	8,943,616	437,703	11,101	9,392,420
2003	9,332,318	590,842	9,806	9,932,966
2004	9,916,255	609,251	6,313	10,531,819
2005	10,614,510	672,938	1,182	11,288,630
2006	11,760,071	807,594	1,934	12,569,599

The City of Miami
Fire Fighters' and Police Officers'
Retirement Trust

67th ANNUAL REPORT
SEPTEMBER 30, 2006

The City of Miami
Fire Fighters' and Police Officers'
Retirement Trust

67th ANNUAL REPORT
SEPTEMBER 30, 2006

1895 SW 3rd Avenue, Miami, Florida 33129-1456
Tel: 305-858-6006 Fax: 305-858-9008
www.miamifipo.org

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I

INTRODUCTORY

SECTION

BOARD OF TRUSTEES

AND

PERSONNEL OF THE RETIREMENT TRUST

AS OF SEPTEMBER 30, 2006

Thomas Gabriel - Chairman
Fire Captain
Elected by the Fire Fighters

Joseph Kaplan
Appointed by the City Commission

Clarence Dickson
Appointed by the City Commission

Raul Fernandez
Fire Fighter
Elected by the Fire Fighters

Monica Fernandez
Appointed by the City Commission

Jesse Diner
Appointed by the City Commission

Gerald Teitelbaum
Assistant City Manager
Appointed by the City Manager

Rolando Gutierrez
Police Officer
Elected by the Police Officers

Annette Rotolo
Police Officer
Elected by the Police Officers

Administrator
Robert H. Nagle

Assistant Administrator
Dania L. Orta

Legal Advisor
Stephen H. Cypen, PA

Medical Advisor
Cornell Lupu, MD

Consulting Actuary
Stanley, Holcombe & Associates

Certified Public Accountants
Koch Reiss

Investment Managers

Barrow, Hanley, et al
Champlain Asset Mangagement
Delaware Asset Management
Morgan Stanley Investment Advisors
State Street Global Advisors
Lazard Asset Management
Eagle Asset Management

Dodge & Cox Investment Mang.
Boston Partners
J. P. Morgan Investment Mang.
Munder Capital Management
Barclays Global Investors
Oechsle International Advisors
Urdang
RCM

Consultant
Milliman USA

Custodian
Northern Trust Company

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

67th ANNUAL REPORT

On September 30, 2006, the City of Miami Fire Fighters' and Police Officers' Retirement Trust completed its sixty fifth year of operation.

Retirement benefits granted during the year represent annual benefits of $6,683,418 and are as follows:

6	Service Retirements with Annual Benefits of	387,183.00
82	DROP Service Retirements with Annual Benefits of	6,235,845.00
1	Accidental Disability Retirements with an annual benefit of	42,937.00
1	Ordinary Disability Retirements with an annual benefit of	17,453.00

In addition, one (1) beneficiary received an Ordinary Death benefit of one and a half year's salary totaling $20,878.00.

During the year, 33 pensioners of the Retirement Trust died. Of these, 25 had selected a pension which terminated at their death and 8 had selected an option that will continue to a beneficiary representing yearly benefits of $68,448.00.

During the year ending September 30, 2006, the pension payroll totaled of $69,804,227.00. It was 10.5% greater than the previous year as follows:

		ANNUAL BENEFITS
1,016	Service Retirements	43,812,378.00
242	DROP Service Retirements	18,592,656.00
83	Early Service Retirements	1,017,126.00
31	Vested Right Retirements	565,541.00
9	Ordinary Disability Retirements	78,871.00
201	Service/Accidental Disability Retirements	3,950,362.00
11	Accidental Death Retirements	181,001.00
3	Ordinary Death Early	43,366.00
185	Continuances	1,562,926.00
		69,804,227.00
	Securities' gains and losses, Miscellaneous Income	82,173,305.00

The various statements and schedules, which follow, reflect the activities of the system from the beginning as well as for the current year. An outline showing benefits and working procedures is also included.

II

FINANCIAL

SECTION

KOCH
CERTIFIED PUBLIC ACCOUNTANTS & COUNSELORS
REISS

Donald F. Bellantoni, CPA
Dana M. Kaufman, CPA / JD / CFE
Jeffrey B. Koch, CPA / PFS
A. Gerald Reiss, CPA
Jack N. Rosenberg, CPA
Lawrence W. Rubenstein, CPA
Bernard J. Schinder, CPA / PFS

Report of Independent Certified Public Accountants

Members of the Private Companies Practice Section
of the American Institute of
Certified Public Accountants

Member of AGN International
with offices in principal cities worldwide

Board of Trustees
City of Miami Fire Fighters' and Police Officers' Retirement Trust
Miami, Florida

We have audited the accompanying statements of plan net assets of the City of Miami Fire Fighters' and Police Officers' Retirement Trust at September 30, 2006 and 2005, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of September 30, 2006 and 2005, and the changes in plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 10, 2006 on our consideration of the City of Miami Fire Fighters' and Police Officers' Retirement Trust internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis on pages 2-7 and the supplementary information in Schedules 1 and 2 which show historical pension information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit and express no opinion on them.

Koch Reiss + Company, P.A.

November 10, 2006

4000 Hollywood Boulevard, Suite 215 South ■ Hollywood, Florida 33021-6754
Hollywood ■ Miami ■ Aventura ■ Boca Raton
954-989-7462 ■ Fax 954-962-1021
www.kr-cpa.com

The City of Miami
Fire Fighters' and Police Officers'
Retirement Trust

ADMINISTRATOR
Robert H. Nagle

ASSISTANT ADMINISTRATOR
Dania L. Orta

TRUSTEES
Clarence Dickson
Jesse Diner
Monica Fernandez
Raul Fernandez
Tom Gabriel
Rolando Gutierrez
Joseph Kaplan
Annette Rotolo
Gerald Teitelbaum

MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION)

Our discussion and analysis of the City of Miami Fire Fighters' and Police Officers' Retirement Trust (The Trust) financial performance provides an overview of the Trust's financial activities for the fiscal years ended September 30, 2006 and 2005, Please read it in conjunction with the Trust's financial statements, which follow this discussion.

Financial Highlights

- Trust assets exceeded its liabilities at the close of fiscal years ended 2006 by $1,429.6 million (reported as net assets held in trust for pension benefits). Net assets are held in trust to meet future benefit payments.

  Trust assets exceeded its liabilities at the close of fiscal years ended 2005 by $1,336.4 million (reported as net assets held in trust for pension benefits). Net assets are held in trust to meet future benefit payments.

- Trust funding objective is to meet long-term benefit obligations through contributions and investment income. As of October 1, 2005, date of the latest actuarial valuation, the funded ratio was approximately 91%.

  Trust funding objective is to meet long-term benefit obligations through contributions and investment income. As of October 1, 2004 the funded ratio was approximately 85%.

- Revenues for the fiscal year ended 2006 were $175.4 million which is comprised of contributions of $58.3 million and investment income of $117.1 million.

  Revenues for the fiscal year ended 2005 were $245.6 million which is comprised of contributions of $68.0 million and investment income of $177.6 million.

- Expenses increased over the prior year from $77.4 million to $82.2 million or 6.2%. Most of this increase represented increased retirement benefits paid.

  Expenses increased over the prior year from $63.5 million to $77.4 million or 21.9%. Most of this increase represented increased retirement benefits paid.

Overview of the Financial Statements

The Trust's financial statements are comprised of a Statement of Plan Net Assets, a Statement of Changes in Plan Net Assets, and Notes to Financial Statements. Also included is certain required supplementary information. These financial statements report information about the Trust, as a whole, and about its financial condition that should help answer the question: Is the Trust, as a whole, better off or worse off as a result of this year's activities? These statements include all assets and liabilities using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, all revenues and expenses are taken into account regardless of when cash is received or paid.

Overview of the Financial Statements (continued)

The statement of plan net assets presents information on the assets and liabilities and the resulting net assets held in trust for pension benefits. This statement reflects the Trust's investments, at fair value, along with cash and cash equivalents, receivables and other assets and liabilities.

The statement of changes in plan net assets presents information showing how the Trust's net assets held in trust for pension benefits changed during the years ended September 30, 2006 and 2005. It reflects contributions by members and the employer along with deductions for retirement benefits, refunds and withdrawals, and administrative expenses. Investment income during the period is also presented showing income from investing and securities lending activities.

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The required supplementary information and the related notes present a schedule of funding progress and a schedule of employer contributions along with a discussion of actuarial assumptions and methods.

Financial Analysis

Trust's total assets as of September 30, 2006, were $1,710.1 million and were mostly comprised of cash and cash equivalents, investments, property and equipment and receivables related to investments. Total assets increased $136.9 million or 8.7%.

Trust's total assets as of September 30, 2005, were $1,573.2 million and were mostly comprised of cash and cash equivalents, investments, property and equipment and receivables related to investments. Total assets increased $220.6 million or 16.3% from the prior year primarily due to increases in contributions and increased investment earnings.

Total liabilities as of September 30, 2006 were $280.5 million and were mostly comprised of obligations under securities lending, payable for securities purchased and deferred retirement option plan payable. Total liabilities increased $43.7 million or 18.5% from the prior year primarily due to an increase in obligations under securities lending.

Total liabilities as of September 30, 2005 were $236.8 million and were mostly comprised of obligations under securities lending, payable for securities purchased and deferred retirement option plan payable. Total liabilities increased $52.4 million or 28.4% from the prior year primarily due to an increase in obligations under securities lending and an increase in payables for the purchase of investments.

Trust assets exceeded its liabilities at the close of fiscal year ended September 30, 2006 by $1,429.6 million. Total net assets held in trust for pension benefits increased $93.2 million or 7.0% from the previous year.

Trust assets exceeded its liabilities at the close of fiscal year ended September 30, 2005 by $1,336.4 million. Total net assets held in trust for pension benefits increased $168.2 million or 14.4% from the previous year, primarily due to improvement in market conditions and an increase in investment earnings.

City of Miami
Fire Fighters' and Police Officers' Retirement Trust
Plan Net Assets
(In Thousands)

	2006	2005	Increase (Decrease) Amount	Total Percentage Change
Assets:				
Cash and cash equivalents	$ 34,742	$ 35,255	$ (513)	(1.5) %
Receivables	6,201	4,616	1,585	34.3
Investments	1,433,117	1,334,989	98,128	7.4
Security lending collateral	233,737	196,025	37,712	19.2
Property and equipment, net	2,256	2,299	(43)	(1.9)
Total assets	1,710,053	1,573,184	136,869	8.7
Liabilities:				
Payables for securities purchased	8,121	15,980	(7,859)	(49.2)
Accounts payable	260	255	5	2.0
DROP payable	38,379	24,523	13,856	56.5
Obligations under securities lending	233,737	196,025	37,712	19.2
Total liabilities	280,497	236,783	43,714	18.5
Net assets held in trust for pension benefits	$ 1,429,556	$ 1,336,401	$ 93,155	7.0 %

City of Miami Fire Fighters' and Police Officers' Retirement Trust
1895 SW 3rd Avenue, Miami, FL 33129-1456
Tel: 305-858-6006 Fax: 305-585-9008

City of Miami
Fire Fighters' and Police Officers' Retirement Trust
Plan Net Assets
(In Thousands)

	2005	2004	Increase (Decrease) Amount	Total Percentage Change
Assets:				
Cash and cash equivalents	$ 35,255	$ 39,459	$ (4,204)	(10.7) %
Receivables	4,616	12,143	(7,527)	(62.0)
Investments	1,334,989	1,151,707	183,282	15.9
Security lending collateral	196,025	146,959	49,066	33.4
Property and equipment, net	2,299	2,342	(43)	(1.8)
Total assets	1,573,184	1,352,610	220,574	16.3
Liabilities:				
Payables for securities purchased	15,980	27,314	(11,334)	(41.5)
Accounts payable	255	407	(152)	(37.3)
DROP payable	24,523	9,686	14,837	153.2
Obligations under securities lending	196,025	146,959	49,066	33.4
Total liabilities	236,783	184,366	52,417	28.4
Net assets held in trust for pension benefits	$ 1,336,401	$ 1,168,244	$ 168,157	14.4 %

City of Miami Fire Fighters' and Police Officers' Retirement Trust
1895 SW 3rd Avenue, Miami, FL 33129-1456
Tel: 305-858-6006 Fax: 305-585-9008

Revenues – Additions to Plan Net Assets

The reserves needed to finance retirement benefits are accumulated through the collection of contributions from members and the City and through earnings on investments. Contributions and net investment income/(losses) for fiscal year 2006 and 2005 totaled $175.4 million and $245.6 million, respectively.

For the fiscal year ended September 30, 2006 total contributions and net investment income decreased $70.2 million or 28.6% from those of the prior year, due primarily to a decrease in market conditions and contributions. Total City contributions increased from the previous year by $1.2 million or 2.5%. This increase is primarily due to an increase in the City's actuarially computed minimum required contribution. Total employee contributions decreased from the previous year by $10.9 million or 58.6% due primarily to the decreases in purchase of additional service years by employee. Investment income decreased from the previous year by $60.6 million or 34.2%.

For the fiscal year ended September 30, 2005 total contributions and net investment income increased $53.5 million or 27.8% from those of the prior year, due primarily market conditions and investment earnings. Total City contributions increased from the previous year by $12.7 million or 34.7%. This increase is primarily due to an increase in the City's actuarially computed minimum required contribution. Total employee contributions decreased from the previous year by $5.8 million or 23.8% due primarily to the retirement of higher paid employees who were not replaced and subsequent replacements at lower rates of compensation. Investment income increased from the previous year by $46.5 million or 35.5%.

Additions in Plan Net Assets
(In Thousands)

	2006	2005	Increase (Decrease) Amount	Total Percentage Change
City contribution	$ 50,635	$ 49,394	$ 1,241	2.5 %
Member contributions	7,699	18,608	(10,909)	(58.6)
Net investment income	116,677	177,304	(60,627)	(34.2)
Net income from securities lending	349	286	63	22.0
Total additions	$ 175,360	$ 245,592	$ (70,232)	(28.6) %

Additions in Plan Net Assets
(In Thousands)

	2005	2004	Increase (Decrease) Amount	Total Percentage Change
City contribution	$ 49,394	$ 36,660	$ 12,734	34.7 %
Member contributions	18,608	24,415	(5,807)	(23.8)
Net investment income	177,304	130,842	46,462	35.5
Net income from securities lending	286	222	64	28.8
Total additions	$ 245,592	$ 192,139	$ 53,453	27.8 %

Expenses – Deductions from Plan Net Assets

The primary expenses of the Trust include the payment of pension benefits to members and beneficiaries, refund of contributions to former members, and distributions to retirees. Total deductions for fiscal years ended 2006 and 2005 were $82.2 million and $77.4 million, an increase of 6.2% and 21.9%, respectively, over years 2005 and 2004 expenditures, respectively.

For the fiscal years ended September 30, 2006 and 2005, the payment of pension benefits to retirees increased by $3.3 million and $13.3 million or 4.9% and 24.9%, respectively, from the previous year. The increase in pension benefit expenditures resulted from an increase in number of retirees (58) and (75), respectively, and an increase in benefit payments to retirees.

Deductions from Plan Net Assets
(In Thousands)

	2006	2005	Increase (Decrease) Amount	Total Percentage Change
Pension benefits	$ 69,804	$ 66,519	$ 3,285	4.9 %
Refunds upon resignation, death, etc.	596	260	336	129.2
Distributions to retirees	11,760	10,615	1,145	10.8
Depreciation expense	43	43	0	0.0
Total deductions	$ 82,203	$ 77,437	$ 4,766	6.2 %

Deductions from Plan Net Assets
(In Thousands)

	2005	2004	Increase (Decrease) Amount	Total Percentage Change
Pension benefits	$ 66,519	$ 53,249	$ 13,270	24.9 %
Refunds upon resignation, death, etc.	260	308	(48)	(15.6)
Distributions to retirees	10,615	9,916	699	7.0
Depreciation expense	43	43	0	0.0
Total deductions	$ 77,437	$ 63,516	$ 13,921	21.9 %

Capital Assets

As of September 30, 2006 and 2005, the Trust's investment in capital assets totaled $2.3 million (net of accumulated depreciation), a decrease of $0.04 million or 1.9% and 1.8% from September 30, 2005 and 2004. This investment in capital assets includes land and building for administrative use.

Retirement System as a Whole

The Trust's combined net assets have experienced increases over the last 3 years. Management believes, and actuarial studies concur, that the Trust is in a financial position to meet its current obligations.

Contacting the Trust's Financial Management

This financial report is designed to provide the Retirement Board, our membership, taxpayers, investors, and creditors with a general overview of the Trust's finances and to demonstrate the Trust's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City of Miami Fire Fighters and Police Officers' Retirement Trust Fund, 1895 SW 3 Avenue, Miami, FL 33129.

CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST
STATEMENTS OF PLAN NET ASSETS
SEPTEMBER 30, 2006 AND 2005

	2006				2005			
	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total
Assets:								
Cash and cash equivalents	$ 28,514,207	$ 932,456	$ 5,295,657	$ 34,742,320	$ 29,033,953	$ 945,175	$ 5,275,453	$ 35,254,581
Investments, at fair value:								
U.S. government and agency obligations	160,689,903	5,254,792	29,843,320	195,788,015	155,590,041	5,065,093	28,270,620	188,925,754
Corporate stocks	761,166,116	24,891,231	141,363,728	927,421,075	718,559,659	23,392,060	130,561,870	872,513,589
Corporate bonds	164,115,454	5,366,812	30,479,513	199,961,779	156,386,784	5,091,030	28,415,388	189,893,202
Mutual funds	57,571,253	1,882,663	10,692,130	70,146,046	48,699,211	1,585,358	8,848,618	59,133,187
Private equity	1,166,165	38,135	216,580	1,420,880				
Mutual funds - Deferred Retirement Option Plan participants	38,379,232	-	-	38,379,232	24,523,233	-	-	24,523,233
Total investments	1,183,088,123	37,433,633	212,595,271	1,433,117,027	1,103,758,928	35,133,541	196,096,496	1,334,988,965
Security lending collateral	233,737,250	-	-	233,737,250	196,025,160	-	-	196,025,160
Receivables:								
Proceeds from securities sold	3,724,736	-	-	3,724,736	2,099,296	-	-	2,099,296
City contributions	-	-	-	-	-	-	-	-
Budget advance from City	36,054	-	-	36,054	238,913	-	-	238,913
Accrued interest and other	2,440,586	-	-	2,440,586	2,277,321	-	-	2,277,321
Total receivables	6,201,376	-	-	6,201,376	4,615,530	-	-	4,615,530
Property and equipment, net	1,851,796	60,556	343,915	2,256,267	1,893,339	61,636	344,018	2,298,993
Total assets	1,453,392,752	38,426,645	218,234,843	1,710,054,240	1,335,326,910	36,140,352	201,715,967	1,573,183,229
Liabilities:								
Payable for securities purchased	8,121,785	-	-	8,121,785	15,980,132	-	-	15,980,132
Accounts payable	259,535	-	-	259,535	255,271	-	-	255,271
Obligations under securities lending	233,737,250	-	-	233,737,250	196,025,160	-	-	196,025,160
Deferred Retirement Option Plan payable	38,379,232	-	-	38,379,232	24,523,233	-	-	24,523,233
Total liabilities	280,497,802	-	-	280,497,802	236,783,796	-	-	236,783,796
Net assets held in trust for pension benefits (a schedule of funding progress is presented on page 22)	$ 1,172,894,950	$ 38,426,645	$ 218,234,843	$ 1,429,556,438	$ 1,098,543,114	$ 36,140,352	$ 201,715,967	$ 1,336,399,433

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2006 AND 2005

	2006				2005			
	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total
Additions:								
Contributions:								
City	$ 50,635,213	$ -		$ 50,635,213	$ 45,545,130	$ -	$ 3,848,635	$ 49,393,765
Members	7,698,594	-	-	7,698,594	18,607,681	-	-	18,607,681
Total contributions	58,333,807	-	-	58,333,807	64,152,811	-	3,848,635	68,001,446
Investment income:								
Net appreciation in fair value of investments	74,785,090	1,979,471	11,033,392	87,797,953	128,561,787	3,435,815	19,438,669	151,436,271
Interest	15,883,962	490,280	2,799,111	19,173,353	16,179,609	435,940	2,503,691	19,119,240
Dividend	12,711,544	267,440	1,526,938	14,505,922	9,195,177	246,949	1,398,799	10,840,925
Other	426,271	11,280	64,535	502,086	238,122	6,274	35,536	279,932
	103,806,867	2,748,471	15,423,976	121,979,314	154,174,695	4,124,978	23,376,695	181,676,368
Less investment expense	4,503,208	119,179	679,750	5,302,137	3,707,970	99,739	564,934	4,372,643
Net investment income	99,303,659	2,629,292	14,744,226	116,677,177	150,466,725	4,025,239	22,811,761	177,303,725
Security lending activities:								
Security lending income	424,064	11,230	64,125	499,419	346,707	9,330	52,816	408,853
Security lending expense	127,660	3,380	19,301	150,341	104,189	2,804	15,872	122,865
Net income from security lending	296,404	7,850	44,824	349,078	242,518	6,526	36,944	285,988
Total additions	157,933,870	2,637,142	14,789,050	175,360,062	214,862,054	4,031,765	26,697,340	245,591,159
Deductions:								
Pension benefits	69,804,227	-	-	69,804,227	66,518,784	-	-	66,518,784
Refunds upon resignation, death, etc.	594,107	1,934	-	596,041	257,859	1,882	-	259,741
Distributions to retirees	-	347,942	11,412,121	11,760,063	-	368,080	10,246,430	10,614,510
Depreciation expense	36,187	973	5,566	42,726	36,406	960	5,359	42,725
Total deductions	70,434,521	350,849	11,417,687	82,203,057	66,813,049	370,922	10,251,789	77,435,760
Allocation of net earnings	(13,147,513)	-	13,147,513	-	-	-	-	-
Net increase	74,351,836	2,286,293	16,518,876	93,157,005	148,049,005	3,660,843	16,445,551	168,155,399
Net assets held in trust for pension benefits:								
Beginning of year	1,098,543,114	36,140,352	201,715,967	1,336,399,433	950,494,109	32,479,509	185,270,416	1,168,244,034
End of year	$ 1,172,894,950	$ 38,426,645	$ 218,234,843	$ 1,429,556,438	$ 1,098,543,114	$ 36,140,352	$ 201,715,967	$ 1,336,399,433

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

Note 1 – Description of the Plan

a. Organization

The City of Miami Fire Fighters' and Police Officers' Retirement Trust (the Trust) is a single employer defined benefit plan established by the City of Miami, Florida (the City) pursuant to the provisions and requirements of Ordinance No. 10002 as amended. Since the Trust is sponsored by the City, the Trust is included as a pension trust fund in the City's comprehensive financial report as part of the City's financial reporting entity.

The following brief description of the Trust is provided for general information purposes only. Participants should refer to the Trust document for more detailed and comprehensive information.

b. Membership

Participants are contributing police officers and firefighters with fulltime status in the Police and Fire Department of the City of Miami, Florida.

As of October 1, 2006 and 2005, membership in the Trust consisted of:

	2006	2005
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.	1,801	1,743
Current employees:		
Vested	795	855
Nonvested	690	600
	1,485	1,455

c. Member Contributions

Members contribute a percentage of their base salaries on a bi-weekly basis. Effective October 1, 2000 and thereafter, member contribution, is 7% of compensation or equal to the City's contribution, whichever is less. Prior to the agreement dated January 9, 1994, members contributed 10½%, of which 2% was designated as a contribution to the Cost-Of-Living Adjustment Account (COLA I account). Effective January 9, 1994, the Trust entered into an agreement with the City whereby this percentage was decreased to 10% and a new Cost-of-Living Adjustment Account (COLA II account) was created and funded by a percentage of the excess investment return (from other than COLA I account assets).

Note 1 – Description of the Plan (continued)

c. Member Contributions (continued)
Effective October 1, 2000, should the member contribution be less than 7% due to the City contribution the difference between the 7% and the actual contribution shall be deducted from the member's paycheck and placed into an individual contribution account (ICA), as part of the retirement system. Interest on ICA's shall be determined in the same manner as the COLA transfer methodology. Interest shall be credited periodically to the ICA's as determined by the retirement system board's actuary. Member contributions and earnings in ICA's shall be deemed 100% vested upon deposit. Upon the member's separation, ICA balances shall be disbursed as provided under the IRS Code. For the year ended September 30, 2002, ICA's would have been established, however the City, Fraternal Order of Police, Lodge No. 20, and the International Association of Firefighters, Local 587, came to an agreement to waive the provisions for the ICA's for the period of October 7, 2001 through October 5, 2002. This waiver shall be only for that period and none other.

During the year ended September 30, 2006 and 2005, approximately $681,000 and $11,700,000 respectively, is included as employee contributions for the purchase of additional service years by employees as provided for by the Trust.

d. Funding Requirements
The City is to contribute such amounts as are necessary to maintain the actuarial soundness of the Trust and to provide the Trust with assets sufficient to meet the benefits to be paid to the participants. Contributions to the Trust are authorized, pursuant to City of Miami Code Section 40.196 (a) and (b). Contributions to the COLA accounts are authorized pursuant to Section 40.204 of the City of Miami Code. The City's contributions to the Trust provide for non-investment expenses and normal costs of the Trust. The yield (interest, dividends, and net realized gains and losses) on investments of the Trust serves to reduce future contributions that would otherwise be required to provide for the defined level of benefits under the Trust.

e. Pension Benefits
Effective October 1, 1998 members may elect to retire after 10 or more years of creditable service upon attainment of normal retirement age. Normal retirement age for members shall be 50 years of age. A member exercising normal service retirement or rule of 64 retirement (computation of service retirement on the basis of his or her combined age and creditable service equaling 64) shall be entitled to receive a retirement allowance equal to 3% (2.75% for police officers prior to October 1, 1998) of the member's average final compensation (as defined in the city code section 40-191), multiplied by years of creditable service for the first 15 years of such creditable service, plus a retirement allowance equal to 3½% (3% for police officers prior to October 1, 1998) of member's final average compensation multiplied by the years of creditable service in excess of 15 years, paid in monthly installments.

Note 1 – Description of the Plan (continued)

e. Pension Benefits (continued)
Prior to October 1, 1998, a firefighter member exercising normal service retirement or rule of 70 retirement (computation of service retirement on the basis of his or her combined age and creditable service equaling 70) were entitled to receive a retirement allowance equal to 3% of the member's final average compensation multiplied by years of creditable service, paid in monthly installments.

Early retirement, disability, death and other benefits are also provided.

f. Investments
The Trust investment policy is determined by the Board of Trustees and is implemented by investment managers. In addition, the Trust utilizes an investment advisor who monitors the investing activities. The investment policy of the Trust stipulates that the trustees shall, in acquiring, investing, reinvesting, exchanging, retaining, selling and maintaining property for the benefit of the Trust exercise the judgment and care under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital. The trustees are authorized to acquire and retain various kinds of property, real, personal or mixed, and various types of investments specifically including, but not by way of limitation, bonds, debentures and other corporate obligations, and stocks, preferred or common, which persons of prudence, discretion and intelligence acquire or retain for their own account. The investment of funds shall be in a manner that is consistent with the applicable sections of the City Code as well as State and Federal laws within the allocation percentages established in the Trust's investment policy guidelines.

The investments are considered held by the Membership and Benefit account and a share of the value of this account is allocated to each account based on a weighted average calculation performed each month to reflect each account's membership and benefit, COLA I and COLA II activity.

Note 2 – Summary of Significant Accounting Policies

a. Basis of Accounting
The Trust's financial statements are prepared using the accrual basis of accounting. Member contributions are recognized as revenues in the period in which employee services are performed. Employer contributions are recognized as revenues when due pursuant to actuarial valuations. Interest, rental and dividend income are recorded as earned.

For the year ended September 30, 2005, the Trust adopted GASB Statement No. 40 *Deposit and Investment Risk Disclosures* (an amendment of GASB Statement No. 3). The adoption of GASB 40 requires the Trust to include a presentation of Deposit and Investment Risk Disclosures.

The adoption of GASB 40 does not have an impact on the Trust's financial statements.

Note 2 – Summary of Significant Accounting Policies (continued)

b. Cash equivalents
The Trust considers all highly liquid investment with maturity of three months or less when purchased, to be cash equivalents

c. Investments
Investments are recorded at fair market value. Fair values of investments are determined as follows: securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year; securities traded in the over-the counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price; commercial paper, time deposits and short-term investment pools are valued at cost which approximates market; mortgages are valued based on current market yield. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on similar sales.

Unrealized gains and losses are presented as net appreciation (depreciation) in fair value of investments on the statement of changes in plan net assets along with gains and losses realized on sales of investments. Purchases and sales of securities are reflected on a trade date basis. Realized gains and losses on the sale of investments are based on average cost identification method.

d. Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

e. Property and Equipment
Property and equipment are stated at cost and depreciated using straight-line method over the estimated lives of the assets.

f. Income Tax Status
The Trust is tax-exempt under the Internal Revenue Code and, therefore, has recorded no income tax liability or expense.

Note 3 – Deposit and Investment Risk Disclosures

a. Investment Authorization
The Board of Trustees holds the fiduciary responsibility for the Trust. Thus, the Trustees has set a reasonably diversified asset allocation (including minimum and maximum allocations), which is expected to appropriately fund the Trust's liabilities and meet its basic investment objectives. The basis for such a target asset allocation is a study of the Trust's pension liabilities and reasonable, alternative investment portfolios.

Note 3 – Deposit and Investment Risk Disclosures (continued)

a. Investment Authorization (continued)
The Trustees have adopted a policy to invest in several institutionally acceptable asset classes. These are domestic equity (large, mid and small capitalization), international equity (developed and emerging markets), domestic real estate (institutional quality properties either individually or in open-ended commingled funds, or in REIT securities portfolios), private equity funds, domestic fixed income, and short-term investments. Other asset classes may be added by the Trustees to its investment policy.

Investment in domestic equity securities shall be limited to those listed on a major U.S. stock exchange and limited to no more than 60% (at market) of the Trust's total asset value. Investments in stocks of foreign companies shall be limited to 8% of the value of the Trust's portfolio. Investments in domestic fixed income securities shall be limited to 31% (at maturity) of the Trusts's total portfolio. The domestic fixed income portfolio shall be comprised of securities rated "BBB" or higher by nationally recognized rating agencies, preferably by Moodys' or Standard & Poors rating services. Domestic real estate and private equity funds shall be limited to 10% and 6%, respectively, of the value of the portfolio.

No single security can represent more than 5% of the market value of a portfolio at the time of purchase, and no single industry (based on Global Industry Classification System codes) can represent more than 15% of the market value of the account. These single security and single industry restrictions do not apply to U.S. Government and Agency bond holdings.

b. Types of Investments
Florida statutes and Trust investment policy authorize the Trustees to invest funds in various investments. The current target allocation of these investments at market is as follows:

	2006		2005	
Authorized investments	Target % of portfolio	Actual % of portfolio	Target % of portfolio	Actual % of portfolio
Cash and equivalents	0.0%	0.1%	0.0%	0.0%
Domestic equities:				
Small/Mid cap)	13.0%	13.9%	13.0%	15.1%
Large cap	41.0%	42.0%	41.0%	41.9%
Domestic fixed income	28.0%	28.2%	28.0%	28.8%
International equities	6.0%	6.7%	6.0%	6.1%
Domestic real estate	8.0%	9.0%	8.0%	8.1%
Private equity	4.0%	0.0%	4.0%	0.0%

Note 3 – Deposit and Investment Risk Disclosures (continued)

c. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to interest rate risk, the Trust diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities.

Information about the sensitivity of the fair values of the Trust's investments to market interest rate fluctuations is provided by the following tables that show the distribution of the Trust's investments by maturity at September 30:

2006

		Investment Maturities (in years)			
Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. treasuries	$ 72,474,549	$ 0	$ 26,538,902	$27,309,966	$ 18,625,681
U.S. agencies	123,313,466	4,934,684	14,374,086	17,833,344	86,171,352
Corporate bonds	199,961,779	81,986,329	34,290,633	24,750,785	58,934,032
	$ 395,749,794	$ 86,921,013	$ 75,203,621	$69,894,095	$163,731,065
% of fixed income portfolio	100%	22.0%	19.0%	17.7%	41.3%

2005

		Investment Maturities (in years)			
Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. treasuries	$ 71,040,572	$ 4,812,562	$ 31,016,265	$14,366,214	$ 20,845,531
U.S. agencies	117,885,182	9,694,047	11,845,655	14,174,766	82,170,714
Corporate bonds	189,893,202	78,275,675	42,402,631	23,515,473	45,699,423
	$ 378,818,956	$ 92,782,284	$ 85,264,551	$ 52,056,453	$148,715,668
% of fixed income portfolio	100%	24.5%	22.5%	13.7%	39.3%

d. Credit Risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Trust's investment policy utilizes portfolio diversification in order to control this risk.

Note 3 – Deposit and Investment Risk Disclosures (continued)

d. Credit Risk (continued)

The following tables disclose credit ratings by investment type, at September 30, as applicable:

2006	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	$195,788,015	49.47 %
Credit risk debt securities		
AAA	31,591,701	7.98
AA	9,172,764	2.32
A	34,989,935	8.84
BBB	28,954,028	7.32
Bond funds**	80,025,252	20.22
Not rated	15,228,099	3.85
Total credit risk debt securities	199,961,779	50.53
Total fixed income securities	$395,749,794	100.00 %

**At September 30, 2006 Bond funds are comprised of securities rated AAA (79%); AA (5%); A (8%); BBB (8%) per the Lehman Brothers Aggregate Bond Index.

2005	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	$ 188,925,754	49.87 %
Credit risk debt securities		
AAA	36,288,885	9.58
AA+	1,214,987	0.32
AA	1,344,403	0.35
AA-	5,728,857	1.51
A+	6,879,877	1.82
A	16,825,541	4.44
A-	9,677,736	2.55
BBB+	14,073,325	3.72
BBB	8,891,557	2.35
BBB-	3,531,478	0.93
BB+	1,751,244	0.46
BB	1,500,861	0.40
Bond funds**	77,192,048	20.38
Not rated	4,992,403	1.32
Total credit risk debt securities	189,893,202	50.13
Total fixed income securities	$378,818,956	100.00 %

*Obligations of the U.S. government or obligations explicitly or implicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

**At September 30, 2005 Bond funds are comprised of securities rated AAA (78%); AA (5%); A (9%); BBB (8%) per the Lehman Brothers Aggregate Bond Index.

Note 3 – Deposit and Investment Risk Disclosures (continued)

e. Concentration of Credit Risk
The investment policy of the Trust contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of plan net assets at September 30, 2006 and 2005.

f. Custodial Credit Risk
This is the risk that in the event of the failure of the counterparty, the Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Consistent with the Trust's investment policy, the investments are held by Trust's custodial bank and registered in the Trust's name.

g. Foreign Currency Risk
Foreign currency is the risk that changes in exchange rates will adversely affect the fair value of the investment or a deposit. Each investment manager, through the purchase of units in a commingled investment trust fund or international equity mutual fund, establishes investments in international equities. The Trust has an indirect exposure to foreign currency fluctuation at September 30, as follows:

Currency	2006 Holdings valued in U.S. dollars – Int'ntl equities	2005 Holdings valued in U.S. dollars – Int'ntl equities
Swiss franc	$ 3,398,494	$ 2,636,533
Danish krone	640,188	552,428
Euro	16,027,405	13,672,343
British pound sterling	4,710,078	5,213,541
Hong Kong dollar	939,300	1,250,952
Japanese yen	12,970,455	10,230,905
South Korean won	1,105,382	888,940
Other	483,866	1,631,471
Total	$ 40,275,168	$ 36,077,113

h. Securities Lending Transactions
A retirement system is authorized by state statutes and board of trustees policies to lend its investment securities. The lending is managed by the Trust's custodial bank. All loans can be terminated on demand by either the Trust or the borrowers, although the average term of loans is approximately eighty nine days. The custodial bank and its affiliates are prohibited from borrowing the system's securities.

The agent lends the Trust's U.S. government and agency securities and domestic corporate fixed-income and equity securities for securities or cash collateral of 102 percent and international securities of 105 percent of the securities plus any accrued interest. The securities lending contracts do not allow the Trust to pledge or sell any collateral securities unless the borrower defaults. Cash collateral is invested in the agent's collateral investment pool, whose share values are based on the amortized cost of the pool's investments. Investments are restricted to issuers with a credit rating A3 or A- or higher by Moodys or Standard & Poors. At year-end, the pool has a weighted average term to maturity of thirty-six days.

Note 3 – Deposit and Investment Risk Disclosures (continued)

h. Securities Lending Transactions (continued)

The relationship between the maturities of the investment pool and the Trust's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Trust cannot determine. There are policy restrictions by the custodial bank that limits the amount of securities that can be lent at one time or to one borrower.

The following represents the balances relating to securities lending transactions at September 30:

	2006		
Securities Lent:	Fair Value of Underlying Securities	Cash Collateral Received/Securities Collateral Value	Cash Collateral Investment Value
Lent for cash collateral:			
U.S. government and agency obligations	$ 76,392,026	$ 78,131,200	$ 78,131,200
Domestic corporate stocks	135,554,312	139,313,972	139,313,972
Domestic corporate bonds	11,668,831	11,983,760	11,983,760
International corporate stocks	4,102,528	4,308,318	4,308,318
	227,717,697	233,737,250	233,737,250
Lent for securities collateral:			
U.S. government and agency obligations	6,568,867	6,731,781	-
Domestic corporate stocks	1,887,053	1,930,023	-
Domestic corporate bonds	1,379,376	1,416,219	-
	9,835,296	10,078,023	-
Total securities lent	$ 237,552,993	$ 243,815,273	$ 233,737,250

	2005		
Securities Lent:	Fair Value of Underlying Securities	Cash Collateral Received/Securities Collateral Value	Cash Collateral Investment Value
Lent for cash collateral:			
U.S. government and agency obligations	$ 59,795,060	$ 61,129,531	$ 61,129,531
Domestic corporate stocks	119,504,150	122,153,840	122,153,840
Domestic corporate bonds	7,414,600	7,586,840	7,586,840
International corporate stocks	4,944,386	5,154,949	5,154,949
	191,658,196	196,025,160	196,025,160
Lent for securities collateral:			
U.S. government and agency obligations	12,357,322	12,613,711	-
Domestic corporate stocks	1,629,901	1,665,728	-
Domestic corporate bonds	1,764,026	1,803,234	-
	15,751,249	16,082,673	-
Total securities lent	$ 207,409,445	$ 212,107,833	$ 196,025,160

Note 3 – Deposit and Investment Risk Disclosures (continued)

h. Securities Lending Transactions (continued)
The contract with the Trust's custodian requires the custodian to indemnify the Trust if the borrower fails to return the securities, due to the insolvency of a borrower, and the custodian has failed to live up to its contractual responsibilities relating to the lending of those securities. At year-end, the Trust has no credit risk exposure to borrowers because the amounts of collateral held by the Trust exceed the amounts the borrowers owe the Trust. There are no significant violations of legal or contractual provisions, no borrowers or lending agent default losses, and no recoveries of prior period losses during the year. There are no income distributions owing on securities lent.

Note 4 – COLA Accounts

Effective January 1, 1994, the Trust entered into an agreement with the City of Miami with regards to the funding methods, employee benefits, employee contributions and retiree COLA. As of January 9, 1994, members no longer contribute to the original COLA account (COLA I), and a new COLA account (COLA II) was established.

The agreement included the following provisions:

- The funding method was changed to an aggregate cost method.
- Combining all accounts for investment purposes (membership and benefit, COLA I and COLA II).
- Retirees receive additional COLA benefits.
- Active employees no longer contribute 2% of pretax earnings to fund the original retiree COLA account (COLA I account).

The COLA II account is funded annually by a percentage of the excess investment return from other than COLA I account assets. The excess earnings contributed to the COLA II account will be used to fund a minimum annual payment of $2.5 million, increasing by 4% compounded annually. To the extent necessary, the City will fund the portion of the minimum annual payment not funded by annual excess earnings no later than January 1 of the following year.

Benefits payable from the COLA accounts are computed in accordance with an actuarially based formula as defined in Section 40.204 of the City of Miami Code. Benefits are subject to review and modification in accordance with City of Miami Code Section 40.204, which provides that all other matters regarding the COLA accounts shall be determined by negotiations between the City, the Board of Trustees and the bargaining representatives of the International Association of Fire Fighters and the Fraternal Order of Police.

Note 5 – Deferred Retirement Option Plan (DROP)

Members who are eligible for service retirement or Rule of 64 after September 1998 may elect to enter the Deferred Retirement Option Plan for a maximum of 3 years prior to October 1, 2001. Effective October 1, 2001 maximum participation in the DROP for firefighters shall be 48 full months and for police officers who elect DROP on October 1, 2003, or thereafter, maximum participation in the DROP shall be 48 full months.

A member's creditable service, accrued benefit and compensation calculation shall be frozen.

Upon commencement of participation in the DROP, the participant's contribution and the City's contribution to the Trust for that participant cease as the participant will not earn further creditable service for pension purposes. Effective October 1, 2001, firefighter DROP participants may continue City employment for up to a maximum of 48 full months and police officers who elect DROP on October 1, 2003, or thereafter, may continue City employment for up to a maximum of 48 full months (36 full months prior to October 1, 2001). No payment is made to or for the benefit of a DROP participant beyond that period. For persons electing participation in the DROP, an individual DROP account shall be created. Payment shall be made by the retirement trust into the employee's DROP account in an amount equal to the regular monthly retirement benefit which the participant would have received had the participant separated from service and commenced receipt of pension benefits. Payments received by the participant in the DROP account are tax deferred. A series of investment vehicles which are established by the board of trustees are made available to DROP participants to choose from. Any losses, charges, or expenses incurred by the participant in their DROP account are not made up by the City or the Trust, but shall be borne by the participant.

Upon termination of employment, a member may receive distribution from the DROP account in the following manner:

- Lump sum distribution
- Periodic payments
- Annuity
- Roll over of the balance to another qualified retirement plan

Any member may defer distribution until the latest date authorized by Section 401(a)(9) of the Internal Revenue Code.

A DROP participant shall not be entitled to receive an ordinary or service disability retirement and in the event of death of a DROP participant, there shall be no accidental death benefit for pension purposes. DROP participation does not affect any other death or disability benefit provided to a member under federal law, state law, City ordinance, or any rights or benefits under any applicable collective bargaining agreement. At September 30, 2006 and 2005, there were 273 and 206 DROP participants, respectively.

Note 5 – Deferred Retirement Option Plan (DROP) (continued)

The DROP of the Trust also consists of a Benefit Actuarially Calculated DROP (BACDROP). A member may elect to BACDROP to a date no further back than the date of their retirement eligibility date. Effective October 1, 2001, the BACDROP period must be in 12 month increments, beginning at the start of a pay period, not to exceed 48 full months for firefighters (36 months prior to October 1, 2001), and 12 full months for police officers (48 months prior to October 1, 2004) who elect DROP on October 1, 2003. Participation in the BACDROP does not preclude participation in the Forward DROP.

Note 6 – Property and Equipment

Property and equipment consist of the following at September 30:

	Estimated Useful Life	2006	2005
Land	N/A	$ 760,865	$ 760,865
Building	39 years	1,666,305	1,666,305
Total cost		2,427,170	2,427,170
Less: accumulated depreciation		170,903	128,177
Net		$ 2,256,267	$ 2,298,993

Note 7 – Budget Advance from City

Administrative costs of the Trust are paid directly by the Trust from budget advance monies provided by the City. The Trust provides the City with an accounting of how these funds are expended during the period. Funding for such administrative costs for the years ended September 30, 2006 and 2005 was as follows:

	2006	2005
Budget advance due to (from) City – beginning of year	$ (238,913)	$ (223,557)
Advance received from the City	1,889,359	1,357,817
	1,650,446	1,134,260
Administrative costs incurred, including custodian and consultants' fees, personnel and other office expenses	1,686,500	1,373,173
Budget advance due to (from) City – end of year	$ (36,054)	$ (238,913)

Since the above administrative costs are fully funded by the City, they are not included in the administrative expenses set forth in the statements of changes in plan net assets.

CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST
REQUIRED SUPPLEMENTARY INFORMATION
(unaudited)
SEPTEMBER 30, 2006

Schedule "1" – Schedule of Funding Progress
(dollars in millions)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability AAL	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
10/01/00 (a)	$ 994.6	$ 823.1	$(171.3)	121 %	$ 84.3	(203) %
10/01/01 (a)	828.9	884.7	55.8	94	89.7	62
10/01/02	753.2	960.1	206.9	78	96.9	213
10/01/03	844.9	1,000.9	156.0	84	98.9	158
10/01/04	957.9	1,126.2	168.3	85	89.2	189
10/01/05	1,091.9	1,204.5	112.6	91	91.5	123

(a) – As revised

Schedule "2" – Schedule of Contributions by Employer

Year Ended September 30,	Annual Required Contribution	Percentage Contributed
2001	$ 4,003,892	100 %
2002	1,051,629	100
2003	18,163,588	100
2004	36,341,515	100
2005	45,545,130	100
2006	50,635,213	100

The information presented in the required Supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Since the Trust uses the Aggregate Cost Method, a schedule of Funding Progress is not required as that method does not separately identify or separately amortize unfunded actuarial liabilities. As the Trust believes the above information is useful to users of the financial statements, the above Schedule "1" was prepared excluding COLA accounts using the Projected Unit Credit Actuarial Accrued Liability. Additional information as of the latest actuarial valuation follows:

Valuation Date	October 1, 2005
Actuarial Cost Method	Aggregate Cost Method
Amortization Method	N/A
Asset Valuation Method	Average of ratios of market to book values as of current and four most recent September 30's. Average ratio is applied to book value at current September 30. The result cannot be greater that 120% of market value or less than 80% of market value.
Actuarial assumptions:	
Investment rate of return	7.75%, compounded annually
Salary increases:	
Inflation	4.00%
Seniority/merit	4.8% to 0% reducing by attained age
Mortality table	Ga94 – Mortality table
Disabled mortality	Pension Benefit Guaranty Corporation ("PBGC") Non-OASDI basis

III

INVESTMENT

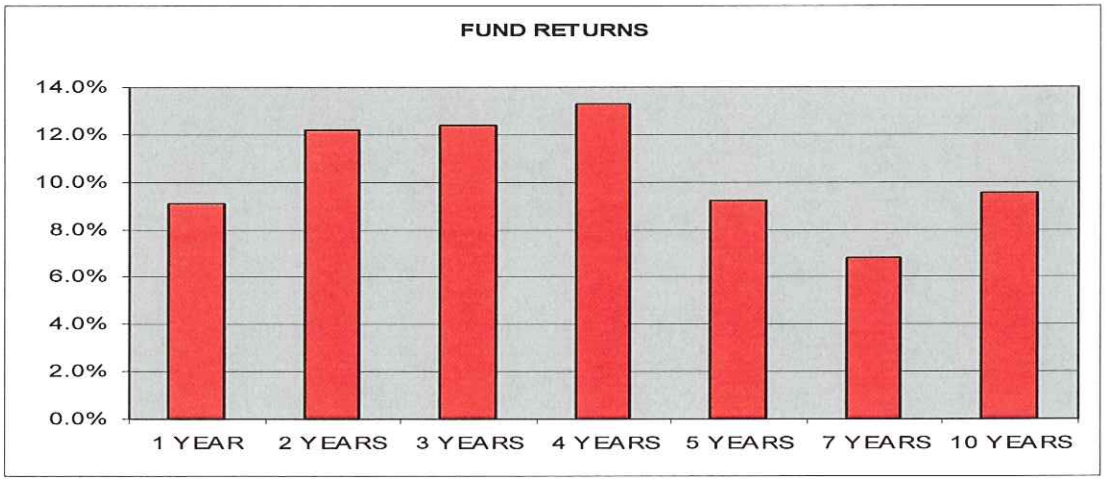
SECTION

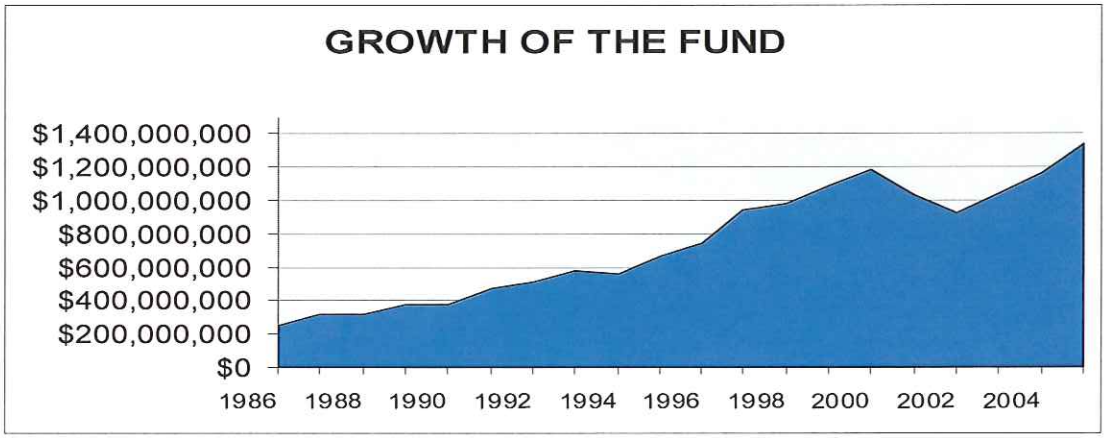
INVESTMENT ANALYSIS

	GENERAL FUND		COLA I		COLA II	
BALANCE AS OF 10/01/2005		1,072,609,461		36,140,352		201,715,967
Additions: Purchases						
Short Term Investment	2					
Other Money Market	1					
Mutual Funds	11,012,859					
Private Equity	1,594,551					
Commercial Paper	2,516,119					
US Treasury Bills	35,457,183					
US Treasury Bonds	55,131,651					
US Treasury Notes	53,592,085					
Corporate Bonds	33,163,119					
Corporate Stocks	205,733,283					
Share of Assets Transferred			2,636,169		27,930,997	
		398,200,852		2,636,169		27,930,997
Deductions: Redemptions & Sale						
Private Equity	173,671					
Commercial Paper	1,743,369					
US Treasury Bills	36,764,893					
US Treasury Bonds	50,272,086					
US Treasury Notes	50,281,680					
Corporate Bonds	23,867,291					
Corporate Stocks	150,825,799					
Share of Securities Tranferred To COLA I	2,286,293		349,876		11,412,121	
Share of Securities Tranferred To COLA II	16,518,876					
		332,733,958		349,876		11,412,121
BALANCE AS OF 09/30/2006		1,138,076,356		38,426,645		218,234,843

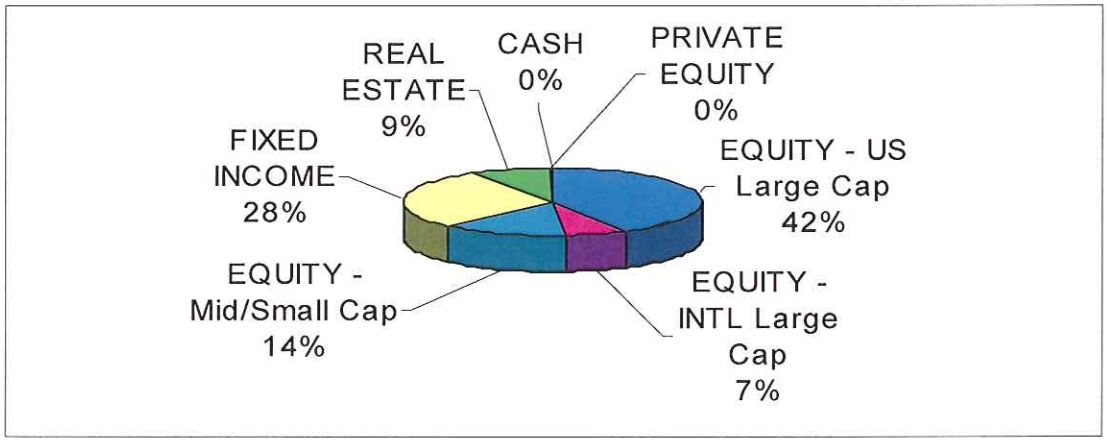
CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST

FUND HIGHLIGHTS





Asset Allocation – Sept. 30, 2006



CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2006

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	SHORT TERM FUNDS				
BGI MID CAP INDEX	BGI MONEY MARKET FD	USA	3.00	3.00	3.00
BGI S&P INDEX	BGI MONEY MARKET FD	USA	42.00	42.00	42.00
BGI SMALL CAP INDEX	BGI MONEY MARKET FD	USA	3.00	3.00	3.00
BARROW HANLEY BOND	COLTV GOVT STIF	USA	3,967,603.34	3,967,603.34	3,967,603.34
BARROW HANLEY EQUITY	COLTV GOVT STIF	USA	5,366,498.92	5,366,498.92	5,366,498.92
BGI MID CAP INDEX	COLTV GOVT STIF	USA	6.20	6.20	6.20
BGI S&P INDEX	COLTV GOVT STIF	USA	12.87	12.87	12.87
BGI SMALL CAP INDEX	COLTV GOVT STIF	USA	32.60	32.60	32.60
BOSTON PARTNERS	COLTV GOVT STIF	USA	1,913,179.11	1,913,179.11	1,913,179.11
CHAMPLAIN	COLTV GOVT STIF	USA	5,941,911.04	5,941,911.04	5,771,391.66
DELAWARE	COLTV GOVT STIF	USA	1,754,281.96	1,754,281.96	1,754,281.96
DODGE & COX	COLTV GOVT STIF	USA	1,416,284.77	1,416,284.77	1,416,284.77
EAGLE	COLTV GOVT STIF	USA	2,588,400.51	2,588,400.51	2,588,400.51
LAZARD	COLTV GOVT STIF	USA	3,538,786.45	3,538,786.45	3,538,786.45
MAIN ACCOUNT	COLTV GOVT STIF	USA	1,135,098.88	1,135,098.88	1,135,098.88
MORGAN STANLEY	COLTV GOVT STIF	USA	1,475,021.37	1,475,021.37	1,475,021.37
MUNDER	COLTV GOVT STIF	USA	1,543,971.46	1,543,971.46	1,543,971.46
RCM	COLTV GOVT STIF	USA	2,561,879.31	2,561,879.31	2,561,879.31
URDANG	COLTV GOVT STIF	USA	487,398.04	487,398.04	487,398.04
OESCHLE	USA dollar - Invested Cash	USA	0.00	1,222,424.93	1,222,424.93
	TOTAL SHORT TERM FUNDS		33,690,414.83	34,912,839.76	34,742,320.38

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2006

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	COMMON STOCK				
BARROW HANLEY EQUITY	3M CO COM	USA	39,500.00	2,955,880.74	2,939,590.00
BARROW HANLEY EQUITY	ADR BP P L C SPONSORED ADR	UK	26,572.00	1,178,812.74	1,742,591.76
BARROW HANLEY EQUITY	ADR HANSON PLC NEW SPONSORED ADR ADR	UK	46,300.00	1,348,301.41	3,335,915.00
BARROW HANLEY EQUITY	ADR IMPERIAL TOB GROUP PLC SPONSORED	UK	76,000.00	2,711,308.87	5,094,280.00
BARROW HANLEY EQUITY	ADR NOKIA CORP SPONSORED ADR	Finland	263,200.00	4,112,842.19	5,182,408.00
BARROW HANLEY EQUITY	ALLSTATE CORP COM	USA	50,638.00	1,452,577.14	3,176,521.74
BARROW HANLEY EQUITY	ALTRIA GROUP INC COM	USA	71,200.00	2,621,255.46	5,450,360.00
BARROW HANLEY EQUITY	AMERICAN PWR CONVERSION CORP COM	USA	124,300.00	2,337,177.09	2,729,628.00
BARROW HANLEY EQUITY	AMERN INTL GROUP INC COM	USA	73,700.00	4,700,955.10	4,883,362.00
BARROW HANLEY EQUITY	ANADARKO PETRO CORP COM	USA	22,500.00	992,479.01	986,175.00
BARROW HANLEY EQUITY	BANK AMER CORP COM	USA	116,265.00	4,180,412.67	6,228,316.05
BARROW HANLEY EQUITY	BAXTER INTL INC COM	USA	91,300.00	2,117,284.74	4,150,498.00
BARROW HANLEY EQUITY	BRISTOL MYERS SQUIBB CO COM	USA	136,400.00	4,385,838.00	3,399,088.00
BARROW HANLEY EQUITY	BURL NORTHN SANTA FE CORP COM	USA	61,300.00	1,590,732.92	4,501,872.00
BARROW HANLEY EQUITY	CAP 1 FNCL COM	USA	48,700.00	3,609,242.30	3,673,422.00
BARROW HANLEY EQUITY	CARNIVAL CORP COM PAIRED	Panama	83,600.00	3,407,538.49	3,931,708.00
BARROW HANLEY EQUITY	CITIGROUP INC COM	USA	111,561.00	3,889,192.98	5,541,234.87
BARROW HANLEY EQUITY	CONOCOPHILLIPS COM	USA	77,800.00	2,033,268.09	4,631,434.00
BARROW HANLEY EQUITY	DOLLAR GEN CORP COM	USA	142,500.00	1,983,372.70	1,942,275.00
BARROW HANLEY EQUITY	DOMINION RES INC VA NEW COM	USA	35,900.00	2,718,237.98	2,745,991.00
BARROW HANLEY EQUITY	DU PONT E I DE NEMOURS & CO COM STK	USA	86,800.00	3,518,186.95	3,718,512.00
BARROW HANLEY EQUITY	DUKE ENERGY CORP NEW COM STK	USA	219,068.00	4,140,286.33	6,615,853.60
BARROW HANLEY EQUITY	EMERSON ELEC CO COM	USA	44,000.00	2,187,438.81	3,689,840.00
BARROW HANLEY EQUITY	ENTERGY CORP NEW COM	USA	44,100.00	1,446,575.51	3,449,943.00
BARROW HANLEY EQUITY	GANNETT INC COM	USA	40,900.00	2,857,571.32	2,324,347.00
BARROW HANLEY EQUITY	HARTFORD FINL SVCS COM	USA	44,200.00	2,026,333.75	3,834,350.00
BARROW HANLEY EQUITY	HCA INC COM	USA	55,800.00	2,094,372.28	2,783,862.00
BARROW HANLEY EQUITY	HEINZ H J CO COM	USA	50,400.00	1,707,444.88	2,113,272.00
BARROW HANLEY EQUITY	HONEYWELL INTL INC COM STK	USA	67,600.00	2,113,894.83	2,764,840.00
BARROW HANLEY EQUITY	ILL TOOL WKS INC COM	USA	90,000.00	3,225,666.09	4,041,000.00
BARROW HANLEY EQUITY	MARATHON OIL CORP COM	USA	65,600.00	2,538,522.28	5,044,640.00
BARROW HANLEY EQUITY	MATTEL INC COM	USA	98,400.00	1,787,679.30	1,938,480.00
BARROW HANLEY EQUITY	MGIC INVT CORP WIS COM	USA	52,900.00	3,032,070.50	3,172,413.00
BARROW HANLEY EQUITY	OCCIDENTAL PETE CORP COM	USA	102,200.00	1,295,357.15	4,916,842.00
BARROW HANLEY EQUITY	PENNEY J.C CO INC COM	USA	33,100.00	1,068,479.45	2,263,709.00
BARROW HANLEY EQUITY	PFIZER INC COM STK $.11 1/9 PAR	USA	196,400.00	5,187,401.00	5,569,904.00
BARROW HANLEY EQUITY	PITNEY BOWES INC COM	USA	40,800.00	1,342,398.54	1,810,296.00
BARROW HANLEY EQUITY	SCHERING-PLOUGH CORP COM	USA	145,500.00	3,872,778.99	3,214,095.00
BARROW HANLEY EQUITY	SLM CORP COM	USA	63,900.00	2,281,757.52	3,321,522.00
BARROW HANLEY EQUITY	ST PAUL TRAVELERS CORP	USA	40,568.00	1,420,106.47	1,902,233.52
BARROW HANLEY EQUITY	STANLEY WKS COM	USA	90,000.00	2,864,553.53	4,486,500.00
BARROW HANLEY EQUITY	UNITEDHEALTH GROUP INC COM	USA	54,100.00	2,635,967.94	2,661,720.00
BARROW HANLEY EQUITY	UST INC COM	USA	40,600.00	1,897,027.66	2,226,098.00
BARROW HANLEY EQUITY	VERIZON COMMUNICATIONS COM	USA	166,302.00	5,501,421.30	6,174,793.26
BARROW HANLEY EQUITY	WACHOVIA CORP NEW COM	USA	63,210.00	2,299,309.68	3,527,118.00
BARROW HANLEY EQUITY	WASHINGTON MUT INC COM	USA	90,667.00	2,127,929.54	3,941,294.49
BARROW HANLEY EQUITY	WELLPOINT INC COM	USA	84,000.00	3,201,028.06	6,472,200.00
BARROW HANLEY EQUITY	WELLS FARGO & CO NEW COM STK	USA	62,800.00	1,577,382.07	2,272,104.00
BARROW HANLEY EQUITY	WYETH COM	USA	34,700.00	1,336,671.76	1,764,148.00
BOSTON PARTNERS	#REORG/MICHAELS STORES INC CASH MERGER EFF 10/31/06	USA	6,100.00	169,003.37	265,594.00
BOSTON PARTNERS	#REORG/W CORP CASH MERGER EFF 10/25/06	USA	17,100.00	662,973.22	825,930.00
BOSTON PARTNERS	ACCENTURE LTD BERMUDA CLS A COM	Bermuda	12,400.00	325,984.84	393,204.00
BOSTON PARTNERS	AEROPOSTALE COM	USA	6,600.00	183,086.17	192,918.00
BOSTON PARTNERS	AFFILIATED MANAGERS GROUP INC COM STK	USA	3,550.00	137,272.60	355,390.50
BOSTON PARTNERS	AMBAC FNCL GROUP COM STK	USA	6,200.00	497,864.08	513,050.00
BOSTON PARTNERS	AMPHENOL CORP NEW CL A	USA	7,800.00	350,083.16	483,054.00
BOSTON PARTNERS	APOLLO INVT CORP COM SH BEN INT	USA	19,363.00	286,315.07	397,135.13
BOSTON PARTNERS	ARAMARK CORP CL B	USA	6,000.00	168,179.40	197,160.00
BOSTON PARTNERS	ARROW ELECTR INC COM	USA	22,200.00	571,822.13	608,946.00
BOSTON PARTNERS	ASSURANT INC COM	USA	10,600.00	298,685.00	566,146.00
BOSTON PARTNERS	ASSURED GUARANTY LTD COMMON STK	Bermuda	27,700.00	487,887.45	718,261.00
BOSTON PARTNERS	AVALONBAY CMNTYS REIT	USA	2,800.00	332,755.04	337,120.00
BOSTON PARTNERS	AVNET INC COM	USA	40,300.00	789,672.14	790,686.00
BOSTON PARTNERS	BARD C R INC CAP	USA	7,900.00	389,356.42	592,500.00
BOSTON PARTNERS	BORG WARNER INC COM	USA	7,200.00	399,168.24	411,624.00
BOSTON PARTNERS	BURGER KING HLDGS INC COM	USA	44,900.00	698,852.09	716,604.00
BOSTON PARTNERS	CACI INTL INC CL A	USA	4,700.00	258,792.79	258,547.00
BOSTON PARTNERS	CENTURYTEL INC COM STK	USA	13,300.00	439,982.19	527,611.00
BOSTON PARTNERS	CHES ENERGY CORP COM	USA	23,700.00	685,538.94	686,826.00
BOSTON PARTNERS	CIGNA CORP COM	USA	3,600.00	332,934.12	418,752.00
BOSTON PARTNERS	CLAIRES STORES INC	USA	21,400.00	452,406.44	624,024.00
BOSTON PARTNERS	CNA FNCL CORP COM	USA	16,600.00	510,406.88	597,932.00
BOSTON PARTNERS	COMERICA INC COM	USA	9,400.00	527,844.69	535,048.00
BOSTON PARTNERS	COMMERCE BANCORP INC N J COM	USA	21,700.00	695,067.89	796,607.00
BOSTON PARTNERS	CONSECO INC COM NEW STK	USA	26,800.00	538,765.56	562,532.00
BOSTON PARTNERS	CROWN HLDGS INC COM	USA	36,800.00	590,281.82	684,480.00
BOSTON PARTNERS	DIEBOLD INC COM	USA	5,400.00	200,307.39	235,062.00
BOSTON PARTNERS	DONNELLEY R R & SONS CO COM	USA	15,685.00	523,103.75	516,977.60
BOSTON PARTNERS	DOVER CORP COM	USA	16,500.00	665,323.56	782,760.00
BOSTON PARTNERS	DUN & BRADSTREET CORP DEL NEW COM	USA	6,900.00	488,076.49	517,431.00
BOSTON PARTNERS	E*TRADE FIN CORP COM	USA	14,300.00	278,692.04	342,056.00
BOSTON PARTNERS	EDWARDS A.G INC COM	USA	8,900.00	331,390.57	474,192.00
BOSTON PARTNERS	EMBARQ CORP COM STK	USA	6,300.00	298,376.19	304,731.00
BOSTON PARTNERS	EMULEX CORP COM NEW	USA	35,400.00	631,277.08	643,218.00
BOSTON PARTNERS	ENERGEN CORP COM COM	USA	21,100.00	778,680.85	883,457.00
BOSTON PARTNERS	EQTY RESDNTL EFF 5/15/02	USA	6,900.00	336,365.21	349,002.00
BOSTON PARTNERS	EVEREST RE GROUP COM	Bermuda	3,800.00	345,804.94	370,614.00
BOSTON PARTNERS	EXPEDIA INC DEL COM	USA	21,100.00	374,121.23	330,848.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2006

Account name	Asset description	Country	Shares/Par value	Book value	Market value
BOSTON PARTNERS	FEDT DEPT STORES INC DEL COM	USA	17,600.00	626,172.80	760,496.00
BOSTON PARTNERS	FEDT INVESTORS INC CL B	USA	25,200.00	955,339.59	852,012.00
BOSTON PARTNERS	FISHER SCIENTIFIC INTL INC COM NEW	USA	3,600.00	263,939.04	281,664.00
BOSTON PARTNERS	GAMESTOP CORP NEW CL B	USA	7,300.00	245,695.72	326,383.00
BOSTON PARTNERS	GRAINGER W W INC COM	USA	8,600.00	390,280.67	576,372.00
BOSTON PARTNERS	HANOVER INS GROUP INC COM	USA	10,500.00	236,586.23	468,615.00
BOSTON PARTNERS	HASBRO INC COM COM	USA	30,600.00	591,475.56	696,150.00
BOSTON PARTNERS	HILTON HOTELS CORP COM	USA	17,700.00	387,801.91	492,945.00
BOSTON PARTNERS	HUDSON CY BANCORP INC COM STK	USA	27,100.00	271,000.00	359,075.00
BOSTON PARTNERS	INDYMAC BANCORP INC COM	USA	10,800.00	456,642.21	444,528.00
BOSTON PARTNERS	INGERSOLL-RAND CO CL A COM STK	Bermuda	12,000.00	515,473.80	455,760.00
BOSTON PARTNERS	INGRAM MICRO INC CL A	USA	47,000.00	815,601.52	900,520.00
BOSTON PARTNERS	KINDRED HEALTHCARE INC COM STK	USA	4,700.00	122,872.18	139,731.00
BOSTON PARTNERS	KNOLL INC COM NEW COM	USA	45,200.00	839,681.10	913,040.00
BOSTON PARTNERS	LAIDLAW INTL INC COM STK	USA	11,600.00	119,112.35	317,028.00
BOSTON PARTNERS	LINCARE HLDGS INC COM	USA	20,800.00	801,392.65	720,512.00
BOSTON PARTNERS	LOEWS CORP CAROLINA GROUP STK TRACKING STK	USA	5,700.00	142,673.61	315,723.00
BOSTON PARTNERS	LUBRIZOL CORP COM	USA	11,500.00	488,339.86	525,895.00
BOSTON PARTNERS	MANPOWER INC WIS COM	USA	5,800.00	249,359.38	355,366.00
BOSTON PARTNERS	MARSH & MCLENNAN CO'S INC COM	USA	13,700.00	383,364.36	385,655.00
BOSTON PARTNERS	MATTEL INC COM	USA	36,700.00	625,813.00	722,990.00
BOSTON PARTNERS	MBIA INC COM	USA	13,300.00	696,671.64	817,152.00
BOSTON PARTNERS	MCAFEE INC COM	USA	23,660.00	500,922.09	578,723.60
BOSTON PARTNERS	MCGRAW HILL COMPANIES INC COM	USA	11,800.00	607,940.54	684,754.00
BOSTON PARTNERS	MELLON FINL CORP COM	USA	22,100.00	792,329.20	864,110.00
BOSTON PARTNERS	MEREDITH CORP COM	USA	16,400.00	793,557.89	809,012.00
BOSTON PARTNERS	METTLER-TOLEDO INTL INC COM	USA	2,500.00	151,037.50	165,375.00
BOSTON PARTNERS	MURPHY OIL CORP COM	USA	10,300.00	510,338.06	489,765.00
BOSTON PARTNERS	NATIONWIDE FINL SVCS INC CL A COM	USA	12,400.00	531,458.45	596,440.00
BOSTON PARTNERS	NEWFIELD EXPLORATION	USA	17,000.00	816,644.06	655,180.00
BOSTON PARTNERS	NIKE INC CL B CL B	USA	4,400.00	337,315.57	385,528.00
BOSTON PARTNERS	NU SKIN ENTERPRISES INC CL A	USA	9,500.00	197,419.53	166,440.00
BOSTON PARTNERS	PMI GROUP INC COM	USA	20,700.00	804,773.07	906,867.00
BOSTON PARTNERS	POGO PRODUCING CO COM	USA	15,900.00	756,408.43	651,105.00
BOSTON PARTNERS	POLO RALPH LAUREN CORP CL A	USA	13,300.00	495,565.29	860,377.00
BOSTON PARTNERS	PPG IND INC COM	USA	9,700.00	616,429.37	650,676.00
BOSTON PARTNERS	RADIAN GROUP INC COM	USA	7,500.00	293,696.92	450,000.00
BOSTON PARTNERS	SABRE HLDGS CORP	USA	12,100.00	259,357.17	283,019.00
BOSTON PARTNERS	SHERWIN-WILLIAMS CO COM	USA	5,500.00	242,454.25	306,790.00
BOSTON PARTNERS	SIERRA PAC RES NEW COM	USA	52,400.00	263,050.85	751,416.00
BOSTON PARTNERS	SL GREEN RLTY CORP COM STK	USA	3,100.00	340,557.81	348,270.00
BOSTON PARTNERS	STANLEY WKS COM	USA	11,700.00	564,778.92	583,245.00
BOSTON PARTNERS	STUD LN CORP COM	USA	1,400.00	222,399.21	269,052.00
BOSTON PARTNERS	SYBASE INC COM	USA	20,200.00	379,898.93	489,648.00
BOSTON PARTNERS	TAKE-TWO INTERACTIVE SOFTWARE INC CDT-COM	USA	24,400.00	444,417.76	347,944.00
BOSTON PARTNERS	TERADYNE INC COM	USA	24,300.00	342,954.73	319,788.00
BOSTON PARTNERS	TEREX CORP NEW COM	USA	8,400.00	211,056.51	379,848.00
BOSTON PARTNERS	TESORO CORP	USA	11,800.00	743,751.47	684,164.00
BOSTON PARTNERS	UAP HLDG CORP COM	USA	16,900.00	279,541.00	361,153.00
BOSTON PARTNERS	UMB FINL CORP COM	USA	9,100.00	263,192.42	332,787.00
BOSTON PARTNERS	UNUMPROVIDENT CORP COM	USA	10,600.00	215,133.28	205,534.00
BOSTON PARTNERS	V F CORP COM	USA	4,700.00	204,346.12	342,865.00
BOSTON PARTNERS	VALSPAR CORP COM	USA	29,200.00	739,378.57	776,720.00
BOSTON PARTNERS	VENTAS INC REIT	USA	8,725.00	197,382.89	336,261.50
BOSTON PARTNERS	WHITE MOUNTAINS INSURANCE GROUP WHITE MOUNTAIN COM STOCK	Bermuda	440.00	241,277.91	218,662.40
CHAMPLAIN	1ST ADVANTAGE CORP CL A	USA	41,000.00	867,715.15	855,260.00
CHAMPLAIN	ABM INDS INC COM	USA	108,500.00	2,021,522.86	2,035,460.00
CHAMPLAIN	ACTUANT CORP CL A NEW	USA	10,800.00	555,496.67	541,080.00
CHAMPLAIN	AFTERMARKET TECHNOLOGY CORP COM	USA	22,000.00	495,357.60	390,720.00
CHAMPLAIN	ALLEGHANY CORP DEL COM	USA	6,500.00	1,863,974.89	1,878,565.00
CHAMPLAIN	AMERN MED SYS HLDGS INC COM STK	USA	81,000.00	1,546,269.22	1,492,830.00
CHAMPLAIN	APTARGROUP INC COM	USA	38,000.00	1,811,591.93	1,933,440.00
CHAMPLAIN	ARROW INTL INC COM	USA	19,400.00	562,257.61	617,114.00
CHAMPLAIN	ARTHROCARE CORP COM	USA	19,500.00	561,246.72	913,770.00
CHAMPLAIN	BIO RAD LABS INC CL A	USA	15,000.00	866,113.34	1,060,950.00
CHAMPLAIN	BRADY CORP CL A	USA	27,500.00	897,726.44	966,900.00
CHAMPLAIN	BRIGHT HORIZONS FAMILY SOLUTIONS INC COM	USA	21,800.00	761,714.59	909,714.00
CHAMPLAIN	BSTN PVT FINL HLDGS INC COM	USA	33,000.00	851,275.30	920,040.00
CHAMPLAIN	CACI INTL INC CL A	USA	22,000.00	1,320,078.03	1,210,220.00
CHAMPLAIN	CATHAY GENERAL BANCORP INC COM	USA	19,100.00	665,996.21	689,510.00
CHAMPLAIN	CENTRAL GARDEN & PET CO COM COM	USA	27,200.00	1,157,705.77	1,312,672.00
CHAMPLAIN	CH & DWIGHT INC COM	USA	27,000.00	998,529.47	1,055,970.00
CHAMPLAIN	CHATTEM INC COM	USA	27,000.00	861,475.91	948,240.00
CHAMPLAIN	CLARCOR INC COM	USA	27,500.00	676,919.58	838,475.00
CHAMPLAIN	COOPER COS INC COM NEW	USA	21,500.00	1,042,251.23	1,150,250.00
CHAMPLAIN	CORINTHIAN COLLEGES INC COM STK	USA	81,500.00	1,159,391.73	881,015.00
CHAMPLAIN	CRA INTL INC COM	USA	21,500.00	1,010,717.45	1,024,690.00
CHAMPLAIN	CVB FINL CORP COM	USA	35,700.00	576,223.38	527,289.00
CHAMPLAIN	EAST WEST BANCORP INC COM	USA	21,700.00	665,772.15	859,537.00
CHAMPLAIN	ECOLLEGE COM	USA	21,800.00	357,356.10	348,582.00
CHAMPLAIN	EFUNDS CORP COM STK ISIN# US28224R1014	USA	54,000.00	1,307,429.28	1,305,720.00
CHAMPLAIN	ESTERLINE TECHNOLOGIES CORP COM STK	USA	27,000.00	1,146,555.94	911,520.00
CHAMPLAIN	EURONET WORLDWIDE INC COM	USA	49,000.00	1,348,376.86	1,202,950.00
CHAMPLAIN	FACTSET RESH SYS INC COM	USA	22,000.00	725,671.01	1,068,540.00
CHAMPLAIN	FIRST MIDWEST BANCORP INC DEL COM	USA	21,600.00	770,332.17	818,424.00
CHAMPLAIN	FRONTIER FINL CORP WASH CDT-COM CDT-COM	USA	16,500.00	255,801.46	428,010.00
CHAMPLAIN	G & K SVCS INC CL A	USA	33,000.00	1,223,036.59	1,202,190.00
CHAMPLAIN	GEN-PROBE INC NEW COM	USA	13,500.00	580,139.11	633,015.00
CHAMPLAIN	GLACIER BANCORP INC NEW COM	USA	13,400.00	343,294.22	457,878.00
CHAMPLAIN	GREATBATCH INC COM	USA	38,000.00	871,629.04	859,560.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2006

Account name	Asset description	Country	Shares/Par value	Book value	Market value
CHAMPLAIN	HAIN CELESTIAL GROUP INC COM	USA	33,000.00	691,954.49	843,480.00
CHAMPLAIN	HANMI FINL CORP COM	USA	27,100.00	453,271.25	531,160.00
CHAMPLAIN	HARTE-HANKS INC COM (NEW)	USA	54,000.00	1,294,445.97	1,422,900.00
CHAMPLAIN	IDEX CORP COM	USA	35,100.00	1,508,944.93	1,511,055.00
CHAMPLAIN	INDEPENDENT BK CORP MASS COM	USA	16,200.00	473,566.00	526,824.00
CHAMPLAIN	INTEGRA LIFESCIENCES HLDG CORP COM DESP	USA	13,700.00	413,997.36	513,476.00
CHAMPLAIN	INTERACTIVE DATA CORP COM	USA	33,000.00	648,235.80	658,350.00
CHAMPLAIN	KENNAMETAL INC CAP	USA	13,700.00	761,728.92	776,105.00
CHAMPLAIN	KRONOS INC COM	USA	32,500.00	1,248,394.52	1,107,925.00
CHAMPLAIN	KYPHON INC COM	USA	10,800.00	350,269.92	404,136.00
CHAMPLAIN	LANCASTER COLONY CORP COM	USA	37,900.00	1,660,751.33	1,696,404.00
CHAMPLAIN	LAUREATE ED INC COM	USA	21,500.00	993,020.95	1,028,990.00
CHAMPLAIN	LEE ENTERPRISES INC COM	USA	27,000.00	864,690.41	681,480.00
CHAMPLAIN	MATTHEWS INTL CORP CL A	USA	21,600.00	801,226.08	795,096.00
CHAMPLAIN	METTLER-TOLEDO INTL INC COM	USA	24,100.00	1,264,276.17	1,594,215.00
CHAMPLAIN	MOOG INC CL A	USA	27,000.00	926,976.03	935,820.00
CHAMPLAIN	NATL FINL PARTNERS CORP COM	USA	13,500.00	579,738.03	553,905.00
CHAMPLAIN	NAVIGANT CONSULTING INC COM	USA	54,000.00	1,031,064.97	1,083,240.00
CHAMPLAIN	NAVIGATORS GROUP INC COM	USA	22,000.00	924,064.35	1,056,220.00
CHAMPLAIN	PANERA BREAD CO CL A	USA	8,000.00	408,645.86	466,000.00
CHAMPLAIN	PEROT SYS CORP CDT-CL A COM STK	USA	55,000.00	802,644.68	768,450.00
CHAMPLAIN	PHILADELPHIA CONS HLDG CORP COM	USA	16,300.00	527,872.87	648,414.00
CHAMPLAIN	PROSPERITY BANCSHARES INC COM	USA	16,300.00	484,992.39	554,852.00
CHAMPLAIN	REGIS CORP MINN COM	USA	27,000.00	1,081,918.30	967,950.00
CHAMPLAIN	RESPIRONICS INC COM	USA	27,000.00	915,939.92	1,042,470.00
CHAMPLAIN	RIGHTNOW TECHNOLOGIES INC COM	USA	40,000.00	606,637.87	624,400.00
CHAMPLAIN	RITCHIE BROS AUCTIONEERS INC COM	Canada	10,000.00	462,047.22	536,100.00
CHAMPLAIN	RLI CORP COM	USA	22,000.00	937,364.47	1,117,380.00
CHAMPLAIN	SCHAWK INC CL A COM STK	USA	68,000.00	1,432,402.07	1,238,960.00
CHAMPLAIN	SI INTL INC COM	USA	20,500.00	645,787.50	655,590.00
CHAMPLAIN	STERLING BANCSHARES INC COM	USA	25,000.00	377,008.25	506,250.00
CHAMPLAIN	STEWART ENTERPRISES INC CL A COM	USA	108,000.00	634,070.42	632,880.00
CHAMPLAIN	SYMMETRY MED INC COM STK	USA	40,800.00	758,382.76	615,672.00
CHAMPLAIN	TALX CORP COM	USA	33,000.00	702,275.99	809,160.00
CHAMPLAIN	TOOTSIE ROLL INDS INC COM	USA	41,000.00	1,245,260.60	1,201,710.00
CHAMPLAIN	UNVL TECH INST INC COM	USA	69,000.00	1,989,020.64	1,234,410.00
CHAMPLAIN	UTI WORLDWIDE INC ORD NPV	British Virgin Is.	27,000.00	660,865.04	755,190.00
CHAMPLAIN	VENTANA MED SYS INC COM	USA	16,400.00	618,168.02	669,612.00
CHAMPLAIN	WADDELL & REED FINL INC CL A COM	USA	27,000.00	541,862.25	668,250.00
CHAMPLAIN	WASTE CONNECTIONS INC COM COM	USA	13,500.00	481,657.91	511,785.00
CHAMPLAIN	WD 40 CO COM	USA	38,000.00	1,084,029.01	1,355,460.00
CHAMPLAIN	WEBEX COMMUNICATIONS INC COM	USA	27,000.00	757,573.00	1,053,540.00
CHAMPLAIN	WRIGHT MED GROUP INC COM	USA	41,000.00	973,707.36	994,250.00
DELAWARE	ALLERGAN INC COM	USA	48,000.00	3,611,452.84	5,405,280.00
DELAWARE	APOLLO GROUP INC CL A CL A	USA	65,000.00	4,293,951.50	3,200,600.00
DELAWARE	CHGO MERCANTILE EXCHANGE HLDGS INC CL A	USA	10,000.00	1,958,611.50	4,782,500.00
DELAWARE	EBAY INC COM	USA	230,000.00	7,913,212.90	6,522,800.00
DELAWARE	EXPEDITORS INTL WASH INC COM	USA	100,000.00	2,083,672.37	4,458,000.00
DELAWARE	FIRST DATA CORP COM	USA	120,000.00	4,466,927.03	5,040,000.00
DELAWARE	GENENTECH INC COM STK	USA	75,000.00	3,019,980.00	6,202,500.00
DELAWARE	GOOGLE INC CL A CL A	USA	13,000.00	5,093,828.40	5,224,700.00
DELAWARE	INTL GAME TECH COM	USA	135,000.00	4,105,514.40	5,602,500.00
DELAWARE	INTUIT COM	USA	165,000.00	3,381,834.14	5,294,850.00
DELAWARE	MGM MIRAGE COM	USA	105,000.00	2,863,025.13	4,146,450.00
DELAWARE	MOODYS CORP COM	USA	75,000.00	2,202,826.76	4,903,500.00
DELAWARE	NAVTEQ CORP COM	USA	70,800.00	2,732,854.50	1,848,588.00
DELAWARE	PAYCHEX INC COM	USA	125,000.00	4,472,480.65	4,606,250.00
DELAWARE	PRAXAIR INC COM	USA	85,000.00	2,984,883.57	5,028,600.00
DELAWARE	PROCTER & GAMBLE CO COM	USA	85,000.00	3,275,519.69	5,268,300.00
DELAWARE	QUALCOMM INC COM	USA	176,900.00	4,585,284.78	6,430,315.00
DELAWARE	SANDISK CORP COM	USA	95,000.00	2,974,883.31	5,086,300.00
DELAWARE	SEAGATE TECHNOLOGY HLDGS COM USD0.00001	Cayman Is.	225,000.00	5,680,894.40	5,195,250.00
DELAWARE	STAPLES INC COM	USA	230,000.00	4,136,757.79	5,595,900.00
DELAWARE	UNITED PARCEL SVC INC CL B	USA	82,000.00	5,774,777.44	5,899,080.00
DELAWARE	UNITEDHEALTH GROUP INC COM	USA	115,000.00	5,872,559.83	5,658,000.00
DELAWARE	WALGREEN CO COM	USA	120,000.00	4,458,961.43	5,326,800.00
DELAWARE	WAL-MART STORES INC COM	USA	85,000.00	4,531,797.04	4,192,200.00
DELAWARE	WEIGHT WATCHERS INTL INC NEW COM	USA	75,000.00	2,966,455.04	3,325,500.00
DELAWARE	XM SATELLITE RADIO HLDGS INC CL A	USA	138,600.00	2,769,967.69	1,786,554.00
DELAWARE	ZIMMER HLDGS INC COM	USA	70,000.00	4,580,298.26	4,725,000.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2006

Account name	Asset description	Country	Shares/Par value	Book value	Market value
EAGLE	AAON INC COM PAR $0.004	USA	10,315.00	208,588.06	235,285.15
EAGLE	ACTUANT CORP CL A NEW	USA	11,305.00	514,769.79	566,380.50
EAGLE	AFFILIATED MANAGERS GROUP INC COM STK	USA	12,150.00	970,702.79	1,216,336.50
EAGLE	ALLIANT TECHSYSTEMS INC COM	USA	5,455.00	414,778.11	442,182.30
EAGLE	AMBASSADORS GROUP INC COM	USA	25,170.00	636,352.38	711,807.60
EAGLE	AMCOL INTL CORP COM	USA	7,530.00	154,625.72	187,572.30
EAGLE	AMERN REPROGRAPHICS CO COM	USA	16,865.00	365,818.06	540,691.90
EAGLE	AMETEK INC NEW COM	USA	5,145.00	205,676.46	224,064.75
EAGLE	ANSYS INC COM COM	USA	18,180.00	794,597.62	803,192.40
EAGLE	APOGEE ENTERPRISES INC COM	USA	21,405.00	367,607.46	325,570.05
EAGLE	BALCHEM CORP COM	USA	11,890.00	242,859.65	235,303.10
EAGLE	BIO RAD LABS INC CL A	USA	2,555.00	173,880.48	180,715.15
EAGLE	BLACKBAUD INC COM	USA	39,240.00	595,391.59	862,887.60
EAGLE	BRIGHT HORIZONS FAMILY SOLUTIONS INC COM	USA	6,220.00	218,345.61	259,560.60
EAGLE	CERIDIAN CORP NEW COM	USA	22,255.00	557,382.68	497,621.80
EAGLE	CNA SURETY CORP COM	USA	22,440.00	324,933.26	453,288.00
EAGLE	COGNEX CORP COM	USA	35,879.00	1,008,464.64	906,303.54
EAGLE	COLBS MCKINNON CORP N Y COM	USA	15,565.00	292,547.94	280,636.95
EAGLE	COMMSCOPE INC COM	USA	24,605.00	763,319.06	808,520.30
EAGLE	CYTYC CORP COM	USA	41,200.00	1,029,419.04	1,008,576.00
EAGLE	DEERFIELD TRIARC CAP CORP COM STK	USA	12,235.00	165,272.62	160,400.85
EAGLE	DIONEX CORP COM	USA	2,725.00	129,171.07	138,811.50
EAGLE	DJO INC COM	USA	11,720.00	385,686.91	486,731.60
EAGLE	DOLBY LABORATORIES INC CL A COM STK	USA	28,485.00	512,652.38	565,030.25
EAGLE	DRIL-QUIP INC COM	USA	8,060.00	427,013.57	545,500.80
EAGLE	EDWARDS LIFESCIENCES CORP COM	USA	28,295.00	1,258,263.54	1,318,264.05
EAGLE	ELECTRO RENT CORP COM	USA	900.00	15,227.55	15,309.00
EAGLE	ENTEGRIS INC COM	USA	98,255.00	1,048,124.66	1,071,962.05
EAGLE	ENTRAVISION COMMUNICATIONS CORP CL A	USA	65,740.00	467,834.46	489,105.60
EAGLE	ESCO TECHNOLOGIES INC	USA	10,375.00	497,650.93	477,665.00
EAGLE	EURONET WORLDWIDE INC COM	USA	12,600.00	467,096.69	314,240.00
EAGLE	FMC TECHNOLOGIES INC COM	USA	8,390.00	369,544.46	450,543.00
EAGLE	FORWARD AIR CORP COM	USA	14,335.00	488,657.46	474,345.15
EAGLE	GEN COMMUNICATION INC CL A	USA	34,980.00	440,987.76	433,402.20
EAGLE	GENERAL CABLE CORP DEL NEW COM	USA	8,910.00	316,643.68	340,451.10
EAGLE	GENESIS HEALTHCARE CORP COM STK	USA	3,370.00	153,420.65	160,513.10
EAGLE	GFI GROUP INC COM STK	USA	4,335.00	215,608.66	239,682.15
EAGLE	GRACO INC COM	USA	13,975.00	552,489.07	545,863.50
EAGLE	GRAMERCY CAP CORP COM STK	USA	40,430.00	1,051,786.32	1,019,240.30
EAGLE	GREIF INC.	USA	3,565.00	285,324.46	285,592.15
EAGLE	HARLEYSVILLE GROUP INC COM	USA	27,945.00	863,369.73	977,795.55
EAGLE	HUNT J B TRANS SVCS INC COM	USA	21,200.00	472,463.59	440,324.00
EAGLE	IHS INC COM CL A COM CL A	USA	3,490.00	106,176.56	111,959.20
EAGLE	IMMUCOR INC COM STK	USA	5,855.00	127,843.57	131,210.55
EAGLE	INDEPENDENCE HLDG CO NEW COM NEW	USA	8,790.00	184,087.84	191,270.40
EAGLE	JONES LANG LASALLE INC COM STK	USA	5,060.00	423,879.86	432,528.80
EAGLE	KKR FINL CORP COM STK	USA	55,475.00	1,250,805.11	1,361,356.50
EAGLE	LHC GROUP INC COM	USA	3,265.00	72,453.29	72,874.80
EAGLE	MACDERMID INC COM	USA	19,495.00	593,927.06	635,926.90
EAGLE	MARINER ENERGY INC COM STK	USA	25,845.00	464,754.45	474,772.65
EAGLE	MERIDIAN BIOSCIENCE INC COM	USA	14,030.00	271,752.37	329,845.30
EAGLE	MICROS SYS INC COM	USA	6,690.00	295,946.38	327,274.80
EAGLE	MIDLAND CO COM	USA	5,760.00	231,645.53	248,523.20
EAGLE	MOLECULAR DEVICES CORP COM	USA	3,415.00	91,475.62	63,143.35
EAGLE	MONARCH CASINO & RESORT INC COM	USA	14,030.00	391,679.03	272,041.70
EAGLE	MORNINGSTAR INC COM STK	USA	3,495.00	128,100.57	128,965.50
EAGLE	MSC INDL DIRECT INC CL A COM	USA	14,495.00	638,001.10	590,526.30
EAGLE	NATCO GROUP INC CL A ISIN US63227W2035	USA	14,130.00	454,106.25	406,944.00
EAGLE	NATL WESTN LIFE INS CO CL A	USA	590.00	130,062.91	135,635.10
EAGLE	NEUSTAR INC CL A	USA	21,105.00	633,491.04	585,663.75
EAGLE	ON SEMICONDUCTOR CORP COM	USA	28,625.00	177,863.86	168,315.00
EAGLE	PEROT SYS CORP CDT-CL A COM STK	USA	14,805.00	216,345.95	204,160.95
EAGLE	PICO HLDGS INC COM NEW STK	USA	5,765.00	165,186.34	187,650.75
EAGLE	PROGRESS SOFTWARE CORP COM	USA	22,895.00	617,744.34	595,270.00
EAGLE	RC2 CORP COM	USA	19,035.00	712,071.84	638,243.55
EAGLE	RLI CORP COM	USA	4,650.00	218,328.76	236,173.50
EAGLE	ROCKWOOD HLDGS INC COM	USA	21,395.00	507,870.99	427,472.10
EAGLE	ROFIN SINAR TECHNOLOGIES INC COM	USA	9,185.00	396,182.14	558,172.45
EAGLE	SCHAWK INC CL A COM STK	USA	20,875.00	453,950.09	380,342.50
EAGLE	SELECTIVE INS GROUP INC COM	USA	18,825.00	985,068.26	990,383.25
EAGLE	SIRONA DENTAL SYS INC COM STK	USA	6,715.00	206,970.16	221,124.95
EAGLE	SOTHEBYS HLDGS INC CL A (DE)	USA	24,040.00	670,776.32	775,049.60
EAGLE	STANCORP FINL GROUP INC COM	USA	9,470.00	429,521.35	422,646.10
EAGLE	STEELCASE INC CL A COM	USA	36,025.00	567,963.10	565,232.25
EAGLE	STIFEL FINL CORP COM	USA	2,990.00	120,276.24	94,902.60
EAGLE	SUPERIOR ENERGY SVCS INC COM	USA	7,435.00	214,416.34	195,243.10
EAGLE	TECHNE CORP COM	USA	7,025.00	353,335.55	357,291.50
EAGLE	TELEDYNE TECHNOLOGIES INC COM	USA	14,740.00	520,667.14	583,704.00
EAGLE	TIME WARNER TELECOM INC CL A ISIN 3US8873191014	USA	42,640.00	725,377.42	810,586.40
EAGLE	TRAMMELL CROW CO COM	USA	19,140.00	657,507.53	698,601.40
EAGLE	UAP HLDG CORP COM	USA	14,795.00	309,975.53	316,169.15
EAGLE	VAIL RESORTS INC COM	USA	16,020.00	488,438.34	641,120.40
EAGLE	VARIAN INC COM	USA	19,560.00	856,849.79	697,217.20
EAGLE	VARIAN SEMICONDUCTOR EQUIPTMENT ASSOCS INC COM	USA	8,595.00	247,618.03	315,436.50
EAGLE	WASTE CONNECTIONS INC COM COM	USA	13,495.00	479,653.99	511,595.45
EAGLE	WILEY JOHN & SONS INC CL A	USA	44,065.00	1,652,542.04	1,586,780.65
EAGLE	WORLD WRESTLING ENTMNT	USA	25,240.00	436,402.64	414,693.20
EAGLE	WRIGHT EXPRESS CORP COM STK	USA	26,980.00	730,924.29	649,138.80

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2006

Account name	Asset description	Country	Shares/Par value	Book value	Market value
LAZARD	ADR ALLIED IRISH BKS P L C SPONSORED ADRREPSTG ORD	Ireland	20,100.00	555,085.20	1,086,606.00
LAZARD	ADR AXA SA SPONSORED ADR	France	44,000.00	932,666.52	1,624,040.00
LAZARD	ADR BARCLAYS PLC A.D.R.	UK	32,300.00	983,807.23	1,639,871.00
LAZARD	ADR BP P L C SPONSORED ADR	UK	18,300.00	936,142.00	1,200,114.00
LAZARD	ADR CADBURY SCHWEPPES P L C ADR 4 ORD	UK	26,400.00	705,387.73	1,129,128.00
LAZARD	ADR CANON INC A.D.R. FOR COM YEN	Japan	34,050.00	984,426.42	1,780,474.50
LAZARD	ADR CR SUISSE GROUP SPONSORED ADR ISIN US2254011081	Switzerland	17,500.00	616,102.57	1,014,125.00
LAZARD	ADR DANSKE BK A/S ADR	Denmark	32,400.00	206,582.40	636,368.40
LAZARD	ADR DIAGEO PLC SPONSORED ADR NEW	UK	20,300.00	760,643.03	1,442,112.00
LAZARD	ADR ENI S P A SPONSORED ADR	Italy	17,400.00	407,690.79	1,035,474.00
LAZARD	ADR ERICSSON L M TEL CO ADR CL B SEK 10 NEW ERICSSON L M TEL CO ADR	Sweden	25,300.00	997,933.20	871,585.00
LAZARD	ADR GALLAHER GROUP PLC	UK	16,200.00	1,024,985.34	1,058,994.00
LAZARD	ADR GLAXOSMITHKLINE PLC SPONSORED ADR	UK	27,459.00	1,378,001.26	1,461,642.57
LAZARD	ADR HEINEKEN N V ADR	Netherlands	71,650.00	1,233,073.92	1,636,908.73
LAZARD	ADR HOYA CORP SPONSORED ADR	Japan	14,000.00	410,129.30	527,674.00
LAZARD	ADR HSBC HLDGS PLC SPONSORED ADR NEW	UK	19,300.00	1,107,811.74	1,766,529.00
LAZARD	ADR IMPERIAL TOB GROUP PLC SPONSORED	UK	16,000.00	874,034.04	1,072,480.00
LAZARD	ADR LLOYDS TSB GROUP PLC SPONSORED ADR	UK	12,900.00	504,881.49	522,450.00
LAZARD	ADR MITSUBISHI UFJ FINL GROUP INC SPONSORED ADR	Japan	104,700.00	1,296,675.50	1,341,207.00
LAZARD	ADR MITSUI MARINE & FIRE INS LTD	Japan	7,375.00	991,967.14	922,619.87
LAZARD	ADR NESTLE S A SPONSORED ADR REPSTG REG SH	Switzerland	16,200.00	836,420.25	1,408,189.86
LAZARD	ADR NISSAN MTR LTD SPONSORED ADR	Japan	63,200.00	1,522,420.15	1,419,472.00
LAZARD	ADR NOKIA CORP SPONSORED ADR	Finland	90,600.00	1,767,034.16	1,783,914.00
LAZARD	ADR NOMURA HLDGS INC SPONSORED ADR	Japan	73,400.00	1,211,936.78	1,290,372.00
LAZARD	ADR NOVARTIS AG	Switzerland	36,700.00	1,764,132.49	2,144,748.00
LAZARD	ADR ROYAL DUTCH SHELL PLC SPONSORED ADR REPSTG A SHS	UK	15,200.00	830,590.60	1,004,720.00
LAZARD	ADR SANOFI-AVENTIS SPONSORED ADR	France	32,856.00	1,182,906.96	1,461,106.32
LAZARD	ADR SANPAOLO-IMI S P A SPONSORED ADR	Italy	32,000.00	549,635.92	1,351,680.00
LAZARD	ADR SIEMENS AG COM DM50 (NEW)	Germany	11,700.00	726,822.78	1,019,070.00
LAZARD	ADR SOCIETE GENERALE FRANCE SPONSORED ADR	France	41,700.00	462,224.07	1,325,893.20
LAZARD	ADR SUEZ SPONSORED ADR	France	23,200.00	981,079.66	1,026,600.00
LAZARD	ADR SUMITOMO MITSUI FINL GROUP INC ADR	Japan	90,000.00	946,962.00	945,270.00
LAZARD	ADR SWISS REINS CO	Switzerland	10,400.00	676,543.52	793,715.52
LAZARD	ADR TESCO PLC SPONSORED ADR	UK	49,600.00	519,077.76	1,000,630.40
LAZARD	ADR TNT N V SPONSORED ADR	Netherlands	27,900.00	932,319.13	1,060,758.00
LAZARD	ADR TOTAL SA	France	23,950.00	882,005.00	1,579,263.00
LAZARD	ADR UNILEVER PLC SPONSORED ADR NEW	UK	41,400.00	614,921.69	1,027,134.00
LAZARD	ADR VODAFONE GROUP PLC NEW SPONSORED ADRNEW ADR	UK	54,250.00	1,192,777.42	1,240,155.00
LAZARD	ADR ZURICH FINL SVCS SPONSORED ADR	Switzerland	22,000.00	460,810.63	539,057.20
LAZARD	UBS AG SHS COM	Switzerland	17,700.00	369,583.22	1,049,787.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2006

Account name	Asset description	Country	Shares/Par value	Book value	Market value
OESCHLE	ACCOR EUR3	France	15,967.00	605,906.12	1,087,158.17
OESCHLE	ADIDAS AG NPV	Germany	21,216.00	630,575.63	997,076.21
OESCHLE	ADR INFOSYS TECHNOLOGIES LTD SPONSORED ADR REPSTG 1 EQUITY SH	India	4,988.00	170,845.20	238,077.24
OESCHLE	ADR KOOKMIN BK NEW SPONSORED ADR KOOKMINBK ADRS	South Korea	3,921.00	140,819.82	305,955.63
OESCHLE	ADR TAIWAN SEMICONDUCTOR MFG CO LTD SPONSORED ADR	Taiwan	21,038.00	149,742.24	201,964.80
OESCHLE	AIR LIQUIDE(L') EUR11	France	2,242.00	366,574.50	456,964.64
OESCHLE	ASSA ABLOY SER'B'NPV	Sweden	12,155.00	224,799.92	225,981.78
OESCHLE	BARCLAYS ORD GBP0.25	UK	35,357.00	425,066.08	445,144.06
OESCHLE	BAYER AG ORD NPV	Germany	9,545.00	400,487.14	486,063.41
OESCHLE	BCA POP DI MILANO EUR3	Italy	31,125.00	396,606.68	411,229.83
OESCHLE	BRIDGESTONE CORP NPV	Japan	25,000.00	375,396.85	505,018.42
OESCHLE	CAPITA GROUP ORD GBP0.02	UK	34,800.00	213,836.54	355,900.54
OESCHLE	CARNIVAL PLC ORD USD1.66	UK	10,526.00	577,778.37	502,365.20
OESCHLE	CARREFOUR EUR2.50	France	8,026.00	337,216.81	506,618.43
OESCHLE	CREDIT SAISON CO NPV	Japan	7,600.00	272,195.85	320,589.18
OESCHLE	CRH ORD EUR0.32	Ireland	12,937.00	428,418.85	437,394.27
OESCHLE	DANSKE BANK A/S DKK10	Denmark	11,434.00	355,506.15	449,151.93
OESCHLE	DENSO CORP NPV	Japan	14,800.00	324,141.32	520,221.91
OESCHLE	DENWAY MOTORS LTD HKD0.10	Hong Kong	878,000.00	328,841.86	317,746.48
OESCHLE	DEUTSCHE BANK AG NPV(REGD)	Germany	3,975.00	340,618.73	479,162.15
OESCHLE	DIAGEO ORD GBX28.935185	UK	47,372.00	635,534.95	834,889.31
OESCHLE	ENI SPA EUR1	Italy	14,508.00	196,119.42	429,494.10
OESCHLE	ERICSSON(LM)TEL SER'B' NPV	Sweden	119,509.00	340,578.82	414,205.89
OESCHLE	FANUC LTD NPV	Japan	7,400.00	519,481.98	577,885.06
OESCHLE	FAST RETAILING CO NPV	Japan	5,500.00	374,533.14	516,622.20
OESCHLE	FASTWEB SPA EUR0.52	Italy	8,613.00	429,607.93	390,051.03
OESCHLE	FRANCE TELECOM EUR4	France	11,482.00	277,463.05	263,261.32
OESCHLE	FUJIFILM HOLDINGS CORP NPV	Japan	2,300.00	83,944.69	83,962.22
OESCHLE	HEINEKEN NV EUR1.60	Netherlands	11,763.00	414,263.10	537,471.18
OESCHLE	HYUNDAI MOTOR CO KRW5000	South Korea	3,740.00	356,543.98	320,063.39
OESCHLE	IMPERIAL TOBACCO ORD GBP0.10	UK	6,610.00	93,095.59	219,779.28
OESCHLE	INDITEX EUR0.15	Spain	10,882.00	335,485.76	506,728.31
OESCHLE	JSR CORP NPV	Japan	16,000.00	332,539.26	352,348.28
OESCHLE	KEYENCE CORP NPV	Japan	880.00	187,496.68	202,735.78
OESCHLE	KINGFISHER ORD GBP0.157142857	UK	120,177.00	547,603.33	550,548.58
OESCHLE	KINGSPAN GROUP ORD EUR0.13	Ireland	14,757.00	216,163.91	302,833.58
OESCHLE	LLOYDS TSB GROUP ORD GBP0.25	UK	42,661.00	410,687.01	429,920.12
OESCHLE	LVMH MOET HENNESSY EUR0.30	France	10,069.00	764,928.88	1,036,336.16
OESCHLE	MARUBENI CORP NPV	Japan	76,000.00	413,908.90	378,503.37
OESCHLE	MATSUSHITA ELC IND NPV	Japan	21,000.00	250,704.35	444,670.31
OESCHLE	MILLEA HOLDINGS IN NPV	Japan	19,500.00	534,694.45	680,472.62
OESCHLE	MITSUBISHI ESTATE NPV	Japan	56,000.00	596,063.49	1,223,732.69
OESCHLE	MITSUBISHI HVY IND NPV	Japan	136,000.00	557,281.44	563,282.94
OESCHLE	MITSUBISHI UFJ FIN NPV	Japan	68.00	569,694.97	875,449.96
OESCHLE	MITSUI TRUST HLDGS NPV	Japan	34,000.00	243,685.66	387,041.04
OESCHLE	NATL BK OF GREECE EUR5(REGD)	Greece	6,924.00	231,714.11	297,686.98
OESCHLE	NCSOFT CORPN KRW500	South Korea	2,290.00	173,890.98	141,053.35
OESCHLE	NESTLE SA CHF1(REGD)	Switzerland	1,894.00	554,505.07	658,546.19
OESCHLE	NITTO DENKO CORP NPV	Japan	4,400.00	235,895.55	260,873.25
OESCHLE	NOBEL BIOCARE AG CHF2.00(BR)	Switzerland	1,744.00	403,353.33	428,020.26
OESCHLE	NOVARTIS AG CHF0.50(REGD)	Switzerland	18,857.00	933,124.42	1,097,779.82
OESCHLE	NOVO-NORDISK AS DKK2 SER'B'	Denmark	13,944.00	735,583.67	1,035,099.63
OESCHLE	NTT DATA CORP NPV	Japan	145.00	519,952.38	669,334.69
OESCHLE	NUMICO (KON) NV EUR0.25	Netherlands	17,787.00	757,296.57	799,874.77
OESCHLE	ORIX CORP NPV	Japan	6,000.00	460,143.08	1,659,255.49
OESCHLE	PIONEER CORP NPV	Japan	20,800.00	335,476.56	366,442.21
OESCHLE	PORTUGAL TCOM SGPS EUR0.35(REGD)	Portugal	26,879.00	264,875.05	335,382.41
OESCHLE	POTASH CORP SASK INC COM	Canada	2,415.00	208,831.09	251,618.85
OESCHLE	PTT PUBLIC COMPANY THB10(ALIEN MARKET)	Thailand	41,800.00	156,941.23	240,223.49
OESCHLE	REPSOL YPF SA EUR1	Spain	20,872.00	437,653.27	620,537.59
OESCHLE	ROCHE HLDGS AG GENUSSCHEINE NPV	Switzerland	7,042.00	703,827.79	1,214,147.61
OESCHLE	ROYAL DUTCH SHELL 'A'SHS EUR0.07 (DUTCH LIST)	Netherlands	14,766.00	455,487.18	485,764.48
OESCHLE	ROYAL DUTCH SHELL 'B'SHS EUR0.07 (UK LIST)	UK	10,910.00	350,664.02	369,477.36
OESCHLE	SAMSUNG ELECTRONIC KRW5000	South Korea	910.00	300,926.73	638,394.08
OESCHLE	SANOFI-AVENTIS EUR2	France	7,957.00	734,446.70	707,583.03
OESCHLE	SEKISUI CHEMICAL CO LTD NPV	Japan	54,000.00	386,102.56	455,545.67
OESCHLE	SHARP CORP NPV	Japan	11,000.00	172,148.04	188,667.26
OESCHLE	SHIMAMURA CO NPV	Japan	2,100.00	176,251.82	205,259.81
OESCHLE	SIEMENS AG NPV(REGD)	Germany	9,411.00	730,416.36	820,191.29
OESCHLE	SINA CORPORATION COM STK USD0.133	Cayman Is.	3,500.00	90,931.74	88,025.00
OESCHLE	SMITHS GROUP ORD GBP0.25	UK	26,014.00	469,037.25	435,634.94
OESCHLE	SWIRE PACIFIC 'A'HKD0.60	Hong Kong	59,500.00	345,462.37	621,553.47
OESCHLE	T&D HOLDINGS INC NPV	Japan	8,050.00	386,946.50	582,962.77
OESCHLE	TELEFONICA SA EUR1	Spain	39,711.00	515,970.45	687,654.48
OESCHLE	TELENOR ASA ORD NOK6	Norway	18,663.00	177,695.39	243,642.67
OESCHLE	TOKYO GAS CO NPV	Japan	92,000.00	378,560.73	461,305.21
OESCHLE	TOKYU CORP NPV	Japan	71,000.00	396,447.05	488,307.29
OESCHLE	TOTAL EUR2.5 (POST SUBDIVISION)	France	7,892.00	296,148.12	517,354.67
OESCHLE	UNICREDITO ITALIAN EUR0.50	Italy	117,537.00	905,787.75	974,485.08
OESCHLE	VEOLIA ENVIRONNEME EUR5	France	14,678.00	488,448.21	885,229.78
OESCHLE	VODAFONE GROUP ORD USD0.11428571	UK	217,527.00	462,216.31	496,737.92
OESCHLE	VOLKSWAGEN AG ORD NPV	Germany	6,669.00	266,138.29	567,533.70

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2006

Account name	Asset description	Country	Shares/Par value	Book value	Market value
RCM	ABBOTT LAB COM	USA	38,500.00	1,753,490.82	1,869,560.00
RCM	ADR NOVARTIS AG	Switzerland	17,175.00	789,099.74	1,003,707.00
RCM	ADR SHIRE PLC	UK	18,400.00	698,909.16	908,776.00
RCM	ADR TEVA PHARMACEUTICAL INDS	Israel	25,588.00	1,063,133.30	872,294.92
RCM	AETNA INC	USA	32,700.00	915,411.45	1,293,285.00
RCM	ALLERGAN INC COM	USA	9,600.00	1,073,548.07	1,081,056.00
RCM	AMERN INTL GROUP INC COM	USA	34,375.00	2,159,512.93	2,277,687.50
RCM	AMGEN INC COM	USA	15,100.00	1,130,342.09	1,080,103.00
RCM	APPLE COMPUTER INC COM	USA	35,800.00	1,325,347.26	2,757,674.00
RCM	AT&T INC COM	USA	78,500.00	2,086,873.96	2,555,960.00
RCM	AUTODESK INC COM	USA	26,900.00	1,174,987.16	935,582.00
RCM	BAKER HUGHES INC COM	USA	26,800.00	1,924,205.29	1,827,760.00
RCM	BOEING CO COM	USA	12,400.00	764,656.70	977,740.00
RCM	BURL NORTHN SANTA FE CORP COM	USA	18,100.00	1,382,448.82	1,329,264.00
RCM	CARDINAL HLTH INC	USA	16,800.00	1,125,508.86	1,104,432.00
RCM	CDN NAT RES LTD COM CDN NAT RES COM STK	Canada	25,400.00	1,196,456.79	1,157,732.00
RCM	CISCO SYS INC COM	USA	49,500.00	1,059,879.98	1,138,500.00
RCM	CITIGROUP INC COM	USA	60,075.00	2,118,882.04	2,983,925.25
RCM	COACH INC COM	USA	33,225.00	825,154.98	1,142,940.00
RCM	COLGATE-PALMOLIVE CO COM	USA	32,800.00	1,920,656.71	2,036,880.00
RCM	CORNING INC COM	USA	43,500.00	966,136.70	1,061,835.00
RCM	DISNEY WALT CO COM	USA	50,600.00	1,117,980.83	1,564,046.00
RCM	FEDEX CORP COM	USA	12,700.00	1,478,117.69	1,380,236.00
RCM	FEDT DEPT STORES INC DEL COM	USA	36,850.00	1,355,887.11	1,592,288.50
RCM	FLUOR CORP NEW COM	USA	15,600.00	1,490,040.58	1,199,484.00
RCM	FRKLN RES INC COM	USA	19,200.00	1,077,670.05	2,030,400.00
RCM	GENENTECH INC COM STK	USA	12,700.00	988,823.82	1,050,290.00
RCM	GENERAL ELEC CO COM	USA	98,300.00	2,691,384.06	3,469,990.00
RCM	GENWORTH FINL INC COM CL A	USA	39,900.00	1,237,151.66	1,396,899.00
RCM	GILEAD SCI INC COM	USA	28,800.00	1,019,780.89	1,978,560.00
RCM	GOOGLE INC CL A CL A	USA	5,700.00	1,624,543.69	2,290,830.00
RCM	HEWLETT PACKARD CO COM	USA	73,650.00	2,015,477.19	2,702,218.50
RCM	INTEL CORP COM	USA	47,800.00	952,056.50	983,246.00
RCM	LEGG MASON INC COM	USA	9,300.00	1,112,119.83	937,998.00
RCM	MARRIOTT INTL INC NEW COM STK CL A	USA	47,600.00	1,609,117.70	1,839,264.00
RCM	MARVELL TECH GROUP COM USD0.002	Bermuda	55,800.00	1,114,195.08	1,080,846.00
RCM	MERRILL LYNCH & CO INC COM STK	USA	25,550.00	1,390,311.96	1,998,521.00
RCM	MICROSOFT CORP COM	USA	72,000.00	1,920,131.11	1,967,760.00
RCM	MOTOROLA INC COM	USA	90,200.00	1,925,437.99	2,255,000.00
RCM	PENNEY J.C CO INC COM	USA	19,350.00	798,580.95	1,323,346.50
RCM	PEPSICO INC COM	USA	42,900.00	2,227,418.39	2,799,654.00
RCM	PROCTER & GAMBLE CO COM	USA	48,000.00	2,368,647.17	2,975,040.00
RCM	QUALCOMM INC COM	USA	31,000.00	1,483,952.00	1,126,850.00
RCM	SANDISK CORP COM	USA	11,100.00	413,931.54	594,294.00
RCM	ST JUDE MED INC COM	USA	32,700.00	1,234,759.76	1,153,983.00
RCM	TEXAS INSTRS INC COM COM	USA	36,800.00	1,074,735.38	1,223,600.00
RCM	TRANSOCEAN INC	Cayman Is.	20,500.00	1,784,229.50	1,501,215.00
RCM	UNITED TECHNOLOGIES CORP COM	USA	38,200.00	1,911,653.09	2,419,970.00
RCM	UNITEDHEALTH GROUP INC COM	USA	18,800.00	771,415.43	924,960.00
RCM	UNIVISION COMMUNICATIONS INC CL A	USA	47,400.00	1,491,449.02	1,627,716.00
RCM	US BANCORP	USA	68,700.00	2,074,750.49	2,282,214.00
RCM	VALERO ENERGY CORP COM STK NEW	USA	14,000.00	805,884.87	720,580.00
RCM	WALGREEN CO COM	USA	35,900.00	1,415,405.43	1,593,601.00
RCM	WEATHERFORD INTL LTD	Bermuda	46,300.00	1,882,192.62	1,931,636.00
RCM	WYETH COM	USA	38,400.00	1,694,633.66	1,952,256.00
RCM	YAHOO INC COM	USA	39,600.00	1,040,263.46	1,001,088.00
RCM	ZIMMER HLDGS INC COM	USA	18,200.00	1,258,217.43	1,228,500.00
RCM	ZIONS BANCORP COM	USA	23,975.00	1,534,357.80	1,913,444.75

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2006

Account name	Asset description	Country	Shares/Par value	Book value	Market value
URDANG	#REORG/PAN PAC RETAIL PPTYS INC CASH & STK MERGER TO 2452833 EFF 10/31/06	USA	10,240.00	662,832.53	710,860.80
URDANG	1ST POTOMAC RLTY TR COM	USA	20,180.00	469,344.52	609,839.60
URDANG	ALEXANDRIA REAL ESTATE EQUITIES INC COM	USA	23,160.00	1,591,099.72	2,172,408.00
URDANG	AMB PPTY CORP REIT	USA	10,460.00	538,935.03	576,450.60
URDANG	AMERICAN CAMPUS CMNTYS INC COM	USA	19,200.00	467,003.35	489,792.00
URDANG	AMERN FINL RLTY TR COM	USA	50,430.00	568,857.39	562,798.80
URDANG	APT INVT & MGMT CO CL A	USA	27,530.00	1,213,553.51	1,497,907.30
URDANG	ARCHSTONE-SMITH TR COM	USA	43,240.00	2,038,869.14	2,353,985.60
URDANG	AVALONBAY CMNTYS REIT	USA	24,490.00	1,436,440.40	2,948,596.00
URDANG	BRANDYWINE RLTY TR SH BEN INT NEW REIT	USA	6,860.00	226,723.00	223,293.00
URDANG	BSTN PPTYS INC	USA	27,630.00	1,749,396.71	2,855,284.20
URDANG	CAMDEN PPTY TR SH BEN INT	USA	8,724.00	426,397.17	663,111.24
URDANG	COUSINS PPTYS INC COM	USA	35,360.00	1,089,010.07	1,209,665.60
URDANG	DIGITAL RLTY TR INC COM	USA	34,990.00	997,267.11	1,095,886.80
URDANG	EQTY OFFICE PPTYS TR REIT	USA	56,300.00	1,977,819.35	2,238,488.00
URDANG	EQTY RESDNTL EFF 5/15/02	USA	29,590.00	1,319,822.08	1,496,662.20
URDANG	ESSEX PPTY TR REIT	USA	16,730.00	1,245,593.75	2,031,022.00
URDANG	EXTRA SPACE STORAGE INC COM	USA	39,750.00	611,239.10	688,072.50
URDANG	FEDERAL RLTY INVT TR SH BEN INT NEW SH BEN INT NEW	USA	23,300.00	1,153,638.71	1,731,190.00
URDANG	GENERAL GROWTH PPTYS INC COM	USA	36,752.00	1,553,065.66	1,751,232.80
URDANG	GLENBOROUGH RLTY TR INC COM	USA	3,550.00	80,630.22	91,341.50
URDANG	HIGHWOODS PPTYS INC COM	USA	28,960.00	931,034.91	1,077,601.60
URDANG	HOST HOTELS & RESORTS INC	USA	37,920.00	581,664.73	869,505.60
URDANG	KILROY RLTY CORP COM COM	USA	21,410.00	1,288,801.91	1,613,029.40
URDANG	KIMCO RLTY CORP COM	USA	53,920.00	1,517,484.71	2,311,550.40
URDANG	LIBERTY PPTY TR SH BEN INT	USA	30,930.00	1,319,076.08	1,478,144.70
URDANG	MILLS CORP COM	USA	8,650.00	328,465.29	144,541.50
URDANG	NATIONWIDE HLTH PPTYS INC REIT	USA	32,830.00	826,802.73	877,874.20
URDANG	POST PPTYS INC REIT	USA	14,970.00	646,436.78	711,374.40
URDANG	PROLOGIS SH BEN INT	USA	59,736.00	2,225,636.75	3,408,536.16
URDANG	PUBLIC STORAGE INC COM	USA	12,460.00	759,801.24	1,071,435.40
URDANG	RECKSON ASSOCS RLTY CORP REIT	USA	16,300.00	497,444.51	697,640.00
URDANG	REGENCY CTRS CORP COM	USA	15,500.00	992,212.59	1,065,780.00
URDANG	RLTY INC CORP COM	USA	40,840.00	983,731.98	1,009,156.40
URDANG	SIMON PPTY GROUP INC COM	USA	43,430.00	2,421,565.22	3,935,626.60
URDANG	SL GREEN RLTY CORP COM STK	USA	15,350.00	1,397,504.86	1,714,595.00
URDANG	SPIRIT FIN CORP COM STK	USA	37,500.00	431,262.88	435,375.00
URDANG	STARWOOD HOTELS & RESORTS WORLDWIDE INC COM STK	USA	18,620.00	1,046,088.00	1,064,358.58
URDANG	STRATEGIC HOTELS & RESORTS INC	USA	30,820.00	635,057.53	612,701.60
URDANG	SUNSTONE HOTEL INVS INC NEW COM	USA	38,350.00	939,148.44	1,139,762.00
URDANG	TAUBMAN CTRS INC COM	USA	26,810.00	950,007.96	1,190,900.20
URDANG	VORNADO RLTY TR COM	USA	26,320.00	1,999,496.83	2,868,880.00
URDANG	WINDROSE MED PPTYS TR REIT	USA	10,250.00	144,525.00	181,220.00
	TOTAL COMMON STOCK		**19,775,964.00**	**577,933,483.03**	**713,052,518.81**
	PREFERRED STOCK				
MORGAN STANLEY	PVTPL HOME OWNERSHIP FDG CORP PFD STEP DOWN	USA	1,425.00	1,429,884.65	260,240.62
	TOTAL PREFERRED STOCK		**1,425.00**	**1,429,884.65**	**260,240.62**
	STOCK FUNDS				
BGI MID CAP INDEX	BGI MIDCAP EQUITY INDEX FUND	USA	1,409,221.35	14,058,979.35	26,728,487.14
BGI S&P INDEX	BGI ALPHA TILTS FD	USA	885,065.73	93,953,478.12	131,335,478.08
BGI SMALL CAP INDEX	BGI RUSSELL 1000 VALUE INDEX FD	USA	930,879.04	35,294,931.28	56,044,350.81
	TOTAL STOCK FUNDS		**3,225,166.12**	**143,307,388.75**	**214,108,316.03**
	TOTAL EQUITY		**23,002,555.12**	**722,670,756.43**	**927,421,075.46**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2006

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	CORPORATE ASSET BACKED SECURITIES				
MORGAN STANLEY	ACE SECS CORP HOME EQUITY LN TR 2005-HE4CL A-2A FLTG RATE 07-25-2035 REG	USA	137,149.71	137,149.71	137,166.16
MORGAN STANLEY	AEGIS ASSET BACKED SECS TR 2005-3 MTG BKD NT CL A1 VAR RATE 08-25-2035 REG	USA	7,820.82	7,820.82	7,821.07
MORGAN STANLEY	AMERICA WEST AIRLS INC 2001-1 PASS THRU CTF CL G 7.1% DUE 10-02-2022 BEO	USA	228,524.09	228,524.09	235,951.12
MORGAN STANLEY	BAYVIEW FINL AST TR 2003-F MTG PASSTHRU CTF CL A VAR RATE 10-28-2043 REG	USA	431,560.07	432,705.73	431,674.86
MORGAN STANLEY	BEAR STEARNS ASSET BACKED SECS I TR 2005-AQ1 CL II-A-1 03-25-2035 REG	USA	260,046.89	260,341.98	260,157.93
MORGAN STANLEY	BEAR STEARNS ASSET BACKED SECS I TR SER 2004-BO1 CL IA1 FLT RT 01-25-2018 REG	USA	89,774.16	89,774.16	89,841.58
MORGAN STANLEY	CAPITAL AUTO RECEIVABLES ASSET TR SER 2003-3 CL A3B 01-15-2008 REG	USA	131,141.98	131,326.42	131,180.14
MORGAN STANLEY	CAPITAL AUTO RECEIVABLES ASSET TR SER 2004-2 CL A2 3.35% DUE 02-15-2008 BEO	USA	189,292.30	189,257.77	188,282.04
MORGAN STANLEY	C-BASS TR SER 2005-CB4 CL AV-1 07-25-2035 REG	USA	151,140.01	151,167.80	151,135.02
MORGAN STANLEY	CITICORP RESDNTL MTG TR REMIC SER 2006-2 CL A1B 0 DUE 12-31-2040 REG	USA	475,000.00	475,000.00	475,000.00
MORGAN STANLEY	CWABS INC SER 2005-16 CL 2AF1 FLT RT 07-25-2025 REG	USA	456,367.47	456,367.47	456,452.81
MORGAN STANLEY	FIRST FRANKLIN MTG LN TR SER 2005-FF7 CLA2 FLT RT 07-25-2035 BEO	USA	147,358.33	147,358.33	147,385.88
MORGAN STANLEY	LUMINENT MTG TR 2006-4 SER 2006-4 CL-A1B 05-25-2046 REG	USA	483,250.98	483,250.98	484,423.34
MORGAN STANLEY	MASTR ASSET BACKED SECS TR SER 2005-OPT1CL A3 FLT RT 03-25-2035/10-25-2006 REG	USA	10,859.71	10,859.71	10,860.24
MORGAN STANLEY	NATIONSTAR HOME EQUITY LN TR 2006-B LN ASSET BKD CTF CL AV-1 09-25-2036 REG	USA	550,000.00	550,000.00	550,000.00
MORGAN STANLEY	NEW CENTY HOME EQUITY LN TR SER 2004-3 CL A6 FLT RT 11-25-2034 BEO	USA	301,278.77	302,314.42	301,624.03
MORGAN STANLEY	NOVASTAR MTG FDG TR 2006-5 LN ASSET BKD CTF CL A-2A 11-25-2036 REG	USA	550,000.00	550,000.00	550,000.00
MORGAN STANLEY	RASC SER 2006-EMX8 TR RASC 2006-EMX8 1A1STEP 1MLIB+7 05-25-2030 BEO	USA	475,000.00	475,000.00	475,000.00
MORGAN STANLEY	SAXON ASSET SECS TR SER 2005 2 10-25-2035 BEO	USA	28,197.06	28,197.06	28,198.63
MORGAN STANLEY	SPECIALTY UNDERWRITING & RESIDENTIAL FIN12-25-2035 BEO	USA	23,576.15	23,576.15	23,577.25
MORGAN STANLEY	SPECIALTY UNDERWRITING & RESIDENTIAL FIN2004-BC2 CTF A-2 05-25-2035 REG	USA	131,434.82	131,558.04	132,032.06
MORGAN STANLEY	SPECIALTY UNDERWRITING & RESIDENTIAL FINSER 2005-BC2 CL A2A 12-25-2035 REG	USA	42,976.58	42,976.58	42,982.68
MORGAN STANLEY	STRUCTURED ASSET INVT LN TR 2005-HE1 MTGPASSTHRU CTF CL A1 VAR 07-25-2035 REG	USA	103,216.06	103,216.06	103,220.29
MORGAN STANLEY	TERWIN MTG TR 2003-8HE ASSET BKD CTF CL A 12-25-2034 REG	USA	78,553.82	78,713.38	78,597.41
MORGAN STANLEY	VOLKSWAGEN AUTO LEASE TR SER 2005-A CL A-3 FLT RT 05-20-2008 REG	USA	250,990.72	250,976.18	249,597.97
MUNDER	USAA AUTO OWNER TR SERIES 2006-1 CLASS A-4 12-15-2011 REG	USA	500,000.00	496,015.63	500,751.50
MUNDER	VOLKSWAGEN AUTO LN ENHANCED TR SERIES 2003-2 CLASS-A4 2.94% DUE 03-22-2010 REG	USA	481,309.21	472,623.08	474,003.41
MUNDER	WELLS FARGO MTG BACKED SECS 2004-N TR MTG PASS CL A-3 VAR 08-25-2034 REG	USA	735,607.82	736,067.57	728,100.20
MUNDER	WFS FINL 2003-1 OWNER TR NT CL A-4 2.74%DUE 09-20-2010 BEO	USA	363,701.94	359,993.89	361,366.97
	TOTAL CORPORATE ASSET BACKED SECURITIES		7,815,129.47	7,802,133.01	7,806,384.59
	CORPORATE BONDS				
BARROW HANLEY BOND	ABBOTT LABS NT 5.6% DUE 05-15-2011 BEO	USA	285,000.00	284,814.75	290,072.14
BARROW HANLEY BOND	AMERICA MOVIL S A DE C V SR NT 6.375% DUE 03-01-2035 REG	Mexico	165,000.00	164,450.55	157,691.16
BARROW HANLEY BOND	AMERIPRISE FINL INC SR NT 5.35% DUE 11-15-2010/11-23-2005 REG	USA	470,000.00	469,985.90	471,618.68
BARROW HANLEY BOND	AMERN GEN FIN CORP MEDIUM TERM SR NTS TRANCHE # TR 00377 5.375 DUE 09-01-2009	USA	635,000.00	639,094.20	638,016.88
BARROW HANLEY BOND	AMGEN INC SR NT 4% DUE 11-18-2009/11-18-2004 REG	USA	310,000.00	309,389.30	300,508.73
BARROW HANLEY BOND	AOL TIME WARNER INC DEB DTD 04/08/2002 7.7 DUE 05-01-2032 BEO	USA	415,000.00	472,216.05	463,446.27
BARROW HANLEY BOND	AT&T WIRLESS SERVICES GROUP SR NT 8.75% DUE 03-01-2031 BEO	USA	300,000.00	310,398.80	383,520.00
BARROW HANLEY BOND	BANK AMER CORP BK AM 5.375 11 5.375% DUE08-15-2011 BEO	USA	650,000.00	647,523.50	655,681.65
BARROW HANLEY BOND	BANK ONE CORP BANK ONE CORP 5.9% DUE 11-15-2011 BEO	USA	500,000.00	526,375.00	512,721.00
BARROW HANLEY BOND	BAXTER INTL INC 5.9 DUE 09-01-2016 BEO	USA	445,000.00	443,540.40	457,028.35
BARROW HANLEY BOND	CANADIAN NAT RES LTD NT 6% DUE 08-15-2016/08-17-2006 REG	Canada	365,000.00	364,215.25	369,766.90
BARROW HANLEY BOND	CARNIVAL CORP GTD SR NT 3.75% DUE 11-15-2007 REG	Panama	540,000.00	538,104.60	530,229.24
BARROW HANLEY BOND	CATERPILLAR INC 6.05 DUE 08-15-2036 BEO	USA	245,000.00	244,154.75	255,045.49
BARROW HANLEY BOND	CHUBB CORP SR NT 4.934% DUE 11-16-2007 BEO	USA	585,000.00	588,691.35	582,624.90
BARROW HANLEY BOND	CISCO SYS INC SR NT 5.25% DUE 02-22-2011REG	USA	380,000.00	379,274.20	381,599.42
BARROW HANLEY BOND	CISCO SYS INC SR NT 5.5% DUE 02-22-2016 REG	USA	455,000.00	452,920.65	458,618.61
BARROW HANLEY BOND	COLUMBUS SOUTHN PWR CO SR NT SER A 5.5% DUE 03-01-2013/02-28-2013 BEO	USA	535,000.00	539,241.10	534,884.44
BARROW HANLEY BOND	COMCAST CORP NEW NT 5.3 DUE 01-15-2014/01-14-2014 BEO	USA	410,000.00	419,946.60	399,277.68
BARROW HANLEY BOND	CRH AMER INC 6 DUE 09-30-2016 BEO	USA	230,000.00	228,571.70	230,322.69
BARROW HANLEY BOND	DAIMLER CHRYSLER N AMER HLDG CORP 4.75 MAT 1/15/08 4.75 DUE 01-15-08 BEO	USA	260,000.00	259,755.35	257,426.26
BARROW HANLEY BOND	DEERE JOHN CAP CORP MEDIUM TERM NTS-BOOKENTRY TR#00337 5.4% DUE 04-07-2010 BEO	USA	395,000.00	394,229.75	397,166.97
BARROW HANLEY BOND	DEUTSCHE TELEKOM INTL FIN B V GTD NT STEP UP 06-15-2010	Netherlands	290,000.00	350,372.20	316,359.26
BARROW HANLEY BOND	EQTY RESDNTL PPTY 5.125 3 15 16 5.125 DUE 03-15-2016 BEO	USA	290,000.00	289,672.30	280,141.45
BARROW HANLEY BOND	FEDEX CORP FDX 5.5 DUE 08-15-2009 BEO	USA	445,000.00	443,883.05	447,858.23
BARROW HANLEY BOND	FPL GROUP CAP INC DEB SER B NT 5.551% DUE 02-16-2008 REG	USA	380,000.00	383,332.60	380,623.20
BARROW HANLEY BOND	FPL GROUP CAP INC NT 5.625% DUE 09-01-2011/08-18-2006 BEO	USA	410,000.00	409,651.50	414,806.02
BARROW HANLEY BOND	GEN ELEC CAP CORP MEDIUM TERM N 4.375 DUE 03-03-2012	USA	580,000.00	558,453.00	556,933.40
BARROW HANLEY BOND	HARTFORD FINL SVCS GROUP INC SR NT 5.663% DUE 11-16-2008	USA	525,000.00	526,725.15	528,633.00
BARROW HANLEY BOND	HSBC FIN CORP NT 4.75% DUE 04-15-2010 BEO	USA	390,000.00	388,736.40	384,810.66
BARROW HANLEY BOND	LENFEST COMMUNICATIONS INC SR NT 7.625 DUE 02-15-2008/02-15-2003 BEO	USA	235,000.00	273,504.90	241,548.74
BARROW HANLEY BOND	LOCKHEED MARTIN CORP NT 7.2 DUE 05-01-2036 REG PUT	USA	280,000.00	304,440.59	331,822.12
BARROW HANLEY BOND	MASCO CORP NT 6.125% DUE 10-03-2016/10-02-2016 REG	USA	225,000.00	223,854.75	223,425.67
BARROW HANLEY BOND	MERRILL LYNCH & CO INC MTN BTRANCHE # TR00432 5.45 DUE 07-15-2014 REG	USA	265,000.00	257,823.80	265,385.04
BARROW HANLEY BOND	METLIFE INC NT 5% DUE 06-15-2015/06-23-2005 BEO	USA	340,000.00	340,249.35	329,162.16
BARROW HANLEY BOND	METLIFE INC SR NT 5.375 DUE 12-15-2012/12-14-2012 BEO	USA	405,000.00	403,031.70	407,266.78
BARROW HANLEY BOND	MIDAMERICAN ENERGY HLDGS CO NEW SR NT 5.875% DUE 10-01-2012/09-30-2012 BEO	USA	680,000.00	684,869.65	692,412.04
BARROW HANLEY BOND	MOTOROLA INC SR NT 6 DUE 11-01-2011/10-31-2011 BEO	USA	385,000.00	451,558.80	429,635.36
BARROW HANLEY BOND	NEXTEL COMMUNICATIONS INC SR SERIAL RED NT SER E 6.875 DUE 10-31-2013REG	USA	465,000.00	491,156.25	473,343.49
BARROW HANLEY BOND	PEMEX PROJ FDG MASTER TR CB PEMEX PROJ FUND 08/15/01 8.500 FA08 8.5 2-15-08 BEO	USA	460,000.00	487,212.20	476,330.00
BARROW HANLEY BOND	PNC FDG CORP NT 4.2% DUE 03-10-2008 REG	USA	515,000.00	514,757.95	506,363.96
BARROW HANLEY BOND	PROLOGIS TR NT DTD 04/26/1999 7.1 DUE 04-15-2008 BEO	USA	355,000.00	371,578.50	363,789.80
BARROW HANLEY BOND	PRUDENTIAL FINL INC MEDIUM TERM NTS BOOKTRANCHE # TR 00005 5.1 09-20-2014	USA	290,000.00	288,721.10	283,160.06
BARROW HANLEY BOND	PRUDENTIAL FINL INC MEDIUM TERM NTS BOOKENTRY MTN 3.75 DUE 05-01-2008	USA	205,000.00	204,897.50	200,335.63
BARROW HANLEY BOND	PSEG PWR LLC SR NT 6.95 DUE 06-01-2012/05-31-2012 BEO	USA	575,000.00	641,929.00	609,886.97
BARROW HANLEY BOND	PSI ENERGY INC BD 6.05% DUE 06-15-2018 BEO	USA	340,000.00	339,843.60	347,898.20
BARROW HANLEY BOND	PUGET SOUND ENERGY INC PUGET ENERGY INC 6.274% DUE 03-15-2037/09-18-2006 BEO	USA	270,000.00	270,001.35	274,722.30
BARROW HANLEY BOND	SBC COMMUNICATIONS INC NT 5.1% DUE 09-15-2014/11-03-2004 BEO	USA	365,000.00	357,999.30	352,661.17
BARROW HANLEY BOND	SCHERING PLOUGH CORP SR NT STEP UP 12-01-2033 11-28-2003	USA	570,000.00	613,533.33	628,027.14
BARROW HANLEY BOND	SLM CORP MEDIUM TERM NTS BOOK ENTRY # TR00095 5.45% DUE 04-25-2011	USA	405,000.00	404,372.25	407,486.70
BARROW HANLEY BOND	TELECOM ITALIA CAP GTD SR NT SER A 4 DUE11-15-2008 REG	Luxembourg	425,000.00	413,903.25	412,263.60
BARROW HANLEY BOND	TELEFONICA EMISIONES S A U SR NT 5.984% DUE 06-20-2011 REG	Spain	270,000.00	270,000.00	275,119.74
BARROW HANLEY BOND	UN PAC CORP NT 3.875 DUE 02-15-2009/02-14-2009 BEO	USA	555,000.00	537,650.70	538,282.84
BARROW HANLEY BOND	VERIZON GLOBAL FDG CORP NT 4 DUE 01-15-2008 BEO	USA	410,000.00	402,205.90	403,462.55

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2006

Account name	Asset description	Country	Shares/Par value	Book value	Market value
BARROW HANLEY BOND	WA MUT FIN CORP SR NT 6.875 DUE 05-15-2011 BEO	USA	350,000.00	377,486.50	373,161.60
BARROW HANLEY BOND	WACHOVIA CORP GLOBAL MEDIUM TERM SR NTS TRANCHE # SR 00025 5.7 DUE 08-01-2013	USA	410,000.00	409,424.20	419,368.50
BARROW HANLEY BOND	WEATHERFORD INTL LTD GTD SR NT 6.5% DUE 08-01-2036 REG	USA	220,000.00	218,424.80	224,370.74
BARROW HANLEY BOND	WELLPOINT INC NT 3.75% DUE 12-14-2007 REG	USA	355,000.00	354,716.00	348,119.74
BARROW HANLEY BOND	WEYERHAEUSER CO NT DTD 10/22/2001 5.95% DUE 11-01-2008/10-31-2008 BEO	USA	255,000.00	262,886.25	257,840.95
BARROW HANLEY BOND	WYETH WYE 5.50 02/01/2014 5.5 DUE 02-01-2014/12-16-2003 BEO	USA	560,000.00	567,726.28	561,060.64
BARROW HANLEY BOND	XCEL ENERGY INC SR NT 7 DUE 12-01-2010 BEO	USA	555,000.00	620,306.85	588,282.24
DODGE & COX	AEGON N V NT 4.75 DUE 06-01-2013 REG	Netherlands	485,000.00	463,273.05	466,382.79
DODGE & COX	AEGON NV BD 5.75% DUE 12-15-2020/12-15-2005 BEO	USA	400,000.00	410,012.00	405,535.60
DODGE & COX	AMERICAN HOME PRODS CORP NT 6.95% DUE 03-15-2011/03-14-2011 BEO	USA	350,000.00	393,506.75	372,173.90
DODGE & COX	AOL TIME WARNER INC 7.625% DUE 04-15-2031/04-14-2031 BEO	USA	625,000.00	652,516.25	690,418.75
DODGE & COX	AOL TIME WARNER INC DEB DTD 04/08/2002 7.7 DUE 05-01-2032 BEO	USA	1,150,000.00	1,240,338.50	1,284,248.70
DODGE & COX	AT&T CORP USD SR NT VAR RATE DUE 11-15-2031/11-14-2031 BEO	USA	825,000.00	1,028,569.00	1,008,360.37
DODGE & COX	BK 1 CORP NT 6 DUE 08-01-2008 BEO	USA	750,000.00	763,537.50	762,263.25
DODGE & COX	BSTN PPTYS LTD PARTNERSHIP SR NT 5.625 DUE 04-15-2015/04-14-2015 BEO	USA	500,000.00	499,490.00	499,680.00
DODGE & COX	BSTN PPTYS LTD PARTNERSHIP SR NT 6.25 DUE 01-15-2013/01-14-2013 BEO	USA	400,000.00	400,696.00	415,205.20
DODGE & COX	BURL NORTHN SANTA FE RY CO PASS THRU TR SER 1999-2 MTG 7.57 1-2-21 BEO SF 7-2-00	USA	851,463.12	928,135.22	959,598.93
DODGE & COX	CANADIAN NATL RY CO PUTTABLE RESET SECS PURS DUE 07-15-2036/07-15-2007 REG	Canada	450,000.00	481,401.00	513,720.00
DODGE & COX	CARDINAL HEALTH INC NT 5.85% DUE 12-15-2017 REG	USA	425,000.00	424,311.50	424,264.75
DODGE & COX	CIGNA CORP 7.875 DEB DUE 05-15-2027	USA	650,000.00	703,329.25	761,650.50
DODGE & COX	CIGNA CORP SR NT 7 DUE 01-15-2011/01-14-2011 BEO	USA	200,000.00	225,870.00	211,065.20
DODGE & COX	COMCAST CORP NEW BD 5.85% DUE 11-15-2015/11-14-2005 BEO	USA	250,000.00	249,980.00	249,929.00
DODGE & COX	COMCAST CORP NEW COMCAST CORPORATION 6.5% DUE 01-15-2017 BEO	USA	225,000.00	224,457.75	234,864.22
DODGE & COX	COMCAST CORP NEW GTD NT 5.9% DUE 03-15-2016/03-02-2006 REG	USA	225,000.00	224,689.50	225,103.72
DODGE & COX	COMCAST CORP NEW NT 5.3 DUE 01-15-2014/01-14-2014 BEO	USA	600,000.00	594,462.60	584,308.80
DODGE & COX	COX COMMUNICATIONS INC NEW NT 5.45% DUE 12-15-2014/05-17-2005 BEO	USA	850,000.00	852,162.25	821,060.05
DODGE & COX	CSX TRANSN INC NT 9.75% DUE 06-15-2020 REG	USA	315,000.00	386,923.95	424,824.75
DODGE & COX	DOW CHEM CO 7.375 DUE 11-01-2029 BEO	USA	350,000.00	451,927.00	408,708.65
DODGE & COX	DOW CHEM CO NT DTD 08/29/2002 6% DUE 10-01-2012/09-30-2012 BEO	USA	400,000.00	431,132.00	413,586.00
DODGE & COX	EOP OPER LTD PARTNERSHIP GTD NT 7 DUE 07-15-2011/07-14-2011 BEO	USA	1,175,000.00	1,238,546.25	1,243,805.65
DODGE & COX	GEN ELEC CO NT 5 DUE 02-01-2013 BEO	USA	800,000.00	826,688.00	790,960.80
DODGE & COX	HEWLETT PACKARD CO GLOBAL NT 5.5 DUE 07-01-2007/06-30-2007 BEO	USA	500,000.00	499,052.80	500,459.50
DODGE & COX	HSBC HLDGS PLC NT 6.5% DUE 05-02-2036 BEO	UK	200,000.00	199,712.00	212,311.60
DODGE & COX	LAFARGE S A NT 6.5% DUE 07-15-2016 REG	France	400,000.00	399,183.00	413,304.00
DODGE & COX	LOCKHEED MARTIN CORP NT 144A 6.15% DUE 09-01-2036 BEO	USA	300,000.00	306,916.63	314,369.10
DODGE & COX	MAY DEPT STORES CO DEB DTD 05/22/2000 8.75 DUE 05-15-2029 BEO	USA	50,000.00	63,438.00	61,641.85
DODGE & COX	MAY DEPT STORES CO NT DTD 08/15/1995 7.625% DUE 08-15-2013 REG	USA	1,070,000.00	1,170,371.47	1,168,652.93
DODGE & COX	NORDSTROM INC SR DEB 6.95 DUE 03-15-2028REG	USA	750,000.00	714,536.37	814,322.25
DODGE & COX	NORFOLK SOUTHN RY CO VA NT 9.75 DUE 06-15-2020 REG	USA	435,000.00	534,323.55	591,632.19
DODGE & COX	PVTPL KAUPTHING BK HF MEDIUM TERM SUB BKB TRANCHE # 01 7.125 DUE 05-19-2016 BEO	Iceland	625,000.00	621,700.00	656,986.87
DODGE & COX	RAYTHEON CO NT 8.3 DUE 03-01-2010 BEO	USA	650,000.00	718,512.80	710,165.30
DODGE & COX	REPUBLIC N Y CORP SUB NT 9.7% DUE 02-01-2009 REG	USA	1,000,000.00	1,172,390.00	1,097,950.00
DODGE & COX	SAFECO CORP SR NT 7.25 DUE 09-01-2012 BEO	USA	250,000.00	290,188.30	273,719.00
DODGE & COX	ST PAUL TRAVELERS COS INC BD 5.5 DUE 12-01-2015 BEO	USA	325,000.00	311,477.25	320,793.85
DODGE & COX	TRAVELERS PPTY CAS CORP NEW SR NT DTD 03/11/2003 5 DUE 3-15-13/3-14-13 BEO	USA	350,000.00	352,198.00	341,838.35
DODGE & COX	UN PAC RR CO 2002-1 PASS THRU TR MTG PASSTHRU CTF 2002-1 6.061 1-17-23 BEO	USA	1,342,668.49	1,342,668.49	1,405,022.01
DODGE & COX	UN PAC RR CO PASS THRU TR CTF SER 1998-C6.33 DUE 01-02-2020 BEO SF 01-02-2005	USA	371,660.20	367,873.47	390,009.06
DODGE & COX	WELLPOINT INC NT 5% DUE 12-15-2014/05-06-2005 REG	USA	225,000.00	211,101.75	217,494.22
DODGE & COX	WELLPOINT INC NT 5.25% DUE 01-15-2016 BEO	USA	900,000.00	877,382.75	881,818.20
DODGE & COX	WHIRLPOOL CORP SR NT 6.5% DUE 06-15-2016/06-19-2006 REG	USA	425,000.00	426,865.75	438,516.27
DODGE & COX	WYETH WYE 5.50 02/01/2014 5.5 DUE 02-01-2014/12-16-2003 BEO	USA	675,000.00	676,586.25	676,278.45
MORGAN STANLEY	ALLSTATE LIFE GLOBAL FDG II MEDIUM TERM TRANCHE # SR 00003 2.625 DUE 10-22-2006	USA	125,000.00	124,571.25	124,825.00
MORGAN STANLEY	AMEREN CORP SR NT 4.263% DUE 05-15-2007 BEO	USA	125,000.00	123,786.00	124,131.00
MORGAN STANLEY	AMERN GEN FIN CORP MEDIUM TERM SR NTS MTN 4.625 DUE 05-15-2009 REG	USA	100,000.00	99,715.00	98,337.90
MORGAN STANLEY	AZ PUB SVC CO NT 5.8 DUE 06-30-2014/06-29-2014 BEO	USA	135,000.00	135,830.10	134,297.19
MORGAN STANLEY	AZ PUB SVC CO SR NT DTD 11/15/1996 6.75 DUE 11-15-2006 REG	USA	30,000.00	31,464.00	30,036.90
MORGAN STANLEY	BANK AMER CORP GLOBAL NT DTD 10/09/2001 4.75% DUE 10-15-2006 BEO	USA	65,000.00	69,010.65	64,986.15
MORGAN STANLEY	BANK AMER CORP SR NT 3.375% DUE 02-17-2009 BEO	USA	170,000.00	169,107.50	163,565.50
MORGAN STANLEY	BK 1 CORP MEDIUM TERM SUB NTS BOOK ENTRYTRANCHE # SB 00001 6 DUE 02-17-2009	USA	275,000.00	248,482.02	279,687.10
MORGAN STANLEY	BK AMER CORP SR NT DTD 3.875 DUE 01-15-2008 BEO	USA	90,000.00	90,365.95	88,490.52
MORGAN STANLEY	BK NY INC SR NOTES 5.2 DUE 07-01-2007 BEO	USA	45,000.00	46,294.45	44,986.63
MORGAN STANLEY	BURL NORTHN SANTA FE CORP NT DTD 03/10/1999 6.125 DUE 03-15-2009 BEO	USA	105,000.00	108,269.70	107,092.65
MORGAN STANLEY	CAROLINA PWR & LT CO 1ST MTG BD 5.125 DUE 09-15-2013/09-14-2013 REG	USA	125,000.00	125,231.60	122,934.25
MORGAN STANLEY	CATERPILLAR FINL SERVICES NT VAR RT DUE 08-20-2007	USA	130,000.00	130,000.00	130,133.25
MORGAN STANLEY	CATERPILLAR FINL SVCS CORP MEDIUM TERM NTS-BOOK ENTRY MTN 3.625% DUE 11-15-2007	USA	30,000.00	29,996.10	29,445.03
MORGAN STANLEY	CC FDG TR I SR NT 6.9% DUE 02-16-2007 BEO	USA	125,000.00	128,518.80	125,596.00
MORGAN STANLEY	CHASE MANHATTAN CORP NEW SUB NT DTD 02/23/1999 6 DUE 02-15-2009 BEO	USA	200,000.00	198,392.00	203,129.60
MORGAN STANLEY	CIN GAS & ELEC CO DEB 5.7 DUE 09-15-2012BEO	USA	60,000.00	61,041.68	60,451.44
MORGAN STANLEY	CIT GROUP HOLDINGS 7.375 DUE 04-02-2007 BEO	USA	20,000.00	22,794.80	20,199.74
MORGAN STANLEY	CIT GROUP INC NT 4.75% DUE 08-15-2008 BEO	USA	100,000.00	99,909.00	99,160.90
MORGAN STANLEY	CITICORP MEDIUM TERM SUB NTS- BOOK ENTRYTRANCHE # SB 00195 6.375 DUE 11-15-2008	USA	265,000.00	267,933.24	271,439.23
MORGAN STANLEY	CITIGROUP GLOBAL MKTS HLDGS INC MEDIUM TTRANCHE # SR 00020 VAR 12-12-2006	USA	55,000.00	55,000.00	55,018.42
MORGAN STANLEY	CLOROX CO SR NT FLTG RATE DUE 12-14-2007REG	USA	145,000.00	145,172.85	145,242.87
MORGAN STANLEY	COMCAST CABLE COMMUNICATIONS INC COMCASTCABLE COMM 6.75 DUE 01-30-2011 BEO	USA	195,000.00	210,399.35	204,862.71
MORGAN STANLEY	CONAGRA INC CONAGRA INC BONDS 7.000 OCT 01 2028 7 DUE 10-01-2028 BEO	USA	45,000.00	46,234.00	48,609.04
MORGAN STANLEY	CONAGRA INC NT 8.25 DUE 09-15-2030 BEO	USA	65,000.00	79,828.55	79,906.32
MORGAN STANLEY	CONS NAT GAS CO SR NT SER C 6.25 DUE 11-01-2011 BEO	USA	95,000.00	99,653.75	97,905.48
MORGAN STANLEY	CONSOLIDATED NAT GAS CO SR NT 5% DUE 12-01-2014/11-18-2004 BEO	USA	75,000.00	75,261.48	71,217.37
MORGAN STANLEY	CONSUMERS ENERGY CO 1ST MTG BD SER H 4.8DUE 02-17-2009 REG	USA	65,000.00	66,511.90	64,186.13
MORGAN STANLEY	COOPER INDS INC GTD SR NT 5.25% DUE 07-01-2007 BEO	USA	140,000.00	139,846.00	139,376.30
MORGAN STANLEY	COOPER U S INC SR NT 5.25% DUE 11-15-2012/04-19-2006 REG	USA	115,000.00	115,079.15	114,376.93
MORGAN STANLEY	COUNTRYWIDE HOME LNS INC MEDIUM TERM NTSTRANCHE TR 00304 3.25 05-21-2008	USA	175,000.00	172,972.60	169,572.20

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Account name	Asset description	Country	Shares/Par value	Book value	Market value
MORGAN STANLEY	DAIMLERCHRYSLER NORTH AMER HLDG CORP NT 8.5% DUE 01-18-2031 BEO	USA	70,000.00	83,566.00	83,188.70
MORGAN STANLEY	DET EDISON CO 6.125 DUE 10-01-2010 BEO	USA	60,000.00	63,443.25	61,696.68
MORGAN STANLEY	ENTERGY GULF STS INC 1ST MTG BD 3.6% DUE06-01-2008/06-01-2006 REG	USA	30,000.00	28,820.70	29,082.84
MORGAN STANLEY	ENTERGY GULF STS INC 1ST MTG BD FLTG RATE DUE 12-01-2009/12-01-2006 REG	USA	75,000.00	74,821.50	74,789.32
MORGAN STANLEY	EQUITABLE COS INC SR NT 6.5 DUE 04-01-2008 REG	USA	60,000.00	61,441.20	60,986.40
MORGAN STANLEY	FEDEX CORP NT 7.25 DUE 02-15-2011 BEO	USA	60,000.00	67,047.00	64,379.28
MORGAN STANLEY	FL PWR & LT CO FL PWR 4.85 DUE 02-01-2013/01-31-2003 BEO	USA	40,000.00	40,000.00	39,118.08
MORGAN STANLEY	GEN ELEC CAP CORP MTN BO TRANCHE # TR 00521 5.875 DUE 02-15-2012BEO	USA	80,000.00	84,577.65	82,549.52
MORGAN STANLEY	GEN MLS INC BD DTD 11/20/2002 3.875 DUE 11-30-2007/11-29-2007 BEO	USA	85,000.00	83,554.65	83,579.56
MORGAN STANLEY	GENERAL ELEC CAP CORP MEDIUM TERM NTS BOOK ENTRY MTN 4.25% DUE 12-01-2010	USA	235,000.00	231,515.30	227,659.77
MORGAN STANLEY	HARRAHS OPER INC GTD SR NT 6.5% DUE 06-01-2016 REG	USA	55,000.00	53,359.35	53,915.89
MORGAN STANLEY	HARRAHS OPER INC GTD SR NT DTD 05/27/2005 5.625 DUE 06-01-2015 REG	USA	190,000.00	184,355.20	176,607.66
MORGAN STANLEY	HEWLETT PACKARD CO DUE 05-22-2009 BEO	USA	115,000.00	115,060.17	115,125.00
MORGAN STANLEY	HOUSEHOLD FIN CORP NT 8% DUE 07-15-2010 BEO	USA	45,000.00	53,545.05	49,161.28
MORGAN STANLEY	HOUSEHOLD FIN CORP NT DTD 06/17/1998 6.4% DUE 06-17-2008 REG	USA	65,000.00	73,921.60	66,229.28
MORGAN STANLEY	HOUSEHOLD FIN CORP SR NT DTD 02/05/1999 5.875% DUE 02-01-2009 BEO	USA	85,000.00	91,721.15	86,404.88
MORGAN STANLEY	HSBC FIN CORP NT 6.75% DUE 05-15-2011 REG	USA	50,000.00	56,469.70	52,990.00
MORGAN STANLEY	HSEHD FIN CORP NT 6.375 DUE 10-15-2011 BEO	USA	110,000.00	117,220.20	114,975.52
MORGAN STANLEY	ICI WILMINGTON INC GTD NT 4.375% DUE 12-01-2008/11-30-2008 REG	USA	50,000.00	49,076.00	48,867.45
MORGAN STANLEY	INTL LEASE FIN CORP NT 3.75 DUE 08-01-2007 BEO	USA	115,000.00	113,901.70	113,401.15
MORGAN STANLEY	J P MORGAN CHASE & CO JP MORGAN CHASE CONT 5 1 4 DUE 5.25 DUE 05-30-2007 BEO	USA	95,000.00	101,322.25	94,956.68
MORGAN STANLEY	KINDER MORGAN ENERGY PARTNERS L P SR NT 5.125% DUE 11-15-2014 BEO	USA	45,000.00	40,518.00	42,773.80
MORGAN STANLEY	M & I MARSHALL & ILSLEY BK MILW WI TRANCHE # TR 00014 3.8 DUE 02-08-2008	USA	175,000.00	174,594.00	171,616.37
MORGAN STANLEY	MAY DEPT STORES CO SR NT 6.7 DUE 07-15-2034/07-20-2004 BEO	USA	35,000.00	34,833.40	34,820.45
MORGAN STANLEY	MBNA CORP SR MEDIUM TERM NTS BOOK ENTRY FLT RT MTN DUE 05-05-2008 BEO	USA	130,000.00	130,000.00	130,904.80
MORGAN STANLEY	MEYER FRED INC DEL NEW 7.45 SR NT DUE 03-01-2008	USA	115,000.00	119,061.55	118,054.97
MORGAN STANLEY	MOHAWK INDS INC NT 7.2% DUE 04-15-2012/04-14-2012 BEO	USA	75,000.00	84,479.50	78,396.22
MORGAN STANLEY	NISOURCE FIN CORP NT DUE 11-23-2009/11-23-2006 REG	USA	85,000.00	85,058.80	84,982.74
MORGAN STANLEY	NORFOLK SOUTHN CORP 7.35 NT DUE 05-15-2007	USA	70,000.00	75,368.40	70,767.20
MORGAN STANLEY	NORTHROP GRUMMAN CORP SR NT 4.079 DUE 11-16-2006 REG	USA	30,000.00	30,439.20	29,950.32
MORGAN STANLEY	OH PWR CO 6 DUE 06-01-2016 BEO	USA	115,000.00	114,681.45	118,100.74
MORGAN STANLEY	PANHANDLE EASTN PIPE LINE CO SR NT SER B2.75 DUE 03-15-2007/03-14-2007 REG	USA	30,000.00	29,095.20	29,633.79
MORGAN STANLEY	PVTPL AIG SUNAMERICA GLOBAL FING VI SR NT 144A 6.3 DUE 05-10-2011 BEO	USA	265,000.00	264,610.45	276,524.58
MORGAN STANLEY	PVTPL AMERN HONDA FIN CORP MEDIUM TERM NTS 3.85 DUE 11-06-2008 BEO	USA	110,000.00	109,910.90	106,959.82
MORGAN STANLEY	PVTPL FARMERS INS EXCHANGE 8.625 SURP NT144A DUE 05-01-2024 REG	USA	395,000.00	467,917.00	467,972.30
MORGAN STANLEY	PVTPL HANCOCK JOHN GLOBAL FDG II BOOK ENTRY 144A 7.9 DUE 07-02-2010 BEO	USA	180,000.00	212,781.60	197,295.30
MORGAN STANLEY	PVTPL HYATT EQUITIES L L C NT 144A 6.875DUE 06-15-2007/06-14-2007 BEO	USA	90,000.00	96,000.00	90,595.53
MORGAN STANLEY	PVTPL PLAINS ALL AMERN PIPELINE L P / PAA FIN CORP 6.7% DUE 05-15-2036 BEO	USA	115,000.00	114,481.95	120,016.30
MORGAN STANLEY	PVTPL SEALED AIR CORP NEW 144A 5.625 DUE07-15-2013 BEO	USA	70,000.00	69,024.60	68,877.13
MORGAN STANLEY	PVTPL VIACOM INC SR DEB 144A 6.875% DUE 04-30-2036/04-12-2006 BEO	USA	115,000.00	113,096.05	113,687.62
MORGAN STANLEY	RAYTHEON CO 6.15 DUE 11-01-2008 BEO	USA	75,000.00	78,213.75	76,293.75
MORGAN STANLEY	SBC COMMUNICATIONS INC NT 6.15% DUE 09-15-2034/09-14-2034 BEO	USA	85,000.00	82,755.15	82,289.60
MORGAN STANLEY	SEMPRA ENERGY SR NT 4.621% DUE 05-17-2007 BEO	USA	85,000.00	85,361.90	84,587.92
MORGAN STANLEY	SLM CORP MEDIUM TERM NTS BOOK ENTRY MTN 4% DUE 01-15-2010	USA	160,000.00	157,155.40	154,156.48
MORGAN STANLEY	SOUTHWEST AIRLS 2001-1 PASS THRU TRS SOUTHWEST AIR 5.496% DUE 05-01-2008 BEO	USA	95,000.00	95,000.00	95,046.17
MORGAN STANLEY	SOVEREIGN BK FSB WYOMISSING PA CTF DEP DTD 01-18-2005 4 02-01-2008	USA	100,000.00	99,905.00	98,290.00
MORGAN STANLEY	SPRINT CAP CORP NT 8.75% DUE 03-15-2032 BEO	USA	30,000.00	35,070.90	36,584.97
MORGAN STANLEY	TEXTRON FINL CORP MEDIUM TERM NTS BOOK ENTRY MTN 5.125% DUE 02-03-2011	USA	115,000.00	114,816.65	114,450.64
MORGAN STANLEY	TRICON GLOBAL RESTAURANTS INC 8.875 DUE 04-15-2011 BEO	USA	70,000.00	78,682.70	79,149.49
MORGAN STANLEY	TX EASTN TRANSM CORP SR NT 2032 7 DUE 07-15-2032/07-14-2032 BEO	USA	65,000.00	74,374.95	72,818.85
MORGAN STANLEY	U S BANCORP MEDIUM TERM NTS- BOOK ENTRY TR 00147 5.1 DUE 07-15-2007 REG	USA	70,000.00	74,536.00	69,819.82
MORGAN STANLEY	U S BK NATL ASSN CIN OH MEDIUM TRANCHE #TR 00189 2.85 DUE 11-15-2006 BEO	USA	85,000.00	84,992.35	84,751.20
MORGAN STANLEY	UN PAC CORP 6.625 NTS DUE 02-01-2008 BEO	USA	30,000.00	31,669.80	30,492.30
MORGAN STANLEY	UN PAC CORP MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00164 6.79 DUE 11-09-2007	USA	30,000.00	32,851.20	30,374.10
MORGAN STANLEY	USB CAP IX NORMAL INCOME TR SECS DUE 04-15-2042 REG	USA	190,000.00	189,992.80	192,157.45
MORGAN STANLEY	VERIZON GLOBAL FDG CORP VERIZON GLOBAL FDG CORP 6.125 DUE 06-15-2007 BEO	USA	65,000.00	71,647.55	65,312.39
MORGAN STANLEY	VERIZON NEW ENG INC VERIZON NEW ENG INC 6.5 DUE 09-15-2011 BEO	USA	100,000.00	104,981.73	102,585.10
MORGAN STANLEY	WA MUT INC SUB NT 8.25 DUE 04-01-2010 BEO	USA	175,000.00	192,897.40	189,984.55
MORGAN STANLEY	WACHOVIA CAP TR III FIXED-FLTG RATE NORMAL WACHOVIA 5.8% DUE 08-29-2049 REG	USA	580,000.00	573,630.10	581,574.12
MORGAN STANLEY	WACHOVIA CORP NEW GLOBAL NT 4.95% DUE 11-01-2006 REG	USA	155,000.00	165,321.50	154,921.41
MORGAN STANLEY	WELLPOINT INC NT 3.75% DUE 12-14-2007 REG	USA	50,000.00	49,960.00	49,030.95
MORGAN STANLEY	WELLPOINT INC NT 4.25% DUE 12-15-2009 REG	USA	50,000.00	49,897.00	48,518.35
MORGAN STANLEY	WISCONSIN ELEC PWR CO NT 3.5% DUE 12-01-2007/11-23-2004 BEO	USA	95,000.00	92,781.75	93,130.59

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2006

Account name	Asset description	Country	Shares/Par value	Book value	Market value
MUNDER	ABBOTT LABS NT 5.6% DUE 05-15-2011 BEO	USA	700,000.00	709,135.00	712,457.90
MUNDER	AMERENENERGY GENERATING CO SR NT SER F 7.95 DUE 06-01-2032 BEO	USA	700,000.00	870,135.00	847,343.00
MUNDER	ARCHER DANIELS MIDLAND CO NT DTD 02/08/2001 7 DUE 02-01-2031 BEO	USA	620,000.00	766,834.60	718,070.36
MUNDER	BECTON DICKINSON & CO SR DEB DTD 08/03/1998 6.7 DUE 08-01-2028 BEO	USA	750,000.00	881,430.00	825,967.50
MUNDER	COCA COLA ENTERPRISES 8.50 NT DUE 2-1-2022 REG	USA	535,000.00	652,507.40	683,794.20
MUNDER	CONOCO INC NT DTD 04/20/1999 6.95 DUE 04-15-2029/04-20-1999 BEO	USA	360,000.00	408,110.40	415,174.68
MUNDER	DAIMLERCHRYSLER N AMER HLDG CORP MED MTN VAR RT DUE 09-10-2007	USA	500,000.00	500,000.00	501,084.00
MUNDER	DAIMLERCHRYSLER NORTH AMER HLDG CORP BD FLT RT DUE 03-07-2007 BEO	USA	500,000.00	500,000.00	500,103.00
MUNDER	EQUITABLE COS INC SR NT 6.5 DUE 04-01-2008 REG	USA	820,000.00	878,400.40	833,480.80
MUNDER	FLEETBOSTON FINL CORP SR NT DTD 02/13/2003 3.85 DUE 02-15-2008 BEO	USA	800,000.00	811,552.00	785,101.60
MUNDER	GEN ELEC CAP CORP MEDIUM TERM NTS BOOK TRANCHE # TR 00443 7.375 1-19-10 BEO	USA	500,000.00	548,145.00	533,391.50
MUNDER	HSBC FIN CORP HSBC FIN CORP 5.5 1 19 16 5.5% DUE 01-19-2016/01-19-2006 BEO	USA	500,000.00	497,940.00	500,124.00
MUNDER	INDEPENDENCE CMNTY BK CORP VAR RT DUE 04-01-2014 BEO	USA	400,000.00	398,980.00	384,632.00
MUNDER	LUBRIZOL CORP SR NT 5.5 DUE 10-01-2014/09-28-2004 REG	USA	600,000.00	582,522.00	585,249.60
MUNDER	MERCK & CO INC MERCK & CO NTS GLOBAL 4.75% DUE 03-01-2015 BEO	USA	365,000.00	352,725.05	348,382.64
MUNDER	MORGAN STANLEY FOR EQUITY ISSUES SEE 61747Y MTN 5.375% DUE 10-15-2015	USA	700,000.00	665,042.00	691,186.30
MUNDER	OH CAS CORP NT 7.3 DUE 06-15-2014/06-14-2014 REG	USA	500,000.00	533,355.00	531,050.00
MUNDER	PEMEX FIN LTD NT 9.69 DUE 08-15-2009 BEO	Cayman Is.	300,000.00	355,500.00	324,834.00
MUNDER	POPULAR N AMER INC MEDIUM TERM NTS B TRANCHE # TR 00010 3.875 DUE 10-01-08	USA	700,000.00	688,884.00	680,737.40
MUNDER	PROCTER & GAMBLE PFT SHG TR & EMP STR OWN PLAN 9.36 DUE 01-01-2021 REG PUT SF	USA	984,620.00	1,150,926.32	1,240,818.12
MUNDER	PROTECTIVE LIFE SECD TRS SECD MEDIUM TERTRANCHE # TR 00001 3.7 DUE 11-24-2008	USA	1,250,000.00	1,236,443.50	1,213,140.00
MUNDER	PVTPL TIAA GLOBAL MKTS INC NT DTD 01/09/2003 3.875 DUE 01-22-2008 BEO	USA	1,000,000.00	1,030,180.00	983,205.00
MUNDER	RBS CAP TR I TR PFD SECS STEP UP 12-29-2049 12-30-2013	USA	1,000,000.00	950,460.00	936,409.00
MUNDER	SIMON PPTY GROUP L P NT 5.75% DUE 05-01-2012/05-15-2006 REG	USA	700,000.00	705,705.00	710,051.30
MUNDER	SLM CORP MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00002 5.125 DUE 08-27-2012	USA	540,000.00	549,714.60	532,258.02
MUNDER	SOVEREIGN BK FSB WYOMISSING PA SUB FXD/FLTG RATE NT DUE 08-01-2013 BEO	USA	400,000.00	405,024.00	393,316.00
MUNDER	U S BK NATL ASSN MEDIUM TERM NTS TRANCHE#TR 00193 2.87 DUE 02-01-2007	USA	750,000.00	746,730.00	743,445.00
MUNDER	UBS PFD FDG TR I GTD TR PFD SECS DUE 10-29-2049 BEO	USA	750,000.00	922,065.00	834,624.00
	TOTAL CORPORATE BONDS		**76,260,411.81**	**79,370,727.49**	**79,162,979.62**
	CORPORATE BOND FUNDS				
SSGA FUND	SSGA PASSIVE BD MKT INDEX FD	USA	4,266,875.61	70,304,293.73	80,025,252.06
	TOTAL CORPORATE BOND FUNDS		**4,266,875.61**	**70,304,293.73**	**80,025,252.06**
	NON-GOVERNMENT BACKED CMO's				
BARROW HANLEY BOND	CMO BANC AMER MTG SECS INC 2004-8 CL 3-A-1 5.25% DUE 10-25-2019 REG	USA	1,270,766.14	1,271,163.26	1,262,238.02
BARROW HANLEY BOND	CMO BEAR STEARNS ARM TR 2005-11 MTG CL II-A-1 DUE 12-25-2035 REG	USA	684,408.78	674,677.25	676,375.19
BARROW HANLEY BOND	CMO BEAR STEARNS COML MTG SECS 2004-PWR5CL A-4 4.831 DUE 07-11-2042 REG	USA	740,000.00	744,038.99	720,697.84
BARROW HANLEY BOND	CMO BEAR STEARNS COML MTG SECS INC 2005-T20 CL A2 5.12% DUE 10-12-2042 REG	USA	590,000.00	593,222.58	588,729.73
BARROW HANLEY BOND	CMO BEAR STEARNS COML MTG SECS INC 2006-TOP22 CL A-2 5.46696 4-12-2038REG	USA	445,000.00	447,367.58	450,938.08
BARROW HANLEY BOND	CMO BEAR STEARNS COML MTG SECS TR 2006-PWR13 CL-A4 DUE 09-11-2041 REG	USA	705,000.00	708,850.01	714,697.98
BARROW HANLEY BOND	CMO CHASE MTG FIN TR SER 2004-S1 CL A3 5.5% DUE 02-25-2019 BEO	USA	355,486.85	360,209.30	356,340.37
BARROW HANLEY BOND	CMO CHASE MTG FIN TR SER 2006-A1 CL 4A1 FLT RT DUE 09-25-2036 BEO	USA	1,010,600.33	1,012,337.30	1,011,607.89
BARROW HANLEY BOND	CMO CITIGROUP COML MTG TR SER 2004-C2 CLA3 4.38000011444% DUE 10-15-2041 BEO	USA	715,000.00	718,551.41	689,258.57
BARROW HANLEY BOND	CMO CWMBS INC 2005-HYB8 CHL MTG PASSTHRUCTF 2-A-1 DUE 08-20-2035 REG	USA	632,250.92	632,152.13	631,689.88
BARROW HANLEY BOND	CMO GE COML MTG CORP SER 2003-C2 CL A2 4.17% DUE 07-10-2037 REG	USA	500,000.00	502,492.95	489,608.00
BARROW HANLEY BOND	CMO J P MORGAN CHASE COML MTG SECS CORP SER 2004-CBX CL A4 4.565 11-12-2039 REG	USA	370,000.00	371,847.78	359,415.41
BARROW HANLEY BOND	CMO J P MORGAN CHASE COML MTG SECS CORP SER 2005-LDP1 CL A-2 4.625 3-15-2046 REG	USA	725,000.00	728,598.90	713,830.65
BARROW HANLEY BOND	CMO J P MORGAN MTG TR SER 2006-A4 CL 3A2VARRATE 6 DUE 06-25-2036 BEO	USA	751,153.19	748,923.22	752,804.22
BARROW HANLEY BOND	CMO PRIME MTG TR 2005-2 MTG PASSTHRU CTFI-A-3 5.25% DUE 07-25-2020 REG	USA	1,121,950.11	1,125,456.21	1,118,061.43
BARROW HANLEY BOND	CMO WELLS FARGO MTG BACKED SECS 2006-11 TR CL A-8 6% DUE 09-25-2036 BEO	USA	786,189.68	784,715.57	784,711.64
DODGE & COX	FED EXPRESS CORP PASS THRU TR 6.72 DUE 01-15-2022 REG SF 07-15-2006	USA	712,932.69	734,391.97	766,901.69

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2006

Account name	Asset description	Country	Shares/Par value	Book value	Market value
MORGAN STANLEY	CMO ALTERNATIVE LN TR 2006-OA8 MTG PASSTHRU CTF CL 1-A-2 DUE 06-25-1946 REG	USA	471,460.63	471,460.63	472,634.99
MORGAN STANLEY	CMO AMERICAN HOME MTG ASSETS TR 2006-4 CL I-A-1-1 DUE 10-25-2046 REG	USA	650,000.00	650,000.00	650,000.00
MORGAN STANLEY	CMO BANC AMER FDG CORP 2005-F MTG PASSTHRU CTF CL 1-A-2 DUE 09-20-2035 REG	USA	374,289.73	374,289.73	376,264.10
MORGAN STANLEY	CMO BEAR STEARNS MTG FDG TR 2006-AR2 CL I-A-1 FLT RT DUE 09-25-2036 BEO	USA	550,000.00	550,000.00	550,000.00
MORGAN STANLEY	CMO CWALT ALTERNATIVE LN TR SER 2006-OA16 CL A-3 DUE 10-25-2046 REG	USA	623,737.75	623,737.75	624,698.30
MORGAN STANLEY	CMO CWALT INC 2005-51 MTG PASSTHRU CTF CL 1-A-2A DUE 11-20-2035 REG	USA	237,968.08	237,968.08	238,711.25
MORGAN STANLEY	CMO CWALT INC 2005-58 MTG PASSTHRU CTF CL A-2 FLTG DUE 12-20-2035 REG	USA	549,277.18	550,907.69	551,276.54
MORGAN STANLEY	CMO CWALT INC 2005-59 MTG PASSTHRU CTF CL 1-A-2B DUE 11-20-2035 REG	USA	255,132.01	255,132.01	256,035.94
MORGAN STANLEY	CMO CWALT INC SER 2005-81 CL X1 DUE 02-25-2036 REG	USA	1,693,962.81	98,746.87	97,589.19
MORGAN STANLEY	CMO CWMBS INC 2006-OA1 MTG PASSTHRU CTF CL 2-A-2 DUE 03-20-2046 REG	USA	340,845.17	340,845.17	341,190.10
MORGAN STANLEY	CMO DSLA MTG LN TR 2006-AR2 MTG PASSTHRUCTF CL 2A-1A DUE 11-19-2037 REG	USA	546,764.49	546,764.49	546,764.49
MORGAN STANLEY	CMO GREENPOINT MTG FDG TR 2006-AR2 CL III-A-2 DUE 03-25-2036 REG	USA	472,651.50	472,651.50	473,027.25
MORGAN STANLEY	CMO HARBORVIEW MTG LN TR 2005-10 CL 2-A1B DUE 11-19-2035 REG	USA	264,270.25	264,270.25	266,034.51
MORGAN STANLEY	CMO HARBORVIEW MTG LN TR 2005-5 MTG PASSTHRU CTF CL 2-A1B DUE 07-19-2045 REG	USA	134,873.51	134,483.64	135,259.38
MORGAN STANLEY	CMO HARBORVIEW MTG LN TR 2006-1 CL 2-A1ADUE 03-19-2036 REG	USA	389,480.63	389,480.63	390,011.88
MORGAN STANLEY	CMO HARBORVIEW MTG LN TR 2006-1 CTF CL PO-1 0 DUE 02-19-2045 REG	USA	835.06	835.06	630.11
MORGAN STANLEY	CMO HARBORVIEW MTG LN TR 2006-9 HVMLT 2006-9 2A-1B2 5.6025% DUE 11-19-2036 BEO	USA	575,000.00	575,000.00	575,000.00
MORGAN STANLEY	CMO INDYMAC INDX MTG LN TR 2006-FLX1 CL A-1 5.536% DUE 11-25-2036 REG	USA	400,000.00	400,000.00	400,000.00
MORGAN STANLEY	CMO INDYMAC MBS INC 2006-AR2 CL 1-A-1A DUE 04-25-2046 REG	USA	537,224.78	537,434.64	537,665.84
MORGAN STANLEY	CMO LUMINENT MTG TR 2006-6 CL 2A-1 DUE 10-25-2046 REG	USA	550,000.00	550,000.00	550,000.00
MORGAN STANLEY	CMO MERRILL LYNCH MTG INVS INC 2005-A6 2-A-1 DUE 08-25-2035 REG	USA	205,100.08	205,100.08	205,129.82
MORGAN STANLEY	CMO NOVASTAR MTG FDG TR SER 2006-MTA1 CL2A1B FLT RT DUE 06-25-2036 BEO	USA	496,962.66	496,962.66	498,481.37
MORGAN STANLEY	CMO OWNIT 2005-2 MTG LN ASSET BKD CTF CLA-2A DUE 03-25-2036/10-25-2006 REG	USA	4,201.93	4,201.93	4,202.12
MORGAN STANLEY	CMO RALI SER 2006-QO5 TR CLASS-2A2 DUE 04-25-2046 BEO	USA	542,180.03	542,180.03	542,482.02
MORGAN STANLEY	CMO RALI SER 2006-QO6 TR CL A-2 FLT RT DUE 06-25-2046 REG	USA	521,274.29	521,274.29	520,974.55
MORGAN STANLEY	CMO RESDNTL ACCREDIT LNS INC MTG PASS TH2006-Q01 CL 1A1 VAR DUE 12-31-2040 REG	USA	178,385.23	178,385.23	178,482.27
MORGAN STANLEY	CMO RESDNTL ACCREDIT LNS INC MTG PASS TH2006-Q01 CL 2A1 VAR DUE 12-31-2040 REG	USA	221,770.45	221,770.45	221,644.92
MORGAN STANLEY	CMO RESDNTL ACCREDIT LNS INC MTG PASS TH2005-QO3 CL A-2 10-25-2045 REG	USA	497,273.13	498,827.10	499,302.50
MORGAN STANLEY	CMO STRUCTURED ASSET SECS CORP SER 2005-WF2 CL A1 VAR RT DUE 05-25-2035 REG	USA	64,587.85	64,587.85	64,583.26
MORGAN STANLEY	CMO STRUCTURED AST MTG INVTS II TR 2006 AR CL II-A-2 FLTG DUE 08-25-2036 REG	USA	421,522.74	421,522.74	422,097.69
MORGAN STANLEY	CMO STRUCTURED AST MTG INVTS II TR 2006 AR6 CL I-A-2 FLT RT DUE 07-25-2036 REG	USA	248,143.41	248,143.41	248,481.38
MORGAN STANLEY	CMO WAMU MTG PASS THRU CTFS SER 2006 AR7CL 2A VAR RATE DUE 07-25-2046 REG	USA	521,422.75	521,422.75	520,948.25
MORGAN STANLEY	CMO WAMU MTG PASS-THROUGH CTFS 2005-AR11CL A-1B1 VAR DUE 08-25-2045 REG	USA	148,010.03	148,010.03	148,311.08
MORGAN STANLEY	CMO WAMU MTG PASS-THROUGH CTFS SER 2005-AR17 CL A1B1 DUE 12-25-2045 REG	USA	247,281.32	247,281.32	247,902.49
MORGAN STANLEY	CMO WAMU MTG PASS-THRU CTFS 2004-AR10 MTG PASS CL A-2-C VAR 07-25-2034 REG	USA	27,882.21	27,882.21	27,895.56
MORGAN STANLEY	CMO WAMU MTG PASS-THRU CTFS SER 2005-AR13 CL A-1B1 FLT RT 10-25-2045BEO	USA	259,572.73	259,572.73	260,093.17
MORGAN STANLEY	CMO WAMU MTG PASS-THRU CTFS SER 2005-AR15 CL A1B1 FLT RT 12-25-2045 BEO	USA	292,243.61	292,243.61	293,883.97
MORGAN STANLEY	CMO WAMU MTG PASS-THRU CTFS SER 2005-AR19 CL A1B1 FLT RT 12-26-2045REG	USA	262,350.86	262,350.86	262,645.74
MORGAN STANLEY	I/O CMO CWALT INC 2005-44 MTG PASSTHRU CTF CL A X VAR RATE DUE 10-25-2035 REG	USA	9,132,127.20	231,156.97	231,156.97
MORGAN STANLEY	I/O CMO CWMBS INC 2006-0A1 MTG PASSTHRU CTF CL 2X DUE 03-20-2046 REG	USA	2,203,631.44	122,473.55	106,501.50
MORGAN STANLEY	I/O CMO GREENPOINT MTG FDG TR 2005-AR4 MTG PASSTHRU CTF CL X-1 10-25-2045 REG	USA	1,249,573.53	42,468.62	27,140.73
MORGAN STANLEY	I/O CMO GREENPOINT MTG FDG TR 2005-AR4 MTG PASSTHRU CTF CL X-4 10-25-2045 REG	USA	1,970,235.51	74,608.18	63,416.95
MORGAN STANLEY	I/O CMO HARBORVIEW MTG LN TR 2004-8 CL X.95998001099 DUE 11-19-2034 REG	USA	3,806,014.35	85,091.27	67,861.23
MORGAN STANLEY	I/O CMO HARBORVIEW MTG LN TR 2005-16 CL X-3 01-19-2036 REG	USA	4,262,256.41	150,510.61	116,572.71
MORGAN STANLEY	I/O CMO HARBORVIEW MTG LN TR 2005-16 MTGPASSTHRU CTF CL X-1 DUE 01-19-2036 REG	USA	1,474,508.59	57,761.09	44,751.33
MORGAN STANLEY	I/O CMO HARBORVIEW MTG LN TR 2006-1 MTG PASSTHRU CTF CL X-1 VAR DUE 2-19-45 REG	USA	2,117,895.83	109,835.71	103,162.70
MORGAN STANLEY	I/O CMO HARBORVIEW MTG LN TR 2006-5 MTG PASSTHRU CTF CL X-2 07-19-2047 REG	USA	2,980,944.05	129,554.58	122,457.18
MORGAN STANLEY	I/O CMO HARBORVIEW MTG LN TR SER 2005-2 CL X FLTG RT DUE 05-19-2035 REG	USA	2,423,180.25	85,549.52	57,283.98
MORGAN STANLEY	I/O CMO HARBORVIEW MTG LN TR SER 2005-3 CL X2 06-19-2035 BEO	USA	2,383,798.85	79,224.01	48,200.41
MORGAN STANLEY	I/O CMO INDYMAC MBS INC 2005-AR12 MTG PASSTHRU CTF CL A-X-2 07-25-2035 REG	USA	1,697,685.69	71,835.02	52,084.99
MORGAN STANLEY	I/O CMO WAMU MTG PASS-THROUGH CTFS 2004-AR10 CL X VAR 07-25-2044 REG	USA	2,134,859.32	46,259.23	37,445.43
MORGAN STANLEY	I/O CMO WAMU MTG PASS-THROUGH CTFS 2004-AR12 CL X VAR 10-25-2044 REG	USA	3,239,988.77	69,260.57	55,339.00
MORGAN STANLEY	I/O CMO WAMU MTG PASS-THROUGH CTFS 2004-AR6 CL X VAR 06-25-2044 REG	USA	1,250,331.51	26,980.04	22,706.02
MORGAN STANLEY	PVTPL CMO HARBORVIEW MTG LN TR 2006-5 CLPO-2 VAR RT DUE 07-19-2046 REG	USA	15.00	7.50	7.50
MORGAN STANLEY	PVTPL CMO WORLD FINL PPTYS TOWER B FIN CORP SER 1996 WFP-B 144A 6.91 09-01-2013	USA	258,640.52	258,038.11	271,505.55
MUNDER	CMO BANC AMER COML MTG INC 2000-1 MTG PASTHRU CTF CL A-1A 7.109 11-15-31 BEO	USA	242,983.27	256,157.54	246,230.25
MUNDER	CMO BANC AMER MTG SECS INC 2004-F MTG PASSTHRU CTF CL 2-A-2 .0001 07-25-34 REG	USA	82,671.02	83,359.97	82,606.61
MUNDER	CMO BEAR STEARNS ALT-A TR 2004-11 CL II-A-1 4.88541984558% DUE 11-25-2034 REG	USA	529,591.11	542,913.66	525,533.38
MUNDER	CMO BEAR STEARNS ARM TR SER 2005-10 CL A-2 DUE 10-25-2035 BEO	USA	750,000.00	735,585.94	732,762.75
MUNDER	CMO CHASE MTG FIN TR 2003-S5 MC MTG PASSTHRU CTF CL A-4 5.5 06-25-2018 REG	USA	311,508.43	317,507.47	305,389.47
MUNDER	CMO COML MTG AST TR 99-C1 A3 6.64 EXPECTED MAT 9-17-10 DUE 1-17-32 BEO	USA	555,000.00	572,488.66	572,347.08
MUNDER	CMO GE CAP COML MTG CORP 2002-1 COML MTGPASSTHRU CTF A-2 5.994 12-10-35 BEO	USA	446,973.78	449,189.59	454,196.87
MUNDER	CMO J P MORGAN MTG TR 2005-A3 MTG PASSTHRU CTF 6-A-1 DUE 06-25-2035 REG	USA	466,113.98	462,108.32	459,627.53
MUNDER	CMO MERRILL LYNCH MTG INVS INC MTG SER 1998-C3 CL A-3 5.88 12-15-2030 BEO	USA	672,981.05	684,547.91	680,448.44
MUNDER	CMO MORGAN STANLEY D/WITTER CAP TR 2002 MTG P/THRU CTF CL A-2 5.98 DUE 1-15-39	USA	615,000.00	618,014.12	636,243.94
MUNDER	CMO MSDW CAP I TR 2002-HQ MTG PASSTHRU CTF CL A-3 6.51 04-15-34 BEO	USA	655,000.00	658,533.73	690,422.40
MUNDER	CMO THORNBURG MTG SECS TR 2004-1 CL II-1A VAR 2.65977 DUE 03-25-2044 REG	USA	372,924.71	372,069.61	367,251.77
MUNDER	CMO WACHOVIA BK COML MTG TR 2005-C20 MTGPASSTHRU CTF CL A-6 5.11 07-15-42 REG	USA	500,000.00	484,648.44	498,285.50
	TOTAL NON-GOVERNMENT BACKED CMO's		**75,680,111.75**	**33,222,463.37**	**32,967,162.79**
	TOTAL CORPORATE FIXED INCOME		**164,022,528.64**	**190,699,617.60**	**199,961,779.06**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2006

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	U.S. GOVERNMENT AGENCIES				
BARROW HANLEY BOND	FHLB TRANCHE # TR 00643 4.4 07-28-2008/07-28-2006	USA	1,995,000.00	1,974,508.10	1,974,431.55
BARROW HANLEY BOND	FHLMC DEB 5.875 03-21-2011	USA	615,000.00	655,824.30	634,083.45
BARROW HANLEY BOND	FNMA PREASSIGN 00310 5.125 01-02-2014	USA	540,000.00	535,572.00	538,502.04
BARROW HANLEY BOND	FNMA PREASSIGN 00428 4.5 08-04-2008/08-04-2006	USA	1,915,000.00	1,902,744.00	1,898,837.40
DODGE & COX	FNMA 6 DUE 05-15-2011 REG	USA	250,000.00	256,875.00	261,164.00
DODGE & COX	NEW VY GENERATION V 2003-2 PASSTHRU CTF 4.92899990082% DUE 01-15-2021 BEO	USA	630,003.63	630,003.63	615,860.04
DODGE & COX	SBA GTD DEV PARTN CTF SER 2003-20-D PARTN CTF 4.76 DUE 04-01-23 REG	USA	818,440.67	818,440.67	801,307.43
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF 7.15 DUE 03-01-2017/03-01-2005 REG	USA	254,865.33	269,948.31	265,138.95
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF DEB SER 1999-20 F 6.8 DUE 06-01-2019 REG	USA	733,465.81	757,418.07	763,721.27
MORGAN STANLEY	FHLB DISC NT 10-18-2006	USA	200,000.00	199,199.69	199,560.00
MORGAN STANLEY	FHLB DISC NT 11-01-2006	USA	1,200,000.00	1,189,195.50	1,194,960.00
MORGAN STANLEY	FHLMC DISC NT 10-17-2006	USA	2,800,000.00	2,788,784.49	2,794,120.00
MUNDER	FED AGRIC MTG CORP MEDIUM TERM NTS F AGYFAMCA 4.25 DUE 07-29-2008 REG	USA	850,000.00	847,382.00	838,621.05
MUNDER	FFCB DTD 09/01/2000 7 09-01-2015	USA	1,250,000.00	1,334,717.50	1,430,862.50
MUNDER	FHLB BD 5.125 08-14-2013	USA	1,000,000.00	1,003,737.00	1,009,690.00
MUNDER	FHLB FEDERAL HOME LOAN BANK 5.5 12-11-2013 BEO	USA	500,000.00	433,660.00	515,940.00
MUNDER	FHLB PREASSIGN 00011 5.5 01-28-2008	USA	1,000,000.00	1,005,350.00	1,005,630.00
MUNDER	FHLB PREASSIGN 00076 5.375 08-19-2011	USA	750,000.00	751,327.50	763,590.00
MUNDER	FHLB TRANCHE # TR 00818 3.375 01-10-2007/01-10-2006	USA	750,000.00	739,650.00	746,043.75
MUNDER	FHLMC CONS BD 7.5 05-15-2020	USA	1,150,000.00	1,202,273.00	1,432,831.00
MUNDER	FHLMC TRANCHE # TR 00029 5.3 05-12-2020/05-12-2010	USA	1,000,000.00	987,230.00	964,879.00
MUNDER	FHLMC TRANCHE # TR 00116 4.75 12-08-2010/12-08-2005	USA	250,000.00	250,468.75	248,282.50
MUNDER	FNMA 6 DUE 05-15-2011 REG	USA	1,000,000.00	1,031,690.00	1,044,656.00
MUNDER	FNMA NT 4.625 10-15-2013	USA	500,000.00	471,701.50	490,143.80
MUNDER	FNMA NT 6.125 03-15-2012	USA	1,000,000.00	1,038,867.00	1,056,580.00
MUNDER	FNMA PREASSIGN 00409 4.3 02-17-2010/02-17-2006	USA	650,000.00	650,000.00	638,014.00
MUNDER	FNMA PREASSIGN 00527 5 03-15-2016	USA	1,900,000.00	1,825,901.80	1,901,599.80
	TOTAL U.S.GOVERNMENT AGENCIES		25,501,775.44	25,552,469.81	26,029,049.53

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2006

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	U.S.GOVERNMENT BONDS				
BARROW HANLEY BOND	USA TREAS BDS DTD 02/15/2006 4.5% DUE 02-15-2036 REG	USA	2,875,000.00	2,677,164.07	2,754,833.62
BARROW HANLEY BOND	USA TREAS NTS DTD 00125 4.875%DUE 05-15-2009 REG	USA	525,000.00	523,990.72	528,035.02
BARROW HANLEY BOND	USA TREAS NTS DTD 00133 4.875%DUE 07-31-2011 REG	USA	3,090,000.00	3,117,582.04	3,125,850.18
BARROW HANLEY BOND	USA TREAS NTS DTD 00135 4.875%DUE 08-15-2016 REG	USA	4,495,000.00	4,521,930.82	4,579,982.47
BARROW HANLEY BOND	USA TREAS NTS NT 4.875% DUE 05-31-2008 REG	USA	1,730,000.00	1,722,645.67	1,733,243.75
DODGE & COX	US TREAS 5.625 NT DUE 05-15-2008	USA	5,000,000.00	5,446,875.00	5,068,165.00
DODGE & COX	USA TREAS NTS 00064 2.75% DUE 08-15-2007 REG	USA	3,000,000.00	2,940,468.75	2,943,750.00
DODGE & COX	USA TREAS NTS DTD 00088 4% DUE04-15-2010 REG	USA	2,650,000.00	2,595,447.31	2,598,966.30
DODGE & COX	USA TREAS NTS DTD 01-15-2004 3.25% DUE 01-15-2009 REG	USA	5,000,000.00	5,001,484.38	4,849,220.00
DODGE & COX	USA TREAS NTS DTD 08/15/2002 3.25% DUE 08-15-2007 REG	USA	1,100,000.00	1,091,105.49	1,084,015.90
MORGAN STANLEY	U.S TREAS BDS 5.500 DUE 08-15-2028 REG	USA	775,000.00	883,364.16	844,508.20
MORGAN STANLEY	US TREAS BDS 6.125 BDS 08-15-2029 USD1000	USA	1,645,000.00	1,946,024.04	1,939,172.06
MORGAN STANLEY	US TREAS BDS 8 1/8 15/8/2021 USD(VAR) 8.125 DUE 08-15-2021 REG	USA	1,625,000.00	2,178,811.53	2,189,434.00
MORGAN STANLEY	US TREAS BDS USD1000 8.125 DUE 08-15-2019 REG	USA	1,750,000.00	2,379,865.81	2,307,812.50
MORGAN STANLEY	USA TREAS BDS DTD 02/15/1995 7.625% DUE 02-15-2025 REG	USA	2,915,000.00	3,990,918.38	3,893,574.24
MORGAN STANLEY	USA TREAS BDS DTD 08/15/1997 6.375% DUE 08-15-2027 REG	USA	625,000.00	745,810.55	750,293.12
MORGAN STANLEY	USA TREAS NTS DTD 00009 4.375%DUE 08-15-2012 REG	USA	3,175,000.00	3,095,470.70	3,141,884.75
MORGAN STANLEY	USA TREAS NTS DTD 00032 4.25% DUE 08-15-2013 REG	USA	11,375,000.00	10,806,278.10	11,135,055.75
MORGAN STANLEY	USA TREAS NTS DTD 00040 4.25% DUE 11-15-2013 REG	USA	2,875,000.00	2,798,360.69	2,812,221.50
MORGAN STANLEY	USA TREAS NTS DTD 00118 4.5% DUE 02-28-2011 REG	USA	4,625,000.00	4,545,183.14	4,607,656.25
MUNDER	US TREAS BD STRIPPED PRIN PMT STRIP 15/2/2019 USD 02-15-2019 REG	USA	2,500,000.00	1,281,042.50	1,385,350.00
MUNDER	US TREAS BDS 5.375 DUE 02-15-2031 BEO	USA	490,000.00	505,564.71	529,238.22
MUNDER	US TREAS BDS 7.5 11/15/2016 USD1000 7.5 DUE 11-15-2016 REG	USA	725,000.00	906,555.56	888,125.00
MUNDER	US TREAS BDS 8 7/8 15/8/2017 USD1000 8.875 DUE 08-15-2017 REG	USA	130,000.00	187,545.31	175,632.08
MUNDER	US TREAS NTS 4 DUE 11-15-2012 REG	USA	70,000.00	68,124.22	67,801.58
MUNDER	US TREAS NTS DTD 3.875 DUE 02-15-2013 REG	USA	65,000.00	63,072.85	62,433.02
MUNDER	USA TREAS BD STRIPPED PRIN PMT08-15-2015 (UNDDATE) REG	USA	1,000,000.00	646,810.00	664,600.00
MUNDER	USA TREAS BDS 7 1/4% 15/8/2022USD1000 7.25% DUE 08-15-2022 REG	USA	500,000.00	663,652.34	632,851.50
MUNDER	USA TREAS BDS 8% 11/15/2021 USD1000 8% DUE 11-15-2021/04-29-1999 REG	USA	465,000.00	618,858.69	622,082.58
MUNDER	USA TREAS BDS DTD 02/15/2000 6.25% DUE 05-15-2030 REG	USA	500,000.00	580,574.96	600,898.50
MUNDER	USA TREAS NTS DTD 00009 4.375%DUE 08-15-2012 REG	USA	70,000.00	69,127.73	69,269.90
MUNDER	USA TREAS NTS DTD 00049 4% DUE02-15-2014 REG	USA	2,000,000.00	1,887,988.29	1,923,046.00
MUNDER	USA TREAS NTS DTD 00109 4.5% DUE 11-15-2015 REG	USA	1,000,000.00	971,679.69	990,312.00
MUNDER	USA TREAS NTS NT 4.25% DUE 11-15-2014 REG	USA	1,000,000.00	953,046.88	975,234.00
	TOTAL U.S. GOVERNMENT BONDS		71,365,000.00	72,412,425.08	72,474,548.99

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2006

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	U.S. GOVERNMENT MORTGAGE BACKED				
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #A3-0948 5.5% 01-01-2035 BEO	USA	968,228.42	984,669.85	956,745.23
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #A4-5500 5.5% 06-01-2035 BEO	USA	2,289,830.01	2,317,021.74	2,259,306.57
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #B1-9408 5% 05-01-2020 BEO	USA	330,109.67	328,252.79	324,395.47
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #E01386 5% 06-01-2018 BEO	USA	1,540,881.29	1,595,293.66	1,518,507.69
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #E9-7381 5.5% 06-01-2018 BEO	USA	318,297.10	331,028.99	318,917.77
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #G1-1879 5% 10-01-2020 BEO	USA	95,593.62	93,577.19	93,938.89
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #G1-8101 5.5% 02-01-2021 BEO	USA	113,181.15	112,880.51	113,114.37
BARROW HANLEY BOND	FHLMC GOLD A5-2267 6 09-01-2036	USA	2,665,000.00	2,658,337.50	2,678,964.60
BARROW HANLEY BOND	FHLMC GOLD B1-2563 5 02-01-2019	USA	566,241.98	585,175.69	557,855.93
BARROW HANLEY BOND	FHLMC GOLD C00647 6.5 09-01-2028	USA	286,574.14	296,514.71	293,739.64
BARROW HANLEY BOND	FHLMC GOLD C26472 6.5 05-01-2029	USA	40,378.94	39,648.06	41,382.97
BARROW HANLEY BOND	FHLMC GOLD E90777 5.5 08-01-2017	USA	146,538.92	151,255.64	146,824.67
BARROW HANLEY BOND	FHLMC GOLD G11295 5.5 09-01-2017	USA	371,282.59	380,332.60	372,006.59
BARROW HANLEY BOND	FHLMC GOLD GROUP C00835 6.5 07-01-2029	USA	94,849.09	88,876.57	97,205.04
BARROW HANLEY BOND	FNMA POOL #252211 6% DUE 01-01-2029	USA	420,463.99	435,902.91	424,782.15
BARROW HANLEY BOND	FNMA POOL #256101 5.5% 02-01-2036 BEO	USA	321,056.26	314,735.47	316,461.94
BARROW HANLEY BOND	FNMA POOL #256369 6% DUE 08-01-2036 REG	USA	763,930.99	755,814.22	762,976.07
BARROW HANLEY BOND	FNMA POOL #747844 5.5% DUE 12-01-2018 REG	USA	202,202.83	210,606.90	202,552.64
BARROW HANLEY BOND	FNMA POOL #761337 5% DUE 04-01-2019 REG	USA	377,975.80	382,582.38	371,931.96
BARROW HANLEY BOND	FNMA POOL #793062 FLTG RT 5% 08-01-2034 BEO	USA	186,747.34	186,338.85	185,552.15
BARROW HANLEY BOND	FNMA POOL #800422 4.997% 08-01-2034 BEO	USA	574,884.83	575,603.44	567,428.57
BARROW HANLEY BOND	FNMA POOL #811328 5% DUE 02-01-2020 REG	USA	746,891.19	757,277.64	734,134.28
BARROW HANLEY BOND	FNMA POOL #828377 5.5% DUE 06-01-2035 REG	USA	1,134,392.90	1,148,041.13	1,118,158.60
BARROW HANLEY BOND	FNMA POOL #835760 4.5% 09-01-2035 BEO	USA	739,604.63	674,658.10	691,237.44
BARROW HANLEY BOND	FNMA POOL #866593 5.5% 01-01-2036 BEO	USA	2,040,036.70	2,001,786.01	2,010,843.77
BARROW HANLEY BOND	FNMA POOL #872306 6.5% 05-01-2036 BEO	USA	698,593.10	708,853.70	711,419.26
BARROW HANLEY BOND	FNMA POOL #872317 6.5% 05-01-2036 BEO	USA	1,342,763.55	1,365,422.70	1,367,416.68
BARROW HANLEY BOND	FNMA POOL #886371 6% 08-01-2036 BEO	USA	3,921,128.58	3,890,494.77	3,939,204.98
DODGE & COX	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #1G-0558 4.991 06-01-2035 BEO	USA	1,841,424.04	1,821,139.60	1,831,572.42
DODGE & COX	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #1Q-0080 4.861 01-01-2036 BEO	USA	1,915,791.42	1,878,972.31	1,896,288.66
DODGE & COX	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #E9-0593 6% 07-01-2017 BEO	USA	637,716.70	663,325.05	646,912.57
DODGE & COX	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #G01767 6.5% 12-01-2032 BEO	USA	892,480.91	910,958.75	912,774.14
DODGE & COX	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #G0-1976 6% 12-01-2033 BEO	USA	2,544,008.25	2,573,423.36	2,562,554.07
DODGE & COX	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #G1-1184 5.5% 09-01-2016 BEO	USA	1,229,751.29	1,263,377.36	1,233,133.10
DODGE & COX	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #G11185 5.5% 10-01-2016 BEO	USA	746,055.24	772,633.49	748,106.89
DODGE & COX	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #G11623 6% 03-01-2019 BEO	USA	578,471.05	607,665.78	586,829.95
DODGE & COX	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #G30242 6.5% 10-01-2022 BEO	USA	723,811.99	758,306.19	743,094.34
DODGE & COX	FHLMC GOLD G11204 6 02-01-2015	USA	220,847.77	222,090.06	222,709.51
DODGE & COX	FHLMC MULTICLASS PREASSIGN 00890 6.5 09-25-2043	USA	1,144,195.15	1,197,471.75	1,165,216.30
DODGE & COX	FHLMC MULTICLASS SER 2541 CL MD 6 03-15-2032	USA	1,039,201.58	1,050,852.02	1,062,382.01
DODGE & COX	FNMA POOL #252062 6.5% DUE 10-01-2013 REG	USA	523,036.82	539,953.82	534,794.68
DODGE & COX	FNMA POOL #252840 6.5% DUE 08-01-2014 REG	USA	217,146.81	224,933.59	221,993.96
DODGE & COX	FNMA POOL #323491 6.017% DUE 01-01-2009 REG	USA	1,023,682.64	1,044,474.89	1,031,411.44
DODGE & COX	FNMA POOL #323623 6% DUE 03-01-2014 REG	USA	294,173.33	302,676.80	297,495.42
DODGE & COX	FNMA POOL #323818 6.5% DUE 07-01-2014 REG	USA	481,977.43	499,260.87	492,811.80
DODGE & COX	FNMA POOL #433301 6.5% DUE 07-01-2013 REG	USA	304,721.82	314,149.20	311,571.96
DODGE & COX	FNMA POOL #460481 6.28% 08-01-2011 BEO	USA	375,000.00	392,285.16	390,393.75
DODGE & COX	FNMA POOL #512154 6% DUE 07-01-2014 REG	USA	621,294.73	582,075.51	630,831.60
DODGE & COX	FNMA POOL #535574 7.5% 11-01-2013 BEO	USA	535,129.91	570,164.24	548,577.72
DODGE & COX	FNMA POOL #545387 5.878% 01-01-2012 BEO	USA	157,801.64	171,960.66	162,449.37
DODGE & COX	FNMA POOL #545898 5.5% DUE 09-01-2017 REG	USA	1,321,333.16	1,346,108.16	1,324,267.84
DODGE & COX	FNMA POOL #545961 5.5% DUE 02-01-2014 REG	USA	403,205.08	417,569.28	404,995.31
DODGE & COX	FNMA POOL #555285 6% 03-01-2033 BEO	USA	547,533.56	549,415.71	551,572.71
DODGE & COX	FNMA POOL #555382 5.5% 08-01-2015 BEO	USA	996,649.24	1,043,522.97	1,001,074.36
DODGE & COX	FNMA POOL #725135 6% 05-01-2018 BEO	USA	576,855.91	605,788.87	585,881.39
DODGE & COX	FNMA POOL #725162 6% 02-01-2034 BEO	USA	1,694,288.95	1,706,206.72	1,705,825.36
DODGE & COX	FNMA POOL #725194 6% 12-01-2018 BEO	USA	341,697.04	359,155.65	347,043.23
DODGE & COX	FNMA POOL #725416 6% 01-01-2019 BEO	USA	1,334,980.86	1,405,901.74	1,355,873.31
DODGE & COX	FNMA POOL #725423 5.5% DUE 05-01-2034 REG	USA	2,400,670.71	2,327,337.72	2,371,812.24
DODGE & COX	FNMA POOL #725510 6.5% 07-01-2017 BEO	USA	681,911.54	697,799.59	676,790.65
DODGE & COX	FNMA POOL #726938 4.5% 08-01-2033 BEO	USA	2,019,027.66	1,856,559.03	1,893,181.66
DODGE & COX	FNMA POOL #735067 6% 01-01-2019 BEO	USA	2,233,521.51	2,343,103.66	2,268,467.18
DODGE & COX	FNMA POOL #735417 6.5% 03-01-2035 BEO	USA	1,437,958.90	1,478,963.21	1,469,688.90
DODGE & COX	FNMA POOL #745329 6% 07-01-2035 BEO	USA	1,187,751.03	1,200,185.31	1,196,513.06
DODGE & COX	FNMA POOL #773521 4.213% 09-01-2034 BEO	USA	243,287.10	236,045.50	237,018.56
DODGE & COX	FNMA POOL #841773 4.791% 09-01-2035 BEO	USA	2,046,832.34	2,007,174.97	2,021,287.87
DODGE & COX	FNMA PREASSIGN 00276 7 03-25-2035	USA	1,022,899.22	1,048,791.50	1,055,569.59
DODGE & COX	FNMA REMIC SER 2003-W2 CL 1-A1 6.5 07-25-2032	USA	473,462.01	501,240.93	483,157.56
DODGE & COX	FNMA REMIC TR SER 1997-24 CL PJ 7.00 PASS THRU CTF DUE 08-18-2026 REG	USA	51,469.53	53,978.68	51,369.57
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF SER 2006-20A CL 1 5.21 DUE 1-1-26 REG	USA	688,628.69	688,628.69	685,825.97

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2006

Account name	Asset description	Country	Shares/Par value	Book value	Market value
MORGAN STANLEY	FHLMC GOLD C01369 7.5 04-01-2032	USA	863,416.08	908,340.75	893,644.27
MORGAN STANLEY	FHLMC GOLD C01371 7 06-01-2032	USA	579,637.17	596,007.41	596,610.10
MORGAN STANLEY	FHLMC GOLD C52115 7.5 05-01-2031	USA	56,687.77	58,414.98	58,700.75
MORGAN STANLEY	FHLMC GOLD C55607 6.5 08-01-2031	USA	3,671.44	3,699.41	3,754.92
MORGAN STANLEY	FHLMC GOLD C56693 6.5 08-01-2031	USA	152,498.52	153,660.14	155,966.33
MORGAN STANLEY	FHLMC GOLD G01433 6.5 07-01-2032	USA	1,080,403.29	1,123,957.15	1,104,690.75
MORGAN STANLEY	FHLMC GOLD POOL C24908 6.5 04-01-2029	USA	106,044.86	110,319.79	108,695.98
MORGAN STANLEY	FNMA POOL #252982 8% DUE 01-01-2030 REG	USA	13,154.23	13,622.86	13,948.48
MORGAN STANLEY	FNMA POOL #253517 8.5% DUE 11-01-2030 REG	USA	14,579.74	15,103.72	15,670.74
MORGAN STANLEY	FNMA POOL #330286 7 GTD MTG PASS THRU CTF DUE 11-01-2025 REG	USA	16,340.80	17,192.34	16,866.32
MORGAN STANLEY	FNMA POOL #446371 6.5% 09-01-2028 BEO	USA	15,766.49	16,553.59	16,154.03
MORGAN STANLEY	FNMA POOL #450809 6.5% DUE 11-01-2028 REG	USA	28,576.36	30,002.95	29,278.76
MORGAN STANLEY	FNMA POOL #510618 7% DUE 08-01-2029 REG	USA	144,510.85	152,097.68	149,010.91
MORGAN STANLEY	FNMA POOL #527756 8% DUE 02-01-2030 REG	USA	32,942.04	34,681.81	34,743.64
MORGAN STANLEY	FNMA POOL #528319 7% DUE 07-01-2015 REG	USA	27,741.30	29,076.36	28,471.17
MORGAN STANLEY	FNMA POOL #531119 7% DUE 02-01-2015 REG	USA	101,327.06	106,203.43	104,417.53
MORGAN STANLEY	FNMA POOL #535801 7% DUE 03-01-2016 REG	USA	14,552.98	15,253.35	14,935.86
MORGAN STANLEY	FNMA POOL #535951 8% DUE 03-01-2031 REG	USA	12,902.89	13,499.64	13,681.96
MORGAN STANLEY	FNMA POOL #544397 8.5% DUE 08-01-2030 REG	USA	8,214.31	8,509.51	8,828.98
MORGAN STANLEY	FNMA POOL #545369 7% DUE 09-01-2016 REG	USA	137,469.99	144,085.74	141,086.82
MORGAN STANLEY	FNMA POOL #546560 8.5% DUE 07-01-2030 REG	USA	23,891.34	24,749.93	25,679.12
MORGAN STANLEY	FNMA POOL #548965 8.5% DUE 07-01-2030 REG	USA	26,170.18	27,110.67	28,128.49
MORGAN STANLEY	FNMA POOL #553246 8.5% DUE 09-01-2030 REG	USA	29,474.00	30,533.21	31,679.53
MORGAN STANLEY	FNMA POOL #557184 8% DUE 11-01-2030 REG	USA	13,623.29	14,283.18	14,368.34
MORGAN STANLEY	FNMA POOL #561232 8% DUE 05-01-2031 REG	USA	30,921.17	32,351.27	32,622.76
MORGAN STANLEY	FNMA POOL #562055 8.5% DUE 12-01-2030 REG	USA	17,629.25	18,262.82	18,948.44
MORGAN STANLEY	FNMA POOL #562119 8.5% DUE 12-01-2030 REG	USA	19,839.86	20,552.84	21,324.47
MORGAN STANLEY	FNMA POOL #568386 7% DUE 12-01-2015 REG	USA	278,620.41	292,029.05	287,118.33
MORGAN STANLEY	FNMA POOL #576022 8% DUE 12-01-2029 REG	USA	3,676.62	3,870.78	3,890.82
MORGAN STANLEY	FNMA POOL #576781 8% DUE 12-01-2028 REG	USA	1,241.17	1,306.73	1,314.28
MORGAN STANLEY	FNMA POOL #580370 7% DUE 05-01-2016 REG	USA	8,313.74	8,713.84	8,530.97
MORGAN STANLEY	FNMA POOL #593020 6.5% DUE 09-01-2031 REG	USA	24,145.19	24,171.60	24,687.25
MORGAN STANLEY	FNMA POOL #598209 6.5% DUE 08-01-2031 REG	USA	31,898.33	31,933.25	32,614.44
MORGAN STANLEY	FNMA POOL #607695 6.5% DUE 11-01-2031 REG	USA	96,588.09	101,417.51	98,756.49
MORGAN STANLEY	FNMA POOL #634232 7% 04-01-2032 BEO	USA	13,261.33	13,952.38	13,648.95
MORGAN STANLEY	FNMA POOL #661080 6.5% 09-01-2032 BEO	USA	14,938.42	15,684.18	15,268.11
MORGAN STANLEY	FNMA POOL #667021 6.5% 11-01-2032 BEO	USA	16,325.46	17,140.47	16,685.76
MORGAN STANLEY	FNMA POOL #745341 7.5% 09-01-2035 BEO	USA	594,010.65	624,453.70	615,042.78
MORGAN STANLEY	FNMA POOL #823754 7% 09-01-2031 BEO	USA	755,114.88	788,415.21	779,557.94
MORGAN STANLEY	FNMA POOL #830489 7% 06-01-2035 BEO	USA	921,496.02	962,014.95	946,680.50
MORGAN STANLEY	FNMA POOL #833575 7% 08-01-2035 BEO	USA	67,902.34	70,751.05	69,758.11
MORGAN STANLEY	FNMA POOL #842315 7% 09-01-2031 BEO	USA	307,297.60	320,933.32	317,140.34
MORGAN STANLEY	FNMA POOL #886034 7.053% 07-01-2036 BEO	USA	527,398.19	545,272.23	541,790.88
MORGAN STANLEY	FNMA POOL #886574 7.01% 08-01-2036 BEO	USA	448,639.31	462,914.15	460,792.94
MORGAN STANLEY	GNMA MTG PASSTHRU CTF CL 2-A-2 FLTG 08-25-2046	USA	540,542.24	540,542.24	540,693.59
MORGAN STANLEY	GNMA POOL #248155 10% DUE 01-15-2018 REG	USA	8,409.48	9,271.42	9,319.38
MORGAN STANLEY	GNMA POOL #404669 7.00 DUE 12-15-2025 REG	USA	11,072.01	10,985.52	11,441.37
MORGAN STANLEY	GNMA POOL #419334 7% DUE 12-15-2025 REG	USA	4,688.03	4,651.42	4,844.42
MORGAN STANLEY	GNMA POOL #504549 SER 2029 7% DUE 09-15-2029 REG	USA	82,469.52	80,034.07	85,197.61
MORGAN STANLEY	GNMA POOL #583960 SER 2032 6.5% DUE 06-15-2032 REG	USA	173,494.11	175,039.32	178,185.39
MORGAN STANLEY	I/O FHLMC MULTICLASS #S1-0087 09-15-2030	USA	92,934.09	89,303.74	21,009.61
MORGAN STANLEY	I/O FHLMC MULTICLASS FHLMC #S1-0068 01-01-2028	USA	22,660.08	36,606.62	5,119.59
MORGAN STANLEY	I/O FHLMC MULTICLASS FHLMC #S1-0084 12-01-2029	USA	59,029.10	55,168.35	13,632.94
MORGAN STANLEY	I/O FHLMC MULTICLASS S1-0095 SERIES 215 06-01-2031	USA	7,425.08	12,039.76	1,768.84
MORGAN STANLEY	I/O FHLMC MULTICLASS SER 199 CL IO 6.5% 08-01-2028	USA	132,961.88	35,126.74	29,649.17
MORGAN STANLEY	I/O FHLMC MULTICLASS SER 2234 CL SC 10-15-2029	USA	25,689.88	23,889.29	868.67
MORGAN STANLEY	I/O FNMA 2005-68 CL-XI 08-25-2035	USA	358,729.90	65,900.12	119,746.55
MORGAN STANLEY	I/O FNMA REMIC SER 2002-50 CL-SC DUE 12-25-2029 BEO	USA	19,742.73	32,159.84	256.45
MORGAN STANLEY	I/O FNMA REMIC SER 2003-82 CL WI 08-25-2032	USA	32,130.53	13,372.71	4,339.96
MORGAN STANLEY	I/O FNMA SER 2001-4 CL SA VAR RATE 02-17-2031	USA	219,675.65	35,853.31	13,033.79
MORGAN STANLEY	I/O FNMA SER 2003-25 CL IK 04-25-2033	USA	210,487.68	69,824.79	47,400.14
MORGAN STANLEY	I/O FNMA SMBS TR #000317 CL 2 08-01-2031	USA	231,964.07	176,205.30	56,037.88
MORGAN STANLEY	I/O FNMA SMBS TR 000267 CL 2 10-01-2024	USA	48,681.73	49,394.48	12,018.54
MORGAN STANLEY	I/O FNMA SMBS TR 000296 CL 2 04-01-2024	USA	32,154.12	9,190.67	7,641.42
MORGAN STANLEY	I/O FNMA SMBS TR 000303 CL 2 10-25-2029	USA	99,494.10	35,759.10	23,086.61
MORGAN STANLEY	I/O FNMA SMBS TR 000306 CL 2 05-01-2030	USA	48,453.73	125,452.86	11,093.96
MORGAN STANLEY	I/O FNMA SMBS TR 000307 CL 2 06-01-2030	USA	19,033.59	39,337.95	4,532.65
MORGAN STANLEY	I/O FNMA SMBS TR 000313 CL 2 06-01-2031	USA	166,511.39	51,622.37	37,408.44
MORGAN STANLEY	I/O FNMA SMBS TR 000320 CL 2 04-01-2032	USA	49,800.21	37,229.98	11,481.43
MORGAN STANLEY	I/O GNMA 2001-48 REMIC TR CL SA VAR RT 09-16-2031	USA	46,234.55	38,714.61	2,530.32
MORGAN STANLEY	I/O GNMA REMIC SER 2000-29 CL MX-S INV IO 09-20-2030	USA	47,804.26	42,935.96	2,569.04
MORGAN STANLEY	I/O GNMA REMIC TR 1999 27 CL SE INVERSE FLTG 08-16-2027	USA	138,908.08	53,079.94	11,534.92
MORGAN STANLEY	I/O GNMA REMIC TR 1999-30 CL SA INV INT ONLY 04-16-2029	USA	96,151.87	0.00	5,505.94

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2006

Account name	Asset description	Country	Shares/Par value	Book value	Market value
MUNDER	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #A4-3941 5.5% 03-01-2036 BEO	USA	1,463,909.88	1,434,174.22	1,443,839.67
MUNDER	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #A4-8131 6.5% 12-01-2035 BEO	USA	820,225.71	843,935.38	835,572.13
MUNDER	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #M8-0996 5.5% 10-01-2012 BEO	USA	850,379.41	863,002.28	845,744.84
MUNDER	FHLMC CMO SER 1665 CL 1665-KZ 6.501-15-2024	USA	1,704,768.61	1,813,978.33	1,753,323.83
MUNDER	FHLMC GOLD C67999 7 06-01-2032	USA	11,440.60	11,931.30	11,775.60
MUNDER	FHLMC GOLD C68162 7 06-01-2032	USA	7,687.14	8,016.83	7,912.23
MUNDER	FHLMC GOLD GROUP C01095 7 11-01-2030	USA	38,927.95	38,417.04	40,105.20
MUNDER	FHLMC MULTICLASS PREASSIGN 00305 3.5 11-15-2009	USA	121,431.20	120,871.49	121,106.85
MUNDER	FHLMC MULTICLASS PREASSIGN 00883 4 10-15-2026	USA	1,235,727.31	1,223,951.23	1,210,039.01
MUNDER	FHLMC MULTICLASS SER 1673 CL H 6 11-15-2022	USA	238,339.67	255,693.78	238,581.58
MUNDER	FHLMC MULTICLASS SER 2123 CL PE 6 12-15-2027	USA	198,313.12	205,501.99	198,795.61
MUNDER	FHLMC MULTICLASS SER 2141 CL N 5.55 11-15-2027	USA	167,791.28	160,955.10	167,510.56
MUNDER	FHLMC MULTICLASS SER 2544 CL QB 5 09-15-2015	USA	383,654.94	394,685.03	381,506.85
MUNDER	FHLMC MULTICLASS SER 2578 CL PE 5 11-15-2016	USA	1,100,000.00	1,111,343.75	1,097,077.30
MUNDER	FHLMC MULTICLASS SER 2634 CL LC 3 04-15-2020	USA	717,205.15	719,278.33	709,939.86
MUNDER	FHLMC MULTICLASS SER 2780 CL LC 5 07-15-2027	USA	500,000.00	509,511.72	495,037.00
MUNDER	FHLMC MULTICLASS SER 3075 CL WP 5.5 04-15-2026	USA	1,000,000.00	1,003,750.00	1,003,750.00
MUNDER	FHLMC MULTICLASS SER 4 10-15-2020	USA	750,000.00	752,929.69	732,082.50
MUNDER	FNMA POOL #255217 4.5% 04-01-2024 BEO	USA	1,406,582.00	1,381,966.81	1,337,350.03
MUNDER	FNMA POOL #323406 5.97% DUE 11-01-2008 REG	USA	342,614.91	374,802.00	345,311.28
MUNDER	FNMA POOL #380709 6.08% 10-01-2008 BEO	USA	674,985.52	744,277.00	679,784.66
MUNDER	FNMA POOL #386314 3.79% 07-01-2013 BEO	USA	691,839.27	666,435.78	643,535.05
MUNDER	FNMA POOL #450601 6% DUE 12-01-2028 REG	USA	148,067.92	134,417.92	149,588.57
MUNDER	FNMA POOL #508855 8% DUE 08-01-2029 REG	USA	66,601.79	66,851.56	70,623.20
MUNDER	FNMA POOL #684968 5% 09-01-2033 BEO	USA	737,780.22	709,998.21	711,434.08
MUNDER	FNMA POOL #723640 3.136% 06-01-2033 BEO	USA	200,313.28	201,831.28	201,222.70
MUNDER	FNMA POOL #757571 5.5% 01-01-2034 BEO	USA	624,155.24	633,127.47	616,652.89
MUNDER	FNMA POOL #765473 7.5% 08-01-2007 BEO	USA	276,925.75	286,921.05	277,850.68
MUNDER	FNMA POOL #767413 5.5% DUE 01-01-2034 REG	USA	689,033.90	704,160.39	680,143.29
MUNDER	FNMA POOL #788908 6% 08-01-2034 BEO	USA	661,479.53	685,251.46	665,544.98
MUNDER	FNMA POOL #878104 5.5% 04-01-2036 BEO	USA	966,771.45	948,644.49	952,501.90
MUNDER	FNMA PREASSIGN 00339 4.5 02-25-2029	USA	1,500,000.00	1,513,593.75	1,440,307.50
MUNDER	FNMA REMIC SER 1993-203 CL PL 6.5 DUE 10-25-2023 BEO	USA	500,000.00	463,867.19	512,518.00
MUNDER	FNMA REMIC SER 2003-32 CL KB 5 03-25-2017	USA	750,000.00	763,281.25	741,818.25
MUNDER	FNMA REMIC SER 2003-41 CL ON 4.5 09-25-2021	USA	452,154.37	458,088.89	448,324.62
MUNDER	FNMA REMIC SER 20035-35 CL TC 4.5 07-25-2015	USA	750,000.00	757,382.81	739,128.00
MUNDER	FNMA REMIC TR 2002-48 CL-GH 6.5 11-25-2032	USA	1,000,000.00	1,031,718.75	1,027,020.00
MUNDER	FNMA REMIC TR 2002-7 CL-VG 6 02-25-2018	USA	311,444.08	323,950.53	311,148.20
MUNDER	FNMA REMIC TR 2005-86 CL-FC VAR RATE 10-25-2035	USA	781,916.10	777,028.78	776,739.81
MUNDER	FNMA REMIC TR SER 92-64 CL J 7.50000 GTDMTG PASS THRU CTF DUE 05-25-2007 REG	USA	36,967.03	39,341.01	37,008.84
MUNDER	GNMA POOL #538257 SER 2031 7% DUE 10-15-2031 REG	USA	32,961.43	33,990.20	34,044.47
MUNDER	GNMA POOL #627907 5% 02-15-2034 BEO	USA	314,537.35	313,062.97	305,849.82
	TOTAL U.S. GOVERNMENT MORTGAGE BACKED		98,966,466.98	99,044,524.52	97,284,416.30
	TOTAL U.S. GOVERNMENT BONDS & BILLS		170,331,466.98	171,456,949.60	169,758,965.29

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2006

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	PRIVATE EQUITY FUNDS				
LEXINGTON PARTNERS	LEXINGTON CAPITAL PARTNERS VI-B (OFFSHORE), LP	USA	1,492,826.00	1,492,826.00	1,420,880.00
	TOTAL PRIVATE EQUITY FUNDS		**1,492,826.00**	**1,492,826.00**	**1,420,880.00**
	REAL ESTATE FUNDS				
JP MORGAN	JPMCB SPECIAL SITUATION PROPERTY FUND	USA	11,387.25	10,559,031.55	16,358,285.66
JP MORGAN	JPMCB STRATEGIC PROPERTY FUND	USA	34,933.90	37,258,730.93	53,787,760.76
	TOTAL REAL ESTATE FUNDS		**46,321.15**	**47,817,762.48**	**70,146,046.42**
	TOTAL PRIVATE EQUITY & REAL ESTATE FUNDS		**1,539,147.15**	**49,310,588.48**	**71,566,926.42**
	DROP FUNDS				
VANGUARD	DROP MUTUAL FUNDS	USA		38,379,232.00	38,379,232.00
	TOTAL DROP MUTUAL FUNDS			**38,379,232.00**	**38,379,232.00**
	REAL ESTATE, PROPERTY & EQUIPMENT				
FIPO	1895 SW 3rd AVENUE, MIAMI, FLORIDA	USA		2,427,170.00	2,256,267.00
	TOTAL REAL ESTATE, PROPERTY & EQUIPMENT			**2,427,170.00**	**2,256,267.00**

IV

ACTUARIAL

SECTION

Enrolled Actuary's Statement

This report has been prepared in accordance with standards established by the American Academy of Actuaries. To the best of our knowledge, it reflects the actuarial condition of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2005 for the Retirement Fund and for the COLA Fund.

All costs and cost components are calculated on the basis of actuarial assumptions which reasonably reflect the experience of the Trust.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Randall L. Stanley
Signature
Enrolled Actuary No. 05-602

June 27, 2007
Date

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparison of Funding Progress
($000)

		10/1/2005 -$-	10/1/2004 -$-	10/1/2003 -$-
I.	Assets			
	A. Book Value	918,643	866,132	811,680
	B. Market Value	1,091,902	957,896	844,864
II.	Liabilities			
	A. Retired and Vested	677,186	616,083	473,962
	B. Active			
	Employee Contributions	121,189	118,102	115,003
	Other Vested	228,156	233,655	276,553
	Non-Vested Accrued	15,806	14,212	16,669
	C. Total Accrued	1,042,337	982,052	882,187
III.	Ratios	%	%	%
	IA/IIC	88.1	88.2	92.0
	IB/IIC	104.8	97.5	95.8

Note: Item II amounts are present values of accrued benefits.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Actuarial Basis (Revised Basis)

Valuation Date: October 1, 2005 for Fiscal Year beginning October 1, 2006.

Valuation Method: Aggregate Cost Method.

Asset Valuation Method: 20% Write-Up Method: Expected value is based on the Interest Discount/Investment Return rate applied to the actuarial asset value as of previous valuation date and cash flow during the year. 20% of the difference between the Expected Value and the Market Value (net of pending transfers to the COLA Fund) is added to the Expected Value.

The result cannot be greater than 120% of market value or less than 80% of market value (net of pending COLA transfers).

Actuarial Assumptions:

Interest Discount/ Investment Return: 7.75%, compounded annually.

Inflation: 4.0%, compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	.0507%	.0284%
30	.0801%	.0351%
40	.1072%	.0709%
50	.2579%	.1428%
60	.7976%	.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis (Revised Basis)
(Continued)

Age	Disability	Turnover		Salary Increase**
		<5	5+	
20	.00085	.0240	.0192	.088
21	.00095	.0240	.0192	.086
22	.00105	.0240	.0192	.083
23	.00110	.0240	.0192	.081
24	.00125	.0240	.0192	.078
25	.00130	.0240	.0192	.075
26	.00140	.0240	.0192	.073
27	.00150	.0240	.0192	.071
28	.00160	.0240	.0192	.068
29	.00170	.0240	.0192	.066
30	.00180	.0240	.0192	.065
31	.00200	.0240	.0192	.064
32	.00220	.0240	.0192	.064
33	.00245	.0240	.0192	.063
34	.00265	.0240	.0192	.062
35	.00285	.0240	.0192	.061
36	.00305	.0228	.0182	.061
37	.00325	.0216	.0173	.060
38	.00345	.0204	.0163	.060
39	.00370	.0192	.0154	.059
40	.00390	.0180	.0144	.058
41	.00470	.0168	.0134	.058
42	.00555	.0156	.0125	.057
43	.00635	.0144	.0115	.057
44	.00720	.0132	.0106	.057
45	.00800	.0120	.0096	.056
46	.00880	.0096	.0077	.056
47	.00965	.0072	.0057	.056
48	.01045	.0048	.0038	.056
49	.01130	.0024	.0019	.055
50	.01210	.0000	.0000	.055

** A 7% additional increase applies in the final year of Creditable Service, and a 5% additional increase applies after 22 years.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis (Revised Basis)
(Continued)

Age	Disability	Turnover		Salary Increase*
		<5	5+	
51	.01295	.0000	.0000	.053
52	.01375	.0000	.0000	.051
53	.01455	.0000	.0000	.050
54	.01540	.0000	.0000	.048
55	.01620	.0000	.0000	.047
56	.01785	.0000	.0000	.046
57	.01870	.0000	.0000	.044
58	.01950	.0000	.0000	.043
59	.02030	.0000	.0000	.041
60	.00000	.0000	.0000	.040
61	.00000	.0000	.0000	.040
62	.00000	.0000	.0000	.040
63	.00000	.0000	.0000	.040
64	.00000	.0000	.0000	.040
65	.00000	.0000	.0000	.040

* A 7% additional increase applies in the final year of Creditable Service, and a 5% additional increase applies after 22 years.

After eligibility for Rule of 64 Retirement, the following decrements apply, based on service:

Years of Service	%
After R64 and, 20 Years or Age 60	
0-4	10
5-9	25
10+ or age 65	100

There is no explicit assumption on the percentage of retirements expected to enter the DROP. No distinction is necessary, since funding is calculated to expected retirement or expected DROP entry.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis (Revised Basis)
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employees are assumed to be married.
Investment Expenses:	None; the investment return assumption of 7.75% is net of investment expenses.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Compensated Absence Balance Transfers:	No liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.
Adjustments from Valuation Date:	One year's interest is added to the calculated deposit to reflect ordinance provision.
Sources of Data:	Asset data is from unaudited financial statements. Membership data was furnished by Administrator.
Changes Since Prior Valuation:	Actuarial Asset Valuation Method changed from 5-year average ratio of market values to book values, to 20% Write-Up Method, prospectively from October 1, 2000. No redetermination of City contribution requirements for actuarial valuation dates of October 1, 2004 and prior. COLA transfers are not affected.

V

STATISTICAL

SECTION

STATISTICAL DATA OF VARIOUS ACCOUNTS

THROUGH SEPTEMBER 30, 2006

	GENERAL FUND		COLA I		COLA II	
MEMERSHIP ACCOUNT						
ADD:						
Members' Contributions						
After Tax	66,729,159		0		0	
Pre Tax	163,250,243		11,814,941		0	
After Tax from G & S	17,210		0		0	
Interest						
From Benefit Acct	77,723,891		0		0	
From Withdrawals	385,365		0		0	
Transfers from G & S	13,587		0		0	
		308,119,456		11,814,941		0
DEDUCT:						
Refunds -						
Leaving Service	16,797,701		933,196		0	
Additional Contributions	171,226		0		0	
Accidental Death	441,596		22,039		0	
Accidental Disability	1,982,443		0		0	
Option 6A	571,614		0		0	
Ordinary Death	1,366,338		58,961		0	
Transfers -						
After Tax from G & S	4,412,189		0		0	
Benefit Account	165,842,124		7,729,598		0	
Transfers to Acct Payable	487,510		0		0	
Interest withheld	305,794		0		0	
Interest	1,480,957		0		0	
		193,859,492		8,743,793		0
BALANCE AS OF 9/30/06		114,259,964		3,071,148		0
BENEFIT ACCOUNT:						
ADD:						
Contributions -						
City of Miami	477,709,641		2,042,899		13,185,685	
Police Relief & Pension Fund	52,342		0		0	
Fire Relief & Pension Fund	28,473		0		0	
Members	697,822		0		0	
Transfers from Membership Acct	165,853,048		7,729,598		0	
Amortization of Discounts	10,319,476		249,134		0	
Dividends Received	155,989,806		1,587,698		8,176,508	
Securities Lending Income	2,998,808		81,787		413,260	
Excess Interest Transfer	0				181,453,231	
Interest Income	471,515,960		9,447,680		23,112,496	
Other Income	2,135,139		27,050		128,141	
Corporate Action	487,549		13,183		75,708	
Commission Recapture	274,069		7,432		42,511	
Profit on Sale of Investments	683,912,933		17,209,649		51,410,491	
Unrealized Profit on Sales of Inv	204,390,124		6,098,044		24,697,507	
Rental Income	677,015		12,600		74,004	
Share of Earnings Income	0		1,170,581		0	
		2,177,042,205		45,677,335		302,769,543
DEDUCT:						
Pensions Paid						
Fire	364,653,732		0		0	
Police	340,553,691		0		0	
General	7,034,700		0		0	
Former Gen assumed by Trust	276,624		0		0	
Pension Payments Prior 1966	989,022		0		0	
Distributions	0		9,749,214		80,955,588	
Lump Sum Payments to Benef	79,137		0		0	
Death Benefits	869,638		0		0	
Amortization of Premium	4,876,744		0		0	
Corrections to Control	17,117,379		0		0	
Income Expenses	35,751,245		720,946		3,431,258	
Building Depreciation	106,813		4,154		23,750	
Securities Lending Fees	772,785		24,558		124,104	
Other Expenses	0		45,256		0	
Vested Rights Withdrawals	682,671		0		0	
Transfers -						
Excess Interest Earnings	168,305,714		0		0	
G & S Benefit Account	5,378,420		0		0	
G & S Share of Earnings	5,251,212		0		0	
Interest to Membership Acct	73,372,335		0		0	
Interest on VR Withdrawals	140,518		0		0	
Overpayments (uncollectible)	769		0			
		1,026,213,149		10,544,128		84,534,700
BALANCE AS OF 9/30/06		1,150,829,056		35,133,207		218,234,843
BENEFIT ACCOUNT - SPECIAL						
ADD:						
Contributions - City of Miami	1,001,273					
Members	9,945					
		1,011,218				
DEDUCT:						
Pension Paid		1,011,218				
BALANCE AS OF 9/30/06		0				
RESERVE ACCOUNT						
ADD:						
Transfers -						
Benefit Account	961,029					
BA Share of Earnings	222,289					
BALANCE AS OF 9/30/06		1,183,318				

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Member Statistics

I. Active Members

Number of	10/1/2005	10/1/2004	10/1/2003
Males	1,247	1,261	1,397
Females	208	207	225
Total	1,455	1,468	1,622
Averages			
Current Age	39.4	39.6	40.1
Past Service	13.1	13.6	14.3
Credited Past Service	13.1	13.6	14.1
Annual Earnings	$62,897	$60,253	$60,987

II. Inactive Members

A. Retirees and Beneficiaries			
Number	1,503	1,424	1,256
Average Annual Benefit	$40,060	$38,222	$33,446
Average Age	63.4	63.3	64.6
B. Disabled			
Number	215	215	222
Average Annual Benefit	$18,607	$18,140	$17,758
Average Age	65.2	64.6	64
C. Vested Terminated			
Number	25	29	17
Average Deferred Benefit	$21,930	$21,461	$17,965
Average Age	43.4	44.6	47.3

SUMMARY OF RETIREMENTS

JANUARY 1, 1940 THROUGH SEPTEMBER 30, 2006

DESCRIPTION	SERVICE	ORDINARY DISABILITY	SERVICE ACCIDENTAL DISABILITY	ACCIDENTAL DEATH	ORDINARY DEATH	EARLY SERVICE	DROP PLAN	VESTED RIGHTS	CONTINUANCES	TOTAL BENEFITS GRANTED
BENEFITS GRANTED	1,921	52	456	38	3	106	504	81	225	3,386
ASSUMED BY G.E.S.E. FUND	-184	-3	-19	0	0	0	0	0	0	-206
TERMINATED BY DEATH	-716	-36	-232	-18	0	-23	0	-4	-40	-1,069
TERMINATED DROP PLAN	0	0	0	0	0	0	-262	0	0	-262
TERMINATED BY MARRIAGE	0	0	0	-2	0	0	0	0	0	-2
RETURNED TO SERVICE	-2	-3	-1	0	0	0	0	0	0	-6
MINORS ATTAINING AGE 18	0	-1	0	-7	0	0	0	0	0	-8
PAYMENT SUSPENDED	-3	0	-1	0	0	0	0	0	0	-4
UNMATURED VESTED RIGHTS	0	0	0	0	0	0	0	-22	0	-22
WITHDRAWN VESTED RIGHTS	0	0	-2	0	0	0	0	-24	0	-26
INACTIVE PARTICIPANTS:	1,016	9	201	11	3	83	242	31	185	1,781

OUTLINE OF PRINCIPAL BENEFIT PROVISIONS OF THE CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

ORDINANCE NO. 10002 ADOPTED JUNE 13, 1985

EARNABLE COMPENSATION:

Earnable compensation, shall mean an employee's base salary including pickup contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death in the family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.

COVERED GROUP:

All fire fighters or police officers presently employed by the City as a fire fighter or police officer whether in the classified or unclassified service of the City.

EMPLOYEE CONTRIBUTIONS:

Effective the first full pay period following October 1, 1999, it shall be 7% of pre tax earnable compensation. Effective the first full pay period following October 1, 2000, it shall be 7% of pre tax earnable compensation or a percent equal to the City's contribution, whichever is less.

INDIVIDUAL RETIREMENT ACCOUNTS:

Effective the first full pay period following October 1, 2000, should the members contribution be less than seven percent (7%) the difference between the seven percent and the actual contribution shall be deducted from the member's paycheck and placed into an individual contribution account (ICA) as part of the retirement system.

EMPLOYER CONTRIBUTIONS:

The City's annual fiscal contribution to the retirement system shall provide for the following (1) non-investment expenses of the retirement system, (2) normal costs of the retirement system.

NORMAL RETIREMENT AGE:

Age 50

SERVICE RETIREMENT:

The annual normal service retirement allowance, payable on a 40% Joint and Survivor basis will equal 3.0% of average final compensation per year of creditable service for the first 15 years of such creditable service and 3.5% of the average final compensation per year of creditable service after 15 years.

RULE OF 64 RETIREMENT:

A member, in service, who has not withdrawn from active membership in the retirement system may elect service retirement on the basis of his or her combined age and creditable service equaling 64 or more. Such election shall be made upon written application to the board, setting forth not less than 10 nor more than 90 days subsequent to the execution and filing thereof, the date the member desires to be retired.

EARLY RETIREMENT:

After 20 years of creditable service, accrued benefit actuarially adjusted.

DEFERRED RETIREMENT OPTION PROGRAM: (DROP)

A member who is eligible to retire under either Rule of 64 or Service retirement can elect to participate in the Deferred Retirement Option Program (DROP). The program allows the member to defer receipt of his retirement benefit into a "DROP" account while he/she continues to be employed by the Department. The member can be in the DROP for a maximum of 3 years.

B. A. C. DEFERRED RETIREMENT OPTION PROGRAM:

Shall mean *Benefit Actuarially Calculated* deferred retirement option program.

EARLY SERVICE RETIREMENT:

After 20 years of creditable service, accrued benefit actuarily adjusted.

AVERAGE FINAL COMPENSATION:

Shall mean the annual earnable compensation of a member during either the last one (1) year or the highest one (1) year of membership service, whichever is greater.

CREDITABLE SERVICE:

Membership credit upon which a member's eligibility to receive benefits under the retirement system is based or upon which the amount of such benefits is determined.

LIMITATIONS ON BENEFITS:

A member's retirement allowances shall not exceed one hundred percent (100%) of the member's final average compensation for members retiring under service retirement or rule of 64 retirement. Exceptions are, (1) members whose retirement allowances, prior to October 1, 1998, had already earned one hundred percent or greater, these members may continue to accrue pension benefits; (2) members whose retirement allowance exceeds one hundred percent as of October 1, 1998 due to the multiplier change, these members shall be capped at the new percentage.

OPTIONAL ALLOWANCES:

Normal form (Option 6C) is joint and 40% contingent survivor. Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of member. Option 6A is withdrawal of employee contributions with credited interest; monthly benefit is half of normal level. Option 6B is an additional 5% with no survivor benefit.

DISABILITY RETIREMENTS:

A. Ordinary Disability
After 10 years of creditable service, if not otherwise eligible for normal retirement, and incurred while not in line of duty, a benefit payable for life consisting of the benefit rate times 90% of average final compensation times years of creditable service, if such retirement allowance exceeds 30% of average final compensation. Otherwise, a benefit of 30% of the member's average final compensation.

B. Accidental Disability
Prior to age 60, incurred in line of duty. A benefit payable on a 40% joint and survivor basis of 66 2/3% of average or final compensation, whichever is larger.

DEATH BENEFIT:

A. Ordinary Death Benefit
After 3 years of service, provided death is not accidentally incurred in line of duty, a lump sum payment f 50% of annual compensation received in year prior to death plus an additional lump sum payment of member's accumulated contributions with interest to date of death. Or in lieu thereof; if eligible for Early or Service retirement, and with 3 years of membership, automatic Option 6C, payable to spouse, as through retirement had occurred on date of death (40% payable)

B. Accidental Death Benefit
Incurred in line of duty (or presumed to be in the line, i.e. heart), annual pension of 50% of average final compensation to spouse until death or remarriage or to children under 18, or to dependent parents for life. If none of such beneficiaries exist, the ordinary death benefit will be paid. Also a lump sum payment of member's accumulated contributions with interest to date of death is paid in addition to the above payments.

VESTED RIGHTS BENEFIT:

After completion of 10 years of service, provided accumulated contributions are not withdrawn. A benefit based on service and average final compensation when employment is terminated. Benefit is deferred to minimum retirement age.

C.O.L.A. ACCOUNT:

The COLA I benefit was determined from available monies from an initial city contribution made from the trust funds excess interest earnings. These monies were allocated to the retiree population, according to unit values and distributed to each member according to his/her actuarial life expectancy, in level monthly lifetime payments. In addition to the above initial benefit, a yearly COLA I increase was financed by 2% of the active member's pension contributions. This yearly increase was

C.O.L.A. ACCOUNT: (continued)

determined on the basis as the initial benefit and added to the monthly lifetime payments. As of January 9, 1994, the active employees ceased making the 2% pension contribution to the COLA I account, and the COLA I benefits were frozen as of that date. Beginning with 1994, in addition to the frozen COLA I benefit, a COLA II benefit was paid. The COLA II benefit is funded from the pension fund's annual excess investment return (other than COLA account assets). The methodology for determining the excess investment return and amounts available for the COLA II benefit are described in detail in Section 40-213 of the City of Miami Code. An actuarial table is developed yearly identifying the benefits due. This table is based upon full years of creditable service at retirement and full years retired as of April of the current year. For accidental death and accidental disability, years of service are defined as twenty five (25) years, or actual creditable service if greater. Receipt of the COLA II benefit is based on the retiree reaching at least four (4) full years of retirement and fifty years of age. In case of accidental death, the beneficiary will be entitled to the COLA benefit on April 1st following the fiftieth anniversary of the employee's birth and the fourth anniversary of the employee's death. COLA benefits for a vested right retiree are based upon such retiree reaching at least four (4) full years of retirement after fifty (50) years of age. COLA benefits reflect the option selected at the time of retirement.

In addition, funding for COLA benefits for future employees hired during the remaining term of the amended final judgement, Gates vs. City of Miami, Circuit Court Case No. 77-9491 CA04, shall be defined and allocated through the remaining term of such final judgement.

ORDINANCES ADOPTED DURING THE YEAR

DATE	ORDINANCE NUMBER
	None

EMPLOYEES' RETIREMENT SYSTEM

of the County of Milwaukee

2006 Annual Report of the Pension Board

as of December 31, 2006

CITIZEN MEMBERS
Linda S. Bedford
Donald Cohen
Michael J. Ostermeyer
Thomas A. Weber

RETIREE MEMBER
Marilyn B. Mayr

EMPLOYEE MEMBERS
John G. Martin, Vice Chairman
Dr. Dean A. Roepke, Chairman
John E. Parish

SECRETARY/MANAGER, ERS
Jack L. Hohrein

901 North 9th Street, Room 210-C
Milwaukee, Wisconsin 53233
Telephone: 278-4207

EMPLOYEE'S RETIREMENT SYSTEM

Milwaukee County

PENSION BOARD
Dean A. Roepke, Dr. Med. Vet
Chairman

John G. Martin
Vice Chairman

Linda S. Bedford
Donald Cohen
Marilyn B. Mayr
John E. Parish
Dr. Sarah W. Peck
Michael J. Ostermeyer
Thomas A. Weber

Jack L. Hohrein
Secretary/Manager - ERS

July 18, 2007

Retirement System Members:

We are pleased to present the 2006 Annual Report of your Pension Board. As can be seen, the Retirement System experienced another successful year with an increase in net assets available for pension benefits as the stock market continued its rebound from the lows reported during the years of 2000 through 2002. Contributions and net investment income exceeded pension benefits and administrative expenses by $98.4 million. Total assets at the end of the year exceeded $1.65 billion. For further detailed information regarding the performance of the pension fund, please see the management discussion, financial statements and footnotes that follow.

The description of the Employees' Retirement System, included in this report, highlights major plan provisions. County ordinances, labor agreements, Pension Board rules and the Governmental Accounting Standards Board prevail over the contents of this report. If you have any questions, please call the Retirement System office at (414) 278-4145.

Members considering retirement within the next few years are reminded to watch for announcements from the County for retirement information programs. Please call the Retirement Division at 278-4208 for further information regarding these programs. If you are interested in meeting with a retirement counselor to discuss retirement, please schedule an appointment by calling (414) 278-4189.

Several options are available to members who retire or otherwise leave County service. Before terminating employment, you should become fully informed of the various opportunities so you can make the best choice for your situation.

Each year, Milwaukee County distributes benefit statements reflecting balances as of the end of the previous year. Remember to keep your beneficiary designations current by informing the Retirement System Office of any changes. Retired members should also notify the Retirement System Office in writing of any changes in residence or address so that your benefit payments and year-end 1099R statements are properly mailed.

This year the Pension Board will require all new retired members to sign up for direct deposit of their benefits. Please join with us in this effort to reduce costs and increase the efficiencies of the delivery of your retirement benefits.

Sincerely,

The Pension Board

COURTHOUSE, ROOM 210-C • 901 NORTH 9TH STREET • MILWAUKEE, WI 53233 • (414) 278-4207

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Members of the Pension
Board of the Employees' Retirement
System of the County of Milwaukee:

We have audited the accompanying statements of plan net assets of the Employees' Retirement System of the County of Milwaukee (the "Retirement System") as of December 31, 2006 and 2005, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Retirement System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Retirement System as of December 31, 2006 and 2005, and the changes in its plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 and 4 and the schedules of funding progress, employee contributions, and notes to required supplementary information on pages 16 – 17 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures to the 2006 and 2005 information which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The ten-year historical trend and related information on pages 18 - 19 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Virchow, Krause & Company, LLP

Milwaukee, Wisconsin
August 3, 2007

Management's Discussion and Analysis
(In Thousands of Dollars)

Management is please to provide this overview and analysis of the financial activities of the Employees' Retirement System of the County of Milwaukee ("ERS", or the "Retirement System") for the year ended December 31, 2006.

FINANCIAL HIGHLIGHTS

- Plan net assets for ERS increased $98,419 in 2006 versus 2005, $9,665 in 2005 versus 2004 and $56,662 in 2004 versus 2003. The increases were due in large part to the continued improvement in market conditions.
- Cash and short-term investments fluctuate considerably from year to year. The amount for 2006 of $17,664 is near the median while the amounts for 2005 and 2004 were near the lower end of normal.
- Receivables increased $29,398 for the period shown due to an increase of $29,474 in sales of securities pending settlement and an increase of $2,598 in pension contribution receivable from Milwaukee County. Those increases were offset by a decrease of ($2,436) in the receivable for foreign exchange contracts and other miscellaneous receivables of ($238). The difference between 2005 and 2004 was due mainly to a partial prepayment of the 2004 lump-sum contribution in 2004. Normally all of the lump-sum contribution for a year is paid in the year following the close of the year.
- Investments, at fair value, increased $50,424 for the period shown as a result of the improvement in the securities market.
- Other assets increased $44,815 for the period shown due largely to an increase of $42,529 in securities lending – collateral. The remaining increase of $2,286 represents funds spent on the development and implementation of a new pension software system. It is anticipated that the new software will become operational in 2008.
- Other liabilities decreased ($16,126) for the period shown due primarily to a decrease of ($14,853) in purchases of securities pending settlement and ($2,469) in the payable for foreign exchange contracts. The decreases were offset by an increase in accounts payable of $780, an amount due the OBRA retirement plan of $356 and other miscellaneous payables of $60.
- The rate of return on total assets of the pension fund, net of investment expenses, was 13.5%, 8.3% and 12.9% for the years ended December 31, 2006, 2005 and 2004, respectively
- There was an increase of $11,108 in total additions for the period shown. This was due to an increase of $18,983 in investment income offset by a reduction of $7,875 in employer and employee pension contributions.
- Benefit payments decreased $30,639 during the period shown due to a reduction in retirements in 2006 and 2005 versus 2004 and a corresponding reduction of $45,619 in lump-sum payments. This was offset by a $14,980 increase in monthly pension benefits.
- As of December 31, 2006, 2005 and 2004, the funding ratio (actuarial value of the assets divided by the actuarial accrued liability) for the plan was 79.0%, 76.2% and 79.9%, respectively. The funding ratio gives an indication of how well the liabilities of the pension plan are funded. The higher the funding ratio the better the plan is funded. The ratio improved in 2006 after declining for several years. Investment losses, revisions in the plan benefits, large pension payouts and underpayment of pension annual required contributions caused the ratio to decline.

The Board of Trustees of ERS has the responsibility for the overall performance of the Pension Fund. The Board's principal means to achieve this goal is by (a) determining an asset allocation policy which is expected to provide the long-term rate of return sufficient to fund benefits while minimizing the risk of loss through diversification (b) selecting an appropriate number of investment managers to manage the assets within an asset class and monitoring the performance of such investment managers relative to specified benchmarks, and (c) implementing cost containment measures intended to reduce the investment fees and costs associated with investing the Fund's assets. The Board is the fiduciary of the Fund and is responsible for carrying out the investment functions solely in the interest of the members and benefit recipients.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Retirement System's financial statements. The financial section is comprised of four components: (1) financial statements, (2) notes to the financial statements, (3) required supplementary information, and (4) other supplementary schedules.

Financial Statements. There are two financial statements presented for the plan. The Statement of Plan Net Assets as of December 31, 2006 and 2005 indicates the net assets available to pay future benefits and gives a snapshot of the financial assets available for pension benefits at a particular point in time. The Statement of Changes in Net Plan Assets for the year ended December 31, 2006 and 2005 provides a view of the additions and deductions to the plan for the years presented.

Notes to financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the financial statements.

Required supplementary information. The required supplementary information consists of a Schedule of Funding Progress and a Schedule of Employer Contributions and related notes concerning the funded status of the plan. These schedules provide historical trend information, which contributes to understanding the changes in the funded status of the plan over time.

Other supplementary schedules. The additional schedules (Ten-Year Historical Trend Information, Net Fund Assets, Actual County Contributions, Active Membership Statistics, Retirements and Survivors) are presented for the purpose of additional analysis.

COMPARATIVE FINANCIAL STATEMENTS

Retirement System's Net Assets	12/31/06	12/31/05	12/31/04	Difference '04 to '06	% Change
Assets					
Cash and short-term investments	$17,664	$8,704	$7,814	$9,850	126.1%
Receivables	68,533	47,340	39,135	29,398	75.1%
Investments, at fair value	1,575,742	1,514,478	1,525,318	50,424	3.3%
Other assets	155,955	126,947	111,140	44,815	40.3%
Total Assets	1,817,894	1,697,469	1,683,407	134,487	8.0%
Liabilities					
Security lending obligations	153,669	126,947	111,140	42,529	38.3%
Other liabilities	6,029	10,745	22,155	(16,126)	(72.8%)
Total Liabilities	159,698	137,692	133,295	26,403	19.8%
Net assets available for benefits	$1,658,196	$1,559,777	$1,550,112	$108,084	7.0%

Retirement System's Changes in Net Assets	2006	2005	2004	Difference '04 to '06	% Change
Additions					
Employer contributions	$27,435	$35,415	$35,143	($7,708)	(21.9%)
Member contributions	545	360	712	(167)	(23.4%)
Investment income	203,505	124,391	184,521	18,983	10.3%
Total Additions	231,485	160,166	220,376	11,108	5.0%
Deductions					
Benefit payments	(130,730)	(148,307)	(161,369)	30,639	(19.0%)
Administrative expenses	(2,322)	(2,157)	(2,190)	(132)	6.0%
Withdrawals	(14)	(37)	(155)	141	(91.2%)
Total deductions	(133,066)	(150,501)	(163,714)	30,648	(18.7%)
Changes in net assets available for benefits	98,419	9,665	56,662	41,756	73.7%
New assets held in trust for pension benefits:					
Beginning of year	1,559,777	1,550,112	1,493,450	66,328	4.4%
End of year	$1,658,196	$1,559,777	$1,550,112	$108,084	7.0%

Requests for financial information:

The financial report is designed to provide the Board of Trustees, our membership, taxpayers, investment managers and creditors with a general overview of ERS finances and to demonstrate ERS's accountability for the funds under its stewardship. Please address any questions about this report or requests for additional financial information to:

Milwaukee County ERS
901 N. 9th Street Room 210-C
Milwaukee, WI 53233

STATEMENTS OF PLAN NET ASSETS

	December 31, 2006	December 31, 2005
ASSETS:		
CASH AND CASH EQUIVALENTS	$ 17,663,749	$ 8,704,242
RECEIVABLES		
Due from sale of investments	32,247,645	1,434,880
County of Milwaukee	27,864,524	35,738,239
Accrued interest and dividends	6,545,991	6,244,920
Miscellaneous receivables	1,174,763	939,163
Receivable for foreign exchange contracts	699,610	2,983,139
TOTAL RECEIVABLES	68,532,533	47,340,341
INVESTMENTS AT FAIR VALUE		
Domestic common and preferred stocks	551,978,255	570,614,993
Corporate bonds and convertible debentures	457,393,409	460,757,437
International common and preferred stocks	322,691,519	264,187,426
Real estate investment trusts	78,466,092	59,303,759
US Government and state obligations	54,586,349	58,112,905
Federal agency and mortgage-backed certificates	52,817,050	46,207,868
International fixed income	34,507,543	35,200,314
Venture capital	23,302,233	20,093,802
TOTAL INVESTMENTS	1,575,742,450	1,514,478,504
OTHER ASSETS		
Software development costs	2,285,552	-
Securities lending - collateral (See Note 5)	153,669,195	126,947,004
	155,954,747	126,947,004
TOTAL ASSETS	1,817,893,479	1,697,470,091
LIABILITIES:		
Securities lending - collateral (See Note 5)	153,669,195	126,947,004
Miscellaneous payables	3,251,973	2,881,038
Payable to OBRA Retirement Plan	1,260,931	1,090,405
Payable for securities purchased	797,830	3,762,917
Payable for foreign exchange contracts	717,751	3,011,236
TOTAL LIABILITIES	159,697,680	137,692,600
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$1,658,195,799	$1,559,777,491

(A schedule of funding progress is presented on page 16)

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN PLAN NET ASSETS

	Year Ended December 31, 2006	Year Ended December 31, 2005
ADDITIONS:		
CONTRIBUTIONS		
County of Milwaukee	$ 27,435,154	$ 35,415,185
Plan participants	545,258	360,283
	27,980,412	35,775,468
INVESTMENT INCOME		
Net appreciation in fair value	173,518,439	96,870,929
Interest and dividends	33,341,386	30,461,069
Security lending income	6,834,982	4,139,684
Other income	662,683	878,615
Total investment income	214,357,490	132,350,297
Less: Securities lending rebates and fees	(6,552,561)	(3,821,549)
Investment expense	(4,300,731)	(4,137,513)
Net investment income	203,504,198	124,391,235
TOTAL ADDITIONS	231,484,610	160,166,703
DEDUCTIONS:		
Benefits paid to retirees and beneficiaries	(130,730,539)	(148,307,335)
Administrative expenses	(2,322,192)	(2,157,303)
Withdrawal of membership accounts	(13,571)	(36,963)
TOTAL DEDUCTIONS	(133,066,302)	(150,501,601)
NET CHANGE IN PLAN NET ASSETS:	98,418,308	9,665,102
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:		
Beginning of year	1,559,777,491	1,550,112,389
End of year	$1,658,195,799	$1,559,777,491

The accompanying notes are an integral part of these financial statements.

(1) Description of Retirement System –

The following brief description of the provisions of the Employees' Retirement System of the County of Milwaukee ("ERS" or the "Retirement System") is provided for financial statement purposes only. Participants should refer to Section 201.24 of the General Ordinances of Milwaukee County and their respective bargaining agreement for more complete information.

The County of Milwaukee (the "County") created the Retirement System, a single-employer plan, to encourage qualified personnel to enter and remain in the service of the County by providing for a system of retirement, disability and death benefits to or on behalf of its employees. Chapter 201 of the Laws of Wisconsin for 1937 mandated the County to create the Retirement System as a separate legal entity. The County did so by passing Section 201.24 of the General Ordinance of Milwaukee County. The authority to manage and control the Retirement System is vested in the Pension Board. The Pension Board consists of nine members – three members appointed by the County Executive (subject to confirmation by the County Board of Supervisors), three employee members elected by the employee participants, two members appointed by the County Board chairperson and one retiree-elected member.

	As of December 31	
Participants –	**2006**	**2005**
Retiree and beneficiaries currently receiving benefits	7,299	7,275
Vested and terminated employees not yet receiving benefits	1,404	1,399
Current employees	4,898	5,056
Total participants	13,601	13,730

Contributions –

The Retirement System is substantially noncontributory. However, participants meeting certain criteria have the option to contribute to membership accounts. In addition, the County contributes to membership accounts of most employee participants enrolled prior to 1971. Member account balances are as follows:

	As of December 31	
	2006	**2005**
Membership accounts –		
Participants and County contributed	$ 4,339,753	$ 4,479,292
Voluntary savings accounts	1,152,214	943,656

Contributions due from the County to the Retirement System consist of amounts sufficient to fund the annual normal cost and interest on and amortization of the unfunded or overfunded actuarial accrued liability. A substantial portion of the current year's contribution is paid to the Retirement System in the following year.

The County makes contributions to the Retirement System based upon the Annual Required Contribution (ARC) and legal requirements, at the discretion of the County Board. An actuary hired by the Pension Board establishes the ARC. Data used in the determination of the ARC is based upon the prior fiscal year's demographics. The actual contribution made to the pension plans is set during the County's budget process and may differ from the ARC as a result of changes in plan provisions implemented subsequent to establishment of the ARC and budgetary restraints. During the year, the Retirement System accrues those contributions that the County has included in its current year's budget. For 2006 and 2005, the County contribution recorded by the Retirement System was $25,203,042 and $2,192,755 less than the ARC for 2006 and 2005, respectively.

Benefits –

The normal retirement benefit is a monthly pension for the life of the participant beginning at normal retirement age. For deputy sheriff participants with less than 15 years of service, the normal retirement age is 57 or age 55 and 15 years of service. For all other participants the normal retirement age is 60, although some labor agreements require a minimum of 5 years creditable service at age 60. Active participants are also eligible to retire when their age added to their years of service equals 75. The County Ordinance and Labor Agreements require an employee to be a member prior to a stated date in order to qualify for the "rule of 75". The normal retirement benefit payable to a participant whose membership began prior to January 1, 1982, is equal to 2.5% for deputy sheriffs and elected officials, and 2% for all other participants, of the participant's three-year final average monthly salary, as defined in the Ordinance and labor agreements, multiplied by the number of years of credited service. The amount of normal retirement benefits payable for a participant whose membership began after January 1, 1982 is as follows: 2.5% for deputy sheriffs, deputy sheriff lieutenants, deputy sheriff ECPs and DA investigators hired before July 1, 1995; 2% for deputy

sheriffs, deputy sheriff lieutenants, deputy sheriff ECPs and DA investigators hired after June 30, 1995; 2% for elected officials; 2% for firefighters and non-represented firefighters beginning January 1, 1999; and 1.5% for all other participants, of the participant's five-year final average monthly salary, as defined in the Ordinance and labor agreements, multiplied by the number of years of credited service. Each year after retirement, the amount of monthly benefit is increased by an amount equal to 2% of the benefit paid for the first full month of retirement. The maximum benefit, excluding any post-retirement increases, payable to a participant cannot exceed 80% of the participant's final average monthly salary.

As of January 1, 2001, certain plan changes became effective, except for represented deputy sheriffs. These changes are noted below:

- The County will pay the accrued sick allowance in full upon retirement for those participants hired prior to January 1, 1994. Previously, a member received both a cash payment from the County and pension service credit for a portion of the accrued sick allowance. The full payout of the sick allowance has subsequently been amended to a partial payout with various effective dates and payout percentages for the non-represented employees and each of the unions, but no service credit is granted.

- A bonus of 7.5% per year, up to a maximum of 25%, is added to the final average salary for those employees whose membership in the Employee's Retirement System began before January 1, 1982, or July 1, 1995 for a non-represented deputy sheriff.

- All service credit earned after January 1, 2001 is credited with an additional .5% multiplier for those employees whose membership in the Employee's Retirement System began after December 31, 1981, or June 30, 1995 for a non-represented Deputy Sheriff. Also, for each year of pension service earned after January 1, 2001, eight (8) years of service earned prior to January 1, 2001 is credited with an additional .5% multiplier.

- A "back drop" payment option was established that permits an employee to receive a lump-sum cash payment and a monthly pension benefit upon retirement. The lump-sum cash payment is the total of the monthly pension benefits, adjusted for COLA increases, that a member would be entitled to from a prior date (back drop date) to the date that the member terminates employment plus compounded interest. The back drop date must be at least one year prior to the termination date and the member must have been eligible to retire as of that date. The member will be entitled to a COLA adjusted monthly pension benefit based on the back drop date once the member terminates employment.

- A participant is vested upon attaining 5 years of creditable pension service.

The following changes were made effective as of the stated dates:

- Non-represented employees and elected officials hired on or after March 15, 2002 are not eligible to receive the back drop pension benefit. Employees represented by a labor agreement must also be hired prior to the date specified in the labor agreement to be eligible to receive the the back drop benefit.

- Individuals elected after March 15, 2002 are not eligible to receive the additional .5% pension benefit multiplier.

- Effective January 1, 2003, the pension benefit for employees who became members after December 31, 1981 shall be based upon a final average salary equal to the three highest consecutive years of earnings instead of the five highest consecutive years of earnings, except for represented sheriffs.

A participant who meets the requirements for an accidental or ordinary disability benefit is entitled to an amount equal to the normal retirement benefit, but not less than 60% of a participant's final average salary for accidental disability. Fifteen years of credited service is required to apply for ordinary disability.

A represented deputy sheriff whose membership began prior to January 1, 1982 is vested upon attaining six years of creditable pension service. A represented deputy sheriff whose membership began after December 31, 1981 is vested upon attaining ten years of creditable pension service.

Most participants are immediately vested upon attaining age 60. A vested participant is eligible for a deferred pension beginning as of the member's normal retirement date.

A participant who is 55 years of age and has 15 years of credited service may elect to receive early reduced retirement benefits. The participant would be entitled to a benefit equal to the normal retirement benefit with a lifetime reduction of 5% for each year prior to the normal retirement date that benefits begin to be paid.

Upon the death of an employee participant and usually after one year of service, which varies by labor agreement, a spouse with one dependent child, as defined in the Ordinance, will receive 40% of the deceased participant's salary, reduced by an amount equal to Social Security benefits payable to the spouse. An additional 10% of salary, reduced by Social Security benefits, is paid for each dependent child. The total benefit, if there are more than five eligible children, generally cannot exceed 90% of the prior salary level. The total benefit includes Social Security benefits. Upon attaining age 60, the spouse will receive 50% of the

normal retirement benefit based upon service projected to age 60 of the employee participant. If there is no spouse or child, the death benefit payable to a designated beneficiary is equal to 50% of the deceased participant's final average salary, but not to exceed $2,000. Deputy sheriffs are covered by special provisions if their death occurs as a result of an accident in actual performance of duty.

A participant who attains eligibility for normal retirement benefit may elect a protective survivorship option of 100% or 50% (discussed below). In the absence of an election, a surviving spouse will be paid a survivorship pension of 100%. For a survivorship pension to be paid to a designated beneficiary, other than a surviving spouse, the participant must file an election in writing on a form prescribed by the Pension Board.

Currently, employee participants may choose between several options when retiring. The available options are:

- Maximum This option is a pension benefit that is payable over the life of the participant and ceases upon the participant's death;
- Membership Account Refund This option is an actuarially reduced pension benefit that ceases upon the death of the participant. This option, however, guarantees that the participant will receive the total balance in his/her Membership Account as of the retirement date. The Membership Account balance is reduced each month by an actuarial determined amount. Any balance remaining upon the participant's death will be paid to the participant's beneficiary. Generally, only participants hired prior to 1971 have a Membership Account and, therefore, are the only employees eligible for this option;
- 25% This option is an actuarially reduced pension benefit that is payable over the life of the participant. Upon the participant's death, 25% of the pension benefit is payable over the life of a named beneficiary, if living;
- 50% This option is an actuarially reduced pension benefit that is payable over the life of the participant. Upon the participant's death, 50% of the pension benefit is payable over the life of a named beneficiary, if living;
- 75% This option is an actuarially reduced pension benefit that is payable over the life of the participant. Upon the participant's death, 75% of the pension benefit is payable over the life of a named beneficiary, if living;
- 100% This option is an actuarially reduced pension benefit that is payable over the life of the participant. Upon the participant's death, 100% of the pension benefit is payable over the life of a named beneficiary, if living;
- 10-Year Certain This option is an actuarially reduced pension benefit payable over the life of the participant but is guaranteed for a period of 10 years, in the event that the participant should die within 10 years after the retirement date.
- Board Discretion This option is at the discretion of the Pension Board and is the payment of a benefit in a form other than those set forth above provided that payments in such other form are the actuarial equivalent of the benefit otherwise payable. The Pension Board assesses a participant an administrative charge each calculation performed under this option.

Benefits of $130.7 million and $148.3 million were paid in 2006 and 2005, respectively, including periodic pension benefit payments of $125.2 million and $122.6 million, respectively, and back drop lump-sum pension benefit payments of $5.5 million and $25.7 million in 2006 and 2005, respectively.

(2) Summary of Significant Accounting Policies:

New Accounting Pronouncements –

In fiscal year 2005, the Retirement System implemented Governmental Accounting Standards Board ("GASB") Statement No. 40, "Deposit and Investment Risk Disclosures" (an amendment of GASB No. 3). GASB 40 modifies and expands disclosure requirements for deposits and investments. In accordance with GASB 40, deposit and investment risk disclosures are required for interest rate risk, credit risk, concentration of credit risk, custodial credit risk and foreign currency risk. The new requirements are effective for fiscal periods beginning after June 15, 2004.

Basis of Accounting –

The accompanying financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed and expenses are recorded when the corresponding liabilities are incurred.

Investments –

Investments, primarily stocks, bonds, certain government loans and mortgage-backed certificates, are stated at quoted fair value. Temporary cash investments are valued at cost, which approximates fair value. Investments in venture capital partnerships are valued at estimated fair value, as provided by the Retirement System's venture capital investment manager. Investment transactions are recorded on the trade date. Realized gains and losses are computed based on the average cost method.

A summary of investments at cost is as follows:

	As of December 31	
	2006	2005
Domestic common and preferred stocks	$ 444,920,083	$ 484,539,247
Corporate bonds and convertible debentures	424,038,834	437,546,882
International common and preferred stocks	251,987,550	169,004,703
Federal agency and mortgage backed certificates	53,598,289	47,181,885
International fixed income	29,083,622	30,880,903
US Government and state obligations	54,500,055	58,856,368
Real estate investment trusts	51,110,931	44,817,722
Venture capital	26,269,992	26,417,074
Cash and cash equivalents	17,587,478	8,715,671
Total investments at cost	$1,353,096,834	$1,307,960,455

Valuation of International Securities –

Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts on the date of valuation. Purchases and sales of securities and income items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

Expenses –

Administrative expenses incurred by the County related to the Retirement System are payable by the Retirement System to the County. Such expenses totaled $988,048 and $972,805 in 2006 and 2005, respectively.

Use of Estimates –

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(3) Income taxes –

The Internal Revenue Service ruled on July 23, 2001, that the Plan was in compliance with Section 401(a) of the Internal Revenue Code (IRC), and, therefore, is a tax-qualified plan. The Retirement System has been subsequently amended. Management believes that the Plan continues to be in compliance with the IRC and maintains its tax-qualified status.

(4) Contributions Required and Contributions Made –

The Retirement System's funding policy provides for periodic County contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Payroll contribution rates are determined using the Aggregate Entry Age Normal method of funding. The Retirement System also uses the level percentage of payroll method to amortize the unfunded liability over a 30 year period in 2006. The significant actuarial assumptions used to compute the contribution requirements are the same as those used to compute the pension benefit obligation.

County contributions totaling $27,435,154 and $35,415,185 were recorded in 2006 and 2005, respectively. The 2006 and 2005 contributions were less than the total Actuarial Required Contribution (ARC) using the Aggregate Entry Age Normal method of funding with normal cost computed as a level percentage of pay. See the Schedule of Employer Contributions in the Required Supplementary Information. The County's contributions to the Retirement System were 12.3% and 15.7% of annual covered payroll for 2006 and 2005, respectively.

The 2006 and 2005 contributions reflected in the accompanying statements were actuarially determined as of January 1, 2005 and 2004. These amounts were included in the County's 2006 and 2005 budgets. The Retirement System's financial statements as of December 31, 2006 and 2005 reflected the unpaid portion of the 2006 and 2005 contributions as a contribution receivable.

Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 8.0% and 8.5%, compounded annually in 2006 and 2005, respectively (b) projected payroll growth increases averaging 3.5% and 5.5% per year compounded annually in 2006 and 2005, respectively, attributed to inflation, seniority and merit, and (c) post-retirement benefit increases of 2.0% per year for both 2006 and 2005.

(5) Deposit and Investment Risk Disclosure –

As provided by state legislative act and County Ordinance, the Retirement System's Board has exclusive control and management responsibility of the Retirement System's funds and full power to invest the funds. In exercising its fiduciary responsibility, the Board is governed by the "prudent person" rule in establishing investment policy. The "prudent person" rule requires the exercise of that degree of judgment, skill and care under the circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to permanent disposition of their funds, considering the probable income as well as the probable safety of the principal. The Board has adopted a Statement of Investment Policy to formally document investment objectives and responsibilities. This policy establishes guidelines for permissible investments of the Retirement System. The Retirement System's investments are subject to various risks. Among them are credit risk, concentration of credit risk, custodial credit risk, interest rate risk, and foreign currency risk. Each of these risks is discussed in more detail below.

Concentration of Credit Risk –

Concentration of credit risk is a risk of loss that may be attributed to the magnitude of the Retirement System's investment in a single issuer, generally inivestments in any one issuer that represents five (5) percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this definition. The Retirement System has no investments in one issuer other than U.S. Government securities and mutual funds that exceed five (5) percent of the total investments.

Credit Risk –

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's Investors Services (Moody's), Standard and Poor (S & P) and Fitch Ratings (Fitch's). With the exception of the Loomis Sayles - High Yield and the MCM Aggregate Bond portfolios, bonds purchased and owned in each portfolio must have a minimum quality rating of Baa3 (Moody's) or BBB- (S & P or Fitch's). The average quality of each portfolio must be A or better. For Loomis Sayles - High Yield, bonds must have a minimum quality rating of B3 (Moody's) or B- (S & P or Fitch's) at the time of purchase. The fixed income securities for the MCM Aggregate Bond portfolio should have a minimum quality rating of A, with the exception of 15% of the portfolio which may have a minimum quality rating of BBB. The average credit quality ratings of investments in fixed income securities by nationally recognized statistical rating agencies as of December 31, 2006 are as follows: (amounts are in thousands of dollars)

Average Quality Ratings *	Fair Value
AAA	$30,552
AA1	3,543
AA2	1,991
AA3	1,902
A1	5,846
A2	50,601
A3	9,787
BAA1	8,746
BAA2	31,402
BAA3	17,321
BA1	19,718
BA2	22,263
BA3	14,685
B1	20,008
B2	7,126
B3	13,269
CAA1	8,898
CAA2	1,085
NR	4,486
Total Credit Risk Fixed Income Securities	**$273,229**
U.S. Government and Agencies	107,403
Mutual Funds (Not Rated)	218,673
Total Investment in fixed income	**$599,305**

* This represents the average rating of the Moody's, S & P and Fitch's rating services. The rating symbols are those used by Moody's.

The Loomis Sayles High Yield portfolio holds all investments with a rating less than Baa3, except for the following securities that have an average rating of Ba1

- securities in the amount of $783,814 and $210,797 held by the Loomis Sayles Investment Grade portfolio.

Custodial Credit Risk – Deposits and Investments

Custodial credit risk is the risk that, in the event a financial institution or counterparty fails, the Retirement System will not be able to recover the value of its deposits, investments or securities. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the Retirement System's name and are held by the counterparty.

No formal policy exists on custodial risk. However, substantially all assets of the Retirement Syatem are held in its name. Repurchase agreements held by the Retirement System are essentially collateralized overnight loans, with the securities held by Wells Fargo, the counterparty, as collateral. These securities are held by Wells Fargo but not in the name of the Retirement System. As of December 31, 2006, the underlying collateral for the Retirement System's repurchase agreements in the amount of $2,874,709 was exposed to custodial risk as it was held outside the name of the trust.

As of December 31, 2006, all deposits with banks are fully insured by the Federal Depository Insurance Corporation or the State Deposit Guarantee Fund.

The following table presents the Retirement System's total cash, deposits and cash equivalents as of December 31,2006: (amounts are in thousands of dollars)

Schedule of Cash and Cash Equivalent Investments

	Carrying Value	Bank Balance
Cash held by various investment managers	$6	$6
Deposits with banks	8	458
Foreign currency	3,214	3,214
Repurchase agreement	-	2,875
Money market deposits	14,436	14,436
Total Deposits	$17,664	$20,989

The difference between the carrying value and bank balances are due to outstanding checks and deposits not yet processed by the bank. Deposits in excess of a predetermined amount are maintained in overnight repurchase agreements and transferred to a bank checking account as checks are presented for payment.

Foreign Currency Risk –

Foreign currency risk is the risk that changes in currency exchange rates will adversely affect the fair value of an investment or deposit.

The Retirement System's exposure to foreign currency risk derives from its positions in foreign currency denominated international equity and fixed income investments. Its exposure to foreign currency as of December 31, 2006 is as follows: (amounts are in thousands of dollars)

Currency Unit	Equity Incl Private Equity	Fixed Income Incl Conv Deb	Total
Austrailian Dollar	$2,093	$ 668	$2,761
Brazilian Real	-	1,319	1,319
British Pound Sterling	12,980	-	12,980
Canadian Dollar	5,255	3,880	9,135
Danish Krone	391	-	391
Euro Currency Unit	28,075	-	28,075
Hong Kong Dollar	2,164	-	2,164
Japanese Yen	23,659	-	23,659
Mexican New Peso	-	2,804	2,804
Norwegian Krone	504	988	1,492
S. African Comm Rand	1,053	-	1,053
Singapore Dollar	1,106	2,218	3,324
South Korean Won	1,025	1,605	2,630
Swedish Krona	1,041	475	1,516
Swiss Franc	7,914	-	7,914
Thailand Baht	-	1,985	1,985
Totals	**$87,260**	**$15,942**	**$103,202**

Interest Rate Risk –

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Duration is a measure of an investment's sensitivity to changes in interest rates. The higher the duration, the greater the changes in fair value when interest rates change. The Option-Adjusted Duration method of measuring duration takes into effect the embedded options on cash flows.

The Retirement System does not have a formal investment policy that limits investment maturities as a means of managing exposure to losses arising from increasing interest rates with the exception of the cash equivalent portfolio. The investment policy limits the duration of individual securities held in the cash equivalent portfolio to 2.5 years. In addition, the duration of the entire cash equivalent portfolio should be between 1 and 2 years.

As of December 31,2006, the Retirement System had the following Option-Adjusted Durations for the fixed income investments: (amounts are in thousands of dollars)

Fixed Income Sector	Fair Value	Option-Adjusted Duration (in years)
Asset Backed Securities	$7,955	2.71
CM Backed Securities	4,501	4.19
CMO Corporate	11,430	2.41
CMO Government Agencies	18,365	4.78
Corporate	168,175	6.29
Government	63,101	5.88
Health Care	2,714	1.80
Information Technology	6,313	1.31
Other	107,967	0.08
U.S. Gov't Mortgages	22,758	3.78
U.S. Private Placements	12,902	7.30
Non U.S.	15,581	3.21
Other *	222,305	N/A
Totals	**$664,067**	

* Includes $218,673 invested in bond mutual funds for which the duration was not available.

Security Lending –

The Retirement System participates in a security-lending program for the lending of corporate bonds, equity and government securities to qualified brokers. Collateral received for securities loaned consists primarily of cash. Other forms of collateral are letters of credit and government agency securities. Collateral for domestic issues is set at 102% of the fair value of the securities loaned at the time of the initial transaction. If the value falls to 100% of the fair value of the securities loaned, additional collateral is obtained to reestablish collateral at 102% of the fair value of the securities loaned. Collateral for international securities is maintained at a level of 105% of the fair value of securities loaned at all times. The net investment income earned on collateral is divided between the custodian, as a fee for its services under the program, and the Retirement System, according to agreed upon rates. For 2006 and 2005, the net investment income realized from security lending was $282,421 and $318,135, respectively.

Securities loaned and the collateral held were as follows: (amounts are in thousands of dollars)

	As of December 31	
	2006	2005
Fair Value of Securities Loaned:	$154,351	$126,529
Fair Value of Collateral:	$159,323	$130,135
Percentage Collateral to Securities Loaned:	103.22%	102.85%

The collateral received from security lending transactions are recorded as assets at quoted fair value of the financial statement date. The Retirement System records an identical amount as a liability, representing the obligation of the Retirement System to return the collateral at the time the borrower of the Retirement System's securities returns those securities.

The collateral received from securities lending transactions includes cash of $153,669 and $126,947 and U.S. Treasury securities of $5,654 and $3,188 for the years ended December 31, 2006 and 2005, respectively. Under the terms of the securities lending agreement, the Retirement System has the right to sell or pledge the cash collateral. The non-cash collateral in the amount of $5,654 and $3,188 for the years ended December 31, 2006 and 2005, respectively, is controlled by the custodian and, correspondingly, is not reflected in the Statement of Net Assets Available for Plan Benefits.

At year-end, the Retirement System has no credit risk exposure to borrowers because the amounts the Retirement System owes the borrowers exceed the amounts the borrowers owe the Retirement System. The contract with the Retirement System's custodian requires it to indemnify the Retirement System if a borrower fails to return the securities (and if the collateral is inadequate to replace the securities lent) or fails to pay the Retirement System for income distributions by the securities' issuers while the securities are on loan.

(6) Financial Instruments With Off-Balance Sheet Risks –

A currency forward is a contractual agreement between two parties to pay or receive amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. Forward commitments are entered into with the foreign exchange department of a bank located in a major money market. These transactions are entered into in order to hedge risks from exposure to foreign currency rate fluctuations. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the Retirement System records the amount receivable or payable at fair value, with the unrealized gain or loss reported as a component of net appreciation in fair value.

Unrealized losses on forward foreign exchange contracts at year-end were $18,140 and $28,097 for 2006 and 2005, respectively. At year-end, the Retirement System holds forward foreign exchange contracts in the Euro-currency, Japanese yen, Australian dollars and Canadian dollars primarily.

(7) Commitments and Contingencies –

The Retirement System is involved in litigation and certain other disputes arising during the normal course of operations. Management does not believe the settlement of such matters will have a material impact on the Retirement System's financial statements.

(8) OBRA 1990 Retirement System of the County of Milwaukee –

The County established the OBRA 1990 Retirement System of the County of Milwaukee (OBRA) to cover seasonal and certain temporary employees who are not enrolled in the Retirement System. Assets of the OBRA are commingled for investment purposes with the assets of the Retirement System. As the assets of the

Retirement System are legally available to pay benefits of either the ERS or OBRA and all assets have been commingled, the Retirement System is considered a single plan for financial reporting purposes. Net assets identified for OBRA benefits as of December 31, 2006 and 2005, were as follows:

	(Unaudited)	
	2006	2005
Assets		
Cash	$ 654	$406
Contributions receivable from County	462,000	365,000
Assets held by Retirement System	805,242	724,999
Total assets	$1,267,896	$1,090,405
Liabilities		
Taxes payable	$ 6,965	-
Total liabilities	6,965	-
Net assets available for benefits	$1,260,931	$1,090,405

Changes in net assets available for benefits for OBRA for the years ended December 31, 2006 and 2005, were as follows:

	(Unaudited)	
	2006	2005
Contributions from County	$462,000	$365,000
Investment income	117,675	108,300
Investment and administrative expenses	(300,185)	(276,403)
Benefits paid	(108,964)	(50,465)
Net increase in assets available for benefits	$170,526	$146,432

As of December 31, 2006 and 2005, respectively, there were 9,643 and 9,477 participants with vested benefits in OBRA. The actuarial accrued liability of OBRA at December 31, 2006 and 2005, was $3,842,625 and $3,530,352, respectively, leaving net assets available less than the actuarial accrued liability of ($2,581,694) and ($2,439,947), respectively. These amounts are not reflected in the required supplementary information tables that follow the notes to the financial statements.

Required Supplementary Information

Schedule of Funding Progress
(in thousands of dollars)

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability–AAL (b)	Funded ratio (a/b)	(Overfunded) Unfunded AAL–(UAAL) (b-a)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
12/31/06	$1,525,532	$1,931,220	79.0%	$405,688	$223,005	181.9%
12/31/05	1,454,302	1,909,321	76.2%	455,019	225,722	201.6%
12/31/04	1,424,918	1,782,884	79.9%	357,966	209,796	170.6%
12/31/03	1,446,726	1,707,999	84.7%	261,273	233,478	111.9%
12/31/02	1,446,860	1,542,045	93.8%	95,185	234,679	40.6%
12/31/01	1,620,157	1,492,072	108.6%	(128,085)*	238,387	(53.7%)**

* These amounts represent actuarial value of assets in excess of actuarial accrued liabilities.

** These percentages represent the amount of overfunded actuarial assets as a percentage of payroll.

Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded (overfunded) actuarial accrued liability in isolation can be misleading. Expressing plan net assets as a percentage of the actuarial accrued liability provides one indication of the Retirement System's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Retirement System. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids the analysis of the Retirement System's progress in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, or the larger the percentage, if negative, the stronger the Retirement System.

Schedule of Employer Contributions for the Year Ended December 31,

Fiscal Year	Annual Required Contribution (ARC)	Percentage Contributed
2006	$52,638,196	52.1%
2005	37,607,940	94.2%
2004	33,248,204	105.7%
2003	25,242,325	134.6%
2002	8,528,477	30.3%
2001	8,586,443	30.8%

Notes to Required Supplementary Information

(1) Description –

The historical trend information is presented as required supplementary information. This information is intended to help users assess the Retirement System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

(2) Actuarial Assumptions and Methods –

The information presented in the required supplementary schedules was determined as part of the actuarial valuations as of January 1, 2007, for the plan year ending December 31, 2006. The actuarial valuations consider the changes effective January 1, 2007. Additional information as of the latest actuarial valuation follows:

Valuation date	1/1/07
Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level percent of payroll, closed
Equivalent Single Amortization Period	21 years
Asset valuation method	5-year smoothing of difference between total expected return versus actual return
Actuarial Assumptions:	
Investment rate of return	8.0%
Projected payroll growth	3.5%
Mortality	Sex-distinct UP – 1994 Mortality Table (for healthy pensioners) RP 2000 Disabled Mortality Table (for disabled pensioners)

(3) Significant Factors Affecting Trends in Actuarial Information –

2007 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Changed disability assumption from assuming 100% of disabilities are Ordinary to 10% Ordinary and 90% Accidental for represented employees and 95% Ordinary and 5% Accidental for non-represented employees.
- Changed the backrop assumption from 70% of eligible employees that elect a backdrop with an average backdrop period of four years to 75% of eligible employees that elect a backdrop, where 75% are assumed to take the maximum period available to them and 25% take half the maximum period available.
- Increase annual compensation limit to $225,000
- Increase annual benefit limit to $180,000

2006 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Increase annual compensation limit to $220,000.
- Increase annual benefit limit to $175,000.
- Decrease in the discount rate to 8.0%.
- Increase in backrop utilization assumption from 50% to 70%.

2005 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Increase annual compensation limit to $210,000.
- Increase annual benefit limit to $170,000.

2004 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Increase annual compensation limit to $205,000.
- Increase annual benefit limit to $165,000.
- Decrease in discount rate to 8.5%.
- The amortization period for plan amendments, assumption changes and actuarial experience was changed from 20 years to 30 years. Future plan and assumption changes, as well as, actuarial gains and losses will be amortized over 30 years from the date established.
- Changed from smoothing unrealized gains or losses to smoothing difference between total expected return versus actual return.

2003 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Beginning January 1, 2003, the pension benefit is based upon a final average salary equal to the three highest consecutive years of earnings for employees who became members of the Retirement System after December 31, 1981, except for represented deputy sheriff members.
- Assumption that 50 percent of eligible retirees will elect to receive both a backdrop payment option of 4 years and a monthly pension benefit upon retirement.

TEN-YEAR HISTORICAL TREND INFORMATION

REVENUES BY SOURCE AND EXPENSES BY TYPE

(Unaudited)

Revenues by Source

Fiscal Year	Participant Contributions	County Contributions(1)	Investment Income (Loss)(2)	Total
2006	$545,258	$27,435,154	$207,804,929	$235,785,341
2005	360,283	35,415,185	128,528,748	164,304,216
2004	711,322	35,143,178	188,633,703	224,488,203
2003	704,758	33,980,592	292,669,096	327,354,446
2002	436,682	2,579,984	(78,508,968)	(75,492,302)
2001	265,567	2,646,523	(28,309,035)	(25,396,945)
2000	180,729	629,279	(14,726,721)	(13,916,713)
1999	140,834	2,756,636	243,675,430	246,572,900
1998	156,915	10,816,807	120,415,049	131,388,771
1997	130,253	12,942,084	256,829,536	269,901,873

Expenses by Type

Fiscal Year	Benefits(3)	Investment and Administrative Expenses(4)	Withdrawals	Total
2006	$130,730,539	$6,622,923	$13,571	$137,367,033
2005	148,307,335	6,294,816	36,963	154,639,114
2004	161,368,700	6,302,951	154,522	167,826,173
2003	111,109,514	5,662,380	12,999	116,784,893
2002	118,078,160	5,301,678	30,230	123,410,068
2001	94,842,239	5,389,064	233,732	100,465,035
2000	85,664,789	5,320,195	257,600	91,242,584
1999	82,022,948	4,966,393	16,866	87,006,207
1998	79,261,523	4,913,214	50,504	84,225,241
1997	77,831,307	4,651,792	53,967	82,537,066

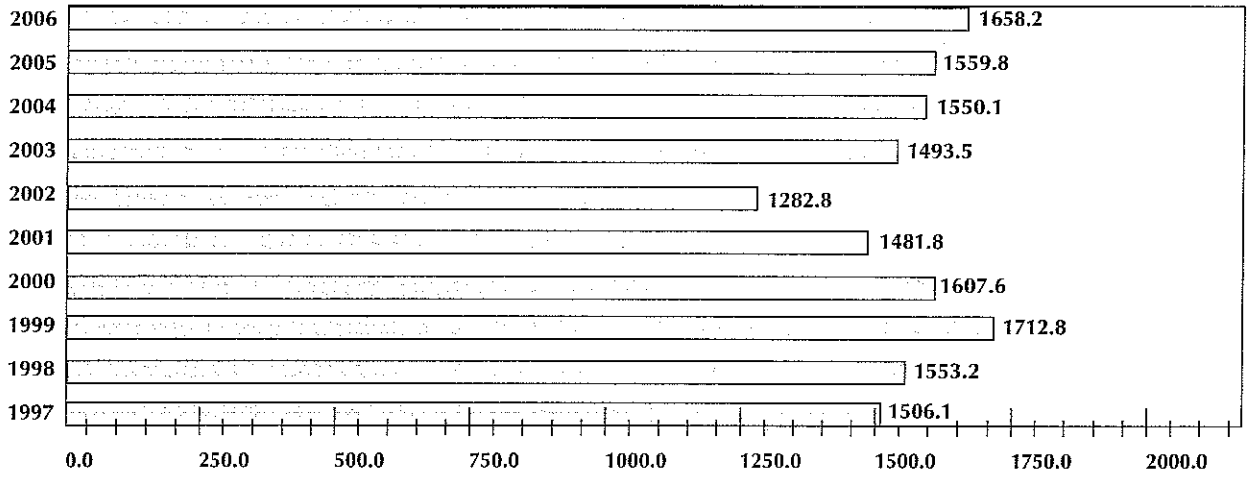
(1) Contributions were made based upon actuarially determined contribution requirements, as well as additional contributions made at the discretion of the County Board.

(2) Includes interest and dividends, net appreciation (depreciation) of fair value, net security lending income, and other income.

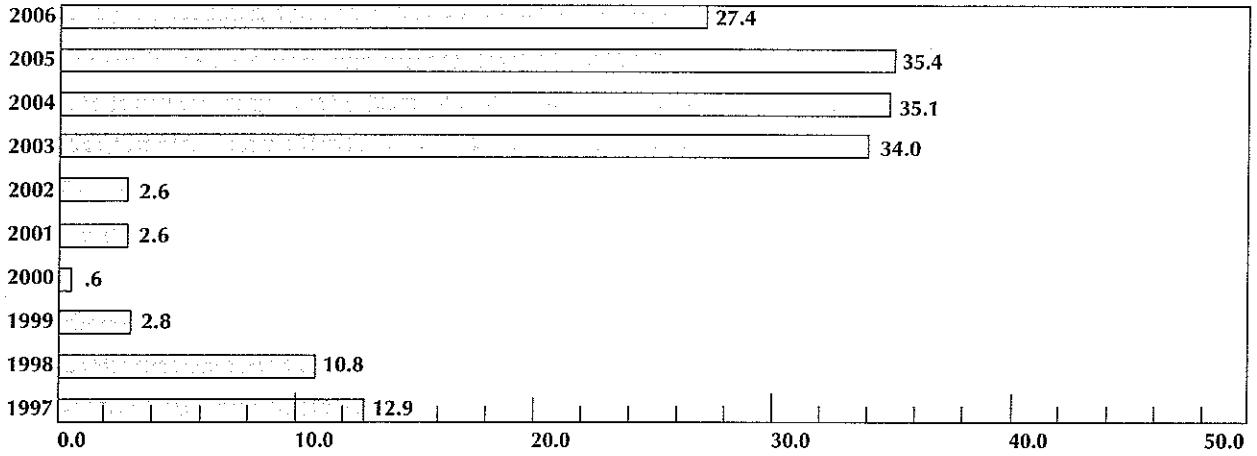
(3) Included in the benefits for years 2006, 2005, 2004, 2003 and 2002 are drop-back lump-sum payments in the amount of $5.5, $25.7, $51.0, $11.0 and $23.1 million, respectively.

(4) The increase in investment and administrative expenses of $1,971 during the past ten years is largely due to an increase in investment manager, custodial and cash management fees of $662. These fees increased primarily due to the growth in the size of the fund during the 10-year period. There were also significant increases in legal and corporate counsel fees of $463 due to litigation and various legal issues, salaries and wages of $337 due primarily to the increase in the cost of benefits, cost of fiduciary insurance of $337, actuarial costs of $138 primarily due to one-time costs incurred in 2006 as a result in the change in actuaries and outside consultants of $113 with most of the increase occurring in 2006 as a result of work being done on the installation of a new pension accounting software system, data and document cleansing in preparation to the conversion to the new software system and a new online document imaging system. All other expense experienced smaller increases that were offset by an increase of administrative expenses assessed to the OBRA retirement system.

NET FUND ASSETS
FAIR VALUES 2006-1997
(in millions of dollars)
(unaudited)



ACTUAL COUNTY CONTRIBUTIONS
(in millions of dollars)
(unaudited)



ACTIVE MEMBERSHIP STATISTICS (Unaudited)

	2006
Members as of January 1	6,455*
Changes During the Year:	
New enrollments	217
Rehires	16
Nonvested terminations	(161)
Retirements	(219)
Deaths in active service	(6)
Members as of December 31	6,302*

*This total includes vested inactive members.

RETIREMENTS AND SURVIVORS (Unaudited)

	Retirements Granted								Survivors & Beneficiaries	Total
	Maximum Pension	Option								
		Refund	100%	75%	50%	25%	10-yr.	Other		
January 1, 2006	2,778	705	1,185	158	1,199	240	82	41	887	7,275
Changes During the Year:										
Adjustments (actuary)*	14	6	7	1	3	-	3	-	4	38
Reclassifications (ERS)**	(58)	(8)	(5)		(3)			2	72	-
Retirements	125	1	37	9	11	25	11	-	-	219
Pensioner deaths	(90)	(38)	(38)	(2)	(46)	(2)	(2)	(1)	(14)	(233)
December 31, 2006	2,769	666	1,186	166	1,164	263	94	42	949	7,299

*Adjustments as a result of reclassifications made to beginning balances by the actuary.
**Reclassifications by ERS to agree with the numbers produced by the actuary.

CONSULTANTS

as of December 31, 2006

Legal Advisors:

Milwaukee County
Corporation Counsel
William Domina

Reinhart, Boerner, Van Deuren s.c.
Milwaukee, Wisconsin

Foley & Lardner
Milwaukee, Wisconsin

Actuary:

Buck Consultants
Chicago, Illinois

Disbursing Agent:

County Treasurer

Custodian/Securities Agent:

Mellon Trust
Boston, Massachusetts

Medical Board:

Medical Associates

Investment Consultant:

William M. Mercer
Investment Consulting, Inc.
Chicago, Illinois

Cash Management Manager:

Mellon Trust
Boston, Massachusetts

Standish Mellon Asset Management
Woburn, Massachusetts

Venture Capital Investment Managers:

Adams Street Partners
Chicago, Illinois

Progress Investment Management Company
San Francisco, California

Equity Investment Managers:

AQR Capital Management, LLC
Greenwich, Connecticut

Artisan Partners
Milwaukee, Wisconsin

Boston Partners Asset Management, Inc.
Boston, Massachusetts

Earnest Partners, LLC
Atlanta, Georgia

Hotchkis & Wiley Capital Management
Los Angeles, California

Mellon Capital Management
Pittsburgh, Pennsylvania

Reinhart & Mahoney Capital Management
Mequon, Wisconsin

Westfield Capital Management Co., Inc.
Boston, Massachusetts

Fixed Income Investment Managers:

Loomis, Sayles & Company, Inc.
Boston, Massachusetts

JP Morgan Investment Management
New York, New York

Mellon Capital Management
Pittsburgh, Pennsylvania

International Investment Managers:

Capital Guardian Trust Company
Brea, California

Granthum, Mayo, Van Otterloo & Co.
Boston, Massachusetts

Real Estate Investment Trusts

ING Clarion Real Estate Securities
Radnor, Pennsylvania

EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE

ACTUARIAL VALUATION
JANUARY 1, 2006

buckconsultants
an ACS company

July 14, 2006

The Retirement Board
Employees' Retirement System of the
County of Milwaukee
901 N. 9th St.
Milwaukee, WI 53233

Ladies and Gentlemen:

This report presents the results of the annual actuarial valuation of the Employees' Retirement System of the County of Milwaukee as of January 1, 2006. The valuation takes into account all of the promised benefits to which members are entitled as of January 1, 2006, including pension and survivor benefits; and as required by the Retirement Code is the basis for the Budget Contribution for fiscal year 2007.

The valuation was based on the actuarial assumptions and methods as adopted by the Board of Trustees, including a valuation interest rate of 8% per annum compounded annually and a backdrop utilization assumption of 70%.

Assets and Membership Data

The Retirement System reported the individual data for members of the System as of the valuation date to the actuary. While we did not verify the data at their source, we did perform tests for internal consistency and reasonableness. The amount of assets in the trust fund taken into account in the valuation was based on statements prepared for us by the Retirement System.

Funding Adequacy

The 2005 valuation performed last year resulted in an Actual Funding Contribution of $37,607,940, against which $35,417,066 was actually contributed. The shortfall of $2,190,874 is amortized over five years.

The Actual Funding Contribution for 2006, based on the results of this valuation, is $46,929,347. It is expected that $27,442,000 will be contributed during 2007 on behalf of the 2006 plan year. The shortfall of $19,487,347 will be amortized over five years.

One North Dearborn Street, Suite 1400 • Chicago, IL 60602-4336
312.846.3000 • 312.846.3999 (fax)

Budget Contribution

The 2007 Budget Contribution, expected to be contributed in 2008, is $59,015,000.

Financial Results and Membership Data

Detailed summaries of the financial results of the valuation and membership data used in preparing the valuation are shown in the valuation report. The actuary prepared supporting schedules and required supplementary information included in the County of Milwaukee Annual Report of the Pension Board.

Qualified actuaries completed the valuation in accordance with accepted actuarial procedures as prescribed by the Actuarial Standards Board. The qualified actuaries are members of the American Academy of Actuaries and are experienced in performing actuarial valuations of public employee retirement systems. To the best of our knowledge, this report is complete and accurate and has been prepared in accordance with generally accepted actuarial principles and practice.

Respectfully submitted,

Kim M. Nicholl, F.S.A.
Principal, Consulting Actuary

Matthew A. Strom, F.S.A.
Senior Consultant

KMN/MAS:pl

EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE

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Executive Summary

This report presents the actuarial valuation as of January 1, 2006 for the Employees' Retirement System of the County of Milwaukee. The principal valuation results include:

- The Actual Funding Contribution for fiscal year 2006, which is $46,929,347.
- The Annual Required Contribution for fiscal year 2006 in accordance with GASB requirements, which is $52,638,196.
- The Budget Contribution for fiscal year 2007, which is $59,015,000.
- The total funded ratio of the plan determined as of January 1, 2006, which is 76.2% based on the accrued liability and the actuarial value of assets.
- The determination of the actuarial gain or loss as of January 1, 2006, which is a gain of $12,975,497.
- Annual disclosure as of January 1, 2006 as required by Statement No. 25 of the Governmental Accounting Standards Board.

The valuation was based on membership and financial data submitted by the Retirement System.

Changes Since Last Year

Legislative and Administrative Changes

There were no legislative or administrative changes since the prior valuation.

The benefit provisions and contribution provisions are summarized in Table 16.

Actuarial Assumptions and Methods

For 2006, the assumed rate of investment return decreased from 8½% to 8% and the backdrop utilization assumption increased from 50% to 70%. For purposes of determining the 2007 Budget Contribution, the Pension Board adopted the following assumption changes: lower the payroll growth assumption from 5½% to 3½%; change the disability assumption from assuming that 100% of disabilities are Ordinary to 25% Ordinary and 75% Accidental for represented employees, and 95% Ordinary and 5% Accidental for non-represented employees.

The actuarial assumptions and methods are outlined in Table 15.

Contribution Amounts

The results of the valuation as of January 1, 2006 determine the Actual Funding Contribution and Annual Required Contribution for fiscal year 2006 and the Budget Contribution for fiscal year 2007. The Actual Funding Contribution based on 5.5% payroll growth for fiscal year 2006 is $46,929,347. The Annual Required Contribution for GASB 25 disclosure based on 3.5% payroll growth is $52,638,196. The Budget Contribution for fiscal year 2007 is $59,015,000. For determining the 2006 Budget Contribution, the investment return assumption was lowered to 8% and the backdrop utilization assumption was increased to 70%. The actual 2006 contributions and budgeted 2007 contribution were based on these changed assumptions and participant data as of January 1, 2006.

Reasons for Change in Budget Contribution Calculated by the Actuary

The Budget Contribution calculated by the actuary increased from $45,933,000 for fiscal year 2006 to $59,015,000 for fiscal year 2007. A reconciliation of the increase of $13,082,000 is shown in the following table:

Item	Amount	
1. 2006 Budget Contribution		$ 45,933,000
2. Increase / (Decrease) during 2005 due to		
a. Unanticipated liability loss (gain)	$ 791,000	
b. Asset experience other than expected	5,000	
c. 2005 reimbursable expenses other than assumed	(4,000)	
d. 2005 contribution variance other than assumed	614,000	
e. Full recognition of bases other than assumed	-	
f. Other, including change in actuary and programming	(410,000)	
g. Total		996,000
3. 2006 Actual Contribution: (1 + 2)		$ 46,929,000
4. Expected Increase / (Decrease) during 2006 due to		
a. Normal cost and existing amortization schedule	$ 2,510,000	
b. Phase-in of deferred asset (gains) losses	(2,340,000)	
c. Amortization of 2006 reimbursable expenses	149,000	
d. Expected contribution variance for 2006	4,880,000	
e. Full recognition of 1996 reimbursable expenses	(105,000)	
f. Increase due to assumption changes	6,992,000	
g. Total		12,086,000
5. 2007 Budget Contribution: (3 + 4)		$ 59,015,000

Summary of Principal Results

Summarized below are the principal financial results for the Employees' Retirement System of the County of Milwaukee based upon the actuarial valuation as of January 1, 2006. Comparable results from the January 1, 2005 valuation (as calculated by Mercer Human Resource Consulting) are also shown.

Item	January 1, 2006	January 1, 2005
Demographics		
Active Members		
• Number	5,056	4,980
• Average Annual Pay	$ 44,644	$ 42,128
Inactive Members		
• Members Receiving Benefits		
• Number	7,275	7,299
• Average Annual Benefit Payment	$ 17,056	$ 16,591
• Members With Deferred Benefits		
• Number	1,399	1,430
• Average Annual Benefit Payment	$ 7,570	$ 7,568
Actual Funding Contribution	**(Fiscal Year 2006)**	**(Fiscal Year 2005)**
• Normal Cost with Interest	$ 22,622,593	$ 18,184,797
• Net Amortization Payments	24,306,754	19,423,143
• Total Contribution	$ 46,929,347	$ 37,607,940
Actuarial Funded Status		
• Accrued Liability	$ 1,909,321,282	$ 1,782,883,932
• Actuarial Value of Assets	1,454,301,600	1,424,917,604
• Unfunded Accrued Liability	$ 455,019,682	$ 357,966,328
• Funded Ratio	76.2 %	79.9 %

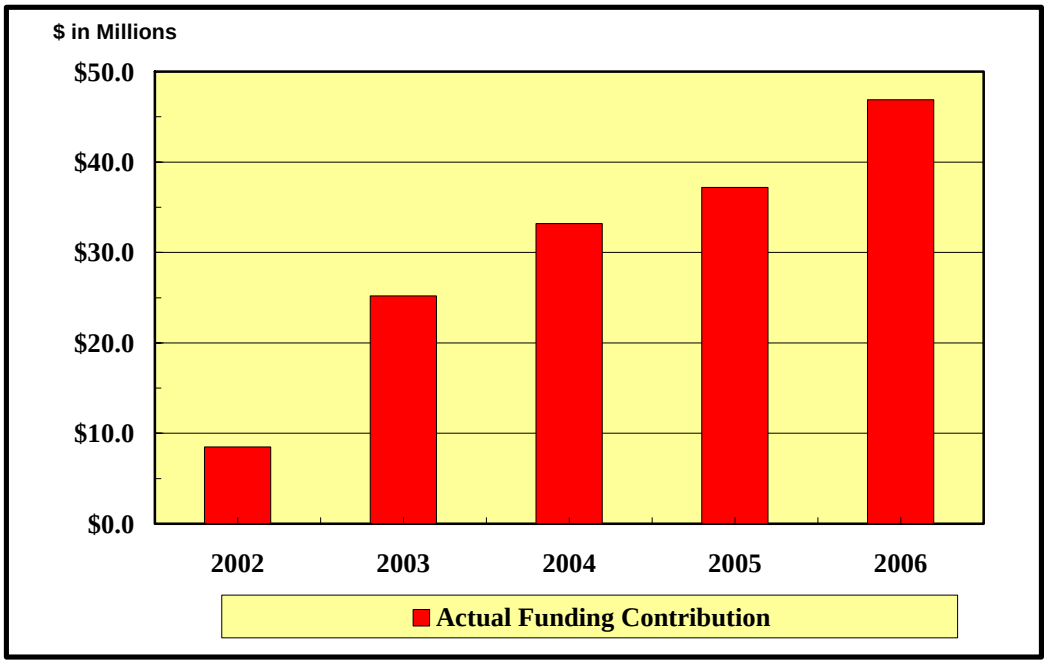
Five-Year History of Principal Financial Results

Five-Year History of Contribution Amounts

Valuation as of January 1	Actual Funding Contributions		
	Normal Cost with Interest	Net Amortization Payments	Total
2006	$ 22,622,593	$ 24,306,754	$ 46,929,347
2005	18,184,797	19,423,143	37,607,940
2004	20,146,407	13,101,797	33,248,204
2003	18,722,702	6,519,623	25,242,325
2002	19,600,618	(11,072,141)	8,528,477

The following chart shows a five-year history of employer contribution amounts:

Five-Year History of Actual Funding Contributions



Funded Ratio

The financing objective of the System is to:

- Fully fund all current costs based on the normal contribution rate determined under the funding method; and
- Liquidate the unfunded accrued liability based on the amortization schedules as required by the retirement code, i.e., a schedule of 5, 10, or 30 years for each change in the unfunded accrued liability according to Section 3.1.

The total Actual Funding Contribution of $46,929,347, when taken together with the contributions payable by the members and asset returns, is the amount sufficient to achieve the financing objective for 2006.

The System's total funded ratio on the funding basis is measured by comparing the actuarial value of assets (based on a 5-year moving average market value) with the accrued liability. The accrued liability for pensions is the present value of benefits accumulated to date under the System's funding method and reflects future pay increases for active employees.

On this basis, the System's funded ratio is 76.2% as of January 1, 2006. This funded ratio is based on an actuarial value of assets of $1,454,301,600 and an accrued liability of $1,909,321,282.

Reasons for Change in the Total Funded Ratio

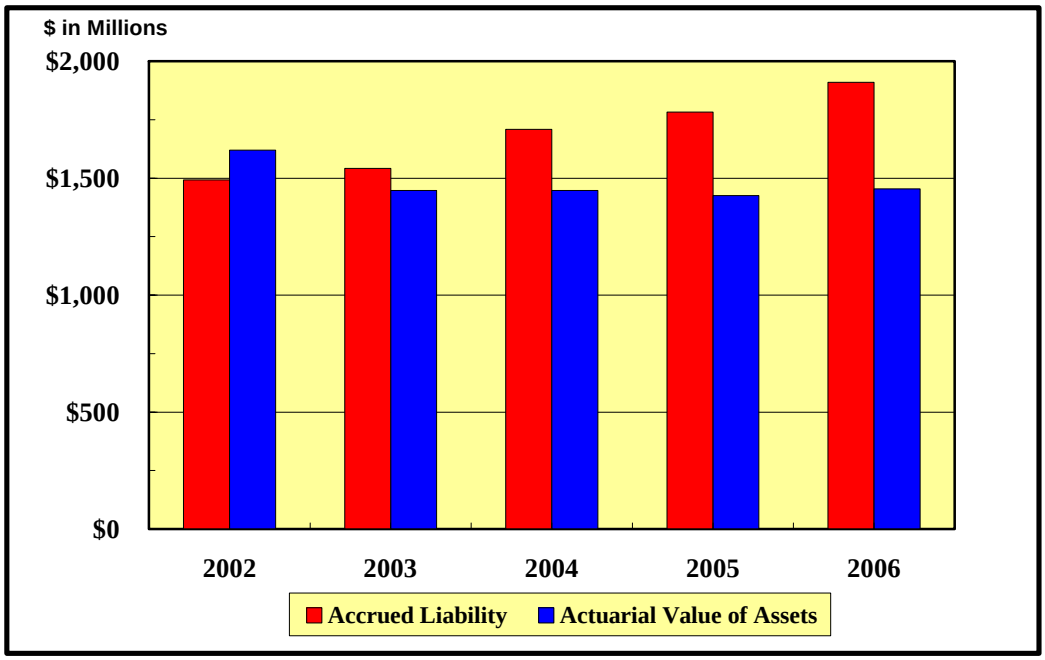
The total funded ratio decreased from 79.9% as of January 1, 2005 to 76.2% as of January 1, 2006. The decrease is due to the net effect of investment return, assumption changes and experience gains and losses.

Five-Year History of Total Funded Ratio
($ Amounts in Thousands)

Valuation as of January 1	Accrued Liability	Actuarial Value of Assets	Unfunded Accrued Liability	Funded Ratio
2006	$ 1,909,321	$ 1,454,302	$ 455,020	76.2%
2005	1,782,884	1,424,918	357,966	79.9
2004	1,707,999	1,446,726	261,273	84.7
2003	1,542,045	1,446,860	95,185	93.8
2002	1,492,072	1,620,157	(128,086)	108.6

The following chart shows a five-year history of the accrued liability and the actuarial value of assets:

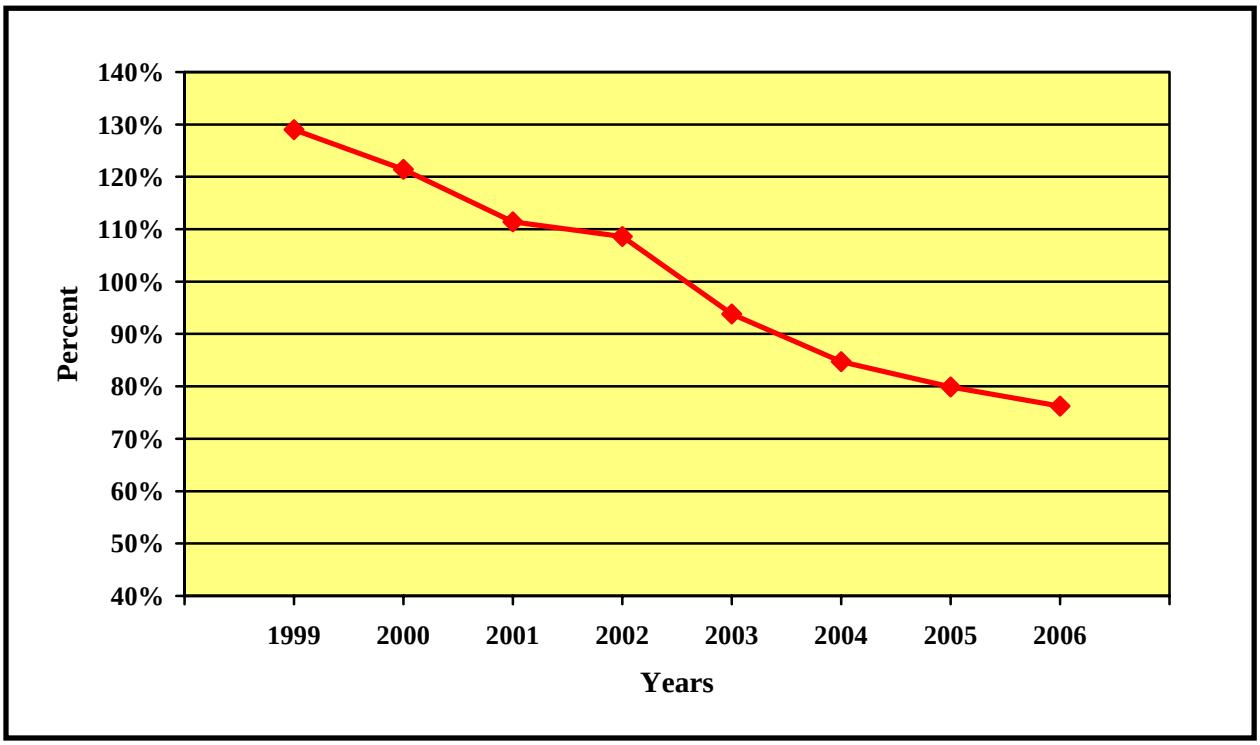
Five-Year History of Accrued Liability and Actuarial Value of Assets



The following chart shows an eight-year history of the total funded ratio:

Eight-Year History of Total Funded Ratio

(1999 - 2006)



GASB No. 25 Disclosure

Statement No. 25 of the Governmental Accounting Standards Board established reporting standards for the annual financial reports of defined benefit pension plans. The System complied with Statement No. 25 beginning with the January 1, 1997 valuation. The statement requires disclosure of the "schedule of funding progress" and the "schedule of employer contributions" in the System's financial statements.

The "schedule of funding progress" shows historical trend information about the System's actuarial value of assets, the actuarial accrued liability and the unfunded actuarial accrued liability. The actuarial funded ratio is measured by comparing the actuarial value of assets (based on a 5-year moving average market value) with the accrued liability. The accrued liability is the present value of benefits accumulated to date under the System's funding method and reflects future pay increases for active employees. On this basis, the System's funded ratio is 76.2% as of January 1, 2006. This funded ratio is based on an actuarial value of assets of $1,454,301,600 and an accrued liability of $1,909,321,282.

The "schedule of employer contributions" shows historical trend information about the annual required contribution (ARC) for pensions of the employer and the percentage of the ARC contributed to the System. The ARC is equal to the normal cost for pensions plus amortization of the unfunded actuarial accrued liability for pensions. The maximum period of amortizing the unfunded actuarial accrued liability permitted by GASB No. 25 is 40 years. The maximum amortization period decreases to 30 years in 2007. The employer contributions to the System are equal to the normal cost plus a payment towards each change in the unfunded accrued liability, which are amortized over 5, 10 or 30-year periods. The ARC and the actual employer percentage contributed for the six fiscal years ending December 31, 2006 are shown in Table 14.

Rate of Return

The investment return of the trust fund (i.e. total return including both realized and unrealized gains and losses) for fiscal years 2001 through 2005 is shown in the table below. The return based on the actuarial value of assets used for determining annual contribution rates is also shown.

The rate of return on market value reflects the investment earnings on the market value of assets from the beginning of the fiscal year to the end of the fiscal year. The actuarial assets are the assets recognized for valuation purposes. Actuarial assets are based on a smoothed market value that spreads the difference between the actual and expected return over a period of five years. The rate of return on the actuarial value of assets is a measure of the increase in the actuarial value of assets from the beginning of the fiscal year to the end of the fiscal year.

Five Year History of Asset Returns

As of	Asset Values		Rates of Return		
12/31	Market	Actuarial	Market	Actuarial	Assumed
2005	$ 1,559,777,489	$ 1,454,301,600	8.3%	10.6%	8.5%
2004	1,550,112,389	1,424,917,604	14.0%	8.0%	8.5%
2003	1,493,450,359	1,446,725,776	23.3%	5.6%	9.0%
2002	1,282,880,806	1,446,860,024	(5.8%)	(3.7%)	9.0%
2001	1,481,783,176	1,620,157,072	(2.2%)	2.6%	8.5%
Compound Rate of Return (five years):			7.0%	4.5%	

TABLE 1

SUMMARY OF RESULTS OF ACTUARIAL VALUATION AS OF JANUARY 1, 2006

Item	Amount
Participant Data	
1. Number of Participants	
a) Active Participants	5,056
b) Participants with Deferred Benefits	1,399
c) Participants Receiving Benefits	7,275
d) Total	13,730
2. Annualized Salaries	$ 225,721,691
3. Annual Annuities	$ 124,082,027
Valuation Results	
4. Present Value of Future Benefits	
a) Active Participants	$ 748,110,333
b) Participants with Deferred Benefits	66,380,188
c) Participants Receiving Benefits	1,272,681,967
d) Total	$ 2,087,172,488
5. Present Value of Future Normal Cost	$ 177,851,206
6. Actuarial Accrued Liability: (4 - 5)	$ 1,909,321,282
7. Actuarial Value of Assets	$ 1,454,301,600
8. Funded Status: (7 / 6)	76.2 %
9. Unfunded Actuarial Accrued Liability: (6 - 7)	$ 455,019,682
10. Normal Cost Rate	9.644 %
11. Normal Cost for the Plan Year	$ 21,768,600
Employer Actual Funding Contribution for Fiscal 2006 (based on 5.5% payroll growth)	
12. Actual Funding Contribution Calculated by Actuary	
a) Normal Cost with Interest	$ 24,306,754
b) Net Annual Amortization Payments	22,622,593
c) Total Contribution: ((a + b), not less than zero)	$ 46,929,347
Annual Required Contribution for Fiscal 2006 (based on 3.5% payroll growth)	
13. Annual Required Contribution Calculated by Actuary	
a) Normal Cost with Interest	$ 22,622,593
b) Net Annual Amortization Payments	30,015,603
c) Total Contribution: ((a + b), not less than zero)	$ 52,638,196

TABLE 2

SECURITY OF PROMISED BENEFITS
UNFUNDED ACTUARIAL ACCRUED LIABILITY
FUNDED STATUS

Item	January 1, 2006	January 1, 2005*
1. Actuarial Accrued Liability		
a. Active Participants		
Retirement Benefits	$ 501,057,818	$ 451,306,892
Withdrawal Benefits	25,257,941	12,984,850
Disability Benefits	32,032,843	29,314,145
Death Benefits	11,910,525	1,862,161
Total Active	570,259,127	495,468,048
b. Participants with Deferred Benefits	66,380,188	60,991,275
c. Participants Receiving Benefits	1,272,681,967	1,226,424,609
d. Total All Participants	$ 1,909,321,282	$ 1,782,883,932
2. Actuarial Value of Assets	1,454,301,600	1,424,917,604
3. Unfunded Actuarial Accrued Liability (1d - 2)	$ 455,019,682	$ 357,966,328
4. Funded Status: (2 / 1d)	76.2%	79.9%

Both valuations were based on the same methods and plan provisions.
The interest rates used as of January 1, 2006 and January 1, 2005 were 8.00% and 8.50%, respectively, and the backdrop utilization assumption was 70% and 50%, respectively.

* January 1, 2005 results, on this page and throughout this report, were prepared by Mercer Human Resource Consulting.

TABLE 3

ACTUARIAL GAIN/(LOSS) FOR PLAN YEAR ENDING DECEMBER 31, 2005

Item		Amount
1. Actuarial Accrued Liability at January 1, 2005		$ 1,782,883,932
2. Increases/(Decreases) During the Year		
a. Normal Cost for 2005	16,760,182	
b. Member Contributions	360,283	
c. Benefit Payments and Refunds	(148,344,299)	
d. Assumed Interest to End of Year*	146,808,681	
e. Plan and Assumption Changes**	95,861,177	
f. Total: (a + b + c + d + e)		111,446,024
3. Expected Liability at January 1, 2006: (1 + 2)		1,894,329,956
4. Actuarial Accrued Liability at January 1, 2006		1,909,321,282
5. Liability Gain/(Loss): (3 - 4)		**$ (14,991,326)**
6. Actuarial Value of Assets at January 1, 2005		$ 1,424,917,604
7. Increases/(Decreases) During the Year		
a. County Contributions	35,415,185	
b. Member Contributions	360,283	
c. Benefit Payments and Refunds	(148,344,299)	
d. Administrative Expenses payable to the County	(972,805)	
e. Assumed Interest to End of Year*	114,958,809	
f. Total: (a + b + c + d + e)		1,417,173
8. Expected Actuarial Assets at January 1, 2006 (6 + 7)		1,426,334,777
9. Actuarial Value of Assets at January 1, 2006		1,454,301,600
10. Actuarial Asset Gain/(Loss): (9 - 8)		**$ 27,966,823**
11. Total Gain/(Loss): (5 + 10)		**$ 12,975,497**

* 8.50% per annum interest rate assumed for 2005 plan year

** The interest rate assumption was lowered from 8.50% to 8.00%. The backdrop utilization assumption was increased from 50% to 70%.

TABLE 4

AMORTIZATION SCHEDULE FOR ACTUAL FUNDING CONTRIBUTION FOR 2006 PLAN YEAR

	Amortization Period				Balances		
Type of Payment	Date Created	Initial Years	Remaining Years	Last Payment	Initial	Outstanding	Payment
1. Charges							
Expense	01/01/1997	10	1	2006	$ 689,121	$ 97,196	$ 104,972
Expense	01/01/1998	10	2	2007	739,537	200,417	112,388
Expense	01/01/1999	10	3	2008	710,319	277,555	107,701
Expense	01/01/2000	10	4	2009	655,908	328,663	99,230
Expense	01/01/2001	10	5	2010	799,202	481,710	120,647
Expense	01/01/2002	10	6	2011	780,362	543,450	117,557
Expense	01/01/2003	10	7	2012	1,017,500	795,104	152,718
Expense	01/01/2004	10	8	2013	1,052,422	904,510	157,398
Variance	01/01/2004	5	3	2008	48,682	31,552	12,243
Reestablished unfunded	01/01/2004	30	28	2033	257,960,162	274,561,245	14,271,624
Expense	01/01/2005	10	9	2014	1,053,714	982,686	157,308
Loss	01/01/2005	30	29	2034	88,729,863	91,592,032	4,644,895
Expense	01/01/2006	10	10	2015	972,805	972,805	144,977
Variance Assumption Change	01/01/2006	5	5	2010	2,190,874	2,190,874	548,719
	01/01/2006	30	30	2035	95,861,177	95,861,177	4,748,346
Total Charges						$ 469,820,976	$ 25,500,723
2. Credits							
Variance	01/01/2005	5	4	2009	$ 2,196,489	$ 1,825,797	$ 551,246
Gain	01/01/2006	30	30	2035	12,975,497	12,975,497	642,723
Total						$ 14,801,294	$ 1,193,969
3. Net Amount (1 - 2)						$ 455,019,682	$ 24,306,754

Annual amortization payments of the reestablished unfunded actuarial accrued liability (UAAL), and changes to the UAAL arising from plan changes, assumption changes, and actuarial gains/losses are amortized as a level percentage of payroll, assuming payroll growth of 5.5% per year over a 30-year period.

Administrative expenses incurred by the County related to the System are payable by the System to the County. The County then reimburses the System for this payment on a level dollar basis over 10 years.

The variance between the amount contributed to the System for a plan year, and the actual contribution requirement for that year is amortized on a level dollar basis over 5 years.

TABLE 5

DEVELOPMENT OF NORMAL COST
FOR CURRENT AND PRIOR PLAN YEAR ACTUAL FUNDING CALCULATIONS

Item	January 1, 2006	January 1, 2005
1. Present Value of Projected Benefits		
a. Active Participants		
Retirement Benefits	$ 646,663,687	$ 558,935,329
Withdrawal Benefits	40,951,679	30,296,568
Disability Benefits	43,577,611	38,870,033
Death Benefits	16,917,356	3,264,375
Total Active	748,110,333	631,366,305
b. Participants with Deferred Benefits	66,380,188	60,991,275
c. Participants Receiving Benefits	1,272,681,967	1,226,424,609
d. Total All Participants	2,087,172,488	1,918,782,189
2. Actuarial Value of Assets	1,454,301,600	1,424,917,604
3. Unfunded Actuarial Accrued Liability	455,019,682	357,966,328
4. Present Value of Future Normal Costs (1d - 2 - 3)	177,851,206	135,898,257
5. Present Value of Future Salaries	1,844,204,892	1,697,371,757
6. Normal Cost Rate: (4 / 5)	9.644%	8.006%
7. Expected Salaries for the Plan Year*	225,721,692	209,345,260
8. Normal Cost for the Plan Year: (6 x 7)	**21,768,600**	**16,760,182**

* Prior-year earnings increased by the salary assumption and limited by the IRS compensation limit for those under the mandatory retirement age.

TABLE 6

CONTRIBUTION REQUIREMENTS – END-OF-YEAR BASIS
ACTUAL AND BUDGET AMOUNTS FOR CURRENT PLAN YEAR
BUDGET AMOUNT FOR NEXT PLAN YEAR

Item	2007 Budget	2006 Actual	2006 Budget
1. Normal Cost with Interest	$ 25,473,000	$ 22,622,593	$ 21,489,000
2. Net Annual Amortizations	33,542,000	24,306,754	24,444,000
3. Total Contribution ((1 + 2), not less than zero)	$ 59,015,000	$ 46,929,347	$ 45,933,000

The Budget Contributions shown above for the 2007 and 2006 plan years were estimated based on participant data as of January 1, 2006, and January 1, 2005, respectively.

The Actual Funding Contribution for the 2006 plan year was determined based on participant data as of January 1, 2006.

Changes in assumptions, methodology, and plan provisions since the prior valuation:

The actual and budgeted contributions for the 2005 plan year were based on the same assumptions, methods, and plan provisions as the 2004 plan year Actual Funding Contribution, including an investment return assumption of 8.5%, and a backdrop utilization assumption of 50%.

For 2006 budget purposes, the investment return assumption was lowered to 8.0%, and the backdrop utilization assumption was increased to 70%. The actual 2006 contribution and the budgeted 2007 contribution were also based on these changed assumptions.

For 2007 budget purposes, the payroll growth assumption was lowered from 5.5% to 3.5%. Also, the disability assumption was changed. The prior assumption was that 100% of disabilities are Ordinary. The revised assumption for represented employees is 20% Ordinary and 75% Accidental. For non-represented employees, the revised assumption is 95% Ordinary and 5% Accidental.

TABLE 7

SUMMARY STATEMENT OF MARKET VALUE OF PLAN ASSETS AS OF DECEMBER 31, 2005

Asset Category	Market Value as of December 31, 2005	
1. Cash and Cash Equivalents		$ 8,703,836
2. Investments at Fair Value		
a. Domestic common and preferred stocks	$ 570,614,993	
b. Corporate bonds	460,757,437	
c. International common and preferred stocks	264,187,426	
d. Federal agency and mortgage-backed certificates	46,207,868	
e. International fixed income	35,200,314	
f. U.S. Government and state obligations	58,112,905	
g. Real estate investment trusts	59,303,759	
h. Venture capital	20,093,802	
i. Total Investments		1,514,478,504
3. Contributions Receivable for OBRA and ERS		35,735,000
4. (Payable) to OBRA Pension Plan		(1,089,999)
5. Net All Other Receivables (Liabilities)		1,950,148
6. Net Assets Held in Trust for ERS Pension Benefits (1 + 2i + 3 + 4 + 5)		$ 1,559,777,489

TABLE 8

SUMMARY RECONCILIATION OF MARKET VALUE OF PLAN ASSETS AS OF DECEMBER 31, 2005

Item		Amount
1. Market Value of Assets as of December 31, 2004		$ 1,550,112,389
2. Contributions for Plan Year		
a. County	$ 35,415,185	
b. Member	360,283	
c. Total		35,775,468
3. Disbursements for Plan Year		
a. Benefit payments and refunds	$ 148,344,299	
b. Administrative expenses payable to County	972,805	
c. Total		149,317,104
4. Market Value of Assets as of December 31, 2005		1,559,777,489
5. Net Investment Income* (4 - 1 - 2c + 3c)		123,206,736
6. Expected Net Investment Income (8.50% per annum)		125,600,366
7. Gain (Loss) on Market Value of Assets (5 - 6)		(2,393,630)
8. Estimated Rate of Return		8.3%

* Net Investment Income is the change in the value of assets for reasons other than contributions and disbursements.

TABLE 9

DERIVATION OF ACTUARIAL VALUE OF PLAN ASSETS AS OF DECEMBER 31, 2005

1. Market Value of Assets as of December 31, 2005 — $ 1,559,777,489

2. Determination of Deferred Gain (Loss)

Year	Gain/(Loss)	Percentage Deferred	Amount Deferred
2005	$ (2,393,630)	80%	$ (1,914,904)
2004	63,554,640	60%	38,132,784
2003	213,416,041	40%	85,366,416
2002	(80,542,034)	20%	(16,108,407)
2001	(107,408,692)	0%	-
Total			105,475,889

3. Actuarial Value of Assets (1 - 2) — $ 1,454,301,600

TABLE 10

SUMMARY RECONCILIATION OF ACTUARIAL VALUE OF PLAN ASSETS AS OF DECEMBER 31, 2005

Item		Amount
1. Actuarial Value of Assets as of December 31, 2004		$ 1,424,917,604
2. Contributions for Plan Year		
a. County	$ 35,415,185	
b. Member	360,283	
c. Total		35,775,468
3. Disbursements for Plan Year		
a. Benefit payments and refunds	$ 148,344,299	
b. Administrative expenses payable to County	972,805	
c. Total		149,317,104
4. Actuarial Value of Assets as of December 31, 2005		1,454,301,600
5. Net Investment Income* (4 - 1 - 2c + 3c)		142,925,632
6. Expected Net Investment Income (8.50% per annum)		114,958,809
7. Gain (Loss) on Actuarial Value of Assets (5 - 6)		27,966,823
8. Estimated Rate of Return		10.6%

* Net Investment Income is the change in the value of assets for reasons other than contributions and disbursements.

TABLE 11

EMPLOYER CONTRIBUTIONS FOR 2005 PLAN YEAR AND VARIANCE FROM THE FUNDING CALCULATION CONTRIBUTION

Item				Amount
1. Actual Funding Contribution End-of-Year Basis, for 2005 Plan Year (from January 1, 2005 actuarial valuation report)				$ 37,607,940
2. Total Employer Contributions Made, End-of-Year Basis				
Contribution Made	Fraction of a Year Invested	Contribution Amount	Interest to Year End*	End of Year Amount
Bi-weekly	50.0%	$ 45,185	$ 1,881	$ 47,066
02/01/2006	0.0%	7,000,000	-	7,000,000
03/01/2006	0.0%	7,000,000	-	7,000,000
04/03/2006	0.0%	6,635,000	-	6,635,000
05/01/2006	0.0%	7,000,000	-	7,000,000
06/01/2006	0.0%	7,735,000	-	7,735,000
Total		$ 35,415,185	$ 1,881	$ 35,417,066
3. Variance from Actual Funding Contribution Amount** (2 - 1)				$ (2,190,874)

* Interest to 12/31/2005 at 8.50% per annum.

** Variance will be amortized on a level dollar basis over five years.

TABLE 12

GASB NOS. 25 AND 27 DISCLOSURE INFORMATION FOR CURRENT AND PRIOR PLAN YEAR

Equivalent Single Amortization Period

Item	January 1, 2006	January 1, 2005
1. Covered Payroll	$ 225,721,692	$ 209,795,776
2. Unfunded Amount	455,019,682	357,966,328
3. Amortization Payment	30,015,603	19,423,143
4. Payment as a Level Percentage of Payroll (3 / 1)	13.30%	9.26%
5. Weighted Average Amortization Period (2 / 3)	15.16	18.43
6. Equivalent Single Amortization Period (Nearest Whole Year)	27	29

Net Pension Obligation

Item	January 1, 2006	January 1, 2005
1. Annual Required Contribution (ARC)	$ 52,638,196	$ 37,607,940
2. Interest on Net Pension Obligation	42,423	(170,000)
3. Adjustment to ARC	(132,814)	507,532
4. Annual Pension Cost (APC)	52,547,805	37,945,472
5. Contributions made*	(27,442,000)	(35,415,185)
6. Increase (Decrease) in Net Pension Obligation	25,105,805	2,530,287
7. Net Pension Obligation at Beginning of Year	530,287	(2,000,000)
8. Net Pension Obligation at End of Year**	25,636,092	530,287
9. Percent of APC Contributed	52.22%	93.33%

* Contributions for 2006 are estimated based on the County budget.

** NPO at December 31, 2006 is estimated based on expected contributions to be made for the year.

TABLE 13

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
($ Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Funded Ratio (a / b)	(Overfunded) Unfunded Actuarial Accrued Liability (b - a)	Covered Payroll (c)	(Overfunded) Unfunded as a Percentage of Covered Payoll [(b - a) / c]
01/01/2006	$ 1,454,302	$ 1,909,321	76.2%	$ 455,020	$ 225,722	201.6%
01/01/2005	1,424,918	1,782,884	79.9%	357,966	209,796	170.6%
01/01/2004	1,446,726	1,707,999	84.7%	261,273	233,478	111.9%
01/01/2003	1,446,860	1,542,045	93.8%	95,185	234,679	40.6%
01/01/2002	1,620,157	1,492,072	108.6%	(128,086)	238,387	(53.7%)
01/01/2001	1,670,601	1,499,261	111.4%	(171,340)	238,195	(71.9%)

TABLE 14

SCHEDULE OF EMPLOYER CONTRIBUTIONS
GASB STATEMENT NO. 25 DISCLOSURE

Fiscal Year Ended December 31	Annual Required Contribution	Percentage Contributed
2006	$ 52,638,196	52.1% *
2005	37,607,940	94.2%
2004	33,248,204	105.7%
2003	25,242,325	134.6%
2002	8,528,477	30.3%
2001	8,586,443	30.8%

* Contributions for 2006 are estimated based on the County budget.

The information presented above was determined as part of the actuarial valuation as of the dates indicated.

Additional information as of the latest actuarial valuation follows:

Valuation Date:	January 1, 2006
Actuarial Cost Method:	Aggregate Entry Age Normal
Amortization Method:	Level percent of payroll, closed
Remaining Amortization Period:	5-30 Years
Asset Valuation Method:	5-year smoothed market

Actuarial Assumptions:

- Investment Rate of Return	8.00%
- Payroll Growth	3.50%

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS

ASSUMPTIONS

Interest Rate: 8.0% per annum, compounded annually. The components are 3.0% for inflation and 5.0% for the real rate of return.

Separation From Service: Illustrative rates of assumed separation from service are shown in the following tables.

Annual Rates per 100 Participants

Mortality*				
Attained Age	Healthy		Disabled	
	Males	Females	Males	Females
20	0.03	0.02	2.26	0.75
25	0.04	0.02	2.26	0.75
30	0.04	0.03	2.26	0.75
35	0.08	0.05	2.26	0.75
40	0.11	0.07	2.26	0.75
45	0.15	0.11	2.26	0.75
50	0.21	0.17	2.90	1.15
55	0.36	0.27	3.54	1.65
60	0.67	0.51	4.20	2.18
65	1.27	0.97	5.02	2.80

* Active and non-disabled pensioners: The sex-distinct RP2000 Combined Mortality Table.

Disabled pensioners: RP2000 Disabled Mortality Table.

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

Annual Rates per 100 Participants

Attained Age	Withdrawal – Ultimate			Disability
	General Employees	Elected Officials*	Deputy Sheriffs	
20	9.81	11.0	11.0	0.02
25	8.91	8.00	8.00	0.03
30	8.00	5.00	5.00	0.07
35	6.57	3.00	3.00	0.12
40	5.15	1.24	1.24	0.18
45	3.72	1.00	1.00	0.28
50	2.73	0.75	0.75	0.48
55	1.84	0.05	0.05	0.87
60	0.00	0.00	0.00	1.38
65	0.00	0.00	0.00	1.88

* Select rates for elected officials assume no turnover for first four years.

Annual Rates per 100 Participants

Withdrawal – Select Rates by Year of Employment					
Attained Age	General Employees				
	0	1	2	3	4
20	21.4	15.1	13.9	12.0	11.0
25	20.9	12.7	11.0	10.6	9.9
30	19.5	12.1	10.6	9.4	8.7
35	18.3	11.1	10.6	8.7	7.3
40	17.5	11.1	10.2	8.0	6.1
45	16.6	11.1	10.2	7.3	5.3
50	15.8	11.1	9.6	6.5	4.1
55	14.9	10.5	8.1	5.2	3.0

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

Annual Rates per 100 Participants

Retirement Rates			
Attained Age	**General Employees**	**Elected Officials**	**Deputy Sheriffs**
45-49	0	0	1
50-54	7	0	10
55-54	15	7	15
60	20	20	75
61	20	20	75
62	20	45	80
63	20	30	50
64	25	30	50
65	30	40	100
66	30	30	100
67	30	30	100
68	30	30	100
69	30	30	100
70	100	100	100

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

Salary Increase: Effective average of 4.5% per annum, compounded annually. Representative values are as follows:

Annual Rate of Salary Increase

Age	General Employees	Elected Officials	Deputy Sheriffs
20	6.9%	4.5%	8.0%
25	5.9	4.5	5.8
30	5.5	4.5	5.5
35	5.1	4.5	5.1
40	4.7	4.5	4.7
45	4.5	4.5	4.5
50	4.2	4.5	4.1
55	3.9	4.5	3.9
60	3.8	4.5	3.8
Average	4.4	4.5	4.4

Payroll Growth: For Actual Funding Calculation purposes – 5.5% per annum. For Budget Contribution and GASB purposes – 3.5% per annum.

MISCELLANEOUS

Percentage Married/Age Difference: Male 80%, female 80%. Beneficiaries are assumed to be the same age as the participant.

Percentage Married with at Least One Dependent Child: 21.6% for General Employees, 43.2% for Deputy Sheriffs and Elected Officials. For those who die prior to age 60, it is assumed at least one child will remain a dependent until the member would have turned age 60.

Backdrop Rate: 70% of retirees are assumed to elect a backdrop of 4 years, but not earlier than participant's earliest full retirement date.

Assumed Type of Disability: Currently, 100% of disabilities are assumed Ordinary. For purposes of determining the Budget Contribution, for represented employees the assumption is 25% Ordinary and 75% Accidental and for non-represented employees, the assumption is 95% Ordinary and 5% Accidental.

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

METHODS

Calculations: The actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system, and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System.

Actuarial Cost Method: Liabilities and contributions shown in this report are computed using the Aggregate Entry Age Normal Cost Method. The outstanding balance of the unfunded actuarial accrued liability (UAAL) as of January 1, 2004 and any changes to the UAAL arising from plan changes, assumption changes, and actuarial gains/losses are amortized as a level percentage of payroll over a 30-year period.

Administrative expenses incurred by the County related to the System are payable by the System to the County. The County then reimburses the System for this payment on a level dollar basis over 10 years.

The variance between the amount contributed to the System for a plan year, and the actual contribution requirement for that year is amortized on a level dollar basis over 5 years.

Asset Valuation Method: A five-year moving market average value of assets that recognizes the actuarial expected investment return immediately and spreads the difference between the actual and expected return over a period of five years.

DATA

Census and Assets: The valuation was based on members of the System as of January 1, 2006 and does not take into account future members. All census data was supplied by the System and was subject to reasonable consistency checks. Asset data was supplied by the System.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS

MEMBERSHIP

Any person regularly employed by the County at an annual wage or salary, including any person employed by the State of Wisconsin, but receiving part of his compensation from the County.

VESTING SERVICE

Service during period of employment in the County or in any department in any town, village, city or metropolitan sewerage commission in the County, which department has by consolidation or merger been absorbed by the County.

Creditable service shall consist of "prior service", "military service", and "membership service", for which service credit is allowable under Section 4, Chapter 201, Laws of 1937, as well as service under Executive Order 11231, July 8, 1965, for Vietnam. Additional credit for periods of military service will be earned in accordance with the following chart:

Years of Service with Milwaukee County	Maximum Years of Military Service Granted
0-4	0
5-9	1
10-14	2
15-19	3
20+	4

BENEFIT SERVICE

Same as vesting service except service prior to becoming a participant does not count.

EARNINGS

Earnable compensation is the full rate of compensation payable to member if he worked the full normal working time for his position, including authorized overtime payments and the compensation rate assumed to have been received while the member is on authorized leave of absence. In cases where compensation includes maintenance, the Pension Board shall fix the value of that part of the compensation not payable in

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

money. Compensation shall not exceed $210,000 in the pension calculation as indexed for changes in the cost of living.

For all members except certain deputy sheriffs hired on or after January 1, 1982, the final average salary means the average annual salary for the highest three (3) consecutive years of service. For deputy sheriffs hired on or after January 1, 1982, excluding DA Investigators and non-represented deputy sheriffs, the final average salary means the average annual salary for the highest five (5) consecutive years of service. For DA Investigators and non-represented deputy sheriffs hired before July 1, 1995 and all non-deputy sheriff members hired before January 1, 1982, the final average salary is increased 7.5% for each year worked after January 1, 2001 to a maximum of 25%.

VOLUNTARY EMPLOYEE CONTRIBUTION

Up to 10% of earnings, provided that the employee was contributing on January 1, 1971.

BENEFITS

Normal Retirement

Eligibility

Elected Officials:

Age 60, or age 55 with 30 years of service. For elected officials hired before January 1, 2006, the combination of age and service adding up to 75 (Rule of 75) also applies.

General Employees:

For firefighters, Federated Nurses, and Machinists:

Age 60 with 5 years of service, or age 55 with 30 years of service. For firefighters hired before December 1, 1996, Federated Nurses hired before January 1, 1997, and Machinists hired before January 1, 1994, Rule of 75 also applies.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

For Attorneys, Skilled Trades, non-represented employees, DC48, and Teamco:

Age 60, or age 55 with 30 years of service. For attorneys, Skilled Trades, and non-represented employees hired before January 1, 2006 and DC48 and Teamco hired before January 1, 1994, Rule of 75 also applies.

Deputy Sheriffs:

Age 57, or age 55 with 15 years of service. For deputy sheriffs, DA Investigators, and non-represented deputy sheriffs hired before January 1, 1994, Rule of 75 also applies.

Amount

Elected Officials

For elected officials hired before March 15, 2002, 2.5% of final average salary per year of service, not greater than 80%. For elected officials hired on or after March 15, 2002, 2.0% of final average salary per year of service, not greater than 80%.

General Employees

2.0% of final average salary per year of service, not greater than 80%.

Deputy Sheriffs

For deputy sheriffs hired before July 1, 1995 and DA Investigators and non-represented deputy sheriffs, 2.5% of final average salary per year of service, not greater than 80%. For deputy sheriffs hired on or after July 1, 1995, 2.0% of final average salary per year of service, not greater than 80%.

For all members, 1.6% of final average salary per year of service after 80% of final average salary has been reached.

In addition to the pension portion, the benefit includes any voluntary contribution balance. Benefits should not be less than under previous system.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

Early Retirement

Eligibility	Age 55 with 15 years of service.
Amount	Benefits reduced by 5/12 of 1% for each month by which commencement of payments precedes Normal Retirement Age. For deputy sheriffs, DA Investigators, and non-represented deputy sheriffs, benefit reduction does not apply.

Ordinary Disability Benefit

Eligibility	After 15 years of service.
Amount	Benefits calculated as for normal retirement benefits. Minimum benefit is 25% of final average salary.

Accidental Disability Benefit

Eligibility	Immediate.
Amount	Benefits are the same as normal retirement benefits if the employee has attained the minimum Normal Retirement Age. If less than Normal Retirement Age at time of disability, the benefit is computed the same as for normal retirement but is not less than 75% or 60% of final average salary.

Elected Officials

For elected officials hired before February 19, 1987, the benefit is not less than 75% of final average salary. For all other elected officials, the benefit is not less than 60% of final average salary.

General Employees

For non-represented employees hired before February 19, 1987, attorneys hired on or after January 1, 1987, Skilled Trades hired before October 30, 1987, Federated Nurses hired before January 1, 1987, Machinists hired before May 18, 1988, DC48 hired before July 24, 1987, and Teamco hired before January 12, 1988, the benefit is not less than 75% of final

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

average salary. For all other general employees, the benefit is not less than 60% of final average salary.

Deputy Sheriffs

For all deputy sheriffs, the benefit is not less than 75% of final average salary. For DA Investigators and non-represented deputy sheriffs hired on or after February 19, 1987, the benefit is not less than 60% of final average salary.

Ordinary Death Benefit

Upon the death of a deputy sheriff in active service for any cause other than accidental, the surviving spouse or child shall be entitled to receive the benefit under the provision of survivor benefits if the deceased member has completed at least one (1) year of service and is not eligible for normal retirement.

Accidental Death Benefit

Upon the death of a deputy sheriff caused by an accident in active duty, a survivorship benefit equal to fifty (50) percent of final average salary shall be granted to the following members:

1) A surviving spouse for life or until remarriage, or
2) If there is no spouse or spouse dies or remarries before the youngest child has attained age 18, the benefit is payable to his child(ren) under age 18 until the youngest child attains said age, or
3) If there is no spouse or child(ren) under age 18, the benefit is payable to his dependent father or mother to continue for life.

The monthly benefit aforementioned shall not be less than the benefit under ordinary death benefit section if death had not occurred in performance of duty.

Lump Sum Benefit Upon Death

Upon a death of members, a lump sum benefit of one-half the final average salary of the deceased member, not greater than two thousand dollars ($2,000) shall be paid to designated beneficiary if such member has completed one (1) year of service and no survivors' benefits payable under any other survivorship benefits.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

Deferred Vested Benefit

Upon termination of employment, a member who does not elect to withdraw any part of his membership account shall be eligible for a deferred vested benefit if:

1) The accrued benefit at age 60 is at least $10 per month
2) 5 years of service

The benefit is computed the same as for a normal retirement benefit considering earnings and service prior to date of termination.

Survivor Benefit

Upon the death of a member prior to age 60 and after completing at least one (1) year of service, a monthly benefit equal to 40% of the member's salary for the year of his death less monthly survivor benefits payable under the Social Security law shall be payable to his surviving spouse if she has at least one dependent child and was married to the member at least one (1) year prior to his death. Upon attainment of age 60 the dependent spouse shall be paid a benefit equal to 50% of the normal pension which the member would have received assuming service had continued to accrue to age 60 and the final average salary determined at death. In addition, a monthly benefit equal to 10% of the member's monthly salary less the benefits payable to child under Social Security law shall be payable to each eligible children until he attains age 18 or marries, or until attainment of age 22 if he is a student and not married.

Any member eligible for normal retirement may elect the protective survivorship option by selecting option 2 or 3 under the Optional Benefit section. This survivorship option shall become effective at the death of the member. If any member eligible to elect an option shall die in active service, without selecting an option, his surviving spouse shall be paid a survivorship benefit equal to the amount that would have been payable if such member had retired under option 3 immediately prior to his death.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

Optional Benefit

In lieu of the full retirement benefit, any member at retirement may elect to receive an actuarial equivalent reduced retirement benefit in accordance with the following options:

Option 1. In case of death before benefits attributable to his mandatory account have equaled the amount of his membership account at the date of retirement, the balance shall be paid to a designated beneficiary or to his estate; or

Option 2. At the death of the member, one-half of the reduced benefit shall be continued throughout the life of designated beneficiary; or

Option 3. At the death of the member, the same reduced benefit shall be continued throughout the life of designated beneficiary.

Other Benefits

Simple COLA	2% of original benefit increase per year to retired employees (surviving beneficiary receives proportionate amount based on survivorship percentage).
Contribution Refund	Refund of employee voluntary contribution upon severance.
Backdrop Benefit	Employee may opt to receive a monthly benefit earned as of a specific date in the past (backdrop date). The backdrop date may not be prior to the earliest date that the member was eligible to retire and shall not be less than one (1) year prior to the date the member leaves active County service. Employee receives a cash payment equal to monthly benefits that would have been paid between backdrop date and actual retirement date plus interested earned. Members not eligible for backdrop benefits are Elected Officials, non-represented employees and deputy sheriffs hired on or after March 15, 2002, Machinists and Teamco hired on or after November 4, 2005, attorneys hired on or after January 1, 2006 and Federated Nurses hired on or after December 15, 2005.

TABLE 17

SUMMARY OF MEMBERSHIP DATA
AS OF JANUARY 1, 2006

Active Participants

Item	General Employees	Deputy Sheriffs *	Elected Officials	Total
Number of Participants	4,458	572	26	5,056
Average Annual Salaries **	$ 43,322	$ 53,901	$ 67,691	$ 44,644
Average Age	46.1	39.9	48.3	45.4
Average Service	11.9	12.0	10.9	11.9

* Includes 10 non-represented deputy sheriffs.

** The salaries shown in the table above represent a rate of pay increased by the salary assumption.

Inactive Participants

Item	Number	Annual Annuities	Average Annuities	Average Age
Participants with Deferred Benefits *	1,399	$ 10,591,120	$ 7,570	50.9
Retired Participants	6,076	109,627,092	18,043	70.3
Beneficiaries	959	10,417,801	10,863	75.4
Disability Retirees	240	4,037,134	16,821	62.0
Total	8,674	$ 134,673,147	$ 15,526	67.5

* Includes 1,376 deferred vested participants and 23 beneficiaries in deferred status.

EXHIBIT I

ACTIVE MEMBERSHIP DATA – ALL EMPLOYEES

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2006

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	80									80
	$29,547									$29,547
25-29	233	76								309
	$33,553	$39,694								$35,063
30-34	218	231	35							484
	$34,326	$41,421	$51,240							$38,935
35-39	196	234	170	45	2					647
	$38,282	$41,230	$48,874	$44,531	-					$42,616
40-44	158	153	205	187	55	6				764
	$36,819	$40,475	$45,349	$47,575	$50,859	-				$43,589
45-49	150	148	192	260	174	69				993
	$40,630	$40,980	$46,325	$49,659	$49,418	$50,051				$46,342
50-54	99	115	167	253	153	96	20			903
	$37,367	$43,454	$44,676	$49,227	$54,875	$55,196	$55,147			$48,073
55-59	78	78	117	169	81	47	39	3		612
	$46,176	$42,331	$47,864	$49,032	$54,345	$62,900	$63,951	-		$50,392
60-64	21	36	61	51	17	6	9	2		203
	$43,097	$37,195	$39,272	$51,024	-	-	-	-		$45,789
Over 64	8	5	23	14	4	2	3	1	1	61
	-	-	$ 53,326	-	-	-	-	-	-	$ 53,149
Total	1,241	1,076	970	979	486	226	71	6	1	5,056
	$36,681	$41,228	$46,367	$48,900	$52,243	$55,189	$63,356	-	-	$44,644

* Compensation in cells with fewer than 20 records has been surpressed.

EXHIBIT II

ACTIVE MEMBERSHIP DATA – GENERAL EMPLOYEES

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2006

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	77									77
	$29,045									$29,045
25-29	203	57								260
	$32,117	$38,014								$33,410
30-34	201	154	9							364
	$33,709	$38,262	-							$35,715
35-39	180	184	88	40	2					494
	$37,313	$40,022	$41,726	$42,639	-					$39,610
40-44	156	139	154	156	50	6				661
	$36,731	$39,893	$41,427	$44,646	$49,206	-				$41,424
45-49	148	139	172	233	158	61				911
	$39,967	$40,307	$44,730	$48,405	$47,735	$47,221				$44,909
50-54	98	114	158	225	140	85	18			838
	$37,208	$43,443	$43,861	$48,175	$54,006	$53,759	-			$47,128
55-59	77	76	112	164	79	44	38	3		593
	$45,705	$42,057	$47,236	$48,573	$54,218	$62,296	$63,641	-		$49,936
60-64	20	36	61	50	16	6	9	2		200
	$42,603	$37,195	$39,272	$50,985	-	-	-	-		$45,596
Over 64	8	5	23	14	4	2	3	1		60
	-	-	$ 53,326	-	-	-	-	-		$ 52,028
Total	1,168	904	777	882	449	204	68	6		4,458
	$36,084	$40,145	$43,655	$47,644	$51,164	$53,702	$63,443	-		$43,322

* Compensation in cells with fewer than 20 records has been surpressed.

EXHIBIT III

ACTIVE MEMBERSHIP DATA – DEPUTY SHERIFFS

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2006

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	2									2
	-									-
25-29	30	19								49
	$43,266	-								$43,836
30-34	15	77	26							118
	-	$47,739	$56,193							$48,631
35-39	13	49	82	5						149
	-	$45,526	$56,545	-						$51,758
40-44	2	14	50	31	5					102
	-	-	$57,276	$62,311	-					$57,523
45-49		9	16	26	16	7				74
		-	-	$60,769	-	-				$61,153
50-54		1	9	27	13	11	1			62
		-	-	$57,856	-	-	-			$60,604
55-59		1	4	4	2	3	1			15
		-	-	-	-	-	-			-
60-64					1					1
					-					-
Over 64										
Total	62	170	187	93	37	21	2			572
	$42,055	$46,846	$57,022	$60,358	$65,334	$68,338	-			$53,901

* Compensation in cells with fewer than 20 records has been surpressed.

EXHIBIT IV

ACTIVE MEMBERSHIP DATA – ELECTED OFFICIALS

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2006

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	1 -									1 -
25-29										
30-34	2 -									2 -
35-39	3 -	1 -								4 -
40-44			1 -							1 -
45-49	2 -		4 -	1 -		1 -				8 -
50-54	1 -			1 -			1 -			3 -
55-59	1 -	1 -	1 -	1 -						4 -
60-64	1 -			1 -						2 -
Over 64									1 -	1 -
Total	11 -	2 -	6 -	4 -		1 -	1 -		1 -	26 -

* Compensation in cells with fewer than 20 records has been surpressed.

EXHIBIT V

ACTIVE AND DEFERRED VESTED MEMBERS OBTAINING RETIREMENT ELIGIBILITY OVER NEXT FIVE CALENDAR YEARS

Actives Reaching Early Retirement Eligibility

Year	General Employees	Elected Officials	Deputy Sheriffs	Total
Eligible at Valuation Date	599	4	16	619
2006	207	1	13	221
2007	196	3	12	211
2008	219	1	15	235
2009	237	0	20	257
2010	220	1	18	239
Total Over Next 5 Years	1,079	6	78	1,163
Grand Total Eligible	1,678	10	94	1,782

Actives Reaching Normal Retirement Eligibility

Year	General Employees	Elected Officials	Deputy Sheriffs	Total
Eligible at Valuation Date	333	2	6	341
2006	112	0	3	115
2007	156	1	7	164
2008	149	2	13	164
2009	177	0	16	193
2010	177	1	15	193
Total Over Next 5 Years	771	4	54	829
Grand Total Eligible	1,104	6	60	1,170

Deferred Vesteds Reaching Retirement Age

Year	Total
2006	44
2007	94
2008	67
2009	103
2010	103
Total Over Next 5 Years	411

EXHIBIT VI

RETIREE AND BENEFICIARY MEMBERSHIP DATA
AS OF JANUARY 1, 2006

NUMBER AND AVERAGE ANNUAL BENEFIT

Age Last Birthday	Number	Annual Benefit	Average Annual Benefit
Retired Participants			
Under 60	1,132	$ 30,413,766	$ 26,867
60 - 64	969	20,082,546	20,725
65 - 69	912	16,470,859	18,060
70 - 74	873	15,624,884	17,898
75 - 79	875	13,158,611	15,038
Over 79	1,315	13,876,426	10,552
Total	6,076	$ 109,627,092	$ 18,043
Beneficiary Participants			
Under 60	117	$ 1,879,121	$ 16,061
60 - 64	45	722,706	16,060
65 - 69	65	906,113	13,940
70 - 74	114	1,508,545	13,233
75 - 79	182	2,005,215	11,018
Over 79	436	3,396,101	7,789
Total	959	$ 10,417,801	$ 10,863
Disabled Participants			
Under 60	106	$ 1,956,985	$ 18,462
60 - 64	44	725,157	16,481
65 - 69	28	506,180	18,078
70 - 74	28	419,980	14,999
75 - 79	19	255,144	13,429
Over 79	15	173,688	11,579
Total	240	$ 4,037,134	$ 16,821
Grand Total Average Annual Benefit	7,275	$ 124,082,027	$ 17,056

EXHIBIT VII

4-YEAR HISTORY OF MEMBERSHIP DATA

Active Participants

Valuation as of January 1	Number of Active Participants	Percentage Change in Membership	Total Annual Payroll	Percentage Change in Payroll
2006	5,056	1.53%	$ 225,721,691	7.59%
2005	4,980	(8.87%)	209,795,776	(10.14%)
2004	5,465	(5.66%)	233,477,631	(0.51%)
2003	5,793	(4.67%)	234,679,129	(1.56%)

Retired, Disabled, and Beneficiary Participants

Valuation as of January 1	Number on roll	Additions	Deletions	Percentage Change in Membership	Annual Annuities	Percentage Change in Annuities
2006	7,275	212	236	(0.33%)	$ 124,082,027	2.46%
2005	7,299	857	253	9.02%	121,097,712	19.37%
2004	6,695	312	254	0.87%	101,444,256	4.62%
2003	6,637	386	260		96,961,008	

EXHIBIT VIII

DETAILED TABULATIONS OF THE DATA

TABLE VIII-A

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2006 ALL EMPLOYEES

Age	Men		Women	
	Number	Compensation	Number	Compensation
17	1	$ 5,961		
19	1	21,140		
20	2	43,893	3	$ 43,550
21	2	51,439	2	58,881
22	10	321,669	4	116,514
23	11	350,825	8	204,797
24	22	738,194	14	406,922
25	23	812,425	15	459,854
26	22	845,633	23	748,611
27	35	1,223,378	44	1,438,972
28	24	963,659	40	1,380,485
29	43	1,612,933	40	1,348,592
30	44	1,932,089	54	1,890,002
31	36	1,358,615	40	1,415,696
32	37	1,559,584	48	1,704,645
33	51	2,149,637	47	1,710,512
34	66	2,908,724	61	2,215,147
35	60	2,574,791	64	2,593,452
36	69	3,204,521	53	2,036,668
37	52	2,447,849	70	2,645,509
38	64	3,026,293	76	2,861,495
39	63	3,096,760	76	3,085,517
40	59	2,619,949	79	3,159,001
41	51	2,651,657	76	3,063,543
42	67	3,301,526	104	4,364,686
43	62	2,931,486	85	3,454,700
44	83	3,700,680	98	4,054,570
45	70	3,709,831	101	4,207,087
46	74	3,648,587	104	4,269,985
47	95	4,973,514	109	4,564,234
48	71	3,638,895	141	6,437,094
49	100	5,173,088	128	5,395,314
50	92	4,649,929	94	4,303,173
51	94	4,993,325	108	4,865,564
52	90	4,481,846	106	4,897,531
53	74	4,017,771	81	3,355,931
54	74	4,019,499	90	3,824,927
55	83	5,117,705	67	2,953,297
56	60	3,200,873	91	3,783,225
57	57	3,227,762	54	2,524,064

TABLE VIII-A

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2006 ALL EMPLOYEES

Age	Men		Women	
	Number	Compensation	Number	Compensation
58	43	$ 2,332,091	64	$ 2,934,544
59	38	2,134,867	55	2,631,257
60	31	1,602,778	44	1,794,357
61	16	806,681	22	839,237
62	14	809,812	23	1,003,518
63	19	1,050,870	19	916,016
64	4	146,621	11	325,294
65	9	576,416	10	463,686
66	1	10,398	11	481,987
67	3	304,053	9	378,478
68	4	254,771	3	106,842
69	1	120,396		
70	2	134,912	1	37,113
71			4	265,613
72	1	38,769		
81	1	46,006		
82	1	22,632		
Total	2,282	$ 111,700,005	2,774	$ 114,021,686

TABLE VIII-B

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2006 ALL EMPLOYEES

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
0	156	$ 5,441,896	233	$ 7,064,145
1	104	4,234,033	127	4,481,653
2	78	3,477,140	97	3,572,601
3	107	4,779,592	92	3,234,251
4	131	5,265,371	116	3,970,570
5	121	5,067,820	165	6,006,821
6	130	5,324,455	153	5,982,609
7	101	4,341,019	98	3,719,690
8	75	3,712,932	79	3,216,713
9	78	3,879,921	76	3,108,960
10	70	3,776,520	37	1,652,741
11	77	3,845,071	110	4,598,613
12	66	3,279,018	102	4,262,751
13	107	5,854,269	148	6,451,822
14	104	5,217,408	149	6,037,789
15	93	4,622,628	101	4,056,770
16	94	4,698,344	190	8,612,539
17	97	5,165,542	142	6,653,371
18	68	4,316,894	71	3,283,841
19	49	2,964,142	74	3,499,071
20	73	3,864,509	94	4,473,300
21	49	2,779,492	77	3,809,114
22	37	2,026,617	37	2,045,845
23	27	1,559,657	26	1,300,130
24	24	1,568,738	42	1,962,508
25	31	1,787,091	49	2,200,457
26	25	1,452,133	29	1,546,127
27	28	1,772,149	20	1,071,236
28	14	998,596	13	649,760
29	11	698,409	6	296,748
30	18	1,161,887	6	324,330
31	15	900,671	5	231,505
32	6	489,479	4	190,700
33	7	480,932	1	51,997
34	6	503,446	3	163,325
35	3	191,024		
36	1	80,761	2	237,281
40	1	120,396		
Total	2,282	$ 111,700,005	2,774	$ 114,021,686

TABLE VIII-C

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2006 GENERAL EMPLOYEES

Age	Men		Women	
	Number	Compensation	Number	Compensation
17	1	$ 5,961		
19	1	21,140		
20	2	43,893	3	$ 43,550
21	2	51,439	2	58,881
22	10	321,669	4	116,514
23	11	350,825	8	204,797
24	20	663,797	13	353,962
25	20	682,878	15	459,854
26	15	540,572	21	661,441
27	26	826,614	40	1,268,452
28	16	612,478	36	1,204,438
29	34	1,209,878	37	1,219,952
30	26	1,098,126	49	1,642,896
31	29	1,016,152	36	1,249,965
32	21	869,876	45	1,548,242
33	30	1,098,588	42	1,477,308
34	33	1,193,846	53	1,805,299
35	35	1,346,535	56	2,182,853
36	35	1,463,457	47	1,716,206
37	33	1,409,808	61	2,246,039
38	37	1,505,727	72	2,677,656
39	47	2,201,067	71	2,817,803
40	43	1,741,550	71	2,709,222
41	34	1,682,303	69	2,684,200
42	51	2,343,157	98	4,009,557
43	48	2,119,169	82	3,279,281
44	71	3,003,978	94	3,809,064
45	61	3,221,651	92	3,651,472
46	63	2,957,461	103	4,205,532
47	81	4,071,941	106	4,384,156
48	62	3,030,163	132	5,883,571
49	89	4,427,528	122	5,078,843
50	84	4,175,478	87	3,869,855
51	82	4,260,803	105	4,662,296
52	79	3,813,348	102	4,644,148
53	65	3,521,956	77	3,107,793
54	68	3,671,863	89	3,765,648
55	77	4,751,638	66	2,900,814
56	58	3,059,021	91	3,783,225
57	53	2,962,296	54	2,524,064

TABLE VIII-C

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2006 GENERAL EMPLOYEES

Age	Men		Women	
	Number	Compensation	Number	Compensation
58	40	$ 2,139,803	64	$ 2,934,544
59	36	2,000,963	54	2,555,632
60	29	1,479,749	44	1,794,357
61	16	806,681	22	839,237
62	13	756,852	23	1,003,518
63	19	1,050,870	19	916,016
64	4	146,621	11	325,294
65	9	576,416	10	463,686
66	1	10,398	11	481,987
67	3	304,053	9	378,478
68	4	254,771	3	106,842
70	2	134,912	1	37,113
71			4	265,613
72	1	38,769		
81	1	46,006		
82	1	22,632		
Total	1,832	$ 87,119,123	2,626	$ 106,011,164

TABLE VIII-D

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2006 GENERAL EMPLOYEES

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
0	156	$ 5,441,896	232	$ 7,020,345
1	99	4,033,740	125	4,375,734
2	64	2,876,240	94	3,454,037
3	88	3,750,820	87	3,025,618
4	111	4,374,947	112	3,792,929
5	97	3,964,002	154	5,516,117
6	98	3,914,198	147	5,740,078
7	77	3,295,341	89	3,313,027
8	49	2,403,062	70	2,792,083
9	52	2,500,293	71	2,852,984
10	41	2,143,359	27	1,096,580
11	42	1,864,115	103	4,184,997
12	46	2,141,983	96	3,928,946
13	61	3,140,392	132	5,510,856
14	86	4,158,055	143	5,750,778
15	75	3,596,191	100	4,007,922
16	81	3,957,217	183	8,190,632
17	74	3,757,026	133	6,140,555
18	59	3,720,456	67	3,043,936
19	39	2,307,238	71	3,300,627
20	63	3,226,351	89	4,141,198
21	44	2,454,063	73	3,536,770
22	33	1,768,609	34	1,833,575
23	24	1,359,930	26	1,300,130
24	23	1,508,990	40	1,842,941
25	29	1,642,858	45	1,950,228
26	21	1,203,289	25	1,272,023
27	23	1,405,111	19	1,005,336
28	12	831,413	13	649,760
29	11	698,409	6	296,748
30	17	1,108,928	6	324,330
31	14	824,958	4	176,040
32	6	489,479	4	190,700
33	7	480,932	1	51,997
34	6	503,446	3	163,325
35	3	191,024		
36	1	80,761	2	237,281
Total	1,832	$ 87,119,123	2,626	$ 106,011,164

TABLE VIII-E

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2006 DEPUTY SHERIFFS

Age	Men		Women	
	Number	Compensation	Number	Compensation
24	2	$ 74,397		
25	3	129,547		
26	7	305,061	2	$ 87,170
27	9	396,765	4	170,520
28	8	351,180	4	176,048
29	9	403,055	3	128,640
30	17	781,004	5	247,105
31	7	342,463	4	165,731
32	16	689,707	3	156,403
33	21	1,051,049	5	233,204
34	32	1,661,918	8	409,849
35	25	1,228,256	7	357,640
36	34	1,741,064	6	320,462
37	19	1,038,042	8	346,510
38	26	1,385,641	4	183,839
39	15	842,733	5	267,714
40	16	878,399	8	449,778
41	17	969,354	7	379,343
42	16	958,370	6	355,129
43	13	759,357	3	175,419
44	12	696,702	4	245,506
45	9	488,180	9	555,615
46	11	691,127	1	64,453
47	13	848,613	3	180,079
48	8	502,458	9	553,522
49	7	430,725	4	210,551
50	7	421,492	7	433,318
51	11	679,562	3	203,268
52	11	668,498	4	253,383
53	9	495,815	4	248,138
54	5	294,677	1	59,280
55	6	366,067	1	52,482
56	1	59,424		
57	4	265,466		
58	1	60,202		
59	1	59,279	1	75,625
60	1	70,069		
Total	429	$ 23,085,715	143	$ 7,745,724

TABLE VIII-F

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2006 DEPUTY SHERIFFS

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
0			1	$ 43,800
1	4	$ 147,334		
2	12	465,513	2	65,604
3	14	608,482	5	208,633
4	20	890,425	4	177,641
5	23	1,050,858	11	490,704
6	32	1,410,257	6	242,531
7	23	992,718	9	406,662
8	26	1,309,869	9	424,630
9	26	1,379,628	5	255,976
10	28	1,526,887	10	556,161
11	35	1,980,956	7	413,616
12	19	1,084,075	6	333,805
13	43	2,533,332	15	888,007
14	18	1,059,353	6	287,011
15	17	973,477	1	48,848
16	13	741,126	7	421,907
17	23	1,408,516	8	459,856
18	7	464,351	4	239,905
19	10	656,904	3	198,444
20	10	638,158	5	332,102
21	5	325,429	4	272,344
22	4	258,008	3	212,270
23	3	199,728		
24	1	59,748	2	119,567
25	1	61,805	4	250,229
26	4	248,844	4	274,104
27	5	367,038	1	65,900
28	2	167,183		
29				
30				
31	1	75,712	1	55,466
Total	429	$ 23,085,715	143	$ 7,745,724

TABLE VIII-G

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2006 ELECTED OFFICIALS

Age	Men		Women	
	Number	Compensation	Number	Compensation
24			1	$ 52,960
30	1	52,960		
34	1	52,960		
35			1	52,960
37			1	52,960
38	1	134,925		
39	1	52,960		
43	1	52,960		
47	1	52,960		
48	1	106,275		
49	4	314,834	2	105,920
50	1	52,960		
51	1	52,960		
54	1	52,960		
56	1	82,428		
58	2	132,087		
59	1	74,626		
60	1	52,960		
62	1	52,960		
69	1	120,396		
Total	21	$ 1,495,167	5	$ 264,799

TABLE VIII-H

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2006 ELECTED OFFICIALS

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
1	1	$ 52,960	2	$ 105,920
2	2	135,388	1	52,960
3	5	420,291		
5	1	52,960		
7	1	52,960		
10	1	106,275		
12	1	52,960		
13	3	180,545	1	52,960
15	1	52,960		
17			1	52,960
18	2	132,087		
25	1	82,428		
30	1	52,960		
40	1	120,396		
Total	21	$ 1,495,167	5	$ 264,799

TABLE VIII-I

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO ALL MEMBERS RECEIVING BENEFITS AS OF JANUARY 1, 2006

Age	Men		Women	
	Number	Annuities	Number	Annuities
15	2	$ 36,000		
16	1	18,000		
19			1	$ 18,000
20			1	5,305
21			1	18,000
24	1	18,000	2	36,000
25	1	18,000		
26	1	18,000	1	18,000
27			1	18,000
29			2	36,000
30	1	18,000	1	18,000
31			2	36,000
33			1	1,841
34			1	18,000
36	1	21,991	1	18,000
37	1	5,466		
39	2	47,647		
40	1	32,350	1	7,647
41	2	34,003	4	53,350
42			3	54,056
43			4	111,478
44	2	22,957	3	44,988
45			3	47,689
46	2	56,631	2	48,964
47	5	76,308	3	71,702
48	2	14,678	4	24,543
49	6	135,372	7	128,497
50	12	338,143	9	249,217
51	15	366,760	15	391,654
52	29	906,805	30	730,647
53	40	1,290,194	51	1,216,143
54	56	1,754,206	60	1,522,387
55	66	1,963,145	82	1,879,051
56	90	2,326,349	73	1,545,508
57	106	3,232,371	104	2,163,374
58	106	2,820,811	93	2,100,852
59	123	3,466,867	115	2,577,928
60	84	2,357,448	104	2,191,429
61	107	2,372,108	109	1,945,616
62	85	2,074,632	122	1,914,231

TABLE VIII-I

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO ALL MEMBERS RECEIVING BENEFITS AS OF JANUARY 1, 2006

Age	Men		Women	
	Number	Annuities	Number	Annuities
63	99	$ 2,351,690	137	$ 2,091,696
64	96	2,371,521	115	1,860,039
65	93	2,098,345	107	1,774,037
66	88	1,843,716	113	1,637,980
67	87	1,959,235	118	1,815,230
68	78	1,884,896	118	1,745,319
69	85	1,634,904	118	1,489,491
70	89	1,941,950	135	2,005,108
71	73	1,634,921	129	1,839,196
72	77	1,903,579	111	1,567,521
73	87	1,795,547	129	1,765,452
74	89	1,984,681	96	1,115,453
75	82	1,494,260	137	1,844,476
76	76	1,523,649	152	1,836,732
77	77	1,461,323	131	1,549,881
78	79	1,475,510	130	1,457,991
79	67	1,264,072	145	1,511,074
80	71	1,351,339	126	1,401,650
81	67	1,135,122	114	1,076,874
82	63	987,003	126	1,250,209
83	51	734,282	115	971,266
84	55	828,812	107	977,504
85	42	615,481	112	819,420
86	37	402,747	84	612,756
87	24	357,748	88	671,407
88	16	185,372	87	605,998
89	19	253,130	60	399,786
90	17	158,798	55	323,491
91	10	91,548	52	297,146
92	9	88,850	27	128,799
93	5	39,750	33	171,107
94	2	23,156	24	100,272
95	6	61,043	18	94,280
96	5	20,602	7	27,363
97	1	3,740	7	37,537
98	2	10,907	12	84,361
99	1	4,050	5	25,949
100	1	932	1	10,465
101			1	1,116
103			1	3,048
Total	2,876	$ 63,821,452	4,399	$ 60,260,575

TABLE VIII-J

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO RETIRED MEMBERS AS OF JANUARY 1, 2006

Age	Men		Women	
	Number	Annuities	Number	Annuities
49	2	$ 64,594	2	$ 67,727
50	8	273,957	6	180,721
51	11	309,366	9	277,146
52	23	783,563	23	652,402
53	32	1,103,548	43	1,079,757
54	47	1,611,712	52	1,340,631
55	64	1,932,342	70	1,676,587
56	84	2,217,323	60	1,353,791
57	100	3,128,562	90	1,920,333
58	101	2,737,379	83	1,954,443
59	119	3,381,382	103	2,366,501
60	82	2,321,709	94	2,011,341
61	97	2,236,542	94	1,657,371
62	80	1,991,739	111	1,789,393
63	95	2,271,632	120	1,840,436
64	92	2,289,417	104	1,672,966
65	91	2,065,460	96	1,582,339
66	83	1,750,657	101	1,448,937
67	84	1,925,764	105	1,604,979
68	72	1,783,136	105	1,518,328
69	74	1,489,822	101	1,301,437
70	83	1,867,962	110	1,636,184
71	71	1,619,393	110	1,584,518
72	73	1,834,375	82	1,192,010
73	85	1,779,524	104	1,386,833
74	84	1,925,548	71	798,538
75	76	1,411,279	112	1,532,728
76	71	1,464,656	114	1,469,463
77	75	1,452,846	94	1,084,056
78	75	1,452,667	91	994,936
79	66	1,250,856	101	1,045,123
80	65	1,286,421	87	927,225
81	63	1,111,759	72	600,358
82	57	938,459	87	872,895
83	47	690,633	83	715,906
84	51	807,301	69	632,414
85	37	596,319	72	513,354
86	31	383,208	61	454,894
87	22	351,171	67	518,947
88	14	161,523	56	367,694

TABLE VIII-J

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO RETIRED MEMBERS AS OF JANUARY 1, 2006

Age	Men		Women	
	Number	Annuities	Number	Annuities
89	18	$ 252,600	39	$ 268,669
90	17	158,798	38	235,918
91	9	85,985	34	223,016
92	8	86,289	20	104,062
93	3	24,833	22	123,852
94	2	23,156	17	74,309
95	5	56,187	13	73,951
96	2	7,622	4	14,064
97	1	3,740	4	12,209
98	2	10,907	8	62,914
99	1	4,050	4	24,186
100			1	10,465
101			1	1,116
103			1	3,048
Total	2,655	$ 60,769,673	3,421	$ 48,857,419

TABLE VIII-K

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO BENEFICIARY MEMBERS AS OF JANUARY 1, 2006

Age	Men		Women	
	Number	Annuities	Number	Annuities
15	2	$ 36,000		
16	1	18,000		
19			1	$ 18,000
20			1	5,305
21			1	18,000
24	1	18,000	2	36,000
25	1	18,000		
26	1	18,000	1	18,000
27			1	18,000
29			2	36,000
30	1	18,000	1	18,000
31			2	36,000
33			1	1,841
34			1	18,000
36			1	18,000
37	1	5,466		
39	1	18,000		
40			1	7,647
41	1	18,000	3	27,871
42			1	18,000
43			3	82,554
44			3	44,988
45			2	27,631
46	1	18,000	1	22,922
47			2	48,392
48			4	24,543
49			2	23,559
50			1	43,641
51	1	18,000	5	94,485
52			6	62,113
53			6	89,599
54	1	18,000	5	107,766
55	1	18,000	7	97,252
56	2	21,152	8	119,456
57	1	5,283	8	138,844
58	2	21,111	6	86,420
59	2	38,838	7	144,441
60			8	140,100
61	2	25,662	7	143,092
62	3	39,700	6	57,512

TABLE VIII-K

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO BENEFICIARY MEMBERS AS OF JANUARY 1, 2006

Age	Men		Women	
	Number	Annuities	Number	Annuities
63			13	$ 198,917
64	1	$ 18,000	5	99,723
65			7	112,937
66			9	126,228
67	1	6,995	13	210,251
68	2	22,082	11	195,784
69	7	71,829	15	160,007
70	4	39,372	24	349,429
71			17	231,949
72	1	8,852	24	312,726
73	1	449	19	281,255
74	3	18,335	21	266,178
75	5	47,275	23	281,749
76	4	44,255	38	367,269
77	2	8,477	29	369,072
78	4	22,843	37	437,754
79	1	13,216	39	413,305
80	5	45,196	38	462,460
81	4	23,362	40	448,435
82	3	14,342	36	342,873
83	2	16,964	32	255,361
84	4	21,511	37	337,292
85	5	19,162	40	306,067
86	6	19,539	23	157,863
87	1	1,140	21	152,460
88	2	23,849	31	238,304
89	1	530	21	131,116
90			16	82,217
91	1	5,562	18	74,130
92	1	2,561	7	24,738
93	2	14,917	11	47,255
94			7	25,962
95	1	4,856	5	20,329
96	3	12,980	3	13,299
97			3	25,328
98			4	21,447
99			1	1,762
100	1	932		
Total	104	$ 940,597	855	$ 9,477,203

TABLE VIII-L

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO DISABLED MEMBERS AS OF JANUARY 1, 2006

Age	Men		Women	
	Number	Annuities	Number	Annuities
36	1	$ 21,991		
39	1	29,647		
40	1	32,350		
41	1	16,003	1	$ 25,478
42			2	36,056
43			1	28,924
44	2	22,957		
45			1	20,058
46	1	38,631	1	26,042
47	5	76,308	1	23,310
48	2	14,678		
49	4	70,777	3	37,211
50	4	64,186	2	24,855
51	3	39,394	1	20,023
52	6	123,242	1	16,133
53	8	186,646	2	46,787
54	8	124,494	3	73,990
55	1	12,803	5	105,212
56	4	87,874	5	72,261
57	5	98,525	6	104,196
58	3	62,321	4	59,989
59	2	46,646	5	66,987
60	2	35,739	2	39,988
61	8	109,904	8	145,153
62	2	43,193	5	67,326
63	4	80,058	4	52,342
64	3	64,104	6	87,349
65	2	32,885	4	78,760
66	5	93,059	3	62,815
67	2	26,476		
68	4	79,678	2	31,206
69	4	73,253	2	28,047
70	2	34,616	1	19,495
71	2	15,529	2	22,729
72	3	60,351	5	62,785
73	1	15,574	6	97,364
74	2	40,799	4	50,737
75	1	35,706	2	30,000
76	1	14,739		
77			8	96,753

TABLE VIII-L

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO DISABLED MEMBERS AS OF JANUARY 1, 2006

Age	Men		Women	
	Number	Annuities	Number	Annuities
78			2	$ 25,301
79			5	52,646
80	1	$ 19,722	1	11,966
81			2	28,081
82	3	34,202	3	34,441
83	2	26,686		
84			1	7,798
87	1	5,436		
90			1	5,355
Total	117	$ 2,111,182	123	$ 1,925,953

EXHIBIT IX

GLOSSARY

Accrued Liability	The difference between (a) the present value of future plan benefits, and (b) the present value of future normal cost. It is the portion of the present value of future plan benefits attributable to service accrued as of the valuation date. Sometimes referred to as "actuarial accrued liability."
Accrued Service	The service credited under the plan which was rendered before the date of the actuarial valuation.
Actual Funding Contribution	The Actual Funding Contribution for a plan year is calculated using census and asset information as of the first day of the plan year, and includes Normal Cost, with interest to the end of the plan year, and a net amortization payment.
Actuarial Assumptions	Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.
Actuarial Cost Method	A mathematical budgeting procedure for allocating the dollar amount of the "present value of future plan benefits" between the present value of future normal cost and the accrued liability. Sometimes referred to as the "actuarial funding method."
Actuarial Equivalent	A series of payments is called an actuarial equivalent of another series of payments if the two series have the same actuarial present value.
Actuarial Value of Assets	The value of current plan assets recognized for valuation purposes. Based on a smoothed market value that recognizes investment gains and losses over a period of three years.
Amortization	Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

EXHIBIT IX

GLOSSARY
(Continued)

Annual Required Contribution	The Annual Required Contribution, or ARC, is the amount determined in accordance with Governmental Accounting Standards Board Statements Nos. 25 and 27.
Budget Contribution	The Budget Contribution for a year is based on census and asset information as of the first day of the PRIOR plan year, rolled forward to the next plan year based on all actuarial assumptions being met. For example, the Budget Contribution for 2007 is based on census and asset information as of January 1, 2006, rolled forward to January 1, 2007.
Contribution Variance	The difference between the Actual Contribution and the Budget Contribution for a plan year is referred to as the Contribution Variance. A Contribution Variance resulting from an overpayment is amortized over 5 years as a level dollar credit. A Contribution Variance resulting from an underpayment is amortized over 5 years as a level dollar charge.
Experience Gain (Loss)	A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.
Normal Cost	The annual cost assumed, under the actuarial funding method, for current and subsequent plan years. Sometimes referred to as "current service cost."
Present Value	The amount of funds presently required to provide a payment or series of payments in the future. The present value is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.
Unfunded Accrued Liability	The difference between the actuarial accrued liability and valuation assets.

Montgomery County Employee Retirement Plans

Comprehensive Annual Financial Report

Employees' Retirement System
Retirement Savings Plan
Deferred Compensation Plan

(*Trust Funds of Montgomery County, Maryland*)

Fiscal Year 2006
July 1, 2005 – June 30, 2006

Prepared by the Board of Investment Trustees
101 Monroe Street, 15th Floor
Rockville, Maryland 20850

Montgomery County, Maryland
EMPLOYEE RETIREMENT PLANS
Fiscal Year Ended June 30, 2006
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MONTGOMERY COUNTY
17 76
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MARYLAND

INTRODUCTION SECTION

OFFICES OF THE COUNTY EXECUTIVE

Isiah Leggett
County Executive

Timothy L. Firestine
Chief Administrative Officer

December 8, 2006

Honorable County Executive and
Members of the Montgomery County Council

I am pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Montgomery County, Maryland (County) Employee Retirement Plans (Plans) for the fiscal year ended June 30, 2006. This annual report is designed to assist you in understanding the structure and current status of the Plans.

FORMAL TRANSMITTAL OF THE CAFR

This report was prepared pursuant to the provisions of Section 33-51(b) of the Montgomery County Code, 2001, as amended (Code), and includes the independent auditors' report, issued by the County Council's appointed independent public accounting firm. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation including all disclosures rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the plan net assets and the changes in plan net assets and financial position of the Plans; and that all disclosures necessary to enable the reader to gain the maximum understanding of the financial affairs of the Plans have been included.

The accompanying report consists of five sections: an **Introduction Section** which contains the Certificate of Achievement, this transmittal letter, and the organization structure; a **Financial Section** which contains the report of the independent auditors, the management's discussion and analysis, the financial statements of the Plans and required supplementary information; an **Investment Section** which contains investment results for the Employees' Retirement System (System) defined benefit pension plan; an **Actuarial Section** which contains the independent actuary's certification letter, a summary of the results of the actuarial valuation, including actuarial procedures and assumptions for the System; and a **Statistical Section** which contains information on the System's membership.

PROFILE OF THE RETIREMENT PLANS

History

The System was established in 1965, as a cost-sharing multiple-employer defined benefit pension plan providing benefits to the employees of the County and other agencies or political subdivisions who elect to participate. Participating agencies and subdivisions include the: Montgomery County Revenue Authority, Housing Opportunities Commission of Montgomery County, independent fire/rescue corporations, Town of Chevy Chase, Strathmore Hall Foundation, Inc., Washington Suburban Transit Commission, and certain employees of the State Department of Assessments and Taxation and the District Court of Maryland. The System is closed to employees hired on or after October 1, 1994, except public safety bargaining unit employees. There were 5,362 active members and 4,848 retirees participating in the System as of June 30, 2006.

101 Monroe Street • Rockville, Maryland 20850
240-777-2500 • 240-777-2544 TTY • 240-777-2518 FAX
www.montgomerycountymd.gov

The Retirement Savings Plan (RSP) was established in 1994, as a cost-sharing multiple-employer defined contribution plan providing benefits to all non-public safety and certain public safety employees hired on or after October 1, 1994. Employees covered by the System may make an irrevocable decision to transfer to the RSP. At June 30, 2006, there were 3,791 active plan members.

The Deferred Compensation Plan (County Plan) was established pursuant to Section 457 of the Internal Revenue Code, as amended. During Fiscal Year (FY) 1999, in accordance with Federal legislation, the assets of the County Plan were placed in trust for the sole benefit of participants and their beneficiaries.

Benefit Provisions

The benefit provisions of the System are established by the Code. The System provides for normal service retirement and early service retirement benefits for members who attain age and service requirements. The System also provides options for disability and death benefits to eligible participants. Members are vested after five years of service.

The RSP provides for immediate vesting of employee contributions and employer contributions are vested after three years of service or upon death, disability or reaching retirement age.

Major Initiatives

During FY 2006, the Board of Investment Trustees (Board) expanded the investments within the alternatives asset class by hiring a private equity secondary fund-of-funds manager and hired two private real estate managers. The Board amended their strategic asset allocation to increase international equities to 20 percent and decrease domestic equities to 40 percent. Other initiatives during FY 2006 include: a search for a currency overlay manager and implementation of the risk management program to actively manage the inherent risks associated with the investment process to achieve the highest possible risk adjusted return.

In addition, the Board increased the investment offerings under the RSP to include two additional life cycle funds and a self directed brokerage account option.

INFORMATION USEFUL IN ASSESSING THE RETIREMENT PLANS' ECONOMIC CONDITION

Financial Information

Accounting System and Reports

The Plans' financial statements have been prepared under the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due in accordance with the terms of the Plans.

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A), which can be found on pages 15 to 19 of this report, provides a brief analysis of the financial performance of the Plans and an introduction to the financial statements of the Plans for the year ended June 30, 2006.

Investments

Montgomery County has established a Board to be responsible for the investment management of the Plans' assets for the exclusive benefit of the members and participants. The Board consists of thirteen members appointed by the County Council.

In overseeing the management of the assets of the Plans, the Board has developed sound and prudent investment policies. The Board believes an appropriate balance must be struck between risks taken and returns sought to ensure the long term health of the defined benefit plan. The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long term increases in the value of assets. To achieve this objective, System assets are allocated to a broad array of investment sectors as follows: domestic equities 40 percent, alternative investments 5 percent, international equities 20 percent, domestic fixed income 20 percent, and inflation index bonds 10 percent, and real estate 5 percent. For the twelve months ended June 30, 2006, the total return achieved by the System's investments was 9.18 percent, compared to the System's benchmark index return of 8.96 percent and the actuarial assumed rate of return of 8.0 percent.

Section 33-125 of the Montgomery County Code authorizes the Board to establish, for members of the RSP, a diversified slate of mutual and commingled investment funds from which participants may select options. The Board has developed an investment policy outlining its oversight of the investment products offered.

The Board has also established a diversified slate of mutual and commingled funds for the County Plan which offers a range of options from which participants may select. The Board has constructed an investment policy stipulating investment objectives and oversight by the Board.

Funding

The System's actuary uses a five-year smoothed market-related value to determine the actuarial value of assets. The smoothing prevents extreme volatility in employer contribution rates due to short-term fluctuations in the investment markets. For the June 30, 2006 valuation, the actuarial value of assets was $2.2 billion. The aggregate actuarial liability was $2.9 billion. The Schedule of Funding Progress included as Required Supplementary Information in the Financial Section, expresses the System's actuarial value of assets as a percentage of the actuarial accrued liability, providing one indication of the System's funding status on a going-concern basis. The actuary has determined that the present net asset base, expected future contributions and investment earnings thereon, are sufficient to provide for full payment of future benefits under the projected unit credit actuarial cost method.

Internal Control Structure and Budgetary Controls

The Plans' management is responsible for maintaining internal accounting controls to provide reasonable assurance that transactions are properly authorized and recorded as necessary to permit preparation of financial statements in conformity with U.S. generally accepted accounting principles. We believe the internal controls in effect during the fiscal year ended June 30, 2006 adequately safeguard the Plans' assets and provide reasonable assurance regarding the proper recording of financial transactions. In addition, the Board, in conjunction with the Chief Administrative Officer, approves and actively monitors the annual budgets for each plan.

Independent Audit and Actuarial Certification

An independent auditors' report and actuarial certification are included in this report.

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Montgomery County Employee

Retirement Plans for its comprehensive annual financial report for the fiscal year ended June 30, 2005. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Montgomery County Employee Retirement Plans have received the Certificate of Achievement for the last six consecutive years. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements and we are submitting it to the GFOA.

Acknowledgements

The Plans' CAFR was prepared by the Board of Investment Trustees staff in conjunction with staff support from the County's Department of Finance and Office of Human Resources. I would like to express my appreciation to the employees who have worked hard throughout the year to ensure the successful operation of the Plans.

Respectfully submitted,

Timothy L. Firestine
Chief Administrative Officer
Plan Administrator

BOARD OF INVESTMENT TRUSTEES

Timothy L. Firestine
Chair
Montgomery County Director of Finance
Ex-Officio Member

Sharon M. Cayelli
Vice Chair
Citizen Representative
Term Expires March 2008

Gino Renne
Secretary
Employee Organization Representative
Term Expires March 2007

J. Lodge Gillespie, Jr.
Montgomery County Council Representative
Term Expires March 2009

Jeffrey D. Buddle
Employee Organization Representative
Term Expires March 2008

Stephen B. Farber
Montgomery County Council Staff Director
Ex-Officio Member

Beverley Swaim-Staley
Montgomery County Director of
Management and Budget
Ex-Officio Member

Cora M. Ingrim
Montgomery County Council Representative
Term Expires March 2008

Walter E. Bader
Employee Organization Representative
Term Expires March 2008

Sandra P. Kaiser
Montgomery County
Department of Permitting Services
Non-Bargaining Unit Representative
Term Expires March 2008

Kelda J.C. Simpson
Citizen Representative
Term Expires March 2008

Joseph Adler
Montgomery County Director
Of Human Resources
Ex-Officio Member

Mary E. Menke
Retired Employees Representative
Term Expires March 2009

ADMINISTRATIVE ORGANIZATION

Administrative Staff

Joseph Adler
Director – Office of Human Resources

Timothy L. Firestine
Director of Finance

Linda A. Herman
Executive Director

Professional Services

Actuary

Mercer Human Resource Consulting
Washington, DC

Investment Consultant

Wilshire Associates
Pittsburgh, PA

Auditor

KPMG LLP
Certified Public Accountants
Washington, DC

Investment Managers-Employees' Retirement System

Gryphon International Investment
Toronto, Canada

Numeric Investors
Cambridge, MA

Adams Street Partners
Chicago, IL

Marathon London
United Kingdom

Wellington Management
Boston, MA

RhumbLine Advisors
Boston, MA

Mondrian Investment Partners Ltd.
United Kingdom

Goldman Sachs
New York, NY

Systematic Financial Management
Teaneck, NJ

BlackRock Financial Management
New York, NY

Fidelity Investments
Hebron, KY

Loomis Sayles & Co. L.P.
Boston, MA

JP Morgan Investment Management
New York, NY

Bridgewater Associates
Westport, CT

Morgan Stanley Asset Management
New York, NY

Barclays Global Investors
San Francisco, CA

HarbourVest Partners
Boston, MA

Nomura Corporate Research & Asset Management
New York, NY

Landmark Partners Inc.
Simsbury, CT

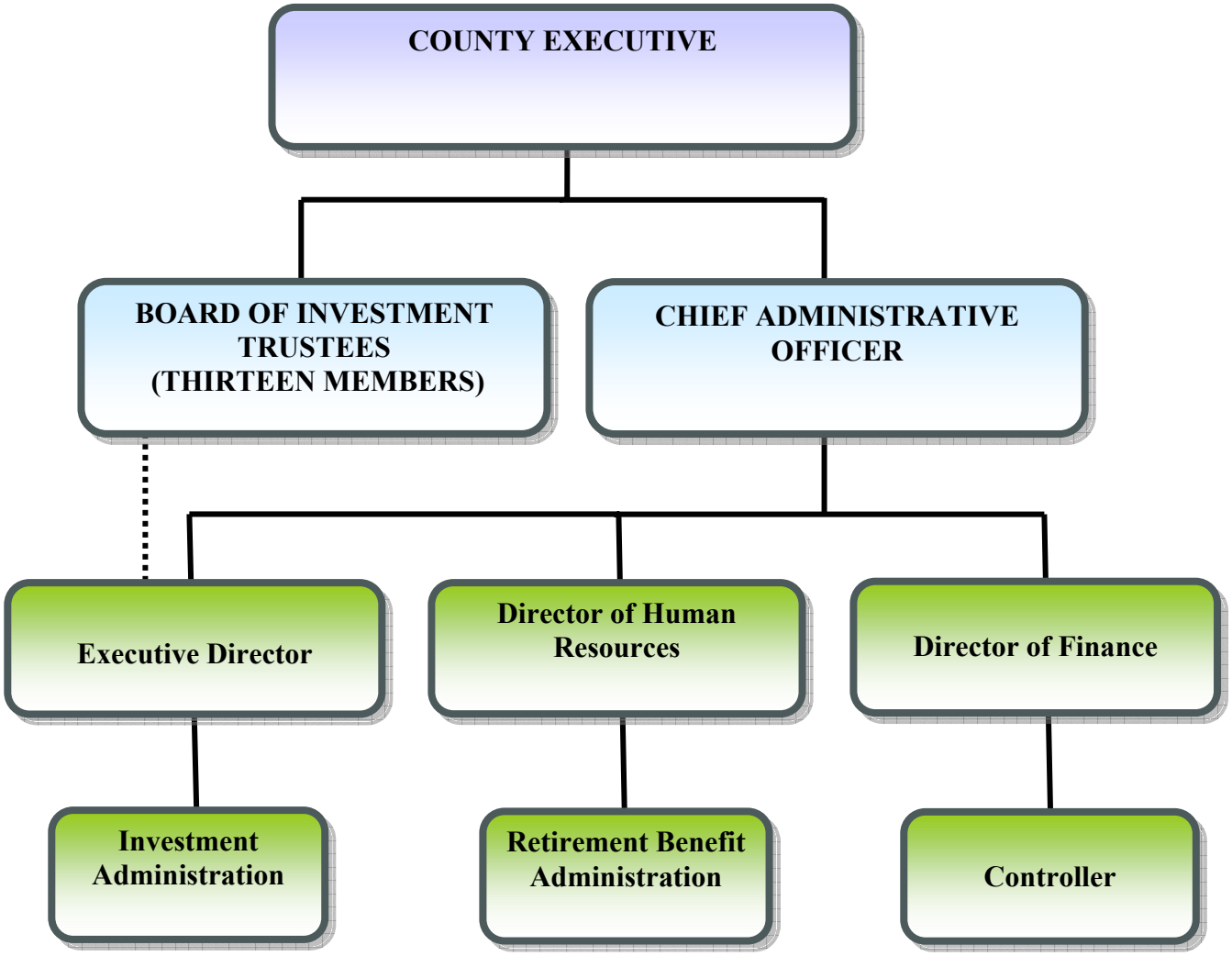
AEW Partners
Boston, MA

TA Associates Advisors LLC
Boston, MA

Custodial Bank-Employees' Retirement System

The Northern Trust Company
Chicago, IL

Administrative Organization Chart



FINANCIAL SECTION

KPMG LLP
2001 M Street, NW
Washington, DC 20036

Independent Auditors' Report

The County Council of Montgomery County, Maryland

The Board of Trustees
Montgomery County Employees' Retirement Plans:

We have audited the accompanying statements of plan net assets of the Montgomery County Employees' Retirement Plans (the Plans) as of June 30, 2006 and the related statements of changes in plan net assets for the year then ended. These financial statements are the responsibility of the Plans' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plans' internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Plans as of June 30, 2006 and the changes in the plan net assets for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2006 on our consideration of the Plans' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 15 through 19 and the schedule of funding progress and notes thereto, on pages 32 and 33, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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a member of KPMG International, a Swiss cooperative.

Our audit was conducted for the purpose of forming an opinion on the 2006 basic financial statements. The 2006 supplementary information on pages 34 through 41 is presented for purposes of additional analysis and is not a required part of the 2006 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2006 basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2006 basic financial statements taken as whole. The information included in the introduction, investment, actuarial, and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on such information.

We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the statements of plan net assets of the Plans as of June 30, 2005, and the related statements of changes in plan net assets for the year then ended (none of which is presented herein), and we expressed an unqualified opinion on those financial statements. The supplementary information included on pages 36 through 41 related to the Plans' 2005 financial statements was subjected to auditing procedures applied in the audit of those basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

KPMG LLP

December 8, 2006

MONTGOMERY COUNTY
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MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The following Management's Discussion and Analysis (MD&A) of the Montgomery County Employee Retirement Plans (Plans) financial performance provides an introduction to the financial statements of the Plans as of and for the year ended June 30, 2006. Since the MD&A is designed to focus on current activities, resulting changes and current known facts, it should be read in conjunction with the transmittal letter in the Introduction Section on page 4, the financial statements, required supplementary information, and other supplementary information which follow this discussion.

Required Financial Statements

The financial statements for the Plans have been prepared under the accrual basis of accounting in conformity with U.S. generally accepted accounting principles, promulgated by the Governmental Accounting Standards Board. The Statements of Plan Net Assets comprise the Plans' assets and liabilities and provide information about the nature and amount of investments, as well as the liabilities distinguished as long-term and other liabilities. The Statements of Changes in Plan Net Assets report the changes of the Plans' net assets, measured by the additions by major sources and deductions by type. Comparative financial statements of the three plans are presented in the latter part of the financial section.

Financial Analysis of the Montgomery County Employee Retirement Plans

Shown below is a condensed presentation of the Net Assets of the Employees' Retirement System (ERS), Retirement Savings Plan (RSP), and Deferred Compensation Plan (DCP) at June 30:

Net Assets
(Millions)

	ERS		RSP		DCP	
	2006	2005	2006	2005	2006	2005
Assets:						
Cash and investments	$ 2,633.0	$ 2,406.4	$ 89.2	$ 70.4	$ 212.4	$ 186.7
Receivables	14.4	11.9	1.0	0.8	0.9	0.8
Total assets	2,647.4	2,418.3	90.2	71.2	213.3	187.5
Liabilities	339.7	273.5	-	-	-	-
Total net assets	$ 2,307.7	$ 2,144.8	$ 90.2	$ 71.2	$ 213.3	$ 187.5

Shown below is a condensed summary of the Change in Net Assets of the ERS, RSP, and DCP for the years ended June 30:

Change in Net Assets
(Millions)

	ERS		RSP		DCP	
	2006	2005	2006	2005	2006	2005
Additions:						
Employer contributions	$ 88.2	$ 74.7	$ 9.4	$ 8.7	$ -	$ -
Member contributions	16.1	15.3	5.9	4.8	16.5	19.9
Net investment income	187.0	197.4	8.2	4.7	20.5	14.6
Total additions	291.3	287.4	23.5	18.2	37.0	34.5
Deductions:						
Benefits	125.9	115.6	-	-	-	-
Refunds	0.6	0.8	4.3	2.4	11.2	10.2
Administrative expenses	1.9	1.8	0.2	0.2	-	-
Movement of member account asset	-	-	-	-	-	77.8
Total deductions	128.4	118.2	4.5	2.6	11.2	88.0
Total change in net assets	$ 162.9	$ 169.2	$ 19.0	$ 15.6	$ 25.8	$ (53.5)

The following schedules provide a comparative summary and an analysis of each Plans' assets, liabilities and net assets, at June 30:

Employees' Retirement System
Net Assets
(Millions)

	2006	2005	Percentage Change
Assets:			
Cash and investments	$ 2,633.0	$ 2,406.4	9.4 %
Receivables	14.4	11.9	21.0
Total assets	2,647.4	2,418.3	9.5
Liabilities:			
Benefits payable and other liabilities	3.1	2.7	14.8
Obligations under securities lending agreements	336.6	270.8	24.3
Total liabilities	339.7	273.5	24.2
Total plan net assets	$ 2,307.7	$ 2,144.8	7.6 %

The table shown above reflects an increase in the Employees' Retirement System's net assets of $162.9 million or 7.6 percent during fiscal year (FY) 2006. The increase reflects improved market conditions over the last twelve months resulting in increased investment earnings. During the previous year net assets increased by $169.2 million.

Retirement Savings Plan Net Assets (Millions)			
	2006	2005	Percentage Change
Assets:			
Cash and investments	$ 89.2	$ 70.4	26.7 %
Receivables	1.0	0.8	25.0
Total assets	90.2	71.2	26.7
Liabilities	-	-	
Total plan net assets	$ 90.2	$ 71.2	26.7 %

During FY 2006, net assets increased 26.7 percent to $90.2 million. The increase is attributable to increased investment earnings and an increase in contributions. Membership in the Retirement Savings Plan rose from 3,941 at June 30, 2005, to 4,371 at June 30, 2006.

Deferred Compensation Plan Net Assets (Millions)			
	2006	2005	Percentage Change
Assets:			
Investments	$ 212.4	$ 186.7	13.8 %
Receivables	0.9	0.8	12.5
Total assets and plan net assets	$ 213.3	$ 187.5	13.8 %

Net assets of the Deferred Compensation Plan increased 13.8 percent to $213.3 million during FY 2006. The increase is attributable to increased investment earnings and an increase in contributions.

Additions

The primary sources of additions for the Plans include member and employer (where applicable) contributions and investment income. The following tables compare the source and amount of additions for each Plan during FY 2006 and FY 2005.

Employees' Retirement System Contributions and Investment Income (Millions)			
	2006	2005	Percentage Change
Employer contributions	$ 88.2	$ 74.7	18.1 %
Member contributions	16.1	15.3	5.2
Net investment income	187.0	197.4	(5.3)
	$ 291.3	$ 287.4	1.4 %

During FY 2006, employer contributions to the Employees' Retirement System increased by 18.1 percent due to an increase in the actuarial required contribution based on covered payroll. Member contributions increased by 5.2 percent due to higher pay levels.

The net investment income for the Employees' Retirement System totaled $187.0 million for FY 2006, comprised of $139.1 million in net appreciation in fair value of investments, $55.2 million in dividends and interest, $12.7 million from securities lending activities, and $20.0 million related to investment expenses. This is compared to net investment income of $197.4 million in FY 2005. The decrease in earnings compared to the previous fiscal year is due to market conditions.

Retirement Savings Plan
Contributions and Investment Income
(Millions)

	2006	2005	Percentage Change
Employer contributions	$ 9.4	$ 8.7	8.0 %
Member contributions	5.9	4.8	22.9
Net investment income	8.2	4.7	74.5
	$ 23.5	$ 18.2	29.1 %

Employer contributions to the Retirement Savings Plan were $9.4 million in FY 2006, an increase of 8.0 percent from FY 2005. Member contributions were $5.9 million in FY 2006, an increase of 22.9 percent from FY 2005. The increase in contributions reflects the increase in the number of participants during FY 2006.

Appreciation in investments reflects the current market conditions.

Deferred Compensation Plan
Contributions and Investment Income
(Millions)

	2006	2005	Percentage Change
Member contributions	$ 16.5	$ 19.9	(17.1) %
Net investment income	20.5	14.6	40.4
	$ 37.0	$ 34.5	7.2 %

Member contributions to the Deferred Compensation Plan were $16.5 million for FY 2006, compared to $19.9 million for FY 2005.

Net investment income for the Deferred Compensation Plan was $20.5 million, compared to the investment income of $14.6 million in the previous fiscal year, which was primarily due to market conditions.

Deductions

The primary sources of deductions from the Plans include the payment of retiree and survivor benefits, participant refunds, and administrative expenses. The following tables show the use and amount of deductions for each plan during FY 2006 and 2005.

Employees' Retirement System
Deductions by Type
(Millions)

	2006	2005	Percentage Change
Benefits	$ 125.9	$ 115.6	8.9 %
Refunds	0.6	0.8	(25.0)
Administrative expenses	1.9	1.8	5.6
	$ 128.4	$ 118.2	8.6 %

During FY 2006, benefit payments increased by 8.9 percent over FY 2005 due primarily to an increase in the number of retirees and the annual cost-of-living increase. Refunds decreased 25 percent in 2006 from $0.8 million in FY 2005. Administrative expenses increased slightly in 2006 from $1.8 million in FY 2005 to $1.9 million in FY 2006.

Retirement Savings Plan
Deductions by Type
(Millions)

	2006	2005	Percentage Change
Refunds and administrative expenses	$ 4.5	$ 2.6	73.1 %

The expenses related to the Retirement Savings Plan are comprised of refunds and administrative costs. Expenses for FY 2006 totaled $4.5 million, an increase of 73.1 percent over FY 2005 levels due primarily to an increase in refunds.

Deferred Compensation Plan
Deductions by Type
(Millions)

	2006	2005	Percentage Change
Refunds and administrative expenses	$11.2	$10.2	9.8 %
Movement of member account asset balances	-	77.8	(100.0)
	$11.2	$88.0	(87.3) %

During FY 2006, refunds distributed from the Deferred Compensation Plan increased by 9.8 percent over the FY 2005 level.

MONTGOMERY COUNTY, MARYLAND
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2006

	Employees' Retirement System	Retirement Savings Plan	Deferred Compensation Plan
ASSETS			
Equity in County's pooled cash and investments	$ 254,623	$ 611,204	$ -
Investments:			
U.S. Government and agency obligations	232,995,778	-	-
Asset-backed securities	64,293,203	-	-
Municipal/Provincial bonds	1,254,177	-	-
Corporate bonds	290,400,350	-	-
Collateralized mortgage obligations	14,495,328	-	-
Commerical mortgage-backed securities	17,596,302	-	-
Common and preferred stock	1,476,304,775	-	-
Mutual and commingled funds	850,557	88,570,836	212,366,121
Short-term investments	147,756,147	-	-
Cash collateral received under securities lending agreements	336,590,875	-	-
Real estate holdings	5,600,193	-	-
Alternative investments	44,610,809	-	-
Total investments	2,632,748,494	88,570,836	212,366,121
Dividends receivable and accrued interest	8,361,260	-	-
Contributions receivable	6,032,613	1,019,942	918,588
Total assets	2,647,396,990	90,201,982	213,284,709
LIABILITIES			
Payable for collateral received under securities lending agreements	336,590,875	-	-
Benefits payable and other liabilities	3,126,553	26,828	-
Total liabilities	339,717,428	26,828	-
Net assets held in trust for pension benefits	$ 2,307,679,562	$ 90,175,154	$ 213,284,709

(A schedule of funding progress for the Employees' Retirement System is presented on page 32.)

See accompanying notes to financial statements.

MONTGOMERY COUNTY, MARYLAND
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006

	Employees' Retirement System	Retirement Savings Plan	Deferred Compensation Plan
ADDITIONS			
Contributions:			
Employer	$ 88,184,159	$ 9,437,190	$ -
Members	16,084,999	5,860,277	16,562,414
Total contributions	104,269,158	15,297,467	16,562,414
Investment income	194,355,608	8,266,798	20,485,777
Less investment expenses	7,967,636	30,097	-
Net income from investment activities	186,387,972	8,236,701	20,485,777
Income from securities lending	12,706,126	-	-
Less securities lending expenses	12,089,748	-	-
Net income from securities lending	616,378	-	-
Total additions	291,273,508	23,534,168	37,048,191
DEDUCTIONS			
Retiree benefits	112,210,585	-	-
Disability benefits	12,124,706	-	-
Survivor benefits	1,483,035	-	-
Refunds	634,585	4,305,879	11,225,978
Administrative expenses	1,920,238	242,844	-
Total deductions	128,373,149	4,548,723	11,225,978
Net increase	162,900,359	18,985,445	25,822,213
Net assets held in trust for pension benefits:			
Beginning of year	2,144,779,203	71,189,709	187,462,496
End of year	$2,307,679,562	$ 90,175,154	$ 213,284,709

See accompanying notes to financial statements.

MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

INTRODUCTION

The Montgomery County Employee Retirement Plans (Plans) are offered to Montgomery County (County) employees whose eligibility to participate is based on employment status and other factors. Each of the Plans described below was established under a separate section of the Montgomery County Code (Code). The accompanying notes summarize the significant accounting policies and plan provisions for each of the Plans, including the Employees' Retirement System, a defined benefit pension plan; the Retirement Savings Plan, a defined contribution plan; and the Deferred Compensation Plan, a plan established pursuant to Section 457 of the Internal Revenue Code.

EMPLOYEES' RETIREMENT SYSTEM - Defined Benefit Pension Plan

The Montgomery County Employees' Retirement System (System or Plan) is considered part of the County's financial reporting entity and is included in the County's basic financial statements as a pension and other employee benefit trust fund. The accompanying financial statements present only the operations of the System in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to public employee retirement systems. They are not intended to present fairly the financial position and results of operations of the entire County.

A. Plan Description and Contribution Information

Membership. At June 30, 2006, the date of the latest actuarial valuation, membership in the System consisted of:

Retirees and beneficiaries receiving benefits	4,848
Terminated plan members entitled to but not yet receiving benefits	485
Active plan members	5,362

Plan Description. The System, a cost-sharing multiple-employer defined benefit pension plan, was established in 1965 and is sponsored by the County. Eight other agencies and political subdivisions have elected to participate. The System is closed to employees hired on or after October 1, 1994, except public safety bargaining unit employees. All covered full-time employees of the County and participating agencies must become members of the System as a condition of employment. All covered career part-time employees of the County and participating agencies may become members on an individual basis.

Funding Policy and Contributions. The System is a contributory plan with employees contributing a percentage of their base annual salary. Contribution rates range from 4 percent to 8.5 percent of regular earnings annually based on group classification and contributions earn interest at the rate of 4 percent per annum as specified under Section 33-39(b) of the Code. The County and each participating agency are required to contribute the remaining amounts necessary to fund the System using the actuarial basis as specified in Section 33-40 of the Code.

Benefit Provisions. Benefit provisions are established under the Code beginning with Section 33-35. All benefits vest at five years of service. There are different retirement groups within the System. Members enrolled before July 1, 1978, belong to either the optional non-integrated group or the optional integrated group. Members enrolled on or after July 1, 1978, belong to the mandatory integrated group. Within the groups are different retirement membership classes. The retirement group assigned depends upon the job classification of the member (i.e., non public safety, police, fire, sheriffs and correctional staff). Normal and early retirement eligibility, the formula for determining the amount of benefit, and the cost of living adjustment varies depending upon the retirement group and retirement membership class. Normal retirement is a percentage of earnings multiplied by years of credited service. Earnings for optional non-

integrated group members and optional integrated group members is defined as the high 12 months and for mandatory integrated plan members, the high 36 months. The percentage of earnings, the maximum years of credited service and the cost of living adjustment varies depending upon the retirement membership class and group. Members who retire early receive normal retirement benefits reduced by a minimum of 2 percent to a maximum of 60 percent depending on the number of years early retirement precedes normal retirement. The System provides options for disability and death benefits to eligible participants. Annual cost-of-living adjustments are provided to retirees and beneficiaries based on the percentage increase in the Consumer Price Index.

Legislation enacted by the Montgomery County Council in November 1999 required the Chief Administrative Officer of the County to establish Deferred Retirement Option Plans, or DROP Plans, allowing any employee who is a member of a specified membership group or bargaining unit, and who meets certain eligibility requirements, to elect to "retire" but continue to work for a specified time period, during which pension payments are deferred. When the member's participation in the DROP Plan ends, the member must stop working for the County, draw a pension benefit based on the member's credited service and earnings as of the date that the member began to participate in the DROP Plan, and receive the value of the DROP Plan payoff.

B. Summary of Significant Accounting Policies

Basis of Accounting. The System's financial statements have been prepared under the accrual basis of accounting. Member and employer contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due in accordance with the terms of the Plan. The cost of administering the Plan is paid by the System.

Method Used to Value Investments. Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2006. Fair value for real estate investments is determined using unit values supplied by the issuers, which are based upon the issuers' appraisals of underlying real estate values. Such values involve subjective judgment and may differ from amounts which would be realized if such real estate was actually sold. The fair value for alternative investments is based on information provided by the fund managers. Cash received as collateral on securities lending transactions and investments made with such cash are reported as assets along with a related liability for collateral received.

Equity in County's Pooled Cash and Investments. The System maintains its cash with the County, which invests cash and allocates interest earned, on a quarterly basis to the System based on the System's average daily balance of its equity in pooled cash. The County's policy is to fully collateralize the cash maintained in the pool.

C. Trustees of the Plan

The County established a Board of Investment Trustees (Board) for the System to be responsible for the investment management of the System's assets for the exclusive benefit of the members. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

D. Investments

Section 33-61 of the Code, authorizes the Board to purchase investments with the care, skill, prudence and diligence under the circumstances that a prudent person acting in a similar capacity and familiar with the same matters would use to conduct a similar enterprise with similar purposes. The Code also requires that such investments be diversified so as to minimize the risk of large losses unless it is clearly not prudent to diversify under the circumstances. The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long term increases in the value of assets. The overall investment policies do not address specific levels of credit risk, interest rate risk or foreign currency risk. The Board believes that risks can be managed, but not eliminated, by establishing constraints on the investment portfolios and by monitoring the financial markets, the System's asset allocation and the investment managers hired by the System. Each investment manager has a specific benchmark and investment guidelines appropriate for the type of investments they are managing. Section 33-60 of the Code prohibits the Board from investing in any bonds, notes, or debt instruments issued by Montgomery County, any political subdivision within Montgomery County, any agency

supported or financed wholly or partly by taxes levied by the Montgomery County Council, or any agency supported by bond issues underwritten by Montgomery County. Investments in real property are limited to a pooled investment arrangement in which the Board has no power or right to manage the real estate property, provided that the pooled arrangement does not invest more than 10 percent of its assets in real property located in Montgomery County.

Credit Risk/Concentration of Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Board's investment policies and guidelines limit the percentage of the total fund and individual manager's account which can be invested in fixed income securities rated below investment grade. In addition, the Board's investment policies and guidelines limit the percentage of each investment manager's account that may be allocated to any one security, position, issuer or affiliated issuer, to less than 5 percent of the fair value of the investment manager's account. The System does not have investments (other than those issued or explicitly guaranteed by the U.S. Government or pooled investments) in any one organization that represent 5 percent or more of net assets held in trust for pension benefits.

The quality ratings of investments in fixed income securities as described by nationally recognized rating organizations as of June 30, 2006 are as follows:

Type of Investment	Quality Rating	Fair Value	Percentage of Portfolio
U.S. Government Obligations*	AAA	$ 116,952,530	15.21%
Foreign Government Obligations	AAA	82,287,034	10.70%
	AA	16,157,351	2.10%
	A	1,991,858	0.26%
	BBB	7,493,455	0.97%
	BB	7,439,364	0.97%
	B	292,125	0.04%
	Unrated	382,061	0.05%
Asset-Backed Securities	AAA	22,607,162	2.94%
	A	1,519,518	0.20%
	B	7,411,314	0.96%
	CCC	2,447,178	0.32%
	Unrated	29,641,756	3.85%
Commercial Mortgage-Backed Securities	AAA	5,245,121	0.68%
	A	2,718,512	0.35%
	BBB	7,641,936	0.99%
	BB	1,707,005	0.22%
	B	283,728	0.04%
Collateralized Mortgage Obligations	BBB	515,278	0.07%
	BB	5,721,305	0.74%
	B	5,857,788	0.76%
	CCC	2,400,957	0.31%
Municipal /Provincial Bonds	AA	838,739	0.11%
	A	133,663	0.02%
	Unrated	281,775	0.04%
Corporate Bonds	AAA	11,231,603	1.46%
	AA	15,027,048	1.95%
	A	29,793,929	3.87%
	BBB	26,650,229	3.47%
	BB	30,191,753	3.93%
	B	56,201,257	7.31%
	CCC	10,711,252	1.39%
	CC	208,000	0.03%
	Unrated	21,313,423	2.77%
Fixed Income Pooled Funds	AAA	1,824,431	0.24%
	AA	87,913,700	11.43%
Short-term Investments and Other	AAA	12,945,472	1.68%
	AA	7,906,364	1.03%
	BBB	3,017,387	0.39%
	BB	10,432,714	1.36%
	B	14,445,466	1.88%
	NA	99,263,367	12.91%
Total Fixed Income Securities		$ 769,045,908	100.00%

*Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. The Board's investment policies and guidelines manage interest rate risk by establishing duration constraints on each fixed income manager's portfolio based on the duration of each manager's respective benchmark. Duration is a measure of interest rate risk based on a bond price's sensitivity to a 100-basis point change in interest rates. The greater the duration of a bond, or a portfolio of bonds, the greater its price volatility will be in response to a change in interest rates and vice-versa. Duration of eight would mean that, given a 100-basis point change up/down in rates, a bond's price would move up/down by 8 percent. As of June 30, 2006, the System's fixed income portfolio had the following sensitivity to changes in interest rates:

Type of Investment	Effective Duration in years	Fair Value	Percentage of Portfolio
U.S. Government Obligations	7.30	$ 116,952,530	15.21%
Foreign Government Obligations	11.06	116,043,248	15.09%
Asset-Backed Securities	9.54	63,626,928	8.27%
Commercial Mortgage-Backed Securities	13.91	17,596,302	2.29%
Collateralized Mortgage Obligations	16.04	14,495,328	1.88%
Municipal /Provincial Bonds	9.88	1,254,177	0.16%
Corporate Bonds	5.85	201,328,494	26.18%
Fixed Income Pooled Funds	0.03	89,738,131	11.67%
Short-term Investments and other	N/A	148,010,770	19.25%
Total Debt Securities		$ 769,045,908	100.00%

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Board's International Investing Policy's objective is to achieve long-term capital appreciation and current income by investing in diversified portfolios of non-U.S. equities and bonds. The System has indirect exposure to foreign currency risk as follows:

International Securities	Equity	Fixed Income	Short-term and other	Total Non-U.S. Dollar
Japanese Yen	$ 83,136,499	$ 26,487,775	$ 3,497,985	$ 113,122,259
British Pound Sterling	52,418,559	13,289,160	10,919,405	76,627,124
European Currency Unit	101,060,891	36,242,935	(92,156,543)	45,147,283
Swiss Franc	20,121,433	-	9,114,517	29,235,950
Hong Kong Dollar	21,862,860	-	-	21,862,860
Chinese Yuan Renminbi	-	-	13,104,458	13,104,458
Canadian Dollar	2,653,337	19,392,650	(10,350,599)	11,695,388
Swedish Krona	5,080,777	21,765,318	(18,984,138)	7,861,957
Australian Dollar	3,496,303	-	3,977,009	7,473,312
Thai Baht	4,172,714	-	-	4,172,714
Other Currencies	19,096,123	5,115,268	586,458	24,797,849
Total International Securities	$ 313,099,496	$ 122,293,106	$ (80,291,448)	$ 355,101,154

Derivatives. The System invests in derivative instruments on a limited basis in accordance with the Board's Derivatives Policy. During FY 2006, the System invested directly in various derivatives including asset-backed securities, collateralized mortgage obligations, exchanged-traded future contracts, forward currency contracts, swaps, and floating rate securities. Investment managers are specifically prohibited from purchasing securities on margin or leverage. The System entered into these investments either to increase earnings or to hedge against potential losses. These investments generally contain market risk resulting from fluctuations in interest and currency rates. The credit risk of these investments is associated with the creditworthiness of the related parties to the contracts. The System could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. The Board's Derivatives Policy seeks to control this risk through counterparty credit evaluations and approvals, counterparty credit limits,

and exposure monitoring procedures. In addition, the System has indirect exposure to market and credit risk through its ownership interests in certain mutual and commingled funds which may hold derivative financial instruments.

As permitted by the Board's policies, the System holds off-financial statement derivatives in the form of exchange-traded financial futures and options. The futures and options with fair values of approximately $354,579,000 are held for investment purposes and included within the financial statements at June 30, 2006. Gains and losses on futures and options are determined based upon fair market values and recorded in the Statements of Changes in Plan Net Assets.

Interest rate swaps and forward foreign currency exchange contracts are held for investment purposes. At June 30, 2006, the System had approximately $11,165,000 negative net exposure in interest rate swaps and $61,876,000 negative net exposure in forward foreign currency exchange contracts.

Securities Lending. Board policy permits the System to lend its securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The System's custodian is the agent in lending the System's securities for collateral of 102 percent for domestic and 105 percent for international securities. The custodian receives cash, securities or irrevocable bank letters of credit as collateral. All securities loans can be terminated on demand by either the System or the borrower. Cash collateral received from the borrower is invested by the lending agent, as an agent for the System, in a short-term investment pool in the name of the System, with guidelines approved by the Board. Such investments are considered a collateralized investment pool. The relationship between the maturities of the investment pool and the System's loans is affected by the maturities of securities loans made by other plan entities that invest cash collateral in the investment pool, which the System cannot determine. The System records a liability for the return of the cash collateral shown as collateral held for securities lending in the statement of net assets. The Board does not restrict the amount of loans the lending agent may make on its behalf. The agent indemnifies the System by agreeing to purchase replacement securities, or return the cash collateral thereof, in the event a borrower fails to return loaned securities or pay distributions thereon. There were no such failures by any borrower during the fiscal year, nor were there any losses during the period resulting from a default of the borrower or lending agent.

As of June 30, 2006, the fair value of securities on loan was $348,649,181. Cash received as collateral and the related liability of $336,590,875 as of June 30, 2006, is shown on the Statement of Plan Net Assets. Securities received as collateral are not reported as assets since the System does not have the ability to pledge or sell the collateral securities absent borrower default. Securities lending revenues and expenses amounting to $12,706,126 and $12,089,748, respectively, have been classified with investment income and investment expenses, respectively, in the accompanying financial statements.

The following represents the balances relating to the securities lending transactions at June 30, 2006:

Securities Lent	Underlying Securities	Non-Cash Collateral Value	Cash Collateral Investment Value
Lent for Cash Collateral:			
U.S. Government Obligations	$ 85,095,468	$ -	$ 86,540,889
Foreign Government Obligations	15,508,692	-	15,987,460
Corporate Bonds	49,566,798	-	50,368,911
Equities	179,902,319	-	183,693,615
Lent for Non-Cash Collateral:			
U.S. Government Obligations	4,989,819	5,073,665	-
Corporate Bonds	5,590,013	5,681,162	-
Equities	7,996,072	8,180,718	-
Total	$ 348,649,181	$ 18,935,545	$ 336,590,875

At year-end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceeded the amounts the borrowers owe the System. The System is fully indemnified by its custodial bank against any losses incurred as a result of borrower default.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2006, there were no funds held by a counterparty that was acting as the System's agent in securities lending transactions.

E. Allocated Insurance Contract

On August 1, 1986, the County entered into an agreement with Aetna Life Insurance Company (Aetna) wherein Aetna accepted future responsibility for monthly payments to all members retired prior to January 1, 1986, in exchange for a lump sum payment. The County is liable for cost of living increases effective January 1, 1986, and later. Monthly payments made under this agreement have not been recognized in the System's financial statements.

F. Income Taxes

The Internal Revenue Service issued a determination letter in January 2003, which stated that the System and its underlying trust qualify under the applicable provisions of the Internal Revenue Code and therefore are exempt from federal income taxes. In the opinion of the plan administrator, the System and its underlying trust have operated within the terms of the System and are qualified under the applicable provisions of the Internal Revenue Code.

RETIREMENT SAVINGS PLAN - Defined Contribution Pension Plan

The Montgomery County Retirement Savings Plan (Plan) is considered part of the County's financial reporting entity and is included in the County's basic financial statements as a pension and other employee benefit trust fund. The accompanying financial statements present only the operations of the Plan in conformity with GAAP. They are not intended to present fairly the financial position and results of operations of the entire County.

A. Plan Description and Contribution Information

Membership. At June 30, 2006 membership in the Plan consisted of:

Active plan members	3,791
Inactive plan members	580

Plan Description. The Plan, a cost-sharing multiple-employer defined contribution plan, was established in 1994 and is sponsored by the County. Eight other agencies or political subdivisions have elected to participate. All non-public safety and certain public safety employees not represented by a collective bargaining agreement and hired on or after October 1, 1994 are covered by the Plan. Eligible employees covered by the Montgomery County Employees' Retirement System may make an irrevocable decision to transfer to this Plan.

Contributions. Under Section 33-116 of the Code, the Plan requires employees to contribute 3 percent of regular earnings up to the Social Security wage base and 6 percent above the Social Security wage rate. Section 33-117 of the Code requires the County to contribute 6 percent and 10 percent of regular earnings for non-public safety and public safety employees, respectively. In accordance with IRS regulations and the County Code, $800,000 in accumulated revenue was used to reduce employer contributions in FY 2006.

Benefit Provisions. Employee contributions vest immediately and employer contributions are vested after three years of service or upon death, disability, or reaching retirement age. Members are fully vested upon reaching normal retirement (age 62) regardless of years of service. At separation, a participant's benefit is determined based upon the account balance which includes contributions and investment earnings.

B. Summary of Significant Accounting Policies

Basis of Accounting. The Plan's financial statements have been prepared under the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due in accordance with the terms of the Plan. The cost of administering the Plan is paid by the County and participating agencies.

Method Used to Value Investments. Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2006.

Equity in County's Pooled Cash and Investments. The Plan maintains its cash with the County, which invests cash and allocates interest earned, on a quarterly basis to the Plan based on the Plan's average daily balance of its equity in pooled cash. The County's policy is to fully collateralize the cash maintained in the pool.

C. Trustees of the Plan

The County established a Board of Investment Trustees (Board) for the Trust to oversee the investment program. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

D. Investments

Section 33-125 of the Code authorizes the Board to establish a diversified slate of mutual and commingled investment funds from which participants may select an option. The Board exercises the Standard of Care as delineated in Section 33-61 of the Code. As of June 30, 2006, the fair value of the mutual and commingled investment funds was $88,570,836. The fair value of the investments in international mutual funds was $3,110,779.

E. Income Taxes

The Internal Revenue Service issued a determination letter in December 2002, which stated that the Plan and its underlying trust qualify under the applicable provisions of the Internal Revenue Code and therefore are exempt from federal income taxes. In the opinion of the plan administrator, the Plan and its underlying trust have operated within the terms of the Plan and are qualified under the applicable provisions of the Internal Revenue Code.

DEFERRED COMPENSATION PLAN

During FY 2005, the Montgomery County Council passed legislation enabling the County to establish and maintain one or more additional deferred compensation plans for employees covered by a collective bargaining agreement. County non-represented employees, those County represented employees who elected to participate, and employees who were retired at the time of transfer, continue to participate in the Montgomery County Deferred Compensation Plan administered by the County (the County Plan). County represented employees who elected may participate in the newly created Montgomery County Union Employees Deferred Compensation Plan (the Union Plan) administered by the bargaining units. The purpose of these Plans is to extend to employees deferred compensation plans pursuant to Section 457 of the Internal Revenue Code of 1986, as amended.

The accompanying financial statements present only the operations of the County Plan in conformity with GAAP. They are not intended to present fairly the financial position and results of operations of the entire County. The assets of the Union Plan are not included in the accompanying financial statements since neither the County nor the Board of Investment Trustees (Board) have fiduciary or other responsibility for the Union Plan except as required by federal law, including any regulation, ruling, or other guidance issued under law.

A. Plan Description and Contribution Information

Plan Description and Contributions. During 1999, in accordance with Federal legislation, the assets were placed in Trust for the sole benefit of participants and their beneficiaries. Trust responsibilities for the County Plan are assigned to the Board. The Board has a third-party administrator contract to provide investment vehicles and administrative services to plan participants. Under the County Plan, contributions are sent to the providers for different types of investments as selected by the participants. A separate account, which reflects the monies deferred, investment of the monies, and related investment earnings is maintained for each participant by the third-party administrator. Withdrawals are made upon retirement, termination of employment, death, and/or in unforeseeable emergencies.

B. Summary of Significant Accounting Policies

Basis of Accounting. The County Plan's financial statements have been prepared under the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are due. Distributions are recognized when paid in accordance with the terms of the County Plan, and administrative costs are recognized as incurred.

Method Used to Value Investments. Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2006.

C. Trustees of the Plan

The County established a Board to oversee the investment program of the County Plan. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

D. Investments

The Board is required to establish a diversified slate of mutual and commingled funds from which participants may select investment options. The Board exercises the Standard of Care as delineated in Section 33-61 of the Code. As of June 30, 2006, the fair value of the mutual and commingled investment funds was $212,366,121. The fair value of the investments in international mutual funds included in the County Plan was $15,957,962.

REQUIRED SUPPLEMENTARY INFORMATION

Historical trend information about the Employees' Retirement System (System) defined benefit pension plan is presented below as required supplementary information. This information is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/01	$ 1,990,882,017	$ 2,111,946,453	$ 121,064,436	94.3 %	$ 290,751,709	41.6 %
6/30/02	2,036,100,709	2,273,179,216	237,078,507	89.6	298,456,852	79.4
6/30/03	2,029,314,438	2,411,492,724	382,178,286	84.2	312,057,363	122.5
6/30/04	2,045,098,796	2,561,328,232	516,229,436	79.8	318,815,374	161.9
6/30/05	2,100,532,623	2,775,047,412	674,514,789	75.7	328,459,150	205.4
6/30/06	2,222,724,295	2,918,336,073	695,611,778	76.2	340,333,414	204.4

Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing the assets as a percentage of the actuarial accrued liability provides one indication of the System's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the system. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the system's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the system.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2001	$ 43,345,296	100 %
2002	39,168,622	100
2003	55,205,855	100
2004	61,927,029	100
2005	74,655,371	100
2006	88,184,159	100

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	June 30, 2006
Actuarial cost method	Projected unit credit
Amortization method	Level dollar amount
Remaining amortization period	40 year period based on closed periods
Asset valuation method	5-Year phase-in of market gains/losses
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases depending on age	4.75% - 7.50%
Cost-of-living adjustments	3.5%
Post-Retirement Increases	Consumer Price Index - by Group
Mortality rates after retirement	RP 2000 projected 10 years, separate tables for males and females

The actuarial assumptions used have been recommended by the actuary and adopted by the County's Chief Administrative Officer based on the most recent review of the System's experience, completed as of June 30, 2005.

The rate of employer contributions to the plan is composed of the normal cost, amortization of the unfunded actuarial liability and an allowance for administrative expenses. The normal cost is a level percent of pay cost which, along with the member contributions, will pay for projected benefits at retirement for the average plan participant. The actuarial liability is that portion of the present value of projected benefits that will not be paid by future employer normal costs or member contributions. The difference between this liability and the funds accumulated as of the same date is the unfunded actuarial ability.

SCHEDULE OF ADMINISTRATIVE, INVESTMENT AND PROFESSIONAL FEES
EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE OF ADMINISTRATIVE EXPENSES

Personnel Services:	
Salaries and wages	$ 636,600
Retirement contributions	74,584
Insurance	83,159
Social security	56,034
Total personnel services	850,377
Professional Services:	
Actuarial	253,913
Independent public accountants	30,320
Outside legal	47,465
Total professional services	331,698
Benefit Processing:	
Disbursement services	372,130
Disability management	217,050
Total benefit processing	589,180
Due diligence and continuing education	12,388
Office Management:	
Rent and related charges	3,863
Communications	23,496
Office equipment and supplies	107,723
Miscellaneous	1,513
Total office management	136,595
Total administrative expenses	$ 1,920,238

SCHEDULE OF ADMINISTRATIVE, INVESTMENT AND PROFESSIONAL FEES, CONCLUDED
EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE OF INVESTMENT EXPENSES

Investment Management Fees:	
Aetna Life Insurance Company	$ 3,813
The Northern Trust Company	267,625
Marathon London	1,050,597
BlackRock Financial Management	474,641
Wellington Management	578,456
Bridgewater Associates	714,898
RhumbLine Advisors	81,364
Systematic Financial Management	595,856
Mondrian Investment Partners Ltd.	503,710
Barclays Global Investors	66,395
Numeric Investors	1,331,324
WR Huff Asset Management	291,255
JP Morgan Investment Management	491,313
Capital Guardian Trust Company	135,743
Goldman Sachs	476,895
Gryphon International Investment	435,387
Loomis Sayles & Co. L.P.	116,507
Nomura Corporate Research & Asset Management	116,171
Total investment management fees	7,731,950
Other Investment Related Expenses:	
Bloomberg Financial Systems	13,286
Wilshire Associates	222,400
Securities lending borrower rebates	11,825,844
Securities lending agent fees	263,904
Total other investment related expenses	12,325,434
Total investment expenses	$ 20,057,384

EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2006 AND 2005

	2006	2005
ASSETS		
Equity in County's pooled cash and investments	$ 254,623	$ 607,687
Investments:		
U.S. Government and agency obligations	232,995,778	342,255,205
Asset-backed securities	64,293,203	30,034,502
Municipal/Provincial bonds	1,254,177	1,143,116
Corporate bonds	290,400,350	274,681,642
Collateralized mortgage obligations	14,495,328	9,603,250
Commerical mortgage-backed securities	17,596,302	13,576,170
Common and preferred stock	1,476,304,775	1,387,747,640
Mutual and commingled funds	850,557	697,725
Short-term investments	147,756,147	53,478,063
Cash collateral received under securities lending agreements	336,590,875	270,825,841
Real estate holdings	5,600,193	681,790
Alternative investments	44,610,809	21,090,370
Total investments	2,632,748,494	2,405,815,314
Dividends receivable and accrued interest	8,361,260	7,124,154
Contributions receivable	6,032,613	4,771,937
Total assets	2,647,396,990	2,418,319,092
LIABILITIES		
Payable for collateral received under securities lending agreements	336,590,875	270,825,841
Benefits payable and other liabilities	3,126,553	2,714,048
Total liabilities	339,717,428	273,539,889
Net assets held in trust for pension benefits	$ 2,307,679,562	$ 2,144,779,203

EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

	2006	2005
ADDITIONS		
Contributions:		
Employer	$ 88,184,159	$ 74,655,371
Members	16,084,999	15,325,785
Total contributions	104,269,158	89,981,156
Investment Income:		
Net appreciation in fair value of investments	139,140,738	156,359,022
Dividends and interest	55,214,870	47,688,935
Total income from investment activities	194,355,608	204,047,957
Less investment expenses	7,967,636	7,209,622
Net income from investment activities	186,387,972	196,838,335
Income from securities lending	12,706,126	6,289,677
Less securities lending expenses	12,089,748	5,695,038
Net income from securities lending	616,378	594,639
Total additions	291,273,508	287,414,130
DEDUCTIONS		
Retiree benefits	112,210,585	102,641,063
Disability benefits	12,124,706	10,906,765
Survivor benefits	1,483,035	2,086,755
Refunds	634,585	762,338
Administrative expenses	1,920,238	1,856,977
Total deductions	128,373,149	118,253,898
Net increase	162,900,359	169,160,232
Net assets - beginning of year	2,144,779,203	1,975,618,971
Net assets - end of year	$2,307,679,562	$2,144,779,203

RETIREMENT SAVINGS PLAN
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2006 AND 2005

	2006	2005
ASSETS		
Equity in County's pooled cash and investments	$ 611,204	$ 439,826
Investments	88,570,836	69,986,937
Contributions receivable	1,019,942	790,497
Total assets	90,201,982	71,217,260
LIABILITIES		
Accrued expenses	26,828	27,551
Net assets held in trust for pension benefits	$ 90,175,154	$ 71,189,709

RETIREMENT SAVINGS PLAN
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

	2006	2005
ADDITIONS		
Contributions:		
Employers	$ 9,437,190	$ 8,758,520
Members	5,860,277	4,819,587
Total contributions	15,297,467	13,578,107
Investment income	7,205,725	4,517,843
Less investment expenses	30,097	24,654
Net investment income	7,175,628	4,493,189
Other income	1,061,073	175,080
Total additions	23,534,168	18,246,376
DEDUCTIONS		
Refunds	4,305,879	2,441,154
Administrative expenses	242,844	230,942
Total deductions	4,548,723	2,672,096
Net increase	18,985,445	15,574,280
Net assets - beginning of year	71,189,709	55,615,429
Net assets - end of year	$ 90,175,154	$ 71,189,709

DEFERRED COMPENSATION PLAN
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2006 AND 2005

	2006	2005
ASSETS		
Investments	$ 212,366,121	$ 186,691,687
Contributions receivable	918,588	770,809
Total assets and net assets held in trust for pension benefits	$ 213,284,709	$ 187,462,496

DEFERRED COMPENSATION PLAN
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

	2006	2005
ADDITIONS		
Contributions - members	$ 16,562,414	$ 19,928,984
Investment income	20,485,777	14,587,449
Total additions	37,048,191	34,516,433
DEDUCTIONS		
Member refunds	11,225,978	10,216,108
Administrative expenses	-	16,194
Movement of member account asset balances	-	77,837,950
Total deductions	11,225,978	88,070,252
Net increase (decrease)	25,822,213	(53,553,819)
Net assets - beginning of year	187,462,496	241,016,315
Net assets - end of year	$ 213,284,709	$187,462,496

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INVESTMENT SECTION

Employees' Retirement System

EMPLOYEES' RETIREMENT SYSTEM

INVESTMENT PERFORMANCE, POLICY, STATISTICS AND ACTIVITY

For the fiscal year, the System's investment return was 9.18 percent. Return data for the System was calculated on a time weighted basis in accordance with the standards of the Association of Investment Management & Research (AIMR) by the System's custodian bank, The Northern Trust Company. Valuations are based on published national securities exchange prices, where available, and all valuations are reconciled between the various investment managers and the custodian bank. The following pages were prepared by the Board of Investment Trustees (Board) staff.

In the investment of public funds, adequate funding of employee retirement benefits at a reasonable and affordable cost is a paramount concern. An appropriate balance must be struck between risks taken and returns sought to ensure the long term health of the System. The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long term increases in the value of assets.

Specific investment objectives include:

- To realize the actuarial assumed rate of return of 8 percent, annually.
- To manage portfolio risk so as to limit potential downside fluctuations in the value of the total System assets.
- To realize as high a rate of total return as possible consistent with the above.

To achieve these objectives, the following investment policies are employed:

- Allocate System assets to a broad array of investment sectors as follows: domestic equities 40%, alternative investments 5%, international equities 20%, domestic fixed income 20%, real estate 5%, and inflation index bonds 10%.
- Maintain the asset allocation stated above, within a +/-3% range.
- Monitor the individual investment manager's market value to ensure compliance with the Board's Manager Funding Policy.
- Evaluate the performance of all investment managers against their specific performance and style objectives and against the returns achieved by other similar managers.
- Evaluate the System's overall risk exposure and modify investments through rebalancing when necessary.

Charts and tables are enclosed indicating the System's:

- Asset allocation
- Investment managers with assignments
- List of largest assets held
- Investment performance for various periods

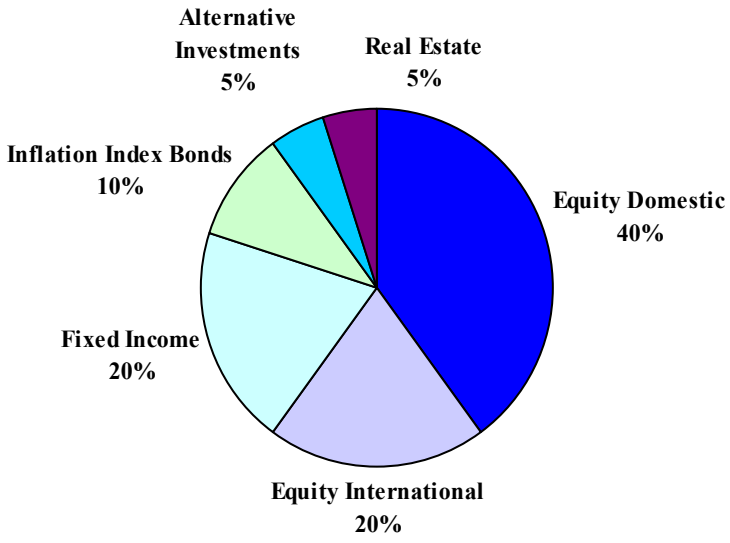
EMPLOYEES' RETIREMENT SYSTEM
INVESTMENT SUMMARY
ASSET ALLOCATION BY CATEGORY AND INVESTMENT MANAGER
AS OF JUNE 30, 2006

Asset Class / Manager	Investment Style	Fair Value $000	% of Total Fair Value
Domestic Equities			
BGI Russell 1000 Fund*	Passive Russell 1000 Index	$ 211,358	9.2%
RhumbLine Advisors	Passive Russell 1000 Index	226,432	9.8%
Systematic Financial Mgt.	Active Large Cap Value	173,122	7.5%
Numeric Investors	Active Large Cap Core	167,718	7.3%
Goldman Sachs	Active Large Cap Growth	161,960	7.0%
Wellington	Active Small Cap Value	86,651	3.8%
Numeric Investors	Active Small Cap Growth	84,433	3.7%
Fidelity Investments*	Commingled Funds	850	0.0%
Alternative Investments			
Adams Street *	Private Equity Fund-of-Funds	23,304	1.0%
HabourVest *	Private Equity Fund-of-Funds	20,192	0.9%
Landmark*	Private Equity Fund-of-Funds	1,115	0.1%
International Equities			
Marathon	Active EAFE	209,665	9.1%
Gryphon	Active EAFE	123,919	5.4%
Mondrian*	Active Emerging Mkts. Fund	59,553	2.6%
BGI EAFE Fund*	Passive EAFE Index	1,197	0.1%
Real Estate			
Morgan Stanley*	Active Equity	46	0.0%
AEW Capital*	Private Real Estate Fund	5,554	0.2%
Fixed Income			
JP Morgan	Active Core Plus	185,107	8.0%
BlackRock	Active Core Plus	213,108	9.2%
Nomura	High Yield	53,392	2.3%
Loomis Sayles	High Yield	51,854	2.2%
BGI US Debt Fund*	Passive Lehman Aggregate Index	14,387	0.6%
Inflation Index Bond			
Bridgewater	Inflation Index Bonds	216,152	9.4%
Cash*	Active Short Term	13,704	0.6%
Total Assets**		$ 2,304,773	100.0%

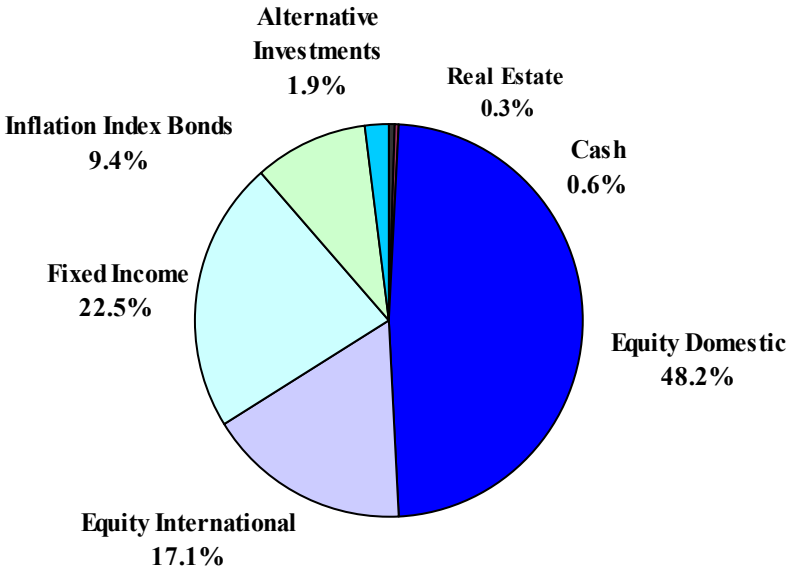
* Pooled Funds
**Without Cash Collateral and Contributions Receivable.

EMPLOYEES' RETIREMENT SYSTEM

Target Asset Allocation



Asset Allocation June 30, 2006



EMPLOYEES' RETIREMENT SYSTEM
LIST OF LARGEST ASSETS HELD
JUNE 30, 2006

Fifteen Largest Equity Holdings	Shares	Value
Exxon Mobil	319,900	$ 19,625,865
Bank of America	351,009	16,883,533
General Electric	409,100	13,483,936
Citigroup	277,902	13,405,992
Pfizer	492,700	11,563,669
Ches Energy	321,920	9,738,080
Microsoft	413,370	9,631,521
AT&T	337,213	9,404,871
Altria Group	118,200	8,679,426
Pepsico	127,662	7,664,826
Schlumberger LTD	117,720	7,664,749
FHLMC	133,970	7,637,630
First Data	167,754	7,555,640
IBM	96,300	7,397,766
Wal-Mart	151,200	7,283,304

Fifteen Largest Fixed Income Holdings	Interest Rate	Maturity Date	Fair Value
United States Treasury Bonds Inflation Index Linked	3.875 %	April 15, 2029	$ 21,681,720
Federal National Mortgage Assn. 30 year Pass-Throughs	6.500	June 1, 2036	13,052,806
Federal National Mortgage Assn. Gold Participation Certificate	6.000	August 14, 2033	11,604,592
United States Treasury Notes	4.875	May 31, 2008	10,714,811
Federal National Mortgage Assn. Gold Participation Certificate	6.000	July 15, 2034	9,253,125
Canada Index Linked Government Bonds	3.000	January 12, 2036	8,856,603
United States Treasury Notes Inflation Index Linked	2.000	January 15, 2014	8,102,770
Federal National Mortgage Assn. 30 year Pass-Throughs	5.500	May 1, 2036	7,346,412
Federal National Mortgage Assn. Single Family Mortgage 30 year	6.000	January 15, 2014	7,331,262
Federal National Mortgage Assn. TBA Pool 15 year	5.500	April 1, 2021	7,256,662
Federal National Mortgage Assn. Single Family Mortgage 15 year	6.000	July 15, 2019	7,024,066
France Government OATEI	3.150	July 25, 2032	6,817,695
United States Treasury Inflation Linked Bonds	2.350	January 15, 2025	6,760,819
United States Treasury Notes Inflation Index Linked	2.153	July 15, 2014	6,689,458
Italy Repurchase BTPI Linked	2.150	September 15, 2014	6,616,864

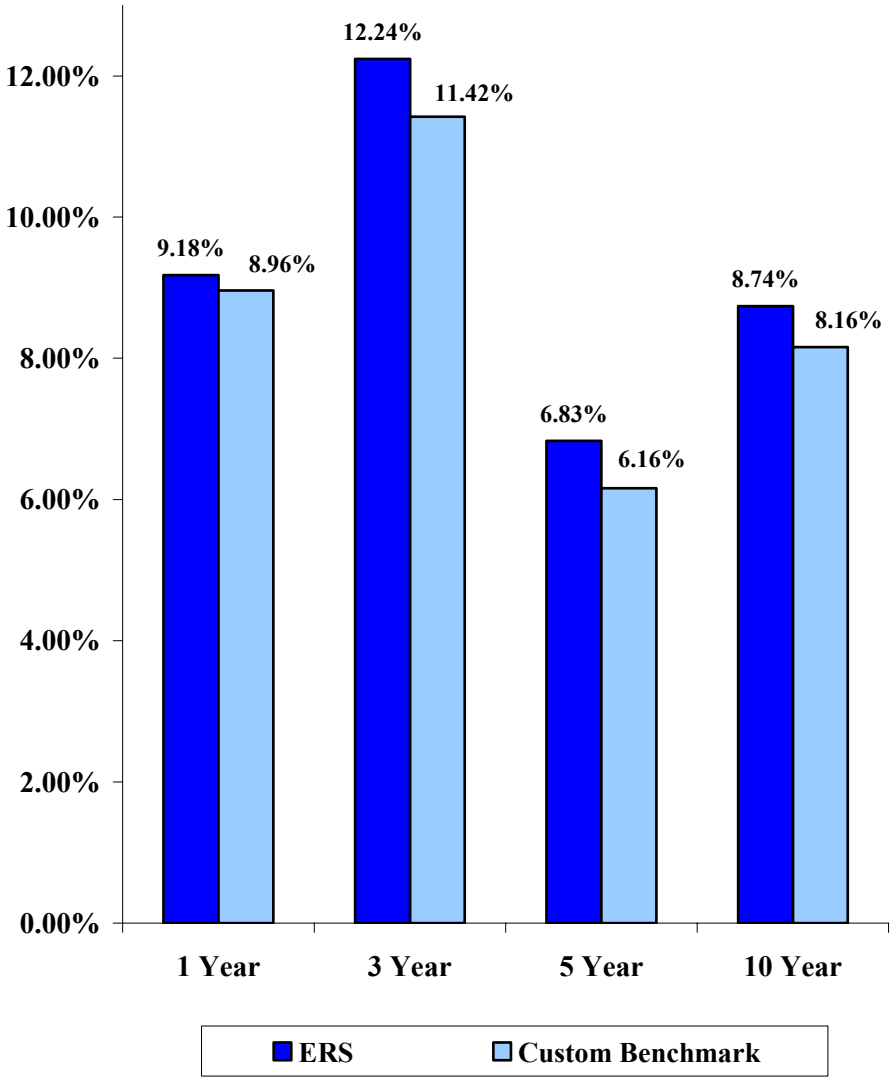
A complete list of the portfolio holdings can be obtained by contacting the Board of Investment Trustees office.

EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF INVESTMENT RESULTS
JUNE 30, 2006

Asset Class / Manager	1 Year	3 Year	5 Year
Domestic Equities			
RhumbLine Advisors	8.96 %	12.02 %	3.17 %
BGI Russell 1000 Fund*	-	-	-
Systematic Financial Mgt.	13.38	16.9	7.61
Numeric Investors-Core	8.96	14.42	5.98
Goldman Sachs*	5.55	7.36	-
Numeric Investors-Small Cap	15.1	19.96	9.79
Wellington*	11.27	-	-
Combined Domestic Equities	**9.87**	**13.65**	**5.10**
****Russell 3000**	**9.56**	**12.56**	**12.56**
Alternative Investments (a)			
Adams Street*	10.62	6.68	-
HarbourVest*	16.49	-	-
Landmark*	-	-	-
****Russell 3000 + 300 Bpts**	**12.56**	**15.56**	**-**
International Equities			
Marathon*	28.22	28.36	-
Gryphon*	-	-	-
Mondrian *	24.67	-	-
BGI EAFE Fund*	26.90	24.28	-
Combined International Equities	**26.08**	**25.35**	**11.73**
****MSCI All Country World X US**	**28.40**	**25.78**	**11.85**
Real Estate			
AEW Capital*	-	-	-
Morgan Stanley	1.05	(11.17)	(7.34)
Combined Real Estate Funds	**1.03**	**(11.18)**	**(7.34)**
Fixed Income			
JP Morgan	0.19	2.84	5.56
BlackRock	0.21	2.75	5.61
Nomura*	-	-	-
Loomis Sayles*	-	-	-
BGI US Debt Fund*	-0.77	2.08	-
Combined Fixed Income	**0.13**	**3.78**	**5.83**
****Policy Benchmark**	**0.38**	**3.46**	**5.92**
Inflation Index Bonds			
Bridgewater*	1.60	6.12	-
****Custom IIB Benchmark**	**0.28**	**5.10**	**7.82**
Total Fund	**9.18**	**12.24**	**6.83**
****Policy Benchmark**	**8.96 %**	**11.42 %**	**6.16** %

Returns are calculated on a time weighted
*Returns are not available for years indicated.
** Benchmark indexes.
(a) Returns in the early years of private equity are not generally meaningful due to accepted industry valuation standards. Negative performance in the early stages of private equity investing may occur due to the long term nature of the investment.

EMPLOYEES' RETIREMENT SYSTEM
Compound Annual Return
As of June 30, 2006



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ACTUARIAL SECTION

Employees' Retirement System

MERCER
Human Resource Consulting

1255 23rd Street NW, Suite 500
Washington. DC 20037-1198
202 331 5200 Fax 202 296 0909
www.mercerHR.com

November 21, 2006

Board of Investment Trustees
Montgomery County Government Retirement System
101 Monroe Street
Rockville, MD 20850

Subject:
July 1, 2006 Actuarial Valuation Report

Dear Members of the Board:

Mercer Human Resource Consulting annually performs an actuarial valuation of the Montgomery County Employees' Retirement System for the Montgomery County Government. The most recent actuarial valuation performed was as of July 1, 2006. The purpose of this valuation was to:

- Review experience under the Plan for the year ending June 30, 2006
- Determine the liabilities of the Plan as of June 30, 2006
- Determine the contribution to be paid biweekly during the fiscal year ending June 30, 2008.

The actuarial information in this letter is provided in detail in our valuation report.

Valuation Results

Sections II through IV of the valuation report detail the results of the 2006 valuation, including a breakdown by employee group and plan. This valuation reflects the cost of demographic assumption changes as approved by the County resulting from an experience study conducted by Mercer after the 2005 valuation.

County Contributions

Contributions are computed using the Projected Unit Credit method of funding. The objective of this method is to fund each participant's benefits under the Plan, as they would accrue, taking into consideration future salary increases. Thus the total pension to which each participant is expected to become entitled is broken down into units; each associated with a year of past or future credited service.

If all actuarial assumptions are met in the future and if there are no plan changes, the plan contribution as a percentage of the payroll covered by this plan is expected to increase. This is

because the Optional Plans are closed to new non-public safety members; hence, the average age of active members is expected to increase in the future. Normal cost per active member in the closed groups will increase at roughly the valuation interest rate, which is higher than the assumed salary scale.

The July 1, 2006 actuarial valuation sets the County's contribution rates for the fiscal year ending June 30, 2008. The rates are set separately for public safety and non-public safety employee groups and will be applied to each group's total covered payroll for the fiscal year 2008. Thus, the exact dollar amount of the required contribution will not be known until the end of the fiscal year 2008. The contribution rates for fiscal year 2008 were determined based on the total payroll at July 1, 2006, taking into account the general wage adjustments for FY07 on July 9, 2006, and January 7, 2007.

Investments

During the 2005-2006 plan year, the rate of return after investment expenses on the market value of assets was 8.8%. On a market value basis, the return was $16.4 million more than the 8% assumed rate of return. This $16.4 million gain is phased in over a five-year period. Gains and losses from 2005-2006 and prior years produced a net loss on an actuarial value of assets basis. As of July 1, 2006, net investment gains of $85.0 million had not yet been recognized in the actuarial value of assets.

The 2006 valuation was based on an actuarial value of assets of $2,222,724,295.

We used the financial information provided by the County without further audit.

Aetna Contract

The value of the Aetna non-participating group-annuity contract is excluded from all calculations.

Actuarial Assumptions and Plan Provisions

Changes in actuarial assumptions since the last actuarial valuation as of July 1, 2005 are described in. the July 1, 2006 valuation report. There were no changes in plan provisions since the July 1, 2005 actuarial valuation.

Participant Data

Between June 30, 2005 and June 30, 2006, there was a 0.2% increase in the number of plan members. However, the number of active members decreased by 4.7%, from 5,628 to 5,362. The total payroll increased by 0.6%, from $355.1 million to $357.4 million.

Aetna provided the retiree data, including benefits. The County provided data on active and terminated vested members. This information would customarily not be verified by a plan's actuary. We have reviewed the information for internal consistency and we have no reason to doubt its substantial accuracy.

Supplementary Information

The July 1, 2006 actuarial valuation report also provides supplemental information, including the schedule of funding progress. This schedule is presented in the financial section of the County's Comprehensive Annual Financial Report (CAFR). This information is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and to provide a means for making comparisons with other public employee retirement systems.

The County extracted the information from the July 1, 2006 valuation report for the following schedules in the actuarial section and the statistical section of County's Comprehensive Annual Financial Report.

- Summary of Results
- System Contribution
- Membership
- Actuarial Assumptions and Methods
- Solvency Test

Actuarial Certification

All costs, liabilities, and other factors under the Plan were determined in accordance with generally accepted actuarial principles and procedures. The information provided has been determined in accordance with the provisions of Statement Numbers 25 and 27 of the

Governmental Accounting Standards Board. The costs are calculated using an actuarial cost method that we believe is appropriate. The actuarial assumptions are reasonable in our opinion and represent our best estimate of the anticipated experience under the Plan.

The undersigned credentialed actuaries meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report.

Respectfully submitted,

Aquil Ahmed

Aquil Ahmed, ASA, EA

Douglas L. Rowe

Douglas L. Rowe, FSA, EA

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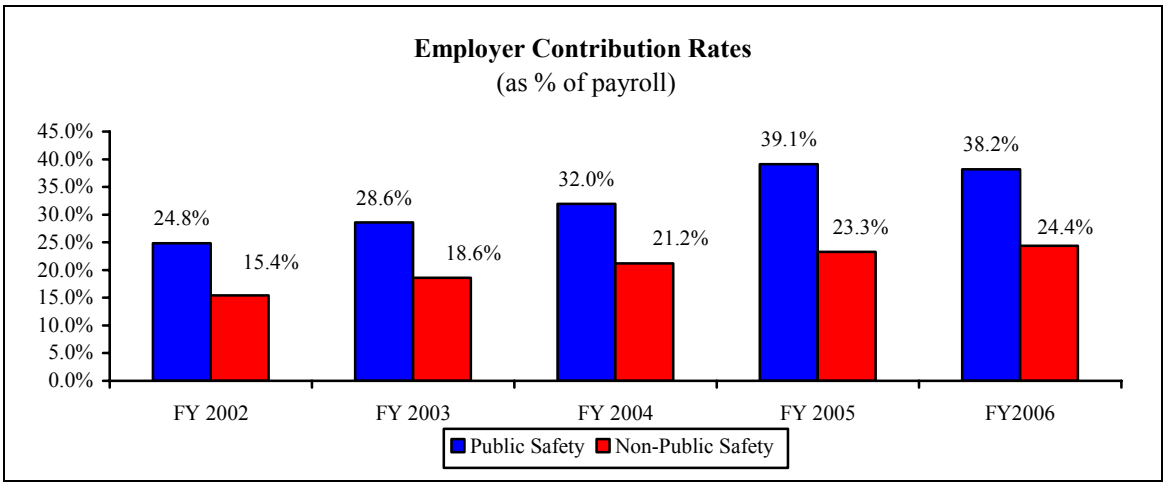
SUMMARY OF VALUATION RESULTS
EMPLOYEES' RETIREMENT SYSTEM

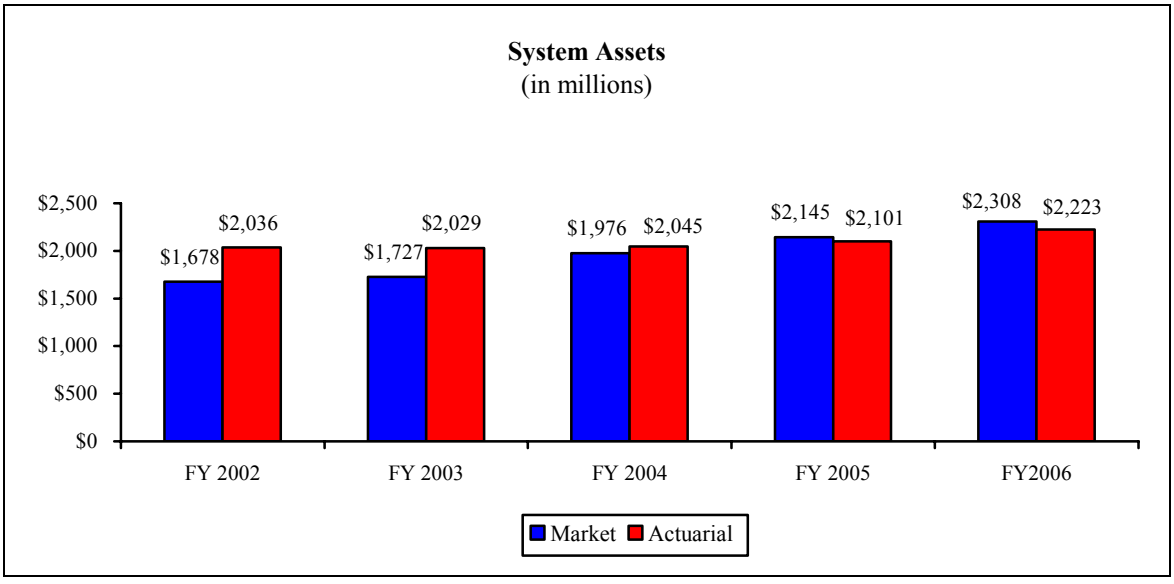
A. Overview

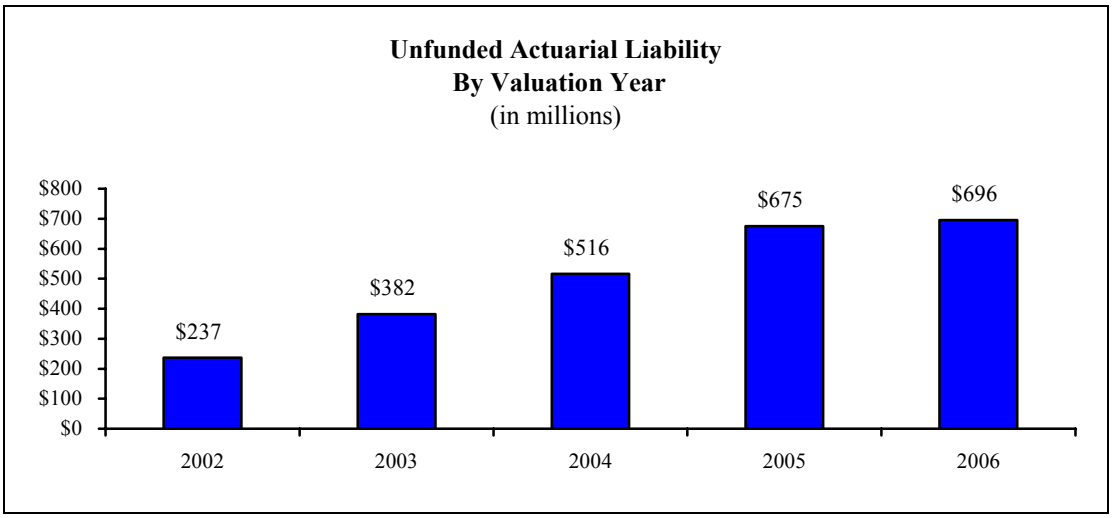
This report presents the results of our June 30, 2006 actuarial valuation of the Montgomery County Employees' Retirement System.

The major findings of the valuation are summarized in the following charts:

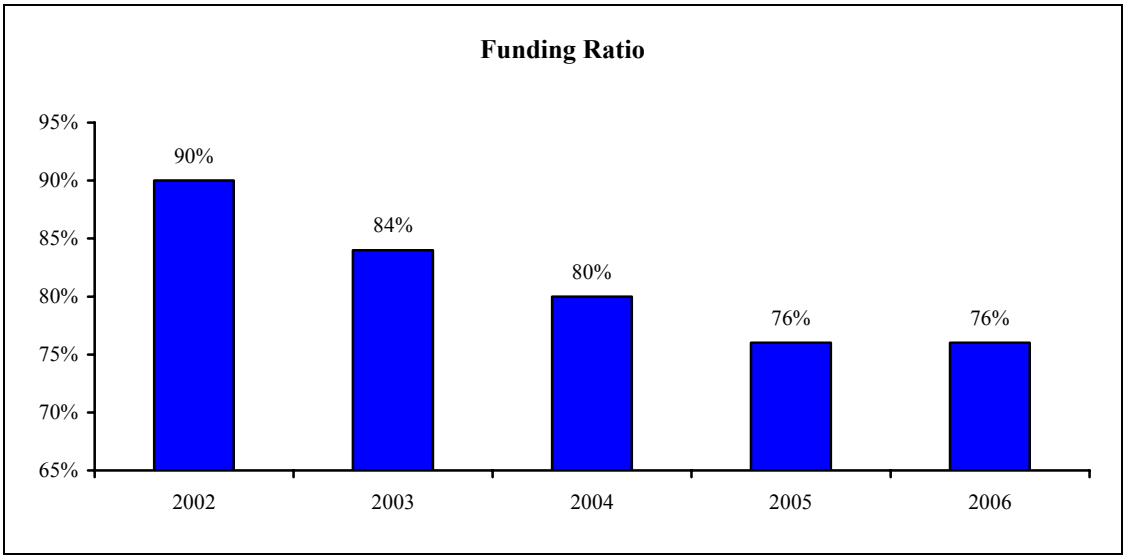


The change in the employer contribution rate in FY 2006 for Public Safety was primarily due to assumption changes. The change in the employer contribution rate in FY 2006 for Non-Public Safety was due to actual System experience versus actuarial assumptions.





The unfunded actuarial liability increased in FY 2006 due to the loss on the actuarial value of assets, demographic factors, normal cost, interest, and contributions.



The ratio of actuarial assets to the actuarial accrued liability remained below 100% this year.

B. Summary of Results

	July 1, 2005	July 1, 2006
Actuarial Liability		
a. Active Members	$ 1,349,017,411	$ 1,339,632,483
b. Retired Members and Beneficiaries	1,404,858,151	1,555,403,374
c. Vested Former Members	21,171,850	23,300,216
d. Total	$ 2,775,047,412	$ 2,918,336,073
Valuation Assets	$ 2,100,532,623	$ 2,222,724,295
Unfunded Actuarial Liability	$ 674,514,789	$ 695,611,778
Normal Cost		
a. Gross Normal Cost	$ 68,807,766	$ 69,137,093
b. Anticipated Employee Contributions	$ 15,952,772	$ 16,098,352
c. County Normal Cost (a -b)	$ 52,854,994	$ 53,038,741
Amortization Payment	$ 57,029,177	$ 59,259,804
County Contribution at date shown	$ 109,884,171	$ 112,298,545
County FY 2007/FY 2008 Contribution (as a % of covered payroll)		
Public Safety Employee	39.11%	38.17%
Non-Public Safety Employees	23.28%	24.41%

C. Valuation Highlights

1. System Assets

As of June 30, 2006, the System had assets, valued at market, of $2.308 billion, as compared to $2.145 billion at June 30, 2005. The increase of $163 million was attributable to the following:

a. An increase of $104 million from employer and employee contributions;
b. An increase of $187 million from investment income; and
c. A decrease of $128 million due to the payment of benefits to System participants and administrative expenses.

When measured on an actuarial basis, System assets were $2.223 billion at June 30, 2006, and $2.101billion at June 30, 2005. The asset valuation method smoothes the fluctuations generated by intermittent market gains and losses. This method phases-in investment gains and losses arising during and after the 1994 fiscal year over a five-year period from the date established. Effective July 1, 1997, the calculation of the actuarial value of assets was changed to exclude the present value of estimated accrued contributions.

2. System Liabilities

The Unfunded Actuarial Liability increased $21.1 million, from $674.5 million at July 1, 2005, to $695.6 million at July 1, 2006, as follows:

Actual Unfunded Liability at beginning of year	$	674,514,789
Actual Unfunded Liability at end of year		695,611,778
Increase in Actual Unfunded Liability	$	(21,096,989)

The increase in Actual Unfunded Liability for the year ended June 30, 2006, is comprised of the following:

Increase due to loss on actuarial value of assets	$	(20,801,336)
Increase due to demographic loss and other factors		(31,916,191)
Increase due to normal cost, interest and contributions		31,620,538
Increase in Actual Unfunded Liability	$	(21,096,989)

3. System Contributions

Contributions to the System include a "normal cost" rate which covers the portion of projected liabilities related to service of members. In addition, an amortization payment is made to fund the unfunded liability related to changes made to benefits in previous years which are being funded over a specific period of time.

The increase in the employer contribution rate is attributable to the following:

	Public Safety		Non-Public Safety	
Employer contribution rate - June 30, 2005	39.11	%	23.28	%
Increase due to loss on actuarial value of assets	0.35		0.47	
Increase due to actuarial gains & losses	0.99		1.50	
Increase (decrease) due to assumption changes	(2.28)		(0.84)	
Employer contribution rate - June 30, 2006	38.17	%	24.41	%

4. Membership

The active membership of the System decreased from 5,628 at June 30, 2005 to 5,362 at June 30, 2006. The System was closed to all new employees hired after October 1, 1994, except public safety bargaining unit employees. Inactive members, including retirees and beneficiaries, increased from 4,665 at June 30, 2005 to 4,848 at June 30, 2006 and the number of former members with vested rights increased from 381 to 485.

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
EMPLOYEES' RETIREMENT SYSTEM

A. Funding Method

The funding method used for the System's valuation is the "projected unit credit" actuarial cost method. The objective of this method is to allocate the total pension benefit to which each participant is expected to become entitled at retirement to the participant's past and future service. The allocation is accomplished by applying the plan's accrual formula to projected final salary at retirement. An actuarial liability is calculated at the valuation date as the present value of benefits allocated to service prior to that date. The unfunded actuarial liability at the valuation date is the excess of the actuarial liability over the assets of the System.

B. Actuarial Value of Assets

The actuarial value of assets is used for purposes of determing the County's contribution to the System. The asset adjustment method dampens the volatility of asset values that could occur because of short term fluctuations in market conditions. Use of an asset smoothing method is consistent with the long term nature of the actuarial valuation process. Assets are valued at market value but with a phase-in of investment gains and losses arising after July 1, 1994, over a 5-year period. The gains and losses are net of expenses. Effective July 1, 1997, the calculation of the actuarial value of assets does not include the present value of accrued contributions.

ACTUARIAL ASSUMPTIONS AND METHODS
EMPLOYEES' RETIREMENT SYSTEM

A. Demographic Assumptions

1. Mortality

RP2000 projected 10 years, separate tables for males and females
Annual Deaths per 1,000 Members

Age	Male Deaths	Female Deaths	Age	Male Deaths	Female Deaths
20	0	0	65	11	9
25	0	0	70	19	16
30	0	0	75	33	26
35	1	0	80	58	43
40	1	1	85	103	73
45	1	1	90	176	128
50	2	1	95	262	191
55	3	3	100	341	235
60	6	5	105	398	293

2. Termination of Employment (prior to retirement eligibility)

Annual Terminations per 1,000 Members

Years of Service	Non-Public Safety	Public Safety
0 – 4	35	80 – 29
5 – 9	35	22 – 14
10 – 14	17	13 – 6
15 – 19	17 – 11	5 – 3
20 – 25	11 – 6	2
26+	6	

It is assumed that 15% of all vested participants who terminate elect to receive a refund of their contributions with interest instead of a deferred benefit regardless of their age when they terminate employment.

3. Disability

	Annual Disabilities per 1,000 Members			
	Non-Public Safety Employees		Public Safety Employees	
Age	Male	Female	Male	Female
20	1	1	1	1
25	2	1	3	3
30	2	2	6	8
35	3	3	8	12
40	3	3	10	16
45	6	3	19	22
50	7	5	32	29
55	5	6	39	31
60	9	6	47	32
65	0	0	0	0

4. Deaths

	Annual Deaths per 1,000 Disabled Members	
Age	Male	Female
20	0	0
25	0	0
30	1	0
35	1	1
40	2	1
45	2	2
50	4	3
55	7	5
60	13	10
65	22	17

5. Retirement

Age	Non-Public Safety Employees	Public Safety Employees Other than Group G
Under 40	0%	3%
41	0%	3%
42	0%	3%
43	0%	3%
44	0%	3%
45	1%	3%
46	1%	10%
47	1%	10%
48	1%	10%
49	1%	10%
50	5%	15%
51	5%	15%
52	5%	30%
53	5%	30%
54	5%	30%
55	8%	75%
56	8%	75%
57	8%	75%
58	8%	75%
59	8%	75%
60	15%	100%
61	15%	100%
62	15%	100%
63	15%	100%
64	15%	100%
65	40%	100%
66	40%	100%
67	40%	100%
68	40%	100%
69	40%	100%
70	100%	100%

Note: Rates apply only when an employee is eligible to retire based on age and service.

6. Sick Leave Credit

Sick leave: Service credit is increased by 2.5% to account for additional credit from unused sick leave. Sick leave is capped at 2 years.

7. Marital assumption

80% of active participants are assumed to be married. Women are assumed to be three years younger than their spouses**.**

8. Assumption Changes

In October 2005, the System's actuary, Mercer Human Resource Consulting completed an experience study of the actuarial assumptions used for the five-year period ending June 30, 2005. All recommended assumptions were approved by management at that time.

B. Economic Assumptions

1. Investment Return: 8.0% compound per annum
2. Cost-of-Living Increases: 3.5% compound per annum
3. Increase in Social Security Wage Base: 4.5% compound per annum
4. Expense load: Anticipated administrative expense equal to the average of the prior three years of administrative expenses adjusted for anticipated changes (which equates to a $200,000 reduction for FY2008). FY2008, this figure is $1,750,000.
5. Salary Increase: Merit and promotional increases assumed to be based on age as shown below:

Age	Salary Scale
18 – 34	7.50%
35 – 44	6.50%
45 onwards	4.75%

ANALYSIS OF FINANCIAL EXPERIENCE

Gains and Loss in Accrued Liability During Years Ended June 30
Resulting from Differences Between Assumed Experience and Actual Experience

Type of Activity	2003	2004	2005	2006
Investment loss	$ (135,222,000)	$ (107,257,715)	$ (80,722,008)	$ (20,801,336)
Combined liability experience	(16,450,593)	(23,042,239)	(57,173,555)	(62,484,214)
Loss during year	$ (151,672,593)	$ (130,299,954)	$ (137,895,563)	$ (83,285,550)

SOLVENCY TEST

Aggregate Accrued Liabilities

Valuation Date	(1) Active Member Contributions	(2) Retirees, Vested Terms, Beneficiaries	(3) Active Members (Employer Financed Portion)	Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets (1)	(2)	(3)
6/30/2000	$ 136,181,427	$ 1,014,314,792	$ 781,418,094	$ 1,911,114,401	100 %	100 %	97 %
6/30/2001	143,356,036	1,029,982,653	938,607,764	1,990,882,017	100	100	87
6/30/2002	146,500,545	1,125,070,362	1,001,608,309	2,036,100,709	100	100	76
6/30/2003	155,686,014	1,247,359,872	1,008,446,838	2,029,314,438	100	100	62
6/30/2004	160,523,789	1,354,272,329	1,046,532,114	2,045,098,796	100	100	51
6/30/2005	166,078,802	1,426,030,001	1,182,938,609	2,100,532,623	100	100	43
6/30/2006	177,391,695	1,578,703,590	1,162,240,788	2,222,724,295	100	100	40

SCHEDULE OF RETIREES AND SURVIVORS
During Years Ended June 30

	New Retirees and Disableds	Survivors	Total
July 1, 2000	**3,565**	**304**	**3,869**
New retirements & disabilities	217	0	217
Deaths with beneficiaries	(20)	20	0
Deaths/benefits ended	(85)	(12)	(97)
July 1, 2001	**3,677**	**312**	**3,989**
New retirements & disabilities	244	0	244
Deaths with beneficiaries	(28)	28	0
Deaths/benefits ended	(108)	(10)	(118)
July 1, 2002	**3,785**	**330**	**4,115**
New retirements & disabilities	336	0	336
Deaths with beneficiaries	(30)	30	0
Deaths/benefits ended	(71)	(10)	(81)
July 1, 2003	**4,020**	**350**	**4,370**
New retirements & disabilities	304	0	304
Deaths with beneficiaries	(26)	26	0
Deaths/benefits ended	(99)	(16)	(115)
July 1, 2004	**4,199**	**360**	**4,559**
New retirements & disabilities	216	0	216
Deaths with beneficiaries	(20)	20	0
Deaths/benefits ended	(99)	(11)	(110)
July 1, 2005	**4,296**	**369**	**4,665**
New retirements & disabilities	266	0	266
Deaths with beneficiaries	(22)	22	0
Deaths/benefits ended	(57)	(26)	(83)
July 1, 2006	**4,483**	**365**	**4,848**

SCHEDULE OF ANNUAL ALLOWANCE
During Years Ended June 30

	New Retirees and Disableds	Survivors	Total
July 2000	**$ 83,375,421**	**$ 3,496,903**	**$ 86,872,324**
Average Annual Allowance	23,387	11,503	22,453
Annual Allowance Added	7,606,633	509,798	8,116,431
Annual Allowance Removed	(1,453,840)	(261,006)	(1,714,846)
July 2001	**$ 89,528,214**	**$ 3,745,695**	**$ 93,273,909**
Average Annual Allowance	24,348	12,005	23,383
Annual Allowance Added	8,191,629	499,438	8,691,067
Annual Allowance Removed	(1,908,620)	(231,142)	(2,139,762)
July 2002	**$ 95,811,223**	**$ 4,013,991**	**$ 99,825,214**
Average Annual Allowance	25,313	12,164	24,259
Annual Allowance Added	11,401,243	551,410	11,952,653
Annual Allowance Removed	(1,479,300)	(159,196)	(1,638,496)
July 2003	**$ 105,733,166**	**$ 4,406,205**	**$ 110,139,371**
Average Annual Allowance	26,302	12,589	25,204
Annual Allowance Added	11,570,789	572,318	12,143,107
Annual Allowance Removed	(2,180,663)	(308,637)	(2,489,300)
July 2004	**$ 115,123,292**	**$ 4,669,886**	**$ 119,793,178**
Average Annual Allowance	27,417	12,972	26,276
Annual Allowance Added	10,396,825	797,535	11,194,360
Annual Allowance Removed	(1,963,577)	(313,742)	(2,277,319)
July 2005	**$ 123,556,540**	**$ 5,153,679**	**$ 128,710,219**
Average Annual Allowance	28,761	13,967	27,591
Annual Allowance Added	14,424,755	305,259	14,730,014
Annual Allowance Removed	(1,611,828)	(127,575)	(1,739,403)
July 2006	**$ 136,369,467**	**$ 5,331,363**	**$ 141,700,830**
Average Annual Allowance	**$ 30,419**	**$ 14,606**	**$ 29,229**

Schedule of Active Member Valuation Data

Valuation Date	Number	Annual Payroll [(a)]	Annual Average Pay	% Increase in Average Pay
July 1, 2000	6,093	$307,367,030	$50,446	4.617%
July 1, 2001	6,023	$318,682,907	$52,911	4.887%
July 1, 2002	5,983	$333,449,862	$55,733	5.333%
July 1, 2003	5,876	$336,019,788	$57,185	2.606%
July 1, 2004	5,670	$341,629,327	$60,252	5.363%
July 1, 2005	5,628	$355,105,993	$63,096	4.721%
July 1, 2006	5,362	$357,361,131	$66,647	5.627%

(a) Total payroll for active participants under retirement age was used for years prior to July 1, 2002. Beginning July 1, 2002 payroll for all active participants was used.

MONTGOMERY COUNTY
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MARYLAND

STATISTICAL SECTION

Employees' Retirement System

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CHANGE IN NET ASSETS
JUNE 30, 2006
LAST TEN FISCAL YEARS
(dollars in thousands)

	Fiscal Year				
	1997	**1998**	**1999**	**2000**	**2001**
Additions					
Member contributions	$ 10,271	$ 10,520	$ 10,477	$ 10,924	$ 11,292
Employer contributions	49,763	51,098	47,463	44,347	43,345
Investment income (net of expenses)	241,045	270,973	165,710	135,338	(81,375)
Total additions	301,079	332,591	223,650	190,609	(26,738)
Deductions					
Benefit payments	64,065	67,656	71,473	76,387	78,434
Refunds	891	1,058	828	861	1,067
Administrative expenses	1,111	1,177	1,297	1,220	1,689
Total deductions	66,067	69,891	73,598	78,468	81,190
Change in net assets	$ 235,012	$ 262,700	$ 150,052	$ 112,141	$ (107,928)

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF BENEFIT AND REFUND DEDUCTIONS FROM NET ASSETS BY TYPE
JUNE 30, 2006
LAST TEN FISCAL YEARS
(dollars in thousands)

	Fiscal Year				
	1997	**1998**	**1999**	**2000**	**2001**
Type of Benefit					
Service benefits:					
Retirees	$ 43,547	$ 46,448	$ 49,533	$ 53,463	$ 58,415
Survivors	2,582	2,840	3,100	3,188	3,785
Disability benefits	12,338	12,940	13,624	14,717	16,234
Total benefits	$ 58,467	$ 62,228	$ 66,257	$ 71,368	$ 78,434
Refund of Contributions	$ 891	$ 1,058	$ 828	$ 861	$ 1,067

* Allocation among retirees, disabilities, and survivors are actual amounts. Allocations for FY 1997-2004 were based on estimates.

2002	2003	2004	2005	2006
$ 12,944	$ 14,770	$ 14,762	$ 15,326	$ 16,085
39,168	55,206	61,927	74,655	88,184
(124,177)	82,174	286,895	197,433	187,004
(72,065)	152,150	363,584	287,414	291,273
85,323	100,381	111,646	115,635	125,818
681	739	796	762	635
2,092	2,007	2,066	1,857	1,920
88,096	103,127	114,508	118,254	128,373
$ (160,161)	$ 49,023	$ 249,076	$ 169,160	$ 162,900

2002	2003	2004	2005*	2006*
$ 64,030	$ 77,009	$ 87,123	$ 102,641	$ 112,210
4,041	4,811	5,032	2,087	1,483
17,251	18,560	19,491	10,907	12,125
$ 85,322	$ 100,380	$ 111,646	$ 115,635	$ 125,818
$ 681	$ 739	$ 796	$ 762	$ 635

EMPLOYEES' RETIREMENT SYSTEM
PRINCIPAL PARTICIPATING EMPLOYERS,
CURRENT YEAR AND ONE YEAR AGO
JUNE 30, 2006

	2006		2005*	
Participating Government	**Covered Employees**	**Percentage of Total System**	**Covered Employees**	**Percentage of Total System**
Montgomery County	5,193	96.3%	5,427	96.4%
Town of Chevy Chase	5	0.1%	5	0.1%
Strathmore Hall	7	0.1%	7	0.1%
Housing Opportunities Commission	157	2.9%	159	2.8%
Revenue Authority	17	0.3%	17	0.3%
Washington Suburban Transit Commission	2	0.1%	2	0.1%
State Department of Assessment and Taxation	5	0.1%	6	0.1%
District Court	5	0.1%	5	0.1%
Total	5,391	100%	5,628	100%

*The information for principal participating employers is not available for 2004 and prior.

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF RETIRED MEMBERS BY BENEFIT TYPE
JUNE 30, 2006

Fiscal Year	Retiree	Disability	Survivor	Total
1997	2,601	623	242	3,466
1998	2,675	648	262	3,585
1999	2,763	694	278	3,735
2000	2,831	734	304	3,869
2001	2,918	759	312	3,989
2002	3,002	783	330	4,115
2003	3,203	817	350	4,370
2004	3,348	851	360	4,559
2005*	3,443	853	369	4,665
2006*	3,564	919	365	4,848

* Allocation among retirees, disabilities, and survivors are actual amounts. Allocations for FY 1997-2004 were based on estimates.

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF AVERAGE BENEFIT AMOUNTS
JUNE 30, 2006

Fiscal Year	Retiree	Disability	Survivor	Total
1997	$ 16,743	$ 19,804	$ 10,668	$ 16,869
1998	17,364	19,968	10,841	17,358
1999	17,927	19,632	11,152	17,740
2000	18,885	20,050	10,488	18,446
2001	20,019	21,389	12,132	19,663
2002	21,329	22,031	12,247	20,734
2003	24,043	22,717	13,747	22,970
2004	26,022	22,904	13,978	24,489
2005*	29,812	12,786	5,655	24,788
2006*	31,484	13,193	4,063	25,953

* Allocation among retirees, disabilities, and survivors are actual amounts. Allocations for FY 1997-2004 were based on estimates.

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF RETIRED MEMBERS BY TYPE OF RETIREMENT
AS OF JUNE 30, 2006

Amount of Monthly Benefit	Number of Retired Members	Type of Retirement [a]			Option Selected [b]					
		1	2	3	1	2	3	4	5	6
Deferred	485									
$ 1 – $ 250	203	171	28	4	110	50	28	3	8	4
251 – 500	282	214	62	6	145	73	56	-	2	6
501 – 750	260	203	48	9	129	65	44	5	8	9
751 – 1,000	311	233	52	26	134	76	63	14	7	17
1,001 – 1,250	316	243	37	36	141	82	59	8	9	17
1,251 – 1,500	277	189	33	55	100	76	55	15	12	19
1,501 – 1,750	269	190	24	55	111	72	47	17	3	19
1,751 – 2,000	267	188	23	56	90	86	38	19	9	25
Over 2,000	2,663	1,933	58	672	865	951	213	227	68	339
Total	5,333	3,564	365	919	1,825	1,531	603	308	126	455

Notes:

[a] Type of retirement:

1—Retiree
2—Beneficiary
3—Disabled Retiree

[b] Option selected:

Option 1—Modified Cash Refund
Option 2—Certain and Continuous
Option 3—Life Annuity
Option 4—Joint and Survivor 50%
Option 5—Joint and Survivor 100%
Option 6—Other Joint and Survivor Percentage

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF AVERAGE BENEFIT PAYMENTS AND AVERAGE FINAL VALUATION PAY
LAST SIX FISCAL YEARS

	Years Credited Service						
	0–5	5–10	10–15	15–20	20–25	25–30	30+
Retirement Effective Dates							
Period 7/1/2000 to 6/30/2001							
Average monthly benefit*	$ 2,418	$ 481	$ 1,651	$ 1,756	$ 2,418	$ 3,109	$ 4,082
Average final valuation pay**	$ 38,508	$ 52,243	$ 58,018	$ 51,584	$ 59,523	$ 62,719	$ 67,932
Number of retired members***	1	3	25	21	33	40	32
Period 7/1/2001 to 6/30/2002							
Average monthly benefit*	$ -	$ 1,206	$ 1,622	$ 1,534	$ 2,196	$ 3,587	$ 3,676
Average final valuation pay**	$ -	$ 42,726	$ 52,332	$ 59,283	$ 58,039	$ 72,284	$ 67,564
Number of retired members***	-	7	22	24	28	58	39
Period 7/1/2002 to 6/30/2003							
Average monthly benefit*	$ 2,701	$ 1,623	$ 1,413	$ 1,737	$ 1,833	$ 3,490	$ 3,750
Average final valuation pay**	$ 44,695	$ 44,840	$ 56,082	$ 59,937	$ 56,253	$ 71,048	$ 68,955
Number of retired members***	1	7	29	35	28	91	79
Period 7/1/2003 to 6/30/2004							
Average monthly benefit*	$ 1,156	$ 915	$ 1,809	$ 1,420	$ 2,549	$ 3,406	$ 4,337
Average final valuation pay**	$ 37,309	$ 45,048	$ 55,552	$ 60,530	$ 65,550	$ 65,919	$ 72,119
Number of retired members***	2	4	15	43	34	69	79
Period 7/1/2004 to 6/30/2005							
Average monthly benefit*	$ 2,521	$ 1,984	$ 1,479	$ 1,870	$ 2,573	$ 3,371	$ 4,392
Average final valuation pay**	$ 48,620	$ 50,470	$ 59,743	$ 63,910	$ 64,026	$ 72,618	$ 75,577
Number of retired members***	2	4	21	37	23	35	66
Period 7/1/2005 to 6/30/2006							
Average monthly benefit*	$ 2,491	$ 2,801	$ 1,752	$ 2,356	$ 2,928	$ 3,649	$ 4,594
Average final valuation pay**	$ 43,375	$ 55,641	$ 55,619	$ 67,299	$ 68,683	$ 73,731	$ 77,143
Number of retired members***	2	6	28	58	49	55	50

* Based on current benefits only. Does not take into account any future benefits.
** Pay used for last valuation (when member was an active employee).
*** Only includes participants who changed from active to retiree status.
Note: Information is not available for periods prior to July 1, 2000.

SCHEDULE OF PARTICIPATING AGENCIES AND POLITICAL SUBDIVISIONS

Montgomery County Revenue Authority
Housing Opportunities Commission of Montgomery County
Town of Chevy Chase
Strathmore Hall Foundation, Inc.
Washington Suburban Transit Commission
Independent Fire/Rescue Corporations

Certain employees of the:
State Department of Assessments and Taxation
District Court of Maryland

CITY OF OMAHA
POLICE AND FIREFIGHTERS RETIREMENT SYSTEM

Actuarial Valuation Report
as of January 1, 2006

CITY OF OMAHA POLICE & FIREFIGHTERS RETIREMENT SYSTEM
ACTUARIAL VALUATION REPORT

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A MILLIMAN GLOBAL FIRM

Milliman
Consultants and Actuaries

1120 South 101st Street, Suite 400
Omaha, NE 68124-1088
Tel +1 402 393.9400
Fax +1 402 393.1037
www.milliman.com

June 13, 2007

The Board of Trustees
City of Omaha
Police and Firefighters Retirement System
Omaha/Douglas Civic Center
1819 Farnam Street
Omaha, NE 68183

Re: January 1, 2006 Actuarial Report

Dear Members of the Board:

At your request, we have performed an annual actuarial valuation of the City of Omaha Police and Firefighters Retirement System as of January 1, 2006 for determining contributions for the year ended December 31, 2006. The major findings of the valuation are contained in this report. This report reflects the benefit provisions that become effective as of July 1, 2007 per the union contracts. There was no change in plan provisions from the prior valuation. Actuarial assumptions have been changed as outlined on page one of the Board Summary.

In preparing this report, we relied, without audit, on information (some oral and some written) supplied by the System's staff. This information includes, but is not limited to, plan provisions, member data and financial information. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted principles and practices which are consistent with the Actuarial Standards of Practice promulgated by the Actuarial Standards Board (ASB) and the applicable Guides to Professional Conduct, amplifying Opinions and Supporting Recommendations of American Academy of Actuaries.

We further certify that all costs, liabilities, rates of interest and other factors for the System have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the System and reasonable

expectations of future experience); and which, in combination, offer our best estimate of anticipated experience under the Plan. Nevertheless, the emerging costs will vary from those presented in this report to the extent actual experience differs from that projected by the actuarial assumptions. The Board of Trustees has the final decision regarding the appropriateness of the assumptions and adopted them as indicated in Appendix B.

Actuarial computations presented in this report are for purposes of determining the actuarial contribution rates for funding the System. Actuarial computations under GASB Statement No. 25 and 27 are for purposes of fulfilling financial accounting requirements. The computations prepared for these two purposes may differ as disclosed in our report. The calculations in the enclosed report have been made on a basis consistent with our understanding of the System's funding requirements and goals, and of GASB Statements No. 25 and 27. Determinations for purposes other than these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Milliman's work product was prepared exclusively for the City of Omaha Police and Firefighters Retirement System for a specific and limited purpose. It is a complex, technical analysis that assumes a high level of knowledge concerning the Police and Firefighters Retirement System operations, and used data from the Police and Firefighters Retirement System, which Milliman has not audited. It is not for the use or benefit of any third party for any purpose. Any third party recipient of Milliman's work product who desires professional guidance should not rely upon Milliman's work product, but should engage professionals for advice appropriate to its own specific needs.

We herewith submit the following report and look forward to discussing it with you.

Respectfully Submitted,

MILLIMAN, Inc.

I, Gregg Rueschhoff, A.S.A. am a member of the American Academy of Actuaries and an Associate of the Society of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Gregg Rueschhoff, A.S.A.
Principal & Consulting Actuary

Board Summary

This report presents the results of the January 1, 2006 actuarial valuation of the City of Omaha Police & Firefighters Retirement System (the "System"). The primary purposes of performing the valuation are to:

- Determine the employer contribution rates required to fund the System on an actuarially sound basis,
- Disclose asset and liability measures as of January 1, 2006,
- Analyze and report on trends in System contributions, assets, and liabilities over the latest period.

The valuation results provide a "snapshot" view of the System's financial condition on January 1, 2006 using System asset values at December 31, 2005. The valuation results reflect a significant increase in the Unfunded Actuarial Liability and related Actuarial Contribution Rate. (Throughout this report we refer to the actuarially determined contribution rate as the Actuarial Contribution Rate). The reasons for the increase include the assumption changes reflected in this year's report and the fact that actual contributions were less than the actuarially recommended rate. Each component of change in the Actuarial Contribution Rate is identified later in this Board Summary (see page 3).

As a result of the Experience Study completed for the five year period ended December 31, 2005, there were several changes in actuarial assumptions that are first reflected in this valuation. Changes were made to the following assumptions:

- The mortality assumption was updated to the RP-2000 Table with generational improvements with a one year age set forward.
- The annual salary increase assumption was lowered from an age based table to a service based table.
- Assumed retirement rates were increased between 25 and 27 years of service.
- The assumed rates of disability for active members were decreased.
- A 10% load was added to the Actuarial Liability and Normal Cost for active members to recognize anticipated wage adjustments in the final year of service.
- The price inflation and general wage increase assumptions were decreased.

The net effect of all assumption changes was an increase in the Actuarial Liability of $44.2 million and an increase in the Actuarial Contribution Rate of 3.25%.

A detailed description of all the actuarial assumptions used is provided in Appendix B.

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Several factors contributed to the change in the System's assets, liabilities and recommended contribution rate between January 1, 2005 and December 31, 2005.

Assets

The market value of assets is not used directly in the actuarial calculation of the Plan's funded status and the recommended contribution. An asset valuation method is used to smooth the effects of market fluctuations. The actuarial value of assets is equal to 2/3 of the expected asset value (based on last year's actuarial value of assets, net cash flows and a rate of return equal to the actuarial assumed rate of 8.0%) plus 1/3 of the market value of assets. See page 7 for the detailed development of the actuarial value of assets as of January 1, 2006.

As of January 1, 2006, the System had total funds, when measured on an actuarial value basis, of $453.2 million. This was an increase of $30.3 million from the January 1, 2005 figure of $422.9 million. Based on the actuarial assumption, an increase of $33.7 million was expected over that time period.

The components of the change in the actuarial value of assets (in millions) are set forth below:

	Actuarial Value	*Market Value*
Assets, January 1, 2005	$ 422.9	$ 420.3
• employer and member contributions	+ 29.3	+ 29.3
• benefit payments	- 32.8	- 32.8
• net investment income (expected)	+ 33.7	+ 33.5
• net investment actuarial gain/(loss)	+ 0.1	+ 3.0
Assets, December 31, 2005	$ 453.2	$ 453.3

Liabilities

The actuarial liability (also referred to as past service liability) is the portion of the present value of projected benefits that will not be paid by future employer normal costs. The difference between this liability and asset values at the same date is referred to as the unfunded actuarial liability. The unfunded actuarial liability will be reduced if the contributions exceed the normal cost for the year, after allowing for interest earned on the previous balance of the unfunded actuarial liability. Benefit improvements, actuarial gains and losses, and changes in actuarial assumptions and procedures will also impact the total actuarial liability and the unfunded portion thereof.

The calculation of the Unfunded Actuarial Liability as of January 1, 2006 is shown below:

Actuarial Liability	$ 746,490,736
Actuarial Value of Assets	$(453,172,392)
Unfunded Actuarial Liability (UAL)	$ 293,318,344
Present Value of Prior Service Payments[1]	$ (14,000,484)
UAL for Funding Purposes	$ 279,317,860

[1]The City is obligated to pay $1,327,600 per year to the System to fund a "prior service" obligation. These payments will be paid through 2028.

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The components of change in the Unfunded Actuarial Liability (in millions) are set forth below:

Unfunded Actuarial Liability, January 1, 2005	$220.5
Plus	
Net Investment Actuarial (Gain)/Loss	(0.1)
Net Liability Actuarial (Gain)/Loss	0.5
Normal Cost with interest	25.6
Assumption Changes	44.2
Interest on Unfunded Actuarial Liability	17.6
Less	
Employer Contributions with interest	(17.0)
Employee Contributions with interest	(12.0)
Unfunded Actuarial Liability, January 1, 2006	$279.3

Contributions

Under the Entry Age Normal Actuarial Cost method, contributions to the System consist of:

- a "normal cost" for the portion of projected liabilities attributable to service of members during the year following the valuation date, and
- an "unfunded actuarial liability" contribution for the excess of the portion of projected liabilities allocated to service to date over actuarial assets.

The System's total Actuarial Contribution Rate (payable as a percent of member payroll) increased by **3.64%** of pay, to **48.86%** on January 1, 2006, from **45.22%** on January 1, 2005. The primary components of this change are as follows:

	Rate
Total Actuarial Contribution Rate, January 1, 2005	45.22%
• Actuarial (Gain)/Loss – Investment Experience	(0.00)
• Actuarial (Gain)/Loss – Demographic Experience	0.03
• Assumption Changes	3.25
• Contributing less than Actuarial Contribution Rate	0.36
Total Actuarial Contribution Rate, January 1, 2006	48.86%

See page 9 for a detailed calculation of the Actuarial Contribution Rate as of January 1, 2006.

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Observations

The actual contributions made to the System continue to be significantly less than the Actuarial Contribution Rate. Both the member and City contribution rates are scheduled to increase each year, with the final increase scheduled in 2007. At that time, the City's contribution rate will be 20.55% of pensionable payroll plus a past service payment of approximately 1.45% of payroll. The member contribution rate will be 14.94% of payroll. Even with these scheduled contribution increases which result in a total contribution rate of 36.94%, the actual contribution to the System will be 11.92% less than the Actuarial Contribution Rate developed in this valuation. Over the last several years, we discussed the importance of closing this contribution shortfall. The situation still exists, and in fact is worse. If all actuarial assumptions are met and current benefit structure and contributions remain unchanged, we expect, the System's funded status in future years will decline and the Actuarial Contribution Rate will systematically increase.

The shortfall between the actual contribution rate (city and member) and the Actuarial Contribution Rate results in an increase in the Unfunded Actuarial Liability and a corresponding increase in the Actuarial Contribution Rate. Under the current schedule of contribution rates, the shortfall is expected to increase in future years. The table on page 3 provides a reconciliation of the change in the Actuarial Contribution Rate from the prior valuation. As that table illustrates, the Actuarial Contribution Rate in the current valuation is 0.36% higher due to actual contributions less than the Actuarial Contribution Rate. If all actuarial assumptions are met in the future, the contribution shortfall will increase and its impact on the Actuarial Contribution Rate will also increase, possibly significantly. We strongly recommend that the contribution shortfall between the actual contribution rate and the Actuarial Contribution Rate be addressed and measures be taken to eliminate it. The longer action is delayed to address this funding shortfall, the higher the ultimate contribution rate will be.

The contribution shortfall also has an impact on the Net Pension Obligation (NPO) as determined under Governmental Accounting Standard Number 27 (GASB27). On page 12 of our report we show the development of the NPO. As of December 31, 2005 the NPO was $20.9 million, compared to $12.5 million as of December 31, 2004. The NPO will increase from year to year by interest on the NPO and by the shortfall between the actual contribution rate and the Actuarial Contribution Rate. If the currently scheduled contribution rates remain unchanged and all actuarial assumptions are met in the future, the NPO is projected to exceed $100 million by 2013.

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Summary of Principal Results

	2003 Valuation	*2005 Valuation*	*2006 Valuation*
1. Participant Data			
Number of:			
Active Members	1,395	1,390	1,412
Service Retirements	566	638	639
Surviving Spouses and Children	253	279	276
Disabled	270	265	257
Deferred Vested	5	9	8
Annual Salaries of Active Members	$79,725,536	$79,578,328	$86,312,287
Average Salary	57,151	57,251	61,128
Average Age of Active Members	38.9	39.0	39.7
2. Assets and Liabilities			
Total Actuarial Liability	$581,187,364	$657,650,175	$746,490,736
Assets for Valuation Purposes	374,252,476	422,898,286	453,172,392
Unfunded Actuarial Liability (UAL)	206,934,888	234,751,889	293,318,344
Present Value of Prior Service Payments	(14,593,006)	(14,213,372)	(14,000,484)
UAL for Funding Purpose	192,341,882	220,538,517	279,317,860
3. Contribution Rates			
Actuarial Contribution Rate	40.55%	45.22%	48.86%
Member Contribution Rate	13.14%	14.93%[1]	14.94%[1]
Employer Contribution Rate	18.75%	20.55%[1]	20.55%[1]
Employer "Past Service" payment	1.55%	1.57%	1.45%
4. Shortfall/(Excess) Contributions			
Actuarial Contribution Rate	40.55%	45.22%	48.86%
Statutory Contribution Rate	33.44%	37.05%	36.94%
Shortfall/(Excess)	7.11%	8.17%	11.92%
Expected Payroll for year	$85,820,469	$84,765,936	$91,319,898
Dollar Amount of Shortfall/(Overage)	$ 6,101,835	$ 6,925,377	$10,885,332

[1] Blended Police and Fire rates effective in 2007.

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Change in Net Plan Assets at Market Value
Increases since January 1, 2005

Assets at January 1, 2005	$420,348,491
Receipts:	
City Contributions – Current	16,434,609
City Contributions – Past Service	1,327,600
Employee Contributions	11,558,030
Investment Income	39,181,011
Total Receipts	$68,501,250
Disbursements:	
Pensions Paid to Retirees	$31,973,123
Death Benefits	66,463
Termination Withdrawals	121,520
Medical Fees	655,053
Investment Fees	2,692,221
Other Fees	18,352
Total Disbursements	$35,526,732
Assets at December 31, 2005 (Market Value)	$453,323,009
Annualized Yield	
- Gross	9.4%
- Net of Expenses	8.7%

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Actuarial Value of Assets

Neither the market value of assets, representing a "cash-out" value of Plan assets, nor the book values of assets, representing the cost of investments, may be the best measure of the System's ongoing ability to meet its obligations.

To arrive at a suitable value for the actuarial valuation, a technique for determining the actuarial value of assets is used which dampens swings in the market value while still indirectly recognizing market values. The specific technique follows:

Step 1: Determine the expected value of plan assets at the current valuation date using the actuarial assumption for investment return and the actual receipts and disbursements of the fund since the previous actuarial valuation.

Step 2: Subtract the expected value determined in Step 1 from the total market value of the Fund at the current valuation date.

Step 3: Multiply the difference between market and expected values determined in Step 2 by 33%.

Step 4: Add the expected value of Step 1 and the product of Step 3 to determine the actuarial value of assets.

1.	Actuarial Value of Assets as of January 1, 2005	$	422,898,286
2.	Actual Receipts/Disbursements		
	a. Total Contributions		29,320,239
	b. Benefit Payments		(32,816,158)
	c. Net Change		(3,495,919)
3.	Expected Investment Earnings		33,694,716
4.	Expected Actuarial Value of Assets as of December 31, 2005		453,097,083
5.	Market Value as of December 31, 2005		453,323,009
6.	Difference Between Market and Expected Values		225,926
7.	Actuarial Value of Assets as of December 31, 2005 (4 + 1/3 of 6)	$	453,172,392

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UNFUNDED ACTUARIAL LIABILITY

The actuarial liability is the portion of the present value of future benefits which will not be paid by future normal costs. The actuarial value of assets is subtracted from the actuarial liability to determine the unfunded actuarial liability.

1. Entry Age Normal Actuarial Liability	$	746,490,736
2. Present Value of Prior Service Payments		14,000,484
3. Actuarial Value of Assets		453,172,392
4. Unfunded Actuarial Liability (1) – (2) – (3)	$	279,317,860

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DEVELOPMENT OF ACTUARIAL CONTRIBUTION RATE

The actuarial cost method used to determine the required level of annual contributions to support the expected benefits is the Entry Age Normal Cost Method. Under this method, the total cost is comprised of the normal cost rate and the unfunded actuarial liability payment. The Plan is financed by contributions from members and the City.

1. (a) Normal Cost (Adjusted to Mid-Year)	$ 25,288,508
(b) Covered Payroll for Members Under Assumed Retirement Age	$ 87,270,291
(c) Normal Cost Rate (a) / (b)	28.98%
2. Unfunded Actuarial Liability/(Surplus) at Valuation Date	$ 279,317,860
3. Amortization Factor to Pay UAL as a Level Percent of Payroll over 27 Years	17.25409
4. Unfunded Actuarial Liability/(Surplus) Payment (Adjusted to Mid-Year) [(2) / (3)] x $1.08^{1/2}$	$ 16,823,584
5. Prior Service Payment	$ 1,327,600
6. Total Projected Payroll for the Year	$ 91,319,898
7. Unfunded Actuarial Liability and Prior Service Payments as a Percent of Payroll [(4) + (5)] / (6)	19.88%
8. Total Contribution as a Percent of Pay (1c) + (7)	48.86%

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Governmental Accounting Standards Board Disclosure
SCHEDULE OF FUNDING PROGRESS

In accordance with Statement No. 25 of the Governmental Accounting Standards Board
(All Dollar Amounts in Millions)

Actuarial Valuation Date	Market Value of Assets (a)	Actuarial Accrued Liability (AAL)* (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (P/R) (c)	UAAL as a Percentage of Covered P/R [(b-a)/c]
12/31/98	355.3	386.2	30.98	92.0%	70.3	44.0%
12/31/99	356.9	411.1	54.2	86.8%	70.8	76.6%
12/31/00	361.5	425.1	63.6	85.0%	74.5	85.4%
12/31/01	350.4	452.3	101.9	77.5%	76.7	133%
12/31/02	314.1	481.6	167.5	65.2%	79.7	210%
12/31/03	383.7	511.9	128.2	75.0%	85.1	151%
12/31/04	420.3	543.9	123.6	77.3%	82.1	151%
12/31/05	453.3	703.8	250.5	64.4%	86.8	289%

*Prior to 2005, this amount was based on the Projected Unit Credit method. Starting in 2005 the Entry Age Normal method is used.

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SCHEDULE OF EMPLOYER CONTRIBUTIONS

(All Dollar Amounts in Millions)

Fiscal Year Ending	Covered Employee Payroll [1]	Actual Employer Contributions	Actual Employer Contribution %[2]	Annual Required Contribution (ARC) %[3]	Annual Pension Cost (APC)	Percentage of APC Contributed
12/31/98[4]	70.3	12.70	18.07	13.58	10.52	121
12/31/99	70.8	13.01	18.38	15.46	10.66	122
12/31/00	74.5	13.61	18.27	15.35	11.24	121
12/31/01	76.7	13.98	18.23	15.35	11.63	120
12/31/02	79.7	15.32	19.22	15.39	15.37	99
12/31/03	85.1	17.28	20.31	27.41	23.32	74
12/31/04	82.1	16.72	20.37	27.41	22.43	75
12/31/05	86.8	17.76	20.46	30.29	26.15	78

(1) Computed as the dollar amount of the actual employer contribution made as a percentage of payroll divided by the contribution rate, expressed as a percentage of payroll. Payroll is estimated for years where no valuation was done.

(2) The actual and required employer contributions are expressed as a percentage of payroll.

(3) The ARC (as a percentage of payroll) is assumed to remain the same as the prior year when no valuation was performed.

(4) Where applicable, these are annual amounts for the period 1/1/98 through 12/31/98.

This work product was prepared solely for the City of Omaha Police & Firefighters Retirement System. It may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

City of Omaha Police & Firefighters' Retirement System
Development of the Net Pension Obligation in Accordance with Statement No. 27 of the Governmental Accounting Standards Board

	Fiscal Year Ended									
Fiscal Year End :	06/30/97	06/30/98	12/31/98	12/31/99	12/31/00	12/31/01	12/31/02	12/31/03	12/31/04	12/31/05
Assumptions and Methods										
Interest Rate	8.50%	8.50%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Amortization Period (years)	15	15	15	15	15	15	15	30	30	30
Cost Method	Aggregate	Aggregate	Aggregate	Aggregate	Aggregate	Aggregate	Aggregate	Entry Age	Entry Age	Entry Age
Annual Pension Cost :										
Annual Required Contribution (ARC)	13,372,313	12,130,894	9,545,452	10,943,105	11,439,320	11,738,696	15,392,189	23,329,940	22,487,399	26,255,804
Interest on NPO	582,664	744,035	741,784	622,503	434,172	244,243	56,158	59,689	543,111	1,000,069
Adjustment to ARC	(825,466)	(1,054,082)	(1,083,279)	(909,084)	(634,052)	(356,684)	(82,012)	(66,275)	(603,040)	(1,110,419)
Annual Pension Cost	13,129,511	11,820,847	9,203,957	10,656,524	11,239,440	11,626,255	15,366,335	23,323,354	22,427,470	26,145,454
Employer Contribution for the Year	11,231,031	11,301,890	6,099,534	13,010,651	13,613,563	13,977,312	15,322,201	17,280,573	16,715,500	17,762,209
Net Pension Obligation (NPO):										
NPO at beginning of year	6,854,869	8,753,349	9,272,306	7,781,283	5,427,156	3,013,032	701,976	746,110	6,788,891	12,500,861
Annual Pension Cost for year	13,129,511	11,820,847	4,608,511	10,656,524	11,239,440	11,626,255	15,366,335	23,323,354	22,427,470	26,145,454
Contributions for year	(11,231,031)	(11,301,890)	(6,099,534)	(13,010,651)	(13,613,563)	(13,977,312)	(15,322,201)	(17,280,573)	(16,715,500)	(17,762,209)
NPO at end of year	8,753,349	9,272,306	7,781,283	5,427,156	3,053,032	701,976	746,110	6,788,891	12,500,861	20,884,105

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POLICE

	January 1 2005	January 1 2006
ACTIVE PARTICIPANTS	749	775
NON-ACTIVE PARTICIPANTS		
Service Retirements	309	307
Surviving Spouses	129*	133*
Surviving Children	12	14
Vested Terminated	5	5
Disabled		
- In Line of Duty	143	137
- Not in Line of Duty	16	15
ANNUAL COMPENSATION FOR ACTIVE PARTICIPANTS		
Total Annual Compensation	$43,044,365	$46,851,831
Average Per Participant	57,469	60,453
ANNUAL PENSION BENEFIT**		
Service Retirements	$10,810,080	$11,004,282
Surviving Spouses	1,382,913	1,541,413
Disabled		
- In Line of Duty	3,528,274	3,476,245
- Not in Line of Duty	348,960	349,491

* Includes ex-spouses
** Pension Benefits paid from Pension Fund only.

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FIREFIGHTERS

	January 1 2005	January 1 2006
ACTIVE PARTICIPANTS	641	637
NON-ACTIVE PARTICIPANTS		
Service Retirements	329	330
Surviving Spouses	126*	120*
Surviving Children	12	9
Vested Terminated	4	3
Disabled		
- In Line of Duty	97	96
- Not in Line of Duty	9	9
ANNUAL COMPENSATION FOR ACTIVE PARTICIPANTS		
Total Annual Compensation	$36,533,963	$39,739,929
Average Per Participant	56,995	62,386
ANNUAL PENSION BENEFIT**		
Service Retirements	$11,823,024	$12,128,774
Surviving Spouses	1,289,544	1,308,172
Disabled		
- In Line of Duty	2,418,504	2,439,242
- Not in Line of Duty	153,612	155,403

* Includes ex-spouses
** Pension Benefits paid from Pension Fund only.

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POLICE AND FIREFIGHTERS

	January 1 2005	January 1 2006
ACTIVE PARTICIPANTS	1,390	1,412
NON-ACTIVE PARTICIPANTS		
Service Retirements	638	637
Surviving Spouses	255*	253*
Surviving Children	24	23
Vested Terminated	9	8
Disabled		
- In Line of Duty	240	233
- Not in Line of Duty	25	24
ANNUAL COMPENSATION FOR ACTIVE PARTICIPANTS		
Total Annual Compensation	$79,578,328	$86,591,760
Average Per Participant	57,251	61,326
ANNUAL PENSION BENEFIT**		
Service Retirements	$22,633,104	$23,133,056
Surviving Spouses	2,672,457	2,849,585
Disabled		
- In Line of Duty	5,946,778	5,915,487
- Not in Line of Duty	502,572	504,894

* Includes ex-spouses
** Pension Benefits paid from Pension Fund only.

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	January 1 2005	January 1 2006
ACTIVE MEMBERS		
Average Attained Age	39.0	39.7
Average Hire Age	28.1	28.0
Average Past Service	10.9	11.7
Average Annual Compensation	$57,251	$61,326
NON-ACTIVE MEMBERS		
Average Attained Age		
Service Retirees	62.9	63.7
Disability Retirees		
- In Line of Duty	62.8	63.9
- Not in Line of Duty	63.6	64.6
Surviving Spouses	77.4	74.9
Average Monthly Benefit		
Service Retirees	$2,956	$3,017
Disability Retirees		
- In Line of Duty	2,064	2,116
- Not in Line of Duty	1,675	1,753
Surviving Spouses	873	939
VALUE OF PLAN ASSETS MARKET VALUE	$420,348,491	$453,323,009
VALUE OF PLAN ASSETS ACTUARIAL VALUE	$422,898,286	$453,172,392

This work product was prepared solely for the City of Omaha Police & Firefighters Retirement System. It may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

ACTUARIAL METHOD

Valuation of the plan use the *"entry age-normal"* cost method. Under this actuarial method, the value of future costs attributable to future employment of participants is determined. This is called present value of future normal costs. The following steps indicate how this is determined for benefits expected to be paid upon normal retirement.

1. The expected pension benefit at normal retirement is determined for each participant.

2. A normal cost, as a level percent of pay, is determined for each participant assuming that such level percent is paid from the employee's entry age into employment to his normal retirement. This normal cost is determined so that its accumulated value at normal retirement is sufficient to provide the expected pension benefits.

3. The sum of the normal costs for all participants for one year determines the total normal cost of the plan for one year.

4. The value of future payments of normal cost in future years is determined for each participant based on his years of service to normal retirement age.

5. The sum of the value of future payments of normal cost for all participants determines the present value of future costs.

The value of future costs attributable to past employment of participants, which is called the accrued liability is equal to the present value of benefits less the present value of future normal costs. The unfunded accrued liability is equal to the excess of the accrued liability over assets. The unfunded accrued liability is amortized as a level percent of pay over 30 years beginning January 1, 2003.

As experience develops with the plan, actuarial gains and actuarial losses result. These actuarial gains and losses indicate the extent to which actual experience is deviating from that expected on the basis of the actuarial assumptions. In each year, as they occur, actuarial gains and losses are recognized in the unfunded accrued liability as of the valuation date.

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Appendix B Actuarial Assumptions

Interest:	8.0% (net of investment expenses)
Salary Increases:	Merit increases based on service plus an inflation increase.
Service Retirement Age:	Graduated Rates based on service.
Mortality:	
Active Members	RP-2000 with generational improvements, set forward one year.
Service Pensioners and Beneficiaries	RP-2000 with generational improvements, set forward one year.
Disabled	RP-2000 Disability table with generational improvements.
Disability:	Graduated rates by age.
Percent of Disabilities in Line of Duty:	85%
Medical Expenses for Disabilities in Line of Duty:	5% load on liability.
Percent Married at Death or Retirement:	75%
Percent with Dependents at Death:	77%
Average Number of Children per Married Member:	1
Turnover:	Graduated rates by age.
Assets:	Actuarial value of assets equal to 1/3 of market value, plus 2/3 of expected value.
Load on Active member liability to reflect final wage adjustments	10%
Increase in total annual payroll	4.0%
Assumed annual rate of inflation	3.5%

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SAMPLE RATES

Age on 1/1/2006	Annual Rate			
	Mortality		Disability	Turnover
	Males	Females		
20	.03%	.02%	.26%	1.41%
30	.05	.03	.30	1.69
40	.11	.07	.52	.63
50	.20	.16	.95	.00
60	.49	.42	1.45	.00

Salary Progression

Years of Service	Inflation	Productivity	Merit & Longevity	Total Increase
1	3.5%	0.5%	2.5%	6.5%
5	3.5%	0.5%	2.5	6.5
10	3.5%	0.5%	2.0	6.0
15	3.5%	0.5%	1.0	5.0
20	3.5%	0.5%	0.5	4.5
25	3.5%	0.5%	0.0	4.0
30	3.5%	0.5%	0.0	4.0

Service Retirements

Assumed retirement rates are based on the number of years of credited service as follows:

Years of Service	Distribution	Annual Rate
Less than 25	0.0%	0.0%
25	60.0	60.0
26	25.0	62.5
27	15.0	100.0

Also, if a member was hired after age 37, then it is assumed that member would retire at the later of age 62 or 10 years of service.

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Average Final Monthly Compensation:
Section 22-63

Highest average monthly compensation during any consecutive twenty-six (26) pay periods out of the last five years of service as a member of the system for which service credit had been earned.

Member Contributions:
Section 22-73(a)
Section 22-68

Ultimate rates effective July 1, 2007:
14.545% of total monthly salary for police.
15.40% of total monthly salary for fire.

City of Omaha Contributions:
Section 22-73(b)

Ultimate rates effective July 1, 2007:
20.16% of each members total monthly salary for police.
21.015% of each members total monthly salary for fire.

In addition, the City shall make contributions of $1,327,600 annually through the year 2028.

Service Retirement Eligibility:
Section 22-75

Available after age 55 and 10 years of service or age 45 and 20 years of service.

Service Retirement Pension:

Section 22-76

Beginning July 1, 2007, lifetime monthly annuity as follows:

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	45	55%*
25 years	45	75%

*55% at 20 years of service, plus 2% for each additional six months of service after 20 years and before 25 years.

Cost of Living Adjustment (COLA):

The monthly pension shall be increased by the lesser of 3% or $50 ($65 for Fire retirements after June 30, 2007). The increase will be made annually, beginning in the 13th month of retirement.

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Disability Retirement:

1. **In Line of Duty:**
   Section 22-78

A member shall become entitled to the following benefits while permanently disabled.

Years of Service	Percentage of Average Final Monthly Compensation
Less than 25	50%**
25	*

* Same as Service Retirement Pension
** 55% for Fire after June 30, 2007

2. **Not in Line of Duty:**
   Section 22-79

A member shall become entitled to the following benefits while permanently disabled.

Years of Service	Percentage of Average Final Monthly Compensation
Up to 10 years	10%
10 but less than 15	20%
15 but less than 20	30%
20 but less than 25	*
25 or more	*

Not payable while full salary continues.

* Same as Service Pension.

Spouse's Pension:

1. **Death of Active Member in Line of Duty:**

A monthly pension equal to 49% (52% Fire) of the member's average final monthly compensation is paid to the surviving spouse if death occurs while the active member has less than 25 years of service. A monthly pension equal to 69% (72% Fire) of the member's average final monthly compensation is paid to the surviving spouse if death occurs after the active member has 25 years or more of service.

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2. Death of Active Member Not in Line of Duty:

The following monthly pension is paid to the surviving spouse.

Years of Service at Death	Percentage of Average Final Monthly Compensation*
0-3	0%
3-10	35%
11	36.4%
12	37.8%
13	39.2%
14	40.6%
15	42.0%
16	43.4%
17	44.8%
18	46.2%
19	47.6%
20-25	49.0%
25+	69%

* add 3% to each number for Fire effective July 1, 2007

Benefit terminates upon remarriage of spouse.

3. Death of Member Eligible for Retirement or Death of Retired Member:
Section 22-82

75% (90% for Fire retirements after June 30, 2007) of the pension the member was receiving or was eligible to receive at the time of death. Upon spouse's remarriage, all benefits cease.

Children's Pension:
Section 22-83

Upon the death of an active or retired member, the following benefit will be paid to the surviving children until age 18.

Number of Dependent Children	Percentage of Average Final Monthly Compensation
1	15%
2	30%
3	45%
4 or more	50%

Lump Sum Death Benefits:

1. Active Member without Eligible Dependents:
Section 22-84(a)

Accumulated member's contributions, or $500 if greater.

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2. **Retired Member without Eligible Dependents:** Section 22-84(b)	Accumulated member's contribution less previous pension payments made, or $500 if greater.
3. **Active Member with Eligible Dependents:** Section 22-84(c)	An amount payable immediately, equal to one year's salary computed on the basis of the maximum monthly rate for patrolmen and firefighters, plus the deceased member's accumulated contributions less pension payments to his dependents, payable to the dependent who last ceases to receive pension benefits.
4. **Retired Member with Eligible Dependents:** Section 22-84(c)	$1,000 ($5,000 Fire) payable immediately, plus the excess over $1,000 ($5,000 Fire) if any, of the deceased member's accumulated **contributions less pension payments to the member** and his dependents, payable to the dependent who last ceases to receive pension benefits.
Vesting: Section 22-86	Upon severance of employment by a member with less than 10 years of service and prior to obtaining eligibility under Section 22-75, a refund of such member's accumulated contributions.
Section 22-90	Upon severance of employment by a member before age 45 with more than 20 years of service and prior to obtaining eligibility under Section 22-75, the member may elect, in lieu of receiving a refund of contributions, to receive a monthly pension, according to the table below, commencing at age 55. Such deferred pension shall be based on service credited to the date of severance.

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	45	55%
25 or more	45	75%

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CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Financial Statements and Supplemental Schedules
June 30, 2006 and December 31, 2005
(With Independent Auditors' Report Thereon)

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

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BANKS, FINLEY, WHITE & CO.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

The Board of Trustees
City of Atlanta, Georgia
Police Officers' Pension Plan:

We have audited the accompanying financial statements of the City of Atlanta, Georgia Police Officers' Pension Plan (the "Plan") as of and for the six months ended June 30, 2006 and the year ended December 31, 2005 as listed in the accompanying table of contents. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Atlanta, Georgia Police Officers' Pension Plan's net assets held in trust for pension benefits as of June 30, 2006 and December 31, 2005 and the changes therein for the respective six months and year then ended in conformity with accounting principles generally accepted in the United States of America.

As explained in Note 1.f., effective January 1, 2006, the City changed its fiscal year from December 31 to June 30. As a result, the above referenced 2006 statements are as of and for the six months ended June 30, 2006.

The schedules of funding progress and employer contributions on page 14 are not a required part of the financial statements, but are supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. We have applied to the schedules certain limited procedures prescribed by professional standards, which consisted principally of inquiries of management regarding methods of measurement and presentation of the schedules.

Banks, Finley, White & Co.

January 4, 2007.

3504 EAST MAIN STREET • COLLEGE PARK, GEORGIA 30337 • (404) 763-1002

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Statements of Plan Net Assets
June 30, 2006 and December 31, 2005
(Dollars in thousands)

	2006	2005
ASSETS		
Cash and cash equivalents	$ 19,884	$ 22,549
Investments:		
Equities	299,441	298,157
U.S. government and agency obligations	148,094	169,304
Corporate bonds	28,018	25,612
Collateralized mortgage obligations	36,021	5,039
Total Investments	511,574	498,112
Securities lending collateral investment pool	58,657	40,999
Contributions receivable from employees	189	257
Accrued interest receivable	1,755	1,237
Due from other funds of the City of Atlanta	14,127	9,508
Total Assets	606,186	572,662
LIABILITIES		
Accounts payable	208	48
Due to brokers for securities purchased	11,603	8,668
Due to other funds of the City of Atlanta	280	79
Liability for securities lending agreement	58,657	40,999
Total Liabilities	70,748	49,794
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS (See Schedule of Funding Progress on page 14)	$ 535,438	$ 522,868

The accompanying notes are an integral part of the financial statements.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Statements of Changes in Plan Net Assets
Six Months Ended June 30, 2006 and the Year Ended December 31, 2005
(Dollars in thousands)

Additions to Plan net assets:	2006	2005
Investment Income:		
Net appreciation in fair value of investments	$ 9,293	$ 22,416
Interest and dividends income	4,213	8,379
Securities lending income	66	112
Less:		
Investment expenses	(1,000)	(1,093)
Securities lending expenses	(23)	(39)
Net Investment Income	12,549	29,775
Employee contributions	2,651	5,305
Employer contributions	15,687	25,271
Other income	-	142
Total Additions	30,887	60,493
Deduction from Plan net assets:		
Benefit payments	17,146	27,824
Refunds of contributions to terminated employees	111	423
Administrative fees, management fees, and other expenses	1,060	360
Total Deductions	18,317	28,607
Net Increase	12,570	31,886
Net Assets Held in Trust for Pension Benefits:		
Beginning of Year	522,868	490,982
END OF YEAR	$ 535,438	$ 522,868

The accompanying notes are an integral part of the financial statements.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN
Notes to Financial Statements
June 30, 2006 and December 31, 2005

Note 1 - Summary of Significant Accounting Policies

a. *Overview of Plan and Related Government*

The City of Atlanta, Georgia Police Officers' Pension Plan (the "Plan"), a single employer defined benefit pension plan, was established by a 1933 Act of the State of Georgia Legislature to provide retirement benefits for sworn personnel of the City of Atlanta (the "City") Police Department. Until 1983, The Georgia Legislature established all requirements and policies of the Plan. By a constitutional amendment, effective July 1983, control over the Plan was transferred to the City under the principle of Home Rule.

The funding methods and determination of benefits payable were established by the legislative acts creating the Plan, as amended, and in general, provide that funds are to be accumulated from employee contributions, City contributions, and income from the investment of accumulated funds.

The Plan is considered a fiduciary fund of the City and its financial statements are included in the City of Atlanta, Georgia's Comprehensive Annual Financial Report (CAFR) as part of the Pension Trust Fund. The CAFR as of and for the six months ended June 30, 2006 should be read in conjunction with these financial statements.

b. *Basis of Accounting*

The financial statements are prepared on the accrual basis of accounting whereby revenues are recognized as earned and expenses are recognized as the associated liabilities are incurred.

c. Cash

The Plan considers all highly liquid debt securities with an original maturity of three months or less to be cash equivalents.

d. Investments

State of Georgia and City statutes authorize the Plan to invest in U.S. Government obligations, U.S. Government agency obligations, State of Georgia obligations, obligations of a corporation of the U.S. Government and the Georgia Fund I (a local government investment pool maintained by the State of Georgia). Additionally, the Plan is authorized to invest in common stock provided that the cost basis of such investments do not exceed 55% of the net assets of the Plan. The Plan invests in repurchase agreements only when they are collateralized by U.S. Government or agency obligations.

Note 1 - Summary of Significant Accounting Policies, continued

The Plan is also authorized to invest in collateralized mortgage obligations (CMOs) to maximize yields. These securities are based on cash flows from interest payments on underlying mortgages. CMOs are sensitive to prepayment by mortgagees, which may result from a decline in interest rates. For example, if interest rates decline and mortgagees refinance their mortgages, thereby prepaying the mortgages underlying these securities, the cash flows from interest payments are reduced and the value of these securities declines. Likewise, if mortgagees pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated.

Investments, other than repurchase agreements, are carried at fair value based on quoted market prices. Repurchase agreements are valued at their amortized cost.

The net appreciation (depreciation) in the fair value of investments held by the Plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of balance sheet date. Investment income is recognized on the accrual basis as earned by the Plan.

e. Use of Estimates

Management of the Plan has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosures of contingent assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

f. Change in Fiscal Year

During 2004, the City Council approved changing the City's fiscal year from December 31 to June 30, effective January 1, 2006. Accordingly, the amounts reported in the accompanying statements and notes to the statements are for the six months ended June 30, 2006.

Note 2 - Plan Description

The following brief description of the Plan is provided for general information purposes only. Participants should refer to the City of Atlanta Code of Ordinances for more complete information.

a. *Benefit Provisions*

The Plan provides a monthly retirement benefit that initially represents 3% for each year of credited service times a participant's final average three-year earnings or the highest consecutive three-year earnings (limited to 80% of the average or earnings), whichever is the highest. The Plan was amended, effective January 1, 1986, to exclude overtime pay in the computation of benefits. Retirement benefits are adjusted annually based on the change in the consumer price index, limited to 3% per year. Upon the death of vested participant who has beneficiary coverage, his or her eligible beneficiary(ies) would be entitled to three-fourths of the amount the deceased participant was receiving or would have been entitled to receive.

Group A – Covered by the 1978 Plan and the participant have elected to be covered by the 1986 Amendments. Any police officer hired after 2005 is automatically included in this group.

Group B – Covered by the 1978 Plan and the participant has elected not to be covered by the 1986 Amendment.

b. Benefit Options

- Normal Monthly Pension Benefit

An employee is eligible for a normal monthly pension benefit after 30 years of services, at any age or, when he or she reaches the normal retirement age of 55 with 10 years of creditable service. The years of creditable servcie required decreased from 15 years to 10 years effective September 12, 2005.

A 30 year and out provision was added to the Plan effective October 25, 2005.

Alternatively, a police officer is eligible for normal retirement at age 65 with at least 5 years of credited service.

Note 2 - Plan Description, continued

- Early Monthly Pension Benefit

  An employee is eligible for an early monthly pension benefit after years of creditable service. The monthly benefit is reduced to allow for the fact that it will be paid over a longer period of time. The years of creditable service required decreased from 15 years to 10 years effective September 12, 2005.

- Reduced Monthly Pension Benefit

  Employees hired prior to April 1, 1978 are eligible for a reduced monthly pension benefit at age 50 with 25 years of service. The reduction for the reduced monthly pension benefit is less than the reduction for an early monthly pension benefit.

- Total and Permanent Disability

  A participant will be considered to be totally and permanently disabled if:

  Group A – The participant's disability is determined to be a continuous state of incapacity due to illness or injury such that (a) the participant is prevented from performing their regular assigned or comparable duties during your first 12 months of disability, and (b) are thereafter prevented from engaging in any occupation for which they have become reasonably qualified by education, training or experience.

  Group B – The participant's disability is determined to be a total and permanent physical or mental injury to perform their regular assigned or comparable duties as a police officer with the City.

  If a participant becomes totally and permanently disabled in the line of duty, they will be eligible to receive a monthly disability retirement benefit calculated as follows:

  Group A – The greater of (a) their monthly accrued benefit determined as of the date of disability or (b) 50% of the average monthly earnings determined as of the date of the disability. The benefit will be recalculated when the participant reaches age 55. The recalculated amount will include creditable service for your period of disability, but will not include any cost-of-living adjustments that were applied to the previous disability benefit.

  Group B – The greater of (a) the participants monthly accrued benefit determined as of the date of the disability or (b) 70% of the top salary for the grade and position of the participant on the day before their date of disability.

Note 2 - Plan Description, continued

c. *Membership*

The following schedule reflects membership for the Plan at January 1, 2005, the date of the most recent actuarial valuation.

Members:	
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	1,041
Current active employees:	
Fully vested	576
Partially vested	531
Nonvested	531
Total membership	2,679

d. Administration of Plan

The Plan is administered as single-employer plan by the Board of Trustees (the "Board") which includes an appointee of the Mayor, the City's Chief Financial Officer, a member of City Council, and three representatives elected by the membership (active and retired). All modifications to the plan must be supported by actuarial analysis and receive the recommendations of the City Attorney, the Chief Financial Officer, and the Board of Trustees. Each pension law modification must be adopted by at least two-thirds vote to the City Council and approved by the Mayor.

Note 3 - Deposits and Investments

Investments in Employee Retirement Plans

The Board is ultimately responsible for making all decisions with regard to the administration of the Plan, including the management of Plan assets, and for carrying out the investment policy on behalf of the Plan.

The Plan's investments are managed by various investment managers, who have discretionary authority over the assets managed by them under contracts with the Plan within the investment guidelines, established by the Board. The investments are held in trust by the Plan's custodian in the Plan's name. These assets are held exclusively for the purpose of providing benefits to members of the plan and their beneficiaries.

Identified below are the investment types that are authorized by the Board for the Plan. The investment policy also identifies certain provisions that address interest rate risk, credit risk and concentration of credit risk.

Note 3 - Deposits and Investments, continued

The Plan, by policy, is to invest their funds in domestic equities, domestic fixed income securities and cash equivalents. These instruments consist of common and preferred stock, obligations of the U.S. government and agencies (GNMA, FHLMC, and FNMA securities and CMO's), corporate bonds, and certificates of deposit. The Plan has strict limitations on the amounts managers are allowed to invest in any one issuer in all classes of securities. The Plan also invests in repurchase agreements which must be fully collateralized by U.S. government or agency guaranteed securities.

Board policy permits the Plan to engage in securities lending with an authorized agent, provided that the securities are fully collateralized at least 102% and that collateral is received prior to the release of the securities by the custodian.

Investment Risk Disclosure

Interest Rate Risk. Interest rate risk is the risk that changes in market rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Additionally, the fair values of the investments may be highly sensitive to interest rate fluctuations. One of the ways the Plan manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a protion is maturing or coming close to maturing evenly over time, as necessary to provide the cash flow and liquidity needs for operations..

Credit Risk. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization.

As of June 30, 2006, the Plan had the following fixed income investments (in thousands), with the corresponding credit ratings and maturities.

Type of Investment	Credit Rating	Under 1 Year	1 – 3 Years	3 – 5 Years	5 – 10 Years	Over 10 Years	Fair Value
US Government Agency	AAA	$ 3,497	$ 6,915	$ 1,978	$ 9,269	$ 29,958	$ 51,617
US Treasury Securities	Exempt	-	6,298	8,064	13,647	-	28,009
US Government Obligations	A+/AAA	-	-	10,895	2,866	10,150	23,911
Corporate Bonds	AA/A-	1,038	3,338	5,632	6,639	5,521	22,168
Corporate Bonds	B+/BBB	1,220	727	721	3,290	4,457	10,415
CMO's	AAA	-	-	-	-	451	451
CMO's	NR*	-	-	-	-	951	951
		$ 5,755	$ 17,278	$ 27,290	$ 35,711	$ 51,488	$ 137,522

* - not rated

Note 3 - Deposits and Investments, continued

Securities Lending

State statutes and Board policies permit the Plan to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Plan's custodians lend securities of the type on loan at year-end for collateral in the form of cash or other securities of 102%.

Cash collateral is invested in overnight investments. At year-end, the Plan has no significant credit risk exposure to borrowers because the amounts the Plan owes the borrower exceed the amounts the borrowers owe the Plan. The contract with the Plan's custodian requires it to indemnify the Plan if the borrowers fail to return the securities and if the collateral is inadequate to replace the securities or fail to pay the Plan for income distributions by the securities issuers while the securities are on loan.

There were no violations of legal or contractual provisions, borrower or lending agent default losses, and no recoveries of prior period losses during the year. There are income distributions owed on the securities loaned. The Plan records the cash received as collateral under securities lending agreements and the investments purchased with that cash as securities lending short-term collateral investment pool with a corresponding amount recorded as a liability.

All securities loans can be terminated on demand by either the Plan or the borrower, with the borrower returning equivalent securities to the Plans within a specified period of time.

Custodial Credit Risk. Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the Plan will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Custodial credit risks for *investments,* is the risk that in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Plan requires that all uninsured collected balances plus accrued interest in depository accounts be collateralized and that the market value of collateralized pledged securities must be at least 110% of the deposit balances, and 102% for repurchase agreements. As a result, the Plan had no deposits or investments with custodial risks as of June 30, 2006

Concentration Credit Risk. Investments in any one issuer representing 5% or more of the net assets held in trust for pension benefits at June 30, 2006 are as follows:

Issuer	Investment Type	% of Total Investments
Europac Growth Fund	Equities	5.96%
Northern Trust Bank N.A	Equities	30.14%
NTGI	Equities	5.21%

Note 3 - Deposits and Investments, continued

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates could adversely affect an investment's or deposit's fair value. The Plan's policy states that the portfolio will consist of domestic equities, domestic fixed income and cash equivalents. At June 30, 2006, the Plan was in compliance with the provisions of its policy requirements for authorized investment purchases.

Currency	Short Term	Debt	Equity	Total
Total International Region - USD	$ -	$ -	$ 24,888	$ 24,888
Total Multi-National Agencies Regions - USD	-	-	31,031	31,031
Europe Region - USD	-	-	177	177
Canada	-	-	379	379
Total Securities subject to Foreign Currency Risk	$ -	$ -	$ 56,475	$ 56,475
United States	$ -	$ -	$ -	$ -
Total International & US Investment Securities	$ -	$ -	$ 56,475	$ 56,475

The City's funding policy is to contribute a percentage of the Plan's covered employee payroll as developed in the actuarial valuation for the Plan. Active participants are required to contribute 7% of base pay (8% if participant has a covered beneficiary). The City's contribution percentage is the actuarially determined amount necessary to fund Plan benefits after consideration of employee contributions. The City makes an additional contribution of 1% of payroll, which effectively decreases the employee's required contribution percentage to 6% (7% if participant has a covered beneficiary), but has no effect on the overall required contribution. The City is not obligated to continue the 1% supplemental contribution for any specified period of time.

The actuarially determined contribution amount is the sum of the annual normal cost and the amortization of the unfunded actuarial accrued liability as a level percentage of future payrolls (over 40 years from January 1, 1979). The actuarial cost method used for funding purposes is the Entry Age Normal Cost Method. This method is one of the approved methods for such plans in the State of Georgia, and provides for contributions based on a level percentage of future payroll. The unfunded actuarial accrued liability for funding purposes is amortized on a closed basis over a period established by State of Georgia guidelines. The significant actuarial assumptions used to compute the contribution requirements are the same as those used to compute the actuarial accrued liability.

Note 5 - Contributions Required and Contributions Made

The required contribution percentages developed in the most recent actuarial valuation (January 1, 2005) for the Plan for 2005 and 2004 are as follows:

	2005	2004
Normal cost	21.4%	21.2%
Amortization of the unfunded actuarial accrued liability	26.8	23.7
Total required contributions as a percentage of payroll	48.2%	44.9%

The 2005 and 2006 actual contributions made are as follows (dollars in thousands):

	2006	2005
Actual employee contributions:		
Dollar amount	$ 2,651	$ 5,239
Percent of covered payroll	6.6%	7.4%
Actual employer contributions:		
Dollar amount	$ 15,687	$ 18,099
Percent of covered payroll	39.3%	25.5%

The annual covered payroll for the City was $39,911,000 and $70,973,000 for the six months ended June 30, 2006 and year ended December 31, 2005 respectively. The actual employer contributions shown above include amounts used to fund retiree supplemental cost of living increases and other minimum benefits. These amounts are components of the City's contributions for purposes of meeting actuarially determined funding requirements.

Note 6 - Contributions Receivable from Employees

Employees may receive credit for service for previous employment with certain state and local governmental agencies including previous employment with the City, upon payment to the Plan of an amount, as defined in the 1933 Act, as amended, representing contributions applicable to such service period. These contributions may be paid over a future period, even after retirement. In addition, 1964 and 1978 amendments to the Plan increased pension benefits and the related employee contribution rates. Active employees may retroactively increase their contribution rates from the date of employment in order to receive the maximum increased benefits available under the 1964 and 1978 amendments. These "back contributions" may also be paid over a future period.

Contributions receivable from employees for these back contributions were $189,000 and $257,000 for the six months ended June 30, 2006 and the year ended December 31, 2005, respectively.

Note 7 - Contingencies

The Internal Revenue Service (IRS) has ruled that the Plan qualifies under Section 401(a) of the Internal Revenue Code (IRC) and is therefore not subject to tax under present federal income tax laws. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualifications. The Plan obtained a determination letter on May 19, 1998, in which the IRS stated that the Plan, as then designed, was in compliance with the applicable requirements of the IRC. The Plan has been amended as well as there have been changes in the IRC subsequent to receiving this determination letter. The Plan obtained a determination letter on August 17, 2004, in which the IRS ruled that the amendments do not affect the qualified status of the Plan. The City and the Plan's tax counsel believe the Plan is currently designed and being operated in material compliance with the applicable tax requirements.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN
Required Supplementary Information

Schedule of Funding Progress

(Unaudited)
(Dollars in thousands)

Actuarial valuation date	Actuarial value of assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll (b-a)/c)
January 1, 2000	$ 384,083	$ 419,439	$ 35,356	91.6%	$ 67,330	52.5%
January 1, 2002	$ 448,676	$ 541,209	$ 92,533	82.9%	$ 68,056	136.0%
January 1, 2004	$ 440,212	$ 617,501	$ 177,289	71.3%	$ 63,274	280.2%
January 1, 2005	$ 444,460	$ 658,861	$ 214,401	67.5%	$ 70,973	302.1%

Schedule of Employer Contributions

(Unaudited)
(Dollars in thousands)

Year	Annual Required Contribution	Actual Employer contribution	Percentage contributed
2000	$ 13,816	$ 13,816	100.0%
2002	$ 15,068	$ 15,595	103.5%
2004	$ 25,271	$ 15,687	62.1%
2005	$ 15,687	$ 15,687	100.0%

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Required Supplementary Information

Notes to Schedule of Funding Progress and
Schedule of Employer and Other Contributions

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated.

The actuarial accrued liability is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits under the Plan are based on employee compensation. The accumulated plan benefits for active employee are based on their average compensation and credited service ending on the date as of which the benefit information is presented (the valuation date). Benefits payable under all circumstances - retirement, death, disability, and termination of employment - are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

Additional information as of the latest actuarial valuation follows:

Actuarial cost method	Entry age normal
Amortization method	Level percentage closed Over a closed period of 40 years from January 1, 1979 as a level percentage of estimated future payroll
Remaining amortization period	14 years
Asset valuation period	Smoothed 5 year averaged market
Investment rate of return	8.0%
Projected salary increases	2.3% due to inflation 4.5% for merit or seniority
Postretirement benefit increases	3%

REPORT ON
THE SEVENTY-NINTH VALUATION OF
THE EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF PROVIDENCE
AS OF JUNE 30, 2006

buckconsultants
an ACS company

November 21, 2006

Retirement Board
Employees' Retirement System of the
City of Providence
City Hall
Providence, Rhode Island 02903

Dear Board Members:

This report presents the results of the seventy-ninth actuarial valuation of the system, prepared as of June 30, 2006, which develops the appropriation required by the City for the fiscal year beginning July 1, 2007.

The Table of Contents, which immediately follows, outlines the material contained in the report.

Respectfully submitted,

Daniel W. Sherman

Daniel W. Sherman, ASA, MAAA, EA
Director and Consulting Actuary

Robert G. Brau

Robert G Brau, CEBS
Senior Consultant

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REPORT ON THE SEVENTY-NINTH VALUATION OF THE
EMPLOYEES' RETIREMENT SYSTEM OF THE
CITY OF PROVIDENCE
AS OF JUNE 30, 2006

SECTION I - SUMMARY OF PRINCIPAL RESULTS

1. For convenience of reference, the principal results of the current and preceding valuations are summarized below:

Valuation Date	**6/30/2005**	**6/30/2006**
Number of active members		
Vested	1,603	1,808
Nonvested	1,405	1,235
Total	3,008	3,043
Annual salaries of active members	$ 118,824,745	$ 126,457,520
Average salary of active members	$ 39,503	$ 41,557
Number of retirees and beneficiaries	2,940	2,891
Annual retirement allowances	$ 62,442,755	$ 64,620,754
Average retirement allowance	$ 21,239	$ 22,352
No. of non-active members w/contributions	318	312
Accumulated member contributions	$ 6,710,717	$ 6,336,972
Market value of plan assets (accrual basis)	$ 381,791,548	$ 409,987,125
Assets for valuation purposes (accrual basis)	$ 376,689,759	$ 393,768,316
Unfunded accrued liability	$ 616,339,388	$ 659,036,246
Contribution rates required		
Class A	24.53%	24.67%
Class B Fire	64.88%	76.84%
Class B Police	77.56%	73.03%

2. Comments on the valuation results as of June 30, 2006 are given in Section IV and the appropriation payable by the City during the fiscal period beginning July 1, 2007 is set out in Section V.

3. The valuation was based on the assumptions as outlined in Schedule B. A new assumption was added regarding the estimation of purchased service for Fire and Police to address the lack of provided data. It resulted in a liability loss of 16,122,897, as seen in Schedule G.

4. Schedule D of this report presents a summary of the main provisions of the act governing the system, as interpreted in preparing the actuarial valuation. In particular, the valuation reflected the following with respect to annual cost of living adjustments (COLAs):

GROUP	COLA	Number of Recipients
a) Class A		
(i) Retired prior to 12/18/1991	- 3%, compounded	698
(ii) Retired after 12/18/1991	- None	928
Total of Class A		1,626
b) Class B – Police		
(i) Retired prior to 1/1/1990	- 5%, compounded	334
(ii) Retired between 1/1/1990 and 12/18/1991	- 6% compounded	41
(iii) Retired after 12/18/1991	- 3% compounded	238
(iv) Special Award	- 5% compounded	12
Total of Police		625

GROUP	COLA	Number of Recipients
c) Class B – Fire		
(i) Retired prior to 1/1/1990	- 5% compounded	324
(ii) Retired between 1/1/1990 and 12/18/1991	- 6% compounded	73
(iii) Special Award	- 5% compounded	8
(iv) Retired between 7/1/1992 and 6/30/1993	- 3% compounded	28
(v) Retired between 7/1/2001 and 6/30/2004	- 3% compounded	53
(vi) All others	- 3% simple, on first $12,000 of annual benefit	133
Total of Fire		619
d) Total Number of Class A and Class B retirees and beneficiaries		2,870*

*Excludes elected officials and 21 Class A and B employees who retired prior to June 30, 2006 but were not processed on the June 30, 2006 payroll.

There is a three-year deferral of the initial COLA for current active members when they retire.

SECTION II - EMPLOYEE DATA

1. Employee data were furnished by the City Controller.

2. Tables 1 and 2 of Schedule E show the number and annual salaries of active members, while the remaining tables of Schedule E show the number and annual retirement allowances of beneficiaries as of June 30, 2006.

SECTION III - ASSETS

1. The amount of the assets taken into account in the valuation was obtained from information submitted by the City Controller.

2. The market value of the assets of the system as of June 30, 2006 on a "cash basis" was $363,366,076. To convert this amount to an "accrual basis," this amount should be increased by the discounted value of the City's contribution already appropriated for the 7/1/2006 – 6/30/2007 fiscal year ($50,583,838) but assumed not to be deposited until 6/30/2007. The discounted value of this contribution is $46,621,049. Therefore, the market value of the assets of the system as of June 30, 2006 on an "accrual basis" was $409,987,125.

3. The amount of assets used for valuation purposes was determined by the use of a five-year moving average of market values. This procedure produced a value of $393,768,316 on an "accrual basis." Schedule C outlines the calculation of this adjusted value which was modified for purposes of this year's valuation.

SECTION IV - COMMENTS ON VALUATION

1. Schedule A of this report presents the results of the valuation and shows the present and prospective assets and liabilities of the retirement system of June 30, 2006. Actuarial accrued liabilities consist of $329,631,610, which equals the actuarial accrued value of prospective benefits of active members; plus $716,835,979, which equals the present value of obligations to retired members and their beneficiaries; plus $6,336,973, which equals the value of contributions of non-active members remaining in the fund. These liabilities amount to $1,052,804,562, which is met by the City and members through annual contributions. Against these prospective liabilities, the system has present assets of $393,768,316 leaving $659,036,246 as the unfunded accrued liability.

2. Section V discusses the portion of the total prospective City obligation we recommend for current payment.

3. Schedule G of the report discusses experience gain/(loss) in the last year. The system's actual experience was worse than expected, resulting in a loss of $28,551,264. Asset experience accounted for $4,616,342 of the loss, while losses from assumption changes and liability were $16,122,897 and $7,812,025, respectively. For more detail on gain/(loss), please see Schedule G.

SECTION V - APPROPRIATION PAYABLE BY CITY

1. Schedule A gives the basis for determining the appropriation payable by the City during the fiscal period beginning July 1, 2007. In accordance with the law governing the operation of the retirement system, we recommend contribution rates of 24.67% for Class A members, 76.84% for Class B Fire and 73.03% for Class B Police. These rates are based on amortizing the unfunded accrued liability as of June 30, 2006 on a level percentage-of-payroll basis over a 24-year period (one year less than the amortization period used by the prior actuarial valuation). If these rates are applied to the annual compensation of active members included in the actuarial valuation as of June 30, 2006 and contributions are paid on June 30, 2008, contributions payable by the City for the fiscal year beginning July 1, 2007 are as shown below:

Group	Amount
Class A:	
General	$ 7,944,762
School	6,891,752
School Crossing Guards	382,729
Water	2,826,717
Workforce Development (JTPA)	196,043
Fire Civilians	213,045
Police Civilians	878,675
Total Class A	$ 19,333,723
Class B:	
Fire	$ 17,538,249
Police	18,457,023
Total Class B	$ 35,995,272
Grand Total	$ 55,328,995 (see #2 below)

2. The above contribution includes an additional contribution of $492,606, which is needed to amortize the remaining deferred contribution as of June 30, 1996 over a 30-year period.

3. The assets and liabilities in the valuation do not take the elected officials' pensions into account. Therefore, in addition, the City should contribute an amount sufficient to provide for the payment of the special pensions to elected officials on a pay-as-you-go basis. Any deficiency which arises on account of elected officials whereby the contribution paid for a fiscal year is not sufficient to cover the special pensions paid that year to such retired members should be met by a special contribution by the City.

SECTION VI - ACCOUNTING INFORMATION

Based on our interpretation of Statement 25 of the Governmental Accounting Standards Board, the results of the June 30, 2005 and 2006 actuarial valuations are shown below:

		June 30, 2005	June 30, 2006
1.	Normal cost for employees	$ 9,803,354	$ 10,351,833
2.	Normal cost for employers	$ 8,597,302	$ 9,243,167
3.	Actuarial liability for active members	$ 288,320,340	$ 329,631,610
4.	Actuarial liability for retired members	$ 704,708,807	$ 723,172,952
5.	Total actuarial liability	$ 993,029,147	$ 1,052,804,562
6.	System assets	$ 376,689,759	$ 393,768,316
7.	Unfunded actuarial accrued liability	$ 616,339,388	$ 659,036,246
8.	Ratio of assets to actuarial liability	37.93%	37.40%
9.	Investment return assumption	8.5%	8.5%
10.	Rate of salary increase	graded%*	graded%*

* See Schedule B

SCHEDULE OF EMPLOYER CONTRIBUTIONS
(dollar amounts in thousands)

Year Ended June 30	Annual Required Contribution	Percentage Contribution
1994	$18,612	99.90%
1995	$21,159	53.81%
1996	$16,136	100.00%
1997	$21,089	93.58%
1998	$35,701	57.52%
1999	$37,445	56.15%
2000	$37,415	60.00%
2001	$38,899	60.60%
2002	$42,442	64.18%
2003	$42,008	80.25%
2004	$46,321	85.99%
2005	$49,329	92.15%
2006	$51,454	96.22%

SCHEDULE OF FUNDING PROGRESS
(dollar amounts in thousands)

Year Ended June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1994	$286,956	$500,119	$213,163	57.38%	$84,176	253.23%
1995	$293,454	$460,567	$167,113	63.72%	$88,335	189.18%
1996	$287,320	$699,265	$411,945	41.09%	$84,178	489.38%
1997	$288,800	$732,373	$443,573	39.43%	$88,959	498.63%
1998	$315,000	$732,775	$417,775	42.99%	$99,182	421.22%
1999	$325,576	$746,264	$420,688	43.63%	$106,717	394.21%
2000	$341,817	$798,292	$456,475	42.82%	$114,164	399.84%
2001	$341,986	$821,363	$479,377	41.64%	$116,493	411.51%
2002	$340,550	$867,457	$526,907	39.26%	$114,265	461.13%
2003	$334,929	$899,336	$564,407	37.24%	$115,015	490.72%
2004	$372,128	$1,025,345	$653,217	36.29%	$115,548	565.32%
2005	$376,690	$993,029	$616,339	37.93%	$118,825	518.70%
2006	$393,768	$1,052,805	$659,036	37.40%	$126,458	521.15%

ANNUAL PENSION COST AND NET PENSION OBLIGATION FOR
FISCAL YEARS BEGINNING JULY 1, 2005 AND JULY 1, 2006

The pension cost and net pension obligation as required by Statement 27 of the Governmental Accounting Standards Board are:

Fiscal year beginning July 1, 2005

Net Pension Obligation (NPO) at June 30, 2005	$ 116,394,096
a. Annual Required Contribution	51,453,606
b. Interest on NPO	9,893,498
c. Amortization of NPO	(7,704,928)
Annual Pension Cost	53,642,176
Contributions Paid (not discounted)	(49,509,965)
Increase in NPO	4,132,211
NPO of June 30, 2006	120,526,307

Fiscal year beginning July 1, 2006

Net Pension Obligation (NPO) at June 30, 2006	$ 120,526,307
a. Annual Required Contribution	50,583,838
b. Interest on NPO	10,244,736
c. Amortization of NPO	(8,181,134)
Annual Pension Cost	52,647,440
Expected Contributions to be Paid (not discounted)	(50,583,838)
Increase in NPO	2,063,602
Expected NPO of June 30, 2007	122,589,909

SCHEDULE A

RESULTS OF THE VALUATION AS OF JUNE 30, 2006
(Excluding Elected Officer Funds)

	Class A	Class B			Grand Total
		Fire	Police	Total	
1. Actuarial Accrued Liabilities					
(a) Actuarial accrued value of all future benefits payable to active members	$ 153,114,524	$ 83,993,220	$ 92,523,866	$ 176,517,086	$ 329,631,610
(b) Actuarial accrued value of benefits payable to retirees and beneficiaries including benefits payable on death	197,608,611	266,924,442	252,302,926	519,227,368	716,835,979
(c) Employee contributions of non-active members	5,764,617	356,095	216,261	572,356	6,336,973
(d) Total accrued actuarial liabilities	$ 356,487,752	$ 351,273,757	$ 345,043,053	$ 696,316,810	$ 1,052,804,562
2. Assets of the System	$ 133,332,992	$ 131,382,861	$ 129,052,463	$ 260,435,324	$ 393,768,316
3. Unfunded Value of Total Prospective Contributions by the City (1(d) minus 2)	$ 223,154,760	$ 219,890,896	$ 215,990,590	$ 435,881,486	$ 659,036,246
4. Amortization (24 years)	$ 15,438,217	$ 15,212,417	$ 14,942,588	$ 30,155,005	$ 45,593,222

	Class A	Class B			Grand Total
		Fire	Police	Total	
5. Total Individual Entry Age Normal Cost	$ 9,348,207	$ 4,163,817	$ 5,018,357	$ 9,182,174	$ 18,530,381
6. Employee Normal Cost	$ 6,053,688	$ 2,244,034	$ 2,054,111	$ 4,298,145	$ 10,351,833
7. Net City Normal Cost with Interest	$ 3,723,374	$ 2,169,685	$ 3,350,108	$ 5,519,793	$ 9,243,167
8. Net City Normal Cost without Interest as a Percent of Pay	4.20%	8.41%	11.73%	10.15%	6.47%
9. Amortization of 1995 Deferral	$ 172,132	$ 156,147	$ 164,327	$ 320,474	$ 492,606
10. Total City Appropriation (4 plus 7 plus 9)*	$ 19,333,723	$ 17,538,249	$ 18,457,023	$ 35,995,272	$ 55,328,995
11. Total Contribution Rate for Fiscal Year Beginning July 1, 2005	24.67%	76.84%	73.03%	74.84%	43.75%

*** Assumed payment date, June 30, 2008**

SCHEDULE B

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

INTEREST RATE: 8½% per annum, compounded annually for General Funds and School Teacher Funds.

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of withdrawal and deferred retirement, disability, death and service retirement among members in active service are as follows:

CLASS A

Age	Retirement	Disability	
		Ordinary	Accidental
20		.00025	.00010
25		.00030	.00015
30		.00030	.00015
35		.00050	.00025
40		.00080	.00040
45	.0671	.00125	.00060
50	.0925	.00185	.00090
55	.0859	.00255	.00130
59	.1138	.00370	.00185
60	.1229	.00415	.00210
64	.1741	.00625	.00310
65	.2500	.00680	.00340
70	.2500	.00680	.00340
75	1.0000		

Age	Withdrawal and Deferred Retirement	Ordinary and Accidental Death	
		Men	Women
20	.1413	.00035	.00019
25	.1206	.00038	.00021
30	.0644	.00044	.00026
35	.0473	.00077	.00048
40	.0389	.00108	.00071
45	.0272	.00151	.00112
50	.0174	.00214	.00168
54	.0101	.00281	.00232
55		.00303	.00253
60		.00488	.00393
65		.00757	.00582
70		.00992	.00761

CLASS B

Age	Withdrawal and Deferred Disability	Disability		Ordinary and Accidental Death	
		Ordinary	Accidental	Men	Women
20	.0258	.0001	.0008	.00035	.00019
25	.0183	.0001	.0011	.00038	.00021
30	.0104	.0002	.0017	.00044	.00026
35	.0046	.0025	.0023	.00077	.00048
40	.0029	.0004	.0034	.00108	.00071
45	.0024	.0007	.0060	.00151	.00112
50		.0011	.0104	.00214	.00168
55			.0149	.00281	.00232
59			.0194	.00303	.00253
				.00488	.00393

Age	Retirement
40	.07403
45	.07599
50	.08004
55	.08860
59	.10238
60	.25000
64	.25000
65	1.00000

SALARY INCREASES NOT INCLUDING LONGEVITY: Next 3 years – 4.5%, following 5 years – 4.75%, thereafter – 5%.

ANNUAL INCREASE IN AMORTIZATION PAYMENT: 5%

LONGEVITY TABLES:

CLASS A:

FOR EMPLOYEE HIRED ON OR PRIOR TO OCTOBER 23, 1999:

YEAR OF SERVICE	PERCENTAGE AMOUNT
5 years but less than 10 years	5%
10 years but less than 15 years	6%
15 years but less than 20 years	7%
20 years or more	8%

FOR EMPLOYEES HIRED AFTER OCTOBER 23, 1999:

YEAR OF SERVICE	PERCENTAGE AMOUNT
7 years but less than 12 years	4%
12 years but less than 17 years	5%
17 years but less than 20 years	6%
20 years or more	7%

CLASS B:

FIRE:

FOR EMPLOYEE HIRED ON OR PRIOR TO JUNE 30, 1996

YEAR OF SERVICE	PERCENTAGE AMOUNT
5 years but less than 10 years	8%
10 years but less than 15 years	9%
15 years but less than 20 years	10%
20 years or more	11%

FOR EMPLOYEES HIRED AFTER JUNE 30, 1996

YEAR OF SERVICE	PERCENTAGE AMOUNT
5 years but less than 10 years	7%
10 years but less than 15 years	8%
15 years but less than 20 years	9%
20 years or more	10%

POLICE:

FOR EMPLOYEE HIRED ON OR PRIOR TO JUNE 30, 1998

YEAR OF SERVICE	PERCENTAGE AMOUNT
0 year but less than 6 years	0%
6 years but less than 11 years	8%
11 years but less than 16 years	9%
16 years but less than 21 years	10%
21 years or more	11%

FOR EMPLOYEES HIRED AFTER JUNE 30, 1998

YEAR OF SERVICE	PERCENTAGE AMOUNT
0 year but less than 6 years	0%
6 years but less than 11 years	7%
11 years but less than 16 years	8%
16 years but less than 21 years	9%
21 years or more	10%

DEATHS AFTER RETIREMENT: Based on the RP-2000 Mortality Table producing the following life expectancies.

	CLASS A and CLASS B			
	Service		Disability	
Age	Male	Female	Male	Female
50	30.074	33.268	27.550	30.526
55	25.858	28.686	23.318	26.009
60	21.636	24.272	19.190	21.750
65	17.615	20.126	15.354	17.776
70	13.917	16.270	11.877	14.124

VALUATION METHOD: Individual entry age method. Gains and losses are reflected in the period remaining to liquidate the unfunded accrued liability.

ASSET VALUATION METHOD: Five-year smoothed market value. The actuarial value of assets is determined according to the following general formula, provided such value is within a 20% corridor of the market value:

$$VA = MV - .8I_1 - .6I_2 - .4I_3 - .2I_4$$

where

VA = Valuation assets.

MV = Market value of assets as of the valuation date.

I_n = Investment gain (loss) during n^{th} year preceding the valuation date.

PURCHASED SERVICE LOAD: Due to a lack of purchased service data, loads have been added on to Fire and Police service. The loads were determined by retirement trends found in the preceding two years and are as follows:

Fire Service Load = +0.63 years of service

Police Service Load = +2.11 years of service

Class A did not receive a load as trends showed the impact of purchased service was insignificant.

SCHEDULE C

DETERMINATION OF ADJUSTED ASSET VALUE

Reconciliation of Market Value of Plan Assets (accrual basis), 7/1/2002 - 7/1/2006

	7/1/2002-6/30/2003	7/1/2003-6/30/2004	7/1/2004-6/30/2005	7/1/2005-6/30/2006
Market value at beginning of period	296,510,834	284,231,528	324,641,608	336,498,228
Contributions during period	43,420,094	49,323,326	55,524,329	60,510,427
Total investment income (from auditor's reports)	10,607,665	20,265,697	26,252,786	35,280,488
Benefit payments and expenses	(57,490,294)	(62,776,945)	(68,492,967)	(67,993,906)
Market value at end of period	284,231,528	324,641,608	336,498,228	363,366,076
Expected market value at end of period	304,997,106	292,047,234	336,113,976	354,486,546
Investment gain/(loss) for the year	(20,765,578)	32,594,374	384,252	8,879,530

Year Ended	Investment Gain / (Loss)		Weight		Weighted Gain / (Loss)
6/30/2006	8,879,530	x	0.80	=	7,103,624
6/30/2005	384,252	x	0.60	=	230,551
6/30/2004	32,594,374	x	0.40	=	13,037,750
6/30/2003	(20,765,578)	x	0.20	=	(4,153,116)
					16,218,809

Actuarial Value of Assets = Market Value ***minus*** weighted gain / (loss) =	347,147,267
Plus discounted value of contribution due to be paid on June 30, 2007	46,621,049
Total	393,768,316

The return on the actuarial value of assets was 7.09% for the prior plan year. This created an asset loss of about $4.6 million. The return on a market value basis was about 10.6%.

SCHEDULE D

SUMMARY OF MAIN PROVISIONS OF RETIREMENT SYSTEM

AS INTERPRETED FOR VALUATION PURPOSES

1 – BENEFITS

Final compensation is the average of the highest three years of base compensation including longevity pay earned by a member during his total service as an employee.

Service is total employment by the City plus any purchased service.

Service Retirement Allowance

Conditions for Allowance	The minimum age for service retirement for Class A members is age 55 or the age at which 25 years of service (30 years for members hired after July 1, 1995) are completed if earlier, and for Class B members age 55 or the age at which 20 years of service are completed if earlier.
Amount of Allowance	
Provided by Member	An annuity which is the actuarial equivalent of his accumulated contributions at the time of his retirement, and
Provided by City	For Class A members hired prior to July 1, 1996: A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/40 of his final compensation for each year of total service credited not in excess of 20 years plus 1/50 of his final compensation for each year of total service credited in excess of 20 years. For Class A members hired on or after July 1, 1996: A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/50 of his final compensation for each year of total service credited.

For Police:
A pension which when added to his normal annuity, exclusive of any excess annuity, equals:

1. For members of the bargaining unit hired on or after September 1, 2001:

Eligible Years of Service	Designated Percentage
Prior to 20 years of service	2.5% per year
20 years of service	50%
21 years of service	52%
22 years of service	54%
23 years of service	56%
24 years of service	58%
25 years of service	60%
26 years of service	62%
27 years of service	64%
28 years of service	66%
29 years of service	68%
30 years of service	70%
31 years of service	72%
32 years of service	75%

2. For members of the bargaining unit hired prior to September 1, 2001:

Eligible Years of Service	Designated Percentage
Prior to 20 years of service	2.5% per year
20 years of service	50%
21 years of service	52%
22 years of service	54%
23 years of service	56%
24 years of service	58%
25 years of service	65%
26 years of service	62%
27 years of service	64%
28 years of service	66%
29 years of service	68%
30 years of service	75%
31 years of service	72%
32 years of service	80%

For all other Class B:
A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/40 of his final compensation for each year of total service credited not in excess of 20 years plus 1/50 of his final compensation for each year of total service credited in excess of 20 years but not in excess of 32 years and 6 months.

Deferred Retirement Allowance

Conditions for Allowance — A member who has completed at least 10 years of service may retire and receive a deferred retirement allowance commencing at the minimum age for service retirement.

Amount of Allowance

Provided by Member — A deferred annuity which is the actuarial equivalent of his accumulated contributions, and

Provided by City — See "Service Retirement Allowance."

Ordinary Disability Retirement Allowance

Conditions for Allowance

For Police:
After 10 years but less than 20 years of service.

For All Others:
After 10 years of service, a member under the minimum age for service retirement may be retired for disability upon his own request or upon the request of the head of the department employing him.

Amount of Allowance

Provided by Member — An annuity which is the actuarial equivalent of his accumulated contributions at the time of his retirement, and

Provided by City

If the member is a Class A member:
A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 9/10 of 1/50 of his final compensation for each year of total service which

would have been credited had he continued in service to the minimum age for service retirement, but such retirement allowance, exclusive of any excess annuity, is not to exceed 45% of his final compensation.

For Police:
A pension which when added to his normal annuity will give a total retirement allowance, equal to a percentage of his final compensation, as described in the following table:

Eligible Years of Service	Percentage
10 years of service	22.50%
11 years of service	24.75%
12 years of service	27%
13 years of service	29.25%
14 years of service	31.50%
15 years of service	33.75%
16 years of service	36%
17 years of service	38.25%
18 years of service	40.50%
19 years of service	42.75%

For All other Class B:
A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 9/10 of 1/40 of his final compensation for each year of total service which would have been credited had he continued in service to the minimum age for service retirement, but such retirement allowance, exclusive of any excess annuity, is not to exceed 45% of his final compensation.

Accidental Disability Retirement Allowance

Conditions for Allowance

A member may be retired on account of accidental disability occurring in the performance of duty regardless of age or length of service.

Amount of Allowance

Provided by Member

Non-Police:
An annuity that is the actuarial equivalent of his accumulated contributions at the time of his retirement.

Police:
In light of the member's receipt of the pension stated below, the only annuity payable is the actuarial equivalent of any accumulated additional contributions at the time of his retirement.

and

Provided by City

For All:
A pension of 66-2/3% of his final compensation, but not less than the service retirement allowance. Upon the death of a member within 5 years after accidental disability retirement as a result of an accident while in the performance of duty, a pension of one-half of the member's final compensation is paid to his widow until she dies or remarries, at which point the pension is paid to his child or children until they attain age 19.

Accidental Death Benefit

Conditions for Benefit

An accidental death benefit is payable upon the death of any member due to an accident in the performance of duty.

Amount of Benefit

A pension of one-half of the member's final compensation is paid to his widow until she dies or remarries, at which point the pension is payable to his child or children until they attain age 19. If there are no other dependents, the pension is payable to his dependent parents. In addition, a lump sum payment of the member's accumulated contributions is made.

Withdrawal or Ordinary Death Benefit	A member who withdraws prior to eligibility for retirement receives his accumulated contributions. Should a member die before retirement his accumulated contributions are paid to his estate or beneficiary; provided, however, if he has attained minimum retirement age and has not made an optional election as described below, and is survived by a spouse, such spouse is entitled, in lieu of the return of the member's accumulated contributions, to a benefit equal to that which would have been payable to such spouse upon the death of the member had the member retired on the day of his death and elected to receive a benefit under the provisions of Option 2, as described below, and nominated his spouse as his designated beneficiary, except that for a Class B member the benefit to the spouse shall not be less than 67½% of the benefit that would have been paid to such retired member without reduction.
Benefit upon Death after Retirement	<u>For Class A</u>: Benefits under any option. Also, the excess, if any, of the member's accumulated contributions at retirement over all payments paid out on the member's account. <u>For Class B</u>: Upon the death of a Class B pensioner, 67½% of his retirement allowance is paid to his widow until she dies or remarries, at which point the benefit is paid to his dependent children until they attain age 18. Also, the excess, if any, of the member's accumulated contributions at retirement over the total of all payments paid out on the member's account.
Minimum Benefits	The minimum monthly retirement allowance is $600, prorated for members whose credited service at retirement is less than 25.

Special Privileges at Retirement

At retirement, a member may elect to convert his allowance into a benefit of equivalent actuarial value in accordance with one of the options described below:

Option 1. A reduced retirement allowance payable during the retired member's life, with a provision that in case of death before such payments have equaled the present value of his retirement allowance at the date of retirement, the balance shall be paid to the heirs or assigns; or

Option 2. A reduced retirement allowance payable during the retired member's life, with a provision that after his death it shall be continued during the life of and paid to the person nominated by him by written designation at the time of his retirement; or

Option 3. A reduced retirement allowance payable during the retired member's life, with a provision that after his death an allowance at one-half the rate of his reduced allowance shall be continued during the life of and paid to the person nominated by him by written designation at the time of his retirement; or

Option 4. A reduced retirement allowance payable during the retired member's life, with some other benefit payable after his death, provided that the benefit shall be certified by the actuary and approved by the retirement board. This Option is not available to Police who retire on an Accidental Disability Allowance.

Class B members may not elect Options 2 or 3.

Married Class B members may also not elect Option 1.

Special Privileges upon Attainment of Minimum Retirement Age

Any member who has attained minimum retirement age may elect, in accordance with Option 2, 3, or 4 above, a reduced retirement allowance with provision for benefits to a person having an insurable interest in his life, other than his wife. The benefit is determined as of the member's date of death or retirement, if prior thereto, in accordance with the provisions of the option selected and is in lieu of the return of the member's accumulated contributions if death occurs during the

member's continuance in service after attainment of minimum retirement age. Such election is irrevocable after the option becomes effective unless the designated beneficiary predeceases the member prior to his retirement.

Cost of Living Adjustment

For Class A:
3% compounded, for members who retired prior to 12/18/91; no adjustment for other Class A members.

For Police:

5%, compounded, for members who retired prior to 1/1/90; 6%, compounded, for members who retired between 1/1/90 and 12/18/91; 5% compounded for special court awarded members; 3% compounded for other retired members.

For all other Class B Retirees:

5%, compounded, for members who retired prior to 1/1/90; 6%, compounded, for members who retired between 1/1/90 and 12/18/91; 3% compounded for members who retired between 7/1/1992 and 6/30/1993 and between 7/1/2001 and 6/30/2004; 5% compounded for special court awarded members; and, 3%, simple, on first $12,000 of annual benefit for other retired members.

The initial COLA payment is deferred until the January 1 that occurs three years after the member's retirement date.

Special Provisions for Certain Elected Officials

Any person who has served as Mayor or City Councilman for at least eight full legislative years is entitled to a retirement allowance on the basis of such service as an elected official upon attainment of age 52 or the completion of 20 consecutive years as an elected official, whichever is earlier, or the occurrence of total and permanent disability prior thereto.

Such retirement allowance is currently $350 for each year of service, provided that no more than 20 years of such service are to be used in determining the allowance.

Upon the death of any such elected official, benefits are payable in accordance with the Class A provisions of the act.

An elected official may elect to withdraw his accumulated contributions in lieu of his rights to the allowance based on service as an elected official.

2 – CONTRIBUTIONS

Provided by Members

For Class A: 8% of their salaries.

For Police: 8% of their salaries

For all other Class B Members: 9½% of their salaries.

The Mayor and members of the City Council are required to contribute at the rate of $350 per year.

Provided by City

The City makes the balance of contributions needed to fund the system.

In addition the City shall contribute from time to time amounts sufficient with the contributions of elected officials to provide the special pensions granted to elected officials.

SCHEDULE E

TABLES OF EMPLOYEE DATA

TABLE 1

The Number and Annual Salaries of Members Distributed By 5th Age and Service As of June 30, 2006

CLASS A

SERVICE AGE	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-36	37+	TOTAL	
<20	1										1	NUMBER
	33,731										33,731	SALARY
20-24	12	13	1								26	NUMBER
	379,877	432,142	40,081								852,100	SALARY
25-29	16	51	54	5							126	NUMBER
	809,032	1,684,609	1,527,489	112,513							4,133,643	SALARY
30-34	16	55	96	40	2						209	NUMBER
	570,244	1,826,002	3,073,777	1,213,395	56,829						6,740,247	SALARY
35-39	11	66	81	77	36	2					273	NUMBER
	377,510	2,451,958	2,871,239	2,556,857	1,443,364	63,582					9,764,509	SALARY
40-44	14	70	100	64	56	11	1				316	NUMBER
	458,398	2,618,836	3,345,493	2,339,445	2,438,635	505,932	51,810				11,758,550	SALARY
45-49	10	48	112	76	72	24	17	7			366	NUMBER
	381,407	1,854,052	3,304,076	2,689,094	3,089,491	1,111,979	780,240	356,857			13,567,197	SALARY
50-54	9	45	90	82	68	26	22	41	1		384	NUMBER
	467,240	1,927,962	2,739,899	2,733,866	2,396,409	1,124,492	1,217,587	2,091,568	53,734		14,752,758	SALARY
55-59	10	36	47	40	47	8	11	26	4	8	237	NUMBER
	527,913	1,801,349	1,462,760	1,290,309	1,741,295	366,903	460,161	1,537,399	172,214	381,348	9,741,650	SALARY
60-64	5	14	29	30	19	5	7	4	1	5	119	NUMBER
	167,151	732,318	923,610	1,117,170	660,066	258,897	342,182	160,463	20,594	278,747	4,661,198	SALARY
65-69	1	9	11	11	10	2	3	1			48	NUMBER
	18,582	301,782	322,118	419,021	365,355	52,937	147,810	47,329			1,674,935	SALARY
70-74		4	4	1		2			1		12	NUMBER
		126,638	87,106	20,925		127,456			53,601		415,727	SALARY
75-76		1	1		2					2	6	NUMBER
		36,376	20,594		83,466					77,297	217,733	SALARY
77+					2						2	NUMBER
					46,607						46,607	SALARY
TOTAL	105	412	626	426	314	80	61	79	7	15	2,125	NUMBER
	4,191,086	15,794,024	19,718,243	14,492,595	12,321,517	3,612,179	2,999,791	4,193,616	300,143	737,392	78,360,585	SALARY

TABLE 2

The Number and Annual Salaries of Members Distributed By 5th Age and Service As of June 30, 2006

CLASS B

SERVICE AGE	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-36	TOTAL	
20-24	3	2	1							6	NUMBER
	130,514	87,009	49,908							267,430	SALARY
25-29	5	46	10							61	NUMBER
	217,523	2,161,838	508,560							2,887,921	SALARY
30-34	1	41	38	8						88	NUMBER
	43,505	1,966,335	1,968,606	384,323						4,362,769	SALARY
35-39	1	40	38	110	36					225	NUMBER
	43,505	1,925,502	1,972,655	5,651,826	1,908,901					11,502,388	SALARY
40-44	1	12	12	80	123	17	1			246	NUMBER
	43,505	578,099	623,128	4,003,779	6,454,532	937,481	59,436			12,699,959	SALARY
45-49	1	4	7	29	70	45	26			182	NUMBER
	46,574	294,074	356,084	1,421,812	3,670,176	2,620,646	1,571,201			9,980,567	SALARY
50-54			1	11	12	14	35	9		82	NUMBER
			50,474	573,333	619,931	759,811	2,166,364	572,826		4,742,739	SALARY
55-59		1			2	4	12	7	2	28	NUMBER
		92,118			99,407	215,414	642,400	476,660	127,163	1,653,162	SALARY
TOTAL	12	146	107	238	243	80	74	16	2	918	NUMBER
	525,123	7,104,974	5,529,415	12,035,074	12,752,947	4,533,351	4,439,401	1,049,486	127,163	48,096,935	SALARY

TABLE 3

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2006

SERVICE RETIREMENTS

CLASS A

AGE	NUMBER	AMOUNT
46	2	52,939
47	3	65,243
48	2	53,479
49	6	117,428
50	5	108,568
51	11	220,080
52	5	142,729
53	14	293,132
54	21	602,029
55	20	463,098
56	22	350,390
57	29	644,600
58	29	480,752
59	40	832,588
60	24	480,101
61	35	556,647
62	30	509,009
63	46	750,042
64	25	429,880
65	36	521,657
66	55	774,874
67	34	504,091
68	46	522,125
69	43	595,510
70	43	541,527
71	34	449,881
72	46	688,869
73	59	882,937
74	47	628,627
75	54	846,775

TABLE 3 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2006

SERVICE RETIREMENTS

CLASS A

AGE	NUMBER	AMOUNT
76	59	926,057
77	48	717,413
78	42	599,416
79	41	588,601
80	39	540,576
81	31	388,601
82	38	518,181
83	19	184,160
84	23	286,575
85	23	244,269
86	24	308,574
87	25	329,379
88	17	207,903
89	15	149,797
90	12	120,601
91	11	102,836
92	3	25,516
93	8	60,688
94	3	12,884
95	2	9,584
96	4	37,655
98	2	20,911
99	1	3,630
102	1	3,050
TOTAL	1,357	20,496,464

TABLE 4

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2006

SERVICE RETIREMENTS

CLASS B

AGE	NUMBER	AMOUNT
41	1	5,200
42	0	0
43	4	104,612
44	1	25,153
45	4	96,714
46	3	84,826
47	3	67,039
48	7	197,957
49	9	239,181
50	7	257,103
51	11	316,078
52	19	563,293
53	13	388,699
54	15	417,798
55	17	527,204
56	18	674,523
57	15	460,926
58	23	654,120
59	30	990,327
60	18	551,175
61	21	749,147
62	18	622,259
63	15	526,006
64	7	236,341
65	8	228,053
66	12	409,170
67	9	219,426
68	11	348,230
69	16	447,462

TABLE 4 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2006

SERVICE RETIREMENTS

CLASS B

AGE	NUMBER	AMOUNT
70	10	297,222
71	12	392,094
72	10	319,118
73	14	459,040
74	13	377,459
75	9	177,723
76	18	429,845
77	17	536,123
78	15	400,310
79	16	483,634
80	10	239,529
81	18	429,638
82	9	162,678
83	14	383,670
84	8	214,034
85	10	202,222
86	5	95,423
87	0	0
88	3	65,069
89	0	0
90	2	28,511
91	0	0
92	1	14,256
105	1	14,256
TOTAL	550	16,129,876

TABLE 5

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2006

ELECTIVE OFFICIALS AND DEPENDENTS
OF ELECTIVE OFFICIALS

AGE	NUMBER	AMOUNT
57	1	2,258
59	1	2,847
64	2	7,158
66	2	7,716
68	3	13,688
70	1	3,246
76	3	17,017
79	1	3,179
80	1	5,989
82	3	8,707
86	1	10,113
91	1	4,900
94	1	5,644
96	1	1,732
TOTAL	22	94,194

TABLE 6

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2006

DISABILITY RETIREMENTS

CLASS A

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
39	1	28,595	1	3,218	2	31,813
40	0	0	0	0	0	0
41	1	6,432	0	0	1	6,432
42	0	0	1	23,768	1	23,768
43	0	0	0	0	0	0
44	1	17,703	0	0	1	17,703
45	1	13,851	0	0	1	13,851
46	1	12,906	1	28,926	2	41,832
47	2	9,333	1	15,905	3	25,238
48	0	0	0	0	0	0
49	2	22,418	0	0	2	22,418
50	1	6,230	0	0	1	6,230
51	0	0	2	38,780	2	38,780
52	1	4,828	2	54,826	3	59,654
53	0	0	3	58,845	3	58,845
54	1	8,585	1	17,796	2	26,381
55	0	0	1	15,971	1	15,971
56	0	0	3	50,774	3	50,774
57	2	49,873	1	16,849	3	66,722
58	0	0	3	72,426	3	72,426
59	1	4,087	5	97,832	6	101,919
60	0	0	0	0	0	0
61	0	0	0	0	0	0
62	0	0	3	45,735	3	45,735
63	1	17,881	2	40,540	3	58,421
64	0	0	5	93,459	5	93,459
65	0	0	3	36,840	3	36,840
66	1	8,978	5	76,580	6	85,558
67	0	0	3	53,296	3	53,296
68	1	9,404	1	7,569	2	16,973

TABLE 6 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2006

DISABILITY RETIREMENTS

CLASS A

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
69	0	0	3	24,170	3	24,170
70	0	0	3	44,175	3	44,175
71	0	0	6	121,461	6	121,461
72	0	0	4	59,898	4	59,898
73	0	0	0	0	0	0
74	0	0	0	0	0	0
75	1	19,559	3	46,466	4	66,025
76	1	23,331	2	35,398	3	58,729
77	0	0	1	20,748	1	20,748
78	0	0	0	0	0	0
79	0	0	2	23,851	2	23,851
80	0	0	1	5,300	1	5,300
81	1	6,534	2	24,827	3	31,361
82	1	10,891	0	0	1	10,891
83	0	0	2	24,092	2	24,092
84	0	0	0	0	0	0
85	0	0	1	5,059	1	5,059
86	0	0	0	0	0	0
87	0	0	1	10,869	1	10,869
92	1	10,891	0	0	1	10,891
102	0	0	1	13,095	1	13,095
TOTAL	23	292,310	79	1,309,344	102	1,601,654

TABLE 7

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2006

DISABILITY RETIREMENTS

CLASS B

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
36	1	16,797	1	36,054	2	52,851
37	0	0	0	0	0	0
38	0	0	3	108,236	3	108,236
39	0	0	4	113,848	4	113,848
40	1	16,688	2	63,095	3	79,783
41	0	0	2	42,332	2	42,332
42	1	16,917	4	122,543	5	139,460
43	0	0	4	135,425	4	135,425
44	1	16,872	7	220,553	8	237,425
45	0	0	4	165,537	4	165,537
46	1	18,839	6	208,905	7	227,744
47	1	15,414	5	241,665	6	257,079
48	0	0	14	520,473	14	520,473
49	1	16,992	5	179,048	6	196,040
50	0	0	10	317,795	10	317,795
51	0	0	10	398,501	10	398,501
52	0	0	10	393,833	10	393,833
53	0	0	11	459,855	11	459,855
54	0	0	11	367,263	11	367,263
55	0	0	15	629,658	15	629,658
56	0	0	13	518,870	13	518,870
57	0	0	14	597,111	14	597,111
58	1	31,200	22	1,037,871	23	1,069,071
59	1	30,783	25	1,012,562	26	1,043,345
60	1	18,195	18	767,174	19	785,369
61	0	0	20	821,770	20	821,770
62	0	0	15	778,314	15	778,314
63	0	0	15	654,593	15	654,593
64	0	0	11	437,136	11	437,136
65	0	0	13	538,724	13	538,724

TABLE 7 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2006

DISABILITY RETIREMENTS

CLASS B

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
66	0	0	19	945,347	19	945,347
67	0	0	18	967,573	18	967,573
68	1	17,347	3	111,311	4	128,658
69	0	0	8	349,758	8	349,758
70	0	0	11	653,964	11	653,964
71	0	0	3	103,605	3	103,605
72	0	0	13	754,299	13	754,299
73	0	0	7	480,364	7	480,364
74	0	0	10	551,741	10	551,741
75	0	0	9	511,206	9	511,206
76	0	0	5	238,072	5	238,072
77	0	0	6	286,469	6	286,469
78	1	14,256	6	338,950	7	353,206
79	0	0	7	249,132	7	249,132
80	0	0	6	283,500	6	283,500
81	0	0	4	185,239	4	185,239
82	0	0	3	83,694	3	83,694
83	0	0	1	23,392	1	23,392
84	0	0	1	13,577	1	13,577
85	1	15,483	1	27,169	2	42,652
91	0	0	2	48,825	2	48,825
99	0	0	1	16,241	1	16,241
TOTAL	13	245,783	438	19,112,172	451	19,357,955

TABLE 8

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2006

DISABILITY RETIREMENTS

GRAND TOTAL

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
36	1	16,797	1	36,054	2	52,851
37	0	0	0	0	0	0
38	0	0	3	108,236	3	108,236
39	1	28,595	5	117,066	6	145,661
40	1	16,688	2	63,095	3	79,783
41	1	6,432	2	42,332	3	48,764
42	1	16,917	5	146,311	6	163,228
43	0	0	4	135,425	4	135,425
44	2	34,575	7	220,553	9	255,128
45	1	13,851	4	165,537	5	179,388
46	2	31,745	7	237,831	9	269,576
47	3	24,747	6	257,570	9	282,317
48	0	0	14	520,473	14	520,473
49	3	39,410	5	179,048	8	218,458
50	1	6,230	10	317,795	11	324,025
51	0	0	12	437,281	12	437,281
52	1	4,828	12	448,659	13	453,487
53	0	0	14	518,700	14	518,700
54	1	8,585	12	385,059	13	393,644
55	0	0	16	645,629	16	645,629
56	0	0	16	569,644	16	569,644
57	2	49,873	15	613,960	17	663,833
58	1	31,200	25	1,110,297	26	1,141,497
59	2	34,870	30	1,110,394	32	1,145,264
60	1	18,195	18	767,174	19	785,369
61	0	0	20	821,770	20	821,770
62	0	0	18	824,049	18	824,049
63	1	17,881	17	695,133	18	713,014
64	0	0	16	530,595	16	530,595
65	0	0	16	575,564	16	575,564

TABLE 8 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2006

DISABILITY RETIREMENTS

GRAND TOTAL

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
66	1	8,978	23	997,414	24	1,006,392
67	0	0	21	1,020,869	21	1,020,869
68	2	26,751	4	118,880	6	145,631
69	0	0	11	373,928	11	373,928
70	0	0	14	698,139	14	698,139
71	0	0	9	225,066	9	225,066
72	0	0	17	814,197	17	814,197
73	0	0	7	480,364	7	480,364
74	0	0	10	551,741	10	551,741
75	1	19,559	12	557,672	13	577,231
76	1	23,331	7	273,470	8	296,801
77	0	0	7	307,217	7	307,217
78	1	14,256	6	338,950	7	353,206
79	0	0	9	272,983	9	272,983
80	0	0	7	288,800	7	288,800
81	1	6,534	6	210,066	7	216,600
82	1	10,891	3	83,694	4	94,585
83	0	0	3	47,484	3	47,484
84	0	0	1	13,577	1	13,577
85	1	15,483	2	32,228	3	47,711
86	0	0	0	0	0	0
87	0	0	1	10,869	1	10,869
91	0	0	2	48,825	2	48,825
92	1	10,891	0	0	1	10,891
99	0	0	1	16,241	1	16,241
102	0	0	1	13,095	1	13,095
105+	0	0	1	24,513	1	24,513
TOTAL	36	538,093	517	20,421,516	553	20,959,609

TABLE 9

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF BENEFICIARIES OF DECEASED ACTIVE AND RETIRED MEMBERS DISTRIBUTED BY AGE AS OF JUNE 30, 2006

AGE	NUMBER	AMOUNT
33	1	7,948
34	1	31,278
37	1	27,762
39	1	20,943
41	2	57,563
45	1	22,836
46	1	31,976
47	3	91,586
48	2	28,037
49	3	87,704
50	1	24,420
51	2	62,906
52	5	140,727
53	4	98,369
54	4	58,285
55	1	18,651
56	9	205,837
57	2	48,353
58	4	105,225
59	3	53,520
60	5	85,489
61	8	266,453
62	3	61,092
63	6	109,871
64	7	143,731
65	5	153,437
66	8	241,914
67	8	218,608
68	9	205,151
69	7	80,979

TABLE 9 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF BENEFICIARIES OF DECEASED ACTIVE AND RETIRED MEMBERS DISTRIBUTED BY AGE AS OF JUNE 30, 2006

AGE	NUMBER	AMOUNT
70	11	180,218
71	9	133,522
72	13	209,208
73	12	221,772
74	11	289,899
75	11	199,996
76	13	215,478
77	13	247,237
78	16	211,757
79	21	358,548
80	18	247,987
81	9	116,718
82	18	255,573
83	11	148,768
84	13	174,520
85	9	109,061
86	11	133,554
87	11	102,338
88	10	105,828
89	11	109,755
90	5	57,561
91	8	81,095
92	4	31,548
93	10	128,612
94	2	28,511
95	4	42,555
96	3	39,402
97	2	22,170
98	1	4,647
100	2	25,146
103	1	11,170
TOTAL	410	7,034,805

SCHEDULE F

30 YEAR APPROPIATION FORECAST

Fiscal Year Ending	Normal Cost	Past Service Amortization	Deferral Amortization	Total
6/30/2007	$ 8,597,301	$ 41,493,931	$ 492,606	$ 50,583,838
6/30/2008	9,243,167	45,593,222	492,606	55,328,995
6/30/2009	9,659,110	47,872,883	492,606	58,024,599
6/30/2010	10,093,770	50,266,527	492,606	60,852,903
6/30/2011	10,547,990	52,779,853	492,606	63,820,449
6/30/2012	11,049,020	55,418,846	492,606	66,960,472
6/30/2013	11,573,848	58,189,788	492,606	70,256,242
6/30/2014	12,123,606	61,099,277	492,606	73,715,489
6/30/2015	12,699,477	64,154,241	492,606	77,346,324
6/30/2016	13,302,702	67,361,953	492,606	81,157,261
6/30/2017	13,967,837	70,730,051	492,606	85,190,494
6/30/2018	14,666,229	74,266,554	492,606	89,425,389
6/30/2019	15,399,540	77,979,882	492,606	93,872,028
6/30/2020	16,169,517	81,878,876	492,606	98,540,999
6/30/2021	16,977,993	85,972,820	492,606	103,443,419
6/30/2022	17,826,893	90,271,461	492,606	108,590,960
6/30/2023	18,718,238	94,785,034	492,606	113,995,878
6/30/2024	19,654,150	99,524,286	492,606	119,671,042
6/30/2025	20,636,858	104,500,500	492,606	125,629,964
6/30/2026	21,668,701	109,725,525	492,606	131,886,832
6/30/2027	22,752,136	115,211,801	492,606	138,456,543
6/30/2028	23,889,743	120,972,391	492,606	145,354,740
6/30/2029	25,084,230	127,021,011	492,606	152,597,847
6/30/2030	26,338,442	133,372,062	492,606	160,203,110
6/30/2031	27,655,364	140,040,665	492,606	168,188,635
6/30/2032	29,038,132	-	-	29,038,132
6/30/2033	30,490,039	-	-	30,490,039
6/30/2034	32,014,541	-	-	32,014,541
6/30/2035	33,615,268	-	-	33,615,268
6/30/2036	35,296,031	-	-	35,296,031

SCHEDULE G

GAIN/(LOSS) BREAKDOWN

7/1/05 Unfunded Liability	616,339,388
With interest to 7/1/06	668,728,236
Amortization of Unfunded as of 7/1/06	38,243,254
Expected Unfunded as of 7/1/06	630,484,982
Actual Unfunded as of 7/1/06	659,036,246
Gain/(Loss)	(28,551,264)
Assumption Changes *	(16,122,897)
Asset Gain/(Loss)	(4,616,342)
Liability Gain/(Loss)	(7,812,025)
Active Decrements	25,412,766
Salary Increases	(3,758,667)
New Active Participants	(4,776,805)
Inactive Mortality	5,185,868
Retiree Status Transitions	(5,773,360)
New Pensioners	(24,101,827)

* Purchased service load

City of Atlanta Police Officers' Pension Fund

Actuarial Valuation Report
as of
January 1, 2007

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SOUTHERN ACTUARIAL SERVICES

Post Office Box 888343
Atlanta, Georgia 30356-0343
Telephone 770.392.0980
Facsimile 770.392.2193
www.southernactuarial.com

January 7, 2008

Board of Trustees
City of Atlanta Police Officers' Pension Fund
c/o Administrative Services, Inc.
2187 Northlake Parkway, Suite 106
Tucker, GA 30084

Ladies and Gentlemen:

This report presents the results of the actuarial valuation of the City of Atlanta Police Officers' Pension Fund as of January 1, 2007. The purpose of this report is to provide a summary of the funded status of the plan as of January 1, 2007, to determine the minimum required contribution for the 2008 plan year, and to determine the annual required contribution and accounting disclosures pursuant to Governmental Accounting Standard Nos. 25 and 27 (GASB 25/27).

Recommended Contribution

Currently, the plan receives contributions from the City of Atlanta and from employees. Employees contribute either 6% or 7% of base salary, depending on whether the employee has any beneficiaries who would be eligible for death benefits under the plan. The City contributes the amount that is actuarially determined as a level percentage of payroll, where the unfunded accrued liability is scheduled to be eliminated as of January 1, 2024 and payroll is assumed to increase at the rate of 4.00% per year. The contribution is based on the actuarial valuation results as of January 1 of the preceding plan year.

For the 2008 plan year, the minimum required contribution is 54.51% of payroll after taking into account expected employee contributions of 6.59% of payroll. This amount represents a decrease of 2.17% of payroll from the required contribution for the 2007 plan year.

The minimum required contribution decreases or increases due to experience gains and losses, respectively. The primary source of experience gains and losses is the investment return. As of December 31, 2006, an asset and income statement was not available from the plan's auditor. Therefore, we have based the December 31, 2006 on the best information that was available as of the date of this report.

During 2006, the market value of assets gained 11.34% as compared with an assumed return of 7.75%. However, rather than reflect the entire amount of the unrealized gains and losses immediately, the actuarial value of assets is based on a five-year phase-in of the unrealized

appreciation. On this basis, the actuarial value of assets only gained 10.92% for the year, which was still above the assumed 7.75% return.

We will continue to monitor the assumptions used to determine the City's contribution and will make changes as necessary to reflect future expectations.

Contents of the Report

A summary of the results of the valuation is presented in Table I, while Table II provides a historical record of the City's contribution percentage. A detailed breakdown of the liabilities of the plan by type of benefit is presented in Table III. Information for the auditors can be found in Tables IV and V. Tables VI through VIII provide information about the fund's assets. In particular, Table VI provides a breakdown of the fund assets by investment type, and Tables VII and VIII provide a historical record of the growth, expenditures, and annual yields of the fund. Tables IX through XII provide a variety of useful information concerning the participant population. Finally, Table XIII provides a summary of the assumptions and methods used to complete the valuation and Table XIV provides a summary of the plan provisions.

Certification

To the best of our knowledge, this report fairly and accurately represents the liabilities of the plan as of January 1, 2007 based on the participant data and asset information provided by the City of Atlanta and the plan provisions and actuarial assumptions set forth herein. We believe that these assumptions are reasonable in the aggregate and represent our best estimate of anticipated experience. All calculations set forth herein conform to generally accepted actuarial principles and practices and comply with our current understanding of the requirements of the Georgia Code and the Governmental Accounting Standards Board.

Respectfully submitted,

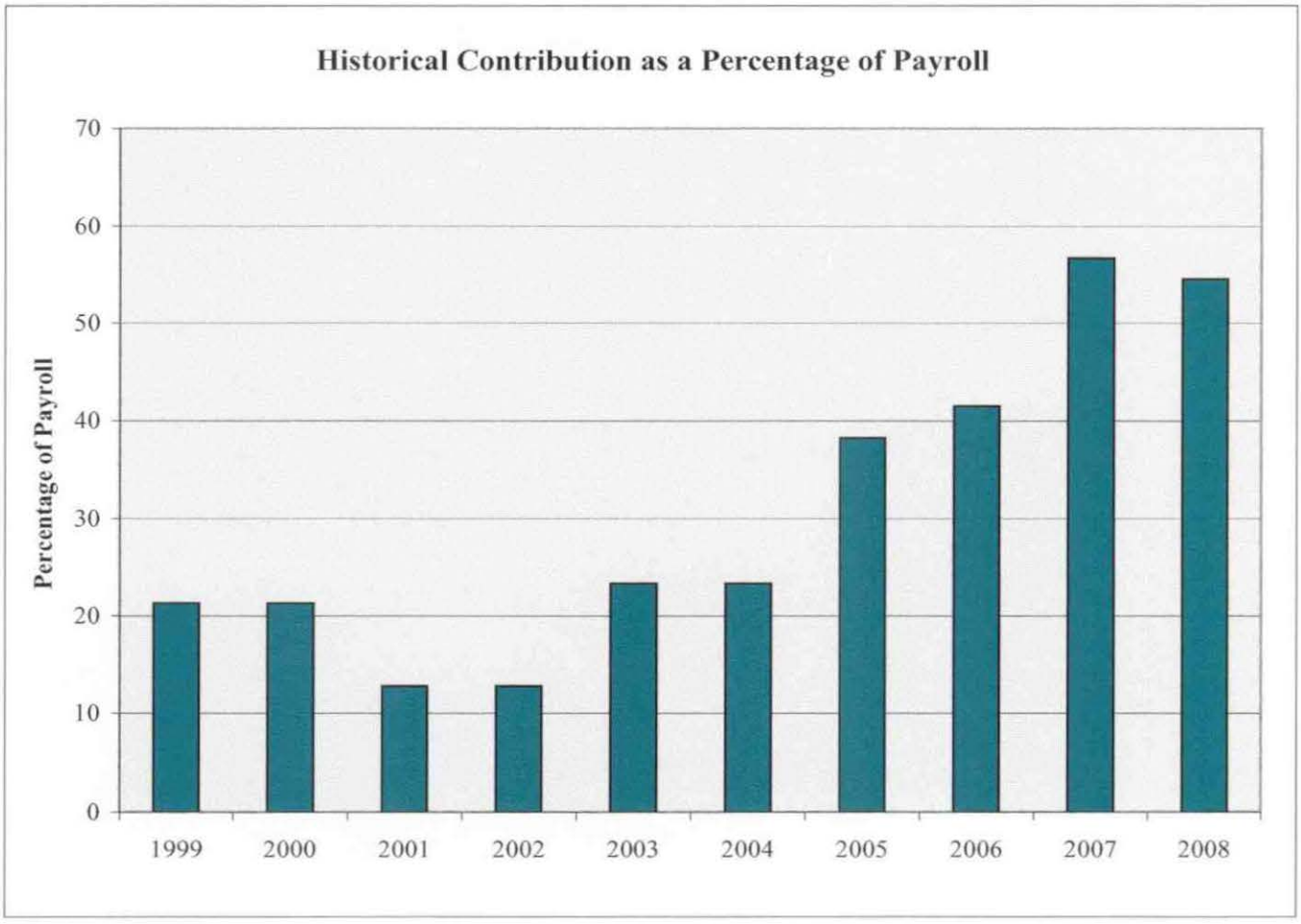
Charles T. Carr
Consulting Actuary
Enrolled Actuary No. 05-04927

SUMMARY OF VALUATION RESULTS — TABLE I

	As of January 1, 2006	As of January 1, 2007
1. Number of Participants		
a. Active Participants		
i. Fully Vested	884	783
ii. Partially Vested	316	333
iii. Non-Vested	575	619
iv. Sub-total	**1,775**	**1,735**
b. Deferred Vested Participants	**0**	**0**
c. Retired Participants		
i. Service Retirement	783	853
ii. Disability Retirement	103	107
iii. Beneficiaries	229	244
iv. Sub-total	**1,115**	**1,204**
d. Total Participants	**2,890**	**2,939**
2. Expected Annual Compensation *	**$73,515**	**$77,168**
3. Development of Required Contribution *		
a. Actuarial Accrued Liability	$817,255	$850,886
b. Actuarial Value of Assets	($464,368)	($512,259)
c. Unfunded Actuarial Accrued Liability (UAAL)	$352,887	$338,627
d. Amortization Payment Towards UAAL	$26,872	$27,000
e. Normal Cost	$21,516	$22,036
f. Initial Annual Cost	$48,388	$49,036

	For the 2007 Plan Year	For the 2008 Plan Year
4. Minimum Required Contribution		
a. Level Percent Amortization of UAAL	35.15 %	33.64 %
b. Normal Cost Percentage	28.14 %	27.46 %
c. Total Contribution Percentage	63.29 %	61.10 %
d. Effective Employee Contribution	(6.61)%	(6.59)%
e. Minimum Required Employer Contribution	**56.68 %**	**54.51 %**

** dollar amounts are shown in 000's*



Plan Year	Employer Contribution Percentage	Plan Year	Employer Contribution Percentage	Plan Year	Employer Contribution Percentage
1999	21.31%	2003	23.33%	2007	56.68%
2000	21.31%	2004	23.33%	2008	54.51%
2001	12.77%	2005	38.27%		
2002	12.77%	2006	41.55%		

LIABILITIES AS OF January 1, 2007

TABLE III

	Retirement Benefits	Disability Benefits	Withdrawal Benefits	Pre-Ret. Death Benefits	Return of Employee Contributions		Total
1. Present Value of Future Benefits							
a. Active participants	$503,691	$17,206	$2,342	$12,455	$790		$536,484
b. Def. vested participants	$0	$0	$0	$0	$0		$0
c. Retired participants:							
Retirees	$394,660	$44,935	$0	$0	$0		$439,595
Beneficiaries	$39,526	$0	$0	$0	$0		$39,526
d. Total	**$937,877**	**$62,141**	**$2,342**	**$12,455**	**$790**		**$1,015,605**
2. Entry Age Accrued Liability							
a. Active participants	$349,581	$11,438	$1,382	$8,867	$497		$371,765
b. Def. vested participants	$0	$0	$0	$0	$0		$0
c. Retired participants:							
Retirees	$394,660	$44,935	$0	$0	$0		$439,595
Beneficiaries	$39,526	$0	$0	$0	$0		$39,526
d. Total	**$783,767**	**$56,373**	**$1,382**	**$8,867**	**$497**		**$850,886**
3. Entry Age Normal Cost	**$19,061**	**$1,119**	**$290**	**$548**	**$170**		**$21,188**
4. Present Value of Vested Benefits							
a. Active participants	$232,913	$11,666	$746	$6,985	$1,038		$253,348
b. Def. vested participants	$0	$0	$0	$0	$0		$0
c. Retired participants:							
Retirees	$394,660	$44,935	$0	$0	$0		$439,595
Beneficiaries	$39,526	$0	$0	$0	$0		$39,526
d. Total	**$667,099**	**$56,601**	**$746**	**$6,985**	**$1,038**		**$732,469**
5. Present Value of Accrued Benefits							
a. Active participants	$257,004	$11,666	$1,290	$7,116	$494		$277,570
b. Def. vested participants	$0	$0	$0	$0	$0		$0
c. Retired participants:							
Retirees	$394,660	$44,935	$0	$0	$0		$439,595
Beneficiaries	$39,526	$0	$0	$0	$0		$39,526
d. Total	**$691,190**	**$56,601**	**$1,290**	**$7,116**	**$494**		**$756,691**

**** all amounts are shown in 000's***

	For the 2007/08 Fiscal Year	For the 2008/09 Fiscal Year
A. Number of Plan Participants as of Preceding January 1		
a. Retirees and beneficiaries receiving benefits	1,115	1,204
b. Terminated plan participants entitled to but not yet receiving benefits	0	0
c. Active plan participants	1,775	1,735
d. Total	2,890	2,939
B. Development of Annual Required Contribution (ARC) *		
a. Employer normal cost:		
i. Total normal cost (EOY)	$21,899	$22,432
ii. Expected employee contribution	($5,144)	($5,383)
iii. Employer normal cost	**$16,755**	**$17,049**
b. Amortization of UAAL:		
i. PV of future benefits	$974,751	$1,015,605
ii. PV of future employer normal costs	($114,594)	($120,134)
iii. PV of future employee contributions	($42,902)	($44,585)
iv. Actuarial accrued liability (AAL)	$817,255	$850,886
v. Actuarial value of assets	($464,368)	($512,259)
vi. Unfunded AAL (UAAL)	$352,887	$338,627
vii. Amortization of UAAL	**$28,474**	**$27,009**
c. Amortization of NPO	**$0**	**$0**
d. **ARC** (Item B.a.iii. plus item B.b.vii. plus item B.c.)	**$45,229**	**$44,058**
C. Annual Pension Cost and Net Pension Obligation (NPO) *		
a. ARC	$45,229	$44,058
b. Interest on NPO	$0	$0
c. Adjustment to ARC	$0	$0
d. **Annual Pension Cost**	**$45,229**	**$44,058**
e. Contributions made (w/ interest to EOY)	($45,229)	($44,058)
f. Increase(decrease) in NPO	$0	$0
g. NPO (beginning of year)	$0	$0
h. **NPO (end of year)**	**$0**	**$0**

** dollar amounts are shown in 000's*

The City's fiscal year runs from July 1 through June 30.

D. Schedule of Employer Contributions **

Year Ended December 31	Annual Required Contribution	Percentage Contributed	Annual Pension Cost	Percentage Contributed
2003	$15,062	100%	$15,062	100%
2004	$30,459	100%	$30,459	100%
2005	$25,271	100%	$25,271	100%
2006 ***	$15,687	100%	$15,687	100%
2007 ***	$45,229	100%	$45,229	100%
2008 ***	$44,058	100%	$44,058	100%

**** As of July 1, 2006, the City's fiscal year runs from July 1 to June 30.*

E. Schedule of Funding Progress **

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) – (1)	(4) Funded Ratio (1) ÷ (2)	(5) Covered Payroll	(6) UAAL as % of Covered Payroll (3) ÷ (5)
1/1/2002	$448,676	$541,209	$92,533	82.9%	$64,588	143.3%
1/1/2003	$437,282	$592,428	$155,146	73.8%	$66,371	233.8%
1/1/2004	$440,212	$617,501	$177,289	71.3%	$63,274	280.2%
1/1/2005	$444,460	$658,861	$214,401	67.5%	$70,973	302.1%
1/1/2006	$464,368	$817,255	$352,887	56.8%	$73,515	480.0%
1/1/2007	$512,259	$850,886	$338,627	60.2%	$77,168	438.8%

F. Additional Information

	January 1, 2006	January 1, 2007
Valuation date		
Actuarial cost method	Individual entry age	Individual entry age
Amortization method	Level percent closed	Level percent closed
Remaining amortization period	45 years from 1/1/1979	45 years from 1/1/1979
Asset valuation method	Five-year smoothed market	Five-year smoothed market
Actuarial assumptions:		
Investment rate of return *	7.75%	7.75%
Projected salary increases *	4.00%	4.00%
* Includes inflation at:	3.00%	3.00%
Cost-of-living adjustments	3.00%	3.00%

*** dollar amounts are shown in 000's.*

1. Actuarial Present Value of Accrued Benefits

		As of January 1, 2006	As of January 1, 2007
a.	Vested Benefits:		
	i. Participants currently receiving benefits	$421,738	$479,121
	ii. Other participants	$282,900	$253,348
	iii. Sub-total	$704,638	$732,469
b.	Non-Vested Benefits	$22,078	$24,222
c.	Total Benefits	**$726,716**	**$756,691**
d.	Market Value of Assets	$522,868	$579,340
e.	Funded Ratio	71.95%	76.56%

2. Statement of Change in Actuarial Present Value of Accrued Benefits

a.	Actuarial Present Value as of January 1, 2006	**$726,716**
b.	Increase (Decrease) During 2006 Plan Year Due to:	
	i. Interest	$56,320
	ii. Benefits accumulated	$6,529
	iii. Benefits paid	($32,874)
	iv. Plan amendments	$0
	v. Changes in actuarial assumptions or methods	$0
	vi. Net increase (decrease)	$29,975
c.	Actuarial Present Value as of January 1, 2007	**$756,691**

3. Items Affecting Calculation of Actuarial Present Value of Accrued Benefits

a. Plan provisions reflected in the accrued benefits (see Table XIV on page 18)
b. Actuarial assumptions and methods used to determine present values (see Table XIII on page 16)

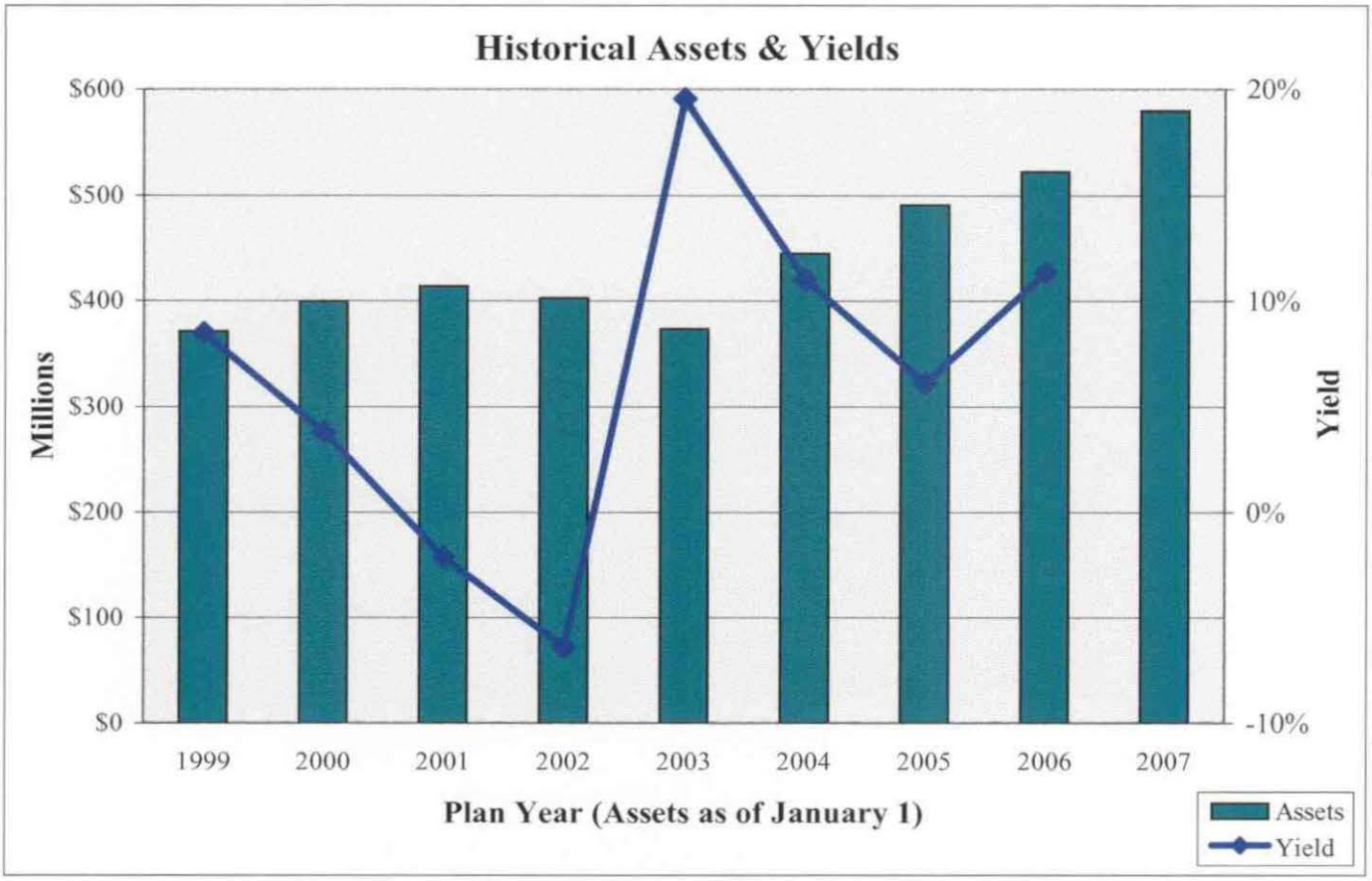
	As of January 1, 2006	As of January 1, 2007
1. Market Value of Assets (in 000's)		
a. Cash and cash equivalents (2%)	$22,549	$14,090
b. Government bonds & notes (0%)	$169,304	
c. Corporate bonds (96%)	$25,612	$556,248
d. Equities (0%)	$298,157	
e. Repurchase agreements (0%)	$0	$0
f. Real estate (0%)	$0	$0
g. Mortgages (0%)	$5,039	$0
h. Accrued income receivable (0%)	$0	$0
i. Contributions receivable (2%)	$9,508	$9,002
j. Other receivables (0%)	$8,083	$0
k. Benefits and accounts payable (0%)	($15,383)	$0
l. Other payables (0%)	($1)	$0
m. Market value of assets	**$522,868**	**$579,340**

2. Actuarial Value of Assets (in 000's)							
a. Market value of assets			$522,868				$579,340
b. Five-year phase-in of unrealized investment appreciation:							
i. 2002	$38,397	*x 20%* =	$7,679				
ii. 2003	($60,222)	*x 40%* =	($24,089)		*x 20%* =		($12,044)
iii. 2004	($40,261)	*x 60%* =	($24,157)		*x 40%* =		($16,104)
iv. 2005	($22,416)	*x 80%* =	($17,933)		*x 60%* =		($13,450)
v. 2006	($31,854)				*x 80%* =		($25,483)
vi. Total unrecognized losses(gains)			($58,500)				($67,081)
c. Actuarial Value of Assets (Item a. plus item b., but within an 80-120% corridor of item a.)			**$464,368**				**$512,259**

Note:

The percentages in parentheses indicate the proportion of assets committed to each type of investment as of January 1, 2007.

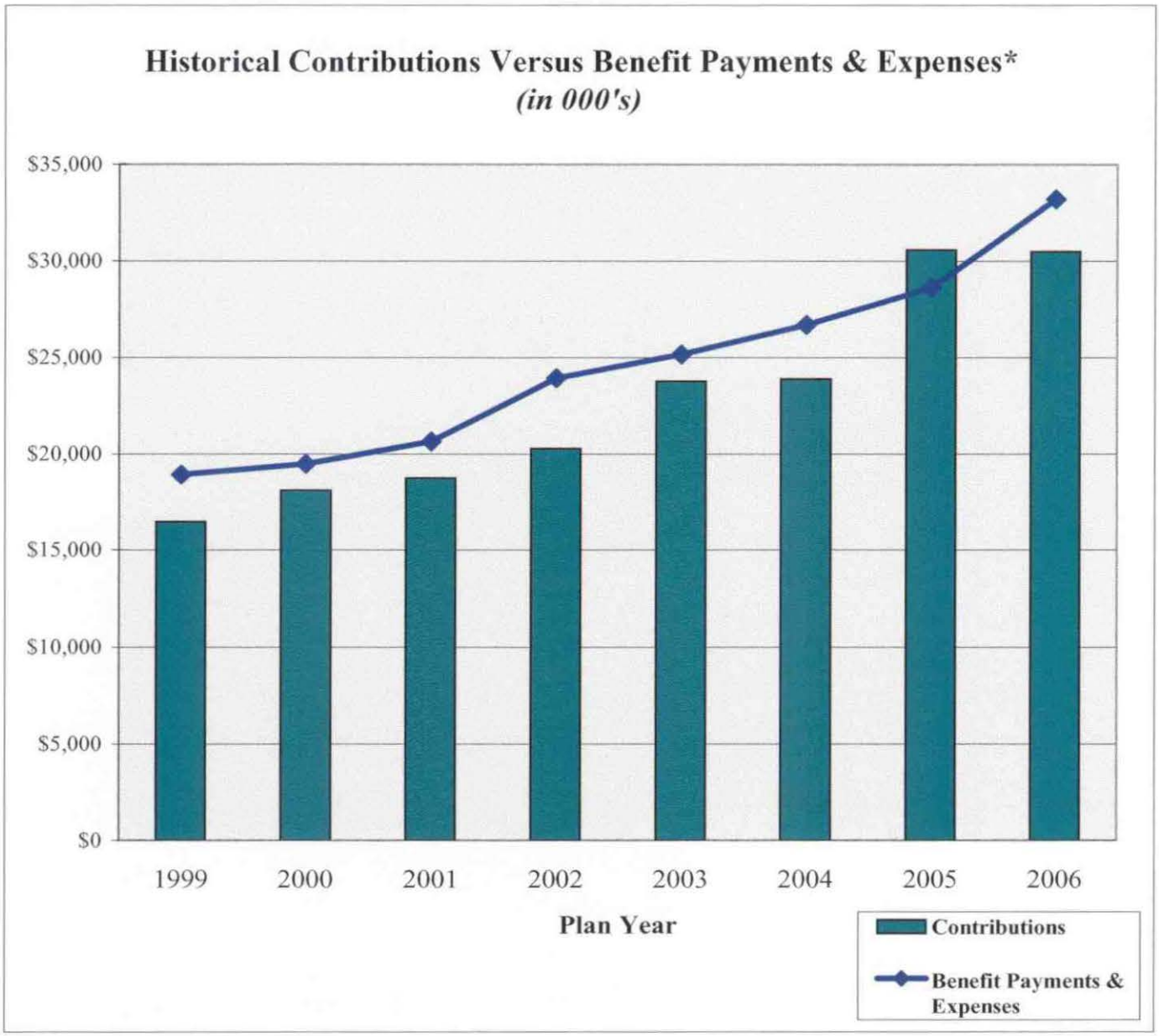
Audited asset information was not available as of the date of this report.



Plan Year	Market Value as of January 1	Actuarial Value as of January 1	Benefit Payments	Expenses	Contributions	Market Value Yield	Actuarial Value Yield
1999	$370,953		$18,555	$359	$16,471	8.49%	
2000	$399,889	$384,083	$18,986	$496	$18,108	3.78%	8.51%
2001	$413,593		$20,020	$611	$18,750	-2.15%	8.51%
2002	$402,836	$448,676	$22,163	$1,769	$20,279	-6.42%	-1.73%
2003	$373,446	$437,282	$24,838	$324	$23,755	19.56%	0.99%
2004	$444,943	$440,212	$26,453	$223	$23,875	11.01%	1.61%
2005	$490,982	$444,460	$28,247	$360	$30,576	6.08%	4.03%
2006	$522,868	$464,368	$32,874	$314	$30,494	11.34%	10.92%
2007	$579,340	$512,259					

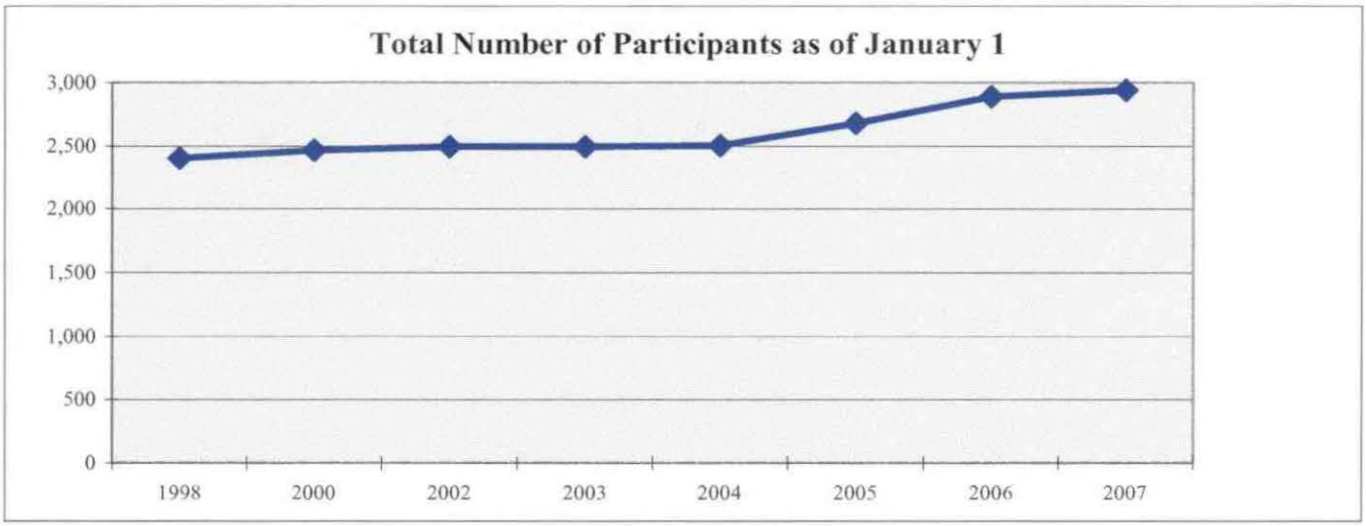
** all dollar amounts are shown in 000's*

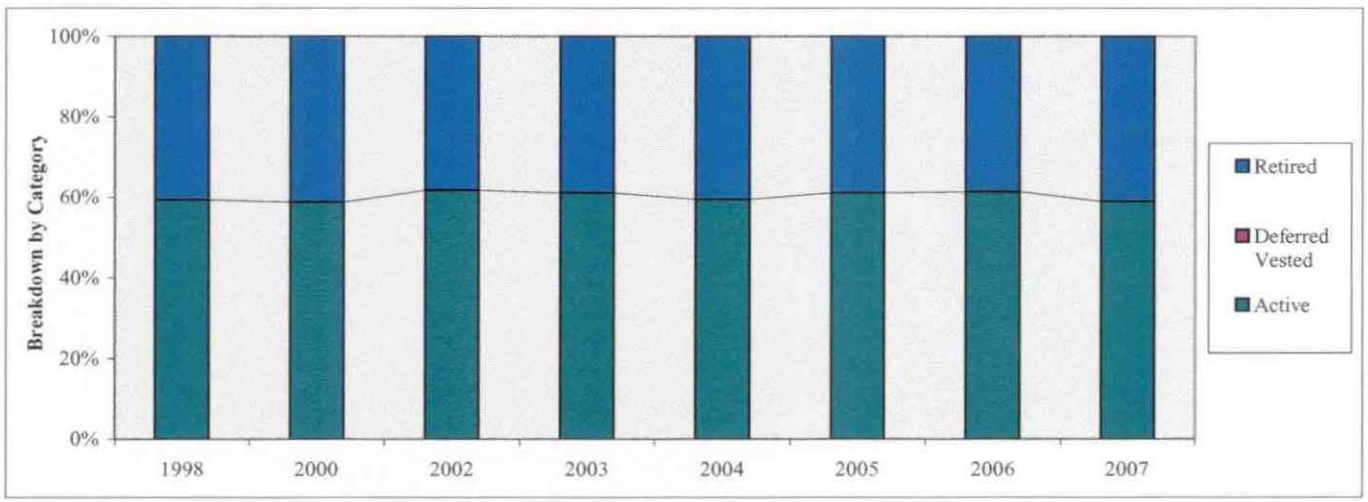
Audited asset information was not available after December 31, 2005.



* *Please reference Table VII on page 10 for the historical benefit payments, expenses, and contributions.*

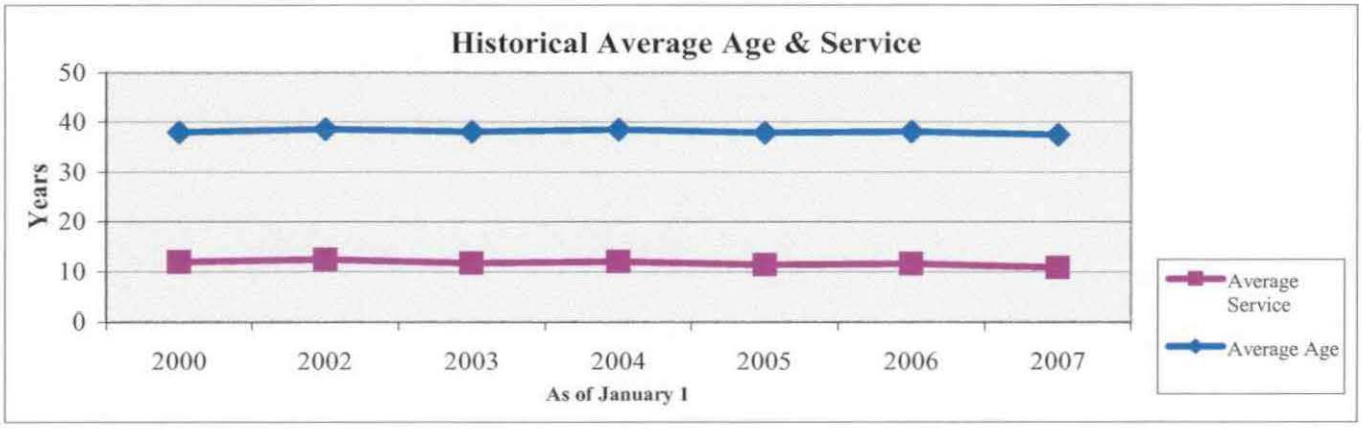
Audited asset information was not available after December 31, 2005.





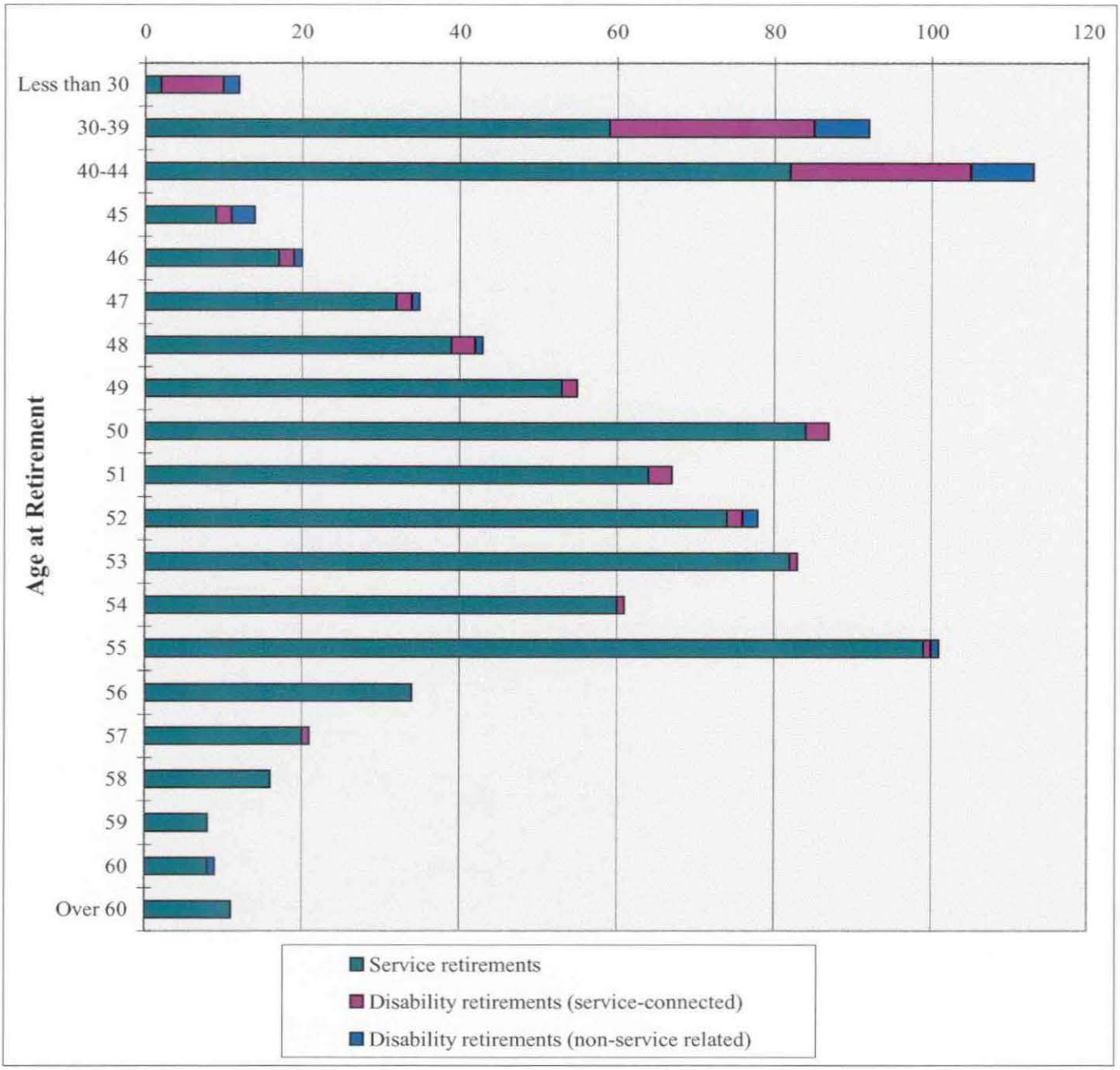
	As of January 1, 2006	As of January 1, 2007
1. Active Participants		
a. Fully Vested	884	783
b. Partially Vested	316	333
c. Non-Vested	575	619
d. Sub-total	**1,775**	**1,735**
2. Deferred Vested Participants *	**0**	**0**
3. Retired Participants		
a. Service Retirement	783	853
b. Disability Retirement	103	107
c. Beneficiaries	229	244
d. Sub-total	**1,115**	**1,204**
4. Total Participants	**2,890**	**2,939**

** information concerning deferred vested participants was not readily available*



Date	Average Service Earned	Average Attained Age	Date	Average Service Earned	Average Attained Age
1/1/2000	11.9	38.0	1/1/2005	11.3	37.9
1/1/2002	12.4	38.7	1/1/2006	11.6	38.1
1/1/2003	11.7	38.1	1/1/2007	10.8	37.5
1/1/2004	12.0	38.5			

Date	Average Salary Rate	Increase from Prior Year	Date	Average Salary Rate	Increase from Prior Year
1/1/2000	$39,478		1/1/2005	$44,256	1.99%
1/1/2002	$43,729	10.77%	1/1/2006	$44,442	0.42%
1/1/2003	$43,203	-1.20%	1/1/2007	$46,305	4.19%
1/1/2004	$43,394	0.44%			



Note: Results are based on retiree data as of January 1, 2007.

Average benefit being paid to members on service retirement is $2,737.37 per month.
Average benefit being paid to members on disability retirement is $2,270.66 per month.
Average benefit being paid to beneficiaries is $1,165.40 per month.

AGE-SERVICE-SALARY TABLE

TABLE XII

Attained Age	Completed Years of Service										
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25	**38**	**57**	**4**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**99**
Avg.Pay	24,486	36,413	20,831	0	0	0	0	0	0	0	31,205
25 to 29	**69**	**192**	**66**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**327**
Avg.Pay	27,494	38,732	38,560	0	0	0	0	0	0	0	36,326
30 to 34	**26**	**124**	**117**	**20**	**1**	**0**	**0**	**0**	**0**	**0**	**288**
Avg.Pay	26,591	38,082	40,488	50,055	47,773	0	0	0	0	0	38,887
35 to 39	**15**	**49**	**100**	**128**	**43**	**1**	**0**	**0**	**0**	**0**	**336**
Avg.Pay	28,243	38,954	44,195	50,500	55,629	50,157	0	0	0	0	46,601
40 to 44	**10**	**26**	**27**	**55**	**136**	**57**	**1**	**0**	**0**	**0**	**312**
Avg.Pay	20,478	40,120	41,547	51,045	58,041	60,761	54,133	0	0	0	53,167
45 to 49	**5**	**4**	**12**	**16**	**59**	**56**	**56**	**0**	**0**	**0**	**208**
Avg.Pay	22,725	37,264	41,235	49,967	56,909	61,622	65,577	0	0	0	57,874
50 to 54	**1**	**2**	**6**	**7**	**17**	**24**	**61**	**8**	**0**	**0**	**126**
Avg.Pay	21,822	72,425	38,452	53,751	56,928	56,408	61,055	67,930	0	0	58,437
55 to 59	**0**	**0**	**1**	**5**	**3**	**4**	**11**	**5**	**2**	**0**	**31**
Avg.Pay	0	0	45,019	53,045	53,189	61,041	60,737	68,022	73,210	0	60,278
60 to 64	**0**	**1**	**0**	**0**	**0**	**2**	**1**	**2**	**1**	**0**	**7**
Avg.Pay	0	188,812	0	0	0	61,870	56,027	82,719	56,027	0	84,292
65 to 69	**0**	**0**	**0**	**0**	**0**	**1**	**0**	**0**	**0**	**0**	**1**
Avg.Pay	0	0	0	0	0	65,283	0	0	0	0	65,283
70 & up	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
Total	**164**	**455**	**333**	**231**	**259**	**145**	**130**	**15**	**3**	**0**	**1,735**
Avg.Pay	26,115	38,833	41,073	50,708	57,214	60,354	62,884	69,933	67,482	0	46,305

1. Actuarial Cost Method

Individual entry age normal cost method

2. Decrements

- **Mortality**
  Sex-distinct mortality rates set forth in the 1983 Group Annuity Mortality Table

- **Disability**
  50% of the sex-distinct disability rates derived from the 1974 study of disability experience under the Social Security system; 75% of disabilities are assumed to be service-connected. A sample of disability rates is set forth in the following tables:

Male Rates

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	0.0600%	30	0.095%	40	0.198%	50	0.522%
25	0.0745%	35	0.132%	45	0.308%	55	0.909%

Female Rates

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	0.0300%	30	0.077%	40	0.191%	50	0.457%
25	0.0445%	35	0.131%	45	0.290%	55	0.766%

- **Permanent Withdrawal from Active Status**
  Withdrawal rates were derived from a study of actual plan experience covering the period 1982 through 1986. A sample of withdrawal rates is set forth in the following table:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	15.0%	30	7.8%	40	2.30%	50	0.956%
25	11.4%	35	4.9%	45	1.35%	55	0.000%

- **Retirement**
  Retirement is assumed to occur in accordance with the rates set forth in the following table, except that 100% retirement is assumed to occur upon the attainment of 30 years of service:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
45	2%	49	2%	53	10%	57	20%
46	2%	50	2%	54	15%	58	20%
47	2%	51	5%	55	50%	59	20%
48	2%	52	5%	56	50%	60	100%

3. Interest Rate

- **Used for Calculating All Liabilities (including GASB 25/27 liabilities)**
  7.75% per annum

4. Cost-of-Living Adjustment for Retirement Benefits

For purposes of determining the annual cost-of-living adjustment for retirees, the Consumer Price Index is assumed to increase at the rate of 3.00% per year.

5. Salary Increases

Individual salaries have been assumed to increase at the rate of 4.00% compounded annually.

6. Unused Vacation

All participants are assumed to have accumulated 30 days of unused vacation upon termination employment, retirement, or death.

7. Payroll Increase

Total payroll has been assumed to grow at the rate of 4.00% per year for purposes of amortizing the unfunded actuarial accrued liability as a level percentage of payroll.

8. Surviving Beneficiaries

Those active participants who are making the additional 1% employee contribution to provide a survivor benefit to their eligible beneficiaries are assumed to have only one surviving beneficiary of the opposite sex of the employee. Males are assumed to be three years older than females for this purpose.

9. Expenses

All costs and liabilities have been loaded by 1.00% to cover anticipated administrative expenses. In addition, the interest rate set forth in item 3. above is assumed to be net of investment expenses and commissions.

10. Assets

The actuarial value of assets is equal to the market value of assets adjusted to reflect a five-year phase-in of the net investment appreciation (or depreciation).

1. Monthly Accrued Benefit

3% of Average Monthly Earnings multiplied by up to 26.667 years of Creditable Service

2. Normal Retirement Age and Benefit

- **Age**
  Any age with at least 30 years of Creditable Service *(only for participants covered by the '05 Amendment)*; or
  Age 55 with at least 10 years of Creditable Service; or
  Age 65 with at least 5 years of Creditable Service
- **Amount**
  Monthly Accrued Benefit
- **Form of Payment**
  Life annuity *(for those participants without an eligible beneficiary)*; or
  75% joint and contingent annuity *(for those participants with an eligible beneficiary; benefits continue in equal shares to the participant's dependent children upon the death of the participant's spouse or domestic partner or, for participants not covered by the '86 Amendment, upon the remarriage of the participant's spouse or domestic partner)*

  Note: All annuity forms of payment include an automatic cost-of-living adjustment effective each January 1 based on the increase in the Consumer Price Index as of the preceding November 1 and limited to 3%. All annuity forms of payment also provide a minimum payout equal to the employee's accumulated contributions, with interest credited after 1985 at the rate of 5% per year (or less than 5% with respect to any year during which the trust fund earns less than 5% on its investments).

3. Early Retirement Age and Benefit

- **Age**
  Any age with at least 10 years of Creditable Service
- **Amount**
  Monthly Accrued Benefit *(payable at age 55)*; or
  Monthly Accrued Benefit reduced by ½% for each of the first 60 months and by ¼% for each additional month by which the participant's Early Retirement Age precedes age 55 *(payable at Early Retirement Age)*; or
  Monthly Accrued Benefit reduced by ¼% for each month by which the participant's Early Retirement Age precedes age 55 *(payable at Early Retirement Age and only applicable if the participant was hired prior to April 1, 1978 and has earned at least 25 years of Creditable Service)*
- **Form of Payment**
  Same as for Normal Retirement

4. Delayed Retirement Age and Benefit

- **Age**
  After Normal Retirement Age
- **Amount**
  Monthly Accrued Benefit
- **Form of Payment**
  Same as for Normal Retirement

5. Disability Retirement Eligibility and Benefit

- **Eligibility**
  All active participants are eligible if the disability is service-connected;
  At least five years of Creditable Service is required otherwise.
- **Condition**
  The participant must become "totally and permanently disabled" and must remain so disabled until age 55. "Totally and permanently disabled" means the participant is in a continuous state of incapacity due to illness or injury, is prevented from performing his regular assigned or comparable duties during the first 12 months of his disability, and is thereafter prevented from engaging in any occupation for which he is or becomes reasonably qualified by education, training, or experience. With respect to participants who are not covered by the '86 Amendment, the participant must only be prevented from performing his regular assigned or comparable duties during the entire period of his disability.
- **Amount**
  For participants who incur a catastrophic injury in the line of duty:
    100% of the top salary for the grade and position occupied by the participant at the time of disability
  For all other participants who are covered by the '86 Amendment:
    Greater of 50% of Average Monthly Earnings at the time of disability or Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 75% of the participant's salary at the time of disability *(payable until the earlier of recovery from disability or age 55)*; and
    Monthly Accrued Benefit based on Average Monthly Earnings at the time of disability and Creditable Service including the period during which the participant was disabled, but excluding any cost-of-living adjustments that were previously applied to the participant's disability payments *(payable at age 55)*

Disability Retirement Eligibility and Benefit *(continued)*

For all other participants with a service-connected disability:

Greater of 70% of the top salary for the grade and position occupied by the participant at the time of disability or Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 100% of the participant's salary at the time of disability

For all other participants:

Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 100% of the participant's salary at the time of disability

- **Form of Payment**
  Same as for Normal Retirement

6. Deferred Vested Benefit

- **Age**
  Any age with at least five years of Creditable Service
- **Amount**
  Monthly Accrued Benefit multiplied by the participant's Vested Percentage and payable at age 60
- **Form of Payment**
  Same as for Normal Retirement

7. Pre-Retirement Death Benefit

For participants who die in the line of duty and who are covered by the '86 Amendment:

100% of the participant's base salary at the time of his death, offset by worker's compensation or other payments received for line of duty injuries prior to the participant's death *(payable for the first two years after the participant's death)*; and

75% of the Monthly Accrued Benefit *(payable thereafter)*

For all other participants who die in the line of duty:

100% of the participant's base salary at the time of his death, offset by worker's compensation or other payments received for line of duty injuries prior to the participant's death *(payable for the first two years after the participant's death)*; and

75% of the greater of: (a) the Monthly Accrued Benefit, or (b) 70% of the top salary for the grade and position occupied by the participant at his death *(payable thereafter)*

For all other participants:

75% of the Monthly Accrued Benefit

8. Vested Percentage

Retirement benefits become vested in accordance with the following schedule:

Years of Creditable Service	Vested Percentage
Less than five	0%
At least five, but less than six	25%
At least six, but less than seven	30%
At least seven, but less than eight	35%
At least eight, but less than nine	40%
At least nine, but less than 10	45%
At least 10	100%

9. Average Monthly Earnings

The participant's Average Monthly Earnings is equal to: (a) the average of the participant's Base Salary for the highest 36 consecutive months during his period of Creditable Service; plus (b) the difference between the highest and lowest daily rate of pay during such 36-month period multiplied by the days of unused sick leave and divided by 36; plus (c) a credit based on accumulated unused vacation.

10. Base Salary

The employee's basic salary excluding overtime pay and other special compensation; pursuant to IRC section 401(a)(17), total annual plan compensation is limited to $200,000 as indexed.

11. Employee Contribution

All participating employees must make the required pre-tax contribution to the plan. The required contribution is 7% of basic salary for those participants who have an eligible beneficiary for death benefits and 6% of basic salary for all other participants. An eligible beneficiary is the participant's legal spouse, registered domestic partner, or unmarried child under the age of 18 (or under age 23 if a full-time student). The participant must have been married or registered to his legal spouse or domestic partner for at least one year prior to his death in order for such individual to be an eligible beneficiary. *(Prior to March, 1994, the required contribution was 1% higher for all participants and the contribution was made on an after-tax basis.)*

12. Creditable Service

Creditable Service includes "base creditable service" and an "unused sick leave service credit," plus military service as required by federal law. Base creditable service is granted for all periods of full-time employment as a police officer with the City of Atlanta provided that the employee has made the required contribution for such period of service. An unused sick leave service credit is granted by dividing the participant's days of unused sick leave by the number of work days set forth in the following chart:

Years of Base Creditable Service	Work Days
Less than five	239
At least five, but less than 10	236
At least 10, but less than 15	233
At least 15, but less than 20	230
At least 20	226

Creditable Service also includes other service with the City of Atlanta if the relevant contributions are transferred into this plan and may include prior service with the State of Georgia, Fulton County, Dekalb County, or as a teacher in a public school system or private college or university within the State of Georgia if the required contribution is made to the plan.

13. Participation Requirement

All full-time police officers employed by the City of Atlanta are eligible to participate in the plan.

14. Plan Effective Date

April 1, 1978

City of Birmingham Retirement and Relief System

Actuarial Valuation and Review
as of July 1, 2007

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SEGAL

The Segal Company
2018 Powers Ferry Road, Suite 850 Atlanta, GA 30339-5003
T 678.306.3100 F 678.306.3190 www.segalco.com

May 9, 2008

Board of Managers
City of Birmingham Retirement and Relief System
710 North 20th Street, GA 100 City Hall
Birmingham, Alabama 35203

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of July 1, 2007. It summarizes the actuarial data used in the valuation, establishes the funding requirements for the upcoming fiscal year and analyzes the preceding year's experience.

The census information on which our calculations were based was prepared by the Plan and the financial information was provided by the City's Finance Department. That assistance is gratefully acknowledged. The actuarial calculations were completed under the supervision of Deborah K. Brigham, FCA, ASA, MAAA, EA.

This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board of Managers are reasonably related to the experience of and the expectations for the Plan.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

THE SEGAL COMPANY

By: _____ Deborah K. Brigham

Leon F. (Rocky) Joyner, Jr., FCA, ASA, MAAA, EA
Vice President and Consulting Actuary

Deborah K. Brigham, FCA, ASA, MAAA, EA
Vice President and Associate Actuary

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Purpose

This report has been prepared by The Segal Company to present a valuation of the City of Birmingham Retirement and Relief System as of July 1, 2007. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Pension Plan, as administered by the Board;
- The characteristics of covered active participants, inactive vested participants, and retired participants and beneficiaries as of July 1, 2007, provided by the Board;
- The assets of the Plan as of June 30, 2007, provided by the Administrative Office;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

Significant Issues in Valuation Year

The following key findings were the result of this actuarial valuation:

- The recommended contribution for the upcoming year is $29,637,800, or 17.66% of payroll. This is an increase of 0.25% of pay over the 17.41% recommended amount last year. City and employee contributions are 13.00% of payroll, producing a deficit of 4.66%. As of June 30, 2007, due to contributions in prior years being greater than the recommended amounts, the System has accumulated a Net Pension Asset of $10,032,349 (see Exhibit V in Section 4). **Therefore, if the total contributions remain at 13.00% of payroll, the System's funding obligation will be met for the upcoming year.** However, it should be noted that the Net Pension Asset has decreased by over 44% since June 30, 2003, from $18,012,681 to $10,032,349. The Net Pension Asset has decreased by an average amount of almost $2 million per year. At this rate, the Net Pension Asset will be depleted in five years. We will monitor this annually and report to the Board any changes in funding status.
- The contribution rate includes a normal cost portion, for benefits allocated to the current year, and an amortization of the unfunded actuarial accrued liability. The Entry Age Normal Cost Method, which is used for the funding of this Plan, strives to maintain a level normal cost. This year's normal cost percentage is 14.47% as compared to 14.57% last year.
- The Plan had a market value rate of return of 9.76% for the year ended June 30, 2007. The actuarial investment rate of return was 7.55%, which exceeded the assumed rate of 7.00% and resulted in an actuarial investment gain of $4,888,854. The actuarial value of assets is $935,821,094, or 98.0% of market value.

- The administrative expense assumption was increased from $150,000 to $180,000 for the coming year. There have been no other assumption or plan changes since the prior valuation.
- Note that the audited financial information received rounds all results to the nearest thousand. The results in this valuation report are shown to the dollar. Therefore, occasionally rounded numbers are combined with unrounded ones.

Summary of Key Valuation Results

	2007	2006
Contributions for plan year beginning July 1:		
Recommended	$29,637,800	$28,346,705
Recommended contribution as a percentage of payroll	17.66%	17.41%
Actual contributions (employer and employee)	--	22,713,614
Funding elements for plan year beginning July 1:		
Normal cost, including administrative expenses	$24,280,510	$23,723,246
Market value of assets	955,376,508	898,671,013
Actuarial value of assets	935,821,094	898,671,013
Actuarial accrued liability	992,864,448	946,584,547
Unfunded actuarial accrued liability	57,043,354	47,913,534
GASB 25/27 for plan year beginning July 1:		
Annual required employer contributions	$14,818,900	$14,173,353
Actual employer contributions	--	12,006,508
Percentage contributed	--	84.71%
Funded ratio	94.25%	94.94%
Covered payroll	$167,807,596	$162,849,137
Demographic data for plan year beginning July 1:		
Number of retired participants and beneficiaries	2,352	2,255
Number of vested former participants*	211	204
Number of active participants	3,760	3,782
Total payroll	$167,807,596	$162,849,137
Average payroll	44,630	43,059

* *Includes future pensioners currently receiving benefits from the Supplemental System.*

A. PARTICIPANT DATA

The Actuarial Valuation and Review considers the number and demographic characteristics of covered participants, including active participants, vested terminated participants, retired participants and beneficiaries.

This section presents a summary of significant statistical data on these participant groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A and B.

A historical perspective of how the participant population has changed over the past ten valuations can be seen in this chart.

CHART 1

Participant Population: June 30, 1998 – June 30, 2007

Year Ended June 30	Active Participants	Vested Terminated Participants*	Retired Participants and Beneficiaries	Ratio of Non-Actives to Actives
1998	3,762	266	1,757	0.54
1999	3,942	266	1,784	0.52
2000	3,933	264	1,857	0.54
2001	4,081	244	1,906	0.53
2002	3,878	212	2,017	0.57
2003	3,867	196	2,095	0.59
2004	3,915	177	2,158	0.60
2005	3,802	231	2,239	0.65
2006	3,782	204	2,255	0.65
2007	3,760	211	2,352	0.68

* *Includes future pensioners currently receiving benefits from the Supplemental System.*

Active Participants

Plan costs are affected by the age, years of service and payroll of active participants. In this year's valuation, there were 3,760 active participants with an average age of 44.6, average years of service of 12.4 years and average payroll of $44,630. The 3,782 active participants in the prior valuation had an average age of 44.5, average service of 12.5 years and average payroll of $43,059.

Inactive Participants

In this year's valuation, there were 211 participants with a vested right to a deferred or immediate vested benefit. This includes 185 possible future pensioners currently receiving benefits from the Firemen's and Policemen's Supplemental Pension System.

These graphs show a distribution of active participants by age and by years of service.

CHART 2

Distribution of Active Participants by Age as of June 30, 2007

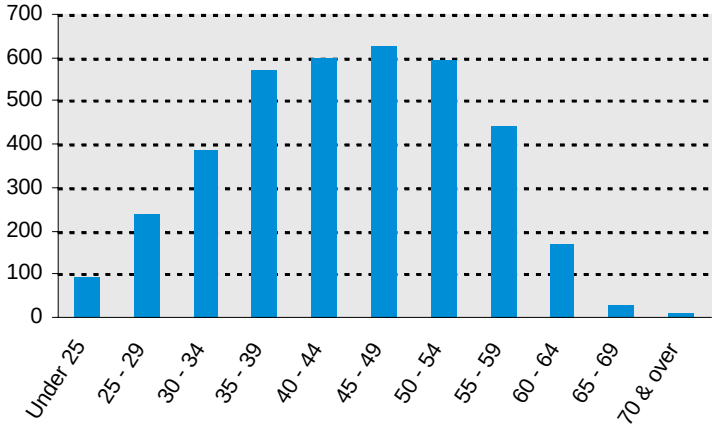
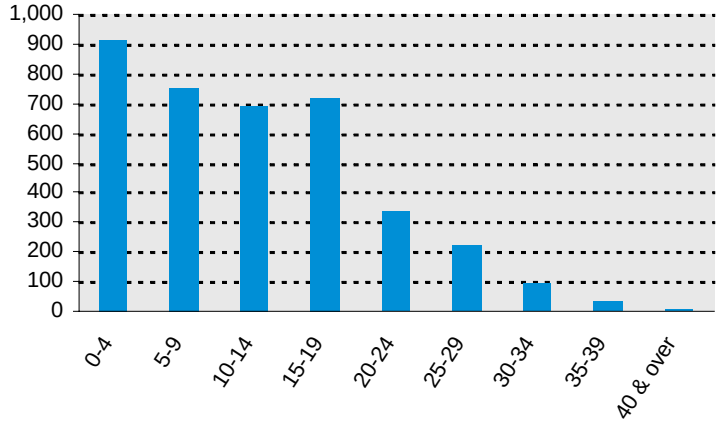


CHART 3

Distribution of Active Participants by Years of Service as of June 30, 2007



Retired Participants and Beneficiaries

As of June 30, 2007, 1,921 retired participants and 431 beneficiaries were receiving total monthly benefits of $3,995,680. For comparison, in the previous valuation, there were 1,822 retired participants and 433 beneficiaries receiving monthly benefits of $3,724,803. There was one retired participant in suspended status this year and none in the prior valuation.

These graphs show a distribution of the current retired participants and beneficiaries based on their monthly amount and age, by type of pension.

CHART 4

Distribution of Retired Participants and Beneficiaries by Type and by Monthly Amount as of June 30, 2007

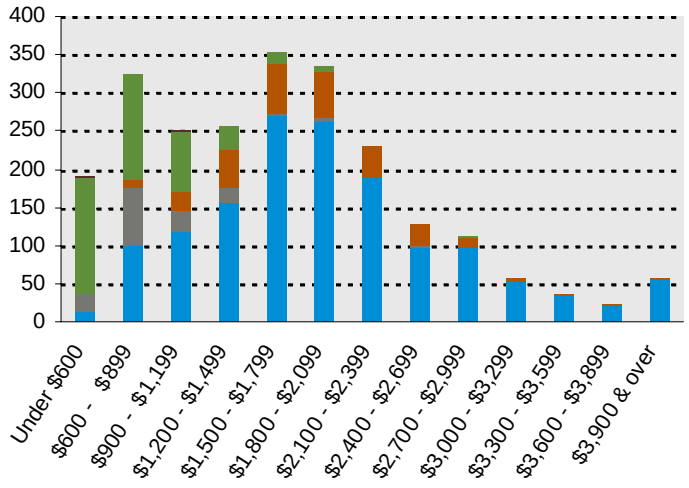
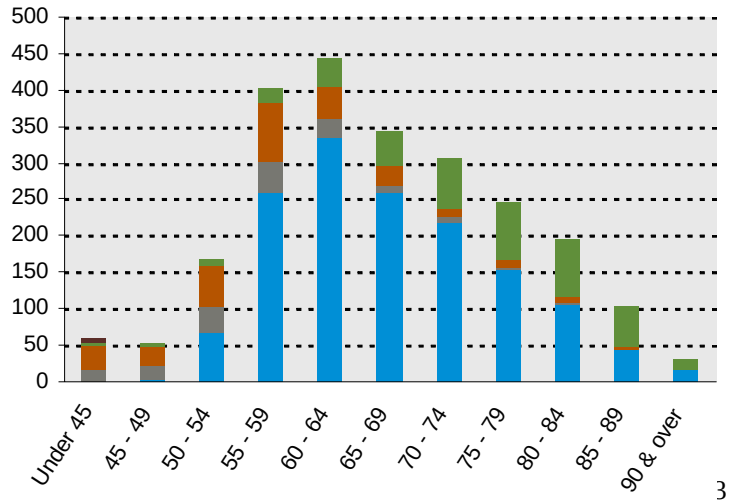


CHART 5

Distribution of Retired Participants and Beneficiaries by Type and by Age as of June 30, 2007



B. FINANCIAL INFORMATION

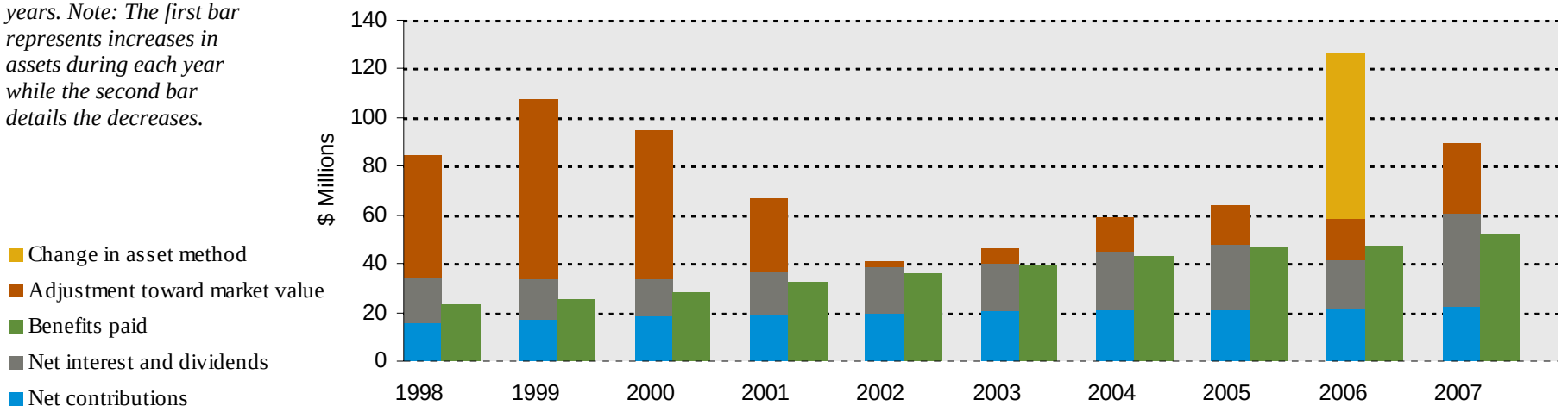
Retirement plan funding anticipates that, over the long term, both net contributions (less administrative expenses) and net investment earnings (less investment fees) will be needed to cover benefit payments.

Retirement plan assets change as a result of the net impact of these income and expense components. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits C, D and E.

The chart depicts the components of changes in the actuarial value of assets over the last ten years. Note: The first bar represents increases in assets during each year while the second bar details the decreases.

CHART 6

Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 1998 – 2007



It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

The chart shows the determination of the actuarial value of assets as of the valuation date. This is the second year of the current asset smoothing method. Last year the funding assets were reset to market value. This year one year of return is being smoothed in, with 20% recognized for funding. Ultimately there will be five bases for unrecognized return.

CHART 7

Determination of Actuarial Value of Assets for Year Ended June 30, 2007

1. Market value of assets			$955,376,508
	Original	Unrecognized	
2. Calculation of unrecognized return*	Amount	Amount	
(a) Year ended June 30, 2007	$24,444,268	$19,555,414	
(b) Total unrecognized return			19,555,414
3. Preliminary actuarial value: (1) - (2b)			935,821,094
4. Adjustment to be within 20% corridor			0
5. Final actuarial value of assets: (3) + (4)			$935,821,094
6. Actuarial value as a percentage of market value: (5) ÷ (1)			98.0%

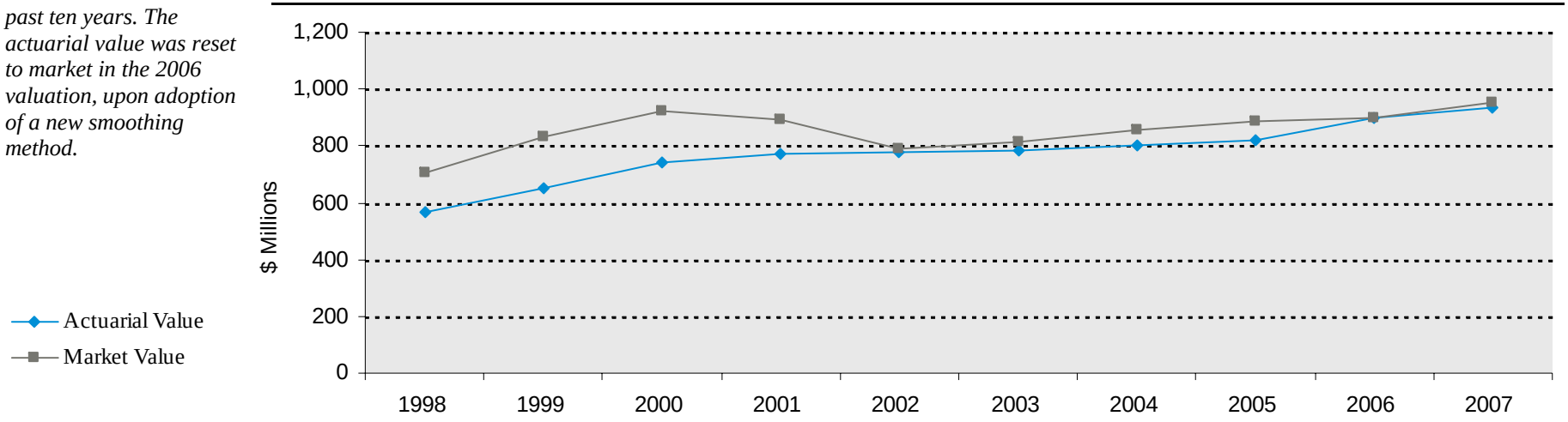
* *Total return minus expected return on a market value basis*

Both the actuarial value and market value of assets are representations of the Plan's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The actuarial asset value is significant because the Plan's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

This chart shows the change in the actuarial value of assets versus the market value over the past ten years. The actuarial value was reset to market in the 2006 valuation, upon adoption of a new smoothing method.

CHART 8

Actuarial Value of Assets vs. Market Value of Assets as of June 30, 1998 – 2007



C. ACTUARIAL EXPERIENCE

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total loss is $3,834,343, including a gain of $4,888,854 from investments, and a loss of $8,723,197 from all other sources. The net experience variation from individual sources other than investments was 0.9% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

This chart provides a summary of the actuarial experience during the past year.

CHART 9

Actuarial Experience for Year Ended June 30, 2007

1.	Net gain from investments*	$4,888,854
2.	Net loss from administrative expenses	-30,951
3.	Net loss from other experience	-8,692,246
4.	Net experience loss: (1) + (2) + (3)	-$3,834,343

** Details in Chart 10*

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the Plan's investment policy. For valuation purposes, the assumed rate of return on the actuarial value of assets is 7.00%. The actual rate of return on an actuarial basis for the 2006-2007 plan year was 7.55%.

Since the actual return for the year was greater than the assumed return, the Plan experienced an actuarial gain during the year ended June 30, 2007 with regard to its investments.

This chart shows the calculation of the gain due to investment experience.

CHART 10

Actuarial Value Investment Experience for Year Ended June 30, 2007

1.	Actual return	$66,843,172
2.	Average value of assets	885,061,680
3.	Actual rate of return: (1) ÷ (2)	7.55%
4.	Assumed rate of return	7.00%
5.	Expected return: (2) x (4)	$61,954,318
6.	Actuarial gain: (1) – (5)	$4,888,854

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial basis compared to the market value investment return for the last ten years, including five-year and ten-year averages.

Based upon this experience and future expectations, we have maintained the assumed rate of return of 7.00%.

This chart shows a history of actuarial and market values investment returns.

CHART 11

Investment Return – Actuarial Value vs. Market Value: 1998 - 2007

Year Ended June 30	Net Interest and Dividend Income		Recognition of Capital Appreciation		Change in Asset Method		Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
1998	$18,932,743	3.77%	$50,068,683	9.97%	- -	- -	$69,001,426	13.74%	$94,100,441	15.21%
1999	16,363,537	2.91	73,796,640	13.11	- -	- -	90,160,177	16.02	110,592,177	15.69
2000	15,703,307	2.35	61,285,291	9.19	- -	- -	76,988,598	11.54	99,628,658	12.01
2001	17,874,740	2.44	29,849,535	4.07	- -	- -	47,724,275	6.51	-17,602,046	-1.92
2002	18,574,794	2.42	2,263,863	0.30	- -	- -	20,838,657	2.72	-89,504,028	-10.11
2003	19,852,229	2.58	6,370,511	0.83	- -	- -	26,222,740	3.41	42,649,330	5.48
2004	23,403,588	3.02	14,220,308	1.83	- -	- -	37,623,896	4.85	69,023,086	8.61
2005	27,114,712	3.43	16,148,066	2.04	- -	- -	43,262,778	5.48	50,973,808	6.02
2006	19,901,991	2.46	17,031,771	2.11	$68,127,085	8.44%	105,060,847	13.01	40,468,583	4.64
2007	38,017,026	4.30	28,826,146	3.25	- -	- -	66,843,172	7.55	86,398,586	9.76
Total	$215,738,667		$299,860,814		$68,127,085		$583,726,566		$486,728,595	
						Five-year average return		6.93%		6.92%
						Ten-year average return		8.04%		5.98%

Note: Each year's yield is weighted by the average asset value in that year.

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

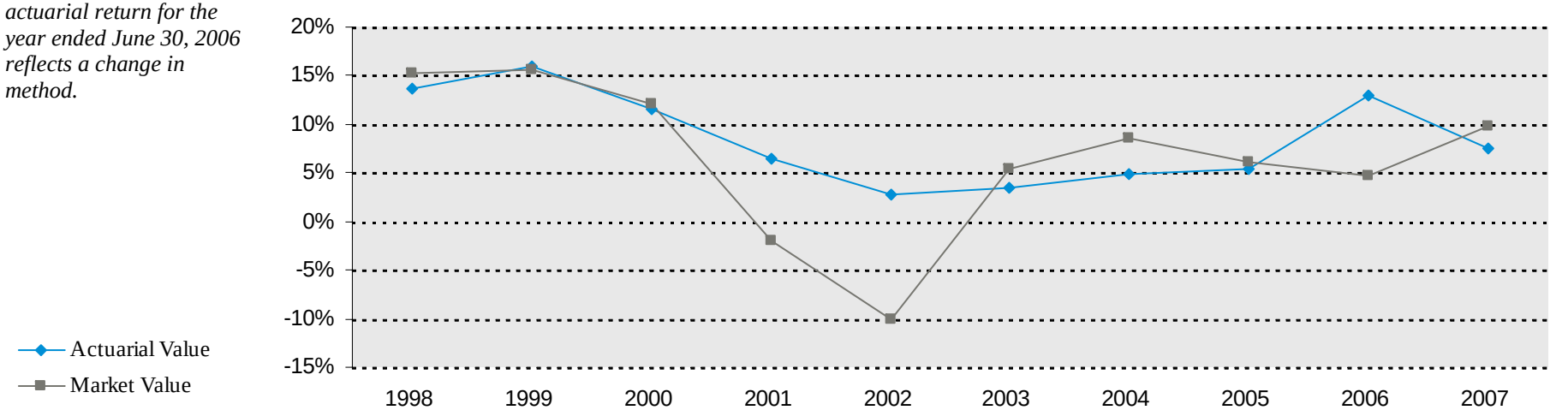
Administrative Expenses

Administrative expenses for the year ended June 30, 2007 totaled $180,000 compared to the assumption of $150,000, payable monthly. This resulted in a loss of $30,951 for the year. We have changed the assumption from $150,000 to $180,000 for the current year.

This chart illustrates how this leveling effect has actually worked over the years 1998 - 2007 . The actuarial return for the year ended June 30, 2006 reflects a change in method.

CHART 12

Market and Actuarial Rates of Return for Years Ended June 30, 1998 - 2007



Other Experience

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

The net loss from this other experience for the year ended June 30, 2007 amounted to $8,692,246, which is 0.9% of the actuarial accrued liability. This loss was primarily due to fewer deaths and more disability retirements than expected.

D. RECOMMENDED CONTRIBUTION

The amount of annual contribution required to fund the Plan is comprised of a normal cost payment and a payment on the unfunded actuarial accrued liability. This total amount is then divided by the payroll for active members to determine the funding rate of 17.66% of payroll. The unfunded actuarial accrued liability is amortized on a level dollar basis over a rolling 30-year period.

Expected contributions for the year are $21,814,987, or 13.00% of payroll, which leaves a deficit of 4.66% of payroll.

The chart compares this valuation's recommended contribution with the prior valuation.

CHART 13

Recommended Contribution

	Year Beginning July 1			
	2007		2006	
	Amount	% of Payroll	Amount	% of Payroll
1. Normal cost*	$24,106,954	14.37%	$23,578,977	14.48%
2. Administrative expenses	173,556	0.10%	144,269	0.09%
3. Total normal cost: (1) + (2)	$24,280,510	14.47%	$23,723,246	14.57%
4. Actuarial accrued liability	992,864,448		946,584,547	
5. Actuarial value of assets	935,821,094		898,671,013	
6. Unfunded actuarial accrued liability: (4) - (5)	$57,043,354		$47,913,534	
7. Payment on unfunded actuarial accrued liability	4,296,186	2.56%	3,608,579	2.22%
8. Total recommended contribution: (3) + (7), adjusted for timing**	$29,637,800	17.66%	$28,346,705	17.41%
9. Total payroll	$167,807,596		$162,849,137	

* *Including net obligations from the Supplemental System of -$1,253,071 for July 1, 2007 and -$1,009,881 for July 1, 2006 (-$1,299,600 and -$1,047,380 adjusted for timing).*

** *Recommended contributions are assumed to be paid at the beginning of every month.*

The contribution rates as of July 1, 2007 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Contribution

The chart below details the changes in the recommended contribution from the prior valuation to the current year's valuation.

The chart reconciles the contribution from the prior valuation to the amount determined in this valuation.

CHART 14

Reconciliation of Recommended Contribution from July 1, 2006 to July 1, 2007

Recommended Contribution as of July 1, 2006	$28,346,705
Effect of rolling 30-year amortization period	-47,675
Effect of change in administrative expense assumption	30,000
Effect of contributions less than recommended contribution	458,105
Effect of investment gain	-385,959
Effect of other gains and losses on accrued liability	688,637
Net impact of other changes	547,987
Total change	$1,291,095
Recommended Contribution as of July 1, 2007	$29,637,800

E. INFORMATION REQUIRED BY THE GASB

Governmental Accounting Standards Board (GASB) reporting information provides standardized information for comparative purposes of governmental pension plans. This information allows a reader of the financial statements to compare the funding status of one governmental plan to another on relatively equal terms.

Critical information to GASB is the historical comparison of the GASB required contribution to the actual contributions. This comparison demonstrates whether a plan is being funded within the range of the GASB reporting requirements. Chart 15 below presents a graphical representation of this information for the Plan.

The other critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the actuarial value of assets to the actuarial accrued liabilities of the plan as calculated under GASB. High ratios indicate a well-funded plan with assets sufficient to pay most benefits. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other factors.

Although GASB requires that the actuarial value of assets be used to determine the funded ratio, Chart 16 shows the funded ratio calculated using both the actuarial value of assets and the market value of assets.

The details regarding the calculations of these values and other GASB numbers may be found in Section 4, Exhibits II, III, and IV.

These graphs show key GASB factors.

CHART 15

Required Versus Actual Contributions

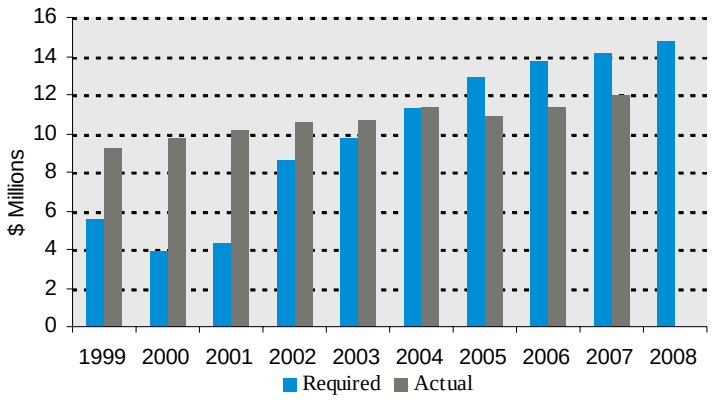


CHART 16

Funded Ratio

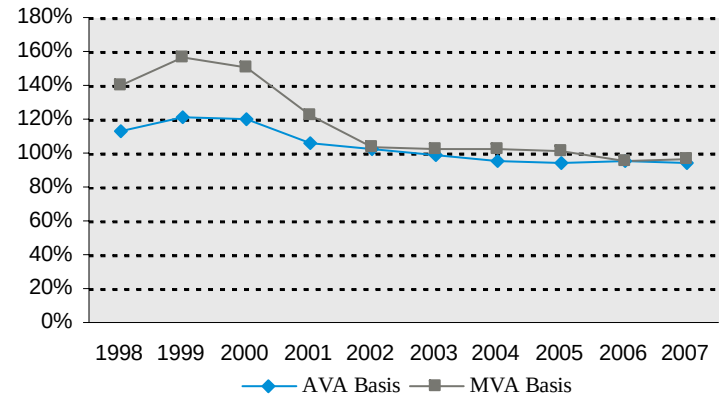


EXHIBIT A

Table of Plan Coverage

Category	Year Ended June 30 2007	2006	Change From Prior Year
Active participants in valuation:			
Number	3,760	3,782	-0.6%
Average age	44.6	44.5	N/A
Average service	12.4	12.5	N/A
Total payroll	$167,807,596	$162,849,137	3.0%
Average payroll	44,630	43,059	3.6%
Account balances	99,216,412	97,736,506	1.5%
Number with unknown age	0	3	-100.0%
Total active vested participants	2,845	2,952	-3.6%
Vested terminated participants*	211	204	3.4%
Retired participants:			
Number in pay status	1,464	1,387	5.6%
Average age	67.7	67.7	N/A
Average monthly benefit	$2,013	$1,945	3.5%
Disabled participants:			
Number in pay status	457	435	5.1%
Average age	57.2	56.8	N/A
Average monthly benefit	$1,535	$1,555	-1.3%
Number in suspended status	1	0	N/A
Beneficiaries in pay status	431	433	-0.5%

* *Including future pensioners currently receiving benefits from the Supplemental System.*

EXHIBIT B

Participants in Active Service as of June 30, 2007
By Age, Years of Service, and Average Payroll

	Years of Service									
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & over**
Under 25	92	92	- -	- -	- -	- -	- -	- -	- -	- -
	$29,642	$29,642	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	238	188	50	- -	- -	- -	- -	- -	- -	- -
	33,393	32,158	$38,034	- -	- -	- -	- -	- -	- -	- -
30 - 34	387	176	155	54	2	- -	- -	- -	- -	- -
	37,825	32,483	41,213	$45,734	$31,869	- -	- -	- -	- -	- -
35 - 39	573	159	157	198	59	- -	- -	- -	- -	- -
	42,750	33,139	44,046	47,865	48,042	- -	- -	- -	- -	- -
40 - 44	598	97	124	153	195	29	- -	- -	- -	- -
	45,089	33,489	41,067	46,707	50,503	$56,140	- -	- -	- -	- -
45 - 49	628	86	91	130	202	95	22	2	- -	- -
	46,674	34,067	43,689	45,833	48,537	54,712	$60,607	$56,135	- -	- -
50 - 54	595	66	85	93	137	105	80	27	2	- -
	47,619	31,850	41,089	44,271	47,188	55,280	59,803	53,686	$59,206	- -
55 - 59	441	35	60	44	84	75	78	49	15	1
	51,950	39,214	42,252	44,094	45,298	55,601	59,147	70,293	64,889	$55,929
60 - 64	172	15	22	17	32	28	35	11	9	3
	50,955	36,838	47,843	55,121	44,556	47,515	56,658	65,044	67,521	53,254
65 - 69	26	- -	5	4	4	3	3	2	3	2
	46,521	- -	38,459	42,865	46,367	43,831	41,695	71,007	61,315	38,894
70 & over	10	1	- -	1	2	1	1	1	2	1
	50,739	21,632	- -	33,830	53,135	39,794	30,209	70,963	78,156	48,379
Total	3,760	915	749	694	717	336	219	92	31	7
	$44,630	$32,771	$42,117	$46,471	$48,170	$54,470	$58,764	$64,507	$65,797	$48,837

EXHIBIT C

Summary Statement of Income and Expenses on an Actuarial Value Basis

	Year Ended June 30, 2007		Year Ended June 30, 2006	
Contribution income:				
Employer contributions	$12,006,508		$11,398,732	
Employee contributions	10,707,106		10,522,586	
Less administrative expenses	-180,000		-160,000	
Net contribution income		$22,533,614		$21,761,318
Other income		16,000		36,000
Investment income:				
Interest, dividends and other income	$41,775,070		$23,269,581	
Recognition of capital appreciation	28,826,146		17,031,771	
Less investment fees	-3,758,044		-3,367,590	
Net investment income		66,843,172		36,933,762
Total income available for benefits		$89,392,786		$58,731,080
Less benefit payments:				
Benefits	-$50,747,485		-$46,349,528	
Refunds	-1,495,220		-1,004,360	
Net benefit payments		-$52,242,705		-$47,353,888
Change in actuarial asset method		$0		$68,127,085
Change in reserve for future benefits		$37,150,081		$79,504,277

Note: A portion of the Retirement and Relief System's assets is allocated to the Health Department. The above summary excludes the Health Department portion.

EXHIBIT D

Table of Financial Information

	Year Ended June 30, 2007		Year Ended June 30, 2006	
Cash equivalents		$81,614,238		$45,956,720
Accounts receivable:				
Employee loans	$10,520,293		$10,708,696	
Accrued interest and dividends	5,826,775		5,641,338	
Employee contributions	1,824,436		1,770,179	
Other funds	580,905		572,010	
Total accounts receivable		18,752,409		18,692,223
Investments:				
Corporate stock	$430,715,663		$413,805,416	
Debt securities	425,718,893		421,853,922	
Total investments at market value		856,434,556		835,659,338
Total assets		$956,801,203		$900,308,281
Less accounts payable		-$1,424,695		-$1,637,268
Net assets at market value		$955,376,508		$898,671,013
Net assets at actuarial value		$935,821,094		$898,671,013

EXHIBIT E

Development of the Fund Through June 30, 2007

Year Ended June 30	Employer Contributions	Employee Contributions	Other Income	Net Investment Return*	Administrative Expenses	Benefit Payments	Actuarial Value of Assets at End of Year
1998	$8,111,773	$7,490,379	$41,000	$69,001,426	$48,400	$23,461,978	$566,830,600
1999	9,215,729	8,026,104	0	90,160,177	56,400	25,617,710	648,558,500
2000	9,784,949	8,542,670	23,380,200**	76,988,598	46,100	28,310,977	738,897,840
2001	10,151,206	8,999,970	26,000	47,724,275	102,900	32,242,930	773,453,461
2002	10,537,461	9,521,128	31,000	20,838,657	92,000	35,684,461	778,605,246
2003	10,697,621	9,845,626	59,000	26,222,740	105,000	39,678,777	785,646,456
2004	11,347,715	10,373,268	24,000	37,623,896	292,000	43,111,069	801,612,266
2005	10,881,632	10,210,996	79,000	43,262,778	211,000	46,668,936	819,166,736
2006	11,398,732	10,522,586	36,000	105,060,847***	160,000	47,353,888	898,671,013
2007	12,006,508	10,707,106	16,000	66,843,172	180,000	52,242,705	935,821,094

* *Net of investment fees.*
** *Includes $23,338,200 transferred from Library Board Employees' System.*
*** *Includes effect of change in asset method.*

EXHIBIT F

Development of Unfunded Actuarial Accrued Liability for Year Ended June 30, 2007

1. Unfunded actuarial accrued liability at beginning of year		$47,913,534
2. Normal cost at beginning of year		23,723,246
3. Total contributions		-22,713,614
4. Interest		
(a) For whole year on (1) + (2)	$5,014,575	
(b) Monthly on (3)	-728,729	
(c) Total interest		4,285,846
5. Expected unfunded actuarial accrued liability		$53,209,012
6. Change due to experience loss		3,834,342
7. Unfunded actuarial accrued liability at end of year		$57,043,354

EXHIBIT G

Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial Assumptions: The estimates on which the cost of the Plan is calculated including:

(a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;

(b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;

(c) Retirement rates — the rate or probability of retirement at a given age;

(d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal Cost: The amount of contributions required to fund the benefit allocated to the current year of service.

Actuarial Accrued Liability For Actives: The equivalent of the accumulated normal costs allocated to the years before the valuation date.

Actuarial Accrued Liability For Pensioners: The single sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

Unfunded Actuarial Accrued Liability: The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan. There is a wide range of approaches to paying off the unfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

Amortization of the Unfunded Actuarial Accrued Liability: Payments made over a period of years equal in value to the Plan's unfunded actuarial accrued liability.

Investment Return: The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.

EXHIBIT H

Comparative Summary of Principal Valuation Results

	Year Ended June 30, 2007	Year Ended June 30, 2006
Participant data		
Active members	3,760	3,782
Total annual payroll	$167,807,596	$162,849,137
Retired members and beneficiaries	2,353	2,255
Total annualized benefit	$47,952,960	$44,697,636
Terminated vested members	25	34
Total annualized benefit	$329,772	$672,114
Future pensioners currently receiving benefits from Supplemental System	186	170
Total annualized benefit	$6,386,328	$5,498,190
Actuarial value of assets	$935,821,094	$898,671,013
Actuarial accrued liability:		
Active members	454,758,774	440,535,022
Terminated vested members	2,836,864	5,966,275
Retired members and beneficiaries	479,746,661	448,158,314
Future pensioners currently receiving benefits from Supplemental System	55,522,149	51,924,936
Total	$992,864,448	$946,584,547
Unfunded actuarial accrued liability	57,043,354	47,913,534

EXHIBIT I

Summary of Actuarial Valuation Results as of July 1, 2007

The valuation was made with respect to the following data supplied to us:			
1.	Retired participants as of the valuation date (including 431 beneficiaries in pay status and one retired participant in suspended status)		2,353
2.	Participants inactive during year ended June 30, 2007 with vested rights (including 185 future pensioners currently receiving benefits from the Supplemental System)		211
3.	Participants active during the year ended June 30, 2007		3,760
	Fully vested	2,845	
	Not vested	915	
The actuarial factors as of the valuation date are as follows:			
1.	Normal cost, including administrative expenses		$24,280,510
2.	Actuarial accrued liability		992,864,448
	Retired participants and beneficiaries	$479,746,661	
	Inactive participants with vested rights*	58,359,013	
	Active participants	454,758,774	
3.	Actuarial value of assets ($955,376,508 at market value as reported by the City)		935,821,094
4.	Unfunded actuarial accrued liability		$57,043,354

* *Includes liability for future pensioners currently receiving benefits from the Supplemental System.*

EXHIBIT I (continued)

Summary of Actuarial Valuation Results as of July 1, 2007

The determination of the recommended contribution is as follows:

1.	Normal cost	$24,106,954
2.	Administrative expenses	173,556
3.	Total normal cost: (1) + (2)	$24,280,510
4.	Payment on unfunded actuarial accrued liability	4,296,186
5.	Total recommended contribution: (3) + (4), adjusted for timing	$29,637,800
6.	Total payroll	$167,807,596
7.	Total recommended contribution as a percentage of projected payroll: (5) ÷ (6)	17.66%

EXHIBIT II

Supplementary Information Required by the GASB – Schedule of Employer Contributions

Plan Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
2001	$4,347,350	$10,151,206	233.5%
2002	8,580,579	10,537,461	122.8%
2003	9,756,787	10,697,621	109.6%
2004	11,290,871	11,347,715	100.5%
2005	12,875,198	10,881,632	84.5%
2006	13,742,543	11,398,732	82.9%
2007	14,173,353	12,006,508	84.7%
2008	14,818,900	--	--

EXHIBIT III

Supplementary Information Required by the GASB – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll* [(b) - (a)] / (c)
07/01/2001	$773,453,461	$727,360,834	-$46,092,627	106.34%	$149,422,297	0.00%
07/01/2002	778,605,246	758,085,228	-20,520,018	102.71%	151,180,057	0.00%
07/01/2003	785,646,456	796,083,861	10,437,405	98.69%	152,242,441	6.86%
07/01/2004	801,612,266	838,485,603	36,873,337	95.60%	158,062,119	23.33%
07/01/2005	819,166,736	875,792,038	56,625,302	93.53%	158,898,488	35.64%
07/01/2006	898,671,013	946,584,547	47,913,534	94.94%	162,849,137	29.42%
07/01/2007	935,821,094	992,864,448	57,043,354	94.25%	167,807,596	33.99%

** Not less than zero*

EXHIBIT IV

Supplementary Information Required by the GASB

Valuation date	July 1, 2007
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level dollar
Remaining amortization period	Rolling, 30 years
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the actuarial value, and is recognized over a five - year period, further adjusted, if necessary, to be within 20% of the market value.
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases:	
Inflation	3.50%
Merit, longevity, etc.	Varies from 0.00% to 6.00%
Plan membership:	
Retired participants and beneficiaries receiving benefits	2,352
Terminated participants entitled to, but not yet receiving benefits	211
Active participants	3,760
Total	6,323

EXHIBIT V

Development of the Net Pension Obligation and the Annual Pension Cost Pursuant to GASB 27

Plan Year Ended June 30	Employer Annual Required Contribution (a)	Employer Amount Contributed* (b)	Interest on NPO (h)* 7.00%* (c)	ARC Adjustment (h) / (e) (d)	Amortization Factor (e)	Pension Cost (a) + (c) – (d) (f)	Change in NPO (f) – (b) (g)	NPO Balance NPO + (g) (h)
2002	$8,580,579	$10,537,461	-$1,236,872	-$1,923,386	8.5743	$9,267,093	-$1,270,368	-$17,761,997
2003	9,756,787	10,697,621	-1,332,150	-2,022,300	8.7831	10,446,937	-250,684	-18,012,681
2004	11,290,871	11,347,715	-1,350,951	-2,089,340	8.6212	12,029,259	681,544	-17,331,137
2005	12,875,198	10,881,632	-1,299,835	-2,035,605	8.5140	13,610,968	2,729,336	-14,601,802
2006	13,742,543	11,398,732	-1,095,135	-1,150,095	12.6962	13,797,503	2,398,771	-12,203,031
2007	14,173,353	12,006,508	-915,227	-919,064	13.2777	14,177,190	2,170,682	-10,032,349

* *Interest was 7.50% prior to the year ended June 30, 2007.*

EXHIBIT VI

Actuarial Assumptions and Actuarial Cost Method

Mortality Rates:

Healthy: 1983 Group Annuity Mortality Table

Disabled: Healthy table set forward 10 years

Termination Rates Before Retirement:

	Rate (%)						
	Mortality		Disability		Withdrawal		
Age	Male	Female	General	Fire & Police	General*	Fire**	Police***
20	0.04	0.02	0.09	0.18	6.53	2.52	4.58
25	0.05	0.03	0.13	0.26	6.35	1.80	3.26
30	0.06	0.03	0.17	0.33	6.08	1.38	2.51
35	0.09	0.05	0.22	0.44	5.64	1.06	1.93
40	0.12	0.07	0.33	0.66	5.03	0.80	1.45
45	0.22	0.10	0.54	1.08	4.24	0.54	0.99
50	0.39	0.16	0.91	1.82	2.97	2.27	2.48
55	0.61	0.25	1.51	3.03	1.13	5.00	5.00
60	0.92	0.42	2.44	4.88	0.00	0.00	0.00

* *Withdrawal rates shown for general employees are multiplied by 1.25 and have 0.015 added during the first five years of employment.*

** *Withdrawal rates shown for firemen are multiplied by 3.8181 during the first five years of employment.*

*** *Withdrawal rates shown for policemen are multiplied by 3.0 during the first five years of employment.*

Retirement Rates:

Fire and Police employees are assumed to retire on a Retirement and Relief pension in accordance with the following rates:

Fire		Police	
Years of Service	**Rate**	**Years of Service**	**Rate**
20	5%	20	20%
21-22	5	21-22	7
23	10	23	7
24	10	24	3
25	15	25	10
26	5	26	10
27	10	27	10
28	15	28	10
29	30	29	30
30-32	0	30-32	0
33	50	33	50
34	25	34	25
35	100	35	100

General employees are assumed to retire, after meeting the service requirements, in accordance with the following rates:

Age	Rate*
Under 50	0%
50-51	35
52-54	10
55	20
56-59	10
60	5
61-66	20
67-74	25
Over 74	100

* Rates are decreased by 75% when employee has 31-32 years of service. Rates are increased to 1.5 times the rate shown when employee reaches 33 years of service.

Retirement Age for Inactive Vested Participants:	60
Unknown Data for Participants:	Same as those exhibited by Participants with similar known characteristics. If not specified, Participants are assumed to be male.
Percent Married:	1972 Social Security Awards
Age of Spouse:	Females 3 years younger than males
On the Job Disability:	
General	30%
Fire and Police	90%
On the Job Death:	
General	5%
Fire and Police	15%
Net Investment Return:	7.00%

Salary Scale:

	Annual increase Rate (%)	
Age	**General**	**Fire and Police**
20	7.50	9.50
25	6.75	7.60
30	6.00	6.20
35	5.50	5.10
40	5.00	4.50
45	4.50	4.00
50	4.25	4.00
55	4.00	4.00

Includes allowance for inflation of 3.50% per year.

Administrative Expenses:	$180,000, payable monthly, equivalent to $173,556 at the beginning of the year.
Actuarial Value of Assets:	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the actuarial value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Actuarial Cost Method:	Entry Age Normal Actuarial Cost Method. Entry Age is the age at the time the participant would have commenced employment if the plan had always been in existence. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by service, with Normal Cost determined as if the current benefit accrual rate had always been in effect. Actuarial Liability is allocated by salary.
Change in Assumptions:	The administrative expense assumption was changed from $150,000 to $180,000.

EXHIBIT VII

Summary of Plan Provisions

This exhibit summarizes the major provisions of the Plan included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Plan Year:	July 1 through June 30
Normal Pension:	
Eligibility	A participant may retire at (a) age 60 if he has completed 5 years of credited service, or (b) any age if he has completed 30 years of credited service.
Amount:	2.50% of final average salary for each year of credited service. This amount cannot be greater than 75.0% of the final average salary nor less than $400 per month. Service credit used to determine the benefit amount may be increased by credit granted for unused sick leave (on a percent of possible total basis). Final average salary is defined as the highest average compensation over any 36-month period of the employee's last ten years of participation.
Early Retirement Pension:	
Eligibility	A City participant may retire at age 55 if he has completed 25 years of credited service.
Amount	1.85% of final average salary for each year of credited service.

Disability:	
Ordinary	
Service Requirement	5 years credited service.
Amount	2.00% of final average salary at disability for each year of credited service, payable immediately. This amount cannot be greater than 60% of final average salary nor less than $400 per month.
Extraordinary	
Service Requirement	None
Amount	70% of final monthly salary at disability, payable immediately. The amount cannot be less than $400 per month.
Termination:	To a participant terminating before becoming eligible for a vested deferred pension from the plan, a lump sum of his or her own contributions without interest is payable. Participants terminating after 5 years of actual service who leave their contributions in the System Fund have a non-forfeitable right to a monthly pension beginning at age 60. The form and amount of the pension are the same as the normal pension.
Death Benefits:	If a participant dies prior to his or her attainment of eligibility for retirement, a lump sum of his or her own contributions without interest is payable to his or her beneficiary. If an active participant who is eligible to retire or a retired participant dies, 60% of the accrued pension benefit is payable to the surviving spouse, if any, during his or her remaining lifetime. If an active participant (other than a participant of the Firemen and Policemen Supplemental System) who is not eligible to retire, but who has completed 5 years of service dies, a portion of 60% of the accrued pension benefit is payable to the spouse during her remaining lifetime. This portion is defined as follows:

Number of Years of service	Portion of his entitled benefit
5	50%
6	60
7	70
8	80
9	90
10 or more	100

This benefit is payable at the earlier of (a) the date that the deceased participant would have attained age 60 or (b) the date the deceased participant would have completed 20 years of service. In lieu of the above, for all participants, an annuity of 60% of salary is payable to the surviving spouse and 10% is payable to a minor child if death is service connected; the maximum for spouse and children is 75% and the maximum for children if no spouse is 60%. The minimum spouse benefit is $320 per month.

*60% benefit is effective July 1, 2002. Prior to July 1, 2002 the percentage was 45%.

Back-DROP: An employee with 33 years of service or who is at least age 63 with 23 years of service may elect up to a 36-month Back-DROP. The employee's monthly benefit will be calculated using service and final average salary as of the Back-DROP date and the employee will receive a lump sum equal to the number of months dropped back times the retirement benefit, accumulated with interest.

Participation: All qualified employees of the Retirement and Relief System are required to participate.

Contributions: The City and the City employees each contribute 6.50% of compensation for the year.

Changes in Plan Provisions: There have been no changes in plan provisions since the last valuation.

General Retirement System of the City of Detroit

Financial Report
with Supplemental Information
June 30, 2007

General Retirement System of the City of Detroit

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Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Independent Auditor's Report

To the Board of Trustees
General Retirement System
of the City of Detroit

We have audited the accompanying statement of plan net assets of the General Retirement System of the City of Detroit (the "System") as of June 30, 2007 and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the System's 2006 financial statements and, in our report dated October 11, 2006, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the General Retirement System of the City of Detroit as of June 30, 2007 and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and required supplemental information (identified in the table of contents) are not required parts of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

To the Board of Trustees
General Retirement System
of the City of Detroit

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the General Retirement System of the City of Detroit's basic financial statements. The accompanying other supplemental information as identified in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The statements included in other supplemental information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

December 21, 2007

Using this Annual Report

This annual report consists of three parts: (1) management's discussion and analysis (this section), (2) the basic financial statements, and (3) required and other supplemental information. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by sections of required and other supplemental information that further explain and support the information in the financial statements.

Condensed Financial Information

The table below compares key financial information in a condensed format between the current year and the two prior years:

	Fiscal Year Ended		
	June 30, 2007	June 30, 2006	June 30, 2005
Total assets	$ 4,525,950,316	$ 4,145,070,214	$ 3,551,174,431
Total liabilities	679,938,257	689,990,994	232,288,104
Assets held in trust for pension benefits	**$ 3,846,012,059**	**$ 3,455,079,220**	**$ 3,318,886,327**
Net investment income	$ 614,322,130	$ 377,184,751	$ 276,414,652
Contributions:			
Employee	19,438,360	20,462,296	22,648,662
Employer	41,444,808	58,162,088	41,689,528
Employer - Pension obligation certificate proceeds	-	-	739,793,898
Total contributions	60,883,168	78,624,384	804,132,088
Benefits paid to members and retirees:			
Retirees' pension and annuity benefits	206,185,678	201,611,854	172,251,379
Member annuity refunds and withdrawals	73,588,557	114,333,813	106,882,109
Total benefits paid	279,774,235	315,945,667	279,133,488
Benefits paid (in excess of) less than contributions	(218,891,067)	(237,321,283)	524,998,600
Ratio of benefits paid to contributions	4.6	4.0	0.3
Other expenses	4,498,224	3,670,575	4,023,939
Net increase in net assets	**$ 390,932,839**	**$ 136,192,893**	**$ 797,389,313**

Overall Fund Structure and Objectives

The General Retirement System of the City of Detroit (DGRS or the "System") is a defined benefit pension plan. DGRS exists to pay benefits to its members. Members of the System include active employees, retirees, and beneficiaries. Active members earn service credit that entitles them to receive benefits in the future. Retirees and beneficiaries are currently receiving benefits.

DGRS is a relatively mature plan in that there are more members receiving current benefits than active members. As of June 30, 2007, there were approximately 9,000 active members and 12,000 members receiving benefits.

DGRS is governed by a 10-member board of trustees (the "Board"). Five members of the Board are elected by the active membership to serve six-year terms. One member is elected by the retiree membership to serve a two-year term. One member is appointed by the mayor of the City of Detroit from the citizens of the City of Detroit to serve a six-year term. Three members serve ex-officio, these members being the mayor of the City of Detroit, the city treasurer, and one representative from the Detroit City Council. Expirations of terms of elected trustees are staggered.

Contributions to the System

The City of Detroit (employer) makes regular contributions to the System. The required contributions are determined by the system's actuaries using the entry age normal cost method. Basic pension and disability benefits are funded through employer contributions plus investment earnings on those contributions.

Active employees may voluntarily contribute 0 percent, 3 percent, 5 percent, or 7 percent of gross pay to the System. Employee contributions are maintained in separate accounts in the Annuity Savings Fund solely for the benefit of the contributing employee. After 25 years of service, an active employee may elect to withdraw their accumulated contributions plus investment earnings. Upon retirement, an employee may elect to annuitize some or all of their annuity savings fund balance, resulting in a greater monthly retirement benefit. Any portion of an employee's annuity savings fund balance which is not annuitized upon retirement is refunded in a lump sum.

In June 2005, the City of Detroit (employer) elected to issue pension obligation certificates and contribute approximately $740 million to the System. Since the receipt of this contribution, the total fund composite return has been exceptionally favorable. DGRS's total investment income attributable to these contributions through the end of the current year has been $240 million in the aggregate or approximately 33 percent of the total contribution amount. Investment income in excess of the actuarial assumed rate (7.9 percent) through the end of the current year has been $112 million or 15 percent of the total contribution amount. This was the fourth consecutive year of favorable investment experience versus the actuarially assumed rate. Investment income in excess of the interest expense incurred by the employer through the end of the current year has been $151 million or 20 percent of the total contribution amount.

Benefit Payments

The System exists to pay benefits which its members have earned. DGRS paid out $262 million in benefits during the year consisting of $188 million in benefits to retirees and beneficiaries plus $74 million in refunds of annuity savings fund balances. This represents approximately 7 percent of the assets of the System. Employer and employee contributions were $61 million or 2 percent of the assets of the System. The excess of benefits over contributions ($201 million) must be funded through investment income. The public capital markets represent the primary source of opportunities to earn investment income.

Asset Allocation

The Board believes that the primary determinant of total fund investment performance over long periods of time is asset allocation. DGRS asset allocation is built upon the foundation that the obligations of the System to pay the benefits promised to its members are very long-term obligations. Accordingly, the Board must make investment decisions that it believes will be the most beneficial to the System over many years, not just one or two years. The Board must also balance the desire to achieve long-term gains with the requirements of having to raise the cash to fund significant benefit payments every month.

State statutes impose limitations on what fraction of the total assets of the System may be invested in assets other than government bonds, investment grade bonds, and certain mortgages. Additional restrictions are imposed on what fraction of the total assets of the System may be invested in foreign securities. The Board's asset allocation policies comply with applicable state statutes.

The Board has established asset allocation policies which are expected to deliver more than enough investment income over a very long period of time to satisfy the obligations to pay the benefits promised to the members of the System. The following is a summary of the DGRS asset allocation policy as of June 30, 2007:

Equities	50%
Tactical asset allocation	8%
Fixed income	22%
Real estate	10%
Alternative investments	8%
Market neutral	2%

Investment Results

Returns presented herein have been determined using the AIMR-compliant, time-weighted, GIPS method unless explicitly stated to the contrary. All returns for periods of one year or greater have been annualized.

Management is exceptionally pleased with the investment results achieved during the current year. On both an absolute and relative basis, the investment performance of DGRS was outstanding. The following were especially noteworthy:

- The total fund composite return was 18.9 percent.
- DGRS out-performed its actuarially assumed rate by 1,100 basis points.
- DGRS total fund performance was in the top 10 percent of U.S. public funds.
- DGRS out-performed its benchmark objective by 190 basis points.
- DGRS out-performed the median public fund by 310 basis points.
- Every major asset class out-performed its benchmark objective.

This year's total fund investment return is particularly encouraging, as is the outlook for future investment returns. Returns achieved in the public capital markets are highly dependent upon the health of the economy, both in the United States as well as in other countries. The Board believes that the outlook for continued global economic growth is good in both the short and long run.

Total Fund Composite

The DGRS total fund composite return for the year was 18.9 percent, which was 190 basis points above its allocation index benchmark (17.0 percent). This return ranked DGRS in the top 10 percent of all domestic public funds as captured by the Independent Consultants Cooperative (ICC) Universe. The ICC Universe consists of approximately 1,000 plan sponsors, which include some 200 public defined benefit systems. The Board considers the public fund segment of the ICC Universe to be its peer group. Relative comparisons of performance to peer group or relative ranking of performance (quartile, median, etc.) contained herein shall refer to the public fund segment of the ICC Universe unless explicitly stated to the contrary.

DGRS out-performed the median public fund in its peer group by 310 basis points during the year. Over longer periods of time, the investment return of DGRS has consistently out-performed its public fund peer group, as shown below:

	Current Year	Trailing 2 Years	Trailing 3 Years	Trailing 4 Years	Trailing 5 Years
General Employee Retirement System	18.9	15.2	13.1	13.7	11.6
Median public fund	16.8	13.3	11.8	12.5	10.9

The actuarially assumed rate of DGRS is 7.9 percent per annum. This was the fourth consecutive year of favorable investment experience versus the actuarially assumed rate. The favorable investment experience during the current year as well as longer periods of time is primarily attributable to the bias in the Board's asset allocation toward equity investments and real estate versus fixed income and cash. The Board's allocations to international equities, including emerging markets, were exceptionally beneficial.

The following is a summary of the composite investment performance of the major asset classes:

Asset Class	Return	Objective	Benchmark
Domestic equities	20.5	20.1	Russell 3000
International equities	36.2	27.0	MSCI EAFE
Tactical asset allocation	17.9	15.1	Mellon Index
Fixed income	9.0	6.1	Lehman Aggregate
Real estate	18.3	17.3	NCREIF Index
Cash	5.7	5.2	90-day T-bills
Alternative investments	5.0		

Domestic Equities

The domestic equity assets consist of a combination of separately managed accounts and commingled funds. Within the domestic equity composite, 18 percent of the assets are managed using passive strategies designed to replicate the S&P 500 Index with the remaining 82 percent of the assets actively managed.

The overall domestic equity composite return was 20.5 percent, which out-performed the return of the Russell 3000 index (20.1 percent) by 40 basis points. The domestic equity composite return ranked just above the median public fund domestic equity composite within the ICC domestic equity universe. The following is a summary of the performance of the domestic equity composite and its major components versus the broad domestic stock market averages:

DGRS Domestic Equity Composite	20.5%
DGRS Domestic Large Cap Equity Composite	20.6%
DGRS Domestic Small Cap Equity Composite	20.0%
S&P 500 Index	20.6%
Russell 1000 Index	20.4%
Russell 2000 Index	16.4%
Russell 3000 Index	20.1%

Performance of the DGRS domestic large and small cap composites was nearly equal. The DGRS domestic large cap composite met its performance objective (S&P 500) and out-performed the median public equity fund by 40 basis points. The small cap composite beat its objective (Russell 2000) by 360 basis points and out-performed the median small cap equity fund by 310 basis points.

International Equities

The international equity composite consists of a combination of separately managed accounts and commingled funds. All of the international equity accounts were actively managed. International equity assets are diversified across established and emerging markets with exposure to both large, mid, and small cap companies.

Returns from the international equity assets were exceptionally good on both an absolute and relative basis. The overall international equity composite return was 36.2 percent, which was 920 basis points above its objective. This return ranked in the top 2 percent of the ICC international equity universe. The following is a summary of the performance of the international equity composite and its major components versus the broad international stock market averages:

DGRS International Equity Composite	36.2%
Established Market Equity Composite	31.8%
Emerging Market Equity Composite	51.1%
Small Cap International Composite	30.7%
MSCI EAFE Index	27.0%
MSCI Emerging Markets Index	45.0%

Tactical Asset Allocation (TAA)

The TAA account consists of a continuously variable combination of domestic and international equities and fixed income. The TAA account manager has the flexibility to allocate the assets among domestic and international equities and fixed income based upon the manager's expectations as to which combination of these asset classes will provide the greatest total return. During the prior year, the account was converted from a domestic to a global TAA mandate.

The overall TAA return was 17.9 percent. This return ranked in the top quartile of the ICC TAA peer group universe. The TAA account out-performed its objective (15.1 percent) by 280 basis points.

Fixed Income

Substantially all of the System's fixed income assets are actively managed in a combination of separately managed accounts and commingled funds. Accounts within the fixed income composite are diversified among domestic, international, established markets, emerging markets, government, investment grade corporate, mortgage, and high yield mandates. The following is a summary of the distribution of assets within the fixed income composite as of June 30, 2007:

Domestic core (government, investment grade corporate)	35%
Domestic mortgages	12%
Domestic high yield	23%
Global established markets, investment grade	20%
Global emerging markets	10%

The DGRS fixed income composite return was 8.9 percent. This return ranked well into the top quartile of the ICC fixed income universe. This compares favorably with the readily investable broad domestic fixed income market, as measured by the Lehman Aggregate index, which returned 6.1 percent. All components of the DGRS fixed income allocation exceeded their performance objectives.

Allocations to mortgages, domestic high yield, international investment grade, and emerging market debt assets contributed significantly to the excess fixed income composite returns. The following is a summary of the performance of the fixed income composite and its major components versus the broad fixed income market averages:

Fixed Income Composite	8.9%
Domestic Fixed Income Composite	9.0%
Domestic Core (investment grade) Fixed Income Composite	6.9%
Domestic High Yield Fixed Income Composite	12.0%
Global Core Fixed Income Composite	6.1%
Emerging Market Debt Composite	15.9%
Lehman Aggregate Index	6.1%
Citigroup Broad Investment Grade Index	6.1%
Merrill Lynch High Yield Master Index	11.6%
Citigroup World Government Bond Index	2.8%
JP Morgan Emerging Market Bond Index	11.9%

Returns from domestic fixed income investments were significantly improved over the prior year. During the prior year, actions taken by the Federal Reserve Board to increase interest rates reduced the total return from domestic fixed income investments. The DGRS domestic fixed income portfolio was well positioned from a credit quality and duration perspective to take advantage of the decline in interest rates at the long end of the Treasury yield curve throughout the year.

The domestic core fixed income composite return was 6.9 percent, which ranked in the top quartile of the ICC domestic investment grade universe. This return was 80 basis points above the return of the Lehman Aggregate (6.1) and 60 basis points better than the median public bond fund (6.3).

The mortgage composite consists entirely of privately placed first mortgages secured by commercial real estate, primarily retail and multi-family properties. No mortgage investment had a loan to value greater than 80 percent. DGRS investment guidelines do not permit sub-prime mortgages.

The domestic high yield fixed income composite return was 12.0 percent, which ranked in the top quartile of the ICC domestic high yield bond universe. This return was 40 basis points better than its objective as measured by the Merrill Lynch High Yield Master (11.6) and 120 basis points better than the median high yield bond fund. Performance of the domestic high yield composite benefited from the Board's overweight to single-B credit quality issues. The Board imposes limitations on the amount which the high yield managers may invest in securities rated below B-/B3. These limitations depressed performance of the high yield composite relative to the benchmark.

The global core fixed income composite return was 6.1 percent, which ranked just below the top quartile of the ICC global core bond universe. This return was 330 basis points better than its objective as measured by the Citigroup World Government Bond Index (2.8 percent) and 190 basis points better than the median global bond fund. Performance of the global core fixed income composite benefited from favorable country and currency allocations.

The emerging market debt composite return was 15.9 percent, which ranked in the top half of the ICC emerging market debt universe. This return was 400 basis points better than its objective as measured by the JP Morgan Emerging Market Bond Index (11.9) and 50 basis points better than the median emerging market bond fund. Performance of the emerging market debt composite benefited from favorable country and currency allocations.

Real Estate

The DGRS real estate portfolio consists of both separately owned and managed properties as well as investments in real estate investment trusts and real estate commingled funds. The portfolio is broadly diversified by property type and geographic location. Essentially all of the DGRS real estate portfolio is located within the United States.

Approximately 75 percent of the portfolio consists of core property investments, with the balance consisting of non-core investments. Core investments are those whose total return is expected to be primarily derived from current income, whereas non-core investments are those whose total return is expected to be primarily derived from appreciation in value. The Board relies on the current income from real estate to defray a disproportionate fraction of the benefits and expenses of the System.

The DGRS real estate composite return for the year was 18.3 percent. This return ranked in the top quartile of the ICC real estate universe and out-performed the broad domestic real estate market, as measured by the NCREIF Property Index, which was up 17.3 percent. This exceptionally strong performance was primarily attributable to appreciation at the property level.

Cash

During the current year, DGRS paid out approximately $260 million in benefits to its members. This relatively high level of benefit payments necessitates maintaining relatively high cash balances at all times.

DGRS runs its own money market fund to invest not only the cash needed to pay the benefits and expenses of the system, but also the idle cash balances which accumulate in the managed accounts. The money market fund provides daily liquidity and supports unlimited deposits, withdrawals and check writing. All cash receipts, disbursements, and movements, as well as the settlements of purchases and sales of securities, are cleared through the money market fund.

The DGRS cash composite return for the year was 5.7 percent. This return ranked in the top quartile of the ICC cash management universe. This compares very favorably with three-month U.S. Treasury bills, which returned 5.2 percent. Returns from cash on an absolute basis have been constrained since 2001 by Federal Reserve Board policy of maintaining relatively low levels of short-term interest rates coupled with a relatively flat and, at times, inverted yield curve.

Market Neutral

Market neutral portfolios are expected to provide a positive absolute return regardless of the direction of the domestic stock market. To provide this positive absolute return, the DGRS market neutral portfolios are constructed to contain essentially equal and offsetting long and short domestic equity positions. The Board looks to its market neutral allocation as a bond substitute with lower volatility.

The DGRS market neutral composite returned 9.0 percent for the year. This return ranked in the top half of the ICC market neutral peer group universe. The objective for the performance of the market neutral composite is the investment return of three-month U.S. Treasury bills plus 3 percent per annum. For the current year, the annualized return from three-month U.S. Treasury bills was 5.2 percent, making the market neutral performance objective 8.2 percent. Accordingly, the DGRS market neutral composite exceeded its objective by 80 basis points. The market neutral composite out-performed the median market neutral fund by 20 basis points.

Alternative Investments

Alternative investments are those investments which do not fit into any of the foregoing asset classes. Broad categories of alternative investments include private equity, venture capital, buyouts, mezzanine debt, distressed debt, secondaries, energy and natural resources, and hedge funds. The target asset allocation for alternative investments is 8 percent of total System assets. The target asset allocation within the alternative investment asset class is 50 percent (4 percent of total system assets) to absolute return strategies (hedge funds) and 50 percent to all other assets. The Board utilizes a retained consultant to evaluate and monitor alternative investments.

The return from the alternative investment portfolio was 5.0 percent for the year. Investment performance was impaired by write-downs on existing non-performing investments and the up-front recognition of costs of funding new investments. Certain non-performing assets which were written down in the current year have since returned to performing status in the following fiscal year.

The Board has a policy which provides that all costs attributable to the start up, organization, and initialization of any investment are expensed as incurred as opposed to being capitalized and amortized over the expected holding period of the investment. Accordingly, investment returns during the early years of an alternative investment will likely be negative. This is sometimes referred to as the "J-curve" effect.

During the year, the Board made several new commitments to alternative investments. These included commitments to absolute return strategies which begin to produce positive results in a relatively short period of time. This action was necessary in order to maintain the asset allocation to alternative investment at the target allocation as a percentage of total assets as the overall assets of the System increased throughout the year. Immediate expense recognition of up-front costs associated with these new commitments significantly detracted from the alternative investment returns during the current year. Future returns will not be burdened by the amortization of these costs. The Board expects that returns from its alternative investment portfolio will return to double digits starting in the next fiscal year.

Liabilities

Liabilities shown in the financial statements consist of accounts payable and liabilities pursuant to securities lending. Accounts payable consist of those amounts payable for goods and services purchased to operate the System plus the trade settlement amount for securities purchases having a settlement date which occurred after the fiscal year end.

Securities Lending

The System participates in a securities lending program. The master securities custodian acts as the exclusive agent of the System. The agent fully indemnifies the System against borrower default in compliance with state statutes. At year end, the market value of securities on loan was approximately $528 million.

When a security is placed on loan, the System receives cash collateral in an amount not less than 102 percent of the market value of the securities loaned. The market value of the collateral on the securities loaned at year end was approximately $544 million. Loans are marked-to-market daily. Cash collateral is invested by the agent in a separately managed account. Borrowers receive a daily interest rebate on the cash collateral provided to the agent. Earnings from securities lending is the difference or spread between the earnings on the cash collateral and the interest rebate paid to the borrower.

The market value of the collateral invested is carried as an asset and the amount of collateral repayable to the borrower upon return of the securities from loan is carried as a liability in the financial statements. Investments are high quality and very short term. Accordingly, the carrying values of the securities lending assets and liabilities are equal, plus or minus a diminimis amount.

Contacting the General Retirement System's Management

This financial report is intended to provide a general overview of the System's finances and investment results in relation to actuarial projections. It shows the System's accountability for the money it receives from City and employee contributions. If you have questions about this report or need additional information, we welcome you to contact the System's offices.

General Retirement System of the City of Detroit

Statement of Plan Net Assets
June 30, 2007
(with comparative totals for June 30, 2006)

	2007	2006
Assets		
Cash (Note 3)	$ 15,414,839	$ 14,631,971
Investments - At fair value (Note 3):		
Short-term investments	93,306,133	57,199,392
Stocks	1,577,298,085	1,480,486,746
Commingled equity funds	888,360,742	791,570,177
Bonds	375,357,794	360,671,578
Mortgage-backed securities	95,275,069	82,017,278
Pooled investments	211,980,673	162,121,174
Equity interest in real estate	84,495,722	89,256,803
Private placements	456,557,446	339,900,994
Mortgage and construction loans	92,345,980	106,270,231
Accrued investment income	14,317,270	17,112,437
Contributions receivable	24,521,431	27,622,101
Receivables from investment sales	51,797,263	66,953,657
Other accounts receivable	473,054	543,597
Capital assets (Note 1)	422,237	417,749
Cash and investments held as collateral for securities lending - Short-term investment pool	544,026,578	548,294,329
Total assets	4,525,950,316	4,145,070,214
Liabilities		
Payables for investment purchases	83,174,040	94,932,100
Claims payable to retirees and beneficiaries	5,219,683	3,964,094
Due to City of Detroit	3,103,995	1,372,501
Other liabilities	44,413,961	41,427,970
Amounts due broker under securities lending agreement	544,026,578	548,294,329
Total liabilities	679,938,257	689,990,994
Net Assets Held in Trust for Pension Benefits (a schedule of analysis of funding progress is presented in the required supplemental information)	**$ 3,846,012,059**	**$ 3,455,079,220**

The Notes to Financial Statements are an Integral Part of this Statement.

General Retirement System of the City of Detroit

Statement of Changes in Plan Net Assets
Year Ended June 30, 2007
(with comparative totals for the year ended June 30, 2006)

	2007	2006
Additions		
Investment income:		
Interest and dividend income	$ 143,195,858	$ 125,575,445
Net appreciation in fair value	487,316,994	261,754,054
Investment expense	(18,264,142)	(14,548,181)
Securities lending income	1,432,857	1,044,392
Other income	640,563	3,359,041
Net investment income	614,322,130	377,184,751
Contributions:		
Employee	19,438,360	20,462,296
Employer	41,444,808	58,162,088
Total additions	675,205,298	455,809,135
Deductions		
Retirees' pension and annuity benefits	206,185,678	201,611,854
Member refunds and withdrawals	73,588,557	114,333,813
General and administrative expenses	4,396,594	3,565,514
Depreciation expense	101,630	105,061
Total deductions	284,272,459	319,616,242
Net Increase in Net Assets Held in Trust for Pension Benefits	390,932,839	136,192,893
Net Assets Held in Trust for Pension Benefits - Beginning of year	3,455,079,220	3,318,886,327
Net Assets Held in Trust for Pension Benefits - End of year	**$ 3,846,012,059**	**$ 3,455,079,220**

The Notes to Financial Statements are an Integral Part of this Statement.

Note 1 - Summary of Significant Accounting Policies

The City of Detroit (the "City") sponsors the General Retirement System of the City of Detroit (the "System"), which is a contributory single-employer retirement plan. The System, which is administered by the System's board of trustees, is comprised of a defined benefit plan and a defined contribution plan. The plan provides retirement, disability, and survivor benefits to plan members and beneficiaries.

The General Retirement System of the City of Detroit is an independent trust qualified under applicable provisions of the Internal Revenue Code and is an independent entity (separate and distinct from the employer/plan sponsor) as required by (1) state law and (2) Internal Revenue Code provisions setting forth qualified plan status. The trustees of the plan have fiduciary obligations and legal liability for any violations of fiduciary duties as independent trustees.

Reporting Entity - The financial statements of the System are also included in the combined financial statements of the City of Detroit as a Pension Trust Fund. The assets of the Pension Trust Fund include no securities of or loans to the City or any other related party.

Basis of Accounting - The General Retirement System of the City of Detroit's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Methods Used to Value Investments - Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

Capital Assets - Capital assets for the System represent office equipment and furniture. Depreciation expense is calculated by allocating the net cost of the assets over their estimated useful lives.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure.

Note 2 - Plan Description and Contribution Information

At June 30, 2007, the membership of the defined benefit plans and the defined contribution plans consisted of the following:

	Defined Benefit Plan	Defined Contribution Plan
Retirees and beneficiaries receiving pension benefits	11,485	1,450
Terminated plan members entitled to but not yet receiving benefits	1,944	1,196
Active plan members	9,141	8,438

Plan Description - The System provides retirement benefits, as well as survivor and disability benefits. Employees may receive cost of living adjustments as a percentage of their base amount, pursuant to the collective bargaining agreement in effect at their date of retirement. The obligation to contribute to and maintain the System was established by City Charter and negotiation with the employees' collective bargaining units.

Contributions - The City's policy is to fund normal costs and amortization of prior service costs. The City is required to contribute at an actuarially determined rate. Administrative costs are financed through investment earnings. The contribution rate for 2006-2007 and 2005-2006 ranged from 2.04 percent to 20.84 percent and 6.80 percent to 31.71 percent, respectively, of active annual payroll (depending on bargaining unit), with a range of 0 percent to 13.64 percent being funded from the use of pension obligation certificate proceeds received during 2005. The System's actuary has computed the portion of the total required contribution that is funded through the certificate proceeds. This amount is transferred from the Accrued Liability Reserve Fund to the Pension Reserve Fund. Contributions from the employer for the years ended June 30, 2007 and 2006 totaled $41,444,808 and $58,162,088, respectively.

Employees may also elect to contribute (a) 0 percent, (b) 3 percent of annual compensation up to the Social Security wage base and 5 percent of any excess over that, (c) 5 percent, or (d) 7 percent toward annuity savings. Contributions from employees during the years ended June 30, 2007 and 2006 totaled $19,438,360 and $20,462,296, respectively.

The contribution requirements of plan members and the City of Detroit are established and may be amended by the boards of trustees in accordance with the City Charter, union contracts, and plan provisions.

Note 3 - Deposits and Investments

The System is authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles. The investment policy adopted by the board is in accordance with Public Act 196 of 1997 and has authorized the investments according to Michigan Public Act 314. The System's deposits and investment policies are in accordance with statutory authority.

The System invests in various investment securities. Investment securities are exposed to various risks such as interest rate risks, market, credit risks, and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in near term and such changes could materially affect the amounts reported on the statement of changes in plan net assets. The System's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank's failure, the System's deposits may not be returned to it. The System does not have a deposit policy for custodial credit risk. At June 30, 2007 and 2006, the System had $4,765,398 and $1,182,296, respectively, of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The System believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the System evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Note 3 - Deposits and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The System's investment policy does not restrict investment maturities. At June 30, 2007, the average maturities of investments broken down by years are as follows:

		Investment Maturities (in years)			
Investment Type	Fair Value ($000)	Less than 1	1 - 5	6 - 10	More than 10
U.S. government	$ 135,468	$ 24,107	$ 42,342	$ 44,380	$ 24,639
Mortgage backed	79,125	-	1,283	4,830	73,012
Collateralized mortgage obligations	16,432	-	622	2,802	13,008
Corporate	208,183	12,407	66,310	86,761	42,705
Other fixed income	46,426	-	7,675	31,848	6,903
Convertible investments	611	-	-	611	-
Commingled bond funds	163	163	-	-	-
Pooled and mutual funds**	120,756	10	-	-	-
Mortgages	65,401	24,064	27,337	14,000	-
Total	$ 672,565	$ 60,751	$ 145,569	$ 185,232	$ 160,267

**Not all pooled and mutual funds are subject to interest rate risk.

At June 30, 2006, the average maturities of investments broken down by years are as follows:

		Investment Maturities (in years)			
Investment Type	Fair Value ($000)	Less than 1	1 - 5	6 - 10	More than 10
U.S. government	$ 83,183	$ 10,957	$ 18,142	$ 24,413	$ 29,671
Mortgage backed	78,218	2	11,561	6,330	60,325
Collateralized mortgage obligations	20,109	-	660	1,869	17,580
Corporate	196,686	10,468	75,722	94,146	16,350
Yankee bonds	3,565	-	819	2,104	642
Non-U.S. fixed income	68,052	5,407	36,665	24,280	1,700
Repurchase agreements	626	626	-	-	-
Agencies	4,050	4,050	-	-	-
Mortgages	59,992	24,402	21,590	-	14,000
Total	$ 514,481	$ 55,912	$ 165,159	$ 153,142	$ 140,268

Note 3 - Deposits and Investments (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The System has no investment policy that would further limit its investment choices. As of June 30, 2007, the credit quality ratings of debt securities (other than that guaranteed by the U.S. government) as rated by S&P are as follows:

Investment Type and Fair Value ($000)	AAA	AA	A	BBB	BB
U.S. government	$ 66,057	$ -	$ 13,103	$ -	$ 5,144
Mortgage backed	32,722	2,376	5,957	22,898	32,914
Corporate	927	663	3,737	3,459	6,891
Comingled bond funds	-	-	-	-	-
Other fixed income	-	-	-	-	-
Agencies	-	-	-	-	-
Pooled and mutual funds	-	-	-	-	-
Mortgages	-	-	-	-	-
Construction loans	-	-	-	-	-
Total	**$ 99,706**	**$ 3,039**	**$ 22,797**	**$ 26,357**	**$ 44,949**

Investment Type and Fair Value ($000)	B	CCC and Below	A-1	NR
U.S. government	$ -	$ -	$ -	$ 4,945
Mortgage backed	-	-	-	-
Corporate	75,907	17,243	169	17,913
Comingled bond funds	-	-	-	163
Other fixed income	20,604	8,325	-	1,820
Agencies	548	-	-	63
Pooled and mutual funds	-	-	-	120,756
Mortgages	-	-	-	65,400
Construction loans	-	-	-	26,945
Total	**$ 97,059**	**$ 25,568**	**$ 169**	**$ 238,005**

Note 3 - Deposits and Investments (Continued)

As of June 30, 2006, the credit quality ratings of debt securities (other than that guaranteed by the U.S. government) as rated by S&P are as follows:

Investment Type and Fair Value ($000)	AAA	AA	A	BBB	BB
U.S. government	$ 60,929	$ -	$ -	$ -	$ -
Mortgage backed	8,886	57	-	-	142
Collateralized mortgage obligations	6,686	498	-	-	-
Corporate	6,826	2,700	10,232	28,404	33,583
Yankee bonds	-	-	-	1,370	614
Non-U.S. fixed income	39,603	1,190	7,426	540	7,502
Agencies	4,050	-	-	-	-
Total	**$ 126,980**	**$ 4,445**	**$ 17,658**	**$ 30,314**	**$ 41,841**

Investment Type and Fair Value ($000)	B	CCC and Below	A-1	NR
U.S. government	$ -	$ -	$ 47	$ 6,872
Mortgage backed	-	-	-	69,134
Collateralized mortgage obligations	-	-	-	12,925
Corporate	85,659	17,786	107	11,390
Yankee bonds	1,268	313	-	-
Non-U.S. fixed income	5,039	959	-	5,791
Repurchase agreements	-	-	626	-
Agencies	-	-	-	-
Mortgages	-	-	-	59,992
Total	**$ 91,966**	**$ 19,058**	**$ 780**	**$ 166,104**

Note 3 - Deposits and Investments (Continued)

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. The System does not restrict the amount of investments in foreign currency. For the year ended June 30, 2007, the following deposits and securities are subject to foreign currency risk (in $000):

	Fixed Income	Equity	Cash Equi.	Cash
Australian dollar	$ 8,104	$ 19,909	$ -	$ 501
Brazilian real	3,677	260	-	188
British pound sterling	5,106	72,457	-	(40)
Bulgarian lev	-	650	-	-
Canadian dollar	3,884	10,446	-	107
Cyprus pound	-	1,634	-	-
Czech koruna	-	2,828	-	91
Danish krone	-	2,384	-	182
Euro currency	8,753	146,785	205	3,619
Hong Kong dollar	-	9,335	-	365
Hryvnia	-	1,367	-	-
Hungarian forint	-	6,233	-	145
Indonesian rupiah	2,391	105	-	37
Japanese yen	-	61,503	-	3,744
Malaysian ringgit	3,741	-	-	1
Mexican Nuevo peso	3,509	882	-	-
New Romanian leu	-	1,145	-	-
New Taiwan dollar	-	1,412	-	94
New Zealand dollar	2,110	317	-	637
Norwegian krone	-	11,036	-	19
New Turkish lira	-	1,842	-	114
Philippines peso	-	29	-	1
Polish zloty	5,361	7,648	-	(9)
Renminbi yuan	-	1,391	-	-
Russian new ruble	-	3,044	-	-
Singapore dollar	5,210	2,196	-	194
South African rand	3,628	-	-	1
South Korean won	-	1,868	-	(11)
Swedish krona	2,881	12,651	-	53
Swiss franc	-	26,079	-	54
Thai baht	-	221	-	168
Total	**$ 58,355**	**$ 407,657**	**$ 205**	**$ 10,255**

Note 3 - Deposits and Investments (Continued)

For the year ended June 30, 2006, the following deposits and securities are subject to foreign currency risk (in $000):

	Fixed Income	Equity	Cash
Australian dollar	$ 7,815	$ 11,069	$ 1,005
Brazilian real	2,128	188	-
British pound sterling	3,008	59,926	346
Canadian dollar	8,732	4,433	97
Cyprus pound	-	1,129	-
Czech koruna	-	2,809	177
Danish krone	-	2,069	40
Euro currency	8,357	136,529	8,822
Hong Kong dollar	-	7,575	486
Hungarian forint	-	3,071	(1,689)
Indonesian rupiah	1,546	220	33
Japanese yen	-	78,021	2,717
Kroon	-	96	-
Malaysian ringgit	1,498	-	-
Mexican Nuevo peso	3,348	974	14
New Taiwan dollar	-	633	163
New Zealand dollar	1,199	234	-
Norwegian krone	-	8,255	778
New Turkish lira	-	2,068	7
Philippines peso	-	-	-
Polish zloty	5,177	9,519	(31)
Renminbi yuan	-	1,230	-
Russian new ruble	-	3,126	-
Singapore dollar	5,361	2,294	156
South African rand	271	-	-
South Korean won	-	2,686	(75)
Swedish krona	5,354	10,689	104
Swiss franc	-	30,079	490
Thai baht	770	349	-
Total	**$ 54,564**	**$ 379,271**	**$ 13,640**

Note 3 - Deposits and Investments (Continued)

The following is a description of the investments by type and category:

Investment	2007	2006
Short-term investments	$ 93,306,133	$ 57,199,392
Stocks	1,577,298,085	1,480,486,746
Commingled equity funds	888,360,742	791,570,177
Bonds	375,357,794	360,671,578
Mortgage-backed securities	95,275,069	82,017,278
Pooled investments	211,980,673	162,121,174
Equity interest in real estate	84,495,722	89,256,803
Private placements	456,557,446	339,900,994
Mortgage and construction loans	92,345,980	106,270,231
Total	$ 3,874,977,644	$ 3,469,494,373

As permitted by state statutes and under the provisions of a securities lending authorization agreement, the System lends securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The System's custodial bank manages the securities lending program and receives cash, government securities, or irrevocable bank letters of credit as collateral. The custodial bank does not have the ability to pledge or sell collateral securities unless the borrower defaults. Borrowers are required to deliver collateral for each loan equal to not less than 102 percent of the market value of the loaned securities.

The System did not impose any restrictions during the fiscal year on the amount of loans made on its behalf by the custodial bank. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or custodial bank.

Note 3 - Deposits and Investments (Continued)

The System and the borrower maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in a separate account with the cash collateral of other lenders in an investment pool. The average duration of this investment pool as of June 30, 2007 was 22 days. Because the loans are terminable on demand, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2007, the System had no credit risk exposure to borrowers. The collateral held and the fair market value of the underlying securities on loan for the System as of June 30, 2007 was $544,026,578 and $528,092,745, respectively.

Securities Lent	Underlying Securities	Collateral Received	Collateral Investment Value	Type of Collateral
U.S. government and agencies	$ 43,974,744	$ 44,380,502	$ 44,380,502	Custodian's short-term investment pool
U.S. corporate fixed income	33,021,681	33,755,962	33,755,962	Custodian's short-term investment pool
U.S. equities	425,661,531	439,293,691	439,293,691	Custodian's short-term investment pool
Non-U.S. governments	7,074,526	7,623,585	7,623,585	Custodian's short-term investment pool
Non-U.S. equities	18,361,264	18,972,839	18,972,839	Custodian's short-term investment pool
Total	**$ 528,093,746**	**$ 544,026,579**	**$ 544,026,579**	

Note 4 - Reserves

State law requires employee contributions to be segregated. In addition, amounts must be set aside as determined by the actuary to fund benefits to retirees currently approved to receive benefits. As of June 30, 2007 and 2006, the System's reserves have been fully funded as follows:

	2007	2006
Reserved for employee contributions	$ 733,143,529	$ 653,487,930
Reserved for retired employees	1,753,886,419	1,685,531,699

A statement of changes in plan net assets by fund is included in the other supplemental information.

Note 5 - Pension Obligation Certificates

In June 2005, the City of Detroit issued $1,440,000,000 of pension obligation certificates to provide funding for the unfunded actuarially accrued liability (UAAL) of both the General Retirement System of the City of Detroit and the Police and Fire Retirement System of the City of Detroit. The pension obligation certificate proceeds were used to fund the combined liability of both plans that existed at June 30, 2003. Any future UAAL that may arise will continue to be paid by the City, as well as the annual normal cost. The proceeds of the pension obligation certificates were deposited into the System and are accounted for in the Accrued Liability Fund (Pension Obligation Certificate) Reserve. Approximately $740,000,000 was deposited into the General Retirement System of the City of Detroit and approximately $630,000,000 was deposited into the Police and Fire Retirement System of the City of Detroit, net of issuance costs and premiums. On an annual basis, funds will be transferred from the Accrued Liability Fund reserve to the pension accumulation reserve on the advice of the actuary. The Accrued Liability Fund was credited with investment earnings commensurate with the overall earnings of the System.

Required Supplemental Information

General Retirement System of the City of Detroit

Required Supplemental Information
Schedule of Analysis of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
06/30/99	$ 2,756,614,458	$ 2,900,404,223	$ 143,789,765	95.0	$ 383,449,421	37.5
06/30/00	2,902,433,063	3,077,001,129	174,568,066	94.3	417,187,666	41.8
06/30/01	2,912,146,389	3,179,601,214	267,454,825	91.6	439,636,072	60.8
06/30/02	2,761,203,680	3,276,591,209	515,387,529	84.3	440,680,045	117.0
06/30/03	2,537,668,376	3,270,627,177	732,958,801	77.6	448,579,064	163.4
06/30/04	2,470,243,470	3,383,926,672	913,683,202	73.0	444,596,299	205.5
06/30/05	3,222,393,861	3,347,387,652	124,993,791	96.3	390,593,600	32.0
06/30/06	3,373,687,677	3,434,288,153	60,600,476	98.2	361,151,456	16.8

General Retirement System of the City of Detroit

Required Supplemental Information
Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution		Percentage Contributed
1999	$ 55,683,125		100
2000	66,681,049		100
2001	68,139,535		100
2002	67,791,488		100
2003	72,859,246		100
2004	95,876,076		100
2005	106,496,612	*	100
2006	75,450,813	**	120
2007	81,285,399	***	100

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of June 30, 2006, the latest actuarial valuation, follows:

Valuation date	June 30, 2006
Actuarial cost method	Entry age
Amortization method	Level percent
Remaining amortization period	30 years
Asset valuation method	Three-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.9%
Projected salary increases	4.0%-9.5%
Includes inflation at	4.0%
Cost of living adjustments	2.25%

* For the year ended June 30, 2005, the annual required City contribution included City contributions of $41,689,528 as well as transfers of $64,807,084 from the proceeds of pension obligation certificates.

** For the year ended June 30, 2006, the annual required contribution was funded by transfers from the accrued liability reserve in the amount of $32,651,232 and from current year City contributions of $58,162,088.

*** For the year ended June 30, 2007, the annual required contribution was funded by transfers from the accrued liability reserve in the amount of $39,840,591 and from current year City contributions of $41,444,808.

Other Supplemental Information

Other Supplemental Information
Description of Funds

Annuity Savings Fund - This fund represents cumulative required and voluntary contributions made by the active employees plus accumulated interest.

Annuity Reserve Fund - Transfers are made from the Annuity Savings Fund into the Annuity Reserve Fund when an employee retires, becomes disabled, or if a surviving spouse elects an annuity rather than a lump-sum payout of accumulated employee contributions.

Both annuity funds are referred to as defined contribution plans.

Market Stabilization Fund - This fund represents designations from the plans' investment income (loss) to be used to cushion the market value adjustments within the other funds. The boards of trustees authorized the creation of this fund, and the reserve amounts are calculated using a three-year average method.

Accrued Liability Reserve Fund - This fund originated during June 2005 when the City issued pension obligation certificates to fund the unfunded actuarial accrued liability that existed at June 30, 2003 (subject UAAL). On an annual basis, the actuary will inform the System of the amount to transfer from the Accrued Liability Reserve to the Pension Accumulation Fund in lieu of contributions from the City for the subject UAAL.

Pension Accumulation Fund - This fund represents accumulated City contributions to the pension system for the payment of pensions and other benefits to future retirees. Additionally, pre-employment military service credit contributions are captured in this fund.

Pension Reserve Fund - This fund represents funded pension benefits available for retired members and is funded by actuarially determined transfers from the Pension Accumulation Fund.

	Annuity Reserves	
	Annuity Savings Fund	Annuity Reserve Fund
Additions		
Net investment income	$ 142,788,460	$ 2,637,482
Contributions:		
Employee	19,414,182	-
Employer	-	-
Total additions	162,202,642	2,637,482
Deductions		
Retirees' pension and annuity benefits	-	4,903,187
General and administrative expenses	-	-
Depreciation expense	-	-
Member refunds and withdrawals	72,839,036	-
Total deductions	72,839,036	4,903,187
Net Additions (Deductions) - Before transfers	89,363,606	(2,265,705)
Transfers - Net	(9,708,007)	3,293,971
Net Increase in Net Assets Held in Trust for Pension Benefits	79,655,599	1,028,266
Net Assets Held in Trust for Pension Benefits - Beginning of year	653,487,930	41,969,180
Net Assets Held in Trust for Pension Benefits - End of year	**$ 733,143,529**	**$ 42,997,446**

Other Supplemental Information
Statement of Changes in Plan Net Assets by Fund
Year Ended June 30, 2007
(with comparative totals for the year ended June 30, 2006)

Market Stabilization Fund	Accrued Liability Reserve Fund	Pension Reserves: Pension Accumulation Fund	Pension Reserves: Pension Reserve Fund	Total 2007	Total 2006
$ 154,996,970	$ 89,415,194	$ 66,682,727	$ 157,801,297	$ 614,322,130	$ 377,184,751
-	-	24,178	-	19,438,360	20,462,296
-	-	41,444,808	-	41,444,808	58,162,088
154,996,970	89,415,194	108,151,713	157,801,297	675,205,298	455,809,135
-	-	-	201,282,491	206,185,678	201,611,854
-	-	4,396,594	-	4,396,594	3,565,514
-	-	101,630	-	101,630	105,061
-	-	749,521	-	73,588,557	114,333,813
-	-	5,247,745	201,282,491	284,272,459	319,616,242
154,996,970	89,415,194	102,903,968	(43,481,194)	390,932,839	136,192,893
-	(39,840,591)	(64,553,021)	110,807,648	-	-
154,996,970	49,574,603	38,350,947	67,326,454	390,932,839	136,192,893
100,911,354	701,180,684	313,967,553	1,643,562,519	3,455,079,220	3,318,886,327
$ 255,908,324	**$ 750,755,287**	**$ 352,318,500**	**$1,710,888,973**	**$3,846,012,059**	**$3,455,079,220**

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City of Hartford
Pension Department

March 3, 2008

Ms. Kathleen E. Palm Devine, Secretary
City of Hartford Pension Commission
Office of the Treasurer
550 Main Street
Hartford, CT 06103

Re: 2007 MERF Actuarial Survey

Dear Kathleen:

We are pleased to present the Annual Valuation of the City of Hartford Municipal Employees' Retirement Fund for 2007. Eleven additional copies are included for distribution.

Recommended contribution rates are as follows:

	Recommended Fiscal Year 2008-2009 Contribution (2007 MERF Actuarial Survey)	**Recommended Fiscal Year 2007-2008 Contribution (2006 MERF Actuarial Survey)**
Police	3.65%	2.80%
Firefighters	-5.77%	-5.13%
Board of Education	11.03%	11.48%
Municipal Services	25.19%	30.36%
Library	16.98%	16.99%

The primary reasons for the change in contribution rates are:

- A return on the actuarial value of assets that was higher than expected. This decreased the contribution rates from last year.
- An increase in retiree benefits due to the ad hoc cost of living increase granted to eligible retirees effective July 1, 2007. This increased the contribution rates.

As always, I am available to answer any questions you or the Pension Commission may have.

Sincerely,

Elizabeth J. Willard

/mmh
Enclosure

Copy with enclosure: Lorraine T. Shetensky

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HOOKER & HOLCOMBE, INC.

65 LaSalle Road
West Hartford, CT 06107-2397
860-521-8400 tel
860-521-3742 fax
www.hhconsultants.com

City of Hartford Municipal Employee's Retirement Fund (MERF)

Actuarial Survey

July 1, 2007

Elizabeth J. Willard, F.S.A.
Consulting Actuary

Scott B. Moss, A.S.A.
Pension Analyst

March 3, 2008

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Section I

Valuation Report

A. Purpose of the Valuation

The purpose of the valuation is to determine the funded status of the plan as well as the recommended cash contribution for the plan year. The information found in Section II of the report has been developed for this purpose.

The ultimate cost of a pension plan is based primarily on the level of benefits promised by the plan. The pension fund's investment earnings service to reduce the cost of plan benefits and expenses. Thus,

City's ultimate cost	=	*benefits paid*	+	*expenses incurred*	-	*investment return*	-	*employee contributions*

B. Contribution for 2008-2009 Fiscal Year

The City's contribution rates for the 2008-2009 fiscal year, determined from the July 1, 2007 actuarial valuation, are shown below. Last year's results are shown for comparison purposes.

	Recommended 2008-2009 Fiscal Year Contribution (July 1, 2007 Valuation)	**Recommended 2007-2008 Fiscal Year Contribution (July 1, 2006 Valuation)**
Police	3.65%	2.80%
Firefighters	-5.77%	-5.13%
Board of Education	11.03%	11.48%
Municipal Services	25.19%	30.36%
Library	16.98%	16.99%

Please see Section II, Exhibit A for the development of these figures.

C. Funded Status

The MERF's funded status as of July 1, 2007 is summarized below. The actuarial accrued liability is the actuarial present value of projected benefits credited for prior years' service. The assets include the $5.5 million receivable as of July 1, 2007.

	July 1, 2007
Actuarial Accrued Liability	$1,090,715,000
Actuarial Value of Assets	1,097,592,000
Funded Status	6,877,000
Funded Percentage	100.6%

D. Plan Experience During Period Under Review

The recommended City contribution rate for the 2008-2009 fiscal year has decreased from last year for all groups but the Police.

The actuarial value of assets earned a return of about 12.0% during the 2006-2007 fiscal year, compared to an expected rate of return of 8.0%. The market value of assets returned 15.6% over the same period. The decrease in contribution rates from last year is largely the result of investment gains generated from the return on the actuarial value of assets greater than expected.

Changes in the covered population from last year to this year also impacted the plan's contribution requirements. The active membership of the MERF as of July 1, 2007 was 2,571, an increase of 27 from 2,544 last year. The average age of the active population increased from 43.6 to 44.0 during this same period. The total covered payroll increased by approximately 7% from $124,837,000 to $133,280,000.

E. Changes Since The Last Valuation

This year's actuarial valuation first reflects the ad hoc cost of living increase granted to eligible retirees effective July 1, 2007. This change increased the contribution rates from last year.

In addition, the valuation reflects changes in plan provisions from last year for the Municipal Lawyer's Association and Local 818. See the Summary of Principal Pension Plan Provisions for additional information. These changes had a minimal impact on plan costs.

F. Certification

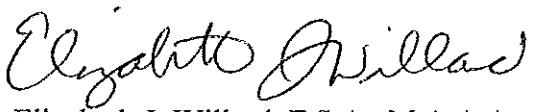
The results of this valuation are based on financial, personnel and payroll data furnished to us by the City and unaudited by us as of July 1, 2007.

In my opinion, and to the best of my knowledge, this Report presents fairly the financial and actuarial position of the City of Hartford Municipal Employees' Retirement Fund (MERF) as of July 1, 2007. The actuarial present values shown have been estimated on the basis of actuarial assumptions which, in my opinion, are appropriate for the purposes of the Report, are reasonable in the aggregate (taking into account the experience of the Plan and reasonable expectations), and, when applied in combination, represent my best estimate of the measure of anticipated experience under the Plan.

I believe that this Report meets the requirements of Public Act No. 77-468, An Act Requiring Periodic Actuarial Evaluation of Municipal Pension Plans.

I am a member of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.

HOOKER & HOLCOMBE, INC.



Elizabeth J. Willard, F.S.A., M.A.A.A.
Enrolled Actuary

March 3, 2008

Section II

Supporting Exhibits

A. Normal Cost

	July 1, 2007 Valuation					
	Police	Fire	Board of Ed.	Municipal Services	Library	Total Membership
Active Membership						
Number of Employees	444	330	1,167	555	75	2,571
Annual Payroll (000)	$30,753	$26,915	$42,024	$29,558	$4,031	$133,280
Normal Actuarial Costs						
A. Actuarial Present Value of Future Benefits (000)						
Active Members	$135,267	$133,802	$119,901	$124,085	$13,101	$526,156
Terminated Non-Vested Members	142	141	126	131	14	553
Terminated Vested Members	2,478	215	3,605	5,494	88	11,879
Retired Members	234,968	173,711	89,580	228,869	12,114	739,241
Old Plans COLA	718	489	617	59	0	1,882
Total	$373,572	$308,357	$213,828	$358,637	$25,317	$1,279,711
B. Actuarial Value of Assets (000)*	$347,267	$309,483	$145,973	$277,740	$17,128	$1,097,592
C. Actuarial Present Value of Future Employee Contributions (000)	$21,106	$18,553	$22,943	$15,126	$1,736	$79,464
D. Actuarial Present Value of Future Normal Costs (A) - (B) - (C) (000)	$5,199	($19,679)	$44,912	$65,771	$6,453	$102,656
E. Actuarial Present Value of Future Salaries (000)	$321,762	$256,383	$441,372	$283,920	$40,510	$1,343,948
F. Normal Actuarial Costs as Percentage of Payroll (D)/(E)	1.62%	-7.68%	10.18%	23.17%	15.93%	7.64%
G. Estimated Expenses (other than Investment Expenses) as % Payroll	2.03%	1.91%	0.85%	2.02%	1.05%	1.60%
H. Total Normal Cost Percent Payable by City (F) + (G)	**3.65%**	**-5.77%**	**11.03%**	**25.19%**	**16.98%**	**9.24%**

**Includes $5,463,745 receivable detailed as follows: sick exchange receivable of $2,100,449, and City contribution receivables for fiscal year 2006-2007 of $1,572,500 (paid July 12, 2007), $1,490,242 (paid October 15, 2007) and $300,554 outstanding contribution payable.*

Section II

Supporting Exhibits
(continued)

B. Estimated Cash Contribution

The cash contribution for fiscal year 2008-2009 detailed below is estimated based upon payroll data collected for the July 1, 2007 Actuarial Valuation, projected to fiscal year 2008-2009 using the salary increase assumption in the valuation. See the Summary of Actuarial Assumptions section for details. ***The actual contribution will be based upon actual payroll figures for fiscal year 2008-2009.*** *To illustrate the sensitivity of the cash contribution to changes in payroll, the second table below details the estimated fiscal year 2008-2009 contribution assuming payroll is either 5% higher or 5% lower than this estimate.*

	Estimated July 1, 2008 - June 30, 2009 Fiscal Year Contribution					
	Police	Fire	Board of Ed	Municipal Services	Library	Total
(1) Annual Adjusted Payroll, July 1, 2006	$33,950,294	$28,706,530	$45,369,327	$32,486,414	$4,495,874	$145,008,439
(2) Total Normal Cost Percent Payable by City	3.65%	-5.77%	11.03%	25.19%	16.98%	9.24%
(3) Gross City Contribution: (1) x (2)	1,239,186	(1,656,367)	5,004,237	8,183,328	763,399	13,533,783
(4) July 1, 2006 Payment for Local 566	0	0	303,918	0	0	303,918
(5) July 1, 2006 Payment for Local 1716	0	0	0	509,126	0	509,126
(6) Old Plans COLA Annual Payment	149,548	109,030	155,955	17,838	0	432,371
(7) Net City Contribution Estimate: (3)-(4)-(5)-(6)	**$1,089,638**	**($1,765,397)**	**$4,544,364**	**$7,656,364**	**$763,399**	**$12,288,368**

	2008-2009 Contribution Sensitivity					
	Police	Fire	Board of Ed	Municipal Services	Library	Total
Estimated 2008-2009 Fiscal Year Payroll +5%	$35,647,809	$30,141,857	$47,637,793	$34,110,735	$4,720,668	$152,258,861
Net City Contribution Estimate for 2008-2009	1,151,597	(1,848,215)	4,794,576	8,065,530	801,569	12,965,057
Estimated 2008-2009 Fiscal Year Payroll -5%	32,252,779	27,271,204	43,100,861	30,862,093	4,271,080	137,758,017
Net City Contribution Estimate for 2008-2009	1,027,678	(1,682,578)	4,294,152	7,247,197	725,229	11,611,678

**Developed from the 2006-2007 payroll used in the July 1, 2007 actuarial valuation.*

Section II

Supporting Exhibits
(continued)

C. Actuarial Balance Sheet

	July 1, 2007	July 1, 2006
Actuarial Liabilities		
Present Value of Future Benefits for:		
Active Employees	$ 526,156,210	$ 495,911,768
Inactive Members		
• Regular Retirees	650,628,312	618,582,326
• Disability Retirees	59,721,631	58,147,662
• Survivors	28,890,929	28,162,751
• Terminated Non-Vesteds	553,450	553,450
• Terminated Vesteds	11,878,972	8,272,358
• Old Plans COLA	1,881,941	1,827,314
TOTAL	$1,279,711,445	$1,211,457,629
Source of Funds		
1. Actuarial Value of Assets*	$1,097,591,809	$1,028,513,283
2. Present Value of Future Employee Contributions	79,463,974	75,614,602
3. Present Value of Future City Normal Cost Contributions	102,655,062	107,329,744
4. TOTAL = (1) + (2) + (3)	$1,279,711,445	$1,211,457,629

**Includes receivables of $5,463,745 as of July 1, 2007 and $7,022,224 as of July 1, 2006.*

Section II

Supporting Exhibits
(continued)

D. Development of Asset Values

The Adjusted Value of assets is used in the determination of plan contributions. It phases in recognition of asset gains and losses. A method of smoothing is used because the Market Value can swing widely from one year to the next, resulting in undesirable fluctuations in pension contributions. The smoothing is accomplished by recognizing asset gains and losses over a four-year period at 25% per year.

Relationship of Actuarial Value to Market Value		
1. Market value 7/1/2007	$	1,156,369,970
2. Gain / (loss) not recognized in actuarial value 7/1/2007		64,241,906
3. Preliminary actuarial value 7/1/2007: (1)-(2)		1,092,128,064
4. Preliminary actuarial value as a percentage of market value: (3)÷(1)		94.4%
5. Gain / (loss) recognized for corridor min/max		N/A
6. Actuarial value 7/1/2007 after corridor min/max: (3)+(5)		1,092,128,064
7. Actuarial value as a percentage of market value: (6)÷(1)		94.4%

Development of Asset Gain / (Loss) for 2006-2007 Plan Year		
1. Market value 7/1/2006	$	1,046,393,156
2. Contributions		27,254,955
3. Benefit payments		74,606,418
4. Administrative expenses		2,028,837
5. Expected return at 8.00%		81,790,467
6. Expected value 7/1/2007: (1)+(2)-(3)-(4)+(5)		1,078,803,323
7. Market value 7/1/2007		1,156,369,970
8. Asset gain / (loss) for -1 Plan Year: (7)-(6)		77,566,647

Recognition of Gain / (Loss) in Actuarial Value					
Year	(a) Gain / (loss)	(b) Recognized as of 7/1/2006	(c) Recognized in current year: 25% of (a)	(d) Total recognized as of 7/1/2007: (b)+(c)	(e) Not recognized as of 7/1/2007: (a)–(d)
2003-2004	$ 57,855,924	$ 43,391,943	$ 14,463,981	$ 57,855,924	$ 0
2004-2005	10,701,876	5,350,938	2,675,469	8,026,407	2,675,469
2005-2006	6,782,904	1,695,726	1,695,726	3,391,452	3,391,452
2006-2007	77,566,647	0	19,391,662	19,391,662	58,174,985
Total			38,226,838		64,241,906

Section II

Supporting Exhibits
(continued)

D. Development of Asset Values

Summary of Fund Activity		
	Market Value	**Actuarial Value**
1. Beginning Value 7/1/2006		
a. Trust Assets	$1,046,393,156	$1,021,491,059
b. Receivable	7,022,224	7,022,224
c. Total	1,053,415,380	1,028,513,283
2. Contributions made during 2006-2007 fiscal year	27,254,955	27,254,955
3. Disbursements		
a. Benefit Payments	74,606,418	74,606,418
b. Expenses	2,028,837	2,028,837
c. Total	76,635,255	76,635,255
4. Net Investment Income		
a. Net Income	159,357,114	N/A
b. Expected Return	N/A	81,790,467
c. Recognized Gain (Loss)	N/A	38,226,838
d. Total	159,357,114	120,017,305
5. Ending Value 7/1/2007		
a. Trust Assets: (1a)+(2)-(3)+(4)	1,156,369,970	1,092,128,064
b. Receivable	5,463,745	5,463,745
c. Total	1,161,833,715	1,097,591,809
6. Approximate rate of return 2006-2007	15.6%	12.0%

Section II

Supporting Exhibits
(continued)

D. Development of Asset Values

Rate of Return on Market Value of Assets				
Period Ending June 30th	Average Annual Effective Rate of Return			
	1 Year	3 Years	5 Years	10 Years
1998	18.0%			
1999	10.4%	16.3%		
2000	8.8%	12.3%		
2001	-2.1%	5.6%	10.9%	
2002	-3.1%	1.1%	6.1%	
2003	4.6%	-0.3%	3.6%	
2004	14.6%	5.1%	4.3%	
2005	9.1%	9.4%	4.4%	
2006	8.7%	10.8%	6.6%	
2007	15.6%	11.1%	10.4%	8.3%

Section II

Supporting Exhibits

E. Accounting Information

GASB Statements No. 25 and 27

The following information is based on the Governmental Accounting Standards Board (GASB) Statement No. 25 on "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and Statement No. 27 on "Accounting for Pensions by State and Local Governmental Employers". It represents a summary of information detailed further within the MERF's annual GASB report. The exhibits are provided for information purposes only here.

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed	Actual Contribution Received by MERF	Miscellaneous *	Net Percentage Contributed
2002	$ 332,806	100%	$ 0	$ 332,806	100%
2003	2,463,804	100%	2,196,698	267,106	100%
2004**	6,717,025	97%	6,296,790	239,359	94%
2005**	9,336,898	99%	9,000,000	206,742	96%
2006**	17,033,102	70%	11,765,350	183,037	69%
2007	14,328,866	115%	16,317,266***	163,749	114%

* *Funds transferred from State of Connecticut's Connecticut Municipal Employees' Retirement System (CMERS) and Aetna annuity payments.*

** *Revised.*

*** *2006-2007 fiscal year contribution includes contributions paid for prior fiscal years during the 2006-2007 fiscal year as follows: FY 00-01 $117,500, FY 02-03 $2,198, FY 03-04 $180,876, FY 04-05 $130,156, FY 05-06 $5,084,715. After the June 30, 2006 GASB reporting period closed, two contributions of $1,572,500 and $1,490,242 were made to the Plan for the 2006-2007 fiscal year. These amounts are not included in the $16,317,266 fiscal year 2006-2007 contribution listed above. They will be included in the 2007-2008 fiscal year contributions listed in the June 30, 2008 GASB report.*

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets * (a)	Actuarial Accrued Liability (AAL) ** (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)÷c)
7/1/2002	$ 957,390,000	$ 880,444,000	$(76,946,000)	108.7%	$117,498,000	-65.5%
7/1/2003	965,389,000	922,258,000	(43,131,000)	104.7%	110,339,000	-39.1%
7/1/2004	963,044,000	967,393,000	4,349,000	99.6%	107,808,000	4.0%
7/1/2005	986,405,000	970,286,000	(16,119,000)	101.7%	117,261,000	-13.7%
7/1/2006	1,021,491,000***	1,002,848,000	(18,643,000)	101.9%	124,837,000	-14.9%
7/1/2007	1,092,128,000***	1,090,715,000	(1,413,000)	100.1%	133,280,000	-1.1%

* *Excludes receivable from CMERS (applicable for 7/1/2002-7/1/2005 only; no longer applicable 7/1/2006+).*

** *Liability shown determined using the projected unit credit cost method 7/1/2002-7/1/2006 and the entry age normal cost method as of 7/1/2007.*

*** *Excludes estimated City contribution receivable of $5,463,745 as of July 1, 2007 and $7,022,224 as of July 1, 2006.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Summary – Active Members as of July 1, 2007

	Number	Payroll*	Average Annual Pay*
Police	444	$ 30,753,128	$69,263
Firefighters	330	26,914,748	81,560
Board of Education	1,167	42,023,727	36,010
Municipal Services	555	29,557,984	53,258
Library	75	4,030,640	53,742
Total	**2,571**	**$133,280,227**	**$51,840**

**Basic salary, plus overtime, plus Fire private duty pay.*

Summary – Pensioners as of July 1, 2007

	Service Pensions*		Disability Pensions		Survivor Benefits*		Total	
	Count	Total Monthly Annuities	Count	Total Monthly Annuities	Count	Total Monthly Annuities	Count	Total Monthly Annuities
Police	445	$1,661,005	65	$144,059	60	$60,906	570	$1,865,970
Firefighters	297	1,074,185	124	331,518	106	113,840	527	1,519,543
Board of Ed.	612	781,948	23	13,078	75	29,984	710	825,010
Municipal Svcs.	703	1,853,690	17	12,328	128	90,886	848	1,956,904
Library	51	108,310	0	0	3	1,657	54	109,967
Vested Deferred	108	116,287	--	--	--	--	108	116,287
TOTAL**	**2,216**	**$5,595,425**	**229**	**$500,983**	**372**	**$297,273**	**2,817**	**$6,393,681**

** Six pensioners receiving benefits as retirees and as survivors are included in both groups.*

*** Additional monthly benefits for the July 1, 1987, July 1, 1990, July 1, 1997, July 1, 1999,July 1, 2001, July 1, 2005, and July 1, 2007 COLA's for the unfunded plans (PBF, FRF, and RAF) are also included in the total liabilities for MERF. Such participants are not included in the counts shown here.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Police

Participant Data				
	Active	Terminated Vested	Pensioners*	Total
Total Participants 7/1/2006	**428**	**4**	**560**	**992**
Adjustments	0	+1	0	+1
Retirements	-11	-1	+12	0
Disabilities	0	0	0	0
Terminations				
Vested	-2	+2	N/A	0
Non-vested	-9	N/A	N/A	-9
Deaths	-1	0	-9	-10
New beneficiaries	N/A	0	+7	+7
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	+39	N/A	N/A	+39
Total Participants 7/1/2007	**444**	**6**	**570**	**1,020**
Average Age				
7/1/2006	37.4			
7/1/2007	37.5			
Average Service				
7/1/2006	10.0			
7/1/2007	9.9			
Payroll**				
7/1/2006	$29,623,885			
7/1/2007	30,753,128			
Total monthly benefits*				
7/1/2006		$7,612	$1,729,985	
7/1/2007		18,297	1,865,970	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Firefighters

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2006	**339**	**1**	**524**	**864**
Adjustments	0	+2	0	+2
Retirements	-10	0	+10	0
Disabilities	0	0	0	0
Terminations				
Vested	0	0	N/A	0
Non-vested	-1	N/A	N/A	-1
Deaths	0	0	-16	-16
New beneficiaries	N/A	0	+9	+9
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	+2	N/A	N/A	+2
Total Participants 7/1/2007	**330**	**3**	**527**	**860**
Average Age				
7/1/2006	42.4			
7/1/2007	43.1			
Average Service				
7/1/2006	15.1			
7/1/2007	15.9			
Payroll**				
7/1/2006	$25,299,020			
7/1/2007	26,914,748			
Total monthly benefits*				
7/1/2006		$ 773	$1,441,916	
7/1/2007		2,291	1,519,543	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Board of Education

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2006	**1,187**	**35**	**709**	**1,931**
Adjustments	0	+2	0	-+2
Retirements	-7	-10	+17	0
Disabilities	0	0	0	0
Terminations				
Vested	-10	+10	N/A	0
Non-vested	-106	N/A	N/A	-106
Lump Sum	0	0	N/A	0
Deaths	-2	0	-21	-23
New beneficiaries	N/A	0	+5	+5
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	+105	N/A	N/A	+105
Total Participants 7/1/2007	**1,167**	**37**	**710**	**1,914**
Average Age				
7/1/2006	44.0			
7/1/2007	44.7			
Average Service				
7/1/2006	8.6			
7/1/2007	9.1			
Payroll**				
7/1/2006	$39,458,781			
7/1/2006	42,023,727			
Total monthly benefits*				
7/1/2006		$33,488	$795,656	
7/1/2007		34,596	825,010	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Municipal Services

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2006	**517**	**57**	**849**	**1,423**
Adjustments	0	+2	0	+2
Retirements	-18	-2	+20	0
Disabilities	0	0	0	0
Terminations				
Vested	-4	+4	N/A	0
Non-vested	-12	N/A	N/A	-12
Deaths	0	-1	-29	-30
New beneficiaries	N/A	0	+8	+8
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	+72	N/A	N/A	+72
Total Participants 7/1/2007	**555**	**60**	**848**	**1,463**
Average Age				
7/1/2006	48.2			
7/1/2007	48.3			
Average Service				
7/1/2006	10.6			
7/1/2007	10.1			
Payroll**				
7/1/2006	$26,867,996			
7/1/2007	29,557,984			
Total monthly benefits*				
7/1/2006		$51,830	$1,874,411	
7/1/2007		59,856	1,956,904	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Library

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2006	**73**	**0**	**53**	**126**
Adjustments	0	+2	0	+2
Retirements	-1	0	+1	0
Disabilities	0	0	0	0
Terminations				
Vested	0	0	N/A	0
Non-vested	-3	N/A	N/A	-3
Deaths	0	0	0	0
New beneficiaries	N/A	0	0	0
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	+6	N/A	N/A	+6
Total Participants 7/1/2007	**75**	**2**	**54**	**131**
Average Age				
7/1/2006	44.7			
7/1/2007	45.0			
Average Service				
7/1/2006	10.8			
7/1/2007	11.3			
Payroll**				
7/1/2006	$3,586,852			
7/1/2007	4,030,640			
Total monthly benefits*				
7/1/2006		$ 0	$107,098	
7/1/2007		1,247	109,967	

**Excludes old Plan COLA participants.*

***Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Total

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2006	**2,544**	**97**	**2,695**	**5,336**
Adjustments	0	+9	0	+9
Retirements	-47	-13	+60	0
Disabilities	0	0	0	0
Terminations				
Vested	-16	+16	N/A	0
Non-vested	-131	N/A	N/A	-131
Lump Sum	0	0	0	0
Deaths	-3	-1	-75	-79
New beneficiaries	N/A	0	+29	+29
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	+224	N/A	N/A	+224
Total Participants 7/1/2007	**2,571**	**108**	**2,709**	**5,388**
Payroll**				
7/1/2006	$124,836,534			
7/1/2007	133,280,227			
Total monthly benefits				
7/1/2006		$ 93,703	$5,949,066	
7/1/2007		116,287	6,277,394	

**Excludes old Plan COLA participants.*
***Basic salary plus overtime and private duty pay.*

City of Hartford MERF - Police

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2007

Attained Age	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	7	41,759	8	53,532																	15	48,486
25 to 29	16	41,533	35	57,122	11	69,568	1	69,844													63	55,538
30 to 34	4	42,851	36	57,582	24	70,824	6	79,376													70	63,149
35 to 39	7	41,346	27	56,359	17	73,935	54	82,807	16	83,675	1	74,034									122	73,381
40 to 44	4	40,456	10	57,103	13	70,511	34	79,633	32	81,536	9	74,910									102	74,906
45 to 49	1	37,299	4	63,386	2	62,737	4	88,584	17	80,867	11	85,173	3	95,239							42	80,191
50 to 54			2	50,856			5	83,584	3	65,072	6	96,191	4	74,038							20	79,407
55 to 59									1	89,690	3	93,554	3	69,023							7	82,489
60 to 64					1	34,639															1	34,639
65 to 69											1	80,533									1	80,533
70 & over																			1	68,270	1	68,270
All ages	39	41,448	122	56,955	68	70,569	104	81,707	69	81,270	31	84,628	10	78,894					1	68,270	444	

City of Hartford MERF - Firefighters

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2007

Attained Age	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25																						
25 to 29			7	61,022	4	68,204	1	60,219													12	63,349
30 to 34			6	61,156	23	67,073	11	71,426													40	67,383
35 to 39			8	65,884	13	68,976	28	71,216	4	72,461											53	69,955
40 to 44			2	62,465	11	67,828	28	72,955	15	72,622	15	74,132	1	84,504							72	72,217
45 to 49	1	66,830	1	60,219	6	67,705	15	72,292	10	73,839	32	76,964	17	76,871							82	74,704
50 to 54					1	66,873	6	69,375	1	69,621	17	74,209	27	77,249							52	75,001
55 to 59							1	79,867	1	69,649	5	71,853	7	80,568			2	69,621			16	75,750
60 to 64											1	66,873					1	108,960			2	87,917
65 to 69																	1	103,036			1	103,036
70 & over																						
All ages	1	66,830	24	62,763	58	67,783	90	71,813	31	72,801	70	75,179	52	77,712			4	87,809			330	

City of Hartford MERF - Board of Education

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2007

	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	13	25,544	14	23,992	3	30,546															30	25,327
25 to 29	13	28,392	63	32,025	20	33,439															96	31,828
30 to 34	13	32,742	40	34,930	35	39,528	14	35,055													102	36,246
35 to 39	11	26,584	36	33,293	59	38,378	28	40,861	13	37,141	1	26,578									148	36,546
40 to 44	13	29,780	48	30,875	71	38,544	37	41,513	17	39,831	6	51,726									192	37,131
45 to 49	11	26,347	31	39,955	50	37,827	53	34,332	19	37,914	9	36,098	2	58,983							175	36,586
50 to 54	6	28,438	32	35,635	58	39,553	35	37,695	22	34,220	17	45,142	9	60,996	1	32,608					180	39,034
55 to 59	4	31,170	20	40,184	30	35,941	25	39,853	23	43,249	27	45,043	6	37,388	4	36,007	4	50,557			143	40,450
60 to 64	4	24,473	15	40,065	18	44,473	17	48,065	10	41,895	7	57,177	9	48,052	1	40,416	1	31,411			82	44,390
65 to 69			3	30,074	5	40,047	1	54,558	2	34,455					1	26,889					12	36,735
70 & over					4	56,351	2	47,717			1	28,702									7	49,935
All ages	88	28,258	302	34,123	353	38,625	212	39,024	106	38,828	68	45,211	26	50,913	7	34,849	5	46,728			1,167	

City of Hartford MERF - Municipal Services

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2007

	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	4	29,275	6	32,924																	10	31,100
25 to 29	5	45,954	14	38,813	6	54,076	1	40,219													26	43,762
30 to 34	9	52,039	14	46,306	7	55,900	4	49,843													34	50,215
35 to 39	8	58,765	12	50,440	13	75,487	4	63,590	4	56,205	1	48,289									42	61,529
40 to 44	7	55,235	17	60,230	17	52,280	8	59,523	20	55,427	7	59,894	2	58,296							78	56,665
45 to 49	10	66,965	24	62,841	16	41,254	15	54,897	14	50,679	10	62,386	6	73,171							95	57,197
50 to 54	8	50,911	31	61,476	17	48,158	13	72,559	18	60,927	13	58,966	7	67,069	1	57,461	1	45,396			109	59,730
55 to 59	5	76,724	11	67,845	13	51,241	13	67,514	14	54,554	9	73,023	8	54,913	1	13,074					74	61,447
60 to 64	2	60,896	9	57,260	14	55,762	11	78,115	8	51,306	4	74,599	2	100,520			1	55,962			51	63,587
65 to 69	1	69,188	3	128,998	5	32,250	6	21,757	1	71,961	2	34,424			1	13,074	1	13,074			20	45,747
70 & over			5	15,624	1	16,232	4	20,425	2	13,074	2	13,074	2	82,750							16	24,616
All ages	59	55,444	146	55,884	109	52,191	79	59,317	81	54,468	48	60,595	27	67,813	3	27,869	3	38,144			555	

City of Hartford MERF - Library

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2007

	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	3	38,417			1	41,907															4	40,162
25 to 29	1	47,667	3	39,637	2	40,939	1	43,676													7	41,734
30 to 34			3	52,842	1	64,792			1	41,116											5	52,887
35 to 39			2	45,946	1	42,804	2	40,760	4	45,308											9	44,161
40 to 44			1	42,974	1	43,737	3	52,561	1	40,404	4	42,772									10	45,589
45 to 49	2	47,474	2	49,826	4	60,439			2	42,715	2	62,339	1	40,325							13	52,830
50 to 54			2	73,453	5	79,669			1	40,325	2	70,804	1	32,603							11	69,072
55 to 59			2	65,148	2	41,086	1	76,681	1	43,519	1	95,776	2	55,873							9	60,021
60 to 64							3	74,636	1	91,217	1	40,325									5	71,090
65 to 69													1	76,681							1	76,681
70 & over							1	161,387													1	161,387
All ages	6	45,258	15	52,611	17	58,670	11	67,714	11	47,568	10	57,348	5	52,271							75	

City of Hartford MERF - All Groups

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2007

Attained Age	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	27	30,453	28	34,346	4	33,386															59	32,500
25 to 29	35	37,459	122	41,855	43	49,144	4	53,489													204	42,865
30 to 34	26	40,977	99	46,908	90	56,467	35	55,774	1	41,116											251	50,934
35 to 39	26	40,460	85	46,406	103	52,835	116	68,497	41	61,403	3	49,634									374	56,285
40 to 44	24	38,984	78	41,601	113	47,185	110	62,910	85	64,995	41	65,534	3	67,032							454	54,725
45 to 49	25	46,342	62	50,971	78	42,626	87	46,917	62	58,523	64	69,893	29	75,512							407	54,095
50 to 54	14	41,280	67	49,174	81	44,172	59	52,487	45	47,882	55	63,896	48	71,519	2	45,034	1	45,396			372	53,185
55 to 59	9	56,478	33	50,917	45	40,589	40	50,764	40	49,034	45	57,980	26	59,478	5	31,420	6	56,911			249	50,848
60 to 64	6	36,614	24	46,513	33	48,964	31	61,299	19	48,454	13	61,988	11	57,592	1	40,416	3	65,444			141	52,828
65 to 69	1	69,188	6	79,536	10	36,149	7	26,443	3	46,957	3	49,794	1	76,681	2	19,982	2	58,055			35	46,171
70 & over			5	15,624	5	48,327	7	48,360	2	13,074	3	18,283	2	82,750					1	68,270	25	38,922
All ages	193	39,999	609	45,498	605	48,018	496	57,792	298	56,763	227	63,623	120	68,717	10	32,755	12	58,276	1	68,270	2,571	

Section II

Supporting Exhibits
(continued)

G. IRC Section 415(m) Valuation

The IRC Section 415(m) Fund* is an unfunded "excess benefit plan" to provide that portion of certain retirees' pension benefits that exceed the limits permitted under Section 415 of the Federal Internal Revenue Code (IRC).

	July 1, 2007	July 1, 2006
1. Number of retirees and beneficiaries receiving benefits	6	6
2. Annual benefits payable	$ 67,000	$ 44,000
3. Present value of benefits	$260,000	$167,000

The "actives" are funded through MERF. The City provides contributions for the retirees' benefits payable each year, as determined by the Pension Commission.

Actuarial Assumptions

The actuarial assumptions used in the 2007 Section 415(m) Fund valuation are as follows:

Mortality Basis:	RP-2000 Healthy Annuitants Table projected by Scale AA to year of valuation plus 8 years (2015 for July 1, 2007 valuation), with no adjustment and separate male and female rates.
Termination:	N/A.
Salary Scale:	N/A.
Investment Return:	8.00% per year, net of investment expenses.
Assumed Retirement age:	Immediate as all are retired.
Increases in dollar limit on benefits under IRC Section 415:	3% per year.

Benefits

Retiree pension amounts in excess of IRC Section 415 limits. Benefits which do not exceed such amounts are payable from the City's MERF Plan. IRC Section 415 limits are assumed to increase annually and thus decrease the benefits payable from this Plan and increase the portion of the benefits payable from the City's MERF Plan.

**Section 415(m) Fund adopted by the Court of Common Council on March 24, 1997.*

Section III

Actuarial Cost Methods and Assumptions

A. Actuarial Cost Methods

Asset Valuation Method – Adjusted Value of Assets

In order to smooth the year-to-year fluctuations in asset values, the asset values are adjusted by phasing in recognition of gains and losses over a four-year period. (Phase-in started July 1, 2003.) Gains and losses are defined as the difference between the actual and the expected return on assets.

The assets held by the insurance companies include the funds on deposit for future purchase of annuities, as well as the reserves and contingency reserves for annuities already purchased which are subject to experience rating.

Actuarial Funding Method

The "Aggregate Actuarial Cost Method" (first adopted for the 1969 valuation) is used for determining the future rates of contributions needed for funding service retirements. This method is designed to produce stable "percentage-of-payroll" Normal Actuarial Costs over a period of years. This aim will be achieved so long as the emerging experience conforms with the actuarial assumptions.

Using this method, an actuarial valuation was made of the actuarial present value of all future pension benefits for active members (including survivor benefits, disability benefits, and refunds of employee contributions). The actuarial present value needed for future payments to present pensioners and deferred vested pensioners and survivors was subtracted from the Valuation Assets (Adjusted Value) to determine the current Valuation Assets (Adjusted Value) available for future benefits for active members. The latter figure was subtracted from the actuarial present value of future benefits for active members in order to determine the remaining actuarial present value to be funded by future contributions. Finally, the net remainder was divided by the actuarial present value of all future salaries, and the total Normal Actuarial Costs for future contributions was determined as a level percentage of future annual payrolls.

Since the MERF fund includes several classifications of members who have different provisions for benefits and contributions, it was necessary to apply this method by separate actuarial valuations for Police, Firefighters, Board of Education, Municipal Services, and Library participants.

B. Actuarial Assumptions

The actuarial assumptions used in the 2007 MERF valuation are as follows:

Mortality Basis:

For Police, Fire, Board of Education Corridor Supervisors and Building and Grounds Supervisors:

- Pre-retirement: RP2000 Employees Table – male and female rates, projected by Scale AA to valuation date plus 17 years with occupational (i.e., non-office worker, blue collar) adjustment.
- Post-retirement: RP2000 Healthy Annuitants Table – male and female rates, projected by Scale AA to valuation date plus 8 years with occupational (i.e., non-office worker, blue collar) adjustment. No adjustment reflected for assumed future beneficiaries.
- Disability: RP2000 Disabled Table – male and female rates.

For All Other Groups:

- Pre-retirement: RP2000 Employees Table – male and female rates, projected by Scale AA to valuation date plus 17 years with no adjustment.
- Post-retirement: RP2000 Healthy Annuitants Table – male and female rates, projected by Scale AA to valuation date plus 8 years with no adjustment.
- Disability: RP2000 Disabled Table – male and female rates.

Section III

Actuarial Cost Methods and Assumptions
(continued)

Termination:

Yearly Rates of Employee Termination

Age	Non-Uniformed	Uniformed
20	10.0%	5.0%
25	7.0%	2.0%
30	5.0%	2.0%
35	4.0%	2.0%
40+	0.0%	0.0%

Salary Scale:

3% for inflationary salary increases plus a percentage for promotion or merit increases. For Police under age 45, overtime limited to less than or equal to 20% of base pay.

Yearly Rates of Increases for Promotion or Merit

Age	Police	Fire	Bd of Ed	Munic. Svc. & Lib.
25	4.0%	2.5%	4.0%	6.0%
30	3.5%	2.5%	4.0%	4.7%
35	2.2%	1.6%	2.1%	3.1%
40	1.2%	1.1%	1.0%	2.0%
Over 40	1.0%	1.0%	1.0%	2.0%

Salaries are adjusted for groups in negotiations by 3% per year for the period of each open contract, and non-bargaining groups by 3% per year for one full fiscal year from the measurement date. Any wage increases negotiated beyond the valuation date have been reflected in our projections.*

* *The following groups have future salary increases that have been negotiated and are reflected in this valuation:*

CHPEA
Police
Local 2221
BOE Health Professionals (Local 1018A/B)
BOE Paraprofessionals (Local 2221)
BOE Secretaries (Local 108C)
MLA

Section III

Actuarial Cost Methods and Assumptions
(continued)

Investment Return: 8.00% per year, net of investment expenses.

Assumed Retirement Age: Retirement Rates:

Service	Police	Fire	Mun. Svc. & Lib.
20	20%	5%	10%
21	15%	1%	5%
22	5%	1%	5%
23	5%	1%	10%
24	20%	10%	15%
25	30%	30%	15%
26-27	5%	5%	10%
28	10%	5%	15%
29	25%	20%	15%
30	100%	20%	100%
31-34	n/a	5%	n/a
35	n/a	100%	n/a
	(maximum of age 65)		

Age	Bd of Ed
55	15%
56	10%
57-59	5%
60	30%
61	5%
62	20%
63-64	10%
65	100%

For both Uniformed and Non-Uniformed who have reached Assumed Retirement Age, retirement after one year.

Social Security: Future tax wage bases are developed by projecting the 2006 base of $97,500 forward at 4% per year.

Section III

Actuarial Cost Methods and Assumptions
(continued)

Marital Status at Retirement:

Non-Uniformed:

Males - 80% married, spouse 3 years younger.
Females - 60% married, spouse same age.

Uniformed:

All - 80% married, spouse 2 years younger.

Disability:

Disability benefits were explicitly valued using the DP85 Class 1 Male and Female Disability Incidence Rate Table increased three times for the Police and Firefighter groups, two times for the Board of Education groups and with no increase for the Municipal Services and Library groups.

DP85 Class 1 Disability Incidence Table:
Sample male and female rates

Age	Male	Female
15	0.021%	0.023%
20	0.029%	0.030%
25	0.038%	0.047%
30	0.048%	0.080%
35	0.069%	0.136%
40	0.117%	0.211%
45	0.202%	0.323%
50	0.358%	0.533%
55	0.722%	0.952%
60	1.256%	1.159%
65	1.753%	1.358%

Expenses other than Investment Expenses:

An explicit dollar amount was included in the development of the normal cost percentage equal to an estimate of expenses (other than investment expenses) for the upcoming year. The estimate was developed based on an average of actual expenses over the last four years. For the 2007 valuation, $2,133,549 was used. Estimated expenses were then allocated to the various groups by the present value of future benefits and expressed as a percentage of payroll.

Sick Exchange:	Four years are exchanged by all actives if provision available. For Firefighters hired prior to July 1, 2003, six years are exchanged.
Military and Prior Service Buy-backs:	When a decision to buy-back service occurs, date of hire is adjusted accordingly.
Additional Liabilities:	**COLAs:**

Included in this valuation is the liability for the Cost of Living Adjustments (COLAs) effective July 1, 1987, July 1, 1990, July 1, 1997, July 1, 1999, July 1, 2001, July 1, 2005, and July 1, 2007 for both the MERF and the unfunded "Old Plans" (PBF, FRF, and RAF).

Local 1716:

Included in this valuation is the obligation for Local 1716 members who transferred to State MERF B on July 1, 1987.

29-year amortization payments (split between the City administration and the pension fund) commenced July 1, 1987 for this obligation. As of July 1, 2007, the City payment will be $509,126 ($3,435,000 on a present value basis) and the pension fund payment will be $462,336 ($3,119,000 on a present value basis).

Local 566:

Included in this valuation is the obligation for Local 566 (included merged Local 1303) members who transferred to State MERF B on August 1, 1988.

30-year amortization payments (split between the City administration and the pension fund) commenced August 1, 1988 for this obligation. As of July 1, 2007, the City payment will be $303,918 ($2,474,000 on a present value basis) and the pension fund payment will be $276,288 ($2,248,000 on a present value basis).

Section IV

Hartford MERF - Summary of Principal Provisions of Pension Plan
July 1, 2007

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Retirement Pensions:	Firefighters hired before July 1, 2003: 2.80% of Final Average Pay (rate of weekly pay immediately preceding retirement times 52, plus for firefighters who work a 42 hour week, holiday pay) multiplied by years of service up to 25 plus 2.0% for years over 25. Firefighters hired after June 30, 2003: 2.5% of Final Average Pay (rate of weekly pay immediately preceding retirement times 52, plus for firefighters who work a 42 hour week, holiday pay) multiplied by years of service up to 20 plus 2% of Final Average Pay for years of service over 20. Sworn Police Officers hired before July 1, 1999: 2.65% of Final Average Pay for highest 3 of last 5 years multiplied by years of service up to 20 plus 3% for year 21 plus a decreasing percentage for years over 21. Final Average Pay includes a provision for over-time and private duty pay. Sworn Police Officers hired after June 30, 1999: 2.5% of Final Average Pay for highest 3 of last 5 years times years of service up to 20 plus 2% for years of service- over 20.	2% (2.5% for HFSHP, HSSSA and HESP) of Final Average Pay for highest 5 of last 10 years times years of service, with maximum benefit of 70% of Final Average Pay. Final Average Pay for HFSHP, HESP, HSSSA, and Local 2221, Hartford Federation of Paraprofessionals are based on highest 3 out of last 5 years. Benefit for Local 2221 is 2.5% of Final Average Pay multiplied by years of service up to 20 plus 2% of Final Average Pay for years of service over 20 (maximum of 10 years). Effective July 1, 2008 for Local 818, employees hired prior to March 1, 2007 will get 2.5% of Final Average Pay (for each year of service) and employees hired after March 1, 2007 will get 2.0%. Final Average Pay is the highest 3 of the 7 years. Maximum benefit is 70% of pay.	For Library and MLA hired on or after July 1, 2006, HMEA hired after July 1, 2003, CHPEA hired after June 23, 2003, 2% of Final Average Pay for highest 2 of last 5 years times years of service with a maximum benefit of 70% of Final Average Pay. For Library with 5-year option, Final Average Pay is highest 5 of last 10 years. For CHPEA hired on or before June 23, 2003, MLA hired before July 1, 2006, and Nonbargaining, 2.5% of Final Average Pay for highest 2 of last 5 years times years of service. Maximum benefit of 70% of Final Average Pay for CHPEA, 80% for Nonbargaining and MLA. For Nonbargaining with 5-year option, Final Average Pay is highest 5 of last 10 years. For HMEA hired before July 1, 2003, 2.75% of Final Average Pay for highest 2 of last 5 years times years of service with a maximum benefit of 70% of Final Average Pay. For SCGA, 2% of Final Average Pay for highest 5 of last 10 years reduced by 1% of average Social Security covered earnings for all years included in computation of Social Security primary benefits. Maximum benefit of 100% of Final Average Pay.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Retirement Pensions:	Non-Sworn Police Officers: 2.5% of Final Average Pay for highest 3 of last 5 years times years of service, with maximum benefit of 80% of Final Average Pay. Sworn Police Officers have a maximum benefit of 70% of Final Average Pay. For Sworn Police Officers hired before July 1, 1999 increase maximum benefit to 80% of Final Average Pay with sick exchange provision. Firefighters have a maximum benefit of 80% of Final Average Pay (85% with sick exchange if hired prior to July 1, 2003). Assistant Police Chief, Police Chief, Assistant Fire Chief and Fire Chief: Same as Non-Bargaining.		
Normal Form of Benefit:	For unmarried members: life annuity. For married members: surviving spouse benefit of 25% of member's final year's earnings, if non-service connected death, and 50% of member's final year's earnings, if service connected death. Minimum of 50% of pension benefit for firefighters for non-service connected death. For married Non-Sworn Police Officers: life annuity with 50% to survivor.	For unmarried members: life annuity. For married members: life annuity with 50% to survivor.	For unmarried members: life annuity. For married members: life annuity with 50% to survivor.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Normal Retirement Age and Service Requirement:	Firefighters and Sworn Police Officers hired before July 1, 1999: Full benefits after 20 years of continuous service. Sworn Police Officers hired after June 30, 1999: Full benefits after 25 years of continuous service. Non-Sworn Police Officers: Full benefits after 20 years of service, or age 60 plus 5 years of continuous service, or after 15 years of service, if contributions are left in the MERF until would have had 20 years of service.	Age 60 plus 10 years of service (continuous service for Local 2221). Members are also eligible at age 55 with 25 years of service. Local 818 employees hired prior to March 1, 2007 may retire after 20 years of service, regardless of age.	For SCGA and MLA hired on or after July 1, 2006, earlier of (1) age 60 plus 5 years of continuous service or (2) age 55 with 25 years of continuous service. For Nonbargaining and MLA hired prior to July 1, 2006, earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of service, or (3) after 20 years of service if participant leaves after 15 years of service and contributions are left in the MERF until would have had 20 years of service. For CHPEA, earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of aggregate service if hired on or before June 23, 2003, age 55 with 25 years of aggregate service if hired after June 23, 2003. For HMEA earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of continuous service if hired before July 1, 2003, age 55 with 25 years of continuous service if hired after July 1, 2003. For Library non union, earlier of (1) age 60 plus 5 years of continuous service or (2) 25 years of continuous service. For Library union, (1) age 60 plus 10 years of continuous service or (2) 25 years of continuous service.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Optional Early Retirement:	Sworn Police Officers: Age 50 with 10 years of continuous service, actuarially reduced for years prior to Normal Retirement Age. Non-Sworn Police Officers: Age 55 with 5 years of continuous service, reduced at 4% per whole year prior to age 60. Firefighters: Age 50 with 5 years of continuous service, actuarially reduced or reduced at 2% per year (prorated for fractional years) prior to Normal Retirement Age.	At age 55 with 10 years of service (continuous service for Local 2221), reduced at 4% per whole year prior to age 60. For Local 818, reduction is adjusted for partial years.	For Library union, age 55 with 10 years of continuous service. For all others, age 55 with 5 years of continuous service. Benefit reduced at 4% per whole year prior to age 60 (prorate for partial years for HMEA and CHPEA). For SCG members, reduction is 2% per whole year and fraction of a year prior to age 60.
Vesting of Earned Deferred Pension:	Sworn Police Officers: After 10 years of continuous service. Firefighters and Non-Sworn Police Officers: After 5 years of continuous service.	After 10 years of continuous service. Payments begin no earlier than age 55.	For Library union, 10 years of continuous service. For all others, 5 years of continuous service. Payments begin no earlier than age 55.
Benefits to Survivors: (Death of Active Member Prior to Retirement)	Surviving Spouse: 25% of final year's earnings (50% if service connected death), payable until death or remarriage. Minimum of 50% of pension benefit for Firefighters for non-service connected death. Surviving Child: $100 per month for first child, $50 for each additional child (10% of final year's earnings if service connected death, or 15% if no surviving spouse). Total benefit, including Worker's Compensation, cannot exceed 100% of current pay rate for Member's rank. Non-Sworn Police Officers: Same as General Government members.	Member must meet qualifications for vesting. Surviving Spouse: 50% of pension which Member is receiving or would be entitled to when retired, payments beginning no earlier than date of Member's 55th birthday. Surviving Spouse benefits are payable until death or remarriage.	

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Refund of Contributions upon Discontinuance of Employment or at Death (Non-Vested Members): (May be taken in lieu of earned deferred pension by vested members)	Refund of total contributions, without interest. Non-Sworn Police Officers: Same as General Government members.	Termination: Refund of total contributions, with 3% interest compounded annually. Death: Refund of total contributions with interest preretirement and without interest postretirement.	
Pensions for Permanent, Total Disability - Service Requirements:	5 years of continuous service, but no requirement if disability is service connected as defined in Worker's Compensation Act. Non-Sworn Police Officers: Same as General Government members.	10 years of continuous service, except no requirement if disability is service connected as defined in Worker's Compensation Act.	
Amount of Total Disability Pension: (Payable so long as total disability continues.)	Retirement Pension with minimum of 25% of "final average pay." If disability is service connected, the pension equals 100% of the Member's final annual pay less Worker's Compensation benefits. Non-Sworn Police Officers: Same as General Government members.	Retirement Pension using Final Average Pay for last 10 years. If disability is service connected, amount not less than 50% of Member's final annual pay at time of disability. Maximum benefit of 2/3 of 10-year Final Average Pay less Social Security benefit. Minimum benefit of $30 per month. All service connected disability benefits are offset by benefits payable by Worker's Compensation (exception: no offset for $30 minimum). If non service connected, same as above, but no 50% Final Average Pay minimum and minimum benefit equals $10 per month instead of $30 per month.	
Pensions for Permanent Partial Disability: (Where earnings capacity is reduced by at least 10%.)	Ten years of continuous service, but no service requirement if disability is service connected. Same as retirement pension with reduction for less than 15 years of service. If non-service connected, retirement pension, subject to a minimum equal to 25% of Final Average Pay. This minimum is reduced by earnings if less than 15 years of service at time of disability. If service connected, pension equals 50% of final annual pay (regular 20 year pension for Firefighters) if 15 years of service, with reductions for earnings if less than 15 years of service. If at least 20 years of service, pension equals retirement pension. Non-Sworn Police Officers: Same as General Government members.	10 years of continuous service, except no requirement if disability is service connected as defined in Worker's Compensation Act. Retirement Pension using Final Average Pay for last 10 years (with offset for Worker's Compensation benefits if service-related disability), subject to a minimum pension of $10 monthly (non-service connected), or $30 (service connected). If the disability is service connected, benefit not less than 50% of the reduction in earnings with offset for Worker's Compensation benefits. For service connected disability, the maximum benefit is 2/3 of 10 year final average pay less Worker's Compensation and Social Security benefits. For non-service connected disability, the maximum is 2/3 of 10 year final average pay less Social Security benefits, or 1-^{2}/3% of the reduction in income times years of service.	

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Member's Contribution Rate of Total Earnings: (City pays full balance of costs to fund MERF benefits; also Members and City pay taxes for those covered by Social Security.)	Firefighters and Sworn Police Officers hired before July 1, 1999: 8%. Sworn Police Officers hired after June 30, 1999: 6.5%. Non-Sworn Police Officers: 4% on earnings taxed for Social Security and 7% on excess. Assistant Police Chief, Police Chief, Assistant Fire Chief and Fire Chief: Same as Non-Bargaining.	4% on earnings taxed for Social Security and 7% on excess. For HESP, 8.41% and 11.41%, respectively. For HSSSA, 8.75% and 11.75%, respectively. For HFSHP 10.14% and 13.14%, respectively. For Local 818, 5.2% up to Social Security Wage Base and 8.2% of the excess. If hired on or after March 1, 2007, 7.1% and 10.1%, respectively.	For Library and Nonbargaining, 4% on earnings taxed by Social Security and 7% on excess if 5 year Final Average Pay option elected. With 2 year option, 5% and 8%, respectively. For MLA, HMEA hired after July 1, 2003, and CHPEA hired after June 30, 2003, 5% on earnings taxed by Social Security and 8% on excess. For CHPEA hired on or before June 30, 2003, 6.5% and 9.5%, respectively. For HMEA hired before July 1, 2003, 7.8% on all earnings. For SCGA, 3% on earnings taxed by Social Security and 6% on excess.

Note 1 Any Member (other than a Police Officer or Firefighter) who was a Member before January 1, 1958 is guaranteed a minimum total benefit, including Social Security based on earnings from the City, equal to the pension the Member would have received under the terms of the MERF plan in existence prior to the enactment of the 1957 Special Act No. 347. Also, several active Members who transferred to MERF on or after July 1, 1968 from the City's Retirement Allowance Fund are entitled to a pension determined by the RAF provisions if it is greater than that based on the MERF provisions.

Note 2 Section 2-166 of the Municipal Code provides a minimum benefit of $155 monthly for all pensions granted by reason of service or for service-connected disability, and for joint annuitants under elected options, except members for whom Social Security taxes have been paid and anyone for whom more than half of the total pension is paid by the Metropolitan District.

Note 3 All members (other than SCG) may purchase up to 4 years of pension credit for military service. Pension credit is at the following rates of Final Average Pay per year purchased:

HMEA members hired before July 1, 2003	2.75%
Sworn Police Officers, Firefighters, CHPEA members hired on or before June 23, 2003, HFSHP, Local 818 hired prior to March 1, 2007, HSSSA, HESP, Non-bargaining (including Assistant Police Chief, Police Chief, Assistant Fire Chief, and Fire Chief), Non-Sworn Police Officers, and MLA hired prior to July 1, 2006	2.50%
Other (including CHPEA members hired after June 23, 2003, HMEA members hired prior to July 1, 2003, MLA hired on or after July 1, 2006, and Local 818 hired on or after March 1, 2007)	2.00%

Note 4 All members (other than Sworn Police Officers hired after July 1, 1999, all Board of Education members, CHPEA hired after June 23, 2003, HMEA hired on or after July 1, 2003, Library, SCG and MLA hired on or after July 1, 2006) may exchange accumulated sick leave upon retirement for up to 4 years (6 years for Firefighters hired prior to July 1, 2003) of pension service time. Additional pension service time may be purchased from accumulated sick leave at the rate of twenty days of accumulated sick leave for each year of pension service time.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

October 1, 2007 Actuarial Report

For the Fiscal and Plan Year
October 1, 2008
through
September 30, 2009

Prepared By:

STANLEY, HOLCOMBE & ASSOCIATES, INC.
2000 RiverEdge Parkway/ Suite 540
Atlanta, GA 30328
(770) 933-1933

April 11, 2008

S
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& A

Stanley,
Holcombe
& Associates, Inc.

April 11, 2008

Board of Trustees
City of Miami Fire Fighters' and
Police Officers' Retirement Trust
1895 SW 3 Avenue
Miami, FL 33129-1456

October 1, 2007 Actuarial Report

Dear Board Members:

Enclosed is our draft report on the actuarial valuation of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2007, for the fiscal year beginning October 1, 2008.

The report is based upon the terms of Ordinance No. 10002 and the Amended Final Judgment in the matter of Gates v. City of Miami.

This report reflects a change to the payroll data as a consequence of the retroactive payments in the fiscal year ending September 30, 2007 and a recommended change to service-based salary increase assumptions from age-based assumptions.

The City contribution requirement is $36,993,395, which is 35.7% of payroll.

Respectfully submitted,

Randall L. Stanley, F.S.A.
Consulting Actuary and Principal

Frans Christ, F.S.A.
Vice President and Consulting Actuary

Jonathan T. Craven, A.S.A.
Consulting Actuary

RLS/FC/JTC/di
MIAMI01B

Enclosures (20)

2000 RiverEdge Parkway/Suite 540 • Atlanta, GA 30328
(770) 933-1933 • Fax (770) 933-8918 • www.stanleyholcombe.com

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

OCTOBER 1, 2007 ACTUARIAL REPORT

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

OCTOBER 1, 2007 ACTUARIAL REPORT

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results - Regular Fund

		Actuarial Valuation Prepared as of 10/1/2007	10/1/2006
A.	Participant Data (Ex.7)		
	Active Members	1,463	1,485
	Total Annual Payroll	$103,630,392	$90,363,952
	Retired Members and Beneficiaries	1,633	1,570
	Total Annualized Benefits	$71,192,990	$66,848,645
	Disabled Members	209	209
	Total Annualized Benefits	$4,030,315	$3,972,061
	Terminated Vested Members	22	22
	Total Annualized Benefits	$509,737	$473,039
B.	Assets	-$-	-$-
	Actuarial Value (Ex. 2A)	1,208,812,855	1,133,007,182
	Market Value (Ex. 4)	1,268,869,871	1,147,871,078
C.	Liabilities (Excl. COLA)		
	Present Value of Benefits (Ex. 1)		
	Active Members - Retirement	790,061,237	716,310,641
	Vesting	14,689,867	13,284,527
	Disability	26,893,457	21,067,936
	Death	7,879,803	6,712,194
	Return of Contributions	1,484,884	1,358,930
	Total	841,009,248	758,734,228
	Inactive Members - Retired and Beneficiaries	749,480,106	707,181,317
	Disabled	36,399,191	36,353,990
	Terminated Vested	4,102,510	3,794,003
	Total	789,981,807	747,329,310
	Total	1,630,991,055	1,506,063,538
	Actuarial Accrued Liability	N/A	N/A
	Unfunded Actuarial Accrued Liability	N/A	N/A

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results - Regular Fund
(Continued)

		Actuarial Valuation Prepared as of 10/1/2007	Actuarial Valuation Prepared as of 10/1/2006
D.	Actuarial Present Value of Accrued Benefits (Exhibit 5)	-$-	-$-
	Vested Accrued Benefits		
	Inactive Members and Beneficiaries	789,981,807	747,329,310
	Active Members	320,980,395	331,524,872
	Total	1,110,962,202	1,078,854,182
	Non-Vested Accrued Benefits	19,175,039	17,985,120
	Total	1,130,137,241	1,096,839,302
E.	Pension Cost (Exhibit 1)		
	Normal Cost	44,247,522	42,365,728
	Payment to Amortize Unfunded Liability	N/A	N/A
	Expected Plan Sponsor Contribution	36,993,395	36,040,251
	As % of Payroll	35.70%	39.88%
	Expected Member Contribution	7,254,127	6,325,477
	As % of Payroll	7.00%	7.00%
F.	Past Contributions	Year Ending 9/30/2007	Year Ending 9/30/2006
		-$-	-$-
	Required Plan Sponsor Contribution	40,542,078	50,635,213
	Required Member Contributions	8,415,985	6,240,676
	Actual Contributions		
	Plan Sponsor	40,542,078	50,635,213
	Members	8,415,985	6,240,676
G.	Net Actuarial Gain (Loss)	N/A	N/A
H.	Other Disclosures		
	Active Members:		
	Present Value Future Salaries (at attained age)	1,051,016,461	845,845,813
	Present Value Future Contributions (at attained age)	70,875,954	57,040,143

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results – COLA Fund

		Actuarial Valuation Prepared as of 10/1/2007	10/1/2006
A. Participant Data			
Active Members			
Total Annual Payroll			
Retired Members and Beneficiaries		1,632	1,570
Total Annualized Benefits		$11,649,748	$11,174,392
Disabled Members		209	209
Total Annualized Benefits		$2,481,250	$2,386,725
Table		$1,137	$1,024
B. Assets		-$-	-$-
Actuarial Value (Ex. 13)		386,167,734	330,898,108
Market Value (Ex. 13)		369,024,734	311,793,768
C. Liabilities (COLA Only)			
Present Value of Benefits (Ex. 13)			
Active Members -	Reserve for Current Actives	40,382,837	36,475,945
	Reserve for Contribution Refunds	N/A	N/A
Reserve for Future Actives		6,057,426	5,471,392
Total (excl. 457 Service)		46,440,263	41,947,337
Inactive Members -	Frozen COLA I Benefits	1,912,567	1,965,162
	COLA II Benefits	194,528,452	172,898,871
	Total	196,441,019	174,864,033
Total		242,881,282	216,811,370

Comparative Summary of Total Assets - Combined

Market Value (Ex. 4)	1,601,096,886	1,429,900,171

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

REVIEW OF COSTS

Summary Discussion

This is the actuarial report for the fiscal year beginning October 1, 2008 for the City of Miami Fire Fighters' and Police Officers' Retirement Trust. This is the twenty-fourth annual actuarial report prepared by Stanley, Holcombe & Associates, Inc. This report is intended to reflect the provisions and requirements of Ordinance No. 10002, as amended through September 30, 2007.

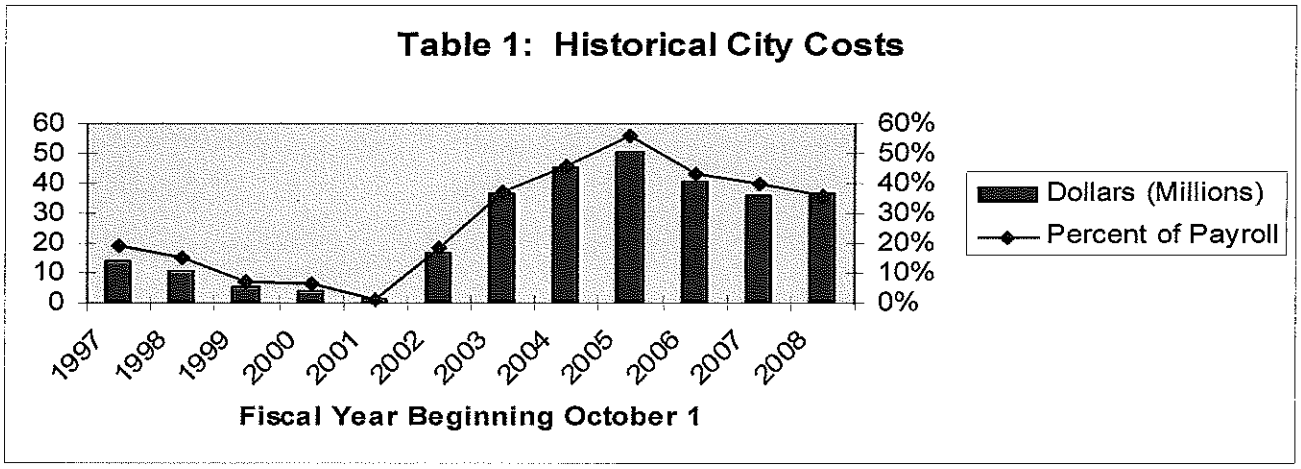
Comparison of Deposit Requirements

The City contribution requirements, and the results calculated for the 2008/2009 fiscal year, are as follows:

	Revised Basis 2008/2009 -$-	Prior Basis 2008/2009 -$-	2007/2008 -$-
Past Service Cost	N/A	N/A	N/A
Normal Cost	36,993,395	48,982,228	36,040,251
Payment Timing	0	0	0
	36,993,395	48,982,228	36,040,251

The 2008/2009 deposit amount of $36,933,395 is approximately $1 million more than the $36,040,251 for the prior year and $12 million less than the cost using the prior pay method and assumptions.

As can be seen from Table 1, the increases in City costs in recent years slowed, and then declined using the revised asset valuation method and retirement assumptions and the revisions in this report.



Analysis of Cost Changes

As a result of the Collective Bargaining Agreements in the year ending September 30, 2007, actual pay for the year was too high for actuarial projection purposes, due to retroactive payments during the year. Our replacement of the compensation for the two highest pay periods (separately for police and fire) with compensation for the last two pay periods resulted in compensation that was too low for actuarial projection purposes, primarily because new pay schedules were implemented later in the year.

- Given the problems with actual pay, we recommend a reversion to the prior approach (prior to October 1, 2000) and use pay for the final pay period in the year (annualized). Since annualized pay did not previously capture all the elements of pay (paramedic, promotion, 52-hour schedule), the 7% load at retirement was retained, even though the 5% retirement bonus was eliminated.
- Since the step plans are based primarily on length of service, the salary increase assumption was changed from age-based to service-based (60% over 22 years).

The cost impact for these changes is summarized in Table 2A. Additional detail for the impact on cost components is shown in Table 2B and Exhibit 1.

Table 2A – Impact on Cost Components of Methodology and Assumption Changes

		Prior Basis 1 -$-	Prior Basis 2 -$-	Annualized Salary -$-	Salary Assumption -$-
Present Values					
(1)	Projected Benefits	1,717,355,608	1,592,070,194	1,620,439,462	1,630,991,055
(2)	Member Contributions	70,378,363	59,045,025	65,334,593	70,875,954
(3)	Future Payroll	1,043,637,700	875,576,130	968,843,863	1,051,016,461
(4)	Actuarial Asset Value	1,208,812,855	1,208,812,855	1,208,812,855	1,208,812,855
(5)	Future City Normal Costs (= (1) - (2) - (4))	438,164,390	324,212,314	346,292,014	351,302,246
(6)	Covered Payroll	108,276,433	93,424,429	102,715,386	102,715,386
(7)	Normal Cost (EOY) (= (1.0775) [(5)/ (3)] (6)]	48,982,228	37,274,628	39,558,650	36,993,395
(8)	Total Payroll	109,168,342	94,282,285	103,630,392	103,630,392
(9)	Normal Cost %	44.87%	39.54%	38.17%	35.70%

Prior Basis 1: Actual Pay during Year
Prior Basis 2: Actual Pay adjusted for 2 highest pay periods.

Analysis of Cost Changes (continued)

The Normal Cost element of FIPO costs is expected to remain level as a percentage of covered payroll, if the actual Plan experience is the same as the actuarial assumptions. An increase in the Normal Cost rate indicates that experience has been less favorable than assumed, while a decrease indicates more favorable experience.

Quantification of the reasons for the changes is as follows:

Table 2B – Gain/Loss Analysis of Cost Changes from October 1, 2006 to October 1, 2007 Valuations

	Normal Cost	
	-$-	-%-
2006/2007 Normal Cost	36,040,251	39.88
2007/2008 Normal Cost Expected (for continuing participants)	35,623,148	40.02
Element of Experience		
Salary Increases	+5,230,854	+2.53
Turnover	+211,044	+0.13
Mortality	+567,577	+0.60
Retirement	+355,564	+0.15
New Participants	+283,046	-0.53
Disability	-38,443	-0.12
Investment Return, Before COLA Transfer	-1,514,653	-1.60
COLA Transfer	+846,125	+0.90
457 Service Purchases	+57,680	+0.07
Contribution Lag	-762,088	-0.86
Other, Data	+465,093	+0.08
Total	+5,701,799	+1.35
Payroll Method Change	-1,766,296	-3.20
Salary Assumption Change	-2,565,256	-2.47
2007/2008 Normal Cost	36,993,395	35.70

Following is a more detailed description of the elements of experience.

Salary Increases - During the period October 1, 2006 through September 30, 2007, covered payroll for the continuing actives increased more than expected, resulting in an increase of $5,230,854 in the Normal Cost. Covered payroll for continuing active participants at September 30, 2007 increased 14.56% compared to an expected 5.18%. This was primarily due to the increases in step pay under the new labor agreements.

Mortality - For active members there was one death, as compared to 2 expected; for inactive members there were 15 deaths, as compared to 43 expected. This increased the normal cost by $567,577.

Disability - During the past year there were 2 disabilities, as compared to 4 expected. This decreased the normal cost by $38,433.

Turnover - From October 1, 2006 to September 30, 2007, there were 29 employee terminations, as compared to 18 predicted by the actuarial assumptions. Following is a comparison of the expected and actual turnover rates for the past eleven years:

	1996/1999		1999/2002		2002/2005		2005/2006		2006/2007	
Age	Exp.	Act.	Exp.	Act.	Exp.	Act.	Exp.	Act.	Exp.	Act.
20-24	2.9	3	3.7	3	1.3	0	0.7	1	1.2	2
25-29	13.9	10	12.3	11	9.8	12	2.8	1	3.2	8
30-34	20.3	21	17.9	21	15.7	26	4.5	3	4.6	13
35-39	25.0	20	20.2	13	15.7	10	5.1	5	5.2	3
40+	14.7	20	13.8	19	13.5	18	3.9	2	3.8	3
	76.8	74	67.9	67	56.0	66	17.0	12	18.0	29

Retirement - There were 59 retirements during the period (5 firefighters, 54 police), as compared to about 58 expected. This resulted in a $355,564 increase in the Normal Cost. Note that retirees electing DROP are included among the actual retirees for the last eight years. Actual retirement benefits were also boosted by increased pay levels due to the new labor agreements.

Following is a comparison of the expected and actual retirements in the last eleven years:

	1996/1999		1999/2002		2002/2005		2005/2006		2006/2007	
Age	Exp.	Act.	Exp.	Act.	Exp.	Act.	Exp.	Act.	Exp.	Act.
Under 45	74.4	16	97.0	14	34.0	73	5.7	14	6.5	21
45-49	332.5	61	259.6	36	76.0	132	24.9	41	25.9	22
50-54	159.1	49	138.9	32	90.9	93	22.0	24	20.7	12
55-59	31.1	12	31.8	8	30.0	39	5.6	9	5.1	4
60+	3	1	6.0	1	2.0	7	0.1	1	0.2	0
	600.1	139	533.3	91	232.9	344	58.3	89	58.4	59

Investment Return - The rate of return for the year ending September 30, 2007 was 14.2.% on mean market value, as shown in Exhibit 4 and 8.27% (net of 1/1/2009 COLA transfer) on actuarial asset value (Exhibit 2A). As shown in Exhibit 2C, there will be a COLA transfer of $40,396,385 as of January 1, 2009, resulting in no City minimum contribution to the COLA fund as of that date.

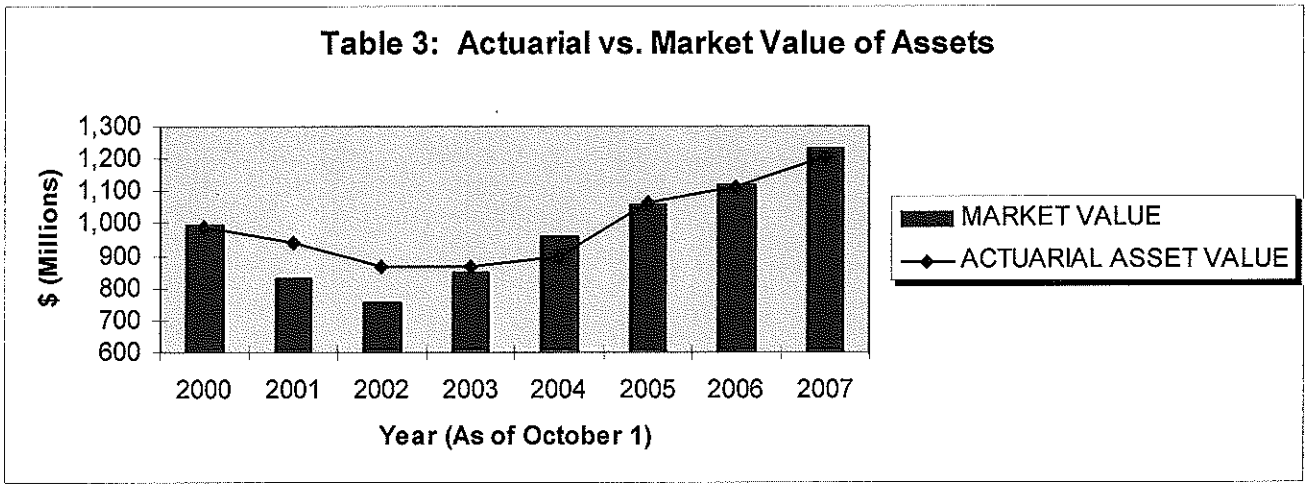
New Participants – During the year there were 71 new participants, who decreased the City contribution requirement for the Fund by 0.53%. Last year, 134 new participants decreased the rate by 1.17%.

Plan Assets

Exhibits 3 and 4 show the asset transactions and investment results during the year. The rate of return on mean market value for the period ending September 30, 2007 was 14.2%, as compared to the 7.75% assumption.

The asset valuation method results in an actuarial asset value of $1,208.8 million as of October 1, 2007 (Exhibit 2A), as compared to the market value of $1,300.9 million.

Table 3 illustrates the effect of using the asset smoothing methodology. The volatility of the market value of assets can be seen in the columns, while the actuarial value is illustrated by the line. The actuarial asset value line reflects the 20% Write-Up Method from September 30, 2005.



For COLA transfer purposes, the actuarial asset valuation method utilizes a 3-year moving average (Exhibit 2B). Under this method, the rate of return for the year ending September 30, 2007 was 15.89%. This results in an asset transfer of $40,396,385 from the Regular Fund to the COLA Fund on January 1, 2009 (Exhibit 2C).

Expected Ongoing Cost Levels

System costs have varied dramatically over the past several years, due almost exclusively to asset performance. Since the City's contribution requirement is the primary variable, it has been significantly impacted.

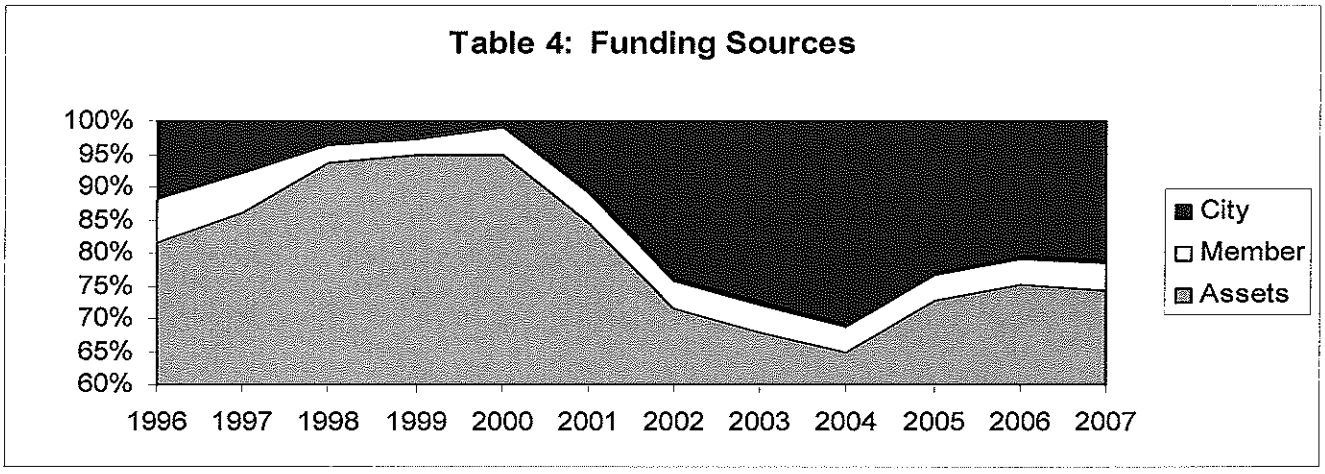
Nevertheless, it is important to distinguish between individual annual costs (which may be somewhat erratic) and expected ongoing annual costs. The following table compares the City contribution requirement as a percentage of payroll to the theoretical entry age normal contribution percentages:

Valuation Date	Contribution %	EAN %
10/1/2007	36	29
10/1/2006	40	30
10/1/2005 (Revised AAV)	44	30
10/1/2005 (Prior AAV)	60	30
10/1/2004	57	30
10/1/2003	46	28
10/1/2002	45	24
10/1/2001	20	26
10/1/2000	1	23
10/1/1999	5	24

As will be noted, contribution requirements in the three years before the 10/1/2002 valuation were below the System's theoretical contribution level. This was due to the System having accumulated more assets than expected. During the 2001-2005 period the contribution requirement (under the prior actuarial asset valuation method) had increased dramatically, due to erosion of assets and the delayed effect of asset smoothing.

Sources of Benefit Funding

Table 4 compares the sources of benefit funding for the past 11 years. The present value of benefits is equal to 100% in the Table. The present value of benefits is provided by three sources; the actuarial value of assets, the present value of member contributions, and the present value of future normal costs (city).



As seen in the table, the city portion of future benefit responsibility decreased as asset values climbed during the late nineties. When asset values started to decline, the city portion increased. As of October 1, 2007, the actuarial value of assets equals 74% of the present value of benefits, the present value of employee contributions equals 4%, and the present value of future normal costs equal 22% of the present value of future benefits.

Funding Progress

The comparison of the present values of vested and accrued benefits to FIPO assets from one year to the next, or over a period of time, is a measure of interim funding progress and the degree of benefit security.

Exhibit 6 contains the result of this comparison for the past two years. The market value of assets on October 1, 2007 is $1,268,869,871, as compared to the value of accrued benefits of $1,130,137,241 for a ratio of 112.3%. The ratio as of October 1, 2006 was 104.7%.

A ratio in excess of 100% typically is one indication of a well-funded program.

Governmental Accounting Standards

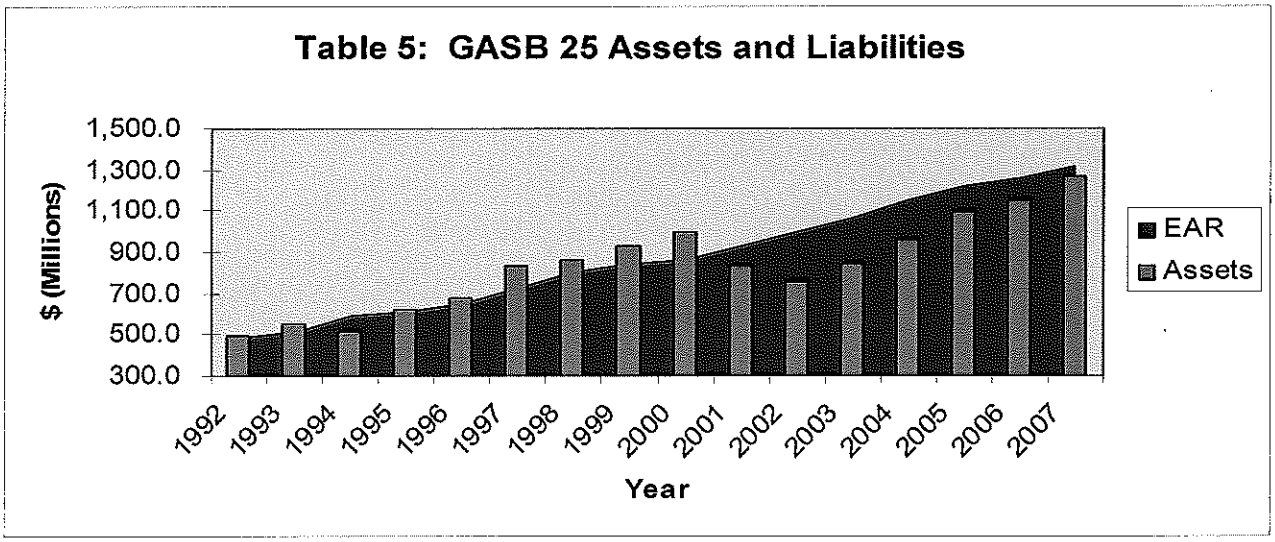
GASB issued Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Statement No. 27, Accounting for Pensions by State and Local Governmental Employers in 1994. Statement No. 25 provides parameters for financial reporting and comparison of actual contributions to "actuarially required contributions." Statement No. 27 provides standards for the financial reports of the state and local governmental employers. Statement No. 25 was effective for periods beginning after June 15, 1996; Statement No. 27, for periods beginning after June 15, 1997.

The Statements do not directly impact funding, although they do require calculation of an "actuarially required contribution," or "ARC" and amortization of any deficiency or excess of actual contributions made in relation to the ARC.

Since the FIPO Trust uses the Aggregate Cost Method, technically no Schedule of Funding Progress is required. However, such a Schedule of Funding Progress may be prepared using another acceptable cost method. Based on our recommendation in this report, the Schedule of Funding Progress is prepared using the Entry Age Normal Actuarial Accrued Liability, which is one of the acceptable measures under GASB 25. This Schedule is shown in Exhibit 11, Section III.

As of October 1, 2007 the entry age reserve is $1,318.4 million. This compares to assets of $1,268.9 million, for a funded ratio of 96%. Last year the funded ratio was 92%. These amounts, together with other disclosures, are contained in Exhibit 11 and illustrated in the following Table 5:

Table 5: GASB 25 Assets and Liabilities



As recommended in the 1997 report, and reviewed by FIPO auditors, the employer contributions made in accordance with the requirements of the Florida Division of Retirement should be used as the Actuarially Required Contribution (ARC), since an exact calculation of the ARC would not differ materially from the required contribution amount. On this basis, a Schedule of Employer Contributions has been added to Exhibit 11 in order to comply with the reporting requirements of GASB 25.

These calculations are made for GASB 25. It should be understood that they are only one approach to the measurement of funding progress. They should not be used for any other purpose, such as determination of compliance with City ordinances or State Statutes or the current or future solvency of the FIPO Trust.

Application of GASB 27

The provisions of GASB 27 are virtually identical to those of GASB 25. It is our understanding that the schedules used for GASB 25 disclosure may also be used for GASB 27 purposes.

COLA Fund

Calculations were made based on the information provided as of 10/1/2007. The calculations reflect the approach adopted with the Amended Final Judgment in the matter of Gates vs. City of Miami.

Exhibit 12, parts I and II, illustrate the general impact of the COLA increases which have been provided thus far (under the $1,312 table as of 1/1/2008), by duration since retirement and by age, respectively.

As discussed in earlier reports, there is probably no completely acceptable index for measuring the impact of inflation on retirees' benefits. Although the CPI is the most widely used inflation index, it is generally considered to distort inflation for retirees, since it includes components which are not typically germane to them, such as home purchases. In the absence of a suitable alternative, a percentage of the CPI is often used as a target. If the cumulative CPI were used as a target, the current COLA averages 67% of the target. A comparison of COLA increases to the CPI is shown in Exhibit 12, part III. Historical data on the CPI is shown in Exhibit 12, part IV.

Cumulative Experience Position

Ordinance Section 40-204(C) (4) provides that transfers of excess investment return from the Regular Fund to the COLA Fund may be made only if the System remains in a net positive experience position on a cumulative basis from October 1, 1982. Since the aggregate cost method is used for determining funding requirements, the determination of the experience position is measured under the entry age normal method.

The cumulative experience gain decreased to $170,699,853, from $181,747,246 last year (Exhibit 14).

The changes in salary assumptions and pay basis do not affect the cumulative experience position.

COLA Transfer Calculations

Exhibit 2C shows the transfer calculations as of this valuation. As will be noted, the excess return transfer as of January 1, 2009 is scheduled to be $40,396,385. Therefore, there will be no City contribution to the COLA fund as of January 1, 2009.

Enrolled Actuary's Statement

This report has been prepared in accordance with standards established by the American Academy of Actuaries. To the best of our knowledge, it reflects the actuarial condition of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2007 for the Retirement Fund and for the COLA Fund.

All costs and cost components are calculated on the basis of actuarial assumptions which reasonably reflect the experience of the Trust.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Randall L. Stanley

Signature

Enrolled Actuary No. 08-602

April 11, 2008

Date

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

City Contribution Requirement for 2008/2009 Fiscal Year

		2008/2009 -$-	2007/2008 -$-
I.	Unfunded Actuarial Accrued Liability	0	0
II.	Normal Cost		
	A. Present Value of Future Benefits		
	1. Active Members		
	a. Retirement	790,061,237	716,310,641
	b. Disability	26,893,457	21,067,936
	c. Death	7,879,803	6,712,194
	d. Turnover	14,689,867	13,284,527
	e. Return of Contributions	1,484,884	1,358,930
	f. Total	841,009,248	758,734,228
	2. Retired Members and Beneficiaries		
	a. Service Retirements + Beneficiaries	749,480,106	707,181,317
	b. Disability Retirements	36,399,191	36,353,990
	c. Terminated Vested Members	4,102,510	3,794,003
	d. Total	789,981,807	747,329,310
	3. Total	1,630,991,055	1,506,063,538

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

City Contribution Requirement for 2008/2009 Fiscal Year

		2008/2009 -$-	2007/2008 -$-
II.	Normal Cost (Cont'd)		
	A. Total Present Value of Future Benefits	1,630,991,055	1,506,063,538
	B. Present Value of Future Member Contributions [1]	70,875,954	57,040,143
	C. Actuarial Asset Value	1,208,812,855	1,133,007,182
	D. Unfunded Actuarial Accrued Liability	0	0
	E. Present Value of Future Normal Costs (A-B-C-D)	351,302,246	316,016,213
	F. Present Value of Future Payrolls	1,051,016,461	845,845,813
	G. Current Payroll for those under Expected Retirement Age	102,715,386	89,526,657
	H. Current Normal Cost - Payable 10/1/2008 [(E)x(G) / (F)] (1.0775)	36,993,395	36,040,251
	I. Covered Payroll	103,630,392	90,363,952
	J. Normal Cost as Percentage of Payroll (H)/ (I)	35.70%	39.88%
III.	Quarterly City Contribution Schedule		
	A. Past Service Cost	0	0
	B. Normal Cost	36,993,395	36,040,251
	C. Payment Timing	0	0
	D. Total	**36,993,395**	36,040,251

[1] 7% of Covered Payroll

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

City Contribution Requirement for 2008/2009 Fiscal Year

		2008/2009	
		Revised Basis	Prior Basis 1
		-$-	-$-
I.	Unfunded Actuarial Accrued Liability	0	0
II.	Normal Cost		
	A. Present Value of Future Benefits		
	1. Active Members		
	a. Retirement	790,061,237	875,927,365
	b. Disability	26,893,457	25,114,548
	c. Death	7,879,803	8,871,687
	d. Turnover	14,689,867	15,976,925
	e. Return of Contributions	1,484,884	1,483,276
	f. Total	841,009,248	927,373,801
	2. Retired Members and Beneficiaries		
	a. Service Retirements + Beneficiaries	749,480,106	749,480,106
	b. Disability Retirements	36,399,191	36,399,191
	c. Terminated Vested Members	4,102,510	4,102,510
	d. Total	789,981,807	789,981,870
	3. Total	1,630,991,055	1,717,355,608

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

City Contribution Requirement for 2008/2009 Fiscal Year

		2008/2009 Revised Basis -$-	2008/2009 Prior Basis 1 -$-
II.	Normal Cost (Cont'd)		
	A. Total Present Value of Future Benefits	1,630,991,055	1,717,355,608
	B. Present Value of Future Member Contributions [(1)]	70,875,954	70,378,363
	C. Actuarial Asset Value	1,208,812,855	1,208,812,855
	D. Unfunded Actuarial Accrued Liability	0	0
	E. Present Value of Future Normal Costs (A-B-C-D)	351,302,246	438,164,390
	F. Present Value of Future Payrolls	1,051,016,461	1,043,637,700
	G. Current Payroll for those under Expected Retirement Age	102,715,386	108,276,433
	H. Current Normal Cost - Payable 10/1/2008 [(E)x(G) / (F)] (1.0775)	36,993,395	48,982,228
	I. Covered Payroll	103,630,392	109,168,342
	J. Normal Cost as Percentage of Payroll (H)/(I)	35.70%	44.87%
III.	Quarterly City Contribution Schedule		
	A. Past Service Cost	0	0
	B. Normal Cost	36,993,395	48,982,228
	C. Payment Timing	0	0
	D. Total	**36,993,395**	48,982,228

[(1)] 7% of Covered Payroll

EXHIBIT 2A

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Actuarial Asset Value – 20% Write Up Method

I. Determination of Actuarial Asset Value as of October 1, 2007

	-$-
A. Actuarial Value of Assets as of 10/01/2006	1,133,007,182
B. City Contributions	40,542,078
C. Member Contribution	14,702,629
D. Benefits Paid	72,378,966
E. Contributions Refunded	307,545
F. Expected Return *	87,432,653
G. Expected Actuarial Value of Assets (A+B+C-D-E+F)	1,202,998,031
H. Market Value of Assets	1,300,941,309
I. Present Value of 01/01/08 COLA Transfer	32,071,438
J. Present Value of 01/01/09 COLA Transfer	36,797,719
K. Difference (H-I-J-G)	29,074,121
L. 20% of Difference	5,814,824
M. Preliminary Actuarial Asset Value (G+L)	1,208,812,855
N. Maximum Actuarial Asset Value (120% of H-I-J)	1,478,486,582
O. Minimum Actuarial Asset Value (80% of H-I-J)	985,657,722
P. Actuarial Asset Value at 10/1/2007	1,208,812,855
Q. Contribution Surplus Account Balance	0
R. Final Actuarial Value at 10/01/2007 (P – Q)	**1,208,812,855**

II. Rate of Return on Actuarial Asset Value

	-$-
A. Actuarial Asset Value at 10/01/2006	1,133,007,182
B. Contributions	
1. City (Including amount from Contribution Surplus Account)	40,542,078
2. Members	14,702,629
3. Total	55,244,707
C. Benefits and Refunds	72,686,511
D. Contribution Surplus	0
E. Actuarial Asset Value at 10/01/2007	1,208,812,855
F. Net Return on Investment [E+D+C-B-A]	93,247,477
G. Rate of Return (II F/I F) (.0775)	8.27%

*[1,133,007,182 + (40,542,078 + 14,702,629) (2.5/4) – (72,378,966 + 307,545) (13/24)] (.0775)

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

I. Development of Actuarial Asset Value (3 Years, for COLA Transfer Purposes)

		9/30/2007	9/30/2006	9/30/2005
		-$-	-$-	-$-
A.	Book Value	1,014,745,156	953,417,616	918,642,613
B.	Market Value	1,268,869,871	1,147,871,078	1,091,902,222
C.	B/A	1.2504320	1.2039541	1.1886039
D.	1/3 ∑ (C)		1.2143300	
E.	Adjusted Market Value at 9/30/2007 D x $1,014,745,156		1,232,235,485	
F.	Contribution Surplus at 9/30/2007		0	
G.	1. 80% of Market Value		1,015,095,897	
	2. 120% of Market Value		1,522,643,845	
H.	Preliminary Actuarial Asset Value		1,232,235,485	
I.	Present Value of 1/1/2009 COLA Transfer, discounted at 7.75%		36,797,719	
J.	Actuarial Asset Value (H-I)		1,195,437,766	

II. Rate of Return on Actuarial Asset Value

		-$-
A.	Actuarial Asset Value at 10/01/2006	1,082,080,821
B.	Contributions	
	1. City	40,542,078
	2. Members	14,702,629
	3. Total	55,244,707
C.	Benefits and Refunds	72,686,511
D.	Present Value of 1/1/2009 COLA Transfer	36,797,719
E.	Contribution Surplus	0
F.	Actuarial Asset Value at 10/01/2007	1,195,437,766
G.	Net Return on Investment [F+E+D+C-B-A]	167,596,468
H.	Rate of Return [2 x G/ (A+F-G)]	15.89% *

*Before 1/1/2009 COLA transfer.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Calculation of Excess Investment Return
On Membership and Benefits Accounts for 2006/2007 Fiscal Year
2009 COLA Transfer

I.	**Net Actual Return on Actuarial Asset Value**	-$-
A.	Preliminary Actuarial Asset Value as of 10/1/2007	1,232,235,485
B.	Benefits Paid During Plan Year	72,378,966
C.	Contributions Refunded During Plan Year	307,545
D.	City Contributions During Plan Year (Required)	40,542,078
E.	Member Contributions During Plan Year	14,702,629
F.	Actuarial Asset Value as of 10/1/2006	1,082,080,821
G.	Total Actual Return During Plan year (A)+(B)+(C)-(D)-(E)-(F)	167,596,468

II.	**Net Expected Return on Actuarial Asset Value**		
A.	Actuarial Asset Value as of 10/1/2006	1,082,080,821	
B.	Benefits Paid During Plan Year	72,378,966	
C.	Contributions Refunded During Plan Year	307,545	
D.	City Contributions During Plan Year	40,542,078	
E.	Member Contributions During Plan Year	14,702,629	
F.	Expected Rate of Return	7.75%	
G.	Expected Return During Plan Year	83,485,860	*
H.	Base Amount for Expected Return (G)/.0775	1,077,236,903	
I.	Excess Return on Assets (I(G) - II(G))	84,110,608	
J.	Excess Return as % of II(H)	7.807995%	**

III. Amount to be Transferred to COLA Fund

A.

	Excess Return		COLA Transfer	
	%	$	%	-$-
First	2.5	26,930,923	75	20,198,192
Next	2.5	26,930,923	50	13,465,462
Next	2.5	26,930,923	25	6,732,731
Remainder		3,317,839	0	0

B. Total Transfer Amount at 1/1/2009 — 40,396,385

*Assumes Uniform Quarterly Contributions and Monthly Benefits
[(1,082,080,821) + (40,542,078 + (14,702,629) (2.5/4) - (72,378,966 + 307,545) (13/24)](.0775) = 83,485,860

**Before 1/1/2009 COLA transfer.

EXHIBIT 3

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Asset Transactions for Year Ending September 30, 2007 *

	Membership and Benefits Accounts	COLA I Account	COLA II Account
	-$-	-$-	-$-
A. Market Value as of October 1, 2006	1,180,917,520	38,713,432	210,269,219
B. Book Value as of October 1, 2006	986,464,057	32,248,177	175,696,792
C. Income During Year			
1. City Contributions	40,542,078		
2. Member Contributions	8,415,985		
3. Other Member Contributions	6,286,644		
4. Interest	19,995,120	542,796	3,175,248
5. Dividends	11,570,580	313,643	1,834,989
6. Net Realized Gains (Losses)	76,768,916	2,094,381	12,402,099
7. Securities Lending Income	471,278	12,185	76,145
8. Rental and Other Income	1,241,233	33,432	186,878
9. COLA Transfer at January 1, 2007	(27,109,497)	--	27,109,497
	138,182,337	2,996,437	44,784,856
D. Disbursements During Years			
1. Benefit Payments	72,378,966	323,867	12,980,882
2. Contribution Refunds	307,545	388	
3. Custodial and Investment Expenses	4,939,764	133,581	773,027
4. Other Expense			
5. Securities Lending Fees	167,748	3,803	27,119
6. Building Depreciation	35,778	986	5,961
	77,829,801	462,625	13,786,989
E. Book Value as of 9/30/2007 (B)+(C)-(D)	1,046,816,594	34,881,988	206,694,659
F. Net Change in Unrealized Gains (Losses)	59,671,253	2,093,135	15,548,112
G. Market Value as of 9/30/2007 (A)+(C)-(D)+(F)	1,300,941,309	43,340,379	256,815,198
H. January 1, 2008 Allocation to COLA II (discounted)	(32,071,438)	N/A	32,071,438
I. Net Market Value as of 9/30/2007	1,268,869,871	43,340,379	288,886,636

*Based on unaudited financial statements.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Distribution of Assets as of September 30, 2007[1]

Membership and Benefits and Cost-of-Living Adjustment Accounts

Description	Market -$-	Book -$-
Bills, Bonds, Notes	398,555,073	386,918,723
Corporate Stocks	1,049,218,168	779,618,927
Private Equity	10,158,228	10,603,142
Money Market Funds and Time Deposits	11,982,510	12,022,460
Mutual Funds	83,408,418	51,741,958
Real Estate[2]	2,500,000	2,213,542
A: Sub-Total	**1,555,822,397**	**1,243,118,752**
B: Cash	**57,946,870**	**57,946,870**
Receivables:		
City Contributions		
Accounts Receivable	295,802	295,802
Member Contributions		
Accrued Interest	2,741,922	2,741,922
Securities Proceeds	4,542,821	4,542,821
C: Sub-Total	**7,580,545**	**7,580,545**
Payables:		
Budget Advance	(949,602)	(949,602)
Transfer	(5,912,910)	(5,912,910)
Tax Withheld	3,780	3,780
Accounts Payable	254,824	254,824
Securities Purchased	26,856,834	26,856,834
D: Sub-Total	**20,252,926**	**20,252,926**
E. Total (A+B+C-D)	**1,601,096,886**	**1,288,393,241**
Accounts:		
COLA I Account	**43,340,379**	**34,881,988**
COLA II Account	**256,815,198**	**206,694,659**
COLA II Transfer (1/1/2008)	**32,071,438**	**32,071,438**
F: Membership & Benefits Account	**1,268,869,871**	**1,014,745,156**

[1]Based on unaudited financial statements.
[2]Carried at depreciated cost for Book Value and at appraised value for Market Value.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Investment Results

Yield on Mean Values for 12-Month Period Ending 9/30/2007

	-$-	Market -%-	Book -%-
Membership and Benefits Accounts*			
Interest	19,995,120	1.7	2.1
Dividends	11,570,580	1.0	1.2
Rental and Other Income, less Depreciation	1,205,455	0.1	0.1
Realized Gains	76,768,916	6.6	8.0
Securities Lending (Net)	303,530	0.0	0.0
Increase in Unrealized Gains	59,671,253	5.2	--
Custodial and Investment Expenses	(4,939,764)	(0.4)	(0.5)
Real Estate Adjustment to Appraised Value	0	0.0	--
	164,575,090	14.2	10.9
COLA I Account			
Interest	542,796	1.4	1.7
Dividends	313,643	0.8	1.0
Rental and Other Income, less Depreciation	32,446	0.1	0.1
Realized Gains	2,094,381	5.4	6.5
Securities Lending (Net)	8,382	0.0	0.0
Increase in Unrealized Gains	2,093,135	5.4	--
Custodial and Investment Expenses	(133,581)	(0.3)	(0.4)
	4,951,202	12.8	8.9
COLA II Account			
Interest	3,175,248	1.5	1.7
Dividends	1,834,989	0.8	1.0
Rental and Other Income, less Depreciation	180,917	0.1	0.1
Realized Gains	12,402,099	5.7	6.8
Securities Lending (Net)	49,026	0.0	0.0
Increase in Unrealized Gains	15,547,812	7.2	--
Custodial and Investment Expenses	(773,027)	(0.4)	(0.4)
	32,417,064	14.9	9.2

*Before 1/1/2008 COLA transfer

EXHIBIT 5

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Accounting Information
As of October 1, 2007

		October 1, 2007 -$-	October 1, 2006 -$-
I.	Present Value of Vested Accrued Benefits		
	A. Service Retirements and Beneficiaries	749,480,106	707,181,317
	B. Disability Retirements	36,399,191	36,353,990
	C. Vested Terminated Members	4,102,510	3,794,003
	D. Active Members	320,980,395	331,524,872
	E. Total	1,110,962,202	1,078,854,182
II.	Present Value of Non-Vested Accrued Benefits	19,175,039	17,985,120
III.	Present Value of Accrued Benefits	1,130,137,241	1,096,839,302

IV. The values of accumulated plan benefits were determined in accordance with the Academy of Actuaries Interpretations and FASB Statement No. 35, Accounting and Reporting by Defined Benefit Pension Plans.

V. Statement of Changes in Accrued Benefits

A.	Present Value of Accrued Benefits at Beginning of Year	1,096,839,302
B.	Increase (Decrease) During the Year Attributable to:	
	1. Benefits Accumulated	39,079,296
	2. Benefits Paid and Contributions Refunded	(72,686,511)
	3. Plan Amendment	0
	4. Assumption/Method Changes	(15,283,290)
	5. Increase Due to Decrease in Discount Period	82,188,444
	6. Net Increase	33,297,939
C.	Present Value of Accrued Benefits at End of Year	1,130,137,241

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparison of Funding Progress
($000)

		10/1/2007 -$-	10/1/2006 -$-	10/1/2005 -$-
I.	Assets			
	A. Book Value	1,014,745	953,418	918,643
	B. Market Value	1,268,870	1,147,871	1,091,902
II.	Liabilities			
	A. Retired and Vested	789,982	747,329	677,186
	B. Active			
	Employee Contributions	124,729	116,287	121,189
	Other Vested	196,251	215,238	228,156
	Non-Vested Accrued	19,175	17,985	15,806
	C. Total Accrued	1,130,137	1,096,839	1,042,337
III.	Ratios	%	%	%
	IA/IIC	89.8	86.9	88.1
	IB/IIC	112.3	104.7	104.8

Note: Item II amounts are present values of accrued benefits.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Member Statistics

	10/1/2007	10/1/2006	10/1/2005
I. Active Members			
Number of			
Males	1,247	1,268	1,247
Females	216	217	208
Total	1,463	1,485	1,455
Averages			
Current Age	38.9	38.7	39.4
Past Service	12.6	12.4	13.1
Credited Past Service	12.6	12.4	13.1
Annual Earnings		$60,851	$62,897
II. Inactive Members			
A. Retirees and Beneficiaries			
Number	1,633	1,570	1,503
Average Annual Benefit	$43,596	$42,579	$40,060
Average Age	63.6	63.3	63.4
B. Disabled			
Number	209	209	215
Average Annual Benefit	$19,284	$19,005	$18,607
Average Age	66.5	65.6	65.2
C. Vested Terminated			
Number	22	22	25
Average Deferred Benefit	$23,170	$21,502	$21,930
Average Age	44.3	44.5	43.4

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Age-Service Distribution

	Completed Years of Service										Earnings	
Age	0-1	2-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total	Total -$-	Average -$-
15-24	25	57	0	0	0	0	0	0	0	82	3,839,942	46,829
25-29	13	114	37	1	0	0	0	0	0	165	8,692,891	52,684
30-34	4	62	130	29	2	0	0	0	0	227	13,993,096	61,644
35-39	6	42	99	103	50	1	0	0	0	301	19,661,148	65,319
40-44	0	15	48	64	111	71	3	0	0	312	23,834,296	76,392
45-49	0	4	10	29	49	94	56	0	0	242	21,288,001	87,967
50-54	0	2	3	8	14	32	44	7	1	111	10,261,099	92,442
55-59	0	0	1	0	1	7	8	1	2	20	1,818,872	90,944
60-64	0	0	0	0	1	2	0	0	0	3	241,045	80,348
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	48	296	328	234	228	207	111	8	3	1,463	103,630,392	70,834

Average Age: 38.9 Average Service: 12.6

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Reconciliation of Participant Counts

	Actives	Retirees & Beneficiaries	Disableds	Vested Terminated
10/1/2006	1,485	1,570	209	22
Changes due to:				
Retirement	-59	+61		-2
Withdrawal	-29			+3
Disability	-2		+2	
Death	-1	-13	-2	
New Beneficiary		+16		
New Hires	+70			
Data Changes	-1	-1		-1
10/1/2007	1,463	1,633	209	22

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Principal System Provisions

(Based on Ordinance No. 10002, as Amended
by Ordinances Nos. 112351 and 11944, and Resolution 657)

Effective Date:	January 1, 1940, as restated effective May 23, 1985, and amended through September 30, 2006.
Fiscal Year:	October 1 - September 30.
Membership:	Police officers and fire fighters.
Covered Compensation:	An employee's base salary, including pick-up contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death-in-family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.
Contributions:	Members: 7% of Compensation, effective 10/01/99. City: Balance, as actuarially determined.
Creditable Service:	Service credited under Retirement System; military service (maximum of four years) during wartime for which Member makes contributions; maternity leave (maximum of 180 days for each leave) for which Member makes contributions; up to 5 years, without member contributions, if member was an employee before period of military service.
Average Final Compensation:	Average Compensation during the highest year of Creditable Service.
Normal Service Age:	Age 50

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Service Retirement:	3.0% of Average Final Compensation for each of the first fifteen years of Creditable Service plus 3.5% of Average Final Compensation for each year of Creditable Service after the fifteenth year; maximum of 100% for those with less than 100% under prior rules on 9/30/98.
Early Service Retirement:	After 20 years of Creditable Service. Benefits are based on Average Final Compensation and Creditable Service at retirement date. Actuarial equivalence for early commencement.
Rule of 64 Retirement:	Service retirement on the basis of combined age and Creditable Service equaling 64 or more.
Disability:	Ordinary Disability: After 10 or more years of Creditable Service, and not eligible for service retirement. Not incurred as accident in performance of duties. 90% of benefit rate times Average Final Compensation times Creditable Service, with a minimum benefit of 30% of Average Final Compensation; 10 years' certain and life normal form. Accidental Disability: Incurred as accident in performance of duties. 66 2/3% of Average Final Compensation, or 66 2/3% of Final Compensation, whichever is greater. 40% joint & survivor normal form, with a minimum of 10 years' certain and life.
Deferred Retirement Option Plan:	Members who are eligible for Service Retirement or Rule of 64 Retirement after September 1998 may elect self-directed Deferred Retirement Option Plan, for a maximum of 4 years. An actuarially equivalent Back DROP option (maximum of 4 years) may be elected prior to DROP entry; combined years of DROP may not exceed 4.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Death:	Ordinary Death: (a) Between 3 and 10 years of Creditable Service, and death not accidentally incurred in performance of duties: Lump sum benefit equal to 50% of Compensation received in year preceding death. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferred period or 10 years' certain period. (c) If eligible for Service, Early Service, or Rule of 64 retirement, considered to have retired on the date of death. Surviving spouse would receive 40% of the member's monthly retirement allowance. Accidental Death: Incurred in performance of duties. (a) Pension of 50% of Average Final compensation to spouse until death or remarriage. If there is no spouse, or if spouse dies or remarries before youngest child is 18, payable until attainment of age 18. If no spouse or no children under 18, benefit is payable to dependent parents. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferral period or 10 years' certain period.
Employment Termination:	After 10 years of Creditable Service, based on Creditable Service and Average Final Compensation at termination date. If Member contributions are withdrawn, benefit is forfeited. Benefits are deferred to Normal Retirement Age.
Optional Allowances:	Normal form is joint and 40% contingent survivor, with a minimum of 10 years' certain and life. Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of Member. Option 6 is withdrawal of member contributions with credited interest; monthly benefit is 1/2 of normal level.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Transfer of Compensated Leave Balances:	Accumulated leave balances may be transferred into system immediately prior to retirement to purchase additional Creditable Service, on an actuarially equivalent basis.
Transfer of 457 Balances:	457 balances of Firefighters may be transferred into System at retirement to purchase additional Service for multiplier purposes.
Changes Since Prior Valuation:	457 balances of Firefighters may be transferred only at retirement to purchase additional service.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Actuarial Basis (Prior Basis)

Valuation Date: October 1, 2007 for Fiscal Year beginning October 1, 2008.

Valuation Method: Aggregate Cost Method.

Asset Valuation Method: 20% Write-Up Method: Expected value is based on the Interest Discount/Investment Return rate applied to the actuarial asset value as of previous valuation date and cash flow during the year. 20% of the difference between the Expected Value and the Market Value (net of pending transfers to the COLA Fund) is added to the Expected Value.

The result cannot be greater than 120% of market value or less than 80% of market value (net of pending COLA transfers).

Actuarial Assumptions:

Interest Discount/ Investment Return: 7.75%, compounded annually.

Inflation: 4.0%, compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	.0507%	.0284%
30	.0801%	.0351%
40	.1072%	.0709%
50	.2579%	.1428%
60	.7976%	.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis (Prior Basis)
(Continued)

Age	Disability	Turnover		Salary Increase**
		<5	5+	
20	.00085	.0240	.0192	.088
21	.00095	.0240	.0192	.086
22	.00105	.0240	.0192	.083
23	.00110	.0240	.0192	.081
24	.00125	.0240	.0192	.078
25	.00130	.0240	.0192	.075
26	.00140	.0240	.0192	.073
27	.00150	.0240	.0192	.071
28	.00160	.0240	.0192	.068
29	.00170	.0240	.0192	.066
30	.00180	.0240	.0192	.065
31	.00200	.0240	.0192	.064
32	.00220	.0240	.0192	.064
33	.00245	.0240	.0192	.063
34	.00265	.0240	.0192	.062
35	.00285	.0240	.0192	.061
36	.00305	.0228	.0182	.061
37	.00325	.0216	.0173	.060
38	.00345	.0204	.0163	.060
39	.00370	.0192	.0154	.059
40	.00390	.0180	.0144	.058
41	.00470	.0168	.0134	.058
42	.00555	.0156	.0125	.057
43	.00635	.0144	.0115	.057
44	.00720	.0132	.0106	.057
45	.00800	.0120	.0096	.056
46	.00880	.0096	.0077	.056
47	.00965	.0072	.0057	.056
48	.01045	.0048	.0038	.056
49	.01130	.0024	.0019	.055
50	.01210	.0000	.0000	.055

** A 7% additional increase applies in the final year of Creditable Service, and a 5% additional increase applies after 22 years.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis (Prior Basis)
(Continued)

Age	Disability	Turnover		Salary Increase*
		<5	5+	
51	.01295	.0000	.0000	.053
52	.01375	.0000	.0000	.051
53	.01455	.0000	.0000	.050
54	.01540	.0000	.0000	.048
55	.01620	.0000	.0000	.047
56	.01785	.0000	.0000	.046
57	.01870	.0000	.0000	.044
58	.01950	.0000	.0000	.043
59	.02030	.0000	.0000	.041
60	.00000	.0000	.0000	.040
61	.00000	.0000	.0000	.040
62	.00000	.0000	.0000	.040
63	.00000	.0000	.0000	.040
64	.00000	.0000	.0000	.040
65	.00000	.0000	.0000	.040

Retirement: If eligible for Rule of 64 Retirement, the following decrements apply, based on service:

Years of Service	Police %	Fire %
<20	0	0
20-24	20	5
25-29	25	25
30-31	50	25
32	100	100

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis (Prior Basis)
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employees are assumed to be married.
Investment Expenses:	None; the investment return assumption of 7.75% is net of investment expenses.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Compensated Absence Balance Transfers:	No liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.
Adjustments from Valuation Date:	One year's interest is added to the calculated deposit to reflect ordinance provision.
Sources of Data:	Asset data is from unaudited financial statements. Membership data was furnished by Administrator. Member compensation used is compensation paid in the year, annualized.
Changes Since Prior Valuation:	None.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis (Revised Basis)

Valuation Date: October 1, 2007 for Fiscal Year beginning October 1, 2008.

Valuation Method: Aggregate Cost Method.

Asset Valuation Method: 20% Write-Up Method: Expected value is based on the Interest Discount/Investment Return rate applied to the actuarial asset value as of previous valuation date and cash flow during the year. 20% of the difference between the Expected Value and the Market Value (net of pending transfers to the COLA Fund) is added to the Expected Value.

The result cannot be greater than 120% of market value or less than 80% of market value (net of pending COLA transfers).

Actuarial Assumptions:

Interest Discount/
Investment Return: 7.75%, compounded annually.
Inflation: 4.0%, compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	.0507%	.0284%
30	.0801%	.0351%
40	.1072%	.0709%
50	.2579%	.1428%
60	.7976%	.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis (Revised Basis)
(Continued)

Age	Disability	Turnover	
		<5	5+
31	.00200	.0240	.0192
32	.00220	.0240	.0192
33	.00245	.0240	.0192
34	.00265	.0240	.0192
35	.00285	.0240	.0192
36	.00305	.0228	.0182
37	.00325	.0216	.0173
38	.00345	.0204	.0163
39	.00370	.0192	.0154
40	.00390	.0180	.0144
41	.00470	.0168	.0134
42	.00555	.0156	.0125
43	.00635	.0144	.0115
44	.00720	.0132	.0106
45	.00800	.0120	.0096
46	.00880	.0096	.0077
47	.00965	.0072	.0057
48	.01045	.0048	.0038
49	.01130	.0024	.0019
50	.01210	.0000	.0000
51	.01295	.0000	.0000
52	.01375	.0000	.0000
53	.01455	.0000	.0000
54	.01540	.0000	.0000
55	.01620	.0000	.0000
56	.01785	.0000	.0000
57	.01870	.0000	.0000
58	.01950	.0000	.0000
59	.02030	.0000	.0000
60	.00000	.0000	.0000

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis (Revised Basis)
(Continued)

Retirement: If eligible for Rule of 64 Retirement, the following decrements apply, based on service:

Years of Service	Police %	Fire %
<20	0	0
20-24	20	5
25-29	25	25
30-31	50	25
32	100	100

There is no explicit assumption on the percentage of retirements expected to enter the DROP. No distinction is necessary, since funding is calculated to expected retirement or expected DROP entry.

Salary Merit Scale

Service	Police	Fire
0	.0500	.0500
1	.0500	.0500
2	.0500	.0500
3	.0500	.0500
4	.0500	.0500
5	.0500	.0500
6	.0500	.0500
7	.0250	.0500
8	.0500	.0500
9	.0500	.0500
10	.0100	.0000
11	.0100	.0000
12	.0100	.0000
13	.0100	.0000
14	.0100	.0000
15	.0125	.0250
16	.0125	.0250
17	.0100	.0100
18	.0100	.0100
19	.0100	.0100
20	.0100	.0100
21	.0100	.0100
22 +	.0000	.0000

Salary Merit Scale is combined with 4.0% inflation and 1.0% for promotions and other increases. There is also a 7.0% increase at retirement.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis (Revised Basis)
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employees are assumed to be married.
Investment Expenses:	None; the investment return assumption of 7.75% is net of investment expenses.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Compensated Absence Balance Transfers:	No liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.
Adjustments from Valuation Date:	One year's interest is added to the calculated deposit to reflect ordinance provision.
Sources of Data:	Asset data is from unaudited financial statements and includes an appraised value for the real estate to be used for Market Value. Membership data was furnished by Administrator. **Member compensation used is final bi-weekly pay in the year, annualized.**
Changes Since Prior Valuation:	**Salary Scale was split with firefighters and police officers having separate merit scales based on recent labor agreements plus 4% inflation and 1% for promotions and other reasons.** **Valuation pay was changed from actual pay during the previous year to last pay rate annualized.**

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Information Under Florida Statutes

I. Comparison of Salary Increases

Year Ending	Actual	Assumed
	-%-	-%-
9/30/07	18.19*	5.81
9/30/06	2.84	5.79
9/30/05	8.15	5.77
9/30/04	10.20	5.78
9/30/03	5.38	4.00
9/30/02	2.43	2.00
9/30/01	4.79	2.00
9/30/00	7.12	2.00
9/30/99	0.52	2.75
9/30/98	(1.35)	2.75
9/30/97	(1.07)	2.75
9/30/96	0.76	2.75
9/30/95	5.50	2.75
9/30/94	2.86	3.00
9/30/93	6.37	6.80
9/30/92	3.48	6.80
9/30/91	2.65	6.80
9/30/90	2.79	7.00
9/30/89	8.64	7.00
9/30/88	6.05	7.00
9/30/87	7.45	7.50
9/30/86	7.49	7.50
9/30/85	14.28	7.50
9/30/84	11.53	7.50

* Including impact of change in valuation pay definition.

II. Comparison of Investment Returns

Year Ending	Actual MV	Actual AAV**	Assumed
-%-	-%-	-%-	-%-
9/30/07	14.2	8.27	7.75
9/30/06	9.1	7.57	7.75
9/30/05 (Revised)	15.6	7.83	7.75
9/30/05 (Prior)	15.6	8.43	7.75
9/30/04	12.9	4.29	7.75
9/30/03	15.7	3.26	7.75
9/30/02	(5.5)	(3.93)	7.75
9/30/01	(10.6)	(1.29)	7.75
9/30/00	12.7	16.01	7.75
9/30/99	13.8	13.40	7.75
9/30/98	6.9	19.45	7.75
9/30/97	28.3	26.34	8.00
9/30/96	13.2	11.27	8.00
9/30/95	21.0	12.86	7.75
9/30/94	(1.7)	5.18	7.75
9/30/93	15.8	13.73	7.75
9/30/92	9.9	12.48	7.75
9/30/91	25.9	20.93	7.75
9/30/90	0.4	1.89	7.50
9/30/89	N.A.	16.09	7.50
9/30/88	N.A.	0.08	7.50
9/30/87	N.A.	22.64	7.00
9/30/86	N.A.	21.66	7.00

** Based on mean actuarial asset values for periods ending 9/30. Rates of return on AAV prior to 9/30/05 are based on prior asset valuation methods, with COLA transfers treated as cash flow.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Information Under Florida Statutes
(Continued)

III. Comparison of Payroll Growth

Year Ending	Actual	Assumed
	-%-	-%-
9/30/07	14.7	N.A.
9/30/06	(1.3)	N.A.
9/30/05	2.6	N.A.
9/30/04	(9.9)	N.A.
9/30/03	2.1	N.A.
9/30/02	8.1	N.A.
9/30/01	6.3	N.A.
9/30/00	8.5	N.A.
9/30/99	4.6	N.A.
9/30/98	6.8	N.A.
9/30/97	(4.5)	N.A.
9/30/96	1.9	N.A.
9/30/95	(1.9)	N.A.
9/30/94	1.1	N.A.
9/30/93	7.5	N.A.
9/30/92	2.1	N.A.
9/30/91	(7.6)	5.00
9/30/90	(0.8)	5.00
9/30/89	9.5	5.00
9/30/88	3.4	5.00
9/30/87	5.9	5.00
9/30/86	5.8	5.00
9/30/85	7.8	5.00
9/30/84	9.7	5.00

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 25
(Excluding COLA Fund)

I. Funding Status and Progress as of September 30, 2007 and 2006

Entry Age Accrued Liability: $(Millions)

	Sept. 30, 2007	Sept. 30, 2006
	-$-	-$-
- Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	790.0	747.3
- Current employees - Accumulated employee contributions including interest	124.7	116.3
Employer - financed vested	196.3	215.2
Employer - financed nonvested	207.4	181.7
Total Actuarial Accrued Liability	1,318.4	1,260.5
Net assets available for benefits (market value)	1,268.9	1,147.9
Unfunded Actuarial Accrued Liability	49.5	112.6

The actuarial accrued liability was determined as part of actuarial valuations at September 30, 2007 and September 30, 2006. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually, (b) projected salary increases of 4.00 percent per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.0 percent to 5.0 percent per year, attributable to seniority/merit and (d) 1% for promotions and other increases.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 25
(Excluding COLA Fund)

II. Contributions Required and Contributions Made

The funding policy provides for periodic employer contributions at actuarially determined rates that are sufficient to pay benefits when due. Contributions for normal costs are determined using the aggregate actuarial cost method. This cost method does not provide for an unfunded actuarial accrued liability.

Contributions totaling $55,244,707 ($40,542,078 employer and $14,702,639 employee) were made for the year ending September 30, 2007. These contributions consisted of (a) $48,958,063 normal cost, (b) $0 amortization of the unfunded actuarial accrued liability, (c) $0 noninvestment expenses and (d) $6,286,644 for Section 457 Service buybacks.

Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the standardized measure of the pension obligation as of the beginning of the preceding year.

III. Analysis of Funding Progress ($ Millions)

Fiscal Year	(1) Net Assets Available for Benefits ($)	(2) Entry Age Reserve ($)	(3) Percent Funded (%)	(4) Unfunded EAR (2)-(1) ($)	(5) Annual Covered Payroll ($)	(4)/(5) (%)
1992	492.0	483.7	102	(8.3)	67.1	(12)
1993	550.6	513.4	107	(37.2)	72.0	(52)
1994	516.4	587.5	88	71.1	72.9	98
1995	616.5	614.4	100	(2.1)	71.5	(3)
1996	674.7	650.0	104	(24.7)	72.9	(34)
1997	835.3	727.1	115	(108.2)	69.6	(155)
1998	857.7	800.7	107	(57.0)	74.3	(77)
1999	932.8	843.2	111	(89.6)	77.7	(115)
2000	994.6	863.4	115	(131.2)	84.3	(156)
2001	828.9	932.7	89	103.8	89.7	116
2002	753.2	999.8	75	246.6	96.9	254
2003	844.9	1,067.9	79	223.0	98.9	225
2004	957.9	1,152.8	83	194.9	89.2	218
2005	1,091.9	1,221.6	89	129.7	91.5	142
2006	1,147.9	1,260.5	91	112.6	90.4	125
2007	1,268.9	1,318.4	96	49.5	103.6	48

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

IV. Revenues and Expenses

	Revenues by Source			
Fiscal Year ($)	Employee Contributions ($)	Employer Contributions ($)	Investment Income ($)	Total
1992	6,115,655	10,029,747	44,569,353	60,714,755
1993	6,455,623	10,442,881	50,309,468	67,207,972
1994	7,435,034	9,296,175	36,915,202	53,646,411
1995	8,318,833	10,880,346	38,919,229	58,118,408
1996	7,852,469	16,547,235	55,421,603	79,821,307
1997	7,664,034	14,377,032	83,180,597	105,221,663
1998	7,692,571	14,155,472	96,007,011	117,855,054
1999	8,556,140	10,376,473	66,039,984	84,972,597
2000	6,257,588	5,400,784	129,752,337	141,410,709
2001	6,336,918	5,481,599	17,717,791	29,536,308
2002	6,721,236	5,400,784	(27,704,711)	(15,582,691)
2003	7,193,936	15,024,366	30,466,098	52,684,400
2004	24,415,150	32,959,003	53,963,150	111,337,303
2005	18,607,681	45,545,130	71,904,910	136,057,721
2006	7,698,594	50,635,213	71,669,124	130,002,931
2007	14,702,629	40,542,078	82,937,630	138,182,337

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

IV. Revenues and Expenses (Continued)

Fiscal Year	Expenses by Type			
	Benefits ($)	Administrative Expenses ($)	Refunds ($)	Total ($)
1992	22,345,166	1,137,047	751,088	24,233,301
1993	22,735,888	1,314,925	672,376	24,723,189
1994	23,787,091	1,420,693	510,074	25,717,858
1995	25,846,564	1,567,841	703,269	28,117,674
1996	29,506,924	1,870,188	822,497	32,199,609
1997	33,841,809	2,079,183	1,225,239	37,146,231
1998	35,593,108	2,543,855	391,524	38,537,297
1999	36,900,501	2,689,079	258,383	39,847,963
2000	41,237,423	2,710,752	258,804	44,206,979
2001	41,386,774	2,933,939	481,746	44,802,459
2002	42,766,860	2,825,903	364,256	45,957,019
2003	46,083,206	2,922,537	429,225	49,434,968
2004	53,249,450	3,334,460	301,580	56,885,490
2005	66,518,783	3,865,995	257,859	70,642,637
2006	69,825,105	4,687,601	573,228	75,085,934
2007	72,378,966	5,143,290	307,545	77,829,801

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

V. Schedule of Employer Contributions

Fiscal Year	Annual Pension Cost (APC) ($)	Percentage Contributed (%)	Net Pension Obligation ($)
1994	9,296,175	100	0
1995	10,880,346	100	0
1996	16,547,235	100	0
1997	14,377,032	100	0
1998	14,155,472	100	0
1999	10,376,473	100	0
2000	5,400,784	100	0
2001	4,003,892	100	0
2002	1,051,629	100	0
2003	18,163,588	100	0
2004	36,341,515	100	0
2005	45,545,130	100	0
2006	50,635,213	100	0
2007	40,542,078	100	0
2008	36,040,251		

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

I. COLA Increases by Duration Since Retirement (Including 2008 Increment)

Years Retired	No.	FIPO Benefits -$-	COLA Benefits -$-	%
0 - 5	500	2,375,698	5,876	0.2
5 -10	175	703,218	41,496	5.9
10-15	285	1,124,083	160,175	14.2
15-20	233	743,782	224,344	30.2
20-25	165	362,644	218,313	60.2
25-30	195	217,119	291,655	134.3
30-35	182	143,216	283,007	197.6
35-40	68	37,297	115,530	309.8
40-45	27	13,879	56,690	408.4
45-50	7	3,896	17,004	436.4
50+	6	1,781	8,312	466.7
Total	1,843	5,726,614	1,422,401	24.8

II. COLA Increases by Attained Age (2008 Table)

Age	No.	FIPO Benefits -$-	COLA Benefits -$-	%
<45	21	76,086	1,046	1.4
45-50	206	980,697	2,131	0.2
50-54	247	1,009,034	20,107	2.0
55-59	301	1,247,980	91,670	7.3
60-64	273	991,136	165,991	16.6
65-69	193	556,493	179,478	32.3
70-74	172	346,579	214,970	62.0
75-79	220	310,253	360,819	116.3
80-84	143	149,565	253,998	169.8
85-89	48	36,718	92,140	250.9
>90	19	14,071	40,051	284.6
Total	1,843	5,726,614	1,422,401	24.8

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

III. COLA Increases vs. CPI (including 2008 Increment)

Years Retired	No.	COLA -%-	CPI -%-	COLA/CPI %
0 - 5	500	0.2	4.1	6.0
5 -10	175	5.9	18.2	32.4
10-15	285	14.2	30.5	46.7
15-20	233	30.2	48.7	61.9
20-25	165	60.2	82.8	72.7
25-30	195	134.3	130.4	103.0
30-35	182	197.6	243.3	81.2
35-40	68	309.8	385.1	80.4
40-45	27	408.4	515.5	79.2
45-50	7	436.4	582.3	74.4
50+	6	466.7	766.7	60.9
Total	1,843	24.8	36.9	67.2

IV. Consumer Price Index (CPI-U)

Year	December Index	Annual %	Year	December Index	Annual %
1956	27.600	2.9	1981	94.000	8.9
1957	28.400	3.0	1982	97.600	3.9
1958	28.900	1.8	1983	101.300	3.8
1959	29.400	1.5	1984	105.300	4.0
1960	29.800	1.5	1985	109.300	3.8
1961	30.000	0.7	1986	110.500	1.1
1962	30.400	1.2	1987	115.400	4.4
1963	30.900	1.6	1988	120.500	4.4
1964	31.200	1.2	1989	126.100	4.6
1965	31.800	1.9	1990	133.800	6.2
1966	32.900	3.4	1991	137.900	3.0
1967	33.900	3.0	1992	141.900	2.9
1968	35.500	4.7	1993	145.800	2.7
1969	37.700	6.1	1994	149.700	2.7
1970	39.800	5.5	1995	153.500	2.5
1971	41.100	3.4	1996	158.600	3.3
1972	42.500	3.4	1997	161.300	1.7
1973	46.200	8.7	1998	163.900	1.6
1974	51.900	12.2	1999	168.300	2.7
1975	55.500	7.0	2000	174.000	3.4
1976	58.200	4.8	2001	176.700	1.6
1977	62.100	6.8	2002	180.900	2.4
1978	67.700	9.0	2003	184.300	1.9
1979	76.700	13.3	2004	190.300	3.3
1980	86.300	12.4	2005	196.800	3.4
			2006	201.800	2.5
			2007	210.036	4.1

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

I. Summary of Assets Available for Benefits at October 1, 2007

	-$-
A. COLA Accounts (Exhibit 2)	
1. COLA I Account at 9/30/2007	43,340,379
2. COLA II Account at 9/30/2007	256,815,198
B. Transfers of Excess Investment Income	
1. $32,675,538 due on 1/1/2008	32,071,438
2. $40,396,385 due on 1/1/2009	36,797,719
C. Minimum City Contributions [1] $4,682,453 beginning 1/1/2010, payable for 5 years, discounted	17,143,000
D. City Contribution due 1/1/2009	0
E. Assets Available for COLA Benefits	386,167,734

II. COLA Fund Liabilities for Benefits at 10/1/2007 [3]

A. Present Value of Existing COLA Benefits for inactives	
1. Frozen COLA I benefits	1,912,567
2. COLA II benefits	194,528,452
3. Total inactive COLA benefits	196,441,019
B. Present Value of Projected COLA Benefits for Current Actives	
1. Reserve for current actives	40,382,837
2. Reserve for future actives (15% of B1)	6,057,426
3. Total	46,440,263
C. Total Liability Allocated (A3+B4)	242,881,282
D. Contingency Reserve [20% of I(E)-I(B)(2)]	69,874,003
E. Unallocated Reserve[2]	73,412,449
F. Total Liability for COLA Benefits	386,167,734

Notes: (1) $(1/1.0775)^{2.25}$ ä · $\overline{5}$| = 3.6611152

(2) For $1,139 Table

(3) Service for COLA excludes 457 buyback service.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

III. Derivation of Increase in Table as of January 1, 2008

		-$-
A.	Liability based on current $1,139 table	
1.	Inactive COLA II Benefits	194,528,452
2.	Present Value of Projected COLA benefits for current actives	40,382,837
3.	Reserve for future actives [15% of (2)]	6,057,426
4.	Total	240,968,715
B.	Assets available to increase table	
1.	Total assets available for COLA Benefits	386,167,734
2.	Total Liability Allocated (current $1,139 table)	242,881,282
3.	Contingency Reserve II(D)	69,874,003
4.	Available Assets [(1)-(2)-(3)]	73,412,449
5.	$40,396,385 due on 1/1/2009, discounted	36,797,719
6.	Net Available Assets [(4)-(5)]	36,614,730
7.	Increase ratio [(B6)/ (A4)]	0.15195
8.	Table increase [$1,139x (7)]	173
9.	New table amount [$1,139+ (8)]	1,312
10.	Actual new table amount	**1,312**

EXHIBIT 14

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Cumulative Experience Position Net of Asset Transfers

I. Calculation of Expected Unfunded Actuarial Accrued Liability at 10/1/2007

		-$-
A.	Expected Unfunded Actuarial Accrued Liability at 10/1/2006	313,961,775
B.	Entry Age Normal Cost for 2006/2007 Year Paid or Payable by Employer	25,420,074
C.	Interest on (A) and (B)	26,302,093
D.	Contributions for 2006/2007Year Paid or Payable by Employer (Required)	40,542,078
E.	Interest on (D)	1,963,757
F.	Expected Unfunded Actuarial Accrued Liability at 9/30/2007	323,178,107
G.	Additional Unfunded Actuarial Accrued Liability due to Method Changes	(9,828,859)
H.	Additional Unfunded Actuarial Accrued Liability due to Assumption Changes	(33,079,845)
I.	Final Expected Unfunded Actuarial Accrued Liability at 9/30/2007	280,269,403

II. Determination of Net Cumulative Experience Position at 10/1/2007(Preliminary)

A.	Expected Unfunded Actuarial Liability as of September 30, 2007	280,269,403
B.	Entry Age Reserve - Actives	528,400,597
	- Inactives	789,981,808
	- Total	1,318,382,405
C.	Actuarial Asset Value	1,208,812,855
D.	Actual Unfunded Actuarial Liability (B)-(C)	109,569,550
E.	Cumulative Experience Gain (Loss) (A)-(D)	170,699,853

III. Future Transfers of Excess Investment Income at 10/1/2007

A.	$32,675,538 due on 1/1/2008, discounted	32,071,438
B.	$40,396,385 due on 1/1/2009, discounted	36,797,719
C.	Total Future Transfers at 10/1/2007 (A)+(B)	68,869,157

EXHIBIT 15

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

(COLA Fund)

Summary of Principal COLA Provisions

Effective Date:	January 1, 1994, amended January 1, 1995.
Eligibility:	All inactive members in Miami Fire Fighters' and Police Officers' Retirement Trust.
Prior COLA:	Benefits granted through 1993 continue to be paid, in addition to benefits to be granted in the future.
Available Assets:	Existing COLA assets as of January 1, 1995; beginning with the 1991/92 fiscal year, a percentage of excess investment return on FIPO assets (75% of first 2.5%, 50% of next 2.5%, 25% of next 2.5%), subject to a minimum City contribution of $2.5 million, increasing 4% annually.
Allocated Assets:	Current COLA assets as of September 30, 2005, plus present value of $2.5 million minimum guarantee for 14 years. The 4% future annual increases is not pre-allocated. A contingency reserve of 22% has been established for adverse experience.
COLA Benefits:	In addition to prior COLA, benefits are based on attached table, with $1,024 monthly benefit for 25 years of creditable service and 22 completed years of retirement (after age 46). The $1,024 amount is reduced by 5% for each year of retirement less than 22 and each year of creditable service less than 25 and increased similarly for years of retirement greater than 22 and years of creditable service greater than 25. Benefits are based on the FIPO option elected. Tabular amounts are adjusted, based on the FIPO adjustments at the time of FIPO benefit commencement, for options other than Option 8 (Joint & 40%). Surviving spouses receive the percentage of the table amount determined under the FIPO election. Service-incurred and accidental disabilities and deaths receive benefits based on the greater of 25 years or actual creditable service.
Changes from Prior Year Valuation:	Table changed from $1,139 to $1,312 (at 25 years of creditable service and 22 years of retirement).

Miami Firefighters' and Police Officers' Retirement Trust

2008 Monthly Retirement Supplements ($1312 Table)

Completed Years of Retirement (after age 46)

YEARS OF CREDITABLE SERVICE	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
10	0	0	0	33	49	66	82	98	115	131	148	164	180	197	213	230	246	262	279	295	312	328	344	361	377
11	0	0	0	39	59	79	98	118	138	157	177	197	216	236	256	276	295	315	335	354	374	394	413	433	453
12	0	0	0	46	69	92	115	138	161	184	207	230	253	276	298	321	344	367	390	413	436	459	482	505	528
13	0	0	0	52	79	105	131	157	184	210	236	262	289	315	341	367	394	420	446	472	499	525	551	577	604
14	0	0	0	59	89	118	148	177	207	236	266	295	325	354	384	413	443	472	502	531	561	590	620	649	679
15	0	0	0	66	98	131	164	197	230	262	295	328	361	394	426	459	492	525	558	590	623	656	689	722	754
16	0	0	0	72	108	144	180	216	253	289	325	361	397	433	469	505	541	577	613	649	686	722	758	794	830
17	0	0	0	79	118	157	197	236	276	315	354	394	433	472	512	551	590	630	669	708	748	787	827	866	905
18	0	0	0	85	128	171	213	256	298	341	384	426	469	512	554	597	640	682	725	768	810	853	895	938	981
19	0	0	0	92	138	184	230	276	321	367	413	459	505	551	597	643	689	735	781	827	872	918	964	1010	1056
20	0	0	0	98	148	197	246	295	344	394	443	492	541	590	640	689	738	787	836	886	935	984	1033	1082	1132
21	0	0	0	105	157	210	262	315	367	420	472	525	577	630	682	735	787	840	892	945	997	1050	1102	1155	1207
22	0	0	0	112	167	223	279	335	390	446	502	558	613	669	725	781	836	892	948	1004	1059	1115	1171	1227	1282
23	0	0	0	118	177	236	295	354	413	472	531	590	649	708	768	827	886	945	1004	1063	1122	1181	1240	1299	1358
24	0	0	0	125	187	249	312	374	436	499	561	623	686	748	810	872	935	997	1059	1122	1184	1246	1309	1371	1433
25	0	0	0	131	197	262	328	394	459	525	590	656	722	787	853	918	984	1050	1115	1181	1246	1312	1378	1443	1509
26	0	0	0	138	207	276	344	413	482	551	620	689	758	827	895	964	1033	1102	1171	1240	1309	1378	1446	1515	1584
27	0	0	0	144	216	289	361	433	505	577	649	722	794	866	938	1010	1082	1155	1227	1299	1371	1443	1515	1588	1660
28	0	0	0	151	226	302	377	453	528	604	679	754	830	905	981	1056	1132	1207	1282	1358	1433	1509	1584	1660	1735
29	0	0	0	157	236	315	394	472	551	630	708	787	866	945	1023	1102	1181	1260	1338	1417	1496	1574	1653	1732	1811
30	0	0	0	164	246	328	410	492	574	656	738	820	902	984	1066	1148	1230	1312	1394	1476	1558	1640	1722	1804	1886
31	0	0	0	171	256	341	426	512	597	682	768	853	938	1023	1109	1194	1279	1364	1450	1535	1620	1706	1791	1876	1961
32	0	0	0	177	266	354	443	531	620	708	797	886	974	1063	1151	1240	1328	1417	1506	1594	1683	1771	1860	1948	2037
33	0	0	0	184	276	367	459	551	643	735	827	918	1010	1102	1194	1286	1378	1469	1561	1653	1745	1837	1929	2020	2112
34	0	0	0	190	285	380	476	571	666	761	856	951	1046	1141	1237	1332	1427	1522	1617	1712	1807	1902	1998	2093	2188
35	0	0	0	197	295	394	492	590	689	787	886	984	1082	1181	1279	1378	1476	1574	1673	1771	1870	1968	2066	2165	2263
36	0	0	0	203	305	407	508	610	712	813	915	1017	1118	1220	1322	1424	1525	1627	1729	1830	1932	2034	2135	2237	2339
37	0	0	0	210	315	420	525	630	735	840	945	1050	1155	1260	1364	1469	1574	1679	1784	1889	1994	2099	2204	2309	2414
38	0	0	0	216	325	433	541	649	758	866	974	1082	1191	1299	1407	1515	1624	1732	1840	1948	2057	2165	2273	2381	2490
39	0	0	0	223	335	446	558	669	781	892	1004	1115	1227	1338	1450	1561	1673	1784	1896	2007	2119	2230	2342	2453	2565
40	0	0	0	230	344	459	574	689	804	918	1033	1148	1263	1378	1492	1607	1722	1837	1952	2066	2181	2296	2411	2526	2640
41	0	0	0	236	354	472	590	708	827	945	1063	1181	1299	1417	1535	1653	1771	1889	2007	2125	2244	2362	2480	2598	2716
42	0	0	0	243	364	485	607	728	850	971	1092	1214	1335	1456	1578	1699	1820	1942	2063	2184	2306	2427	2549	2670	2791
43	0	0	0	249	374	499	623	748	872	997	1122	1246	1371	1496	1620	1745	1870	1994	2119	2244	2368	2493	2617	2742	2867
44	0	0	0	256	384	512	640	768	895	1023	1151	1279	1407	1535	1663	1791	1919	2047	2175	2303	2430	2558	2686	2814	2942
45	0	0	0	262	394	525	656	787	918	1050	1181	1312	1443	1574	1706	1837	1968	2099	2230	2362	2493	2624	2755	2886	3018
46	0	0	0	269	403	538	672	807	941	1076	1210	1345	1479	1614	1748	1883	2017	2152	2286	2421	2555	2690	2824	2959	3093
47	0	0	0	276	413	551	689	827	964	1102	1240	1378	1515	1653	1791	1929	2066	2204	2342	2480	2617	2755	2893	3031	3168
48	0	0	0	282	423	564	705	846	987	1128	1269	1410	1551	1692	1834	1975	2116	2257	2398	2539	2680	2821	2962	3103	3244
49	0	0	0	289	433	577	722	866	1010	1155	1299	1443	1588	1732	1876	2020	2165	2309	2453	2598	2742	2886	3031	3175	3319
50	0	0	0	295	443	590	738	886	1033	1181	1328	1476	1624	1771	1919	2066	2214	2362	2509	2657	2804	2952	3100	3247	3395

Miami Firefighters' and Police Officers' Retirement Trust

2008 Monthly Retirement Supplements ($1312 Table)

Completed Years of Retirement (after age 46)

YEARS OF CREDITABLE SERVICE	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50
10	394	410	426	443	459	476	492	508	525	541	558	574	590	607	623	640	656	672	689	705	722	738	754	771	787
11	472	492	512	531	551	571	590	610	630	649	669	689	708	728	748	768	787	807	827	846	866	886	905	925	945
12	551	574	597	620	643	666	689	712	735	758	781	804	827	850	872	895	918	941	964	987	1010	1033	1056	1079	1102
13	630	656	682	708	735	761	787	813	840	866	892	918	945	971	997	1023	1050	1076	1102	1128	1155	1181	1207	1233	1260
14	708	738	768	797	827	856	886	915	945	974	1004	1033	1063	1092	1122	1151	1181	1210	1240	1269	1299	1328	1358	1387	1417
15	787	820	853	886	918	951	984	1017	1050	1082	1115	1148	1181	1214	1246	1279	1312	1345	1378	1410	1443	1476	1509	1542	1574
16	866	902	938	974	1010	1046	1082	1118	1155	1191	1227	1263	1299	1335	1371	1407	1443	1479	1515	1551	1588	1624	1660	1696	1732
17	945	984	1023	1063	1102	1141	1181	1220	1260	1299	1338	1378	1417	1456	1496	1535	1574	1614	1653	1692	1732	1771	1811	1850	1889
18	1023	1066	1109	1151	1194	1237	1279	1322	1364	1407	1450	1492	1535	1578	1620	1663	1706	1748	1791	1834	1876	1919	1961	2004	2047
19	1102	1148	1194	1240	1286	1332	1378	1424	1469	1515	1561	1607	1653	1699	1745	1791	1837	1883	1929	1975	2020	2066	2112	2158	2204
20	1181	1230	1279	1328	1378	1427	1476	1525	1574	1624	1673	1722	1771	1820	1870	1919	1968	2017	2066	2116	2165	2214	2263	2312	2362
21	1260	1312	1364	1417	1469	1522	1574	1627	1679	1732	1784	1837	1889	1942	1994	2047	2099	2152	2204	2257	2309	2362	2414	2467	2519
22	1338	1394	1450	1506	1561	1617	1673	1729	1784	1840	1896	1952	2007	2063	2119	2175	2230	2286	2342	2398	2453	2509	2565	2621	2676
23	1417	1476	1535	1594	1653	1712	1771	1830	1889	1948	2007	2066	2125	2184	2244	2303	2362	2421	2480	2539	2598	2657	2716	2775	2834
24	1496	1558	1620	1683	1745	1807	1870	1932	1994	2057	2119	2181	2244	2306	2368	2430	2493	2555	2617	2680	2742	2804	2867	2929	2991
25	1574	1640	1706	1771	1837	1902	1968	2034	2099	2165	2230	2296	2362	2427	2493	2558	2624	2690	2755	2821	2886	2952	3018	3083	3149
26	1653	1722	1791	1860	1929	1998	2066	2135	2204	2273	2342	2411	2480	2549	2617	2686	2755	2824	2893	2962	3031	3100	3168	3237	3306
27	1732	1804	1876	1948	2020	2093	2165	2237	2309	2381	2453	2526	2598	2670	2742	2814	2886	2959	3031	3103	3175	3247	3319	3392	3464
28	1811	1886	1961	2037	2112	2188	2263	2339	2414	2490	2565	2640	2716	2791	2867	2942	3018	3093	3168	3244	3319	3395	3470	3546	3621
29	1889	1968	2047	2125	2204	2283	2362	2440	2519	2598	2676	2755	2834	2913	2991	3070	3149	3228	3306	3385	3464	3542	3621	3700	3779
30	1968	2050	2132	2214	2296	2378	2460	2542	2624	2706	2788	2870	2952	3034	3116	3198	3280	3362	3444	3526	3608	3690	3772	3854	3936
31	2047	2132	2217	2303	2388	2473	2558	2644	2729	2814	2900	2985	3070	3155	3241	3326	3411	3496	3582	3667	3752	3838	3923	4008	4093
32	2125	2214	2303	2391	2480	2568	2657	2745	2834	2922	3011	3100	3188	3277	3365	3454	3542	3631	3720	3808	3897	3985	4074	4162	4251
33	2204	2296	2388	2480	2572	2663	2755	2847	2939	3031	3123	3214	3306	3398	3490	3582	3674	3765	3857	3949	4041	4133	4225	4316	4408
34	2283	2378	2473	2568	2663	2758	2854	2949	3044	3139	3234	3329	3424	3519	3615	3710	3805	3900	3995	4090	4185	4280	4376	4471	4566
35	2362	2460	2558	2657	2755	2854	2952	3050	3149	3247	3346	3444	3542	3641	3739	3838	3936	4034	4133	4231	4330	4428	4526	4625	4723
36	2440	2542	2644	2745	2847	2949	3050	3152	3254	3355	3457	3559	3660	3762	3864	3966	4067	4169	4271	4372	4474	4576	4677	4779	4881
37	2519	2624	2729	2834	2939	3044	3149	3254	3359	3464	3569	3674	3779	3884	3988	4093	4198	4303	4408	4513	4618	4723	4828	4933	5038
38	2598	2706	2814	2922	3031	3139	3247	3355	3464	3572	3680	3788	3897	4005	4113	4221	4330	4438	4546	4654	4763	4871	4979	5087	5196
39	2676	2788	2900	3011	3123	3234	3346	3457	3569	3680	3792	3903	4015	4126	4238	4349	4461	4572	4684	4795	4907	5018	5130	5241	5353
40	2755	2870	2985	3100	3214	3329	3444	3559	3674	3788	3903	4018	4133	4248	4362	4477	4592	4707	4822	4936	5051	5166	5281	5396	5510
41	2834	2952	3070	3188	3306	3424	3542	3660	3779	3897	4015	4133	4251	4369	4487	4605	4723	4841	4959	5077	5196	5314	5432	5550	5668
42	2913	3034	3155	3277	3398	3519	3641	3762	3884	4005	4126	4248	4369	4490	4612	4733	4854	4976	5097	5218	5340	5461	5583	5704	5825
43	2991	3116	3241	3365	3490	3615	3739	3864	3988	4113	4238	4362	4487	4612	4736	4861	4986	5110	5235	5360	5484	5609	5733	5858	5983
44	3070	3198	3326	3454	3582	3710	3838	3966	4093	4221	4349	4477	4605	4733	4861	4989	5117	5245	5373	5501	5628	5756	5884	6012	6140
45	3149	3280	3411	3542	3674	3805	3936	4067	4198	4330	4461	4592	4723	4854	4986	5117	5248	5379	5510	5642	5773	5904	6035	6166	6298
46	3228	3362	3496	3631	3765	3900	4034	4169	4303	4438	4572	4707	4841	4976	5110	5245	5379	5514	5648	5783	5917	6052	6186	6321	6455
47	3306	3444	3582	3720	3857	3995	4133	4271	4408	4546	4684	4822	4959	5097	5235	5373	5510	5648	5786	5924	6061	6199	6337	6475	6612
48	3385	3526	3667	3808	3949	4090	4231	4372	4513	4654	4795	4936	5077	5218	5360	5501	5642	5783	5924	6065	6206	6347	6488	6629	6770
49	3464	3608	3752	3897	4041	4185	4330	4474	4618	4763	4907	5051	5196	5340	5484	5628	5773	5917	6061	6206	6350	6494	6639	6783	6927
50	3542	3690	3838	3985	4133	4280	4428	4576	4723	4871	5018	5166	5314	5461	5609	5756	5904	6052	6199	6347	6494	6642	6790	6937	7085

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

Summary of Actuarial Basis

Valuation Date: January 1, 2008.

Valuation Method: Accrued Benefit Cost Method, based on benefits granted to date.

Asset Valuation Method: Market Value, plus present value of future minimum City contributions.

Actuarial Assumptions:

Investment Return: 7.75% compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	.0507%	.0284%
30	.0801%	.0351%
40	.1072%	.0709%
50	.2579%	.1428%
60	.7976%	.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Summary of Actuarial Basis
(Continued)

Age	Disability	Turnover	
		<5	5+
20	.00085	.0240	.0192
21	.00095	.0240	.0192
22	.00105	.0240	.0192
23	.00110	.0240	.0192
24	.00125	.0240	.0192
25	.00130	.0240	.0192
26	.00140	.0240	.0192
27	.00150	.0240	.0192
28	.00160	.0240	.0192
29	.00170	.0240	.0192
30	.00180	.0240	.0192
31	.00200	.0240	.0192
32	.00220	.0240	.0192
33	.00245	.0240	.0192
34	.00265	.0240	.0192
35	.00285	.0240	.0192
36	.00305	.0228	.0182
37	.00325	.0216	.0173
38	.00345	.0204	.0163
39	.00370	.0192	.0154
40	.00390	.0180	.0144
41	.00470	.0168	.0134
42	.00555	.0156	.0125
43	.00635	.0144	.0115
44	.00720	.0132	.0106
45	.00800	.0120	.0096
46	.00880	.0096	.0077
47	.00965	.0072	.0057
48	.01045	.0048	.0038
49	.01130	.0024	.0019
50	.01210	.0000	.0000

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Summary of Actuarial Basis
(Continued)

Age	Disability	Turnover	
		< 5	5+
51	.01295	.0000	.0000
52	.01375	.0000	.0000
53	.01455	.0000	.0000
54	.01540	.0000	.0000
55	.01620	.0000	.0000
56	.01785	.0000	.0000
57	.01870	.0000	.0000
58	.01950	.0000	.0000
59	.02030	.0000	.0000
60	.00000	.0000	.0000
61	.00000	.0000	.0000
62	.00000	.0000	.0000
63	.00000	.0000	.0000
64	.00000	.0000	.0000
65	.00000	.0000	.0000

Retirement: If eligible for Rule of 64 Retirement, the following decrements apply, based on service:

Years of Service	Police %	Fire %
<20	0	0
20-24	20	5
25-29	25	25
30-31	50	25
32	100	100

There is no explicit assumption on the percentage of retirements expected to enter the DROP. No distinction is necessary, since funding is calculated to expected retirement or expected DROP entry.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

Summary of Actuarial Basis
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Martial Status:	All employees are assumed to be married.
Investment Expenses:	Not provided for.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Adjustments from Valuation Date:	Liabilities are discounted for 3 months at the Investment Return assumption.
Sources of Data:	Asset data is from unaudited financial statements. Membership data was furnished by Administrator.
Changes from Prior Year Valuation:	None.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)
(Based on 01/01/2006 $1,139 Table)

I. Funding Status and Progress as of September 30, 2007 and 2006

Pension benefit obligation:	$(Millions)	
	2007	2006
- Retirees and beneficiaries currently receiving prior COLA benefits	1.9	2.0
- Retirees and beneficiaries receiving COLA tabular benefits (beginning January 1) and terminated employees not yet receiving tabular benefits	194.5	172.9
- Current Employees Accumulated employee contributions including interest	2.6	3.7
Employer - financed vested	0.0	0.0
Employer - financed non-vested	43.9	38.2
- Total pension benefit obligation	242.9	216.8
Net assets available for benefits	300.2	249.0
Unfunded pension benefit (obligation)/asset	57.3	32.2

The pension benefit obligations were determined as part of actuarial valuations at January 1, 2008 and January 1, 2007, based on data and asset information at September 30, 2007 and September 30, 2006. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75% per year compounded annually, (b) post retirement COLA benefits based on the table in effect at January 1, 2007 and January 1, 2006.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)
(Based on 01/01/2007 $1,139 Table)

II. Contributions Required and Contributions Made

The funding policy provides for annual employer contributions for 21 years from January 1, 1994. The amount of the contribution was $2.5 million, beginning January 1, 1994, increasing 4% per year each year thereafter, and reduced (but not below zero) by any excess investment income transfer due on the same date.

The excess investment income transfer consists of a portion of gains due to investment return exceeding the 7.75 percent assumption. The $32,675,538 amount to be transferred on January 1, 2008 is due to excess investment income during the year ended September 30, 2006, and therefore already is part of the Retirement Trust. The $40,396,385 amount to be transferred on January 1, 2009 is due to excess investment income during the year ended September 30, 2007.

III. Analysis of funding Progress ($ Millions)

Fiscal Year	(1) Net Assets Available for Benefits* ($)	(2) Pension Benefit Obligation** ($)	(3) Percent Funded (%)	(4) Unfunded PBO (2)-(1) ($)	(5) Annual Covered Payroll ($)	(4)/(5) (%)
1993	40.8	32.5	126	(8.3)	72.0	(12)
1994	42.6	51.5	83	8.9	72.9	12
1995	63.8	52.0	123	(11.8)	71.5	(17)
1996	83.9	65.7	128	(18.1)	72.9	(25)
1997	117.7	70.8	166	(46.9)	69.6	(67)
1998	144.2	90.9	159	(53.3)	74.3	(72)
1999	180.7	116.3	155	(64.4)	77.7	(83)
2000	220.5	137.0	161	(83.5)	84.3	(99)
2001	195.0	158.4	123	(36.6)	89.7	(41)
2002	174.1	164.5	106	(9.6)	96.9	(10)
2003	194.8	165.1	118	(29.7)	98.9	(30)
2004	210.3	185.7	113	(24.7)	89.2	(28)
2005	231.6	195.0	119	(36.6)	91.5	(40)
2006	249.0	216.8	115	(32.2)	90.4	(36)
2007	300.2	242.9	124	(57.3)	100.2	(57)

* Excluding future City minimum contributions.
** Excluding new increment, contingency reserves, and reserves for future actives.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)

IV. Revenues and Expenses

Fiscal Year	Revenues by Source: Employee Contributions ($)	Employer Contributions ($)	Investment Income ($)	Total ($)
1987	1,246,688	298,682	871,969	2,417,339
1988	1,272,000	0	393,935	1,665,935
1989	1,381,407	0	686,477	2,067,884
1990	1,457,451	0	694,749	2,152,200
1991	1,505,015	0	1,024,972	2,529,987
1992	1,422,192	0	1,031,806	2,453,998
1993	1,493,735	0	1,151,821	2,645,556
1994	474,233	9,481,546	1,313,750	11,269,529
1995	506	16,818,431	3,754,787	20,573,724
1996	0	2,622,149	3,795,508	6,417,657
1997	4,226	12,736,609	7,724,214	20,465,049
1998	1,094	14,344,834	10,325,730	24,671,658
1999	11,792	17,020,337	9,278,121	26,310,250
2000	293	23,437,048	18,932,095	42,369,436
2001	0	28,380,385	6,709,796	35,090,181
2002	0	32,080,031	571,271	32,651,302
2003	0	3,558,280	6,649,841	10,208,121
2004	0	3,700,611	9,923,222	13,623,833
2005	0	3,848,635	12,516,741	16,365,377
2006	0	0	25,340,983	25,340,983
2007	0	0	37,368,266	37,368,266

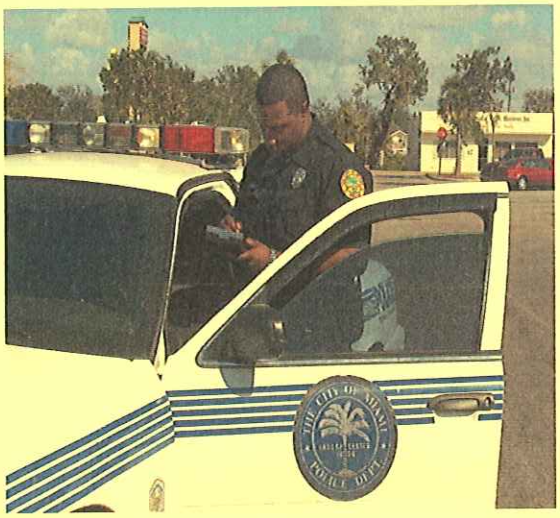
CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)
(Continued)

IV. Revenues and Expenses (Continued)

Fiscal Year	Expenses by Type			
	Benefits ($)	Administrative Expenses ($)	Refunds ($)	Total ($)
1987	183,548	7,301	36,679	227,528
1988	321,908	387	68,950	391,245
1989	430,185	0	46,021	476,206
1990	534,058	0	85,067	619,125
1991	578,758	0	76,730	655,488
1992	628,793	20,956	78,054	727,803
1993	665,938	27,288	84,945	778,171
1994	1,657,947	7,430	72,595	1,737,972
1995	2,706,830	0	101,814	2,808,644
1996	3,051,315	0	84,143	3,135,458
1997	3,676,801	0	124,925	3,801,726
1998	4,695,927	0	30,136	4,726,063
1999	5,765,042	295,708	17,974	6,078,724
2000	7,016,378	334,588	13,932	7,364,898
2001	8,225,910	445,723	16,796	8,688,429
2002	8,943,616	437,703	11,101	9,392,420
2003	9,332,318	590,842	9,806	9,932,966
2004	9,916,255	609,251	6,313	10,531,819
2005	10,614,510	672,938	1,182	11,288,630
2006	11,760,071	807,594	1,934	12,569,599
2007	13,304,749	944,477	388	14,249,614

The City of Miami
Fire Fighters' and Police Officers' Retirement Trust



68th ANNUAL REPORT
SEPTEMBER 30, 2007

The City of Miami
Fire Fighters' and Police Officers'
Retirement Trust

68th ANNUAL REPORT
SEPTEMBER 30, 2007

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Tel: 305-858-6006 Fax: 305-858-9008
www.miamifipo.org

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I

INTRODUCTORY

SECTION

BOARD OF TRUSTEES

AND

PERSONNEL OF THE RETIREMENT TRUST

AS OF SEPTEMBER 30, 2007

Thomas Gabriel - Chairman
Fire Captain
Elected by the Fire Fighters

Joseph Kaplan
Appointed by the City Commission

Gerald Darling
Appointed by the City Commission

Raul Fernandez
Fire Fighter
Elected by the Fire Fighters

Monica Fernandez
Appointed by the City Commission

Ornel Cotera
Appointed by the City Commission

Gerald Teitelbaum
Assistant City Manager
Appointed by the City Manager

Rolando Gutierrez
Sergeant Of Police
Elected by the Police Officers

Annette Rotolo
Sergeant Of Police
Elected by the Police Officers

Administrator
Robert H. Nagle

Assistant Administrator
Dania L. Orta

Legal Advisor
Stephen H. Cypen, PA

Medical Advisor
Cornell Lupu, MD

Consulting Actuary
Stanley, Holcombe & Associates

Certified Public Accountants
Koch Reiss

Investment Managers

Alliance Bernstein
Barclays Global Investors
Barrow, Hanley, et al
Champlain Asset Management
Coller Capital
Delaware Asset Management
Dodge & Cox Investment Management
Eagle Asset Management
J. P. Morgan Investment Management
Lazard Asset Management
Lexington Partners
Morgan Stanley Invest Advisors
Munder Capital Management
Oechsle International Advisors
Pantheon
RCM
Robeco
State Street Global Advisors
Urdang

Consultant
Milliman Inc.

Custodian
Northern Trust Company

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

68th ANNUAL REPORT

On September 30, 2007, the City of Miami Fire Fighters' and Police Officers' Retirement Trust completed its sixty fifth year of operation.

Retirement benefits granted during the year represent annual benefits of $4,312,591.00 and are as follows:

13	Service Retirements with Annual Benefits of	748,511.00
44	DROP Service Retirements with Annual Benefits of	3,380,329.00
2	Accidental Disability Retirements with an annual benefit of	91,367.00
1	Vested Right Retirement with an annual benefit of	92,384.00

During the year, 40 pensioners of the Retirement Trust died. Of these, 26 had selected a pension which terminated at their death and 14 had selected an option that will continue to a beneficiary representing yearly benefits of $136,152.00.

During the year ending September 30, 2007, the pension payroll totaled of $72,350,441.00. It was 10.4% greater than the previous year as follows:

		ANNUAL BENEFITS
1,079	Service Retirements	50,222,866.00
217	DROP Service Retirements	14,669,543.00
80	Early Service Retirements	979,650.00
32	Vested Right Retirements	594,110.00
9	Ordinary Disability Retirements	78,871.00
195	Service/Accidental Disability Retirements	3,931,751.00
10	Accidental Death Retirements	183,652.00
3	Ordinary Death Early	43,366.00
191	Continuances	1,656,630.00
		72,350,441.00
	Securities' gains and losses, Miscellaneous Income	109,489,439.00

The various statements and schedules, which follow, reflect the activities of the system from the beginning as well as for the current year. An outline showing benefits and working procedures is also included.

II

FINANCIAL

SECTION

KOCH
CERTIFIED PUBLIC ACCOUNTANTS & COUNSELORS
REISS

Debra A. Bachenheimer, CPA
Donald F. Bellantoni, CPA (1956 - 2007)
Dana M. Kaufman, CPA / JD / CFE
Jeffrey B. Koch, CPA / PFS
A. Gerald Reiss, CPA
Jack N. Rosenberg, CPA
Lawrence W. Rubenstein, CPA
Bernard J. Schinder, CPA / PFS

Members of the Private Companies Practice Section
of the American Institute of
Certified Public Accountants

Member of AGN International
with offices in principal cities worldwide

Report of Independent Certified Public Accountants

Board of Trustees
City of Miami Fire Fighters' and Police Officers' Retirement Trust
Miami, Florida

We have audited the accompanying statements of plan net assets of the City of Miami Fire Fighters' and Police Officers' Retirement Trust at September 30, 2007 and 2006, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of September 30, 2007 and 2006, and the changes in plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 16, 2007 on our consideration of the City of Miami Fire Fighters' and Police Officers' Retirement Trust internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 2-7 and the supplementary information in Schedules 1 and 2 which show historical pension information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and we do not express an opinion on it.

Koch Reiss & Company, P.A.

November 16, 2007

4000 Hollywood Boulevard, Suite 215 South ■ Hollywood, Florida 33021-6754
Hollywood ■ Miami ■ Aventura ■ Boca Raton
954-989-7462 ■ Fax 954-962-1021
www.kr-cpa.com

The City of Miami
Fire Fighters' and Police Officers'
Retirement Trust

ADMINISTRATOR
Robert H. Nagle

ASSISTANT ADMINISTRATOR
Dania L. Orta

TRUSTEES
Ornel Cotera
Gerald Darling
Monica Fernandez
Raul Fernandez
Tom Gabriel
Rolando Gutierrez
Joseph Kaplan
Annette Rotolo
Gerald Teitelbaum

MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION)

Our discussion and analysis of the City of Miami Fire Fighters' and Police Officers' Retirement Trust (The Trust) financial performance provides an overview of the Trust's financial activities for the fiscal years ended September 30, 2007 and 2006, Please read it in conjunction with the Trust's financial statements, which follow this discussion.

Financial Highlights

- Trust assets exceeded its liabilities at the close of fiscal year ended 2007 by $1,600.8 million (reported as net assets held in trust for pension benefits). Net assets are held in trust to meet future benefit payments.

  Trust assets exceeded its liabilities at the close of fiscal year ended 2006 by $1,429.6 million (reported as net assets held in trust for pension benefits). Net assets are held in trust to meet future benefit payments.

- Trust funding objective is to meet long-term benefit obligations through contributions and investment income. As of October 1, 2006, date of the latest actuarial valuation, the funded ratio was approximately 91%.

  Trust funding objective is to meet long-term benefit obligations through contributions and investment income. As of October 1, 2005, date of the latest actuarial valuation, the funded ratio was approximately 89%.

- Revenues for the fiscal year ended 2007 were $257.3 million which is comprised of contributions of $55.2 million and investment income of $202.1 million.

  Revenues for the fiscal year ended 2006 were $175.4 million which is comprised of contributions of $58.3 million and investment income of $117.1 million.

- Expenses increased over the prior year from $82.2 million to $86.0 million or 4.6%. Most of this increase represented increased retirement benefits paid.

  Expenses increased over the prior year from $77.4 million to $82.2 million or 6.2%. Most of this increase represented increased retirement benefits paid.

Overview of the Financial Statements

The Trust's financial statements are comprised of a Statement of Plan Net Assets, a Statement of Changes in Plan Net Assets, and Notes to Financial Statements. Also included is certain required supplementary information. These financial statements report information about the Trust, as a whole, and about its financial condition that should help answer the question: Is the Trust, as a whole, better off or worse off as a result of this year's activities? These statements include all assets and liabilities using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, all revenues and expenses are taken into account regardless of when cash is received or paid.

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Overview of the Financial Statements (continued)

The statement of plan net assets presents information on the assets and liabilities and the resulting net assets held in trust for pension benefits. This statement reflects the Trust's investments, at fair value, along with cash and cash equivalents, receivables and other assets and liabilities.

The statement of changes in plan net assets presents information showing how the Trust's net assets held in trust for pension benefits changed during the years ended September 30, 2007 and 2006. It reflects contributions by members and the employer along with deductions for retirement benefits, refunds and withdrawals, and administrative expenses. Investment income during the period is also presented showing income from investing and securities lending activities.

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The required supplementary information and the related notes present a schedule of funding progress and a schedule of employer contributions along with a discussion of actuarial assumptions and methods.

Financial Analysis

Trust's total assets as of September 30, 2007, were $1,902.1 million and were mostly comprised of cash and cash equivalents, investments, property and equipment and receivables related to investments. Total assets increased $192.1 million or 11.2%.

Trust's total assets as of September 30, 2006, were $1,710.1 million and were mostly comprised of cash and cash equivalents, investments, property and equipment and receivables related to investments. Total assets increased $136.9 million or 8.7%.

Total liabilities as of September 30, 2007 were $301.3 million and were mostly comprised of obligations under securities lending, payable for securities purchased and deferred retirement option plan payable. Total liabilities increased $20.8 million or 7.4% from the prior year primarily due to an increase in payables for securities purchased.

Total liabilities as of September 30, 2006 were $280.5 million and were mostly comprised of obligations under securities lending, payable for securities purchased and deferred retirement option plan payable. Total liabilities increased $43.7 million or 18.5% from the prior year primarily due to an increase in obligations under securities lending.

Trust assets exceeded its liabilities at the close of fiscal year ended September 30, 2007 by $1,600.8 million. Total net assets held in trust for pension benefits increased $171.2 million or 12.0% from the previous year.

Trust assets exceeded its liabilities at the close of fiscal year ended September 30, 2006 by $1,429.6 million. Total net assets held in trust for pension benefits increased $93.2 million or 7.0% from the previous year.

City of Miami
Fire Fighters' and Police Officers' Retirement Trust
Plan Net Assets
(In Thousands)

	2007	2006	Increase (Decrease) Amount	Total Percentage Change
Assets:				
Cash and cash equivalents	$ 57,947	$ 34,742	$ 23,205	66.8 %
Receivables	14,443	6,201	8,242	132.9
Investments	1,597,118	1,433,117	164,001	11.4
Security lending collateral	230,427	233,737	(3,310)	(1.4)
Property and equipment, net	2,214	2,256	(42)	(1.9)
Total assets	1,902,149	1,710,053	192,096	11.2
Liabilities:				
Payables for securities purchased	26,857	8,121	18,736	230.7
Accounts payable	259	260	(1)	(0.4)
DROP payable	43,795	38,379	5,416	14.1
Obligations under securities lending	230,427	233,737	(3,310)	(1.4)
Total liabilities	301,338	280,497	20,841	7.4
Net assets held in trust for pension benefits	$ 1,600,811	$ 1,429,556	$ 171,255	12.0 %

City of Miami
Fire Fighters' and Police Officers' Retirement Trust
Plan Net Assets
(In Thousands)

	2006	2005	Increase (Decrease) Amount	Total Percentage Change
Assets:				
Cash and cash equivalents	$ 34,742	$ 35,255	$ (513)	(1.5) %
Receivables	6,201	4,616	1,585	34.3
Investments	1,433,117	1,334,989	98,128	7.4
Security lending collateral	233,737	196,025	37,712	19.2
Property and equipment, net	2,256	2,299	(43)	(1.9)
Total assets	1,710,053	1,573,184	136,869	8.7
Liabilities:				
Payables for securities purchased	8,121	15,980	(7,859)	(49.2)
Accounts payable	260	255	5	2.0
DROP payable	38,379	24,523	13,856	56.5
Obligations under securities lending	233,737	196,025	37,712	19.2
Total liabilities	280,497	236,783	43,714	18.5
Net assets held in trust for pension benefits	$ 1,429,556	$ 1,336,401	$ 93,155	7.0 %

Revenues – Additions to Plan Net Assets

The reserves needed to finance retirement benefits are accumulated through the collection of contributions from members and the City and through earnings on investments. Contributions and net investment income for fiscal year 2007 and 2006 totaled $257.3 million and $175.4 million, respectively.

For the fiscal year ended September 30, 2007 total contributions and net investment income increased $81.9 million or 46.7% from those of the prior year, due primarily to an increase in market conditions and contributions. Total City contributions decreased from the previous year by $10.1 million or 20.0%. This decrease is primarily due to a decrease in the City's actuarially computed minimum required contribution. Total employee contributions increased from the previous year by $7.0 million or 91.0% due primarily to the increases in purchase of additional service years by employee. Investment income increased from the previous year by $85.0 million or 72.6%.

For the fiscal year ended September 30, 2006 total contributions and net investment income decreased $70.2 million or 28.6% from those of the prior year, due primarily to a decrease in market conditions and contributions. Total City contributions increased from the previous year by $1.2 million or 2.5%. This increase is primarily due to an increase in the City's actuarially computed minimum required contribution. Total employee contributions decreased from the previous year by $10.9 million or 58.6% due primarily to the decreases in purchase of additional service years by employee. Investment income decreased from the previous year by $60.6 million or 34.2%.

Additions in Plan Net Assets
(In Thousands)

	2007	2006	Increase (Decrease) Amount	Total Percentage Change
City contribution	$ 40,542	$ 50,635	$ (10,093)	19.9 %
Member contributions	14,703	7,699	7,004	91.0
Net investment income	201,683	116,677	85,006	72.9
Net income from securities lending	360	349	11	3.2
Total additions	$ 257,288	$ 175,360	$ 81,928	46.7 %

Additions in Plan Net Assets
(In Thousands)

	2005	2004	Increase (Decrease) Amount	Total Percentage Change
City contribution	$ 50,635	$ 49,394	$ 1,241	2.5 %
Member contributions	7,699	18,608	(10,909)	(58.6)
Net investment income	116,677	177,304	(60,627)	(34.2)
Net income from securities lending	349	286	63	22.0
Total additions	$ 175,360	$ 245,592	$ (70,232)	(28.6) %

Expenses – Deductions from Plan Net Assets

The primary expenses of the Trust include the payment of pension benefits to members and beneficiaries, refund of contributions to former members, and distributions to retirees. Total deductions for fiscal years ended 2007 and 2006 were $86.0 million and $82.2 million, an increase of 4.6% and 6.2%, respectively, over years 2006 and 2005 expenditures, respectively.

For the fiscal years ended September 30, 2007 and 2006, the payment of pension benefits to retirees increased by $2.5 million and $3.3 million or 3.6% and 4.9%, respectively, from the previous year. The increase in pension benefit expenditures resulted from an increase in number of retirees (63) and (58), respectively, and an increase in benefit payments to retirees.

Deductions from Plan Net Assets
(In Thousands)

	2007	2006	Increase (Decrease) Amount	Total Percentage Change
Pension benefits	$ 72,350	$ 69,804	$ 2,546	3.6 %
Refunds upon resignation, death, etc.	336	596	(260)	(43.6)
Distributions to retirees	13,305	11,760	1,545	13.1
Depreciation expense	43	43	0	0.0
Total deductions	$ 86,034	$ 82,203	$ 3,831	4.7 %

Deductions from Plan Net Assets
(In Thousands)

	2006	2005	Increase (Decrease) Amount	Total Percentage Change
Pension benefits	$ 69,804	$ 66,519	$ 3,285	4.9 %
Refunds upon resignation, death, etc.	596	260	336	129.2
Distributions to retirees	11,760	10,615	1,145	10.8
Depreciation expense	43	43	0	0.0
Total deductions	$ 82,203	$ 77,437	$ 4,766	6.2 %

Capital Assets

As of September 30, 2007 and 2006, the Trust's investment in capital assets totaled $2.2 million and $2.3 million (net of accumulated depreciation), respectively. This investment in capital assets includes land and building for administrative use.

Retirement System as a Whole

The Trust's combined net assets have experienced increases over the last 3 years. Management believes, and actuarial studies concur, that the Trust is in a financial position to meet its current obligations.

Contacting the Trust's Financial Management

This financial report is designed to provide the Retirement Board, our membership, taxpayers, investors, and creditors with a general overview of the Trust's finances and to demonstrate the Trust's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City of Miami Fire Fighters and Police Officers' Retirement Trust Fund, 1895 SW 3 Avenue, Miami, FL 33129.

CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST
STATEMENTS OF PLAN NET ASSETS
SEPTEMBER 30, 2007 AND 2006

	2007				2006			
	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total
Assets:								
Cash and cash equivalents	$ 46,830,124	$ 1,535,674	$ 9,581,127	$ 57,946,925	$ 28,514,207	$ 932,456	$ 5,295,657	$ 34,742,320
Investments, at fair value:								
U.S. government and agency obligations	172,886,498	5,669,374	35,371,407	213,927,279	160,689,903	5,254,792	29,843,320	195,788,015
Corporate bonds	158,891,649	5,210,447	32,508,156	196,610,252	164,115,454	5,366,812	30,479,513	199,961,779
Domestic equity	711,086,730	23,318,282	145,483,532	879,888,544	639,295,983	20,905,902	118,730,014	778,931,899
International equity	90,496,308	2,967,596	18,514,932	111,978,836	74,695,980	2,442,666	13,872,533	91,011,179
Private equity	8,209,427	269,207	1,679,593	10,158,227	1,166,165	38,135	216,580	1,420,880
Real estate equity	113,755,320	3,730,317	23,273,568	140,759,205	104,745,406	3,425,326	19,453,311	127,624,043
Mutual funds - Deferred Retirement Option Plan participants	43,795,372	-	-	43,795,372	38,379,232	-	-	38,379,232
Total investments	1,299,121,304	41,165,223	256,831,188	1,597,117,715	1,183,088,123	37,433,633	212,595,271	1,433,117,027
Security lending collateral	230,426,969	-	-	230,426,969	233,737,250	-	-	233,737,250
Receivables:								
Proceeds from securities sold	4,542,821	-	-	4,542,821	3,724,736	-	-	3,724,736
Contributions	294,076	-	-	294,076	-	-	-	-
Purchase of additional service years by employees	5,912,910	-	-	5,912,910	-	-	-	-
Budget advance from City	949,602	-	-	949,602	36,054	-	-	36,054
Accrued interest and other	2,743,648	-	-	2,743,648	2,440,586	-	-	2,440,586
Total receivables	14,443,057	-	-	14,443,057	6,201,376	-	-	6,201,376
Property and equipment, net	1,788,886	58,662	365,994	2,213,542	1,851,796	60,556	343,915	2,256,267
Total assets	1,592,610,340	42,759,559	266,778,309	1,902,148,208	1,453,392,752	38,426,645	218,234,843	1,710,054,240
Liabilities:								
Payable for securities purchased	26,856,834	-	-	26,856,834	8,121,785	-	-	8,121,785
Accounts payable and other	258,604	-	-	258,604	259,535	-	-	259,535
Obligations under secuities lending	230,426,969	-	-	230,426,969	233,737,250	-	-	233,737,250
Deferred Retirement Option Plan payable	43,795,372	-	-	43,795,372	38,379,232	-	-	38,379,232
Total liabilities	301,337,779	-	-	301,337,779	280,497,802	-	-	280,497,802
Net assets held in trust for pension benefits (a schedule of funding progress is presented on page 22)	$ 1,291,272,561	$ 42,759,559	$ 266,778,309	$ 1,600,810,429	$ 1,172,894,950	$ 38,426,645	$ 218,234,843	$ 1,429,556,438

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006

	2007				2006			
	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total
Additions:								
Contributions:								
City	$ 40,542,078	$ -	$ -	$ 40,542,078	$ 50,635,213	$ -		$ 50,635,213
Members	14,702,629	-	-	14,702,629	7,698,594	-	-	7,698,594
Total contributions	55,244,707	-	-	55,244,707	58,333,807	-	-	58,333,807
Investment income:								
Net appreciation in fair value of investments	141,471,621	3,907,839	23,255,711	168,635,171	74,785,090	1,979,471	11,033,392	87,797,953
Interest	19,911,247	532,911	3,269,006	23,713,164	15,883,962	490,280	2,799,111	19,173,353
Dividend	11,522,405	307,695	1,889,112	13,719,212	12,711,544	267,440	1,526,938	14,505,922
Other	1,236,491	32,640	192,413	1,461,544	426,271	11,280	64,535	502,086
	174,141,764	4,781,085	28,606,242	207,529,091	103,806,867	2,748,471	15,423,976	121,979,314
Less investment expense	4,920,058	131,176	795,139	5,846,373	4,503,208	119,179	679,750	5,302,137
Net investment income	169,221,706	4,649,909	27,811,103	201,682,718	99,303,659	2,629,292	14,744,226	116,677,177
Security lending activities:								
Security lending income	469,222	12,749	78,438	560,409	424,064	11,230	64,125	499,419
Security lending expense	167,024	4,519	27,928	199,471	127,660	3,380	19,301	150,341
Net income from security lending	302,198	8,230	50,510	360,938	296,404	7,850	44,824	349,078
Total additions	224,768,611	4,658,139	27,861,613	257,288,363	157,933,870	2,637,142	14,789,050	175,360,062
Deductions:								
Pension benefits	72,350,441	-	-	72,350,441	69,804,227	-	-	69,804,227
Refunds upon resignation, death, etc.	336,070	388	-	336,458	594,107	1,934	-	596,041
Distributions to retirees	-	323,867	12,980,882	13,304,749	-	347,942	11,412,121	11,760,063
Depreciation expense	35,582	970	6,173	42,725	36,187	973	5,566	42,726
Total deductions	72,722,093	325,225	12,987,055	86,034,373	70,434,521	350,849	11,417,687	82,203,057
Allocation of net earnings	(33,668,908)	-	33,668,908	-	(13,147,513)	-	13,147,513	-
Net increase	118,377,610	4,332,914	48,543,466	171,253,990	74,351,836	2,286,293	16,518,876	93,157,005
Net assets held in trust for pension benefits:								
Beginning of year	1,172,894,951	38,426,645	218,234,843	1,429,556,439	1,098,543,114	36,140,352	201,715,967	1,336,399,433
End of year	$ 1,291,272,561	$ 42,759,559	$ 266,778,309	$ 1,600,810,429	$ 1,172,894,950	$ 38,426,645	$ 218,234,843	$ 1,429,556,438

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

Note 1 – Description of the Plan

a. Organization

The City of Miami Fire Fighters' and Police Officers' Retirement Trust (the Trust) is a single employer defined benefit pension plan established by the City of Miami, Florida (the City) pursuant to the provisions and requirements of Ordinance No. 10002 as amended. Since the Trust is sponsored by the City, the Trust is included as a pension trust fund in the City's comprehensive financial report as part of the City's financial reporting entity.

The following brief description of the Trust is provided for general information purposes only. Participants should refer to the Trust document for more detailed and comprehensive information.

b. Membership

Participants are contributing police officers and firefighters with fulltime status in the Police and Fire Department of the City of Miami, Florida.

Membership in the Trust consisted of the following as of October 1:

	2007	2006
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.	1,864	1,801
Current employees:		
Vested	791	795
Nonvested	674	690
	1,465	1,485

c. Member Contributions

Members contribute a percentage of their base salaries on a bi-weekly basis. Effective October 1, 2000 and thereafter, member contribution, is 7% of compensation or equal to the City's contribution, whichever is less. Prior to the agreement dated January 9, 1994, members contributed 10½%, of which 2% was designated as a contribution to the Cost-Of-Living Adjustment Account (COLA I account). Effective January 9, 1994, the Trust entered into an agreement with the City whereby this percentage was decreased to 10% and a new Cost-of-Living Adjustment Account (COLA II account) was created and funded by a percentage of the excess investment return (from other than COLA I account assets).

Effective October 1, 2000, should the member contribution be less than 7% due to the City contribution the difference between the 7% and the actual contribution shall be deducted from the member's paycheck and placed into an individual contribution account (ICA), as part of the retirement system. Interest on ICA's shall be determined in the same manner as the COLA transfer methodology. Interest shall be credited periodically to the ICA's as determined by the retirement system board's actuary. Member contributions and earnings in ICA's shall be deemed 100% vested upon deposit. Upon the member's separation, ICA balances shall be disbursed as provided under the IRS Code.

Note 1 – Description of the Plan (continued)

c. Member Contributions (continued)
For the year ended September 30, 2002, ICA's would have been established, however the City, Fraternal Order of Police, Lodge No. 20, and the International Association of Firefighters, Local 587, came to an agreement to waive the provisions for the ICA's for the period of October 7, 2001 through October 5, 2002. This waiver shall be only for that period and none other.

During the year ended September 30, 2007 and 2006, approximately $5,913,000 and $681,000 respectively, is included as employee contributions for the purchase of additional service years by employees as provided for by the Trust.

d. Funding Requirements
The City is to contribute such amounts as are necessary to maintain the actuarial soundness of the Trust and to provide the Trust with assets sufficient to meet the benefits to be paid to the participants. Contributions to the Trust are authorized, pursuant to City of Miami Code Section 40.196 (a) and (b). Contributions to the COLA accounts are authorized pursuant to Section 40.204 of the City of Miami Code. The City's contributions to the Trust provide for non-investment expenses and normal costs of the Trust. The yield (interest, dividends, and net realized gains and losses) on investments of the Trust serves to reduce future contributions that would otherwise be required to provide for the defined level of benefits under the Trust.

e. Pension Benefits
Effective October 1, 1998 members may elect to retire after 10 or more years of creditable service upon attainment of normal retirement age. Normal retirement age for members shall be 50 years of age. A member exercising normal service retirement or rule of 64 retirement (computation of service retirement on the basis of his or her combined age and creditable service equaling 64) shall be entitled to receive a retirement allowance equal to 3% (2.75% for police officers prior to October 1, 1998) of the member's average final compensation (as defined in the city code section 40-191), multiplied by years of creditable service for the first 15 years of such creditable service, plus a retirement allowance equal to 3½% (3% for police officers prior to October 1, 1998) of member's final average compensation multiplied by the years of creditable service in excess of 15 years, paid in monthly installments.

Prior to October 1, 1998, a firefighter member exercising normal service retirement or rule of 70 retirement (computation of service retirement on the basis of his or her combined age and creditable service equaling 70) were entitled to receive a retirement allowance equal to 3% of the member's final average compensation multiplied by years of creditable service, paid in monthly installments.

Early retirement, disability, death and other benefits are also provided.

Note 1 – Description of the Plan (continued)

e. Investments

The Trust investment policy is determined by the Board of Trustees and is implemented by investment managers. In addition, the Trust utilizes an investment advisor who monitors the investing activities. The investment policy of the Trust stipulates that the trustees shall, in acquiring, investing, reinvesting, exchanging, retaining, selling and maintaining property for the benefit of the Trust exercise the judgment and care under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital. The trustees are authorized to acquire and retain various kinds of property, real, personal or mixed, and various types of investments specifically including, but not by way of limitation, bonds, debentures and other corporate obligations, and stocks, preferred or common, which persons of prudence, discretion and intelligence acquire or retain for their own account. The investment of funds shall be in a manner that is consistent with the applicable sections of the City Code as well as State and Federal laws within the allocation percentages established in the Trust's investment policy guidelines.

The investments are considered held by the Membership and Benefit account and a share of the value of this account is allocated to each account based on a weighted average calculation performed each month to reflect each account's membership and benefit, COLA I and COLA II activity.

Note 2 – Summary of Significant Accounting Policies

a. Basis of Accounting

The Trust's financial statements are prepared using the accrual basis of accounting. Member contributions are recognized as revenues in the period in which employee services are performed. Employer contributions are recognized as revenues when due pursuant to actuarial valuations. Interest, rental and dividend income are recorded as earned.

b. New Pronouncements

In May 2007, the Government Accounting Standards Board issued GASB Statement No. 50 *"Pension Disclosures"* (an amendment of GASB Statement NO. 25 and No. 27) effective for financial statements with periods beginning after June 15, 2007. We are currently evaluating the impact of the adoption of this pronouncement, but do not expect the impact to be material to the Trust's financial statements.

c. Cash equivalents

The Trust considers all highly liquid investment with maturity of three months or less when purchased, to be cash equivalents

Note 2 – Summary of Significant Accounting Policies (continued)

d. Investments

Investments are recorded at fair market value. Fair values of investments are determined as follows: securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year; securities traded in the over-the counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price; commercial paper, time deposits and short-term investment pools are valued at cost which approximates market; mortgages are valued based on current market yield. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on similar sales.

Private equity investment securities are valued using current estimates of fair value from the investment manager. Such valuations consider variables such as financial performance of the issuer, comparison of comparable companies' earnings multiples, cash flow analysis, recent sales prices of investments, withdrawal restrictions, and other pertinent information. Because of the inherent uncertainty of the valuation for these private equity investments, the estimated fair value may differ from the values that would have been used had a ready market existed.

Unrealized gains and losses are presented as net appreciation (depreciation) in fair value of investments on the statement of changes in plan net assets along with gains and losses realized on sales of investments. Purchases and sales of securities are reflected on a trade date basis. Realized gains and losses on the sale of investments are based on average cost identification method.

e. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

f. Property and Equipment

Property and equipment are stated at cost and depreciated using straight-line method over the estimated lives of the assets.

g. Income Tax Status

The Trust is tax-exempt under the Internal Revenue Code and, therefore, has recorded no income tax liability or expense.

h. Reclassifications

Certain reclassifications have been made to the 2006 financial statement presentation to correspond to the current year's format. Total net assets held in trust for pension benefits and net increase in net assets are unchanged due to these reclassifications.

Note 3 – Deposit and Investment Risk Disclosures

a. Investment Authorization

The Board of Trustees holds the fiduciary responsibility for the Trust. Thus, the Trustees has set a reasonably diversified asset allocation (including minimum and maximum allocations), which is expected to appropriately fund the Trust's liabilities and meet its basic investment objectives. The basis for such a target asset allocation is a study of the Trust's pension liabilities and reasonable, alternative investment portfolios.

The Trustees have adopted a policy to invest in several institutionally acceptable asset classes. These are domestic equity (large, mid and small capitalization), international equity (developed and emerging markets), domestic real estate (institutional quality properties either individually or in open-ended commingled funds, or in REIT securities portfolios), private equity funds, domestic fixed income, and short-term investments. Other asset classes may be added by the Trustees to its investment policy.

Investment in domestic equity securities shall be limited to those listed on a major U.S. stock exchange and limited to no more than 60% (at market) of the Trust's total asset value. Investments in stocks of foreign companies shall be limited to 8% of the value of the Trust's portfolio. Investments in domestic fixed income securities shall be limited to 31% (at maturity) of the Trusts's total portfolio. The domestic fixed income portfolio shall be comprised of securities rated "BBB" or higher by nationally recognized rating agencies, preferably by Moodys' or Standard & Poors rating services. Domestic real estate and private equity funds shall be limited to 10% and 6%, respectively, of the value of the portfolio.

No single security can represent more than 5% of the market value of a portfolio at the time of purchase, and no single industry (based on Global Industry Classification System codes) can represent more than 15% of the market value of the account. These single security and single industry restrictions do not apply to U.S. Government and Agency bond holdings.

b. Types of Investments

Florida statutes and Trust investment policy authorize the Trustees to invest funds in various investments. The current target and actual allocation of these investments at market, per the performance analysis report, is as follows as of September 30:

	2007		2006	
Authorized investments	Target % of portfolio	Actual % of portfolio	Target % of portfolio	Actual % of portfolio
Cash and equivalents	0.0%	0.2%	0.0%	0.1%
Domestic equities:				
Small/Mid cap	13.0%	14.7%	13.0%	13.9%
Large cap	41.0%	41.8%	41.0%	42.0%
Domestic fixed income	28.0%	26.3%	28.0%	28.2%
International equities	6.0%	7.4%	6.0%	6.7%
Domestic real estate	8.0%	9.2%	8.0%	9.0%
Private equity	4.0%	0.3%	4.0%	0.0%

Note 3 – Deposit and Investment Risk Disclosures (continued)

c. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to interest rate risk, the Trust diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities.

Information about the sensitivity of the fair values of the Trust's investments to market interest rate fluctuations is provided by the following tables that show the distribution of the Trust's investments by maturity at September 30:

	2007				
		Investment Maturities (in years)			
Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. treasuries	$133,753,513	$ 219,789	$ 2,041,832	$ 11,745,712	$119,746,179
U.S. agencies	80,173,766	1,001,704	24,877,142	37,033,297	17,261,623
Corporate bonds	196,610,252	2,321,069	62,049,067	64,633,840	67,606,277
	$410,537,531	$ 3,542,562	$ 88,968,041	$113,412,849	$204,614,079
% of fixed income portfolio	100%	0.9%	21.7%	27.6%	49.8%

	2006				
		Investment Maturities (in years)			
Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. treasuries	$ 72,474,549	$ 0	$ 26,538,902	$27,309,966	$ 18,625,681
U.S. agencies	123,313,466	4,934,684	14,374,086	17,833,344	86,171,352
Corporate bonds	199,961,779	81,986,329	34,290,633	24,750,785	58,934,032
	$ 395,749,794	$ 86,921,013	$ 75,203,621	$69,894,095	$163,731,065
% of fixed income portfolio	100%	22.0%	19.0%	17.7%	41.3%

d. Credit Risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Trust's investment policy utilizes portfolio diversification in order to control this risk.

Note 3 – Deposit and Investment Risk Disclosures (continued)

d. Credit Risk (continued)
The following tables disclose credit ratings by investment type, at September 30, as applicable:

2007	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	$213,927,279	52.11 %
Credit risk debt securities		
AAA	39,405,292	9.60
AA	13,094,013	3.19
A	30,607,026	7.46
BBB	32,367,083	7.88
Bond funds**	77,884,146	18.97
Not rated	3,252,692	0.79
Total credit risk debt securities	196,610,252	47.89
Total fixed income securities	$410,537,531	100.00 %

2006	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	$195,788,015	49.47 %
Credit risk debt securities		
AAA	31,591,701	7.98
AA	9,172,764	2.32
A	34,989,935	8.84
BBB	28,954,028	7.32
Bond funds***	80,025,252	20.22
Not rated	15,228,099	3.85
Total credit risk debt securities	199,961,779	50.53
Total fixed income securities	$395,749,794	100.00 %

* Obligations of the U.S. government or obligations explicitly or implicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

** At September 30, 2007 Bond funds are comprised of securities rated AAA (79%); AA (5%); A (8%); BBB (8%) per the Lehman Brothers Aggregate Bond Index.

*** At September 30, 2006 Bond funds are comprised of securities rated AAA (79%); AA (5%); A (8%); BBB (8%) per the Lehman Brothers Aggregate Bond Index.

Note 3 – Deposit and Investment Risk Disclosures (continued)

e. Concentration of Credit Risk
The investment policy of the Trust contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of plan net assets at September 30, 2007 and 2006.

f. Custodial Credit Risk
This is the risk that in the event of the failure of the counterparty, the Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Consistent with the Trust's investment policy, the investments are held by Trust's custodial bank and registered in the Trust's name.

g. Foreign Currency Risk
Foreign currency is the risk that changes in exchange rates will adversely affect the fair value of the investment or a deposit. Each investment manager, through the purchase of units in a commingled investment trust fund or international equity mutual fund, establishes investments in international equities. The Trust has an indirect exposure to foreign currency fluctuation at September 30, as follows:

Currency	2007 Holdings valued in U.S. dollars – Int'ntl equities	2006 Holdings valued in U.S. dollars – Int'ntl equities
Swiss franc	$ 3,837,754	$ 3,398,494
Danish krone	1,793,192	640,188
Euro	46,179,352	16,027,405
British pound sterling	12,480,192	4,710,078
Hong Kong dollar	3,299,485	939,300
Japanese yen	23,443,946	12,970,455
South Korean won	4,390,651	1,105,382
Swedish krona	728,195	0
Thai baht	633,146	240,223
Other	815,339	243,643
Total	$ 97,601,252	$ 40,275,168

h. Securities Lending Transactions
A retirement system is authorized by state statutes and board of trustees policies to lend its investment securities. The lending is managed by the Trust's custodial bank. All loans can be terminated on demand by either the Trust or the borrowers, although the average term of loans is approximately seventy five days. The custodial bank and its affiliates are prohibited from borrowing the system's securities.

The agent lends the Trust's U.S. government and agency securities and domestic corporate fixed-income and equity securities for securities or cash collateral of 102 percent and international securities of 105 percent of the securities plus any accrued interest. The securities lending contracts do not allow the Trust to pledge or sell any collateral securities unless the borrower defaults. Cash collateral is invested in the agent's collateral investment pool, whose share values are based on the amortized cost of the pool's investments. Investments are restricted to issuers with a credit rating A3 or A- or higher by Moodys or Standard & Poors. At year-end, the pool has a weighted average term to maturity of thirty-two days.

Note 3 – Deposit and Investment Risk Disclosures (continued)

h. Securities Lending Transactions (continued)

The relationship between the maturities of the investment pool and the Trust's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Trust cannot determine. There are policy restrictions by the custodial bank that limits the amount of securities that can be lent at one time or to one borrower.

The following represents the balances relating to securities lending transactions at September 30:

	2007		
Securities Lent:	Fair Value of Underlying Securities	Cash Collateral Received/Securities Collateral Value	Cash Collateral Investment Value
Lent for cash collateral:			
U.S. government and agency obligations	$ 62,957,882	$ 64,306,407	64,306,407
Domestic corporate stocks	148,267,014	152,342,140	152,342,140
Domestic corporate bonds	8,077,405	8,282,035	8,282,035
International corporate stocks	5,215,045	5,496,387	5,497,387
	224,517,346	230,426,969	230,426,969
Lent for securities collateral:			
U.S. government and agency obligations	3,374,220	3,452,897	-
Domestic corporate stocks	2,486,831	2,549,792	-
Domestic corporate bonds	1,172,285	1,201,048	-
International corporate stocks	1,231,857	1,287,725	-
	8,265,193	8,491,462	-
Total securities lent	$ 232,782,539	$ 238,918,431	$ 230,426,969

	2006		
Securities Lent:	Fair Value of Underlying Securities	Cash Collateral Received/Securities Collateral Value	Cash Collateral Investment Value
Lent for cash collateral:			
U.S. government and agency obligations	$ 76,392,026	$ 78,131,200	$ 78,131,200
Domestic corporate stocks	135,554,312	139,313,972	139,313,972
Domestic corporate bonds	11,668,831	11,983,760	11,983,760
International corporate stocks	4,102,528	4,308,318	4,308,318
	227,717,697	233,737,250	233,737,250
Lent for securities collateral:			
U.S. government and agency obligations	6,568,867	6,731,781	-
Domestic corporate stocks	1,887,053	1,930,023	-
Domestic corporate bonds	1,379,376	1,416,219	-
	9,835,296	10,078,023	-
Total securities lent	$ 237,552,993	$ 243,815,273	$ 233,737,250

Note 3 – Deposit and Investment Risk Disclosures (continued)

h. Securities Lending Transactions (continued)
The contract with the Trust's custodian requires the custodian to indemnify the Trust if the borrower fails to return the securities, due to the insolvency of a borrower, and the custodian has failed to live up to its contractual responsibilities relating to the lending of those securities. At year-end, the Trust has no credit risk exposure to borrowers because the amounts of collateral held by the Trust exceed the amounts the borrowers owe the Trust. There are no significant violations of legal or contractual provisions, no borrowers or lending agent default losses, and no recoveries of prior period losses during the year. There are no income distributions owing on securities lent.

Note 4 – COLA Accounts

Effective January 1, 1994, the Trust entered into an agreement with the City of Miami with regards to the funding methods, employee benefits, employee contributions and retiree COLA. As of January 9, 1994, members no longer contribute to the original COLA account (COLA I), and a new COLA account (COLA II) was established.

The agreement included the following provisions:

- The funding method was changed to an aggregate cost method.
- Combining all accounts for investment purposes (membership and benefit, COLA I and COLA II).
- Retirees receive additional COLA benefits.
- Active employees no longer contribute 2% of pretax earnings to fund the original retiree COLA account (COLA I account).

The COLA II account is funded annually by a percentage of the excess investment return from other than COLA I account assets. The excess earnings contributed to the COLA II account will be used to fund a minimum annual payment of $2.5 million, increasing by 4% compounded annually. To the extent necessary, the City will fund the portion of the minimum annual payment not funded by annual excess earnings no later than January 1 of the following year.

Benefits payable from the COLA accounts are computed in accordance with an actuarially based formula as defined in Section 40.204 of the City of Miami Code. Benefits are subject to review and modification in accordance with City of Miami Code Section 40.204, which provides that all other matters regarding the COLA accounts shall be determined by negotiations between the City, the Board of Trustees and the bargaining representatives of the International Association of Fire Fighters and the Fraternal Order of Police.

Note 5 – Deferred Retirement Option Plan (DROP)

Members who are eligible for service retirement or Rule of 64 after September 1998 may elect to enter the Deferred Retirement Option Plan for a maximum of 3 years prior to October 1, 2001. Effective October 1, 2001 maximum participation in the DROP for firefighters shall be 48 full months and for police officers who elect DROP on October 1, 2003, or thereafter, maximum participation in the DROP shall be 48 full months.

A member's creditable service, accrued benefit and compensation calculation shall be frozen.

Upon commencement of participation in the DROP, the participant's contribution and the City's contribution to the Trust for that participant cease as the participant will not earn further creditable service for pension purposes. Effective October 1, 2001, firefighter DROP participants may continue City employment for up to a maximum of 48 full months and police officers who elect DROP on October 1, 2003, or thereafter, may continue City employment for up to a maximum of 48 full months (36 full months prior to October 1, 2001). No payment is made to or for the benefit of a DROP participant beyond that period. For persons electing participation in the DROP, an individual DROP account shall be created. Payment shall be made by the retirement trust into the employee's DROP account in an amount equal to the regular monthly retirement benefit which the participant would have received had the participant separated from service and commenced receipt of pension benefits. Payments received by the participant in the DROP account are tax deferred. A series of investment vehicles which are established by the board of trustees are made available to DROP participants to choose from. Any losses, charges, or expenses incurred by the participant in their DROP account are not made up by the City or the Trust, but shall be borne by the participant.

Upon termination of employment, a member may receive distribution from the DROP account in the following manner:

- Lump sum distribution
- Periodic payments
- Annuity
- Roll over of the balance to another qualified retirement plan

Any member may defer distribution until the latest date authorized by Section 401(a)(9) of the Internal Revenue Code.

A DROP participant shall not be entitled to receive an ordinary or service disability retirement and in the event of death of a DROP participant, there shall be no accidental death benefit for pension purposes. DROP participation does not affect any other death or disability benefit provided to a member under federal law, state law, City ordinance, or any rights or benefits under any applicable collective bargaining agreement. At September 30, 2007 and 2006, there were 226 and 273 DROP participants, respectively.

Note 5 – Deferred Retirement Option Plan (DROP) (continued)

The DROP of the Trust also consists of a Benefit Actuarially Calculated DROP (BACDROP). A member may elect to BACDROP to a date no further back than the date of their retirement eligibility date. Effective October 1, 2001, the BACDROP period must be in 12 month increments, beginning at the start of a pay period, not to exceed 48 full months for firefighters (36 months prior to October 1, 2001), and 12 full months for police officers (48 months prior to October 1, 2004) who elect DROP on October 1, 2003. Participation in the BACDROP does not preclude participation in the Forward DROP.

Note 6 – Property and Equipment

Property and equipment consist of the following at September 30:

	Estimated Useful Life	2005	2006
Land	N/A	$ 760,865	$ 760,865
Building	39 years	1,666,305	1,666,305
Total cost		2,427,170	2,427,170
Less: accumulated depreciation		213,628	170,903
Net		$ 2,213,542	$ 2,256,267

Note 7 – Budget Advance from City

Administrative costs of the Trust are paid directly by the Trust from budget advance monies provided by the City. The Trust provides the City with an accounting of how these funds are expended during the period. Funding for such administrative costs for the years ended September 30, 2007 and 2006 was as follows:

	2007	2006
Budget advance due to (from) City – beginning of year	$ (36,054)	$ (238,913)
Advance received from the City	1,024,413	1,889,359
	988,359	1,650,446
Administrative costs incurred, including custodian and consultants' fees, personnel and other office expenses	1,937,961	1,686,500
Budget advance due to (from) City – end of year	$ (949,602)	$ (36,054)

Since the above administrative costs are fully funded by the City, they are not included in the administrative expenses set forth in the statements of changes in plan net assets.

CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST
REQUIRED SUPPLEMENTARY INFORMATION
(unaudited)
SEPTEMBER 30, 2007

Schedule "1" – Schedule of Funding Progress
(dollars in millions)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability AAL	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
10/01/01 (a)	$ 828.9	$ 932.7	$ 103.8	89 %	$ 89.7	116 %
10/01/02 (a)	753.2	999.8	246.6	75	96.9	254
10/01/03 (a)	844.9	1,067.9	223.0	79	98.9	225
10/01/04 (a)	957.9	1,152.8	194.9	83	89.2	218
10/01/05 (a)	1,091.9	1,221.6	129.7	89	91.5	142
10/01/06	1,147.9	1,260.5	112.6	91	90.4	125

(a) – As revised

Schedule "2" – Schedule of Contributions by Employer

Year Ended September 30,	Annual Required Contribution	Percentage Contributed
2002	$ 1,051,629	100 %
2003	18,163,588	100
2004	36,341,515	100
2005	45,545,130	100
2006	50,635,213	100
2007	40,542,078	100

The information presented in the required Supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Since the Trust uses the Aggregate Cost Method, a schedule of Funding Progress is not required as that method does not separately identify or separately amortize unfunded actuarial liabilities. As the Trust believes the above information is useful to users of the financial statements, the above Schedule "1" was prepared excluding COLA accounts using the Projected Unit Credit Actuarial Accrued Liability. Additional information as of the latest actuarial valuation follows:

Valuation Date	October 1, 2006
Actuarial Cost Method	Aggregate Cost Method
Amortization Method	N/A
Asset Valuation Method	20% Write-Up Method: Expected value is based on the Interest Discount/Investment Return rate applied to the actuarial asset value as of the previous valuation date and cash flow during the year. 20% of the difference between the Expected Value and the Market Value (net of pending transfers to the COLA Fund) is added to the Expected Value. The result cannot be greater that 120% of market value or less than 80% of market value (net of pending COLA transfers).
Actuarial assumptions:	
Investment rate of return	7.75%, compounded annually
Salary increases:	
Inflation	4.00%
Seniority/merit	4.8% to 0% reducing by attained age
Mortality table	Ga94 – Mortality table
Disabled mortality	Pension Benefit Guaranty Corporation ("PBGC") Non-OASDI basis

III

INVESTMENT

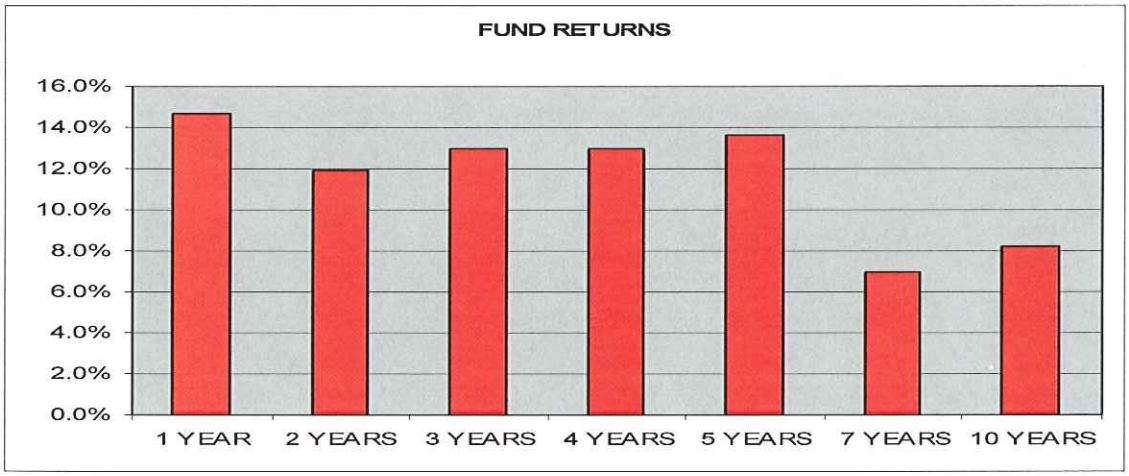
SECTION

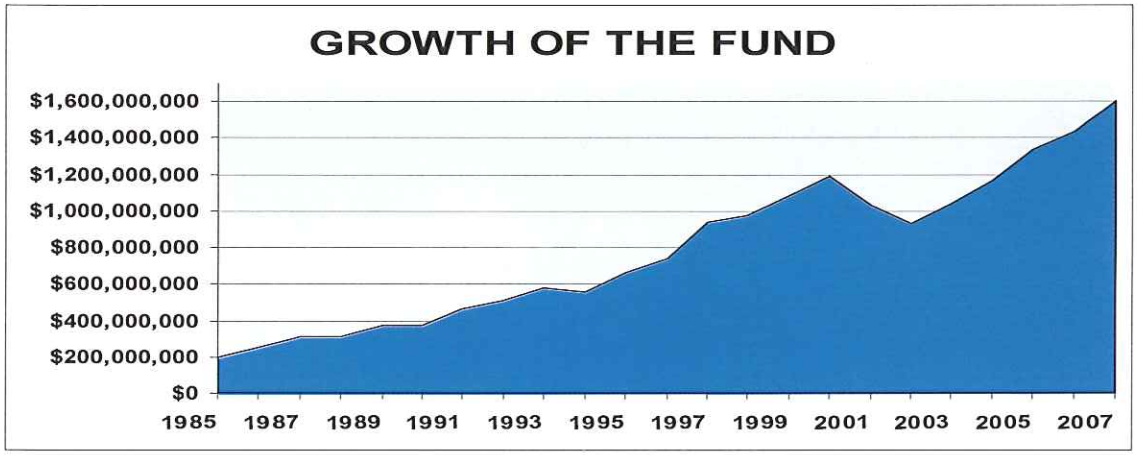
INVESTMENT ANALYSIS

	GENERAL FUND		COLA I		COLA II	
BALANCE AS OF 10/01/2006		1,138,076,356		38,426,645		218,234,843
Additions: Purchases						
Short Term Investment	4					
Other Money Market	2					
Mutual Funds	70,740,368					
Private Equity	9,567,834					
Commercial Paper	4,117,445					
US Treasury Bills	16,315,622					
US Treasury Bonds	68,314,625					
US Treasury Notes	49,665,723					
Corporate Bonds	36,343,194					
Domestic Equity	346,696,368					
International Equity	160,220,776					
Share of Assets Transferred			4,657,170		61,524,347	
		761,981,961		4,657,170		61,524,347
Deductions: Redemptions & Sale						
Short Term Investment	1					
Other Money Market	3					
Mutual Funds	127,211					
Private Equity	830,486					
Commercial Paper	909,046					
US Treasury Bills	20,504,262					
US Treasury Bonds	39,716,125					
US Treasury Notes	55,936,319					
Corporate Bonds	42,903,120					
Domestic Equity	394,228,897					
International Equity	48,241,939					
Share of Securities Tranferred To COLA I	4,332,915		324,255		12,980,882	
Share of Securities Tranferred To COLA II	48,543,465					
		656,273,789		324,255		12,980,882
BALANCE AS OF 09/30/2007		1,243,784,528		42,759,560		266,778,309

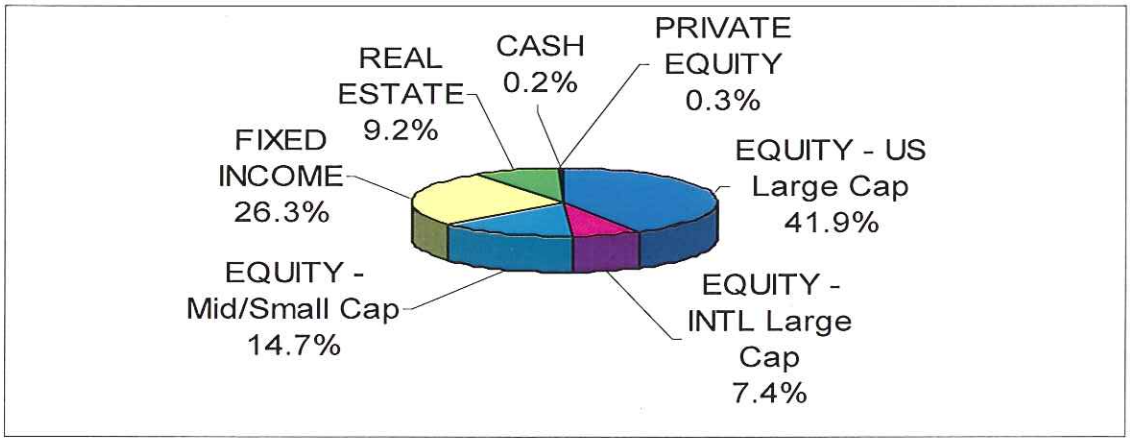
CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST

FUND HIGHLIGHTS





Asset Allocation – Sep 30, 2007



CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2007

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	SHORT TERM FUNDS				
ALLIANCE BERNSTEIN	British pound sterling - Cash	UK	0.00	12,953.80	12,953.80
ALLIANCE BERNSTEIN	Euro - Cash	Euro	0.00	24,867.23	24,867.23
ALLIANCE BERNSTEIN	Hong Kong dollar - Cash	Hong Kong	0.00	33,815.41	33,815.41
ALLIANCE BERNSTEIN	Japanese yen - Cash	Japan	0.00	7,807.05	7,807.05
OESCHLE	British pound sterling - Cash	UK	0.00	193,474.45	193,474.45
OESCHLE	Euro - Cash	Euro	0.00	1,252.81	1,252.81
OESCHLE	Japanese yen - Cash	Japan	0.00	2,572.67	2,572.67
OESCHLE	Swedish krona - Cash	Sweden	0.00	257.80	257.80
OESCHLE	Swiss franc - Cash	Switzerland	0.00	12,960.58	12,960.58
OESCHLE	Thai baht - Cash	Thailand	0.00	1,211.82	1,211.82
ALLIANCE BERNSTEIN	USA dollar - Invested Cash	USA	0.00	558,869.89	558,869.89
OESCHLE	USA dollar - Invested Cash	USA	0.00	3,110,965.76	3,110,965.76
BARROW HANLEY BOND	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	2,949,019.72	2,949,019.72	2,949,019.72
BARROW HANLEY EQUITY	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	3,427,757.58	3,427,757.58	3,427,757.58
BGI MID CAP INDEX	BGI MONEY MARKET FD	USA	3.00	3.00	3.00
BGI S&P INDEX	BGI MONEY MARKET FD	USA	45.00	45.00	45.00
BGI SMALL CAP INDEX	BGI MONEY MARKET FD	USA	3.00	3.00	3.00
BOSTON PARTNERS	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	3,217,353.89	3,217,353.89	3,217,353.89
CHAMPLAIN	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	7,206,539.26	7,206,539.26	7,206,539.26
DELAWARE	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	1,803,908.18	1,803,908.18	1,803,908.18
DODGE & COX	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	1,629,256.00	1,629,256.00	1,629,256.00
EAGLE	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	2,532,737.35	2,532,737.35	2,532,737.35
LEXINGTON PARTNERS	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	37,097.00	37,097.00	37,097.00
MAIN ACCOUNT	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	3,878,135.77	3,878,135.77	3,878,135.77
MORGAN STANLEY	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	21,656,662.27	21,656,662.27	21,656,662.27
MUNDER	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	1,881,564.49	1,881,564.49	1,881,564.49
RCM	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	1,242,428.33	1,242,428.33	1,242,428.33
URDANG	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	2,523,405.09	2,523,405.09	2,523,405.09
	TOTAL SHORT TERM FUNDS		**53,985,915.93**	**57,946,925.20**	**57,946,925.20**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2007

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	COMMON STOCK				
ALLIANCE BERNSTEIN	ADR AU OPTRONICS CORP SPONSORED ADR	Taiwan	38,450.00	594,708.84	650,574.00
ALLIANCE BERNSTEIN	ADR BAE SYS PLC SPONSORED ADR	UK	17,100.00	577,015.80	687,720.96
ALLIANCE BERNSTEIN	ADR BARCLAYS PLC A.D.R.	UK	23,160.00	705,417.20	1,126,039.20
ALLIANCE BERNSTEIN	ADR CREDIT SUISSE GROUP SPONSORED ADR ISIN US2254011081	Switzerland	17,500.00	609,760.57	1,160,775.00
ALLIANCE BERNSTEIN	ADR ENI S P A SPONSORED ADR	Italy	17,400.00	407,690.79	1,283,424.00
ALLIANCE BERNSTEIN	ADR SANOFI-AVENTIS SPONSORED ADR	France	26,940.00	969,914.58	1,142,794.80
ALLIANCE BERNSTEIN	ADR SOCIETE GENERALE FRANCE SPONSORED ADR	France	37,610.00	416,888.42	1,258,881.92
ALLIANCE BERNSTEIN	ADR SUMITOMO MITSUI FINL GROUP INC ADR	Japan	90,000.00	946,962.00	700,380.00
ALLIANCE BERNSTEIN	ADR TOTAL SA	France	12,250.00	451,129.91	992,617.50
ALLIANCE BERNSTEIN	ADR VODAFONE GROUP PLC NEW SPONSORED ADRNEW ADR	UK	41,460.00	911,567.78	1,504,998.00
ALLIANCE BERNSTEIN	ALLIANZ SE (SE SOCIETAS EUROPEAE)	Germany	4,900.00	1,056,199.71	1,141,794.47
ALLIANCE BERNSTEIN	ALLIANZ SE ADR EACH REP 1/10 ORD SHS	Germany	29,400.00	580,379.60	684,138.00
ALLIANCE BERNSTEIN	ANTOFAGASTA ORD GBP0.05	UK	64,900.00	685,803.59	1,008,208.08
ALLIANCE BERNSTEIN	ARCELORMITTAL EUR0.01	Luxembourg	18,200.00	1,006,447.90	1,432,631.26
ALLIANCE BERNSTEIN	ASTRAZENECA ORD USD0.25	UK	15,500.00	838,682.00	773,367.84
ALLIANCE BERNSTEIN	BASF AG NPV	Germany	14,200.00	1,677,401.15	1,958,869.43
ALLIANCE BERNSTEIN	BNP PARIBAS EUR2	France	15,500.00	1,677,460.18	1,691,604.78
ALLIANCE BERNSTEIN	CHINA NETCOM GRP USD0.04	Hong Kong	257,500.00	676,661.61	689,437.68
ALLIANCE BERNSTEIN	CHINA PETROLEUM & CHEMICAL CORP CNY1'H'SHS	China	734,000.00	695,577.55	917,423.23
ALLIANCE BERNSTEIN	CREDIT AGRICOLE SA EUR3	France	32,850.00	1,348,282.05	1,263,711.84
ALLIANCE BERNSTEIN	DEUTSCHE BANK AG NPV(REGD)	Germany	7,100.00	970,664.91	912,590.82
ALLIANCE BERNSTEIN	DEUTSCHE LUFTHANSA ORD NPV (REGD)(VINK)	Germany	23,000.00	666,089.61	659,749.61
ALLIANCE BERNSTEIN	E.ON AG NPV	Germany	11,100.00	1,624,697.23	2,046,795.28
ALLIANCE BERNSTEIN	ENI SPA EUR1	Italy	16,700.00	551,039.88	617,260.04
ALLIANCE BERNSTEIN	FONDIARIA-SAI EUR1	Italy	13,800.00	667,531.53	646,273.32
ALLIANCE BERNSTEIN	FORTIS BK BELGIUM UNIT(FORTIS SA / NV NPV/0.42)	Belgium	21,200.00	1,008,926.84	622,588.83
ALLIANCE BERNSTEIN	FUJITSU Y50	Japan	89,000.00	606,724.83	628,335.43
ALLIANCE BERNSTEIN	GLAXOSMITHKLINE ORD GBP0.25	UK	24,400.00	632,795.42	644,756.05
ALLIANCE BERNSTEIN	HBOS PLC ORD 25P	UK	76,250.00	1,551,772.33	1,420,656.83
ALLIANCE BERNSTEIN	HYNIX SEMICONDUCTO KRW5000	Korea	18,700.00	685,483.60	639,578.21
ALLIANCE BERNSTEIN	HYUNDAI MOBIS KRW5000	Korea	7,780.00	683,127.06	825,479.98
ALLIANCE BERNSTEIN	ING GROEP NV CVA EUR0.24	Netherlands	46,200.00	2,021,249.29	2,045,344.68
ALLIANCE BERNSTEIN	ITALCEMENTI EUR1	Italy	15,900.00	503,686.23	351,393.36
ALLIANCE BERNSTEIN	JFE HOLDINGS INC NPV	Japan	24,000.00	1,344,765.90	1,698,561.06
ALLIANCE BERNSTEIN	KONINKLIJKE AHOLD EUR 0.3	Netherlands	18,960.00	257,837.93	265,816.02
ALLIANCE BERNSTEIN	KOOKMIN BANK KRW5000	Korea	7,100.00	681,079.90	591,181.77
ALLIANCE BERNSTEIN	LAGARDERE SCA EUR6.10(REGD)	France	2,200.00	179,607.97	186,753.90
ALLIANCE BERNSTEIN	MICHELIN (CGDE) EUR2(REGD)	France	8,600.00	1,010,638.15	1,153,090.61
ALLIANCE BERNSTEIN	MITSUBISHI CHEM HL NPV	Japan	107,500.00	906,219.50	934,660.70
ALLIANCE BERNSTEIN	MITSUBISHI UFJ FIN NPV	Japan	136.00	1,426,819.38	1,194,279.01
ALLIANCE BERNSTEIN	MITSUI O.S.K LINES NPV	Japan	47,000.00	620,565.58	760,483.42
ALLIANCE BERNSTEIN	MUENCHENER RUECKVE NPV(REGD)	Germany	8,400.00	1,450,057.09	1,609,970.52
ALLIANCE BERNSTEIN	NIPPON TEL&TEL CP NPV	Japan	131.00	677,131.66	611,633.27
ALLIANCE BERNSTEIN	NIPPON YUSEN KK NPV	Japan	82,000.00	666,138.19	799,930.44
ALLIANCE BERNSTEIN	NISSAN MOTOR CO NPV	Japan	97,700.00	1,038,111.92	977,722.04
ALLIANCE BERNSTEIN	ORIX CORP NPV	Japan	6,270.00	1,669,518.46	1,428,283.27
ALLIANCE BERNSTEIN	POSCO KRW5000	Korea	1,100.00	457,447.33	808,938.43
ALLIANCE BERNSTEIN	RENAULT SA EUR3.81	France	14,000.00	1,722,992.78	2,023,264.38
ALLIANCE BERNSTEIN	REPSOL YPF SA EUR1	Spain	19,600.00	680,304.18	698,247.21
ALLIANCE BERNSTEIN	ROYAL BK SCOT GRP ORD GBP0.25	UK	126,900.00	1,688,528.91	1,357,333.45
ALLIANCE BERNSTEIN	ROYAL DUTCH SHELL 'A'SHS EUR0.07 (DUTCH LIST)	Netherlands	23,400.00	890,160.29	963,739.87
ALLIANCE BERNSTEIN	RWE AG (NEU) NPV	Germany	9,060.00	1,012,970.56	1,136,428.70
ALLIANCE BERNSTEIN	SHARP CORP NPV	Japan	49,000.00	991,596.75	888,275.44
ALLIANCE BERNSTEIN	STORA ENSO OYJ NPV SER'R'	Finland	33,200.00	584,587.21	644,962.10
ALLIANCE BERNSTEIN	SUMITOMO MITSUI FG NPV	Japan	83.00	812,239.68	645,872.28
ALLIANCE BERNSTEIN	TOKYO ELEC POWER NPV	Japan	23,500.00	642,151.44	592,531.41
ALLIANCE BERNSTEIN	TOSHIBA CORP NPV	Japan	138,000.00	1,012,396.67	1,287,432.07
ALLIANCE BERNSTEIN	XSTRATA PLC ORD GBP	UK	18,490.00	1,025,917.43	1,222,034.27

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2007

Account name	Asset description	Country	Shares/Par value	Book value	Market value
BARROW HANLEY EQUITY	3M CO COM	USA	39,500.00	2,955,880.74	3,696,410.00
BARROW HANLEY EQUITY	ADR IMPERIAL TOB GROUP PLC SPONSORED	UK	65,900.00	2,350,990.19	6,046,984.00
BARROW HANLEY EQUITY	ADR NOKIA CORP SPONSORED ADR	Finland	162,100.00	2,533,023.26	6,148,453.00
BARROW HANLEY EQUITY	ALLSTATE CORP COM	USA	46,238.00	1,326,360.87	2,644,351.22
BARROW HANLEY EQUITY	ALTRIA GROUP INC COM	USA	71,200.00	1,966,617.88	4,950,536.00
BARROW HANLEY EQUITY	AMER EXPRESS CO COM	USA	81,700.00	4,794,822.59	4,850,529.00
BARROW HANLEY EQUITY	AMERN INTL GROUP INC COM	USA	92,100.00	5,949,577.02	6,230,565.00
BARROW HANLEY EQUITY	APPLIED MATERIALS INC COM	USA	86,400.00	1,764,271.98	1,788,480.00
BARROW HANLEY EQUITY	AT&T INC COM	USA	87,900.00	3,120,416.20	3,719,049.00
BARROW HANLEY EQUITY	BANK AMER CORP COM	USA	116,265.00	4,180,412.67	5,844,641.55
BARROW HANLEY EQUITY	BAXTER INTL INC COM	USA	73,000.00	1,692,900.18	4,108,440.00
BARROW HANLEY EQUITY	BEAR STEARNS COS INC COM	USA	17,400.00	2,420,747.97	2,136,894.00
BARROW HANLEY EQUITY	BRISTOL MYERS SQUIBB CO COM	USA	179,200.00	5,436,727.40	5,164,544.00
BARROW HANLEY EQUITY	BURL NORTHN SANTA FE CORP COM	USA	61,300.00	1,590,732.92	4,975,721.00
BARROW HANLEY EQUITY	CAP 1 FNCL COM	USA	26,400.00	2,040,342.54	1,753,752.00
BARROW HANLEY EQUITY	CARNIVAL CORP COM PAIRED	Panama	83,600.00	3,407,538.49	4,048,748.00
BARROW HANLEY EQUITY	CITIGROUP INC COM	USA	111,561.00	3,889,192.98	5,206,551.87
BARROW HANLEY EQUITY	CONOCOPHILLIPS COM	USA	82,200.00	2,339,220.77	7,214,694.00
BARROW HANLEY EQUITY	DOMINION RES INC VA NEW COM	USA	35,900.00	2,718,237.98	3,026,370.00
BARROW HANLEY EQUITY	DU PONT E I DE NEMOURS & CO COM STK	USA	86,800.00	3,518,186.95	4,301,808.00
BARROW HANLEY EQUITY	DUKE ENERGY CORP NEW COM STK	USA	219,068.00	2,371,974.18	4,094,380.92
BARROW HANLEY EQUITY	EMERSON ELEC CO COM	USA	88,000.00	2,187,438.81	4,683,360.00
BARROW HANLEY EQUITY	ENTERGY CORP NEW COM	USA	44,100.00	1,446,575.51	4,775,589.00
BARROW HANLEY EQUITY	GANNETT INC COM	USA	40,900.00	2,857,571.32	1,787,330.00
BARROW HANLEY EQUITY	HARTFORD FINL SVCS CORP - DEL COM	USA	44,200.00	2,026,333.75	4,090,710.00
BARROW HANLEY EQUITY	HEINZ H J CO COM	USA	50,400.00	1,707,444.88	2,328,480.00
BARROW HANLEY EQUITY	HOME DEPOT INC COM	USA	83,800.00	3,290,085.99	2,718,472.00
BARROW HANLEY EQUITY	HONEYWELL INTL INC COM STK	USA	79,100.00	2,599,585.13	4,704,077.00
BARROW HANLEY EQUITY	ILL TOOL WKS INC COM	USA	104,500.00	3,902,726.19	6,232,380.00
BARROW HANLEY EQUITY	JOHNSON & JOHNSON COM	USA	33,900.00	2,136,428.85	2,227,230.00
BARROW HANLEY EQUITY	KRAFT FOODS INC CL A CL A	USA	68,972.00	1,195,558.02	2,311,203.72
BARROW HANLEY EQUITY	L-3 COMMUNICATIONS HLDG CORP COM	USA	31,800.00	2,538,610.43	3,248,052.00
BARROW HANLEY EQUITY	MARATHON OIL CORP COM	USA	110,400.00	2,136,073.62	6,295,008.00
BARROW HANLEY EQUITY	MGIC INVT CORP WIS COM	USA	40,600.00	2,327,071.12	1,311,786.00
BARROW HANLEY EQUITY	OCCIDENTAL PETE CORP COM	USA	102,200.00	1,295,357.15	6,548,976.00
BARROW HANLEY EQUITY	OFFICE DEPOT INC COM	USA	63,000.00	2,137,856.37	1,299,060.00
BARROW HANLEY EQUITY	PENNEY J.C CO INC COM	USA	33,100.00	1,068,479.45	2,097,547.00
BARROW HANLEY EQUITY	PFIZER INC COM STK $.11 1/9 PAR	USA	196,400.00	5,187,401.00	4,798,052.00
BARROW HANLEY EQUITY	PITNEY BOWES INC COM	USA	40,800.00	1,342,398.54	1,853,136.00
BARROW HANLEY EQUITY	SCHERING-PLOUGH CORP COM	USA	66,500.00	1,770,033.01	2,103,395.00
BARROW HANLEY EQUITY	SLM CORP COM	USA	91,500.00	3,688,621.01	4,544,805.00
BARROW HANLEY EQUITY	SPECTRA ENERGY CORP COM STK	USA	151,534.00	2,844,918.02	3,709,552.32
BARROW HANLEY EQUITY	STANLEY WKS COM	USA	103,100.00	3,487,679.58	5,787,003.00
BARROW HANLEY EQUITY	TRAVELERS COS INC COM STK	USA	40,568.00	1,420,106.47	2,042,193.12
BARROW HANLEY EQUITY	UNITEDHEALTH GROUP INC COM	USA	101,600.00	4,993,940.93	4,920,488.00
BARROW HANLEY EQUITY	UST INC COM	USA	40,600.00	1,897,027.68	2,013,760.00
BARROW HANLEY EQUITY	VERIZON COMMUNICATIONS COM	USA	165,702.00	5,280,618.30	7,337,284.56
BARROW HANLEY EQUITY	WACHOVIA CORP NEW COM	USA	68,710.00	2,600,599.68	3,445,806.50
BARROW HANLEY EQUITY	WELLPOINT INC COM	USA	79,700.00	3,037,165.91	6,289,924.00
BARROW HANLEY EQUITY	WELLS FARGO & CO NEW COM STK	USA	62,800.00	1,577,382.07	2,236,936.00
BARROW HANLEY EQUITY	WYETH COM	USA	61,500.00	2,677,843.08	2,739,825.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2007

Account name	Asset description	Country	Shares/Par value	Book value	Market value
BOSTON PARTNERS	#REORG/LAIDLAW INTL INC CASH MERGER EFF 10/1/07	USA	11,600.00	119,112.35	408,552.00
BOSTON PARTNERS	ACCENTURE LTD BERMUDA CLS A COM	Bermuda	8,920.00	252,478.57	359,030.00
BOSTON PARTNERS	AFFILIATED MANAGERS GROUP INC COM STK	USA	3,550.00	137,272.60	452,660.50
BOSTON PARTNERS	ALBEMARLE CORP COM	USA	14,645.00	608,527.58	647,309.00
BOSTON PARTNERS	ALLIED WORLD ASSURANCE COM STK	Bermuda	6,120.00	307,394.96	317,689.20
BOSTON PARTNERS	AMDOCS ORD GBP0.01	UK	15,200.00	527,929.22	565,288.00
BOSTON PARTNERS	AMER ELEC PWR CO INC COM	USA	6,170.00	308,798.01	284,313.60
BOSTON PARTNERS	AMEREN CORP COM	USA	6,425.00	317,242.73	337,312.50
BOSTON PARTNERS	ANADARKO PETRO CORP COM	USA	11,005.00	471,274.29	591,518.75
BOSTON PARTNERS	ANNALY CAP MGMT INC COM	USA	91,470.00	1,284,251.77	1,457,117.10
BOSTON PARTNERS	ARROW ELECTR INC COM	USA	19,180.00	494,033.71	815,533.60
BOSTON PARTNERS	ASSURANT INC COM	USA	14,360.00	497,813.47	768,260.00
BOSTON PARTNERS	AVALONBAY CMNTYS REIT	USA	3,170.00	376,822.31	374,250.20
BOSTON PARTNERS	AVID TECH INC COM	USA	19,110.00	620,218.40	517,498.80
BOSTON PARTNERS	AVNET INC COM	USA	9,385.00	183,897.60	374,086.10
BOSTON PARTNERS	BARD C R INC CAP	USA	3,885.00	191,474.64	342,618.15
BOSTON PARTNERS	BORG WARNER INC COM	USA	5,650.00	313,236.19	517,144.50
BOSTON PARTNERS	BRISTOW GROUP INC COM	USA	13,930.00	595,294.82	608,880.30
BOSTON PARTNERS	BROADRIDGE FINL SOLUTIONS INC COM STK	USA	40,045.00	792,567.69	758,852.75
BOSTON PARTNERS	BRUNSWICK CORP COM	USA	11,200.00	352,691.36	256,032.00
BOSTON PARTNERS	BURGER KING HLDGS INC COM	USA	14,495.00	225,609.38	389,477.55
BOSTON PARTNERS	CACI INTL INC CL A	USA	7,485.00	405,282.55	382,408.65
BOSTON PARTNERS	CBS CORP NEW CL B	USA	21,860.00	662,066.48	688,590.00
BOSTON PARTNERS	CENTURYTEL INC COM STK	USA	13,065.00	533,500.21	603,864.30
BOSTON PARTNERS	CHES ENERGY CORP COM	USA	11,990.00	353,886.28	422,767.40
BOSTON PARTNERS	CIGNA CORP COM	USA	7,020.00	230,485.74	374,095.80
BOSTON PARTNERS	CNA FNCL CORP COM	USA	12,370.00	432,149.92	486,388.40
BOSTON PARTNERS	COMERICA INC COM	USA	9,400.00	527,844.69	482,032.00
BOSTON PARTNERS	COMMERCE BANCORP INC N J COM	USA	27,250.00	890,246.04	1,056,755.00
BOSTON PARTNERS	COMVERSE TECH INC COM PAR $0.10	USA	31,400.00	684,443.48	621,720.00
BOSTON PARTNERS	COVENTRY HEALTH CARE INC COM	USA	14,805.00	710,267.91	921,019.05
BOSTON PARTNERS	CROWN HLDGS INC COM	USA	30,400.00	487,624.11	691,904.00
BOSTON PARTNERS	CYMER INC COM	USA	18,590.00	740,015.60	713,670.10
BOSTON PARTNERS	DAVITA INC COM	USA	15,100.00	793,541.53	954,018.00
BOSTON PARTNERS	DONNELLEY R R & SONS CO COM	USA	15,685.00	523,103.75	573,443.60
BOSTON PARTNERS	DOVER CORP COM	USA	16,500.00	665,323.56	840,675.00
BOSTON PARTNERS	DTE ENERGY CO COM	USA	6,040.00	308,145.70	292,577.60
BOSTON PARTNERS	DUN & BRADSTREET CORP DEL NEW COM	USA	3,800.00	268,795.75	374,718.00
BOSTON PARTNERS	EDISON INTL COM	USA	5,825.00	308,715.10	322,996.25
BOSTON PARTNERS	EMBARQ CORP COM STK	USA	7,400.00	350,462.40	411,440.00
BOSTON PARTNERS	EMULEX CORP COM NEW	USA	21,700.00	386,969.28	415,989.00
BOSTON PARTNERS	EVEREST RE GROUP COM	Bermuda	3,800.00	345,804.94	418,912.00
BOSTON PARTNERS	EXPEDIA INC DEL COM	USA	11,387.00	244,252.04	363,017.56
BOSTON PARTNERS	FAMILY DLR STORES INC COM	USA	10,665.00	303,312.60	283,262.40
BOSTON PARTNERS	FEDT INVESTORS INC CL B	USA	21,130.00	774,644.32	838,861.00
BOSTON PARTNERS	FIRST AMERN CORP CALIF COM	USA	9,900.00	433,253.73	362,538.00
BOSTON PARTNERS	GEN MILLS INC COM	USA	17,110.00	967,831.50	992,551.10
BOSTON PARTNERS	GRAINGER W W INC COM	USA	8,600.00	390,280.67	784,234.00
BOSTON PARTNERS	HANOVER INS GROUP INC COM	USA	17,315.00	666,177.32	765,149.85
BOSTON PARTNERS	HARRIS CORP COM	USA	18,300.00	786,348.18	1,057,557.00
BOSTON PARTNERS	HEWITT ASSOCS INC CL A COM	USA	12,700.00	327,838.26	445,135.00
BOSTON PARTNERS	HOSPIRA INC COM	USA	11,655.00	476,555.98	483,099.75
BOSTON PARTNERS	IDEARC INC COM STK	USA	19,840.00	705,847.76	624,364.80
BOSTON PARTNERS	INGERSOLL-RAND CO CL A COM STK	Bermuda	9,200.00	395,196.58	501,124.00
BOSTON PARTNERS	INGRAM MICRO INC CL A	USA	35,275.00	634,906.51	691,742.75
BOSTON PARTNERS	KNOLL INC COM NEW COM	USA	21,205.00	421,165.50	376,176.70
BOSTON PARTNERS	KOHLS CORP COM	USA	7,390.00	416,927.54	423,668.70
BOSTON PARTNERS	KROGER CO COM	USA	15,875.00	374,139.60	452,755.00
BOSTON PARTNERS	LINCARE HLDGS INC COM	USA	19,235.00	730,165.37	704,962.75
BOSTON PARTNERS	LINCOLN NATL CORP COM	USA	14,020.00	920,067.14	924,899.40
BOSTON PARTNERS	LIVE NATION INC COM	USA	26,800.00	576,105.55	569,500.00
BOSTON PARTNERS	LOEWS CORP CAROLINA GROUP STK TRACKING STK	USA	5,700.00	142,673.61	468,711.00
BOSTON PARTNERS	LUBRIZOL CORP COM	USA	15,295.00	675,517.53	995,092.70
BOSTON PARTNERS	MARSH & MCLENNAN CO'S INC COM	USA	26,840.00	774,759.54	684,420.00
BOSTON PARTNERS	MASCO CORP COM	USA	13,045.00	358,070.72	302,252.65
BOSTON PARTNERS	MATTEL INC COM	USA	31,150.00	638,217.00	730,779.00
BOSTON PARTNERS	MBIA INC COM	USA	5,320.00	319,630.16	324,786.00
BOSTON PARTNERS	MCAFEE INC COM	USA	19,165.00	405,755.36	668,283.55
BOSTON PARTNERS	MCGRAW HILL COMPANIES INC COM	USA	9,195.00	499,836.16	468,117.45
BOSTON PARTNERS	MCKESSON CORP	USA	13,420.00	791,811.90	788,981.80
BOSTON PARTNERS	MENTOR CORP COM	USA	20,645.00	819,017.68	950,702.25
BOSTON PARTNERS	MERCURY GEN CORP NEW COM	USA	16,140.00	883,451.18	870,430.20
BOSTON PARTNERS	MEREDITH CORP COM	USA	18,285.00	886,034.29	1,047,730.50
BOSTON PARTNERS	MURPHY OIL CORP COM	USA	11,000.00	553,711.49	768,790.00
BOSTON PARTNERS	NATIONWIDE FINL SVCS INC CL A COM	USA	9,120.00	434,739.35	490,838.40
BOSTON PARTNERS	NATIONWIDE HLTH PPTYS INC REIT	USA	10,600.00	313,367.80	319,378.00
BOSTON PARTNERS	NISOURCE INC COM	USA	12,395.00	309,245.33	237,240.30
BOSTON PARTNERS	NOBLE ENERGY INC COM	USA	9,245.00	589,933.62	647,519.80
BOSTON PARTNERS	NORFOLK SOUTHN CORP COM	USA	6,945.00	333,279.44	360,514.95
BOSTON PARTNERS	PIONEER NAT RES CO COM STK	USA	7,150.00	270,890.29	321,607.00
BOSTON PARTNERS	PPG IND INC COM	USA	7,200.00	457,555.82	543,960.00
BOSTON PARTNERS	PROGRESSIVE CORP OH COM	USA	22,090.00	475,036.61	428,766.90
BOSTON PARTNERS	PROLOGIS SH BEN INT SH BEN INT	USA	5,105.00	314,403.17	338,716.75
BOSTON PARTNERS	QUEST DIAGNOSTICS INC COM	USA	14,690.00	757,269.37	848,641.30
BOSTON PARTNERS	SCIENTIFIC GAMES CORP	USA	18,220.00	525,843.41	685,072.00
BOSTON PARTNERS	SIERRA PAC RES NEW COM	USA	16,985.00	85,265.63	267,174.05
BOSTON PARTNERS	SL GREEN RLTY CORP COM STK	USA	3,290.00	384,930.57	384,173.30
BOSTON PARTNERS	SLM CORP COM	USA	7,240.00	314,890.74	359,610.80
BOSTON PARTNERS	SRA INTL INC CL A	USA	18,710.00	515,397.12	525,376.80
BOSTON PARTNERS	STANLEY WKS COM	USA	15,560.00	795,708.28	873,382.80
BOSTON PARTNERS	STAPLES INC COM	USA	31,410.00	777,769.83	675,000.90
BOSTON PARTNERS	STATE STR CORP COM	USA	9,010.00	590,485.57	614,121.60
BOSTON PARTNERS	STUD LN CORP COM	USA	1,990.00	328,447.52	358,836.80
BOSTON PARTNERS	SYBASE INC COM	USA	26,090.00	562,111.61	603,481.70
BOSTON PARTNERS	SYMANTEC CORP COM	USA	50,465.00	865,516.17	978,011.70
BOSTON PARTNERS	TEREX CORP NEW COM	USA	6,300.00	158,292.38	560,826.00
BOSTON PARTNERS	THOMAS & BETTS CORP COM	USA	15,380.00	871,794.44	901,883.20
BOSTON PARTNERS	TJX COS INC COM NEW	USA	7,975.00	220,100.43	231,833.25
BOSTON PARTNERS	UNUM GROUP	USA	25,060.00	533,832.37	613,218.20
BOSTON PARTNERS	V F CORP COM	USA	3,300.00	143,477.06	266,475.00
BOSTON PARTNERS	VALSPAR CORP COM	USA	16,005.00	405,265.55	435,496.05
BOSTON PARTNERS	VENTAS INC REIT	USA	8,725.00	197,382.89	361,215.00
BOSTON PARTNERS	WINDSTREAM CORP COM STK	USA	39,500.00	580,289.12	557,740.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2007

Account name	Asset description	Country	Shares/Par value	Book value	Market value
CHAMPLAIN	#REORG/ARROW INTL INC CASH MERGER EFFECTIVE 10/01/07	USA	10,900.00	315,907.62	495,841.00
CHAMPLAIN	1ST ADVANTAGE CORP CL A	USA	44,000.00	918,878.17	777,480.00
CHAMPLAIN	ABM INDS INC COM	USA	25,000.00	501,889.37	499,500.00
CHAMPLAIN	ACTUANT CORP CL A NEW	USA	15,200.00	775,810.20	987,544.00
CHAMPLAIN	ADMINISTAFF INC COM	USA	25,000.00	888,210.52	907,500.00
CHAMPLAIN	AMERN MED SYS HLDGS INC COM STK	USA	76,500.00	1,450,867.77	1,296,675.00
CHAMPLAIN	ANSYS INC COM	USA	16,500.00	395,255.42	563,805.00
CHAMPLAIN	APTARGROUP INC COM	USA	55,000.00	1,354,275.83	2,082,850.00
CHAMPLAIN	ARTHROCARE CORP COM	USA	28,000.00	943,974.69	1,564,920.00
CHAMPLAIN	BERRY PETE CO CL A CL A	USA	17,000.00	525,860.29	673,030.00
CHAMPLAIN	BIO RAD LABS INC CL A	USA	18,000.00	1,163,422.81	1,629,000.00
CHAMPLAIN	BLACKBAUD INC COM	USA	36,500.00	827,033.85	921,260.00
CHAMPLAIN	BLACKBOARD INC COM	USA	11,100.00	440,401.48	508,824.00
CHAMPLAIN	BOSTON PRIVATE FINL HLDGS INC COM	USA	44,000.00	1,161,339.65	1,224,960.00
CHAMPLAIN	BRADY CORP CL A	USA	13,500.00	500,475.23	484,380.00
CHAMPLAIN	BRIGHT HORIZONS FAMILY SOLUTIONS INC COM	USA	35,500.00	1,316,314.73	1,520,820.00
CHAMPLAIN	CATHAY GENERAL BANCORP INC COM	USA	20,500.00	705,614.52	660,305.00
CHAMPLAIN	CENTRAL GARDEN & PET CO CL A NON-VTG STK	USA	44,200.00	630,578.37	396,916.00
CHAMPLAIN	CENTRAL GARDEN & PET CO COM	USA	47,000.00	632,892.59	418,300.00
CHAMPLAIN	CHATTEM INC COM	USA	4,000.00	127,626.06	282,080.00
CHAMPLAIN	CLARCOR INC COM	USA	21,000.00	591,182.42	718,410.00
CHAMPLAIN	COBIZ FINL INC COM STK	USA	9,500.00	148,264.88	162,640.00
CHAMPLAIN	COLUMBIA BKG SYS INC COM	USA	11,000.00	288,288.57	350,020.00
CHAMPLAIN	COMPLETE PRODTN SVCS INC COM	USA	38,000.00	856,677.70	778,240.00
CHAMPLAIN	COMSTOCK RES INC COM NEW COM NEW	USA	25,000.00	666,993.01	771,000.00
CHAMPLAIN	CONCUR TECHNOLOGIES INC COM	USA	26,000.00	449,082.07	819,520.00
CHAMPLAIN	COOPER COS INC COM NEW	USA	26,500.00	1,266,656.18	1,389,130.00
CHAMPLAIN	COSTAR GROUP INC COM	USA	19,000.00	930,584.58	1,015,550.00
CHAMPLAIN	CVB FINL CORP COM	USA	34,500.00	477,420.77	403,650.00
CHAMPLAIN	DEL MONTE FOODS CO COM	USA	161,000.00	1,807,740.65	1,690,500.00
CHAMPLAIN	DIGITAL RIV INC COM	USA	33,500.00	1,697,603.15	1,499,125.00
CHAMPLAIN	EAST WEST BANCORP INC COM	USA	17,000.00	556,551.20	611,320.00
CHAMPLAIN	ENCORE ACQSTN CO COM	USA	32,500.00	832,209.79	1,028,625.00
CHAMPLAIN	ENTEGRIS INC COM	USA	51,000.00	527,160.45	442,680.00
CHAMPLAIN	EURONET WORLDWIDE INC COM	USA	62,000.00	1,700,238.81	1,845,740.00
CHAMPLAIN	EV3 INC COM	USA	57,000.00	954,696.24	935,940.00
CHAMPLAIN	FIRST MERCURY FINL CORP COM	USA	36,000.00	752,485.20	774,360.00
CHAMPLAIN	FIRST MIDWEST BANCORP INC DEL COM	USA	23,000.00	813,362.98	785,680.00
CHAMPLAIN	FIRSTSERVICE CORP SUB VTG SH	Canada	3,400.00	91,748.66	105,672.00
CHAMPLAIN	FORWARD AIR CORP COM	USA	24,000.00	831,550.04	714,720.00
CHAMPLAIN	FRONTIER FINL CORP WASH CDT-COM CDT-COM	USA	12,000.00	213,589.00	279,960.00
CHAMPLAIN	G & K SVCS INC CL A CL A	USA	17,000.00	629,094.93	683,400.00
CHAMPLAIN	GENTEX CORP COM	USA	67,000.00	1,067,065.07	1,436,480.00
CHAMPLAIN	GLACIER BANCORP INC NEW COM	USA	20,000.00	357,597.04	450,400.00
CHAMPLAIN	HAIN CELESTIAL GROUP INC COM	USA	29,100.00	721,582.04	934,983.00
CHAMPLAIN	HANMI FINL CORP COM	USA	17,500.00	306,241.60	271,075.00
CHAMPLAIN	HARTE-HANKS INC COM (NEW)	USA	59,000.00	1,419,253.45	1,161,120.00
CHAMPLAIN	HEALTHCARE RLTY TR	USA	38,200.00	940,291.79	1,018,412.00
CHAMPLAIN	HEALTHWAYS INC COM STK	USA	19,000.00	925,794.23	1,025,430.00
CHAMPLAIN	HEICO CORP NEW CL A CL A	USA	23,000.00	733,945.13	908,500.00
CHAMPLAIN	HELIX ENERGY SOLUTIONS GROUP INC COM STK	USA	16,500.00	505,282.21	700,590.00
CHAMPLAIN	HENRY JACK & ASSOC INC COM	USA	47,000.00	1,037,427.02	1,215,420.00
CHAMPLAIN	IDEX CORP COM	USA	9,500.00	338,708.44	345,705.00
CHAMPLAIN	INDEPENDENT BK CORP MASS COM	USA	17,000.00	490,751.98	504,900.00
CHAMPLAIN	INTEGRA LIFESCIENCES HLDG CORP COM DESP	USA	15,000.00	492,194.21	728,700.00
CHAMPLAIN	KAYDON CORP COM	USA	15,000.00	610,768.37	779,850.00
CHAMPLAIN	KYPHON INC COM	USA	18,400.00	644,214.91	1,288,000.00
CHAMPLAIN	LANCASTER COLONY CORP COM	USA	22,000.00	961,552.87	839,740.00
CHAMPLAIN	LANCE INC COM STK USD0.83 1/3	USA	28,000.00	552,624.23	644,560.00
CHAMPLAIN	LUMINEX CORP DEL COM	USA	49,400.00	640,333.25	744,952.00
CHAMPLAIN	MATTHEWS INTL CORP CL A	USA	27,200.00	1,032,998.79	1,191,360.00
CHAMPLAIN	MERIDIAN BIOSCIENCE INC COM	USA	6,500.00	140,622.24	197,080.00
CHAMPLAIN	MIPS TECHNOLOGIES INC COMMON	USA	12,200.00	96,962.61	96,380.00
CHAMPLAIN	NATL FINL PARTNERS CORP COM	USA	13,500.00	579,738.03	715,230.00
CHAMPLAIN	NATL INSTRS CORP COM	USA	25,700.00	712,463.11	682,281.00
CHAMPLAIN	NAVIGATORS GROUP INC COM	USA	24,000.00	1,097,345.64	1,302,000.00
CHAMPLAIN	NEUSTAR INC CL A	USA	25,500.00	796,381.35	874,395.00
CHAMPLAIN	NUVASIVE INC COM	USA	26,500.00	638,470.90	952,145.00
CHAMPLAIN	PANERA BREAD CO CL A	USA	23,000.00	1,119,232.65	938,400.00
CHAMPLAIN	PETROHAWK ENERGY CORP COM	USA	42,000.00	491,814.19	689,640.00
CHAMPLAIN	PHILADELPHIA CONS HLDG CORP COM	USA	17,000.00	631,412.24	702,780.00
CHAMPLAIN	PRIVATEBANCORP INC COM	USA	34,000.00	1,134,568.57	1,184,560.00
CHAMPLAIN	PROSPERITY BANCSHARES INC COM	USA	10,500.00	312,418.41	348,180.00
CHAMPLAIN	REGIS CORP MINN COM	USA	40,300.00	1,570,772.89	1,285,973.00
CHAMPLAIN	RIGHTNOW TECHNOLOGIES INC COM	USA	66,500.00	1,023,565.08	1,069,985.00
CHAMPLAIN	RLI CORP COM	USA	11,000.00	468,682.24	623,920.00
CHAMPLAIN	SCHAWK INC CL A COM STK	USA	57,500.00	1,211,222.33	1,297,775.00
CHAMPLAIN	SENSIENT TECHNOLOGIES CORP COM	USA	10,000.00	273,065.07	288,700.00
CHAMPLAIN	SONOSITE INC COM	USA	22,000.00	660,173.14	671,440.00
CHAMPLAIN	STERLING BANCSHARES INC COM	USA	37,500.00	399,820.37	427,875.00
CHAMPLAIN	STEWART ENTERPRISES INC CL A COM	USA	205,000.00	1,279,834.24	1,552,100.00
CHAMPLAIN	TALEO CORP COM CL A COM CL A	USA	18,500.00	269,813.92	470,085.00
CHAMPLAIN	TECHNE CORP COM	USA	11,400.00	653,016.43	719,112.00
CHAMPLAIN	TETRA TECHNOLOGIES INC DEL COM	USA	38,000.00	882,978.28	803,320.00
CHAMPLAIN	TIBCO SOFTWARE INC COM	USA	51,000.00	365,497.62	376,890.00
CHAMPLAIN	UCBH HLDGS INC COM	USA	30,000.00	540,976.61	524,400.00
CHAMPLAIN	UNVL TECH INST INC COM	USA	26,600.00	756,685.25	478,800.00
CHAMPLAIN	UTI WORLDWIDE INC ORD NPV	British Virgin Is.	37,500.00	911,641.20	861,750.00
CHAMPLAIN	WADDELL & REED FINL INC CL A COM	USA	19,000.00	434,579.51	513,570.00
CHAMPLAIN	WASTE CONNECTIONS INC COM	USA	45,000.00	1,220,692.90	1,429,200.00
CHAMPLAIN	WD 40 CO COM	USA	46,000.00	1,369,250.04	1,570,440.00
CHAMPLAIN	WEST PHARMACEUTICAL SVCS INC COM	USA	13,500.00	571,204.50	562,410.00
CHAMPLAIN	WHITING PETE CORP NEW COM STK	USA	17,000.00	761,309.24	755,650.00
CHAMPLAIN	WRIGHT EXPRESS CORP COM STK	USA	33,000.00	1,109,924.24	1,204,170.00
CHAMPLAIN	WRIGHT MED GROUP INC COM	USA	34,600.00	821,714.02	927,972.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2007

Account name	Asset description	Country	Shares/Par value	Book value	Market value
DELAWARE	ADR REUTERS GROUP ISIN US76132M1027	UK	40,000.00	2,980,353.35	3,170,400.00
DELAWARE	ALLERGAN INC COM	USA	104,000.00	4,075,439.06	6,704,880.00
DELAWARE	CME GROUP INC COM STK	USA	9,900.00	2,616,302.02	5,814,765.00
DELAWARE	CROWN CASTLE INTL CORP COM STK	USA	105,000.00	3,717,928.75	4,266,150.00
DELAWARE	EBAY INC COM	USA	175,000.00	6,020,922.86	6,828,500.00
DELAWARE	EXPEDITORS INTL WASH INC COM	USA	110,600.00	2,538,925.37	5,231,380.00
DELAWARE	GENENTECH INC COM STK	USA	79,100.00	3,324,612.71	6,171,382.00
DELAWARE	GOOGLE INC CL A CL A	USA	14,200.00	5,657,561.76	8,055,234.00
DELAWARE	INTERCONTINENTALEXCHANGE INC COM	USA	47,100.00	3,930,410.82	7,154,490.00
DELAWARE	INTL GAME TECH COM	USA	130,000.00	4,079,986.61	5,603,000.00
DELAWARE	INTUIT COM	USA	195,000.00	4,295,412.92	5,908,500.00
DELAWARE	MGM MIRAGE COM	USA	70,000.00	1,908,683.44	6,260,800.00
DELAWARE	PAYCHEX INC COM	USA	127,600.00	4,578,310.01	5,231,600.00
DELAWARE	PRAXAIR INC COM	USA	75,200.00	2,640,744.05	6,298,752.00
DELAWARE	PROCTER & GAMBLE CO COM	USA	92,000.00	3,836,327.86	6,471,280.00
DELAWARE	QUALCOMM INC COM	USA	186,300.00	4,942,411.46	7,873,038.00
DELAWARE	RESEARCH IN MOTION LTD COM	Canada	96,600.00	4,352,218.37	9,519,930.00
DELAWARE	SANDISK CORP COM	USA	86,100.00	2,885,167.27	4,744,110.00
DELAWARE	SEAGATE TECHNOLOGY HLDGS COM USD0.00001	Cayman Is.	245,200.00	6,161,360.58	6,272,216.00
DELAWARE	STAPLES INC COM	USA	240,800.00	4,379,041.75	5,174,792.00
DELAWARE	UNITED PARCEL SVC INC CL B	USA	75,000.00	5,290,647.47	5,632,500.00
DELAWARE	UNITEDHEALTH GROUP INC COM	USA	141,100.00	7,180,247.09	6,833,473.00
DELAWARE	WALGREEN CO COM	USA	130,000.00	4,893,524.02	6,141,200.00
DELAWARE	WAL-MART STORES INC COM	USA	76,600.00	4,067,403.45	3,343,590.00
DELAWARE	WEIGHT WATCHERS INTL INC NEW COM	USA	79,300.00	3,359,817.12	4,564,508.00
DELAWARE	WESTERN UN CO COM STK	USA	158,800.00	2,836,255.54	3,330,036.00
DELAWARE	ZIMMER HLDGS INC COM	USA	70,000.00	4,580,298.26	5,669,300.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2007

Account name	Asset description	Country	Shares/Par value	Book value	Market value
EAGLE	ACETO CORP COM	USA	20,705.00	173,732.52	186,345.00
EAGLE	AFFILIATED MANAGERS GROUP INC COM STK	USA	9,095.00	943,078.05	1,159,703.45
EAGLE	AMBASSADORS GROUP INC COM	USA	5,845.00	149,275.63	222,694.50
EAGLE	AMERN MED SYS HLDGS INC COM STK	USA	22,250.00	442,570.42	377,137.50
EAGLE	ANNALY CAP MGMT INC COM	USA	38,080.00	530,910.96	606,614.40
EAGLE	ANSYS INC COM	USA	32,125.00	716,278.58	1,097,711.25
EAGLE	ASSOCTD BANC-CORP COM	USA	18,915.00	528,544.93	560,451.45
EAGLE	BALCHEM CORP COM	USA	15,995.00	220,273.79	326,457.95
EAGLE	BALDWIN & LYONS INC CL B	USA	10,503.00	271,398.38	288,836.93
EAGLE	BARNES & NOBLE INC COM	USA	16,290.00	628,722.19	574,385.40
EAGLE	BELO CORP	USA	52,825.00	1,028,038.42	917,042.00
EAGLE	BERRY PETE CO CL A CL A	USA	1,770.00	69,893.49	70,074.30
EAGLE	BIO RAD LABS INC CL A	USA	1,960.00	164,849.13	177,380.00
EAGLE	BLACKBAUD INC COM	USA	15,565.00	281,590.90	392,860.60
EAGLE	BROWN SHOE INC NEW COM	USA	9,635.00	213,991.34	186,919.00
EAGLE	BRUKER BIOSCIENCES CORP COM STK	USA	15,575.00	124,362.44	137,060.00
EAGLE	CAPELLA ED CO COM	USA	9,580.00	291,036.88	535,617.80
EAGLE	CARROLS RESTAURANT GROUP INC COM	USA	535.00	6,293.49	5,992.00
EAGLE	CELLCOM ISRAEL LTD COM STK ILS0.01	Israel	855.00	21,292.32	20,793.60
EAGLE	CHEROKEE INC DEL NEW COM	USA	5,535.00	207,898.64	212,322.60
EAGLE	CNA SURETY CORP COM	USA	32,600.00	559,038.51	574,738.00
EAGLE	COLBS MCKINNON CORP N Y COM	USA	31,325.00	677,175.56	779,679.25
EAGLE	COM HLB ROGAL & HOBBS CO	USA	15,435.00	673,594.18	668,798.55
EAGLE	COMMSCOPE INC COM	USA	12,605.00	442,997.95	633,275.20
EAGLE	CONS GRAPHICS INC COM	USA	11,695.00	736,107.19	734,329.05
EAGLE	CORVEL CORP COM	USA	5,080.00	152,301.07	117,449.60
EAGLE	COURIER CORP COM	USA	4,245.00	160,814.94	149,466.45
EAGLE	CRA INTL INC COM	USA	11,225.00	586,755.12	540,932.75
EAGLE	DARLING INTL INC COM	USA	10,585.00	103,633.08	104,685.65
EAGLE	DEALERTRACK HLDGS INC COM STK	USA	7,815.00	247,813.10	327,292.20
EAGLE	DEL MONTE FOODS CO COM	USA	44,150.00	510,566.53	463,575.00
EAGLE	DELPHI FINL GROUP INC CL A	USA	23,375.00	978,785.01	944,817.50
EAGLE	DIODES INC COM	USA	15,387.00	393,178.83	493,922.70
EAGLE	DOLBY LABORATORIES INC CL A COM STK	USA	17,080.00	449,088.13	594,725.60
EAGLE	DRESSER-RAND GROUP INC COM	USA	7,070.00	263,072.45	301,959.70
EAGLE	EAGLE TEST SYS INC	USA	24,995.00	365,427.47	320,435.90
EAGLE	EDWARDS LIFESCIENCES CORP COM	USA	18,450.00	869,647.70	909,769.50
EAGLE	ENCORE BANCSHARES INC COM	USA	2,145.00	45,045.00	45,109.35
EAGLE	FLOWERS FOODS INC COM	USA	29,245.00	540,476.87	637,541.00
EAGLE	GEN COMMUNICATION INC CL A	USA	65,971.00	888,791.26	800,887.94
EAGLE	GENERAL CABLE CORP DEL NEW COM	USA	4,065.00	205,885.22	272,842.80
EAGLE	GENLYTE GROUP INC COM	USA	7,555.00	548,519.04	485,484.30
EAGLE	GEN-PROBE INC NEW COM	USA	8,300.00	461,080.15	552,614.00
EAGLE	GREENFIELD ONLINE INC COM	USA	22,760.00	345,956.86	347,090.00
EAGLE	GREIF INC.	USA	10,095.00	561,692.73	612,564.60
EAGLE	HARLEYSVILLE GROUP INC COM	USA	18,595.00	585,745.55	594,668.10
EAGLE	HERCULES INC VTG COM	USA	41,870.00	808,126.75	880,107.40
EAGLE	HIBBETT SPORTS INC COM STK	USA	24,140.00	655,626.69	598,672.00
EAGLE	HUBBELL INC CL B COM	USA	12,885.00	708,523.50	735,991.20
EAGLE	IHS INC COM CL A COM CL A	USA	5,620.00	198,117.76	317,473.80
EAGLE	IMMUCOR INC COM STK	USA	15,655.00	423,659.26	559,666.25
EAGLE	INDEPENDENCE HLDG CO NEW COM NEW	USA	8,985.00	188,291.40	183,114.30
EAGLE	INTERACTIVE DATA CORP COM	USA	27,865.00	768,366.59	785,793.00
EAGLE	INVENTIV HEALTH INC COM STK	USA	12,680.00	481,196.57	555,637.60
EAGLE	KNOLL INC COM NEW COM	USA	24,500.00	437,996.43	434,630.00
EAGLE	LANDSTAR SYS INC COM	USA	13,950.00	636,336.77	585,481.50
EAGLE	LITTELFUSE INC COM	USA	12,865.00	426,336.32	459,151.85
EAGLE	LODGENET ENTMT CORP COM	USA	26,180.00	793,132.79	663,924.80
EAGLE	LUFKIN INDS INC COM	USA	9,435.00	573,080.42	519,113.70
EAGLE	MEN S WEARHOUSE INC COMMOM	USA	3,800.00	180,454.16	191,976.00
EAGLE	MERIDIAN BIOSCIENCE INC COM	USA	20,705.00	360,860.35	627,775.60
EAGLE	MICROS SYS INC COM	USA	3,905.00	189,501.61	254,098.35
EAGLE	MIDLAND CO COM	USA	10,425.00	442,925.09	572,958.00
EAGLE	MKS INSTRS INC COM	USA	20,385.00	476,524.76	387,722.70
EAGLE	MONARCH CASINO & RESORT INC COM	USA	3,485.00	95,170.59	99,148.25
EAGLE	MONOTYPE IMAGING HLDGS INC COM STK	USA	6,720.00	86,930.35	84,537.60
EAGLE	MORNINGSTAR INC COM STK	USA	4,250.00	187,022.40	260,950.00
EAGLE	NATIONAL WESTN LIFE INS CO CL A	USA	625.00	138,020.86	159,975.00
EAGLE	NATL INSTRS CORP COM	USA	23,270.00	690,566.66	798,859.10
EAGLE	NORDSON CORP COM	USA	10,970.00	542,264.92	550,803.70
EAGLE	NOVELL INC COM	USA	72,015.00	517,016.52	550,194.60
EAGLE	NTELOS HLDGS CORP COM	USA	35,940.00	846,660.77	1,058,792.40
EAGLE	OCEANEERING INTL INC COM	USA	11,110.00	450,299.16	842,138.00
EAGLE	ON SEMICONDUCTOR CORP COM	USA	33,920.00	299,056.76	426,035.20
EAGLE	PENN VA CORP COM	USA	6,730.00	259,486.32	295,985.40
EAGLE	PERKINELMER INC COM	USA	29,860.00	766,997.68	872,210.60
EAGLE	PICO HLDGS INC COM NEW STK	USA	8,582.00	317,320.17	356,582.10
EAGLE	PROGRESS SOFTWARE CORP COM	USA	18,340.00	495,881.44	555,702.00
EAGLE	RBC BEARINGS INC COM	USA	7,180.00	254,999.76	275,353.00
EAGLE	RLI CORP COM	USA	19,860.00	1,071,784.61	1,126,459.20
EAGLE	ROBBINS & MYERS INC COM	USA	8,485.00	433,379.51	488,105.65
EAGLE	ROCKWOOD HLDGS INC COM	USA	19,240.00	450,756.81	689,369.20
EAGLE	ROFIN SINAR TECHNOLOGIES INC COM	USA	8,265.00	390,153.79	580,285.65
EAGLE	SALARY COM INC COM	USA	28,080.00	352,688.10	328,816.80
EAGLE	SCHOOL SPECIALTY INC WI COM	USA	9,135.00	343,009.15	316,345.05
EAGLE	SILGAN HLDGS INC COM	USA	14,665.00	756,215.56	788,243.75
EAGLE	SIRONA DENTAL SYS INC COM STK	USA	16,830.00	594,456.54	600,326.10
EAGLE	SOTHEBYS HLDGS INC CL A (DE)	USA	12,060.00	506,217.87	576,347.40
EAGLE	STANCORP FINL GROUP INC COM	USA	18,820.00	879,234.65	931,778.20
EAGLE	STERIS CORP COM	USA	29,525.00	858,905.09	806,918.25
EAGLE	TELEDYNE TECHNOLOGIES INC COM	USA	10,315.00	375,005.54	550,717.85
EAGLE	TENNECO INC	USA	19,520.00	587,145.80	605,315.20
EAGLE	THORATEC CORP	USA	12,765.00	252,391.84	264,107.85
EAGLE	TRAVELCENTERS AMER LLC COM STK	USA	7,005.00	282,411.50	228,363.00
EAGLE	TRIMBLE NAV LTD COM	USA	8,770.00	250,665.02	343,871.70
EAGLE	UAP HLDG CORP COM	USA	29,950.00	864,810.89	939,232.00
EAGLE	UTD AMER INDTY LTD COM	Cayman Is.	1,795.00	38,332.77	38,610.45
EAGLE	VAIL RESORTS INC COM	USA	9,360.00	382,799.31	583,034.40
EAGLE	VARIAN INC COM	USA	7,205.00	348,253.23	458,310.05
EAGLE	WASTE CONNECTIONS INC COM	USA	18,110.00	468,730.31	575,173.60
EAGLE	WATSON WYATT WORLDWIDE INC CL A	USA	11,220.00	540,673.12	504,226.80
EAGLE	W-H ENERGY SVCS INC COM	USA	3,520.00	238,785.58	259,600.00
EAGLE	WILEY JOHN & SONS INC CL A	USA	22,140.00	878,142.30	994,750.20
EAGLE	WIND RIV SYS INC COM	USA	24,955.00	254,785.66	293,720.35
EAGLE	WRIGHT EXPRESS CORP COM STK	USA	14,915.00	405,885.11	544,248.35

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2007

Account name	Asset description	Country	Shares/Par value	Book value	Market value
OESCHLE	ACCOR EUR3	France	12,670.00	480,793.54	1,121,840.57
OESCHLE	ADIDAS AG NPV	Germany	8,807.00	261,759.03	576,144.26
OESCHLE	ADR INFOSYS TECHNOLOGIES LTD SPONSORED ADR REPSTG 1 EQUITY SH	India	4,988.00	170,845.20	241,369.32
OESCHLE	ADR KOOKMIN BK NEW SPONSORED ADR KOOKMINBK ADRS	Korea	3,921.00	140,819.82	321,482.79
OESCHLE	ADR MELCO PBL ENTMT MACAU LTD ADR ADR	Cayman Is.	23,165.00	494,734.29	382,222.50
OESCHLE	ADR TAIWAN SEMICONDUCTOR MFG CO LTD SPONSORED ADR	Taiwan	21,143.00	149,741.04	213,967.16
OESCHLE	AIR LIQUIDE(L') EUR5.5 (POST-SUBDIVISION)	France	4,484.00	366,574.50	598,537.77
OESCHLE	ARDEPRO CO LTD NPV	Japan	800.00	198,550.39	207,277.31
OESCHLE	ASSA ABLOY SER'B'NPV	Sweden	12,155.00	224,799.92	251,309.12
OESCHLE	BARCLAYS ORD GBP0.25	UK	51,104.00	660,855.53	620,015.13
OESCHLE	BAYER AG ORD NPV	Germany	16,171.00	888,018.29	1,283,725.36
OESCHLE	BCA POP DI MILANO EUR4.00	Italy	31,125.00	396,606.68	458,579.38
OESCHLE	BK OF YOKOHAMA NPV	Japan	97,000.00	748,069.69	668,791.03
OESCHLE	BRIDGESTONE CORP NPV	Japan	25,000.00	375,396.85	552,101.90
OESCHLE	CAPITA GROUP ORD GBP0.02066666	UK	43,443.00	371,211.58	640,802.21
OESCHLE	CARNIVAL PLC ORD USD1.66	UK	10,526.00	577,778.37	500,529.69
OESCHLE	CARPHONE WAREHOUSE ORD GBP0.001	UK	84,349.00	518,726.31	598,891.78
OESCHLE	CARREFOUR EUR2.50	France	8,026.00	337,216.81	560,778.47
OESCHLE	COSMOTE MOBILE TEL EUR0.47	Greece	8,272.00	259,974.92	283,513.00
OESCHLE	CRH ORD EUR0.32	Ireland	12,937.00	428,418.85	508,530.53
OESCHLE	DAIMLER AG ORD NPV(REGD)	Germany	10,197.00	929,036.13	1,024,397.52
OESCHLE	DENSO CORP NPV	Japan	14,800.00	324,141.32	557,179.50
OESCHLE	DENWAY MOTORS LTD HKD0.10	Hong Kong	878,000.00	328,841.86	509,712.76
OESCHLE	DIAGEO ORD GBX28.935185	UK	47,372.00	635,534.95	1,036,553.28
OESCHLE	ENI SPA EUR1	Italy	6,127.00	82,824.90	226,464.21
OESCHLE	ERICSSON(LM)TEL SER'B' NPV	Sweden	119,509.00	340,578.82	476,628.28
OESCHLE	FANUC LTD NPV	Japan	8,200.00	605,504.94	834,865.02
OESCHLE	FUJIFILM HOLDINGS CORP NPV	Japan	12,000.00	453,371.98	554,014.69
OESCHLE	HYUNDAI MOTOR CO KRW5000	Korea	3,740.00	358,543.98	302,011.69
OESCHLE	IMPERIAL TOBACCO ORD GBP0.10	UK	6,610.00	93,095.59	301,792.85
OESCHLE	INBEV NPV	Belgium	10,066.00	565,595.26	909,884.41
OESCHLE	IND & COM BK CHINA 'H'CNY1	China	609,000.00	242,497.93	427,236.39
OESCHLE	INDITEX EUR0.15	Spain	10,882.00	335,485.76	731,388.03
OESCHLE	JSR CORP NPV	Japan	16,000.00	332,539.26	391,601.10
OESCHLE	KASIKORNBANK PLC THB10 (ALIEN MKT)	Thailand	92,300.00	248,461.76	222,166.30
OESCHLE	KINGSPAN GROUP ORD EUR0.13	Ireland	14,757.00	216,163.91	322,565.08
OESCHLE	LLOYDS TSB GROUP ORD GBP0.25	UK	42,661.00	410,687.01	471,515.97
OESCHLE	LVMH MOET HENNESSY EUR0.30	France	10,069.00	764,928.88	1,203,851.17
OESCHLE	MARUBENI CORP NPV	Japan	76,000.00	413,908.90	696,465.68
OESCHLE	MERCK KGAA NPV	Germany	5,753.00	766,046.10	692,165.82
OESCHLE	MILLEA HOLDINGS IN NPV	Japan	13,200.00	361,947.01	530,226.49
OESCHLE	MITSUBISHI ESTATE NPV	Japan	39,000.00	455,633.19	1,115,593.62
OESCHLE	MITSUBISHI HVY IND NPV	Japan	136,000.00	557,281.44	888,023.30
OESCHLE	MITSUBISHI UFJ FIN NPV	Japan	57.00	507,750.20	500,543.41
OESCHLE	NATL BK OF GREECE EUR5(REGD)	Greece	9,642.00	371,322.11	612,942.96
OESCHLE	NESTLE SA CHF1(REGD)	Switzerland	2,690.00	882,962.95	1,204,305.77
OESCHLE	NEUF CEGETEL EUR0.16	France	16,067.00	475,590.49	701,256.81
OESCHLE	NOBEL BIOCARE AG CHF2.00(BR)	Switzerland	2,048.00	503,576.93	552,672.49
OESCHLE	NOVARTIS AG CHF0.50(REGD)	Switzerland	14,450.00	715,542.19	795,287.62
OESCHLE	NOVO-NORDISK AS DKK2 SER'B'	Denmark	14,895.00	809,358.47	1,793,191.64
OESCHLE	NTT DATA CORP NPV	Japan	88.00	315,557.31	391,740.21
OESCHLE	NUMICO (KON) NV EUR0.25	Netherlands	17,787.00	757,296.57	1,376,090.56
OESCHLE	ORIX CORP NPV	Japan	3,510.00	269,183.71	799,565.27
OESCHLE	OTE(HELLENIC TLCM) EUR2.39(CR)	Greece	15,696.00	510,451.48	580,373.73
OESCHLE	POTASH CORP SASK INC COM	Canada	7,245.00	208,831.09	765,796.50
OESCHLE	PTT PUBLIC COMPANY THB10(ALIEN MKT)	Thailand	41,800.00	156,941.23	409,768.05
OESCHLE	ROCHE HLDGS AG GENUSSCHEINE NPV	Switzerland	7,042.00	703,827.79	1,272,527.14
OESCHLE	ROYAL DUTCH SHELL 'B'ORD EUR0.07	UK	10,910.00	350,664.02	447,217.05
OESCHLE	SAIPEM EUR1	Italy	18,954.00	545,067.69	806,506.51
OESCHLE	SAMSUNG ELECTRONIC KRW5000	Korea	910.00	300,926.73	571,764.19
OESCHLE	SANOFI-AVENTIS EUR2	France	7,957.00	734,446.70	671,946.91
OESCHLE	SHIMAMURA CO NPV	Japan	2,100.00	176,251.82	196,278.75
OESCHLE	SIEMENS AG NPV(REGD)	Germany	10,076.00	828,566.21	1,381,658.45
OESCHLE	SINA CORPORATION COM STK USD0.133	Cayman Is.	3,500.00	90,931.74	167,475.00
OESCHLE	SMITHS GROUP ORD GBP0.375	UK	17,342.00	469,037.25	377,696.11
OESCHLE	SONY CORP NPV	Japan	14,077.00	716,430.99	681,727.51
OESCHLE	SPORTS DIRECT INTL ORD GBP0.10	UK	26,704.00	157,271.88	70,182.96
OESCHLE	SUEZ EUR2	France	11,297.00	653,141.12	663,526.99
OESCHLE	SWIRE PACIFIC 'A'HKD0.60	Hong Kong	59,500.00	345,462.37	721,859.65
OESCHLE	SYNEAR FOOD HOLD L HKD0.10	Bermuda	189,000.00	248,946.49	263,552.16
OESCHLE	T&D HOLDINGS INC NPV	Japan	8,600.00	462,466.66	528,644.09
OESCHLE	TELEFONICA SA EUR1	Spain	39,711.00	515,970.45	1,108,604.24
OESCHLE	TELENOR ASA ORD NOK6	Norway	27,703.00	328,920.09	551,786.44
OESCHLE	TOKYO GAS CO NPV	Japan	92,000.00	378,560.73	427,944.18
OESCHLE	TOKYU CORP NPV	Japan	71,000.00	396,447.05	462,983.09
OESCHLE	TOTAL EUR2.5	France	7,892.00	296,148.12	639,970.12
OESCHLE	UNICREDITO ITALIAN EUR0.50	Italy	66,654.00	513,662.73	568,751.92
OESCHLE	VEOLIA ENVIRONNEME EUR5	France	14,678.00	488,448.21	1,260,600.06
OESCHLE	VINCI EUR2.50 (POST SUBDIVISION)	France	7,010.00	499,352.81	546,218.39
OESCHLE	VODAFONE GROUP ORD USD0.11428571	UK	217,527.00	528,563.14	782,210.27

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2007

Account name	Asset description	Country	Shares/Par value	Book value	Market value
RCM	ABBOTT LAB COM	USA	33,400.00	1,636,231.41	1,790,908.00
RCM	ADOBE SYS INC COM	USA	51,700.00	2,112,727.70	2,257,222.00
RCM	ADR SHIRE PLC	UK	20,400.00	812,518.56	1,509,192.00
RCM	AIR PROD & CHEM INC COM	USA	23,650.00	1,779,621.99	2,312,024.00
RCM	ALLERGAN INC COM	USA	20,800.00	1,190,182.43	1,340,976.00
RCM	AMER EXPRESS CO COM	USA	26,900.00	1,651,906.29	1,597,053.00
RCM	APPLE INC	USA	24,400.00	1,044,049.24	3,746,376.00
RCM	AT&T INC COM	USA	83,300.00	2,264,566.12	3,524,423.00
RCM	BOEING CO COM	USA	21,950.00	1,707,320.61	2,304,530.50
RCM	CATERPILLAR INC COM	USA	18,300.00	1,476,764.62	1,435,269.00
RCM	CELGENE CORP COM	USA	19,100.00	1,127,762.70	1,362,021.00
RCM	CISCO SYS INC COM	USA	78,000.00	1,930,698.15	2,582,580.00
RCM	CITIGROUP INC COM	USA	31,500.00	1,241,942.89	1,470,105.00
RCM	COACH INC COM	USA	22,500.00	673,975.78	1,068,302.00
RCM	COGNIZANT TECHNOLOGY SOLUTIONS CORP CL ACL A	USA	14,600.00	1,155,420.25	1,164,642.00
RCM	COLGATE-PALMOLIVE CO COM	USA	30,200.00	1,768,409.53	2,153,864.00
RCM	COMCAST CORP NEW CL A CL A	USA	34,900.00	991,446.95	843,882.00
RCM	CVS CAREMARK CORP COM STK	USA	60,200.00	2,120,287.72	2,385,726.00
RCM	DEERE & CO COM	USA	15,800.00	1,852,363.67	2,345,036.00
RCM	DISNEY WALT CO COM	USA	57,100.00	1,324,513.23	1,963,669.00
RCM	EMC CORP COM	USA	117,600.00	1,765,777.60	2,446,080.00
RCM	EOG RESOURCES INC COM	USA	17,500.00	1,353,052.45	1,265,775.00
RCM	EXXON MOBIL CORP COM	USA	35,300.00	2,971,504.82	3,267,368.00
RCM	FRKLN RES INC COM	USA	17,500.00	982,251.35	2,231,250.00
RCM	GENENTECH INC COM STK	USA	13,300.00	1,062,372.27	1,037,666.00
RCM	GENERAL ELEC CO COM	USA	28,700.00	785,785.58	1,188,180.00
RCM	GILEAD SCI INC COM	USA	45,200.00	1,021,485.55	1,847,324.00
RCM	GOLDMAN SACHS GROUP INC COM	USA	7,100.00	1,595,731.50	1,538,854.00
RCM	GOOGLE INC CL A CL A	USA	6,050.00	2,028,373.82	3,431,983.50
RCM	HEWLETT PACKARD CO COM	USA	89,300.00	2,782,097.44	4,447,752.00
RCM	INTEL CORP COM	USA	108,900.00	2,254,595.99	2,816,153.80
RCM	INTERCONTINENTALEXCHANGE INC COM	USA	8,800.00	1,327,044.60	1,336,720.00
RCM	MERCK & CO INC COM	USA	61,000.00	3,134,042.11	3,153,090.00
RCM	MERRILL LYNCH & CO INC COM STK	USA	14,200.00	833,225.64	1,012,176.00
RCM	MICROSOFT CORP COM	USA	70,000.00	1,901,502.66	2,062,200.00
RCM	NEWS CORP CL A COM	USA	55,700.00	1,284,859.67	1,224,843.00
RCM	NORDSTROM INC COM	USA	21,900.00	1,039,918.25	1,026,891.00
RCM	NORTHERN TRUST CORP COM	USA	24,500.00	1,513,465.94	1,623,615.00
RCM	PENNEY J.C CO INC COM	USA	27,100.00	1,464,570.60	1,717,327.00
RCM	PEPSICO INC COM	USA	31,300.00	1,677,202.95	2,293,038.00
RCM	PRECISION CASTPARTS CORP COM	USA	10,100.00	1,211,889.52	1,494,598.00
RCM	PROCTER & GAMBLE CO COM	USA	17,500.00	863,569.29	1,230,950.00
RCM	RESEARCH IN MOTION LTD COM	Canada	17,480.00	1,294,266.09	1,722,654.00
RCM	SANDISK CORP COM	USA	21,600.00	1,074,272.47	1,190,160.00
RCM	SCHERING-PLOUGH CORP COM	USA	55,500.00	1,437,557.02	1,755,465.00
RCM	SCHLUMBERGER LTD COM STK	Netherlands Ant	31,500.00	2,456,707.36	3,307,500.00
RCM	ST JUDE MED INC COM	USA	32,700.00	1,234,759.76	1,441,089.00
RCM	STARBUCKS CORP COM	USA	62,500.00	1,871,744.16	1,637,500.00
RCM	STARWOOD HOTELS & RESORTS WORLDWIDE INC COM STK	USA	26,100.00	1,645,344.00	1,585,575.00
RCM	TEXAS INSTRS INC COM	USA	74,800.00	2,313,646.98	2,736,932.00
RCM	TEXTRON INC COM	USA	36,800.00	1,818,772.58	2,289,328.00
RCM	THERMO FISHER CORP	USA	20,900.00	1,106,103.05	1,206,348.00
RCM	TRANSOCEAN INC.	Cayman Is.	10,200.00	955,936.98	1,153,110.00
RCM	UNITED TECHNOLOGIES CORP COM	USA	15,800.00	790,683.74	1,271,584.00
RCM	US BANCORP	USA	35,200.00	1,062,245.73	1,145,056.00
RCM	VMWARE INC CL A COM CL A COM	USA	2,658.00	77,082.00	225,930.00
RCM	WEATHERFORD INTL LTD	Bermuda	24,400.00	1,110,896.76	1,639,192.00
RCM	XTO ENERGY INC COM	USA	27,400.00	1,547,358.18	1,694,416.00
RCM	ZIMMER HLDGS INC COM	USA	21,200.00	1,527,756.93	1,716,988.00
RCM	ZIONS BANCORP COM	USA	20,400.00	1,343,212.05	1,400,868.00
	TOTAL COMMON STOCK		**21,902,244.00**	**596,688,242.64**	**771,833,660.92**
	PREFERRED STOCK				
ALLIANCE BERNSTEIN	ADR PETROLEO BRASILEIRO SA PETROBRAS SPONSORED ADR NON VTG	Brazil	15,400.00	704,522.28	996,380.00
ALLIANCE BERNSTEIN	SAMSUNG ELECTRONIC PFD KRW5000	Korea	1,400.00	717,199.81	651,696.44
MORGAN STANLEY	PVTPL HOME OWNERSHIP FDG CORP PFD STEP DOWN	USA	1,425.00	1,429,884.65	213,060.30
	TOTAL PREFERRED STOCK		**18,225.00**	**2,851,606.74**	**1,861,136.74**
	RIGHTS/WARRANTS				
ALLIANCE BERNSTEIN	DEUTSCHE BK AG LDN C/W 24/01/17(UNITED MICR)	UK	1,556,300.00	896,790.35	915,104.40
ALLIANCE BERNSTEIN	FORTIS SUB RIGHTS 09/10/07	Belgium	21,200.00	0.00	112,156.44
BARROW HANLEY BOND	RAYTHEON CO WT EXP 06-16-2011	USA	459.00	7,224.66	12,677.58
	TOTAL RIGHTS/WARRANTS		**1,577,959.00**	**904,015.01**	**1,039,938.42**
	STOCK FUNDS				
BGI MID CAP INDEX	CF BGI MIDCAP EQUITY INDEX FUND	USA	1,409,221.35	14,058,979.35	31,763,093.88
BGI S&P INDEX	CF BGI ALPHA TILTS FD	USA	835,127.82	88,652,357.34	138,368,386.69
BGI SMALL CAP INDEX	CF BGI RUSSELL 1000 VALUE INDEX FD	USA	680,902.78	25,816,906.17	47,001,163.72
	TOTAL STOCK FUNDS		**2,925,251.95**	**128,528,242.86**	**217,132,644.29**
	TOTAL EQUITY		**26,423,679.95**	**728,972,107.25**	**991,867,380.37**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2007

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	CORPORATE ASSET BACKED SECURITIES				
BARROW HANLEY BOND	CHASE ISSUANCE TR 4.96 DUE 09-17-2012 BEO	USA	785,000.00	784,923.31	784,921.50
DODGE & COX	BURL NORTHN SANTA FE RY CO PASS THRU TR SER 1999-2 MTG 7.57 1-2-21 BEO SF 7-2-00	USA	809,302.02	882,177.63	908,263.47
DODGE & COX	PVTPL SLM STUD LN TR 2007-1 AST BACKED NT CL A-1 VAR RT DUE 04-25-2012 REG	USA	1,234,189.01	1,234,189.01	1,234,632.08
DODGE & COX	SLM STUDENT LN TR 2006-10 FLTG RATE NT CL A-1 07-25-2013 REG	USA	129,465.19	129,444.97	129,472.95
MORGAN STANLEY	ALLIANCE BANCORP TR SER 2007-OA1 CL A-1 FLT RT 07-25-2037 REG	UK	445,435.10	445,435.10	437,600.78
MORGAN STANLEY	AMERICA WEST AIRLS INC 2001-1 PASS THRU CTF CL G 7.1% DUE 10-02-2022 BEO	USA	224,223.80	224,223.80	242,018.20
MORGAN STANLEY	BEAR STEARNS ASSET BACKED SECS I TR 2005-AQ1 CL II-A-1 03-25-2035 REG	USA	62,161.93	62,232.47	62,011.68
MORGAN STANLEY	BEAR STEARNS ASSET BACKED SECS I TR SER 2004-BO1 CL IA1 FLT RT 01-25-2018 REG	USA	26,346.64	26,346.64	26,282.69
MORGAN STANLEY	CAP 1 MULTI-AST EXECUTION TR 5.65 DUE 07-15-2020 BEO	USA	275,000.00	274,905.68	274,905.67
MORGAN STANLEY	CITIBANK CR CARD ISSUANCE TR 5.65 DUE 09-20-2019 REG	USA	850,000.00	845,197.50	838,843.75
MORGAN STANLEY	CWABS INC SER 2005-16 CL 2AF1 FLT RT 07-25-2025 REG	USA	150,526.09	150,526.09	150,003.76
MORGAN STANLEY	DISCOVER CARD EXECUTION NT TR SER 2007-A1 CL A1 5.65 DUE 03-16-2020 BEO	USA	325,000.00	324,418.25	324,418.25
MORGAN STANLEY	LEHMAN XS TR SER 2006-16N 11-25-2046 REG	USA	100,000.00	86,000.00	88,947.60
MORGAN STANLEY	LUMINENT MTG TR 2006-4 SER 2006-4 CL-A1B 05-25-2046 REG	USA	330,626.56	330,626.56	323,265.82
MORGAN STANLEY	SPECIALTY UNDERWRITING & RESIDENTIAL FIN2004-BC2 CTF A-2 05-25-2035 REG	USA	29,932.48	29,960.86	27,709.63
MORGAN STANLEY	TERWIN MTG TR 2003-8HE ASSET BKD CTF CL A 12-25-2034 REG	USA	52,436.31	52,542.82	50,803.65
MUNDER	PARK PL SECS INC 2005-WCH1 ASSET BACKED CTF M-2 VAR 02-25-2035 REG	USA	200,000.00	185,093.75	193,968.80
MUNDER	USAA AUTO OWNER TR SERIES 2006-1 CLASS A-4 12-15-2011 REG	USA	500,000.00	496,015.63	499,998.50
MUNDER	WELLS FARGO MTG BACKED SECS 2004-N TR MTG PASS CL A-3 VAR 08-25-2034 REG	USA	194,695.28	194,816.98	193,528.27
	TOTAL CORPORATE ASSET BACKED SECURITIES		**6,724,340.41**	**6,759,077.05**	**6,791,597.05**

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	NON-GOVERNMENT BACKED CMOs				
BARROW HANLEY BOND	CMO BANC AMER MTG SECS INC 2004-8 CL 3-A-1 5.25% DUE 10-25-2019 REG	USA	1,082,208.91	1,082,547.12	1,062,426.13
BARROW HANLEY BOND	CMO BANC AMER MTG SECS INC 2005-D CL 2-A-4 VAR DUE 05-25-2035 REG	USA	755,000.00	747,332.03	749,249.92
BARROW HANLEY BOND	CMO BEAR STEARNS COML MTG SECS 2004-PWR5CL A-4 4.831 DUE 07-11-2042 REG	USA	740,000.00	744,038.99	721,010.86
BARROW HANLEY BOND	CMO BEAR STEARNS COML MTG SECS INC 2005-T20 CL A2 5.12% DUE 10-12-2042 REG	USA	590,000.00	593,222.58	590,707.41
BARROW HANLEY BOND	CMO BEAR STEARNS COML MTG SECS INC 2006-TOP22 CL A-2 5.46696 4-12-2038REG	USA	445,000.00	447,367.58	450,301.73
BARROW HANLEY BOND	CMO BEAR STEARNS COML MTG SECS TR 2006-PWR13 CL-A4 DUE 09-11-2041 REG	USA	705,000.00	708,850.01	705,305.97
BARROW HANLEY BOND	CMO CHASE MTG FIN TR SER 2006-A1 CL 2-A2FLT RT DUE 09-25-2036 BEO	USA	800,000.00	804,437.50	811,364.00
BARROW HANLEY BOND	CMO CHASE MTG FIN TR SER 2006-A1 CL 4A1 FLT RT DUE 09-25-2036 BEO	USA	900,290.17	901,837.53	900,573.76
BARROW HANLEY BOND	CMO CHASE MTG FIN TR SER 2007-A1 DUE 03-25-2037 REG	USA	810,000.00	807,563.67	815,370.30
BARROW HANLEY BOND	CMO CHL MTG PASS-THRU TR 2007-18 1-A-1 6DUE 09-25-2037 REG	USA	840,000.00	822,281.25	822,276.00
BARROW HANLEY BOND	CMO CITIGROUP COML MTG TR SER 2004-C2 CLA3 4.380000114444% DUE 10-15-2041 BEO	USA	715,000.00	718,551.41	696,130.43
BARROW HANLEY BOND	CMO GE COML MTG CORP SER 2003-C2 CL A2 4.17% DUE 07-10-2037 REG	USA	500,000.00	502,492.95	494,487.00
BARROW HANLEY BOND	CMO J P MORGAN CHASE COML MTG SECS CORP SER 2004-CBX CL A4 4.565 11-12-2039 REG	USA	370,000.00	371,847.78	362,544.50
BARROW HANLEY BOND	CMO J P MORGAN CHASE COML MTG SECS CORP SER 2005-LDP1 CL A-2 4.625 3-15-2046 REG	USA	725,000.00	728,598.90	717,808.00
BARROW HANLEY BOND	CMO PRIME MTG TR 2005-2 MTG PASSTHRU CTFI-A-3 5.25% DUE 07-25-2020 REG	USA	978,383.23	981,440.68	963,402.22
BARROW HANLEY BOND	CMO WELLS FARGO MTG BACKED SECS 2006-11 TR CL A-8 6% DUE 09-25-2036 BEO	USA	658,485.87	657,251.20	649,637.79
BARROW HANLEY BOND	CMO WELLS FARGO MTG BACKED SECS 2007-7 TR CL A-1 6 DUE 06-25-2037 BEO	USA	818,310.79	799,643.08	807,315.14
MORGAN STANLEY	CMO AMERN HOME MTG INVT TR 2005-4 MTG BKD NT CL I-M-2 DUE 11-25-2045 REG	USA	150,000.00	126,000.00	126,698.10
MORGAN STANLEY	CMO AMERN HOME MTG INVT TR SER 2006-1 CLI-M-1 ADJ RATE DUE 03-25-2046 BEO	USA	200,000.00	172,000.00	181,462.00
MORGAN STANLEY	CMO BANC AMER COML MTG TR 2007-2 CL A4 5.6884 DUE 04-10-2049 BEO	USA	325,000.00	327,056.64	327,898.35
MORGAN STANLEY	CMO BANC AMER FDG CORP 2005-F MTG PASSTHRU CTF CL 1-A-2 DUE 09-20-2035 REG	USA	190,887.76	190,887.76	188,873.32
MORGAN STANLEY	CMO BEAR STEARNS COML MTG SECS 07-PWR16 MTG PTHRU CTF CL A-4 6-11-17 REG	USA	500,000.00	506,835.94	505,831.00
MORGAN STANLEY	CMO BEAR STEARNS COML MTG SECS TR 2007 5.694 DUE 06-11-2050	USA	250,000.00	250,283.20	251,359.85
MORGAN STANLEY	CMO CWALT ALTERNATIVE LN TR SER 2006-OA16 CL A-3 DUE 10-25-2046 REG	USA	499,838.41	499,838.41	484,841.75
MORGAN STANLEY	CMO CWALT INC 2005-51 MTG PASSTHRU CTF CL 1-A-2A DUE 11-20-2035 REG	USA	85,599.89	85,599.89	85,252.52
MORGAN STANLEY	CMO CWALT INC 2005-58 MTG PASSTHRU CTF CL A-2 FLTG DUE 12-20-2035 REG	USA	419,715.76	420,961.67	408,518.58
MORGAN STANLEY	CMO CWALT INC 2005-59 MTG PASSTHRU CTF CL 1-A-2B DUE 11-20-2035 REG	USA	88,800.45	88,800.45	88,393.03
MORGAN STANLEY	CMO CWMBS INC 2006-OA1 MTG PASSTHRU CTF CL 2-A-2 DUE 03-20-2046 REG	USA	239,695.32	239,695.32	234,270.29
MORGAN STANLEY	CMO GREENPOINT MTG FDG TR 2006-AR2 CL II-A-2 DUE 03-25-2036 REG	USA	302,799.78	302,799.78	297,465.05
MORGAN STANLEY	CMO GS MTG SECS TR 2007 GG10 DUE 08-10-2045 REG	USA	450,000.00	447,205.08	457,656.75
MORGAN STANLEY	CMO HARBORVIEW MTG LN TR 2005-10 CL 2-A1B DUE 11-19-2035 REG	USA	164,404.67	164,404.67	160,081.15
MORGAN STANLEY	CMO HARBORVIEW MTG LN TR 2005-5 MTG PASSTHRU CTF CL 2-A1B DUE 07-19-2045 REG	USA	72,910.76	72,699.99	71,804.99
MORGAN STANLEY	CMO HARBORVIEW MTG LN TR 2006-1 CTF CL PO-1 0 DUE 02-19-2045 REG	USA	835.06	835.06	651.43
MORGAN STANLEY	CMO HARBORVIEW MTG LN TR 2006-9 HVMLT 2006-9 2A-1B2 5.6% DUE 11-19-2036 BEO	USA	460,318.75	460,318.75	448,234.00
MORGAN STANLEY	CMO HARBORVIEW MTG LN TR 2006-SBMC1 DUE 12-19-2036 REG	USA	200,000.00	165,750.00	183,482.00
MORGAN STANLEY	CMO MERRILL LYNCH MTG INVS INC 2005-A6 2-A-1 DUE 08-25-2035 REG	USA	20,954.57	20,954.57	20,986.25
MORGAN STANLEY	CMO NOVASTAR MTG FDG TR SER 2006-MTA1 CL2A1B FLT RT DUE 06-25-2036 BEO	USA	307,239.61	307,239.61	300,791.88
MORGAN STANLEY	CMO RALI SER 2006-QO5 TR CLASS-2A2 DUE 04-25-2046 BEO	USA	462,820.20	462,820.20	450,670.70
MORGAN STANLEY	CMO RALI SER 2007-QO4 TR DUE 06-25-2037 REG	USA	194,721.35	194,721.35	186,685.78
MORGAN STANLEY	CMO RALI SER 2007-QO4 TR MTG PASSTHRU CTF CL A-1 DUE 05-25-2047 REG	USA	219,061.51	219,061.51	214,421.78
MORGAN STANLEY	CMO RALI SER 2007-QO4 TR MTG PASSTHRU CTF CL A-2 DUE 05-25-2047 REG	USA	340,762.35	340,762.35	331,805.41
MORGAN STANLEY	CMO RESDNTL ACCREDIT LNS INC MTG PASS TH2006-Q01 CL 1A1 VAR DUE 12-31-2040 REG	USA	110,656.38	110,656.38	108,524.25
MORGAN STANLEY	CMO RESDNTL ACCREDIT LNS INC MTG PASS TH2006-Q01 CL 2A1 VAR DUE 12-31-2040 REG	USA	128,802.27	128,802.27	127,140.33
MORGAN STANLEY	CMO RESDNTL ACCREDIT LNS INC MTG PASS TH2005-QO3 CL A-2 10-25-2045 REG	USA	329,781.96	330,812.54	318,042.71
MORGAN STANLEY	CMO RESDNTL ACCREDIT LNS INC MTG PASS TH2005-QO5 M-2 DUE 01-25-2046 REG	USA	174,114.21	154,526.36	174,114.21
MORGAN STANLEY	CMO STRUCTURED AST MTG INVTS II TR 2006 AR CL II-A-2 FLTG DUE 08-25-2036 REG	USA	363,187.22	363,187.22	352,710.72
MORGAN STANLEY	CMO STRUCTURED AST MTG INVTS II TR 2006 AR6 CL I-A-2 FLT RT DUE 07-25-2036 REG	USA	176,115.03	176,115.03	171,338.61
MORGAN STANLEY	CMO STRUCTURED AST MTG INVTS II TR 2006 CL I-A-5 FLTG RATE 07-25-2036 REG	USA	211,338.02	201,035.29	205,738.61
MORGAN STANLEY	CMO WA MUT MTG PASSTHRU CTF CL 4A-1B VARDUE 07-25-2046REG	USA	261,817.59	246,763.08	250,581.16
MORGAN STANLEY	CMO WA MUT MTG PASS-THRU CTFS WMA CL CA-1C FLT RT DUE 10-25-2046 BEO	USA	208,149.28	196,701.07	197,805.51
MORGAN STANLEY	CMO WAMU MTG PASS THRU CTFS SER 2006-AR19 DUE 01-25-2047 REG	USA	221,289.70	208,012.32	215,030.78
MORGAN STANLEY	CMO WAMU MTG PASS THRU CTFS SER 2006 AR7CL 2A VAR RATE DUE 07-25-2046 REG	USA	405,438.79	405,438.79	399,645.07
MORGAN STANLEY	CMO WAMU MTG PASS-THROUGH CTFS 2005-AR11CL A-1B1 VAR DUE 08-25-2045 REG	USA	23,733.32	23,733.32	23,682.48
MORGAN STANLEY	CMO WAMU MTG PASS-THROUGH CTFS SER 2005-AR17 CL A1B1 DUE 12-25-2045 REG	USA	78,710.63	78,710.63	78,292.83
MORGAN STANLEY	CMO WAMU MTG PASS-THRU CTFS SER 2005-AR13 CL A-1B1 FLT RT 10-25-2045BEO	USA	51,141.20	51,141.20	51,014.67
MORGAN STANLEY	CMO WAMU MTG PASS-THRU CTFS SER 2005-AR15 CL A1B1 FLT RT 12-25-2045 BEO	USA	89,071.63	89,071.63	88,623.77
MORGAN STANLEY	CMO WAMU MTG PASS-THRU CTFS SER 2005-AR19 CL A1B1 FLT RT 12-26-2045REG	USA	33,631.49	33,631.49	33,566.78
MORGAN STANLEY	I/O CMO ALTERNATIVE LN TR 2007-OA3 MTG PASSTHRU CTF CL X-1 04-25-2047 REG	USA	3,932,395.00	177,032.01	167,755.97
MORGAN STANLEY	I/O CMO CWALT INC 2005-44 MTG PASSTHRU CTF CL A X VAR RATE DUE 10-25-2035 REG	USA	5,399,496.83	216,250.49	259,607.80
MORGAN STANLEY	I/O CMO CWALT INC SER 2005-81 CL XI 02-25-2036 REG	USA	1,395,443.54	94,504.52	76,888.93
MORGAN STANLEY	I/O CMO CWMBS INC 2006-0A1 MTG PASSTHRU CTF CL 2X DUE 03-20-2046 REG	USA	1,624,787.06	115,420.56	101,776.66
MORGAN STANLEY	I/O CMO GREENPOINT MTG FDG TR 2005-AR4 MTG PASSTHRU CTF CL X-1 10-25-2045 REG	USA	502,419.20	40,046.77	27,030.15
MORGAN STANLEY	I/O CMO GREENPOINT MTG FDG TR 2005-AR4 MTG PASSTHRU CTF CL X-4 10-25-2045 REG	USA	1,243,335.98	69,522.76	37,374.68
MORGAN STANLEY	I/O CMO HARBORVIEW MTG LN TR 2004-8 CL X.95998001099 DUE 11-19-2034 REG	USA	2,129,179.77	77,381.76	37,920.69
MORGAN STANLEY	I/O CMO HARBORVIEW MTG LN TR 2005-16 CL X-3 01-19-2036 REG	USA	2,153,533.58	138,186.57	47,829.88
MORGAN STANLEY	I/O CMO HARBORVIEW MTG LN TR 2005-16 MTGPASSTHRU CTF CL X-1 DUE 01-19-2036 REG	USA	885,105.60	53,133.09	30,660.05
MORGAN STANLEY	I/O CMO HARBORVIEW MTG LN TR 2006-1 MTG PASSTHRU CTF CL X-1 VAR DUE 2-19-45 REG	USA	1,560,976.13	101,697.81	67,246.85
MORGAN STANLEY	I/O CMO HARBORVIEW MTG LN TR 2006-5 MTG PASSTHRU CTF CL X-2 07-19-2047 REG	USA	2,343,805.10	125,692.94	77,111.18
MORGAN STANLEY	I/O CMO HARBORVIEW MTG LN TR SER 2005-2 CL X FLTG RT DUE 05-19-2035 REG	USA	1,446,452.19	77,917.05	37,723.47
MORGAN STANLEY	I/O CMO HARBORVIEW MTG LN TR SER 2005-3 CL X2 06-19-2035 BEO	USA	1,512,620.91	72,388.47	31,901.17
MORGAN STANLEY	I/O CMO INDYMAC MBS INC 2005-AR12 MTG PASSTHRU CTF CL A-X-2 07-25-2035 REG	USA	1,133,900.84	65,662.22	36,556.96
MORGAN STANLEY	I/O CMO WAMU MTG PASS-THROUGH CTFS 2004-AR10 CL X VAR 07-25-2044 REG	USA	1,150,660.35	42,477.96	21,103.11
MORGAN STANLEY	I/O CMO WAMU MTG PASS-THROUGH CTFS 2004-AR12 CL X VAR 10-25-2044 REG	USA	1,812,616.43	64,044.16	31,847.67
MORGAN STANLEY	I/O CMO WAMU MTG PASS-THROUGH CTFS 2004-AR8 CL X VAR 06-25-2044 REG	USA	613,361.31	24,775.77	11,604.79
MORGAN STANLEY	PVTPL CMO HARBORVIEW MTG LN TR 2006-5 CLPO-2 VAR RT DUE 07-19-2046 REG	USA	15.00	7.50	7.44
MORGAN STANLEY	PVTPL CMO WORLD FINL PPTYS TOWER B FIN CORP SER 1996 WFP-B 144A 6.91 09-01-2013	USA	228,882.40	228,349.31	236,029.48
MUNDER	CMO BANC AMER COML MTG INC 2000-1 MTG PASTHRU CTF CL A-1A 7.109 11-15-31 BEO	USA	112,525.46	118,626.47	113,296.37
MUNDER	CMO BEAR STEARNS ALT-A TR 2004-11 CL II-A-1 4.88541984558% DUE 11-25-2034 REG	USA	274,309.57	281,210.18	277,614.14
MUNDER	CMO BEAR STEARNS ARM TR SER 2005-10 CL A-2 DUE 10-25-2035 BEO	USA	750,000.00	735,585.94	736,597.50
MUNDER	CMO CHASE MTG FIN TR 2003-S5 MC MTG PASSTHRU CTF CL A-4 5.5 06-25-2018 REG	USA	269,498.57	274,688.57	264,868.31
MUNDER	CMO COML MTG AST TR 99-C1 A3 6.64 EXPECTED MAT 9-17-10 DUE 1-17-32 BEO	USA	535,026.40	551,885.66	545,233.09
MUNDER	CMO CWALT INC 2006-J2 MTG PASSTHRU CTF CL A-9 6 DUE 04-25-2036 REG	USA	787,344.01	784,391.48	795,518.21
MUNDER	CMO GE CAP COML MTG CORP 2002-1 COML MTGPASSTHRU CTF A-2 5.994 12-10-35 BEO	USA	325,248.41	326,860.78	330,173.97
MUNDER	CMO GS MTG SECS CORP II 2005-GG4 CL A-4A4.751% DUE 07-10-2039 REG	USA	1,000,000.01	961,171.88	954,366.01
MUNDER	CMO J P MORGAN MTG TR 2005-A3 MTG PASSTHRU CTF 6-A-1 DUE 06-25-2035 REG	USA	1,691,127.61	1,665,347.70	1,679,729.41
MUNDER	CMO MERRILL LYNCH MTG INVS INC MTG SER 1998-C3 CL A-3 5.88 12-15-2030 BEO	USA	605,004.17	615,402.50	607,968.69
MUNDER	CMO MORGAN STANLEY DWITTER CAP TR 2002 MTG P/THRU CTF CL A-2 5.98 DUE 1-15-39	USA	615,000.00	618,014.12	633,919.24
MUNDER	CMO MSDW CAP I TR 2002-HQ MTG PASSTHRU CTF CL A-3 6.51 04-15-34 BEO	USA	655,000.00	658,533.73	685,348.11
MUNDER	CMO THORNBURG MTG SECS TR 2004-1 CL II-1A VAR 2.65977 DUE 03-25-2044 REG	USA	45,203.80	45,100.15	45,624.15
MUNDER	CMO WACHOVIA BK COML MTG TR 2005-C20 MTGPASSTHRU CTF CL A-6 5.11 07-15-42 REG	USA	500,000.00	484,648.44	494,896.00
MUNDER	CMO WACHOVIA BK COML MTG TR COML MTG PASSTHR CL A-PB DUE 07-15-2045 BEO	USA	1,000,000.00	1,022,187.50	1,010,070.00
MUNDER	CMO WAMU MTG PASS THRU CTFS SER 2006 AR8CL 1-A2 VAR RATE DUE 08-25-2046 REG	USA	1,200,000.00	1,211,484.38	1,203,568.80
MUNDER	DLJ COML MTG CORP SER 1998-CF1 CL A1B 6.41 CTF DUE 02-15-2008 BEO	USA	90,258.00	90,427.24	90,165.84
	TOTAL NON-GOVERNMENT BACKED CMOs		62,970,557.12	33,515,231.54	32,931,034.48

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2007

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	CORPORATE BONDS				
BARROW HANLEY BOND	ABBOTT LABS NT 5.6% DUE 05-15-2011 BEO	USA	160,000.00	159,896.00	162,967.20
BARROW HANLEY BOND	ALCOA INC NT 5.9 DUE 02-01-2027 REG	USA	220,000.00	218,433.60	206,256.16
BARROW HANLEY BOND	AMERIPRISE FINL INC SR NT 5.35% DUE 11-15-2010/11-23-2005 REG	USA	550,000.00	550,029.90	553,615.70
BARROW HANLEY BOND	AMERN GEN FIN CORP MEDIUM TERM SR NTS # TR 00394 4 DUE 03-15-2011	USA	635,000.00	599,471.75	604,904.17
BARROW HANLEY BOND	AMGEN INC SR NT 4% DUE 11-18-2009/11-18-2004 REG	USA	310,000.00	309,389.30	303,026.24
BARROW HANLEY BOND	APACHE CORP APACHE CORP 5.2500000 20130415 20070416 5.25% DUE 04-15-2013	USA	575,000.00	570,271.45	571,794.37
BARROW HANLEY BOND	ASTRAZENECA PLC 5.4 DUE 09-15-2012 BEO	UK	505,000.00	504,036.45	508,970.31
BARROW HANLEY BOND	ASTRAZENECA PLC ASTRAZENECA PLC 6.45 9 15 37 6.45 DUE 09-15-2037 BEO	UK	390,000.00	388,354.20	404,377.74
BARROW HANLEY BOND	AT&T WIRLESS SERVICES GROUP SR NT 8.75% DUE 03-01-2031 BEO	USA	300,000.00	310,398.60	379,814.40
BARROW HANLEY BOND	BANK AMER CORP BK AM 5.375 11 5.375% DUE08-15-2011 BEO	USA	295,000.00	293,876.09	297,121.05
BARROW HANLEY BOND	BANK ONE CORP BANK ONE CORP 5.9% DUE 11-15-2011 BEO	USA	620,000.00	648,938.20	631,233.16
BARROW HANLEY BOND	BK AMER CORP 5.375 DUE 06-15-2014 BEO	USA	355,000.00	346,799.50	351,059.50
BARROW HANLEY BOND	CDN NAT RES LTD NT 5.7 DUE 05-15-2017 REG	Canada	240,000.00	239,340.00	234,282.48
BARROW HANLEY BOND	CISCO SYS INC SR NT 5.5% DUE 02-22-2016 REG	USA	455,000.00	452,920.65	451,957.87
BARROW HANLEY BOND	COLUMBUS SOUTHN PWR CO SR NT SER A 5.5% DUE 03-01-2013/02-28-2013 BEO	USA	535,000.00	539,241.10	529,338.09
BARROW HANLEY BOND	COMCAST CORP NEW NT 5.3 DUE 01-15-2014/01-14-2014 BEO	USA	410,000.00	419,946.60	398,057.52
BARROW HANLEY BOND	COMCAST CORP NEW NT 5.875% DUE02-15-2018/11-17-2006 REG	USA	225,000.00	224,676.00	221,319.22
BARROW HANLEY BOND	COSTCO WHSL CORP CORP 5.500000 5.5 DUE 03-15-2017 BEO	USA	215,000.00	214,658.15	210,350.41
BARROW HANLEY BOND	CRH AMER INC 6 DUE 09-30-2016 BEO	USA	510,000.00	507,244.50	495,534.36
BARROW HANLEY BOND	DEERE JOHN CAP CORP MEDIUM TERM NTS BKTRANCHE # TR 00340 5.4 DUE 10-17-2011	USA	395,000.00	396,627.40	397,504.69
BARROW HANLEY BOND	DEUTSCHE TELEKOM INTL FIN B V GTD NT STEP UP 06-15-2010	Netherlands	290,000.00	350,372.20	310,642.49
BARROW HANLEY BOND	DOMINION RES INC VA NEW C CRP D 5.6% DUE11-15-2016 BEO	USA	225,000.00	224,982.00	218,288.70
BARROW HANLEY BOND	EOG RES INC SR NT 5.875 DUE 09-15-2017 REG	USA	195,000.00	194,865.45	194,934.48
BARROW HANLEY BOND	EQTY RESDNTL PPTY 5.125 3 15 16 5.125 DUE 03-15-2016 BEO	USA	550,000.00	534,288.10	509,729.00
BARROW HANLEY BOND	FEDEX CORP FDX 5.5 DUE 08-15-2009 BEO	USA	445,000.00	443,883.05	449,975.10
BARROW HANLEY BOND	FPL GROUP CAP INC NT 5.625% DUE 09-01-2011/08-18-2006 BEO	USA	655,000.00	657,469.00	663,387.27
BARROW HANLEY BOND	GEN ELEC CAP CORP MEDIUM TERM N 4.375 DUE 03-03-2012	USA	580,000.00	558,453.00	561,016.60
BARROW HANLEY BOND	GOLDMAN SACHS GROUP INC GSINC 6.75 10 0137 6.75 DUE 10-01-2037 BEO	USA	195,000.00	193,933.35	197,115.75
BARROW HANLEY BOND	HARTFORD FINL SVCS GROUP INC HARTFORD FINL 5.375 DUE 03-15-2017 BEO	USA	325,000.00	324,125.75	314,041.65
BARROW HANLEY BOND	HOSPIRA INC HOSPIRA INC NT 6.05% DUE 03-30-2017/03-29-2017	USA	220,000.00	219,652.40	216,420.60
BARROW HANLEY BOND	INTL LEASE FIN CORP- MEDIUM TER TRANCHE # TR 00577 5.75 DUE 06-15-2011	USA	275,000.00	277,662.00	277,521.75
BARROW HANLEY BOND	KRAFT FOODS INC KRAFT FOODS INC 6.5 DUE 08-11-2017 BEO	USA	340,000.00	338,007.60	351,203.34
BARROW HANLEY BOND	KRAFT FOODS INC NT 7% DUE 08-11-2037	USA	210,000.00	207,459.00	220,307.22
BARROW HANLEY BOND	LEHMAN BROS HLDGS INC MEDIUM TERM NT TRANCHE # TR 00861 6.2 DUE 09-26-2014	USA	75,000.00	74,937.00	75,297.07
BARROW HANLEY BOND	MARATHON OIL CORP 6.6 DUE 10-01-2037 BEO	USA	125,000.00	124,755.00	127,806.12
BARROW HANLEY BOND	MASCO CORP NT 6.125% DUE 10-03-2016/10-02-2016 REG	USA	225,000.00	223,854.75	219,617.10
BARROW HANLEY BOND	METLIFE INC NT 5% DUE 06-15-2015/06-23-2005 BEO	USA	340,000.00	340,249.35	324,145.12
BARROW HANLEY BOND	METLIFE INC SR NT 5.375 DUE 12-15-2012/12-14-2012 BEO	USA	405,000.00	403,031.70	408,544.96
BARROW HANLEY BOND	MIDAMERICAN ENERGY HLDGS CO NEW SR NT 5.875% DUE 10-01-2012/09-30-2012 BEO	USA	680,000.00	684,869.65	690,499.20
BARROW HANLEY BOND	NEXTEL COMMUNICATIONS INC SR SERIAL REO NT SER E 6.875 DUE 10-31-2013REG	USA	485,000.00	491,156.25	466,859.53
BARROW HANLEY BOND	PEPSICO INC NT 5.15% DUE 05-15-2012	USA	385,000.00	384,819.05	388,914.29
BARROW HANLEY BOND	PROLOGIS TR NT DTD 04/26/1999 7.1 DUE 04-15-2008 BEO	USA	355,000.00	371,578.50	356,192.80
BARROW HANLEY BOND	PRUDENTIAL FINL INC MEDIUM TERM NTS BOOKTRANCHE # TR 00005 5.1 09-20-2014	USA	290,000.00	288,721.10	279,560.29
BARROW HANLEY BOND	PSEG PWR LLC SR NT 6.95 DUE 06-01-2012/05-31-2012 BEO	USA	575,000.00	641,929.00	606,473.20
BARROW HANLEY BOND	PSI ENERGY INC BD 6.05% DUE 06-15-2016 BEO	USA	340,000.00	339,843.60	341,581.00
BARROW HANLEY BOND	PVTPL TIME WARNER CABLE INC TIME WARNER 5.85 5/1/17 5.85 DUE 05-01-2017 BEO	USA	390,000.00	389,099.10	379,181.12
BARROW HANLEY BOND	PVTPL TYCO ELECTRONICS GROUP S A GTD SR NT 144A 6.55 DUE 10-01-2017 BEO	Luxembourg	235,000.00	234,212.75	237,935.15
BARROW HANLEY BOND	PVTPL WEATHERFORD INTL INC NEW 5.95 DUE 06-15-2012 BEO	USA	290,000.00	289,434.50	295,675.30
BARROW HANLEY BOND	PVTPL XCEL ENERGY INC NT 144A 5.613 DUE 04-01-2017 BEO	USA	705,000.00	705,000.00	686,507.85
BARROW HANLEY BOND	SBC COMMUNICATIONS INC NT 5.1% DUE 09-15-2014/11-03-2004 BEO	USA	365,000.00	357,999.30	353,194.07
BARROW HANLEY BOND	SBC COMMUNICATIONS INC NT 5.625% DUE 06-15-2016/08-16-2004 BEO	USA	330,000.00	327,538.20	327,197.64
BARROW HANLEY BOND	SCHERING PLOUGH CORP SR NT STEP UP 12-01-2033 11-26-2003	USA	315,000.00	339,057.91	331,437.64
BARROW HANLEY BOND	SIMON PPTY GROUP L P NT 5.75% DUE 12-01-2015 BEO	USA	285,000.00	289,397.55	278,456.11
BARROW HANLEY BOND	SOUTHN PWR CO SR NT 6.25 DUE 07-15-2012/07-14-2012 BEO	USA	445,000.00	467,138.75	457,564.13
BARROW HANLEY BOND	STARBUCKS CORP 6.25 DUE 08-15-2017	USA	210,000.00	209,603.10	211,832.25
BARROW HANLEY BOND	TELECOM ITALIA CAP GTD SR NT SER A 4 DUE11-15-2008 REG	Luxembourg	425,000.00	413,903.25	419,020.25
BARROW HANLEY BOND	TELEFONICA EMISIONES S A U SR NT 5.984% DUE 06-20-2011 REG	Spain	270,000.00	270,000.00	274,698.81
BARROW HANLEY BOND	UN PAC CORP NT 3.875 DUE 02-15-2009/02-14-2009 BEO	USA	555,000.00	537,650.70	543,584.76
BARROW HANLEY BOND	VA ELEC & PWR CO SR NT 2007 SER A 6 DUE 05-15-2037 BEO	USA	205,000.00	204,434.20	196,035.96
BARROW HANLEY BOND	WA MUT FIN CORP SR NT 6.875 DUE 05-15-2011 BEO	USA	350,000.00	377,486.50	368,624.80
BARROW HANLEY BOND	WACHOVIA CORP GLOBAL MEDIUM TERM SR NTS TRANCHE # SR 00025 5.7 DUE 08-01-2013	USA	410,000.00	409,424.20	414,071.30
BARROW HANLEY BOND	WAL-MART STORES INC 4.55 DUE 05-01-2013 BEO	USA	460,000.00	444,245.00	443,325.00
BARROW HANLEY BOND	WEYERHAEUSER CO NT DTD 10/22/2001 5.95% DUE 11-01-2008/10-31-2008 BEO	USA	255,000.00	262,886.25	256,276.02
BARROW HANLEY BOND	WILLIS N AMER INC GTD SR NT 6.2 DUE 03-28-2017 BEO	USA	220,000.00	219,562.20	218,289.28
BARROW HANLEY BOND	WYETH WYE 5.50 02/01/2014 5.5 DUE 02-01-2014/12-16-2003 BEO	USA	560,000.00	567,726.28	556,866.24

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2007

Account name	Asset description	Country	Shares/Par value	Book value	Market value
DODGE & COX	AEGON N V NT 4.75 DUE 06-01-2013 REG	Netherlands	925,000.00	891,432.65	885,739.30
DODGE & COX	AOL TIME WARNER INC 7.625% DUE04-15-2031/04-14-2031 BEO	USA	675,000.00	706,677.75	734,187.37
DODGE & COX	AOL TIME WARNER INC DEB DTD 04/08/2002 7.7 DUE 05-01-2032 BEO	USA	1,425,000.00	1,538,107.00	1,564,669.95
DODGE & COX	AT&T CORP USD SR NT VAR RATE DUE 11-15-2031/11-14-2031 BEO	USA	1,125,000.00	1,401,068.00	1,368,795.37
DODGE & COX	BK 1 CORP NT 6 DUE 08-01-2008 BEO	USA	750,000.00	763,537.50	753,982.50
DODGE & COX	BK AMER N A CHARLOTTE N C MEDIUM TERM TRANCHE # TR 00229 5.3 DUE 03-15-2017	USA	650,000.00	649,395.50	630,505.85
DODGE & COX	BRISTOL MYERS SQUIBB CO BRISTOL MYER SQB5.875% DUE 11-15-2036 BEO	USA	875,000.00	873,538.75	834,552.25
DODGE & COX	BSTN PPTYS LTD PARTNERSHIP SR NT 5.625 DUE 04-15-2015/04-14-2015 BEO	USA	500,000.00	499,490.00	484,481.00
DODGE & COX	BSTN PPTYS LTD PARTNERSHIP SR NT 6.25 DUE 01-15-2013/01-14-2013 BEO	USA	400,000.00	400,696.00	406,230.80
DODGE & COX	CANADIAN NATL RY CO PUTTABLE RESET SECS PURS DUE 07-15-2036/07-15-2007 REG	Canada	450,000.00	481,401.00	468,423.00
DODGE & COX	CAP 1 FINL CORP 6.75 DUE 09-15-2017 BEO	USA	775,000.00	772,111.00	793,550.40
DODGE & COX	CARDINAL HEALTH INC NT 5.85% DUE 12-15-2017 REG	USA	425,000.00	424,311.50	419,190.25
DODGE & COX	CHUBB CORP CHUBB CORP 6.000 20370511 6 DUE 05-11-2037 BEO	USA	800,000.00	799,664.00	763,795.20
DODGE & COX	CIGNA CORP 7.875 DEB DUE 05-15-2027	USA	650,000.00	703,329.25	724,529.00
DODGE & COX	CIGNA CORP SR NT 7 DUE 01-15-2011/01-14-2011 BEO	USA	200,000.00	225,870.00	210,298.80
DODGE & COX	COMCAST CORP NEW BD 5.85% DUE 11-15-2015/11-14-2005 BEO	USA	250,000.00	249,980.00	247,930.50
DODGE & COX	COMCAST CORP NEW BD 6.3 DUE 11-15-2017 BEO	USA	75,000.00	74,913.75	76,232.55
DODGE & COX	COMCAST CORP NEW COMCAST CORPORATION 6.5% DUE 01-15-2017 BEO	USA	400,000.00	402,742.50	412,624.40
DODGE & COX	COMCAST CORP NEW GTD NT 5.9% DUE 03-15-2016/03-02-2006 REG	USA	225,000.00	224,689.50	223,825.50
DODGE & COX	COMCAST CORP NEW NT 5.3 DUE 01-15-2014/01-14-2014 BEO	USA	600,000.00	594,462.60	582,523.20
DODGE & COX	COX COMMUNICATIONS INC NEW BD 5.5 DUE 10-01-2015/09-22-2003 BEO	USA	100,000.00	94,778.00	96,492.40
DODGE & COX	COX COMMUNICATIONS INC NEW NT 5.45% DUE 12-15-2014/05-17-2005 BEO	USA	850,000.00	852,162.25	824,596.90
DODGE & COX	CSX TRANSN INC NT 9.75% DUE 06-15-2020 REG	USA	315,000.00	386,923.95	401,619.64
DODGE & COX	DOW CHEM CO 7.375 DUE 11-01-2029 BEO	USA	350,000.00	429,085.75	382,998.35
DODGE & COX	DOW CHEM CO NT DTD 08/29/2002 6% DUE 10-01-2012/09-30-2012 BEO	USA	400,000.00	431,132.00	410,022.80
DODGE & COX	FED EXPRESS CORP PASS THRU TR 6.72 DUE 01-15-2022 REG SF 07-15-2006	USA	684,086.81	704,677.83	716,922.97
DODGE & COX	FEDT DEPT STORES INC DEL SR DEB 6.9 DUE 04-01-2029 BEO	USA	100,000.00	92,905.00	94,047.60
DODGE & COX	GEN ELEC CO NT 5 DUE 02-01-2013 BEO	USA	800,000.00	826,688.00	793,012.80
DODGE & COX	HSBC HLDGS PLC NT 6.5% DUE 05-02-2036 BEO	UK	400,000.00	415,236.00	404,137.60
DODGE & COX	LAFARGE S A NT 6.5% DUE 07-15-2016 REG	France	400,000.00	399,183.00	405,850.00
DODGE & COX	LOCKHEED MARTIN CORP NT 6.15% DUE 09-01-2036/12-18-2006	USA	300,000.00	306,916.63	303,231.90
DODGE & COX	MAY DEPT STORES CO NT DTD 08/15/1995 7.625% DUE 08-15-2013 REG	USA	820,000.00	896,920.19	863,737.16
DODGE & COX	NORDSTROM INC SR DEB 6.95 DUE 03-15-2028REG	USA	750,000.00	714,536.37	784,370.25
DODGE & COX	NORFOLK SOUTHN RY CO VA NT 9.75 DUE 06-15-2020 REG	USA	435,000.00	534,323.55	570,251.50
DODGE & COX	PVTPL COX COMM INC NEW /TS/COXENTCOX COMM INC 5.875 DUE 12-01-2016	USA	250,000.00	250,300.75	245,728.75
DODGE & COX	PVTPL KAUPTHING BK HF MEDIUM TERM SUB BKB TRANCHE # 01 7.125 DUE 05-19-2016 BEO	Iceland	725,000.00	728,620.00	731,681.02
DODGE & COX	REPUBLIC N Y CORP SUB NT 9.7 DUE 02-01-2009 REG	USA	1,000,000.00	1,172,390.00	1,055,380.00
DODGE & COX	SAFECO CORP SR NT 7.25 DUE 09-01-2012 BEO	USA	250,000.00	290,188.30	268,430.75
DODGE & COX	ST PAUL TRAVELERS COS INC BD 5.5 DUE 12-01-2015 BEO	USA	325,000.00	311,477.25	317,421.00
DODGE & COX	TRAVELERS COS INC SR NT 5.75% DUE 12-15-2017/05-29-2007	USA	175,000.00	174,541.50	173,411.17
DODGE & COX	TRAVELERS PPTY CAS CORP NEW SR NT DTD 03/11/2003 5 DUE 3-15-13/3-14-13 BEO	USA	350,000.00	352,198.00	342,091.40
DODGE & COX	UN PAC RR CO 2002-1 PASS THRU TR MTG PASSTHRU CTF 2002-1 6.061 1-17-23 BEO	USA	1,301,608.03	1,301,608.03	1,351,043.10
DODGE & COX	UN PAC RR CO PASS THRU TR CTF SER 1998-C6.33 DUE 01-02-2020 BEO SF 01-02-2005	USA	347,769.08	344,225.77	368,743.03
DODGE & COX	WACHOVIA CORP NEW SR NT FLT RT DUE 04-23-2012 BEO	USA	900,000.00	900,000.00	892,237.50
DODGE & COX	WELLPOINT INC NT 5% DUE 12-15-2014/05-08-2005 REG	USA	225,000.00	211,101.75	214,190.32
DODGE & COX	WELLPOINT INC NT 5.25% DUE 01-15-2016 BEO	USA	900,000.00	877,382.75	860,313.60
DODGE & COX	WHIRLPOOL CORP SR NT 6.5% DUE 06-15-2016/06-19-2006 REG	USA	250,000.00	251,097.50	257,665.25
DODGE & COX	WYETH NT 5.5% DUE 02-15-2016/02-07-2006 REG	USA	400,000.00	400,372.00	391,844.00
DODGE & COX	WYETH WYE 5.50 02/01/2014 5.5 DUE 02-01-2014/12-16-2003 BEO	USA	675,000.00	676,586.25	671,222.70
DODGE & COX	XEROX CORP NT 6.875 DUE 08-15-2011/08-14-2011 BEO	USA	150,000.00	155,584.50	155,673.15
DODGE & COX	XEROX CORP SER NT 6.75% DUE 02-01-2017/08-18-2006 BEO	USA	850,000.00	894,735.50	870,014.95
DODGE & COX	XEROX CORP SR NT 6.4% DUE 03-15-2016 REG	USA	450,000.00	453,123.00	455,566.05

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2007

Account name	Asset description	Country	Shares/Par value	Book value	Market value
MORGAN STANLEY	AMERN GEN FIN CORP MEDIUM TERM SR NTS MTN 4.625 DUE 05-15-2009 REG	USA	100,000.00	99,715.00	99,134.20
MORGAN STANLEY	APPALACHIAN PWR CO BD 5.65 DUE08-15-2012 BEO	USA	45,000.00	44,919.00	45,306.22
MORGAN STANLEY	AZ PUB SVC CO NT 5.8 DUE 06-30-2014/06-29-2014 BEO	USA	135,000.00	135,830.10	133,660.80
MORGAN STANLEY	BK 1 CORP MEDIUM TERM SUB NTS BOOK ENTRYTRANCHE # SB 00001 6 DUE 02-17-2009	USA	275,000.00	248,482.02	278,682.52
MORGAN STANLEY	BK AMER CORP SR NT DTD 3.875 DUE 01-15-2008 BEO	USA	90,000.00	90,365.95	89,598.87
MORGAN STANLEY	CAROLINA PWR & LT CO 1ST MTG BD 5.125 DUE 09-15-2013/09-14-2013 REG	USA	125,000.00	125,231.60	122,403.12
MORGAN STANLEY	CENTERPOINT ENERGY RES CORP SR NT 7.875%DUE 04-01-2013 REG	USA	55,000.00	59,774.55	60,091.13
MORGAN STANLEY	CIT GROUP INC NT 4.75% DUE 08-15-2008 BEO	USA	100,000.00	99,909.00	98,548.90
MORGAN STANLEY	CITICORP MEDIUM TERM SUB NTS- BOOK ENTRYTRANCHE # SB 00195 6.375 DUE 11-15-2008	USA	265,000.00	267,933.24	269,095.31
MORGAN STANLEY	COMCAST CABLE COMMUNICATIONS INC COMCASTCABLE COMM 6.75 DUE 01-30-2011 BEO	USA	195,000.00	210,399.35	202,253.41
MORGAN STANLEY	CONAGRA INC CONAGRA INC BONDS 7.000 OCT 01 2028 7 DUE 10-01-2028 BEO	USA	45,000.00	48,234.00	47,239.56
MORGAN STANLEY	CONAGRA INC NT 8.25 DUE 09-15-2030 BEO	USA	65,000.00	79,828.55	76,805.49
MORGAN STANLEY	CONS NAT GAS CO SR NT SER C 6.25 DUE 11-01-2011 BEO	USA	50,000.00	52,449.34	51,411.05
MORGAN STANLEY	CONSUMERS ENERGY CO 1ST MTG BD SER H 4.8DUE 02-17-2009 REG	USA	100,000.00	101,262.35	99,523.10
MORGAN STANLEY	COOPER U S INC SR NT 5.25% DUE11-15-2012/04-19-2006 REG	USA	115,000.00	115,079.15	114,602.44
MORGAN STANLEY	CVS CAREMARK CORP SR NT 5.75 DUE 06-01-2017 REG	USA	110,000.00	107,711.10	107,365.61
MORGAN STANLEY	DAIMLERCHRYSLER NORTH AMER HLDG CORP NT 8.5% DUE 01-18-2031 BEO	USA	70,000.00	83,566.00	86,770.39
MORGAN STANLEY	DET EDISON CO 6.125 DUE 10-01-2010 BEO	USA	75,000.00	78,791.25	77,449.60
MORGAN STANLEY	ENTERGY GULF STS INC 1ST MTG BD 3.6% DUE06-01-2008/06-01-2006 REG	USA	30,000.00	28,820.70	29,532.39
MORGAN STANLEY	ENTERGY GULF STS INC 1ST MTG BD FLTG RATE DUE 12-01-2009/12-01-2006 REG	USA	75,000.00	74,821.50	74,379.22
MORGAN STANLEY	EQUITABLE COS INC SR NT 6.5 DUE 04-01-2008 REG	USA	60,000.00	61,441.20	60,332.76
MORGAN STANLEY	FEDEX CORP NT 7.25 DUE 02-15-2011 BEO	USA	60,000.00	67,047.00	64,260.66
MORGAN STANLEY	GEN ELEC CAP CORP MTN BO TRANCHE # TR 00521 5.875 DUE 02-15-2012BEO	USA	80,000.00	84,577.65	82,104.64
MORGAN STANLEY	GEN MLS INC BD DTD 11/20/2002 3.875 DUE 11-30-2007/11-29-2007 BEO	USA	85,000.00	83,554.65	84,776.96
MORGAN STANLEY	GENERAL ELEC CAP CORP MEDIUM TERM NTS BOOK ENTRY MTN 4.25% DUE 12-01-2010	USA	235,000.00	231,515.30	230,018.23
MORGAN STANLEY	GOLDMAN SACHS CAP II GTD FXD TO FLTG NMLPPS DUE 12-29-2049 REG	USA	145,000.00	144,951.37	137,206.10
MORGAN STANLEY	HOME DEPOT INC SR NT FLTG RATE VAR RT DUE 12-16-2009/06-16-2008	USA	185,000.00	184,686.70	182,594.44
MORGAN STANLEY	HOUSEHOLD FIN CORP NT 8% DUE 07-15-2010 BEO	USA	45,000.00	53,545.05	48,293.46
MORGAN STANLEY	HOUSEHOLD FIN CORP SR NT DTD 02/05/1999 5.875% DUE 02-01-2009 BEO	USA	85,000.00	91,721.15	85,650.84
MORGAN STANLEY	HSBC FIN CORP NT 6.75% DUE 05-15-2011 REG	USA	50,000.00	56,469.70	52,148.35
MORGAN STANLEY	HSEHD FIN CORP NT 6.375 DUE 10-15-2011 BEO	USA	110,000.00	117,220.20	113,599.75
MORGAN STANLEY	ICI WILMINGTON INC GTD NT 4.375% DUE 12-01-2008/11-30-2008 REG	USA	70,000.00	68,760.60	69,655.88
MORGAN STANLEY	ISTAR FINL INC SR NT FLTG VAR RT DUE 03-09-2010	USA	180,000.00	180,000.00	167,832.00
MORGAN STANLEY	MEYER FRED INC DEL NEW 7.45 SR NT DUE 03-01-2008	USA	115,000.00	119,061.55	115,918.39
MORGAN STANLEY	NISOURCE FIN CORP NT DUE 11-23-2009/11-23-2006 REG	USA	85,000.00	85,058.80	84,321.36
MORGAN STANLEY	OH PWR CO 6 DUE 06-01-2016 BEO	USA	115,000.00	114,681.45	115,535.90
MORGAN STANLEY	PLAINS ALL AMERN PIPELINE L P / PAA FIN CORP SR NT 6.7% DUE 05-15-2036 BEO	USA	115,000.00	114,481.95	115,134.43
MORGAN STANLEY	PVTPL AIG SUNAMERICA GLOBAL FING VI SR NT 144A 6.3 DUE 05-10-2011 BEO	USA	265,000.00	264,610.45	273,289.20
MORGAN STANLEY	PVTPL AMERN HONDA FIN CORP MEDIUM TERM NTS 3.85 DUE 11-06-2008 BEO	USA	110,000.00	109,910.90	108,328.11
MORGAN STANLEY	PVTPL CVS CORP PASSTHRU CTF 144A 6.036% DUE 12-10-2028/12-01-2006 BEO	USA	147,545.68	146,406.72	143,315.54
MORGAN STANLEY	PVTPL FARMERS INS EXCHANGE 8.625 SURP NT144A DUE 05-01-2024 REG	USA	395,000.00	467,917.00	452,780.60
MORGAN STANLEY	PVTPL HANCOCK JOHN GLOBAL FDG II BOOK ENTRY 144A 7.9 DUE 07-02-2010 BEO	USA	180,000.00	212,781.60	193,040.46
MORGAN STANLEY	SBC COMMUNICATIONS INC NT 6.15% DUE 09-15-2034/09-14-2034 BEO	USA	85,000.00	82,756.15	84,026.32
MORGAN STANLEY	SOVEREIGN BANCORP INC SR NT FLTG VAR RT DUE 03-23-2010	USA	240,000.00	240,000.00	239,994.24
MORGAN STANLEY	SOVEREIGN BK FSB WYOMISSING PA CTF DEP DTD 01-18-2005 4 02-01-2008	USA	100,000.00	99,905.00	99,505.00
MORGAN STANLEY	SPRINT CAP CORP NT 6.75% DUE 03-15-2032 BEO	USA	30,000.00	35,070.90	34,402.17
MORGAN STANLEY	TEXTRON FINL CORP MEDIUM TERM NTS BOOK ENTRY MTN 5.125% DUE 02-03-2011	USA	115,000.00	114,816.65	114,388.08
MORGAN STANLEY	TIME WARNER INC NEW NT DUE 11-13-2009 BEO	USA	240,000.00	240,158.10	237,179.28
MORGAN STANLEY	TRICON GLOBAL RESTAURANTS INC 6.875 DUE 04-15-2011 BEO	USA	100,000.00	111,709.30	111,568.10
MORGAN STANLEY	TX EASTN TRANSM CORP SR NT 2032 7 DUE 07-15-2032/07-14-2032 BEO	USA	65,000.00	74,374.95	68,635.12
MORGAN STANLEY	UNITEDHEALTH GROUP INC NT 4.125% DUE 08-15-2009/08-14-2009 BEO	USA	70,000.00	68,031.25	68,671.12
MORGAN STANLEY	UNITEDHEALTH GROUP INC UNITED HEALTHCAR DUE 03-02-2009 BEO	USA	95,000.00	95,000.00	94,999.81
MORGAN STANLEY	USB CAP IX NML INC TR SECS DUE04-15-2049 REG	USA	135,000.00	134,994.89	135,089.64
MORGAN STANLEY	VALERO ENERGY CORP NEW VLO 3.5000 01/04/09 3.5 DUE 04-01-2009 BEO	USA	90,000.00	86,778.00	86,203.42
MORGAN STANLEY	VERIZON NEW ENG INC VERIZON NEW ENG INC 6.5 DUE 09-15-2011 BEO	USA	100,000.00	104,981.73	103,621.70
MORGAN STANLEY	VIACOM INC SR NT 6.875% DUE 04-30-2036/10-18-2006	USA	115,000.00	113,096.05	114,520.91
MORGAN STANLEY	WA MUT INC SUB NT 8.25 DUE 04-01-2010 BEO	USA	175,000.00	192,897.40	184,615.72
MORGAN STANLEY	WACHOVIA CAP TR III FXD-FLTG RATE NML WACHOVIA 5.8 DUE 03-15-2042 REG	USA	395,000.00	390,651.87	392,349.94
MORGAN STANLEY	WAMU PFD FDG TR II FXD/FLTG PERP TR SECS2006-C 144A DUE 12-31-49/12-15-16 BEO	USA	100,000.00	99,665.00	86,180.60
MORGAN STANLEY	WELLPOINT INC NT 3.75% DUE 12-14-2007 REG	USA	50,000.00	49,960.00	49,818.10
MORGAN STANLEY	WELLPOINT INC NT 4.25% DUE 12-15-2009 REG	USA	50,000.00	49,897.00	49,252.35
MUNDER	ABBOTT LABS NT 5.6% DUE 05-15-2011 BEO	USA	700,000.00	709,135.00	712,981.50
MUNDER	ABBOTT LABS NT 5.875% DUE 05-15-2016 BEO	USA	500,000.00	518,270.00	504,501.00
MUNDER	ALLIED CAP CORP NEW SR NT 6.625% DUE 07-15-2011/07-14-2011 REG	USA	780,000.00	797,660.25	797,331.60
MUNDER	AMERENENERGY GENERATING CO SR NT SER F 7.95 DUE 06-01-2032 BEO	USA	700,000.00	870,135.00	805,910.00
MUNDER	ARCHER DANIELS MIDLAND CO NT DTD 02/08/2001 7 DUE 02-01-2031 BEO	USA	620,000.00	768,834.60	688,883.24
MUNDER	BECTON DICKINSON & CO SR DEB DTD 08/03/1998 6.7 DUE 08-01-2028 BEO	USA	750,000.00	881,430.00	780,892.50
MUNDER	CIT GROUP INC NEW SR NT 5.4% DUE 03-07-2013 BEO	USA	550,000.00	546,425.00	515,796.60
MUNDER	CLEV ELEC ILLUM CO SR NT 5.7 DUE 04-01-2017 REG	USA	600,000.00	599,046.00	583,774.80
MUNDER	COCA COLA ENTERPRISES 8.50 NT DUE 2-1-2022 REG	USA	535,000.00	652,507.40	660,515.81
MUNDER	CONOCO INC NT DTD 04/20/1999 6.95 DUE 04-15-2029/04-20-1999 BEO	USA	360,000.00	408,110.40	395,938.44
MUNDER	EQUITABLE COS INC SR NT 6.5 DUE 04-01-2008 REG	USA	820,000.00	878,400.40	824,547.72
MUNDER	FLEETBOSTON FINL CORP SR NT DTD 02/13/2003 3.85 DUE 02-15-2008 BEO	USA	800,000.00	811,552.00	796,158.40
MUNDER	GEN ELEC CAP CORP MEDIUM TERM NTS BOOK TRANCHE # TR 00443 7.375 1-19-10 BEO	USA	500,000.00	548,145.00	524,861.50
MUNDER	HSBC FIN CORP HSBC FIN CORP 5.5 1 19 16 5.5% DUE 01-19-2016/01-19-2006 BEO	USA	200,000.00	199,176.00	194,210.00
MUNDER	INDEPENDENCE CMNTY BK CORP VAR RT DUE 04-01-2014 BEO	USA	400,000.00	398,980.00	389,348.00
MUNDER	MORGAN STANLEY MTN 5.375 DUE 10-15-2015	USA	700,000.00	665,042.00	671,825.00
MUNDER	PEMEX FIN LTD NT 9.69 DUE 08-15-2009 BEO	Cayman Is.	200,000.00	237,000.00	208,000.00
MUNDER	PNC FDG CORP NT 5.625 DUE 02-01-2017 BEO	USA	300,000.00	300,066.00	293,205.90
MUNDER	POPULAR N AMER INC MEDIUM TERM NTS B TRANCHE # TR 00010 3.875 DUE 10-01-08	USA	700,000.00	688,884.00	687,331.40
MUNDER	POTASH CORP SASK INC NT 7.75 DUE 05-31-2011 BEO	Canada	500,000.00	537,745.00	537,845.50
MUNDER	PROCTER & GAMBLE PFT SHG TR & EMP STR OWN PLAN 9.36 DUE 01-01-2021 REG PUT SF	USA	951,580.00	1,112,305.80	1,184,326.95
MUNDER	PROTECTIVE LIFE SECD TRS SECD MEDIUM TERTRANCHE # TR 00001 3.7 DUE 11-24-2008	USA	1,250,000.00	1,236,443.50	1,214,626.87
MUNDER	PVTPL TIAA GLOBAL MKTS INC NT DTD 01/09/2003 3.875 DUE 01-22-2008 BEO	USA	1,000,000.00	1,030,180.00	995,127.00
MUNDER	RBS CAP TR I TR PFD SECS STEP UP 12-29-2049 12-30-2013	USA	1,000,000.00	950,460.00	932,570.00
MUNDER	REVE SPC 2006-MB1 CR LKD SR NT CL A 144ADUE 06-20-2013 BEO	Cayman Is.	500,000.00	500,000.00	500,000.00
MUNDER	SIMON PPTY GROUP L P NT 5.75 DUE 05-01-2012/05-15-2006 REG	USA	700,000.00	705,705.00	699,127.80
MUNDER	SOVEREIGN BK FSB WYOMISSING PA SUB FXD/FLTG RATE NT DUE 08-01-2013 BEO	USA	400,000.00	405,024.00	394,936.00
MUNDER	UBS PFD FDG TR I GTD TR PFD SECS DUE 10-29-2049 BEO	USA	750,000.00	922,065.00	814,547.25
	TOTAL CORPORATE BONDS		**77,502,589.60**	**80,088,671.18**	**79,003,474.84**
	CORPORATE BOND FUNDS				
SSGA FUND	SSGA PASSIVE BD MKT INDEX FD	USA	3,949,700.58	65,078,276.28	77,884,145.73
	TOTAL CORPORATE BOND FUNDS		**3,949,700.58**	**65,078,276.28**	**77,884,145.73**
	TOTAL CORPORATE BONDS		**151,147,187.71**	**185,441,256.05**	**196,610,252.10**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2007

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	U.S. GOVERNMENT AGENCIES				
BARROW HANLEY BOND	FHLB PREASSIGN 00121 5 10-16-2009/10-16-2008	USA	1,645,000.00	1,635,991.98	1,652,729.85
BARROW HANLEY BOND	FHLB PREASSIGN 00299 5.25 11-03-2009/11-03-2008	USA	410,000.00	409,918.00	413,202.10
BARROW HANLEY BOND	FHLMC DEB 5.875 03-21-2011	USA	615,000.00	655,824.30	642,725.43
BARROW HANLEY BOND	FHLMC DTD 02/24/2006 5.25 02-24-2011/02-24-2009	USA	2,065,000.00	2,056,017.25	2,086,381.01
BARROW HANLEY BOND	FHLMC TRANCHE # TR 00706 5.4 03-17-2021/03-17-2016	USA	1,570,000.00	1,557,675.50	1,579,812.50
BARROW HANLEY BOND	FNMA PREASSIGN 00310 5.125 01-02-2014	USA	540,000.00	535,572.00	545,242.86
DODGE & COX	FNMA 6 DUE 05-15-2011 REG	USA	250,000.00	258,875.00	262,492.25
DODGE & COX	NEW VY GENERATION V 2003-2 PASSTHRU CTF 4.92899990082% DUE 01-15-2021 BEO	USA	605,429.86	605,429.86	577,642.44
DODGE & COX	SBA GTD DEV PARTN CTF SER 2003-20-D PARTN CTF 4.76 DUE 04-01-23 REG	USA	735,868.56	735,868.56	723,380.87
DODGE & COX	SLMA NT CL A-2 FLTG RATE 5.36 07-25-2017	USA	850,000.00	845,484.38	850,347.65
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF 2007-20C PARTN CTF VAR RT 3-1-27 REG	USA	747,451.23	747,451.23	746,987.81
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF DEB SER 1997-20 C 7.15	USA	204,013.49	216,087.05	211,408.97
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF DEB SER 1999-20 F 6.8 DUE 06-01-2019 REG	USA	622,180.95	642,499.07	644,927.88
MORGAN STANLEY	FHLMC MTN 6.25 07-15-2032	USA	2,825,000.00	3,039,937.30	3,209,626.57
MORGAN STANLEY	FNMA SEMI ANNUAL 5.375 06-12-2017	USA	2,400,000.00	2,391,417.60	2,468,073.60
MUNDER	FED AGRIC MTG CORP MEDIUM TERM NTS F AGYFAMCA 4.25 DUE 07-29-2008 REG	USA	850,000.00	847,382.00	846,888.15
MUNDER	FFCB DTD 09/01/2000 7 09-01-2015	USA	1,250,000.00	1,334,717.50	1,420,312.50
MUNDER	FHLB FEDERAL HOME LOAN BANK 5.5 12-11-2013 BEO	USA	500,000.00	433,660.00	519,530.00
MUNDER	FHLB PREASSIGN 00011 5.5 01-28-2008	USA	1,000,000.00	1,005,350.00	1,001,704.00
MUNDER	FHLMC CONS BD 7.5 05-15-2020	USA	1,150,000.00	1,202,273.00	1,396,169.00
MUNDER	FHLMC PREASSIGN 00017 5 04-18-2017	USA	2,150,000.00	2,119,345.84	2,152,021.00
MUNDER	FHLMC TRANCHE # TR 00029 5.3 05-12-2020/05-12-2010	USA	1,000,000.00	987,230.00	978,150.00
MUNDER	FHLMC TRANCHE # TR 00116 4.75 12-08-2010/12-08-2005	USA	250,000.00	250,468.75	252,032.50
MUNDER	FNMA FANNIE MAE 5 05-11-2017	USA	1,970,000.00	1,965,967.32	1,971,601.61
	TOTAL U.S. GOVERNMENT AGENCIES		**26,204,944.09**	**26,478,443.49**	**27,153,390.55**

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	U.S. GOVERNMENT BONDS				
BARROW HANLEY BOND	U.S. TREAS NTS 4.75 DUE 08-15-2017 BEO	USA	2,745,000.00	2,773,093.68	2,781,887.31
BARROW HANLEY BOND	US TREAS BDS 00202 4.75 DUE 02-15-2037 REG	USA	1,895,000.00	1,880,719.28	1,868,795.94
BARROW HANLEY BOND	US TREAS NTS 4.125 DUE 08-31-2012 REG	USA	730,000.00	729,332.03	727,034.74
BARROW HANLEY BOND	US TSY 4.75 15MAY14	USA	6,425,000.00	6,485,603.72	6,569,562.50
BARROW HANLEY BOND	USA TREAS NTS DTD 00134 4.875%DUE 08-15-2009 REG	USA	1,445,000.00	1,451,528.84	1,468,255.83
DODGE & COX	US TREAS 5.625 NT DUE 05-15-2008	USA	5,000,000.00	5,446,875.00	5,044,530.00
DODGE & COX	USA TREAS NTS DTD 00034 3.125%DUE 09-15-2008 REG	USA	3,000,000.00	2,964,140.63	2,973,984.00
DODGE & COX	USA TREAS NTS DTD 01-15-2004 3.25% DUE 01-15-2009 REG	USA	2,500,000.00	2,500,742.19	2,478,320.00
MORGAN STANLEY	US TREAS NTS DTD 00154 4.625 DUE 02-29-2012 REG	USA	400,000.00	401,993.52	407,093.60
MORGAN STANLEY	US TSY 4.75 15MAY14	USA	15,700,000.00	15,454,500.67	16,053,250.00
MORGAN STANLEY	USA TREAS NTS DTD 00059 4% DUE06-15-2009 REG	USA	2,250,000.00	2,213,349.80	2,251,230.75
MORGAN STANLEY	USA TREAS NTS DTD 00137 4.625%DUE 08-31-2011 REG	USA	2,600,000.00	2,567,601.56	2,645,905.60
MORGAN STANLEY	USA TREAS NTS T-NT 5.125% DUE 06-30-2011 REG	USA	700,000.00	702,597.66	724,336.20
MUNDER	US TREAS 6.50 NT DUE 11-15-2026 REG	USA	750,000.00	897,949.22	898,828.50
MUNDER	US TREAS BD STRIPPED PRIN PMT STRIP 15/2/2019 USD 02-15-2019 REG	USA	2,500,000.00	1,281,042.50	1,441,625.00
MUNDER	US TREAS BDS USD1000 8.125 DUE08-15-2019 REG	USA	1,000,000.00	1,315,839.84	1,302,578.00
MUNDER	USA TREAS BD STRIPPED PRIN PMT08-15-2015 (UNDDATE) REG	USA	1,000,000.00	646,810.00	700,140.00
MUNDER	USA TREAS BDS 8% 11/15/2021 USD1000 8% DUE 11-15-2021/04-29-1999 REG	USA	465,000.00	618,858.69	613,291.29
MUNDER	USA TREAS BDS DTD 02/15/2000 6.25% DUE 05-15-2030 REG	USA	500,000.00	580,574.96	594,375.00
MUNDER	USA TREAS BDS DTD 02/15/2006 4.5% DUE 02-15-2036 REG	USA	500,000.00	463,417.97	474,023.50
MUNDER	USA TREAS NTS DTD 00109 4.5% DUE 11-15-2015 REG	USA	1,000,000.00	971,679.69	1,001,328.00
	TOTAL U.S. GOVERNMENT BONDS		**53,105,000.00**	**52,348,251.45**	**53,020,375.76**
	U.S. GOVERNMENT MORTGAGE BACKED				
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #18-3314 5.783 03-01-2037 BEO	USA	900,210.45	906,610.38	908,024.27
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #1G-1389 5.897 12-01-2036 BEO	USA	1,023,966.56	1,031,486.31	1,029,588.13
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #1G-1916 5.267 04-01-2037 BEO	USA	658,991.83	657,524.54	656,303.14
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #A6-3857 6% 08-01-2037 BEO	USA	765,827.78	761,280.68	768,731.45
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #E9-7381 5.5% 06-01-2018 BEO	USA	278,491.76	289,631.43	278,544.67
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #G0-2418 5.5% 11-01-2036 BEO	USA	833,517.90	801,609.76	816,280.75
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #G0-3111 5.5% 05-01-2037 BEO	USA	2,048,811.97	1,969,100.28	2,006,442.53
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #G1-8101 5.5% 02-01-2021 BEO	USA	97,216.19	96,957.97	96,943.98
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #G1-8181 5% 05-01-2022 BEO	USA	146,408.95	143,137.62	143,507.12
BARROW HANLEY BOND	FHLMC GOLD C00647 6.5 09-01-2028	USA	239,847.28	248,167.00	246,324.59
BARROW HANLEY BOND	FHLMC GOLD C26472 6.5 05-01-2029	USA	35,692.23	35,045.32	36,624.15
BARROW HANLEY BOND	FHLMC GOLD E90777 5.5 08-01-2017	USA	133,057.23	137,340.00	133,082.51
BARROW HANLEY BOND	FHLMC GOLD G11295 5.5 09-01-2017	USA	300,369.08	307,690.59	300,426.15
BARROW HANLEY BOND	FHLMC GOLD G1-2486 5 07-01-2021	USA	873,316.36	861,854.09	856,277.95
BARROW HANLEY BOND	FHLMC GOLD G1-8190 5.5 06-01-2022	USA	311,479.57	306,442.37	310,560.70
BARROW HANLEY BOND	FHLMC GOLD GROUP C00835 6.5 07-01-2029	USA	77,740.96	72,845.71	79,770.77
BARROW HANLEY BOND	FHLMC MULTICLASS SER 3329 CL WK 6 12-15-2031	USA	800,000.00	803,125.00	812,568.80
BARROW HANLEY BOND	FHLMC POOL #1B-3208 ADJ RT 01-01-2037	USA	1,273,010.53	1,283,353.75	1,282,659.95
BARROW HANLEY BOND	FNMA POOL #252211 6% DUE 01-01-2029	USA	359,296.87	372,489.82	362,415.56
BARROW HANLEY BOND	FNMA POOL #256101 5.5% 02-01-2036 BEO	USA	287,034.61	281,383.61	281,486.23
BARROW HANLEY BOND	FNMA POOL #256480 5.5% 11-01-2021 BEO	USA	886,253.44	881,822.17	884,330.27
BARROW HANLEY BOND	FNMA POOL #747844 5.5% DUE 12-01-2018 REG	USA	182,872.37	190,473.03	182,848.59
BARROW HANLEY BOND	FNMA POOL #849299 5.5% 01-01-2036 BEO	USA	829,014.37	812,304.56	812,989.52
BARROW HANLEY BOND	FNMA POOL #866593 5.5% 01-01-2036 BEO	USA	1,726,042.09	1,693,678.82	1,692,677.69
BARROW HANLEY BOND	FNMA POOL #888030 5.5% 12-01-2036 BEO	USA	1,009,614.04	973,173.28	989,088.58
BARROW HANLEY BOND	FNMA POOL #888236 5.5% 11-01-2036 BEO	USA	1,798,967.24	1,763,550.08	1,762,394.23
BARROW HANLEY BOND	FNMA POOL #902784 6 DUE 12-01-2036 REG	USA	2,393,659.94	2,424,702.71	2,397,657.35
BARROW HANLEY BOND	FNMA POOL #905058 6 DUE 11-01-2036 REG	USA	544,335.35	551,224.63	545,244.39
BARROW HANLEY BOND	FNMA POOL #912531 6 DUE 02-01-2037 REG	USA	29,014.80	29,046.54	29,058.32
BARROW HANLEY BOND	FNMA POOL #936595 5 DUE 05-01-2037 REG	USA	405,114.64	390,049.44	386,426.70
BARROW HANLEY BOND	FNMA POOL #999999 6.5% 06-01-2037 BEO	USA	2,089,083.89	2,098,223.64	2,127,205.49
DODGE & COX	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #1G-0558 4.965 06-01-2035 BEO	USA	1,384,239.83	1,368,991.60	1,376,584.98
DODGE & COX	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #1G-0959 5.724 05-01-2036 BEO	USA	998,243.09	996,059.44	1,008,281.42
DODGE & COX	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #1N-1433 5.272 02-01-2037 BEO	USA	1,301,557.82	1,298,303.93	1,299,647.13
DODGE & COX	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #1Q-0080 4.847 01-01-2036 BEO	USA	1,689,840.12	1,657,363.52	1,685,091.66
DODGE & COX	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #78-3015 4.782 02-01-2035 BEO	USA	954,136.97	941,763.01	939,319.22
DODGE & COX	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #E9-0593 6% 07-01-2017 BEO	USA	508,692.72	529,119.95	516,241.72
DODGE & COX	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #G01767 6.5% 12-01-2032 BEO	USA	737,742.94	753,017.11	756,018.30
DODGE & COX	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #G0-1976 6% 12-01-2033 BEO	USA	2,184,337.11	2,189,362.28	2,174,596.06
DODGE & COX	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #G1-1184 5.5% 09-01-2016 BEO	USA	980,677.54	1,007,493.00	981,565.05
DODGE & COX	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #G11185 5.5% 10-01-2016 BEO	USA	608,279.80	629,949.79	608,833.33
DODGE & COX	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #G11623 6% 03-01-2019 BEO	USA	462,249.91	485,579.12	469,169.79
DODGE & COX	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #G1-1707 6 DUE 03-01-2020 REG	USA	1,542,555.20	1,564,247.38	1,565,446.71
DODGE & COX	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #G30242 6.5% 10-01-2022 BEO	USA	591,454.46	619,640.98	607,630.14
DODGE & COX	FHLMC GOLD C00647 6.5 09-01-2028	USA	744,751.66	763,719.56	764,864.42
DODGE & COX	FHLMC GOLD E0-2359 6 07-01-2022	USA	1,188,576.13	1,194,890.44	1,203,861.21
DODGE & COX	FHLMC GOLD G11204 6 02-01-2015	USA	173,321.18	174,296.14	175,799.67
DODGE & COX	FHLMC MULTICLASS PREASSIGN 00890 6.5 09-25-2043	USA	878,175.64	919,065.71	901,541.25
DODGE & COX	FHLMC MULTICLASS SER 2541 CL MD 6 03-15-2032	USA	822,851.55	832,076.52	840,438.35
DODGE & COX	FNMA 08-25-2047	USA	1,476,154.00	1,490,313.45	1,490,310.31
DODGE & COX	FNMA POOL #252062 6.5% DUE 10-01-2013 REG	USA	395,007.17	407,783.22	405,834.31
DODGE & COX	FNMA POOL #252640 6.5% DUE 08-01-2014 REG	USA	167,021.73	173,011.06	171,630.36
DODGE & COX	FNMA POOL #256901 6.5% 09-01-2037 BEO	USA	902,849.06	910,184.71	912,554.68
DODGE & COX	FNMA POOL #323491 6.017% DUE 01-01-2009 REG	USA	757,977.84	773,373.30	761,077.96
DODGE & COX	FNMA POOL #323623 6% DUE 03-01-2014 REG	USA	222,627.00	229,062.35	225,944.14
DODGE & COX	FNMA POOL #323818 6.5% DUE 07-01-2014 REG	USA	359,208.55	372,089.58	369,055.53
DODGE & COX	FNMA POOL #433301 6.5% DUE 07-01-2013 REG	USA	231,138.25	238,289.11	237,473.74
DODGE & COX	FNMA POOL #460481 6.28% 08-01-2011 BEO	USA	375,000.00	392,285.16	387,067.50
DODGE & COX	FNMA POOL #512154 6% DUE 07-01-2014 REG	USA	489,388.29	458,495.67	496,753.58
DODGE & COX	FNMA POOL #535574 7.5% 11-01-2013 BEO	USA	348,177.78	370,972.56	357,174.69
DODGE & COX	FNMA POOL #545387 5.897% 01-01-2012 BEO	USA	117,544.67	128,091.56	120,260.42
DODGE & COX	FNMA POOL #545898 5.5% DUE 09-01-2017 REG	USA	1,086,421.34	1,106,791.75	1,087,307.86
DODGE & COX	FNMA POOL #545961 5.5% DUE 02-01-2014 REG	USA	307,047.72	317,986.32	307,547.28
DODGE & COX	FNMA POOL #555285 6% 03-01-2033 BEO	USA	464,969.80	466,568.14	467,705.68
DODGE & COX	FNMA POOL #555382 5.5% 08-01-2015 BEO	USA	767,924.32	804,040.81	769,173.73
DODGE & COX	FNMA POOL #725135 6% 05-01-2018 BEO	USA	456,169.62	479,049.41	463,276.74
DODGE & COX	FNMA POOL #725162 6% 02-01-2034 BEO	USA	1,410,466.93	1,420,388.29	1,417,589.78
DODGE & COX	FNMA POOL #725194 6% 12-01-2018 BEO	USA	273,313.03	287,277.64	277,571.24
DODGE & COX	FNMA POOL #725416 6% 01-01-2019 BEO	USA	1,073,635.53	1,130,672.43	1,090,362.77
DODGE & COX	FNMA POOL #725423 5.5% DUE 05-01-2034 REG	USA	2,087,406.10	2,023,642.35	2,050,427.70
DODGE & COX	FNMA POOL #725510 6.5% 07-01-2017 BEO	USA	490,357.57	516,944.17	503,799.74
DODGE & COX	FNMA POOL #726938 4.5% 08-01-2033 BEO	USA	1,856,327.21	1,706,950.90	1,725,957.35
DODGE & COX	FNMA POOL #735067 6% 01-01-2019 BEO	USA	1,804,993.70	1,893,551.21	1,833,115.50
DODGE & COX	FNMA POOL #735417 6.5% 03-01-2035 BEO	USA	1,159,861.77	1,192,935.97	1,187,889.83
DODGE & COX	FNMA POOL #745329 6% 07-01-2035 BEO	USA	1,002,112.67	1,012,603.56	1,008,009.10
DODGE & COX	FNMA POOL #773521 4.227% 09-01-2034 BEO	USA	192,145.69	186,426.35	191,912.80
DODGE & COX	FNMA POOL #841773 4.787% 09-01-2035 BEO	USA	1,771,612.86	1,737,287.86	1,758,644.65
DODGE & COX	FNMA POOL #888381 5.507% 04-01-2017 BEO	USA	299,202.70	305,490.83	298,960.34
DODGE & COX	FNMA POOL #888560 6 11-01-2035 BEO	USA	759,293.65	753,243.03	763,128.08
DODGE & COX	FNMA POOL #888673 6% 04-01-2035 BEO	USA	894,625.55	892,109.42	901,075.80
DODGE & COX	FNMA PREASSIGN 00276 7 03-25-2035	USA	807,668.24	828,112.48	839,783.55
DODGE & COX	FNMA REMIC SER 2003-W2 CL 1-A1 6.5 07-25-2032	USA	374,043.16	395,988.99	384,694.03
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF SER 2006-20A CL 1 5.21 DUE 1-1-26 REG	USA	647,267.63	647,267.63	645,801.56

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2007

Account name	Asset description	Country	Shares/Par value	Book value	Market value
MORGAN STANLEY	FHLMC GOLD C01369 7.5 04-01-2032	USA	694,150.52	730,268.07	724,130.88
MORGAN STANLEY	FHLMC GOLD C01371 7 06-01-2032	USA	470,322.48	483,605.44	487,595.07
MORGAN STANLEY	FHLMC GOLD C52115 7.5 05-01-2031	USA	28,803.65	29,681.26	30,104.13
MORGAN STANLEY	FHLMC GOLD C55607 6.5 08-01-2031	USA	2,595.13	2,614.90	2,659.41
MORGAN STANLEY	FHLMC GOLD C56693 6.5 08-01-2031	USA	111,935.15	112,787.79	114,707.78
MORGAN STANLEY	FHLMC GOLD G01433 6.5 07-01-2032	USA	892,233.50	928,201.76	913,477.58
MORGAN STANLEY	FHLMC GOLD POOL C24908 6.5 04-01-2029	USA	85,591.45	89,041.86	87,903.27
MORGAN STANLEY	FHLMC POOL #1B-7323 ADJ RT 01-01-2037	USA	539,850.92	544,321.56	543,871.73
MORGAN STANLEY	FHLMC POOL #1N-1434 ADJ RT 04-01-2037	USA	349,953.34	353,548.56	353,193.90
MORGAN STANLEY	FNMA POOL #252982 8% DUE 01-01-2030 REG	USA	10,625.63	11,004.16	11,252.33
MORGAN STANLEY	FNMA POOL #253517 8.5% DUE 11-01-2030 REG	USA	7,958.74	8,244.77	8,545.85
MORGAN STANLEY	FNMA POOL #330286 7 GTD MTG PASS THRU CTF DUE 11-01-2025 REG	USA	9,837.58	10,350.24	10,242.10
MORGAN STANLEY	FNMA POOL #446371 6.5% 09-01-2028 BEO	USA	11,976.14	12,574.01	12,303.20
MORGAN STANLEY	FNMA POOL #450809 6.5% DUE 11-01-2028 REG	USA	27,952.41	29,347.85	28,715.79
MORGAN STANLEY	FNMA POOL #510618 7% DUE 08-01-2029 REG	USA	95,607.36	100,837.25	99,828.39
MORGAN STANLEY	FNMA POOL #527756 8% DUE 02-01-2030 REG	USA	31,389.23	33,046.98	33,083.30
MORGAN STANLEY	FNMA POOL #528319 7% DUE 07-01-2015 REG	USA	25,401.30	26,623.75	26,267.48
MORGAN STANLEY	FNMA POOL #531119 7% DUE 02-01-2015 REG	USA	84,869.04	88,953.38	87,806.35
MORGAN STANLEY	FNMA POOL #535801 7% DUE 03-01-2016 REG	USA	11,306.18	11,850.28	11,691.72
MORGAN STANLEY	FNMA POOL #535951 8% DUE 03-01-2031 REG	USA	10,826.13	11,326.82	11,464.65
MORGAN STANLEY	FNMA POOL #544397 8.5% DUE 08-01-2030 REG	USA	6,441.92	6,673.42	6,917.14
MORGAN STANLEY	FNMA POOL #545369 7% DUE 09-01-2016 REG	USA	100,667.10	105,511.71	104,099.84
MORGAN STANLEY	FNMA POOL #546560 8.5% DUE 07-01-2030 REG	USA	23,585.71	24,433.31	25,325.62
MORGAN STANLEY	FNMA POOL #548965 8.5 DUE 07-01-2030 REG	USA	21,049.85	21,806.33	22,602.69
MORGAN STANLEY	FNMA POOL #557184 8% DUE 11-01-2030 REG	USA	13,447.83	14,099.22	14,173.60
MORGAN STANLEY	FNMA POOL #561232 8% DUE 05-01-2031 REG	USA	30,459.19	31,867.93	32,098.50
MORGAN STANLEY	FNMA POOL #562055 8.5% DUE 12-01-2030 REG	USA	17,414.25	18,040.08	18,698.89
MORGAN STANLEY	FNMA POOL #562119 8.5% DUE 12-01-2030 REG	USA	19,250.87	19,942.67	20,671.00
MORGAN STANLEY	FNMA POOL #568386 7% DUE 12-01-2015 REG	USA	237,434.52	248,861.08	245,652.12
MORGAN STANLEY	FNMA POOL #576022 8% DUE 12-01-2029 REG	USA	1,724.90	1,816.00	1,825.20
MORGAN STANLEY	FNMA POOL #576781 8% DUE 12-01-2028 REG	USA	1,216.31	1,280.55	1,287.46
MORGAN STANLEY	FNMA POOL #580370 7% DUE 05-01-2016 REG	USA	6,764.15	7,089.67	6,998.32
MORGAN STANLEY	FNMA POOL #593020 6.5% DUE 09-01-2031 REG	USA	19,120.79	19,141.70	19,599.38
MORGAN STANLEY	FNMA POOL #598209 6.5% DUE 08-01-2031 REG	USA	31,237.45	31,271.62	32,019.32
MORGAN STANLEY	FNMA POOL #607695 6.5% DUE 11-01-2031 REG	USA	76,256.51	80,069.34	78,165.21
MORGAN STANLEY	FNMA POOL #634232 7% 04-01-2032 BEO	USA	11,112.49	11,691.58	11,562.43
MORGAN STANLEY	FNMA POOL #661080 6.5% 09-01-2032 BEO	USA	14,649.88	15,381.25	15,003.96
MORGAN STANLEY	FNMA POOL #667021 6.5% 11-01-2032 BEO	USA	12,930.58	13,576.10	13,243.11
MORGAN STANLEY	FNMA POOL #745341 7.5% 09-01-2035 BEO	USA	428,659.31	450,628.11	448,665.26
MORGAN STANLEY	FNMA POOL #745428 5.5% 01-01-2036 BEO	USA	21,887.52	21,519.88	21,464.52
MORGAN STANLEY	FNMA POOL #745516 5.5% 05-01-2036 BEO	USA	22,646.89	22,266.49	22,209.21
MORGAN STANLEY	FNMA POOL #745586 5.5% 06-01-2036 BEO	USA	42,228.28	41,518.98	41,369.77
MORGAN STANLEY	FNMA POOL #745886 5.5% 04-01-2036 BEO	USA	13,948.65	13,714.36	13,679.07
MORGAN STANLEY	FNMA POOL #816231 5.5% 03-01-2035 BEO	USA	29,006.66	28,519.44	28,445.96
MORGAN STANLEY	FNMA POOL #822148 5.104% 11-01-2035 BEO	USA	362,379.67	361,601.12	359,208.12
MORGAN STANLEY	FNMA POOL #823754 7% 09-01-2031 BEO	USA	619,279.29	646,589.32	645,041.30
MORGAN STANLEY	FNMA POOL #830489 7% 06-01-2035 BEO	USA	736,341.74	768,719.27	759,720.59
MORGAN STANLEY	FNMA POOL #833575 7% 08-01-2035 BEO	USA	43,201.06	45,013.48	44,572.69
MORGAN STANLEY	FNMA POOL #836273 5.5% DUE 10-01-2035 REG	USA	841,245.29	827,115.00	824,984.01
MORGAN STANLEY	FNMA POOL #840606 5.5% 09-01-2035 BEO	USA	1,099,268.17	1,080,803.90	1,078,019.31
MORGAN STANLEY	FNMA POOL #842001 5.5% 10-01-2035 BEO	USA	323,133.52	317,705.89	316,887.34
MORGAN STANLEY	FNMA POOL #842315 7% 09-01-2031 BEO	USA	260,990.59	272,571.52	271,899.99
MORGAN STANLEY	FNMA POOL #845556 5.5% 01-01-2036 BEO	USA	46,614.55	45,831.57	45,713.49
MORGAN STANLEY	FNMA POOL #846874 5.5% 11-01-2035 BEO	USA	181,676.67	178,625.07	178,164.86
MORGAN STANLEY	FNMA POOL #863096 5.5% 11-01-2035 BEO	USA	65,806.87	64,701.52	64,534.82
MORGAN STANLEY	FNMA POOL #865187 5.5% 02-01-2036 BEO	USA	1,597,204.53	1,570,376.49	1,566,330.56
MORGAN STANLEY	FNMA POOL #867066 5.5% 02-01-2036 BEO	USA	308,820.48	303,633.26	302,850.98
MORGAN STANLEY	FNMA POOL #886034 7.475% 07-01-2036 BEO	USA	405,470.59	418,676.26	414,927.38
MORGAN STANLEY	FNMA POOL #886574 7.499% 08-01-2036 BEO	USA	368,650.84	379,924.01	377,439.10
MORGAN STANLEY	FNMA POOL #999999 5.978% 04-01-2037 BEO	USA	305,919.37	310,125.76	311,404.50
MORGAN STANLEY	FNMA POOL #999999 5.988% 04-01-2037 BEO	USA	356,139.02	360,980.28	362,659.92
MORGAN STANLEY	FNMA SINGLE FAMILY MORTGAGE 5.5% 30 YEARS SETTLES OCTOBER	USA	21,300,000.00	20,857,359.38	20,860,687.50
MORGAN STANLEY	GNMA POOL #404669 7.00 DUE 12-15-2025 REG	USA	10,784.37	10,700.12	11,315.93
MORGAN STANLEY	GNMA POOL #504549 SER 2029 7% DUE 09-15-2029 REG	USA	78,834.23	76,506.13	82,610.39
MORGAN STANLEY	GNMA POOL #583960 SER 2032 6.5% DUE 06-15-2032 REG	USA	113,489.03	114,499.60	116,261.56
MORGAN STANLEY	I/O FHLMC MULTICLASS #S1-0087 09-15-2030	USA	72,975.15	74,166.13	18,236.49
MORGAN STANLEY	I/O FHLMC MULTICLASS FHLMC #S1-0068 01-01-2028	USA	18,153.17	28,866.46	4,741.60
MORGAN STANLEY	I/O FHLMC MULTICLASS FHLMC #S1-0084 12-01-2029	USA	47,206.90	45,710.04	13,025.56
MORGAN STANLEY	I/O FHLMC MULTICLASS S1-0095 SERIES 215 06-01-2031	USA	5,592.66	9,716.28	1,433.27
MORGAN STANLEY	I/O FHLMC MULTICLASS SER 199 CL IO 6.5% 08-01-2028	USA	110,400.85	30,696.49	28,370.81
MORGAN STANLEY	I/O FHLMC MULTICLASS SER 2234 CL SC 10-15-2029	USA	19,507.73	18,617.81	626.74
MORGAN STANLEY	I/O FNMA 2005-68 CL-XI 08-25-2035	USA	356,965.20	58,657.77	118,254.00
MORGAN STANLEY	I/O FNMA REMIC SER 2003-82 CL WI 08-25-2032	USA	22,528.02	11,603.58	2,767.79
MORGAN STANLEY	I/O FNMA SER 2001-4 CL SA VAR RATE 02-17-2031	USA	176,982.93	31,414.43	10,238.46
MORGAN STANLEY	I/O FNMA SER 2003-25 CL IK 04-25-2033	USA	166,260.72	60,219.86	40,647.42
MORGAN STANLEY	I/O FNMA SMBS TR #000317 CL 2 08-01-2031	USA	179,898.78	145,239.29	46,185.41
MORGAN STANLEY	I/O FNMA SMBS TR 000267 CL 2 10-01-2024	USA	38,242.73	38,841.10	10,496.48
MORGAN STANLEY	I/O FNMA SMBS TR 000296 CL 2 04-01-2024	USA	26,490.96	7,544.54	6,624.59
MORGAN STANLEY	I/O FNMA SMBS TR 000303 CL 2 10-25-2029	USA	79,933.05	30,109.58	21,403.67
MORGAN STANLEY	I/O FNMA SMBS TR 000306 CL 2 05-01-2030	USA	37,700.04	97,031.38	9,703.19
MORGAN STANLEY	I/O FNMA SMBS TR 000307 CL 2 06-01-2030	USA	14,305.13	30,793.19	3,632.50
MORGAN STANLEY	I/O FNMA SMBS TR 000313 CL 2 06-01-2031	USA	135,627.53	44,924.32	35,519.49
MORGAN STANLEY	I/O FNMA SMBS TR 000320 CL 2 04-01-2032	USA	38,554.59	31,359.56	9,897.73
MORGAN STANLEY	I/O GNMA 2001-46 REMIC TR CL SA VAR RT 09-16-2031	USA	34,516.50	31,137.51	2,448.18
MORGAN STANLEY	I/O GNMA REMIC SER 2000-29 CL MX-S INV IO 09-20-2030	USA	36,357.95	35,374.89	2,315.52
MORGAN STANLEY	I/O GNMA REMIC TR 1999 27 CL SE INVERSE FLTG 08-16-2027	USA	106,639.55	44,486.68	11,450.84
MORGAN STANLEY	I/O GNMA REMIC TR 1999-30 CL SA INV INT ONLY 04-16-2029	USA	72,046.18	0.00	4,699.71

Account name	Asset description	Country	Shares/Par value	Book value	Market value
MUNDER	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #A4-3941 5.5% 03-01-2036 BEO	USA	1,280,300.29	1,254,294.21	1,253,823.68
MUNDER	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #A4-8131 6.5% 12-01-2035 BEO	USA	618,825.97	636,713.93	630,688.86
MUNDER	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #A6-3820 6% 08-01-2037 BEO	USA	2,386,845.76	2,357,383.14	2,389,662.23
MUNDER	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #A6-4477 6.5% 08-01-2037 BEO	USA	1,598,638.83	1,617,123.09	1,627,318.41
MUNDER	FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN POOL #M8-0996 5.5% 10-01-2012 BEO	USA	768,973.69	780,388.19	773,426.04
MUNDER	FHLMC CMO SER 1665 CL 1665-KZ 6.501-15-2024	USA	1,751,055.61	1,857,441.04	1,803,708.10
MUNDER	FHLMC GOLD C67999 7 06-01-2032	USA	9,810.48	10,231.26	10,170.77
MUNDER	FHLMC GOLD C68162 7 06-01-2032	USA	6,573.75	6,855.68	6,815.17
MUNDER	FHLMC GOLD GROUP C01095 7 11-01-2030	USA	30,578.49	30,177.17	31,799.18
MUNDER	FHLMC MULTICLASS PREASSIGN 00400 4.5 05-15-2032	USA	500,000.00	469,140.63	472,989.00
MUNDER	FHLMC MULTICLASS PREASSIGN 00883 4 10-15-2026	USA	1,108,201.42	1,095,475.88	1,093,577.59
MUNDER	FHLMC MULTICLASS SER 1673 CL H 6 11-15-2022	USA	74,346.19	79,759.53	74,428.56
MUNDER	FHLMC MULTICLASS SER 2123 CL PE 6 12-15-2027	USA	107,191.86	111,077.58	107,626.20
MUNDER	FHLMC MULTICLASS SER 2141 CL N 5.55 11-15-2027	USA	66,556.11	63,844.47	66,613.48
MUNDER	FHLMC MULTICLASS SER 2544 CL QB 5 09-15-2015	USA	269,338.42	277,081.93	269,216.94
MUNDER	FHLMC MULTICLASS SER 2578 CL PE 5 11-15-2016	USA	1,100,000.00	1,111,343.75	1,100,820.60
MUNDER	FHLMC MULTICLASS SER 2780 CL LC 5 07-15-2027	USA	500,000.00	509,511.72	500,549.00
MUNDER	FHLMC MULTICLASS SER 2780 CL MD 5 09-15-2031	USA	1,000,000.00	925,937.50	953,671.00
MUNDER	FHLMC MULTICLASS SER 3075 CL WP 5.5 04-15-2026	USA	1,000,000.00	1,003,750.00	1,007,120.00
MUNDER	FHLMC MULTICLASS SER 4 10-15-2020	USA	750,000.00	752,929.69	742,785.50
MUNDER	FNMA POOL #255217 4.5% 04-01-2024 BEO	USA	1,242,248.80	1,220,509.45	1,178,074.22
MUNDER	FNMA POOL #323406 5.953% DUE 11-01-2008 REG	USA	219,269.40	239,868.76	219,789.06
MUNDER	FNMA POOL #386314 3.79% 07-01-2013 BEO	USA	671,846.40	647,177.03	626,234.74
MUNDER	FNMA POOL #450601 6% DUE 12-01-2028 REG	USA	138,878.11	126,075.29	140,083.57
MUNDER	FNMA POOL #508855 8% DUE 08-01-2029 REG	USA	53,549.85	53,750.67	56,708.22
MUNDER	FNMA POOL #684968 5% 09-01-2033 BEO	USA	680,525.27	654,899.27	651,446.42
MUNDER	FNMA POOL #723640 5.144% 06-01-2033 BEO	USA	66,411.49	66,914.77	67,667.99
MUNDER	FNMA POOL #745275 5% DUE 02-01-2036 REG	USA	877,989.77	845,339.54	838,865.66
MUNDER	FNMA POOL #757571 5.5% 01-01-2034 BEO	USA	559,924.08	567,972.98	550,007.82
MUNDER	FNMA POOL #787413 5.5% DUE 01-01-2034 REG	USA	624,596.69	638,308.57	613,037.90
MUNDER	FNMA POOL #788908 6% 08-01-2034 BEO	USA	588,624.90	609,778.61	590,779.85
MUNDER	FNMA POOL #878104 5.5% 04-01-2036 BEO	USA	871,307.17	854,970.17	853,593.49
MUNDER	FNMA POOL #897791 6 DUE 09-01-2036 REG	USA	887,217.62	898,446.49	888,694.83
MUNDER	FNMA POOL #902188 5.865% 11-01-2036 BEO	USA	849,817.52	858,514.88	863,151.15
MUNDER	FNMA POOL #928206 6 DUE 04-01-2037 REG	USA	1,449,578.71	1,461,922.78	1,451,747.28
MUNDER	FNMA PREASSIGN 00028 5.5 07-25-2024	USA	1,500,000.00	1,477,031.25	1,497,070.50
MUNDER	FNMA PREASSIGN 00164 5 12-25-2032	USA	1,200,000.00	1,165,875.00	1,166,627.20
MUNDER	FNMA PREASSIGN 00339 4.5 02-25-2029	USA	1,500,000.00	1,513,593.75	1,455,204.00
MUNDER	FNMA REMIC SER 1993-203 CL PL 6.5 DUE 10-25-2023 BEO	USA	423,519.21	392,913.35	436,985.00
MUNDER	FNMA REMIC SER 2003-32 CL KB 503-25-2017	USA	647,195.44	658,656.20	643,947.16
MUNDER	FNMA REMIC SER 2003-41 CL ON 4.5 09-25-2021	USA	83,781.93	84,881.58	83,568.20
MUNDER	FNMA REMIC SER 20035-35 CL TC 4.5 07-25-2015	USA	619,855.45	625,957.16	612,959.55
MUNDER	FNMA REMIC TR 2002-48 CL-GH 6.5 11-25-2032	USA	1,000,000.00	1,031,718.75	1,030,421.00
MUNDER	FNMA REMIC TR 2002-7 CL-VG 6 02-25-2018	USA	63,484.73	66,034.04	63,413.81
MUNDER	FNMA REMIC TR 2005-86 CL-FC VAR RATE 10-25-2035	USA	714,928.08	710,459.47	709,125.00
MUNDER	GNMA POOL #538257 SER 2031 7% DUE 10-15-2031 REG	USA	22,700.61	23,409.13	23,765.65
MUNDER	GNMA POOL #627907 5% 02-15-2034 BEO	USA	292,042.17	290,673.23	282,889.56
	TOTAL U.S. GOVERNMENT MORTGAGE BACKED		**135,604,199.24**	**134,673,179.77**	**133,753,512.69**
	TOTAL U.S. GOVERNMENT BONDS & BILLS		**188,709,199.24**	**187,021,431.22**	**186,773,888.45**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2007

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	PRIVATE EQUITY PARTNERSHIPS				
COLLER CAPITAL	COLLER INTERNATIONAL PARTNERS V-B, LP	USA	1,470,000.00	1,470,000.00	1,266,963.00
JP MORGAN PVT EQ	JP MORGAN DIRECT VENTURE CAPITAL III, LLC	USA	5,775.00	5,775.00	1.00
JP MORGAN PVT EQ	JP MORGAN EUROPEAN DIRECT CORPORATE III, LLC	USA	159,707.00	159,707.00	160,178.00
JP MORGAN PVT EQ	JP MORGAN EUROPEAN POOLED CORPORATE III, LLC	USA	594,507.00	594,507.00	571,347.00
JP MORGAN PVT EQ	JP MORGAN POOLED VENTURE CAPITAL III, LLC	USA	405,792.00	405,792.00	390,854.00
JP MORGAN PVT EQ	JP MORGAN US DIRECT CORPORATE FINANCE III, LLC	USA	545,051.00	545,051.00	531,202.00
JP MORGAN PVT EQ	JP MORGAN US POOLED CORPORATE FINANCE III, LLC	USA	1,233,777.00	1,233,777.00	1,287,052.00
LEXINGTON PARTNERS	LEXINGTON CAPITAL PARTNERS VI-B, LP	USA	4,587,664.66	4,587,664.66	4,344,067.00
PANTHEON EURO	PANTHEON EUROPE FD LP	UK	330,000.00	445,868.48	469,309.50
PANTHEON US	PANTHEON USA FUND VII, LP	USA	1,155,000.00	1,155,000.00	1,137,254.00
	TOTAL PRIVATE EQUITY PARTNERSHIPS		**10,487,273.66**	**10,603,142.14**	**10,158,227.50**
	REAL ESTATE FUNDS				
JP MORGAN RE	JPMCB SPECIAL SITUATION PROPERTY FUND	USA	11,387.25	11,436,396.63	19,750,467.72
JP MORGAN RE	JPMCB STRATEGIC PROPERTY FUND	USA	34,933.90	40,305,560.79	63,657,949.93
	TOTAL REAL ESTATE FUNDS		**46,321.15**	**51,741,957.42**	**83,408,417.65**
	REIT SECURITIES				
URDANG	#REORG/ARCHSTONE-WMITH TR CASH MERGER EFF 10/9/07	USA	14,680.00	810,733.36	882,855.20
URDANG	ACADIA RLTY TR COM	USA	22,730.00	586,046.31	616,664.90
URDANG	ALEXANDRIA REAL ESTATE EQUITIES INC COM	USA	18,400.00	1,264,086.14	1,771,184.00
URDANG	AMB PPTY CORP REIT	USA	32,060.00	1,826,198.63	1,917,508.60
URDANG	AMERICAN CAMPUS CMNTYS INC COM	USA	16,705.00	416,971.20	489,289.45
URDANG	AMERICAN TOWER CORP CL A	USA	21,720.00	898,453.59	945,688.80
URDANG	ASHFORD HOSPITALITY TR INC COM SHS	USA	50,880.00	563,600.05	511,344.00
URDANG	AVALONBAY CMNTYS REIT	USA	13,940.00	966,617.73	1,645,756.40
URDANG	BRE PPTYS INC COM CL A	USA	23,390.00	1,490,183.39	1,308,202.70
URDANG	BROOKFIELD PPTYS CORP COM	Canada	80,640.00	2,139,915.14	2,007,936.00
URDANG	BSTN PPTYS INC	USA	21,599.00	1,719,426.97	2,244,136.10
URDANG	CBL & ASSOC PPTYS INC COM	USA	12,447.00	517,799.63	436,267.35
URDANG	COUSINS PPTYS INC COM	USA	18,050.00	518,489.31	529,948.00
URDANG	DEVELOPERS DIVERSIFIED RLTY CORP COM	USA	24,271.00	1,258,929.26	1,356,020.77
URDANG	DIAMONDROCK HOSPITALITY CO COM STK	USA	24,060.00	449,922.96	418,884.60
URDANG	DIGITAL RLTY TR INC COM	USA	7,090.00	225,153.26	279,275.10
URDANG	EQTY RESDNTL EFF 5/15/02	USA	23,190.00	1,125,663.74	982,328.40
URDANG	ESSEX PPTY TR REIT	USA	17,020.00	1,514,229.65	2,001,041.40
URDANG	FEDERAL RLTY INVT TR SH BEN INT NEW SH BEN INT NEW	USA	20,240.00	1,229,579.38	1,793,264.00
URDANG	FELCOR LODGING TR INC COM	USA	4,860.00	130,332.03	96,859.80
URDANG	GENERAL GROWTH PPTYS INC COM	USA	54,370.00	2,845,030.74	2,915,319.40
URDANG	HEALTH CARE REIT INC COM	USA	18,270.00	724,564.44	808,264.80
URDANG	HEALTHCARE RLTY TR	USA	10,970.00	275,934.52	292,460.20
URDANG	HIGHWOODS PPTYS INC COM	USA	26,220.00	911,070.23	961,487.40
URDANG	HOME PROPS INC COM	USA	12,260.00	633,974.51	639,726.80
URDANG	HOST HOTELS & RESORTS INC	USA	66,610.00	1,534,303.90	1,494,728.40
URDANG	INLAND REAL ESTATE CORP COM NEW STK	USA	24,180.00	370,673.69	374,548.20
URDANG	KILROY RLTY CORP COM	USA	11,720.00	709,465.04	710,583.60
URDANG	KIMCO RLTY CORP COM	USA	44,221.00	1,479,702.58	1,999,231.41
URDANG	LIBERTY PPTY TR SH BEN INT	USA	41,290.00	1,673,116.51	1,660,270.90
URDANG	MACERICH CO COM	USA	9,510.00	824,432.25	832,885.80
URDANG	NATIONAL RETAIL PPTYS INC COM STK	USA	69,003.00	1,630,392.04	1,682,293.14
URDANG	NATIONWIDE HLTH PPTYS INC REIT	USA	38,790.00	1,016,215.16	1,168,742.70
URDANG	POST PPTYS INC REIT	USA	7,410.00	373,147.08	286,767.00
URDANG	PROLOGIS SH BEN INT SH BEN INT	USA	41,300.00	1,782,024.59	2,740,257.00
URDANG	PUB STORAGE COM	USA	17,330.00	1,330,534.68	1,363,004.50
URDANG	REGENCY CTRS CORP COM	USA	16,880.00	1,133,068.76	1,295,540.00
URDANG	SIMON PPTY GROUP INC COM	USA	41,450.00	2,408,307.56	4,145,000.00
URDANG	SL GREEN RLTY CORP COM STK	USA	14,640.00	1,588,518.41	1,709,512.80
URDANG	STARWOOD HOTELS & RESORTS WORLDWIDE INC COM STK	USA	22,370.00	1,595,817.61	1,358,977.50
URDANG	SUNSTONE HOTEL INVS INC NEW COM	USA	27,731.00	706,703.53	711,022.84
URDANG	UDR INC COM STK	USA	91,520.00	2,401,741.81	2,225,766.40
URDANG	VENTAS INC REIT	USA	19,180.00	761,743.38	794,052.00
URDANG	VORNADO RLTY TR COM	USA	26,940.00	2,484,004.25	2,945,889.00
	TOTAL REIT SECURITIES		**1,222,137.00**	**50,646,819.10**	**57,350,787.36**
	TOTAL REAL ESTATE		**1,268,458.15**	**102,388,776.52**	**140,759,205.01**
	DROP MUTUAL FUNDS				
VANGUARD	DROP MUTUAL FUNDS	USA		43,795,372.00	43,795,372.00
	TOTAL DROP MUTUAL FUNDS			**43,795,372.00**	**43,795,372.00**
	REAL ESTATE, PROPERTY & EQUIPMENT				
FIPO	1895 SW 3rd AVENUE, MIAMI, FLORIDA	USA		2,213,542.00	2,213,542.00
	TOTAL REAL ESTATE, PROPERTY & EQUIPMENT			**2,213,542.00**	**2,213,542.00**

IV

ACTUARIAL

SECTION

Enrolled Actuary's Statement

This report has been prepared in accordance with standards established by the American Academy of Actuaries. To the best of our knowledge, it reflects the actuarial condition of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2005 for the Retirement Fund and for the COLA Fund.

All costs and cost components are calculated on the basis of actuarial assumptions which reasonably reflect the experience of the Trust.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Randall L. Stanley
Signature
Enrolled Actuary No. 05-602

August 6, 2007
Date

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Comparison of Funding Progress
($000)

		10/1/2005 -$-	10/1/2004 -$-	10/1/2003 -$-
I.	Assets			
	A. Book Value	918,643	866,132	811,680
	B. Market Value	1,091,902	957,896	844,864
II.	Liabilities			
	A. Retired and Vested	677,186	616,083	473,962
	B. Active			
	Employee Contributions	121,189	118,102	115,003
	Other Vested	228,156	233,655	276,553
	Non-Vested Accrued	15,806	14,212	16,669
	C. Total Accrued	1,042,337	982,052	882,187
III.	Ratios	%	%	%
	IA/IIC	88.1	88.2	92.0
	IB/IIC	104.8	97.5	95.8

Note: Item II amounts are present values of accrued benefits.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Actuarial Basis (Revised Basis)

Valuation Date: October 1, 2005 for Fiscal Year beginning October 1, 2006.

Valuation Method: Aggregate Cost Method.

Asset Valuation Method: 20% Write-Up Method: Expected value is based on the Interest Discount/Investment Return rate applied to the actuarial asset value as of previous valuation date and cash flow during the year. 20% of the difference between the Expected Value and the Market Value (net of pending transfers to the COLA Fund) is added to the Expected Value.

The result cannot be greater than 120% of market value or less than 80% of market value (net of pending COLA transfers).

Actuarial Assumptions:

Interest Discount/ Investment Return: 7.75%, compounded annually.

Inflation: 4.0%, compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	.0507%	.0284%
30	.0801%	.0351%
40	.1072%	.0709%
50	.2579%	.1428%
60	.7976%	.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis (Revised Basis)
(Continued)

Age	Disability	Turnover		Salary Increase**
		<5	5+	
20	.00085	.0240	.0192	.088
21	.00095	.0240	.0192	.086
22	.00105	.0240	.0192	.083
23	.00110	.0240	.0192	.081
24	.00125	.0240	.0192	.078
25	.00130	.0240	.0192	.075
26	.00140	.0240	.0192	.073
27	.00150	.0240	.0192	.071
28	.00160	.0240	.0192	.068
29	.00170	.0240	.0192	.066
30	.00180	.0240	.0192	.065
31	.00200	.0240	.0192	.064
32	.00220	.0240	.0192	.064
33	.00245	.0240	.0192	.063
34	.00265	.0240	.0192	.062
35	.00285	.0240	.0192	.061
36	.00305	.0228	.0182	.061
37	.00325	.0216	.0173	.060
38	.00345	.0204	.0163	.060
39	.00370	.0192	.0154	.059
40	.00390	.0180	.0144	.058
41	.00470	.0168	.0134	.058
42	.00555	.0156	.0125	.057
43	.00635	.0144	.0115	.057
44	.00720	.0132	.0106	.057
45	.00800	.0120	.0096	.056
46	.00880	.0096	.0077	.056
47	.00965	.0072	.0057	.056
48	.01045	.0048	.0038	.056
49	.01130	.0024	.0019	.055
50	.01210	.0000	.0000	.055

** A 7% additional increase applies in the final year of Creditable Service, and a 5% additional increase applies after 22 years.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis (Revised Basis)
(Continued)

Age	Disability	Turnover		Salary Increase*
		<5	5+	
51	.01295	.0000	.0000	.053
52	.01375	.0000	.0000	.051
53	.01455	.0000	.0000	.050
54	.01540	.0000	.0000	.048
55	.01620	.0000	.0000	.047
56	.01785	.0000	.0000	.046
57	.01870	.0000	.0000	.044
58	.01950	.0000	.0000	.043
59	.02030	.0000	.0000	.041
60	.00000	.0000	.0000	.040
61	.00000	.0000	.0000	.040
62	.00000	.0000	.0000	.040
63	.00000	.0000	.0000	.040
64	.00000	.0000	.0000	.040
65	.00000	.0000	.0000	.040

* A 7% additional increase applies in the final year of Creditable Service, and a 5% additional increase applies after 22 years.

After eligibility for Rule of 64 Retirement, the following decrements apply, based on service:

Years of Service	%
After R64 and, 20 Years or Age 60	
0-4	10
5-9	25
10+ or age 65	100

There is no explicit assumption on the percentage of retirements expected to enter the DROP. No distinction is necessary, since funding is calculated to expected retirement or expected DROP entry.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis (Revised Basis)
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employees are assumed to be married.
Investment Expenses:	None; the investment return assumption of 7.75% is net of investment expenses.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Compensated Absence Balance Transfers:	No liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.
Adjustments from Valuation Date:	One year's interest is added to the calculated deposit to reflect ordinance provision.
Sources of Data:	Asset data is from unaudited financial statements. Membership data was furnished by Administrator.
Changes Since Prior Valuation:	Actuarial Asset Valuation Method changed from 5-year average ratio of market values to book values, to 20% Write-Up Method, prospectively from October 1, 2000. No redetermination of City contribution requirements for actuarial valuation dates of October 1, 2004 and prior. COLA transfers are not affected.

V

STATISTICAL

SECTION

STATISTICAL DATA OF VARIOUS ACCOUNTS

THROUGH SEPTEMBER 30, 2007

	GENERAL FUND		COLA I		COLA II	
MEMERSHIP ACCOUNT						
ADD:						
Members' Contributions						
After Tax	66,790,239		0		0	
Pre Tax	177,887,463		11,814,941		0	
After Tax from G & S	17,210		0		0	
Interest						
From Benefit Acct	82,132,910		0		0	
From Withdrawals	385,365		0		0	
Transfers from G & S	17,917		0		0	
		327,231,103		11,814,941		0
DEDUCT:						
Refunds -						
Leaving Service	17,023,583		933,584		0	
Additional Contributions	171,226		0		0	
Accidental Death	441,596		22,039		0	
Accidental Disability	1,982,443		0		0	
Option 6A	571,614		0		0	
Ordinary Death	1,383,494		58,961		0	
Transfers -						
After Tax from G & S	4,412,189		0		0	
Benefit Account	176,170,738		8,076,590		0	
Transfers to Acct Payable	480,131		0		0	
Interest withheld	309,221		0		0	
Interest	1,495,211		0		0	
		204,441,446		9,091,174		0
BALANCE AS OF 9/30/06		122,789,658		2,723,767		0
BENEFIT ACCOUNT:						
ADD:						
Contributions -						
City of Miami	518,251,719		2,042,899		13,185,685	
Police Relief & Pension Fund	52,342		0		0	
Fire Relief & Pension Fund	28,473		0		0	
Members	697,822		0		0	
Transfers from Membership Acct	176,181,662		8,076,590		0	
Amortization of Discounts	10,319,476		249,134		0	
Dividends Received	167,512,211		1,895,393		10,065,619	
Securities Lending Income	3,468,029		94,537		491,698	
Excess Interest Transfer	0		0		215,122,139	
Interest Income	491,427,207		9,980,591		26,381,602	
Other Income	2,267,889		30,498		149,900	
Corporate Action	1,433,138		38,096		220,335	
Commission Recapture	330,045		8,960		51,859	
Profit on Sale of Investments	760,096,003		19,263,800		64,168,720	
Unrealized Profit on Sales of Inv	269,678,674		7,951,733		35,194,989	
Rental Income	782,618		15,352		90,683	
Share of Earnings Income	0		1,170,581		0	
		2,402,527,309		50,818,162		365,123,131
DEDUCT:						
Pensions Paid						
Fire	444,706,881		0		0	
Police	402,655,210		0		0	
General	7,034,700		0		0	
Former Gen assumed by Trust	276,624		0		0	
Pension Payments Prior 1966	989,022		0		0	
Distributions	0		10,073,082		93,936,469	
Lump Sum Payments to Benef	128,540		0		0	
Death Benefits	869,638		0		0	
Amortization of Premium	4,878,744		0		0	
Corrections to Control	17,117,379		0		0	
Income Expenses	45,181,690		852,122		4,226,397	
Building Depreciation	181,582		5,124		29,924	
Securities Lending Fees	1,067,469		29,076		152,032	
Other Expenses	0		45,256		0	
Vested Rights Withdrawals	846,975		0		0	
Transfers -						
Excess Interest Earnings	215,122,139		0		0	
G & S Benefit Account	5,378,420		0		0	
G & S Share of Earnings	5,251,212		0		0	
Interest to Membership Acct	82,197,898		0		0	
Interest on VR Withdrawals	161,316		0		0	
Overpayments (uncollectible)	769		0			
		1,234,044,407		11,004,659		98,344,822
BALANCE AS OF 9/30/06		1,168,482,902		39,813,503		266,778,309
BENEFIT ACCOUNT - SPECIAL						
ADD:						
Contributions - City of Miami	1,001,273					
Members	9,945					
		1,011,218				
DEDUCT:						
Pension Paid		1,011,218				
BALANCE AS OF 9/30/06		0				
RESERVE ACCOUNT						
ADD:						
Transfers -						
Benefit Account	961,029					
BA Share of Earnings	222,289					
BALANCE AS OF 9/30/06		1,183,318				

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Member Statistics

I. Active Members

Number of	10/1/2005	10/1/2004	10/1/2003
Males	1,247	1,261	1,397
Females	208	207	225
Total	1,455	1,468	1,622
Averages			
Current Age	39.4	39.6	40.1
Past Service	13.1	13.6	14.3
Credited Past Service	13.1	13.6	14.1
Annual Earnings	$62,897	$60,253	$60,987

II. Inactive Members

A. Retirees and Beneficiaries			
Number	1,503	1,424	1,256
Average Annual Benefit	$40,060	$38,222	$33,446
Average Age	63.4	63.3	64.6
B. Disabled			
Number	215	215	222
Average Annual Benefit	$18,607	$18,140	$17,758
Average Age	65.2	64.6	64
C. Vested Terminated			
Number	25	29	17
Average Deferred Benefit	$21,930	$21,461	$17,965
Average Age	43.4	44.6	47.3

SUMMARY OF RETIREMENTS

JANUARY 1, 1940 THROUGH SEPTEMBER 30, 2007

DESCRIPTION	SERVICE	ORDINARY DISABILITY	SERVICE ACCIDENTAL DISABILITY	ACCIDENTAL DEATH	ORDINARY DEATH	EARLY SERVICE	DROP PLAN	VESTED RIGHTS	CONTINUANCES	TOTAL BENEFITS GRANTED
BENEFITS GRANTED	2,002	52	458	38	3	106	548	84	239	3,530
ASSUMED BY G.E.S.E. FUND	-184	-3	-19	0	0	0	0	0	0	-206
TERMINATED BY DEATH	-734	-36	-240	-19	0	-26	-1	-5	-48	-1,109
TERMINATED DROP PLAN	0	0	0	0	0	0	-330	0	0	-330
TERMINATED BY MARRIAGE	0	0	0	-2	0	0	0	0	0	-2
RETURNED TO SERVICE	-2	-3	-1	0	0	0	0	0	0	-6
MINORS ATTAINING AGE 18	0	-1	0	-7	0	0	0	0	0	-8
PAYMENT SUSPENDED	-3	0	-1	0	0	0	0	0	0	-4
UNMATURED VESTED RIGHTS	0	0	0	0	0	0	0	-22	0	-22
WITHDRAWN VESTED RIGHTS	0	0	-2	0	0	0	0	-25	0	-27
INACTIVE PARTICIPANTS:	1,079	9	195	10	3	80	217	32	191	1,816

OUTLINE OF PRINCIPAL BENEFIT PROVISIONS OF THE CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

ORDINANCE NO. 10002 ADOPTED JUNE 13, 1985

EARNABLE COMPENSATION:

Earnable compensation, shall mean an employee's base salary including pickup contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death in the family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.

COVERED GROUP:

All fire fighters or police officers presently employed by the City as a fire fighter or police officer whether in the classified or unclassified service of the City.

EMPLOYEE CONTRIBUTIONS:

Effective the first full pay period following October 1, 1999, it shall be 7% of pre tax earnable compensation. Effective the first full pay period following October 1, 2000, it shall be 7% of pre tax earnable compensation or a percent equal to the City's contribution, whichever is less.

INDIVIDUAL RETIREMENT ACCOUNTS:

Effective the first full pay period following October 1, 2000, should the members contribution be less than seven percent (7%) the difference between the seven percent and the actual contribution shall be deducted from the member's paycheck and placed into an individual contribution account (ICA) as part of the retirement system.

EMPLOYER CONTRIBUTIONS:

The City's annual fiscal contribution to the retirement system shall provide for the following (1) non-investment expenses of the retirement system, (2) normal costs of the retirement system.

NORMAL RETIREMENT AGE:

Age 50

SERVICE RETIREMENT:

The annual normal service retirement allowance, payable on a 40% Joint and Survivor basis will equal 3.0% of average final compensation per year of creditable service for the first 15 years of such creditable service and 3.5% of the average final compensation per year of creditable service after 15 years.

RULE OF 64 RETIREMENT:

A member, in service, who has not withdrawn from active membership in the retirement system may elect service retirement on the basis of his or her combined age and creditable service equaling 64 or more. Such election shall be made upon written application to the board, setting forth not less than 10 nor more than 90 days subsequent to the execution and filing thereof, the date the member desires to be retired.

EARLY RETIREMENT:

After 20 years of creditable service, accrued benefit actuarially adjusted.

DEFERRED RETIREMENT OPTION PROGRAM: (DROP)

A member who is eligible to retire under either Rule of 64 or Service retirement can elect to participate in the Deferred Retirement Option Program (DROP). The program allows the member to defer receipt of his retirement benefit into a "DROP" account while he/she continues to be employed by the Department. The member can be in the DROP for a maximum of 3 years.

B. A. C. DEFERRED RETIREMENT OPTION PROGRAM:

Shall mean *Benefit Actuarially Calculated* deferred retirement option program.

EARLY SERVICE RETIREMENT:

After 20 years of creditable service, accrued benefit actuarily adjusted.

AVERAGE FINAL COMPENSATION:

Shall mean the annual earnable compensation of a member during either the last one (1) year or the highest one (1) year of membership service, whichever is greater.

CREDITABLE SERVICE:

Membership credit upon which a member's eligibility to receive benefits under the retirement system is based or upon which the amount of such benefits is determined.

LIMITATIONS ON BENEFITS:

A member's retirement allowances shall not exceed one hundred percent (100%) of the member's final average compensation for members retiring under service retirement or rule of 64 retirement. Exceptions are, (1) members whose retirement allowances, prior to October 1, 1998, had already earned one hundred percent or greater, these members may continue to accrue pension benefits; (2) members whose retirement allowance exceeds one hundred percent as of October 1, 1998 due to the multiplier change, these members shall be capped at the new percentage.

OPTIONAL ALLOWANCES:

Normal form (Option 6C) is joint and 40% contingent survivor. Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of member. Option 6A is withdrawal of employee contributions with credited interest; monthly benefit is half of normal level. Option 6B is an additional 5% with no survivor benefit.

DISABILITY RETIREMENTS:

A. Ordinary Disability
After 10 years of creditable service, if not otherwise eligible for normal retirement, and incurred while not in line of duty, a benefit payable for life consisting of the benefit rate times 90% of average final compensation times years of creditable service, if such retirement allowance exceeds 30% of average final compensation. Otherwise, a benefit of 30% of the member's average final compensation.

B. Accidental Disability
Prior to age 60, incurred in line of duty. A benefit payable on a 40% joint and survivor basis of 66 2/3% of average or final compensation, whichever is larger.

DEATH BENEFIT:

A. Ordinary Death Benefit
After 3 years of service, provided death is not accidentally incurred in line of duty, a lump sum payment f 50% of annual compensation received in year prior to death plus an additional lump sum payment of member's accumulated contributions with interest to date of death. Or in lieu thereof; if eligible for Early or Service retirement, and with 3 years of membership, automatic Option 6C, payable to spouse, as through retirement had occurred on date of death (40% payable)

B. Accidental Death Benefit
Incurred in line of duty (or presumed to be in the line, i.e. heart), annual pension of 50% of average final compensation to spouse until death or remarriage or to children under 18, or to dependent parents for life. If none of such beneficiaries exist, the ordinary death benefit will be paid. Also a lump sum payment of member's accumulated contributions with interest to date of death is paid in addition to the above payments.

VESTED RIGHTS BENEFIT:

After completion of 10 years of service, provided accumulated contributions are not withdrawn. A benefit based on service and average final compensation when employment is terminated. Benefit is deferred to minimum retirement age.

C.O.L.A. ACCOUNT:

The COLA I benefit was determined from available monies from an initial city contribution made from the trust funds excess interest earnings. These monies were allocated to the retiree population, according to unit values and distributed to each member according to his/her actuarial life expectancy, in level monthly lifetime payments. In addition to the above initial benefit, a yearly COLA I increase was financed by 2% of the active member's pension contributions. This yearly increase was

C.O.L.A. ACCOUNT: (continued)

determined on the basis as the initial benefit and added to the monthly lifetime payments. As of January 9, 1994, the active employees ceased making the 2% pension contribution to the COLA I account, and the COLA I benefits were frozen as of that date. Beginning with 1994, in addition to the frozen COLA I benefit, a COLA II benefit was paid. The COLA II benefit is funded from the pension fund's annual excess investment return (other than COLA account assets). The methodology for determining the excess investment return and amounts available for the COLA II benefit are described in detail in Section 40-213 of the City of Miami Code. An actuarial table is developed yearly identifying the benefits due. This table is based upon full years of creditable service at retirement and full years retired as of April of the current year. For accidental death and accidental disability, years of service are defined as twenty five (25) years, or actual creditable service if greater. Receipt of the COLA II benefit is based on the retiree reaching at least four (4) full years of retirement and fifty years of age. In case of accidental death, the beneficiary will be entitled to the COLA benefit on April 1st following the fiftieth anniversary of the employee's birth and the fourth anniversary of the employee's death. COLA benefits for a vested right retiree are based upon such retiree reaching at least four (4) full years of retirement after fifty (50) years of age. COLA benefits reflect the option selected at the time of retirement.

In addition, funding for COLA benefits for future employees hired during the remaining term of the amended final judgement, Gates vs. City of Miami, Circuit Court Case No. 77-9491 CA04, shall be defined and allocated through the remaining term of such final judgement.

ORDINANCES ADOPTED DURING THE YEAR

DATE	ORDINANCE NUMBER
09/11/2007	12941

EMPLOYEES' RETIREMENT SYSTEM

of the County of Milwaukee

2007 Annual Report of the Pension Board

as of December 31, 2007

CITIZEN MEMBERS
Linda S. Bedford
Donald Cohen
Dr. Sarah W. Peck
Thomas A. Weber, Vice Chairman

RETIREE MEMBER
Marilyn B. Mayr

EMPLOYEE MEMBERS
Dr. Dean A. Roepke, Chairman
John E. Parish

SECRETARY/MANAGER, ERS
Vacant

901 North 9th Street, Room 210-C
Milwaukee, Wisconsin 53233
Telephone: 278-4207

EMPLOYEE'S RETIREMENT SYSTEM

Milwaukee County

PENSION BOARD

Dean A. Roepke, Dr. Med. Vet.
Chairman

Linda S. Bedford
Vice Chairman

Donald Cohen
Roy M. Felber
John Michael Maier, J.D.
Jeffrey Mawicke
Marilyn B. Mayr
John E. Parish
Dr. Sarah W. Peck

Gerald J. Schroeder
ERS Manager

July 16, 2008

Retirement System Members:

We are pleased to present the 2007 Annual Report of your Pension Board. As can be seen, the Retirement System experienced another year with positive results. The retirement system experienced an increase in net assets available for pension benefits of $8.3 million as contributions and net investment income exceeded pension benefits and administrative expenses. Total assets at the end of the year exceeded $1.66 billion. For further detailed information regarding the performance of the pension fund, please see the management discussion, financial statements and footnotes that follow.

The description of the Employees' Retirement System, included in this report, highlights major plan provisions. County ordinances, labor agreements, Pension Board rules and the Governmental Accounting Standards Board prevail over the contents of this report. If you have any questions, please call the Retirement System office at 278-4145.

Members considering retirement within the next few years are reminded to watch for announcements from the County for retirement information programs. Please call the Retirement Division at 278-4207 for further information regarding these programs. If you are interested in meeting with a retirement counselor to discuss retirement, please schedule an appointment by calling 278-2087.

Several options are available to members who retire or otherwise leave County service. Before terminating employment, you should become fully informed of the various opportunities so you can make the best choice for your situation.

Each year, Milwaukee County distributes benefit statements reflecting balances as of the end of the previous year. Remember to keep your beneficiary designations current by informing the Retirement System Office of any changes. Retired members should also notify the Retirement System Office in writing of any changes in residence or address so that your benefit payments and year-end 1099R statements are properly mailed.

The Pension Board is requiring all new retired members to sign up for direct deposit of their benefits. Please join with us in this effort to reduce costs and increase the efficiencies of the delivery of your retirement benefits.

Sincerely,

The Pension Board

COURTHOUSE, ROOM 210-C • 901 NORTH 9TH STREET • MILWAUKEE, WI 53233 • (414) 278-4207

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Members of the Pension
Board of the Employees' Retirement
System of the County of Milwaukee:

We have audited the accompanying statements of plan net assets of the Employees' Retirement System of the County of Milwaukee (the "Retirement System") as of December 31, 2007 and 2006, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Retirement System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Retirement System as of December 31, 2007 and 2006, and the changes in its plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 and 4 and the schedules of funding progress, employee contributions, and notes to required supplementary information on pages 16 – 17 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures to the 2007 and 2006 information which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The ten-year historical trend and related information on pages 18 - 19 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Virchow, Krause & Company, LLP

Milwaukee, Wisconsin
August 7, 2008

Management's Discussion and Analysis
(In Thousands of Dollars)

Management is please to provide this overview and analysis of the financial activities of the Employees' Retirement System of the County of Milwaukee ("ERS", or the "Retirement System") for the year ended December 31, 2007.

FINANCIAL HIGHLIGHTS

- Plan net assets for ERS increased $8,315 as of 12/31/07 vs. 12/31/06 and $98,418 as of 12/31/06 vs. 12/31/05. The increases were due to the continued improvement in market conditions. The market, however, has experienced a slow down during the last two months of 2007 that has continued into the early months of 2008.
- Cash and short-term investments fluctuate considerably from year to year. The amounts for 2007 and 2006 are near the median while the amount for 2005 was near the lower end of normal.
- Receivables decreased ($10,150) as of 12/31/07 vs. 12/31/06 due primarily to a ($31,630) decrease in sales of securtities pending settlement offset by a $21,929 increase in pension contributions receivable. Receivables increased $21,193 as of 12/31/06 vs. 12/31/05 due primarily to a $30,813 increase in sales of securities pending settlement offset by decreases of ($7,784) in pension contributions receivable and ($2,284) in foreign exchange contracts receivable.
- Investments, at fair value, increased $18,229 as of 12/31/07 vs. 12/31/06 and $61,264 as of 12/31/06 vs. 12/31/05 primarily as a result of the improvement in the bond market.
- Other assets decreased ($46,816) as of 12/31/07 vs. 12/31/06 and increased $29,008 as of 12/31/06 vs. 12/31/05 due largely to a decrease in securities lending - collateral of ($48,129) as of 12/31/07 vs. 12/31/06 and an increase of $26,722 as of 12/31/06 vs. 12/31/05. In addition there was an increase of $1,313 and $2,286 for funds spent on the development and implementation of a new pension software system as of 12/31/07 and 12/31/06, respectively. It is anticipated that the new software will become operational in late 2008 or early 2009.
- Other liabilities increased $705 as of 12/31/07 vs. 12/31/06 primarily due to an increase in purchases of securities pending settlement. Other liabilities decreased ($4,716) as of 12/31/06 vs. 12/31/05 primarily due to decreases of ($2,965) in purchases of securities pending settlement and ($2,293) in foreign exchange contracts payable. In addition there were small fluctuations in miscellaneous payables and the amount due the OBRA retirement plan.
- The rate of return on total assets of the pension fund, net of investment expenses, was 6.3%, 13.5% and 8.3% for the years ended December 31, 2007, 2006 and 2005, respectively
- Total additions decreased ($79,887) in 2007 vs. 2006 and increased $71,319 in 2006 vs. 2005. The 2007 decrease was due primarily to a ($101,543) decrease in investment income offset by a $21,656 increase in employer and employee contributions. The 2006 increase was due primarily to a $79,114 increase in investment income offset by a ($7,795) decrease in employer and employee contributions. The increase or decrease in investment income was due almost entirely to fluctuations in the net appreciation in fair value of the investments.
- Benefit payments increased $9,261 in 2007 vs. 2006 and decreased ($17,577) in 2006 vs. 2005. The 2007 increase was due to an increase of $4,298 in monthly pension benefits and $4,963 in lump-sum payments. The decrease in 2006 was due to a $2,586 increase in monthly pension benefits and a ($20,163) decrease in lump-sum payments.
- As of December 31, 2007, 2006 and 2005, the funding ratio (actuarial value of the assets divided by the actuarial accrued liability) for the plan was 80.4%, 79.0% and 76.2%, respectively. The funding ratio gives an indication of how well the liabilities of the pension plan are funded. The higher the funding ratio the better the plan is funded. The ratio increases due to investment gains and pension contributions and declines due to investment losses, increases in the plan benefits, large pension payouts and underpayment of pension annual required contributions.

The Board of Trustees of ERS has the responsibility for the overall performance of the Pension Fund. The Board's principal means to achieve this goal is by (a) determining an asset allocation policy which is expected to provide the long-term rate of return sufficient to fund benefits while minimizing the risk of loss through diversification (b) selecting an appropriate number of investment managers to manage the assets within an asset class and monitoring the performance of such investment managers relative to specified benchmarks, and (c) implementing cost containment measures intended to reduce the investment fees and costs associated with investing the Fund's assets. The Board is the fiduciary of the Fund and is responsible for carrying out the investment functions solely in the interest of the members and benefit recipients.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Retirement System's financial statements. The financial section is comprised of four components: (1) financial statements, (2) notes to the financial statements, (3) required supplementary information, and (4) other supplementary schedules.

Financial Statements. There are two financial statements presented for the plan. The Statement of Plan Net Assets as of December 31, 2007 and 2006 indicates the net assets available to pay future benefits and gives a snapshot of the financial assets available for pension benefits at a particular point in time. The Statement of Changes in Net Plan Assets for the year ended December 31, 2007 and 2006 provides a view of the additions and deductions to the plan for the years presented.

Notes to financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the financial statements.

Required supplementary information. The required supplementary information consists of a Schedule of Funding Progress and a Schedule of Employer Contributions and related notes concerning the funding status of the plan. These schedules provide historical trend information, which contributes to understanding the changes in the funded status of the plan over time.

Other supplementary schedules. The additional schedules (Ten-Year Historical Trend Information, Net Fund Assets, Actual County Contributions, Active Membership Statistics, Retirements and Survivors) are presented for the purpose of additional analysis.

COMPARATIVE FINANCIAL STATEMENTS

Retirement System's Net Assets	12/31/2007	12/31/2006	12/31/2005	Difference	% Change
Assets					
Cash and short-term investments	$17,292	$17,664	$8,704	$8,588	98.7%
Receivables	58,383	68,533	47,340	11,043	23.3%
Investments, at fair value	1,593,971	1,575,742	1,514,478	79,493	5.2%
Other assets	109,139	155,955	126,947	(17,808)	(14.0%)
Total Assets	1,778,785	1,817,894	1,697,469	81,316	4.8%
Liabilities					
Security lending obligations	105,540	153,669	126,947	(21,407)	(16.9%)
Other liabilities	6,734	6,029	10,745	(4,011)	(37.3%)
Total Liabilities	112,274	159,698	137,692	(25,418)	(18.5%)
Net assets available for benefits	$1,666,511	$1,658,196	$1,559,777	$106,734	6.8%

Retirement System's Changes in Net Assets	2007	2006	2005	Difference	% Change
Additions					
Employer contributions	$49,291	$27,435	$35,415	$13,876	39.2%
Member contributions	345	545	360	(15)	(4.2%)
Investment income (loss)	101,962	203,505	124,391	(22,429)	(18.0%)
Total Additions	151,598	231,485	160,166	(8,568)	(5.3%)
Deductions					
Benefit payments	(139,991)	(130,730)	(148,307)	8,316	(5.6%)
Administrative expenses	(3,235)	(2,322)	(2,157)	(1,078)	50.0%
Withdrawals	(57)	(14)	(37)	(20)	54.1%
Total Deductions	(143,283)	(133,066)	(150,501)	7,218	(4.8%)
Changes in net assets available for benefits	8,315	98,419	9,665	(1,350)	(14.0%)
Net assets held in trust for pension benefits:					
Beginning of year	1,658,196	1,559,777	1,550,112	108,084	7.0%
End of year	$1,666,511	$1,658,196	$1,559,777	$106,734	6.8%

Requests for financial information:

The financial report is designed to provide the Board of Trustees, our membership, taxpayers, investment managers and creditors with a general overview of ERS finances and to demonstrate ERS's accountability for the funds under its stewardship. Please address any questions about this report or requests for additional financial information to:

Milwaukee County ERS
901 N. 9th Street Room 210-C
Milwaukee, WI 53233

STATEMENTS OF PLAN NET ASSETS

	December 31, 2007	December 31, 2006
ASSETS:		
CASH AND CASH EQUIVALENTS	$ 17,292,321	$ 17,663,749
RECEIVABLES		
County of Milwaukee	49,794,000	27,864,524
Accrued interest and dividends	6,516,205	6,545,991
Miscellaneous receivables	1,451,001	1,174,763
Due from sale of investments	617,575	32,247,645
Receivable for foreign exchange contracts	3,793	699,610
TOTAL RECEIVABLES	58,382,574	68,532,533
INVESTMENTS AT FAIR VALUE		
Domestic common and preferred stocks	491,564,635	551,978,255
Corporate bonds and conv debentures	588,885,759	457,393,409
International common and preferred stocks	319,483,338	322,691,519
Real estate investment trusts	54,268,077	78,466,092
Federal agency and mortgage-backed certificates	52,943,515	52,817,050
US Government and state obligations	32,931,111	54,586,349
International fixed income	29,056,417	34,507,543
Venture capital	24,838,163	23,302,233
TOTAL INVESTMENTS	1,593,971,015	1,575,742,450
OTHER ASSETS		
Software development costs	3,599,137	2,285,552
Securities lending - collateral (See Note 5)	105,539,536	153,669,195
	109,138,673	155,954,747
TOTAL ASSETS	1,778,784,583	1,817,893,479
LIABILITIES:		
Securities lending - collateral (See Note 5)	105,539,536	153,669,195
Miscellaneous payables	3,107,136	3,251,973
Payable for securities purchased	2,266,104	797,830
Payable to OBRA Retirement Plan	1,356,836	1,260,931
Payable for foreign exchange contracts	3,807	717,751
TOTAL LIABILITIES	112,273,419	159,697,680
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$1,666,511,164	$1,658,195,799

(A schedule of funding progress is presented on page 16)

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN PLAN NET ASSETS

	Year Ended December 31, 2007	Year Ended December 31, 2006
ADDITIONS:		
CONTRIBUTIONS		
County of Milwaukee	$ 49,291,072	$ 27,435,154
Plan participants	344,782	545,258
	49,635,854	27,980,412
INVESTMENT INCOME (LOSS)		
Net appreciation in fair value	71,245,245	173,518,439
Interest and dividends	33,474,501	33,341,386
Security lending income	7,353,616	6,834,982
Other income	1,310,088	662,683
Total investment income	113,383,450	214,357,490
Less: Securities lending rebates and fees	(6,940,375)	(6,552,561)
Investment expense	(4,481,151)	(4,300,731)
Net investment income	101,961,924	203,504,198
TOTAL ADDITIONS	151,597,778	231,484,610
DEDUCTIONS:		
Benefits paid to retirees and beneficiaries	(139,990,962)	(130,730,539)
Administrative expenses	(3,234,825)	(2,322,192)
Withdrawal of membership accounts	(56,626)	(13,571)
TOTAL DEDUCTIONS	(143,282,413)	(133,066,302)
NET CHANGE IN PLAN NET ASSETS:	8,315,365	98,418,308
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:		
Beginning of year	1,658,195,799	1,559,777,491
End of year	$1,666,511,164	$1,658,195,799

The accompanying notes are an integral part of these financial statements.

(1) Description of Retirement System –

The following brief description of the provisions of the Employees' Retirement System of the County of Milwaukee ("ERS" or the "Retirement System") is provided for financial statement purposes only. Participants should refer to Section 201.24 of the General Ordinances of Milwaukee County and their respective bargaining agreement for more complete information.

The Retirement System is a single-employer plan that was created to encourage qualified personnel to enter and remain in the service of the County of Milwaukee (the "County") by providing for a system of retirement, disability and death benefits to or on behalf of its employees. Under Chapter 201 of the Laws of Wisconsin for 1937, the County was mandated to create the Retirement System as a separate legal entity. The County did so by passing Section 201.24 of the General Ordinance of Milwaukee County. The authority to manage and control the Retirement System is vested in the Pension Board. The Pension Board consists of nine members – three members appointed by the County Executive (subject to confirmation by the County Board of Supervisors), three employee members elected by the employee participants, two members appointed by the County Board chairperson and one retiree-elected member.

	As of December 31	
Participants –	2007	2006
Retiree and beneficiaries currently receiving benefits	7,321	7,299
Vested and terminated employees not yet receiving benefits	1,385	1,404
Current employees	4,814	4,898
Total participants	13,520	13,601

Contributions –

The Retirement System is substantially noncontributory. However, participants meeting certain criteria have the option to contribute to membership accounts. In addition, the County contributes to membership accounts of most employee participants enrolled prior to 1971. Member account balances are as follows:

	As of December 31	
	2007	2006
Membership accounts –		
Participants and County contributed	$ 3,090,757	$ 4,339,753
Voluntary savings accounts	1,312,129	1,152,214

Contributions due from the County to the Retirement System consist of amounts sufficient to fund the annual normal cost and interest on and amortization of the unfunded or overfunded actuarial accrued liability. A substantial portion of the current year's contribution is paid to the Retirement System in the following year.

The County makes contributions to the Retirement System based upon the Annual Required Contribution (ARC) and legal requirements, at the discretion of the County Board. An actuary hired by the Pension Board establishes the ARC. Data used in the determination of the ARC is based upon the prior fiscal year's demographics. The actual contribution made to the pension plans is set during the County's budget process and may differ from the ARC as a result of changes in plan provisions implemented subsequent to establishment of the ARC and budgetary restraints. During the year, the Retirement System accrues those contributions that the County has included in its current year's budget. For 2007 and 2006, the County contribution recorded by the Retirement System was $3,104,191 and $25,203,042 less than the ARC for 2007 and 2006, respectively.

Benefits –

The normal retirement benefit is a monthly pension for the life of the participant beginning at normal retirement age. For deputy sheriff participants with less than 15 years of service, the normal retirement age is 57 or age 55 and 15 years of service. For all other participants the normal retirement age is 60, although some labor agreements require a minimum of 5 years creditable service at age 60. Active participants are also eligible to retire when their age added to their years of service equals 75. The County Ordinance and Labor Agreements require an employee to be a member prior to a stated date in order to qualify for the "rule of 75." The normal retirement benefit payable to a participant whose membership began prior to January 1, 1982, is equal to 2.5% for deputy sheriffs and elected officials, and 2% for all other participants, of the participant's three-year final average monthly salary, as defined in the Ordinance and labor agreements as the three highest consecutive years, multiplied by the number of years of credited service. The amount of normal

retirement benefits payable for a participant whose membership began after January 1, 1982 is as follows: 2.5% for deputy sheriffs, deputy sheriff lieutenants, deputy sheriff ECPs and DA investigators hired before July 1, 1995; 2% for deputy sheriffs, deputy sheriff lieutenants, deputy sheriff ECPs and DA investigators hired after June 30, 1995; 2% for elected officials; 2% for firefighters and non-represented firefighters beginning January 1, 1999; and 1.5% for all other participants, of the participant's five-year final average monthly salary, as defined in the Ordinance and labor agreements, multiplied by the number of years of credited service. Each year after retirement, the amount of monthly benefit is increased by an amount equal to 2% of the benefit paid for the first full month of retirement. The maximum benefit, excluding any post-retirement increases, payable to a participant cannot exceed the sum of 80% of the participant's final average monthly salary.

As of January 1, 2001, certain plan changes became effective, except for represented deputy sheriffs. These changes are noted below:

- The County will pay the accrued sick allowance in full upon retirement for those participants hired prior to January 1, 1994. Previously, a member received both a cash payment from the County and pension service credit for a portion of the accrued sick allowance. The full payout of the sick allowance has subsequently been amended to a partial payout with various effective dates and payout percentages for the non-represented employees and each of the unions but no service credit is granted.
- A bonus of 7.5% per year, up to a maximum of 25%, is added to the final average salary for those employees whose membership in the Employee's Retirement System began before January 1, 1982, or July 1, 1995 for a non-represented Deputy Sheriff.
- All service credit earned after January 1, 2001 is credited with an additional .5% multiplier for those employees whose membership in the Employee's Retirement System began after December 31, 1981, or June 30, 1995 for a non-represented Deputy Sheriff. Also, for each year of pension service earned after January 1, 2001, eight (8) years of service earned prior to January 1, 2001 shall be credited with an additional .5% multiplier.
- A "back drop" payment option was established that permits an employee to receive a lump-sum cash payment and a monthly pension benefit upon retirement. The lump-sum cash payment is the total of the monthly pension benefits, adjusted for COLA increases, that a member would be entitled to from a prior date (back drop date) to the date that the member terminates employment plus compounded interest. The back drop date must be at least one year prior to the termination date and the member must have been eligible to retire as of that date. The member will be entitled to a COLA adjusted monthly pension benefit based on the back drop date once the member terminates employment.
- A participant is vested upon attaining 5 years of creditable pension service.

The following changes were made effective as of the stated dates:

- Non-represented employees and elected officials hired on or after March 15, 2002 are not eligible to receive the drop back pension benefit. Employees represented by a labor agreement must also be hired prior to the date specified in the labor agreement to be eligible to receive the the drop back benefit.
- Individuals elected after March 15, 2002 are not eligible to receive the additional .5% pension benefit multiplier.
- Effective January 1, 2003, the pension benefit for employees who became members after December 31, 1981 shall be based upon a final average salary equal to the three highest consecutive years of earnings instead of the five highest consecutive years of earnings, except for represented sheriffs.

A participant who meets the requirements for an accidental or ordinary disability benefit is entitled to an amount equal to the normal retirement benefit, but not less than 60% of a participant's final average salary for accidental disability. Fifteen years of credited service is required to apply for ordinary disability.

A represented deputy sheriff whose membership began prior to January 1, 1982 is vested upon attaining six years of creditable pension service. A represented deputy sheriff whose membership began after December 31, 1981 is vested upon attaining ten years of creditable pension service.

Most participants are immediately vested upon attaining age 60. A vested participant is eligible for a deferred pension beginning as of the member's normal retirement date.

A participant who is 55 years of age and has 15 years of credited service may elect to receive early reduced retirement benefits. The participant would be entitled to a benefit equal to the normal retirement benefit with a lifetime reduction of 5% for each year prior to the normal retirement date.

Upon the death of an employee participant and usually after one year of service, which varies by labor agreement, a spouse with one dependent child, as defined in the Ordinance, will receive 40% of the deceased participant's salary, reduced by an amount equal to Social Security benefits payable to the spouse.

An additional 10% of salary, reduced by Social Security benefits, is paid for each dependent child. The total benefit, if there are more than five eligible children, generally cannot exceed 90% of the prior salary level. The total benefit includes Social Security benefits. Upon attaining age 60, the spouse will receive 50% of the normal retirement benefit based upon service projected to age 60 of the employee participant. If there is no spouse or child, the death benefit payable to a designated beneficiary is equal to 50% of the deceased participant's final average salary, but not to exceed $2,000. Deputy sheriffs are covered by special provisions if their death occurs as a result of an accident in actual performance of duty.

A participant who attains eligibility for normal retirement benefit may elect a protective survivorship option of 100% or 50% (discussed below). In the absence of an election, a surviving spouse will be paid a survivorship pension of 100%. For a survivorship pension to be paid to a designated beneficiary, other than a surviving spouse, election must be filed in writing on a form prescribed by the Pension Board.

Currently, employee participants may choose between several options when retiring. The available options are:

- Maximum This option is a pension benefit that is payable over the life of the participant and ceases upon the participant's death;
- Membership Account Refund This option is an actuarially reduced pension benefit that ceases upon the death of the participant. This option, however, guarantees that the participant will receive the total balance in his/her Membership Account as of the retirement date. The Membership Account balance is reduced each month by an actuarial determined amount. Any balance remaining upon the participant's death will be paid to the participant's beneficiary. Generally, only participants hired prior to 1971 have a Membership Account and, therefore, are the only employees eligible for this option;
- 25% This option is an actuarially reduced pension benefit that is payable over the life of the participant. Upon the participant's death, 25% of the pension benefit is payable over the life of a named beneficiary, if living;
- 50% This option is an actuarially reduced pension benefit that is payable over the life of the participant. Upon the participant's death, 50% of the pension benefit is payable over the life of a named beneficiary, if living;
- 75% This option is an actuarially reduced pension benefit that is payable over the life of the participant. Upon the participant's death, 75% of the pension benefit is payable over the life of a named beneficiary, if living;
- 100% This option is an actuarially reduced pension benefit that is payable over the life of the participant. Upon the participant's death, 100% of the pension benefit is payable over the life of a named beneficiary, if living;
- 10-Year Certain This option is an actuarially reduced pension benefit payable over the life of the participant but is guaranteed for a period of 10 years, in the event that the participant should die within 10 years after the retirement date.
- Board Discretion This option is at the discretion of the Pension Board and is the payment of a benefit in a form other than those set forth above provided that payments in such other form shall be the actuarial equivalent of the benefit otherwise payable. The Pension Board assesses an administrative charge for each calculation performed under this option.

Benefits of $140.0 million and $130.7 million were paid in 2007 and 2006, respectively, including periodic pension benefit payments of $129.5 million and $125.2 million respectively and dropback lump-sum pension benefit payments of $10.5 million and $5.5 million in 2007 and 2006, respectively.

(2) Summary of Significant Accounting Policies:

Basis of Accounting –

The accompanying financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed and expenses are recorded when the corresponding liabilities are incurred.

Investments –

Investments, primarily stocks, bonds, certain government loans and mortgage-backed certificates, are stated at quoted fair value. Temporary cash investments are valued at cost, which approximates fair value. Investments in venture capital partnerships are valued at estimated fair value, as provided by the Retirement System's venture capital investment manager. Investment transactions are recorded on the trade date. Realized gains and losses are computed based on the average cost method.

A summary of investments at cost is as follows:

	As of December 31	
	2007	2006
Domestic common and preferred stocks	$ 398,470,064	$ 444,920,083
Corporate bonds	541,390,270	424,038,834
International common and preferred stocks	286,326,052	251,987,550
Fed agency and mortgage backed certificates	52,058,659	53,598,289
International fixed income	24,490,775	29,083,622
US Government and state obligations	31,097,175	54,500,055
Real estate investment trusts	50,924,947	51,110,931
Venture capital	24,018,122	26,269,992
Cash and cash equivalents	17,292,205	17,587,478
Total investments at cost	$1,426,068,269	$1,353,096,834

Valuation of International Securities –

Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts on the date of valuation. Purchases and sales of securities and income items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

Expenses –

Administrative expenses incurred by the County related to the Retirement System are payable by the Retirement System to the County. Such expenses totaled $915,868 and $988,048 in 2007 and 2006, respectively.

Use of Estimates –

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(3) Income taxes –

Management has submitted to the Internal Revenue Service, as part of a Voluntary Compliance Program, any compliance issues that have been discovered through a self-administered review where the provisions contained in the Internal Revenue Code, the County Pension Ordinances or Pension Rules differ from actual practice. Management is waiting for a response from the Internal Revenue Service regarding what action will be required to bring the pension system into compliance in all of its practices in order to maintain its tax-qualified status.

(4) Contributions Required and Contributions Made –

The Retirement System's funding policy provides for periodic County contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Payroll contribution rates are determined using the Aggregate Entry Age Normal method of funding. The Retirement System also uses the level percentage of payroll method to amortize the unfunded liability over a 30 year period in 2007. The significant actuarial assumptions used to compute the contribution requirements are the same as those used to compute the pension benefit obligation.

County contributions totaling $49,291,072 and $27,435,154 were recorded in 2007 and 2006, respectively. The 2007 and 2006 contributions were less than the total Actuarial Required Contribution (ARC) using the Aggregate Entry Age Normal method of funding with normal cost computed as a level percentage of pay. See the Schedule of Employer Contributions in the Required Supplementary Information. The County's contributions to the Retirement System were 21.7% and 12.3% of annual covered payroll for 2007 and 2006, respectively.

The 2007 and 2006 contributions reflected in the accompanying statements were actuarially determined as of January 1, 2006 and 2005. These amounts were included in the County's 2007 and 2006 budgets. The Retirement System's financial statements as of December 31, 2007 and 2006 reflected the unpaid portion of the 2007 and 2006 contributions as a contribution receivable.

Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 8.0%, compounded annually in 2007 and 2006, (b) projected payroll growth increases averaging 3.5% per year compounded annually in 2007 and 2006, attributed to inflation, seniority and merit, and (c) post-retirement benefit increases of 2.0% per year for both 2007 and 2006.

(5) Deposit and Investment Risk Disclosure –

As provided by state legislative act and County Ordinance, the Retirement System's Board has exclusive control and management responsibility of the Retirement System's funds and full power to invest the funds. In exercising its fiduciary responsibility, the Board is governed by the "prudent person" rule in establishing investment policy. The "prudent person" rule, requires the exercise of that degree of judgment, skill and care under the circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to permanent disposition of their funds, considering the probable income as well as the probable safety of the principal. The Board has adopted a Statement of Investment Policy to formally document investment objectives and responsibilities. This policy establishes guidelines for permissible investments of the Retirement System. The Retirement System's investments are subject to various risks. Among them are credit risk, concentration of credit risk, custodial credit risk, interest rate risk, and foreign currency risk. Each of these risks is discussed in more detail below.

Concentration of Credit Risk –

Concentration of credit risk is a risk of loss that may be attributed to the magnitude of the Retirement System's investment in a single issuer, generally inivestments in any one issuer that represents five (5) percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this definition. The Retirement System has no investments in one issuer other than U.S. Government securities and mutual funds that exceed five (5) percent of the total investments.

Credit Risk –

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's Investors Services (Moody's), Standard and Poor (S & P) and Fitch Ratings (Fitch's). With the exception of the Loomis Sayles - High Yield and the MCM Aggregate Bond portfolios, bonds purchased and owned in each portfolio must have a minimum quality rating of Baa3 (Moody's) or BBB- (S & P or Fitch's). The average quality of each portfolio must be A or better. For Loomis Sayles - High Yield, bonds must have a minimum quality rating of B3 (Moody's) or B- (S & P or Fitch's) at the time of purchase. The fixed income securities for the MCM Aggregate Bond portfolio should have a minimum quality rating of A, with the exception of 15% of the portfolio which may have a minimum quality rating of BBB. The credit quality ratings of investments in fixed income securities by Moody's a nationally recognized statistical rating agencies as of December 31, 2007 are as follows: (amounts are in thousands of dollars)

Moody's Quality Ratings	Fair Value
AAA	$ 26,115
AA1	3,848
AA2	3,004
AA3	2,407
A1	8,849
A2	45,020
A3	7,898
BAA1	16,672
BAA2	19,980
BAA3	32,189
BA1	15,598
BA2	14,715
BA3	12,084
B1	19,731
B2	5,584
B3	4,266
CAA1	14,290
NR	20,382
Total Credit Risk Fixed Income Securities	**$272,632**
U.S. Government and Agencies	85,875
Mutual Funds (Not Rated)	345,310
Total Investment in fixed income	**$703,817**

The Loomis Sayles High Yield portfolio holds all investments with a rating less than Baa3, except for the following securities that have an average rating of Ba1

- securities in the amount of $6,234,958 held by the Loomis Sayles Investment Grade portfolio.

Custodial Credit Risk – Deposits and Investments

Custodial credit risk is the risk that, in the event a financial institution or counterparty fails, the Retirement System will not be able to recover the value of its deposits, investments or securities. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the Retirement System's name and are held by the counterparty.

No formal policy exists on custodial risk. However, substantially all assets of the Retirement Syatem are held in its name. Repurchase agreements held by the Retirement System are essentially collateralized overnight loans, with the securities held by Wells Fargo, the counterparty, as collateral. These securities are held by Wells Fargo but not in the name of the Retirement System. As of December 31, 2007, the underlying collateral for the Retirement System's repurchase agreements in the amount of $3,667,204 was exposed to custodial risk as it was held outside the name of the trust.

As of December 31, 2007, all deposits with banks are fully insured by the Federal Depository Insurance Corporation or the State Deposit Guarantee Fund.

The following table presents the Retirement System's total cash, deposits and cash equivalents as of December 31, 2007: (amounts are in thousands of dollars)

Schedule of Cash and Cash Equivalent Investments

	Carrying Value	Bank Balance
Cash held by various investment managers	$ 3,853	$ 3,852
Deposits with banks	452	459
Foreign currency	8	8
Repurchase agreement	--	3,667
Money market deposits	12,979	12,979
Total Deposits	$17,292	$20,965

The difference between the carrying value and bank balances are due to outstanding checks and deposits not yet processed by the bank. Deposits in excess of a predetermined amount are maintained in overnight repurchase agreements and transferred to a bank checking account as checks are presented for payment.

Foreign Currency Risk –

Foreign currency is the risk that changes in currency exchange rates will adversely affect the fair value of an investment or deposit.

The Retirement Systems exposure to foreign currency risk derives from its positions in foreign currency denominated international equity and fixed income investments. Its exposure to foreign currency as of December 31, 2007 is as follows: (amounts are in thousands of dollars)

Currency Unit	Fixed Income Incl Conv Deb	Cash and Cash Equivalents	Total
Austrailian Dollar	$ 1,682	$ -	$ 1,682
Brazilian Real	1,455	-	1,455
British Pound Sterling	-	4	4
Canadian Dollar	4,273	-	4,273
Danish Krone	-	-	-
Euro Currency Unit	-	4	4
Hong Kong Dollar	-	-	-
Iceland Krona	1,909	-	1,909
Japanese Yen	-	-	-
Mexican New Peso	2,747	-	2,747
Norwegian Krone	-	-	-
S. African Comm Rand	-	-	-
Singapore Dollar	2,378	-	2,378
South Korean Won	1,624	-	1,624
Swedish Krona	-	-	-
Swiss Franc	-	-	-
Thailand Baht	1,413	-	1,413
Totals	**$17,481**	**$ 8**	**$17,489**

Interest Rate Risk –

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Duration is a measure of an investment's sensitivity to changes in interest rates. The higher the duration, the greater the changes in fair value when interest rates change. The Option-Adjusted Duration method of measuring duration takes into effect the embedded options on cash flows.

The Retirement System does not have a formal investment policy that limits investment maturities as a means of managing exposure to losses arising from increasing interest rates with the exception of the cash equivalent portfolio. The investment policy limits the duration of individual securities held in the cash equivalent portfolio to 2.5 years. In addition, the duration of the entire cash equivalent portfolio should be between 1 and 2 years.

As of December 31,2007, the Retirement System had the following Option-Adjusted Durations for the fixed income investments: (amounts are in thousands of dollars)

Fixed Income Sector	Fair Value	Option-Adjusted Duration (in years)
Asset Backed Securities	$ 8,480	2.65
CM Backed Securities	4,888	3.65
CMO Corporate	11,700	2.57
CMO Government Agencies	28,237	4.72
Corporate	175,715	6.49
Energy	1,744	0.61
Financials	500	(3.43)
Government	35,973	8.53
Health Care	2,535	1.51
Information Technology	3,493	2.02
Other	54,017	0.08
U.S. Convertibles	692	3.95
U.S. Gov't Mortgages	18,395	3.82
U.S. Private Placements	8,368	5.42
U.S. Taxable Muni Bonds	1,272	8.66
Non U.S.	17,481	2.89
Other *	347,617	N/A
Totals	**$721,107**	

* Includes $345,310 invested in bond mutual funds for which the duration was not available.

Security Lending –

The Retirement System participates in a security-lending program for the lending of corporate bonds, equity and government securities to qualified brokers. Collateral received for securities loaned consists primarily of cash. Other forms of collateral are letters of credit and government agency securities. Collateral for domestic issues is set at 102% of the fair value of the securities loaned at the time of the initial transaction. If the value falls to 100% of the fair value of the securities loaned, additional collateral is obtained to reestablish collateral at 102% of the fair value of the securities loaned. Collateral for international securities is maintained at a level of 105% of the fair value of securities loaned at all times. The net investment income earned on collateral is divided between the custodian, as a fee for its services under the program, and the Retirement System, according to agreed upon rates. For 2007 and 2006, the net investment income realized from security lending was $413,241 and $282,421, respectively.

Securities loaned and the collateral held were as follows: (amounts are in thousands of dollars)

	As of December 31	
	2007	2006
Fair Value of Securities Loaned:	$111,038	$154,351
Fair Value of Collateral:	$113,823	$159,323
Percentage Collateral to Securities Loaned:	102.51%	103.22%

The collateral received from security lending transactions are recorded as assets at quoted fair value of the financial statement date. The Retirement System records an identical amount as a liability, representing the obligation of the Retirement System to return the collateral at the time the borrower of the Retirement System's securities return those securities.

The collateral received from securities lending transactions includes cash of $105,539 and $153,669 and U.S. Treasury securities of $8,284 and $5,654 for the years ended December 31, 2007 and 2006, respectively. Under the terms of the securities lending agreement, the Retirement System has the right to sell or pledge the cash collateral. The non-cash collateral in the amount of $8,284 and $5,654 for the years ended December 31, 2007 and 2006, respectively, is controlled by the custodian and, correspondingly, is not reflected in the Statement of Net Assets Available for Plan Benefits.

At year-end, the Retirement System has no credit risk exposure to borrowers because the amounts the Retirement System owes the borrowers exceed the amounts the borrowers owe the Retirement System. The contract with the Retirement System's custodian requires it to indemnify the Retirement System if a borrower fails to return the securities (and if the collateral is inadequate to replace the securities lent) or fails to pay the Retirement System for income distributions by the securities' issuers while the securities are on loan.

(6) Financial Instruments With Off-Balance Sheet Risks –

A currency forward is a contractual agreement between two parties to pay or receive amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. Forward commitments are entered into with the foreign exchange department of a bank located in a major money market. These transactions are entered into in order to hedge risks from exposure to foreign currency rate fluctuations. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the Retirement System records the amount receivable or payable at fair value, with the unrealized gain or loss reported as a component of net appreciation in fair value.

There were no unrealized losses on forward foreign exchange contracts at year-end 2007. As of 12/31/06 there were $18,140 of unrealized losses. At year-end 2007, the Retirement System held only $3.7 in forward foreign exchange contracts.

(7) Commitments and Contingencies –

The Retirement System is involved in litigation and certain other disputes arising during the normal course of operations. Management does not believe the settlement of such matters will have a material impact on the Retirement System's financial statements.

(8) OBRA 1990 Retirement System of the County of Milwaukee –

The County established the OBRA 1990 Retirement System of the County of Milwaukee (OBRA) to cover seasonal and certain temporary employees who are not enrolled in the Retirement System. Assets of the OBRA are commingled for investment purposes with the assets of the Retirement System. As the assets of the

Retirement System are legally available to pay benefits of either the ERS or OBRA and all assets have been commingled, the Retirement System is considered a single plan for financial reporting purposes. Net assets identified for OBRA benefits as of December 31, 2007 and 2006, were as follows:

	(Unaudited)	
	2007	2006
Assets		
Cash	$ 2,031	$ 654
Contributions receivable from County	529,000	462,000
Assets held by Retirement System	823,774	805,242
Total assets	$1,354,805	$1,267,896
Liabilities		
Taxes payable	$ -	$ 6,965
Total liabilities	-	6,965
Net assets available for benefits	$1,354,805	$1,260,931

Changes in net assets available for benefits for OBRA for the years ended December 31, 2007 and 2006, were as follows:

	(Unaudited)	
	2007	2006
Contributions from County	$529,000	$462,000
Investment income	68,780	117,675
Investment and administrative expenses	(449,781)	(300,185)
Benefits paid	(54,125)	(108,964)
Net increase in assets available for benefits	$93,874	$170,526

As of December 31, 2007 and 2006, respectively, there were 10,143 and 9,643 participants with vested benefits in OBRA. The actuarial accrued liability of OBRA at December 31, 2007 and 2006, was $4,076,739 and $3,842,625, respectively, leaving net assets available less than the actuarial accrued liability of ($2,721,934) and ($2,581,694), respectively. These amounts are not reflected in the required supplementary information tables that follow the notes to the financial statements.

Required Supplementary Information

Schedule of Funding Progress
(in thousands of dollars)

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability–AAL (b)	Funded ratio (a/b)	(Overfunded) Unfunded AAL–(UAAL) (b-a)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
12/31/07	$1,627,288	$2,024,923	80.4%	$397,635	$227,364	174.9%
12/31/06	1,525,532	1,931,220	79.0%	405,688	223,005	181.9%
12/31/05	1,454,302	1,909,321	76.2%	455,019	225,722	201.6%
12/31/04	1,424,918	1,782,884	79.9%	357,966	209,796	170.6%
12/31/03	1,446,726	1,707,999	84.7%	261,273	233,478	111.9%
12/31/02	1,446,860	1,542,045	93.8%	95,185	234,679	40.6%

Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded (overfunded) actuarial accrued liability in isolation can be misleading. Expressing plan net assets as a percentage of the actuarial accrued liability provides one indication of the Retirement System's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Retirement System. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids the analysis of the Retirement System's progress in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, or the larger the percentage, if negative, the stronger the Retirement System.

Schedule of Employer Contributions for the Year Ended December 31,

Fiscal Year	Annual Required Contribution (ARC)	Percentage Contributed
2007	$52,395,263	94.1%
2006	52,638,196	52.1%
2005	37,607,940	94.2%
2004	33,248,204	105.7%
2003	25,242,325	134.6%
2002	8,528,477	30.3%

Notes to Required Supplementary Information

(1) Description –

The historical trend information is presented as required supplementary information. This information is intended to help users assess the Retirement System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

(2) Actuarial Assumptions and Methods –

The information presented in the required supplementary schedules was determined as part of the actuarial valuations as of January 1, 2008, for the plan year ending December 31, 2007. The actuarial valuations consider the changes effective January 1, 2008. Additional information as of the latest actuarial valuation follows:

Valuation date	1/1/08
Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level percent of payroll, closed
Equivalent Single Amortization Period	19 years
Asset valuation method	5-year smoothing of difference between total expected return versus actual return
Actuarial Assumptions:	
Investment rate of return	8.0%
Projected payroll growth	3.5%
Mortality	Sex-distinct up – 1994 Mortality Table (for healthy pensioners) RP 2000 Disabled Mortality Table (for disabled pensioners)

(3) Significant Factors Affecting Trends in Actuarial Information –

2008 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Changed maximum period for backdrop period to earliest unreduced benefit.
- Increase annual compensation limit to $230,000.
- Increase annual benefit limit to $185,000.

2007 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Changed disability assumption from assuming 100% of disabilities are Ordinary to 10% Ordinary and 90% Accidental for represented employees and 95% Ordinary and 5% Accidental for non-represented employees.
- Changed the backdrop assumption from 70% of eligible employees elect a backdrop with an average backdrop period of four years to 75% of eligible employees elect a backdrop, where 75% are assumed to take the maximum period available to them and 25% take half the maximum period available.
- Increase annual compensation limit to $225,000.
- Increase annual benefit limit to $180,000.

2006 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Increase annual compensation limit to $220,000.
- Increase annual benefit limit to $175,000.
- Decrease in the discount rate to 8.0%.
- Increase in backdrop utilization assumption from 50% to 70%.

2005 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Increase annual compensation limit to $210,000.
- Increase annual benefit limit to $170,000.

2004 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Increase annual compensation limit to $205,000.
- Increase annual benefit limit to $165,000.
- Decrease in discount rate to 8.5%.
- The amortization period for plan amendments, assumption changes and actuarial experience was changed from 20 years to 30 years. Future plan and assumption changes, as well as, actuarial gains and losses will be amortized over 30 years from the date established.
- Changed from smoothing unrealized gains or losses to smoothing difference between total expected return versus actual return.

TEN-YEAR HISTORICAL TREND INFORMATION

REVENUES BY SOURCE AND EXPENSES BY TYPE
(Unaudited)

Revenues by Source

Fiscal Year	Participant Contributions	County Contributions(1)	Investment Income (Loss)(2)	Total
2007	$344,782	$49,291,072	$106,442,068	$156,077,922
2006	545,258	27,435,154	207,804,929	235,785,341
2005	360,283	35,415,185	128,528,748	164,304,216
2004	711,322	35,143,178	188,633,703	224,488,203
2003	704,758	33,980,592	292,669,096	327,354,446
2002	436,682	2,579,984	(78,508,968)	(75,492,302)
2001	265,567	2,646,523	(28,309,035)	(25,396,945)
2000	180,729	629,279	(14,726,721)	(13,916,713)
1999	140,834	2,756,636	243,675,430	246,572,900
1998	156,915	10,816,807	120,415,049	131,388,771

Expenses by Type

Fiscal Year	Benefits(3)	Investment and Administrative Expenses(4)	Withdrawals	Total
2007	$139,990,962	$7,715,976	$56,626	$147,763,564
2006	130,730,539	6,622,923	13,571	137,367,033
2005	148,307,335	6,294,816	36,963	154,639,114
2004	161,368,700	6,302,951	154,522	167,826,173
2003	111,109,514	5,662,380	12,999	116,784,893
2002	118,078,160	5,301,678	30,230	123,410,068
2001	94,842,239	5,389,064	233,732	100,465,035
2000	85,664,789	5,320,195	257,600	91,242,584
1999	82,022,948	4,966,393	16,866	87,006,207
1998	79,261,523	4,913,214	50,504	84,225,241

FOOTNOTES ARE IN THOUSANDS OF DOLLARS:

(1) Contributions were made based upon actuarially determined contribution requirements, as well as additional contributions made at the discretion of the County Board.

(2) Includes interest and dividends, net appreciation (depreciation) of fair value, net security lending income, and other income.

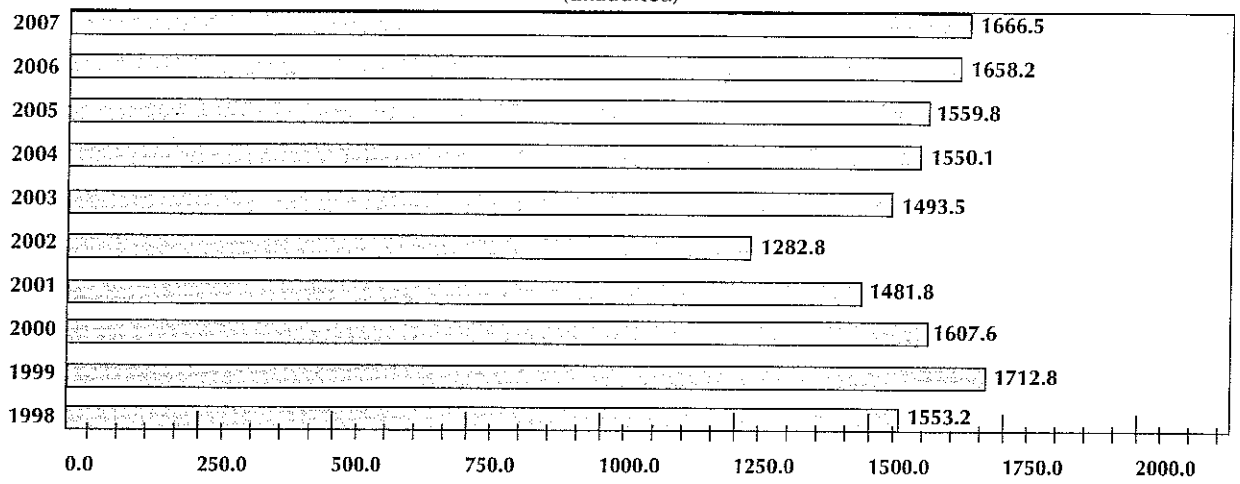
(3) Included in the benefits for years 2007, 2006, 2005, 2004, 2003 and 2002 are drop-back lump-sum payments in the amount of $10.5, $5.5, $25.7, $51.0, $11.0 and $23.1 million, respectively.

(4) The increase in investment and administrative expenses of $2,803 during the past ten years were due to increases in the following expenses:

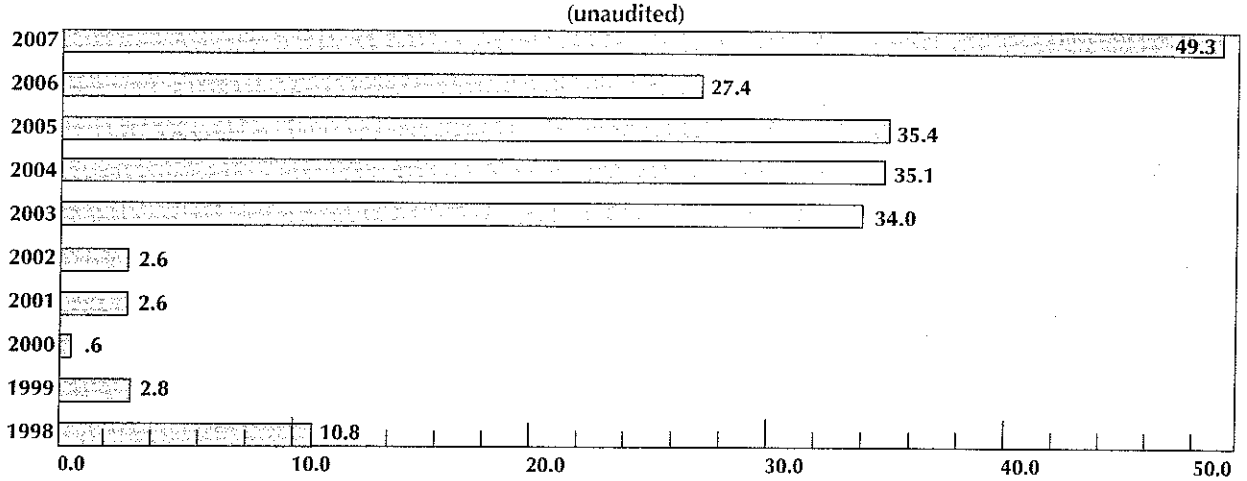
- legal and corporate counsel fees of $1,028 due to buyback/buyin issues, litigation expenses, tax issues and various other legal matters;
- outside consultants of $656 with most of the increase occurring in 2007 and 2006 as a result of work being done on the installation of a new pension mainframe software system, data and document cleansing in preparation to the conversion to the new software system and a new online document imaging system;
- investment manager, custodial and cash management fees of $615 due mainly to the growth in the size of the fund during the 10-year period;
- cost of fiduciary insurance of $330. This cost has declined considerably after peeking in 2004;
- salaries and wages of $245 due primarily to the increase in the cost of benefits;
- temporary help of $161 due to unfilled positions within the department and preparation of the file room for a new file numbering system and the imaging project;
- actuarial costs of $90 due in part to the completion of the 5 year experience analysis in 2007;

Most of the other expenses experienced small increases that were offset by an increase of administrative expenses assessed to the OBRA retirement system. Those administrative expenses are assessed in accordance with a predetermined formula that has been uniformly applied since the inception of the OBRA pension system.

NET FUND ASSETS
FAIR VALUES 2007-1998
(in millions of dollars)
(unaudited)



ACTUAL COUNTY CONTRIBUTIONS
(in millions of dollars)
(unaudited)



ACTIVE MEMBERSHIP STATISTICS (Unaudited)

	2007
Members as of January 1	6,302*
Changes During the Year:	
New enrollments	326
Rehires	-
Nonvested terminations	(126)
Retirements	(294)
Deaths in active service	(12)
New deferred beneficiaries	3
Members as of December 31	6,199*

This total includes vested inactive members.

RETIREMENTS AND SURVIVORS (Unaudited)

	Retirements Granted								Survivors & Benefi-ciaries	Total
	Maxi-mum Pension	Option								
		Refund	100%	75%	50%	25%	10-yr.	Other		
January 1, 2007	2,769	666	1,186	166	1,164	263	94	42	949	7,299
Changes During the Year:										
Adjustments (actuary)*	(4)	1	5		2		2	(2)	21	25
Retirements	150	1	50	17	31	26	18	-	64	357
Pensioner deaths	(97)	(73)	(32)	(2)	(61)	(4)	(3)	(1)	(87)	(360)
December 31, 2007	2,818	595	1,209	181	1,136	285	111	39	947	7,321

*Adjustments as a result of reclassifications made to beginning balances by the actuary due to new information received.

CONSULTANTS

as of December 31, 2007

Legal Advisors:

Milwaukee County
Corporation Counsel
William Domina

Reinhart, Boerner, Van Deuren s.c.
Milwaukee, Wisconsin

Foley & Lardner
Milwaukee, Wisconsin

Actuary:

Buck Consultants
Chicago, Illinois

Disbursing Agent:

County Treasurer

Custodian/Securities Agent:

BNY/Mellon Trust
Boston, Massachusetts

Medical Board:

Medical Associates

Investment Consultant:

William M. Mercer
Investment Consulting, Inc.
Chicago, Illinois

Cash Management Manager:

Mellon Trust
Boston, Massachusetts

Standish Mellon Asset Management
Woburn, Massachusetts

Venture Capital Investment Managers:

Adams Street Partners
Chicago, Illinois

Progress Investment Management Company
San Francisco, California

Equity Investment Managers:

AQR Capital Management, LLC
Greenwich, Connecticut

Barclay Global Investors
San Francisco, California

Artisan Partners
Milwaukee, Wisconsin

Boston Partners Asset Management, Inc.
Boston, Massachusetts

Earnest Partners, LLC
Atlanta, Georgia

Mellon Capital Management
Pittsburgh, Pennsylvania

Reinhart & Mahoney Capital Management
Mequon, Wisconsin

Westfield Capital Management Co., Inc.
Boston, Massachusetts

Fixed Income Investment Managers:

Loomis, Sayles & Company, Inc.
Boston, Massachusetts

JP Morgan Investment Management
New York, New York

Mellon Capital Management
Pittsburgh, Pennsylvania

International Investment Managers:

Baring Asset Management, Inc.
Boston, Massachusetts

Capital Guardian Trust Company
Brea, California

Granthum, Mayo, Van Otterloo & Co.
Boston, Massachusetts

Real Estate Investment Trusts

ING Clarion Real Estate Securities
Radnor, Pennsylvania

EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE

ACTUARIAL VALUATION
JANUARY 1, 2007

buckconsultants
an ACS company

June 18, 2007

The Retirement Board
Employees' Retirement System of the
County of Milwaukee
901 N. 9th St.
Milwaukee, WI 53233

Ladies and Gentlemen:

This report presents the results of the annual actuarial valuation of the Employees' Retirement System of the County of Milwaukee as of January 1, 2007. The valuation takes into account all of the promised benefits to which members are entitled as of January 1, 2007, including pension and survivor benefits; and as required by the Retirement Code is the basis for the Budget Contribution for fiscal year 2008.

The valuation was based on the actuarial assumptions and methods as adopted by the Board of Trustees, including a valuation interest rate of 8% per annum compounded annually. Based on our recommendations and effective with this valuation, the Board adopted revised actuarial assumptions. Specifically, the disability assumption for represented employees was changed from assuming that 25% of disabilities are Ordinary and 75% are Accidental to 10% Ordinary and 90% Accidental. The backdrop assumption was changed from 70% of eligible employees elect a backdrop with an average backdrop period of four years to 75% of eligible employees elect a backdrop, where 75% are assumed to take the maximum period available to them and 25% take half the maximum period available. In addition, the rates of retirement, disability, termination and mortality were modified to better reflect actual and expected experience. The individual salary increase for general employees was changed to an average of 3.9% per annum, for elected officials the individual salary increase was changed to 3.5% per annum and for deputy sheriffs the individual salary increase was changed to 6.1% per annum.

Assets and Membership Data

The Retirement System reported the individual data for members of the System as of the valuation date to the actuary. While we did not verify the data at their source, we did perform tests for internal consistency and reasonableness. The amount of assets in the trust fund taken into account in the valuation was based on statements prepared for us by the Retirement System.

One North Dearborn Street, Suite 1400 • Chicago, IL 60602-4336
312.846.3000 • 312.846.3999 (fax)

Funding Adequacy

The 2006 valuation performed last year resulted in an Actual Funding Contribution of $46,929,347, against which $27,436,533 was actually contributed. The shortfall of $19,492,814 is amortized over five years.

The Actual Funding Contribution for 2007, based on the results of this valuation, is $52,395,263. It is expected that $49,290,000 will be contributed during 2008 on behalf of the 2007 plan year. The shortfall of $3,105,263 will be amortized over five years.

Budget Contribution

The 2008 Budget Contribution, expected to be contributed in 2009, is $49,707,000.

Financial Results and Membership Data

Detailed summaries of the financial results of the valuation and membership data used in preparing the valuation are shown in the valuation report. The actuary prepared supporting schedules and required supplementary information included in the County of Milwaukee Annual Report of the Pension Board.

Qualified actuaries completed the valuation in accordance with accepted actuarial procedures as prescribed by the Actuarial Standards Board. The qualified actuaries are members of the American Academy of Actuaries and are experienced in performing actuarial valuations of public employee retirement systems. To the best of our knowledge, this report is complete and accurate and has been prepared in accordance with generally accepted actuarial principles and practice.

Respectfully submitted,

Kim M. Nicholl, F.S.A.
Principal, Consulting Actuary

S. Lynn Hill
Director, Retirement Consulting

KMN/SLH:pl

EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE

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Executive Summary

This report presents the actuarial valuation as of January 1, 2007 for the Employees' Retirement System of the County of Milwaukee. The principal valuation results include:

- The Actual Funding Contribution for fiscal year 2007, which is $52,395,263.
- The Annual Required Contribution for fiscal year 2007 in accordance with GASB requirements, which is $52,395,263.
- The Budget Contribution for fiscal year 2008, which is $49,707,000.
- The total funded ratio of the plan determined as of January 1, 2007, which is 79.0% based on the accrued liability and the actuarial value of assets.
- The determination of the actuarial gain or loss as of January 1, 2007, which is a gain of $55,348,557.
- Annual disclosure as of January 1, 2007 as required by Statement No. 25 of the Governmental Accounting Standards Board.

The valuation was based on membership and financial data submitted by the Retirement System.

Changes Since Last Year

Legislative and Administrative Changes

There were no legislative or administrative changes since the prior valuation.

The benefit provisions and contribution provisions are summarized in Table 16.

Actuarial Assumptions and Methods

The actuary recently recommended that the Board adopt new assumptions based upon the five-year experience review of the actuarial assumptions. The Board concurred with the actuary's recommendation and adopted a number of assumption changes that were used to calculate the actual 2007 contribution and the 2008 budget contribution. The disability assumption for represented employees was changed from assuming that 25% of disabilities are Ordinary and 75% are Accidental to 10% Ordinary and 90% Accidental. The backdrop assumption was changed from 70% of eligible employees elect a backdrop with an average backdrop period of four years to 75% of eligible employees elect a backdrop, where 75% are assumed to take the

maximum period available to them and 25% take half the maximum period available. In addition, the rates of retirement, disability, termination and mortality were modified to better reflect actual and expected experience. The individual salary increase for general employees was changed to an average of 3.9% per annum, for elected officials the individual salary increase was changed to 3.5% per annum and for deputy sheriffs the individual salary increase was changed to 6.1% per annum.

The actuarial assumptions and methods are outlined in Table 15.

Contribution Amounts

The results of the valuation as of January 1, 2007 determine the Actual Funding Contribution and Annual Required Contribution for fiscal year 2007 and the Budget Contribution for fiscal year 2008. The Actual Funding Contribution and the Annual Required Contribution for GASB 25 disclosure for fiscal year 2007 are both $52,395,263. The Budget Contribution for fiscal year 2008 is $49,707,000. The actual 2007 contribution and budgeted 2008 contribution were based on assumption changes adopted by the Board in May 2007 and participant data as of January 1, 2007.

Reasons for Change in Budget Contribution Calculated by the Actuary

The Budget Contribution calculated by the actuary decreased from $59,015,000 for fiscal year 2007 to $49,707,000 for fiscal year 2008. A reconciliation of the decrease of $9,308,000 is shown in the following table:

Item	Amount	
1. 2007 Budget Contribution		$ 59,015,000
2. Increase / (Decrease) during 2006 due to		
a. Unanticipated liability loss (gain)	$ 553,000	
b. Asset experience other than expected	(817,000)	
c. 2006 reimbursable expenses other than assumed	(2,000)	
d. 2006 contribution variance other than assumed	2,000	
e. Full recognition of bases other than assumed	-	
f. Additional effects of assumption changes	(6,356,000)	
g. Total		(6,620,000)
3. 2007 Actual Contribution: (1 + 2)		$ 52,395,000
4. Expected Increase / (Decrease) during 2007 due to		
a. Normal cost and existing amortization schedule	$ 1,617,000	
b. Phase-in of deferred asset (gains) losses	(5,119,000)	
c. Amortization of 2007 reimbursable expenses	149,000	
d. Expected contribution variance for 2007	777,000	
e. Full recognition of 1997 reimbursable expenses	(112,000)	
f. Increase due to assumption changes	-	
g. Total		(2,688,000)
5. 2008 Budget Contribution: (3 + 4)		$ 49,707,000

Summary of Principal Results

Summarized below are the principal financial results for the Employees' Retirement System of the County of Milwaukee based upon the actuarial valuation as of January 1, 2007. Comparable results from the January 1, 2006 valuation are also shown.

Item	January 1, 2007	January 1, 2006
Demographics		
Active Members		
• Number	4,898	5,056
• Average Annual Pay	$ 45,530	$ 44,644
Inactive Members		
• Members Receiving Benefits		
• Number	7,299	7,275
• Average Annual Benefit Payment	$ 17,538	$ 17,056
• Members With Deferred Benefits		
• Number	1,404	1,399
• Average Annual Benefit Payment	$ 7,867	$ 7,570
Actual Funding Contribution	**(Fiscal Year 2007)**	**(Fiscal Year 2006)**
• Normal Cost with Interest	$ 21,189,240	$ 22,622,593
• Net Amortization Payments	31,206,023	24,306,754
• Total Contribution	$ 52,395,263	$ 46,929,347
Actuarial Funded Status		
• Accrued Liability	$ 1,931,219,869	$ 1,909,321,282
• Actuarial Value of Assets	1,525,531,519	1,454,301,600
• Unfunded Accrued Liability	$ 405,688,350	$ 455,019,682
• Funded Ratio	79.0 %	76.2 %

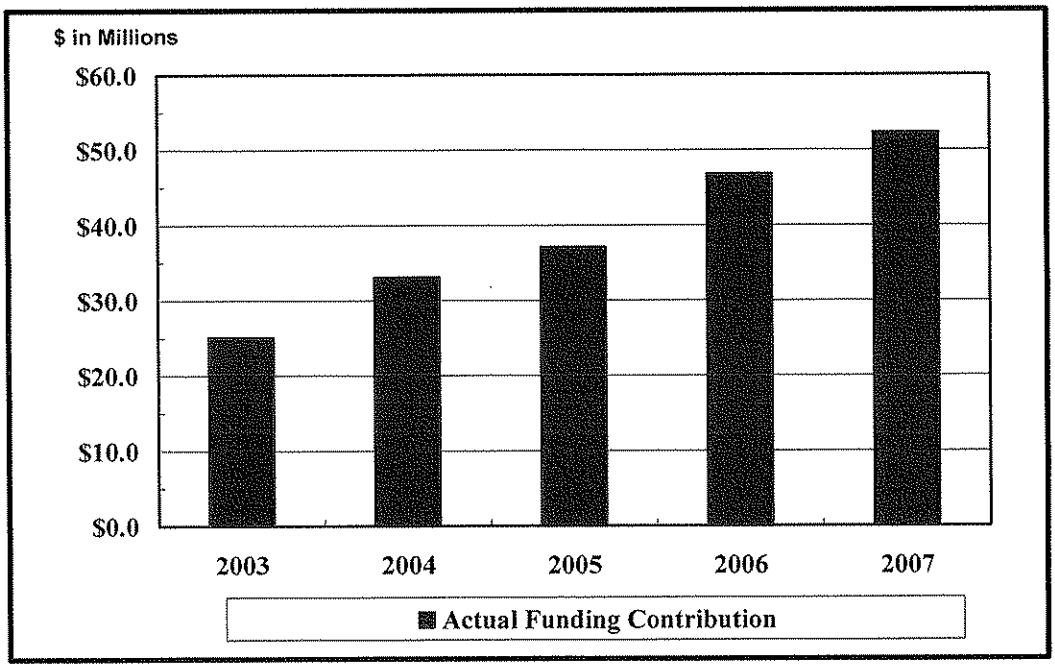
Five-Year History of Principal Financial Results

Five-Year History of Contribution Amounts

Valuation as of January 1	Actual Funding Contributions		
	Normal Cost with Interest	Net Amortization Payments	Total
2007	$ 21,189,240	$ 31,206,023	$ 52,395,263
2006	22,622,593	24,306,754	46,929,347
2005	18,184,797	19,423,143	37,607,940
2004	20,146,407	13,101,797	33,248,204
2003	18,722,702	6,519,623	25,242,325

The following chart shows a five-year history of employer contribution amounts:

Five-Year History of Actual Funding Contributions



Funded Ratio

The financing objective of the System is to:

- Fully fund all current costs based on the normal contribution rate determined under the funding method; and
- Liquidate the unfunded accrued liability based on the amortization schedules as required by the retirement code, i.e., a schedule of 5, 10, or 30 years for each change in the unfunded accrued liability according to Section 3.1.

The total Actual Funding Contribution of $52,395,263, when taken together with the contributions payable by the members and asset returns, is the amount sufficient to achieve the financing objective for 2007.

The System's total funded ratio on the funding basis is measured by comparing the actuarial value of assets (based on a 5-year moving average market value) with the accrued liability. The accrued liability for pensions is the present value of benefits accumulated to date under the System's funding method and reflects future pay increases for active employees.

On this basis, the System's funded ratio is 79.0% as of January 1, 2007. This funded ratio is based on an actuarial value of assets of $1,525,531,519 and an accrued liability of $1,931,219,869.

Reasons for Change in the Total Funded Ratio

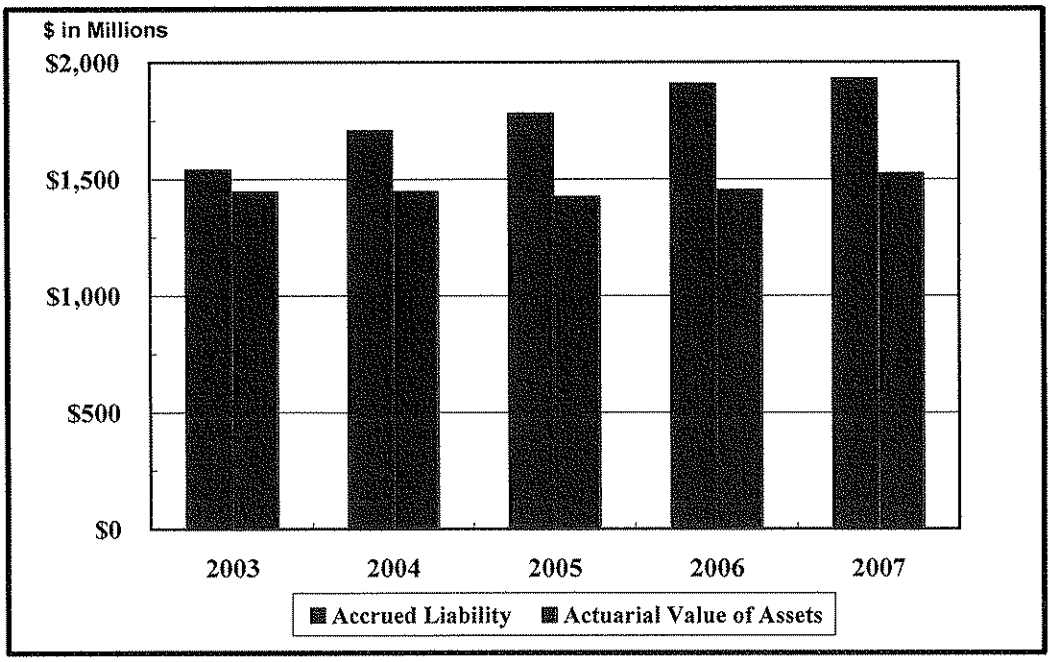
The total funded ratio increased from 76.2% as of January 1, 2006 to 79.0% as of January 1, 2007. The increase is due to the net effect of investment return, assumption changes and experience gains and losses.

Five-Year History of Total Funded Ratio
($ Amounts in Thousands)

Valuation as of January 1	Accrued Liability	Actuarial Value of Assets	Unfunded Accrued Liability	Funded Ratio
2007	$ 1,931,220	$ 1,525,532	$ 405,688	79.0%
2006	1,909,321	1,454,302	455,020	76.2
2005	1,782,884	1,424,918	357,966	79.9
2004	1,707,999	1,446,726	261,273	84.7
2003	1,542,045	1,446,860	95,185	93.8

The following chart shows a five-year history of the accrued liability and the actuarial value of assets:

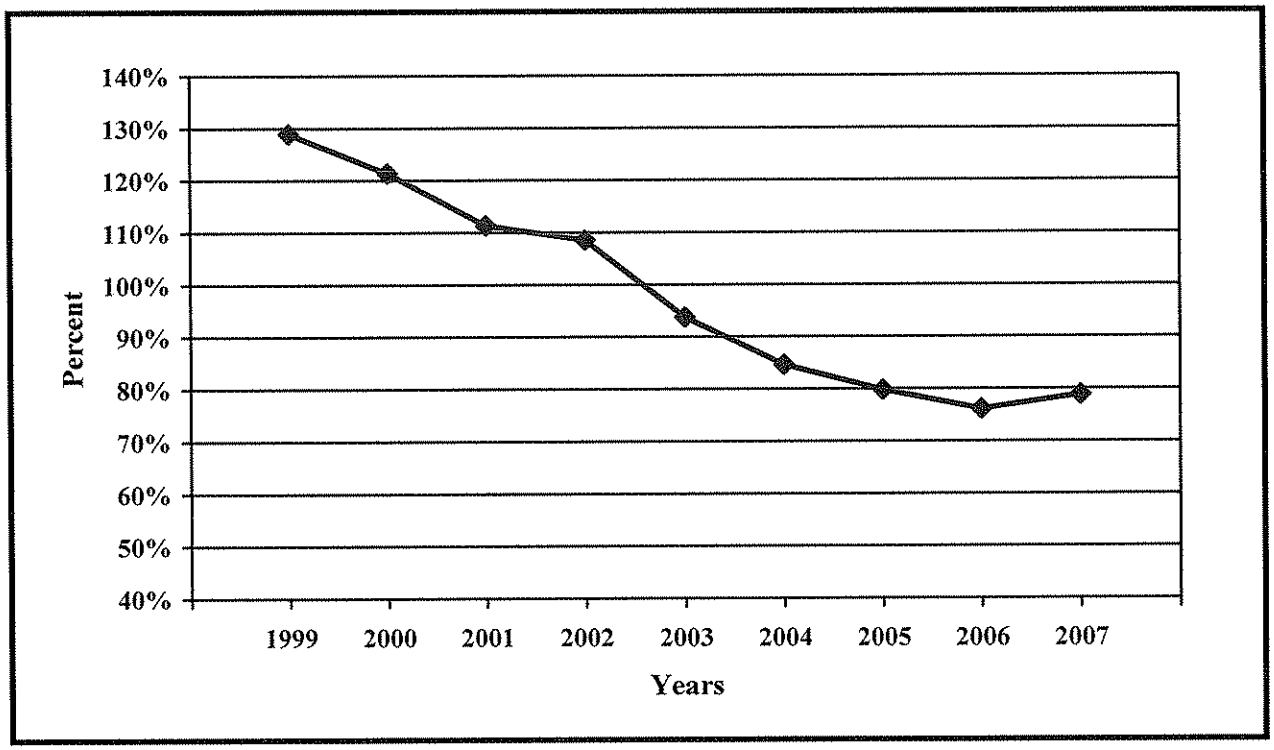
Five-Year History of Accrued Liability and Actuarial Value of Assets



The following chart shows an eight-year history of the total funded ratio:

Nine-Year History of Total Funded Ratio

(1999 - 2007)



GASB No. 25 Disclosure

Statement No. 25 of the Governmental Accounting Standards Board established reporting standards for the annual financial reports of defined benefit pension plans. The System complied with Statement No. 25 beginning with the January 1, 1997 valuation. The statement requires disclosure of the "schedule of funding progress" and the "schedule of employer contributions" in the System's financial statements.

The "schedule of funding progress" shows historical trend information about the System's actuarial value of assets, the actuarial accrued liability and the unfunded actuarial accrued liability. The actuarial funded ratio is measured by comparing the actuarial value of assets (based on a 5-year moving average market value) with the accrued liability. The accrued liability is the present value of benefits accumulated to date under the System's funding method and reflects future pay increases for active employees. On this basis, the System's funded ratio is 79.0% as of January 1, 2007. This funded ratio is based on an actuarial value of assets of $1,525,531,519 and an accrued liability of $1,931,219,869.

The "schedule of employer contributions" shows historical trend information about the annual required contribution (ARC) for pensions of the employer and the percentage of the ARC contributed to the System. The ARC is equal to the normal cost for pensions plus amortization of the unfunded actuarial accrued liability for pensions. The maximum period of amortizing the unfunded actuarial accrued liability permitted by GASB No. 25 is 30 years. The maximum amortization period decreased from 40 years to 30 years in 2007. The employer contributions to the System are equal to the normal cost plus a payment towards each change in the unfunded accrued liability, which are amortized over 5, 10 or 30-year periods. The ARC and the actual employer percentage contributed for the six fiscal years ending December 31, 2007 are shown in Table 14.

Rate of Return

The investment return of the trust fund (i.e. total return including both realized and unrealized gains and losses) for fiscal years 2002 through 2006 is shown in the table below. The return based on the actuarial value of assets used for determining annual contribution rates is also shown.

The rate of return on market value reflects the investment earnings on the market value of assets from the beginning of the fiscal year to the end of the fiscal year. The actuarial assets are the assets recognized for valuation purposes. Actuarial assets are based on a smoothed market value that spreads the difference between the actual and expected return over a period of five years. The rate of return on the actuarial value of assets is a measure of the increase in the actuarial value of assets from the beginning of the fiscal year to the end of the fiscal year.

Five Year History of Asset Returns

As of	Asset Values		Rates of Return		
12/31	Market	Actuarial	Market	Actuarial	Assumed
2006	$ 1,658,195,799	$ 1,525,531,519	13.5%	12.6%	8.0%
2005	1,559,777,489	1,454,301,600	8.3%	10.6%	8.5%
2004	1,550,112,389	1,424,917,604	14.0%	8.0%	8.5%
2003	1,493,450,359	1,446,725,776	23.3%	5.6%	9.0%
2002	1,282,880,806	1,446,860,024	(5.8%)	(3.7%)	9.0%
	Compound Rate of Return (five years):		10.2%	6.5%	

TABLE 1

SUMMARY OF RESULTS OF ACTUARIAL VALUATION AS OF JANUARY 1, 2007

Item	Amount
Participant Data	
1. Number of Participants	
a) Active Participants	4,898
b) Participants with Deferred Benefits	1,404
c) Participants Receiving Benefits	7,299
d) Total	13,601
2. Annualized Salaries	$ 223,005,093
3. Annual Annuities	$ 128,010,105
Valuation Results	
4. Present Value of Future Benefits	
a) Active Participants	$ 727,724,572
b) Participants with Deferred Benefits	69,182,533
c) Participants Receiving Benefits	1,279,799,507
d) Total	$ 2,076,706,612
5. Present Value of Future Normal Cost	$ 145,486,743
6. Actuarial Accrued Liability: (4 - 5)	$ 1,931,219,869
7. Actuarial Value of Assets	$ 1,525,531,519
8. Funded Status: (7 / 6)	79.0 %
9. Unfunded Actuarial Accrued Liability: (6 - 7)	$ 405,688,350
10. Normal Cost Rate	9.143 %
11. Normal Cost for the Plan Year	$ 20,389,356
Employer Actual Funding Contribution and Annual Required Contribution for Fiscal 2007	
12. Actual Funding Contribution Calculated by Actuary	
a) Normal Cost with Interest	$ 21,189,240
b) Net Annual Amortization Payments	31,206,023
c) Total Contribution: ((a + b), not less than zero)	$ 52,395,263

TABLE 2

SECURITY OF PROMISED BENEFITS
UNFUNDED ACTUARIAL ACCRUED LIABILITY
FUNDED STATUS

Item	January 1, 2007	January 1, 2006
1. Actuarial Accrued Liability		
a. Active Participants		
Retirement Benefits	$ 538,967,680	$ 501,057,818
Withdrawal Benefits	31,166,418	25,257,941
Disability Benefits	5,306,547	32,032,843
Death Benefits	6,797,184	11,910,525
Total Active	582,237,829	570,259,127
b. Participants with Deferred Benefits	69,182,533	66,380,188
c. Participants Receiving Benefits	1,279,799,507	1,272,681,967
d. Total All Participants	$ 1,931,219,869	$ 1,909,321,282
2. Actuarial Value of Assets	1,525,531,519	1,454,301,600
3. Unfunded Actuarial Accrued Liability (1d - 2)	$ 405,688,350	$ 455,019,682
4. Funded Status: (2 / 1d)	79.0%	76.2%

Both valuations were based on the same methods and plan provisions.

The interest rate used as of January 1, 2007 and January 1, 2006 was 8.0%. The actuarial assumptions as of January 1, 2007 are those adopted by the Pension Board in May of 2007, based on recommendations by the actuary resulting from the five-year experience review.

TABLE 3

ACTUARIAL GAIN/(LOSS) FOR PLAN YEAR ENDING DECEMBER 31, 2006

Item		Amount
1. Actuarial Accrued Liability at January 1, 2006		$ 1,909,321,282
2. Increases/(Decreases) During the Year		
a. Normal Cost for 2006	21,768,600	
b. Member Contributions	545,258	
c. Benefit Payments and Refunds	(130,744,110)	
d. Assumed Interest to End of Year	148,491,931	
e. Plan and Assumption Changes*	(26,558,457)	
f. Total: (a + b + c + d + e)		13,503,222
3. Expected Liability at January 1, 2007: (1 + 2)		1,922,824,504
4. Actuarial Accrued Liability at January 1, 2007		1,931,219,869
5. Liability Gain/(Loss): (3 - 4)		**$ (8,395,365)**
6. Actuarial Value of Assets at January 1, 2006		$ 1,454,301,600
7. Increases/(Decreases) During the Year		
a. County Contributions	27,435,154	
b. Member Contributions	545,258	
c. Benefit Payments and Refunds	(130,744,110)	
d. Administrative Expenses payable to the County	(988,048)	
e. Assumed Interest to End of Year	111,237,743	
f. Total: (a + b + c + d + e)		7,485,997
8. Expected Actuarial Assets at January 1, 2007 (6 + 7)		1,461,787,597
9. Actuarial Value of Assets at January 1, 2007		1,525,531,519
10. Actuarial Asset Gain/(Loss): (9 - 8)		**$ 63,743,922**
11. Total Gain/(Loss): (5 + 10)		**$ 55,348,557**

* The actuarial assumptions are those adopted by the Pension Board in May of 2007, based on recommendations by the actuary resulting from the five-year experience review.

TABLE 4

AMORTIZATION SCHEDULE FOR ACTUAL FUNDING CONTRIBUTION FOR 2007 PLAN YEAR

Type of Payment	Amortization Period				Balances		Payment
	Date Created	Initial Years	Remaining Years	Last Payment	Initial	Outstanding	
1. Charges							
Expense	01/01/1998	10	1	2007	$ 739,537	$ 104,062	$ 112,387
Expense	01/01/1999	10	2	2008	710,319	192,058	107,701
Expense	01/01/2000	10	3	2009	655,908	255,726	99,230
Expense	01/01/2001	10	4	2010	799,202	399,600	120,647
Expense	01/01/2002	10	5	2011	780,362	469,369	117,557
Expense	01/01/2003	10	6	2012	1,017,500	705,994	152,718
Expense	01/01/2004	10	7	2013	1,052,422	819,473	157,398
Variance	01/01/2004	5	2	2008	48,682	21,833	12,243
Reestablished unfunded	01/01/2004	30	27	2033	257,960,162	282,254,521	18,594,355
Expense	01/01/2005	10	8	2014	1,053,714	903,993	157,308
Loss	01/01/2005	30	28	2034	88,729,863	94,274,500	6,092,829
Expense	01/01/2006	10	9	2015	972,805	905,652	144,977
Variance	01/01/2006	5	4	2010	2,190,874	1,817,425	548,719
Assumption Change	01/01/2006	30	29	2035	95,861,177	98,781,725	6,270,167
Expense	01/01/2007	10	10	2016	988,048	988,048	147,248
Variance	01/01/2007	5	5	2011	19,492,814	19,492,814	4,882,101
Total Charges						$ 502,386,793	$ 37,717,585
2. Credits							
Variance	01/01/2005	5	3	2009	$ 2,196,489	$ 1,420,615	$ 551,246
Gain	01/01/2006	30	29	2035	12,975,497	13,370,814	848,712
Gain	01/01/2007	30	30	2036	55,348,557	55,348,557	3,454,160
Assumption Change	01/01/2007	30	30	2036	26,558,457	26,558,457	1,657,444
Total Credits						$ 96,698,443	$ 6,511,562
3. Net Amount (1 - 2)						$ 405,688,350	$ 31,206,023

Annual amortization payments of the reestablished unfunded actuarial accrued liability (UAAL), and changes to the UAAL arising from plan changes, assumption changes, and actuarial gains/losses are amortized as a level percentage of payroll, assuming payroll growth of 3.5% per year over a 30-year period.

Administrative expenses incurred by the County related to the System are payable by the System to the County. The County then reimburses the System for this payment on a level dollar basis over 10 years.

The variance between the amount contributed to the System for a plan year, and the actual contribution requirement for that year is amortized on a level dollar basis over 5 years.

TABLE 5

DEVELOPMENT OF NORMAL COST
FOR CURRENT AND PRIOR PLAN YEAR ACTUAL FUNDING CALCULATIONS

Item	January 1, 2007	January 1, 2006
1. Present Value of Projected Benefits		
a. Active Participants		
Retirement Benefits	$ 651,447,244	$ 646,663,687
Withdrawal Benefits	48,799,365	40,951,679
Disability Benefits	18,038,585	43,577,611
Death Benefits	9,439,378	16,917,356
Total Active	727,724,572	748,110,333
b. Participants with Deferred Benefits	69,182,533	66,380,188
c. Participants Receiving Benefits	1,279,799,507	1,272,681,967
d. Total All Participants	2,076,706,612	2,087,172,488
2. Actuarial Value of Assets	1,525,531,519	1,454,301,600
3. Unfunded Actuarial Accrued Liability	405,688,350	455,019,682
4. Present Value of Future Normal Costs (1d - 2 - 3)	145,486,743	177,851,206
5. Present Value of Future Salaries	1,591,161,860	1,844,204,892
6. Normal Cost Rate: (4 / 5)	9.143%	9.644%
7. Expected Salaries for the Plan Year*	223,005,093	225,721,692
8. Normal Cost for the Plan Year: (6 x 7)	**20,389,356**	**21,768,600**

* Prior-year earnings increased by the salary assumption and limited by the IRS compensation limit for those under the mandatory retirement age.

TABLE 6

CONTRIBUTION REQUIREMENTS – END-OF-YEAR BASIS
ACTUAL AND BUDGET AMOUNTS FOR CURRENT PLAN YEAR
BUDGET AMOUNT FOR NEXT PLAN YEAR

Item	2008 Budget	2007 Actual	2007 Budget
1. Normal Cost with Interest	$ 21,931,000	$ 21,189,240	$ 25,473,000
2. Net Annual Amortizations	27,776,000	31,206,023	33,542,000
3. Total Contribution ((1 + 2), not less than zero)	$ 49,707,000	$ 52,395,263	$ 59,015,000

The Budget Contributions shown above for the 2008 and 2007 plan years were estimated based on participant data as of January 1, 2007, and January 1, 2006, respectively.

The Actual Funding Contribution for the 2007 plan year was determined based on participant data as of January 1, 2007.

Changes in assumptions, methodology, and plan provisions since the prior valuation:

The actual and budgeted contributions for the 2006 plan year were based on an investment return assumption of 8.0%, and a backdrop utilization assumption of 70%.

For 2007 budget purposes the payroll growth assumption was lowered to 3.5%. Also, the disability assumption was changed. The prior assumption was that 100% of disabilities are Ordinary. The revised assumption for represented employees is 25% Ordinary and 75% Accidental. For non-represented employees, the revised assumption is 95% Ordinary and 5% Accidental. For 2007 Actual and 2008 budget purposes, the assumptions were changed to reflect those adopted by the pension board in May 2007 based on the results of the 5-year experience review.

The disability assumption for represented employees was changed from assuming that 25% of disabilities are Ordinary and 75% are Accidental to 10% Ordinary and 90% Accidental. The backdrop assumption was changed from 70% of eligible employees elect a backdrop with an average backdrop period of four years to 75% of eligible employees elect a backdrop, where 75% are assumed to take the maximum period available to them and 25% take half the maximum period available. In addition, the rates of retirement, disability, termination and mortality were modified to better reflect actual and expected experience. The individual salary increase for general employees was changed to an average of 3.9% per annum, for elected officials the individual salary increase was changed to 3.5% per annum and for deputy sheriffs the individual salary increase was changed to 6.1% per annum.

TABLE 7

SUMMARY STATEMENT OF MARKET VALUE OF PLAN ASSETS AS OF DECEMBER 31, 2006

Asset Category		Market Value as of December 31, 2006
1. Cash and Cash Equivalents		$ 17,663,749
2. Investments at Fair Value		
a. Domestic common and preferred stocks	$ 551,978,255	
b. Corporate bonds	457,393,409	
c. International common and preferred stocks	322,691,519	
d. Federal agency and mortgage-backed certificates	52,817,050	
e. International fixed income	34,507,543	
f. U.S. Government and state obligations	54,586,349	
g. Real estate investment trusts	78,466,092	
h. Venture capital	23,302,233	
i. Total Investments		1,575,742,451
3. Contributions Receivable for OBRA and ERS		27,862,000
4. (Payable) to OBRA Pension Plan		(1,267,896)
5. Net All Other Receivables (Liabilities)		38,195,495
6. Net Assets Held in Trust for ERS Pension Benefits (1 + 2i + 3 + 4 + 5)		$ 1,658,195,799

TABLE 8

SUMMARY RECONCILIATION OF MARKET VALUE OF PLAN ASSETS AS OF DECEMBER 31, 2006

Item		Amount
1. Market Value of Assets as of December 31, 2005		$ 1,559,777,489
2. Contributions for Plan Year		
a. County	$ 27,435,154	
b. Member	545,258	
c. Total		27,980,412
3. Disbursements for Plan Year		
a. Benefit payments and refunds	$ 130,744,110	
b. Administrative expenses payable to County	988,048	
c. Total		131,732,158
4. Market Value of Assets as of December 31, 2006		1,658,195,799
5. Net Investment Income* (4 - 1 - 2c + 3c)		202,170,056
6. Expected Net Investment Income (8.00% per annum)		119,675,814
7. Gain (Loss) on Market Value of Assets (5 - 6)		82,494,242
8. Estimated Rate of Return		13.5%

* Net Investment Income is the change in the value of assets for reasons other than contributions and disbursements.

TABLE 9

DERIVATION OF ACTUARIAL VALUE OF PLAN ASSETS AS OF DECEMBER 31, 2006

1. Market Value of Assets as of December 31, 2006				$ 1,658,195,799
2. Determination of Deferred Gain (Loss)				
Year	Gain/(Loss)	Percentage Deferred	Amount Deferred	
2006	$ 82,494,242	80%	$ 65,995,394	
2005	(2,393,630)	60%	(1,436,178)	
2004	63,554,640	40%	25,421,856	
2003	213,416,041	20%	42,683,208	
2002	(80,542,034)	0%	-	
Total				132,664,280
3. Actuarial Value of Assets (1 - 2)				$ 1,525,531,519

TABLE 10

SUMMARY RECONCILIATION OF ACTUARIAL VALUE OF PLAN ASSETS AS OF DECEMBER 31, 2006

Item		Amount
1. Actuarial Value of Assets as of December 31, 2005		$ 1,454,301,600
2. Contributions for Plan Year		
a. County	$ 27,435,154	
b. Member	545,258	
c. Total		27,980,412
3. Disbursements for Plan Year		
a. Benefit payments and refunds	$ 130,744,110	
b. Administrative expenses payable to County	988,048	
c. Total		131,732,158
4. Actuarial Value of Assets as of December 31, 2006		1,525,531,519
5. Net Investment Income* (4 - 1 - 2c + 3c)		174,981,665
6. Expected Net Investment Income (8.00% per annum)		111,237,743
7. Gain (Loss) on Actuarial Value of Assets (5 - 6)		63,743,922
8. Estimated Rate of Return		12.6%

* Net Investment Income is the change in the value of assets for reasons other than contributions and disbursements.

TABLE 11

EMPLOYER CONTRIBUTIONS FOR 2006 PLAN YEAR AND VARIANCE FROM THE FUNDING CALCULATION CONTRIBUTION

Item				Amount
1. Actual Funding Contribution End-of-Year Basis, for 2006 Plan Year (from January 1, 2006 actuarial valuation report)				$ 46,929,347
2. Total Employer Contributions Made, End-of-Year Basis				
Contribution Made	Fraction of a Year Invested	Contribution Amount	Interest to Year End*	End of Year Amount
Bi-weekly	50.0%	$ 35,154	$ 1,379	$ 36,533
02/01/2007	0.0%	5,500,000	-	5,500,000
03/01/2007	0.0%	5,500,000	-	5,500,000
04/01/2007	0.0%	5,038,000	-	5,038,000
05/01/2007	0.0%	5,500,000	-	5,500,000
06/01/2007	0.0%	5,862,000	-	5,862,000
Total		$ 27,435,154	$ 1,379	$ 27,436,533
3. Variance from Actual Funding Contribution Amount** (2 - 1)				$ (19,492,814)

* Interest to 12/31/2006 at 8.00% per annum.

** Variance will be amortized on a level dollar basis over five years.

TABLE 12

GASB NOS. 25 AND 27 DISCLOSURE INFORMATION FOR CURRENT AND PRIOR PLAN YEAR

Equivalent Single Amortization Period

Item	January 1, 2007	January 1, 2006
1. Covered Payroll	$ 223,005,093	$ 225,721,692
2. Unfunded Amount	405,688,350	455,019,682
3. Amortization Payment	31,206,023	30,015,603
4. Payment as a Level Percentage of Payroll (3 / 1)	13.99%	13.30%
5. Weighted Average Amortization Period (2 / 3)	13.00	15.16
6. Equivalent Single Amortization Period (Nearest Whole Year)	21	27

Net Pension Obligation

Item	January 1, 2007	January 1, 2006
1. Annual Required Contribution (ARC)	$ 52,395,263	$ 52,638,196
2. Interest on Net Pension Obligation	2,051,435	42,423
3. Adjustment to ARC	(6,422,439)	(132,814)
4. Annual Pension Cost (APC)	48,024,259	52,547,805
5. Contributions made*	(49,290,000)	(27,435,154)
6. Increase (Decrease) in Net Pension Obligation	(1,265,741)	25,112,651
7. Net Pension Obligation at Beginning of Year	25,642,938	530,287
8. Net Pension Obligation at End of Year**	24,377,197	25,642,938
9. Percent of APC Contributed	102.64%	52.21%

* Contributions for 2007 are estimated based on the County budget.

** NPO at December 31, 2007 is estimated based on expected contributions to be made for the year.

TABLE 13

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
($ Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Funded Ratio (a / b)	(Overfunded) Unfunded Actuarial Accrued Liability (b - a)	Covered Payroll (c)	(Overfunded) Unfunded as a Percentage of Covered Payoll [(b - a) / c]
01/01/2007	$ 1,525,532	$ 1,931,220	79.0%	$ 405,688	$ 223,005	181.9%
01/01/2006	1,454,302	1,909,321	76.2%	455,020	225,722	201.6%
01/01/2005	1,424,918	1,782,884	79.9%	357,966	209,796	170.6%
01/01/2004	1,446,726	1,707,999	84.7%	261,273	233,478	111.9%
01/01/2003	1,446,860	1,542,045	93.8%	95,185	234,679	40.6%
01/01/2002	1,620,157	1,492,072	108.6%	(128,086)	238,387	(53.7%)

TABLE 14

SCHEDULE OF EMPLOYER CONTRIBUTIONS
GASB STATEMENT NO. 25 DISCLOSURE

Fiscal Year Ended December 31	Annual Required Contribution	Percentage Contributed
2007	$ 52,395,263	94.1% *
2006	52,638,196	52.1%
2005	37,607,940	94.2%
2004	33,248,204	105.7%
2003	25,242,325	134.6%
2002	8,528,477	30.3%

* Contributions for 2007 are estimated based on the County budget.

The information presented above was determined as part of the actuarial valuation as of the dates indicated.

Additional information as of the latest actuarial valuation follows:

Valuation Date:	January 1, 2007
Actuarial Cost Method:	Aggregate Entry Age Normal
Amortization Method:	Level percent of payroll, closed
Remaining Amortization Period:	5-30 Years
Asset Valuation Method:	5-year smoothed market
Actuarial Assumptions:	
- Investment Rate of Return	8.00%
- Payroll Growth	3.50%

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS

ASSUMPTIONS

Interest Rate: 8.0% per annum, compounded annually. The components are 3.0% for inflation and 5.0% for the real rate of return.

Separation From Service: Illustrative rates of assumed separation from service are shown in the following tables.

Annual Rates per 100 Participants

Mortality*				
Attained Age	Healthy Pensioners		Disabled Pensioners	
	Males	Females	Males	Females
45	0.13	0.11	2.26	0.75
50	0.19	0.19	2.90	1.15
55	0.31	0.38	3.54	1.65
60	0.59	0.76	4.20	2.18
65	1.11	1.26	5.02	2.80
70	1.86	1.96	6.26	3.76
75	2.87	3.40	8.21	5.22
80	5.03	5.86	10.94	7.23
85	8.61	10.72	14.16	10.02

* Healthy pensioners: The sex-distinct UP-1994 Mortality Table projected to 2010, set back 1 year for males and set forward 4 years for females.

Active members: 70% of the rates applicable to healthy pensioners.

Disabled pensioners: RP2000 Disabled Mortality Table.

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

Annual Rates per 100 Participants

Attained Age	Withdrawal – Ultimate			Disability
	General Employees	Elected Officials*	Deputy Sheriffs	
20	10.00	2.00	13.50	0.00
25	9.40	2.00	11.70	0.04
30	9.00	2.00	6.90	0.07
35	6.60	2.00	3.60	0.12
40	4.70	2.00	2.40	0.19
45	3.75	2.00	2.00	0.22
50	2.95	2.00	2.00	0.22
55	2.30	2.00	2.00	0.22
60	0.00	0.00	0.00	0.22
65	0.00	0.00	0.00	0.22

* Select rates for elected officials assume no turnover for first four years.

Annual Rates per 100 Participants

Withdrawal – Select Rates by Year of Employment					
Attained Age	General Employees				
	0	1	2	3	4
20	36.0	25.0	25.0	15.0	12.5
25	31.2	23.4	20.4	15.0	11.9
30	27.1	22.4	16.8	13.2	9.1
35	24.7	21.4	14.8	11.4	7.2
40	22.3	19.2	14.0	10.4	6.7
45	21.5	16.8	14.0	10.0	5.9
50	21.5	14.8	14.0	10.0	7.6
55	21.5	14.0	14.0	10.0	9.0

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

Annual Rates per 100 Participants

Retirement Rates				
Attained Age	**General Employees** (backdrop eligible)	**General Employees** (not backdrop eligible)	**Elected Officials**	**Deputy Sheriffs**
45-49	19.8	0.0	0.0	26.0
50-54	19.8	7.0	0.0	31.0
55	19.8	15.0	19.8	16.0
56	19.8	15.0	19.8	40.0
57	23.0	15.0	23.0	40.0
58	20.4	15.0	20.4	40.0
59	24.8	15.0	24.8	40.0
60	19.4	20.0	19.4	40.0
61	22.5	20.0	22.5	75.0
62	28.4	20.0	28.4	80.0
63	26.6	20.0	26.6	50.0
64	24.3	25.0	24.3	50.0
65	30.4	30.0	30.4	100.0
66	22.5	30.0	22.5	100.0
67	25.7	30.0	25.7	100.0
68	34.2	30.0	34.2	100.0
69	36.0	30.0	36.0	100.0
70	100.0	100.0	100.0	100.0

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

Salary Increase: Effective average of 4.5% per annum, compounded annually. Representative values are as follows:

Annual Rate of Salary Increase

Age	General Employees	Elected Officials	Deputy Sheriffs
20	10.0%	3.5%	9.5%
25	8.2	3.5	9.2
30	5.8	3.5	8.4
35	5.0	3.5	7.4
40	4.6	3.5	5.7
45	4.0	3.5	4.3
50	3.3	3.5	3.4
55	3.0	3.5	3.0
60	3.0	3.5	3.0
Average	3.9	3.5	6.1

Payroll Growth: 3.5% per annum.

MISCELLANEOUS

Percentage Married/Age Difference: Male 80%, female 80%. Beneficiaries are assumed to be the same age as the participant.

Percentage Married with at Least One Dependent Child: 21.6% for General Employees, 43.2% for Deputy Sheriffs and Elected Officials. For those who die prior to age 60, it is assumed at least one child will remain a dependent until the member would have turned age 60.

Backdrop Rate: 75% of eligible retirees are assumed to elect a backdrop. Of those electing, 75% are assumed to take the maximum period available to them and 25% take half the maximum period available.

Assumed Type of Disability: For represented employees the assumption is 10% Ordinary and 90% Accidental and for non-represented employees, the assumption is 95% Ordinary and 5% Accidental.

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

METHODS

Calculations: The actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system, and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System.

Actuarial Cost Method: Liabilities and contributions shown in this report are computed using the Aggregate Entry Age Normal Cost Method. The outstanding balance of the unfunded actuarial accrued liability (UAAL) as of January 1, 2004 and any changes to the UAAL arising from plan changes, assumption changes, and actuarial gains/losses are amortized as a level percentage of payroll over a 30-year period.

Administrative expenses incurred by the County related to the System are payable by the System to the County. The County then reimburses the System for this payment on a level dollar basis over 10 years.

The variance between the amount contributed to the System for a plan year, and the actual contribution requirement for that year is amortized on a level dollar basis over 5 years.

Asset Valuation Method: A five-year moving market average value of assets that recognizes the actuarial expected investment return immediately and spreads the difference between the actual and expected return over a period of five years.

DATA

Census and Assets: The valuation was based on members of the System as of January 1, 2007 and does not take into account future members. All census data was supplied by the System and was subject to reasonable consistency checks. Asset data was supplied by the System.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS

MEMBERSHIP

Any person regularly employed by the County at an annual wage or salary, including any person employed by the State of Wisconsin, but receiving part of his compensation from the County.

VESTING SERVICE

Service during period of employment in the County or in any department in any town, village, city or metropolitan sewerage commission in the County, which department has by consolidation or merger been absorbed by the County.

Creditable service shall consist of "prior service", "military service", and "membership service", for which service credit is allowable under Section 4, Chapter 201, Laws of 1937, as well as service under Executive Order 11231, July 8, 1965, for Vietnam. Additional credit for periods of military service will be earned in accordance with the following chart:

Years of Service with Milwaukee County	Maximum Years of Military Service Granted
0-4	0
5-9	1
10-14	2
15-19	3
20+	4

BENEFIT SERVICE

Same as vesting service except service prior to becoming a participant does not count.

EARNINGS

Earnable compensation is the full rate of compensation payable to member if he worked the full normal working time for his position, including authorized overtime payments and the compensation rate assumed to have been received while the member is on authorized leave of absence. In cases where compensation includes maintenance, the Pension Board shall

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

fix the value of that part of the compensation not payable in money. Compensation shall not exceed $220,000 in the pension calculation as indexed for changes in the cost of living.

For all members except certain deputy sheriffs hired on or after January 1, 1982, the final average salary means the average annual salary for the highest three (3) consecutive years of service. For deputy sheriffs hired on or after January 1, 1982, excluding DA Investigators and non-represented deputy sheriffs, the final average salary means the average annual salary for the highest five (5) consecutive years of service. For DA Investigators and non-represented deputy sheriffs hired before July 1, 1995 and all non-deputy sheriff members hired before January 1, 1982, the final average salary is increased 7.5% for each year worked after January 1, 2001 to a maximum of 25%.

VOLUNTARY EMPLOYEE CONTRIBUTION

Up to 10% of earnings, provided that the employee was contributing on January 1, 1971.

BENEFITS

Normal Retirement

Eligibility

Elected Officials:

Age 60, or age 55 with 30 years of service. For elected officials hired before January 1, 2006, the combination of age and service adding up to 75 (Rule of 75) also applies.

General Employees:

For firefighters, Federated Nurses, and Machinists:

Age 60 with 5 years of service, or age 55 with 30 years of service. For firefighters hired before December 1, 1996, Federated Nurses hired before January 1, 1997, and Machinists hired before January 1, 1994, Rule of 75 also applies.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

	For Attorneys, Skilled Trades, non-represented employees, DC48, and Teamco: Age 60, or age 55 with 30 years of service. For attorneys, Skilled Trades, and non-represented employees hired before January 1, 2006 and DC48 and Teamco hired before January 1, 1994, Rule of 75 also applies. Deputy Sheriffs: Age 57, or age 55 with 15 years of service. For deputy sheriffs, DA Investigators, and non-represented deputy sheriffs hired before January 1, 1994, Rule of 75 also applies.
Amount	Elected Officials For elected officials hired before March 15, 2002, 2.5% of final average salary per year of service, not greater than 80%. For elected officials hired on or after March 15, 2002, 2.0% of final average salary per year of service, not greater than 80%. General Employees 2.0% of final average salary per year of service, not greater than 80%. Deputy Sheriffs For deputy sheriffs hired before July 1, 1995 and DA Investigators and non-represented deputy sheriffs, 2.5% of final average salary per year of service, not greater than 80%. For deputy sheriffs hired on or after July 1, 1995, 2.0% of final average salary per year of service, not greater than 80%. For all members, 1.6% of final average salary per year of service after 80% of final average salary has been reached. In addition to the pension portion, the benefit includes any voluntary contribution balance. Benefits should not be less than under previous system.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

Early Retirement	
Eligibility	Age 55 with 15 years of service.
Amount	Benefits reduced by 5/12 of 1% for each month by which commencement of payments precedes Normal Retirement Age. For deputy sheriffs, DA Investigators, and non-represented deputy sheriffs, benefit reduction does not apply.
Ordinary Disability Benefit	
Eligibility	After 15 years of service.
Amount	Benefits calculated as for normal retirement benefits. Minimum benefit is 25% of final average salary.
Accidental Disability Benefit	
Eligibility	Immediate.
Amount	Benefits are the same as normal retirement benefits if the employee has attained the minimum Normal Retirement Age. If less than Normal Retirement Age at time of disability, the benefit is computed the same as for normal retirement but is not less than 75% or 60% of final average salary.
	Elected Officials
	For elected officials hired before February 19, 1987, the benefit is not less than 75% of final average salary. For all other elected officials, the benefit is not less than 60% of final average salary.
	General Employees
	For non-represented employees hired before February 19, 1987, attorneys hired on or after January 1, 1987, Skilled Trades hired before October 30, 1987, Federated Nurses hired before January 1, 1987, Machinists hired before May 18, 1988, DC48 hired before July 24, 1987, and Teamco hired before January 12, 1988, the benefit is not less than 75% of final average

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

salary. For all other general employees, the benefit is not less than 60% of final average salary.

Deputy Sheriffs

For all deputy sheriffs, the benefit is not less than 75% of final average salary. For DA Investigators and non-represented deputy sheriffs hired on or after February 19, 1987, the benefit is not less than 60% of final average salary.

Ordinary Death Benefit

Upon the death of a deputy sheriff in active service for any cause other than accidental, the surviving spouse or child shall be entitled to receive the benefit under the provision of survivor benefits if the deceased member has completed at least one (1) year of service and is not eligible for normal retirement.

Accidental Death Benefit

Upon the death of a deputy sheriff caused by an accident in active duty, a survivorship benefit equal to fifty (50) percent of final average salary shall be granted to the following members:

1) A surviving spouse for life or until remarriage, or
2) If there is no spouse or spouse dies or remarries before the youngest child has attained age 18, the benefit is payable to his child(ren) under age 18 until the youngest child attains said age, or
3) If there is no spouse or child(ren) under age 18, the benefit is payable to his dependent father or mother to continue for life.

The monthly benefit aforementioned shall not be less than the benefit under ordinary death benefit section if death had not occurred in performance of duty.

Lump Sum Benefit Upon Death

Upon a death of members, a lump sum benefit of one-half the final average salary of the deceased member, not greater than two thousand dollars ($2,000) shall be paid to designated beneficiary if such member has completed one (1) year of service and no survivors' benefits payable under any other survivorship benefits.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

Deferred Vested Benefit

Upon termination of employment, a member who does not elect to withdraw any part of his membership account shall be eligible for a deferred vested benefit if:

1) The accrued benefit at age 60 is at least $10 per month
2) 5 years of service

The benefit is computed the same as for a normal retirement benefit considering earnings and service prior to date of termination.

Survivor Benefit

Upon the death of a member prior to age 60 and after completing at least one (1) year of service, a monthly benefit equal to 40% of the member's salary for the year of his death less monthly survivor benefits payable under the Social Security law shall be payable to his surviving spouse if she has at least one dependent child and was married to the member at least one (1) year prior to his death. Upon attainment of age 60 the dependent spouse shall be paid a benefit equal to 50% of the normal pension which the member would have received assuming service had continued to accrue to age 60 and the final average salary determined at death. In addition, a monthly benefit equal to 10% of the member's monthly salary less the benefits payable to child under Social Security law shall be payable to each eligible children until he attains age 18 or marries, or until attainment of age 22 if he is a student and not married.

Any member eligible for normal retirement may elect the protective survivorship option by selecting option 2 or 3 under the Optional Benefit section. This survivorship option shall become effective at the death of the member. If any member eligible to elect an option shall die in active service, without selecting an option, his surviving spouse shall be paid a survivorship benefit equal to the amount that would have been payable if such member had retired under option 3 immediately prior to his death.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

Optional Benefit

In lieu of the full retirement benefit, any member at retirement may elect to receive an actuarial equivalent reduced retirement benefit in accordance with the following options:

Option 1. In case of death before benefits attributable to his mandatory account have equaled the amount of his membership account at the date of retirement, the balance shall be paid to a designated beneficiary or to his estate; or

Option 2. At the death of the member, one-half of the reduced benefit shall be continued throughout the life of designated beneficiary; or

Option 3. At the death of the member, the same reduced benefit shall be continued throughout the life of designated beneficiary.

Other Benefits

Simple COLA	2% of original benefit increase per year to retired employees (surviving beneficiary receives proportionate amount based on survivorship percentage).
Contribution Refund	Refund of employee voluntary contribution upon severance.
Backdrop Benefit	Employee may opt to receive a monthly benefit earned as of a specific date in the past (backdrop date). The backdrop date may not be prior to the earliest date that the member was eligible to retire and shall not be less than one (1) year prior to the date the member leaves active County service. Employee receives a cash payment equal to monthly benefits that would have been paid between backdrop date and actual retirement date plus interested earned. Members not eligible for backdrop benefits are Elected Officials, non-represented employees and deputy sheriffs hired on or after March 15, 2002, Machinists and Teamco hired on or after November 4, 2005, attorneys hired on or after January 1, 2006 and Federated Nurses hired on or after December 15, 2005.

TABLE 17

SUMMARY OF MEMBERSHIP DATA
AS OF JANUARY 1, 2007

Active Participants

Item	General Employees	Deputy Sheriffs *	Elected Officials	Total
Number of Participants	4,340	532	26	4,898
Average Annual Salaries **	$ 44,107	$ 56,041	$ 67,894	$ 45,530
Average Age	46.6	40.7	49.3	46.0
Average Service	12.2	12.8	12.1	12.3

* Includes 21 non-represented deputy sheriffs.

** The salaries shown in the table above represent a rate of pay increased by the salary assumption.

Inactive Participants

Item	Number	Annual Annuities	Average Annuities	Average Age
Participants with Deferred Benefits *	1,404	$ 11,044,780	$ 7,867	51.1
Retired Participants	6,106	113,038,278	18,513	70.5
Beneficiaries	949	10,754,901	11,333	75.7
Disability Retirees	244	4,216,926	17,282	62.2
Total	8,703	$ 139,054,885	$ 15,978	67.7

* Includes 1,377 deferred vested participants and 27 beneficiaries in deferred status.

EXHIBIT I

ACTIVE MEMBERSHIP DATA – ALL EMPLOYEES

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2007

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	64 $29,581									64 $29,581
25-29	197 $37,276	74 $41,014								271 $38,297
30-34	175 $36,418	228 $41,257	29 $50,314							432 $39,904
35-39	167 $36,744	257 $41,150	155 $52,460	41 $44,827	5 -					625 $43,051
40-44	139 $39,440	151 $41,139	172 $47,044	195 $47,994	49 $52,633	7 -				713 $44,978
45-49	130 $42,313	162 $41,806	157 $48,287	268 $48,244	151 $50,710	64 $48,945				932 $46,753
50-54	95 $37,637	114 $42,451	151 $46,197	263 $50,187	172 $51,819	99 $53,837	21 $53,418			915 $48,037
55-59	76 $48,472	75 $42,647	103 $47,175	193 $47,809	99 $53,483	51 $63,539	36 $63,114	4 -		637 $50,239
60-64	22 $44,263	43 $42,344	60 $44,237	72 $47,859	26 $63,717	8 -	12 -	5 -		248 $49,611
Over 64	6 -	7 -	19 -	17 -	3 -	3 -	2 -	3 -	1 -	61 $ 44,021
Total	1,071 $38,403	1,111 $41,497	846 $47,879	1,049 $48,372	505 $52,429	232 $54,711	71 $62,020	12 -	1 -	4,898 $45,530

* Compensation in cells with fewer than 20 records has been surpressed.

EXHIBIT II

ACTIVE MEMBERSHIP DATA – GENERAL EMPLOYEES

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2007

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	64 $29,581									64 $29,581
25-29	179 $36,539	55 $38,476								234 $36,994
30-34	166 $35,872	171 $38,429	11 -							348 $37,257
35-39	157 $35,630	198 $38,824	63 $42,318	37 $43,148	5 -					460 $38,629
40-44	137 $39,344	140 $40,821	123 $42,660	158 $45,314	44 $51,236	6 -				608 $42,849
45-49	130 $42,313	153 $41,355	139 $46,678	240 $46,617	133 $48,376	60 $46,960				855 $45,329
50-54	92 $36,362	113 $42,418	141 $45,326	237 $49,471	157 $50,498	90 $52,190	20 $53,467			850 $46,998
55-59	75 $47,973	74 $42,514	97 $46,542	188 $47,410	95 $53,095	50 $63,687	35 $62,729	4 -		618 $49,874
60-64	21 $43,885	43 $42,344	59 $43,734	70 $47,647	25 $63,414	8 -	12 -	5 -		243 $49,364
Over 64	6 -	7 -	19 -	17 -	3 -	3 -	2 -	3 -		60 $ 42,776
Total	1,027 $37,883	954 $40,272	652 $44,602	947 $47,160	462 $51,130	217 $53,593	69 $61,948	12 -		4,340 $44,107

* Compensation in cells with fewer than 20 records has been surpressed.

EXHIBIT III

ACTIVE MEMBERSHIP DATA – DEPUTY SHERIFFS

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2007

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25										
25-29	17 -	19 -								36 $46,356
30-34	8 -	57 $49,739	18 -							83 $50,848
35-39	6 -	59 $48,954	92 $59,405	4 -						161 $54,944
40-44	2 -	10 -	48 $58,165	37 $59,436	5 -	1 -				103 $57,396
45-49		9 -	16 -	28 $62,190	18 -	4 -				75 $62,057
50-54		1 -	8 -	25 $56,886	15 -	8 -				57 $61,047
55-59			6 -	3 -	4 -	1 -	1 -			15 -
60-64				1 -	1 -					2 -
Over 64										
Total	33 $44,192	155 $48,892	188 $58,675	98 $59,571	43 $66,387	14 -	1 -			532 $56,041

* Compensation in cells with fewer than 20 records has been surpressed.

EXHIBIT IV

ACTIVE MEMBERSHIP DATA – ELECTED OFFICIALS

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2007

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25										
25-29	1 -									1 -
30-34	1 -									1 -
35-39	4 -									4 -
40-44		1 -	1 -							2 -
45-49			2 -							2 -
50-54	3 -		2 -	1 -		1 -	1 -			8 -
55-59	1 -	1 -		2 -						4 -
60-64	1 -		1 -	1 -						3 -
Over 64									1 -	1 -
Total	11 -	2 -	6 -	4 -		1 -	1 -		1 -	26 $67,894

* Compensation in cells with fewer than 20 records has been surpressed.

EXHIBIT V

ACTIVE AND DEFERRED VESTED MEMBERS OBTAINING RETIREMENT ELIGIBILITY OVER NEXT FIVE CALENDAR YEARS

Actives Reaching Retirement Eligibility

Year	General Employees	Elected Officials	Deputy Sheriffs	Total
Eligible at Valuation Date	669	5	15	689
2007	199	3	10	212
2008	200	1	12	213
2009	228	0	15	243
2010	215	1	16	232
2011	189	1	20	210
Total Over Next 5 Years	1,031	6	73	1,110
Grand Total Eligible	1,700	11	88	1,799

Deferred Vesteds Reaching Retirement Age

Year	Total
2007	97
2008	65
2009	103
2010	100
2011	79
Total Over Next 5 Years	444

EXHIBIT VI

RETIREE AND BENEFICIARY MEMBERSHIP DATA
AS OF JANUARY 1, 2007

NUMBER AND AVERAGE ANNUAL BENEFIT

Age Last Birthday	Number	Annual Benefit	Average Annual Benefit
Retired Participants			
Under 60	1,024	$ 27,754,489	$ 27,104
60 - 64	1,072	23,090,373	21,540
65 - 69	932	17,849,142	19,151
70 - 74	878	15,729,484	17,915
75 - 79	840	13,438,017	15,998
Over 79	1,360	15,176,773	11,159
Total	6,106	$ 113,038,278	$ 18,513
Beneficiary Participants			
Under 60	113	$ 1,793,369	$ 15,871
60 - 64	50	785,295	15,706
65 - 69	55	899,250	16,350
70 - 74	114	1,520,530	13,338
75 - 79	170	1,979,630	11,645
Over 79	447	3,776,827	8,449
Total	949	$ 10,754,901	$ 11,333
Disabled Participants			
Under 60	108	$ 2,051,264	$ 18,993
60 - 64	42	697,526	16,608
65 - 69	29	523,933	18,067
70 - 74	27	416,082	15,410
75 - 79	21	329,106	15,672
Over 79	17	199,015	11,707
Total	244	$ 4,216,926	$ 17,282
Grand Total Average Annual Benefit	7,299	$ 128,010,105	$ 17,538

EXHIBIT VII

5-YEAR HISTORY OF MEMBERSHIP DATA

Active Participants

Valuation as of January 1	Number of Active Participants	Percentage Change in Membership	Total Annual Payroll	Percentage Change in Payroll
2007	4,898	(3.13%)	$ 223,005,093	(1.20%)
2006	5,056	1.53%	225,721,691	7.59%
2005	4,980	(8.87%)	209,795,776	(10.14%)
2004	5,465	(5.66%)	233,477,631	(0.51%)
2003	5,793	(4.67%)	234,679,129	(1.56%)

Retired, Disabled, and Beneficiary Participants

Valuation as of January 1	Number on roll	Additions	Deletions	Percentage Change in Membership	Annual Annuities	Percentage Change in Annuities
2007	7,299	259	235	0.33%	$ 128,010,105	3.17%
2006	7,275	212	236	(0.33%)	124,082,027	2.46%
2005	7,299	857	253	9.02%	121,097,712	19.37%
2004	6,695	312	254	0.87%	101,444,256	4.62%
2003	6,637	386	260		96,961,008	

EXHIBIT VIII

DETAILED TABULATIONS OF THE DATA

TABLE VIII-A

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2007 ALL EMPLOYEES

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
18	1			
20	2			
21	3		3	
22	3		5	
23	10		8	
24	15		14	
25	28	$ 998,117	13	
26	23	904,103	19	
27	22	891,591	24	$ 823,237
28	36	1,786,450	42	1,509,101
29	24	982,130	40	1,451,730
30	40	1,598,612	43	1,466,331
31	41	1,857,863	49	1,803,687
32	36	1,418,031	41	1,487,020
33	38	1,755,353	48	1,876,195
34	52	2,341,165	44	1,634,474
35	62	2,881,021	59	2,233,811
36	59	2,719,627	62	2,579,636
37	68	3,317,425	56	2,216,094
38	51	2,441,268	70	2,815,946
39	61	2,862,190	77	2,839,583
40	61	2,937,179	78	3,260,255
41	55	2,497,780	76	3,141,388
42	50	2,707,424	77	3,245,839
43	67	3,387,834	100	4,262,727
44	64	3,068,358	85	3,560,284
45	80	3,879,571	97	4,104,547
46	69	3,580,059	104	4,438,382
47	75	3,766,241	105	4,432,985
48	94	4,931,111	108	4,714,552
49	71	3,734,073	129	5,992,018
50	96	5,104,515	122	5,213,294
51	88	4,434,312	84	3,686,621
52	91	4,922,375	101	4,478,004
53	87	4,380,719	101	4,820,867
54	69	3,600,072	76	3,313,400
55	69	3,862,536	84	3,661,727
56	76	4,683,000	66	2,991,758
57	56	3,012,240	90	3,798,418
58	50	2,908,740	48	2,267,383

TABLE VIII-A

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2007 ALL EMPLOYEES

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
59	39	$ 2,147,207	59	$ 2,669,535
60	34	1,978,459	50	2,398,158
61	26	1,498,067	43	1,790,922
62	15		18	
63	10		17	
64	17		18	
65	3		10	
66	8		8	
67			10	
68	1		7	
69	3		3	
70	1			
71	1		1	
72			3	
82	1			
83	1			
Total	2,203	$ 110,281,385	2,695	$ 112,723,709

TABLE VIII-B

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2007 ALL EMPLOYEES

(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
0	87	$ 3,337,225	117	$ 3,559,401
1	136	5,421,365	198	7,174,232
2	79	3,535,812	103	3,738,183
3	69	3,158,920	90	3,415,759
4	106	4,762,469	86	3,026,530
5	121	5,336,456	106	3,722,917
6	118	5,201,022	161	6,040,651
7	127	5,421,924	147	5,809,314
8	92	4,223,383	91	3,372,547
9	74	3,827,938	74	3,146,562
10	73	3,692,870	73	3,220,465
11	70	3,920,735	35	1,605,349
12	73	3,706,729	104	4,499,404
13	58	2,939,514	101	4,414,422
14	108	5,820,166	151	6,686,254
15	96	4,985,120	135	5,615,412
16	88	4,405,577	96	3,966,131
17	86	4,396,010	185	8,430,870
18	94	5,093,817	136	6,427,314
19	63	4,202,952	70	3,218,752
20	48	2,912,797	69	3,412,472
21	66	3,385,478	89	4,305,646
22	43	2,395,502	73	3,660,262
23	37	2,015,874	29	1,668,839
24	28	1,627,094	23	1,092,566
25	20	1,349,958	36	1,665,247
26	22	1,282,785	45	2,002,432
27	19		22	1,155,196
28	26	1,666,101	17	
29	14		11	
30	9		5	
31	16		6	
32	17		3	
33	5		3	
34	6		1	
35	5		3	
36	2			
37	1		1	
42	1			
Total	2,203	$ 110,281,385	2,695	$ 112,723,709

TABLE VIII-C

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2007 GENERAL EMPLOYEES

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
18	1			
20	2			
21	3		3	
22	3		5	
23	10		8	
24	15		14	
25	26	$ 917,050	12	
26	21	810,006	19	
27	15		22	$ 729,622
28	27	1,372,394	38	1,330,664
29	17		37	1,310,108
30	31	1,167,523	41	1,371,964
31	24	997,947	44	1,541,525
32	30	1,101,907	39	1,371,439
33	23	1,047,003	45	1,706,420
34	31	1,230,464	40	1,429,200
35	29	1,088,762	53	1,886,683
36	36	1,468,879	54	2,143,742
37	34	1,442,172	50	1,885,379
38	33	1,417,549	61	2,314,104
39	36	1,406,228	74	2,715,628
40	46	2,060,930	73	2,998,671
41	40	1,665,359	68	2,710,815
42	33	1,745,833	70	2,843,171
43	51	2,432,571	94	3,910,681
44	51	2,303,956	82	3,380,416
45	68	3,169,015	93	3,851,956
46	61	3,138,091	95	3,861,573
47	64	3,072,375	104	4,364,268
48	81	4,081,610	105	4,529,842
49	62	3,124,302	122	5,563,038
50	86	4,430,728	117	4,987,193
51	80	3,967,979	78	3,311,781
52	79	4,180,307	99	4,326,513
53	77	3,746,932	98	4,638,773
54	63	3,235,644	73	3,122,730
55	63	3,522,085	83	3,603,379
56	72	4,425,559	65	2,938,397
57	54	2,869,226	90	3,798,418
58	47	2,719,454	48	2,267,383

TABLE VIII-C

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2007 GENERAL EMPLOYEES

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
59	37	$ 2,008,836	59	$ 2,669,535
60	32	1,846,199	50	2,398,158
61	24	1,374,564	43	1,790,922
62	15		18	
63	9		17	
64	17		18	
65	3		10	
66	8		8	
67			10	
68	1		7	
69	3		3	
71	1		1	
72			3	
82	1			
83	1			
Total	1,777	$ 86,130,869	2,563	$ 105,294,929

TABLE VIII-D

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2007 GENERAL EMPLOYEES

(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
0	87	$ 3,337,225	116	$ 3,512,241
1	135	5,388,843	198	7,174,232
2	74	3,321,657	101	3,632,568
3	58	2,626,479	88	3,319,240
4	88	3,741,854	82	2,851,502
5	101	4,388,268	103	3,579,478
6	95	4,077,013	151	5,596,764
7	96	3,922,797	142	5,572,652
8	68	3,075,209	82	2,959,662
9	49	2,484,129	67	2,763,606
10	49	2,334,198	68	2,946,839
11	41	2,209,814	25	1,022,108
12	40	1,752,260	97	4,065,970
13	39	1,823,438	95	4,059,089
14	63	3,135,094	135	5,731,672
15	79	3,982,415	130	5,344,909
16	73	3,537,666	95	3,906,126
17	74	3,682,428	178	8,009,159
18	70	3,648,930	127	5,936,029
19	55	3,636,010	66	2,977,279
20	39	2,329,096	66	3,220,005
21	57	2,813,102	85	4,024,284
22	39	2,136,426	69	3,371,778
23	33	1,763,882	26	1,458,549
24	25	1,412,201	23	1,092,566
25	19		34	1,539,732
26	21	1,196,867	44	1,937,673
27	17		21	1,079,978
28	22	1,375,536	16	
29	12		11	
30	9		5	
31	15		6	
32	16		3	
33	5		3	
34	6		1	
35	5		3	
36	2			
37	1		1	
Total	1,777	$ 86,130,869	2,563	$ 105,294,929

TABLE VIII-E

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2007 DEPUTY SHERIFFS

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
25	2			
26	2			
27	7		2	
28	9		4	
29	7		3	
30	9		2	
31	16		5	
32	6		2	
33	15		3	
34	21	$ 1,110,701	4	
35	32	1,739,502	6	
36	23	1,250,748	7	
37	34	1,875,253	6	
38	18		8	
39	24	1,322,329	3	
40	14		5	
41	15		8	
42	17		7	
43	16		6	
44	12		3	
45	12		4	
46	8		9	
47	11		1	
48	12		3	
49	8		7	
50	6		3	
51	7		6	
52	11		2	
53	10		3	
54	6		3	
55	5		1	
56	4		1	
57	1			
58	3			
60	1			
61	1			
Total	405	$ 22,648,250	127	$ 7,165,805

TABLE VIII-F

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2007 DEPUTY SHERIFFS

(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
0			1	
1	1			
2	4			
3	9		1	
4	13		4	
5	20	$ 948,189	3	
6	22	1,071,556	10	
7	31	1,499,127	5	
8	23	1,095,721	9	
9	25	1,343,809	7	
10	24	1,358,672	5	
11	28	1,600,145	10	
12	33	1,954,469	7	
13	18		6	
14	42	2,506,254	15	
15	17		5	
16	14		1	
17	12		7	
18	24	1,444,887	8	
19	6		4	
20	9		3	
21	9		4	
22	4		4	
23	4		3	
24	3			
25	1		2	
26			1	
27	2		1	
28	4		1	
29	2			
32	1			
Total	405	$ 22,648,250	127	$ 7,165,805

TABLE VIII-G

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2007 ELECTED OFFICIALS

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
25			1	
31	1			
35	1			
36			1	
38			1	
39	1			
40	1			
44	1			
48	1			
49	1			
50	4		2	
51	1			
52	1			
55	1			
57	1			
59	2			
60	1			
61	1			
63	1			
70	1			
Total	21	$ 1,502,266	5	

TABLE VIII-H

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2007 ELECTED OFFICIALS

(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
2	1		2	
3	2		1	
4	5			
6	1			
8	1			
11	1			
13	1			
14	3		1	
16	1			
18			1	
19	2			
26	1			
31	1			
42	1			
Total	21	$ 1,502,266	5	

TABLE VIII-I

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO ALL MEMBERS RECEIVING BENEFITS AS OF JANUARY 1, 2007

Age	Men		Women	
	Number	Annuities	Number	Annuities
15	2	$ 36,000		
17	1	18,000		
19	1	18,000		
20			1	$ 18,000
21			1	5,404
22			1	18,000
25	1	18,000	2	36,000
26	1	18,000	1	4,211
27	1	18,000	1	18,000
28	1	18,000		
30			2	36,000
31	1	18,000	2	49,217
32			1	18,000
34			1	1,876
35			1	18,000
36			2	44,992
37	1	22,430	1	18,000
38	1	5,562		
39			1	10,220
40	1	30,228		
41	1	32,997	1	7,787
42	3	47,043	4	54,031
43			3	54,732
44			3	94,356
45	2	35,177	4	53,666
46			3	48,542
47	2	57,389	2	49,831
48	6	123,617	3	72,671
49	3	71,440	8	153,515
50	10	211,270	12	260,768
51	17	485,131	17	484,983
52	18	440,194	22	615,130
53	30	974,362	34	833,268
54	44	1,457,234	54	1,348,468
55	69	2,080,128	67	1,676,271
56	78	2,250,362	94	2,035,478
57	94	2,437,570	77	1,679,697
58	111	3,397,755	110	2,295,666
59	110	2,942,454	99	2,219,997
60	138	3,801,464	137	2,809,431
61	97	2,492,483	116	2,296,615

TABLE VIII-I

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO ALL MEMBERS RECEIVING BENEFITS AS OF JANUARY 1, 2007

Age	Men		Women	
	Number	Annuities	Number	Annuities
62	112	$ 2,466,018	108	$ 1,965,621
63	89	2,160,815	128	2,045,665
64	99	2,365,100	140	2,169,982
65	96	2,377,724	117	1,901,009
66	92	2,115,541	109	1,855,985
67	86	1,861,259	114	1,687,480
68	86	1,915,535	118	1,866,384
69	77	1,890,741	121	1,800,666
70	84	1,674,839	114	1,494,945
71	88	1,929,722	134	2,038,415
72	69	1,591,961	126	1,862,635
73	76	1,889,338	112	1,579,098
74	88	1,827,023	128	1,778,118
75	86	1,966,541	97	1,164,750
76	78	1,452,450	139	1,931,706
77	74	1,501,550	151	1,891,180
78	74	1,424,700	131	1,570,485
79	72	1,384,979	129	1,458,411
80	66	1,254,517	139	1,466,324
81	69	1,350,308	121	1,379,346
82	59	1,005,703	108	1,098,339
83	60	951,932	119	1,217,587
84	48	702,734	113	992,565
85	52	813,023	102	969,220
86	34	500,489	104	760,616
87	33	360,970	83	613,065
88	22	316,615	80	604,515
89	14	155,070	81	553,553
90	13	216,284	53	369,441
91	11	98,657	47	302,623
92	8	70,571	49	286,420
93	8	74,677	24	118,110
94	3	19,275	25	114,985
95	1	13,755	23	93,852
96	5	59,973	12	59,025
97	4	15,971	6	23,361
98	1	3,786	6	34,951
99	1	3,837	11	84,141
100	1	4,098	2	5,671
101	1	943	1	10,589
102			1	1,129
Total	2,885	$ 65,347,319	4,414	$ 62,662,786

TABLE VIII-J

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO RETIRED MEMBERS AS OF JANUARY 1, 2007

Age	Men		Women	
	Number	Annuities	Number	Annuities
48	1	$ 50,303		
49	1	56,496	3	$ 110,300
50	3	91,006	7	199,220
51	13	425,765	13	399,835
52	14	382,415	14	475,794
53	23	816,152	26	742,382
54	36	1,267,418	46	1,212,688
55	59	1,899,628	58	1,483,311
56	76	2,219,313	82	1,829,807
57	89	2,344,941	63	1,442,837
58	105	3,292,328	98	2,086,777
59	106	2,876,030	88	2,049,745
60	133	3,710,838	125	2,623,257
61	95	2,456,128	106	2,114,124
62	102	2,328,182	93	1,674,639
63	85	2,084,992	116	1,908,010
64	95	2,283,835	122	1,906,368
65	91	2,291,946	106	1,711,012
66	90	2,082,155	96	1,629,804
67	81	1,766,686	101	1,475,279
68	84	1,892,657	104	1,625,281
69	72	1,807,704	107	1,566,617
70	75	1,542,666	97	1,304,347
71	81	1,846,993	108	1,630,035
72	68	1,584,477	107	1,604,121
73	72	1,819,059	81	1,174,384
74	85	1,807,295	104	1,416,107
75	81	1,906,674	72	832,508
76	72	1,368,485	110	1,539,033
77	69	1,441,957	112	1,457,489
78	72	1,416,082	93	1,094,699
79	68	1,361,764	91	1,019,327
80	65	1,241,301	96	1,006,998
81	64	1,291,709	82	886,173
82	56	986,346	67	584,379
83	53	899,472	82	861,459
84	45	672,162	80	705,499
85	48	791,193	65	603,364
86	29	481,095	67	470,700
87	28	341,668	59	444,929

TABLE VIII-J

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO RETIRED MEMBERS AS OF JANUARY 1, 2007

Age	Men		Women	
	Number	Annuities	Number	Annuities
88	20	$ 309,959	59	$ 459,227
89	13	149,141	52	339,650
90	13	216,284	35	250,590
91	11	98,657	32	221,959
92	7	64,945	35	220,676
93	7	72,084	19	101,526
94	2	15,845	17	84,852
95	1	13,755	17	75,245
96	4	55,048	7	38,438
97	1	2,827	4	14,241
98	1	3,786	4	12,363
99	1	3,837	8	63,685
100	1	4,098	1	3,889
101			1	10,589
102			1	1,129
Total	2,667	$ 62,237,583	3,439	$ 50,800,695

TABLE VIII-K

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO BENEFICIARY MEMBERS AS OF JANUARY 1, 2007

Age	Men		Women	
	Number	Annuities	Number	Annuities
15	2	$ 36,000		
17	1	18,000		
19	1	18,000		
20			1	$ 18,000
21			1	5,404
22			1	18,000
25	1	18,000	2	36,000
26	1	18,000	1	4,211
27	1	18,000	1	18,000
28	1	18,000		
30			2	36,000
31	1	18,000	2	49,217
32			1	18,000
34			1	1,876
35			1	18,000
36			1	17,009
37			1	18,000
38	1	5,562		
39			1	10,220
41			1	7,787
42	1	18,000	3	28,044
43			1	18,000
44			2	65,432
45			3	45,151
46			2	28,091
47	1	18,000	1	23,298
48			2	48,945
49			5	43,215
50	1	18,000	2	23,629
51			1	44,368
52	1	18,000	7	119,005
53			6	62,570
54			6	88,148
55	1	18,000	6	117,618
56	1	18,000	7	98,520
57	1	3,197	9	163,422
58	1	5,371	6	103,649
59	1	3,152	7	109,259
60	3	43,118	7	118,091
61			8	141,839

TABLE VIII-K

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO BENEFICIARY MEMBERS AS OF JANUARY 1, 2007

Age	Men		Women	
	Number	Annuities	Number	Annuities
62	2	$ 26,090	7	$ 144,571
63	2	31,960	7	69,055
64			14	210,572
65	2	20,542	5	101,364
66			9	146,108
67			10	158,456
68	1	7,118	14	241,103
69	2	22,156	12	202,403
70	5	57,861	15	162,127
71	5	47,556	25	388,566
72			17	235,487
73	1	8,995	25	326,004
74	2	3,903	19	290,030
75	3	18,525	20	253,884
76	5	47,726	26	342,641
77	4	44,670	39	433,690
78	2	8,618	31	393,205
79	4	23,215	36	413,455
80	1	13,216	39	413,081
81	4	38,596	38	481,056
82	3	19,357	39	485,483
83	4	17,804	35	330,784
84	2	17,220	33	287,066
85	4	21,829	36	357,958
86	5	19,394	37	289,916
87	5	19,303	24	168,136
88	1	1,155	21	145,288
89	1	5,929	29	213,903
90			18	118,850
91			14	75,243
92	1	5,627	14	65,744
93	1	2,593	5	16,585
94	1	3,429	8	30,133
95			6	18,607
96	1	4,924	5	20,587
97	3	13,144	2	9,120
98			2	22,588
99			3	20,457
100			1	1,782
101	1	943		
Total	100	$ 903,800	849	$ 9,851,101

TABLE VIII-L

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO DISABLED MEMBERS AS OF JANUARY 1, 2007

Age	Men		Women	
	Number	Annuities	Number	Annuities
36			1	$ 27,982
37	1	$ 22,430		
40	1	30,228		
41	1	32,997		
42	2	29,043	1	25,988
43			2	36,732
44			1	28,924
45	2	35,177	1	8,514
46			1	20,451
47	1	39,389	1	26,534
48	5	73,314	1	23,726
49	2	14,944		
50	6	102,265	3	37,920
51	4	59,366	3	40,781
52	3	39,779	1	20,331
53	7	158,211	2	28,316
54	8	189,815	2	47,633
55	9	162,500	3	75,342
56	1	13,049	5	107,152
57	4	89,432	5	73,439
58	5	100,056	6	105,241
59	3	63,272	4	60,993
60	2	47,508	5	68,083
61	2	36,355	2	40,651
62	8	111,746	8	146,411
63	2	43,864	5	68,600
64	4	81,265	4	53,042
65	3	65,236	6	88,634
66	2	33,387	4	80,072
67	5	94,573	3	53,745
68	1	15,759		
69	3	60,882	2	31,645
70	4	74,311	2	28,471
71	2	35,173	1	19,814
72	1	7,484	2	23,028
73	3	61,284	6	78,710
74	1	15,825	5	71,982
75	2	41,342	5	78,359
76	1	36,239	3	50,032
77	1	14,923		

TABLE VIII-L

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO DISABLED MEMBERS AS OF JANUARY 1, 2007

Age	Men		Women	
	Number	Annuities	Number	Annuities
78			7	$ 82,581
79			2	25,630
80			4	46,245
81	1	$ 20,003	1	12,117
82			2	28,477
83	3	34,655	2	25,343
84	1	13,353		
85			1	7,898
88	1	5,501		
91			1	5,421
Total	118	$ 2,205,936	126	$ 2,010,990

EXHIBIT IX

GLOSSARY

Accrued Liability	The difference between (a) the present value of future plan benefits, and (b) the present value of future normal cost. It is the portion of the present value of future plan benefits attributable to service accrued as of the valuation date. Sometimes referred to as "actuarial accrued liability."
Accrued Service	The service credited under the plan, which was rendered before the date of the actuarial valuation.
Actual Funding Contribution	The Actual Funding Contribution for a plan year is calculated using census and asset information as of the first day of the plan year, and includes Normal Cost, with interest to the end of the plan year, and a net amortization payment.
Actuarial Assumptions	Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.
Actuarial Cost Method	A mathematical budgeting procedure for allocating the dollar amount of the "present value of future plan benefits" between the present value of future normal cost and the accrued liability. Sometimes referred to as the "actuarial funding method."
Actuarial Equivalent	A series of payments is called an actuarial equivalent of another series of payments if the two series have the same actuarial present value.
Actuarial Value of Assets	The value of current plan assets recognized for valuation purposes. Based on a smoothed market value that recognizes investment gains and losses over a period of three years.
Amortization	Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

EXHIBIT IX

GLOSSARY
(Continued)

Annual Required Contribution	The Annual Required Contribution, or ARC, is the amount determined in accordance with Governmental Accounting Standards Board Statements Nos. 25 and 27.
Budget Contribution	The Budget Contribution for a year is based on census and asset information as of the first day of the PRIOR plan year, rolled forward to the next plan year based on all actuarial assumptions being met. For example, the Budget Contribution for 2008 is based on census and asset information as of January 1, 2007, rolled forward to January 1, 2008.
Contribution Variance	The difference between the Actual Contribution and the Budget Contribution for a plan year is referred to as the Contribution Variance. A Contribution Variance resulting from an overpayment is amortized over 5 years as a level dollar credit. A Contribution Variance resulting from an underpayment is amortized over 5 years as a level dollar charge.
Experience Gain (Loss)	A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.
Normal Cost	The annual cost assumed, under the actuarial funding method, for current and subsequent plan years. Sometimes referred to as "current service cost."
Present Value	The amount of funds presently required to provide a payment or series of payments in the future. The present value is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.
Unfunded Accrued Liability	The difference between the actuarial accrued liability and valuation assets.

Montgomery County Employee Retirement Plans

Comprehensive Annual Financial Report

Employees' Retirement System
Retirement Savings Plan
Deferred Compensation Plan

(Trust Funds of Montgomery County, Maryland)

Fiscal Year 2007
July 1, 2006 – June 30, 2007

Prepared by the:
Board of Investment Trustees
101 Monroe Street, 15th Floor
Rockville, Maryland 20850
240-777-8220

MONTGOMERY COUNTY, MARYLAND
EMPLOYEE RETIREMENT PLANS
Fiscal Year Ended June 30, 2007
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MONTGOMERY COUNTY
17 76
GARDEZ BIEN
MARYLAND

INTRODUCTION SECTION

OFFICES OF THE COUNTY EXECUTIVE

Isiah Leggett
County Executive

Timothy L. Firestine
Chief Administrative Officer

December 10, 2007

Honorable County Executive and
Members of the Montgomery County Council

I am pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Montgomery County, Maryland (County) Employee Retirement Plans (Plans) for the fiscal year ended June 30, 2007. This annual report is designed to assist you in understanding the structure and current status of the Plans.

FORMAL TRANSMITTAL OF THE CAFR

This report was prepared pursuant to the provisions of Section 33-51(b) of the Montgomery County Code, 2001, as amended (Code), and includes the independent auditors' report, issued by the County Council's appointed independent public accounting firm. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation including all disclosures rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the plan net assets and the changes in plan net assets and financial position of the Plans; and that all disclosures necessary to enable the reader to gain the maximum understanding of the financial affairs of the Plans have been included.

PROFILE OF THE RETIREMENT PLANS

History

The System was established in 1965, as a cost-sharing multiple-employer defined benefit pension plan providing benefits to the employees of the County and other agencies or political subdivisions who elect to participate. Participating agencies and subdivisions include the: Montgomery County Revenue Authority, Housing Opportunities Commission of Montgomery County, independent fire/rescue corporations, Town of Chevy Chase, Strathmore Hall Foundation, Inc., Washington Suburban Transit Commission, Montgomery County Employees Federal Credit Union, and certain employees of the State Department of Assessments and Taxation and the District Court of Maryland. The System is closed to employees hired on or after October 1, 1994, except public safety bargaining unit employees. There were 5,294 active members and 4,997 retirees participating in the System as of June 30, 2007.

The Retirement Savings Plan (RSP) was established in 1994, as a cost-sharing multiple-employer defined contribution plan providing benefits to all non-public safety and certain public safety employees hired on or after October 1, 1994. Employees covered by the System may make an irrevocable decision to transfer to the RSP. At June 30, 2007, there were 4,253 active plan members.

The Deferred Compensation Plan (DCP) was established pursuant to Section 457 of the Internal Revenue Code, as amended. During Fiscal Year (FY) 1999, in accordance with Federal legislation, the assets of the County Plan were placed in trust for the sole benefit of participants and their beneficiaries.

101 Monroe Street • Rockville, Maryland 20850
240-777-2500 • 240-777-2544 TTY • 240-777-2518 FAX
www.montgomerycountymd.gov

Benefit Provisions

The benefit provisions of the System are established by the Code. The System provides for normal service retirement and early service retirement benefits for members who attain age and service requirements. The System also provides options for disability and death benefits to eligible participants. Members are vested after five years of service.

The RSP provides for immediate vesting of employee contributions and employer contributions are vested after three years of service or upon death, disability or reaching retirement age.

Major Initiatives

During FY 2007, the Board of Investment Trustees (Board) implemented a revised strategic asset allocation for the ERS, which will result in further diversification of the investment portfolio through the addition of new investment strategies and better management of the total portfolio's risk. A gradual rebalancing of assets and the implementation of possible new investment strategies will take place over the next one to two years. The Board expanded the risk management system to analyze, evaluate and monitor the risk of each investment manager and sector versus its contribution both in return and in diversification to the fund. Other initiatives during FY 2007 included expansion of the private equity portfolio, addition of active currency managers, and the use of a portable alpha strategy.

In addition, the Board increased the investment offerings in the RSP and DCP to include specific market sectors and negotiated lower fees for participants in three of the DCP funds offered.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, (GASB 45) addresses how state and local governments should account for and report their costs and obligations related to other postemployment benefits (OPEB). GASB 45 generally requires that employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Annual OPEB costs for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. The County anticipates implementing GASB 45 as required in FY08.

INFORMATION USEFUL IN ASSESSING THE RETIREMENT PLANS' ECONOMIC CONDITION

Financial Information

Accounting System and Reports

The Plans' financial statements have been prepared under the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due in accordance with the terms of the Plans.

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A), which can be found on pages 15 to 19 of this report, provides a brief analysis of the financial performance of the Plans and an introduction to the financial statements of the Plans for the year ended June 30, 2007.

Investments

Montgomery County has established a Board to be responsible for the investment management of the Plans' assets for the exclusive benefit of the members and participants. The Board consists of thirteen members appointed by the County Council.

In overseeing the management of the assets of the Plans, the Board has developed sound and prudent investment policies. The Board believes an appropriate balance must be struck between risks taken and returns sought to ensure the long term health of the defined benefit plan. The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long term increases in the value of assets. To achieve this objective, System assets are allocated to a broad array of investment sectors as follows: domestic equities 41.2 percent, private equity 4.1 percent, international equities 20.8 percent, domestic fixed income 23.2 percent, inflation index bonds 9.5 percent, real estate 1.1 percent, and foreign currency 0.1 percent. For the twelve months ended June 30, 2007, the total return achieved by the System's investments was 18.79 percent, compared to the System's benchmark index return of 17.19 percent and the actuarial assumed rate of return of 8.0 percent.

Section 33-125 of the Montgomery County Code authorizes the Board to establish, for members of the RSP, a diversified slate of mutual and commingled investment funds from which participants may select options. The Board has developed an investment policy outlining its oversight of the investment products offered.

The Board has also established a diversified slate of mutual and commingled funds for the County Plan which offers a range of options from which participants may select. The Board has constructed an investment policy stipulating investment objectives and oversight by the Board.

Funding

The System's actuary uses a five-year smoothed market-related value to determine the actuarial value of assets. The smoothing prevents extreme volatility in employer contribution rates due to short-term fluctuations in the investment markets. For the June 30, 2007 valuation, the actuarial value of assets was $2.5 billion. The aggregate actuarial liability was $3.1 billion. The Schedule of Funding Progress included as Required Supplementary Information in the Financial Section, expresses the System's actuarial value of assets as a percentage of the actuarial accrued liability, providing one indication of the System's funding status on a going-concern basis. The actuary has determined that the present net asset base, expected future contributions and investment earnings thereon, are sufficient to provide for full payment of future benefits under the projected unit credit actuarial cost method.

Internal Control Structure and Budgetary Controls

The Plans' management is responsible for maintaining internal accounting controls to provide reasonable assurance that transactions are properly authorized and recorded as necessary to permit preparation of financial statements in conformity with U.S. generally accepted accounting principles. We believe the internal controls in effect during the fiscal year ended June 30, 2007 adequately safeguard the Plans' assets and provide reasonable assurance regarding the proper recording of financial transactions. In addition, the Board, in conjunction with the Chief Administrative Officer, approves and actively monitors the annual budgets for each plan.

Independent Audit and Actuarial Certification

An independent auditors' report and actuarial certification are included in this report.

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Montgomery County Employee Retirement Plans for its comprehensive annual financial report for the fiscal year ended June 30, 2006. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Montgomery County Employee Retirement Plans have received the Certificate of Achievement for the last seven consecutive years. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements and we are submitting it to the GFOA.

Acknowledgements

The Plans' CAFR was prepared by the Board of Investment Trustees staff in conjunction with staff support from the County's Department of Finance and Office of Human Resources. I would like to express my appreciation to the employees who have worked hard throughout the year to ensure the successful operation of the Plans.

Respectfully submitted,

Timothy L. Firestine
Chief Administrative Officer
Plan Administrator

BOARD OF INVESTMENT TRUSTEES

Kelda J.C. Simpson
Chair
Public Representative
Term Expires March 2008

Sharon M. Cayelli
Vice Chair
Public Representative
Term Expires March 2008

Gino Renne
Secretary
Employee Organization Representative
Term Expires March 2010

Joseph Adler
Montgomery County Director
Of Human Resources
Ex-Officio Member

Walter E. Bader
Employee Organization Representative
Term Expires March 2008

Jennifer E. Barrett
Montgomery County Director of Finance
Ex-Officio Member

Joseph F. Beach
Montgomery County Director of
Management and Budget
Ex-Officio Member

Jeffrey D. Buddle
Employee Organization Representative Term
Expires March 2008

Stephen B. Farber
Montgomery County Council Staff Director
Ex-Officio Member

J. Lodge Gillespie, Jr.
Montgomery County Council Representative
Term Expires March 2009

Cora M. Ingrim
Montgomery County Council Representative
Term Expires March 2008

Sandra P. Kaiser
Montgomery County
Department of Recreation
Non-Bargaining Unit Representative
Term Expires March 2008

Mary E. Menke
Retired Employees Representative
Term Expires March 2009

ADMINISTRATIVE ORGANIZATION

Administrative Staff

Joseph Adler
Director – Office of
Human Resources

Jennifer E. Barrett
Director of Finance

Linda A. Herman
Executive Director
Board of Investment Trustees

Professional Services

Actuary

Mercer Human Resource
Consulting
Washington, DC

Investment Consultant

Wilshire Associates
Pittsburgh, PA

Auditor

KPMG LLP
Certified Public Accountants
Washington, DC

Money Managers-Employees' Retirement System

Gryphon International Investment
Toronto, Canada

Numeric Investors
Cambridge, MA

Adams Street Partners
Chicago, IL

Marathon London
United Kingdom

Wellington Management
Boston, MA

RhumbLine Advisors
Boston, MA

Mondrian Investment Partners Ltd.
United Kingdom

Goldman Sachs
New York, NY

Systematic Financial Management
Teaneck, NJ

BlackRock Financial Management
New York, NY

Fidelity Investments
Hebron, KY

Loomis Sayles & Co. L.P.
Boston, MA

JP Morgan Investment Management
New York, NY

Bridgewater Associates
Westport, CT

Morgan Stanley Asset Management
New York, NY

Barclays Global Investors
San Francisco, CA

HarbourVest Partners
Boston, MA

Nomura Corporate Research & Asset Management
New York, NY

Landmark Partners Inc.
Simsbury, CT

AEW Partners
Boston, MA

TA Associates Advisors LLC
Boston, MA

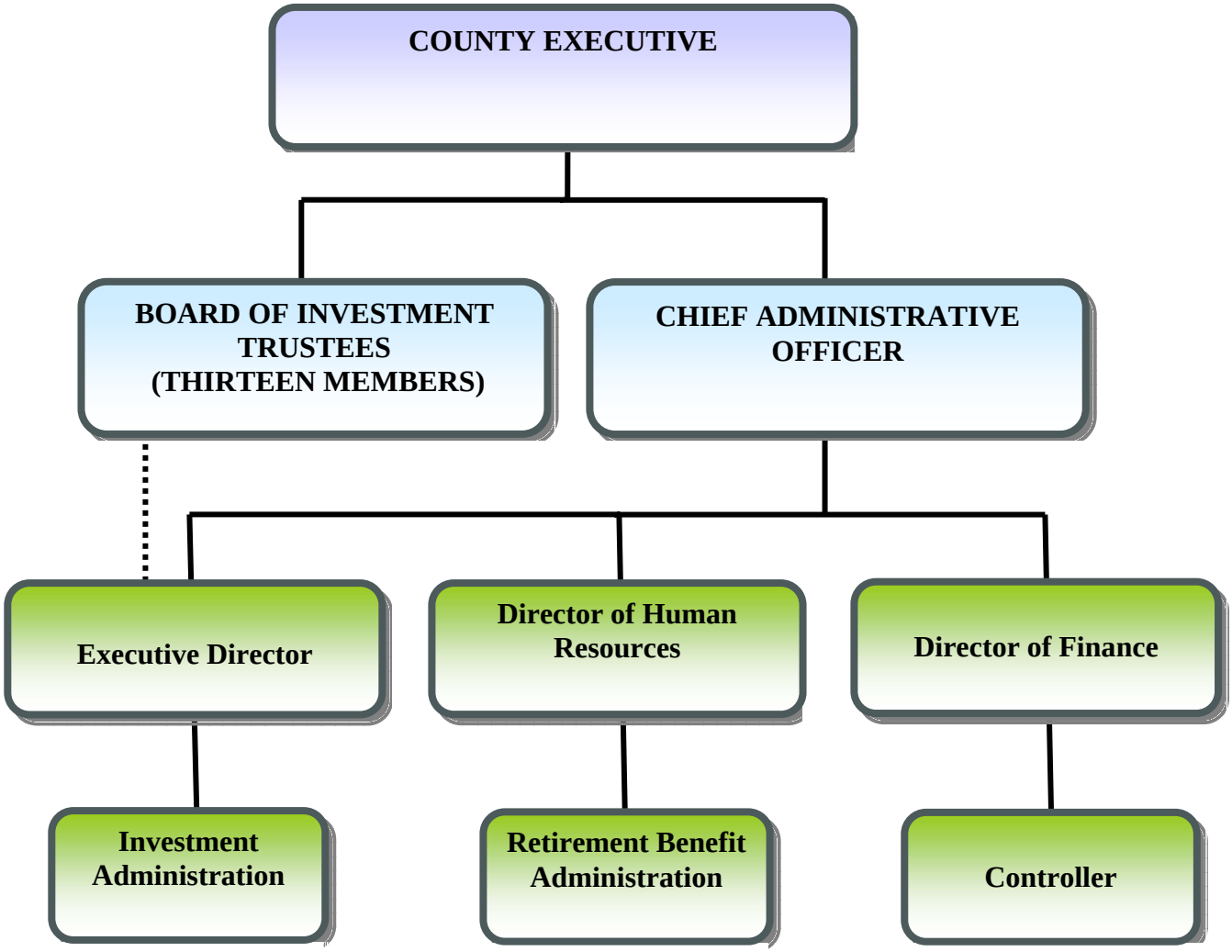
FX Concepts, Inc.
New York, NY

First Quadrant L.P.
Pasadena, CA

Custodial Bank-Employees' Retirement System

The Northern Trust Company
Chicago, IL

Administrative Organization Chart



FINANCIAL SECTION

KPMG LLP
2001 M Street, NW
Washington, DC 20036

Independent Auditors' Report

The Honorable County Council
of Montgomery County, Maryland:

The Board of Trustees
Montgomery County Employees' Retirement Plans:

We have audited the accompanying statements of plan net assets of the Montgomery County Employees' Retirement Plans (the Plans) as of June 30, 2007 and the related statements of changes in plan net assets for the year then ended. These financial statements are the responsibility of the Plans' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plans' internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Plans as of June 30, 2007 and the changes in the plan net assets for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2007 on our consideration of the Plans' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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a member of KPMG International, a Swiss cooperative.

The Management's Discussion and Analysis on pages 15 through 19 and the schedule of funding progress and notes thereto, on pages 32 and 33, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the 2007 basic financial statements. The introduction section, investment section, actuarial section, and statistical sections, as listed in the table of contents and 2007 supplementary information on pages 34 through 41 is presented for purposes of additional analysis and is not a required part of the 2007 basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the 2007 basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2007 basic financial statements taken as whole. The information included in the introduction, investment, actuarial, and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the statements of plan net assets of the Plans as of June 30, 2006, and the related statements of changes in plan net assets for the year then ended (none of which is presented herein), and we expressed an unqualified opinion on those financial statements. The supplementary information included on pages 36 through 41 related to the Plans' 2006 financial statements was subjected to auditing procedures applied in the audit of those basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

KPMG LLP

December 7, 2007

MONTGOMERY COUNTY
17
76
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MARYLAND

INTRODUCTION

The following Management's Discussion and Analysis (MD&A) of the Montgomery County Employee Retirement Plans (Plans) financial performance provides an introduction to the financial statements of the Plans as of and for the year ended June 30, 2007. Since the MD&A is designed to focus on current activities, resulting changes and current known facts, it should be read in conjunction with the transmittal letter in the Introduction Section on page 4, the financial statements, required supplementary information, and other supplementary information which follow this discussion.

REQUIRED FINANCIAL STATEMENTS

The financial statements for the Plans have been prepared under the accrual basis of accounting in conformity with U.S. generally accepted accounting principles, promulgated by the Governmental Accounting Standards Board. The Statements of Plan Net Assets comprise the Plans' assets and liabilities and provide information about the nature and amount of investments, as well as the liabilities distinguished as long-term and other liabilities. The Statements of Changes in Plan Net Assets report the changes of the Plans' net assets, measured by the additions by major sources and deductions by type. Comparative financial statements of the three plans are presented in the latter part of the financial section.

FINANCIAL ANALYSIS OF THE MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS

Shown below is a condensed presentation of the Net Assets of the Employees' Retirement System (ERS), Retirement Savings Plan (RSP), and Deferred Compensation Plan (DCP) at June 30:

Net Assets
(Millions)

	ERS		RSP		DCP	
	2007	2006	2007	2006	2007	2006
Assets:						
Cash and investments	$ 3,086.0	$ 2,633.0	$ 119.6	$ 89.2	$ 248.9	$ 212.4
Receivables	17.3	14.4	1.0	1.0	1.0	0.9
Total assets	3,103.3	2,647.4	120.6	90.2	249.9	213.3
Liabilities	389.0	339.7	-	-	-	-
Total net assets	$ 2,714.3	$ 2,307.7	$ 120.6	$ 90.2	$ 249.9	$ 213.3

Shown below is a condensed summary of the Change in Net Assets of the ERS, RSP, and DCP for the years ended June 30:

Change in Net Assets
(Millions)

	ERS		RSP		DCP	
	2007	2006	2007	2006	2007	2006
Additions:						
Employer contributions	$ 109.4	$ 88.2	$ 11.2	$ 9.4	$ -	$ -
Member contributions	16.4	16.1	6.8	5.9	16.6	16.5
Net investment income	420.8	187.0	17.2	8.2	32.4	20.5
Total additions	546.6	291.3	35.2	23.5	49.0	37.0
Deductions:						
Benefits	136.8	125.9	-	-	-	-
Refunds	0.8	0.6	4.4	4.3	12.4	11.2
Administrative expenses	2.4	1.9	0.3	0.2	-	-
Total deductions	140.0	128.4	4.7	4.5	12.4	11.2
Total change in net assets	$ 406.6	$ 162.9	$ 30.5	$ 19.0	$ 36.6	$ 25.8

The following schedules provide a comparative summary and an analysis of each Plans' assets, liabilities and net assets, at June 30:

Employees' Retirement System
Net Assets
(Millions)

	2007	2006	Percentage Change
Assets:			
Cash and investments	$ 3,086.0	$ 2,633.0	17.2 %
Receivables	17.3	14.4	20.1
Total assets	3,103.3	2,647.4	17.2
Liabilities:			
Benefits payable and other liabilities	4.5	3.1	45.2
Obligations under securities lending agreements	384.5	336.6	14.2
Total liabilities	389.0	339.7	14.5
Total plan net assets	$ 2,714.3	$ 2,307.7	17.6 %

The table shown above reflects an increase in the Employees' Retirement System's net assets of $406.6 million or 17.6 percent during fiscal year (FY) 2007. The increase reflects strong investment market returns over the last twelve months resulting in increased investment earnings. During the previous year net assets increased by $162.9 million.

Retirement Savings Plan Net Assets (Millions)			
	2007	2006	Percentage Change
Assets:			
Cash and investments	$ 119.6	$ 89.2	34.1 %
Receivables	1.0	1.0	-
Total assets	120.6	90.2	33.7
Liabilities	-	-	
Total plan net assets	$ 120.6	$ 90.2	33.7 %

During FY 2007, net assets increased 33.7 percent to $120.6 million. The increase is attributable to increased investment earnings and an increase in contributions. Membership in the Retirement Savings Plan increased from 4,371 at June 30, 2006, to 4,964 at June 30, 2007.

Deferred Compensation Plan Net Assets (Millions)			
	2007	2006	Percentage Change
Assets:			
Investments	$ 248.9	$ 212.4	17.2 %
Receivables	1.0	0.9	11.1
Total assets and plan net assets	$ 249.9	$ 213.3	17.2 %

Net assets of the Deferred Compensation Plan increased 17.2 percent to $249.9 million during FY 2007. The increase is primarily attributable to increased investment earnings.

ADDITIONS

The primary sources of additions for the Plans include member and employer (where applicable) contributions and investment income. The following tables compare the source and amount of additions for each Plan during FY 2007 and FY 2006.

Employees' Retirement System Contributions and Investment Income (Millions)			
	2007	2006	Percentage Change
Employer contributions	$ 109.4	$ 88.2	24.0 %
Member contributions	16.4	16.1	1.9
Net investment income	420.8	187.0	125.0
	$ 546.6	$ 291.3	87.6 %

During FY 2007, employer contributions to the Employees' Retirement System increased by 24.0 percent due to an increase in the actuarial required contribution based on covered payroll. Member contributions increased by 1.9 percent due to higher pay levels.

The net investment income for the Employees' Retirement System totaled $420.8 million for FY 2007, comprised of $359.3 million in net appreciation in fair value of investments, $72.7 million in dividends and interest, $18.5 million from securities lending activities, and $29.7 million related to investment expenses. This is compared to net investment income of $187.0 million in FY 2006. The increase in earnings compared to the previous fiscal year is due to strong financial markets.

Retirement Savings Plan
Contributions and Investment Income
(Millions)

	2007	2006	Percentage Change
Employer contributions	$ 11.2	$ 9.4	19.1 %
Member contributions	6.8	5.9	15.3
Net investment income	17.2	8.2	109.8
	$ 35.2	$ 23.5	49.8 %

Employer contributions to the Retirement Savings Plan were $11.2 million in FY 2007, an increase of 19.1 percent from FY 2006. Member contributions were $6.8 million in FY 2007, an increase of 15.3 percent from FY 2006. The increase in contributions reflects the increase in the number of participants during FY 2007.

Appreciation in investments reflects the financial market conditions during FY 2007.

Deferred Compensation Plan
Contributions and Investment Income
(Millions)

	2007	2006	Percentage Change
Member contributions	$ 16.6	$ 16.5	0.6 %
Net investment income	32.4	20.5	58.0
	$ 49.0	$ 37.0	32.4 %

Member contributions to the Deferred Compensation Plan were $16.6 million for FY 2007, compared to $16.5 million for FY 2006.

Net investment income for the Deferred Compensation Plan was $32.4 million, compared to the investment income of $20.5 million in the previous fiscal year, which was primarily due to strong financial markets.

DEDUCTIONS

The primary sources of deductions from the Plans include the payment of retiree and survivor benefits, participant refunds, and administrative expenses. The following tables show the use and amount of deductions for each plan during FY 2007 and 2006.

Employees' Retirement System
Deductions by Type
(Millions)

	2007	2006	Percentage Change
Benefits	$ 136.8	$ 125.9	8.7 %
Refunds	0.8	0.6	33.3
Administrative expenses	2.4	1.9	26.3
	$ 140.0	$ 128.4	9.0 %

During FY 2007, benefit payments increased by 8.7 percent over FY 2006 due primarily to an increase in the number of retirees and the annual cost-of-living increase. Refunds increased 33.3 percent in 2007 from $0.6 million in FY 2006. Administrative expenses increased from $1.9 million in FY 2006 to $2.4 million in FY 2007 due to increased professional services.

Retirement Savings Plan
Deductions by Type
(Millions)

	2007	2006	Percentage Change
Refunds and administrative expenses	$ 4.7	$ 4.5	4.4 %

The expenses related to the Retirement Savings Plan are comprised of refunds and administrative costs. Expenses for FY 2007 totaled $4.7 million, an increase of 4.4 percent over FY 2006 levels due primarily to an increase in refunds.

Deferred Compensation Plan
Deductions by Type
(Millions)

	2007	2006	Percentage Change
Refunds	$ 12.4	$ 11.2	10.7 %

During FY 2007, refunds distributed from the Deferred Compensation Plan increased by 10.7 percent over the FY 2006 level.

MONTGOMERY COUNTY, MARYLAND
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2007

	Employees' Retirement System	Retirement Savings Plan	Deferred Compensation Plan
ASSETS			
Equity in County's pooled cash and investments	$ 290,445	$ 509,850	$ -
Investments:			
U.S. Government and agency obligations	301,386,117	-	-
Asset-backed securities	57,774,486	-	-
Municipal/Provincial bonds	1,174,270	-	-
Corporate bonds	295,897,623	-	-
Collateralized mortgage obligations	13,898,231	-	-
Commerical mortgage-backed securities	64,854,406	-	-
Common and preferred stock	1,643,956,241	-	-
Mutual and commingled funds	1,045,987	119,063,075	248,948,643
Short-term investments	181,339,966	-	-
Cash collateral received under securities lending agreements	384,513,936	-	-
Real estate	30,928,663	-	-
Private equity	108,944,183	-	-
Total investments	3,085,714,109	119,063,075	248,948,643
Dividends receivable and accrued interest	10,001,833	-	-
Contributions receivable	7,282,500	1,086,498	968,981
Total assets	3,103,288,887	120,659,423	249,917,624
LIABILITIES			
Payable for collateral received under securities lending agreements	384,513,936	-	-
Benefits payable and other liabilities	4,507,292	33,250	-
Total liabilities	389,021,228	33,250	-
Net assets held in trust for pension benefits	$ 2,714,267,659	$ 120,626,173	$ 249,917,624

(A schedule of funding progress for the Employees' Retirement System is presented on page 32.)

See accompanying notes to financial statements.

MONTGOMERY COUNTY, MARYLAND
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

	Employees' Retirement System	Retirement Savings Plan	Deferred Compensation Plan
ADDITIONS			
Contributions:			
Employer	$ 109,436,001	$ 11,227,348	$ -
Members	16,362,462	6,797,447	16,649,114
Total contributions	125,798,463	18,024,795	16,649,114
Investment income	432,055,755	17,204,592	32,393,760
Less investment expenses	12,014,393	30,702	-
Net income from investment activities	420,041,362	17,173,890	32,393,760
Income from securities lending	18,460,425	-	-
Less securities lending expenses	17,654,765	-	-
Net income from securities lending	805,660	-	-
Total additions	546,645,485	35,198,685	49,042,874
DEDUCTIONS			
Retiree benefits	98,652,678	-	-
Disability benefits	32,228,463	-	-
Survivor benefits	5,951,967	-	-
Refunds	792,641	4,454,660	12,409,959
Administrative expenses	2,431,639	293,006	-
Total deductions	140,057,388	4,747,666	12,409,959
Net increase	406,588,097	30,451,019	36,632,915
Net assets held in trust for pension benefits:			
Beginning of year	2,307,679,562	90,175,154	213,284,709
End of year	$2,714,267,659	$ 120,626,173	$ 249,917,624

See accompanying notes to financial statements.

MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2007

INTRODUCTION

The Montgomery County Employee Retirement Plans (Plans) are offered to Montgomery County (County) employees whose eligibility to participate is based on employment status and other factors. Each of the Plans described below was established under a separate section of the Montgomery County Code (Code). The accompanying notes summarize the significant accounting policies and plan provisions for each of the Plans, including the Employees' Retirement System, a defined benefit pension plan; the Retirement Savings Plan, a defined contribution plan; and the Deferred Compensation Plan, a plan established pursuant to Section 457 of the Internal Revenue Code.

EMPLOYEES' RETIREMENT SYSTEM - Defined Benefit Pension Plan

The Montgomery County Employees' Retirement System (System or Plan) is considered part of the County's financial reporting entity and is included in the County's basic financial statements as a pension and other employee benefit trust fund. The accompanying financial statements present only the operations of the System in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to public employee retirement systems. They are not intended to present fairly the financial position and results of operations of the entire County.

A. Plan Description and Contribution Information

Membership. At June 30, 2007, the date of the latest actuarial valuation, membership in the System consisted of:

Retirees and beneficiaries receiving benefits	4,997
Terminated plan members entitled to but not yet receiving benefits	498
Active plan members	5,294

Plan Description. The System, a cost-sharing multiple-employer defined benefit pension plan, was established in 1965 and is sponsored by the County. Nine other agencies and political subdivisions have elected to participate. The System is closed to employees hired on or after October 1, 1994, except public safety bargaining unit employees. All covered full-time employees of the County and participating agencies must become members of the System as a condition of employment. All covered career part-time employees of the County and participating agencies may become members on an individual basis.

Funding Policy and Contributions. The System is a contributory plan with employees contributing a percentage of their base annual salary. Contribution rates range from 4 percent to 8.5 percent of regular earnings annually based on group classification and contributions earn interest at the rate of 4 percent per annum as specified under Section 33-39(b) of the Code. The County and each participating agency are required to contribute the remaining amounts necessary to fund the System using the actuarial basis as specified in Section 33-40 of the Code.

Benefit Provisions. Benefit provisions are established under the Code beginning with Section 33-35. All benefits vest at five years of service. There are different retirement groups within the System. Members enrolled before July 1, 1978, belong to either the optional non-integrated group or the optional integrated group. Members enrolled on or after July 1, 1978, belong to the mandatory integrated group. Within the groups are different retirement membership classes. The retirement group assigned depends upon the job classification of the member (i.e., non public safety, police, fire, sheriffs and correctional staff). Normal and early retirement eligibility, the formula for determining the amount of benefit, and the cost of living adjustment varies depending upon the retirement group and retirement membership class. Normal retirement is a percentage of earnings multiplied by years of credited service. Earnings for optional non-

integrated group members and optional integrated group members is defined as the high 12 months and for mandatory integrated plan members, the high 36 months. The percentage of earnings, the maximum years of credited service and the cost of living adjustment varies depending upon the retirement membership class and group. Members who retire early receive normal retirement benefits reduced by a minimum of 2 percent to a maximum of 60 percent depending on the number of years early retirement precedes normal retirement. The System provides options for disability and death benefits to eligible participants. Annual cost-of-living adjustments are provided to retirees and beneficiaries based on the percentage increase in the Consumer Price Index.

Legislation enacted by the Montgomery County Council in November 1999 required the Chief Administrative Officer of the County to establish Deferred Retirement Option Plans, or DROP Plans, allowing any employee who is a member of a specified membership group or bargaining unit, and who meets certain eligibility requirements, to elect to "retire" but continue to work for a specified time period, during which pension payments are deferred. When the member's participation in the DROP Plan ends, the member must stop working for the County, draw a pension benefit based on the member's credited service and earnings as of the date that the member began to participate in the DROP Plan, and receive the value of the DROP Plan payoff.

B. Summary of Significant Accounting Policies

Basis of Accounting. The System's financial statements have been prepared under the accrual basis of accounting. Member and employer contributions are recognized in the period in which the contributions are required to be made as specified under the County Code. Benefits and refunds are recognized when due in accordance with the terms of the Plan. The cost of administering the Plan is paid by the System.

Method Used to Value Investments. Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2007. Fair value for real estate investments is determined using unit values supplied by the issuers, which are based upon the issuers' appraisals of underlying real estate values. Such values involve subjective judgment and may differ from amounts which would be realized if such real estate was actually sold. The fair value for private equity is based on information provided by the fund managers. Cash received as collateral on securities lending transactions and investments made with such cash are reported as assets along with a related liability for collateral received.

Equity in County's Pooled Cash and Investments. The System maintains its cash with the County, which invests cash and allocates interest earned, on a quarterly basis to the System based on the System's average daily balance of its equity in pooled cash. The County's policy is to fully collateralize the cash maintained in the pool.

C. Trustees of the Plan

The County established a Board of Investment Trustees (Board) for the System to be responsible for the investment management of the System's assets for the exclusive benefit of the members. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

D. Investments

Section 33-61C of the Code, authorizes the Board to act with the care, skill, prudence and diligence under the circumstances that a prudent person acting in a similar capacity and familiar with the same matters would use to conduct a similar enterprise with similar purposes. The Code also requires that such investments be diversified so as to minimize the risk of large losses unless it is clearly not prudent to diversify under the circumstances. The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long term increases in the value of assets. The overall investment policies do not address specific levels of credit risk, interest rate risk or foreign currency risk. The Board believes that risks can be managed, but not eliminated, by establishing constraints on the investment portfolios and by monitoring the financial markets, the System's asset allocation and the investment managers hired by the System. Each investment manager has a specific benchmark and investment guidelines appropriate for the type of investments they are managing. Section 33-60 of the Code prohibits the Board from investing in any bonds, notes, or debt instruments issued by Montgomery County, any political subdivision within Montgomery County, any agency

supported or financed wholly or partly by taxes levied by the Montgomery County Council, or any agency supported by bond issues underwritten by Montgomery County. Investments in real property are limited to a pooled investment arrangement in which the Board has no power or right to manage the real estate property, provided that the pooled arrangement does not invest more than 10 percent of its assets in real property located in Montgomery County.

Credit Risk/Concentration of Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Board's investment policies and guidelines limit the percentage of the total fund and individual manager's account which can be invested in fixed income securities rated below investment grade. In addition, the Board's investment policies and guidelines limit the percentage of each investment manager's account that may be allocated to any one security, position, issuer or affiliated issuer, to less than 5 percent of the fair value of the investment manager's account. The System does not have investments (other than those issued or explicitly guaranteed by the U.S. Government or pooled investments) in any one organization that represent 5 percent or more of net assets held in trust for pension benefits.

The quality ratings of investments in fixed income securities as described by nationally recognized rating organizations as of June 30, 2007 are as follows:

Type of Investment	Quality Rating	Fair Value	Percentage of Portfolio
U.S. Government Obligations*	AAA	$ 153,343,540	16.73%
	AA	1,526,456	0.17%
Foreign Government Obligations	AAA	124,112,720	13.54%
	A	14,801,884	1.62%
	BBB	2,011,624	0.22%
	BB	4,659,748	0.51%
	B	400,428	0.04%
	Unrated	529,717	0.06%
Asset-Backed Securities	AAA	54,919,248	5.99%
	AA	355,508	0.04%
	A	679,593	0.07%
	B	140,437	0.02%
	Unrated	1,679,700	0.18%
Commercial Mortgage-Backed Securities	AAA	29,209,946	3.19%
Collateralized Mortgage Obligations	AAA	13,898,231	1.52%
Municipal /Provincial Bonds	AA	881,698	0.10%
	Unrated	292,572	0.03%
Corporate Bonds	AAA	13,356,025	1.46%
	AA	19,083,811	2.08%
	A	23,340,781	2.55%
	BBB	31,873,292	3.48%
	BB	37,755,073	4.12%
	B	71,239,004	7.77%
	CCC	23,618,993	2.58%
	CC	279,000	0.03%
	D	4,291	0.00%
	Unrated	13,572,801	1.48%
Fixed Income Pooled Funds	AA	99,719,669	10.88%
	Unrated	43,164,604	4.71%
Short-term Investments and Other	NA	135,874,705	14.83%
Total Fixed Income Securities		$ 916,325,099	100.00%

*Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. The Board's investment policies and guidelines manage interest rate risk by establishing duration constraints on each fixed income manager's portfolio based on the duration of each manager's respective benchmark. Duration is a measure of interest rate risk based on a bond price's sensitivity to a 100-basis point change in interest rates. The greater the duration of a bond, or a portfolio of bonds, the greater its price volatility will be in response to a change in interest rates and vice-versa. Duration of eight would mean that, given a 100-basis point change up/down in rates, a bond's price would move up/down by 8 percent. As of June 30, 2007, the System's fixed income portfolio had the following sensitivity to changes in interest rates:

Type of Investment	Effective Duration in years	Fair Value	Percentage of Portfolio
U.S. Government Obligations	1.06	$ 154,869,996	16.90%
Foreign Government Obligations	7.41	146,516,121	15.99%
Asset-Backed Securities	0.73	57,774,486	6.30%
Commercial Mortgage-Backed Securities	4.08	29,209,946	3.19%
Collateralized Mortgage Obligations	1.50	13,898,231	1.52%
Municipal /Provincial Bonds	7.41	1,174,270	0.13%
Corportate Bonds	3.80	234,123,071	25.55%
Fixed Income Pooled Funds	2.13	142,884,273	15.59%
Short-term Investments and other	N/A	135,874,705	14.83%
Total Fixed Income Securities		$ 916,325,099	100.00%

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Board's International Investing Policy's objective is to achieve long-term capital appreciation and current income by investing in diversified portfolios of non-U.S. equities and bonds. The System has indirect exposure to foreign currency risk as follows:

International Securities	Equity	Fixed Income	Short-term and other	Total Non-U.S. Dollar
European Currency Unit	$ 158,480,677	$ 46,055,264	$ (42,284,391)	$ 162,251,550
Japanese Yen	104,323,018	-	27,260,744	131,583,762
British Pound Sterling	69,046,942	40,510,225	(26,847,735)	82,709,432
Hong Kong Dollar	25,165,837	-	5,511	25,171,348
New Zealand Dollar	687,925	1,075,204	20,545,897	22,309,026
Philippine Peso	7,029,724	-	-	7,029,724
Malaysian Ringgit	4,464,726	1,175,526	-	5,640,252
South African Rand	5,469,135	-	567	5,469,702
Danish Krone	5,380,322	-	(48,928)	5,331,394
Australian Dollar	4,337,145	-	585,067	4,922,212
Other Currencies	51,411,157	58,999,041	(106,365,610)	4,044,588
Total International Securities	$ 435,796,608	$ 147,815,260	$ (127,148,878)	$ 456,462,990

Derivatives. The System invests in derivative instruments on a limited basis in accordance with the Board's Derivatives Policy. During FY 2007, the System invested directly in various derivatives including asset-backed securities, collateralized mortgage obligations, exchanged-traded futures contracts, forward currency contracts, swaps, and floating rate securities. Investment managers are prohibited from purchasing securities on margin or using leverage unless specifically permitted within the investment manager's guidelines. The System entered into these investments either to increase earnings or to hedge against potential losses. These investments generally contain market risk resulting from fluctuations in interest and currency rates. The credit risk of these investments is associated with the creditworthiness of the related parties to the contracts. The System could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. The Board's Derivatives Policy seeks to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring

procedures. In addition, the System has indirect exposure to market and credit risk through its ownership interests in certain mutual and commingled funds which may hold derivative financial instruments.

As permitted by the Board's policies, the System holds off-financial statement derivatives in the form of exchange-traded financial futures and options. The futures and options with fair values of approximately $15,445,000 are held for investment purposes and included within the financial statements at June 30, 2007. Gains and losses on futures and options are determined based upon fair market values and recorded in the Statements of Changes in Plan Net Assets.

Interest rate swaps, foreign currency exchange swaps, and forward foreign currency exchange contracts are held for investment purposes. At June 30, 2007, the System had approximately $109,974,000 net exposure in foreign currency exchange and interest rate swaps and $144,450,000 negative net exposure in forward foreign currency exchange contracts.

Securities Lending. Board policy permits the System to lend its securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The System's custodian is the agent in lending the System's securities for collateral of 102 percent for domestic and 105 percent for international securities. The custodian receives cash, securities or irrevocable bank letters of credit as collateral. All securities loans can be terminated on demand by either the System or the borrower. Cash collateral received from the borrower is invested by the lending agent, as an agent for the System, in a short-term investment pool in the name of the System, with guidelines approved by the Board. Such investments are considered a collateralized investment pool. The relationship between the maturities of the investment pool and the System's loans is affected by the maturities of securities loans made by other plan entities that invest cash collateral in the investment pool, which the System cannot determine. The System records a liability for the return of the cash collateral shown as collateral held for securities lending in the statement of net assets. The Board does not restrict the amount of loans the lending agent may make on its behalf. The agent indemnifies the System by agreeing to purchase replacement securities, or return the cash collateral thereof, in the event a borrower fails to return loaned securities or pay distributions thereon. There were no such failures by any borrower during the fiscal year, nor were there any losses during the period resulting from a default of the borrower or lending agent.

As of June 30, 2007, the fair value of securities on loan was $394,768,927. Cash received as collateral and the related liability of $384,513,936 as of June 30, 2007, is shown on the Statement of Plan Net Assets. Securities received as collateral are not reported as assets since the System does not have the ability to pledge or sell the collateral securities absent borrower default. Securities lending revenues and expenses amounting to $18,460,425 and $17,654,765, respectively, have been classified with investment income and investment expenses, respectively, in the accompanying financial statements.

The following represents the balances relating to the securities lending transactions at June 30, 2007:

Securities Lent	Underlying Securities	Non-Cash Collateral Value	Cash Collateral Investment Value
Lent for Cash Collateral:			
U.S. Government Obligations	$ 62,759,833	$ -	$ 63,977,115
Foreign Government Obligations	17,355,965	-	17,784,537
Corporate Bonds	66,555,379	-	68,045,636
Equities	227,554,706	-	234,706,648
Lent for Non-Cash Collateral:			
U.S. Government Obligations	8,654,384	8,838,198	-
Corporate Bonds	5,785,026	5,888,478	-
Equities	6,103,634	6,254,322	-
Total	$ 394,768,927	$ 20,980,998	$ 384,513,936

At year-end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceeded the amounts the borrowers owe the System. The System is fully indemnified by its custodial bank against any losses incurred as a result of borrower default.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2007, there were no funds held by a counterparty that was acting as the System's agent in securities lending transactions.

E. Allocated Insurance Contract

On August 1, 1986, the County entered into an agreement with Aetna Life Insurance Company (Aetna) wherein Aetna accepted future responsibility for monthly payments to all members retired prior to January 1, 1986, in exchange for a lump sum payment. The County is liable for cost of living increases effective January 1, 1986, and later. Monthly payments made under this agreement have not been recognized in the System's financial statements.

F. Income Taxes

The Internal Revenue Service issued a determination letter in January 2003, which stated that the System and its underlying trust qualify under the applicable provisions of the Internal Revenue Code and therefore are exempt from federal income taxes. In the opinion of the plan administrator, the System and its underlying trust have operated within the terms of the System and are qualified under the applicable provisions of the Internal Revenue Code.

RETIREMENT SAVINGS PLAN - Defined Contribution Pension Plan

The Montgomery County Retirement Savings Plan (Plan) is considered part of the County's financial reporting entity and is included in the County's basic financial statements as a pension and other employee benefit trust fund. The accompanying financial statements present only the operations of the Plan in conformity with GAAP. They are not intended to present fairly the financial position and results of operations of the entire County.

A. Plan Description and Contribution Information

Membership. At June 30, 2007 membership in the Plan consisted of:

Active plan members	4,253
Inactive plan members	711

Plan Description. The Plan, a cost-sharing multiple-employer defined contribution plan, was established in 1994 and is sponsored by the County. Eight other agencies or political subdivisions have elected to participate. All non-public safety and certain public safety employees not represented by a collective bargaining agreement and hired on or after October 1, 1994 are covered by the Plan. Eligible employees covered by the Montgomery County Employees' Retirement System may make an irrevocable decision to transfer to this Plan.

Contributions. Under Section 33-116 of the Code, the Plan requires employees to contribute 3 percent of regular earnings up to the Social Security wage base and 6 percent above the Social Security wage rate. Section 33-117 of the Code requires the County to contribute 6 percent and 10 percent of regular earnings for non-public safety and public safety employees, respectively. In accordance with IRS regulations and the County Code, $470,000 in accumulated revenue was used to reduce employer contributions in FY2007

Benefit Provisions. Employee contributions vest immediately and employer contributions are vested after three years of service or upon death, disability, or reaching retirement age. Members are fully vested upon reaching normal retirement (age 62) regardless of years of service. At separation, a participant's benefit is determined based upon the account balance which includes contributions and investment earnings.

B. Summary of Significant Accounting Policies

Basis of Accounting. The Plan's financial statements have been prepared under the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are required to be made as specified in the County Code. Benefits and refunds are recognized when due in accordance with the terms of the Plan. The cost of administering the Plan is paid by the County and participating agencies.

Method Used to Value Investments. Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2007.

Equity in County's Pooled Cash and Investments. The Plan maintains its cash with the County, which invests cash and allocates interest earned, on a quarterly basis to the Plan based on the Plan's average daily balance of its equity in pooled cash. The County's policy is to fully collateralize the cash maintained in the pool.

C. Trustees of the Plan

The County established a Board of Investment Trustees (Board) for the Trust to oversee the investment program. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

D. Investments

Section 33-125 of the Code authorizes the Board to establish a diversified slate of mutual and commingled investment funds from which participants may select an option. The Board exercises the Standard of Care as delineated in Section 33-61 of the Code. As of June 30, 2007, the fair value of the mutual and commingled investment funds was $119,063,075. The fair value of the investments in international mutual funds was $4,903,686.

E. Income Taxes

The Internal Revenue Service issued a determination letter in December 2002, which stated that the Plan and its underlying trust qualify under the applicable provisions of the Internal Revenue Code and therefore are exempt from federal income taxes. In the opinion of the plan administrator, the Plan and its underlying trust have operated within the terms of the Plan and are qualified under the applicable provisions of the Internal Revenue Code.

DEFERRED COMPENSATION PLAN

During FY 2005, the Montgomery County Council passed legislation enabling the County to establish and maintain one or more additional deferred compensation plans for employees covered by a collective bargaining agreement. All County non-represented employees, those County represented employees who elected to participate, and employees who were retired at the time of transfer, continue to participate in the Montgomery County Deferred Compensation Plan administered by the County (the County Plan). County represented employees who elected and all represented employees hired after March 1, 2005 participate in the newly created Montgomery County Union Employees Deferred Compensation Plan (the Union Plan) administered by the bargaining units. The purpose of these Plans is to extend to employees deferred compensation plans pursuant to Section 457 of the Internal Revenue Code of 1986, as amended.

The accompanying financial statements present only the operations of the County Plan in conformity with GAAP. They are not intended to present fairly the financial position and results of operations of the entire County. The assets of the Union Plan are not included in the accompanying financial statements since neither the County nor the Board of Investment Trustees (Board) have fiduciary or other responsibility for the Union Plan except as required by federal law, including any regulation, ruling, or other guidance issued under law.

A. Plan Description and Contribution Information

Plan Description and Contributions. During 1999, in accordance with Federal legislation, the assets were placed in Trust for the sole benefit of participants and their beneficiaries. Trust responsibilities for the County Plan are assigned to the Board. The Board has a third-party administrator contract to provide investment vehicles and administrative services to plan participants. Under the County Plan, contributions are sent to the providers for different types of investments as selected by the participants. A separate account, which reflects the monies deferred, investment of the monies, and related investment earnings is maintained for each participant by the third-party administrator. Withdrawals are made upon retirement, termination of employment, death, and/or in unforeseeable emergencies.

B. Summary of Significant Accounting Policies

Basis of Accounting. The County Plan's financial statements have been prepared under the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are made. Distributions are recognized when paid in accordance with the terms of the County Plan, and administrative costs are recognized as incurred.

Method Used to Value Investments. Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2007.

C. Trustees of the Plan

The County established a Board to oversee the investment program of the County Plan. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

D. Investments

The Board is required to establish a diversified slate of mutual and commingled funds from which participants may select investment options. The Board exercises the Standard of Care as delineated in Section 33-61 of the Code. As of June 30, 2007, the fair value of the mutual and commingled investment funds was $248,948,643. The fair value of the investments in international mutual funds included in the County Plan was $22,233,050.

MONTGOMERY COUNTY
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MARYLAND

REQUIRED SUPPLEMENTARY INFORMATION

Historical trend information about the Employees' Retirement System (System) defined benefit pension plan is presented below as required supplementary information. This information is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/02	$ 2,036,100,709	$ 2,273,179,216	$ 237,078,507	89.6 %	$ 298,456,852	79.4 %
6/30/03	2,029,314,438	2,411,492,724	382,178,286	84.2	312,057,363	122.5
6/30/04	2,045,098,796	2,561,328,232	516,229,436	79.8	318,815,374	161.9
6/30/05	2,100,532,623	2,775,047,412	674,514,789	75.7	328,459,150	205.4
6/30/06	2,222,724,295	2,918,336,073	695,611,778	76.2	340,333,414	204.4
6/30/07	2,469,933,200	3,100,637,723	630,704,523	79.7	352,636,518	178.9

Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing the assets as a percentage of the actuarial accrued liability provides one indication of the System's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the system. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the system's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the system.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2002	$ 39,168,622	100 %
2003	55,205,855	100
2004	61,927,029	100
2005	74,655,371	100
2006	88,184,159	100
2007	109,436,001	100

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	June 30, 2007
Actuarial cost method	Projected unit credit
Amortization method	Level dollar amount
Amortization period	The initial period is a closed 40 years. The average remaining period at June 30, 2007 is 24.7 years.
Asset valuation method	5-Year phase-in of market gains/losses
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases depending on age	4.75% - 7.50%
Cost-of-living adjustments	3.5%
Post-Retirement Increases	Consumer Price Index - by Group
Mortality rates after retirement	RP 2000 projected 10 years, separate tables for males and females

The actuarial assumptions used have been recommended by the actuary and adopted by the County's Chief Administrative Officer based on the most recent review of the System's experience, completed as of June 30, 2005.

The rate of employer contributions to the plan is composed of the normal cost, amortization of the unfunded actuarial liability and an allowance for administrative expenses. The normal cost is the actuarial value of the portion of the ultimate benefit that is earned during the current year. Members also contribute toward the normal cost. The actuarial liability is that portion of the present value of projected benefits that will not be paid by future employer normal costs or member contributions. The difference between this liability and the funds accumulated as of the same date is the unfunded actuarial ability.

SCHEDULE OF ADMINISTRATIVE, INVESTMENT AND PROFESSIONAL FEES
EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2007

SCHEDULE OF ADMINISTRATIVE EXPENSES

Personnel Services:	
Salaries and wages	$ 966,309
Retirement contributions	81,358
Insurance	95,767
Social security	71,824
Total personnel services	1,215,258
Professional Services:	
Actuarial	175,852
Independent public accountants	31,563
Outside legal	99,643
Temporary	4,780
Total professional services	311,838
Benefit Processing:	
Disbursement services	495,959
Disability management	230,492
Total benefit processing	726,451
Due diligence and continuing education	21,717
Office Management:	
Office equipment and supplies	152,712
Miscellaneous	3,663
Total office management	156,375
Total administrative expenses	$ 2,431,639

SCHEDULE OF ADMINISTRATIVE, INVESTMENT AND PROFESSIONAL FEES, CONCLUDED
EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2007

SCHEDULE OF INVESTMENT EXPENSES

Investment Management Fees:	
Aetna Life Insurance Company	$ 3,977
The Northern Trust Company	275,500
Marathon London	1,263,713
BlackRock Financial Management	489,601
Wellington Management	779,169
Bridgewater Associates	1,202,611
RhumbLine Advisors	53,378
Systematic Financial Management	661,015
Mondrian Investment Partners Ltd.	560,787
Barclays Global Investors	44,470
Numeric Investors	1,521,539
First Quadrant	545,747
JP Morgan Investment Management	511,592
FX Concepts	1,470,830
Goldman Sachs	1,021,019
Gryphon International Investment	799,962
Loomis Sayles	278,942
Nomura Corporate Research & Asset Management	285,481
Total investment management fees	11,769,333
Other Investment Related Expenses:	
Bloomberg Financial Systems	13,860
Wilshire Associates	231,200
Securities lending borrower rebates	17,372,848
Securities lending agent fees	281,917
Total other investment related expenses	17,899,825
Total investment expenses	$ 29,669,158

EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2007 AND 2006

	2007	2006
ASSETS		
Equity in County's pooled cash and investments	$ 290,445	$ 254,623
Investments:		
U.S. Government and agency obligations	301,386,117	232,995,778
Asset-backed securities	57,774,486	64,293,203
Municipal/Provincial bonds	1,174,270	1,254,177
Corporate bonds	295,897,623	290,400,350
Collateralized mortgage obligations	13,898,231	14,495,328
Commerical mortgage-backed securities	64,854,406	17,596,302
Common and preferred stock	1,643,956,241	1,476,304,775
Mutual and commingled funds	1,045,987	850,557
Short-term investments	181,339,966	147,756,147
Cash collateral received under securities lending agreements	384,513,936	336,590,875
Real estate	30,928,663	5,600,193
Private equity	108,944,183	44,610,809
Total investments	3,085,714,109	2,632,748,494
Dividends receivable and accrued interest	10,001,833	8,361,260
Contributions receivable	7,282,500	6,032,613
Total assets	3,103,288,887	2,647,396,990
LIABILITIES		
Payable for collateral received under securities lending agreements	384,513,936	336,590,875
Benefits payable and other liabilities	4,507,292	3,126,553
Total liabilities	389,021,228	339,717,428
Net assets held in trust for pension benefits	$ 2,714,267,659	$ 2,307,679,562

EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	2007	2006
ADDITIONS		
Contributions:		
Employer	$ 109,436,001	$ 88,184,159
Members	16,362,462	16,084,999
Total contributions	125,798,463	104,269,158
Investment Income:		
Net appreciation in fair value of investments	359,326,888	139,140,738
Dividends and interest	72,728,867	55,214,870
Total income from investment activities	432,055,755	194,355,608
Less investment expenses	12,014,393	7,967,636
Net income from investment activities	420,041,362	186,387,972
Income from securities lending	18,460,425	12,706,126
Less securities lending expenses	17,654,765	12,089,748
Net income from securities lending	805,660	616,378
Total additions	546,645,485	291,273,508
DEDUCTIONS		
Retiree benefits	98,652,678	112,210,585
Disability benefits	32,228,463	12,124,706
Survivor benefits	5,951,967	1,483,035
Refunds	792,641	634,585
Administrative expenses	2,431,639	1,920,238
Total deductions	140,057,388	128,373,149
Net increase	406,588,097	162,900,359
Net assets - beginning of year	2,307,679,562	2,144,779,203
Net assets - end of year	$2,714,267,659	$2,307,679,562

RETIREMENT SAVINGS PLAN
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2007 AND 2006

	2007	2006
ASSETS		
Equity in County's pooled cash and investments	$ 509,850	$ 611,204
Investments	119,063,075	88,570,836
Contributions receivable	1,086,498	1,019,942
Total assets	120,659,423	90,201,982
LIABILITIES		
Accrued expenses	33,250	26,828
Net assets held in trust for pension benefits	$ 120,626,173	$ 90,175,154

RETIREMENT SAVINGS PLAN
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	2007	2006
ADDITIONS		
Contributions:		
Employers	$ 11,227,348	$ 9,437,190
Members	6,797,447	5,860,277
Total contributions	18,024,795	15,297,467
Investment income	16,630,901	7,205,725
Less investment expenses	30,702	30,097
Net investment income	16,600,199	7,175,628
Other income	573,691	1,061,073
Total additions	35,198,685	23,534,168
DEDUCTIONS		
Refunds	4,454,660	4,305,879
Administrative expenses	293,006	242,844
Total deductions	4,747,666	4,548,723
Net increase	30,451,019	18,985,445
Net assets - beginning of year	90,175,154	71,189,709
Net assets - end of year	$ 120,626,173	$ 90,175,154

DEFERRED COMPENSATION PLAN
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2007 AND 2006

	2007	2006
ASSETS		
Investments	$ 248,948,643	$ 212,366,121
Contributions receivable	968,981	918,588
Total assets and net assets held in trust for pension benefits	$ 249,917,624	$ 213,284,709

DEFERRED COMPENSATION PLAN
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	2007	2006
ADDITIONS		
Contributions - members	$ 16,649,114	$ 16,562,414
Investment income	32,393,760	20,485,777
Total additions	49,042,874	37,048,191
DEDUCTIONS		
Member refunds	12,409,959	11,225,978
Total deductions	12,409,959	11,225,978
Net increase	36,632,915	25,822,213
Net assets - beginning of year	213,284,709	187,462,496
Net assets - end of year	$ 249,917,624	$213,284,709

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INVESTMENT SECTION

Employees' Retirement System

EMPLOYEES' RETIREMENT SYSTEM

INVESTMENT PERFORMANCE, POLICY, STATISTICS AND ACTIVITY

The Board of Investment Trustees (Board) and the investment staff are responsible for managing the $2.7 billion fund, Employees' Retirement System (the System), invested solely in the interests of its beneficiaries. It is a significant responsibility due to the majority of the average retiree benefit coming from investment earnings on contributions from members, the County, and participating agencies. According to Wilshire Associates, a national consulting firm, the median return among U.S. public pension plans in FY 2007 was 13.38%. The System's one year total return of 18.22%, net of fees, ranked in the top 8th percentile of all public plans in the universe. The study also ranked the System's three-year return of 12.33% in the 21st percentile and its five-year return of 11.65% in the 11th percentile. These returns were well above our actuarially assumed long-term return of 8.0% and exceeded the performance benchmark established by the Board. The key drivers of the strong performance for the twelve month period ending June 30, 2007 were equity markets with domestic equities up 20% and international equities up 30%. The System is now the 397th largest public or private pension system in the United States.

In the investment of public funds, adequate funding of employee retirement benefits at a reasonable and affordable cost is a paramount concern. An appropriate balance must be struck between risks taken and returns sought to ensure the long term health of the System. The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long term increases in the value of assets.

Specific investment objectives include:

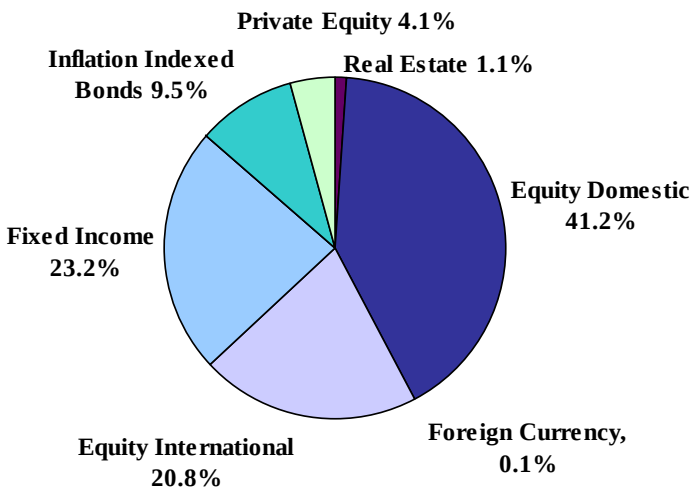
- To realize the actuarial assumed rate of return of 8 percent, annually.
- To manage portfolio risk so as to limit potential downside fluctuations in the value of the total System assets.
- To realize as high a rate of total return as possible consistent with the above.

To achieve these objectives, the following investment policies are employed:

- Allocate System assets to a broad array of investment sectors and strategies.
- Maintain the asset allocation within a +/-3% range.
- Monitor the individual investment manager's market value to ensure compliance with the Board's Manager Funding Policy.
- Evaluate the performance of all investment managers against their specific performance and style objectives, assigned risk, and the returns achieved by other similar managers.
- Evaluate the System's overall risk exposure and modify investments through rebalancing when necessary.

During FY 2007, the Board conducted an asset/liability study resulting in the implementation of a revised strategic asset allocation over the next few years which will result in further diversification of the investment portfolio. The Board continues to expand its risk management system to track and project risks for individual asset classes, managers and the total fund.

ASSET ALLOCATION – JUNE 30, 2007



INVESTMENT PERFORMANCE SUMMARY

	ANNUALIZED DATA FOR PERIOD ENDING JUNE 30, 2007		
	1 Year	**3 Year**	**5 Year**
Total Fund Time-Weighted Returns			
MCERS	18.79 %	12.76 %	12.11 %
Policy Benchmark	17.19	11.87	11.16
Total Domestic Equities Return			
MCERS	21.48	13.59	12.51
Russell 3000	20.07	12.44	11.53
Total Private Equities Return			
MCERS	22.94*	17.87*	N/A
Russell 3000 + 300 Bpts	21.85*	17.29*	N/A
Total International Equities			
MCERS	33.89	25.12	20.86
MSCI All Country World X US	29.62	24.52	19.45
Total Real Estate			
MCERS	18.57*	N/A	N/A
Policy Benchmark	**	**	**
Total Fixed Income			
MCERS	7.64	5.21	6.60
Policy Benchmark	7.22	5.09	6.18
Total Inflation Index Bonds			
MCERS	2.20	5.17	N/A
Custom IIB Benchmark	2.89	4.77	6.63

Return data for the System was calculated on a time weighted basis (except where noted). Returns shown are provided by the System's custodian bank, The Northern Trust Company, and are in accordance with the Global Investment Performance Standard (GIPS). Valuations are based on published national securities exchange prices, where available, and all valuations are reconciled between the various investment managers and the custodian bank.

*Returns computed on dollar-weighted basis.

** Benchmark comparison is not meaningful at this time due to the short investment history of the System real estate program.

PORTFOLIO HIGHLIGHTS

PUBLIC EQUITY

The market value of the total Public Equity Portfolio as of June 30, 2007 represented approximately 62% of the total fund split between Domestic Equity at 41.2% and International Equity at 20.8%. The Domestic Equity Portfolio outperformed the Russell 3000 Benchmark by 1.41% during the fiscal year. Small capitalization stocks contributed the most on a relative return basis.

The International Equity Portfolio was allocated as follows: 81% EAFE, 15% emerging market and 4% passive strategies. The International Equity Portfolio utilizes risk-controlled active currency strategies that attempt to capitalize on currency market inefficiencies by taking long and short currency positions based on their fundamental attractiveness. The notional value of these strategies totaled $500 million as of June 30, 2007. The International Equity Portfolio outperformed the MSCI ACWI ex US Benchmark by 4.27% during the twelve months ending June 30, 2007.

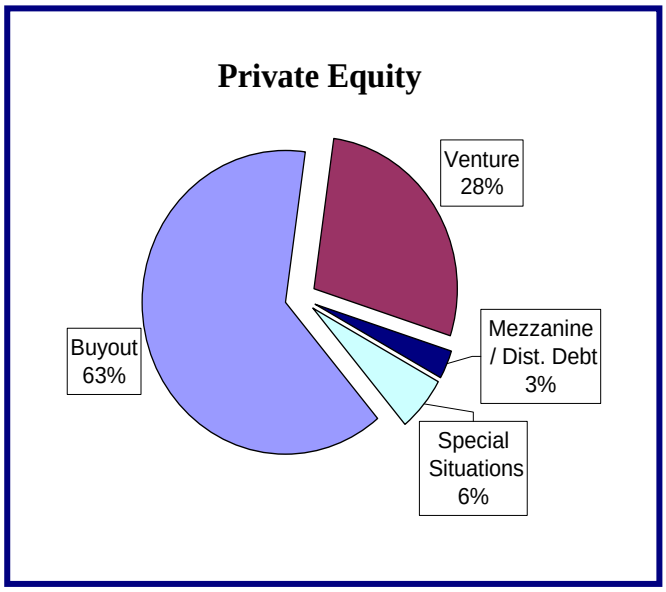
Equity: Top 15 Holdings

The top 15 holdings in the Public Equity Portfolio comprised 11% of ERS assets at June 30, 2007. In comparison to last year, five companies fell from the list. Chesapeake Energy, Altria Group, Schlumberger LTD, FHLMC, and First Data were dropped, and Morgan Stanley, Merck & Co., Google, and Baker Hughes were added.

Equity	Shares		Value
Exxon Mobil	286,937	$	24,068,276
AT&T	392,695		16,296,843
Bank of America	321,209		15,703,908
Microsoft	499,149		14,709,921
General Electric	335,514		12,843,476
Pfizer	477,047		12,198,092
Cisco	430,716		11,995,441
Wal-Mart	240,720		11,581,039
Citigroup	192,102		9,852,912
Morgan Stanley	109,620		9,194,926
Pepsico	133,589		8,663,247
Merck & Co	173,880		8,659,224
Google	16,440		8,604,367
IBM	81,592		8,587,558
Baker Hughes	98,460		8,283,440

PRIVATE EQUITY

The System began investing in private equity in 2003 to achieve returns greater than those available in the public equity markets and to gain exposure to diversified alpha sources. At June 30, 2007, the Private Equity Portfolio comprised 4.1% of total fund assets. Approximately 46% of the dollars committed have been called. Specifically, the program seeks to outperform the Russell 3000 Index by 3.0% per year. System returns are calculated on a dollar-weighted or internal rate-of-return basis, and the return since inception (2003) through June 30, 2007 was 16.22%. By comparison, the dollar-weighted return for the Russell 3000 Index plus 3% for the same time frame was 17.67%.

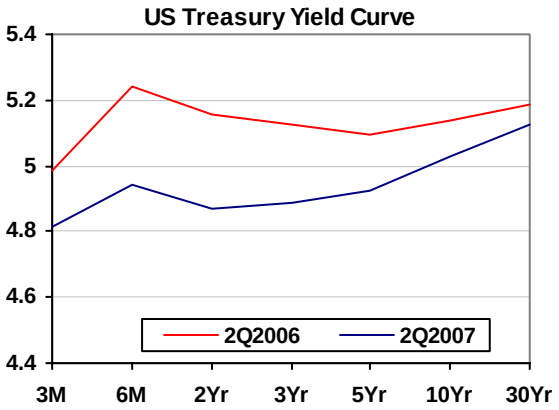


Private equity results to date have been driven predominantly by the strong performance of buyout funds. Global mergers and acquisitions (M&A) activity is near an all-time high and the private equity share of M&A activity continues to grow. However, IPO activity (for both venture and buyout) is still very limited, particularly in comparison to the boom years of 1999-2000.

PORTFOLIO HIGHLIGHTS

FIXED INCOME

The System invests a portion of its portfolio in fixed income securities to reduce total fund volatility, produce income and provide for some protection in the event of a slowing economic environment, where these lower volatility assets provide downside protection. The market value of the Fixed Income Portfolio as of June 30, 2007 represented approximately 23.2% of the total fund. The Fixed Income Portfolio returned 7.64%, outperforming the benchmark return of 7.22% by 0.42% during the fiscal year. Strong returns were driven by the high yield allocations, representing approximately 7.2% of total fund assets.



There was a marked change in fixed income markets over the twelve month period. Following seventeen straight increases in interest rates by the Federal Reserve Bank, interest rates were kept on hold through the entire year. This pause and moderation highlighted a shift in economic outlook. US Treasury yields (see graph above) have declined across the yield curve. Despite the uncertainty of the housing market and concerns about inflation, credit defaults remained low from a long-term average perspective.

Fixed Income: Top 15 Holdings

Fifteen Largest Fixed Income Holdings	Interest Rate	Maturity Date	Fair Value
Federal National Mortgage Assn. 30 year Pass-Throughs	5.500 %	July 2, 2038	$ 38,816,094
United States Treasury Bonds	4.750	February 15, 2037	13,554,058
Federal National Mortgage Assn. Participation Certificate	5.000	July 1, 2038	12,480,533
Federal National Mortgage Assn. Pool 15 year	5.000	May 1, 2036	10,261,565
France Government OATEI	2.250	July 25, 2020	9,604,081
Canada Index Linked Government Bonds	3.000	January 12, 2036	9,548,117
Federal National Mortgage Assn. Single Family Mortgage 15 year	6.000	July 1, 2023	8,587,406
Federal National Mortgage Assn. Gold Participation Certificate	5.500	August 1, 2037	7,712,496
Federal National Mortgage Assn. Pool 15 year	7.000	April 1, 2037	7,279,041
Federal National Mortgage Assn. Single Family Mortgage 15 year	5.500	July 1, 2023	7,190,500
UK Government Inflation Linked Bonds	2.500	July 26, 2016	7,052,561
Canada Index Linked Government Bonds	4.250	January 12, 2026	6,852,486
France Government OAT Index Linked Bonds	3.150	July 25, 2032	6,793,446
United States Treasury Bonds	6.250	August, 15, 2023	6,679,002
Italy Repurchase BTPI Linked	2.150	September 15, 2014	6,616,864

A complete list of the portfolio holdings can be obtained by contacting the Board of Investment Trustees office.

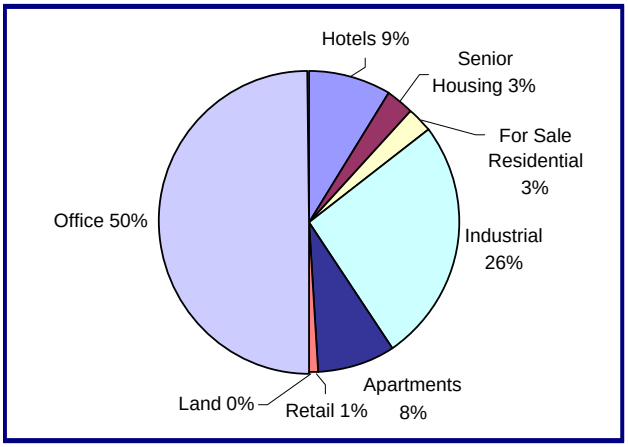
PORTFOLIO HIGHLIGHTS

REAL/INFLATION HEDGE ASSETS

Real Estate

The System began investing in opportunistic real estate in 2006 to attain returns uncorrelated with the broad securities markets. Returns are computed on a dollar-weighted or internal rate-of-return basis, and from inception to June 30, 2007 the investments generated 9.77%. The real estate portfolio comprised 1.1% of the ERS portfolio at June 30, 2007 with approximately 34% of the total capital committed to real estate being contributed.

Although residential real estate has experienced a tough period over the last twelve months, commercial real estate continued to perform strongly. In addition, capital remained largely available and inexpensive for most of the year. However, the collapse of the sub-prime mortgage market had a big impact on borrowing costs and terms as lenders reviewed their requirements. This caused volatility in the debt markets and, during the second quarter of 2007, REIT valuations fell sharply (down over 9%) and traded at a deep discount to their net asset values. Within real estate, our managers continue to pursue opportunistic, value added investment properties.



Inflation-Indexed Bonds

The System allocates a portion of fund assets to inflation-indexed bonds which provide protection against inflation risk as well as providing a diversified return stream to manage volatility. The Inflation-Indexed Bond Portfolio represented 9.5% of the total fund. The Portfolio returned 2.2% during the fiscal year, underperforming the benchmark by 0.69%.

Inflation-indexed bonds performed poorly during the fiscal year due to a combination of real and nominal yield expectations going forward. A marked increase in volatility had a large impact on the fixed income markets towards the end of the year. 10-year Treasuries ended the month of June above 5.0% - hitting 5.25% at one stage, the highest closing level in five years. Rises in the yield curve were more pronounced for longer duration paper and this caused the yield curve to steepen. Although concerns about inflation caused yields to widen, this created more demand for long duration Treasuries (as a flight to quality for investors), helping to push the yield for 10-year Treasuries back down towards the 5.0% level.

Inflation-Indexed Bonds - Country Exposures		
United States	42.9	%
Euroland	20.5	
United Kingdom	17.6	
Sweden	9.9	
Canada	9.1	

PORTFOLIO HIGHLIGHTS

MONEY MANAGERS

The diversified investment structure as of June 30, 2007 is reflected in the following tables, which list MCERS managers by investment sector and style.

Public Equity Managers	Investment Style
Domestic Equity	
BGI Russell 1000 Fund*	Russell 1000 Index
RhumbLine Advisors	Russell 1000 Index
Systematic Financial Mgt.	Large Cap Value
Numeric Investors	Large Cap Core
Goldman Sachs	Large Cap Growth
Wellington	Small Cap Value
Numeric Investors	Small Cap Growth
Fidelity Investments*	Fidelity Managed Income Portfolio
International Equity	
Marathon	EAFE
Gryphon	EAFE
Mondrian*	Emerging Markets
BGI EAFE Fund*	EAFE Index

Private Equity Managers	Investment Style
Adams Street	Fund-of-Funds
HarbourVest	Fund-of-Funds
Landmark	Fund-of-Funds

Real Estate Managers	Investment Style
TA Associates	Opportunistic
AEW Capital	Opportunistic

Fixed Income Managers	Investment Style
JP Morgan	Core Plus
BlackRock	Core Plus
Nomura	High Yield
Loomis Sayles	High Yield
BGI US Debt Fund*	Lehman Aggregate Index

Foreign Currency Mgrs.	Investment Style
First Quadrant*	Foreign Currency Overlay
FX Concepts*	Foreign Currency Overlay

Inflation-Indexed Bond Mgrs.	Investment Style
Bridgewater*	Inflation Indexed Bonds

* Pooled Funds

PUBLIC EQUITY COMMISSIONS

JULY 1, 2006 THROUGH JUNE 30, 2007

Brokers	Commissions (thousands)
Credit Suisse First Boston Corporation	$ 119
Investment Technology Group, Inc.	95
Spear Leeds & Kellogg	80
Liquidnet Inc.	64
Morgan Stanley & Co., Inc.	63
Merrill Lynch Pierce Fenner & Smith, Inc.	61
Autranet Inc.	55
Instinet	30
Lehman Brothers Inc.	28
Citigroup Global Markets	25
Other Brokers (88 brokers)	371
Total	$ 991

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ACTUARIAL SECTION

Employees' Retirement System

Douglas L. Rowe, FSA, MAAA, EA
Principal

MERCER
MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

120 East Baltimore Street, 20th Floor
Baltimore, MD 21202-1674
410 727 3345 Fax 410 727 3347
doug.rowe@mercer.com
www.mercer.com

November 26, 2007

Board of Investment Trustees
Montgomery County Government Retirement System
101 Monroe Street
Rockville, MD 20850

Subject: July 1, 2007 Actuarial Valuation Report

Dear Members of the Board:

Mercer annually performs an actuarial valuation of the Montgomery County Employees' Retirement System for the Montgomery County Government. The most recent actuarial valuation performed was as of July 1, 2007. The purpose of this valuation was to:

- Review experience under the Plan for the year ending June 30, 2007
- Determine the liabilities of the Plan as of June 30, 2007
- Determine the contribution to be paid biweekly during the fiscal year ending June 30, 2009.

The actuarial information in this letter is provided in detail in our valuation report.

Valuation Results

Sections II through IV of the valuation report detail the results of the 2007 valuation, including a breakdown by employee group and plan. This valuation uses the same demographic assumptions as those used in the 2006 valuation.

County Contributions

Contributions are computed using the Projected Unit Credit method of funding. The objective of this method is to fund each participant's benefits under the Plan, as they would accrue, taking into consideration future salary increases. Thus the total pension to which each participant is expected to become entitled is broken down into units; each associated with a year of past or future credited service.

If all actuarial assumptions are met in the future and if there are no plan changes, the plan contribution as a percentage of the payroll covered by this plan is expected to increase. This

is because the Optional Plans are closed to new non-public safety members; hence, the average age of active members is expected to increase in the future. Normal cost per active member in the closed groups will increase at roughly the valuation interest rate, which is higher than the assumed salary scale.

The July 1, 2007 actuarial valuation sets the County's contribution rates for the fiscal year ending June 30, 2009. The rates are set separately for public safety and non-public safety employee groups and will be applied to each group's total covered payroll for the fiscal year 2009. Thus, the exact dollar amount of the required contribution will not be known until the end of the fiscal year 2009. The contribution rates for fiscal year 2009 were determined based on the total payroll at July 1, 2007, taking into account the general wage adjustments for FY08 on July 1, 2007 for Group F participants, and on July 8, 2007 for all other membership groups.

Investments

During the 2006-2007 plan year, the rate of return after investment expenses on the market value of assets was 18.3%. On a market value basis, the return was $236.8 million more than the 8% assumed rate of return. This $236.8 million gain is phased in over a five-year period. Gains and losses from 2006-2007 and prior years produced a net gain on an actuarial value of assets basis. As of July 1, 2007, net investment gains of $244.3 million had not yet been recognized in the actuarial value of assets.

The 2007 valuation was based on an actuarial value of assets of $2,469,933,200.

We used the financial information provided by the County without further audit.

Aetna Contract

The value of the Aetna non-participating group-annuity contract is excluded from all calculations.

Actuarial Assumptions and Plan Provisions
There were no changes in actuarial assumptions or plan provisions since the last actuarial valuation as of July 1, 2006.

Participant Data

Between June 30, 2006 and June 30, 2007, there was a 0.9% increase in the number of plan members. However, the number of active members decreased by 1.3%, from 5,362 to 5,294. The total payroll increased by 4.9%, from $357.4 million to $374.8 million.

Aetna provided the retiree data, including benefits. The County provided data on active and terminated vested members. This information would customarily not be verified by a plan's actuary. We have reviewed the information for internal consistency and we have no reason to doubt its substantial accuracy.

Supplementary Information

The July 1, 2007 actuarial valuation report also provides supplemental information, including the schedule of funding progress, for which Mercer is responsible. This schedule is presented in the financial section of the County's Comprehensive Annual Financial Report (CAFR). This information is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and to provide a means for making comparisons with other public employee retirement systems.

The County extracted the information from the July 1, 2007 valuation report for the following schedules in the actuarial section and the statistical section of County's Comprehensive Annual Financial Report.

- Summary of Results
- System Contribution
- Membership
- Actuarial Assumptions and Methods
- Solvency Test

I have reviewed this information and the Notes to Required Supplementary Information.

Actuarial Certification

All costs, liabilities, and other factors under the Plan were determined in accordance with generally accepted actuarial principles and procedures. The information provided has been

determined in accordance with the provisions of Statement Numbers 25 and 27 of the Governmental Accounting Standards Board. The costs are calculated using an actuarial cost method that we believe is appropriate. The actuarial assumptions are reasonable in our opinion and represent our best estimate of the anticipated experience under the Plan.

The undersigned credentialed actuaries meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report.

Respectfully submitted,

Douglas L. Rowe

Douglas L. Rowe, FSA, MAAA, EA

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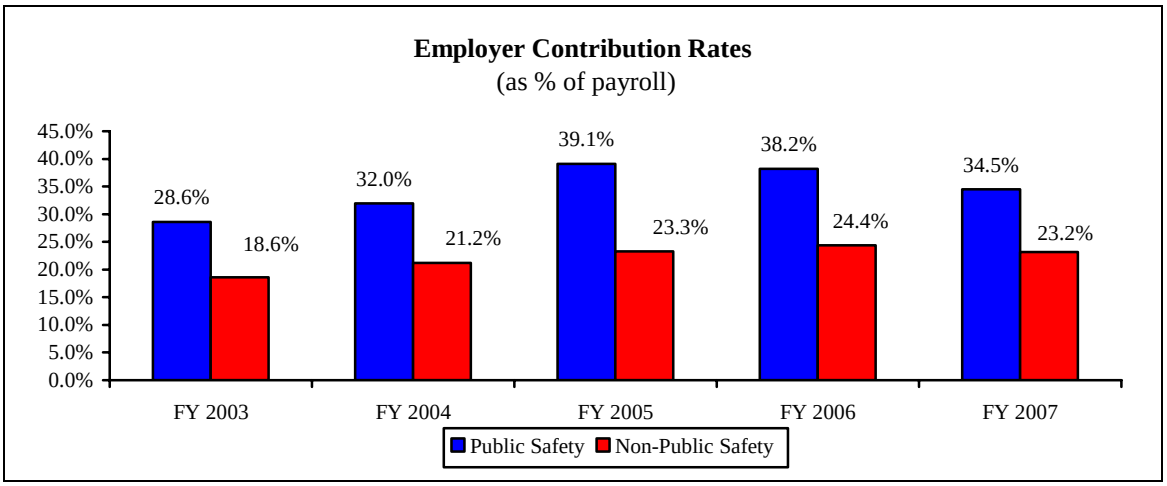
SUMMARY OF VALUATION RESULTS
EMPLOYEES' RETIREMENT SYSTEM

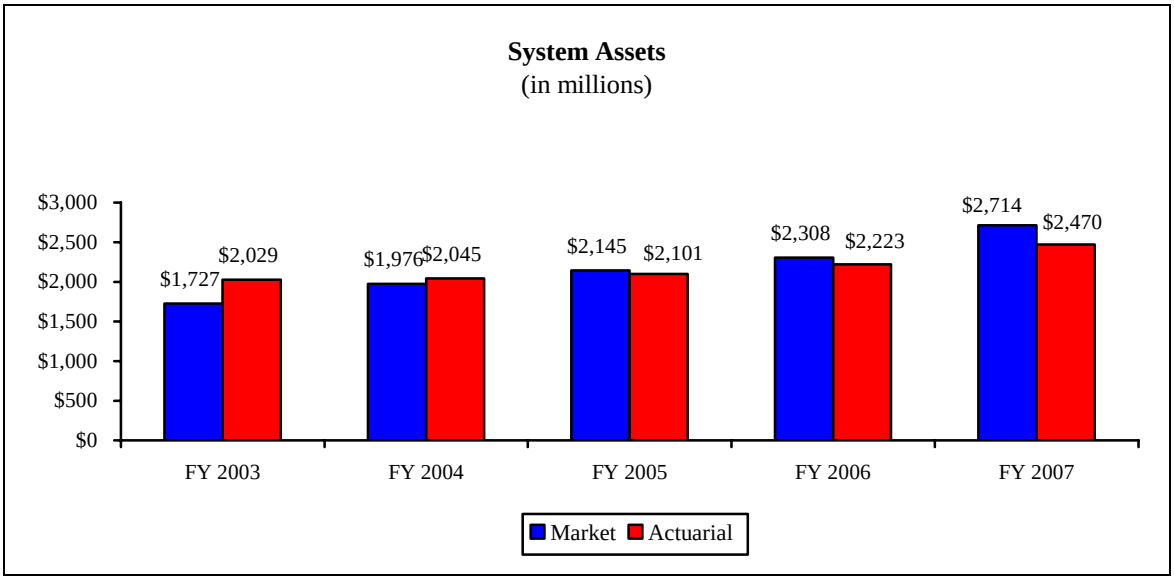
A. Overview

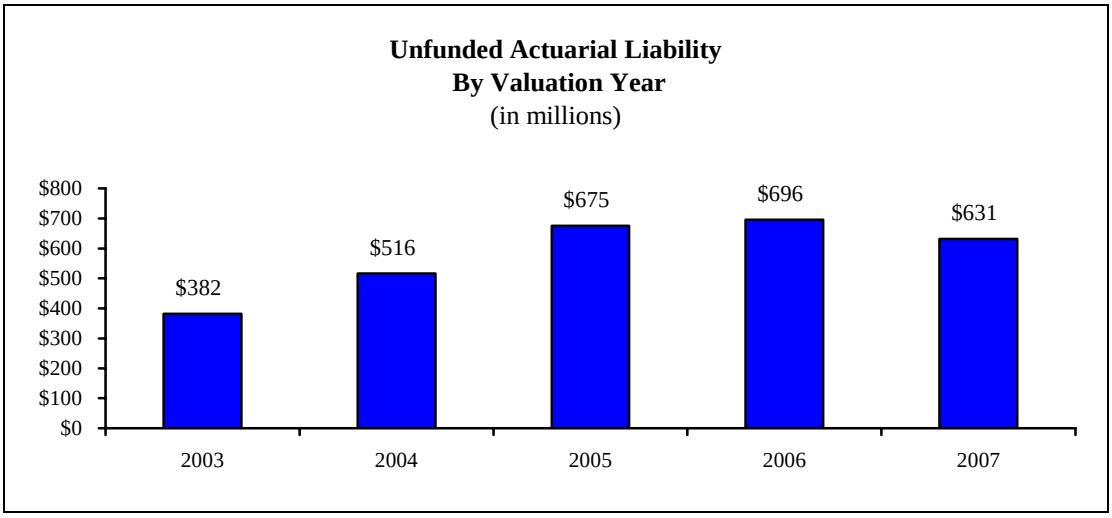
This report presents the results of our June 30, 2007 actuarial valuation of the Montgomery County Employees' Retirement System.

The major findings of the valuation are summarized in the following charts:

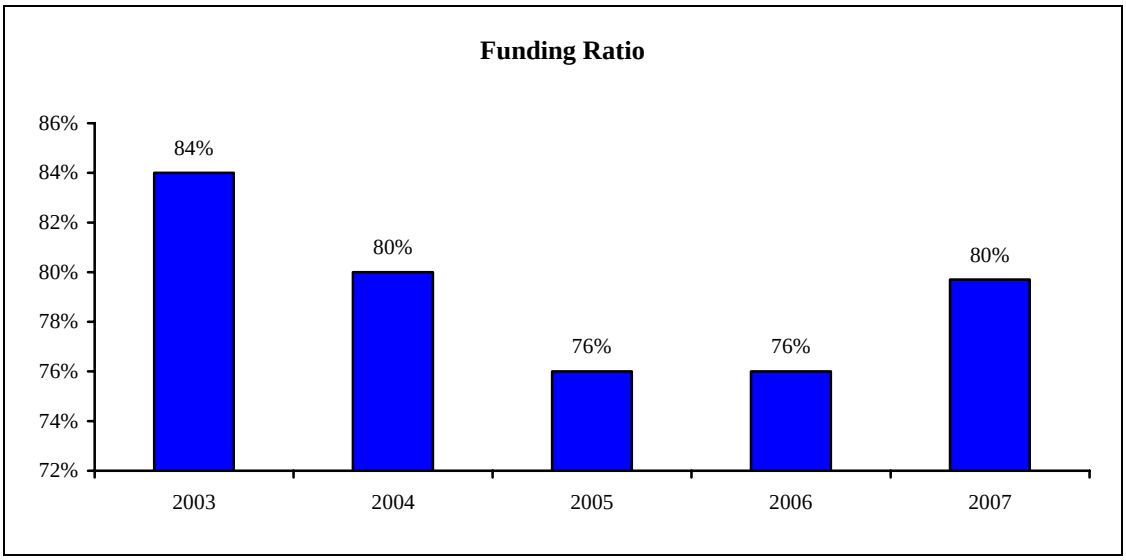


The change in the employer contribution rate in FY 2007 was due to actual System experience versus actuarial assumptions.





The unfunded actuarial liability decreased in FY 2007 due to changes in normal cost, interest, and contributions.



The ratio of actuarial assets to the actuarial accrued liability increased by 4% in FY07 due to strong investment performance.

B. Summary of Results

	July 1, 2006	July 1, 2007
Actuarial Liability		
a. Active Members	$ 1,339,632,483	$ 1,438,945,337
b. Retired Members and Beneficiaries	1,555,403,374	1,635,227,920
c. Vested Former Members	23,300,216	26,464,466
d. Total	$ 2,918,336,073	$ 3,100,637,723
Valuation Assets	$ 2,222,724,295	$ 2,469,933,200
Unfunded Actuarial Liability	$ 695,611,778	$ 630,704,523
Normal Cost		
a. Gross Normal Cost	$ 69,137,093	$ 72,230,659
b. Anticipated Employee Contributions	$ 16,098,352	$ 17,442,875
c. County Normal Cost (a -b)	$ 53,038,741	$ 54,787,784
Amortization Payment	$ 59,259,804	$ 54,868,357
County Contribution at date shown	$ 112,298,545	$ 109,656,141
County FY 2008/FY 2009 Contribution (as a % of covered payroll)		
Public Safety Employee	38.17%	34.46%
Non-Public Safety Employees	24.41%	23.17%

C. Valuation Highlights

1. System Assets

As of June 30, 2007, the System had assets, valued at market, of $2.714 billion, as compared to $2.308 billion at June 30, 2006. The increase of $406 million was attributable to the following:

a. An increase of $125 million from employer and employee contributions;
b. An increase of $421 million from investment income; and
c. A decrease of $140 million due to the payment of benefits to System participants and administrative expenses.

When measured on an actuarial basis, System assets were $2.470 billion at June 30, 2007, and $2.223 billion at June 30, 2006. The asset valuation method smoothes the fluctuations generated by intermittent market gains and losses. This method phases-in investment gains and losses arising during and after the 1994 fiscal year over a five-year period from the date established. Effective July 1, 1997, the calculation of the actuarial value of assets was changed to exclude the present value of estimated accrued contributions.

2. System Liabilities

The Unfunded Actuarial Liability decreased $65 million, from $696 million at July 1, 2006, to $631 million at July 1, 2007, as follows:

Actual Unfunded Liability at beginning of year	$	695,611,778
Actual Unfunded Liability at end of year		630,704,523
Decrease in Actual Unfunded Liability	$	64,907,255

The decrease in Actual Unfunded Liability for the year ended June 30, 2007, is comprised of the following:

Decrease due to gain on actuarial value of assets	$	84,209,271
Decrease due to demographic gain and other factors		3,366,411
Increase due to normal cost, interest and contributions		(22,668,427)
Decrease in Actual Unfunded Liability	$	64,907,255

3. System Contributions

Contributions to the System include a "normal cost" rate which covers the portion of projected liabilities related to service of members. In addition, an amortization payment is made to fund the unfunded liability related to changes made to benefits in previous years which are being funded over a specific period of time.

The increase in the employer contribution rate is attributable to the following:

	Public Safety		Non-Public Safety	
Employer contribution rate - June 30, 2006	38.17	%	24.41	%
Decrease due to gain on actuarial value of assets	(6.17)		(1.61)	
Increase due to actuarial gains & losses	2.46		0.37	
Employer contribution rate - June 30, 2007	34.46	%	23.17	%

4. Membership

The active membership of the System decreased from 5,362 at June 30, 2006 to 5,294 at June 30, 2007. The System was closed to all new employees hired after October 1, 1994, except public safety bargaining unit employees. Inactive members, including retirees and beneficiaries, increased from 4,848 at June 30, 2006 to 4,997 at June 30, 2007 and the number of former members with vested rights increased from 485 to 498.

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
EMPLOYEES' RETIREMENT SYSTEM

A. Funding Method

The funding method used for the System's valuation is the "projected unit credit" actuarial cost method. The objective of this method is to allocate the total pension benefit to which each participant is expected to become entitled at retirement to the participant's past and future service. The allocation is accomplished by applying the plan's accrual formula to projected final salary at retirement. An actuarial liability is calculated at the valuation date as the present value of benefits allocated to service prior to that date. The unfunded actuarial liability at the valuation date is the excess of the actuarial liability over the assets of the System.

B. Actuarial Value of Assets

The actuarial value of assets is used for purposes of determing the County's contribution to the System. The asset adjustment method dampens the volatility of asset values that could occur because of short term fluctuations in market conditions. Use of an asset smoothing method is consistent with the long term nature of the actuarial valuation process. Assets are valued at market value but with a phase-in of investment gains and losses arising after July 1, 1994, over a 5-year period. The gains and losses are net of expenses. Effective July 1, 1997, the calculation of the actuarial value of assets does not include the present value of accrued contributions.

ACTUARIAL ASSUMPTIONS AND METHODS
EMPLOYEES' RETIREMENT SYSTEM

A. Demographic Assumptions

1. Mortality

RP2000 projected 10 years, separate tables for males and females
Annual Deaths per 1,000 Members

Age	Male Deaths	Female Deaths	Age	Male Deaths	Female Deaths
20	0	0	65	11	9
25	0	0	70	19	16
30	0	0	75	33	26
35	1	0	80	58	43
40	1	1	85	103	73
45	1	1	90	176	128
50	2	1	95	262	191
55	3	3	100	341	235
60	6	5	105	398	293

2. Termination of Employment (prior to retirement eligibility)

Annual Terminations per 1,000 Members

Years of Service	Non-Public Safety	Public Safety
0 – 4	35	80 – 29
5 – 9	35	22 – 14
10 – 14	17	13 – 6
15 – 19	17 – 11	5 – 3
20 – 25	11 – 6	2
26+	6	NA

It is assumed that 15% of all vested participants who terminate elect to receive a refund of their contributions with interest instead of a deferred benefit regardless of their age when they terminate employment.

3. Disability

	Annual Disabilities per 1,000 Members			
	Non-Public Safety Employees		Public Safety Employees	
Age	Male	Female	Male	Female
20	1	1	1	1
25	2	1	3	3
30	2	2	6	8
35	3	3	8	12
40	3	3	10	16
45	6	3	19	22
50	7	5	32	29
55	5	6	39	31
60	9	6	47	32
65	0	0	0	0

4. Deaths

	Annual Deaths per 1,000 Disabled Members	
Age	Male	Female
20	0	0
25	0	0
30	1	0
35	1	1
40	2	1
45	2	2
50	4	3
55	7	5
60	13	10
65	22	17

5. Retirement

Age	Non-Public Safety Employees	Public Safety Employees Other than Group G
Under 40	0%	3%
41	0%	3%
42	0%	3%
43	0%	3%
44	0%	3%
45	1%	3%
46	1%	20%
47	1%	20%
48	1%	20%
49	1%	20%
50	5%	30%
51	5%	30%
52	5%	30%
53	5%	30%
54	5%	30%
55	20%	75%
56	20%	75%
57	20%	75%
58	20%	75%
59	20%	75%
60	15%	100%
61	15%	100%
62	15%	100%
63	15%	100%
64	15%	100%
65	50%	100%
66	50%	100%
67	75%	100%
68	100%	100%
69	100%	100%
70	100%	100%

Note: Rates apply only when an employee is eligible to retire based on age and service.

6. Sick Leave Credit

Sick leave: Service credit is increased by 2.5% to account for additional credit from unused sick leave. Sick leave is capped at 2 years.

7. Marital assumption

80% of active participants are assumed to be married. Women are assumed to be three years younger than their spouses**.**

8. Assumption Changes

In October 2005, the System's actuary, Mercer Human Resource Consulting completed an experience study of the actuarial assumptions used for the five-year period ending June 30, 2005. All recommended assumptions were approved by management at that time.

B. Economic Assumptions

1. Investment Return: 8.0% compound per annum
2. Cost-of-Living Increases: 3.5% compound per annum
3. Increase in Social Security Wage Base: 4.5% compound per annum
4. Expense load: Anticipated administrative expense equal to the average of the prior three years of administrative expenses adjusted for anticipated changes (which equates to a $320,000 increase for FY2009). FY2009, this figure is $2,070,000.
5. Salary Increase: Merit and promotional increases assumed to be based on age as shown below:

Age	Salary Scale
18 – 34	7.50%
35 – 44	6.50%
45 onwards	4.75%

ANALYSIS OF FINANCIAL EXPERIENCE

Gains and Loss in Accrued Liability During Years Ended June 30
Resulting from Differences Between Assumed Experience and Actual Experience

Type of Activity	2004	2005	2006	2007
Investment loss	$ (107,257,715)	$ (80,722,008)	$ (20,801,336)	$ 84,209,271
Combined liability experience	(23,042,239)	(57,173,555)	(62,484,214)	(27,653,662)
Loss during year	$ (130,299,954)	$ (137,895,563)	$ (83,285,550)	$ 56,555,609

SOLVENCY TEST

Aggregate Accrued Liability

Valuation Date	(1) Active Members Contributions	(2) Retirees, Vested Terms, Beneficiaries	(3) Active Members (Employer Financed Portion)	Reported Assets	Portion of Accrued Liabilitities Covered by Reported Assets (1)	(2)	(3)
6/30/2001	$ 143,356,036	$ 1,029,982,653	$ 938,607,764	$ 1,990,882,017	100 %	100 %	87 %
6/30/2002	146,500,545	1,125,070,362	1,001,608,309	2,036,100,709	100	100	76
6/30/2003	155,686,014	1,247,359,872	1,008,446,838	2,029,314,438	100	100	62
6/30/2004	160,523,789	1,354,272,329	1,046,532,114	2,045,098,796	100	100	51
6/30/2005	166,078,802	1,426,030,001	1,182,938,609	2,100,532,623	100	100	43
6/30/2006	177,391,695	1,578,703,590	1,162,240,788	2,222,724,295	100	100	40
6/30/2007	187,104,227	1,661,692,386	1,251,841,110	2,469,933,200	100	100	50

SCHEDULE OF RETIREES AND SURVIVORS
During Years Ended June 30

	New Retirees and Disableds	Survivors	Total
July 1, 2001	**3,677**	**312**	**3,989**
New retirements & disabilities	244	0	244
Deaths with beneficiaries	(28)	28	0
Deaths/benefits ended	(108)	(10)	(118)
July 1, 2002	**3,785**	**330**	**4,115**
New retirements & disabilities	336	0	336
Deaths with beneficiaries	(30)	30	0
Deaths/benefits ended	(71)	(10)	(81)
July 1, 2003	**4,020**	**350**	**4,370**
New retirements & disabilities	304	0	304
Deaths with beneficiaries	(26)	26	0
Deaths/benefits ended	(99)	(16)	(115)
July 1, 2004	**4,199**	**360**	**4,559**
New retirements & disabilities	216	0	216
Deaths with beneficiaries	(20)	20	0
Deaths/benefits ended	(99)	(11)	(110)
July 1, 2005	**4,296**	**369**	**4,665**
New retirements & disabilities	266	0	266
Deaths with beneficiaries	(22)	22	0
Deaths/benefits ended	(57)	(26)	(83)
July 1, 2006	**4,483**	**365**	**4,848**
New retirements & disabilities	242	0	242
Deaths with beneficiaries	(22)	22	0
Deaths/benefits ended	(67)	(26)	(93)
July 1, 2007	**4,636**	**361**	**4,997**

SCHEDULE OF ANNUAL ALLOWANCE
During Years Ended June 30

	New Retirees and Disableds	Survivors	Total
July 2001	**$ 89,528,214**	**$ 3,745,695**	**$ 93,273,909**
Average Annual Allowance	24,348	12,005	23,383
Annual Allowance Added	8,191,629	499,438	8,691,067
Annual Allowance Removed	(1,908,620)	(231,142)	(2,139,762)
July 2002	**$ 95,811,223**	**$ 4,013,991**	**$ 99,825,214**
Average Annual Allowance	25,313	12,164	24,259
Annual Allowance Added	11,401,243	551,410	11,952,653
Annual Allowance Removed	(1,479,300)	(159,196)	(1,638,496)
July 2003	**$ 105,733,166**	**$ 4,406,205**	**$ 110,139,371**
Average Annual Allowance	26,302	12,589	25,204
Annual Allowance Added	11,570,789	572,318	12,143,107
Annual Allowance Removed	(2,180,663)	(308,637)	(2,489,300)
July 2004	**$ 115,123,292**	**$ 4,669,886**	**$ 119,793,178**
Average Annual Allowance	27,417	12,972	26,276
Annual Allowance Added	10,396,825	797,535	11,194,360
Annual Allowance Removed	(1,963,577)	(313,742)	(2,277,319)
July 2005	**$ 123,556,540**	**$ 5,153,679**	**$ 128,710,219**
Average Annual Allowance	28,761	13,967	27,591
Annual Allowance Added	14,424,755	305,259	14,730,014
Annual Allowance Removed	(1,611,828)	(127,575)	(1,739,403)
July 2006	**$ 136,369,467**	**$ 5,331,363**	**$ 141,700,830**
Average Annual Allowance	30,419	14,606	29,229
Annual Allowance Added	10,498,059	580,630	11,078,089
Annual Allowance Removed	(2,335,705)	(478,216)	(2,813,321)
July 2007	**$ 144,531,821**	**$ 5,433,777**	**$ 149,965,598**
Average Annual Allowance	**$ 31,176**	**$ 15,052**	**$ 30,011**

Schedule of Active Member Valuation Data

Valuation Date	Number	Annual Payroll [(a)]	Annual Average Pay	% Increase in Average Pay
July 1, 2001	6,023	$318,682,907	$52,911	4.887%
July 1, 2002	5,983	$333,449,862	$55,733	5.333%
July 1, 2003	5,876	$336,019,788	$57,185	2.606%
July 1, 2004	5,670	$341,629,327	$60,252	5.363%
July 1, 2005	5,628	$355,105,993	$63,096	4.721%
July 1, 2006	5,362	$357,361,131	$66,647	5.627%
July 1, 2007	5,294	$374,792,608	$70,796	6.225%

(a) Total payroll for active participants under retirement age was used for years prior to July 1, 2002. Beginning July 1, 2002 payroll for all active participants was used.

MONTGOMERY COUNTY
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STATISTICAL SECTION

Employees' Retirement System

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CHANGE IN NET ASSETS
JUNE 30, 2007
LAST TEN FISCAL YEARS
(dollars in thousands)

	1998	1999	2000	2001	2002
Additions					
Member contributions	$ 10,520	$ 10,477	$ 10,924	$ 11,292	$ 12,944
Employer contributions	51,098	47,463	44,347	43,345	39,168
Investment income (net of expenses)	270,973	165,710	135,338	(81,375)	(124,177)
Total additions	332,591	223,650	190,609	(26,738)	(72,065)
Deductions					
Benefit payments	67,656	71,473	76,387	78,434	85,323
Refunds	1,058	828	861	1,067	681
Administrative expenses	1,177	1,297	1,220	1,689	2,092
Total deductions	69,891	73,598	78,468	81,190	88,096
Change in net assets	$ 262,700	$ 150,052	$ 112,141	$ (107,928)	$ (160,161)

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF BENEFIT AND REFUND DEDUCTIONS FROM NET ASSETS BY TYPE
JUNE 30, 2007
LAST TEN FISCAL YEARS
(dollars in thousands)

	1998	1999	2000	2001	2002
Type of Benefit					
Service benefits:					
Retirees	$ 46,448	$ 49,533	$ 53,463	$ 58,415	$ 64,030
Survivors	2,840	3,100	3,188	3,785	4,041
Disability benefits	12,940	13,624	14,717	16,234	17,251
Total benefits	$ 62,228	$ 66,257	$ 71,368	$ 78,434	$ 85,322
Refund of Contributions	$ 1,058	$ 828	$ 861	$ 1,067	$ 681

*Allocation method used in FY 2007 was changed to reflect the actual classification of benefits.

2003	2004	2005	2006	2007
$ 14,770	$ 14,762	$ 15,326	$ 16,085	$ 16,362
55,206	61,927	74,655	88,184	109,436
82,174	286,895	197,433	187,004	420,847
152,150	363,584	287,414	291,273	546,645
100,381	111,646	115,635	125,818	136,833
739	796	762	635	793
2,007	2,066	1,857	1,920	2,431
103,127	114,508	118,254	128,373	140,057
$ 49,023	$ 249,076	$ 169,160	$ 162,900	$ 406,588

2003	2004	2005	2006	2007*
$ 77,009	$ 87,123	$ 102,641	$ 112,210	$ 98,653
4,811	5,032	2,087	1,483	5,952
18,560	19,491	10,907	12,125	32,228
$ 100,380	$ 111,646	$ 115,635	$ 125,818	$ 136,833
$ 739	$ 796	$ 762	$ 635	$ 793

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
PRINCIPAL PARTICIPATING EMPLOYERS
CURRENT YEAR AND TWO YEARS AGO
JUNE 30, 2007

	2007*		2005*	
Participating Government	**Covered Employees**	**Percentage of Total System**	**Covered Employees**	**Percentage of Total System**
Montgomery County	5,102	96.2%	5,419	96.2%
Town of Chevy Chase	5	0.1%	5	0.1%
Strathmore Hall	7	0.1%	7	0.1%
Housing Opportunities Commission	147	2.8%	159	2.8%
Revenue Authority	15	0.3%	17	0.3%
Washington Suburban Transit Commission	1	0.1%	2	0.1%
Montgomery County Employees Federal Credit Union	8	0.2%	8	0.2%
State Department of Assessment and Taxation	5	0.1%	6	0.1%
District Court	4	0.1%	5	0.1%
Total	5,294	100%	5,628	100%

*The information for principal participating employers is not available for 2004 and prior.

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF RETIRED MEMBERS BY BENEFIT TYPE
JUNE 30, 2007

Fiscal Year	Retiree	Disability	Survivor	Total
1998	2,675	648	262	3,585
1999	2,763	694	278	3,735
2000	2,831	734	304	3,869
2001	2,918	759	312	3,989
2002	3,002	783	330	4,115
2003	3,203	817	350	4,370
2004	3,348	851	360	4,559
2005	3,443	853	369	4,665
2006	3,564	919	365	4,848
2007*	3,661	975	361	4,997

*Allocation method used in FY 2007 was changed to reflect the actual classification of benefits.

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF AVERAGE BENEFIT AMOUNTS
JUNE 30, 2007

Fiscal Year	Retiree	Disability	Survivor	Total
1998	$ 17,364	$ 19,968	$ 10,841	$ 17,358
1999	17,927	19,632	11,152	17,740
2000	18,885	20,050	10,488	18,446
2001	20,019	21,389	12,132	19,663
2002	21,329	22,031	12,247	20,734
2003	24,043	22,717	13,747	22,970
2004	26,022	22,904	13,978	24,489
2005	29,812	12,786	5,655	24,788
2006	31,484	13,193	4,063	25,953
2007*	26,947	33,055	16,487	27,383

*Allocation method used in FY 2007 was changed to reflect the actual classification of benefits.

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF RETIRED MEMBERS BY TYPE OF RETIREMENT
AS OF JUNE 30, 2007

Amount of Monthly Benefit	Number of Retired Members	Type of Retirement [a]			Option Selected [b]					
		1	2	3	1	2	3	4	5	6
Deferred	498									
$ 1 – $ 250	200	171	24	5	108	47	29	3	9	4
251 – 500	293	225	60	8	158	68	58	-	3	6
501 – 750	257	202	44	11	126	65	45	5	7	9
751 – 1,000	323	242	51	30	148	69	66	13	8	19
1,001 – 1,250	309	227	41	41	143	74	61	8	8	15
1,251 – 1,500	281	196	38	47	96	78	61	12	13	21
1,501 – 1,750	275	193	21	61	120	70	48	17	5	15
1,751 – 2,000	272	195	22	55	98	77	42	17	7	31
Over 2,000	2,787	2,010	60	717	949	954	206	245	75	358
Total	5,495	3,661	361	975	1,946	1,502	616	320	135	478

Notes:

[a] Type of retirement:
1—Retiree
2—Beneficiary
3—Disabled Retiree

[b] Option selected:
Option 1—Modified Cash Refund
Option 2—Certain and Continuous
Option 3—Life Annuity
Option 4—Joint and Survivor 50%
Option 5—Joint and Survivor 100%
Option 6—Other Joint and Survivor Percentage

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF AVERAGE BENEFIT PAYMENTS AND AVERAGE FINAL VALUATION PAY
LAST SEVEN FISCAL YEARS

	Years Credited Service						
	0 – 5	5 – 10	10 – 15	15 – 20	20 – 25	25 – 30	30 +
Retirement Effective Dates							
Period 7/1/2000 to 6/30/2001							
Average monthly benefit*	$ 2,418	$ 481	$ 1,651	$ 1,756	$ 2,418	$ 3,109	$ 4,082
Average final valuation pay**	$ 38,508	$ 52,243	$ 58,018	$ 51,584	$ 59,523	$ 62,719	$ 67,932
Number of retired members***	1	3	25	21	33	40	32
Period 7/1/2001 to 6/30/2002							
Average monthly benefit*	$ -	$ 1,206	$ 1,622	$ 1,534	$ 2,196	$ 3,587	$ 3,676
Average final valuation pay**	$ -	$ 42,726	$ 52,332	$ 59,283	$ 58,039	$ 72,284	$ 67,564
Number of retired members***	-	7	22	24	28	58	39
Period 7/1/2002 to 6/30/2003							
Average monthly benefit*	$ 2,701	$ 1,623	$ 1,413	$ 1,737	$ 1,833	$ 3,490	$ 3,750
Average final valuation pay**	$ 44,695	$ 44,840	$ 56,082	$ 59,937	$ 56,253	$ 71,048	$ 68,955
Number of retired members***	1	7	29	35	28	91	79
Period 7/1/2003 to 6/30/2004							
Average monthly benefit*	$ 1,156	$ 915	$ 1,809	$ 1,420	$ 2,549	$ 3,406	$ 4,337
Average final valuation pay**	$ 37,309	$ 45,048	$ 55,552	$ 60,530	$ 65,550	$ 65,919	$ 72,119
Number of retired members***	2	4	15	43	34	69	79
Period 7/1/2004 to 6/30/2005							
Average monthly benefit*	$ 2,521	$ 1,984	$ 1,479	$ 1,870	$ 2,573	$ 3,371	$ 4,392
Average final valuation pay**	$ 48,620	$ 50,470	$ 59,743	$ 63,910	$ 64,026	$ 72,618	$ 75,577
Number of retired members***	2	4	21	37	23	35	66
Period 7/1/2005 to 6/30/2006							
Average monthly benefit*	$ 2,491	$ 2,801	$ 1,752	$ 2,356	$ 2,928	$ 3,649	$ 4,594
Average final valuation pay**	$ 43,375	$ 55,641	$ 55,619	$ 67,299	$ 68,683	$ 73,731	$ 77,143
Number of retired members***	2	6	28	58	49	55	50
Period 7/1/2006 to 6/30/2007							
Average monthly benefit*	$ 2,760	$ 2,115	$ 2,163	$ 2,425	$ 3,100	$ 3,744	$ 4,438
Average final valuation pay**	$ 48,664	$ 58,211	$ 72,411	$ 74,925	$ 80,599	$ 79,607	$ 76,689
Number of retired members***	1	4	18	40	27	37	39

* Based on current benefits only. Does not take into account any future benefits.
** Pay used for last valuation (when member was an active employee).
*** Only includes participants who changed from active to retiree status.

SCHEDULE OF PARTICIPATING AGENCIES AND POLITICAL SUBDIVISIONS

Town of Chevy Chase
Strathmore Hall Foundation, Inc.
Housing Opportunities Commission of Montgomery County
Montgomery County Revenue Authority
Washington Suburban Transit Commission
Montgomery County Employees Federal Credit Union
Independent Fire/Rescue Corporations

Certain employees of the:
State Department of Assessments and Taxation
District Court of Maryland

CITY OF OMAHA
POLICE AND FIREFIGHTERS
RETIREMENT SYSTEM

Actuarial Valuation Report
as of January 1, 2007

CITY OF OMAHA POLICE & FIREFIGHTERS RETIREMENT SYSTEM
ACTUARIAL VALUATION REPORT

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A MILLIMAN GLOBAL FIRM

Milliman
Consultants and Actuaries

1120 South 101st Street, Suite 400
Omaha, NE 68124-1088
Tel +1 402 393.9400
Fax +1 402 393.1037
www.milliman.com

August 9, 2007

The Board of Trustees
City of Omaha
Police and Firefighters Retirement System
Omaha/Douglas Civic Center
1819 Farnam Street
Omaha, NE 68183

Re: January 1, 2007 Actuarial Report

Dear Members of the Board:

At your request, we have performed an annual actuarial valuation of the City of Omaha Police and Firefighters Retirement System as of January 1, 2007 for determining contributions for the year ended December 31, 2007. The major findings of the valuation are contained in this report. This report reflects the benefit provisions that become effective as of July 1, 2007 per the union contracts. There was no change in plan provisions or actuarial assumptions from the prior valuation.

In preparing this report, we relied, without audit, on information (some oral and some written) supplied by the System's staff. This information includes, but is not limited to, plan provisions, member data and financial information. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted principles and practices which are consistent with the Actuarial Standards of Practice promulgated by the Actuarial Standards Board (ASB) and the applicable Guides to Professional Conduct, amplifying Opinions and Supporting Recommendations of American Academy of Actuaries.

We further certify that all costs, liabilities, rates of interest and other factors for the System have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the System and reasonable

expectations of future experience); and which, in combination, offer our best estimate of anticipated experience under the Plan. Nevertheless, the emerging costs will vary from those presented in this report to the extent actual experience differs from that projected by the actuarial assumptions. The Board of Trustees has the final decision regarding the appropriateness of the assumptions and adopted them as indicated in Appendix B.

Actuarial computations presented in this report are for purposes of determining the actuarial contribution rates for funding the System. Actuarial computations under GASB Statement No. 25 and 27 are for purposes of fulfilling financial accounting requirements. The computations prepared for these two purposes may differ as disclosed in our report. The calculations in the enclosed report have been made on a basis consistent with our understanding of the System's funding requirements and goals, and of GASB Statements No. 25 and 27. Determinations for purposes other than these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Milliman's work product was prepared exclusively for the City of Omaha Police and Firefighters Retirement System for a specific and limited purpose. It is a complex, technical analysis that assumes a high level of knowledge concerning the Police and Firefighters Retirement System operations, and used data from the Police and Firefighters Retirement System, which Milliman has not audited. It is not for the use or benefit of any third party for any purpose. Any third party recipient of Milliman's work product who desires professional guidance should not rely upon Milliman's work product, but should engage professionals for advice appropriate to its own specific needs.

We herewith submit the following report and look forward to discussing it with you.

Respectfully Submitted,

MILLIMAN, Inc.

I, Gregg Rueschhoff, A.S.A. am a member of the American Academy of Actuaries and an Associate of the Society of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Gregg Rueschhoff, A.S.A.
Principal & Consulting Actuary

Board Summary

This report presents the results of the January 1, 2007 actuarial valuation of the City of Omaha Police & Firefighters Retirement System (the "System"). The primary purposes of performing the valuation are to:

- Determine the employer contribution rates required to fund the System on an actuarially sound basis,
- Disclose asset and liability measures as of January 1, 2007,
- Analyze and report on trends in System contributions, assets, and liabilities over the latest period.

The valuation results provide a "snapshot" view of the System's financial condition on January 1, 2007 using System asset values at December 31, 2006. The valuation results reflect an increase in the Unfunded Actuarial Liability and related Actuarial Contribution Rate. (Throughout this report we refer to the actuarially determined contribution rate as the Actuarial Contribution Rate). The main reasons for the increase include a net actuarial loss reflected for the 2006 calendar year and the fact that actual contributions were less than the actuarially recommended rate. Each component of change in the Actuarial Contribution Rate is identified later in this Board Summary (see page 3).

Several factors contributed to the change in the System's assets, liabilities and recommended contribution rate between January 1, 2006 and December 31, 2006.

Assets

The market value of assets is not used directly in the actuarial calculation of the Plan's funded status and the recommended contribution. An asset valuation method is used to smooth the effects of market fluctuations. The actuarial value of assets is equal to 2/3 of the expected asset value (based on last year's actuarial value of assets, net cash flows and a rate of return equal to the actuarial assumed rate of 8.0%) plus 1/3 of the market value of assets. See page 7 for the detailed development of the actuarial value of assets as of January 1, 2007.

As of January 1, 2007, the System had total funds, when measured on an actuarial value basis, of $494.8 million. This was an increase of $41.6 million from the January 1, 2006 figure of $453.2 million. Based on the actuarial assumption, an increase of $35.1 million was expected over that time period.

The components of the change in the actuarial value of assets (in millions) are set forth below:

	Actuarial Value	*Market Value*
Assets, January 1, 2006	$ 453.2	$ 453.3
• employer and member contributions	+ 33.8	+ 33.8
• benefit payments	- 34.9	- 34.9
• net investment income (expected)	+ 36.2	+ 36.3
• net investment actuarial gain/(loss)	+ 6.5	+ 19.1
Assets, December 31, 2006	$ 494.8	$ 507.6

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Liabilities

The actuarial liability (also referred to as past service liability) is the portion of the present value of projected benefits that will not be paid by future employer normal costs. The difference between this liability and asset values at the same date is referred to as the unfunded actuarial liability. The unfunded actuarial liability will be reduced if the contributions exceed the normal cost for the year, after allowing for interest earned on the previous balance of the unfunded actuarial liability. Benefit improvements, actuarial gains and losses, and changes in actuarial assumptions and procedures will also impact the total actuarial liability and the unfunded portion thereof.

The calculation of the Unfunded Actuarial Liability as of January 1, 2007 is shown below:

Actuarial Liability	$ 829,097,202
Actuarial Value of Assets	$(494,753,150)
Unfunded Actuarial Liability (UAL)	$ 334,344,052
Present Value of Prior Service Payments[1]	$ (13,770,566)
UAL for Funding Purposes	$ 320,573,486

[1]The City is obligated to pay $1,327,600 per year to the System to fund a "prior service" obligation. These payments will be paid through 2028.

The components of change in the Unfunded Actuarial Liability (in millions) are set forth below:

Unfunded Actuarial Liability (UAL), January 1, 2006	$279.3
Plus	
Net Investment Actuarial (Gain)/Loss	(6.5)
Net Liability Actuarial (Gain)/Loss	31.8
Normal Cost with interest	27.3
Assumption Changes	0
Interest on Unfunded Actuarial Liability	22.3
Less	
Employer Contributions with interest	(19.6)
Employee Contributions with interest	(14.0)
Unfunded Actuarial Liability (UAL), January 1, 2007	$320.6

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As detailed above, the UAL increased $44.3 million from the prior year. A significant portion of this increase is due to a $31.8 million actuarial loss due to unfavorable demographic experience during 2006.

Approximately $20 million of the $31.8 million loss is attributed to a larger than expected increase in pensionable earnings from 2005 to 2006 for continuing active members. Pensionable earnings for 2006 were approximately 5% higher than expected.

About $5 million of the $31.8 million loss is attributable to retirements that occurred in 2006. For the 2006 retirements, the highest pensionable wage used to determine the pension amount was approximately 18% higher than the previous highest calendar year pensionable wage. This excess adjustment over the 10% assumed final wage adjustment was the major cause for the $5 million loss attributed to these retirements.

Contributions

Under the Entry Age Normal Actuarial Cost method, contributions to the System consist of:

- a "normal cost" for the portion of projected liabilities attributable to service of members during the year following the valuation date, and
- an "unfunded actuarial liability" contribution for the excess of the portion of projected liabilities allocated to service to date over actuarial assets.

The System's total Actuarial Contribution Rate (payable as a percent of member payroll) increased by 1.07% of pay, to 49.93% on January 1, 2007, from 48.86% on January 1, 2006. The primary components of this change are as follows:

	Rate
Total Actuarial Contribution Rate, January 1, 2006	48.86%
• Actuarial (Gain)/Loss – Investment Experience	(0.27)
• Actuarial (Gain)/Loss – Demographic Experience	0.87
• Assumption Changes	0
• Contributing less than Actuarial Contribution Rate	0.47
Total Actuarial Contribution Rate, January 1, 2007	49.93%

See page 9 for a detailed calculation of the Actuarial Contribution Rate as of January 1, 2007.

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Observations

The actual contributions made to the System continue to be significantly less than the Actuarial Contribution Rate. The City's contribution rate is 20.57% of pensionable payroll plus a past service payment of approximately 1.34% of payroll. The member contribution rate is 14.95% of payroll. Even with a total contribution rate of 36.86%, the actual contribution to the System will be 13.07% less than the Actuarial Contribution Rate developed in this valuation. Over the last several years, we discussed the importance of closing this contribution shortfall. If all actuarial assumptions are met and current benefit structure and contributions remain unchanged, we expect, the System's funded status in future years will decline significantly and the Actuarial Contribution Rate will systematically increase. The table on the bottom of page 5 illustrates the growth in the contribution shortfall over the last three years.

The shortfall between the actual contribution rate (city and member) and the Actuarial Contribution Rate results in an increase in the Unfunded Actuarial Liability and a corresponding increase in the Actuarial Contribution Rate. Under the current schedule of contribution rates, the shortfall is expected to increase in future years. The table on page 3 provides a reconciliation of the change in the Actuarial Contribution Rate from the prior valuation. As that table illustrates, the Actuarial Contribution Rate in the current valuation is 0.47% higher due to actual contributions less than the Actuarial Contribution Rate. If all actuarial assumptions are met in the future, the contribution shortfall will increase and its impact on the Actuarial Contribution Rate will also increase, possibly significantly. We strongly recommend that the contribution shortfall between the actual contribution rate and the Actuarial Contribution Rate be addressed and measures be taken to eliminate it. The longer action is delayed to address this funding shortfall, the higher the ultimate contribution rate will be.

The contribution shortfall also has an impact on the Net Pension Obligation (NPO) as determined under Governmental Accounting Standard Number 27 (GASB27). On page 12 of our report we show the development of the NPO. As of December 31, 2006 the NPO was $31.6 million, compared to $20.9 million as of December 31, 2005. The NPO will increase from year to year by interest on the NPO and by the shortfall between the actual contribution rate and the Actuarial Contribution Rate. If the currently scheduled contribution rates remain unchanged and all actuarial assumptions are met in the future, the NPO is projected to exceed $100 million by 2011.

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Summary of Principal Results

	2005 Valuation	*2006 Valuation*	*2007 Valuation*
1. Participant Data			
Number of:			
Active Members	1,390	1,412	1,423
Service Retirements	638	639	684
Surviving Spouses and Children	279	276	272
Disabled	265	257	252
Deferred Vested	9	8	9
Annual Salaries of Active Members	$79,578,328	$86,312,287	$93,882,241
Average Salary	57,251	61,128	65,975
Average Age of Active Members	39.0	39.7	39.8
2. Assets and Liabilities			
Total Actuarial Liability	$657,650,175	$746,490,736	$829,097,202
Assets for Valuation Purposes	422,898,286	453,172,392	494,753,150
Unfunded Actuarial Liability (UAL)	234,751,889	293,318,344	334,344,052
Present Value of Prior Service Payments	(14,213,372)	(14,000,484)	(13,770,566)
UAL for Funding Purposes	220,538,517	279,317,860	320,573,486
3. Contribution Rates			
Actuarial Contribution Rate	45.22%	48.86%	49.93%
Member Contribution Rate	14.93%[1]	14.94%[1]	14.95%[1]
Employer Contribution Rate	20.55%[1]	20.55%[1]	20.57%[1]
Employer "Past Service" payment	1.57%	1.45%	1.34%
4. Shortfall/(Excess) Contributions			
Actuarial Contribution Rate	45.22%	48.86%	49.93%
Statutory Contribution Rate	37.05%	36.94%	36.86%
Shortfall/(Excess)	8.17%	11.92%	13.07%
Expected Payroll for year	$84,765,936	$91,319,898	$99,029,486
Dollar Amount of Shortfall	$ 6,925,377	$10,885,332	$12,943,154

[1] Blended Police and Fire rates effective in 2007.

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Change in Net Plan Assets at Market Value
Increases since January 1, 2006

Assets at January 1, 2006	$453,323,009
Receipts:	
City Contributions – Current	18,844,010
City Contributions – Past Service	1,504,426
Employee Contributions	13,468,182
Investment Income	58,282,613
Total Receipts	$92,099,231
Disbursements:	
Pensions Paid to Retirees	$33,918,970
Death Benefits	1,000
Termination Withdrawals	318,739
Medical Fees	615,977
Investment Fees	2,937,437
Other Fees	21,336
Total Disbursements	$37,813,459
Assets at December 31, 2006 (Market Value)	$507,608,781
Annualized Yield	
- Gross	12.9%
- Net of Expenses	12.2%

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Actuarial Value of Assets

Neither the market value of assets, representing a "cash-out" value of Plan assets, nor the book values of assets, representing the cost of investments, may be the best measure of the System's ongoing ability to meet its obligations.

To arrive at a suitable value for the actuarial valuation, a technique for determining the actuarial value of assets is used which dampens swings in the market value while still indirectly recognizing market values. The specific technique follows:

Step 1: Determine the expected value of plan assets at the current valuation date using the actuarial assumption for investment return and the actual receipts and disbursements of the fund since the previous actuarial valuation.

Step 2: Subtract the expected value determined in Step 1 from the total market value of the Fund at the current valuation date.

Step 3: Multiply the difference between market and expected values determined in Step 2 by 33%.

Step 4: Add the expected value of Step 1 and the product of Step 3 to determine the actuarial value of assets.

1.	Actuarial Value of Assets as of January 1, 2006	$	453,172,392
2.	Actual Receipts/Disbursements		
	a. Total Contributions		33,816,618
	b. Benefit Payments		(34,875,910)
	c. Net Change		(1,059,292)
3.	Expected Investment Earnings		36,212,235
4.	Expected Actuarial Value of Assets as of December 31, 2006		488,325,335
5.	Market Value as of December 31, 2006		507,608,781
6.	Difference Between Market and Expected Values		19,283,446
7.	Actuarial Value of Assets as of December 31, 2006 (4 + 1/3 of 6)	$	494,753,150

Annualized Yield on Actuarial Value of Assets for 2006 9.4%

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UNFUNDED ACTUARIAL LIABILITY

The actuarial liability is the portion of the present value of future benefits which will not be paid by future normal costs. The actuarial value of assets is subtracted from the actuarial liability to determine the unfunded actuarial liability.

1. Entry Age Normal Actuarial Liability	$	829,097,202
2. Present Value of Prior Service Payments		13,770,566
3. Actuarial Value of Assets		494,753,150
4. Unfunded Actuarial Liability (1) – (2) – (3)	$	320,573,486

ACTUARIAL BALANCE SHEET

Assets		
Actuarial Value of Assets	$	494,753,150
Present Value of Future Normal Costs		282,158,507
Present Value of Future Contributions to Amortize Unfunded Actuarial Liability		320,573,486
Total Net Assets	**$**	**1,097,485,143**
Liabilities		
Present Value of Future Benefits:		
Retired Members and Beneficiaries	$	351,290,584
Disabled Members		69,920,798
Active Members		674,323,010
Vested Terminated Members		1,950,751
Total Liabilities	**$**	**1,097,485,143**

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DEVELOPMENT OF ACTUARIAL CONTRIBUTION RATE

The actuarial cost method used to determine the required level of annual contributions to support the expected benefits is the Entry Age Normal Cost Method. Under this method, the total cost is comprised of the normal cost rate and the unfunded actuarial liability payment. The Plan is financed by contributions from members and the City.

1. (a) Normal Cost	$ 27,111,984
(b) Expected Covered Payroll for Members Under Assumed Retirement Age	$ 94,598,688
(c) Normal Cost Rate (a) / (b)	28.66%
2. Unfunded Actuarial Liability/(Surplus) at Valuation Date	$ 320,573,486
3. Amortization Factor to Pay UAL as a Level Percent of Payroll over 26 Years	16.87924
4. Unfunded Actuarial Liability/(Surplus) Payment (Adjusted to Mid-Year) [(2) / (3)] x $1.08^{1/2}$	$ 19,737,248
5. Prior Service Payment	$ 1,327,600
6. Total Projected Payroll for the Year	$ 99,029,486
7. Unfunded Actuarial Liability and Prior Service Payments as a Percent of Payroll [(4) + (5)] / (6)	21.27%
8. Total Contribution as a Percent of Pay (1c) + (7)	49.93%

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Governmental Accounting Standards Board Disclosure
SCHEDULE OF FUNDING PROGRESS

In accordance with Statement No. 25 of the Governmental Accounting Standards Board
(All Dollar Amounts in Millions)

Actuarial Valuation Date	Market Value of Assets (a)	Actuarial Accrued Liability (AAL)* (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (P/R) (c)	UAAL as a Percentage of Covered P/R [(b-a)/c]
12/31/98	355.3	386.2	30.98	92.0%	70.3	44.0%
12/31/99	356.9	411.1	54.2	86.8%	70.8	76.6%
12/31/00	361.5	425.1	63.6	85.0%	74.5	85.4%
12/31/01	350.4	452.3	101.9	77.5%	76.7	133%
12/31/02	314.1	481.6	167.5	65.2%	79.7	210%
12/31/03	383.7	511.9	128.2	75.0%	85.1	151%
12/31/04	420.3	543.9	123.6	77.3%	82.1	151%
12/31/05	453.3	703.8	250.5	64.4%	86.8	289%
12/31/06	507.6	801.1	293.5	63.4%	91.7	320%

*Prior to 2005, this amount was based on the Projected Unit Credit method. Starting in 2005 the Entry Age Normal method is used.
AAL amounts shown here are estimated amounts based on the most recent actuarial valuation report available as of the financial reporting date.

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SCHEDULE OF EMPLOYER CONTRIBUTIONS

(All Dollar Amounts in Millions)

Fiscal Year Ending	Covered Employee Payroll [1]	Actual Employer Contributions	Actual Employer Contribution %[2]	Annual Required Contribution (ARC) %[3]	Annual Pension Cost (APC)	Percentage of APC Contributed
12/31/99	70.8	13.01	18.38	15.46	10.66	122
12/31/00	74.5	13.61	18.27	15.35	11.24	121
12/31/01	76.7	13.98	18.23	15.35	11.63	120
12/31/02	79.7	15.32	19.22	15.39	15.37	99
12/31/03	85.1	17.28	20.31	27.41	23.32	74
12/31/04	82.1	16.72	20.37	27.41	22.43	75
12/31/05	86.8	17.76	20.46	30.29	26.15	78
12/31/06	91.7	20.17	22.00	33.92	31.10	65

(1) Computed as the dollar amount of the actual employer contribution made as a percentage of payroll divided by the contribution rate, expressed as a percentage of payroll. Payroll is estimated for years where no valuation was done.

(2) The actual and required employer contributions are expressed as a percentage of payroll.

(3) The ARC (as a percentage of payroll) is assumed to remain the same as the prior year when no valuation was performed.

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City of Omaha Police & Firefighters' Retirement System
Development of the Net Pension Obligation in Accordance with Statement No. 27 of the Governmental Accounting Standards Board

Fiscal Year End :	06/30/97	06/30/98	12/31/98	12/31/99	12/31/00	12/31/01	12/31/02	12/31/03	12/31/04	12/31/05	12/31/06
Assumptions and Methods											
Interest Rate	8.50%	8.50%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Amortization Period (years)	15	15	15	15	15	15	15	30	30	30	30
Cost Method	Aggregate	Aggregate	Aggregate	Aggregate	Aggregate	Aggregate	Aggregate	Entry Age	Entry Age	Entry Age	Entry Age
Annual Pension Cost :											
Annual Required Contribution (ARC)	13,372,313	12,130,894	9,545,452	10,943,105	11,439,320	11,738,696	15,392,189	23,329,940	22,487,399	26,255,804	31,102,053
Interest on NPO	582,664	744,035	741,784	622,503	434,172	244,243	56,158	59,689	543,111	1,000,069	1,670,728
Adjustment to ARC	(825,466)	(1,054,082)	(1,083,279)	(909,084)	(634,052)	(356,684)	(82,012)	(66,275)	(603,040)	(1,110,419)	(1,855,081)
Annual Pension Cost	13,129,511	11,820,847	9,203,957	10,656,524	11,239,440	11,626,255	15,366,335	23,323,354	22,427,470	26,145,454	30,917,700
Employer Contribution for the Year	11,231,031	11,301,890	6,099,534	13,010,651	13,613,563	13,977,312	15,322,201	17,280,573	16,715,500	17,762,209	20,171,610
Net Pension Obligation (NPO):											
NPO at beginning of year	6,854,869	8,753,349	9,272,306	7,781,283	5,427,156	3,013,032	701,976	746,110	6,788,891	12,500,861	20,884,105
Annual Pension Cost for year	13,129,511	11,820,847	4,608,511	10,656,524	11,239,440	11,626,255	15,366,335	23,323,354	22,427,470	26,145,454	30,917,700
Contributions for year	(11,231,031)	(11,301,890)	(6,099,534)	(13,010,651)	(13,613,563)	(13,977,312)	(15,322,201)	(17,280,573)	(16,715,500)	(17,762,209)	(20,171,610)
NPO at end of year	8,753,349	9,272,306	7,781,283	5,427,156	3,053,032	701,976	746,110	6,788,891	12,500,861	20,884,105	31,630,195

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POLICE

	January 1 2006	January 1 2007
ACTIVE PARTICIPANTS	775	772
NON-ACTIVE PARTICIPANTS		
Service Retirements	307	336
Surviving Spouses	133*	132*
Surviving Children	14	12
Vested Terminated	5	5
Disabled		
- In Line of Duty	137	137
- Not in Line of Duty	15	14
ANNUAL COMPENSATION FOR ACTIVE PARTICIPANTS		
Total Annual Compensation	$46,851,831	$49,861,783
Average Per Participant	60,453	64,588
ANNUAL PENSION BENEFIT**		
Service Retirements	$11,004,282	$12,974,272
Surviving Spouses	1,541,413	1,576,256
Disabled		
- In Line of Duty	3,476,245	3,543,790
- Not in Line of Duty	349,491	313,250

* Includes ex-spouses
** Pension Benefits paid from Pension Fund only.

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FIREFIGHTERS

	January 1 2006	January 1 2007
ACTIVE PARTICIPANTS	637	651
NON-ACTIVE PARTICIPANTS		
Service Retirements	330	348
Surviving Spouses	120*	120*
Surviving Children	9	9
Vested Terminated	3	4
Disabled		
- In Line of Duty	96	93
- Not in Line of Duty	9	8
ANNUAL COMPENSATION FOR ACTIVE PARTICIPANTS		
Total Annual Compensation	$39,739,929	$44,020,458
Average Per Participant	62,386	67,620
ANNUAL PENSION BENEFIT**		
Service Retirements	$12,128,774	$13,863,944
Surviving Spouses	1,308,172	1,360,850
Disabled		
- In Line of Duty	2,439,242	2,476,230
- Not in Line of Duty	155,403	148,115

* Includes ex-spouses
** Pension Benefits paid from Pension Fund only.

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POLICE AND FIREFIGHTERS

	January 1 2006	January 1 2007
ACTIVE PARTICIPANTS	1,412	1,423
NON-ACTIVE PARTICIPANTS		
Service Retirements	637	684
Surviving Spouses	253*	252*
Surviving Children	23	21
Vested Terminated	8	9
Disabled		
- In Line of Duty	233	230
- Not in Line of Duty	24	22
ANNUAL COMPENSATION FOR ACTIVE PARTICIPANTS		
Total Annual Compensation	$86,591,760	$93,882,241
Average Per Participant	61,326	65,975
ANNUAL PENSION BENEFIT**		
Service Retirements	$23,133,056	$26,838,216
Surviving Spouses	2,849,585	2,937,106
Disabled		
- In Line of Duty	5,915,487	6,020,020
- Not in Line of Duty	504,894	461,365

* Includes ex-spouses
** Pension Benefits paid from Pension Fund only.

This work product was prepared solely for the City of Omaha Police & Firefighters Retirement System. It may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

Appendix A — Plan Statistics Comparison

	January 1 2006	January 1 2006
ACTIVE MEMBERS		
Average Attained Age	39.7	39.8
Average Hire Age	28.0	28.1
Average Past Service	11.7	11.6
Average Annual Compensation	$61,326	$65,975
NON-ACTIVE MEMBERS		
Average Attained Age		
Service Retirees	63.7	63.3
Disability Retirees		
- In Line of Duty	63.9	64.0
- Not in Line of Duty	64.6	64.4
Surviving Spouses	74.9	73.5
Average Monthly Benefit		
Service Retirees	$3,017	$3,270
Disability Retirees		
- In Line of Duty	2,116	2,181
- Not in Line of Duty	1,753	1,748
Surviving Spouses	939	971
VALUE OF PLAN ASSETS MARKET VALUE	$453,323,009	$507,608,781
VALUE OF PLAN ASSETS ACTUARIAL VALUE	$453,172,392	$494,753,150

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ACTUARIAL METHOD

Valuation of the plan use the *"entry age-normal"* cost method. Under this actuarial method, the value of future costs attributable to future employment of participants is determined. This is called present value of future normal costs. The following steps indicate how this is determined for benefits expected to be paid upon normal retirement.

1. The expected pension benefit at normal retirement is determined for each participant.

2. A normal cost, as a level percent of pay, is determined for each participant assuming that such level percent is paid from the employee's entry age into employment to his normal retirement. This normal cost is determined so that its accumulated value at normal retirement is sufficient to provide the expected pension benefits.

3. The sum of the normal costs for all participants for one year determines the total normal cost of the plan for one year.

4. The value of future payments of normal cost in future years is determined for each participant based on his years of service to normal retirement age.

5. The sum of the value of future payments of normal cost for all participants determines the present value of future costs.

The value of future costs attributable to past employment of participants, which is called the accrued liability is equal to the present value of benefits less the present value of future normal costs. The unfunded accrued liability is equal to the excess of the accrued liability over assets. The unfunded accrued liability is amortized as a level percent of pay over 30 years beginning January 1, 2003.

As experience develops with the plan, actuarial gains and actuarial losses result. These actuarial gains and losses indicate the extent to which actual experience is deviating from that expected on the basis of the actuarial assumptions. In each year, as they occur, actuarial gains and losses are recognized in the unfunded accrued liability as of the valuation date.

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Appendix B Actuarial Assumptions

Interest:	8.0% (net of investment expenses)
Salary Increases:	Merit increases based on service plus an inflation increase.
Service Retirement Age:	Graduated Rates based on service.
Mortality:	
Active Members	RP-2000 Healthy Annuitants with generational improvements, set forward one year.
Service Pensioners and Beneficiaries	RP-2000 Healthy Annuitants with generational improvements, set forward one year.
Disabled	RP-2000 Disability table with generational improvements.
Disability:	Graduated rates by age.
Percent of Disabilities in Line of Duty:	85%
Medical Expenses for Disabilities in Line of Duty:	5% load on liability.
Percent Married at Death or Retirement:	75%
Percent with Dependents at Death:	77%
Average Number of Children per Married Member:	1
Turnover:	Graduated rates by age.
Assets:	Actuarial value of assets equal to 1/3 of market value, plus 2/3 of expected value.
Load on Active member liability to reflect final wage adjustments	10%
Increase in total annual payroll	4.0%
Assumed annual rate of inflation	3.5%

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SAMPLE RATES

Age on 1/1/2006	Annual Rate			
	Mortality		Disability	Turnover
	Males	Females		
20	.03%	.02%	.26%	1.41%
30	.05	.03	.30	1.69
40	.11	.07	.52	.63
50	.20	.16	.95	.00
60	.49	.42	1.45	.00

Salary Progression

Years of Service	Inflation	Productivity	Merit & Longevity	Total Increase
1	3.5%	0.5%	2.5%	6.5%
5	3.5%	0.5%	2.5	6.5
10	3.5%	0.5%	2.0	6.0
15	3.5%	0.5%	1.0	5.0
20	3.5%	0.5%	0.5	4.5
25	3.5%	0.5%	0.0	4.0
30	3.5%	0.5%	0.0	4.0

Service Retirements

Assumed retirement rates are based on the number of years of credited service as follows:

Years of Service	Distribution	Annual Rate
Less than 25	0.0%	0.0%
25	60.0	60.0
26	25.0	62.5
27	15.0	100.0

If a member was hired after age 37, then it is assumed that member would retire at the later of age 62 or 10 years of service.

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Average Final Monthly Compensation:
Section 22-63

Highest average monthly compensation during any consecutive twenty-six (26) pay periods out of the last five years of service as a member of the system for which service credit had been earned.

Member Contributions:
Section 22-73(a)
Section 22-68

Ultimate rates effective July 1, 2007:
14.545% of total monthly salary for police.
15.40% of total monthly salary for fire.

City of Omaha Contributions:
Section 22-73(b)

Ultimate rates effective July 1, 2007:
20.16% of each members total monthly salary for police.
21.015% of each members total monthly salary for fire.

In addition, the City shall make contributions of $1,327,600 annually through the year 2028.

Service Retirement Eligibility:
Section 22-75

Available after age 55 and 10 years of service or age 45 and 20 years of service.

Service Retirement Pension:

Section 22-76

Beginning July 1, 2007, lifetime monthly annuity as follows:

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	45	55%*
25 years	45	75%

*55% at 20 years of service, plus 2% for each additional six months of service after 20 years and before 25 years.

Cost of Living Adjustment (COLA):

The monthly pension shall be increased by the lesser of 3% or $50 ($65 for Fire retirements after June 30, 2007). The increase will be made annually, beginning in the 13th month of retirement.

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Disability Retirement:

1. **In Line of Duty:** Section 22-78

A member shall become entitled to the following benefits while permanently disabled.

Years of Service	Percentage of Average Final Monthly Compensation
Less than 25	50%*
25	Same as Service Retirement Pension

* 55% for Fire after June 30, 2007

2. **Not in Line of Duty:** Section 22-79

A member shall become entitled to the following benefits while permanently disabled.

Years of Service	Percentage of Average Final Monthly Compensation
Up to 10 years	10%
10 but less than 15	20%
15 but less than 20	30%
20 or more	Same as Service Retirement Pension

Not payable while full salary continues.

Spouse's Pension:

1. **Death of Active Member in Line of Duty:**

A monthly pension equal to 49% (52% Fire) of the member's average final monthly compensation is paid to the surviving spouse if death occurs while the active member has less than 25 years of service. A monthly pension equal to 69% (72% Fire) of the member's average final monthly compensation is paid to the surviving spouse if death occurs after the active member has 25 years or more of service.

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2. **Death of Active Member Not in Line of Duty:**

The following monthly pension is paid to the surviving spouse.

Years of Service at Death	Percentage of Average Final Monthly Compensation*
0-3	0%
3-10	35%
11	36.4%
12	37.8%
13	39.2%
14	40.6%
15	42.0%
16	43.4%
17	44.8%
18	46.2%
19	47.6%
20-25	49.0%
25+	69%

* add 3% to each number for Fire effective July 1, 2007

Benefit terminates upon remarriage of spouse.

3. **Death of Member Eligible for Retirement or Death of Retired Member:**
Section 22-82

75% (90% for Fire retirements after June 30, 2007) of the pension the member was receiving or was eligible to receive at the time of death. Upon spouse's remarriage, all benefits cease.

Children's Pension:
Section 22-83

Upon the death of an active or retired member, the following benefit will be paid to the surviving children until age 18.

Number of Dependent Children	Percentage of Average Final Monthly Compensation
1	15%
2	30%
3	45%
4 or more	50%

Lump Sum Death Benefits:

1. **Active Member without Eligible Dependents:**
Section 22-84(a)

Accumulated member's contributions, or $500 if greater.

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2.	**Retired Member without Eligible Dependents:** Section 22-84(b)	Accumulated member's contribution less previous pension payments made, or $500 if greater.
3.	**Active Member with Eligible Dependents:** Section 22-84(c)	An amount payable immediately, equal to one year's salary computed on the basis of the maximum monthly rate for patrolmen and firefighters, plus the deceased member's accumulated contributions less pension payments to his dependents, payable to the dependent who last ceases to receive pension benefits.
4.	**Retired Member with Eligible Dependents:** Section 22-84(c)	$1,000 ($5,000 Fire) payable immediately, plus the excess over $1,000 ($5,000 Fire) if any, of the deceased member's accumulated **contributions less pension payments to the member** and his dependents, payable to the dependent who last ceases to receive pension benefits.

Vesting:

Section 22-86

Upon severance of employment by a member with less than 10 years of service and prior to obtaining eligibility under Section 22-75, a refund of such member's accumulated contributions.

Section 22-90

Upon severance of employment by a member before age 45 with more than 20 years of service and prior to obtaining eligibility under Section 22-75, the member may elect, in lieu of receiving a refund of contributions, to receive a monthly pension, according to the table below, commencing at age 55. Such deferred pension shall be based on service credited to the date of severance.

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	45	55%
25 or more	45	75%

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CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Financial Statements and Supplemental Schedules
June 30, 2007 and June 30, 2006
(With Independent Auditors' Report)

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

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BANKS, FINLEY, WHITE & CO.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

The Board of Trustees
City of Atlanta, Georgia
Police Officers' Pension Plan:

We have audited the accompanying financial statements of the City of Atlanta, Georgia Police Officers' Pension Plan (the "Plan") as of and for the years ended June 30, 2007 and 2006 and for the respective year and six months then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Atlanta, Georgia Police Officers' Pension Plan's net assets held in trust for pension benefits as of June 30, 2007 and June 30, 2006 and the changes therein for the respective year and six months then ended in conformity with accounting principles generally accepted in the United States of America.

The schedules of funding progress and employer contributions on page 13 are not a required part of the financial statements, but are supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. We have applied to the schedules certain limited procedures prescribed by professional standards, which consisted principally of inquiries of management regarding methods of measurement and presentation of the schedules.

Banks, Finley, White & Co.

December 28, 2007.

3504 EAST MAIN STREET • COLLEGE PARK, GEORGIA 30337 • (404) 763-1002

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Statements of Plan Net Assets
June 30, 2007 and June 30, 2006
(In thousands)

	2007	2006
ASSETS		
Cash and cash equivalents	$ 70,707	$ 19,884
Investments:		
Equities	291,485	299,441
U.S. government and agency obligations	226,475	148,094
Corporate bonds	21,127	28,018
Collateralized mortgage obligations	-	36,021
Total Investments	539,087	511,574
Securities lending collateral investment pool	76,683	58,657
Contributions receivable from employees	189	189
Accrued interest receivable	1,932	1,755
Due from brokers for securities sold	1,225	-
Due from other funds	17,762	14,127
Other Receivables	3,799	-
Total Assets	711,384	606,186
LIABILITIES		
Accounts payable	3,140	208
Due to brokers for securities purchased	1,880	11,603
Due to other funds	205	280
Liability for securities lending agreement	76,683	58,657
Total Liabilities	81,908	70,748
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS (See Schedule of Funding Progress on page 13)	$ 629,476	$ 535,438

The accompanying notes are an integral part of the financial statements.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Statements of Changes in Plan Net Assets
For the Year and Six Months Ended
June 30, 2007 and June 30, 2006
(In thousands)

Additions to Plan net assets:	2007	2006
Investments Income:		
Net (depreciation) appreciation in fair value of investments	$ 62,421	$ 9,293
Interest and dividends	11,395	4,213
Securities lending income	(59)	66
Less:		
Investment expenses	(1,733)	(1,000)
Securities lending expenses	168	(23)
Net Investment Income	72,192	12,549
Employee contributions	6,776	2,651
Employer contributions	47,365	15,687
Other income	181	-
Total Additions	126,514	30,887
Deduction from Plan net assets:		
Benefit payments	31,740	17,146
Refunds of contributions to terminated employees	209	111
Administrative fees, management fees, and other expenses	527	1,060
Total Deductions	32,476	18,317
Net Increase	94,038	12,570
Net Assets Held in Trust for Pension Benefits:		
Beginning of Period	535,438	522,868
END OF PERIOD	$ 629,476	$ 535,438

The accompanying notes are an integral part of the financial statements.

Note 1 - Summary of Significant Accounting Policies

a. *Overview of Plan and Related Government*

The City of Atlanta, Georgia Police Officers' Pension Plan (the "Plan"), a single employer defined benefit pension plan, was established by a 1933 Act of the State of Georgia Legislature to provide retirement benefits for sworn personnel of the City of Atlanta (the "City") Police Department. Until 1983, The Georgia Legislature established all requirements and policies of the Plan. By a constitutional amendment, effective July 1983, control over the Plan was transferred to the City under the principle of Home Rule.

The funding methods and determination of benefits payable were established by the legislative acts creating the Plan, as amended, and in general, provide that funds are to be accumulated from employee contribution, City contributions, and income from the investment of accumulated funds.

The Plan is considered a fiduciary fund of the City and its financial statements are included in the City of Atlanta, Georgia's Annual Comprehensive Financial Report (CAFR) as part of the Pension Trust Fund. The CAFR as of and for the year ended June 30, 2007 should be read in conjunction with these financial statements.

b. *Basis of Accounting*

The financial statements are prepared on the accrual basis of accounting whereby revenues are recognized as earned and expenses are recognized as the associated liabilities are incurred.

c. Cash

The Plan considers all highly liquid debt securities with an original maturity of three months or less to be cash equivalents.

d. Investments

State of Georgia and City statutes authorize the Plan to invest in U.S. Government obligations, U.S. Government agency obligations, State of Georgia obligations, obligations of a corporation of the U.S. Government and the Georgia Fund I (a local government investment pool maintained by the State of Georgia). Additionally, the Plan is authorized to invest in common stock provided that the cost bases of such investments do not exceed 55% of the net assets of the Plan. The Plan invests in repurchase agreements only when they are collateralized by U.S. Government or agency obligations.

Note 1 - Summary of Significant Accounting Policies, continued

The Plan is also authorized to invest in collateralized mortgage obligations (CMOs) to maximize yields. These securities are based on cash flows from interest payments on underlying mortgages. (CMOs) are sensitive to prepayment by mortgagees, which may result from a decline in interest rates. For example, if interest rates decline and mortgagees refinance their mortgages, thereby prepaying the mortgages underlying these securities, the cash flows from interest payments are reduced and the value of these securities declines. Likewise, if mortgagees pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated.

Investments, other than repurchase agreements, are carried at fair value based on quoted market prices. Repurchase agreements are valued at their amortized cost.

The net appreciation (depreciation) in the fair value of investments held by the Plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of balance sheet date. Investment income is recognized on the accrual basis as earned by the Plan.

e. *Use of Estimates*

Management of the Plan has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosures of contingent assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the Untied States of America. Actual results could differ from those estimates.

Note 2 - Plan Description

The following brief description of the Plan is provided for general information purposes only. Participants should refer to the City of Atlanta Code of Ordinances for more complete information.

a. *Benefit Provisions*

The Plan provides a monthly retirement benefit that initially represents 3% for each year of credited service times a participant's final average three-year earnings or the highest consecutive three-year earnings (limited to 80% of the average or earnings), whichever is the highest. The Plan was amended, effective January 1, 1986, to exclude overtime pay in the computation of benefits. Retirement benefits are adjusted annually based on the change in the consumer price index, limited to 3% per year. Upon the death of vested participant who has beneficiary coverage, his or her eligible beneficiary(ies) would be entitled to three-fourths of the amount the deceased participant was receiving or would have been entitled to receive.

Note 2 - Plan Description, continued

Group A – Covered by the 1978 Plan and the participant have elected to be covered by the 1986 Amendments. Any police officer hired after 2005 is automatically included in this group.

Group B – Covered by the 1978 Plan and the participant has elected not to be covered by the 1986 Amendment.

b. Benefit Options

- Normal Monthly Pension Benefit

An employee is eligible for a normal monthly pension benefit after 30 years of services, at any age or, when he or she reaches the normal retirement age of 55 with 10 years of creditable service. The years of creditable service required decreased from 15 years to 10 years effective September 12, 2005.

A 30 year and out provision was added to the Plan effective October 25, 2005.

Alternatively, a police officer is eligible for normal retirement at age 65 with at least 5 years of credited service.

- Early Monthly Pension Benefit

An employee is eligible for an early monthly pension benefit after 10 years of creditable service. The monthly benefit is reduced to allow for the fact that it will be paid over a longer period of time. The years of creditable service required decreased from 15 years to 10 years effective September 12, 2005.

- Reduced Monthly Pension Benefit

Employees hired prior to April 1, 1978 are eligible for a reduced monthly pension benefit at age 50 with 25 years of service. The reduction for the reduced monthly pension benefit is less than the reduction for an early monthly pension benefit.

- Total and Permanent Disability

A participant will be considered to be totally and permanently disabled if:

Group A – The participant's disability is determined to be a continuous state of incapacity due to illness or injury such that (a) the participant is prevented from performing their regular assigned or comparable duties during your first 12 months of disability, and (b) are thereafter prevented from engaging in any occupation for which they have become reasonably qualified by education, training or experience.

Note 2 - Plan Description, continued

Group B – The participant's disability is determined to be a total and permanent physical or mental injury to perform their regular assigned or comparable duties as a police officer with the City.

If a participant becomes totally and permanently disabled in the line of duty, they will be eligible to receive a monthly disability retirement benefit calculated as follows:

Group A – The greater of (a) the participant's monthly accrued benefit determined as of the date of disability or (b) 50% of the average monthly earnings determined as of the date of the disability. The benefit will be recalculated when the participant reaches age 55. The recalculated amount will include creditable service for your period of disability, but will not include any cost-of-living adjustments that were applied to the previous disability benefit.

Group B – The greater of (a) the participant's monthly accrued benefit determined as of the date of the disability or (b) 70% of the top salary for the grade and position of the participant on the day before their date of disability.

c. Membership

The following schedule reflects membership for the Plan at January 1, 2006, the date of the most recent actuarial valuation.

Members:	
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	1,115
Current active employees:	
Fully vested	884
Partially vested	316
Nonvested	575
Total membership	2,890

d. Administration of Plan

The Plan is administered as single-employer plan by the Board of Trustee (the "Board") which includes an appointee of the Mayor, the City's Chief Financial Officer, a member of City Council, and three representatives elected by the membership (active and retired). All modifications to the Plan must be supported by actuarial analysis and receive the recommendations of the City Attorney, the Chief Financial Officer, and the Board. Each pension law modification must be adopted by at least two-thirds vote of the City Council and approved by the Mayor.

Note 3 - Deposits and Investments, continued

Investments in Employee Retirement Plans

The Board is ultimately responsible for making all decisions with regard to the administration of the Plan, including the management of Plan assets, and for carrying out the investment policy on behalf of the Plan.

The Plan's investments are managed by various investment managers under contracts with the Plan who have discretionary authority over the assets managed by them, within the investment guidelines established the Board. The investments are held in trust by the Plan's custodian in the Plan's name. These assets are held exclusively for the purpose of providing benefits to members of the plan and their beneficiaries.

Identified below are the investment types that are authorized by the Board for the Plan. The investment policy also identifies certain provisions that address interest rate risk, credit risk and concentration of credit risk.

The Plan, by policy, is to invest their funds in domestic equities, domestic fixed income securities and cash equivalents. These instruments consist of common and preferred stock, obligations of the U.S. government and agencies (GNMA, FHLMC, and FNMA securities and CMO's), corporate bonds, and certificates of deposit. The Plan has strict limitations on the amounts managers are allowed to invest in any one issuer in all classes of securities. The Plan also invests in repurchase agreements which must be fully collateralized by U.S. government or agency guaranteed securities.

The Plan maintains cash to meet its immediate liquidity needs. Cash not immediately needed is invested in either short-term or long-term investment securities as directed by management.

Board policy permits the Plan to engage in securities lending with an authorized agent, provided that the securities are fully collateralized at least 102% and that collateral is received prior to the release of the securities by the custodian

Investment Risk Disclosure

Interest Rate Risk. Interest rate risk is the risk that changes in market rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Additionally, the fair values of the investments may be highly sensitive to interest rate fluctuations. One of the ways the Plan manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion is maturing or coming close to maturing evenly over time, as necessary, to provide the cash flow and liquidity needs for operations.

Credit Risk. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating to each investment by a nationally recognized statistical rating organization.

Note 3 - Deposits and Investments, continued

As of June 30, 2007, the Plan had the following fixed income investments (in thousands), with the corresponding credit ratings and maturities.

Type of Investment	Credit Rating	Under 1 Year	1 -3 Years	3 - 5 Years	5 - 10 Years	Over 10 Years	Fair Value
US Government Agency	AAA	$ 4,972	$ 1,999	$ 1,979	$ 10,249	$ 40,466	$ 59,665
US Treasury Securities	Exempt	-	21,792	25,642	23,178	-	70,612
Corporate Bonds	AA/A-	-	2,749	2,887	5,629	6,551	17,816
Corporate Bonds	B+/BBB	-	-	1,725	1,800	3,796	7,321
CMO's	AAA	-	-	-	-	2,244	2,244
CMO's	NR*	-	-	-	1,126	1,365	2,491
Mutual Funds		-	-	-	-	87,453	87,453
		$ 4,972	$ 26,540	$ 32,233	$ 41,982	$ 141,875	$ 247,602

* - Not rated

Securities Lending

State statutes and Board policies permit the Plan to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Plan's custodians lend securities of the type on loan at year-end for collateral in the form of cash or other securities of 102%.

Cash collateral is invested in overnight investments. As of June 30, 2007,the Plan has no significant credit risk exposure to borrowers because the amounts the Plan owes the borrower exceed the amounts the borrowers owe the Plan. The contract with the Plan's custodian requires it to indemnify the Plan if the borrowers fail to return the securities and if the collateral is inadequate to replace the securities or fail to pay the Plan for income distributions by the securities issuers while the securities are on loan.

There were no violations of legal or contractual provisions, borrower or lending agent default losses, and no recoveries of prior period losses during the year. There are income distributions owed on the securities loaned. The Plan records the cash received as collateral under securities lending agreements and the investments purchased with that cash as securities lending short-term collateral investment pool with a corresponding amount recorded as a liability.

All securities loans can be terminated on demand by either the Plan or the borrower, with the borrower returning equivalent securities to the Plans within a specified period of time.

Custodial Credit Risk. Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the Plan will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Custodial credit risks for *investments,* is the risk that in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Note 3 - Deposits and Investments, continued

All uninsured collected balances held by the City for the Plan plus accrued interest in depository accounts must be collateralized and the market value of collateralized pledged securities must be at least 110% of the deposit balances, and 102% for repurchase agreements. As a result, the Plan had no deposits with custodial risks as of June 30, 2007.

All investments of the Plan are either held by the Plan or by a counterparty in the Plan's name, therefore, the Plan's investments had no custodial risks as of June 30, 2007.

Concentration Credit Risk. Investments in any one issuer representing 5% or more of the net assets held in trust for pension benefits at June 30, 2007 are as follows:

Issuer	Investment Type	% of Total Investments
Northern TR Global Inv Quan	Equities	14.85%
Northern Trust Bank N.A	Equities	14.39%
NTGI	Equities	5.47%
COLTV	Equities	6.57%

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates could adversely affect an investment's or deposit's fair value. The Plan's policy states that the portfolio will consist of domestic equities, domestic fixed income and cash equivalents. At June 30, 2007, the Plan was not in compliance with the provisions of its policy requirements for authorized investment purchases. As of June 30, 2007, the Plan had no investments in foreign fixed income securities but investment in equity securities totaled $73,000.

Although all of the foreign equity securities are American Depository Receipts (ADR's), this does not eliminate the foreign currency risk involved in purchasing foreign securities.

The following table provides the value in U.S. dollars by foreign currency denominations and investment type for the Plan investments denominated in foreign currencies (in thousands).

Currency	Short Term	Debt	Equity	Total
Israel	$ -	$ -	$ 73	$ 73
Total Securities subject to Foreign Currency Risk	$ -	$ -	$ 73	$ 73
Total US dollars Securities	$ 48,550	$ 247,602	$ 291,412	$ 587,565
United States				
Total International & US Investment Securities	$ 48,550	$ 247,602	$ 291,485	$ 587,638

Note 4 - Funding Policy

The City's funding policy is to contribute a percentage of the Plan's covered employee payroll as developed in the actuarial valuation for the Plan. Active participants are required to contribute 7% of base pay (or 8% if participant has covered beneficiary). The City's contribution percentage is the actuarially determined amount necessary to fund plan benefits after consideration of employee contributions. The City makes an additional contribution of 1% of payroll, which effectively decreases the employee's required contribution percentage to 6% (or 7% if participant has a covered beneficiary), but has no effect on the overall required contribution. The City is not obligated to continue the 1% supplemental contribution for any specified period of time.

The actuarially determined contribution amount is the sum of the annual normal cost and the amortization of the unfunded actuarial accrued liability as a level percentage of future payrolls (over 40 years from January 1, 1979). The actuarial cost method used for funding purposes is the Entry Age Normal Cost Method. This method is one of the approved methods for such plans in the State of Georgia, and provides for contributions based on a level percentage of future payrolls. The unfunded actuarial accrued liability for funding purposes is amortized on a closed basis over a period established by State of Georgia guidelines. The significant actuarial assumptions used to compute the contribution requirements are the same as those used to compute the actuarial accrued liability.

Note 5 - Contributions Required and Contributions Made

The required contribution percentages developed in the most recent actuarial valuation for the Plan for 2007 and six month period ended June 30, 2006 and the actual contributions made are as follows (dollars in thousands):

	2007	2006
Normal cost	21.4%	21.4%
Amortization of the unfunded actuarial accrued liability	26.8%	26.8%
Total required contributions as a percentage of payroll	48.2%	48.2%
Actual employee contributions:		
Dollar amount	$ 6,776	$ 2,651
Percent of covered payroll	8.7%	6.6%
Actual employer contributions:		
Dollar amount	$ 47,365	$ 15,687
Percent of covered payroll	60.6%	39.3%

Note 5 - Contributions Required and Contributions Made, continued

The annual covered payroll for the City was $78,229,000 and $39,911,000 for the year ended June 30, 2007 and the six month period ended June 30, 2006, respectively. The actual employer contributions shown above include amounts used to fund retiree supplemental cost of living increases and other minimum benefits. These amounts are components of the City's contributions for purposes of meeting actuarially determined funding requirements.

Note 6 - Contributions Receivable from Employees

Employees

Employees may receive credit for service for previous employment with certain state and local governmental agencies including previous employment with the City, upon payment to the Plan of an amount, as defined in the 1933 Act, as amended, representing contributions applicable to such service period. These contributions may be paid over a future period, even after retirement. In addition, 1964 and 1978 amendments to the Plan increased pension benefits and the related employee contribution rates. Active employees may retroactively increase their contribution rates from the date of employment in order to receive the maximum increased benefits available under the 1964 and 1978 amendments. These "back contributions" may also be paid over a future period.

Contributions receivable from employees were $189,248 and $189,000 at June 30, 2007 and the six month period ended June 30, 2006, respectively.

Note 7 - Contingencies

The Internal Revenue Service (IRS) has ruled that the Plan qualifies under Section 401(a) of the Internal Revenue Code (IRC) and is therefore not subject to tax under present federal income tax laws. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualifications. The Plan obtained a determination letter on May 19, 1998, in which the IRS stated that the Plan, as then designed, was in compliance with the applicable requirements of the IRC. The Plan has been amended as well as there have been changes in the IRC subsequent to receiving this determination letter. The Plan obtained a determination letter on August 17, 2004, in which the IRS ruled that the amendments do not affect the qualified status of the Plan. The City and the Plan's tax counsel believe the Plan is currently designed and being operated in material compliance with the applicable tax requirements.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN
Required Supplementary Information

Schedule of Funding Progress
(Unaudited)
(Dollars in thousands)

Actuarial valuation date	Actuarial value of assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll (b-a)/c)
January 1, 2000	$ 384,083	$ 419,439	$ 35,356	91.6%	$ 67,330	52.5%
January 1, 2002	$ 448,676	$ 541,209	$ 92,533	82.9%	$ 67,320	137.5%
January 1, 2004	$ 440,212	$ 617,501	$ 177,289	71.3%	$ 63,274	280.2%
January 1, 2006	$ 464,368	$ 839,384	$ 375,016	55.3%	$ 78,229	479.3%

Schedule of Employer Contributions
(Unaudited)
(Dollars in thousands)

Year	Annual Required Contribution	Actual Employer contribution	Percentage contributed
2000	$ 13,816	$ 13,816	100.0%
2002	$ 15,068	$ 15,595	103.5%
2004	$ 25,271	$ 18,099	71.6%
2006	$ 15,687	$ 15,687	100.0%

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Required Supplementary Information

Notes to Schedule of Funding Progress and
Schedule of Employer and Other Contributions

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated.

The actuarial accrued liability is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, which are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits under the Plan are based on employee compensation. The accumulated plan benefits for active employee are based on their average compensation and credited service ending on the date as of which the benefit information is presented (the valuation date). Benefits payable under all circumstances - retirement, death, disability, and termination of employment - are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

Additional information as of the latest actuarial valuation follows:

Actuarial cost method	Entry age normal
Amortization method	Level percentage closed Over a closed period of 40 years from January 1, 1979 as a level percentage of estimated future payroll
Remaining amortization period	13 years
Asset valuation period	Smoothed 5 year averaged market
Investment rate of return	8.0%
Projected salary increases	
Inflation	3.0%
Merit or seniority and productivity	1.0%
Postretirement benefit increases	3.0%

REPORT ON
THE EIGHTIETH VALUATION OF
THE EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF PROVIDENCE
AS OF JUNE 30, 2007

buckconsultants
an ACS company

December 10, 2007

Retirement Board
Employees' Retirement System of the
City of Providence
City Hall
Providence, Rhode Island 02903

Dear Board Members:

This report presents the results of the eightieth actuarial valuation of the system, prepared as of June 30, 2007, which develops the appropriation required by the City for the fiscal year beginning July 1, 2008.

The Table of Contents, which immediately follows, outlines the material contained in the report.

Respectfully submitted,

Daniel W. Sherman, ASA, MAAA, EA
Director and Consulting Actuary

Robert P. Lessard
Consultant

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REPORT ON THE EIGHTIETH VALUATION OF THE
EMPLOYEES' RETIREMENT SYSTEM OF THE
CITY OF PROVIDENCE
AS OF JUNE 30, 2007

SECTION I - SUMMARY OF PRINCIPAL RESULTS

1. For convenience of reference, the principal results of the current and preceding valuations are summarized below:

Valuation Date	**6/30/2006**	**6/30/2007**
Number of active members		
Vested	1,808	1,797
Nonvested	1,235	1,286
Total	3,043	3,083
Annual salaries of active members	$ 126,457,520	$ 132,719,426
Average salary of active members	$ 41,557	$ 43,049
Number of retirees and beneficiaries	2,891	2,833
Annual retirement allowances	$ 64,620,757	$ 69,847,136
Average retirement allowance	$ 22,352	$ 24,655
No. of non-active members w/contributions	312	179
Accumulated member contributions	$ 6,336,972	$ 3,701,401
Market value of plan assets (accrual basis)	$ 409,987,125	$ 464,534,428
Assets for valuation purposes (accrual basis)	$ 393,768,316	$ 426,054,774
Unfunded accrued liability	$ 659,036,246	$ 652,962,042
Contribution rates required		
Class A	24.67%	22.89%
Class B Fire	76.84%	73.42%
Class B Police	73.03%	69.41%

2. Comments on the valuation results as of June 30, 2007 are given in Section IV and the appropriation payable by the City during the fiscal period beginning July 1, 2008 is set out in Section V.

3. The valuation was based on the assumptions as outlined in Schedule B. The salary scale assumption was modified this year. All other assumptions remained the same.

4. Schedule D of this report presents a summary of the main provisions of the act governing the system, as interpreted in preparing the actuarial valuation. In particular, the valuation reflected the following with respect to annual cost of living adjustments (COLAs):

Group	COLA	Number of Recipients
(a) Class A		
(i) Retired prior to 12/19/1991	- 3%, compounded	649
(ii) Retired after 12/18/1991	- None	946
(iii) Special award	- 5%, compounded	5
Total of Class A		1,600
(b) Class B - Police		
(i) Retired prior to 1/1/1990	- 5%, compounded	309
(ii) Retired between 1/1/1990 and 12/18/1991	- 6%, compounded	39
(iii) Retired between 12/19/1991 and 12/31/1992	- 5%, compounded	26
(iv) Retired after 12/31/1992	- 3%, compounded	224
(v) Special award	- 5%, compounded	16
Total of Police		614

Group	COLA	Number of Recipients
(c) Class B - Fire		
(i) Retired prior to 1/1/1990	- 5%, compounded	300
(ii) Retired between 1/1/1990 and 12/18/1991	- 6%, compounded	69
(iii) Retired between 12/19/1991 and 6/30/1995	- 5%, compounded	91
(iv) Retired between 7/1/1995 and 3/16/2006	- 3%, simple, on first $12,000 of annual benefit	117
(v) Retired after 3/16/2006	- 3%, compounded	19
(vi) Special award	- 5%, compounded	11
Total of Fire		607
(d) Total Number of Class A and Class B retirees and beneficiaries		2,821*

*Excludes elected officials and 12 Class A and B employees who retired prior to June 30, 2007 but were not processed on the June 30, 2007 payroll.

There is a three-year deferral of the initial COLA for current active members when they retire.

SECTION II - EMPLOYEE DATA

1. Employee data were furnished by the City Controller.

2. Tables 1 and 2 of Schedule E show the number and annual salaries of active members, while the remaining tables of Schedule E show the number and annual retirement allowances of beneficiaries as of June 30, 2007.

SECTION III - ASSETS

1. The amount of the assets taken into account in the valuation was obtained from information submitted by the City Controller.

2. The market value of the assets of the system as of June 30, 2007 on a "cash basis" was $413,539,963. To convert this amount to an "accrual basis," this amount should be increased by the discounted value of the City's contribution already appropriated for the July 1, 2007 - June 30, 2008 fiscal year ($55,328,995) but assumed not to be deposited until June 30, 2008. The discounted value of this contribution is $50,994,465. Therefore, the market value of the assets of the system as of June 30, 2007 on an "accrual basis" was $464,534,428.

3. The amount of assets used for valuation purposes was determined by the use of a five-year moving average of market values. This procedure produced a value of $426,054,774 on an "accrual basis." Schedule C outlines the calculation of this adjusted value which was modified for purposes of this year's valuation.

SECTION IV - COMMENTS ON VALUATION

1. Schedule A of this report presents the results of the valuation and shows the present and prospective assets and liabilities of the retirement system of June 30, 2007. Actuarial accrued liabilities consist of $317,417,884, which equals the actuarial accrued value of prospective benefits of active members; plus $757,897,532, which equals the present value of obligations to retired members and their beneficiaries; plus $3,701,400, which equals the value of contributions of non-active members remaining in the fund. These liabilities amount to $1,079,016,816, which is met by the City and members through annual contributions. Against these prospective liabilities, the system has present assets of $426,054,774 leaving $652,962,042 as the unfunded accrued liability.

2. Section V discusses the portion of the total prospective City obligation we recommend for current payment.

3. The salary assumption for all active employees was updated. It has been adjusted to 4% for the next 2 years, 4.25% for the following 4 years, and 4.5% for all years thereafter. The original salary scale was 4.5% for the next 2 years, 4.75% for the following 5 years, and 5% for all years thereafter.

4. Schedule G of the report discusses experience gain/(loss) in the last year. The system's actual experience was worse than expected, resulting in a loss of $5,622,453. Asset experience had a gain of $9,361,611. Losses from liability were $14,984,064. The salary assumption changes reduced the unfunded liability by $37,291,096. Losses from COLA changes increased the unfunded liability by $16,659,560. For more detail on gain/(loss), please see Schedule G.

5. The market value of assets exceeds the actuarial value by about $38 million due to 4 straight years of returns in excess of 8.5%. The difference will serve as a cushion to potential market corrections, stabilizing the forecasted appropriations.

SECTION V - APPROPRIATION PAYABLE BY CITY

1. Schedule A gives the basis for determining the appropriation payable by the City during the fiscal period beginning July 1, 2008. In accordance with the law governing the operation of the retirement system, we recommend contribution rates of 22.89% for Class A members, 73.42% for Class B Fire and 69.41% for Class B Police. These rates are based on amortizing the unfunded accrued liability as of June 30, 2007 on a level percentage-of-payroll basis over a 23-year period (one year less than the amortization period used by the prior actuarial valuation). If these rates are applied to the annual compensation of active members included in the actuarial valuation as of June 30, 2007 and contributions are paid on June 30, 2009, contributions payable by the City for the fiscal year beginning July 1, 2008 are as shown below:

Group	**Amount**
Class A:	
General	$ 7,565,384
School	7,055,149
Water	2,701,773
Workforce Development (JTPA)	156,484
Fire Civilians	206,409
Police Civilians	761,756
Total Class A	$ 18,446,955
Class B:	
Fire	$ 18,990,069
Police	18,232,738
Total Class B	$ 37,222,807
Grand Total	$ 55,669,762 (see #2 below)

2. The above contribution includes an additional contribution of $492,606, which is needed to amortize the remaining deferred contribution as of June 30, 1996 over a 30-year period.

3. The assets and liabilities in the valuation do not take the elected officials' pensions into account. Therefore, in addition, the City should contribute an amount sufficient to provide for the payment of the special pensions to elected officials on a pay-as-you-go basis. Any deficiency which arises on account of elected officials whereby the contribution paid for a fiscal year is not sufficient to cover the special pensions paid that year to such retired members should be met by a special contribution by the City.

SECTION VI - ACCOUNTING INFORMATION

Based on our interpretation of Statement 25 of the Governmental Accounting Standards Board, the results of the June 30, 2006 and June 30, 2007 actuarial valuations are shown below:

	June 30, 2006	June 30, 2007
1. Normal cost for employees	$ 10,351,833	$ 10,199,982
2. Normal cost for employers	$ 9,243,167	$ 8,708,142
3. Actuarial liability for active members	$ 329,631,610	$ 317,417,884
4. Actuarial liability for retired members	$ 723,172,952	$ 761,598,932
5. Total actuarial liability	$ 1,052,804,562	$ 1,079,016,816
6. System assets	$ 393,768,316	$ 426,054,774
7. Unfunded actuarial accrued liability	$ 659,036,246	$ 652,962,042
8. Ratio of assets to actuarial liability	37.40%	39.49%
9. Investment return assumption	8.50%	8.50%
10. Rate of salary increase	graded%*	graded%*

* See Schedule B

SCHEDULE OF EMPLOYER CONTRIBUTIONS
(dollar amounts in thousands)

Year Ended June 30	Annual Required Contribution	Percentage Contribution
1994	$18,612	99.90%
1995	$21,159	53.81%
1996	$16,136	100.00%
1997	$21,089	93.58%
1998	$35,701	57.52%
1999	$37,445	56.15%
2000	$37,415	60.00%
2001	$38,899	60.60%
2002	$42,442	64.18%
2003	$42,008	80.25%
2004	$46,321	85.99%
2005	$49,329	92.15%
2006	$51,454	96.22%
2007	$50,584	100.20%

SCHEDULE OF FUNDING PROGRESS

(dollar amounts in thousands)

Year Ended June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1994	$286,956	$500,119	$213,163	57.38%	$84,176	253.23%
1995	$293,454	$460,567	$167,113	63.72%	$88,335	189.18%
1996	$287,320	$699,265	$411,945	41.09%	$84,178	489.38%
1997	$288,800	$732,373	$443,573	39.43%	$88,959	498.63%
1998	$315,000	$732,775	$417,775	42.99%	$99,182	421.22%
1999	$325,576	$746,264	$420,688	43.63%	$106,717	394.21%
2000	$341,817	$798,292	$456,475	42.82%	$114,164	399.84%
2001	$341,986	$821,363	$479,377	41.64%	$116,493	411.51%
2002	$340,550	$867,457	$526,907	39.26%	$114,265	461.13%
2003	$334,929	$899,336	$564,407	37.24%	$115,015	490.72%
2004	$372,128	$1,025,345	$653,217	36.29%	$115,548	565.32%
2005	$376,690	$993,029	$616,339	37.93%	$118,825	518.70%
2006	$393,768	$1,052,805	$659,036	37.40%	$126,458	521.15%
2007	$426,055	$1,079,017	$652,962	39.49%	$132,719	491.99%

ANNUAL PENSION COST AND NET PENSION OBLIGATION FOR
FISCAL YEARS BEGINNING JULY 1, 2006 AND JULY 1, 2007

The pension cost and net pension obligation as required by Statement 27 of the Governmental Accounting Standards Board are:

Fiscal year beginning July 1, 2006

Net Pension Obligation (NPO) at June 30, 2006	$ 120,526,307
a. Annual Required Contribution	50,583,838
b. Interest on NPO	10,244,736
c. Amortization of NPO	(8,181,134)
Annual Pension Cost	52,647,440
Contributions Paid (not discounted)	(50,686,148)
Increase in NPO	1,961,292
NPO of June 30, 2007	$ 122,487,599

Fiscal year beginning July 1, 2007

Net Pension Obligation (NPO) at June 30, 2007	$ 122,487,599
a. Annual Required Contribution	55,328,995
b. Interest on NPO	10,411,446
c. Amortization of NPO	(8,538,381)
Annual Pension Cost	57,202,060
Expected Contributions to be Paid (not discounted)	(55,328,995)
Increase in NPO	1,873,065
Expected NPO of June 30, 2008	$ 124,360,664

SCHEDULE A

RESULTS OF THE VALUATION AS OF JUNE 30, 2007
(Excluding Elected Officer Funds)

	Class A	Class B			Grand Total
		Fire	Police	Total	
1. Actuarial Accrued Liabilities					
(a) Actuarial accrued value of all future benefits payable to active members	$ 144,369,323	$ 82,447,538	$ 90,601,023	$ 173,048,561	$ 317,417,884
(b) Actuarial accrued value of benefits payable to retirees and beneficiaries including benefits payable on death	196,258,162	304,381,686	257,257,684	561,639,370	757,897,532
(c) Employee contributions of non-active members	3,367,925	100,874	232,601	333,475	3,701,400
(d) Total accrued actuarial liabilities	$ 343,995,410	$ 386,930,098	$ 348,091,308	$ 735,021,406	$ 1,079,016,816
2. Assets of the System	$ 135,828,177	$ 152,781,136	$ 137,445,461	$ 290,226,597	$ 426,054,774
3. Unfunded Value of Total Prospective Contributions by the City (1(d) minus 2)	$ 208,167,233	$ 234,148,962	$ 210,645,847	$ 444,794,809	$ 652,962,042
4. Amortization (23 years)	$ 14,814,530	$ 16,663,559	$ 14,990,925	$ 31,654,484	$ 46,469,014

	Class A	Class B			Grand Total
		Fire	Police	Total	
5. Total Individual Entry Age Normal Cost	$ 8,992,294	$ 4,190,685	$ 4,722,150	$ 8,912,835	$ 17,905,129
6. Employee Normal Cost	$ 5,922,679	$ 2,280,824	$ 1,996,479	$ 4,277,303	$ 10,199,982
7. Net City Normal Cost with Interest	$ 3,469,193	$ 2,158,472	$ 3,080,477	$ 5,238,949	$ 8,708,142
8. Net City Normal Cost without Interest as a Percent of Pay	3.81%	7.38%	10.38%	8.89%	5.81%
9. Amortization of 1995 Deferral	$ 163,232	$ 168,038	$ 161,336	$ 329,374	$ 492,606
10. Total City Appropriation (5 plus 8 plus 9)*	$ 18,446,955	$ 18,990,069	$ 18,232,738	$ 37,222,807	$ 55,669,762
11. Total Contribution Rate for Fiscal Year Beginning July 1, 2007	22.89%	73.42%	69.41%	71.40%	41.95%
12. Payroll	$ 80,584,842	$ 25,865,395	$ 26,269,189	$ 52,134,584	$ 132,719,426

*** Assumed payment date, June 30, 2009**

SCHEDULE B

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

INTEREST RATE: 8½% per annum, compounded annually for General Funds and School Teacher Funds.

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of withdrawal and deferred retirement, disability, death and service retirement among members in active service are as follows:

CLASS A

Age	Retirement	Disability	
		Ordinary	Accidental
20		.00025	.00010
25		.00030	.00015
30		.00030	.00015
35		.00050	.00025
40		.00080	.00040
45	.0671	.00125	.00060
50	.0925	.00185	.00090
55	.0859	.00255	.00130
59	.1138	.00370	.00185
60	.1229	.00415	.00210
64	.1741	.00625	.00310
65	.2500	.00680	.00340
70	.2500	.00680	.00340
75	1.0000		

Age	Withdrawal and Deferred Retirement	Ordinary and Accidental Death	
		Men	Women
20	.1413	.00035	.00019
25	.1206	.00038	.00021
30	.0644	.00044	.00026
35	.0473	.00077	.00048
40	.0389	.00108	.00071
45	.0272	.00151	.00112
50	.0174	.00214	.00168
54	.0101	.00281	.00232
55		.00303	.00253
60		.00488	.00393
65		.00757	.00582
70		.00992	.00761

CLASS B

Age	Withdrawal and Deferred Disability	Disability		Ordinary and Accidental Death	
		Ordinary	Accidental	Men	Women
20	.0258	.0001	.0008	.00035	.00019
25	.0183	.0001	.0011	.00038	.00021
30	.0104	.0002	.0017	.00044	.00026
35	.0046	.0025	.0023	.00077	.00048
40	.0029	.0004	.0034	.00108	.00071
45	.0024	.0007	.0060	.00151	.00112
50		.0011	.0104	.00214	.00168
55			.0149	.00281	.00232
59			.0194	.00303	.00253
				.00488	.00393

Age	Retirement
40	.07403
45	.07599
50	.08004
55	.08860
59	.10238
60	.25000
64	.25000
65	1.00000

SALARY INCREASES NOT INCLUDING LONGEVITY: Next 2 years - 4.0%, following 4 years - 4.25%, thereafter - 4.5%.

ANNUAL INCREASE IN AMORTIZATION PAYMENT: 5%

LONGEVITY TABLES:

CLASS A:

FOR EMPLOYEE HIRED ON OR PRIOR TO OCTOBER 23, 1999:

YEAR OF SERVICE	PERCENTAGE AMOUNT
5 years but less than 10 years	5%
10 years but less than 15 years	6%
15 years but less than 20 years	7%
20 years or more	8%

FOR EMPLOYEES HIRED AFTER OCTOBER 23, 1999:

YEAR OF SERVICE	PERCENTAGE AMOUNT
7 years but less than 12 years	4%
12 years but less than 17 years	5%
17 years but less than 20 years	6%
20 years or more	7%

CLASS B:

FIRE:

FOR EMPLOYEE HIRED ON OR PRIOR TO JUNE 30, 1996

YEAR OF SERVICE	PERCENTAGE AMOUNT
5 years but less than 10 years	8%
10 years but less than 15 years	9%
15 years but less than 20 years	10%
20 years or more	11%

FOR EMPLOYEES HIRED AFTER JUNE 30, 1996

YEAR OF SERVICE	PERCENTAGE AMOUNT
5 years but less than 10 years	7%
10 years but less than 15 years	8%
15 years but less than 20 years	9%
20 years or more	10%

POLICE:

FOR EMPLOYEE HIRED ON OR PRIOR TO JUNE 30, 1998

YEAR OF SERVICE	PERCENTAGE AMOUNT
0 year but less than 6 years	0%
6 years but less than 11 years	8%
11 years but less than 16 years	9%
16 years but less than 21 years	10%
21 years or more	11%

FOR EMPLOYEES HIRED AFTER JUNE 30, 1998

YEAR OF SERVICE	PERCENTAGE AMOUNT
0 year but less than 6 years	0%
6 years but less than 11 years	7%
11 years but less than 16 years	8%
16 years but less than 21 years	9%
21 years or more	10%

DEATHS AFTER RETIREMENT: Based on the RP-2000 Mortality Table producing the following life expectancies.

	CLASS A and CLASS B			
	Service		Disability	
Age	Male	Female	Male	Female
50	30.074	33.268	27.550	30.526
55	25.858	28.686	23.318	26.009
60	21.636	24.272	19.190	21.750
65	17.615	20.126	15.354	17.776
70	13.917	16.270	11.877	14.124

VALUATION METHOD: Individual entry age method. Gains and losses are reflected in the period remaining to liquidate the unfunded accrued liability.

ASSET VALUATION METHOD: Five-year smoothed market value. The actuarial value of assets is determined according to the following general formula, provided such value is within a 20% corridor of the market value:

$$VA = MV - .8I_1 - .6I_2 - .4I_3 - .2I_4$$

where

VA = Valuation assets.

MV = Market value of assets as of the valuation date.

I_n = Investment gain (loss) during n^{th} year preceding the valuation date.

PURCHASED SERVICE LOAD: Due to a lack of purchased service data, loads have been added on to Fire and Police service. The loads were determined by retirement trends found in the period from July 1, 2004 to June 30, 2006 and are as follows:

Fire Service Load = +0.63 years of service

Police Service Load = +2.11 years of service

Class A did not receive a load as trends showed the impact of purchased service was insignificant.

SCHEDULE C

DETERMINATION OF ADJUSTED ASSET VALUE

Reconciliation of Market Value of Plan Assets (accrual basis), 7/1/2003 - 7/1/2007

	7/1/2003-6/30/2004	7/1/2004-6/30/2005	7/1/2005-6/30/2006	7/1/2006-6/30/2007
Market value at beginning of period	284,231,528	324,641,608	336,498,228	363,366,076
Contributions during period	49,323,326	55,524,329	60,510,427	61,208,078
Total investment income (from auditor's reports)	20,265,697	26,252,786	35,280,488	58,429,171
Benefit payments and expenses	(62,776,945)	(68,492,967)	(67,993,906)	(71,717,514)
Market value at end of period	324,641,608	336,498,228	363,366,076	413,539,963
Expected market value at end of period	292,047,234	336,113,976	354,486,546	380,440,763
Investment gain/(loss) for the year	32,594,374	384,252	8,879,530	33,099,200

Year Ended	Investment Gain / (Loss)		Weight		Weighted Gain / (Loss)
6/30/2007	33,099,200	x	0.80	=	26,479,360
6/30/2006	8,879,530	x	0.60	=	5,327,718
6/30/2005	384,252	x	0.40	=	153,701
6/30/2004	32,594,374	x	0.20	=	6,518,875
					38,479,654

Actuarial Value of Assets = Market Value ***minus*** weighted gain / (loss) = 375,060,309

Plus discounted value of contribution due to be paid on June 30, 2008 50,994,465

Total 426,054,774

The return on the actuarial value of assets was 11.24% for the prior plan year. This created an asset gain of about $9.4 million. The return on a market value basis was about 16.26%.

SCHEDULE D

SUMMARY OF MAIN PROVISIONS OF RETIREMENT SYSTEM

AS INTERPRETED FOR VALUATION PURPOSES

1 – BENEFITS

Final compensation is the average of the highest three years of base compensation including longevity pay earned by a member during his total service as an employee.

Service is total employment by the City plus any purchased service.

Service Retirement Allowance

Conditions for Allowance	The minimum age for service retirement for Class A members is age 55 or the age at which 25 years of service (30 years for members hired after July 1, 1995) are completed if earlier, and for Class B members age 55 or the age at which 20 years of service are completed if earlier.
Amount of Allowance	
Provided by Member	An annuity which is the actuarial equivalent of his accumulated contributions at the time of his retirement, and
Provided by City	For Class A members hired prior to July 1, 1996: A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/40 of his final compensation for each year of total service credited not in excess of 20 years plus 1/50 of his final compensation for each year of total service credited in excess of 20 years. For Class A members hired on or after July 1, 1996: A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/50 of his final compensation for each year of total service credited.

For Police:
A pension which when added to his normal annuity, exclusive of any excess annuity, equals:

1. For members of the bargaining unit hired on or after September 1, 2001:

Eligible Years of Service	Designated Percentage
Prior to 20 years of service	2.5% per year
20 years of service	50%
21 years of service	52%
22 years of service	54%
23 years of service	56%
24 years of service	58%
25 years of service	60%
26 years of service	62%
27 years of service	64%
28 years of service	66%
29 years of service	68%
30 years of service	70%
31 years of service	72%
32 years of service	75%

2. For members of the bargaining unit hired prior to September 1, 2001:

Eligible Years of Service	Designated Percentage
Prior to 20 years of service	2.5% per year
20 years of service	50%
21 years of service	52%
22 years of service	54%
23 years of service	56%
24 years of service	58%
25 years of service	65%
26 years of service	62%
27 years of service	64%
28 years of service	66%
29 years of service	68%
30 years of service	75%
31 years of service	72%
32 years of service	80%

For all other Class B:
A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/40 of his final compensation for each year of total service credited not in excess of 20 years plus 1/50 of his final compensation for each year of total service credited in excess of 20 years but not in excess of 32 years and 6 months.

Deferred Retirement Allowance

Conditions for Allowance — A member who has completed at least 10 years of service may retire and receive a deferred retirement allowance commencing at the minimum age for service retirement.

Amount of Allowance

Provided by Member — A deferred annuity which is the actuarial equivalent of his accumulated contributions, and

Provided by City — See "Service Retirement Allowance."

Ordinary Disability Retirement Allowance

Conditions for Allowance

For Police:
After 10 years but less than 20 years of service.

For All Others:
After 10 years of service, a member under the minimum age for service retirement may be retired for disability upon his own request or upon the request of the head of the department employing him.

Amount of Allowance

Provided by Member — An annuity which is the actuarial equivalent of his accumulated contributions at the time of his retirement, and

Provided by City

If the member is a Class A member:
A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 9/10 of 1/50 of his final compensation for each year of total service which

would have been credited had he continued in service to the minimum age for service retirement, but such retirement allowance, exclusive of any excess annuity, is not to exceed 45% of his final compensation.

For Police:
A pension which when added to his normal annuity will give a total retirement allowance, equal to a percentage of his final compensation, as described in the following table:

Eligible Years of Service	Percentage
10 years of service	22.50%
11 years of service	24.75%
12 years of service	27%
13 years of service	29.25%
14 years of service	31.50%
15 years of service	33.75%
16 years of service	36%
17 years of service	38.25%
18 years of service	40.50%
19 years of service	42.75%

For All other Class B:
A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 9/10 of 1/40 of his final compensation for each year of total service which would have been credited had he continued in service to the minimum age for service retirement, but such retirement allowance, exclusive of any excess annuity, is not to exceed 45% of his final compensation.

Accidental Disability Retirement Allowance

Conditions for Allowance

A member may be retired on account of accidental disability occurring in the performance of duty regardless of age or length of service.

Amount of Allowance

Provided by Member

Non-Police:
An annuity that is the actuarial equivalent of his accumulated contributions at the time of his retirement.

Police:
In light of the member's receipt of the pension stated below, the only annuity payable is the actuarial equivalent of any accumulated additional contributions at the time of his retirement.

and

Provided by City

For All:
A pension of 66-2/3% of his final compensation, but not less than the service retirement allowance. Upon the death of a member within 5 years after accidental disability retirement as a result of an accident while in the performance of duty, a pension of one-half of the member's final compensation is paid to his widow until she dies or remarries, at which point the pension is paid to his child or children until they attain age 19.

Accidental Death Benefit

Conditions for Benefit

An accidental death benefit is payable upon the death of any member due to an accident in the performance of duty.

Amount of Benefit

A pension of one-half of the member's final compensation is paid to his widow until she dies or remarries, at which point the pension is payable to his child or children until they attain age 19. If there are no other dependents, the pension is payable to his dependent parents. In addition, a lump sum payment of the member's accumulated contributions is made.

Withdrawal or Ordinary Death Benefit	A member who withdraws prior to eligibility for retirement receives his accumulated contributions. Should a member die before retirement his accumulated contributions are paid to his estate or beneficiary; provided, however, if he has attained minimum retirement age and has not made an optional election as described below, and is survived by a spouse, such spouse is entitled, in lieu of the return of the member's accumulated contributions, to a benefit equal to that which would have been payable to such spouse upon the death of the member had the member retired on the day of his death and elected to receive a benefit under the provisions of Option 2, as described below, and nominated his spouse as his designated beneficiary, except that for a Class B member the benefit to the spouse shall not be less than 67½% of the benefit that would have been paid to such retired member without reduction.
Benefit upon Death after Retirement	<u>For Class A</u>: Benefits under any option. Also, the excess, if any, of the member's accumulated contributions at retirement over all payments paid out on the member's account. <u>For Class B</u>: Upon the death of a Class B pensioner, 67½% of his retirement allowance is paid to his widow until she dies or remarries, at which point the benefit is paid to his dependent children until they attain age 18. Also, the excess, if any, of the member's accumulated contributions at retirement over the total of all payments paid out on the member's account.
Minimum Benefits	The minimum monthly retirement allowance is $600, prorated for members whose credited service at retirement is less than 25.

Special Privileges at Retirement

At retirement, a member may elect to convert his allowance into a benefit of equivalent actuarial value in accordance with one of the options described below:

Option 1. A reduced retirement allowance payable during the retired member's life, with a provision that in case of death before such payments have equaled the present value of his retirement allowance at the date of retirement, the balance shall be paid to the heirs or assigns; or

Option 2. A reduced retirement allowance payable during the retired member's life, with a provision that after his death it shall be continued during the life of and paid to the person nominated by him by written designation at the time of his retirement; or

Option 3. A reduced retirement allowance payable during the retired member's life, with a provision that after his death an allowance at one-half the rate of his reduced allowance shall be continued during the life of and paid to the person nominated by him by written designation at the time of his retirement; or

Option 4. A reduced retirement allowance payable during the retired member's life, with some other benefit payable after his death, provided that the benefit shall be certified by the actuary and approved by the retirement board. This Option is not available to Police who retire on an Accidental Disability Allowance.

Class B members may not elect Options 2 or 3.

Married Class B members may also not elect Option 1.

Special Privileges upon Attainment of Minimum Retirement Age

Any member who has attained minimum retirement age may elect, in accordance with Option 2, 3, or 4 above, a reduced retirement allowance with provision for benefits to a person having an insurable interest in his life, other than his wife. The benefit is determined as of the member's date of death or retirement, if prior thereto, in accordance with the provisions of the option selected and is in lieu of the return of the member's accumulated contributions if death occurs during the

member's continuance in service after attainment of minimum retirement age. Such election is irrevocable after the option becomes effective unless the designated beneficiary predeceases the member prior to his retirement.

Cost of Living Adjustment

For Class A:
3% compounded, for members who retired prior to 12/18/91; no adjustment for other Class A members.

For Police:

5%, compounded, for members who retired prior to 1/1/90; 6%, compounded, for members who retired between 1/1/90 and 12/18/91; 5%, compounded, for members who retired between 12/19/91 and 12/31/92; 5% compounded for special court awarded members; 3% compounded for other retired members.

For all other Class B Retirees:

5%, compounded, for members who retired prior to 1/1/90; 6%, compounded, for members who retired between 1/1/90 and 12/18/91; 5%, compounded, for members who retired between 12/19/91 and 6/30/95; 3%, simple, on first $12,000 of annual benefit for members who retired between 7/1/1995 and 3/16/2006; 5% compounded for special court awarded members; and, 3% compounded for other retired members.

The initial COLA payment is deferred until the January 1 that occurs three years after the member's retirement date.

Special Provisions for Certain Elected Officials

Any person who has served as Mayor or City Councilman for at least eight full legislative years is entitled to a retirement allowance on the basis of such service as an elected official upon attainment of age 52 or the completion of 20 consecutive years as an elected official, whichever is earlier, or the occurrence of total and permanent disability prior thereto.

Such retirement allowance is currently $350 for each year of service, provided that no more than 20 years of

such service are to be used in determining the allowance.

Upon the death of any such elected official, benefits are payable in accordance with the Class A provisions of the act.

An elected official may elect to withdraw his accumulated contributions in lieu of his rights to the allowance based on service as an elected official.

2 – CONTRIBUTIONS

Provided by Members	For Class A: 8% of their salaries. For Police: 8% of their salaries For all other Class B Members: 9½% of their salaries. The Mayor and members of the City Council are required to contribute at the rate of $350 per year.
Provided by City	The City makes the balance of contributions needed to fund the system. In addition the City shall contribute from time to time amounts sufficient with the contributions of elected officials to provide the special pensions granted to elected officials.

SCHEDULE E

TABLES OF EMPLOYEE DATA

TABLE 1

The Number and Annual Salaries of Members Distributed By 5th Age and Service As of June 30, 2007

CLASS A

SERVICE AGE	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-36	37+	TOTAL	
20-24	18	15									33	NUMBER
	19,543	31,104									24,798	SALARY
25-29	22	57	32	2							113	NUMBER
	25,036	32,734	31,558	20,020							30,677	SALARY
30-34	19	63	83	39	1						205	NUMBER
	22,175	30,348	33,986	33,792	30,960						31,721	SALARY
35-39	23	60	86	80	27	2					278	NUMBER
	25,135	37,135	32,496	36,723	45,988	46,982					35,519	SALARY
40-44	21	73	97	63	66	9	1				330	NUMBER
	21,529	32,341	36,716	35,437	49,528	49,590	40,033				37,461	SALARY
45-49	22	61	101	60	67	31	11	5			358	NUMBER
	22,024	39,255	33,568	34,223	43,643	52,902	51,780	50,615			38,295	SALARY
50-54	22	55	78	77	63	27	21	40	2		385	NUMBER
	22,509	41,958	29,697	36,700	40,310	47,182	55,592	55,520	54,721		39,627	SALARY
55-59	11	45	51	46	50	14	8	16	4	9	254	NUMBER
	24,532	48,219	35,897	34,098	41,648	45,040	46,989	64,823	75,517	48,631	42,145	SALARY
60-64	3	22	27	27	21	8	5	8	5	5	131	NUMBER
	25,246	39,765	32,769	42,783	36,644	60,729	48,279	47,812	41,323	58,649	40,989	SALARY
65-69	1	7	9	13	6	3	2	1		1	43	NUMBER
	41,540	28,078	30,094	38,903	43,655	36,246	60,137	48,229		61,420	37,564	SALARY
70-74		3	4	4	1	1		1	1		15	NUMBER
		39,732	28,232	39,402	17,768	118,054		51,089	57,859		42,300	SALARY
75-76		2			2					1	5	NUMBER
		31,424			44,822					39,114	38,321	SALARY
77+		1	1	1	1						4	NUMBER
		10,007	16,432	18,538	34,122						19,775	SALARY
TOTAL	162	464	569	412	305	95	48	71	12	16	2,154	NUMBER
	22,969	36,571	33,408	35,954	43,477	50,498	52,388	56,237	56,332	51,966	37,412	SALARY

TABLE 2

The Number and Annual Salaries of Members Distributed By 5th Age and Service As of June 30, 2007

CLASS B

SERVICE AGE	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-36	37+	TOTAL	
20-24	23	2									25	NUMBER
	46,620	45,266									46,512	SALARY
25-29	16	36	14								66	NUMBER
	39,514	44,951	56,778								46,141	SALARY
30-34	6	40	31	8	2						87	NUMBER
	49,417	46,368	55,254	54,861	51,592						50,646	SALARY
35-39	5	32	32	68	50						187	NUMBER
	42,485	47,629	55,209	57,665	55,633						54,578	SALARY
40-44	1	12	10	46	158	23					250	NUMBER
	54,369	44,453	56,589	55,929	56,920	60,291					56,426	SALARY
45-49		5	10	11	91	53	18				188	NUMBER
		68,297	55,784	53,713	56,261	62,228	64,505				58,878	SALARY
50-54	1		1	6	25	17	41	5			96	NUMBER
	19,007		53,863	59,091	55,074	62,134	70,461	82,955			64,211	SALARY
55-59		1		1	2	1	15	6	3	1	30	NUMBER
		94,295		67,729	54,890	57,901	61,263	70,111	80,982	62,230	65,817	SALARY
TOTAL	52	128	98	140	328	94	74	11	3	1	929	NUMBER
	43,977	47,319	55,633	56,757	56,355	61,691	67,148	75,949	80,982	62,230	56,119	SALARY

TABLE 3

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2007

SERVICE RETIREMENTS

CLASS A

AGE	NUMBER	AMOUNT
12	1	5,440
47	2	52,939
48	3	65,243
49	2	53,479
50	6	147,143
51	7	194,492
52	12	289,559
53	5	142,729
54	13	279,013
55	28	668,184
56	23	577,922
57	26	371,267
58	28	588,408
59	30	483,014
60	40	831,785
61	26	492,274
62	38	605,870
63	32	537,365
64	47	764,055
65	25	439,053
66	36	518,321
67	56	780,750
68	35	526,830
69	42	467,710
70	44	614,141
71	40	516,163
72	34	454,597
73	46	699,370
74	58	870,999
75	45	622,482
76	50	807,685

TABLE 3 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2007

SERVICE RETIREMENTS

CLASS A

AGE	NUMBER	AMOUNT
77	54	873,755
78	48	730,826
79	38	565,246
80	37	523,193
81	37	535,306
82	30	385,841
83	35	513,496
84	19	189,417
85	21	246,582
86	23	251,227
87	22	283,526
88	24	325,394
89	15	166,977
90	12	139,145
91	10	112,104
92	10	96,516
93	3	26,281
94	5	43,663
95	2	8,784
99	1	10,320
100	1	3,739
103	1	3,141
TOTAL	1,328	20,502,761

TABLE 4

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2007

SERVICE RETIREMENTS

CLASS B

AGE	NUMBER	AMOUNT
40	1	33,211
41	1	34,501
42	2	36,476
44	4	105,139
45	3	72,918
46	4	99,113
47	3	86,409
48	4	128,552
49	8	231,006
50	10	270,340
51	9	344,197
52	11	336,331
53	19	576,249
54	13	397,149
55	15	443,627
56	17	546,471
57	18	692,231
58	15	480,422
59	24	818,483
60	30	1,074,734
61	18	606,391
62	20	853,409
63	18	672,038
64	15	576,486
65	7	269,258
66	8	260,226
67	11	439,325
68	8	195,687
69	11	388,381
70	16	489,401
71	10	309,703
72	12	445,768

TABLE 4 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2007

SERVICE RETIREMENTS

CLASS B

AGE	NUMBER	AMOUNT
73	9	307,073
74	13	464,326
75	13	396,333
76	9	186,610
77	17	433,803
78	17	563,665
79	14	324,472
80	16	508,587
81	8	221,347
82	16	417,419
83	8	136,372
84	11	357,774
85	8	224,736
86	9	168,517
87	5	100,194
89	2	45,358
91	2	29,937
93	1	14,968
TOTAL	543	17,215,123

TABLE 5

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2007

ELECTIVE OFFICIALS AND DEPENDENTS
OF ELECTIVE OFFICIALS

AGE	NUMBER	AMOUNT
52	1	3,542
58	1	2,258
60	1	2,847
65	2	7,158
66	1	4,915
67	3	11,332
68	1	3,450
69	3	13,688
71	1	3,246
77	3	17,018
80	1	3,179
81	1	5,989
83	2	7,281
87	1	10,113
92	1	4,900
95	1	5,644
TOTAL	24	106,560

TABLE 6

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2007

DISABILITY RETIREMENTS

CLASS A

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
40	1	28,595	1	3,218	2	31,813
42	1	6,432			1	6,432
43			1	23,768	1	23,768
45	1	17,703			1	17,703
46	2	29,246			2	29,246
47	2	24,947	1	28,926	3	53,873
48	2	9,333	1	15,905	3	25,238
50	2	22,418			2	22,418
51	1	6,230			1	6,230
52			2	39,944	2	39,944
53	1	4,828	2	55,940	3	60,768
54			3	60,143	3	60,143
55	1	8,585	1	17,796	2	26,381
56			1	15,971	1	15,971
57			3	50,774	3	50,774
58	2	50,895	1	16,849	3	67,744
59			3	72,865	3	72,865
60	1	4,087	5	99,515	6	103,602
63			3	46,139	3	46,139
64	1	18,418	2	40,540	3	58,958
65			5	94,098	5	94,098
66			3	37,060	3	37,060
67	1	9,247	5	77,561	6	86,808
68			3	54,176	3	54,176
69	1	9,687	1	7,569	2	17,256
70			3	24,765	3	24,765
71			3	44,728	3	44,728
72			5	102,414	5	102,414
73			4	60,800	4	60,800
76			3	46,607	3	46,607
77	1	24,031	2	36,460	3	60,491

TABLE 6 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2007

DISABILITY RETIREMENTS

CLASS A

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
78			1	21,371	1	21,371
80			2	24,271	2	24,271
81			1	5,459	1	5,459
82	1	6,730	1	5,332	2	12,062
84			2	24,815	2	24,815
86			1	5,211	1	5,211
88			1	11,195	1	11,195
93	1	11,218			1	11,218
103			1	13,488	1	13,488
TOTAL	23	292,630	77	1,285,673	100	1,578,303

TABLE 7

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2007

DISABILITY RETIREMENTS

CLASS B

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
37	1	17,164	1	36,054	2	53,218
38			1	39,552	1	39,552
39			2	72,407	2	72,407
40			4	117,601	4	117,601
41	1	16,688	2	63,455	3	80,143
42			1	33,849	1	33,849
43	2	42,934	4	119,249	6	162,183
44			4	139,340	4	139,340
45	1	17,588	7	240,423	8	258,011
46			4	172,534	4	172,534
47	1	19,199	6	219,150	7	238,349
48	1	15,877	4	215,275	5	231,152
49			14	555,906	14	555,906
50	1	17,502	4	167,208	5	184,710
51			9	333,942	9	333,942
52	1	8,788	9	366,051	10	374,838
53			8	333,315	8	333,315
54			11	512,139	11	512,139
55			10	351,593	10	351,593
56			14	623,845	14	623,845
57			14	612,223	14	612,223
58			15	704,509	15	704,509
59	1	32,761	22	1,141,070	23	1,173,830
60	1	32,322	23	1,037,187	24	1,069,510
61	1	19,105	16	726,606	17	745,711
62			20	1,002,335	20	1,002,335
63			15	887,670	15	887,670
64			14	701,329	14	701,329
65			9	419,593	9	419,593
66			12	624,141	12	624,141
67			17	976,964	17	976,964

TABLE 7 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2007

DISABILITY RETIREMENTS

CLASS B

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
68			16	911,502	16	911,502
69	1	18,214	3	134,430	4	152,645
70			7	282,619	7	282,619
71			10	718,610	10	718,610
72			3	108,785	3	108,785
73			13	794,718	13	794,718
74			7	507,233	7	507,233
75			8	458,417	8	458,417
76			8	466,645	8	466,645
77			3	201,673	3	201,673
78			6	300,792	6	300,792
79	1	14,968	6	356,719	7	371,687
80			7	261,589	7	261,589
81			5	286,606	5	286,606
82			3	143,014	3	143,014
83			3	87,879	3	87,879
84			1	24,562	1	24,562
85			1	14,256	1	14,256
86	1	16,257	1	28,527	2	44,784
92			2	51,267	2	51,267
100			1	17,053	1	17,053
TOTAL	15	289,367	410	19,703,411	425	19,992,778

TABLE 8

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2007

DISABILITY RETIREMENTS

GRAND TOTAL

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
37	1	17,164	1	36,054	2	53,218
38			1	39,552	1	39,552
39			2	72,407	2	72,407
40	1	28,595	5	120,819	6	149,414
41	1	16,688	2	63,455	3	80,143
42	1	6,432	1	33,849	2	40,281
43	2	42,934	5	143,017	7	185,951
44			4	139,340	4	139,340
45	2	35,291	7	240,423	9	275,714
46	2	29,246	4	172,534	6	201,780
47	3	44,146	7	248,076	10	292,222
48	3	25,210	5	231,180	8	256,390
49			14	555,906	14	555,906
50	3	39,920	4	167,208	7	207,128
51	1	6,230	9	333,942	10	340,172
52	1	8,788	11	405,995	12	414,782
53	1	4,828	10	389,255	11	394,083
54			14	572,282	14	572,282
55	1	8,585	11	369,389	12	377,974
56			15	639,816	15	639,816
57			17	662,997	17	662,997
58	2	50,895	16	721,358	18	772,253
59	1	32,761	25	1,213,935	26	1,246,695
60	2	36,409	28	1,136,702	30	1,173,112
61	1	19,105	16	726,606	17	745,711
62			20	1,002,335	20	1,002,335
63			18	933,809	18	933,809

TABLE 8 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2007

DISABILITY RETIREMENTS

GRAND TOTAL

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
64	1	18,418	16	741,869	17	760,287
65			14	513,691	14	513,691
66			15	661,201	15	661,201
67	1	9,247	22	1,054,525	23	1,063,772
68			19	965,678	19	965,678
69	2	27,901	4	141,999	6	169,901
70			10	307,384	10	307,384
71			13	763,338	13	763,338
72			8	211,199	8	211,199
73			17	855,518	17	855,518
74			7	507,233	7	507,233
75			8	458,417	8	458,417
76			11	513,252	11	513,252
77	1	24,031	5	238,133	6	262,164
78			7	322,163	7	322,163
79	1	14,968	6	356,719	7	371,687
80			9	285,860	9	285,860
81			6	292,065	6	292,065
82	1	6,730	4	148,346	5	155,076
83			3	87,879	3	87,879
84			3	49,377	3	49,377
85			1	14,256	1	14,256
86	1	16,257	2	33,738	3	49,995
88			1	11,195	1	11,195
92			2	51,267	2	51,267
93	1	11,218			1	11,218
100			1	17,053	1	17,053

TABLE 8 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2007

DISABILITY RETIREMENTS

GRAND TOTAL

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
103			1	13,488	1	13,488
TOTAL	38	581,997	487	20,989,084	525	21,571,081

TABLE 9

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF BENEFICIARIES OF DECEASED ACTIVE AND RETIRED MEMBERS DISTRIBUTED BY AGE AS OF JUNE 30, 2007

AGE	NUMBER	AMOUNT
34	1	7,948
35	1	32,532
38	1	28,595
40	1	21,571
42	2	58,340
46	1	23,196
47	1	33,315
48	3	96,125
49	2	29,020
50	3	90,141
51	1	25,153
52	2	65,253
53	6	203,771
54	6	160,402
55	5	83,572
56	1	18,651
57	9	211,802
58	5	108,015
59	6	170,537
60	6	79,545
61	5	88,885
62	7	247,090
63	4	69,943
64	8	153,794
65	7	149,021
66	6	178,777
67	8	252,075
68	8	227,412
69	9	214,277
70	7	83,127
71	11	188,582
72	12	185,045

TABLE 9 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF BENEFICIARIES OF DECEASED ACTIVE AND RETIRED MEMBERS DISTRIBUTED BY AGE AS OF JUNE 30, 2007

AGE	NUMBER	AMOUNT
73	12	207,347
74	13	309,249
75	13	347,486
76	11	208,840
77	15	258,681
78	13	263,375
79	16	221,338
80	23	403,240
81	19	281,056
82	10	133,935
83	16	228,545
84	11	172,881
85	13	182,056
86	9	120,199
87	11	139,224
88	13	126,818
89	10	110,292
90	10	109,206
91	4	45,109
92	8	84,157
93	3	21,276
94	5	62,406
95	1	14,968
96	4	44,372
97	2	26,186
98	2	23,120
99	1	4,786
101	1	11,218
104	1	11,728
TOTAL	425	7,758,606

SCHEDULE F

30 YEAR APPROPIATION FORECAST

Fiscal Year Ending	Normal Cost	Past Service Amortization	Deferral Amortization	Total	Pay-As-You-Go
6/30/2008	$ 9,243,167	$ 45,593,222	$ 492,606	$ 55,328,995	69,001,610
6/30/2009	8,708,142	46,469,014	492,606	55,669,762	71,858,624
6/30/2010	9,100,008	48,792,465	492,606	58,385,079	74,826,412
6/30/2011	9,509,508	51,232,088	492,606	61,234,202	77,820,682
6/30/2012	9,937,436	53,793,692	492,606	64,223,734	81,528,669
6/30/2013	10,409,464	56,483,377	492,606	67,385,447	85,356,892
6/30/2014	10,903,914	59,307,546	492,606	70,704,066	89,413,397
6/30/2015	11,421,850	62,272,923	492,606	74,187,379	93,551,921
6/30/2016	11,964,388	65,386,569	492,606	77,843,563	97,625,275
6/30/2017	12,532,696	68,655,897	492,606	81,681,199	101,771,743
6/30/2018	13,159,331	72,088,692	492,606	85,740,629	106,008,530
6/30/2019	13,817,298	75,693,127	492,606	90,003,031	110,210,473
6/30/2020	14,508,163	79,477,783	492,606	94,478,552	114,321,990
6/30/2021	15,233,571	83,451,672	492,606	99,177,849	118,454,671
6/30/2022	15,995,250	87,624,256	492,606	104,112,112	122,633,351
6/30/2023	16,795,013	92,005,469	492,606	109,293,088	126,705,360
6/30/2024	17,634,764	96,605,742	492,606	114,733,112	130,532,353
6/30/2025	18,516,502	101,436,029	492,606	120,445,137	134,143,874
6/30/2026	19,442,327	106,507,830	492,606	126,442,763	137,469,940
6/30/2027	20,414,443	111,833,222	492,606	132,740,271	140,491,688
6/30/2028	21,435,165	117,424,883	492,606	139,352,654	143,242,608
6/30/2029	22,506,923	123,296,127	492,606	146,295,656	145,632,326
6/30/2030	23,632,269	129,460,933	492,606	153,585,808	147,586,786
6/30/2031	24,813,882	135,933,980	492,606	161,240,468	149,159,282
6/30/2032	26,054,576	-	-	26,054,576	150,266,557
6/30/2033	27,357,305	-	-	27,357,305	150,892,455
6/30/2034	28,725,170	-	-	28,725,170	150,872,616
6/30/2035	30,161,429	-	-	30,161,429	150,413,660
6/30/2036	31,669,500	-	-	31,669,500	149,357,514
6/30/2037	33,252,975	-	-	33,252,975	147,747,577

SCHEDULE G

CHANGES IN UNFUNDED LIABILITY

7/1/06 Unfunded Liability	659,036,246
With interest to 7/1/07	715,054,327
Amortization of Unfunded as of 7/1/07	46,085,828
Expected Unfunded as of 7/1/07	668,968,499
Actual Unfunded as of 7/1/07 (without COLA and assumption changes)	674,590,952
Gain/(Loss)	(5,622,453)
Asset Gain/(Loss)	9,361,611
Liability Gain/(Loss)	(14,984,064)
Active Decrements	7,112,274
Salary Increases	(11,780,026)
New Active Participants	(4,340,968)
Inactive Mortality	(14,668,774)
Retiree Status Transitions	533,147
New Pensioners and Other	8,160,283
Plan Changes *	(16,659,560)
Assumption Changes **	38,288,470

* Change in COLA provisions
** Change in salary scale assumption

City of Atlanta Police Officers' Pension Fund

Actuarial Valuation Report
as of
January 1, 2008

SOUTHERN
ACTUARIAL
SERVICES

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SOUTHERN ACTUARIAL SERVICES

Post Office Box 888343
Atlanta, Georgia 30356-0343
Telephone 770.392.0980
Facsimile 770.392.2193
www.southernactuarial.com

June 9, 2008

Board of Trustees
City of Atlanta Police Officers' Pension Fund
c/o Administrative Services, Inc.
2187 Northlake Parkway, Suite 106
Tucker, GA 30084

Ladies and Gentlemen:

This report presents the results of the actuarial valuation of the City of Atlanta Police Officers' Pension Fund as of January 1, 2008. The purpose of this report is to provide a summary of the funded status of the plan as of January 1, 2008, to determine the minimum required contribution for the 2009 plan year, and to determine the annual required contribution and accounting disclosures pursuant to Governmental Accounting Standard Nos. 25 and 27 (GASB 25/27).

Recommended Contribution

Currently, the plan receives contributions from the City of Atlanta and from employees. Employees contribute either 6% or 7% of base salary, depending on whether the employee has any beneficiaries who would be eligible for death benefits under the plan. The City contributes the amount that is actuarially determined as a level percentage of payroll, where the unfunded accrued liability is scheduled to be eliminated as of January 1, 2024 and payroll is assumed to increase at the rate of 4.00% per year. The contribution is based on the actuarial valuation results as of January 1 of the preceding plan year.

For the 2009 plan year, the minimum required contribution is 50.63% of payroll after taking into account expected employee contributions of 6.57% of payroll. This amount represents a decrease of 3.88% of payroll from the required contribution for the 2008 plan year.

The minimum required contribution decreases or increases due to experience gains and losses, respectively. The primary source of experience gains and losses is the investment return. As of December 31, 2007, an asset and income statement was not available from the plan's auditor. Therefore, we have based the December 31, 2007 on the best information that was available as of the date of this report.

During 2007, the market value of assets gained 3.13% as compared with an assumed return of 7.75%. However, rather than reflect the entire amount of the unrealized gains and losses immediately, the actuarial value of assets is based on a five-year phase-in of the unrealized

appreciation. On this basis, the actuarial value of assets gained 13.13% for the year, which was well above the assumed 7.75% return.

We will continue to monitor the assumptions used to determine the City's contribution and will make changes as necessary to reflect future expectations.

Contents of the Report

A summary of the results of the valuation is presented in Table I, while Table II provides a historical record of the City's contribution percentage. A detailed breakdown of the liabilities of the plan by type of benefit is presented in Table III. Information for the auditors can be found in Tables IV and V. Tables VI through VIII provide information about the fund's assets. In particular, Table VI provides a breakdown of the fund assets by investment type, and Tables VII and VIII provide a historical record of the growth, expenditures, and annual yields of the fund. Tables IX through XII provide a variety of useful information concerning the participant population. Finally, Table XIII provides a summary of the assumptions and methods used to complete the valuation and Table XIV provides a summary of the plan provisions.

Certification

To the best of our knowledge, this report fairly and accurately represents the liabilities of the plan as of January 1, 2008 based on the participant data and asset information provided by the City of Atlanta and the plan provisions and actuarial assumptions set forth herein. We believe that these assumptions are reasonable in the aggregate and represent our best estimate of anticipated experience. All calculations set forth herein conform to generally accepted actuarial principles and practices and comply with our current understanding of the requirements of the Georgia Code and the Governmental Accounting Standards Board.

Respectfully submitted,

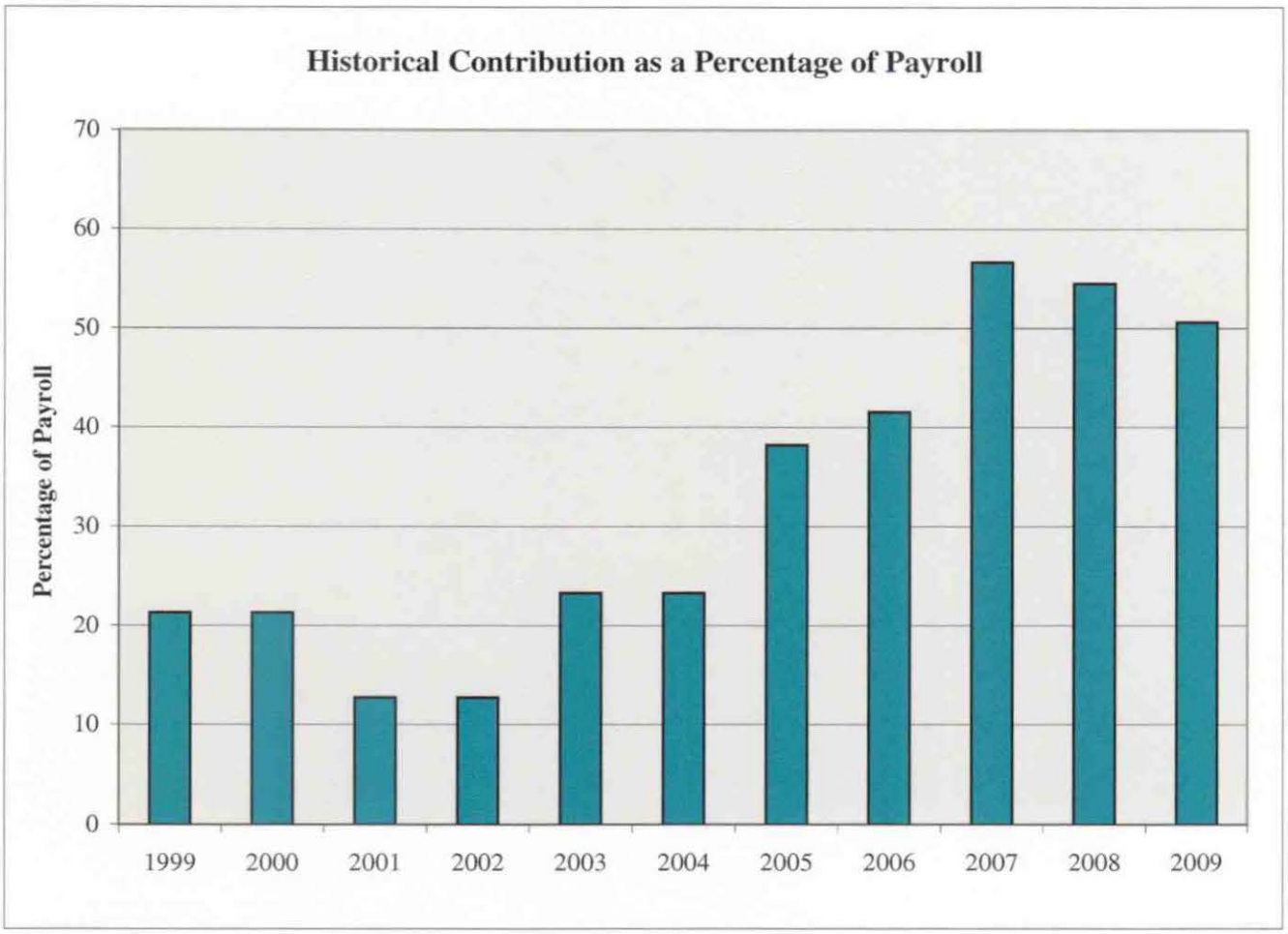
Charles T. Carr
Consulting Actuary
Enrolled Actuary No. 08-04927

SUMMARY OF VALUATION RESULTS — TABLE I

	As of January 1, 2007	As of January 1, 2008
1. Number of Participants		
a. Active Participants		
i. Fully Vested	783	819
ii. Partially Vested	333	270
iii. Non-Vested	619	722
iv. Sub-total	**1,735**	**1,811**
b. Deferred Vested Participants	**0**	**0**
c. Retired Participants		
i. Service Retirement	853	912
ii. Disability Retirement	107	108
iii. Beneficiaries	244	252
iv. Sub-total	**1,204**	**1,272**
d. Total Participants	**2,939**	**3,083**
2. Expected Annual Compensation *	**$77,168**	**$84,016**
3. Development of Required Contribution *		
a. Actuarial Accrued Liability	$850,886	$909,410
b. Actuarial Value of Assets	($512,259)	($596,457)
c. Unfunded Actuarial Accrued Liability (UAAL)	$338,627	$312,953
d. Amortization Payment Towards UAAL	$27,000	$25,901
e. Normal Cost	$22,036	$24,079
f. Initial Annual Cost	$49,036	$49,980

	For the 2008 Plan Year	For the 2009 Plan Year
4. Minimum Required Contribution		
a. Level Percent Amortization of UAAL	33.64 %	29.64 %
b. Normal Cost Percentage	27.46 %	27.56 %
c. Total Contribution Percentage	61.10 %	57.20 %
d. Effective Employee Contribution	(6.59)%	(6.57)%
e. Minimum Required Employer Contribution	**54.51 %**	**50.63 %**

** dollar amounts are shown in 000's*



Plan Year	Employer Contribution Percentage	Plan Year	Employer Contribution Percentage	Plan Year	Employer Contribution Percentage
1999	21.31%	2003	23.33%	2007	56.68%
2000	21.31%	2004	23.33%	2008	54.51%
2001	12.77%	2005	38.27%	2009	50.63%
2002	12.77%	2006	41.55%		

LIABILITIES AS OF January 1, 2008 — TABLE III

	Retirement Benefits	Disability Benefits	Withdrawal Benefits	Pre-Ret. Death Benefits	Return of Employee Contributions		Total
1. Present Value of Future Benefits							
a. Active participants	$528,589	$18,388	$2,529	$13,001	$896		$563,403
b. Def. vested participants	$0	$0	$0	$0	$0		$0
c. Retired participants:							
Retirees	$437,769	$45,920	$0	$0	$0		$483,689
Beneficiaries	$41,024	$0	$0	$0	$0		$41,024
d. Total	**$1,007,382**	**$64,308**	**$2,529**	**$13,001**	**$896**		**$1,088,116**
2. Entry Age Accrued Liability							
a. Active participants	$361,753	$11,897	$1,392	$9,131	$524		$384,697
b. Def. vested participants	$0	$0	$0	$0	$0		$0
c. Retired participants:							
Retirees	$437,769	$45,920	$0	$0	$0		$483,689
Beneficiaries	$41,024	$0	$0	$0	$0		$41,024
d. Total	**$840,546**	**$57,817**	**$1,392**	**$9,131**	**$524**		**$909,410**
3. Entry Age Normal Cost	**$20,726**	**$1,287**	**$339**	**$592**	**$209**		**$23,153**
4. Present Value of Vested Benefits							
a. Active participants	$244,323	$12,348	$655	$7,268	$1,153		$265,747
b. Def. vested participants	$0	$0	$0	$0	$0		$0
c. Retired participants:							
Retirees	$437,769	$45,920	$0	$0	$0		$483,689
Beneficiaries	$41,024	$0	$0	$0	$0		$41,024
d. Total	**$723,116**	**$58,268**	**$655**	**$7,268**	**$1,153**		**$790,460**
5. Present Value of Accrued Benefits							
a. Active participants	$266,399	$12,348	$1,284	$7,375	$524		$287,930
b. Def. vested participants	$0	$0	$0	$0	$0		$0
c. Retired participants:							
Retirees	$437,769	$45,920	$0	$0	$0		$483,689
Beneficiaries	$41,024	$0	$0	$0	$0		$41,024
d. Total	**$745,192**	**$58,268**	**$1,284**	**$7,375**	**$524**		**$812,643**

** all amounts are shown in 000's*

	For the 2007/08 Fiscal Year	For the 2008/09 Fiscal Year
A. Number of Plan Participants as of Preceding January 1		
a. Retirees and beneficiaries receiving benefits	1,204	1,272
b. Terminated plan participants entitled to but not yet receiving benefits	0	0
c. Active plan participants	1,735	1,811
d. Total	2,939	3,083
B. Development of Annual Required Contribution (ARC) *		
a. Employer normal cost:		
i. Total normal cost (EOY)	$22,432	$24,511
ii. Expected employee contribution	($5,383)	($5,843)
iii. Employer normal cost	**$17,049**	**$18,668**
b. Amortization of UAAL:		
i. PV of future benefits	$1,015,605	$1,088,116
ii. PV of future employer normal costs	($120,134)	($130,419)
iii. PV of future employee contributions	($44,585)	($48,287)
iv. Actuarial accrued liability (AAL)	$850,886	$909,410
v. Actuarial value of assets	($512,259)	($596,457)
vi. Unfunded AAL (UAAL)	$338,627	$312,953
vii. Amortization of UAAL	**$27,009**	**$26,142**
c. Amortization of NPO	**$0**	**$0**
d. **ARC** (Item B.a.iii. plus item B.b.vii. plus item B.c.)	**$44,058**	**$44,810**
C. Annual Pension Cost and Net Pension Obligation (NPO) *		
a. ARC	$44,058	$44,810
b. Interest on NPO	$0	$0
c. Adjustment to ARC	$0	$0
d. **Annual Pension Cost**	**$44,058**	**$44,810**
e. Contributions made (w/ interest to EOY)	($44,058)	($44,810)
f. Increase(decrease) in NPO	$0	$0
g. NPO (beginning of year)	$0	$0
h. **NPO (end of year)**	**$0**	**$0**

** dollar amounts are shown in 000's*

The City's fiscal year runs from July 1 through June 30.

D. Schedule of Employer Contributions **

Year Ended December 31	Annual Required Contribution	Percentage Contributed	Annual Pension Cost	Percentage Contributed
2004	$30,459	100%	$30,459	100%
2005	$25,271	100%	$25,271	100%
2006 ***	$15,687	100%	$15,687	100%
2007 ***	$45,229	100%	$45,229	100%
2008 ***	$44,058	100%	$44,058	100%
2009 ***	$44,810	100%	$44,810	100%

**** As of July 1, 2006, the City's fiscal year runs from July 1 to June 30.*

E. Schedule of Funding Progress **

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) – (1)	(4) Funded Ratio (1) ÷ (2)	(5) Covered Payroll	(6) UAAL as % of Covered Payroll (3) ÷ (5)
1/1/2003	$437,282	$592,428	$155,146	73.8%	$66,371	233.8%
1/1/2004	$440,212	$617,501	$177,289	71.3%	$63,274	280.2%
1/1/2005	$444,460	$658,861	$214,401	67.5%	$70,973	302.1%
1/1/2006	$464,368	$817,255	$352,887	56.8%	$73,515	480.0%
1/1/2007	$512,259	$850,886	$338,627	60.2%	$77,168	438.8%
1/1/2008	$596,457	$909,410	$312,953	65.6%	$84,016	372.5%

F. Additional Information

	January 1, 2007	January 1, 2008
Valuation date		
Actuarial cost method	Individual entry age	Individual entry age
Amortization method	Level percent closed	Level percent closed
Remaining amortization period	45 years from 1/1/1979	45 years from 1/1/1979
Asset valuation method	Five-year smoothed market	Five-year smoothed market
Actuarial assumptions:		
Investment rate of return *	7.75%	7.75%
Projected salary increases *	4.00%	4.00%
* Includes inflation at:	3.00%	3.00%
Cost-of-living adjustments	3.00%	3.00%

*** dollar amounts are shown in 000's.*

1. Actuarial Present Value of Accrued Benefits

		As of January 1, 2007	As of January 1, 2008
a.	Vested Benefits:		
	i. Participants currently receiving benefits	$479,121	$524,713
	ii. Other participants	$253,348	$265,747
	iii. Sub-total	$732,469	$790,460
b.	Non-Vested Benefits	$24,222	$22,183
c.	Total Benefits	**$756,691**	**$812,643**
d.	Market Value of Assets	$579,340	$613,615
e.	Funded Ratio	76.56%	75.51%

2. Statement of Change in Actuarial Present Value of Accrued Benefits

a.	Actuarial Present Value as of January 1, 2007	**$756,691**
b.	Increase (Decrease) During 2007 Plan Year Due to:	
	i. Interest	$58,644
	ii. Benefits accumulated	$32,971
	iii. Benefits paid	($35,663)
	iv. Plan amendments	$0
	v. Changes in actuarial assumptions or methods	$0
	vi. Net increase (decrease)	$55,952
c.	Actuarial Present Value as of January 1, 2008	**$812,643**

3. Items Affecting Calculation of Actuarial Present Value of Accrued Benefits

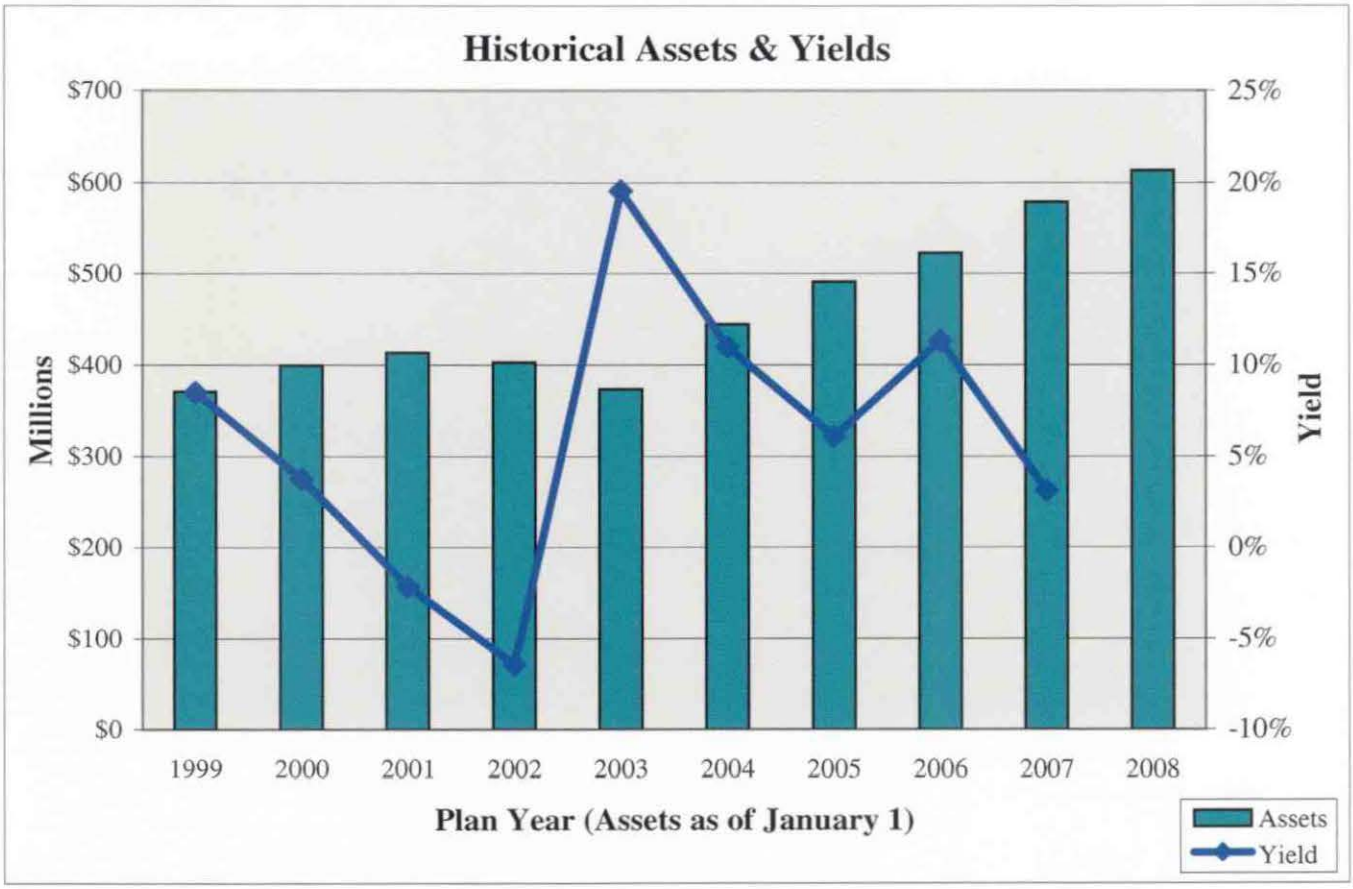
a. Plan provisions reflected in the accrued benefits (see Table XIV on page 18)
b. Actuarial assumptions and methods used to determine present values (see Table XIII on page 16)

	As of January 1, 2007	As of January 1, 2008
1. Market Value of Assets (in 000's)		
a. Cash and cash equivalents (0%)	$14,090	
b. Government bonds & notes (0%)		
c. Corporate bonds (99%)	$556,248	$607,562
d. Equities (0%)		
e. Repurchase agreements (0%)	$0	$0
f. Real estate (0%)	$0	$0
g. Mortgages (0%)	$0	$0
h. Accrued income receivable (0%)	$0	$0
i. Contributions receivable (1%)	$9,002	$6,053
j. Other receivables (0%)	$0	$0
k. Benefits and accounts payable (0%)	$0	$0
l. Other payables (0%)	$0	$0
m. Market value of assets	**$579,340**	**$613,615**
2. Actuarial Value of Assets (in 000's)		
a. Market value of assets	$579,340	$613,615
b. Five-year phase-in of unrealized investment appreciation:		
i. 2003 ($60,222) x 20% =	($12,044)	
ii. 2004 ($40,261) x 40% =	($16,104)	x 20% = ($8,052)
iii. 2005 ($22,416) x 60% =	($13,450)	x 40% = ($8,966)
iv. 2006 ($31,854) x 80% =	($25,483)	x 60% = ($19,112)
v. 2007 $23,715		x 80% = $18,972
vi. Total unrecognized losses(gains)	($67,081)	($17,158)
c. Actuarial Value of Assets (Item a. plus item b., but within an 80-120% corridor of item a.)	**$512,259**	**$596,457**

Note:

The percentages in parentheses indicate the proportion of assets committed to each type of investment as of January 1, 2008.

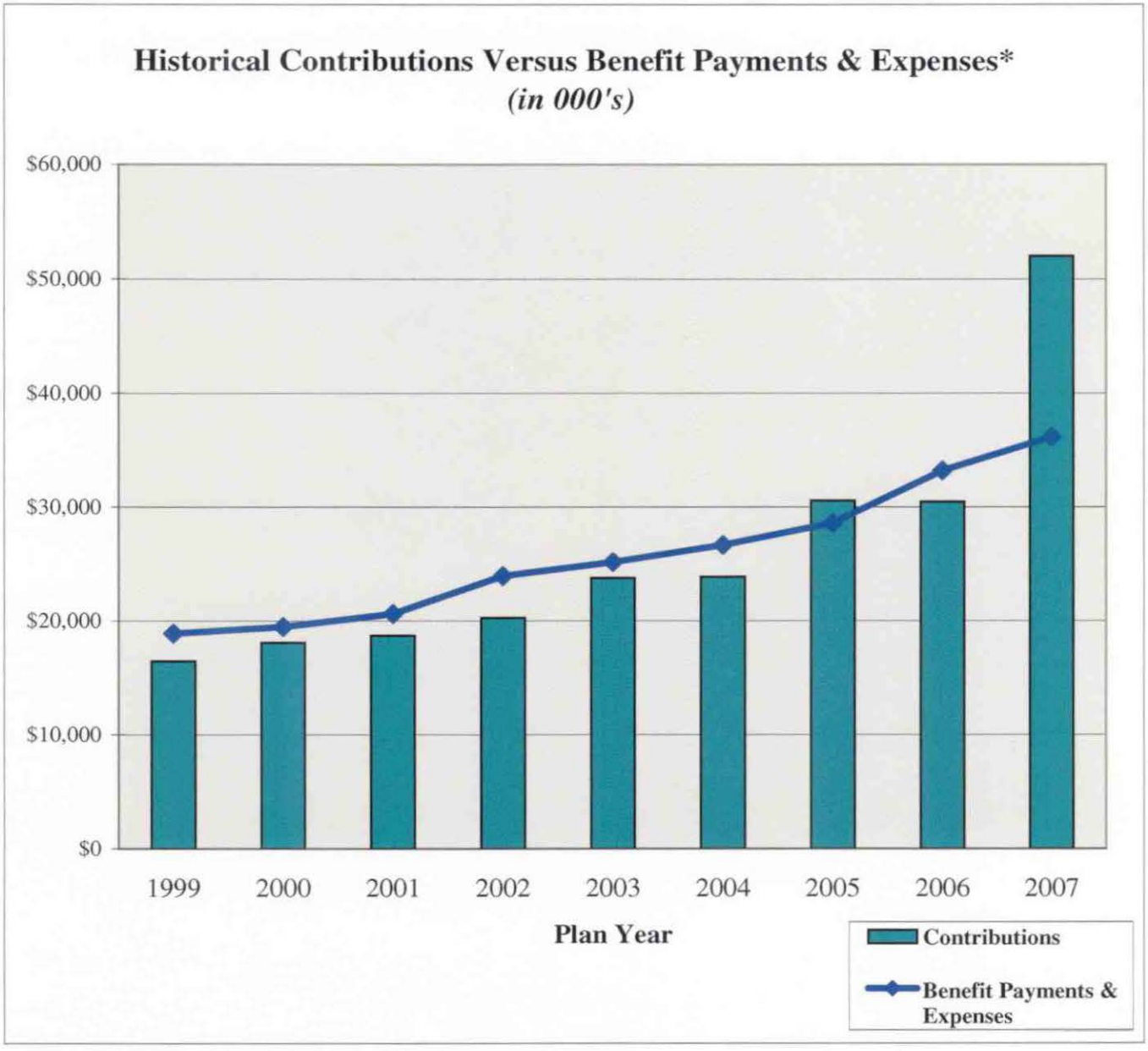
Audited asset information was not available as of the date of this report.



Plan Year	Market Value as of January 1	Actuarial Value as of January 1	Benefit Payments	Expenses	Contributions	Market Value Yield	Actuarial Value Yield
1999	$370,953		$18,555	$359	$16,471	8.49%	
2000	$399,889	$384,083	$18,986	$496	$18,108	3.78%	8.51%
2001	$413,593		$20,020	$611	$18,750	-2.15%	8.51%
2002	$402,836	$448,676	$22,163	$1,769	$20,279	-6.42%	-1.73%
2003	$373,446	$437,282	$24,838	$324	$23,755	19.56%	0.99%
2004	$444,943	$440,212	$26,453	$223	$23,875	11.01%	1.61%
2005	$490,982	$444,460	$28,247	$360	$30,576	6.08%	4.03%
2006	$522,868	$464,368	$32,874	$314	$30,494	11.34%	10.92%
2007	$579,340	$512,259	$35,663	$514	$52,056	3.13%	13.13%
2008	$613,615	$596,457					

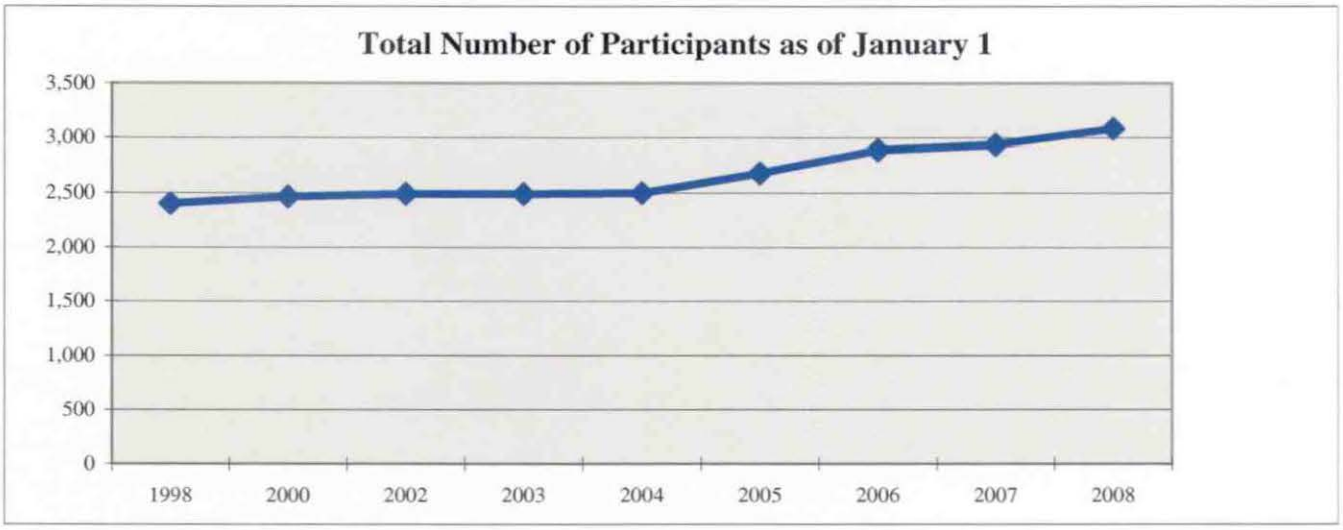
** all dollar amounts are shown in 000's*

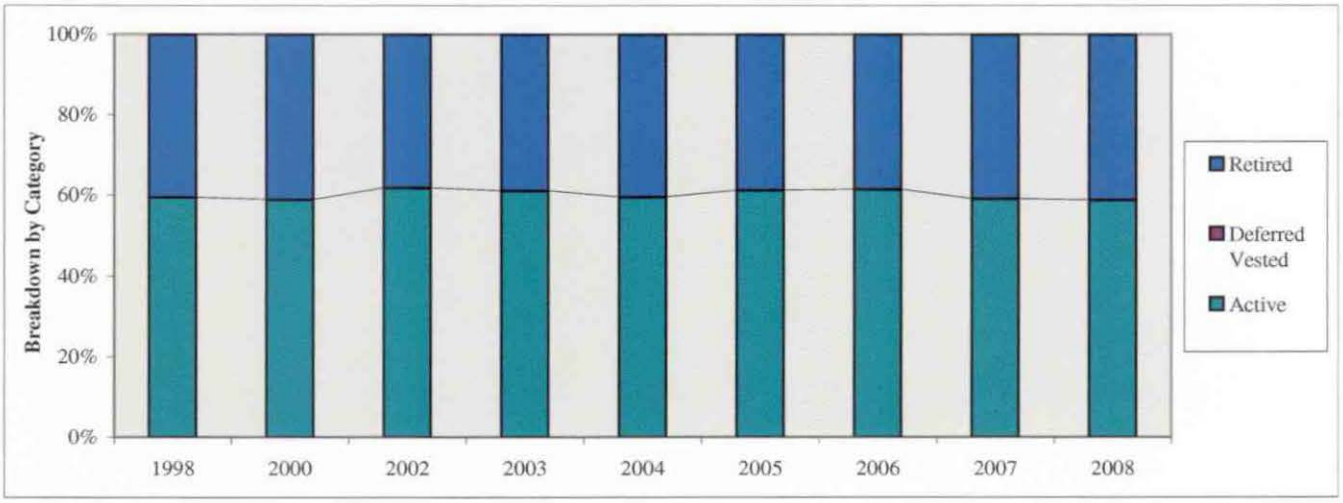
Audited asset information was not available after December 31, 2005.



* *Please reference Table VII on page 10 for the historical benefit payments, expenses, and contributions.*

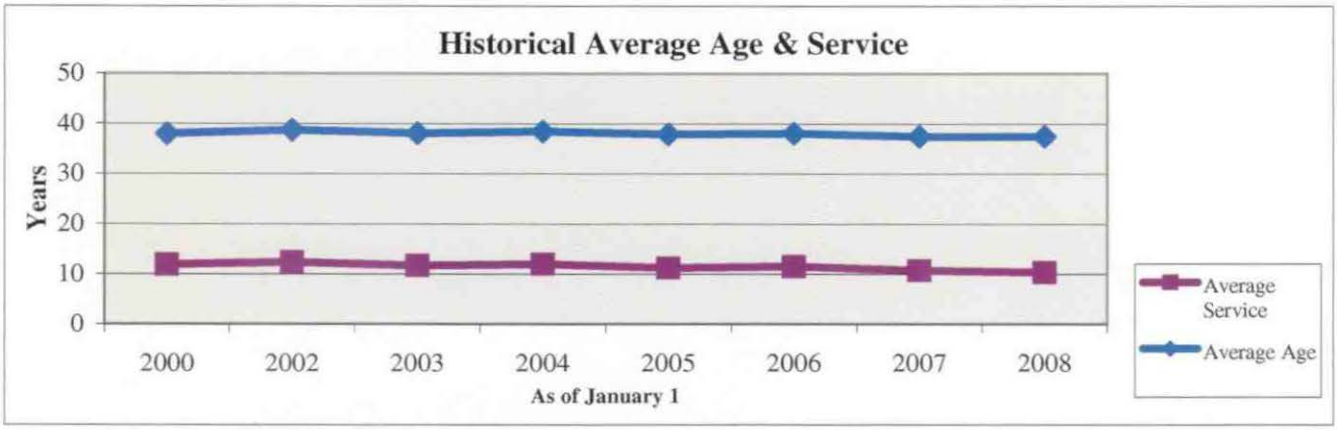
Audited asset information was not available after December 31, 2005.



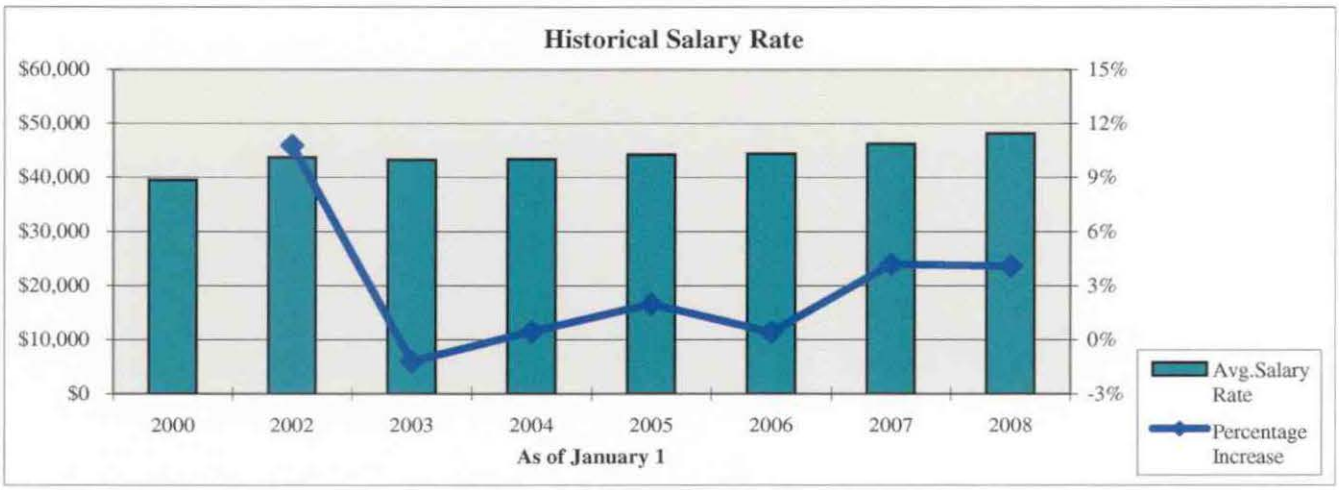


	As of January 1, 2007	As of January 1, 2008
1. Active Participants		
a. Fully Vested	783	819
b. Partially Vested	333	270
c. Non-Vested	619	722
d. Sub-total	**1,735**	**1,811**
2. Deferred Vested Participants *	**0**	**0**
3. Retired Participants		
a. Service Retirement	853	912
b. Disability Retirement	107	108
c. Beneficiaries	244	252
d. Sub-total	**1,204**	**1,272**
4. Total Participants	**2,939**	**3,083**

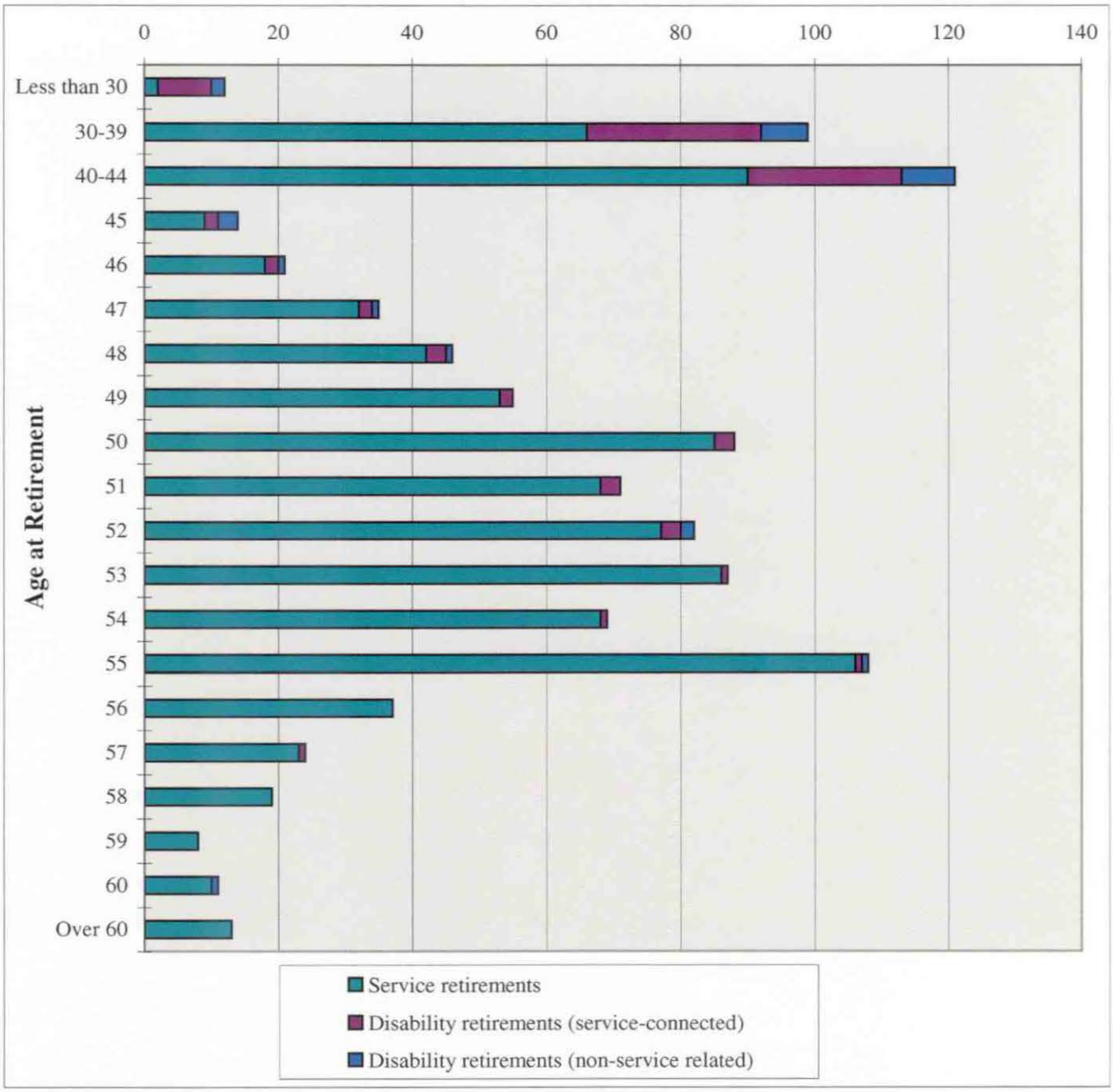
** information concerning deferred vested participants was not readily available*



Date	Average Service Earned	Average Attained Age	Date	Average Service Earned	Average Attained Age
1/1/2000	11.9	38.0	1/1/2005	11.3	37.9
1/1/2002	12.4	38.7	1/1/2006	11.6	38.1
1/1/2003	11.7	38.1	1/1/2007	10.8	37.5
1/1/2004	12.0	38.5	1/1/2008	10.4	37.5



Date	Average Salary Rate	Increase from Prior Year	Date	Average Salary Rate	Increase from Prior Year
1/1/2000	$39,478		1/1/2005	$44,256	1.99%
1/1/2002	$43,729	10.77%	1/1/2006	$44,442	0.42%
1/1/2003	$43,203	-1.20%	1/1/2007	$46,305	4.19%
1/1/2004	$43,394	0.44%	1/1/2008	$48,199	4.09%



Note: Results are based on retiree data as of January 1, 2008.

Average benefit being paid to members on service retirement is $2,879.31 per month.
Average benefit being paid to members on disability retirement is $2,338.90 per month.
Average benefit being paid to beneficiaries is $1,209.05 per month.

Attained Age	Completed Years of Service										
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25	**50**	**43**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**93**
Avg.Pay	28,896	36,671	0	0	0	0	0	0	0	0	32,491
25 to 29	**69**	**216**	**58**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**343**
Avg.Pay	34,166	38,821	41,673	0	0	0	0	0	0	0	38,367
30 to 34	**38**	**121**	**101**	**33**	**0**	**0**	**0**	**0**	**0**	**0**	**293**
Avg.Pay	33,733	39,366	42,900	49,921	0	0	0	0	0	0	41,042
35 to 39	**26**	**60**	**74**	**136**	**50**	**0**	**0**	**0**	**0**	**0**	**346**
Avg.Pay	33,300	39,300	41,734	52,419	55,877	0	0	0	0	0	46,922
40 to 44	**9**	**32**	**23**	**60**	**131**	**56**	**0**	**0**	**0**	**0**	**311**
Avg.Pay	24,767	42,474	40,995	52,764	60,380	63,536	0	0	0	0	55,172
45 to 49	**5**	**7**	**8**	**22**	**59**	**77**	**42**	**0**	**0**	**0**	**220**
Avg.Pay	37,029	44,372	42,124	51,265	59,634	64,319	70,159	0	0	0	60,810
50 to 54	**0**	**1**	**4**	**8**	**23**	**26**	**65**	**3**	**0**	**0**	**130**
Avg.Pay	0	32,929	57,844	53,200	59,941	62,328	64,564	75,313	0	0	62,398
55 to 59	**0**	**1**	**1**	**4**	**2**	**3**	**7**	**7**	**0**	**0**	**25**
Avg.Pay	0	81,461	47,342	56,183	58,738	55,456	62,633	66,369	0	0	61,616
60 to 64	**0**	**0**	**1**	**0**	**0**	**2**	**0**	**1**	**1**	**0**	**5**
Avg.Pay	0	0	195,441	0	0	67,519	0	77,575	58,932	0	93,397
65 to 69	**0**	**0**	**0**	**0**	**0**	**1**	**0**	**0**	**0**	**0**	**1**
Avg.Pay	0	0	0	0	0	69,059	0	0	0	0	69,059
70 & up	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
Total	**197**	**481**	**270**	**263**	**265**	**165**	**114**	**11**	**1**	**0**	**1,767**
Avg.Pay	32,274	39,226	42,934	52,169	59,314	63,646	66,507	69,827	58,932	0	48,199

Note: Dates of birth and hire were not available for 44 participants.

1. Actuarial Cost Method

Individual entry age normal cost method

2. Decrements

- **Mortality**
  Sex-distinct mortality rates set forth in the 1983 Group Annuity Mortality Table

- **Disability**
  50% of the sex-distinct disability rates derived from the 1974 study of disability experience under the Social Security system; 75% of disabilities are assumed to be service-connected. A sample of disability rates is set forth in the following tables:

Male Rates

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	0.0600%	30	0.095%	40	0.198%	50	0.522%
25	0.0745%	35	0.132%	45	0.308%	55	0.909%

Female Rates

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	0.0300%	30	0.077%	40	0.191%	50	0.457%
25	0.0445%	35	0.131%	45	0.290%	55	0.766%

- **Permanent Withdrawal from Active Status**
  Withdrawal rates were derived from a study of actual plan experience covering the period 1982 through 1986. A sample of withdrawal rates is set forth in the following table:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	15.0%	30	7.8%	40	2.30%	50	0.956%
25	11.4%	35	4.9%	45	1.35%	55	0.000%

- **Retirement**
  Retirement is assumed to occur in accordance with the rates set forth in the following table, except that 100% retirement is assumed to occur upon the attainment of 30 years of service:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
45	2%	49	2%	53	10%	57	20%
46	2%	50	2%	54	15%	58	20%
47	2%	51	5%	55	50%	59	20%
48	2%	52	5%	56	50%	60	100%

3. Interest Rate

- **Used for Calculating All Liabilities (including GASB 25/27 liabilities)**
  7.75% per annum

4. Cost-of-Living Adjustment for Retirement Benefits

For purposes of determining the annual cost-of-living adjustment for retirees, the Consumer Price Index is assumed to increase at the rate of 3.00% per year.

5. Salary Increases

Individual salaries have been assumed to increase at the rate of 4.00% compounded annually.

6. Unused Vacation

All participants are assumed to have accumulated 30 days of unused vacation upon termination employment, retirement, or death.

7. Payroll Increase

Total payroll has been assumed to grow at the rate of 4.00% per year for purposes of amortizing the unfunded actuarial accrued liability as a level percentage of payroll.

8. Surviving Beneficiaries

Those active participants who are making the additional 1% employee contribution to provide a survivor benefit to their eligible beneficiaries are assumed to have only one surviving beneficiary of the opposite sex of the employee. Males are assumed to be three years older than females for this purpose.

9. Expenses

All costs and liabilities have been loaded by 1.00% to cover anticipated administrative expenses. In addition, the interest rate set forth in item 3. above is assumed to be net of investment expenses and commissions.

10. Assets

The actuarial value of assets is equal to the market value of assets adjusted to reflect a five-year phase-in of the net investment appreciation (or depreciation).

1. Monthly Accrued Benefit

3% of Average Monthly Earnings multiplied by up to 26.667 years of Creditable Service

2. Normal Retirement Age and Benefit

- **Age**
  Any age with at least 30 years of Creditable Service *(only for participants covered by the '05 Amendment)*; or
  Age 55 with at least 10 years of Creditable Service; or
  Age 65 with at least 5 years of Creditable Service
- **Amount**
  Monthly Accrued Benefit
- **Form of Payment**
  Life annuity *(for those participants without an eligible beneficiary)*; or
  75% joint and contingent annuity *(for those participants with an eligible beneficiary; benefits continue in equal shares to the participant's dependent children upon the death of the participant's spouse or domestic partner or, for participants not covered by the '86 Amendment, upon the remarriage of the participant's spouse or domestic partner)*

  Note: All annuity forms of payment include an automatic cost-of-living adjustment effective each January 1 based on the increase in the Consumer Price Index as of the preceding November 1 and limited to 3%. All annuity forms of payment also provide a minimum payout equal to the employee's accumulated contributions, with interest credited after 1985 at the rate of 5% per year (or less than 5% with respect to any year during which the trust fund earns less than 5% on its investments).

3. Early Retirement Age and Benefit

- **Age**
  Any age with at least 10 years of Creditable Service
- **Amount**
  Monthly Accrued Benefit *(payable at age 55)*; or
  Monthly Accrued Benefit reduced by ½% for each of the first 60 months and by ¼% for each additional month by which the participant's Early Retirement Age precedes age 55 *(payable at Early Retirement Age)*; or
  Monthly Accrued Benefit reduced by ¼% for each month by which the participant's Early Retirement Age precedes age 55 *(payable at Early Retirement Age and only applicable if the participant was hired prior to April 1, 1978 and has earned at least 25 years of Creditable Service)*
- **Form of Payment**
  Same as for Normal Retirement

4. Delayed Retirement Age and Benefit

- **Age**
  After Normal Retirement Age
- **Amount**
  Monthly Accrued Benefit
- **Form of Payment**
  Same as for Normal Retirement

5. Disability Retirement Eligibility and Benefit

- **Eligibility**
  All active participants are eligible if the disability is service-connected;
  At least five years of Creditable Service is required otherwise.
- **Condition**
  The participant must become "totally and permanently disabled" and must remain so disabled until age 55. "Totally and permanently disabled" means the participant is in a continuous state of incapacity due to illness or injury, is prevented from performing his regular assigned or comparable duties during the first 12 months of his disability, and is thereafter prevented from engaging in any occupation for which he is or becomes reasonably qualified by education, training, or experience. With respect to participants who are not covered by the '86 Amendment, the participant must only be prevented from performing his regular assigned or comparable duties during the entire period of his disability.
- **Amount**
  For participants who incur a catastrophic injury in the line of duty:
    100% of the top salary for the grade and position occupied by the participant at the time of disability
  For all other participants who are covered by the '86 Amendment:
    Greater of 50% of Average Monthly Earnings at the time of disability or Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 75% of the participant's salary at the time of disability *(payable until the earlier of recovery from disability or age 55)*; and
    Monthly Accrued Benefit based on Average Monthly Earnings at the time of disability and Creditable Service including the period during which the participant was disabled, but excluding any cost-of-living adjustments that were previously applied to the participant's disability payments *(payable at age 55)*

Disability Retirement Eligibility and Benefit *(continued)*

For all other participants with a service-connected disability:

Greater of 70% of the top salary for the grade and position occupied by the participant at the time of disability or Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 100% of the participant's salary at the time of disability

For all other participants:

Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 100% of the participant's salary at the time of disability

- **Form of Payment**
  Same as for Normal Retirement

6. Deferred Vested Benefit

- **Age**
  Any age with at least five years of Creditable Service
- **Amount**
  Monthly Accrued Benefit multiplied by the participant's Vested Percentage and payable at age 60
- **Form of Payment**
  Same as for Normal Retirement

7. Pre-Retirement Death Benefit

For participants who die in the line of duty and who are covered by the '86 Amendment:

100% of the participant's base salary at the time of his death, offset by worker's compensation or other payments received for line of duty injuries prior to the participant's death *(payable for the first two years after the participant's death)*; and

75% of the Monthly Accrued Benefit *(payable thereafter)*

For all other participants who die in the line of duty:

100% of the participant's base salary at the time of his death, offset by worker's compensation or other payments received for line of duty injuries prior to the participant's death *(payable for the first two years after the participant's death)*; and

75% of the greater of: (a) the Monthly Accrued Benefit, or (b) 70% of the top salary for the grade and position occupied by the participant at his death *(payable thereafter)*

For all other participants:

75% of the Monthly Accrued Benefit

8. Vested Percentage

Retirement benefits become vested in accordance with the following schedule:

Years of Creditable Service	Vested Percentage
Less than five	0%
At least five, but less than six	25%
At least six, but less than seven	30%
At least seven, but less than eight	35%
At least eight, but less than nine	40%
At least nine, but less than 10	45%
At least 10	100%

9. Average Monthly Earnings

The participant's Average Monthly Earnings is equal to: (a) the average of the participant's Base Salary for the highest 36 consecutive months during his period of Creditable Service; plus (b) the difference between the highest and lowest daily rate of pay during such 36-month period multiplied by the days of unused sick leave and divided by 36; plus (c) a credit based on accumulated unused vacation.

10. Base Salary

The employee's basic salary excluding overtime pay and other special compensation; pursuant to IRC section 401(a)(17), total annual plan compensation is limited to $200,000 as indexed.

11. Employee Contribution

All participating employees must make the required pre-tax contribution to the plan. The required contribution is 7% of basic salary for those participants who have an eligible beneficiary for death benefits and 6% of basic salary for all other participants. An eligible beneficiary is the participant's legal spouse, registered domestic partner, or unmarried child under the age of 18 (or under age 23 if a full-time student). The participant must have been married or registered to his legal spouse or domestic partner for at least one year prior to his death in order for such individual to be an eligible beneficiary. *(Prior to March, 1994, the required contribution was 1% higher for all participants and the contribution was made on an after-tax basis.)*

12. Creditable Service

Creditable Service includes "base creditable service" and an "unused sick leave service credit," plus military service as required by federal law. Base creditable service is granted for all periods of full-time employment as a police officer with the City of Atlanta provided that the employee has made the required contribution for such period of service. An unused sick leave service credit is granted by dividing the participant's days of unused sick leave by the number of work days set forth in the following chart:

Years of Base Creditable Service	Work Days
Less than five	239
At least five, but less than 10	236
At least 10, but less than 15	233
At least 15, but less than 20	230
At least 20	226

Creditable Service also includes other service with the City of Atlanta if the relevant contributions are transferred into this plan and may include prior service with the State of Georgia, Fulton County, Dekalb County, or as a teacher in a public school system or private college or university within the State of Georgia if the required contribution is made to the plan.

13. Participation Requirement

All full-time police officers employed by the City of Atlanta are eligible to participate in the plan.

14. Plan Effective Date

April 1, 1978

General Retirement System of the City of Detroit

Financial Report
with Supplemental Information
June 30, 2008

General Retirement System of the City of Detroit

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plante moran

Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Independent Auditor's Report

To the Board of Trustees
General Retirement System
of the City of Detroit

We have audited the accompanying statement of plan net assets of the General Retirement System of the City of Detroit (the "System") as of June 30, 2008 and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the System's 2007 financial statements and, in our report dated December 21, 2007, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the General Retirement System of the City of Detroit as of June 30, 2008 and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and required supplemental information (identified in the table of contents) are not required parts of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

To the Board of Trustees
General Retirement System
of the City of Detroit

As explained in Note 3, the financial statements include investments valued at approximately $1,020,000,000 (29 percent of net assets), whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the investment managers, periodic appraisal, real estate advisors, general partners, or other means.

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the General Retirement System of the City of Detroit's basic financial statements. The accompanying other supplemental information as identified in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The statements included in other supplemental information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

December 10, 2008

Using this Annual Report

This annual report consists of three parts: (1) management's discussion and analysis (this section), (2) basic financial statements, and (3) required and other supplemental information. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by sections of required and other supplemental information that further explain and support the information in the financial statements.

Condensed Financial Information

The table below compares key financial information in a condensed format between the current year and the two prior years:

	Fiscal Year Ended		
	June 30, 2008	June 30, 2007	June 30, 2006
Total assets	$ 3,974,699,052	$ 4,525,950,316	$ 4,145,070,214
Total liabilities	557,931,326	679,938,257	689,990,994
Assets held in trust for pension benefits	**$ 3,416,767,726**	**$ 3,846,012,059**	**$ 3,455,079,220**
Net investment (loss) income	$ (217,055,114)	$ 614,322,130	$ 377,184,751
Contributions:			
Employee	20,358,640	19,438,360	20,462,296
Employer	43,168,448	41,444,808	58,162,088
Total contributions	63,527,088	60,883,168	78,624,384
Benefits paid to members and retirees:			
Retirees' pension and annuity benefits	196,775,146	206,185,678	201,611,854
Member annuity refunds and withdrawals	74,217,378	73,588,557	114,333,813
Total benefits paid	270,992,524	279,774,235	315,945,667
Benefits paid in excess of contributions	(207,465,436)	(218,891,067)	(237,321,283)
Ratio of benefits paid to contributions	4.3	4.6	4.0
Other expenses	4,723,783	4,498,224	3,670,575
Net (decrease) increase in net assets	**$ (429,244,333)**	**$ 390,932,839**	**$ 136,192,893**

Overall Fund Structure and Objectives

The General Retirement System of the City of Detroit (DGRS or the "System") is a defined benefit pension plan and defined contribution plan. DGRS exists to pay benefits to its members. Members of the System include active employees, retirees, and beneficiaries. Active members earn service credit that entitles them to receive benefits in the future. Retirees and beneficiaries are those members currently receiving benefits.

DGRS is a relatively mature plan in that there are more members receiving current benefits than active members. As of June 30, 2008, there were 9,361 active members, 11,420 members receiving benefits, and 2,023 terminated plan members entitled to, but not yet receiving, benefits.

DGRS is governed by a 10-member board of trustees (the "Board"). Five members of the Board are elected by the active membership to serve six-year terms. One member is elected by the retiree membership to serve a two-year term. One member is appointed by the mayor of the City of Detroit from the citizens of the City of Detroit to serve a six-year term. Three members serve ex-officio, these members being the mayor of the City of Detroit (or designee), the city treasurer, and one representative from the Detroit City Council. Expirations of terms of elected trustees are staggered.

Contributions to the System

The City of Detroit (employer) makes regular contributions to the System. The required contributions are determined by the System's actuaries using the entry age normal cost method. Basic pension and disability benefits are funded through employer contributions plus investment earnings on those contributions.

Active employees may voluntarily contribute 0 percent, 3 percent, 5 percent, or 7 percent of gross pay to the System. Employee contributions are maintained in separate accounts in the defined contribution plan (annuity savings fund) solely for the benefit of the contributing employee. After 25 years of service, an active employee may elect to withdraw his or her accumulated contributions plus investment earnings. Upon retirement, an employee may elect to annuitize some or all of his or her annuity savings fund balance, resulting in a greater monthly retirement benefit. Any portion of an employee's annuity savings fund balance which is not annuitized upon retirement is refunded in a lump sum.

In June 2005, the City of Detroit elected to issue pension obligation certificates and contribute approximately $740 million to the System. Since the receipt of this contribution, the total fund composite return has been favorable. DGRS' total investment income attributable to these contributions through the end of the current year has been $200 million in the aggregate or approximately 27 percent of the total contribution amount. Investment income in excess of the actuarial assumed rate (7.9 percent) through the end of the current year has been $11 million or 1.5 percent of the total contribution amount. Investment income in excess of the interest expense incurred by the employer through the end of the current year has been $78 million or 11 percent of the total contribution amount.

Benefit Payments

Benefits are paid monthly. DGRS paid out $271 million in benefits during the year consisting of $197 million in benefits to retirees and beneficiaries plus $74 million in refunds of annuity savings fund balances. This represents approximately 8 percent of the net assets of the System. Employer and employee contributions were $64 million or 2 percent of the net assets of the System. The excess of benefits over contributions ($207 million) are funded through investment income. The public capital markets represent the primary source of opportunities to earn investment income.

Asset Allocation

The Board believes that the principal determinant of total fund investment performance over long periods of time is asset allocation. The DGRS asset allocation is built upon the foundation that the obligations of the System to pay the benefits promised to its members are very long-term obligations. Accordingly, the Board must make investment decisions that it believes will be the most beneficial to the System over many years, not just one or two years. The Board must also balance the desire to achieve long-term gains with the requirements of having to raise the cash to fund significant benefit payments every month.

State statutes impose limitations on what fraction of the total assets of the System may be invested in assets other than government bonds, investment grade bonds, and certain mortgages. Additional restrictions are imposed on what fraction of the total assets of the System may be invested in foreign securities. The Board's asset allocation policies comply with applicable state statutes.

The Board has established asset allocation policies which are expected to deliver more than enough investment income over a very long period of time to satisfy the obligations to pay the benefits promised to the members of the System. The following is a summary of the DGRS asset allocation policy as of June 30, 2008:

Equities	50%
Tactical Asset Allocation	8%
Fixed Income	22%
Real Estate	10%
Alternative Investments	8%
Market Neutral	2%

Investment Results

Returns presented herein have been determined using the AIMR-compliant, time-weighted, GIPS method unless explicitly stated to the contrary. All returns for periods of one year or greater have been annualized.

The Board compares its investment results to those results of other plan sponsors as captured by the Independent Consultants Cooperative (ICC) Universe. The ICC Universe consists of approximately 1,000 plan sponsors which include some 200 public defined benefit systems. The Board considers the public fund segment of the ICC Universe to be its peer group. Relative comparisons of performance to peer group or relative ranking of performance (quartile, median, etc.) contained herein shall refer to the public fund segment of the ICC Universe unless explicitly stated to the contrary. Ranking within peer group is reported on the basis of 1 being best and 99 being worst.

Total Fund Composite

The total fund composite for the year was -4.3 percent. On a relative basis, the System out-performed both the median public fund and its benchmark objective for the year as shown below.

DGRS	-4.3
Benchmark Objective	-4.5
Median Public Fund	-4.4
Peer Group Ranking	47

Although negative returns are disappointing, periods of negative returns are nevertheless inevitable in the context of the System's allocation to equities. This year follows five consecutive years of positive investment returns for the fiscal years ended June 30 as shown below:

2007	18.9%
2006	11.3%
2005	8.3%
2004	15.6%
2003	3.3%

Over longer periods of time, the investment return of DGRS has consistently out-performed its actuarial assumed rate (7.9 percent) and public fund peer group as shown below.

	Trailing 2 Years	Trailing 3 Years	Trailing 4 Years	Trailing 5 Years	Trailing 20 Years
DGRS	6.7%	8.3%	8.5%	9.9%	8.6%
Median Public Fund	5.5%	6.8%	7.4%	8.9%	-
Peer Group Ranking	14	14	19	23	-

The following is a summary of the composite investment performance of the major asset classes:

	Return	Objective	Benchmark
Domestic Equities	-10.5	-12.7	Russell 3000
International Equities	-6.0	-8.8	MSCI EAFE
Tactical Asset Allocation	-10.5	-3.7	Mellon Index
Fixed Income	4.7	7.1	Lehman Aggregate
Real Estate	7.5	9.2	NCREIF Index
Cash	6.2	3.6	90-day T-Bills
Market Neutral	7.7	6.6	90-day T-Bills + 3%
Alternative Investments	-6.6		

Domestic Equities

The domestic equity assets consist of a combination of separately managed accounts and commingled funds. Within the domestic equity composite, 18 percent of the assets are managed using passive strategies designed to replicate the S&P 500 Index with the remaining 82 percent of the assets actively managed. Actively managed domestic equities are distributed among 18 accounts in the styles of large cap growth, large cap value, small cap growth, and small cap value.

The overall domestic equity composite return was -10.5 percent, which out-performed the return of the Russell 3000 index (-12.7 percent) by 220 basis points. The domestic equity composite return ranked well above the median public fund domestic equity composite within the ICC domestic equity universe as shown below:

DGRS Domestic Equity Composite	-10.5
Russell 3000	-12.7
Median Public Fund Domestic Equity Composite	-13.0
Peer Group Ranking	34

The following is a summary of the performance of the domestic equity composite and its major components versus the broad domestic stock market averages:

DGRS Domestic Equity Composite	-10.5%
DGRS Domestic Large Cap Equity Composite	-10.1%
DGRS Domestic Small Cap Equity Composite	-11.3%
S&P 500 Index	-13.1%
Russell 1000 Index	-12.4%
Russell 2000 Index	-16.2%
Russell 3000 Index	-12.7%

International Equities

The international equity composite consists of a combination of separately managed accounts and commingled funds. All of the international equity accounts were actively managed. International equity assets are diversified across established and emerging markets with exposure to both large, mid, and small cap companies.

The following is a summary of the performance of the international equity composite and its major components versus the broad international stock market averages and peer groups:

DGRS International Equity Composite	-6.0%
MSCI World ex. US	-8.8%
Peer Group Ranking	25
Established Market Equity Composite	-10.0%
MSCI EAFE Index	-10.6%
Peer Group Ranking	52

Emerging Market Equity Composite	6.8%
MSCI Emerging Markets Index	4.6%
Peer Group Ranking	16
Small Cap International Composite	-16.2%
Citigroup EMI World ex. US	-14.5%
Peer Group Ranking	93

Tactical Asset Allocation (TAA)

The TAA account consists of a continuously variable combination of domestic and international equities and fixed income. The TAA account manager has the flexibility to allocate the assets among domestic and international equities and fixed income based upon the manager's expectations as to which combination of these asset classes will provide the greatest total return.

The overall TAA return was -10.5 percent. This return ranked in the bottom quartile of the ICC TAA peer group universe. The TAA account underperformed its objective (-3.7 percent) by 680 basis points.

Fixed Income

Substantially all of the System's fixed income assets are actively managed in a combination of separately managed accounts and commingled funds. Accounts within the fixed income composite are diversified among domestic, international, established markets, emerging markets, government, investment grade corporate, mortgage, and high-yield mandates. The following is a summary of the distribution of targeted asset allocation within the fixed income composite as of June 30, 2008:

Domestic composite	73%
Global composite	27%
Domestic core (government, investment grade corporate)	30%
Domestic mortgages	20%
Domestic high yield	23%
Global established markets, investment grade	18%
Global emerging markets	9%

The following is a summary of the performance of the fixed income composite and its major components versus their peer group and the broad fixed income market averages:

Fixed Income Composite	4.7%
Domestic Fixed Income	3.0%
Lehman Aggregate	7.1%
Peer Group Ranking	75
Domestic Core (investment grade)	6.0%
Citigroup Broad Investment Grade	7.8%
Peer Group Ranking	60
Mortgages (privately placed)	10.2%
Actuarial Rate	7.9%
Domestic High Yield	-2.2%
Merrill Lynch High Yield Master Index	-2.0%
Peer Group Ranking	93
Global Core Fixed Income	9.3%
Citigroup World Government Bond Index	17.0%
Peer Group Ranking	63
Emerging Market Debt	9.6%
JP Morgan Emerging Market Bond Index	11.9%
Peer Group Ranking	11

The overall fixed income composite return was adversely impacted by the allocation to corporate bonds, mortgages, and high yield bonds within the domestic fixed income accounts. Credit spreads widened significantly from their historic lows throughout the year, especially for high yield issues. Wider spreads resulted in lower prices which detracted from returns.

The domestic core fixed income composite return was 6.0 percent, which ranked in the third quartile of the ICC domestic investment grade universe. This return was 110 basis points below the return of the Lehman Aggregate (7.1) and 70 basis points below the median public bond fund (6.7). Core fixed income accounts are overweight to mortgages and corporate bonds whose returns were negatively impacted by a rising spread environment.

The mortgage composite consists entirely of privately placed first mortgages secured by commercial real estate, predominately retail and multi-family properties. No mortgage investment had a loan to value greater than 80 percent. DGRS investment guidelines do not permit sub-prime mortgages.

The domestic high yield fixed income composite return was -2.2 percent, which ranked in the bottom quartile of the ICC domestic high yield bond universe. This return was 20 basis points below its objective as measured by the Merrill Lynch High Yield Master (-2.0) and 260 basis points below the median high yield bond fund. Performance of the domestic high yield composite was adversely impacted by the Board's overweight to single-B credit quality issues whose returns were brought down by widening credit spreads. The Board imposes limitations on the amount which the high yield managers may invest in securities rated below B-/B3. These limitations improved performance of the high yield composite relative to the benchmark.

The global core fixed income composite return was 9.3 percent, which ranked in the third quartile of the ICC global core bond universe. This return was well below its objective as measured by the Citigroup World Government Bond Index (17.0 percent) and 160 basis points below the median global bond fund. Most of the global bond holdings are hedged back to the U.S. dollar (base currency). These hedges detracted from performance relative to the benchmark.

The emerging market debt composite return was 9.6 percent, which ranked just below the top decile of the ICC emerging market debt universe. This return was 440 basis points better than its objective as measured by the JP Morgan Emerging Market Bond Index (5.2) and 460 basis points better than the median emerging market bond fund (5.0). Performance of the emerging market debt composite benefited from favorable country and currency allocations.

Real Estate

The DGRS real estate portfolio consists of both separately owned and managed properties as well as investments in real estate investment trusts and real estate commingled funds. The portfolio is broadly diversified by property type and geographic location. Essentially all of the DGRS real estate portfolio is located within the United States.

Approximately 75 percent of the portfolio consists of core property investments with the balance consisting of non-core investments. Core investments are those whose total return is expected to be primarily derived from current income, whereas non-core investments are those whose total return is expected to be primarily derived from appreciation in value. The Board relies on the current income from real estate to defray a disproportionate fraction of the benefits and expenses of the System.

The DGRS real estate composite return for the year was 7.5 percent. This was below the return of the broad domestic real estate market, as measured by the NCREIF Property Index (NPI), which was up 9.2 percent. The following is a summary of the components of the real estate composite return versus the NPI:

	DGRS	NPI
Total Return	7.5	9.2
Income Component	6.2	5.3
Appreciation Component	1.2	3.8

State statutes limit the fraction of the total assets of the System which may be invested in real estate. At June 30, 2008, total market value of real estate assets was $421.6 million.

Cash

During the current year, DGRS paid out approximately $271 million in benefits to its members. This relatively high level of benefit payments necessitates maintaining relatively high cash balances at all times.

DGRS runs its own money market fund to invest not only the cash needed to pay the benefits and expenses of the System, but also the cash balances which accumulate in the managed accounts. The money market fund provides daily liquidity and supports unlimited deposits, withdrawals, and check writing. All cash receipts, disbursements, and movements, as well as the settlements of purchases and sales of securities, are cleared through the money market fund.

The DGRS cash composite return for the year was 6.2 percent. This return ranked in the top decile of the ICC cash management universe. This compares very favorably with three-month U.S. Treasury bills, which returned 3.6 percent. Returns from cash on an absolute basis have been constrained since 2001 by the Federal Reserve Board policy of maintaining relatively low levels of short-term interest rates coupled with a relatively flat and, at times, inverted yield curve.

Market Neutral

Market neutral portfolios are expected to provide a positive absolute return regardless of the direction of the domestic stock market. To provide this positive absolute return, the DGRS market neutral portfolios are constructed to contain essentially equal and offsetting long and short domestic equity positions. The Board looks to its market neutral allocation as a bond substitute with lower expected volatility.

The DGRS market neutral composite returned 7.7 percent for the year. This return ranked just below the top quartile of the ICC market neutral peer group universe. The objective for the performance of the market neutral composite is the investment return of three-month U.S. Treasury bills plus 3 percent per annum. For the current year, the annualized return from three-month U.S. Treasury bills was 3.6 percent, making the market neutral performance objective 6.6 percent. Accordingly, the DGRS market neutral composite exceeded its objective by 90 basis points. The market neutral composite out-performed the median market neutral fund by 50 basis points.

Alternative Investments

Alternative investments are those investments which do not fit into any of the foregoing asset classes. Broad categories of alternative investments include private equity, venture capital, buyouts, mezzanine debt, distressed debt, private placements, and hedge funds. The target asset allocation for alternative investments is 8 percent of total system assets. The target asset allocation within the alternative investment asset class is 50 percent (4 percent of total System assets) to absolute return strategies (hedge funds) and 50 percent to all other assets. The Board utilizes a retained consultant to evaluate and monitor alternative investments.

The return from the alternative investment portfolio was -6.6 percent for the year. Investment performance was impaired by substantial write-downs on existing non-performing investments. These write-downs totaled approximately 12 percent of the total value of alternative investments.

State statutes impose limitations on what fraction of the total assets of the System may be invested in assets other than publicly traded equities, government bonds, investment grade bonds, real estate, and certain mortgages (basket clause assets) to 15 percent. Basket clause assets include high yield bonds. At June 30, 2008, the total market value of basket clause assets was $519.1 million, which represented 15.0 percent of the total assets of the System.

Liabilities

Liabilities shown in the financial statements consist of accounts payable and liabilities pursuant to securities lending. Accounts payable consist of those amounts payable for goods and services purchased to operate the System plus the trade settlement amounts for securities purchases having a settlement date which occurred after the fiscal year end. Liabilities related to securities lending are discussed in the following section.

Securities Lending

The System participates in a securities lending program. The master securities custodian acts as the exclusive agent of the System. The agent fully indemnifies the System against borrower default in compliance with state statutes. At year end, the market value of securities on loan was approximately $410 million.

When a security is placed on loan, the System receives cash collateral in an amount not less than 102 percent of the market value of the securities loaned. Loans are marked-to-market daily. Cash collateral is invested by the agent in a separately managed account. Borrowers receive a daily interest rebate on the cash collateral provided to the agent. Earnings from securities lending is the difference or spread between the earnings on the cash collateral and the interest rebate paid to the borrower.

The market value of the collateral invested is carried as an asset and the amount of collateral repayable to the borrower upon return of the securities from loan is carried as a liability in the financial statements. Investments are high quality fixed income and either floating rate or very short-term fixed-rate instruments. Minimum credit quality is A1/P1. Accordingly, the carrying values of the securities lending assets and liabilities are equal, plus, or minus a diminimis amount.

After the close of the fiscal year, Lehman Brothers filed for bankruptcy protection. At June 30, 2008, the System owned in its securities lending collateral reinvestment account approximately $26 million cost basis of Lehman senior unsecured notes. These securities have since traded below 25 cents on the dollar. The securities lending and collateral management agent has offered to cover some of the potential losses attributable to these securities.

Contacting the General Retirement System's Management

This financial report is intended to provide a general overview of the System's finances and investment results in relation to actuarial projections. It shows the System's accountability for the money it receives from city and employee contributions. If you have questions about this report or need additional information, we welcome you to contact the System's offices.

General Retirement System of the City of Detroit

Statement of Plan Net Assets
June 30, 2008
(with comparative totals for June 30, 2007)

	2008	2007
Assets		
Cash (Note 3)	$ 10,939,147	$ 15,414,839
Investments - At fair value (Note 3):		
Short-term investments	93,461,283	93,306,133
Stocks	1,206,707,654	1,577,298,085
Commingled equity funds	725,001,574	888,360,742
Bonds	345,171,018	375,357,794
Mortgage-backed securities	71,436,082	95,275,069
Pooled investments	26,165,360	211,980,673
Equity interest in real estate	458,232,023	84,495,722
Private placements	369,270,586	456,557,446
Mortgage and construction loans	166,277,904	92,345,980
Accrued investment income	13,561,485	14,317,270
Contributions receivable	14,507,751	24,521,431
Receivables from investment sales	48,650,292	51,797,263
Other accounts receivable	541,847	473,054
Capital assets (Note 1)	433,197	422,237
Cash and investments held as collateral for securities lending (Note 3):		
Asset-backed securities	69,811,379	135,469,767
Bank notes	75,153,148	58,000,000
Certificates of deposit floating rate	60,046,989	148,966,910
Money market	52,049,785	81,622,000
U.S. corporate floating rate	167,280,548	119,967,468
Total assets	3,974,699,052	4,525,949,883
Liabilities		
Payables for investment purchases	94,700,599	83,174,040
Claims payable to retirees and beneficiaries	2,857,635	5,219,683
Due to City of Detroit	2,393,223	3,103,995
Other liabilities	33,638,020	44,413,961
Amounts due broker under securities lending agreement	424,341,849	544,026,145
Total liabilities	557,931,326	679,937,824
Net Assets Held in Trust for Pension Benefits (a schedule of analysis of funding progress is presented in the required supplemental information)	**$ 3,416,767,726**	**$ 3,846,012,059**

The Notes to Financial Statements are an Integral Part of this Statement.

General Retirement System of the City of Detroit

Statement of Changes in Plan Net Assets
Year Ended June 30, 2008
(with comparative totals for the year ended June 30, 2007)

	2008	2007
Additions		
Investment income:		
Interest and dividend income	$ 126,921,518	$ 143,195,858
Net (depreciation) appreciation in fair value	(332,122,071)	487,316,994
Investment expense	(15,306,262)	(18,264,142)
Securities lending income	2,535,736	1,432,857
Other income	915,965	640,563
Net investment (loss) income	(217,055,114)	614,322,130
Contributions:		
Employee	20,358,640	19,438,360
Employer	43,168,448	41,444,808
Total additions	(153,528,026)	675,205,298
Deductions		
Retirees' pension and annuity benefits	196,775,146	206,185,678
Member refunds and withdrawals	74,217,378	73,588,557
General and administrative expenses	4,620,015	4,396,594
Depreciation expense	103,768	101,630
Total deductions	275,716,307	284,272,459
Net (Decrease) Increase in Net Assets Held in Trust for Pension Benefits	(429,244,333)	390,932,839
Net Assets Held in Trust for Pension Benefits - Beginning of year	3,846,012,059	3,455,079,220
Net Assets Held in Trust for Pension Benefits - End of year	**$ 3,416,767,726**	**$ 3,846,012,059**

The Notes to Financial Statements are an Integral Part of this Statement.

Note 1 - Summary of Significant Accounting Policies

The City of Detroit (the "City") sponsors the General Retirement System of the City of Detroit (the "System"), which is a contributory single-employer retirement plan. The System, which is administered by the System's board of trustees, is comprised of a defined benefit plan and a defined contribution plan. The plan provides retirement, disability, and survivor benefits to plan members and beneficiaries.

The General Retirement System of the City of Detroit is an independent trust qualified under applicable provisions of the Internal Revenue Code and is an independent entity (separate and distinct from the employer/plan sponsor) as required by (1) state law and (2) Internal Revenue Code provisions setting forth qualified plan status. The trustees of the plan have fiduciary obligations and legal liability for any violations of fiduciary duties as independent trustees.

Reporting Entity - The financial statements of the System are also included in the combined financial statements of the City of Detroit as a Pension Trust Fund. The assets of the Pension Trust Fund include no securities of or loans to the City or any other related party.

Basis of Accounting - The General Retirement System of the City of Detroit's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Methods Used to Value Investments - Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market value are reported at estimated fair value as determined by the System's management. Approximately 29 percent of the System's assets are not publicly traded and, therefore, do not always have a readily determinable market value.

Capital Assets - Capital assets for the System represent office equipment and furniture. Depreciation expense is calculated by allocating the net cost of the assets over their estimated useful lives.

Note 1 - Summary of Significant Accounting Policies (Continued)

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure.

Note 2 - Plan Description and Contribution Information

At June 30, 2008, the membership of the defined benefit plan and the defined contribution plan consisted of the following:

	Defined Benefit Plan	Defined Contribution Plan
Retirees and beneficiaries receiving pension benefits	11,420	1,381
Terminated plan members entitled to but not yet receiving benefits	2,023	1,244
Active plan members	9,361	8,212

Plan Description - The System provides retirement benefits, as well as survivor and disability benefits. Employees may receive cost of living adjustments as a percentage of their base amount, pursuant to the collective bargaining agreement in effect at their date of retirement. The obligation to contribute to and maintain the System was established by City Charter and negotiation with the employees' collective bargaining units.

Contributions - The City's policy is to fund normal costs and amortization of prior service costs. The City is required to contribute at an actuarially determined rate. Administrative costs are financed through investment earnings. The contribution rate for 2007-2008 and 2006-2007 was 10.21 percent and 11.06 percent, respectively, of active annual payroll, in addition to a portion being funded from the use of pension obligation certificate proceeds received during 2005. The System's actuary has computed the portion of the total required contribution that is funded through the certificate proceeds. This amount is transferred from the Accrued Liability Reserve Fund to the Pension Reserve Fund. Contributions from the employer for the years ended June 30, 2008 and 2007 totaled $43,168,448 and $41,444,808, respectively.

Note 2 - Plan Description and Contribution Information (Continued)

Employees may also elect to contribute (a) 0 percent, (b) 3 percent of annual compensation up to the Social Security wage base and 5 percent of any excess over that, (c) 5 percent, or (d) 7 percent toward annuity savings. Contributions from employees during the years ended June 30, 2008 and 2007 totaled $20,358,640 and $19,438,360, respectively.

The contribution requirements of plan members and the City of Detroit are established and may be amended by the boards of trustees in accordance with the City Charter, union contracts, and plan provisions.

Annual Pension Costs - The annual contribution for the year ended June 30, 2008 was $43,168,448. The annual contribution was determined as part of an actuarial valuation at June 30, 2006, using the entry age cost method. Significant actuarial assumptions used include (a) a 7.9 percent investment rate of return, (b) projected salary increases of 4.0 percent per year, (c) additional salary increases of 0 percent to 5.5 percent per year based on merit and/or longevity, and (d) cost of living adjustments of 2.25 percent per year. Both (a) and (b) are determined to be using techniques that smooth the effects of short-term volatility over a three-year period. The unfunded actuarial liability is being amortized as a level of percent of payroll on an open basis. The remaining amortization period is 30 years.

Funded Status and Funding Progress - As of June 30, 2007, the most recent actuarial valuation date, the plan was 98.8 percent funded. The actuarial accrued liability for benefits was $3,629,217,059 and the actuarial value of assets was $3,586,550,485, resulting in an unfunded actuarial accrued liability of $42,666,574. The covered payroll (annual payroll for active employees covered by the plan) was $361,701,481 and the ratio for the unfunded actuarial accrued liability to the covered payroll was 11.8 percent.

The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan net assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 2 - Plan Description and Contribution Information (Continued)

Three-year trend information as of June 30 is as follows:

	Fiscal Year Ended June 30		
	2006	2007	2008
Annual Pension Costs (APC)	$ 58,162,088	$ 41,444,808	$ 43,168,448
Percentage of APC contributed	100%	100%	100%
Net pension obligation	$ -	$ -	$ -

See Note 4 for disclosure of required reserves.

Note 3 - Deposits and Investments

The System is authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles. The investment policy adopted by the board is in accordance with Public Act 196 of 1997 and has authorized the investments according to Michigan Public Act 314. The System's deposits and investment policies are in accordance with statutory authority other than real estate asset balances being in excess of statutory limits by approximately 3.4 percent.

Declines in Investment Values - Subsequent to year end, the fair value of the Company's investment portfolio declined by approximately $645,000,000, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

The System invests in various investment securities. Investment securities are exposed to various risks such as interest rate risks, market, credit risks, and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in near term and such changes could materially affect the amounts reported on the statement of changes in plan net assets. The System's cash and investments are subject to several types of risk, which are examined in more detail below:

Note 3 - Deposits and Investments (Continued)

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank's failure, the System's deposits may not be returned to it. The System does not have a deposit policy for custodial credit risk. At June 30, 2008 and 2007, the System had $10,839,147 and $4,765,398, respectively, of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The System believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the System evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The System's investment policy does not restrict investment maturities. At June 30, 2008, the average maturities of investments broken down by years are as follows:

		Investment Maturities (in years)			
Investment Type	Fair Value ($000)	Less than 1	1-5	6-10	More than 10
U.S. government	$ 79,974	$ 7,997	$ 25,400	$ 23,201	$ 23,376
Mortgage backed	79,090	252	885	1,922	76,031
Corporate	227,477	4,352	83,441	78,460	61,224
Other fixed income	34,928	268	11,114	19,778	3,769
Convertible bonds	426	-	-	426	-
Pooled and mutual funds**	155,759	10	-	-	-
Government agencies	6,936	6,824	-	-	112
Commingled bond funds**	90	-	-	-	-
Mortgages	111,308	13,612	69,108	28,588	-
Construction loans	68,790	60,693	8,097	-	-
Total	$ 764,778	$ 94,008	$ 198,045	$ 152,375	$ 164,512

Note 3 - Deposits and Investments (Continued)

At June 30, 2007, the average maturities of investments broken down by years are as follows:

		Investment Maturities (in years)			
Investment Type	Fair Value ($000)	Less than 1	1-5	6-10	More than 10
U.S. government	$ 135,468	$ 24,107	$ 42,342	$ 44,380	$ 24,639
Mortgage backed	79,125	-	1,283	4,830	73,012
Collateralized mortgage obligations	16,432	-	622	2,802	13,008
Corporate	208,183	12,407	66,310	86,761	42,705
Other fixed income	46,426	-	7,675	31,848	6,903
Convertible investments	611	-	-	611	-
Commingled bond funds	163	163	-	-	-
Pooled and mutual funds**	120,756	10	-	-	-
Mortgages	65,401	24,064	27,337	14,000	-
Total	$ 672,565	$ 60,751	$ 145,569	$ 185,232	$ 160,267

** Not all pooled and mutual funds and commingled funds are subject to interest rate risk.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The System has no investment policy that would further limit its investment choices. As of June 30, 2008, the credit quality ratings of debt securities (other than that guaranteed by the U.S. government) as rated by S&P are as follows:

Investment Type and Fair Value ($000)	AAA	AA	A	BBB	BB
U.S. government	$ 29,844	$ -	$ 13,216	$ 3,359	$ 801
Mortgage backed	3,554	392	-	-	-
Corporate	42,053	8,886	15,934	29,604	40,209
Other fixed income	963	2,340	1,779	44,710	8,150
Convertible bonds	-	-	-	-	426
Commingled bond funds	-	-	-	-	-
Government agencies	-	-	-	-	-
State and local obligations	-	-	-	112	-
Pooled and mutual funds	-	-	-	-	-
Mortgages	-	-	-	-	-
Construction loans	-	-	-	-	-
Total	$ 76,414	$ 11,618	$ 30,929	$ 77,785	$ 49,586

Note 3 - Deposits and Investments (Continued)

Investment Type and Fair Value ($000)	B	CCC and Below	A-1	NR
U.S. government	$ -	$ -	$ -	$ 4,528
Mortgage backed	-	-	-	2,311
Corporate	70,763	12,916	-	6,857
Other fixed income	12,557	3,361	-	593
Convertible bonds	-	-	-	-
Commingled bond funds	-	-	-	90
Government agencies	-	-	6,824	-
State and local obligations	-	-	6,593	-
Pooled and mutual funds	-	-	-	155,759
Mortgages	-	-	-	111,308
Construction loans	-	-	-	68,790
Total	$ 83,320	$ 16,277	$ 13,417	$ 350,236

As of June 30, 2007, the credit quality ratings of debt securities (other than that guaranteed by the U.S. government) as rated by S&P are as follows:

Investment Type and Fair Value ($000)	AAA	AA	A	BBB	BB
U.S. government	$ 66,057	$ -	$ 13,103	$ -	$ 5,144
Mortgage backed	32,722	2,376	5,957	22,898	32,914
Corporate	927	663	3,737	3,459	6,891
Commingled bond funds	-	-	-	-	-
Other fixed income	-	-	-	-	-
Agencies	-	-	-	-	-
Pooled and mutual funds	-	-	-	-	-
Mortgages	-	-	-	-	-
Construction loans	-	-	-	-	-
Total	$ 99,706	$ 3,039	$ 22,797	$ 26,357	$ 44,949

Investment Type and Fair Value ($000)	B	CCC and Below	A-1	NR
U.S. government	$ -	$ -	$ -	$ 4,945
Mortgage backed	-	-	-	-
Corporate	75,907	17,243	169	17,913
Commingled bond funds	-	-	-	163
Other fixed income	20,604	8,325	-	1,820
Agencies	548	-	-	63
Pooled and mutual funds	-	-	-	120,756
Mortgages	-	-	-	65,400
Construction loans	-	-	-	26,945
Total	$ 97,059	$ 25,568	$ 169	$ 238,005

Note 3 - Deposits and Investments (Continued)

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. The System does not restrict the amount of investments in foreign currency. For the year ended June 30, 2008, the following deposits and securities are subject to foreign currency risk (in $000):

	Fixed Income	Equity	Cash Equivalent	Cash
Australian dollar	$ 8,174	$ 16,900	$ 22,985	$ 1,014
Brazilian real	3,359	617	-	12
British pound sterling	4,777	60,757	60,921	(378)
Bulgarian lev	-	1,614	-	116
Canadian dollar	2,194	11,273	(7,393)	1,544
Czech koruna	-	3,069	(864)	-
Danish krone	-	3,828	-	(203)
Euro currency	-	94,466	(141,682)	4,901
Hong Kong dollar	-	5,154	-	797
Hryvnia	-	1,919	-	3
Hungarian forint	-	4,083	(733)	2
Iceland krona	1,550	-	-	-
Indonesian rupiah	1,641	79	-	40
Israeli shekel	-	6	-	-
Japanese yen	-	50,082	32,810	1,598
Kroon	-	17	-	-
Malaysian ringgit	5,030	-	-	1
Mexican Nuevo peso	3,549	1,048	(768)	-
New Romanian leu	-	1,824	-	-
New Taiwan dollar	-	332	-	448
New Zealand dollar	3,013	223	(25,477)	-
Norwegian krone	954	9,053	49,557	514
New Turkish lira	-	27	1,186	(4)
Philippines peso	-	-	-	1
Polish zloty	4,220	5,192	(1,825)	1
Renminbi yuan	-	390	-	-
Russian new ruble	-	2,993	-	5
Singapore dollar	4,570	3,233	-	221
South African rand	2,815	-	-	1
South Korean won	-	344	-	-
Swedish krona	2,820	2,919	41,993	18
Swiss franc	-	20,190	6,947	(93)
Thai baht	-	-	-	103
Total	$ 48,666	$ 301,632	$ 37,657	$ 10,662

Note 3 - Deposits and Investments (Continued)

For the year ended June 30, 2007, the following deposits and securities are subject to foreign currency risk (in $000):

	Fixed Income	Equity	Cash Equivalent	Cash
Australian dollar	$ 8,104	$ 19,909	$ -	$ 501
Brazilian real	3,677	260	-	188
British pound sterling	5,106	72,457	-	(40)
Bulgarian lev	-	650	-	-
Canadian dollar	3,884	10,446	-	107
Cyprus pound	-	1,634	-	-
Czech koruna	-	2,828	-	91
Danish krone	-	2,384	-	182
Euro currency	8,753	146,785	205	3,619
Hong Kong dollar	-	9,335	-	365
Hryvnia	-	1,367	-	-
Hungarian forint	-	6,233	-	145
Indonesian rupiah	2,391	105	-	37
Japanese yen	-	61,503	-	3,744
Malaysian ringgit	3,741	-	-	1
Mexican Nuevo peso	3,509	882	-	-
New Romanian leu	-	1,145	-	-
New Taiwan dollar	-	1,412	-	94
New Zealand dollar	2,110	317	-	637
Norwegian krone	-	11,036	-	19
New Turkish lira	-	1,842	-	114
Philippines peso	-	29	-	1
Polish zloty	5,361	7,648	-	(9)
Renminbi yuan	-	1,391	-	-
Russian new ruble	-	3,044	-	-
Singapore dollar	5,210	2,196	-	194
South African rand	3,628	-	-	1
South Korean won	-	1,868	-	(11)
Swedish krona	2,881	12,651	-	53
Swiss franc	-	26,079	-	54
Thai baht	-	221	-	168
Total	$ 58,355	$ 407,657	$ 205	$ 10,255

Note 3 - Deposits and Investments (Continued)

As permitted by state statutes and under the provisions of a securities lending authorization agreement, the System lends securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The System's custodial bank manages the securities lending program and receives cash, government securities, or irrevocable bank letters of credit as collateral. The custodial bank does not have the ability to pledge or sell collateral securities unless the borrower defaults. Borrowers are required to deliver collateral for each loan equal to not less than 102 percent of the market value of the loaned securities.

The System did not impose any restrictions during the fiscal year on the amount of loans made on its behalf by the custodial bank. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or custodial bank.

The System and the borrower maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in a separate account with the cash collateral of other lenders in an investment pool. The average duration of this investment pool as of June 30, 2008 was 26 days. Because the loans are terminable on demand, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2008, the System had no credit risk exposure to borrowers. The collateral held and the fair market value of the underlying securities on loan for the System as of June 30, 2008 was $424,341,849 and $409,154,657, respectively.

Securities Lent	Underlying Securities
U.S. government and agencies	$ 13,406,117
U.S. corporate fixed income	27,040,548
U.S. equities	352,233,542
Non-U.S. governments	3,429,189
Non-U.S. equities	13,045,261
Total	$ 409,154,657

Note 3 - Deposits and Investments (Continued)

The fair market value of collateral of the securities lending at June 30, 2008 was $424,341,849. The investments were in asset-backed securities, bank notes, certificate of deposits (floating rate), non-U.S. government, and U.S. corporate securities (floating rate). At June 30, 2008, the System had approximately $26,000,000 in unsecured notes with Lehman Brothers under the securities lending agreement. Subsequent to year end, Lehman Brothers applied for bankruptcy. As of this date, the approximate loss on the transaction is unknown as the case is now in bankruptcy court. The securities lending agent has agreed to make up a fraction of the losses after the completion of bankruptcy court.

The following represents the balances relating to the securities lending transactions as of June 30, 2007; investments are reported at fair value:

Securities Lent	Underlying Securities
U.S. government and agencies	$ 43,974,744
U.S. corporate fixed income	33,012,681
U.S. equities	425,661,531
Non-U.S. governments	7,074,526
Non-U.S. equities	18,361,264
Total	$ 528,084,746

The fair market value of collateral of the securities lending at June 30, 2007 was $544,026,145. The investments were in asset-backed securities, bank notes, certificate of deposits (floating rate), mutual funds, and U.S. corporate securities (floating rate).

Note 4 - Reserves

State law requires employee contributions to be segregated. In addition, amounts must be set aside as determined by the actuary to fund benefits to retirees currently approved to receive benefits. As of June 30, 2008 and 2007, the System's reserves have been fully funded as follows:

	2008	2007
Reserved for employee contributions	$ 732,670,998	$ 733,143,529
Reserved for retired employees	1,806,331,183	1,753,886,419

Note 4 - Reserves (Continued)

A statement of changes in plan net assets by fund is included in the other supplemental information.

Note 5 - Pension Obligation Certificates

In June 2005, the City of Detroit issued $1,440,000,000 of pension obligation certificates to provide funding for the unfunded actuarially accrued liability (UAAL) of both the General Retirement System of the City of Detroit and the Police and Fire Retirement System of the City of Detroit. The pension obligation certificate proceeds were used to fund the combined liability of both plans that existed at June 30, 2003. Any future UAAL that may arise will continue to be paid by the City, as well as the annual normal cost. The proceeds of the pension obligation certificates were deposited into the System and are accounted for in the Accrued Liability Fund (Pension Obligation Certificate) Reserve. Approximately $740,000,000 was deposited into the General Retirement System of the City of Detroit and approximately $630,000,000 was deposited into the Police and Fire Retirement System of the City of Detroit, net of issuance costs and premiums. On an annual basis, funds will be transferred from the Accrued Liability Fund reserve to the pension accumulation reserve on the advice of the actuary. The Accrued Liability Fund was credited with investment earnings commensurate with the overall earnings of the System.

Note 6 - Credit Enhancement Agreements

During the year, the System had credit enhancement agreements totaling $73,176,000. In exchange for the credit enhancement, the System receives fees from the companies to whom the enhancement agreements have been given.

In addition, subsequent to year end, the System has pledged as collateral approximately $107 million to secure the System's obligation under an additional credit enhancement agreement.

Required Supplemental Information

General Retirement System of the City of Detroit

Required Supplemental Information
Schedule of Analysis of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
06/30/02	$ 2,761,203,680	$ 3,276,591,209	$ 515,387,529	84.3	$ 440,680,045	117.0
06/30/03	2,537,668,376	3,270,627,177	732,958,801	77.6	448,579,064	163.4
06/30/04	2,470,243,470	3,383,926,672	913,683,202	73.0	444,596,299	205.5
06/30/05	3,222,393,861	3,347,387,652	124,993,791	96.3	390,593,600	32.0
06/30/06	3,373,687,677	3,434,288,153	60,600,476	98.2	361,151,456	16.8
06/30/07	3,586,550,485	3,629,217,059	42,666,574	98.8	361,701,481	11.8

General Retirement System of the City of Detroit

Required Supplemental Information
Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Contribution Made	Percentage Contributed	Transfer from Accrued Liability Reserve*
2003	$ 72,859,246	$ 72,859,246	100	$ -
2004	95,876,076	95,876,076	100	-
2005	41,689,528	41,689,528	100	64,807,084
2006	42,799,581	58,162,088	135	32,651,232
2007	41,444,808	41,444,808	100	39,840,591
2008	43,168,448	43,168,448	100	40,430,886

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of June 30, 2007, the latest actuarial valuation, follows:

Valuation date	June 30, 2007
Actuarial cost method	Entry age
Amortization method	Level percent
Remaining amortization period	30 years
Asset valuation method	Three-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.9%
Projected salary increases	4.0%-9.5%
Includes inflation at	4.0%
Cost of living adjustments	2.25%

* In accordance with the pension obligation certificate requirements, annual transfers are made from the Accrued Liability Fund to the Pension Accumulation Reserve for the amortization of the unfunded liability that existed at the date the certificates were issued.

Other Supplemental Information

Annuity Savings Fund - This fund represents cumulative required and voluntary contributions made by the active employees plus accumulated interest.

Annuity Reserve Fund - Transfers are made from the Annuity Savings Fund into the Annuity Reserve Fund when an employee retires, becomes disabled, or if a surviving spouse elects an annuity rather than a lump-sum payout of accumulated employee contributions.

Both annuity funds are referred to as defined contribution plans.

Market Stabilization Fund - This fund represents designations from the plans' investment income (loss) to be used to cushion the market value adjustments within the other funds. The boards of trustees authorized the creation of this fund, and the reserve amounts are calculated using a three-year average method.

Accrued Liability Reserve Fund - This fund originated during June 2005 when the City issued pension obligation certificates to fund the unfunded actuarial accrued liability that existed at June 30, 2003 (subject UAAL). On an annual basis, the actuary will inform the System of the amount to transfer from the Accrued Liability Reserve to the Pension Accumulation Fund in lieu of contributions from the City for the subject UAAL.

Pension Accumulation Fund - This fund represents accumulated City contributions to the pension system for the payment of pensions and other benefits to future retirees. Additionally, pre-employment military service credit contributions are captured in this fund.

Pension Reserve Fund - This fund represents funded pension benefits available for retired members and is funded by actuarially determined transfers from the Pension Accumulation Fund.

	Annuity Reserves	
	Annuity Savings Fund	Annuity Reserve Fund
Additions		
Net investment income	$ 55,704,018	$ 3,195,100
Contributions:		
Employee	20,339,030	-
Employer	-	-
Total additions	76,043,048	3,195,100
Deductions		
Retirees' pension and annuity benefits	-	5,424,733
General and administrative expenses	-	-
Depreciation expense	-	-
Member refunds and withdrawals	73,127,536	-
Total deductions	73,127,536	5,424,733
Net Additions (Deductions) - Before transfers	2,915,512	(2,229,633)
Transfers - Net	(3,388,043)	5,205,953
Net Increase (Decrease) in Net Assets Held in Trust for Pension Benefits	(472,531)	2,976,320
Net Assets Held in Trust for Pension Benefits - Beginning of year	733,143,529	42,997,446
Net Assets Held in Trust for Pension Benefits - End of year	**$ 732,670,998**	**$ 45,973,766**

Other Supplemental Information
Statement of Changes in Plan Net Assets by Fund
Year Ended June 30, 2008
(with comparative totals for the year ended June 30, 2007)

Market Stabilization Fund	Accrued Liability Reserve Fund	Pension Reserves: Pension Accumulation Fund	Pension Reserves: Pension Reserve Fund	Total 2008	Total 2007
$ (488,185,321)	$ 56,115,591	$ 22,368,511	$ 133,746,987	$ (217,055,114)	$ 614,322,130
-	-	19,610	-	20,358,640	19,438,360
-	-	43,168,448	-	43,168,448	41,444,808
(488,185,321)	56,115,591	65,556,569	133,746,987	(153,528,026)	675,205,298
-	-	-	191,350,413	196,775,146	206,185,678
-	-	4,620,015	-	4,620,015	4,396,594
-	-	103,768	-	103,768	101,630
-	-	1,089,842	-	74,217,378	73,588,557
-	-	5,813,625	191,350,413	275,716,307	284,272,459
(488,185,321)	56,115,591	59,742,944	(57,603,426)	(429,244,333)	390,932,839
-	(40,430,886)	(68,458,894)	107,071,870	-	-
(488,185,321)	15,684,705	(8,715,950)	49,468,444	(429,244,333)	390,932,839
255,908,324	750,755,287	352,318,500	1,710,888,973	3,846,012,059	3,455,079,220
$ (232,276,997)	**$ 766,439,992**	**$ 343,602,550**	**$1,760,357,417**	**$3,416,767,726**	**$3,846,012,059**

General Retirement System of the City of Detroit

Report to the Board of Trustees

June 30, 2008

Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

To the Board of Trustees
General Retirement System of
the City of Detroit

We have recently completed our audit of the basic financial statements of General Retirement System of the City of Detroit (the "Retirement System") for the year ended June 30, 2008. In addition to our audit report, we are providing the following report on internal control, results of the audit, summary of unrecorded possible adjustments, and other recommendations which impact the Retirement System:

	Page
Report on Internal Control	1-3
Results of the Audit	4-7
Summary of Unrecorded Possible Adjustments	8
Other Recommendations	9-11

We are grateful for the opportunity to be of service to the Retirement System. Should you have any questions regarding the comments in this report, please do not hesitate to call.

Plante & Moran, PLLC

December 10, 2008

Praxity
MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Report on Internal Control

December 10, 2008

To the Board of Trustees
General Retirement System
of the City of Detroit

Dear Board Members:

Beginning with last year's audit, national auditing standards call for auditors to communicate matters to the governing body that may be useful in its oversight of the General Retirement System of the City of Detroit's (the "Retirement System") financial management. Specifically, they require us to report internal control issues to the governing body that may be relatively minor in order to allow it to evaluate their significance, and make any changes it may deem appropriate. In general, these are items that would have been discussed orally with management in the past. The purpose of these new standards is to allow the governing body an opportunity to discuss issues when they are relatively minor, rather than waiting until they become more serious problems. We hope this report on internal control will be helpful to you, and we look forward to being able to discuss any questions you may have concerning these issues.

In planning and performing our audit of the financial statements of the General Retirement System of the City of Detroit as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Retirement System's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the Retirement System's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and/or material weaknesses.

Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control:

- The Retirement System invests in various types of non-publicly traded investments that are difficult to value as the values for these investments are not readily available from third-party sources. Currently, the value of the investment recorded is per confirmations received from companies in which the Retirement System is invested. We recommend that the Retirement System implement a process by which annual audited financial statements are obtained and the value of the investment is analyzed and recorded.

- While testing investments categorized as "equity real estate," it was noted that these investments were improperly recorded during the year. Only the asset balance was taken into consideration; the related mortgages and other debt were not netted to reduce the value of the investment to the net equity balance. These assets were properly reflected as of the beginning of the year. A large market value increase was recorded by the Retirement System in order to report these assets at the gross asset amount. In order to reduce the asset value back down to its proper balance, we recommended posting a journal entry to adjust these investments. To prevent this situation from recurring, we recommend that the results of audited financial statements are properly reflected and we recommend instituting a process whereby the values of these investments are reviewed for accuracy.

- During the audit, it was noted that as of mid-September, the investment reconciliation to the general ledger for the month of March 2008 (as well as subsequent months) was not complete. It was also noted that when these reconciliations are completed, there is no review performed. We recommend that investment reconciliations for each month be prepared in a timely manner. Additionally, we recommend that the reconciliations, as well as accompanying journal entries, are reviewed and evidenced with the reviewer's signature.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the deficiencies noted above constitute material weaknesses.

To the Board of Trustees
General Retirement System
of the City of Detroit

December 10, 2008

This communication is intended solely for the information and use of management, the board, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC

Beth A. Bialy

Wendy N. Trumbull

plante moran

Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Results of the Audit

December 10, 2008

To the Board of Trustees
General Retirement System
of the City of Detroit

We have audited the financial statements of the General Retirement System of the City of Detroit (the "Retirement System") for the year ended June 30, 2008 and have issued our report thereon dated December 10, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated September 10, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. We are responsible for planning and performing the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of General Retirement System of the City of Detroit. Our consideration of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters and our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on September 17, 2008.

Praxity
MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by General Retirement System of the City of Detroit are described in Note 1 to the financial statements.

We noted no transactions entered into by the organization during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The valuation of non-publicly traded investments constitutes a particularly sensitive estimate affecting the financial statements. Management uses various means to value the investments, including confirmations from the investment managers, periodic appraisals, guidance from real estate advisors, etc.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures relate to the valuation of non-publicly traded investments.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit other than management's rescheduling of the audit to a later time frame than originally planned due to an unplanned building closure.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

In addition, there were material misstatements detected as a result of audit procedures that were corrected by management. These adjustments related to the recording of equity real estate investments.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management's Representations

We have requested certain representations from management that are included in the management representation letter dated December 10, 2008.

Management's Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

In the normal course of our professional association with the Retirement System, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Retirement System, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition of our retention as the Retirement System's auditors.

During the audit, it became apparent that the Retirement System had exceeded the Public Act 314 of 1965 limitation for real estate investments. These types of investments are limited to 10 percent. The Retirement System management provided us with a schedule that indicated these types of investments were in excess of 13 percent.

Other Information in Documents Containing Audited Financial Statements

Our responsibility relates to the Retirement System's financial statements and other information as identified in the auditor's report. We have no responsibility for any other information that may be included in documents containing those audited statements. We do not have an obligation to perform any procedures to corroborate other information contained in these documents.

To the Board of Trustees
General Retirement System
of the City of Detroit

December 10, 2008

This information is intended solely for the use of board of trustees and management of the General Retirement System of the City of Detroit and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC

Beth A. Bialy

Wendy N. Trumbull

To the Board of Trustees
General Retirement System
of the City of Detroit

December 10, 2008

Client: **City of Detroit General Employees Retirement System**
Y/E: **June 30, 2008**

SUMMARY OF UNRECORDED POSSIBLE ADJUSTMENTS

The pretax effect of misstatements and classification errors identified would be to increase (decrease) the reported amounts in the financial statement categories identified below:

Ref. #	Description of Misstatement	Assets	Liabilities	Net Assets	Additions	Deductions	Change in Net Assets
KNOWN MISSTATEMENTS:							
A1							
A2							
ESTIMATE ADJUSTMENTS:							
B1	To record loss on value of Tradewinds Airlines	$ (13,500,000)				$ 13,500,000	$ (13,500,000)
B2	To record loss on loan of Everest Energy	(9,500,000)				9,500,000	(9,500,000)
B3	To record loss on value of Asian Village	(2,750,000)				2,750,000	(2,750,000)
IMPLIED ADJUSTMENTS:							
C1							
C2							
		-	$ -	$ -	$ -	-	-
	Total	**$ (25,750,000)**	**$ -**	**$ -**	**$ -**	**$ 25,750,000**	**$(25,750,000)**

Other Recommendations/Informational

Bank Reconciliations - During the audit, we noted that daily cash deposits and checks are recorded by one individual and this activity is reviewed by another individual. It was noted that monthly bank reconciliations were not being reviewed. We recommend that monthly bank reconciliations and accompanying journal entries are reviewed by an individual who does not prepare the reconciliations and ensure that the review process is evidenced with a signature.

Census Information Remitted to the Actuary - During the audit, we noted that census information is accumulated and remitted to the actuary but noted that this information is not reviewed on an overall or test basis. We noted that the provisional employees were included in the census data. We understand that provisional employees are not eligible for pension benefits. Although we understand the number of these employees to be minimal, this error could potentially impact the calculated future pension liability and the required contribution per the actuary. We recommend that the Retirement System implement a process by which an individual who does not accumulate the information review the data for accuracy prior to remitting to the actuary.

Contributions - During the audit, we noted that the employer contributions recorded in the ledger were improperly recorded by approximately $16 million. We recommend that on a quarterly basis the ledger is reviewed and account balances are agreed to supporting sub-ledgers and calculations to ensure that the trial balance reflects accurate balances.

Bank of New York SAS 70 - During the audit, we noted that the Retirement System receives SAS 70 reports from the Bank of New York. We recommend that the SAS 70 be reviewed as these reports are based on the controls implemented by the bank related to recording and safe-keeping of investments in their custody.

Reconciliation of Benefit Payments - During the audit, we noted that the actual benefit payments made during the year are not reconciled to the general ledger. The risk is that there is potential for overpayment of benefits. We recommend that on a monthly basis the ledger is reviewed and benefit payments per the ledger are agreed to supporting sub-ledgers and calculations to ensure that the trial balance reflects accurate balances.

Non-publicly Traded Investments - The Retirement System invests in various types of non-publicly traded investments. By their nature, non-publicly traded investments oftentimes have a higher level of risk. The Retirement System uses the specific identification method of writing down non-publicly traded investments after they are known to be uncollectible. We suggest that the Retirement System consider recording an overall market value allowance as an estimate of non-publicly traded investments that may eventually be deemed uncollectible.

Related to the above comment, non-publicly traded investments are riskier by nature, and as such, are limited by state law. Some non-publicly traded investments will provide an outstanding return and others will not materialize as had been hoped and may need to ultimately be written off. As the Retirement System continues to evaluate various non-publicly traded investment opportunities, the Retirement System should consider tracking the performance of the consultants that are hired to perform due diligence as a means to evaluate the viability of future proposed investments.

We would like to thank the board for the opportunity to serve as auditors for the Retirement System. We would also like to express our appreciation for the courtesy and cooperation extended to us by the administration during the audit. If you would like to discuss any of these matters, or would like assistance in their implementation, please contact us.

Very truly yours,

Plante & Moran, PLLC

Beth A. Bialy

Wendy N. Trumbull

BENEFIT CONSULTANTS AND ACTUARIES
FOUNDED IN 1956

H&H
HOOKER & HOLCOMBE, INC.

65 LaSalle Road
West Hartford, CT 06107-2397

(860) 521-8400
Fax (860) 521-3742
www.hhconsultants.com

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Richard S. Sych, F.S.A.
Stuart H. Herskowitz, CRC
Shirley F. Assantes, F.C.A.
Arthur J. Assantes, F.S.A.
Elizabeth J. Churney, F.S.A.
Rodger K. Metzger, CFA
Timothy Ryor, FCA, FSPA
Evan W. Woollacott, Jr., F.C.A.

Russell O. Hooker, F.S.A.
1956-1976
Shepherd M. Holcombe, F.S.A.
1969-1989

Confidential

April 6, 2009

Ms. Kathleen E. Palm Devine, Secretary
City of Hartford Pension Commission
Office of the Treasurer
550 Main Street
Hartford, CT 06103

Re: 2008 MERF Actuarial Survey

Dear Kathleen:

We are pleased to present the Annual Valuation of the City of Hartford Municipal Employees' Retirement Fund for 2008. Eleven additional copies are included for distribution.

Recommended contribution rates are as follows:

	Recommended Fiscal Year 2009-2010 Contribution (2008 MERF Actuarial Survey)	**Recommended Fiscal Year 2008-2009 Contribution (2007 MERF Actuarial Survey)**
Police	3.35%	3.65%
Firefighters	-4.88%	-5.77%
Board of Education	10.64%	11.03%
Municipal Services	22.00%	25.19%
Library	16.08%	16.98%

The primary reasons for the change in contribution rates are:

- Salary increases that were lower than we assumed in our last valuation.
- Higher than expected retiree deaths reported.

As always, I am available to answer any questions you or the Pension Commission may have.

Sincerely,

Arthur J. Assantes

Timothy Ryor

/aps
Enclosure

Copy with enclosure: Donna P. Parker

N:\HTFD\MERF\2008\2008 MERF Actuarial Survey.DOC

HOOKER & HOLCOMBE, INC.

65 LaSalle Road
West Hartford, CT 06107-2397
860-521-8400 tel
860-521-3742 fax
www.hhconsultants.com

City of Hartford Municipal Employee's Retirement Fund (MERF)

Actuarial Survey

July 1, 2008

Arthur J. Assantes, FSA, MAAA
Consulting Actuary

Timothy Ryor, FSPA, FCA, MAAA, EA
Pension Analyst

Scott B. Moss, A.S.A.
Pension Analyst

April 6, 2009

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Section I

Valuation Report

A. Purpose of the Valuation

The purpose of the valuation is to determine the funded status of the plan as well as the recommended cash contribution for the plan year. The information found in Section II of the report has been developed for this purpose.

The ultimate cost of a pension plan is based primarily on the level of benefits promised by the plan. The pension fund's investment earnings service to reduce the cost of plan benefits and expenses. Thus,

City's ultimate cost	=	*benefits paid*	+	*expenses incurred*	-	*investment return*	-	*employee contributions*

B. Contribution for 2009-2010 Fiscal Year

The City's contribution rates for the 2009-2010 fiscal year, determined from the July 1, 2008 actuarial valuation, are shown below. Last year's results are shown for comparison purposes.

	Recommended 2009-2010 Fiscal Year Contribution (July 1, 2008 Valuation)	**Recommended 2008-2009 Fiscal Year Contribution (July 1, 2007 Valuation)**
Police	3.35%	3.65%
Firefighters	-4.88%	-5.77%
Board of Education	10.64%	11.03%
Municipal Services	22.00%	25.19%
Library	16.08%	16.98%

Please see Section II, Exhibit A for the development of these figures.

C. Funded Status

The MERF's funded status as of July 1, 2008 is summarized below. The actuarial accrued liability is the actuarial present value of projected benefits credited for prior years' service.

	July 1, 2008
Actuarial Accrued Liability	$1,099,441,000
Actuarial Value of Assets	1,123,379,000
Funded Status	23,938,000
Funded Percentage	102.2%

Re: 2008 MERF Actuarial Survey

As always, I am available to answer any questions you or the Pension Commission may have.

Sincerely,

Arthur J. Assantes

Timothy Ryor

/aps
Enclosure

Copy with enclosure: Donna P. Parker

N:\HTFD\MERF\2008\2008 MERF Actuarial Survey.DOC

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Section I

Valuation Report

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Library	16.08%	16.98%

Please see Section II, Exhibit A for the development of these figures.

C. Funded Status

The MERF's funded status as of July 1, 2008 is summarized below. The actuarial accrued liability is the actuarial present value of projected benefits credited for prior years' service.

	July 1, 2008
Actuarial Accrued Liability	$1,099,441,000
Actuarial Value of Assets	1,123,379,000
Funded Status	23,938,000
Funded Percentage	102.2%

D. Plan Experience During Period Under Review

The recommended City contribution rate for the 2009-2010 fiscal year has decreased from last year for all groups except Fire and Board of Education.

The actuarial value of assets earned a return of about 8.1% during the 2007-2008 fiscal year, compared to an expected rate of return of 8.0%. The market value of assets returned (1.9%) over the same period.

Changes in the covered population from last year to this year also impacted the plan's contribution requirements. The active membership of the MERF as of July 1, 2008 was 2,671, an increase of 100 from 2,571 last year. The average age of the active population decreased from 44.0 to 43.9 during this same period. The total covered payroll increased by approximately 4% from $133,280,000 to $139,243,000.

E. Changes Since The Last Valuation

The valuation reflects changes in vesting and employee contribution rates from last year for HESP. See the Summary of Principal Pension Plan Provisions for additional information. These changes had a minimal impact on plan costs.

F. Certification

The results of this valuation are based on financial, personnel and payroll data furnished to us by the City and unaudited by us as of July 1, 2008.

In my opinion, and to the best of my knowledge, this Report presents fairly the financial and actuarial position of the City of Hartford Municipal Employees' Retirement Fund (MERF) as of July 1, 2008. The actuarial present values shown have been estimated on the basis of actuarial assumptions which, in my opinion, are appropriate for the purposes of the Report, are reasonable in the aggregate (taking into account the experience of the Plan and reasonable expectations), and, when applied in combination, represent my best estimate of the measure of anticipated experience under the Plan.

I believe that this Report meets the requirements of Public Act No. 77-468, An Act Requiring Periodic Actuarial Evaluation of Municipal Pension Plans.

I am a member of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.

HOOKER & HOLCOMBE, INC.

Arthur J. Assantes, FSA, MAAA
Enrolled Actuary

Timothy Ryor, FSPA, FCA, MAAA
Enrolled Actuary

April 6, 2009

Section II

Supporting Exhibits

A. Normal Cost

	July 1, 2008 Valuation					
	Police	Fire	Board of Ed.	Municipal Services	Library	Total Membership
Active Membership						
Number of Employees	451	379	1,211	554	76	2,671
Annual Payroll (000)	$31,841	$29,817	$43,206	$30,227	$4,151	$139,243
Normal Actuarial Costs						
A. Actuarial Present Value of Future Benefits (000)						
Active Members	$131,980	$139,973	$122,214	$126,209	$13,658	$534,033
Terminated Non-Vested Members	137	145	127	131	14	553
Terminated Vested Members	1,325	955	5,081	6,080	99	13,540
Retired Members	246,696	179,676	92,397	223,551	12,023	754,343
Old Plans COLA	523	416	422	0	0	1,361
Total	$380,660	$321,165	$220,241	$355,971	$25,794	$1,303,831
B. Valuation Assets (Adjusted Value) (000)	$353,736	$316,737	$151,210	$283,801	$17,895	$1,123,379
C. Actuarial Present Value of Future Employee Contributions (000)	$22,241	$22,161	$24,136	$14,893	$1,741	$85,172
D. Actuarial Present Value of Future Normal Costs (A) - (B) - (C) (000)	$4,684	($17,734)	$44,896	$57,277	$6,158	$95,281
E. Actuarial Present Value of Future Salaries (000)	$342,828	$266,371	$458,330	$285,645	$40,907	$1,394,081
F. Normal Actuarial Costs as Percentage of Payroll						
Pension Benefits (D)/(E)*	1.37%	-6.66%	9.80%	20.05%	15.05%	6.83%
G. Expenses (other than Investment Expenses)	1.98%	1.78%	0.84%	1.95%	1.03%	1.55%
Total Normal Cost Percent Payable by City	3.35%	-4.88%	10.64%	22.00%	16.08%	8.38%

* *Based on $2,159,000 estimate of expenses (other than investment expenses) allocated by present value of future benefits.*

Section II

Supporting Exhibits
(continued)

B. Estimated Cash Contribution

The cash contribution for fiscal year 2009-2010 detailed below is estimated based upon payroll data collected for the July 1, 2008 Actuarial Valuation, projected to fiscal year 2009-2010 using the salary increase assumption in the valuation. See the Summary of Actuarial Assumptions section for details. ***The actual contribution will be based upon actual payroll figures for fiscal year 2009-2010.*** *To illustrate the sensitivity of the cash contribution to changes in payroll, the second table below details the estimated fiscal year 2009-2010 contribution assuming payroll is either 5% higher or 5% lower than this estimate.*

	Estimated July 1, 2009 - June 30, 2010 Fiscal Year Contribution					
	Police	Fire	Board of Ed	Municipal Services	Library	Total
(1) Estimated Annual Adjusted Payroll for 2009-2010 Fiscal Year	$35,351,045	$32,424,228	$47,185,974	$33,449,196	$4,622,319	$153,032,762
(2) Total Normal Cost Percent Payable by City	3.35%	-4.88%	10.64%	22.00%	16.08%	
(3) Gross City Contribution: (1) x (2)	1,184,260	(1,582,302)	5,020,588	7,358,823	743,269	12,724,638
(4) July 1, 2008 Payment for Local 566	0	0	303,918	0	0	303,918
(5) July 1, 2008 Payment for Local 1716	0	0	0	509,126	0	509,126
(6) Old Plans COLA Annual Payment	116,960	95,970	110,878	0	0	323,808
(7) Net City Contribution Estimate: (3)-(4)-(5)-(6)	**$1,067,300**	**($1,678,272)**	**$4,605,792**	**$6,849,697**	**$743,269**	**$11,587,786**

	2009 - 2010 Contribution Sensitivity					
	Police	Fire	Board of Ed	Municipal Services	Library	Total
Estimated 2009-2010 Fiscal Year Payroll +5%	$37,118,597	$34,045,439	$49,545,273	$35,121,656	$4,853,435	$160,684,400
Net City Contribution Estimate for 2009-2010	1,126,513	(1,757,387)	4,856,821	7,217,638	780,432	12,224,018
Estimated 2009-2010 Fiscal Year Payroll -5%	33,583,493	30,803,017	44,826,675	31,776,736	4,391,203	145,381,124
Net City Contribution Estimate for 2009-2010	1,008,087	(1,599,157)	4,354,763	6,481,756	706,106	10,951,554

Section II

Supporting Exhibits
(continued)

C. Actuarial Balance Sheet

	July 1, 2008	July 1, 2007
Actuarial Liabilities		
Present Value of Future Benefits for:		
Active Employees	$ 534,033,298	$ 526,156,210
Inactive Members		
• Regular Retirees	670,119,179	650,628,312
• Disability Retirees	58,085,699	59,721,631
• Survivors	26,138,551	28,890,929
• Terminated Non-Vesteds	553,450	553,450
• Terminated Vesteds	13,540,217	11,878,972
• Old Plans COLA	1,361,086	1,881,941
TOTAL	$1,303,831,480	$1,279,711,445
Source of Funds		
1. Actuarial Value of Assets	$1,123,378,687	$1,097,591,809*
2. Present Value of Future Employee Contributions	85,172,126	79,463,974
3. Present Value of Future City Normal Cost Contributions	95,280,667	102,655,062
4. TOTAL = (1) + (2) + (3)	$1,303,831,480	$1,279,711,445

**Includes receivables of $5,463,745 as of July 1, 2007. These receivable amounts were fully paid by the City as of July 1, 2008.*

Section II

Supporting Exhibits
(continued)

D. Development of Asset Values

The Adjusted Value of assets is used in the determination of plan contributions. It phases in recognition of asset gains and losses. A method of smoothing is used because the Market Value can swing widely from one year to the next, resulting in undesirable fluctuations in pension contributions. The smoothing is accomplished by recognizing asset gains and losses over a four-year period at 25% per year.

Relationship of Actuarial Value to Market Value		
1. Market value 7/1/2008	$	1,080,235,594
2. Gain / (loss) not recognized in actuarial value 7/1/2008		(43,143,093)
3. Preliminary actuarial value 7/1/2008: (1)-(2)		1,123,378,687
4. Preliminary actuarial value as a percentage of market value: (3)÷(1)		104.0%
5. Gain / (loss) recognized for corridor min/max		N/A
6. Actuarial value 7/1/2008 after corridor min/max: (3)+(5)		1,123,378,687
7. Actuarial value as a percentage of market value: (6)÷(1)		104.0%

Development of Asset Gain / (Loss) for 2007-2008 Plan Year		
1. Market value 7/1/2007	$	1,156,369,970
2. Contributions		27,525,259
3. Benefit payments		80,149,134
4. Administrative expenses		2,372,404
5. Expected return at 8.00%		90,358,092
6. Expected value 7/1/2008: (1)+(2)-(3)-(4)+(5)		1,191,731,783
7. Market value 7/1/2008		1,080,235,594
8. Asset gain / (loss) for -1 Plan Year: (7)-(6)		(111,496,189)

Recognition of Gain / (Loss) in Actuarial Value					
Year	(a) Gain / (loss)	(b) Recognized as of 7/1/2007	(c) Recognized in current year: 25% of (a)	(d) Total recognized as of 7/1/2008: (b)+(c)	(e) Not recognized as of 7/1/2008: (a)–(d)
2004-2005	$ 10,701,876	$ 8,026,407	$ 2,675,469	$ 10,701,876	$ 0
2005-2006	6,782,904	3,391,452	1,695,726	5,087,178	1,695,726
2006-2007	77,566,647	19,391,662	19,391,662	38,783,324	38,783,323
2007-2008	(111,496,189)	0	(27,874,047)	(27,874,047)	(83,622,142)
Total			(4,111,190)		(43,143,093)

Section II

Supporting Exhibits
(continued)

D. Development of Asset Values

Summary of Fund Activity		
	Market Value	Actuarial Value
1. Beginning Value 7/1/2007		
a. Trust Assets	$1,156,369,970	$1,092,128,064
b. Receivable	5,463,745	5,463,745
c. Adjustment to beginning values	(4,544,080)	(4,544,080)
d. Total	1,157,289,635	1,093,047,729
2. Contributions made during 2007-2008 fiscal year	27,525,259	27,525,259
3. Disbursements		
a. Benefit Payments	80,149,134	80,149,134
b. Expenses	2,372,404	2,372,404
c. Total	82,521,538	82,521,538
4. Net Investment Income		
a. Net Income	(21,138,097)	N/A
b. Expected Return	N/A	90,358,092
c. Recognized Gain (Loss)	N/A	(4,111,190)
d. Total	(21,138,097)	86,246,902
5. Ending Value 7/1/2008		
a. Trust Assets: (1a)+(2)-(3)+(4)	1,080,235,594	1,123,378,687
b. Receivable	0	0
c. Total	1,080,235,594	1,123,378,687
6. Approximate rate of return 2007-2008	-1.9%	8.1%

Section II

Supporting Exhibits
(continued)

D. Development of Asset Values

Rate of Return on Market Value of Assets				
	Average Annual Effective Rate of Return			
Period Ending June 30	1 Year	3 Years	5 Years	10 Years
1999	10.4%	N/A	N/A	N/A
2000	8.8%	N/A	N/A	N/A
2001	-2.1%	5.6%	N/A	N/A
2002	-3.1%	1.1%	N/A	N/A
2003	4.6%	-0.3%	3.6%	N/A
2004	14.6%	5.1%	4.3%	N/A
2005	9.1%	9.4%	4.4%	N/A
2006	8.7%	10.8%	6.6%	N/A
2007	15.6%	11.1%	10.4%	N/A
2008	-1.9%	7.2%	9.0%	6.3%

Section II

Supporting Exhibits

E. Accounting Information

GASB Statements No. 25 and 27

The following information is based on the Governmental Accounting Standards Board (GASB) Statement No. 25 on "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and Statement No. 27 on "Accounting for Pensions by State and Local Governmental Employers". It represents a summary of information detailed further within the MERF's annual GASB report. The exhibits are provided for information purposes only here.

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed	Actual Contribution Received by MERF	Miscellaneous *	Net Percentage Contributed
2002	$ 332,806	100%	$ 0	$ 332,806	100%
2003	2,463,804	100%	2,196,698	267,106	100%
2004**	6,717,025	97%	6,296,790	239,359	94%
2005**	9,336,898	99%	9,000,000	206,742	96%
2006**	17,033,102	70%	11,765,350	183,037	69%
2007	14,328,866	115%	16,317,266***	163,749	114%
2008	13,352,745	125%	16,454,745	129,258	123%

* *Funds transferred from State of Connecticut's Connecticut Municipal Employees' Retirement System (CMERS) and Aetna annuity payments.*

** *Revised.*

*** *2006-2007 fiscal year contribution includes contributions paid for prior fiscal years during the 2006-2007 fiscal year as follows: FY 00-01 $117,500, FY 02-03 $2,198, FY 03-04 $180,876, FY 04-05 $130,156, FY 05-06 $5,084,715. After the June 30, 2006 GASB reporting period closed, two contributions of $1,572,500 and $1,490,242 were made to the Plan for the 2006-2007 fiscal year. These amounts are not included in the $16,317,266 fiscal year 2006-2007 contribution listed above. They will be included in the 2007-2008 fiscal year contributions listed in the June 30, 2008 GASB report.*

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets * (a)	Actuarial Accrued Liability (AAL) ** (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)÷c)
7/1/2003	$ 965,389,000	$ 922,258,000	$ (43,131,000)	104.7%	$110,339,000	-39.1%
7/1/2004	963,044,000	967,393,000	4,349,000	99.6%	107,808,000	4.0%
7/1/2005	986,405,000	970,286,000	(16,119,000)	101.7%	117,261,000	-13.7%
7/1/2006	1,021,491,000***	1,002,848,000	(18,643,000)	101.9%	124,837,000	-14.9%
7/1/2007	1,092,128,000***	1,090,715,000	(1,413,000)	100.1%	133,280,000	-1.1%
7/1/2008	1,123,379,000	1,099,441,000	(23,938,000)	102.2%	139,243,000	-17.2%

* *Excludes receivable from CMERS (applicable for 7/1/2002-7/1/2005 only; no longer applicable 7/1/2006+).*

** *Liability shown determined using the projected unit credit cost method 7/1/2002-7/1/2006 and the entry age normal cost method as of 7/1/2007.*

*** *Excludes estimated City contribution receivable of $5,463,745 as of July 1, 2007 and $7,022,224 as of July 1, 2006. These receivable amounts were fully paid by the City as of July 1, 2008.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Summary – Active Members as of July 1, 2008

	Number	Payroll*	Average Annual Pay*
Police	451	$ 31,841,226	$70,601
Firefighters	379	29,817,424	78,674
Board of Education	1,211	43,206,401	35,678
Municipal Services	554	30,226,828	54,561
Library	76	4,151,449	54,624
Total	**2,671**	**$139,243,328**	**$52,132**

**Basic salary, plus overtime, plus Fire private duty pay.*

Summary – Pensioners as of July 1, 2008

	Service Pensions*		Disability Pensions		Survivor Benefits*		Total	
	Count	Total Monthly Annuities	Count	Total Monthly Annuities	Count	Total Monthly Annuities	Count	Total Monthly Annuities
Police	459	$1,767,749	63	$142,264	52	$52,435	574	$1,962,448
Firefighters	309	1,145,494	121	327,490	101	106,881	531	1,579,865
Board of Ed.	601	811,916	20	11,834	70	29,808	691	853,558
Municipal Svcs.	689	1,824,775	14	11,482	113	88,099	816	1,924,356
Library	51	109,709	0	0	1	185	52	109,894
Vested Deferred	136	178,472	--	--	--	--	136	178,472
TOTAL**	**2,245**	**$5,838,115**	**218**	**$493,070**	**337**	**$277,408**	**2,800**	**$6,608,593**

** Four pensioners receiving benefits as retirees and as survivors are included in both groups.*

*** Additional monthly benefits for the July 1, 1987, July 1, 1990, July 1, 1997, July 1, 1999,July 1, 2001, July 1, 2005, and July 1, 2007 COLA's for the unfunded plans (PBF, FRF, and RAF) are also included in the total liabilities for MERF. Such participants are not included in the counts shown here.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Police

Participant Data				
	Active	Terminated Vested	Pensioners*	Total
Total Participants 7/1/2007	**444**	**6**	**570**	**1,020**
Adjustments	0	0	0	0
Retirements	-25	-2	+27	0
Disabilities	0	0	0	0
Terminations				
Vested	-2	+2	N/A	0
Non-vested	-10	N/A	N/A	-10
Deaths	0	0	-28	-28
New beneficiaries	N/A	0	+5	+5
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	+44	N/A	N/A	+44
Total Participants 7/1/2008	**451**	**6**	**574**	**1,031**
Average Age				
7/1/2007	37.5			
7/1/2008	37.2			
Average Service				
7/1/2007	9.9			
7/1/2008	9.0			
Payroll**				
7/1/2007	$30,753,128			
7/1/2008	31,841,226			
Total monthly benefits*				
7/1/2007		$18,297	$1,865,970	
7/1/2008		18,004	1,962,448	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Firefighters

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2007	**330**	**3**	**527**	**860**
Adjustments	0	+1	0	+1
Retirements	-16	0	+16	0
Disabilities	0	0	0	0
Terminations				
Vested	-3	+3	N/A	0
Non-vested	-2	N/A	N/A	-2
Deaths	0	0	-23	-23
New beneficiaries	N/A	0	+11	+11
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	+70	N/A	N/A	+70
Total Participants 7/1/2008	**379**	**7**	**531**	**917**
Average Age				
7/1/2007	43.1			
7/1/2008	40.7			
Average Service				
7/1/2007	15.9			
7/1/2008	13.4			
Payroll**				
7/1/2007	$26,914,748			
7/1/2008	29,817,424			
Total monthly benefits*				
7/1/2007		$ 2,291	$1,519,543	
7/1/2008		19,171	1,579,865	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Board of Education

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2007	**1,167**	**37**	**710**	**1,914**
Adjustments	0	+4	0	+4
Retirements	-11	-2	+13	0
Disabilities	0	0	0	0
Terminations				
Vested	-19	+19	N/A	0
Non-vested	-81	N/A	N/A	-81
Lump Sum	0	0	N/A	0
Deaths	-1	0	-48	-49
New beneficiaries	N/A	0	+18	+18
Transfer group	0	0	0	0
Rehires	+2	0	-2	0
New entrants	+154	N/A	N/A	+154
Total Participants 7/1/2008	**1,211**	**58**	**691**	**1,960**
Average Age				
7/1/2007	44.7			
7/1/2008	45.0			
Average Service				
7/1/2007	9.1			
7/1/2008	9.0			
Payroll**				
7/1/2007	$42,023,727			
7/1/2008	43,206,401			
Total monthly benefits*				
7/1/2007		$34,596	$825,010	
7/1/2008		69,236	853,558	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Municipal Services

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2007	**555**	**60**	**848**	**1,463**
Adjustments	0	-1	-5	-6
Retirements	-13	-4	+17	0
Disabilities	0	0	0	0
Terminations				
Vested	-7	+7	N/A	0
Non-vested	-18	N/A	N/A	-18
Deaths	0	0	-43	-43
New beneficiaries	N/A	0	0	0
Transfer group	0	0	0	0
Rehires	+1	0	-1	0
New entrants	+36	N/A	N/A	+36
Total Participants 7/1/2008	**554**	**62**	**816**	**1,432**
Average Age				
7/1/2007	48.3			
7/1/2008	48.9			
Average Service				
7/1/2007	10.1			
7/1/2008	10.2			
Payroll**				
7/1/2007	$29,557,984			
7/1/2008	30,226,828			
Total monthly benefits*				
7/1/2007		$59,856	$1,956,904	
7/1/2008		70,351	1,924,856	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Library

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2007	**75**	**2**	**54**	**131**
Adjustments	0	0	0	0
Retirements	-1	0	+1	0
Disabilities	0	0	0	0
Terminations				
Vested	-1	+1	N/A	0
Non-vested	-3	N/A	N/A	-3
Deaths	0	0	-2	-2
New beneficiaries	N/A	0	0	0
Transfer group	0	0	0	0
Rehires	+1	0	-1	0
New entrants	+5	N/A	N/A	+5
Total Participants 7/1/2008	**76**	**3**	**52**	**131**
Average Age				
7/1/2007	45.0			
7/1/2008	44.8			
Average Service				
7/1/2007	11.3			
7/1/2008	11.7			
Payroll**				
7/1/2007	$4,030,640			
7/1/2008	4,151,449			
Total monthly benefits*				
7/1/2007		$1,247	$109,967	
7/1/2008		1,710	109,894	

**Excludes old Plan COLA participants.*
***Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Total

Participant Data				
	Active	Terminated Vested	Pensioners*	Total
Total Participants 7/1/2007	**2,571**	**108**	**2,709**	**5,388**
Adjustments	0	+4	-5	-1
Retirements	-66	-8	+74	0
Disabilities	0	0	0	0
Terminations				
Vested	-32	+32	N/A	0
Non-vested	-114	N/A	N/A	-114
Lump Sum	0	0	0	0
Deaths	-1	0	-144	-145
New beneficiaries	N/A	0	+34	+34
Transfer group	0	0	0	0
Rehires	4	0	-4	0
New entrants	+309	N/A	N/A	+309
Total Participants 7/1/2008	**2,671**	**136**	**2,664**	**5,471**
Payroll**				
7/1/2007	$133,280,227			
7/1/2008	139,243,328			
Total monthly benefits				
7/1/2007		$ 116,287	$6,277,394	
7/1/2008		178,472	6,430,121	

**Excludes old Plan COLA participants.*
***Basic salary plus overtime and private duty pay.*

City of Hartford MERF - Police

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2008

Attained Age	Completed Years of Credited Service																			
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	15	41,576	7	51,468	3	53,786															25	45,811
25 to 29	13	41,368	43	55,423	15	72,035	1	78,188													72	56,662
30 to 34	6	39,081	32	58,846	23	69,386	16	76,929													77	64,212
35 to 39	2	40,197	22	56,089	21	74,009	57	82,939	12	83,627	1	71,797									115	75,403
40 to 44	2	59,108	9	54,762	14	68,166	40	79,954	22	88,990	10	75,765									97	77,103
45 to 49	5	38,350	5	59,939	2	73,124	6	85,097	12	84,742	8	88,602	2	109,488							40	77,325
50 to 54	1	61,352	2	52,438			3	79,164	2	68,599	6	81,163	3	94,009							17	77,054
55 to 59							1	117,264			1	97,277	3	63,074							5	80,753
60 to 64					1	34,326							1	63,604							2	48,965
65 to 69													1	80,612							1	80,612
70 & over																						
All ages	44	41,991	120	56,316	79	69,960	124	81,452	48	85,738	26	81,636	10	83,444							451	

City of Hartford MERF - Firefighters

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2008

	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	25	49,274																			25	49,274
25 to 29	22	48,433			9	70,869	1	69,730													32	55,408
30 to 34	13	47,400	1	48,986	22	69,804	13	73,113	2	72,867											51	64,649
35 to 39	4	47,790	3	75,691	13	70,348	31	73,307	5	78,266											56	71,368
40 to 44	3	46,286			12	71,148	25	76,570	11	75,993	13	75,439	3	75,543	1	74,512					68	73,892
45 to 49	1	46,286	1	72,091	5	69,274	23	74,287	8	76,568	30	80,626	18	80,011							86	77,266
50 to 54							5	71,231			18	77,266	20	83,385					1	72,062	44	79,243
55 to 59							1	68,709	1	71,556	4	76,026	7	79,681			2	76,799			15	77,049
60 to 64											1	68,709					1	70,130			2	69,419
65 to 69																						
70 & over																						
All ages	68	48,381	5	69,630	61	70,298	99	74,146	27	76,189	66	78,228	48	81,089	1	74,512	3	74,576	1	72,062	379	

City of Hartford MERF - Board of Education

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2008

	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	18	25,594	10	26,575	3	30,680															31	26,403
25 to 29	36	30,188	62	30,613	15	34,516	1	28,030													1143	0,970
30 to 34	24	37,069	45	37,770	27	37,403	18	35,067													1143	7,109
35 to 39	17	44,764	37	31,847	46	41,267	37	38,590	13	41,306	1	26,766	1	58,305							1523	8,734
40 to 44	12	26,928	43	30,296	62	37,263	46	42,685	12	36,780	6	41,034	1	55,416							1823	6,498
45 to 49	23	46,976	31	39,630	35	33,112	64	33,389	19	32,228	8	37,703			1	86,871					1813	6,495
50 to 54	13	28,315	30	33,741	42	43,823	44	31,695	24	33,358	15	42,454	9	51,875	3	59,158	1	84,783	1	64,575	1823	7,618
55 to 59	12	44,357	19	34,641	29	39,131	31	37,047	21	43,783	21	44,581	10	38,793	4	41,902	4	46,137	1	33,260	1524	0,149
60 to 64	3	61,268	10	29,745	19	50,843	19	43,464	9	43,584	9	43,440	7	38,340	3	32,405	2	40,904			81	43,256
65 to 69			5	29,405	5	39,497	2	46,088	2	29,729					2	38,719					16	35,849
70 & over					4	42,781	1	106,079			1	28,962									6	51,028
All ages	158	35,986	29233	,178	2873	9,363	263	37,090	100	37,624	61	42,091	28	44,175	13	46,662	7	50,163	2	48,917	1,211	

City of Hartford MERF - Municipal Services

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2008

Attained Age	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	9	24,143	12	38,853																	21	32,549
25 to 29	2	46,592	8	48,446	6	46,864	1	51,957													17	47,876
30 to 34	1	70,798	20	53,018	6	46,045	5	54,527	3	47,884											35	52,106
35 to 39	1	49,848	16	57,312	12	63,598	4	78,914	5	83,041			1	51,678							39	64,425
40 to 44	2	85,992	19	56,381	18	58,104	7	61,205	11	53,424	6	52,123	2	62,000	3	51,296	2	52,371	2	54,044	72	57,065
45 to 49	4	42,167	28	74,351	17	46,864	12	43,179	5	45,187	10	63,541	9	78,261	4	55,075	3	54,774	3	62,316	95	60,027
50 to 54	5	65,658	28	59,232	23	49,923	13	68,818	12	53,804	13	63,149	5	74,364			5	60,932	5	60,024	109	59,384
55 to 59	4	80,147	14	77,780	11	64,514	17	64,326	8	49,184	7	72,602	5	62,141	3	35,511	3	60,551	4	59,405	76	65,143
60 to 64	3	54,308	10	55,929	10	68,236	13	73,380	7	45,212	6	69,494	4	69,652			1	58,017	2	56,511	56	63,243
65 to 69			3	94,214	7	50,915	5	11,665	1	75,446	2	34,072			1	11,676	1	11,676			20	43,216
70 & over	1	27,010	3	11,674	1	11,676	3	22,121	1	11,676	3	11,676	2	83,246							14	25,233
All ages	32	50,331	161	59,681	111	54,698	80	58,171	53	53,117	47	59,520	28	71,702	11	44,763	15	55,005	16	59,112	554	

City of Hartford MERF - Library

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2008

Attained Age	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	2	37,892	3	46,139	1	43,707															6	42,985
25 to 29			3	50,569	2	43,501															5	47,742
30 to 34			2	59,017			1	45,419	1	42,759											4	51,553
35 to 39	1	47,016	5	50,265	1	44,510	2	42,408	1	52,884	1	44,353									11	47,719
40 to 44	1	28,513			1	45,602	2	64,677	3	43,194	4	44,588									11	46,491
45 to 49	1	40,697	3	54,599	4	63,091			2	44,610	2	65,008	1	42,058							13	55,242
50 to 54			2	72,414	5	81,188			1	42,058	2	73,839									10	74,050
55 to 59			1	67,014	2	42,827	1	95,129	1	79,965	2	72,629	3	50,039							10	62,314
60 to 64							2	90,264			2	68,594									4	79,429
65 to 69													1	79,965							1	79,965
70 & over							1	168,307													1	168,307
All ages	5	38,402	19	54,480	16	60,299	9	78,173	9	48,496	13	60,219	5	54,428							76	

City of Hartford MERF - All Groups

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2008

	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	69	37,815	32	38,459	7	42,444															108	38,306
25 to 29	73	38,127	116	41,556	47	55,410	4	56,976													240	43,483
30 to 34	44	41,162	100	48,101	78	56,637	53	59,068	6	55,357											281	51,607
35 to 39	25	45,176	83	45,876	93	55,642	131	67,392	36	66,665	3	47,639	2	54,992							373	57,890
40 to 44	20	39,035	71	40,378	107	48,690	120	63,614	59	66,988	39	63,478	6	67,674	4	57,100	2	52,371	2	54,044	430	55,271
45 to 49	34	44,937	68	56,558	63	42,866	105	46,421	46	55,586	58	72,321	30	80,186	5	61,434	3	54,774	3	62,316	415	54,853
50 to 54	19	39,881	62	47,104	70	48,496	65	44,352	39	41,679	54	64,503	37	75,362	3	59,158	6	64,907	7	62,394	362	52,090
55 to 59	16	53,305	34	53,356	42	45,955	51	49,472	31	47,240	35	56,888	28	56,990	7	39,163	9	57,755	5	54,176	258	51,303
60 to 64	6	57,788	20	42,837	30	56,090	34	57,655	16	44,296	18	56,323	12	50,883	3	32,405	4	52,488	2	56,511	145	52,413
65 to 69			8	53,709	12	46,158	7	21,500	3	44,968	2	34,072	2	80,288	3	29,704	1	11,676			38	42,065
70 & over	1	27,010	3	11,674	5	36,560	5	68,150	1	11,676	4	15,997	2	83,246							21	39,416
All ages	307	41,127	597	45,959	554	50,810	575	56,613	237	55,640	213	63,068	119	69,272	25	46,941	25	55,997	19	58,721	2,671	

Section II

Supporting Exhibits
(continued)

G. IRC Section 415(m) Valuation

The IRC Section 415(m) Fund* is an unfunded "excess benefit plan" to provide that portion of certain retirees' pension benefits that exceed the limits permitted under Section 415 of the Federal Internal Revenue Code (IRC).

	July 1, 2008	July 1, 2007
1. Number of retirees and beneficiaries receiving benefits	5	6
2. Annual benefits payable	$ 56,000	$ 67,000
3. Present value of benefits	$213,000	$260,000

The "actives" are funded through MERF. The City provides contributions for the retirees' benefits payable each year, as determined by the Pension Commission.

Actuarial Assumptions

The actuarial assumptions used in the 2008 Section 415(m) Fund valuation are as follows:

Mortality Basis:	RP-2000 Healthy Annuitants Table projected by Scale AA to year of valuation plus 8 years (2016 for July 1, 2008 valuation), with no adjustment and separate male and female rates.
Termination:	N/A.
Salary Scale:	N/A.
Investment Return:	8.00% per year, net of investment expenses.
Assumed Retirement age:	Immediate as all are retired.
Increases in dollar limit on benefits under IRC Section 415:	3% per year.

Benefits

Retiree pension amounts in excess of IRC Section 415 limits. Benefits which do not exceed such amounts are payable from the City's MERF Plan. IRC Section 415 limits are assumed to increase annually and thus decrease the benefits payable from this Plan and increase the portion of the benefits payable from the City's MERF Plan.

**Section 415(m) Fund adopted by the Court of Common Council on March 24, 1997.*

Section III

Actuarial Cost Methods and Assumptions

A. Actuarial Cost Methods

Asset Valuation Method – Adjusted Value of Assets

In order to smooth the year-to-year fluctuations in asset values, the asset values are adjusted by phasing in recognition of gains and losses over a four-year period. (Phase-in started July 1, 2003). Gains and losses are defined as the difference between the actual and the expected return on assets.

The assets held by the insurance companies include the funds on deposit for future purchase of annuities, as well as the reserves and contingency reserves for annuities already purchased which are subject to experience rating.

Actuarial Funding Method

The "Aggregate Actuarial Cost Method" (first adopted for the 1969 valuation) is used for determining the future rates of contributions needed for funding service retirements. This method is designed to produce stable "percentage-of-payroll" Normal Actuarial Costs over a period of years. This aim will be achieved so long as the emerging experience conforms with the actuarial assumptions.

Using this method, an actuarial valuation was made of the actuarial present value of all future pension benefits for active members (including survivor benefits, disability benefits, and refunds of employee contributions). The actuarial present value needed for future payments to present pensioners and deferred vested pensioners and survivors was subtracted from the Valuation Assets (Adjusted Value) to determine the current Valuation Assets (Adjusted Value) available for future benefits for active members. The latter figure was subtracted from the actuarial present value of future benefits for active members in order to determine the remaining actuarial present value to be funded by future contributions. Finally, the net remainder was divided by the actuarial present value of all future salaries, and the total Normal Actuarial Costs for future contributions was determined as a level percentage of future annual payrolls.

Since the MERF fund includes several classifications of members who have different provisions for benefits and contributions, it was necessary to apply this method by separate actuarial valuations for Police, Firefighters, Board of Education, Municipal Services, and Library participants.

Section III

Actuarial Cost Methods and Assumptions
(continued)

B. Actuarial Assumptions

The actuarial assumptions used in the 2008 MERF valuation are as follows:

Mortality Basis:

For Police, Fire, Board of Education Corridor Supervisors and Building and Grounds Supervisors:

- Pre-retirement: RP2000 Employees Table – male and female rates, projected by Scale AA to valuation date plus 17 years with occupational (i.e., non-office worker, blue collar) adjustment.
- Post-retirement: RP2000 Healthy Annuitants Table – male and female rates, projected by Scale AA to valuation date plus 8 years with occupational (i.e., non-office worker, blue collar) adjustment. No adjustment reflected for assumed future beneficiaries.
- Disability: RP2000 Disabled Table – male and female rates.

For All Other Groups:

- Pre-retirement: RP2000 Employees Table – male and female rates, projected by Scale AA to valuation date plus 17 years with no adjustment.
- Post-retirement: RP2000 Healthy Annuitants Table – male and female rates, projected by Scale AA to valuation date plus 8 years with no adjustment.
- Disability: RP2000 Disabled Table – male and female rates.

Section III

Actuarial Cost Methods and Assumptions
(continued)

Termination:

Yearly Rates of Employee Termination

Age	Non-Uniformed	Uniformed
20	10.0%	5.0%
25	7.0%	2.0%
30	5.0%	2.0%
35	4.0%	2.0%
40+	0.0%	0.0%

Salary Scale:

3% for inflationary salary increases plus a percentage for promotion or merit increases. For Police under age 45, overtime limited to less than or equal to 20% of base pay.

Yearly Rates of Increases for Promotion or Merit

Age	Police	Fire	Bd of Ed	Munic. Svc. & Lib.
25	4.0%	2.5%	4.0%	6.0%
30	3.5%	2.5%	4.0%	4.7%
35	2.2%	1.6%	2.1%	3.1%
40	1.2%	1.1%	1.0%	2.0%
Over 40	1.0%	1.0%	1.0%	2.0%

Salaries are adjusted for groups in negotiations by 3% per year for the period of each open contract, and non-bargaining groups by 3% per year for one full fiscal year from the measurement date. Any wage increases negotiated beyond the valuation date have been reflected in our projections.*

* *The following groups have future salary increases that have been negotiated and are reflected in this valuation:*

CHPEA
Police
MLA

Investment Return:

8.00% per year, net of investment expenses.

Section III

Actuarial Cost Methods and Assumptions
(continued)

Assumed Retirement Age:

Retirement Rates:

Service	Police	Fire	Mun. Svc. & Lib.
20	20%	5%	10%
21	15%	1%	5%
22	5%	1%	5%
23	5%	1%	10%
24	20%	10%	15%
25	30%	30%	15%
26-27	5%	5%	10%
28	10%	5%	15%
29	25%	20%	15%
30	100%	20%	100%
31-34	n/a	5%	n/a
35	n/a	100%	n/a
	(maximum of age 65)		

Age	Bd of Ed
55	15%
56	10%
57-59	5%
60	30%
61	5%
62	20%
63-64	10%
65	100%

For both Uniformed and Non-Uniformed who have reached Assumed Retirement Age, retirement after one year.

Social Security:

Future tax wage bases are developed by projecting the 2008 base of $102,000 forward at 4% per year.

Section III

Actuarial Cost Methods and Assumptions
(continued)

Marital Status at Retirement:

Non-Uniformed:

Males - 80% married, spouse 3 years younger.
Females - 60% married, spouse same age.

Uniformed:

All - 80% married, spouse 2 years younger.

Disability:

Disability benefits were explicitly valued using the DP85 Class 1 Male and Female Disability Incidence Rate Table increased three times for the Police and Firefighter groups, two times for the Board of Education groups and with no increase for the Municipal Services and Library groups.

DP85 Class 1 Disability Incidence Table:
Sample male and female rates

Age	Male	Female
15	0.021%	0.023%
20	0.029%	0.030%
25	0.038%	0.047%
30	0.048%	0.080%
35	0.069%	0.136%
40	0.117%	0.211%
45	0.202%	0.323%
50	0.358%	0.533%
55	0.722%	0.952%
60	1.256%	1.159%
65	1.753%	1.358%

Expenses other than Investment Expenses:

An explicit dollar amount was included in the development of the normal cost percentage equal to an estimate of expenses (other than investment expenses) for the upcoming year. The estimate was developed based on an average of actual expenses over the last four years. For the 2008 valuation, $2,159,129 was used. Estimated expenses were then allocated to the various groups by the present value of future benefits and expressed as a percentage of payroll.

Section III

Actuarial Cost Methods and Assumptions
(continued)

Sick Exchange:	Four years are exchanged by all actives if provision available. For Firefighters hired prior to July 1, 2003, six years are exchanged.
Military and Prior Service Buy-backs:	When a decision to buy-back service occurs, date of hire is adjusted accordingly.
Additional Liabilities:	**COLAs:**

Included in this valuation is the liability for the Cost of Living Adjustments (COLAs) effective July 1, 1987, July 1, 1990, July 1, 1997, July 1, 1999, July 1, 2001, July 1, 2005, and July 1, 2007 for both the MERF and the unfunded "Old Plans" (PBF, FRF, and RAF).

Local 1716:

Included in this valuation is the obligation for Local 1716 members who transferred to State MERF B on July 1, 1987.

29-year amortization payments (split between the City administration and the pension fund) commenced July 1, 1987 for this obligation. As of July 1, 2008, the City payment will be $509,126 ($3,160,000 on a present value basis) and the pension fund payment will be $462,336 ($2,869,000 on a present value basis).

Local 566:

Included in this valuation is the obligation for Local 566 (included merged Local 1303) members who transferred to State MERF B on August 1, 1988.

30-year amortization payments (split between the City administration and the pension fund) commenced August 1, 1988 for this obligation. As of July 1, 2008, the City payment will be $303,918 ($2,343,000 on a present value basis) and the pension fund payment will be $276,288 ($2,130,000 on a present value basis).

Section IV

Hartford MERF - Summary of Principal Provisions of Pension Plan
July 1, 2008

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Retirement Pensions:	Firefighters hired before July 1, 2003: 2.80% of Final Average Pay (rate of weekly pay immediately preceding retirement times 52, plus for firefighters who work a 42 hour week, holiday pay) multiplied by years of service up to 25 plus 2.0% for years over 25. Firefighters hired after June 30, 2003: 2.5% of Final Average Pay (rate of weekly pay immediately preceding retirement times 52, plus for firefighters who work a 42 hour week, holiday pay) multiplied by years of service up to 20 plus 2% of Final Average Pay for years of service over 20. Sworn Police Officers hired before July 1, 1999: 2.65% of Final Average Pay for highest 3 of last 5 years multiplied by years of service up to 20 plus 3% for year 21 plus a decreasing percentage for years over 21. Final Average Pay includes a provision for over-time and private duty pay. Sworn Police Officers hired after June 30, 1999: 2.5% of Final Average Pay for highest 3 of last 5 years times years of service up to 20 plus 2% for years of service- over 20.	2% (2.5% for HFSHP, HSSSA and HESP) of Final Average Pay for highest 5 of last 10 years times years of service, with maximum benefit of 70% of Final Average Pay. Final Average Pay for HFSHP, HESP, HSSSA, and Local 2221, Hartford Federation of Paraprofessionals are based on highest 3 out of last 5 years. Benefit for Local 2221 is 2.5% of Final Average Pay multiplied by years of service up to 20 plus 2% of Final Average Pay for years of service over 20 (maximum of 10 years). Effective July 1, 2008 for Local 818, employees hired prior to March 1, 2007 will get 2.5% of Final Average Pay (for each year of service) and employees hired after March 1, 2007 will get 2.0%. Final Average Pay is the highest 3 of the 7 years. Maximum benefit is 70% of pay.	For Library and MLA hired on or after July 1, 2006, HMEA hired after July 1, 2003, CHPEA hired after June 23, 2003, 2% of Final Average Pay for highest 2 of last 5 years times years of service with a maximum benefit of 70% of Final Average Pay. For Library with 5-year option, Final Average Pay is highest 5 of last 10 years. For CHPEA hired on or before June 23, 2003, MLA hired before July 1, 2006, and Nonbargaining, 2.5% of Final Average Pay for highest 2 of last 5 years times years of service. Maximum benefit of 70% of Final Average Pay for CHPEA, 80% for Nonbargaining and MLA. For Nonbargaining with 5-year option, Final Average Pay is highest 5 of last 10 years. For HMEA hired before July 1, 2003, 2.75% of Final Average Pay for highest 2 of last 5 years times years of service with a maximum benefit of 70% of Final Average Pay. For SCGA, 2% of Final Average Pay for highest 5 of last 10 years reduced by 1% of average Social Security covered earnings for all years included in computation of Social Security primary benefits. Maximum benefit of 100% of Final Average Pay.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Retirement Pensions:	Non-Sworn Police Officers: 2.5% of Final Average Pay for highest 3 of last 5 years times years of service, with maximum benefit of 80% of Final Average Pay. Sworn Police Officers have a maximum benefit of 70% of Final Average Pay. For Sworn Police Officers hired before July 1, 1999 increase maximum benefit to 80% of Final Average Pay with sick exchange provision. Firefighters have a maximum benefit of 80% of Final Average Pay (85% with sick exchange if hired prior to July 1, 2003). Assistant Police Chief, Police Chief, Assistant Fire Chief and Fire Chief: Same as Non-Bargaining.		
Normal Form of Benefit:	For unmarried members: life annuity. For married members: surviving spouse benefit of 25% of member's final year's earnings, if non-service connected death, and 50% of member's final year's earnings, if service connected death. Minimum of 50% of pension benefit for firefighters for non-service connected death. For married Non-Sworn Police Officers: life annuity with 50% to survivor.	For unmarried members: life annuity. For married members: life annuity with 50% to survivor.	For unmarried members: life annuity. For married members: life annuity with 50% to survivor.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Normal Retirement Age and Service Requirement:	Firefighters and Sworn Police Officers hired before July 1, 1999: Full benefits after 20 years of continuous service. Sworn Police Officers hired after June 30, 1999: Full benefits after 25 years of continuous service. Non-Sworn Police Officers: Full benefits after 20 years of service, or age 60 plus 5 years of continuous service, or after 15 years of service, if contributions are left in the MERF until would have had 20 years of service.	Age 60 plus 10 years of service (continuous service for Local 2221). Members are also eligible at age 55 with 25 years of service. Local 818 employees hired prior to March 1, 2007 may retire after 20 years of service, regardless of age.	For SCGA and MLA hired on or after July 1, 2006, earlier of (1) age 60 plus 5 years of continuous service or (2) age 55 with 25 years of continuous service. For Nonbargaining and MLA hired prior to July 1, 2006, earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of service, or (3) after 20 years of service if participant leaves after 15 years of service and contributions are left in the MERF until would have had 20 years of service. For CHPEA, earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of aggregate service if hired on or before June 23, 2003, age 55 with 25 years of aggregate service if hired after June 23, 2003. For HMEA earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of continuous service if hired before July 1, 2003, age 55 with 25 years of continuous service if hired after July 1, 2003. For Library non union, earlier of (1) age 60 plus 5 years of continuous service or (2) 25 years of continuous service. For Library union, (1) age 60 plus 10 years of continuous service or (2) 25 years of continuous service.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Optional Early Retirement:	Sworn Police Officers: Age 50 with 10 years of continuous service, actuarially reduced for years prior to Normal Retirement Age. Non-Sworn Police Officers: Age 55 with 5 years of continuous service, reduced at 4% per whole year prior to age 60. Firefighters: Age 50 with 5 years of continuous service, actuarially reduced or reduced at 2% per year (prorated for fractional years) prior to Normal Retirement Age.	At age 55 with 10 years (5 years for HESP) of service (continuous service for Local 2221), reduced at 4% per whole year prior to age 60. For Local 818, reduction is adjusted for partial years.	For Library union, age 55 with 10 years of continuous service. For all others, age 55 with 5 years of continuous service. Benefit reduced at 4% per whole year prior to age 60 (prorate for partial years for HMEA and CHPEA). For SCG members, reduction is 2% per whole year and fraction of a year prior to age 60.
Vesting of Earned Deferred Pension:	Sworn Police Officers: After 10 years of continuous service. Firefighters and Non-Sworn Police Officers: After 5 years of continuous service.	After 10 years (5 years for HESP) of continuous service. Payments begin no earlier than age 55.	For Library union, 10 years of continuous service. For all others, 5 years of continuous service. Payments begin no earlier than age 55.
Benefits to Survivors: (Death of Active Member Prior to Retirement)	Surviving Spouse: 25% of final year's earnings (50% if service connected death), payable until death or remarriage. Minimum of 50% of pension benefit for Firefighters for non-service connected death. Surviving Child: $100 per month for first child, $50 for each additional child (10% of final year's earnings if service connected death, or 15% if no surviving spouse). Total benefit, including Worker's Compensation, cannot exceed 100% of current pay rate for Member's rank. Non-Sworn Police Officers: Same as General Government members.	Member must meet qualifications for vesting. Surviving Spouse: 50% of pension which Member is receiving or would be entitled to when retired, payments beginning no earlier than date of Member's 55th birthday. Surviving Spouse benefits are payable until death or remarriage.	

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Refund of Contributions upon Discontinuance of Employment or at Death (Non-Vested Members): (May be taken in lieu of earned deferred pension by vested members)	Refund of total contributions, without interest. Non-Sworn Police Officers: Same as General Government members.	Termination: Refund of total contributions, with 3% interest compounded annually. Death: Refund of total contributions with interest preretirement and without interest postretirement.	
Pensions for Permanent, Total Disability - Service Requirements:	5 years of continuous service, but no requirement if disability is service connected as defined in Worker's Compensation Act. Non-Sworn Police Officers: Same as General Government members.	10 years of continuous service, except no requirement if disability is service connected as defined in Worker's Compensation Act.	
Amount of Total Disability Pension: (Payable so long as total disability continues.)	Retirement Pension with minimum of 25% of "final average pay." If disability is service connected, the pension equals 100% of the Member's final annual pay less Worker's Compensation benefits. Non-Sworn Police Officers: Same as General Government members.	Retirement Pension using Final Average Pay for last 10 years. If disability is service connected, amount not less than 50% of Member's final annual pay at time of disability. Maximum benefit of 2/3 of 10-year Final Average Pay less Social Security benefit. Minimum benefit of $30 per month. All service connected disability benefits are offset by benefits payable by Worker's Compensation (exception: no offset for $30 minimum). If non service connected, same as above, but no 50% Final Average Pay minimum and minimum benefit equals $10 per month instead of $30 per month.	
Pensions for Permanent Partial Disability: (Where earnings capacity is reduced by at least 10%.)	Ten years of continuous service, but no service requirement if disability is service connected. Same as retirement pension with reduction for less than 15 years of service. If non-service connected, retirement pension, subject to a minimum equal to 25% of Final Average Pay. This minimum is reduced by earnings if less than 15 years of service at time of disability. If service connected, pension equals 50% of final annual pay (regular 20 year pension for Firefighters) if 15 years of service, with reductions for earnings if less than 15 years of service. If at least 20 years of service, pension equals retirement pension. Non-Sworn Police Officers: Same as General Government members.	10 years of continuous service, except no requirement if disability is service connected as defined in Worker's Compensation Act. Retirement Pension using Final Average Pay for last 10 years (with offset for Worker's Compensation benefits if service-related disability), subject to a minimum pension of $10 monthly (non-service connected), or $30 (service connected). If the disability is service connected, benefit not less than 50% of the reduction in earnings with offset for Worker's Compensation benefits. For service connected disability, the maximum benefit is 2/3 of 10 year final average pay less Worker's Compensation and Social Security benefits. For non-service connected disability, the maximum is 2/3 of 10 year final average pay less Social Security benefits, or $1\text{-}^2/3\%$ of the reduction in income times years of service.	

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Member's Contribution Rate of Total Earnings: (City pays full balance of costs to fund MERF benefits; also Members and City pay taxes for those covered by Social Security.)	Firefighters and Sworn Police Officers hired before July 1, 1999: 8%. Sworn Police Officers hired after June 30, 1999: 6.5%. Non-Sworn Police Officers: 4% on earnings taxed for Social Security and 7% on excess. Assistant Police Chief, Police Chief, Assistant Fire Chief and Fire Chief: Same as Non-Bargaining.	4% on earnings taxed for Social Security and 7% on excess. For HESP, 9% and 12% (was 8.41% and 11.41%), respectively. For HSSSA, 8.75% and 11.75%, respectively. For HFSHP 10.14% and 13.14%, respectively. For Local 818, 5.2% up to Social Security Wage Base and 8.2% of the excess. If hired on or after March 1, 2007, 7.1% and 10.1%, respectively.	For Library and Nonbargaining, 4% on earnings taxed by Social Security and 7% on excess if 5 year Final Average Pay option elected. With 2 year option, 5% and 8%, respectively. For MLA, HMEA hired after July 1, 2003, and CHPEA hired after June 30, 2003, 5% on earnings taxed by Social Security and 8% on excess. For CHPEA hired on or before June 30, 2003, 6.5% and 9.5%, respectively. For HMEA hired before July 1, 2003, 7.8% on all earnings. For SCGA, 3% on earnings taxed by Social Security and 6% on excess.

Note 1 Any Member (other than a Police Officer or Firefighter) who was a Member before January 1, 1958 is guaranteed a minimum total benefit, including Social Security based on earnings from the City, equal to the pension the Member would have received under the terms of the MERF plan in existence prior to the enactment of the 1957 Special Act No. 347. Also, several active Members who transferred to MERF on or after July 1, 1968 from the City's Retirement Allowance Fund are entitled to a pension determined by the RAF provisions if it is greater than that based on the MERF provisions.

Note 2 Section 2-166 of the Municipal Code provides a minimum benefit of $155 monthly for all pensions granted by reason of service or for service-connected disability, and for joint annuitants under elected options, except members for whom Social Security taxes have been paid and anyone for whom more than half of the total pension is paid by the Metropolitan District.

Note 3 All members (other than SCG) may purchase up to 4 years of pension credit for military service. Pension credit is at the following rates of Final Average Pay per year purchased:

HMEA members hired before July 1, 2003	2.75%
Sworn Police Officers, Firefighters, CHPEA members hired on or before June 23, 2003, HFSHP, Local 818 hired prior to March 1, 2007, HSSSA, HESP, Non-bargaining (including Assistant Police Chief, Police Chief, Assistant Fire Chief, and Fire Chief), Non-Sworn Police Officers, and MLA hired prior to July 1, 2006	2.50%
Other (including CHPEA members hired after June 23, 2003, HMEA members hired prior to July 1, 2003, MLA hired on or after July 1, 2006, and Local 818 hired on or after March 1, 2007)	2.00%

Note 4 All members (other than Sworn Police Officers hired after July 1, 1999, all Board of Education members, CHPEA hired after June 23, 2003, HMEA hired on or after July 1, 2003, Library, SCG and MLA hired on or after July 1, 2006) may exchange accumulated sick leave upon retirement for up to 4 years (6 years for Firefighters hired prior to July 1, 2003) of pension service time. Additional pension service time may be purchased from accumulated sick leave at the rate of twenty days of accumulated sick leave for each year of pension service time.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

October 1, 2008 Actuarial Report

For the Fiscal and Plan Year
October 1, 2009
through
September 30, 2010

Prepared By:

STANLEY, HOLCOMBE & ASSOCIATES, INC.
2000 RiverEdge Parkway/ Suite 540
Atlanta, GA 30328
(770) 933-1933

June 16, 2009

S
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& A

Stanley,
Holcombe
& Associates, Inc.

June 16, 2009

Board of Trustees
City of Miami Fire Fighters' and
Police Officers' Retirement Trust
1895 SW 3 Avenue
Miami, FL 33129-1456

October 1, 2008 Actuarial Report

Dear Board Members:

Enclosed is our report on the actuarial valuation of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2008, for the fiscal year beginning October 1, 2009.

The report is based upon the terms of Ordinance No. 10002 and the Amended Final Judgment in the matter of Gates v. City of Miami. It is based on the Draft Actuarial Report dated February 26, 2009. It does not reflect any recommendations from the Triennial Experience Study for the period October 1, 2005 through September 30, 2008, dated February 25, 2009; any changes due to the Experience Study will be reflected in the October 1, 2009 Actuarial Report. This report also does not reflect any changes due to current collective bargaining activities.

The City contribution requirement is $55,095,791, which is 42.59% of payroll.

Respectfully submitted,

Randall L. Stanley, F.S.A.
Consulting Actuary and Principal

Frans Christ, F.S.A.
Vice President and Consulting Actuary

Jonathan T. Craven, A.S.A.
Vice President and Consulting Actuary

RLS/FC/JTC/di
MIAMI01B

Enclosures (20)

2000 RiverEdge Parkway/Suite 540 • Atlanta, GA 30328
(770) 933-1933 • Fax (770) 933-8918 • www.stanleyholcombe.com

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

OCTOBER 1, 2008 ACTUARIAL REPORT

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

OCTOBER 1, 2008 ACTUARIAL REPORT

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results - Regular Fund

		Actuarial Valuation Prepared as of 10/1/2008	10/1/2007
A.	Participant Data (Ex.7)		
	Active Members	1,633	1,463
	Total Annual Payroll	$129,369,531	$103,630,392
	Retired Members and Beneficiaries	1,643	1,633
	Total Annualized Benefits	$73,118,582	$71,192,990
	Disabled Members	204	209
	Total Annualized Benefits	$3,990,880	$4,030,315
	Terminated Vested Members	23	22
	Total Annualized Benefits	$466,760	$509,737
B.	Assets	-$-	-$-
	Actuarial Value (Ex. 2A)	1,219,600,827	1,208,812,855
	Market Value (Ex. 4)	1,018,935,217	1,268,869,871
C.	Liabilities (Excl. COLA)		
	Present Value of Benefits (Ex. 1)		
	Active Members - Retirement	968,874,865	790,061,237
	Vesting	18,499,353	14,689,867
	Disability	35,377,390	26,893,457
	Death	10,166,026	7,879,803
	Return of Contributions	1,872,976	1,484,884
	Total	1,052,790,610	841,009,248
	Inactive Members - Retired and Beneficiaries	763,064,711	749,480,106
	Disabled	35,509,391	36,399,191
	Terminated Vested	3,738,442	4,102,510
	Total	802,312,544	789,981,807
	Total	1,855,103,154	1,630,991,055
	Actuarial Accrued Liability	N/A	N/A
	Unfunded Actuarial Accrued Liability	N/A	N/A

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results - Regular Fund
(Continued)

		Actuarial Valuation Prepared as of 10/1/2008	Actuarial Valuation Prepared as of 10/1/2007
D.	Actuarial Present Value of Accrued Benefits (Exhibit 5)	-$-	-$-
	Vested Accrued Benefits		
	Inactive Members and Beneficiaries	802,312,544	789,981,807
	Active Members	425,678,479	320,980,395
	Total	1,227,991,023	1,110,962,202
	Non-Vested Accrued Benefits	28,798,596	19,175,039
	Total	1,256,789,619	1,130,137,241
E.	Pension Cost (Exhibit 1)		
	Normal Cost	64,151,658	44,247,522
	Payment to Amortize Unfunded Liability	N/A	N/A
	Expected Plan Sponsor Contribution	55,095,791	36,993,395
	As % of Payroll	42.59%	35.70%
	Expected Member Contribution	9,055,867	7,254,127
	As % of Payroll	7.00%	7.00%
		Year Ending 9/30/2007	Year Ending 9/30/2006
F.	Past Contributions	-$-	-$-
	Required Plan Sponsor Contribution	36,040,251	40,542,078
	Required Member Contributions	9,719,896	8,415,985
	Actual Contributions		
	Plan Sponsor	36,040,251	40,542,078
	Members	9,719,896	8,415,985
G.	Net Actuarial Gain (Loss)	N/A	N/A
H.	Other Disclosures		
	Active Members:		
	Present Value Future Salaries (at attained age)	1,360,580,427	1,051,016,461
	Present Value Future Contributions (at attained age)	91,751,594	70,875,954

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results – COLA Fund

		Actuarial Valuation Prepared as of 10/1/2008	10/1/2007
A. Participant Data			
Active Members			
Total Annual Payroll			
Retired Members and Beneficiaries		1,643	1,632
Total Annualized Benefits		$14,166,305	$11,649,748
Disabled Members		204	209
Total Annualized Benefits		$2,864,125	$2,481,250
Table		$1,312	$1,139
B. Assets		-$-	-$-
Actuarial Value (Ex. 13)		325,271,988	386,167,734
Market Value (Ex. 13)		305,815,025	369,024,734
C. Liabilities (COLA Only)			
Present Value of Benefits (Ex. 13)			
Active Members -	Reserve for Current Actives	44,121,197	40,382,837
	Reserve for Contribution Refunds	N/A	N/A
Reserve for Future Actives		6,618,180	6,057,425
Total (excl. 457 Service)		50,739,377	46,440,263
Inactive Members -	Frozen COLA I Benefits	1,753,400	1,912,567
	COLA II Benefits	226,911,479	194,528,452
	Total	228,664,879	196,441,019
Total		279,404,256	242,881,282

Comparative Summary of Total Assets - Combined

Market Value (Ex. 4)	1,324,750,242	1,601,096,886

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

REVIEW OF COSTS

Summary Discussion

This is the actuarial report for the fiscal year beginning October 1, 2009 for the City of Miami Fire Fighters' and Police Officers' Retirement Trust. This is the twenty-fifth annual actuarial report prepared by Stanley, Holcombe & Associates, Inc. This report is intended to reflect the provisions and requirements of Ordinance No. 10002, as amended through September 30, 2008.

Comparison of Deposit Requirements

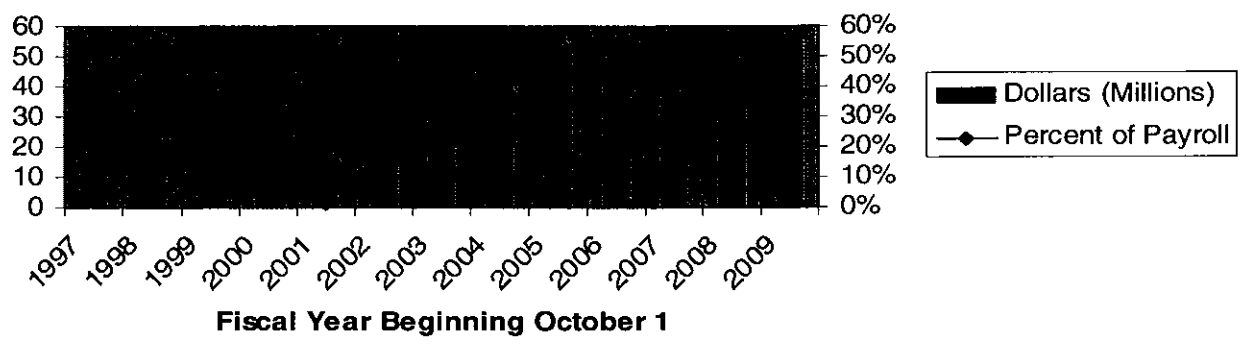
The City contribution requirements, and the results calculated for the 2009/2010 fiscal year, are as follows:

	2009/2010	2008/2009	2007/2008
	-$-	-$-	-$-
Past Service Cost	N/A	N/A	N/A
Normal Cost	55,095,791	36,993,395	36,040,251
Payment Timing	0	0	0
	55,095,791	36,993,395	36,040,251

The 2009/2010 deposit amount of $55,095,791 is approximately $18 million more than the $36,993,395 for the prior year.

As can be seen from Table 1, the decreases in City costs in recent years have reversed due to poor asset performance and larger pay increases than anticipated by the actuarial assumptions.

Table 1: Historical City Costs



Analysis of Cost Changes

The Normal Cost element of FIPO costs is expected to remain level as a percentage of covered payroll, if the actual Plan experience is the same as the actuarial assumptions. An increase in the Normal Cost rate indicates that experience has been less favorable than assumed, while a decrease indicates more favorable experience.

Quantification of the reasons for the changes is as follows:

Table 2 – Gain/Loss Analysis of Cost Changes from October 1, 2007 to October 1, 2008 Valuations

	Normal Cost	
	-$-	-%-
2007/2008 Normal Cost	36,993,395	35.70
2008/2009 Normal Cost Expected (for continuing participants)	37,173,379	35.92
Element of Experience		
Salary Increases	+9,312,413	+4.38
Turnover	+291,842	+0.10
Mortality	+580,120	+0.56
Retirement	+1,256,325	-0.06
New Participants	+829,519	-2.56
Disability	-63,490	-0.16
Investment Return	+5,083,133	+3.93
Contribution Lag	-200,088	-0.19
Other, Data	+832,638	+0.67
Total	+17,922,412	+6.67
2008/2009 Normal Cost	55,095,791	42.59

Following is a more detailed description of the elements of experience.

Salary Increases - During the period October 1, 2007 through September 30, 2008, covered payroll for the continuing actives increased more than expected, resulting in an increase of $9,312,413 in the Normal Cost. Covered payroll for continuing active participants at September 30, 2008 increased 18.20% compared to an expected 7.17%.

Mortality - For active members there were two deaths, as compared to 2 expected; for inactive members there were 30 deaths, as compared to 46 expected. This increased the normal cost by $580,120.

Disability - During the past year there were no disabilities, as compared to 4 expected. This decreased the normal cost by $63,490.

Turnover - From October 1, 2007 to September 30, 2008, there were 15 employee terminations, as compared to 18 predicted by the actuarial assumptions. This increased the normal cost by $291,842. Following is a comparison of the expected and actual turnover rates for the past nine years:

Table 3 – Expected and Actual Turnover by Duration

	1999/2002		2002/2005		2005/2006		2006/2007		2007/2008	
Age	Exp.	Act.	Exp.	Act.	Exp.	Act.	Exp.	Act.	Exp.	Act.
20-24	3.7	3	1.3	0	0.7	1	1.2	2	1.3	1
25-29	12.3	11	9.8	12	2.8	1	3.2	8	3.0	3
30-34	17.9	21	15.7	26	4.5	3	4.6	13	4.4	3
35-39	20.2	13	15.7	10	5.1	5	5.2	3	5.0	5
40+	13.8	19	13.5	18	3.9	2	3.8	3	3.8	3
	67.9	67	56.0	66	17.0	12	18.0	29	17.5	15

Retirement - There were 23 retirements during the period (10 firefighters, 13 police), as compared to about 59 expected. This resulted in a $1,256,325 increase in the Normal Cost. This was the second year of experience under the retirement decrements adopted 10/1/06. These decrements are service based with separate rates for firefighters and police officers. Note that retirees electing DROP are included among the actual retirees for the last nine years. Actual retirement benefits were also boosted by increased pay levels and retroactive payments due to the new labor agreements.

Following is a comparison of the expected and actual retirements during the past year:

Table 4 – Expected and Actual Retirements by Duration

	Firefighters			Police Officers			Combined		
Service*	Expected	Actual	A/E	Expected	Actual	A/E	Expected	Actual	A/E
0	1.10	1.00	90.90%	4.20	8.00	190.48%	5.30	9.00	169.81%
1	1.35	1.00	74.07%	3.80	1.00	26.32%	5.15	2.00	38.83%
2	1.35	1.00	74.07%	2.60	1.00	38.46%	3.95	2.00	50.63%
3	0.60	0.00	00.00%	4.20	0.00	00.00%	4.80	0.00	00.00%
4	3.25	1.00	30.77%	0.40	0.00	00.00%	3.65	1.00	27.40%
5	4.00	0.00	00.00%	5.50	0.00	00.00%	9.50	0.00	00.00%
6	7.25	2.00	27.59%	4.50	1.00	22.22%	11.75	3.00	25.53%
7	2.25	2.00	88.89%	1.75	1.00	57.14%	4.00	3.00	75.00%
8	0.50	1.00	200.00%	0.50	0.00	00.00%	1.00	1.00	100.00%
9	0.75	1.00	133.00%	0.25	0.00	00.00%	1.00	1.00	100.00%
10+	7.75	0.00	00.00%	1.00	1.00	100.00%	7.75	1.00	12.90%
Total	30.15	10.00	33.17%	28.70	13.00	45.30%	58.85	23.00	39.08%

*After attainment of Rule of 64 and 20 years

Investment Return - The rate of return for the year ending September 30, 2008 was (14.3%) on mean market value, as shown in Exhibit 4 and 3.65% on actuarial asset value (Exhibit 2A). As shown in Exhibit 2C, there will not be a COLA transfer as of January 1, 2010, resulting in a City minimum contribution of $4,682,453 due to the COLA fund as of that date.

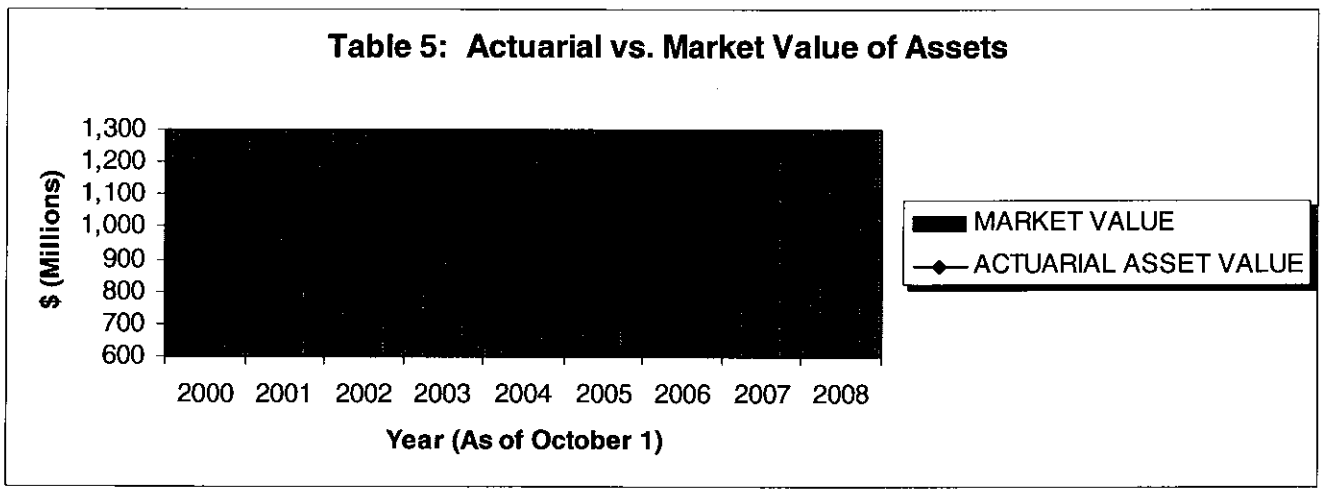
New Participants – During the year there were 188 new participants, who decreased the City contribution requirement for the Fund by 2.56%. Last year, 71 new participants decreased the rate by 0.53%.

Plan Assets

Exhibits 3 and 4 show the asset transactions and investment results during the year. The rate of return on mean market value for the period ending September 30, 2008 was (14.3%), as compared to the 7.75% assumption.

The asset valuation method results in an actuarial asset value of $1,219.6 million as of October 1, 2008 (Exhibit 2A), as compared to the market value of $1,058.6 million.

Table 5 illustrates the effect of using the asset smoothing methodology. The volatility of the market value of assets can be seen in the columns, while the actuarial value is illustrated by the line. The actuarial asset value line reflects the 20% Write-Up Method from September 30, 2005.



For COLA transfer purposes, the actuarial asset valuation method utilizes a 3-year moving average (Exhibit 2B). Under this method, the rate of return for the year ending September 30, 2008 was 1.78%. This results in no asset transfer from the Regular Fund to the COLA Fund on January 1, 2010 (Exhibit 2C).

Expected Ongoing Cost Levels

System costs have varied dramatically over the past several years, due almost exclusively to asset performance. Since the City's contribution requirement is the primary variable, it has been significantly impacted.

Nevertheless, it is important to distinguish between individual annual costs (which may be somewhat erratic) and expected ongoing annual costs. The following table compares the City contribution requirement as a percentage of payroll to the theoretical entry age normal City contribution percentages:

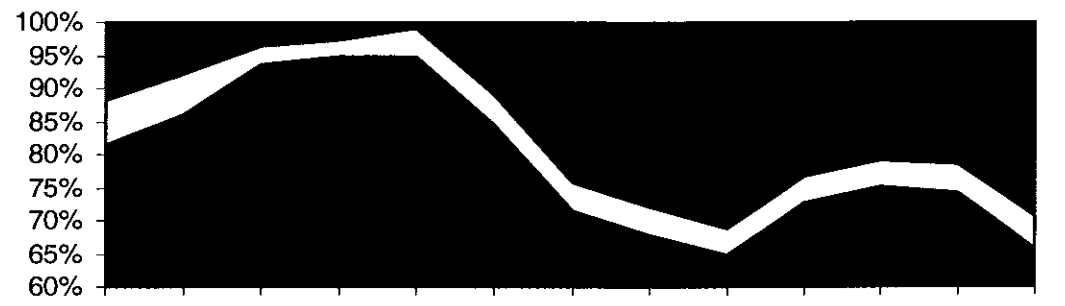
Valuation Date	Contribution %	EAN %
10/1/2008	43	21
10/1/2007	36	22
10/1/2006	40	23
10/1/2005 (Revised AAV)	44	23
10/1/2005 (Prior AAV)	60	23
10/1/2004	57	23
10/1/2003	46	21
10/1/2002	45	17
10/1/2001	20	19
10/1/2000	1	16
10/1/1999	5	17

As will be noted, contribution requirements in the two years before the 10/1/2002 valuation were below the System's theoretical contribution level. This was due to the System having accumulated more assets than expected. During the 2001-2005 period the contribution requirement (under the prior actuarial asset valuation method) had increased dramatically, due to erosion of assets and the delayed effect of asset smoothing.

Sources of Benefit Funding

Table 6 compares the sources of benefit funding for the past 12 years. The present value of benefits is equal to 100% in the Table. The present value of benefits is provided by three sources; the actuarial value of assets, the present value of member contributions, and the present value of future normal costs (city).

Table 6: Funding Sources



As seen in the table, the city portion of future benefit responsibility decreased as asset values climbed during the late nineties. When asset values started to decline, the city portion increased. As of October 1, 2008, the actuarial value of assets equals 66% of the present value of benefits, the present value of employee contributions equals 5%, and the present value of future normal costs equal 29% of the present value of future benefits.

Funding Progress

The comparison of the present values of vested and accrued benefits to FIPO assets from one year to the next, or over a period of time, is a measure of interim funding progress and the degree of benefit security.

Exhibit 6 contains the result of this comparison for the past two years. The market value of assets on October 1, 2008 is $1,018,935,217, as compared to the value of accrued benefits of $1,256,789,619 for a ratio of 81.1%. The ratio as of October 1, 2007 was 112.3%.

A ratio in excess of 100% typically is one indication of a well-funded program.

Governmental Accounting Standards

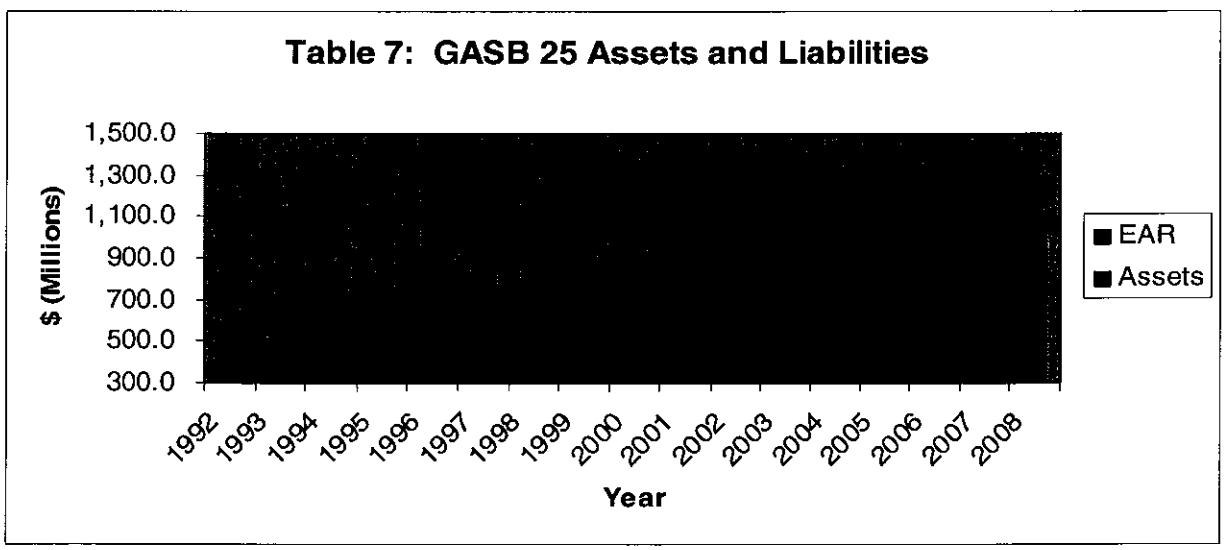
GASB issued Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Statement No. 27, Accounting for Pensions by State and Local Governmental Employers in 1994. Statement No. 25 provides parameters for financial reporting and comparison of actual contributions to "actuarially required contributions." Statement No. 27 provides standards for the financial reports of the state and local governmental employers. Statement No. 25 was effective for periods beginning after June 15, 1996; Statement No. 27, for periods beginning after June 15, 1997.

The Statements do not directly impact funding, although they do require calculation of an "actuarially required contribution," or "ARC" and amortization of any deficiency or excess of actual contributions made in relation to the ARC.

Since the FIPO Trust uses the Aggregate Cost Method, technically no Schedule of Funding Progress is required. However, such a Schedule of Funding Progress may be prepared using another acceptable cost method. Based on our recommendation in this report, the Schedule of Funding Progress is prepared using the Entry Age Normal Actuarial Accrued Liability, which is one of the acceptable measures under GASB 25. This Schedule is shown in Exhibit 11, Section III.

As of October 1, 2008 the entry age reserve is $1,452.5 million. This compares to assets of $1,018.9 million, for a funded ratio of 70%. Last year the funded ratio was 96%. These amounts, together with other disclosures, are contained in Exhibit 11 and illustrated in the following Table 7:

Table 7: GASB 25 Assets and Liabilities



As recommended in the 1997 report, and reviewed by FIPO auditors, the employer contributions made in accordance with the requirements of the Florida Division of Retirement should be used as the Actuarially Required Contribution (ARC), since an exact calculation of the ARC would not differ materially from the required contribution amount. On this basis, a Schedule of Employer Contributions has been added to Exhibit 11 in order to comply with the reporting requirements of GASB 25.

These calculations are made for GASB 25. It should be understood that they are only one approach to the measurement of funding progress. They should not be used for any other purpose, such as determination of compliance with City ordinances or State Statutes or the current or future solvency of the FIPO Trust.

Application of GASB 27

The provisions of GASB 27 are virtually identical to those of GASB 25. It is our understanding that the schedules used for GASB 25 disclosure may also be used for GASB 27 purposes.

COLA Fund

Calculations were made based on the information provided as of 10/1/2008. The calculations reflect the approach adopted with the Amended Final Judgment in the matter of Gates vs. City of Miami.

Exhibit 12, parts I and II, illustrate the general impact of the COLA increases which have been provided thus far (under the $1,312 table as of 1/1/2009), by duration since retirement and by age, respectively.

As discussed in earlier reports, there is probably no completely acceptable index for measuring the impact of inflation on retirees' benefits. Although the CPI is the most widely used inflation index, it is generally considered to distort inflation for retirees, since it includes components which are not typically germane to them, such as home purchases. In the absence of a suitable alternative, a percentage of the CPI is often used as a target. If the cumulative CPI were used as a target, the current COLA averages 61% of the target. A comparison of COLA increases to the CPI is shown in Exhibit 12, part III. Historical data on the CPI is shown in Exhibit 12, part IV.

Cumulative Experience Position

Ordinance Section 40-204(C) (4) provides that transfers of excess investment return from the Regular Fund to the COLA Fund may be made only if the System remains in a net positive experience position on a cumulative basis from October 1, 1982. Since the aggregate cost method is used for determining funding requirements, the determination of the experience position is measured under the entry age normal method.

The cumulative experience gain decreased to $69,203,355, from $170,699,853 last year (Exhibit 14).

COLA Transfer Calculations

Exhibit 2C shows the transfer calculations as of this valuation. As will be noted, the excess return transfer as of January 1, 2010 is scheduled to be $0. Therefore, there will be a City contribution of $4,682,453 to the COLA fund as of January 1, 2010.

Enrolled Actuary's Statement

This report has been prepared in accordance with standards established by the American Academy of Actuaries. To the best of our knowledge, it reflects the actuarial condition of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2008 for the Retirement Fund and for the COLA Fund.

All costs and cost components are calculated on the basis of actuarial assumptions which reasonably reflect the experience of the Trust.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Randall L. Stanley
Signature
Enrolled Actuary No. 08-602

June 16, 2009
Date

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

City Contribution Requirement for 2009/2010 Fiscal Year

		2009/2010 -$-	2008/2009 -$-
I.	Unfunded Actuarial Accrued Liability	0	0
II.	Normal Cost		
	A. Present Value of Future Benefits		
	1. Active Members		
	a. Retirement	986,874,865	790,061,237
	b. Disability	35,377,390	26,893,457
	c. Death	10,166,026	7,879,803
	d. Turnover	18,499,353	14,689,867
	e. Return of Contributions	1,872,976	1,484,884
	f. Total	1,052,790,610	841,009,248
	2. Retired Members and Beneficiaries		
	a. Service Retirements + Beneficiaries	763,064,711	749,480,106
	b. Disability Retirements	35,509,391	36,399,191
	c. Terminated Vested Members	3,738,442	4,102,510
	d. Total	802,312,544	789,981,807
	3. Total	1,855,103,154	1,630,991,055

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

City Contribution Requirement for 2009/2010 Fiscal Year

		2009/2010 -$-	2008/2009 -$-
II.	Normal Cost (Cont'd)		
	A. Total Present Value of Future Benefits	1,855,103,154	1,630,991,055
	B. Present Value of Future Member Contributions [(1)]	91,751,594	70,875,954
	C. Actuarial Asset Value	1,219,600,827	1,208,812,855
	D. Unfunded Actuarial Accrued Liability	0	0
	E. Present Value of Future Normal Costs (A-B-C-D)	543,750,733	351,302,246
	F. Present Value of Future Payrolls	1,360,580,427	1,051,016,461
	G. Current Payroll for those under Expected Retirement Age	127,945,646	102,715,386
	H. Current Normal Cost - Payable 10/1/2009 [(E)x(G) / (F)] (1.0775)	55,095,791	36,993,395
	I. Covered Payroll	129,369,531	103,630,392
	J. Normal Cost as Percentage of Payroll (H)/ (I)	42.59%	35.70%
III.	Quarterly City Contribution Schedule		
	A. Past Service Cost	0	0
	B. Normal Cost	55,095,791	36,993,395
	C. Payment Timing	0	0
	D. Total	**55,095,791**	36,993,395

[(1)] 7% of Covered Payroll

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Actuarial Asset Value – 20% Write Up Method

I. Determination of Actuarial Asset Value as of October 1, 2008

	-$-
A. Actuarial Value of Assets as of 10/01/2007	1,208,812,855
B. City Contributions	36,040,251
C. Member Contribution	9,719,896
D. Benefits Paid	77,794,816
E. Contributions Refunded	664,235
F. Expected Return *	93,653,278
G. Expected Actuarial Value of Assets (A+B+C-D-E+F)	1,269,767,229
H. Market Value of Assets	1,058,584,760
I. Present Value of 01/01/09 COLA Transfer	39,649,543
J. Present Value of 01/01/10 COLA Transfer	0
K. Difference (H-I-J-G)	(250,832,012)
L. 20% of Difference	(50,166,402)
M. Preliminary Actuarial Asset Value (G+L)	1,219,600,827
N. Maximum Actuarial Asset Value (120% of H-I-J)	1,222,722,260
O. Minimum Actuarial Asset Value (80% of H-I-J)	815,148,174
P. Actuarial Asset Value at 10/1/2008	1,219,600,827
Q. Contribution Surplus Account Balance	0
R. Final Actuarial Value at 10/01/2008 (P – Q)	**1,219,600,827**

II. Rate of Return on Actuarial Asset Value

	-$-
A. Actuarial Asset Value at 10/01/2007	1,208,812,855
B. Contributions	
1. City (Including amount from Contribution Surplus Account)	36,040,251
2. Members	9,719,896
3. Total	45,760,147
C. Benefits and Refunds	78,459,051
D. Contribution Surplus	0
E. Actuarial Asset Value at 10/01/2008	1,219,600,827
F. Net Return on Investment [E+D+C-B-A]	43,486,876
G. Rate of Return (II F/I F) (.0775)	3.65%

*[1,208,812,855 + 36,040,251 + (9,719,896) (2.5/4) – (77,794,816 + 664,235) (13/24)] (.0775)

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

I. Development of Actuarial Asset Value (3 Years, for COLA Transfer Purposes)

		9/30/2008 -$-	9/30/2007 -$-	9/30/2006 -$-
A.	Book Value	1,031,726,793	1,014,745,156	953,417.616
B.	Market Value	1,018,935,217	1,268,869,871	1,147,871,078
C.	B/A	0.9876018	1.2504320	1.2039541
D.	1/3 ∑ (C)		1.1473293	
E.	Adjusted Market Value at 9/30/2008 D x $1,031,726,793		1,183,730,379	
F.	Contribution Surplus at 9/30/2008		0	
G.	1. 80% of Market Value		815,148,174	
	2. 120% of Market Value		1,222,722,260	
H.	Preliminary Actuarial Asset Value		1,183,730,379	
I.	Present Value of 1/1/2010 COLA Transfer, discounted at 7.75%		0	
J.	Actuarial Asset Value (H-I)		1,183,730,379	

II. Rate of Return on Actuarial Asset Value

		-$-
A.	Actuarial Asset Value at 10/01/2007	1,195,437,766
B.	Contributions	
	1. City	36,040,251
	2. Members	9,719,896
	3. Total	45,760,147
C.	Benefits and Refunds	78,459,051
D.	Present Value of 1/1/2010 COLA Transfer	0
E.	Contribution Surplus	0
F.	Actuarial Asset Value at 10/01/2008	1,183,730,379
G.	Net Return on Investment [F+E+D+C-B-A]	20,991,517
H.	Rate of Return [2 x G/ (A+F-G)]	1.78%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Calculation of Excess Investment Return
On Membership and Benefits Accounts for 2007/2008 Fiscal Year
2010 COLA Transfer

I.	**Net Actual Return on Actuarial Asset Value**	-$-
A.	Preliminary Actuarial Asset Value as of 10/1/2008	1,183,730,379
B.	Benefits Paid During Plan Year	77,794,816
C.	Contributions Refunded During Plan Year	664,235
D.	City Contributions During Plan Year (Required)	36,040,251
E.	Member Contributions During Plan Year	9,719,896
F.	Actuarial Asset Value as of 10/1/2007	1,195,437,766
G.	Total Actual Return During Plan year (A)+(B)+(C)-(D)-(E)-(F)	20,991,517
II.	**Net Expected Return on Actuarial Asset Value**	
A.	Actuarial Asset Value as of 10/1/2007	1,195,437,766
B.	Benefits Paid During Plan Year	77,794,816
C.	Contributions Refunded During Plan Year	664,235
D.	City Contributions During Plan Year	36,040,251
E.	Member Contributions During Plan Year	9,719,896
F.	Expected Rate of Return	7.75%
G.	Expected Return During Plan Year	92,616,708 *
H.	Base Amount for Expected Return (G)/.0775	1,195,054,297
I.	Excess Return on Assets (I(G) - II(G))	(71,625,191)
J.	Excess Return as % of II(H)	(5.993468)% **

III. Amount to be Transferred to COLA Fund

A.

	Excess Return		COLA Transfer	
	%	$	%	-$-
First	2.5	0	75	0
Next	2.5	0	50	0
Next	2.5	0	25	0
Remainder		0	0	0

B. Total Transfer Amount at 1/1/2010 **0**

*Assumes Uniform Quarterly Contributions and Monthly Benefits
[(1,195,437,766) + 36,040,251 + (9,719,896) (2.5/4) - (77,794,816 + 664,235) (13/24)](.0775) = 92,616,708

**Before 1/1/2009 COLA transfer.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Asset Transactions for Year Ending September 30, 2008 *

	Membership and Benefits Accounts	COLA I Account	COLA II Account
	-$-	-$-	-$-
A. Market Value as of October 1, 2007	1,300,941,309	43,340,379	256,815,198
B. Book Value as of October 1, 2007	1,046,816,594	34,881,988	206,694,659
C. Income During Year			
1. City Contributions	36,040,251		
2. Member Contributions	9,719,896		
3. Other Member Contributions	0		
4. Interest	21,565,998	543,147	3,402,962
5. Dividends	10,011,736	311,121	1,963,665
6. Net Realized Gains (Losses)	56,524,917	1,431,614	9,045,549
7. Securities Lending Income	1,315,960	35,566	224,544
8. Rental and Other Income	743,141	20,143	127,031
9. COLA Transfer at January 1, 2008	(27,433,674)	--	27,433,674
	108,488,225	2,341,591	42,197,425
D. Disbursements During Years			
1. Benefit Payments	77,794,816	306,275	15,359,900
2. Contribution Refunds	664,235	14,154	
3. Custodial and Investment Expenses	5,068,052	135,704	838,590
4. Other Expense			
5. Securities Lending Fees	365,965	9,854	62,138
6. Building Depreciation	35,414	983	6,330
	83,928,482	466,970	16,266,958
E. Book Value as of 9/30/2008 (B)+(C)-(D)	1,071,376,337	36,756,609	232,625,126
F. Net Change in Unrealized Gains (Losses)	(266,916,292)	(8,897,243)	(52,897,940)
G. Market Value as of 9/30/2008 (A)+(C)-(D)+(F)	1,058,584,760	36,317,757	229,847,725
H. January 1, 2009 Allocation to COLA II (discounted)	(39,649,543)	N/A	39,649,543
I. Net Market Value as of 9/30/2008	1,018,935,217	36,317,757	269,497,268

*Based on unaudited financial statements.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Distribution of Assets as of September 30, 2008[1]

Membership and Benefits and Cost-of-Living Adjustment Accounts

Description	Market -$-	Book -$-
Bills, Bonds, Notes	410,403,085	405,807,991
Domestic Stocks	646,768,909	642,285,782
International Stocks	73,933,123	101,402,776
Private Equity	19,441,992	20,236,927
Money Market Funds and Time Deposits	10,923,338	11,451,111
Mutual Funds	115,146,492	108,883,146
Real Estate[2]	2,170,816	2,170,816
Securities Lending Adjustment	(2,600,201)	(43,166)
A: Sub-Total	**1,276,187,554**	**1,292,195,383**
B: Cash	**61,306,867**	**61,306,867**
Receivables:		
City Contributions		
Accounts Receivable	1,726	1,726
Member Contributions		
Accrued Interest	2,577,213	2,577,213
Accrued Dividend	1,065,271	1,065,271
Securities Proceeds	6,792,383	6,792,383
C: Sub-Total	**10,436,593**	**10,436,593**
Payables:		
Budget Advance	(444,346)	(444,346)
Transfer	(314,334)	(314,334)
Tax Withheld	15	15
Accounts Payable	254,824	254,824
Securities Purchased	23,684,613	23,684,613
D: Sub-Total	**23,180,772**	**23,180,772**
E. Total (A+B+C-D)	**1,324,750,242**	**1,340,758,071**
Accounts:		
COLA I Account	**36,317,757**	**36,756,609**
COLA II Account	**229,847,725**	**232,625,126**
COLA II Transfer (1/1/2009)	**39,649,543**	**39,649,543**
F: Membership & Benefits Account	**1,018,935,217**	**1,031,726,793**

[1]Based on unaudited financial statements.
[2]Carried at depreciated cost for Book Value and at appraised value for Market Value.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Investment Results

Yield on Mean Values for 12-Month Period Ending 9/30/2008

	-$-	Market -%-	Book -%-
Membership and Benefits Accounts*			
Interest	21,565,998	1.7	2.1
Dividends	10,011,736	0.8	1.0
Rental and Other Income, less Depreciation	707,727	0.1	0.1
Realized Gains	56,524,917	4.4	5.5
Securities Lending (Net)	984,483	0.1	0.1
Increase in Unrealized Gains	(266,916,292)	(21.0)	--
Custodial and Investment Expenses	(5,068,051)	(0.4)	(0.5)
Real Estate Adjustment to Appraised Value	0	0.0	--
	(182,189,482)	(14.3)	8.3
COLA I Account			
Interest	543,147	1.3	1.5
Dividends	311,121	0.7	0.9
Rental and Other Income, less Depreciation	19,160	0.0	0.1
Realized Gains	1,431,614	3.3	4.1
Securities Lending (Net)	26,890	0.1	0.1
Increase in Unrealized Gains	(8,897,243)	(20.5)	--
Custodial and Investment Expenses	(135,704)	(0.3)	(0.4)
	(6,701,015)	(15.4)	6.3
COLA II Account			
Interest	3,402,962	1.3	1.6
Dividends	1,963,665	0.8	0.9
Rental and Other Income, less Depreciation	120,701	0.0	0.1
Realized Gains	9,045,549	3.4	4.2
Securities Lending (Net)	169,905	0.1	0.1
Increase in Unrealized Gains	(52,887,940)	(20.1)	--
Custodial and Investment Expenses	(838,590)	(0.3)	(0.4)
	(39,023,748)	(14.8)	6.5

*Before 1/1/2009 COLA transfer

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Accounting Information
As of October 1, 2008

		October 1, 2008 -$-	October 1, 2007 -$-
I.	Present Value of Vested Accrued Benefits		
	A. Service Retirements and Beneficiaries	763,064,711	749,480,106
	B. Disability Retirements	35,509,391	36,399,191
	C. Vested Terminated Members	3,738,442	4,102,510
	D. Active Members	425,678,479	320,980,395
	E. Total	1,227,991,023	1,110,962,202
II.	Present Value of Non-Vested Accrued Benefits	28,798,596	19,175,039
III.	Present Value of Accrued Benefits	1,256,789,619	1,130,137,241

IV. The values of accumulated plan benefits were determined in accordance with the Academy of Actuaries Interpretations and FASB Statement No. 35, Accounting and Reporting by Defined Benefit Pension Plans.

V. Statement of Changes in Accrued Benefits

A.	Present Value of Accrued Benefits at Beginning of Year	1,130,137,241
B.	Increase (Decrease) During the Year Attributable to:	
1.	Benefits Accumulated	83,527,023
2.	Benefits Paid and Contributions Refunded	(78,459,051)
3.	Plan Amendment	0
4.	Assumption/Method Changes*	37,039,058
5.	Increase Due to Decrease in Discount Period	84,545,348
6.	Net Increase	126,652,378
C.	Present Value of Accrued Benefits at End of Year	1,256,789,619

* Programming refinement to recognize buyback service purchase as past service instead of spread over total working lifetime.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparison of Funding Progress
($000)

		10/1/2008 -$-	10/1/2007 -$-	10/1/2006 -$-
I.	Assets			
	A. Book Value	1,031,727	1,014,745	953,418
	B. Market Value	1,018,935	1,268,870	1,147,871
II.	Liabilities			
	A. Retired and Vested	802,313	789,982	747,329
	B. Active			
	Employee Contributions	133,288	124,729	116,287
	Other Vested	292,390	196,251	215,238
	Non-Vested Accrued	28,799	19,175	17,985
	C. Total Accrued	1,256,790	1,130,137	1,096,839
III.	Ratios	%	%	%
	IA/IIC	82.1	89.8	86.9
	IB/IIC	81.1	112.3	104.7

Note: Item II amounts are present values of accrued benefits.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Member Statistics

		10/1/2008	10/1/2007	10/1/2006
I.	Active Members			
	Number of			
	Males	1,391	1,247	1,268
	Females	242	216	217
	Total	1,633	1,463	1,485
	Averages			
	Current Age	38.4	38.9	38.7
	Past Service	11.8	12.6	12.4
	Credited Past Service	11.8	12.6	12.4
	Annual Earnings	$79,222	$70,834	$60,851
II.	Inactive Members			
	A. Retirees and Beneficiaries			
	Number	1,643	1,633	1,570
	Average Annual Benefit	$44,503	$43,596	$42,579
	Average Age	64.2	63.6	63.3
	B. Disabled			
	Number	204	209	209
	Average Annual Benefit	$19,563	$19,284	$19,005
	Average Age	67.2	66.5	65.6
	C. Vested Terminated			
	Number	23	22	22
	Average Deferred Benefit	$20,294	$23,170	$21,502
	Average Age	44.2	44.3	44.5

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Age-Service Distribution

	Completed Years of Service										Earnings	
Age	0-1	2-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total	Total -$-	Average -$-
15-24	56	56	0	0	0	0	0	0	0	112	5,836,701	52,113
25-29	66	128	29	0	0	0	0	0	0	223	12,580,549	56,415
30-34	42	70	100	47	0	0	0	0	0	259	17,630,577	68,072
35-39	13	54	75	111	52	0	0	0	0	305	22,546,682	73,924
40-44	8	11	38	61	117	60	1	0	0	296	25,596,493	86,475
45-49	1	6	5	27	70	113	52	0	0	274	27,710,616	101,134
50-54	0	3	2	13	14	37	53	8	0	130	14,052,397	108,095
55-59	1	0	1	1	3	6	12	2	4	30	3,068,160	102,272
60-64	0	0	0	0	0	1	2	0	0	3	266,154	88,718
65+	0	0	0	0	1	0	0	0	0	1	81,202	81,202
Total	187	328	250	260	257	217	120	10	4	1,633	129,369,531	79,222

Average Age: 38.9 Average Service: 12.6

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Reconciliation of Participant Counts

	Actives	Retirees & Beneficiaries	Disableds	Vested Terminated
10/1/2007	1,463	1,633	209	22
Changes due to:				
Retirement	-23	+25		-2
Withdrawal	-15			+3
Disability				
Death	-2	-25	-5	
New Beneficiary		+11		
New Hires	+188			
Data Changes	+22	-1		
10/1/2008	1,633	1,643	204	23

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Principal System Provisions

(Based on Ordinance No. 10002, as Amended
by Ordinances Nos. 112351 and 11944, and Resolution 657)

Effective Date:	January 1, 1940, as restated effective May 23, 1985, and amended through September 30, 2008.
Fiscal Year:	October 1 - September 30.
Membership:	Police officers and fire fighters.
Covered Compensation:	An employee's base salary, including pick-up contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death-in-family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.
Contributions:	Members: 7% of Compensation, effective 10/01/99. City: Balance, as actuarially determined.
Creditable Service:	Service credited under Retirement System; military service (maximum of four years) during wartime for which Member makes contributions; maternity leave (maximum of 180 days for each leave) for which Member makes contributions; up to 5 years, without member contributions, if member was an employee before period of military service.
Average Final Compensation:	Average Compensation during the highest year of Creditable Service.
Normal Service Age:	Age 50

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Service Retirement:	3.0% of Average Final Compensation for each of the first fifteen years of Creditable Service plus 3.5% of Average Final Compensation for each year of Creditable Service after the fifteenth year; maximum of 100% for those with less than 100% under prior rules on 9/30/98.
Early Service Retirement:	After 20 years of Creditable Service. Benefits are based on Average Final Compensation and Creditable Service at retirement date. Actuarial equivalence for early commencement.
Rule of 64 Retirement:	Service retirement on the basis of combined age and Creditable Service equaling 64 or more.
Disability:	Ordinary Disability: After 10 or more years of Creditable Service, and not eligible for service retirement. Not incurred as accident in performance of duties. 90% of benefit rate times Average Final Compensation times Creditable Service, with a minimum benefit of 30% of Average Final Compensation; 10 years' certain and life normal form. Accidental Disability: Incurred as accident in performance of duties. 66 2/3% of Average Final Compensation, or 66 2/3% of Final Compensation, whichever is greater. 40% joint & survivor normal form, with a minimum of 10 years' certain and life.
Deferred Retirement Option Plan:	Members who are eligible for Service Retirement or Rule of 64 Retirement after September 1998 may elect self-directed Deferred Retirement Option Plan, for a maximum of 4 years. An actuarially equivalent Back DROP option (maximum of 4 years) may be elected prior to DROP entry; combined years of DROP may not exceed 4.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Death:	Ordinary Death: (a) Between 3 and 10 years of Creditable Service, and death not accidentally incurred in performance of duties: Lump sum benefit equal to 50% of Compensation received in year preceding death. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferred period or 10 years' certain period. (c) If eligible for Service, Early Service, or Rule of 64 retirement, considered to have retired on the date of death. Surviving spouse would receive 40% of the member's monthly retirement allowance. Accidental Death: Incurred in performance of duties. (a) Pension of 50% of Average Final compensation to spouse until death or remarriage. If there is no spouse, or if spouse dies or remarries before youngest child is 18, payable until attainment of age 18. If no spouse or no children under 18, benefit is payable to dependent parents. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferral period or 10 years' certain period.
Employment Termination:	After 10 years of Creditable Service, based on Creditable Service and Average Final Compensation at termination date. If Member contributions are withdrawn, benefit is forfeited. Benefits are deferred to Normal Retirement Age.
Optional Allowances:	Normal form is joint and 40% contingent survivor, with a minimum of 10 years' certain and life. Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of Member. Option 6 is withdrawal of member contributions with credited interest; monthly benefit is 1/2 of normal level.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Transfer of Compensated Leave Balances:	Accumulated leave balances may be transferred into system immediately prior to retirement to purchase additional Creditable Service, on an actuarially equivalent basis.
Transfer of 457 Balances:	457 balances of Firefighters may be transferred into System at retirement to purchase additional Service for multiplier purposes.
Changes Since Prior Valuation:	None.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Actuarial Basis

Valuation Date: October 1, 2008 for Fiscal Year beginning October 1, 2009.

Valuation Method: Aggregate Cost Method.

Asset Valuation Method: 20% Write-Up Method: Expected value is based on the Interest Discount/Investment Return rate applied to the actuarial asset value as of previous valuation date and cash flow during the year. 20% of the difference between the Expected Value and the Market Value (net of pending transfers to the COLA Fund) is added to the Expected Value.

The result cannot be greater than 120% of market value or less than 80% of market value (net of pending COLA transfers).

Actuarial Assumptions:

Interest Discount/ Investment Return: 7.75%, compounded annually.

Inflation: 3.5%, compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	.0507%	.0284%
30	.0801%	.0351%
40	.1072%	.0709%
50	.2579%	.1428%
60	.7976%	.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis
(Continued)

Age	Disability	Turnover	
		<5	5+
31	.00200	.0240	.0192
32	.00220	.0240	.0192
33	.00245	.0240	.0192
34	.00265	.0240	.0192
35	.00285	.0240	.0192
36	.00305	.0228	.0182
37	.00325	.0216	.0173
38	.00345	.0204	.0163
39	.00370	.0192	.0154
40	.00390	.0180	.0144
41	.00470	.0168	.0134
42	.00555	.0156	.0125
43	.00635	.0144	.0115
44	.00720	.0132	.0106
45	.00800	.0120	.0096
46	.00880	.0096	.0077
47	.00965	.0072	.0057
48	.01045	.0048	.0038
49	.01130	.0024	.0019
50	.01210	.0000	.0000
51	.01295	.0000	.0000
52	.01375	.0000	.0000
53	.01455	.0000	.0000
54	.01540	.0000	.0000
55	.01620	.0000	.0000
56	.01785	.0000	.0000
57	.01870	.0000	.0000
58	.01950	.0000	.0000
59	.02030	.0000	.0000
60	.00000	.0000	.0000

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis
(Continued)

Retirement: If eligible for Rule of 64 Retirement, the following decrements apply, based on service:

Years of Service	Police %	Fire %
<20	0	0
20-24	20	5
25-29	25	25
30-31	50	25
32	100	100

There is no explicit assumption on the percentage of retirements expected to enter the DROP. No distinction is necessary, since funding is calculated to expected retirement or expected DROP entry.

Salary Merit Scale

Service	Police	Fire
0	.0500	.0500
1	.0500	.0500
2	.0500	.0500
3	.0500	.0500
4	.0500	.0500
5	.0500	.0500
6	.0500	.0500
7	.0250	.0500
8	.0500	.0500
9	.0500	.0500
10	.0100	.0000
11	.0100	.0000
12	.0100	.0000
13	.0100	.0000
14	.0100	.0000
15	.0125	.0250
16	.0125	.0250
17	.0100	.0100
18	.0100	.0100
19	.0100	.0100
20	.0100	.0100
21	.0100	.0100
22 +	.0000	.0000

Salary Merit Scale is combined with 3.5% inflation and 1.5% for promotions and other increases. There is also a 7.0% increase at retirement.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis)
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employees are assumed to be married.
Investment Expenses:	None; the investment return assumption of 7.75% is net of investment expenses.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Compensated Absence Balance Transfers:	No liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.
Adjustments from Valuation Date:	One year's interest is added to the calculated deposit to reflect ordinance provision.
Sources of Data:	Asset data is from unaudited financial statements and includes an appraised value for the real estate to be used for Market Value. Membership data was furnished by Administrator. Member compensation used is final bi-weekly pay in the year, annualized.
Changes Since Prior Valuation:	None.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Information Under Florida Statutes

I. Comparison of Salary Increases

Year Ending	Actual -%-	Assumed -%-
9/30/08	18.20	7.17
9/30/07	18.19*	5.81
9/30/06	2.84	5.79
9/30/05	8.15	5.77
9/30/04	10.20	5.78
9/30/03	5.38	4.00
9/30/02	2.43	2.00
9/30/01	4.79	2.00
9/30/00	7.12	2.00
9/30/99	0.52	2.75
9/30/98	(1.35)	2.75
9/30/97	(1.07)	2.75
9/30/96	0.76	2.75
9/30/95	5.50	2.75
9/30/94	2.86	3.00
9/30/93	6.37	6.80
9/30/92	3.48	6.80
9/30/91	2.65	6.80
9/30/90	2.79	7.00
9/30/89	8.64	7.00
9/30/88	6.05	7.00
9/30/87	7.45	7.50
9/30/86	7.49	7.50
9/30/85	14.28	7.50
9/30/84	11.53	7.50

* Including impact of change in valuation pay definition.

II. Comparison of Investment Returns

Year Ending -%-	Actual MV -%-	Actual AAV** -%-	Assumed -%-
9/30/08	(14.3)	3.65	7.75
9/30/07	14.2	8.27	7.75
9/30/06	9.1	7.57	7.75
9/30/05 (Revised)	15.6	7.83	7.75
9/30/05 (Prior)	15.6	8.43	7.75
9/30/04	12.9	4.29	7.75
9/30/03	15.7	3.26	7.75
9/30/02	(5.5)	(3.93)	7.75
9/30/01	(10.6)	(1.29)	7.75
9/30/00	12.7	16.01	7.75
9/30/99	13.8	13.40	7.75
9/30/98	6.9	19.45	7.75
9/30/97	28.3	26.34	8.00
9/30/96	13.2	11.27	8.00
9/30/95	21.0	12.86	7.75
9/30/94	(1.7)	5.18	7.75
9/30/93	15.8	13.73	7.75
9/30/92	9.9	12.48	7.75
9/30/91	25.9	20.93	7.75
9/30/90	0.4	1.89	7.50
9/30/89	N.A.	16.09	7.50
9/30/88	N.A.	0.08	7.50
9/30/87	N.A.	22.64	7.00
9/30/86	N.A.	21.66	7.00

** Based on mean actuarial asset values for periods ending 9/30. Rates of return on AAV prior to 9/30/05 are based on prior asset valuation methods, with COLA transfers treated as cash flow.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Information Under Florida Statutes
(Continued)

III. Comparison of Payroll Growth

Year Ending	Actual	Assumed
	-%-	-%-
9/30/08	24.8	N.A.
9/30/07	14.7	N.A.
9/30/06	(1.3)	N.A.
9/30/05	2.6	N.A.
9/30/04	(9.9)	N.A.
9/30/03	2.1	N.A.
9/30/02	8.1	N.A.
9/30/01	6.3	N.A.
9/30/00	8.5	N.A.
9/30/99	4.6	N.A.
9/30/98	6.8	N.A.
9/30/97	(4.5)	N.A.
9/30/96	1.9	N.A.
9/30/95	(1.9)	N.A.
9/30/94	1.1	N.A.
9/30/93	7.5	N.A.
9/30/92	2.1	N.A.
9/30/91	(7.6)	5.00
9/30/90	(0.8)	5.00
9/30/89	9.5	5.00
9/30/88	3.4	5.00
9/30/87	5.9	5.00
9/30/86	5.8	5.00
9/30/85	7.8	5.00
9/30/84	9.7	5.00

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 25
(Excluding COLA Fund)

I. Funding Status and Progress as of September 30, 2008 and 2007

Entry Age Accrued Liability: $(Millions)

	Sept. 30, 2008	Sept. 30, 2007
	-$-	-$-
- Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	802.3	790.0
- Current employees - Accumulated employee contributions including interest	133.3	124.7
Employer - financed vested	292.4	196.3
Employer - financed nonvested	224.5	207.4
Total Actuarial Accrued Liability	1,452.5	1,318.4
Net assets available for benefits (market value)	1,018.9	1,268.9
Unfunded Actuarial Accrued Liability	433.6	49.5

The actuarial accrued liability was determined as part of actuarial valuations at September 30, 2008 and September 30, 2007. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually, (b) projected salary increases of 3.50 percent per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.0 percent to 5.0 percent per year, attributable to seniority/merit and (d) 1.5% for promotions and other increases.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 25
(Excluding COLA Fund)

II. Contributions Required and Contributions Made

The funding policy provides for periodic employer contributions at actuarially determined rates that are sufficient to pay benefits when due. Contributions for normal costs are determined using the aggregate actuarial cost method. This cost method does not provide for an unfunded actuarial accrued liability.

Contributions totaling $45,760,147 ($36,040,251 employer and $19,719,896 employee) were made for the year ending September 30, 2008. These contributions consisted of (a) $45,760,147 normal cost, (b) $0 amortization of the unfunded actuarial accrued liability, and (c) $0 noninvestment expenses.

Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the standardized measure of the pension obligation as of the beginning of the preceding year.

III. Analysis of Funding Progress ($ Millions)

Fiscal Year	(1) Net Assets Available for Benefits ($)	(2) Entry Age Reserve ($)	(3) Percent Funded (%)	(4) Unfunded EAR (2)-(1) ($)	(5) Annual Covered Payroll ($)	(4)/(5) (%)
1992	492.0	483.7	102	(8.3)	67.1	(12)
1993	550.6	513.4	107	(37.2)	72.0	(52)
1994	516.4	587.5	88	71.1	72.9	98
1995	616.5	614.4	100	(2.1)	71.5	(3)
1996	674.7	650.0	104	(24.7)	72.9	(34)
1997	835.3	727.1	115	(108.2)	69.6	(155)
1998	857.7	800.7	107	(57.0)	74.3	(77)
1999	932.8	843.2	111	(89.6)	77.7	(115)
2000	994.6	863.4	115	(131.2)	84.3	(156)
2001	828.9	932.7	89	103.8	89.7	116
2002	753.2	999.8	75	246.6	96.9	254
2003	844.9	1,067.9	79	223.0	98.9	225
2004	957.9	1,152.8	83	194.9	89.2	218
2005	1,091.9	1,221.6	89	129.7	91.5	142
2006	1,147.9	1,260.5	91	112.6	90.4	125
2007	1,268.9	1,318.4	96	49.5	103.6	48
2008	1,018.9	1,452.5	70	433.6	129.4	335

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

IV. Revenues and Expenses

	Revenues by Source			
Fiscal Year ($)	Employee Contributions ($)	Employer Contributions ($)	Investment Income ($)	Total
1992	6,115,655	10,029,747	44,569,353	60,714,755
1993	6,455,623	10,442,881	50,309,468	67,207,972
1994	7,435,034	9,296,175	36,915,202	53,646,411
1995	8,318,833	10,880,346	38,919,229	58,118,408
1996	7,852,469	16,547,235	55,421,603	79,821,307
1997	7,664,034	14,377,032	83,180,597	105,221,663
1998	7,692,571	14,155,472	96,007,011	117,855,054
1999	8,556,140	10,376,473	66,039,984	84,972,597
2000	6,257,588	5,400,784	129,752,337	141,410,709
2001	6,336,918	5,481,599	17,717,791	29,536,308
2002	6,721,236	5,400,784	(27,704,711)	(15,582,691)
2003	7,193,936	15,024,366	30,466,098	52,684,400
2004	24,415,150	32,959,003	53,963,150	111,337,303
2005	18,607,681	45,545,130	71,904,910	136,057,721
2006	7,698,594	50,635,213	71,669,124	130,002,931
2007	14,702,629	40,542,078	82,937,630	138,182,337
2008	9,719,896	36,040,251	62,728,078	108,488,225

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

IV. Revenues and Expenses (Continued)

Fiscal Year	Expenses by Type			
	Benefits ($)	Administrative Expenses ($)	Refunds ($)	Total ($)
1992	22,345,166	1,137,047	751,088	24,233,301
1993	22,735,888	1,314,925	672,376	24,723,189
1994	23,787,091	1,420,693	510,074	25,717,858
1995	25,846,564	1,567,841	703,269	28,117,674
1996	29,506,924	1,870,188	822,497	32,199,609
1997	33,841,809	2,079,183	1,225,239	37,146,231
1998	35,593,108	2,543,855	391,524	38,537,297
1999	36,900,501	2,689,079	258,383	39,847,963
2000	41,237,423	2,710,752	258,804	44,206,979
2001	41,386,774	2,933,939	481,746	44,802,459
2002	42,766,860	2,825,903	364,256	45,957,019
2003	46,083,206	2,922,537	429,225	49,434,968
2004	53,249,450	3,334,460	301,580	56,885,490
2005	66,518,783	3,865,995	257,859	70,642,637
2006	69,825,105	4,687,601	573,228	75,085,934
2007	72,378,966	5,143,290	307,545	77,829,801
2008	77,794,816	5,469,431	664,235	83,928,482

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

V. Schedule of Employer Contributions

Fiscal Year	Annual Pension Cost (APC) ($)	Percentage Contributed (%)	Net Pension Obligation ($)
1994	9,296,175	100	0
1995	10,880,346	100	0
1996	16,547,235	100	0
1997	14,377,032	100	0
1998	14,155,472	100	0
1999	10,376,473	100	0
2000	5,400,784	100	0
2001	4,003,892	100	0
2002	1,051,629	100	0
2003	18,163,588	100	0
2004	36,341,515	100	0
2005	45,545,130	100	0
2006	50,635,213	100	0
2007	40,542,078	100	0
2008	36,040,251	100	0
2009	36,993,395		

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

I. COLA Increases by Duration Since Retirement

Years Retired	No.	FIPO Benefits -$-	COLA Benefits -$-	%
0 - 5	430	2,556,014	3,975	0.2
5 -10	233	1,102,586	46,602	4.2
10-15	298	1,190,401	174,008	14.6
15-20	231	754,871	230,156	30.5
20-25	170	385,266	220,871	57.3
25-30	162	201,153	253,020	125.8
30-35	197	168,398	316,541	188.0
35-40	80	44,042	129,947	295.1
40-45	34	18,104	71,391	394.3
45-50	7	3,639	17,414	478.6
50+	5	1,313	5,971	454.8
Total	1,847	6,425,789	1,469,896	22.9

II. COLA Increases by Attained Age (2009 Table)

Age	No.	FIPO Benefits -$-	COLA Benefits -$-	%
<45	13	47,987	1,147	2.4
45-50	171	866,196	2,076	0.2
50-54	254	1,335,754	21,471	1.6
55-59	296	1,459,506	85,392	5.9
60-64	277	1,102,932	162,303	14.7
65-69	218	677,520	199,316	29.4
70-74	169	380,626	198,880	52.3
75-79	203	311,678	336,188	107.9
80-84	161	174,387	291,366	167.1
85-89	62	50,281	120,139	238.9
>90	23	18,923	51,618	272.8
Total	1,847	6,425,789	1,469,896	22.9

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

III. COLA Increases vs. CPI)

Years Retired	No.	COLA -%-	CPI -%-	COLA/CPI %
0 - 5	430	0.2	5.8	2.7
5 -10	233	4.2	17.7	23.9
10-15	298	14.6	34.1	42.9
15-20	231	30.5	52.0	58.6
20-25	170	57.3	85.5	67.1
25-30	162	125.8	124.4	101.1
30-35	197	188.0	232.0	81.0
35-40	80	295.1	367.6	80.3
40-45	34	394.3	516.6	76.3
45-50	7	478.6	603.7	79.3
50+	5	454.8	833.4	54.6
Total	1,847	22.9	37.4	61.2

IV. Consumer Price Index (CPI-U)

Year	December Index	Annual %	Year	December Index	Annual %
1956	27.600	2.9	1981	94.000	8.9
1957	28.400	3.0	1982	97.600	3.9
1958	28.900	1.8	1983	101.300	3.8
1959	29.400	1.5	1984	105.300	4.0
1960	29.800	1.5	1985	109.300	3.8
1961	30.000	0.7	1986	110.500	1.1
1962	30.400	1.2	1987	115.400	4.4
1963	30.900	1.6	1988	120.500	4.4
1964	31.200	1.2	1989	126.100	4.6
1965	31.800	1.9	1990	133.800	6.2
1966	32.900	3.4	1991	137.900	3.0
1967	33.900	3.0	1992	141.900	2.9
1968	35.500	4.7	1993	145.800	2.7
1969	37.700	6.1	1994	149.700	2.7
1970	39.800	5.5	1995	153.500	2.5
1971	41.100	3.4	1996	158.600	3.3
1972	42.500	3.4	1997	161.300	1.7
1973	46.200	8.7	1998	163.900	1.6
1974	51.900	12.2	1999	168.300	2.7
1975	55.500	7.0	2000	174.000	3.4
1976	58.200	4.8	2001	176.700	1.6
1977	62.100	6.8	2002	180.900	2.4
1978	67.700	9.0	2003	184.300	1.9
1979	76.700	13.3	2004	190.300	3.3
1980	86.300	12.4	2005	196.800	3.4
			2006	201.800	2.5
			2007	210.036	4.1
			2008	210.228	0.1

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

I. Summary of Assets Available for Benefits at October 1, 2008

		-$-
A.	COLA Accounts (Exhibit 2)	
1.	COLA I Account at 9/30/2008	36,317,757
2.	COLA II Account at 9/30/2008	229,847,725
B.	Transfers of Excess Investment Income	
1.	$40,396,385 due on 1/1/2010	39,649,543
2.	$0 due on 1/1/2010	0
C.	Minimum City Contributions [1] $4,869,751 beginning 1/1/2011, payable for 4 years, discounted	14,774,510
D.	City Contribution due 1/1/2010	4,682,453
E.	Assets Available for COLA Benefits	325,271,988

II. COLA Fund Liabilities for Benefits at 10/1/2008 [3]

A.	Present Value of Existing COLA Benefits for inactives	
1.	Frozen COLA I benefits	1,753,400
2.	COLA II benefits	226,911,479
3.	Total inactive COLA benefits	228,664,879
B.	Present Value of Projected COLA Benefits for Current Actives	
1.	Reserve for current actives	44,121,197
2.	Reserve for future actives (15% of B1)	6,618,180
3.	Total	50,739,377
C.	Total Liability Allocated (A3+B4)	279,404,256
D.	Contingency Reserve [20% of I(E)-I(B)(2)]	65,054,398
E.	Unallocated Reserve[2]	(19,186,666)
F.	Total Liability for COLA Benefits	325,271,988

Notes: (1) $(1/1.0775)^{2.25}$ ä · $\overline{4}$ = 3.0339355

(2) For $1,312 Table, (II(D)+II(E) = $45,867,732)

(3) Service for COLA excludes 457 buyback service.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

III. Derivation of Increase in Table as of January 1, 2009

		-$-
A.	Liability based on current $1,312 table	
1.	Inactive COLA II Benefits	226,911,479
2.	Present Value of Projected COLA benefits for current actives	44,121,197
3.	Reserve for future actives [15% of (2)]	6,618,180
4.	Total	277,650,856
B.	Assets available to increase table	
1.	Total assets available for COLA Benefits	325,271,988
2.	Total Liability Allocated (current $1,312 table)	279,404,256
3.	Contingency Reserve II(D)	65,054,398
4.	Available Assets [(1)-(2)-(3)]	(19,186,666)
5.	$0 due on 1/1/2010, discounted	0
6.	Net Available Assets [(4)-(5)]	(19,186,666)
7.	Increase ratio [(B6)/ (A4)]	0
8.	Table increase [$1,312x (7)]	0
9.	New table amount [$1,312+ (8)]	1,312
10.	Actual new table amount	**1,312**

CITY OF MIAMI
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Cumulative Experience Position Net of Asset Transfers

		-$-
I.	Calculation of Expected Unfunded Actuarial Accrued Liability at 10/1/2008	
A.	Expected Unfunded Actuarial Accrued Liability at 10/1/2007	280,269,403
B.	Entry Age Normal Cost for 2007/2008 Year Paid or Payable by Employer	29,446,681
C.	Interest on (A) and (B)	24,002,997
D.	Contributions for 2007/2008Year Paid or Payable by Employer (Required)	36,040,215
E.	Interest on (D)	2,793,119
F.	Expected Unfunded Actuarial Accrued Liability at 9/30/2008	294,885,711
G.	Additional Unfunded Actuarial Accrued Liability due to Method Changes	7,172,976
H.	Additional Unfunded Actuarial Accrued Liability due to Assumption Changes	0
I.	Final Expected Unfunded Actuarial Accrued Liability at 9/30/2008	302,058,687
II.	Determination of Net Cumulative Experience Position at 10/1/2008(Preliminary)	
A.	Expected Unfunded Actuarial Liability as of September 30, 2008	302,058,687
B.	Entry Age Reserve - Actives	650,143,615
	- Inactives	802,312,544
	- Total	1,452,456,159
C.	Actuarial Asset Value	1,219,600,827
D.	Actual Unfunded Actuarial Liability (B)-(C)	232,855,332
E.	Cumulative Experience Gain (Loss) (A)-(D)	69,203,355
III.	Future Transfers of Excess Investment Income at 10/1/2008	
A.	$40,396,385 due on 1/1/2009, discounted	39,649,543
B.	$0 due on 1/1/2010, discounted	0
C.	Total Future Transfers at 10/1/2008 (A)+(B)	39,649,543

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

(COLA Fund)

Summary of Principal COLA Provisions

Effective Date:	January 1, 1994, amended January 1, 1995.
Eligibility:	All inactive members in Miami Fire Fighters' and Police Officers' Retirement Trust.
Prior COLA:	Benefits granted through 1993 continue to be paid, in addition to benefits to be granted in the future.
Available Assets:	Existing COLA assets as of January 1, 1995; beginning with the 1991/92 fiscal year, a percentage of excess investment return on FIPO assets (75% of first 2.5%, 50% of next 2.5%, 25% of next 2.5%), subject to a minimum City contribution of $2.5 million, increasing 4% annually.
Allocated Assets:	Current COLA assets as of September 30, 2008, plus present value of $2.5 million minimum guarantee. The 4% future annual increases is not pre-allocated. A contingency reserve of 14% has been established for adverse experience.
COLA Benefits:	In addition to prior COLA, benefits are based on attached table, with $1,312 monthly benefit for 25 years of creditable service and 22 completed years of retirement (after age 46). The $1,312 amount is reduced by 5% for each year of retirement less than 22 and each year of creditable service less than 25 and increased similarly for years of retirement greater than 22 and years of creditable service greater than 25. Benefits are based on the FIPO option elected. Tabular amounts are adjusted, based on the FIPO adjustments at the time of FIPO benefit commencement, for options other than Option 8 (Joint & 40%). Surviving spouses receive the percentage of the table amount determined under the FIPO election. Service-incurred and accidental disabilities and deaths receive benefits based on the greater of 25 years or actual creditable service.
Changes from Prior Year Valuation:	None.

Miami Firefighters' and Police Officers' Retirement Trust

2009 Monthly Retirement Supplements ($1312 Table)

Completed Years of Retirement (after age 46)

YEARS OF SERVICE	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
10	0	0	0	33	49	66	82	98	115	131	148	164	180	197	213	230	246	262	279	295	312	328	344	361	377
11	0	0	0	39	59	79	98	118	138	157	177	197	216	236	256	276	295	315	335	354	374	394	413	433	453
12	0	0	0	46	69	92	115	138	161	184	207	230	253	276	298	321	344	367	390	413	436	459	482	505	528
13	0	0	0	52	79	105	131	157	184	210	236	262	289	315	341	367	394	420	446	472	499	525	551	577	604
14	0	0	0	59	89	118	148	177	207	236	266	295	325	354	384	413	443	472	502	531	561	590	620	649	679
15	0	0	0	66	98	131	164	197	230	262	295	328	361	394	426	459	492	525	558	590	623	656	689	722	754
16	0	0	0	72	108	144	180	216	253	289	325	361	397	433	469	505	541	577	613	649	686	722	758	794	830
17	0	0	0	79	118	157	197	236	276	315	354	394	433	472	512	551	590	630	669	708	748	787	827	866	905
18	0	0	0	85	128	171	213	256	298	341	384	426	469	512	554	597	640	682	725	768	810	853	895	938	981
19	0	0	0	92	138	184	230	276	321	367	413	459	505	551	597	643	689	735	781	827	872	918	964	1010	1056
20	0	0	0	98	148	197	246	295	344	394	443	492	541	590	640	689	738	787	836	886	935	984	1033	1082	1132
21	0	0	0	105	157	210	262	315	367	420	472	525	577	630	682	735	787	840	892	945	997	1050	1102	1155	1207
22	0	0	0	112	167	223	279	335	390	446	502	558	613	669	725	781	836	892	948	1004	1059	1115	1171	1227	1282
23	0	0	0	118	177	236	295	354	413	472	531	590	649	708	768	827	886	945	1004	1063	1122	1181	1240	1299	1358
24	0	0	0	125	187	249	312	374	436	499	561	623	686	748	810	872	935	997	1059	1122	1184	1246	1309	1371	1433
25	0	0	0	131	197	262	328	394	459	525	590	656	722	787	853	918	984	1050	1115	1181	1246	[redacted]	1378	1443	1509
26	0	0	0	138	207	276	344	413	482	551	620	689	758	827	895	964	1033	1102	1171	1240	1309	1378	1446	1515	1584
27	0	0	0	144	216	289	361	433	505	577	649	722	794	866	938	1010	1082	1155	1227	1299	1371	1443	1515	1588	1660
28	0	0	0	151	226	302	377	453	528	604	679	754	830	905	981	1056	1132	1207	1282	1358	1433	1509	1584	1660	1735
29	0	0	0	157	236	315	394	472	551	630	708	787	866	945	1023	1102	1181	1260	1338	1417	1496	1574	1653	1732	1811
30	0	0	0	164	246	328	410	492	574	656	738	820	902	984	1066	1148	1230	1312	1394	1476	1558	1640	1722	1804	1886
31	0	0	0	171	256	341	426	512	597	682	768	853	938	1023	1109	1194	1279	1364	1450	1535	1620	1706	1791	1876	1961
32	0	0	0	177	266	354	443	531	620	708	797	886	974	1063	1151	1240	1328	1417	1506	1594	1683	1771	1860	1948	2037
33	0	0	0	184	276	367	459	551	643	735	827	918	1010	1102	1194	1286	1378	1469	1561	1653	1745	1837	1929	2020	2112
34	0	0	0	190	285	380	476	571	666	761	856	951	1046	1141	1237	1332	1427	1522	1617	1712	1807	1902	1998	2093	2188
35	0	0	0	197	295	394	492	590	689	787	886	984	1082	1181	1279	1378	1476	1574	1673	1771	1870	1968	2066	2165	2263
36	0	0	0	203	305	407	508	610	712	813	915	1017	1118	1220	1322	1424	1525	1627	1729	1830	1932	2034	2135	2237	2339
37	0	0	0	210	315	420	525	630	735	840	945	1050	1155	1260	1364	1469	1574	1679	1784	1889	1994	2099	2204	2309	2414
38	0	0	0	216	325	433	541	649	758	866	974	1082	1191	1299	1407	1515	1624	1732	1840	1948	2057	2165	2273	2381	2490
39	0	0	0	223	335	446	558	669	781	892	1004	1115	1227	1338	1450	1561	1673	1784	1896	2007	2119	2230	2342	2453	2565
40	0	0	0	230	344	459	574	689	804	918	1033	1148	1263	1378	1492	1607	1722	1837	1952	2066	2181	2296	2411	2526	2640
41	0	0	0	236	354	472	590	708	827	945	1063	1181	1299	1417	1535	1653	1771	1889	2007	2125	2244	2362	2480	2598	2716
42	0	0	0	243	364	485	607	728	850	971	1092	1214	1335	1456	1578	1699	1820	1942	2063	2184	2306	2427	2549	2670	2791
43	0	0	0	249	374	499	623	748	872	997	1122	1246	1371	1496	1620	1745	1870	1994	2119	2244	2368	2493	2617	2742	2867
44	0	0	0	256	384	512	640	768	895	1023	1151	1279	1407	1535	1663	1791	1919	2047	2175	2303	2430	2558	2686	2814	2942
45	0	0	0	262	394	525	656	787	918	1050	1181	1312	1443	1574	1706	1837	1968	2099	2230	2362	2493	2624	2755	2886	3018
46	0	0	0	269	403	538	672	807	941	1076	1210	1345	1479	1614	1748	1883	2017	2152	2286	2421	2555	2690	2824	2959	3093
47	0	0	0	276	413	551	689	827	964	1102	1240	1378	1515	1653	1791	1929	2066	2204	2342	2480	2617	2755	2893	3031	3168
48	0	0	0	282	423	564	705	846	987	1128	1269	1410	1551	1692	1834	1975	2116	2257	2398	2539	2680	2821	2962	3103	3244
49	0	0	0	289	433	577	722	866	1010	1155	1299	1443	1588	1732	1876	2020	2165	2309	2453	2598	2742	2886	3031	3175	3319
50	0	0	0	295	443	590	738	886	1033	1181	1328	1476	1624	1771	1919	2066	2214	2362	2509	2657	2804	2952	3100	3247	3395

Miami Firefighters' and Police Officers' Retirement Trust

2009 Monthly Retirement Supplements ($1312 Table)

		Completed Years of Retirement (after age 46)																							
		26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50
	10	394	410	426	443	459	476	492	508	525	541	558	574	590	607	623	640	656	672	689	705	722	738	754	771	787
	11	472	492	512	531	551	571	590	610	630	649	669	689	708	728	748	768	787	807	827	846	866	886	905	925	945
	12	551	574	597	620	643	666	689	712	735	758	781	804	827	850	872	895	918	941	964	987	1010	1033	1056	1079	1102
	13	630	656	682	708	735	761	787	813	840	866	892	918	945	971	997	1023	1050	1076	1102	1128	1155	1181	1207	1233	1260
	14	708	738	768	797	827	856	886	915	945	974	1004	1033	1063	1092	1122	1151	1181	1210	1240	1269	1299	1328	1358	1387	1417
	15	787	820	853	886	918	951	984	1017	1050	1082	1115	1148	1181	1214	1246	1279	1312	1345	1378	1410	1443	1476	1509	1542	1574
	16	866	902	938	974	1010	1046	1082	1118	1155	1191	1227	1263	1299	1335	1371	1407	1443	1479	1515	1551	1588	1624	1660	1696	1732
Y	17	945	984	1023	1063	1102	1141	1181	1220	1260	1299	1338	1378	1417	1456	1496	1535	1574	1614	1653	1692	1732	1771	1811	1850	1889
E	18	1023	1066	1109	1151	1194	1237	1279	1322	1364	1407	1450	1492	1535	1578	1620	1663	1706	1748	1791	1834	1876	1919	1961	2004	2047
A	19	1102	1148	1194	1240	1286	1332	1378	1424	1469	1515	1561	1607	1653	1699	1745	1791	1837	1883	1929	1975	2020	2066	2112	2158	2204
R	20	1181	1230	1279	1328	1378	1427	1476	1525	1574	1624	1673	1722	1771	1820	1870	1919	1968	2017	2066	2116	2165	2214	2263	2312	2362
S	21	1260	1312	1364	1417	1469	1522	1574	1627	1679	1732	1784	1837	1889	1942	1994	2047	2099	2152	2204	2257	2309	2362	2414	2467	2519
	22	1338	1394	1450	1506	1561	1617	1673	1729	1784	1840	1896	1952	2007	2063	2119	2175	2230	2286	2342	2398	2453	2509	2565	2621	2676
O	23	1417	1476	1535	1594	1653	1712	1771	1830	1889	1948	2007	2066	2125	2184	2244	2303	2362	2421	2480	2539	2598	2657	2716	2775	2834
F	24	1496	1558	1620	1683	1745	1807	1870	1932	1994	2057	2119	2181	2244	2306	2368	2430	2493	2555	2617	2680	2742	2804	2867	2929	2991
	25	1574	1640	1706	1771	1837	1902	1968	2034	2099	2165	2230	2296	2362	2427	2493	2558	2624	2690	2755	2821	2886	2952	3018	3083	3149
C	26	1653	1722	1791	1860	1929	1998	2066	2135	2204	2273	2342	2411	2480	2549	2617	2686	2755	2824	2893	2962	3031	3100	3168	3237	3306
R	27	1732	1804	1876	1948	2020	2093	2165	2237	2309	2381	2453	2526	2598	2670	2742	2814	2886	2959	3031	3103	3175	3247	3319	3392	3464
E	28	1811	1886	1961	2037	2112	2188	2263	2339	2414	2490	2565	2640	2716	2791	2867	2942	3018	3093	3168	3244	3319	3395	3470	3546	3621
D	29	1889	1968	2047	2125	2204	2283	2362	2440	2519	2598	2676	2755	2834	2913	2991	3070	3149	3228	3306	3385	3464	3542	3621	3700	3779
I	30	1968	2050	2132	2214	2296	2378	2460	2542	2624	2706	2788	2870	2952	3034	3116	3198	3280	3362	3444	3526	3608	3690	3772	3854	3936
T	31	2047	2132	2217	2303	2388	2473	2558	2644	2729	2814	2900	2985	3070	3155	3241	3326	3411	3496	3582	3667	3752	3838	3923	4008	4093
A	32	2125	2214	2303	2391	2480	2568	2657	2745	2834	2922	3011	3100	3188	3277	3365	3454	3542	3631	3720	3808	3897	3985	4074	4162	4251
B	33	2204	2296	2388	2480	2572	2663	2755	2847	2939	3031	3123	3214	3306	3398	3490	3582	3674	3765	3857	3949	4041	4133	4225	4316	4408
L	34	2283	2378	2473	2568	2663	2758	2854	2949	3044	3139	3234	3329	3424	3519	3615	3710	3805	3900	3995	4090	4185	4280	4376	4471	4566
E	35	2362	2460	2558	2657	2755	2854	2952	3050	3149	3247	3346	3444	3542	3641	3739	3838	3936	4034	4133	4231	4330	4428	4526	4625	4723
	36	2440	2542	2644	2745	2847	2949	3050	3152	3254	3355	3457	3559	3660	3762	3864	3966	4067	4169	4271	4372	4474	4576	4677	4779	4881
S	37	2519	2624	2729	2834	2939	3044	3149	3254	3359	3464	3569	3674	3779	3884	3988	4093	4198	4303	4408	4513	4618	4723	4828	4933	5038
E	38	2598	2706	2814	2922	3031	3139	3247	3355	3464	3572	3680	3788	3897	4005	4113	4221	4330	4438	4546	4654	4763	4871	4979	5087	5196
R	39	2676	2788	2900	3011	3123	3234	3346	3457	3569	3680	3792	3903	4015	4126	4238	4349	4461	4572	4684	4795	4907	5018	5130	5241	5353
V	40	2755	2870	2985	3100	3214	3329	3444	3559	3674	3788	3903	4018	4133	4248	4362	4477	4592	4707	4822	4936	5051	5166	5281	5396	5510
I	41	2834	2952	3070	3188	3306	3424	3542	3660	3779	3897	4015	4133	4251	4369	4487	4605	4723	4841	4959	5077	5196	5314	5432	5550	5668
C	42	2913	3034	3155	3277	3398	3519	3641	3762	3884	4005	4126	4248	4369	4490	4612	4733	4854	4976	5097	5218	5340	5461	5583	5704	5825
E	43	2991	3116	3241	3365	3490	3615	3739	3864	3988	4113	4238	4362	4487	4612	4736	4861	4986	5110	5235	5360	5484	5609	5733	5858	5983
	44	3070	3198	3326	3454	3582	3710	3838	3966	4093	4221	4349	4477	4605	4733	4861	4989	5117	5245	5373	5501	5628	5756	5884	6012	6140
	45	3149	3280	3411	3542	3674	3805	3936	4067	4198	4330	4461	4592	4723	4854	4986	5117	5248	5379	5510	5642	5773	5904	6035	6166	6298
	46	3228	3362	3496	3631	3765	3900	4034	4169	4303	4438	4572	4707	4841	4976	5110	5245	5379	5514	5648	5783	5917	6052	6186	6321	6455
	47	3306	3444	3582	3720	3857	3995	4133	4271	4408	4546	4684	4822	4959	5097	5235	5373	5510	5648	5786	5924	6061	6199	6337	6475	6612
	48	3385	3526	3667	3808	3949	4090	4231	4372	4513	4654	4795	4936	5077	5218	5360	5501	5642	5783	5924	6065	6206	6347	6488	6629	6770
	49	3464	3608	3752	3897	4041	4185	4330	4474	4618	4763	4907	5051	5196	5340	5484	5628	5773	5917	6061	6206	6350	6494	6639	6783	6927
	50	3542	3690	3838	3985	4133	4280	4428	4576	4723	4871	5018	5166	5314	5461	5609	5756	5904	6052	6199	6347	6494	6642	6790	6937	7085

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

Summary of Actuarial Basis

Valuation Date: January 1, 2009.

Valuation Method: Accrued Benefit Cost Method, based on benefits granted to date.

Asset Valuation Method: Market Value, plus present value of future minimum City contributions.

Actuarial Assumptions:

Investment Return: 7.75% compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	.0507%	.0284%
30	.0801%	.0351%
40	.1072%	.0709%
50	.2579%	.1428%
60	.7976%	.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Summary of Actuarial Basis
(Continued)

Age	Disability	Turnover	
		<5	5+
20	.00085	.0240	.0192
21	.00095	.0240	.0192
22	.00105	.0240	.0192
23	.00110	.0240	.0192
24	.00125	.0240	.0192
25	.00130	.0240	.0192
26	.00140	.0240	.0192
27	.00150	.0240	.0192
28	.00160	.0240	.0192
29	.00170	.0240	.0192
30	.00180	.0240	.0192
31	.00200	.0240	.0192
32	.00220	.0240	.0192
33	.00245	.0240	.0192
34	.00265	.0240	.0192
35	.00285	.0240	.0192
36	.00305	.0228	.0182
37	.00325	.0216	.0173
38	.00345	.0204	.0163
39	.00370	.0192	.0154
40	.00390	.0180	.0144
41	.00470	.0168	.0134
42	.00555	.0156	.0125
43	.00635	.0144	.0115
44	.00720	.0132	.0106
45	.00800	.0120	.0096
46	.00880	.0096	.0077
47	.00965	.0072	.0057
48	.01045	.0048	.0038
49	.01130	.0024	.0019
50	.01210	.0000	.0000

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Summary of Actuarial Basis
(Continued)

Age	Disability	Turnover	
		< 5	5+
51	.01295	.0000	.0000
52	.01375	.0000	.0000
53	.01455	.0000	.0000
54	.01540	.0000	.0000
55	.01620	.0000	.0000
56	.01785	.0000	.0000
57	.01870	.0000	.0000
58	.01950	.0000	.0000
59	.02030	.0000	.0000
60	.00000	.0000	.0000
61	.00000	.0000	.0000
62	.00000	.0000	.0000
63	.00000	.0000	.0000
64	.00000	.0000	.0000
65	.00000	.0000	.0000

Retirement: If eligible for Rule of 64 Retirement, the following decrements apply, based on service:

Years of Service	Police %	Fire %
<20	0	0
20-24	20	5
25-29	25	25
30-31	50	25
32	100	100

There is no explicit assumption on the percentage of retirements expected to enter the DROP. No distinction is necessary, since funding is calculated to expected retirement or expected DROP entry.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

Summary of Actuarial Basis
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Martial Status:	All employees are assumed to be married.
Investment Expenses:	Not provided for.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Adjustments from Valuation Date:	Liabilities are discounted for 3 months at the Investment Return assumption.
Sources of Data:	Asset data is from unaudited financial statements. Membership data was furnished by Administrator.
Changes from Prior Year Valuation:	None.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)
(Based on 01/01/2009 $1,312 Table)

I. Funding Status and Progress as of September 30, 2008 and 2007

Pension benefit obligation:	$(Millions) 2008	2007
- Retirees and beneficiaries currently receiving prior COLA benefits	1.8	1.9
- Retirees and beneficiaries receiving COLA tabular benefits (beginning January 1) and terminated employees not yet receiving tabular benefits	226.9	194.5
- Current Employees Accumulated employee contributions including interest	2.4	2.6
Employer - financed vested	0.0	0.0
Employer - financed non-vested	48.3	43.9
- Total pension benefit obligation	279.4	242.9
Net assets available for benefits	305.8	300.2
Unfunded pension benefit (obligation)/asset	26.4	57.3

The pension benefit obligations were determined as part of actuarial valuations at January 1, 2009 and January 1, 2008, based on data and asset information at September 30, 2008 and September 30, 2007. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75% per year compounded annually, (b) post retirement COLA benefits based on the table in effect at January 1, 2008 and January 1, 2007.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)
(Based on 01/01/2007 $1,139 Table)

II. Contributions Required and Contributions Made

The funding policy provides for annual employer contributions for 21 years from January 1, 1994. The amount of the contribution was $2.5 million, beginning January 1, 1994, increasing 4% per year each year thereafter, and reduced (but not below zero) by any excess investment income transfer due on the same date.

The excess investment income transfer consists of a portion of gains due to investment return exceeding the 7.75 percent assumption. The $40,396,385 amount to be transferred on January 1, 2009 is due to excess investment income during the year ended September 30, 2007, and therefore already is part of the Retirement Trust.

III. Analysis of funding Progress ($ Millions)

Fiscal Year	(1) Net Assets Available for Benefits* ($)	(2) Pension Benefit Obligation** ($)	(3) Percent Funded (%)	(4) Unfunded PBO (2)-(1) ($)	(5) Annual Covered Payroll ($)	(4)/(5) (%)
1993	40.8	32.5	126	(8.3)	72.0	(12)
1994	42.6	51.5	83	8.9	72.9	12
1995	63.8	52.0	123	(11.8)	71.5	(17)
1996	83.9	65.7	128	(18.1)	72.9	(25)
1997	117.7	70.8	166	(46.9)	69.6	(67)
1998	144.2	90.9	159	(53.3)	74.3	(72)
1999	180.7	116.3	155	(64.4)	77.7	(83)
2000	220.5	137.0	161	(83.5)	84.3	(99)
2001	195.0	158.4	123	(36.6)	89.7	(41)
2002	174.1	164.5	106	(9.6)	96.9	(10)
2003	194.8	165.1	118	(29.7)	98.9	(30)
2004	210.3	185.7	113	(24.7)	89.2	(28)
2005	231.6	195.0	119	(36.6)	91.5	(40)
2006	249.0	216.8	115	(32.2)	90.4	(36)
2007	300.2	242.9	124	(57.3)	103.6	(55)
2008	305.8	279.4	109	(26.4)	129.4	(20)

* Excluding future City minimum contributions.
** Excluding new increment, contingency reserves, and reserves for future actives.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)

IV. Revenues and Expenses

Fiscal Year	Revenues by Source: Employee Contributions ($)	Employer Contributions ($)	Investment Income ($)	Total ($)
1987	1,246,688	298,682	871,969	2,417,339
1988	1,272,000	0	393,935	1,665,935
1989	1,381,407	0	686,477	2,067,884
1990	1,457,451	0	694,749	2,152,200
1991	1,505,015	0	1,024,972	2,529,987
1992	1,422,192	0	1,031,806	2,453,998
1993	1,493,735	0	1,151,821	2,645,556
1994	474,233	9,481,546	1,313,750	11,269,529
1995	506	16,818,431	3,754,787	20,573,724
1996	0	2,622,149	3,795,508	6,417,657
1997	4,226	12,736,609	7,724,214	20,465,049
1998	1,094	14,344,834	10,325,730	24,671,658
1999	11,792	17,020,337	9,278,121	26,310,250
2000	293	23,437,048	18,932,095	42,369,436
2001	0	28,380,385	6,709,796	35,090,181
2002	0	32,080,031	571,271	32,651,302
2003	0	3,558,280	6,649,841	10,208,121
2004	0	3,700,611	9,923,222	13,623,833
2005	0	3,848,635	12,516,741	16,365,377
2006	0	0	25,340,983	25,340,983
2007	0	0	47,781,293	47,781,293
2008	0	0	44,539,016	44,539,016

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)
(Continued)

IV. Revenues and Expenses (Continued)

Fiscal Year	Expenses by Type			
	Benefits ($)	Administrative Expenses ($)	Refunds ($)	Total ($)
1987	183,548	7,301	36,679	227,528
1988	321,908	387	68,950	391,245
1989	430,185	0	46,021	476,206
1990	534,058	0	85,067	619,125
1991	578,758	0	76,730	655,488
1992	628,793	20,956	78,054	727,803
1993	665,938	27,288	84,945	778,171
1994	1,657,947	7,430	72,595	1,737,972
1995	2,706,830	0	101,814	2,808,644
1996	3,051,315	0	84,143	3,135,458
1997	3,676,801	0	124,925	3,801,726
1998	4,695,927	0	30,136	4,726,063
1999	5,765,042	295,708	17,974	6,078,724
2000	7,016,378	334,588	13,932	7,364,898
2001	8,225,910	445,723	16,796	8,688,429
2002	8,943,616	437,703	11,101	9,392,420
2003	9,332,318	590,842	9,806	9,932,966
2004	9,916,255	609,251	6,313	10,531,819
2005	10,614,510	672,938	1,182	11,288,630
2006	11,760,071	807,594	1,934	12,569,599
2007	13,304,749	944,477	388	14,249,614
2008	15,666,175	1,053,599	14,154	16,733,928

The City of Miami Fire Fighters' and Police Officers' Retirement Trust

69th ANNUAL REPORT
SEPTEMBER 30, 2008

The City of Miami Fire Fighters' and Police Officers' Retirement Trust

69th ANNUAL REPORT
SEPTEMBER 30, 2008

1895 SW 3rd Avenue, Miami, Florida 33129-1456
Tel: 305-858-6006 Fax: 305-858-9008
www.miamifipo.org

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I

INTRODUCTORY

SECTION

BOARD OF TRUSTEES

AND

PERSONNEL OF THE RETIREMENT TRUST

AS OF SEPTEMBER 30, 2008

Thomas Gabriel - Chairman
Fire Captain
Elected by the Fire Fighters

Joseph Kaplan
Appointed by the City Commission

Gerald Darling
Appointed by the City Commission

Raul Fernandez
Fire Captain
Elected by the Fire Fighters

Monica Fernandez
Appointed by the City Commission

Ornel Cotera
Appointed by the City Commission

Annette Rotolo
Sergeant of Police
Elected by the Police Officers

Rolando Gutierrez
Sergeant Of Police
Elected by the Police Officers

Vacant Trustee Seat
Appointed by City Manager

Administrator
Robert H. Nagle

Assistant Administrator
Dania L. Orta

Legal Advisor
Stephen H. Cypen, Esq.

Medical Advisor
Cornell Lupu, MD

Consulting Actuary
Stanley, Holcombe & Associates

Certified Public Accountants
Goldstein Schechter Koch

Investment Managers

Alliance Bernstein
Barclays Global Investors
Barrow, Hanley, et al
Champlain Asset Management
Coller Capital
Delaware Asset Management
Dodge & Cox Investment Management
Eagle Asset Management
J. P. Morgan Investment Management
Wentworth Hauser Violich
Lexington Partners
Morgan Stanley Invest Advisors
Munder Capital Management
Oechsle International Advisors
Pantheon
RCM
Robeco Boston Partners
State Street Global Advisors
Urdang

Consultant
William Cottle, CFA, Milliman, Inc.

Custodian
Northern Trust Company

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST
69th ANNUAL REPORT

On September 30, 2008, the City of Miami Fire Fighters' and Police Officers' Retirement Trust completed its sixty ninth year of operation.

Retirement benefits granted during the year represent annual benefits of $2,614,763.00 and are as follows:

5	Service Retirements with Annual Benefits of	395,155.00
19	DROP Service Retirements with Annual Benefits of	2,136,864.00
0	Accidental Disability Retirements with an annual benefit of (benefit correction)	9,300.00
0	Ordinary Disability Retirements with an annual benefit of (benefit correction)	581.00
0	Ordinary Death Retirements with an annual benefit of (benefit correction)	49,533.00
1	Vested Right Retirement with an annual benefit of	23,328.00

In addition, 1 beneficiary received an Ordinary Death Benefit of half a year's salary totaling $28,525.00

During the year, 36 pensioners of the Retirement Trust died. Of these, 24 had selected a pension which terminated at their death and 12 had selected an option that will continue to a beneficiary representing yearly benefits of $232,281.00.

During the year ending September 30, 2008, the pension payroll totaled of $77,794,816.00. It was 10.8% greater than the previous year as follows:

		ANNUAL BENEFITS
1,143	Service Retirements	56,598,599.00
161	DROP Service Retirements	13,571,213.00
76	Early Service Retirements	947,032.00
34	Vested Right Retirements	625,149.00
9	Ordinary Disability Retirements	79,453.00
189	Service/Accidental Disability Retirements	3,870,033.00
9	Accidental Death Retirements	164,999.00
4	Ordinary Death Early	92,899.00
194	Continuances	1,845,439.00
		77,794,816.00
	Securities' gains and losses, Miscellaneous Income	90,555,427.00

The various statements and schedules, which follow, reflect the activities of the system from the beginning as well as for the current year. An outline showing benefits and working procedures is also included.

II

FINANCIAL

SECTION

Goldstein Schechter Koch
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Debra A. Bachenheimer, CPA
Vincent Carrodeguas, CPA
Lawrence C. Elmer, CPA
Carlos F. Garcia, CPA
Zvi Gold, CPA
Michael B. Goldstein, CPA
Sanford B. Horwitz, CPA
Dana M. Kaufman, JD/CPA/CFE
Alan Kirzner, CPA
Jeffrey B. Koch, CPA/PFS
Diana Levi, CPA
Howard B. Lucas, CPA/ABV
Jerome T. Price, CPA
A. Gerald Reiss, CPA
Jack N. Rosenberg, CPA
Lawrence W. Rubenstein, CPA
Bernard J. Schinder, CPA/PFS
Saul H. Silverman, CPA
Gerald Teitelbaum, CPA
Roger J. Terrone, CPA
Joaquin R. Urquiola, CPA
Jeffrey L. Weiss, CPA

Independent Auditors' Report

Board of Trustees
City of Miami Fire Fighters' and Police Officers' Retirement Trust
Miami, Florida

We have audited the accompanying statement of plan net assets of the City of Miami Fire Fighters' and Police Officers' Retirement Trust (the Trust) at September 30, 2008, and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit. The 2007 financial statements of City of Miami Fire Fighters' and Police Officers' Retirement Trust were audited by Koch Reiss & Co., P.A., who merged with Goldstein Schechter Price Lucas Horwitz & Co., P.A., (now known as Goldstein Schechter Koch Price Lucas Horwitz & Co., P.A.) as of January 1, 2008, and whose report dated November 16, 2007, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2008 financial statements referred to above present fairly, in all material respects, the plan net assets of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of September 30, 2008, and the changes in plan net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2009 on our consideration of the City of Miami Fire Fighters' and Police Officers' Retirement Trust internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

2121 Ponce de Leon Blvd. - 11th Floor • Coral Gables, FL 33134
Phone: (305) 442-2200 • *Fax:* (305) 444-0880
info@gskcpas.com • www.gskcpas.com

Management's discussion and analysis on pages 3-9 and the supplementary information, as listed in the accompanying table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and we do not express an opinion on it. The required supplementary information for the years ended September 30, 2003 through 2007 was reported on by Koch Reiss & Co., P.A., whose report states that they did not audit this information and did not express an opinion on it.

Goldstein Schechter Koch Price Lucas Horwitz & Co., P.A.

Hollywood, Florida
January 9, 2009

ADMINISTRATOR
Robert H. Nagle

ASSISTANT
ADMINISTRATOR
Dania L. Orta

TRUSTEES
Ornel Cotera
Gerald Darling
Monica Fernandez
Raul Fernandez
Tom Gabriel
Rolando Gutierrez
Joseph Kaplan
Annette Rotolo

Management's Discussion and Analysis

(Required Supplementary Information - Unaudited)

Our discussion and analysis of the City of Miami Fire Fighters' and Police Officers' Retirement Trust (the Trust) financial performance provides an overview of the Trust's financial activities for the fiscal years ended September 30, 2008 and 2007. Please read it in conjunction with the Trust's financial statements which follow this discussion.

Financial Highlights

• The Trust assets exceeded its liabilities at the close of fiscal years ended 2008 and 2007 by $1,324.8 million and $1,600.8 million, respectively (reported as net assets held in trust for pension benefits). Net assets are held in trust to meet future benefit payments. The decrease of $276.0 million and the increase of $171.3 million, of the respective years have resulted primarily from the changes in the fair value of the Trust's investments due to volatile financial markets.

• The Trust's funded ratio, a comparison of the actuarial value of assets to the actuarial accrued pension benefit liability, changed from 89% as of the October 1, 2005 actuarial valuation to 91% as of the October 1, 2006 valuation and 96% as of the October 1, 2007 valuation.

• For the fiscal year ended September 30, 2008 the Trust's net additions/(reductions) were $(181.9) million which were comprised of contributions of $45.8 million and investment loss of $227.6 million.

For the fiscal year ended September 30, 2007 the Trust's net additions were $257.3 million which were comprised of contributions of $55.2 million and investment income of $202.0 million.

• For the fiscal year ended September 30, 2008 the Trust's deductions increased over the prior year from $86.0 million to $94.2 million or 9.5%. Most of this increase is attributable to increased retirement benefits paid.

For the fiscal year ended September 30, 2007, the Trust's deductions increased over the prior year from $82.2 million to $86.0 million or 4.7%. Most of this increase is attributable to increased retirement benefits paid.

Overview of the Financial Statements

The Trust's financial statements are comprised of a Statement of Plan Net Assets, a Statement of Changes in Plan Net Assets, and Notes to Financial Statements. Also included is certain required supplementary information. These financial statements report information about the Trust, as a whole, and about its financial condition that should help answer the question: Is the Trust, as a whole, better off or worse off as a result of this year's activities? These statements include all assets and liabilities using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, all revenues and expenses are taken into account regardless of when cash is received or paid.

The statement of plan net assets presents information on the assets and liabilities and the resulting net assets held in trust for pension benefits. This statement reflects the Trust's investments, at fair value, along with cash and cash equivalents, receivables and other assets and liabilities.

1895 SW 3rd Avenue, Miami, Florida 33129-1456
Tel: 305-858-6006 Fax: 305-858-9008 www.miamifipo.org

Overview of the Financial Statements continued

The statement of changes in plan net assets presents information showing how the Trust's net assets held in trust for pension benefits changed during the years ended September 30, 2008 and 2007. It reflects contributions by members and the City along with deductions for retirement benefits, refunds and withdrawals, and administrative expenses. Investment income during the period is also presented showing income or loss from investing and securities lending activities.

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The required supplementary information and the related notes present a schedule of funding progress and a schedule of employer contributions along with a discussion of actuarial assumptions and methods.

Financial Analysis

Trust's total assets as of September 30, 2008, were $1,583.3 million and were mostly comprised of cash and cash equivalents, investments, property and equipment and receivables related to investments. Total assets decreased $318.8 million or 16.8%.

Trust's total assets as of September 30, 2007, were $1,902.1 million and were mostly comprised of cash and cash equivalents, investments, property and equipment and receivables related to investments. Total assets increased $192.1 million or 11.2%.

Total liabilities as of September 30, 2008 were $258.6 million and were mostly comprised of obligations under securities lending, payable for securities purchased and deferred retirement option plan payable. Total liabilities decreased $42.8 million or 14.2% from the prior year primarily due to a decrease in obligations under securities lending.

Total liabilities as of September 30, 2007 were $301.3 million and were mostly comprised of obligations under securities lending, payable for securities purchased and deferred retirement option plan payable. Total liabilities increased $20.8 million or 7.4% from the prior year primarily due to an increase in payables for securities purchased.

Trust assets exceeded its liabilities at the close of fiscal year ended September 30, 2008 by $1,324.8 million. Total net assets held in trust for pension benefits decreased $276.1 million or 17.2% from the previous year.

Trust assets exceeded its liabilities at the close of fiscal year ended September 30, 2007 by $1,600.8 million. Total net assets held in trust for pension benefits increased $171.2 million or 12.0% from the previous year.

Additions to Plan Net Assets

The reserves needed to finance retirement benefits are accumulated through the collection of contributions from members and the City and through earnings on investments. Contributions and net investment (loss) income for fiscal years 2008 and 2007 totaled $(181.9) million and $257.3 million, respectively.

Financial Analysis

Table 1 - Summary of Net Assets
City of Miami Fire Fighters' and Police Officers' Retirement Trust
Plan Net Assets
September 30,
(In Thousands)

	2008	2007	Increase (Decrease) Amount	Total Percentage Change
Assets:				
Cash and cash equivalents	$ 61,311	$ 57,947	$ 3,364	5.8 %
Receivables	11,195	14,443	(3,248)	(22.5)
Investments	1,321,092	1,597,118	(276,026)	(17.3)
Security lending collateral	187,541	230,427	(42,886)	(18.6)
Property and equipment, net	2,171	2,214	(43)	(1.9)
Total assets	1,583,310	1,902,149	(318,839)	(16.8)
Liabilities:				
Payables for securities purchased	23,685	26,857	(3,172)	(11.8)
Accounts payable and other	255	259	(4)	(1.5)
Deferred Retirement Option Plan payable	44,479	43,795	684	1.6
Obligations under securities lending	190,141	230,427	(40,286)	(17.5)
Total liabilities	258,560	301,338	(42,778)	(14.2)
Net assets held in trust for pension benefits	$ 1,324,750	$ 1,600,811	$ (276,061)	(17.2) %

Table 1 - Summary of Net Assets
City of Miami Fire Fighters' and Police Officers' Retirement Trust
Plan Net Assets
September 30,
(In Thousands)

	2007	2006	Increase (Decrease) Amount	Total Percentage Change
Assets:				
Cash and cash equivalents	$ 57,947	$ 34,742	$ 23,205	66.8 %
Receivables	14,443	6,201	8,242	132.9
Investments	1,597,118	1,433,117	164,001	11.4
Security lending collateral	230,427	233,737	(3,310)	(1.4)
Property and equipment, net	2,214	2,256	(42)	(1.9)
Total assets	1,902,149	1,710,053	192,096	11.2
Liabilities:				
Payables for securities purchased	26,857	8,121	18,736	230.7
Accounts payable and other	259	260	(1)	(0.4)
Deferred Retirement Option Plan Payable	43,795	38,379	5,416	14.1
Obligations under securities lending	230,427	233,737	(3,310)	(1.4)
Total liabilities	301,338	280,497	20,841	7.4
Net assets held in trust for pension benefits	$ 1,600,811	$ 1,429,556	$ 171,255	12.0 %

Additions to Plan Net Assets continued

For the fiscal year ended September 30, 2008 total additions to plan net assets decreased $439.2 million or 170.7% from those of the prior year, due primarily to volatile financial markets. Actual results were:

1) City contributions decreased from the previous year by $4.5 million or 11.1%. This decrease is primarily due to a decrease in the City's actuarially computed minimum required contribution.

2) Member contributions decreased from the previous year by $5.0 million or 33.9% due primarily to the decreases in purchase of additional service years by members.

3) Investment income decreased from the previous year by $429.7 million or 212.7%.

For the fiscal year ended September 30, 2007 total additions to plan net assets increased $81.9 million or 46.7% from those of the prior year, due primarily to an increase in market conditions. Actual results were:

1) City contributions decreased from the previous year by $10.1 million or 19.9%. This decrease is primarily due to a decrease in the City's actuarially computed minimum required contribution.

2) Total member contributions increased from the previous year by $7.0 million or 91.0% due primarily to the increases in purchase of additional service years by members.

3) Investment income increased from the previous year by $85.0 million or 72.6%.

Table 2 - Additions in Plan Net Assets
Years Ended September 30,
(In Thousands)

	2008	2007	Increase (Decrease) Amount	Total Percentage Change
City contribution	$ 36,040	$ 40,542	$ (4,502)	(11.1)%
Member contributions	9,720	14,703	(4,983)	(33.9)
Net investment (loss) income	(227,638)	202,043	(429,681)	(212.7)
Total (reductions) additions	$(181,878)	$ 257,288	$(439,166)	(170.7)%

Additions in Plan Net Assets
Years Ended September 30,
(In Thousands)

	2007	2006	Increase (Decrease) Amount	Total Percentage Change
City contribution	$ 40,542	$ 50,635	$ (10,093)	(19.9)%
Member contributions	14,703	7,699	7,004	91.0
Net investment income	202,043	117,026	85,017	72.6
Total additions	$ 257,288	$ 175,360	$ 81,928	46.7 %

Deductions from Plan Net Assets

The primary expenses of the Trust include the payment of pension benefits to members and beneficiaries, refund of contributions to former members, and distributions to retirees. Total deductions for fiscal years ended 2008 and 2007 were $94.2 million and $86.0 million, an increase of 9.5% and 4.7%, over years 2007 and 2006 expenditures, respectively.

For the fiscal years ended September 30, 2008 and 2007, the payment of pension benefits to retirees increased by $5.4 million and $2.5 million or 7.5% and 3.6%, respectively, from the previous year. The increase in pension benefit expenditures resulted from an increase in number of retirees (6) and (63), respectively, and an increase in benefit payments to retirees.

Table 3 - Deductions from Plan Net Assets
Years Ended September 30,
(In Thousands)

	2008	2007	Increase (Decrease) Amount	Total Percentage Change
Pension benefits	$ 77,795	$ 72,350	$ 5,445	7.5%
Refunds upon resignation, death, etc.	678	336	342	101.8
Distributions to retirees	15,666	13,305	2,361	17.7
Depreciation expense	43	43	0	0.0
Total deductions	$ 94,182	$ 86,034	$ 8,148	9.5%

Deductions from Plan Net Assets
Years Ended September 30,
(In Thousands)

	2007	2006	Increase (Decrease) Amount	Total Percentage Change
Pension benefits	$ 72,350	$ 69,804	$ 2,546	3.6%
Refunds upon resignation, death, etc.	336	596	(260)	(43.6)
Distributions to retirees	13,305	11,760	1,545	13.1
Depreciation expense	43	43	0	0.0
Total deductions	$ 86,034	$ 82,203	$ 3,831	4.7%

Capital Assets

As of September 30, 2008 and 2007, the Trust's investment in capital assets totaled $2.2 million (net of accumulated depreciation). This investment in capital assets includes land and building for administrative use.

Retirement System as a Whole

The Trust's combined net assets have decreased from those of fiscal years ended 2007 and 2006. Management believes, and actuarial studies concur, that the Trust is in a financial position to meet its current obligations.

Contacting the Trust's Financial Management

This financial report is designed to provide the Retirement Board, our membership, taxpayers, investors, and creditors with a general overview of the Trust's finances and to demonstrate the Trust's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City of Miami Fire Fighters' and Police Officers' Retirement Trust Fund, 1895 SW 3 Avenue, Miami FL, 33129.

City of Miami Fire Fighters' and Police Officers' Retirement Trust

Statements of Plan Net Assets
September 30, 2008 and 2007

	2008				2007			
	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total
Assets:								
Cash and cash equivalents	$ 48,326,752	$ 1,681,964	$ 11,301,884	$ 61,310,600	$ 46,830,124	$ 1,535,674	$ 9,581,127	$ 57,946,925
Investments, at fair value:								
U.S. government and agency obligations	176,092,958	6,128,738	41,181,788	223,403,484	172,886,498	5,669,374	35,371,407	213,927,279
Domestic fixed income	156,005,530	5,429,615	36,484,063	197,919,208	158,891,649	5,210,447	32,508,156	196,610,252
Domestic equity	509,801,586	17,743,131	119,224,192	646,768,909	711,086,730	23,318,282	145,483,532	879,888,544
International equity	58,276,183	2,028,244	13,628,696	73,933,123	90,496,308	2,967,596	18,514,932	111,978,836
Private equity	15,565,262	541,733	3,640,153	19,747,148	8,209,427	269,207	1,679,593	10,158,227
Real estate equity	90,521,196	3,150,499	21,169,641	114,841,336	113,755,320	3,730,317	23,273,568	140,759,205
Mutual funds - Deferred Retirement Option Plan participants	44,479,142	-	-	44,479,142	43,795,372	-	-	43,795,372
Total investments	1,050,741,857	35,021,960	235,328,533	1,321,092,350	1,299,121,304	41,165,223	256,831,188	1,597,117,715
Security lending cash collateral - invested	147,825,010	5,144,901	34,570,935	187,540,846	186,220,813	6,106,638	38,099,518	230,426,969
Receivables:								
Proceeds from securities sold	6,792,383	-	-	6,792,383	4,542,821	-	-	4,542,821
Member contributions	314,334	-	-	314,334	294,076	-	-	294,076
Purchase of additional service years by employees	-	-	-	-	5,912,910	-	-	5,912,910
Budget advance from City	444,346	-	-	444,346	949,602	-	-	949,602
Accrued interest and other	3,644,210	-	-	3,644,210	2,743,648	-	-	2,743,648
Total receivables	11,195,273	-	-	11,195,273	14,443,057	-	-	14,443,057
Property and equipment, net	1,711,099	59,553	400,164	2,170,816	1,788,886	58,662	365,994	2,213,542
Total assets	$ 1,259,799,991	$ 41,908,378	$ 281,601,516	$ 1,583,309,885	$ 1,548,404,184	$ 48,866,197	$ 304,877,827	$ 1,902,148,208
Liabilities:								
Payable for securities purchased	$ 23,684,613	$ -	$ -	$ 23,684,613	$ 26,856,834	$ -	$ -	$ 26,856,834
Accounts payable and other	254,839	-	-	254,839	258,604	-	-	258,604
Obligations under securities lending	149,874,562	5,216,234	35,050,251	190,141,047	186,220,813	6,106,638	38,099,518	230,426,969
Deferred Retirement Option Plan payable	44,479,142	-	-	44,479,142	43,795,372	-	-	43,795,372
Total liabilities	218,293,156	5,216,234	35,050,251	258,559,641	257,131,623	6,106,638	38,099,518	301,337,779
Net assets held in trust for pension benefits (a schedule of funding progress is presented on page 27)	$ 1,041,506,835	$ 36,692,144	$ 246,551,265	$ 1,324,750,244	$ 1,291,272,561	$ 42,759,559	$ 266,778,309	$ 1,600,810,429

The accompanying notes are an integral part of these financial statements

City of Miami Fire Fighters' and Police Officers' Retirement Trust

Statements of Changes in Plan Net Assets
For the Years Ended September 30, 2008 and 2007

	2008				2007			
	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total
Additions:								
Contributions:								
City	$ 36,040,251	$ -	$ -	$ 36,040,251	$ 40,542,078	$ -	$ -	$ 40,542,078
Members	9,719,896	-	-	9,719,896	14,702,629	-	-	14,702,629
Total contributions	45,760,147	-	-	45,760,147	55,244,707	-	-	55,244,707
Investment income:								
Net (depreciation) appreciation in fair value of investments	(210,323,759)	(6,433,775)	(42,116,671)	(258,874,205)	141,471,621	3,907,839	23,255,711	168,635,171
Interest	20,104,812	538,087	3,565,724	24,208,623	19,911,247	532,911	3,269,006	23,713,164
Dividend	11,215,405	309,194	2,065,407	13,590,006	11,522,405	307,695	1,889,112	13,719,212
Other	737,338	19,939	133,415	890,692	1,236,491	32,640	192,413	1,461,544
	(178,266,204)	(5,566,555)	(36,352,125)	(220,184,884)	174,141,764	4,781,085	28,606,242	207,529,091
Less investment expense	5,022,555	134,336	877,528	6,034,419	4,920,058	131,176	795,139	5,846,373
Net investment (loss) income from investing activities	(183,288,759)	(5,700,891)	(37,229,653)	(226,219,303)	169,221,706	4,649,909	27,811,103	201,682,718
Security lending activities:								
Security lending income	1,305,188	35,274	235,608	1,576,070	469,222	12,749	78,438	560,409
Security lending fees and rebates	363,022	9,770	65,166	437,958	167,024	4,519	27,928	199,471
Unrealized loss	(2,009,758)	(70,606)	(476,672)	(2,557,036)	-	-	-	-
Net (loss) income from security lending activities	(1,067,592)	(45,102)	(306,230)	(1,418,924)	302,198	8,230	50,510	360,938
Total net, investment (loss) income	(184,356,351)	(5,745,993)	(37,535,883)	(227,638,227)	169,523,904	4,658,139	27,861,613	202,043,656
Total (reductions) additions	(138,596,204)	(5,745,993)	(37,535,883)	(181,878,080)	224,768,611	4,658,139	27,861,613	257,288,363
Deductions:								
Pension benefits paid	77,794,816	-	-	77,794,816	72,350,441	-	-	72,350,441
Refund of contributions	664,234	14,154	-	678,388	336,070	388	-	336,458
Distributions to retirees	-	306,275	15,359,900	15,666,175	-	323,867	12,980,882	13,304,749
Depreciation expense	34,934	993	6,799	42,726	35,582	970	6,173	42,725
Total deductions	78,493,984	321,422	15,366,699	94,182,105	72,722,093	325,225	12,987,055	86,034,373
Allocation of net (loss) earnings	(32,675,538)	-	32,675,538	-	(33,668,908)	-	33,668,908	-
Net (decrease) increase	(249,765,726)	(6,067,415)	(20,227,044)	(276,060,185)	118,377,610	4,332,914	48,543,466	171,253,990
Net assets held in trust for pension benefits:								
Beginning of year	1,291,272,561	42,759,559	266,778,309	1,600,810,429	1,172,894,951	38,426,645	218,234,843	1,429,556,439
End of year	$ 1,041,506,835	$ 36,692,144	$ 246,551,265	$ 1,324,750,244	$ 1,291,272,561	$ 42,759,559	$ 266,778,309	$ 1,600,810,429

The accompanying notes are an integral part of these financial statements.

Note 1 – Description of the Plan

Organization

The City of Miami Fire Fighters' and Police Officers' Retirement Trust (the Trust) is a single employer defined benefit pension plan established by the City of Miami, Florida (the City) pursuant to the provisions and requirements of Ordinance No. 10002 as amended. Since the Trust is sponsored by the City, the Trust is included as a pension trust fund in the City's comprehensive financial report as part of the City's financial reporting entity.

The following brief description of the Trust is provided for general information purposes only. Participants should refer to the Trust document for more detailed and comprehensive information.

Membership

Participants are contributing police officers and firefighters with full-time status in the Police and Fire Department of the City of Miami, Florida.

Membership in the Trust consisted of the following as of October 1:

	2008	2007
Retirees and beneficiaries currently receiving benefits and terminated members entitled to benefits but not yet receiving them	1,870	1,864
Current members:		
Vested	867	791
Nonvested	767	674
	1,634	1,465

Member Contributions

Members contribute a percentage of their base salaries on a bi-weekly basis. Effective October 1, 2000 and thereafter, member contribution, is 7% of compensation or equal to the City's contribution, whichever is less. Prior to the agreement dated January 9, 1994, members contributed 10½%, of which 2% was designated as a contribution to the Cost-of-Living Adjustment I Account (COLA I account). Effective January 9, 1994, the Trust entered into an agreement with the City whereby this percentage was decreased to 10% and a new Cost-of-Living Adjustment II Account (COLA II account) was created and funded by a percentage of the excess investment return (from other than COLA I account assets).

Effective October 1, 2000, should the member contribution be less than 7% due to the City contribution, the difference between the 7% and the actual contribution shall be deducted from the member's paycheck and placed into an individual contribution account (ICA), as part of the retirement system. Interest on ICA's shall be determined in the same manner as the COLA transfer methodology. Interest shall be credited periodically to the ICA's as determined by the retirement system board's actuary. Member contributions and earnings in ICA's shall be deemed 100% vested upon deposit. Upon the member's separation, ICA balances shall be disbursed as provided under the IRS Code.

Note 1 – Description of the Plan - continued

Member Contributions - continued

For the year ended September 30, 2002, ICA's would have been established, however the City, Fraternal Order of Police, Lodge No. 20, and the International Association of Firefighters, Local 587, came to an agreement to waive the provisions for the ICA's for the period of October 7, 2001 through October 5, 2002. This waiver shall be only for that period and none other.

During the years ended September 30, 2008 and 2007, approximately $0 and $5,913,000 respectively, is included as member contributions for the purchase of additional service years by members as provided for by the Trust.

Funding Requirements

The City is to contribute such amounts as are necessary to maintain the actuarial soundness of the Trust and to provide the Trust with assets sufficient to meet the benefits to be paid to the participants. Contributions to the Trust are authorized, pursuant to City of Miami Code Section 40.196 (a) and (b). Contributions to the COLA accounts are authorized pursuant to Section 40.204 of the City of Miami Code. The City's contributions to the Trust provide for non-investment expenses and normal costs of the Trust. The yield (interest, dividends, and net realized gains and losses) on investments of the Trust serves to reduce/increase future contributions that would otherwise be required to provide for the defined level of benefits under the Trust.

Pension Benefits

Effective October 1, 1998 members may elect to retire after 10 or more years of creditable service upon attainment of normal retirement age. Normal retirement age for members shall be 50 years of age. A member exercising normal service retirement or rule of 64 retirement (computation of service retirement on the basis of his or her combined age and creditable service equaling 64) shall be entitled to receive a retirement allowance equal to 3% (2.75% for police officers prior to October 1, 1998) of the member's average final compensation (as defined in the city code section 40-191), multiplied by years of creditable service for the first 15 years of such creditable service, plus a retirement allowance equal to 3½% (3% for police officers prior to October 1, 1998) of member's final average compensation multiplied by the years of creditable service in excess of 15 years, paid in monthly installments.

Prior to October 1, 1998, a firefighter member exercising normal service retirement or rule of 70 retirement (computation of service retirement on the basis of his or her combined age and creditable service equaling 70) were entitled to receive a retirement allowance equal to 3% of the member's average final compensation multiplied by years of creditable service, paid in monthly installments.

Early retirement, disability, death and other benefits are also provided.

Note 1 – Description of the Plan - continued

Investments

The Trust investment policy is determined by the Board of Trustees and is implemented by investment managers. In addition, the Trust utilizes an investment advisor who monitors the investing activities. The investment policy of the Trust stipulates that the trustees shall, in acquiring, investing, reinvesting, exchanging, retaining, selling and maintaining property for the benefit of the Trust exercise the judgment and care under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital. The trustees are authorized to acquire and retain various kinds of property, real, personal or mixed, and various types of investments specifically including, but not by way of limitation, bonds, debentures and other corporate obligations, and stocks, preferred or common, which persons of prudence, discretion and intelligence acquire or retain for their own account. The investment of funds shall be in a manner that is consistent with the applicable sections of the City Code as well as State and Federal laws within the allocation percentages established in the Trust's investment policy guidelines.

The investments are considered held by the Membership and Benefit account and a share of the value of this account is allocated to each account based on a weighted average calculation performed each month to reflect each account's membership and benefit, COLA I and COLA II activity.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The Trust's financial statements are prepared using the accrual basis of accounting. Member contributions are recognized as revenues in the period in which contributions are due. City contributions are recognized as revenues when due pursuant to actuarial valuations. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investment purchases and sales are recorded on a trade-date basis. Interest, rental and dividend income are recorded as earned.

New Pronouncements

The Trust adopted Governmental Accounting Standards Board (GASB) Statement No. 50 *"Pension Disclosures"* (GASB 50) which amends GASB Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 27, Accounting for Pensions by State and Local Governmental Employers. GASB 50 requires disclosure in the notes to the financial statements of pension plans and certain employer governments of the current funded status of the plan and other actuarial information which had previously been provided as required supplementary information. The adoption of GASB 50 had an impact on the presentation of the notes to the financial statements but no impact on net assets.

Cash equivalents

The Trust considers all highly liquid investments with maturity of three months or less when purchased, to be cash equivalents.

Note 2 – Summary of Significant Accounting Policies - continued

Investments

Investments are recorded at fair value. Fair values of investments are determined as follows: securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year; securities traded in the over-the counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price; commercial paper, time deposits and short-term investment pools are valued at cost which approximates market; mortgages are valued based on current market yield. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on similar sales.

Alternative investments which include private equity, private debt, venture capital and equity real estate investments where no readily ascertainable market value exists, management, in consultation with the general partner and investment advisors, has determined the fair values for the individual investments based upon the partnership's most recent available financial information.

Unrealized gains and losses are presented as net appreciation (depreciation) in fair value of investments on the statement of changes in plan net assets along with gains and losses realized on sales of investments. Purchases and sales of securities are reflected on a trade date basis. Realized gains and losses on the sale of investments are based on average cost identification method.

Given the inherent nature of investments it is reasonably possible that changes in the value of those investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of plan net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

Property and equipment are stated at cost and depreciated using the straight-line method over the estimated lives of the assets.

Income Tax Status

The Trust is tax-exempt under the Internal Revenue Code and, therefore, has recorded no income tax liability or expense.

Risk and Uncertainties

Contributions to the Trust and the actuarial information included in the required supplementary information (RSI) are reported based on certain assumptions pertaining to the interest rates, inflation rates and member compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to the uncertainties inherent in settling assumptions, that the effect of such changes could be material to the financial statements.

Note 3 – Funded Status and Funding Progress

The funded status of the Trust as of September 30, 2008, the most recent actuarial valuation date, is as follows, (in millions):

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
10/01/07	$ 1,268.9	$ 1,318.4	$ 49.5	96 %	$ 103.6	48%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

The Trust is funded in accordance with the Aggregate Cost Method. In accordance with GASB 50, the AAL above has been calculated in accordance with the Entry Age Normal Cost Method, for purposes of calculating and disclosing the funded ratio. The information presented here is intended to serve as a surrogate for the funded status of the plan.

Additional information as of the latest actuarial valuation follows:

Valuation Date:	October 1, 2007
Actuarial Cost Method:	Aggregate Cost Method
Amortization Method:	N/A
Asset Valuation Method:	20% Write-Up Method: Expected value is based on the Interest Discount/Investment Return rate applied to the actuarial asset value as of the previous valuation date and cash flow during the year. 20% of the difference between the Expected Value and the Market Value (net of pending transfers to the COLA Fund) is added to the Expected Value. The result cannot be greater that 120% of market value or less than 80% of market value (net of pending COLA transfers).
Actuarial assumptions:	
Investment rate of return	7.75%, compounded annually
Salary increases:	
Inflation	4.00%
Seniority/merit	5.0% to 0% reducing by attained age
Promotion/other	1%
Mortality table	Ga94 – Mortality table
Disabled mortality	Pension Benefit Guaranty Corporation ("PBGC") Non-OASDI basis

Note 4 – Deposit and Investment Risk Disclosures

Investment Authorization

The Board of Trustees holds the fiduciary responsibility for the Trust. Thus, the Trustees have set a reasonably diversified asset allocation (including minimum and maximum allocations), which is expected to appropriately fund the Trust's liabilities and meet its basic investment objectives. The basis for such a target asset allocation is a study of the Trust's pension liabilities and reasonable, alternative investment portfolios.

The Trustees have adopted a policy to invest in several institutionally acceptable asset classes. These are domestic equity (large, mid and small capitalization), international equity (developed and emerging markets), domestic real estate (institutional quality properties either individually or in open-ended commingled funds, or in REIT securities portfolios), private equity funds, domestic fixed income, and short-term investments. Other asset classes may be added by the Trustees to its investment policy.

Investment in domestic equity securities shall be limited to those listed on a major U.S. stock exchange and limited to no more than 60% (at market) of the Trust's total asset value. Investments in stocks of foreign companies shall be limited to 8% of the value of the Trust's portfolio. Investments in domestic fixed income securities shall be limited to 31% (at maturity) of the Trusts's total portfolio. The domestic fixed income portfolio shall be comprised of securities rated "BBB" or higher by nationally recognized rating agencies, preferably by Moodys' or Standard & Poors rating services. Domestic real estate and private equity funds shall be limited to 10% and 6%, respectively, of the value of the portfolio.

No single security can represent more than 5% of the market value of a portfolio at the time of purchase, and no single industry (based on Global Industry Classification System codes) can represent more than 15% of the market value of the account. These single security and single industry restrictions do not apply to U.S. Government and Agency bond holdings.

Types of Investments

Florida statutes and Trust investment policy authorize the Trustees to invest funds in various investments. The current target and actual allocation of these investments at market, per the performance analysis report, is as follows as of September 30:

	2008		2007	
Authorized Investments	Target % of Portfolio	Actual % of Portfolio	Target % of Portfolio	Actual of Portfolio
Cash and equivalents	0.0%	0.0%	0.0%	0.2%
Domestic equities:				
Small/Mid cap	13.0%	14.8%	13.0%	14.8%
Large cap	41.0%	36.0%	41.0%	41.8%
Domestic fixed income	28.0%	33.0%	28.0%	26.3%
International equities	6.0%	6.1%	6.0%	7.4%
Domestic real estate	8.0%	9.0%	8.0%	9.2%
Private equity	4.0%	1.1%	4.0%	0.3%

Note 4 – Deposit and Investment Risk Disclosures - continued

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to interest rate risk, the Trust diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities.

Information about the sensitivity of the fair values of the Trust's investments to market interest rate fluctuations is provided by the following tables that show the distribution of the Trust's investments by maturity at September 30:

2008
Investment Maturities (in years)

Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. treasuries	$ 43,788,671	$ 6,596,167	$13,164,051	$ 12,132,638	$ 11,895,815
U.S. agencies	179,614,813	1,745,846	5,704,451	18,549,444	153,615,072
Corporate bonds	197,919,208	7,377,898	24,700,157	122,788,318	43,052,835
	$ 421,322,692	$ 15,719,911	$43,568,659	$ 153,470,400	$ 208,563,722
% of fixed income portfolio	100%	3.7%	10.3%	36.4%	49.6%

2007
Investment Maturities (in years)

Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. treasuries	$ 53,020,376	$ 8,018,514	$10,702,177	$ 27,106,168	$ 7,193,517
U.S. agencies	160,906,903	2,068,381	6,577,969	22,382,854	129,877,699
Corporate bonds	196,610,252	2,321,068	62,049,067	64,633,840	67,606,277
	$ 410,537,531	$ 12,407,963	$79,329,213	$ 114,122,862	$ 204,677,493
% of fixed income portfolio	100%	3.0%	19.3%	27.8%	49.9%

Credit Risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Trust's investment policy utilizes portfolio diversification in order to control this risk.

Note 4 – Deposit and Investment Risk Disclosures - continued

Credit Risk - continued

The following tables disclose credit ratings by investment type, at September 30, as applicable:

2008	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	$ 223,403,484	53.02%
Credit risk debt securities:		
AAA	23,370,309	5.56
AA+	1,548,587	0.37
AA	3,682,741	0.87
AA-	6,283,727	1.49
A+	11,232,091	2.67
A	14,551,459	3.45
A-	12,309,689	2.92
BBB+	15,037,777	3.57
BBB	8,800,307	2.09
BBB-	5,494,902	1.30
BB and lower	542,845	0.13
Bond funds**	85,543,133	20.30
Not rated	9,521,641	2.26
Total credit risk debt securities	197,919,208	46.98
Total fixed income securities	$ 421,322,692	100.00%

2007	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	$ 213,927,279	52.11%
Credit risk debt securities:		
AAA	39,405,292	9.60
AA	13,094,013	3.19
A	30,607,026	7.46
BBB	32,367,083	7.88
Bond funds***	77,884,146	18.97
Not rated	3,252,692	0.79
Total credit risk debt securities	196,610,252	47.89
Total fixed income securities	$ 410,537,531	100.00%

*Obligations of the U.S. government or obligations explicitly or implicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

**At September 30, 2008 Bond funds are comprised of securities rated AAA (76%); AA (4%); A (8%); BBB (7%); BB and lower (5%) per the Lehman Brothers Aggregate Bond Index and Standard and Poors.

***At September 30, 2007 Bond funds are comprised of securities rated AAA (79%); AA (5%); A (8%); BBB (8%) per the Lehman Brothers Aggregate Bond Index.

Note 4 – Deposit and Investment Risk Disclosures - continued

Concentration of Credit Risk

The investment policy of the Trust contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of plan net assets at September 30, 2008 and 2007.

Custodial Credit Risk

Deposits are exposed to custodial risk if they are uninsured and uncollateralized. Custodial risk is the risk that, in the event of the failure of the counterparty, the Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the Trust and are held either by the counterparty or the counterparty's trust department or agent but not in the Trust's name.

Consistent with the Trust's investment policy, the investments are held by Trust's custodial bank and registered in the Trust's name. All of the Trust's deposits are insured and or collateralized by financial a institution separate from the Trust's depository financial institution.

Foreign Currency Risk

Foreign currency is the risk that changes in exchange rates will adversely affect the fair value of the investment or a deposit. Each investment manager, through the purchase of units in a commingled investment trust fund or international equity mutual fund, establishes investments in international equities. The Trust has exposure to foreign currency fluctuation at September 30, as follows:

	2008	2007
Currency	Holdings Valued In U.S. Dollars International Equities	Holdings Valued In U.S. Dollars International Equities
Swiss Franc	$ 1,643,139	$ 3,837,754
Canadian Dollar	1,972,778	-
Euro	25,375,718	46,179,352
British Pound Sterling	113,863	12,480,192
Hong Kong Dollar	760,789	3,299,485
Japanese Yen	1,280,225	23,443,946
South Korean Won	1,583,211	4,390,651
Swedish Krona	2,616,959	728,195
Norwegian Krona	2,356,805	551,787
Danish Krone	-	1,793,192
Other	543,668	896,698
Total	$ 38,247,155	$ 97,601,252

Note 4 – Deposit and Investment Risk Disclosures - continued

Securities Lending Transactions

A retirement system is authorized by state statutes and board of trustees policies to lend its investment securities. The lending is managed by the Trust's custodial bank. All loans can be terminated on demand by either the Trust or the borrowers, although the average term of loans is approximately sixty three days. The custodial bank and its affiliates are prohibited from borrowing the system's securities.

The agent lends the Trust's U.S. government and agency securities and domestic corporate fixed-income and equity securities for securities or cash collateral of 102 percent and international securities of 105 percent of the securities plus any accrued interest. The securities lending contracts do not allow the Trust to pledge or sell any collateral securities unless the borrower defaults. Cash collateral is invested in the agent's collateral investment pool, whose share values are based on the amortized cost of the pool's investments. Investments are restricted to issuers with a credit rating A3 or A- or higher by Moodys or Standard & Poors. At year end, the pool has a weighted average term to maturity of twenty three days.

The relationship between the maturities of the investment pool and the Trust's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Trust cannot determine. There are policy restrictions by the custodial bank that limits the amount of securities that can be lent at one time or to one borrower.

The following represents the balances relating to securities lending transactions at September 30:

	2008		
Securities Lent:	**Market Value of Securities on Loan for Cash**	**Fair Value of Cash Collateral Invested**	**Fair Value of Liabilities to Borrowers**
U.S. government and agency obligations	**$ 49,988,535**	**$ 50,609,766**	**$ 51,311,456**
Domestic corporate stocks	**128,298,187**	**128,243,507**	**130,021,567**
Domestic corporate bonds	**7,645,957**	**7,736,272**	**7,843,533**
International corporate stocks	**880,196**	**951,301**	**964,491**
Total securities lent	**$ 186,812,875**	**$ 187,540,846**	**$ 190,141,047**

	2007		
Securities Lent:	Market Value of Securities on Loan for Cash	Fair Value of Cash Collateral Invested	Fair Value of Liabilities to Borrowers
U.S. government and agency obligations	$ 62,957,882	$ 64,306,407	$ 64,306,407
Domestic corporate stocks	148,267,014	152,342,140	152,342,140
Domestic corporate bonds	8,077,405	8,282,035	8,282,035
International corporate stocks	5,215,045	5,496,387	5,496,387
Total	$ 224,517,345	$ 230,426,969	$ 230,426,969

Note 4 – Deposit and Investment Risk Disclosures - continued

Securities Lending Transactions - continued

The contract with the Trust's custodian requires the custodian to indemnify the Trust if the borrower fails to return the securities, due to the insolvency of a borrower, and the custodian has failed to live up to its contractual responsibilities relating to the lending of those securities. At year end, the Trust has no credit risk exposure to borrowers because the amounts of collateral held by the Trust exceed the amounts the borrowers owe the Trust. There are no significant violations of legal or contractual provisions, no borrowers or lending agent default losses, and no recoveries of prior period losses during the year. There are no income distributions owing on securities lent.

During the fiscal year 2008, the value of certain underlying securities became impaired because of the credit failure of the issuer. Accordingly, the carrying amount of the collateral reported in the Trust's statement of plan net assets for FY 2008 was reduced by $2.6 million to reflect this impairment and reflect the net realizable value of the securities purchased with collateral from securities lending transactions.

Note 5 – COLA Accounts

Effective January 9, 1994, the Trust entered into an agreement with the City of Miami with regards to the funding methods, member benefits, member contributions and retiree COLA. As of January 9, 1994, members no longer contribute to the original COLA account (COLA I), and a new COLA account (COLA II) was established.

The agreement included the following provisions:

- The funding method was changed to an aggregate cost method.
- Combining all accounts for investment purposes (membership and benefit, COLA I and COLA II).
- Retirees receive additional COLA benefits.
- Active members no longer contribute 2% of pretax earnings to fund the original retiree COLA account (COLA I account).

The COLA II account is funded annually by a percentage of the excess investment return from other than COLA I account assets. The excess earnings contributed to the COLA II account will be used to fund a minimum annual payment of $2.5 million, increasing by 4% compounded annually. To the extent necessary, the City will fund the portion of the minimum annual payment not funded by annual excess earnings no later than January 1 of the following year.

Benefits payable from the COLA accounts are computed in accordance with an actuarially based formula as defined in Section 40.204 of the City of Miami Code. Benefits are subject to review and modification in accordance with City of Miami Code Section 40.204, which provides that all other matters regarding the COLA accounts shall be determined by negotiations between the City, the Board of Trustees and the bargaining representatives of the International Association of Fire Fighters and the Fraternal Order of Police.

Note 6 – Deferred Retirement Option Plan (DROP)

Members who are eligible for service retirement or Rule of 64 after September 1998 may elect to enter the Deferred Retirement Option Plan for a maximum of 3 years prior to October 1, 2001. Effective October 1, 2001 maximum participation in the DROP for firefighters shall be 48 full months and for police officers who elect DROP on October 1, 2003, or thereafter, maximum participation in the DROP shall be 48 full months.

A member's creditable service, accrued benefit and compensation calculation shall be frozen.

Upon commencement of participation in the DROP, the participant's contribution and the City's contribution to the Trust for that participant cease as the participant will not earn further creditable service for pension purposes. Effective October 1, 2001, firefighter DROP participants may continue City employment for up to a maximum of 48 full months and police officers who elect DROP on October 1, 2003, or thereafter, may continue City employment for up to a maximum of 48 full months (36 full months prior to October 1, 2001). No payment is made to or for the benefit of a DROP participant beyond that period. For persons electing participation in the DROP, an individual DROP account shall be created. Payment shall be made by the retirement trust into the member's DROP account in an amount equal to the regular monthly retirement benefit which the participant would have received had the participant separated from service and commenced receipt of pension benefits. Payments received by the participant in the DROP account are tax deferred. A series of investment vehicles which are established by the board of trustees are made available to DROP participants to choose from. Any losses, charges, or expenses incurred by the participant in their DROP account are not made up by the City or the Trust, but shall be borne by the participant.

Upon termination of employment, a member may receive distribution from the DROP account in the following manner:

- Lump sum distribution
- Periodic payments
- Annuity
- Roll over of the balance to another qualified retirement plan

Any member may defer distribution until the latest date authorized by Section 401(a)(9) of the Internal Revenue Code.

A DROP participant shall not be entitled to receive an ordinary or service disability retirement and in the event of death of a DROP participant, there shall be no accidental death benefit for pension purposes. DROP participation does not affect any other death or disability benefit provided to a member under federal law, state law, City ordinance, or any rights or benefits under any applicable collective bargaining agreement. At September 30, 2008 and 2007, there were 235 and 226 DROP participants, respectively.

Note 6 – Deferred Retirement Option Plan (DROP) - continued

The DROP of the Trust also consists of a Benefit Actuarially Calculated DROP (BACDROP). A member may elect to BACDROP to a date no further back than the date of their retirement eligibility date. Effective October 1, 2001, the BACDROP period must be in 12 month increments, beginning at the start of a pay period, not to exceed 48 full months for firefighters (36 months prior to October 1, 2001), and 12 full months for police officers (48 months prior to October 1, 2004) who elect DROP on October 1, 2003. Participation in the BACDROP does not preclude participation in the Forward DROP.

Note 7 – Property and Equipment

Property and equipment consist of the following at September 30:

	Estimated Useful Life	2008	2007
Land	N/A	$ 760,865	$ 760,865
Building	39 years	1,666,305	1,666,305
Total cost		2,427,170	2,427,170
Less: accumulated depreciation		256,354	213,628
Net		$ 2,170,816	$ 2,213,542

Depreciation expense for the years ended September 30, 2008 and 2007 was $42,726 and $42,725, respectively.

Note 8 – Budget Advance from City

Administrative costs of the Trust are paid directly by the Trust from budget advance monies provided by the City. The Trust provides the City with an accounting of how these funds are expended during the period. Funding for such administrative costs for the years ended September 30, 2008 and 2007 was as follows:

	2008	2007
Budget advance due to (from) City – beginning of year	$ (949,602)	$ (36,054)
Advance received from the City	2,333,711	1,024,413
	1,384,109	988,359
Administrative costs incurred, including custodian and consultants' fees, personnel and other office expenses	1,828,455	1,937,961
Budget advance due to (from) City – end of year	$ (444,346)	$ (949,602)

Since the above administrative costs are fully funded by the City, they are not included in the administrative expenses set forth in the statements of changes in plan net assets.

Note 9 – Off-Balance-Sheet Financing

The Trust, in the normal course of business, enters into commitments with off-balance-sheet risk. The Trust adheres to the same credit policies, financial and administrative controls and risk limiting and monitoring procedures for commitments as for on-balance-sheet investments.

The future financial commitments outstanding for private equity investments at September 30, 2008 and 2007 were, respectively, approximately $45,347,000 and $34,891,000.

Note 10 – Subsequent Events

Subsequent to September 30, 2008, there have been significant negative economic developments surrounding overall market liquidity, credit availability and collateral values. The results of these developments have led to broad declines in investment values. The Trust invests in various diversified types of securities, and these securities may have been impacted, perhaps significantly, from these events. The Trust is a long-term investor in highly diversified investments and in a position to withstand market volatility.

The Trust participates in the securities lending program of its master custodian and was informed in September 2008, of a deficiency in the related collateral investment pools, of which the Trust's shares is approximately $2,600,000. In October 2008, the Trust received approximately $306,000 from the custodian as support payment against this deficiency. The ultimate loss, if any, is dependent on recovery of the underlying collateral values. However, due to this deficiency, the master custodian has placed certain restrictions which currently limit the Trust's ability to exit the program without realizing the loss.

City Of Miami Fire Fighters' And Police Officers' Retirement Trust

Required Supplementary Information - Unaudited
September 30, 2008

Schedule "1" – Schedule of Funding Progress
(dollars in millions)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability AAL	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
10/01/02	$ 753.2	$ 999.8	$ 246.6	75	$ 96.9	254%
10/01/03	844.9	1,067.9	223.0	79	98.9	225
10/01/04	957.9	1,152.8	194.9	83	89.2	218
10/01/05	1,091.9	1,221.6	129.7	89	91.5	142
10/01/06	1,147.9	1,260.5	112.6	91	90.4	125
10/01/07	1,268.9	1,318.4	49.5	96	103.6	48

Schedule "2" – Schedule of Contributions by Employer

Year Ended September 30,	Annual Required Contribution	Percentage Contributed
2003	$ 18,163,588	100%
2004	36,341,515	100
2005	45,545,130	100
2006	50,635,213	100
2007	40,542,078	100
2008	36,040,251	100

The information presented in the required Supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Since the Trust uses the Aggregate Cost Method, a schedule of Funding Progress is not required as that method does not separately identify or separately amortize unfunded actuarial liabilities. As the Trust believes the above information is useful to users of the financial statements, the above Schedule "1" was prepared excluding COLA accounts using the Entry Age Normal Actuarial Accrued Liability.

III

INVESTMENT

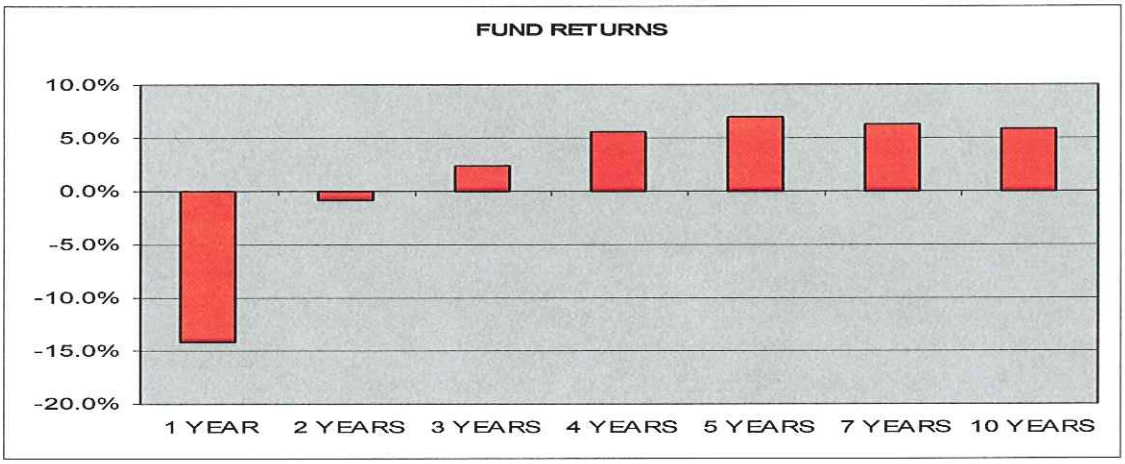
SECTION

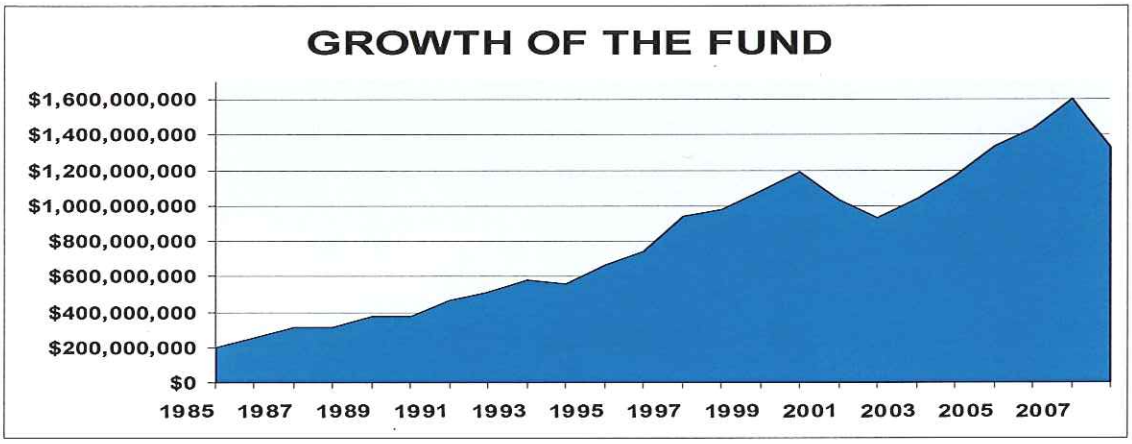
INVESTMENT ANALYSIS

	GENERAL FUND		COLA I		COLA II	
BALANCE AS OF 10/01/2007		1,243,784,528		42,759,560		266,778,309
Additions: Purchases						
Short Term Investment	3,679					
Other Money Market	2					
Mutual Funds	17,686,374					
Private Equity	11,082,268					
Private Equity International	1,431,963					
Commercial Paper	7,310,880					
US Treasury Bills	6,653,738					
US Treasury Bonds	66,884,640					
US Treasury Notes	15,359,351					
Corporate Bonds	36,018,096					
Domestic Equity	187,276,882					
International Equity	59,075,332					
Share of Assets Transferred COLA I	6,067,416		0			
Share of Assets Transferred COLA II	20,227,045				0	
		435,077,666		0		0
Deductions: Redemptions & Sale						
Short Term Investment	1					
Other Money Market	1					
Mutual Funds	43,604,242					
Private Equity	2,666,118					
Private Equity International	259,193					
Commercial Paper	8,370,052					
US Treasury Bills	3,161,003					
US Treasury Bonds	45,954,410					
US Treasury Notes	30,306,110					
Corporate Bonds	33,649,969					
Domestic Equity	420,396,519					
International Equity	97,121,046					
Securities Lending-Lehman Adjustment	2,600,201					
Share of Asset Transferred	0		5,746,986		4,867,145	
Share of Securities Tranferred To COLA I	0		320,429			
Share of Securities Tranferred To COLA II	0				15,359,900	
		688,088,865		6,067,416		20,227,045
BALANCE AS OF 09/30/2008		990,773,329		36,692,144		246,551,263

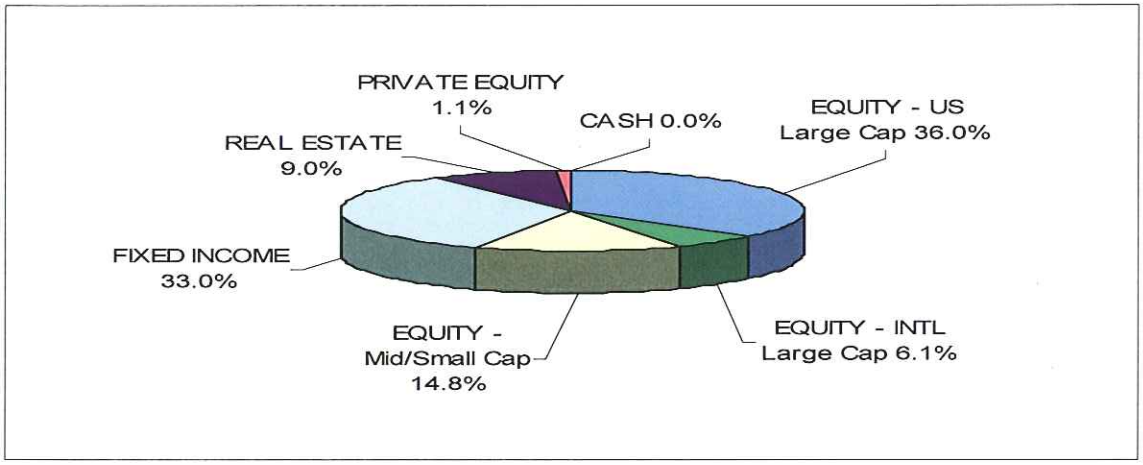
CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST

FUND HIGHLIGHTS





Asset Allocation – Sep 30, 2008



CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2008

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	SHORT TERM FUNDS				
ALLIANCE BERNSTEIN	British pound sterling - Cash	UK	0.00	7,518.18	7,518.18
ALLIANCE BERNSTEIN	Canadian dollar - Cash	Canada	0.00	10,240.64	10,240.64
ALLIANCE BERNSTEIN	Euro - Cash	EURO	0.00	74,281.18	74,281.18
ALLIANCE BERNSTEIN	Hong Kong dollar - Cash	Hong Kong	0.00	2,608.77	2,608.77
ALLIANCE BERNSTEIN	New Taiwan dollar - Cash	Taiwan	0.00	230,977.73	230,977.73
ALLIANCE BERNSTEIN	Norwegian krone - Cash	Norway	0.00	2,428.82	2,428.82
ALLIANCE BERNSTEIN	Swedish krona - Cash	Sweden	0.00	8,331.46	8,331.46
ALLIANCE BERNSTEIN	USA dollar - Invested Cash	USA	0.00	982,188.39	982,188.39
WENTWORTH HAUSER	Euro - Cash	EURO	0.00	27,853.48	27,853.48
WENTWORTH HAUSER	USA dollar - Invested Cash	USA	0.00	4,357,212.12	4,357,212.12
BGI MID CAP INDEX	BGI MONEY MARKET FD	USA	3.00	3.00	3.00
BGI S&P INDEX	BGI MONEY MARKET FD	USA	46.00	46.00	46.00
BGI SMALL CAP INDEX	BGI MONEY MARKET FD	USA	3.00	3.00	3.00
JP MORGAN REAL ESTATE FD	CF JPMCB LIQUIDITY FD CV OVER 1 BIL	USA	3,677.24	3,677.24	3,677.24
BARROW HANLEY BOND	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	9,595,407.69	9,595,407.69	9,595,407.69
BARROW HANLEY EQUITY	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	4,491,755.98	4,491,755.98	4,491,755.98
BARROW HANLEY FUND	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	15,023,354.58	15,023,354.58	15,023,354.58
BOSTON PARTNERS	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	1,129,116.84	1,129,116.84	1,129,116.84
CHAMPLAIN	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	3,432,329.09	3,432,329.09	3,432,329.09
DELAWARE	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	1,540,921.44	1,540,921.44	1,540,921.44
DODGE & COX	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	5,646,286.98	5,646,286.98	5,646,286.98
EAGLE	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	1,500,800.56	1,500,800.56	1,500,800.56
MAIN ACCOUNT	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	3,055,581.15	3,055,581.15	3,055,581.15
MORGAN STANLEY	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	3,967,430.17	3,967,430.17	3,967,430.17
MUNDER	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	3,272,601.31	3,272,601.31	3,272,601.31
RCM	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	2,947,644.30	2,947,644.30	2,947,644.30
	TOTAL SHORT TERM FUNDS		**55,606,959.33**	**61,310,600.10**	**61,310,600.10**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2008

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	COMMON STOCK				
ALLIANCE BERNSTEIN	ADR BARCLAYS PLC A D.R.	UK	28,122.00	819,837.08	694,613.40
ALLIANCE BERNSTEIN	ADR CREDIT SUISSE GROUP SPONSORED ADR ISIN US2254011081	Switzerland	17,500.00	609,760.57	844,900.00
ALLIANCE BERNSTEIN	ADR ENI S P A SPONSORED ADR	Italy	7,400.00	173,385.74	391,830.00
ALLIANCE BERNSTEIN	ADR JSC MMC NORILSK NICKEL SPONSORED ADR	Russia	30,750.00	566,287.78	405,900.00
ALLIANCE BERNSTEIN	ADR OIL CO LUKOIL SPONSORED ADR	Russia	14,850.00	1,180,192.67	868,725.00
ALLIANCE BERNSTEIN	ADR SANOFI-AVENTIS SPONSORED ADR	France	26,940.00	969,914.58	885,517.80
ALLIANCE BERNSTEIN	ADR SOCIETE GENERALE FRANCE SPONSORED ADR	France	37,610.00	416,888.42	655,090.98
ALLIANCE BERNSTEIN	ADR TOTAL SA	France	8,450.00	311,187.57	512,746.00
ALLIANCE BERNSTEIN	ADR VODAFONE GROUP PLC NEW SPONSORED ADRNEW ADR	UK	36,160.00	795,038.37	799,136.00
ALLIANCE BERNSTEIN	ALLIANZ SE (SE SOCIETAS EUROPEAE)	Germany	6,300.00	1,321,606.46	852,010.15
ALLIANCE BERNSTEIN	ALLIANZ SE ADR EACH REP 1/10 ORD SHS	Germany	29,400.00	580,379.60	403,074.00
ALLIANCE BERNSTEIN	ANTOFAGASTA ORD GBP0.05	UK	64,900.00	685,803.59	462,723.98
ALLIANCE BERNSTEIN	ARCELORMITTAL NPV	Luxembourg	10,500.00	580,643.02	518,421.21
ALLIANCE BERNSTEIN	ASSOCD BRIT FOODS ORD GBP0.0568	UK	39,900.00	677,807.14	504,950.22
ALLIANCE BERNSTEIN	ASUSTEK COMPUTER TWD10	Taiwan	74,543.00	202,142.42	143,888.86
ALLIANCE BERNSTEIN	BARCLAYS ORD GBP0.25	UK	63,100.00	511,495.36	367,222.99
ALLIANCE BERNSTEIN	BASF SE NPV	Germany	28,400.00	1,685,843.40	1,346,357.06
ALLIANCE BERNSTEIN	BNP PARIBAS EUR2	France	12,700.00	1,374,435.12	1,178,804.79
ALLIANCE BERNSTEIN	CHINA NETCOM GRP USD0.04	Hong Kong	111,000.00	291,687.14	245,607.17
ALLIANCE BERNSTEIN	CHINA PETROLEUM & CHEMICAL CORP CNY1'H'SHS	China	660,000.00	616,734.59	512,573.49
ALLIANCE BERNSTEIN	CREDIT AGRICOLE SA EUR3	France	43,800.00	1,530,419.09	824,724.82
ALLIANCE BERNSTEIN	CREDIT SUISSE AG CHF0.04(REGD)	Switzerland	6,900.00	284,307.86	307,076.92
ALLIANCE BERNSTEIN	DEUTSCHE BANK AG NPV(REGD)	Germany	17,500.00	2,141,223.15	1,217,638.44
ALLIANCE BERNSTEIN	DEUTSCHE LUFTHANSA ORD NPV (REGD)(VINK)	Germany	23,000.00	666,089.61	445,835.92
ALLIANCE BERNSTEIN	E.ON AG COM STK	Germany	14,400.00	702,571.77	719,675.26
ALLIANCE BERNSTEIN	ENI SPA EUR1	Italy	16,700.00	551,039.88	436,312.39
ALLIANCE BERNSTEIN	ERICSSON(LM)TEL SER'B' NPV	Sweden	44,000.00	493,700.87	403,857.88
ALLIANCE BERNSTEIN	FONDIARIA-SAI EUR1	Italy	7,200.00	348,277.32	167,276.96
ALLIANCE BERNSTEIN	FORTIS BK BELGIUM UNIT(FORTIS SA / NV NPV/0.42)	Belgium	20,332.00	654,806.59	122,805.18
ALLIANCE BERNSTEIN	FUJITSU Y50	Japan	114,000.00	801,487.33	626,025.53
ALLIANCE BERNSTEIN	GLAXOSMITHKLINE ORD GBP0.25	UK	25,400.00	619,149.54	548,270.88
ALLIANCE BERNSTEIN	HBOS PLC ORD 25P	UK	181,630.00	2,518,140.83	396,265.55
ALLIANCE BERNSTEIN	HYNIX SEMICONDUCTO KRW5000	Korea	24,900.00	859,532.49	399,200.46
ALLIANCE BERNSTEIN	HYUNDAI MOBIS KRW5000	Korea	5,680.00	498,735.43	432,488.50
ALLIANCE BERNSTEIN	ING GROEP NV CVA EUR0.24	Netherlands	32,000.00	1,399,999.51	671,085.60
ALLIANCE BERNSTEIN	JFE HOLDINGS INC NPV	Japan	17,900.00	1,002,971.22	536,165.40
ALLIANCE BERNSTEIN	KONINKLIJKE AHOLD EUR 0.3	Netherlands	62,760.00	920,623.55	716,442.48
ALLIANCE BERNSTEIN	KONINKLIJKE DSM NV EUR1.5	Netherlands	10,600.00	574,362.23	496,632.28
ALLIANCE BERNSTEIN	KOOKMIN BANK KRW5000	Korea	7,100.00	681,079.90	320,601.52
ALLIANCE BERNSTEIN	LAGARDERE SCA EUR6.10(REGD)	France	7,300.00	596,627.84	324,998.80
ALLIANCE BERNSTEIN	MICHELIN (CGDE) EUR2(REGD)	France	8,600.00	1,010,638.15	549,035.56
ALLIANCE BERNSTEIN	MITSUBISHI CHEM HL NPV	Japan	134,500.00	1,064,320.70	700,593.42
ALLIANCE BERNSTEIN	MITSUBISHI CORP NPV	Japan	8,900.00	199,248.78	180,657.47
ALLIANCE BERNSTEIN	MITSUI & CO NPV	Japan	15,000.00	192,936.95	180,567.98
ALLIANCE BERNSTEIN	MITSUI O.S.K.LINES NPV	Japan	47,000.00	620,565.58	391,353.08
ALLIANCE BERNSTEIN	MUENCHENER RUECKVE NPV(REGD)	Germany	4,600.00	794,078.88	686,264.25
ALLIANCE BERNSTEIN	NIPPON TELEGRAPH & TELEPHONE CORP NPV	Japan	131.00	677,131.66	578,712.38
ALLIANCE BERNSTEIN	NISSAN MOTOR CO NPV	Japan	126,400.00	1,298,858.58	829,847.88
ALLIANCE BERNSTEIN	ORIX CORP NPV	Japan	6,080.00	1,499,929.38	720,448.36
ALLIANCE BERNSTEIN	PETRO CANADA COM NPV	Canada	19,700.00	921,537.40	655,925.51
ALLIANCE BERNSTEIN	RENAULT SA EUR3.81	France	12,700.00	1,536,517.84	794,819.12
ALLIANCE BERNSTEIN	ROYAL BK SCOT GRP ORD GBP0.25	UK	300,281.00	2,800,165.09	958,072.13
ALLIANCE BERNSTEIN	ROYAL DUTCH SHELL 'A'SHS EUR0.07 (DUTCH LIST)	Netherlands	63,100.00	2,453,902.67	1,823,632.56
ALLIANCE BERNSTEIN	SANOFI-AVENTIS EUR2	France	3,400.00	237,320.08	222,313.96
ALLIANCE BERNSTEIN	SHARP CORP NPV	Japan	35,000.00	708,283.39	371,214.62
ALLIANCE BERNSTEIN	SOCIETE GENERALE EUR1.25	France	3,600.00	375,131.96	313,517.89
ALLIANCE BERNSTEIN	SOLVAY SA NPV	Belgium	4,000.00	559,610.00	484,885.19
ALLIANCE BERNSTEIN	STATOILHYDRO ASA COMMON STOCK	Norway	35,600.00	1,057,235.86	836,364.87
ALLIANCE BERNSTEIN	STORA ENSO OYJ NPV SER'R'	Finland	33,200.00	584,587.21	318,512.82
ALLIANCE BERNSTEIN	SUMITOMO MITSUI FINANCIAL GROUP NPV	Japan	83.00	812,239.68	492,535.20
ALLIANCE BERNSTEIN	SVENSKA CELLULOSA SER'B'NPV	Sweden	15,200.00	213,222.74	157,498.83
ALLIANCE BERNSTEIN	TELECOM ITALIA SPA EUR0.55	Italy	272,800.00	492,394.70	403,114.33
ALLIANCE BERNSTEIN	TOKYO ELEC POWER NPV	Japan	11,800.00	314,447.51	287,872.65
ALLIANCE BERNSTEIN	TOSHIBA CORP NPV	Japan	80,000.00	586,896.63	339,848.35
ALLIANCE BERNSTEIN	TOTAL EUR2.5	France	14,800.00	1,273,042.47	885,187.98
ALLIANCE BERNSTEIN	UTD MICRO ELECT TWD10	Taiwan	529,815.00	283,160.39	168,801.70
ALLIANCE BERNSTEIN	XSTRATA PLC ORD GBP	UK	11,400.00	584,155.25	348,689.97

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2008

Account name	Asset description	Country	Shares/Par value	Book value	Market value
BARROW HANLEY EQUITY	ADR IMPERIAL TOB GROUP PLC SPONSORED ADR	UK	64,400.00	2,297,477.52	4,125,509.08
BARROW HANLEY EQUITY	ADR NOKIA CORP SPONSORED ADR	Finland	106,300.00	1,661,075.71	1,982,495.00
BARROW HANLEY EQUITY	ALCOA INC COM STK	USA	50,000.00	1,578,834.10	1,129,000.00
BARROW HANLEY EQUITY	ALLSTATE CORP COM	USA	45,238.00	1,297,675.35	2,086,376.56
BARROW HANLEY EQUITY	ALTRIA GROUP INC COM	USA	157,700.00	2,529,053.65	3,126,768.00
BARROW HANLEY EQUITY	AMERICAN EXPRESS CO	USA	104,900.00	5,802,080.30	3,716,607.00
BARROW HANLEY EQUITY	AMERICAN INTERNATIONAL GROUP	USA	90,000.00	5,813,918.91	299,700.00
BARROW HANLEY EQUITY	APPLIED MATERIALS INC COM	USA	249,600.00	4,818,015.03	3,776,448.00
BARROW HANLEY EQUITY	AT&T INC COM	USA	120,100.00	4,396,211.70	3,353,192.00
BARROW HANLEY EQUITY	BANK OF AMERICA CORP	USA	113,765.00	4,090,522.92	3,981,775.00
BARROW HANLEY EQUITY	BAXTER INTL INC COM	USA	71,400.00	1,655,795.52	4,685,982.00
BARROW HANLEY EQUITY	BRISTOL MYERS SQUIBB CO COM	USA	175,200.00	5,315,371.88	3,652,920.00
BARROW HANLEY EQUITY	BURL NORTHN SANTA FE CORP COM	USA	40,500.00	1,050,973.62	3,743,415.00
BARROW HANLEY EQUITY	CAP 1 FNCL COM	USA	67,400.00	3,854,540.25	3,437,400.00
BARROW HANLEY EQUITY	CARNIVAL CORP COM PAIRED	Panama	127,000.00	4,910,595.13	4,489,450.00
BARROW HANLEY EQUITY	CITIGROUP INC COM	USA	109,061.00	3,802,039.02	2,236,841.11
BARROW HANLEY EQUITY	CONOCOPHILLIPS COM	USA	22,400.00	637,451.89	1,640,800.00
BARROW HANLEY EQUITY	DIAGEO PLC SPONSORED ADR NEW	UK	24,100.00	1,684,548.93	1,659,526.00
BARROW HANLEY EQUITY	DOMINION RES INC VA NEW COM	USA	70,300.00	2,661,450.28	3,007,434.00
BARROW HANLEY EQUITY	DU PONT E I DE NEMOURS & CO COM STK	USA	84,900.00	3,441,175.94	3,421,470.00
BARROW HANLEY EQUITY	DUKE ENERGY CORP NEW COM STK	USA	214,268.00	2,320,001.84	3,734,691.24
BARROW HANLEY EQUITY	EMERSON ELECTRIC CO COM	USA	86,100.00	2,140,210.02	3,512,019.00
BARROW HANLEY EQUITY	ENTERGY CORP NEW COM	USA	43,100.00	1,413,773.35	3,836,331.00
BARROW HANLEY EQUITY	HARTFORD FINL SVCS GROUP INC COM	USA	26,000.00	1,191,961.02	1,065,740.00
BARROW HANLEY EQUITY	HEINZ H J CO COM	USA	36,100.00	1,222,991.27	1,803,917.00
BARROW HANLEY EQUITY	HEWLETT PACKARD CO COM	USA	33,800.00	1,610,718.72	1,562,912.00
BARROW HANLEY EQUITY	HOME DEPOT INC COM	USA	81,900.00	3,215,489.77	2,120,391.00
BARROW HANLEY EQUITY	HONEYWELL INTL INC COM STK	USA	77,400.00	2,543,715.41	3,215,970.00
BARROW HANLEY EQUITY	ILL TOOL WKS INC COM	USA	111,200.00	4,247,956.02	4,942,840.00
BARROW HANLEY EQUITY	INTERNATIONAL BUSINESS MACHS CORP COM	USA	42,000.00	4,341,916.74	4,912,320.00
BARROW HANLEY EQUITY	JOHNSON & JOHNSON COM	USA	55,400.00	3,545,083.98	3,838,112.00
BARROW HANLEY EQUITY	JPMORGAN CHASE & CO COM	USA	75,200.00	3,221,150.99	3,511,840.00
BARROW HANLEY EQUITY	KRAFT FOODS INC CL A CL A	USA	65,472.00	1,168,780.60	2,144,208.00
BARROW HANLEY EQUITY	L-3 COMMUNICATIONS HLDG CORP COM	USA	31,100.00	2,482,729.07	3,057,752.00
BARROW HANLEY EQUITY	MARATHON OIL CORP COM	USA	121,500.00	2,624,858.67	4,844,205.00
BARROW HANLEY EQUITY	OCCIDENTAL PETE CORP COM	USA	68,600.00	869,486.30	4,832,870.00
BARROW HANLEY EQUITY	PFIZER INC COM STK $.11 1/9 PAR	USA	192,100.00	5,073,827.55	3,542,324.00
BARROW HANLEY EQUITY	PHILIP MORRIS INTL INC COM	USA	69,700.00	1,341,331.21	3,352,570.00
BARROW HANLEY EQUITY	PITNEY BOWES INC COM	USA	48,800.00	1,682,532.11	1,623,088.00
BARROW HANLEY EQUITY	SLM CORP COM	USA	252,100.00	6,886,314.45	3,110,914.00
BARROW HANLEY EQUITY	SPECTRA ENERGY CORP COM STK	USA	140,134.00	2,630,893.01	3,335,189.20
BARROW HANLEY EQUITY	STANLEY WKS COM	USA	100,800.00	3,409,874.89	4,207,392.00
BARROW HANLEY EQUITY	TRAVELERS COS INC COM STK	USA	32,400.00	1,519,046.46	1,464,480.00
BARROW HANLEY EQUITY	UNITEDHEALTH GROUP INC COM	USA	122,900.00	5,651,314.79	3,120,431.00
BARROW HANLEY EQUITY	UST INC COM	USA	27,200.00	1,270,915.08	1,809,888.00
BARROW HANLEY EQUITY	VALERO ENERGY CORP COM STK NEW	USA	59,100.00	1,911,515.65	1,790,730.00
BARROW HANLEY EQUITY	VERIZON COMMUNICATIONS COM	USA	144,302.00	4,578,506.77	4,630,651.18
BARROW HANLEY EQUITY	WELLPOINT INC COM	USA	89,800.00	3,573,383.16	4,199,946.00
BARROW HANLEY EQUITY	WELLS FARGO & CO NEW COM STK	USA	61,500.00	1,544,729.26	2,308,095.00
BARROW HANLEY EQUITY	WYETH COM	USA	65,600.00	2,829,273.27	2,423,264.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2008

Account name	Asset description	Country	Shares/Par value	Book value	Market value
BOSTON PARTNERS	ACE LTD COM STK	Switzerland	14,395.00	814,834.56	779,201.35
BOSTON PARTNERS	ACXIOM CORP COM	USA	44,470.00	646,779.17	557,653.80
BOSTON PARTNERS	AFFILIATED MANAGERS GROUP INC COM STK	USA	3,450.00	198,688.60	285,832.50
BOSTON PARTNERS	ALBEMARLE CORP COM	USA	15,615.00	659,660.26	481,566.60
BOSTON PARTNERS	ALLEGHANY CORP DEL COM	USA	1,830.00	656,037.93	667,950.00
BOSTON PARTNERS	ALLEGHENY ENERGY INC COM	USA	7,815.00	280,725.37	287,357.55
BOSTON PARTNERS	ALLIANT ENERGY CORP COM ISIN #US0188021085	USA	17,640.00	573,244.73	568,184.40
BOSTON PARTNERS	AMDOCS ORD GBP0.01	UK	20,370.00	668,941.18	557,730.60
BOSTON PARTNERS	AMER ELEC PWR CO INC COM	USA	11,880.00	540,004.77	439,916.40
BOSTON PARTNERS	ANNALY CAP MGMT INC COM	USA	84,740.00	1,261,344.97	1,139,753.00
BOSTON PARTNERS	AON CORP COM	USA	9,000.00	384,864.02	404,640.00
BOSTON PARTNERS	ARROW ELECTR INC COM	USA	25,500.00	727,500.33	668,610.00
BOSTON PARTNERS	ASSURANT INC COM	USA	10,100.00	389,280.75	555,500.00
BOSTON PARTNERS	AVALONBAY CMNTYS REIT	USA	3,020.00	357,252.15	297,228.40
BOSTON PARTNERS	AVNET INC COM	USA	12,105.00	321,079.26	298,146.15
BOSTON PARTNERS	BORG WARNER INC COM	USA	10,755.00	335,497.39	352,441.35
BOSTON PARTNERS	BROADRIDGE FINL SOLUTIONS INC COM STK	USA	29,305.00	577,896.08	451,003.95
BOSTON PARTNERS	BROCADE COMMUNICATIONS SYS INC COM NEW STK	USA	67,460.00	513,432.61	392,617.20
BOSTON PARTNERS	BURGER KING HLDGS INC COM	USA	11,320.00	178,777.98	278,019.20
BOSTON PARTNERS	CACI INTL INC CL A	USA	10,300.00	548,945.90	516,030.00
BOSTON PARTNERS	CBS CORP NEW CL B	USA	15,715.00	434,177.33	229,124.70
BOSTON PARTNERS	CENTURYTEL INC COM STK	USA	18,065.00	684,528.47	662,082.25
BOSTON PARTNERS	CIGNA CORP COM	USA	6,685.00	219,681.44	227,156.30
BOSTON PARTNERS	COMVERSE TECHNOLOGY INC COM PAR $0.10 COM PAR $0.10	USA	16,200.00	353,120.52	155,034.00
BOSTON PARTNERS	COOPER INDUSTRIES INC COM	Bermuda	11,075.00	513,670.58	442,446.25
BOSTON PARTNERS	COVENTRY HEALTH CARE INC COM	USA	7,490.00	356,430.56	243,799.50
BOSTON PARTNERS	CROWN HLDGS INC COM	USA	16,920.00	274,269.03	375,793.20
BOSTON PARTNERS	CSX CORP COM	USA	3,770.00	209,215.21	205,728.90
BOSTON PARTNERS	CYMER INC COM	USA	17,660.00	627,243.15	447,327.80
BOSTON PARTNERS	DAVITA INC COM	USA	12,380.00	633,560.84	705,783.80
BOSTON PARTNERS	DONNELLEY R R & SONS CO COM	USA	12,135.00	402,292.51	297,671.55
BOSTON PARTNERS	DR PEPPER SNAPPLE GROUP INC COM STK	USA	20,675.00	454,566.47	547,474.00
BOSTON PARTNERS	DRESSER-RAND GROUP INC COM	USA	14,220.00	457,691.30	447,503.40
BOSTON PARTNERS	DUN & BRADSTREET CORP DEL NEW COM	USA	4,600.00	372,129.11	434,056.00
BOSTON PARTNERS	EDISON INTL COM	USA	13,650.00	700,588.91	544,635.00
BOSTON PARTNERS	EMBARQ CORP COM STK	USA	4,865.00	240,450.89	197,275.75
BOSTON PARTNERS	EMULEX CORP COM NEW	USA	14,040.00	248,341.77	149,806.80
BOSTON PARTNERS	EQUIFAX INC COM	USA	19,635.00	715,149.29	676,425.75
BOSTON PARTNERS	EXPEDIA INC DEL COM	USA	41,567.00	870,361.74	628,077.37
BOSTON PARTNERS	FEDT INVESTORS INC CL B	USA	6,660.00	243,106.84	192,141.00
BOSTON PARTNERS	FLEXTRONICS INTL LTD COM STK	Singapore	38,545.00	378,888.11	272,898.60
BOSTON PARTNERS	FRKLN RES INC COM	USA	6,720.00	605,636.71	592,233.60
BOSTON PARTNERS	GENERAL MILLS INC COM	USA	10,840.00	613,167.36	744,924.80
BOSTON PARTNERS	GRAINGER W W INC COM	USA	6,305.00	292,213.54	548,345.85
BOSTON PARTNERS	HANOVER INS GROUP INC COM	USA	16,490.00	638,186.02	750,624.80
BOSTON PARTNERS	HARRIS CORP COM	USA	12,105.00	544,777.59	559,251.00
BOSTON PARTNERS	HELIX ENERGY SOLUTIONS GROUP INC COM STK	USA	15,605.00	539,027.94	378,889.40
BOSTON PARTNERS	HERBALIFE LTD COM STK	Cayman Is.	8,905.00	352,820.65	351,925.60
BOSTON PARTNERS	HOSPIRA INC COM	USA	12,790.00	522,931.14	488,578.00
BOSTON PARTNERS	INGERSOLL-RAND CO CL A COM STK	Bermuda	8,765.00	374,347.18	273,205.05
BOSTON PARTNERS	INGRAM MICRO INC CL A	USA	10,120.00	181,827.37	162,628.40
BOSTON PARTNERS	KIMCO RLTY CORP COM	USA	8,730.00	318,676.08	322,486.20
BOSTON PARTNERS	KOHLS CORP COM	USA	14,665.00	756,820.37	675,763.20
BOSTON PARTNERS	KROGER CO COM	USA	21,650.00	520,237.84	594,942.00
BOSTON PARTNERS	LENNOX INTL INC COM	USA	7,400.00	246,731.87	246,198.00
BOSTON PARTNERS	LINCOLN NATL CORP COM	USA	6,905.00	450,372.96	295,603.05
BOSTON PARTNERS	LOEWS CORP COM	USA	15,970.00	735,755.13	630,655.30
BOSTON PARTNERS	LORILLARD INC COM STK	USA	5,425.00	141,217.94	385,988.75
BOSTON PARTNERS	LUBRIZOL CORP COM	USA	14,570.00	644,099.39	628,549.60

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2008

Account name	Asset description	Country	Shares/Par value	Book value	Market value
BOSTON PARTNERS	MANPOWER INC WIS COM	USA	14,855.00	729,175.75	641,141.80
BOSTON PARTNERS	MARSH & MCLENNAN CO'S INC COM	USA	27,190.00	765,806.34	863,554.40
BOSTON PARTNERS	MARSHALL & ILSLEY CORP NEW COM STK	USA	15,440.00	255,484.25	311,116.00
BOSTON PARTNERS	MATTEL INC COM	USA	39,535.00	813,377.81	713,211.40
BOSTON PARTNERS	MCAFEE INC COM	USA	17,825.00	377,385.30	605,337.00
BOSTON PARTNERS	MCGRAW HILL COMPANIES INC COM	USA	14,810.00	710,705.47	468,144.10
BOSTON PARTNERS	MCKESSON CORP	USA	15,020.00	884,664.23	808,226.20
BOSTON PARTNERS	MERCURY GEN CORP NEW COM	USA	5,375.00	294,210.04	294,281.25
BOSTON PARTNERS	MEREDITH CORP COM	USA	7,195.00	348,647.34	201,747.80
BOSTON PARTNERS	MOHAWK INDS INC COM	USA	4,370.00	294,499.62	294,494.30
BOSTON PARTNERS	MONSTER WORLDWIDE INC COM	USA	16,430.00	375,005.23	244,971.30
BOSTON PARTNERS	MORGAN STANLEY COM STK USD0.01	USA	7,325.00	152,254.04	168,475.00
BOSTON PARTNERS	N V R INC COM	USA	740.00	401,642.95	423,280.00
BOSTON PARTNERS	NATIONWIDE HLTH PPTYS INC REIT	USA	5,700.00	169,270.81	205,086.00
BOSTON PARTNERS	NOBLE ENERGY INC COM	USA	9,640.00	612,686.01	535,887.60
BOSTON PARTNERS	NORFOLK SOUTHN CORP COM	USA	7,830.00	371,146.94	518,424.30
BOSTON PARTNERS	OMNICOM GROUP INC COM	USA	15,920.00	792,320.54	613,875.20
BOSTON PARTNERS	PETROHAWK ENERGY CORP COM	USA	18,100.00	383,600.06	391,503.00
BOSTON PARTNERS	PG& E CORP COM	USA	16,995.00	751,239.11	636,462.75
BOSTON PARTNERS	PPG IND INC COM	USA	11,900.00	758,699.92	694,008.00
BOSTON PARTNERS	PROGRESSIVE CORP OH COM	USA	12,260.00	262,417.65	213,324.00
BOSTON PARTNERS	PROLOGIS SH BEN INT SH BEN INT	USA	7,290.00	424,207.02	300,858.30
BOSTON PARTNERS	PULTE HOMES INC COM	USA	19,140.00	237,815.70	267,385.80
BOSTON PARTNERS	QUEST DIAGNOSTICS INC COM	USA	10,570.00	577,207.53	546,151.90
BOSTON PARTNERS	REINSURANCE GROUP AMER INC CL A COM STK	USA	14,180.00	732,761.35	765,720.00
BOSTON PARTNERS	RYLAND GROUP INC COM	USA	12,390.00	310,094.52	328,582.80
BOSTON PARTNERS	SAFEWAY INC COM NEW	USA	27,985.00	808,290.08	663,804.20
BOSTON PARTNERS	SIERRA PAC RES NEW COM	USA	31,585.00	279,744.62	302,584.30
BOSTON PARTNERS	SLM CORP COM	USA	22,200.00	412,404.83	273,948.00
BOSTON PARTNERS	SRA INTL INC CL A	USA	10,265.00	281,573.08	232,296.95
BOSTON PARTNERS	STANLEY WKS COM	USA	18,525.00	921,401.47	773,233.50
BOSTON PARTNERS	STAPLES INC COM	USA	19,775.00	479,935.50	444,937.50
BOSTON PARTNERS	STATE STR CORP COM	USA	6,115.00	411,177.28	347,821.20
BOSTON PARTNERS	STUD LN CORP COM	USA	1,895.00	309,774.38	176,235.00
BOSTON PARTNERS	SYBASE INC COM	USA	9,740.00	212,187.04	298,238.80
BOSTON PARTNERS	SYMANTEC CORP COM	USA	46,945.00	805,145.28	919,183.10
BOSTON PARTNERS	TALISMAN ENERGY INC COM	Canada	22,935.00	403,871.42	326,135.70
BOSTON PARTNERS	TEREX CORP NEW COM	USA	9,080.00	358,061.98	277,121.60
BOSTON PARTNERS	THOMAS & BETTS CORP COM	USA	13,125.00	658,679.24	512,793.75
BOSTON PARTNERS	UNUM GROUP	USA	18,100.00	401,502.20	454,310.00
BOSTON PARTNERS	V F CORP COM	USA	3,145.00	139,383.40	243,139.95
BOSTON PARTNERS	VENTAS INC REIT	USA	4,615.00	106,976.13	228,073.30
BOSTON PARTNERS	WHITING PETE CORP NEW COM STK	USA	4,345.00	343,411.42	309,624.70
BOSTON PARTNERS	WILLIS GROUP HOLDINGS COM	Bermuda	8,530.00	314,779.82	274,666.00
BOSTON PARTNERS	XL CAP LTD COM STK	Cayman Is.	20,480.00	328,449.54	367,411.20

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2008

Account name	Asset description	Country	Shares/Par value	Book value	Market value
CHAMPLAIN	1ST ADVANTAGE CORP CL A	USA	32,000.00	625,339.64	449,600.00
CHAMPLAIN	ABM INDS INC COM	USA	80,000.00	1,662,278.47	1,747,200.00
CHAMPLAIN	ACTUANT CORP CL A NEW	USA	9,400.00	246,981.64	237,256.00
CHAMPLAIN	ADMINISTAFF INC COM	USA	32,000.00	1,051,995.56	871,040.00
CHAMPLAIN	AMERN MED SYS HLDGS INC COM STK	USA	85,500.00	1,486,958.21	1,518,480.00
CHAMPLAIN	APTARGROUP INC COM	USA	37,000.00	996,500.86	1,447,070.00
CHAMPLAIN	ARGO GROUP INTERNATIONAL HOLDINGS COM STK	Bermuda	6,400.00	241,740.48	235,840.00
CHAMPLAIN	ARTHROCARE CORP COM	USA	32,000.00	1,041,978.80	887,040.00
CHAMPLAIN	ATHENAHEALTH INC COM MON STOCK	USA	12,000.00	296,092.86	399,240.00
CHAMPLAIN	BARE ESCENTUALS INC COM	USA	64,000.00	1,059,518.61	695,680.00
CHAMPLAIN	BELDEN INC COM	USA	8,000.00	342,790.96	254,320.00
CHAMPLAIN	BERRY PETE CO CL A CL A	USA	16,000.00	616,273.71	619,680.00
CHAMPLAIN	BIO RAD LABS INC CL A	USA	16,000.00	1,167,828.51	1,585,920.00
CHAMPLAIN	BLACKBAUD INC COM	USA	30,000.00	671,029.91	553,500.00
CHAMPLAIN	BLACKBOARD INC COM	USA	28,000.00	1,081,913.16	1,128,120.00
CHAMPLAIN	BRADY CORP CL A	USA	20,900.00	755,824.24	737,352.00
CHAMPLAIN	CAL DIVE INTL INC DEL COM	USA	47,800.00	554,753.19	506,680.00
CHAMPLAIN	CHATTEM INC COM	USA	16,000.00	975,785.24	1,250,880.00
CHAMPLAIN	CLARCOR INC COM	USA	21,500.00	674,984.87	815,925.00
CHAMPLAIN	COBIZ FINL INC COM STK	USA	7,600.00	100,873.56	91,276.00
CHAMPLAIN	COMPLETE PRODTN SVCS INC COM	USA	10,500.00	231,146.61	211,365.00
CHAMPLAIN	COMSCORE INC COM	USA	21,500.00	482,011.78	379,045.00
CHAMPLAIN	COMSTOCK RES INC COM NEW COM NEW	USA	8,500.00	489,797.77	425,425.00
CHAMPLAIN	CONCUR TECHNOLOGIES INC COM	USA	16,000.00	334,598.69	612,160.00
CHAMPLAIN	CONSTANT CONTACT INC COM STK	USA	21,500.00	400,178.67	367,005.00
CHAMPLAIN	COOPER COS INC COM NEW	USA	21,500.00	1,019,496.00	747,340.00
CHAMPLAIN	COSTAR GROUP INC COM	USA	21,500.00	1,050,608.78	975,885.00
CHAMPLAIN	DEL MONTE FOODS CO COM	USA	149,500.00	1,597,623.74	1,166,100.00
CHAMPLAIN	ENCORE ACQSTN CO COM	USA	11,000.00	492,735.57	459,580.00
CHAMPLAIN	ENTEGRIS INC COM	USA	64,000.00	592,627.22	309,760.00
CHAMPLAIN	EURONET WORLDWIDE INC COM	USA	74,500.00	1,871,368.94	1,246,385.00
CHAMPLAIN	EV3 INC COM	USA	58,500.00	895,515.82	587,340.00
CHAMPLAIN	FACTSET RESH SYS INC COM STK	USA	16,000.00	866,729.07	836,000.00
CHAMPLAIN	FARO TECHNOLOGIES INC COM	USA	27,300.00	707,619.20	556,101.00
CHAMPLAIN	FIRST MERCURY FINL CORP COM	USA	48,500.00	911,983.85	691,125.00
CHAMPLAIN	FIRSTSERVICE CORP SUB VTG SH	Canada	35,600.00	709,613.03	520,472.00
CHAMPLAIN	FORWARD AIR CORP COM	USA	16,000.00	549,730.84	435,680.00
CHAMPLAIN	GEN-PROBE INC NEW COM	USA	8,700.00	416,554.33	461,535.00
CHAMPLAIN	GENTEX CORP COM	USA	74,500.00	1,185,618.43	1,065,350.00
CHAMPLAIN	GOODRICH PETE CORP COM NEW	USA	10,700.00	434,673.45	466,413.00
CHAMPLAIN	GREATBATCH INC COM	USA	25,500.00	485,013.36	625,770.00
CHAMPLAIN	HAIN CELESTIAL GROUP INC COM	USA	42,500.00	1,076,672.02	1,170,025.00
CHAMPLAIN	HCC INS HLDGS INC COM	USA	26,500.00	619,485.82	715,500.00
CHAMPLAIN	HEALTHCARE RLTY TR	USA	61,500.00	1,517,928.34	1,792,725.00
CHAMPLAIN	HEALTHWAYS INC COM STK	USA	36,500.00	1,528,831.57	588,745.00
CHAMPLAIN	HELIX ENERGY SOLUTIONS GROUP INC COM STK	USA	32,000.00	941,694.76	776,960.00
CHAMPLAIN	HENRY JACK & ASSOC INC COM	USA	43,000.00	949,135.36	874,190.00
CHAMPLAIN	HITTITE MICROWAVE CORP COM STK	USA	10,500.00	324,664.20	352,800.00
CHAMPLAIN	IDEX CORP COM	USA	34,000.00	1,133,702.94	1,054,680.00
CHAMPLAIN	IMMUCOR INC COM STK	USA	21,000.00	594,660.20	671,160.00
CHAMPLAIN	INDEPENDENT BK CORP MASS COM	USA	8,500.00	244,888.28	264,945.00
CHAMPLAIN	INTEGRA LIFESCIENCES HLDG CORP COM DESP	USA	25,500.00	933,692.34	1,122,765.00
CHAMPLAIN	INTERACTIVE DATA CORP COM	USA	32,500.00	876,694.27	819,650.00
CHAMPLAIN	K12 INC COM STOCK USD.0001	USA	16,000.00	381,883.79	424,000.00
CHAMPLAIN	KAYDON CORP COM	USA	24,500.00	1,108,826.26	1,103,970.00
CHAMPLAIN	KENNAMETAL INC CAP	USA	29,700.00	911,632.60	805,464.00
CHAMPLAIN	LANCASTER COLONY CORP COM	USA	37,500.00	1,504,377.58	1,412,250.00
CHAMPLAIN	LANCE INC COM STK USD0.83 1/3	USA	32,000.00	629,309.05	726,080.00
CHAMPLAIN	LANDSTAR SYS INC COM	USA	14,000.00	563,239.95	616,840.00
CHAMPLAIN	LUMINEX CORP DEL COM	USA	26,700.00	350,545.14	667,767.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2008

Account name	Asset description	Country	Shares/Par value	Book value	Market value
CHAMPLAIN	MARTEK BIOSCIENCES CORP COM STK USD0.10	USA	8,500.00	256,082.36	267,070.00
CHAMPLAIN	MATTHEWS INTL CORP CL A	USA	21,500.00	857,803.74	1,090,910.00
CHAMPLAIN	MEDASSETS INC COM STK	USA	23,500.00	363,604.11	404,200.00
CHAMPLAIN	MERIDIAN BIOSCIENCE INC COM	USA	4,400.00	105,697.28	127,776.00
CHAMPLAIN	METAVANTE TECHNOLOGIES INC COM	USA	38,000.00	817,759.37	731,880.00
CHAMPLAIN	MIPS TECHNOLOGIES INC COMMON	USA	98,000.00	640,922.41	343,980.00
CHAMPLAIN	NATL FINL PARTNERS CORP COM	USA	34,000.00	949,805.00	510,000.00
CHAMPLAIN	NATL INSTRS CORP COM	USA	37,500.00	1,051,080.92	1,126,875.00
CHAMPLAIN	NATL INTST CORP COM STK	USA	27,500.00	572,340.12	660,825.00
CHAMPLAIN	NAVIGATORS GROUP INC COM	USA	29,000.00	1,357,617.19	1,682,000.00
CHAMPLAIN	NETSUITE INC COM STK	USA	27,000.00	486,430.38	486,540.00
CHAMPLAIN	NEUSTAR INC CL A	USA	46,000.00	1,230,692.91	914,940.00
CHAMPLAIN	NIC INC COM	USA	42,500.00	278,997.77	293,250.00
CHAMPLAIN	NUVASIVE INC COM	USA	10,600.00	285,397.71	522,898.00
CHAMPLAIN	OCEANEERING INTL INC COM	USA	18,500.00	1,172,312.99	986,420.00
CHAMPLAIN	OMNITURE INC COM STK	USA	10,500.00	200,062.64	192,780.00
CHAMPLAIN	PHILADELPHIA CONS HLDG CORP COM	USA	30,000.00	1,074,487.89	1,757,100.00
CHAMPLAIN	RALCORP HLDGS INC NEW COM	USA	17,000.00	883,238.02	1,145,970.00
CHAMPLAIN	RBC BEARINGS INC COM	USA	32,000.00	1,149,337.82	1,078,080.00
CHAMPLAIN	REGIS CORP MINN COM	USA	32,000.00	1,035,200.71	880,000.00
CHAMPLAIN	RIGHTNOW TECHNOLOGIES INC COM	USA	21,500.00	321,232.19	270,255.00
CHAMPLAIN	SCHAWK INC CL A COM STK	USA	55,000.00	1,112,889.20	831,600.00
CHAMPLAIN	SENSIENT TECHNOLOGIES CORP COM	USA	60,000.00	1,701,751.72	1,687,800.00
CHAMPLAIN	SONOSITE INC COM	USA	15,000.00	450,118.05	471,000.00
CHAMPLAIN	STEWART ENTERPRISES INC CL A COM	USA	188,400.00	1,185,268.61	1,480,824.00
CHAMPLAIN	SUPERIOR WELL SVCS INC COM STK	USA	10,900.00	223,917.93	275,879.00
CHAMPLAIN	SURMODICS INC COM	USA	10,500.00	379,215.80	330,645.00
CHAMPLAIN	TALEO CORP COM CL A COM CL A	USA	16,000.00	327,941.40	318,240.00
CHAMPLAIN	TELEFLEX INC COM	USA	16,000.00	873,815.54	1,015,840.00
CHAMPLAIN	TETRA TECHNOLOGIES INC DEL COM	USA	37,500.00	752,852.40	519,375.00
CHAMPLAIN	TIBCO SOFTWARE INC COM	USA	53,000.00	395,611.24	387,960.00
CHAMPLAIN	UTI WORLDWIDE INC ORD NPV	British Virgin Is.	50,200.00	1,107,293.13	854,404.00
CHAMPLAIN	VCA ANTECH INC COM STK	USA	24,500.00	721,058.82	722,015.00
CHAMPLAIN	VOCUS INC COM	USA	8,500.00	270,202.50	288,660.00
CHAMPLAIN	WADDELL & REED FINL INC CL A COM	USA	16,000.00	375,112.01	396,000.00
CHAMPLAIN	WASTE CONNECTIONS INC COM	USA	51,500.00	1,460,963.66	1,766,450.00
CHAMPLAIN	WD 40 CO COM STK	USA	29,000.00	867,831.67	1,041,970.00
CHAMPLAIN	WEST PHARMACEUTICAL SVCS INC COM	USA	32,200.00	1,314,772.12	1,572,004.00
CHAMPLAIN	WILMINGTON TR CORP NEW COM	USA	16,000.00	443,588.83	461,280.00
CHAMPLAIN	WRIGHT EXPRESS CORP COM STK	USA	36,500.00	1,193,395.50	1,089,525.00
CHAMPLAIN	WRIGHT MED GROUP INC COM	USA	16,000.00	379,983.36	487,040.00
DELAWARE	ALLERGAN INC COM	USA	86,000.00	3,744,459.61	4,429,000.00
DELAWARE	APPLE INC	USA	36,000.00	6,305,304.96	4,091,760.00
DELAWARE	CME GROUP INC COM STK	USA	15,000.00	5,045,270.98	5,572,650.00
DELAWARE	CROWN CASTLE INTL CORP COM STK	USA	108,000.00	3,852,610.14	3,128,760.00
DELAWARE	EBAY INC COM	USA	170,000.00	5,891,436.26	3,804,600.00
DELAWARE	EOG RESOURCES INC COM	USA	37,800.00	4,689,306.80	3,381,588.00
DELAWARE	EXPEDITORS INTL WASH INC COM	USA	100,000.00	2,500,482.60	3,484,000.00
DELAWARE	GENENTECH INC COM STK	USA	80,000.00	4,157,716.93	7,094,400.00
DELAWARE	GOOGLE INC CL A CL A	USA	13,900.00	5,677,703.03	5,567,228.00
DELAWARE	INTERCONTINENTALEXCHANGE INC COM	USA	59,900.00	5,637,679.69	4,832,732.00
DELAWARE	INTL GAME TECH COM	USA	28,000.00	923,561.09	481,040.00
DELAWARE	INTUIT COM	USA	160,000.00	3,716,847.58	5,057,600.00
DELAWARE	MASTERCARD INC CL A	USA	29,000.00	6,031,228.45	5,142,570.00
DELAWARE	MGM MIRAGE COM	USA	115,000.00	4,146,417.37	3,277,500.00
DELAWARE	PRAXAIR INC COM	USA	43,000.00	1,778,692.52	3,084,820.00
DELAWARE	PROCTER & GAMBLE CO COM	USA	70,000.00	3,157,084.17	4,878,300.00
DELAWARE	QUALCOMM INC COM	USA	160,000.00	4,610,640.23	6,875,200.00
DELAWARE	RESEARCH IN MOTION LTD COM	Canada	52,300.00	2,457,803.36	3,572,090.00
DELAWARE	SEAGATE TECHNOLOGY HLDGS COM USD0.00001	Cayman Is.	300,100.00	7,212,627.67	3,637,212.00
DELAWARE	STAPLES INC COM	USA	150,000.00	2,752,090.39	3,375,000.00
DELAWARE	TERADATA CORP DEL COM STK	USA	140,000.00	3,881,453.35	2,730,000.00
DELAWARE	UNITED PARCEL SVC INC CL B	USA	60,000.00	4,278,001.31	3,773,400.00
DELAWARE	UNITEDHEALTH GROUP INC COM	USA	124,000.00	6,031,959.45	3,148,360.00
DELAWARE	VERISIGN INC COM	USA	150,000.00	5,189,680.30	3,912,000.00
DELAWARE	VISA INC COM CL A STK	USA	74,000.00	3,435,340.40	4,542,860.00
DELAWARE	WALGREEN CO COM	USA	120,000.00	4,548,707.21	3,715,200.00
DELAWARE	WEIGHT WATCHERS INTL INC NEW COM	USA	80,000.00	3,524,285.64	2,928,000.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2008

Account name	Asset description	Country	Shares/Par value	Book value	Market value
EAGLE	1ST CTZNS BANCSHARES INC N C CL A	USA	1,935.00	287,698.04	346,365.00
EAGLE	ACETO CORP COM	USA	31,765.00	259,313.52	304,626.35
EAGLE	AMERISAFE INC COM	USA	22,150.00	381,019.44	403,130.00
EAGLE	AMERN MED SYS HLDGS INC COM STK	USA	37,560.00	547,956.74	667,065.60
EAGLE	ANSYS INC COM	USA	24,490.00	793,834.71	927,436.30
EAGLE	BALCHEM CORP COM	USA	7,405.00	103,151.60	197,491.35
EAGLE	BALDOR ELEC CO COM	USA	14,530.00	530,810.86	418,609.30
EAGLE	BALDWIN & LYONS INC CL B	USA	11,888.00	307,622.56	284,955.36
EAGLE	BIO RAD LABS INC CL A	USA	10,125.00	900,151.63	1,003,590.00
EAGLE	BIO RAD LABS INC CL B CL B	USA	100.00	8,401.70	9,600.00
EAGLE	BLACKBAUD INC COM	USA	10,225.00	219,106.60	188,651.25
EAGLE	BLACKBOARD INC COM	USA	4,475.00	131,683.93	180,297.75
EAGLE	BRUKER CORP	USA	17,090.00	209,422.38	227,809.70
EAGLE	CAPELLA ED CO COM	USA	14,480.00	756,566.87	620,612.80
EAGLE	CELLCOM ISRAEL LTD COM STK ILS0.01	Israel	855.00	21,292.32	25,701.30
EAGLE	CHARLES RIV LABORATORIES INTL INC COM	USA	13,630.00	825,095.78	756,873.90
EAGLE	CHEROKEE INC DEL NEW COM	USA	22,040.00	697,190.57	484,439.20
EAGLE	COLBS MCKINNON CORP N Y COM	USA	12,315.00	296,663.19	290,264.55
EAGLE	COMMSCOPE INC COM	USA	17,245.00	711,748.93	597,366.80
EAGLE	COMTECH TELECOMMUNICATIONS CORP COM NEW	USA	9,590.00	418,760.74	472,211.60
EAGLE	CORP OFFICE PPTYS TR COM	USA	10,715.00	408,200.79	432,350.25
EAGLE	DEALERTRACK HLDGS INC COM STK	USA	22,170.00	404,966.80	373,342.80
EAGLE	DEVRY INC DEL COM	USA	13,550.00	595,943.19	671,267.00
EAGLE	DOLAN MEDIA CO COM STK	USA	20,300.00	419,488.91	204,827.00
EAGLE	DREAMWORKS ANIMATION INC CL A COM STK	USA	18,275.00	489,404.23	574,748.75
EAGLE	DRESSER-RAND GROUP INC COM	USA	12,365.00	466,929.98	389,126.55
EAGLE	DRIL-QUIP INC COM	USA	11,000.00	602,115.90	477,290.00
EAGLE	DYNAMEX INC COM STK	USA	8,630.00	252,086.45	245,609.80
EAGLE	ENPRO INDS INC COM	USA	14,050.00	564,307.26	522,098.00
EAGLE	ENTEGRIS INC COM	USA	93,419.00	728,946.92	452,147.96
EAGLE	EPOCH HLDG CORP COM	USA	12,815.00	138,709.99	135,198.25
EAGLE	FLOWERS FOODS INC COM	USA	16,475.00	445,242.71	483,706.00
EAGLE	FTI CONSULTING INC COM	USA	3,885.00	216,805.15	280,652.40
EAGLE	GATX CORP COM	USA	18,275.00	818,773.45	723,141.75
EAGLE	GREENHILL & CO INC COM	USA	2,220.00	163,618.95	163,725.00
EAGLE	GREIF INC.	USA	6,975.00	408,438.76	457,699.50
EAGLE	HALLMARK FINL SVCS INC COM NEW COM NEW	USA	710.00	6,427.28	6,453.90
EAGLE	HANOVER INS GROUP INC COM	USA	21,095.00	938,052.98	960,244.40
EAGLE	HEALTHCARE SVCS GROUP INC COM	USA	22,495.00	414,919.66	411,433.55
EAGLE	IDEXX LABS INC	USA	7,735.00	387,896.87	423,878.00
EAGLE	IHS INC COM CL A COM CL A	USA	12,015.00	677,298.30	572,394.60
EAGLE	INTERACTIVE DATA CORP COM	USA	9,415.00	264,239.23	237,446.30
EAGLE	INTERVAL LEISURE GROUP INC COM STK	USA	39,495.00	493,826.53	410,748.00
EAGLE	ITC HLDGS CORP COM STK	USA	13,755.00	745,239.68	712,096.35
EAGLE	K12 INC COM STOCK USD.0001	USA	15,605.00	405,832.55	413,532.50
EAGLE	KNOLL INC COM NEW COM	USA	8,540.00	153,055.24	129,124.80
EAGLE	KNOLOGY INC COM	USA	24,875.00	305,340.36	200,741.25
EAGLE	LANDSTAR SYS INC COM	USA	10,300.00	463,305.55	453,818.00
EAGLE	LINCARE HLDGS INC COM	USA	27,810.00	915,923.39	836,802.90
EAGLE	LUFKIN INDS INC COM	USA	10,635.00	661,489.41	843,887.25
EAGLE	MCMORAN EXPL CO COM	USA	8,675.00	223,516.22	205,077.00
EAGLE	MEADOWBROOK INS GROUP INC COM	USA	8,735.00	63,718.17	61,669.10
EAGLE	MERIDIAN BIOSCIENCE INC COM	USA	21,235.00	548,811.70	616,664.40
EAGLE	MICROS SYS INC COM	USA	11,360.00	349,651.48	302,857.60
EAGLE	MINE SAFETY APPLIANCES CO COM	USA	9,620.00	309,225.28	366,714.40
EAGLE	MKS INSTR INC COM STK	USA	14,800.00	340,571.32	294,668.00
EAGLE	MONOTYPE IMAGING HLDGS INC COM STK	USA	56,205.00	739,934.46	625,561.65
EAGLE	NATIONAL WESTN LIFE INS CO CL A	USA	660.00	146,811.24	159,766.20
EAGLE	NEUTRAL TANDEM INC COM STK	USA	25,290.00	464,580.78	468,876.60
EAGLE	NOVELL INC COM	USA	75,050.00	542,942.17	385,757.00
EAGLE	NTELOS HLDGS CORP COM	USA	38,115.00	898,553.52	1,024,912.35
EAGLE	O REILLY AUTOMOTIVE INC COM	USA	7,835.00	220,562.98	209,742.95
EAGLE	OMNICELL INC COM	USA	18,890.00	291,549.62	248,403.50
EAGLE	ON SEMICONDUCTOR CORP COM	USA	50,785.00	450,495.80	343,306.60
EAGLE	ORBITAL SCI CORP COM	USA	28,390.00	698,441.26	680,508.30
EAGLE	PEDIATRIX MED GROUP COM	USA	13,235.00	696,034.62	713,631.20
EAGLE	PENN NATL GAMING INC COM	USA	17,335.00	535,157.12	460,590.95
EAGLE	PENN VA CORP COM	USA	7,385.00	301,103.21	394,654.40
EAGLE	PERKINELMER INC COM	USA	9,820.00	260,291.00	245,205.40
EAGLE	PICO HLDGS INC COM NEW STK	USA	8,507.00	315,012.14	305,486.37
EAGLE	POTLATCH CORP NEW REIT	USA	15,899.00	706,938.20	737,554.61
EAGLE	PROASSURANCE CORP COM	USA	11,795.00	602,578.06	660,520.00
EAGLE	PROGRESS SOFTWARE CORP COM	USA	17,295.00	466,659.88	449,497.05
EAGLE	REGAL ENTMT GROUP CL A CL A	USA	31,385.00	586,380.86	495,255.30
EAGLE	REINSURANCE GROUP AMER INC CL A COM STK	USA	18,025.00	817,664.06	973,350.00
EAGLE	ROCHESTER MED CORP COM	USA	6,740.00	88,821.79	89,372.40
EAGLE	ROCKWOOD HLDGS INC COM	USA	9,025.00	348,532.50	231,581.50
EAGLE	ROFIN SINAR TECHNOLOGIES INC COM	USA	9,070.00	307,665.02	277,632.70
EAGLE	RUDDICK CORP COM	USA	24,265.00	860,205.83	787,399.25
EAGLE	SIGNATURE BK NY N Y COM	USA	6,625.00	192,125.00	231,080.00
EAGLE	SILGAN HLDGS INC COM	USA	17,395.00	892,347.26	888,710.55
EAGLE	SMART BALANCE INC COM STK	USA	68,680.00	507,708.40	450,540.80
EAGLE	STERIS CORP COM	USA	15,195.00	446,710.56	571,028.10
EAGLE	STIFEL FINL CORP COM	USA	8,290.00	326,696.04	413,671.00
EAGLE	SYBASE INC COM	USA	13,290.00	470,283.96	406,939.80
EAGLE	TELEDYNE TECHNOLOGIES INC COM	USA	16,445.00	738,494.61	939,996.20
EAGLE	UNIVERSAL TRUCKLOAD SVCS INC COM STK	USA	9,365.00	237,813.06	228,131.40
EAGLE	VALSPAR CORP COM	USA	19,635.00	444,076.56	437,664.15
EAGLE	WA REAL ESTATE INVT TR SH BEN INT	USA	6,375.00	205,665.21	233,516.25
EAGLE	WABCO HLDGS INC COM STK	USA	7,840.00	347,876.92	278,633.60
EAGLE	WASTE CONNECTIONS INC COM	USA	27,925.00	792,835.15	957,827.50
EAGLE	WATSON WYATT WORLDWIDE INC CL A	USA	8,940.00	441,560.59	444,586.20
EAGLE	WILEY JOHN & SONS INC CL A	USA	16,995.00	698,147.85	687,447.75
EAGLE	WMS INDS INC COM STK	USA	16,080.00	534,768.38	491,565.60
EAGLE	ZENITH NATL INS CORP COM	USA	23,665.00	850,483.95	867,085.60

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2008

Account name	Asset description	Country	Shares/Par value	Book value	Market value
RCM	ABBOTT LAB COM	USA	37,900.00	1,935,859.23	2,182,282.00
RCM	ACTIVISION BLIZZARD INC COM STK	USA	61,610.00	1,048,130.66	950,642.30
RCM	ADOBE SYS INC COM	USA	27,800.00	1,154,476.89	1,097,266.00
RCM	ADR TEVA PHARMACEUTICAL INDS	Israel	30,700.00	1,450,595.32	1,405,753.00
RCM	AIR PROD & CHEM INC COM	USA	12,200.00	940,023.28	835,578.00
RCM	ALLERGAN INC COM	USA	14,950.00	855,443.62	769,925.00
RCM	AMAZON COM INC COM	USA	17,800.00	1,435,403.80	1,295,128.00
RCM	APPLE INC	USA	19,245.00	1,002,849.42	2,187,386.70
RCM	AT&T INC COM	USA	59,100.00	1,606,672.97	1,650,072.00
RCM	AVON PRODUCTS INC COM USD0.25	USA	30,925.00	1,192,114.43	1,285,552.25
RCM	BARR PHARMACEUTICALS INC COM	USA	6,775.00	387,560.49	442,407.50
RCM	BAXTER INTL INC COM	USA	23,800.00	1,436,230.57	1,561,994.00
RCM	BURL NORTHN SANTA FE CORP COM	USA	13,150.00	1,300,882.97	1,215,454.50
RCM	CISCO SYSTEMS INC	USA	78,775.00	2,041,374.03	1,777,164.00
RCM	COCA COLA CO COM	USA	33,575.00	1,989,999.15	1,775,446.00
RCM	COLGATE-PALMOLIVE CO COM	USA	26,625.00	1,654,332.67	2,008,193.75
RCM	COVIDIEN LTD COM STK	Bermuda	17,575.00	937,995.33	944,832.00
RCM	CVS CAREMARK CORP COM STK	USA	55,400.00	1,951,228.23	1,864,764.00
RCM	DEERE & CO COM	USA	21,100.00	1,418,790.81	1,044,450.00
RCM	DISNEY WALT CO COM	USA	49,500.00	1,148,220.75	1,519,155.00
RCM	EMC CORP COM	USA	59,869.00	853,808.24	716,033.24
RCM	EXXON MOBIL CORP COM	USA	35,350.00	3,010,200.19	2,745,281.00
RCM	FLUOR CORP NEW COM	USA	16,050.00	1,103,490.93	893,985.00
RCM	GENENTECH INC COM STK	USA	19,125.00	1,459,461.20	1,696,005.00
RCM	GILEAD SCI INC COM	USA	42,235.00	1,522,091.88	1,925,071.30
RCM	GOLDMAN SACHS GROUP INC COM	USA	6,000.00	1,304,197.98	768,000.00
RCM	GOOGLE INC CL A CL A	USA	4,195.00	1,542,931.68	1,680,181.40
RCM	HEWLETT PACKARD CO COM	USA	38,002.00	1,183,933.57	1,757,212.48
RCM	INTEL CORP COM	USA	80,325.00	1,662,997.46	1,504,487.25
RCM	INTERCONTINENTALEXCHANGE INC COM	USA	10,285.00	1,567,752.73	829,793.80
RCM	INVESCO LTD COM STK USD0.10	Bermuda	37,700.00	959,908.13	790,946.00
RCM	JPMORGAN CHASE & CO COM	USA	29,925.00	1,369,025.74	1,397,497.50
RCM	M & T BK CORP COM	USA	9,425.00	802,495.69	841,181.25
RCM	MC DONALDS CORP COM	USA	34,875.00	2,041,908.01	2,151,787.50
RCM	MEDCO HEALTH SOLUTIONS INC COM	USA	19,900.00	991,257.31	895,500.00
RCM	MERCK & CO INC COM	USA	31,298.00	1,618,870.24	987,764.88
RCM	MICROSOFT CORP COM	USA	66,375.00	1,988,912.43	1,771,548.75
RCM	MONSANTO CO NEW COM	USA	13,125.00	1,401,421.16	1,299,112.50
RCM	NATIONAL OILWELL VARCO COM STK	USA	15,575.00	1,168,074.61	782,332.25
RCM	NORTHERN TRUST CORP COM	USA	22,300.00	1,426,456.92	1,610,060.00
RCM	ORACLE CORP COM	USA	69,450.00	1,430,300.74	1,410,529.50
RCM	PEPSICO INC COM	USA	22,625.00	1,212,355.16	1,612,483.75
RCM	PRECISION CASTPARTS CORP COM	USA	13,118.00	1,646,222.70	1,033,436.04
RCM	PROCTER & GAMBLE CO COM	USA	12,325.00	656,848.95	858,929.25
RCM	QUALCOMM INC COM	USA	36,275.00	1,589,134.57	1,558,736.75
RCM	RESEARCH IN MOTION LTD COM	Canada	7,855.00	581,614.26	536,496.50
RCM	SCHLUMBERGER LTD COM STK	Netherland Ant.	20,580.00	1,699,040.56	1,607,092.20
RCM	SCHWAB CHARLES CORP COM NEW	USA	75,400.00	1,849,132.27	1,960,400.00
RCM	SMITH INTL INC COM	USA	30,390.00	2,420,475.76	1,782,069.60
RCM	ST JUDE MED INC COM	USA	29,725.00	1,134,783.05	1,292,740.25
RCM	TEXAS INSTRS INC COM	USA	40,300.00	1,182,541.02	866,450.00
RCM	TEXTRON INC COM	USA	10,621.00	532,781.26	310,982.88
RCM	THERMO FISHER CORP	USA	32,725.00	1,799,576.80	1,799,875.00
RCM	TRANSOCEAN INC COM	Cayman Is.	14,350.00	1,970,659.81	1,576,204.00
RCM	US BANCORP	USA	36,625.00	1,075,351.34	1,319,232.50
RCM	VERIZON COMMUNICATIONS COM	USA	29,900.00	1,245,936.31	959,491.00
RCM	WAL-MART STORES INC COM	USA	36,975.00	1,776,717.08	2,214,432.75
RCM	WEATHERFORD INTL LTD	Bermuda	25,025.00	608,341.19	629,128.50
RCM	XTO ENERGY INC COM	USA	38,300.00	1,769,181.42	1,781,716.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2008

Account name	Asset description	Country	Shares/Par value	Book value	Market value
WENTWORTH HAUSER	ADR ARACRUZ CELULOSE S A SPONSORED ADR REPSTG CL B SHS	Brazil	3,200.00	245,834.12	117,472.00
WENTWORTH HAUSER	ADR AXA SA SPONSORED ADR	France	13,400.00	496,369.59	437,644.00
WENTWORTH HAUSER	ADR BAE SYS PLC SPONSORED ADR	UK	19,400.00	773,655.98	569,665.30
WENTWORTH HAUSER	ADR BASF AKTIENGESELLSCHAFT - LEVEL I	Germany	14,600.00	1,030,046.17	700,756.20
WENTWORTH HAUSER	ADR BHP BILLITON LTD SPONSORED ADR	Australia	25,200.00	1,943,621.13	1,310,148.00
WENTWORTH HAUSER	ADR BRIT AMERN TOB PLC SPONSORED COM STK	UK	20,400.00	1,545,007.14	1,264,800.00
WENTWORTH HAUSER	ADR CADBURY PLC SPONSORED ADR ADR	UK	10,624.00	319,079.76	434,946.56
WENTWORTH HAUSER	ADR COMPANHIA VALE DO RIO DOCE SPONSOREDADR	Brazil	49,000.00	1,763,181.47	938,350.00
WENTWORTH HAUSER	ADR RIO TINTO PLC SPONSORED ADR	UK	5,100.00	2,350,729.06	1,272,450.00
WENTWORTH HAUSER	ADR RWE AKTIENGESELLSCHAF	Germany	4,000.00	495,439.07	381,784.40
WENTWORTH HAUSER	ADR TENARIS S A SPONSORED ADR	Luxembourg	38,500.00	1,951,612.59	1,435,665.00
WENTWORTH HAUSER	ADR UNILEVER N V NEW YORK SHS NEW	Netherlands	30,500.00	1,034,919.44	858,880.00
WENTWORTH HAUSER	ADR YARA INTL ASA SPONSORED ADR	Norway	1,600.00	107,533.50	54,936.32
WENTWORTH HAUSER	BHP BILLITON PLC USD0.50	UK	11,289.00	370,313.40	253,336.94
WENTWORTH HAUSER	BROOKFIELD ASSET MGMT INC VOTING SHS CL A VOTING SHS CL A	Canada	18,200.00	507,508.38	499,408.00
WENTWORTH HAUSER	CANADIAN NATL RY CO COM	Canada	26,200.00	1,263,454.20	1,253,146.00
WENTWORTH HAUSER	CDN NAT RES LTD COM CDN NAT RES COM STK	Canada	16,000.00	1,239,183.79	1,095,360.00
WENTWORTH HAUSER	CDN PAC RY LTD COM CDN PAC RY LTD	Canada	19,600.00	1,264,158.78	1,055,656.00
WENTWORTH HAUSER	COOPER INDUSTRIES INC COM	Bermuda	24,800.00	1,024,613.52	990,760.00
WENTWORTH HAUSER	CORE LAB NV NLG0.03	Netherlands	7,600.00	1,005,334.24	770,032.00
WENTWORTH HAUSER	DIAGEO ORD GBX28.935185	UK	60,872.00	921,103.46	1,025,337.17
WENTWORTH HAUSER	GROUPE DANONE EUR0.25	France	12,128.00	1,026,262.09	851,779.78
WENTWORTH HAUSER	INGERSOLL-RAND CO CL A COM STK	Bermuda	23,200.00	1,017,736.95	723,144.00
WENTWORTH HAUSER	MANULIFE FINL CORP COM	Canada	13,400.00	509,091.42	491,646.00
WENTWORTH HAUSER	NABORS INDUSTRIES COM USD0.10	Bermuda	67,600.00	2,390,881.68	1,684,592.00
WENTWORTH HAUSER	NESTLE SA COMSTK	Switzerland	35,030.00	1,290,257.12	1,505,860.42
WENTWORTH HAUSER	NOBLE CORPORATION COM	Cayman Is.	44,600.00	2,372,317.98	1,957,940.00
WENTWORTH HAUSER	NOVARTIS AG CHF0.50(REGD)	Switzerland	14,460.00	715,542.19	755,079.60
WENTWORTH HAUSER	PARTNERRE HLDG LTD COM STK	Bermuda	6,800.00	509,915.64	463,012.00
WENTWORTH HAUSER	POTASH CORP SASK INC COM	Canada	8,614.00	404,392.11	1,137,134.14
WENTWORTH HAUSER	SAIPEM EUR1	Italy	22,700.00	700,453.56	666,726.97
WENTWORTH HAUSER	SCHLUMBERGER LTD COM STK	Netherland Ant.	26,600.00	2,422,286.68	2,077,194.00
WENTWORTH HAUSER	SUNCOR INC COM STK NPV	Canada	44,800.00	2,405,179.18	1,887,872.00
WENTWORTH HAUSER	TALISMAN ENERGY INC COM	Canada	26,200.00	508,268.97	372,564.00
WENTWORTH HAUSER	TECK COMINCO LTD CL B SUB VTG CL B SUB VTG	Canada	22,100.00	1,008,140.60	643,552.00
WENTWORTH HAUSER	TRANSOCEAN INC COM	Cayman Is.	16,100.00	2,372,500.29	1,768,424.00
WENTWORTH HAUSER	UBS AG SHS COM	Switzerland	15,750.00	448,993.38	276,255.00
WENTWORTH HAUSER	WEATHERFORD INTL LTD	Bermuda	62,200.00	2,338,030.59	1,692,425.98
	TOTAL COMMON STOCK		**19,997,177.00**	**613,218,146.01**	**581,692,619.97**
	PREFERRED STOCK				
ALLIANCE BERNSTEIN	ADR COMPANHIA VALE DO RIO DOCE SPONSOREDADR REPSTG 250 PFD	Brazil	11,700.00	318,060.26	207,090.00
ALLIANCE BERNSTEIN	SAMSUNG ELECTRONIC PFD KRW5000	Korea	1,400.00	717,199.81	430,920.92
	TOTAL PREFERRED STOCK		**13,100.00**	**1,035,260.07**	**638,010.92**
	RIGHTS/WARRANTS				
ALLIANCE BERNSTEIN	DEUTSCHE BK AG LDN CERT 24/01/17(UNITED MICRO)	UK	1,132,490.00	896,790.35	360,131.82
BARROW HANLEY BOND	RAYTHEON CO WT EXP 06-16-2011	USA	459.00	7,224.66	7,803.00
	TOTAL RIGHTS/WARRANTS		**1,132,949.00**	**904,015.01**	**367,934.82**
	STOCK FUNDS				
BGI MID CAP INDEX	BGI MIDCAP EQUITY INDEX FUND	USA	1,085,754.05	10,831,934.79	20,439,267.87
BGI S&P INDEX	BGI EQUITY INDEX FD A	USA	240,621.12	91,882,294.80	81,586,918.30
BGI SMALL CAP INDEX	BGI RUSSELL 1000 VALUE INDEX FD	USA	680,902.78	25,816,906.17	35,977,280.30
	TOTAL STOCK FUNDS		**2,007,277.95**	**128,531,135.76**	**138,003,466.47**
	TOTAL EQUITY		**23,150,503.95**	**743,688,556.85**	**720,702,032.18**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2008

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	CORPORATE ASSET BACKED SECURITIES				
DODGE & COX	BURL NORTHN SANTA FE RY CO PASS THRU TR SER 1999-2 MTG 7.57 1-2-21 BEO SF 7-2-00	USA	763,104.80	831,820.47	810,852.26
DODGE & COX	SLM STUDENT LN TR 2007-2 CL A-2 FLT RT 07-25-2017 REG	USA	850,000.00	845,484.38	805,584.95
DODGE & COX	SLM STUDENT LN TR 2007-3 MTG PASSTHRU CTF CL A-1 FLTG RATE 10-27-2014 BEO	USA	362,733.14	361,330.39	359,165.29
MORGAN STANLEY	AMERICA WEST AIRLS INC 2001-1 PASS THRU CTF CL G 7.1% DUE 04-02-2021 BEO	USA	218,763.42	218,763.42	188,241.54
MORGAN STANLEY	CWABS INC SER 2005-16 CL 2AF1 FLT RT 07-25-2025 REG	USA	33,575.79	33,575.79	33,171.06
MORGAN STANLEY	SPECIALTY UNDERWRITING & RESIDENTIAL FIN2004-BC2 CTF A-2 05-25-2035 REG	USA	29,932.48	29,960.86	23,399.35
MORGAN STANLEY	TERWIN MTG TR 2003-8HE ASSET BKD CTF CL A 12-25-2034 REG	USA	52,436.31	52,542.82	44,370.03
MUNDER	AMERICREDIT PRIME AUTOMOBILE RECEIVABLES5.12 DUE 10-08-2009 REG	USA	1,090,999.99	1,105,650.47	1,087,670.25
MUNDER	CITIBANK CR CARD MSTR TR I SER 99-2 CL A 5.875 3-10-11 EXP MTY 3-10-09 BEO	USA	1,000,000.00	1,018,906.25	1,005,825.00
MUNDER	DAIMLERCHRYSLER AUTO TR 2007-A AST BKD NT CL A-4A 5.28 DUE 3-8-13 REG	USA	1,000,000.00	999,783.50	970,708.00
MUNDER	MORGAN STANLEY ABS CAP I INC 2005-HE1 MTG PASSTHRU CTF CL M-2 12-25-2034 REG	USA	400,000.00	374,000.00	338,392.00
MUNDER	PARK PL SECS INC 2005-WCH1 ASSET BACKED CTF M-2 VAR 02-25-2035 REG	USA	200,000.00	185,093.75	143,850.60
MUNDER	PSNH FDG LLC NT CL A-3 6.48% DUE 05-01-2013 BEO	USA	750,000.00	802,646.63	776,766.75
MUNDER	USAA AUTO OWNER TR SERIES 2006-1 CLASS A-4 12-15-2011 REG	USA	500,000.00	496,015.63	499,978.50
	TOTAL CORPORATE ASSET BACKED SECURITIES		**7,251,545.93**	**7,355,574.36**	**7,087,975.58**
	NON-GOVERNMENT BACKED CMOs				
BARROW HANLEY BOND	CMO BANC AMER MTG SECS INC 2004-8 CL 3-A-1 5.25% DUE 10-25-2019 REG	USA	878,624.05	878,898.63	841,557.53
BARROW HANLEY BOND	CMO BANC AMER MTG SECS INC 2005-D CL 2-A-4 VAR DUE 05-25-2035 REG	USA	688,102.82	681,114.28	673,058.82
BARROW HANLEY BOND	CMO BEAR STEARNS COML MTG SECS 2004-PWR5CL A-4 4.831 DUE 07-11-2042 REG	USA	740,000.00	744,038.99	692,436.50
BARROW HANLEY BOND	CMO BEAR STEARNS COML MTG SECS INC 2005-T20 CL A2 5.127% DUE 10-12-2042 REG	USA	590,000.00	593,222.58	578,212.98
BARROW HANLEY BOND	CMO BEAR STEARNS COML MTG SECS INC 2006-TOP22 CL A-2 5.46696 4-12-2038REG	USA	445,000.00	447,367.58	433,098.47
BARROW HANLEY BOND	CMO CHASE MTG FIN TR SER 2006-A1 CL 2-A2FLT RT DUE 09-25-2036 BEO	USA	800,000.00	804,437.50	633,380.80
BARROW HANLEY BOND	CMO CHASE MTG FIN TR SER 2006-A1 CL 4A1 FLT RT DUE 09-25-2036 BEO	USA	766,867.60	768,185.64	641,937.19
BARROW HANLEY BOND	CMO CHASE MTG FIN TR SER 2007-A1 MTG PASSTHRU CTF CL 12-A2 DUE 03-25-2037 REG	USA	810,000.00	807,563.67	628,817.58
BARROW HANLEY BOND	CMO CHL MTG PASS-THRU TR 2007-18 1-A-1 6DUE 09-25-2037 REG	USA	774,465.96	758,129.56	628,769.55
BARROW HANLEY BOND	CMO CITIGROUP COML MTG TR SER 2004-C2 CLA3 4.38000011444% DUE 10-15-2041 BEO	USA	715,000.00	718,551.41	680,772.95
BARROW HANLEY BOND	CMO GE COML MTG CORP SER 2003-C2 CL A2 4.17% DUE 07-10-2037 REG	USA	173,681.06	174,547.02	169,232.74
BARROW HANLEY BOND	CMO J P MORGAN CHASE COML MTG SECS CORP SER 2004-CBX CL A4 4.565 11-12-2039 REG	USA	370,000.00	371,847.78	352,012.82
BARROW HANLEY BOND	CMO J P MORGAN CHASE COML MTG SECS CORP SER 2005-LDP1 CL A-2 4.625 3-15-2046 REG	USA	725,000.00	728,598.90	711,636.80
BARROW HANLEY BOND	CMO J P MORGAN MTG TR 2007-S3 MTG PASS THRU CTF CL 1-A-90 7% DUE 08-25-2037 REG	USA	511,368.63	457,674.93	432,586.15
BARROW HANLEY BOND	CMO PRIME MTG TR 2005-2 MTG PASSTHRU CTFI-A-3 5.25% DUE 07-25-2020 REG	USA	851,515.04	854,176.03	800,317.69
BARROW HANLEY BOND	CMO WELLS FARGO MTG BACKED SECS 2006-11 TR CL A-8 6% DUE 09-25-2036 BEO	USA	595,508.97	594,392.38	483,478.84
BARROW HANLEY BOND	CMO WELLS FARGO MTG BACKED SECS 2007-7 TR CL A-1 6% DUE 06-25-2037 BEO	USA	767,848.73	750,332.19	623,397.18
MORGAN STANLEY	CMO 2005-AR11 CL A-1B1 VAR DUE08-25-2045 REG	USA	3,331.53	3,331.53	3,286.68
MORGAN STANLEY	CMO AMERICAN HOME MTG INVT TR 2005-4 MTGBKD NT CL I-M-2 DUE 11-25-2045 REG	USA	150,000.00	126,000.00	29,699.85
MORGAN STANLEY	CMO BANC AMER FDG CORP 2005-F MTG PASSTHRU CTF CL 1-A-2 DUE 09-20-2035 REG	USA	160,255.27	160,255.27	94,034.58
MORGAN STANLEY	CMO CWALT ALTERNATIVE LN TR SER 2006-OA16 CL A-3 DUE 10-25-2046 REG	USA	450,742.00	450,742.00	190,542.61
MORGAN STANLEY	CMO CWMBS INC 2006-OA1 MTG PASSTHRU CTF CL 1-A-3 DUE 03-20-2046 REG	USA	240,271.78	203,029.66	68,551.94
MORGAN STANLEY	CMO HARBORVIEW MTG LN TR 2005-10 CL 2-A1B DUE 11-19-2035 REG	USA	0.03	0.03	0.01
MORGAN STANLEY	CMO HARBORVIEW MTG LN TR 2005-5 MTG PASSTHRU CTF CL 2-A1B DUE 07-19-2045 REG	USA	60,585.52	60,410.38	37,834.44
MORGAN STANLEY	CMO HARBORVIEW MTG LN TR 2006-SBMC1 MTG PASSTHRU CTF CL M-1 DUE 12-19-2036 REG	USA	200,000.00	165,750.00	24,944.20
MORGAN STANLEY	CMO RALI SER 2006-QO5 TR CLASS-2A2 DUE 04-25-2046 BEO	USA	442,594.08	442,594.08	192,911.71
MORGAN STANLEY	CMO RALI SER 2007-QO4 TR MTG PASSTHRU CTF CL A-3 DUE 05-25-2047 REG	USA	0.07	0.07	0.01
MORGAN STANLEY	CMO RESDNTL ACCREDIT LNS INC MTG PASS TH2005-QO3 CL A-2 10-25-2045 REG	USA	299,980.50	300,917.95	172,620.77
MORGAN STANLEY	CMO WA MUT MTG PASS-THRU CTFS WMA CL CA-1C FLT RT DUE 10-25-2046 BEO	USA	193,897.82	183,233.44	55,719.25
MORGAN STANLEY	CMO WAMU MTG PASS THRU CTFS SER 2006-AR19 DUE 01-25-2047 REG	USA	190,465.40	179,037.49	96,139.31
MORGAN STANLEY	CMO WAMU MTG PASS THRU CTFS SER 2006 AR7CL 2A VAR RATE DUE 07-25-2046 REG	USA	351,954.55	351,954.55	179,507.37
MORGAN STANLEY	CMO WAMU MTG PASS-THRU CTFS SER 2005-AR13 CL A-1B1 FLT RT 10-25-2045BEO	USA	14,103.44	14,103.44	13,858.88
MORGAN STANLEY	I/O CMO 2004-AR10 CL X VAR 07-25-2044 REG	USA	886,375.01	40,473.85	6,798.49
MORGAN STANLEY	I/O CMO 2004-AR12 CL X VAR 10-25-2044 REG	USA	1,239,795.05	61,316.76	9,062.90
MORGAN STANLEY	I/O CMO 2004-AR8 CL X VAR 06-25-2044 REG	USA	497,600.11	23,607.93	4,115.15
MORGAN STANLEY	I/O CMO ALTERNATIVE LN TR 2007-OA3 MTG PASSTHRU CTF CL X-1 04-25-2047 REG	USA	3,691,401.37	164,928.08	154,706.63
MORGAN STANLEY	I/O CMO CWALT INC 2005-44 MTG PASSTHRU CTF CL A X VAR RATE DUE 10-25-2035 REG	USA	4,359,087.00	199,047.89	179,202.06
MORGAN STANLEY	I/O CMO CWALT INC SER 2005-81 CL XI 02-25-2037 REG	USA	1,316,702.52	87,538.91	48,546.82
MORGAN STANLEY	I/O CMO CWMBS INC 2006-0A1 MTG PASSTHRU CTF CL 2X DUE 03-20-2046 REG	USA	1,468,037.20	110,263.23	56,093.70
MORGAN STANLEY	I/O CMO GREENPOINT MTG FDG TR 2005-AR4 MTG PASSTHRU CTF CL X-1 10-25-2045 REG	USA	350,173.45	37,309.53	5,252.60
MORGAN STANLEY	I/O CMO GREENPOINT MTG FDG TR 2005-AR4 MTG PASSTHRU CTF CL X-4 10-25-2045 REG	USA	1,026,816.68	67,278.37	30,866.10
MORGAN STANLEY	I/O CMO HARBORVIEW MTG LN TR 2004-8 CL X.95998001099 DUE 11-19-2034 REG	USA	1,473,475.48	70,440.40	37,001.91
MORGAN STANLEY	I/O CMO HARBORVIEW MTG LN TR 2005-16 CL X-3 01-19-2036 REG	USA	1,812,197.43	126,399.99	36,388.92
MORGAN STANLEY	I/O CMO HARBORVIEW MTG LN TR 2005-16 MTGPASSTHRU CTF CL X-1 DUE 01-19-2036 REG	USA	797,152.21	48,692.07	20,223.75
MORGAN STANLEY	I/O CMO HARBORVIEW MTG LN TR 2006-1 MTG PASSTHRU CTF CL X-1 VAR DUE 3-19-37 REG	USA	1,435,602.14	93,271.45	33,894.56
MORGAN STANLEY	I/O CMO HARBORVIEW MTG LN TR 2006-5 MTG PASSTHRU CTF CL X-2 07-19-2047 REG	USA	2,169,541.18	124,158.89	64,999.45
MORGAN STANLEY	I/O CMO HARBORVIEW MTG LN TR SER 2005-2 CL X FLTG RT DUE 05-19-2035 REG	USA	1,166,403.88	71,150.10	15,863.09
MORGAN STANLEY	I/O CMO HARBORVIEW MTG LN TR SER 2005-3 CL X2 06-19-2035 BEO	USA	1,291,732.12	65,969.50	16,508.33
MORGAN STANLEY	I/O CMO INDYMAC MBS INC 2005-AR12 MTG PASSTHRU CTF CL A-X-2 07-25-2035 REG	USA	917,234.02	59,957.70	15,079.32
MORGAN STANLEY	P/O CMO HARBORVIEW MTG LN TR 2006-1 MTG PASSTHRU CTF CL PO-1 03-19-2037 REG	USA	1,993.04	1,993.04	291.96
MORGAN STANLEY	PVTPL CMO HARBORVIEW MTG LN TR 2006-5 CLPO-2 VAR RT DUE 07-19-2046 REG	USA	100.20	92.70	17.30
MUNDER	CMO BEAR STEARNS ALT-A TR 2004-11 CL II-A-1 5.891618% DUE 11-25-2034 REG	USA	155,779.09	159,697.91	121,198.31
MUNDER	CMO BEAR STEARNS COML MTG SECS INC SER 2005-PWR9 CL A4A 4.871 9-15-2015 BEO	USA	1,000,000.00	965,937.50	895,577.00
MUNDER	CMO CHASE MTG FIN TR 2003-S5 MC MTG PASSTHRU CTF CL A-4 5.5 06-25-2018 REG	USA	235,761.34	240,301.62	228,635.68
MUNDER	CMO COMMERCIAL MTG ASSET TR CMAT 99-C1 A3 6.64% DUE 01-17-2032 BEO	USA	356,044.20	367,263.54	355,979.40
MUNDER	CMO CSFB MTG SECS CORP COML MTG PASSTHRUCTF 2000-C1 CL A-2 7.545 04-15-2062	USA	634,212.61	650,399.04	643,133.44
MUNDER	CMO CWALT INC 2006-J2 MTG PASSTHRU CTF CL A-9 6% DUE 04-25-2036 REG	USA	688,031.83	685,451.71	664,836.90
MUNDER	CMO GE CAP COML MTG CORP 2002-1 COML MTGPASSTHRU CTF A-2 5.994 12-10-35 BEO	USA	221,207.65	222,304.27	220,830.49
MUNDER	CMO GS MTG SECS CORP II 2005-GG4 CL A-4A4.751% DUE 07-10-2039 REG	USA	1,600,000.01	1,536,609.38	1,386,499.20
MUNDER	CMO J P MORGAN MTG TR 2005-A3 MTG PASSTHRU CTF 6-A-1 DUE 06-25-2035 REG	USA	829,123.04	817,450.53	791,102.77
MUNDER	CMO MERRILL LYNCH MTG INVS INC MTG SER 1998-C3 CL A-3 5.88 12-15-2030 BEO	USA	161,881.24	164,663.53	161,453.55
MUNDER	CMO MORGAN STANLEY D/WITTER CAP TR 2002 MTG P/THRU CTF CL A-2 5.98 DUE 1-15-39	USA	615,000.00	618,014.12	604,071.45
MUNDER	CMO MSDW CAP I TR 2002-HQ MTG PASSTHRU CTF CL A-3 6.51 04-15-34 BEO	USA	644,009.02	647,483.45	645,074.85
MUNDER	CMO THORNBURG MTG SECS TR 2004-1 CL II-1A VAR 5.39271% DUE 03-25-2044 REG	USA	35,354.90	35,273.83	33,088.29
MUNDER	CMO WACHOVIA BK COML MTG TR 2005-C20 MTGPASSTHRU CTF CL A-6 5.11 07-15-42 REG	USA	500,000.00	484,648.44	471,088.00
MUNDER	CMO WACHOVIA BK COML MTG TR COML MTG PASSTHR CL A-PB DUE 07-15-2045 BEO	USA	1,000,000.00	1,022,187.50	924,757.00
MUNDER	CMO WAMU MTG PASS THRU CTFS SER 2006 AR8CL 1-A2 VAR RATE DUE 08-25-2046 REG	USA	1,200,000.00	1,211,484.38	932,000.40
	TOTAL NON-GOVERNMENT BACKED CMOs		**49,738,989.87**	**25,057,500.10**	**20,978,595.97**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2008

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	CORPORATE BONDS				
BARROW HANLEY BOND	AMERICAN EXPRESS CO NT 8.15% DUE 03-19-2038 BEO	USA	190,000.00	189,302.70	169,940.56
BARROW HANLEY BOND	AMERIPRISE FINL INC SR NT 5.35% DUE 11-15-2010/11-23-2005 REG	USA	550,000.00	550,029.90	540,340.35
BARROW HANLEY BOND	AMERN EXPRESS CR CORP MEDIUM TERM NTS TRANCHE # TR 00069 5.875 DUE 05-02-2013	USA	280,000.00	279,039.60	258,061.72
BARROW HANLEY BOND	AMERN GEN FIN CORP MEDIUM TERM SR NTS # TR 00394 4 DUE 03-15-2011	USA	635,000.00	599,471.75	248,683.78
BARROW HANLEY BOND	ARCHER DANIELS MIDLAND CO 6.45% DUE 01-15-2038/12-11-2007 BEO	USA	195,000.00	194,130.30	175,911.84
BARROW HANLEY BOND	AT&T WIRLESS SERVICES GROUP SR NT 8.75% DUE 03-01-2031 BEO	USA	300,000.00	310,398.80	335,135.10
BARROW HANLEY BOND	BANK AMER CORP BANK AMER 5.75% DUE 12-01-2017 BEO	USA	605,000.00	604,089.75	539,315.15
BARROW HANLEY BOND	BANK ONE CORP BANK ONE CORP 5.9% DUE 11-15-2011 BEO	USA	620,000.00	648,938.20	605,194.40
BARROW HANLEY BOND	BEAR STEARNS COS INC SR GLOBAL NT 7.25% DUE 02-01-2018 BEO	USA	195,000.00	194,465.70	187,663.12
BARROW HANLEY BOND	BK NY INC MEDIUM TERM SR NTS BOO TRANCHE# TR 00029 4.95 DUE 11-01-2012	USA	195,000.00	193,461.45	185,409.12
BARROW HANLEY BOND	CAMERON INTL CORP SR NT 6.375% DUE 07-15-2018 BEO	USA	130,000.00	129,668.70	121,410.38
BARROW HANLEY BOND	CATERPILLAR FINL SVCS CORP MEDIUM TERM NTRANCHE # TR 00805 4.85 DUE 12-07-2012	USA	270,000.00	269,856.90	262,803.42
BARROW HANLEY BOND	CDN NAT RES LTD NT DTD 07/24/2001 6.7 DUE 07-15-2011 BEO	Canada	215,000.00	226,891.65	212,959.65
BARROW HANLEY BOND	CIT GROUP INC MEDIUM TERM SR NTS BOOK ENTRANCHE # SR 00074 4.75 12-15-10 BEO	USA	175,000.00	144,375.00	113,968.40
BARROW HANLEY BOND	CITIGROUP INC CITIGROUP INC NOTE 6.125% DUE 11-21-2017 BEO	USA	275,000.00	273,823.00	233,055.62
BARROW HANLEY BOND	CME GROUP INC CME GROUP INC 5.4% DUE 08-01-2013 BEO	USA	295,000.00	294,967.55	295,893.26
BARROW HANLEY BOND	COLUMBUS SOUTHN PWR CO SR NT SER A 5.5% DUE 03-01-2013/02-28-2013 BEO	USA	535,000.00	539,241.10	517,189.85
BARROW HANLEY BOND	COMCAST CORP NEW NT 5.3 DUE 01-15-2014/01-14-2014 BEO	USA	410,000.00	419,946.60	375,793.70
BARROW HANLEY BOND	COMCAST CORP NEW NT 5.875% DUE02-15-2018/11-17-2006 REG	USA	225,000.00	224,676.00	200,617.20
BARROW HANLEY BOND	CONS NAT GAS CO NT 6 DUE 10-15-2010 BEO	USA	255,000.00	261,413.25	261,183.75
BARROW HANLEY BOND	COUNTRYWIDE HOME LNS INC MEDIUM TERM NTS# TR 00313 4 DUE 03-22-2011 REG	USA	85,000.00	74,693.75	73,130.09
BARROW HANLEY BOND	COVIDIEN INTL FIN S A SR NT 5.45% DUE 10-15-2012 REG	Luxembourg	185,000.00	184,748.40	181,618.20
BARROW HANLEY BOND	CRH AMER INC 6 DUE 09-30-2016 BEO	USA	510,000.00	507,244.50	439,508.31
BARROW HANLEY BOND	DEUTSCHE TELEKOM INTL FIN B V GTD NT STEP UP 06-15-2010	Netherlands	290,000.00	350,372.20	301,043.20
BARROW HANLEY BOND	DIAGEO CAP PLC GTD NT 5.75% DUE 10-23-2017 BEO	UK	225,000.00	224,748.00	215,912.47
BARROW HANLEY BOND	DOMINION RES INC VA NEW C CRP D 5.6% DUE11-15-2016 BEO	USA	225,000.00	224,982.00	208,680.75
BARROW HANLEY BOND	EATON CORP NT 5.6% DUE 05-15-2018 REG	USA	200,000.00	199,488.00	189,588.00
BARROW HANLEY BOND	EQTY RESDNTL PPTY 5.125 3 15 16 5.125 DUE 03-15-2016 BEO	USA	550,000.00	534,288.10	460,681.65
BARROW HANLEY BOND	GEN ELEC CAP CORP MEDIUM TERM NTS 4.375%DUE 03-03-2012	USA	580,000.00	558,453.00	539,307.20
BARROW HANLEY BOND	GLAXOSMITHKLINE CAP INC GTD NT 6.375% DUE 05-15-2038 BEO	USA	205,000.00	204,372.70	192,452.36
BARROW HANLEY BOND	GOLDMAN SACHS GROUP INC GOLDMAN SACHS GP5.95% DUE 01-18-2018 BEO	USA	155,000.00	154,779.90	127,669.42
BARROW HANLEY BOND	GOLDMAN SACHS GROUP INC GSINC 6.75 10 0137 6.75 DUE 10-01-2037 BEO	USA	190,000.00	185,037.60	126,842.10
BARROW HANLEY BOND	HARTFORD FINL SVCS GROUP INC HARTFORD FINL 5.375 DUE 03-15-2017 BEO	USA	325,000.00	324,125.75	278,991.37
BARROW HANLEY BOND	HEWLETT PACKARD CO NT 4.5% DUE03-01-2013 BEO	USA	350,000.00	349,723.50	336,307.30
BARROW HANLEY BOND	HOSPIRA INC HOSPIRA INC NT 6.05% DUE 03-30-2017/03-29-2017	USA	220,000.00	219,652.40	209,756.80
BARROW HANLEY BOND	INTERNATIONAL PAPER CO 7.4% DUE 06-15-2014 BEO	USA	305,000.00	304,402.20	305,467.87
BARROW HANLEY BOND	INTL LEASE FIN CORP- MEDIUM TER TRANCHE # TR 00577 5.75 DUE 06-15-2011	USA	275,000.00	277,662.00	198,177.65
BARROW HANLEY BOND	JPMORGAN CHASE & CO FORMERLY J P MORGAN 6 DUE 01-15-2018 BEO	USA	385,000.00	384,283.90	351,070.72
BARROW HANLEY BOND	KONINKLIJKE PHILIPS ELECTRS N V NT 5.75%DUE 03-11-2018 REG	Netherlands	200,000.00	197,610.00	192,047.00
BARROW HANLEY BOND	KRAFT FOODS INC KRAFT FOODS INC 6.5 DUE 08-11-2017 BEO	USA	340,000.00	338,007.60	327,149.02
BARROW HANLEY BOND	MARATHON OIL CORP MARATHON OIL 6 DUE 10-01-2017 BEO	USA	255,000.00	261,823.80	229,066.75
BARROW HANLEY BOND	MASCO CORP NT 6.125% DUE 10-03-2016/10-02-2016 REG	USA	225,000.00	223,854.75	195,498.22
BARROW HANLEY BOND	MERRILL LYNCH & CO INC MED TRM NTS TRANCHE # TR 00567 5.45 2-5-13 REG	USA	195,000.00	194,746.50	175,660.09
BARROW HANLEY BOND	MERRILL LYNCH & CO INC MEDIUM TERM NTS BTRANCHE # TR 00677 6.875 DUE 04-25-2018	USA	195,000.00	194,832.30	172,526.25
BARROW HANLEY BOND	METLIFE INC SR DEB SECS SER A 6.817% DUE08-15-2018 REG	USA	400,000.00	401,400.00	378,481.60
BARROW HANLEY BOND	METLIFE INC SR NT 5.375 DUE 12-15-2012/12-14-2012 BEO	USA	405,000.00	403,031.70	391,382.68
BARROW HANLEY BOND	MIDAMERICAN ENERGY HLDGS CO NEW SR NT 5.875% DUE 10-01-2012/09-30-2012 BEO	USA	680,000.00	684,869.65	674,029.60
BARROW HANLEY BOND	PRUDENTIAL FINL INC MEDIUM TERM NTS BOOKTRANCHE # TR 00005 5.1 09-20-2014	USA	290,000.00	288,721.10	263,420.05
BARROW HANLEY BOND	PSEG PWR LLC SR NT 6.95 DUE 06-01-2012/05-31-2012 BEO	USA	575,000.00	641,929.00	586,494.25
BARROW HANLEY BOND	PSI ENERGY INC BD 6.05% DUE 06-15-2016 BEO	USA	340,000.00	339,843.60	322,432.20
BARROW HANLEY BOND	PVTPL ARCELORMITTAL SA LUXEMBOURG NT 144A 6.125% DUE 06-01-2018 REG	Luxembourg	350,000.00	348,498.50	321,183.10
BARROW HANLEY BOND	PVTPL BEST BUY INC C CRP BBY 6.75% DUE 07-15-2013 BEO	USA	245,000.00	245,656.60	247,634.24
BARROW HANLEY BOND	PVTPL COMPUTER SCIENCES CORP NTS 5.5% DUE 03-15-2013/03-02-2008 BEO	USA	85,000.00	84,577.55	82,457.22
BARROW HANLEY BOND	PVTPL COMPUTER SCIENCES CORP SR NT 144A 6.5% DUE 03-15-2018 BEO	USA	295,000.00	293,746.25	283,341.60
BARROW HANLEY BOND	PVTPL DR PEPPER SNAPPLE GROUP INC SR NT 144A 6.82% DUE 05-01-2018 BEO	USA	145,000.00	144,978.25	139,962.26
BARROW HANLEY BOND	ROGERS COMMUNICATIONS INC SR NT 6.8% DUE08-15-2018 BEO	Canada	270,000.00	269,605.80	255,428.10
BARROW HANLEY BOND	SBC COMMUNICATIONS INC NT 5.1% DUE 09-15-2014 BEO	USA	750,000.00	735,511.05	701,467.50
BARROW HANLEY BOND	SCHERING PLOUGH CORP SR NT 6.75% DUE 12-01-2033/11-26-2003 REG	USA	315,000.00	339,057.91	294,858.58
BARROW HANLEY BOND	SIMON PPTY GROUP L P NT 5.75% DUE 12-01-2015 BEO	USA	285,000.00	289,397.55	269,346.94
BARROW HANLEY BOND	SOUTHN PWR CO SR NT 6.25 DUE 07-15-2012/07-14-2012 BEO	USA	485,000.00	508,666.35	493,482.65
BARROW HANLEY BOND	SUNCOR ENERGY INC NT 6.1% DUE 06-01-2018BEO	Canada	325,000.00	324,619.75	296,684.37
BARROW HANLEY BOND	TELECOM ITALIA CAP GTD SR NT SER A 4 DUE11-15-2008 REG	Luxembourg	425,000.00	413,903.25	423,703.75
BARROW HANLEY BOND	TELEFONICA EMISIONES S A U SR NT 5.984% DUE 06-20-2011 REG	Spain	270,000.00	270,000.00	267,040.80
BARROW HANLEY BOND	TIME WARNER CABLE INC NT 5.85% DUE 05-01-2017 REG	USA	390,000.00	389,099.10	348,045.75
BARROW HANLEY BOND	TRANSOCEAN INC TRANSOCEAN INC 6% DUE 03-15-2018 BEO	Cayman Is.	420,000.00	418,903.80	391,984.32
BARROW HANLEY BOND	TYCO ELECTRONICS GROUP S A SR NT 6.55% DUE 10-01-2017 REG	Luxembourg	235,000.00	234,212.75	226,137.21
BARROW HANLEY BOND	UNION ELEC CO AEE 6.7 02/01/19 6.7% DUE 02-01-2019 BEO	USA	160,000.00	159,531.20	154,500.96
BARROW HANLEY BOND	UNITEDHEALTH GROUP INC UNITED HEALTH GP 5.25% DUE 03-15-2011/03-02-2006 BEO	USA	580,000.00	584,205.00	576,630.20
BARROW HANLEY BOND	WA MUT FIN CORP SR NT 6.875 DUE 05-15-2011 BEO	USA	350,000.00	377,486.50	337,198.05
BARROW HANLEY BOND	WACHOVIA CORP GL MED TRM SR NTS TRANCHE # SR 00032 5.75 DUE 02-01-2018 BEO	USA	195,000.00	194,165.40	149,432.40
BARROW HANLEY BOND	WACHOVIA CORP GLOBAL MEDIUM TERM SR NTS TRANCHE # SR 00025 5.7 DUE 08-01-2013	USA	110,000.00	109,845.52	80,557.40
BARROW HANLEY BOND	WAL-MART STORES INC WALMART 6.2 4 15 38 6.2% DUE 04-15-2038 BEO	USA	290,000.00	289,138.70	264,538.00
BARROW HANLEY BOND	WEATHERFORD INTL INC NEW GTD SR NT 5.95%DUE 06-15-2012 REG	USA	290,000.00	289,434.50	290,176.90
BARROW HANLEY BOND	WEYERHAEUSER CO NT DTD 10/22/2001 5.95% DUE 11-01-2008/10-31-2008 BEO	USA	255,000.00	262,886.25	254,988.52
BARROW HANLEY BOND	WILLIS NORTH AMER INC GTD SR NT 6.2% DUE03-28-2017/03-28-2007 BEO	USA	220,000.00	219,562.20	191,280.76
BARROW HANLEY BOND	WYETH WYE 5.50 02/01/2014 5.5% DUE 02-01-2014/12-16-2003 BEO	USA	560,000.00	567,726.28	555,111.20
BARROW HANLEY BOND	XCEL ENERGY INC NT 5.613% DUE 04-01-2017/03-31-2017 REG	USA	705,000.00	705,000.00	646,344.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2008

Account name	Asset description	Country	Shares/Par value	Book value	Market value
DODGE & COX	AEGON N V NT 4.75 DUE 06-01-2013 REG	Netherlands	925,000.00	891,432.65	879,218.97
DODGE & COX	AOL TIME WARNER INC DEB DTD 04/08/2002 7.7 DUE 05-01-2032 BEO	USA	1,575,000.00	1,701,656.50	1,376,140.50
DODGE & COX	AOL TIME WARNER INC DEB DTD 04/19/2001 7.625% DUE 04-15-2031/04-14-2031 BEO	USA	775,000.00	806,219.75	672,979.00
DODGE & COX	AT&T CORP USD SR NT VAR RATE DUE 11-15-2031/11-14-2031 BEO	USA	950,000.00	1,183,124.09	962,112.50
DODGE & COX	BK AMER N A CHARLOTTE N C MEDIUM TERM TRANCHE # TR 00229 5.3 DUE 03-15-2017	USA	650,000.00	649,395.50	562,491.15
DODGE & COX	BRISTOL MYERS SQUIBB CO BRISTOL MYER SQB5.875% DUE 11-15-2036 BEO	USA	875,000.00	873,538.75	771,091.12
DODGE & COX	BSTN PPTYS LTD PARTNERSHIP SR NT 5.625 DUE 04-15-2015/04-14-2015 BEO	USA	500,000.00	499,490.00	462,305.00
DODGE & COX	BSTN PPTYS LTD PARTNERSHIP SR NT 6.25 DUE 01-15-2013/01-14-2013 BEO	USA	400,000.00	400,696.00	396,499.60
DODGE & COX	CANADIAN NATL RY CO PUTTABLE RESET SECS PURS 6.712 DUE 07-15-2036/07-15-2009 REG	Canada	450,000.00	481,401.00	443,475.00
DODGE & COX	CAP 1 FINL CORP 6.75 DUE 09-15-2017 BEO	USA	900,000.00	900,774.75	792,267.30
DODGE & COX	CARDINAL HEALTH INC NT 5.85% DUE 12-15-2017 REG	USA	425,000.00	424,311.50	392,745.05
DODGE & COX	CHUBB CORP CHUBB CORP 6.000 20370511 6 DUE 05-11-2037 BEO	USA	800,000.00	799,664.00	671,627.20
DODGE & COX	CIGNA CORP 7.875 DEB DUE 05-15-2027	USA	650,000.00	703,329.25	654,264.00
DODGE & COX	CIGNA CORP SR NT 7 DUE 01-15-2011/01-14-2011 BEO	USA	200,000.00	225,870.00	204,511.40
DODGE & COX	CITIGROUP INC CITIGROUP INC NOTE 6.125% DUE 11-21-2017 BEO	USA	450,000.00	448,074.00	381,363.75
DODGE & COX	CITIGROUP INC GLOBAL SR NT FLTG RATE DUE05-15-2018 REG	USA	950,000.00	950,000.00	768,242.20
DODGE & COX	COMCAST CORP NEW BD 5.85% DUE 11-15-2015/11-14-2005 BEO	USA	250,000.00	249,980.00	230,325.00
DODGE & COX	COMCAST CORP NEW BD 6.3 DUE 11-15-2017 BEO	USA	75,000.00	74,913.75	68,962.65
DODGE & COX	COMCAST CORP NEW COMCAST CORPORATION 6.5% DUE 01-15-2017 BEO	USA	400,000.00	402,742.50	375,941.60
DODGE & COX	COMCAST CORP NEW GTD NT 5.9% DUE 03-15-2016/03-02-2006 REG	USA	225,000.00	224,689.50	206,224.65
DODGE & COX	COMCAST CORP NEW NT 5.3 DUE 01-15-2014/01-14-2014 BEO	USA	600,000.00	594,462.60	549,942.00
DODGE & COX	COMCAST CORP NEW NT 5.875% DUE02-15-2018/11-17-2006 REG	USA	100,000.00	97,709.00	89,163.20
DODGE & COX	COVIDIEN INTL FIN S A SR NT 6% DUE 10-15-2017 REG	Luxembourg	200,000.00	199,854.00	193,567.00
DODGE & COX	COX COMMUNICATIONS INC NEW BD 5.5 DUE 10-01-2015/09-22-2003 BEO	USA	100,000.00	94,778.00	91,502.00
DODGE & COX	COX COMMUNICATIONS INC NEW NT 5.45% DUE 12-15-2014 BEO	USA	850,000.00	852,162.25	791,991.75
DODGE & COX	CSX TRANSN INC NT 9.75% DUE 06-15-2020 REG	USA	315,000.00	386,923.95	355,669.33
DODGE & COX	DOW CHEM CO 7.375 DUE 11-01-2029 BEO	USA	350,000.00	429,085.75	339,261.30
DODGE & COX	DOW CHEM CO NT DTD 08/29/2002 6% DUE 10-01-2012/09-30-2012 BEO	USA	400,000.00	431,132.00	404,515.60
DODGE & COX	FED EXPRESS CORP PASS THRU TR 6.72 DUE 01-15-2022 REG SF 07-15-2006	USA	655,240.92	674,963.68	654,736.38
DODGE & COX	FEDERATED DEPT STORES INC DEL SR DEB 6.9% DUE 04-01-2029 BEO	USA	100,000.00	92,905.00	78,198.00
DODGE & COX	FEDT RETAIL HLDGS INC GTD SR NT 6.375 DUE 03-15-2037 REG	USA	125,000.00	100,315.50	90,537.25
DODGE & COX	GENERAL ELEC CO NT 5% DUE 02-01-2013 BEO	USA	800,000.00	826,688.00	736,813.60
DODGE & COX	HSBC HLDGS PLC NT 6.5% DUE 05-02-2036 BEO	UK	400,000.00	415,236.00	331,302.80
DODGE & COX	KONINKLIJKE PHILIPS ELECTRS N V NT 5.75%DUE 03-11-2018 REG	Netherlands	925,000.00	913,946.25	888,217.37
DODGE & COX	LAFARGE S A NT 6.5% DUE 07-15-2016 REG	France	500,000.00	494,620.00	451,055.00
DODGE & COX	MACYS RETAIL HOLDINGS INC IMPACT 06/23/08 7.875 DUE 07-15-2015	USA	275,000.00	272,501.25	260,753.90
DODGE & COX	MAY DEPT STORES CO NT DTD 08/15/1995 7.625% DUE 08-15-2013 REG	USA	820,000.00	896,920.19	790,812.10
DODGE & COX	MAY DEPT STORES CO SR NT 6.7 DUE 07-15-2034/07-20-2004 BEO	USA	175,000.00	139,609.25	139,216.17
DODGE & COX	NORDSTROM INC SR DEB 6.95 DUE 03-15-2028REG	USA	750,000.00	714,536.37	664,866.75
DODGE & COX	NORFOLK SOUTHN RY CO VA NT 9.75% DUE 06-15-2020 REG	USA	435,000.00	534,323.55	536,326.72
DODGE & COX	PVTPL AMERICAN INTL GROUP INC NT 144A 8.25% DUE 08-15-2018 BEO	USA	475,000.00	475,000.00	275,962.17
DODGE & COX	PVTPL COX COMM INC NEW /TS/COXENTCOX COMM INC 5.875 DUE 12-01-2016	USA	250,000.00	250,300.75	230,809.50
DODGE & COX	PVTPL KAUPTHING BK HF MEDIUM TERM SUB BKB TRANCHE # 01 7.125 DUE 05-19-2016 BEO	Iceland	725,000.00	728,620.00	344,864.37
DODGE & COX	REPUBLIC N Y CORP SUB NT 9.7 DUE 02-01-2009 REG	USA	1,000,000.00	1,172,390.00	1,001,780.00
DODGE & COX	SAFECO CORP SR NT 7.25 DUE 09-01-2012 BEO	USA	250,000.00	290,188.30	260,133.50
DODGE & COX	SLM CORP MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00104 8.45 6-15-18	USA	725,000.00	710,717.50	493,000.00
DODGE & COX	SPRINT NEXTEL CORPORATION 6 DUE 12-01-2016 BEO	USA	475,000.00	446,811.50	365,750.00
DODGE & COX	ST PAUL TRAVELERS COS INC BD 5.5 DUE 12-01-2015 BEO	USA	325,000.00	311,477.25	306,403.50
DODGE & COX	TRAVELERS COS INC SR NT 5.75% DUE 12-15-2017/05-29-2007	USA	175,000.00	174,541.50	162,314.77
DODGE & COX	TRAVELERS PPTY CAS CORP NEW SR NT DTD 03/11/2003 5 DUE 3-15-13/3-14-13 BEO	USA	350,000.00	352,198.00	337,575.70
DODGE & COX	UN PAC RR CO 2002-1 PASS THRU TR MTG PASSTHRU CTF 2002-1 6.061 1-17-23 BEO	USA	1,258,058.89	1,258,058.89	1,231,627.07
DODGE & COX	UN PAC RR CO PASS THRU TR CTF SER 1998-C6.33 01-02-2020 BEO SF 01-02-2009	USA	306,706.83	303,581.89	318,628.52
DODGE & COX	WACHOVIA BK NATL ASSN MEDIUM TERM SUB BKTRANCHE # SB 00008 6 DUE 11-15-2017	USA	475,000.00	471,214.25	351,832.50
DODGE & COX	WACHOVIA CORP GL MED TRM SR NTS TRANCHE # SR 00032 5.75 DUE 02-01-2018 BEO	USA	475,000.00	472,967.00	364,002.00
DODGE & COX	WACHOVIA CORP GLOBAL MEDIUM TERM SR NTS BOOK ENTRY FLT RT DUE 05-01-2013 BEO	USA	950,000.00	950,000.00	712,500.00
DODGE & COX	WACHOVIA CORP NEW SR NT FLT RT DUE 04-23-2012 BEO	USA	900,000.00	900,000.00	584,298.00
DODGE & COX	WELLPOINT INC NT 5% DUE 12-15-2014/05-06-2005 REG	USA	225,000.00	211,101.75	205,660.12
DODGE & COX	WELLPOINT INC NT 5.25% DUE 01-15-2016 BEO	USA	900,000.00	877,382.75	829,005.30
DODGE & COX	WELLS FARGO & CO NEW WELLS FARGO CO 5.625% DUE 12-11-2017 BEO	USA	450,000.00	448,128.00	413,569.35
DODGE & COX	WHIRLPOOL CORP SR NT 6.5% DUE 06-15-2016/06-19-2006 REG	USA	250,000.00	251,097.50	249,406.00
DODGE & COX	WYETH NT 5.5% DUE 02-15-2016/02-07-2006 REG	USA	400,000.00	400,372.00	390,394.40
DODGE & COX	WYETH WYE 5.50 02/01/2014 5.5% DUE 02-01-2014/12-16-2003 BEO	USA	675,000.00	676,586.25	669,107.25
DODGE & COX	XEROX CORP BDS 6.35% DUE 05-15-2018 BEO	USA	125,000.00	111,562.50	114,262.62
DODGE & COX	XEROX CORP NT 6.875% DUE 08-15-2011/08-14-2011 BEO	USA	150,000.00	155,584.50	151,138.50
DODGE & COX	XEROX CORP SER NT 6.75% DUE 02-01-2017/08-18-2006 BEO	USA	850,000.00	894,735.50	802,148.40
DODGE & COX	XEROX CORP SR NT 6.4% DUE 03-15-2016 REG	USA	775,000.00	789,000.75	721,748.20

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2008

Account name	Asset description	Country	Shares/Par value	Book value	Market value
MORGAN STANLEY	ACE INA HLDG INC GTD SR NT 5.6% DUE 05-15-2015 BEO	USA	50,000.00	49,823.50	47,312.75
MORGAN STANLEY	AMERN EXPRESS CR CORP MEDIUM TERM NTS TRANCHE # TR 00071 7.3 DUE 08-20-2013	USA	130,000.00	129,785.50	125,388.38
MORGAN STANLEY	AMGEN INC SR NT 5.85% DUE 06-01-2017 REG	USA	105,000.00	104,704.00	100,791.07
MORGAN STANLEY	APPALACHIAN PWR CO BD 5.65 DUE08-15-2012 BEO	USA	45,000.00	44,919.00	44,042.40
MORGAN STANLEY	ARCHER DANIELS MIDLAND CO NT 5.45% DUE 03-15-2018 BEO	USA	75,000.00	74,998.50	69,351.37
MORGAN STANLEY	AT&T CORP USD SR NT VAR RATE DUE 11-15-2031/11-14-2031 BEO	USA	80,000.00	93,776.80	81,020.00
MORGAN STANLEY	AT&T INC GLOBAL NT 6.3% DUE 01-15-2038 BEO	USA	170,000.00	169,160.20	140,794.00
MORGAN STANLEY	AZ PUB SVC CO 5.8 DUE 06-30-2014/06-29-2014 BEO	USA	135,000.00	135,830.10	124,876.75
MORGAN STANLEY	BANK AMER CORP BANK AMER 5.75% DUE 12-01-2017 BEO	USA	215,000.00	213,683.35	191,657.45
MORGAN STANLEY	BAXTER INTL INC C CRP BAX 5.375% DUE 06-01-2018 BEO	USA	30,000.00	29,912.10	28,679.61
MORGAN STANLEY	BAXTER INTL INC SR NT 4.625% DUE 03-15-2015/03-14-2015 BEO	USA	85,000.00	83,561.80	81,483.80
MORGAN STANLEY	BEAR STEARNS COS INC BEAR STEARNS CO 6.410 2 17 6.4% DUE 10-02-2017	USA	120,000.00	115,633.20	112,067.64
MORGAN STANLEY	BEAR STEARNS COS INC SR GLOBAL NT 7.25% DUE 02-01-2018 BEO	USA	90,000.00	89,753.40	86,613.75
MORGAN STANLEY	BIOGEN IDEC INC SR NT 6.875% DUE 03-01-2018/03-04-2008 REG	USA	100,000.00	99,184.00	98,600.20
MORGAN STANLEY	BK 1 CORP MEDIUM TERM SUB NTS BOOK ENTRYTRANCHE # SB 00001 6 DUE 02-17-2009	USA	275,000.00	248,482.02	273,145.95
MORGAN STANLEY	BK NY INC MEDIUM TERM SR NTS BOO TRANCHE# TR 00033 4.5 DUE 04-01-2013	USA	65,000.00	64,933.05	60,855.40
MORGAN STANLEY	BRISTOL MYERS SQUIBB CO 5.45% DUE 05-01-2018 BEO	USA	110,000.00	109,737.10	103,874.54
MORGAN STANLEY	CAROLINA PWR & LT CO 1ST MTG BD 5.125 DUE 09-15-2013/09-14-2013 REG	USA	125,000.00	125,231.60	124,828.75
MORGAN STANLEY	CATERPILLAR FINL SVCS CORP MEDIUM TERM NTRANCHE # TR 00817 4.9 DUE 08-15-2013	USA	35,000.00	34,956.95	33,140.48
MORGAN STANLEY	CENTERPOINT ENERGY RES CORP SR NT 7.875%DUE 04-01-2013 REG	USA	55,000.00	59,774.55	56,454.75
MORGAN STANLEY	CHUBB CORP SR NT 5.75% DUE 05-15-2018 BEO	USA	15,000.00	14,865.90	13,623.00
MORGAN STANLEY	CITICORP MEDIUM TERM SUB NTS- BOOK ENTRYTRANCHE # SB 00195 6.375 DUE 11-15-2008	USA	265,000.00	267,933.24	265,293.62
MORGAN STANLEY	CITIGROUP INC CITIGROUP INC 5.875 DUE 05-29-2037 BEO	USA	95,000.00	85,726.85	68,235.08
MORGAN STANLEY	CITIGROUP INC CITIGROUP INC NOTE 6.125% DUE 11-21-2017 BEO	USA	90,000.00	91,453.50	76,272.75
MORGAN STANLEY	CITIGROUP INC NTS 6.125% DUE 05-15-2018 BEO	USA	110,000.00	105,130.80	91,080.44
MORGAN STANLEY	COMCAST CORP NEW NT 5.7% DUE 05-15-2018 BEO	USA	230,000.00	219,528.15	200,754.81
MORGAN STANLEY	CONAGRA INC CONAGRA INC BONDS 7.000 OCT 01 2028 7 DUE 10-01-2028 BEO	USA	45,000.00	48,234.00	43,454.07
MORGAN STANLEY	CONAGRA INC NT 8.25 DUE 09-15-2030 BEO	USA	65,000.00	79,828.55	71,171.94
MORGAN STANLEY	CONOCOPHILLIPS GTD NT 5.2% DUE05-15-2018/05-08-2008 BEO	USA	105,000.00	105,185.35	97,975.29
MORGAN STANLEY	CONS NAT GAS CO SR NT SER C 6.25 DUE 11-01-2011 BEO	USA	50,000.00	52,449.34	50,446.50
MORGAN STANLEY	CONSUMERS ENERGY CO 1ST MTG BD SER H 4.8DUE 02-17-2009 REG	USA	100,000.00	101,262.35	99,977.00
MORGAN STANLEY	COOPER U S INC SR NT 5.25% DUE11-15-2012/04-19-2006 REG	USA	115,000.00	115,079.15	116,349.52
MORGAN STANLEY	CVS CAREMARK CORP SR NT 5.75% DUE 06-01-2017/05-31-2017 REG	USA	35,000.00	34,271.71	32,707.22
MORGAN STANLEY	DAIMLERCHRYSLER NORTH AMER HLDG CORP NT 8.5% DUE 01-18-2031 BEO	USA	70,000.00	83,566.00	70,333.83
MORGAN STANLEY	DDEERE JOHN CAP CORP MED TERM NTS-BOOK TRANCHE # TR 00356 5.75 10 SEP 2018	USA	85,000.00	84,699.95	79,052.69
MORGAN STANLEY	DELHAIZE AMER INC DEB DTD 10/15/2001 9 DUE 04-15-2031 BEO	USA	30,000.00	37,292.70	31,492.53
MORGAN STANLEY	DET EDISON CO 6.125 DUE 10-01-2010 BEO	USA	75,000.00	78,791.25	76,920.00
MORGAN STANLEY	DEVON FING CORP U L C DEB 7.875% DUE 09-30-2031/09-29-2031 BEO	USA	75,000.00	84,597.75	76,159.95
MORGAN STANLEY	DU PONT E I DE NEMOURS & CO DUPONT EI NEMOUR 6% DUE 07-15-2018 BEO	USA	65,000.00	65,360.10	63,448.19
MORGAN STANLEY	ENTERGY GULF STS INC 1ST MTG BD FLTG RATE DUE 12-01-2009/12-01-2007 REG	USA	75,000.00	74,621.50	74,315.70
MORGAN STANLEY	EQUITABLE RES INC SR NT 6.5% DUE 04-01-2018/03-18-2008 REG	USA	25,000.00	24,830.25	23,852.25
MORGAN STANLEY	FEDEX CORP NT 7.25 DUE 02-15-2011 BEO	USA	60,000.00	67,047.00	62,136.60
MORGAN STANLEY	GEN ELEC CAP CORP MED TERM NTS BO TRANCHE # TR 00811 5.625 DUE 05-01-2018	USA	365,000.00	344,320.92	308,525.74
MORGAN STANLEY	GENERAL ELEC CAP CORP MEDIUM TERM NTS BOOK ENTRY MTN 4.25% DUE 12-01-2010	USA	235,000.00	231,515.30	227,177.32
MORGAN STANLEY	GENERAL ELEC CO 5.25% DUE 12-06-2017 BEO	USA	130,000.00	130,560.30	113,754.16
MORGAN STANLEY	GENERAL MLS INC GENERAL MILLS INCYIELD TO MAT 5.299 5.25 DUE 08-15-2013 BEO	USA	50,000.00	49,914.20	49,614.75
MORGAN STANLEY	GOLDMAN SACHS GROUP INC BD 6.15% DUE 04-01-2018 BEO	USA	190,000.00	189,816.30	157,987.66
MORGAN STANLEY	GOLDMAN SACHS GROUP INC GSINC 6.75 10 0137 6.75 DUE 10-01-2037 BEO	USA	160,000.00	157,240.00	106,814.40
MORGAN STANLEY	HEWLETT PACKARD CO GLOBAL NT 5.5% DUE 03-01-2018 BEO	USA	40,000.00	39,514.40	37,535.40
MORGAN STANLEY	HOME DEPOT INC SR NT 5.4% DUE 03-01-2016REG	USA	90,000.00	83,509.80	76,528.62
MORGAN STANLEY	HOME DEPOT INC SR NT FLTG RATE VAR RT DUE 12-16-2009/06-16-2008	USA	185,000.00	184,686.70	174,052.81
MORGAN STANLEY	HONEYWELL INTL INC 5.3% DUE 03-01-2018 BEO	USA	75,000.00	75,020.45	70,593.67
MORGAN STANLEY	HOUSEHOLD FIN CORP NT 8% DUE 07-15-2010 BEO	USA	45,000.00	53,545.05	45,920.34
MORGAN STANLEY	HOUSEHOLD FIN CORP SR NT DTD 02/05/1999 5.875% DUE 02-01-2009 BEO	USA	85,000.00	91,721.15	84,126.96
MORGAN STANLEY	HSBC FIN CORP NT 6.75% DUE 05-15-2011 REG	USA	50,000.00	56,469.70	50,258.55
MORGAN STANLEY	HSEHD FIN CORP NT 6.375 DUE 10-15-2011 BEO	USA	160,000.00	169,114.70	158,319.84
MORGAN STANLEY	ICI WILMINGTON INC GTD NT 4.375% DUE 12-01-2008/11-30-2008 REG	USA	70,000.00	68,760.60	69,873.66
MORGAN STANLEY	JPMORGAN CHASE & CO FORMERLY J P MORGAN NT 4.75 DUE 05-01-2013 BEO	USA	50,000.00	49,841.50	46,531.90
MORGAN STANLEY	KINDER MORGAN ENERGY PARTNERS L P KMP 5.95 02/15/18 5.95% DUE 02-15-2018 BEO	USA	70,000.00	68,600.90	62,351.87
MORGAN STANLEY	KLA-TENCOR CORP 6.9% DUE 05-01-2018 REG	USA	80,000.00	79,420.80	74,384.00
MORGAN STANLEY	KRAFT FOODS INC 6.125% DUE 08-23-2018 BEO	USA	100,000.00	99,188.80	93,374.50
MORGAN STANLEY	KROGER CO C CRP KR 6.4 DUE 08-15-2017 BEO	USA	25,000.00	25,719.50	23,971.05
MORGAN STANLEY	KROGER CO SR NT 5% DUE 04-15-2013 BEO	USA	40,000.00	39,921.20	38,187.60

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2008

Account name	Asset description	Country	Shares/Par value	Book value	Market value
MORGAN STANLEY	MARATHON OIL CORP MARATHON OIL 6 DUE 10-01-2017 BEO	USA	70,000.00	71,983.80	62,881.07
MORGAN STANLEY	MARATHON OIL CORP SR NT 5.9% DUE 03-15-2018 BEO	USA	55,000.00	55,117.10	48,842.14
MORGAN STANLEY	MEDCO HEALTH SOLUTIONS INC NT 7.125% DUE03-15-2018/03-18-2008 REG	USA	75,000.00	74,217.00	75,997.72
MORGAN STANLEY	MERRILL LYNCH & CO INC MEDIUM TERM NTS BTRANCHE # TR 00677 6.875 DUE 04-25-2018	USA	285,000.00	273,577.20	252,153.75
MORGAN STANLEY	METLIFE INC SR DEB SECS SER A 6.817% DUE08-15-2018 REG	USA	85,000.00	85,328.85	80,427.34
MORGAN STANLEY	MONSANTO CO NEW MONSANTO CO NEW 5.125% DUE 04-15-2018/04-15-2008 BEO	USA	30,000.00	29,902.50	28,532.25
MORGAN STANLEY	NISOURCE FIN CORP GTD NT 6.8% DUE 01-15-2019 REG	USA	55,000.00	54,848.20	49,958.75
MORGAN STANLEY	NISOURCE FIN CORP NT DUE 11-23-2009/11-23-2007 REG	USA	85,000.00	85,058.80	82,829.69
MORGAN STANLEY	NYSE EURONEXT NT 4.8% DUE 06-28-2013 REG	USA	85,000.00	84,795.15	80,921.70
MORGAN STANLEY	OH PWR CO 6 DUE 06-01-2016 BEO	USA	115,000.00	114,681.45	109,728.40
MORGAN STANLEY	OHIO EDISON CO SR NT 6.4 DUE 07-15-2016/06-26-2006 REG	USA	60,000.00	61,618.20	57,083.64
MORGAN STANLEY	PARKER-HANNIFIN CORP MEDIUM TERM NTS BOOTRANCHE # TR 00008 5.5 DUE 05-15-2018	USA	55,000.00	55,444.95	54,864.75
MORGAN STANLEY	PECO ENERGY CO 1ST & REF MTG BD 5.35% DUE 03-01-2018/03-02-2008 BEO	USA	60,000.00	60,283.50	54,506.40
MORGAN STANLEY	PHILIP MORRIS INTL INC NT 5.65% DUE 05-16-2018 REG	USA	100,000.00	99,736.00	92,433.40
MORGAN STANLEY	PLAINS ALL AMERN PIPELINE L P / PAA FIN CORP SR NT 6.7% DUE 05-15-2036 BEO	USA	115,000.00	114,481.95	99,118.15
MORGAN STANLEY	PPL ENERGY SUPPLY LLC SR NT 6.3% DUE 07-15-2013 BEO	USA	60,000.00	59,975.40	58,366.20
MORGAN STANLEY	PROLOGIS NT 6.625% DUE 05-15-2018 BEO	USA	25,000.00	24,941.50	21,471.65
MORGAN STANLEY	PRUDENTIAL FINL INC MED TRM NTS BOOK TRANCHE # TR 00028 6.625 12-01-2037	USA	45,000.00	44,929.40	37,781.59
MORGAN STANLEY	PUB SVC CO OF CO PUB SVC CO COLORATION UNSOLICITED 6.5 DUE 08-01-2038 BEO	USA	60,000.00	61,678.00	56,988.60
MORGAN STANLEY	PVTPL AIG SUNAMERICA GLOBAL FING VI SR NT 144A 6.3 DUE 05-10-2011 BEO	USA	265,000.00	264,610.45	214,739.04
MORGAN STANLEY	PVTPL AMERN HONDA FIN CORP MEDIUM TERM NTS 3.85 DUE 11-06-2008 BEO	USA	110,000.00	109,910.90	109,807.39
MORGAN STANLEY	PVTPL BERKSHIRE HATHAWAY FIN CORP SR NT 144A 5.4% DUE 05-15-2018 BEO	USA	140,000.00	139,795.60	135,619.68
MORGAN STANLEY	PVTPL COX COMMUNICATIONS INC NEW COXENT 6 1/4 06/01/18 14 6.25 DUE 06-01-2018	USA	85,000.00	83,028.85	78,991.18
MORGAN STANLEY	PVTPL CVS CAREMARK CORP PASSTHRU CTF 144A 6.036 DUE 12-10-2028/12-01-2006 BEO	USA	143,979.99	142,668.55	129,229.24
MORGAN STANLEY	PVTPL DELL INC NT 144A 5.65% DUE 04-15-2018 BEO	USA	60,000.00	59,589.60	55,096.74
MORGAN STANLEY	PVTPL FARMERS INS EXCHANGE 8.625 SURP NT144A DUE 05-01-2024 REG	USA	395,000.00	467,917.00	377,031.05
MORGAN STANLEY	PVTPL HANCOCK JOHN GLOBAL FDG II BOOK ENTRY 144A 7.9 DUE 07-02-2010 BEO	USA	180,000.00	212,781.60	192,252.60
MORGAN STANLEY	QUESTAR MKT RES INC NT 6.8% DUE 04-01-2018/03-31-2018 REG	USA	85,000.00	84,948.15	85,705.33
MORGAN STANLEY	SBC COMMUNICATIONS INC NT 6.15% DUE 09-15-2034/09-14-2034 BEO	USA	85,000.00	82,755.15	70,886.60
MORGAN STANLEY	SOVEREIGN BANCORP INC SR NT FLTG VAR RT DUE 03-23-2010	USA	240,000.00	240,000.00	170,343.84
MORGAN STANLEY	STARWOOD HOTELS & RESORTS WORLDWIDE INC SR NT 6.75% DUE 05-15-2018 BEO	USA	60,000.00	59,782.20	53,639.64
MORGAN STANLEY	TEXTRON FINL CORP MEDIUM TERM NTS BOOK ENTRY MTN 5.125% DUE 02-03-2011	USA	115,000.00	114,816.65	115,165.48
MORGAN STANLEY	TIME WARNER CABLE INC NT 6.75% DUE 07-01-2018 REG	USA	85,000.00	85,856.80	79,384.05
MORGAN STANLEY	TIME WARNER INC NEW NT 5.875% DUE 11-15-2016 BEO	USA	125,000.00	118,308.70	109,860.00
MORGAN STANLEY	TRAVELERS COS INC TRAVELERS COMPANIES INC 5.800 5.8% DUE 05-15-2018 BEO	USA	50,000.00	50,080.20	45,826.45
MORGAN STANLEY	TRICON GLOBAL RESTAURANTS INC 8.875 DUE 04-15-2011 BEO	USA	100,000.00	111,709.30	107,747.30
MORGAN STANLEY	TX EASTN TRANSM CORP SR NT 2032 7 DUE 07-15-2032/07-14-2032 BEO	USA	65,000.00	74,374.95	63,160.69
MORGAN STANLEY	UNION ELEC CO AEE 6.7 02/01/19 6.7% DUE 02-01-2019 BEO	USA	85,000.00	84,764.45	82,078.63
MORGAN STANLEY	VALERO ENERGY CORP NEW VLO 3.5000 01/04/09 3.5 DUE 04-01-2009 BEO	USA	90,000.00	86,778.00	89,331.03
MORGAN STANLEY	VERIZON COMMUNICATIONS INC NT 5.5% DUE 02-15-2018/02-12-2008 BEO	USA	115,000.00	114,763.50	101,655.40
MORGAN STANLEY	VERIZON NEW ENG INC BD 6.5 DUE09-15-2011 BEO	USA	100,000.00	104,981.73	99,137.00
MORGAN STANLEY	VIACOM INC SR NT 6.875% DUE 04-30-2036/10-18-2006	USA	130,000.00	127,664.20	104,218.40
MORGAN STANLEY	WACHOVIA CAP TR III FIXED-FLTG RATE NORMAL WACHOVIA 5.8% DUE 03-15-2042 REG	USA	295,000.00	291,760.13	123,900.00
MORGAN STANLEY	WACHOVIA CORP GLOBAL MEDIUM TERM SR NTS 5.5 DUE 05-01-2013 BEO	USA	55,000.00	54,875.70	45,502.76
MORGAN STANLEY	WALGREEN CO NT 4.875% DUE 08-01-2013 BEO	USA	55,000.00	55,074.25	54,983.00
MORGAN STANLEY	WELLPOINT INC NT 4.25% DUE 12-15-2009 REG	USA	50,000.00	49,897.00	49,015.55
MORGAN STANLEY	WELLS FARGO & CO NEW WELLS FARGO CO 5.625% DUE 12-11-2017 BEO	USA	170,000.00	169,292.80	156,237.31
MORGAN STANLEY	WYETH NT 5.45% DUE 04-01-2017/03-31-2017REG	USA	50,000.00	50,743.00	48,319.25
MORGAN STANLEY	WYETH NT 5.5% DUE 02-15-2016/02-07-2006 REG	USA	20,000.00	20,353.00	19,519.72
MORGAN STANLEY	XEROX CORP BDS 6.35% DUE 05-15-2018 BEO	USA	80,000.00	79,720.10	73,128.08
MORGAN STANLEY	XTO ENERGY INC SR NT 6.5% DUE 12-15-2018BEO	USA	100,000.00	99,943.00	94,787.04

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Account name	Asset description	Country	Shares/Par value	Book value	Market value
MUNDER	ABBOTT LABS NT 5.875% DUE 05-15-2016 BEO	USA	500,000.00	518,270.00	498,794.00
MUNDER	ALLIED CAP CORP NEW SR NT 6.625% DUE 07-15-2011/07-14-2011 REG	USA	780,000.00	797,660.25	759,532.80
MUNDER	AMERENENERGY GENERATING CO SR NT SER F 7.95% DUE 06-01-2032 BEO	USA	700,000.00	870,135.00	634,795.00
MUNDER	ARCHER DANIELS MIDLAND CO NT DTD 02/08/2001 7 DUE 02-01-2031 BEO	USA	620,000.00	766,834.60	597,593.82
MUNDER	AT&T INC GLOBAL NT 6.3% DUE 01-15-2038 BEO	USA	500,000.00	497,795.00	414,100.00
MUNDER	BANKAMERICA CORP DISC COML PAPER 3/A3 YRS 1&2 11-03-2008	USA	1,000,000.00	993,423.89	997,468.88
MUNDER	CLEVELAND ELEC ILLUM CO SR NT 5.7% DUE 04-01-2017 REG	USA	600,000.00	599,046.00	537,385.20
MUNDER	COCA COLA ENTERPRISES 8.50 NT DUE 2-1-2022 REG	USA	535,000.00	652,507.40	616,360.66
MUNDER	CONOCO INC NT DTD 04/20/1999 6.95% DUE 04-15-2029 BEO	USA	360,000.00	408,110.40	361,947.60
MUNDER	DOMINION RES INC VA NEW DOMINION RES INCVA NEW 6.000 6% DUE 11-30-2017 BEO	USA	750,000.00	756,397.50	710,730.00
MUNDER	GEN ELEC CAP CORP 8.30 BD DUE 9-20-09 REG	USA	900,000.00	919,116.00	921,321.00
MUNDER	INDEPENDENCE CMNTY BK CORP VAR RT DUE 04-01-2014 BEO	USA	400,000.00	398,980.00	222,112.00
MUNDER	MERRILL LYNCH & CO INC MEDIUM TERM NTS BTRANCHE # TR 00677 6.875 DUE 04-25-2018	USA	1,100,000.00	1,056,988.49	973,225.00
MUNDER	MORGAN STANLEY MTN 6% DUE 04-28-2015	USA	700,000.00	697,634.00	476,158.90
MUNDER	PEMEX FIN LTD NT 9.69 DUE 08-15-2009 BEO	Cayman Is.	100,000.00	118,500.00	104,677.00
MUNDER	PNC FDG CORP NT 5.625 DUE 02-01-2017 BEO	USA	1,000,000.00	957,258.20	885,860.00
MUNDER	POPULAR N AMER INC MEDIUM TERM NTS B TRANCHE # TR 00010 3.875 DUE 10-01-08	USA	700,000.00	688,884.00	700,000.00
MUNDER	POTASH CORP SASK INC NT 7.75 DUE 05-31-2011 BEO	Canada	500,000.00	537,745.00	523,945.00
MUNDER	PROCTER & GAMBLE PFT SHG TR & EMP STR OWN PLAN 9.36 DUE 01-01-2021 REG PUT SF	USA	915,240.00	1,069,827.82	1,631,153.15
MUNDER	PROTECTIVE LIFE SECD TRS SECD MEDIUM TERTRANCHE # TR 00001 3.7 DUE 11-24-2008	USA	1,250,000.00	1,236,443.50	1,746,772.15
MUNDER	RBS CAP TR I TR PFD SECS STEP UP 12-29-2049 12-30-2013	USA	1,000,000.00	950,460.00	822,040.00
MUNDER	REVE SPC 2008-MB1 CR LKD SR NT CL A 144ADUE 08-20-2013 BEO	Cayman Is.	500,000.00	500,000.00	540,000.00
MUNDER	SIMON PPTY GROUP L P NT 5.75 DUE 05-01-2012/05-15-2006 REG	USA	700,000.00	705,705.00	680,141.70
MUNDER	SOVEREIGN BK FSB WYOMISSING PA SUB FXD/FLTG RATE NT DUE 08-01-2013 BEO	USA	400,000.00	405,024.00	302,440.00
MUNDER	UBS PFD FDG TR I GTD TR PFD SECS DUE 10-29-2049/10-01-2010 BEO	USA	750,000.00	922,065.00	724,912.50
MUNDER	WELLS FARGO & CO NEW WELLS FARGO CO 5.625% DUE 12-11-2017 BEO	USA	1,065,000.00	1,002,271.50	978,780.29
MUNDER	WORLD SVGS BK FSB WORLD SAVINGS 4.5% DUE06-15-2009 BEO	USA	750,000.00	742,687.50	738,355.10
	TOTAL CORPORATE BONDS		**90,779,226.63**	**92,654,039.11**	**84,309,503.55**
	CORPORATE BOND FUNDS				
BARROW HANLEY HI-YLD FD	BHMS HI YIELD FXD INC FD	USA	492,666.22	5,000,000.00	4,570,809.38
SSGA FUND	SSGA PASSIVE BD MKT INDEX FD	USA	3,956,431.35	65,216,351.87	80,972,324.00
	TOTAL CORPORATE BOND FUNDS		**4,449,097.57**	**70,216,351.87**	**85,543,133.38**
	TOTAL CORPORATE BONDS		**152,218,860.00**	**195,283,465.44**	**197,919,208.48**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2008

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	U.S. GOVERNMENT AGENCIES				
BARROW HANLEY BOND	FEDERAL HOME LN BKS 5.25% DUE 11-03-2009	USA	410,000.00	409,918.00	410,770.80
BARROW HANLEY BOND	FHLMC DTD 02/24/2006 5.25 02-24-2011/02-24-2009	USA	2,065,000.00	2,056,017.25	2,081,301.11
BARROW HANLEY BOND	FHLMC TRANCHE # TR 00706 5.4 03-17-2021/03-17-2016	USA	1,570,000.00	1,557,675.50	1,600,206.80
BARROW HANLEY BOND	FNMA PREASSIGN 00310 5.125 01-02-2014	USA	410,000.00	406,638.00	408,290.30
DODGE & COX	FNMA 6 DUE 05-15-2011 REG	USA	250,000.00	256,875.00	266,887.00
DODGE & COX	NEW VY GENERATION V 2003-2 PASSTHRU CTF 4.92899990082% DUE 01-15-2021 BEO	USA	580,957.40	580,957.40	584,373.43
DODGE & COX	SBA GTD DEV PARTN CTF SER 2003-20-D PARTN CTF 4.76 DUE 04-01-23 REG	USA	642,718.73	642,718.73	626,449.59
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF 2007-20C PARTN CTF VAR RT 3-1-27 REG	USA	701,750.91	701,750.91	688,593.08
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF DEB SER 1997-20 C 7.15	USA	149,758.87	158,621.63	154,438.83
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF DEB SER 1999-20 F 6.8 DUE 06-01-2019 REG	USA	445,167.68	459,705.20	459,079.17
MORGAN STANLEY	FHLB 5 11-17-2017	USA	2,050,000.00	2,172,344.70	2,066,129.40
MORGAN STANLEY	FHLMC MTN 6.25 07-15-2032	USA	2,825,000.00	3,039,937.30	3,289,240.72
MORGAN STANLEY	FNMA 6.625 11-15-2030	USA	800,000.00	951,752.04	965,455.20
MORGAN STANLEY	FNMA SEMI ANNUAL 5.375 06-12-2017	USA	1,800,000.00	1,835,700.70	1,887,247.80
MUNDER	FFCB DTD 09/01/2000 7 09-01-2015	USA	1,250,000.00	1,334,717.50	1,437,500.00
MUNDER	FHLB 5.5 08-13-2014	USA	750,000.00	815,063.25	789,719.25
MUNDER	FHLMC CONS BD 7.5 05-15-2020	USA	1,150,000.00	1,202,273.00	1,406,956.00
MUNDER	FHLMC TRANCHE # TR 00029 5.3 05-12-2020/05-12-2010	USA	1,000,000.00	987,230.00	983,143.00
MUNDER	FHLMC TRANCHE # TR 00116 4.75 12-08-2010/12-08-2005	USA	250,000.00	250,468.75	257,500.00
MUNDER	FNMA FANNIE MAE 5 05-11-2017	USA	2,000,000.00	2,006,868.95	2,045,868.00
MUNDER	FNMA PREASSIGN 00432 2.875 10-12-2010	USA	500,000.00	498,150.50	497,713.00
MUNDER	FNMA SEMI ANNUAL 5.375 06-12-2017	USA	750,000.00	789,183.75	786,353.25
	TOTAL U.S. GOVERNMENT AGENCIES		**22,350,353.59**	**23,114,568.06**	**23,593,215.73**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2008

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	OTHER CASH & EQUIVALENTS				
MAIN ACCOUNT	SECURITIES LENDING CORE USA CASH COLLATERAL	USA		186,812,875.22	187,540,846.03
	TOTAL OTHER CASH & EQUIVALENTS			**186,812,875.22**	**187,540,846.03**
	U.S.GOVERNMENT BONDS				
BARROW HANLEY BOND	USA TREAS BDS 00203 5% DUE 05-15-2037 REG	USA	2,475,000.00	2,702,998.80	2,753,244.45
BARROW HANLEY BOND	USA TREAS NTS 4% NTS 15/08/18 USD1000 4% DUE 08-15-2018 REG	USA	1,730,000.00	1,743,042.57	1,754,598.87
BARROW HANLEY BOND	US TREAS NTS 3.125 NTS 31/08/2013 USD1000 3.125 DUE 08-31-2013 REG	USA	910,000.00	922,860.95	916,966.96
BARROW HANLEY BOND	US TSY 4.75 15MAY14	USA	2,290,000.00	2,315,720.67	2,501,110.52
DODGE & COX	USA TREAS NTS DTD 01-15-2004 3.25% DUE 01-15-2009 REG	USA	4,000,000.00	4,033,345.39	4,027,500.00
MORGAN STANLEY	USA TREAS BDS DTD 02/15/2006 4.5% DUE 02-15-2036 REG	USA	450,000.00	482,556.49	461,882.70
MORGAN STANLEY	USA TREAS BDS DTD 08/15/1993 6.25% DUE 08-15-2023 REG	USA	500,000.00	614,689.50	600,351.50
MORGAN STANLEY	USA TREAS BILLS 01-08-2009 DTD00418	USA	2,500,000.00	2,489,900.00	2,493,035.00
MORGAN STANLEY	USA TREAS NTS DTD 00137 4.625%DUE 08-31-2011 REG	USA	3,350,000.00	3,384,398.44	3,573,508.65
MORGAN STANLEY	USA TREAS NTS DTD 00154 4.625%DUE 02-29-2012 REG	USA	4,650,000.00	4,952,660.89	4,963,149.60
MORGAN STANLEY	USA TREAS NTS T-NT 5.125% DUE 06-30-2011 REG	USA	1,950,000.00	2,062,236.33	2,104,018.80
MORGAN STANLEY	US TREAS NTS 5.75 DUE 08-15-2010 REG	USA	1,500,000.00	1,631,909.51	1,606,407.00
MORGAN STANLEY	US TSY 4.50 15FEB16	USA	1,100,000.00	1,184,781.74	1,172,531.80
MORGAN STANLEY	US TSY 4.75 15MAY14	USA	7,745,000.00	7,876,247.05	8,458,996.06
MUNDER	USA TREAS BDS 00203 5% DUE 05-15-2037 REG	USA	1,000,000.00	1,098,363.38	1,112,422.00
MUNDER	USA TREAS BDS 5.500 DUE 08-15-2028 REG	USA	750,000.00	838,945.31	854,238.00
MUNDER	USA TREAS BDS 8% 11/15/2021 USD1000 8% DUE 11-15-2021/04-29-1999 REG	USA	465,000.00	618,858.69	636,250.66
MUNDER	USA TREAS BDS DTD 02/15/2000 6.25% DUE 05-15-2030 REG	USA	500,000.00	580,574.96	627,969.00
MUNDER	USA TREAS BDS DTD 11/15/1996 6.5 15 NOV 2026	USA	1,550,000.00	1,900,480.47	1,946,097.85
MUNDER	US TREAS BD STRIPPED PRIN PMT STRIP 15/2/2019 USD 02-15-2019 REG	USA	1,800,000.00	922,350.60	1,148,760.00
	TOTAL U.S.GOVERNMENT BONDS		**41,215,000.00**	**42,356,921.74**	**43,713,039.42**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2008

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	U.S. GOVERNMENT MORTGAGE BACKED				
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #A5-1589 6% 08-01-2036 BEO	USA	604,018.93	604,207.69	612,022.18
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #A6-9859 6% 12-01-2037 BEO	USA	509,712.96	518,394.01	516,466.65
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #A7-3703 5% 03-01-2038 BEO	USA	2,549,607.72	2,526,900.28	2,485,179.13
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #A7-7465 6.5% 05-01-2038 BEO	USA	769,701.06	818,451.11	810,636.03
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #E9-7381 5.5% 06-01-2018 BEO	USA	237,047.94	246,529.86	240,940.26
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #G0-2418 5.5% 11-01-2036 BEO	USA	720,275.81	692,702.72	717,135.40
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #G0-2581 5% 09-01-2035 BEO	USA	812,955.15	805,841.79	793,167.82
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #G0-3111 5.5% 05-01-2037 BEO	USA	942,890.41	906,206.02	938,779.40
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #G0-4185 6% 03-01-2038 BEO	USA	1,046,069.91	1,048,521.63	1,059,930.33
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #G1-3122 5% 04-01-2023 BEO	USA	901,030.71	894,836.13	893,975.64
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #G1-8101 5.5% 02-01-2021 BEO	USA	81,177.01	80,951.40	81,824.80
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #G1-8181 5% 05-01-2022 BEO	USA	122,005.22	119,279.17	121,062.12
BARROW HANLEY BOND	FHLMC GOLD A6-6107 6 09-01-2037	USA	684,427.69	702,500.83	693,496.35
BARROW HANLEY BOND	FHLMC GOLD C00647 6.5 09-01-2028	USA	205,676.48	212,810.90	213,056.35
BARROW HANLEY BOND	FHLMC GOLD C26472 6.5 05-01-2029	USA	29,667.70	29,129.99	30,713.78
BARROW HANLEY BOND	FHLMC GOLD E90777 5.5 08-01-2017	USA	112,814.61	116,445.82	114,667.02
BARROW HANLEY BOND	FHLMC GOLD G1-8190 5.5 06-01-2022	USA	251,568.79	247,500.48	253,442.97
BARROW HANLEY BOND	FHLMC GOLD G11295 5.5 09-01-2017	USA	240,821.30	246,691.33	244,775.58
BARROW HANLEY BOND	FHLMC GOLD GROUP C00835 6.5 07-01-2029	USA	63,759.42	59,744.60	66,007.32
BARROW HANLEY BOND	FHLMC GOLD H0-0987 5.5 06-01-2037	USA	902,760.21	868,765.65	888,568.81
BARROW HANLEY BOND	FHLMC MULTICLASS SER 3329 CL WK 6 12-15-2031	USA	800,000.00	803,125.00	819,895.20
BARROW HANLEY BOND	FNMA POOL #190391 6% 09-01-2038 BEO	USA	1,294,999.55	1,307,949.55	1,312,961.19
BARROW HANLEY BOND	FNMA POOL #252211 6% DUE 01-01-2029	USA	306,540.39	317,796.20	313,091.15
BARROW HANLEY BOND	FNMA POOL #256101 5.5% 02-01-2036 BEO	USA	251,146.32	246,201.87	250,797.22
BARROW HANLEY BOND	FNMA POOL #256480 5.5% 11-01-2021 BEO	USA	660,793.79	657,489.60	667,097.76
BARROW HANLEY BOND	FNMA POOL #745355 5% 03-01-2036 BEO	USA	871,631.13	842,622.11	850,690.19
BARROW HANLEY BOND	FNMA POOL #745825 6.5% 09-01-2036 BEO	USA	1,673,812.15	1,726,380.32	1,719,523.96
BARROW HANLEY BOND	FNMA POOL #747844 5.5% DUE 12-01-2018 REG	USA	153,727.03	160,116.33	156,202.03
BARROW HANLEY BOND	FNMA POOL #849299 5.5% 01-01-2036 BEO	USA	712,872.68	698,503.86	711,881.78
BARROW HANLEY BOND	FNMA POOL #866593 5.5% 01-01-2036 BEO	USA	1,578,457.01	1,548,860.96	1,576,262.95
BARROW HANLEY BOND	FNMA POOL #886030 5.5% 12-01-2036 BEO	USA	890,383.99	858,246.69	888,727.87
BARROW HANLEY BOND	FNMA POOL #888236 5.5% 11-01-2036 BEO	USA	1,875,964.08	1,846,321.59	1,872,474.78
BARROW HANLEY BOND	FNMA POOL #898307 6% DUE 11-01-2036 REG	USA	672,535.60	688,508.33	681,971.27
BARROW HANLEY BOND	FNMA POOL #899829 6% 08-01-2037 BEO	USA	862,748.57	866,253.48	874,801.16
BARROW HANLEY BOND	FNMA POOL #902784 6% DUE 12-01-2036 REG	USA	2,023,898.35	2,050,145.77	2,052,293.64
BARROW HANLEY BOND	FNMA POOL #948590 6.5% DUE 08-01-2037 REG	USA	1,501,565.06	1,529,954.01	1,541,311.48
BARROW HANLEY BOND	FNMA POOL #953868 6% 11-01-2037 BEO	USA	28,259.15	29,053.93	28,653.93
BARROW HANLEY BOND	FNMA POOL #956894 6.5% 11-01-2037 BEO	USA	191,028.52	197,693.61	196,085.04
BARROW HANLEY BOND	FNMA POOL #965873 5.5% DUE 11-01-2036 REG	USA	1,749,472.47	1,754,392.87	1,746,217.05
BARROW HANLEY BOND	FNMA POOL #975097 5% 06-01-2038 BEO	USA	1,295,001.04	1,244,010.38	1,262,677.81
BARROW HANLEY BOND	FNMA SINGLE FAMILY MTG 5 30 YEARS SETTLES OCT	USA	5,295,000.00	5,209,696.88	5,159,315.62
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #1G-0558 4.941% 06-01-2035 BEO	USA	1,180,913.83	1,167,905.36	1,182,791.48
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #1G-0959 5.73% 05-01-2036 BEO	USA	864,998.98	863,106.79	883,225.37
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #1N-1433 5.241% 02-01-2037 BEO	USA	1,185,891.60	1,182,926.88	1,203,900.55
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #1Q-0080 4.851% 01-01-2036 BEO	USA	1,469,083.33	1,440,849.40	1,476,129.05
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #78-3015 4.768% 02-01-2035 BEO	USA	792,964.60	782,680.83	791,339.02
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #E9-0593 6% 07-01-2017 BEO	USA	407,669.44	424,039.95	415,203.17
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G0-1976 6% 12-01-2033 BEO	USA	1,896,131.36	1,918,055.40	1,928,365.59
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G01767 6.5% 12-01-2032 BEO	USA	624,626.45	637,558.64	646,062.38
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G1-1184 5.5% 09-01-2016 BEO	USA	779,071.16	800,373.92	792,590.38
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G1-1707 6% DUE 03-01-2020 REG	USA	1,232,126.70	1,249,453.47	1,254,896.40
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G11185 5.5% 10-01-2016 BEO	USA	484,638.44	501,903.70	493,046.91
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G11623 6%03-01-2019 BEO	USA	367,690.18	386,247.08	374,474.06
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G30242 6.5% 10-01-2022 BEO	USA	491,361.87	514,778.35	508,823.39
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #H0-9069 6.5% 09-01-2037 BEO	USA	1,039,274.10	1,054,376.07	1,060,377.60
DODGE & COX	FHLMC GOLD C00647 6.5 09-01-2028	USA	638,647.66	654,913.21	661,562.97
DODGE & COX	FHLMC GOLD E0-2359 6 07-01-2022	USA	987,394.97	992,640.50	1,005,553.16
DODGE & COX	FHLMC GOLD G11204 6 02-01-2015	USA	131,735.47	132,476.50	134,155.45
DODGE & COX	FHLMC MULTICLASS PREASSIGN 00890 6.5 09-25-2043	USA	758,666.75	794,201.49	774,119.97
DODGE & COX	FHLMC MULTICLASS SER 2541 CL MD 6 03-15-2032	USA	660,132.12	667,532.84	678,657.40
DODGE & COX	FHLMC MULTICLASS SER 3389 CL GA 6 12-15-2035	USA	2,243,403.11	2,265,837.15	2,279,883.08
DODGE & COX	FNMA 08-25-2047	USA	1,341,156.13	1,354,020.66	1,358,349.75
DODGE & COX	FNMA POOL #252062 6.5% DUE 10-01-2013 REG	USA	291,711.35	301,146.41	302,889.72
DODGE & COX	FNMA POOL #252640 6.5% DUE 08-01-2014 REG	USA	127,871.58	132,457.01	132,831.33
DODGE & COX	FNMA POOL #256851 7% 07-01-2037 BEO	USA	1,119,007.29	1,172,597.25	1,170,487.22
DODGE & COX	FNMA POOL #256901 6.5% 09-01-2037 BEO	USA	771,975.44	778,247.74	787,546.18
DODGE & COX	FNMA POOL #257007 6% DUE 12-01-2027 REG	USA	971,899.90	999,538.31	987,884.73
DODGE & COX	FNMA POOL #323491 6.032% DUE 01-01-2009 REG	USA	739,869.04	754,896.68	737,479.26
DODGE & COX	FNMA POOL #323623 6% DUE 03-01-2014 REG	USA	161,312.13	165,975.08	165,119.58
DODGE & COX	FNMA POOL #323818 6.5% DUE 07-01-2014 REG	USA	259,850.19	269,168.28	269,807.13
DODGE & COX	FNMA POOL #433301 6.5% DUE 07-01-2013 REG	USA	173,213.38	178,572.18	179,850.91
DODGE & COX	FNMA POOL #460481 6.28% 08-01-2011 BEO	USA	375,000.00	392,285.16	385,888.87
DODGE & COX	FNMA POOL #512154 6% DUE 07-01-2014 REG	USA	380,383.64	356,371.93	389,360.69
DODGE & COX	FNMA POOL #535574 7.5% 11-01-2013 BEO	USA	211,074.29	224,693.07	218,951.58
DODGE & COX	FNMA POOL #545269 5.979% DUE 11-01-2011 REG	USA	357,853.93	374,852.00	366,409.86
DODGE & COX	FNMA POOL #545387 5.896% 01-01-2012 BEO	USA	108,256.29	117,969.76	110,749.97
DODGE & COX	FNMA POOL #545898 5.5% DUE 09-01-2017 REG	USA	877,439.18	893,691.17	893,213.78
DODGE & COX	FNMA POOL #545961 5.5% DUE 02-01-2014 REG	USA	225,289.30	233,315.25	229,480.35
DODGE & COX	FNMA POOL #555285 6% 03-01-2033 BEO	USA	400,766.40	402,144.04	408,079.58
DODGE & COX	FNMA POOL #555382 5.5% 08-01-2015 BEO	USA	554,733.68	580,623.52	565,053.39
DODGE & COX	FNMA POOL #725135 6% 05-01-2018 BEO	USA	361,243.59	379,362.25	369,770.02
DODGE & COX	FNMA POOL #725162 6% 02-01-2034 BEO	USA	1,216,744.12	1,225,302.83	1,238,186.80
DODGE & COX	FNMA POOL #725194 6% 12-01-2018 BEO	USA	216,052.45	227,091.39	221,151.93
DODGE & COX	FNMA POOL #725416 6% 01-01-2019 BEO	USA	843,022.80	887,608.40	862,918.13
DODGE & COX	FNMA POOL #725423 5.5% DUE 05-01-2034 REG	USA	1,859,332.50	1,802,535.68	1,859,648.58
DODGE & COX	FNMA POOL #725510 6.5% 07-01-2017 BEO	USA	350,889.90	369,914.73	364,335.29
DODGE & COX	FNMA POOL #735067 6% 01-01-2019 BEO	USA	1,444,459.02	1,515,327.80	1,478,552.58
DODGE & COX	FNMA POOL #735417 6.5% 03-01-2035 BEO	USA	972,221.86	999,945.39	1,004,546.29
DODGE & COX	FNMA POOL #745329 6% DUE 07-01-2035 BEO	USA	862,198.97	871,225.13	877,932.37
DODGE & COX	FNMA POOL #773521 4.196% 09-01-2034 BEO	USA	156,449.57	151,792.75	158,140.79
DODGE & COX	FNMA POOL #841773 4.786% 09-01-2035 BEO	USA	1,867,041.98	1,842,556.99	1,871,186.81
DODGE & COX	FNMA POOL #888381 5.507% 04-01-2017 BEO	USA	297,169.33	303,414.52	297,342.28
DODGE & COX	FNMA POOL #888560 6 11-01-2035 BEO	USA	653,502.68	648,295.08	665,019.35
DODGE & COX	FNMA POOL #888673 6% 04-01-2035 BEO	USA	770,058.42	767,892.65	784,591.73
DODGE & COX	FNMA POOL #888956 6% 03-01-2036 BEO	USA	1,201,371.19	1,223,990.76	1,225,546.38
DODGE & COX	FNMA POOL #889324 6.5% 03-01-2038 BEO	USA	2,558,330.27	2,633,081.49	2,609,939.46
DODGE & COX	FNMA PREASSIGN 00276 7 03-25-2035	USA	684,256.23	701,576.57	708,480.95
DODGE & COX	FNMA REMIC SER 2003-W2 CL 1-A1 6.5 07-25-2032	USA	320,244.76	339,034.11	336,615.03
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF SER 2006-20A CL 1 5.21 DUE 1-1-26 REG	USA	578,699.44	578,699.44	566,222.68

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2008

Account name	Asset description	Country	Shares/Par value	Book value	Market value
MORGAN STANLEY	FEDERAL HOME LN MTG CORP POOL #A8-0885 6% 08-01-2038 BEO	USA	1,995,023.86	1,996,582.47	2,021,457.92
MORGAN STANLEY	FHLMC DISC NT 10-20-2008	USA	1,000,000.00	998,277.78	999,700.00
MORGAN STANLEY	FHLMC GOLD C52115 7.5 05-01-2031	USA	28,388.92	29,253.89	30,716.52
MORGAN STANLEY	FHLMC GOLD C55607 6.5 08-01-2031	USA	2,268.10	2,285.39	2,345.94
MORGAN STANLEY	FHLMC GOLD C56693 6.5 08-01-2031	USA	79,691.77	80,298.81	82,426.79
MORGAN STANLEY	FHLMC GOLD G0-3323 6 08-01-2037	USA	399,999.62	404,124.61	405,299.61
MORGAN STANLEY	FHLMC GOLD G01433 6.5 07-01-2032	USA	758,692.63	789,277.50	784,017.79
MORGAN STANLEY	FHLMC GOLD POOL C24908 6.5 04-01-2029	USA	82,653.29	85,985.25	85,618.89
MORGAN STANLEY	FHLMC POOL #1B-7323 ADJ RT 01-01-2037	USA	444,335.02	448,014.67	450,786.32
MORGAN STANLEY	FHLMC POOL #1N-1434 ADJ RT 04-01-2037	USA	309,797.34	312,980.02	315,237.69
MORGAN STANLEY	FNMA POOL #252982 8% DUE 01-01-2030 REG	USA	8,733.42	9,044.54	9,505.62
MORGAN STANLEY	FNMA POOL #253517 8.5% DUE 11-01-2030 REG	USA	6,683.17	6,923.35	7,363.78
MORGAN STANLEY	FNMA POOL #330286 7 GTD MTG PASS THRU CTF DUE 11-01-2025 REG	USA	8,767.47	9,224.36	9,261.51
MORGAN STANLEY	FNMA POOL #446371 6.5% 09-01-2028 BEO	USA	10,667.53	11,200.07	11,048.89
MORGAN STANLEY	FNMA POOL #450809 6.5% DUE 11-01-2028 REG	USA	20,468.46	21,490.29	21,200.20
MORGAN STANLEY	FNMA POOL #510618 7% DUE 08-01-2029 REG	USA	61,441.04	64,666.69	64,612.01
MORGAN STANLEY	FNMA POOL #527756 8% DUE 02-01-2030 REG	USA	15,080.09	15,876.51	16,336.56
MORGAN STANLEY	FNMA POOL #528319 7% DUE 07-01-2015 REG	USA	22,882.78	23,984.04	24,124.40
MORGAN STANLEY	FNMA POOL #531119 7% DUE 02-01-2015 REG	USA	50,603.71	53,039.02	53,380.84
MORGAN STANLEY	FNMA POOL #535801 7% DUE 03-01-2016 REG	USA	8,820.02	9,244.48	9,298.59
MORGAN STANLEY	FNMA POOL #535951 8% DUE 03-01-2031 REG	USA	9,318.50	9,749.47	10,142.44
MORGAN STANLEY	FNMA POOL #544397 8.5% DUE 08-01-2030 REG	USA	6,085.14	6,303.82	6,704.85
MORGAN STANLEY	FNMA POOL #545369 7% DUE 09-01-2016 REG	USA	74,005.02	77,566.52	78,020.53
MORGAN STANLEY	FNMA POOL #546560 8.5% DUE 07-01-2030 REG	USA	23,251.81	24,087.41	25,619.77
MORGAN STANLEY	FNMA POOL #548965 8.5% DUE 07-01-2030 REG	USA	17,913.36	18,557.13	19,737.65
MORGAN STANLEY	FNMA POOL #557184 8% DUE 11-01-2030 REG	USA	13,263.03	13,905.46	14,368.10
MORGAN STANLEY	FNMA POOL #561232 8% DUE 05-01-2031 REG	USA	29,361.75	30,719.74	31,787.91
MORGAN STANLEY	FNMA POOL #562055 8.5% DUE 12-01-2030 REG	USA	11,553.38	11,968.57	12,729.97
MORGAN STANLEY	FNMA POOL #562119 8.5% DUE 12-01-2030 REG	USA	3,154.16	3,267.52	3,475.38
MORGAN STANLEY	FNMA POOL #568386 7% DUE 12-01-2015 REG	USA	194,673.26	204,041.93	205,356.92
MORGAN STANLEY	FNMA POOL #576022 8% DUE 12-01-2029 REG	USA	1,571.29	1,654.27	1,713.11
MORGAN STANLEY	FNMA POOL #576781 8% DUE 12-01-2028 REG	USA	1,189.20	1,252.01	1,294.97
MORGAN STANLEY	FNMA POOL #593020 6.5% DUE 09-01-2031 REG	USA	18,403.43	18,423.56	19,032.64
MORGAN STANLEY	FNMA POOL #598209 6.5% DUE 08-01-2031 REG	USA	30,615.74	30,649.23	31,662.49
MORGAN STANLEY	FNMA POOL #607695 6.5% DUE 11-01-2031 REG	USA	66,414.24	69,734.96	68,684.94
MORGAN STANLEY	FNMA POOL #634232 7% 04-01-2032 BEO	USA	10,949.19	11,519.75	11,506.28
MORGAN STANLEY	FNMA POOL #661080 6.5% 09-01-2032 BEO	USA	14,348.88	15,065.22	14,825.98
MORGAN STANLEY	FNMA POOL #667021 6.5% 11-01-2032 BEO	USA	10,450.31	10,972.02	10,797.78
MORGAN STANLEY	FNMA POOL #745428 5.5% 01-01-2036 BEO	USA	19,557.20	19,228.70	19,533.41
MORGAN STANLEY	FNMA POOL #745516 5.5% 05-01-2036 BEO	USA	20,249.21	19,909.08	20,221.06
MORGAN STANLEY	FNMA POOL #745586 5.5% 06-01-2036 BEO	USA	37,569.57	36,938.52	37,499.65
MORGAN STANLEY	FNMA POOL #745886 5.5% 04-01-2036 BEO	USA	12,440.72	12,231.76	12,423.40
MORGAN STANLEY	FNMA POOL #816231 5.5% 03-01-2035 BEO	USA	25,842.06	25,407.99	25,806.14
MORGAN STANLEY	FNMA POOL #822148 5.114% 11-01-2035 BEO	USA	307,517.06	306,856.39	310,812.41
MORGAN STANLEY	FNMA POOL #833575 7% 08-01-2035 BEO	USA	35,175.62	36,651.33	36,777.86
MORGAN STANLEY	FNMA POOL #836273 5.5% DUE 10-01-2035 REG	USA	758,517.13	745,776.42	757,462.79
MORGAN STANLEY	FNMA POOL #840606 5.5% 09-01-2035 BEO	USA	1,082,850.66	1,064,662.16	1,081,345.49
MORGAN STANLEY	FNMA POOL #842001 5.5% 10-01-2035 BEO	USA	293,055.95	288,133.54	292,648.60
MORGAN STANLEY	FNMA POOL #845556 5.5% 01-01-2036 BEO	USA	38,916.03	38,262.35	38,861.93
MORGAN STANLEY	FNMA POOL #846874 5.5% 11-01-2035 BEO	USA	157,881.87	155,229.95	157,662.41
MORGAN STANLEY	FNMA POOL #863096 5.5% 11-01-2035 BEO	USA	59,012.26	58,021.02	58,930.23
MORGAN STANLEY	FNMA POOL #865187 5.5% 02-01-2036 BEO	USA	1,399,125.54	1,375,624.61	1,397,180.75
MORGAN STANLEY	FNMA POOL #867066 5.5% 02-01-2036 BEO	USA	257,366.78	253,043.82	257,009.04
MORGAN STANLEY	FNMA POOL #886034 5.334% 07-01-2036 BEO	USA	311,736.99	321,574.08	317,327.36
MORGAN STANLEY	FNMA POOL #886574 5.355% 08-01-2036 BEO	USA	298,607.03	307,456.01	304,209.79
MORGAN STANLEY	FNMA POOL #914653 5.959% 04-01-2037 BEO	USA	283,226.36	287,120.72	289,259.64
MORGAN STANLEY	FNMA POOL #914854 5.988% 04-01-2037 BEO	USA	313,781.51	318,046.97	320,488.27
MORGAN STANLEY	FNMA POOL #933131 5.5% 10-01-2037 BEO	USA	18,311,996.89	17,931,450.68	18,276,837.85
MORGAN STANLEY	FNMA POOL #983077 5% 05-01-2038 BEO	USA	1,980,344.66	1,868,021.99	1,930,911.29
MORGAN STANLEY	GNMA POOL #404669 7.00 DUE 12-15-2025 REG	USA	10,474.40	10,392.57	11,071.96
MORGAN STANLEY	GNMA POOL #471651 5% 06-15-2037 BEO	USA	874,602.11	864,216.21	858,859.27
MORGAN STANLEY	GNMA POOL #504549 SER 2029 7% DUE 09-15-2029 REG	USA	74,925.46	72,712.78	78,943.71
MORGAN STANLEY	GNMA POOL #583960 SER 2032 6.5% DUE 06-15-2032 REG	USA	94,436.80	95,277.88	97,148.08
MORGAN STANLEY	GNMA POOL #658846 5% 08-15-2037 BEO	USA	500,373.92	494,431.98	491,367.18
MORGAN STANLEY	GNMA POOL #676514 5% 02-15-2038 BEO	USA	199,556.44	197,186.70	195,964.42
MORGAN STANLEY	GNMA POOL #677192 5% 06-15-2038 BEO	USA	24,912.07	24,616.23	24,463.65
MORGAN STANLEY	GNMA POOL #677313 5% 09-15-2038 BEO	USA	702,887.00	694,540.21	690,235.03
MORGAN STANLEY	GNMA POOL #686780 5% 06-15-2038 BEO	USA	104,377.74	103,138.24	102,498.94
MORGAN STANLEY	GNMA POOL #686963 5% 06-15-2038 BEO	USA	192,635.44	190,347.89	189,168.00
MORGAN STANLEY	GNMA POOL #691644 5% 08-15-2038 BEO	USA	100,385.93	99,193.85	98,578.98
MORGAN STANLEY	GNMA TBA POOL 6 30 YR OCT	USA	2,750,000.00	2,804,785.16	2,790,392.00
MORGAN STANLEY	I/O FHLMC MULTICLASS #S1-0087 09-15-2030	USA	56,380.14	65,023.87	12,427.31
MORGAN STANLEY	I/O FHLMC MULTICLASS FHLMC #S1-0068 01-01-2028	USA	15,520.11	24,377.00	3,911.68
MORGAN STANLEY	I/O FHLMC MULTICLASS FHLMC #S1-0084 12-01-2029	USA	39,564.13	40,036.40	9,579.38
MORGAN STANLEY	I/O FHLMC MULTICLASS S1-0095 SERIES 215 06-01-2031	USA	4,689.62	8,431.27	1,110.90
MORGAN STANLEY	I/O FHLMC MULTICLASS SER 199 CL IO 6.5% 08-01-2028	USA	93,501.68	27,720.67	21,669.01
MORGAN STANLEY	I/O FHLMC MULTICLASS SER 2234 CL SC 10-15-2029	USA	4,981.39	15,355.45	36.59
MORGAN STANLEY	I/O FNMA 2005-68 CL-XI 08-25-2035	USA	356,965.20	53,225.57	90,641.67
MORGAN STANLEY	I/O FNMA REMIC SER 2003-82 CL WI 08-25-2032	USA	17,639.84	10,192.30	1,687.86
MORGAN STANLEY	I/O FNMA SER 2001-4 CL SA VAR RATE 02-17-2031	USA	143,612.50	27,849.95	13,830.45
MORGAN STANLEY	I/O FNMA SER 2003-25 CL IK 04-25-2033	USA	141,577.49	54,575.06	34,095.82
MORGAN STANLEY	I/O FNMA SMBS TR #000317 CL 2 12-25-2031	USA	150,601.24	126,709.00	35,852.13
MORGAN STANLEY	I/O FNMA SMBS TR 000267 CL 2 10-01-2024	USA	32,731.99	31,951.42	8,292.65
MORGAN STANLEY	I/O FNMA SMBS TR 000296 CL 2 04-01-2024	USA	21,826.45	6,545.12	5,039.07
MORGAN STANLEY	I/O FNMA SMBS TR 000303 CL 2 10-25-2029	USA	68,032.11	26,601.53	17,262.46
MORGAN STANLEY	I/O FNMA SMBS TR 000306 CL 2 05-25-2030	USA	31,912.85	80,260.54	7,167.43
MORGAN STANLEY	I/O FNMA SMBS TR 000307 CL 2 06-01-2030	USA	12,227.48	25,418.35	2,956.60
MORGAN STANLEY	I/O FNMA SMBS TR 000313 CL 2 06-25-2031	USA	112,872.25	40,075.28	27,677.40
MORGAN STANLEY	I/O FNMA SMBS TR 000320 CL 2 04-25-2032	USA	32,700.06	27,346.22	8,132.50
MORGAN STANLEY	I/O GNMA 2001-46 REMIC TR CL SA VAR RT 09-16-2031	USA	25,885.66	26,339.35	2,428.02
MORGAN STANLEY	I/O GNMA REMIC SER 2000-29 CL MX-S INV IO 09-20-2030	USA	29,198.49	30,160.61	2,690.20
MORGAN STANLEY	I/O GNMA REMIC TR 1999 27 CL SE INVERSE FLTG 08-16-2027	USA	90,285.06	38,769.96	10,407.70
MORGAN STANLEY	I/O GNMA REMIC TR 1999-30 CL SA INV INT ONLY 04-16-2029	USA	57,864.72	0.00	3,680.71

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2008

Account name	Asset description	Country	Shares/Par value	Book value	Market value
MUNDER	FEDERAL HOME LN MTG CORP POOL #A4-3941 5.5% 03-01-2036 BEO	USA	1,075,958.62	1,054,103.22	1,071,267.44
MUNDER	FEDERAL HOME LN MTG CORP POOL #A4-8131 6.5% 12-01-2035 BEO	USA	506,362.01	520,999.07	520,256.58
MUNDER	FEDERAL HOME LN MTG CORP POOL #A6-3820 6% 08-01-2037 BEO	USA	2,018,478.78	1,993,563.20	2,045,223.62
MUNDER	FEDERAL HOME LN MTG CORP POOL #G0-3728 5.5% 12-01-2035 BEO	USA	928,814.69	912,560.43	925,201.60
MUNDER	FEDERAL HOME LN MTG CORP POOL #M8-0996 5.5% 10-01-2012 BEO	USA	524,203.10	531,984.27	531,641.54
MUNDER	FHLMC CMO SER 1665 CL 1665-KZ 6.501-15-2024	USA	1,469,348.32	1,558,618.63	1,522,147.88
MUNDER	FHLMC GOLD C67999 7 06-01-2032	USA	7,535.30	7,858.50	7,920.20
MUNDER	FHLMC GOLD C68162 7 06-01-2032	USA	5,767.12	6,014.46	6,061.70
MUNDER	FHLMC GOLD GROUP C01095 7 11-01-2030	USA	26,516.06	26,168.06	27,903.56
MUNDER	FHLMC MULTICLASS PREASSIGN 00400 4.5 05-15-2032	USA	1,050,000.00	999,890.63	1,008,783.30
MUNDER	FHLMC MULTICLASS PREASSIGN 00883 4 10-15-2026	USA	794,202.43	785,082.56	791,116.15
MUNDER	FHLMC MULTICLASS SER 2123 CL PE 6 12-15-2027	USA	28,508.37	29,541.81	28,576.81
MUNDER	FHLMC MULTICLASS SER 2544 CL QB 5 09-15-2015	USA	165,918.91	170,689.10	167,038.69
MUNDER	FHLMC MULTICLASS SER 2578 CL PE 5 11-15-2016	USA	1,100,000.00	1,111,343.75	1,116,105.10
MUNDER	FHLMC MULTICLASS SER 2760 CL LC 5 07-15-2027	USA	500,000.00	509,511.72	504,266.50
MUNDER	FHLMC MULTICLASS SER 2760 CL MD 5 09-15-2031	USA	1,000,000.00	925,937.50	971,481.00
MUNDER	FHLMC MULTICLASS SER 3075 CL WP 5.5 04-15-2026	USA	1,000,000.00	1,003,750.00	1,015,184.00
MUNDER	FHLMC MULTICLASS SER 3079 CL MD 5 03-15-2034	USA	1,000,000.00	943,750.00	968,532.00
MUNDER	FHLMC MULTICLASS SER 3145 CL KB 5 11-15-2027	USA	500,000.00	498,125.00	501,942.50
MUNDER	FHLMC MULTICLASS SER 4 10-15-2020	USA	502,969.06	504,933.79	503,089.77
MUNDER	FNMA POOL #255217 4.5% 04-01-2024 BEO	USA	1,103,625.28	1,084,311.85	1,058,685.65
MUNDER	FNMA POOL #323406 6.125% DUE 11-01-2008 REG	USA	8,695.36	9,512.25	8,666.40
MUNDER	FNMA POOL #386314 3.79% 07-01-2013 BEO	USA	651,016.15	627,111.63	615,737.58
MUNDER	FNMA POOL #450601 6% DUE 12-01-2028 REG	USA	103,051.38	93,551.34	105,253.58
MUNDER	FNMA POOL #508855 8% DUE 08-01-2029 REG	USA	36,337.84	36,474.11	39,550.83
MUNDER	FNMA POOL #684968 5% 09-01-2033 BEO	USA	642,179.07	617,997.06	627,755.72
MUNDER	FNMA POOL #723640 6.931% 06-01-2033 BEO	USA	36,946.99	37,226.99	36,963.98
MUNDER	FNMA POOL #745275 5% DUE 02-01-2036 REG	USA	805,716.31	775,753.76	786,358.97
MUNDER	FNMA POOL #757571 5.5% 01-01-2034 BEO	USA	498,820.71	505,991.26	498,905.51
MUNDER	FNMA POOL #767413 5.5% DUE 01-01-2034 REG	USA	564,228.35	576,614.94	563,795.58
MUNDER	FNMA POOL #788908 6% 08-01-2034 BEO	USA	518,136.21	536,756.73	526,457.99
MUNDER	FNMA POOL #878104 5.5% 04-01-2036 BEO	USA	781,271.24	766,622.41	779,818.07
MUNDER	FNMA POOL #889301 5.5% 11-01-2035 BEO	USA	1,759,795.19	1,736,697.89	1,757,349.07
MUNDER	FNMA POOL #897791 6% DUE 09-01-2036 REG	USA	684,926.50	693,595.12	694,535.33
MUNDER	FNMA POOL #902188 5.837% 11-01-2036 BEO	USA	769,861.87	777,740.92	786,754.94
MUNDER	FNMA POOL #919601 6% 07-01-2037 BEO	USA	1,700,000.62	1,736,656.89	1,736,656.88
MUNDER	FNMA POOL #928206 6% DUE 04-01-2037 REG	USA	1,236,306.25	1,246,834.15	1,253,581.15
MUNDER	FNMA POOL #956918 5.5% DUE 11-01-2037 REG	USA	608,192.63	601,611.78	607,024.90
MUNDER	FNMA PREASSIGN 00028 5.5 07-25-2024	USA	1,500,000.00	1,477,031.25	1,494,202.50
MUNDER	FNMA PREASSIGN 00164 5 12-25-2032	USA	1,200,000.00	1,165,875.00	1,186,544.40
MUNDER	FNMA PREASSIGN 00339 4.5 02-25-2029	USA	1,500,000.00	1,513,593.75	1,492,654.50
MUNDER	FNMA REMIC SER 1993-203 CL PL 6.5 DUE 10-25-2023 BEO	USA	367,955.64	341,365.10	379,000.93
MUNDER	FNMA REMIC SER 2003-32 CL KB 503-25-2017	USA	476,568.08	485,007.32	480,491.18
MUNDER	FNMA REMIC SER 20035-35 CL TC 4.5 07-25-2015	USA	206,380.51	208,412.08	206,546.85
MUNDER	FNMA REMIC SER 2005-1 CL QE 5 11-25-2031	USA	1,000,000.00	983,593.75	987,261.00
MUNDER	FNMA REMIC TR 2002-48 CL-GH 6.5 11-25-2032	USA	1,000,000.00	1,031,718.75	1,126,313.55
MUNDER	FNMA REMIC TR 2005-86 CL-FC VAR RATE 10-25-2035	USA	675,639.72	671,416.68	651,904.49
MUNDER	FNMA SER 2004-52 CL NE 4.5 07-25-2033	USA	1,000,000.00	968,281.25	947,991.00
MUNDER	GNMA POOL #538257 SER 2031 7% DUE 10-15-2031 REG	USA	17,089.38	17,622.76	17,973.14
MUNDER	GNMA POOL #627907 5% 02-15-2034 BEO	USA	286,507.46	285,164.45	281,573.80
	TOTAL U.S. GOVERNMENT MORTGAGE BACKED		**156,366,660.56**	**155,457,249.90**	**155,997,228.85**
	TOTAL U.S.GOVERNMENT BONDS & BILLS		**197,581,660.56**	**197,814,171.64**	**199,710,268.27**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2008

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	PRIVATE EQUITY PARTNERSHIPS				
COLLER CAPITAL LP	COLLER INTERNATIONAL PARTNERS V-B, LP	USA	3,430,000.00	3,430,000.00	3,720,360.00
JP MORGAN PVT EQ LP	JP MORGAN DIRECT VENTURE CAPITAL FINANCE INSTITUTIONAL INVESTORS III, LLC	USA	70,501.00	70,501.00	26,495.00
JP MORGAN PVT EQ LP	JP MORGAN EUROPEAN DIRECT CORPORATE FINANCE INSTITUTIONAL INVESTORS III, LLC	USA	165,614.00	165,614.00	135,291.00
JP MORGAN PVT EQ LP	JP MORGAN EUROPEAN POOLED CORPORATE FINANCE INSTITUTIONAL INVESTORS III, LLC	USA	1,071,294.00	1,071,294.00	1,196,068.00
JP MORGAN PVT EQ LP	JP MORGAN POOLED VENTURE CAPITAL INSTITUTIONAL INVESTORS III, LLC	USA	914,779.00	914,779.00	889,744.00
JP MORGAN PVT EQ LP	JP MORGAN US DIRECT CORPORATE FINANCE INSTITUTIONAL INVESTORS III, LLC	USA	731,003.00	731,003.00	692,349.00
JP MORGAN PVT EQ LP	JP MORGAN US POOLED CORPORATE FINANCE INSTITUTIONAL INVESTORS III, LLC	USA	2,252,286.00	2,252,286.00	2,210,716.00
LEXINGTON PARTNERS LP	LEXINGTON CAPITAL PARTNERS VI-B (OFFSHORE), LP	USA	7,675,397.75	7,675,397.75	7,249,080.00
PANTHEON EURO LP	PANTHEON EUROPE FD LP	UK	935,000.00	1,353,552.72	1,172,770.45
PANTHEON US LP	PANTHEON USA FUND VII, LP	USA	2,572,500.00	2,572,500.00	2,454,275.00
	TOATL PRIVATE EQUITY PARTNERSHIPS		**19,818,374.75**	**20,236,927.47**	**19,747,148.45**
	REAL ESTATE FUNDS				
JP MORGAN REAL ESTATE FD	CF JPMCB SPECIAL SITUATION PROPERTY FUND	USA	9,716.46	10,540,600.48	16,710,445.64
JP MORGAN REAL ESTATE FD	CF JPMCB STRATEGIC PROPERTY FUND	USA	29,938.89	37,355,710.34	58,452,800.92
URDANG REAL ESTATE FD	URDANG GLOBAL REAL ESTATE SECURITIES FUND	USA	60,986,834.32	60,986,834.32	41,678,089.00
	TOTAL REAL ESTATE FUNDS		**61,026,489.67**	**108,883,145.14**	**114,841,335.56**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2008

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	DROP MUTUAL FUNDS				
VANGUARD	DROP MUTUAL FUNDS	USA		44,479,142.00	44,479,142.00
	TOTAL DROP MUTUAL FUNDS			**44,479,142.00**	**44,479,142.00**
	REAL ESTATE, PROPERTY & EQUIPMENT				
FIPO	1895 SW 3rd AVENUE, MIAMI, FLORIDA	USA		2,170,816.00	2,170,816.00
	TOTAL REAL ESTATE, PROPERTY & EQUIPMENT			**2,170,816.00**	**2,170,816.00**

IV

ACTUARIAL

SECTION

Enrolled Actuary's Statement

This report has been prepared in accordance with standards established by the American Academy of Actuaries. To the best of our knowledge, it reflects the actuarial condition of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2007 for the Retirement Fund and for the COLA Fund.

All costs and cost components are calculated on the basis of actuarial assumptions which reasonably reflect the experience of the Trust.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Randall L. Stanley
Signature
Enrolled Actuary No. 08-602

April 11, 2008
Date

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Comparison of Funding Progress
($000)

		10/1/2007 -$-	10/1/2006 -$-	10/1/2005 -$-
I.	Assets			
	A. Book Value	1,014,745	953,418	918,643
	B. Market Value	1,268,870	1,147,871	1,091,902
II.	Liabilities			
	A. Retired and Vested	789,982	747,329	677,186
	B. Active			
	Employee Contributions	124,729	116,287	121,189
	Other Vested	196,251	215,238	228,156
	Non-Vested Accrued	19,175	17,985	15,806
	C. Total Accrued	1,130,137	1,096,839	1,042,337
III.	Ratios	%	%	%
	IA/IIC	89.8	86.9	88.1
	IB/IIC	112.3	104.7	104.8

Note: Item II amounts are present values of accrued benefits.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Actuarial Basis (Revised Basis)

Valuation Date: October 1, 2007 for Fiscal Year beginning October 1, 2008.

Valuation Method: Aggregate Cost Method.

Asset Valuation Method: 20% Write-Up Method: Expected value is based on the Interest Discount/Investment Return rate applied to the actuarial asset value as of previous valuation date and cash flow during the year. 20% of the difference between the Expected Value and the Market Value (net of pending transfers to the COLA Fund) is added to the Expected Value.

The result cannot be greater than 120% of market value or less than 80% of market value (net of pending COLA transfers).

Actuarial Assumptions:

Interest Discount/ Investment Return: 7.75%, compounded annually.

Inflation: 4.0%, compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	.0507%	.0284%
30	.0801%	.0351%
40	.1072%	.0709%
50	.2579%	.1428%
60	.7976%	.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis (Revised Basis)
(Continued)

Age	Disability	Turnover	
		<5	5+
31	.00200	.0240	.0192
32	.00220	.0240	.0192
33	.00245	.0240	.0192
34	.00265	.0240	.0192
35	.00285	.0240	.0192
36	.00305	.0228	.0182
37	.00325	.0216	.0173
38	.00345	.0204	.0163
39	.00370	.0192	.0154
40	.00390	.0180	.0144
41	.00470	.0168	.0134
42	.00555	.0156	.0125
43	.00635	.0144	.0115
44	.00720	.0132	.0106
45	.00800	.0120	.0096
46	.00880	.0096	.0077
47	.00965	.0072	.0057
48	.01045	.0048	.0038
49	.01130	.0024	.0019
50	.01210	.0000	.0000
51	.01295	.0000	.0000
52	.01375	.0000	.0000
53	.01455	.0000	.0000
54	.01540	.0000	.0000
55	.01620	.0000	.0000
56	.01785	.0000	.0000
57	.01870	.0000	.0000
58	.01950	.0000	.0000
59	.02030	.0000	.0000
60	.00000	.0000	.0000

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis (Revised Basis)
(Continued)

Retirement: If eligible for Rule of 64 Retirement, the following decrements apply, based on service:

Years of Service	Police %	Fire %
<20	0	0
20-24	20	5
25-29	25	25
30-31	50	25
32	100	100

There is no explicit assumption on the percentage of retirements expected to enter the DROP. No distinction is necessary, since funding is calculated to expected retirement or expected DROP entry.

Salary Merit Scale

Service	Police	Fire
0	**.0500**	**.0500**
1	**.0500**	**.0500**
2	**.0500**	**.0500**
3	**.0500**	**.0500**
4	**.0500**	**.0500**
5	**.0500**	**.0500**
6	**.0500**	**.0500**
7	**.0250**	**.0500**
8	**.0500**	**.0500**
9	**.0500**	**.0500**
10	**.0100**	**.0000**
11	**.0100**	**.0000**
12	**.0100**	**.0000**
13	**.0100**	**.0000**
14	**.0100**	**.0000**
15	**.0125**	**.0250**
16	**.0125**	**.0250**
17	**.0100**	**.0100**
18	**.0100**	**.0100**
19	**.0100**	**.0100**
20	**.0100**	**.0100**
21	**.0100**	**.0100**
22 +	**.0000**	**.0000**

Salary Merit Scale is combined with 4.0% inflation and 1.0% for promotions and other increases. There is also a 7.0% increase at retirement.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis (Revised Basis)
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employees are assumed to be married.
Investment Expenses:	None; the investment return assumption of 7.75% is net of investment expenses.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Compensated Absence Balance Transfers:	No liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.
Adjustments from Valuation Date:	One year's interest is added to the calculated deposit to reflect ordinance provision.
Sources of Data:	Asset data is from unaudited financial statements and includes an appraised value for the real estate to be used for Market Value. Membership data was furnished by Administrator. **Member compensation used is final bi-weekly pay in the year, annualized.**
Changes Since Prior Valuation:	**Salary Scale was split with firefighters and police officers having separate merit scales based on recent labor agreements plus 4% inflation and 1% for promotions and other reasons.** **Valuation pay was changed from actual pay during the previous year to last pay rate annualized.**

V

STATISTICAL

SECTION

STATISTICAL DATA OF VARIOUS ACCOUNTS

THROUGH SEPTEMBER 30, 2008

	GENERAL FUND		COLA I		COLA II	
MEMERSHIP ACCOUNT						
ADD:						
Members' Contributions						
After Tax	66,898,009		0		0	
Pre Tax	187,493,499		11,814,941		0	
After Tax from G & S	17,210		0		0	
Interest						
From Benefit Acct	86,610,840		0		0	
From Withdrawals	385,365		0		0	
Transfers from G & S	24,008		0		0	
		341,428,931		11,814,941		0
DEDUCT:						
Refunds -						
Leaving Service	17,320,985		944,379		0	
Additional Contributions	171,226		0		0	
Accidental Death	441,596		22,039		0	
Accidental Disability	1,982,443		0		0	
Option 6A	571,614		0		0	
Ordinary Death	1,560,655		62,320		0	
Transfers -						
After Tax from G & S	4,412,189		0		0	
Benefit Account	180,985,351		8,207,690		0	
Transfers to Acct Payable	480,131		0		0	
Interest withheld	311,330		0		0	
Interest	1,571,900		0		0	
		209,809,420		9,236,427		0
BALANCE AS OF 9/30/08		131,619,511		2,578,514		0
BENEFIT ACCOUNT:						
ADD:						
Contributions -						
City of Miami	554,291,970		2,042,899		13,185,685	
Police Relief & Pension Fund	52,342		0		0	
Fire Relief & Pension Fund	28,473		0		0	
Members	697,822		0		0	
Transfers from Membership Acct	180,996,275		8,207,690		0	
Amortization of Discounts	10,319,476		249,134		0	
Dividends Received	178,727,617		2,204,587		12,131,026	
Securities Lending Income	4,773,217		129,810		727,307	
Excess Interest Transfer	0		0		247,797,677	
Interest Income	511,532,019		10,518,678		29,947,227	
Other Income	2,271,255		30,501		149,921	
Corporate Action	2,005,645		53,603		324,359	
Commission Recapture	380,870		10,296		60,671	
Profit on Sale of Investments	816,925,666		17,989,996		73,537,198	
Unrealized Profit on Sales of Inv	515,496		2,721,155		0	
Rental Income	895,367		18,443		111,243	
Share of Earnings Income	0		1,170,581		0	
		2,264,413,510		45,347,375		377,972,312
DEDUCT:						
Pensions Paid						
Fire	489,578,911		0		0	
Police	435,577,996		0		0	
General	7,034,700		0		0	
Former Gen assumed by Trust	276,624		0		0	
Pension Payments Prior 1966	989,022		0		0	
Distributions	0		10,379,357		109,296,370	
Lump Sum Payments to Benef	128,540		0		0	
Death Benefits	869,638		0		0	
Amortization of Premium	4,876,744		0		0	
Corrections to Control	17,117,379		0		0	
Income Expenses	50,204,445		986,457		5,103,925	
Building Depreciation	216,516		6,117		36,723	
Securities Lending Fees	1,430,491		38,847		217,198	
Other Expenses	0		45,256		0	
Unrealized Profit on Sales of Inv	0		0		16,766,834	
Vested Rights Withdrawals	950,636		0		0	
Transfers -						
Excess Interest Earnings	247,797,677		0		0	
G & S Benefit Account	5,378,420		0		0	
G & S Share of Earnings	5,251,212		0		0	
Interest to Membership Acct	86,675,828		0		0	
Interest on VR Withdrawals	170,637		0		0	
Overpayments (uncollectible)	769		0			
		1,354,526,186		11,456,034		131,421,049
BALANCE AS OF 9/30/06		909,887,324		33,891,341		246,551,263
BENEFIT ACCOUNT - SPECIAL						
ADD:						
Contributions - City of Miami	1,001,273					
Members	9,945					
		1,011,218				
DEDUCT:						
Pension Paid		1,011,218				
BALANCE AS OF 9/30/06		0				
RESERVE ACCOUNT						
ADD:						
Transfers -						
Benefit Account	961,029					
BA Share of Earnings	222,289					
BALANCE AS OF 9/30/08		1,183,318				

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Member Statistics

		10/1/2007	10/1/2006	10/1/2005
I.	Active Members			
	Number of			
	Males	1,247	1,268	1,247
	Females	216	217	208
	Total	1,463	1,485	1,455
	Averages			
	Current Age	38.9	38.7	39.4
	Past Service	12.6	12.4	13.1
	Credited Past Service	12.6	12.4	13.1
	Annual Earnings		$60,851	$62,897
II.	Inactive Members			
	A. Retirees and Beneficiaries			
	Number	1,633	1,570	1,503
	Average Annual Benefit	$43,596	$42,579	$40,060
	Average Age	63.6	63.3	63.4
	B. Disabled			
	Number	209	209	215
	Average Annual Benefit	$19,284	$19,005	$18,607
	Average Age	66.5	65.6	65.2
	C. Vested Terminated			
	Number	22	22	25
	Average Deferred Benefit	$23,170	$21,502	$21,930
	Average Age	44.3	44.5	43.4

SUMMARY OF RETIREMENTS

JANUARY 1, 1940 THROUGH SEPTEMBER 30, 2008

DESCRIPTION	SERVICE	ORDINARY DISABILITY	SERVICE ACCIDENTAL DISABILITY	ACCIDENTAL DEATH	ORDINARY DEATH	EARLY SERVICE	DROP PLAN	VESTED RIGHTS	CONTINUANCES	TOTAL BENEFITS GRANTED
BENEFITS GRANTED	2,082	52	458	38	4	106	567	85	251	3,643
ASSUMED BY G.E.S.E. FUND	-184	-3	-19	0	0	0	0	0	0	-206
TERMINATED BY DEATH	-750	-36	-246	-20	0	-30	-1	-5	-57	-1,145
TERMINATED DROP PLAN	0	0	0	0	0	0	-405	0	0	-405
TERMINATED BY MARRIAGE	0	0	0	-2	0	0	0	0	0	-2
RETURNED TO SERVICE	-2	-3	-1	0	0	0	0	0	0	-6
MINORS ATTAINING AGE 18	0	-1	0	-7	0	0	0	0	0	-8
PAYMENT SUSPENDED	-3	0	-1	0	0	0	0	0	0	-4
UNMATURED VESTED RIGHTS	0	0	0	0	0	0	0	-19	0	-19
WITHDRAWN VESTED RIGHTS	0	0	-2	0	0	0	0	-27	0	-29
INACTIVE PARTICIPANTS:	1,143	9	189	9	4	76	161	34	194	1,819

OUTLINE OF PRINCIPAL BENEFIT PROVISIONS OF THE CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

ORDINANCE NO. 10002 ADOPTED JUNE 13, 1985

EARNABLE COMPENSATION:

Earnable compensation, shall mean an employee's base salary including pickup contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death in the family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.

COVERED GROUP:

All fire fighters or police officers presently employed by the City as a fire fighter or police officer whether in the classified or unclassified service of the City.

EMPLOYEE CONTRIBUTIONS:

Effective the first full pay period following October 1, 1999, it shall be 7% of pre tax earnable compensation. Effective the first full pay period following October 1, 2000, it shall be 7% of pre tax earnable compensation or a percent equal to the City's contribution, whichever is less.

INDIVIDUAL RETIREMENT ACCOUNTS:

Effective the first full pay period following October 1, 2000, should the members contribution be less than seven percent (7%) the difference between the seven percent and the actual contribution shall be deducted from the member's paycheck and placed into an individual contribution account (ICA) as part of the retirement system.

EMPLOYER CONTRIBUTIONS:

The City's annual fiscal contribution to the retirement system shall provide for the following (1) non-investment expenses of the retirement system, (2) normal costs of the retirement system.

NORMAL RETIREMENT AGE:

Age 50

SERVICE RETIREMENT:

The annual normal service retirement allowance, payable on a 40% Joint and Survivor basis will equal 3.0% of average final compensation per year of creditable service for the first 15 years of such creditable service and 3.5% of the average final compensation per year of creditable service after 15 years.

RULE OF 64 RETIREMENT:

A member, in service, who has not withdrawn from active membership in the retirement system may elect service retirement on the basis of his or her combined age and creditable service equaling 64 or more. Such election shall be made upon written application to the board, setting forth not less than 10 nor more than 90 days subsequent to the execution and filing thereof, the date the member desires to be retired.

EARLY RETIREMENT:

After 20 years of creditable service, accrued benefit actuarially adjusted.

DEFERRED RETIREMENT OPTION PROGRAM: (DROP)

A member who is eligible to retire under either Rule of 64 or Service retirement can elect to participate in the Deferred Retirement Option Program (DROP). The program allows the member to defer receipt of his retirement benefit into a "DROP" account while he/she continues to be employed by the Department. The member can be in the DROP for a maximum of 3 years.

B. A. C. DEFERRED RETIREMENT OPTION PROGRAM:

Shall mean *Benefit Actuarially Calculated* deferred retirement option program.

EARLY SERVICE RETIREMENT:

After 20 years of creditable service, accrued benefit actuarially adjusted.

AVERAGE FINAL COMPENSATION:

Shall mean the annual earnable compensation of a member during either the last one (1) year or the highest one (1) year of membership service, whichever is greater.

CREDITABLE SERVICE:

Membership credit upon which a member's eligibility to receive benefits under the retirement system is based or upon which the amount of such benefits is determined.

LIMITATIONS ON BENEFITS:

A member's retirement allowances shall not exceed one hundred percent (100%) of the member's final average compensation for members retiring under service retirement or rule of 64 retirement. Exceptions are, (1) members whose retirement allowances, prior to October 1, 1998, had already earned one hundred percent or greater, these members may continue to accrue pension benefits; (2) members whose retirement allowance exceeds one hundred percent as of October 1, 1998 due to the multiplier change, these members shall be capped at the new percentage.

OPTIONAL ALLOWANCES:

Normal form (Option 6C) is joint and 40% contingent survivor. Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of member. Option 6A is withdrawal of employee contributions with credited interest; monthly benefit is half of normal level. Option 6B is an additional 5% with no survivor benefit.

DISABILITY RETIREMENTS:

A. Ordinary Disability
After 10 years of creditable service, if not otherwise eligible for normal retirement, and incurred while not in line of duty, a benefit payable for life consisting of the benefit rate times 90% of average final compensation times years of creditable service, if such retirement allowance exceeds 30% of average final compensation. Otherwise, a benefit of 30% of the member's average final compensation.

B. Accidental Disability
Prior to age 60, incurred in line of duty. A benefit payable on a 40% joint and survivor basis of 66 2/3% of average or final compensation, whichever is larger.

DEATH BENEFIT:

A. Ordinary Death Benefit
After 3 years of service, provided death is not accidentally incurred in line of duty, a lump sum payment f 50% of annual compensation received in year prior to death plus an additional lump sum payment of member's accumulated contributions with interest to date of death. Or in lieu thereof; if eligible for Early or Service retirement, and with 3 years of membership, automatic Option 6C, payable to spouse, as through retirement had occurred on date of death (40% payable)

B. Accidental Death Benefit
Incurred in line of duty (or presumed to be in the line, i.e. heart), annual pension of 50% of average final compensation to spouse until death or remarriage or to children under 18, or to dependent parents for life. If none of such beneficiaries exist, the ordinary death benefit will be paid. Also a lump sum payment of member's accumulated contributions with interest to date of death is paid in addition to the above payments.

VESTED RIGHTS BENEFIT:

After completion of 10 years of service, provided accumulated contributions are not withdrawn. A benefit based on service and average final compensation when employment is terminated. Benefit is deferred to minimum retirement age.

C.O.L.A. ACCOUNT:

The COLA I benefit was determined from available monies from an initial city contribution made from the trust funds excess interest earnings. These monies were allocated to the retiree population, according to unit values and distributed to each member according to his/her actuarial life expectancy, in level monthly lifetime payments. In addition to the above initial benefit, a yearly COLA I increase was financed by 2% of the active member's pension contributions.

C.O.L.A. ACCOUNT: (continued)

This yearly increase was determined on the basis as the initial benefit and added to the monthly lifetime payments. As of January 9, 1994, the active employees ceased making the 2% pension contribution to the COLA I account, and the COLA I benefits were frozen as of that date. Beginning with 1994, in addition to the frozen COLA I benefit, a COLA II benefit was paid. The COLA II benefit is funded from the pension fund's annual excess investment return (other than COLA account assets). The methodology for determining the excess investment return and amounts available for the COLA II benefit are described in detail in Section 40-213 of the City of Miami Code. An actuarial table is developed yearly identifying the benefits due. This table is based upon full years of creditable service at retirement and full years retired as of April of the current year. For accidental death and accidental disability, years of service are defined as twenty five (25) years, or actual creditable service if greater. Receipt of the COLA II benefit is based on the retiree reaching at least four (4) full years of retirement and fifty years of age. In case of accidental death, the beneficiary will be entitled to the COLA benefit on April 1st following the fiftieth anniversary of the employee's birth and the fourth anniversary of the employee's death. COLA benefits for a vested right retiree are based upon such retiree reaching at least four (4) full years of retirement after fifty (50) years of age. COLA benefits reflect the option selected at the time of retirement.

In addition, funding for COLA benefits for future employees hired during the remaining term of the amended final judgement, Gates vs. City of Miami, Circuit Court Case No. 77-9491 CA04, shall be defined and allocated through the remaining term of such final judgement.

ORDINANCES ADOPTED DURING THE YEAR

DATE	ORDINANCE NUMBER
05/08/2008	12993
07/24/2008	13019

EMPLOYEES' RETIREMENT SYSTEM

of the County of Milwaukee

2008 Annual Report of the Pension Board

as of December 31, 2008

CITIZEN MEMBERS
Linda S. Bedford, Vice Chairman
Donald Cohen
John M. Maier, J.D.
Jeffrey Mawicke, J.D.
Dr. Sarah W. Peck

RETIREE MEMBER
Marilyn B. Mayr

EMPLOYEE MEMBERS
Dr. Dean A. Roepke, Chairman
Roy M. Felber

SECRETARY/MANAGER, ERS
Gerald J. Schroeder

901 North 9th Street, Room 210-C
Milwaukee, Wisconsin 53233
Telephone: (414) 278-4207

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EMPLOYEES' RETIREMENT SYSTEM (ERS)

Milwaukee County

PENSION BOARD

Dean A. Roepke, Dr. Med. Vet.
Chairman

Linda S. Bedford
Vice Chairman

Donald Cohen
Keith Garland
John M. Maier, J.D.
Jeffrey J. Mawicke
Marilyn B. Mayr
Dr. Sarah W. Peck
Guy M. Stuller

Gerald J. Schroeder
ERS Manager

July 15, 2009

Retirement System Members:

We are pleased to present the 2008 Annual Report of your Pension Board. Due to the market volatility and challenging economic environment, the Employees' Retirement System ("ERS") experienced a negative investment return for the year. As a result, ERS experienced a decrease in net assets available for pension benefits of $468.7 million. Net investment losses, pension benefits and administrative expenses exceeded interest and dividends, contributions and other miscellaneous income. Total assets at the end of the year were $1.198 billion. Subsequent to the end of the year, however, proceeds from pension obligation bonds in the amount of $397.8 million were transferred into ERS. For further detailed information regarding ERS's performance, please see the management's discussion and analysis, financial statements and footnotes that follow.

The description of ERS, included in this report, highlights major plan provisions. County Ordinances, labor agreements, Pension Board rules and Governmental Accounting Standards Board pronouncements prevail over the contents of this report. If you have any questions, please call the ERS office at 414-278-4145.

Members considering retirement within the next few years are reminded to watch for announcements from the County for retirement information programs. Please call the ERS office at 414-278-4207 for further information regarding these programs. If you are interested in meeting with a retirement counselor to discuss retirement, please schedule an appointment by calling 414-278-4154.

Several options are available to members who retire or otherwise leave County service with respect to their pension benefits. Before terminating employment, you should become fully informed of the various opportunities available to you so you can make the best choice for your situation.

Each year, Milwaukee County distributes benefit statements reflecting balances as of the end of the previous year. Remember to keep your beneficiary designations current by informing the Retirement System Office of any changes. Retired members should also notify the ERS office in writing of any changes in residence or address so that your benefit payments and year-end 1099R statements are properly mailed.

The Pension Board is requiring all new retired members to sign up for direct deposit of their benefits. Please join with us in this effort to reduce costs and increase the efficiencies of the delivery of your retirement benefits.

Sincerely,

The Pension Board

COURTHOUSE, ROOM 210-C • 901 NORTH 9TH STREET • MILWAUKEE, WI 53233 • (414) 278-4207 • (877) 652-6377

BAKER TILLY

Baker Tilly Virchow Krause, LLP
115 S 84th St, Ste 400
Milwaukee, WI 53214-1475
tel 414 777 5500
fax 414 777 5555
bakertilly.com

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Members of the Pension
Board of the Employees' Retirement
System of the County of Milwaukee:

We have audited the accompanying statements of plan net assets of the Employees' Retirement System of the County of Milwaukee (the "Retirement System") as of December 31, 2008 and 2007, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Retirement System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Retirement System as of December 31, 2008 and 2007, and the changes in its plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 and 4 and the schedules of funding progress, employer contributions, and notes to required supplementary information on pages 18 – 19 are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures to the 2008 and 2007 information which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The ten-year historical trend and related information on pages 20 - 21 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

BAKER TILLY VIRCHOW KRAUSE, LLP.

Milwaukee, Wisconsin
August 7, 2009

Management's Discussion and Analysis
(In Thousands of Dollars)

Management is pleased to provide this overview and analysis of the financial activities of the Employees' Retirement System of the County of Milwaukee ("ERS" or the "Retirement System") for the year ended December 31, 2008. Readers are encouraged to consider the information presented in conjunction with the financial statements. All numbers are in millions unless otherwise noted.

FINANCIAL HIGHLIGHTS

PLAN NET ASSETS

- Plan net assets for ERS decreased ($468,697) as of 12/31/08 vs. 12/31/07 following an increase of $8,315 as of 12/31/07 vs. 12/31/06. The financial markets have experienced a great deal of turbulence since late 2007. This turbulence was brought on by the deterioration in the sub-prime mortgage market. The resulting volatility in the investment markets and economic downturn presented extraordinary challenges for managing the ERS portfolio. For the year, the Retirement System experienced a negative return of 22.1%. That performance, nevertheless, compared favorably with its benchmark, which experienced a negative return of 24.5%. While ERS experienced a very challenging year, pension benefits are not at risk. The County is obligated to adequately fund the plan. In recognition of that obligation, the County obtained approval and issued $400 million of pension obligation bonds that were invested in the Retirement System in April, 2009 to help assure plan members that their pension benefits are secure. Furthermore, members do not experience a reduction in their pension benefits due to the negative performance of the Retirement System.
- Cash and short-term investments fluctuate considerably from year to year. The amounts for 2008, 2007 and 2006 are near the median.
- The rate of return on total assets of the Retirement System, net of investment expenses, was (22.1%), 6.3% and, 13.5% for the years ended December 31, 2008, 2007 and 2006, respectively.
- Investments, at fair value, decreased ($455,280) as of 12/31/08 vs. 12/31/07 and increased $18,229 as of 12/31/07 vs. 12/31/06 as explained above.
- Receivables decreased ($16,134) as of 12/31/08 vs. 12/31/07 due primarily to a decrease in receivables from the County of Milwaukee for pension contributions and ($10,150) as of 12/31/07 vs. 12/31/06 due primarily to a decrease in sales pending.
- Other assets decreased ($66,625) as of 12/31/08 vs. 12/31/07 and ($46,816) as of 12/31/07 vs. 12/31/06 due largely to a decrease of securities lending – collateral of ($68,095) and ($48,129), respectively. In addition there was an increase of $1,469 and $1,313 as of 12/31/08 and 12/31/07, respectively, for funds spent on the development and implementation of a new pension software system. The conversion to the new software system occurred in late 2008.
- Other liabilities consist primarily of securities sales pending, accounts payable and amount due to the OBRA retirement plan. No significant variations occurred for the years presented.

ADDITIONS AND DEDUCTIONS TO PLAN NET ASSETS

- Total additions decreased ($472,523) in 2008 vs. 2007 and ($79,887) in 2007 vs. 2006. The 2008 and 2007 decreases were due primarily to ($457,868) and ($101,543) decrease in investment income. Those decreases were offset by a net $7,001 increase in employer and employee contributions over the three-year period. The decrease in investment income was due almost entirely to reduction in the fair value of the investments.
- Benefit payments increased $4,170 and $9,261 in 2008 and 2007, respectively. The 2008 and 2007 increases were due to an increase of $3,515 and $4,298 in monthly pension benefits and $655 and $4,963 in lump-sum payments, respectively.
- As of December 31, 2008, 2007 and 2006, the funding ratio (actuarial value of the assets divided by the actuarial accrued liability) for the plan was 95.7%, 80.4% and 79.0%, respectively. The December 31, 2008 funding ratio, as calculated by the actuary, includes the proceeds of the pension obligation bonds that were issued in April 2009. See Note 10 of the financial statements. Without the pension obligation bond proceeds, the funding ratio was 76.3%. The funding ratio gives an indication of how well the liabilities of the pension plan are funded. The higher the funding ratio the better the plan is funded. The ratio increases due to investment gains and pension contributions and declines due to investment losses, increases in the plan benefits, large pension payouts and underpayment of pension annual required contributions.

The Pension Board of ERS (the "Board") has the responsibility for the overall performance of the pension fund. The Board's principal means to achieve this goal is by (a) determining an asset allocation policy which is expected to provide the long-term rate of return sufficient to fund benefits while minimizing the risk of loss through diversification (b) selecting an appropriate number of investment managers to manage the assets within an asset class and monitoring the performance of such investment managers relative to specified benchmarks, and (c) implementing cost containment measures intended to reduce the investment fees and costs associated with investing the Fund's assets. The Board is the fiduciary of the pension fund and is responsible for carrying out the investment functions solely in the interest of the members and benefit recipients.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Retirement System's financial statements. The financial section is comprised of four components: (1) financial statements, (2) notes to the financial statements, (3) required supplementary information, and (4) other supplementary schedules.

(See independent auditor's report)

Financial Statements. There are two financial statements presented for the plan. The Statement of Plan Net Assets as of December 31, 2008 and 2007 indicates the net assets available to pay future benefits and gives a snapshot of the financial assets available for pension benefits at a particular point in time. The Statement of Changes in Net Plan Assets for the year ended December 31, 2008 and 2007 provides a view of the additions and deductions to the plan for the years presented.

Notes to financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the financial statements.

Required supplementary information. The required supplementary information consists of a Schedule of Funding Progress and a Schedule of Employer Contributions and related notes concerning the funding status of the plan. These schedules provide historical trend information, which contributes to understanding the changes in the funded status of the plan over time.

Other supplementary schedules. The additional schedules (Ten-Year Historical Trend Information, Net Fund Assets, Actual County Contributions, Active Membership Statistics, Retirements and Survivors) are presented for the purpose of additional analysis.

COMPARATIVE FINANCIAL STATEMENTS

Retirement System's Net Assets	12/31/2008	12/31/2007	12/31/2006	Difference	% Change
Assets					
Cash and short-term investments	$17,886	$17,290	$17,664	$222	1.3%
Receivables	42,249	58,383	68,533	(26,284)	(38.4%)
Investments, at fair value	1,138,691	1,593,971	1,575,742	(437,051)	(27.7%)
Other assets	42,513	109,139	155,955	(113,442)	(72.7%)
Total Assets	1,241,339	1,778,783	1,817,894	(576,555)	(31.7%)
Liabilities					
Security lending obligations	37,445	105,540	153,669	(116,224)	(75.6%)
Other liabilities	6,080	6,732	6,029	51	0.8%
Total Liabilities	43,525	112,272	159,698	(116,173)	(72.7%)
Net assets available for benefits	$1,197,814	$1,666,511	$1,658,196	($460,382)	(27.8%)

Retirement System's Changes in Net Assets	2008	2007	2006	Difference	% Change
Additions					
Employer contributions	$34,841	$49,291	$27,435	$7,406	27.0%
Member contributions	140	345	545	(405)	(74.3%)
Investment income (loss)	(355,906)	101,962	203,505	(559,411)	(274.9%)
Total Additions	(320,925)	151,598	231,485	(552,410)	(238.6%)
Deductions					
Benefit payments	(144,161)	(139,991)	(130,730)	(13,431)	10.3%
Administrative expenses	(3,588)	(3,235)	(2,322)	(1,266)	54.5%
Withdrawals	(23)	(57)	(14)	(9)	64.3%
Total Deductions	(147,772)	(143,283)	(133,066)	14,706	11.1%
Changes in net assets available for benefits	(468,697)	8,315	98,419	(567,116)	(576.2%)
Net assets held in trust for pension benefits:					
Beginning of year	1,666,511	1,658,196	1,559,777	106,734	6.8%
End of year	$1,197,814	$1,666,511	$1,658,196	$8,315	(27.8%)

Requests for financial information:

The financial report is designed to provide the Board, our membership, taxpayers, investment managers and creditors with a general overview of ERS finances and to demonstrate ERS's accountability for the funds under its stewardship. Please address any questions about this report or requests for additional financial information to:

Milwaukee County ERS
901 N. 9th Street Room 210-C
Milwaukee, WI 53233

(See independent auditor's report)

STATEMENTS OF PLAN NET ASSETS

	December 31, 2008	December 31, 2007
ASSETS:		
CASH AND CASH EQUIVALENTS	$ 17,885,705	$ 17,290,290
RECEIVABLES		
County of Milwaukee	35,350,254	49,794,000
Accrued interest and dividends	5,562,445	6,516,205
Miscellaneous receivables	623,309	1,451,001
Due from sale of investments	615,238	617,575
Receivable for foreign exchange contracts	87,819	3,793
TOTAL RECEIVABLES	42,249,065	58,382,574
INVESTMENTS AT FAIR VALUE		
Domestic common and preferred stocks	310,135,553	491,564,635
Corporate bonds and convertible debentures	513,170,471	588,885,759
International common and preferred stocks	168,794,648	319,483,338
Real estate investment trusts	31,828,295	54,268,077
Federal agency and mortgage-backed certificates	53,468,718	52,943,515
U.S. Government and state obligations	19,440,788	32,931,111
International fixed income	23,777,543	29,056,417
Private Equity	18,074,438	24,838,163
TOTAL INVESTMENTS	1,138,690,454	1,593,971,015
OTHER ASSETS		
Software development costs	5,068,137	3,599,137
Securities lending - collateral (See Note 5)	37,445,041	105,539,536
	42,513,178	109,138,673
TOTAL ASSETS	1,241,338,402	1,778,784,552
LIABILITIES:		
Securities lending - collateral (See Note 5)	37,445,041	105,539,536
Miscellaneous payables	3,673,673	3,107,136
Payable for securities purchased	1,446,340	2,266,104
Payable to OBRA Retirement Plan	861,293	1,354,805
Payable for foreign exchange contracts	98,086	3,807
TOTAL LIABILITIES	43,524,433	112,271,388
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$1,197,813,969	$1,666,511,164

(A schedule of funding progress is presented on page 18)

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN PLAN NET ASSETS

	Year Ended December 31, 2008	Year Ended December 31, 2007
ADDITIONS:		
CONTRIBUTIONS		
County of Milwaukee	$ 34,840,886	$ 49,291,072
Plan participants	140,209	344,782
	34,981,095	49,635,854
INVESTMENT INCOME (LOSS)		
Net appreciation (depreciation) in fair value	(385,422,662)	71,245,245
Interest and dividends	31,851,976	33,474,501
Security lending income	2,390,509	7,353,616
Other income	920,606	1,310,088
Total investment income (loss)	(350,259,571)	113,383,450
Less: Securities lending rebates and fees	(1,849,054)	(6,940,375)
Investment expense	(3,797,663)	(4,481,151)
Net investment income (loss)	(355,906,288)	101,961,924
TOTAL ADDITIONS, NET OF LOSSES	(320,925,193)	151,597,778
DEDUCTIONS:		
Benefits paid to retirees and beneficiaries	(144,160,665)	(139,990,962)
Administrative expenses	(3,587,780)	(3,234,825)
Withdrawal of membership accounts	(23,557)	(56,626)
TOTAL DEDUCTIONS	(147,772,002)	(143,282,413)
NET CHANGE IN PLAN NET ASSETS:	(468,697,195)	8,315,365
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:		
Beginning of year	1,666,511,164	1,658,195,799
End of year	$1,197,813,969	$1,666,511,164

The accompanying notes are an integral part of these financial statements.

(1) Description of Retirement System –

The following brief description of the provisions of the Employees' Retirement System of the County of Milwaukee ("ERS" or the "Retirement System") is provided for financial statement purposes only. Participants should refer to Section 201.24 of the General Ordinances of Milwaukee County and their respective bargaining agreement for more complete information.

The Retirement System is a single-employer plan that was created to encourage qualified personnel to enter and remain in the service of the County of Milwaukee (the "County") by providing for a system of retirement, disability and death benefits to or on behalf of its employees. Under Chapter 201 of the Laws of Wisconsin for 1937, the County was mandated to create the Retirement System as a separate legal entity. The County did so by passing Section 201.24 of the General Ordinance of Milwaukee County. The authority to manage and control the Retirement System is vested in the Pension Board (the "Board"). The Board consists of nine members – three members appointed by the County Executive (subject to confirmation by the County Board of Supervisors), three employee members elected by the employee members, two members appointed by the County Board chairperson and one retiree-elected member.

The Board created two (2) committees to assist in the administration of the Board's duties. The Investment Committee reviews the investment portfolio on a monthly basis, endorses strategies and submits investment recommendations to the Board. The Audit Committee reviews legal issues, Ordinance adherence and submits recommendations to the Board regarding the annual audit and the Annual Report of the Pension Board.

	As of December 31	
Members –	2008	2007
Retiree and beneficiaries currently receiving benefits	7,308	7,321
Vested and terminated employees not yet receiving benefits	1,397	1,385
Current employees	4,837	4,814
Total participants	13,542	13,520

Contributions –

The Retirement System is substantially noncontributory. However, members meeting certain criteria have the option to contribute to membership accounts. In addition, the County contributes to membership accounts of most employee participants enrolled prior to 1971. Member account balances are as follows:

	As of December 31	
	2008	2007
Membership accounts –		
Participants and County contributed	$ 2,724,313	$ 3,090,757
Voluntary savings accounts	1,378,179	1,312,129

Contributions due from the County to the Retirement System consist of amounts sufficient to fund the annual normal cost and interest on and amortization of the unfunded or overfunded actuarial accrued liability. A substantial portion of the current year's contribution is paid to the Retirement System in the following year.

The County makes contributions to the Retirement System based upon the Annual Required Contribution ("ARC") and legal requirements, at the discretion of the County Board. An actuary hired by the Pension Board establishes the ARC. Data used in the determination of the ARC is based upon the prior fiscal year's demographics. The actual contribution made to the pension plans is set during the County's budget process and may differ from the ARC as a result of changes in plan provisions implemented subsequent to establishment of the ARC and budgetary restraints. During the year, the Retirement System accrues those contributions that the County has included in its current year's budget. For 2008 and 2007, the County contribution recorded by the Retirement System was $18,222,724 and $3,104,191 less than the ARC for 2008 and 2007, respectively.

Benefits –

The normal retirement benefit is a monthly pension for the life of the member beginning at normal retirement age. For deputy sheriff members with less than 15 years of creditable service, the normal retirement age is 57 or age 55 with 15 years of service. For all other members the normal retirement age is 60, although some labor agreements require a minimum of 5 years creditable service at age 60. Active members are also eligible to retire when their age added to their years of creditable service equals 75 (the "Rule of 75"). The County Ordinance and Labor Agreements require an employee to be a member prior to a stated date in

order to qualify for the "Rule of 75." In general, the normal retirement benefit payable to a member whose membership began prior to January 1, 1982, is equal to 2.5% for deputy sheriffs and elected officials, and 2% for all other members, of the member's three-year final average monthly salary, as defined in the Ordinance and labor agreements as the three highest consecutive years, multiplied by the number of years of credited service. The amount of normal retirement benefits payable for a member whose membership began after January 1, 1982 is as follows: 2.5% for deputy sheriffs, deputy sheriff lieutenants, deputy sheriff ECPs and DA investigators hired before July 1, 1995; 2% for deputy sheriffs, deputy sheriff lieutenants, deputy sheriff ECPs and DA investigators hired after June 30, 1995; 2% for elected officials; 2% for firefighters and non-represented firefighters beginning January 1, 1999; and 1.5% for all other members, of the member's five-year final average monthly salary, as defined in the Ordinance and labor agreements, multiplied by the number of years of credited service. Each year after retirement, the amount of monthly benefit is increased by an amount equal to 2% of the benefit paid for the first full month of retirement subject to the maximum benefit limits provided for by the IRS. The maximum benefit, excluding any post-retirement increases, payable to a member cannot exceed the sum of 80% of the member's final average monthly salary.

As of January 1, 2001, certain plan changes became effective, except for represented deputy sheriffs. These changes are noted below:

- The County will pay the accrued sick allowance in full upon retirement for those members hired prior to January 1, 1994. Previously, a member received both a cash payment from the County and pension service credit for a portion of the accrued sick allowance. The full payout of the sick allowance has subsequently been amended to a partial payout with various effective dates and payout percentages for the non-represented employees and each of the unions but no service credit is granted.

- A bonus of 7.5% per year, up to a maximum of 25%, is added to the final average salary for those employees whose membership in the ERS began before January 1, 1982, or July 1, 1995 for a non-represented deputy sheriff.

- All service credit earned after January 1, 2001 is credited with an additional .5% multiplier for those employees whose membership in the Retirement System began after December 31, 1981, or June 30, 1995 for a non-represented deputy sheriff. Also, for each year of pension service earned after January 1, 2001, eight (8) years of service earned prior to January 1, 2001 shall be credited with an additional .5% multiplier.

- A "back drop" payment option was established that permits an employee to receive a lump-sum cash payment and a monthly pension benefit upon retirement. The lump-sum cash payment is the total of the monthly pension benefits, adjusted for COLA increases, that a member would be entitled to from a prior date ("back drop date") to the date that the member terminates employment plus compounded interest. The back drop date must be at least one calendar year prior to the termination date and the member must have been eligible to retire as of that date. The member will be entitled to a COLA adjusted monthly pension benefit based on the back drop date once the member terminates employment.

- A member is vested upon attaining 5 years of creditable pension service.

The following changes were made effective as of the stated dates:

- Non-represented employees and elected officials hired on or after March 15, 2002 are not eligible to receive the back drop pension benefit. Employees represented by a labor agreement must also be hired prior to the date specified in the labor agreement to be eligible to receive the the back drop benefit.

- Elected Officials are not eligible to receive the additional .5% pension benefit multiplier after March 15, 2002.

- Effective January 1, 2003, the pension benefit for employees who became members after December 31, 1981 shall be based upon a final average salary equal to the three highest consecutive years of earnings instead of the five highest consecutive years of earnings, except for represented deputy sheriffs.

A member who meets the requirements for an accidental or ordinary disability benefit is entitled to an amount equal to the normal retirement benefit, but not less than 60% of a member's final average salary for accidental disability. Fifteen years of credited service is required to apply for ordinary disability.

A represented deputy sheriff whose membership began prior to January 1, 1982 is vested upon attaining six years of creditable pension service. A represented deputy sheriff whose membership began after December 31, 1981 is vested upon attaining ten years of creditable pension service.

Most members are immediately vested upon attaining age 60. A vested member is eligible for a deferred pension beginning as of the member's normal retirement date.

A member who is 55 years of age and has 15 years of credited service may elect to receive early reduced retirement benefits. The member would be entitled to a benefit equal to the normal retirement benefit with a lifetime reduction of 5% for each year prior to the normal retirement date.

Upon the death of an employee member and usually after one year of service, which varies by labor agreement, a spouse with one dependent child, as defined in the Ordinance, will receive 40% of the deceased member's salary, reduced by an amount equal to Social Security benefits payable to the spouse. An additional 10% of salary, reduced by Social Security benefits, is paid for each dependent child. The total benefit, if there are more than five eligible children, generally cannot exceed 90% of the prior salary level. The total benefit includes Social Security benefits. Upon attaining age 60, the spouse will receive 50% of the normal retirement benefit based upon service projected to age 60 of the employee member. If there is no spouse or child, the death benefit payable to a designated beneficiary is equal to 50% of the deceased member's final average salary, but not to exceed $2,000. Deputy sheriffs are covered by special provisions if their death occurs as a result of an accident in actual performance of duty.

A member who attains eligibility for a normal retirement benefit may elect a protective survivorship option of 100% or 50% (discussed below). In the absence of an election, a surviving spouse will be paid a survivorship pension of 100%. For a survivorship pension to be paid to a designated beneficiary, other than a surviving spouse, election must be filed in writing on a form prescribed by the Board.

Currently, employee members may choose between several benefit payment options when retiring. The available options are:

- Maximum This option is a pension benefit that is payable over the life of the member and ceases upon the member's death;
- Membership Account Refund This option is an actuarially reduced pension benefit that ceases upon the death of the member. This option, however, guarantees that the member will receive the total balance in his/her Membership Account as of the retirement date. The Membership Account balance is reduced each month by an actuarial determined amount. Any balance remaining upon the member's death will be paid to the member's beneficiary. Generally, only members hired prior to 1971 have a Membership Account and, therefore, are the only employees eligible for this option;
- 25% This option is an actuarially reduced pension benefit that is payable over the life of the member. Upon the member's death, 25% of the pension benefit is payable over the life of a named beneficiary, if living;
- 50% This option is an actuarially reduced pension benefit that is payable over the life of the member. Upon the member's death, 50% of the pension benefit is payable over the life of a named beneficiary, if living;
- 75% This option is an actuarially reduced pension benefit that is payable over the life of the member. Upon the member's death, 75% of the pension benefit is payable over the life of a named beneficiary, if living;
- 100% This option is an actuarially reduced pension benefit that is payable over the life of the member. Upon the member's death, 100% of the pension benefit is payable over the life of a named beneficiary, if living;
- 10-Year Certain This option is an actuarially reduced pension benefit payable over the life of the member but is guaranteed for a period of 10 years, in the event that the member should die within 10 years after the retirement date.
- Board Discretion This option is at the discretion of the Board and is the payment of a benefit in a form other than those set forth above provided that payments in such other form shall be the actuarial equivalent of the benefit otherwise payable. The Board assesses an administrative charge for each calculation performed under this option.

Benefits of $144.2 million and $140.0 million were paid in 2008 and 2007, respectively, including periodic pension benefit payments of $133.0 million and $129.5 million respectively and back drop lump-sum pension benefit payments of $11.2 million and $10.5 million in 2008 and 2007, respectively.

(2) Summary of Significant Accounting Policies:

GASB Statement No. 50

In fiscal year 2008, the Retirement System implemented provisions of GASB 50. GASB 50 requires that information about the funded status of the pension plan as of the most recent actuarial valuation be disclosed in notes to the financial statements. Additionally, GASB 50 requires disclosure of information about actuarial methods and assumptions used in valuations on which reported information about the Annual Required Contribution ("ARC") and the funded status and progress are based. The required schedules of funding progress immediately following the notes to the financial statements present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Basis of Accounting –

The accompanying financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed and expenses are recorded when the corresponding liabilities are incurred.

Investments –

Investments, primarily stocks, bonds, certain government loans and mortgage-backed certificates, are stated at quoted fair value. Temporary cash investments are valued at cost, which approximates fair value. Investments in venture capital partnerships are valued at estimated fair value, as provided by the Retirement System's venture capital investment manager. Investment transactions are recorded on the trade date. Realized gains and losses are computed based on the average cost method.

A summary of investments at cost is as follows:

	As of December 31	
	2008	2007
Corporate bonds	$ 503,872,014	$ 541,390,270
Domestic common and preferred stocks	373,629,850	398,470,064
International common and preferred stocks	290,031,892	286,326,052
Fed agency and mortgage backed certificates	51,122,139	52,058,659
Real estate investment trusts	47,165,019	50,924,947
Private equity	25,119,623	24,018,122
International fixed income	23,911,871	24,490,775
Cash and cash equivalents	17,889,603	17,290,174
U.S. Government and state obligations	16,810,852	31,097,175
Total investments at cost	$1,349,552,863	$1,426,066,238

Valuation of International Securities –

Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts on the date of valuation. Purchases and sales of securities and income items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

Expenses –

Administrative expenses incurred by the County related to the Retirement System are payable by the Retirement System to the County. Such expenses totaled $1,031,291 and $915,868 in 2008 and 2007, respectively.

Reclassification of Prior Year Amounts –

Certain amounts in the prior year financial statements have been reclassified to conform with the current presentation.

Use of Estimates –

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(3) Income taxes –

Management has submitted to the Internal Revenue Service, as part of a Voluntary Compliance Program, any compliance issues that have been discovered through a self-administered review where the provisions contained in the Internal Revenue Code, the County Pension Ordinances or Pension Rules differ from actual practice. Management is waiting for a response from the Internal Revenue Service regarding what action will be required to bring the pension system into compliance in all of its practices in order to maintain its tax-qualified status.

(4) Contributions Required and Contributions Made –

The Retirement System's funding policy provides for periodic County contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Payroll contribution rates are determined using the Aggregate Entry Age Normal method of funding. The Retirement System also uses the level percentage of payroll method to amortize the unfunded liability over a 30 year period in 2008. The significant actuarial assumptions used to compute the contribution requirements are the same as those used to compute the pension benefit obligation.

County contributions totaling $34,840,886 and $49,291,072 were recorded in 2008 and 2007, respectively. The 2008 and 2007 contributions were less than the total ARC using the Aggregate Entry Age Normal method of funding with normal cost computed as a level percentage of pay. See the Schedule of Employer Contributions in the Required Supplementary Information. The County's contributions to the Retirement System were 14.9% and 21.7% of annual covered payroll for 2008 and 2007, respectively.

The 2008 and 2007 contributions reflected in the accompanying statements were actuarially determined as of January 1, 2007 and 2006. These amounts were included in the County's 2008 and 2007 budgets. The Retirement System's financial statements as of December 31, 2008 and 2007 reflected the unpaid portion of the 2008 and 2007 contributions as a contribution receivable.

Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 8.0%, compounded annually in 2008 and 2007, (b) projected payroll growth increases averaging 3.5% per year compounded annually in 2008 and 2007, attributed to inflation, seniority and merit, and (c) post-retirement benefit increases of 2.0% per year for both 2008 and 2007.

(5) Deposit and Investment Risk Disclosure –

As provided by state legislative act and County Ordinance, the Board has exclusive control and management responsibility of the Retirement System's funds and full power to invest the funds. In exercising its fiduciary responsibility, the Board is governed by the "prudent person" rule in establishing investment policy. The "prudent person" rule, requires the exercise of that degree of judgment, skill and care under the circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to permanent disposition of their funds, considering the probable income as well as the probable safety of the principal. The Board has adopted a Statement of Investment Policy to formally document investment objectives and responsibilities. This policy establishes guidelines for permissible investments of the Retirement System. The Retirement System's investments are subject to various risks. Among them are credit risk, concentration of credit risk, custodial credit risk, interest rate risk, and foreign currency risk. Each of these risks is discussed in more detail below.

Concentration of Credit Risk –

Concentration of credit risk is a risk of loss that may be attributed to the magnitude of the Retirement System's investment in a single issuer, generally investments in any one issuer that represents five (5) percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this definition. The Retirement System has no investments in one issuer other than U.S. Government securities and mutual funds that exceed five (5) percent of the total investments.

Credit Risk –

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's Investors Services ("Moody's"), Standard and Poor ("S & P") and Fitch Ratings ("Fitch's"). With the exception of the Loomis Sayles - High Yield and the Mellon Capital Management Aggregate Bond portfolios, bonds purchased and owned in each portfolio must have a minimum quality rating of Baa3 (Moody's) or BBB- (S & P or Fitch's). The average quality of each portfolio must be A or better. For Loomis Sayles - High Yield, bonds must have a minimum quality rating of B3 (Moody's) or B- (S & P or Fitch's) at the time of purchase. The fixed income securities for the Mellon Capital Management Aggregate Bond portfolio should have a minimum quality rating of A, with the exception of 15% of the portfolio which may have a minimum quality rating of BBB. The credit quality ratings of investments in fixed income securities by Moody's, a nationally recognized statistical rating agency, as of December 31, 2008 and 2007 are as follows: (amounts are in thousands of dollars)

Moody's Quality Ratings	12/31/08 Fair Value	12/31/07 Fair Value
AAA	$19,958	$26,115
AA1	3,981	3,848
AA2	1,779	3,004
AA3	4,072	2,407
A1	7,574	8,849
A2	34,140	45,020
A3	9,342	7,898
BAA1	19,878	16,672
BAA2	21,971	19,980
BAA3	29,812	32,189
BA1	4,336	15,598
BA2	4,211	14,715
BA3	14,303	12,084
B1	12,969	19,731
B2	5,535	5,584
B3	1,378	4,266
CAA1	7,936	14,290
CAA2	397	-
CA	394	-
C	1,023	-
NR	19,417	20,382
Total Credit Risk Fixed Income Securities	**$224,406**	**$272,632**
U.S. Government and Agencies	72,910	85,875
Mutual Funds (Not Rated)	312,542	345,310
Total Investment in fixed income	**$609,858**	**$703,817**

The Loomis, Sayles High Yield portfolio holds all securities with a rating less than Baa3, except for the following securities:

The Loomis, Sayles & Co Investment Grade portfolio holds securities in the amount of $1,239,729 and $6,234,958 with a rating of BA1 in 2008 and 2007, respectively, and $3,377,602 and $3,065,987 that are non-rated in 2008 and 2007, respectively. Of those that are non-rated by Moody's none are rated below the comparable Moody's rating of A- by other rating agencies in 2008 and 2007 except $445,830 were non-rated by all rating agencies in 2007.

The JPMorgan Investment Management portfolio holds securities in the amount of $135,000 with a rating of BA2, $84,518 with a rating of CAA1, and $4,305,551 and $2,007,467 that are non-rated in 2008 and 2007, respectively. Of those that are non-rated by Moody's only $47,007 is non-rated by other rating agencies in 2008 and none in 2007. All of the other securities are rated at the comparable Moody's rating of AAA in 2008 and 2007 except $322,973 that had a comparable Moody's rating of BAA3 in 2007.

One security in the amount of $19,899 that has been segregated from the security lending collateral portfolio is non-rated in 2008. There were no segregated securities in 2007.

Custodial Credit Risk – Deposits and Investments

Custodial credit risk is the risk that, in the event a financial institution or counterparty fails, the Retirement System will not be able to recover the value of its deposits, investments or securities. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the Retirement System's name and are held by the counterparty.

No formal policy exists on custodial risk. However, substantially all assets of the Retirement System are held in its name. Repurchase agreements held by the Retirement System are essentially collateralized overnight loans, with the securities held by Wells Fargo, the counterparty, as collateral. These securities are held by Wells Fargo but not in the name of the Retirement System. As of December 31, 2008, the underlying collateral for the Retirement System's repurchase agreements in the amount of $1,870,042 was exposed to custodial risk as it was held outside the name of the trust.

As of December 31, 2008 and 2007, all deposits with banks are fully insured by the Federal Depository Insurance Corporation or the State Deposit Guarantee Fund.

The following table presents the Retirement System's total cash, deposits and cash equivalents as of December 31, 2008 and 2007: (amounts are in thousands of dollars)

Schedule of Cash and Cash Equivalent Investments

	12/31/08		12/31/07	
	Carrying Value	Bank Balance	Carrying Value	Bank Balance
Cash held by various investment managers	$495	$495	$ 3,851	$ 3,851
Deposits with banks	440	459	452	459
Foreign currency	122	122	8	8
Repurchase agreement	–	1,870	–	3,667
Money market deposits	16,829	16,829	12,979	12,979
Total Deposits	$17,886	$19,775	$17,290	$20,964

The difference between the carrying value and bank balances are due to outstanding checks and deposits not yet processed by the bank. Deposits in excess of a predetermined amount are maintained in overnight repurchase agreements and transferred to a bank checking account as checks are presented for payment.

Foreign Currency Risk –

Foreign currency is the risk that changes in currency exchange rates will adversely affect the fair value of an investment or deposit.

The Retirement Systems exposure to foreign currency risk derives from its positions in foreign currency denominated international equity and fixed income investments. Its exposure to foreign currency as of December 31, 2008 and 2007 is as follows: (amounts are in thousands of dollars)

12/31/2008				
Currency Unit	Equity and Private Equity	Fixed Income and Convertible Debenture	Cash and Cash Equivalents	Total
Australian Dollar	$ 2,912	$ 1,604	$ -	$ 4,516
Brazilian Real	-	1,001	-	1,001
British Pound Sterling	1,392	-	-	1,392
Canadian Dollar	497	3.016	-	3,513
Euro Currency Unit	2,887	-	13	2,900
Hong Kong Dollar	4,112	-	-	4,112
Iceland Krona	-	979	-	979
Japanese Yen	5,971	-	-	5,971
Mexican New Peso	-	2,175	-	2,175
New Zealand Dollar	-	214	-	214
Singapore Dollar	787	178	-	965
South Korean Won	-	1,219	-	1,219
Swedish Krona	306	-	-	306
Swiss Franc	274	-	108	382
Thailand Baht	-	1,393	-	1,393
Totals	**$ 19,138**	**$ 11,779**	**$ 121**	**$ 31,038**

12/31/2007				
Currency Unit	Equity and Private Equity	Fixed Income and Convertible Debenture	Cash and Cash Equivalents	Total
Australian Dollar	$ 1,682	$ -	$ -	$ 1,682
Brazilian Real	1,455	-	-	1,455
British Pound Sterling	-	-	4	4
Canadian Dollar	4,273	-	-	4,273
Danish Krone	-	-	-	-
Euro Currency Unit	-	-	4	4
Hong Kong Dollar	-	-	-	-
Iceland Krona	1,909	-	-	1,909
Japanese Yen	-	-	-	-
Mexican New Peso	2,747	-	-	2,747
New Zealand Dollar	-	-	-	-
Norwegian Krone	-	-	-	-
S. African Comm Rand	-	-	-	-
Singapore Dollar	2,378	-	-	2,378
South Korean Won	1,624	-	-	1,624
Swedish Krona	-	-	-	-
Swiss Franc	-	-	-	-
Thailand Baht	1,413	-	-	1,413
Totals	**$ 17,481**	**$ -**	**$ 8**	**$ 17,489**

Interest Rate Risk –

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Duration is a measure of an investment's sensitivity to changes in interest rates. The higher the duration, the greater the changes in fair value when interest rates change. The Option-Adjusted Duration for a security is the percentage price sensitivity to interest rate changes of 100 basis points (or 1.0%). For example, an Option-Adjusted Duration of 5.20 means that the price of the security should fall approximately 5.20% for a 1.0% rise in the level of interest rates. Conversely, the price of a security should rise approximately 5.20% for a 1.00% fall in the level of interest rates. Interest rate changes will affect securities with negative durations in the opposite direction. The Option-Adjusted Duration method of measuring duration takes into effect the embedded options on cash flows.

The Retirement System does not have a formal investment policy that limits investment maturities as a means of managing exposure to losses arising from increasing interest rates with the exception of the cash equivalent portfolio. The investment policy limits the duration of individual securities held in the cash equivalent portfolio to 2.5 years. In addition, the duration of the entire cash equivalent portfolio should be between 1 and 2 years.

As of December 31, 2008 and 2007, the Retirement System had the following Option-Adjusted Durations for the fixed income investments: (amounts are in thousands of dollars)

12/31/08					
Fixed Income Sector	Fair Value	Option Adjusted Duration	Fixed Income Sector	Option Adjusted Fair Value	Duration
ABS-Airplane Receivables	$ 3,511	0.45	House Related	5,243	4.66
ABS-Car Loan	1,098	0.87	Industrial	43,456	5.49
ABS-Credit Cards	1,564	1.80	Insurance	2,258	8.87
ABS-Equipment	220	1.58	International Corporate Bonds	4,874	1.13
ABS-Home Equity	327	0.01	International Government Bonds	3,285	3.90
Automobiles & Components	78	4.08	Mining	1,562	11.13
Banking & Finance	30,257	4.80	News/Media	6,414	12.02
BSDT Reserve Deposit Accts.	337	0.00	Oil & Gas	12,266	7.39
Capital Goods	177	3.65	Other Corporate Bonds	681	4.28
Chemicals	63	7.09	Paper & Forest Products	981	0.61
CMO-U.S. Agencies	1,116	5.49	Pvt Placements-More than 1 yr	8,037	5.59
CMO-Comm/Corp	15,686	1.42	Retail	2,065	9.12
Commingled Fds Cash Equivalents	38,637	0.08	Supranational issues	1,373	11.46
Convertible Bonds	5,640	1.20	Taxable Municipals	1,126	7.08
FHLMC Multiclass	17,011	3.51	Technology	1,144	4.98
FHLMC Pools	3,678	2.41	Transportation	5,323	3.93
FNMA Pools	14,218	2.67	U.S. Agencies	2,955	1.51
FNMA REMIC	13,680	3.58	U.S. Governments	19,441	7.49
Food Beverage & Tobacco	376	10.63	Utility-Electric	14,511	5.94
Food Products	93	6.74	Utility-Gas	2,526	6.21
Govt of Canada-Direct	2,622	1.87	Utility-Telephone	16,123	7.17
Health Care	6,632	5.49	Yankee Bonds	795	6.45
Household Products	91	5.80	Other*	313,600	
			Total of both columns	**$ 627,151**	

*Represent $312,542 invested in bond mutual fund, $819 GNMA Single Family Pools and $249 CMO Comm/Corp for which the duration was not available.

12/31/07		
Fixed Income Sector	Fair Value	Option-Adjusted Duration (in years)
Asset Backed Securities	$ 8,480	2.65
CM Backed Securities	4,888	3.65
CMO Corporate	11,700	2.57
CMO Government Agencies	28,237	4.72
Corporate	175,715	6.49
Energy	1,744	0.61
Financials	500	(3.43)
Government	35,973	8.53
Health Care	2,535	1.51
Information Technology	3,493	2.02
Other	54,017	0.08
U.S. Convertibles	692	3.95
U.S. Gov't Mortgages	18,395	3.82
U.S. Private Placements	8,368	5.42
U.S. Taxable Muni Bonds	1,272	8.66
Non U.S.	17,481	2.89
Other *	347,617	N/A
Totals	**$721,107**	

* Includes $345,310 invested in bond mutual funds for which the duration was not available.

Security Lending –

Section 201.24 (9.1) of the General Ordinances of Milwaukee County and Board policies permit ERS to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. ERS participates in such a security lending program through its custodian, the Bank of New York Mellon, acting as ERS's securities lending agent. ERS requires collateral from the borrower in the form of cash or securities. Collateral for domestic issues is set at 102% of the fair

value of the securities loaned at the time of the initial transaction. If the value falls to 100% of the fair value of the securities loaned, additional collateral is obtained to reestablish collateral at 102% of the fair value of securities loaned. Collateral for international securities is maintained at a level of 105% of the fair value of securities loaned at all times. The securities lending program guidelines attempt to preserve capital while earning a moderate rate of return. Earnings from securities lending, after all fees are paid, are split on a percentage basis with the custodian. For 2008 and 2007, the net investment income realized from security lending was $541,455 and $413,241, respectively.

ERS also invested in several commingled funds managed by Mellon Capital Management that participated in securities lending programs. The earnings and losses attributable to the commingled funds' securities lending programs are combined with the commingled funds' performance and are not reported separately in ERS's financial statements.

Securities loaned and the collateral held were as follows: (amounts are in thousands of dollars)

	As of December 31			
	2008		2007	
Securities Lent for Cash Collateral	**Securities Lent**	**Collateral**	**Securities Lent**	**Collateral**
Fixed income	$ 15,063	$ 15,487	$ 34,992	$ 35,417
Domestic stocks	16,833	17,110	37,783	39,289
REITS	4,777	4,848	30,132	30,833
Subtotal	36,673	37,445	102,907	105,539
Securities Lent for Securities Collateral				
Fixed income	976	1,010	4,281	4,328
Domestic stocks	32	38	3,850	3,956
Subtotal	1,008	1,048	8,131	8,284
Grand Total	$ 37,681	$ 38,493	$111,038	$113,823
Percent Collateral to Securities Loaned		102.16%		102.51%

The collateral received from security lending transactions are recorded as assets at quoted fair value of the financial statement date. The Retirement System records an identical amount as a liability, representing the obligation of the Retirement System to return the collateral at the time the borrower of the Retirement System's securities return those securities.

The collateral received from securities lending transactions includes cash of $37,445 and $105,539 and U.S. Treasury securities of $1,048 and $8,284 for the years ended December 31, 2008 and 2007, respectively. Under the terms of the securities lending agreement, the Retirement System has the right to sell or pledge the cash collateral. The non-cash collateral in the amount of $1,048 and $8,284 for the years ended December 31, 2008 and 2007, respectively, is controlled by the custodian and, correspondingly, is not reflected in the Statement of Net Assets Available for Plan Benefits.

At year-end, the Retirement System has no credit risk exposure to borrowers because the amounts the Retirement System owes the borrowers exceed the amounts the borrowers owe the Retirement System. The contract with the Retirement System's custodian requires it to indemnify the Retirement System if a borrower fails to return the securities (and if the collateral is inadequate to replace the securities lent) or fails to pay the Retirement System for income distributions by the securities' issuers while the securities are on loan.

(6) Financial Instruments With Off-Balance Sheet Risks –

A currency forward is a contractual agreement between two parties to pay or receive amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. Forward commitments are entered into with the foreign exchange department of a bank located in a major money market. These transactions are entered into in order to hedge risks from exposure to foreign currency rate fluctuations. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the Retirement System records the amount receivable or payable at fair value, with the unrealized gain or loss reported as a component of net appreciation in fair value.

There were no unrealized losses on forward foreign exchange contracts at year-end 2008 and 2007. At year-end 2008 and 2007, the Retirement System held only $98.1 thousand and $3.7 thousand in forward foreign exchange contracts.

(7) Commitments and Contingencies –

The Retirement System is involved in litigation and certain other disputes arising during the normal course of operations. Management does not believe the settlement of such matters will have a material impact on the Retirement System's financial statements.

(8) OBRA 1990 Retirement System of the County of Milwaukee –

The County established the OBRA 1990 Retirement System of the County of Milwaukee (OBRA) to cover seasonal and certain temporary employees who are not enrolled in the Retirement System. Assets of the OBRA are commingled for investment purposes with the assets of the Retirement System. As the assets of the Retirement System are legally available to pay benefits of either the ERS or OBRA and all assets have been commingled. The Retirement System and OBRA are considered a single plan for financial reporting purposes. Net assets identified for OBRA benefits as of December 31, 2008 and 2007, were as follows:

	(Unaudited)	
	2008	2007
Assets		
Cash	$ 1,928	$ 2,031
Contributions receivable from County	522,000	529,000
Assets held by Retirement System	337,365	823,774
Total assets	$ 861,293	$1,354,805
Liabilities		
Taxes payable	$ 1,370	$ -
Total liabilities	1,370	-
Net assets available for benefits	$ 859,923	$1,354,805

Changes in net assets available for benefits for OBRA for the years ended December 31, 2008 and 2007, were as follows:

	(Unaudited)	
	2008	2007
Contributions from County	$522,000	$529,000
Investment income (loss)	(298,101)	68,780
Investment and administrative expenses	(589,308)	(449,781)
Benefits paid	(129,473)	(54,125)
Net increase (decrease) in assets available for benefits	($484,882)	$93,874

As of December 31, 2008 and 2007, respectively, there were 10,939 and 10,143 participants with vested benefits in OBRA. The actuarial accrued liability of OBRA at December 31, 2008 and 2007, was $4,451,626 and $4,076,739, respectively, leaving net assets available less than the actuarial accrued liability of ($3,591,703) and ($2,721,934), respectively. These amounts are not reflected in the required supplementary information tables that follow the notes to the financial statements.

(9) Funded Status and Actuarial Information

The Retirement System engages an independent actuarial firm to perform an annual actuarial valuation. The funded status of the Retirement System as of January 1, 2009, the most recent actuarial valuation date, is as follows (dollar amounts in thousands): The December 31, 2008 funding ratio, as calculated by the actuary, includes the proceeds of the pension obligation bonds that were issued in April 2009. See Note 10 of the financial statements.

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
$1,968,518	$2,057,377	$88,859	95.7%	$233,820	38.0%

The schedules of funding progress, presented as required supplementary information (RSI) immediately following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of the plan assets are increasing or decreasing over time relative to the AALs for benefits.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates about the future. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. These calculations reflect long-term perspectives and use techniques that are designed to reduce short-term volatility.

Following is a listing of the actuarial method significant assumptions used to determine the Annual Required Contribution (ARC) for the current year:

Valuation date	1/1/2009
Actuarial cost method	Aggregate Entry Age Normal
Asset valuation method	5-year smoothed market
Amortization methods:	
Contribution variance	Level dollar, closed
Administrative expenses	Level dollar, closed
All other unfunded liability	Level percent of payroll, closed
Remaining amortization periods:	
Contribution variance	5 years
Administrative expenses	10 years
All other unfunded liability	30 years
Actuarial Assumptions:	
Investment rate of return	8.00%
Projected salary increases	3.50%
Post-retirement benefit increases	2%, simple

(10) Subsequent Event

On April 2, 2009, the County issued $400 million of pension obligation bonds. The bonds were issued to fund a portion of the unfunded prior service liabilities of the Retirement System. Net proceeds, after deducting the costs of the financing, of $397,797,000 were transferred directly into the Retirement System and will be invested at the direction of the Board. In order to facilitate long-term planning purposes, the Board requested the actuary to include these anticipated proceeds in its determination of the Retirement System's funded status as of January 1, 2009. The proceeds will be reflected in the financial statements of the plan when received during plan year ending December 31, 2009.

In May 2009, the County and ERS settled its lawsuit against its former actuary in the amount of $45 million. It is anticipated that after the payment of attorney fees and other legal costs approximately $30 million will be available to be transferred to the Retirement System.

Required Supplementary Information

Schedule of Funding Progress
(in thousands of dollars)

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability–AAL (b)	Funded ratio (a/b)	(Overfunded) Unfunded AAL–(UAAL) (b-a)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
* 12/31/08	$1,968,518	$2,057,377	95.7%	$88,859	$233,820	38.0%
12/31/07	1,627,288	2,024,923	80.4%	397,635	227,364	174.9%
12/31/06	1,525,532	1,931,220	79.0%	405,688	223,005	181.9%
12/31/05	1,454,302	1,909,321	76.2%	455,019	225,722	201.6%
12/31/04	1,424,918	1,782,884	79.9%	357,966	209,796	170.6%
12/31/03	1,446,726	1,707,999	84.7%	261,273	233,478	111.9%

* Includes the anticipated impact from the $397.8 million in pension obligation bonds that was actually received by the plan during plan year 2009.

Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded (overfunded) actuarial accrued liability in isolation can be misleading. Expressing plan net assets as a percentage of the actuarial accrued liability provides one indication of the Retirement System's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the Retirement System is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Retirement System. The December 31, 2008 funding ratio, as calculated by the actuary, includes the proceeds of the pension obligation bonds that were issued in April 2009. See Note 10 of the financial statements. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids the analysis of the Retirement System's progress in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, or the larger the percentage, if negative, the stronger the Retirement System.

Schedule of Employer Contributions for the Year Ended December 31,

Fiscal Year	Annual Required Contribution	Percentage Contributed
2008	$53,063,610	65.7%
2007	52,395,263	94.1%
2006	52,638,196	52.1%
2005	37,607,940	94.2%
2004	33,248,204	105.7%
2003	25,242,325	134.6%

Notes to Required Supplementary Information

(1) Description –

The historical trend information is presented as required supplementary information. This information is intended to help users assess the Retirement System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

(2) Actuarial Assumptions and Methods –

The information presented in the required supplementary schedules was determined as part of the actuarial valuations as of January 1, 2009, for the plan year ending December 31, 2008. The actuarial valuations consider the changes effective January 1, 2009. Additional information as of the latest actuarial valuation follows:

(See independent auditor's report)

Valuation date	1/1/09
Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level percent of payroll, closed
Equivalent Single Amortization Period	14 years
Asset valuation method	5-year smoothing of difference between total expected return versus actual return
Actuarial Assumptions:	
COLA	2% of original pension benefits
Investment rate of return*	8.0%
Projected payroll growth*	3.5%
Mortality	Sex-distinct up – 1994 Mortality Table (for healthy pensioners) RP 2000 Disabled Mortality Table (for disabled pensioners

*Includes inflation at 3.0%

(3) Significant Factors Affecting Trends in Actuarial Information –

The changes regarding the increases in the Annual Compensation limit and the Annual benefit limit for years 2005-2009 are subject to the passage of the Ordinance Amendments by the County Board.

2009 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year -

- Increased annual compensation limit to $245,000.
- Increased annual benefit limit to $195,000.

2008 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Changed maximum period for backdrop period to earliest unreduced benefit.
- Increased annual compensation limit to $230,000.
- Increased annual benefit limit to $185,000.

2007 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Changed disability assumption from assuming 100% of disabilities are Ordinary to 10% Ordinary and 90% Accidental for represented employees and 95% Ordinary and 5% Accidental for non-represented employees.
- Changed the backdrop assumption from 70% of eligible employees elect a backdrop with an average backdrop period of four years to 75% of eligible employees elect a backdrop, where 75% are assumed to take the maximum period available to them and 25% take half the maximum period available.
- Increased annual compensation limit to $225,000.
- Increased annual benefit limit to $180,000.

2006 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Increased annual compensation limit to $220,000.
- Increased annual benefit limit to $175,000.
- Decreased in the discount rate to 8.0%.
- Increased in backdrop utilization assumption from 50% to 70%.

2005 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Increased annual compensation limit to $210,000.
- Increased annual benefit limit to $170,000.

(See independent auditor's report)

TEN-YEAR HISTORICAL TREND INFORMATION

REVENUES BY SOURCE AND EXPENSES BY TYPE

(Unaudited)

Revenues by Source

Fiscal Year	Participant Contributions	County Contributions(1)	Investment Income (Loss)(2)	Total
2008	$140,209	$34,840,886	($352,108,625)	($317,127,530)
2007	344,782	49,291,072	106,442,068	156,077,922
2006	545,258	27,435,154	207,804,929	235,785,341
2005	360,283	35,415,185	128,528,748	164,304,216
2004	711,322	35,143,178	188,633,703	224,488,203
2003	704,758	33,980,592	292,669,096	327,354,446
2002	436,682	2,579,984	(78,508,968)	(75,492,302)
2001	265,567	2,646,523	(28,309,035)	(25,396,945)
2000	180,729	629,279	(14,726,721)	(13,916,713)
1999	140,834	2,756,636	243,675,430	246,572,900

Expenses by Type

Fiscal Year	Benefits(3)	Investment and Administrative Expenses(4)	Withdrawals	Total
2008	$144,160,665	$7,385,443	$23,557	$151,569,665
2007	139,990,962	7,715,976	56,626	147,763,564
2006	130,730,539	6,622,923	13,571	137,367,033
2005	148,307,335	6,294,816	36,963	154,639,114
2004	161,368,700	6,302,951	154,522	167,826,173
2003	111,109,514	5,662,380	12,999	116,784,893
2002	118,078,160	5,301,678	30,230	123,410,068
2001	94,842,239	5,389,064	233,732	100,465,035
2000	85,664,789	5,320,195	257,600	91,242,584
1999	82,022,948	4,966,393	16,866	87,006,207

FOOTNOTES ARE IN THOUSANDS OF DOLLARS:

(1) Contributions are set during the County's budget process and are made at the discretion of the County Board.

(2) Includes interest and dividends, net appreciation (depreciation) of fair value, net security lending income and other income.

(3) Included in the benefits for 2008, 2007, 2006, 2005, 2004, 2003 and 2002 are back drop lump-sum payments of $11.2, $10.5 $5.5, $25.7, $55.1, $11.0 and $23.1 million, respectively.

(4) The increase in investment and administrative expenses of $2,419 during the past ten years were due to increases in the following expenses:

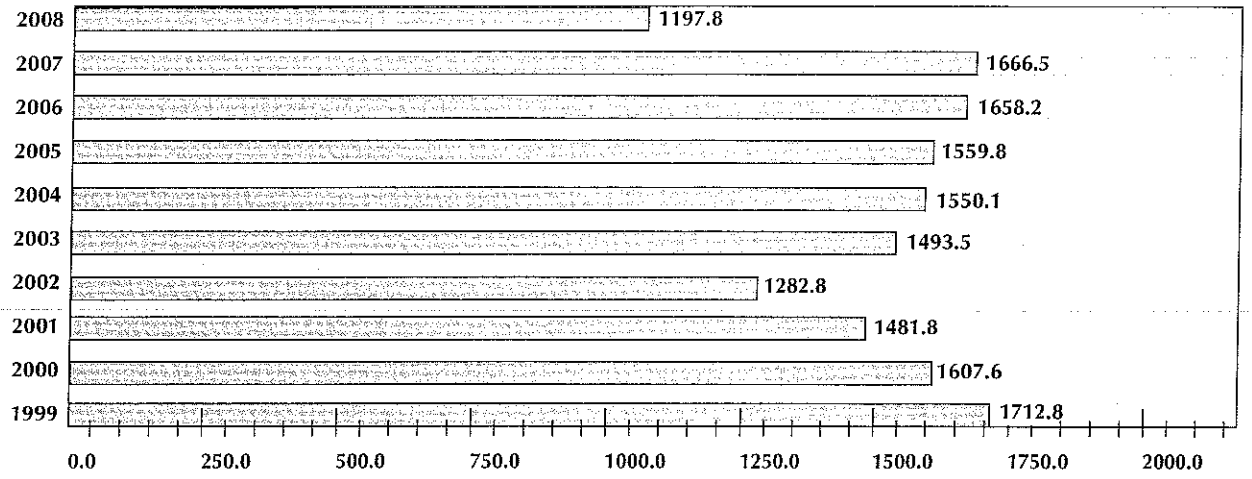
- outside consultants of $958 with most of the increase occurring in 2008 and 2007 as a result of work being done on the installation of a new pension mainframe software system, data and document cleansing in preparation to the conversion to the new software system and a new online document imaging system;
- legal and corporate counsel fees of $729 due to buyback/buyin issues, RFP preparation and analysis, tax issues and various other legal matters;
- cost of fiduciary insurance of $355. This cost has declined considerably after peeking in 2004;
- salaries and wages of $336 due primarily to the increase in the cost of benefits;
- temporary help of $276 due to unfilled positions within the department and the imaging project;
- hardware and software utilization and maintenance costs of $159 due to hosting charges for the new software system plus maintenance costs for the old software.

The following costs decreased:

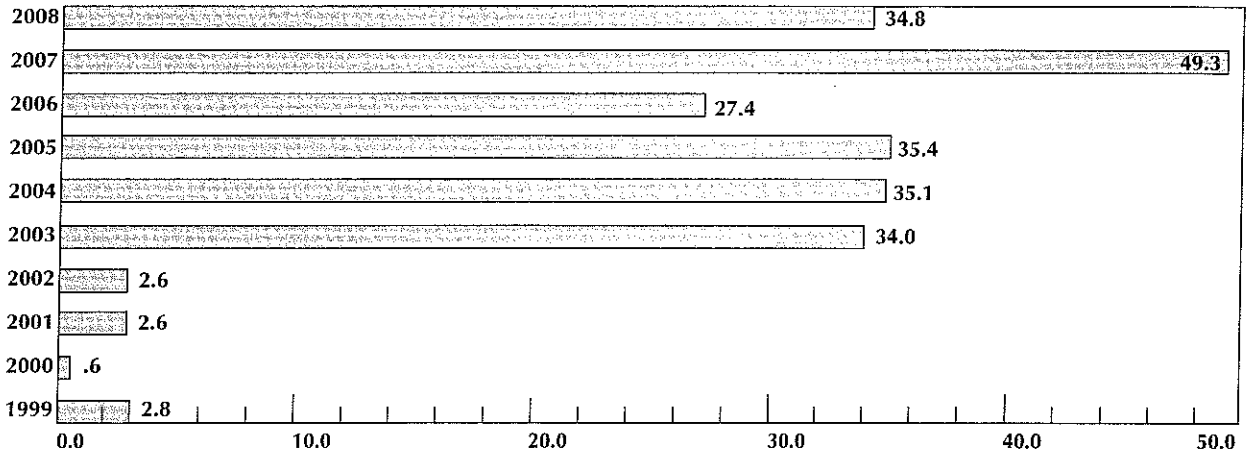
- investment manager, custodial and cash management fees declined ($163) due to the decrease in the size of the fund and a new pricing schedule for custodial services.

Most of the other expenses experienced small increases that were offset by an increase of administrative expenses assessed to the OBRA retirement system. Those administrative expenses are assessed in accordance with a predetermined formula that is based upon the number of participants and the asset size of the OBRA retirement system that has been uniformly applied since the inception of OBRA in addition to any direct legal and actuarial costs.

NET FUND ASSETS
FAIR VALUES 2008-1999
(in millions of dollars)
(unaudited)



ACTUAL COUNTY CONTRIBUTIONS
(in millions of dollars)
(unaudited)



ACTIVE MEMBERSHIP STATISTICS (Unaudited)

	2008
Members as of January 1	6,199*
Changes During the Year:	
New enrollments	400
Rehires	16
Nonvested terminations	(168)
Retirements	(218)
Deaths in active service	(18)
New deferred beneficiaries	1
Data adjustments	22
Members as of December 31	6,234*

The total includes vested inactive members of 1,385 and 1,397 as of the beginning of the year and end of the year respectively.

RETIREMENTS AND SURVIVORS (Unaudited)

	Retirements Granted								Survivors & Beneficiaries	Total
		Option								
	Maximum Pension	Refund	100%	75%	50%	25%	10-yr.	Other		
January 1, 2008	2,818	595	1,209	181	1,136	285	111	39	947	7,321
Changes During the Year:										
Adjustments (actuary)*	(51)	1	3	1	3	2	6	-	3	(32)
Retirements**	109	-	49	10	18	22	10	-	33	251
Pensioner deaths	(76)	(30)	(27)	(2)	(29)	(2)	-	-	(66)	(232)
December 31, 2008	2,800	566	1,234	190	1,128	307	127	(39)	917	7,308

*Adjustments as a result of reclassifications made to beginning balances by the actuary due to new information received.
** Includes 33 new survivors and beneficiaries due to retiree deaths.

CONSULTANTS

as of December 31, 2008

Legal Advisors:

Milwaukee County
Corporation Counsel
William Domina

Reinhart, Boerner, Van Deuren s.c.
Milwaukee, Wisconsin

Foley & Lardner
Milwaukee, Wisconsin

Actuary:

Buck Consultants
Chicago, Illinois

Disbursing Agent:

County Treasurer

Custodian/Securities Agent:

BNY/Mellon Trust
Boston, Massachusetts

Medical Board:

Aurora Occupational Health Services
Milwaukee, Wisconsin

Investment Consultant:

William M. Mercer
Investment Consulting, Inc.
Chicago, Illinois

Cash Management Manager:

Mellon Trust
Boston, Massachusetts

Standish Mellon Asset Management
Woburn, Massachusetts

Venture Capital Investment Managers:

Adams Street Partners
Chicago, Illinois

Progress Investment Management Company
San Francisco, California

Equity Investment Managers:

AQR Capital Management, LLC
Greenwich, Connecticut

Artisan Partners
Milwaukee, Wisconsin

Boston Partners Asset Management, Inc.
Boston, Massachusetts

EARNEST Partners, LLC
Atlanta, Georgia

Mellon Capital Management
Pittsburgh, Pennsylvania

Reinhart Partners, Inc.
Mequon, Wisconsin

Westfield Capital Management Co., Inc.
Boston, Massachusetts

Fixed-Income Investment Managers:

Loomis, Sayles & Company, Inc.
Boston, Massachusetts

JPMorgan Investment Management
New York, New York

Mellon Capital Management
Pittsburgh, Pennsylvania

International Investment Managers:

Baring Asset Management, Inc.
Boston, Massachusetts

Capital Guardian Trust Company
Brea, California

Grantham, Mayo, Van Otterloo & Co.
Boston, Massachusetts

Real Estate Investment Trusts

ING Clarion Real Estate Securities
Radnor, Pennsylvania

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Milwaukee County
Employees' Retirement System
Courthouse, Room 210-C
901 N. 9th Street
Milwaukee, Wisconsin 53233

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EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE

ACTUARIAL VALUATION
JANUARY 1, 2008

buckconsultants
an ACS company

June 9, 2008

The Retirement Board
Employees' Retirement System of the
County of Milwaukee
901 N. 9th St.
Milwaukee, WI 53233

Ladies and Gentlemen:

This report presents the results of the annual actuarial valuation of the Employees' Retirement System of the County of Milwaukee as of January 1, 2008. The valuation takes into account all of the promised benefits to which members are entitled as of January 1, 2008, including pension and survivor benefits; and as required by the Retirement Code is the basis for the Budget Contribution for fiscal year 2009.

The valuation was based on the actuarial assumptions and methods as adopted by the Board of Trustees, including a valuation interest rate of 8% per annum compounded annually. Based on our recommendations in May 2007, the Board adopted revised actuarial assumptions effective with the January 1, 2007 valuation. Since the prior valuation, refinements in the methods and data, including a change in the estimation of the look-back period for the backdrop, were implemented.

Assets and Membership Data

The Retirement System reported the individual data for members of the System as of the valuation date to the actuary. While we did not verify the data at their source, we did perform tests for internal consistency and reasonableness. The amount of assets in the trust fund taken into account in the valuation was based on statements prepared for us by the Retirement System.

One North Dearborn Street, Suite 1400 • Chicago, IL 60602-4336
312.846.3000 • 312.846.3999 (fax)

Funding Adequacy

The 2007 valuation performed last year resulted in an Actual Funding Contribution of $52,395,263, against which $49,292,095 (adjusted for interest shown on Table 11) was actually contributed. The shortfall of $3,103,168 is amortized over five years.

The Actual Funding Contribution for 2008, based on the results of this valuation, is $53,063,610. It is expected that $39,360,524 ($39,359,288 in expected contribution plus $1,236 in expected interest) will be contributed during 2009 on behalf of the 2008 plan year. The shortfall of $13,703,086 will be amortized over five years.

Budget Contribution

The 2009 Budget Contribution, expected to be contributed in 2010, is $56,491,000.

Financial Results and Membership Data

Detailed summaries of the financial results of the valuation and membership data used in preparing the valuation are shown in the valuation report. The actuary prepared supporting schedules and required supplementary information included in the County of Milwaukee Annual Report of the Pension Board.

Qualified actuaries completed the valuation in accordance with accepted actuarial procedures as prescribed by the Actuarial Standards Board. The qualified actuaries are members of the American Academy of Actuaries and are experienced in performing actuarial valuations of public employee retirement systems. To the best of our knowledge, this report is complete and accurate and has been prepared in accordance with generally accepted actuarial principles and practice.

Respectfully submitted,

Larry Langer, ASA, EA, MAAA
Principal, Consulting Actuary

S. Lynn Hill
Director, Retirement Consulting

LL/SLH:pl

EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE

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Executive Summary

This report presents the actuarial valuation as of January 1, 2008 for the Employees' Retirement System of the County of Milwaukee. The principal valuation results include:

- The Actual Funding Contribution for fiscal year 2008, which is $53,063,610.
- The Annual Required Contribution for fiscal year 2008 in accordance with GASB requirements, which is $53,063,610.
- The Budget Contribution for fiscal year 2009, which is $56,491,000.
- The total funded ratio of the plan determined as of January 1, 2008, which is 80.4% based on the accrued liability and the actuarial value of assets.
- The determination of the actuarial gain or loss as of January 1, 2008, which is a gain of $61,342,303.
- Annual disclosure as of January 1, 2008 as required by Statement No. 25 of the Governmental Accounting Standards Board.

The valuation was based on membership and financial data submitted by the Retirement System.

Changes Since Last Year

Legislative and Administrative Changes

Other than the following changes that have been reflected for the first time with this valuation, there were no legislative or administrative changes since the prior valuation.

- Firefighters hired on or after June 19, 2007 are not eligible for backdrop benefits
- DC 48 members hired on or after February 1, 2007 are not eligible for backdrop benefits

The benefit provisions and contribution provisions are summarized in Table 16.

Actuarial Assumptions and Methods

The actuary recommended that the Board adopt new assumptions based upon the five-year experience review of the actuarial assumptions. The Board concurred with the actuary's recommendation and adopted a number of assumption changes effective with the January 1, 2007 actuarial valuation that were used to calculate the actual 2007 contribution and the 2008 budget contribution. With this January 1, 2008 valuation, refinements in the methods and data, including a change in the estimation of the look-back period for the backdrop, were implemented.

The actuarial assumptions and methods are outlined in Table 15.

Contribution Amounts

The results of the valuation as of January 1, 2008 determine the Actual Funding Contribution and Annual Required Contribution for fiscal year 2008 and the Budget Contribution for fiscal year 2009. The Actual Funding Contribution and the Annual Required Contribution for GASB 25 disclosure for fiscal year 2008 are both $53,063,610. The Budget Contribution for fiscal year 2009 is $56,491,000. The actual 2008 contribution and budgeted 2009 contribution were based on an assumption adopted by the Board in May 2007 and participant data as of January 1, 2008.

Reasons for Change in Budget Contribution Calculated by the Actuary

The Budget Contribution calculated by the actuary increased from $49,707,000 for fiscal year 2008 to $56,491,000 for fiscal year 2009. A reconciliation of the increase of $6,784,000 is shown in the following table:

Item	Amount	
1. 2008 Budget Contribution		$ 49,707,000
2. Increase / (Decrease) during 2007 due to		
a. Unanticipated liability loss (gain)	$ 100,000	
b. Asset experience other than expected	344,000	
c. 2007 reimbursable expenses other than assumed	(13,000)	
d. 2007 contribution variance other than assumed	-	
e. Full recognition of bases other than assumed	-	
f. Methodology changes and other refinements	2,926,000	
g. Total		3,357,000
3. 2008 Actual Contribution (1 + 2)		$ 53,064,000
4. Expected Increase / (Decrease) during 2008 due to		
a. Normal cost and existing amortization schedule	$ 1,611,000	
b. Phase-in of deferred asset (gains) losses	(1,645,000)	
c. Amortization of 2008 reimbursable expenses	149,000	
d. Expected contribution variance for 2008	3,432,000	
e. Full recognition of 1999 reimbursable expenses and 2004 contribution variance	(120,000)	
f. Increase due to assumption changes	-	
g. Total		3,427,000
5. 2009 Budget Contribution (3 + 4)		$ 56,491,000

Summary of Principal Results

Summarized below are the principal financial results for the Employees' Retirement System of the County of Milwaukee based upon the actuarial valuation as of January 1, 2008. Comparable results from the January 1, 2007 valuation are also shown.

Item	January 1, 2008	January 1, 2007
Demographics		
Active Members		
• Number	4,814	4,898
• Average Annual Pay	$ 47,230	$ 45,530
Inactive Members		
• Members Receiving Benefits		
• Number	7,321	7,299
• Average Annual Benefit Payment	$ 17,977	$ 17,538
• Members With Deferred Benefits		
• Number	1,385	1,404
• Average Annual Benefit Payment	$ 7,507	$ 7,867
Actual Funding Contribution	**(Fiscal Year 2008)**	**(Fiscal Year 2007)**
• Normal Cost with Interest	$ 21,012,737	$ 21,189,240
• Net Amortization Payments	32,050,873	31,206,023
• Total Contribution	$ 53,063,610	$ 52,395,263
Actuarial Funded Status		
• Accrued Liability	$ 2,024,922,619	$ 1,931,219,869
• Actuarial Value of Assets	1,627,287,632	1,525,531,519
• Unfunded Accrued Liability	$ 397,634,987	$ 405,688,350
• Funded Ratio	80.4 %	79.0 %

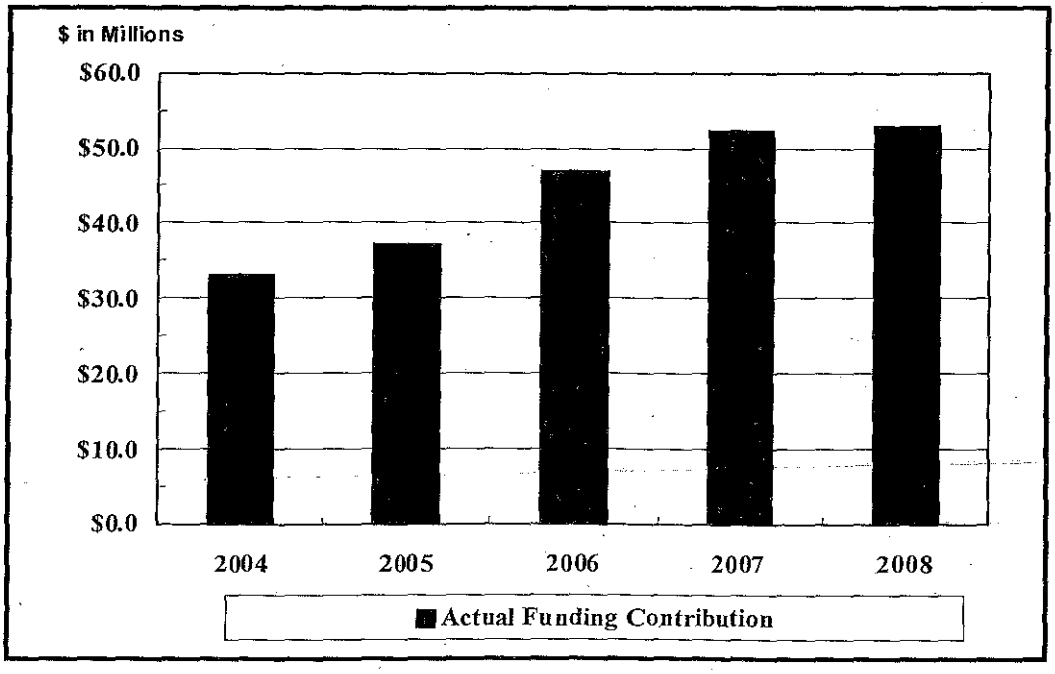
Five-Year History of Principal Financial Results

Five-Year History of Contribution Amounts

Valuation as of January 1	Actual Funding Contributions		
	Normal Cost with Interest	Net Amortization Payments	Total
2008	$ 21,012,737	$ 32,050,873	$ 53,063,610
2007	21,189,240	31,206,023	52,395,263
2006	22,622,593	24,306,754	46,929,347
2005	18,184,797	19,423,143	37,607,940
2004	20,146,407	13,101,797	33,248,204

The following chart shows a five-year history of employer contribution amounts:

Five-Year History of Actual Funding Contributions



Funded Ratio

The financing objective of the System is to:

- Fully fund all current costs based on the normal contribution rate determined under the funding method; and
- Liquidate the unfunded accrued liability based on the amortization schedules as required by the retirement code, i.e., a schedule of 5, 10, or 30 years for each change in the unfunded accrued liability according to Section 3.1.

The total Actual Funding Contribution of $53,063,610, when taken together with the contributions payable by the members and asset returns, is the amount sufficient to achieve the financing objective for 2008.

The System's total funded ratio on the funding basis is measured by comparing the actuarial value of assets (based on a 5-year moving average market value) with the accrued liability. The accrued liability for pensions is the present value of benefits accumulated to date under the System's funding method and reflects future pay increases for active employees.

On this basis, the System's funded ratio is 80.4% as of January 1, 2008. This funded ratio is based on an actuarial value of assets of $1,627,287,632 and an accrued liability of $2,024,922,619.

Reasons for Change in the Total Funded Ratio

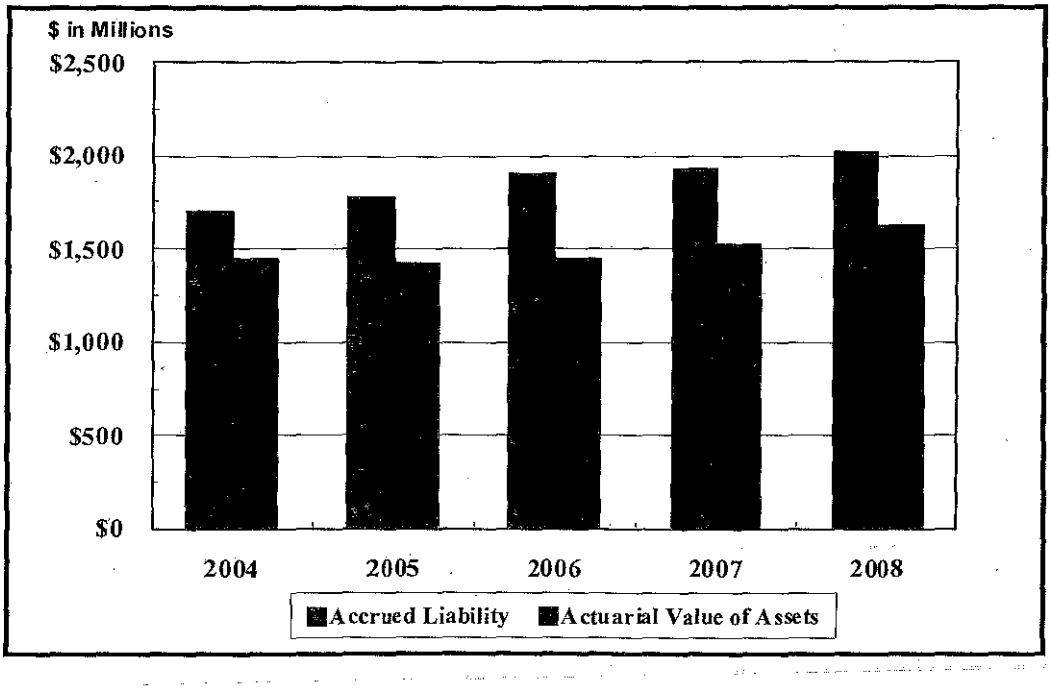
The total funded ratio increased from 79.0% as of January 1, 2007 to 80.4% as of January 1, 2008. The increase is due to the net effect of investment return, plan and method changes and experience gains and losses.

Five-Year History of Total Funded Ratio
($ Amounts in Thousands)

Valuation as of January 1	Accrued Liability	Actuarial Value of Assets	Unfunded Accrued Liability	Funded Ratio
2008	$ 2,024,923	$ 1,627,288	$ 397,635	80.4%
2007	1,931,220	1,525,532	405,688	79.0
2006	1,909,321	1,454,302	455,020	76.2
2005	1,782,884	1,424,918	357,966	79.9
2004	1,707,999	1,446,726	261,273	84.7

The following chart shows a five-year history of the accrued liability and the actuarial value of assets:

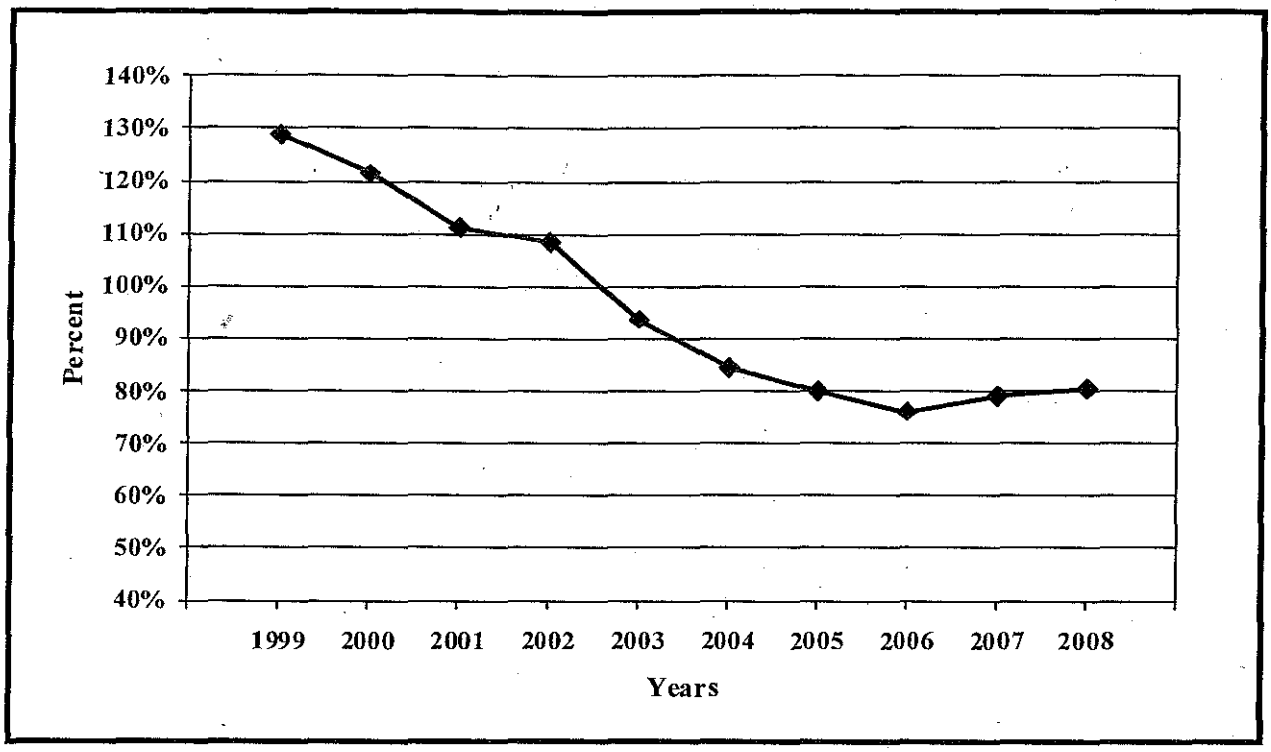
Five-Year History of Accrued Liability and Actuarial Value of Assets



The following chart shows a ten-year history of the total funded ratio:

Ten-Year History of Total Funded Ratio

(1999 - 2008)



GASB No. 25 Disclosure

Statement No. 25 of the Governmental Accounting Standards Board established reporting standards for the annual financial reports of defined benefit pension plans. The System complied with Statement No. 25 beginning with the January 1, 1997 valuation. The statement requires disclosure of the "schedule of funding progress" and the "schedule of employer contributions" in the System's financial statements.

The "schedule of funding progress" shows historical trend information about the System's actuarial value of assets, the actuarial accrued liability and the unfunded actuarial accrued liability. The actuarial funded ratio is measured by comparing the actuarial value of assets (based on a 5-year moving average market value) with the accrued liability. The accrued liability is the present value of benefits accumulated to date under the System's funding method and reflects future pay increases for active employees. On this basis, the System's funded ratio is 80.4% as of January 1, 2008. This funded ratio is based on an actuarial value of assets of $1,627,287,632 and an accrued liability of $2,024,922,619.

The "schedule of employer contributions" shows historical trend information about the annual required contribution (ARC) for pensions of the employer and the percentage of the ARC contributed to the System. The ARC is equal to the normal cost for pensions plus amortization of the unfunded actuarial accrued liability for pensions. The maximum period of amortizing the unfunded actuarial accrued liability permitted by GASB No. 25 is 30 years. The maximum amortization period decreased from 40 years to 30 years in 2007. The employer contributions to the System are equal to the normal cost plus a payment towards each change in the unfunded accrued liability, which are amortized over 5, 10 or 30-year periods. The ARC and the actual employer percentage contributed for the six fiscal years ending December 31, 2008 are shown in Table 14.

Rate of Return

The investment return of the trust fund (i.e. total return including both realized and unrealized gains and losses) for fiscal years 2003 through 2007 is shown in the table below. The return based on the actuarial value of assets used for determining annual contribution rates is also shown.

The rate of return on market value reflects the investment earnings on the market value of assets from the beginning of the fiscal year to the end of the fiscal year. The actuarial assets are the assets recognized for valuation purposes. Actuarial assets are based on a smoothed market value that spreads the difference between the actual and expected return over a period of five years. The rate of return on the actuarial value of assets is a measure of the increase in the actuarial value of assets from the beginning of the fiscal year to the end of the fiscal year.

Five Year History of Asset Returns

As of	Asset Values		Estimated Rates of Return		
12/31	Market	Actuarial	Market	Actuarial	Assumed
2007	$ 1,666,511,165	$ 1,627,287,632	6.3%	13.2%	8.0%
2006	1,658,195,799	1,525,531,519	13.5%	12.6%	8.0%
2005	1,559,777,489	1,454,301,600	8.3%	10.6%	8.5%
2004	1,550,112,389	1,424,917,604	14.0%	8.0%	8.5%
2003	1,493,450,359	1,446,725,776	23.3%	5.6%	9.0%
	Compound Rate of Return (five years):		12.9%	10.0%	

TABLE 1

SUMMARY OF RESULTS OF ACTUARIAL VALUATION

Item	January 1, 2008	January 1, 2007
Participant Data		
1. Number of Participants		
a) Active Participants	4,814	4,898
b) Participants with Deferred Benefits	1,385	1,404
c) Participants Receiving Benefits	7,321	7,299
d) Total	13,520	13,601
2. Annualized Salaries	$ 227,364,398	$ 223,005,093
3. Annual Annuities	$ 131,611,251	$ 128,010,105
Valuation Results		
4. Present Value of Future Benefits		
a) Active Participants	$ 793,046,790	$ 727,724,572
b) Participants with Deferred Benefits	69,361,361	69,182,533
c) Participants Receiving Benefits	1,303,876,087	1,279,799,507
d) Total	$ 2,166,284,238	$ 2,076,706,612
5. Present Value of Future Normal Cost	$ 141,361,619	$ 145,486,743
6. Actuarial Accrued Liability: (4 - 5)	$ 2,024,922,619	$ 1,931,219,869
7. Actuarial Value of Assets	$ 1,627,287,632	$ 1,525,531,519
8. Funded Status: (7 / 6)	80.4 %	79.0 %
9. Unfunded Actuarial Accrued Liability: (6 - 7)	$ 397,634,987	$ 405,688,350
10. Normal Cost Rate	8.893 %	9.143 %
11. Normal Cost for the Plan Year	$ 20,219,516	$ 20,389,356
Employer Actual Funding Contribution and Annual Required Contribution for Fiscal Year		
12. Actual Funding Contribution Calculated by Actuary		
a) Normal Cost with Interest	$ 21,012,737	$ 21,189,240
b) Net Annual Amortization Payments	32,050,873	31,206,023
c) Total Contribution: ((a + b), not less than zero)	$ 53,063,610	$ 52,395,263

TABLE 2

SECURITY OF PROMISED BENEFITS
UNFUNDED ACTUARIAL ACCRUED LIABILITY
FUNDED STATUS

Item	January 1, 2008	January 1, 2007
1. Actuarial Accrued Liability		
a. Active Participants		
Retirement Benefits	$ 607,025,518	$ 538,967,680
Withdrawal Benefits	31,670,797	31,166,418
Disability Benefits	5,692,307	5,306,547
Death Benefits	7,296,549	6,797,184
Total Active	651,685,171	582,237,829
b. Participants with Deferred Benefits	69,361,361	69,182,533
c. Participants Receiving Benefits	1,303,876,087	1,279,799,507
d. Total All Participants	$ 2,024,922,619	$ 1,931,219,869
2. Actuarial Value of Assets	1,627,287,632	1,525,531,519
3. Unfunded Actuarial Accrued Liability (1d - 2)	$ 397,634,987	$ 405,688,350
4. Funded Status: (2 / 1d)	80.4%	79.0%

The valuations were based on different methods and plan provisions.
The interest rate used as of January 1, 2007 and January 1, 2006 was 8.00%

TABLE 3

ACTUARIAL GAIN/(LOSS) FOR PLAN YEAR ENDING

Item	December 31, 2007	December 31, 2006
1. Actuarial Accrued Liability at the Beginning of the Year	$ 1,931,219,869	$ 1,909,321,282
2. Increases/(Decreases) During the Year		
a. Normal Cost for the Year	20,389,356	21,768,600
b. Member Contributions	344,782	545,258
c. Benefit Payments and Refunds	(140,047,588)	(130,744,110)
d. Assumed Interest to End of Year	149,816,866	148,491,931
e. Plan and Assumption Changes*	48,020,858	(26,558,457)
f. Total: (a + b + c + d + e)	78,524,274	13,503,222
3. Expected Liability at the End of the Year: (1 + 2)	2,009,744,143	1,922,824,504
4. Actuarial Accrued Liability at the End of the Year	2,024,922,619	1,931,219,869
5. Liability Gain/(Loss): (3 - 4)	**$ (15,178,476)**	**$ (8,395,365)**
6. Actuarial Value of Assets at the Beginning of the Year	$ 1,525,531,519	$ 1,454,301,600
7. Increases/(Decreases) During the Year		
a. County Contributions	49,291,072	27,435,154
b. Member Contributions	344,782	545,258
c. Benefit Payments and Refunds	(140,047,588)	(130,744,110)
d. Administrative Expenses payable to the County	(915,868)	(988,048)
e. Assumed Interest to End of Year	116,562,936	111,237,743
f. Total: (a + b + c + d + e)	25,235,334	7,485,997
8. Expected Actuarial Assets at the End of the Year	1,550,766,853	1,461,787,597
9. Actuarial Value of Assets at the End of the Year	1,627,287,632	1,525,531,519
10. Actuarial Asset Gain/(Loss): (9 - 8)	**$ 76,520,779**	**$ 63,743,922**
11. Total Gain/(Loss): (5 + 10)	**$ 61,342,303**	**$ 55,348,557**

* For year ending 2007, the actuarial assumptions are those adopted by the Pension Board in May of 2007, based on recommendations by the actuary resulting from the five-year experience review. For year ending 2008, refinements in the method and data, including a change in the estimation of the look-back period for the backdrop, as well as the change in eligibility for backdrop for firefighters and DC48 members, were implemented.

TABLE 4

AMORTIZATION SCHEDULE FOR ACTUAL FUNDING CONTRIBUTION FOR 2008 PLAN YEAR

Type of Payment	Amortization Period: Date Created	Initial Years	Remaining Years	Last Payment	Balances: Initial	Outstanding	Payment
1. Charges							
Expense	1/1/1999	10	1	2008	$ 710,319	$ 99,722	$ 107,700
Expense	1/1/2000	10	2	2009	655,908	176,954	99,230
Expense	1/1/2001	10	3	2010	799,202	310,921	120,647
Expense	1/1/2002	10	4	2011	780,362	389,362	117,557
Expense	1/1/2003	10	5	2012	1,017,500	609,756	152,718
Expense	1/1/2004	10	6	2013	1,052,422	727,633	157,398
Variance	1/1/2004	5	1	2008	48,682	11,337	12,244
Reestablished unfunded	1/1/2004	30	26	2033	257,960,162	286,240,528	19,245,157
Expense	1/1/2005	10	7	2014	1,053,714	819,004	157,308
Loss	1/1/2005	30	27	2034	88,729,863	95,723,631	6,306,078
Expense	1/1/2006	10	8	2015	972,805	833,127	144,977
Variance	1/1/2006	5	3	2010	2,190,874	1,414,100	548,719
Assumption Change	1/1/2006	30	28	2035	95,861,177	100,414,096	6,489,623
Expense	1/1/2007	10	9	2016	988,048	919,844	147,248
Variance	1/1/2007	5	4	2011	19,492,814	16,170,138	4,882,101
Expense	1/1/2008	10	10	2017	915,868	915,868	136,491
Variance	1/1/2008	5	5	2012	3,103,168	3,103,168	777,208
Method Change	1/1/2008	30	30	2037	48,020,858	48,020,858	2,996,857
Total Charges						$ 556,900,047	$ 42,599,261
2. Credits							
Variance	1/1/2005	5	2	2009	$ 2,196,489	$ 983,018	$ 551,246
Gain	1/1/2006	30	28	2035	12,975,497	13,591,767	878,417
Gain	1/1/2007	30	29	2036	55,348,557	56,322,282	3,575,056
Assumption Change	1/1/2007	30	29	2036	26,558,457	27,025,690	1,715,455
Gain	1/1/2008	30	30	2037	61,342,303	61,342,303	3,828,214
Total						$ 159,265,060	$ 10,548,388
3. Net Amount (1 - 2)						$ 397,634,987	$ 32,050,873

Annual amortization payments of the reestablished unfunded actuarial accrued liability (UAAL), and changes to the UAAL arising from plan changes, assumption changes, and actuarial gains/losses are amortized as a level percentage of payroll, assuming payroll growth of 5.5% per year over a 30-year period.

Administrative expenses incurred by the County related to the System are payable by the System to the County. The County then reimburses the System for this payment on a level dollar basis over 10 years.

The variance between the amount contributed to the System for a plan year, and the actual contribution requirement for that year is amortized on a level dollar basis over 5 years.

TABLE 5

DEVELOPMENT OF NORMAL COST
FOR CURRENT AND PRIOR PLAN YEAR ACTUAL FUNDING CALCULATIONS

Item	January 1, 2008	January 1, 2007
1. Present Value of Projected Benefits		
a. Active Participants		
Retirement Benefits	$ 718,012,703	$ 651,447,244
Withdrawal Benefits	47,313,698	48,799,365
Disability Benefits	17,976,980	18,038,585
Death Benefits	9,743,409	9,439,378
Total Active	793,046,790	727,724,572
b. Participants with Deferred Benefits	69,361,361	69,182,533
c. Participants Receiving Benefits	1,303,876,087	1,279,799,507
d. Total All Participants	2,166,284,238	2,076,706,612
2. Actuarial Value of Assets	1,627,287,632	1,525,531,519
3. Unfunded Actuarial Accrued Liability	397,634,987	405,688,350
4. Present Value of Future Normal Costs (1d - 2 - 3)	141,361,619	145,486,743
5. Present Value of Future Salaries	1,589,568,001	1,591,161,860
6. Normal Cost Rate: (4 / 5)	8.893%	9.143%
7. Expected Salaries for the Plan Year*	227,364,398	223,005,093
8. Normal Cost for the Plan Year: (6 x 7)	**20,219,516**	**20,389,356**

* Prior-year earnings increased by the salary assumption and limited by the IRS compensation limit for those under the mandatory retirement age.

TABLE 6

CONTRIBUTION REQUIREMENTS – END-OF-YEAR BASIS
ACTUAL AND BUDGET AMOUNTS FOR CURRENT PLAN YEAR
BUDGET AMOUNT FOR NEXT PLAN YEAR

Item	2009 Budget	2008 Actual	2008 Budget
1. Normal Cost with Interest	$ 21,748,000	$ 21,012,737	$ 21,931,000
2. Net Annual Amortizations	34,743,000	32,050,873	27,776,000
3. Total Contribution ((1 + 2), not less than zero)	$ 56,491,000	$ 53,063,610	$ 49,707,000

The budgeted contributions shown above for the 2009 and 2008 plan years were estimated based on participant data as of January 1, 2008, and January 1, 2007, respectively.

The actual contribution for the 2008 plan year was determined based on participant data as of January 1, 2008, and satisfies the pension accounting requirements of GASB Statement Nos. 25 and 27.

Changes in assumptions, methodology, and plan provisions since the prior valuation:

The assumptions for the 2007 Actual and 2008 budget purposes were those adopted by the pension board in May 2007 based on the results of the 5-year experience review.

For 2008 Actual and 2009 budget purposes, refinements in the methods and data, including a change in the estimation of the look-back period for the backdrop, as well as the change in the eligibility for backdrop for firefighters and DC48 members, were implemented.

TABLE 7

SUMMARY STATEMENT OF MARKET VALUE OF PLAN ASSETS

Asset Category	December 31, 2007	December 31, 2006
1. Cash and Cash Equivalents	$ 17,290,290	$ 17,663,749
2. Investments at Fair Value		
a. Domestic common and preferred stocks	$ 491,564,635	$ 551,978,255
b. Corporate bonds	588,885,759	457,393,409
c. International common and preferred stocks	319,483,338	322,691,519
d. Federal agency and mortgage-backed certificates	52,943,515	52,817,050
e. International fixed income	29,056,417	34,507,543
f. U.S. Government and state obligations	32,931,111	54,586,349
g. Real estate investment trusts	54,268,077	78,466,092
h. Venture capital	24,838,163	23,302,233
i. Total Investments	1,593,971,015	1,575,742,451
3. Contributions Receivable for OBRA and ERS	49,794,000	27,862,000
4. (Payable) to OBRA Pension Plan	(1,354,805)	(1,267,896)
5. Net All Other Receivables (Liabilities)	6,810,665	38,195,495
6. Net Assets Held in Trust for ERS Pension Benefits (1 + 2i + 3 + 4 + 5)	$ 1,666,511,165	$ 1,658,195,799

TABLE 8

SUMMARY RECONCILIATION OF MARKET VALUE OF PLAN ASSETS

Item	For Year Ending December 31, 2007	For Year Ending December 31, 2006
1. Market Value of Assets at the Beginning of the Year	$ 1,658,195,799	$ 1,559,777,489
2. Contributions for Plan Year		
a. County	$ 49,291,072	$ 27,435,154
b. Member	344,782	545,258
c. Total	49,635,854	27,980,412
3. Disbursements for Plan Year		
a. Benefit payments and refunds	$ 140,047,588	$ 130,744,110
b. Administrative expenses payable to County	915,868	988,048
c. Total	140,963,456	131,732,158
4. Market Value of Assets at the End of the Year	1,666,511,165	1,658,195,799
5. Net Investment Income* (4 - 1 - 2c + 3c)	99,642,968	202,170,056
6. Expected Net Investment Income (8.00% per annum)	127,176,078	119,675,814
7. Gain (Loss) on Market Value of Assets (5 - 6)	(27,533,110)	82,494,242
8. Estimated Rate of Return	6.3%	13.5%

* Net Investment Income is the change in the value of assets for reasons other than contributions and disbursements.

TABLE 9

DERIVATION OF ACTUARIAL VALUE OF PLAN ASSETS AS OF DECEMBER 31, 2007

1. Market Value of Assets as of December 31, 2007				$ 1,666,511,165
2. Determination of Deferred Gain (Loss)				
Year	Gain/(Loss)	Percentage Deferred	Amount Deferred	
2007	$ (27,533,110)	80%	$ (22,026,488)	
2006	82,494,242	60%	49,496,545	
2005	(2,393,630)	40%	(957,452)	
2004	63,554,640	20%	12,710,928	
2003	213,416,041	0%	-	
Total				39,223,533
3. Actuarial Value of Assets (1 - 2)				$ 1,627,287,632

TABLE 10

SUMMARY RECONCILIATION OF ACTUARIAL VALUE OF PLAN ASSETS AS OF DECEMBER 31, 2007

Item	For Year Ending December 31, 2007	For Year Ending December 31, 2006
1. Actuarial Value of Assets at the Beginning of the year	$ 1,525,531,519	$ 1,454,301,600
2. Contributions for Plan Year		
a. County	$ 49,291,072	$ 27,435,154
b. Member	344,782	545,258
c. Total	49,635,854	27,980,412
3. Disbursements for Plan Year		
a. Benefit payments and refunds	$ 140,047,588	$ 130,744,110
b. Administrative expenses payable to County	915,868	988,048
c. Total	140,963,456	131,732,158
4. Actuarial Value of Assets at the End of the Year	1,627,287,632	1,525,531,519
5. Net Investment Income* (4 - 1 - 2c + 3c)	193,083,715	174,981,665
6. Expected Net Investment Income (8.00% per annum)	116,562,936	111,237,743
7. Gain (Loss) on Actuarial Value of Assets (5 - 6)	76,520,779	63,743,922
8. Estimated Rate of Return	13.2%	12.6%

* Net Investment Income is the change in the value of assets for reasons other than contributions and disbursements.

TABLE 11

EMPLOYER CONTRIBUTIONS FOR 2007 PLAN YEAR AND VARIANCE FROM THE FUNDING CALCULATION CONTRIBUTION

Item				Amount
1. Total Funding Calculation, End-of-Year Basis, for 2007 Plan Year (from January 1, 2007 actuarial valuation report)				$ 52,395,263
2. Total Employer Contributions Made, End-of-Year Basis				
Contribution Made	Fraction of a Year Invested	Contribution Amount	Interest to Year End*	End of Year Amount
Bi-weekly	50.0%	$ 26,072	$ 1,023	$ 27,095
2/4/2008	0.0%	10,000,000	-	10,000,000
3/3/2008	0.0%	10,000,000	-	10,000,000
4/1/2008	0.0%	9,471,000	-	9,471,000
5/6/2008	0.0%	5,000,000	-	5,000,000
6/3/2008	0.0%	5,000,000	-	5,000,000
7/1/2008	0.0%	5,000,000	-	5,000,000
8/5/2008	0.0%	4,794,000	-	4,794,000
Total		$ 49,291,072	$ 1,023	$ 49,292,095
3. Variance from Actual Funding Contribution Amount** (2 - 1)				$ (3,103,168)

* Interest to 12/31/2007 at 8.00% per annum

** Variance will be amortized on a level dollar basis over five years.

TABLE 12

GASB NOS. 25 AND 27 DISCLOSURE INFORMATION FOR CURRENT AND PRIOR PLAN YEAR

Equivalent Single Amortization Period

Item	January 1, 2008	January 1, 2007
1. Covered Payroll	$ 227,364,398	$ 223,005,093
2. Unfunded Amount	397,634,987	405,688,350
3. Amortization Payment	32,050,873	31,206,023
4. Payment as a Level Percentage of Payroll (3 / 1)	14.10%	13.99%
5. Weighted Average Amortization Period (2 / 3)	12.41	13.00
6. Equivalent Single Amortization Period (Nearest Whole Year)	19	21

Net Pension Obligation

Item	January 1, 2008	January 1, 2007
1. Annual Required Contribution (ARC)	$ 53,063,610	$ 52,395,263
2. Interest on Net Pension Obligation	1,950,090	2,051,435
3. Adjustment to ARC	(6,105,158)	(6,422,439)
4. Annual Pension Cost (APC)	48,908,542	48,024,259
5. Contributions made*	(39,359,288)	(49,291,072)
6. Increase (Decrease) in Net Pension Obligation	9,549,254	(1,266,813)
7. Net Pension Obligation at Beginning of Year	24,376,125	25,642,938
8. Net Pension Obligation at End of Year**	33,925,379	24,376,125
9. Percent of APC Contributed	80.48%	102.64%

* Contributions for 2008 are estimated based on the County budget

** NPO at December 31, 2008 is estimated based on expected contributions to be made for the year

TABLE 13

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
($ Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Funded Ratio (a / b)	(Overfunded) Unfunded Actuarial Accrued Liability (b - a)	Covered Payroll (c)	(Overfunded) Unfunded as a Percentage of Covered Payoll [(b - a) / c]
1/1/2008	$ 1,627,288	$ 2,024,923	80.4%	$ 397,635	$ 227,364	174.9%
1/1/2007	1,525,532	1,931,220	79.0%	405,688	223,005	181.9%
1/1/2006	1,454,302	1,909,321	76.2%	455,020	225,722	201.6%
1/1/2005	1,424,918	1,782,884	79.9%	357,966	209,796	170.6%
1/1/2004	1,446,726	1,707,999	84.7%	261,273	233,478	111.9%

TABLE 14

SCHEDULE OF EMPLOYER CONTRIBUTIONS
GASB STATEMENT NO. 25 DISCLOSURE

Fiscal Year Ended December 31	Annual Required Contribution	Percentage Contributed
2008	$ 53,063,610	74.2 % *
2007	52,395,263	94.1
2006	52,638,196	52.1
2005	37,607,940	94.2
2004	33,248,204	105.7

* Contributions for 2008 are estimated based on the County budget

The information presented above was determined as part of the actuarial valuation as of the dates indicated (i.e., the contribution determined by the valuation completed as of January 1, 2007 was contributed in the fiscal year ending December 31, 2007).
Additional information as of the latest actuarial valuation follows:

Valuation Date:	01/01/2008
Actuarial Cost Method:	Aggregate Entry Age Normal
Amortization Method:	
- Contribution Variance and Administrative Expenses	Level dollar, closed
- All Other Unfunded Liability	Level percent of payroll, closed
Remaining Amortization Period:	
- Contribution Variance	5 Years
- Administrative Expenses	10 Years
- All Other Unfunded Liability	30 Years
Asset Valuation Method:	5-year smoothed market
Actuarial Assumptions:	
- Investment Rate of Return	8.00%
- Payroll Growth	3.50%

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS

ASSUMPTIONS

Interest Rate: 8.0% per annum, compounded annually. The components are 3.0% for inflation and 5.0% for the real rate of return.

Separation From Service: Illustrative rates of assumed separation from service are shown in the following tables.

Annual Rates per 100 Participants

Mortality*				
Attained Age	Healthy Pensioners		Disabled Pensioners	
	Males	Females	Males	Females
45	0.13	0.11	2.26	0.75
50	0.19	0.19	2.90	1.15
55	0.31	0.38	3.54	1.65
60	0.59	0.76	4.20	2.18
65	1.11	1.26	5.02	2.80
70	1.86	1.96	6.26	3.76
75	2.87	3.40	8.21	5.22
80	5.03	5.86	10.94	7.23
85	8.61	10.72	14.16	10.02

* Healthy pensioners: The sex-distinct UP-1994 Mortality Table projected to 2010, set back 1 year for males and set forward 4 years for females.

Active members: 70% of the rates applicable to healthy pensioners.

Disabled pensioners: RP2000 Disabled Mortality Table.

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

Annual Rates per 100 Participants

Attained Age	Withdrawal – Ultimate			Disability
	General Employees	Elected Officials*	Deputy Sheriffs	
20	10.00	2.00	13.50	0.00
25	9.40	2.00	11.70	0.04
30	9.00	2.00	6.90	0.07
35	6.60	2.00	3.60	0.12
40	4.70	2.00	2.40	0.19
45	3.75	2.00	2.00	0.22
50	2.95	2.00	2.00	0.22
55	2.30	2.00	2.00	0.22
60	0.00	0.00	0.00	0.22
65	0.00	0.00	0.00	0.22

* Select rates for elected officials assume no turnover for first four years.

Annual Rates per 100 Participants

Withdrawal – Select Rates by Year of Employment					
Attained Age	General Employees				
	0	1	2	3	4
20	36.0	25.0	25.0	15.0	12.5
25	31.2	23.4	20.4	15.0	11.9
30	27.1	22.4	16.8	13.2	9.1
35	24.7	21.4	14.8	11.4	7.2
40	22.3	19.2	14.0	10.4	6.7
45	21.5	16.8	14.0	10.0	5.9
50	21.5	14.8	14.0	10.0	7.6
55	21.5	14.0	14.0	10.0	9.0

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

Annual Rates per 100 Participants

Retirement Rates				
Attained Age	**General Employees** (backdrop eligible)	**General Employees** (not backdrop eligible)	**Elected Officials**	**Deputy Sheriffs**
45-49	19.8	0.0	0.0	26.0
50-54	19.8	7.0	0.0	31.0
55	19.8	15.0	19.8	16.0
56	19.8	15.0	19.8	40.0
57	23.0	15.0	23.0	40.0
58	20.4	15.0	20.4	40.0
59	24.8	15.0	24.8	40.0
60	19.4	20.0	19.4	40.0
61	22.5	20.0	22.5	75.0
62	28.4	20.0	28.4	80.0
63	26.6	20.0	26.6	50.0
64	24.3	25.0	24.3	50.0
65	30.4	30.0	30.4	100.0
66	22.5	30.0	22.5	100.0
67	25.7	30.0	25.7	100.0
68	34.2	30.0	34.2	100.0
69	36.0	30.0	36.0	100.0
70	100.0	100.0	100.0	100.0

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

Salary Increase: Effective average of 4.5% per annum, compounded annually. Representative values are as follows:

Annual Rate of Salary Increase

Age	General Employees	Elected Officials	Deputy Sheriffs
20	10.0%	3.5%	9.5%
25	8.2	3.5	9.2
30	5.8	3.5	8.4
35	5.0	3.5	7.4
40	4.6	3.5	5.7
45	4.0	3.5	4.3
50	3.3	3.5	3.4
55	3.0	3.5	3.0
60	3.0	3.5	3.0
Average	3.9	3.5	6.1

Payroll Growth: 3.5% per annum.

MISCELLANEOUS

Percentage Married/Age Difference: Male 80%, female 80%. Beneficiaries are assumed to be the same age as the participant.

Percentage Married with at Least One Dependent Child: 21.6% for General Employees, 43.2% for Deputy Sheriffs and Elected Officials. For those who die prior to age 60, it is assumed at least one child will remain a dependent until the member would have turned age 60.

Backdrop Rate: 75% of eligible retirees are assumed to elect a backdrop. Of those electing, 75% are assumed to take the maximum period available to them and 25% take half the maximum period available based on eligibility for an unreduced retirement benefit.

Assumed Type of Disability: For represented employees the assumption is 10% Ordinary and 90% Accidental and for non-represented employees, the assumption is 95% Ordinary and 5% Accidental.

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

METHODS

Calculations: The actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system, and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System.

Actuarial Cost Method: Liabilities and contributions shown in this report are computed using the Aggregate Entry Age Normal Cost Method. The outstanding balance of the unfunded actuarial accrued liability (UAAL) as of January 1, 2004 and any changes to the UAAL arising from plan changes, assumption changes, and actuarial gains/losses are amortized as a level percentage of payroll over a 30-year period.

Administrative expenses incurred by the County related to the System are payable by the System to the County. The County then reimburses the System for this payment on a level dollar basis over 10 years.

The variance between the amount contributed to the System for a plan year, and the actual contribution requirement for that year is amortized on a level dollar basis over 5 years.

Asset Valuation Method: A five-year moving market average value of assets that recognizes the actuarial expected investment return immediately and spreads the difference between the actual and expected return over a period of five years.

DATA

Census and Assets: The valuation was based on members of the System as of January 1, 2008 and does not take into account future members. All census data was supplied by the System and was subject to reasonable consistency checks. Asset data was supplied by the System.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS

MEMBERSHIP

Any person regularly employed by the County at an annual wage or salary, including any person employed by the State of Wisconsin, but receiving part of his compensation from the County.

VESTING SERVICE

Service during period of employment in the County or in any department in any town, village, city or metropolitan sewerage commission in the County, which department has by consolidation or merger been absorbed by the County.

Creditable service shall consist of "prior service", "military service", and "membership service", for which service credit is allowable under Section 4, Chapter 201, Laws of 1937, as well as service under Executive Order 11231, July 8, 1965, for Vietnam. Additional credit for periods of military service will be earned in accordance with the following chart:

Years of Service with Milwaukee County	Maximum Years of Military Service Granted
0-4	0
5-9	1
10-14	2
15-19	3
20+	4

BENEFIT SERVICE

Same as vesting service except service prior to becoming a participant does not count.

EARNINGS

Earnable compensation is the full rate of compensation payable to member if he worked the full normal working time for his position, including authorized overtime payments and the compensation rate assumed to have been received while the member is on authorized leave of absence. In cases where compensation includes maintenance, the Pension Board shall

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

fix the value of that part of the compensation not payable in money. Compensation shall not exceed $220,000 in the pension calculation as indexed for changes in the cost of living.

For all members except certain deputy sheriffs hired on or after January 1, 1982, the final average salary means the average annual salary for the highest three (3) consecutive years of service. For deputy sheriffs hired on or after January 1, 1982, excluding DA Investigators and non-represented deputy sheriffs, the final average salary means the average annual salary for the highest five (5) consecutive years of service. For DA Investigators and non-represented deputy sheriffs hired before July 1, 1995 and all non-deputy sheriff members hired before January 1, 1982, the final average salary is increased 7.5% for each year worked after January 1, 2001 to a maximum of 25%.

VOLUNTARY EMPLOYEE CONTRIBUTION

Up to 10% of earnings, provided that the employee was contributing on January 1, 1971.

BENEFITS

Normal Retirement

Eligibility

Elected Officials:

Age 60, or age 55 with 30 years of service. For elected officials hired before January 1, 2006, the combination of age and service adding up to 75 (Rule of 75) also applies.

General Employees:

For firefighters, Federated Nurses, and Machinists:

Age 60 with 5 years of service, or age 55 with 30 years of service. For firefighters hired before December 1, 1996, Federated Nurses hired before January 1, 1997, and Machinists hired before January 1, 1994, Rule of 75 also applies.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

	For Attorneys, Skilled Trades, non-represented employees, DC48, and Teamco: Age 60, or age 55 with 30 years of service. For attorneys, Skilled Trades, and non-represented employees hired before January 1, 2006 and DC48 and Teamco hired before January 1, 1994, Rule of 75 also applies. Deputy Sheriffs: Age 57, or age 55 with 15 years of service. For deputy sheriffs, DA Investigators, and non-represented deputy sheriffs hired before January 1, 1994, Rule of 75 also applies.
Amount	Elected Officials For elected officials hired before March 15, 2002, 2.5% of final average salary per year of service, not greater than 80%. For elected officials hired on or after March 15, 2002, 2.0% of final average salary per year of service, not greater than 80%. General Employees 2.0% of final average salary per year of service, not greater than 80%. Deputy Sheriffs For deputy sheriffs hired before July 1, 1995 and DA Investigators and non-represented deputy sheriffs, 2.5% of final average salary per year of service, not greater than 80%. For deputy sheriffs hired on or after July 1, 1995, 2.0% of final average salary per year of service, not greater than 80%. For all members, 1.6% of final average salary per year of service after 80% of final average salary has been reached. In addition to the pension portion, the benefit includes any voluntary contribution balance. Benefits should not be less than under previous system.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

Early Retirement	
Eligibility	Age 55 with 15 years of service.
Amount	Benefits reduced by 5/12 of 1% for each month by which commencement of payments precedes Normal Retirement Age. For deputy sheriffs, DA Investigators, and non-represented deputy sheriffs, benefit reduction does not apply.
Ordinary Disability Benefit	
Eligibility	After 15 years of service.
Amount	Benefits calculated as for normal retirement benefits. Minimum benefit is 25% of final average salary.
Accidental Disability Benefit	
Eligibility	Immediate.
Amount	Benefits are the same as normal retirement benefits if the employee has attained the minimum Normal Retirement Age. If less than Normal Retirement Age at time of disability, the benefit is computed the same as for normal retirement but is not less than 75% or 60% of final average salary.
	Elected Officials
	For elected officials hired before February 19, 1987, the benefit is not less than 75% of final average salary. For all other elected officials, the benefit is not less than 60% of final average salary.
	General Employees
	For non-represented employees hired before February 19, 1987, attorneys hired on or after January 1, 1987, Skilled Trades hired before October 30, 1987, Federated Nurses hired before January 1, 1987, Machinists hired before May 18, 1988, DC48 hired before July 24, 1987, and Teamco hired before January 12, 1988, the benefit is not less than 75% of final average

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

salary. For all other general employees, the benefit is not less than 60% of final average salary.

Deputy Sheriffs

For all deputy sheriffs, the benefit is not less than 75% of final average salary. For DA Investigators and non-represented deputy sheriffs hired on or after February 19, 1987, the benefit is not less than 60% of final average salary.

Ordinary Death Benefit

Upon the death of a deputy sheriff in active service for any cause other than accidental, the surviving spouse or child shall be entitled to receive the benefit under the provision of survivor benefits if the deceased member has completed at least one (1) year of service and is not eligible for normal retirement.

Accidental Death Benefit

Upon the death of a deputy sheriff caused by an accident in active duty, a survivorship benefit equal to fifty (50) percent of final average salary shall be granted to the following members:

1) A surviving spouse for life or until remarriage, or
2) If there is no spouse or spouse dies or remarries before the youngest child has attained age 18, the benefit is payable to his child(ren) under age 18 until the youngest child attains said age, or
3) If there is no spouse or child(ren) under age 18, the benefit is payable to his dependent father or mother to continue for life.

The monthly benefit aforementioned shall not be less than the benefit under ordinary death benefit section if death had not occurred in performance of duty.

Lump Sum Benefit Upon Death

Upon a death of members, a lump sum benefit of one-half the final average salary of the deceased member, not greater than two thousand dollars ($2,000) shall be paid to designated beneficiary if such member has completed one (1) year of service and no survivors' benefits payable under any other survivorship benefits.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

Deferred Vested Benefit

Upon termination of employment, a member who does not elect to withdraw any part of his membership account shall be eligible for a deferred vested benefit if:

1) The accrued benefit at age 60 is at least $10 per month
2) 5 years of service

The benefit is computed the same as for a normal retirement benefit considering earnings and service prior to date of termination.

Survivor Benefit

Upon the death of a member prior to age 60 and after completing at least one (1) year of service, a monthly benefit equal to 40% of the member's salary for the year of his death less monthly survivor benefits payable under the Social Security law shall be payable to his surviving spouse if she has at least one dependent child and was married to the member at least one (1) year prior to his death. Upon attainment of age 60 the dependent spouse shall be paid a benefit equal to 50% of the normal pension which the member would have received assuming service had continued to accrue to age 60 and the final average salary determined at death. In addition, a monthly benefit equal to 10% of the member's monthly salary less the benefits payable to child under Social Security law shall be payable to each eligible children until he attains age 18 or marries, or until attainment of age 22 if he is a student and not married.

Any member eligible for normal retirement may elect the protective survivorship option by selecting option 2 or 3 under the Optional Benefit section. This survivorship option shall become effective at the death of the member. If any member eligible to elect an option shall die in active service, without selecting an option, his surviving spouse shall be paid a survivorship benefit equal to the amount that would have been payable if such member had retired under option 3 immediately prior to his death.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

Optional Benefit

In lieu of the full retirement benefit, any member at retirement may elect to receive an actuarial equivalent reduced retirement benefit in accordance with the following options:

Option 1. In case of death before benefits attributable to his mandatory account have equaled the amount of his membership account at the date of retirement, the balance shall be paid to a designated beneficiary or to his estate; or

Option 2. At the death of the member, one-half of the reduced benefit shall be continued throughout the life of designated beneficiary; or

Option 3. At the death of the member, the same reduced benefit shall be continued throughout the life of designated beneficiary.

Other Benefits

Simple COLA	2% of original benefit increase per year to retired employees (surviving beneficiary receives proportionate amount based on survivorship percentage).
Contribution Refund	Refund of employee voluntary contribution upon severance.
Backdrop Benefit	Employee may opt to receive a monthly benefit earned as of a specific date in the past (backdrop date). The backdrop date may not be prior to the earliest date that the member was eligible to retire and shall not be less than one (1) year prior to the date the member leaves active County service. Employee receives a cash payment equal to monthly benefits that would have been paid between backdrop date and actual retirement date plus interested earned. Members not eligible for backdrop benefits are Elected Officials, non-represented employees and deputy sheriffs hired on or after March 15, 2002, Machinists and Teamco hired on or after November 4, 2005, Attorneys hired on or after January 1, 2006, Federated Nurses hired on or after December 15, 2005, Firefighters hired on or after June 19, 2007 and DC48 hired on or after February 1, 2007.

TABLE 17

SUMMARY OF MEMBERSHIP DATA AS OF JANUARY 1, 2008

Active Participants

Item	General Employees	Deputy Sheriffs *	Elected Officials	Total
Number of Participants	4,277	512	25	4,814
Average Annual Salaries **	$ 45,792	$ 58,317	$ 66,080	$ 47,230
Average Age	46.6	41.6	50.6	46.1
Average Service	12.2	13.8	11.7	12.4

* Includes 20 non-represented deputy sheriffs.

** The salaries shown in the table above represent a rate of pay increased by the salary assumption.

Inactive Participants

Item	Number	Annual Annuities	Average Annuities	Average Age
Participants with Deferred Benefits *	1,385	$ 10,396,898	$ 7,507	51.0
Retired Participants	6,130	116,224,660	18,960	70.5
Beneficiaries	947	11,058,255	11,677	76.3
Disability Retirees	244	4,328,336	17,739	62.7
Total	8,706	$ 142,008,149	$ 16,312	67.8

* Includes 1,355 deferred vested participants and 30 beneficiaries in deferred status.

TABLE 18

ACTIVE MEMBERSHIP STATISTICS (UNAUDITED)

	2007
Members as of January 1	6,302 *
Changes during the year:	
New enrollments	326
Rehires	-
Nonvested terminations	(126)
Retirements	(294)
Deaths in active service	(12)
New deferred beneficiaries	3
Members as of December 31	6,199 *

*This total includes vested inactive members.

RETIREMENTS AND SURVIVORS (UNAUDITED)

	Retirements granted								Survivors & Beneficiaries	Total
	Maximum Pension	Options								
		Refund	100%	75%	50%	25%	10-yr	Other		
January 1, 2007	2,769	666	1,186	166	1,164	263	94	42	949	7,299
Changes during the year:										
Adjustments (actuary) *	(4)	1	5		2		2	(2)	21	25
Retirements	150	1	50	17	31	26	18	-	64	357
Pensioner deaths	(97)	(73)	(32)	(2)	(61)	(4)	(3)	(1)	(87)	(360)
December 31, 2007	2,818	595	1,209	181	1,136	285	111	39	947	7,321

* Adjustments as a result of reclassifications made to beginning balances by the actuary:
(1) 25 people who retired before January 1, 2007 were not reported to the actuary last year.
(2) Changes from Maximum Pension last year: 1 is now Refund; 5 are now 100%; 2 are now 10-yr; 2 are now Survivors
(3) Changes from Other last year: 2 are now 50%

EXHIBIT I

ACTIVE MEMBERSHIP DATA – ALL EMPLOYEES

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2008

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	52									52
	$27,082									$27,082
25-29	197	47	1							245
	$33,463	$41,717	-							$35,111
30-34	190	202	25							417
	$38,689	$42,960	$50,190							$41,448
35-39	169	232	136	39	1					577
	$42,515	$43,116	$53,752	$53,138	-					$46,137
40-44	116	181	152	190	33	1				673
	$43,728	$42,603	$48,502	$51,503	$52,891	$43,269				$47,147
45-49	140	159	135	263	146	35	1			879
	$43,408	$41,886	$48,321	$48,542	$54,367	$48,694	-			$47,488
50-54	93	114	121	291	195	95	21			930
	$37,938	$46,193	$48,474	$50,329	$56,627	$55,156	$60,367			$50,382
55-59	78	88	84	218	112	63	41	5		689
	$45,694	$43,796	$50,091	$49,197	$54,800	$61,874	$66,370	-		$51,434
60-64	39	53	50	69	41	16	12	7		287
	$38,739	$43,418	$48,824	$49,235	$58,645	-	-	-		$50,201
Over 64	4	12	14	23	6	4	1	1		65
	-	-	-	$ 48,856	-	-	-	-		$ 50,400
Total	1,078	1,088	718	1,093	534	214	76	13		4,814
	$39,343	$43,144	$49,661	$49,878	$55,809	$57,015	$64,776	-		$47,230

* Compensation in cells with fewer than 20 records has been surpressed.

EXHIBIT II

ACTIVE MEMBERSHIP DATA – GENERAL EMPLOYEES

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2008

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	52									52
	$27,082									$27,082
25-29	192	32	1							225
	$33,092	$38,200	-							$33,891
30-34	186	155	12							353
	$38,657	$40,450	-							$39,579
35-39	163	184	53	24	1					425
	$42,321	$41,272	$42,909	$45,667	-					$42,148
40-44	114	163	116	137	28	1				559
	$43,722	$41,647	$44,704	$48,000	$50,871	-				$44,726
45-49	140	153	115	229	129	33				799
	$43,408	$41,547	$46,394	$46,562	$51,926	$47,642				$45,935
50-54	92	111	115	255	176	89	19			857
	$37,781	$45,305	$47,446	$49,419	$55,681	$53,846	-			$49,311
55-59	77	87	81	209	102	61	40	5		662
	$45,161	$43,741	$49,808	$48,780	$53,817	$61,489	$66,091	-		$50,947
60-64	38	51	50	67	40	15	12	7		280
	$38,528	$43,064	$48,824	$48,818	$57,943	-	-	-		$49,890
Over 64	4	12	14	23	6	4	1	1		65
	-	-	-	$ 48,856	-	-	-	-		$ 50,400
Total	1,058	948	557	944	482	203	72	13		4,277
	$39,179	$41,950	$46,535	$48,227	$54,490	$56,161	$64,012	-		$45,792

* Compensation in cells with fewer than 20 records has been surpressed.
Twenty non-represented deputy sheriffs are included with Deputy Sheriffs exhibit.

EXHIBIT III

ACTIVE MEMBERSHIP DATA – DEPUTY SHERIFFS

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2008

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25										
25-29	4 -	15 -								19 -
30-34	4 -	47 $51,236	13 -							64 $51,755
35-39	3 -	48 $50,183	83 $60,676	15 -						149 $57,387
40-44	2 -	16 -	36 $60,742	53 $60,560	5 -					112 $58,411
45-49		6 -	19 -	34 $61,879	17 -	2 -	1 -			79 $63,132
50-54		1 -	5 -	32 $57,318	19 -	5 -	1 -			63 $61,840
55-59		1 -	3 -	9 -	9 -	2 -	1 -			25 $62,885
60-64						1 -				1 -
Over 64										
Total	13 -	134 $49,956	159 $60,202	143 $60,518	50 $67,966	10 -	3 -			512 $58,317

* Compensation in cells with fewer than 20 records has been surpressed.
Includes twenty non-represented deputy sheriffs.

EXHIBIT IV

ACTIVE MEMBERSHIP DATA – ELECTED OFFICIALS

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2008

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25										
25-29	1 -									1 -
30-34										
35-39	3 -									3 -
40-44		2 -								2 -
45-49			1 -							1 -
50-54	1 -	2 -	1 -	4 -		1 -	1 -			10 -
55-59	1 -				1 -					2 -
60-64	1 -	2 -		2 -	1 -					6 -
Over 64										
Total	7 -	6 -	2 -	6 -	2 -	1 -	1 -			25 $66,080

* Compensation in cells with fewer than 20 records has been surpressed.

EXHIBIT V

ACTIVE AND DEFERRED VESTED MEMBERS OBTAINING RETIREMENT ELIGIBILITY OVER NEXT FIVE CALENDAR YEARS

Actives Reaching Retirement Eligibility

Year	General Employees	Elected Officials	Deputy Sheriffs	Total
Eligible at Valuation Date	741	8	22	771
2008	187	0	10	197
2009	204	0	14	218
2010	229	1	19	249
2011	184	2	17	203
2012	206	2	10	218
Total Over Next 5 Years	1,010	5	70	1,085
Grand Total Eligible	1,751	13	92	1,856

Deferred Vesteds Reaching Retirement Age

Year	Total
2008	103
2009	97
2010	96
2011	78
2012	107
Total Over Next 5 Years	481

EXHIBIT VI

RETIREE AND BENEFICIARY MEMBERSHIP DATA
AS OF JANUARY 1, 2008

NUMBER AND AVERAGE ANNUAL BENEFIT

Age Last Birthday	Number	Annual Benefit	Average Annual Benefit
Retired Participants			
Under 60	932	$ 25,606,995	$ 27,475
60 - 64	1,183	25,656,004	21,687
65 - 69	976	19,073,539	19,543
70 - 74	854	15,966,024	18,696
75 - 79	835	13,845,811	16,582
Over 79	1,350	16,076,287	11,908
Total	6,130	$ 116,224,660	$ 18,960
Beneficiary Participants			
Under 60	99	$ 1,534,249	$ 15,497
60 - 64	55	834,472	15,172
65 - 69	63	1,002,348	15,910
70 - 74	114	1,507,117	13,220
75 - 79	158	2,013,976	12,747
Over 79	458	4,166,093	9,096
Total	947	$ 11,058,255	$ 11,677
Disabled Participants			
Under 60	107	$ 2,095,320	$ 19,582
60 - 64	37	638,520	17,257
65 - 69	32	572,968	17,905
70 - 74	25	405,922	16,237
75 - 79	24	388,023	16,168
Over 79	19	227,583	11,978
Total	244	$ 4,328,336	$ 17,739
Grand Total Average Annual Benefit	7,321	$ 131,611,251	$ 17,977

EXHIBIT VII

5-YEAR HISTORY OF MEMBERSHIP DATA

Active Participants

Valuation as of January 1	Number of Active Participants	Percentage Change in Membership	Total Annual Payroll	Percentage Change in Payroll
2008	4,814	(1.71)%	$ 227,364,398	1.95 %
2007	4,898	(3.13)%	223,005,093	(1.20)%
2006	5,056	1.53 %	225,721,691	7.59 %
2005	4,980	(8.87)%	209,795,776	(10.14)%
2004	5,465	(5.66)%	233,477,631	(0.51)%

Retired, Disabled, and Beneficiary Participants

Valuation as of January 1	Number on roll	Additions	Deletions	Percentage Change in Membership	Annual Annuities	Percentage Change in Annuities
2008	7,321	325	303	0.30 %	$ 131,611,251	2.81 %
2007	7,299	259	235	0.33 %	128,010,105	3.17 %
2006	7,275	212	236	(0.33)%	124,082,027	2.46 %
2005	7,299	857	253	9.02 %	121,097,712	19.37 %
2004	6,695	312	254		101,444,256	

EXHIBIT VIII

DETAILED TABULATIONS OF THE DATA

TABLE VIII-A

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2008 ALL EMPLOYEES

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
17	1			
19			3	
20	3		1	
21	2			
22	7		4	
23	8		10	
24	9		4	
25	17		18	
26	22	$ 733,626	13	
27	25	998,748	23	$ 737,030
28	28	1,067,007	22	716,723
29	35	1,406,355	42	1,508,636
30	34	1,480,457	45	1,655,059
31	31	1,380,974	49	1,853,746
32	42	1,885,371	40	1,505,439
33	47	2,309,142	50	1,922,126
34	30	1,227,322	49	2,064,029
35	54	2,672,307	42	1,765,134
36	53	2,430,870	59	2,343,006
37	63	3,209,609	63	2,691,980
38	69	3,598,906	62	2,751,646
39	50	2,440,589	62	2,716,845
40	58	2,958,316	82	3,321,439
41	62	3,046,530	73	3,185,725
42	55	2,705,103	68	3,033,392
43	49	2,745,545	76	3,265,851
44	59	3,322,273	91	4,145,902
45	75	3,624,575	94	4,286,271
46	58	2,870,163	82	3,544,950
47	85	4,420,514	109	5,123,448
48	73	3,897,152	110	4,945,973
49	83	4,180,508	110	4,848,750
50	74	4,276,559	109	5,303,013
51	82	4,307,254	119	5,476,964
52	95	5,327,706	89	3,877,174
53	89	4,778,559	107	4,578,208
54	86	4,835,361	80	4,094,467
55	67	3,286,639	90	4,475,372
56	67	4,025,854	80	3,267,860
57	68	4,208,241	68	3,114,859

TABLE VIII-A

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2008 ALL EMPLOYEES

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
58	57	$ 3,357,908	86	$ 3,876,284
59	55	3,249,166	51	2,575,811
60	32	1,821,086	51	2,441,630
61	40	2,257,014	49	2,278,384
62	22	1,313,586	24	1,036,833
63	14		30	1,228,338
64	12		13	
65	6		15	
66	9		5	
67	2		4	
68	3		3	
69			8	
70	1		4	
71	1			
73	1		2	
84	1			
Total	2,171	$ 111,832,501	2,643	$ 115,531,897

TABLE VIII-B

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2008 ALL EMPLOYEES

(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
0	116	$ 3,747,150	148	$ 4,667,584
1	103	4,316,772	116	4,773,040
2	112	4,985,118	184	6,992,159
3	67	3,387,493	84	3,426,699
4	65	2,801,239	83	3,314,691
5	99	4,712,355	79	2,880,247
6	113	5,304,146	98	3,700,163
7	110	5,127,247	160	6,341,124
8	118	5,312,350	138	5,880,194
9	88	4,288,459	85	3,394,153
10	72	3,980,629	71	3,221,957
11	67	3,652,635	72	3,278,287
12	69	3,887,802	33	1,608,416
13	70	3,818,280	98	4,509,404
14	60	3,001,125	106	4,698,027
15	103	5,951,272	139	6,329,002
16	93	5,068,543	116	5,206,059
17	78	4,026,061	91	4,004,032
18	85	4,515,913	174	8,301,537
19	92	5,090,512	122	6,023,336
20	56	3,976,281	63	3,054,337
21	46	2,885,651	65	3,338,230
22	60	3,342,614	79	3,927,661
23	41	2,343,083	69	3,668,028
24	32	1,857,315	23	1,408,611
25	20	1,255,066	19	
26	19		33	1,593,985
27	19		33	1,614,252
28	15		19	
29	22	1,513,457	15	
30	13		9	
31	7		5	
32	14		6	
33	13		3	
34	4		2	
35	5		1	
36	2		2	
37	2			
38	1			
Total	2,171	$ 111,832,501	2,643	$ 115,531,897

TABLE VIII-C

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2008 GENERAL EMPLOYEES

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
17	1			
19			3	
20	3		1	
21	2			
22	7		4	
23	8		10	
24	9		4	
25	17		18	
26	22	$ 733,626	13	
27	24	955,115	22	$ 684,577
28	25	918,321	22	716,723
29	24	859,632	38	1,323,318
30	26	1,113,856	42	1,503,723
31	25	1,076,701	46	1,701,586
32	28	1,195,269	36	1,288,464
33	33	1,536,216	46	1,691,507
34	25	975,640	46	1,888,365
35	35	1,594,045	41	1,713,847
36	29	1,164,994	51	1,878,986
37	32	1,328,647	57	2,352,579
38	42	1,996,958	58	2,542,653
39	26	1,086,009	54	2,254,207
40	40	1,806,743	74	2,913,834
41	41	1,841,929	71	3,071,103
42	40	1,783,895	61	2,596,813
43	36	1,966,750	67	2,805,972
44	43	2,360,434	86	3,854,484
45	57	2,524,431	89	3,981,389
46	50	2,370,569	80	3,424,431
47	72	3,644,937	100	4,536,268
48	65	3,383,757	106	4,652,075
49	72	3,473,846	108	4,710,723
50	63	3,521,622	104	5,018,637
51	71	3,501,426	114	5,181,434
52	87	4,866,903	84	3,635,045
53	77	4,052,113	104	4,379,713
54	77	4,281,981	76	3,820,745
55	62	2,950,444	87	4,279,190
56	62	3,729,967	80	3,267,860
57	63	3,900,305	67	3,059,256

TABLE VIII-C

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2008 GENERAL EMPLOYEES

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
58	53	$ 3,088,115	85	$ 3,820,411
59	52	3,055,320	51	2,575,811
60	32	1,821,086	50	2,394,901
61	37	2,043,908	49	2,278,384
62	20	1,187,394	24	1,036,833
63	14		30	1,228,338
64	11		13	
65	6		15	
66	9		5	
67	2		4	
68	3		3	
69			8	
70	1		4	
71	1			
73	1		2	
84	1			
Total	1,764	$ 87,816,057	2,513	$ 108,037,787

TABLE VIII-D

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2008 GENERAL EMPLOYEES

(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
0	116	$ 3,747,150	147	$ 4,620,856
1	103	4,316,772	116	4,773,040
2	111	4,941,895	184	6,992,159
3	64	3,248,993	82	3,321,793
4	54	2,273,380	81	3,215,760
5	83	3,748,795	74	2,640,928
6	93	4,311,916	95	3,549,323
7	88	3,996,321	150	5,840,014
8	90	3,925,046	133	5,634,819
9	66	3,158,837	76	2,962,892
10	47	2,547,046	65	2,878,009
11	43	2,176,775	67	2,991,818
12	42	2,238,134	23	1,016,139
13	39	1,857,333	91	4,065,497
14	40	1,811,156	100	4,338,261
15	57	3,096,280	123	5,425,700
16	76	4,015,573	111	4,927,026
17	65	3,247,114	90	3,943,826
18	74	3,834,112	167	7,879,953
19	68	3,643,233	113	5,513,223
20	48	3,398,824	60	2,840,242
21	38	2,364,645	62	3,141,095
22	51	2,742,633	75	3,639,605
23	34	1,902,342	65	3,375,994
24	29	1,658,215	20	1,200,727
25	17		19	
26	18		31	1,461,864
27	18		32	1,544,547
28	15		18	
29	20	1,358,456	15	
30	11		9	
31	7		5	
32	13		6	
33	12		3	
34	4		2	
35	5		1	
36	2		2	
37	2			
38	1			
Total	1,764	$ 87,816,057	2,513	$ 108,037,787

TABLE VIII-E

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2008
DEPUTY SHERIFFS
(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
27	1			
28	3			
29	11		4	
30	8		3	
31	6		3	
32	14		4	
33	14		4	
34	5		3	
35	19		1	
36	23	$ 1,213,423	8	
37	31	1,880,962	5	
38	27	1,601,948	4	
39	24	1,354,579	7	
40	17		8	
41	20	1,152,147	2	
42	15		7	
43	13		9	
44	16		5	
45	17		5	
46	8		2	
47	13		9	
48	8		4	
49	11		2	
50	10		5	
51	8		3	
52	6		5	
53	10		3	
54	9		4	
55	5		3	
56	5			
57	4		1	
58	3		1	
59	3			
62	1			
Total	388	$ 22,673,435	124	$ 7,185,117

TABLE VIII-F

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2008 DEPUTY SHERIFFS

(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
2	1			
3	2			
4	9		1	
5	12		5	
6	20	$ 992,231	3	
7	21	1,078,473	10	
8	28	1,387,304	5	
9	21	1,077,169	9	
10	25	1,433,583	6	
11	24	1,475,860	5	
12	26	1,537,832	10	
13	31	1,960,947	7	
14	19		6	
15	43	2,676,175	15	
16	17		5	
17	12		1	
18	11		7	
19	24	1,447,278	8	
20	6		3	
21	8		3	
22	9		4	
23	7		4	
24	3		3	
25	3			
26	1		2	
27			1	
28			1	
29	2			
30	2			
33	1			
Total	388	$ 22,673,435	124	$ 7,185,117

TABLE VIII-G

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2008
ELECTED OFFICIALS
(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
27			1	
36	1			
37			1	
39			1	
40	1			
41	1			
45	1			
50	1			
51	3		2	
52	2			
53	2			
57	1			
58	1			
60			1	
61	3			
62	1			
64	1			
Total	19		6	

TABLE VIII-H

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2008 ELECTED OFFICIALS

(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
0			1	
3	1		2	
4	2		1	
5	4			
7	1			
9	1			
12	1			
14	1			
15	3		1	
17	1			
19			1	
20	2			
27	1			
32	1			
Total	19		6	

TABLE VIII-I

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO ALL MEMBERS RECEIVING BENEFITS AS OF JANUARY 1, 2008

Age	Men		Women	
	Number	Annuities	Number	Annuities
15	1	$ 18,000		
18	1	18,000		
19	1	19,435		
20	1	18,000	1	$ 6,095
22			2	23,502
23			1	18,000
27			1	4,293
28	1	18,000		
29	1	18,000		
32			2	49,840
34	1	4,672		
35			1	1,912
37	1	29,461	2	45,551
38	1	44,421		
39	1	5,658		
40			1	10,396
41	1	30,809		
42	1	33,644	2	15,349
43	2	29,589	5	64,819
44			2	37,407
45	1	10,245	3	95,235
46	2	35,853	3	35,999
47			4	65,720
48	1	40,146	5	112,128
49	6	126,264	6	144,356
50	6	155,542	8	156,364
51	10	215,213	18	405,220
52	21	689,288	24	665,577
53	24	633,152	26	702,904
54	35	1,124,524	45	1,124,222
55	58	1,726,643	60	1,487,241
56	75	2,192,102	76	1,865,421
57	83	2,458,012	98	2,145,771
58	94	2,478,555	78	1,717,969
59	115	3,609,343	119	2,452,698
60	130	3,189,066	129	2,519,984
61	165	4,093,930	168	3,084,980
62	103	2,643,798	130	2,610,794
63	119	2,621,715	115	2,113,704
64	86	2,148,066	130	2,102,960

TABLE VIII-I

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO ALL MEMBERS RECEIVING BENEFITS AS OF JANUARY 1, 2008

Age	Men		Women	
	Number	Annuities	Number	Annuities
65	102	$ 2,526,089	141	$ 2,209,935
66	93	2,363,759	126	2,031,703
67	92	2,188,367	115	1,932,901
68	85	1,857,498	110	1,630,569
69	85	1,926,644	122	1,981,387
70	76	1,903,589	117	1,764,194
71	87	1,804,846	115	1,511,646
72	85	1,892,413	133	2,082,709
73	68	1,599,155	126	1,865,899
74	73	1,848,115	113	1,606,498
75	85	1,782,079	126	1,803,385
76	82	1,869,754	99	1,239,110
77	76	1,441,212	138	1,944,705
78	67	1,395,482	147	1,875,883
79	68	1,335,859	129	1,560,341
80	68	1,325,122	128	1,481,464
81	62	1,180,551	136	1,438,726
82	63	1,258,382	115	1,359,344
83	53	936,895	103	1,056,873
84	52	833,205	109	1,169,433
85	42	609,316	105	940,910
86	48	772,813	95	923,276
87	28	432,798	96	745,418
88	29	332,470	72	526,291
89	21	314,745	72	551,362
90	11	120,242	68	489,979
91	11	173,193	50	332,354
92	9	80,554	38	256,754
93	6	44,058	43	254,388
94	6	59,542	16	86,499
95	3	19,502	16	72,733
96			15	57,107
97	5	60,700	7	25,319
98	2	9,106	6	25,566
99	1	3,832	6	35,377
100	1	3,885	5	51,332
101			2	5,738
102	1	953	1	10,714
103			1	1,143
Total	2,894	$ 66,785,874	4,427	$ 64,825,377

TABLE VIII-J

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO RETIRED MEMBERS AS OF JANUARY 1, 2008

Age	Men		Women	
	Number	Annuities	Number	Annuities
48			2	$ 56,517
49	1	$ 51,309	4	102,214
50	4	134,150	3	112,479
51	3	92,765	11	314,768
52	17	628,660	18	556,599
53	19	562,032	19	583,601
54	28	963,622	34	944,075
55	49	1,507,569	52	1,350,069
56	66	2,034,816	67	1,669,901
57	81	2,426,717	86	1,939,735
58	89	2,384,323	64	1,477,826
59	109	3,502,298	106	2,210,950
60	126	3,128,025	116	2,324,136
61	160	4,002,032	155	2,888,904
62	101	2,606,827	116	2,351,805
63	110	2,505,762	100	1,821,863
64	81	2,063,772	118	1,962,877
65	97	2,441,025	121	1,941,366
66	88	2,263,740	114	1,822,253
67	90	2,154,479	99	1,663,620
68	80	1,761,411	98	1,448,911
69	83	1,903,413	106	1,673,321
70	71	1,819,536	104	1,559,239
71	75	1,640,935	94	1,287,318
72	78	1,808,361	108	1,679,006
73	67	1,591,561	107	1,603,446
74	70	1,797,836	80	1,178,786
75	82	1,762,029	99	1,379,305
76	76	1,805,732	71	827,837
77	70	1,356,262	108	1,524,707
78	63	1,355,932	108	1,414,406
79	66	1,327,100	92	1,092,502
80	64	1,301,535	89	1,005,204
81	61	1,167,334	91	970,764
82	59	1,214,331	75	857,592
83	50	917,274	62	513,587
84	44	772,833	73	808,980
85	39	578,325	77	680,104
86	45	758,681	61	572,707
87	24	413,941	61	443,125

TABLE VIII-J

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO RETIRED MEMBERS AS OF JANUARY 1, 2008

Age	Men		Women	
	Number	Annuities	Number	Annuities
88	25	$ 315,069	49	$ 365,971
89	19	308,008	52	411,110
90	10	114,233	43	281,528
91	11	173,193	34	224,638
92	9	80,554	26	193,425
93	4	34,925	31	205,747
94	6	59,542	12	73,122
95	2	16,034	9	48,814
96			11	47,703
97	4	55,708	4	14,858
98			2	7,475
99	1	3,832	4	12,517
100	1	3,885	3	32,287
101			1	3,935
102			1	10,714
103			1	1,143
Total	2,678	$ 63,673,268	3,452	$ 52,551,392

TABLE VIII-K

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO BENEFICIARY MEMBERS AS OF JANUARY 1, 2008

Age	Men		Women	
	Number	Annuities	Number	Annuities
15	1	$ 18,000		
18	1	18,000		
19	1	19,435		
20	1	18,000	1	$ 6,095
22			2	23,502
23			1	18,000
27			1	4,293
28	1	18,000		
29	1	18,000		
32			2	49,840
34	1	4,672		
35			1	1,912
37			1	17,009
39	1	5,658		
40			1	10,396
42			2	15,349
43			3	28,216
45	1	10,245	2	66,311
46			2	27,315
47			2	28,551
48			2	28,586
49			1	18,000
50			5	43,885
51	1	18,000	1	5,698
52			3	67,453
53	1	18,000	7	119,303
54			9	151,378
55			6	88,693
56	1	18,000	6	118,826
57	1	18,000	7	96,945
58	1	3,242	9	165,527
59	1	5,459	7	122,454
60	2	8,745	10	151,756
61	3	43,527	9	138,558
62			12	217,675
63	2	26,517	7	137,726
64	3	39,759	7	70,208
65	1	2,591	16	214,829
66	2	33,652	6	119,532
67			12	187,897

TABLE VIII-K

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO BENEFICIARY MEMBERS AS OF JANUARY 1, 2008

Age	Men		Women	
	Number	Annuities	Number	Annuities
68			9	$ 128,540
69	1	$ 7,241	16	308,066
70	2	22,230	11	172,871
71	8	88,540	19	195,433
72	5	48,322	24	383,569
73			17	239,126
74	1	9,138	27	347,888
75	2	3,974	22	351,025
76	4	22,136	23	331,748
77	5	48,178	27	369,238
78	3	24,443	39	461,478
79	2	8,760	31	392,997
80	4	23,587	37	450,301
81	1	13,216	41	421,110
82	3	23,766	39	489,484
83	3	19,621	39	514,414
84	5	25,265	34	334,782
85	2	17,475	28	260,807
86	3	14,133	33	342,570
87	4	18,857	35	302,293
88	4	17,401	23	160,319
89	1	1,170	20	140,251
90	1	6,009	25	208,451
91			16	107,716
92			11	57,841
93	2	9,132	12	48,641
94			4	13,377
95	1	3,468	7	23,918
96			4	9,404
97	1	4,993	3	10,461
98	2	9,106	4	18,091
99			2	22,861
100			2	19,045
101			1	1,803
102	1	953		
Total	99	$ 856,617	848	$ 10,201,638

TABLE VIII-L

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO DISABLED MEMBERS AS OF JANUARY 1, 2008

Age	Men		Women	
	Number	Annuities	Number	Annuities
37	1	$ 29,461	1	$ 28,542
38	1	44,421		
41	1	30,809		
42	1	33,644		
43	2	29,589	2	36,603
44			2	37,407
45			1	28,924
46	2	35,853	1	8,685
47			2	37,169
48	1	40,146	1	27,025
49	5	74,955	1	24,142
50	2	21,392		
51	6	104,449	6	84,754
52	4	60,629	3	41,526
53	4	53,121		
54	7	160,902	2	28,768
55	9	219,075	2	48,479
56	8	139,286	3	76,695
57	1	13,295	5	109,091
58	4	90,989	5	74,616
59	5	101,586	6	119,294
60	2	52,296	3	44,093
61	2	48,370	4	57,517
62	2	36,971	2	41,314
63	7	89,435	8	154,116
64	2	44,535	5	69,874
65	4	82,473	4	53,741
66	3	66,368	6	89,919
67	2	33,888	4	81,385
68	5	96,087	3	53,117
69	1	15,991		
70	3	61,824	2	32,084
71	4	75,370	2	28,894
72	2	35,729	1	20,134
73	1	7,594	2	23,327
74	2	41,141	6	79,824
75	1	16,076	5	73,055
76	2	41,886	5	79,525

TABLE VIII-L

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO DISABLED MEMBERS AS OF JANUARY 1, 2008

Age	Men		Women	
	Number	Annuities	Number	Annuities
77	1	$ 36,772	3	$ 50,760
78	1	15,107		
79			6	74,842
80			2	25,959
81			4	46,852
82	1	20,284	1	12,269
83			2	28,872
84	3	35,108	2	25,671
85	1	13,515		
86			1	7,998
89	1	5,567		
92			1	5,488
Total	117	$ 2,255,989	127	$ 2,072,347

EXHIBIT IX

GLOSSARY

Accrued Liability	The difference between (a) the present value of future plan benefits, and (b) the present value of future normal cost. It is the portion of the present value of future plan benefits attributable to service accrued as of the valuation date. Sometimes referred to as "actuarial accrued liability."
Accrued Service	The service credited under the plan, which was rendered before the date of the actuarial valuation.
Actual Funding Contribution	The Actual Funding Contribution for a plan year is calculated using census and asset information as of the first day of the plan year, and includes Normal Cost, with interest to the end of the plan year, and a net amortization payment.
Actuarial Assumptions	Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.
Actuarial Cost Method	A mathematical budgeting procedure for allocating the dollar amount of the "present value of future plan benefits" between the present value of future normal cost and the accrued liability. Sometimes referred to as the "actuarial funding method."
Actuarial Equivalent	A series of payments is called an actuarial equivalent of another series of payments if the two series have the same actuarial present value.
Actuarial Value of Assets	The value of current plan assets recognized for valuation purposes. Based on a smoothed market value that recognizes investment gains and losses over a period of three years.
Amortization	Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

EXHIBIT IX

GLOSSARY
(Continued)

Annual Required Contribution	The Annual Required Contribution, or ARC, is the amount determined in accordance with Governmental Accounting Standards Board Statements Nos. 25 and 27.
Budget Contribution	The Budget Contribution for a year is based on census and asset information as of the first day of the PRIOR plan year, rolled forward to the next plan year based on all actuarial assumptions being met. For example, the Budget Contribution for 2008 is based on census and asset information as of January 1, 2007, rolled forward to January 1, 2008.
Contribution Variance	The difference between the Actual Contribution and the Budget Contribution for a plan year is referred to as the Contribution Variance. A Contribution Variance resulting from an overpayment is amortized over 5 years as a level dollar credit. A Contribution Variance resulting from an underpayment is amortized over 5 years as a level dollar charge.
Experience Gain (Loss)	A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.
Normal Cost	The annual cost assumed, under the actuarial funding method, for current and subsequent plan years. Sometimes referred to as "current service cost."
Present Value	The amount of funds presently required to provide a payment or series of payments in the future. The present value is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.
Unfunded Accrued Liability	The difference between the actuarial accrued liability and valuation assets.

Montgomery County Employee Retirement Plans

Comprehensive Annual Financial Report

Employees' Retirement System
Retirement Savings Plan
Deferred Compensation Plan

(*Trust Funds of Montgomery County, Maryland*)

Fiscal Year 2008
July 1, 2007 – June 30, 2008

Prepared by the Board of Investment Trustees
101 Monroe Street, 15th Floor
Rockville, Maryland 20850

MONTGOMERY COUNTY
17 76
GARDEZ BIEN
MARYLAND

MONTGOMERY COUNTY, MARYLAND
EMPLOYEE RETIREMENT PLANS
Fiscal Year Ended June 30, 2008
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INTRODUCTION SECTION

OFFICES OF THE COUNTY EXECUTIVE

Isiah Leggett
County Executive

Timothy L. Firestine
Chief Administrative Officer

December 1, 2008

Honorable County Executive and
Members of the Montgomery County Council

I am pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Montgomery County, Maryland (County) Employee Retirement Plans (Plans) for the fiscal year ended June 30, 2008. This annual report is designed to assist you in understanding the structure and current status of the Plans.

FORMAL TRANSMITTAL OF THE CAFR

This report was prepared pursuant to the provisions of Section 33-51(b) of the Montgomery County Code, 2004, as amended (Code), and includes the independent auditors' report, issued by the County Council's appointed independent public accounting firm. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation including all disclosures rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the plan net assets and the changes in plan net assets and financial position of the Plans; and that all disclosures necessary to enable the reader to gain the maximum understanding of the financial affairs of the Plans have been included.

PROFILE OF THE RETIREMENT PLANS

History

The System was established in 1965, as a cost-sharing multiple-employer defined benefit pension plan providing benefits to the employees of the County and other agencies or political subdivisions who elect to participate. Participating agencies and subdivisions include the: Montgomery County Revenue Authority, Housing Opportunities Commission of Montgomery County, independent fire/rescue corporations, Town of Chevy Chase, Strathmore Hall Foundation, Inc., Washington Suburban Transit Commission, Montgomery County Employees Federal Credit Union, and certain employees of the State Department of Assessments and Taxation and the District Court of Maryland. The System is closed to employees hired on or after October 1, 1994, except public safety bargaining unit employees. There were 5,060 active members and 5,306 retirees participating in the System as of June 30, 2008.

The Retirement Savings Plan (RSP) was established in 1994, as a cost-sharing multiple-employer defined contribution plan providing benefits to all non-public safety and certain public safety employees hired on or after October 1, 1994. Employees covered by the System may make an irrevocable decision to transfer to the RSP. At June 30, 2008, there were 4,746 active plan members.

The Deferred Compensation Plan (DCP) was established pursuant to Section 457 of the Internal Revenue Code, as amended. During Fiscal Year (FY) 1999, in accordance with Federal legislation, the assets of the County Plan were placed in trust for the sole benefit of participants and their beneficiaries.

Benefit Provisions

The benefit provisions of the System are established by the Code. The System provides for normal service retirement and early service retirement benefits for members who attain age and service requirements. The System also provides options for disability and death benefits to eligible participants. Members are vested after five years of service.

The RSP provides for immediate vesting of employee contributions and employer contributions are vested after three years of service or upon death, disability or reaching retirement age.

Major Initiatives

During FY 2008, the Board of Investment Trustees (Board) continued implementation of the revised strategic asset allocation for the ERS approved in 2007, which will result in further diversification of the investment portfolio through the addition of new investment strategies and better management of the total portfolio's risk. Toward this effort, the Board approved new strategies, such as long-duration fixed income and long-short extension equities, and selected new managers in existing strategies, including private equity and real estate. The Board also hired a consultant to assist with implementation of the Sudan Divestment legislation enacted by the Montgomery County Council during the fiscal year. Other FY 2008 Board initiatives included the establishment of a Compliance and Audit Committee and creation of the Statement of Professional and Ethical Code. The ERS financial statements were made to comply with GASB Statement No. 50, *Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27*, which provides additional disclosure relating to the ERS' funded status.

In addition, the Board negotiated lower fees for participants in five of the DCP funds offered and expanded the investment counseling opportunities available to participants in the RSP.

During FY 2008, the County's implementation of GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, led to the creation of the Retiree Health Benefits Trust (RHBT). The Board is responsible for overseeing the investment program for the RHBT. Information on the RHBT is available in Montgomery County's Comprehensive Annual Financial Report.

INFORMATION USEFUL IN ASSESSING THE RETIREMENT PLANS' ECONOMIC CONDITION

Financial Information

Accounting System and Reports

The Plans' financial statements have been prepared under the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due in accordance with the terms of the Plans.

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A), which can be found on pages 15 to 19 of this report, provides a brief analysis of the financial performance of the Plans and an introduction to the financial statements of the Plans for the year ended June 30, 2008.

Investments

Montgomery County has established a Board to be responsible for the investment management of the Plans' assets for the exclusive benefit of the members and participants. The Board consists of thirteen members appointed by the County Council.

In overseeing the management of the assets of the Plans, the Board has developed sound and prudent investment policies. The Board believes an appropriate balance must be struck between risks taken and returns sought to ensure the long term health of the defined benefit plan. The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long term increases in the value of assets. To achieve this objective, System assets are allocated to a broad array of investment sectors as follows: domestic equities 35.0 percent, private equity 5.5 percent, international equities 20.1 percent, domestic fixed income 25.0 percent, inflation index bonds 11.6 percent, and real estate 2.8 percent. For the twelve months ended June 30, 2008, the total return achieved by the System's investments was a loss of 2.26 percent, compared to the loss recorded by the System's benchmark index of 5.08 percent and the actuarial assumed rate of return of 8.0 percent.

Section 33-125 of the Montgomery County Code authorizes the Board to establish, for members of the RSP, a diversified slate of mutual and commingled investment funds from which participants may select options. The Board has developed an investment policy outlining its oversight of the investment products offered.

The Board has also established a diversified slate of mutual and commingled funds for the County Plan which offers a range of options from which participants may select. The Board has constructed an investment policy stipulating investment objectives and oversight by the Board.

Funding

The System's actuary uses a five-year smoothed market-related value to determine the actuarial value of assets. The smoothing prevents extreme volatility in employer contribution rates due to short-term fluctuations in the investment markets. For the June 30, 2008 valuation, the actuarial value of assets was $2.7 billion. The aggregate actuarial liability was $3.3 billion. The Schedule of Funding Progress included as Required Supplementary Information in the Financial Section, expresses the System's actuarial value of assets as a percentage of the actuarial accrued liability, providing one indication of the System's funding status on a going-concern basis. The actuary has determined that the present net asset base, expected future contributions and investment earnings thereon, are sufficient to provide for full payment of future benefits under the projected unit credit actuarial cost method.

Internal Control Structure and Budgetary Controls

The Plans' management is responsible for maintaining internal accounting controls to provide reasonable assurance that transactions are properly authorized and recorded as necessary to permit preparation of financial statements in conformity with U.S. generally accepted accounting principles. We believe the internal controls in effect during the fiscal year ended June 30, 2008 adequately safeguard the Plans' assets and provide reasonable assurance regarding the proper recording of financial transactions. In addition, the Board, in conjunction with the Chief Administrative Officer, approves and actively monitors the annual budgets for each plan.

Independent Audit and Actuarial Certification

An independent auditors' report and actuarial certification are included in this report.

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement for Excellence in Financial Reporting

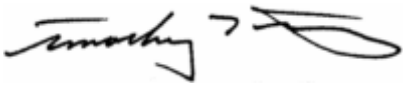
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Montgomery County Employee Retirement Plans for its comprehensive annual financial report for the fiscal year ended June 30, 2007. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Montgomery County Employee Retirement Plans have received the Certificate of Achievement for the last seven consecutive years. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements and we are submitting it to the GFOA.

Acknowledgements

The Plans' CAFR was prepared by the Board of Investment Trustees staff in conjunction with staff support from the County's Department of Finance and Office of Human Resources. I would like to express my appreciation to the employees who have worked hard throughout the year to ensure the successful operation of the Plans.

Respectfully submitted,



Timothy L. Firestine
Chief Administrative Officer
Plan Administrator

BOARD OF INVESTMENT TRUSTEES

Kelda J.C. Simpson
Chair
Public Representative
Term Expires March 2011

Gino Renne
Vice Chair
Employee Organization Representative
Term Expires March 2010

Joseph Adler
Secretary
Montgomery County Director
Of Human Resources
Ex-Officio Member

George Willie
Public Representative
Term Expires March 2011

Walter E. Bader
Employee Organization Representative
Term Expires March 2011

Jennifer E. Barrett
Montgomery County Director of Finance
Ex-Officio Member

Joseph F. Beach
Montgomery County Director of
Management and Budget
Ex-Officio Member

Jeffrey D. Buddle
Employee Organization Representative Term
Expires March 2011

Stephen B. Farber
Montgomery County Council Staff Director
Ex-Officio Member

J. Lodge Gillespie, Jr.
Montgomery County Council Representative
Term Expires March 2009

Jeffrey Sharpe
Montgomery County Council Representative
Term Expires March 2011

Sunil Pandya
Montgomery County
Department of Liquor Control
Non-Bargaining Unit Representative
Term Expires March 2011

Mary E. Menke
Retired Employees Representative
Term Expires March 2009

ADMINISTRATIVE ORGANIZATION

Administrative Staff

Joseph Adler
Director – Office of
Human Resources

Jennifer E. Barrett
Director of Finance

Linda A. Herman
Executive Director
Board of Investment Trustees

Professional Services

Actuary

Mercer Human Resource
Consulting
Washington, DC

Investment Consultant

Wilshire Associates
Pittsburgh, PA

Auditor

Clifton Gunderson LLP
Certified Public Accountants
Baltimore, MD

Money Managers-Employees' Retirement System

Gryphon International Investment
Toronto, Canada

Numeric Investors
Cambridge, MA

Adams Street Partners
Chicago, IL

Marathon London
United Kingdom

Wellington Mgt. Co. LLP
Boston, MA

RhumbLine Advisors
Boston, MA

Mondrian Investment Partners Ltd.
United Kingdom

Goldman Sachs
New York, NY

Systematic Financial Management
Teaneck, NJ

BlackRock Financial Management
New York, NY

Fidelity Investments
Hebron, KY

Loomis Sayles & Co. L.P.
Boston, MA

JP Morgan Investment Management
New York, NY

Bridgewater Associates
Westport, CT

Pomona Capital
New York, NY

Barclays Global Investors
San Francisco, CA

HarbourVest Partners
Boston, MA

Nomura Corporate Research & Asset Management
New York, NY

Landmark Partners Inc.
Simsbury, CT

AEW Partners
Boston, MA

TA Realty LLC
Boston, MA

FX Concepts, Inc.
New York, NY

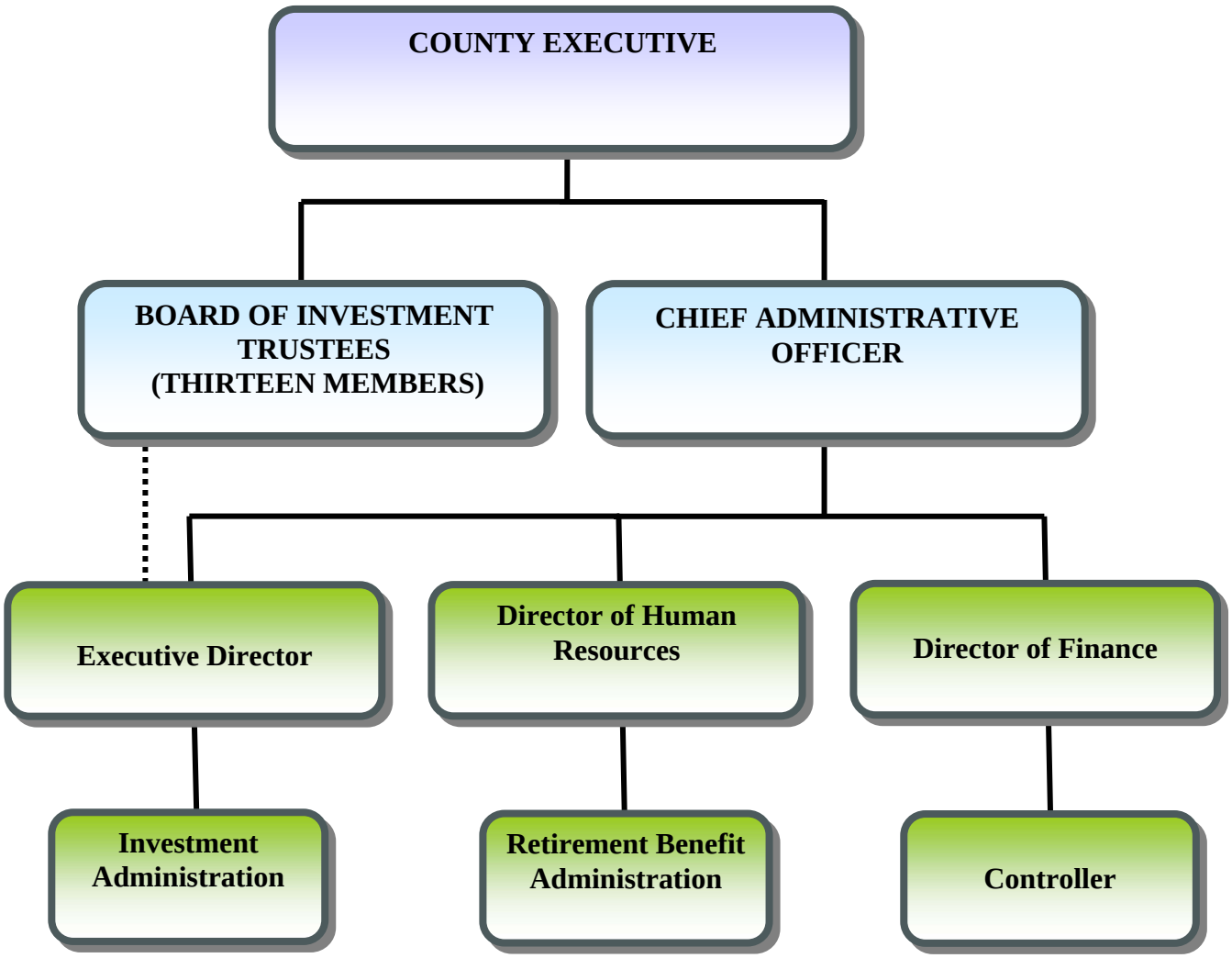
First Quadrant L.P.
Pasadena, CA

STW Fixed Income Management
Carpentaria, CA

Custodial Bank-Employees' Retirement System

The Northern Trust Company
Chicago, IL

Administrative Organization Chart



FINANCIAL SECTION

Clifton Gunderson LLP
Certified Public Accountants & Consultants

Independent Auditors' Report

The Honorable County Council
of Montgomery County, Maryland

The Board of Trustees
Montgomery County Employees' Retirement Plans:

We have audited the accompanying statements of plan net assets of the Montgomery County Employees' Retirement Plans (the Plans) as of June 30, 2008 and the related changes in plan net assets for the year then ended. These financial statements are the responsibility of the Plans' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plans' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Plans as of June 30, 2008 and the changes in plan net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Audit Standards*, we have also issued a report dated December 1, 2008, on our consideration of the Plans' internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The management's discussion and analysis on pages 15 through 19 and the schedules of funding progress and employer contributions on page 33 are not a required part of the combining financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the 2008 basic financial statements. The introduction section, investment section, actuarial section, and statistical sections, as listed in the table of contents and 2008 supplementary information on pages 34 through 41 is presented for purposes of additional analysis and is not a required part of the 2008 basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the 2008 basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2008 basic financial statements taken as a whole. The information in the introduction, investment, actuarial, and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The financial statements of the Plans as of June 30, 2007 were audited by other auditors whose report dated December 7, 2007 expressed an unqualified opinion. The supplementary information included on pages 36 through 41 related to the Plans' 2007 financial statements was subjected to auditing procedures applied in the audit of those financial statements and, in the opinion of the predecessor auditors, is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

Clifton Gunderson LLP

Baltimore, Maryland
December 1, 2008

MONTGOMERY COUNTY
17 76
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MARYLAND

INTRODUCTION

The following Management's Discussion and Analysis (MD&A) of the Montgomery County Employee Retirement Plans (Plans) financial performance provides an introduction to the financial statements of the Plans as of and for the year ended June 30, 2008. Since the MD&A is designed to focus on current activities, resulting changes and current known facts, it should be read in conjunction with the transmittal letter in the Introduction Section on page 4, the financial statements, required supplementary information, and other supplementary information which follow this discussion.

REQUIRED FINANCIAL STATEMENTS

The financial statements for the Plans have been prepared under the accrual basis of accounting in conformity with U.S. generally accepted accounting principles, promulgated by the Governmental Accounting Standards Board. The Statements of Plan Net Assets comprise the Plans' assets and liabilities and provide information about the nature and amount of investments, as well as the liabilities distinguished as long-term and other liabilities. The Statements of Changes in Plan Net Assets report the changes of the Plans' net assets, measured by the additions by major sources and deductions by type. Comparative financial statements of the three plans are presented in the latter part of the financial section.

OTHER SIGNIFICANT MATTERS

During 2008, financial markets as a whole incurred significant declines in values. As of December 1, 2008, the investment portfolios of the Plans have also incurred significant declines in the values reported in the accompanying financial statements. However, it should be noted that the recent market events did not result in any material permanent impairment to the investment portfolios of the Plans and due to the values of investments fluctuating with market conditions, the amount of investment losses that the Plans will recognize in future financial statements, if any, cannot be determined.

FINANCIAL ANALYSIS OF THE MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS

Shown below is a condensed presentation of the Net Assets of the Employees' Retirement System (ERS), Retirement Savings Plan (RSP), and Deferred Compensation Plan (DCP) at June 30:

Net Assets
(Millions)

	ERS		RSP		DCP	
	2008	2007	2008	2007	2008	2007
Assets:						
Cash and investments	$ 3,078.4	$ 3,086.0	$ 127.0	$ 119.6	$ 241.1	$ 248.9
Receivables	20.1	17.3	1.5	1.0	1.0	1.0
Total assets	3,098.5	3,103.3	128.5	120.6	242.1	249.9
Liabilities	479.7	389.0	-	-	-	-
Total net assets	$ 2,618.8	$ 2,714.3	$ 128.5	$ 120.6	$ 242.1	$ 249.9

Shown below is a condensed summary of the Change in Net Assets of the ERS, RSP, and DCP for the years ended June 30:

Change in Net Assets
(Millions)

	ERS		RSP		DCP	
	2008	2007	2008	2007	2008	2007
Additions:						
Employer contributions	$ 117.7	$ 109.4	$ 13.6	$ 11.2	$ -	$ -
Member contributions	18.9	16.4	8.1	6.8	17.3	16.6
Net investment income (loss)	(81.8)	420.8	(8.4)	17.2	(9.4)	32.4
Total additions	54.8	546.6	13.3	35.2	7.9	49.0
Deductions:						
Benefits	147.1	136.8	-	-	-	-
Refunds	0.7	0.8	5.2	4.4	15.7	12.4
Administrative expenses	2.5	2.4	0.3	0.3	-	-
Total deductions	150.3	140.0	5.5	4.7	15.7	12.4
Total change in net assets	$ (95.5)	$ 406.6	$ 7.8	$ 30.5	$ (7.8)	$ 36.6

The following schedules provide a comparative summary and an analysis of each Plans' assets, liabilities and net assets, at June 30:

Employees' Retirement System
Net Assets
(Millions)

	2008	2007	Percentage Change
Assets:			
Cash and investments	$ 3,078.4	$ 3,086.0	(0.2) %
Receivables	20.1	17.3	16.2
Total assets	3,098.5	3,103.3	(0.2)
Liabilities:			
Benefits payable and other liabilities	132.6	4.5	2,846.7
Obligations under securities lending agreements	347.1	384.5	(9.7)
Total liabilities	479.7	389.0	23.3
Total plan net assets	$ 2,618.8	$ 2,714.3	(3.5) %

The table shown above reflects a decrease in the Employees' Retirement System's net assets of $95.5 million or 3.5 percent during fiscal year (FY) 2008. The decrease reflects the volatility of the financial markets over the last twelve months resulting in decreased investment earnings. During the previous year net assets increased by $406.6 million.

Retirement Savings Plan Net Assets (Millions)			
	2008	2007	Percentage Change
Assets:			
Cash and investments	$ 127.0	$ 119.6	6.2 %
Receivables	1.5	1.0	50.0
Total assets	128.5	120.6	6.6
Liabilities	-	-	
Total plan net assets	$ 128.5	$ 120.6	6.6 %

During FY 2008, net assets increased 6.6 percent to $128.5 million. The increase is attributable to an increase in contributions. Membership in the Retirement Savings Plan increased from 4,964 at June 30, 2007, to 5,536 at June 30, 2008.

Deferred Compensation Plan Net Assets (Millions)			
	2008	2007	Percentage Change
Assets:			
Investments	$ 241.1	$ 248.9	(3.1) %
Receivables	1.0	1.0	-
Total assets and plan net assets	$ 242.1	$ 249.9	(3.1) %

Net assets of the Deferred Compensation Plan decreased 3.1 percent to $242.1 million during FY 2008. The decrease is primarily attributable to the volatility of the financial markets during the fiscal year.

ADDITIONS

The primary sources of additions for the Plans include member and employer (where applicable) contributions. The net loss is attributable to the volatile financial markets during FY08. The following tables compare the source and amount of additions for each Plan during FY 2008 and FY 2007.

Employees' Retirement System Contributions and Investment Income (Millions)			
	2008	2007	Percentage Change
Employer contributions	$ 117.7	$ 109.4	7.6 %
Member contributions	18.9	16.4	15.2
Net investment income (loss)	(81.8)	420.8	(119.4)
	$ 54.8	$ 546.6	(90.0) %

During FY 2008, employer contributions to the Employees' Retirement System increased by 7.6 percent due to an increase in the actuarial required contribution based on covered payroll. Member contributions increased by 15.2 percent due to higher pay levels.

The net investment loss for the Employees' Retirement System totaled $81.8 million for FY 2008, comprised of $157.1 million in net depreciation in fair value of investments, $88.1million in dividends and interest, $14.6 million from securities lending activities, and $27.4 million related to investment expenses. This is compared to net investment income of $420.8 million in FY 2007. The decrease in earnings compared to the previous fiscal year is due to the volatility of the financial markets.

Retirement Savings Plan
Contributions and Investment Income
(Millions)

	2008	2007	Percentage Change	
Employer contributions	$ 13.6	$ 11.2	21.4	%
Member contributions	8.1	6.8	19.1	
Net investment income (loss)	(8.4)	17.2	(148.8)	
	$ 13.3	$ 35.2	(62.2)	%

Employer contributions to the Retirement Savings Plan were $13.6 million in FY 2008, an increase of 21.4 percent from FY 2007. Member contributions were $8.1 million in FY 2008, an increase of 19.1 percent from FY 2007. The increase in contributions reflects the increase in the number of participants and higher salary levels in FY 2008.

The net investment loss is primarily attributable to depreciation in investments during FY 2008.

Deferred Compensation Plan
Contributions and Investment Income
(Millions)

	2008	2007	Percentage Change	
Member contributions	$ 17.3	$ 16.6	4.2	%
Net investment income (loss)	(9.4)	32.4	(129.0)	
	$ 7.9	$ 49.0	(83.9)	%

Member contributions to the Deferred Compensation Plan were $17.3 million for FY 2008, compared to $16.6 million for FY 2007.

Net investment loss for the Deferred Compensation Plan was $9.4 million, compared to the investment income of $32.4 million in the previous fiscal year, which was primarily due to volatility of the financial markets during FY08.

DEDUCTIONS

The primary sources of deductions from the Plans include the payment of retiree and survivor benefits, participant refunds, and administrative expenses. The following tables show the use and amount of deductions for each plan during FY 2008 and 2007.

Employees' Retirement System
Deductions by Type
(Millions)

	2008	2007	Percentage Change
Benefits	$ 147.1	$ 136.8	7.5 %
Refunds	0.7	0.8	(12.5)
Administrative expenses	2.5	2.4	4.2
	$ 150.3	$ 140.0	7.4 %

During FY 2008, benefit payments increased by 7.5 percent over FY 2007 due primarily to an increase in the number of retirees and the annual cost-of-living increase. Refunds decreased 12.5 percent in 2008 from $0.8 million in FY 2007. Administrative expenses increased from $2.4 million in FY 2007 to $2.5 million in FY 2008 due to increased professional services.

Retirement Savings Plan
Deductions by Type
(Millions)

	2008	2007	Percentage Change
Refunds and administrative expenses	$ 5.5	$ 4.7	17.0 %

The expenses related to the Retirement Savings Plan are comprised of refunds and administrative costs. Expenses for FY 2008 totaled $5.5 million, an increase of 17.0 percent over FY 2007 levels due primarily to an increase in refunds.

Deferred Compensation Plan
Deductions by Type
(Millions)

	2008	2007	Percentage Change
Refunds	$ 15.7	$ 12.4	26.6 %

During FY 2008, refunds distributed from the Deferred Compensation Plan increased by 26.6 percent over the FY 2007 level.

MONTGOMERY COUNTY, MARYLAND
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2008

	Employees' Retirement System	Retirement Savings Plan	Deferred Compensation Plan
ASSETS			
Equity in County's pooled cash and investments	$ 389,551	$ 383,224	$ -
Investments:			
Government and agency obligations	443,577,797	-	-
Asset-backed securities	34,552,257	-	-
Municipal/Provincial bonds	875,646	-	-
Corporate bonds	373,424,224	-	-
Collateralized mortgage obligations	22,285,630	-	-
Commerical mortgage-backed securities	25,303,933	-	-
Common and preferred stock	1,417,024,398	-	-
Mutual and commingled funds	1,037,426	126,576,941	241,093,028
Short-term investments	194,817,255	-	-
Cash collateral received under securities lending agreements	347,037,914	-	-
Real estate	73,837,446	-	-
Private equity	144,270,869	-	-
Total investments	3,078,044,795	126,576,941	241,093,028
Dividends receivable and accrued interest	11,672,596	-	-
Contributions receivable	8,369,431	1,542,833	1,025,781
Total assets	3,098,476,373	128,502,998	242,118,809
LIABILITIES			
Payable for collateral received under securities lending agreements	347,037,914	-	-
Benefits payable and other liabilities	132,637,020	32,336	-
Total liabilities	479,674,934	32,336	-
Net assets held in trust for pension benefits	$ 2,618,801,439	$ 128,470,662	$ 242,118,809

See accompanying notes to financial statements.

MONTGOMERY COUNTY, MARYLAND
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

	Employees' Retirement System	Retirement Savings Plan	Deferred Compensation Plan
ADDITIONS			
Contributions:			
Employer	$ 117,686,375	$ 13,583,208	$ -
Members	18,850,881	8,118,397	17,293,810
Total contributions	136,537,256	21,701,605	17,293,810
Investment income (loss)	(68,895,932)	(8,355,918)	(9,378,166)
Less investment expenses	14,606,891	26,705	-
Net loss from investment activities	(83,502,823)	(8,382,623)	(9,378,166)
Income from securities lending	14,577,497	-	-
Less securities lending expenses	12,820,730	-	-
Net income from securities lending	1,756,767	-	-
Total additions	54,791,200	13,318,982	7,915,644
DEDUCTIONS			
Retiree benefits	105,368,941	-	-
Disability benefits	34,934,780	-	-
Survivor benefits	6,723,276	-	-
Refunds	672,951	5,216,588	15,714,459
Administrative expenses	2,557,472	257,905	-
Total deductions	150,257,420	5,474,493	15,714,459
Net increase (decrease)	(95,466,220)	7,844,489	(7,798,815)
Net assets held in trust for benefits:			
Beginning of year	2,714,267,659	120,626,173	249,917,624
End of year	$ 2,618,801,439	$ 128,470,662	$ 242,118,809

See accompanying notes to financial statements.

MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2008

INTRODUCTION

The Montgomery County Employee Retirement Plans (Plans) are offered to Montgomery County (County) employees whose eligibility to participate is based on employment status and other factors. Each of the Plans described below was established under a separate section of the Montgomery County Code (Code). The accompanying notes summarize the significant accounting policies and plan provisions for each of the Plans, including the Employees' Retirement System, a defined benefit pension plan; the Retirement Savings Plan, a defined contribution plan; and the Deferred Compensation Plan, a plan established pursuant to Section 457 of the Internal Revenue Code.

EMPLOYEES' RETIREMENT SYSTEM - Defined Benefit Pension Plan

The Montgomery County Employees' Retirement System (System or Plan) is considered part of the County's financial reporting entity and is included in the County's basic financial statements as a pension and other employee benefit trust fund. The accompanying financial statements present only the operations of the System in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to public employee retirement systems. They are not intended to present fairly the financial position and results of operations of the entire County.

A. Plan Description and Contribution Information

Membership. At June 30, 2008, the date of the latest actuarial valuation, membership in the System consisted of:

Retirees and beneficiaries receiving benefits	5,306
Terminated plan members entitled to but not yet receiving benefits	505
Active plan members	5,060

Plan Description. The System, a cost-sharing multiple-employer defined benefit pension plan, was established in 1965 and is sponsored by the County. Nine other agencies and political subdivisions have elected to participate. The System is closed to employees hired on or after October 1, 1994, except public safety bargaining unit employees. All covered full-time employees of the County and participating agencies must become members of the System as a condition of employment. All covered career part-time employees of the County and participating agencies may become members on an individual basis.

Contributions. The System is a contributory plan with employees contributing a percentage of their base annual salary. Contribution rates range from 4 percent to 8.5 percent of regular earnings annually based on group classification and contributions earn interest at the rate of 4 percent per annum as specified under Section 33-39(b) of the Code. The County and each participating agency are required to contribute the remaining amounts necessary to fund the System using the actuarial basis as specified in Section 33-40 of the Code.

Benefit Provisions. Benefit provisions are established under the Code beginning with Section 33-35. All benefits vest at five years of service. There are different retirement groups within the System. Members enrolled before July 1, 1978, belong to either the optional non-integrated group or the optional integrated group. Members enrolled on or after July 1, 1978, belong to the mandatory integrated group. Within the groups are different retirement membership classes. The retirement group assigned depends upon the job classification of the member (i.e., non public safety, police, fire, sheriffs and correctional staff). Normal and early retirement eligibility, the formula for determining the amount of benefit, and the cost of living adjustment varies depending upon the retirement group and retirement membership class. Normal retirement is a percentage of earnings multiplied by years of credited service. Earnings for optional non-

integrated group members and optional integrated group members is defined as the high 12 months and for mandatory integrated plan members, the high 36 months. The percentage of earnings, the maximum years of credited service and the cost of living adjustment varies depending upon the retirement membership class and group. Members who retire early receive normal retirement benefits reduced by a minimum of 2 percent to a maximum of 60 percent depending on the number of years early retirement precedes normal retirement. The System provides options for disability and death benefits to eligible participants. Annual cost-of-living adjustments are provided to retirees and beneficiaries based on the percentage increase in the Consumer Price Index.

Legislation enacted by the Montgomery County Council in November 1999 required the Chief Administrative Officer of the County to establish Deferred Retirement Option Plans, or DROP Plans, allowing any employee who is a member of a specified membership group or bargaining unit, and who meets certain eligibility requirements, to elect to "retire" but continue to work for a specified time period, during which pension payments are deferred. When the member's participation in the DROP Plan ends, the member must stop working for the County, draw a pension benefit based on the member's credited service and earnings as of the date that the member began to participate in the DROP Plan, and receive the value of the DROP Plan payoff.

B. Summary of Significant Accounting Policies

Basis of Accounting. The System's financial statements have been prepared under the accrual basis of accounting. Member and employer contributions are recognized in the period in which the contributions are required to be made as specified under the County Code. Benefits and refunds are recognized when due in accordance with the terms of the Plan. The cost of administering the Plan is paid by the System.

Method Used to Value Investments. Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2008. Fair value for real estate investments is determined using unit values supplied by the issuers, which are based upon the issuers' appraisals of underlying real estate values. Such values involve subjective judgment and may differ from amounts which would be realized if such real estate was actually sold. The fair value for private equity is based on information provided by the fund managers. Cash received as collateral on securities lending transactions and investments made with such cash are reported as assets along with a related liability for collateral received.

Equity in County's Pooled Cash and Investments. The System maintains its cash with the County, which invests cash and allocates interest earned, on a quarterly basis to the System based on the System's average daily balance of its equity in pooled cash. The County's policy is to fully collateralize the cash maintained in the pool.

Accounting Changes. The System has adopted GASB Statement No. 50, *Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27*, which did not have a significant impact on the System's financial statements.

C. Funded Status and Funding Progress

The funded status of the System as of June 30, 2008, the most recent actuarial valuation date, is as follows:

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
$2,701,119,470	$3,341,549,425	$640,429,955	80.8%	$372,214,906	172.1%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Additional information as of the latest actuarial valuation is as follows.

Valuation date	June 30, 2008
Actuarial cost method	Projected unit credit
Amortization method	Level dollar amount
Amortization period	The initial period is 40 years. The average remaining period at June 30, 2008 is 22.8 years.
Asset valuation method	5-Year phase-in of market gains/losses
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases depending on age	4.75% - 7.50%
Cost-of-living adjustments	3.5%
Post-retirement Increases	Consumer Price Index - by Group
Mortality rates after retirement	RP 2000 projected 10 years, separate tables for males and females

D. Trustees of the Plan

The County established a Board of Investment Trustees (Board) for the System to be responsible for the investment management of the System's assets for the exclusive benefit of the members. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

E. Investments

Section 33-61C of the Code, authorizes the Board to act with the care, skill, prudence and diligence under the circumstances that a prudent person acting in a similar capacity and familiar with the same matters would use to conduct a similar enterprise with similar purposes. The Code also requires that such investments be diversified so as to minimize the risk of large losses unless it is clearly not prudent to diversify under the circumstances. The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long term increases in the value of assets. The overall investment policies do not address specific levels of credit risk, interest rate risk or foreign currency risk. The Board believes that risks can be managed, but not eliminated, by establishing constraints on the investment portfolios and by monitoring the financial markets, the System's asset allocation and the investment managers hired by the System. Each investment manager has a specific benchmark and investment guidelines appropriate for the type of investments they are managing. Section 33-60 of the Code prohibits the Board from investing in any bonds, notes, or debt instruments issued by Montgomery County, any political subdivision within Montgomery County, any agency supported or financed wholly or partly by taxes levied by the Montgomery County Council, or any agency supported by bond issues underwritten by Montgomery County.

Credit Risk/Concentration of Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Board's investment policies and guidelines limit the percentage of the total fund and individual manager's account which can be invested in fixed income securities rated below investment grade. In addition, the Board's investment policies and guidelines limit the percentage of each investment manager's account that may be allocated to any one security, position, issuer or affiliated issuer, to less than 5 percent of the fair value of the investment manager's account. The System does not have investments (other than those issued or explicitly guaranteed by the U.S. Government or pooled investments) in any one company that represents 5 percent or more of net assets held in trust for pension benefits.

The quality ratings of investments in fixed income securities as described by nationally recognized rating organizations as of June 30, 2008 are as follows:

Type of Investment	Quality Rating	Fair Value	Percentage of Portfolio
U.S. Government Obligations*	AAA	$ 265,058,334	25.66%
	BBB	473,960	0.05%
	BB	125,000	0.01%
Foreign Government Obligations	AAA	151,959,282	14.71%
	A	19,568,479	1.89%
	BBB	5,500,690	0.53%
	BB	892,052	0.09%
Asset-Backed Securities	AAA	30,187,663	2.92%
	AA	260,353	0.03%
	BBB	2,958,096	0.29%
	B	105,923	0.01%
	Unrated	1,040,222	0.10%
Commercial Mortgage-Backed Securities	AAA	21,404,440	2.07%
	Unrated	3,899,493	0.38%
Collateralized Mortgage Obligations	AAA	20,562,666	1.99%
	AA	154,076	0.01%
	BB	356,177	0.03%
	Unrated	1,212,711	0.12%
Municipal / Provincial Bonds	AA	875,646	0.08%
Corporate Bonds	AAA	11,131,163	1.08%
	AA	31,638,598	3.06%
	A	52,772,429	5.11%
	BBB	37,428,707	3.62%
	BB	55,858,584	5.41%
	B	71,681,709	6.94%
	CCC	21,458,482	2.08%
	D	61,250	0.01%
	Unrated	3,221,831	0.31%
Fixed Income Pooled Funds	Unrated	88,171,471	8.53%
Short-term Investments and Other	N/A	133,126,014	12.88%
Total Fixed Income Securities		$ 1,033,145,501	100.00%

*Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. The Board's investment policies and guidelines manage interest rate risk by establishing duration constraints on each fixed income manager's portfolio based on the duration of each manager's respective benchmark. Duration is a measure of interest rate risk based on a bond price's sensitivity to a 100-basis point change in interest rates. The greater the duration of a bond, or a portfolio of bonds, the greater its price volatility will be in response to a change in interest rates and vice-versa. Duration of eight would mean that, given a 100-basis point change up/down in rates, a bond's price would move up/down by 8 percent. As of June 30, 2008, the System's fixed income portfolio had the following sensitivity to changes in interest rates:

Type of Investment	Effective Duration in years	Fair Value	Percentage of Portfolio
U.S. Government Obligations	6.56	$ 265,657,294	25.72%
Foreign Government Obligations	8.89	177,920,503	17.22%
Asset-Backed Securities	0.61	34,552,257	3.35%
Commercial Mortgage-Backed Securities	3.89	25,303,933	2.45%
Collateralized Mortgage Obligations	4.71	22,285,630	2.15%
Municipal /Provincial Bonds	6.77	875,646	0.08%
Corporate Bonds	4.68	285,252,753	27.62%
Fixed Income Pooled Funds	N/A	88,171,471	8.53%
Short-term Investments and other	N/A	133,126,014	12.88%
Total Fixed Income Securities		$ 1,033,145,501	100.00%

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Board's International Investing Policy's objective is to achieve long-term capital appreciation and current income by investing in diversified portfolios of non-U.S. equities and bonds. The System has indirect exposure to foreign currency risk as follows:

International Securities	Equity	Fixed Income	Short-term and other	Total Non-U.S. Dollar
European Currency Unit	$ 129,433,696	$ 68,469,213	$ (43,252,163)	$ 154,650,746
Japanese Yen	107,538,308	-	2,223,096	109,761,404
British Pound Sterling	58,437,801	47,717,508	(53,814,838)	52,340,471
Swiss Franc	25,785,689	-	21,174,756	46,960,445
Hong Kong Dollar	21,541,736	-	12,691	21,554,427
Swedish Krona	7,636,274	31,123,299	(24,228,664)	14,530,909
Danish Krone	6,275,854	-	-	6,275,854
Malaysian Ringgit	2,834,680	1,592,858	-	4,427,538
Brazilian Real	-	2,064,924	-	2,064,924
Canadian Dollar	4,677,870	29,312,624	(36,533,106)	(2,542,612)
Other Currencies	23,695,628	6,827,852	(35,868,788)	(5,345,308)
Total International Securities	$ 387,857,536	$ 187,108,278	$ (170,287,016)	$ 404,678,798

Derivatives. The System invests in derivative instruments on a limited basis in accordance with the Board's Derivatives Policy. During FY 2008, the System invested directly in various derivatives including asset-backed securities, collateralized mortgage obligations, exchange-traded futures contracts, forward currency contracts, swaps, and floating rate securities. Investment managers are prohibited from purchasing securities on margin or using leverage unless specifically permitted within the investment manager's guidelines. The System entered into these investments either to increase earnings or to hedge against potential losses. These investments generally contain market risk resulting from fluctuations in interest and currency rates. The credit risk of these investments is associated with the creditworthiness of the related parties to the contracts. The System could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. The Board's Derivatives Policy seeks to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring

procedures. In addition, the System has indirect exposure to market and credit risk through its ownership interests in certain mutual and commingled funds which may hold derivative financial instruments.

As permitted by the Board's policies, the System holds off-financial statement derivatives in the form of exchange-traded financial futures and options. The futures and options with net negative fair values of approximately $2,168,000 are held for investment purposes and included within the financial statements at June 30, 2008. Gains and losses on futures and options are determined based upon fair values and recorded in the Statements of Changes in Plan Net Assets.

Interest rate swaps, foreign currency exchange swaps, and forward foreign currency exchange contracts are held for investment purposes. At June 30, 2008, the System had approximately $90,735,000 net exposure in foreign currency exchange and interest rate swaps and $157,418,000 negative net exposure in forward foreign currency exchange contracts.

Securities Lending. Board policy permits the System to lend its securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The System's custodian is the agent in lending the System's securities for collateral of 102 percent for domestic and 105 percent for international securities. The custodian receives cash, securities or irrevocable bank letters of credit as collateral. All securities loans can be terminated on demand by either the System or the borrower. Cash collateral received from the borrower is invested by the lending agent, as an agent for the System, in a short-term investment pool in the name of the System, with guidelines approved by the Board. Such investments are considered a collateralized investment pool. The relationship between the maturities of the investment pool and the System's loans is affected by the maturities of securities loans made by other plan entities that invest cash collateral in the investment pool, which the System cannot determine. The System records a liability for the return of the cash collateral shown as collateral held for securities lending in the statement of net assets. The Board does not restrict the amount of loans the lending agent may make on its behalf. The agent indemnifies the System by agreeing to purchase replacement securities, or return the cash collateral thereof, in the event a borrower fails to return loaned securities or pay distributions thereon. There were no such failures by any borrower during the fiscal year, nor were there any losses during the period resulting from a default of the borrower or lending agent.

As of June 30, 2008, the fair value of securities on loan was $346,642,441. Cash received as collateral and the related liability of $347,037,914 as of June 30, 2008, is shown on the Statement of Plan Net Assets. Securities received as collateral are not reported as assets since the System does not have the ability to pledge or sell the collateral securities absent borrower default. Securities lending revenues and expenses amounting to $14,577,497 and $12,820,730, respectively, have been classified with investment income and investment expenses, respectively, in the accompanying financial statements.

The following represents the balances relating to the securities lending transactions at June 30, 2008:

Securities Lent	Underlying Securities	Non-Cash Collateral Value	Cash Collateral Investment Value
Lent for Cash Collateral:			
U.S. Government Obligations	$ 91,591,441	$ -	$ 93,555,085
Foreign Government Obligations	1,196,492	-	1,267,574
Corporate Bonds	69,393,765	-	71,265,901
Equities	174,485,453	-	180,949,354
Lent for Non-Cash Collateral:			
U.S. Government Obligations	3,437,316	3,519,916	-
Corporate Bonds	6,518	6,674	-
Equities	6,531,456	6,885,816	-
Total	$ 346,642,441	$ 10,412,406	$ 347,037,914

At year-end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceeded the amounts the borrowers owe the System. The System is fully indemnified by its custodial bank against any losses incurred as a result of borrower default.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2008, there were no funds held by a counterparty that was acting as the System's agent in securities lending transactions.

F. Allocated Insurance Contract

On August 1, 1986, the County entered into an agreement with Aetna Life Insurance Company (Aetna) wherein Aetna accepted future responsibility for monthly payments to all members retired prior to January 1, 1986, in exchange for a lump sum payment. The County is liable for cost of living increases effective January 1, 1986, and later. Monthly payments made under this agreement have not been recognized in the System's financial statements.

G. Income Taxes

The Internal Revenue Service issued a determination letter in January 2003, which stated that the System and its underlying trust qualify under the applicable provisions of the Internal Revenue Code and therefore are exempt from federal income taxes. In the opinion of the plan administrator, the System and its underlying trust have operated within the terms of the System and are qualified under the applicable provisions of the Internal Revenue Code.

RETIREMENT SAVINGS PLAN - Defined Contribution Pension Plan

The Montgomery County Retirement Savings Plan (Plan) is considered part of the County's financial reporting entity and is included in the County's basic financial statements as a pension and other employee benefit trust fund. The accompanying financial statements present only the operations of the Plan in conformity with GAAP. They are not intended to present fairly the financial position and results of operations of the entire County.

A. Plan Description and Contribution Information

Membership. At June 30, 2008 membership in the Plan consisted of:

Active plan members	4,746
Inactive plan members	790

Plan Description. The Plan, a cost-sharing multiple-employer defined contribution plan, was established in 1994 and is sponsored by the County. Eight other agencies or political subdivisions have elected to participate. All non-public safety and certain public safety employees not represented by a collective bargaining agreement and hired on or after October 1, 1994 are covered by the Plan. Eligible employees covered by the Montgomery County Employees' Retirement System may make an irrevocable decision to transfer to this Plan.

Contributions. Under Section 33-116 of the Code, the Plan requires employees to contribute 3 percent of regular earnings up to the Social Security wage base and 6 percent above the Social Security wage rate. Section 33-117 of the Code requires the County to contribute 6 percent and 10 percent of regular earnings for non-public safety and public safety employees, respectively. In accordance with IRS regulations and the County Code, $400,000 in accumulated revenue was used to reduce employer contributions in FY2008.

Benefit Provisions. Employee contributions vest immediately and employer contributions are vested after three years of service or upon death, disability, or reaching retirement age. Members are fully vested upon reaching normal retirement (age 62) regardless of years of service. At separation, a participant's benefit is determined based upon the account balance which includes contributions and investment earnings.

B. Summary of Significant Accounting Policies

Basis of Accounting. The Plan's financial statements have been prepared under the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are required to be made as specified in the County Code. Benefits and refunds are recognized when due in accordance with the terms of the Plan. The cost of administering the Plan is paid by the County and participating agencies.

Method Used to Value Investments. Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2008.

Equity in County's Pooled Cash and Investments. The Plan maintains its cash with the County, which invests cash and allocates interest earned, on a quarterly basis to the Plan based on the Plan's average daily balance of its equity in pooled cash. The County's policy is to fully collateralize the cash maintained in the pool.

C. Trustees of the Plan

The County established a Board of Investment Trustees (Board) for the Trust to oversee the investment program. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

D. Investments

Section 33-125 of the Code authorizes the Board to establish a diversified slate of mutual and commingled investment funds from which participants may select an option. The Board exercises the Standard of Care as delineated in Section 33-61 of the Code. As of June 30, 2008, the fair value of the mutual and commingled investment funds was $126,576,941. The fair value of the investments in international mutual funds was $21,053,000.

E. Income Taxes

The Internal Revenue Service issued a determination letter in December 2002, which stated that the Plan and its underlying trust qualify under the applicable provisions of the Internal Revenue Code and therefore are exempt from federal income taxes. In the opinion of the plan administrator, the Plan and its underlying trust have operated within the terms of the Plan and are qualified under the applicable provisions of the Internal Revenue Code.

DEFERRED COMPENSATION PLAN

During FY 2005, the Montgomery County Council passed legislation enabling the County to establish and maintain one or more additional deferred compensation plans for employees covered by a collective bargaining agreement. All County non-represented employees, those County represented employees who elected to participate, and employees who were retired at the time of transfer, continue to participate in the Montgomery County Deferred Compensation Plan administered by the County (the County Plan). County represented employees who elected and all represented employees hired after March 1, 2005 participate in the newly created Montgomery County Union Employees Deferred Compensation Plan (the Union Plan) administered by the bargaining units. The purpose of these Plans is to extend to employees deferred compensation plans pursuant to Section 457 of the Internal Revenue Code of 1986, as amended.

The accompanying financial statements present only the operations of the County Plan in conformity with GAAP. They are not intended to present fairly the financial position and results of operations of the entire County. The assets of the Union Plan are not included in the accompanying financial statements since neither the County nor the Board of Investment Trustees (Board) have fiduciary or other responsibility for the Union Plan except as required by federal law, including any regulation, ruling, or other guidance issued under law.

A. Plan Description and Contribution Information

Plan Description and Contributions. During 1999, in accordance with Federal legislation, the assets were placed in Trust for the sole benefit of participants and their beneficiaries. Trust responsibilities for the County Plan are assigned to the Board. The Board has a third-party administrator contract to provide investment vehicles and administrative services to plan participants. Under the County Plan, contributions are sent to the providers for different types of investments as selected by the participants. A separate account, which reflects the monies deferred, investment of the monies, and related investment earnings is maintained for each participant by the third-party administrator. Withdrawals are made upon retirement, termination of employment, death, and/or in unforeseeable emergencies.

B. Summary of Significant Accounting Policies

Basis of Accounting. The County Plan's financial statements have been prepared under the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are made. Distributions are recognized when paid in accordance with the terms of the County Plan, and administrative costs are recognized as incurred.

Method Used to Value Investments. Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2008.

C. Trustees of the Plan

The County established a Board to oversee the investment program of the County Plan. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

D. Investments

The Board is required to establish a diversified slate of mutual and commingled funds from which participants may select investment options. The Board exercises the Standard of Care as delineated in Section 33-61 of the Code. As of June 30, 2008, the fair value of the mutual and commingled investment funds was $241,093,028. The fair value of the investments in international mutual funds included in the County Plan was $35,912,000.

MONTGOMERY COUNTY
17 76
GARDEZ BIEN
MARYLAND

REQUIRED SUPPLEMENTARY INFORMATION

Historical trend information about the Employees' Retirement System (System) defined benefit pension plan is presented below as required supplementary information. This information is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/03	$ 2,029,314,438	$ 2,411,492,724	$ 382,178,286	84.2 %	$ 312,057,363	122.5 %
6/30/04	2,045,098,796	2,561,328,232	516,229,436	79.8	318,815,374	161.9
6/30/05	2,100,532,623	2,775,047,412	674,514,789	75.7	328,459,150	205.4
6/30/06	2,222,724,295	2,918,336,073	695,611,778	76.2	340,333,414	204.4
6/30/07	2,469,933,200	3,100,637,723	630,704,523	79.7	352,636,518	178.9
6/30/08	2,701,119,470	3,341,549,425	640,429,955	80.8	372,214,906	172.1

Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing the assets as a percentage of the actuarial accrued liability provides one indication of the System's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the system. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the system's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the system.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2003	$ 55,205,855	100 %
2004	61,927,029	100
2005	74,655,371	100
2006	88,184,159	100
2007	109,436,001	100
2008	117,686,375	100

SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES
EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2008

SCHEDULE OF ADMINISTRATIVE EXPENSES

Personnel Services:	
Salaries and wages	$ 1,058,276
Retirement contributions	80,322
Insurance	93,949
Social security	78,238
Total personnel services	1,310,785
Professional Services:	
Actuarial	246,569
Independent public accountants	32,478
Outside legal	98,804
Total professional services	377,851
Benefit Processing:	
Disbursement services	476,553
Disability management	281,695
Total benefit processing	758,248
Due diligence and continuing education	28,537
Office Management:	
Office equipment and supplies	81,811
Miscellaneous	240
Total office management	82,051
Total administrative expenses	$ 2,557,472

SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES, CONCLUDED
EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2008

SCHEDULE OF INVESTMENT EXPENSES

Investment Management Expenses:		
Aetna Life Insurance Company	$	4,870
Barclays Global Investors		25,447
BlackRock Financial Management		518,606
Bridgewater Associates		1,894,070
First Quadrant		924,062
FX Concepts		921,537
Goldman Sachs		684,962
Gryphon International Investment		898,930
JP Morgan Investment Management		762,700
Loomis Sayles		548,740
Marathon London		1,403,199
Mondrian Investment Partners Ltd.		705,872
Nomura Corporate Research & Asset Management		450,814
Numeric Investors		2,922,782
RhumbLine Advisors		21,355
Systematic Financial Management		606,795
Wellington Management		776,010
The Northern Trust Company		279,250
Bloomberg Financial Systems		10,800
Wilshire Associates		225,090
Abel/Noser Corp.		21,000
Total investment management expenses		14,606,891
Securities lending borrower rebates		12,235,424
Securities lending agent fees		585,306
Total securities lending expenses		12,820,730
Total investment expenses	$	27,427,621

EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2008 AND 2007

	2008	2007
ASSETS		
Equity in County's pooled cash and investments	$ 389,551	$ 290,445
Investments:		
Government and agency obligations	443,577,797	301,386,117
Asset-backed securities	34,552,257	57,774,486
Municipal/Provincial bonds	875,646	1,174,270
Corporate bonds	373,424,224	295,897,623
Collateralized mortgage obligations	22,285,630	13,898,231
Commercial mortgage-backed securities	25,303,933	64,854,406
Common and preferred stock	1,417,024,398	1,643,956,241
Mutual and commingled funds	1,037,426	1,045,987
Short-term investments	194,817,255	181,339,966
Cash collateral received under securities lending agreements	347,037,914	384,513,936
Real estate	73,837,446	30,928,663
Private equity	144,270,869	108,944,183
Total investments	3,078,044,795	3,085,714,109
Dividends receivable and accrued interest	11,672,596	10,001,833
Contributions receivable	8,369,431	7,282,500
Total assets	3,098,476,373	3,103,288,887
LIABILITIES		
Payable for collateral received under securities lending agreements	347,037,914	384,513,936
Benefits payable and other liabilities	132,637,020	4,507,292
Total liabilities	479,674,934	389,021,228
Net assets held in trust for pension benefits	$ 2,618,801,439	$ 2,714,267,659

EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
ADDITIONS		
Contributions:		
Employer	$ 117,686,375	$ 109,436,001
Members	18,850,881	16,362,462
Total contributions	136,537,256	125,798,463
Investment Income:		
Net appreciation (depreciation) in fair value of investments	(157,001,898)	359,326,888
Dividends and interest	88,105,966	72,728,867
Total income (loss) from investment activities	(68,895,932)	432,055,755
Less investment expenses	14,606,891	12,014,393
Net income (loss) from investment activities	(83,502,823)	420,041,362
Income from securities lending	14,577,497	18,460,425
Less securities lending expenses	12,820,730	17,654,765
Net income from securities lending	1,756,767	805,660
Total additions	54,791,200	546,645,485
DEDUCTIONS		
Retiree benefits	105,368,941	98,652,678
Disability benefits	34,934,780	32,228,463
Survivor benefits	6,723,276	5,951,967
Refunds	672,951	792,641
Administrative expenses	2,557,472	2,431,639
Total deductions	150,257,420	140,057,388
Net increase (decrease)	(95,466,220)	406,588,097
Net assets - beginning of year	2,714,267,659	2,307,679,562
Net assets - end of year	$2,618,801,439	$2,714,267,659

RETIREMENT SAVINGS PLAN
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2008 AND 2007

	2008	2007
ASSETS		
Equity in County's pooled cash and investments	$ 383,224	$ 509,850
Investments	126,576,941	119,063,075
Contributions receivable	1,542,833	1,086,498
Total assets	128,502,998	120,659,423
LIABILITIES		
Accrued expenses	32,336	33,250
Net assets held in trust for pension benefits	$ 128,470,662	$ 120,626,173

RETIREMENT SAVINGS PLAN
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
ADDITIONS		
Contributions:		
Employers	$ 13,583,208	$ 11,227,348
Members	8,118,397	6,797,447
Total contributions	21,701,605	18,024,795
Investment income (loss)	(8,906,352)	16,630,901
Less investment expenses	26,705	30,702
Net investment income (loss)	(8,933,057)	16,600,199
Other income	550,434	573,691
Total additions	13,318,982	35,198,685
DEDUCTIONS		
Refunds	5,216,588	4,454,660
Administrative expenses	257,905	293,006
Total deductions	5,474,493	4,747,666
Net increase	7,844,489	30,451,019
Net assets - beginning of year	120,626,173	90,175,154
Net assets - end of year	$ 128,470,662	$ 120,626,173

DEFERRED COMPENSATION PLAN
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2008 AND 2007

	2008	2007
ASSETS		
Investments	$ 241,093,028	$ 248,948,643
Contributions receivable	1,025,781	968,981
Total assets and net assets held in trust for pension benefits	$ 242,118,809	$ 249,917,624

DEFERRED COMPENSATION PLAN
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
ADDITIONS		
Contributions - members	$ 17,293,810	$ 16,649,114
Investment income (loss)	(9,378,166)	32,393,760
Total additions	7,915,644	49,042,874
DEDUCTIONS		
Member refunds	15,714,459	12,409,959
Total deductions	15,714,459	12,409,959
Net increase (decrease)	(7,798,815)	36,632,915
Net assets - beginning of year	249,917,624	213,284,709
Net assets - end of year	$ 242,118,809	$ 249,917,624

INVESTMENT SECTION

Employees' Retirement System

EMPLOYEES' RETIREMENT SYSTEM

INVESTMENT PERFORMANCE, POLICY, STATISTICS AND ACTIVITY

The Board of Investment Trustees (Board) and the investment staff are responsible for managing the $2.6 billion fund, Employees' Retirement System (the System), invested solely in the interests of its beneficiaries. It is a significant responsibility due to the majority of the average retiree benefit coming from investment earnings on contributions from members, the County, and participating agencies. According to Wilshire Associates, a national consulting firm, the median return among U.S. public pension plans in FY 2008 was a loss of 4.56%. The System's return for the fiscal year was a loss of 2.54% net of fees, ranking in the top 32nd percentile of all public plans in the universe. The study also ranked the System's three-year return of 7.85% in the 6th percentile and its five-year return of 10.04% in the 8th percentile. The returns for all periods exceeded the performance benchmarks established by the Board. The key drivers of the performance for the twelve month period ending June 30, 2008 were the System's public equity and global inflation-protected bond managers.

In the investment of public funds, adequate funding of employee retirement benefits at a reasonable and affordable cost is a paramount concern. An appropriate balance must be struck between risks taken and returns sought to ensure the long term health of the System. The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long term increases in the value of assets.

Specific investment objectives include:

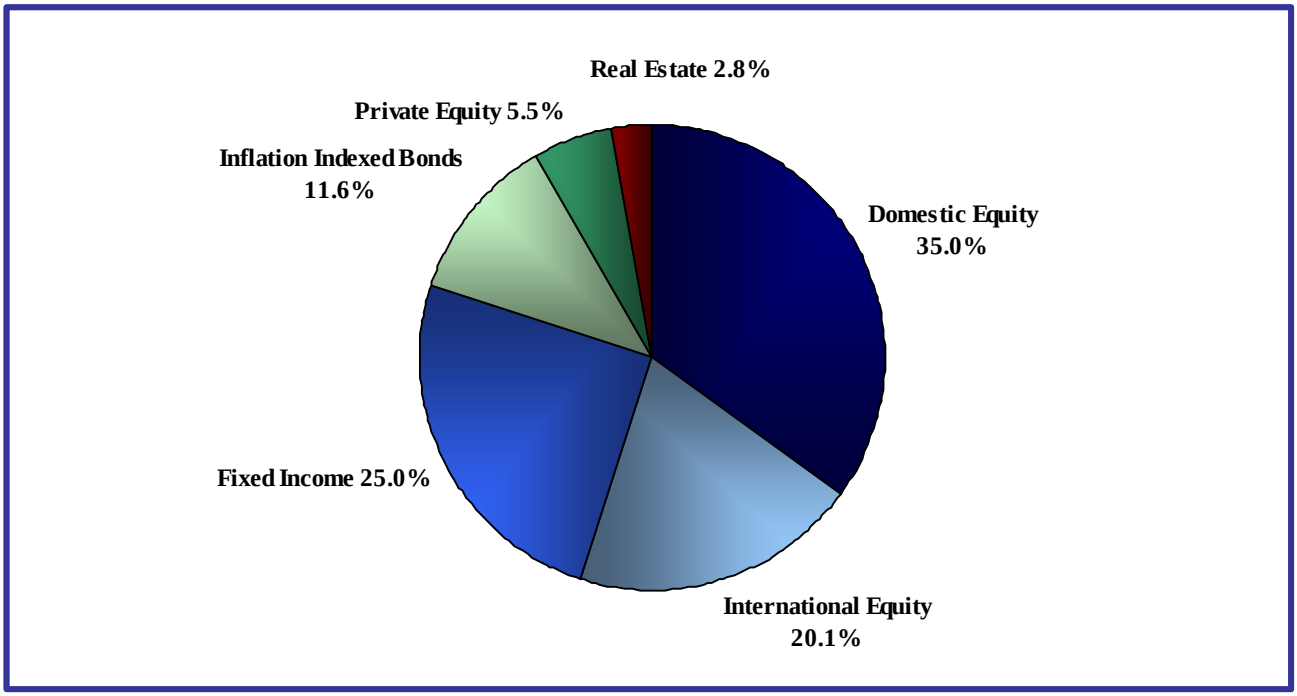
- To realize the actuarial assumed rate of return of 8 percent, annually.
- To manage portfolio risk so as to limit potential downside fluctuations in the value of the total System assets.
- To realize as high a rate of total return as possible consistent with the above.

To achieve these objectives, the following investment policies are employed:

- Allocate System assets to a broad array of investment sectors and strategies.
- Maintain the asset allocation within a range of +/-3% from the target.
- Monitor the individual investment manager's market value to ensure compliance with the Board's Manager Funding Policy.
- Evaluate the performance of all investment managers against their specific performance and style objectives, assigned risk, and the returns achieved by other similar managers.
- Evaluate the System's overall risk exposure and modify investments through rebalancing when necessary.

During FY 2008, the Board continued the implementation of a revised strategic asset allocation which will result in further diversification of the investment portfolio. Toward this goal, the Board approved the following investments during the twelve months ending June 30, 2008: long-short extension equity strategies, long duration fixed income, portable alpha managers, and additional private equity, real estate, and real assets managers. The Board also hired a consultant to assist with implementation of the Sudan Divestment legislation enacted by the Montgomery County Council during the fiscal year.

ASSET ALLOCATION – JUNE 30, 2008



INVESTMENT PERFORMANCE SUMMARY

	ANNUALIZED DATA FOR PERIOD ENDING JUNE 30, 2008		
	1 Year	**3 Year**	**5 Year**
Total Fund			
MCERS	(2.26) %	8.22 %	10.42 %
Policy Benchmark	(5.08)	6.60	8.96
Total Domestic Equities			
MCERS	(9.81)	6.38	9.97
Russell 3000	(12.69)	4.73	8.37
Total Private Equities			
MCERS	3.08*	10.46*	N/A
Russell 3000 + 300 Bpts	(11.02)*	2.76*	N/A
Total International Equities			
MCERS	(6.01)	16.63	19.91
MSCI All Country World X US	(6.64)	15.67	18.94
Total Real Estate			
MCERS	6.71*	N/A	N/A
Policy Benchmark	**	N/A	N/A
Total Fixed Income			
MCERS	1.97	3.20	4.17
Policy Benchmark	4.65	4.08	4.46
Total Inflation Index Bonds			
MCERS	18.55	7.17	7.68
Custom IIB Benchmark	12.54	5.11	6.09

Return data for the System was calculated on a time weighted basis (except where noted). Returns shown are provided by the System's custodian bank, The Northern Trust Company. Valuations are based on published national securities exchange prices, where available, and all valuations are reconciled between the various investment managers and the custodian bank. Returns are gross of fees paid to investment managers except where noted.

*Returns computed on dollar-weighted basis and are net of investment management fees.

** Benchmark comparison is not meaningful at this time due to the short investment history of the System real estate program.

PORTFOLIO HIGHLIGHTS

PUBLIC EQUITY

The market value of the total Public Equity Portfolio as of June 30, 2008 represented approximately 55.1% of the total fund, split between Domestic Equity at 35.0% and International Equity at 20.1%. The Domestic Equity Portfolio outperformed the Russell 3000 Benchmark by 2.88% for the one year ending June 30, 2008. Small and large capitalization value stocks contributed the most on a relative return basis.

The International Equity Portfolio was allocated as follows: 79.4% EAFE, 17.2% emerging market and 3.4% passive. The International Equity Portfolio utilizes risk-controlled active currency strategies that attempt to capitalize on currency market inefficiencies by taking long and short currency positions based on their fundamental attractiveness. The notional value of these strategies totaled $500 million as of June 30, 2008. The International Equity Portfolio outperformed the MSCI ACWI ex US Benchmark by 0.63% for the one year ending June 30, 2008.

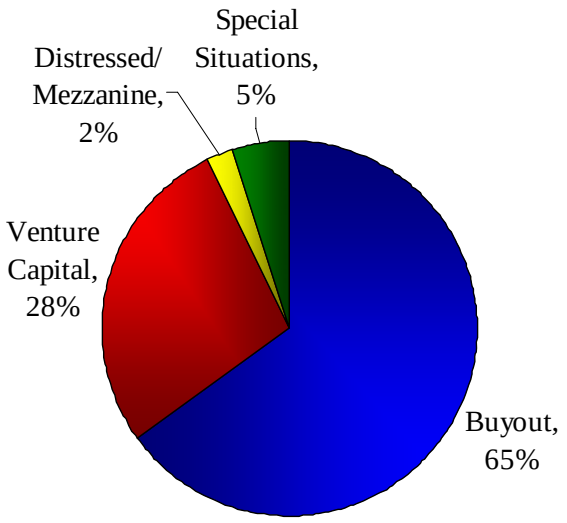
Equity: Top 15 Holdings

The top 15 holdings in the Public Equity Portfolio comprised 3.6% of ERS assets at June 30, 2008. During the fiscal year the Board moved approximately $290 million from separate accounts to commingled funds. This move resulted in eleven companies falling from the list. Exxon Mobil, Microsoft, AT&T, and Google remain and Fresenius, Novartis, Total, Western Union, Siemens, Weatherford, BNP Paribas, Kao, Chesapeake Energy, Kingboard Chemical, and Li & Fung were added.

Equity	Shares		Value
Exxon Mobil	107,200	$	9,447,536
Microsoft	321,600		8,847,216
Fresenius	76,155		6,583,632
Novartis	117,983		6,515,358
Total	72,840		6,220,158
Western Union	241,314		5,965,282
Siemens	53,450		5,938,711
Weatherford	118,340		5,868,481
AT&T	171,895		5,791,143
BNP Paribas	63,454		5,752,559
Kao	218,000		5,727,371
Chesapeake Energy	86,540		5,708,178
Google	10,233		5,386,856
Kingboard Chemical	1,153,500		5,325,587
Li & Fung	1,752,800		5,282,599

PRIVATE EQUITY

The System began investing in private equity in 2003 to achieve returns greater than those available in the public equity markets and to gain exposure to diversified alpha sources. At June 30, 2008, the Private Equity Portfolio comprised 5.5% of total fund assets. Approximately 51% of the dollars committed have been called. The Private Equity program seeks to outperform the Russell 3000 Index by 3% annually. System returns are calculated on a dollar-weighted or internal rate-of-return basis, and the annualized return since inception (2003) through June 30, 2008 was 10.2%. By comparison, the dollar-weighted return for the Russell 3000 Index plus 3% for the same period was 3.9%.

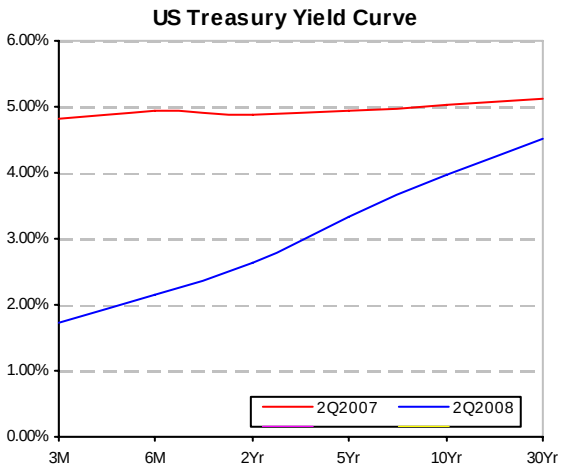


During the fiscal year, buyout activity slowed substantially in the wake of the global credit crisis. Venture capital investment continued to be robust, although exit opportunities were constrained by lack of investor interest in initial public offerings. Distressed debt managers raised funds in anticipation of turnaround opportunities resulting from overleveraged corporations.

PORTFOLIO HIGHLIGHTS

FIXED INCOME

The System invests a portion of its portfolio in fixed income securities to reduce total fund volatility, produce income and provide a measure of protection in the event of a slowing economic environment, where these lower volatility assets should provide downside protection. The market value of the Fixed Income Portfolio as of June 30, 2008 represented approximately 25.0% of the total fund. The Fixed Income Portfolio returned 1.97%, underperforming the benchmark return of 4.65% by 2.68% during the fiscal year. Returns were weak during the fiscal year due to the impact of the credit crisis on mortgage and asset backed securities, as well as high yield – all suffered due to the limited liquidity and spread widening through the year.



The last twelve months have been a period of significant volatility in fixed income markets. The change in the US Treasury Yield Curve (see above) reflects the sub-prime mortgage crisis unfolding into a wider market concern. The Federal Reserve acted sharply and decisively, starting to cut rates in the 3rd quarter of 2007 for a total cut of 325bps in the Fed Funds rate, reaching a low of 2.0%. An additional concern that impacted fixed income markets was the limited liquidity that resulted from investment banks, the traditional market makers, deleveraging their books. Spreads have widened dramatically on corporates, mortgage and asset backed securities, and high yield bonds, with many bonds trading at distressed levels.

Fixed Income: Top 15 Holdings

Fifteen Largest Fixed Income Holdings	Interest Rate	Maturity Date	Fair Value
United States Treasury Bonds	3.875 %	May 15, 2018	$ 23,695,262
Federal Home Loan Mortgage Corporation Gold Single Family Mortgage 30 year	5.500	TBA settles July	17,326,150
Federal Home Loan Mortgage Corporation 30 Year Participation Certificate	5.000	TBA settles July	14,271,272
United States Treasury Bonds	5.000	May 15, 2037	12,514,742
US Treasury Inflation Index Linked Bonds	3.875	15 April, 2029	11,694,658
Canada Index Linked Government Bonds	3.000	January 12, 2036	10,299,769
France Government OAT Index Linked Bonds	2.250	July 25, 2020	10,126,769
Federal National Mortgage Assn. Single Family Mortgage 30 year	5.000	TBA settles July	9,967,755
Sweden Index Linked Government Bonds	3.500	January 12, 2015	9,647,519
Federal National Mortgage Assn. Pool 30 year	5.000	January 5, 2036	9,597,092
UK Government Inflation Linked Bonds	2.500	July 26, 2016	7,800,831
Government National Mortgage Assn. Single Family Mortgage 30 year	5.500	TBA settles July	7,562,000
Sweden Index Linked Government Bonds	3.500	January 12, 2028	7,461,099
France Government OAT Index Linked Bonds	3.000	July 25, 2012	7,398,207
Italy BTPI Index Linked Bonds	2.150	September 15, 2014	7,347,730

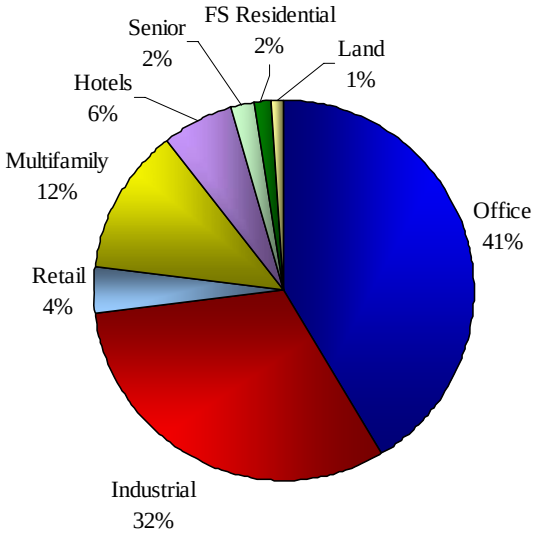
A complete list of the portfolio holdings can be obtained by contacting the Board of Investment Trustees office.

PORTFOLIO HIGHLIGHTS

REAL/INFLATION HEDGE ASSETS

Real Estate

The System began investing in value-added and opportunistic real estate in 2006 to attain real returns uncorrelated with the broad securities markets. Returns are computed on a dollar-weighted or internal rate-of-return basis, and from inception to June 30, 2008 the investments generated an annualized return of 7.3%. The real estate portfolio comprised 2.8% of the ERS portfolio at June 30, 2008 with approximately 77% of the total capital committed to real estate being contributed.



During the fiscal year, the residential mortgage crisis expanded into other sectors of the real estate industry. Transaction volume of commercial properties was down significantly versus the prior year as the availability of debt financing – one of the key drivers of the recent real estate boom – decreased. Within the System's portfolio, our managers continue to pursue properties with opportunities to add value through active management.

Inflation-Indexed Bonds

The System allocates a portion of fund assets to inflation-indexed bonds which provide protection against inflation risk as well as providing a diversified return stream to manage volatility. The Inflation-Indexed Bond Portfolio represented 11.6% of the total fund. The Portfolio, which also includes an absolute return fund as portable alpha, returned 18.55% during the fiscal year, outperforming the benchmark by 6.01%.

The performance of inflation-indexed bonds was extremely strong during the fiscal year. They benefited from the flight to quality as yields declined sharply, but also generated strong returns in the face of unexpected inflation driven by soaring commodities prices, particularly oil. Our portfolio also benefited from opportunistic allocations to commodities, bond and currency positions, through the manager's actively managed portfolio.

Inflation-Indexed Bonds - Country Exposures		
United States	39.5	%
Euroland	21.7	
United Kingdom	17.2	
Sweden	11.3	
Canada	10.3	

PORTFOLIO HIGHLIGHTS

MONEY MANAGERS

The diversified investment structure as of June 30, 2008 is reflected in the following tables, which list MCERS managers by investment sector and style.

Public Equity Managers	Investment Style
Domestic Equity	
BGI Russell 1000 Fund*	Russell 1000 Index
RhumbLine Advisors	Russell 1000 Index
Numeric Investors*	Amplified Core
JP Morgan*	Large Cap Core Plus
Systematic Financial Mgt.	Large Cap Value
Goldman Sachs	Large Cap Growth
Wellington	Small Cap Value
Numeric Investors	Small Cap Growth
Fidelity Investments*	Various
International Equity	
Marathon	EAFE
Gryphon	EAFE
Mondrian*	Emerging Markets
BGI EAFE Fund*	EAFE Index

Foreign Currency Mgrs.	Investment Style
First Quadrant*	Foreign Currency
FX Concepts*	Foreign Currency

Private Equity Managers	Investment Style
Adams Street	Fund-of-Funds
HarbourVest	Fund-of-Funds
Landmark	Fund-of-Funds
Pomona Capital	Fund-of-Funds

Real Estate Managers	Investment Style
TA Associates	Value-Added
AEW Capital	Opportunistic

Fixed Income Managers	Investment Style
JP Morgan	Core Plus
BlackRock	Core Plus
STW	Long Duration
Nomura	High Yield
Loomis Sayles	High Yield
BGI US Debt Fund*	Lehman Aggregate Index

Inflation-Indexed Bond Mgrs.	Investment Style
Bridgewater*	Inflation Indexed Bonds

* Pooled Funds

PUBLIC EQUITY COMMISSIONS

JULY 1, 2007 THROUGH JUNE 30, 2008

Brokers	Commissions (thousands)
Credit Suisse First Boston Corporation	$ 118
Investment Technology Group, Inc.	98
Spear Leeds & Kellogg	75
Morgan Stanley & Co., Inc.	72
Liquidnet Inc.	66
Merrill Lynch Pierce Fenner & Smith, Inc.	66
Lehman Brothers Inc.	34
Instinet	31
Citigroup Global Markets	25
Other Brokers (86 brokers)	327
Total	$ 912

ACTUARIAL SECTION

Employees' Retirement System

November 6, 2008

Board of Investment Trustees
Montgomery County Government Retirement System
101 Monroe Street
Rockville, MD 20850

Subject: July 1, 2008 Actuarial Valuation Report

Dear Members of the Board:

Mercer annually performs an actuarial valuation of the Montgomery County Employees' Retirement System for the Montgomery County Government. The most recent actuarial valuation performed was as of July 1, 2008. The purpose of this valuation was to:

- Review experience under the Plan for the year ending June 30, 2008
- Determine the liabilities of the Plan as of June 30, 2008
- Determine the contribution to be paid biweekly during the fiscal year ending June 30, 2010.

The actuarial information in this letter is provided in detail in our valuation report.

Valuation Results

Sections II through IV of the valuation report detail the results of the 2008 valuation, including a breakdown by employee group and plan. This valuation reflects demographic assumption changes resulting from the Group F and Group G plan changes effective July 1, 2008. All other actuarial assumptions are the same as those used in the 2007 valuation.

County Contributions

Contributions are computed using the Projected Unit Credit method of funding. The objective of this method is to fund each participant's benefits under the Plan, as they would accrue, taking into consideration future salary increases. Thus the total pension to which each participant is expected to become entitled is broken down into units; each associated with a year of past or future credited service.

If all actuarial assumptions are met in the future and if there are no plan changes, the County contribution as a percentage of the payroll covered by this plan may begin to slowly decrease. This is because the closure of the plans to new non-public safety members, which had been in effect for many years, will end July 1, 2009. Current and

future members of the defined contribution plan will be able to elect to participate in a cash balance form of benefits in this plan.

The July 1, 2008 actuarial valuation sets the County's contribution rates for the fiscal year ending June 30, 2010. The rates are set separately for public safety and non-public safety employee groups and will be applied to each group's total covered payroll for the fiscal year 2010. Thus, the exact dollar amount of the required contribution will not be known until the end of the fiscal year 2010. The contribution rates for fiscal year 2010 were determined based on the total payroll at July 1, 2008, taking into account the general wage adjustments for FY09 on July 6, 2008 and January 4, 2009.

Investments

During the 2007-2008 plan year, the rate of return after investment expenses on the market value of assets was -3.0%. On a market value basis, the return was $298.3 million less than the 8% assumed rate of return. This $298.3 million loss is phased in over a five-year period. Gains and losses from 2007-2008 and prior years produced a net loss on an actuarial value of assets basis. As of July 1, 2008, net investment losses of $82.3 million had not yet been recognized in the actuarial value of assets.

The 2008 valuation was based on an actuarial value of assets of $2,701,119,470.

We used the financial information provided by the County without further audit.

Aetna Contract

The value of the Aetna non-participating group-annuity contract is excluded from all calculations.

Plan Provisions

The July 1, 2008 valuation reflects the plan changes applicable to groups A, F, G and H. The following plan changes were all effective July 1, 2008.

Group F changes:

- The 2.4% pre-SSNRA and 1.65% post-SSNRA (for integrated plan members) normal retirement benefit multipliers are extended to 36 years of service including sick leave.
- Allow unreduced early retirement at 25 years of service, regardless of age.
- Implement a three-year DROP program of Discontinued Retirement Service Program (DRSP) as follows:

- Eligibility for DRSP entry when member attains age 46 and 25 years of credited service
- No employee contribution while in DRSP

Group G changes:

- Provide that any employee who is or becomes entitled to benefits pursuant to §9-503 of the labor and employment article of the annotated code of Maryland, or who incurs esophageal, lymphatic, testicular, brain, lung, bladder, kidney cancer or multiple myeloma or melanoma or any blood borne pathogen is automatically entitled to service-connected disability retirement benefits under the Montgomery County Employees' Retirement System.

- We assumed that the expanded presumptions would increase the percentage of disabilities classified as service-connected from 90% to 93%.

Retirement Incentive Program:

The Retirement Incentive Program provided enhanced benefits to 152 group A and H participants. Each retiree received a $25,000 lump sum payment. The early retirement reductions that would normally apply were reduced for some participants and eliminated for others.

Participant Data

Between June 30, 2007 and June 30, 2008, there was a 0.8% increase in the number of plan members. However, the number of active members decreased by 4.4%, from 5,294 to 5,060. The total payroll increased by 0.3%, from $374.8 million to $376.0 million.

Aetna provided the retiree data, including benefits. The County provided data on active and terminated vested members. This information would customarily not be verified by a plan's actuary. We have reviewed the information for internal consistency and we have no reason to doubt its substantial accuracy.

Supplementary Information

The July 1, 2008 actuarial valuation report also provides supplemental information, including the schedule of funding progress. This schedule is presented in the financial section of the County's Comprehensive Annual Financial Report (CAFR). This information is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and to provide a means for making comparisons with other public employee retirement systems.

The County extracted the information from the July 1, 2008 valuation report for the following schedules in the actuarial section and the statistical section of County's Comprehensive Annual Financial Report.

- Summary of Results
- System Contribution
- Membership
- Actuarial Assumptions and Methods
- Solvency Test

Actuarial Certification

All costs, liabilities, and other factors under the Plan were determined in accordance with generally accepted actuarial principles and procedures. The information provided has been determined in accordance with the provisions of Statement Numbers 25 and 27 of the Governmental Accounting Standards Board. The costs are calculated using an actuarial cost method that we believe is appropriate. The actuarial assumptions are reasonable in our opinion and represent our best estimate of the anticipated experience under the Plan.

The undersigned credentialed actuaries meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report.

Respectfully submitted,

Douglas L. Rowe, FSA, EA

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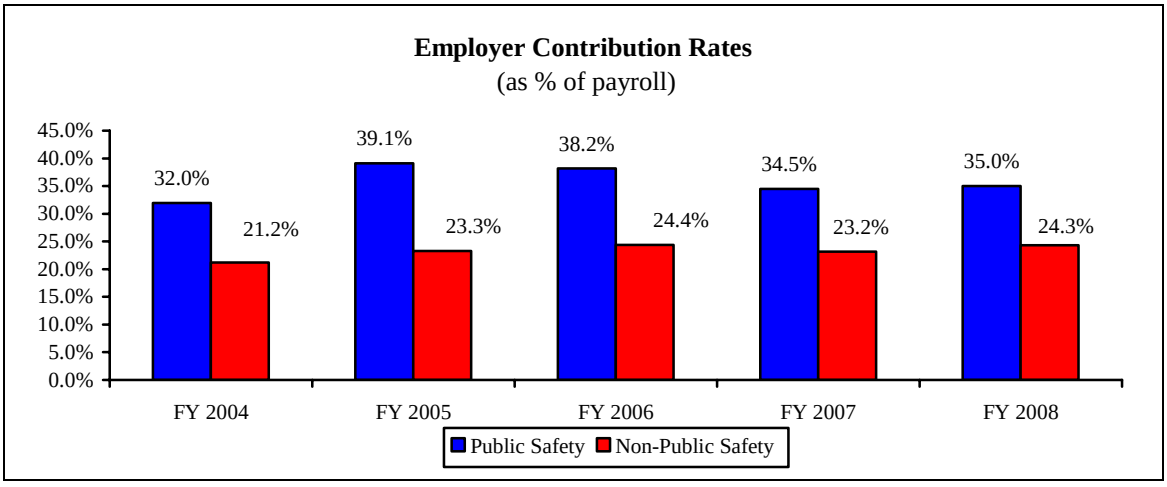
SUMMARY OF VALUATION RESULTS
EMPLOYEES' RETIREMENT SYSTEM

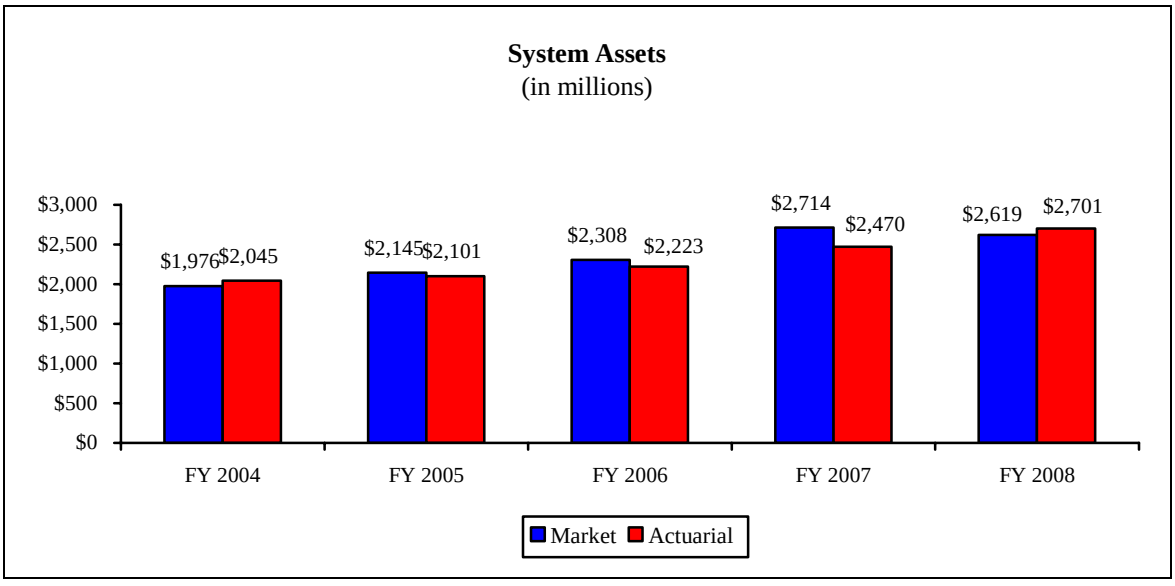
A. Overview

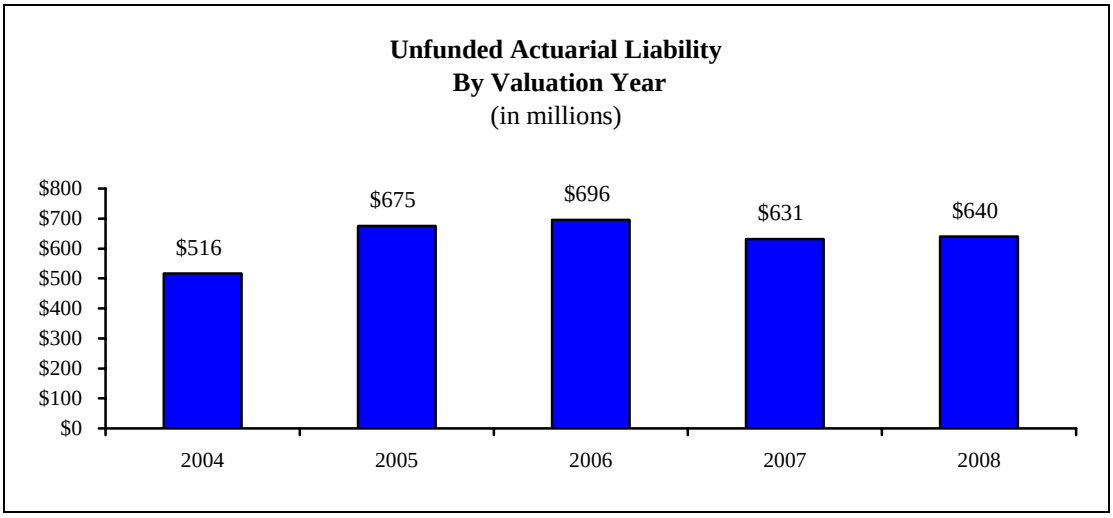
This report presents the results of our June 30, 2008 actuarial valuation of the Montgomery County Employees' Retirement System.

The major findings of the valuation are summarized in the following charts:

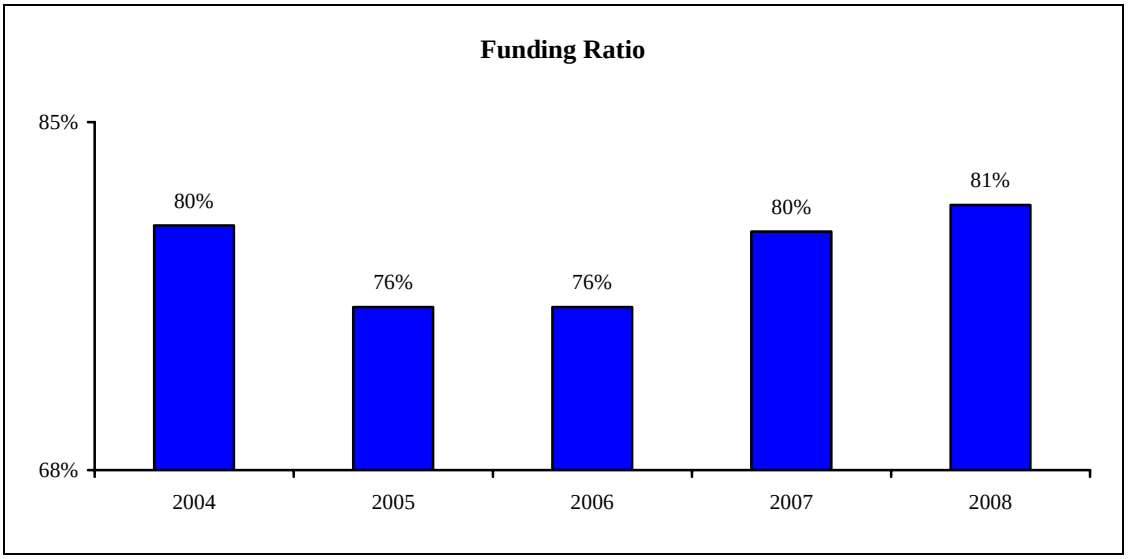


The change in the employer contribution rate in FY 2008 was due to actual System experience versus actuarial assumptions.





The unfunded actuarial liability increased in FY 2008 due to changes in plan benefits, normal cost, interest, and contributions.



The ratio of actuarial assets to the actuarial accrued liability increased by 1% in FY08.

B. Summary of Results

	July 1, 2007	July 1, 2008
Actuarial Liability		
a. Active Members	$ 1,438,945,337	$ 1,494,033,391
b. Retired Members and Beneficiaries	1,635,227,920	1,821,698,565
c. Vested Former Members	26,464,466	25,817,469
d. Total	$ 3,100,637,723	$ 3,341,549,425
Valuation Assets	$ 2,469,933,200	$ 2,701,119,470
Unfunded Actuarial Liability	$ 630,704,523	$ 640,429,955
Normal Cost		
a. Gross Normal Cost	$ 72,230,659	$ 74,273,903
b. Anticipated Employee Contributions	$ 17,442,875	$ 17,559,022
c. County Normal Cost (a -b)	$ 54,787,784	$ 56,714,881
Amortization Payment	$ 54,868,357	$ 57,413,839
County Contribution at date shown	$ 109,656,141	$ 114,128,720
County FY 2009/FY 2010 Contribution (as a % of covered payroll)		
Public Safety Employee	34.46%	35.01%
Non-Public Safety Employees	23.17%	24.25%

C. Valuation Highlights

1. System Assets

As of June 30, 2008, the System had assets, valued at market, of $2.619 billion, as compared to $2.714 billion at June 30, 2007. The decrease of $95 million was attributable to the following:

a. An increase of $137 million from employer and employee contributions;
b. An decrease of $82 million from investment loss; and
c. A decrease of $150 million due to the payment of benefits to System participants and administrative expenses.

When measured on an actuarial basis, System assets were $2.701 billion at June 30, 2008, and $2.470 billion at June 30, 2007. The asset valuation method smoothes the fluctuations generated by intermittent market gains and losses. This method phases-in investment gains and losses arising during and after the 1994 fiscal year over a five-year period from the date established. Effective July 1, 1997, the calculation of the actuarial value of assets was changed to exclude the present value of estimated accrued contributions.

2. System Liabilities

The Unfunded Actuarial Liability increased $9 million, from $631 million at July 1, 2007, to $640 million at July 1, 2008, as follows:

Actual Unfunded Liability at beginning of year	$	630,704,523
Actual Unfunded Liability at end of year		640,429,955
Increase in Actual Unfunded Liability	$	(9,725,432)

The increase in Actual Unfunded Liability for the year ended June 30, 2008, is comprised of the following:

Decrease due to gain on actuarial value of assets	$	47,850,027
Increase due to demographic gain and other factors		(6,433,265)
Increase due to normal cost, interest and contributions		(18,239,704)
Increase due to plan changes		(32,902,490)
Increase in Actual Unfunded Liability	$	(9,725,432)

3. System Contributions

Contributions to the System include a "normal cost" rate which covers the portion of projected liabilities related to service of members. In addition, an amortization payment is made to fund the unfunded liability related to changes made to benefits in previous years which are being funded over a specific period of time.

The increase in the employer contribution rate is attributable to the following:

	Public Safety		Non-Public Safety	
Employer contribution rate - June 30, 2007	34.46	%	23.17	%
Decrease due to gain on actuarial value of assets	(1.08)		(0.87)	
Increase due to actuarial gains & losses	0.76		0.39	
Increase due to plan changes	0.87		1.56	
Employer contribution rate - June 30, 2008	35.01	%	24.25	%

4. Membership

The active membership of the System decreased from 5,294 at June 30, 2007 to 5,060 at June 30, 2008. The System was closed to all new employees hired after October 1, 1994, except public safety bargaining unit employees. Inactive members, including retirees and beneficiaries, increased from 4,997 at June 30, 2007 to 5,306 at June 30, 2008 and the number of former members with vested rights increased from 498 to 505.

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
EMPLOYEES' RETIREMENT SYSTEM

A. Funding Method

The funding method used for the System's valuation is the "projected unit credit" actuarial cost method. The objective of this method is to allocate the total pension benefit to which each participant is expected to become entitled at retirement to the participant's past and future service. The allocation is accomplished by applying the plan's accrual formula to projected final salary at retirement. An actuarial liability is calculated at the valuation date as the present value of benefits allocated to service prior to that date. The unfunded actuarial liability at the valuation date is the excess of the actuarial liability over the assets of the System.

B. Actuarial Value of Assets

The actuarial value of assets is used for purposes of determing the County's contribution to the System. The asset adjustment method dampens the volatility of asset values that could occur because of short term fluctuations in market conditions. Use of an asset smoothing method is consistent with the long term nature of the actuarial valuation process. Assets are valued at market value but with a phase-in of investment gains and losses arising after July 1, 1994, over a 5-year period. The gains and losses are net of expenses. Effective July 1, 1997, the calculation of the actuarial value of assets does not include the present value of accrued contributions.

ACTUARIAL ASSUMPTIONS AND METHODS
EMPLOYEES' RETIREMENT SYSTEM

A. Demographic Assumptions

1. Mortality

RP2000 projected 10 years, separate tables for males and females
Annual Deaths per 1,000 Members

Age	Male Deaths	Female Deaths	Age	Male Deaths	Female Deaths
20	0	0	65	11	9
25	0	0	70	19	16
30	0	0	75	33	26
35	1	0	80	58	43
40	1	1	85	103	73
45	1	1	90	176	128
50	2	1	95	262	191
55	3	3	100	341	235
60	6	5	105	398	293

2. Termination of Employment (prior to retirement eligibility)

Annual Terminations per 1,000 Members

Years of Service	Non-Public Safety	Public Safety
0 – 4	35	80 – 29
5 – 9	35	22 – 14
10 – 14	17	13 – 6
15 – 19	17 – 11	5 – 3
20 – 25	11 – 6	2
26+	6	NA

It is assumed that 15% of all vested participants who terminate elect to receive a refund of their contributions with interest instead of a deferred benefit regardless of their age when they terminate employment.

3. Disability

	Annual Disabilities per 1,000 Members			
	Non-Public Safety Employees		Public Safety Employees	
Age	Male	Female	Male	Female
20	1	1	1	1
25	2	1	3	3
30	2	2	6	8
35	3	3	8	12
40	3	3	10	16
45	6	3	19	22
50	7	5	32	29
55	5	6	39	31
60	9	6	47	32
65	0	0	0	0

4. Deaths

	Annual Deaths per 1,000 Disabled Members	
Age	Male	Female
20	0	0
25	0	0
30	1	0
35	1	1
40	2	1
45	2	2
50	4	3
55	7	5
60	13	10
65	22	17

5. Retirement

Age	Non-Public Safety Employees	Public Safety Employees Other than Group G
Under 40	0%	3%
41	0%	3%
42	0%	3%
43	0%	3%
44	0%	3%
45	1%	3%
46	1%	20%
47	1%	20%
48	1%	20%
49	1%	20%
50	5%	30%
51	5%	30%
52	5%	30%
53	5%	30%
54	5%	30%
55	20%	75%
56	20%	75%
57	20%	75%
58	20%	75%
59	20%	75%
60	15%	100%
61	15%	100%
62	15%	100%
63	15%	100%
64	15%	100%
65	50%	100%
66	50%	100%
67	75%	100%
68	100%	100%
69	100%	100%
70	100%	100%

Note: Rates apply only when an employee is eligible to retire based on age and service.

6. Sick Leave Credit

Sick leave: Service credit is increased by 2.5% to account for additional credit from unused sick leave. Sick leave is capped at 2 years.

7. Marital assumption

80% of active participants are assumed to be married. Women are assumed to be three years younger than their spouses**.**

8. Assumption Changes

In October 2005, the System's actuary, Mercer Human Resource Consulting completed an experience study of the actuarial assumptions used for the five-year period ending June 30, 2005. All recommended assumptions were approved by management at that time.

B. Economic Assumptions

1. Investment Return: 8.0% compound per annum
2. Cost-of-Living Increases: 3.5% compound per annum
3. Increase in Social Security Wage Base: 4.5% compound per annum
4. Expense load: Anticipated administrative expense equal to the average of the prior three years of administrative expenses. For FY2010 this figure is $2,300,000.
5. Salary Increase: Merit and promotional increases assumed to be based on age as shown below:

Age	Salary Scale
18 – 34	7.50%
35 – 44	6.50%
45 onwards	4.75%

ANALYSIS OF FINANCIAL EXPERIENCE

Gains and Loss in Accrued Liability During Years Ended June 30
Resulting from Differences Between Assumed Experience and Actual Experience

Type of Activity	2005	2006	2007	2008
Investment gain (loss)	$ (80,722,008)	$ (20,801,336)	$ 84,209,271	$ 47,850,027
Combined liability experience	(57,173,555)	(62,484,214)	(27,653,662)	(33,474,433)
Gain (loss) during year	$ (137,895,563)	$ (83,285,550)	$ 56,555,609	$ 14,375,594

SOLVENCY TEST

Aggregate Accrued Liability

Valuation Date	(1) Active Members Contributions	(2) Retirees, Vested Terms, Beneficiaries	(3) Active Members (Employer Financed Portion)	Reported Assets	Portion of Accrued Liabilitities Covered by Reported Assets (1)	(2)	(3)
6/30/2002	$ 146,500,545	$ 1,125,070,362	$ 1,001,608,309	$ 2,036,100,709	100 %	100 %	76 %
6/30/2003	155,686,014	1,247,359,872	1,008,446,838	2,029,314,438	100	100	62
6/30/2004	160,523,789	1,354,272,329	1,046,532,114	2,045,098,796	100	100	51
6/30/2005	166,078,802	1,426,030,001	1,182,938,609	2,100,532,623	100	100	43
6/30/2006	177,391,695	1,578,703,590	1,162,240,788	2,222,724,295	100	100	40
6/30/2007	187,104,227	1,661,692,386	1,251,841,110	2,469,933,200	100	100	50
6/30/2008	186,171,030	1,847,516,034	1,307,862,361	2,701,119,470	100	100	51

SCHEDULE OF RETIREES AND SURVIVORS
During Years Ended June 30

	New Retirees and Disableds	Survivors	Total
July 1, 2002	**3,785**	**330**	**4,115**
New retirements & disabilities	336	0	336
Deaths with beneficiaries	(30)	30	0
Deaths/benefits ended	(71)	(10)	(81)
July 1, 2003	**4,020**	**350**	**4,370**
New retirements & disabilities	304	0	304
Deaths with beneficiaries	(26)	26	0
Deaths/benefits ended	(99)	(16)	(115)
July 1, 2004	**4,199**	**360**	**4,559**
New retirements & disabilities	216	0	216
Deaths with beneficiaries	(20)	20	0
Deaths/benefits ended	(99)	(11)	(110)
July 1, 2005	**4,296**	**369**	**4,665**
New retirements & disabilities	266	0	266
Deaths with beneficiaries	(22)	22	0
Deaths/benefits ended	(57)	(26)	(83)
July 1, 2006	**4,483**	**365**	**4,848**
New retirements & disabilities	242	0	242
Deaths with beneficiaries	(22)	22	0
Deaths/benefits ended	(67)	(26)	(93)
July 1, 2007	**4,636**	**361**	**4,997**
New retirements & disabilities	382	0	382
Deaths with beneficiaries	(28)	28	0
Deaths/benefits ended	(64)	(9)	(73)
July 1, 2008	**4,926**	**380**	**5,306**

SCHEDULE OF ANNUAL ALLOWANCE
During Years Ended June 30

	New Retirees and Disableds	Survivors	Total
July 2002	**$ 95,811,223**	**$ 4,013,991**	**$ 99,825,214**
Average Annual Allowance	25,313	12,164	24,259
Annual Allowances Added to the Rolls	11,401,243	551,410	11,952,653
Annual Allowances Removed From the Rolls	(1,479,300)	(159,196)	(1,638,496)
July 2003	**$ 105,733,166**	**$ 4,406,205**	**$ 110,139,371**
Average Annual Allowance	26,302	12,589	25,204
Annual Allowances Added to the Rolls	11,570,789	572,318	12,143,107
Annual Allowances Removed From the Rolls	(2,180,663)	(308,637)	(2,489,300)
July 2004	**$ 115,123,292**	**$ 4,669,886**	**$ 119,793,178**
Average Annual Allowance	27,417	12,972	26,276
Annual Allowances Added to the Rolls	10,396,825	797,535	11,194,360
Annual Allowances Removed From the Rolls	(1,963,577)	(313,742)	(2,277,319)
July 2005	**$ 123,556,540**	**$ 5,153,679**	**$ 128,710,219**
Average Annual Allowance	28,761	13,967	27,591
Annual Allowances Added to the Rolls	14,424,755	305,259	14,730,014
Annual Allowances Removed From the Rolls	(1,611,828)	(127,575)	(1,739,403)
July 2006	**$ 136,369,467**	**$ 5,331,363**	**$ 141,700,830**
Average Annual Allowance	30,419	14,606	29,229
Annual Allowances Added to the Rolls	10,498,059	580,630	11,078,089
Annual Allowances Removed From the Rolls	(2,335,705)	(478,216)	(2,813,321)
July 2007	**$ 144,531,821**	**$ 5,433,777**	**$ 149,965,598**
Average Annual Allowance	$ 31,176	$ 15,052	$ 30,011
Annual Allowances Added to the Rolls	$ 20,518,024	$ 1,056,444	$ 21,574,468
Annual Allowances Removed From the Rolls	$ (2,344,133)	$ (422,864)	$ (2,766,997)
July 2008	**$ 162,705,712**	**$ 6,067,357**	**$ 168,773,069**
Average Annual Allowance	**$ 33,030**	**$ 15,467**	**$ 31,808**

Schedule of Active Member Valuation Data

Valuation Date	Number	Annual Payroll[(a)]	Annual Average Pay	% Increase in Average Pay
July 1, 2002	5,983	$333,449,862	$55,733	5.333%
July 1, 2003	5,876	$336,019,788	$57,185	2.606%
July 1, 2004	5,670	$341,629,327	$60,252	5.363%
July 1, 2005	5,628	$355,105,993	$63,096	4.721%
July 1, 2006	5,362	$357,361,131	$66,647	5.627%
July 1, 2007	5,294	$374,792,608	$70,796	6.225%
July 1, 2008	5,060	$376,002,332	$74,309	4.962%

(a) Total payroll for active participants under retirement age was used for years prior to July 1, 2002. Beginning July 1, 2002 payroll for all active participants was used.

MONTGOMERY COUNTY
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GARDEZ BIEN
MARYLAND

STATISTICAL SECTION

Employees' Retirement System

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CHANGE IN NET ASSETS
JUNE 30, 2008
LAST TEN FISCAL YEARS
(dollars in thousands)

	1999	2000	2001	2002	2003
Additions					
Member contributions	$ 10,477	$ 10,924	$ 11,292	$ 12,944	$ 14,770
Employer contributions	47,463	44,347	43,345	39,168	55,206
Investment income (loss) (net of expenses)	165,710	135,338	(81,375)	(124,177)	82,174
Total additions	223,650	190,609	(26,738)	(72,065)	152,150
Deductions					
Benefit payments	71,473	76,387	78,434	85,323	100,381
Refunds	828	861	1,067	681	739
Administrative expenses	1,297	1,220	1,689	2,092	2,007
Total deductions	73,598	78,468	81,190	88,096	103,127
Change in net assets	$ 150,052	$ 112,141	$ (107,928)	$ (160,161)	$ 49,023

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF BENEFIT AND REFUND DEDUCTIONS FROM NET ASSETS BY TYPE
JUNE 30, 2008
LAST TEN FISCAL YEARS
(dollars in thousands)

	1999	2000	2001	2002	2003
Type of Benefit					
Service benefits:					
Retirees	$ 49,533	$ 53,463	$ 58,415	$ 64,030	$ 77,009
Survivors	3,100	3,188	3,785	4,041	4,811
Disability benefits	13,624	14,717	16,234	17,251	18,560
Total benefits	$ 66,257	$ 71,368	$ 78,434	$ 85,322	$ 100,380
Refund of Contributions	$ 828	$ 861	$ 1,067	$ 681	$ 739

*Allocation method used in FY 2007 was changed to reflect the actual classification of benefits.

2004	2005	2006	2007	2008
$ 14,762	$ 15,326	$ 16,085	$ 16,362	$ 18,851
61,927	74,655	88,184	109,436	117,686
286,895	197,433	187,004	420,847	(81,746)
363,584	287,414	291,273	546,645	54,791
111,646	115,635	125,818	136,833	147,027
796	762	635	793	673
2,066	1,857	1,920	2,431	2,557
114,508	118,254	128,373	140,057	150,257
$ 249,076	$ 169,160	$ 162,900	$ 406,588	$ (95,466)

2004	2005	2006	2007*	2008
$ 87,123	$ 102,641	$ 112,210	$ 98,653	$ 105,369
5,032	2,087	1,483	5,952	6,723
19,491	10,907	12,125	32,228	34,935
$ 111,646	$ 115,635	$ 125,818	$ 136,833	$ 147,027
$ 796	$ 762	$ 635	$ 793	$ 673

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
PRINCIPAL PARTICIPATING EMPLOYERS
CURRENT YEAR AND THREE YEARS AGO
JUNE 30, 2008

	2008		2005*	
Participating Government	**Covered Employees**	**Percentage of Total System**	**Covered Employees**	**Percentage of Total System**
Montgomery County	4,880	96.2%	5,419	96.2%
Town of Chevy Chase	5	0.1%	5	0.1%
Strathmore Hall	7	0.1%	7	0.1%
Housing Opportunities Commission	140	2.8%	159	2.8%
Revenue Authority	14	0.3%	17	0.3%
Washington Suburban Transit Commission	1	0.1%	2	0.1%
Montgomery County Employees Federal Credit Union	8	0.2%	8	0.2%
State Department of Assessment and Taxation	3	0.1%	6	0.1%
District Court	2	0.1%	5	0.1%
Total	5,060	100%	5,628	100%

*The information for principal participating employers is not available for 2004 and prior.

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF RETIRED MEMBERS BY BENEFIT TYPE
JUNE 30, 2008

Fiscal Year	Retiree	Disability	Survivor	Total
1999	2,763	694	278	3,735
2000	2,831	734	304	3,869
2001	2,918	759	312	3,989
2002	3,002	783	330	4,115
2003	3,203	817	350	4,370
2004	3,348	851	360	4,559
2005	3,443	853	369	4,665
2006	3,564	919	365	4,848
2007*	3,661	975	361	4,997
2008	3,905	1,021	380	5,306

*Allocation method used in FY 2007 was changed to reflect the actual classification of benefits.

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF AVERAGE BENEFIT AMOUNTS
JUNE 30, 2008

Fiscal Year	Retiree	Disability	Survivor	Total
1999	$17,927	$19,632	$11,152	$17,740
2000	18,885	20,050	10,488	18,446
2001	20,019	21,389	12,132	19,663
2002	21,329	22,031	12,247	20,734
2003	24,043	22,717	13,747	22,970
2004	26,022	22,904	13,978	24,489
2005	29,812	12,786	5,655	24,788
2006	31,484	13,193	4,063	25,953
2007*	26,947	33,055	16,487	27,383
2008	26,983	34,216	17,692	27,710

*Allocation method used in FY 2007 was changed to reflect the actual classification of benefits.

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF RETIRED MEMBERS BY TYPE OF RETIREMENT
AS OF JUNE 30, 2008

Amount of Monthly Benefit	Number of Retired Members	Type of Retirement [a]			Option Selected [b]					
		1	2	3	1	2	3	4	5	6
Deferred	505									
$ 1 – $ 250	192	164	24	4	104	45	30	2	7	4
251 – 500	303	236	58	9	167	68	56	1	4	7
501 – 750	268	213	45	10	145	59	44	5	6	9
751 – 1,000	312	234	48	30	149	65	61	10	12	15
1,001 – 1,250	316	230	48	38	147	74	67	8	5	15
1,251 – 1,500	285	200	34	51	116	71	56	10	11	21
1,501 – 1,750	296	216	28	52	125	76	53	15	11	16
1,751 – 2,000	251	180	17	54	108	61	41	17	7	17
Over 2,000	3,083	2,232	78	773	1,084	1,007	234	270	82	406
Total	5,811	3,905	380	1,021	2,145	1,526	642	338	145	510

Notes:

[a] Type of retirement:
1—Retiree
2—Beneficiary
3—Disabled Retiree

[b] Option selected:
Option 1—Modified Cash Refund
Option 2--Certain and Continuous
Option 3—Life Annuity
Option 4—Joint and Survivor 50%
Option 5—Joint and Survivor 100%
Option 6—Other Joint and Survivor Percentage

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF AVERAGE BENEFIT PAYMENTS AND AVERAGE FINAL VALUATION PAY
LAST SEVEN FISCAL YEARS

	Years Credited Service						
	0 – 5	5 – 10	10 – 15	15 – 20	20 – 25	25 – 30	30 +
Retirement Effective Dates							
Period 7/1/2001 to 6/30/2002							
Average monthly benefit*	$ -	$ 1,206	$ 1,622	$ 1,534	$ 2,196	$ 3,587	$ 3,676
Average final valuation pay**	$ -	$ 42,726	$ 52,332	$ 59,283	$ 58,039	$ 72,284	$ 67,564
Number of retired members***	-	7	22	24	28	58	39
Period 7/1/2002 to 6/30/2003							
Average monthly benefit*	$ 2,701	$ 1,623	$ 1,413	$ 1,737	$ 1,833	$ 3,490	$ 3,750
Average final valuation pay**	$ 44,695	$ 44,840	$ 56,082	$ 59,937	$ 56,253	$ 71,048	$ 68,955
Number of retired members***	1	7	29	35	28	91	79
Period 7/1/2003 to 6/30/2004							
Average monthly benefit*	$ 1,156	$ 915	$ 1,809	$ 1,420	$ 2,549	$ 3,406	$ 4,337
Average final valuation pay**	$ 37,309	$ 45,048	$ 55,552	$ 60,530	$ 65,550	$ 65,919	$ 72,119
Number of retired members***	2	4	15	43	34	69	79
Period 7/1/2004 to 6/30/2005							
Average monthly benefit*	$ 2,521	$ 1,984	$ 1,479	$ 1,870	$ 2,573	$ 3,371	$ 4,392
Average final valuation pay**	$ 48,620	$ 50,470	$ 59,743	$ 63,910	$ 64,026	$ 72,618	$ 75,577
Number of retired members***	2	4	21	37	23	35	66
Period 7/1/2005 to 6/30/2006							
Average monthly benefit*	$ 2,491	$ 2,801	$ 1,752	$ 2,356	$ 2,928	$ 3,649	$ 4,594
Average final valuation pay**	$ 43,375	$ 55,641	$ 55,619	$ 67,299	$ 68,683	$ 73,731	$ 77,143
Number of retired members***	2	6	28	58	49	55	50
Period 7/1/2006 to 6/30/2007							
Average monthly benefit*	$ 2,760	$ 2,115	$ 2,163	$ 2,425	$ 3,100	$ 3,744	$ 4,438
Average final valuation pay**	$ 48,664	$ 58,211	$ 72,411	$ 74,925	$ 80,599	$ 79,607	$ 76,689
Number of retired members***	1	4	18	40	27	37	39
Period 7/1/2007 to 6/30/2008	$ 2,994	$ 3,061	$ 1,180	$ 2,287	$ 2,927	$ 3,466	$ 4,330
Average monthly benefit*	$ 50,803	$ 66,024	$ 62,986	$ 73,335	$ 78,696	$ 74,908	$ 74,647
Average final valuation pay**	1	8	18	58	60	57	87
Number of retired members***							

* Based on current benefits only. Does not take into account any future benefits.
** Pay used for last valuation (when member was an active employee).
*** Only includes participants who changed from active to retiree status.

SCHEDULE OF PARTICIPATING AGENCIES AND POLITICAL SUBDIVISIONS

Town of Chevy Chase
Strathmore Hall Foundation, Inc.
Housing Opportunities Commission of Montgomery County
Montgomery County Revenue Authority
Washington Suburban Transit Commission
Montgomery County Employees Federal Credit Union
Independent Fire/Rescue Corporations

Certain employees of the:
State Department of Assessments and Taxation
District Court of Maryland

CITY OF OMAHA
POLICE AND FIREFIGHTERS
RETIREMENT SYSTEM

Actuarial Valuation Report
as of January 1, 2008

--Revised--

CITY OF OMAHA POLICE & FIREFIGHTERS RETIREMENT SYSTEM
ACTUARIAL VALUATION REPORT

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Milliman

1120 S. 101st Street, Suite 400
Omaha, NE, 68124
USA

Tel +1 402 393.9400
Fax +1 402 393.1037

milliman.com

August 19, 2008

Board of Trustees
City of Omaha
Police & Firefighters Retirement System
Omaha/Douglas Civic Center
1819 Farnam Street
Omaha, NE 68183

Re: January 1, 2008 Actuarial Report

Dear Members of the Board:

At your request, we have performed an annual actuarial valuation of the City of Omaha Police and Firefighters Retirement System as of January 1, 2008 for determining contributions for the year ended December 31, 2008. The major findings of the valuation are contained in this report. This report reflects the benefit provisions included in the Police and Fire Union contracts that expired December 31, 2007.

In preparing this report, we relied, without audit, on information (some oral and some written) supplied by the System's staff. This information includes, but is not limited to, plan provisions, member data and financial information. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted principles and practices which are consistent with the Actuarial Standards of Practice promulgated by the Actuarial Standards Board (ASB) and the applicable Guides to Professional Conduct, amplifying Opinions and Supporting Recommendations of American Academy of Actuaries.

We further certify that all costs, liabilities, rates of interest and other factors for the System have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the System and reasonable expectations of

future experience); and which, in combination, offer our best estimate of anticipated experience under the Plan. Nevertheless, the emerging costs will vary from those presented in this report to the extent actual experience differs from that projected by the actuarial assumptions. The Board of Trustees has the final decision regarding the appropriateness of the assumptions and adopted them as indicated in Appendix B.

Actuarial computations presented in this report are for purposes of determining the actuarial contribution rates for funding the System. Actuarial computations under GASB Statement No. 25 and 27 are for purposes of fulfilling financial accounting requirements. The computations prepared for these two purposes may differ as disclosed in our report. The calculations in the enclosed report have been made on a basis consistent with our understanding of the System's funding requirements and goals, and of GASB Statements No. 25 and 27. Determinations for purposes other than these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Milliman's work product was prepared exclusively for the City of Omaha Police and Firefighters Retirement System for a specific and limited purpose. It is a complex, technical analysis that assumes a high level of knowledge concerning the Police and Firefighters Retirement System operations, and used data from the Police and Firefighters Retirement System, which Milliman has not audited. It is not for the use or benefit of any third party for any purpose. Any third party recipient of Milliman's work product who desires professional guidance should not rely upon Milliman's work product, but should engage professionals for advice appropriate to its own specific needs.

We herewith submit the following report and look forward to discussing it with you.

Respectfully Submitted,

MILLIMAN, Inc.

I, Gregg Rueschhoff, A.S.A. am a member of the American Academy of Actuaries and an Associate of the Society of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Gregg Rueschhoff, A.S.A.
Principal & Consulting Actuary

Board Summary

This report presents the results of the January 1, 2008 actuarial valuation of the City of Omaha Police & Firefighters Retirement System (the "System"). The primary purposes of performing the valuation are to:

- Determine the employer contribution rates required to fund the System on an actuarially sound basis,
- Disclose asset and liability measures as of January 1, 2008,
- Analyze and report on trends in System contributions, assets, and liabilities over the latest period.

The valuation results provide a "snapshot" view of the System's financial condition on January 1, 2008 using System asset values at December 31, 2007. The valuation results reflect an increase in the Unfunded Actuarial Liability and related Actuarial Contribution Rate. (Throughout this report we refer to the actuarially determined contribution rate as the Actuarial Contribution Rate). The main reasons for the increase include a net actuarial loss reflected for the 2007 calendar year and the fact that actual contributions in the prior year were less than the actuarially recommended rate. Each component of change in the Actuarial Contribution Rate is identified later in this Board Summary (see page 3).

Several factors contributed to the change in the System's assets, liabilities and recommended contribution rate between January 1, 2007 and December 31, 2007.

Assets

The market value of assets is not used directly in the actuarial calculation of the Plan's funded status and the recommended contribution. An asset valuation method is used to smooth the effects of market fluctuations. The actuarial value of assets is equal to 2/3 of the expected asset value (based on last year's actuarial value of assets, net cash flows and a rate of return equal to the actuarial assumed rate of 8.0%) plus 1/3 of the market value of assets. See page 7 for the detailed development of the actuarial value of assets as of January 1, 2008.

As of January 1, 2008, the System had total funds, when measured on an actuarial value basis, of $530.5 million. This was an increase of $35.7 million from the January 1, 2007 figure of $494.8 million. Based on the actuarial assumption, an increase of $36.0 million was expected over that time period.

The components of the change in the actuarial value of assets (in millions) are set forth below:

	Actuarial Value	*Market Value*
Assets, January 1, 2007	$ 494.8	$ 507.6
• employer and member contributions	+ 37.0	+ 37.0
• benefit payments	- 40.4	- 40.4
• net investment income (expected)	+ 39.4	+ 40.4
• net investment actuarial gain/(loss)	- 0.3	- 14.7
Assets, December 31, 2007	$ 530.5	$ 529.9

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Liabilities

The actuarial liability (also referred to as past service liability) is the portion of the present value of projected benefits that will not be paid by future employer normal costs. The difference between this liability and asset values at the same date is referred to as the unfunded actuarial liability. The unfunded actuarial liability will be reduced if the contributions exceed the normal cost for the year, after allowing for interest earned on the previous balance of the unfunded actuarial liability. Benefit improvements, actuarial gains and losses, and changes in actuarial assumptions and procedures will also impact the total actuarial liability and the unfunded portion thereof.

The calculation of the Unfunded Actuarial Liability as of January 1, 2008 is shown below:

Actuarial Liability	$ 898,199,279
Actuarial Value of Assets	$(530,496,413)
Unfunded Actuarial Liability (UAL)	$ 367,702,866
Present Value of Prior Service Payments[1]	$ (13,522,254)
UAL for Funding Purposes	$ 354,180,612

[1]The City is obligated to pay $1,327,600 per year to the System to fund a "prior service" obligation. These payments will be paid through 2028.

Between January 1, 2007 and January 1, 2008 the change in the unfunded actuarial liabilities for the System as a whole was as follows (in millions):

	$millions
Unfunded Actuarial Liability, January 1, 2007	$ 320.6
• effect of contribution shortfall in 2007	12.8
• expected increase due to amortization method	5.1
• loss from investment return	0.3
• demographic experience-salary increases	7.0
• demographic experience-retirements	10.0
• all other experience	(1.6)
• change in actuarial assumptions	0
• change in benefit provisions	0
Unfunded Actuarial Liability, January 1, 2008	$354.2

As detailed above, the UAL increased $33.6 million from the prior year. A significant portion of this increase is due to a $17.2 million actuarial loss due to unfavorable demographic experience during 2007.

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Approximately $7 million of the $17.2 million loss is attributed to a larger than expected increase in pensionable earnings from 2006 to 2007 for continuing active members. Pensionable earnings for 2007 were approximately 3.5% higher than expected.

About $10 million of the $17.2 million loss is attributable to retirements that occurred in 2007. For the 2007 retirements, the highest pensionable wage used to determine the pension amount was on average 12.1% higher than the previous highest calendar year pensionable wage and 33.9% higher than the second prior calendar year pensionable wages. The number of retirements was significantly higher than expected. This factor together with the excess adjustment over the 10% assumed final wage adjustment resulted in the $10 million loss.

An evaluation of the unfunded actuarial liability on a pure dollar basis may not provide a complete analysis since only the difference between the assets and liabilities (which are both very large numbers) is reflected. Another way to evaluate the unfunded actuarial liability and the progress made in its funding is to track the funded status, the ratio of the actuarial value of assets to the actuarial liability. The change to the Entry Age Normal actuarial cost method in the 2003 valuation and the change in actuarial assumptions in the 2006 valuation both resulted in an increase in the UAL and a decrease in the funded status. The funded status information is shown below (in millions).

	1/1/03	1/1/05	1/1/06	1/1/07	1/1/08
Funded Ratio	66.1%	65.7%	61.9%	60.7%	60.0%
Unfunded Actuarial Liability (UAL)	$192.3	$220.5	$279.3	$320.6	$354.2

Contributions

Under the Entry Age Normal Actuarial Cost method, contributions to the System consist of:

- a "normal cost" for the portion of projected liabilities attributable to service of members during the year following the valuation date, and
- an "unfunded actuarial liability" contribution for the excess of the portion of projected liabilities allocated to service to date over actuarial assets.

The System's total Actuarial Contribution Rate (payable as a percent of member payroll) increased by **3.27%** of pay, to **53.20%** on January 1, 2008, from **49.93**% on January 1, 2007. The primary components of this change are as follows:

	Rate
Total Actuarial Contribution Rate, January 1, 2007	49.93%
• Actuarial (Gain)/Loss – Investment Experience	0.00
• Actuarial (Gain)/Loss – Demographic Experience	2.44
• Assumption Changes	0.00
• Contributing less than Actuarial Contribution Rate	0.83
Total Actuarial Contribution Rate, January 1, 2008	53.20%

See page 9 for a detailed calculation of the Actuarial Contribution Rate as of January 1, 2008.

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Observations

The actual contributions made to the System continue to be significantly less than the Actuarial Contribution Rate. The City's contribution rate is 20.47% of pensionable payroll plus a past service payment of approximately 1.40% of payroll. The member contribution rate is 14.88% of payroll. Even with a total contribution rate of 36.75%, the actual contribution to the System will be 16.45% less than the Actuarial Contribution Rate developed in this valuation. Over the last several years, we discussed the importance of closing this contribution shortfall. If all actuarial assumptions are met and the current benefit structure and contribution rates remain unchanged, we expect the System's funded status in future years will decline significantly and the Actuarial Contribution Rate will systematically increase. The table on the bottom of page 5 illustrates the growth in the contribution shortfall over the last three years.

The shortfall between the actual contribution rate (city and member) and the Actuarial Contribution Rate results in an increase in the Unfunded Actuarial Liability and a corresponding increase in the Actuarial Contribution Rate. Under the current schedule of contribution rates, the shortfall is expected to increase in future years. The table on page 3 provides a reconciliation of the change in the Actuarial Contribution Rate from the prior valuation. As that table illustrates, the Actuarial Contribution Rate in the current valuation is 0.83% higher due to actual contributions less than the Actuarial Contribution Rate. If all actuarial assumptions are met in the future, the contribution shortfall will increase and its impact on the Actuarial Contribution Rate will also increase, possibly significantly. We strongly recommend that the contribution shortfall between the actual contribution rate and the Actuarial Contribution Rate be addressed and measures be taken to eliminate it. The longer action is delayed to address this funding shortfall, the higher the ultimate contribution rate will be.

The contribution shortfall also has an impact on the Net Pension Obligation (NPO) as determined under Governmental Accounting Standard Number 27 (GASB27). On page 12 of our report we show the development of the NPO. As of December 31, 2007 the NPO was $45.5 million, compared to $31.6 million as of December 31, 2006. The NPO will increase from year to year by interest on the NPO and by the shortfall between the actual contribution rate and the Actuarial Contribution Rate. If the currently scheduled contribution rates remain unchanged and all actuarial assumptions are met in the future, the NPO is projected to exceed $100 million by 2011.

Bargaining agreements with the Police and Fire unions expired at the end of 2007. New agreements are not yet in place, so this valuation assumes continuation of the existing previous contract provisions. The Fire Union's Executive Board accepted an offer from the City on July 31, 2008, which will now be submitted to the union members and City Council for approval. The proposed contract would increase pension contributions over the next several years and would change the pension benefit formula; these adjustments would have a positive effect on the funded status of the pension system.

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Summary of Principal Results

	2006 Valuation	2007 Valuation	2008 Valuation
1. Participant Data			
Number of:			
Active Members	1,412	1,423	1,335
Service Retirements	639	684	847
Surviving Spouses and Children	276	272	279
Disabled	257	252	249
Deferred Vested	8	9	13
Annual Salaries of Active Members	$86,312,287	$93,882,241	$91,778,346
Average Salary	61,128	65,975	68,748
Average Age of Active Members	39.7	39.8	38.6
2. Assets and Liabilities			
Total Actuarial Liability	$746,490,736	$829,097,202	$898,199,279
Assets for Valuation Purposes	453,172,392	494,753,150	530,496,413
Unfunded Actuarial Liability (UAL)	293,318,344	334,344,052	367,702,866
Present Value of Prior Service Payments	(14,000,484)	(13,770,566)	(13,522,254)
UAL for Funding Purposes	279,317,860	320,573,486	354,180,612
3. Contribution Rates			
Actuarial Contribution Rate	48.86%	49.93%	53.20%
Member Contribution Rate	14.94%[1]	14.95%[1]	14.88%[1]
Employer Contribution Rate	20.55%[1]	20.57%[1]	20.47%[1]
Employer "Past Service" payment	1.45%	1.34%	1.40%
4. Shortfall/(Excess) Contributions			
Actuarial Contribution Rate	48.86%	49.93%	53.20%
Statutory Contribution Rate	36.94%	36.86%	36.75%
Shortfall/(Excess)	11.92%	13.07%	16.45%
Expected Payroll for Year	$91,319,898	$99,029,486	$95,109,680
Dollar Amount of Shortfall	$10,885,332	$12,943,154	$15,645,542

[1] Blended Police and Fire rates effective in 2007.

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Change in Net Plan Assets at Market Value
Increases since January 1, 2007

Assets at January 1, 2007	$507,608,781
Receipts:	
City Contributions – Current	20,699,211
City Contributions – Past Service	1,327,600
Employee Contributions	14,996,443
Investment Income	29,037,672
Total Receipts	$66,060,926
Disbursements:	
Pensions Paid to Retirees	$39,653,439
Death Benefits	57,549
Termination Withdrawals	235,811
Medical Fees	471,131
Investment Fees	3,306,559
Travel, Subsistence & Registration	21,772
Other	56
Total Disbursements	$43,746,317
Assets at December 31, 2007 (Market Value)	$529,923,390
Annualized Yield	
- Gross	5.8%
- Net of Expenses	5.1%

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Actuarial Value of Assets

Neither the market value of assets, representing a "cash-out" value of Plan assets, nor the book values of assets, representing the cost of investments, may be the best measure of the System's ongoing ability to meet its obligations.

To arrive at a suitable value for the actuarial valuation, a technique for determining the actuarial value of assets is used which dampens swings in the market value while still indirectly recognizing market values. The specific technique follows:

Step 1: Determine the expected value of plan assets at the current valuation date using the actuarial assumption for investment return and the actual receipts and disbursements of the fund since the previous actuarial valuation.

Step 2: Subtract the expected value determined in Step 1 from the total market value of the Fund at the current valuation date.

Step 3: Multiply the difference between market and expected values determined in Step 2 by 33%.

Step 4: Add the expected value of Step 1 and the product of Step 3 to determine the actuarial value of assets.

1.	Actuarial Value of Assets as of January 1, 2007	$	494,753,150
2.	Actual Receipts/Disbursements		
	a. Total Contributions		37,023,254
	b. Benefit Payments		(40,439,702)
	c. Net Change		(3,416,448)
3.	Expected Investment Earnings		39,446,223
4.	Expected Actuarial Value of Assets as of December 31, 2007		530,782,925
5.	Market Value as of December 31, 2007		529,923,390
6.	Difference Between Market and Expected Values		(859,535)
7.	Actuarial Value of Assets as of December 31, 2007 (4) + 1/3 * (6)	$	530,496,413

Annualized Yield on Actuarial Value of Assets for 2007 **7.9%**

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UNFUNDED ACTUARIAL LIABILITY

The actuarial liability is the portion of the present value of future benefits which will not be paid by future normal costs. The actuarial value of assets is subtracted from the actuarial liability to determine the unfunded actuarial liability.

1. Entry Age Normal Actuarial Liability	$	898,199,279
2. Present Value of Prior Service Payments		13,522,254
3. Actuarial Value of Assets		530,496,413
4. Unfunded Actuarial Liability (1) – (2) – (3)	$	354,180,612

ACTUARIAL BALANCE SHEET

Assets		
Actuarial Value of Assets	$	530,496,413
Present Value of Future Normal Costs		296,780,981
Present Value of Future Contributions to Amortize Unfunded Actuarial Liability		354,180,612
Total Net Assets	**$**	**1,181,458,006**
Liabilities		
Present Value of Future Benefits:		
Retired Members and Beneficiaries	$	497,226,834
Disabled Members		74,388,884
Active Members		605,811,021
Vested Terminated Members		4,031,267
Total Liabilities	**$**	**1,181,458,006**

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DEVELOPMENT OF ACTUARIAL CONTRIBUTION RATE

The actuarial cost method used to determine the required level of annual contributions to support the expected benefits is the Entry Age Normal Cost Method. Under this method, the total cost is comprised of the normal cost rate and the unfunded actuarial liability payment. The Plan is financed by contributions from members and the City.

1. (a) Normal Cost	$ 26,549,916
(b) Expected Covered Payroll for Members Under Assumed Retirement Age	$ 93,683,543
(c) Normal Cost Rate (a) / (b)	28.34%
2. Unfunded Actuarial Liability/(Surplus) at Valuation Date	$ 354,180,612
3. Amortization Factor to Pay UAL as a Level Percent of Payroll over 25 Years	16.48998
4. Unfunded Actuarial Liability/(Surplus) Payment (Adjusted to Mid-Year) [(2) / (3)] x $1.08^{1/2}$	$ 22,321,148
5. Prior Service Payment	$ 1,327,600
6. Total Projected Payroll for the Year	$ 95,109,680
7. Unfunded Actuarial Liability and Prior Service Payments as a Percent of Payroll [(4) + (5)] / (6)	24.86%
8. Total Contribution as a Percent of Pay (1c) + (7)	53.20%

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Governmental Accounting Standards Board Disclosure
SCHEDULE OF FUNDING PROGRESS

In accordance with Statement No. 25 of the Governmental Accounting Standards Board
(All Dollar Amounts in Millions)

Actuarial Valuation Date	Market Value of Assets (a)	Actuarial Accrued Liability (AAL)* (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (P/R) (c)	UAAL as a Percentage of Covered P/R [(b-a)/c]
12/31/02	314.1	481.6	167.5	65.2	79.7	210
12/31/03	383.7	511.9	128.2	75.0	85.1	151
12/31/04	420.3	543.9	123.6	77.3	82.1	151
12/31/05	453.3	703.8	250.5	64.4	86.8	289
12/31/06	507.6	801.1	293.5	63.4	91.7	320
12/31/07	530.8	882.7	351.9	60.1	99.6	353

*Prior to 2005, this amount was based on the Projected Unit Credit method. Starting in 2005 the Entry Age Normal method is used.
AAL amounts shown here are estimated amounts based on the most recent actuarial valuation report available as of the financial reporting date.

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SCHEDULE OF EMPLOYER CONTRIBUTIONS

(All Dollar Amounts in Millions)

Fiscal Year Ending	Covered Employee Payroll [1]	Actual Employer Contributions	Actual Employer Contribution %[2]	Annual Required Contribution (ARC) %[3]	Annual Pension Cost (APC)	Percentage of APC Contributed
12/31/05	86.8	17.76	20.46	30.29	26.15	78
12/31/06	91.7	20.17	22.00	33.92	31.10	65
12/31/07	99.6	20.70	20.78	34.98	34.56	60

(1) Computed as the dollar amount of the actual employer contribution made as a percentage of payroll divided by the contribution rate, expressed as a percentage of payroll. Payroll is estimated for years where no valuation was done.

(2) The actual and required employer contributions are expressed as a percentage of payroll.

(3) The ARC (as a percentage of payroll) is assumed to remain the same as the prior year when no valuation was performed.

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City of Omaha Police & Firefighters' Retirement System
Development of the Net Pension Obligation in Accordance with Statement No. 27 of the Governmental Accounting Standards Board

Fiscal Year End :	06/30/98	12/31/98	12/31/99	12/31/00	12/31/01	12/31/02	12/31/03	12/31/04	12/31/05	12/31/06	12/31/07
Assumptions and Methods											
Interest Rate	8.50%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Amortization Period (years)	15	15	15	15	15	15	30	30	30	30	30
Cost Method	Aggregate	Aggregate	Aggregate	Aggregate	Aggregate	Aggregate	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Annual Pension Cost :											
Annual Required Contribution (ARC)	12,130,894	9,545,452	10,943,105	11,439,320	11,738,696	15,392,189	23,329,940	22,487,399	26,255,804	31,102,053	34,842,280
Interest on NPO	744,035	741,784	622,503	434,172	244,243	56,158	59,689	543,111	1,000,069	1,670,728	2,530,416
Adjustment to ARC	(1,054,082)	(1,083,279)	(909,084)	(634,052)	(356,684)	(82,012)	(66,275)	(603,040)	(1,110,419)	(1,855,081)	(2,809,629)
Annual Pension Cost	11,820,847	9,203,957	10,656,524	11,239,440	11,626,255	15,366,335	23,323,354	22,427,470	26,145,454	30,917,700	34,563,067
Employer Contribution for the Year	11,301,890	6,099,534	13,010,651	13,613,563	13,977,312	15,322,201	17,280,573	16,715,500	17,762,209	20,171,610	20,699,211
Net Pension Obligation (NPO):											
NPO at beginning of year	8,753,349	9,272,306	7,781,283	5,427,156	3,013,032	701,976	746,110	6,788,891	12,500,861	20,884,105	31,630,195
Annual Pension Cost for year	11,820,847	4,608,511	10,656,524	11,239,440	11,626,255	15,366,335	23,323,354	22,427,470	26,145,454	30,917,700	34,563,067
Contributions for year	(11,301,890)	(6,099,534)	(13,010,651)	(13,613,563)	(13,977,312)	(15,322,201)	(17,280,573)	(16,715,500)	(17,762,209)	(20,171,610)	(20,699,211)
NPO at end of year	9,272,306	7,781,283	5,427,156	3,053,032	701,976	746,110	6,788,891	12,500,861	20,884,105	31,630,195	45,494,051

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POLICE

	January 1 2007	January 1 2008
ACTIVE PARTICIPANTS	772	710
NON-ACTIVE PARTICIPANTS		
Service Retirements	336	430
Surviving Spouses	132*	137*
Surviving Children	12	15
Vested Terminated	5	6
Disabled		
- In Line of Duty	137	139
- Not in Line of Duty	14	13
ANNUAL COMPENSATION FOR ACTIVE PARTICIPANTS		
Total Annual Compensation	$49,861,783	$47,710,209
Average Per Member	64,588	67,197
ANNUAL PENSION BENEFIT**		
Service Retirements	$12,974,272	$20,067,482
Surviving Spouses	1,576,256	2,712,548
Disabled		
- In Line of Duty	3,543,790	4,333,925
- Not in Line of Duty	313,250	349,342

* Includes ex-spouses

** Pension benefits paid from Pension Fund only. COLA benefits paid from General Funds are not reflected.

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FIREFIGHTERS

	January 1 2007	January 1 2008
ACTIVE PARTICIPANTS	651	625
NON-ACTIVE PARTICIPANTS		
Service Retirements	348	416
Surviving Spouses	120*	121*
Surviving Children	9	7
Vested Terminated	4	7
Disabled		
- In Line of Duty	93	89
- Not in Line of Duty	8	8
ANNUAL COMPENSATION FOR ACTIVE PARTICIPANTS		
Total Annual Compensation	$44,020,458	$42,278,873
Average Per Member	67,620	67,646
ANNUAL PENSION BENEFIT**		
Service Retirements	$13,863,944	$19,581,873
Surviving Spouses	1,360,850	2,329,127
Disabled		
- In Line of Duty	2,476,230	2,964,343
- Not in Line of Duty	148,115	212,253

* Includes ex-spouses

** Pension benefits paid from Pension Fund only. COLA benefits paid from General Funds are not reflected.

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POLICE AND FIREFIGHTERS

	January 1 2007	January 1 2008
ACTIVE PARTICIPANTS	1,423	1,335
NON-ACTIVE PARTICIPANTS		
Service Retirements	684	846
Surviving Spouses	252*	258*
Surviving Children	21	22
Vested Terminated	9	13
Disabled		
- In Line of Duty	230	228
- Not in Line of Duty	22	21
ANNUAL COMPENSATION FOR ACTIVE PARTICIPANTS		
Total Annual Compensation	$93,882,241	$89,989,082
Average Per Member	65,975	67,407
ANNUAL PENSION BENEFIT**		
Service Retirements	$26,838,216	$39,649,355
Surviving Spouses	2,937,106	5,041,675
Disabled		
- In Line of Duty	6,020,020	7,298,268
- Not in Line of Duty	461,365	561,595

* Includes ex-spouses

** Pension benefits paid from Pension Fund only. COLA benefits paid from General Funds are not reflected.

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Appendix A Plan Statistics Comparison

	January 1 2007	January 1 2008
ACTIVE MEMBERS		
Average Attained Age	39.8	38.6
Average Hire Age	28.1	28.5
Average Past Service	11.6	10.1
Average Annual Compensation	$65,975	$67,407
NON-ACTIVE MEMBERS		
Average Attained Age		
Service Retirees	63.3	61.8
Disability Retirees		
- In Line of Duty	64.0	64.4
- Not in Line of Duty	64.4	64.7
Surviving Spouses	73.5	73.1
Average Monthly Benefit		
Service Retirees	$3,270	$3,906
Disability Retirees		
- In Line of Duty	2,181	2,667
- Not in Line of Duty	1,748	2,229
Surviving Spouses	971	1,628
VALUE OF PLAN ASSETS MARKET VALUE	$507,608,781	$529,923,390
VALUE OF PLAN ASSETS ACTUARIAL VALUE	$494,753,150	$530,496,413

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ACTUARIAL METHOD

Valuation of the plan use the *"entry age-normal"* cost method. Under this actuarial method, the value of future costs attributable to future employment of participants is determined. This is called present value of future normal costs. The following steps indicate how this is determined for benefits expected to be paid upon normal retirement.

1. The expected pension benefit at normal retirement is determined for each participant.

2. A normal cost, as a level percent of pay, is determined for each participant assuming that such level percent is paid from the employee's entry age into employment to his normal retirement. This normal cost is determined so that its accumulated value at normal retirement is sufficient to provide the expected pension benefits.

3. The sum of the normal costs for all participants for one year determines the total normal cost of the plan for one year.

4. The value of future payments of normal cost in future years is determined for each participant based on his years of service to normal retirement age.

5. The sum of the value of future payments of normal cost for all participants determines the present value of future costs.

The value of future costs attributable to past employment of participants, which is called the accrued liability is equal to the present value of benefits less the present value of future normal costs. The unfunded accrued liability is equal to the excess of the accrued liability over assets. The unfunded accrued liability is amortized as a level percent of pay over 30 years beginning January 1, 2003.

As experience develops with the plan, actuarial gains and actuarial losses result. These actuarial gains and losses indicate the extent to which actual experience is deviating from that expected on the basis of the actuarial assumptions. In each year, as they occur, actuarial gains and losses are recognized in the unfunded accrued liability as of the valuation date.

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Appendix B Actuarial Assumptions

Interest:	8.0% (net of investment expenses)
Salary Increases:	Merit increases based on service plus a general wage increase.
Service Retirement Age:	Graduated rates based on service.
Mortality:	
Active Members	RP-2000 Healthy Annuitant Table with generational improvements, set forward one year.
Service Pensioners and Beneficiaries	RP-2000 Healthy Annuitant Table with generational improvements, set forward one year.
Disabled	RP-2000 Disability Table with generational improvements.
Disability:	Graduated rates by age. See table on next page.
Percent of Disabilities in Line of Duty:	85%
Medical Expenses for Disabilities in Line of Duty:	5% load on liability for current and future disabled members.
Percent Married at Death or Retirement:	75%
Percent with Dependents at Death:	77%
Average Number of Children per Married Member:	1
Turnover:	Graduated rates by age. See table on next page.
Assets:	Actuarial value of assets equal to 1/3 of market value, plus 2/3 of expected value.
Load on Active member liability to reflect final wage adjustments	10%
Increase in total annual payroll	4.0%
Assumed annual rate of inflation	3.5%

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SAMPLE RATES

Age on 1/1/2006	Annual Rate			
	Mortality		Disability	Turnover
	Males	Females		
20	.03%	.02%	.26%	1.41%
30	.05	.03	.30	1.69
40	.11	.07	.52	.63
50	.20	.16	.95	.00
60	.49	.42	1.45	.00

Salary Progression

Years of Service	Inflation	Productivity	Merit & Longevity	Total Increase
1	3.5%	0.5%	2.5%	6.5%
5	3.5%	0.5%	2.5	6.5
10	3.5%	0.5%	2.0	6.0
15	3.5%	0.5%	1.0	5.0
20	3.5%	0.5%	0.5	4.5
25	3.5%	0.5%	0.0	4.0
30	3.5%	0.5%	0.0	4.0

Service Retirements

Assumed retirement rates are based on the number of years of credited service as follows:

Years of Service	Distribution	Annual Rate
Less than 25	0.0%	0.0%
25	60.0	60.0
26	25.0	62.5
27	15.0	100.0

If a member was hired after age 37, then it is assumed that member would retire at the later of age 62 or 10 years of service.

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Average Final Monthly Compensation:
Section 22-63

Highest average monthly compensation during any consecutive twenty-six (26) pay periods out of the last five years of service as a member of the system for which service credit had been earned.

Member Contributions:
Section 22-73(a)
Section 22-68

Ultimate rates effective July 1, 2007:
14.55% of total monthly salary for police.
15.40% of total monthly salary for fire.

City of Omaha Contributions:
Section 22-73(b)

Ultimate rates effective July 1, 2007:
20.17% of each members total monthly salary for police.
21.015% of each members total monthly salary for fire.

In addition, the City shall make contributions of $1,327,600 annually through the year 2028.

Service Retirement Eligibility:
Section 22-75

Available after age 55 and 10 years of service or age 45 and 20 years of service.

Service Retirement Pension:

Section 22-76

Beginning July 1, 2007, lifetime monthly annuity as follows:

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	45**	55%*
25 years	45	75%

*55% at 20 years of service, plus 2% for each additional six months of service after 20 years and before 25 years.

**The minimum retirement age with less than 25 years is 55 for Fire.

Cost of Living Adjustment (COLA):

The monthly pension shall be increased by the lesser of 3% or $50 ($65 for Fire retirements after June 30, 2007). The increase will be made annually, beginning in the 13th month of retirement.

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Disability Retirement:

1. In Line of Duty:
Section 22-78

A member shall become entitled to the following benefits while permanently disabled.

Years of Service	Percentage of Average Final Monthly Compensation
Less than 25	50%*
25	Same as Service Retirement Pension

* 55% for Fire after June 30, 2007

2. Not in Line of Duty:
Section 22-79

A member shall become entitled to the following benefits while permanently disabled.

Years of Service	Percentage of Average Final Monthly Compensation
Up to 10 years	10%
10 but less than 15	20%
15 but less than 20	30%
20 or more	Same as Service Retirement Pension

Not payable while full salary continues.

Spouse's Pension:

1. Death of Active Member in Line of Duty:

A monthly pension equal to 49% (52% Fire) of the member's average final monthly compensation is paid to the surviving spouse if death occurs while the active member has less than 25 years of service. A monthly pension equal to 69% (72% Fire) of the member's average final monthly compensation is paid to the surviving spouse if death occurs after the active member has 25 years or more of service.

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2. Death of Active Member Not in Line of Duty:

The following monthly pension is paid to the surviving spouse.

Years of Service at Death	Percentage of Average Final Monthly Compensation*
0-3	0%
3-10	35%
11	36.4%
12	37.8%
13	39.2%
14	40.6%
15	42.0%
16	43.4%
17	44.8%
18	46.2%
19	47.6%
20-25	49.0%
25+	69%

* add 3% to each number for Fire effective July 1, 2007

Benefit terminates upon remarriage of spouse.

3. Death of Member Eligible for Retirement or Death of Retired Member:
Section 22-82

75% (90% for Fire retirements after June 30, 2007) of the pension the member was receiving or was eligible to receive at the time of death. Upon spouse's remarriage, all benefits cease.

Children's Pension:
Section 22-83

Upon the death of an active or retired member, the following benefit will be paid to the surviving children until age 18.

Number of Dependent Children	Percentage of Average Final Monthly Compensation
1	15%
2	30%
3	45%
4 or more	50%

Lump Sum Death Benefits:

1. Active Member without Eligible Dependents:
Section 22-84(a)

Accumulated member's contributions, or $500 if greater.

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2. Retired Member without Eligible Dependents:
Section 22-84(b)

Accumulated member's contribution less previous pension payments made, or $500 if greater.

3. Active Member with Eligible Dependents:
Section 22-84(c)

An amount payable immediately, equal to one year's salary computed on the basis of the maximum monthly rate for patrolmen and firefighters, plus the deceased member's accumulated contributions less pension payments to his dependents, payable to the dependent who last ceases to receive pension benefits.

4. Retired Member with Eligible Dependents:
Section 22-84(c)

$1,000 ($5,000 Fire) payable immediately, plus the excess over $1,000 ($5,000 Fire) if any, of the deceased member's accumulated **contributions less pension payments to the member** and his dependents, payable to the dependent who last ceases to receive pension benefits.

Vesting:

Section 22-86

Upon severance of employment by a member with less than 10 years of service and prior to obtaining eligibility under Section 22-75, a refund of such member's accumulated contributions.

Section 22-90

Upon severance of employment by a member before age 45 with more than 10 years of service and prior to obtaining eligibility under Section 22-75, the member may elect, in lieu of receiving a refund of contributions, to receive a monthly pension, according to the table below, commencing at age 55. Such deferred pension shall be based on service credited to the date of severance.

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	45	55%
25 or more	45	75%

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CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Financial Statements and Supplemental Schedules
June 30, 2008 and 2007
(With Independent Auditors' Report)

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

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BANKS, FINLEY, WHITE & CO.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

The Board of Trustees
City of Atlanta, Georgia
Police Officers' Pension Plan:

We have audited the accompanying financial statements of the City of Atlanta, Georgia Police Officers' Pension Plan (the "Plan") as of June 30, 2008 and 2007 and for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Atlanta, Georgia Police Officers' Pension Plan's net assets held in trust for pension benefits as of June 30, 2008 and 2007 and the changes therein for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The schedules of funding progress and employer contributions on page 13 are not a required part of the financial statements, but are supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. We have applied to the schedules certain limited procedures prescribed by professional standards, which consisted principally of inquiries of management regarding methods of measurement and presentation of the schedules.

Banks, Finley, White & Co.

March 18, 2009.

3504 EAST MAIN STREET · COLLEGE PARK, GEORGIA 30337 · (404) 763-1002

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Statements of Plan Net Assets
June 30, 2008 and 2007
(In thousands)

	2008	2007
ASSETS		
Cash and cash equivalents	$ 83,912	$ 70,707
Investments:		
Equities	248,650	291,485
U.S. government and agency obligations	108,432	226,476
Corporate bonds	43,767	21,127
Other	119,884	-
Total Investments	520,733	539,088
Securities lending collateral investment pool	66,750	76,683
Contributions receivable from employees	293	189
Accrued interest receivable	2,308	1,932
Due from brokers for securities sold	2,567	1,225
Due from other funds	10,440	17,762
Other Receivables	8,368	3,799
Total Assets	695,371	711,385
LIABILITIES		
Accounts payable	7,021	3,396
Due to brokers for securities purchased	4,547	1,880
Due to other funds	-	205
Liability for securities lending agreement	66,750	76,683
Total Liabilities	78,318	82,164
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS (See Schedule of Funding Progress on page 12)	$ 617,053	$ 629,221

The accompanying notes are an integral part of the financial statements.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Statements of Changes in Plan Net Assets
For the Years Ended
June 30, 2008 and June 30, 2007
(In thousands)

Additions to Plan net assets:	2008	2007
Investments Income:		
Net (depreciation) appreciation in fair value of investments	$ (38,437)	$ 62,421
Interest and dividends	15,003	11,395
Securities lending income	306	(59)
Less:		
Investment expenses	(2,548)	(1,733)
Securities lending expenses	-	168
Net Investment Income (Loss)	(25,676)	72,192
Employee contributions	5,445	6,776
Employer contributions	45,730	47,365
Other income	-	209
Total Additions	25,499	126,542
Deduction from Plan net assets:		
Benefit payments	37,102	31,117
Refunds of contributions to terminated employees	-	209
Administrative fees, management fees, and other expenses	565	527
Total Deductions	37,667	31,853
Net Increase	(12,168)	94,689
Net Assets Held in Trust for Pension Benefits:		
Beginning of Period	629,221	534,532
END OF Period	$ 617,053	$ 629,221

The accompanying notes are an integral part of the financial statements.

Note 1 - Summary of Significant Accounting Policies

a. *Overview of Plan and Related Government*

The City of Atlanta, Georgia Police Officers' Pension Plan (the "Plan"), a single employer defined benefit pension plan, was established by a 1933 Act of the State of Georgia Legislature to provide retirement benefits for sworn personnel of the City of Atlanta (the "City") Police Department. Until 1983, The Georgia Legislature established all requirements and policies of the Plan. By a constitutional amendment, effective July 1983, control over the Plan transferred to the City under the principle of Home Rule.

The funding methods and determination of benefits payable were established by the legislative acts creating the Plan, as amended, and in general, provide that funds are to be accumulated from employee contribution, City contributions, and income from the investment of accumulated funds.

The Plan is considered a fiduciary fund of the City and its financial statements are included in the City of Atlanta, Georgia's Comprehensive Annual Financial Report (CAFR) as part of the Pension Trust Fund. The City's most recent CAFR as of and for the year ended June 30, 2008 should be read in conjunction with these financial statements.

b. *Basis of Accounting*

The financial statements are prepared on the accrual basis of accounting whereby revenues are recognized as earned and expenses are recognized as the associated liabilities are incurred.

c. Cash

The Plan considers all highly liquid debt securities with an original maturity of three months or less to be cash equivalents.

d. Investments

State of Georgia and City statutes authorize the Plan to invest in U.S. Government obligations, U.S. Government agency obligations, State of Georgia obligations, obligations of a corporation of the U.S. Government and the Georgia Fund I (a local government investment pool maintained by the State of Georgia). Additionally, the Plan is authorized to invest in common stock provided that the cost basis of such investments do not exceed 55% of the net assets of the Plan. The Plan invests in repurchase agreements only when they are collateralized by U.S. Government or agency obligations.

Note 1 - Summary of Significant Accounting Policies, continued

The Plan is also authorized to invest in collateralized mortgage obligations (CMOs) to maximize yields. These securities are based on cash flows from interest payments on underlying mortgages. (CMOs) are sensitive to prepayment by mortgagees, which may result from a decline in interest rates. For example, if interest rates decline and mortgagees refinance their mortgages, thereby prepaying the mortgages underlying these securities, the cash flows from interest payments are reduced and the value of these securities declines. Likewise, if mortgagees pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated.

Investments, other than repurchase agreements, are carried at fair value based on quoted market prices. Repurchase agreements are valued at their amortized cost.

The net appreciation (depreciation) in the fair value of investments held by the Plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of balance sheet date. Investment income is recognized on the accrual basis as earned by the Plan.

e. *Use of Estimates*

Management of the Plan has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosures of contingent assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the Untied States of America. Actual results could differ from those estimates.

Note 2 - Plan Description

The following brief description of the Plan is provided for general information purposes only. Participants should refer to the City of Atlanta Code of Ordinances for more complete information.

a. *Benefit Provisions*

The Plan provides a monthly retirement benefit that initially represents 3% for each year of accredited services times the participants' final average three-year earnings or the highest consecutive three-year earnings (limited to 80% of the average or earnings), whichever is the highest. The Plan was amended, effective January 1, 1986, to exclude overtime pay in the computation of benefits. Retirement benefits are adjusted annually based on the change in the consumer price index, limited to 3% per year. Upon the death of vested participant who has beneficiary coverage, his or her eligible beneficiary(ies) would be entitled to three-fourths of the amount the deceased participant was receiving or would have been entitled to receive.

Note 2 - Plan Description, continued

Group A - Covered by the 1978 Plan and the participant have elected to be covered by the 1986 Amendments. Any Police officer hired after 2005 is automatically included in this group.

Group B - Covered by the 1978 Plan and the participant has elected not to be covered by the 1986 Amendment.

b. Benefit Options

- Normal Monthly Pension Benefit

  An employee is eligible for a normal monthly pension benefit after 30 years of services, at any age or, when he or she reaches the normal retirement age of 55 with 10 years of creditable service. The years of creditable service required decreased from 15 years to 10 years effective September 12, 2005.

  A 30 year and out provision was added to the Plan effective October 25, 2005.

  Alternatively, a police officer is eligible for normal retirement at age 65 with at lease 5 years of credited service.

- Early Monthly Pension Benefit

  An employee is eligible for an early monthly pension benefit after 10 years of creditable service. The monthly benefit is reduced to allow for the fact that it will be paid over a longer period of time. The years of creditable service required decreased from 15 years to 10 years effective September 12, 2005.

- Reduced Monthly Pension Benefit

  Employees hired prior to April 1, 1978 are eligible for a reduced monthly pension benefit at age 50 with 25 years of service. The reduction for the reduced monthly pension benefit is less than the reduction for an early monthly pension benefit.

- Total and Permanent Disability

  A participant will be considered to be totally and permanently disabled if:

  Group A - the participant's disability is determined to be a continuous state of incapacity due to illness or injury such that (a) the participant is prevented from performing their regular assigned or comparable duties during your first 12 months of disability, and (b) are thereafter prevented from engaging in any occupation for which they have become reasonably qualified by education, training or experience.

Note 2 - Plan Description, continued

Group B - The participant's disability is determined to be a total and permanent physical or mental injury to perform their regular assigned or comparable duties as a police officer with the City.

If a participant becomes totally and permanently disabled in the line of duty, they will be eligible to receive a monthly disability retirement benefit calculated as follows:

Group A- The greater of (a) the participant's monthly accrued benefit determined as of the date of disability or (b) 50% of the average monthly earnings determined as of the date of the disability. The benefit will be recalculated when the participant reaches age 55. The recalculated amount will include creditable service for your period of disability, but will not include any cost-of-living adjustments that were applied to the previous disability benefit.

Group B - The greater of (a) the participant's monthly accrued benefit determined as of the date of the disability or (b) 70% of the top salary for the grade and position of the participant on the day before their date of disability.

c. *Membership*

The following schedule reflects membership for the Plan at January 1, 2007, the date of the most recent actuarial valuation.

Members:	
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	1,204
Current active employees:	
Fully vested	783
Partially vested	333
Nonvested	619
Total membership	2,939

d. Administration of Plan

The Plan is administered as single-employer plan by the Board of Trustees(the "Board") which includes an appointee of the Mayor, the City's Chief Financial Officer, a member of City Council, and three representatives elected by the membership (active and retired). All modifications to the plan must be supported by actuarial analysis and receive the recommendations of the City Attorney, the Chief Financial Officer, and the Board of Trustees. Each pension law modification must be adopted by at least two-thirds vote to the City Council and approved by the Mayor.

Note 3 - Deposits and Investments

Investments in Employee Retirement Plans

The Board is ultimately responsible for making all decisions with regard to the administration of the Plan, including the management of Plan assets, and for carrying out the investment policy on behalf of the Plan.

The Plans' investments are managed by various investment managers under contracts with the Plan who have discretionary authority over the assets managed by them, within the investment guidelines, established the Board. The investments are held in trust by the Plans' custodian in the Plans' name. These assets are held exclusively for the purpose of providing benefits to members of the plan and their beneficiaries.

Identified below are the investment types that are authorized by the Board for the Plan. The investment policy also identifies certain provisions that address interest rate risk, credit risk and concentration of credit risk.

The Plan, by policy, is to invest their cash in domestic equities, domestic fixed income securities and cash equivalents. These instruments consist of common and preferred stock, obligations of the U.S. government and agencies (GNMA, FHLMC, and FNMA securities and CMO's), corporate bonds, and certificates of deposit. The Plan has strict limitations on the amounts managers are allowed to invest in any one issuer in all classes of securities. The Plan also invests in repurchase agreements which must be fully collateralized by U.S. government or agency guaranteed securities.

The Plan maintains cash to meet its immediate liquidity needs. Cash not immediately needed is invested in either short-term or long-term investment securities as directed by management.

Board policy permits the Plan to engage in securities lending with an authorized agent, provided that the securities are fully collateralized at least 102% and that collateral is received prior to the release of the securities by the custodian.

Investment Risk Disclosure

Interest Rate Risk. Interest rate risk is the risk that changes in market rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Additionally, the fair values of the investments may be highly sensitive to interest rate fluctuations. One of the ways the Plan manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion is maturing or coming close to maturing evenly over time, as necessary, to provide the cash flow and liquidity needs for operations.

Credit Risk. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating to each investment by a nationally recognized statistical rating organization.

Note 3 - Cash, Cash Equivalents, and Investments, continued

As of June 30, 2008, the Plan had the following fixed income investments (in thousands), with the corresponding credit ratings and maturities.

Type of Investment	Credit Rating	Under 1 Year	1-3 Years	3-5 Years	5-10 Years	Over10 Years	Fair Value
US Government Agencies	AAA	$ -	$ -	$ 2,338	$ 5,775	$ 67,474	$ 75,587
US Treasury Securities	Exempt	-	3,652	1,215	526	-	5,393
US Government Obligations	AA/A-	-	-	-	545	25,079	25,624
Corporate Bonds	AA/A-	-	775	6,231	14,558	18,265	39,829
Corporate Bonds	B+/BBB	1,071	1,495	1,996	4,356	11,543	20,461
CMO's	AAA	-	-	-	1,020	6,631	7,651
CMO's	NR*	-	-	-	480	3,191	3,671
Other Fixed Income		-	-	-	-	93,868	93,868
		$ 1,071	$ 5,922	$ 11,780	$ 27,260	$ 226,051	$ 272,084

* - Not rated

Securities Lending

State statutes and Board of Trustees policies permit the Plan to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Plan's custodians lend securities of the type on loan at year-end for collateral in the form of cash or other securities of 102%.

Cash collateral is invested in overnight investments. As of June 30, 2008, the Plan has no significant credit risk exposure to borrowers because the amounts the Plan owes the borrower exceed the amounts the borrowers owe the Plan. The contract with the Plan's custodian requires it to indemnify the Plan if the borrowers fail to return the securities and if the collateral is inadequate to replace the securities or fail to pay the Plan for income distributions by the securities issuers while the securities are on loan.

There were no violations of legal or contractual provisions, borrower or lending agent default losses, and no recoveries of prior period losses during the year. There are income distributions owed on the securities loaned. The Plan records the cash received as collateral under securities lending agreements and the investments purchased with that cash as securities lending short-term collateral investment pool with a corresponding amount recorded as a liability.

All securities loans can be terminated on demand by either the Plan or the borrower, with the borrower returning equivalent securities to the Plans within a specified period of time.

Custodial Credit Risk. Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the Plan will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Custodial credit risks for *investments,* is the risk that in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Note 3 - Cash, Cash Equivalents, and Investments, continued

All uninsured collected balances held in trust by the City for the Plan plus accrued interest in depository accounts must be collateralized and the market value of collateralized pledged securities must be at least 110% of the deposit balances, and 102% for repurchase agreements. As a result, the Plan had no deposits or investments with custodial risks as of June 30, 2008.

All investments of the Plan are either held by the Plan or by a counterparty in the Plan's name, therefore, the Plan's investments had no custodial risks as of June 30, 2008.

Concentration Credit Risk. Investments in any one issuer representing 5% or more of the net assets held in trust for pension benefits at June 30, 2008 are as follows:

Issuer	Investment Type	% of Total Investments
Northern TR Corp	Equities	15.98%
Northern Trust Bank N.A	Equities	12.58%
US Government	US Government Security	11.18%
NTGI	Equities	5.11%
COLTV	Equities	11.14%

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates could adversely affect an investment's or deposit's fair value. The Plan's policy states that the portfolio will consist of domestic equities, domestic fixed income and cash equivalents. At June 30, 2008, the Plan was in compliance with the provisions of its policy requirements for authorized investment purchases. As of June 30, 2008, the Plan had no investments in foreign fixed income securities but investment in equity securities totaled $226,000.

Although all of the foreign equity securities are American Depository Receipts (ADR's), this does not eliminate the foreign currency risk involved in purchasing foreign securities.

The following table provides the value in U.S. dollars by foreign currency denominations and investment type for the Plan investments denominated in foreign currencies (in thousands).

Currency	Short Term	Debt	Equity	Total
Puerto Rico	$ -	$ -	$ 73	$ 73
Israel	-	-	57	57
Canada	-	-	96	96
Total Securities subject to Foreign Currency Risk	$ -	$ -	$ 226	$ 226
Total US Dollars Securities				
United States	$ 67,557	$ 272,083	$ 248,424	$ 588,064
Total International & US Investment Securities	$ 67,557	$ 272,083	$ 248,650	$ 588,290

Note 4 - Funding Policy

The City's funding policy is to contribute a percentage of the Plan's covered employee payroll as developed in the actuarial valuation for the Plan. Active participants are required to contribute 7% of base pay (or 8% if participant has covered beneficiary). The City's contribution percentage is the actuarially determined amount necessary to fund plan benefits after consideration of employee contributions. The City makes an additional contribution of 1% of payroll, which effectively decreases the employee's required contribution percentage to 6% (or 7% if participant has a covered beneficiary), but has no effect on the overall required contribution. The City is not obligated to continue the 1% supplemental contribution for any specified period of time.

The actuarially determined contribution amount is the sum of the annual normal cost and the amortization of the unfunded actuarial accrued liability as a level percentage of future payrolls (over 40 years from January 1, 1979). The actuarial cost method used for funding purposes is the Entry Age Normal Cost Method. This method is one of the approved methods for such plans in the State of Georgia, and provides for contributions based on a level percentage of future payrolls. The unfunded actuarial accrued liability for funding purposes is amortized on a closed basis over a period established by State of Georgia guidelines. The significant actuarial assumptions used to compute the contribution requirements are the same as those used to compute the actuarial accrued liability.

Note 5 - Contributions Required and Contributions Made

The required contribution percentages developed in the most recent actuarial valuation for the Plan for the years ended June 30, 2008 and June 30, 2007 and the actual contributions made are as follows (dollars in thousands):

	2008	2007
Normal cost	28.1%	21.4%
Amortization of the unfunded actuarial accrued liability	35.2	26.8
Total required contributions as a percentage of payroll	63.3%	48.2%
Actual employee contributions:		
Dollar amount	$ 5,445	$ 6,776
Percent of covered payroll	7.1%	8.7%
Actual employer contributions:		
Dollar amount	$ 45,729	$ 47,365
Percent of covered payroll	59.3%	60.6%

Note 5 - Contributions Required and Contributions Made, continued

The annual covered payroll for the City was $77,168,000 and $78,229,000 for the years ended June 30, 2008 and 2007 respectively. The actual employer contributions shown above include amounts used to fund retiree supplemental cost of living increases and other minimum benefits. These amounts are components of the City's contributions for purposes of meeting actuarially determined funding requirements.

Note 6 - Contributions Receivable from Employees

Employees

Employees may receive credit for service for previous employment with certain state and local governmental agencies including previous employment with the City, upon payment to the Plan of an amount, as defined in the 1933 Act, as amended, representing contributions applicable to such service period. These contributions may be paid over a future period, even after retirement. In addition, 1964 and 1978 amendments to the Plan increased pension benefits and the related employee contribution rates. Active employees may retroactively increase their contribution rates from the date of employment in order to receive the maximum increased benefits available under the 1964 and 1978 amendments. These "back contributions" may also be paid over a future period.

Contributions receivable from employees for back pensions were $293,000 and $189,000 for the years ended June 30, 2008 and 2007, respectively.

Note 7 - Contingencies

The Internal Revenue Service (IRS) has ruled that the Plan qualifies under Section 401(a) of the Internal Revenue Code (IRC) and is therefore not subject to tax under present federal income tax laws. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualifications. The Plan obtained a determination letter on May 19, 1998, in which the IRS stated that the Plan, as then designed, was in compliance with the applicable requirements of the IRC. The Plan has been amended as well as there have been changes in the IRC subsequent to receiving this determination letter. The Plan obtained a determination letter on August 17, 2004, in which the IRS ruled that the amendments do not affect the qualified status of the Plan. The City and the Plan's tax counsel believe the Plan is currently designed and being operated in material compliance with the applicable tax requirements.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN
Required Supplementary Information

Schedule of Funding Progress
(Unaudited)
(Dollars in thousands)

Actuarial valuation date	Actuarial value of assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll (b-a)/c)
January 1, 2002	$ 448,676	$ 541,209	$ 92,533	82.9%	$ 68,056	135.9%
January 1, 2004	$ 440,212	$ 617,501	$ 177,289	71.3%	$ 63,274	280.2%
January 1, 2006	$ 464,368	$ 839,384	$ 375,016	55.3%	$ 78,229	479.4%

Schedule of Employer Contributions
(Unaudited)
(Dollars in thousands)

Year	Annual Required Contribution	Actual Employer contribution	Percentage contributed
2002	$ 15,068	$ 15,595	103.5%
2004	$ 25,271	$ -	- %
2006	$ 15,687	$ 15,687	100.0%

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Required Supplementary Information

Notes to Schedule of Funding Progress and
Schedule of Employer and Other Contributions

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated.

The actuarial accrued liability is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits under the Plan are based on employee compensation. The accumulated plan benefits for active employee are based on their average compensation and credited service ending on the date as of which the benefit information is presented (the valuation date). Benefits payable under all circumstances - retirement, death, disability, and termination of employment - are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

Additional information as of the latest actuarial valuation follows:

Actuarial cost method	Entry age normal
Amortization method	Level percentage closed Over a closed period of 40 years from January 1, 1979 as a level percentage of estimated future payroll
Remaining amortization period	12 years
Asset valuation period	Smoothed 5 year averaged market
Investment rate of return	8.0%
Projected salary increases	
Inflation	3%
Merit or seniority and productivity	1.0%
Postretirement benefit increases	3%

REPORT ON
THE EIGHTY-FIRST VALUATION OF
THE EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF PROVIDENCE
AS OF JUNE 30, 2008

buckconsultants
an ACS company

November 20, 2008

Retirement Board
Employees' Retirement System of the
City of Providence
City Hall
Providence, Rhode Island 02903

Dear Board Members:

This report presents the results of the eighty-first actuarial valuation of the system, prepared as of June 30, 2008, which develops the appropriation required by the City for the fiscal year beginning July 1, 2009.

The Table of Contents, which immediately follows, outlines the material contained in the report.

Respectfully submitted,

Daniel W. Sherman, ASA, MAAA, EA
Director and Consulting Actuary

Robert P. Lessard
Consultant

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REPORT ON THE EIGHTY-FIRST VALUATION OF THE
EMPLOYEES' RETIREMENT SYSTEM OF THE
CITY OF PROVIDENCE
AS OF JUNE 30, 2008

SECTION I - SUMMARY OF PRINCIPAL RESULTS

1. For convenience of reference, the principal results of the current and preceding valuations are summarized below:

Valuation Date	**6/30/2007**	**6/30/2008**
Number of active members		
Vested	1,797	1,827
Nonvested	1,286	1,181
Total	3,083	3,008
Annual salaries of active members	$ 132,719,426	$ 133,007,683
Average salary of active members	$ 43,049	$ 44,218
Number of retirees and beneficiaries	2,833	2,907
Annual retirement allowances	$ 69,847,136	$ 74,288,874
Average retirement allowance	$ 24,655	$ 25,555
No. of non-active members w/contributions	179	237
Accumulated member contributions	$ 3,701,401	$ 4,556,132
Market value of plan assets (accrual basis)	$ 464,534,428	$ 412,429,703
Assets for valuation purposes	$ 426,054,774	$ 449,464,313
Unfunded accrued liability	$ 652,962,042	$ 715,719,030
Contribution rates required		
Class A	22.89%	24.16%
Class B Fire	73.42%	84.34%
Class B Police	69.41%	70.22%

2. Comments on the valuation results as of June 30, 2008 are given in Section IV and the appropriation payable by the City during the fiscal period beginning July 1, 2009 is set out in Section V.

3. The valuation was based on the assumptions as outlined in Schedule B. The salary scale assumption was modified this year. All other assumptions remained the same.

4. Schedule D of this report presents a summary of the main provisions of the act governing the system, as interpreted in preparing the actuarial valuation. In particular, the valuation reflected the following with respect to annual cost of living adjustments (COLAs):

Group	COLA	Number of Recipients
(a) Class A		
(i) Retired prior to 12/19/1991	- 3%, compounded	602
(ii) Retired after 12/18/1991	- None	1,015
(iii) Special award	- 5%, compounded	4
Total of Class A		1,621
(b) Class B - Police		
(i) Retired prior to 1/1/1990	- 5%, compounded	296
(ii) Retired between 1/1/1990 and 12/18/1991	- 6%, compounded	35
(iii) Retired between 12/19/1991 and 12/31/1992	- 5%, compounded	26
(iv) Retired after 12/31/1992	- 3%, compounded	253
(v) Special award	- 5%, compounded	17
Total of Police		627

Group	COLA	Number of Recipients
(c) Class B - Fire		
(i) Retired prior to 1/1/1990	- 5%, compounded	282
(ii) Retired between 1/1/1990 and 12/18/1991	- 6%, compounded	67
(iii) Retired between 12/19/1991 and 6/30/1992	- 5%, compounded	15
(iv) Retired between 7/1/1992 and 6/30/1995	- 6%, compounded	78
(v) Retired between 7/1/1995 and 3/16/2006	- 3%, simple, on first $12,000 of annual benefit	116
(vi) Retired after 3/16/2006	- 3%, compounded	56
(vii) Special award	- 5%, compounded	13
Total of Fire		627
(d) Total Number of Class A and Class B retirees and beneficiaries		2,875*

*Excludes elected officials and 32 Class A and B employees who retired prior to June 30, 2008 but were not processed on the June 30, 2008 payroll.

There is a three-year deferral of the initial COLA for current active members when they retire.

SECTION II - EMPLOYEE DATA

1. Employee data were furnished by the City Controller.

2. Tables 1 and 2 of Schedule E show the number and annual salaries of active members, while the remaining tables of Schedule E show the number and annual retirement allowances of retirees and beneficiaries as of June 30, 2008.

SECTION III - ASSETS

1. The amount of the assets taken into account in the valuation was obtained from information submitted by the City Controller.

2. The market value of the assets of the system as of June 30, 2008 on a "cash basis" was $361,121,167. To convert this amount to an "accrual basis," this amount should be increased by the discounted value of the City's contribution already appropriated for the July 1, 2008 - June 30, 2009 fiscal year ($55,669,762) but assumed not to be deposited until June 30, 2009. The discounted value of this contribution is $51,308,536. Therefore, the market value of the assets of the system as of June 30, 2008 on an "accrual basis" was $412,429,703.

3. The amount of assets used for valuation purposes was determined by the use of a five-year moving average of market values. This procedure produced a value of $449,464,313 on an "accrual basis." Schedule C outlines the calculation of this adjusted value which was modified for purposes of this year's valuation.

SECTION IV - COMMENTS ON VALUATION

1. Schedule A of this report presents the results of the valuation and shows the present and prospective assets and liabilities of the retirement system of June 30, 2008. Actuarial accrued liabilities consist of $337,670,610, which equals the actuarial accrued value of prospective benefits of active members; plus $822,656,601, which equals the present value of obligations to retired members and their beneficiaries; plus $4,556,132, which equals the value of contributions of non-active members remaining in the fund. These liabilities amount to $1,165,183,343, which is met by the City and members through annual contributions. Against these prospective liabilities, the system has present assets of $449,464,313 leaving $715,719,030 as the unfunded accrued liability.

2. Section V discusses the portion of the total prospective City obligation we recommend for current payment.

3. Schedule G of the report discusses experience gain/(loss) in the last year. The system's actual experience was worse than expected, resulting in a loss of $41,708,912. Asset experience had a gain of $4,011,336. Losses from liability were $45,720,248. Losses from COLA changes increased the unfunded liability by $15,182,916. For more detail on gain/(loss), please see Schedule G.

4. The actuarial value of assets exceeds the market value by about $37 million. Although the market value of assets decreased, there was an asset gain due to the deferral of 80% of the loss under the asset smoothing method.

SECTION V - APPROPRIATION PAYABLE BY CITY

1. Schedule A gives the basis for determining the appropriation payable by the City during the fiscal period beginning July 1, 2009. In accordance with the law governing the operation of the retirement system, we recommend contribution rates of 24.16% for Class A members, 84.34% for Class B Fire and 70.22% for Class B Police. These rates are based on amortizing the unfunded accrued liability as of June 30, 2008 on a level percentage-of-payroll basis over a 22-year period (one year less than the amortization period used by the prior actuarial valuation). If these rates are applied to the annual compensation of active members included in the actuarial valuation as of June 30, 2008 and contributions are paid monthly during 2010, contributions payable by the City for the fiscal year beginning July 1, 2009 are as shown below:

Group	**Amount**
Class A:	
General	$ 7,945,655
School	7,380,333
Water	2,788,304
Workforce Development (JTPA)	182,532
Fire Civilians	228,905
Police Civilians	737,100
Total Class A	$ 19,262,829
Class B:	
Fire	$ 21,846,472
Police	19,223,969
Total Class B	$ 41,070,441
Grand Total	$ 60,333,270 (see #2 below)

2. The above contribution includes an additional contribution of $492,606, which is needed to amortize the remaining deferred contribution as of June 30, 1996 over a 30-year period.

3. The assets and liabilities in the valuation do not take the elected officials' pensions into account. Therefore, in addition, the City should contribute an amount sufficient to provide for the payment of the special pensions to elected officials on a pay-as-you-go basis. Any deficiency which arises on account of elected officials whereby the contribution paid for a fiscal year is not sufficient to cover the special pensions paid that year to such retired members should be met by a special contribution by the City.

SECTION VI - ACCOUNTING INFORMATION

Based on our interpretation of Statement 25 of the Governmental Accounting Standards Board, the results of the June 30, 2007 and June 30, 2008 actuarial valuations are shown below:

		June 30, 2007	June 30, 2008
1.	Normal cost for employees	$ 10,199,982	$ 10,221,620
2.	Normal cost for employers	$ 8,708,142	$ 9,410,520
3.	Actuarial liability for active members	$ 317,417,884	$ 337,970,610
4.	Actuarial liability for retired members	$ 761,598,932	$ 827,212,733
5.	Total actuarial liability	$ 1,079,016,816	$ 1,165,183,343
6.	System assets	$ 426,054,774	$ 449,464,313
7.	Unfunded actuarial accrued liability	$ 652,962,042	$ 715,719,030
8.	Ratio of assets to actuarial liability	39.49%	38.57%
9.	Investment return assumption	8.50%	8.50%
10.	Rate of salary increase	graded%*	graded%*

* See Schedule B

SCHEDULE OF EMPLOYER CONTRIBUTIONS
(dollar amounts in thousands)

Year Ended June 30	Annual Required Contribution	Percentage Contribution
1995	$21,159	53.81%
1996	$16,136	100.00%
1997	$21,089	93.58%
1998	$35,701	57.52%
1999	$37,445	56.15%
2000	$37,415	60.00%
2001	$38,899	60.60%
2002	$42,442	64.18%
2003	$42,008	80.25%
2004	$46,321	85.99%
2005	$49,329	92.15%
2006	$51,454	96.22%
2007	$50,584	100.20%
2008	$54,200	100.00%

SCHEDULE OF FUNDING PROGRESS

(dollar amounts in thousands)

Year Ended June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1994	$286,956	$500,119	$213,163	57.38%	$84,176	253.23%
1995	$293,454	$460,567	$167,113	63.72%	$88,335	189.18%
1996	$287,320	$699,265	$411,945	41.09%	$84,178	489.38%
1997	$288,800	$732,373	$443,573	39.43%	$88,959	498.63%
1998	$315,000	$732,775	$417,775	42.99%	$99,182	421.22%
1999	$325,576	$746,264	$420,688	43.63%	$106,717	394.21%
2000	$341,817	$798,292	$456,475	42.82%	$114,164	399.84%
2001	$341,986	$821,363	$479,377	41.64%	$116,493	411.51%
2002	$340,550	$867,457	$526,907	39.26%	$114,265	461.13%
2003	$334,929	$899,336	$564,407	37.24%	$115,015	490.72%
2004	$372,128	$1,025,345	$653,217	36.29%	$115,548	565.32%
2005	$376,690	$993,029	$616,339	37.93%	$118,825	518.70%
2006	$393,768	$1,052,805	$659,036	37.40%	$126,458	521.15%
2007	$426,055	$1,079,017	$652,962	39.49%	$132,719	491.99%
2008	$449,464	$1,165,183	$715,719	38.57%	$133,008	538.10%

ANNUAL PENSION COST AND NET PENSION OBLIGATION FOR
FISCAL YEARS BEGINNING JULY 1, 2007 AND JULY 1, 2008

The pension cost and net pension obligation as required by Statement 27 of the Governmental Accounting Standards Board are:

Fiscal year beginning July 1, 2007

Net Pension Obligation (NPO) at June 30, 2007	$ 122,487,599
a. Annual Required Contribution	54,119,966
b. Interest on NPO	10,411,446
c. Amortization of NPO	(8,538,381)
Annual Pension Cost	55,993,031
Expected Contributions to be Paid (not discounted)	(54,119,966)
Increase in NPO	1,873,065
NPO of June 30, 2008	$ 124,360,664

Fiscal year beginning July 1, 2008

Net Pension Obligation (NPO) at June 30, 2008	$ 124,360,664
d. Annual Required Contribution	55,669,762
e. Interest on NPO	10,570,656
f. Amortization of NPO	(8,917,336)
Annual Pension Cost	57,323,082
Expected Contributions to be Paid (not discounted)	(55,669,762)
Increase in NPO	1,653,320
Expected NPO of June 30, 2009	$ 126,013,984

SCHEDULE A

RESULTS OF THE VALUATION AS OF JUNE 30, 2008
(Excluding Elected Officer Funds)

	Class A	Class B			Grand Total
		Fire	Police	Total	
1. Actuarial Accrued Liabilities					
(a) Actuarial accrued value of all future benefits payable to active members	$ 148,182,457	$ 93,839,064	$ 95,949,089	$ 189,788,153	$ 337,970,610
(b) Actuarial accrued value of benefits payable to retirees and beneficiaries including benefits payable on death	210,875,022	341,257,796	270,523,783	611,781,579	822,656,601
(c) Employee contributions of non-active members	3,850,968	214,562	490,602	705,164	4,556,132
(d) Total accrued actuarial liabilities	$ 362,908,447	$ 435,311,422	$ 366,963,474	$ 802,274,896	$ 1,165,183,343
2. Assets of the System	$ 139,990,326	$ 167,919,453	$ 141,554,534	$ 309,473,987	$ 449,464,313
3. Unfunded Value of Total Prospective Contributions by the City (1(d) minus 2)	$ 222,918,121	$ 267,391,969	$ 225,408,940	$ 492,800,909	$ 715,719,030
4. Amortization (22 years)	$ 15,706,992	$ 18,840,655	$ 15,882,497	$ 34,723,152	$ 50,430,144

	Class A	Class B			Grand Total
		Fire	Police	Total	
5. Total Individual Entry Age Normal Cost	$ 8,862,254	$ 4,786,959	$ 4,899,032	$ 9,695,991	$ 18,548,245
6. Employee Normal Cost	$ 5,855,136	$ 2,285,176	$ 2,081,308	$ 4,366,484	$ 10,221,620
7. Net City Normal Cost with Interest	$ 3,398,561	$ 2,827,446	$ 3,184,513	$ 6,051,959	$ 9,410,520
8. Net City Normal Cost without Interest as a Percent of Pay	3.77%	9.66%	10.29%	9.98%	6.26%
9. Amortization of 1995 Deferral	$ 157,276	$ 178,371	$ 156,959	$ 335,330	$ 492,606
10. Total City Appropriation (5 plus 8 plus 9)*	$ 19,262,829	$ 21,846,472	$ 19,223,969	$ 41,070,441	$ 60,333,270
11. Total Contribution Rate for Fiscal Year Beginning July 1, 2007	24.16%	84.34%	70.22%	77.09%	45.36%
12. Payroll	$ 79,728,616	$ 25,903,670	$ 27,375,097	$ 53,278,767	$ 133,007,683

*** Assumed payments throughout 2010**

SCHEDULE B

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

INTEREST RATE: 8½% per annum, compounded annually for General Funds and School Teacher Funds.

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of withdrawal and deferred retirement, disability, death and service retirement among members in active service are as follows:

CLASS A

Age	Retirement	Disability	
		Ordinary	Accidental
20		.00025	.00010
25		.00030	.00015
30		.00030	.00015
35		.00050	.00025
40		.00080	.00040
45	.0671	.00125	.00060
50	.0925	.00185	.00090
55	.0859	.00255	.00130
59	.1138	.00370	.00185
60	.1229	.00415	.00210
64	.1741	.00625	.00310
65	.2500	.00680	.00340
70	.2500	.00680	.00340
75	1.0000		

Age	Withdrawal and Deferred Retirement	Ordinary and Accidental Death	
		Men	Women
20	.1413	.00035	.00019
25	.1206	.00038	.00021
30	.0644	.00044	.00026
35	.0473	.00077	.00048
40	.0389	.00108	.00071
45	.0272	.00151	.00112
50	.0174	.00214	.00168
54	.0101	.00281	.00232
55		.00303	.00253
60		.00488	.00393
65		.00757	.00582
70		.00992	.00761

CLASS B

Age	Withdrawal and Deferred Disability	Disability		Ordinary and Accidental Death	
		Ordinary	Accidental	Men	Women
20	.0258	.0001	.0008	.00035	.00019
25	.0183	.0001	.0011	.00038	.00021
30	.0104	.0002	.0017	.00044	.00026
35	.0046	.0025	.0023	.00077	.00048
40	.0029	.0004	.0034	.00108	.00071
45	.0024	.0007	.0060	.00151	.00112
50		.0011	.0104	.00214	.00168
55			.0149	.00281	.00232
59			.0194	.00303	.00253
				.00488	.00393

Age	Retirement
40	.07403
45	.07599
50	.08004
55	.08860
59	.10238
60	.25000
64	.25000
65	1.00000

SALARY INCREASES NOT INCLUDING LONGEVITY: Next year - 4.0%, following 4 years - 4.25%, thereafter - 4.5%.

ANNUAL INCREASE IN AMORTIZATION PAYMENT: 5%

LONGEVITY TABLES:

CLASS A:

FOR EMPLOYEE HIRED ON OR PRIOR TO OCTOBER 23, 1999:

YEAR OF SERVICE	PERCENTAGE AMOUNT
5 years but less than 10 years	5%
10 years but less than 15 years	6%
15 years but less than 20 years	7%
20 years or more	8%

FOR EMPLOYEES HIRED AFTER OCTOBER 23, 1999:

YEAR OF SERVICE	PERCENTAGE AMOUNT
7 years but less than 12 years	4%
12 years but less than 17 years	5%
17 years but less than 20 years	6%
20 years or more	7%

CLASS B:

FIRE:

FOR EMPLOYEE HIRED ON OR PRIOR TO JUNE 30, 1996

YEAR OF SERVICE	PERCENTAGE AMOUNT
5 years but less than 10 years	8%
10 years but less than 15 years	9%
15 years but less than 20 years	10%
20 years or more	11%

FOR EMPLOYEES HIRED AFTER JUNE 30, 1996

YEAR OF SERVICE	PERCENTAGE AMOUNT
5 years but less than 10 years	7%
10 years but less than 15 years	8%
15 years but less than 20 years	9%
20 years or more	10%

POLICE:

FOR EMPLOYEE HIRED ON OR PRIOR TO JUNE 30, 1998

YEAR OF SERVICE	PERCENTAGE AMOUNT
0 year but less than 6 years	0%
6 years but less than 11 years	8%
11 years but less than 16 years	9%
16 years but less than 21 years	10%
21 years or more	11%

FOR EMPLOYEES HIRED AFTER JUNE 30, 1998

YEAR OF SERVICE	PERCENTAGE AMOUNT
0 year but less than 6 years	0%
6 years but less than 11 years	7%
11 years but less than 16 years	8%
16 years but less than 21 years	9%
21 years or more	10%

DEATHS AFTER RETIREMENT: Based on the RP-2000 Mortality Table producing the following life expectancies.

	CLASS A and CLASS B			
	Service		Disability	
Age	Male	Female	Male	Female
50	30.074	33.268	27.550	30.526
55	25.858	28.686	23.318	26.009
60	21.636	24.272	19.190	21.750
65	17.615	20.126	15.354	17.776
70	13.917	16.270	11.877	14.124

VALUATION METHOD: Individual entry age method. Gains and losses are reflected in the period remaining to liquidate the unfunded accrued liability.

ASSET VALUATION METHOD: Five-year smoothed market value. The actuarial value of assets is determined according to the following general formula, provided such value is within a 20% corridor of the market value:

$$VA = MV - .8I_1 - .6I_2 - .4I_3 - .2I_4$$

where

VA = Valuation assets.

MV = Market value of assets as of the valuation date.

I_n = Investment gain (loss) during n^{th} year preceding the valuation date.

PURCHASED SERVICE LOAD: Due to a lack of purchased service data, loads have been added on to Fire and Police service. The loads were determined by retirement trends found in the period from July 1, 2004 to June 30, 2006 and are as follows:

Fire Service Load = +0.63 years of service

Police Service Load = +2.11 years of service

Class A did not receive a load as trends showed the impact of purchased service was insignificant.

SCHEDULE C

DETERMINATION OF ADJUSTED ASSET VALUE

Reconciliation of Market Value of Plan Assets (accrual basis), 7/1/2004 - 7/1/2008

	7/1/2004-6/30/2005	7/1/2005-6/30/2006	7/1/2006-6/30/2007	7/1/2007-6/30/2008
Market value at beginning of period	324,641,608	336,498,228	363,366,076	413,539,963
Contributions during period	55,524,329	60,510,427	61,208,078	65,663,848
Total investment income (from auditor's reports)	26,252,786	35,280,488	58,429,171	10,885,645
Benefit payments and expenses	(68,492,967)	(67,993,906)	(71,717,514)	(79,021,184)
Market value at end of period	336,498,228	363,366,076	413,539,963	361,121,167
Expected market value at end of period	336,113,976	354,486,546	380,440,763	436,774,657
Investment gain/(loss) for the year	384,252	8,879,530	33,099,200	(75,653,490)

Year Ended	Investment Gain / (Loss)		Weight		Weighted Gain / (Loss)
6/30/2008	(75,653,490)	x	0.80	=	(60,522,792)
6/30/2007	33,099,200	x	0.60	=	19,859,520
6/30/2006	8,879,530	x	0.40	=	3,551,812
6/30/2005	384,252	x	0.20	=	76,850
					(37,034,610)

Actuarial Value of Assets = Market Value ***minus*** weighted gain / (loss) =	398,155,777
Plus discounted value of contribution due to be paid on June 30, 2008	51,308,536
Total	449,464,313

The return on the actuarial value of assets was 9.90% for the prior plan year. This created an asset gain of about $4.0 million. The return on a market value basis was about 2.85%.

SCHEDULE D

SUMMARY OF MAIN PROVISIONS OF RETIREMENT SYSTEM

AS INTERPRETED FOR VALUATION PURPOSES

1 – BENEFITS

Final compensation is the average of the highest three years of base compensation including longevity pay earned by a member during his total service as an employee.

Service is total employment by the City plus any purchased service.

Service Retirement Allowance

Conditions for Allowance	The minimum age for service retirement for Class A members is age 55 or the age at which 25 years of service (30 years for members hired after July 1, 1995) are completed if earlier, and for Class B members age 55 or the age at which 20 years of service are completed if earlier.
Amount of Allowance	
Provided by Member	An annuity which is the actuarial equivalent of his accumulated contributions at the time of his retirement, and
Provided by City	For Class A members hired prior to July 1, 1996: A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/40 of his final compensation for each year of total service credited not in excess of 20 years plus 1/50 of his final compensation for each year of total service credited in excess of 20 years. For Class A members hired on or after July 1, 1996: A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/50 of his final compensation for each year of total service credited.

For Police:
A pension which when added to his normal annuity, exclusive of any excess annuity, equals:

1. For members of the bargaining unit hired on or after September 1, 2001:

Eligible Years of Service	Designated Percentage
Prior to 20 years of service	2.5% per year
20 years of service	50%
21 years of service	52%
22 years of service	54%
23 years of service	56%
24 years of service	58%
25 years of service	60%
26 years of service	62%
27 years of service	64%
28 years of service	66%
29 years of service	68%
30 years of service	70%
31 years of service	72%
32 years of service	75%

2. For members of the bargaining unit hired prior to September 1, 2001:

Eligible Years of Service	Designated Percentage
Prior to 20 years of service	2.5% per year
20 years of service	50%
21 years of service	52%
22 years of service	54%
23 years of service	56%
24 years of service	58%
25 years of service	65%
26 years of service	62%
27 years of service	64%
28 years of service	66%
29 years of service	68%
30 years of service	75%
31 years of service	72%
32 years of service	80%

For all other Class B:
A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/40 of his final compensation for each year of total service credited not in excess of 20 years plus 1/50 of his final compensation for each year of total service credited in excess of 20 years but not in excess of 32 years and 6 months.

Deferred Retirement Allowance

Conditions for Allowance — A member who has completed at least 10 years of service may retire and receive a deferred retirement allowance commencing at the minimum age for service retirement.

Amount of Allowance

Provided by Member — A deferred annuity which is the actuarial equivalent of his accumulated contributions, and

Provided by City — See "Service Retirement Allowance."

Ordinary Disability Retirement Allowance

Conditions for Allowance

For Police:
After 10 years but less than 20 years of service.

For All Others:
After 10 years of service, a member under the minimum age for service retirement may be retired for disability upon his own request or upon the request of the head of the department employing him.

Amount of Allowance

Provided by Member — An annuity which is the actuarial equivalent of his accumulated contributions at the time of his retirement, and

Provided by City

If the member is a Class A member:
A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 9/10 of 1/50 of his final compensation for each year of total service which

would have been credited had he continued in service to the minimum age for service retirement, but such retirement allowance, exclusive of any excess annuity, is not to exceed 45% of his final compensation.

For Police:
A pension which when added to his normal annuity will give a total retirement allowance, equal to a percentage of his final compensation, as described in the following table:

Eligible Years of Service	Percentage
10 years of service	22.50%
11 years of service	24.75%
12 years of service	27%
13 years of service	29.25%
14 years of service	31.50%
15 years of service	33.75%
16 years of service	36%
17 years of service	38.25%
18 years of service	40.50%
19 years of service	42.75%

For All other Class B:
A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 9/10 of 1/40 of his final compensation for each year of total service which would have been credited had he continued in service to the minimum age for service retirement, but such retirement allowance, exclusive of any excess annuity, is not to exceed 45% of his final compensation.

Accidental Disability Retirement Allowance

Conditions for Allowance

A member may be retired on account of accidental disability occurring in the performance of duty regardless of age or length of service.

Amount of Allowance

Provided by Member

Non-Police:
An annuity that is the actuarial equivalent of his accumulated contributions at the time of his retirement.

Police:
In light of the member's receipt of the pension stated below, the only annuity payable is the actuarial equivalent of any accumulated additional contributions at the time of his retirement.

and

Provided by City

For All:
A pension of 66-2/3% of his final compensation, but not less than the service retirement allowance. Upon the death of a member within 5 years after accidental disability retirement as a result of an accident while in the performance of duty, a pension of one-half of the member's final compensation is paid to his widow until she dies or remarries, at which point the pension is paid to his child or children until they attain age 19.

Accidental Death Benefit

Conditions for Benefit

An accidental death benefit is payable upon the death of any member due to an accident in the performance of duty.

Amount of Benefit

A pension of one-half of the member's final compensation is paid to his widow until she dies or remarries, at which point the pension is payable to his child or children until they attain age 19. If there are no other dependents, the pension is payable to his dependent parents. In addition, a lump sum payment of the member's accumulated contributions is made.

Withdrawal or Ordinary Death Benefit	A member who withdraws prior to eligibility for retirement receives his accumulated contributions. Should a member die before retirement his accumulated contributions are paid to his estate or beneficiary; provided, however, if he has attained minimum retirement age and has not made an optional election as described below, and is survived by a spouse, such spouse is entitled, in lieu of the return of the member's accumulated contributions, to a benefit equal to that which would have been payable to such spouse upon the death of the member had the member retired on the day of his death and elected to receive a benefit under the provisions of Option 2, as described below, and nominated his spouse as his designated beneficiary, except that for a Class B member the benefit to the spouse shall not be less than 67½% of the benefit that would have been paid to such retired member without reduction.
Benefit upon Death after Retirement	<u>For Class A</u>: Benefits under any option. Also, the excess, if any, of the member's accumulated contributions at retirement over all payments paid out on the member's account. <u>For Class B</u>: Upon the death of a Class B pensioner, 67½% of his retirement allowance is paid to his widow until she dies or remarries, at which point the benefit is paid to his dependent children until they attain age 18. Also, the excess, if any, of the member's accumulated contributions at retirement over the total of all payments paid out on the member's account.
Minimum Benefits	The minimum monthly retirement allowance is $600, prorated for members whose credited service at retirement is less than 25.

Special Privileges at Retirement

At retirement, a member may elect to convert his allowance into a benefit of equivalent actuarial value in accordance with one of the options described below:

Option 1. A reduced retirement allowance payable during the retired member's life, with a provision that in case of death before such payments have equaled the present value of his retirement allowance at the date of retirement, the balance shall be paid to the heirs or assigns; or

Option 2. A reduced retirement allowance payable during the retired member's life, with a provision that after his death it shall be continued during the life of and paid to the person nominated by him by written designation at the time of his retirement; or

Option 3. A reduced retirement allowance payable during the retired member's life, with a provision that after his death an allowance at one-half the rate of his reduced allowance shall be continued during the life of and paid to the person nominated by him by written designation at the time of his retirement; or

Option 4. A reduced retirement allowance payable during the retired member's life, with some other benefit payable after his death, provided that the benefit shall be certified by the actuary and approved by the retirement board. This Option is not available to Police who retire on an Accidental Disability Allowance.

Class B members may not elect Options 2 or 3.

Married Class B members may also not elect Option 1.

Special Privileges upon Attainment of Minimum Retirement Age

Any member who has attained minimum retirement age may elect, in accordance with Option 2, 3, or 4 above, a reduced retirement allowance with provision for benefits to a person having an insurable interest in his life, other than his wife. The benefit is determined as of the member's date of death or retirement, if prior thereto, in accordance with the provisions of the option selected and is in lieu of the return of the member's accumulated contributions if death occurs during the member's continuance in service after attainment of

minimum retirement age. Such election is irrevocable after the option becomes effective unless the designated beneficiary predeceases the member prior to his retirement.

Cost of Living Adjustment

For Class A:
3% compounded, for members who retired prior to 12/18/91; no adjustment for other Class A members.

For Police:

5%, compounded, for members who retired prior to 1/1/90; 6%, compounded, for members who retired between 1/1/90 and 12/18/91; 5%, compounded, for members who retired between 12/19/91 and 12/31/92; 5% compounded for special court awarded members; 3% compounded for other retired members.

For all other Class B Retirees:

5%, compounded, for members who retired prior to 1/1/90; 6%, compounded, for members who retired between 1/1/90 and 12/18/91; 5%, compounded, for members who retired between 12/19/91 and 6/30/92; 6%, compounded, for members who retired between 7/1/92 and 6/30/95; 3%, simple, on first $12,000 of annual benefit for members who retired between 7/1/95 and 3/16/06; 5% compounded for special court awarded members; and, 3% compounded for other retired members.

The initial COLA payment is deferred until the January 1 that occurs three years after the member's retirement date.

Special Provisions for Certain Elected Officials

Any person who has served as Mayor or City Councilman for at least eight full legislative years is entitled to a retirement allowance on the basis of such service as an elected official upon attainment of age 52 or the completion of 20 consecutive years as an elected official, whichever is earlier, or the occurrence of total and permanent disability prior thereto.

Such retirement allowance is currently $350 for each year of service, provided that no more than 20 years of

such service are to be used in determining the allowance.

Upon the death of any such elected official, benefits are payable in accordance with the Class A provisions of the act.

An elected official may elect to withdraw his accumulated contributions in lieu of his rights to the allowance based on service as an elected official.

2 – CONTRIBUTIONS

Provided by Members

For Class A: 8% of their salaries.

For Police: 8% of their salaries

For all other Class B Members: 9½% of their salaries.

The Mayor and members of the City Council are required to contribute at the rate of $350 per year.

Provided by City

The City makes the balance of contributions needed to fund the system.

In addition the City shall contribute from time to time amounts sufficient with the contributions of elected officials to provide the special pensions granted to elected officials.

SCHEDULE E

TABLES OF EMPLOYEE DATA

TABLE 1

The Number and Annual Salaries of Members Distributed By 5th Age and Service As of June 30, 2008

CLASS A

SERVICE AGE	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-36	37+	TOTAL	
20-24	10	17									27	NUMBER
	28,075	23,191									25,000	SALARY
25-29	10	59	33	2							104	NUMBER
	30,006	32,795	34,559	33,479							33,100	SALARY
30-34	8	65	59	45	1						178	NUMBER
	34,103	32,145	35,301	34,755	79,744						34,206	SALARY
35-39	9	64	76	81	31	1					262	NUMBER
	28,203	39,022	32,095	36,666	45,729	46,226					36,734	SALARY
40-44	7	65	87	76	58	16	1				310	NUMBER
	28,891	30,310	35,097	38,301	50,387	48,197	52,170				38,331	SALARY
45-49	11	57	110	71	63	25	9	2			348	NUMBER
	29,994	33,584	34,205	35,853	44,862	49,392	63,800	48,244			38,173	SALARY
50-54	4	55	65	94	68	32	23	32	1		374	NUMBER
	33,247	33,398	33,321	36,639	39,285	47,705	52,018	56,783	48,165		39,678	SALARY
55-59	4	42	63	51	51	21	7	22	7	3	271	NUMBER
	29,002	48,222	39,813	34,262	43,927	39,383	61,037	58,568	67,600	43,786	43,485	SALARY
60-64	1	20	32	27	16	10	6	5	5	8	130	NUMBER
	22,768	42,512	32,516	37,186	38,581	43,178	47,103	49,030	52,455	59,451	40,248	SALARY
65-69		6	9	16	6	6		3			46	NUMBER
		30,189	38,178	32,434	49,601	51,233		54,121			39,371	SALARY
70-74		3	5	4	3	1	1	1			18	NUMBER
		34,935	37,030	29,828	38,504	118,115	18,765	47,329			39,388	SALARY
75-76		1		1						1	3	NUMBER
		40,695		20,925						57,889	39,836	SALARY
77+		1	1	1	3					1	7	NUMBER
		37,495	17,731	18,586	41,051					39,134	33,729	SALARY
TOTAL	64	455	540	469	300	112	47	65	13	13	2,078	NUMBER
	29,866	34,895	34,703	36,099	44,371	46,992	54,285	56,260	60,280	54,153	38,368	SALARY

TABLE 2

The Number and Annual Salaries of Members Distributed By 5th Age and Service As of June 30, 2008

CLASS B

SERVICE AGE	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-36	37+	TOTAL	
20-24	8	17									25	NUMBER
	39,730	45,130									43,402	SALARY
25-29	25	40	17								82	NUMBER
	36,453	47,305	51,870								44,943	SALARY
30-34	10	32	35	8							85	NUMBER
	40,927	47,238	53,699	50,057							49,421	SALARY
35-39	6	25	53	58	37						179	NUMBER
	44,399	48,408	52,150	54,129	51,342						51,842	SALARY
40-44	2	10	13	50	111	33					219	NUMBER
	32,868	48,871	51,801	54,668	53,413	53,839					53,273	SALARY
45-49		3	12	16	81	80	9	1			202	NUMBER
		48,575	51,823	53,442	51,097	56,855	62,421	74,795			54,191	SALARY
50-54		1	1	7	21	28	38	6			102	NUMBER
		126,395	166,001	53,755	51,780	57,431	60,389	73,409			59,798	SALARY
55-59		1		1	3	6	15	8			34	NUMBER
		94,879		55,500	54,270	51,841	58,084	68,092			60,007	SALARY
60-64							1			1	2	NUMBER
							48,036			75,764	61,900	SALARY
TOTAL	51	129	131	140	253	147	63	15		1	930	NUMBER
	38,639	48,348	53,332	54,001	52,243	56,083	59,935	70,665		75,764	52,825	SALARY

TABLE 3

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2008

SERVICE RETIREMENTS

CLASS A

AGE	NUMBER	AMOUNT
13	1	5,440
42	1	12,446
45	1	9,453
48	2	52,939
49	4	91,483
50	3	82,351
51	6	183,461
52	8	222,450
53	15	356,109
54	5	142,729
55	18	361,254
56	36	915,627
57	30	697,618
58	30	448,135
59	30	696,153
60	32	521,891
61	46	950,363
62	29	534,442
63	42	685,161
64	32	544,234
65	46	745,539
66	30	514,904
67	38	543,990
68	56	783,330
69	35	529,935
70	44	504,741
71	42	605,324
72	41	524,803
73	35	464,872
74	45	687,727
75	58	883,875

TABLE 3 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2008

SERVICE RETIREMENTS

CLASS A

AGE	NUMBER	AMOUNT
76	44	624,008
77	47	771,723
78	52	879,520
79	41	656,178
80	40	590,450
81	31	515,451
82	32	444,393
83	29	385,556
84	34	510,832
85	19	194,832
86	20	239,529
87	22	242,300
88	22	291,006
89	19	295,537
90	12	132,677
91	12	142,346
92	7	75,971
93	9	94,330
94	2	22,679
95	4	39,427
96	2	9,047
100	1	10,630
104	1	3,235
TOTAL	1,343	21,474,436

TABLE 4

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2008

SERVICE RETIREMENTS

CLASS B

AGE	NUMBER	AMOUNT
37	1	26,139
41	4	112,696
42	4	110,107
43	3	59,487
45	8	217,389
46	6	164,467
47	4	101,558
48	4	131,569
49	8	253,200
50	13	417,449
51	14	361,519
52	12	462,563
53	11	342,473
54	20	619,081
55	13	408,298
56	16	500,270
57	19	650,556
58	19	748,337
59	17	610,676
60	26	952,512
61	32	1,192,645
62	18	628,746
63	20	880,406
64	18	696,368
65	16	612,624
66	7	280,328
67	8	269,442
68	11	458,055
69	8	203,640
70	10	360,452
71	16	514,442
72	10	322,738

TABLE 4 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2008

SERVICE RETIREMENTS

CLASS B

AGE	NUMBER	AMOUNT
73	11	419,714
74	9	321,364
75	11	395,413
76	13	416,150
77	8	179,837
78	16	439,778
79	16	576,912
80	10	239,985
81	15	487,702
82	8	232,415
83	16	438,291
84	8	143,191
85	11	375,483
86	8	235,973
87	9	176,944
88	5	105,204
90	1	24,345
92	1	15,717
94	1	15,717
TOTAL	573	18,910,367

TABLE 5

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2008

ELECTIVE OFFICIALS AND DEPENDENTS
OF ELECTIVE OFFICIALS

AGE	NUMBER	AMOUNT
53	1	3,542
59	1	2,258
61	1	2,847
66	2	7,158
67	1	4,915
68	3	11,332
69	1	3,450
70	3	13,688
72	1	3,246
78	2	11,374
81	1	3,179
82	1	5,989
84	3	8,707
88	1	10,113
93	1	4,900
96	1	5,644
TOTAL	24	102,342

TABLE 6

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2008

DISABILITY RETIREMENTS

CLASS A

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
41	1	28,595	2	26,391	3	54,986
43	1	6,432			1	6,432
44			1	23,768	1	23,768
46	1	17,703			1	17,703
47	2	29,246			2	29,246
48	2	24,947	1	28,926	3	53,873
49	1	3,611	1	15,905	2	19,516
51	2	22,418			2	22,418
52	1	6,230			1	6,230
53			3	68,685	3	68,685
54	1	4,828	2	57,087	3	61,915
55			3	61,479	3	61,479
56	1	8,585	1	17,796	2	26,381
57			1	15,971	1	15,971
58			3	50,774	3	50,774
59	2	51,948	1	16,849	3	68,797
60			3	73,317	3	73,317
61	1	4,087	5	101,251	6	105,338
64			3	46,554	3	46,554
65	1	18,971	2	40,540	3	59,511
66			6	99,712	6	99,712
67			3	37,286	3	37,286
68	2	14,733	5	78,571	7	93,304
69			3	55,083	3	55,083
70	1	9,977	1	7,569	2	17,546
71			3	25,377	3	25,377
72			3	45,297	3	45,297
73			5	105,100	5	105,100
74			4	61,729	4	61,729
77			2	41,796	2	41,796
78	1	24,752	2	37,554	3	62,306

TABLE 6 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2008

DISABILITY RETIREMENTS

CLASS A

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
79			1	22,012	1	22,012
81			2	24,704	2	24,704
82			1	5,622	1	5,622
83	1	6,932	1	5,493	2	12,425
85			2	25,560	2	25,560
87			1	5,367	1	5,367
89			1	11,531	1	11,531
104			1	13,892	1	13,892
TOTAL	22	283,995	79	1,354,548	101	1,638,543

TABLE 7

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2008

DISABILITY RETIREMENTS

CLASS B

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
34			1	36,942	1	36,942
38	1	17,164	1	36,054	2	53,218
39			1	39,552	1	39,552
40			3	114,545	3	114,545
41			4	118,634	4	118,634
42	1	17,189	2	63,815	3	81,004
43			2	69,357	2	69,357
44	2	43,292	4	129,604	6	172,896
45			4	141,837	4	141,837
46	1	17,948	7	244,760	8	262,708
47			4	179,909	4	179,909
48	1	19,559	6	225,160	7	244,719
49	1	16,353	4	227,127	5	243,480
50			14	581,806	14	581,806
51	1	18,027	5	216,397	6	234,424
52			10	355,358	10	355,358
53	1	8,788	10	426,684	11	435,472
54			8	345,921	8	345,921
55			11	541,421	11	541,421
56			9	309,112	9	309,112
57			14	705,075	14	705,075
58			14	641,316	14	641,316
59			15	748,365	15	748,365
60	1	34,399	21	1,155,715	22	1,190,114
61	1	33,939	21	1,014,842	22	1,048,781
62	1	20,061	14	638,678	15	658,739
63			19	1,014,153	19	1,014,153
64			15	935,833	15	935,833
65			13	694,787	13	694,787
66			9	439,709	9	439,709
67			12	656,618	12	656,618

TABLE 7 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2008

DISABILITY RETIREMENTS

CLASS B

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
68			17	1,030,001	17	1,030,001
69			16	960,818	16	960,818
70			3	157,234	3	157,234
71			7	296,554	7	296,554
72			10	758,308	10	758,308
73			3	114,224	3	114,224
74			12	782,999	12	782,999
75			7	535,639	7	535,639
76			8	482,611	8	482,611
77			8	493,518	8	493,518
78			2	100,327	2	100,327
79			6	315,832	6	315,832
80	1	15,717	6	375,425	7	391,142
81			7	274,669	7	274,669
82			4	286,233	4	286,233
83			3	150,864	3	150,864
84			2	63,966	2	63,966
85			1	25,790	1	25,790
86			1	14,968	1	14,968
87	1	17,070	1	29,954	2	47,024
93			2	53,830	2	53,830
101			1	17,906	1	17,906
108			1	41,073	1	41,073
TOTAL	14	279,506	405	20,411,829	419	20,691,335

TABLE 8

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2008

DISABILITY RETIREMENTS

GRAND TOTAL

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
34			1	36,942	1	36,942
38	1	17,164	1	36,054	2	53,218
39			1	39,552	1	39,552
40			3	114,545	3	114,545
41	1	28,595	6	145,026	7	173,621
42	1	17,189	2	63,815	3	81,004
43	1	6,432	2	69,357	3	75,789
44	2	43,294	5	153,373	7	196,667
45			4	141,837	4	141,837
46	2	35,651	7	244,760	9	280,411
47	2	29,246	4	179,909	6	209,155
48	3	44,506	7	254,086	10	298,592
49	2	19,964	5	243,032	7	262,996
50			14	581,806	14	581,806
51	3	40,444	5	216,397	8	256,841
52	1	6,230	10	355,358	11	361,588
53	1	8,788	13	495,369	14	504,157
54	1	4,828	10	403,008	11	407,836
55			14	602,900	14	602,900
56	1	8,585	10	326,908	11	335,493
57			15	721,046	15	721,046
58			17	692,090	17	692,090
59	2	51,947	16	765,214	18	817,161
60	1	34,399	24	1,229,033	25	1,263,432
61	2	38,026	26	1,116,091	28	1,154,117
62	1	20,061	14	638,678	15	658,739
63			19	1,014,153	19	1,014,153

TABLE 8 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2008

DISABILITY RETIREMENTS

GRAND TOTAL

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
64			18	982,388	18	982,388
65	1	18,971	15	735,327	16	754,298
66			15	539,419	15	539,419
67			15	693,905	15	693,905
68	2	14,733	22	1,108,572	24	1,123,305
69			19	1,015,900	19	1,015,900
70	1	9,977	4	164,803	5	174,780
71			10	321,931	10	321,931
72			13	803,605	13	803,605
73			8	219,325	8	219,325
74			16	844,728	16	844,728
75			7	535,639	7	535,639
76			8	482,611	8	482,611
77			10	535,313	10	535,313
78	1	24,752	4	137,881	5	162,633
79			7	337,844	7	337,844
80	1	15,717	6	375,425	7	391,142
81			9	299,373	9	299,373
82			5	291,856	5	291,856
83	1	6,932	4	156,357	5	163,289
84			2	63,966	2	63,966
85			3	51,350	3	51,350
86			1	14,968	1	14,968
87	1	17,070	2	35,321	3	52,391
89			1	11,531	1	11,531
93			2	53,830	2	53,830
101			1	17,906	1	17,906

TABLE 8 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2008

DISABILITY RETIREMENTS

GRAND TOTAL

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
104			1	13,892	1	13,892
108			1	41,073	1	41,073
TOTAL	36	563,501	484	21,766,378	520	22,329,879

TABLE 9

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF BENEFICIARIES OF DECEASED ACTIVE AND RETIRED MEMBERS DISTRIBUTED BY AGE AS OF JUNE 30, 2008

AGE	NUMBER	AMOUNT
35	2	24,345
36	1	32,892
39	1	29,452
41	1	22,218
43	2	60,090
44	1	5,460
45	1	7,228
47	1	23,556
48	1	33,675
49	5	159,903
50	2	30,052
51	3	92,105
52	1	25,907
53	2	67,699
54	8	212,272
55	7	142,775
56	5	85,997
57	2	57,773
58	8	176,424
59	5	86,244
60	6	178,224
61	6	83,304
62	6	132,690
63	7	256,260
64	6	185,739
65	9	167,786
66	8	199,106
67	6	238,404
68	8	263,114
69	7	214,342
70	12	293,352
71	7	80,033

TABLE 9 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF BENEFICIARIES OF DECEASED ACTIVE AND RETIRED MEMBERS DISTRIBUTED BY AGE AS OF JUNE 30, 2008

AGE	NUMBER	AMOUNT
72	11	197,398
73	12	182,623
74	14	296,035
75	13	324,179
76	16	429,596
77	11	204,678
78	18	393,406
79	13	268,634
80	20	303,808
81	22	411,224
82	20	306,586
83	11	144,886
84	15	227,265
85	11	170,631
86	11	159,094
87	8	117,523
88	11	145,148
89	13	131,343
90	9	109,004
91	9	104,600
92	4	46,993
93	8	87,343
94	2	19,604
95	4	55,238
97	4	46,270
98	1	11,554
99	1	8,396
TOTAL	439	8,571,480

SCHEDULE F

30 YEAR APPROPIATION FORECAST

Fiscal Year Ending	Normal Cost	Past Service Amortization	Deferral Amortization	Total	Pay-As-You-Go
6/30/2009	$ 8,708,142	$ 46,469,014	$ 492,606	$ 55,669,762	$ 74,030,458
6/30/2010	9,410,520	50,430,144	492,606	60,333,270	77,329,642
6/30/2011	9,833,993	52,951,651	492,606	63,278,250	80,844,845
6/30/2012	10,276,523	55,599,234	492,606	66,368,363	84,430,189
6/30/2013	10,738,967	58,379,196	492,606	69,610,769	88,309,295
6/30/2014	11,249,068	61,298,156	492,606	73,039,830	92,340,530
6/30/2015	11,783,399	64,363,064	492,606	76,639,069	96,484,432
6/30/2016	12,343,110	67,581,217	492,606	80,416,933	100,635,960
6/30/2017	12,929,408	70,960,278	492,606	84,382,292	104,849,896
6/30/2018	13,543,555	74,508,292	492,606	88,544,453	109,169,224
6/30/2019	14,220,733	78,233,707	492,606	92,947,046	113,475,573
6/30/2020	14,931,770	82,145,392	492,606	97,569,768	117,726,212
6/30/2021	15,678,359	86,252,662	492,606	102,423,627	122,046,063
6/30/2022	16,462,277	90,565,295	492,606	107,520,178	126,411,380
6/30/2023	17,285,391	95,093,560	492,606	112,871,557	130,725,647
6/30/2024	18,149,661	99,848,238	492,606	118,490,505	134,852,765
6/30/2025	19,057,144	104,840,650	492,606	124,390,400	138,795,201
6/30/2026	20,010,001	110,082,683	492,606	130,585,290	142,507,178
6/30/2027	21,010,501	115,586,817	492,606	137,089,924	145,960,531
6/30/2028	22,061,026	121,366,158	492,606	143,919,790	149,225,589
6/30/2029	23,164,077	127,434,466	492,606	151,091,149	152,194,202
6/30/2030	24,322,281	133,806,189	492,606	158,621,076	154,768,316
6/30/2031	25,538,395	140,496,498	492,606	166,527,499	156,982,873
6/30/2032	26,815,315	-	-	26,815,315	158,748,484
6/30/2033	28,156,081	-	-	28,156,081	160,062,748
6/30/2034	29,563,885	-	-	29,563,885	160,772,939
6/30/2035	31,042,079	-	-	31,042,079	161,020,334
6/30/2036	32,594,183	-	-	32,594,183	160,673,647
6/30/2037	34,223,892	-	-	34,223,892	159,769,440
6/30/2038	35,935,087	-	-	35,935,087	158,303,306

SCHEDULE G

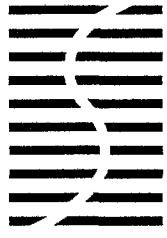
CHANGES IN UNFUNDED LIABILITY

7/1/07 Unfunded Liability	652,962,042
Expected Unfunded as of 7/1/08	674,010,118
Actual Unfunded as of 7/1/08	
(without COLA and assumption changes)	715,719,030
Gain/(Loss)	(41,708,912)
Asset Gain/(Loss)	4,011,336
Liability Gain/(Loss)	(45,720,248)
Salary Increases	4,499,675
New Active Participants	(3,139,978)
Active - Retirements	(17,639,272)
Active - Terminations	5,263,158
Active - Mortality	408,074
Active - Disabilities	1,794,269
Inactive Mortality and Data Adjustment	(21,324,620)
Other	(8,243,683)
Retroactive Fire Retiree COLA Arbitration Loss	(7,337,871)
Assumption Changes *	(7,856,045)

* Change in COLA for Fire Retirees

City of Atlanta Police Officers' Pension Fund

Actuarial Valuation Report
as of
January 1, 2009



SOUTHERN
ACTUARIAL
SERVICES

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Plan Provisions		
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SOUTHERN ACTUARIAL SERVICES

Post Office Box 888343
Atlanta, Georgia 30356-0343
Telephone 770.392.0980
Facsimile 770.392.2193
www.southernactuarial.com

September 7, 2009

Board of Trustees
City of Atlanta Police Officers' Pension Fund
c/o Administrative Services, Inc.
2187 Northlake Parkway, Suite 106
Tucker, GA 30084

Ladies and Gentlemen:

This report presents the results of the actuarial valuation of the City of Atlanta Police Officers' Pension Fund as of January 1, 2009. The purpose of this report is to provide a summary of the funded status of the plan as of January 1, 2009, to determine the minimum required contribution for the 2009/10 fiscal year, and to determine the annual required contribution and accounting disclosures pursuant to Governmental Accounting Standard Nos. 25 and 27 (GASB 25/27).

Recommended Contribution

Currently, the plan receives contributions from the City of Atlanta and from employees. After June, 2009, employees contribute either 7% or 8% of base salary, depending on whether the employee has any beneficiaries who would be eligible for death benefits under the plan. The City contributes the amount that is actuarially determined as a level percentage of payroll, where the unfunded accrued liability is scheduled to be eliminated as of July 1, 2039 and payroll is assumed to increase at the rate of 4.00% per year. The contribution is based on the actuarial valuation results as of January 1 immediately preceding the fiscal year.

For the 2009/10 fiscal year, the minimum required contribution is 47.33% of payroll after taking into account expected employee contributions of 7.49% of payroll. This amount represents a decrease of 3.30% of payroll from the required contribution developed in the prior valuation.

The minimum required contribution decreases or increases due to experience gains and losses, respectively. The primary source of experience gains and losses is the investment return. During 2008, the market value of assets lost 17.48% as compared with an assumed return of 7.75%. However, rather than reflect the entire amount of the unrealized gains and losses immediately, the actuarial value of assets is based on a five-year phase-in of the unrealized appreciation. On this basis, the actuarial value of assets only lost 5.92% for the year, which was still below the assumed 7.75% return.

Assumption Change

We have updated the mortality tables used to determine the plan's liability. The mortality basis has been changed from the 1983 Group Annuity Mortality Table to the RP-2000 Mortality Table. Because the updated mortality tables assume longer life expectancy, the liabilities and cost of the plan have increased accordingly. We will continue to monitor the assumptions used to determine the City's contribution and will make changes as necessary to reflect future expectations.

Plan Amendments

Two plan amendments were adopted since the completion of the previous valuation. First, the amortization period for the unfunded accrued liability has been extended to a rolling 30-year period beginning July 1, 2009. Second, the employee contribution rate has been increased by 1% of compensation effective July 9, 2009. We are not aware of any other plan changes during the past year.

Deferred Vested Participants

Information concerning deferred vested participants, if any exist, has not been readily available prior to 2009. It is generally understood that the overwhelming majority of terminated employees choose to withdraw their accumulated contributions from the plan in lieu of receiving a future pension benefit. However, due to the possibility that a few individuals may have left their accumulated contributions in the plan in order to receive a future pension benefit, the plan administrator and the City have jointly conducted research to determine whether any such individuals exist. No potential deferred vested individuals were discovered. Therefore, no deferred vested participants have been included in this valuation since none are known to exist as of January 1, 2009. It is our understanding that two such individuals have terminated their employment during 2009, but have not withdrawn their accumulated contributions to date. These individuals have been included in this valuation as active participants, but will be included in the January 1, 2010 valuation as deferred vested participants if they do not withdraw their accumulated contributions before that date.

Contents of the Report

A summary of the results of the valuation is presented in Table I, while Table II provides a historical record of the City's contribution percentage. A detailed breakdown of the liabilities of the plan by type of benefit is presented in Table III. Information for the auditors can be found in Tables IV and V. Tables VI through VIII provide information about the fund's assets. In

particular, Table VI provides a breakdown of the fund assets by investment type, and Tables VII and VIII provide a historical record of the growth, expenditures, and annual yields of the fund. Tables IX through XII provide a variety of useful information concerning the participant population. Finally, Table XIII provides a summary of the assumptions and methods used to complete the valuation and Table XIV provides a summary of the plan provisions.

Certification

To the best of our knowledge, this report fairly and accurately represents the liabilities of the plan as of January 1, 2009 based on the participant data and asset information provided by the City of Atlanta and the plan provisions and actuarial assumptions set forth herein. We believe that these assumptions are reasonable in the aggregate and represent our best estimate of anticipated experience. All calculations set forth herein conform to generally accepted actuarial principles and practices and comply with our current understanding of the requirements of the Georgia Code and the Governmental Accounting Standards Board.

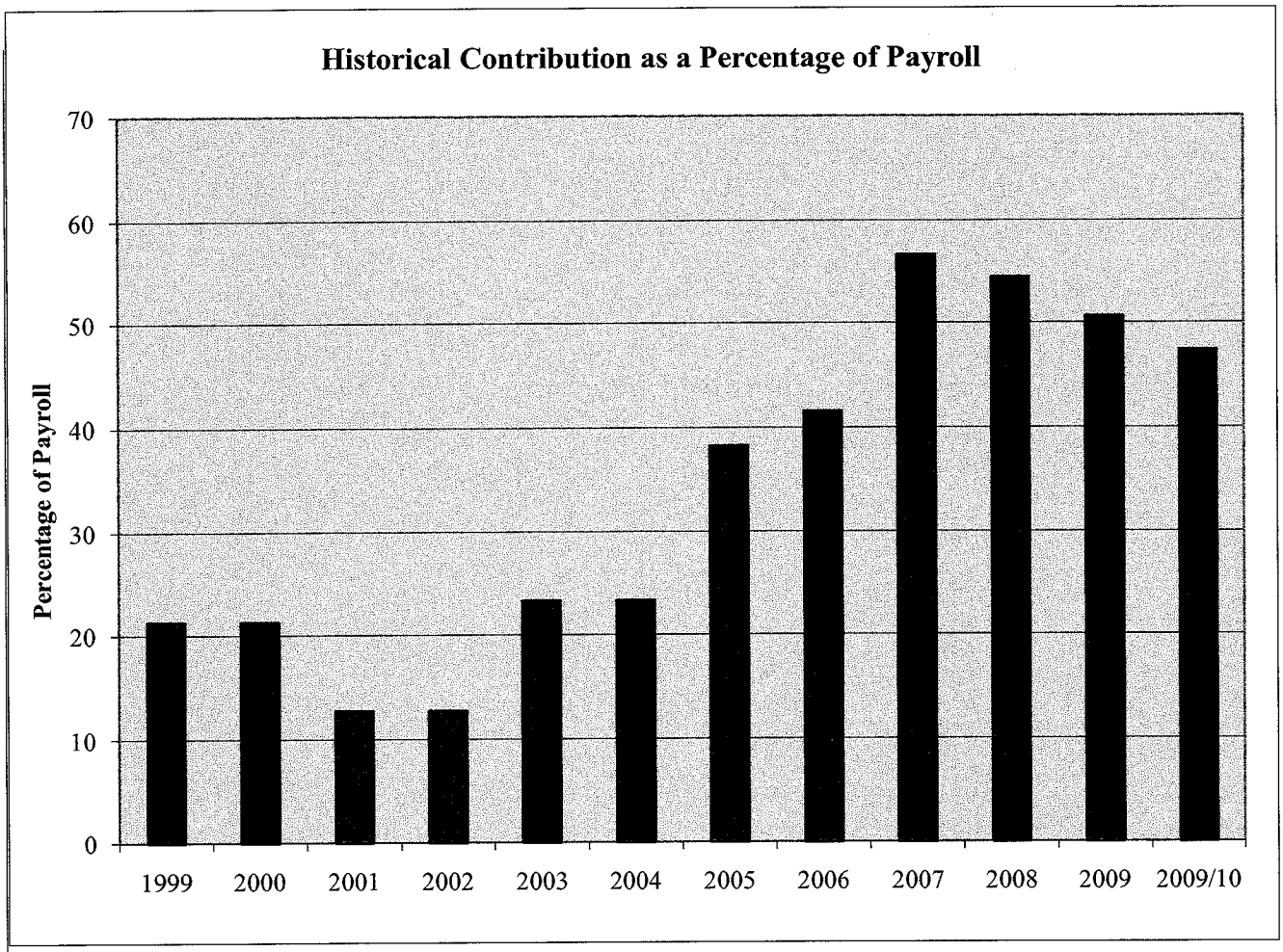
Respectfully submitted,

Charles T. Carr
Consulting Actuary
Enrolled Actuary No. 08-04927

	As of January 1, 2008	As of January 1, 2009
1. Number of Participants		
a. Active Participants		
i. Fully Vested	819	787
ii. Partially Vested	270	292
iii. Non-Vested	722	560
iv. Sub-total	**1,811**	**1,639**
b. Deferred Vested Participants	**0**	**0**
c. Retired Participants		
i. Service Retirement	912	981
ii. Disability Retirement	108	109
iii. Beneficiaries	252	265
iv. Sub-total	**1,272**	**1,355**
d. Total Participants	**3,083**	**2,994**
2. Expected Annual Compensation *	**$84,016**	**$82,030**
3. Development of Required Contribution *		
a. Actuarial Accrued Liability	$909,410	$986,376
b. Actuarial Value of Assets	($596,457)	($571,768)
c. Unfunded Actuarial Accrued Liability (UAAL)	$312,953	$414,608
d. Amortization Payment Towards UAAL	$25,901	$22,215
e. Normal Cost	$24,079	$23,643
f. Initial Annual Cost	$49,980	$45,858

	For the 2009 Plan Year	For the 2009/10 Fiscal Year
4. Minimum Required Contribution		
a. Level Percent Amortization of UAAL	29.64 %	26.56 %
b. Normal Cost Percentage	27.56 %	28.26 %
c. Total Contribution Percentage	57.20 %	54.82 %
d. Effective Employee Contribution	(6.57)%	(7.49)%
e. Minimum Required Employer Contribution	**50.63 %**	**47.33 %**

** dollar amounts are shown in 000's*



Plan Year	Employer Contribution Percentage	Plan Year	Employer Contribution Percentage	Plan Year	Employer Contribution Percentage
1999	21.31%	2003	23.33%	2007	56.68%
2000	21.31%	2004	23.33%	2008	54.51%
2001	12.77%	2005	38.27%	2009	50.63%
2002	12.77%	2006	41.55%	2009/10 *	47.33%

** fiscal year*

	Retirement Benefits	Disability Benefits	Withdrawal Benefits	Pre-Ret. Death Benefits	Return of Employee Contributions		Total
1. Present Value of Future Benefits							
a. Active participants	$548,828	$18,027	$2,500	$5,694	$803		$575,852
b. Def. vested participants	$0	$0	$0	$0	$0		$0
c. Retired participants:							
Retirees	$494,915	$48,081	$0	$0	$0		$542,996
Beneficiaries	$44,809	$0	$0	$0	$0		$44,809
d. Total	**$1,088,552**	**$66,108**	**$2,500**	**$5,694**	**$803**		**$1,163,657**
2. Entry Age Accrued Liability							
a. Active participants	$380,437	$12,138	$1,467	$4,014	$515		$398,571
b. Def. vested participants	$0	$0	$0	$0	$0		$0
c. Retired participants:							
Retirees	$494,915	$48,081	$0	$0	$0		$542,996
Beneficiaries	$44,809	$0	$0	$0	$0		$44,809
d. Total	**$920,161**	**$60,219**	**$1,467**	**$4,014**	**$515**		**$986,376**
3. Entry Age Normal Cost	**$21,291**	**$1,145**	**$316**	**$265**	**$167**		**$23,184**
4. Present Value of Vested Benefits							
a. Active participants	$254,420	$12,455	$737	$3,364	$1,036		$272,012
b. Def. vested participants	$0	$0	$0	$0	$0		$0
c. Retired participants:							
Retirees	$494,915	$48,081	$0	$0	$0		$542,996
Beneficiaries	$44,809	$0	$0	$0	$0		$44,809
d. Total	**$794,144**	**$60,536**	**$737**	**$3,364**	**$1,036**		**$859,817**
5. Present Value of Accrued Benefits							
a. Active participants	$280,602	$12,455	$1,288	$3,403	$486		$298,234
b. Def. vested participants	$0	$0	$0	$0	$0		$0
c. Retired participants:							
Retirees	$494,915	$48,081	$0	$0	$0		$542,996
Beneficiaries	$44,809	$0	$0	$0	$0		$44,809
d. Total	**$820,326**	**$60,536**	**$1,288**	**$3,403**	**$486**		**$886,039**

**** all amounts are shown in 000's***

	For the 2008/09 Fiscal Year	For the 2009/10 Fiscal Year
A. Number of Plan Participants as of Preceding January 1		
a. Retirees and beneficiaries receiving benefits	1,272	1,355
b. Terminated plan participants entitled to but not yet receiving benefits	0	0
c. Active plan participants	1,811	1,639
d. Total	3,083	2,994
B. Development of Annual Required Contribution (ARC) *		
a. Employer normal cost:		
i. Total normal cost (EOY)	$24,511	$25,473
ii. Expected employee contribution	($5,843)	($6,751)
iii. Employer normal cost	**$18,668**	**$18,722**
b. Amortization of UAAL:		
i. PV of future benefits	$1,088,116	$1,163,657
ii. PV of future employer normal costs	($130,419)	($124,404)
iii. PV of future employee contributions	($48,287)	($52,877)
iv. Actuarial accrued liability (AAL)	$909,410	$986,376
v. Actuarial value of assets	($596,457)	($571,768)
vi. Unfunded AAL (UAAL)	$312,953	$414,608
vii. Amortization of UAAL	**$26,142**	**$22,991**
c. Amortization of NPO	**$0**	**$0**
d. **ARC** (Item B.a.iii. plus item B.b.vii. plus item B.c.)	**$44,810**	**$41,713**
C. Annual Pension Cost and Net Pension Obligation (NPO) *		
a. ARC	$44,810	$41,713
b. Interest on NPO	$0	$0
c. Adjustment to ARC	$0	$0
d. **Annual Pension Cost**	**$44,810**	**$41,713**
e. Contributions made (w/ interest to EOY)	($44,810)	($41,713)
f. Increase(decrease) in NPO	$0	$0
g. NPO (beginning of year)	$0	$0
h. **NPO (end of year)**	**$0**	**$0**

** dollar amounts are shown in 000's*

The City's fiscal year runs from July 1 through June 30.

D. Schedule of Employer Contributions **

Year Ended December 31	Annual Required Contribution	Percentage Contributed	Annual Pension Cost	Percentage Contributed
2005	$25,271	100%	$25,271	100%
2006 ***	$15,687	100%	$15,687	100%
2007 ***	$45,229	100%	$45,229	100%
2008 ***	$44,058	100%	$44,058	100%
2009 ***	$44,810	100%	$44,810	100%
2010 ***	$41,713	100%	$41,713	100%

**** As of July 1, 2006, the City's fiscal year runs from July 1 to June 30.*

E. Schedule of Funding Progress **

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) – (1)	(4) Funded Ratio (1) ÷ (2)	(5) Covered Payroll	(6) UAAL as % of Covered Payroll (3) ÷ (5)
1/1/2004	$440,212	$617,501	$177,289	71.3%	$63,274	280.2%
1/1/2005	$444,460	$658,861	$214,401	67.5%	$70,973	302.1%
1/1/2006	$464,368	$817,255	$352,887	56.8%	$73,515	480.0%
1/1/2007	$512,259	$850,886	$338,627	60.2%	$77,168	438.8%
1/1/2008	$596,457	$909,410	$312,953	65.6%	$84,016	372.5%
1/1/2009	$571,768	$986,376	$414,608	58.0%	$82,030	505.4%

F. Additional Information

	January 1, 2008	January 1, 2009
Valuation date		
Actuarial cost method	Individual entry age	Individual entry age
Amortization method	Level percent closed	Level percent open
Remaining amortization period	45 years from 1/1/1979	30 years
Asset valuation method	Five-year smoothed market	Five-year smoothed market
Actuarial assumptions:		
Investment rate of return *	7.75%	7.75%
Projected salary increases *	4.00%	4.00%
* Includes inflation at:	3.00%	3.00%
Cost-of-living adjustments	3.00%	3.00%

*** dollar amounts are shown in 000's.*

1. Actuarial Present Value of Accrued Benefits

		As of January 1, 2008	As of January 1, 2009
a.	Vested Benefits:		
	i. Participants currently receiving benefits	$524,713	$587,805
	ii. Other participants	$265,747	$272,012
	iii. Sub-total	$790,460	$859,817
b.	Non-Vested Benefits	$22,183	$26,222
c.	Total Benefits	**$812,643**	**$886,039**
d.	Market Value of Assets	$613,615	$516,309
e.	Funded Ratio	75.51%	58.27%

2. Statement of Change in Actuarial Present Value of Accrued Benefits

a.	Actuarial Present Value as of January 1, 2008	**$812,643**
b.	Increase (Decrease) During 2008 Plan Year Due to:	
	i. Interest	$62,980
	ii. Benefits accumulated	$28,985
	iii. Benefits paid	($38,531)
	iv. Plan amendments	$0
	v. Changes in actuarial assumptions or methods	$19,962
	vi. Net increase (decrease)	$73,396
c.	Actuarial Present Value as of January 1, 2009	**$886,039**

3. Items Affecting Calculation of Actuarial Present Value of Accrued Benefits

a. Plan provisions reflected in the accrued benefits (see Table XIV on page 20)
b. Actuarial assumptions and methods used to determine present values (see Table XIII on page 17)

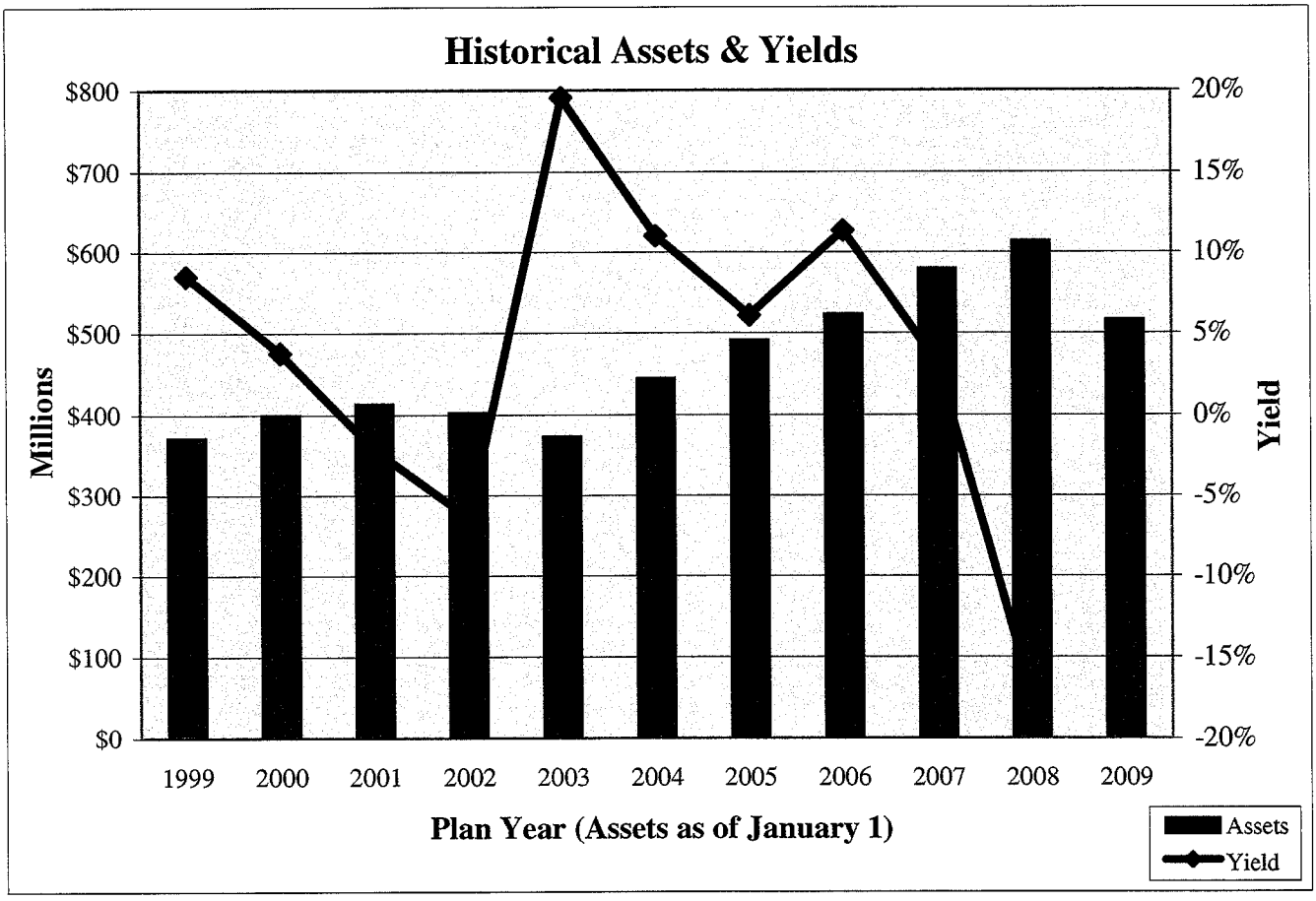
	As of January 1, 2008	As of January 1, 2009
1. Market Value of Assets (in 000's)		
a. Cash and cash equivalents (9%)		$45,264
b. Government bonds & notes (18%)		$95,380
c. Corporate bonds (8%)	$607,562	$39,901
d. Equities (43%)		$220,872
e. Repurchase agreements (0%)	$0	$0
f. Real estate (0%)	$0	$0
g. Mortgages (0%)	$0	$0
h. Accrued income receivable (1%)	$0	$2,718
i. Contributions receivable (1%)	$6,053	$3,368
j. Other receivables (23%)	$0	$116,768
k. Benefits and accounts payable (-1%)	$0	($7,181)
l. Other payables (0%)	$0	($781)
m. Market value of assets	**$613,615**	**$516,309**

2. Actuarial Value of Assets (in 000's)							
a. Market value of assets			$613,615				$516,309
b. Five-year phase-in of unrealized investment appreciation:							
i. 2004	($40,261)	*x 20%* =	($8,052)				
ii. 2005	($22,416)	*x 40%* =	($8,966)		*x 20%*	=	($4,483)
iii. 2006	($31,854)	*x 60%* =	($19,112)		*x 40%*	=	($12,742)
iv. 2007	$23,715	*x 80%* =	$18,972		*x 60%*	=	$14,229
v. 2008	$73,069				*x 80%*	=	$58,455
vi. Total unrecognized losses(gains)			($17,158)				$55,459
c. Actuarial Value of Assets (Item a. plus item b., but within an 80-120% corridor of item a.)			**$596,457**				**$571,768**

Note:

The percentages in parentheses indicate the proportion of assets committed to each type of investment as of January 1, 2009.

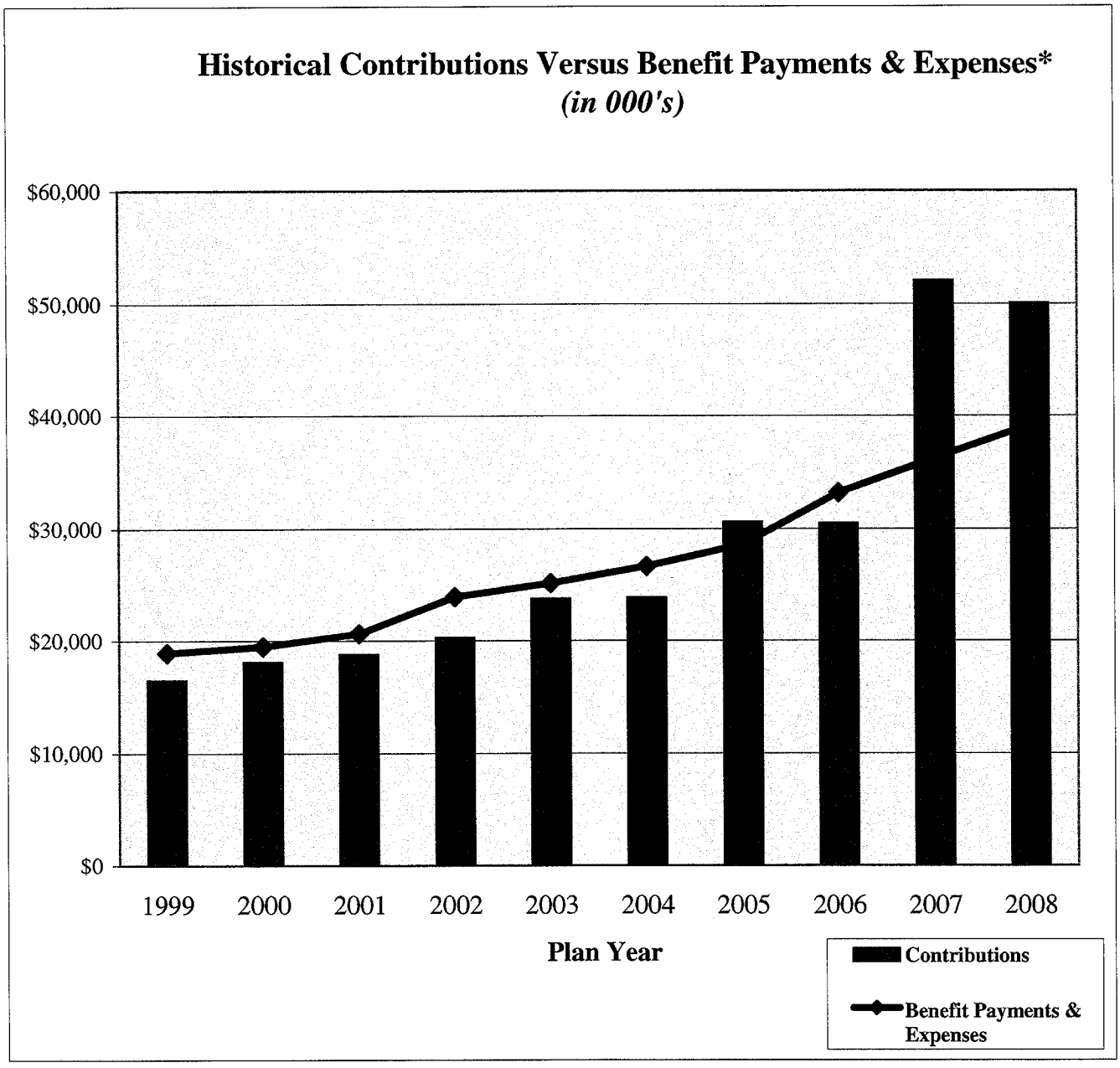
Audited asset information was not available for the 2006 and 2007 plan years.



Plan Year	Market Value as of January 1	Actuarial Value as of January 1	Benefit Payments	Expenses	Contributions	Market Value Yield	Actuarial Value Yield
1999	$370,953		$18,555	$359	$16,471	8.49%	
2000	$399,889	$384,083	$18,986	$496	$18,108	3.78%	8.51%
2001	$413,593		$20,020	$611	$18,750	-2.15%	8.51%
2002	$402,836	$448,676	$22,163	$1,769	$20,279	-6.42%	-1.73%
2003	$373,446	$437,282	$24,838	$324	$23,755	19.56%	0.99%
2004	$444,943	$440,212	$26,453	$223	$23,875	11.01%	1.61%
2005	$490,982	$444,460	$28,247	$360	$30,576	6.08%	4.03%
2006	$522,868	$464,368	$32,874	$314	$30,494	11.34%	10.92%
2007	$579,340	$512,259	$35,663	$514	$52,056	3.13%	13.13%
2008	$613,615	$596,457	$38,531	$608	$50,066	-17.48%	-5.92%
2009	$516,309	$571,768					

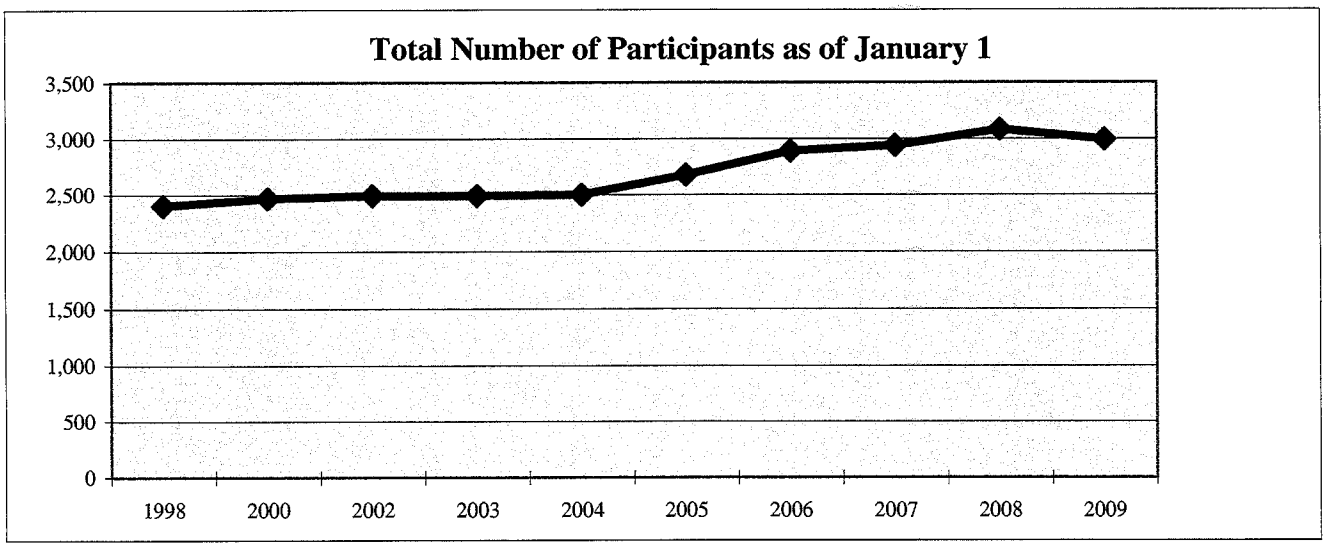
** all dollar amounts are shown in 000's*

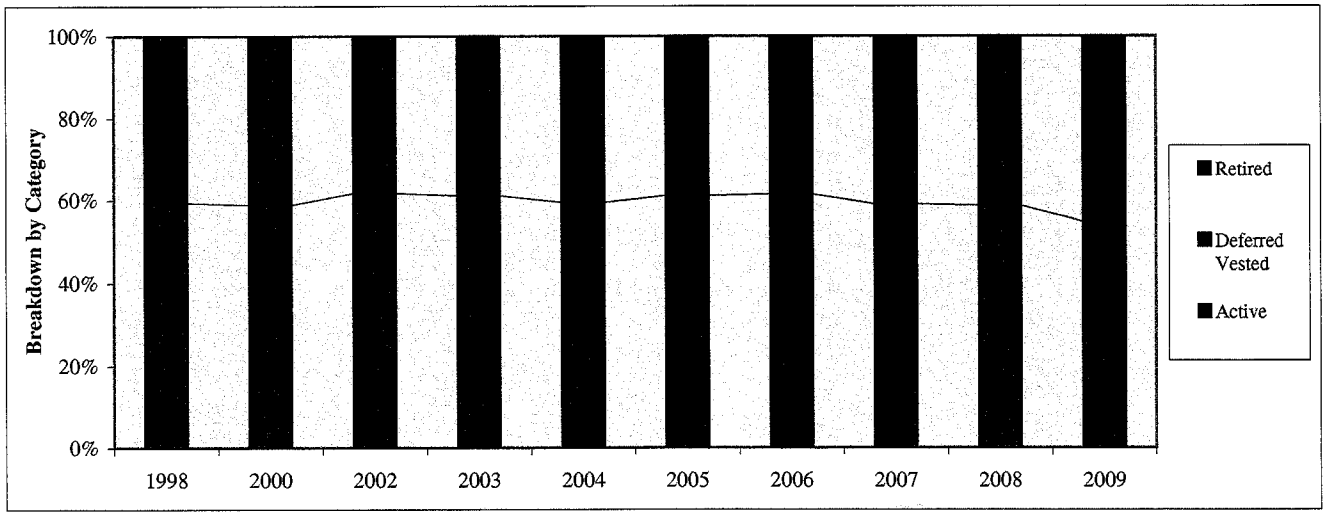
Audited asset information was not available for the 2006 and 2007 plan years.



* *Please reference Table VII on page 11 for the historical benefit payments, expenses, and contributions.*

Audited asset information was not available for the 2006 and 2007 plan years.





	As of January 1, 2008	As of January 1, 2009
1. Active Participants		
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d. Sub-total	**1,811**	**1,639**
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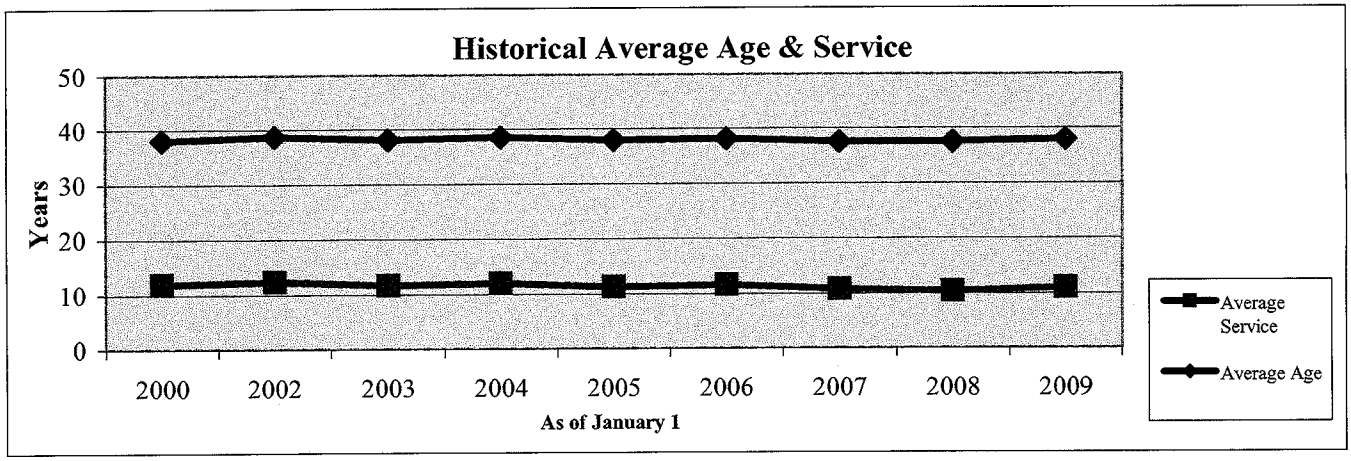
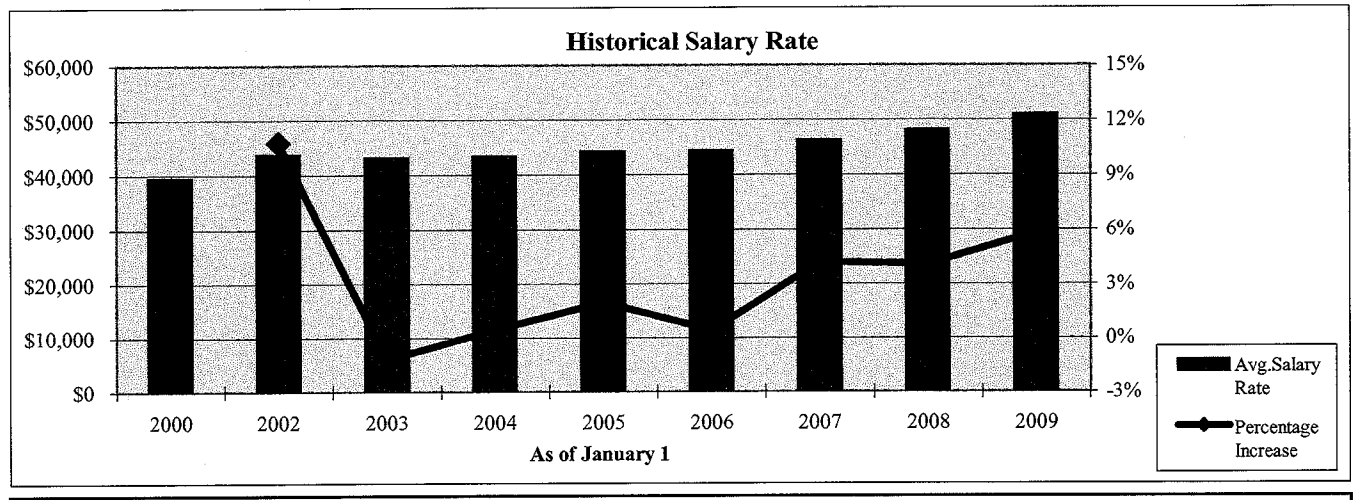
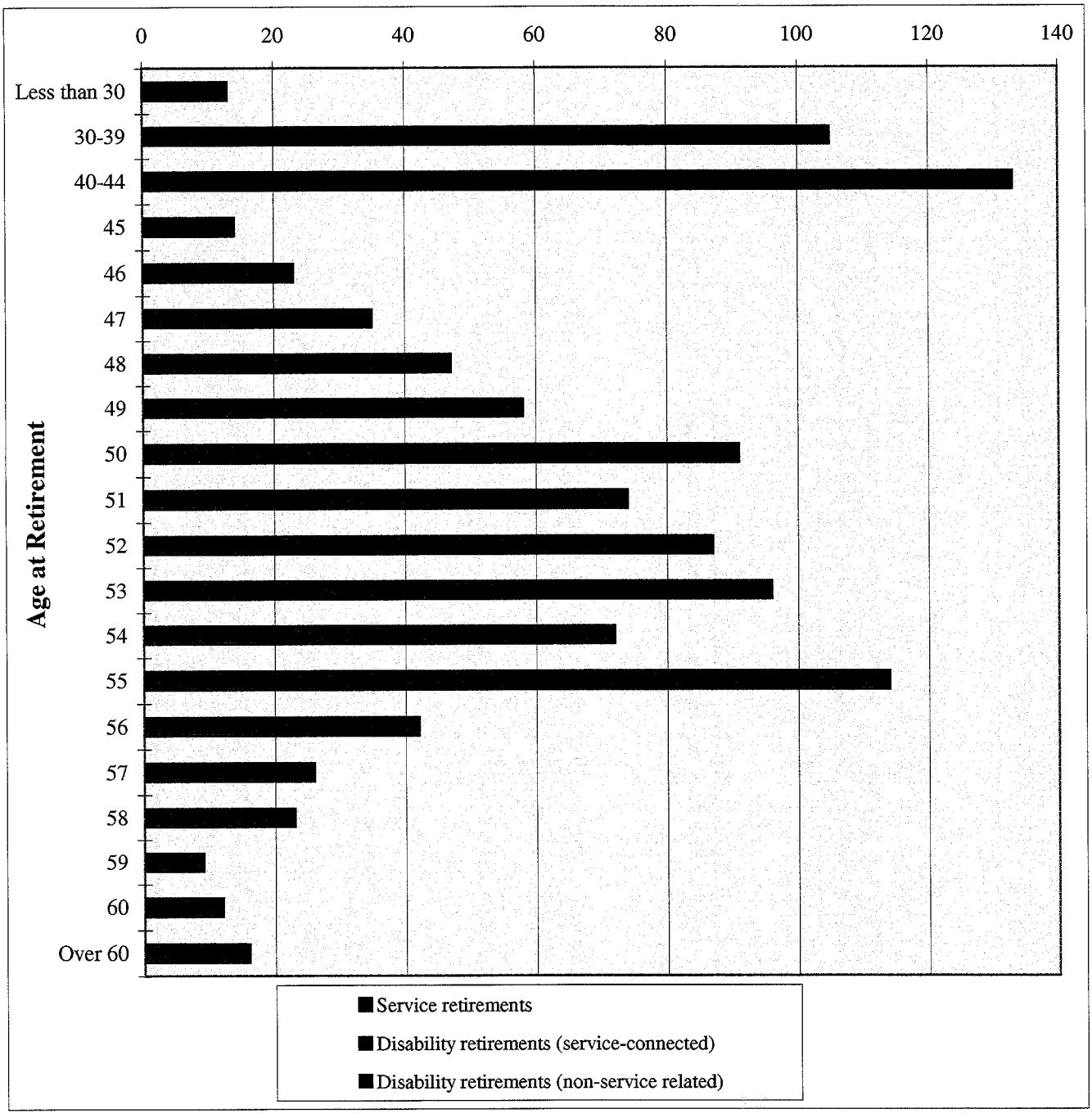


Date	Average Service Earned	Average Attained Age	Date	Average Service Earned	Average Attained Age
1/1/2000	11.9	38.0	1/1/2006	11.6	38.1
1/1/2002	12.4	38.7	1/1/2007	10.8	37.5
1/1/2003	11.7	38.1	1/1/2008	10.4	37.5
1/1/2004	12.0	38.5	1/1/2009	11.0	37.9
1/1/2005	11.3	37.9			



Date	Average Salary Rate	Increase from Prior Year	Date	Average Salary Rate	Increase from Prior Year
1/1/2000	$39,478		1/1/2006	$44,442	0.42%
1/1/2002	$43,729	10.77%	1/1/2007	$46,305	4.19%
1/1/2003	$43,203	-1.20%	1/1/2008	$48,199	4.09%
1/1/2004	$43,394	0.44%	1/1/2009	$51,008	5.83%
1/1/2005	$44,256	1.99%			



Note: Results are based on retiree data as of January 1, 2009.

Average benefit being paid to members on service retirement is $2,887.15 per month.
Average benefit being paid to members on disability retirement is $2,418.69 per month.
Average benefit being paid to beneficiaries is $1,285.14 per month.

Attained Age	Completed Years of Service										
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25	**28**	**44**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**72**
Avg.Pay	30,054	37,030	0	0	0	0	0	0	0	0	34,317
25 to 29	**40**	**195**	**71**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**307**
Avg.Pay	30,536	40,214	41,331	42,129	0	0	0	0	0	0	39,218
30 to 34	**13**	**114**	**117**	**30**	**0**	**0**	**0**	**0**	**0**	**0**	**274**
Avg.Pay	33,347	41,716	44,437	49,417	0	0	0	0	0	0	43,324
35 to 39	**11**	**66**	**62**	**114**	**50**	**1**	**0**	**0**	**0**	**0**	**304**
Avg.Pay	31,231	43,025	43,928	55,084	57,584	53,600	0	0	0	0	49,734
40 to 44	**2**	**29**	**31**	**48**	**132**	**65**	**0**	**0**	**0**	**0**	**307**
Avg.Pay	40,745	39,744	43,116	54,843	61,125	69,340	0	0	0	0	57,911
45 to 49	**5**	**12**	**8**	**14**	**54**	**99**	**40**	**0**	**0**	**0**	**232**
Avg.Pay	30,352	40,659	48,422	48,072	61,657	66,171	72,228	0	0	0	62,369
50 to 54	**0**	**1**	**1**	**10**	**18**	**25**	**63**	**2**	**0**	**0**	**120**
Avg.Pay	0	31,199	45,130	55,384	63,741	67,948	71,450	70,691	0	0	67,658
55 to 59	**0**	**0**	**1**	**2**	**3**	**4**	**7**	**2**	**1**	**0**	**20**
Avg.Pay	0	0	140,499	55,885	59,202	68,310	62,059	60,938	107,983	0	68,369
60 to 64	**0**	**0**	**1**	**0**	**0**	**0**	**0**	**0**	**1**	**0**	**2**
Avg.Pay	0	0	200,983	0	0	0	0	0	78,219	0	139,601
65 to 69	**0**	**0**	**0**	**0**	**0**	**1**	**0**	**0**	**0**	**0**	**1**
Avg.Pay	0	0	0	0	0	88,371	0	0	0	0	88,371
70 & up	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
Total	**99**	**461**	**292**	**219**	**257**	**195**	**110**	**4**	**2**	**0**	**1,639**
Avg.Pay	31,043	40,646	44,410	53,768	60,709	67,548	71,135	65,815	93,101	0	51,008

1. Actuarial Cost Method

Individual entry age normal cost method

2. Decrements

- **Mortality**
  Sex-distinct mortality rates set forth in the RP-2000 Mortality Table for annuitants and non-annuitants

- **Disability**
  50% of the sex-distinct disability rates derived from the 1974 study of disability experience under the Social Security system; 75% of disabilities are assumed to be service-connected. A sample of disability rates is set forth in the following tables:

Male Rates

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	0.0600%	30	0.095%	40	0.198%	50	0.522%
25	0.0745%	35	0.132%	45	0.308%	55	0.909%

Female Rates

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	0.0300%	30	0.077%	40	0.191%	50	0.457%
25	0.0445%	35	0.131%	45	0.290%	55	0.766%

- **Permanent Withdrawal from Active Status**
  Withdrawal rates were derived from a study of actual plan experience covering the period 1982 through 1986. A sample of withdrawal rates is set forth in the following table:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	15.0%	30	7.8%	40	2.30%	50	0.956%
25	11.4%	35	4.9%	45	1.35%	55	0.000%

- **Retirement**

  Retirement is assumed to occur in accordance with the rates set forth in the following table, except that 100% retirement is assumed to occur upon the attainment of 30 years of service:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
45	2%	49	2%	53	10%	57	20%
46	2%	50	2%	54	15%	58	20%
47	2%	51	5%	55	50%	59	20%
48	2%	52	5%	56	50%	60	100%

3. Interest Rate

- **Used for Calculating All Liabilities (including GASB 25/27 liabilities)**

  7.75% per annum

4. Cost-of-Living Adjustment for Retirement Benefits

For purposes of determining the annual cost-of-living adjustment for retirees, the Consumer Price Index is assumed to increase at the rate of 3.00% per year.

5. Salary Increases

Individual salaries have been assumed to increase at the rate of 4.00% compounded annually.

6. Unused Vacation

All participants are assumed to have accumulated 30 days of unused vacation upon termination employment, retirement, or death.

7. Payroll Increase and Amortization Period

Total payroll has been assumed to grow at the rate of 4.00% per year for purposes of amortizing the unfunded actuarial accrued liability as a level percentage of payroll; the amortization period is established by City ordinance as a rolling 30-year period beginning July 1, 2009.

8. Surviving Beneficiaries

Those active participants who are making the additional 1% employee contribution to provide a survivor benefit to their eligible beneficiaries are assumed to have only one surviving beneficiary of the opposite sex of the employee. Males are assumed to be three years older than females for this purpose.

9. Expenses

All costs and liabilities have been loaded by 1.00% to cover anticipated administrative expenses. In addition, the interest rate set forth in item 3. above is assumed to be net of investment expenses and commissions.

10. Assets

The actuarial value of assets is equal to the market value of assets adjusted to reflect a five-year phase-in of the net investment appreciation (or depreciation).

1. **Monthly Accrued Benefit**

   3% of Average Monthly Earnings multiplied by up to 26.667 years of Creditable Service

2. **Normal Retirement Age and Benefit**

   - **Age**
     Any age with at least 30 years of Creditable Service *(only for participants covered by the '05 Amendment)*; or
     Age 55 with at least 10 years of Creditable Service; or
     Age 65 with at least 5 years of Creditable Service
   - **Amount**
     Monthly Accrued Benefit
   - **Form of Payment**
     Life annuity *(for those participants without an eligible beneficiary)*; or
     75% joint and contingent annuity *(for those participants with an eligible beneficiary; benefits continue in equal shares to the participant's dependent children upon the death of the participant's spouse or domestic partner or, for participants not covered by the '86 Amendment, upon the remarriage of the participant's spouse or domestic partner)*

     Note: All annuity forms of payment include an automatic cost-of-living adjustment effective each January 1 based on the increase in the Consumer Price Index as of the preceding November 1 and limited to 3%. All annuity forms of payment also provide a minimum payout equal to the employee's accumulated contributions, with interest credited after 1985 at the rate of 5% per year (or less than 5% with respect to any year during which the trust fund earns less than 5% on its investments).

3. **Early Retirement Age and Benefit**

   - **Age**
     Any age with at least 10 years of Creditable Service
   - **Amount**
     Monthly Accrued Benefit *(payable at age 55)*; or
     Monthly Accrued Benefit reduced by ½% for each of the first 60 months and by ¼% for each additional month by which the participant's Early Retirement Age precedes age 55 *(payable at Early Retirement Age)*; or
     Monthly Accrued Benefit reduced by ¼% for each month by which the participant's Early Retirement Age precedes age 55 *(payable at Early Retirement Age and only applicable if the participant was hired prior to April 1, 1978 and has earned at least 25 years of Creditable Service)*
   - **Form of Payment**
     Same as for Normal Retirement

4. Delayed Retirement Age and Benefit

- **Age**
  After Normal Retirement Age
- **Amount**
  Monthly Accrued Benefit
- **Form of Payment**
  Same as for Normal Retirement

5. Disability Retirement Eligibility and Benefit

- **Eligibility**
  All active participants are eligible if the disability is service-connected;
  At least five years of Creditable Service is required otherwise.
- **Condition**
  The participant must become "totally and permanently disabled" and must remain so disabled until age 55. "Totally and permanently disabled" means the participant is in a continuous state of incapacity due to illness or injury, is prevented from performing his regular assigned or comparable duties during the first 12 months of his disability, and is thereafter prevented from engaging in any occupation for which he is or becomes reasonably qualified by education, training, or experience. With respect to participants who are not covered by the '86 Amendment, the participant must only be prevented from performing his regular assigned or comparable duties during the entire period of his disability.
- **Amount**
  For participants who incur a catastrophic injury in the line of duty:
    100% of the top salary for the grade and position occupied by the participant at the time of disability
  For all other participants who are covered by the '86 Amendment:
    Greater of 50% of Average Monthly Earnings at the time of disability or Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 75% of the participant's salary at the time of disability *(payable until the earlier of recovery from disability or age 55)*; and
    Monthly Accrued Benefit based on Average Monthly Earnings at the time of disability and Creditable Service including the period during which the participant was disabled, but excluding any cost-of-living adjustments that were previously applied to the participant's disability payments *(payable at age 55)*

Disability Retirement Eligibility and Benefit *(continued)*

For all other participants with a service-connected disability:

Greater of 70% of the top salary for the grade and position occupied by the participant at the time of disability or Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 100% of the participant's salary at the time of disability

For all other participants:

Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 100% of the participant's salary at the time of disability

- **Form of Payment**
  Same as for Normal Retirement

6. Deferred Vested Benefit

- **Age**
  Any age with at least five years of Creditable Service
- **Amount**
  Monthly Accrued Benefit multiplied by the participant's Vested Percentage and payable at age 60
- **Form of Payment**
  Same as for Normal Retirement

7. Pre-Retirement Death Benefit

For participants who die in the line of duty and who are covered by the '86 Amendment:

100% of the participant's base salary at the time of his death, offset by worker's compensation or other payments received for line of duty injuries prior to the participant's death *(payable for the first two years after the participant's death)*; and

75% of the Monthly Accrued Benefit *(payable thereafter)*

For all other participants who die in the line of duty:

100% of the participant's base salary at the time of his death, offset by worker's compensation or other payments received for line of duty injuries prior to the participant's death *(payable for the first two years after the participant's death)*; and

75% of the greater of: (a) the Monthly Accrued Benefit, or (b) 70% of the top salary for the grade and position occupied by the participant at his death *(payable thereafter)*

For all other participants:

75% of the Monthly Accrued Benefit

8. Vested Percentage

Retirement benefits become vested in accordance with the following schedule:

Years of Creditable Service	Vested Percentage
Less than five	0%
At least five, but less than six	25%
At least six, but less than seven	30%
At least seven, but less than eight	35%
At least eight, but less than nine	40%
At least nine, but less than 10	45%
At least 10	100%

9. Average Monthly Earnings

The participant's Average Monthly Earnings is equal to: (a) the average of the participant's Base Salary for the highest 36 consecutive months during his period of Creditable Service; plus (b) the difference between the highest and lowest daily rate of pay during such 36-month period multiplied by the days of unused sick leave and divided by 36; plus (c) a credit based on accumulated unused vacation.

10. Base Salary

The employee's basic salary excluding overtime pay and other special compensation; pursuant to IRC section 401(a)(17), total annual plan compensation is limited to $200,000 as indexed.

11. Employee Contribution

All participating employees must make the required pre-tax contribution to the plan. The required contribution is 8% of basic salary for those participants who have an eligible beneficiary for death benefits and 7% of basic salary for all other participants. An eligible beneficiary is the participant's legal spouse, registered domestic partner, or unmarried child under the age of 18 (or under age 23 if a full-time student). The participant must have been married or registered to his legal spouse or domestic partner for at least one year prior to his death in order for such individual to be an eligible beneficiary. *(During the period March, 1994 through July 8, 2009, the required contribution was 1% lower for all participants; prior to March, 1994, the contribution was made on an after-tax basis.)*

12. Creditable Service

Creditable Service includes "base creditable service" and an "unused sick leave service credit," plus military service as required by federal law. Base creditable service is granted for all periods of full-time employment as a police officer with the City of Atlanta provided that the employee has made the required contribution for such period of service. An unused sick leave service credit is granted by dividing the participant's days of unused sick leave by the number of work days set forth in the following chart:

Years of Base Creditable Service	Work Days
Less than five	239
At least five, but less than 10	236
At least 10, but less than 15	233
At least 15, but less than 20	230
At least 20	226

Creditable Service also includes other service with the City of Atlanta if the relevant contributions are transferred into this plan and may include prior service with the State of Georgia, Fulton County, Dekalb County, or as a teacher in a public school system or private college or university within the State of Georgia if the required contribution is made to the plan.

13. Participation Requirement

All full-time police officers employed by the City of Atlanta are eligible to participate in the plan.

14. Plan Effective Date

April 1, 1978

City of Birmingham Retirement and Relief System

Actuarial Valuation and Review
as of July 1, 2009

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SEGAL

The Segal Company
2018 Powers Ferry Road, Suite 850 Atlanta, GA 30339-5003
T 678.306.3100 F 678.306.3190 www.segalco.com

April 9, 2010

Board of Managers
City of Birmingham Retirement and Relief System
710 North 20th Street, GA 100 City Hall
Birmingham, Alabama 35203

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of July 1, 2009. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2009 and analyzes the preceding year's experience.

The census information on which our calculations were based was prepared by the City and the financial information was provided by the City's Finance Department. That assistance is gratefully acknowledged. The actuarial calculations were completed under the supervision of Deborah K. Brigham, FCA, ASA, MAAA, Enrolled Actuary.

This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board of Managers are reasonably related to the experience of and the expectations for the Plan.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

THE SEGAL COMPANY

By: _____ Deborah K. Brigham

Leon F. (Rocky) Joyner, Jr., FCA, ASA, MAAA, EA
Vice President and Consulting Actuary

Deborah K. Brigham, FCA, ASA, MAAA, EA
Vice President and Actuary

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Purpose

This report has been prepared by The Segal Company to present a valuation of the City of Birmingham Retirement and Relief System as of July 1, 2009. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Pension Plan, as administered by the Board of Managers;
- The characteristics of covered active participants, inactive vested participants, and retired participants and beneficiaries as of July 1, 2009, provided by the City;
- The assets of the Plan as of June 30, 2009, provided by the City's Finance Department;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

Significant Issues in Valuation Year

The following key findings were the result of this actuarial valuation:

- The recommended contribution for the upcoming year is $42,237,820, or 22.64% of payroll. This is an increase of 3.05% of pay over the 19.59% recommended amount last year. The increase is primarily due to experience losses from investments.
- City and employee contributions combined are 13.00% of payroll, producing an expected deficit of 9.64%. As shown in Exhibit V of Section 4, the remaining Net Pension Asset from excess contributions in prior years is $2,902,759 as of June 30, 2009. This amount is not sufficient to offset the funding deficit. **Therefore, if the total contributions remain at 13.00% of payroll, the System's funding obligation will not be met for the upcoming year.**
- The contribution rate includes a normal cost portion, for benefits allocated to the current year, and an amortization of the unfunded actuarial accrued liability. The Entry Age Normal Cost Method, which is used for the funding of this Plan, strives to maintain a level normal cost. This year's normal cost percentage is 14.87% as compared to 14.66% last year. The cost of funding ongoing benefits currently exceeds the statutory contribution level, before recognizing the cost for the amortized funding of the unfunded actuarial accrued liability.
- If contributions are not made at the recommended level, future requirements will continue to increase. Contribution projections will be provided to the Board of Trustees separately.

- The ARC shown in this report is 50% of the total recommended contribution. This presumes that the employees are responsible for an equal share of the cost of the Plan. If employee contribution rates are not increased from their current levels, the City is ultimately responsible for the funding of the Plan.
- The investment rate of return on an actuarial basis for the year ended June 30, 2009 was -1.06%. This return includes a write-down necessary to keep the actuarial value of assets within 20% of market value, as required under the smoothing method adopted by the City. Since the rate of return was less than the assumed rate of return of 7.00% per year, there was an actuarial investment loss amounting to $75,654,837. The return on market value basis was -11.09%.
- As stated above, the Plan's current asset valuation method requires that the actuarial value of assets be no more than 120% and no less than 80% of the market value of assets. Since the preliminary calculation of the actuarial value exceeded 120% of the market value of assets, the actuarial value of assets was set equal to 120% of the market value. Typically, when the asset value is impacted by the corridor, the actuarial asset smoothing method is less effective at smoothing, and the actuarial cost results may be more volatile.
- As indicated in Section 2, Subsection B of this report, the total unrecognized investment loss as of June 30, 2009 is $151,794,865. This investment loss will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years, to the extent it is not offset by recognition of investment gains derived from future experience. This implies that earning the assumed rate of investment return of 7.00% per year (net of expenses) on a **market value** basis will result in investment losses on the actuarial value of assets in the next few years. Therefore, if the actual market return is equal to the assumed 7.00% rate and all other actuarial assumptions are met, the contribution requirements would still increase in each of the next few years. To illustrate the effect of the net unrecognized investment losses, if the current year's actuarial value were equal to the current market value of assets, the plan's recommended contribution would increase from $42,237,820 (22.64% of pay) to $54,094,662 (29.00% of pay).
- The GASB Schedule of Funding Progress, provided in Exhibit III of Section 4, shows that the funded ratio has declined from 90.70% as of July 1, 2008 to 84.08% as of July 1, 2009, due to the decline in assets. If the actuarial value of assets were equal to market value, the funded ratio would decrease from 84.08% to 70.06%.
- The administrative expense assumption was increased from $180,000 to $200,000 for the coming year. There have been no other assumption or plan changes since the prior valuation.
- The actuarial valuation report as of July 1, 2009 is based on financial information as of that date. Changes in the value of assets subsequent to that date are not reflected.
- The audited financial information received states all results rounded to the nearest thousand. The results in this valuation are shown to the dollar. Therefore, occasionally rounded numbers are combined with unrounded ones.

Summary of Key Valuation Results

	2009	2008
Contributions for plan year beginning July 1:		
Recommended	$42,237,820	$34,101,377
Recommended contribution as a percentage of payroll	22.64%	19.59%
Actual contributions (employer and employee)	--	25,203,129
Funding elements for plan year beginning July 1:		
Normal cost, including administrative expenses	$27,734,855	$25,521,788
Market value of assets	758,974,327	888,182,076
Actuarial value of assets	910,769,192	953,079,670
Actuarial accrued liability	1,083,256,135	1,050,785,799
Unfunded actuarial accrued liability	172,486,943	97,706,129
GASB 25/27 for plan year beginning July 1:		
Annual required employer contributions*	$21,118,910	$17,050,689
Actual employer contributions	--	12,770,110
Percentage contributed	--	74.89%
Funded ratio	84.08%	90.70%
Covered payroll	$186,523,480	$174,113,556
Demographic data for plan year beginning July 1:		
Number of retired participants and beneficiaries	2,516	2,464
Number of vested former participants**	211	205
Number of active participants	4,017	3,782
Total payroll	$186,523,480	$174,113,556
Average payroll	46,434	46,037

* *Presumes that the employees are responsible for an equal share of the cost of the Plan. If employee contribution rates are not increased, the City is ultimately responsible for the funding of the Plan.*

** *Includes future pensioners currently receiving benefits from the Supplemental System.*

A. PARTICIPANT DATA

The Actuarial Valuation and Review considers the number and demographic characteristics of covered participants, including active participants, vested terminated participants, retired participants and beneficiaries.

This section presents a summary of significant statistical data on these participant groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B, and C.

A historical perspective of how the participant population has changed over the past ten valuations can be seen in this chart.

CHART 1

Participant Population: June 30, 2000 – June 30, 2009

Year Ended June 30	Active Participants	Vested Terminated Participants*	Retired Participants and Beneficiaries	Ratio of Non-Actives to Actives
2000	3,933	264	1,857	0.54
2001	4,081	244	1,906	0.53
2002	3,878	212	2,017	0.57
2003	3,867	196	2,095	0.59
2004	3,915	177	2,158	0.60
2005	3,802	231	2,239	0.65
2006	3,782	204	2,255	0.65
2007	3,760	211	2,352	0.68
2008	3,782	205	2,464	0.71
2009	4,017	211	2,516	0.68

** Includes future pensioners currently receiving benefits from the Supplemental System.*

Active Participants
Plan costs are affected by the age, years of service and payroll of active participants. In this year's valuation, there were 4,017 active participants with an average age of 44.5, average years of service of 11.6 years and average payroll of $46,434. The 3,782 active participants in the prior valuation had an average age of 44.7, average service of 12.2 years and average payroll of $46,037.

Inactive Participants
In this year's valuation, there were 211 participants with a vested right to a deferred or immediate vested benefit. This includes 183 possible future pensioners currently receiving benefits from the Firemen's and Policemen's Supplemental Pension System.

These graphs show a distribution of active participants by age and by years of service.

CHART 2

Distribution of Active Participants by Age as of June 30, 2009

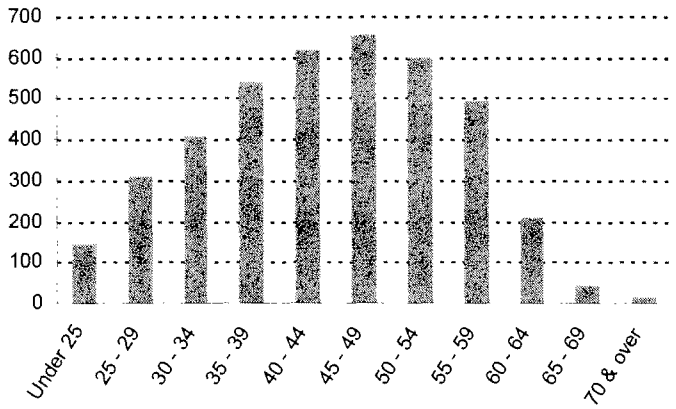
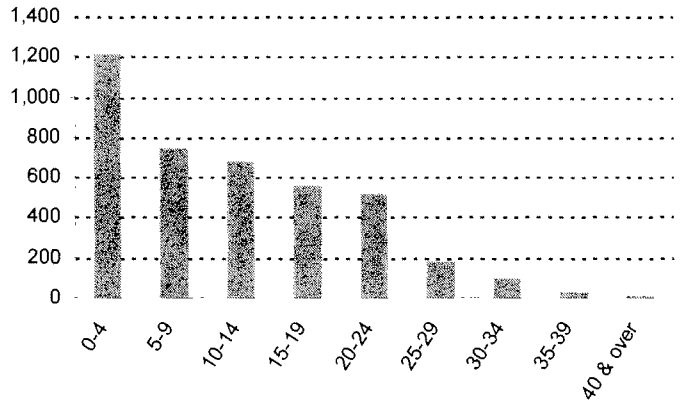


CHART 3

Distribution of Active Participants by Years of Service as of June 30, 2009



Retired Participants and Beneficiaries

As of June 30, 2009, 2,040 retired participants and 476 beneficiaries were receiving total monthly benefits of $4,519,036. For comparison, in the previous valuation, there were 2,006 retired participants and 458 beneficiaries receiving monthly benefits of $4,363,206.

These graphs show a distribution of the current retired participants and beneficiaries based on their monthly amount and age, by type of pension.

CHART 4

Distribution of Retired Participants and Beneficiaries by Type and by Monthly Amount as of June 30, 2009

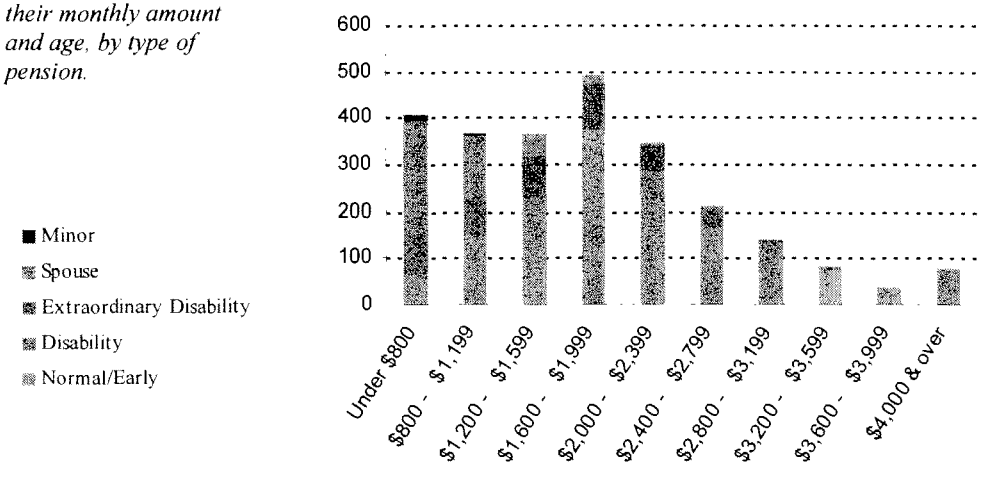
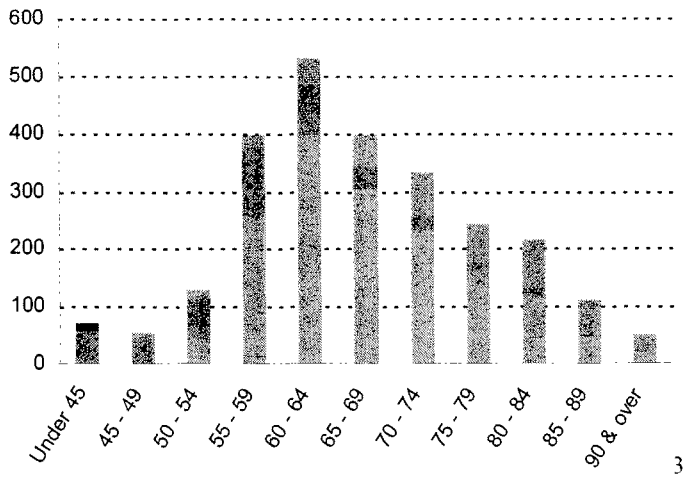


CHART 5

Distribution of Retired Participants and Beneficiaries by Type and by Age as of June 30, 2009



B. FINANCIAL INFORMATION

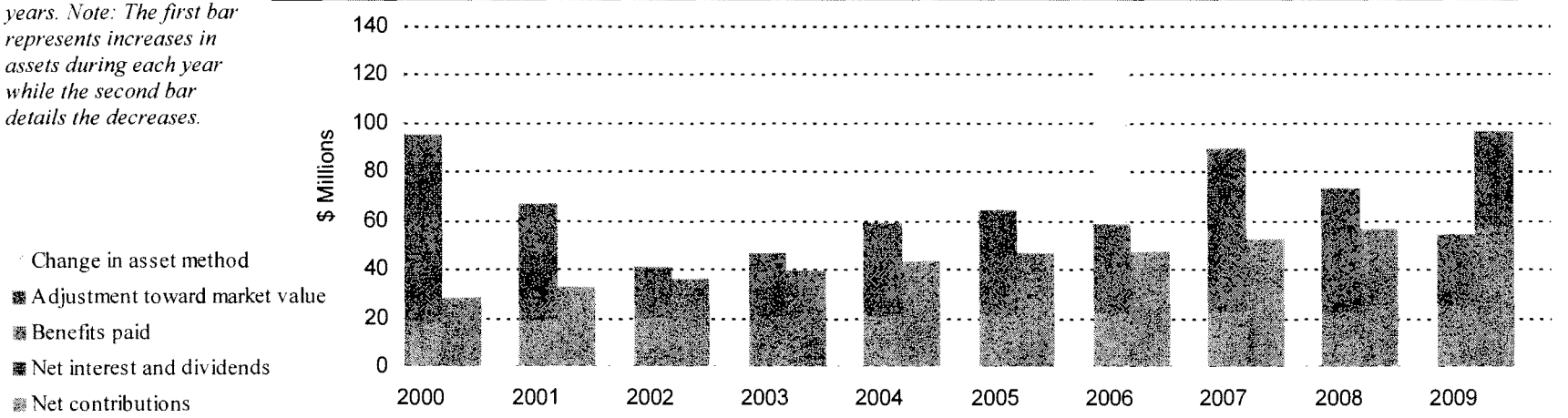
Retirement plan funding anticipates that, over the long term, both net contributions (less administrative expenses) and net investment earnings (less investment fees) will be needed to cover benefit payments.

Retirement plan assets change as a result of the net impact of these income and expense components. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits D, E and F.

The chart depicts the components of changes in the actuarial value of assets over the last ten years. Note: The first bar represents increases in assets during each year while the second bar details the decreases.

CHART 6

Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 2000 – 2009



It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board of Managers has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

As shown below, the actuarial value of assets was adjusted downwards by $24,507,965 to bring it within the corridor of 80% to 120% around market value. As a result, a greater portion of the 2009 investment loss is recognized this year.

The chart shows the determination of the actuarial value of assets as of the valuation date. This is the fourth year of the current asset smoothing method. In 2006 the funding assets were reset to market value. This year three years of return are being smoothed in, with 20% recognized for funding each year. Ultimately there will be five bases for unrecognized return.

CHART 7

Determination of Actuarial Value of Assets for Year Ended June 30, 2009

1. Market value of assets			$758,974,327
	Original	Unrecognized	
2. Calculation of unrecognized return*	Amount	Amount**	
(a) Year ended June 30, 2009	-$158,009,276	-$126,407,421	
(b) Year ended June 30, 2008	-99,455,194	-59,673,116	
(c) Year ended June 30, 2007	24,444,268	9,777,707	
(d) Total unrecognized return			-176,302,830
3. Preliminary actuarial value: (1) - (2d)			935,277,157
4. Adjustment to be within 20% corridor			-24,507,965
5. Final actuarial value of assets: (3) + (4)			$910,769,192
6. Actuarial value as a percentage of market value: (5) ÷ (1)			120.0%
7. Amount deferred for future recognition: (1) – (5)			-$151,794,865

* *Total return minus expected return on a market value basis*

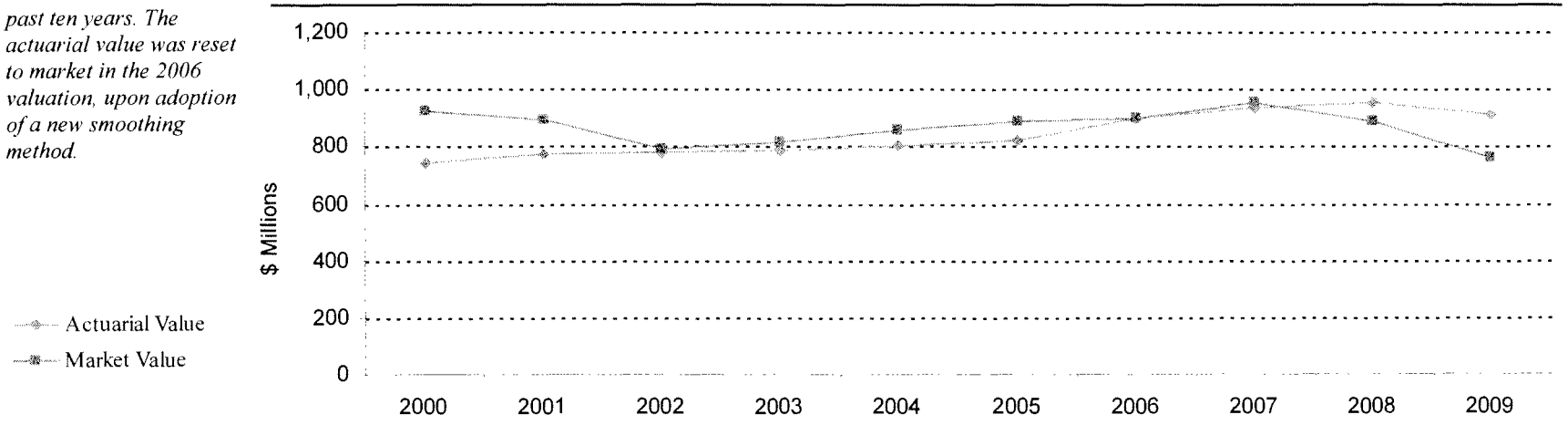
** *Recognition at 20% per year over five years*

Both the actuarial value and market value of assets are representations of the System's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The actuarial asset value is significant because the System's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

This chart shows the change in the actuarial value of assets versus the market value over the past ten years. The actuarial value was reset to market in the 2006 valuation, upon adoption of a new smoothing method.

CHART 8

Actuarial Value of Assets vs. Market Value of Assets as of June 30, 2000 – 2009



C. ACTUARIAL EXPERIENCE

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total loss is $66,644,803, including a loss of $75,654,837 from investments offset by a net gain of $9,010,034 from all other sources. The net experience variation from individual sources other than investments was 0.8% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

This chart provides a summary of the actuarial experience during the past year.

CHART 9

Actuarial Experience for Year Ended June 30, 2009

1.	Net loss from investments*	-$75,654,837
2.	Net loss from administrative expenses	-67,329
3.	Net gain from other experience	9,077,363
4.	Net experience loss: (1) + (2) + (3)	-$66,644,803

* *Details in Chart 10*

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the System's investment policy. For valuation purposes, the assumed rate of return on the actuarial value of assets is 7.00%. The actual rate of return on an actuarial basis for the 2008-2009 plan year was -1.06%.

Since the actual return for the year was less than the assumed return, the System experienced an actuarial loss during the year ended June 30, 2009 with regard to its investments.

This chart shows the calculation of the loss due to investment experience.

CHART 10

Actuarial Value Investment Experience for Year Ended June 30, 2009

1.	Actual return	-$9,976,637
2.	Average value of assets	938,259,993
3.	Actual rate of return: (1) ÷ (2)	-1.06%
4.	Assumed rate of return	7.00%
5.	Expected return: (2) x (4)	$65,678,200
6.	Actuarial loss: (1) – (5)	-$75,654,837

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial basis compared to the market value investment return for the last ten years, including five-year and ten-year averages.

Based upon future expectations with the current investment allocation, we have maintained the assumed rate of return of 7.00%.

This chart shows a history and actuarial market value investment returns.

CHART 11

Investment Return – Actuarial Value vs. Market Value: 2000 - 2009

	Net Interest and Dividend Income		Recognition of Capital Appreciation		Change in Asset Method		Actuarial Value Investment Return		Market Value Investment Return	
Year Ended June 30	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
2000	$15,703,307	2.35%	$61,285,291	9.18%	--	--	$76,988,598	11.54%	$99,628,658	12.01%
2001	17,874,740	2.44	29,849,535	4.07	--	--	47,724,275	6.51	-17,602,046	-1.92
2002	18,574,794	2.42	2,263,863	0.30	--	--	20,838,657	2.72	-89,504,028	-10.11
2003	19,852,229	2.58	6,370,511	0.83	--	--	26,222,740	3.41	42,649,330	5.48
2004	23,403,588	3.02	14,220,308	1.83	--	--	37,623,896	4.85	69,023,086	8.61
2005	27,114,712	3.43	16,148,066	2.04	--	--	43,262,778	5.48	50,973,808	6.02
2006	19,901,991	2.46	17,031,771	2.11	$68,127,085	8.44%	105,060,847	13.01	40,468,583	4.64
2007	38,017,026	4.34	28,826,146	3.25	--	--	66,843,172	7.55	86,398,586	9.76
2008	30,863,174	3.35	19,934,937	2.17	--	--	50,798,111	5.52	-33,654,898	-3.58
2009	29,426,568	3.14	-39,403,205	-4.20	--	--	-9,976,637	-1.06	-96,873,908	-11.09
Total	$240,732,129		$156,527,223		$68,127,085		$465,386,437		$151,507,171	
							Five-year average return	5.90%		1.07%
							Ten-year average return	5.78%		1.76%

Note: Each year's yield is weighted by the average asset value in that year.

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

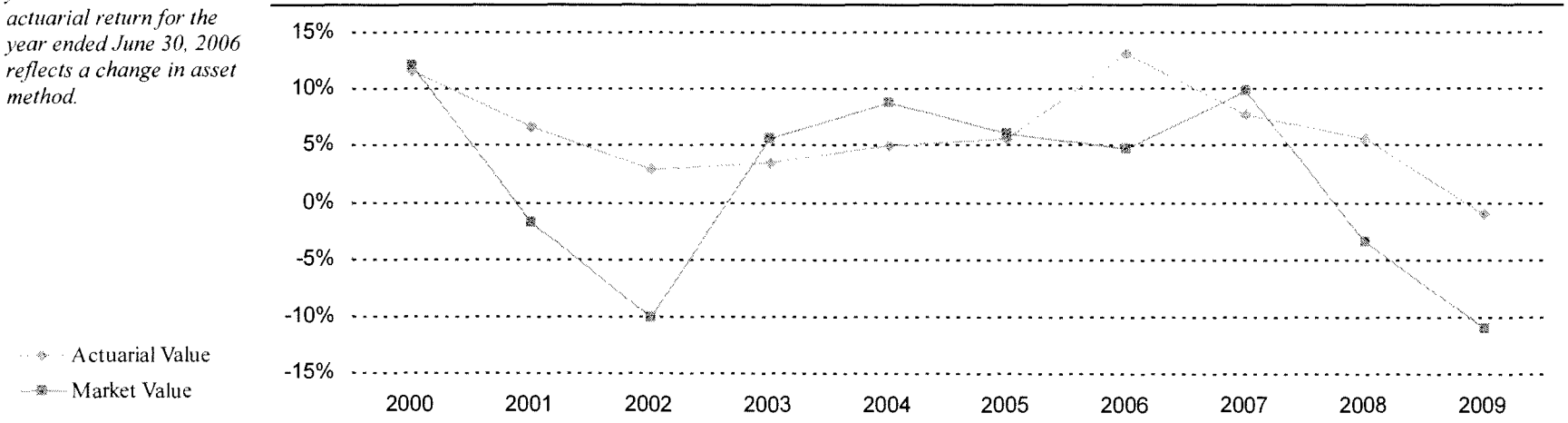
Administrative Expenses

Administrative expenses for the year ended June 30, 2009 totaled $245,261 compared to the assumption of $180,000. This resulted in a loss of $67,329 for the year. We have increased the assumption from $180,000 to $200,000 for the current year.

This chart illustrates how this leveling effect has actually worked over the years 2000 – 2009. The actuarial return for the year ended June 30, 2006 reflects a change in asset method.

CHART 12

Market and Actuarial Rates of Return for Years Ended June 30, 2000 - 2009



Other Experience

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

The net gain from this other experience for the year ended June 30, 2009 amounted to $9,077,363 which is 0.8% of the actuarial accrued liability. This gain was primarily due to fewer disabilities than expected, along with salary growth less than anticipated.

D. RECOMMENDED CONTRIBUTION

The amount of annual contribution required to fund the System is comprised of normal cost payment and a payment on the unfunded actuarial accrued liability. This total amount is then divided by the total payroll for active members to determine the funding rate of 22.64% of payroll. The unfunded actuarial accrued liability is amortized on a level dollar basis over a rolling 30-year period.

Expected contributions for the year are $24,248,052 or 13.00% of payroll, which leaves a deficit of 9.64% of payroll. This year's normal cost percentage is 14.87%. Thus the cost of funding ongoing benefits currently exceeds the statutory contribution level, even before recognizing the cost for the amortized funding of the unfunded actuarial accrued liability. A higher contribution will be required to fund this plan on an ongoing basis.

The chart compares this valuation's recommended contribution with the prior valuation.

CHART 13

Recommended Contribution

	Year Beginning July 1			
	2009		2008	
	Amount	% of Payroll	Amount	% of Payroll
1. Normal cost*	$27,542,015	14.77%	$25,348,232	14.56%
2. Administrative expenses	192,840	0.10%	173,556	0.10%
3. Total normal cost: (1) + (2)	$27,734,855	14.87%	$25,521,788	14.66%
4. Actuarial accrued liability	1,083,256,135		1,050,785,799	
5. Actuarial value of assets	910,769,192		953,079,670	
6. Unfunded actuarial accrued liability: (4) - (5)	$172,486,943		$97,706,129	
7. Payment on unfunded actuarial accrued liability	12,990,750	6.96%	7,358,678	4.23%
8. Total recommended contribution: (3) + (7), adjusted for timing**	$42,237,820	22.64%	$34,101,377	19.59%
9. Total payroll	$186,523,480		$174,113,556	

* *Including net obligations from the Supplemental System of -$1,613,894 for July 1, 2009 and -$1,376,874 for July 1, 2008 (-$1,673,800 and -$1,428,000 adjusted for timing).*

** *Recommended contributions are assumed to be paid at the beginning of every month.*

The contribution rates as of July 1, 2009 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Contribution

The chart below details the changes in the recommended contribution from the prior valuation to the current year's valuation.

The chart reconciles the contribution from the prior valuation to the amount determined in this valuation.

CHART 14

Reconciliation of Recommended Contribution from July 1, 2008 to July 1, 2009

Recommended Contribution as of July 1, 2008	$34,101,377
Effect of investment loss	$5,972,701
Effect of other gains and losses on accrued liability	-711,313
Effect of contributions less than recommended contribution	723,970
Effect of change in amortization period	-144,158
Effect of change in administrative expense assumption	20,000
Net effect of other changes	2,275,243
Total change	$8,136,443
Recommended Contribution as of July 1, 2009	$42,237,820

E. INFORMATION REQUIRED BY THE GASB

Governmental Accounting Standards Board (GASB) reporting information provides standardized information for comparative purposes of governmental pension plans. This information allows a reader of the financial statements to compare the funding status of one governmental plan to another on relatively equal terms.

Critical information to GASB is the historical comparison of the GASB required contribution to the actual contributions. This comparison demonstrates whether a plan is being funded within the range of the GASB reporting requirements. Chart 15 below presents a graphical representation of this information for the System.

The other critical piece of information regarding the System's financial status is the funded ratio. This ratio compares the actuarial value of assets to the actuarial accrued liabilities of the plan as calculated under GASB. High ratios indicate a well-funded plan with assets sufficient to pay most benefits. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other factors.

Although GASB requires that the actuarial value of assets be used to determine the funded ratio, Chart 16 shows the funded ratio calculated using both the actuarial value of assets and the market value of assets.

The details regarding the calculations of these values and other GASB numbers may be found in Section 4, Exhibits II, III, and IV.

These graphs show key GASB factors.

CHART 15

Required Versus Actual Contributions

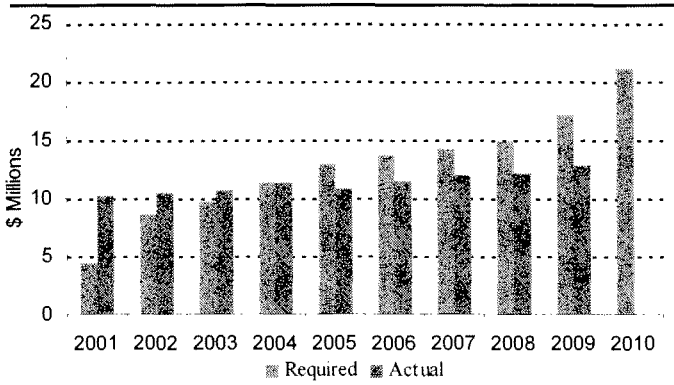


CHART 16

Funded Ratio

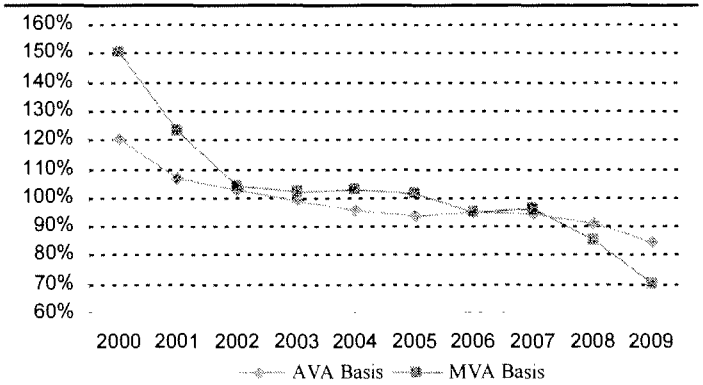


EXHIBIT A

Table of Plan Coverage

Category	Year Ended June 30 2009	2008	Change From Prior Year
Active participants in valuation:			
Number	4,017	3,782	6.2%
Average age	44.5	44.7	N/A
Average service	11.6	12.2	N/A
Total payroll	$186,523,480	$174,113,556	7.1%
Average payroll	46,434	46,037	0.9%
Account balances	107,677,762	101,276,154	6.3%
Total active vested participants	2,804	2,775	1.0%
Vested terminated participants*	211	205	2.9%
Retired participants:			
Number in pay status	1,573	1,533	2.6%
Average age	68.0	67.6	N/A
Average monthly benefit	$2,147	$2,107	1.9%
Disabled participants:			
Number in pay status	467	473	-1.3%
Average age	57.8	57.2	N/A
Average monthly benefit	$1,565	$1,583	-1.1%
Beneficiaries in pay status	476	458	3.9%

* *Includes future pensioners currently receiving benefits from the Supplemental System.*

EXHIBIT B

Participants in Active Service as of June 30, 2009
By Age, Years of Service, and Average Payroll

		Years of Service								
Age	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	143	142	1	--	--	--	--	--	--	--
	$32,172	$32,063	$47,653	--	--	--	--	--	--	--
25 - 29	309	251	56	2	--	--	--	--	--	--
	35,691	34,707	40,096	$35,920	--	--	--	--	--	--
30 - 34	405	222	126	57	--	--	--	--	--	--
	38,533	34,166	42,425	46,940	--	--	--	--	--	--
35 - 39	540	166	145	173	55	1	--	--	--	--
	45,936	36,340	45,564	53,183	$52,681	$67,959	--	--	--	--
40 - 44	615	124	137	163	146	45	--	--	--	--
	47,342	35,845	43,692	50,219	55,531	53,147	--	--	--	--
45 - 49	656	110	95	111	152	169	19	--	--	--
	49,713	38,354	42,431	49,250	53,571	56,510	$63,275	--	--	--
50 - 54	599	92	93	85	104	135	65	24	1	--
	48,589	37,839	43,004	45,627	51,641	51,849	63,382	$49,962	$56,466	--
55 - 59	492	67	55	61	60	111	68	55	15	--
	52,234	48,063	42,791	48,241	48,779	51,219	59,714	64,599	63,800	--
60 - 64	205	31	22	17	31	46	27	14	15	2
	55,494	44,893	50,115	46,061	49,693	52,523	62,260	86,778	76,894	$46,586
65 - 69	41	8	7	6	4	7	3	2	--	4
	48,225	29,053	40,901	50,689	72,607	50,759	51,744	45,910	--	65,389
70 & over	12	--	2	3	1	2	1	1	1	1
	49,883	--	50,709	44,857	83,418	33,983	40,491	33,544	62,040	75,144
Total	4,017	1,213	739	678	553	516	183	96	32	7
	$46,434	$36,167	$43,444	$49,621	$53,091	$53,361	$61,527	$63,461	$69,654	$61,410

EXHIBIT C

Reconciliation of Participant Data

	Active Participants	Vested Former Participants	Fire and Police Retirees	Retired Participants	Disabled Participants	Beneficiaries	Total
Number as of July 1, 2008	3,782	31	174	1,533	473	458	6,451
New participants	398	N/A	0	N/A	N/A	N/A	398
Terminations – with vested rights	-1	1	0	0	0	0	0
Terminations – without vested rights	0	N/A	0	N/A	N/A	N/A	0
Retirements	-87	-2	23	66	N/A	N/A	0
New disabilities	-12	0	0	N/A	12	N/A	0
Return to work	22	0	0	0	-2	N/A	20
Deaths	-5	-2	0	-42	-15	-27	-91
New beneficiaries	0	0	0	0	0	45	45
Lump sum payoffs	-79	-1	0	0	0	0	-80
Rehired	0	0	0	0	0	N/A	0
Certain period expired	N/A	N/A	0	0	0	0	0
Data adjustments	-1	1	0	2	-1	0	1
Retirees transferring from supplemental plan	0	0	-14	14	0	0	0
Number as of July 1, 2009	4,017	28	183	1,573	467	476	6,744

EXHIBIT D

Summary Statement of Income and Expenses on an Actuarial Value Basis

	Year Ended June 30, 2009		Year Ended June 30, 2008	
Contribution income:				
Employer contributions	$12,770,110		$12,061,584	
Employee contributions	12,433,019		10,604,722	
Less administrative expenses	-245,261		-183,375	
Net contribution income		$24,957,868		$22,482,931
Other income		11,000		1,000
Investment income:				
Interest, dividends and securities lending	$31,635,827		$34,317,319	
Recognition of capital appreciation	-39,403,205		19,934,936	
Less investment fees	-2,209,259		-3,454,145	
Net investment income		-9,976,637		50,798,110
Total income available for benefits		$14,992,231		$73,282,041
Less benefit payments:				
Benefits	-$56,716,794		-$54,776,604	
Refunds	-585,915		-1,246,861	
Net benefit payments		-$57,302,709		-$56,023,465
Change in reserve for future benefits		-$42,310,478		$17,258,576

Note: A portion of the Retirement and Relief System's assets is allocated to the Health Department. The above summary excludes the Health Department portion.

EXHIBIT E

Table of Financial Information

	Year Ended June 30, 2009		Year Ended June 30, 2008	
Cash equivalents		-$26,502,132		$8,850,733
Accounts receivable:				
Employee loans	$10,528,959		$10,335,702	
Accrued interest and dividends	4,472,173		5,827,619	
Employee contributions	34,470		246,182	
Other funds	0		245,197	
Total accounts receivable		15,035,602		16,654,700
Investments:				
Debt securities	$392,507,283		$413,655,566	
Corporate stock	378,409,253		449,864,004	
Total investments at market value		770,916,536		863,519,570
Total assets		$759,450,006		$889,025,003
Less accounts payable		-$475,679		-$842,927
Net assets at market value		$758,974,327		$888,182,076
Net assets at actuarial value		$910,769,192		$953,079,670

EXHIBIT F

Development of the Fund Through June 30, 2009

Year Ended June 30	Employer Contributions	Employee Contributions	Other Income	Net Investment Return*	Administrative Expenses	Benefit Payments	Actuarial Value of Assets at End of Year
2000	$9,784,949	$8,542,670	$23,380,200**	$76,988,598	$46,100	$28,310,977	$738,897,840
2001	10,151,206	8,999,970	26,000	47,724,275	102,900	32,242,930	773,453,461
2002	10,537,461	9,521,128	31,000	20,838,657	92,000	35,684,461	778,605,246
2003	10,697,621	9,845,626	59,000	26,222,740	105,000	39,678,777	785,646,456
2004	11,347,715	10,373,268	24,000	37,623,896	292,000	43,111,069	801,612,266
2005	10,881,632	10,210,996	79,000	43,262,778	211,000	46,668,936	819,166,736
2006	11,398,732	10,522,586	36,000	105,060,847***	160,000	47,353,888	898,671,013
2007	12,006,508	10,707,106	16,000	66,843,172	180,000	52,242,705	935,821,094
2008	12,061,584	10,604,722	1,000	50,798,110	183,375	56,023,465	953,079,670
2009	12,770,110	12,433,019	11,000	-9,976,637	245,261	57,302,709	910,769,192

* *Net of investment fees.*
** *Includes $23,338,200 transferred from Library Board Employees' System.*
*** *Includes effect of change in asset method.*

EXHIBIT G

Development of Unfunded Actuarial Accrued Liability for Year Ended June 30, 2009

1. Unfunded actuarial accrued liability at beginning of year		$97,706,129
2. Normal cost at beginning of year		25,521,788
3. Total contributions		-25,203,129
4. Interest		
(a) For whole year on (1) + (2)	$8,625,953	
(b) Monthly on (3)	-808,601	
(c) Total interest		7,817,352
5. Expected unfunded actuarial accrued liability		$105,842,140
6. Change due to experience loss		66,644,803
7. Unfunded actuarial accrued liability at end of year		$172,486,943

EXHIBIT H

Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial Assumptions: The estimates on which the cost of the Plan is calculated including:

(a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;

(b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;

(c) Retirement rates — the rate or probability of retirement at a given age;

(d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal Cost: The amount of contributions required to fund the benefit allocated to the current year of service.

Actuarial Accrued Liability For Actives: The equivalent of the accumulated normal costs allocated to the years before the valuation date.

Actuarial Accrued Liability For Pensioners: The single sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

Unfunded Actuarial Accrued Liability: The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan. There is a wide range of approaches to paying off the unfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

Amortization of the Unfunded Actuarial Accrued Liability:	Payments made over a period of years equal in value to the Plan's unfunded actuarial accrued liability.
Investment Return:	The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.

EXHIBIT I

Comparative Summary of Principal Valuation Results

	Year Ended June 30, 2009	Year Ended June 30, 2008
Participant data		
Active members	4,017	3,782
Total annual payroll	$186,523,480	$174,113,556
Retired members and beneficiaries	2,516	2,464
Total annualized benefit	$54,228,439	$52,358,458
Terminated vested members	28	31
Total annualized benefit	$458,665	$462,375
Future pensioners currently receiving benefits from Supplemental System	183	174
Total annualized benefit	$6,698,832	$6,440,584
Actuarial value of assets	$910,769,192	$953,079,670
Actuarial accrued liability:		
Active members	$486,565,781	$471,207,612
Terminated vested members	4,115,515	3,943,942
Retired members and beneficiaries	540,061,825	524,623,573
Future pensioners currently receiving benefits from Supplemental System	52,513,014	51,010,672
Total	$1,083,256,135	$1,050,785,799
Unfunded actuarial accrued liability	$172,486,943	$97,706,129

EXHIBIT I

Summary of Actuarial Valuation Results as of July 1, 2009

The valuation was made with respect to the following data supplied to us:			
1.	Retired participants as of the valuation date (including 476 beneficiaries in pay status)		2,516
2.	Participants inactive during year ended June 30, 2009 with vested rights (including 183 future pensioners currently receiving benefits from the Supplemental System)		211
3.	Participants active during the year ended June 30, 2009		4,017
	Fully vested	2,804	
	Not vested	1,213	
The actuarial factors as of the valuation date are as follows:			
1.	Normal cost, including administrative expenses		$27,734,855
2.	Actuarial accrued liability		1,083,256,135
	Retired participants and beneficiaries	$540,061,825	
	Inactive participants with vested rights	56,628,529	
	Active participants	486,565,781	
3.	Actuarial value of assets ($758,974,327 at market value as reported by the City)		910,769,192
4.	Unfunded actuarial accrued liability		$172,486,943
The determination of the recommended contribution is as follows:			
1.	Normal cost		$27,542,015
2.	Administrative expenses		192,840
3.	Total normal cost: (1) + (2)		$27,734,855
4.	Payment on unfunded actuarial accrued liability		12,990,750
5.	Total recommended contribution: (3) + (4), adjusted for timing		$42,237,820
6.	Total payroll		$186,523,480
7.	Total recommended contribution as a percentage of total payroll: (5) ÷ (6)		22.64%

EXHIBIT II

Supplementary Information Required by the GASB – Schedule of Employer Contributions

Plan Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
2004	$11,290,871	$11,347,715	100.5%
2005	12,875,198	10,881,632	84.5%
2006	13,742,543	11,398,732	82.9%
2007	14,173,353	12,006,508	84.7%
2008	14,818,900	12,061,584	81.4%
2009	17,050,689	12,770,110	74.9%
2010	21,118,910	--	--

EXHIBIT III

Supplementary Information Required by the GASB – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll* [(b) - (a)] / (c)
07/01/2004	$801,612,266	$838,485,603	$36,873,337	95.60%	$158,062,119	23.33%
07/01/2005	819,166,736	875,792,038	56,625,302	93.53%	158,898,488	35.64%
07/01/2006	898,671,013	946,584,547	47,913,534	94.94%	162,849,137	29.42%
07/01/2007	935,821,094	992,864,448	57,043,354	94.25%	167,807,596	33.99%
07/01/2008	953,079,670	1,050,785,799	97,706,129	90.70%	174,113,556	56.12%
07/01/2009	910,769,192	1,083,256,135	172,486,943	84.08%	186,523,480	92.47%

** Not less than zero*

EXHIBIT IV

Supplementary Information Required by the GASB

Valuation date	July 1, 2009
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level dollar
Remaining amortization period	Rolling, 30 years
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases:	
Inflation	3.50%
Merit, longevity, etc.	Varies from 0.00% to 6.00%
Plan membership:	
Retired participants and beneficiaries receiving benefits	2,516
Terminated participants entitled to, but not yet receiving benefits*	211
Active participants	4,017
Total	6,744

** Includes 183 future pensioners currently receiving benefits from the Supplemental System.*

EXHIBIT V

Development of the Net Pension Obligation and the Annual Pension Cost Pursuant to GASB 27

Plan Year Ended June 30	Employer Annual Required Contribution (a)	Employer Amount Contributed (b)	Interest on NPO (h)* 7.00% (c)	ARC Adjustment (h) / (e) (d)	Amortization Factor (e)	Pension Cost (a) + (c) – (d) (f)	Change in NPO (f) – (b) (g)	NPO Balance NPO + (g) (h)
2004	$11,290,871	$11,347,715	-$1,350,951	-$2,089,340	8.6212	$12,029,259	$681,544	-$17,331,137
2005	12,875,198	10,881,632	-1,299,835	-2,035,605	8.5140	13,610,968	2,729,336	-14,601,802
2006	13,742,543	11,398,732	-1,095,135	-1,150,095	12.6962	13,797,503	2,398,771	-12,203,031
2007	14,173,353	12,006,508	-915,227	-919,064	13.2777	14,177,190	2,170,682	-10,032,349
2008	14,818,900	12,061,584	-702,264	-755,580	13.2777	14,872,216	2,810,632	-7,221,717
2009	17,050,689	12,770,110	-505,520	-543,899	13.2777	17,089,068	4,318,958	-2,902,759

** Interest was 7.50% prior to the year ended June 30, 2007.*

EXHIBIT VI

Actuarial Assumptions and Actuarial Cost Method

Mortality Rates:

Healthy:	1983 Group Annuity Mortality Table
Disabled:	Healthy table set forward 10 years

Termination Rates Before Retirement:

	Rate (%)						
	Mortality		Disability		Withdrawal		
Age	Male	Female	General	Fire & Police	General*	Fire**	Police***
20	0.04	0.02	0.09	0.18	6.53	2.52	4.58
25	0.05	0.03	0.13	0.26	6.35	1.80	3.26
30	0.06	0.03	0.17	0.33	6.08	1.38	2.51
35	0.09	0.05	0.22	0.44	5.64	1.06	1.93
40	0.12	0.07	0.33	0.66	5.03	0.80	1.45
45	0.22	0.10	0.54	1.08	4.24	0.54	0.99
50	0.39	0.16	0.91	1.82	2.97	2.27	2.48
55	0.61	0.25	1.51	3.03	1.13	5.00	5.00
60	0.92	0.42	2.44	4.88	0.00	0.00	0.00

* *Withdrawal rates shown for general employees are multiplied by 1.25 and have 0.015 added during the first five years of employment.*

** *Withdrawal rates shown for firemen are multiplied by 3.8181 during the first five years of employment, further adjusted for individuals hired after age 49 by adding the applicable age related rate as shown in the table below.*

*** *Withdrawal rates shown for policemen are multiplied by 3.0 during the first five years of employment, further adjusted for individuals hired after age 49 by adding the applicable age related rate as shown in the table below.*

Age at Hire	Rate
50-51	2.0%
52-54	4.0%
55-56	5.0%
57-59	10.0%

Retirement Rates:

Fire and Police employees are assumed to retire on a Retirement and Relief pension in accordance with the following rates:

Fire		Police	
Years of Service	Rate	Years of Service	Rate
20	10%	20	33%
21-22	5	21	15
23-24	10	22	10
25	15	23-24	6
26-27	8	25	10
28	20	26	15
29	25	27	30
30-31	5	28	25
32	25	29	45
33	50	30	0
34	25	31	5
35	100	32	15
		33	20
		34	40
		35	100

General employees are assumed to retire, after meeting the service requirements, in accordance with the following rates:

Age	Rate*
Under 50	0%
50-51	35
52-54	10
55	20
56-59	10
60	5
61-66	20
67-74	25
Over 74	100

* Rates are decreased by 75% when employee has 31-32 years of service. Rates are increased to 1.5 times the rate shown when employee reaches 33 years of service.

Retirement Age for Inactive Vested Participants:	60
Unknown Data for Participants:	Same as those exhibited by Participants with similar known characteristics. If not specified, Participants are assumed to be male.
Percent Married:	1972 Social Security Awards
Age of Spouse:	Females 3 years younger than males
On the Job Disability:	
General	30%
Fire and Police	90%
On the Job Death:	
General	5%
Fire and Police	15%

Net Investment Return: 7.00%

Salary Scale:

Age	Annual increase Rate (%) General	Fire and Police
20	7.50	9.50
25	6.75	7.60
30	6.00	6.20
35	5.50	5.10
40	5.00	4.50
45	4.50	4.00
50	4.25	4.00
55	4.00	4.00

Includes allowance for inflation of 3.50% per year.

Administrative Expenses: $200,000, payable monthly, equivalent to $192,840 at the beginning of the year.

Actuarial Value of Assets: Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.

Actuarial Cost Method: Entry Age Normal Actuarial Cost Method. Entry Age is the age at the time the participant would have commenced employment if the plan had always been in existence. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by service, with Normal Cost determined as if the current benefit accrual rate had always been in effect. Actuarial Liability is allocated by salary.

Change in Assumptions: The administrative expense assumption was changed from $180,000 to $200,000.

EXHIBIT VII

Summary of Plan Provisions

This exhibit summarizes the major provisions of the Plan included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Plan Year:	July 1 through June 30
Normal Pension:	
Eligibility	A participant may retire at (a) age 60 if he has completed 5 years of credited service, or (b) any age if he has completed 30 years of credited service.
Amount:	2.50% of final average salary for each year of credited service. This amount cannot be greater than 75.0% of the final average salary nor less than $400 per month. Service credit used to determine the benefit amount may be increased by credit granted for unused sick leave (on a percent of possible total basis). Final average salary is defined as the highest average compensation over any 36-month period of the employee's last ten years of participation.
Early Retirement Pension:	
Eligibility	A City participant may retire at age 55 if he has completed 25 years of credited service.
Amount	1.85% of final average salary for each year of credited service.

Disability:	
Ordinary	
Service Requirement	5 years credited service.
Amount	2.00% of final average salary at disability for each year of credited service, payable immediately. This amount cannot be greater than 60% of final average salary nor less than $400 per month.
Extraordinary	
Service Requirement	None
Amount	70% of final monthly salary at disability, payable immediately. The amount cannot be less than $400 per month.
Termination:	To a participant terminating before becoming eligible for a vested deferred pension from the plan, a lump sum of his or her own contributions without interest is payable. Participants terminating after 5 years of actual service who leave their contributions in the System Fund have a non-forfeitable right to a monthly pension beginning at age 60. The form and amount of the pension are the same as the normal pension.
Death Benefits:	If a participant dies prior to his or her attainment of eligibility for retirement, a lump sum of his or her own contributions without interest is payable to his or her beneficiary. If an active participant who is eligible to retire or a retired participant dies, 60% of the accrued pension benefit is payable to the surviving spouse, if any, during his or her remaining lifetime. If an active participant (other than a participant of the Firemen and Policemen Supplemental System) who is not eligible to retire, but who has completed 5 years of service dies, a portion of 60% of the accrued pension benefit is payable to the spouse during her remaining lifetime. This portion is defined as follows:

Number of Years of Service	Portion of Entitled Benefit
5	50%
6	60
7	70
8	80
9	90
10 or more	100

This benefit is payable at the earlier of (a) the date that the deceased participant would have attained age 60 or (b) the date the deceased participant would have completed 20 years of service. In lieu of the above, for all participants, an annuity of 60% of salary is payable to the surviving spouse and 10% is payable to a minor child if death is service connected; the maximum for spouse and children is 75% and the maximum for children if no spouse is 60%. The minimum spouse benefit is $320 per month.

Back-DROP:	An employee with 33 years of service or who is at least age 63 with 23 years of service may elect up to a 36-month Back-DROP. The employee's monthly benefit will be calculated using service and final average salary as of the Back-DROP date and the employee will receive a lump sum equal to the number of months dropped back times the retirement benefit, accumulated with interest.
Participation:	All qualified employees of the Retirement and Relief System are required to participate.
Contributions:	The City and the City employees each contribute 6.50% of compensation for the year.
Changes in Plan Provisions:	There have been no changes in plan provisions since the last valuation.

General Retirement System of the City of Detroit

Financial Report
with Supplemental Information
June 30, 2009

General Retirement System of the City of Detroit

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plante moran

Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Independent Auditor's Report

To the Board of Trustees
General Retirement System
of the City of Detroit

We have audited the accompanying statement of plan net assets of the General Retirement System of the City of Detroit (the "System") as of June 30, 2009 and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the System's 2008 financial statements and, in our report dated December 10, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of the General Retirement System of the City of Detroit as of June 30, 2009 and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and required supplemental information (identified in the table of contents) are not required parts of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Praxity
MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

To the Board of Trustees
General Retirement System
of the City of Detroit

As explained in Note 1, the financial statements include investments valued at approximately $827,000,000 (33 percent of net assets), whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the investment managers, periodic appraisal, real estate advisors, general partners, or other means.

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the General Retirement System of the City of Detroit's basic financial statements. The accompanying other supplemental information as identified in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The statements included in other supplemental information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

December 21, 2009

Using this Annual Report

This annual report consists of three parts: (1) management's discussion and analysis (this section), (2) basic financial statements, and (3) required and other supplemental information. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by sections of required and other supplemental information that further explain and support the information in the financial statements.

Condensed Financial Information

The table below compares key financial information in a condensed format between the current year and the two prior years:

	Fiscal Year Ended		
	June 30, 2009	June 30, 2008	June 30, 2007
Total assets	$ 2,713,519,544	$ 3,974,699,052	$ 4,525,950,316
Total liabilities	326,383,009	557,931,326	679,938,257
Assets held in trust for pension benefits	**$ 2,387,136,535**	**$ 3,416,767,726**	**$ 3,846,012,059**
Net investment (loss) income	$ (794,692,915)	$ 614,322,130	$ 377,184,751
Contributions:			
Employee	21,135,924	20,358,640	19,438,360
Employer	41,395,719	43,168,448	41,444,808
Total contributions	62,531,643	63,527,088	60,883,168
Benefits paid to members and retirees:			
Retirees' pension and annuity benefits	205,136,206	196,775,146	206,185,678
Member annuity refunds and withdrawals	86,979,096	74,217,378	73,588,557
Total benefits paid	292,115,302	270,992,524	279,774,235
Benefits paid in excess of contributions	(229,583,659)	(207,465,436)	(218,891,067)
Ratio of benefits paid to contributions	4.7	4.3	4.6
Other expenses	5,354,617	4,723,783	4,498,224
Net (decrease) increase in net assets	**$ (1,029,631,191)**	**$ 402,132,911**	**$ 153,795,460**

Overall Fund Structure and Objectives

The General Retirement System of the City of Detroit (DGRS or the "System") is a defined benefit pension plan and defined contribution plan. DGRS exists to pay benefits to its members. Members of the System include active employees, retirees, and beneficiaries. Active members earn service credit that entitles them to receive benefits in the future. Retirees and beneficiaries are those members currently receiving benefits.

DGRS is a relatively mature plan in that there are more members receiving current benefits than active members. As of June 30, 2009, there were 9,128 active members, 11,385 members receiving benefits, and 2,114 terminated plan members entitled to, but not yet receiving, benefits.

DGRS is governed by a 10-member board of trustees (the "Board"). Five members of the Board are elected by the active membership to serve six-year terms. One member is elected by the retiree membership to serve a two-year term. One member is appointed by the mayor of the City of Detroit from the citizens of the City of Detroit to serve a six-year term. Three members serve ex-officio, these members being the mayor of the City of Detroit (or designee), the city treasurer, and one representative from the Detroit City Council. Expirations of terms of elected trustees are staggered.

Contributions to the System

The City of Detroit (employer) makes regular contributions to the System. The required contributions are determined by the System's actuaries using the entry age normal cost method. Basic pension and disability benefits are funded through employer contributions plus investment earnings on those contributions.

Active employees may voluntarily contribute 0 percent, 3 percent, 5 percent, or 7 percent of gross pay to the System. Employee contributions are maintained in separate accounts in the defined contribution plan (annuity savings fund) solely for the benefit of the contributing employee. After 25 years of service, an active employee may elect to withdraw his or her accumulated contributions plus investment earnings. Upon retirement, an employee may elect to annuitize some or all of their annuity savings fund balance, resulting in a greater monthly retirement benefit. Any portion of an employee's annuity savings fund balance which is not annuitized upon retirement is refunded in a lump sum.

Benefit Payments

Benefits are paid monthly. DGRS paid out $292 million in benefits during the year consisting of $205 million in benefits to retirees and beneficiaries plus $87 million in refunds of annuity savings fund balances. This represents approximately 12 percent of the net assets of the System at year end. Employer and employee contributions were $63 million or 3 percent of the net assets of the System. The excess of benefits over contributions ($230 million) is funded through investment income. The public capital markets represent the primary source of opportunities to earn investment income.

Asset Allocation

The Board believes that the principal determinant of total fund investment performance over long periods of time is asset allocation. The DGRS asset allocation is built upon the foundation that the obligations of the System to pay the benefits promised to its members are very long-term obligations. Accordingly, the Board must make investment decisions that it believes will be the most beneficial to the System over many years, not just one or two years. The Board must also balance the desire to achieve long-term gains with the requirements of having to raise the cash to fund significant benefit payments every month.

State statutes impose limitations on what fraction of the total assets of the System may be invested in assets other than government bonds, investment grade bonds, and certain mortgages. Additional restrictions are imposed on what fraction of the total assets of the System may be invested in foreign securities. The Board's asset allocation policies comply with applicable state statutes.

The Board has established asset allocation policies which are expected to deliver more than enough investment income over a very long period of time to satisfy the obligations to pay the benefits promised to the members of the System. The following is a summary of the DGRS asset allocation policy as of June 30, 2009:

Equities	50%
Tactical asset allocation	8%
Fixed income	22%
Real estate	10%
Alternative investments	8%
Market neutral	2%

Investment Results

Returns presented herein have been determined using the AIMR-compliant, time-weighted, GIPS method unless explicitly stated to the contrary. All returns for periods of one year or greater have been annualized.

Total Fund Composite

The total fund composite for the year was -18.8 percent. Although negative returns are disappointing, periods of negative returns are nevertheless inevitable in the context of the System's allocation to equities. Returns for the recent prior fiscal years ended June 30 are shown below:

2008	-4.3%
2007	18.9%
2006	11.3%
2005	8.3%
2004	15.6%

Since June 30, 2009, the financial markets have recovered. Management notes that the assets of the System have increased 9 percent for the quarter ended September 30, 2009.

Contacting the General Retirement System's Management

This financial report is intended to provide a general overview of the System's finances and investment results in relation to actuarial projections. It shows the System's accountability for the money it receives from city and employee contributions. If you have questions about this report or need additional information, we welcome you to contact the System's offices.

General Retirement System of the City of Detroit

Statement of Plan Net Assets
June 30, 2009
(with comparative totals for June 30, 2008)

	2009	2008
Assets		
Cash (Note 3)	$ 7,577,603	$ 10,939,147
Investments - At fair value (Note 3):		
Short-term investments	74,281,010	93,461,283
Stocks	788,542,781	1,206,707,654
Commingled equity funds	516,423,588	725,001,574
Bonds	216,274,278	345,171,018
Mortgage-backed securities	10,871,606	71,436,082
Pooled investments	16,846,000	26,165,360
Equity interest in real estate	367,488,256	458,232,023
Private placements	293,222,698	369,270,586
Mortgage and construction loans	137,126,720	166,277,904
Accrued investment income	7,905,427	13,561,485
Contributions receivable	19,375,638	14,507,751
Receivables from investment sales	27,955,916	48,650,292
Other accounts receivable	674,866	541,847
Capital assets (Note 1)	1,343,458	433,197
Cash and investments held as collateral for securities lending (Note 3):		
Asset-backed securities	23,166,422	69,811,379
Bank notes	44,927,300	75,153,148
Certificates of deposit	5,000,000	-
Certificates of deposit floating rate	5,004,650	60,046,989
Commercial paper	57,452,387	-
Repurchase agreements	769,600	-
Money market	21,383,440	52,049,785
U.S. corporate floating rate	69,905,900	167,280,548
Total assets	2,713,519,544	3,974,699,052
Liabilities		
Payables for investment purchases	30,226,142	94,700,599
Claims payable to retirees and beneficiaries	2,503,729	2,857,635
Due to City of Detroit	2,215,132	2,393,223
Other liabilities	28,504,486	33,638,020
Amounts due broker under securities lending agreement	262,933,520	424,341,849
Total liabilities	326,383,009	557,931,326
Net Assets Held in Trust for Pension Benefits (a schedule of analysis of funding progress is presented in the required supplemental information)	**$ 2,387,136,535**	**$ 3,416,767,726**

The Notes to Financial Statements are an Integral Part of this Statement.

General Retirement System of the City of Detroit

Statement of Changes in Plan Net Assets
Year Ended June 30, 2009
(with comparative totals for the year ended June 30, 2008)

	2009	2008
Additions		
Investment income (loss):		
Interest and dividend income	$ 48,668,750	$ 71,736,482
Net depreciation in fair value	(803,184,935)	(276,937,035)
Investment expense	(11,419,048)	(15,306,262)
Securities lending income	2,015,970	2,535,736
Net loss on collateralized securities	(35,323,821)	-
Other income	4,550,169	915,965
Net investment loss	(794,692,915)	(217,055,114)
Contributions:		
Employee	21,135,924	20,358,640
Employer	41,395,719	43,168,448
Total additions - Net	(732,161,272)	(153,528,026)
Deductions		
Retirees' pension and annuity benefits	205,136,206	196,775,146
Member refunds and withdrawals	86,979,096	74,217,378
General and administrative expenses	5,264,343	4,620,015
Depreciation expense	90,274	103,768
Total deductions	297,469,919	275,716,307
Net Decrease in Net Assets Held in Trust for Pension Benefits	(1,029,631,191)	(429,244,333)
Net Assets Held in Trust for Pension Benefits - Beginning of year	3,416,767,726	3,846,012,059
Net Assets Held in Trust for Pension Benefits - End of year	**$ 2,387,136,535**	**$ 3,416,767,726**

The Notes to Financial Statements are an Integral Part of this Statement.

Note 1 - Summary of Significant Accounting Policies

The City of Detroit (the "City") sponsors the General Retirement System of the City of Detroit (the "System"), which is a contributory single-employer retirement plan. The System, which is administered by the System's board of trustees, is comprised of a defined benefit plan and a defined contribution plan. The plan provides retirement, disability, and survivor benefits to plan members and beneficiaries.

The General Retirement System of the City of Detroit is an independent trust qualified under applicable provisions of the Internal Revenue Code and is an independent entity (separate and distinct from the employer/plan sponsor) as required by (1) state law and (2) Internal Revenue Code provisions setting forth qualified plan status. The trustees of the plan have fiduciary obligations and legal liability for any violations of fiduciary duties as independent trustees.

Reporting Entity - The financial statements of the System are also included in the combined financial statements of the City of Detroit as a Pension Trust Fund. The assets of the Pension Trust Fund include no securities of or loans to the City or any other related party.

Basis of Accounting - The General Retirement System of the City of Detroit's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Methods Used to Value Investments - Investments are reported at fair value or estimated fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments. The fair value of real estate investments is based on periodic appraisals as well as the judgment of independent real estate advisors and management. Investments that do not have an established market value are reported at estimated fair value as determined by the System's management. Approximately 33 percent of the System's assets are not publicly traded and, therefore, do not always have a readily determinable market value. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ significantly from the values that would have been used had a ready market for these securities existed. The difference could be material.

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets - Capital assets for the System represent office equipment and furniture. Depreciation expense is calculated by allocating the net cost of the assets over their estimated useful lives.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure.

Note 2 - Plan Description and Contribution Information

At June 30, 2009, the membership of the defined benefit plan and the defined contribution plan consisted of the following:

	Defined Benefit Plan	Defined Contribution Plan
Retirees and beneficiaries receiving pension benefits	11,385	1,374
Terminated plan members entitled to but not yet receiving benefits	2,114	873
Active plan members	9,128	7,941

Plan Description - The System provides retirement benefits, as well as survivor and disability benefits. Employees may receive cost of living adjustments as a percentage of their base amount, pursuant to the collective bargaining agreement in effect at their date of retirement. The obligation to contribute to and maintain the System was established by City Charter and negotiation with the employees' collective bargaining units.

Contributions - The City's policy is to fund normal costs and amortization of prior service costs. The City is required to contribute at an actuarially determined rate. Administrative costs are financed through investment earnings. The weighted average contribution rate for 2008-2009 and 2007-2008 was 9.96 percent and 10.21 percent, respectively, of active annual payroll, after the application of funding from the use of pension obligation certificate proceeds received during 2005. The City of Detroit computes the portion of the total required contribution that is funded through the certificate proceeds. This amount of $39,688,411 is transferred from the Accrued Liability Reserve Fund to the Pension Reserve Fund. Contributions from the employer for the years ended June 30, 2009 and 2008 totaled $41,395,719 and $43,168,448, respectively, after transfers from the certificate proceeds.

Note 2 - Plan Description and Contribution Information (Continued)

Employees may also elect to contribute (a) 0 percent, (b) 3 percent of annual compensation up to the Social Security wage base and 5 percent of any excess over that, (c) 5 percent, or (d) 7 percent toward annuity savings. Contributions from employees during the years ended June 30, 2009 and 2008 totaled $21,135,924 and $20,358,640, respectively.

The contribution requirements of plan members and the City of Detroit are established and may be amended by the board of trustees in accordance with the City Charter, union contracts, and plan provisions.

Annual Pension Costs - The annual contribution for the year ended June 30, 2009 was $41,395,719. The annual contribution was determined as part of an actuarial valuation at June 30, 2007, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) a 7.9 percent investment rate of return, (b) projected salary increases of 4.0 percent per year, (c) additional salary increases of 0 percent to 5.5 percent per year based on merit and/or longevity, and (d) cost of living adjustments of 2.25 percent per year. Both (a) and (b) are determined to be using techniques that smooth the effects of short-term volatility over a three-year period. The unfunded actuarial liability is being amortized as a level of percent of payroll on an open basis. The remaining amortization period is 30 years.

Per the actuarial report dated June 30, 2008, all assumptions have remained consistent except for the projected salary increases. The projected salary increases changed to 4.0 percent to 8.9 percent as of that valuation.

Funded Status and Funding Progress - As of June 30, 2008, the most recent actuarial valuation date, the plan was 100.9 percent funded. The actuarial accrued liability for benefits was $3,609,558,628 and the actuarial value of assets was $3,641,197,523, resulting in actuarial accrued asset of $31,638,895. The covered payroll (annual payroll for active employees covered by the plan) was $368,470,990 and the ratio for the unfunded AAL to the covered payroll was (8.6) percent.

The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan net assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 2 - Plan Description and Contribution Information (Continued)

Three-year trend information as of June 30 is as follows:

	Fiscal Year Ended June 30		
	2007	2008	2009
Annual pension costs (APC)	$ 41,444,808	$ 43,168,448	$ 41,395,719
Percentage of APC contributed	100%	100%	100%
Net pension obligation	$ -	$ -	$ -

See Note 4 for disclosure of required reserves.

Note 3 - Deposits and Investments

The System is authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles. The investment policy adopted by the board is in accordance with Public Act 196 of 1997 and has authorized the investments according to Michigan Public Act 314. The System's deposits and investment policies are in accordance with statutory authority other than real estate asset balances under Section 19, being in excess of statutory limits by approximately 5 percent.

The System invests in various investment securities. Investment securities are exposed to various risks such as interest rate risks, market, credit risks, and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported on the statement of changes in plan net assets.

Note 3 - Deposits and Investments (Continued)

The System's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank's failure, the System's deposits may not be returned to it. The System does not have a deposit policy for custodial credit risk. At June 30, 2009 and 2008, the System had $7,577,603 and $10,939,147, respectively, of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The System believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the System evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The System's investment policy does not restrict investment maturities. At June 30, 2009, the average maturities of investments broken down by years are as follows:

		Investment Maturities (in years)			
Investment Type	Fair Value ($000)	Less than 1	1-5	6-10	More than 10
U.S. government	$ 76,186	$ 29,402	$ 25,207	$ 9,904	$ 11,673
Mortgage backed	10,929	-	-	659	10,270
Treasuries**	26,136	15,639	-	-	-
Corporate	129,035	14,300	63,684	28,182	22,869
Other fixed income	10,725	160	7,300	1,499	1,766
Convertible bonds	2,055	-	244	1,080	731
Pooled and mutual funds**	79,565	10	-	-	-
Government agencies	1,000	1,000	-	-	-
State and local obligations	135	-	-	-	135
Commingled bond funds**	-	-	-	-	-
Mortgages	100,699	4,004	63,380	33,315	-
Construction loans	32,244	28,193	4,051	-	-
Total	$ 468,709	$ 92,708	$ 163,866	$ 74,639	$ 47,444

** Not all pooled and mutual funds and commingled funds are subject to interest rate risk.

Note 3 - Deposits and Investments (Continued)

At June 30, 2008, the average maturities of investments broken down by years are as follows:

Investment Type	Fair Value ($000)	Investment Maturities (in years) Less than 1	1-5	6-10	More than 10
U.S. government	$ 79,974	$ 7,997	$ 25,400	$ 23,201	$ 23,376
Mortgage backed	79,090	252	885	1,922	76,031
Corporate	227,477	4,352	83,441	78,460	61,224
Other fixed income	34,929	268	11,114	19,778	3,769
Convertible bonds	426	-	-	426	-
Pooled and mutual funds**	155,759	10	-	-	-
Government agencies	6,936	6,824	-	-	112
Commingled bond funds**	90	-	-	-	-
Mortgages	111,308	13,612	69,108	28,588	-
Construction loans	68,790	60,693	8,097	-	-
Total	$ 764,779	$ 94,008	$ 198,045	$ 152,375	$ 164,512

** Not all pooled and mutual funds and commingled funds are subject to interest rate risk.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The System has no investment policy that would further limit its investment choices. As of June 30, 2009, the credit quality ratings of debt securities (other than that guaranteed by the U.S. government) as rated by S&P are as follows:

Investment Type and Fair Value ($000)	AAA	AA	A	BBB	BB
U.S. government	$ 62,885	$ 923	$ 5,239	$ 1,610	$ 296
Mortgage backed	2,562	-	-	598	-
Treasuries	11,285	-	-	-	-
Corporate	20,497	11,484	35,593	23,864	10,601
Other fixed income	35	1,480	4,430	3,062	199
Convertible bonds	-	-	-	-	471
Pooled and mutual funds	3	-	-	-	-
Government agencies	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
State and local oblications	-	-	-	-	-
Commingled bond funds	-	-	-	-	-
Mortgages	-	-	-	-	-
Construction loans	-	-	-	-	-
Total	$ 97,267	$ 13,887	$ 45,262	$ 29,134	$ 11,567

Note 3 - Deposits and Investments (Continued)

Investment Type and Fair Value ($000)	B	CCC and Below	A-1	NR
U.S. government	$ -	$ -	$ -	$ 5,233
Mortgage backed	142	-	-	7,627
Treasuries	-	-	-	14,852
Corporate	7,967	5,871	-	13,160
Other fixed Income	506	938	-	76
Comvertible bonds	608	-	-	975
Pooled and mutual funds	-	-	-	79,562
Government agencies	-	-	-	1,000
Certificates of deposit	-	-	-	-
State and local oblications	-	-	-	135
Commingled bond funds	-	-	-	873
Mortgages	-	-	-	100,699
Construction loans	-	-	-	32,244
Total	$ 9,223	$ 6,809	$ -	$ 256,436

As of June 30, 2008, the credit quality ratings of debt securities (other than that guaranteed by the U.S. government) as rated by S&P are as follows:

Investment Type and Fair Value ($000)	AAA	AA	A	BBB	BB
U.S. government	$ 29,844	$ -	$ 13,216	$ 3,359	$ 801
Mortgage backed	3,554	392	-	-	-
Corporate	42,053	8,886	15,934	29,604	40,209
Other fixed income	963	2,340	1,779	44,710	8,150
Convertible bonds	-	-	-	-	426
Commingled bond funds	-	-	-	-	-
Government agencies	-	-	-	-	-
State and local obligations	-	-	-	112	-
Pooled and mutual funds	-	-	-	-	-
Mortgages	-	-	-	-	-
Construction loans	-	-	-	-	-
Total	$ 76,414	$ 11,618	$ 30,929	$ 77,785	$ 49,586

Note 3 - Deposits and Investments (Continued)

Investment Type and Fair Value ($000)	B	CCC and Below	A-1	NR
U.S. government	$ -	$ -	$ -	$ 4,528
Mortgage backed	-	-	-	2,311
Corporate	70,763	12,916	-	6,857
Other fixed income	12,557	3,361	-	593
Convertible bonds	-	-	-	-
Commingled bond funds	-	-	-	90
Government agencies	-	-	6,824	-
State and local obligations	-	-	6,593	-
Pooled and mutual funds	-	-	-	155,759
Mortgages	-	-	-	111,308
Construction loans	-	-	-	68,790
Total	$ 83,320	$ 16,277	$ 13,417	$ 350,236

Note 3 - Deposits and Investments (Continued)

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. The System does not restrict the amount of investments in foreign currency. For the year ended June 30, 2009, the following deposits and securities are subject to foreign currency risk (in $000):

	Fixed Income	Equity	Cash Equivalent	Cash	Forward Contracts
Argentina peso	$ -	$ 200	$ -	$ -	$ -
Australian dollar	3,867	11,726	-	190	33,173
Brazillian real	1,610	754	-	(58)	-
British pound sterling	2,618	40,655	-	(78)	(1,070)
Bulgarian lev	-	389	-	104	-
Canadian dollar	1,051	6,656	-	105	(5,425)
Czech koruna	-	1,226	-	73	(1,167)
Danish krone	-	1,689	-	3	-
Euro currency	3,210	48,400	414	3,280	6,763
Hong Kong dollar	-	6,838	-	(174)	-
Hryvnia	-	538	-	4	-
Hungarian forint	-	1,037	-	-	(832)
Indonesian rupiah	1,109	-	-	37	-
Israeli shekel	-	-	-	-	-
Japanese yen	-	37,552	-	942	(5,984)
Kroon	-	-	-	-	-
Malaysian ringgit	1,925	-	-	1	-
Mexican nuevo peso	1,498	78	-	-	-
Ne Romanian leu	-	12	-	21	-
New Taiwan dollar	-	2	-	185	-
New Zealand dollar	1,352	156	-	1	(12,757)
Norwegian krone	-	2,066	-	203	5,149
New Turkish lira	-	-	-	-	411
Phillipines peso	-	-	-	1	-
Polish zloty	1,562	1	-	-	-
Renminbi yuan	-	87	-	-	-
Russian new ruble	-	155	-	21	-
Singapore dollar	-	1,217	-	182	-
South African rand	1,090	194	-	-	-
South Korean won	-	2,140	-	-	1,126
Swedish krona	852	1,965	-	58	8,995
Swiss franc	-	14,567	-	675	(17,213)
Thai baht	-	-	-	101	-
Total	$ 21,744	$ 180,300	$ 414	$ 5,877	$ 11,169

Note 3 - Deposits and Investments (Continued)

For the year ended June 30, 2008, the following deposits and securities are subject to foreign currency risk (in $000):

	Fixed Income	Equity	Cash Equivalent	Cash
Australian dollar	$ 8,174	$ 16,900	$ 22,985	$ 1,014
Brazilian real	3,359	617	-	12
British pound sterling	4,777	60,757	60,921	(378)
Bulgarian lev	-	1,614	-	116
Canadian dollar	2,194	11,273	(7,393)	1,544
Czech koruna	-	3,069	(864)	-
Danish krone	-	3,828	-	(203)
Euro currency	-	94,466	(141,682)	4,901
Hong Kong dollar	-	5,154	-	797
Hryvnia	-	1,919	-	3
Hungarian forint	-	4,083	(733)	2
Iceland krona	1,550	-	-	-
Indonesian rupiah	1,641	79	-	40
Israeli shekel	-	6	-	-
Japanese yen	-	50,082	32,810	1,598
Kroon	-	17	-	-
Malaysian ringgit	5,030	-	-	1
Mexican nuevo peso	3,549	1,048	(768)	-
New Romanian leu	-	1,824	-	-
New Taiwan dollar	-	332	-	448
New Zealand dollar	3,013	223	(25,477)	-
Norwegian krone	954	9,053	49,557	514
New Turkish lira	-	27	1,186	(4)
Philippines peso	-	-	-	1
Polish zloty	4,220	5,192	(1,825)	1
Renminbi yuan	-	390	-	-
Russian new ruble	-	2,993	-	5
Singapore dollar	4,570	3,233	-	221
South African rand	2,815	-	-	1
South Korean won	-	344	-	-
Swedish krona	2,820	2,919	41,993	18
Swiss franc	-	20,190	6,947	(93)
Thai baht	-	-	-	103
Total	$ 48,666	$ 301,632	$ 37,657	$ 10,662

Note 3 - Deposits and Investments (Continued)

As permitted by state statutes and under the provisions of a securities lending authorization agreement, the System lends securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The System's custodial bank manages the securities lending program and receives cash, government securities, or irrevocable bank letters of credit as collateral. The custodial bank does not have the ability to pledge or sell collateral securities unless the borrower defaults. Borrowers are required to deliver collateral for each loan equal to not less than 102 percent of the market value of the loaned securities.

The System did not impose any restrictions during the fiscal year on the amount of loans made on its behalf by the custodial bank. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or custodial bank.

The System and the borrower maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in a separate account with the cash collateral of other lenders in an investment pool. The average duration of this investment pool as of June 30, 2009 was 28 days. Because the loans are terminable on demand, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2009, the System had no credit risk exposure to borrowers. The collateral received (at cost) and the fair market value of the underlying securities on loan for the System as of June 30, 2009 was $262,933,520 and $252,865,293, respectively.

Securities Lent	Underlying Securities
U.S. government and agencies	$ 10,876,017
U.S. corporate fixed income	10,264,954
U.S. equities	220,778,692
Non-U.S. governments	2,385,964
Non-U.S. equities	8,559,666
Total	$ 252,865,293

Note 3 - Deposits and Investments (Continued)

The fair market value of collateral of the securities lending pool at June 30, 2009 was $227,609,699. The investments were in asset-backed securities, bank notes, certificate of deposits (floating rate), non-U.S. government, and U.S. corporate securities (floating rate).

The following represents the balances relating to the securities lending transactions as of June 30, 2008; investments are reported at fair value:

Securities Lent	Underlying Securities
U.S. government and agencies	$ 13,406,117
U.S. corporate fixed income	27,040,548
U.S. equities	352,233,542
Non-U.S. governments	3,429,189
Non-U.S. equities	13,045,261
Total	$ 409,154,657

The fair market value of collateral of the securities lending at June 30, 2009 was $424,341,849. The investments were in asset-backed securities, bank notes, certificate of deposits (floating rate), mutual funds, and U.S. corporate securities (floating rate).

Note 4 - Reserves

State law requires employee contributions to be segregated. In addition, amounts must be set aside as determined by the actuary to fund benefits to retirees currently approved to receive benefits. As of June 30, 2009, these reserves were more than the net assets of the System. However, at June 30, 2008, the System's reserves had been fully funded:

	2009	2008
Reserved for employee contributions	$ 702,959,255	$ 732,670,998
Reserved for retired employees	1,834,262,550	1,806,331,183

A statement of changes in plan net assets by fund is included in the other supplemental information.

Note 5 - Pension Obligation Certificates

In June 2005, the City of Detroit issued $1,440,000,000 of pension obligation certificates to provide funding for the unfunded actuarially accrued liability (UAAL) of both the General Retirement System of the City of Detroit and the Police and Fire Retirement System of the City of Detroit. The pension obligation certificate proceeds were used to fund the combined liability of both plans that existed at June 30, 2003. Any future UAAL that may arise will continue to be paid by the City, as well as the annual normal cost. The proceeds of the pension obligation certificates were deposited into the System and are accounted for in the Accrued Liability Fund (Pension Obligation Certificate) Reserve. Approximately $740,000,000 was deposited into the General Retirement System of the City of Detroit and approximately $630,000,000 was deposited into the Police and Fire Retirement System of the City of Detroit, net of issuance costs and premiums. On an annual basis, funds will be transferred from the Accrued Liability Fund reserve to the pension accumulation reserve based on a computation performed by the City of Detroit. The Accrued Liability Fund was credited with investment earnings commensurate with the overall earnings of the System.

Note 6 - Credit Enhancement Agreements

During the year, the System had credit enhancement agreements totaling $99,000,000. In exchange for the credit enhancement, the System receives fees from the companies to whom the enhancement agreements have been given.

Required Supplemental Information

General Retirement System of the City of Detroit

Required Supplemental Information
Schedule of Analysis of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
06/30/03	$ 2,537,668,376	$ 3,270,627,177	$ 732,958,801	77.6	$ 448,579,064	163.4
06/30/04	2,470,243,470	3,383,926,672	913,683,202	73.0	444,596,299	205.5
06/30/05	3,222,393,861	3,347,387,652	124,993,791	96.3	390,593,600	32.0
06/30/06	3,373,687,677	3,434,288,153	60,600,476	98.2	361,151,456	16.8
06/30/07	3,586,550,485	3,629,217,059	42,666,574	98.8	361,701,481	11.8
06/30/08	3,641,197,523	3,609,558,628	(31,638,895)	100.9	368,470,990	(8.6)

General Retirement System of the City of Detroit

Required Supplemental Information
Schedule of Employer Contributions

Year Ended June 30	Date of Actuarial Valuation	Annual Required Contribution	Contribution Made	Percentage Contributed	Transfer from Accrued Liability Reserve*
2004	June 30, 2002	$ 95,876,076	$ 95,876,076	100	$ -
2005	June 30, 2003	41,689,528	41,689,528	100	64,807,084
2006	June 30, 2004	42,799,581	58,162,088	135	32,651,232
2007	June 30, 2005	41,444,808	41,444,808	100	39,840,591
2008	June 30, 2006	43,168,448	43,168,448	100	40,430,886
2009	June 30, 2007	41,395,719	41,395,719	100	39,688,411

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of June 30, 2008, the latest actuarial valuation, follows:

Valuation date	June 30, 2008
Actuarial cost method	Entry age
Amortization method	Level percent
Remaining amortization period	30 years
Asset valuation method	Three-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.9%
Projected salary increases **	4.0%-8.9%
Includes inflation at	4.0%
Cost of living adjustments	2.25%

* In accordance with the pension obligation certificate requirements, annual transfers are made from the Accrued Liability Fund to the Pension Accumulation Reserve for the amortization of the unfunded liability that existed at the date the certificates were issued. The annual required contributions are stated net of the POC transfers.

** Per the actuarial report dated June 30, 2008, all assumptions have remained consistent except for the projected salary increases. The projected salary increases are 4.0 percent to 8.9 percent.

Other Supplemental Information

Other Supplemental Information
Description of Funds

Annuity Savings Fund - This fund represents cumulative required and voluntary contributions made by the active employees plus accumulated interest.

Annuity Reserve Fund - Transfers are made from the Annuity Savings Fund into the Annuity Reserve Fund when an employee retires, becomes disabled, or if a surviving spouse elects an annuity rather than a lump-sum payout of accumulated employee contributions.

Both annuity funds are referred to as defined contribution plans.

Market Stabilization Fund - This fund represents designations from the plans' investment income (loss) to be used to cushion the market value adjustments within the other funds. The boards of trustees authorized the creation of this fund, and the reserve amounts are calculated using a three-year average method.

Accrued Liability Reserve Fund - This fund originated during June 2005 when the City issued pension obligation certificates to fund the unfunded actuarial accrued liability that existed at June 30, 2003 (subject UAAL). On an annual basis, the actuary will inform the System of the amount to transfer from the Accrued Liability Reserve to the Pension Accumulation Fund in lieu of contributions from the City for the subject UAAL.

Pension Accumulation Fund - This fund represents accumulated City contributions to the pension system for the payment of pensions and other benefits to future retirees. Additionally, pre-employment military service credit contributions are captured in this fund.

Pension Reserve Fund - This fund represents funded pension benefits available for retired members and is funded by actuarially determined transfers from the Pension Accumulation Fund.

	Annuity Reserves	
	Annuity Savings Fund	Annuity Reserve Fund
Additions		
Net investment income (loss)	$ 51,937,992	$ 3,338,084
Contributions:		
Employee	20,905,060	-
Employer	-	-
Total additions - Net	72,843,052	3,338,084
Deductions		
Retirees' pension and annuity benefits	-	11,496,019
General and administrative expenses	-	-
Depreciation expense	-	-
Member refunds and withdrawals	84,742,839	-
Total deductions	84,742,839	11,496,019
Net Additions (Deductions) - Before transfers	(11,899,787)	(8,157,935)
Transfers - Net	(17,811,956)	17,368,351
Net Increase (Decrease) in Net Assets Held in Trust for Pension Benefits	(29,711,743)	9,210,416
Net Assets Held in Trust for Pension Benefits - Beginning of year	732,670,998	45,973,766
Net Assets Held in Trust for Pension Benefits - End of year	**$ 702,959,255**	**$ 55,184,182**

Other Supplemental Information
Statement of Changes in Plan Net Assets by Fund
Year Ended June 30, 2009
(with comparative totals for the year ended June 30, 2008)

		Pension Reserves		Total	
Market Stabilization Fund	Accrued Liability Reserve Fund	Pension Accumulation Fund	Pension Reserve Fund	2009	2008
$ (649,954,140)	$ 56,115,591	$ (387,899,498)	$ 131,769,056	$ (794,692,915)	$ (217,055,114)
-	-	230,864	-	21,135,924	20,358,640
-	-	41,395,719	-	41,395,719	43,168,448
(649,954,140)	56,115,591	(346,272,915)	131,769,056	(732,161,272)	(153,528,026)
-	-	-	193,640,187	205,136,206	196,775,146
-	-	5,264,343	-	5,264,343	4,620,015
-	-	90,274	-	90,274	103,768
-	-	2,236,257	-	86,979,096	74,217,378
-	-	7,590,874	193,640,187	297,469,919	275,716,307
(649,954,140)	56,115,591	(353,863,789)	(61,871,131)	(1,029,631,191)	(429,244,333)
-	(39,688,483)	(40,459,996)	80,592,084	-	-
(649,954,140)	16,427,108	(394,323,785)	18,720,953	(1,029,631,191)	(429,244,333)
(232,276,997)	766,439,992	343,602,550	1,760,357,417	3,416,767,726	3,846,012,059
$ (882,231,137)	**$ 782,867,100**	**$ (50,721,235)**	**$1,779,078,370**	**$2,387,136,535**	**$3,416,767,726**

HOOKER & HOLCOMBE, INC.
Benefit Consultants and Actuaries

65 LaSalle Road | West Hartford, CT 06107-2397 | *Founded in 1956*

Confidential

April 16, 2010

Ms. Kathleen E. Palm Devine, Secretary
City of Hartford Pension Commission
Office of the Treasurer
550 Main Street
Hartford, CT 06103

Re: 2009 MERF Actuarial Survey

Dear Kathleen:

We are pleased to present the Annual Valuation of the City of Hartford Municipal Employees' Retirement Fund for 2009. Eleven additional copies are included for distribution.

Recommended contribution rates are as follows:

	Recommended Fiscal Year 2010-2011 Contribution (2009 MERF Actuarial Survey)	**Recommended Fiscal Year 2009-2010 Contribution (2008 MERF Actuarial Survey)**
Police	9.94%	3.35%
Firefighters	1.55%	-4.88%
Board of Education	11.87%	10.64%
Municipal Services	30.74%	22.00%
Library	20.90%	16.08%

Please see Section I of the attached report for analysis and discussion regarding the changes in the contribution requirements from last year to this year, as well as expectations for future increases.

As adopted by the Pension Commission, this valuation reflects a change in the asset valuation method which extended the period for smoothing gains and losses from 4 to 5 years. Section I includes a detailed discussion of the implications of this change.

As always, I am available to answer any questions you or the Pension Commission may have.

Sincerely,

Elizabeth J. Churney

/aps
Enclosure

Copy with enclosure: Donna P. Parker

HOOKER & HOLCOMBE, INC.

65 LaSalle Road
West Hartford, CT 06107-2397
860-521-8400 tel
860-521-3742 fax
www.hhconsultants.com

City of Hartford Municipal Employees' Retirement Fund (MERF)

Actuarial Survey

July 1, 2009

Elizabeth J. Churney, F.S.A., MAAA
Consulting Actuary

Scott B. Moss, A.S.A.
Pension Analyst

April 16, 2010

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Section I

Valuation Report

A. Purpose of the Valuation

The purpose of the valuation is to determine the funded status of the plan as well as the recommended cash contribution for the plan year. The information found in Section II of the report has been developed for this purpose.

The ultimate cost of a pension plan is based primarily on the level of benefits promised by the plan. The pension fund's investment earnings serve to reduce the cost of plan benefits and expenses. Thus,

City's ultimate cost	=	*benefits paid*	+	*expenses incurred*	-	*investment return*	-	*employee contributions*

B. Contribution for 2010-2011 Fiscal Year

The City's contribution rates for the 2010-2011 fiscal year, determined from the July 1, 2009 actuarial valuation, are shown below. Last year's results are shown for comparison purposes.

	Recommended 2010-2011 Fiscal Year Contribution (July 1, 2009 Valuation)	**Recommended 2009-2010 Fiscal Year Contribution (July 1, 2008 Valuation)**
Police	9.94%	3.35%
Firefighters	1.55%	-4.88%
Board of Education	11.87%	10.64%
Municipal Services	30.74%	22.00%
Library	20.90%	16.08%

Please see Section II, Exhibit A for the development of these figures.

It is important to note that the recommended City contribution is expressed as a percentage of the payroll for each of the five groups of employees covered by the plan: Police, Firefighters, Board of Education, Municipal Services (general government employees), and Library. Each of those percentages is then applied against the *estimated* payroll for each group for the next fiscal year, to yield an *estimated* dollar amount of the cash contribution required. Importantly, while the percentages of payroll will not change because they are actuarially determined, the dollar amount of the City's *actual* required contribution will change -- upward or downward -- depending on whether *actual* payrolls in the fiscal year are more, or less, than currently estimated.

As can be seen, the percentages of payroll on which estimated contributions have been based have increased considerably from last year for all groups. Based on an estimated payroll of approximately $143.1 million for fiscal year 2010-2011 obtained from the City of Hartford's Office of Management and Budget, the estimated dollar amount of the City's contribution for such year is approximately $18.3 million.

By comparison, using payroll estimates for fiscal year 2009-2010 of approximately $136.5 million, the approximate dollar amount of the City's contribution for the 2009-2010 fiscal year is $9.9 million. Thus, the 2010-2011 fiscal year contribution represents an estimated $8.4 million increase from the previous year, or approximately 85%.

The primary reason for this increase in the recommended contribution requirement for fiscal year 2010-2011 is the drop in the capital markets starting in September 2008 through June 2009, with the resulting loss of market value of MERF assets during that period. The net impact of changes in the covered population and modifications to plan provisions since the last valuation report also served to increase the contribution, although to a lesser extent.

With the drop in the markets, the market value of assets for the MERF decreased from $1,080.2 million as of July 1, 2008 to approximately $861.7 million as of July 1, 2009, a return for the year of approximately -15.0%. In order to avoid dramatic fluctuations in contribution requirements with such large swings in the market, a "smoothed" or "actuarial" value of assets is used to perform the valuation. This smoothed value recognizes the difference between the expected return on the market value of assets and the actual return over a 5-year period at 20% per year (See section III for a description of the asset valuation method).

As of July 1, 2009, the smoothed (actuarial) value of assets used in the development of the contribution requirement was approximately $1,089.2 million, $227.5 million higher than the market value of assets of $861.7 million at such date. This value represents a change in the asset smoothing methodology from a method that spreads the difference between the expected return on the market value of assets and the actual return over a 4-year period, to one that uses a 5-year smoothing period instead.

The return for the year on the actuarial value prior to the change in method was 1.6%, as opposed to the -15% return on the market value. Since this 1.6% was still far less than the MERF's 8% return assumption, asset losses were generated that increased the fiscal year 2010-2011 contribution requirement. Specifically, these losses represented approximately $7.7 million of the $8.4 million estimated increase and were therefore the primary driver of the increase in estimated contributions for fiscal year 2010-2011. Note that the change in asset valuation method reflected with this valuation partially offset this $7.7 million increase in contribution requirements. For a full discussion of the impact of this change, see section *E. Changes Since the Last Valuation.*

Future Contribution Requirements

The use of a smoothed (actuarial) value of assets is meant to produce a more level funding pattern, given asset volatility. With a drop in the market, asset losses are spread over a five-year period, leveling out the recommended funding rather than providing for a spike in contribution requirements in one year. As of July 1, 2009, there were approximately $227.5 million in net unrecognized asset losses that eventually need to be recognized in future City contribution requirements because of the use of this smoothing method. Given this level of unrecognized losses, future contribution increases can be expected for at least the 2011-2012 and 2012-2013 fiscal year, absent other significant changes. Note that the change in asset valuation method reflected in this valuation is expected to help mitigate some of this increase short-term, but any decrease in current funding requirements from this change generally will be deferred to future years.

To provide a sense of the level of expected future contributions, an estimate for the 2011-2012 fiscal year has been calculated. Specifically, the City's estimated recommended contribution for such fiscal year is currently $28.3 million. This figure is based on a projected market value of assets at July 1, 2010 of $874 million, determined by projecting actual assets of $902.7 million as of January 31, 2010 to June 30, 2010 assuming 0% return. In addition, estimates of payroll for fiscal year 2011-2012 payroll of $150 million were used. Projected plan liabilities inherent in this calculation were based on the results of the July 1, 2009 valuation, including the assumptions, methods, and census data as of such date. Consequently, the costs of the 2009 early retirement incentive program have ***not*** been incorporated into this estimate because participants electing this option did not leave City service until after July 1, 2009.

The actual 2011-2012 contribution requirement will be based upon final liabilities and assets as of July 1, 2010, as well as actual payroll for the 2011-2012 fiscal year. To provide some sensitivity of the contribution to asset values, if the market value of assets as of July 1, 2010 is approximately $50 million higher at $925 million, the contribution estimate decreases by $1.2 million to $27.1 million.

Funding requirements for fiscal year 2012-2013 through 2014-2015 are expected to increase even further as asset losses are fully phased into the smoothed value of assets. The extent of the increase will depend upon market returns after July 1, 2009, among other factors.

C. Funded Status

The funded status of the plan as of July 1, 2009 is summarized below. The figures are prepared in accordance with the requirements of the Governmental Accounting Standards Board, or GASB, and are useful in accessing the health of the plan overall.

Specifically, the funded status is based on the smoothed (actuarial) value of assets used in the valuation, as well as a measure of the plan's liability known as the Actuarial Accrued Liability. The Actuarial Accrued Liability is the liability for benefits expected to be paid from the plan for inactive participants, as well as the liability for future expected benefit payments for active participants. For actives, the liability measure includes the impact of assumed future salary increases on projected benefits, but includes only that portion of their overall liability attributable to services rendered as of the valuation date.

	July 1, 2009
Actuarial Accrued Liability	$1,126,965,000
Actuarial Value of Assets	1,089,184,000
Funded Status	-37,781,000
Funded Percentage	96.6%

During the 2008-2009 fiscal year, the plan's funded status dropped from 102.2% as of July 1, 2008 to 96.6% as of July 1, 2009, as detailed above. Despite the fact that the City fully funded the recommended contribution for the year, asset growth did not keep pace with liability growth, resulting in the decline in the funded status. This is primarily the result of the asset losses on the smoothed (actuarial) value of assets previously discussed. The change in asset valuation method partially offset this decline. Under the old asset method, the plan's funded status would have been 95.7%.

Even with a funded status of less than 100%, the plan is still in a healthy, well-funded position at the current 96.6% level. It is not the intent of the plan's funding method to fully fund such shortfalls in just one year. Absent other significant changes, such underfunding will be eliminated over a period of years as it is spread into future contribution requirements.

D. Plan Experience During Period Under Review

As discussed earlier, the recommended City contribution rate for the 2010-2011 fiscal year has increased from last year for all groups. As a result, the dollar amount of the City's contribution is expected to increase by approximately $8.4 million based on current estimates of payroll.

Also as previously discussed, the market value of assets returned -15.0% over the 2008-2009 fiscal year. The smoothed (actuarial) value of assets prior to the change in method earned a return of approximately 1.6% during the same fiscal period. The resulting asset loss generated from a return less than the 8.0% expected accounted for approximately $7.7 million of the estimated $8.4 million increase in contribution.

Of the remaining $0.7 million increase, approximately $1.6 million is attributable to changes in the plan's population and the resulting impact on plan liabilities. Despite the decrease in active membership of the MERF (from 2,671 as of July 1, 2008 to 2,406 as of July 1, 2009) and the corresponding drop in total payroll, changes in the population increased costs. This was due to items such as salaries increasing by more than expected for continuing actives, new hires, and the net impact of retirements, terminations and deaths.

The change in asset valuation method resulted in a decrease in the contribution requirement of approximately $1.1 million. There was also a $0.2 million increase in the contribution requirement is due to the net impact of modifications to plan provisions for select groups. See section *E. Changes Since the Last Valuation* for the specifics of the asset method and plan changes adopted during the year.

E. Changes Since The Last Valuation

Asset Valuation Method Change

The July 1, 2009 valuation reflects a change in asset smoothing methodology from a method that spreads the difference between the expected return on the market value of assets and the actual return over a 4-year period, to one that uses a 5-year smoothing period instead. This change partially offset the increase in contribution requirement for the 2010-2011 fiscal year.

As, noted, the new method extends the period for smoothing asset gains and losses by one year. With a longer smoothing period, asset gains and losses are being recognized more slowly, resulting in a larger smoothed (actuarial) value of assets after the change, given the large asset losses of fiscal years 2007-2008 and 2008-2009. Specifically, the actuarial value of assets under the prior 4-year smoothing method would have been $1,079.0 million as of July 1, 2009, approximately $10.2 million less then the $1,089.2 million value used in the valuation.

With the use of a larger asset value, the estimated contribution for the 2010-2011 fiscal year is less than it otherwise would have been as a result of the change. Based on estimated payroll of $143.1 million, the change in method decreased the 2010-2011 fiscal year contribution by approximately $1.1 million. It is important to note that this decrease is merely the result of the slower recognition of recent net asset losses in the MERF's annual valuation. The decrease in the contribution today will result in contribution increases in the future, all else being equal. Plan funding is simply being deferred. (Note that in an environment of net asset gains, extending the smoothing period has the opposite effect. Current year contribution requirements would be higher using a longer smoothing period.)

Plan Changes

For the Board of Education group, this valuation reflects plan improvements in both vesting and retirement eligibility for non-bargaining employees and members of HSSSA. Somewhat mitigating these factors, however, was the fact that employee contribution rates for both of these sub-groups were increased. The net impact of these benefit modifications was a minimal decrease in the estimated City contribution requirement for the Board of Education group of approximately $20,000.

Within the Municipal Services group, the maximum pension for HMEA members was increased from 70% to 75% representing an increase in plan costs. Partially offsetting this increase was the increase in employee contribution rates for school crossing guards and non-bargaining employees. The estimated City contribution requirement increased for the Municipal Services group by approximately $0.2 million as a result of these changes.

See the Summary of Principal Pension Plan Provisions for additional information.

F. Certification

The results of this valuation are based on financial, personnel and payroll data furnished to us by the City and unaudited by us as of July 1, 2009.

In my opinion, and to the best of my knowledge, this Report presents fairly the financial and actuarial position of the City of Hartford Municipal Employees' Retirement Fund (MERF) as of July 1, 2009. The actuarial present values shown have been estimated on the basis of actuarial assumptions which, in my opinion, are appropriate for the purposes of the Report, are reasonable in the aggregate (taking into account the experience of the Plan and reasonable expectations), and, when applied in combination, represent my best estimate of the measure of anticipated experience under the Plan.

I believe that this Report meets the requirements of Public Act No. 77-468, An Act Requiring Periodic Actuarial Evaluation of Municipal Pension Plans.

I am a member of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.

HOOKER & HOLCOMBE, INC.

Elizabeth J. Churney
Enrolled Actuary

April 16, 2010

Section II

Supporting Exhibits

A. Normal Cost

	July 1, 2009 Valuation					
	Police	Fire	Board of Ed.	Municipal Services	Library	Total Membership
Active Membership						
Number of Employees	463	371	1,019	479	74	2,406
Annual Payroll (000)	$34,361	$27,717	$39,926	$27,884	$4,254	$134,143
Normal Actuarial Costs						
A. Actuarial Present Value of Future Benefits (000)						
Active Members	$144,290	$140,789	$115,517	$113,027	$14,565	$528,188
Terminated Non-Vested Members	151	148	121	118	15	553
Terminated Vested Members	2,499	191	7,296	7,104	146	17,236
Retired Members	247,851	181,629	96,159	238,894	13,228	777,761
Old Plans COLA	524	321	367	6	0	1,218
Total	$395,316	$323,077	$219,460	$359,149	$27,954	$1,324,957
B. Valuation Assets (Adjusted Value) (000)	$340,460	$303,795	$151,455	$275,656	$17,819	$1,089,184
C. Actuarial Present Value of Future Employee Contributions (000)	$24,428	$20,429	$22,221	$13,615	$1,841	$82,535
D. Actuarial Present Value of Future Normal Costs (A) - (B) - (C) (000)	$30,428	($1,146)	$45,785	$69,878	$8,294	$153,238
E. Actuarial Present Value of Future Salaries (000)	$381,588	$261,565	$419,059	$244,856	$41,941	$1,349,009
F. Normal Actuarial Costs as Percentage of Payroll						
Pension Benefits (D)/(E)*	7.97%	-0.44%	10.93%	28.54%	19.78%	11.36%
G. Expenses (other than Investment Expenses)	1.97%	1.99%	0.94%	2.20%	1.12%	1.69%
Total Normal Cost Percent Payable by City	**9.94%**	**1.55%**	**11.87%**	**30.74%**	**20.90%**	**13.05%**

* *Based on $2,266,000 estimate of expenses (other than investment expenses) allocated by present value of future benefits.*

Section II

Supporting Exhibits
(continued)

B. Estimated Cash Contribution

The cash contribution for fiscal year 2010-2011 detailed below is estimated based upon payroll data provided by the City of Hartford's Office of Management and Budget for the fiscal year 2010-2011. ***The actual contribution will be based upon actual payroll figures for fiscal year 2010-2011.*** *To illustrate the sensitivity of the cash contribution to changes in payroll, the second table below details the estimated fiscal year 2010-2011 contribution assuming payroll is either 5% higher or 5% lower than this estimate.*

	Estimated July 1, 2010 - June 30, 2011 Fiscal Year Contribution					
	Police	**Fire**	**Board of Ed**	**Municipal Services**	**Library**	**Total**
(1) Estimated Annual Adjusted Payroll for 2010-2011 Fiscal Year	$41,052,948	$27,856,104	$40,032,956	$29,992,495	$4,189,095	$143,123,598
(2) Total Normal Cost Percent Payable by City	9.94%	1.55%	11.87%	30.74%	20.90%	
(3) Gross City Contribution: (1) x (2)	4,080,663	431,770	4,751,912	9,219,693	875,521	19,359,559
(4) July 1, 2009 Payment for Local 566	0	0	303,918	0	0	303,918
(5) July 1, 2009 Payment for Local 1716	0	0	0	509,126	0	509,126
(6) Old Plans COLA Annual Payment	115,474	75,003	86,162	1,602	0	278,241
(7) Net City Contribution Estimate: (3)-(4)-(5)-(6)	**$3,965,189**	**$356,767**	**$4,361,832**	**$8,708,965**	**$875,521**	**$18,268,274**

	2010 - 2011 Contribution Sensitivity					
	Police	**Fire**	**Board of Ed**	**Municipal Services**	**Library**	**Total**
Estimated 2010-2011 Fiscal Year Payroll +5%	$43,105,595	$29,248,909	$42,034,604	$31,492,120	$4,398,550	$150,279,778
Net City Contribution Estimate for 2010-2011	4,169,222	378,355	4,599,428	9,169,950	919,297	19,236,252
Estimated 2010-2011 Fiscal Year Payroll -5%	39,000,301	26,463,299	38,031,308	28,492,870	3,979,640	135,967,418
Net City Contribution Estimate for 2010-2011	3,761,156	335,179	4,124,236	8,247,980	831,745	17,300,296

Section II

Supporting Exhibits
(continued)

C. Actuarial Balance Sheet

	July 1, 2009	July 1, 2008
Actuarial Liabilities		
Present Value of Future Benefits for:		
Active Employees	$ 528,188,244	$ 534,033,298
Inactive Members		
• Regular Retirees	694,074,400	670,119,179
• Disability Retirees	54,882,411	58,085,699
• Survivors	28,804,110	26,138,551
• Terminated Non-Vesteds	553,450	553,450
• Terminated Vesteds	17,236,150	13,540,217
• Old Plans COLA	1,217,781	1,361,086
TOTAL	$1,324,956,546	$1,303,831,480
Source of Funds		
1. Actuarial Value of Assets	$1,089,183,892	$1,123,378,687
2. Present Value of Future Employee Contributions	82,534,553	85,172,126
3. Present Value of Future City Normal Cost Contributions	153,238,101	95,280,667
4. TOTAL = (1) + (2) + (3)	$1,324,956,546	$1,303,831,480

Section II

Supporting Exhibits
(continued)

D. Development of Asset Values

The Adjusted Value of assets is used in the determination of plan contributions. It phases in recognition of asset gains and losses. A method of smoothing is used because the Market Value can swing widely from one year to the next, resulting in undesirable fluctuations in pension contributions. The smoothing is accomplished by recognizing asset gains and losses over a five-year period at 20% per year.

Relationship of Actuarial Value to Market Value		
1. Market value 7/1/2009	$	861,706,321
2. Gain / (loss) not recognized in actuarial value 7/1/2009		(227,477,571)
3. Preliminary actuarial value 7/1/2009: (1)-(2)		1,089,183,892
4. Preliminary actuarial value as a percentage of market value: (3)÷(1)		126.4%
5. Gain / (loss) recognized for corridor min/max		N/A
6. Actuarial value 7/1/2009 after corridor min/max: (3)+(5)		1,089,183,892
7. Actuarial value as a percentage of market value: (6)÷(1)		126.4%

Development of Asset Gain / (Loss) for 2008-2009 Plan Year		
1. Market value 7/1/2008	$	1,080,235,594
2. Contributions		23,919,451
3. Benefit payments		82,858,008
4. Administrative expenses		2,418,777
5. Expected return at 8.00%		84,031,934
6. Expected value 7/1/2009: (1)+(2)-(3)-(4)+(5)		1,102,910,194
7. Market value 7/1/2009		861,706,321
8. Asset gain / (loss) for -1 Plan Year: (7)-(6)		(241,203,873)

Recognition of Gain / (Loss) in Actuarial Value

Year	(a) Gain / (loss)	(b) Recognized as of 7/1/2008	(c) Recognized in current year: 20% of (a)	(d) Total recognized as of 7/1/2009: (b)+(c)	(e) Not recognized as of 7/1/2009: (a)–(d)
2004-2005	$ 10,701,876	$ 8,561,500	$ 2,140,376	$ 10,701,876	$ 0
2005-2006	6,782,904	4,069,743	1,356,581	5,426,324	1,356,580
2006-2007	77,566,647	31,026,658	15,513,329	46,539,987	31,026,660
2007-2008	(111,496,189)	(22,299,238)	(22,299,238)	(44,598,476)	(66,897,713)
2008-2009	(241,203,873)	0	(48,240,775)	(48,240,775)	(192,963,098)
Total			(51,529,727)		(227,477,571)

Section II

Supporting Exhibits
(continued)

D. Development of Asset Values

Summary of Fund Activity		
	Market Value	**Actuarial Value**
1. Beginning Value 7/1/2008		
a. Trust Assets	$1,080,235,594	$1,123,378,687
b. Receivable	0	0
c. Adjustment to beginning values	0	0
d. Total	1,080,235,594	1,123,378,687
2. Contributions made during 2008-2009		
a. Member Contributions	9,709,660	9,709,660
b. City Contributions	12,828,982	12,828,982
c. Other Contributions	1,380,809	1,380,809
d. Total	23,919,451	23,919,451
3. Disbursements		
a. Benefit Payments	82,858,008	82,858,008
b. Expenses	2,418,777	2,418,777
c. Total	85,276,785	85,276,785
4. Net Investment Income		
a. Net Income	(157,171,939)	N/A
b. Expected Return	N/A	84,031,934
c. Recognized Gain (Loss)	N/A	(67,087,627)
d. Total	(157,171,939)	16,944,307
5. Ending Value 7/1/2009		
a. Trust Assets: (1a)+(2)-(3)+(4)	861,706,321	1,078,965,660
b. Receivable	0	0
c. Change in Asset Valuation Method	0	10,218,232
d. Total	861,706,321	1,089,183,892
6. Approximate rate of return 2008-2009	-15.0%	1.6%

Section II

Supporting Exhibits
(continued)

D. Development of Asset Values

Rate of Return on Market Value of Assets				
	Average Annual Effective Rate of Return			
Period Ending June 30	1 Year	3 Years	5 Years	10 Years
2000	8.8%	N/A	N/A	N/A
2001	-2.1%	N/A	N/A	N/A
2002	-3.1%	1.1%	N/A	N/A
2003	4.6%	-0.3%	N/A	N/A
2004	14.6%	5.1%	4.3%	N/A
2005	9.1%	9.4%	4.4%	N/A
2006	8.7%	10.8%	6.6%	N/A
2007	15.6%	11.1%	10.4%	N/A
2008	-1.9%	7.2%	9.0%	N/A
2009	-15.0%	-1.2%	2.7%	3.5%

Section II

Supporting Exhibits
(continued)

E. Accounting Information

GASB Statements No. 25 and 27

The following information is based on the Governmental Accounting Standards Board (GASB) Statement No. 25 on "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and Statement No. 27 on "Accounting for Pensions by State and Local Governmental Employers". It represents a summary of information detailed further within the MERF's annual GASB report. The exhibits are provided for information purposes only here.

In reviewing the following exhibit regarding employer contributions, it is important to note that for the fiscal years ending 2007, 2008, and 2009, the City contributed more than the recommended Annual Required Contribution (ARC). This is due to a catch up period in which the City has been making contributions for prior fiscal years in which there was a shortfall in the amount contributed. The footnotes below provide further detail.

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed	Actual Contribution Received by MERF	Miscellaneous *	Net Percentage Contributed
2004**	6,717,025	97%	6,296,790	239,359	94%
2005**	9,336,898	99%	9,000,000	206,742	96%
2006**	17,033,102	70%	11,765,350	183,037	69%
2007	14,328,866	115%	16,317,266***	163,749	114%
2008	13,352,745	125%	16,454,745	129,258	123%
2009	11,797,419	109%	12,713,915****	115,067	108%

* *Funds transferred from State of Connecticut's Connecticut Municipal Employees' Retirement System (CMERS) and Aetna annuity payments.*

** *Revised.*

*** *2006-2007 fiscal year contribution includes contributions paid for prior fiscal years during the 2006-2007 fiscal year as follows: FY 00-01 $117,500, FY 02-03 $2,198, FY 03-04 $180,876, FY 04-05 $130,156, FY 05-06 $5,084,715. After the June 30, 2006 GASB reporting period closed, two contributions of $1,572,500 and $1,490,242 were made to the Plan for the 2006-2007 fiscal year. These amounts are not included in the $16,317,266 fiscal year 2006-2007 contribution listed above. They will be included in the 2007-2008 fiscal year contributions listed in the June 30, 2008 GASB report.*

**** *Contribution includes $1,031,484 in contributions paid for the prior fiscal year (2007/2008) after the 06/30/2008 reporting period closed.*

Section II

Supporting Exhibits
(continued)

E. Accounting Information

As detailed below, the plan's funded status dropped from 102.2% as of July 1, 2008 to 96.6% as of July 1, 2009. Despite the fact that the City fully funded the recommended contribution for the year, asset growth did not keep pace with liability growth, resulting in the decline in the funded status. This is primarily the result of the asset losses on the smoothed (actuarial) value of assets during the year previously discussed. The change in asset valuation method partially offset this decline. Under the old method, the plan's funded status would have been 95.7%.

Even with a funded status of less than 100%, the plan is still in a healthy, well-funded position at the current 96.6% level.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets * (a)	Actuarial Accrued Liability (AAL) ** (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)÷c)
7/1/2004	963,044,000	967,393,000	4,349,000	99.6%	107,808,000	4.0%
7/1/2005	986,405,000	970,286,000	(16,119,000)	101.7%	117,261,000	-13.7%
7/1/2006	1,021,491,000***	1,002,848,000	(18,643,000)	101.9%	124,837,000	-14.9%
7/1/2007	1,092,128,000***	1,090,715,000	(1,413,000)	100.1%	133,280,000	-1.1%
7/1/2008	1,123,379,000	1,099,441,000	(23,938,000)	102.2%	139,243,000	-17.2%
7/1/2009	1,089,184,000	1,126,965,000	(37,781,000)	96.6%	134,143,000	-28.2%

* *Excludes receivable from CMERS (applicable for 7/1/2004-7/1/2005 only; no longer applicable 7/1/2006+).*

** *Liability shown determined using the projected unit credit cost method 7/1/2004-7/1/2006 and the entry age normal cost method as of 7/1/2007.*

*** *Excludes estimated City contribution receivable of $5,463,745 as of July 1, 2007 and $7,022,224 as of July 1, 2006. These receivable amounts were fully paid by the City as of July 1, 2008.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Summary – Active Members as of July 1, 2009

	Number	Payroll*	Average Annual Pay*
Police	463	$ 34,361,016	$74,214
Firefighters	371	27,716,992	74,709
Board of Education	1,019	39,925,732	39,181
Municipal Services	479	27,884,353	58,214
Library	74	4,254,409	57,492
Total	**2,406**	**$134,142,502**	**$55,753**

**Basic salary, plus overtime, plus Fire private duty pay.*

Summary – Pensioners as of July 1, 2009

	Service Pensions*		Disability Pensions		Survivor Benefits*		Total	
	Count	Total Monthly Annuities	Count	Total Monthly Annuities	Count	Total Monthly Annuities	Count	Total Monthly Annuities
Police	457	$1,801,034	59	$139,793	71	$78,219	587	$2,019,046
Firefighters	318	1,217,228	118	318,172	106	113,666	542	1,649,066
Board of Ed.	614	850,200	20	12,321	63	27,417	697	889,938
Municipal Svcs.	728	1,975,275	13	11,229	106	78,847	847	2,065,351
Library	57	122,700	0	0	1	185	58	122,885
Vested Deferred	164	199,875	--	--	--	--	164	199,875
TOTAL**	**2,338**	**$6,166,312**	**210**	**$481,515**	**347**	**$298,334**	**2,895**	**$6,946,161**

* *Four pensioners receiving benefits as retirees and as survivors are included in both groups.*

** *Additional monthly benefits for the July 1, 1987, July 1, 1990, July 1, 1997, July 1, 1999,July 1, 2001, July 1, 2005, and July 1, 2007 COLA's for the unfunded plans (PBF, FRF, and RAF) are also included in the total liabilities for MERF. Such participants are not included in the counts shown here.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Police

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2008	**451**	**6**	**574**	**1,031**
Adjustments	+5	0	+11	+16
Retirements	-10	0	+10	0
Disabilities	0	0	0	0
Terminations				
Vested	-3	+3	N/A	0
Non-vested	-8	N/A	N/A	-8
Deaths	0	0	-19	-19
New beneficiaries	N/A	0	+11	+11
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	+28	N/A	N/A	+28
Total Participants 7/1/2009	**463**	**9**	**587**	**1,059**
Average Age				
7/1/2008	37.2			
7/1/2009	37.3			
Average Service				
7/1/2008	9.0			
7/1/2009	9.3			
Payroll**				
7/1/2008	$31,841,226			
7/1/2009	34,361,016			
Total monthly benefits*				
7/1/2008		$18,004	$1,962,448	
7/1/2009		26,716	2,019,046	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Firefighters

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2008	**379**	**7**	**531**	**917**
Adjustments	+4	-2	+2	+4
Retirements	-12	-3	+15	0
Disabilities	0	0	0	0
Terminations				
Vested	0	0	N/A	0
Non-vested	-1	N/A	N/A	-1
Deaths	0	0	-13	-13
New beneficiaries	N/A	0	+7	+7
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	+1	N/A	N/A	+1
Total Participants 7/1/2009	**371**	2	**542**	**915**
Average Age				
7/1/2008	40.7			
7/1/2009	41.2			
Average Service				
7/1/2008	13.4			
7/1/2009	14.1			
Payroll**				
7/1/2008	$29,817,424			
7/1/2009	27,716,992			
Total monthly benefits*				
7/1/2008		$ 19,171	$1,579,865	
7/1/2009		1,614	1,649,066	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Board of Education

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2008	**1,211**	**58**	**691**	**1,960**
Adjustments	-3	-4	-5	-12
Retirements	-31	-4	+35	0
Disabilities	0	0	0	0
Terminations				
Vested	-36	+36	N/A	0
Non-vested	-190	N/A	N/A	-190
Deaths	-8	-1	-33	-42
New beneficiaries	N/A	0	+9	+9
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	+76	N/A	N/A	+76
Total Participants 7/1/2009	**1,019**	**85**	**697**	**1,801**
Average Age				
7/1/2008	45.0			
7/1/2009	45.7			
Average Service				
7/1/2008	9.0			
7/1/2009	9.7			
Payroll**				
7/1/2008	$43,206,401			
7/1/2009	39,925,732			
Total monthly benefits*				
7/1/2008		$69,236	$853,558	
7/1/2009		94,512	889,938	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Municipal Services

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2008	**554**	**62**	**816**	**1,432**
Adjustments	-16	0	+3	-13
Retirements	-46	-5	+51	0
Disabilities	0	0	0	0
Terminations				
Vested	-10	+10	N/A	0
Non-vested	-36	N/A	N/A	-36
Deaths	-7	-1	-32	-40
New beneficiaries	N/A	0	+9	+9
Transfer group	0	0	0	0
Rehires	+1	-1	0	0
New entrants	+39	N/A	N/A	+39
Total Participants 7/1/2009	**479**	**65**	**847**	**1,391**
Average Age				
7/1/2008	48.9			
7/1/2009	49.0			
Average Service				
7/1/2008	10.2			
7/1/2009	11.8			
Payroll**				
7/1/2008	$30,226,828			
7/1/2009	27,884,353			
Total monthly benefits*				
7/1/2008		$70,351	$1,924,856	
7/1/2009		75,178	2,065,351	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Library

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2008	**76**	**3**	**52**	**131**
Adjustments	+10	-1	+1	+10
Retirements	-5	0	+5	0
Disabilities	0	0	0	0
Terminations				
Vested	-1	+1	N/A	0
Non-vested	-7	N/A	N/A	-7
Deaths	0	0	0	0
New beneficiaries	N/A	0	0	0
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	+1	N/A	N/A	+1
Total Participants 7/1/2009	**74**	**3**	**58**	**135**
Average Age				
7/1/2008	44.8			
7/1/2009	45.7			
Average Service				
7/1/2008	11.7			
7/1/2009	11.9			
Payroll**				
7/1/2008	$4,151,449			
7/1/2009	4,254,409			
Total monthly benefits*				
7/1/2008		$1,710	$109,894	
7/1/2009		1,855	122,885	

**Excludes old Plan COLA participants.*

***Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Total

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2008	**2,671**	**136**	**2,664**	**5,471**
Adjustments	0	-7	+12	+5
Retirements	-104	-12	+116	0
Disabilities	0	0	0	0
Terminations				
Vested	-50	+50	N/A	0
Non-vested	-242	N/A	N/A	-242
Deaths	-15	-2	-97	-114
New beneficiaries	N/A	0	+36	+36
Transfer group	0	0	0	0
Rehires	+1	-1	0	0
New entrants	+145	N/A	N/A	+145
Total Participants 7/1/2009	**2,406**	**164**	**2,731**	**5,301**
Payroll**				
7/1/2008	$133,280,227			
7/1/2009	134,142,502			
Total monthly benefits				
7/1/2008		$ 178,472	$6,430,121	
7/1/2009		199,875	6,746,286	

**Excludes old Plan COLA participants.*
***Basic salary plus overtime and private duty pay.*

City of Hartford MERF - Police

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2009

	Completed Years of Credited Service																			
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25			22	51,670																	22	51,670
25 to 29			59	58,099	23	75,643															82	63,020
30 to 34			34	62,050	31	78,700	12	83,538													77	72,102
35 to 39			24	63,761	22	78,827	38	85,720	21	87,904											105	79,693
40 to 44			14	56,249	16	80,336	37	83,169	29	97,398	10	82,948									106	83,058
45 to 49	1	53,163	6	54,848	5	69,801	8	85,375	13	83,022	6	78,816	2	109,794							41	77,708
50 to 54					4	71,416	2	69,528	5	74,458	9	86,108	2	93,893							22	79,989
55 to 59							2	110,510			1	108,473	2	65,410							5	92,063
60 to 64							1	36,374					1	73,587							2	54,980
65 to 69													1	87,697							1	87,697
70 & over																						
All ages	1	53,163	159	58,623	101	77,562	100	84,165	68	90,031	26	84,070	8	87,435							463	

City of Hartford MERF - Firefighters

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2009

Attained Age	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25			21	52,036																	21	52,036
25 to 29			23	51,549	6	72,510	1	70,970													30	56,388
30 to 34			15	50,639	20	70,933	9	69,181	6	72,909											50	64,767
35 to 39			10	56,004	15	69,690	21	74,265	10	77,323											56	70,325
40 to 44			3	58,933	13	73,405	21	75,568	15	76,527	7	78,011	2	71,110							61	74,659
45 to 49			2	63,400	3	69,932	26	76,607	14	79,057	29	81,711	18	77,637	1	75,838					93	78,259
50 to 54					1	69,932	5	72,534	2	76,482	13	76,206	23	83,714					1	73,344	45	79,445
55 to 59							1	69,932	2	73,575	3	83,134	6	83,172			1	72,805	1	83,525	14	80,132
60 to 64											1	69,932									1	69,932
65 to 69																						
70 & over																						
All ages			74	52,724	58	71,260	84	74,577	49	76,847	53	79,730	49	80,901	1	75,838	1	72,805	2	78,435	371	

City of Hartford MERF - Board of Education

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2009

	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	3	37,841	10	32,448																	13	33,693
25 to 29	12	38,779	52	33,133	15	39,413															79	35,183
30 to 34	10	35,691	51	43,883	27	37,951	16	34,940													104	40,179
35 to 39	8	42,031	37	41,368	33	44,008	39	47,339	8	40,018	1	32,731	1	64,153							127	43,956
40 to 44	16	38,616	41	34,234	39	43,142	46	42,576	11	44,607	7	43,531	1	57,396							161	40,467
45 to 49	7	38,152	37	39,433	33	43,880	55	36,365	11	35,331	13	51,946			1	80,771					157	40,248
50 to 54	6	40,088	38	39,013	22	49,001	37	34,162	13	37,995	16	39,223	8	56,809	3	62,140			1	60,575	144	40,889
55 to 59	4	33,253	25	39,968	26	41,322	28	37,614	22	40,488	22	47,484	6	39,767	3	36,230	2	36,398	1	47,669	139	40,741
60 to 64	2	42,494	9	42,329	15	61,055	17	42,128	7	48,334	12	51,561	7	40,971	2	72,170	3	56,017	1	27,521	75	49,090
65 to 69			6	25,962	4	38,024	2	41,834	3	44,693	1	39,244			1	30,746					17	35,036
70 & over					2	43,552					1	32,018									3	39,707
All ages	68	38,463	306	38,226	216	44,010	240	39,504	75	40,754	73	46,232	23	47,888	10	55,097	5	48,169	3	45,255	1,019	

City of Hartford MERF - Municipal Services

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2009

Attained Age	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	2	38,377	9	29,893																	11	31,436
25 to 29	3	46,090	6	37,839	2	49,624															11	42,232
30 to 34	1	9,120	15	49,436	8	45,020	3	60,646	2	50,150											29	48,036
35 to 39	2	56,125	18	67,132	7	58,630	7	75,252	3	102,743	1	93,310			1	53,530					39	69,561
40 to 44	7	73,334	16	63,525	15	54,522	6	54,633	9	74,428	14	55,565	2	64,342	2	53,901	3	54,332			74	61,116
45 to 49	5	64,375	20	69,690	23	59,978	10	30,019	6	60,092	8	52,393	6	78,192	4	54,663	3	66,997	3	70,471	88	59,946
50 to 54	3	77,957	20	64,111	20	44,772	11	80,202	7	78,646	8	58,891	8	88,929	1	55,970	3	64,464	1	46,374	82	64,910
55 to 59	3	63,173	14	66,565	18	70,549	10	67,889	17	48,030	5	63,413	4	58,911	2	49,429	1	10,316	3	59,929	77	61,408
60 to 64	1	163,894	7	70,562	10	63,322	7	71,712	7	41,931	3	81,924	5	75,180			1	59,877			41	67,515
65 to 69			1	78,301	5	63,687	9	27,655	1	78,301	1	57,734					1	10,316			18	43,999
70 & over			2	10,316	1	10,316	1	43,970	2	10,316	2	10,316	1	81,377							9	21,951
All ages	27	65,144	128	59,869	109	56,830	64	57,698	54	59,230	42	57,207	26	77,007	10	53,481	12	53,157	7	62,511	479	

City of Hartford MERF - Library

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2009

Attained Age	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25			3	48,034																	3	48,034
25 to 29			2	58,359	2	46,838															4	52,598
30 to 34					3	44,149	2	47,277	1	45,797											6	45,466
35 to 39			1	54,343	3	44,974	2	45,442			2	53,555									8	48,407
40 to 44			3	58,173			1	90,204	3	47,554	3	48,039									10	55,150
45 to 49			4	69,197	6	62,494			1	48,743	4	56,527	2	49,470							17	60,326
50 to 54			4	79,376	3	88,818	1	45,343	1	45,177			1	56,446							10	73,092
55 to 59			2	85,366	3	60,291	2	71,929			3	86,071	1	47,439							11	72,828
60 to 64					1	46,829			1	94,713	2	73,681			1	77,738					5	73,328
65 to 69																						
70 & over																						
All ages			19	66,037	21	58,579	8	58,105	7	53,870	14	63,065	4	50,706	1	77,738					74	

City of Hartford MERF - All Groups

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2009

	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	5	38,055	65	45,810																	70	45,256
25 to 29	15	40,241	142	47,252	48	61,940	1	70,970													206	50,279
30 to 34	11	33,275	115	50,971	89	60,568	42	58,772	9	64,839											266	55,151
35 to 39	10	44,930	90	54,461	80	59,942	107	68,404	42	77,856	4	58,288	1	64,153	1	53,530					335	62,944
40 to 44	23	49,182	77	46,326	83	57,279	111	63,726	67	79,304	41	63,679	5	65,660	2	53,901	3	54,332			412	60,799
45 to 49	13	49,434	69	51,936	70	53,742	99	50,323	45	66,554	60	69,464	28	78,120	6	62,543	3	66,997	3	70,471	396	58,353
50 to 54	9	52,711	62	49,676	50	51,968	56	48,120	28	57,809	46	62,439	42	79,492	4	60,597	3	64,464	3	60,098	303	57,073
55 to 59	7	46,076	41	51,196	47	53,701	43	50,417	41	45,229	34	58,203	19	60,677	5	41,509	4	38,979	5	62,196	246	51,927
60 to 64	3	82,960	16	54,681	26	61,380	25	50,196	15	48,438	18	60,100	13	56,695	3	74,026	4	56,982	1	27,521	124	56,431
65 to 69			7	33,439	9	52,281	11	30,233	4	53,095	2	48,489	1	88,585	1	30,746	1	10,316			36	41,005
70 & over			2	10,316	3	32,473	1	43,970	2	10,316	3	17,550	1	81,377							12	26,390
All ages	96	46,134	686	49,431	505	57,349	496	57,275	253	65,591	208	62,954	110	72,531	22	56,334	18	52,863	12	60,851	2,406	

Section II

Supporting Exhibits
(continued)

G. IRC Section 415(m) Valuation

The IRC Section 415(m) Fund* is an unfunded "excess benefit plan" to provide that portion of certain retirees' pension benefits that exceed the limits permitted under Section 415 of the Federal Internal Revenue Code (IRC).

	July 1, 2009	July 1, 2008
1. Number of retirees and beneficiaries receiving benefits	4	5
2. Annual benefits payable	$ 44,000	$ 56,000
3. Present value of benefits	$143,000	$213,000

The "actives" are funded through MERF. The City provides contributions for the retirees' benefits payable each year, as determined by the Pension Commission.

Actuarial Assumptions

The actuarial assumptions used in the 2009 Section 415(m) Fund valuation are as follows:

Mortality Basis:	RP-2000 Healthy Annuitants Table projected by Scale AA to year of valuation plus 8 years (2017 for July 1, 2009 valuation), with no adjustment and separate male and female rates.
Termination:	N/A.
Salary Scale:	N/A.
Investment Return:	8.00% per year, net of investment expenses.
Assumed Retirement age:	Immediate as all are retired.
Increases in dollar limit on benefits under IRC Section 415:	3% per year.

Benefits

Retiree pension amounts in excess of IRC Section 415 limits. Benefits which do not exceed such amounts are payable from the City's MERF Plan. IRC Section 415 limits are assumed to increase annually and thus decrease the benefits payable from this Plan and increase the portion of the benefits payable from the City's MERF Plan.

**Section 415(m) Fund adopted by the Court of Common Council on March 24, 1997.*

Section III

Actuarial Cost Methods and Assumptions

A. Actuarial Cost Methods

Asset Valuation Method – Adjusted Value of Assets

In order to smooth the year-to-year fluctuations in asset values, the asset values are adjusted by phasing in recognition of gains and losses over a five-year period. (Phase-in started July 1, 2003). Gains and losses are defined as the difference between the actual and the expected return on assets.

The July 1, 2009 valuation reflects a change in the asset valuation method from the use of a four-year smoothing period for gains and losses to the use of a five-year period. In the year of implementation of the change, the five-year smoothing methodology was retroactively applied to the gains and losses for previous years.

The assets held by the insurance companies include the funds on deposit for future purchase of annuities, as well as the reserves and contingency reserves for annuities already purchased which are subject to experience rating.

Actuarial Funding Method

The "Aggregate Actuarial Cost Method" (first adopted for the 1969 valuation) is used for determining the future rates of contributions needed for funding service retirements. This method is designed to produce stable "percentage-of-payroll" Normal Actuarial Costs over a period of years. This aim will be achieved so long as the emerging experience conforms with the actuarial assumptions.

Using this method, an actuarial valuation was made of the actuarial present value of all future pension benefits for active members (including survivor benefits, disability benefits, and refunds of employee contributions). The actuarial present value needed for future payments to present pensioners and deferred vested pensioners and survivors was subtracted from the Valuation Assets (Adjusted Value) to determine the current Valuation Assets (Adjusted Value) available for future benefits for active members. The latter figure was subtracted from the actuarial present value of future benefits for active members in order to determine the remaining actuarial present value to be funded by future contributions. Finally, the net remainder was divided by the actuarial present value of all future salaries, and the total Normal Actuarial Costs for future contributions was determined as a level percentage of future annual payrolls.

Since the MERF fund includes several classifications of members who have different provisions for benefits and contributions, it was necessary to apply this method by separate actuarial valuations for Police, Firefighters, Board of Education, Municipal Services, and Library participants.

Section III

Actuarial Cost Methods and Assumptions
(continued)

B. Actuarial Assumptions

The actuarial assumptions used in the 2009 MERF valuation are as follows:

Mortality Basis:

For Police, Fire, Board of Education Corridor Supervisors and Building and Grounds Supervisors:

- Pre-retirement: RP2000 Employees Table – male and female rates, projected by Scale AA to valuation date plus 17 years with occupational (i.e., non-office worker, blue collar) adjustment.
- Post-retirement: RP2000 Healthy Annuitants Table – male and female rates, projected by Scale AA to valuation date plus 8 years with occupational (i.e., non-office worker, blue collar) adjustment. No adjustment reflected for assumed future beneficiaries.
- Disability: RP2000 Disabled Table – male and female rates.

For All Other Groups:

- Pre-retirement: RP2000 Employees Table – male and female rates, projected by Scale AA to valuation date plus 17 years with no adjustment.
- Post-retirement: RP2000 Healthy Annuitants Table – male and female rates, projected by Scale AA to valuation date plus 8 years with no adjustment.
- Disability: RP2000 Disabled Table – male and female rates.

Section III

Actuarial Cost Methods and Assumptions
(continued)

Termination:

Yearly Rates of Employee Termination

Age	Non-Uniformed	Uniformed
20	10.0%	5.0%
25	7.0%	2.0%
30	5.0%	2.0%
35	4.0%	2.0%
40+	0.0%	0.0%

Salary Scale:

3% for inflationary salary increases plus a percentage for promotion or merit increases. For Police under age 45, overtime limited to less than or equal to 20% of base pay.

Yearly Rates of Increases for Promotion or Merit

Age	Police	Fire	Bd of Ed	Munic. Svc. & Lib.
25	4.0%	2.5%	4.0%	6.0%
30	3.5%	2.5%	4.0%	4.7%
35	2.2%	1.6%	2.1%	3.1%
40	1.2%	1.1%	1.0%	2.0%
Over 40	1.0%	1.0%	1.0%	2.0%

Salaries are adjusted for groups in negotiations by 3% per year for the period of each open contract, and non-bargaining groups by 3% per year for one full fiscal year from the measurement date. Any wage increases negotiated beyond the valuation date have been reflected in our projections.*

* *The following groups have future salary increases that have been negotiated and are reflected in this valuation:*

Firefighters
HMEA
CHPEA
MLA
Non-union
School Crossing Guards

Investment Return:

8.00% per year, net of investment expenses.

Section III

Actuarial Cost Methods and Assumptions
(continued)

Assumed Retirement Age:

Retirement Rates:

Service	Police	Fire	Mun. Svc. & Lib.
20	20%	5%	10%
21	15%	1%	5%
22	5%	1%	5%
23	5%	1%	10%
24	20%	10%	15%
25	30%	30%	15%
26-27	5%	5%	10%
28	10%	5%	15%
29	25%	20%	15%
30	100%	20%	100%
31-34	n/a	5%	n/a
35	n/a	100%	n/a
	(maximum of age 65)		

Age	Bd of Ed
55	15%
56	10%
57-59	5%
60	30%
61	5%
62	20%
63-64	10%
65	100%

For both Uniformed and Non-Uniformed who have reached Assumed Retirement Age, retirement after one year.

Social Security:

Future tax wage bases are developed by projecting the 2009 base of $106,800 forward at 4% per year.

Section III

Actuarial Cost Methods and Assumptions
(continued)

Marital Status at Retirement:

Non-Uniformed:

Males - 80% married, spouse 3 years younger.
Females - 60% married, spouse same age.

Uniformed:

All - 80% married, spouse 2 years younger.

Disability:

Disability benefits were explicitly valued using the DP85 Class 1 Male and Female Disability Incidence Rate Table increased three times for the Police and Firefighter groups, two times for the Board of Education groups and with no increase for the Municipal Services and Library groups.

DP85 Class 1 Disability Incidence Table: Sample male and female rates

Age	Male	Female
15	0.021%	0.023%
20	0.029%	0.030%
25	0.038%	0.047%
30	0.048%	0.080%
35	0.069%	0.136%
40	0.117%	0.211%
45	0.202%	0.323%
50	0.358%	0.533%
55	0.722%	0.952%
60	1.256%	1.159%
65	1.753%	1.358%

Expenses other than Investment Expenses:

An explicit dollar amount was included in the development of the normal cost percentage equal to an estimate of expenses (other than investment expenses) for the upcoming year. The estimate was developed based on an average of actual expenses over the last four years. For the 2009 valuation, $2,266,353 was used. Estimated expenses were then allocated to the various groups by the present value of future benefits and expressed as a percentage of payroll.

Sick Exchange:	Four years are exchanged by all actives if provision available. For Firefighters hired prior to July 1, 2003, six years are exchanged.
Military and Prior Service Buy-backs:	When a decision to buy-back service occurs, date of hire is adjusted accordingly.
Additional Liabilities:	**COLAs:**

Included in this valuation is the liability for the Cost of Living Adjustments (COLAs) effective July 1, 1987, July 1, 1990, July 1, 1997, July 1, 1999, July 1, 2001, July 1, 2005, and July 1, 2007 for both the MERF and the unfunded "Old Plans" (PBF, FRF, and RAF).

Local 1716:

Included in this valuation is the obligation for Local 1716 members who transferred to State MERF B on July 1, 1987.

29-year amortization payments (split between the City administration and the pension fund) commenced July 1, 1987 for this obligation. As of July 1, 2009, the City payment will be $509,126 ($2,863,000 on a present value basis) and the pension fund payment will be $462,336 ($2,599,000 on a present value basis).

Local 566:

Included in this valuation is the obligation for Local 566 (included merged Local 1303) members who transferred to State MERF B on August 1, 1988.

30-year amortization payments (split between the City administration and the pension fund) commenced August 1, 1988 for this obligation. As of July 1, 2009, the City payment will be $303,918 ($2,202,000 on a present value basis) and the pension fund payment will be $276,288 ($2,003,000 on a present value basis).

Section IV

Hartford MERF - Summary of Principal Provisions of Pension Plan
July 1, 2009

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Retirement Pensions:	Firefighters hired before July 1, 2003: 2.80% of Final Average Pay (rate of weekly pay immediately preceding retirement times 52, plus for firefighters who work a 42 hour week, holiday pay) multiplied by years of service up to 25 plus 2.0% for years over 25. Firefighters hired after June 30, 2003: 2.5% of Final Average Pay (rate of weekly pay immediately preceding retirement times 52, plus for firefighters who work a 42 hour week, holiday pay) multiplied by years of service up to 20 plus 2% of Final Average Pay for years of service over 20. Sworn Police Officers hired before July 1, 1999: 2.65% of Final Average Pay for highest 3 of last 5 years multiplied by years of service up to 20 plus 3% for year 21 plus a decreasing percentage for years over 21. Final Average Pay includes a provision for over-time and private duty pay. Sworn Police Officers hired after June 30, 1999: 2.5% of Final Average Pay for highest 3 of last 5 years times years of service up to 20 plus 2% for years of service- over 20.	2% (2.5% for HFSHP, HSSSA and HESP) of Final Average Pay for highest 5 of last 10 years times years of service, with maximum benefit of 70% of Final Average Pay. Final Average Pay for HFSHP, HESP, HSSSA, and Local 2221, Hartford Federation of Paraprofessionals are based on highest 3 out of last 5 years. Benefit for Local 2221 is 2.5% of Final Average Pay multiplied by years of service up to 20 plus 2% of Final Average Pay for years of service over 20 (maximum of 10 years). Effective July 1, 2008 for Local 818, employees hired prior to March 1, 2007 will get 2.5% of Final Average Pay (for each year of service) and employees hired after March 1, 2007 will get 2.0%. Final Average Pay is the highest 3 of the 7 years. Maximum benefit is 70% of pay.	For Library and MLA hired on or after July 1, 2006, HMEA hired after July 1, 2003, CHPEA hired after June 23, 2003, 2% of Final Average Pay for highest 2 of last 5 years times years of service with a maximum benefit of 70% of Final Average Pay. For Library with 5-year option, Final Average Pay is highest 5 of last 10 years. For CHPEA hired on or before June 23, 2003, MLA hired before July 1, 2006, and Nonbargaining, 2.5% of Final Average Pay for highest 2 of last 5 years times years of service. Maximum benefit of 70% of Final Average Pay for CHPEA, 80% for Nonbargaining and MLA. For Nonbargaining with 5-year option, Final Average Pay is highest 5 of last 10 years. For HMEA hired before July 1, 2003, 2.75% of Final Average Pay for highest 2 of last 5 years times years of service with a maximum benefit of 75% (was 70%) of Final Average Pay. For SCGA, 2% of Final Average Pay for highest 5 of last 10 years reduced by 1% of average Social Security covered earnings for all years included in computation of Social Security primary benefits. Maximum benefit of 100% of Final Average Pay.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Retirement Pensions:	Non-Sworn Police Officers: 2.5% of Final Average Pay for highest 3 of last 5 years times years of service, with maximum benefit of 80% of Final Average Pay. Sworn Police Officers have a maximum benefit of 70% of Final Average Pay. For Sworn Police Officers hired before July 1, 1999 increase maximum benefit to 80% of Final Average Pay with sick exchange provision. Firefighters have a maximum benefit of 80% of Final Average Pay (85% with sick exchange if hired prior to July 1, 2003). Assistant Police Chief, Police Chief, Assistant Fire Chief and Fire Chief: Same as Non-Bargaining.		
Normal Form of Benefit:	For unmarried members: life annuity. For married members: surviving spouse benefit of 25% of member's final year's earnings, if non-service connected death, and 50% of member's final year's earnings, if service connected death. Minimum of 50% of pension benefit for firefighters for non-service connected death. For married Non-Sworn Police Officers: life annuity with 50% to survivor.	For unmarried members: life annuity. For married members: life annuity with 50% to survivor.	For unmarried members: life annuity. For married members: life annuity with 50% to survivor.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Normal Retirement Age and Service Requirement:	Firefighters and Sworn Police Officers hired before July 1, 1999: Full benefits after 20 years of continuous service. Sworn Police Officers hired after June 30, 1999: Full benefits after 25 years of continuous service. Non-Sworn Police Officers: Full benefits after 20 years of service, or age 60 plus 5 years of continuous service, or after 15 years of service, if contributions are left in the MERF until would have had 20 years of service.	Age 60 plus 10 (5 for non-bargaining – was 10) years of service (continuous service for Local 2221). Members are also eligible at age 55 with 25 years of service. Local 818 employees hired prior to March 1, 2007 may retire after 20 years of service, regardless of age. For HSSSA, age 55 and 5 (was 10) years of service.	For SCGA and MLA hired on or after July 1, 2006, earlier of (1) age 60 plus 5 years of continuous service or (2) age 55 with 25 years of continuous service. For Nonbargaining and MLA hired prior to July 1, 2006, earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of service, or (3) after 20 years of service if participant leaves after 15 years of service and contributions are left in the MERF until would have had 20 years of service. For CHPEA, earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of aggregate service if hired on or before June 23, 2003, age 55 with 25 years of aggregate service if hired after June 23, 2003. For HMEA earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of continuous service if hired before July 1, 2003, age 55 with 25 years of continuous service if hired after July 1, 2003. For Library non union, earlier of (1) age 60 plus 5 years of continuous service or (2) 25 years of continuous service. For Library union, (1) age 60 plus 10 years of continuous service or (2) 25 years of continuous service.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Optional Early Retirement:	Sworn Police Officers: Age 50 with 10 years of continuous service, actuarially reduced for years prior to Normal Retirement Age. Non-Sworn Police Officers: Age 55 with 5 years of continuous service, reduced at 4% per whole year prior to age 60. Firefighters: Age 50 with 5 years of continuous service, actuarially reduced or reduced at 2% per year (prorated for fractional years) prior to Normal Retirement Age.	At age 55 with 10 years (5 years for HESP) of service (continuous service for Local 2221), reduced at 4% per whole year prior to age 60. For Local 818, reduction is adjusted for partial years.	For Library union, age 55 with 10 years of continuous service. For all others, age 55 with 5 years of continuous service. Benefit reduced at 4% per whole year prior to age 60 (prorate for partial years for HMEA and CHPEA). For SCG members, reduction is 2% per whole year and fraction of a year prior to age 60.
Vesting of Earned Deferred Pension:	Sworn Police Officers: After 10 years of continuous service. Firefighters and Non-Sworn Police Officers: After 5 years of continuous service.	After 10 years (5 years for HESP, HSSSA and non-bargaining) of continuous service. Payments begin no earlier than age 55. (Was 10 years for HSSSA and non-bargaining).	For Library union, 10 years of continuous service. For all others, 5 years of continuous service. Payments begin no earlier than age 55.
Benefits to Survivors: (Death of Active Member Prior to Retirement)	Surviving Spouse: 25% of final year's earnings (50% if service connected death), payable until death or remarriage. Minimum of 50% of pension benefit for Firefighters for non-service connected death. Surviving Child: $100 per month for first child, $50 for each additional child (10% of final year's earnings if service connected death, or 15% if no surviving spouse). Total benefit, including Worker's Compensation, cannot exceed 100% of current pay rate for Member's rank. Non-Sworn Police Officers: Same as General Government members.	Member must meet qualifications for vesting. Surviving Spouse: 50% of pension which Member is receiving or would be entitled to when retired, payments beginning no earlier than date of Member's 55th birthday. Surviving Spouse benefits are payable until death or remarriage.	

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Refund of Contributions upon Discontinuance of Employment or at Death (Non-Vested Members): (May be taken in lieu of earned deferred pension by vested members)	Refund of total contributions, without interest. Non-Sworn Police Officers: Same as General Government members.	Termination: Refund of total contributions, with 3% interest compounded annually. Death: Refund of total contributions with interest preretirement and without interest postretirement.	
Pensions for Permanent, Total Disability - Service Requirements:	5 years of continuous service, but no requirement if disability is service connected as defined in Worker's Compensation Act. Non-Sworn Police Officers: Same as General Government members.	10 years of continuous service, except no requirement if disability is service connected as defined in Worker's Compensation Act.	
Amount of Total Disability Pension: (Payable so long as total disability continues.)	Retirement Pension with minimum of 25% of "final average pay." If disability is service connected, the pension equals 100% of the Member's final annual pay less Worker's Compensation benefits. Non-Sworn Police Officers: Same as General Government members.	Retirement Pension using Final Average Pay for last 10 years. If disability is service connected, amount not less than 50% of Member's final annual pay at time of disability. Maximum benefit of 2/3 of 10-year Final Average Pay less Social Security benefit. Minimum benefit of $30 per month. All service connected disability benefits are offset by benefits payable by Worker's Compensation (exception: no offset for $30 minimum). If non service connected, same as above, but no 50% Final Average Pay minimum and minimum benefit equals $10 per month instead of $30 per month.	
Pensions for Permanent Partial Disability: (Where earnings capacity is reduced by at least 10%.)	Ten years of continuous service, but no service requirement if disability is service connected. Same as retirement pension with reduction for less than 15 years of service. If non-service connected, retirement pension, subject to a minimum equal to 25% of Final Average Pay. This minimum is reduced by earnings if less than 15 years of service at time of disability. If service connected, pension equals 50% of final annual pay (regular 20 year pension for Firefighters) if 15 years of service, with reductions for earnings if less than 15 years of service. If at least 20 years of service, pension equals retirement pension. Non-Sworn Police Officers: Same as General Government members.	10 years of continuous service, except no requirement if disability is service connected as defined in Worker's Compensation Act. Retirement Pension using Final Average Pay for last 10 years (with offset for Worker's Compensation benefits if service-related disability), subject to a minimum pension of $10 monthly (non-service connected), or $30 (service connected). If the disability is service connected, benefit not less than 50% of the reduction in earnings with offset for Worker's Compensation benefits. For service connected disability, the maximum benefit is 2/3 of 10 year final average pay less Worker's Compensation and Social Security benefits. For non-service connected disability, the maximum is 2/3 of 10 year final average pay less Social Security benefits, or 1-^{2}/3% of the reduction in income times years of service.	

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Member's Contribution Rate of Total Earnings: (City pays full balance of costs to fund MERF benefits; also Members and City pay taxes for those covered by Social Security.)	Firefighters and Sworn Police Officers hired before July 1, 1999: 8%. Sworn Police Officers hired after June 30, 1999: 6.5%. Non-Sworn Police Officers: 4% on earnings taxed for Social Security and 7% on excess. Assistant Police Chief, Police Chief, Assistant Fire Chief and Fire Chief: Same as Non-Bargaining.	4% on earnings taxed for Social Security and 7% on excess. For HESP, 9% and 12%, respectively. For HSSSA, 9.25% and 12.25%, respectively (was 8.75%/11.75%). For HFSHP 10.14% and 13.14%, respectively. For Non-bargaining 4.5% and 7.5%, respectively (was 4%/7%). For Local 818, 5.2% up to Social Security Wage Base and 8.2% of the excess. If hired on or after March 1, 2007, 7.1% and 10.1%, respectively.	For Nonbargaining, 5% on earnings taxed by Social Security and 8% on excess if 5 year Final Average Pay option elected (was 4%/7%). With 2 year option, 6% and 9%, respectively (was 5%/8). For Library, 4% on earnings taxed by Social Security and 7% on excess if 5 year Final Average Pay option elected. With 2 year option, 5% and 8%, respectively. For MLA, HMEA hired after July 1, 2003, and CHPEA hired after June 30, 2003, 5% on earnings taxed by Social Security and 8% on excess. For CHPEA hired on or before June 30, 2003, 6.5% and 9.5%, respectively. For HMEA hired before July 1, 2003, 7.8% on all earnings. For SCGA, 4% on earnings taxed by Social Security and 7% on excess (was 3%/6%).

Note 1 Any Member (other than a Police Officer or Firefighter) who was a Member before January 1, 1958 is guaranteed a minimum total benefit, including Social Security based on earnings from the City, equal to the pension the Member would have received under the terms of the MERF plan in existence prior to the enactment of the 1957 Special Act No. 347. Also, several active Members who transferred to MERF on or after July 1, 1968 from the City's Retirement Allowance Fund are entitled to a pension determined by the RAF provisions if it is greater than that based on the MERF provisions.

Note 2 Section 2-166 of the Municipal Code provides a minimum benefit of $155 monthly for all pensions granted by reason of service or for service-connected disability, and for joint annuitants under elected options, except members for whom Social Security taxes have been paid and anyone for whom more than half of the total pension is paid by the Metropolitan District.

Note 3 All members (other than SCG) may purchase up to 4 years of pension credit for military service. Pension credit is at the following rates of Final Average Pay per year purchased:

HMEA members hired before July 1, 2003	2.75%
Sworn Police Officers, Firefighters, CHPEA members hired on or before June 23, 2003, HFSHP, Local 818 hired prior to March 1, 2007, HSSSA, HESP, Non-bargaining (including Assistant Police Chief, Police Chief, Assistant Fire Chief, and Fire Chief), Non-Sworn Police Officers, and MLA hired prior to July 1, 2006	2.50%
Other (including CHPEA members hired after June 23, 2003, HMEA members hired prior to July 1, 2003, MLA hired on or after July 1, 2006, and Local 818 hired on or after March 1, 2007)	2.00%

Note 4 All members (other than Sworn Police Officers hired after July 1, 1999, all Board of Education members, CHPEA hired after June 23, 2003, HMEA hired on or after July 1, 2003, Library, SCG and MLA hired on or after July 1, 2006) may exchange accumulated sick leave upon retirement for up to 4 years (6 years for Firefighters hired prior to July 1, 2003) of pension service time. Additional pension service time may be purchased from accumulated sick leave at the rate of twenty days of accumulated sick leave for each year of pension service time.

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Appendix I

Additional Explanatory Commentary

A. Purpose of the Valuation

The purpose of preparing an Annual Valuation Report for the City of Hartford Municipal Employees' Retirement Fund (MERF) is twofold: 1) to determine the funded status of the plan (how well the plan is funded), which is of importance to many parties (including the bond rating agencies) in assessing the fiscal health of the City, and 2) to determine how much is recommended for the City of Hartford to contribute to the plan as the employer for the next fiscal year (in this case FY 2010-2011), as required by the City Charter, so that budget provisions can be made for this cost for the next fiscal year.

It is important to note that the recommended City contribution for the next fiscal year is expressed as a percentage of the payroll for each of the five groups of employees covered by the plan: Police, Fire, Municipal Services (general government employees), Library and Board of Education. That is to say, using actuarial methodologies, a computation is prepared assessing how much the current and future pensions for each of these five groups will cost, with that cost expressed as a percentage of each group's payroll. Each of those percentages is then applied against the *estimated* payroll for each group in question for the next fiscal year, to yield an *estimated* dollar or cash contribution required. The information found in Section II of this report has been developed for this purpose.

Importantly, while the percentages of payroll will not change, because they are actuarially determined, the dollar amount of the City's *actual* required contribution could well change -- upward or downward -- depending on whether *actual* payrolls in FY 2010-2011 are more, or less, than is currently estimated. *(Please note that the payroll estimates used here are obtained from the City of Hartford's Office of Management and Budget.)*

The ultimate cost of any defined benefit pension plan such as the MERF is based primarily on the level of benefits promised by the plan, with the pension fund's investment earnings serving to reduce the cost of plan benefits and expenses. Thus,

City's ultimate cost	=	*benefits paid*	+	*expenses incurred*	-	*investment return*	-	*employee contributions*

It stands to reason, therefore, that in years in which investment earnings do not show positive results, the pension costs will be affected adversely.

Because each Annual Valuation Report is prepared using actual investment and demographic experience, each such report is necessarily one year in arrears. Thus, for FY 2010-2011, the report is dated (valued) as of July 1, 2009.

Comments prepared by the City Treasurer and Pension Commission in conjunction with Hooker & Holcombe

Appendix I

Additional Explanatory Commentary
(continued)

B. Contribution for 2010-2011 Fiscal Year

The City's contribution rates for the 2010-2011 fiscal year, determined as explained above from the July 1, 2009 actuarial valuation, are shown below. Last year's results are shown for comparison purposes.

	Recommended 2010-2011 Fiscal Year Contribution (July 1, 2009 Valuation)	Recommended 2009-2010 Fiscal Year Contribution (July 1, 2008 Valuation)
Police	9.94%	3.35%
Firefighters	1.55%	-4.88%
Board of Education	11.87%	10.64%
Municipal Services	30.74%	22.00%
Library	20.90%	16.08%

Please see Section II, Exhibit A for the development of these figures.

As can be seen, the percentages of payroll on which estimated contributions have been based have increased considerably from last year for all groups. Based on an estimated payroll of approximately $143.1 million for fiscal year 2010-2011, the estimated dollar amount of the City's contribution for such year is approximately $18.3 million. (See Section II, Exhibit B.)

By comparison, using payroll estimates of approximately $136.5 million, the estimated dollar amount of the City's contribution for the 2009-2010 fiscal year is $9.9 million, based on the percentages of payroll shown in the column on the right. The 2010-2011 fiscal year contribution represents an estimated $8.4 million increase from the previous year, or approximately 85%, based on the increases in required percentages of contribution. *(Again, please note that actual contribution requirements will be based upon the above percentages applied to actual payroll figures, whatever these may turn out to be, for the 2010-2011 fiscal year.)*

One of the purposes of preparing an Annual Valuation report is to assess the ratio of the value of the pension plan's assets to its accumulated liability, that is, how much the plan will need to pay out in benefits over the lifetimes of the members, both currently retired and those who will retire in the future. The best outcome is for there to be a like amount of assets as pension benefit obligation. It stands to reason that the cash contribution of the employer, in this case the City of Hartford, will be less in years in which there is less of a gap between assets and plan obligations. Taken a step further, contributions will likely be more in years in which the plan experienced investment losses.

Comments prepared by the City Treasurer and Pension Commission in conjunction with Hooker & Holcombe

Appendix I

Additional Explanatory Commentary
(continued)

Thus, the primary reason for the increase in the recommended contribution requirement for FY 2010-2011 is the drop in both the equity and fixed-income markets starting in September, 2008 to June, 2009, with the resulting loss of market value of MERF assets during that period. However, the net impact of changes in the covered population and modifications to plan provisions since the last Valuation Report also served to increase the contribution requirement from last year, although to a lesser extent.

With the drop in the markets, especially for the period from June, 2008 to June, 2009 (the time period covered by this 2009 Valuation Report), the market value of assets for the MERF was approximately $861.7 million as of July 1, 2009, down from $1,080.2 million (slightly more than $1 billion) as of July 1, 2008. Put another way, the investment return for the MERF for the year was approximately negative 15.0% (based on market value of assets), compared to an assumed rate of investment return of positive 8%.

However, there is another way of computing the value of assets, known as the "smoothed" or "actuarial" value. By way of background, several years ago, in order to avoid dramatic fluctuations in the City's contribution requirements from year to year and thus benefit the City, the City of Hartford Pension Commission, on the recommendation of the City Treasurer, instituted the use of a so-called "smoothed" value of assets to perform the Annual Valuation. This smoothed value recognizes the difference between the expected return on the market value of assets and the actual return over a period of years.

Under this method, any realized gains in assets -- or any realized losses in assets -- are smoothed in over a fixed time period, to mitigate "peaks and valleys" in required City contributions. This allows for more predictable budgeting for pension costs.

The act of smoothing results in what is called the "actuarial value of assets," as opposed to the "market value" of the assets, because only a fixed portion of the asset gain (or loss) is recognized for any given Valuation year. With the July 1, 2009 valuation, the Pension Commission adopted a change in the length of time asset gains or losses are smoothed into the "actuarial value of assets" from four to five years. After reflecting this change, the actuarial value of MERF assets used in the development of the contribution requirement for FY 2010-2011 was approximately $1,089.2 million, $10.2 million higher than the $1,079.0 million value that would have been used under the prior 4-year methodology.

Comments prepared by the City Treasurer and Pension Commission in conjunction with Hooker & Holcombe

Appendix I

Additional Explanatory Commentary
(continued)

The MERF's return for the year on the smoothed (actuarial) value prior to the change in method was 1.6%, as opposed to negative 15% (on the market value). However, because a 1.6% return was still far less than the MERF's 8% return assumption, asset losses still increased the estimated FY 2010-2011 contribution requirement. Specifically, these losses represented approximately $7.7 million of the $8.4 million estimated increase and were therefore the primary driver of the increase in estimated contributions for FY 2010-2011.

The change made to the smoothing period used to develop the plan's "actuarial value of assets" partially offset this $7.7 million increase in contribution requirements. Specifically, it accounted for a decrease of approximately $1.1 million for FY 2010-2011. It is important to note that this decrease is merely the result of the slower recognition of recent net asset losses in the MERF's actuarial valuation. The decrease in contribution today will result in contribution increases in the future, all else being equal. Plan funding is simply being deferred.

The net impact of changes in the population and modifications to plan provisions since the last Valuation also served to increase the contribution requirement from last year, although to a lesser extent. Despite the decrease in active membership of the MERF (from 2,671 as of July 1, 2008 to 2,406 as of July 1, 2009) and the corresponding drop in total payroll, changes in the population increased costs due to what are called "net liability losses," including the fact that salaries increased by more than expected for active employees continuing in active service. During the Valuation year, the average age of covered employees also increased, giving the plan less time to pre-fund for these employees' ultimate future benefits before they retire, which also added to the cost. These elements in total accounted for the remaining $1.8 million increase in the estimated contribution.

N:\HTFD\MERF\2009\2009 MERF Actuarial Survey v5.DOC

Comments prepared by the City Treasurer and Pension Commission in conjunction with Hooker & Holcombe

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

October 1, 2009 Actuarial Report

For the Fiscal and Plan Year
October 1, 2010
through
September 30, 2011

Prepared By:

STANLEY, HOLCOMBE & ASSOCIATES, INC.
2000 RiverEdge Parkway/ Suite 540
Atlanta, GA 30328
(770) 933-1933

March 16, 2010

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& A

Stanley,
Holcombe
& Associates, Inc.

March 16, 2010

Board of Trustees
City of Miami Fire Fighters' and
Police Officers' Retirement Trust
1895 SW 3 Avenue
Miami, FL 33129-1456

October 1, 2009 Actuarial Report

Dear Board Members:

Enclosed is our report on the actuarial valuation of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2009, for the fiscal year beginning October 1, 2010.

The report is based upon the terms of Ordinance No. 10002 and the Amended Final Judgment in the matter of Gates v. City of Miami. This report reflects 9% employee contributions from Fire Fighters as well as the 68 point retirement eligibility requirement for Fire Fighters who had not attained 64 points as of September 30, 2009.

The City contribution requirement for the 2010/2011 fiscal year is $65,551,615, compared to $55,095,791 for the 2009/2010 fiscal year.

Respectfully submitted,

Randall L. Stanley, FSA, MAAA, EA
Consulting Actuary and Principal

Frans Christ, FSA, MAAA, EA
Vice President and Consulting Actuary

Jonathan T. Craven, ASA, EA
Vice President and Consulting Actuary

RLS/FC/JTC/di
MIAMI01B

Enclosures (20)

2000 RiverEdge Parkway/Suite 540 • Atlanta, GA 30328
(770) 933-1933 • Fax (770) 933-8918 • www.stanleyholcombe.com

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

OCTOBER 1, 2009 ACTUARIAL REPORT

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

OCTOBER 1, 2009 ACTUARIAL REPORT

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results - Regular Fund

		Actuarial Valuation Prepared as of 10/1/2009	10/1/2008
A.	Participant Data (Ex.7)		
	Active Members	1,517	1,633
	Total Annual Payroll	$122,212,346	$129,369,531
	Retired Members and Beneficiaries	1,758	1,643
	Total Annualized Benefits	$86,149,422	$73,118,582
	Disabled Members	196	204
	Total Annualized Benefits	$3,900,431	$3,990,880
	Terminated Vested Members	20	23
	Total Annualized Benefits	$512,331	$466,760
B.	Assets	-$-	-$-
	Actuarial Value (Ex. 2A)	1,164,973,724	1,219,600,827
	Market Value (Ex. 4)	970,811,437	1,018,935,217
C.	Liabilities (Excl. COLA)		
	Present Value of Benefits (Ex. 1)		
	Active Members - Retirement	917,777,253	968,874,865
	Vesting	19,807,807	18,499,353
	Disability	36,815,319	35,377,390
	Death	9,839,784	10,166,026
	Return of Contributions	2,068,805	1,872,976
	Total	986,308,968	1,052,790,610
	Inactive Members - Retired and Beneficiaries	906,759,019	763,064,711
	Disabled	34,328,843	35,509,391
	Terminated Vested	4,282,512	3,738,442
	Total	945,370,374	802,312,544
	Total	1,931,679,342	1,855,103,154
	Actuarial Accrued Liability	N/A	N/A
	Unfunded Actuarial Accrued Liability	N/A	N/A

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results - Regular Fund
(Continued)

		Actuarial Valuation Prepared as of 10/1/2009	10/1/2008
D.	Actuarial Present Value of Accrued Benefits (Exhibit 5)	-$-	-$-
	Vested Accrued Benefits		
	Inactive Members and Beneficiaries	945,370,374	802,312,544
	Active Members	416,609,449	425,678,479
	Total	1,361,979,823	1,227,991,023
	Non-Vested Accrued Benefits	29,207,048	28,798,596
	Total	1,391,186,871	1,256,789,619
E.	Pension Cost (Exhibit 1)		
	Normal Cost	75,189,626	64,151,658
	Payment to Amortize Unfunded Liability	N/A	N/A
	Expected Plan Sponsor Contribution	65,551,615	55,095,791
	As % of Payroll	53.64%	42.59%
	Expected Member Contribution	9,638,011	9,055,867
	As % of Payroll	7.89%	7.00%
		Year Ending 9/30/2008	Year Ending 9/30/2007
F.	Past Contributions	-$-	-$-
	Required Plan Sponsor Contribution	36,993,395	36,040,251
	Required Member Contributions	9,769,139	9,719,896
	Actual Contributions		
	Plan Sponsor	36,993,395	36,040,251
	Members	9,769,139	9,719,896
G.	Net Actuarial Gain (Loss)	N/A	N/A
H.	Other Disclosures		
	Active Members:		
	Present Value Future Salaries (at attained age)	1,325,848,007	1,360,580,427
	Present Value Future Contributions (at attained age)	101,158,464	91,751,594

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results – COLA Fund

		Actuarial Valuation Prepared as of 10/1/2009	10/1/2008
A. Participant Data			
Active Members			
Total Annual Payroll			
Retired Members and Beneficiaries		1,758	1,643
Total Annualized Benefits		$14,483,876	$14,166,305
Disabled Members		196	204
Total Annualized Benefits		$2,820,516	$2,864,125
Table		$1,312	$1,312
B. Assets		-$-	-$-
Actuarial Value (Ex. 13)		316,220,411	325,271,988
Market Value (Ex. 13)		296,317,281	305,815,025
C. Liabilities (COLA Only)			
Present Value of Benefits (Ex. 13)			
Active Members -	Reserve for Current Actives	44,537,865	44,121,197
	Reserve for Contribution Refunds	N/A	N/A
	Reserve for Future Actives	6,680,680	6,618,180
	Total (excl. 457 Service)	51,218,545	50,739,377
Inactive Members -	Frozen COLA I Benefits	1,554,180	1,753,400
	COLA II Benefits	237,207,751	226,911,479
	Total	238,761,931	228,664,879
Total		289,980,476	279,404,256

Comparative Summary of Total Assets - Combined

Market Value (Ex. 4)	1,267,128,718	1,324,750,242

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

REVIEW OF COSTS

Summary Discussion

This is the actuarial report for the fiscal year beginning October 1, 2010 for the City of Miami Fire Fighters' and Police Officers' Retirement Trust. This is the twenty-sixth annual actuarial report prepared by Stanley, Holcombe & Associates, Inc. This report is intended to reflect the provisions and requirements of Ordinance No. 10002, as amended through September 30, 2009.

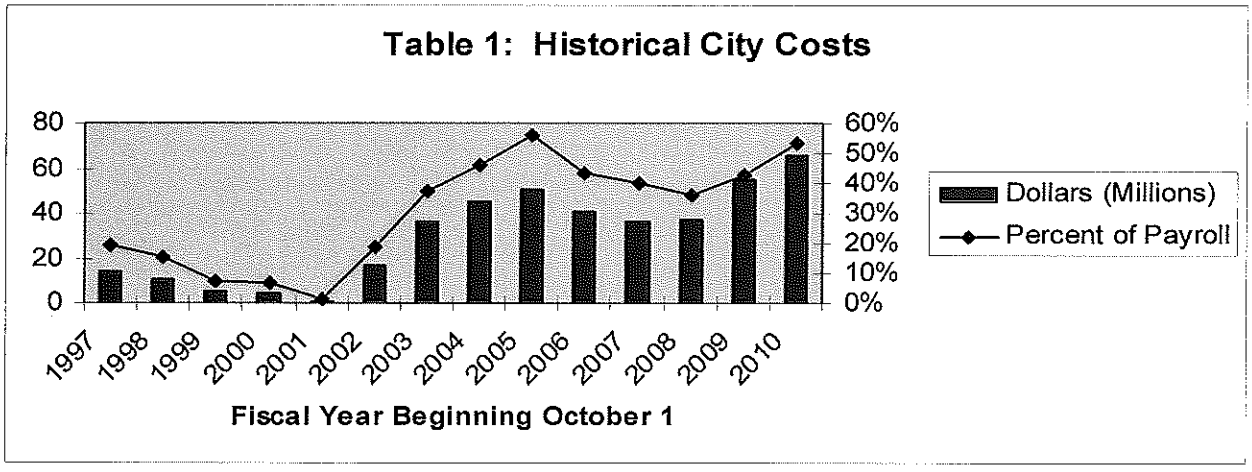
Comparison of Deposit Requirements

The City contribution requirements, and the results calculated for the 2010/2011 fiscal year, are as follows:

	2010/2011	2009/2010	2008/2009
	-$-	-$-	-$-
Past Service Cost	N/A	N/A	N/A
Normal Cost	65,551,615	55,095,791	36,993,395
Payment Timing	0	0	0
	65,551,615	55,095,791	36,993,395

The 2010/2011 deposit amount of $65,551,615 is approximately $10.5 million more than the $55,095,791 for the prior year.

As can be seen from Table 1, the decreases in City costs in prior years have reversed, due to unfavorable asset performance, as compared to the 7.75% actuarial assumption.



Analysis of Cost Changes

The Normal Cost element of FIPO costs is expected to remain level as a percentage of covered payroll, if the actual Plan experience is the same as the actuarial assumptions. An increase in the Normal Cost rate indicates that experience has been less favorable than assumed, while a decrease indicates more favorable experience.

Quantification of the reasons for the changes is as follows:

Table 2 – Gain/Loss Analysis of Cost Changes from October 1, 2008 to October 1, 2009 Valuations

	Normal Cost	
	-$-	-%-
2008/2009 Normal Cost	55,095,791	42.59
Including 8% Firefighter Contributions	54,494,498	42.12
2009/2010 Normal Cost Expected (for continuing participants)	54,005,548	42.25
Element of Experience		
Salary Increases	-311,165	+0.13
Turnover	+279,208	+0.16
Mortality	-50,342	-0.04
Retirement	-659,543	+2.09
New Participants	+168,827	-0.67
Disability	-86,205	-0.18
Investment Return	+10,865,614	+8.89
Contribution Lag	+2,024,866	+1.58
Other, Data	+70,593	+0.05
Total	+12,301,853	+12.01
Plan Amendment	-755,786	-0.62
2009/2010 Normal Cost (9% Fire member contributions, 68 points)	65,551,615	53.64

Following is a more detailed description of the elements of experience.

Salary Increases - During the period October 1, 2008 through September 30, 2009, covered payroll for the continuing actives increased less than expected, resulting in a decrease of $311,165 in the Normal Cost. Covered payroll for continuing active participants at September 30, 2009 increased 6.35% compared to an expected 7.26%.

Mortality - For active members there were three deaths, as compared to 2 expected; for inactive members there were 57 deaths (17 with survivors), as compared to 49 expected. This decreased the normal cost by $50,342.

Disability - During the past year there was one disability, as compared to 5 expected. This decreased the normal cost by $86,205.

Turnover - From October 1, 2008 to September 30, 2009, there were 22 employee terminations, as compared to 20 predicted by the actuarial assumptions. This increased the normal cost by $279,208. Following is a comparison of the expected and actual turnover rates for the past ten years:

Table 3 – Expected and Actual Turnover by Duration

	1999/2002		2002/2005		2005/2008		2008/2009	
Age	Exp.	Act.	Exp.	Act.	Exp.	Act.	Exp.	Act.
20-24	3.7	3	1.3	0	3.2	4	1.7	2
25-29	12.3	11	9.8	12	9.0	12	4.2	6
30-34	17.9	21	15.7	26	13.5	19	5.0	5
35-39	20.2	13	15.7	10	15.3	13	5.1	5
40+	13.8	19	13.5	18	11.5	8	4.0	4
	67.9	67	56.0	66	52.5	56	20.0	22

Retirement - There were 145 retirements during the period (41 firefighters, 104 police), as compared to 68 expected. This large number of retirements caused an increase in costs of 2.09% of payroll. However, the corresponding significant decline in payroll resulted in the dollar cost decreasing $659,543.

Following is a comparison of the expected and actual retirements during the past year:

Table 4 – Expected and Actual Retirements by Duration

	Firefighters			Police Officers			Combined		
Service*	Expected	Actual	A/E	Expected	Actual	A/E	Expected	Actual	A/E
0	0.55	4	727.3%	5.25	30	571.4%	5.80	34	586.2%
1	1.35	5	370.4%	4.20	12	285.7%	5.55	17	306.3%
2	1.35	4	296.3%	4.35	11	252.9%	5.70	15	263.2%
3	1.30	2	153.9%	2.60	9	346.2%	3.90	11	282.1%
4	1.40	2	142.9%	4.65	14	301.1%	6.05	16	264.5%
5	5.00	3	60.0%	0.50	1	200.0%	5.50	4	72.7%
6	4.00	3	75.0%	5.75	9	156.5%	9.75	12	123.1%
7	6.75	13	192.6%	4.00	12	300.0%	10.75	25	232.6%
8	1.75	2	114.3%	1.50	3	200.0%	3.25	5	153.8%
9	0.25	0	0.0%	0.50	2	400.0%	0.75	2	266.7%
10+	10.50	3	28.6%	0.50	1	200.0%	11.0	4	36.4%
Total	34.20	41	119.9%	33.80	104	307.7%	68.00	145	213.2%

*After attainment of Rule of 64 and 20 years

Investment Return - The rate of return for the year ending September 30, 2009 was (1.31%) on actuarial asset value (Exhibit 2A). As of October 1, 2008 and October 1, 2009, the actuarial asset value was approximately 120% of market value. Since the rate of return on market value was (0.3%) as shown in Exhibit 4, the comparative statuses of market value and actuarial value were not improved in the 2008/2009 year, and the 20% anticipated asset smoothing was not available.

As shown in Exhibit 2C, there will not be a COLA transfer as of January 1, 2010 or January 1, 2011, resulting in City minimum contributions of $4,682,453 and $4,869,751 due to the COLA fund as of those dates.

New Participants – During the year there were 54 new participants, who decreased the City contribution requirement for the Fund by 0.67%. Last year, 188 new participants decreased the rate by 2.56%.

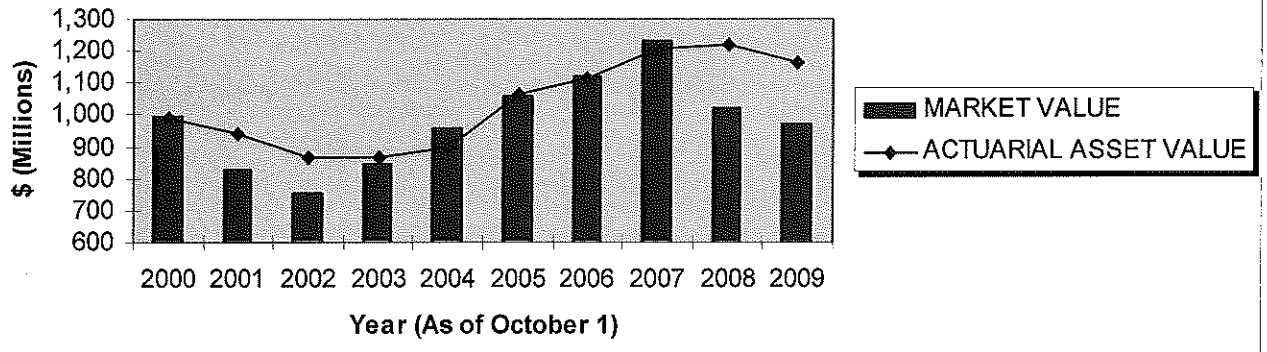
Plan Assets

Exhibits 3 and 4 show the asset transactions and investment results during the year. The rate of return on mean market value for the period ending September 30, 2009 was (0.3%), as compared to the 7.75% assumption.

The asset valuation method results in an actuarial asset value of $1.165 billion as of October 1, 2009 (Exhibit 2A), as compared to the market value of $970.8 million.

Table 5 illustrates the effect of using the asset smoothing methodology. The volatility of the market value of assets can be seen in the columns, while the actuarial value is illustrated by the line. The actuarial asset value line reflects the 20% Write-Up Method from September 30, 2005.

Table 5: Actuarial vs. Market Value of Assets



For COLA transfer purposes, the actuarial asset valuation method utilizes a 3-year moving average (Exhibit 2B). Under this method, the rate of return for the year ending September 30, 2009 was (8.36%). This results in no asset transfer from the Regular Fund to the COLA Fund on January 1, 2011 (Exhibit 2C).

Expected Ongoing Cost Levels

System costs have varied dramatically over the past several years, due almost exclusively to asset performance. Since the City's contribution requirement is the primary variable, it has been significantly impacted.

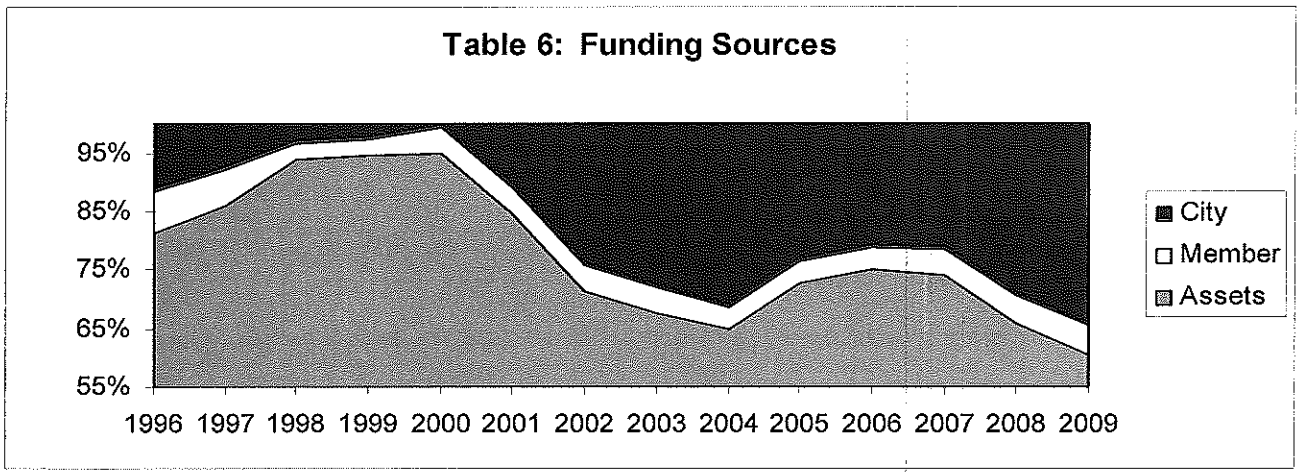
Nevertheless, it is important to distinguish between individual annual costs (which may be somewhat erratic) and expected ongoing annual costs. The following table compares the City contribution requirement as a percentage of payroll to the theoretical entry age normal City contribution percentages:

Valuation Date	Contribution %	EAN %
10/1/2009	54	21
10/1/2008	43	21
10/1/2007	36	22
10/1/2006	40	23
10/1/2005 (Revised AAV)	44	23
10/1/2005 (Prior AAV)	60	23
10/1/2004	57	23
10/1/2003	46	21
10/1/2002	45	17
10/1/2001	20	19
10/1/2000	1	16
10/1/1999	5	17

As will be noted, contribution requirements in the two years before the 10/1/2002 valuation were below the System's theoretical contribution level. This was due to the System having accumulated more assets than expected. During the 2001-2005 period the contribution requirement (under the prior actuarial asset valuation method) had increased dramatically, due to erosion of assets and the delayed effect of asset smoothing.

Sources of Benefit Funding

Table 6 compares the sources of benefit funding for the past 13 years. The present value of benefits is equal to 100% in the Table. The present value of benefits is provided by three sources; the actuarial value of assets, the present value of member contributions, and the present value of future normal costs (city).



As seen in the table, the city portion of future benefit responsibility decreased as asset values climbed during the late nineties. When asset values started to decline, the city portion increased. As of October 1, 2009, the actuarial value of assets equals 60% of the present value of benefits, the present value of employee contributions equals 5%, and the present value of future normal costs equal 35% of the present value of future benefits.

Funding Progress

The comparison of the present values of vested and accrued benefits to FIPO assets from one year to the next, or over a period of time, is a measure of interim funding progress and the degree of benefit security.

Exhibit 6 contains the result of this comparison for the past three years. The market value of assets on October 1, 2009 is $970,811,437, as compared to the value of accrued benefits of $1,391,186,871 for a ratio of 69.8%. The ratio as of October 1, 2008 was 81.1%.

A ratio in excess of 100% typically is one indication of a well-funded program.

Governmental Accounting Standards

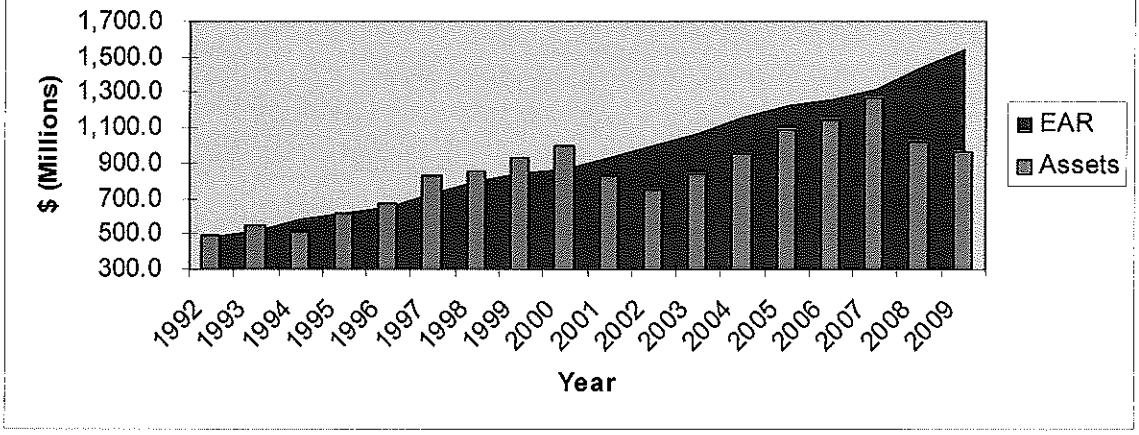
GASB issued Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Statement No. 27, Accounting for Pensions by State and Local Governmental Employers in 1994. Statement No. 25 provides parameters for financial reporting and comparison of actual contributions to "actuarially required contributions." Statement No. 27 provides standards for the financial reports of the state and local governmental employers. Statement No. 25 was effective for periods beginning after June 15, 1996; Statement No. 27, for periods beginning after June 15, 1997.

The Statements do not directly impact funding, although they do require calculation of an "actuarially required contribution," or "ARC" and amortization of any deficiency or excess of actual contributions made in relation to the ARC.

Since the FIPO Trust uses the Aggregate Cost Method, technically no Schedule of Funding Progress is required. However, such a Schedule of Funding Progress may be prepared using another acceptable cost method. Based on our recommendation in this report, the Schedule of Funding Progress is prepared using the Entry Age Normal Actuarial Accrued Liability, which is one of the acceptable measures under GASB 25. This Schedule is shown in Exhibit 11, Section III.

As of October 1, 2009 the entry age reserve is $1,539.3 million. This compares to assets of $970.8 million, for a funded ratio of 63%. Last year the funded ratio was 70%. These amounts, together with other disclosures, are contained in Exhibit 11 and illustrated in the following Table 7:

Table 7: GASB 25 Assets and Liabilities



As recommended in the 1997 report, and reviewed by FIPO auditors, the employer contributions made in accordance with the requirements of the Florida Division of Retirement should be used as the Actuarially Required Contribution (ARC), since an exact calculation of the ARC would not differ materially from the required contribution amount. On this basis, a Schedule of Employer Contributions has been added to Exhibit 11 in order to comply with the reporting requirements of GASB 25.

These calculations are made for GASB 25. It should be understood that they are only one approach to the measurement of funding progress. They should not be used for any other purpose, such as determination of compliance with City ordinances or State Statutes or the current or future solvency of the FIPO Trust.

Application of GASB 27

The provisions of GASB 27 are virtually identical to those of GASB 25. It is our understanding that the schedules used for GASB 25 disclosure may also be used for GASB 27 purposes.

COLA Fund

Calculations were made based on the information provided as of 10/1/2009. The calculations reflect the approach adopted with the Amended Final Judgment in the matter of Gates vs. City of Miami.

Exhibit 12, parts I and II, illustrate the general impact of the COLA increases which have been provided thus far (under the $1,312 table as of 1/1/2010), by duration since retirement and by age, respectively.

As discussed in earlier reports, there is probably no completely acceptable index for measuring the impact of inflation on retirees' benefits. Although the CPI is the most widely used inflation index, it is generally considered to distort inflation for retirees, since it includes components which are not typically germane to them, such as home purchases. In the absence of a suitable alternative, a percentage of the CPI is often used as a target. If the cumulative CPI were used as a target, the current COLA averages 52% of the target. A comparison of COLA increases to the CPI is shown in Exhibit 12, part III. Historical data on the CPI is shown in Exhibit 12, part IV.

Cumulative Experience Position

Ordinance Section 40-204(C) (4) provides that transfers of excess investment return from the Regular Fund to the COLA Fund may be made only if the System remains in a net positive experience position on a cumulative basis from October 1, 1982. Since the aggregate cost method is used for determining funding requirements, the determination of the experience position is measured under the entry age normal method.

The cumulative experience gain decreased from $69,203,355 as of October 1, 2008, to a cumulative loss of $60,270,194 as of October 1, 2009 (Exhibit 14).

COLA Transfer Calculations

Exhibit 2C shows the transfer calculations as of this valuation. As will be noted, the excess return transfer as of January 1, 2010 and January 1, 2011 are scheduled to be $0. Therefore, there will be City contributions to the COLA fund of $4,682,453 as of January 1, 2010 and $4,869,751 as of January 1, 2011.

Enrolled Actuary's Statement

This report has been prepared in accordance with standards established by the American Academy of Actuaries. To the best of our knowledge, it reflects the actuarial condition of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2009 for the Retirement Fund and for the COLA Fund.

All costs and cost components are calculated on the basis of actuarial assumptions which reasonably reflect the experience of the Trust.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Randall L. Stanley
Signature
Enrolled Actuary No. 08-602

March 16, 2010
Date

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

City Contribution Requirement for 2010/2011 Fiscal Year

		2010/2011 -$-	2009/2010 -$-
I.	Unfunded Actuarial Accrued Liability	N/A	N/A
II.	Normal Cost		
	A. Present Value of Future Benefits		
	1. Active Members		
	a. Retirement	917,777,253	986,874,865
	b. Disability	36,815,319	35,377,390
	c. Death	9,839,784	10,166,026
	d. Turnover	19,807,807	18,499,353
	e. Return of Contributions	2,068,805	1,872,976
	f. Total	986,308,968	1,052,790,610
	2. Retired Members and Beneficiaries		
	a. Service Retirements + Beneficiaries	906,759,019	763,064,711
	b. Disability Retirements	34,328,843	35,509,391
	c. Terminated Vested Members	4,282,512	3,738,442
	d. Total	945,370,374	802,312,544
	3. Total	1,931,679,342	1,855,103,154

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

City Contribution Requirement for 2010/2011 Fiscal Year

		2010/2011 -$-	2009/2010 -$-
II.	Normal Cost (Cont'd)		
	A. Total Present Value of Future Benefits	1,931,679,342	1,855,103,154
	B. Present Value of Future Member Contributions	101,158,464	91,751,594
	C. Actuarial Asset Value	1,164,973,724	1,219,600,827
	D. Unfunded Actuarial Accrued Liability	0	0
	E. Present Value of Future Normal Costs (A-B-C-D)	665,547,154	543,750,733
	F. Present Value of Future Payrolls	1,325,848,007	1,360,580,427
	G. Current Payroll for those under Expected Retirement Age	121,193,974	127,945,646
	H. Current Normal Cost - Payable 10/1/2010 [(E)x(G) / (F)] (1.0775)	65,551,615	55,095,791
	I. Covered Payroll	122,212,346	129,369,531
	J. Normal Cost as Percentage of Payroll (H)/ (I)	53.64%	42.59%
III.	Quarterly City Contribution Schedule		
	A. Past Service Cost	0	0
	B. Normal Cost	65,551,615	55,095,791
	C. Payment Timing	0	0
	D. Total	**65,551,615**	55,095,791

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Actuarial Asset Value – 20% Write Up Method

I. Determination of Actuarial Asset Value as of October 1, 2009

	-$-
A. Actuarial Value of Assets as of 10/01/2008	1,219,600,827
B. City Contributions	36,993,395
C. Member Contribution	9,769,139
D. Benefits Paid	85,094,354
E. Contributions Refunded	336,755
F. Expected Return *	94,272,918
G. Expected Actuarial Value of Assets (A+B+C-D-E+F)	1,275,205,170
H. Market Value of Assets	970,811,437
I. Present Value of 01/01/10 COLA Transfer	0
J. Present Value of 01/01/11 COLA Transfer	0
K. Difference (H-I-J-G)	(304,393,733)
L. 20% of Difference	(60,878,747)
M. Preliminary Actuarial Asset Value (G+L)	1,214,326,423
N. Maximum Actuarial Asset Value (120% of H-I-J)	1,164,973,724
O. Minimum Actuarial Asset Value (80% of H-I-J)	776,649,150
P. Actuarial Asset Value at 10/1/2009	1,164,973,724
Q. Contribution Surplus Account Balance	0
R. Final Actuarial Value at 10/01/2009 (P – Q)	**1,164,973,724**

II. Rate of Return on Actuarial Asset Value

	-$-
A. Actuarial Asset Value at 10/01/2008	1,219,600,827
B. Contributions	
1. City	36,993,395
2. Members	9,769,139
3. Total	46,762,534
C. Benefits and Refunds	85,431,109
D. Contribution Surplus	0
E. Actuarial Asset Value at 10/01/2009	1,164,973,724
F. Net Return on Investment [E+D+C-B-A]	(15,958,528)
G. Rate of Return (II F/I F) (.0775)	(1.31%)

*[1,219,600,827 + 36,993,395 + (9,769,139) (2.5/4) – (85,094,354 + 336,755) (13/24)] (.0775)

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

I. Development of Actuarial Asset Value (3 Years, for COLA Transfer Purposes)

		9/30/2009	9/30/2008	9/30/2007
		-$-	-$-	-$-
A.	Book Value	970,698,193	1,031,726,793	1,014,745,156
B.	Market Value	970,811,437	1,018,935,217	1,268,869,871
C.	B/A	1.0001167	0.9876018	1.2504320
D.	1/3 ∑ (C)		1.0793835	
E.	Adjusted Market Value at 9/30/2009 D x $970,698,193		1,047,755,613	
F.	Contribution Surplus at 9/30/2009		0	
G.	1. 80% of Market Value		776,649,150	
	2. 120% of Market Value		1,164,973,724	
H.	Preliminary Actuarial Asset Value		1,047,755,613	
I.	Present Value of 1/1/2011 COLA Transfer, discounted at 7.75%		0	
J.	Actuarial Asset Value (H-I)		1,047,755,613	

II. Rate of Return on Actuarial Asset Value

		-$-
A.	Actuarial Asset Value at 10/01/2008	1,183,730,379
B.	Contributions	
	1. City	36,993,395
	2. Members	9,769,139
	3. Total	46,762,534
C.	Benefits and Refunds	85,431,109
D.	Present Value of 1/1/2011 COLA Transfer	0
E.	Contribution Surplus	0
F.	Actuarial Asset Value at 10/01/2009	1,047,755,613
G.	Net Return on Investment [F+E+D+C-B-A]	(97,306,191)
H.	Rate of Return [2 x G/ (A+F-G)]	(8.36%)

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Calculation of Excess Investment Return
On Membership and Benefits Accounts for 2008/2009 Fiscal Year
2011 COLA Transfer

I. Net Actual Return on Actuarial Asset Value -$-

A.	Preliminary Actuarial Asset Value as of 10/1/2009	1,047,755,613
B.	Benefits Paid During Plan Year	85,094,354
C.	Contributions Refunded During Plan Year	336,755
D.	City Contributions During Plan Year (Required)	36,993,395
E.	Member Contributions During Plan Year	9,769,139
F.	Actuarial Asset Value as of 10/1/2008	1,183,730,379
G.	Total Actual Return During Plan year (A)+(B)+(C)-(D)-(E)-(F)	(97,306,191)

II. Net Expected Return on Actuarial Asset Value

A.	Actuarial Asset Value as of 10/1/2008	1,183,730,379
B.	Benefits Paid During Plan Year	85,094,354
C.	Contributions Refunded During Plan Year	336,755
D.	City Contributions During Plan Year	36,993,395
E.	Member Contributions During Plan Year	9,769,139
F.	Expected Rate of Return	7.75%
G.	Expected Return During Plan Year	91,492,958 *
H.	Base Amount for Expected Return (G)/.0775	1,180,554,297
I.	Excess Return on Assets (I(G) - II(G))	(188,799,149)
J.	Excess Return as % of II(H)	(15.992416)%**

III. Amount to be Transferred to COLA Fund

A.

	Excess Return %	Excess Return $	COLA Transfer %	COLA Transfer -$-
First	2.5	0	75	0
Next	2.5	0	50	0
Next	2.5	0	25	0
Remainder		0	0	0

B. Total Transfer Amount at 1/1/2011 **0**

*Assumes Uniform Quarterly Contributions and Monthly Benefits
[1,183,730,379 + 36,993,395 + (9,769,139) (2.5/4) - (85,094,354 + 336,755) (13/24)](.0775) = 91,492,958

**Before 1/1/2010 COLA transfer.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Asset Transactions for Year Ending September 30, 2009 *

	Membership and Benefits Accounts	COLA I Account	COLA II Account
	-$-	-$-	-$-
A. Market Value as of October 1, 2008	1,058,584,760	36,317,757	229,847,725
B. Book Value as of October 1, 2007	1,071,376,337	36,756,609	232,625,126
C. Income During Year			
1. City Contributions	36,993,395		
2. Member Contributions	9,769,139		
3. Other Member Contributions	0		
4. Interest	19,686,265	543,043	3,774,066
5. Dividends	8,388,305	225,451	1,587,619
6. Net Realized Gains (Losses)	(41,827,104)	(1,048,553)	(6,623,780)
7. Securities Lending Income	861,931	22,158	157,616
8. Rental and Other Income	688,043	18,971	131,164
9. COLA Transfer at January 1, 2009	(45,908,731)	--	45,908,731
	(11,348,757)	(238,930)	44,935,416
D. Disbursements During Years			
1. Benefit Payments	85,094,354	303,194	16,622,228
2. Contribution Refunds	336,755	0	0
3. Custodial and Investment Expenses	3,685,982	102,218	723,291
4. Other Expense			
5. Securities Lending Fees	178,097	3,699	32,348
6. Building Depreciation	34,199	1,013	7,514
	89,329,387	410,124	17,385,381
E. Book Value as of 9/30/2009 (B)+(C)-(D)	970,698,193	36,107,555	260,175,161
F. Net Change in Unrealized Gains (Losses)	12,904,821	443,064	2,807,754
G. Market Value as of September 30, 2009 (A)+(C)-(D)+(F)	970,811,437	36,111,767	260,205,514
H. January 1, 2010 Allocation to COLA II (discounted)	0	N/A	0
I. Net Market Value as of September 30, 2009	970,811,437	36,111,767	260,205,514

*Based on unaudited financial statements.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Distribution of Assets as of September 30, 2009[1]

Membership and Benefits and Cost-of-Living Adjustment Accounts

Description	Market -$-	Book -$-
Bills, Bonds, Notes	351,297,116	333,256,172
Domestic Stocks	662,449,647	636,451,446
International Stocks	72,968,950	85,355,861
Private Equity	23,027,116	28,356,574
Money Market Funds and Time Deposits	23,028,089	21,850,777
Mutual Funds	86,991,353	111,797,778
Real Estate[2]	2,128,090	2,128,090
Securities Lending Adjustment	(2,588,831)	(42,977)
A: Sub-Total	**1,219,301,530**	**1,219,153,721**
B: Cash	**47,930,055**	**47,930,055**
Receivables:		
City Contributions	291,734	291,734
Accounts Receivable	1,726	1,726
Member Contributions	0	0
Accrued Interest	2,540,987	2,540,987
Accrued Dividend	970,476	970,476
Securities Proceeds	3,580,275	3,580,275
C: Sub-Total	**7,385,198**	**7,385,198**
Payables:		
Budget Advance	(599,932)	(599,932)
Transfer	0	0
Tax Withheld	(377)	(377)
Accounts Payable	268,390	268,390
Securities Purchased	7,819,984	7,819,984
D: Sub-Total	**7,488,065**	**7,488,065**
E. Total (A+B+C-D)	**1,267,128,718**	**1,266,980,909**
Accounts:		
COLA I Account	**36,111,767**	**36,107,555**
COLA II Account	**260,205,514**	**260,175,161**
COLA II Transfer (1/1/2010)	**0**	**0**
F: Membership & Benefits Account	**970,811,437**	**970,698,193**

[1]Based on unaudited financial statements.
[2]Carried at depreciated cost for Book Value and at appraised value for Market Value.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Investment Results

Yield on Mean Values for 12-Month Period Ending September 30, 2009

	-$-	Market -%-	Book -%-
Membership and Benefits Accounts*			
Interest	19,686,265	1.9	1.9
Dividends	8,388,305	0.8	0.8
Rental and Other Income, less Depreciation	653,844	0.1	0.1
Realized Gains	(41,827,104)	(4.1)	(4.1)
Securities Lending (Net)	683,834	0.1	0.1
Increase in Unrealized Gains	12,904,821	1.3	--
Custodial and Investment Expenses	(3,685,982)	(0.4)	(0.4)
Real Estate Adjustment to Appraised Value	0	0.0	--
	(3,196,017)	(0.3)	(1.6)
COLA I Account			
Interest	543,043	1.5	1.5
Dividends	225,451	0.6	0.6
Rental and Other Income, less Depreciation	17,958	0.0	0.0
Realized Gains	(1,048,553)	(2.9)	(2.9)
Securities Lending (Net)	18,459	0.1	0.1
Increase in Unrealized Gains	443,064	1.2	--
Custodial and Investment Expenses	(102,218)	(0.3)	(0.3)
	97,204	0.2	(1.0)
COLA II Account			
Interest	3,774,066	1.5	1.5
Dividends	1,587,619	0.6	0.6
Rental and Other Income, less Depreciation	123,650	0.1	0.1
Realized Gains	(6,623,780)	(2.7)	(2.7)
Securities Lending (Net)	125,268	0.1	0.1
Increase in Unrealized Gains	2,807,754	1.1	--
Custodial and Investment Expenses	(723,291)	(0.3)	(0.3)
	1,071,286	0.4	(0.7)

*Before 1/1/2009 COLA transfer

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Accounting Information
As of October 1

		2009 -$-	2008 -$-
I.	Present Value of Vested Accrued Benefits		
	A. Service Retirements and Beneficiaries	906,759,019	763,064,711
	B. Disability Retirements	34,328,843	35,509,391
	C. Vested Terminated Members	4,282,512	3,738,442
	D. Active Members	416,609,449	425,678,479
	E. Total	1,361,979,823	1,227,991,023
II.	Present Value of Non-Vested Accrued Benefits	29,207,048	28,798,596
III.	Present Value of Accrued Benefits	1,391,186,871	1,256,789,619

IV. The values of accumulated plan benefits were determined in accordance with the Academy of Actuaries Interpretations and FASB Statement No. 35, Accounting and Reporting by Defined Benefit Pension Plans.

V. Statement of Changes in Accrued Benefits

A.	Present Value of Accrued Benefits at Beginning of Year	1,256,789,619
B.	Increase (Decrease) During the Year Attributable to:	
	1. Benefits Accumulated	126,034,188
	2. Benefits Paid and Contributions Refunded	(85,431,109)
	3. Plan Amendment	(296,567)
	4. Assumption/Method Changes	0
	5. Increase Due to Decrease in Discount Period	94,090,740
	6. Net Increase	134,397,252
C.	Present Value of Accrued Benefits at End of Year	1,391,186,871

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparison of Funding Progress
($000)

		10/1/2009 -$-	10/1/2008 -$-	10/1/2007 -$-
I.	Assets			
	A. Book Value	970,698	1,031,727	1,014,745
	B. Market Value	970,811	1,018,935	1,268,870
II.	Liabilities			
	A. Retired and Vested	945,370	802,313	789,982
	B. Active			
	Employee Contributions	117,247	133,288	124,729
	Other Vested	299,363	292,390	196,251
	Non-Vested Accrued	29,207	28,799	19,175
	C. Total Accrued	1,391,187	1,256,790	1,130,137
III.	Ratios	%	%	%
	IA/IIC	69.8	82.1	89.8
	IB/IIC	69.8	81.1	112.3

Note: Item II amounts are present values of accrued benefits.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Member Statistics

	10/1/2009	10/1/2008	10/1/2007
I. Active Members			
Number of			
Males	1,288	1,391	1,247
Females	229	242	216
Total	1,517	1,633	1,463
Averages			
Current Age	38.1	38.4	38.9
Past Service	11.4	11.8	12.6
Credited Past Service	11.4	11.8	12.6
Annual Earnings	$80,562	$79,222	$70,834
II. Inactive Members			
A. Retirees and Beneficiaries			
Number	1,758	1,643	1,633
Average Annual Benefit	$49,004	$44,503	$43,596
Average Age	63.7	64.2	63.6
B. Disabled			
Number	196	204	209
Average Annual Benefit	$19,900	$19,563	$19,284
Average Age	67.7	67.2	66.5
C. Vested Terminated			
Number	20	23	22
Average Deferred Benefit	$25,617	$20,294	$23,170
Average Age	44.0	44.2	44.3

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Age-Service Distribution

	Completed Years of Service										Earnings	
Age	0-1	2-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total	Total -$-	Average -$-
15-24	17	74	0	0	0	0	0	0	0	91	4,831,985	53,099
25-29	20	182	28	0	0	0	0	0	0	230	13,265,148	57,675
30-34	7	106	78	60	0	0	0	0	0	251	17,749,980	70,717
35-39	5	55	56	109	55	5	0	0	0	285	22,057,311	77,394
40-44	3	32	26	80	94	66	3	0	0	304	26,146,895	86,010
45-49	2	3	7	30	52	98	38	1	0	231	24,331,510	105,331
50-54	0	1	4	8	15	32	38	5	1	104	11,557,533	111,130
55-59	0	0	1	2	1	5	5	1	4	19	2,087,819	109,885
60-64	0	0	0	0	0	0	2	0	0	2	184,165	92,083
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	54	453	200	289	217	206	86	7	5	1,517	122,212,346	80,562

Average Age: 38.1 Average Service: 11.4

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Reconciliation of Participant Counts

	Actives	Retirees & Beneficiaries	Disableds	Vested Terminated
10/1/2008	1,633	1,643	204	23
Changes due to:				
Retirement	-145	+146		-1
Withdrawal	-22			+2
Disability	-1		+1	
Death	-3	-48	-9	
New Beneficiary		+17		
New Hires	+54			
Data Changes	+1			-4
10/1/2009	1,517	1,758	196	20

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Principal System Provisions

(Based on Ordinance No. 10002, as Amended through Ordinance No. 13091)

Effective Date:	January 1, 1940, as restated effective May 23, 1985, and amended through September 30, 2009.
Fiscal Year:	October 1 - September 30.
Membership:	Police officers and fire fighters.
Covered Compensation:	An employee's base salary, including pick-up contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death-in-family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.
Contributions:	Members: 7% of Compensation for Police Officers, **9% for Fire Fighters.** City: Balance, as actuarially determined.
Creditable Service:	Service credited under Retirement System; military service (maximum of four years) during wartime for which Member makes contributions; maternity leave (maximum of 180 days for each leave) for which Member makes contributions; up to 5 years, without member contributions, if member was an employee before period of military service.
Average Final Compensation:	Average Compensation during the highest year of Creditable Service.
Normal Service Age:	Age 50

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Service Retirement:	3.0% of Average Final Compensation for each of the first fifteen years of Creditable Service plus 3.5% of Average Final Compensation for each year of Creditable Service after the fifteenth year; maximum of 100% for those with less than 100% under prior rules on 9/30/98.
Early Service Retirement:	After 20 years of Creditable Service. Benefits are based on Average Final Compensation and Creditable Service at retirement date. Actuarial equivalence for early commencement.
Rule of 64 Retirement:	Service retirement on the basis of combined age and Creditable Service equaling 64 or more.
Rule of 68 Retirement:	**Service retirement on the basis of combined age and Creditable Service equaling 68 or more. Rule of 68 applies to all Fire Fighters who had not attained 64 points by September 30, 2009.**
Disability:	Ordinary Disability: After 10 or more years of Creditable Service, and not eligible for service retirement. Not incurred as accident in performance of duties. 90% of benefit rate times Average Final Compensation times Creditable Service, with a minimum benefit of 30% of Average Final Compensation; 10 years' certain and life normal form. Accidental Disability: Incurred as accident in performance of duties. 66 2/3% of Average Final Compensation, or 66 2/3% of Final Compensation, whichever is greater. 40% joint & survivor normal form, with a minimum of 10 years' certain and life.
Deferred Retirement Option Plan:	Members who are eligible for Service Retirement or Rule of 64 Retirement after September 1998 may elect self-directed Deferred Retirement Option Plan, for a maximum of 4 years. An actuarially equivalent Back DROP option (maximum of 4 years) may be elected prior to DROP entry; combined years of DROP may not exceed 4.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Death:	Ordinary Death: (a) Between 3 and 10 years of Creditable Service, and death not accidentally incurred in performance of duties: Lump sum benefit equal to 50% of Compensation received in year preceding death. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferred period or 10 years' certain period. (c) If eligible for Service, Early Service, or Rule of 64 retirement, considered to have retired on the date of death. Surviving spouse would receive 40% of the member's monthly retirement allowance. Accidental Death: Incurred in performance of duties. (a) Pension of 50% of Average Final compensation to spouse until death or remarriage. If there is no spouse, or if spouse dies or remarries before youngest child is 18, payable until attainment of age 18. If no spouse or no children under 18, benefit is payable to dependent parents. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferral period or 10 years' certain period.
Employment Termination:	After 10 years of Creditable Service, based on Creditable Service and Average Final Compensation at termination date. If Member contributions are withdrawn, benefit is forfeited. Benefits are deferred to Normal Retirement Age.
Optional Allowances:	Normal form is joint and 40% contingent survivor, with a minimum of 10 years' certain and life. Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of Member. Option 6 is withdrawal of member contributions with credited interest; monthly benefit is 1/2 of normal level.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Transfer of Compensated Leave Balances:	Accumulated leave balances may be transferred into system immediately prior to retirement to purchase additional Creditable Service, on an actuarially equivalent basis.
Transfer of 457 Balances:	457 balances of Firefighters may be transferred into System at retirement to purchase additional Service for multiplier purposes.
Changes Since Prior Valuation:	**Fire Fighter contribution rate changed from 8% to 9%. Retirement eligibility for Fire Fighters is 68 points for those who had not attained 64 points as of September 30, 2009.**

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Actuarial Basis

Valuation Date: October 1, 2009 for Fiscal Year beginning October 1, 2010.

Valuation Method: Aggregate Cost Method.

Asset Valuation Method: 20% Write-Up Method: Expected value is based on the Interest Discount/Investment Return rate applied to the actuarial asset value as of previous valuation date and cash flow during the year. 20% of the difference between the Expected Value and the Market Value (net of pending transfers to the COLA Fund) is added to the Expected Value.

The result cannot be greater than 120% of market value or less than 80% of market value (net of pending COLA transfers).

Actuarial Assumptions:

Interest Discount/ Investment Return: 7.75%, compounded annually.

Inflation: 3.5%, compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	.0507%	.0284%
30	.0801%	.0351%
40	.1072%	.0709%
50	.2579%	.1428%
60	.7976%	.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis
(Continued)

Age	Disability	Turnover	
		<5	5+
31	.00200	.0240	.0192
32	.00220	.0240	.0192
33	.00245	.0240	.0192
34	.00265	.0240	.0192
35	.00285	.0240	.0192
36	.00305	.0228	.0182
37	.00325	.0216	.0173
38	.00345	.0204	.0163
39	.00370	.0192	.0154
40	.00390	.0180	.0144
41	.00470	.0168	.0134
42	.00555	.0156	.0125
43	.00635	.0144	.0115
44	.00720	.0132	.0106
45	.00800	.0120	.0096
46	.00880	.0096	.0077
47	.00965	.0072	.0057
48	.01045	.0048	.0038
49	.01130	.0024	.0019
50	.01210	.0000	.0000
51	.01295	.0000	.0000
52	.01375	.0000	.0000
53	.01455	.0000	.0000
54	.01540	.0000	.0000
55	.01620	.0000	.0000
56	.01785	.0000	.0000
57	.01870	.0000	.0000
58	.01950	.0000	.0000
59	.02030	.0000	.0000
60	.00000	.0000	.0000

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis
(Continued)

Retirement: Fire Fighters who have attained 64 points by September 30, 2009 and all Police Officers are subject to the Rule of 64; the rest of the Fire Fighters are subject to the Rule of 68. If eligible for Retirement, the following decrements apply, based on service:

Years of Service	Police %	Fire %
<20	0	0
20-24	20	5
25-29	25	25
30-31	50	25
32	100	100

There is no explicit assumption on the percentage of retirements expected to enter the DROP. No distinction is necessary, since funding is calculated to expected retirement or expected DROP entry.

Salary Merit Scale

Service	Police	Fire
0	.0500	.0500
1	.0500	.0500
2	.0500	.0500
3	.0500	.0500
4	.0500	.0500
5	.0500	.0500
6	.0500	.0500
7	.0250	.0500
8	.0500	.0500
9	.0500	.0500
10	.0100	.0000
11	.0100	.0000
12	.0100	.0000
13	.0100	.0000
14	.0100	.0000
15	.0125	.0250
16	.0125	.0250
17	.0100	.0100
18	.0100	.0100
19	.0100	.0100
20	.0100	.0100
21	.0100	.0100
22 +	.0000	.0000

Salary Merit Scale is combined with 3.5% inflation and 1.5% for promotions and other increases. There is also a 7.0% increase at retirement.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis)
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employees are assumed to be married.
Investment Expenses:	None; the investment return assumption of 7.75% is net of investment expenses.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Compensated Absence Balance Transfers:	No liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.
Adjustments from Valuation Date:	One year's interest is added to the calculated deposit to reflect ordinance provision.
Sources of Data:	Asset data is from unaudited financial statements and includes an appraised value for the real estate to be used for Market Value. Membership data was furnished by Administrator. Member compensation used is final bi-weekly pay in the year, annualized.
Changes Since Prior Valuation:	**Fire Fighters who have not attained 64 points by September 30, 2009 are subject to the Rule of 68.**

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Information Under Florida Statutes

I. Comparison of Salary Increases

Year Ending	Actual	Assumed
	-%-	-%-
9/30/09	6.35	7.26
9/30/08	18.20	7.17
9/30/07	18.19*	5.81
9/30/06	2.84	5.79
9/30/05	8.15	5.77
9/30/04	10.20	5.78
9/30/03	5.38	4.00
9/30/02	2.43	2.00
9/30/01	4.79	2.00
9/30/00	7.12	2.00
9/30/99	0.52	2.75
9/30/98	(1.35)	2.75
9/30/97	(1.07)	2.75
9/30/96	0.76	2.75
9/30/95	5.50	2.75
9/30/94	2.86	3.00
9/30/93	6.37	6.80
9/30/92	3.48	6.80
9/30/91	2.65	6.80
9/30/90	2.79	7.00
9/30/89	8.64	7.00
9/30/88	6.05	7.00
9/30/87	7.45	7.50
9/30/86	7.49	7.50
9/30/85	14.28	7.50
9/30/84	11.53	7.50

* Including impact of change in valuation pay definition.

II. Comparison of Investment Returns

Year Ending	Actual MV	Actual AAV**	Assumed
-%-	-%-	-%-	-%-
9/30/09	(0.3)	(1.31)	7.75
9/30/08	(14.3)	3.65	7.75
9/30/07	14.2	8.27	7.75
9/30/06	9.1	7.57	7.75
9/30/05 (Revised)	15.6	7.83	7.75
9/30/05 (Prior)	15.6	8.43	7.75
9/30/04	12.9	4.29	7.75
9/30/03	15.7	3.26	7.75
9/30/02	(5.5)	(3.93)	7.75
9/30/01	(10.6)	(1.29)	7.75
9/30/00	12.7	16.01	7.75
9/30/99	13.8	13.40	7.75
9/30/98	6.9	19.45	7.75
9/30/97	28.3	26.34	8.00
9/30/96	13.2	11.27	8.00
9/30/95	21.0	12.86	7.75
9/30/94	(1.7)	5.18	7.75
9/30/93	15.8	13.73	7.75
9/30/92	9.9	12.48	7.75
9/30/91	25.9	20.93	7.75
9/30/90	0.4	1.89	7.50
9/30/89	N.A.	16.09	7.50
9/30/88	N.A.	0.08	7.50
9/30/87	N.A.	22.64	7.00
9/30/86	N.A.	21.66	7.00

** Based on mean actuarial asset values for periods ending 9/30. Rates of return on AAV prior to 9/30/05 are based on prior asset valuation methods, with COLA transfers treated as cash flow.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Information Under Florida Statutes
(Continued)

III. Comparison of Payroll Growth

Year Ending	Actual	Assumed
	-%-	-%-
9/30/09	(5.5)	N.A.
9/30/08	24.8	N.A.
9/30/07	14.7	N.A.
9/30/06	(1.3)	N.A.
9/30/05	2.6	N.A.
9/30/04	(9.9)	N.A.
9/30/03	2.1	N.A.
9/30/02	8.1	N.A.
9/30/01	6.3	N.A.
9/30/00	8.5	N.A.
9/30/99	4.6	N.A.
9/30/98	6.8	N.A.
9/30/97	(4.5)	N.A.
9/30/96	1.9	N.A.
9/30/95	(1.9)	N.A.
9/30/94	1.1	N.A.
9/30/93	7.5	N.A.
9/30/92	2.1	N.A.
9/30/91	(7.6)	5.00
9/30/90	(0.8)	5.00
9/30/89	9.5	5.00
9/30/88	3.4	5.00
9/30/87	5.9	5.00
9/30/86	5.8	5.00
9/30/85	7.8	5.00
9/30/84	9.7	5.00

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 25
(Excluding COLA Fund)

I. Funding Status and Progress as of September 30, 2009 and 2008

Entry Age Accrued Liability: $(Millions)

	Sept. 30, 2009	Sept. 30, 2008
	-$-	-$-
- Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	945.4	802.3
- Current employees - Accumulated employee contributions including interest	117.2	133.3
Employer - financed vested	299.4	292.4
Employer - financed nonvested	177.3	224.5
Total Actuarial Accrued Liability	1,539.3	1,452.5
Net assets available for benefits (market value)	970.8	1,018.9
Unfunded Actuarial Accrued Liability	568.5	433.6

The actuarial accrued liability was determined as part of actuarial valuations at September 30, 2009 and September 30, 2008. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually, (b) projected salary increases of 3.50 percent per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.0 percent to 5.0 percent per year, attributable to seniority/merit and (d) 1.5% for promotions and other increases.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 25
(Excluding COLA Fund)

II. Contributions Required and Contributions Made

The funding policy provides for periodic employer contributions at actuarially determined rates that are sufficient to pay benefits when due. Contributions for normal costs are determined using the aggregate actuarial cost method. This cost method does not provide for an unfunded actuarial accrued liability.

Contributions totaling $46,762,534 ($36,993,395 employer and $9,769,139 employee) were made for the year ending September 30, 2009. These contributions consisted of (a) $46,762,534 normal cost, (b) $0 amortization of the unfunded actuarial accrued liability, and (c) $0 noninvestment expenses.

Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the standardized measure of the pension obligation as of the beginning of the preceding year.

III. Analysis of Funding Progress ($ Millions)

Fiscal Year	(1) Net Assets Available for Benefits ($)	(2) Entry Age Reserve ($)	(3) Percent Funded (%)	(4) Unfunded EAR (2)-(1) ($)	(5) Annual Covered Payroll ($)	(4)/(5) (%)
1992	492.0	483.7	102	(8.3)	67.1	(12)
1993	550.6	513.4	107	(37.2)	72.0	(52)
1994	516.4	587.5	88	71.1	72.9	98
1995	616.5	614.4	100	(2.1)	71.5	(3)
1996	674.7	650.0	104	(24.7)	72.9	(34)
1997	835.3	727.1	115	(108.2)	69.6	(155)
1998	857.7	800.7	107	(57.0)	74.3	(77)
1999	932.8	843.2	111	(89.6)	77.7	(115)
2000	994.6	863.4	115	(131.2)	84.3	(156)
2001	828.9	932.7	89	103.8	89.7	116
2002	753.2	999.8	75	246.6	96.9	254
2003	844.9	1,067.9	79	223.0	98.9	225
2004	957.9	1,152.8	83	194.9	89.2	218
2005	1,091.9	1,221.6	89	129.7	91.5	142
2006	1,147.9	1,260.5	91	112.6	90.4	125
2007	1,268.9	1,318.4	96	49.5	103.6	48
2008	1,018.9	1,452.5	70	433.6	129.4	335
2009	970.8	1,539.3	63	568.5	122.2	465

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

IV. Revenues and Expenses

	Revenues by Source			
Fiscal Year ($)	Employee Contributions ($)	Employer Contributions ($)	Investment Income ($)	Total
1992	6,115,655	10,029,747	44,569,353	60,714,755
1993	6,455,623	10,442,881	50,309,468	67,207,972
1994	7,435,034	9,296,175	36,915,202	53,646,411
1995	8,318,833	10,880,346	38,919,229	58,118,408
1996	7,852,469	16,547,235	55,421,603	79,821,307
1997	7,664,034	14,377,032	83,180,597	105,221,663
1998	7,692,571	14,155,472	96,007,011	117,855,054
1999	8,556,140	10,376,473	66,039,984	84,972,597
2000	6,257,588	5,400,784	129,752,337	141,410,709
2001	6,336,918	5,481,599	17,717,791	29,536,308
2002	6,721,236	5,400,784	(27,704,711)	(15,582,691)
2003	7,193,936	15,024,366	30,466,098	52,684,400
2004	24,415,150	32,959,003	53,963,150	111,337,303
2005	18,607,681	45,545,130	71,904,910	136,057,721
2006	7,698,594	50,635,213	71,669,124	130,002,931
2007	14,702,629	40,542,078	82,937,630	138,182,337
2008	9,719,896	36,040,251	62,728,078	108,488,225
2009	9,769,139	36,993,395	(58,111,291)	(11,348,757)

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

IV. Revenues and Expenses (Continued)

Fiscal Year	Expenses by Type			
	Benefits ($)	Administrative Expenses ($)	Refunds ($)	Total ($)
1992	22,345,166	1,137,047	751,088	24,233,301
1993	22,735,888	1,314,925	672,376	24,723,189
1994	23,787,091	1,420,693	510,074	25,717,858
1995	25,846,564	1,567,841	703,269	28,117,674
1996	29,506,924	1,870,188	822,497	32,199,609
1997	33,841,809	2,079,183	1,225,239	37,146,231
1998	35,593,108	2,543,855	391,524	38,537,297
1999	36,900,501	2,689,079	258,383	39,847,963
2000	41,237,423	2,710,752	258,804	44,206,979
2001	41,386,774	2,933,939	481,746	44,802,459
2002	42,766,860	2,825,903	364,256	45,957,019
2003	46,083,206	2,922,537	429,225	49,434,968
2004	53,249,450	3,334,460	301,580	56,885,490
2005	66,518,783	3,865,995	257,859	70,642,637
2006	69,825,105	4,687,601	573,228	75,085,934
2007	72,378,966	5,143,290	307,545	77,829,801
2008	77,794,816	5,469,431	664,235	83,928,482
2009	85,094,354	3,898,278	336,755	89,329,387

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

V. Schedule of Employer Contributions

Fiscal Year	Annual Pension Cost (APC) ($)	Percentage Contributed (%)	Net Pension Obligation ($)
1994	9,296,175	100	0
1995	10,880,346	100	0
1996	16,547,235	100	0
1997	14,377,032	100	0
1998	14,155,472	100	0
1999	10,376,473	100	0
2000	5,400,784	100	0
2001	4,003,892	100	0
2002	1,051,629	100	0
2003	18,163,588	100	0
2004	36,341,515	100	0
2005	45,545,130	100	0
2006	50,635,213	100	0
2007	40,542,078	100	0
2008	36,040,251	100	0
2009	36,993,395	100	0
2010	55,095,791		

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

I. COLA Increases by Duration Since Retirement

Years Retired	No.	FIPO Benefits -$-	COLA Benefits -$-	%
0 - 5	403	2,729,033	1,805	0.1
5 -10	363	1,878,652	35,897	1.9
10-15	304	1,235,425	157,891	12.8
15-20	244	834,751	236,970	28.4
20-25	147	344,554	184,447	53.5
25-30	159	226,601	230,107	101.6
30-35	196	172,383	294,870	171.1
35-40	93	57,638	147,538	256.0
40-45	33	19,453	65,041	334.4
45-50	9	4,275	19,103	446.8
50+	3	1,389	6,133	441.5
Total	1,954	7,504,154	1,379,802	18.4

II. COLA Increases by Attained Age (2010 Table)

Age	No.	FIPO Benefits -$-	COLA Benefits -$-	%
<45	20	105,897	858	0.8
45-50	183	1,059,052	1,237	0.1
50-54	308	1,758,551	14,355	0.8
55-59	303	1,644,204	67,982	4.1
60-64	290	1,168,217	150,603	12.9
65-69	227	766,376	191,982	25.1
70-74	169	399,612	187,140	46.8
75-79	200	337,073	311,176	92.3
80-84	159	185,172	273,480	147.7
85-89	72	63,778	135,743	212.8
>90	23	16,222	45,246	278.9
Total	1,954	7,504,154	1,379,802	18.4

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

I. Summary of Assets Available for Benefits at October 1, 2009

	-$-
A. COLA Accounts (Exhibit 2)	
1. COLA I Account at 9/30/2009	36,111,767
2. COLA II Account at 9/30/2009	260,205,514
B. Transfers of Excess Investment Income	
1. $0 due on 1/1/2010	0
2. $0 due on 1/1/2011	0
C. Minimum City Contributions [1] $5,064,541 beginning 1/1/2012, payable for 3 years, discounted	11,942,944
D. City Contribution	
1. Contribution of $4,682,453 due on 1/1/2010, discounted	4,595,884
2. Contribution of $4,869,751 due on 1/1/2011, discounted	4,435,935
E. Assets Available for COLA Benefits	317,292,044

II. COLA Fund Liabilities for Benefits at October 1, 2009 [3]

A. Present Value of Existing COLA Benefits for inactives	
1. Frozen COLA I benefits	1,554,180
2. COLA II benefits	237,207,751
3. Total inactive COLA benefits	238,761,931
B. Present Value of Projected COLA Benefits for Actives	
1. Reserve for current actives	44,537,865
2. Reserve for future actives (15% of B1)	6,680,680
3. Total	51,218,545
C. Total Liability Allocated (A3+B4)	289,980,476
D. Contingency Reserve [20% of I(D)-I(B)(2)]	63,244,082
E. Unallocated Reserve[2]	(35,932,514)
F. Total Liability for COLA Benefits	317,292,044

Notes: (1) $(1/1.0775)^{2.25}$ ä · $\overline{3}$| = 2.3581493

(2) For $1,312 Table, (II(D)+II(E) = $27,311,568)

(3) Service for COLA excludes 457 buyback service.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

III. Derivation of Increase in Table as of January 1, 2010

		-$-
A.	Liability based on current $1,312 table	
1.	Inactive COLA II Benefits	237,207,751
2.	Present Value of Projected COLA benefits for current actives	44,537,865
3.	Reserve for future actives [15% of (2)]	6,680,680
4.	Total	288,426,296
B.	Assets available to increase table	
1.	Total assets available for COLA Benefits	317,292,044
2.	Total Liability Allocated (current $1,312 table)	289,980,476
3.	Contingency Reserve II(D)	63,244,082
4.	Available Assets [(1)-(2)-(3)]	(35,932,514)
5.	$0 due on 1/1/2010, discounted	0
6.	Net Available Assets [(4)-(5)]	(35,932,514)
7.	Increase ratio [(B6)/ (A4)]	0
8.	Table increase [$1,312x (7)]	0
9.	New table amount [$1,312+ (8)]	1,312
10.	Actual new table amount	**1,312**

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Cumulative Experience Position Net of Asset Transfers

		-$-
I.	Calculation of Expected Unfunded Actuarial Accrued Liability at 10/1/2009	
A.	Expected Unfunded Actuarial Accrued Liability at 10/1/2008	302,058,687
B.	Additional Unfunded Actuarial Accrued Liability due to Plan Amendment (8% FF Contribution)	15,238
C.	Entry Age Normal Cost for 2008/2009 Year Paid or Payable by Employer	26,998,850
D.	Interest on (A), (B), and (C)	25,503,140
E.	Contributions for 2008/2009Year Paid or Payable by Employer (Required)	36,993,395
F.	Interest on (E)	2,866,988
G.	Expected Unfunded Actuarial Accrued Liability at 9/30/2009	314,715,532
H.	Additional Unfunded Actuarial Accrued Liability due to Plan Amendment (9% FF Contribution, Rule of 68)	(620,950)
I.	Final Expected Unfunded Actuarial Accrued Liability at 9/30/2009	314,094,582
II.	Determination of Net Cumulative Experience Position at 10/1/2009(Preliminary)	
A.	Expected Unfunded Actuarial Liability as of September 30, 2009	314,094,582
B.	Entry Age Reserve - Actives	593,968,126
	- Inactives	945,370,374
	- Total	1,539,338,500
C.	Actuarial Asset Value	1,164,973,724
D.	Actual Unfunded Actuarial Liability (B)-(C)	374,364,776
E.	Cumulative Experience Gain (Loss) (A)-(D)	(60,270,194)
III.	Future Transfers of Excess Investment Income at 10/1/2009	
A.	$0 due on 1/1/2010, discounted	0
B.	$0 due on 1/1/2011, discounted	0
C.	Total Future Transfers at 10/1/2009 (A)+(B)	0

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

(COLA Fund)

Summary of Principal COLA Provisions

Effective Date:	January 1, 1994, amended January 1, 1995.
Eligibility:	All inactive members in Miami Fire Fighters' and Police Officers' Retirement Trust.
Prior COLA:	Benefits granted through 1993 continue to be paid, in addition to benefits to be granted in the future.
Available Assets:	Existing COLA assets as of January 1, 1995; beginning with the 1991/92 fiscal year, a percentage of excess investment return on FIPO assets (75% of first 2.5%, 50% of next 2.5%, 25% of next 2.5%), subject to a minimum City contribution of $2.5 million, increasing 4% annually.
Allocated Assets:	Current COLA assets as of September 30, 2009, plus present value of $2.5 million minimum guarantee. The 4% future annual increases is not pre-allocated. A contingency reserve of 9% has been established for adverse experience.
COLA Benefits:	In addition to prior COLA, benefits are based on attached table, with $1,312 monthly benefit for 25 years of creditable service and 22 completed years of retirement (after age 46). The $1,312 amount is reduced by 5% for each year of retirement less than 22 and each year of creditable service less than 25 and increased similarly for years of retirement greater than 22 and years of creditable service greater than 25. Benefits are based on the FIPO option elected. Tabular amounts are adjusted, based on the FIPO adjustments at the time of FIPO benefit commencement, for options other than Option 8 (Joint & 40%). Surviving spouses receive the percentage of the table amount determined under the FIPO election. Service-incurred and accidental disabilities and deaths receive benefits based on the greater of 25 years or actual creditable service.
Changes from Prior Year Valuation:	None.

Miami Firefighters' and Police Officers' Retirement Trust

2010 Monthly Retirement Supplements ($1312 Table)

		Completed Years of Retirement (after age 46)																								
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
	10	0	0	0	33	49	66	82	98	115	131	148	164	180	197	213	230	246	262	279	295	312	328	344	361	377
	11	0	0	0	39	59	79	98	118	138	157	177	197	216	236	256	276	295	315	335	354	374	394	413	433	453
	12	0	0	0	46	69	92	115	138	161	184	207	230	253	276	298	321	344	367	390	413	436	459	482	505	528
	13	0	0	0	52	79	105	131	157	184	210	236	262	289	315	341	367	394	420	446	472	499	525	551	577	604
	14	0	0	0	59	89	118	148	177	207	236	266	295	325	354	384	413	443	472	502	531	561	590	620	649	679
	15	0	0	0	66	98	131	164	197	230	262	295	328	361	394	426	459	492	525	558	590	623	656	689	722	754
	16	0	0	0	72	108	144	180	216	253	289	325	361	397	433	469	505	541	577	613	649	686	722	758	794	830
Y	17	0	0	0	79	118	157	197	236	276	315	354	394	433	472	512	551	590	630	669	708	748	787	827	866	905
E	18	0	0	0	85	128	171	213	256	298	341	384	426	469	512	554	597	640	682	725	768	810	853	895	938	981
A	19	0	0	0	92	138	184	230	276	321	367	413	459	505	551	597	643	689	735	781	827	872	918	964	1010	1056
R	20	0	0	0	98	148	197	246	295	344	394	443	492	541	590	640	689	738	787	836	886	935	984	1033	1082	1132
S	21	0	0	0	105	157	210	262	315	367	420	472	525	577	630	682	735	787	840	892	945	997	1050	1102	1155	1207
	22	0	0	0	112	167	223	279	335	390	446	502	558	613	669	725	781	836	892	948	1004	1059	1115	1171	1227	1282
O	23	0	0	0	118	177	236	295	354	413	472	531	590	649	708	768	827	886	945	1004	1063	1122	1181	1240	1299	1358
F	24	0	0	0	125	187	249	312	374	436	499	561	623	686	748	810	872	935	997	1059	1122	1184	1246	1309	1371	1433
	25	0	0	0	131	197	262	328	394	459	525	590	656	722	787	853	918	984	1050	1115	1181	1246	[redacted]	1378	1443	1509
C	26	0	0	0	138	207	276	344	413	482	551	620	689	758	827	895	964	1033	1102	1171	1240	1309	1378	1446	1515	1584
R	27	0	0	0	144	216	289	361	433	505	577	649	722	794	866	938	1010	1082	1155	1227	1299	1371	1443	1515	1588	1660
E	28	0	0	0	151	226	302	377	453	528	604	679	754	830	905	981	1056	1132	1207	1282	1358	1433	1509	1584	1660	1735
D	29	0	0	0	157	236	315	394	472	551	630	708	787	866	945	1023	1102	1181	1260	1338	1417	1496	1574	1653	1732	1811
I	30	0	0	0	164	246	328	410	492	574	656	738	820	902	984	1066	1148	1230	1312	1394	1476	1558	1640	1722	1804	1886
T	31	0	0	0	171	256	341	426	512	597	682	768	853	938	1023	1109	1194	1279	1364	1450	1535	1620	1706	1791	1876	1961
A	32	0	0	0	177	266	354	443	531	620	708	797	886	974	1063	1151	1240	1328	1417	1506	1594	1683	1771	1860	1948	2037
B	33	0	0	0	184	276	367	459	551	643	735	827	918	1010	1102	1194	1286	1378	1469	1561	1653	1745	1837	1929	2020	2112
L	34	0	0	0	190	285	380	476	571	666	761	856	951	1046	1141	1237	1332	1427	1522	1617	1712	1807	1902	1998	2093	2188
E	35	0	0	0	197	295	394	492	590	689	787	886	984	1082	1181	1279	1378	1476	1574	1673	1771	1870	1968	2066	2165	2263
	36	0	0	0	203	305	407	508	610	712	813	915	1017	1118	1220	1322	1424	1525	1627	1729	1830	1932	2034	2135	2237	2339
S	37	0	0	0	210	315	420	525	630	735	840	945	1050	1155	1260	1364	1469	1574	1679	1784	1889	1994	2099	2204	2309	2414
E	38	0	0	0	216	325	433	541	649	758	866	974	1082	1191	1299	1407	1515	1624	1732	1840	1948	2057	2165	2273	2381	2490
R	39	0	0	0	223	335	446	558	669	781	892	1004	1115	1227	1338	1450	1561	1673	1784	1896	2007	2119	2230	2342	2453	2565
V	40	0	0	0	230	344	459	574	689	804	918	1033	1148	1263	1378	1492	1607	1722	1837	1952	2066	2181	2296	2411	2526	2640
I	41	0	0	0	236	354	472	590	708	827	945	1063	1181	1299	1417	1535	1653	1771	1889	2007	2125	2244	2362	2480	2598	2716
C	42	0	0	0	243	364	485	607	728	850	971	1092	1214	1335	1456	1578	1699	1820	1942	2063	2184	2306	2427	2549	2670	2791
E	43	0	0	0	249	374	499	623	748	872	997	1122	1246	1371	1496	1620	1745	1870	1994	2119	2244	2368	2493	2617	2742	2867
	44	0	0	0	256	384	512	640	768	895	1023	1151	1279	1407	1535	1663	1791	1919	2047	2175	2303	2430	2558	2686	2814	2942
	45	0	0	0	262	394	525	656	787	918	1050	1181	1312	1443	1574	1706	1837	1968	2099	2230	2362	2493	2624	2755	2886	3018
	46	0	0	0	269	403	538	672	807	941	1076	1210	1345	1479	1614	1748	1883	2017	2152	2286	2421	2555	2690	2824	2959	3093
	47	0	0	0	276	413	551	689	827	964	1102	1240	1378	1515	1653	1791	1929	2066	2204	2342	2480	2617	2755	2893	3031	3168
	48	0	0	0	282	423	564	705	846	987	1128	1269	1410	1551	1692	1834	1975	2116	2257	2398	2539	2680	2821	2962	3103	3244
	49	0	0	0	289	433	577	722	866	1010	1155	1299	1443	1588	1732	1876	2020	2165	2309	2453	2598	2742	2886	3031	3175	3319
	50	0	0	0	295	443	590	738	886	1033	1181	1328	1476	1624	1771	1919	2066	2214	2362	2509	2657	2804	2952	3100	3247	3395

Miami Firefighters' and Police Officers' Retirement Trust

2010 Monthly Retirement Supplements ($1312 Table)

		Completed Years of Retirement (after age 46)																								
		26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50
	10	394	410	426	443	459	476	492	508	525	541	558	574	590	607	623	640	656	672	689	705	722	738	754	771	787
	11	472	492	512	531	551	571	590	610	630	649	669	689	708	728	748	768	787	807	827	846	866	886	905	925	945
	12	551	574	597	620	643	666	689	712	735	758	781	804	827	850	872	895	918	941	964	987	1010	1033	1056	1079	1102
	13	630	656	682	708	735	761	787	813	840	866	892	918	945	971	997	1023	1050	1076	1102	1128	1155	1181	1207	1233	1260
	14	708	738	768	797	827	856	886	915	945	974	1004	1033	1063	1092	1122	1151	1181	1210	1240	1269	1299	1328	1358	1387	1417
	15	787	820	853	886	918	951	984	1017	1050	1082	1115	1148	1181	1214	1246	1279	1312	1345	1378	1410	1443	1476	1509	1542	1574
	16	866	902	938	974	1010	1046	1082	1118	1155	1191	1227	1263	1299	1335	1371	1407	1443	1479	1515	1551	1588	1624	1660	1696	1732
Y	17	945	984	1023	1063	1102	1141	1181	1220	1260	1299	1338	1378	1417	1456	1496	1535	1574	1614	1653	1692	1732	1771	1811	1850	1889
E	18	1023	1066	1109	1151	1194	1237	1279	1322	1364	1407	1450	1492	1535	1578	1620	1663	1706	1748	1791	1834	1876	1919	1961	2004	2047
A	19	1102	1148	1194	1240	1286	1332	1378	1424	1469	1515	1561	1607	1653	1699	1745	1791	1837	1883	1929	1975	2020	2066	2112	2158	2204
R	20	1181	1230	1279	1328	1378	1427	1476	1525	1574	1624	1673	1722	1771	1820	1870	1919	1968	2017	2066	2116	2165	2214	2263	2312	2362
S	21	1260	1312	1364	1417	1469	1522	1574	1627	1679	1732	1784	1837	1889	1942	1994	2047	2099	2152	2204	2257	2309	2362	2414	2467	2519
	22	1338	1394	1450	1506	1561	1617	1673	1729	1784	1840	1896	1952	2007	2063	2119	2175	2230	2286	2342	2398	2453	2509	2565	2621	2676
O	23	1417	1476	1535	1594	1653	1712	1771	1830	1889	1948	2007	2066	2125	2184	2244	2303	2362	2421	2480	2539	2598	2657	2716	2775	2834
F	24	1496	1558	1620	1683	1745	1807	1870	1932	1994	2057	2119	2181	2244	2306	2368	2430	2493	2555	2617	2680	2742	2804	2867	2929	2991
	25	1574	1640	1706	1771	1837	1902	1968	2034	2099	2165	2230	2296	2362	2427	2493	2558	2624	2690	2755	2821	2886	2952	3018	3083	3149
C	26	1653	1722	1791	1860	1929	1998	2066	2135	2204	2273	2342	2411	2480	2549	2617	2686	2755	2824	2893	2962	3031	3100	3168	3237	3306
R	27	1732	1804	1876	1948	2020	2093	2165	2237	2309	2381	2453	2526	2598	2670	2742	2814	2886	2959	3031	3103	3175	3247	3319	3392	3464
E	28	1811	1886	1961	2037	2112	2188	2263	2339	2414	2490	2565	2640	2716	2791	2867	2942	3018	3093	3168	3244	3319	3395	3470	3546	3621
D	29	1889	1968	2047	2125	2204	2283	2362	2440	2519	2598	2676	2755	2834	2913	2991	3070	3149	3228	3306	3385	3464	3542	3621	3700	3779
I	30	1968	2050	2132	2214	2296	2378	2460	2542	2624	2706	2788	2870	2952	3034	3116	3198	3280	3362	3444	3526	3608	3690	3772	3854	3936
T	31	2047	2132	2217	2303	2388	2473	2558	2644	2729	2814	2900	2985	3070	3155	3241	3326	3411	3496	3582	3667	3752	3838	3923	4008	4093
A	32	2125	2214	2303	2391	2480	2568	2657	2745	2834	2922	3011	3100	3188	3277	3365	3454	3542	3631	3720	3808	3897	3985	4074	4162	4251
B	33	2204	2296	2388	2480	2572	2663	2755	2847	2939	3031	3123	3214	3306	3398	3490	3582	3674	3765	3857	3949	4041	4133	4225	4316	4408
L	34	2283	2378	2473	2568	2663	2758	2854	2949	3044	3139	3234	3329	3424	3519	3615	3710	3805	3900	3995	4090	4185	4280	4376	4471	4566
E	35	2362	2460	2558	2657	2755	2854	2952	3050	3149	3247	3346	3444	3542	3641	3739	3838	3936	4034	4133	4231	4330	4428	4526	4625	4723
	36	2440	2542	2644	2745	2847	2949	3050	3152	3254	3355	3457	3559	3660	3762	3864	3966	4067	4169	4271	4372	4474	4576	4677	4779	4881
S	37	2519	2624	2729	2834	2939	3044	3149	3254	3359	3464	3569	3674	3779	3884	3988	4093	4198	4303	4408	4513	4618	4723	4828	4933	5038
E	38	2598	2706	2814	2922	3031	3139	3247	3355	3464	3572	3680	3788	3897	4005	4113	4221	4330	4438	4546	4654	4763	4871	4979	5087	5196
R	39	2676	2788	2900	3011	3123	3234	3346	3457	3569	3680	3792	3903	4015	4126	4238	4349	4461	4572	4684	4795	4907	5018	5130	5241	5353
V	40	2755	2870	2985	3100	3214	3329	3444	3559	3674	3788	3903	4018	4133	4248	4362	4477	4592	4707	4822	4936	5051	5166	5281	5396	5510
I	41	2834	2952	3070	3188	3306	3424	3542	3660	3779	3897	4015	4133	4251	4369	4487	4605	4723	4841	4959	5077	5196	5314	5432	5550	5668
C	42	2913	3034	3155	3277	3398	3519	3641	3762	3884	4005	4126	4248	4369	4490	4612	4733	4854	4976	5097	5218	5340	5461	5583	5704	5825
E	43	2991	3116	3241	3365	3490	3615	3739	3864	3988	4113	4238	4362	4487	4612	4736	4861	4986	5110	5235	5360	5484	5609	5733	5858	5983
	44	3070	3198	3326	3454	3582	3710	3838	3966	4093	4221	4349	4477	4605	4733	4861	4989	5117	5245	5373	5501	5628	5756	5884	6012	6140
	45	3149	3280	3411	3542	3674	3805	3936	4067	4198	4330	4461	4592	4723	4854	4986	5117	5248	5379	5510	5642	5773	5904	6035	6166	6298
	46	3228	3362	3496	3631	3765	3900	4034	4169	4303	4438	4572	4707	4841	4976	5110	5245	5379	5514	5648	5783	5917	6052	6186	6321	6455
	47	3306	3444	3582	3720	3857	3995	4133	4271	4408	4546	4684	4822	4959	5097	5235	5373	5510	5648	5786	5924	6061	6199	6337	6475	6612
	48	3385	3526	3667	3808	3949	4090	4231	4372	4513	4654	4795	4936	5077	5218	5360	5501	5642	5783	5924	6065	6206	6347	6488	6629	6770
	49	3464	3608	3752	3897	4041	4185	4330	4474	4618	4763	4907	5051	5196	5340	5484	5628	5773	5917	6061	6206	6350	6494	6639	6783	6927
	50	3542	3690	3838	3985	4133	4280	4428	4576	4723	4871	5018	5166	5314	5461	5609	5756	5904	6052	6199	6347	6494	6642	6790	6937	7085

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

(COLA Fund)

Summary of Actuarial Basis

Valuation Date: January 1, 2010.

Valuation Method: Accrued Benefit Cost Method, based on benefits granted to date.

Asset Valuation Method: Market Value, plus present value of future minimum City contributions.

Actuarial Assumptions:

Investment Return: 7.75% compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	.0507%	.0284%
30	.0801%	.0351%
40	.1072%	.0709%
50	.2579%	.1428%
60	.7976%	.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Summary of Actuarial Basis
(Continued)

Age	Disability	Turnover	
		<5	5+
20	.00085	.0240	.0192
21	.00095	.0240	.0192
22	.00105	.0240	.0192
23	.00110	.0240	.0192
24	.00125	.0240	.0192
25	.00130	.0240	.0192
26	.00140	.0240	.0192
27	.00150	.0240	.0192
28	.00160	.0240	.0192
29	.00170	.0240	.0192
30	.00180	.0240	.0192
31	.00200	.0240	.0192
32	.00220	.0240	.0192
33	.00245	.0240	.0192
34	.00265	.0240	.0192
35	.00285	.0240	.0192
36	.00305	.0228	.0182
37	.00325	.0216	.0173
38	.00345	.0204	.0163
39	.00370	.0192	.0154
40	.00390	.0180	.0144
41	.00470	.0168	.0134
42	.00555	.0156	.0125
43	.00635	.0144	.0115
44	.00720	.0132	.0106
45	.00800	.0120	.0096
46	.00880	.0096	.0077
47	.00965	.0072	.0057
48	.01045	.0048	.0038
49	.01130	.0024	.0019
50	.01210	.0000	.0000

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Summary of Actuarial Basis
(Continued)

Age	Disability	Turnover	
		< 5	5+
51	.01295	.0000	.0000
52	.01375	.0000	.0000
53	.01455	.0000	.0000
54	.01540	.0000	.0000
55	.01620	.0000	.0000
56	.01785	.0000	.0000
57	.01870	.0000	.0000
58	.01950	.0000	.0000
59	.02030	.0000	.0000
60	.00000	.0000	.0000
61	.00000	.0000	.0000
62	.00000	.0000	.0000
63	.00000	.0000	.0000
64	.00000	.0000	.0000
65	.00000	.0000	.0000

Retirement: Fire Fighters who have attained 64 points by September 30, 2009 and all Police Officers are subject to the Rule of 64; the rest of the Fire Fighters are subject to the Rule of 68. If eligible for Retirement, the following decrements apply, based on service.

Years of Service	Police %	Fire %
<20	0	0
20-24	20	5
25-29	25	25
30-31	50	25
32	100	100

There is no explicit assumption on the percentage of retirements expected to enter the DROP. No distinction is necessary, since funding is calculated to expected retirement or expected DROP entry.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

Summary of Actuarial Basis
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Martial Status:	All employees are assumed to be married.
Investment Expenses:	Not provided for.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Adjustments from Valuation Date:	Liabilities are discounted for 3 months at the Investment Return assumption.
Sources of Data:	Asset data is from unaudited financial statements. Membership data was furnished by Administrator.
Changes from Prior Year Valuation:	**Fire Fighters who have attained 64 points by September 30, 2009 are subject to the Rule of 68.**

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)
(Based on 01/01/2009 $1,312 Table)

I. Funding Status and Progress as of September 30, 2009 and 2008

Pension benefit obligation:	$(Millions)	
	2009	2008
- Retirees and beneficiaries currently receiving prior COLA benefits	1.6	1.8
- Retirees and beneficiaries receiving COLA tabular benefits (beginning January 1) and terminated employees not yet receiving tabular benefits	237.2	226.9
- Current Employees Accumulated employee contributions including interest	1.7	2.4
Employer - financed vested	0.0	0.0
Employer - financed non-vested	49.5	48.3
- Total pension benefit obligation	290.0	279.4
Net assets available for benefits	296.3	305.8
Unfunded pension benefit (obligation)/asset	6.3	26.4

The pension benefit obligations were determined as part of actuarial valuations at January 1, 2010 and January 1, 2009, based on data and asset information at September 30, 2009 and September 30, 2008. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75% per year compounded annually, (b) post retirement COLA benefits based on the table in effect at January 1, 2009 and January 1, 2008.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)
(Based on 01/01/2007 $1,139 Table)

II. Contributions Required and Contributions Made

The funding policy provides for annual employer contributions for 21 years from January 1, 1994. The amount of the contribution was $2.5 million, beginning January 1, 1994, increasing 4% per year each year thereafter, and reduced (but not below zero) by any excess investment income transfer due on the same date.

The excess investment income transfer consists of a portion of gains due to investment return exceeding the 7.75 percent assumption.

III. Analysis of funding Progress ($ Millions)

Fiscal Year	(1) Net Assets Available for Benefits* ($)	(2) Pension Benefit Obligation** ($)	(3) Percent Funded (%)	(4) Unfunded PBO (2)-(1) ($)	(5) Annual Covered Payroll ($)	(4)/(5) (%)
1993	40.8	32.5	126	(8.3)	72.0	(12)
1994	42.6	51.5	83	8.9	72.9	12
1995	63.8	52.0	123	(11.8)	71.5	(17)
1996	83.9	65.7	128	(18.1)	72.9	(25)
1997	117.7	70.8	166	(46.9)	69.6	(67)
1998	144.2	90.9	159	(53.3)	74.3	(72)
1999	180.7	116.3	155	(64.4)	77.7	(83)
2000	220.5	137.0	161	(83.5)	84.3	(99)
2001	195.0	158.4	123	(36.6)	89.7	(41)
2002	174.1	164.5	106	(9.6)	96.9	(10)
2003	194.8	165.1	118	(29.7)	98.9	(30)
2004	210.3	185.7	113	(24.7)	89.2	(28)
2005	231.6	195.0	119	(36.6)	91.5	(40)
2006	249.0	216.8	115	(32.2)	90.4	(36)
2007	300.2	242.9	124	(57.3)	103.6	(55)
2008	305.8	279.4	109	(26.4)	129.4	(20)
2009	296.3	290.0	102	(6.3)	122.2	(5)

* Excluding future City minimum contributions.
** Excluding new increment, contingency reserves, and reserves for future actives.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)

IV. Revenues and Expenses

Fiscal Year	Revenues by Source: Employee Contributions ($)	Employer Contributions ($)	Investment Income ($)	Total ($)
1987	1,246,688	298,682	871,969	2,417,339
1988	1,272,000	0	393,935	1,665,935
1989	1,381,407	0	686,477	2,067,884
1990	1,457,451	0	694,749	2,152,200
1991	1,505,015	0	1,024,972	2,529,987
1992	1,422,192	0	1,031,806	2,453,998
1993	1,493,735	0	1,151,821	2,645,556
1994	474,233	9,481,546	1,313,750	11,269,529
1995	506	16,818,431	3,754,787	20,573,724
1996	0	2,622,149	3,795,508	6,417,657
1997	4,226	12,736,609	7,724,214	20,465,049
1998	1,094	14,344,834	10,325,730	24,671,658
1999	11,792	17,020,337	9,278,121	26,310,250
2000	293	23,437,048	18,932,095	42,369,436
2001	0	28,380,385	6,709,796	35,090,181
2002	0	32,080,031	571,271	32,651,302
2003	0	3,558,280	6,649,841	10,208,121
2004	0	3,700,611	9,923,222	13,623,833
2005	0	3,848,635	12,516,741	16,365,377
2006	0	0	25,340,983	25,340,983
2007	0	0	47,781,293	47,781,293
2008	0	0	44,539,016	44,539,016
2009	0	0	44,696,486	44,696,486

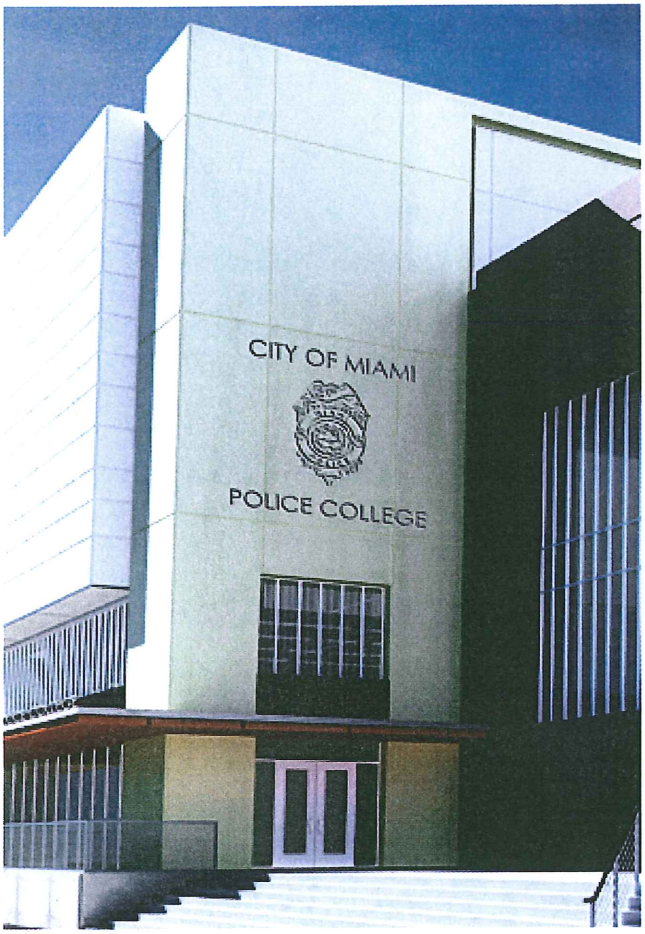
CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)
(Continued)

IV. Revenues and Expenses (Continued)

Fiscal Year	Expenses by Type			
	Benefits ($)	Administrative Expenses ($)	Refunds ($)	Total ($)
1987	183,548	7,301	36,679	227,528
1988	321,908	387	68,950	391,245
1989	430,185	0	46,021	476,206
1990	534,058	0	85,067	619,125
1991	578,758	0	76,730	655,488
1992	628,793	20,956	78,054	727,803
1993	665,938	27,288	84,945	778,171
1994	1,657,947	7,430	72,595	1,737,972
1995	2,706,830	0	101,814	2,808,644
1996	3,051,315	0	84,143	3,135,458
1997	3,676,801	0	124,925	3,801,726
1998	4,695,927	0	30,136	4,726,063
1999	5,765,042	295,708	17,974	6,078,724
2000	7,016,378	334,588	13,932	7,364,898
2001	8,225,910	445,723	16,796	8,688,429
2002	8,943,616	437,703	11,101	9,392,420
2003	9,332,318	590,842	9,806	9,932,966
2004	9,916,255	609,251	6,313	10,531,819
2005	10,614,510	672,938	1,182	11,288,630
2006	11,760,071	807,594	1,934	12,569,599
2007	13,304,749	944,477	388	14,249,614
2008	15,666,175	1,053,599	14,154	16,733,928
2009	16,925,422	867,083	0	17,795,505

The City of Miami
Fire Fighters' and Police Officers' Retirement Trust



70th ANNUAL REPORT
SEPTEMBER 30, 2009

The City of Miami
Fire Fighters' and Police Officers' Retirement Trust

70th ANNUAL REPORT
SEPTEMBER 30, 2009

1895 SW 3rd Avenue, Miami, Florida 33129-1456
Tel: 305-858-6006 Fax: 305-858-9008
www.miamifipo.org

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I

INTRODUCTORY

SECTION

BOARD OF TRUSTEES

AND

PERSONNEL OF THE RETIREMENT TRUST

AS OF SEPTEMBER 30, 2009

Thomas Gabriel - Chairman
Fire Captain
Elected by the Fire Fighters

Joseph Kaplan
Appointed by the City Commission

Gerald Darling
Appointed by the City Commission

Raul Fernandez
Fire Captain
Elected by the Fire Fighters

Monica Fernandez
Appointed by the City Commission

Ornel Cotera
Appointed by the City Commission

Annette Rotolo
Sergeant of Police
Elected by the Police Officers

Rolando Gutierrez
Sergeant Of Police
Elected by the Police Officers

Vacant Trustee Seat
Appointed by City Manager

Administrator
Robert H. Nagle

Assistant Administrator
Dania L. Orta

Legal Advisor
Stephen H. Cypen, Esq.

Medical Advisor
Cornell Lupu, MD

Consulting Actuary
Stanley, Holcombe & Associates

Certified Public Accountants
Goldstein Schechter Koch

Investment Managers

Alliance Bernstein
Barclays Global Investors
Barrow, Hanley, et al
Champlain Asset Management
Coller Capital
Delaware Asset Management
Dodge & Cox Investment Management
Eagle Asset Management
J. P. Morgan Investment Management
Wentworth Hauser Violich

Lexington Partners
Morgan Stanley Invest Advisors
Munder Capital Management
Oechsle International Advisors
Pantheon
RCM
Robeco Boston Partners
State Street Global Advisors
Urdang

Consultant
William Cottle, CFA, Milliman, Inc.

Custodian
Northern Trust Company

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

70th ANNUAL REPORT

On September 30, 2009, the City of Miami Fire Fighters' and Police Officers' Retirement Trust completed its seventieth year of operation.

Retirement benefits granted during the year represent annual benefits of $13,853,205.00 and are as follows:

8	Service Retirements with annual benefits of	717,548.00
137	DROP Service Retirements with annual benefits of	13,060,597.00
1	Accidental Disability Retirements with annual benefit of	6,186.00
2	Vested Right Retirement with annual benefit of	68,874.00

In addition, one beneficiary received an Ordinary Death Benefit of one half (½) of a year's salary totaling $29,846.00.

During the year, 35 pensioners of the Retirement Trust died. Of these, 18 had selected a pension which terminated at their death and 17 had selected an option that will continue to a beneficiary representing yearly benefits of $203,123.00.

During the year ending September 30, 2009, the pension payroll totaled of $85,064,508.00 which is 10.9% greater when compared to the previous year and is broken down as follows:

		ANNUAL BENEFITS
1,161	Service Retirements	53,569,415.00
267	DROP Service Retirements	23,801,382.00
75	Early Service Retirements	931,367.00
35	Vested Right Retirements	645,029.00
9	Ordinary Disability Retirements	79,453.00
185	Service/Accidental Disability Retirements	3,800,497.00
8	Accidental Death Retirements	146,934.00
4	Ordinary Death Early	92,899.00
204	Continuances	1,997,533.00
		85,064,508.00
	Securities' gains and losses, Miscellaneous Income	-12,320,405.00

The various statements and schedules, which follow, reflect the activities of the system from the beginning as well as for the current year. An outline showing benefits and working procedures is also included.

II

FINANCIAL

SECTION

Goldstein Schechter Koch
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Independent Auditors' Report

Board of Trustees
City of Miami Fire Fighters' and Police Officers' Retirement Trust
Miami, Florida

We have audited the accompanying statements of plan net assets of the City of Miami Fire Fighters' and Police Officers' Retirement Trust (the Trust) at September 30, 2009 and 2008, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of September 30, 2009 and 2008, and the changes in plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3-9 and the supplementary information, as listed in the accompanying table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and we do not express an opinion on it. The required supplementary information for the years ended September 30, 2004 through 2007 was reported on by Koch Reiss & Co., P.A., whose report states that they did not audit this information and did not express an opinion on it.

4000 Hollywood Blvd. - Suite 215 South • Hollywood, FL 33021
Phone: (954) 989-7462 • *Fax:* (954) 962-1021
info@gskcpas.com • www.gskcpas.com

In accordance with *Government Auditing Standards*, we have also issued our report dated January xx, 2010 on our consideration of the City of Miami Fire Fighters' and Police Officers' Retirement Trust internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Goldstein Schechter Koch, P.A.

Hollywood, Florida
January 14, 2010

The City of Miami
Fire Fighters' and Police Officers'
Retirement Trust

ADMINISTRATOR
Robert H. Nagle

ASSISTANT ADMINISTRATOR
Dania L. Orta

TRUSTEES
Ornel Cotera
Gerald Darling
Monica Fernandez
Raul Fernandez
Tom Gabriel
Rolando Gutierrez
Joseph Kaplan
Annette Rotolo

Management's Discussion and Analysis
(Required Supplementary Information – Unaudited)
September 30, 2009 and 2008

Our discussion and analysis of the City of Miami Fire Fighters' and Police Officers' Retirement Trust (the Trust) financial performance provides an overview of the Trust's financial activities for the fiscal years ended September 30, 2009 and 2008. Please read it in conjunction with the Trust's financial statements which follow this discussion.

Financial Highlights

- The Trust assets exceeded its liabilities at the close of fiscal years ended 2009 and 2008 by $1,267.1 million and $1,324.8 million, respectively (reported as net assets held in trust for pension benefits). Net assets are held in trust to meet future benefit payments. The decreases of $57.6 million and of $276.1 million, of the respective years have resulted primarily from the changes in the fair value of the Trust's investments due to volatile financial markets.

- The Trust's funded ratio, a comparison of the actuarial value of assets to the actuarial accrued pension benefit liability, changed from 91% as of the October 1, 2006 actuarial valuation to 96% as of the October 1, 2007 valuation and 70% as of the October 1, 2008 valuation.

- For the fiscal year ended September 30, 2009 the Trust's total additions/(reductions) were $44.8 million which were comprised of contributions of $46.8 million and investment loss of $2.0 million.

  For the fiscal year ended September 30, 2008 the Trust's total deductions were $(181.9) million which were comprised of contributions of $45.8 million and investment loss of ($227.6) million.

- For the fiscal year ended September 30, 2009 the Trust's deductions increased over the prior year from $94.2 million to $102.4 million or 8.7%. Most of this increase is attributable to increased retirement benefits paid.

  For the fiscal year ended September 30, 2008, the Trust's deductions increased over the prior year from $86.0 million to $94.2 million or 9.5%. Most of this increase is attributable to increased retirement benefits paid.

Overview of the Financial Statements

The Trust's financial statements are comprised of a Statement of Plan Net Assets, a Statement of Changes in Plan Net Assets, and Notes to Financial Statements. Also included is certain required supplementary information. These financial statements report information about the Trust, as a whole, and about its financial condition that should help answer the question: Is the Trust, as a whole, better off or worse off as a result of this year's activities? These statements include all assets and liabilities using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, all revenues and expenses are taken into account regardless of when cash is received or paid.

The statement of plan net assets presents information on the assets and liabilities and the resulting net assets held in trust for pension benefits. This statement reflects the Trust's investments, at fair value, along with cash and cash equivalents, receivables and other assets and liabilities.

The statement of changes in plan net assets presents information showing how the Trust's net assets held in trust for pension benefits changed during the years ended September 30, 2009 and 2008. It reflects contributions by members and the City along with deductions for retirement benefits, refunds and withdrawals, and administrative expenses. Investment income during the period is also presented showing income or loss from investing and securities lending activities.

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The required supplementary information and the related notes present a schedule of funding progress and a schedule of employer contributions along with a discussion of actuarial assumptions and methods.

Financial Analysis

Trust's total assets as of September 30, 2009, were $1,507.1 million and were mostly comprised of cash and cash equivalents, investments, property and equipment and receivables related to investments. Total assets decreased $76.2 million or 4.8%.

Trust's total assets as of September 30, 2008, were $1,583.3 million and were mostly comprised of cash and cash equivalents, investments, property and equipment and receivables related to investments. Total assets decreased $318.8 million or 16.8%.

Total liabilities as of September 30, 2009 were $240.0 million and were mostly comprised of obligations under securities lending, payable for securities purchased and deferred retirement option plan payable. Total liabilities decreased $18.6 million or 7.2% from the prior year primarily due to a decrease in obligations under securities lending and payable for securities purchased.

Total liabilities as of September 30, 2008 were $258.6 million and were mostly comprised of obligations under securities lending, payable for securities purchased and deferred retirement option plan payable. Total liabilities decreased $42.8 million or 14.2% from the prior year primarily due to a decrease in obligations under securities lending.

Financial Analysis - continued

Trust assets exceeded its liabilities at the close of fiscal year ended September 30, 2009 by $1,267.1 million. Total net assets held in trust for pension benefits decreased $57.6 million or 4.3% from the previous year.

Trust assets exceeded its liabilities at the close of fiscal year ended September 30, 2008 by $1,324.8 million. Total net assets held in trust for pension benefits decreased $276.1 million or 17.2% from the previous year.

Table 1 – Condensed Summary of Net Assets
September 30,
(Dollar Amounts in Thousands)

	2009	2008	Increase (Decrease) Amount	Total Percentage Change
Assets:				
Cash and cash equivalents	$ 47,934	$ 61,311	$ (13,377)	(21.8)%
Receivables	7,985	11,195	(3,210)	(28.7)
Investments	1,281,969	1,321,092	(39,123)	(3.0)
Security lending collateral - invested	167,115	187,541	(20,426)	(10.9)
Property and equipment, net	2,128	2,171	(43)	(2.0)
Total assets	1,507,131	1,583,310	(76,179)	(4.8)
Liabilities:				
Payables for securities purchased	7,820	23,685	(15,865)	(67.0)
Accounts payable and other	268	255	13	5.1
Deferred Retirement Option Plan	62,211	44,479	17,732	39.9
Obligations under securities lending	169,704	190,141	(20,437)	(10.7)
Total liabilities	240,003	258,560	(18,557)	(7.2)
Net assets held in trust for pension benefits	$ 1,267,128	$1,324,750	$ (57,622)	(4.3)%

Financial Analysis – continued

Table 1 – Condensed Summary of Net Assets - continued
September 30,
(Dollar Amounts in Thousands)

	2008	2007	Increase (Decrease) Amount	Total Percentage Change
Assets:				
Cash and cash equivalents	$ 61,311	$ 57,947	$ 3,364	5.8%
Receivables	11,195	14,443	(3,248)	(22.5)
Investments	1,321,092	1,597,118	(276,026)	(17.3)
Security lending collateral - invested	187,541	230,427	(42,886)	(18.6)
Property and equipment, net	2,171	2,214	(43)	(1.9)
Total assets	1,583,310	1,902,149	(318,839)	(16.8)
Liabilities:				
Payables for securities purchased	23,685	26,857	(3,172)	(11.8)
Accounts payable and other	255	259	(4)	(1.5)
Deferred Retirement Option Plan	44,479	43,795	684	1.6
Obligations under securities lending	190,141	230,427	(40,286)	(17.5)
Total liabilities	258,560	301,338	(42,778)	(14.2)
Net assets held in trust for pension benefits	$ 1,324,750	$1,600,811	$(276,061)	(17.2)%

Additions to Plan Net Assets

The reserves needed to finance retirement benefits are accumulated through the collection of contributions from members and the City and through earnings on investments. Contributions and net investment income (loss) for fiscal years 2009 and 2008 totaled $44.8 million and $(181.9) million, respectively.

For the fiscal year ended September 30, 2009 total additions to plan net assets increased $226.7 million or 124.6% from those of the prior year, due primarily to significant improvements in the financial markets. Actual results were:

1) City contributions increased from the previous year by $953.1 thousand or 2.6%. This increased is primarily due to an increase in the City's actuarially computed minimum required contribution.

2) Member contributions increased from the previous year by $49.2 thousand or 0.5%. Member contributions fluctuate from year to year, based on the number active members and changes in salaries.

3) Investment income increased from the previous year by $225.7 million or 99.0 %.

Additions to Plan Net Assets - continued

For the fiscal year ended September 30, 2008 total additions to plan net assets decreased $439.2 million or 170.7% from those of the prior year, due primarily to volatile financial markets. Actual results were:

1) City contributions decreased from the previous year by $4.5 million or 11.1%. This decrease is primarily due to a decrease in the City's actuarially computed minimum required contribution.

2) Total member contributions decreased from the previous year by $5.0 million or 33.9%. Member contributions fluctuate from year to year, based on the number active members and changes in salaries.

3) Investment income decreased from the previous year by $429.7 million or 212.7 %.

Table 2 - Additions in Plan Net Assets
Years Ended September 30,
(Dollar Amounts in Thousands)

	2009	2008	Increase (Decrease) Amount	Total Percentage Change
City contribution	$ 36,993	$ 36,040	$ 953	2.6%
Member contributions	9,769	9,720	49	0.5
Net investment loss	(1,985)	(227,638)	225,653	99.0
Total additions (reductions)	$ 44,777	$(181,878)	$ 226,655	124.6%

Additions in Plan Net Assets
Years Ended September 30,
(Dollar Amounts in Thousands)

	2008	2007	Increase (Decrease) Amount	Total Percentage Change
City contribution	$ 36,040	$ 40,542	$ (4,502)	(11.1)%
Member contributions	9,720	14,703	(4,983)	(33.9)
Net investment (loss) income	(227,638)	202,043	(429,681)	(212.7)
Total additions	$(181,878)	$ 257,288	$(439,166)	(170.7)%

Deductions from Plan Net Assets

The primary expenses of the Trust include the payment of pension benefits to members and beneficiaries. refund of contributions to former members, and distributions to retirees. Total deductions for fiscal years ended 2009 and 2008 were $102.4 million and $94.2 million, an increase of 8.7% and 9.5%, over years 2008 and 2007 expenditures, respectively.

For the fiscal years ended September 30, 2009 and 2008, the payment of pension benefits to retirees increased by $7.3 million and $5.4 million or 9.3 % and 7.5%, respectively, from the previous year. The increase in pension benefit expenditures resulted from an increase in number of retirees (104) and (6), respectively, and an increase in benefit payments to retirees.

Table 3 - Deductions from Plan Net Assets
Years Ended September 30,
(In Thousands)

	2009	2008	Increase (Decrease) Amount	Total Percentage Change
Pension benefits	$ 85,065	$ 77,795	$ 7,270	9.3%
Refund of contributions	367	678	(311)	(45.9)
Distributions to retirees	16,925	15,666	1,259	8.0
Depreciation expense	43	43	0	0.0
Total deductions	$ 102,400	$ 94,182	$ 8,218	(8.7)%

Deductions from Plan Net Assets
Years Ended September 30,
(In Thousands)

	2008	2007	Increase (Decrease) Amount	Total Percentage Change
Pension benefits	$ 77,795	$ 72,350	$ 5,445	7.5%
Refund of contributions	678	336	342	101.8
Distributions to retirees	15,666	13,305	2,361	17.7
Depreciation expense	43	43	0	0.0
Total deductions	$ 94,182	$ 86,034	$ 8,148	9.5%

Capital Assets

As of September 30, 2009 and 2008, the Trust's investment in capital assets totaled $2.1 million and $2.2 million, respectively (net of accumulated depreciation). This investment in capital assets includes land and building for administrative use.

Retirement System as a Whole

The Trust's combined net assets have decreased from those of fiscal years ended 2009 and 2008. Management believes, and actuarial studies concur, that the Trust is in a financial position to meet its current obligations.

Contacting the Trust's Financial Management

This financial report is designed to provide the Retirement Board, our membership, taxpayers, investors, and creditors with a general overview of the Trust's finances and to demonstrate the Trust's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City of Miami Fire Fighters' and Police Officers' Retirement Trust Fund, 1895 SW 3 Avenue, Miami FL, 33129.

City of Miami Fire Fighters' and Police Officers' Retirement Trust

Statements of Plan Net Assets
September 30, 2009 and 2008

	2009				2008			
	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total
Assets:								
Cash and cash equivalents	$ 35,912,059	$ 1,405,236	$ 10,616,545	$ 47,933,840	$ 48,326,752	$ 1,681,964	$ 11,301,884	$ 61,310,600
Investments, at fair value:								
U.S. government and agency obligations	116,684,025	4,565,840	34,494,847	155,744,712	176,092,958	6,128,738	41,181,788	223,403,484
Domestic fixed income	163,757,796	6,407,834	48,411,083	218,576,713	156,005,530	5,429,615	36,484,063	197,919,208
Domestic equity	507,827,747	18,611,326	136,010,574	662,449,647	509,801,586	17,743,131	119,224,192	646,768,909
International equity	54,668,378	2,139,171	16,161,401	72,968,950	58,276,183	2,028,244	13,628,696	73,933,123
Private equity	17,251,928	675,067	5,100,120	23,027,115	15,565,262	541,733	3,640,153	19,747,148
Real estate equity	65,173,970	2,550,254	19,267,129	86,991,353	90,521,196	3,150,499	21,169,641	114,841,336
Mutual funds - Deferred Retirement Option Plan	62,210,518	-	-	62,210,518	44,479,142	-	-	44,479,142
Total investments	987,574,362	34,949,492	259,445,154	1,281,969,008	1,050,741,857	35,021,960	235,328,533	1,321,092,350
Security lending cash collateral - invested	125,202,962	4,899,185	37,013,267	167,115,414	147,825,010	5,144,901	34,570,935	187,540,846
Receivables:								
Proceeds from securities sold	3,580,275	-	-	3,580,275	6,792,383	-	-	6,792,383
Member contributions	291,734	-	-	291,734	314,334	-	-	314,334
Budget advance from City	599,932	-	-	599,932	444,346	-	-	444,346
Accrued interest and other	3,513,189	-	-	3,513,189	3,644,210	-	-	3,644,210
Total receivables	7,985,130	-	-	7,985,130	11,195,273	-	-	11,195,273
Property and equipment, net	1,594,366	62,387	471,336	2,128,089	1,711,099	59,553	400,164	2,170,816
Total assets	1,158,268,879	41,316,300	307,546,302	1,507,131,481	1,259,799,991	41,908,378	281,601,516	1,583,309,885
Liabilities:								
Payable for securities purchased	7,819,984	-	-	7,819,984	23,684,613	-	-	23,684,613
Accounts payable and other	268,013	-	-	268,013	254,839	-	-	254,839
Obligations under secuities lending	127,142,516	4,975,080	37,586,650	169,704,246	149,874,562	5,216,234	35,050,251	190,141,047
Deferred Retirement Option Plan	62,210,518	-	-	62,210,518	44,479,142	-	-	44,479,142
Total liabilities	197,441,031	4,975,080	37,586,650	240,002,761	218,293,156	5,216,234	35,050,251	258,559,641
Net assets held in trust for pension benefits (a schedule of funding progress is presented on page 27)	$ 960,827,848	$ 36,341,220	$ 269,959,652	$ 1,267,128,720	$ 1,041,506,835	$ 36,692,144	$ 246,551,265	$ 1,324,750,244

The accompanying notes are an integral part of these financial statements.

City of Miami Fire Fighters' and Police Officers' Retirement Trust

Statements of Changes in Plan Net Assets
For the Years Ended September 30, 2009 and 2008

	2009				2008			
	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total
Additions:								
Contributions:								
City	$ 36,993,395	$ -	$ -	$ 36,993,395	$ 36,040,251	$ -	$ -	$ 36,040,251
Members	9,769,139	-	-	9,769,139	9,719,896	-	-	9,719,896
Total contributions	46,762,534	-	-	46,762,534	45,760,147	-	-	45,760,147
Investment income:								
Net (depreciation) appreciation in fair value of investments	(26,943,221)	(768,466)	(5,643,293)	(33,354,980)	(210,323,759)	(6,433,775)	(42,116,671)	(258,874,205)
Interest	19,373,534	556,659	4,073,181	24,003,374	20,104,812	538,087	3,565,724	24,208,623
Dividend	8,256,107	231,385	1,713,883	10,201,375	11,215,405	309,194	2,065,407	13,590,006
Other	678,298	19,284	140,596	838,178	737,338	19,939	133,415	890,692
	1,364,718	38,862	284,367	1,687,947	(178,266,204)	(5,566,555)	(36,352,125)	(220,184,884)
Less investment expense	3,627,752	104,680	779,060	4,511,492	5,022,555	134,336	877,528	6,034,419
Net investment (loss) income from investing activities	(2,263,034)	(65,818)	(494,693)	(2,823,545)	(183,288,759)	(5,700,891)	(37,229,653)	(226,219,303)
Security lending activities:								
Security lending income	849,083	23,748	169,954	1,042,785	1,305,188	35,274	235,608	1,576,070
Security lending fees and rebates	175,483	4,879	34,861	215,223	363,022	9,770	65,166	437,958
Unrealized gain (loss)	9,032	258	1,892	11,182	(2,009,758)	(70,606)	(476,672)	(2,557,036)
Net loss from security lending activities	682,632	19,127	136,985	838,744	(1,067,592)	(45,102)	(306,230)	(1,418,924)
Total net, investment (loss) income	(1,580,402)	(46,691)	(357,708)	(1,984,801)	(184,356,351)	(5,745,993)	(37,535,883)	(227,638,227)
Total additions (reductions)	45,182,132	(46,691)	(357,708)	44,777,733	(138,596,204)	(5,745,993)	(37,535,883)	(181,878,080)
Deductions:								
Pension benefits paid	85,064,508	-	-	85,064,508	77,794,816	-	-	77,794,816
Refund of contributions	366,601	-	-	366,601	664,234	14,154	-	678,388
Distributions to retirees	-	303,194	16,622,228	16,925,422	-	306,275	15,359,900	15,666,175
Depreciation expense	33,625	1,039	8,062	42,726	34,934	993	6,799	42,726
Total deductions	85,464,734	304,233	16,630,290	102,399,257	78,493,984	321,422	15,366,699	94,182,105
Allocation of net (loss) earnings	(40,396,385)	-	40,396,385	-	(32,675,538)	-	32,675,538	-
Net (decrease) increase	(80,678,987)	(350,924)	23,408,387	(57,621,524)	(249,765,726)	(6,067,415)	(20,227,044)	(276,060,185)
Net assets held in trust for pension benefits:								
Beginning of year	1,041,506,835	36,692,144	246,551,265	1,324,750,244	1,291,272,561	42,759,559	266,778,309	1,600,810,429
End of year	$ 960,827,848	$ 36,341,220	$ 269,959,652	$ 1,267,128,720	$ 1,041,506,835	$ 36,692,144	$ 246,551,265	$ 1,324,750,244

The accompanying notes are an integral part of these financial statements.

Note 1 – Description of the Plan

Organization

The City of Miami Fire Fighters' and Police Officers' Retirement Trust (the Trust) is a single employer defined benefit pension plan established by the City of Miami, Florida (the City) pursuant to the provisions and requirements of Ordinance No. 10002 as amended. Since the Trust is sponsored by the City, the Trust is included as a pension trust fund in the City's comprehensive financial report as part of the City's financial reporting entity.

The following brief description of the Trust is provided for general information purposes only. Participants should refer to the Trust document for more detailed and comprehensive information.

Membership

Participants are contributing police officers and firefighters with full-time status in the Police and Fire Department of the City of Miami, Florida.

Membership in the Trust consisted of the following as of October 1:

	2009	2008
Retirees and beneficiaries currently receiving benefits and terminated members entitled to benefits but not yet receiving them	1,974	1,870
Current members:		
Vested	912	867
Nonvested	605	767
	1,517	1,634

Member Contributions

Members contribute a percentage of their base salaries on a bi-weekly basis. Police Officers' and Firefighters' member contribution is 7% and 8%, respectively, of compensation or equal to the City's contribution, whichever is less. Prior to the agreement dated January 9, 1994, members contributed 10½%, of which 2% was designated as a contribution to the Cost-of-Living Adjustment I Account (COLA I account). Effective January 9, 1994, the Trust entered into an agreement with the City whereby this percentage was decreased to 10% and a new Cost-of-Living Adjustment II Account (COLA II account) was created and funded by a percentage of the excess investment return (from other than COLA I account assets).

Note 1 – Description of the Plan - continued

Member Contributions - continued

Should the member contribution be less than 7% for Police Officers and 8% for Firefighters, due to the City contribution, the difference between the percentage contributed and the actual contribution shall be deducted from the member's paycheck and placed into an individual contribution account (ICA), as part of the retirement system. Interest on ICA's shall be determined in the same manner as the COLA transfer methodology. Interest shall be credited periodically to the ICA's as determined by the retirement system board's actuary. Member contributions and earnings in ICA's shall be deemed 100% vested upon deposit. Upon the member's separation, ICA balances shall be disbursed as provided under the IRS Code.

During the years ended September 30, 2009 and 2008, approximately $189,581 and $0 respectively, is included as member contributions for the purchase of additional service years by members as provided for by the Trust.

Funding Requirements

The City is to contribute such amounts as are necessary to maintain the actuarial soundness of the Trust and to provide the Trust with assets sufficient to meet the benefits to be paid to the participants. Contributions to the Trust are authorized, pursuant to City of Miami Code Section 40.196 (a) and (b). Contributions to the COLA accounts are authorized pursuant to Section 40.204 of the City of Miami Code. The City's contributions to the Trust provide for non-investment expenses and normal costs of the Trust. The yield (interest, dividends, and net realized gains and losses) on investments of the Trust serves to reduce/increase future contributions that would otherwise be required to provide for the defined level of benefits under the Trust.

Pension Benefits

Effective October 1, 1998 members may elect to retire after 10 or more years of creditable service upon attainment of normal retirement age. Normal retirement age for members shall be 50 years of age. A member exercising normal service retirement or rule of 64 retirement (computation of service retirement on the basis of his or her combined age and creditable service equaling 64) shall be entitled to receive a retirement allowance equal to 3% of the member's average final compensation (as defined in the city code section 40-191), multiplied by years of creditable service for the first 15 years of such creditable service, plus a retirement allowance equal to 3½% of member's average final compensation multiplied by the years of creditable service in excess of 15 years, paid in monthly installments.

Prior to October 1, 1998, a firefighter member exercising normal service retirement or rule of 70 retirement (computation of service retirement on the basis of his or her combined age and creditable service equaling 70) were entitled to receive a retirement allowance equal to 3% of the member's average final compensation multiplied by years of creditable service, paid in monthly installments.

Early retirement, disability, death and other benefits are also provided.

Note 1 – Description of the Plan - continued

Investments

The Trust investment policy is determined by the Board of Trustees and is implemented by investment managers. In addition, the Trust utilizes an investment advisor who monitors the investing activities. The investment policy of the Trust stipulates that the trustees shall, in acquiring, investing, reinvesting, exchanging, retaining, selling and maintaining property for the benefit of the Trust exercise the judgment and care under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital. The trustees are authorized to acquire and retain various kinds of property, real, personal or mixed, and various types of investments specifically including, but not by way of limitation, bonds, debentures and other corporate obligations, and stocks, preferred or common, which persons of prudence, discretion and intelligence acquire or retain for their own account. The investment of funds shall be in a manner that is consistent with the applicable sections of the City Code as well as State and Federal laws within the allocation percentages established in the Trust's investment policy guidelines.

The investments are considered held by the Membership and Benefit account and a share of the value of this account is allocated to each account based on a weighted average calculation performed each month to reflect each account's membership and benefit, COLA I and COLA II activity.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The Trust's financial statements are prepared using the accrual basis of accounting. Member contributions are recognized as revenues in the period in which contributions are due. City contributions are recognized as revenues when due pursuant to actuarial valuations. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investment purchases and sales are recorded on a trade-date basis. Interest, rental and dividend income are recorded as earned.

New Pronouncements

During the year ended September 30, 2008, the Plan adopted Government Accounting Standards Board (GASB) Statement No. 50 *"Pension Disclosures"* (GASB 50) which amends GASB Statements No. 25, *"Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans"*, and No. 27, *"Accounting for Pensions by State and Local Governmental Employers"*. GASB 50 requires disclosure in the notes to the financial statements of pension plans and certain employer governments of the current funded status of the plan and other actuarial information which had previously been provided as required supplementary information. The adoption of GASB 50 had an impact on the presentation of the notes to the financial statements but no impact on net assets.

Note 2 – Summary of Significant Accounting Policies - continued

Cash equivalents

The Trust considers all highly liquid investments with short maturities, typically less than three months but no more than one year when purchased, to be cash equivalents.

Investments

Investments are recorded at fair value. Fair values of investments are determined as follows: securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year; securities traded in the over-the counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price; commercial paper, time deposits and short-term investment pools are valued at cost which approximates market; mortgages are valued based on current market yield. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on similar sales.

Alternative investments which include private equity, private debt, venture capital and equity real estate investments where no readily ascertainable market value exists, management, in consultation with the general partner and investment advisors, has determined the fair values for the individual investments based upon the partnership's most recent available financial information adjusted for cash flow activities through September 30, 2009.

Unrealized gains and losses are presented as net appreciation (depreciation) in fair value of investments on the statement of changes in plan net assets along with gains and losses realized on sales of investments. Purchases and sales of securities are reflected on a trade date basis. Realized gains and losses on the sale of investments are based on average cost identification method.

Given the inherent nature of investments it is reasonably possible that changes in the value of those investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of plan net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

Property and equipment are stated at cost and depreciated using the straight-line method over the estimated lives of the assets.

Note 2 – Summary of Significant Accounting Policies - continued

Income Tax Status

The Trust is tax-exempt under the Internal Revenue Code and, therefore, has recorded no income tax liability or expense.

Risk and Uncertainties

Contributions to the Trust and the actuarial information included in the required supplementary information (RSI) are reported based on certain assumptions pertaining to the interest rates, inflation rates and member compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to the uncertainties inherent in settling assumptions, that the effect of such changes could be material to the financial statements.

Subsequent Events

Management has evaluated subsequent events through January 14, 2010, the date which the financial statements were available for issue.

Note 3 – Funded Status and Funding Progress

The funded status of the Trust as of October 1, 2008, the most recent actuarial valuation date, is as follows, (dollar amounts in millions):

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
10/01/08	$ 1,018.9	$ 1,452.5	$ 433.6	70%	$ 129.4	335%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

The Trust is funded in accordance with the Aggregate Cost Method. In accordance with GASB 50, the AAL above has been calculated in accordance with the Entry Age Normal Cost Method, for purposes of calculating and disclosing the funded ratio. The information presented here is intended to serve as a surrogate for the funded status of the plan.

Note 3 – Funded Status and Funding Progress - continued

Additional information as of the latest actuarial valuation follows:

Valuation Date:	October 1, 2008
Actuarial Cost Method:	Aggregate Cost Method
Amortization Method:	N/A
Asset Valuation Method:	20% Write-Up Method: Expected value is based on the Interest Discount/Investment Return rate applied to the actuarial asset value as of the previous valuation date and cash flow during the year. 20% of the difference between the Expected Value and the Market Value (net of pending transfers to the COLA Fund) is added to the Expected Value. The result cannot be greater that 120% of market value or less than 80% of market value (net of pending COLA transfers).
Actuarial assumptions:	
Investment rate of return	7.75%, compounded annually
Salary increases:	
Inflation	3.5%
Seniority/merit	5.0% to 0% reducing by attained age
Promotion/other	1.5%
Mortality table	Ga94 – Mortality table
Disabled mortality	Pension Benefit Guaranty Corporation ("PBGC") Non-OASDI basis

Note 4 – Deposit and Investment Risk Disclosures

Investment Authorization

The Board of Trustees holds the fiduciary responsibility for the Trust. Thus, the Trustees have set a reasonably diversified asset allocation (including minimum and maximum allocations), which is expected to appropriately fund the Trust's liabilities and meet its basic investment objectives. The basis for such a target asset allocation is a study of the Trust's pension liabilities and reasonable, alternative investment portfolios.

The Trustees have adopted a policy to invest in several institutionally acceptable asset classes. These are domestic equity (large, mid and small capitalization), international equity (developed and emerging markets), domestic real estate (institutional quality properties either individually or in open-ended commingled funds, or in REIT securities portfolios), private equity funds, domestic fixed income, and short-term investments. Other asset classes may be added by the Trustees to its investment policy.

Note 4 – Deposit and Investment Risk Disclosures - continued

Investment Authorization - continued

Investment in domestic equity securities shall be limited to those listed on a major U.S. stock exchange and limited to no more than 60% (at market) of the Trust's total asset value. Investments in stocks of foreign companies shall be limited to 8% of the value of the Trust's portfolio. Investments in domestic fixed income securities shall be limited to 31% (at maturity) of the Trusts' total portfolio. The domestic fixed income portfolio shall be comprised of securities rated "BBB" or higher by nationally recognized rating agencies, preferably by Moodys' or Standard & Poors rating services. Domestic real estate and private equity funds shall be limited to 10% and 6%, respectively, of the value of the portfolio.

No single security can represent more than 5% of the market value of a portfolio at the time of purchase, and no single industry (based on Global Industry Classification System codes) can represent more than 15% of the market value of the account. These single security and single industry restrictions do not apply to U.S. Government and Agency bond holdings.

Types of Investments

Florida statutes and Trust investment policy authorize the Trustees to invest funds in various investments. The current target and actual allocation of these investments at market, per the performance analysis report, is as follows as of September 30:

	2009		2008	
Authorized Investments	**Target % of Portfolio**	**Actual % of Portfolio**	Target % of Portfolio	Actual of Portfolio
Cash and equivalents	**0.0%**	**0.3%**	0.0%	0.0%
Domestic equities:				
Small/Mid cap	**13.0%**	**14.4%**	13.0%	14.8%
Large cap	**41.0%**	**39.4%**	41.0%	36.0%
Domestic fixed income	**28.0%**	**31.1%**	28.0%	33.0%
International equities	**6.0%**	**6.1%**	6.0%	6.1%
Domestic real estate	**8.0%**	**7.1%**	8.0%	9.0%
Private equity	**4.0%**	**1.6%**	4.0%	1.1%

Note 4 – Deposit and Investment Risk Disclosures - continued

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to interest rate risk, the Trust diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities.

Information about the sensitivity of the fair values of the Trust's investments to market interest rate fluctuations is provided by the following tables that show the distribution of the Trust's investments by maturity at September 30:

2009
Investment Maturities (in years)

Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. treasuries	$ 24,130,413	$ 1,779,736	$ 8,545,036	$ 3,142,280	$ 10,663,631
U.S. agencies	131,614,299	-	6,690,160	19,058,792	105,865,347
Corporate bonds	218,576,713	199,157	57,179,884	94,907,141	66,290,531
	$ 374,321,425	$ 1,978,893	$72,415,080	$ 117,108,213	$ 182,819,239
% of fixed income portfolio	100%	0.5 %	19.4 %	31.3 %	48.8 %

2008
Investment Maturities (in years)

Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. treasuries	$ 43,788,671	$ 6,596,167	$13,164,051	$ 12,132,638	$ 11,895,815
U.S. agencies	179,614,813	1,745,846	5,704,451	18,549,444	153,615,072
Corporate bonds	197,919,208	7,377,898	24,700,157	122,788,318	43,052,835
	$ 421,322,692	$ 15,719,911	$43,568,659	$ 153,470,400	$ 208,563,722
% of fixed income portfolio	100%	3.7%	10.3%	36.4%	49.6%

Credit Risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Trust's investment policy utilizes portfolio diversification in order to control this risk.

Note 4 – Deposit and Investment Risk Disclosures - continued

Credit Risk - continued

The following tables disclose credit ratings by investment type, at September 30, as applicable:

2009		
	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	$ 155,744,712	41.61%
Credit risk debt securities:		
AAA	44,996,042	12.02
AA+	5,131,672	1.37
AA	7,667,174	2.05
AA-	8,366,592	2.24
A+	7,714,917	2.06
A	35,118,325	9.38
A-	22,203,204	5.93
BBB+	14,570,948	3.89
BBB	16,850,892	4.50
BBB-	10,109,573	2.70
BB and lower	6,106,852	1.63
Bond funds**	38,289,773	10.23
Not rated	1,450,746	0.39
Total credit risk debt securities	218,576,713	58.39
Total fixed income securities	$ 374,321,425	100.00%

2008		
	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	$ 223,403,484	53.02%
Credit risk debt securities:		
AAA	23,370,309	5.56
AA+	1,548,587	0.37
AA	3,682,741	0.87
AA-	6,283,727	1.49
A+	11,232,091	2.67
A	14,551,459	3.45
A-	12,309,689	2.92
BBB+	15,037,777	3.57
BBB	8,800,307	2.09
BBB-	5,494,902	1.30
BB and lower	542,845	0.13
Bond funds***	85,543,133	20.30
Not rated	9,521,641	2.26
Total credit risk debt securities	197,919,208	46.98
Total fixed income securities	$ 421,322,692	100.00%

*Obligations of the U.S. government or obligations explicitly or implicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

**At September 30, 2009 Bond funds are comprised of securities rated AAA (34.0%); AA (6.6%); A (5.9%); BBB+ (0.3%); BBB (8.1%) BB and lower (45.1%) per the Barclays Capital Aggregate Index and Standard and Poors.

*** At September 30, 2008 Bond funds are comprised of securities rated AAA (76%); AA (4%); A (8%); BBB (7%); BB and lower (5%) per the Lehman Brothers Aggregate Bond Index and Standard and Poors.

Note 4 – Deposit and Investment Risk Disclosures - continued

Concentration of Credit Risk

The investment policy of the Trust contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of plan net assets at September 30, 2009 and 2008.

Custodial Credit Risk

Deposits are exposed to custodial risk if they are uninsured and uncollateralized. Custodial risk is the risk that, in the event of the failure of the counterparty, the Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the Trust and are held either by the counterparty or the counterparty's trust department or agent but not in the Trust's name.

Consistent with the Trust's investment policy, the investments are held by Trust's custodial bank and registered in the Trust's name. All of the Trust's deposits are insured and or collateralized by financial an institution separate from the Trust's depository financial institution.

Foreign Currency Risk

Foreign currency is the risk that changes in exchange rates will adversely affect the fair value of the investment or a deposit. Each investment manager, through the purchase of units in a commingled investment trust fund or international equity mutual fund, establishes investments in international equities. The Trust has exposure to foreign currency fluctuation at September 30, as follows:

	2009	2008
Currency	Holdings Valued In U.S. Dollars International Equities	Holdings Valued In U.S. Dollars International Equities
Swiss Franc	$ 3,041,372	$ 1,643,139
Canadian Dollar	208,586	1,972,778
Euro	17,567,791	25,375,718
British Pound Sterling	2,769,816	113,863
Hong Kong Dollar	7,459	760,789
Japanese Yen	135,952	1,280,225
South Korean Won	1,659,890	1,583,211
Swedish Krona	2,607,061	2,616,959
Norwegian Krona	2,144,245	2,356,805
New Zealand Dollar	1,932,640	-
Danish Krone	305,610	-
Australian Dollar	7,237,383	-
Other	1,309,802	543,668
Total	$ 40,927,607	$ 38,247,155

Note 4 – Deposit and Investment Risk Disclosures - continued

Securities Lending Transactions

A retirement system is authorized by state statutes and board of trustees policies to lend its investment securities. The lending is managed by the Trust's custodial bank. All loans can be terminated on demand by either the Trust or the borrowers, although the average term of loans is approximately fifty-nine days. The custodial bank and its affiliates are prohibited from borrowing the system's securities.

The agent lends the Trust's U.S. government and agency securities and domestic corporate fixed-income and equity securities for securities or cash collateral of 102 percent and international securities of 105 percent of the securities plus any accrued interest. The securities lending contracts do not allow the Trust to pledge or sell any collateral securities unless the borrower defaults. Cash collateral is invested in the agent's collateral investment pool, whose share values are based on the amortized cost of the pool's investments. Investments are restricted to issuers with a credit rating A3 or A- or higher by Moodys or Standard & Poors. At year end, the pool has a weighted average term to maturity of thirty-one days.

The relationship between the maturities of the investment pool and the Trust's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Trust cannot determine. There are policy restrictions by the custodial bank that limits the amount of securities that can be lent at one time or to one borrower.

The following represents the balances relating to securities lending transactions at September 30:

	2009		
Securities Lent:	**Market Value of Securities on Loan for Cash**	**Fair Value of Cash Collateral Invested**	**Fair Value of Liabilities to Borrowers**
U.S. government and agency obligations	**$ 25,080,973**	**$ 25,659,622**	**$ 26,057,124**
Domestic corporate stocks	**115,002,763**	**117,935,624**	**119,762,597**
Domestic corporate bonds	**19,961,727**	**20,463,930**	**20,780,942**
International corporate stocks	**2,863,384**	**3,056,238**	**3,103,583**
Total securities lent	**$ 162,908,847**	**$ 167,115,414**	**$ 169,704,246**

	2008		
Securities Lent:	Market Value of Securities on Loan for Cash	Fair Value of Cash Collateral Invested	Fair Value of Liabilities to Borrowers
U.S. government and agency obligations	$ 49,988,535	$ 50,609,766	$ 51,311,456
Domestic corporate stocks	128,298,187	128,243,507	130,021,567
Domestic corporate bonds	7,645,957	7,736,272	7,843,533
International corporate stocks	880,196	951,301	964,491
Total securities lent	$ 186,812,875	$ 187,540,846	$ 190,141,047

Note 4 – Deposit and Investment Risk Disclosures - continued

Securities Lending Transactions - continued

The contract with the Trust's custodian requires the custodian to indemnify the Trust if the borrower fails to return the securities, due to the insolvency of a borrower, and the custodian has failed to live up to its contractual responsibilities relating to the lending of those securities. At year end, the Trust has no credit risk exposure to borrowers because the amounts of collateral held by the Trust exceed the amounts the borrowers owe the Trust. There are no significant violations of legal or contractual provisions, no borrowers or lending agent default losses, and no recoveries of prior period losses during the year. There are no income distributions owing on securities lent.

In September 2008 when the market experienced a significant decline and there was a general lack of liquidity in the credit market, certain assets held in the custodial agent's short-term investment cash collateral pool were deemed to be impaired. The custodial agent re-valued many securities held by the securities lending cash collateral pool resulting in a mark down of the assets and causing the value of the pool to fall below the commitments owed to the borrowers. The amount of the collateral deficiency was calculated based on the difference between the book value and vended prices (rather than liquidation) at the time, and a liability was assigned to the Trust based on the Trust's ratable ownership of the pool. If the Trust should elect to withdraw from the securities lending program, the liability would be realized. The impaired assets have been segregated from the collateral pool into a liquidation account which is valued daily. The Trust owns interest in the liquidation account rather than having a direct ownership in the impaired securities. At September 30, 2009 and 2008 the Trust's liability was $2,588,832 and $2,600,201, respectively, which approximates the liability initially recorded. The deficiency is reported as a securities lending collateral unrealized loss on the Statements of Changes in Plan Net Assets and a reduction to the asset value of securities lending collateral reported on the Statements of Plan Net Assets.

Note 5 – COLA Accounts

Effective January 9, 1994, the Trust entered into an agreement with the City of Miami with regards to the funding methods, member benefits, member contributions and retiree COLA. As of January 9, 1994, members no longer contribute to the original COLA account (COLA I), and a new COLA account (COLA II) was established.

The agreement included the following provisions:

- The funding method was changed to an aggregate cost method.
- Combining all accounts for investment purposes (membership and benefit, COLA I and COLA II).
- Retirees receive additional COLA benefits.
- Active members no longer contribute 2% of pretax earnings to fund the original retiree COLA account (COLA I account).

Note 5 – COLA Accounts - continued

The COLA II account is funded annually by a percentage of the excess investment returns from other than COLA I account assets. The excess earnings contributed to the COLA II account will be used to fund a minimum annual payment of $2.5 million, increasing by 4% compounded annually. To the extent necessary, the City will fund the portion of the minimum annual payment not funded by annual excess earnings no later than January 1 of the following year.

Benefits payable from the COLA accounts are computed in accordance with an actuarially based formula as defined in Section 40.204 of the City of Miami Code. Benefits are subject to review and modification in accordance with City of Miami Code Section 40.204, which provides that all other matters regarding the COLA accounts shall be determined by negotiations between the City, the Board of Trustees and the bargaining representatives of the International Association of Fire Fighters and the Fraternal Order of Police.

Note 6 – Deferred Retirement Option Plan (DROP)

Members who are eligible for service retirement or Rule of 64 after September 1998 may elect to enter the Deferred Retirement Option Plan. Effective July 24, 2008 maximum participation in the DROP for firefighters shall be 54 (48 prior to July 24, 2008) full months and effective May 8, 2008 maximum participation in the DROP for police officers shall be 84 (48 prior to May 8, 2008) months. A member's creditable service, accrued benefit and compensation calculation shall be frozen.

Upon commencement of participation in the DROP, the participant's contribution and the City's contribution to the Trust for that participant cease as the participant will not earn further creditable service for pension purposes. Effective July 24, 2008, firefighter DROP participants may continue City employment for up to a maximum of 54 (48 prior to July 24, 2008) full months and police officers who elect DROP on May 8, 2008, or thereafter, may continue City employment for up to a maximum of 84 (48 prior to May 8, 2008) full months. No payment is made to or for the benefit of a DROP participant beyond that period. For persons electing participation in the DROP, an individual DROP account shall be created. Payment shall be made by the retirement trust into the member's DROP account in an amount equal to the regular monthly retirement benefit which the participant would have received had the participant separated from service and commenced receipt of pension benefits. Payments received by the participant in the DROP account are tax deferred. A series of investment vehicles which are established by the board of trustees are made available to DROP participants to choose from. Any losses, charges, or expenses incurred by the participant in their DROP account are not made up by the City or the Trust, but shall be borne by the participant.

Note 6 – Deferred Retirement Option Plan (DROP) - continued

Upon termination of employment, a member may receive distribution from the DROP account in the following manner:

- Lump sum distribution
- Periodic payments
- Annuity
- Roll over of the balance to another qualified retirement plan

Any member may defer distribution until the latest date authorized by Section 401(a)(9) of the Internal Revenue Code.

A DROP participant shall not be entitled to receive an ordinary or service disability retirement and in the event of death of a DROP participant, there shall be no accidental death benefit for pension purposes. DROP participation does not affect any other death or disability benefit provided to a member under federal law, state law, City ordinance, or any rights or benefits under any applicable collective bargaining agreement. At September 30, 2009 and 2008, there were 282 and 235 DROP participants, respectively.

The DROP of the Trust also consists of a Benefit Actuarially Calculated DROP (BACDROP). A member may elect to BACDROP to a date no further back than the date of their retirement eligibility date. Effective October 1, 2001, the BACDROP period must be in 12 month increments, beginning at the start of a pay period, not to exceed 48 full months for firefighters (36 months prior to October 1, 2001), and 12 full months for police officers (48 months prior to October 1, 2004) who elect DROP on October 1, 2003. Participation in the BACDROP does not preclude participation in the Forward DROP.

Note 7 – Property and Equipment

Property and equipment consist of the following at September 30:

	Estimated Useful Life	2009	2008
Land	N/A	$ 760,865	$ 760,865
Building	39 years	1,666,305	1,666,305
Total cost		2,427,170	2,427,170
Less: accumulated depreciation		299,079	256,354
Net		$ 2,128,089	$ 2,170,816

Depreciation expense for the years ended September 30, 2009 and 2008 was $42,726 and $42,726, respectively.

Note 8 – Budget Advance from City

Administrative costs of the Trust are paid directly by the Trust from budget advance monies provided by the City. The Trust provides the City with an accounting of how these funds are expended during the period. Funding for such administrative costs for the years ended September 30, 2009 and 2008 was as follows:

	2009	2008
Budget advance due from City – beginning of year	$ (444,346)	$ (949,602)
Advance received from the City	1,921,758	2,333,711
	1,477,412	1,384,109
Administrative costs incurred, including custodian and consultants' fees, personnel and other office expenses	2,077,344	1,828,455
Budget advance due from City – end of year	$ (599,932)	$ (444,346)

Since the above administrative costs are fully funded by the City, they are not included in the administrative expenses set forth in the statements of changes in plan net assets.

Note 9 – Off-Balance-Sheet Financing

The Trust, in the normal course of business, enters into commitments with off-balance-sheet risk. The Trust adheres to the same credit policies, financial and administrative controls and risk limiting and monitoring procedures for commitments as for on-balance-sheet investments.

The future financial commitments outstanding for private equity investments at September 30, 2009 and 2008 were, respectively, approximately $ 26,489,000 and $34,900,000.

City Of Miami Fire Fighters' And Police Officers' Retirement Trust

Required Supplementary Information - Unaudited
September 30, 2009

Schedule "1" – Schedule of Funding Progress
(dollars in millions)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability AAL	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
10/01/03	$ 844.9	$ 1,067.9	$ 223.0	79%	$ 98.9	225%
10/01/04	957.9	1,152.8	194.9	83	89.2	218
10/01/05	1,091.9	1,221.6	129.7	89	91.5	142
10/01/06	1,147.9	1,260.5	112.6	91	90.4	125
10/01/07	1,268.9	1,318.4	49.5	96	103.6	48
10/01/08	1,018.9	1,452.5	433.6	70	129.4	335

Schedule "2" – Schedule of Contributions by Employer

Year Ended September 30,	Annual Required Contribution	Percentage Contributed
2004	$ 36,341,515	100%
2005	45,545,130	100
2006	50,635,213	100
2007	40,542,078	100
2008	36,040,251	100
2009	36,993,395	100

The information presented in the required Supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Since the Trust uses the Aggregate Cost Method, a schedule of Funding Progress is not required as that method does not separately identify or separately amortize unfunded actuarial liabilities. As the Trust believes the above information is useful to users of the financial statements, the above Schedule "1" was prepared excluding COLA accounts using the Entry Age Normal Actuarial Accrued Liability.

GSK Goldstein Schechter Koch
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
City of Miami Fire Fighters' and Police Officers' Retirement Trust
Miami, Florida

We have audited the financial statements of the City of Miami Fire Fighters' and Police Officers' Retirement Trust (the "Trust") as of and for the year ended September 30, 2009 and have issued our report thereon January 14, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Trust's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or members, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Trust's ability to initiate, authorize, record, process, or report financial data reliably in accordance with general accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Trust's financial statements that is more than inconsequential will not be prevented or detected by the Trust's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Trust's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above

4000 Hollywood Blvd. - Suite 215 South • Hollywood, FL 33021
Phone: (954) 989-7462 • *Fax:* (954) 962-1021
info@gskcpas.com • www.gskcpas.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other maters that are required to be reported under *Government Auditing Standards.*

This report is intended for the information of the Board of Trustees, management, participants and applicable state and city agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Goldstein Schechter Koch, P.A.

Hollywood, Florida
January 14, 2010

III

INVESTMENT

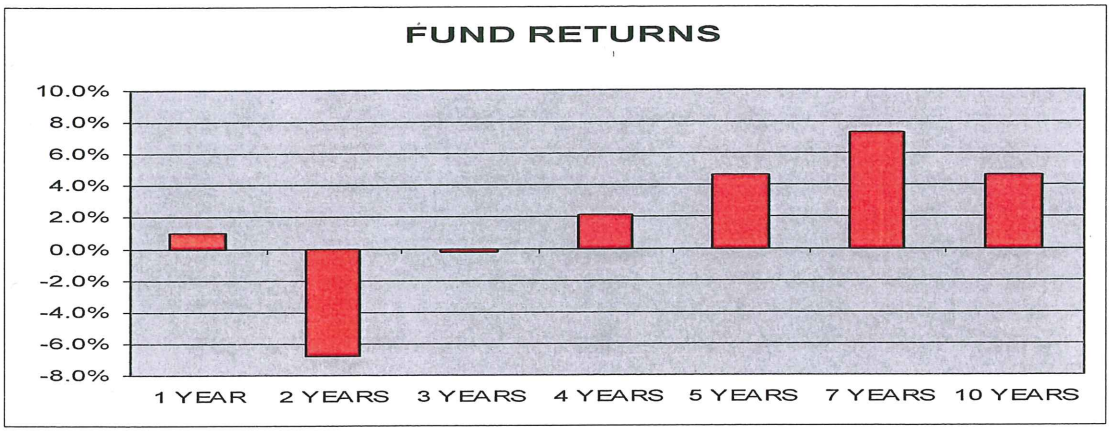
SECTION

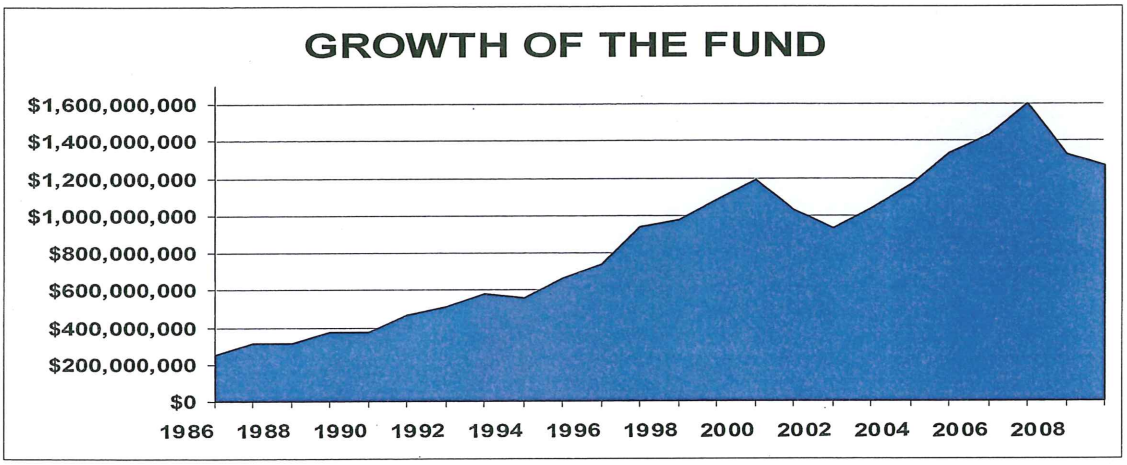
INVESTMENT ANALYSIS
YEAR ENDED SEPTEMBER 30, 2009

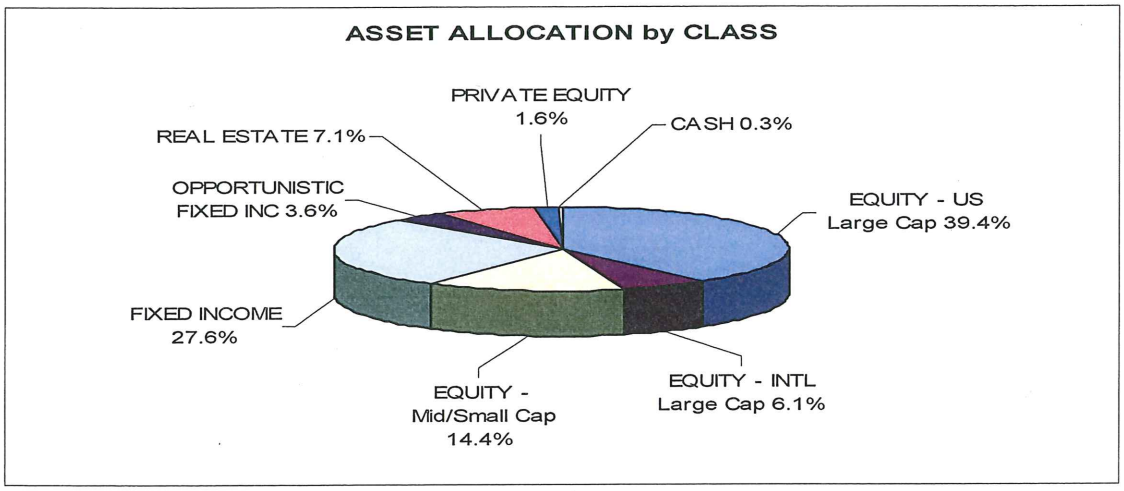
	GENERAL FUND		COLA I		COLA II	
BALANCE AS OF 10/01/2008		990,773,329		36,692,144		246,551,263
Additions: Purchases						
Short Term Investment	53					
Other Money Market	0					
Mutual Funds	12,823,030					
Private Equity	8,461,429					
Private Equity International	483,321					
Commercial Paper	17,633,853					
US Treasury Bonds	94,332,200					
US Treasury Notes	58,465,436					
Corporate Bonds	141,760,996					
Domestic Equity	313,118,871					
International Equity	43,937,235					
Securities Lending-Lehman Adjustment	11,531,471					
Share of Assets Transferred			761,436		50,741,550	
Share of Assets Transferred COLA I	0		0		0	
Share of Assets Transferred COLA II	0		0		0	
		702,547,895		761,436		50,741,550
Deductions: Redemptions & Sale						
Short Term Investment	3					
Other Money Market	0					
Mutual Funds	40,673,013					
Private Equity	5,264,802					
Private Equity International	399,980					
Commercial Paper	5,529,102					
US Treasury Bills	3,492,735					
US Treasury Bonds	141,634,226					
US Treasury Notes	75,329,448					
Corporate Bonds	133,208,242					
Domestic Equity	297,438,133					
International Equity	44,901,407					
Securities Lending-Lehman Adjustment	0		809,166		10,710,935	
Share of Asset Transferred	0		0		0	
Share of Securities Tranferred To COLA I	458,241		303,194			
Share of Securities Tranferred To COLA II	34,119,322				16,622,228	
		782,448,655		1,112,360		27,333,163
BALANCE AS OF 09/30/2009		910,872,570		36,341,219		269,959,651

CITY OF MAIMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST

FUND HIGHLIGHTS
Sep 30, 2009







CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2009

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	SHORT TERM FUNDS				
ALLIANCE BERNSTEIN	Australian dollar - Cash	Australia	0.00	7,260.64	7,260.64
ALLIANCE BERNSTEIN	British pound sterling - Cash	UK	0.00	19,328.29	19,328.29
WENTWORTH HAUSER	British pound sterling - Cash	UK	0.00	38,653.97	38,653.97
ALLIANCE BERNSTEIN	Canadian dollar - Cash	Canada	0.00	15,067.11	15,067.11
ALLIANCE BERNSTEIN	Czech koruna - Cash	Czech Republic	0.00	3,812.05	3,812.05
ALLIANCE BERNSTEIN	Danish krone - Cash	Denmark	0.00	4,645.91	4,645.91
ALLIANCE BERNSTEIN	Euro - Cash	Euro	0.00	17,784.88	17,784.88
WENTWORTH HAUSER	Euro - Cash	Euro	0.00	101,579.22	101,579.22
ALLIANCE BERNSTEIN	Hong Kong dollar - Cash	Hong Kong	0.00	7,459.41	7,459.41
ALLIANCE BERNSTEIN	Japanese yen - Cash	Japan	0.00	37,944.59	37,944.59
ALLIANCE BERNSTEIN	New Israeli shekel - Cash	Israel	0.00	6,443.82	6,443.82
ALLIANCE BERNSTEIN	New Taiwan dollar - Cash	Taiwan	0.00	1,948.49	1,948.49
ALLIANCE BERNSTEIN	Norwegian krone - Cash	Norway	0.00	1,525.69	1,525.69
ALLIANCE BERNSTEIN	South African rand - Cash	South Africa	0.00	2,679.51	2,679.51
ALLIANCE BERNSTEIN	Swedish krona - Cash	Sweden	0.00	6,355.52	6,355.52
ALLIANCE BERNSTEIN	Swiss franc - Cash	Switzerland	0.00	8,297.08	8,297.08
WENTWORTH HAUSER	Swiss franc - Cash	Switzerland	0.00	48,836.60	48,836.60
ALLIANCE BERNSTEIN	Turkish lira - Cash	Turkey	0.00	3,688.23	3,688.23
ALLIANCE BERNSTEIN	USA dollar - Invested Cash	USA	0.00	615,378.10	615,378.10
WENTWORTH HAUSER	USA dollar - Invested Cash	USA	0.00	2,719,102.24	2,719,102.24
BGI S&P INDEX FD	Cash held elsewhere	USA	0.96	0.96	0.96
BGI SMALL CAP INDEX FD	Cash held elsewhere	USA	0.55	0.55	0.55
BGI S&P INDEX FD	CF BLACKROCK MONEY MARKET FUND	USA	46.00	46.00	46.00
BGI SMALL CAP INDEX FD	CF BLACKROCK MONEY MARKET FUND	USA	3.00	3.00	3.00
JP MORGAN REAL ESTATE FD	CF JPMCB LIQUIDITY FUND	USA	3,729.91	3,729.91	3,729.91
AMBASSADOR	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	1,281,938.90	1,281,938.90	1,281,938.90
BARROW HANLEY BOND FD	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	5,093,351.28	5,093,351.28	5,093,351.28
BARROW HANLEY BOND	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	2,579,405.58	2,579,405.58	2,579,405.58
BARROW HANLEY EQUITY	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	6,359,849.94	6,359,849.94	6,359,849.94
BOSTON PARTNERS	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	1,335,278.31	1,335,278.31	1,335,278.31
CHAMPLAIN MIDCAP	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	1,343,327.69	1,343,327.69	1,343,327.69
CHAMPLAIN SMALLCAP	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	5,409,600.83	5,409,600.83	5,409,600.83
DELAWARE	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	2,153,292.60	2,153,292.60	2,153,292.60
DODGE & COX	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	3,462,353.31	3,462,353.31	3,462,353.31
EAGLE	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	1,694,951.69	1,694,951.69	1,694,951.69
MAIN ACCOUNT	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	5,762,397.72	5,762,397.72	5,762,397.72
MUNDER	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	3,648,001.63	3,648,001.63	3,648,001.63
MUNDER MORTGAGE FD	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	3,095,702.08	3,095,702.08	3,095,702.08
RCM	NTGI COLLECTIVE GOVERNMENT SHORT TERM INVESTMENT FUND	USA	1,420,946.09	1,420,946.09	1,420,946.09
	TOTAL SHORT TERM FUNDS		**44,644,178.07**	**48,311,969.42**	**48,311,969.42**
	OTHER CASH & EQUIVALENTS				
MAIN ACCOUNT	SECURITIES LENDING CORE USA CASH COLLATERAL	USA		162,908,846.98	167,115,414.70
	TOTAL OTHER CASH & EQUIVALENTS			**162,908,846.98**	**167,115,414.70**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2009

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	COMMON STOCK				
ALLIANCE BERNSTEIN	ADECCO SA CHF1(REGD)	Switzerland	7,300.00	340,906.62	387,635.52
ALLIANCE BERNSTEIN	ADR ENI S P A SPONSORED ADR	Italy	6,000.00	140,583.03	299,100.00
ALLIANCE BERNSTEIN	ADR JSC MMC NORILSK NICKEL SPONSORED ADR	Russian Fed.	16,307.00	283,722.10	203,837.50
ALLIANCE BERNSTEIN	ADR OIL CO LUKOIL SPONSORED ADR	Russian Fed.	10,550.00	838,453.38	578,667.50
ALLIANCE BERNSTEIN	ADR SANOFI-AVENTIS SPONSORED ADR	France	18,540.00	667,491.33	685,053.00
ALLIANCE BERNSTEIN	ADR SOCIETE GENERALE FRANCE SPONSORED ADR	France	37,610.00	416,888.42	607,401.50
ALLIANCE BERNSTEIN	ADR VODAFONE GROUP PLC NEW SPONSORED ADRNEW ADR	UK	36,160.00	795,038.37	813,600.00
ALLIANCE BERNSTEIN	ALLIANZ SE (SE SOCIETAS EUROPEAE)	Germany	6,100.00	1,078,221.15	761,190.52
ALLIANCE BERNSTEIN	ASSOCD BRIT FOODS ORD GBP0.0568	UK	31,200.00	530,014.61	422,650.63
ALLIANCE BERNSTEIN	ASTRAZENECA ORD USD0.25	UK	11,400.00	457,789.46	511,332.99
ALLIANCE BERNSTEIN	AU OPTRONICS CORP TWD10	Taiwan	358,440.00	248,844.44	348,427.58
ALLIANCE BERNSTEIN	AUST & NZ BANK GRP NPV	Australia	37,052.00	376,490.84	797,558.90
ALLIANCE BERNSTEIN	AVIVA ORD GBP0.25	UK	65,100.00	333,742.37	466,551.35
ALLIANCE BERNSTEIN	BANCO SANTANDER EUR0.50(REGD)	Spain	37,900.00	442,428.62	609,382.74
ALLIANCE BERNSTEIN	BARCLAYS ORD GBP0.25	UK	63,268.00	292,715.23	374,369.10
ALLIANCE BERNSTEIN	BASF SE NPV	Germany	10,900.00	647,031.45	576,916.92
ALLIANCE BERNSTEIN	BAYER AG - ORD SHS	Germany	11,500.00	631,766.62	795,932.21
ALLIANCE BERNSTEIN	BCO DO BRASIL SA COM NPV	Brazil	23,000.00	187,600.46	403,171.31
ALLIANCE BERNSTEIN	BNP PARIBAS EUR2	France	10,400.00	940,372.98	830,011.74
ALLIANCE BERNSTEIN	BP ORD USD0.25	UK	41,700.00	311,191.32	368,778.37
ALLIANCE BERNSTEIN	BT GROUP ORD GBP0.05	UK	84,970.00	129,496.24	176,597.86
ALLIANCE BERNSTEIN	CASINO GUICH-PERR EUR1.53	France	3,500.00	248,954.33	277,284.49
ALLIANCE BERNSTEIN	CENTRICA ORD GBP0.061728395	UK	98,600.00	379,257.87	396,762.92
ALLIANCE BERNSTEIN	CIE DE ST-GOBAIN EUR4	France	1,400.00	72,168.42	72,544.17
ALLIANCE BERNSTEIN	CREDIT AGRICOLE SA EUR3	France	34,430.00	1,050,356.18	718,660.02
ALLIANCE BERNSTEIN	DANSKE BANK A/S DKK10	Denmark	11,200.00	275,829.52	293,021.02
ALLIANCE BERNSTEIN	DELHAIZE GROUP NPV	Belgium	2,500.00	126,055.71	173,357.62
ALLIANCE BERNSTEIN	DEUTSCHE BANK AG NPV(REGD)	Germany	10,400.00	1,051,129.23	797,252.12
ALLIANCE BERNSTEIN	DEUTSCHE LUFTHANSA ORD NPV (REGD)(VINK)	Germany	3,100.00	89,777.30	54,873.68
ALLIANCE BERNSTEIN	DEUTSCHE POST AG NPV(REGD)	Germany	33,000.00	378,214.34	617,422.09
ALLIANCE BERNSTEIN	DEUTSCHE TELEKOM NPV(REGD)	Germany	40,000.00	480,885.89	545,506.45
ALLIANCE BERNSTEIN	E.ON AG COM STK	Germany	12,000.00	541,481.09	508,320.80
ALLIANCE BERNSTEIN	EDF EUR0.5	France	6,100.00	293,950.20	361,469.65
ALLIANCE BERNSTEIN	ELECTROLUX AB SER'B'NPV (POST SPLIT)	Sweden	12,100.00	152,239.82	275,989.05
ALLIANCE BERNSTEIN	ENEL EUR1	Italy	63,200.00	321,223.80	400,695.83
ALLIANCE BERNSTEIN	ENI SPA EUR1	Italy	16,700.00	551,039.88	416,929.47
ALLIANCE BERNSTEIN	ERICSSON(LM)TEL SER'B' NPV	Sweden	44,000.00	493,700.87	440,449.89
ALLIANCE BERNSTEIN	FRANCE TELECOM EUR4	France	20,000.00	460,585.03	532,204.98
ALLIANCE BERNSTEIN	FUJITSU Y50	Japan	22,000.00	154,673.01	144,234.10
ALLIANCE BERNSTEIN	GLAXOSMITHKLINE ORD GBP0.25	UK	30,100.00	635,511.06	592,007.01
ALLIANCE BERNSTEIN	HYNIX SEMICONDUCTO KRW5000	Korea	21,500.00	346,543.47	361,298.54
ALLIANCE BERNSTEIN	ICL-ISRAEL CHEM ILS1	Israel	15,000.00	180,000.61	171,190.26
ALLIANCE BERNSTEIN	KB FINANCIAL GROUP KRW5000	Korea	10,130.00	759,223.56	520,148.53
ALLIANCE BERNSTEIN	KLEPIERRE EUR1.40	France	1,800.00	71,316.56	71,314.88
ALLIANCE BERNSTEIN	KONINKLIJKE AHOLD EUR 0.3	Netherlands	40,060.00	587,638.29	481,327.88
ALLIANCE BERNSTEIN	LAGARDERE SCA EUR6.10(REGD)	France	7,300.00	596,627.84	339,639.16
ALLIANCE BERNSTEIN	LLOYDS BANKING GP ORD GBP0.1	UK	240,526.00	1,903,522.79	398,822.45
ALLIANCE BERNSTEIN	METRO AG ORD NPV	Germany	6,300.00	275,777.36	355,916.65
ALLIANCE BERNSTEIN	MITSUBISHI CHEM HL NPV	Japan	25,500.00	201,785.71	106,232.20
ALLIANCE BERNSTEIN	MUENCHENER RUECKVE NPV(REGD)	Germany	4,700.00	775,602.08	749,035.02
ALLIANCE BERNSTEIN	NATL AUSTRALIA BK NPV	Australia	25,219.00	462,579.71	684,626.18
ALLIANCE BERNSTEIN	NEXEN INC COM NPV	Canada	14,915.00	297,059.00	338,238.24
ALLIANCE BERNSTEIN	NIPPON TELEGRAPH & TELEPHONE CORP NPV	Japan	17,400.00	796,383.41	808,443.63
ALLIANCE BERNSTEIN	NISSAN MOTOR CO LTD	Japan	56,200.00	577,498.83	381,006.31
ALLIANCE BERNSTEIN	NOKIA OYJ EUR0.06	Finland	62,500.00	929,567.91	918,130.33
ALLIANCE BERNSTEIN	NOVARTIS AG CHF0.50(REGD)	Switzerland	11,240.00	491,209.21	561,647.95
ALLIANCE BERNSTEIN	OLD MUTUAL PLC ORD GBP0.10	UK	173,700.00	232,923.82	277,807.10
ALLIANCE BERNSTEIN	ORIX CORP NPV	Japan	4,080.00	251,605.49	249,716.87
ALLIANCE BERNSTEIN	RANDSTAD HLDGS NV EUR0.10	Netherlands	10,200.00	307,552.93	440,049.18
ALLIANCE BERNSTEIN	RENAULT SA EUR3.81	France	10,200.00	870,428.46	475,086.13
ALLIANCE BERNSTEIN	ROLLS ROYCE GROUP ORD GBP0.20	UK	77,900.00	449,128.48	586,566.74
ALLIANCE BERNSTEIN	ROYAL DUTCH SHELL 'A'SHS EUR0.07 (DUTCH LIST)	Netherlands	36,400.00	1,365,068.29	1,040,174.97
ALLIANCE BERNSTEIN	RWE AG NPV	Germany	4,150.00	311,006.51	385,012.52
ALLIANCE BERNSTEIN	SAMSUNG ELECTRONIC KRW5000	Korea	460.00	208,094.08	318,183.75
ALLIANCE BERNSTEIN	SANOFI-AVENTIS EUR2	France	3,400.00	237,320.08	249,234.47
ALLIANCE BERNSTEIN	SOCIETE GENERALE EUR1.25	France	3,600.00	375,131.96	289,416.60
ALLIANCE BERNSTEIN	STATOILHYDRO ASA NOK2.50	Norway	27,400.00	813,715.24	613,422.26
ALLIANCE BERNSTEIN	STD BK GROUP LTD COMMON STOCK	South Africa	14,400.00	132,401.11	184,620.26
ALLIANCE BERNSTEIN	SUMITOMO MITSUI FINANCIAL GROUP NPV	Japan	8,300.00	812,239.68	290,154.69
ALLIANCE BERNSTEIN	SUNCOR ENERGY INC COM NPV 'NEW'	Canada	14,592.00	485,713.10	508,469.95
ALLIANCE BERNSTEIN	SVENSKA CELLULOSA SER'B'NPV	Sweden	15,200.00	213,222.74	205,409.81
ALLIANCE BERNSTEIN	T GARANTI BANKASI TRY1	Turkey	98,500.00	287,468.30	371,110.44
ALLIANCE BERNSTEIN	TELECOM ITALIA SPA DI RISP EUR0.55	Italy	320,000.00	331,431.26	392,904.97
ALLIANCE BERNSTEIN	TELECOM ITALIA SPA EUR0.55	Italy	326,800.00	556,797.16	572,742.60
ALLIANCE BERNSTEIN	TELEFONICA SA EUR1	Spain	13,900.00	299,126.41	383,088.92
ALLIANCE BERNSTEIN	TOSHIBA CORP NPV	Japan	80,000.00	586,896.63	420,841.01
ALLIANCE BERNSTEIN	UNIBAIL-RODAMCO SE EUR5	France	1,800.00	320,821.49	373,478.97
ALLIANCE BERNSTEIN	UNICREDIT SPA EUR0.50	Italy	121,000.00	308,049.91	472,231.43
ALLIANCE BERNSTEIN	VIVENDI SA EUR5.50	France	19,040.00	506,517.96	588,481.60
ALLIANCE BERNSTEIN	VODAFONE GROUP ORD USD0.11428571	UK	233,800.00	422,790.94	524,153.62
ALLIANCE BERNSTEIN	WOLSELEY GBP0.10	UK	17,300.00	307,974.01	416,968.14
ALLIANCE BERNSTEIN	WPP PLC ORD GBP0.10	UK	44,000.00	360,147.27	377,894.42

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2009

Account name	Asset description	Country	Shares/Par value	Book value	Market value
BARROW HANLEY EQUITY	#REORG/BURLINGTON NORTHN CASH MERGER EFF2/12/10	USA	38,000.00	986,098.71	3,033,540.00
BARROW HANLEY EQUITY	#REORG/WYETH COM CASH AND STOCK MERGER EFF 10-15-09	USA	50,600.00	2,182,335.78	2,458,148.00
BARROW HANLEY EQUITY	ADR BP P L C SPONSORED ADR	UK	87,400.00	4,073,434.11	4,652,302.00
BARROW HANLEY EQUITY	ADR IMPERIAL TOB GROUP PLC SPONSORED ADR	UK	63,700.00	2,272,504.94	3,757,663.00
BARROW HANLEY EQUITY	ADR NOKIA CORP SPONSORED ADR	Finland	143,900.00	2,222,952.52	2,103,818.00
BARROW HANLEY EQUITY	ALCOA INC COM STK	USA	135,700.00	2,009,798.00	1,780,384.00
BARROW HANLEY EQUITY	ALTRIA GROUP INC COM	USA	155,900.00	2,500,186.84	2,776,579.00
BARROW HANLEY EQUITY	AMERICAN EXPRESS CO	USA	96,100.00	5,266,063.16	3,257,790.00
BARROW HANLEY EQUITY	APPLIED MATERIALS INC COM	USA	262,100.00	4,938,971.71	3,512,140.00
BARROW HANLEY EQUITY	AT&T INC COM	USA	107,700.00	3,942,314.74	2,908,977.00
BARROW HANLEY EQUITY	BANK OF AMERICA CORP	USA	173,865.00	4,721,308.41	2,941,795.80
BARROW HANLEY EQUITY	BAXTER INTL INC COM	USA	41,300.00	957,764.07	2,354,513.00
BARROW HANLEY EQUITY	BRISTOL MYERS SQUIBB CO COM	USA	163,500.00	4,960,406.97	3,682,020.00
BARROW HANLEY EQUITY	CAP 1 FNCL COM	USA	131,800.00	5,113,477.20	4,709,214.00
BARROW HANLEY EQUITY	CARNIVAL CORP COM PAIRED	Panama	168,400.00	5,894,321.02	5,604,352.00
BARROW HANLEY EQUITY	CHESAPEAKE ENERGY CORP COM	USA	110,100.00	1,921,783.01	3,126,840.00
BARROW HANLEY EQUITY	CHEVRON CORP COM	USA	38,000.00	2,757,322.19	2,676,340.00
BARROW HANLEY EQUITY	DIAGEO PLC SPONSORED ADR NEW	UK	23,800.00	1,663,579.44	1,463,462.00
BARROW HANLEY EQUITY	DOMINION RES INC VA NEW COM	USA	69,500.00	2,631,163.51	2,397,750.00
BARROW HANLEY EQUITY	DU PONT E I DE NEMOURS & CO COM STK	USA	51,600.00	2,091,456.75	1,658,424.00
BARROW HANLEY EQUITY	DUKE ENERGY CORP NEW COM STK	USA	96,068.00	1,040,183.02	1,512,110.32
BARROW HANLEY EQUITY	EMERSON ELECTRIC CO COM	USA	80,300.00	2,051,560.79	3,218,424.00
BARROW HANLEY EQUITY	ENTERGY CORP NEW COM	USA	33,900.00	1,111,993.43	2,707,254.00
BARROW HANLEY EQUITY	GENERAL ELECTRIC CO	USA	93,300.00	1,328,759.94	1,531,986.00
BARROW HANLEY EQUITY	HEWLETT PACKARD CO COM	USA	77,500.00	3,286,417.29	3,658,775.00
BARROW HANLEY EQUITY	HOME DEPOT INC COM	USA	90,100.00	3,397,578.29	2,400,264.00
BARROW HANLEY EQUITY	HONEYWELL INTL INC COM STK	USA	79,400.00	2,602,426.11	2,949,710.00
BARROW HANLEY EQUITY	ILL TOOL WKS INC COM	USA	107,600.00	4,110,432.26	4,595,596.00
BARROW HANLEY EQUITY	INTEL CORP COM	USA	175,800.00	2,454,105.51	3,440,406.00
BARROW HANLEY EQUITY	INTERNATIONAL BUSINESS MACHS CORP COM	USA	33,900.00	3,504,547.08	4,054,779.00
BARROW HANLEY EQUITY	JOHNSON & JOHNSON COM	USA	50,000.00	3,199,534.28	3,044,500.00
BARROW HANLEY EQUITY	JPMORGAN CHASE & CO COM	USA	126,500.00	5,062,307.68	5,543,230.00
BARROW HANLEY EQUITY	L-3 COMMUNICATIONS HLDG CORP COM	USA	30,100.00	2,402,898.55	2,417,632.00
BARROW HANLEY EQUITY	MARATHON OIL CORP COM	USA	158,700.00	3,796,806.52	5,062,530.00
BARROW HANLEY EQUITY	MEDTRONIC INC COM	USA	42,100.00	1,280,312.06	1,549,280.00
BARROW HANLEY EQUITY	MICROSOFT CORP COM	USA	129,400.00	2,343,852.02	3,350,166.00
BARROW HANLEY EQUITY	MURPHY OIL CORP COM	USA	39,500.00	2,051,850.55	2,274,015.00
BARROW HANLEY EQUITY	OCCIDENTAL PETROLEUM CORP	USA	67,800.00	859,346.52	5,315,520.00
BARROW HANLEY EQUITY	PFIZER INC COM STK $.11 1/9 PAR	USA	179,300.00	4,735,748.47	2,967,415.00
BARROW HANLEY EQUITY	PHILIP MORRIS INTL INC COM	USA	68,900.00	1,325,935.73	3,358,186.00
BARROW HANLEY EQUITY	RAYTHEON CO USD0.01	USA	69,900.00	3,116,587.36	3,353,103.00
BARROW HANLEY EQUITY	SLM CORP COM	USA	311,200.00	7,284,608.74	2,713,664.00
BARROW HANLEY EQUITY	SPECTRA ENERGY CORP COM STK	USA	84,234.00	1,581,419.51	1,595,391.96
BARROW HANLEY EQUITY	STANLEY WKS COM	USA	125,400.00	4,254,190.18	5,353,326.00
BARROW HANLEY EQUITY	SUN TR BANKS INC COM	USA	137,700.00	3,179,528.99	3,105,135.00
BARROW HANLEY EQUITY	TEXAS INSTRUMENTS INC COM	USA	72,100.00	1,278,544.33	1,708,049.00
BARROW HANLEY EQUITY	TRAVELERS COS INC COM STK	USA	76,800.00	3,329,554.33	3,780,864.00
BARROW HANLEY EQUITY	UNITEDHEALTH GROUP INC COM	USA	119,600.00	5,175,940.68	2,994,784.00
BARROW HANLEY EQUITY	VERIZON COMMUNICATIONS COM	USA	101,502.00	3,220,520.81	3,072,465.54
BARROW HANLEY EQUITY	WELLPOINT INC COM	USA	77,000.00	3,064,036.78	3,646,720.00
BARROW HANLEY EQUITY	WELLS FARGO & CO NEW COM STK	USA	94,400.00	2,482,427.16	2,660,192.00
BOSTON PARTNERS	#REORG/WATSON WYATT STOCK MERGER TOWERS WATSON & CO 2056940 EFF 1/4/10	USA	10,905.00	415,843.27	475,021.80
BOSTON PARTNERS	ABERCROMBIE & FITCH CO CL A	USA	13,830.00	371,441.99	454,730.40
BOSTON PARTNERS	ACE LTD COM STK	Switzerland	7,950.00	450,012.83	425,007.00
BOSTON PARTNERS	ACXIOM CORP COM	USA	40,175.00	584,311.97	380,055.50
BOSTON PARTNERS	AFFILIATED MANAGERS GROUP INC COM STK	USA	3,115.00	179,395.65	202,506.15
BOSTON PARTNERS	AGCO CORP COM	USA	11,730.00	233,569.52	324,099.90
BOSTON PARTNERS	ALBEMARLE CORP COM	USA	11,480.00	485,123.01	397,208.00
BOSTON PARTNERS	ALLEGHANY CORP DEL COM	USA	2,340.00	776,262.18	606,177.00
BOSTON PARTNERS	ALLEGHENY ENERGY INC COM	USA	17,875.00	547,834.13	474,045.00
BOSTON PARTNERS	ALLEGHENY TECHNOLOGIES INC COM	USA	3,035.00	68,068.89	106,194.65
BOSTON PARTNERS	ALLIANT ENERGY CORP COM ISIN #US0188021085	USA	18,755.00	583,051.26	522,326.75
BOSTON PARTNERS	AMDOCS ORD GBP0.01	Guernsey Is.	9,630.00	316,244.66	258,854.40
BOSTON PARTNERS	AMER ELEC PWR CO INC COM	USA	10,735.00	487,958.86	332,677.65
BOSTON PARTNERS	ANNALY CAP MGMT INC COM	USA	31,705.00	471,925.21	575,128.70
BOSTON PARTNERS	AON CORP COM	USA	10,235.00	424,645.71	416,462.15
BOSTON PARTNERS	ARROW ELECTR INC COM	USA	21,250.00	578,006.53	598,187.50
BOSTON PARTNERS	ASHLAND INC NEW COM	USA	8,415.00	279,437.60	363,696.30
BOSTON PARTNERS	ASSURANT INC COM	USA	17,930.00	541,020.41	574,835.80
BOSTON PARTNERS	AVALONBAY CMNTYS REIT	USA	1,485.00	172,670.08	108,004.05
BOSTON PARTNERS	AVNET INC COM	USA	15,250.00	381,746.39	396,042.50
BOSTON PARTNERS	BB&T CORP COM	USA	16,385.00	327,700.00	446,327.40
BOSTON PARTNERS	BROADRIDGE FINL SOLUTIONS INC COM STK	USA	22,650.00	446,659.15	455,265.00
BOSTON PARTNERS	BURGER KING HLDGS INC COM	USA	8,260.00	137,622.90	145,293.40
BOSTON PARTNERS	CACI INTL INC CL A CL A	USA	4,155.00	221,443.71	196,406.85
BOSTON PARTNERS	CAP 1 FNCL COM	USA	14,125.00	349,682.79	504,686.25
BOSTON PARTNERS	CARDINAL HLTH INC	USA	6,840.00	185,633.31	183,312.00
BOSTON PARTNERS	CAREFUSION CORP COM	USA	3,420.00	71,182.02	74,556.00
BOSTON PARTNERS	CENTURYTEL INC COM STK	USA	17,780.00	597,657.94	597,408.00
BOSTON PARTNERS	CLIFFS NAT RES INC COM STK	USA	12,770.00	279,611.74	413,237.20
BOSTON PARTNERS	CONCHO RES INC COM STK	USA	13,975.00	341,146.54	507,572.00
BOSTON PARTNERS	COOPER INDUSTRIES PLC NEW IRELAND COM STK	Ireland	10,005.00	464,042.81	375,887.85
BOSTON PARTNERS	CROWN HLDGS INC COM	USA	15,285.00	247,766.08	415,752.00
BOSTON PARTNERS	CSX CORP COM	USA	3,405.00	188,959.63	142,533.30
BOSTON PARTNERS	CYMER INC COM	USA	12,250.00	435,092.22	476,035.00
BOSTON PARTNERS	DAVITA INC COM	USA	10,020.00	512,785.11	567,532.80
BOSTON PARTNERS	DISCOVER FINL SVCS COM STK	USA	39,517.00	365,532.25	641,360.91
BOSTON PARTNERS	DR PEPPER SNAPPLE GROUP INC COM STK	USA	6,555.00	144,120.11	188,456.25
BOSTON PARTNERS	DUN & BRADSTREET CORP DEL NEW COM	USA	2,325.00	188,087.00	175,119.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2009

Account name	Asset description	Country	Shares/Par value	Book value	Market value
BOSTON PARTNERS	EAST WEST BANCORP INC COM	USA	29,035.00	278,782.46	240,990.50
BOSTON PARTNERS	EDISON INTL COM	USA	12,330.00	632,839.65	414,041.40
BOSTON PARTNERS	ELECTR ARTS COM	USA	32,150.00	626,837.97	612,457.50
BOSTON PARTNERS	EOG RESOURCES INC COM	USA	2,955.00	185,603.80	246,772.05
BOSTON PARTNERS	EQTY RESDNTL EFF 5/15/02	USA	11,210.00	226,323.50	344,147.00
BOSTON PARTNERS	EQUIFAX INC COM	USA	23,970.00	806,401.58	698,485.80
BOSTON PARTNERS	EXPEDIA INC DEL COM	USA	13,877.00	264,102.42	332,354.15
BOSTON PARTNERS	FEDT INVESTORS INC CL B	USA	4,685.00	142,699.49	123,543.45
BOSTON PARTNERS	FLEXTRONICS INTL LTD COM STK	Singapore	34,825.00	342,321.40	259,794.50
BOSTON PARTNERS	FRACTIONAL FIRST HORIZON NATIONAL CORP COM STK	USA	17,077.00	0.00	0.00
BOSTON PARTNERS	FRKLN RES INC COM	USA	1,240.00	107,967.66	124,744.00
BOSTON PARTNERS	GAMESTOP CORP NEW CL A	USA	13,805.00	308,450.53	365,418.35
BOSTON PARTNERS	GAP INC COM	USA	19,500.00	243,648.60	417,300.00
BOSTON PARTNERS	GENTEX CORP COM	USA	20,095.00	167,995.32	284,344.25
BOSTON PARTNERS	GRAINGER W W INC COM	USA	3,110.00	144,137.05	277,909.60
BOSTON PARTNERS	HANOVER INS GROUP INC COM	USA	10,970.00	424,554.32	453,390.10
BOSTON PARTNERS	HARRIS CORP COM	USA	16,395.00	686,758.14	616,452.00
BOSTON PARTNERS	HERBALIFE LTD COM STK	Cayman Is.	12,535.00	405,945.21	410,395.90
BOSTON PARTNERS	HEWITT ASSOCS INC CL A COM	USA	1,305.00	43,433.74	47,541.15
BOSTON PARTNERS	HOSPIRA INC COM	USA	11,555.00	472,437.01	515,353.00
BOSTON PARTNERS	INGERSOLL-RAND PLC COM STK	USA	12,495.00	480,125.82	383,221.65
BOSTON PARTNERS	INGRAM MICRO INC CL A	USA	18,475.00	309,983.42	311,303.75
BOSTON PARTNERS	KIMCO RLTY CORP COM	USA	40,260.00	669,963.16	524,990.40
BOSTON PARTNERS	KOHLS CORP COM	USA	3,380.00	174,432.52	192,829.00
BOSTON PARTNERS	KROGER CO COM	USA	15,695.00	377,142.40	323,944.80
BOSTON PARTNERS	LABORATORY CORP AMER HLDGS COM NEW COM NEW	USA	5,680.00	336,948.39	373,176.00
BOSTON PARTNERS	LENNAR CORP CL A CL A	USA	17,710.00	186,716.53	252,367.50
BOSTON PARTNERS	LENNOX INTL INC COM	USA	6,685.00	222,892.24	241,462.20
BOSTON PARTNERS	LOEWS CORP COM	USA	7,065.00	325,492.17	241,976.25
BOSTON PARTNERS	LORILLARD INC COM STK	USA	3,825.00	99,568.41	284,197.50
BOSTON PARTNERS	LUBRIZOL CORP COM	USA	10,650.00	470,807.04	761,049.00
BOSTON PARTNERS	M & T BK CORP COM	USA	3,635.00	138,946.11	226,533.20
BOSTON PARTNERS	MANPOWER INC WIS COM	USA	15,720.00	723,579.28	891,481.20
BOSTON PARTNERS	MARSH & MCLENNAN CO'S INC COM	USA	32,610.00	821,235.71	806,445.30
BOSTON PARTNERS	MATTEL INC COM	USA	25,805.00	530,902.09	476,360.30
BOSTON PARTNERS	MCAFEE INC COM	USA	3,895.00	87,906.44	170,562.05
BOSTON PARTNERS	MCGRAW HILL COMPANIES INC COM	USA	16,285.00	707,078.52	409,404.90
BOSTON PARTNERS	MCKESSON CORP	USA	8,650.00	509,592.25	515,107.50
BOSTON PARTNERS	MERCURY GEN CORP NEW COM	USA	5,745.00	239,473.56	207,854.10
BOSTON PARTNERS	METTLER-TOLEDO INTL INC COM	USA	3,045.00	184,272.95	275,846.55
BOSTON PARTNERS	MOHAWK INDS INC COM	USA	9,670.00	393,632.39	461,162.30
BOSTON PARTNERS	MONSTER WORLDWIDE INC COM	USA	14,845.00	338,828.52	259,490.60
BOSTON PARTNERS	MOODYS CORP COM	USA	8,075.00	144,062.84	165,214.50
BOSTON PARTNERS	N V R INC COM	USA	540.00	293,090.80	344,179.80
BOSTON PARTNERS	NOBLE ENERGY INC COM	USA	10,805.00	620,011.03	712,697.80
BOSTON PARTNERS	NORFOLK SOUTHN CORP COM	USA	7,075.00	335,359.46	305,003.25
BOSTON PARTNERS	NV ENERGY INC COM	USA	28,535.00	252,731.13	330,720.65
BOSTON PARTNERS	OMNICARE INC COM	USA	18,570.00	429,770.87	418,196.40
BOSTON PARTNERS	OMNICOM GROUP INC COM	USA	14,385.00	715,925.31	531,381.90
BOSTON PARTNERS	PEOPLES UTD FINL INC COM	USA	5,620.00	97,302.43	87,447.20
BOSTON PARTNERS	PETROHAWK ENERGY CORP COM	USA	13,910.00	291,925.92	336,761.10
BOSTON PARTNERS	PG& E CORP COM	USA	10,045.00	444,024.53	406,722.05
BOSTON PARTNERS	PPG IND INC COM	USA	10,750.00	685,380.18	625,757.50
BOSTON PARTNERS	PRIDE INTL INC DEL COM	USA	7,505.00	114,546.56	228,452.20
BOSTON PARTNERS	REGENCY CTRS CORP COM	USA	7,310.00	226,166.38	270,835.50
BOSTON PARTNERS	REINSURANCE GROUP AMER INC COM NEW STK	USA	6,760.00	349,327.70	301,496.00
BOSTON PARTNERS	RELIANCE STL & ALUM CO COM	USA	12,830.00	445,391.13	546,044.80
BOSTON PARTNERS	ROBERT HALF INTL INC COM	USA	15,060.00	290,618.64	376,801.20
BOSTON PARTNERS	SAFEWAY INC COM NEW	USA	21,510.00	572,574.09	424,177.20
BOSTON PARTNERS	SEI INVTS CO COM	USA	7,780.00	138,010.20	153,110.40
BOSTON PARTNERS	SIMON PROPERTY GROUP INC COM	USA	0.68	43.00	47.21
BOSTON PARTNERS	SLM CORP COM	USA	51,775.00	448,073.40	451,478.00
BOSTON PARTNERS	SRA INTL INC CL A	USA	9,275.00	254,416.98	200,247.25
BOSTON PARTNERS	STANLEY WKS COM	USA	9,695.00	482,212.54	413,879.55
BOSTON PARTNERS	STAPLES INC COM	USA	9,330.00	226,437.33	216,642.60
BOSTON PARTNERS	STARWOOD HOTELS & RESORTS WORLDWIDE INC COM STK	USA	6,950.00	149,038.58	229,558.50
BOSTON PARTNERS	SUN TR BANKS INC COM	USA	9,525.00	127,097.79	214,788.75
BOSTON PARTNERS	SYBASE INC COM	USA	6,545.00	142,583.59	254,600.50
BOSTON PARTNERS	SYMANTEC CORP COM	USA	42,415.00	727,452.06	698,575.05
BOSTON PARTNERS	TAUBMAN CTRS INC COM	USA	9,835.00	298,096.03	354,846.80
BOSTON PARTNERS	TEREX CORP NEW COM	USA	8,890.00	150,689.94	184,289.70
BOSTON PARTNERS	THOMAS & BETTS CORP COM	USA	11,860.00	595,195.11	356,748.80
BOSTON PARTNERS	TRAVELERS COS INC COM STK	USA	3,680.00	139,807.99	181,166.40
BOSTON PARTNERS	ULTRA PETE CORP COM NPV	Canada	9,035.00	453,704.28	442,353.60
BOSTON PARTNERS	UNUM GROUP	USA	8,715.00	153,231.75	186,849.60
BOSTON PARTNERS	V F CORP COM	USA	4,450.00	217,392.90	322,313.50
BOSTON PARTNERS	VARIAN MEDICAL SYSTEMS INC	USA	6,915.00	218,284.67	291,328.95
BOSTON PARTNERS	VENTAS INC REIT	USA	10,615.00	252,851.23	408,677.50
BOSTON PARTNERS	WASH POST CO CL B COM	USA	810.00	284,949.42	379,144.80
BOSTON PARTNERS	WESCO INTL INC COM	USA	11,755.00	338,661.56	338,544.00
BOSTON PARTNERS	WESTAR ENERGY INC COM	USA	16,735.00	346,948.35	326,499.85
BOSTON PARTNERS	WESTERN UNION CO	USA	21,925.00	261,395.91	414,821.00
BOSTON PARTNERS	WESTN DIGITAL CORP COM	USA	7,125.00	93,472.26	260,276.25

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2009

Account name	Asset description	Country	Shares/Par value	Book value	Market value
CHAMPLAIN MIDCAP	#REORG/WILLIS GROUP STOCK MERGER WILLIS GROUP 2056808 EFF 01/04/2010	Ireland	20,800.00	546,528.16	586,976.00
CHAMPLAIN MIDCAP	ACTIVISION BLIZZARD INC COM STK	USA	23,100.00	279,457.50	286,209.00
CHAMPLAIN MIDCAP	ADOBE SYS INC COM	USA	9,000.00	257,337.00	297,360.00
CHAMPLAIN MIDCAP	ALLEGHANY CORP DEL COM	USA	1,500.00	393,100.32	388,575.00
CHAMPLAIN MIDCAP	ALLERGAN INC COM	USA	3,900.00	183,547.81	221,364.00
CHAMPLAIN MIDCAP	AMETEK INC NEW COM	USA	10,600.00	351,225.32	370,046.00
CHAMPLAIN MIDCAP	APTARGROUP INC COM	USA	11,400.00	380,391.73	425,904.00
CHAMPLAIN MIDCAP	AUTODESK INC COM	USA	9,300.00	190,587.56	221,340.00
CHAMPLAIN MIDCAP	AVON PRODUCTS INC COM USD0.25	USA	20,200.00	551,461.38	685,992.00
CHAMPLAIN MIDCAP	BECKMAN COULTER INC COM	USA	5,300.00	307,727.34	365,382.00
CHAMPLAIN MIDCAP	BERKLEY W R CORP COM	USA	22,500.00	522,431.56	568,800.00
CHAMPLAIN MIDCAP	BIO RAD LABS INC CL A	USA	3,300.00	255,777.94	303,204.00
CHAMPLAIN MIDCAP	BROWN-FORMAN INC CL B NON-VTG COM	USA	6,100.00	262,201.70	294,142.00
CHAMPLAIN MIDCAP	C R BARD	USA	4,200.00	309,307.00	330,162.00
CHAMPLAIN MIDCAP	CEPHALON INC CON	USA	4,700.00	276,594.37	273,728.00
CHAMPLAIN MIDCAP	CERNER CORP COM	USA	2,100.00	125,657.27	157,080.00
CHAMPLAIN MIDCAP	CITRIX SYS INC COM	USA	6,100.00	196,447.44	239,303.00
CHAMPLAIN MIDCAP	CLARCOR INC COM	USA	4,200.00	125,702.22	131,712.00
CHAMPLAIN MIDCAP	CLOROX CO COM	USA	9,300.00	525,294.97	547,026.00
CHAMPLAIN MIDCAP	COMSTOCK RES INC COM NEW COM NEW	USA	6,000.00	213,461.90	240,480.00
CHAMPLAIN MIDCAP	CONCUR TECHNOLOGIES INC COM	USA	4,600.00	143,504.66	182,896.00
CHAMPLAIN MIDCAP	COPART INC COM	USA	4,200.00	143,612.80	139,482.00
CHAMPLAIN MIDCAP	DUN & BRADSTREET CORP DEL NEW COM	USA	4,700.00	357,645.52	354,004.00
CHAMPLAIN MIDCAP	ECOLAB INC COM	USA	10,100.00	389,281.37	466,923.00
CHAMPLAIN MIDCAP	ELECTR ARTS COM	USA	14,700.00	293,848.25	280,035.00
CHAMPLAIN MIDCAP	ENCORE ACQSTN CO COM	USA	7,300.00	233,137.37	273,020.00
CHAMPLAIN MIDCAP	FACTSET RESH SYS INC COM STK	USA	2,000.00	99,731.19	132,480.00
CHAMPLAIN MIDCAP	FORTUNE BRANDS INC COM STK	USA	6,900.00	239,043.36	296,562.00
CHAMPLAIN MIDCAP	GEN-PROBE INC NEW COM	USA	6,700.00	280,248.02	277,648.00
CHAMPLAIN MIDCAP	H J HEINZ	USA	10,100.00	366,138.89	401,475.00
CHAMPLAIN MIDCAP	HCC INS HLDGS INC COM	USA	13,300.00	331,951.29	363,755.00
CHAMPLAIN MIDCAP	HERSHEY CO FORMERLY HERSHEY FOODS CORP TO 04/19/2005 COM	USA	9,300.00	334,788.05	361,398.00
CHAMPLAIN MIDCAP	HOLOGIC INC COM	USA	24,000.00	342,570.30	392,160.00
CHAMPLAIN MIDCAP	IDEX CORP COM	USA	10,500.00	254,637.31	293,475.00
CHAMPLAIN MIDCAP	IHS INC COM CL A COM CL A	USA	3,500.00	169,238.98	178,955.00
CHAMPLAIN MIDCAP	INTUITIVE SURGICAL INC COM NEW STK	USA	750.00	113,259.45	196,687.50
CHAMPLAIN MIDCAP	ITT CORP INC COM	USA	8,600.00	389,985.26	448,490.00
CHAMPLAIN MIDCAP	KELLOGG CO COM	USA	6,700.00	311,525.10	329,841.00
CHAMPLAIN MIDCAP	LABORATORY CORP AMER HLDGS COM NEW COM NEW	USA	4,400.00	286,801.24	289,080.00
CHAMPLAIN MIDCAP	LANDSTAR SYS INC COM	USA	4,300.00	152,889.65	163,658.00
CHAMPLAIN MIDCAP	LAUDER ESTEE COS INC CL A	USA	10,400.00	341,689.42	385,632.00
CHAMPLAIN MIDCAP	LIFE TECHNOLOGIES CORP COM STK	USA	5,900.00	236,227.26	274,645.00
CHAMPLAIN MIDCAP	MC CORMICK & CO INC COM NON-VTG	USA	14,500.00	472,750.62	492,130.00
CHAMPLAIN MIDCAP	METTLER-TOLEDO INTL INC COM	USA	3,300.00	243,008.75	298,947.00
CHAMPLAIN MIDCAP	MILLIPORE CORP COM	USA	2,300.00	154,594.16	161,759.00
CHAMPLAIN MIDCAP	MOLSON COORS BREWING CO CL B CL B	USA	5,500.00	236,680.34	267,740.00
CHAMPLAIN MIDCAP	MORNINGSTAR INC COM STK	USA	5,400.00	222,957.07	262,224.00
CHAMPLAIN MIDCAP	NATL INSTRS CORP COM	USA	8,000.00	184,780.27	221,040.00
CHAMPLAIN MIDCAP	NORTHERN TRUST CORP COM	USA	6,300.00	340,146.19	366,408.00
CHAMPLAIN MIDCAP	OCEANEERING INTL INC COM	USA	6,200.00	292,969.30	351,850.00
CHAMPLAIN MIDCAP	PALL CORP COM	USA	7,600.00	199,745.70	245,328.00
CHAMPLAIN MIDCAP	PARKER-HANNIFIN CORP COM	USA	3,600.00	156,834.47	186,624.00
CHAMPLAIN MIDCAP	PAYCHEX INC COM	USA	8,400.00	223,259.17	244,020.00
CHAMPLAIN MIDCAP	PEABODY ENERGY CORP COM STK	USA	5,500.00	170,954.63	204,710.00
CHAMPLAIN MIDCAP	PIONEER NAT RES CO COM STK	USA	8,800.00	221,242.68	319,352.00
CHAMPLAIN MIDCAP	PLAINS EXPL & PRODTN CO COM	USA	9,300.00	252,826.62	257,238.00
CHAMPLAIN MIDCAP	RALCORP HLDGS INC NEW COM	USA	2,100.00	124,157.27	122,787.00
CHAMPLAIN MIDCAP	REPUBLIC SVCS INC COM	USA	6,700.00	162,345.06	178,019.00
CHAMPLAIN MIDCAP	RESMED INC COM	USA	5,800.00	227,499.50	262,160.00
CHAMPLAIN MIDCAP	RITCHIE BROS AUCTIONEERS INC COM	Canada	6,300.00	148,222.07	154,602.00
CHAMPLAIN MIDCAP	ROPER INDS INC NEW COM	USA	8,900.00	404,350.90	453,722.00
CHAMPLAIN MIDCAP	SAFEWAY INC COM NEW	USA	16,800.00	327,835.92	331,296.00
CHAMPLAIN MIDCAP	SALESFORCE COM INC COM STK	USA	3,800.00	145,915.82	216,334.00
CHAMPLAIN MIDCAP	SEI INVTS CO COM	USA	14,500.00	257,022.34	285,360.00
CHAMPLAIN MIDCAP	SMITH INTL INC COM	USA	7,200.00	189,323.37	206,640.00
CHAMPLAIN MIDCAP	ST JUDE MED INC COM	USA	6,200.00	247,195.38	241,862.00
CHAMPLAIN MIDCAP	SUPERIOR ENERGY SVCS INC COM	USA	9,300.00	169,576.90	209,436.00
CHAMPLAIN MIDCAP	TRIMBLE NAV LTD COM	USA	6,300.00	134,367.57	150,633.00
CHAMPLAIN MIDCAP	ULTRA PETE CORP COM NPV	Canada	6,700.00	279,418.02	328,032.00
CHAMPLAIN MIDCAP	VERISIGN INC COM	USA	10,700.00	207,522.34	253,483.00
CHAMPLAIN MIDCAP	WASTE CONNECTIONS INC COM	USA	19,200.00	494,653.12	554,112.00
CHAMPLAIN MIDCAP	WEST PHARMACEUTICAL SVCS INC COM	USA	8,400.00	295,100.59	341,124.00
CHAMPLAIN MIDCAP	WHITING PETE CORP NEW COM STK	USA	4,800.00	179,835.20	276,384.00
CHAMPLAIN MIDCAP	ZIMMER HLDGS INC COM	USA	3,700.00	160,618.90	197,765.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2009

Account name	Asset description	Country	Shares/Par value	Book value	Market value
CHAMPLAIN SMALLCAP	#REORG/OMNITURE INC COM CASH MERGER EFF 10/26/09	USA	22,500.00	332,997.69	482,400.00
CHAMPLAIN SMALLCAP	ABM INDS INC COM	USA	66,900.00	1,389,376.83	1,407,576.00
CHAMPLAIN SMALLCAP	ADMINISTAFF INC COM	USA	16,100.00	517,069.20	422,947.00
CHAMPLAIN SMALLCAP	ALBERTO-CULVER CO NEW COM STK	USA	58,000.00	1,298,035.58	1,605,440.00
CHAMPLAIN SMALLCAP	ALLEGHANY CORP DEL COM	USA	2,700.00	668,172.11	699,435.00
CHAMPLAIN SMALLCAP	ALLIED WORLD ASSURANCE COM STK	Bermuda	22,500.00	848,011.66	1,078,425.00
CHAMPLAIN SMALLCAP	AMERICAN PUB ED INC COM STK	USA	18,000.00	603,460.99	625,320.00
CHAMPLAIN SMALLCAP	AMERN MED SYS HLDGS INC COM STK	USA	58,000.00	1,008,703.58	981,360.00
CHAMPLAIN SMALLCAP	APTARGROUP INC COM	USA	40,000.00	1,085,033.39	1,494,400.00
CHAMPLAIN SMALLCAP	ARGO GROUP INTERNATIONAL HOLDINGS COM STK	Bermuda	22,500.00	708,820.24	757,800.00
CHAMPLAIN SMALLCAP	ATHENAHEALTH INC COM MON STOCK	USA	10,500.00	263,225.42	402,885.00
CHAMPLAIN SMALLCAP	BARE ESCENTUALS INC COM	USA	44,500.00	728,489.37	529,105.00
CHAMPLAIN SMALLCAP	BIO RAD LABS INC CL A	USA	12,500.00	908,123.15	1,148,500.00
CHAMPLAIN SMALLCAP	BLACKBOARD INC COM	USA	22,000.00	809,318.79	831,160.00
CHAMPLAIN SMALLCAP	BRADY CORP CL A	USA	13,500.00	488,211.83	387,720.00
CHAMPLAIN SMALLCAP	CHATTEM INC COM	USA	20,500.00	1,225,499.85	1,361,405.00
CHAMPLAIN SMALLCAP	CLARCOR INC COM	USA	37,600.00	1,085,337.21	1,179,136.00
CHAMPLAIN SMALLCAP	COMSCORE INC COM	USA	26,500.00	511,329.40	477,265.00
CHAMPLAIN SMALLCAP	COMSTOCK RES INC COM NEW COM NEW	USA	13,500.00	634,436.32	541,080.00
CHAMPLAIN SMALLCAP	CONCUR TECHNOLOGIES INC COM	USA	13,500.00	303,317.72	536,760.00
CHAMPLAIN SMALLCAP	CONSTANT CONTACT INC COM STK	USA	22,300.00	391,796.29	429,275.00
CHAMPLAIN SMALLCAP	COPART INC COM	USA	18,000.00	543,892.29	597,780.00
CHAMPLAIN SMALLCAP	COSTAR GROUP INC COM	USA	14,300.00	629,700.04	589,446.00
CHAMPLAIN SMALLCAP	DEL MONTE FOODS CO COM	USA	98,000.00	1,047,271.75	1,134,840.00
CHAMPLAIN SMALLCAP	DIONEX CORP COM	USA	7,000.00	323,834.61	454,790.00
CHAMPLAIN SMALLCAP	ENCORE ACQSTN CO COM	USA	22,500.00	803,347.82	841,500.00
CHAMPLAIN SMALLCAP	EV3 INC COM	USA	31,000.00	474,546.85	381,610.00
CHAMPLAIN SMALLCAP	FACTSET RESH SYS INC COM STK	USA	7,000.00	356,763.06	463,680.00
CHAMPLAIN SMALLCAP	FARO TECHNOLOGIES INC COM	USA	24,800.00	626,014.23	426,064.00
CHAMPLAIN SMALLCAP	FEI CO COM	USA	9,000.00	222,094.38	221,850.00
CHAMPLAIN SMALLCAP	FIRST MERCURY FINL CORP COM	USA	31,100.00	574,577.17	414,252.00
CHAMPLAIN SMALLCAP	FIRSTSERVICE CORP SUB VTG SH	Canada	22,200.00	442,511.49	426,684.00
CHAMPLAIN SMALLCAP	FORWARD AIR CORP COM	USA	18,500.00	590,371.59	428,275.00
CHAMPLAIN SMALLCAP	GALLAGHER ARTHUR J & CO COM	USA	26,500.00	570,490.46	645,805.00
CHAMPLAIN SMALLCAP	GENOMIC HEALTH INC COM	USA	9,000.00	182,645.05	196,740.00
CHAMPLAIN SMALLCAP	GEN-PROBE INC NEW COM	USA	11,500.00	562,923.41	476,560.00
CHAMPLAIN SMALLCAP	GOODRICH PETE CORP COM NEW	USA	18,000.00	602,054.57	464,580.00
CHAMPLAIN SMALLCAP	HAIN CELESTIAL GROUP INC COM	USA	53,500.00	1,223,400.04	1,025,595.00
CHAMPLAIN SMALLCAP	HCC INS HLDGS INC COM	USA	27,000.00	632,027.72	738,450.00
CHAMPLAIN SMALLCAP	HEALTHCARE RLTY TR	USA	67,000.00	1,569,802.76	1,415,710.00
CHAMPLAIN SMALLCAP	HEALTHWAYS INC COM STK	USA	31,500.00	1,305,287.70	482,580.00
CHAMPLAIN SMALLCAP	HENRY JACK & ASSOC INC COM	USA	26,500.00	568,251.31	621,955.00
CHAMPLAIN SMALLCAP	IDEX CORP COM	USA	50,900.00	1,512,130.32	1,422,655.00
CHAMPLAIN SMALLCAP	IHS INC COM CL A COM CL A	USA	9,000.00	342,575.87	460,170.00
CHAMPLAIN SMALLCAP	IMMUCOR INC COM STK	USA	24,500.00	674,756.55	433,650.00
CHAMPLAIN SMALLCAP	INFORMATICA CORP COM	USA	15,500.00	279,140.83	349,990.00
CHAMPLAIN SMALLCAP	INTEGRA LIFESCIENCES HLDG CORP COM DESP	USA	31,000.00	1,068,720.08	1,058,650.00
CHAMPLAIN SMALLCAP	INTERACTIVE DATA CORP COM	USA	37,500.00	970,709.78	982,875.00
CHAMPLAIN SMALLCAP	K12 INC COM STOCK USD.0001	USA	27,000.00	561,452.88	444,960.00
CHAMPLAIN SMALLCAP	KAYDON CORP COM	USA	26,500.00	1,133,758.38	859,130.00
CHAMPLAIN SMALLCAP	KENNAMETAL INC CAP	USA	18,000.00	517,893.93	442,980.00
CHAMPLAIN SMALLCAP	LANCE INC COM STK USD0.83 1/3	USA	32,000.00	629,309.05	826,240.00
CHAMPLAIN SMALLCAP	LANDSTAR SYS INC COM	USA	13,500.00	533,463.51	513,810.00
CHAMPLAIN SMALLCAP	LINCOLN ELEC HLDGS INC COM	USA	4,500.00	181,996.75	213,525.00
CHAMPLAIN SMALLCAP	LUMINEX CORP DEL COM	USA	26,900.00	371,803.52	457,300.00
CHAMPLAIN SMALLCAP	MARTEK BIOSCIENCES CORP COM STK USD0.10	USA	18,000.00	429,588.33	406,620.00
CHAMPLAIN SMALLCAP	MASIMO CORP COM STK	USA	26,500.00	671,408.03	694,300.00
CHAMPLAIN SMALLCAP	MATTHEWS INTL CORP CL A	USA	26,700.00	1,020,865.46	944,646.00
CHAMPLAIN SMALLCAP	MEDASSETS INC COM STK	USA	29,500.00	443,170.88	665,815.00
CHAMPLAIN SMALLCAP	MERIDIAN BIOSCIENCE INC COM	USA	31,000.00	597,932.62	775,310.00
CHAMPLAIN SMALLCAP	METTLER-TOLEDO INTL INC COM	USA	9,000.00	588,688.95	815,310.00
CHAMPLAIN SMALLCAP	MORNINGSTAR INC COM STK	USA	22,200.00	871,468.47	1,078,032.00
CHAMPLAIN SMALLCAP	NATL INSTRS CORP COM	USA	35,500.00	965,470.74	980,865.00
CHAMPLAIN SMALLCAP	NATL INTST CORP COM STK	USA	18,800.00	389,965.14	329,000.00
CHAMPLAIN SMALLCAP	NAVIGATORS GROUP INC COM	USA	22,500.00	1,051,402.45	1,237,500.00
CHAMPLAIN SMALLCAP	NETSUITE INC COM STK	USA	26,500.00	398,595.56	405,450.00
CHAMPLAIN SMALLCAP	NEUSTAR INC CL A	USA	26,500.00	701,302.02	598,900.00
CHAMPLAIN SMALLCAP	NIC INC COM	USA	44,500.00	290,689.23	395,605.00
CHAMPLAIN SMALLCAP	NUVASIVE INC COM	USA	9,000.00	256,221.13	375,840.00
CHAMPLAIN SMALLCAP	OCEANEERING INTL INC COM	USA	18,000.00	1,083,471.90	1,021,500.00
CHAMPLAIN SMALLCAP	PLAINS EXPL & PRODTN CO COM	USA	27,000.00	567,138.23	746,820.00
CHAMPLAIN SMALLCAP	RALCORP HLDGS INC NEW COM	USA	10,500.00	555,297.69	613,935.00
CHAMPLAIN SMALLCAP	RBC BEARINGS INC COM	USA	26,500.00	951,795.37	618,245.00
CHAMPLAIN SMALLCAP	RITCHIE BROS AUCTIONEERS INC COM	Canada	22,500.00	429,070.01	552,150.00
CHAMPLAIN SMALLCAP	RUDDICK CORP COM	USA	27,000.00	728,748.20	718,740.00
CHAMPLAIN SMALLCAP	SCHAWK INC CL A COM STK	USA	19,900.00	402,663.56	232,233.00
CHAMPLAIN SMALLCAP	SENSIENT TECHNOLOGIES CORP COM	USA	53,500.00	1,513,109.21	1,485,695.00
CHAMPLAIN SMALLCAP	SMART BALANCE INC COM STK	USA	44,500.00	284,965.20	273,230.00
CHAMPLAIN SMALLCAP	SOLERA HLDGS INC COM	USA	17,800.00	445,697.99	553,758.00
CHAMPLAIN SMALLCAP	SONOSITE INC COM	USA	18,000.00	505,617.26	476,280.00
CHAMPLAIN SMALLCAP	STEWART ENTERPRISES INC CL A COM	USA	89,000.00	558,014.84	465,470.00
CHAMPLAIN SMALLCAP	SUPERIOR ENERGY SVCS INC COM	USA	46,300.00	818,907.35	1,042,676.00
CHAMPLAIN SMALLCAP	SURMODICS INC COM	USA	13,500.00	441,632.30	332,100.00
CHAMPLAIN SMALLCAP	TECHNE CORP COM	USA	11,500.00	706,816.64	719,325.00
CHAMPLAIN SMALLCAP	TELEFLEX INC COM	USA	11,500.00	611,631.81	555,565.00
CHAMPLAIN SMALLCAP	TRIMBLE NAV LTD COM	USA	26,500.00	488,145.94	633,615.00
CHAMPLAIN SMALLCAP	ULTIMATE SOFTWARE GROUP INC COM	USA	27,000.00	535,782.10	775,440.00
CHAMPLAIN SMALLCAP	UTI WORLDWIDE INC ORD NPV	British Virgin Is.	35,500.00	741,121.87	514,040.00
CHAMPLAIN SMALLCAP	VCA ANTECH INC COM STK	USA	22,500.00	649,277.28	605,025.00
CHAMPLAIN SMALLCAP	VOCUS INC COM	USA	22,500.00	537,482.31	470,025.00
CHAMPLAIN SMALLCAP	WADDELL & REED FINL INC CL A COM	USA	13,500.00	249,545.88	384,075.00
CHAMPLAIN SMALLCAP	WASTE CONNECTIONS INC COM	USA	58,000.00	1,619,978.10	1,673,880.00
CHAMPLAIN SMALLCAP	WD 40 CO COM STK	USA	27,000.00	802,743.30	766,800.00
CHAMPLAIN SMALLCAP	WEST PHARMACEUTICAL SVCS INC COM	USA	27,000.00	1,100,201.73	1,096,470.00
CHAMPLAIN SMALLCAP	WHITING PETE CORP NEW COM STK	USA	18,000.00	658,880.75	1,036,440.00
CHAMPLAIN SMALLCAP	WILEY JOHN & SONS INC CL A	USA	40,000.00	1,291,108.67	1,391,200.00
CHAMPLAIN SMALLCAP	WRIGHT EXPRESS CORP COM STK	USA	18,000.00	588,523.81	531,180.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2009

Account name	Asset description	Country	Shares/Par value	Book value	Market value
DELAWARE	ADOBE SYS INC COM	USA	97,400.00	2,569,556.16	3,218,096.00
DELAWARE	ADR NOVO-NORDISK A S ADR	Denmark	57,800.00	2,854,467.94	3,638,510.00
DELAWARE	ADR SYNGENTA AG SPONSORED ADR	Switzerland	55,300.00	2,329,130.71	2,541,035.00
DELAWARE	ALLERGAN INC COM	USA	101,200.00	4,472,378.57	5,744,112.00
DELAWARE	APPLE INC	USA	35,700.00	5,732,978.09	6,617,709.00
DELAWARE	BANK NEW YORK MELLON CORP COM STK	USA	127,200.00	3,697,046.32	3,687,528.00
DELAWARE	CME GROUP INC COM STK	USA	12,400.00	3,870,869.15	3,821,556.00
DELAWARE	CROWN CASTLE INTL CORP COM STK	USA	159,300.00	4,716,740.42	4,995,648.00
DELAWARE	EOG RESOURCES INC COM	USA	53,800.00	5,827,841.32	4,492,838.00
DELAWARE	EXPEDITORS INTL WASH INC COM	USA	107,400.00	2,746,514.10	3,775,110.00
DELAWARE	GILEAD SCIENCES INC	USA	83,200.00	3,952,437.04	3,875,456.00
DELAWARE	GOOGLE INC CL A CL A	USA	11,900.00	4,864,651.69	5,900,615.00
DELAWARE	INTERCONTINENTALEXCHANGE INC COM	USA	42,800.00	4,073,591.99	4,159,732.00
DELAWARE	INTUIT COM	USA	160,700.00	3,838,254.24	4,579,950.00
DELAWARE	MASTERCARD INC CL A	USA	20,800.00	4,211,002.58	4,204,720.00
DELAWARE	MEDCO HEALTH SOLUTIONS INC COM	USA	82,700.00	3,680,833.40	4,574,137.00
DELAWARE	NIKE INC CL B	USA	62,000.00	3,119,990.41	4,011,400.00
DELAWARE	PRAXAIR INC COM	USA	40,300.00	1,823,076.58	3,292,107.00
DELAWARE	PRICELINE COM INC COM NEW STK	USA	11,200.00	1,835,931.53	1,857,184.00
DELAWARE	PROCTER & GAMBLE CO COM	USA	55,900.00	2,581,794.29	3,237,728.00
DELAWARE	QUALCOMM INC COM	USA	133,800.00	4,066,774.87	6,018,324.00
DELAWARE	STAPLES INC COM	USA	180,800.00	3,369,459.06	4,198,176.00
DELAWARE	SYMANTEC CORP COM	USA	188,800.00	3,033,472.90	3,109,536.00
DELAWARE	TERADATA CORP DEL COM STK	USA	147,800.00	4,012,627.47	4,067,456.00
DELAWARE	UNITED PARCEL SVC INC CL B	USA	61,300.00	4,162,005.58	3,461,611.00
DELAWARE	UNITEDHEALTH GROUP INC COM	USA	97,600.00	3,972,141.55	2,443,904.00
DELAWARE	VERISIGN INC COM	USA	170,600.00	5,253,212.95	4,041,514.00
DELAWARE	VISA INC COM CL A STK	USA	79,700.00	3,824,734.51	5,508,067.00
DELAWARE	WALGREEN CO COM	USA	122,500.00	4,504,767.06	4,590,075.00
DELAWARE	WEIGHT WATCHERS INTL INC NEW COM	USA	82,700.00	3,527,115.33	2,269,288.00
EAGLE	#REORG/ATLAS AMER INC COM NAME CHANGE TOATLAS ENERGY INC COM 2055026 09/29/09	USA	11,588.40	257,107.05	313,697.98
EAGLE	1ST CTZNS BANCSHARES INC N C CL A	USA	2,649.00	381,632.32	421,455.90
EAGLE	1ST HORIZON NATL CORP COM	USA	37,546.00	463,051.29	496,733.58
EAGLE	AAON INC COM PAR $0.004 COM PAR $0.004	USA	12,162.00	248,485.44	244,212.96
EAGLE	ACUITY BRANDS INC COM	USA	11,768.00	304,287.72	379,047.28
EAGLE	ADTRAN INC COM	USA	8,342.00	194,389.83	204,796.10
EAGLE	AMERISAFE INC COM	USA	38,308.00	634,494.01	660,813.00
EAGLE	AMERN MED SYS HLDGS INC COM STK	USA	19,958.00	333,972.20	337,689.36
EAGLE	AMETEK INC NEW COM	USA	10,408.00	323,478.64	363,343.28
EAGLE	ANAREN INC COM	USA	15,900.00	253,059.63	270,300.00
EAGLE	ARENA RES INC COM	USA	18,812.00	590,599.67	667,826.00
EAGLE	ASCENT MEDIA CORP COM SER A STK	USA	6,769.00	184,323.25	173,286.40
EAGLE	ATLAS ENERGY INC COM STK	USA	2,980.00	80,719.48	80,668.60
EAGLE	BALCHEM CORP COM	USA	11,060.00	223,452.74	290,878.00
EAGLE	BALLY TECHNOLOGIES INC COM STK	USA	11,311.00	335,994.82	434,003.07
EAGLE	BIO RAD LABS INC CL A	USA	7,650.00	662,124.87	702,882.00
EAGLE	BIO RAD LABS INC CL B CL B	USA	100.00	8,401.70	9,166.00
EAGLE	BRIGGS & STRATTON CORP CAP	USA	14,971.00	277,034.07	290,587.11
EAGLE	BROADRIDGE FINL SOLUTIONS INC COM STK	USA	28,850.00	415,899.88	579,885.00
EAGLE	BROOKLINE BANCORP INC DEL COM BROOKLINE BANCORP INC +	USA	17,332.00	165,315.46	168,467.04
EAGLE	BUCKEYE TECHNOLOGIES INC COM	USA	21,821.00	218,557.95	234,139.33
EAGLE	CARDINAL FINL CORP COM	USA	20,806.00	168,534.77	171,233.38
EAGLE	CHART INDS INC COM PAR $0.01 COM PAR $0.01	USA	6,800.00	147,821.94	146,812.00
EAGLE	CHEROKEE INC DEL NEW COM	USA	20,336.00	527,630.52	487,453.92
EAGLE	COLBS MCKINNON CORP N Y COM	USA	24,322.00	314,400.30	368,478.30
EAGLE	COMSTOCK RES INC COM NEW COM NEW	USA	5,193.00	210,831.36	208,135.44
EAGLE	COMTECH TELECOMMUNICATIONS CORP COM NEW	USA	22,815.00	832,492.39	757,914.30
EAGLE	CON-WAY INC COM STK	USA	9,560.00	440,408.94	366,339.20
EAGLE	DAKTRONICS INC COM	USA	24,987.00	186,542.23	214,138.59
EAGLE	DELTIC TIMBER CORP COM	USA	4,252.00	192,858.91	194,614.04
EAGLE	DIODES INC COM	USA	19,309.00	366,761.65	349,299.81
EAGLE	DOLLAR FINL CORP COM STK	USA	11,112.00	161,845.85	178,014.24
EAGLE	DRESSER-RAND GROUP INC COM	USA	13,587.00	346,906.95	422,148.09
EAGLE	DST SYS INC COM	USA	9,820.00	356,168.60	439,936.00
EAGLE	DUFF & PHELPS CORP NEW CL A COM STK	USA	11,954.00	194,958.55	229,038.64
EAGLE	EMERGENCY MED SVCS CORP CL A COM STK	USA	6,660.00	287,615.61	309,690.00
EAGLE	ENERSYS COM	USA	15,873.00	271,609.31	351,110.76
EAGLE	EPIQ SYS INC COM	USA	16,468.00	261,209.63	238,786.00
EAGLE	ESCO TECHNOLOGIES INC	USA	11,550.00	504,325.72	455,070.00
EAGLE	EVERCORE PARTNERS INC CL A CL A	USA	14,090.00	326,139.60	411,709.80
EAGLE	FBR CAP MKTS CORP COM	USA	23,620.00	110,601.44	140,066.60
EAGLE	FLOWERS FOODS INC COM	USA	22,725.00	545,194.51	597,440.25
EAGLE	FRACTIONAL FIRST HORIZON NATIONAL CORP COM STK	USA	182,171.00	0.00	0.00
EAGLE	FTI CONSULTING INC COM	USA	6,385.00	284,971.49	272,064.85
EAGLE	GRACO INC COM	USA	10,820.00	263,407.31	301,553.40
EAGLE	HANCOCK HLDG CO COM	USA	4,565.00	156,561.71	171,507.05
EAGLE	HANOVER INS GROUP INC COM	USA	13,025.00	550,892.47	538,323.25
EAGLE	HEWITT ASSOCS INC CL A COM	USA	12,586.00	375,839.52	458,507.98
EAGLE	HIBBETT SPORTS INC COM STK	USA	10,900.00	181,956.86	198,707.00
EAGLE	HITTITE MICROWAVE CORP COM STK	USA	1,495.00	53,562.42	54,986.10
EAGLE	HSN INC DEL COM	USA	7,361.00	106,037.54	119,837.08
EAGLE	IBERIABANK CORP COM	USA	3,665.00	143,913.17	166,977.40
EAGLE	ICU MED INC COM	USA	10,927.00	347,332.77	402,769.22
EAGLE	IDEXX LABS INC	USA	7,856.00	266,714.79	392,800.00
EAGLE	IHS INC COM CL A COM CL A	USA	7,670.00	405,833.14	392,167.10
EAGLE	INTERACTIVE DATA CORP COM	USA	8,170.00	187,461.02	214,135.70
EAGLE	INTERVAL LEISURE GROUP INC COM STK	USA	33,720.00	403,549.40	420,825.60
EAGLE	ITC HLDGS CORP COM STK	USA	5,845.00	299,519.55	265,655.25
EAGLE	LEGGETT & PLATT INC COM	USA	29,570.00	398,910.95	573,658.00
EAGLE	LINCARE HLDGS INC COM	USA	13,660.00	434,017.60	426,875.00
EAGLE	LINCOLN ELEC HLDGS INC COM	USA	4,267.00	178,318.77	202,469.15
EAGLE	LIQUIDITY SVCS INC COM STK	USA	9,412.00	102,321.65	97,131.84

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2009

Account name	Asset description	Country	Shares/Par value	Book value	Market value
EAGLE	MEADOWBROOK INS GROUP INC COM	USA	50,295.00	350,798.52	372,183.00
EAGLE	MEDNAX INC COM	USA	10,815.00	547,670.88	593,959.80
EAGLE	MERIDIAN BIOSCIENCE INC COM	USA	14,409.00	324,458.01	360,369.09
EAGLE	MKS INSTRS INC COM	USA	18,753.00	324,580.26	361,745.37
EAGLE	MLP MARKWEST ENERGY PARTNERS L P UNIT LTD PARTNERSHIP INT	USA	5,405.00	122,424.87	127,720.15
EAGLE	MONARCH CASINO & RESORT INC COM	USA	19,456.00	164,393.09	209,346.56
EAGLE	MONOTYPE IMAGING HLDGS INC COM STK	USA	47,430.00	544,568.20	398,886.30
EAGLE	MORNINGSTAR INC COM STK	USA	8,309.00	377,957.98	403,485.04
EAGLE	MSCI INC CL A CL A	USA	12,386.00	263,861.06	366,873.32
EAGLE	MTS SYS CORP COM	USA	13,769.00	321,321.41	402,192.49
EAGLE	NATL PRESTO INDS INC COM	USA	1,786.00	149,108.43	154,506.86
EAGLE	NAVIGATORS GROUP INC COM	USA	4,374.00	191,781.96	240,570.00
EAGLE	NET 1 UEPS TECHNOLOGIES INC COM NEW NET 1 UEPS TECHNOLOGIES INC	USA	19,497.00	351,817.88	408,657.12
EAGLE	NEUTRAL TANDEM INC COM STK	USA	30,657.00	787,903.32	697,753.32
EAGLE	OLD NATL BANCORP IND COM	USA	19,536.00	204,722.40	218,803.20
EAGLE	PHASE FORWARD INC COM	USA	24,400.00	322,745.74	342,576.00
EAGLE	PICO HLDGS INC COM NEW STK	USA	8,707.00	320,833.54	290,378.45
EAGLE	PLEXUS CORP COM	USA	8,749.00	227,002.66	230,448.66
EAGLE	PROASSURANCE CORP COM	USA	12,385.00	598,134.82	646,373.15
EAGLE	PSYCHIATRIC SOLUTIONS INC COM	USA	25,559.00	547,176.84	683,958.84
EAGLE	QUEST SOFTWARE INC COM ISIN US74834T1034	USA	32,771.00	464,780.38	552,191.35
EAGLE	RAYONIER INC REIT	USA	9,485.00	294,100.11	388,031.35
EAGLE	REGIS CORP MINN COM	USA	14,888.00	234,459.83	230,764.00
EAGLE	ROBBINS & MYERS INC COM	USA	11,177.00	211,082.62	262,435.96
EAGLE	ROCHESTER MED CORP COM	USA	19,723.00	243,266.67	237,464.92
EAGLE	ROCK-TENN CO CL A CL A	USA	12,966.00	607,165.87	610,828.26
EAGLE	ROVI CORP COM	USA	14,907.00	333,980.16	500,875.20
EAGLE	RUDDICK CORP COM	USA	14,149.00	497,892.84	376,646.38
EAGLE	SANDRIDGE ENERGY INC COM	USA	29,811.00	298,675.14	386,350.56
EAGLE	SENSIENT TECHNOLOGIES CORP COM	USA	15,785.00	367,981.41	438,349.45
EAGLE	SILGAN HLDGS INC COM	USA	14,920.00	726,791.07	786,731.60
EAGLE	SMART BALANCE INC COM STK	USA	32,643.00	224,049.69	200,428.02
EAGLE	SNAP-ON INC COM	USA	10,769.00	352,844.20	374,330.44
EAGLE	SOLERA HLDGS INC COM	USA	11,508.00	290,875.03	358,013.88
EAGLE	SOLUTIA INC COM NEW COM NEW	USA	49,017.00	550,313.24	567,616.86
EAGLE	STEPAN CO COM	USA	4,099.00	194,275.23	246,267.92
EAGLE	SUPERIOR WELL SVCS INC COM STK	USA	19,558.00	175,625.65	189,321.44
EAGLE	SYBASE INC COM	USA	14,218.00	485,417.85	553,080.20
EAGLE	TALECRIS BIOTHERAPEUTICS HLDGS CORP COM	USA	2,390.00	45,410.00	45,410.00
EAGLE	TECHNE CORP COM	USA	6,360.00	362,739.18	397,818.00
EAGLE	TELEDYNE TECHNOLOGIES INC COM	USA	13,026.00	512,121.76	468,805.74
EAGLE	TRACTOR SUPPLY CO COM	USA	4,690.00	172,744.26	227,089.80
EAGLE	TTM TECHNOLOGIES INC COM	USA	33,853.00	319,557.39	388,293.91
EAGLE	UGI CORP NEW COM	USA	16,130.00	358,165.19	404,217.80
EAGLE	UNVL CORP VA COM	USA	9,450.00	409,383.15	395,199.00
EAGLE	VALSPAR CORP COM	USA	14,630.00	308,501.96	402,471.30
EAGLE	WASTE CONNECTIONS INC COM	USA	13,545.00	385,131.00	390,908.70
EAGLE	WESCO FNCL CORP CAP	USA	423.00	133,852.30	137,686.50
EAGLE	WHITING PETE CORP NEW COM STK	USA	3,675.00	179,052.98	211,606.50
EAGLE	WILEY JOHN & SONS INC CL A	USA	23,312.00	848,875.70	810,791.36
EAGLE	WOLVERINE WORLD WIDE INC COM	USA	24,161.00	506,169.05	600,159.24
EAGLE	ZENITH NATL INS CORP COM	USA	13,253.00	411,120.18	409,517.70

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2009

Account name	Asset description	Country	Shares/Par value	Book value	Market value
RCM	#REORG/BURLINGTON NORTHN CASH MERGER EFF2/12/10	USA	20,105.00	1,699,775.56	1,604,982.15
RCM	#REORG/DIRECTV GROUP INC COM-STOCK MEREGR DIRECTV-CLAS A 2056110 11/20/2009	USA	41,455.00	915,499.95	1,143,328.90
RCM	ABBOTT LAB COM	USA	29,725.00	1,492,636.31	1,470,495.75
RCM	ACTIVISION BLIZZARD INC COM STK	USA	81,130.00	1,047,693.35	1,005,200.70
RCM	ADOBE SYS INC COM	USA	45,315.00	1,616,205.99	1,497,207.60
RCM	ADR TEVA PHARMACEUTICAL INDS	Israel	37,374.00	1,787,678.79	1,889,629.44
RCM	AIR PROD & CHEM INC COM	USA	17,455.00	1,298,932.02	1,354,158.90
RCM	ALCON INC COM CHF0.20	Switzerland	8,840.00	831,293.42	1,225,842.80
RCM	ALLERGAN INC COM	USA	18,590.00	968,231.60	1,055,168.40
RCM	AMAZON COM INC COM	USA	19,025.00	1,449,261.28	1,776,174.00
RCM	AMGEN INC COM	USA	20,620.00	1,102,546.95	1,241,942.60
RCM	APPLE INC	USA	23,340.00	1,537,097.25	4,326,535.80
RCM	AVON PRODUCTS INC COM USD0.25	USA	30,910.00	1,092,832.37	1,049,703.60
RCM	CELGENE CORP COM	USA	19,655.00	1,066,509.96	1,098,714.50
RCM	CISCO SYSTEMS INC	USA	102,570.00	2,412,981.14	2,414,497.80
RCM	COLGATE-PALMOLIVE CO COM	USA	24,245.00	1,556,536.90	1,849,408.60
RCM	CVS CAREMARK CORP COM STK	USA	39,110.00	1,342,664.71	1,397,791.40
RCM	DANAHER CORP COM	USA	14,850.00	835,533.56	999,702.00
RCM	DEVON ENERGY CORP NEW COM	USA	15,125.00	878,703.96	1,018,366.25
RCM	DEVRY INC DEL COM	USA	20,035.00	1,065,178.86	1,108,336.20
RCM	DIAMOND OFFSHORE DRILLING INC COM	USA	10,380.00	815,943.58	991,497.60
RCM	EMC CORP COM	USA	93,554.00	1,269,252.28	1,594,160.16
RCM	EXPRESS SCRIPTS INC COM	USA	15,270.00	963,309.53	1,184,646.60
RCM	FEDEX CORP COM	USA	27,430.00	1,369,423.12	2,063,284.60
RCM	FLUOR CORP NEW COM	USA	22,845.00	935,236.66	1,161,668.25
RCM	GENERAL DYNAMICS CORP COM	USA	15,880.00	1,016,656.01	1,025,848.00
RCM	GILEAD SCIENCES INC	USA	50,815.00	2,078,520.10	2,366,962.70
RCM	GOLDMAN SACHS GROUP INC COM	USA	8,305.00	1,646,158.15	1,531,026.75
RCM	GOOGLE INC CL A CL A	USA	5,728.00	2,194,383.94	2,840,228.80
RCM	HEWLETT PACKARD CO COM	USA	42,997.00	1,398,178.68	2,029,888.37
RCM	ILL TOOL WKS INC COM	USA	34,540.00	1,319,165.27	1,475,203.40
RCM	INTEL CORP COM	USA	127,445.00	2,408,979.86	2,494,098.65
RCM	INTERCONTINENTALEXCHANGE INC COM	USA	10,210.00	1,485,809.73	992,309.90
RCM	INVESCO LTD COM STK USD0.10	Bermuda	69,340.00	1,433,225.33	1,578,178.40
RCM	JPMORGAN CHASE & CO COM	USA	44,540.00	1,790,696.38	1,951,742.80
RCM	KOHLS CORP COM	USA	36,360.00	1,660,505.82	2,074,338.00
RCM	LOWES COS INC COM	USA	63,890.00	1,222,725.89	1,337,856.60
RCM	MC DONALDS CORP COM	USA	37,450.00	2,185,622.75	2,137,271.50
RCM	MICROCHIP TECHNOLOGY INC COM	USA	57,010.00	1,283,987.83	1,510,765.00
RCM	MICROSOFT CORP COM	USA	116,920.00	2,987,170.53	3,027,058.80
RCM	MONSANTO CO NEW COM	USA	12,363.00	1,207,308.65	956,896.20
RCM	NETAPP INC COM STK	USA	37,676.00	840,967.95	1,005,195.68
RCM	ORACLE CORP COM	USA	92,350.00	1,906,005.22	1,924,574.00
RCM	PEPSICO INC COM	USA	30,890.00	1,710,537.87	1,812,007.40
RCM	QUALCOMM INC COM	USA	44,835.00	1,947,444.13	2,016,678.30
RCM	SCHLUMBERGER LTD COM STK	Netherlands Ant.	50,805.00	2,924,817.01	3,027,978.00
RCM	SCHWAB CHARLES CORP COM NEW	USA	78,990.00	1,833,559.90	1,512,658.50
RCM	SOUTHWESTERN ENERGY CO COM	USA	35,110.00	1,125,122.74	1,498,494.80
RCM	ST JUDE MED INC COM	USA	29,575.00	1,132,700.44	1,153,720.75
RCM	STATE STR CORP COM	USA	30,195.00	1,175,626.61	1,588,257.00
RCM	TARGET CORP COM STK	USA	22,980.00	1,106,627.66	1,072,706.40
RCM	TEXAS INSTRUMENTS INC COM	USA	69,275.00	1,728,647.16	1,641,124.75
RCM	THERMO FISHER CORP	USA	26,995.00	1,335,349.59	1,178,871.65
RCM	UNITED TECHNOLOGIES CORP COM	USA	25,740.00	1,589,178.19	1,568,338.20
RCM	VISA INC COM CL A STK	USA	15,840.00	936,171.23	1,094,702.40
RCM	WAL-MART STORES INC COM	USA	29,500.00	1,433,070.20	1,448,155.00
RCM	WALT DISNEY CO	USA	79,395.00	1,821,882.91	2,180,186.70
RCM	WEATHERFORD INTL LTD	Switzerland	103,840.00	1,712,899.74	2,152,603.20
RCM	WELLS FARGO & CO NEW COM STK	USA	44,555.00	1,107,110.09	1,255,559.90
RCM	XTO ENERGY INC COM	USA	29,045.00	1,292,743.03	1,200,139.40
RCM	YAHOO INC COM	USA	60,395.00	794,666.20	1,075,448.95
WENTWORTH HAUSER	#REORG/ARACRUZ STK MRGR FIBRIA CELULOSE SA-SPON ADR 2056041 11/18/09	Brazil	3,200.00	245,834.12	71,232.00
WENTWORTH HAUSER	ADR AXA SA SPONSORED ADR	France	13,400.00	496,369.59	362,470.00
WENTWORTH HAUSER	ADR BAE SYS PLC SPONSORED ADR	UK	19,400.00	773,655.98	434,560.00
WENTWORTH HAUSER	ADR BASF AKTIENGESELLSCHAFT - LEVEL I	Germany	14,600.00	1,030,046.17	773,800.00
WENTWORTH HAUSER	ADR BHP BILLITON LTD SPONSORED ADR	Australia	25,200.00	1,943,621.13	1,663,452.00
WENTWORTH HAUSER	ADR BRIT AMERN TOB PLC SPONSORED COM STK	UK	20,400.00	1,545,007.14	1,290,300.00
WENTWORTH HAUSER	ADR CADBURY PLC SPONSORED ADR ADR	UK	10,624.00	319,079.76	544,055.04
WENTWORTH HAUSER	ADR RIO TINTO PLC SPONSORED ADR	UK	5,100.00	2,350,729.06	868,479.00
WENTWORTH HAUSER	ADR RWE AKTIENGESELLSCHAF	Germany	4,000.00	495,439.07	372,880.00
WENTWORTH HAUSER	ADR SYNGENTA AG SPONSORED ADR	Switzerland	14,345.00	543,790.01	659,152.75
WENTWORTH HAUSER	ADR TENARIS S A SPONSORED ADR	Luxembourg	38,500.00	1,951,612.59	1,371,370.00
WENTWORTH HAUSER	ADR UNILEVER N V NEW YORK SHS NEW	Netherlands	30,500.00	1,034,919.44	880,230.00
WENTWORTH HAUSER	ADR VALE S A ADR	Brazil	49,000.00	1,763,181.47	1,133,370.00
WENTWORTH HAUSER	ADR YARA INTL ASA SPONSORED ADR	Norway	1,600.00	107,533.50	50,544.00
WENTWORTH HAUSER	AGRIUM INC COM	Canada	17,215.00	551,843.61	857,134.85
WENTWORTH HAUSER	BHP BILLITON PLC USD0.50	UK	11,289.00	370,313.40	308,425.60
WENTWORTH HAUSER	BROOKFIELD ASSET MGMT INC VOTING SHS CL A VOTING SHS CL A	Canada	18,200.00	507,508.38	413,322.00
WENTWORTH HAUSER	BUNGE LTD	Bermuda	10,775.00	534,000.45	674,622.75
WENTWORTH HAUSER	CANADIAN NATL RY CO COM	Canada	26,200.00	1,263,454.20	1,283,538.00
WENTWORTH HAUSER	CDN NAT RES LTD COM CDN NAT RES COM STK	Canada	16,000.00	1,239,183.79	1,075,040.00
WENTWORTH HAUSER	CDN PAC RY LTD COM CDN PAC RY LTD	Canada	19,600.00	1,264,158.78	916,300.00
WENTWORTH HAUSER	COOPER INDUSTRIES PLC NEW IRELAND COM STK	Ireland	24,800.00	1,024,613.52	931,736.00
WENTWORTH HAUSER	CORE LABORATORIES NV NLG0.03	Netherlands	7,600.00	1,005,334.24	783,484.00
WENTWORTH HAUSER	DANONE EUR0.25	France	12,128.00	1,026,262.09	730,018.36
WENTWORTH HAUSER	DIAGEO ORD GBX28.935185	UK	60,872.00	921,103.46	934,614.09
WENTWORTH HAUSER	INGERSOLL-RAND PLC COM STK	USA	23,200.00	1,017,736.95	711,544.00
WENTWORTH HAUSER	MANULIFE FINL CORP COM	Canada	13,400.00	509,091.42	280,596.00
WENTWORTH HAUSER	NABORS INDUSTRIES COM USD0.10	Bermuda	67,600.00	2,390,881.68	1,412,840.00
WENTWORTH HAUSER	NESTLE SA CHF0.10(REGD)	Switzerland	35,030.00	1,290,257.12	1,490,796.32
WENTWORTH HAUSER	NOBLE CORPORATION (SWITZERLAND) COM USD0.10	Switzerland	44,600.00	2,372,317.98	1,693,016.00
WENTWORTH HAUSER	NOVARTIS AG CHF0.50(REGD)	Switzerland	14,460.00	715,542.19	722,547.10
WENTWORTH HAUSER	PARTNERRE HLDG LTD COM STK	Bermuda	6,800.00	509,915.64	523,192.00
WENTWORTH HAUSER	POTASH CORP SASK INC COM	Canada	17,064.00	1,020,403.03	1,541,561.76
WENTWORTH HAUSER	SAIPEM EUR1	Italy	22,700.00	700,453.56	682,856.55
WENTWORTH HAUSER	SCHLUMBERGER LTD COM STK	Netherlands Ant.	26,600.00	2,422,286.68	1,585,360.00
WENTWORTH HAUSER	SUNCOR ENERGY INC NEW COM STK	Canada	44,800.00	2,405,179.18	1,548,288.00
WENTWORTH HAUSER	TALISMAN ENERGY INC COM	Canada	26,200.00	508,268.97	454,308.00
WENTWORTH HAUSER	TECK RESOURCES LIMITED	Canada	22,100.00	1,008,140.60	609,297.00
WENTWORTH HAUSER	TRANSOCEAN LTD	Switzerland	16,100.00	2,372,500.29	1,377,033.00
WENTWORTH HAUSER	UBS AG SHS COM	Switzerland	15,750.00	448,993.38	288,382.50
WENTWORTH HAUSER	WEATHERFORD INTL LTD	Switzerland	62,200.00	2,338,030.59	1,289,406.00
	TOTAL COMMON STOCK		**21,438,822.08**	**603,544,571.34**	**626,473,729.62**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2009

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	PREFERRED STOCK				
ALLIANCE BERNSTEIN	SAMSUNG ELECTRONIC PFD KRW5000	Korea	1,100.00	563,514.14	460,258.86
	TOTAL PREFERRED STOCK		**1,100.00**	**563,514.14**	**460,258.86**
	RIGHTS/WARRANTS				
ALLIANCE BERNSTEIN	BNP PARIBAS RIGHTS	France	10,400.00	0.00	22,498.49
ALLIANCE BERNSTEIN	FORTIS FORTIS-RIGHTS CP 42	Belgium	14,932.00	0.00	0.00
	TOTAL RIGHTS/WARRANTS		**25,332.00**	**0.00**	**22,498.49**
	STOCK FUNDS				
BGI S&P INDEX FD	CF BLACKROCK EQUITY S&P GROWTH FUND A	USA	240,621.12	91,882,294.80	76,176,885.44
BGI SMALL CAP INDEX FD	CF BLACKROCK RUSSELL 1000 VALUE INDEX FUND	USA	680,902.78	25,816,906.17	32,285,224.56
	TOTAL STOCK FUNDS		**921,523.90**	**117,699,200.97**	**108,462,110.00**
	TOTAL EQUITY		**22,386,777.98**	**721,807,286.45**	**735,418,596.97**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2009

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	CORPORATE ASSET BACKED SECURIITES				
AMBASSADOR	GE CAP CR CARD 4.13% DUE 06-15-2013	USA	1,910,000.00	1,756,495.31	1,942,084.18
AMBASSADOR	PVTPL ASG RESECURITIZATION TR 2009-2 VAR144A VAR RT DUE 05-24-2036	USA	836,734.00	752,014.69	752,014.68
AMBASSADOR	SPECIALTY UNDERWRITING & RESIDENTIAL FIN2004-BC2 CTF A-2 05-25-2035 REG	USA	29,932.48	29,960.86	20,635.75
AMBASSADOR	TERWIN MTG TR 2003-8HE ASSET BKD CTF CL A 12-25-2034 REG	USA	52,436.31	52,542.82	41,140.32
BARROW HANLEY BOND	HYUNDAI AUTO 3.15000009537% DUE 03-15-2016	USA	184,999.99	184,968.62	185,064.18
BARROW HANLEY BOND	JOHN DEERE OWNER 2.59% DUE 10-15-2013	USA	320,000.00	319,946.05	325,420.48
DODGE & COX	BURL NORTHN SANTA FE RY CO PASS THRU TR SER 1999-2 MTG 7.57 1-2-21 BEO SF 7-2-00	USA	717,152.72	781,730.52	842,711.81
DODGE & COX	SLM STUD LN TR 2007-2 CL A-2 FLT RT 07-25-2017 REG	USA	850,000.00	845,484.38	840,551.40
DODGE & COX	SLM STUDENT LN TR 2007-3 MTG PASSTHRU CTF CL A-1 FLTG RATE 10-27-2014 BEO	USA	174,231.86	173,558.08	174,020.69
DODGE & COX	SLM STUDENT LN TR 2007-7 STUDENT LN-BKD NT CL A-2 FLTG 01-25-2016 REG	USA	1,000,000.00	1,000,000.00	993,261.00
MUNDER MORTGAGE FD	CREDIT SUISSE FIRST BOSTON MTG SECS CORPSER 2005-4 CL A3 01-25-2036 REG	USA	136,589.54	132,662.60	132,231.10
MUNDER MORTGAGE FD	CWABS INC COUNTRYWIDE 2004-7 AF4 08-25-2032/12-28-2009 BEO	USA	47,540.24	44,806.68	46,806.78
MUNDER MORTGAGE FD	LEHMAN XS TR 2005-8 MTG PASSTHRU CTF 2-A1A 12-25-2035 REG	USA	214,595.06	192,062.58	203,726.89
MUNDER MORTGAGE FD	NEW CENTY HOME 5.25% DUE 08-25-2034	USA	699,540.39	664,554.22	604,969.52
MUNDER MORTGAGE FD	NOVASTAR HOME EQUITY LN TR 2005-2 ASSET BKD CTF CL A-2D FLTG RATE 10-25-2035 REG	USA	187,412.12	163,399.95	167,185.48
MUNDER MORTGAGE FD	PARK PL SECS INC 2004-WCW1 ASSET BKD CTFM-1 FLTG RATE 09-25-2034 REG	USA	431,843.73	382,181.70	401,301.15
MUNDER MORTGAGE FD	STRUCTURED ASSET SECS CORP 2005-7XS MTG PASSTHRU CTF CL 1-A2B 04-25-2035 REG	USA	874,576.46	800,237.46	812,840.10
MUNDER	AMERICREDIT PRIME 5.26999998093% DUE 11-08-2011	USA	378,262.93	383,342.43	380,379.31
MUNDER	BMW VEH LEASE TR 2.91000008583% DUE 03-15-2012	USA	735,000.00	734,983.90	748,544.58
MUNDER	CAP 1 MULTI-ASSET 4.84999990463% DUE 02-18-2014	USA	750,000.00	694,218.75	789,391.50
MUNDER	CHASE ISSUANCE TR SER 2005-A13 CL A13 FLT RT 02-15-2013 REG	USA	700,000.00	671,507.81	696,675.70
MUNDER	CITIBANK CR CARD 2.70000004768% DUE 06-23-2013	USA	750,000.00	748,987.50	764,860.50
MUNDER	DAIMLERCHRYSLER AUTO TR 2007-A AST BKD NT CL A-4A 5.28 DUE 3-8-13 REG	USA	1,350,000.00	1,365,533.50	1,414,744.65
MUNDER	FORD CR AUTO OWNER 2.78999996185% DUE 08-15-2013	USA	1,565,000.00	1,564,887.48	1,598,019.93
MUNDER	FORD CR AUTO OWNER 5.69000005722% DUE 11-15-2012	USA	549,999.99	562,632.81	583,393.23
MUNDER	MORGAN STANLEY ABS CAP I INC 2005-HE1 MTG PASSTHRU CTF CL M-2 12-25-2034 REG	USA	400,000.00	374,000.00	244,776.00
MUNDER	PARK PL SECS INC 2005-WCH1 ASSET BACKED CTF M-2 VAR 02-25-2035 REG	USA	200,000.00	185,093.75	131,069.80
MUNDER	PSNH FDG LLC 6.48% DUE 05-01-2015	USA	639,910.42	684,829.26	697,526.03
MUNDER	USAA AUTO OWNER TR SERIES 2006-1 CLASS A-4 12-15-2011/02-16-2010 REG	USA	333,238.99	330,583.49	338,594.14
	TOTAL CORPORATE ASSET BACKED SECURIITES		**17,018,997.23**	**16,577,207.20**	**16,873,940.88**
	COMMERCIAL MORTGAGE BACKED SECURITIES				
AMBASSADOR	CMO BEAR STEARNS INC COML MTG PSTRU CTF CL A-2 2001-TOP2 6.48 4-15-11 BE	USA	1,925,999.93	1,873,827.19	1,997,464.15
AMBASSADOR	CMO BEAR STEARNS TR 2006-TOP24 MTG PASSTHRU CTF CL A-2 10-12-2041	USA	1,500,000.00	1,336,171.88	1,516,009.50
AMBASSADOR	CMO GE CAP COML MTG CORP 2001-1 CL A-2 6.531% DUE 05-15-2033 BEO	USA	1,950,000.00	1,848,216.41	1,532,112.55
AMBASSADOR	CMO GMAC COML MTG SEC INC 2001-C1 MTG PASSTHRU CTF CL A2 6.465 4-15-34 BEO	USA	939,084.76	850,273.84	973,251.48
AMBASSADOR	CMO GMAC COML MTG SEC INC MTG P/T SER 1997-C1 CL F 7.222 DUE 11-15-2011 BEO	USA	1,812,400.14	1,794,998.71	1,354,306.45
AMBASSADOR	CMO J P MORGAN CHASE COML MTG SECS CORP 20 SEN_FIX 4.871% DUE 10-15-2042 BEO	USA	525,000.00	467,578.13	524,333.25
AMBASSADOR	PVTPL CMO BANC AMER COML MTG INC 2002-X1PASSTHRU CL A3 144A 5.436 10-11-33 BEO	USA	286,866.27	280,770.37	287,410.45
BARROW HANLEY BOND	CMO BANC AMER COML MTG TR 2006-4 SER 2006-4 CL-A4 5.634% DUE 07-10-2046 REG	USA	905,000.00	782,542.19	838,954.91
BARROW HANLEY BOND	CMO BEAR STEARNS COML MTG SECS 2004-PWR5CL A-4 4.831 DUE 07-11-2042 REG	USA	740,000.00	744,038.99	718,722.04
BARROW HANLEY BOND	CMO BEAR STEARNS COML MTG SECS INC 2005-T20 CL A2 DUE 10-12-2042 REG	USA	590,000.00	593,222.58	599,759.19
BARROW HANLEY BOND	CMO BEAR STEARNS COML MTG SECS INC 2006-TOP22 CL A-2 5.46696 4-12-2038REG	USA	445,000.00	447,367.58	448,604.50
BARROW HANLEY BOND	CMO BEAR STEARNS COML MTG SECS TR 2006-PWR13 CL-A4 5.54 DUE 09-11-2041 REG	USA	604,999.99	575,033.59	577,469.46
BARROW HANLEY BOND	CMO BEAR STEARNS COML MTG SECURIT CL A4 FLT RT DUE 12-11-2038 BEO	USA	460,000.00	420,612.50	426,707.04
BARROW HANLEY BOND	CMO CD 2007-CD5 MTG TR DUE 11-15-2044 BEO	USA	1,230,000.00	841,853.32	1,183,014.00
BARROW HANLEY BOND	CMO CITIGROUP COML MTG TR SER 2004-C2 CLA3 4.38000011444% DUE 10-15-2041 BEO	USA	715,000.00	718,551.41	714,475.19
BARROW HANLEY BOND	CMO J P MORGAN CHASE COML MTG SECS CORP SER 2004-CBX CL A4 4.529 01-12-2037 REG	USA	370,000.00	371,847.78	371,178.45
BARROW HANLEY BOND	CMO J P MORGAN CHASE COML MTG SECS CORP SER 2005-LDP1 CL A-2 4.625 3-15-2046 REG	USA	659,117.24	662,389.10	656,716.07
BARROW HANLEY BOND	CMO J P MORGAN CHASE COML MTG SER 2006-LCL A-3 5.336 DUE 05-15-2047 REG	USA	410,000.00	313,521.88	351,317.52
MUNDER MORTGAGE FD	CMO CSFB MTG SECS CORP COML MTG PASSTHRUCTF 2000-C1 CL A-2 7.545 04-15-2062	Switzerland	91,740.77	90,508.00	93,475.40
MUNDER MORTGAGE FD	CMO DLJ COML MTG CORP 2000-CF1 CL A-2 7.76000022888% DUE 06-10-2033 BEO	USA	600,000.00	608,953.13	611,287.20
MUNDER MORTGAGE FD	CMO GS MTG SECS CORP II 2005-GG4 CL A-4A4.751% DUE 07-10-2039 REG	USA	500,000.00	399,941.41	468,748.50
MUNDER	CMO BEAR STEARNS COML MTG SECS INC SER 2005-PWR9 CL A4A 4.871 9-15-2015 BEO	USA	1,000,000.00	965,937.50	945,447.00
MUNDER	CMO COMMERCIAL MTG ASSET TR CMAT 99-C1 A3 6.64% DUE 01-17-2032 BEO	USA	146,392.36	151,005.34	147,031.80
MUNDER	CMO CSFB MTG SECS CORP COML MTG PASSTHRUCTF 2000-C1 CL A-2 7.545 04-15-2062	Switzerland	344,027.92	352,808.23	350,532.80
MUNDER	CMO GE CAP COML MTG CORP 2002-1 COML MTGPASSTHRU CTF A-2 5.994 12-10-35 BEO	USA	85,595.60	86,019.94	87,568.57
MUNDER	CMO GS MTG SECS CORP II 2005-GG4 CL A-4A4.751% DUE 07-10-2039 REG	USA	1,600,000.01	1,536,609.38	1,499,995.20
MUNDER	CMO MORGAN STANLEY D/WITTER CAP TR 2002 MTG P/THRU CTF CL A-2 5.98 DUE 1-15-39	USA	615,000.00	618,014.12	645,527.98
MUNDER	CMO MSDW CAP I TR 2002-HQ MTG PASSTHRU CTF CL A-3 6.51 04-15-34 BEO	USA	608,045.37	611,325.76	642,718.54
MUNDER	CMO WACHOVIA BK COML MTG TR 2005-C20 MTGPASSTHRU CTF CL A-6 5.11 07-15-42 REG	USA	500,000.00	484,648.44	500,531.50
MUNDER	CMO WACHOVIA BK COML MTG TR COML MTG PASSTHR CL A-PB DUE 07-15-2045 BEO	USA	1,000,000.00	1,022,187.50	963,417.00
	TOTAL COMMERCIAL MORTGAGE BACKED SECURITIES		**23,159,270.36**	**21,850,776.20**	**22,028,087.69**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2009

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	CORPORATE BONDS				
AMBASSADOR	AMER W AIRLS INC 7.1% DUE 04-02-2021	USA	202,067.83	202,067.83	157,612.90
AMBASSADOR	AMERICAN EXPRESS CO NT 7% DUE 03-19-2018REG	USA	800,000.00	829,967.50	880,062.40
AMBASSADOR	AT&T INC GLOBAL NT 5.5% DUE 02-01-2018/02-01-2008 BEO	USA	800,000.00	707,715.00	834,700.00
AMBASSADOR	BB&T CORP SR 6.85% DUE 04-30-2019	USA	765,000.00	861,351.75	855,727.47
AMBASSADOR	BOTTLING GROUP LLC SR NT 5.125% DUE 01-15-2019 REG	USA	690,000.00	694,643.70	735,302.64
AMBASSADOR	BP CAP MARKETS PLC 5.25% DUE 11-07-2013	UK	800,000.00	810,855.00	876,343.20
AMBASSADOR	CAROLINA PWR & LT CO 1ST MTG BD 5.3% DUE01-15-2019 REG	USA	860,000.00	882,497.60	931,394.62
AMBASSADOR	COCA-COLA HBC FIN B V NT 5.125 DUE 09-17-2013 REG	Netherlands	800,000.00	750,936.00	853,984.80
AMBASSADOR	COMWLTH EDISON CO 5.8% DUE 03-15-2018	USA	370,000.00	393,102.80	399,720.62
AMBASSADOR	CONOCO FDG CO 6.35% DUE 10-15-2011	Canada	745,000.00	803,706.00	816,368.76
AMBASSADOR	CONS EDISON CO N Y INC DEB SER 2008 C 7.125 DUE 12-01-2018/12-04-2008 BEO	USA	750,000.00	841,080.00	889,588.50
AMBASSADOR	COVIDIEN INTL FIN 6% DUE 10-15-2017	Luxembourg	700,000.00	672,868.00	776,597.50
AMBASSADOR	DAYTON PWR & LT CO 1ST MTG BD STEP UP 10-01-2013 09-30-2013	USA	805,000.00	811,520.00	858,862.55
AMBASSADOR	DIAGEO CAP PLC 5.75 DUE 10-23-2017	UK	815,000.00	727,945.35	894,528.51
AMBASSADOR	DUKE ENERGY IND INC FIRST MTG BD 6.35% DUE 08-15-2038 BEO	USA	700,000.00	769,713.00	825,573.70
AMBASSADOR	EMERSON ELEC CO 5% DUE 04-15-2019	USA	790,000.00	792,836.10	840,473.10
AMBASSADOR	FRANCE TELECOM SA NT STEP UP 03-01-2011 02-01-2002	France	800,000.00	792,208.00	866,220.00
AMBASSADOR	GEN ELEC CAP CORP MEDIUM TERM NTS BO TRANCHE # TR 00551 6 DUE 06-15-2012	USA	800,000.00	787,800.00	856,819.20
AMBASSADOR	HEWLETT PACKARD CO GLOBAL NT 5.4 DUE 03-01-2017 REG	USA	280,000.00	286,650.00	305,398.80
AMBASSADOR	INTERNATIONAL BUSINESS MACHS CORP 7.625%DUE 10-15-2018 BEO	USA	665,000.00	782,405.75	818,329.71
AMBASSADOR	JOHNSON & JOHNSON 5.85% DUE 07-15-2038	USA	775,000.00	734,545.00	872,305.90
AMBASSADOR	JPMORGAN CHASE & 6.3% DUE 04-23-2019	USA	790,000.00	798,255.50	862,464.33
AMBASSADOR	LOCKHEED MARTIN CORP 7.65 CO GUARNT DUE 05-01-2016	USA	800,000.00	926,776.00	965,350.40
AMBASSADOR	MCDONALDS CORP MEDIUM TERM NTS BOOK ENTRY SR NT 6.3% DUE 03-01-2038	USA	855,000.00	754,533.05	1,000,832.22
AMBASSADOR	NATL RURAL UTILS COOP FIN CORP COLL TR BD 10.375 DUE 11-01-2018/10-30-2008 REG	USA	695,000.00	885,054.70	919,183.37
AMBASSADOR	NEWS AMER HLDGS 9.25% DUE 02-01-2013	USA	500,000.00	581,105.00	587,367.00
AMBASSADOR	OHIO PWR CO 5.375% DUE 10-01-2021	USA	765,000.00	778,257.45	776,212.60
AMBASSADOR	ONCOR ELEC DELIVERY CO SR SECD NT DTD 05/06/2002 6.375	USA	600,000.00	651,024.00	651,538.20
AMBASSADOR	PACIFIC GAS & ELEC CO 1ST MTG BD 4.8% DUE 03-01-2014 REG	USA	775,000.00	783,429.05	826,539.82
AMBASSADOR	PACIFICORP FIRST MTG BD 5.65% DUE 07-15-2018 BEO	USA	800,000.00	748,362.50	874,603.20
AMBASSADOR	PEPCO HLDGS INC 6.45% DUE 08-15-2012	USA	600,000.00	635,658.00	643,781.40
AMBASSADOR	PROCTER & GAMBLE CO NT 5.55 DUE 03-05-2037 REG	USA	800,000.00	725,224.00	861,481.60
AMBASSADOR	SCHERING PLOUGH 6% DUE 09-15-2017	USA	600,000.00	618,262.50	669,337.20
AMBASSADOR	SEMPRA ENERGY 8.9% DUE 11-15-2013	USA	650,000.00	761,923.50	759,656.30
AMBASSADOR	TARGET CORP 6% DUE 01-15-2018	USA	900,000.00	739,638.00	1,013,952.60
AMBASSADOR	TRANSCANADA 7.25% DUE 08-15-2038	Canada	1,025,000.00	807,583.75	1,270,902.62
AMBASSADOR	TYCO INTL FIN S A 8.5% DUE 01-15-2019	Luxembourg	550,000.00	670,230.00	670,416.45
AMBASSADOR	U S BK NATL ASSN MINNEAPOLIS MINN MEDIUM4.8 DUE 04-15-2015 REG	USA	800,000.00	778,616.00	845,190.40
AMBASSADOR	UNION ELEC CO 6.4% DUE 06-15-2017	USA	575,000.00	628,848.00	635,151.90
AMBASSADOR	UNITED PARCEL SVC INC SR NT 6.2% DUE 01-15-2038/01-15-2008 REG	USA	910,000.00	800,381.40	1,063,503.35
AMBASSADOR	VERIZON COMMUNICATIONS INC NT 8.95% DUE 03-01-2039 BEO	USA	775,000.00	818,380.75	1,061,722.87
AMBASSADOR	WAL-MART STORES INC WALMART 6.2 4 15 38 6.2% DUE 04-15-2038 BEO	USA	800,000.00	700,672.00	910,442.40
BARROW HANLEY BOND	ALLTEL CORP 7 DUE 07-01-2012/06-30-2012 BEO	USA	235,000.00	240,875.00	261,590.95
BARROW HANLEY BOND	ALTRIA GROUP INC NT 9.7% DUE 11-10-2018 BEO	USA	280,000.00	279,806.80	347,775.96
BARROW HANLEY BOND	AMERICAN EXPRESS CO NT 8.15% DUE 03-19-2038 BEO	USA	210,000.00	208,062.50	263,730.60
BARROW HANLEY BOND	AMERIPRISE FINL INC SR NT 5.35% DUE 11-15-2010/11-23-2005 REG	USA	550,000.00	550,029.90	560,084.80
BARROW HANLEY BOND	AMERN EXPRESS CR CORP MEDIUM TERM NTS TRANCHE # TR 00069 5.875 DUE 05-02-2013	USA	280,000.00	279,039.60	296,876.72
BARROW HANLEY BOND	ARCHER DANIELS MIDLAND CO 6.45% DUE 01-15-2038/12-11-2007 BEO	USA	195,000.00	194,130.30	224,492.58
BARROW HANLEY BOND	AT&T WIRELESS SVCS 8.75% DUE 03-01-2031	USA	300,000.00	310,398.80	397,398.30
BARROW HANLEY BOND	BANK ONE CORP BANK ONE CORP 5.9% DUE 11-15-2011 BEO	USA	620,000.00	648,938.20	662,902.76
BARROW HANLEY BOND	BEAR STEARNS COS 7.25% DUE 02-01-2018	USA	195,000.00	194,465.70	222,698.19
BARROW HANLEY BOND	BEAR STEARNS COS INC BEAR STEARNS CO 6.410 2 17 6.4% DUE 10-02-2017	USA	425,000.00	393,320.50	462,344.32
BARROW HANLEY BOND	BEST BUY INC NT 6.75% DUE 07-15-2013 REG	USA	245,000.00	245,656.60	262,470.95
BARROW HANLEY BOND	BK NY INC MEDIUM TERM SR NTS BOO TRANCHE# TR 00029 4.95 DUE 11-01-2012	USA	195,000.00	193,461.45	211,287.76
BARROW HANLEY BOND	BP CAP MKTS P L C GTD NT 3.125 DUE 03-10-2012 REG	UK	300,000.00	299,982.00	309,922.50
BARROW HANLEY BOND	BRIT TELECOMMUNICATIONS P L C VARIABLE RATE NT DUE 12-15-2010/01-11-2001 BEO	UK	400,000.00	420,000.00	430,670.80
BARROW HANLEY BOND	CAMERON INTL CORP SR NT 6.375% DUE 07-15-2018 BEO	USA	130,000.00	129,868.70	137,729.80
BARROW HANLEY BOND	CANADIAN NATL RY CO NT 5.55% DUE 03-01-2019 REG	Canada	125,000.00	123,601.25	136,886.62
BARROW HANLEY BOND	CATERPILLAR FINL SVCS CORP MEDIUM TERM NTRANCHE # TR 00805 4.85 DUE 12-07-2012	USA	190,000.00	188,675.57	201,693.55
BARROW HANLEY BOND	CDN NAT RES LTD NT DTD 07/24/2001 6.7 DUE 07-15-2011 BEO	Canada	240,000.00	251,657.40	258,979.20
BARROW HANLEY BOND	CITIGROUP INC CITIGROUP INC NOTE 6.125% DUE 11-21-2017 BEO	USA	275,000.00	273,823.00	273,033.75
BARROW HANLEY BOND	CME GROUP INC CME GROUP INC 5.4% DUE 08-01-2013 BEO	USA	295,000.00	294,967.55	318,905.03
BARROW HANLEY BOND	COLUMBUS SOUTHN PWR CO SR NT SER A 5.5% DUE 03-01-2013/02-28-2013 BEO	USA	385,000.00	388,052.01	406,086.06
BARROW HANLEY BOND	COMCAST CORP NEW 5.875% DUE 02-15-2018	USA	225,000.00	224,676.00	239,743.35
BARROW HANLEY BOND	COMCAST CORP NEW NT 5.3 DUE 15-01-2014/14-01-2014 BEO	USA	410,000.00	419,946.60	438,725.42
BARROW HANLEY BOND	COMPUTER SCIENCES 5.5% DUE 03-15-2013	USA	175,000.00	174,445.65	184,856.70
BARROW HANLEY BOND	COMPUTER SCIENCES CORP SR NT 6.5% DUE 03-15-2018 REG	USA	315,000.00	313,423.25	346,984.15
BARROW HANLEY BOND	CONOCOPHILLIPS 4.6% DUE 01-15-2015	USA	505,000.00	504,550.55	538,983.47
BARROW HANLEY BOND	CONOCOPHILLIPS GTD NT 5.75% DUE 02-01-2019 REG	USA	235,000.00	242,341.40	256,027.56
BARROW HANLEY BOND	COSTCO WHOLESALE CORP NEW C CRP COST/. 5.3 5.3% DUE 03-15-2012/02-20-2007	USA	550,000.00	591,459.00	596,999.15
BARROW HANLEY BOND	COUNTRYWIDE HOME LNS INC MEDIUM TERM NTS# TR 00313 4 DUE 03-22-2011 REG	USA	85,000.00	74,693.75	86,388.39
BARROW HANLEY BOND	COVIDIEN INTL FIN 5.45% DUE 10-15-2012	Luxembourg	185,000.00	184,748.40	201,410.42
BARROW HANLEY BOND	CRH AMER INC 6 DUE 09-30-2016 BEO	USA	510,000.00	507,244.50	522,833.13
BARROW HANLEY BOND	DEERE JOHN CAP CORP MEDIUM TERM NTS BKTRANCHE # TR 00340 5.4 DUE 10-17-2011	USA	500,000.00	495,460.00	535,995.00
BARROW HANLEY BOND	DELL INC 3.375% DUE 06-15-2012	USA	195,000.00	194,867.40	202,057.63
BARROW HANLEY BOND	DEUTSCHE TELEKOM INTL FIN B V GTD NT STEP UP 06-15-2010	Netherlands	190,000.00	229,554.20	199,156.86
BARROW HANLEY BOND	DOMINION RES INC V 8.875% DUE 01-15-2019	USA	90,000.00	89,974.80	113,867.46
BARROW HANLEY BOND	DOMINION RES INC VA NEW C CRP D 5.6% DUE11-15-2016 BEO	USA	300,000.00	298,035.00	319,707.00
BARROW HANLEY BOND	DOMINION RESOURCES INC 6 DUE 10-15-2010 BEO	USA	255,000.00	261,413.25	264,765.48
BARROW HANLEY BOND	DR PEPPER SNAPPLE GROUP INC SR NT 6.82% DUE 05-01-2018 REG	USA	150,000.00	149,995.45	170,517.45
BARROW HANLEY BOND	DU PONT E I DE NEMOURS & CO NT 5.875% DUE 01-15-2014/12-12-2008 BEO	USA	430,000.00	427,983.30	476,165.23
BARROW HANLEY BOND	DUKE CAP LLC SR NT 5.668 DUE 08-15-2014/08-19-2004 REG	USA	215,000.00	227,687.15	228,203.58
BARROW HANLEY BOND	EATON CORP NT 5.6% DUE 05-15-2018 REG	USA	235,000.00	236,481.60	247,104.85
BARROW HANLEY BOND	ENERGY TRANSFER PARTNERS L P SR NT 8.5% DUE 04-15-2014 REG	USA	210,000.00	223,223.70	242,664.45
BARROW HANLEY BOND	ENERGY TRANSFER SR NT 9 DUE 04-15-2019	USA	180,000.00	193,222.80	216,425.16
BARROW HANLEY BOND	ENTERPRISE PRODS 6.125% DUE 10-15-2039	USA	215,000.00	213,679.90	217,225.25
BARROW HANLEY BOND	EQT CORP 8.125% DUE 06-01-2019	USA	125,000.00	124,585.00	142,671.25
BARROW HANLEY BOND	EQTY RESDNTL PPTY 5.125 3 15 16 5.125 DUE 03-15-2016 BEO	USA	280,000.00	272,001.21	273,215.60
BARROW HANLEY BOND	EXELON GENERATION SR NT 6.25 DUE 10-01-2039	USA	215,000.00	214,705.45	222,894.80
BARROW HANLEY BOND	EXPRESS SCRIPTS 6.25% DUE 06-15-2014	USA	170,000.00	169,275.80	186,820.65
BARROW HANLEY BOND	FRANCE TELECOM SA NT 4.375 DUE07-08-2014	France	200,000.00	199,086.00	209,657.00
BARROW HANLEY BOND	GEN ELEC CAP CORP MEDIUM TERM NTS 4.375%DUE 03-03-2012	USA	270,000.00	259,969.50	275,902.20
BARROW HANLEY BOND	GENERAL ELEC CAP CORP MEDIUM TERM NTS BOOK ENTRY 5.875% DUE 01-14-2038 BEO	USA	535,000.00	422,174.50	490,637.80
BARROW HANLEY BOND	GOLDMAN SACHS 5.95% DUE 01-18-2018	USA	155,000.00	154,779.90	160,808.16
BARROW HANLEY BOND	GOLDMAN SACHS 6.75% DUE 10-01-2037	USA	190,000.00	185,037.60	196,085.89
BARROW HANLEY BOND	HEWLETT PACKARD CO 4.25% DUE 02-24-2012	USA	425,000.00	424,813.00	449,038.42
BARROW HANLEY BOND	HEWLETT-PACKARD CO GLOBAL NT 6.125 DUE 03-01-2014/12-05-2008 BEO	USA	350,000.00	348,463.50	394,041.90
BARROW HANLEY BOND	HOME DEPOT INC SR NT 5.2% DUE 03-01-2011/03-24-2006 REG	USA	320,000.00	321,392.00	332,432.00
BARROW HANLEY BOND	HONDA AUTO 3.3% DUE 09-15-2015	USA	330,000.00	329,940.17	332,195.49
BARROW HANLEY BOND	HONEYWELL INTL INC 4.25% DUE 03-01-2013	USA	385,000.00	399,318.15	407,566.77
BARROW HANLEY BOND	HOSPIRA INC HOSPIRA INC NT 6.05% DUE 03-30-2017/03-29-2017	USA	220,000.00	219,652.40	230,378.50

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2009

Account name	Asset description	Country	Shares/Par value	Book value	Market value
BARROW HANLEY BOND	INTERNATIONAL BUSINESS MACHS CORP 7.625%DUE 10-15-2018 BEO	USA	425,000.00	423,419.00	522,992.67
BARROW HANLEY BOND	INTL BUSINESS MACHS CORP IBM CORP 4.75 DUE 11-29-2012	USA	325,000.00	347,075.20	351,531.37
BARROW HANLEY BOND	INTL LEASE FIN CORP- MEDIUM TER TRANCHE # TR 00577 5.75 DUE 06-15-2011	USA	275,000.00	277,662.00	250,493.65
BARROW HANLEY BOND	ITT CORP 4.9% DUE 05-01-2014	USA	595,000.00	593,851.65	620,439.82
BARROW HANLEY BOND	JOHN DEERE OWNER 3.96000003815% DUE 05-16-2016	USA	175,000.00	174,962.92	182,599.37
BARROW HANLEY BOND	KERR MCGEE CORP 6.95 DUE 07-01-2024 BEO	USA	250,000.00	258,302.50	267,662.00
BARROW HANLEY BOND	KONINKLIJKE 5.75% DUE 03-11-2018	Netherlands	200,000.00	197,610.00	215,210.80
BARROW HANLEY BOND	KRAFT FOODS INC 6.75% DUE 02-19-2014 BEO	USA	230,000.00	229,760.80	256,591.91
BARROW HANLEY BOND	KRAFT FOODS INC KRAFT FOODS INC 6.5 DUE 08-11-2017 BEO	USA	185,000.00	183,915.90	200,123.38
BARROW HANLEY BOND	KROGER CO 7.5% DUE 01-15-2014/11-25-2008BEO	USA	140,000.00	139,731.20	161,337.40
BARROW HANLEY BOND	LORILLARD TOB CO 8.125% DUE 06-23-2019	USA	205,000.00	205,000.00	232,648.96
BARROW HANLEY BOND	LOWES COS INC 6.65% DUE 09-15-2037/09-14-2037 BEO	USA	130,000.00	112,175.70	151,001.76
BARROW HANLEY BOND	LOWES COS INC NT 5.5% DUE 10-15-2035/10-06-2005 REG	USA	135,000.00	115,561.35	138,786.75
BARROW HANLEY BOND	LUBRIZOL CORP LZ 8 7/8 8.875% DUE 02-01-2019 REG	USA	140,000.00	138,958.40	172,813.62
BARROW HANLEY BOND	MARATHON OIL CORP MARATHON OIL 6 DUE 10-01-2017 BEO	USA	255,000.00	261,823.80	268,022.85
BARROW HANLEY BOND	MERRILL LYNCH & CO INC MEDIUM TERM NTS BTRANCHE # TR 00667 5.45 DUE 02-05-2013	USA	195,000.00	194,746.50	202,199.59
BARROW HANLEY BOND	MERRILL LYNCH & CO INC TRANCHE # TR 00677 6.875% DUE 04-25-2018	USA	800,000.00	769,122.50	841,357.60
BARROW HANLEY BOND	METLIFE INC SR NT 5.375 DUE 12-15-2012/12-14-2012 BEO	USA	405,000.00	403,031.70	430,201.12
BARROW HANLEY BOND	MIDAMERICAN ENERGY 5.875% DUE 10-01-2012	USA	480,000.00	483,437.40	522,972.96
BARROW HANLEY BOND	NOKIA CORP 5.375% DUE 05-15-2019	Finland	390,000.00	386,392.50	415,114.44
BARROW HANLEY BOND	NOVARTIS CAP CORP GTD NT 4.125% DUE 02-10-2014/02-10-2009	USA	435,000.00	434,551.95	459,337.38
BARROW HANLEY BOND	PFIZER INC NT 4.45 DUE 03-15-2012	USA	560,000.00	559,232.80	594,843.76
BARROW HANLEY BOND	PNC FDG CORP 4.25% DUE 09-21-2015	USA	200,000.00	199,644.00	200,786.00
BARROW HANLEY BOND	PRUDENTIAL FINL INC MEDIUM TERM NTS BOOKTRANCHE # TR 00005 5.1 09-20-2014	USA	290,000.00	288,721.10	293,048.77
BARROW HANLEY BOND	PSEG PWR LLC SR NT 6.95 DUE 06-01-2012/05-31-2012 BEO	USA	655,000.00	720,752.20	719,036.73
BARROW HANLEY BOND	PSI ENERGY INC BD 6.05% DUE 06-15-2016 BEO	USA	340,000.00	339,843.60	374,081.94
BARROW HANLEY BOND	PVTPL ALLEGHENY ENERGY SUPPLY CO LLC NT 144A 5.75% DUE 10-15-2019 BEO	USA	135,000.00	134,507.25	134,905.50
BARROW HANLEY BOND	PVTPL L-3 COMMUNICATIONS CORP SR NT 144A5.2% DUE 10-15-2019 BEO	USA	135,000.00	134,516.70	134,577.45
BARROW HANLEY BOND	PVTPL VERIZON WIRELESS CAP LLC / CELLCO PARTNE NT 144A 8.5 DUE 11-15-2018 BEO	USA	360,000.00	356,166.00	449,507.52
BARROW HANLEY BOND	ROGERS 6.8% DUE 08-15-2018	Canada	270,000.00	269,605.80	303,009.12
BARROW HANLEY BOND	SAFEWAY INC NT 6.25% DUE 03-15-2014 REG	USA	140,000.00	139,353.20	154,662.90
BARROW HANLEY BOND	SBC COMMUNICATIONS 5.1% DUE 09-15-2014	USA	650,000.00	637,442.91	700,809.20
BARROW HANLEY BOND	SEMPRA ENERGY 6.5% DUE 06-01-2016	USA	210,000.00	209,533.80	232,143.03
BARROW HANLEY BOND	SIMON PPTY GROUP L 5.75% DUE 12-01-2015	USA	285,000.00	289,397.55	291,529.92
BARROW HANLEY BOND	SOUTHN PWR CO SR NT 6.25 DUE 07-15-2012/07-14-2012 BEO	USA	485,000.00	508,666.35	530,959.57
BARROW HANLEY BOND	SPECTRA ENERGY CAP 5.65% DUE 03-01-2020	USA	210,000.00	209,554.80	215,298.72
BARROW HANLEY BOND	STATE STR CORP 4.3% DUE 05-30-2014	USA	195,000.00	194,814.75	204,885.91
BARROW HANLEY BOND	TELECOM ITALIA CAP GTD SR NT 4.95% DUE 09-30-2014/09-30-2006 REG	Luxembourg	320,000.00	331,737.60	331,130.56
BARROW HANLEY BOND	TELEFONICA 4.949% DUE 01-15-2015	Spain	345,000.00	345,000.00	365,978.76
BARROW HANLEY BOND	TELEFONICA 5.984% DUE 06-20-2011	Spain	270,000.00	270,000.00	287,685.27
BARROW HANLEY BOND	TIME WARNER CABLE INC 8.25% DUE 02-14-2014 BEO	USA	230,000.00	229,652.70	268,023.14
BARROW HANLEY BOND	TIME WARNER CABLE INC NT 5.85% DUE 05-01-2017 REG	USA	390,000.00	389,099.10	411,195.33
BARROW HANLEY BOND	TRANSCANADA 7.625% DUE 01-15-2039	Canada	300,000.00	297,444.00	382,809.60
BARROW HANLEY BOND	TYCO ELECTRONICS 6.55% DUE 10-01-2017	Luxembourg	235,000.00	234,212.75	246,002.46
BARROW HANLEY BOND	TYCO INTL FIN S A 8.5% DUE 01-15-2019	Luxembourg	255,000.00	261,469.45	310,829.44
BARROW HANLEY BOND	UNION ELEC CO 6.7% DUE 02-01-2019	USA	225,000.00	222,607.20	253,937.47
BARROW HANLEY BOND	UNITEDHEALTH GROUP 5.25% DUE 03-15-2011	USA	660,000.00	661,447.40	685,954.50
BARROW HANLEY BOND	UTD TECHNOLOGIES 6.125% DUE 02-01-2019	USA	130,000.00	129,789.40	148,735.60
BARROW HANLEY BOND	VALERO ENERGY CORP NEW NT 6.625 DUE 06-15-2037 REG	USA	135,000.00	95,571.90	120,564.58
BARROW HANLEY BOND	VALERO ENERGY CORP NEW NT 9.375% DUE 03-15-2019 REG	USA	110,000.00	109,853.70	128,180.14
BARROW HANLEY BOND	WA MUT FIN CORP SR NT 6.875 DUE 05-15-2011 BEO	USA	350,000.00	377,486.50	364,786.45
BARROW HANLEY BOND	WACHOVIA CORP GLOBAL MEDIUM TERM SR NTS TRANCHE # SR 00025 5.7 DUE 08-01-2013	USA	110,000.00	109,845.52	117,404.65
BARROW HANLEY BOND	WASTE MGMT INC DEL 7.375% DUE 03-11-2019	USA	185,000.00	184,781.70	215,292.64
BARROW HANLEY BOND	WESTAR ENERGY INC 6 DUE 07-01-2014/06-17-2004 BEO	USA	125,000.00	123,942.50	135,014.00
BARROW HANLEY BOND	WILLIS NORTH AMER INC GTD SR NT 6.2% DUE03-28-2017/03-28-2007 BEO	USA	220,000.00	219,562.20	215,354.48
BARROW HANLEY BOND	WISCONSIN ELEC PWR CO 6.25% DUE 12-01-2015/12-11-2008 BEO	USA	395,000.00	420,416.70	454,190.75
BARROW HANLEY BOND	WYETH WYE 5.50 02/01/2014 5.5% DUE 02-01-2014/12-16-2003 BEO	USA	580,000.00	582,449.89	633,422.06
BARROW HANLEY BOND	XCEL ENERGY INC NT 5.613% DUE 04-01-2017/03-31-2017 REG	USA	705,000.00	705,000.00	753,997.50

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2009

Account name	Asset description	Country	Shares/Par value	Book value	Market value
DODGE & COX	AEGON N V 4.75% DUE 06-01-2013	Netherlands	925,000.00	891,432.65	928,378.10
DODGE & COX	AMERN INTL GROUP 8.25% DUE 08-15-2018	USA	475,000.00	475,000.00	403,670.20
DODGE & COX	AOL TIME WARNER INC DEB DTD 04/08/2002 7.7 DUE 05-01-2032 BEO	USA	1,525,000.00	1,560,879.79	1,724,450.17
DODGE & COX	AOL TIME WARNER INC DEB DTD 04/19/2001 7.625% DUE 04-15-2031/04-14-2031 BEO	USA	125,000.00	126,379.83	138,862.37
DODGE & COX	AT&T CORP USD SR NT VAR RATE DUE 11-15-2031/11-14-2031 BEO	USA	800,000.00	996,315.02	996,830.40
DODGE & COX	AT&T INC GLOBAL NT 6.55 DUE 02-15-2039 REG	USA	100,000.00	99,437.00	109,024.20
DODGE & COX	BANK AMER FDG CORP 7.625% DUE 06-01-2019	USA	625,000.00	624,613.25	704,244.37
DODGE & COX	BHP BILLITON FIN 5.5% DUE 04-01-2014	Australia	450,000.00	448,497.00	497,313.45
DODGE & COX	BK AMER FDG CORP SR NT 7.375 DUE 05-15-2014	USA	375,000.00	372,918.75	417,249.00
DODGE & COX	BK AMER N A CHARLOTTE N C MEDIUM TERM TRANCHE # TR 00229 5.3 DUE 03-15-2017	USA	650,000.00	649,395.50	623,552.15
DODGE & COX	BSTN PPTYS LTD 5.625% DUE 04-15-2015	USA	500,000.00	499,490.00	506,549.00
DODGE & COX	BSTN PPTYS LTD 6.25% DUE 01-15-2013	USA	400,000.00	376,440.70	415,286.00
DODGE & COX	CAP 1 FINL CORP 6.75 DUE 09-15-2017 BEO	USA	900,000.00	900,774.75	955,155.60
DODGE & COX	CDN NATL RY CO STEP CPN 6.712% DUE 07-15-2036	Canada	450,000.00	481,401.00	555,336.00
DODGE & COX	CIGNA CORP 7.875 DEB DUE 05-15-2027	USA	650,000.00	703,329.25	648,302.85
DODGE & COX	CIGNA CORP SR NT 7 DUE 01-15-2011/01-14-2011 BEO	USA	200,000.00	225,870.00	209,521.00
DODGE & COX	CITIGROUP INC CITIGROUP INC NOTE 6.125% DUE 11-21-2017 BEO	USA	450,000.00	448,074.00	446,782.50
DODGE & COX	CITIGROUP INC GLOBAL SR NT FLTG RATE DUE05-15-2018 REG	USA	950,000.00	950,000.00	837,978.85
DODGE & COX	COMCAST CORP NEW 6.3% DUE 11-15-2017	USA	250,000.00	220,525.00	273,897.25
DODGE & COX	COMCAST CORP NEW 6.5 DUE 15-01-2017	USA	400,000.00	402,742.50	439,027.20
DODGE & COX	COMCAST CORP NEW BD 5.85% DUE 11-15-2015/11-14-2005 BEO	USA	250,000.00	249,980.00	273,850.50
DODGE & COX	COMCAST CORP NEW GTD NT 5.9% DUE 03-15-2016/03-02-2006 REG	USA	225,000.00	224,689.50	241,807.95
DODGE & COX	CONOCOPHILLIPS GTD NT 5.75% DUE 02-01-2019 REG	USA	375,000.00	374,235.00	408,554.62
DODGE & COX	COVIDIEN INTL FIN 6% DUE 10-15-2017	Luxembourg	200,000.00	199,854.00	221,885.00
DODGE & COX	COX COMMUNICATIONS 5.45% DUE 12-15-2014	USA	225,000.00	225,572.36	241,700.85
DODGE & COX	COX COMMUNICATIONS INC NEW BD 5.5 DUE 10-01-2015/09-22-2003 BEO	USA	400,000.00	354,605.00	427,270.40
DODGE & COX	CSX TRANSN INC 9.75% DUE 06-15-2020	USA	315,000.00	386,923.95	427,992.70
DODGE & COX	DOW CHEM CO 7.375 DUE 11-01-2029 BEO	USA	350,000.00	429,085.75	364,010.15
DODGE & COX	DOW CHEM CO 8.55% DUE 05-15-2019	USA	475,000.00	474,021.50	533,969.35
DODGE & COX	DOW CHEM CO NT 9.4 DUE 05-15-2039	USA	225,000.00	224,014.50	277,106.40
DODGE & COX	FED EXPRESS CORP 6.72% DUE 01-15-2022	USA	626,395.03	645,249.53	684,850.21
DODGE & COX	FEDEX CORP NT 8 DUE 01-15-2019 REG	USA	125,000.00	125,000.00	151,929.37
DODGE & COX	FEDEX CORP NT DTD 01/16/2009 7.375% DUE 01-15-2014 REG	USA	125,000.00	125,000.00	140,954.37
DODGE & COX	FEDT RETAIL HLDGS 6.375% DUE 03-15-2037	USA	125,000.00	100,315.50	98,480.50
DODGE & COX	GENERAL ELEC CO NT 5% DUE 02-01-2013 BEO	USA	800,000.00	826,688.00	843,920.80
DODGE & COX	HEWLETT-PACKARD CO GLOBAL NT 6.125 DUE 03-01-2014/12-05-2008 BEO	USA	550,000.00	547,585.50	619,208.70
DODGE & COX	HSBC HLDGS PLC NT 6.5% DUE 05-02-2036 BEO	UK	315,000.00	326,998.35	341,259.97
DODGE & COX	HSBC HLDGS PLC SUB NT 6.5% DUE09-15-2037 BEO	UK	252,000.00	240,075.36	272,568.49
DODGE & COX	KONINKLIJKE 5.75% DUE 03-11-2018	Netherlands	750,000.00	741,037.50	807,040.50
DODGE & COX	LAFARGE S A NT 6.5% DUE 07-15-2016 REG	France	500,000.00	494,820.00	499,690.00
DODGE & COX	MACY'S INC. 6.9% DUE 04-01-2029	USA	100,000.00	92,905.00	78,886.50
DODGE & COX	MACYS RETAIL HLDGS STEP CPN 8.875% DUE 07-15-2015	USA	275,000.00	272,501.25	286,880.00
DODGE & COX	MAY DEPT STORES CO NT DTD 08/15/1995 7.625% DUE 08-15-2013 REG	USA	820,000.00	896,920.19	820,045.10
DODGE & COX	MAY DEPT STORES CO SR NT 6.7 DUE 07-15-2034/07-20-2004 BEO	USA	175,000.00	139,809.25	136,184.30
DODGE & COX	NORDSTROM INC SR DEB 6.95 DUE 03-15-2028REG	USA	750,000.00	714,536.37	769,644.00
DODGE & COX	NORFOLK SOUTHN RY CO VA NT 9.75% DUE 06-15-2020 REG	USA	435,000.00	534,323.55	594,052.09
DODGE & COX	PITNEY BOWES INC NT 6.25% DUE 03-15-2019REG	USA	675,000.00	673,791.75	757,869.75
DODGE & COX	PVTPL COX COMM INC NEW /TS/COXENTCOX COMM INC 5.875 DUE 12-01-2016	USA	250,000.00	250,300.75	262,781.50
DODGE & COX	PVTPL COX COMMUNICATIONS INC NEW NT 144A8.375% DUE 03-01-2039 BEO	USA	250,000.00	249,032.50	308,393.75
DODGE & COX	PVTPL COX COMMUNICATIONS INC NT 144A 9.375% DUE 01-15-2019/12-15-2008 BEO	USA	325,000.00	322,377.25	410,628.40
DODGE & COX	PVTPL LIBERTY MUT GROUP INC SR NT 144A 7.25% DUE 09-01-2012 BEO	USA	250,000.00	227,500.00	238,192.75
DODGE & COX	PVTPL ROCHE HLDGS INC GTD NT 144A 6% DUE03-01-2019/02-25-2009 BEO	Switzerland	350,000.00	344,498.00	389,598.65
DODGE & COX	REED ELSEVIER CAP 8.625% DUE 01-15-2019	USA	450,000.00	448,254.00	554,387.40
DODGE & COX	SLM CORP MEDIUM 8.45% DUE 06-15-2018	USA	725,000.00	710,717.50	578,187.50
DODGE & COX	ST PAUL TRAVELERS COS INC BD 5.5 DUE 12-01-2015 BEO	USA	250,000.00	239,597.88	270,232.75
DODGE & COX	TIME WARNER CABLE INC NT 8.25% DUE 04-01-2019 REG	USA	250,000.00	270,813.00	302,174.00
DODGE & COX	TIME WARNER CABLE INC NT 8.75% DUE 02-14-2019 BEO	USA	400,000.00	396,652.00	492,772.00
DODGE & COX	TRAVELERS PPTY CAS CORP NEW SR NT DTD 03/11/2003 5 DUE 3-15-13/3-14-13 BEO	USA	350,000.00	352,198.00	369,329.45
DODGE & COX	UN PAC RR CO 2002-1 PASS THRU TR MTG PASSTHRU CTF 2002-1 6.061 1-17-23 BEO	USA	1,211,870.24	1,211,870.24	1,342,643.15
DODGE & COX	UN PAC RR CO PASS THRU TR CTF SER 1998-C6.33 01-02-2020 BEO SF 01-02-2009	USA	272,380.70	269,605.50	297,717.55
DODGE & COX	WACHOVIA BK NATL ASSN MEDIUM TERM SUB BKTRANCHE # SB 00008 6 DUE 11-15-2017	USA	475,000.00	471,214.25	498,373.32
DODGE & COX	WACHOVIA CORP 5.75% DUE 02-01-2018	USA	90,000.00	89,614.80	95,252.04
DODGE & COX	WACHOVIA CORP GLOBAL MEDIUM TERM SR NTS BOOK ENTRY FLT RT DUE 05-01-2013 BEO	USA	950,000.00	950,000.00	960,640.00
DODGE & COX	WACHOVIA CORP NEW SR NT FLT RT DUE 04-23-2012 BEO	USA	100,000.00	100,000.00	97,856.30
DODGE & COX	WELLPOINT INC NT 5% DUE 12-15-2014/05-06-2005 REG	USA	225,000.00	211,101.75	233,861.40
DODGE & COX	WELLPOINT INC NT 5.25% DUE 01-15-2016 BEO	USA	800,000.00	779,895.78	815,816.00
DODGE & COX	WHIRLPOOL CORP SR NT 6.5% DUE 06-15-2016/06-19-2006 REG	USA	250,000.00	251,097.50	259,418.75
DODGE & COX	WYETH NT 5.5% DUE 02-15-2016/02-07-2006 REG	USA	400,000.00	400,372.00	436,480.00
DODGE & COX	WYETH WYE 5.50 02/01/2014 5.5% DUE 02-01-2014/12-16-2003 BEO	USA	225,000.00	225,528.75	245,724.07
DODGE & COX	XEROX CORP 6.35% DUE 05-15-2018	USA	125,000.00	111,562.50	129,950.75
DODGE & COX	XEROX CORP NT 6.875% DUE 08-15-2011/08-14-2011 BEO	USA	50,000.00	51,861.50	53,329.15
DODGE & COX	XEROX CORP SER NT 6.75% DUE 02-01-2017/08-18-2006 BEO	USA	850,000.00	894,735.50	899,657.85
DODGE & COX	XEROX CORP SR NT 6.4% DUE 03-15-2016 REG	USA	1,000,000.00	894,630.19	1,047,745.00

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2009

Account name	Asset description	Country	Shares/Par value	Book value	Market value
MUNDER	ABBOTT LABS NT 5.875% DUE 05-15-2016 BEO	USA	500,000.00	518,270.00	557,290.50
MUNDER	AMERENENERGY 7.95% DUE 06-01-2032	USA	700,000.00	870,135.00	692,713.00
MUNDER	ANADARKO PETE CORP 7.95% DUE 06-15-2039	USA	750,000.00	782,801.00	909,331.50
MUNDER	AT&T INC GLOBAL NT 6.3% DUE 01-15-2038 BEO	USA	500,000.00	497,795.00	523,821.50
MUNDER	BANK AMER FDG CORP 7.625% DUE 06-01-2019	USA	1,100,000.00	1,115,477.00	1,239,470.10
MUNDER	BARCLAYS BK PLC SR NT 6.75 DUE05-22-2019	UK	650,000.00	648,602.50	726,982.75
MUNDER	CLEVELAND ELEC ILLUM CO SR NT 5.7% DUE 04-01-2017 REG	USA	600,000.00	599,046.00	631,357.80
MUNDER	COCA COLA ENTERPRISES 8.50 NT DUE 2-1-2022 REG	USA	535,000.00	652,507.40	719,860.15
MUNDER	COMCAST CORP NEW NT 6.4% DUE 05-15-2038 BEO	USA	300,000.00	278,556.00	316,332.90
MUNDER	GEN ELEC CAP CORP MEDIUM TERM NTS BO TRANCHE # TR 00551 6 DUE 06-15-2012	USA	880,000.00	909,999.20	942,501.12
MUNDER	GOLDMAN SACHS GROUP INC BD 6.15% DUE 04-01-2018 BEO	USA	1,000,000.00	1,067,670.00	1,051,913.00
MUNDER	INDEPENDENCE CMNTY BK CORP VAR RT DUE 04-01-2014 BEO	USA	400,000.00	398,980.00	364,276.00
MUNDER	KROGER CO 6.8% DUE 04-01-2011	USA	700,000.00	747,253.50	749,685.30
MUNDER	MORGAN STANLEY MTN 6% DUE 04-28-2015	USA	700,000.00	697,634.00	741,279.00
MUNDER	PNC FDG CORP NT 5.625 DUE 02-01-2017 BEO	USA	1,000,000.00	957,258.20	1,007,190.00
MUNDER	POTASH CORP SASK INC NT 7.75 DUE 05-31-2011 BEO	Canada	500,000.00	537,745.00	546,835.50
MUNDER	PROCTER & GAMBLE 9.36% DUE 01-01-2021	USA	875,270.00	1,023,106.72	1,096,870.85
MUNDER	REVE SPC 2006-MB1 CR LKD SR NT CL A 144ADUE 06-20-2013 BEO	Cayman Is.	500,000.00	500,000.00	527,500.00
MUNDER	SOVEREIGN BK FSB WYOMISSING PA SUB FXD/FLTG RATE NT DUE 08-01-2013 BEO	USA	400,000.00	405,024.00	381,452.00
MUNDER	STANCORP FINL GROUP INC INC CAP OBLIGNT FIXED-FLTG DUE 06-01-2067/06-01-2009 REG	USA	300,000.00	161,400.00	201,360.00
MUNDER	TIME WARNER CABLE 6.75% DUE 06-15-2039	USA	365,000.00	354,528.15	394,724.14
MUNDER	UBS PFD FDG TR I GTD TR PFD SECS DUE 10-29-2049/10-01-2010 BEO	USA	750,000.00	922,065.00	690,760.50
MUNDER	UNITEDHEALTH GROUP 5.25% DUE 03-15-2011	USA	644,000.00	669,785.76	669,325.30
MUNDER	WELLS FARGO & CO NEW WELLS FARGO CO 5.625% DUE 12-11-2017 BEO	USA	1,065,000.00	1,002,271.50	1,118,666.41
	TOTAL CORPORATE BONDS		**112,868,983.80**	**114,122,956.90**	**122,587,940.73**
	MUNICIPAL BONDS				
AMBASSADOR	TEXAS TRANSN COMMN ST HWY FD REV 5% 04-01-2022 BEO	USA	1,650,000.00	1,646,700.00	1,870,819.50
AMBASSADOR	WAYNE CNTY MICH 6% 12-01-2010 BEO TAXABLE	USA	1,000,000.00	1,000,000.00	1,011,590.00
DODGE & COX	CALIFORNIA ST 5.45% 04-01-2015 BEO TAXABLE	USA	175,000.00	176,081.50	182,917.00
DODGE & COX	CALIFORNIA ST 7.5% 04-01-2034 BEO TAXABLE	USA	625,000.00	610,109.75	696,962.50
DODGE & COX	CALIFORNIA ST 7.55% 04-01-2039 BEO TAXABLE	USA	675,000.00	683,401.75	753,090.75
DODGE & COX	CALIFORNIA ST RMRKTD 5.65% 04-01-2039 BEO TAXABLE	USA	100,000.00	100,427.00	106,294.00
MUNDER	NEW YORK N Y 5.676% 10-01-2034 BEO TAXABLE	USA	750,000.00	750,000.00	750,000.00
	TOTAL MUNICIPAL BONDS		**4,975,000.00**	**4,966,720.00**	**5,371,673.75**
	NON-GOVERNMENT BACKED CMOs				
AMBASSADOR	CMO 2003-1 MTG PASSTHRU CTF CL B-2 DUE 04-25-2033 BEO	USA	664,724.30	292,478.69	306,817.46
AMBASSADOR	CMO AMERICAN HOME MTG INVT TR 2005-4 MTGBKD NT CL I-M-2 DUE 11-25-2045 REG	USA	150,000.00	126,000.00	2,294.70
AMBASSADOR	CMO CR SUISSE 1ST BSTN MTG SECS CORP 2003-AR15 DUE 06-25-2033 REG	USA	544,715.13	443,261.94	291,410.06
AMBASSADOR	CMO CR SUISSE 1ST BSTN MTG SECS CORP DUE06-25-2034 REG	USA	544,155.22	389,921.22	294,834.18
AMBASSADOR	CMO CWMBS INC 2003-58 CL M 4.67607 DUE 10-25-2033 REG	USA	474,762.64	341,309.81	300,747.89
AMBASSADOR	CMO HARBORVIEW MTG LN TR 2006-SBMC1 MTG PASSTHRU CTF CL M-1 DUE 12-19-2036 REG	USA	3,825.21	3,170.32	1.12
AMBASSADOR	CMO IMPAC CMB TR SER 2002-9F COLL ASSET BKD BD CL M-2 6.266% DUE 12-25-2032 BEO	USA	302,766.19	168,035.24	176,742.48
AMBASSADOR	CMO IMPAC SECD ASSETS CORP 2003-1 20330325 5.02000 DUE 03-25-2033 REG	USA	821,985.90	519,522.59	658,328.50
AMBASSADOR	CMO MASTR ADJ RATE MTGS TR 2004-5 MTG PASSTHRU CTF CL B-1 DUE 07-25-2034 REG	USA	1,086,818.03	802,547.19	461,910.70
AMBASSADOR	CMO MERRILL LYNCH MTG INVS INC 2004-FMTGPASSTHRU CTF CL B-1 DUE 12-25-2029 REG	USA	1,072,264.37	744,050.97	450,192.34
AMBASSADOR	CMO MTG PASSTHRU CTF CL M-1 DUE 01-25-2037 REG	USA	1,896,617.43	488,385.93	1,016,439.58
AMBASSADOR	I/O CMO 2004-AR10 CL X VAR 07-25-2044 REG	USA	798,808.77	38,017.64	0.00
AMBASSADOR	I/O CMO 2004-AR12 CL X VAR 10-25-2044 REG	USA	1,126,465.30	57,601.63	27,868.75
AMBASSADOR	I/O CMO 2004-AR8 CL X VAR 06-25-2044 REG	USA	443,854.76	19,587.05	10,905.51
AMBASSADOR	I/O CMO ALTERNATIVE LN TR 2007-OA3 MTG PASSTHRU CTF CL X-1 04-25-2047 REG	USA	3,427,050.68	152,284.50	127,863.26
AMBASSADOR	I/O CMO CWALT INC 2005-44 MTG PASSTHRU CTF CL A X VAR RATE DUE 10-25-2035 REG	USA	3,993,043.89	182,154.88	100,644.15
AMBASSADOR	I/O CMO CWALT INC SER 2005-81 CL XI 02-25-2037 REG	USA	1,178,528.63	80,228.63	8,405.85
AMBASSADOR	I/O CMO CWMBS INC 2006-0A1 MTG PASSTHRU CTF CL 2X DUE 03-20-2046 REG	USA	1,312,227.19	104,384.24	613,610.55
AMBASSADOR	I/O CMO GREENPOINT MTG FDG TR 2005-AR4 MTG PASSTHRU CTF CL X-1 10-25-2045 REG	USA	283,597.37	34,494.79	3,190.47
AMBASSADOR	I/O CMO HARBORVIEW MTG LN TR 2004-8 CL X.95998001099 DUE 11-19-2034 REG	USA	1,327,558.13	63,863.12	13.27
AMBASSADOR	I/O CMO HARBORVIEW MTG LN TR 2005-16 CL X-3 01-19-2036 REG	USA	1,690,635.22	115,364.18	51,936.31
AMBASSADOR	I/O CMO HARBORVIEW MTG LN TR 2005-16 MTGPASSTHRU CTF CL X-1 DUE 01-19-2036 REG	USA	745,986.37	44,529.68	30,936.05
AMBASSADOR	I/O CMO HARBORVIEW MTG LN TR 2006-1 MTG PASSTHRU CTF CL X-1 VAR RT 03-19-2036	USA	1,271,903.44	85,737.94	58,634.74
AMBASSADOR	I/O CMO HARBORVIEW MTG LN TR 2006-5 MTG PASSTHRU CTF CL X-2 07-19-2047 REG	USA	2,055,149.82	120,370.05	116,239.27
AMBASSADOR	I/O CMO HARBORVIEW MTG LN TR SER 2005-2 CL X FLTG RT DUE 05-19-2035 REG	USA	1,067,891.80	64,712.46	34,129.82
AMBASSADOR	I/O CMO HARBORVIEW MTG LN TR SER 2005-3 CL X2 06-19-2035 BEO	USA	1,174,741.58	60,317.68	35,806.12
AMBASSADOR	I/O CMO INDYMAC MBS INC 2005-AR12 MTG PASSTHRU CTF CL A-X-2 07-25-2035 REG	USA	768,263.17	54,709.46	28,272.08
AMBASSADOR	P/O CMO GREENPOINT MTG FDG TR 2005-AR4 MTG PASSTHRU CTF CL X-4 10-25-2045 REG	USA	859,393.94	65,913.79	38,232.28
AMBASSADOR	P/O CMO HARBORVIEW MTG LN TR 2006-1 MTG PASSTHRU CTF CL PO-1 03-19-2037 REG	USA	4,543.14	1,993.04	800.86
AMBASSADOR	P/O CMO HARBORVIEW MTG LN TR 2006-5 CL PO-2 07-19-2047 REG	USA	6,920.44	92.70	1,495.92
BARROW HANLEY BOND	CMO BANC AMER MTG SECS INC 2005-D CL 2-A-4 VAR DUE 05-25-2035 REG	USA	318,794.85	315,557.09	309,469.46
BARROW HANLEY BOND	CMO CHASE MTG FIN TR SER 2006-A1 CL 4A1 FLT RT DUE 09-25-2036 BEO	USA	624,398.13	625,471.30	527,502.77
BARROW HANLEY BOND	CMO PRIME MTG TR 2005-2 MTG PASSTHRU CTFI-A-3 5.25% DUE 07-25-2020 REG	USA	651,391.82	653,427.42	658,641.16
BARROW HANLEY BOND	CMO WELLS FARGO MTG BACKED SECS 2006-11 TR CL A-8 6% DUE 09-25-2036 BEO	USA	457,302.05	456,444.61	400,139.29
MUNDER MORTGAGE FD	BCAP LLC 2009-RR3 6% DUE 11-26-2036	USA	706,985.68	643,356.97	643,356.96
MUNDER MORTGAGE FD	CHASE MTG FIN TR 6% DUE 10-25-2036	USA	694,486.69	673,652.09	671,790.86
MUNDER MORTGAGE FD	CMO CITICORP MTG SECS INC 2005-4 REMIC CL IA-1 5.25 DUE 07-25-2035REG	USA	443,292.43	360,175.11	439,231.87
MUNDER MORTGAGE FD	CMO CITICORP MTG SECS INC 2005-4 REMIC CL IIIA-1 5% DUE 07-25-2035 REG	USA	305,408.88	272,291.09	269,158.06
MUNDER MORTGAGE FD	CMO CWALT INC 2005-34CB MTG PASSTHRU CTFCL 1-A-6 5.5% DUE 09-25-2035 REG	USA	616,261.77	545,391.65	561,704.11
MUNDER MORTGAGE FD	CMO CWMBS INC 2005-18 CHL MTG PASSTHRU CTF A-1 5.5% DUE 10-25-2035 REG	USA	710,596.44	561,371.20	574,558.43
MUNDER MORTGAGE FD	CMO GS MTG SECS CORP GSR 2005-3F CL 1A-25.5 DUE 03-25-2035	USA	613,995.83	552,596.25	579,793.19
MUNDER MORTGAGE FD	CMO MASTR ALTERNATIVE LN TR 2004-10 MTG DUE 09-25-2019	USA	406,895.48	365,174.83	385,915.13
MUNDER MORTGAGE FD	CMO STRUCTURED AST SECS CORP 2005-10 CL 5A-8 5.25 DUE 12-25-2034REG	USA	131,341.77	105,730.12	128,395.64
MUNDER	CMO BEAR STEARNS ALT-A TR 2004-11 CL II-A-1 3.724% DUE 11-25-2034 REG	USA	133,205.85	136,556.80	86,347.49
MUNDER	CMO CHASE MTG FIN TR 2003-S5 MC MTG PASSTHRU CTF CL A-4 5.5 06-25-2018 REG	USA	116,772.83	119,021.64	116,992.36
MUNDER	CMO CWALT INC 2006-J2 MTG PASSTHRU CTF CL A-9 6% DUE 04-25-2036 REG	USA	587,719.87	585,515.92	353,709.80
MUNDER	CMO J P MORGAN MTG TR 2005-A3 MTG PASSTHRU CTF 6-A-1 DUE 06-25-2035 REG	USA	598,835.71	590,405.22	532,257.15
MUNDER	CMO THORNBURG MTG SECS TR 2004-1 CL II-1A VAR 2.62697% DUE 03-25-2044 REG	USA	31,465.56	31,393.40	28,890.19
MUNDER	CMO WAMU MTG PASS THRU CTFS SER 2006 AR8CL 1-A2 VAR RATE DUE 08-25-2046 REG	USA	1,200,000.00	1,211,484.38	853,364.40
	TOTAL NON-GOVERNMENT BACKED CMOs		**40,448,349.70**	**14,470,058.45**	**13,369,922.59**
	CORPORATE BOND FUNDS				
BARROW HANLEY BOND FD -SL	CF BHMS HI YIELD FXD INC FD	USA	1,711,136.73	15,000,000.00	18,710,937.91
SSGA FUND	CF SSGA QUAL TR LIQUIDATING TR FC7N FD	USA	20,019,259.38	20,019,259.38	19,578,835.67
MAIN ACCOUNT	SL- CORE USA SUB FD	USA	4,297.68	42,976.96	55,373.88
	TOTAL CORPORATE BOND FUNDS		**21,734,693.79**	**35,062,236.34**	**38,345,147.46**
	TOTAL CORPORATE BONDS		**220,205,294.88**	**207,049,955.09**	**218,576,713.10**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2009

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	U.S. GOVERNMENT AGENCIES				
AMBASSADOR	CORPORACION ANDINA DE FOMENTO NT 5.75% DUE 01-12-2017 BEO	Multi-National	850,000.00	698,445.00	864,597.90
AMBASSADOR	FHLMC PREASSIGN 00007 5.5 07-18-2016	USA	2,895,000.00	3,222,761.79	3,283,329.51
AMBASSADOR	TENNESSEE VALLEY AUTH 4.875% DUE 12-15-2016 REG	USA	2,625,000.00	2,796,911.25	2,820,352.50
BARROW HANLEY BOND	FNMA PREASSIGN 00310 5.125 01-02-2014	USA	410,000.00	406,638.00	435,010.00
DODGE & COX	FNMA 6 DUE 05-15-2011 REG	USA	250,000.00	256,875.00	270,681.50
DODGE & COX	NEW VY GENERATION V 2003-2 PASSTHRU CTF 4.92899990082% DUE 01-15-2021 BEO	USA	555,248.22	555,248.22	577,230.49
DODGE & COX	SBA GTD DEV PARTN CTF SER 2003-20-D PARTN CTF 4.76 DUE 04-01-23 REG	USA	582,923.90	582,923.90	612,115.56
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF 2007-20C PARTN CTF VAR RT 3-1-27 REG	USA	626,597.66	626,597.66	671,637.50
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF DEB SER 1997-20 C 7.15	USA	104,016.92	110,172.66	111,605.99
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF DEB SER 1999-20 F 6.8 DUE 06-01-2019 REG	USA	342,608.85	353,797.18	371,089.92
MUNDER	FFCB DTD 09/01/2000 7 09-01-2015	USA	1,250,000.00	1,334,717.50	1,501,175.00
MUNDER	FHLB 5.5 08-13-2014	USA	2,050,000.00	2,203,048.55	2,323,344.95
MUNDER	FHLMC CONS BD 7.5 05-15-2020	USA	865,000.00	904,318.39	1,145,043.75
MUNDER	FHLMC TRANCHE # TR 00029 5.3 05-12-2020/05-12-2010	USA	1,000,000.00	987,230.00	1,015,137.00
MUNDER	FNMA FNMA 2 04/11-10 2 04-01-2011/04-01-2010	USA	500,000.00	499,750.00	503,836.50
MUNDER	FNMA SEMI ANNUAL 5.375 06-12-2017	USA	750,000.00	789,183.75	847,271.25
MUNDER	INTER AMERN DEV BK GLOBAL MEDIUM TERM BKNT 3.375 DUE 09-17-2019 BEO	USA	1,000,000.00	1,007,600.00	1,003,958.00
	TOTAL U.S. GOVERNMENT AGENCIES		**16,656,395.55**	**17,336,218.85**	**18,357,417.32**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2009

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	U.S. GOVERNMENT BONDS				
AMBASSADOR	USA TREAS BDS DTD 08/15/1993 6.25% DUE 08-15-2023 REG	USA	100,000.00	122,937.90	125,343.80
BARROW HANLEY BOND	US TREAS SEC 4.5 DUE 08-15-2039 REG	USA	2,455,000.00	2,550,323.05	2,646,796.87
BARROW HANLEY BOND	USA TREAS NTS BONDS 1.375% DUE02-15-2012 REG	USA	2,075,000.00	2,083,701.49	2,085,860.55
BARROW HANLEY BOND	USA TREAS NTS DTD 00250 2.375%DUE 08-31-2014 REG	USA	4,615,000.00	4,600,217.58	4,632,306.25
BARROW HANLEY BOND	USA TREAS NTS NT 3.625% DUE 08-15-2019 REG	USA	1,875,000.00	1,902,550.74	1,924,511.25
DODGE & COX	US TREAS NTS DTD 00151 4.75 DUE 02-15-2010 REG	USA	1,750,000.00	1,788,299.48	1,779,736.00
MUNDER	US TREAS BD STRIPPED PRIN PMT STRIP 15/2/2019 USD 02-15-2019 REG	USA	982,000.00	503,193.49	704,565.36
MUNDER	USA TREAS BDS 00203 5% DUE 05-15-2037 REG	USA	65,000.00	81,463.54	75,328.89
MUNDER	USA TREAS BDS 5.500 DUE 08-15-2028 REG	USA	750,000.00	838,945.31	894,726.75
MUNDER	USA TREAS BDS 8% 11/15/2021 USD1000 8% DUE 11-15-2021/04-29-1999 REG	USA	465,000.00	618,858.69	658,193.08
MUNDER	USA TREAS BDS DTD 11/15/1996 6.5 15 NOV 2026	USA	950,000.00	1,164,810.61	1,243,016.10
MUNDER	USA TREAS NTS DTD 00250 2.375%DUE 08-31-2014 REG	USA	630,000.00	631,478.67	632,362.50
MUNDER	USA TREAS NTS NT 3.625% DUE 08-15-2019 REG	USA	500,000.00	507,873.09	513,203.00
	TOTAL U.S. GVOERNMENT BONDS		**17,212,000.00**	**17,394,653.64**	**17,915,950.40**
	U.S. GOVERNMENT MORTGAGE BACKED				
AMBASSADOR	BK OF AMER 3.125 DUE 06-15-2012 FDIC GTD	USA	3,000,000.00	3,091,515.00	3,120,234.00
AMBASSADOR	FHLMC GOLD C55607 6.5 08-01-2031	USA	1,749.33	1,762.67	1,883.32
AMBASSADOR	FHLMC GOLD C56693 6.5 08-01-2031	USA	71,029.83	71,570.89	76,470.71
AMBASSADOR	FHLMC GOLD G0-3323 6 08-01-2037	USA	317,493.24	320,767.39	336,066.59
AMBASSADOR	FHLMC GOLD POOL C24908 6.5 04-01-2029	USA	79,649.22	82,860.09	85,900.09
AMBASSADOR	FHLMC MULTICLASS SER 2716 CL UN 4.5 12-15-2023	USA	1,000,000.00	935,937.50	1,020,186.00
AMBASSADOR	FHLMC MULTICLASS SER 2796 CL VB 5.5 01-15-2024	USA	1,000,000.01	988,554.69	1,058,955.01
AMBASSADOR	FHLMC POOL #1B-7323 ADJ RT 01-01-2037	USA	337,273.97	340,067.03	354,107.31
AMBASSADOR	FHLMC POOL #1N-1434 ADJ RT 04-01-2037	USA	260,442.54	263,118.17	275,707.07
AMBASSADOR	FNMA POOL #252982 8% DUE 01-01-2030 REG	USA	7,806.87	8,084.98	8,849.16
AMBASSADOR	FNMA POOL #253517 8.5% DUE 11-01-2030 REG	USA	5,918.29	6,130.98	6,774.78
AMBASSADOR	FNMA POOL #330286 7 GTD MTG PASS THRU CTF DUE 11-01-2025 REG	USA	8,502.08	8,945.13	9,388.93
AMBASSADOR	FNMA POOL #446371 6.5% 09-01-2028 BEO	USA	10,318.95	10,834.09	11,167.47
AMBASSADOR	FNMA POOL #450809 6.5% DUE 11-01-2028 REG	USA	19,920.44	20,914.90	21,558.49
AMBASSADOR	FNMA POOL #510618 7% DUE 08-01-2029 REG	USA	59,507.49	62,631.63	65,811.71
AMBASSADOR	FNMA POOL #527756 8% DUE 02-01-2030 REG	USA	14,303.36	15,058.74	16,216.00
AMBASSADOR	FNMA POOL #528319 7% DUE 07-01-2015 REG	USA	20,172.09	21,142.90	21,775.56
AMBASSADOR	FNMA POOL #531119 7% DUE 02-01-2015 REG	USA	25,369.78	26,590.69	27,206.04
AMBASSADOR	FNMA POOL #535801 7% DUE 03-01-2016 REG	USA	6,662.42	6,983.04	7,192.01
AMBASSADOR	FNMA POOL #535951 8% DUE 03-01-2031 REG	USA	7,591.23	7,942.32	8,604.73
AMBASSADOR	FNMA POOL #544397 8.5% DUE 08-01-2030 REG	USA	5,650.07	5,853.11	6,467.74
AMBASSADOR	FNMA POOL #545369 7% DUE 09-01-2016 REG	USA	56,079.79	58,778.65	60,537.57
AMBASSADOR	FNMA POOL #548965 8.5% DUE 07-01-2030 REG	USA	14,254.92	14,767.22	16,317.89
AMBASSADOR	FNMA POOL #557184 8% DUE 11-01-2030 REG	USA	13,060.65	13,693.27	14,807.12
AMBASSADOR	FNMA POOL #561232 8% DUE 05-01-2031 REG	USA	28,792.27	30,123.92	32,646.40
AMBASSADOR	FNMA POOL #562055 8.5% DUE 12-01-2030 REG	USA	11,381.64	11,790.66	13,028.79
AMBASSADOR	FNMA POOL #562119 8.5% DUE 12-01-2030 REG	USA	3,107.00	3,218.66	3,556.64
AMBASSADOR	FNMA POOL #568386 7% DUE 12-01-2015 REG	USA	113,810.00	119,287.12	122,047.56
AMBASSADOR	FNMA POOL #576022 8% DUE 12-01-2029 REG	USA	1,375.02	1,447.63	1,555.75
AMBASSADOR	FNMA POOL #593020 6.5% DUE 09-01-2031 REG	USA	13,493.26	13,508.02	14,569.07
AMBASSADOR	FNMA POOL #598209 6.5% DUE 08-01-2031 REG	USA	18,990.67	19,011.47	20,504.79
AMBASSADOR	FNMA POOL #607695 6.5% DUE 11-01-2031 REG	USA	49,747.99	52,235.39	53,714.39
AMBASSADOR	FNMA POOL #634232 7% 04-01-2032 BEO	USA	10,725.65	11,284.56	11,820.20
AMBASSADOR	FNMA POOL #661080 6.5% 09-01-2032 BEO	USA	5,896.08	6,190.44	6,362.46
AMBASSADOR	FNMA POOL #667021 6.5% 11-01-2032 BEO	USA	8,578.55	9,006.82	9,257.11
AMBASSADOR	FNMA POOL #724439 9% 01-01-2027 BEO	USA	390,317.19	419,347.04	446,472.12
AMBASSADOR	FNMA POOL #745428 5.5% 01-01-2036 BEO	USA	16,637.84	16,358.38	17,473.19
AMBASSADOR	FNMA POOL #745516 5.5% 05-01-2036 BEO	USA	16,338.04	16,063.61	17,158.37
AMBASSADOR	FNMA POOL #745586 5.5% 06-01-2036 BEO	USA	28,257.78	27,783.15	29,636.76
AMBASSADOR	FNMA POOL #745886 5.5% 04-01-2036 BEO	USA	10,630.95	10,452.40	11,164.70
AMBASSADOR	FNMA POOL #816231 5.5% 03-01-2035 BEO	USA	21,960.24	21,591.37	23,062.86
AMBASSADOR	FNMA POOL #822148 5.121% 11-01-2035 BEO	USA	240,118.68	239,602.81	250,748.73
AMBASSADOR	FNMA POOL #833575 7% 08-01-2035 BEO	USA	32,109.78	33,456.88	35,173.69
AMBASSADOR	FNMA POOL #842001 5.5% 10-01-2035 BEO	USA	254,743.45	250,464.55	267,534.11
AMBASSADOR	FNMA POOL #845556 5.5% 01-01-2036 BEO	USA	25,758.02	25,325.35	27,051.33
AMBASSADOR	FNMA POOL #846874 5.5% 11-01-2035 BEO	USA	155,222.70	152,615.45	163,016.43
AMBASSADOR	FNMA POOL #863096 5.5% 11-01-2035 BEO	USA	52,792.62	51,905.84	55,443.33
AMBASSADOR	FNMA POOL #867066 5.5% 02-01-2036 BEO	USA	204,504.04	201,069.01	214,772.18
AMBASSADOR	FNMA POOL #886034 2.966% 07-01-2036 BEO	USA	282,490.87	291,345.28	289,482.51
AMBASSADOR	FNMA POOL #886574 2.963% 08-01-2036 BEO	USA	261,745.59	269,453.74	266,095.80
AMBASSADOR	FNMA POOL #914653 5.937% 04-01-2037 BEO	USA	265,145.56	268,791.30	279,956.59
AMBASSADOR	FNMA POOL #914854 5.973% 04-01-2037 BEO	USA	283,972.08	287,832.33	299,332.13
AMBASSADOR	FNMA POOL #933131 5.5% 10-01-2037 BEO	USA	7,201,355.76	7,051,702.57	7,547,164.86
AMBASSADOR	FNMA POOL #983077 5% 05-01-2038 BEO	USA	1,779,808.34	1,678,859.84	1,841,247.32
AMBASSADOR	FNMA REMIC SER 2002-T12 CL A3 7.5 05-25-2042	USA	653,020.72	675,876.44	728,526.24
AMBASSADOR	FNMA REMIC SER 2003-W3 CL 1A2 7 08-25-2042	USA	711,513.42	722,186.14	779,107.19
AMBASSADOR	GNMA POOL #404669 7.00 DUE 12-15-2025 REG	USA	10,140.36	10,061.14	11,169.91
AMBASSADOR	GNMA POOL #504549 SER 2029 7% DUE 09-15-2029 REG	USA	52,502.13	50,951.65	57,981.77
AMBASSADOR	GNMA POOL #583960 SER 2032 6.5% DUE 06-15-2032 REG	USA	92,686.83	93,512.33	99,771.81
AMBASSADOR	GNMA POOL #617401 SER 2037 6% DUE 02-15-2037 REG	USA	15,771.73	16,085.93	16,686.01
AMBASSADOR	GNMA POOL #674444 6% 09-15-2037 BEO	USA	15,076.88	15,377.24	15,950.88
AMBASSADOR	GNMA POOL #677514 6% 10-15-2037 BEO	USA	16,972.84	17,310.98	17,956.73
AMBASSADOR	GNMA POOL #679571 6% 04-15-2038 BEO	USA	447,647.38	456,565.36	473,525.87
AMBASSADOR	GNMA POOL #683735 6% 03-15-2038 BEO	USA	11,323.17	11,548.74	11,977.76
AMBASSADOR	GNMA POOL #686680 6% 05-15-2038 BEO	USA	577,868.33	589,380.56	611,274.89
AMBASSADOR	GNMA POOL #782169 6% 06-15-2037 BEO	USA	464,568.25	473,823.33	491,922.02
AMBASSADOR	GNMA POOL #782184 SER 2037 6% DUE 09-15-2037 REG	USA	15,512.82	15,821.86	16,425.90
AMBASSADOR	I/O FHLMC MULTICLASS #S1-0087 09-15-2030	USA	47,040.21	57,670.28	7,923.92
AMBASSADOR	I/O FHLMC MULTICLASS FHLMC #S1-0068 01-01-2028	USA	13,765.61	20,985.87	2,488.13
AMBASSADOR	I/O FHLMC MULTICLASS FHLMC #S1-0084 12-01-2029	USA	32,131.03	35,506.52	5,737.63
AMBASSADOR	I/O FHLMC MULTICLASS S1-0095 SERIES 215 06-01-2031	USA	4,108.87	7,399.88	795.36
AMBASSADOR	I/O FHLMC MULTICLASS SER 199 CL IO 6.5% 08-01-2028	USA	74,425.86	25,304.99	15,327.26
AMBASSADOR	I/O FNMA 2005-68 CL-XI 08-25-2035	USA	315,748.59	49,409.00	48,091.66
AMBASSADOR	I/O FNMA REMIC SER 2003-82 CL WI 08-25-2032	USA	10,245.23	9,129.46	509.46
AMBASSADOR	I/O FNMA SER 2001-4 CL SA VAR RATE 02-17-2031	USA	114,720.57	25,407.57	13,153.40
AMBASSADOR	I/O FNMA SER 2003-25 CL IK 04-25-2033	USA	123,869.72	50,116.62	22,633.72
AMBASSADOR	I/O FNMA SMBS TR #000317 CL 2 12-01-2031	USA	132,430.21	113,969.38	23,483.84
AMBASSADOR	I/O FNMA SMBS TR 000267 CL 2 10-01-2024	USA	28,559.57	27,099.38	6,038.06
AMBASSADOR	I/O FNMA SMBS TR 000296 CL 2 04-01-2024	USA	18,405.05	5,836.20	3,339.22
AMBASSADOR	I/O FNMA SMBS TR 000303 CL 2 10-25-2029	USA	59,014.11	24,200.39	10,784.82
AMBASSADOR	I/O FNMA SMBS TR 000306 CL 2 05-25-2030	USA	28,319.44	67,817.81	5,196.87
AMBASSADOR	I/O FNMA SMBS TR 000307 CL 2 06-01-2030	USA	10,256.05	21,702.94	2,020.03
AMBASSADOR	I/O FNMA SMBS TR 000313 CL 2 06-25-2031	USA	90,334.06	36,518.49	18,273.67
AMBASSADOR	I/O FNMA SMBS TR 000320 CL 2 04-25-2032	USA	28,144.11	24,442.00	5,539.88
AMBASSADOR	I/O GNMA 2001-46 REMIC TR CL SA VAR RT 09-16-2031	USA	21,398.99	23,164.22	2,581.36
AMBASSADOR	I/O GNMA REMIC SER 2000-29 CL MX-S INV IO 09-20-2030	USA	25,063.83	26,586.77	4,825.33
AMBASSADOR	I/O GNMA REMIC TR 1999 27 CL SE INVERSE FLTG 08-16-2027	USA	78,059.65	34,809.10	16,929.42
AMBASSADOR	I/O GNMA REMIC TR 1999-30 CL SA INV INT ONLY 04-16-2029	USA	46,190.15	0.00	4,845.07

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2009

Account name	Asset description	Country	Shares/Par value	Book value	Market value
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #A5-1589 6% 08-01-2036 BEO	USA	379,029.51	379,147.96	401,202.73
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #A6-9859 6% 12-01-2037 BEO	USA	439,680.28	447,168.58	466,197.39
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #A7-3703 5% 03-01-2038 BEO	USA	1,578,337.04	1,564,279.97	1,633,310.51
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #G0-2418 5.5% 11-01-2036 BEO	USA	521,345.45	501,387.68	546,870.52
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #G0-2581 5% 09-01-2035 BEO	USA	689,900.62	683,863.99	715,371.75
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #G0-3111 5.5% 05-01-2037 BEO	USA	694,322.85	667,309.29	728,316.89
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #G0-4185 6% 03-01-2038 BEO	USA	785,690.53	787,531.99	830,262.75
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #G1-3122 5% 04-01-2023 BEO	USA	670,224.79	665,616.99	704,379.44
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #J0-9240 5.5% 01-01-2024 BEO	USA	378,428.00	395,457.26	401,023.93
BARROW HANLEY BOND	FHLMC GOLD A6-6107 6 09-01-2037	USA	547,465.84	561,922.34	579,153.16
BARROW HANLEY BOND	FNMA POOL #256101 5.5% 02-01-2036 BEO	USA	191,134.02	187,371.06	200,730.85
BARROW HANLEY BOND	FNMA POOL #257196 5.5% 05-01-2023 BEO	USA	130,070.70	135,883.24	137,763.08
BARROW HANLEY BOND	FNMA POOL #745355 5% 03-01-2036 BEO	USA	737,868.06	713,310.85	764,876.98
BARROW HANLEY BOND	FNMA POOL #745825 6.5% 09-01-2036 BEO	USA	943,876.22	973,519.84	1,012,052.39
BARROW HANLEY BOND	FNMA POOL #849299 5.5% 01-01-2036 BEO	USA	556,673.47	545,453.05	584,624.04
BARROW HANLEY BOND	FNMA POOL #866593 5.5% 01-01-2036 BEO	USA	764,344.13	750,012.69	802,721.84
BARROW HANLEY BOND	FNMA POOL #888030 5.5% 12-01-2036 BEO	USA	671,355.39	647,123.65	704,117.53
BARROW HANLEY BOND	FNMA POOL #888236 5.5% 11-01-2036 BEO	USA	1,436,182.73	1,413,489.33	1,506,268.44
BARROW HANLEY BOND	FNMA POOL #889174 5.5% 08-01-2037 BEO	USA	632,147.93	652,198.84	664,280.00
BARROW HANLEY BOND	FNMA POOL #898307 6% DUE 11-01-2036 REG	USA	518,509.17	530,823.79	548,681.21
BARROW HANLEY BOND	FNMA POOL #899829 6% 08-01-2037 BEO	USA	320,369.08	321,670.56	338,710.21
BARROW HANLEY BOND	FNMA POOL #902784 6% DUE 12-01-2036 REG	USA	1,361,517.67	1,379,174.84	1,440,744.38
BARROW HANLEY BOND	FNMA POOL #930300 5% DUE 12-01-2023 BEO	USA	399,147.55	414,552.15	419,112.91
BARROW HANLEY BOND	FNMA POOL #930743 5% 03-01-2024 BEO	USA	574,594.70	596,950.02	603,335.92
BARROW HANLEY BOND	FNMA POOL #948590 6.5% DUE 08-01-2037 REG	USA	542,458.32	552,714.16	580,707.05
BARROW HANLEY BOND	FNMA POOL #961981 5.5% 03-01-2038 BEO	USA	566,274.58	583,041.62	593,200.93
BARROW HANLEY BOND	FNMA POOL #965873 5.5% DUE 11-01-2036 REG	USA	1,172,528.19	1,175,825.93	1,229,749.91
BARROW HANLEY BOND	FNMA POOL #975097 5% 06-01-2038 BEO	USA	1,145,594.23	1,100,486.45	1,185,140.14
BARROW HANLEY BOND	FNMA POOL #982033 5% DUE 04-01-2038 REG	USA	791,305.45	783,268.75	818,621.31
BARROW HANLEY BOND	FNMA POOL #982817 5% 05-01-2038 BEO	USA	969,819.97	959,970.23	1,003,298.15
BARROW HANLEY BOND	FNMA POOL #984277 5.5% 06-01-2038 BEO	USA	1,145,738.58	1,179,394.65	1,200,756.94
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #1G-0959 5.712% 05-01-2036 BEO	USA	682,052.15	680,560.16	718,460.09
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #1N-1433 5.217% 02-01-2037 BEO	USA	962,763.54	960,356.64	1,012,343.93
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #A6-4639 6.5% 08-01-2037 BEO	USA	1,600,899.87	1,711,962.30	1,708,686.85
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #E9-0593 6% 07-01-2017 BEO	USA	309,590.14	322,022.16	332,010.65
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G01767 6.5% 12-01-2032 BEO	USA	496,845.15	507,131.77	534,905.47
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G0-4772 7% 08-01-2038 BEO	USA	1,759,710.64	1,891,688.95	1,908,122.87
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G11623 6%03-01-2019 BEO	USA	274,797.74	288,666.47	294,871.71
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G30242 6.5% 10-01-2022 BEO	USA	386,075.02	404,473.91	418,397.22
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #H0-9069 6.5% 09-01-2037 BEO	USA	867,631.84	880,239.63	922,708.24
DODGE & COX	FHLMC GOLD C00647 6.5 09-01-2028	USA	510,759.48	523,767.89	550,843.37
DODGE & COX	FHLMC GOLD E0-2359 6 07-01-2022	USA	711,808.81	715,590.29	758,539.05
DODGE & COX	FHLMC GOLD G11204 6 02-01-2015	USA	85,605.08	86,086.64	91,376.57
DODGE & COX	FHLMC GOLD G1-1707 6 03-01-2020	USA	968,893.63	982,518.69	1,039,060.90
DODGE & COX	FHLMC MULTICLASS PREASSIGN 00890 6.5 09-25-2043	USA	674,228.69	705,622.48	727,239.92
DODGE & COX	FHLMC MULTICLASS SER 2541 CL MD 6 03-15-2032	USA	409,447.70	414,038.00	427,179.65
DODGE & COX	FHLMC MULTICLASS SER 3389 CL GA 6 12-15-2035	USA	1,745,296.68	1,762,749.66	1,829,519.46
DODGE & COX	FNMA 08-25-2047	USA	1,162,741.96	1,173,895.12	1,239,761.98
DODGE & COX	FNMA POOL #252062 6.5% DUE 10-01-2013 REG	USA	195,409.90	201,730.21	209,180.43
DODGE & COX	FNMA POOL #252640 6.5% DUE 08-01-2014 REG	USA	95,061.59	98,470.46	102,171.43
DODGE & COX	FNMA POOL #256901 6.5% 09-01-2037 BEO	USA	672,815.73	678,282.37	717,625.25
DODGE & COX	FNMA POOL #257007 6% DUE 12-01-2027 REG	USA	750,676.57	772,023.94	799,339.92
DODGE & COX	FNMA POOL #323623 6% DUE 03-01-2014 REG	USA	108,102.58	111,227.43	115,864.02
DODGE & COX	FNMA POOL #323818 6.5% DUE 07-01-2014 REG	USA	181,962.03	188,487.10	194,784.89
DODGE & COX	FNMA POOL #433301 6.5% DUE 07-01-2013 REG	USA	125,893.53	129,788.38	134,765.24
DODGE & COX	FNMA POOL #460481 6.28% 08-01-2011 BEO	USA	375,000.00	392,285.16	398,830.50
DODGE & COX	FNMA POOL #512154 6% DUE 07-01-2014 REG	USA	262,821.52	246,230.91	281,855.05
DODGE & COX	FNMA POOL #535574 7.5% 11-01-2013 BEO	USA	115,123.38	122,660.38	120,987.76
DODGE & COX	FNMA POOL #545269 5.979% DUE 11-01-2011 REG	USA	351,761.12	368,469.80	373,689.90
DODGE & COX	FNMA POOL #545387 5.884% 01-01-2012 BEO	USA	102,688.95	111,902.87	110,195.61
DODGE & COX	FNMA POOL #555285 6% 03-01-2033 BEO	USA	319,124.35	320,221.36	339,887.53
DODGE & COX	FNMA POOL #725135 6% 05-01-2018 BEO	USA	274,286.05	288,043.25	294,664.68
DODGE & COX	FNMA POOL #725194 6% 12-01-2018 BEO	USA	164,906.91	173,332.63	177,158.99
DODGE & COX	FNMA POOL #725416 6% 01-01-2019 BEO	USA	655,096.56	689,898.57	703,770.23
DODGE & COX	FNMA POOL #725510 6.5% 07-01-2017 BEO	USA	241,503.00	254,596.99	258,521.71
DODGE & COX	FNMA POOL #735067 6% 01-01-2019 BEO	USA	1,125,978.06	1,181,221.37	1,209,634.85
DODGE & COX	FNMA POOL #735417 6.5% 03-01-2035 BEO	USA	833,358.36	857,122.13	899,280.34
DODGE & COX	FNMA POOL #888381 5.507% DUE 04-01-2017 BEO	USA	294,660.86	300,853.33	323,592.72
DODGE & COX	FNMA POOL #888673 6% 04-01-2035 BEO	USA	203,781.02	203,207.88	217,167.39
DODGE & COX	FNMA POOL #889324 6.5% 03-01-2038 BEO	USA	2,206,948.54	2,271,432.81	2,353,940.14
DODGE & COX	FNMA POOL #968066 6% 10-01-2022 BEO	USA	1,767,481.83	1,804,488.48	1,888,305.12
DODGE & COX	FNMA POOL #984262 6% 06-01-2023 BEO	USA	1,932,451.98	1,972,308.81	2,061,230.58
DODGE & COX	FNMA POOL #AD0128 6.5% 10-01-2038 BEO	USA	3,923,232.82	4,203,376.17	5,199,859.96
DODGE & COX	FNMA PREASSIGN 00276 7 03-25-2035	USA	575,762.49	590,336.55	630,459.92
DODGE & COX	FNMA REMIC SER 2003-W2 CL 1-A1 6.5 07-25-2042	USA	280,551.64	297,012.12	303,093.96
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF SER 2006-20A CL 1 5.21 DUE 1-1-26 REG	USA	531,658.07	531,658.07	564,222.12

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2009

Account name	Asset description	Country	Shares/Par value	Book value	Market value
MUNDER MORTGAGE FD	FNMA POOL #888029 6% 12-01-2036 BEO	USA	2,473,974.08	2,595,353.45	2,617,929.68
MUNDER MORTGAGE FD	FNMA POOL #920199 6% 12-01-2021 BEO	USA	228,508.74	231,543.62	244,129.59
MUNDER MORTGAGE FD	FNMA POOL #963774 5.5% 06-01-2038 BEO	USA	3,204,613.86	3,209,871.43	3,356,993.24
MUNDER MORTGAGE FD	FNMA POOL #974397 4.5% 04-01-2023 BEO	USA	808,564.68	774,706.05	838,972.37
MUNDER MORTGAGE FD	FNMA POOL #977009 5% 05-01-2038 BEO	USA	2,624,616.82	2,515,018.56	2,932,301.51
MUNDER MORTGAGE FD	FNMA POOL #988272 6.5% 09-01-2038 BEO	USA	480,044.58	487,095.24	513,863.72
MUNDER MORTGAGE FD	FNMA POOL #993020 5% 10-01-2023 BEO	USA	892,152.18	877,794.10	936,777.63
MUNDER	FEDERAL HOME LN MTG CORP POOL #A4-3941 5.5% 03-01-2036 BEO	USA	813,690.76	797,162.67	853,529.06
MUNDER	FEDERAL HOME LN MTG CORP POOL #A4-8131 6.5% 12-01-2035 BEO	USA	407,915.63	419,706.95	435,723.23
MUNDER	FEDERAL HOME LN MTG CORP POOL #G0-3728 5.5% 12-01-2035 BEO	USA	815,880.56	801,602.64	857,098.84
MUNDER	FEDERAL HOME LN MTG CORP POOL #G0-4739 6% 09-01-2038 BEO	USA	1,020,505.01	1,040,277.31	1,078,398.25
MUNDER	FEDERAL HOME LN MTG CORP POOL #M8-0996 5.5% 10-01-2012 BEO	USA	313,337.52	317,988.63	325,278.81
MUNDER	FHLMC CMO SER 1665 CL 1665-KZ 6.501-15-2024	USA	1,219,717.36	1,293,821.34	1,314,849.21
MUNDER	FHLMC GOLD C67999 7 06-01-2032	USA	6,434.51	6,710.51	7,054.13
MUNDER	FHLMC GOLD C68162 7 06-01-2032	USA	4,107.48	4,283.65	4,503.01
MUNDER	FHLMC GOLD GROUP C01095 7 11-01-2030	USA	23,092.11	22,789.04	25,403.49
MUNDER	FHLMC MULTICLASS PREASSIGN 00883 4 10-15-2026	USA	439,457.55	434,411.23	447,453.04
MUNDER	FHLMC MULTICLASS SER 2544 CL QB 5 09-15-2015	USA	60,179.35	61,909.51	60,797.57
MUNDER	FHLMC MULTICLASS SER 2578 CL PE 5 11-15-2016	USA	850,868.23	859,642.81	882,989.35
MUNDER	FHLMC MULTICLASS SER 2780 CL LC 5 07-15-2027	USA	352,239.09	358,939.89	366,997.90
MUNDER	FHLMC MULTICLASS SER 2780 CL MD 5 09-15-2031	USA	1,000,000.00	925,937.50	1,034,954.00
MUNDER	FHLMC MULTICLASS SER 3075 CL WP 5.5 04-15-2026	USA	579,100.26	581,271.89	593,734.12
MUNDER	FHLMC MULTICLASS SER 3079 CL MD 5 03-15-2034	USA	1,000,000.00	943,750.00	1,055,571.00
MUNDER	FHLMC MULTICLASS SER 3145 CL KB 5 11-15-2027	USA	500,000.00	498,125.00	526,455.00
MUNDER	FNMA POOL #255217 4.5% 04-01-2024 BEO	USA	940,048.37	923,597.53	970,364.93
MUNDER	FNMA POOL #386314 3.79% 07-01-2013 BEO	USA	629,313.47	606,205.83	649,325.63
MUNDER	FNMA POOL #450601 6% DUE 12-01-2028 REG	USA	75,208.48	68,275.20	80,289.56
MUNDER	FNMA POOL #508855 8% DUE 08-01-2029 REG	USA	35,361.46	35,494.08	40,082.56
MUNDER	FNMA POOL #684968 5% 09-01-2033 BEO	USA	576,049.05	554,357.25	598,036.84
MUNDER	FNMA POOL #723640 3.624% 06-01-2033 BEO	USA	28,924.86	29,144.06	29,590.71
MUNDER	FNMA POOL #745275 5% DUE 02-01-2036 REG	USA	341,599.42	328,896.19	354,103.32
MUNDER	FNMA POOL #757571 5.5% 01-01-2034 BEO	USA	409,655.65	415,544.45	430,990.51
MUNDER	FNMA POOL #767413 5.5% DUE 01-01-2034 REG	USA	456,948.55	466,980.01	480,176.61
MUNDER	FNMA POOL #788908 6% 08-01-2034 BEO	USA	441,457.76	457,322.64	469,076.68
MUNDER	FNMA POOL #878104 5.5% 04-01-2036 BEO	USA	654,647.30	642,372.68	686,594.08
MUNDER	FNMA POOL #888029 6% 12-01-2036 BEO	USA	466,997.34	489,909.41	494,170.98
MUNDER	FNMA POOL #928206 6% DUE 04-01-2037 REG	USA	874,192.62	881,636.91	924,240.14
MUNDER	FNMA POOL #956918 5.5% DUE 11-01-2037 REG	USA	460,428.66	455,446.67	482,538.44
MUNDER	FNMA PREASSIGN 00028 5.5 07-25-2024	USA	750,000.00	738,515.62	792,498.75
MUNDER	FNMA PREASSIGN 00164 5 12-25-2032	USA	1,200,000.00	1,165,875.00	1,263,884.40
MUNDER	FNMA PREASSIGN 00339 4.5 02-25-2029	USA	1,500,000.00	1,513,593.75	1,571,701.50
MUNDER	FNMA REMIC SER 1993-203 CL PL 6.5 DUE 10-25-2023 BEO	USA	298,537.01	276,963.06	325,745.97
MUNDER	FNMA REMIC SER 2003-32 CL KB 503-25-2017	USA	316,925.32	322,537.55	328,380.26
MUNDER	FNMA REMIC SER 2005-1 CL QE 5 11-25-2031	USA	1,000,000.00	983,593.75	1,054,284.00
MUNDER	FNMA REMIC SER 2008-58 CL PE 503-25-2032	USA	400,000.02	396,609.38	422,603.62
MUNDER	FNMA REMIC TR 2002-48 CL-GH 6.5 11-25-2032	USA	1,000,000.00	1,031,718.75	1,090,104.00
MUNDER	FNMA SER 2004-52 CL NE 4.5 07-25-2033	USA	1,000,000.00	968,281.25	1,037,195.00
MUNDER	GNMA POOL #538257 SER 2031 7% DUE 10-15-2031 REG	USA	13,144.21	13,554.47	14,524.26
MUNDER	GNMA POOL #627907 5% 02-15-2034 BEO	USA	280,663.98	279,348.39	292,216.10
MUNDER	JPMORGAN CHASE & CO FDIC GTD TLGP SR NT 3.125% DUE 12-01-2011 BEO	USA	1,000,000.00	999,380.00	1,037,633.00
	TOTAL U.S. GOVERNMENT MORTGAGE BACKED		**112,321,686.50**	**112,538,038.18**	**118,631,831.61**
	U. .S TIPS GOVERNMENT BONDS				
MUNDER	US TREAS BDS INFLATION INDEXED 3.625 DUE4-15-2028 REG	USA	510,000.00	784,303.08	839,513.02
	TOTAL U.S. TIPS GOVERNMENT BONDS		**510,000.00**	**784,303.08**	**839,513.02**
	TOTAL U.S. BONDS & BILLS		**130,043,686.50**	**130,716,994.90**	**137,387,295.03**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2009

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	PRIVATE EQUITY PARTNERSHIPS				
COLLER CAPITAL LP	COLLER INTERNATIONAL PARTNERS V-B, LP	Cayman Is.	6,195,000.00	6,195,000.00	5,634,878.00
JP MORGAN PRIVATE EQ LP	JP MORGAN DIRECT VENTURE CAPITAL FINANCE INSTITUTIONAL INVESTORS III, LLC	USA	78,201.00	78,201.00	32,412.00
JP MORGAN PRIVATE EQ LP	JP MORGAN EUROPEAN DIRECT CORPORATE FINANCE INSTITUTIONAL INVESTORS III, LLC	USA	173,490.00	173,490.00	31,372.00
JP MORGAN PRIVATE EQ LP	JP MORGAN EUROPEAN POOLED CORPORATE FINANCE INSTITUTIONAL INVESTORS III, LLC	USA	1,509,211.00	1,509,211.00	1,220,468.00
JP MORGAN PRIVATE EQ LP	JP MORGAN POOLED VENTURE CAPITAL INSTITUTIONAL INVESTORS III, LLC	USA	1,321,840.00	1,321,840.00	1,134,390.00
JP MORGAN PRIVATE EQ LP	JP MORGAN US DIRECT CORPORATE FINANCE INSTITUTIONAL INVESTORS III, LLC	USA	859,028.00	859,028.00	720,072.00
JP MORGAN PRIVATE EQ LP	JP MORGAN US POOLED CORPORATE FINANCE INSTITUTIONAL INVESTORS III, LLC	USA	3,234,810.00	3,234,810.00	2,767,128.00
LEXINGTON PARTNERS LP	LEXINGTON CAPITAL PARTNERS VI-B (OFFSHORE), LP	USA	10,005,280.30	10,005,280.30	7,551,010.00
PANTHEON EURO - LP	PANTHEON EUROPE FD LP	UK	1,168,750.00	1,672,213.78	1,256,110.37
PANTHEON US LP	PANTHEON USA FUND VII, LP	USA	3,307,500.00	3,307,500.00	2,679,275.00
	TOTAL PRIVATE EQUITY PARTNERSHIPS		**27,853,110.30**	**28,356,574.08**	**23,027,115.37**
	REAL ESTATE FUNDS				
JP MORGAN REAL ESTATE FD	CF JPMCB SPECIAL SITUATION PROPERTY FUND	USA	9,716.46	10,818,695.26	8,636,251.99
JP MORGAN REAL ESTATE FD	CF JPMCB STRATEGIC PROPERTY FUND	USA	29,938.89	39,992,248.40	38,949,148.64
URDANG REAL ESTATE FD	URDANG GLOBAL REAL ESTATE SECURITIES FUND LP	USA	60,986,834.32	60,986,834.32	39,405,952.00
	TOTAL REAL ESTATE FUNDS		**61,026,489.67**	**111,797,777.98**	**86,991,352.63**

CITY OF MIAMI FIRE FIGHTERS' & POLICE OFFICERS' RETIREMENT TRUST as of SEP 30, 2009

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	DROP MUTUAL FUNDS				
VANGUARD	DROP MUTUAL FUNDS	USA		167,115,414.00	167,115,414.00
	TOTAL DROP MUTUAL FUNDS			**167,115,414.00**	**167,115,414.00**
	REAL ESTATE, PROPERTY & EQUIPMENT				
FIPO	1895 SW 3rd AVENUE, MIAMI, FLORIDA	USA		2,128,089.00	2,128,089.00
	TOTAL REAL ESTATE, PROPERTY & EQUIPMENT			**2,128,089.00**	**2,128,089.00**

IV

ACTUARIAL

SECTION

Enrolled Actuary's Statement

This report has been prepared in accordance with standards established by the American Academy of Actuaries. To the best of our knowledge, it reflects the actuarial condition of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2007 for the Retirement Fund and for the COLA Fund.

All costs and cost components are calculated on the basis of actuarial assumptions which reasonably reflect the experience of the Trust.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Randall L. Stanley

Signature

Enrolled Actuary No. 08-602

April 11, 2008

Date

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparison of Funding Progress
($000)

		10/1/2007 -$-	10/1/2006 -$-	10/1/2005 -$-
I.	Assets			
	A. Book Value	1,014,745	953,418	918,643
	B. Market Value	1,268,870	1,147,871	1,091,902
II.	Liabilities			
	A. Retired and Vested	789,982	747,329	677,186
	B. Active			
	Employee Contributions	124,729	116,287	121,189
	Other Vested	196,251	215,238	228,156
	Non-Vested Accrued	19,175	17,985	15,806
	C. Total Accrued	1,130,137	1,096,839	1,042,337
III.	Ratios	%	%	%
	IA/IIC	89.8	86.9	88.1
	IB/IIC	112.3	104.7	104.8

Note: Item II amounts are present values of accrued benefits.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

Summary of Actuarial Basis

Valuation Date: January 1, 2008.

Valuation Method: Accrued Benefit Cost Method, based on benefits granted to date.

Asset Valuation Method: Market Value, plus present value of future minimum City contributions.

Actuarial Assumptions:

Investment Return: 7.75% compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	.0507%	.0284%
30	.0801%	.0351%
40	.1072%	.0709%
50	.2579%	.1428%
60	.7976%	.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Summary of Actuarial Basis
(Continued)

Age	Disability	Turnover	
		<5	5+
20	.00085	.0240	.0192
21	.00095	.0240	.0192
22	.00105	.0240	.0192
23	.00110	.0240	.0192
24	.00125	.0240	.0192
25	.00130	.0240	.0192
26	.00140	.0240	.0192
27	.00150	.0240	.0192
28	.00160	.0240	.0192
29	.00170	.0240	.0192
30	.00180	.0240	.0192
31	.00200	.0240	.0192
32	.00220	.0240	.0192
33	.00245	.0240	.0192
34	.00265	.0240	.0192
35	.00285	.0240	.0192
36	.00305	.0228	.0182
37	.00325	.0216	.0173
38	.00345	.0204	.0163
39	.00370	.0192	.0154
40	.00390	.0180	.0144
41	.00470	.0168	.0134
42	.00555	.0156	.0125
43	.00635	.0144	.0115
44	.00720	.0132	.0106
45	.00800	.0120	.0096
46	.00880	.0096	.0077
47	.00965	.0072	.0057
48	.01045	.0048	.0038
49	.01130	.0024	.0019
50	.01210	.0000	.0000

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Summary of Actuarial Basis
(Continued)

Age	Disability	Turnover	
		< 5	5+
51	.01295	.0000	.0000
52	.01375	.0000	.0000
53	.01455	.0000	.0000
54	.01540	.0000	.0000
55	.01620	.0000	.0000
56	.01785	.0000	.0000
57	.01870	.0000	.0000
58	.01950	.0000	.0000
59	.02030	.0000	.0000
60	.00000	.0000	.0000
61	.00000	.0000	.0000
62	.00000	.0000	.0000
63	.00000	.0000	.0000
64	.00000	.0000	.0000
65	.00000	.0000	.0000

Retirement: If eligible for Rule of 64 Retirement, the following decrements apply, based on service:

Years of Service	Police %	Fire %
<20	0	0
20-24	20	5
25-29	25	25
30-31	50	25
32	100	100

There is no explicit assumption on the percentage of retirements expected to enter the DROP. No distinction is necessary, since funding is calculated to expected retirement or expected DROP entry.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

Summary of Actuarial Basis
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Martial Status:	All employees are assumed to be married.
Investment Expenses:	Not provided for.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Adjustments from Valuation Date:	Liabilities are discounted for 3 months at the Investment Return assumption.
Sources of Data:	Asset data is from unaudited financial statements. Membership data was furnished by Administrator.
Changes from Prior Year Valuation:	None.

V

STATISTICAL

SECTION

STATISTICAL DATA OF VARIOUS ACCOUNTS

THROUGH SEPTEMBER 30, 2000

	GENERAL FUND		COLA I		COLA II	
MEMERSHIP ACCOUNT						
ADD:						
Members' Contributions						
After Tax	66,952,171		0		0	
Pre Tax	197,207,982		11,814,941		0	
After Tax from G & S	17,210		0		0	
Interest						
From Benefit Acct	91,505,290		0		0	
From Withdrawals	385,365		0		0	
Transfers from G & S	24,502		0		0	
		356,092,520		11,814,941		0
DEDUCT:						
Refunds -						
Leaving Service	17,428,700		944,379		0	
Additional Contributions	171,226		0		0	
Accidental Death	441,596		22,039		0	
Accidental Disability	1,982,443		0		0	
Option 6A	571,614		0		0	
Ordinary Death	1,581,596		62,320		0	
Transfers -						
After Tax from G & S	4,412,189		0		0	
Benefit Account	210,629,530		8,947,870		0	
Transfers to Acct Payable	480,131		0		0	
Interest withheld	311,346		0		0	
Interest	1,726,429		0		0	
		239,736,800		9,976,608		0
BALANCE AS OF 9/30/08		116,355,720		1,838,333		0
BENEFIT ACCOUNT:						
ADD:						
Contributions -						
City of Miami	591,285,365		2,042,899		13,185,685	
Police Relief & Pension Fund	52,342		0		0	
Fire Relief & Pension Fund	28,473		0		0	
Members	697,822		0		0	
Transfers from Membership Acct	210,640,454		8,947,870		0	
Amortization of Discounts	10,319,476		249,134		0	
Dividends Received	186,983,724		2,435,971		13,844,909	
Securities Lending Income	5,622,300		153,558		897,260	
Excess Interest Transfer	0		0		288,194,062	
Interest Income	530,905,553		11,075,337		34,020,408	
Other Income	2,539,671		37,949		200,413	
Corporate Action	2,258,202		60,756		379,679	
Commission Recapture	429,207		11,737		71,301	
Profit on Sale of Investments	816,925,666		17,989,996		73,537,198	
Unrealized Profit on Sales of Inv	15,225,185		3,020,900		1,520,568	
Unrealized Profit on Sec Lending Collateral	9,032		258		1,892	
Rental Income	1,004,371		21,686		135,396	
Share of Earnings Income	0		1,170,581		0	
		2,374,926,842		47,218,633		425,988,772
DEDUCT:						
Pensions Paid						
Fire	538,988,522		0		0	
Police	471,232,893		0		0	
General	7,034,700		0		0	
Former Gen assumed by Trust	276,624		0		0	
Pension Payments Prior 1966	989,022		0		0	
Distributions	0		10,682,551		125,918,588	
Lump Sum Payments to Benef	128,540		0		0	
Death Benefits	899,484		0		0	
Amortization of Premium	4,876,744		0		0	
Corrections to Control	17,117,379		0		0	
Income Expenses	53,832,197		1,091,137		5,882,985	
Building Depreciation	250,140		7,155		44,785	
Securities Lending Fees	1,605,974		43,726		252,058	
Other Expenses	0		45,256		0	
Unrealized Profit on Sales of Inv	0		0		16,766,834	
Loss on Sale of Investments	41,652,910		1,068,210		7,163,861	
Vested Rights Withdrawals	950,636		0		0	
Transfers -						
Excess Interest Earnings	288,194,062		0		0	
G & S Benefit Account	5,378,420		0		0	
G & S Share of Earnings	5,251,212		0		0	
Interest to Membership Acct	91,570,278		0		0	
Interest on VR Withdrawals	224,206		0		0	
Overpayments (uncollectible)	769		0			
		1,530,454,714		12,938,036		156,029,111
BALANCE AS OF 9/30/06		844,472,128		34,280,596		269,959,661
BENEFIT ACCOUNT - SPECIAL						
ADD:						
Contributions - City of Miami	1,001,273					
Members	9,945					
		1,011,218				
DEDUCT:						
Pension Paid		1,011,218				
BALANCE AS OF 9/30/06		0				
RESERVE ACCOUNT						
ADD:						
Transfers -						
Benefit Account	961,029					
BA Share of Earnings	222,289					
BALANCE AS OF 9/30/09		1,183,318				

SUMMARY OF RETIREMENTS

JANUARY 1, 1940 THROUGH SEPTEMBER 30, 2009

DESCRIPTION	SERVICE	ORDINARY DISABILITY	SERVICE ACCIDENTAL DISABILITY	ACCIDENTAL DEATH	ORDINARY DEATH	EARLY SERVICE	DROP PLAN	VESTED RIGHTS	CONTINUANCES	TOTAL BENEFITS GRANTED
BENEFITS GRANTED	2,121	52	459	38	4	106	704	87	268	3,839
ASSUMED BY G.E.S.E. FUND	-184	-3	-19	0	0	0	0	0	0	-206
TERMINATED BY DEATH	-771	-36	-251	-21	0	-31	-1	-5	-64	-1,180
TERMINATED DROP PLAN	0	0	0	0	0	0	-436	0	0	-436
TERMINATED BY MARRIAGE	0	0	0	-2	0	0	0	0	0	-2
RETURNED TO SERVICE	-2	-3	-1	0	0	0	0	0	0	-6
MINORS ATTAINING AGE 18	0	-1	0	-7	0	0	0	0	0	-8
PAYMENT SUSPENDED	-3	0	-1	0	0	0	0	0	0	-4
UNMATURED VESTED RIGHTS	0	0	0	0	0	0	0	-20	0	-20
WITHDRAWN VESTED RIGHTS	0	0	-2	0	0	0	0	-27	0	-29
INACTIVE PARTICIPANTS:	1,161	9	185	8	4	75	267	35	204	1,948

OUTLINE OF PRINCIPAL BENEFIT PROVISIONS OF THE CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

ORDINANCE NO. 10002 ADOPTED JUNE 13, 1985

EARNABLE COMPENSATION:

Earnable compensation, shall mean an employee's base salary including pickup contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death in the family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.

COVERED GROUP:

All fire fighters or police officers presently employed by the City as a fire fighter or police officer whether in the classified or unclassified service of the City.

EMPLOYEE CONTRIBUTIONS:

Effective the first full pay period following October 1, 1999, it shall be 7% of pre tax earnable compensation. Effective the first full pay period following October 1, 2000, it shall be 7% of pre tax earnable compensation or a percent equal to the City's contribution, whichever is less. Effective the first full pay period following October 1, 2008, for fire fighter members it will change from 7% to 8% of pre tax earnable compensation.

INDIVIDUAL RETIREMENT ACCOUNTS:

Effective the first full pay period following October 1, 2000, should the members contribution be less than seven percent (7%) the difference between the seven percent and the actual contribution shall be deducted from the member's paycheck and placed into an individual contribution account (ICA) as part of the retirement system.

EMPLOYER CONTRIBUTIONS:

The City's annual fiscal contribution to the retirement system shall provide for the following (1) non-investment expenses of the retirement system, (2) normal costs of the retirement system.

NORMAL RETIREMENT AGE:

Age 50

SERVICE RETIREMENT:

The annual normal service retirement allowance, payable on a 40% Joint and Survivor basis will equal 3.0% of average final compensation per year of creditable service for the first 15 years of such creditable service and 3.5% of the average final compensation per year of creditable service after 15 years.

RULE OF 64 RETIREMENT:

A member, in service, who has not withdrawn from active membership in the retirement system may elect service retirement on the basis of his or her combined age and creditable service equaling 64 or more. Such election shall be made upon written application to the board, setting forth not less than 10 nor more than 90 days subsequent to the execution and filing thereof, the date the member desires to be retired.

EARLY RETIREMENT:

After 20 years of creditable service, accrued benefit actuarially adjusted.

DEFERRED RETIREMENT OPTION PROGRAM: (DROP)

A member who is eligible to retire under either Rule of 64 or Service retirement can elect to participate in the Deferred Retirement Option Program (DROP). The program allows the member to defer receipt of his retirement benefit into a "DROP" account while he/she continues to be employed by the Department. The member can be in the DROP for a maximum of 3 years.

B. A. C. DEFERRED RETIREMENT OPTION PROGRAM:

Shall mean *Benefit Actuarially Calculated* deferred retirement option program.

EARLY SERVICE RETIREMENT:

After 20 years of creditable service, accrued benefit actuarially adjusted.

AVERAGE FINAL COMPENSATION:

Shall mean the annual earnable compensation of a member during either the last one (1) year or the highest one (1) year of membership service, whichever is greater.

CREDITABLE SERVICE:

Membership credit upon which a member's eligibility to receive benefits under the retirement system is based or upon which the amount of such benefits is determined.

LIMITATIONS ON BENEFITS:

A member's retirement allowances shall not exceed one hundred percent (100%) of the member's final average compensation for members retiring under service retirement or rule of 64 retirement. Exceptions are, (1) members whose retirement allowances, prior to October 1, 1998, had already earned one hundred percent or greater, these members may continue to accrue pension benefits; (2) members whose retirement allowance exceeds one hundred percent as of October 1, 1998 due to the multiplier change, these members shall be capped at the new percentage.

OPTIONAL ALLOWANCES:

Normal form (Option 6C) is joint and 40% contingent survivor. Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of member. Option 6A is withdrawal of employee contributions with credited interest; monthly benefit is half of normal level. Option 6B is an additional 5% with no survivor benefit.

DISABILITY RETIREMENTS:

A. Ordinary Disability
After 10 years of creditable service, if not otherwise eligible for normal retirement, and incurred while not in line of duty, a benefit payable for life consisting of the benefit rate times 90% of average final compensation times years of creditable service, if such retirement allowance exceeds 30% of average final compensation. Otherwise, a benefit of 30% of the member's average final compensation.

B. Accidental Disability
Prior to age 60, incurred in line of duty. A benefit payable on a 40% joint and survivor basis of 66 2/3% of average or final compensation, whichever is larger.

DEATH BENEFIT:

A. Ordinary Death Benefit
After 3 years of service, provided death is not accidentally incurred in line of duty, a lump sum payment f 50% of annual compensation received in year prior to death plus an additional lump sum payment of member's accumulated contributions with interest to date of death. Or in lieu thereof; if eligible for Early or Service retirement, and with 3 years of membership, automatic Option 6C, payable to spouse, as through retirement had occurred on date of death (40% payable)

B. Accidental Death Benefit
Incurred in line of duty (or presumed to be in the line, i.e. heart), annual pension of 50% of average final compensation to spouse until death or remarriage or to children under 18, or to dependent parents for life. If none of such beneficiaries exist, the ordinary death benefit will be paid. Also a lump sum payment of member's accumulated contributions with interest to date of death is paid in addition to the above payments.

VESTED RIGHTS BENEFIT:

After completion of 10 years of service, provided accumulated contributions are not withdrawn. A benefit based on service and average final compensation when employment is terminated. Benefit is deferred to minimum retirement age.

C.O.L.A. ACCOUNT:

The COLA I benefit was determined from available monies from an initial city contribution made from the trust funds excess interest earnings. These monies were allocated to the retiree population, according to unit values and distributed to each member according to his/her actuarial life expectancy, in level monthly lifetime payments. In addition to the above initial benefit, a yearly COLA I increase was financed by 2% of the active member's pension contributions.

C.O.L.A. ACCOUNT: (continued)

This yearly increase was determined on the basis as the initial benefit and added to the monthly lifetime payments. As of January 9, 1994, the active employees ceased making the 2% pension contribution to the COLA I account, and the COLA I benefits were frozen as of that date. Beginning with 1994, in addition to the frozen COLA I benefit, a COLA II benefit was paid. The COLA II benefit is funded from the pension fund's annual excess investment return (other than COLA account assets). The methodology for determining the excess investment return and amounts available for the COLA II benefit are described in detail in Section 40-213 of the City of Miami Code. An actuarial table is developed yearly identifying the benefits due. This table is based upon full years of creditable service at retirement and full years retired as of April of the current year. For accidental death and accidental disability, years of service are defined as twenty five (25) years, or actual creditable service if greater. Receipt of the COLA II benefit is based on the retiree reaching at least four (4) full years of retirement and fifty years of age. In case of accidental death, the beneficiary will be entitled to the COLA benefit on April 1st following the fiftieth anniversary of the employee's birth and the fourth anniversary of the employee's death. COLA benefits for a vested right retiree are based upon such retiree reaching at least four (4) full years of retirement after fifty (50) years of age. COLA benefits reflect the option selected at the time of retirement.

In addition, funding for COLA benefits for future employees hired during the remaining term of the amended final judgement, Gates vs. City of Miami, Circuit Court Case No. 77-9491 CA04, shall be defined and allocated through the remaining term of such final judgement.

ORDINANCES ADOPTED DURING FISCAL YEAR 2008/2009

DATE	ORDINANCE NUMBER
November 13, 2008	13037
June 11, 2009	13072
September 24, 2009	13091

EMPLOYEES' RETIREMENT SYSTEM

of the County of Milwaukee

2009 Annual Report of the Pension Board

as of December 31, 2009

CITIZEN MEMBERS
Linda S. Bedford, Vice Chairman
Donald Cohen
John M. Maier, J.D.
Jeffrey Mawicke, J.D.
Dr. Sarah W. Peck

RETIREE MEMBER
Marilyn B. Mayr

EMPLOYEE MEMBERS
Dr. Dean A. Roepke, Chairman
Keith Garland
Guy M. Stuller

SECRETARY/MANAGER, ERS
Gerald J. Schroeder

901 North 9th Street, Room 210-C
Milwaukee, Wisconsin 53233
Telephone: (414) 278-4207

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EMPLOYEES' RETIREMENT SYSTEM (ERS)

Milwaukee County

PENSION BOARD

John M. Maier, J.D.
Chairman

Linda S. Bedford
Vice Chairperson

Donald Cohen
Keith Garland
Jeffrey J. Mawicke
Marilyn B. Mayr
Dr. Sarah W. Peck
David Sikorski
Guy M. Stuller

Gerald J. Schroeder
ERS Manager

July 12, 2010

Retirement System Members:

We are pleased to present the 2009 Annual Report of your Pension Board. The Employees' Retirement System ("ERS") experienced a positive investment return for the year of 20.4%. As a result, net assets available for pension benefits increased $624.7 million. This increase includes $457.8 million in actual County contributions. Total assets at the end of the year were $1.823 billion. For further detailed information regarding ERS's performance, please see the management's discussion and analysis, financial statements and footnotes that follow.

The description of ERS, included in this report, highlights major plan provisions. County Ordinances, labor agreements, Pension Board rules and Governmental Accounting Standards Board pronouncements prevail over the contents of this report. If you have any questions, please call the ERS office at 414-278-4142.

Members considering retirement within the next few years are reminded to watch for announcements from the County for retirement information programs. Please call the ERS office at 414-278-4207 for further information regarding these programs. If you are interested in meeting with a retirement counselor to discuss retirement, please schedule an appointment by calling 414-278-4207.

Several options are available to members who retire or otherwise leave County service with respect to their pension benefits. Before terminating employment, you should become fully informed of the various opportunities available to you so you can make the best choice for your situation.

Each year, Milwaukee County distributes benefit statements reflecting balances as of the end of the previous year. Remember to keep your beneficiary designations current by informing the Retirement System Office of any changes. Retired members should also notify the ERS office in writing of any changes in residence or address so that your benefit payments and year-end 1099R statements are properly mailed.

The Pension Board is requiring all new retired members to sign up for direct deposit of their benefits. Please join with us in this effort to reduce costs and increase the efficiencies of the delivery of your retirement benefits.

The Pension Board

COURTHOUSE, ROOM 210-C • 901 NORTH 9TH STREET • MILWAUKEE, WI 53233 • (414) 278-4207 • (877) 652-6377

BAKER TILLY

Baker Tilly Virchow Krause, LLP
115 S 84th St, Ste 400
Milwaukee, WI 53214-1475
tel 414 777 5500
fax 414 777 5555
bakertilly.com

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Members of the Pension
Board of the Employees' Retirement
System of the County of Milwaukee:

We have audited the accompanying statements of plan net assets of the Employees' Retirement System of the County of Milwaukee (the "Retirement System") as of December 31, 2009 and 2008, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Retirement System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Retirement System as of December 31, 2009 and 2008, and the changes in its plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the Schedules of Funding Progress, Employer Contributions, and Notes to Required Supplementary Information as listed in the table of contents are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures to the 2009 and 2008 information which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The ten-year historical trend and related information on pages 20 - 21 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

BAKER TILLY VIRCHOW KRAUSE, LLP

Milwaukee, Wisconsin
July 12, 2010

an independent member of
BAKER TILLY
INTERNATIONAL

Management's Discussion and Analysis
(In Thousands of Dollars)

Management is pleased to provide this overview and analysis of the financial activities of the Employees' Retirement System of the County of Milwaukee ("ERS", or the "Retirement System") for the year ended December 31, 2009. Readers are encouraged to consider the information presented in conjunction with the Financial Statements.

FINANCIAL HIGHLIGHTS

PLAN NET ASSETS

- Plan net assets for ERS increased $624,726 as of 12/31/09 vs. 12/31/08 following a decrease of ($468,697) as of 12/31/08 vs. 12/31/07. The financial markets recovered significantly from a turbulent 2008. For the year, the retirement system experienced a positive return of 20.4%. Milwaukee County made a one-time contribution of $397.8 million in April and the plan received $29.0 million from a legal settlement in July, Milwaukee County is holding $1.0 million for possible legal expenses from this settlement.
- The rate of return on total assets of the pension retirement system, net of investment expenses, was 20.4%, (22.1%), and 6.3% for the years ended December 31, 2009, 2008 and 2007, respectively.
- Receivables increased $51,188 as of 12/31/09 vs. 12/31/08 due primarily to an increase in forward foreign exchange contracts and decreased ($16,134) as of 12/31/08 vs. 12/31/07 due primarily to a decrease in receivables from Milwaukee County for pension contributions.
- Other assets increased $20,056 as of 12/31/09 vs. 12/31/08 and decreased ($66,625) as of 12/31/08 vs. 12/31/07 due largely to changes in securities lending – collateral of $19,198 and ($68,095), respectively. In addition, there was an increase of $859 and $1,469 as of 12/31/09 and 12/31/08, respectively, for funds spent on the development and implementation of a new pension software system. The conversion to the new software system occurred in late 2008.
- Starting in 2009, ERS began buying and selling financial futures contracts to improve the performance of the fund. The Retirement System purchases contracts that approximate the amount of cash held by US equity managers and cash used to pay benefits and expenses.
- Other liabilities increased $67,092 as of 12/31/09 vs. 12/31/08 due primarily to an increase in forward foreign exchange contracts.

ADDITIONS AND DEDUCTIONS TO PLAN NET ASSETS

- Total additions increased $1,095,355 in 2009 vs. 2008 and decreased ($472,523) in 2008 vs. 2007. The 2009 increase is due primarily to the one-time contribution of $397,800 and $316,509 in net investment income. The 2008 decrease was due primarily to a reduction in net investment income of ($457,868).
- Benefit payments increased $1,185 and $4,170 in 2009 and 2008 respectively. The 2009 increase was due to a $3.6 million increase in monthly benefits and a decrease of ($2.5) million in lump-sum payments. In 2008 monthly benefits increased $3.5 million and lump-sum benefits increased $0.7 million.
- As of December 31, 2009, 2008 and 2007, the funding ratio (actuarial value of the assets divided by the actuarial accrued liability) for the plan was 93.3%, 95.7% and 80.4%, respectively. The funding ratio gives an indication of how well the liabilities of the pension plan are funded. The higher the funding ratio, the better the plan is funded. The ratio increases due to investment gains and pension contributions and declines due to investment losses, increases in the plan benefits, large pension payouts and underpayment of pension annual required contributions.

The Pension Board of ERS ("the Board") has the responsibility for the overall performance of the Pension Fund. The Board's principal means to achieve this goal is by (a) determining an asset allocation policy which is expected to provide the long-term rate of return sufficient to fund benefits while minimizing the risk of loss through diversification (b) selecting an appropriate number of investment managers to manage the assets within an asset class and monitoring the performance of such investment managers relative to specified benchmarks, and (c) implementing cost containment measures intended to reduce the investment fees and costs associated with investing the Fund's assets. The Board is the fiduciary of the Fund and is responsible for carrying out the investment functions solely in the interest of the members and benefit recipients.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Retirement System's financial statements. The financial section is comprised of four components: (1) financial statements, (2) notes to the financial statements, (3) required supplementary information, and (4) other supplementary schedules.

(See independent auditor's report)

Financial Statements. There are two financial statements presented for the plan. The Statement of Plan Net Assets as of December 31, 2009 and 2008 indicates the net assets available to pay future benefits and gives a snapshot of the financial assets available for pension benefits at a particular point in time. The Statement of Changes in Net Plan Assets for the years ended December 31, 2009 and 2008 provides a view of the additions and deductions to the plan for the years presented.

Notes to financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the financial statements.

Required supplementary information. The required supplementary information consists of a Schedule of Funding Progress and a Schedule of Employer Contributions and related notes concerning the funding status of the plan. These schedules provide historical trend information, which contributes to understanding the changes in the funded status of the plan over time.

Other supplementary schedules. The additional schedules (Ten-Year Historical Trend Information, Net Fund Assets, Actual County Contributions, Active Membership Statistics, Retirements and Survivors) are presented for the purpose of additional analysis.

COMPARATIVE FINANCIAL STATEMENTS

Retirement System's Net Assets	12/31/2009	12/31/2008	12/31/2007	Difference	% Change
Assets					
Cash and short-term investments	$327,962	$17,886	$17,290	$310,672	1796.8%
Receivables	93,437	42,249	58,383	35,054	60.0%
Investments, at fair value	1,468,387	1,138,691	1,593,971	(125,584)	(7.9%)
Other assets	62,569	42,513	109,139	(46,570)	(42.7%)
Total Assets	1,952,355	1,241,339	1,778,783	173,572	(9.8%)
Liabilities					
Security lending obligations	56,643	37,445	105,540	(48,897)	(46.3%)
Other liabilities	73,172	6,080	6,732	66,440	986.9%
Total Liabilities	129,815	43,525	112,272	17,543	15.6%
Net assets available for benefits	$1,822,540	$1,197,814	$1,666,511	$156,029	9.4%

Retirement System's Changes in Net Assets	2009	2008	2007	Difference	% Change
Additions					
Employer contributions	$457,789	$34,841	$49,291	$408,498	828.7%
Member contributions	132	140	345	(213)	(61.7%)
Investment income (loss)	316,509	(355,906)	101,962	214,547	210.4%
Total Additions	774,430	(320,925)	151,598	622,832	410.8%
Deductions					
Benefit payments	(145,345)	(144,161)	(139,991)	(5,354)	3.8%
Administrative expenses	(4,359)	(3,588)	(3,235)	(1,124)	34.8%
Withdrawals	0	(23)	(57)	57	(100.0%)
Total Deductions	(149,704)	(147,772)	(143,283)	(6,421)	4.5%
Changes in net assets available for benefits	624,726	(468,697)	8,315	616,411	7413.0%
Net assets held in trust for pension benefits:					
Beginning of year	1,197,814	1,666,511	1,658,196	(460,382)	(27.8%)
End of year	$1,822,540	$1,197,814	$1,666,511	$156,029	9.4%

Requests for financial information:

The financial report is designed to provide the Board, our membership, taxpayers, investment managers and creditors with a general overview of ERS finances and to demonstrate ERS's accountability for the funds under its stewardship. Please address any questions about this report or requests for additional financial information to:

Milwaukee County ERS
901 N. 9th Street Room 210-C
Milwaukee, WI 53233

(See independent auditor's report)

STATEMENTS OF PLAN NET ASSETS

	December 31, 2009	December 31, 2008
ASSETS:		
CASH AND CASH EQUIVALENTS	$ 327,962,070	$ 17,885,705
RECEIVABLES		
County of Milwaukee	31,647,343	35,350,254
Accrued interest and dividends	5,344,556	5,562,445
Miscellaneous receivables	522,586	623,309
Due from sale of investments	2,937,734	615,238
Receivable for foreign exchange contracts	52,985,010	97,819
TOTAL RECEIVABLES	93,437,229	42,249,065
INVESTMENTS AT FAIR VALUE		
Domestic common and preferred stocks	397,634,106	310,135,553
Corporate bonds and convertible debentures	514,876,896	513,170,471
International common and preferred stocks	345,155,240	168,794,648
Real estate investment trusts	42,241,529	31,828,295
Federal agency and mortgage-backed certificates	68,791,936	53,468,718
U.S. Government and state obligations	53,047,974	19,440,788
International fixed income	24,433,194	23,777,543
Private Equity	22,205,660	18,074,438
TOTAL INVESTMENTS	1,468,386,535	1,138,690,454
OTHER ASSETS		
Software development costs, net (See Note 2)	5,926,724	5,068,137
Securities lending - collateral (See Note 5)	56,642,666	37,445,041
	62,569,390	42,513,178
TOTAL ASSETS	1,952,355,224	1,241,338,402
LIABILITIES:		
Securities lending - collateral (See Note 5)	56,642,666	37,445,041
Miscellaneous payables	5,159,458	3,673,673
Payable for securities purchased	13,120,995	1,446,340
Payable to OBRA Retirement Plan	1,038,607	861,293
Payable for foreign exchange contracts	53,853,613	98,086
TOTAL LIABILITIES	129,815,339	43,524,433
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$1,822,539,885	$1,197,813,969

(A schedule of funding progress is presented on page 18)

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN PLAN NET ASSETS

	Year Ended December 31, 2009	Year Ended December 31, 2008
ADDITIONS:		
CONTRIBUTIONS		
County of Milwaukee	$ 457,789,154	$ 34,840,886
Plan participants	131,766	140,209
	457,920,920	34,981,095
INVESTMENT INCOME (LOSS)		
Net appreciation (depreciation) in fair value	287,625,117	(385,422,662)
Interest and dividends	31,951,596	31,851,976
Security lending income	272,646	2,390,509
Other income	239,376	920,606
Total investment income (loss)	320,088,735	(350,259,571)
Less: Securities lending rebates and fees	(91,564)	(1,849,054)
Investment expense	(3,488,070)	(3,797,663)
Net investment income (loss)	316,509,101	(355,906,288)
TOTAL ADDITIONS, NET OF LOSSES	774,430,021	(320,925,193)
DEDUCTIONS:		
Benefits paid to retirees and beneficiaries	(145,345,520)	(144,184,222)
Administrative expenses	(4,358,585)	(3,587,780)
TOTAL DEDUCTIONS	(149,704,105)	(147,772,002)
NET CHANGE IN PLAN NET ASSETS:	624,725,916	(468,697,195)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:		
Beginning of year	1,197,813,969	1,666,511,164
End of year	$1,822,539,885	$1,197,813,969

The accompanying notes are an integral part of these financial statements.

(1) Description of Retirement System –

The following brief description of the provisions of the Employees' Retirement System of the County of Milwaukee ("ERS" or the "Retirement System") is provided for financial statement purposes only. Participants should refer to Section 201.24 of the General Ordinances of Milwaukee County and their respective bargaining agreement for more complete information.

The Retirement System is a single-employer plan that was created to encourage qualified personnel to enter and remain in the service of the County of Milwaukee (the "County") by providing for a system of retirement, disability and death benefits to or on behalf of its employees. Under Chapter 201 of the Laws of Wisconsin for 1937, the County was mandated to create the Retirement System as a separate legal entity. The County did so by passing Section 201.24 of the General Ordinances of Milwaukee County. The authority to manage and control the Retirement System is vested in the Pension Board of ERS (the "Board"). The Board consists of nine members – three members appointed by the County Executive (subject to confirmation by the County Board of Supervisors), three employee members elected by the employee members, two members appointed by the County Board chairperson and one retiree-elected member.

The Board created two (2) committees to assist in the administration of the Board's duties. The Investment Committee reviews the investment portfolio on a monthly basis, endorses strategies and submits investment recommendations to the Board. The Audit Committee reviews legal issues, Ordinance adherence and submits recommendations to the Board regarding the annual audit and the Annual Report of the Pension Board.

	As of December 31	
Members –	2009	2008
Retiree and beneficiaries currently receiving benefits	7,292	7,308
Vested and terminated employees not yet receiving benefits	1,659	1,397
Current employees	4,808	4,837
Total participants	13,759	13,542

Contributions –

The Retirement System is substantially noncontributory. However, members meeting certain criteria have the option to contribute to membership accounts. In addition, the County contributes to membership accounts of most employee participants enrolled prior to 1971.

As of December 31, 2009 and 2008 member account balances were $3,957,136 and $4,102,492 respectively.

Contributions due from the County to the Retirement System consist of amounts sufficient to fund the annual normal cost and interest on and amortization of the unfunded or overfunded actuarial accrued liability. A substantial portion of the current year's contribution is paid to the Retirement System in the following year.

The County makes contributions to the Retirement System based upon the Annual Required Contribution ("ARC") and legal requirements, at the discretion of the County Board. An actuary hired by the Pension Board establishes the ARC. Data used in the determination of the ARC is based upon the prior fiscal year's demographics. The actual contribution made to the pension plans is set during the County's budget process and may differ from the ARC as a result of changes in plan provisions implemented subsequent to establishment of the ARC and budgetary restraints. During the year, the Retirement System accrues those contributions that the County has included in its current year's budget. For 2009 and 2008, the County contribution recorded by the Retirement System was $29,636,619 more than and $18,222,724 less than the ARC for 2009 and 2008, respectively.

Benefits –

The normal retirement benefit is a monthly pension for the life of the member beginning at normal retirement age. For deputy sheriff members with less than 15 years of creditable service, the normal retirement age is 57 or age 55 with 15 years of service. For all other members the normal retirement age is 60, although some labor agreements require a minimum of 5 years creditable service at age 60. Active members are also eligible to retire when their age added to their years of creditable service equals 75 (the "Rule of 75"). The County Ordinance and Labor Agreements require an employee to be a member prior to a stated date in order to qualify for the "Rule of 75." In general, the normal retirement benefit payable to a member whose membership began prior to January 1, 1982, is equal to 2.5% for deputy sheriffs and elected officials, and 2% for all other members, of the member's three-year final average monthly salary, as defined in the Ordinance and labor agreements as the three highest consecutive years, multiplied by the number of years of credited service. The amount of normal retirement benefits payable for a member whose membership began after

January 1, 1982 is as follows: 2.5% for deputy sheriffs, deputy sheriff lieutenants, deputy sheriff ECPs and DA investigators hired before July 1, 1995; 2% for deputy sheriffs, deputy sheriff lieutenants, deputy sheriff ECPs and DA investigators hired after June 30, 1995; 2% for elected officials; 2% for firefighters and non-represented firefighters beginning January 1, 1999; and 1.5% for all other members, of the member's five-year final average monthly salary, as defined in the Ordinance and labor agreements, multiplied by the number of years of credited service. Each year after retirement, the amount of monthly benefit is increased by an amount equal to 2% of the benefit paid for the first full month of retirement subject to the maximum benefit limits provided for by the IRS. The maximum benefit, excluding any post-retirement increases, payable to a member cannot exceed the sum of 80% of the member's final average monthly salary.

As of January 1, 2001, certain plan changes became effective, except for represented deputy sheriffs. These changes are noted below:

- The County will pay the accrued sick allowance in full upon retirement for those members hired prior to January 1, 1994. Previously, a member received both a cash payment from the County and pension service credit for a portion of the accrued sick allowance. The full payout of the sick allowance has subsequently been amended to a partial payout with various effective dates and payout percentages for the non-represented employees and each of the unions but no service credit is granted.
- A bonus of 7.5% per year, up to a maximum of 25%, is added to the final average salary for those employees whose membership in the ERS began before January 1, 1982, or July 1, 1995 for a non-represented deputy sheriff.
- All service credit earned after January 1, 2001 is credited with an additional .5% multiplier for those employees whose membership in the Retirement System began after December 31, 1981, or June 30, 1995 for a non-represented deputy sheriff. Also, for each year of pension service earned after January 1, 2001, eight (8) years of service earned prior to January 1, 2001 shall be credited with an additional .5% multiplier.
- A "back drop" payment option was established that permits an employee to receive a lump-sum cash payment and a monthly pension benefit upon retirement. The lump-sum cash payment is the total of the monthly pension benefits, adjusted for COLA increases, that a member would be entitled to from a prior date ("back drop date") to the date that the member terminates employment plus compounded interest. The back drop date must be at least one calendar year prior to the termination date and the member must have been eligible to retire as of that date. The member will be entitled to a COLA adjusted monthly pension benefit based on the back drop date once the member terminates employment.
- A member is vested upon attaining 5 years of creditable pension service.

The following changes were made effective as of the stated dates:

- As of January 1, 2010 for non-represented employees (excluding Elected Officials and Deputy Sheriffs), the multiplier was reduced from 2.0% to 1.6% for current members' future service & future hires' total service and the normal retirement age was increased to 64 for future hires only.
- Non-represented employees and elected officials hired on or after March 15, 2002 are not eligible to receive the back drop pension benefit. Employees represented by a labor agreement must also be hired prior to the date specified in the labor agreement to be eligible to receive the the back drop benefit.
- Elected Officials are not eligible to receive the additional .5% pension benefit multiplier after March 15, 2002.
- Effective January 1, 2003, the pension benefit for employees who became members after December 31, 1981 shall be based upon a final average salary equal to the three highest consecutive years of earnings instead of the five highest consecutive years of earnings, except for represented deputy sheriffs.

A member who meets the requirements for an accidental or ordinary disability benefit is entitled to an amount equal to the normal retirement benefit, but not less than 60% of a member's final average salary for accidental disability. Fifteen years of credited service is required to apply for ordinary disability.

A represented deputy sheriff whose membership began prior to January 1, 1982 is vested upon attaining six years of creditable pension service. A represented deputy sheriff whose membership began after December 31, 1981 is vested upon attaining ten years of creditable pension service.

Most members are immediately vested upon attaining age 60. A vested member is eligible for a deferred pension beginning as of the member's normal retirement date.

A member who is 55 years of age and has 15 years of credited service may elect to receive early reduced retirement benefits. The member would be entitled to a benefit equal to the normal retirement benefit with a lifetime reduction of 5% for each year prior to the normal retirement date.

Upon the death of an employee member and usually after one year of service, which varies by labor agreement, a spouse with one dependent child, as defined in the Ordinance, will receive 40% of the deceased member's salary, reduced by an amount equal to Social Security benefits payable to the spouse. An additional 10% of salary, reduced by Social Security benefits, is paid for each dependent child. The total benefit, if there are more than five eligible children, generally cannot exceed 90% of the prior salary level. The total benefit includes Social Security benefits. Upon attaining age 60, the spouse will receive 50% of the normal retirement benefit based upon service projected to age 60 of the employee member. If there is no spouse or child, the death benefit payable to a designated beneficiary is equal to 50% of the deceased member's final average salary, but not to exceed $2,000. Deputy sheriffs are covered by special provisions if their death occurs as a result of an accident in actual performance of duty.

A member who attains eligibility for a normal retirement benefit may elect a protective survivorship option of 100% or 50% (discussed below). In the absence of an election, a surviving spouse will be paid a survivorship pension of 100%. For a survivorship pension to be paid to a designated beneficiary, other than a surviving spouse, the election must be filed in writing on a form prescribed by the Board.

Currently, employee members may choose between several benefit payment options when retiring. The available options are:

- Maximum This option is a pension benefit that is payable over the life of the member and ceases upon the member's death;
- Membership Account Refund This option is an actuarially reduced pension benefit that ceases upon the death of the member. This option, however, guarantees that the member will receive the total balance in his/her Membership Account as of the retirement date. The Membership Account balance is reduced each month by an actuarial determined amount. Any balance remaining upon the member's death will be paid to the member's beneficiary. Generally, only members hired prior to 1971 have a Membership Account and, therefore, are the only employees eligible for this option;
- 25% This option is an actuarially reduced pension benefit that is payable over the life of the member. Upon the member's death, 25% of the pension benefit is payable over the life of a named beneficiary, if living;
- 50% This option is an actuarially reduced pension benefit that is payable over the life of the member. Upon the member's death, 50% of the pension benefit is payable over the life of a named beneficiary, if living;
- 75% This option is an actuarially reduced pension benefit that is payable over the life of the member. Upon the member's death, 75% of the pension benefit is payable over the life of a named beneficiary, if living;
- 100% This option is an actuarially reduced pension benefit that is payable over the life of the member. Upon the member's death, 100% of the pension benefit is payable over the life of a named beneficiary, if living;
- 10-Year Certain This option is an actuarially reduced pension benefit payable over the life of the member but is guaranteed for a period of 10 years, in the event that the member should die within 10 years after the retirement date.
- Board Discretion This option is at the discretion of the Board and is the payment of a benefit in a form other than those set forth above provided that payments in such other form shall be the actuarial equivalent of the benefit otherwise payable. The Board assesses an administrative charge for each calculation performed under this option.

Benefits of $145.3 million and $144.2 million were paid in 2009 and 2008, respectively, including periodic pension benefit payments of $136.6 million and $133.0 million respectively and back drop lump-sum pension payments of $8.7 million and $11.2 million in 2009 and 2008, respectively.

(2) Summary of Significant Accounting Policies:

GASB Statement No. 50

In fiscal year 2008, the Retirement System implemented provisions of GASB 50. GASB 50 requires that information about the funded status of the pension plan as of the most recent actuarial valuation be disclosed in notes to the financial statements. Additionally, GASB 50 requires disclosure of information about actuarial methods and assumptions used in valuations on which reported information about the Annual Required Contribution ("ARC") and the funded status and progress are based. The required schedules of funding progress immediately following the notes to the financial statements present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Basis of Accounting –

The accompanying financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed and expenses are recorded when the corresponding liabilities are incurred.

Investments –

Investments, primarily stocks, bonds, certain government loans and mortgage-backed certificates, are stated at quoted fair value. Temporary cash investments are valued at cost, which approximates fair value. Investments in venture capital partnerships are valued at estimated fair value, as provided by the Retirement System's venture capital investment manager. Investment transactions are recorded on the trade date. Realized gains and losses are computed based on the average cost method.

A summary of investments at cost is as follows:

	As of December 31	
	2009	2008
Corporate bonds and convertible debentures	$ 495,494,743	$ 503,872,014
Domestic common and preferred stocks	348,524,545	373,629,850
International common and preferred stocks	422,425,979	290,031,892
Federal agency and mortgage backed certificates	65,689,489	51,122,139
Real estate investment trusts	41,246,553	47,165,019
Private equity	27,360,080	25,119,623
International fixed income	22,473,854	23,911,871
Cash and cash equivalents	327,937,734	17,889,603
U.S. Government and state obligations	52,201,561	16,810,852
Total investments at cost	$1,803,354,538	$1,349,552,863

Valuation of International Securities –

Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts on the date of valuation. Purchases and sales of securities and income items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

Software Development Costs –

Capitalized software development costs respresent direct costs related to the development and implementation of software programs utilized in the Retirement System. The amounts are being amortized over ten years using the straight-line method. Amortization expense is included in Administrative Expenses in the accompanying Statement of Changes in Plan Net Assets.

	As of December 31	
	2009	2008
	(in thousands of dollars)	
Software development costs		
Beginning balance:	$ 5,068	$ 3,599
Acquisitions	1,358	1,469
Ending balance	$ 6,426	$ 5,068
Accumulated amortization		
Beginning balance:	$ -	$ -
Amortization expense	499	-
Ending balance	$ 499	$ -
Software development costs, net	$ 5,927	$ 5,068

Expenses –

Administrative expenses incurred by the County related to the Retirement System are payable by the Retirement System to the County. Such expenses totaled $1,312,156 and $1,031,291 in 2009 and 2008, respectively.

Reclassification of Prior Year Amounts –

Certain amounts in the prior year financial statements have been reclassified to conform with the current presentation.

Use of Estimates –

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(3) Income taxes –

Management has submitted to the Internal Revenue Service, as part of a Voluntary Compliance Program, any compliance issues that have been discovered through a self-administered review where the provisions contained

in the Internal Revenue Code, the County Pension Ordinances or Pension Rules differ from actual practice. Management is waiting for a response from the Internal Revenue Service regarding what action will be required to bring the pension system into compliance in all of its practices in order to maintain its tax-qualified status.

(4) Contributions Required and Contributions Made –

The Retirement System's funding policy provides for periodic County contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Payroll contribution rates are determined using the Aggregate Entry Age Normal method of funding. The Retirement System also uses the level percentage of payroll method to amortize the unfunded liability over a 30 year period in 2009. The significant actuarial assumptions used to compute the contribution requirements are the same as those used to compute the pension benefit obligation.

County contributions totaling $457,789,154 and $34,840,886 were recorded in 2009 and 2008, respectively. The 2009 contribution was well above the ARC due to a one-time contribution of $397.8 million and the settlement of a lawsuit for $29.0 million. The 2008 contribution was below the ARC. See the Schedule of Employer Contributions in the Required Supplementary Information. Not including the one-time contribution of $397.8 million, the 2009 contribution was 25.3% of annual covered payroll and the 2008 contribution was 14.9% of annual covered payroll.

The 2009 and 2008 contributions reflected in the accompanying statements were actuarially determined as of January 1, 2008 and 2007. These amounts were included in the County's 2009 and 2008 budgets. The Retirement System's financial statements as of December 31, 2009 and 2008 reflected the unpaid portion of the 2009 and 2008 contributions as a contribution receivable.

Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 8.0%, compounded annually in 2009 and 2008, (b) projected payroll growth increases averaging 3.5% per year compounded annually in 2009 and 2008, attributed to inflation, seniority and merit, and (c) post-retirement benefit increases of 2.0% per year for both 2009 and 2008.

(5) Deposit and Investment Risk Disclosure –

As provided by state legislative act and County Ordinance, the Board has exclusive control and management responsibility of the Retirement System's funds and full power to invest the funds. In exercising its fiduciary responsibility, the Board is governed by the "prudent person" rule in establishing investment policy. The "prudent person" rule, requires the exercise of that degree of judgment, skill and care under the circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to permanent disposition of their funds, considering the probable income as well as the probable safety of the principal. The Board has adopted a Statement of Investment Policy to formally document investment objectives and responsibilities. This policy establishes guidelines for permissible investments of the Retirement System. The Retirement System's investments are subject to various risks. Among them are credit risk, concentration of credit risk, custodial credit risk, interest rate risk, and foreign currency risk. Each of these risks is discussed in more detail below.

Concentration of Credit Risk –

Concentration of credit risk is a risk of loss that may be attributed to the magnitude of the Retirement System's investment in a single issuer, generally investments in any one issuer that represents five (5) percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this definition. The Retirement System has no investments in one issuer other than U.S. Government securities and mutual funds that exceed five (5) percent of the total investments.

Credit Risk –

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's Investors Services ("Moody's"), Standard and Poor ("S & P") and Fitch Ratings ("Fitch's"). With the exception of the Loomis Sayles - High Yield and the Mellon Capital Management Aggregate Bond portfolios, bonds purchased and owned in each portfolio must have a minimum quality rating of Baa3 (Moody's) or BBB- (S & P or Fitch's). The average quality of each portfolio must be A or better. For Loomis Sayles - High Yield, bonds must have a minimum quality rating of B3 (Moody's) or B- (S & P or Fitch's) at the time of purchase. The fixed income securities for the Mellon Capital Management Aggregate Bond portfolio should have a minimum quality rating of A, with the exception of 15% of the portfolio which may have a minimum quality rating of BBB. The credit quality ratings of investments in fixed income securities by Moody's, a nationally recognized statistical rating agency, as of December 31, 2009 and 2008 are as follows: (amounts are in thousands of dollars)

Moody's Quality Ratings	12/31/09 Fair Value	12/31/08 Fair Value
AAA	$13,773	$19,958
AA1	1,328	3,981
AA2	4,012	1,779
AA3	5,770	4,072
A1	8,755	7,574
A2	12,006	34,140
A3	11,396	9,342
BAA1	26,680	19,878
BAA2	17,953	21,971
BAA3	23,948	29,812
BA1	11,580	4,336
BA2	5,412	4,211
BA3	12,572	14,303
B1	19,447	12,969
B2	10,767	5,535
B3	9,299	1,378
CAA1	9,894	7,936
CAA2	1,490	397
CAA3	238	–
CA	3,020	394
C	–	1,023
NR	21,051	19,417
Total Credit Risk Fixed Income Securities	**$230,391**	**$224,406**
U.S. Government and Agencies	121,840	72,910
Units of Participation (Not Rated)	308,919	312,542
Total Investment in fixed income	**$661,150**	**$609,858**

Of the $21.1 million not rated by Moody's as of December 31, 2009, $10.4 million is rated by Standard & Poor's as investment grade. Moody's quality rating of BAA3 or above is considered investment grade. Another $4.3 million was rated by Standard & Poor's but below investment grade. $6.4 million is also not rated by Standard & Poor's. As of December 31, 2008 $0.5 million was not rated by either Moody's or any other rating agency.

Custodial Credit Risk – Deposits and Investments

Custodial credit risk is the risk that, in the event a financial institution or counterparty fails, the Retirement System will not be able to recover the value of its deposits, investments or securities. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the Retirement System's name and are held by the counterparty.

No formal policy exists on custodial risk. However, substantially all assets of the Retirement System are held in its name. Repurchase agreements held by the Retirement System are essentially collateralized overnight loans, with the securities held by Wells Fargo, the counterparty, as collateral. These securities are held by Wells Fargo but not in the name of the Retirement System. As of December 31, 2009, the underlying collateral for the Retirement System's repurchase agreements in the amount of $2,048,033 was exposed to custodial risk as it was held outside the name of the trust.

As of December 31, 2009 and 2008, all deposits with banks are fully insured by the Federal Depository Insurance Corporation or the State Deposit Guarantee Fund.

The following table presents the Retirement System's total cash, deposits and cash equivalents as of December 31, 2009 and 2008: (amounts are in thousands of dollars)

Schedule of Cash and Cash Equivalent Investments

	12/31/09		12/31/08	
	Carrying Value	Bank Balance	Carrying Value	Bank Balance
Cash held by various investment managers	$18,598	$18,598	$ 495	$ 495
Deposits with banks	332	451	440	459
Foreign currency	160	160	122	122
Repurchase agreement	–	2,048	–	1,870
Money market deposits	308,872	308,872	16,829	16,829
Total Deposits	$327,962	$330,129	$17,886	$19,775

The difference between the carrying value and bank balances are due to outstanding checks and deposits not yet processed by the bank. Deposits in excess of a predetermined amount are maintained in overnight repurchase agreements and transferred to a bank checking account as checks are presented for payment.

Foreign Currency Risk –

Foreign currency is the risk that changes in currency exchange rates will adversely affect the fair value of an investment or deposit.

The Retirement Systems exposure to foreign currency risk derives from its positions in foreign currency denominated international equity and fixed income investments. Its exposure to foreign currency as of December 31, 2009 and 2008 is as follows: (amounts are in thousands of dollars)

	12/31/2009			
Currency Unit	Equity and Private Equity	Fixed Income and Convertible Debenture	Cash and Cash Equivalents	Total
Australian Dollar	$ 4,362	$ 1,856	$ -	$ 6,218
Brazilian Real	517	1,393	-	1,910
British Pound Sterling	3,414	-	-	3,414
Canadian Dollar	480	3,473	-	3,953
Euro Currency Unit	3,838	-	22	3,860
Hong Kong Dollar	6,263	-	-	6,263
Japanese Yen	5,313	-	26	5,339
Mexican New Peso	-	2,357	-	2,357
New Zealand Dollar	-	1,126	-	1,126
Norwegian Krone	449	2,003	–	2,452
Singapore Dollar	1,226	181	-	1,407
South Korean Won	-	1,288	-	1,288
Swedish Krona	184	-	-	184
Swiss Franc	340	-	111	451
Thailand Baht	-	1,479	-	1,479
Totals	**$ 26,386**	**$ 15,156**	**$ 159**	**$ 41,701**

	12/31/2008			
Currency Unit	Equity and Private Equity	Fixed Income and Convertible Debenture	Cash and Cash Equivalents	Total
Australian Dollar	$ 2,912	$ 1,604	$ -	$ 4,516
Brazilian Real	-	1,001	-	1,001
British Pound Sterling	1,392	-	-	1,392
Canadian Dollar	497	3,016	-	3,513
Euro Currency Unit	2,887	-	13	2,900
Hong Kong Dollar	4,112	-	-	4,112
Iceland Krona	-	979	-	979
Japanese Yen	5,971	-	-	5,971
Mexican New Peso	-	2,175	-	2,175
New Zealand Dollar	-	214	-	214
Singapore Dollar	787	178	-	965
South Korean Won	-	1,219	-	1,219
Swedish Krona	306	-	-	306
Swiss Franc	274	-	108	382
Thailand Baht	-	1,393	-	1,393
Totals	**$ 19,138**	**$ 11,779**	**$ 121**	**$ 31,038**

Interest Rate Risk –

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Duration is a measure of an investment's sensitivity to changes in interest rates. The higher the duration, the greater the changes in fair value when interest rates change. The Option-Adjusted Duration for a security is the percentage price sensitivity to interest rate changes of 100 basis points (or 1.0%). For example, an Option-Adjusted Duration of 5.20 means that the price of the security should fall approximately 5.20% for a 1.0% rise in the level of interest rates. Conversely, the price of a security should rise approximately 5.20% for a 1.00% fall in the level of interest rates. Interest rate changes will affect securities with negative durations in the opposite direction. The Option-Adjusted Duration method of measuring duration takes into effect the embedded options on cash flows.

The Retirement System does not have a formal investment policy that limits investment maturities as a means of managing exposure to losses arising from increasing interest rates with the exception of the cash equivalent portfolio. The investment policy limits the duration of individual securities held in the cash equivalent portfolio to 2.5 years. In addition, the duration of the entire cash equivalent portfolio should be between 1 and 2 years.

As of December 31, 2009 and 2008, the Retirement System had the following Option-Adjusted Durations for the fixed income investments: (amounts are in thousands of dollars)

	12/31/09		12/31/08	
Fixed Income Sector	**Fair Value**	**Option Adjusted Duration**	**Fair Value**	**Option Adjusted Duration**
ABS-Airplane Receivables	$ 2,290	0.36	$ 3,511	0.45
ABS-Car Loan	684	1.68	1,098	0.87
ABS-Credit Cards	1,378	2.55	1,564	1.80
ABS-Equipment	199	0.44	220	1.58
ABS-Home Equity	595	0.00	327	0.01
Automobiles & Components	126	3.25	78	4.08
Banking & Finance	42,112	4.45	30,257	4.80
BSDT Reserve Deposit Accts.	40	0.00	337	0.00
Capital Goods	185	2.82	177	3.65
Chemicals	65	6.53	63	7.09
CMO - Conduit	3,031	3.20	-	0.00
CMO-U.S. Agencies	1,871	5.63	1,116	5.49
CMO-Comm/Corp	12,214	0.97	15,686	1.42
Commingled Fds Cash Equivalents	310,883	0.05	38,637	0.08
Convertible Bonds	7,049	3.85	5,640	1.20
Convertible Preferred	397	2.31	-	0.00
FHLMC Multiclass	20,197	3.11	17,011	3.51
FHLMC Pools	6,165	2.08	3,678	2.41
FNMA Pools	17,301	2.63	14,218	2.67
FNMA REMIC	17,246	3.67	13,680	3.58
Food Beverage & Tobacco	435	10.75	376	10.63
Food Products	100	6.23	93	6.74
GNMA Multi Family Pools	111	0.99	-	0.00
GNMA Single Family Pools	837	0.01	-	0.00
Govt of Canada-Direct	3,473	2.15	2,622	1.87
Health Care	7,669	2.21	6,632	5.49
Household Products	107	5.19	91	5.80
House Related	7,511	5.28	5,243	4.66
Industrial	46,527	5.50	43,456	5.49
Insurance	1,993	9.43	2,258	8.87
International Corporate Bonds	5,345	1.07	4,874	1.13
International Government Bonds	5,671	4.60	3,285	3.90
Mining	1,730	11.09	1,562	11.13
News/Media	5,997	11.88	6,414	12.02
Oil & Gas	10,644	6.59	12,266	7.39
Other Corporate Bonds	392	8.68	681	4.28
Paper & Forest Products	1,139	3.88	981	0.61
Pvt Placements-More than 1 yr	11,102	5.25	8,037	5.59
Retail	2,535	10.37	2,065	9.12
Supranational Issues	1,056	8.79	1,373	11.46
Taxable Municipals	1,522	8.06	1,126	7.08
Technology	954	5.69	1,144	4.98
Transportation	6,308	3.66	5,323	3.93
Treasury Bills - Less Than 1 Year	16,076	0.57	-	0.00
U.S. Agencies	4,907	2.36	2,955	1.51
U.S. Governments	53,048	6.16	19,441	7.49
Utility-Electric	13,945	5.27	14,511	5.94
Utility-Gas	1,149	5.69	2,526	6.21
Utilty-Telephone	21,413	6.30	16,123	7.17
Whole Loan - CMO	169	0.00	-	0.00
Yankee Bonds	1,154	8.50	795	6.45
Other*	309,076		313,600	
Total	**$ 988,123**		**$ 627,151**	

*For 2009 this represents $308,919 in units of participation and $157 FHLMC Pools for which the duration was not available. For 2008 this represents $312,542 invested in a bond mutual fund, $819 GNMA Single Family Pools and $249 CMO Comm/Corp for which the duration was not available.

Security Lending –

Section 201.24 (9.1) of the General Ordinances of Milwaukee County and Board policies permit ERS to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. ERS participates in such a security lending program through its custodian, the Bank of New York Mellon, acting as ERS's securities lending agent. ERS requires collateral from the borrower in the form of cash or securities. Collateral for domestic issues is set at 102% of the fair value of the securities loaned at the time of the initial transaction. If the value falls to 100% of the fair value of the securities loaned, additional collateral is obtained to reestablish collateral at 102% of the fair value of securities loaned. Collateral for international securities is maintained at a level of 105% of the fair value of securities loaned at all times. The securities lending program guidelines attempt to preserve capital while earning a moderate rate of return. Earnings from securities lending, after all fees are paid, are split on a percentage basis with the custodian. For 2009 and 2008, the net investment income realized from security lending was $181,082 and $541,455, respectively.

ERS also invested in several commingled funds managed by Mellon Capital Management that participated in securities lending programs. The earnings and losses attributable to the commingled funds' securities lending programs are combined with the commingled funds' performance and are not reported separately in ERS's financial statements.

Securities loaned and the collateral held were as follows: (amounts are in thousands of dollars)

	As of December 31			
	2009		2008	
Securities Lent for Cash Collateral	**Securities Lent**	**Collateral**	**Securities Lent**	**Collateral**
Fixed income	$ 21,125	$ 21,655	$ 15,063	$ 15,487
Domestic stocks	27,806	28,870	16,833	17,110
REITS	5,886	6,118	4,777	4,848
Subtotal	54,817	56,643	36,673	37,445
Securities Lent for Securities Collateral				
Fixed income	-	-	976	1,010
Domestic stocks	93	107	32	38
Subtotal	93	107	1,008	1,048
Grand Total	$ 54,910	$ 56,750	$ 37,681	$ 38,493
Percent Collateral to Securities Loaned		103.35%		102.16%

The collateral received from security lending transactions are recorded as assets at quoted fair value of the financial statement date. The Retirement System records an identical amount as a liability, representing the obligation of the Retirement System to return the collateral at the time the borrower of the Retirement System's securities return those securities.

The collateral received from securities lending transactions includes cash of $56,642 and $37,445 and U.S. Treasury securities of $107 and $1,048 for the years ended December 31, 2009 and 2008, respectively. Under the terms of the securities lending agreement, the Retirement System has the right to sell or pledge the cash collateral. The non-cash collateral in the amount of $107 and $1,048 for the years ended December 31, 2009 and 2008, respectively, is controlled by the custodian and, correspondingly, is not reflected in the Statement of Net Assets Available for Plan Benefits.

At year-end, the Retirement System has no credit risk exposure to borrowers because the amounts the Retirement System owes the borrowers exceed the amounts the borrowers owe the Retirement System. The contract with the Retirement System's custodian requires it to indemnify the Retirement System if a borrower fails to return the securities (and if the collateral is inadequate to replace the securities lent) or fails to pay the Retirement System for income distributions by the securities' issuers while the securities are on loan.

(6) Financial Instruments With Off-Balance Sheet Risks –

A currency forward is a contractual agreement between two parties to pay or receive amounts of foreign currency at a future date in exchange for another currency at an agreed-upon exchange rate. Forward commitments are entered into with the foreign exchange department of a bank located in a major money market. These transactions are entered into in order to hedge risks from exposure to foreign currency rate fluctuations. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the Retirement System records the amount receivable or payable at fair value, with the unrealized gain or loss reported as a component of net appreciation in fair value. All contracts are short-term in duration and mature within 90 days.

Financial Instruments With Off-Balance Sheet Risks

	Cost	Market Value	Gain/(Loss)
As of December 31, 2009			
Currency forward receivables	**$53,751**	**$52,985**	**$ (766)**
Currency forward payables	**(53,751)**	**(53,854)**	**(103)**
Total gain (loss)			**$ (869)**
As of December 31, 2008			
Currency forward receivables	**$ 98**	**$ 98**	**$ -**
Currency forward payables	**(98)**	**(98)**	**-**
Total gain (loss)			**$ -**

ERS invests in financial futures contracts in order to improve the performance of the fund. The Retirement System purchases contracts that approximate the amount of cash held by US equity investment managers and cash used to pay benefits and expenses. Financial futures contracts are agreements to buy or sell a specified amount at a specified delivery or maturity date for an agreed upon price.

The market values of the futures contracts vary from the original contract price, a gain or loss is recognized and paid to or received from the clearinghouse. Financial futures represent an off balance sheet obligation, as there are no balance sheet assets or liabilities associated with those contracts. The cash or securities to meet these obligations are held in the investment portfolio. All contracts are short-term in duration and mature within 90 days.

ERS is subject to credit risk in the event of non-performance by counter parties to financial futures and forward contracts. ERS generally only enters into transactions with credit worthy institutions. The Retirement System is exposed to market risk, the risk that future changes in market conditions may make an instrument less valuable. Exposure to market risk is managed in accordance with risk limits set by ERS management and by buying or selling futures or forward contracts. The cash or securities to meet these obligations are held in the investment porfolio.

	December 31, 2009 Amount (in thousands of dollars)
US Equity Managers	
Cash Held	
Pension Obligation Bonds	$ 144,607
US Equity Investment Managers	8,196
	152,803
Futures Purchased	
S&P 500 (US Equity)	149,945
Futures Above\(Below) Cash	$ (2,858)
Market Value	$ 121

	December 31, 2009 Amount (in thousands of dollars)
Cash Used to Pay Benefits and Expenses	
Cash Held	$ 35,605
Futures Purchased	
Barclays AGG (Fixed Income)	13,421
S&P 500 (US Equity)	13,773
MSCI EAFE (International Equity)	7,216
	34,410
Futures Above\(Below) Cash	$ (1,195)
Market Value	$ (223)
Market Value, net	**$ (102)***

*Futures contracts are included in domestic common and preferred stocks of the Statement of Plan Net Assets.

(7) Commitments and Contingencies –

The Retirement System is involved in litigation and certain other disputes arising during the normal course of operations. Management does not believe the settlement of such matters will have a material impact on the Retirement System's financial statements.

(8) OBRA 1990 Retirement System of the County of Milwaukee –

The County established the OBRA 1990 Retirement System of the County of Milwaukee (OBRA) to cover seasonal and certain temporary employees who are not enrolled in the Retirement System. Assets of the OBRA are commingled for investment purposes with the assets of the Retirement System. As the assets of the Retirement System are legally available to pay benefits of either the ERS or OBRA and all assets have been commingled. The Retirement System and OBRA are considered a single plan for financial reporting purposes. Net assets identified for OBRA benefits as of December 31, 2009 and 2008, were as follows:

	(Unaudited) 2009	2008
Assets		
Cash	**$ 327**	**$ 1,928**
Contributions receivable from County	**660,925**	**522,000**
Assets held by Retirement System	**377,355**	**337,365**
Total assets	**$1,038,607**	**$ 861,293**
Liabilities		
Taxes payable	$ -	$ 1,370
Total liabilities	$ -	$ 1,370
Net assets available for benefits	**$1,038,607**	**$ 859,923**

Changes in net assets available for benefits for OBRA for the years ended December 31, 2009 and 2008, were as follows:

	(Unaudited)	
	2009	2008
Contributions from County	$660,925	$522,000
Investment income (loss)	173,545	(298,101)
Investment and administrative expenses	(627,953)	(589,308)
Benefits paid	(27,833)	(129,473)
Net increase (decrease) in assets available for benefits	$178,684	($494,882)

As of December 31, 2009 and 2008, respectively, there were 11,309 and 10,939 participants with vested benefits in OBRA. The actuarial accrued liability of OBRA at December 31, 2009 and 2008, was $5,068,513 and $4,451,626, respectively, leaving net assets available less than the actuarial accrued liability of ($4,029,906) and ($3,591,703), respectively. These amounts are not reflected in the required supplementary information tables that follow the notes to the financial statements.

(9) Funded Status and Actuarial Information

The Retirement System engages an independent actuarial firm to perform an annual actuarial valuation. The funded status of the Retirement System as of January 1, 2010, the most recent actuarial valuation date, is as follows (dollar amounts in thousands):

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
$1,956,444	$2,097,332	$140,888	93.3%	$237,040	59.4%

The schedules of funding progress, presented as required supplementary information (RSI) immediately following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of the plan assets are increasing or decreasing over time relative to the AALs for benefits.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates about the future. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. These calculations reflect long-term perspectives and use techniques that are designed to reduce short-term volatility.

Following is a listing of the actuarial method significant assumptions used to determine the Annual Required Contribution (ARC) for the current year:

Valuation date	1/1/2010
Actuarial cost method	Aggregate Entry Age Normal
Asset valuation method	5-year smoothed market
Amortization methods:	
Contribution variance	Level dollar, closed
Administrative expenses	Level dollar, closed
All other unfunded liability	Level percent of payroll, closed
Remaining amortization periods:	
Contribution variance	5 years
Administrative expenses	10 years
All other unfunded liability	30 years
Actuarial Assumptions:	
Investment rate of return	8.00%
Projected salary increases	3.50%
Post-retirement benefit increases	2%, simple

(10) Subsequent events

The Retirement System has evaluated subsequent events occuring through July 12, 2010. The date the financial statements were available to be issued for events requiring recording or disclosure in the Retirement System's financial statements. Management feels that no material events occurred that would require disclosure.

Required Supplementary Information

Schedule of Funding Progress
(in thousands of dollars)

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability–AAL (b)	Funded ratio (a/b)	(Overfunded) Unfunded AAL–(UAAL) (b-a)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
12/31/09	$1,956,444	$2,097,332	93.3%	$140,888	$237,040	59.4%
* 12/31/08	1,968,518	2,057,377	95.7%	88,859	233,820	38.0%
12/31/07	1,627,288	2,024,923	80.4%	397,635	227,364	174.9%
12/31/06	1,525,532	1,931,220	79.0%	405,688	223,005	181.9%
12/31/05	1,454,302	1,909,321	76.2%	455,019	225,722	201.6%
12/31/04	1,424,918	1,782,884	79.9%	357,966	209,796	170.6%

* Includes the anticipated impact from the $397.8 million in pension obligation bonds that was actually received by the plan during plan year 2009.

Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded (overfunded) actuarial accrued liability in isolation can be misleading. Expressing plan net assets as a percentage of the actuarial accrued liability provides one indication of the Retirement System's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the Retirement System is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Retirement System. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids the analysis of the Retirement System's progress in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, or the larger the percentage, if negative, the stronger the Retirement System.

Schedule of Employer Contributions for the Year Ended December 31,

Fiscal Year	Annual Required Contribution	Percentage Contributed
2009	$30,355,535	1,508.1%*
2008	53,063,610	65.7%
2007	52,395,263	94.1%
2006	52,638,196	52.1%
2005	37,607,940	94.2%
2004	33,248,204	105.7%

*Actual contribution includes $397.8 million in pension obligation bonds and $29.0 million from a lawsuit settlement.

Notes to Required Supplementary Information

(1) Description –

The historical trend information is presented as required supplementary information. This information is intended to help users assess the Retirement System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

(2) Actuarial Assumptions and Methods –

The information presented in the required supplementary schedules was determined as part of the actuarial valuations as of January 1, 2010, for the plan year ending December 31, 2009. The actuarial valuations consider the changes effective January 1, 2010. Additional information as of the latest actuarial valuation follows:

(See independent auditor's report)

Valuation date	1/1/10
Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level percent of payroll, closed
Equivalent Single Amortization Period	14 years
Asset valuation method	5-year smoothing of difference between total expected return versus actual return
Actuarial Assumptions:	
COLA	2% of original pension benefits
Investment rate of return*	8.0%
Projected payroll growth*	3.5%
Mortality	Sex-distinct up – 1994 Mortality Table (for healthy pensioners) RP 2000 Disabled Mortality Table (for disabled pensioners

*Includes inflation at 3.0%

(3) Significant Factors Affecting Trends in Actuarial Information –

The changes regarding the increases in the Annual Compensation limit and the Annual benefit limit for years 2006-2010 are subject to the passage of the Ordinance Amendments by the County Board.

2010 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year -

- Multiplier was reduced from 2.0% to 1.6% for non-represented employees, except Elected Officials and Deputy Sheriffs.
- Retirement age for non-represented new hires was increased to 64.

2009 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year -

- Increased annual compensation limit to $245,000.
- Increased annual benefit limit to $195,000.

2008 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Changed maximum period for back drop period to earliest unreduced benefit.
- Increased annual compensation limit to $230,000.
- Increased annual benefit limit to $185,000.

2007 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Changed disability assumption from assuming 100% of disabilities are Ordinary to 10% Ordinary and 90% Accidental for represented employees and 95% Ordinary and 5% Accidental for non-represented employees.
- Changed the back drop assumption from 70% of eligible employees elect a back drop with an average back drop period of four years to 75% of eligible employees elect a backdrop, where 75% are assumed to take the maximum period available to them and 25% take half the maximum period available.
- Increased annual compensation limit to $225,000.
- Increased annual benefit limit to $180,000.

2006 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Increased annual compensation limit to $220,000.
- Increased annual benefit limit to $175,000.
- Decreased in the discount rate to 8.0%.
- Increased in backdrop utilization assumption from 50% to 70%.

(See independent auditor's report)

TEN-YEAR HISTORICAL TREND INFORMATION

REVENUES BY SOURCE AND EXPENSES BY TYPE
(Unaudited)

Revenues by Source

Fiscal Year	Participant Contributions	County Contributions(1)	Investment Income (Loss)(2)	Total
2009	$131,766	$457,789,154	$319,997,171	$777,918,091
2008	140,209	34,840,886	(352,108,625)	(317,127,530)
2007	344,782	49,291,072	106,442,068	156,077,922
2006	545,258	27,435,154	207,804,929	235,785,341
2005	360,283	35,415,185	128,528,748	164,304,216
2004	711,322	35,143,178	188,633,703	224,488,203
2003	704,758	33,980,592	292,669,096	327,354,446
2002	436,682	2,579,984	(78,508,968)	(75,492,302)
2001	265,567	2,646,523	(28,309,035)	(25,396,945)
2000	180,729	629,279	(14,726,721)	(13,916,713)

Expenses by Type

Fiscal Year	Benefits(3)	Investment and Administrative Expenses(4)	Withdrawals	Total
2009	$145,345,520	$7,846,655	$-0-	$153,192,175
2008	144,160,665	7,385,443	23,557	151,569,665
2007	139,990,962	7,715,976	56,626	147,763,564
2006	130,730,539	6,622,923	13,571	137,367,033
2005	148,307,335	6,294,816	36,963	154,639,114
2004	161,368,700	6,302,951	154,522	167,826,173
2003	111,109,514	5,662,380	12,999	116,784,893
2002	118,078,160	5,301,678	30,230	123,410,068
2001	94,842,239	5,389,064	233,732	100,465,035
2000	85,664,789	5,320,195	257,600	91,242,584

FOOTNOTES ARE IN THOUSANDS OF DOLLARS:

(1) Contributions are set during the County's budget process and are made at the discretion of the County Board.

(2) Includes interest and dividends, net appreciation (depreciation) of fair value, net security lending income and other income.

(3) Included in the benefits for 2009, 2008, 2007, 2006, 2005, 2004, 2003 and 2002 are back drop lump-sum payments of $8.7, $11.2, $10.5, $5.5, $25.7, $55.1, $11.0 and $23.1 million, respectively.

(4) The increase in investment and administrative expenses of $2,526 during the past ten years was due to increases in the following expenses:

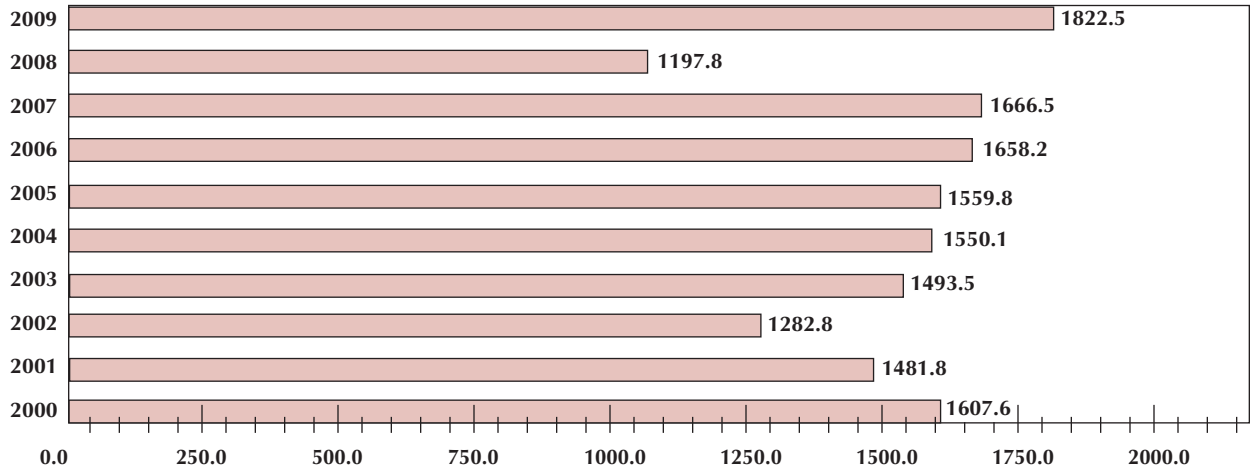
- Outside consultants expense rose $799 with most of this increase occurring in 2008 and 2007. This expense dropped ($159) from 2008 to 2009. This is due to the completion of most of the work on the new pension computer system as of January 1, 2009.
- The increase in legal and corporate counsel fees of $742 is mainly due to buyback/buyin issues, RFP preparation and analysis, tax issues and various other legal matters.
- Insurance expense increased $258, however this expense has been declining for the last five years.
- Salaries and wages increased $566 due primarily to an increase in staff and higher charges for fringe benefits.
- The increase of $218 in temporary help is due to unfilled positions and temporary projects.
- Computer system expenses increased $900. ERS started using its new computer system as of 1/1/09. Amortization of $499 and hosting expense of $250 caused most of this increase.

The following expenses declined:

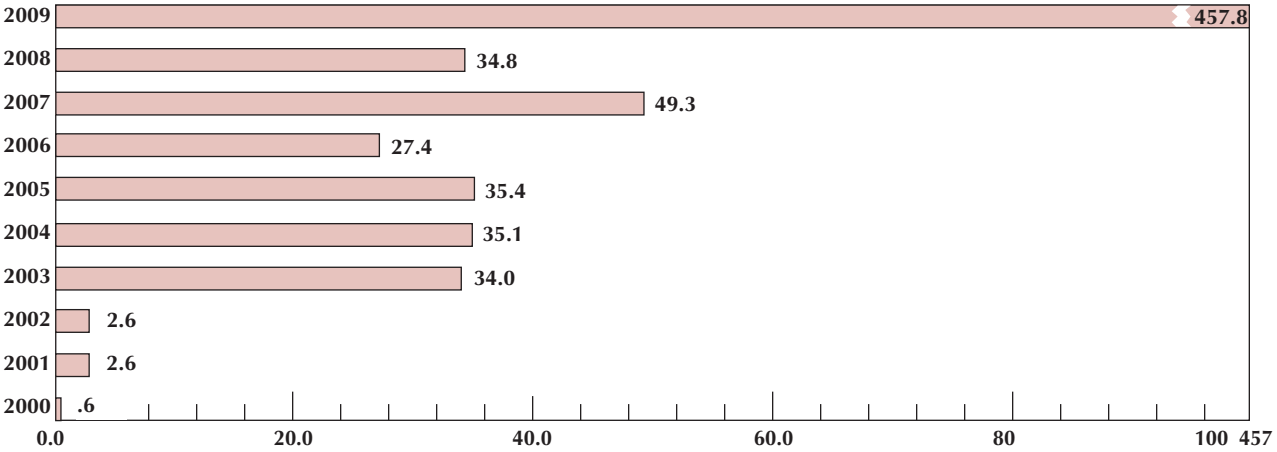
- Investment manager, custodial and cash management fees declined ($731) due to the decrease in the size of the fund and a new pricing schedule for custodial services.

Most of the other expenses experienced small increases that were offset by an increase of administrative expenses assessed to the OBRA retirement system. Those administrative expenses are assessed in accordance with a predetermined formula that is based upon the number of participants and the asset size of the OBRA retirement system that has been uniformly applied since the inception of OBRA in addition to any direct legal and actuarial costs.

NET FUND ASSETS
FAIR VALUES 2009-2000
(in millions of dollars)
(unaudited)



ACTUAL COUNTY CONTRIBUTIONS
(in millions of dollars)
(unaudited)



ACTIVE MEMBERSHIP STATISTICS (Unaudited)

	2009
Members as of January 1	6,234*
Changes During the Year:	
New enrollments	320
Rehires	46
Nonvested terminations	(139)
Retirements	(266)
Deaths in active service	(15)
New deferred beneficiaries	0
Data adjustments	287
Members as of December 31	6,467*

*The total includes vested inactive members of 1,397 and 1,659 as of the beginning of the year and end of the year respectively.

RETIREMENTS AND SURVIVORS (Unaudited)

	Retirements Granted								Survivors & Beneficiaries	Total
	Maximum Pension	Option								
		Refund	100%	75%	50%	25%	10-yr.	Other		
January 1, 2009	2,800	566	1,234	190	1,128	307	127	39	917	7,308
Changes During the Year:										
Adjustments (actuary)*	84	(5)	13	2	4	-	(1)	16	(99)	14
Retirements	161	-	47	7	16	23	12	-	52	318
Pensioner deaths	(108)	(47)	(50)	(2)	(60)	(2)	(1)	(1)	(77)	(348)
December 31, 2009	2,937	514	1,244	197	1,088	328	137	54	793	7,292

*Adjustments as a result of reclassifications made to beginning balances by the actuary due to new information received.

CONSULTANTS

as of December 31, 2009

Legal Advisors

Milwaukee County
Corporation Counsel
William Domina

Reinhart, Boerner, Van Deuren s.c.
Milwaukee, Wisconsin

Foley & Lardner
Milwaukee, Wisconsin

Actuary

Buck Consultants
Chicago, Illinois

Disbursing Agent

County Treasurer

Custodian/Securities Agent

BNY/Mellon Trust
Boston, Massachusetts

Medical Board

Medical Associates

Investment Consultant

Marquette Associates, Inc.
Chicago, Illinois

Cash Management Manager

Mellon Trust
Boston, Massachusetts

Cash Equitization Manager

BNY Mellon BETA Management
San Francisco, California

Private Equity Managers

Adams Street Partners
Chicago, Illinois

Progress Investment Management Company
San Francisco, California

U.S. Equity Investment Managers

AQR Capital Management, LLC
Greenwich, Connecticut

Artisan Partners
Milwaukee, Wisconsin

Fiduciary Management Associates, LLC
Chicago, Illinois

Robeco Investment Management
(formerly Boston Partners Asset Management)
Boston, Massachusetts

Mellon Capital Management
Pittsburgh, Pennsylvania

Reinhart Partners, Inc.
(formerly Reinhart & Mahoney Capital Management)
Mequon, Wisconsin

Fixed-Income Investment Managers

Loomis, Sayles & Company, Inc.
Boston, Massachusetts

JPMorgan Investment Management
Columbus, Ohio

Mellon Capital Management
Pittsburgh, Pennsylvania

International Investment Managers

Barings Asset Management, Inc.
Boston, Massachusetts

Grantham, Mayo, Van Otterloo & Co.
Boston, Massachusetts

Real Estate Investment Trusts

ING Clarion Real Estate Securities
Radnor, Pennsylvania

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Milwaukee County
Employees' Retirement System
Courthouse, Room 210-C
901 N. 9th Street
Milwaukee, Wisconsin 53233

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EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE

ACTUARIAL VALUATION
JANUARY 1, 2009

buckconsultants
an ACS company

June 15, 2009

The Retirement Board
Employees' Retirement System of the
County of Milwaukee
901 N. 9th St.
Milwaukee, WI 53233

Ladies and Gentlemen:

This report presents the results of the annual actuarial valuation of the Employees' Retirement System of the County of Milwaukee as of January 1, 2009. The valuation takes into account all of the promised benefits to which members are entitled as of January 1, 2009, including pension and survivor benefits; and as required by the Retirement Code is the basis for the Budget Contribution for fiscal year 2010.

The valuation was based on the actuarial assumptions and methods as adopted by the Board of Trustees, including a valuation interest rate of 8% per annum compounded annually. Based on our recommendations in May 2007, the Board adopted revised actuarial assumptions effective with the January 1, 2007 valuation. Since the prior valuation, no changes were implemented.

Assets and Membership Data

The Retirement System reported the individual data for members of the System as of the valuation date to the actuary. While we did not verify the data at their source, we did perform tests for internal consistency and reasonableness. The amount of assets in the trust fund taken into account in the valuation was based on statements prepared for us by the Retirement System.

Pension Obligation Bond

A Pension Obligation Bond was issued by the County on March 19, 2009, yielding proceeds of $397,797,000. This amount is treated as a receivable in the Market Value of Assets, but has not been included in the development of the NPO of the GASB statements. Under proposed Ordinance, the actuary has used a portion of these proceeds to offset all remaining unamortized contribution variances as of the valuation date (including the variance for the 2008 plan year). The remaining proceeds of $363,950,833 are amortized over 30 years. We have based this valuation report on the proposed Ordinance being ratified. The proposed Ordinance is being proposed by the POB Work Group. Buck Consultants was a member of this Work Group and is supportive of this amendment. In the event the proposed Ordinance is not ratified, a new report will need to be issued.

One North Dearborn Street, Suite 1400 • Chicago, IL 60602-4336
312.846.3000 • 312.846.3999 (fax)

Funding Adequacy

The 2008 valuation performed last year resulted in an Actual Funding Contribution of $53,063,610, against which $34,841,400 (adjusted for interest shown on Table 11) was actually contributed. The shortfall of $18,222,210 has been offset by the proceeds of the sale of the Pension Obligation Bond per Ordinance. Future contribution variances will be amortized over five years.

The Actual Funding Contribution for 2009, based on the results of this valuation, is $30,355,535. It is expected that $30,992,423 ($30,992,180 in expected contribution plus $243 in expected interest) will be contributed during 2010 on behalf of the 2009 plan year. The excess contribution of $636,888 will be amortized over five years.

Budget Contribution

The 2010 Budget Contribution, expected to be contributed in 2011, is $38,548,000.

Financial Results and Membership Data

Detailed summaries of the financial results of the valuation and membership data used in preparing the valuation are shown in the valuation report. The actuary prepared supporting schedules and required supplementary information included in the County of Milwaukee Annual Report of the Pension Board.

Qualified actuaries completed the valuation in accordance with accepted actuarial procedures as prescribed by the Actuarial Standards Board. The qualified actuaries are members of the American Academy of Actuaries and are experienced in performing actuarial valuations of public employee retirement systems. To the best of our knowledge, this report is complete and accurate and has been prepared in accordance with generally accepted actuarial principles and practice. The undersigned with actuarial designations are qualified to render the opinions contained in this report.

Respectfully submitted,

Larry Langer, ASA, EA, MAAA	Marco Ruffini	Lawrence Lin, ASA
Principal, Consulting Actuary	Senior Consultant	Consultant, Actuary

LL/MR/LL:pl

EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE

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Executive Summary

This report presents the actuarial valuation as of January 1, 2009 for the Employees' Retirement System of the County of Milwaukee. The principal valuation results include:

- The Actual Funding Contribution for fiscal year 2009, which is $30,355,535.
- The Annual Required Contribution for fiscal year 2009 in accordance with GASB requirements, which is $30,355,535.
- The Budget Contribution for fiscal year 2010, which is $38,548,000.
- The total funded ratio of the plan determined as of January 1, 2009, which is 95.7% based on the accrued liability and the actuarial value of assets. On a market value basis, the plan is 77.6% funded.
- The determination of the actuarial gain or loss as of January 1, 2009, which is a loss of $70,007,095.
- Annual disclosure as of January 1, 2009 as required by Statement No. 25 of the Governmental Accounting Standards Board.

The valuation was based on membership and financial data submitted by the Retirement System.

Changes Since Last Year

Legislative and Administrative Changes

A Pension Obligation Bond was issued by the County on March 19, 2009, yielding proceeds of $397,797,000. This amount is treated as a receivable in the Market Value of Assets. Per proposed Ordinance, the actuary has used a portion of these proceeds to offset all remaining unamortized contribution variances as of the valuation date (including the variance for the 2008 plan year). The remaining proceeds of $363,950,833 are amortized over 30 years.

The benefit provisions and contribution provisions are summarized in Table 16.

Actuarial Assumptions and Methods

No changes in the actuarial assumptions have been adopted since the previous valuation.

The actuarial assumptions and methods are outlined in Table 15.

Contribution Amounts

The results of the valuation as of January 1, 2009 determine the Actual Funding Contribution and Annual Required Contribution for fiscal year 2009 and the Budget Contribution for fiscal year 2010. The Actual Funding Contribution and the Annual Required Contribution for GASB 25 disclosure for fiscal year 2009 are both $30,355,535. The Budget Contribution for fiscal year 2010 is $38,548,000. The actual 2009 contribution and budgeted 2010 contribution were based on assumptions adopted by the Board in May 2007 and participant data as of January 1, 2009.

Reasons for Change in Budget Contribution Calculated by the Actuary

The Budget Contribution calculated by the actuary decreased from $56,491,000 for fiscal year 2009 to $38,548,000 for fiscal year 2010. A reconciliation of the decrease of $17,943,000 is shown in the following table:

Item		Amount
1. 2009 Budget Contribution		$ 56,491,000
2. Increase / (Decrease) during 2008 due to		
a. Unanticipated liability loss (gain)	$ (406,000)	
b. Asset experience other than expected	6,068,000	
c. 2008 reimbursable expenses other than assumed	5,000	
d. 2008 contribution variance other than assumed	1,132,000	
e. Full recognition of bases other than assumed	(10,221,000)	
f. Receipt of Pension Obligation Bond Proceeds	(22,713,000)	
g. Increase due to assumption changes	-	
H. Total		(26,135,000)
3. 2009 Actual Contribution (1 + 2)		$ 30,356,000
4. Expected Increase / (Decrease) during 2009 due to		
a. Normal cost and existing amortization schedule	$ 1,015,000	
b. Phase-in of deferred asset (gains) losses	7,273,000	
c. Amortization of 2009 reimbursable expenses	164,000	
d. Expected contribution variance for 2009	(160,000)	
e. Full recognition of 2000 reimbursable expenses	(99,000)	
f. Increase due to assumption changes	-	
g. Total		8,193,000
5. 2010 Budget Contribution (3 + 4)		$ 38,549,000

Summary of Principal Results

Summarized below are the principal financial results for the Employees' Retirement System of the County of Milwaukee based upon the actuarial valuation as of January 1, 2009. Comparable results from the January 1, 2008 valuation are also shown.

Item	January 1, 2009	January 1, 2008
Demographics		
Active Members		
• Number	4,837	4,814
• Average Annual Pay	$ 48,340	$ 47,230
Inactive Members		
• Members Receiving Benefits		
• Number	7,308	7,321
• Average Annual Benefit Payment	$ 18,386	$ 17,977
• Members With Deferred Benefits		
• Number	1,397	1,385
• Average Annual Benefit Payment	$ 7,329	$ 7,507
Actual Funding Contribution	**(Fiscal Year 2009)**	**(Fiscal Year 2008)**
• Normal Cost with Interest	$ 21,395,539	$ 21,012,737
• Net Amortization Payments	8,959,996	32,050,873
• Total Contribution	$ 30,355,535	$ 53,063,610
Actuarial Funded Status		
• Accrued Liability	$ 2,057,376,988	$ 2,024,922,619
• Actuarial Value of Assets	1,968,518,479	1,627,287,632
• Unfunded Accrued Liability	$ 88,858,509	$ 397,634,987
• Funded Ratio	95.7 %	80.4 %

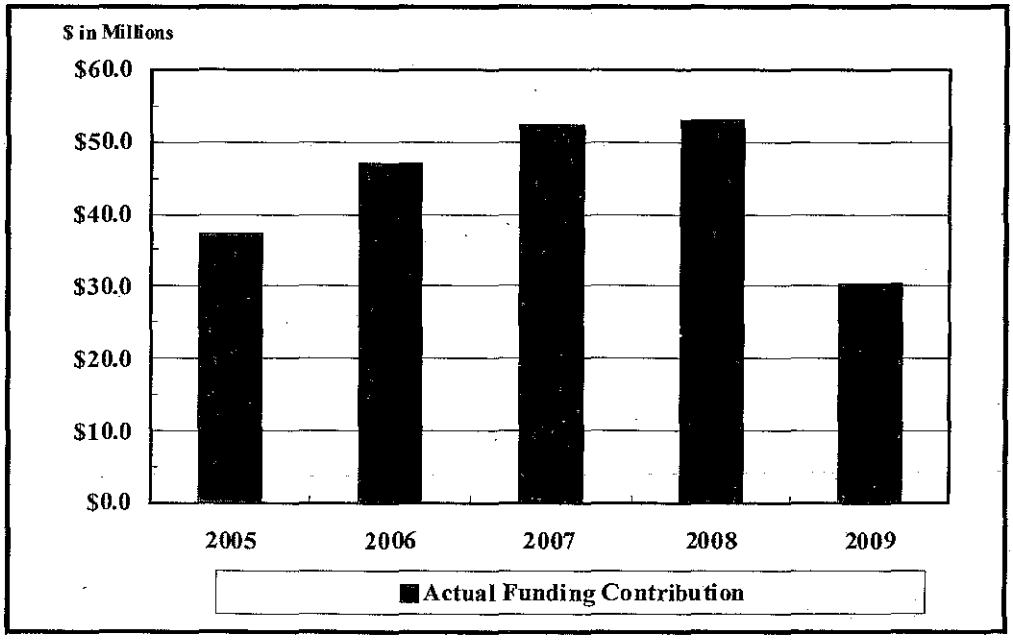
Five-Year History of Principal Financial Results

Five-Year History of Contribution Amounts

Valuation as of January 1	Actual Funding Contributions		
	Normal Cost with Interest	Net Amortization Payments	Total
2009	$ 21,395,539	$ 8,959,996	$ 30,355,535
2008	21,012,737	32,050,873	53,063,610
2007	21,189,240	31,206,023	52,395,263
2006	22,622,593	24,306,754	46,929,347
2005	18,184,797	19,423,143	37,607,940

The following chart shows a five-year history of employer contribution amounts:

Five-Year History of Actual Funding Contributions



Funded Ratio

The financing objective of the System is to:

- Fully fund all current costs based on the normal contribution rate determined under the funding method; and
- Liquidate the unfunded accrued liability based on the amortization schedules as required by the retirement code, i.e., a schedule of 5, 10, or 30 years for each change in the unfunded accrued liability according to Section 3.1.

The total Actual Funding Contribution of $30,355,535, when taken together with the contributions payable by the members and asset returns, is the amount sufficient to achieve the financing objective for 2009.

The System's total funded ratio on the funding basis is measured by comparing the actuarial value of assets (based on a 5-year moving average market value) with the accrued liability. The accrued liability for pensions is the present value of benefits accumulated to date under the System's funding method and reflects future pay increases for active employees.

On this basis, the System's funded ratio is 95.7% as of January 1, 2009. This funded ratio is based on an actuarial value of assets of $1,968,518,479 and an accrued liability of $2,057,376,988.

Reasons for Change in the Total Funded Ratio

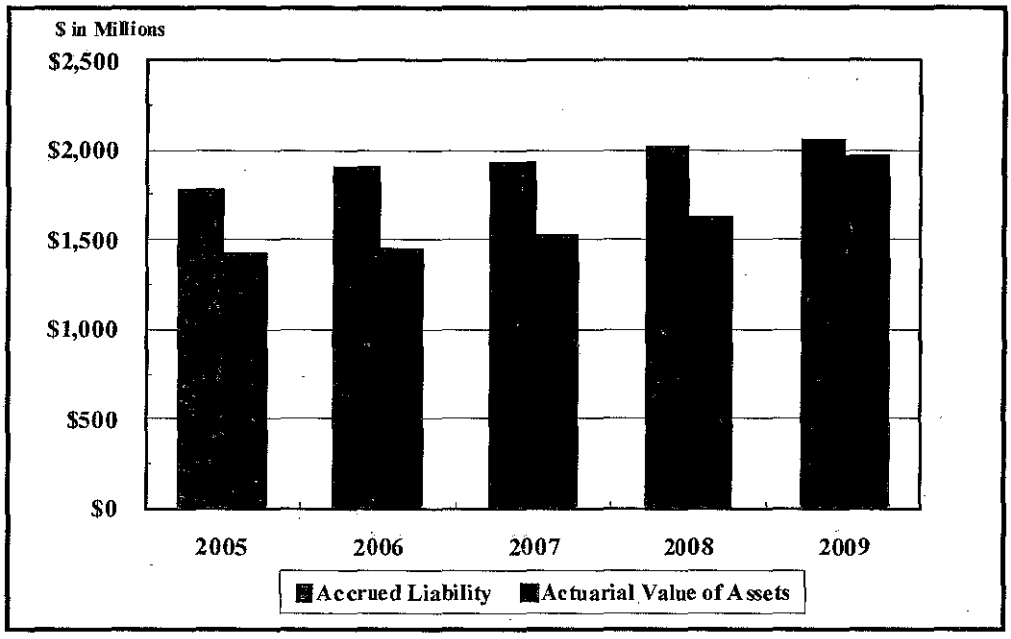
The total funded ratio increased from 80.4% as of January 1, 2008 to 95.7% as of January 1, 2009. The increase is primarily due to the pension obligation bond proceeds.

Five-Year History of Total Funded Ratio
($ Amounts in Thousands)

Valuation as of January 1	Accrued Liability	Actuarial Value of Assets	Unfunded Accrued Liability	Funded Ratio
2009	$ 2,057,377	$ 1,968,518	$ 88,859	95.7%
2008	2,024,923	1,627,288	397,635	80.4
2007	1,931,220	1,525,532	405,688	79.0
2006	1,909,321	1,454,302	455,020	76.2
2005	1,782,884	1,424,918	357,966	79.9

The following chart shows a five-year history of the accrued liability and the actuarial value of assets:

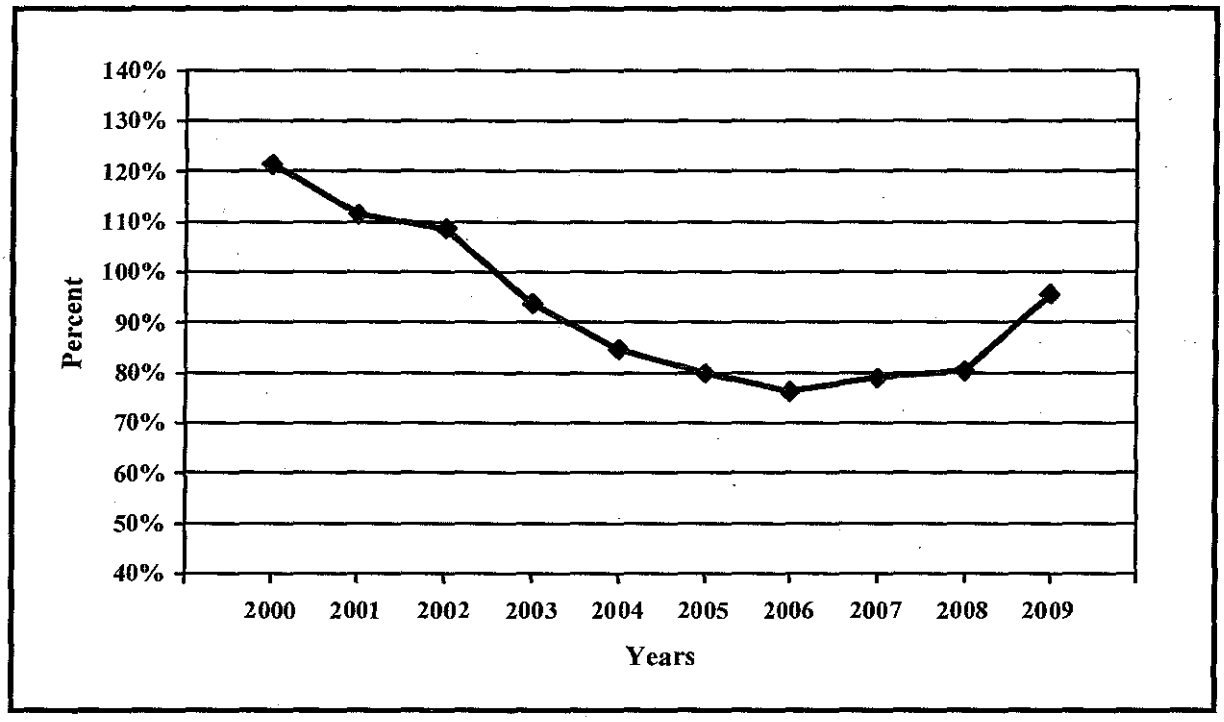
Five-Year History of Accrued Liability and Actuarial Value of Assets



The following chart shows a ten-year history of the total funded ratio:

Ten-Year History of Total Funded Ratio

(2000 - 2009)



GASB No. 25 Disclosure

Statement No. 25 of the Governmental Accounting Standards Board established reporting standards for the annual financial reports of defined benefit pension plans. The System complied with Statement No. 25 beginning with the January 1, 1997 valuation. The statement requires disclosure of the "schedule of funding progress" and the "schedule of employer contributions" in the System's financial statements.

The "schedule of funding progress" shows historical trend information about the System's actuarial value of assets, the actuarial accrued liability and the unfunded actuarial accrued liability. The actuarial funded ratio is measured by comparing the actuarial value of assets (based on a 5-year moving average market value) with the accrued liability. The accrued liability is the present value of benefits accumulated to date under the System's funding method and reflects future pay increases for active employees. On this basis, the System's funded ratio is 95.7% as of January 1, 2009. This funded ratio is based on an actuarial value of assets of $1,968,518,479 and an accrued liability of $2,057,376,988.

The "schedule of employer contributions" shows historical trend information about the annual required contribution (ARC) for pensions of the employer and the percentage of the ARC contributed to the System. The ARC is equal to the normal cost for pensions plus amortization of the unfunded actuarial accrued liability for pensions. The maximum period of amortizing the unfunded actuarial accrued liability permitted by GASB No. 25 is 30 years. The maximum amortization period decreased from 40 years to 30 years in 2007. The employer contributions to the System are equal to the normal cost plus a payment towards each change in the unfunded accrued liability, which are amortized over 5, 10 or 30-year periods, depending on the source of the changes. The ARC and the actual employer percentage contributed for the six fiscal years ending December 31, 2009 are shown in Table 14.

Rate of Return

The investment return of the trust fund (i.e. total return including both realized and unrealized gains and losses) for fiscal years 2004 through 2008 is shown in the table below. The return based on the actuarial value of assets used for determining annual contribution rates is also shown.

The rate of return on market value reflects the investment earnings on the market value of assets from the beginning of the fiscal year to the end of the fiscal year. The actuarial assets are the assets recognized for valuation purposes. Actuarial assets are based on a smoothed market value that spreads the difference between the actual and expected return over a period of five years. The rate of return on the actuarial value of assets is a measure of the increase in the actuarial value of assets from the beginning of the fiscal year to the end of the fiscal year.

Five Year History of Asset Returns

As of	Asset Values		Estimated Rates of Return		
12/31	Market	Actuarial	Market	Actuarial	Assumed
2008	$ 1,595,610,970	$ 1,968,518,479	(22.5%)	3.4%	8.0%
2007	1,666,511,165	1,627,287,632	6.3%	13.2%	8.0%
2006	1,658,195,799	1,525,531,519	13.5%	12.6%	8.0%
2005	1,559,777,489	1,454,301,600	8.3%	10.6%	8.5%
2004	1,550,112,389	1,424,917,604	14.0%	8.0%	8.5%
	Compound Rate of Return (five years):		2.9%	9.5%	

TABLE 1

SUMMARY OF RESULTS OF ACTUARIAL VALUATION

Item	January 1, 2009	January 1, 2008
Participant Data		
1. Number of Participants		
a) Active Participants	4,837	4,814
b) Participants with Deferred Benefits	1,397	1,385
c) Participants Receiving Benefits	7,308	7,321
d) Total	13,542	13,520
2. Annualized Salaries	$ 233,820,179	$ 227,364,398
3. Annual Annuities	$ 134,363,234	$ 131,611,251
Valuation Results		
4. Present Value of Future Benefits		
a) Active Participants	$ 812,317,967	$ 793,046,790
b) Participants with Deferred Benefits	72,648,595	69,361,361
c) Participants Receiving Benefits	1,313,759,117	1,303,876,087
d) Total	$ 2,198,725,679	$ 2,166,284,238
5. Present Value of Future Normal Cost	$ 141,348,691	$ 141,361,619
6. Actuarial Accrued Liability: (4 - 5)	$ 2,057,376,988	$ 2,024,922,619
7. Actuarial Value of Assets	$ 1,968,518,479	$ 1,627,287,632
8. Funded Status: (7 / 6)	95.7 %	80.4 %
9. Unfunded Actuarial Accrued Liability: (6 - 7)	$ 88,858,509	$ 397,634,987
10. Normal Cost Rate	8.805 %	8.893 %
11. Normal Cost for the Plan Year	$ 20,587,867	$ 20,219,516
Employer Actual Funding Contribution and Annual Required Contribution for Fiscal Year		
12. Actual Funding Contribution Calculated by Actuary		
a) Normal Cost with Interest	$ 21,395,539	$ 21,012,737
b) Net Annual Amortization Payments	8,959,996	32,050,873
c) Total Contribution: ((a + b), not less than zero)	$ 30,355,535	$ 53,063,610

TABLE 2

SECURITY OF PROMISED BENEFITS
UNFUNDED ACTUARIAL ACCRUED LIABILITY
FUNDED STATUS

Item	January 1, 2009	January 1, 2008
1. Actuarial Accrued Liability		
a. Active Participants		
Retirement Benefits	$ 626,532,429	$ 607,025,518
Withdrawal Benefits	31,253,335	31,670,797
Disability Benefits	5,591,189	5,692,307
Death Benefits	7,592,323	7,296,549
Total Active	670,969,276	651,685,171
b. Participants with Deferred Benefits	72,648,595	69,361,361
c. Participants Receiving Benefits	1,313,759,117	1,303,876,087
d. Total All Participants	$ 2,057,376,988	$ 2,024,922,619
2. Actuarial Value of Assets	1,968,518,479	1,627,287,632
3. Unfunded Actuarial Accrued Liability (1d - 2)	$ 88,858,509	$ 397,634,987
4. Funded Status: (2 / 1d)	95.7%	80.4%

The interest rate used as of January 1, 2009 and January 1, 2008 was 8.00%

TABLE 3

ACTUARIAL GAIN/(LOSS) FOR PLAN YEAR ENDING

Item	December 31, 2008	December 31, 2007
1. Actuarial Accrued Liability at the Beginning of the Year	$ 2,024,922,619	$ 1,931,219,869
2. Increases/(Decreases) During the Year		
a. Normal Cost for the Year	20,219,516	20,389,356
b. Member Contributions	140,209	344,782
c. Benefit Payments and Refunds	(144,184,222)	(140,047,588)
d. Assumed Interest to End of Year	157,136,114	149,816,866
e. Plan and Assumption Changes*	-	48,020,858
f. Total: (a + b + c + d + e)	33,311,617	78,524,274
3. Expected Liability at the End of the Year: (1 + 2)	2,058,234,236	2,009,744,143
4. Actuarial Accrued Liability at the End of the Year	2,057,376,988	2,024,922,619
5. Liability Gain/(Loss): (3 - 4)	**$ 857,248**	**$ (15,178,476)**
6. Actuarial Value of Assets at the Beginning of the Year	$ 1,627,287,632	$ 1,525,531,519
7. Increases/(Decreases) During the Year		
a. County Contributions	34,840,886	49,291,072
b. Member Contributions	140,209	344,782
c. Pension Obligation Bond Proceeds	397,797,000	-
d. Benefit Payments and Refunds	(144,184,222)	(140,047,588)
e. Administrative Expenses payable to the County	(1,031,291)	(915,868)
f. Assumed Interest to End of Year	124,532,608	116,562,936
g. Total: (a + b + c + d + e + f)	412,095,190	25,235,334
8. Expected Actuarial Assets at the End of the Year	2,039,382,822	1,550,766,853
9. Actuarial Value of Assets at the End of the Year	1,968,518,479	1,627,287,632
10. Actuarial Asset Gain/(Loss): (9 - 8)	**$ (70,864,343)**	**$ 76,520,779**
11. Total Gain/(Loss): (5 + 10)	**$ (70,007,095)**	**$ 61,342,303**

* For year ending 2007. the actuarial assumptions are those adopted by the Pension Board in May of 2007, based on recommendations by the actuary resulting from the five-year experience review. For year ending 2008, refinements in the method and data, including a change in the estimation of the look-back period for the backdrop, as well as the change in eligibility for backdrop for firefighters and DC48 members, were implemented.

TABLE 4

AMORTIZATION SCHEDULE FOR ACTUAL FUNDING CONTRIBUTION FOR 2009 PLAN YEAR

Type of Payment	Amortization Period: Date Created	Initial Years	Remaining Years	Last Payment	Balances: Initial	Outstanding	Payment
1. Charges							
Expense	1/1/2000	10	1	2009	$ 655,908	$ 91,880	$ 99,230
Expense	1/1/2001	10	2	2010	799,202	215,148	120,647
Expense	1/1/2002	10	3	2011	780,362	302,954	117,557
Expense	1/1/2003	10	4	2012	1,017,500	505,818	152,718
Expense	1/1/2004	10	5	2013	1,052,422	628,446	157,398
Reestablished unfunded	1/1/2004	30	25	2033	257,960,162	289,894,613	19,918,737
Expense	1/1/2005	10	6	2014	1,053,714	727,216	157,308
Loss	1/1/2005	30	26	2034	88,729,863	97,075,443	6,526,791
Expense	1/1/2006	10	7	2015	972,805	754,800	144,977
Assumption Change	1/1/2006	30	27	2035	95,861,177	101,957,601	6,716,760
Expense	1/1/2007	10	8	2016	988,048	846,184	147,248
Expense	1/1/2008	10	9	2017	915,868	852,646	136,491
Method Change	1/1/2008	30	29	2037	48,020,858	48,865,670	3,101,747
Expense	1/1/2009	10	10	2018	1,031,291	1,031,291	153,693
Loss	1/1/2009	30	30	2038	70,007,095	70,007,095	4,368,961
Total Charges						$ 613,756,805	$ 42,020,263
2. Credits							
Gain	1/1/2006	30	27	2035	$ 12,975,497	$ 13,800,691	$ 909,162
Gain	1/1/2007	30	28	2036	55,348,557	57,253,009	3,700,183
Assumption Change	1/1/2007	30	28	2036	26,558,457	27,472,290	1,775,496
Gain	1/1/2008	30	29	2037	61,342,303	62,421,473	3,962,201
Pension Obligation Bond Proceeds	1/1/2009	30	30	2038	363,950,833	363,950,833	22,713,225
Total						$ 524,898,296	$ 33,060,267
3. Net Amount (1 - 2)						$ 88,858,509	$ 8,959,996

Annual amortization payments of the reestablished unfunded actuarial accrued liability (UAAL), and changes to the UAAL arising from plan changes, assumption changes, and actuarial gains/losses are amortized as a level percentage of payroll, assuming payroll growth of 3.5% per year over a 30-year period.

Administrative expenses incurred by the County related to the System are payable by the System to the County. The County then reimburses the System for this payment on a level dollar basis over 10 years.

The variance between the amount contributed to the System for a plan year, and the actual contribution requirement for that year is amortized on a level dollar basis over 5 years. Per proposed Ordinance, the Pension Obligation Bond proceeds were used to offset all existing bases at January 1, 2009 arising from variances between amounts contributed to the System and actual contribution requirements. This reduced the net outstanding balance of amortizations by $33,846,167. The remaining amount of $363,950,833 has been amortized as a level percent of payroll over a period of 30 years.

TABLE 5

DEVELOPMENT OF NORMAL COST
FOR CURRENT AND PRIOR PLAN YEAR ACTUAL FUNDING CALCULATIONS

Item	January 1, 2009	January 1, 2008
1. Present Value of Projected Benefits		
a. Active Participants		
Retirement Benefits	$ 737,262,177	$ 718,012,703
Withdrawal Benefits	47,081,762	47,313,698
Disability Benefits	17,908,145	17,976,980
Death Benefits	10,065,883	9,743,409
Total Active	812,317,967	793,046,790
b. Participants with Deferred Benefits	72,648,595	69,361,361
c. Participants Receiving Benefits	1,313,759,117	1,303,876,087
d. Total All Participants	2,198,725,679	2,166,284,238
2. Actuarial Value of Assets	1,968,518,479	1,627,287,632
3. Unfunded Actuarial Accrued Liability	88,858,509	397,634,987
4. Present Value of Future Normal Costs (1d - 2 - 3)	141,348,691	141,361,619
5. Present Value of Future Salaries	1,605,334,354	1,589,568,001
6. Normal Cost Rate: (4 / 5)	8.805%	8.893%
7. Expected Salaries for the Plan Year*	233,820,179	227,364,398
8. Normal Cost for the Plan Year: (6 x 7)	**20,587,867**	**20,219,516**

* Prior-year earnings increased by the salary assumption and limited by the IRS compensation limit for those under the mandatory retirement age.

TABLE 6

CONTRIBUTION REQUIREMENTS – END-OF-YEAR BASIS
ACTUAL AND BUDGET AMOUNTS FOR CURRENT PLAN YEAR
BUDGET AMOUNT FOR NEXT PLAN YEAR

Item	2010 Budget	2009 Actual	2009 Budget
1. Normal Cost with Interest	$ 22,144,000	$ 21,395,539	$ 21,748,000
2. Net Annual Amortizations	16,404,000	8,959,996	34,743,000
3. Total Contribution ((1 + 2), not less than zero)	$ 38,548,000	$ 30,355,535	$ 56,491,000

The budgeted contributions shown above for the 2010 and 2009 plan years were estimated based on participant data as of January 1, 2009, and January 1, 2008, respectively.

The actual contribution for the 2009 plan year was determined based on participant data as of January 1, 2009, and satisfies the pension accounting requirements of GASB Statement Nos. 25 and 27.

Changes in assumptions, methodology, and plan provisions since the prior valuation:

None, other than per proposed Ordinance, the contribution variance generated by POB proceeds was not subject to five year smoothing and outstanding contribution variances as of January 1, 2009 were offset against the POB proceeds.

TABLE 7

SUMMARY STATEMENT OF MARKET VALUE OF PLAN ASSETS

Asset Category	December 31, 2008	December 31, 2007
1. Cash and Cash Equivalents	$ 17,885,705	$ 17,290,290
2. Investments at Fair Value		
a. Domestic common and preferred stocks	$ 310,135,553	$ 491,564,635
b. Corporate bonds	513,170,471	588,885,759
c. International common and preferred stocks	168,794,648	319,483,338
d. Federal agency and mortgage-backed certificates	53,468,718	52,943,515
e. International fixed income	23,777,543	29,056,417
f. U.S. Government and state obligations	19,440,788	32,931,111
g. Real estate investment trusts	31,828,295	54,268,077
h. Venture capital	18,074,439	24,838,163
i. Total Investments	1,138,690,455	1,593,971,015
3. Contributions Receivable for OBRA and ERS	35,349,788	49,794,000
4. (Payable) to OBRA Pension Plan	(861,293)	(1,354,805)
5. Pension Obligation Bond Receipts Receivable	397,797,000	-
6. Net All Other Receivables (Liabilities)	6,749,315	6,810,665
7. Net Assets Held in Trust for ERS Pension Benefits (1 + 2i + 3 + 4 + 5 + 6)	$ 1,595,610,970	$ 1,666,511,165

TABLE 8

SUMMARY RECONCILIATION OF MARKET VALUE OF PLAN ASSETS

Item	For Year Ending December 31, 2008	For Year Ending December 31, 2007
1. Market Value of Assets at the Beginning of the Year	$ 1,666,511,165	$ 1,658,195,799
2. Contributions for Plan Year		
a. County	$ 34,840,886	$ 49,291,072
b. Member	140,209	344,782
c. Total	34,981,095	49,635,854
3. Disbursements for Plan Year		
a. Benefit payments and refunds	$ 144,184,222	$ 140,047,588
b. Administrative expenses payable to County	1,031,291	915,868
c. Total	145,215,513	140,963,456
4. Proceeds of Pension Obligation Bonds	397,797,000	-
5. Market Value of Assets at the End of the Year	1,595,610,970	1,666,511,165
6. Net Investment Income* (5 - 1 - 2c + 3c - 4)	(358,462,777)	99,642,968
7. Expected Net Investment Income (8.00% per annum)	127,670,490	127,176,078
8. Gain (Loss) on Market Value of Assets (5 - 6)	(486,133,267)	(27,533,110)
9. Estimated Rate of Return	(22.5%)	6.3%

* Net Investment Income is the change in the value of assets for reasons other than contributions and disbursements.

TABLE 9

DERIVATION OF ACTUARIAL VALUE OF PLAN ASSETS AS OF DECEMBER 31, 2008

1. Market Value of Assets as of December 31, 2008				$ 1,595,610,970
2. Determination of Deferred Gain (Loss)				
Year	Gain/(Loss)	Percentage Deferred	Amount Deferred	
2008	$ (486,133,267)	80%	$ (388,906,614)	
2007	(27,533,110)	60%	(16,519,866)	
2006	82,494,242	40%	32,997,697	
2005	(2,393,630)	20%	(478,726)	
2004	63,554,640	0%	-	
Total				(372,907,509)
3. Actuarial Value of Assets (1 - 2)				$ 1,968,518,479

TABLE 10

SUMMARY RECONCILIATION OF ACTUARIAL VALUE OF PLAN ASSETS AS OF DECEMBER 31, 2008

Item	For Year Ending December 31, 2008	For Year Ending December 31, 2007
1. Actuarial Value of Assets at the Beginning of the year	$ 1,627,287,632	$ 1,525,531,519
2. Contributions for Plan Year		
a. County	$ 34,840,886	$ 49,291,072
b. Member	140,209	344,782
c. Total	34,981,095	49,635,854
3. Disbursements for Plan Year		
a. Benefit payments and refunds	$ 144,184,222	$ 140,047,588
b. Administrative expenses payable to County	1,031,291	915,868
c. Total	145,215,513	140,963,456
4. Proceeds of Pension Obligation Bonds	397,797,000	-
5. Actuarial Value of Assets at the End of the Year	1,968,518,479	1,627,287,632
6. Net Investment Income* (5 - 1 - 2c + 3c - 4)	53,668,265	193,083,715
7. Expected Net Investment Income (8.00% per annum)	124,532,608	116,562,936
8. Gain (Loss) on Actuarial Value of Assets (6 - 7)	(70,864,343)	76,520,779
9. Estimated Rate of Return	3.4%	13.2%

* Net Investment Income is the change in the value of assets for reasons other than contributions and disbursements.

TABLE 11

EMPLOYER CONTRIBUTIONS FOR 2008 PLAN YEAR AND VARIANCE FROM THE FUNDING CALCULATION CONTRIBUTION

Item				Amount
1. Total Funding Calculation, End-of-Year Basis, for 2008 Plan Year (from January 1, 2008 actuarial valuation report)				$ 53,063,610
2. Total Employer Contributions Made, End-of-Year Basis				
Contribution Made	Fraction of a Year Invested	Contribution Amount	Interest to Year End*	End of Year Amount
Bi-weekly	50.0%	$ 13,098	$ 514	$ 13,612
2/2/2009	0.0%	8,000,000	-	8,000,000
3/2/2009	0.0%	8,000,000	-	8,000,000
4/1/2009	0.0%	7,478,000	-	7,478,000
5/1/2009	0.0%	8,000,000	-	8,000,000
6/1/2009	0.0%	3,349,788	-	3,349,788
Total		$ 34,840,886	$ 514	$ 34,841,400
3. Variance from Actual Funding Contribution Amount** (2 - 1)				$ (18,222,210)

* Interest to 12/31/2008 at 8.00% per annum

** Variance will not be amortized in 2009 due to the sale of Pension Obligation Bonds

TABLE 12

GASB NOS. 25 AND 27 DISCLOSURE INFORMATION FOR CURRENT AND PRIOR PLAN YEAR

Equivalent Single Amortization Period

Item	January 1, 2009	January 1, 2008
1. Covered Payroll	$ 233,820,179	$ 227,364,398
2. Unfunded Amount	88,858,509	397,634,987
3. Amortization Payment	8,959,996	32,050,873
4. Payment as a Level Percentage of Payroll (3 / 1)	3.83%	14.10%
5. Weighted Average Amortization Period (2 / 3)	9.92	12.41
6. Equivalent Single Amortization Period (Nearest Whole Year)	14	19

Net Pension Obligation

Item	January 1, 2009	January 1, 2008
1. Annual Required Contribution (ARC)	$ 30,355,535	$ 53,063,610
2. Interest on Net Pension Obligation	3,075,502	1,950,090
3. Adjustment to ARC	(9,628,493)	(6,105,158)
4. Annual Pension Cost (APC)	23,802,544	48,908,542
5. Contributions made*	(30,992,180)	(34,840,886)
6. Increase (Decrease) in Net Pension Obligation	(7,189,636)	14,067,656
7. Net Pension Obligation at Beginning of Year	38,443,781	24,376,125
8. Net Pension Obligation at End of Year**	31,254,145	38,443,781
9. Percent of APC Contributed	130.21%	71.24%

* Contributions for 2009 are estimated based on the County budget

** NPO at December 31, 2009 is estimated based on expected contributions to be made for the year

TABLE 13

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
($ Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Funded Ratio (a / b)	(Overfunded) Unfunded Actuarial Accrued Liability (b - a)	Covered Payroll (c)	(Overfunded) Unfunded as a Percentage of Covered Payoll [(b - a) / c]
1/1/2009	$ 1,968,518	$ 2,057,377	95.7%	$ 88,859	$ 233,820	38.0%
1/1/2008	1,627,288	2,024,923	80.4%	397,635	227,364	174.9%
1/1/2007	1,525,532	1,931,220	79.0%	405,688	223,005	181.9%
1/1/2006	1,454,302	1,909,321	76.2%	455,020	225,722	201.6%
1/1/2005	1,424,918	1,782,884	79.9%	357,966	209,796	170.6%

TABLE 14

SCHEDULE OF EMPLOYER CONTRIBUTIONS
GASB STATEMENT NO. 25 DISCLOSURE

Fiscal Year Ended December 31	Annual Required Contribution	Percentage Contributed
2009	$ 30,355,535	102.1 % *
2008	53,063,610	65.7
2007	52,395,263	94.1
2006	52,638,196	52.1
2005	37,607,940	94.2

The information presented above was determined as part of the actuarial valuation as of the dates indicated (i.e., the contribution determined by the valuation completed as of January 1, 2008 was contributed in the fiscal year ending December 31, 2008).
Additional information as of the latest actuarial valuation follows:

Valuation Date:	1/1/2009
Actuarial Cost Method:	Aggregate Entry Age Normal
Amortization Method:	
- Contribution Variance and Administrative Expenses	Level dollar, closed
- All Other Unfunded Liability	Level percent of payroll, closed
Remaining Amortization Period:	
- Contribution Variance**	5 Years
- Administrative Expenses	10 Years
- All Other Unfunded Liability	30 Years
Asset Valuation Method:	5-year smoothed market
Actuarial Assumptions:	
- Investment Rate of Return	8.00%
- Payroll Growth	3.50%

* Contributions for 2009 are estimated based on the County budget
** POB proceeds not subject to contribution variance. Outstanding contribution variances as of January 1, 2009 were offset against POB proceeds.

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS

ASSUMPTIONS

Interest Rate: 8.0% per annum, compounded annually. The components are 3.0% for inflation and 5.0% for the real rate of return.

Separation From Service: Illustrative rates of assumed separation from service are shown in the following tables.

Annual Rates per 100 Participants

Mortality*				
Attained Age	Healthy Pensioners		Disabled Pensioners	
	Males	Females	Males	Females
45	0.13	0.11	2.26	0.75
50	0.19	0.19	2.90	1.15
55	0.31	0.38	3.54	1.65
60	0.59	0.76	4.20	2.18
65	1.11	1.26	5.02	2.80
70	1.86	1.96	6.26	3.76
75	2.87	3.40	8.21	5.22
80	5.03	5.86	10.94	7.23
85	8.61	10.72	14.16	10.02

* Healthy pensioners: The sex-distinct UP-1994 Mortality Table projected to 2010, set back 1 year for males and set forward 4 years for females.

Active members: 70% of the rates applicable to healthy pensioners.

Disabled pensioners: RP2000 Disabled Mortality Table.

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

Annual Rates per 100 Participants

Attained Age	Withdrawal – Ultimate			Disability
	General Employees	Elected Officials*	Deputy Sheriffs	
20	10.00	2.00	13.50	0.00
25	9.40	2.00	11.70	0.04
30	9.00	2.00	6.90	0.07
35	6.60	2.00	3.60	0.12
40	4.70	2.00	2.40	0.19
45	3.75	2.00	2.00	0.22
50	2.95	2.00	2.00	0.22
55	2.30	2.00	2.00	0.22
60	0.00	0.00	0.00	0.22
65	0.00	0.00	0.00	0.22

* Select rates for elected officials assume no turnover for first four years.

Annual Rates per 100 Participants

Attained Age	Withdrawal – Select Rates by Year of Employment				
	General Employees				
	0	1	2	3	4
20	36.0	25.0	25.0	15.0	12.5
25	31.2	23.4	20.4	15.0	11.9
30	27.1	22.4	16.8	13.2	9.1
35	24.7	21.4	14.8	11.4	7.2
40	22.3	19.2	14.0	10.4	6.7
45	21.5	16.8	14.0	10.0	5.9
50	21.5	14.8	14.0	10.0	7.6
55	21.5	14.0	14.0	10.0	9.0

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

Annual Rates per 100 Participants

Retirement Rates				
Attained Age	**General Employees** (backdrop eligible)	**General Employees** (not backdrop eligible)	**Elected Officials**	**Deputy Sheriffs**
45-49	19.8	0.0	0.0	26.0
50-54	19.8	7.0	0.0	31.0
55	19.8	15.0	19.8	16.0
56	19.8	15.0	19.8	40.0
57	23.0	15.0	23.0	40.0
58	20.4	15.0	20.4	40.0
59	24.8	15.0	24.8	40.0
60	19.4	20.0	19.4	40.0
61	22.5	20.0	22.5	75.0
62	28.4	20.0	28.4	80.0
63	26.6	20.0	26.6	50.0
64	24.3	25.0	24.3	50.0
65	30.4	30.0	30.4	100.0
66	22.5	30.0	22.5	100.0
67	25.7	30.0	25.7	100.0
68	34.2	30.0	34.2	100.0
69	36.0	30.0	36.0	100.0
70	100.0	100.0	100.0	100.0

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

Salary Increase: Effective average of 4.5% per annum, compounded annually. Representative values are as follows:

Annual Rate of Salary Increase

Age	General Employees	Elected Officials	Deputy Sheriffs
20	10.0%	3.5%	9.5%
25	8.2	3.5	9.2
30	5.8	3.5	8.4
35	5.0	3.5	7.4
40	4.6	3.5	5.7
45	4.0	3.5	4.3
50	3.3	3.5	3.4
55	3.0	3.5	3.0
60	3.0	3.5	3.0
Average	3.9	3.5	6.1

Payroll Growth: 3.5% per annum.

MISCELLANEOUS

Percentage Married/Age Difference: Male 80%, female 80%. Beneficiaries are assumed to be the same age as the participant.

Percentage Married with at Least One Dependent Child: 21.6% for General Employees, 43.2% for Deputy Sheriffs and Elected Officials. For those who die prior to age 60, it is assumed at least one child will remain a dependent until the member would have turned age 60.

Backdrop Rate: 75% of eligible retirees are assumed to elect a backdrop. Of those electing, 75% are assumed to take the maximum period available to them and 25% take half the maximum period available based on eligibility for an unreduced retirement benefit.

Assumed Type of Disability: For represented employees the assumption is 10% Ordinary and 90% Accidental and for non-represented employees, the assumption is 95% Ordinary and 5% Accidental.

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

METHODS

Calculations: The actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system, and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System.

Actuarial Cost Method: Liabilities and contributions shown in this report are computed using the Aggregate Entry Age Normal Cost Method. The outstanding balance of the unfunded actuarial accrued liability (UAAL) as of January 1, 2004 and any changes to the UAAL arising from plan changes, assumption changes, and actuarial gains/losses are amortized as a level percentage of payroll over a 30-year period.

Administrative expenses incurred by the County related to the System are payable by the System to the County. The County then reimburses the System for this payment on a level dollar basis over 10 years.

The variance between the amount contributed to the System for a plan year, and the actual contribution requirement for that year is amortized on a level dollar basis over 5 years. POB proceeds were not subject to the contribution variance requirements.

Asset Valuation Method: A five-year moving market average value of assets that recognizes the actuarial expected investment return immediately and spreads the difference between the actual and expected return over a period of five years.

DATA

Census and Assets: The valuation was based on members of the System as of January 1, 2009 and does not take into account future members. All census data was supplied by the System and was subject to reasonable consistency checks. Asset data was supplied by the System.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS

MEMBERSHIP

Any person regularly employed by the County at an annual wage or salary, including any person employed by the State of Wisconsin, but receiving part of his compensation from the County.

VESTING SERVICE

Service during period of employment in the County or in any department in any town, village, city or metropolitan sewerage commission in the County, which department has by consolidation or merger been absorbed by the County.

Creditable service shall consist of "prior service", "military service", and "membership service", for which service credit is allowable under Section 4, Chapter 201, Laws of 1937, as well as service under Executive Order 11231, July 8, 1965, for Vietnam. Additional credit for periods of military service will be earned in accordance with the following chart:

Years of Service with Milwaukee County	Maximum Years of Military Service Granted
0-4	0
5-9	1
10-14	2
15-19	3
20+	4

BENEFIT SERVICE

Same as vesting service except service prior to becoming a participant does not count.

EARNINGS

Earnable compensation is the full rate of compensation payable to member if he worked the full normal working time for his position, including authorized overtime payments and the compensation rate assumed to have been received while the member is on authorized leave of absence. In cases where compensation includes maintenance, the Pension Board shall fix the value of that part of the compensation not payable in

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

	money. Compensation shall not exceed $220,000 in the pension calculation as indexed for changes in the cost of living. For all members except certain deputy sheriffs hired on or after January 1, 1982, the final average salary means the average annual salary for the highest three (3) consecutive years of service. For deputy sheriffs hired on or after January 1, 1982, excluding DA Investigators and non-represented deputy sheriffs, the final average salary means the average annual salary for the highest five (5) consecutive years of service. For DA Investigators and non-represented deputy sheriffs hired before July 1, 1995 and all non-deputy sheriff members hired before January 1, 1982, the final average salary is increased 7.5% for each year worked after January 1, 2001 to a maximum of 25%.
VOLUNTARY EMPLOYEE CONTRIBUTION	Up to 10% of earnings, provided that the employee was contributing on January 1, 1971.
BENEFITS	
Normal Retirement	
Eligibility	Elected Officials: Age 60, or age 55 with 30 years of service. For elected officials hired before January 1, 2006, the combination of age and service adding up to 75 (Rule of 75) also applies. General Employees: For firefighters, Federated Nurses, and Machinists: Age 60 with 5 years of service, or age 55 with 30 years of service. For firefighters hired before December 1, 1996, Federated Nurses hired before January 1, 1997, and Machinists hired before January 1, 1994, Rule of 75 also applies.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

	For Attorneys, Skilled Trades, non-represented employees, DC48, and Teamco: Age 60, or age 55 with 30 years of service. For attorneys, Skilled Trades, and non-represented employees hired before January 1, 2006 and DC48 and Teamco hired before January 1, 1994, Rule of 75 also applies. Deputy Sheriffs: Age 57, or age 55 with 15 years of service. For deputy sheriffs, DA Investigators, and non-represented deputy sheriffs hired before January 1, 1994, Rule of 75 also applies.
Amount	Elected Officials For elected officials hired before March 15, 2002, 2.5% of final average salary per year of service, not greater than 80%. For elected officials hired on or after March 15, 2002, 2.0% of final average salary per year of service, not greater than 80%. General Employees 2.0% of final average salary per year of service, not greater than 80%. Deputy Sheriffs For deputy sheriffs hired before July 1, 1995 and DA Investigators and non-represented deputy sheriffs, 2.5% of final average salary per year of service, not greater than 80%. For deputy sheriffs hired on or after July 1, 1995, 2.0% of final average salary per year of service, not greater than 80%. For all members, 1.6% of final average salary per year of service after 80% of final average salary has been reached. In addition to the pension portion, the benefit includes any voluntary contribution balance. Benefits should not be less than under previous system.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

Early Retirement	
Eligibility	Age 55 with 15 years of service.
Amount	Benefits reduced by 5/12 of 1% for each month by which commencement of payments precedes Normal Retirement Age. For deputy sheriffs, DA Investigators, and non-represented deputy sheriffs, benefit reduction does not apply.
Ordinary Disability Benefit	
Eligibility	After 15 years of service.
Amount	Benefits calculated as for normal retirement benefits. Minimum benefit is 25% of final average salary.
Accidental Disability Benefit	
Eligibility	Immediate.
Amount	Benefits are the same as normal retirement benefits if the employee has attained the minimum Normal Retirement Age. If less than Normal Retirement Age at time of disability, the benefit is computed the same as for normal retirement but is not less than 75% or 60% of final average salary.
	Elected Officials
	For elected officials hired before February 19, 1987, the benefit is not less than 75% of final average salary. For all other elected officials, the benefit is not less than 60% of final average salary.
	General Employees
	For non-represented employees hired before February 19, 1987, attorneys hired on or after January 1, 1987, Skilled Trades hired before October 30, 1987, Federated Nurses hired before January 1, 1987, Machinists hired before May 18, 1988, DC48 hired before July 24, 1987, and Teamco hired before January 12, 1988, the benefit is not less than 75% of final

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

average salary. For all other general employees, the benefit is not less than 60% of final average salary.

Deputy Sheriffs

For all deputy sheriffs, the benefit is not less than 75% of final average salary. For DA Investigators and non-represented deputy sheriffs hired on or after February 19, 1987, the benefit is not less than 60% of final average salary.

Ordinary Death Benefit

Upon the death of a deputy sheriff in active service for any cause other than accidental, the surviving spouse or child shall be entitled to receive the benefit under the provision of survivor benefits if the deceased member has completed at least one (1) year of service and is not eligible for normal retirement.

Accidental Death Benefit

Upon the death of a deputy sheriff caused by an accident in active duty, a survivorship benefit equal to fifty (50) percent of final average salary shall be granted to the following members:

1) A surviving spouse for life or until remarriage, or
2) If there is no spouse or spouse dies or remarries before the youngest child has attained age 18, the benefit is payable to his child(ren) under age 18 until the youngest child attains said age, or
3) If there is no spouse or child(ren) under age 18, the benefit is payable to his dependent father or mother to continue for life.

The monthly benefit aforementioned shall not be less than the benefit under ordinary death benefit section if death had not occurred in performance of duty.

Lump Sum Benefit Upon Death

Upon a death of members, a lump sum benefit of one-half the final average salary of the deceased member, not greater than two thousand dollars ($2,000) shall be paid to designated beneficiary if such member has completed one (1) year of service and no survivors' benefits payable under any other survivorship benefits.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

Deferred Vested Benefit

Upon termination of employment, a member who does not elect to withdraw any part of his membership account shall be eligible for a deferred vested benefit if:

1) The accrued benefit at age 60 is at least $10 per month
2) 5 years of service

The benefit is computed the same as for a normal retirement benefit considering earnings and service prior to date of termination.

Survivor Benefit

Upon the death of a member prior to age 60 and after completing at least one (1) year of service, a monthly benefit equal to 40% of the member's salary for the year of his death less monthly survivor benefits payable under the Social Security law shall be payable to his surviving spouse if she has at least one dependent child and was married to the member at least one (1) year prior to his death. Upon attainment of age 60 the dependent spouse shall be paid a benefit equal to 50% of the normal pension which the member would have received assuming service had continued to accrue to age 60 and the final average salary determined at death. In addition, a monthly benefit equal to 10% of the member's monthly salary less the benefits payable to child under Social Security law shall be payable to each eligible children until he attains age 18 or marries, or until attainment of age 22 if he is a student and not married.

Any member eligible for normal retirement may elect the protective survivorship option by selecting option 2 or 3 under the Optional Benefit section. This survivorship option shall become effective at the death of the member. If any member eligible to elect an option shall die in active service, without selecting an option, his surviving spouse shall be paid a survivorship benefit equal to the amount that would have been payable if such member had retired under option 3 immediately prior to his death.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

Optional Benefit

In lieu of the full retirement benefit, any member at retirement may elect to receive an actuarial equivalent reduced retirement benefit in accordance with the following options:

Option 1. In case of death before benefits attributable to his mandatory account have equaled the amount of his membership account at the date of retirement, the balance shall be paid to a designated beneficiary or to his estate; or

Option 2. At the death of the member, one-half of the reduced benefit shall be continued throughout the life of designated beneficiary; or

Option 3. At the death of the member, the same reduced benefit shall be continued throughout the life of designated beneficiary.

Other Benefits

Simple COLA	2% of original benefit increase per year to retired employees (surviving beneficiary receives proportionate amount based on survivorship percentage).
Contribution Refund	Refund of employee voluntary contribution upon severance.
Backdrop Benefit	Employee may opt to receive a monthly benefit earned as of a specific date in the past (backdrop date). The backdrop date may not be prior to the earliest date that the member was eligible to retire and shall not be less than one (1) year prior to the date the member leaves active County service. Employee receives a cash payment equal to monthly benefits that would have been paid between backdrop date and actual retirement date plus interested earned. Members not eligible for backdrop benefits are Elected Officials, non-represented employees and deputy sheriffs hired on or after March 15, 2002, Machinists and Teamco hired on or after November 4, 2005, Attorneys hired on or after January 1, 2006, Federated Nurses hired on or after December 15, 2005, Firefighters hired on or after June 19, 2007 and DC48 hired on or after February 1, 2007.

TABLE 17

SUMMARY OF MEMBERSHIP DATA
AS OF JANUARY 1, 2009

Active Participants

Item	General Employees	Deputy Sheriffs *	Elected Officials	Total
Number of Participants	4,326	487	24	4,837
Average Annual Salaries **	$ 46,585	$ 63,102	$ 65,026	$ 48,340
Average Age	46.6	42.5	49.3	46.2
Average Service	12.1	14.7	9.1	12.3

* Includes 18 non-represented deputy sheriffs.

** The salaries shown in the table above represent a rate of pay increased by the salary assumption.

Inactive Participants

Item	Number	Annual Annuities	Average Annuities	Average Age
Participants with Deferred Benefits *	1,397	$ 10,238,151	$ 7,329	51.5
Retired Participants	6,147	119,241,386	19,398	70.8
Beneficiaries	917	10,735,386	11,707	77.3
Disability Retirees	244	4,386,462	17,977	62.9
Total	8,705	$ 144,601,384	$ 16,611	68.2

* Includes 1,389 deferred vested participants and 8 beneficiaries in deferred status.

TABLE 18

ACTIVE MEMBERSHIP STATISTICS (UNAUDITED)

	2008
Members as of January 1	6,199 *
Changes during the year:	
New enrollments	400
Rehires	16
Nonvested terminations	(168)
Retirements	(218)
Deaths in active service	(18)
New deferred beneficiaries	1
Data Adjustment	22
Members as of December 31	6,234 *

*This total includes vested inactive members.

RETIREMENTS AND SURVIVORS (UNAUDITED)

	Retirements granted								Survivors & Beneficiaries	Total
	Maximum Pension	Options								
		Refund	100%	75%	50%	25%	10-yr	Other		
January 1, 2008	2,818	595	1,209	181	1,136	285	111	39	947	7,321
Changes during the year:										
Adjustments (actuary) *	(51)	1	3	1	3	2	6	-	3	(32)
Retirements	109	-	49	10	18	22	10	-	33	251
Pensioner deaths	(76)	(30)	(27)	(2)	(29)	(2)	-	-	(66)	(232)
December 31, 2008	2,800	566	1,234	190	1,128	307	127	39	917	7,308

* Adjustments as a result of reclassifications made to beginning balances by the actuary:
(1) 11 people who retired before January 1, 2008 were not reported to the actuary last year.
(2) Changes from Maximum Pension last year: 1 is now Refund; 2 are now 100%; 1 is now 75%; 3 are now 50%; 2 are now 25%; 3 are now 10-yr; 41 are now Term Vested; 1 is now Active
(3) Additional Changes from last year: 1 data correction added to 100%; 3 data correction added to 10-yr

EXHIBIT I

ACTIVE MEMBERSHIP DATA – ALL EMPLOYEES

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2009

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	87 $31,508									87 $31,508
25-29	209 $34,193	27 $41,179								236 $34,993
30-34	211 $38,678	186 $44,549	29 $54,601							426 $42,325
35-39	196 $42,993	202 $45,007	139 $54,192	31 $55,552						568 $47,135
40-44	128 $44,402	165 $43,652	143 $50,876	170 $53,401	39 $51,656	1 -				646 $48,527
45-49	132 $43,435	146 $44,629	129 $50,006	238 $49,972	154 $55,678	31 $52,132	1 -			831 $49,141
50-54	108 $44,421	119 $44,316	111 $47,449	243 $51,021	235 $55,741	93 $55,928	20 $61,333			929 $50,875
55-59	75 $41,600	95 $45,649	82 $55,422	197 $48,533	150 $58,561	55 $65,886	50 $67,692	4 -		708 $53,088
60-64	51 $39,297	45 $47,869	53 $48,822	83 $53,960	48 $53,406	16 -	24 $66,411	9 -		329 $51,900
Over 64	5 -	12 -	17 -	23 $ 46,164	13 -	5 -	1 -	1 -		77 $ 50,765
Total	1,202 $39,929	997 $44,622	703 $51,233	985 $50,957	639 $56,207	201 $59,273	96 $65,803	14 -		4,837 $48,340

* Compensation in cells with fewer than 20 records has been suppressed.

EXHIBIT II

ACTIVE MEMBERSHIP DATA – GENERAL EMPLOYEES

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2009

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	87									87
	$31,508									$31,508
25-29	206	24								230
	$33,960	$39,403								$34,528
30-34	209	139	12							360
	$38,578	$40,753	-							$39,557
35-39	195	165	69	16						445
	$42,944	$42,557	$44,089	-						$43,049
40-44	126	144	103	119	32	1				525
	$44,339	$41,532	$46,437	$48,383	$48,160	-				$45,226
45-49	131	143	110	200	132	28	1			745
	$43,391	$44,403	$48,021	$47,145	$52,780	$51,959	-			$47,274
50-54	107	117	104	221	208	86	18			861
	$44,346	$43,456	$45,941	$49,975	$54,344	$54,267	-			$49,542
55-59	75	93	80	188	135	52	49	4		676
	$41,600	$45,116	$55,240	$47,746	$57,775	$65,362	$67,457	-		$52,435
60-64	50	45	51	81	46	15	24	9		321
	$39,034	$47,869	$48,468	$53,598	$52,187	-	$66,411	-		$51,488
Over 64	5	11	17	23	13	5	1	1		76
	-	-	-	$ 46,164	-	-	-	-		$ 50,742
Total	1,191	881	546	848	566	187	93	14		4,326
	$39,834	$42,974	$47,738	$48,737	$54,580	$58,365	$65,001	-		$46,585

* Compensation in cells with fewer than 20 records has been suppressed.
Eighteen non-represented deputy sheriffs are included with Deputy Sheriffs exhibit.

EXHIBIT III

ACTIVE MEMBERSHIP DATA – DEPUTY SHERIFFS

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2009

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25										
25-29	1	3								4
	-	-								-
30-34	1	47	17							65
	-	$55,776	-							$57,553
35-39		37	70	15						122
		$55,932	$64,152	-						$61,996
40-44	1	18	40	51	7					117
	-	-	$62,306	$65,109	-					$62,540
45-49		3	19	38	22	3				85
		-	-	$64,855	$73,065	-				$65,506
50-54			6	19	26	7	2			60
			-	-	$67,043	-	-			$67,391
55-59		1	2	9	14	3	1			30
		-	-	-	-	-	-			$66,688
60-64			1	1	1	1				4
			-	-	-	-				-
Over 64										
Total	3	109	155	133	70	14	3			487
	-	$55,606	$63,147	$64,907	$69,034	-	-			$63,102

* Compensation in cells with fewer than 20 records has been suppressed.
Includes 18 non-represented deputy sheriffs.

EXHIBIT IV

ACTIVE MEMBERSHIP DATA – ELECTED OFFICIALS

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2009

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25										
25-29	2 -									2 -
30-34	1 -									1 -
35-39	1 -									1 -
40-44	1 -	3 -								4 -
45-49	1 -									1 -
50-54	1 -	2 -	1 -	3 -	1 -					8 -
55-59		1 -			1 -					2 -
60-64	1 -		1 -	1 -	1 -					4 -
Over 64		1 -								1 -
Total	8 -	7 -	2 -	4 -	3 -					24 $65,026

* Compensation in cells with fewer than 20 records has been suppressed.

EXHIBIT V

ACTIVE AND DEFERRED VESTED MEMBERS OBTAINING RETIREMENT ELIGIBILITY OVER NEXT FIVE CALENDAR YEARS

Actives Reaching Retirement Eligibility

Year	General Employees	Elected Officials	Deputy Sheriffs	Total
Eligible at Valuation Date	811	5	28	844
2009	185	0	14	199
2010	217	1	18	236
2011	173	2	16	191
2012	195	2	10	207
2013	179	1	12	192
Total Over Next 5 Years	949	6	70	1,025
Grand Total Eligible	1,760	11	98	1,869

Deferred Vesteds Reaching Retirement Age

Year	Total
2009	216
2010	94
2011	80
2012	101
2013	96
Total Over Next 5 Years	587

EXHIBIT VI

RETIREE AND BENEFICIARY MEMBERSHIP DATA AS OF JANUARY 1, 2009

NUMBER AND AVERAGE ANNUAL BENEFIT

Age Last Birthday	Number	Annual Benefit	Average Annual Benefit
Retired Participants			
Under 60	815	$ 22,415,839	$ 27,504
60 - 64	1,258	28,476,576	22,636
65 - 69	984	19,789,108	20,111
70 - 74	875	16,511,183	18,870
75 - 79	811	14,350,547	17,695
Over 79	1,404	17,698,133	12,606
Total	6,147	$ 119,241,386	$ 19,398
Beneficiary Participants			
Under 60	78	$ 1,220,485	$ 15,647
60 - 64	54	868,910	16,091
65 - 69	59	778,015	13,187
70 - 74	101	1,374,170	13,606
75 - 79	156	1,962,222	12,578
Over 79	469	4,531,585	9,662
Total	917	$ 10,735,386	$ 11,707
Disabled Participants			
Under 60	103	$ 2,031,263	$ 19,721
60 - 64	40	716,762	17,919
65 - 69	36	640,413	17,789
70 - 74	17	288,331	16,961
75 - 79	24	412,208	17,175
Over 79	24	297,484	12,395
Total	244	$ 4,386,462	$ 17,977
Grand Total Average Annual Benefit	7,308	$ 134,363,234	$ 18,386

EXHIBIT VII

5-YEAR HISTORY OF MEMBERSHIP DATA

Valuation as of January 1	Number of Active Participants	Percentage Change in Membership	Total Annual Payroll	Percentage Change in Payroll
2009	4,837	0.48 %	$ 233,820,179	2.84 %
2008	4,814	(1.71)%	227,364,398	1.95 %
2007	4,898	(3.13)%	223,005,093	(1.20)%
2006	5,056	1.53 %	225,721,691	7.59 %
2005	4,980	(8.87)%	209,795,776	(10.14)%

Retired, Disabled, and Beneficiary Participants

Valuation as of January 1	Number on roll	Additions	Deletions	Percentage Change in Membership	Annual Annuities	Percentage Change in Annuities
2009	7,308	222	235	(0.18)%	$ 134,363,234	2.09 %
2008	7,321	325	303	0.30 %	131,611,251	2.81 %
2007	7,299	259	235	0.33 %	128,010,105	3.17 %
2006	7,275	212	236	(0.33)%	124,082,027	2.46 %
2005	7,299	857	253		121,097,712	

EXHIBIT VIII

DETAILED TABULATIONS OF THE DATA

TABLE VIII-A

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2009 ALL EMPLOYEES

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
20	3		3	
21	8		2	
22	12		9	
23	11		8	
24	14		17	
25	18		8	
26	24	$ 788,960	22	736,453
27	24	899,240	18	
28	32	1,314,438	25	888,379
29	31	1,203,518	34	1,087,335
30	32	1,398,565	47	1,800,703
31	38	1,685,769	41	1,554,904
32	33	1,424,736	50	1,832,289
33	46	2,237,753	43	1,651,632
34	48	2,512,101	48	1,932,138
35	31	1,345,304	52	2,050,948
36	56	2,831,802	43	1,919,318
37	55	2,738,463	66	2,782,290
38	67	3,729,940	63	2,830,787
39	71	3,567,282	64	2,976,760
40	46	2,480,889	60	2,784,501
41	58	3,097,959	85	3,556,361
42	61	3,233,558	77	3,417,267
43	58	2,908,726	70	3,266,623
44	53	3,145,182	78	3,457,234
45	58	3,252,372	86	3,923,815
46	73	3,611,763	95	4,464,867
47	58	2,906,409	85	3,664,151
48	83	4,489,941	116	5,566,017
49	70	3,944,474	107	5,012,288
50	79	4,178,723	111	4,954,649
51	71	4,194,282	109	5,438,360
52	78	4,253,872	113	5,373,271
53	97	5,652,187	85	3,849,052
54	85	4,753,574	101	4,614,909
55	80	4,451,372	78	4,215,406
56	59	2,784,903	90	4,519,562
57	68	4,137,191	74	3,149,535

TABLE VIII-A

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2009 ALL EMPLOYEES

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
58	63	$ 3,998,483	61	$ 3,010,967
59	55	3,397,851	80	3,920,691
60	51	3,050,799	50	2,498,386
61	32	1,838,260	47	2,197,475
62	37	2,029,865	43	2,108,723
63	15		20	857,296
64	12		22	951,935
65	7		13	
66	4		15	
67	7		5	
68	3		4	
69	1		3	
70			6	
71	1		3	
72	1			
74	1		2	
85	1			
Total	2,180	$ 114,640,388	2,657	$ 119,179,791

TABLE VIII-B

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2009 ALL EMPLOYEES

(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
0	195	$ 6,991,382	229	$ 7,363,350
1	82	3,747,284	110	4,328,232
2	84	3,754,463	104	4,317,599
3	106	4,717,334	156	6,448,584
4	57	3,048,125	79	3,278,135
5	59	2,551,379	82	3,460,749
6	94	4,690,499	65	2,509,374
7	107	5,351,719	92	3,714,914
8	102	4,911,221	157	6,503,270
9	109	5,163,694	130	5,630,995
10	83	4,111,822	81	3,427,622
11	67	3,862,567	69	3,243,436
12	67	3,900,258	65	3,211,582
13	64	3,764,583	38	1,854,962
14	72	4,111,676	97	4,528,275
15	55	2,941,701	92	4,391,439
16	100	5,996,108	125	6,083,761
17	89	4,888,386	112	5,222,778
18	77	4,143,762	93	4,144,035
19	79	4,345,127	163	8,035,920
20	87	5,056,080	116	6,016,151
21	51	3,558,453	62	3,121,585
22	41	2,686,769	61	3,208,551
23	54	3,186,982	66	3,386,676
24	37	2,162,124	64	3,532,917
25	30	1,808,978	22	1,388,273
26	18		16	
27	15		27	1,312,662
28	16		27	1,369,410
29	15		15	
30	21	1,455,540	14	
31	10		9	
32	6		5	
33	11		6	
34	11		3	
35	4		2	
36	3		1	
37	1		2	
38	1			
Total	2,180	$ 114,640,388	2,657	$ 119,179,791

TABLE VIII-C

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2009 GENERAL EMPLOYEES

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
20	3		3	
21	8		2	
22	12		9	
23	11		8	
24	14		17	
25	18		8	
26	24	$ 788,960	22	736,453
27	24	899,240	18	
28	30	1,216,197	24	835,926
29	28	1,037,359	34	1,087,335
30	21	789,755	44	1,636,353
31	31	1,292,460	38	1,386,160
32	29	1,196,957	48	1,720,285
33	32	1,451,776	39	1,407,071
34	34	1,686,275	44	1,673,391
35	26	1,074,808	50	1,923,030
36	38	1,728,836	42	1,862,058
37	34	1,471,621	58	2,272,531
38	36	1,719,131	57	2,433,351
39	44	1,925,787	60	2,745,758
40	23	1,058,923	52	2,288,974
41	40	1,890,697	78	3,159,936
42	41	2,015,869	75	3,289,717
43	43	1,946,890	63	2,812,423
44	40	2,316,125	70	2,963,849
45	43	2,310,183	81	3,594,895
46	56	2,491,113	90	4,129,454
47	50	2,374,387	83	3,529,606
48	70	3,661,268	107	5,009,551
49	62	3,426,468	103	4,691,984
50	68	3,400,857	109	4,812,876
51	60	3,393,670	104	5,130,005
52	69	3,545,654	108	5,056,912
53	89	5,164,393	80	3,572,417
54	75	4,108,371	99	4,470,930
55	72	3,942,747	75	3,987,148
56	56	2,573,009	87	4,295,727
57	63	3,821,181	74	3,149,535

TABLE VIII-C

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2009 GENERAL EMPLOYEES

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
58	59	$ 3,754,221	60	$ 2,947,721
59	51	3,116,317	79	3,858,564
60	48	2,848,050	50	2,498,386
61	32	1,838,260	46	2,145,022
62	34	1,816,792	43	2,108,723
63	14		20	857,296
64	12		22	951,935
65	6		13	
66	4		15	
67	7		5	
68	3		4	
69	1		3	
70			6	
71	1		3	
72	1			
74	1		2	
85	1			
Total	1,792	$ 90,132,899	2,534	$ 111,395,803

TABLE VIII-D

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2009 GENERAL EMPLOYEES

(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
0	191	$ 6,794,665	229	$ 7,363,350
1	82	3,747,284	109	4,275,779
2	84	3,754,463	104	4,317,599
3	105	4,668,426	156	6,448,584
4	54	2,899,140	77	3,173,229
5	51	2,099,619	80	3,356,277
6	78	3,659,723	61	2,292,741
7	87	4,229,751	89	3,546,821
8	80	3,687,812	148	5,994,466
9	82	3,642,570	125	5,349,965
10	64	3,065,119	72	2,942,165
11	43	2,360,250	63	2,856,863
12	44	2,384,818	60	2,891,173
13	40	2,182,672	29	1,266,479
14	41	2,074,308	90	4,040,973
15	36	1,752,956	86	4,004,955
16	56	3,101,988	111	5,174,074
17	72	3,784,816	107	4,915,770
18	65	3,374,932	92	4,079,288
19	67	3,567,228	156	7,573,069
20	64	3,547,499	107	5,469,513
21	44	3,050,359	59	2,883,515
22	33	2,137,926	59	3,059,959
23	46	2,614,647	63	3,148,043
24	31	1,751,671	60	3,229,176
25	26	1,521,389	19	
26	16		16	
27	14		25	1,220,986
28	16		26	1,294,753
29	15		14	
30	20	1,376,313	14	
31	8		9	
32	6		5	
33	11		6	
34	11		3	
35	4		2	
36	3		1	
37	1		2	
38	1			
Total	1,792	$ 90,132,899	2,534	$ 111,395,803

TABLE VIII-E

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2009 DEPUTY SHERIFFS

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
28	1			
29	3			
30	11		3	
31	7		3	
32	4		2	
33	13		4	
34	14		4	
35	5		2	
36	18		1	
37	21	1,266,842	8	
38	31	2,010,808	5	
39	27	1,641,495	4	
40	22	1,372,787	7	
41	17		7	
42	19		2	
43	15		7	
44	13		8	
45	14		5	
46	17		5	
47	8		2	
48	13		9	
49	8		4	
50	11		2	
51	10		5	
52	7		3	
53	6		5	
54	9		2	
55	8		3	
56	3		3	
57	5			
58	3		1	
59	3		1	
60	3			
63	1			
Total	370	$ 23,261,574	117	$ 7,469,270

TABLE VIII-F

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2009 DEPUTY SHERIFFS

(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
3	1			
4	2			
5	7		1	
6	12		4	
7	20	1,121,969	3	
8	21	1,170,956	9	
9	27	1,521,124	5	
10	18		9	
11	24	1,502,317	6	
12	23	1,515,440	5	
13	23	1,470,117	9	
14	31	2,037,368	7	
15	19		6	
16	41	2,715,303	13	
17	17		5	
18	12		1	
19	12		7	
20	23	1,508,581	8	
21	5		3	
22	8		2	
23	8		3	
24	6		4	
25	4		3	
26	2			
27	1		2	
28			1	
29			1	
30	1			
31	2			
Total	370	$ 23,261,574	117	$ 7,469,270

TABLE VIII-G

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2009 ELECTED OFFICIALS

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
28	1		1	
33	1			
38			1	
40	1		1	
41	1			
42	1			
45	1			
51	1			
52	2		2	
53	2			
54	1			
58	1			
59	1			
61			1	
62	3			
65	1			
Total	18		6	

TABLE VIII-H

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2009 ELECTED OFFICIALS

(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
0	4			
1			1	
4	1		2	
5	1		1	
6	4			
8	1			
10	1			
13	1			
16	3		1	
20			1	
21	2			
Total	18		6	

TABLE VIII-I

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO ALL MEMBERS RECEIVING BENEFITS AS OF JANUARY 1, 2009

Age	Men		Women	
	Number	Annuities	Number	Annuities
16	1	16,057		
19	1	2,650		
20	1	19,824		
21	1	2,890	1	6,217
23			1	5,600
24			1	18,000
28			1	4,376
30	1	18,000		
31	1	16,943		
33			1	32,412
35	1	4,764		
36	1	1,947		
38	1	30,050	1	29,102
39	1	23,310		
40	1	5,754		
42	1	31,391		
43	1	34,291	1	8,065
44	2	30,135	6	79,856
45			3	55,141
46	1	10,449	2	78,113
47	2	36,530	4	44,469
48			5	99,645
49	2	70,476	6	132,196
50	6	138,431	6	153,244
51	12	352,961	11	266,332
52	16	427,229	24	543,784
53	24	744,641	31	850,832
54	26	775,181	27	765,544
55	41	1,309,276	49	1,191,369
56	72	2,033,539	67	1,562,690
57	76	2,231,982	79	1,956,848
58	87	2,609,807	105	2,302,557
59	98	2,615,378	86	1,887,307
60	120	3,735,324	132	2,529,471
61	138	3,307,066	157	2,800,752
62	157	4,097,901	172	3,264,748
63	107	2,743,433	132	2,686,850
64	116	2,701,785	121	2,194,919

TABLE VIII-I

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO ALL MEMBERS RECEIVING BENEFITS AS OF JANUARY 1, 2009

Age	Men		Women	
	Number	Annuities	Number	Annuities
65	89	$ 2,213,906	129	$ 2,138,417
66	103	2,553,355	139	2,203,897
67	95	2,413,886	125	2,063,582
68	92	2,225,073	110	1,871,727
69	86	1,877,570	111	1,646,124
70	84	1,936,249	121	1,965,364
71	74	1,868,256	116	1,762,907
72	87	1,814,943	112	1,508,816
73	82	1,882,929	129	2,019,414
74	66	1,584,166	122	1,830,639
75	73	1,876,753	114	1,636,856
76	83	1,796,677	120	1,747,882
77	82	1,877,841	98	1,247,936
78	75	1,421,752	135	1,941,408
79	65	1,316,940	146	1,860,932
80	66	1,324,957	129	1,615,573
81	63	1,291,066	123	1,474,296
82	57	1,121,050	137	1,462,997
83	57	1,123,116	110	1,370,696
84	49	892,482	106	1,026,992
85	49	805,185	104	1,125,436
86	42	617,184	100	910,150
87	46	756,603	86	870,159
88	27	431,833	85	668,962
89	27	322,092	68	503,380
90	20	300,954	66	517,620
91	9	88,494	62	447,266
92	9	148,991	46	309,642
93	9	81,544	31	225,948
94	6	44,666	36	218,782
95	5	48,079	12	72,236
96	3	19,759	10	55,037
97			12	44,346
98	4	56,367	6	24,489
99			6	25,943
100			6	35,795
101	1	3,963	3	25,439
102			2	5,820
103	1	972	1	10,839
Total	2,902	$ 68,319,048	4,406	$ 66,044,186

TABLE VIII-J

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO RETIRED MEMBERS AS OF JANUARY 1, 2009

Age	Men		Women	
	Number	Annuities	Number	Annuities
48			1	$ 32,745
49	1	$ 29,572	3	75,622
50	1	52,315	5	128,686
51	9	310,040	6	221,778
52	8	264,726	17	451,741
53	20	672,629	24	715,315
54	22	718,857	20	623,435
55	33	1,132,130	38	1,017,280
56	64	1,830,488	58	1,394,284
57	68	2,090,249	73	1,805,382
58	86	2,596,266	93	2,093,070
59	93	2,519,544	72	1,639,685
60	114	3,626,659	120	2,320,392
61	134	3,245,119	144	2,639,028
62	153	4,022,639	156	2,979,545
63	105	2,705,845	119	2,436,518
64	107	2,583,965	106	1,916,867
65	84	2,140,608	115	1,953,081
66	98	2,472,236	119	1,964,568
67	90	2,312,450	113	1,851,007
68	90	2,190,683	95	1,632,929
69	81	1,779,974	99	1,491,573
70	82	1,912,663	105	1,673,885
71	70	1,816,688	103	1,563,121
72	74	1,654,893	92	1,299,461
73	75	1,797,556	105	1,637,962
74	65	1,576,462	104	1,578,492
75	70	1,825,776	80	1,196,333
76	80	1,776,302	97	1,364,867
77	75	1,812,926	69	814,702
78	68	1,338,910	106	1,526,833
79	61	1,290,881	105	1,403,017
80	63	1,310,125	90	1,088,323
81	60	1,267,444	86	1,003,947
82	56	1,107,570	88	941,982
83	53	1,078,409	70	822,249
84	46	872,596	61	507,529
85	42	752,982	70	786,784
86	39	585,774	73	661,275
87	43	742,281	56	533,979

TABLE VIII-J

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO RETIRED MEMBERS AS OF JANUARY 1, 2009

Age	Men		Women	
	Number	Annuities	Number	Annuities
88	23	$ 412,686	56	$ 417,583
89	24	307,014	47	352,993
90	18	294,136	48	385,211
91	8	82,405	38	253,140
92	9	148,991	31	211,415
93	9	81,544	20	167,633
94	4	35,356	26	178,755
95	5	48,079	7	50,476
96	2	16,221	5	34,872
97			10	39,771
98	4	56,367	4	15,045
99			2	7,565
100			4	12,670
101	1	3,963	1	6,172
102			1	3,981
103			1	10,839
Total	2,690	$ 65,303,995	3,457	$ 53,937,391

TABLE VIII-K

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO BENEFICIARY MEMBERS AS OF JANUARY 1, 2009

Age	Men		Women	
	Number	Annuities	Number	Annuities
16	1	16,057		
19	1	2,650		
20	1	19,824		
21	1	2,890	1	6,217
22				
23			1	5,600
24			1	18,000
28			1	4,376
30	1	18,000		
33			1	32,412
35	1	4,764		
36	1	1,947		
40	1	5,754		
43			1	8,065
44			3	12,881
46	1	10,449	1	49,189
47			1	9,478
48			2	29,012
49			2	29,058
51			5	44,554
52	2	55,870	1	5,768
53			3	68,596
54	1	18,000	6	130,250
55			9	144,868
56			7	119,081
57			3	73,391
58			7	98,457
59	1	3,287	9	171,740
60	1	5,547	6	100,140
61	2	8,896	10	116,936
62	2	26,031	12	226,784
63			12	230,941
64	2	26,945	7	126,689
65	3	28,093	9	114,187
66	2	17,475	16	184,786
67	2	33,937	6	121,372

TABLE VIII-K

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO BENEFICIARY MEMBERS AS OF JANUARY 1, 2009

Age	Men		Women	
	Number	Annuities	Number	Annuities
68			12	$ 177,621
69			9	100,543
70	1	7,363	16	291,479
71	2	5,799	11	167,264
72	9	83,622	18	180,037
73	5	49,088	23	360,998
74			16	228,520
75	1	9,281	28	359,584
76	2	4,048	20	337,146
77	5	22,485	24	352,373
78	6	45,537	26	363,086
79	3	10,767	41	457,915
80	3	14,832	33	451,398
81	3	23,622	35	444,061
82	1	13,481	45	473,557
83	3	24,141	39	536,028
84	3	19,885	43	490,196
85	5	25,618	32	312,568
86	2	17,731	27	248,874
87	3	14,322	29	328,082
88	4	19,147	29	251,379
89	3	15,078	21	150,387
90	1	1,185	18	132,408
91	1	6,089	24	194,126
92			15	98,228
93			10	52,762
94	2	9,310	10	40,028
95			5	21,761
96	1	3,537	5	20,165
97			2	4,576
98			2	9,444
99			4	18,378
100			2	23,125
101			2	19,267
102			1	1,839
103	1	972		
Total	97	$ 753,357	820	$ 9,982,029

TABLE VIII-L

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO DISABLED MEMBERS AS OF JANUARY 1, 2009

Age	Men		Women	
	Number	Annuities	Number	Annuities
31	1	16,943		
38	1	30,050	1	29,102
39	1	23,310		
42	1	31,391		
43	1	34,291		
44	2	30,135	3	66,975
45			3	55,141
46			1	28,924
47	2	36,530	3	34,991
48			2	37,888
49	1	40,904	1	27,516
50	5	86,115	1	24,558
51	3	42,921		
52	6	106,632	6	86,276
53	4	72,012	4	66,921
54	3	38,324	1	11,859
55	8	177,146	2	29,221
56	8	203,051	2	49,325
57	8	141,733	3	78,076
58	1	13,542	5	111,030
59	4	92,547	5	75,883
60	5	103,117	6	108,939
61	2	53,051	3	44,788
62	2	49,232	4	58,419
63	2	37,587	1	19,391
64	7	90,875	8	151,362
65	2	45,205	5	71,148
66	3	63,643	4	54,543
67	3	67,499	6	91,203
68	2	34,390	3	61,176
69	5	97,597	3	54,008
70	1	16,223		
71	2	45,769	2	32,522
72	4	76,429	2	29,318
73	2	36,286	1	20,454
74	1	7,704	2	23,626
75	2	41,696	6	80,939

TABLE VIII-L

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO DISABLED MEMBERS AS OF JANUARY 1, 2009

Age	Men		Women	
	Number	Annuities	Number	Annuities
76	1	$ 16,327	3	$ 45,869
77	2	42,429	5	80,862
78	1	37,305	3	51,489
79	1	15,291		
80			6	75,853
81			2	26,288
82			4	47,458
83	1	20,565	1	12,420
84			2	29,268
85	2	26,585	2	26,085
86	1	13,678		
87			1	8,098
90	1	5,632		
93			1	5,554
Total	115	$ 2,261,696	129	$ 2,124,766

EXHIBIT IX

GLOSSARY

Accrued Liability	The difference between (a) the present value of future plan benefits, and (b) the present value of future normal cost. It is the portion of the present value of future plan benefits attributable to service accrued as of the valuation date. Sometimes referred to as "actuarial accrued liability."
Accrued Service	The service credited under the plan, which was rendered before the date of the actuarial valuation.
Actual Funding Contribution	The Actual Funding Contribution for a plan year is calculated using census and asset information as of the first day of the plan year, and includes Normal Cost, with interest to the end of the plan year, and a net amortization payment.
Actuarial Assumptions	Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.
Actuarial Cost Method	A mathematical budgeting procedure for allocating the dollar amount of the "present value of future plan benefits" between the present value of future normal cost and the accrued liability. Sometimes referred to as the "actuarial funding method."
Actuarial Equivalent	A series of payments is called an actuarial equivalent of another series of payments if the two series have the same actuarial present value.
Actuarial Value of Assets	The value of current plan assets recognized for valuation purposes. Based on a smoothed market value that recognizes investment gains and losses over a period of three years.
Amortization	Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

EXHIBIT IX

GLOSSARY
(Continued)

Annual Required Contribution	The Annual Required Contribution, or ARC, is the amount determined in accordance with Governmental Accounting Standards Board Statements Nos. 25 and 27.
Budget Contribution	The Budget Contribution for a year is based on census and asset information as of the first day of the PRIOR plan year, rolled forward to the next plan year based on all actuarial assumptions being met. For example, the Budget Contribution for 2008 is based on census and asset information as of January 1, 2007, rolled forward to January 1, 2008.
Contribution Variance	The difference between the Actual Contribution and the Budget Contribution for a plan year is referred to as the Contribution Variance. A Contribution Variance resulting from an overpayment is amortized over 5 years as a level dollar credit. A Contribution Variance resulting from an underpayment is amortized over 5 years as a level dollar charge.
Experience Gain (Loss)	A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.
Normal Cost	The annual cost assumed, under the actuarial funding method, for current and subsequent plan years. Sometimes referred to as "current service cost."
Present Value	The amount of funds presently required to provide a payment or series of payments in the future. The present value is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.
Unfunded Accrued Liability	The difference between the actuarial accrued liability and valuation assets.

Montgomery County Employee Retirement Plans

Comprehensive Annual Financial Report

Employees' Retirement System
Retirement Savings Plan
Deferred Compensation Plan

(Trust Funds of Montgomery County, Maryland)

Fiscal Year 2009
July 1, 2008 – June 30, 2009

Montgomery County Employee Retirement Plans

Comprehensive Annual Financial Report

Employees' Retirement System
Retirement Savings Plan
Deferred Compensation Plan

(*Trust Funds of Montgomery County, Maryland*)

Fiscal Year 2009
July 1, 2008 – June 30, 2009

Prepared by the Board of Investment Trustees
101 Monroe Street, 15th Floor
Rockville, Maryland 20850

MONTGOMERY COUNTY
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GARDEZ BIEN
MARYLAND

MONTGOMERY COUNTY, MARYLAND
EMPLOYEE RETIREMENT PLANS
Fiscal Year Ended June 30, 2009
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MONTGOMERY COUNTY
17 76
CARDEZ BIEN
MARYLAND

INTRODUCTION SECTION

December 1, 2009

Honorable County Executive and
Members of the Montgomery County Council

I am pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Montgomery County, Maryland (County) Employee Retirement Plans (Plans) for the fiscal year ended June 30, 2009. This annual report is designed to assist you in understanding the structure and current status of the Plans.

FORMAL TRANSMITTAL OF THE CAFR

This report was prepared pursuant to the provisions of Section 33-51(b) of the Montgomery County Code, 2004, as amended (Code), and includes the independent auditors' report, issued by the County Council's appointed independent public accounting firm. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation including all disclosures rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the plan net assets and the changes in plan net assets and financial position of the Plans; and that all disclosures necessary to enable the reader to gain the maximum understanding of the financial affairs of the Plans have been included.

PROFILE OF THE RETIREMENT PLANS

History

The System was established in 1965, as a cost-sharing multiple-employer defined benefit pension plan providing benefits to the employees of the County and other agencies or political subdivisions who elect to participate. Participating agencies and subdivisions include the: Montgomery County Revenue Authority, Housing Opportunities Commission of Montgomery County, independent fire/rescue corporations, Town of Chevy Chase, Strathmore Hall Foundation, Inc., Washington Suburban Transit Commission, Montgomery County Employees Federal Credit Union, and certain employees of the State Department of Assessments and Taxation and the District Court of Maryland. The System is closed to employees hired on or after October 1, 1994, except public safety bargaining unit employees. There were 5,012 active members and 5,379 retirees participating in the System as of June 30, 2009.

The Retirement Savings Plan (RSP) was established in 1994, as a cost-sharing multiple-employer defined contribution plan providing benefits to all non-public safety and certain public safety employees hired on or after October 1, 1994. Employees covered by the System may make an irrevocable decision to transfer to the RSP. At June 30, 2009, there were 4,953 active plan members.

The Deferred Compensation Plan (DCP) was established pursuant to Section 457 of the Internal Revenue Code, as amended. During Fiscal Year (FY) 1999, in accordance with Federal legislation, the assets of the County Plan were placed in trust for the sole benefit of participants and their beneficiaries.

Benefit Provisions

The benefit provisions of the System are established by the Code. The System provides for normal service retirement and early service retirement benefits for members who attain age and service requirements. The System also provides options for disability and death benefits to eligible participants. Members are vested after five years of service.

The RSP provides for immediate vesting of employee contributions and employer contributions are vested after three years of service or upon death, disability or reaching retirement age.

Major Initiatives

During FY 2009, the Board of Investment Trustees (Board) continued implementation of the revised strategic asset allocation for the ERS approved in 2007, which will result in further diversification of the investment portfolio through the addition of new investment strategies and better management of the total portfolio's risk. Toward this effort, the Board approved new strategies, such as commodities, and selected new managers in existing strategies, including private equity and private real assets. The Board also hired a consultant to assist in building a program of direct private equity fund investments.

In addition, the Board negotiated a lower fee for participants in one of the DCP fund offerings and expanded the investment counseling opportunities available to RSP participants.

INFORMATION USEFUL IN ASSESSING THE RETIREMENT PLANS' ECONOMIC CONDITION

Financial Information

Accounting System and Reports

The Plans' financial statements have been prepared under the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due in accordance with the terms of the Plans.

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A), which can be found on pages 15 to 19 of this report, provides a brief analysis of the financial performance of the Plans and an introduction to the financial statements of the Plans for the year ended June 30, 2009.

Investments

Montgomery County has established a Board to be responsible for the investment management of the Plans' assets for the exclusive benefit of the members and participants. The Board consists of thirteen members appointed by the County Council.

In overseeing the management of the assets of the Plans, the Board has developed sound and prudent investment policies. The Board believes an appropriate balance must be struck between risks taken and returns sought to ensure the long term health of the defined benefit plan. The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long term increases in the value of assets. To achieve this objective, System assets are allocated to a broad array of investment sectors as follows: domestic equities 28.3 percent, private equity 6.4 percent, international equities 19.3 percent, fixed income 28.7 percent, inflation index bonds 10.2 percent, commodities 3.3 percent and private real assets 3.8 percent. For the twelve months

ended June 30, 2009, the total return achieved by the System's investments was a loss of 15.81 percent, compared to the loss recorded by the System's benchmark index of 15.58 percent and the actuarial assumed rate of return of 8.0 percent.

Section 33-125 of the Montgomery County Code authorizes the Board to establish, for members of the RSP, a diversified slate of mutual and commingled investment funds from which participants may select options. The Board has developed an investment policy outlining its oversight of the investment products offered.

The Board has also established a diversified slate of mutual and commingled funds for the County Plan which offers a range of options from which participants may select. The Board has constructed an investment policy stipulating investment objectives and oversight by the Board.

Funding

The System's actuary uses a five-year smoothed market-related value to determine the actuarial value of assets. The smoothing prevents extreme volatility in employer contribution rates due to short-term fluctuations in the investment markets. For the June 30, 2009 valuation, the actuarial value of assets was $2.7 billion and the aggregate actuarial liability was $3.5 billion, resulting in a funded status ratio of 78.4%. The Schedule of Funding Progress included as Required Supplementary Information in the Financial Section, expresses the System's actuarial value of assets as a percentage of the actuarial accrued liability, providing one indication of the System's funding status on a going-concern basis. The actuary has determined that the present net asset base, expected future contributions and investment earnings thereon, are sufficient to provide for full payment of future benefits under the projected unit credit actuarial cost method.

Internal Control Structure and Budgetary Controls

The Plans' management is responsible for maintaining internal accounting controls to provide reasonable assurance that transactions are properly authorized and recorded as necessary to permit preparation of financial statements in conformity with U.S. generally accepted accounting principles. We believe the internal controls in effect during the fiscal year ended June 30, 2009 adequately safeguard the Plans' assets and provide reasonable assurance regarding the proper recording of financial transactions. In addition, the Board, in conjunction with the Chief Administrative Officer, approves and actively monitors the annual budgets for each plan.

Independent Audit and Actuarial Certification

An independent auditors' report and actuarial certification are included in this report.

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement for Excellence in Financial Reporting

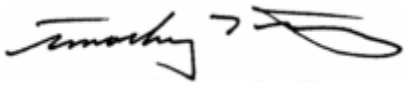
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Montgomery County Employee Retirement Plans for its comprehensive annual financial report for the fiscal year ended June 30, 2008. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Montgomery County Employee Retirement Plans have received the Certificate of Achievement for the last nine consecutive years. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements and we are submitting it to the GFOA.

Acknowledgements

The Plans' CAFR was prepared by the Board of Investment Trustees staff in conjunction with staff support from the County's Department of Finance. I would like to express my appreciation to the employees who have worked hard throughout the year to ensure the successful operation of the Plans.

Respectfully submitted,



Timothy L. Firestine
Chief Administrative Officer
Plan Administrator

BOARD OF INVESTMENT TRUSTEES

Kelda J.C. Simpson
Chair
Public Representative
Term Expires March 2011

Gino Renne
Vice Chair
OPT/SLT Bargaining Unit Designee

Joseph Adler
Secretary
Montgomery County Director
Of Human Resources
Ex-Officio Member

George Willie
Public Representative
Term Expires March 2011

Walter E. Bader
Police Bargaining Unit Representative
Term Expires March 2011

Jennifer E. Barrett
Montgomery County Director of Finance
Ex-Officio Member

Joseph F. Beach
Montgomery County Director of
Management and Budget
Ex-Officio Member

Jeffrey D. Buddle
Fire & Rescue Bargaining Unit Designee

Stephen B. Farber
Montgomery County Council Staff Director
Ex-Officio Member

J. Lodge Gillespie, Jr.
Montgomery County Council Representative
Term Expires March 2012

Jeffrey Sharpe
Montgomery County Council Representative
Term Expires March 2011

Sunil Pandya
Montgomery County
Department of Liquor Control
Non-Bargaining Unit Representative
Term Expires March 2011

Mary E. Menke
Retired Employees Representative
Term Expires March 2012

ADMINISTRATIVE ORGANIZATION

Administrative Staff

Joseph Adler
Director – Office of
Human Resources

Jennifer E. Barrett
Director of Finance

Linda A. Herman
Executive Director
Board of Investment Trustees

Professional Services

Actuary	Investment Consultant	Auditor
Mercer Human Resource Consulting Washington, DC	Wilshire Associates Pittsburgh, PA	Clifton Gunderson LLP Certified Public Accountants Timonium, MD

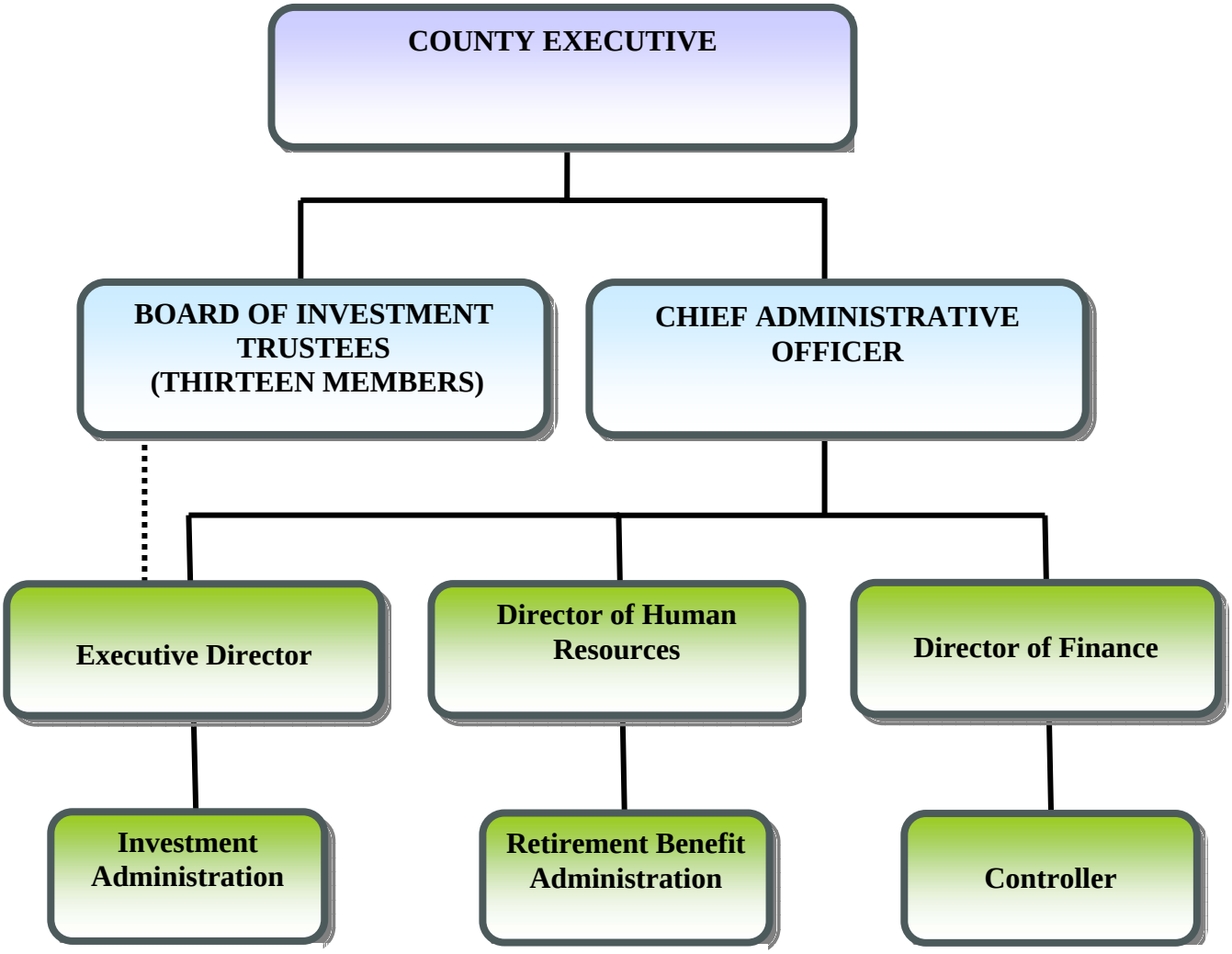
Investment Managers-Employees' Retirement System

Gryphon International Investment Toronto, Canada	Numeric Investors Cambridge, MA	Adams Street Partners Chicago, IL
Marathon London United Kingdom	Wellington Management Boston, MA	RhumbLine Advisors Boston, MA
Mondrian Investment Partners Ltd. United Kingdom	Goldman Sachs New York, NY	Systematic Financial Management Teaneck, NJ
BlackRock Financial Management New York, NY	Fidelity Investments Hebron, KY	Loomis Sayles & Co. L.P. Boston, MA
JP Morgan Investment Management New York, NY	Bridgewater Associates Westport, CT	Pomona Capital New York, NY
Barclays Global Investors San Francisco, CA	HarbourVest Partners Boston, MA	Nomura Corporate Research & Asset Management New York, NY
Landmark Partners Inc. Simsbury, CT	AEW Partners Boston, MA	TA Realty LLC Boston, MA
FX Concepts, Inc. New York, NY	First Quadrant L.P. Pasadena, CA	STW Fixed Income Management Carpentaria, CA
OFI Trust Company New York, NY	FLAG Capital Management Stanford, CT	Schroder Investment Management New York, NY
Odyssey Investment Partners New York, NY		

Custodial Bank-Employees' Retirement System

The Northern Trust Company
Chicago, IL

Administrative Organization Chart



FINANCIAL SECTION

Clifton Gunderson LLP
Certified Public Accountants & Consultants

Independent Auditors' Report

The Honorable County Council
of Montgomery County, Maryland

The Board of Trustees
Montgomery County Employees' Retirement Plans:

We have audited the accompanying statements of plan net assets of the Montgomery County Employees' Retirement Plans (the Plans) as of June 30, 2009, and the related changes in plan net assets for the year then ended. These financial statements are the responsibility of the Plans' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Plans as of June 30, 2009, and the changes in plan net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Audit Standards*, we have also issued a report dated December 1, 2009, on our consideration of the Plans' internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The management's discussion and analysis on pages 15 through 19 and the schedules of funding progress and employer contributions on page 33 are not a required part of the financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the 2009 basic financial statements. The introduction section on pages 4 to 10, the 2009 supplementary information, investment section, actuarial section, and statistical sections, as listed in the table of contents and shown on pages 33 through 81 is presented for purposes of additional analysis and is not a required part of the 2009 basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the 2009 basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2009 basic financial statements taken as a whole. The information in the introduction, investment, actuarial, and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Baltimore, Maryland
December 1, 2009

MONTGOMERY COUNTY
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MARYLAND

INTRODUCTION

The following Management's Discussion and Analysis (MD&A) of the Montgomery County Employee Retirement Plans (Plans) financial performance provides an introduction to the financial statements of the Plans as of and for the year ended June 30, 2009. Since the MD&A is designed to focus on current activities, resulting changes and current known facts, it should be read in conjunction with the transmittal letter in the Introduction Section on page 4, the financial statements, required supplementary information, and other supplementary information which follow this discussion.

REQUIRED FINANCIAL STATEMENTS

The financial statements for the Plans have been prepared under the accrual basis of accounting in conformity with U.S. generally accepted accounting principles, promulgated by the Governmental Accounting Standards Board. The Statements of Plan Net Assets comprise the Plans' assets and liabilities and provide information about the nature and amount of investments, as well as the liabilities distinguished as long-term and other liabilities. The Statements of Changes in Plan Net Assets report the changes of the Plans' net assets, measured by the additions by major sources and deductions by type. Comparative financial statements of the three plans are presented in the latter part of the financial section.

FINANCIAL ANALYSIS OF THE MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS

Shown below is a condensed presentation of the Net Assets of the Employees' Retirement System (ERS), Retirement Savings Plan (RSP), and Deferred Compensation Plan (DCP) at June 30:

Net Assets
(Millions)

	ERS		RSP		DCP	
	2009	2008	2009	2008	2009	2008
Assets:						
Cash and investments	$ 2,289.7	$ 3,078.4	$ 128.1	$ 127.0	$ 201.2	$ 241.1
Receivables	19.7	20.1	1.6	1.5	1.1	1.0
Total assets	2,309.4	3,098.5	129.7	128.5	202.3	242.1
Liabilities	163.4	479.7	-	-	-	-
Total net assets	$ 2,146.0	$ 2,618.8	$ 129.7	$ 128.5	$ 202.3	$ 242.1

Shown below is a condensed summary of the Change in Net Assets of the ERS, RSP, and DCP for the years ended June 30:

Change in Net Assets
(Millions)

	ERS		RSP		DCP	
	2009	2008	2009	2008	2009	2008
Additions:						
Employer contributions	$ 109.6	$ 117.7	$ 20.6	$ 13.6	$ -	$ -
Member contributions	18.2	18.9	11.3	8.1	18.1	17.3
Net investment income (loss)	(428.5)	(81.8)	(26.7)	(8.4)	(44.5)	(9.4)
Total additions	(300.7)	54.8	5.2	13.3	(26.4)	7.9
Deductions:						
Benefits	168.6	147.1	-	-	-	-
Refunds	0.7	0.7	3.7	5.2	13.4	15.7
Administrative expenses	2.8	2.5	0.3	0.3	-	-
Total deductions	172.1	150.3	4.0	5.5	13.4	15.7
Total change in net assets	$ (472.8)	$ (95.5)	$ 1.2	$ 7.8	$ (39.8)	$ (7.8)

The following schedules provide a comparative summary and an analysis of each Plans' assets, liabilities and net assets, at June 30:

Employees' Retirement System
Net Assets
(Millions)

	2009	2008	Percentage Change
Assets:			
Cash and investments	$ 2,289.7	$ 3,078.4	(25.6) %
Receivables	19.7	20.1	(2.0)
Total assets	2,309.4	3,098.5	(25.5)
Liabilities:			
Benefits payable and other liabilities	25.2	132.6	(81.0)
Obligations under securities lending agreements	138.2	347.1	(60.2)
Total liabilities	163.4	479.7	(65.9)
Total plan net assets	$ 2,146.0	$ 2,618.8	(18.1) %

The table shown above reflects a decrease in the Employees' Retirement System's net assets of $472.8 million or 18.1 percent during fiscal year (FY) 2009. The decrease reflects the negative impact of financial markets over the last twelve months resulting in decreased investment earnings. During the previous year, net assets decreased by $95.5 million.

Retirement Savings Plan
Net Assets
(Millions)

	2009	2008	Percentage Change
Assets:			
Cash and investments	$ 128.1	$ 127.0	0.9 %
Receivables	1.6	1.5	6.7
Total assets	129.7	128.5	0.9
Liabilities	-	-	
Total plan net assets	$ 129.7	$ 128.5	0.9 %

During FY 2009, net assets increased 0.9 percent to $129.7 million. The increase is attributable to an increase in contributions. Membership in the Retirement Savings Plan increased from 5,536 at June 30, 2008, to 5,829 at June 30, 2009.

Deferred Compensation Plan
Net Assets
(Millions)

	2009	2008	Percentage Change
Assets:			
Investments	$ 201.2	$ 241.1	(16.5) %
Receivables	1.1	1.0	10.0
Total assets and plan net assets	$ 202.3	$ 242.1	(16.4) %

Net assets of the Deferred Compensation Plan decreased 16.4 percent to $202.4 million during FY 2009. The decrease is primarily attributable to the negative impact of financial markets during the fiscal year.

ADDITIONS

The primary sources of additions for the Plans include member and employer (where applicable) contributions. The net loss is attributable to the volatile financial markets during FY 2009. The following tables compare the source and amount of additions for each Plan during FY 2009 and FY 2008.

Employees' Retirement System
Contributions and Investment Income
(Millions)

	2009	2008	Percentage Change
Employer contributions	$ 109.6	$ 117.7	(6.9) %
Member contributions	18.2	18.9	(3.7)
Net investment income (loss)	(428.5)	(81.8)	423.8
	$ (300.7)	$ 54.8	(648.7) %

During FY 2009, employer contributions to the Employees' Retirement System decreased by 6.9 percent due to a decrease in covered payroll. Member contributions decreased by 3.7 percent due to lower pay levels.

The net investment loss for the Employees' Retirement System totaled $428.5 million for FY 2009, comprised of $488.2 million in net depreciation in fair value of investments, $73.1 million in dividends and interest, $1.8 million from securities lending activities, and $15.2 million related to investment expenses. This is compared to a net investment loss of $81.8 million in FY 2008. The decrease in earnings compared to the previous fiscal year is due to the negative impact of financial markets.

Retirement Savings Plan
Contributions and Investment Income
(Millions)

	2009	2008	Percentage Change
Employer contributions	$ 20.6	$ 13.6	51.5 %
Member contributions	11.3	8.1	39.5
Net investment income (loss)	(26.7)	(8.4)	217.9
	$ 5.2	$ 13.3	(60.9) %

Employer contributions to the Retirement Savings Plan were $20.6 million in FY 2009, an increase of 51.5 percent from FY 2008. Member contributions were $11.3 million in FY 2009, an increase of 39.5 percent from FY 2008. The increase in contributions reflects an increase in the employer and member contribution rates during FY 2009.

The net investment loss is primarily attributable to depreciation in investments during FY 2009.

Deferred Compensation Plan
Contributions and Investment Income
(Millions)

	2009	2008	Percentage Change
Member contributions	$ 18.1	$ 17.3	4.6 %
Net investment income (loss)	(44.5)	(9.4)	373.4
	$ (26.4)	$ 7.9	(434.2) %

Member contributions to the Deferred Compensation Plan were $18.1 million for FY 2009, compared to $17.3 million for FY 2008.

Net investment loss for the Deferred Compensation Plan was $44.5 million, compared to the net investment loss of $9.4 million in the previous fiscal year, which was primarily due to the negative impact of financial markets during FY 2009.

DEDUCTIONS

The primary sources of deductions from the Plans include the payment of retiree and survivor benefits, participant refunds, and administrative expenses. The following tables show the use and amount of deductions for each plan during FY 2009 and 2008.

Employees' Retirement System
Deductions by Type
(Millions)

	2009	2008	Percentage Change
Benefits	$ 168.6	$ 147.1	14.6 %
Refunds	0.7	0.7	-
Administrative expenses	2.8	2.5	12.0
	$ 172.1	$ 150.3	14.5 %

During FY 2009, benefit payments increased by 14.6 percent over FY 2008 due primarily to an increase in the number of retirees and the annual cost-of-living increase. FY 2009 refunds were unchanged from FY 2008. Administrative expenses increased from $2.5 million in FY 2008 to $2.8 million in FY 2009 due to increased professional services expenses.

Retirement Savings Plan
Deductions by Type
(Millions)

	2009	2008	Percentage Change
Refunds and administrative expenses	$ 4.0	$ 5.5	(27.3) %

The expenses related to the Retirement Savings Plan are comprised of refunds and administrative costs. Expenses for FY 2009 totaled $4.0 million, a decrease of 27.3 percent over FY 2008 levels due primarily to a decrease in refunds.

Deferred Compensation Plan
Deductions by Type
(Millions)

	2009	2008	Percentage Change
Refunds	$ 13.4	$ 15.7	(14.6) %

During FY 2009, refunds distributed from the Deferred Compensation Plan decreased by 14.6 percent over the FY 2008 level.

For additional information regarding this report, please contact the Board of Investment Trustees at 240-777-8220.

MONTGOMERY COUNTY, MARYLAND
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2009

	Employees' Retirement System	Retirement Savings Plan	Deferred Compensation Plan
ASSETS			
Equity in County's pooled cash and investments	$ 523,857	$ 521,775	$ -
Investments:			
Government and agency obligations	316,739,428	-	-
Asset-backed securities	12,163,832	-	-
Corporate bonds	322,886,763	-	-
Collateralized mortgage obligations	9,104,627	-	-
Commerical mortgage-backed securities	15,131,578	-	-
Common and preferred stock	995,018,436	-	-
Mutual and commingled funds	73,055,687	127,577,002	201,253,401
Short-term investments	195,559,877	-	-
Cash collateral received under securities lending agreements	138,201,569	-	-
Real estate	72,158,654	-	-
Private equity	139,209,558	-	-
Total investments	2,289,230,009	127,577,002	201,253,401
Dividends receivable and accrued interest	11,080,736	-	-
Contributions receivable	8,584,565	1,610,148	1,053,538
Total assets	2,309,419,167	129,708,925	202,306,939
LIABILITIES			
Payable for collateral received under securities lending agreements	138,201,569	-	-
Benefits payable and other liabilities	25,218,403	41,690	-
Total liabilities	163,419,972	41,690	-
Net assets held in trust for pension benefits	$ 2,145,999,195	$ 129,667,235	$ 202,306,939

See accompanying notes to financial statements.

MONTGOMERY COUNTY, MARYLAND
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

	Employees' Retirement System	Retirement Savings Plan	Deferred Compensation Plan
ADDITIONS			
Contributions:			
Employer	$ 109,567,014	$ 20,625,065	$ -
Members	18,244,976	11,262,814	18,057,590
Total contributions	127,811,990	31,887,879	18,057,590
Investment income (loss)	(417,660,190)	(26,696,872)	(44,478,616)
Less investment expenses	12,669,404	25,185	-
Net loss from investment activities	(430,329,594)	(26,722,057)	(44,478,616)
Income from securities lending	4,295,939	-	-
Less securities lending expenses	2,490,951	-	-
Net income from securities lending	1,804,988	-	-
Total additions	(300,712,616)	5,165,822	(26,421,026)
DEDUCTIONS			
Retiree benefits	123,560,071	-	-
Disability benefits	37,724,912	-	-
Survivor benefits	7,333,268	-	-
Refunds	668,160	3,669,059	13,390,844
Administrative expenses	2,803,217	300,190	-
Total deductions	172,089,628	3,969,249	13,390,844
Net increase (decrease)	(472,802,244)	1,196,573	(39,811,870)
Net assets held in trust for benefits:			
Beginning of year	2,618,801,439	128,470,662	242,118,809
End of year	$ 2,145,999,195	$ 129,667,235	$ 202,306,939

See accompanying notes to financial statements.

MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

INTRODUCTION

The Montgomery County Employee Retirement Plans (Plans) are offered to Montgomery County (County) employees whose eligibility to participate is based on employment status and other factors. Each of the Plans described below was established under a separate section of the Montgomery County Code (Code). The accompanying notes summarize the significant accounting policies and plan provisions for each of the Plans, including the Employees' Retirement System, a defined benefit pension plan; the Retirement Savings Plan, a defined contribution plan; and the Deferred Compensation Plan, a plan established pursuant to Section 457 of the Internal Revenue Code.

EMPLOYEES' RETIREMENT SYSTEM - Defined Benefit Pension Plan

The Montgomery County Employees' Retirement System (System or Plan) is considered part of the County's financial reporting entity and is included in the County's basic financial statements as a pension and other employee benefit trust fund. The accompanying financial statements present only the operations of the System in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to public employee retirement systems. They are not intended to present fairly the financial position and results of operations of the entire County.

A. Plan Description and Contribution Information

Membership. At June 30, 2009, the date of the latest actuarial valuation, membership in the System consisted of:

Retirees and beneficiaries receiving benefits	5,379
Terminated plan members entitled to but not yet receiving benefits	452
Active plan members	5,012

Plan Description. The System, a cost-sharing multiple-employer defined benefit pension plan, was established in 1965 and is sponsored by the County. Nine other agencies and political subdivisions have elected to participate. The System is closed to employees hired on or after October 1, 1994, except public safety bargaining unit employees. All covered full-time employees of the County and participating agencies must become members of the System as a condition of employment. All covered career part-time employees of the County and participating agencies may become members on an individual basis.

Contributions. The System is a contributory plan with employees contributing a percentage of their base annual salary. Contribution rates range from 4 percent to 9.25 percent of regular earnings annually based on group classification and contributions earn interest at the rate of 4 percent per annum as specified under Section 33-39(b) of the Code. The County and each participating agency are required to contribute the remaining amounts necessary to fund the System using the actuarial basis as specified in Section 33-40 of the Code.

Benefit Provisions. Benefit provisions are established under the Code beginning with Section 33-35. All benefits vest at five years of service. There are different retirement groups within the System. Members enrolled before July 1, 1978, belong to either the optional non-integrated group or the optional integrated group. Members enrolled on or after July 1, 1978, belong to the mandatory integrated group. Within the groups are different retirement membership classes. The retirement group assigned depends upon the job classification of the member (i.e., non public safety, police, fire, sheriffs and correctional staff). Normal and early retirement eligibility, the formula for determining the amount of benefit, and the cost of living adjustment varies depending upon the retirement group and retirement membership class. Normal retirement is a percentage of earnings multiplied by years of credited service. Earnings for optional non-

integrated group members and optional integrated group members is defined as the high 12 months and for mandatory integrated plan members, the high 36 months. The percentage of earnings, the maximum years of credited service and the cost of living adjustment varies depending upon the retirement membership class and group. Members who retire early receive normal retirement benefits reduced by a minimum of 2 percent to a maximum of 60 percent depending on the number of years early retirement precedes normal retirement. The System provides options for disability and death benefits to eligible participants. Annual cost-of-living adjustments are provided to retirees and beneficiaries based on the percentage change in the Consumer Price Index.

Legislation enacted by the Montgomery County Council in November 1999 required the Chief Administrative Officer of the County to establish Deferred Retirement Option Plans, or DROP Plans, allowing any employee who is a member of a specified membership group or bargaining unit, and who meets certain eligibility requirements, to elect to "retire" but continue to work for a specified time period, during which pension payments are deferred. When the member's participation in the DROP Plan ends, the member must stop working for the County, draw a pension benefit based on the member's credited service and earnings as of the date that the member began to participate in the DROP Plan, and receive the value of the DROP Plan payoff.

B. Summary of Significant Accounting Policies

Basis of Accounting. The System's financial statements have been prepared under the accrual basis of accounting. Member and employer contributions are recognized in the period in which the contributions are required to be made as specified under the County Code. Benefits and refunds are recognized when due in accordance with the terms of the Plan. The cost of administering the Plan is paid by the System.

Method Used to Value Investments. Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2009. Fair value for real estate investments is determined using unit values supplied by the issuers, which are based upon the issuers' appraisals of underlying real estate values. Such values involve subjective judgment and may differ from amounts which would be realized if such real estate was actually sold. The fair value of limited partnership investments are based on valuations of the underlying assets of the limited partnerships as reported by the general partner. Cash received as collateral on securities lending transactions and investments made with such cash are reported as assets along with a related liability for collateral received.

Equity in County's Pooled Cash and Investments. The System maintains its cash with the County, which invests cash and allocates interest earned, on a quarterly basis to the System based on the System's average daily balance of its equity in pooled cash. The County's policy is to fully collateralize the cash maintained in the pool.

C. Funded Status and Funding Progress

The funded status of the System as of June 30, 2009, the most recent actuarial valuation date, is as follows:

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
$2,736,010,044	$3,489,057,559	$753,047,515	78.4%	$376,895,171	199.8%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Additional information as of the latest actuarial valuation is as follows.

Valuation date	June 30, 2009
Actuarial cost method	Projected unit credit
Amortization method	Level dollar amount
Amortization period	Closed amortization approach. The initial period is 40 years. The average remaining period at June 30, 2009 is 23.2 years.
Asset valuation method	5-Year phase-in of market gains/losses
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases depending on age	4.75% - 7.50%
Cost-of-living adjustments	3.5%
Post-retirement Increases	Consumer Price Index - by Group
Mortality rates after retirement	RP 2000 projected 10 years, separate tables for males and females

D. Trustees of the Plan

The County established a Board of Investment Trustees (Board) for the System to be responsible for the investment management of the System's assets for the exclusive benefit of the members. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

E. Investments

Section 33-61C of the Code, authorizes the Board to act with the care, skill, prudence and diligence under the circumstances that a prudent person acting in a similar capacity and familiar with the same matters would use to conduct a similar enterprise with similar purposes. The Code also requires that such investments be diversified so as to minimize the risk of large losses unless it is clearly not prudent to diversify under the circumstances. The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long term increases in the value of assets. The overall investment policies do not address specific levels of credit risk, interest rate risk or foreign currency risk. The Board believes that risks can be managed, but not eliminated, by establishing constraints on the investment portfolios and by monitoring the financial markets, the System's asset allocation and the investment managers hired by the System. Each investment manager has a specific benchmark and investment guidelines appropriate for the type of investments they are managing. Section 33-60 of the Code prohibits the Board from investing in any bonds, notes, or debt instruments issued by Montgomery County, any political subdivision within Montgomery County, any agency supported or financed wholly or partly by taxes levied by the Montgomery County Council, or any agency supported by bond issues underwritten by Montgomery County.

Credit Risk/Concentration of Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Board's investment policies and guidelines limit the percentage of the total fund and individual manager's account which can be invested in fixed income securities rated below investment grade. In addition, the Board's investment policies and guidelines limit the percentage of each investment manager's account that may be allocated to any one security, position, issuer or affiliated issuer, to less than 5 percent of the fair value of the investment manager's account. The System does not have investments (other than those issued or explicitly guaranteed by the U.S. Government or pooled investments) in any one company that represents 5 percent or more of net assets held in trust for pension benefits.

The quality ratings of investments in fixed income securities as described by nationally recognized rating organizations as of June 30, 2009 are as follows:

Type of Investment	Quality Rating	Fair Value	Percentage of Portfolio
U.S. Government Obligations*	AAA	$ 181,736,282	22.08%
	A	4,480,518	0.54%
Foreign Government Obligations	AAA	106,081,252	12.89%
	A	21,048,518	2.56%
	BBB	3,086,308	0.37%
	BB	306,550	0.04%
Asset-Backed Securities	AAA	8,632,740	1.05%
	A	103,938	0.01%
	BBB	2,826,489	0.34%
	B	112,631	0.01%
	CCC	277,116	0.03%
	CC	53,208	0.01%
	Unrated	157,710	0.02%
Commercial Mortgage-Backed Securities	AAA	13,579,593	1.65%
	AA	259,040	0.03%
	Unrated	1,292,945	0.16%
Collateralized Mortgage Obligations	AAA	4,901,184	0.60%
	BBB	677,848	0.08%
	BB	116,888	0.01%
	B	1,433,422	0.17%
	CCC	1,809,435	0.22%
	Unrated	165,850	0.02%
Corporate Bonds	AAA	5,125,516	0.62%
	AA	13,895,216	1.69%
	A	54,728,478	6.65%
	BBB	42,775,814	5.20%
	BB	52,873,906	6.42%
	B	57,606,155	7.00%
	CCC	27,721,842	3.37%
	CC	2,799,458	0.34%
	C	874,244	0.11%
	D	2,377,000	0.29%
	Unrated	2,893,627	0.35%
Fixed Income Pooled Funds	Unrated	59,215,507	7.19%
Short-term Investments and Other	N/A	147,195,584	17.88%
Total Fixed Income Securities		$ 823,221,812	100.00%

*Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. The Board's investment policies and guidelines manage interest rate risk by establishing duration constraints on each fixed income manager's portfolio based on the duration of each manager's respective benchmark. Duration is a measure of interest rate risk based on a bond price's sensitivity to a 100-basis point change in interest rates. The greater the duration of a bond, or a portfolio of bonds, the greater its price volatility will be in response to a change in interest rates and vice-versa. Duration of eight would mean that, given a 100-basis point change up/down in rates, a bond's price would move down/up by 8 percent. As of June 30, 2009, the System's fixed income portfolio had the following sensitivity to changes in interest rates:

Type of Investment	Effective Duration in years	Fair Value	Percentage of Portfolio
U.S. Government Obligations	4.95	$ 186,216,800	22.62%
Foreign Government Obligations	7.14	130,522,628	15.85%
Asset-Backed Securities	2.10	12,163,832	1.48%
Commercial Mortgage-Backed Securities	3.09	15,131,578	1.84%
Collateralized Mortgage Obligations	0.51	9,104,627	1.11%
Corporate Bonds	4.99	263,671,256	32.03%
Fixed Income Pooled Funds	N/A	59,215,507	7.19%
Short-term Investments and other	N/A	147,195,584	17.88%
Total Fixed Income Securities		$ 823,221,812	100.00%

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Board's International Investing Policy's objective is to achieve long-term capital appreciation and current income by investing in diversified portfolios of non-U.S. equities and bonds. The System has indirect exposure to foreign currency risk as follows:

International Securities	Equity	Fixed Income	Short-term and other	Total Non-U.S. Dollar
Japanese Yen	$ 94,751,685	$ -	$ 5,513,828	$ 100,265,513
European Currency Unit	91,772,005	65,680,067	(78,224,119)	79,227,953
Australian Dollar	3,391,425	-	20,863,608	24,255,033
New Zealand Dollar	304,966	294,016	20,436,997	21,035,979
British Pound Sterling	41,303,329	33,196,684	(54,258,615)	20,241,398
Hong Kong Dollar	15,556,860	-	6,510	15,563,370
Swedish Krona	8,071,891	11,170,334	(11,628,062)	7,614,163
Danish Krone	6,761,798	-	-	6,761,798
Swiss Franc	19,540,446	-	(15,160,313)	4,380,133
Indonesian Rupiah	1,398,608	1,277,425	-	2,676,033
Other Currencies	14,678,071	22,338,424	(25,794,546)	11,221,949
Total International Securities	$ 297,531,084	$ 133,956,950	$ (138,244,712)	$ 293,243,322

Derivatives. The System invests in derivative instruments on a limited basis in accordance with the Board's Derivatives Policy. During FY 2009, the System invested directly in various derivatives including asset-backed securities, collateralized mortgage obligations, exchange-traded futures contracts, forward currency contracts, swaps, and floating rate securities. Investment managers are prohibited from purchasing securities on margin or using leverage unless specifically permitted within the investment manager's guidelines. The System entered into these investments either to increase earnings or to hedge against potential losses. These investments generally contain market risk resulting from fluctuations in interest and currency rates. The credit risk of these investments is associated with the creditworthiness of the related parties to the contracts. The System could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. The Board's Derivatives Policy seeks to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring

procedures. In addition, the System has indirect exposure to market and credit risk through its ownership interests in certain mutual and commingled funds which may hold derivative financial instruments.

As permitted by the Board's policies, the System holds off-financial statement derivatives in the form of exchange-traded financial futures and options. The futures and options with fair values of approximately $10,683,141 are held for investment purposes and included within the financial statements at June 30, 2009. Gains and losses on futures and options are determined based upon fair values and recorded in the Statements of Changes in Plan Net Assets.

Interest rate swaps, foreign currency exchange swaps, and forward foreign currency exchange contracts are held for investment purposes. At June 30, 2009, the System had approximately $107,860,000 net exposure in foreign currency exchange and interest rate swaps and $111,823,210 negative net exposure in forward foreign currency exchange contracts.

Securities Lending. Board policy permits the System to lend its securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The System's custodian is the agent in lending the System's securities for collateral of 102 percent for domestic and 105 percent for international securities. The custodian receives cash, securities or irrevocable bank letters of credit as collateral. All securities loans can be terminated on demand by either the System or the borrower. Cash collateral received from the borrower is invested by the lending agent, as an agent for the System, in a short-term investment pool in the name of the System, with guidelines approved by the Board. Such investments are considered a collateralized investment pool. The relationship between the maturities of the investment pool and the System's loans is affected by the maturities of securities loans made by other plan entities that invest cash collateral in the investment pool, which the System cannot determine. The System records a liability for the return of the cash collateral shown as collateral held for securities lending in the statement of net assets. On November 21, 2008, the Board began restricting the amount of loans the lending agent could make on its behalf. This restriction remained in place as of June 30, 2009. The agent indemnifies the System by agreeing to purchase replacement securities, or return the cash collateral thereof, in the event a borrower fails to return loaned securities or pay distributions thereon. On September 15, 2008, Lehman Brothers International Europe (LBIE) and on September 18, 2008, Lehman Brothers Inc. (LBI) were called into default on obligations under the terms of one or more of the Securities Borrowing Agreements. The System was compensated for any security that was not returned from loan in accordance with the contractual obligations. There were no other such failures by any borrower during the fiscal year, nor were there any losses during the period resulting from a default of the borrower or lending agent.

As of June 30, 2009, the fair value of securities on loan was $136,504,992. Cash received as collateral and the related liability of $138,201,569 as of June 30, 2009, is shown on the Statement of Plan Net Assets. Securities received as collateral are not reported as assets since the System does not have the ability to pledge or sell the collateral securities absent borrower default. Securities lending revenues and expenses amounting to $4,295,939 and $2,490,951, respectively, have been classified with investment income and investment expenses, respectively, in the accompanying financial statements.

The following represents the balances relating to the securities lending transactions at June 30, 2009:

Securities Lent	Underlying Securities	Non-Cash Collateral Value	Cash Collateral Investment Value
Lent for Cash Collateral:			
U.S. Government Obligations	$ 46,081,308	$ -	$ 47,123,316
Corporate Bonds	22,149,159	-	22,724,237
Equities	65,813,462	-	68,354,016
Lent for Non-Cash Collateral:			
U.S. Government Obligations	2,158,598	2,218,642	-
Corporate Bonds	1	1	-
Equities	302,464	317,230	-
Total	$ 136,504,992	$ 2,535,873	$ 138,201,569

At year-end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceeded the amounts the borrowers owe the System. The System is fully indemnified by its custodial bank against any losses incurred as a result of borrower default.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2009, there were no funds held by a counterparty that was acting as the System's agent in securities lending transactions.

F. Allocated Insurance Contract

On August 1, 1986, the County entered into an agreement with Aetna Life Insurance Company (Aetna) wherein Aetna accepted future responsibility for monthly payments to all members retired prior to January 1, 1986, in exchange for a lump sum payment. The County is liable for cost of living increases effective January 1, 1986, and later. Monthly payments made under this agreement have not been recognized in the System's financial statements.

G. Income Taxes

The Internal Revenue Service issued a determination letter in January 2003, which stated that the System and its underlying trust qualify under the applicable provisions of the Internal Revenue Code and therefore are exempt from federal income taxes. In the opinion of the plan administrator, the System and its underlying trust have operated within the terms of the System and are qualified under the applicable provisions of the Internal Revenue Code.

RETIREMENT SAVINGS PLAN - Defined Contribution Pension Plan

The Montgomery County Retirement Savings Plan (Plan) is considered part of the County's financial reporting entity and is included in the County's basic financial statements as a pension and other employee benefit trust fund. The accompanying financial statements present only the operations of the Plan in conformity with GAAP. They are not intended to present fairly the financial position and results of operations of the entire County.

A. Plan Description and Contribution Information

Membership. At June 30, 2009 membership in the Plan consisted of:

Active plan members	4,953
Inactive plan members	876

Plan Description. The Plan, a cost-sharing multiple-employer defined contribution plan, was established in 1994 and is sponsored by the County. Eight other agencies or political subdivisions have elected to participate. All non-public safety and certain public safety employees not represented by a collective bargaining agreement and hired on or after October 1, 1994 are covered by the Plan. Eligible employees covered by the Montgomery County Employees' Retirement System may make an irrevocable decision to transfer to this Plan.

Contributions. Under Section 33-116 of the Code, the Plan requires non-public safety employees to contribute 4 percent of regular earnings up to the Social Security wage base and 8 percent above the Social Security wage base. Public safety employees are required to contribute 3 percent of regular earnings up to the Social Security wage base and 6 percent above the Social Security wage base. Section 33-117 of the Code requires the County to contribute 8 percent and 10 percent of regular earnings for non-public safety and public safety employees, respectively.

Benefit Provisions. Employee contributions vest immediately and employer contributions are vested after three years of service or upon death, disability, or reaching retirement age. Members are fully vested upon reaching normal retirement (age 62) regardless of years of service. At separation, a participant's benefit is determined based upon the account balance which includes contributions and investment earnings.

B. Summary of Significant Accounting Policies

Basis of Accounting. The Plan's financial statements have been prepared under the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are required to be made as specified in the County Code. Benefits and refunds are recognized when due in accordance with the terms of the Plan. The cost of administering the Plan is paid by the County and participating agencies.

Method Used to Value Investments. Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2009.

Equity in County's Pooled Cash and Investments. The Plan maintains its cash with the County, which invests cash and allocates interest earned, on a quarterly basis to the Plan based on the Plan's average daily balance of its equity in pooled cash. The County's policy is to fully collateralize the cash maintained in the pool.

C. Trustees of the Plan

The County established a Board of Investment Trustees (Board) for the Trust to oversee the investment program. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

D. Investments

Section 33-125 of the Code authorizes the Board to establish a diversified slate of mutual and commingled investment funds from which participants may select an option. The Board exercises the Standard of Care as delineated in Section 33-61 of the Code. As of June 30, 2009, the fair value of the mutual and commingled investment funds was $127,577,002. The fair value of the investments in international mutual funds was $15,002,729.

E. Income Taxes

The Internal Revenue Service issued a determination letter in December 2002, which stated that the Plan and its underlying trust qualify under the applicable provisions of the Internal Revenue Code and therefore are exempt from federal income taxes. In the opinion of the plan administrator, the Plan and its underlying trust have operated within the terms of the Plan and are qualified under the applicable provisions of the Internal Revenue Code.

DEFERRED COMPENSATION PLAN

During FY 2005, the Montgomery County Council passed legislation enabling the County to establish and maintain one or more additional deferred compensation plans for employees covered by a collective bargaining agreement. All County non-represented employees, those County represented employees who elected to participate, and employees who were retired at the time of transfer, continue to participate in the Montgomery County Deferred Compensation Plan administered by the County (the County Plan). County represented employees who elected and all represented employees hired after March 1, 2005 participate in the newly created Montgomery County Union Employees Deferred Compensation Plan (the Union Plan) administered by the bargaining units. The purpose of these Plans is to extend to employees deferred compensation plans pursuant to Section 457 of the Internal Revenue Code of 1986, as amended.

The accompanying financial statements present only the operations of the County Plan in conformity with GAAP. They are not intended to present fairly the financial position and results of operations of the entire County. The assets of the Union Plan are not included in the accompanying financial statements since neither the County nor the Board of Investment Trustees (Board) have fiduciary or other responsibility for the Union Plan except as required by federal law, including any regulation, ruling, or other guidance issued under law.

A. Plan Description and Contribution Information

Plan Description and Contributions. During 1999, in accordance with Federal legislation, the assets were placed in Trust for the sole benefit of participants and their beneficiaries. Trust responsibilities for the County Plan are assigned to the Board. The Board has a third-party administrator contract to provide investment vehicles and administrative services to plan participants. Under the County Plan, contributions are sent to the providers for different types of investments as selected by the participants. A separate account, which reflects the monies deferred, investment of the monies, and related investment earnings is maintained for each participant by the third-party administrator. Withdrawals are made upon retirement, termination of employment, death, and/or in unforeseeable emergencies.

B. Summary of Significant Accounting Policies

Basis of Accounting. The County Plan's financial statements have been prepared under the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are made. Distributions are recognized when paid in accordance with the terms of the County Plan, and administrative costs are recognized as incurred.

Method Used to Value Investments. Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2009.

C. Trustees of the Plan

The County established a Board to oversee the investment program of the County Plan. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

D. Investments

The Board is required to establish a diversified slate of mutual and commingled funds from which participants may select investment options. The Board exercises the Standard of Care as delineated in Section 33-61 of the Code. As of June 30, 2009, the fair value of the mutual and commingled investment funds was $201,253,401. The fair value of the investments in international mutual funds included in the County Plan was $25,168,150.

MONTGOMERY COUNTY
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CARDEZ BIEN
MARYLAND

REQUIRED SUPPLEMENTARY INFORMATION

Historical trend information about the Employees' Retirement System (System) defined benefit pension plan is presented below as required supplementary information. This information is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/04	$ 2,045,098,796	$ 2,561,328,232	$ 516,229,436	79.8 %	$ 318,815,374	161.9 %
6/30/05	2,100,532,623	2,775,047,412	674,514,789	75.7	328,459,150	205.4
6/30/06	2,222,724,295	2,918,336,073	695,611,778	76.2	340,333,414	204.4
6/30/07	2,469,933,200	3,100,637,723	630,704,523	79.7	352,636,518	178.9
6/30/08	2,701,119,470	3,341,549,425	640,429,955	80.8	372,214,906	172.1
6/30/09	2,736,010,044	3,489,057,559	753,047,515	78.4	376,895,171	199.8

Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing the assets as a percentage of the actuarial accrued liability provides one indication of the System's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the system. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the system's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the system.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2004	$ 61,927,029	100 %
2005	74,655,371	100
2006	88,184,159	100
2007	109,436,001	100
2008	117,686,375	100
2009	109,567,014	100

SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES
EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE OF ADMINISTRATIVE EXPENSES

Personnel Services:	
Salaries and wages	$ 1,200,458
Retirement contributions	105,394
Insurance	100,078
Social security	86,020
Total personnel services	1,491,950
Professional Services:	
Actuarial	259,542
Independent public accountants	21,216
Outside legal	64,681
Computer technical support	235,980
Total professional services	581,419
Benefit Processing:	
Disbursement services	423,617
Disability management	213,514
Total benefit processing	637,131
Due diligence and continuing education	31,311
Office Management:	
Office equipment and supplies	57,331
Miscellaneous	4,075
Total office management	61,406
Total administrative expenses	$ 2,803,217

SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES, CONCLUDED
EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE OF INVESTMENT EXPENSES

Investment Management Expenses:		
Aetna Life Insurance Company	$	5,891
Barclays Global Investors		11,845
BlackRock Financial Management		461,854
Bridgewater Associates		1,622,983
First Quadrant		1,486,694
FX Concepts		1,004,066
Goldman Sachs		442,493
Gryphon International Investment		554,182
JP Morgan Investment Management		1,565,122
Loomis Sayles		423,938
Marathon London		1,025,259
Mondrian Investment Partners Ltd.		476,856
Nomura Corporate Research & Asset Management		353,222
Numeric Investors		1,020,261
OFI Trust Company		90,183
RhumbLine Advisors		10,683
Schroder Investment		129,687
STW		159,185
Systematic Financial Management		390,583
Wellington Management		586,450
The Northern Trust Company		287,250
Bloomberg Financial Systems		14,484
Wilshire Associates		258,500
Abel/Noser Corp.		5,000
KLD Research & Analytics		11,500
Franklin Park		271,233
Total investment management expenses		12,669,404
Securities lending borrower rebates		1,999,407
Securities lending agent fees		491,544
Total securities lending expenses		2,490,951
Total investment expenses	$	15,160,355

EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2009 AND 2008

	2009	2008
ASSETS		
Equity in County's pooled cash and investments	$ 523,857	$ 389,551
Investments:		
Government and agency obligations	316,739,428	443,577,797
Asset-backed securities	12,163,832	34,552,257
Municipal/Provincial bonds	-	875,646
Corporate bonds	322,886,763	373,424,224
Collateralized mortgage obligations	9,104,627	22,285,630
Commercial mortgage-backed securities	15,131,578	25,303,933
Common and preferred stock	995,018,436	1,417,024,398
Mutual and commingled funds	73,055,687	1,037,426
Short-term investments	195,559,877	194,817,255
Cash collateral received under securities lending agreements	138,201,569	347,037,914
Real estate	72,158,654	73,837,446
Private equity	139,209,558	144,270,869
Total investments	2,289,230,009	3,078,044,795
Dividends receivable and accrued interest	11,080,736	11,672,596
Contributions receivable	8,584,565	8,369,431
Total assets	2,309,419,167	3,098,476,373
LIABILITIES		
Payable for collateral received under securities lending agreements	138,201,569	347,037,914
Benefits payable and other liabilities	25,218,403	132,637,020
Total liabilities	163,419,972	479,674,934
Net assets held in trust for pension benefits	$ 2,145,999,195	$ 2,618,801,439

EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
ADDITIONS		
Contributions:		
Employer	$ 109,567,014	$ 117,686,375
Members	18,244,976	18,850,881
Total contributions	127,811,990	136,537,256
Investment Income:		
Net appreciation (depreciation) in fair value of investments	(490,726,802)	(157,001,898)
Dividends and interest	73,066,612	88,105,966
Total income (loss) from investment activities	(417,660,190)	(68,895,932)
Less investment expenses	12,669,404	14,606,891
Net income (loss) from investment activities	(430,329,594)	(83,502,823)
Income from securities lending	4,295,939	14,577,497
Less securities lending expenses	2,490,951	12,820,730
Net income from securities lending	1,804,988	1,756,767
Total additions	(300,712,616)	54,791,200
DEDUCTIONS		
Retiree benefits	123,560,071	105,368,941
Disability benefits	37,724,912	34,934,780
Survivor benefits	7,333,268	6,723,276
Refunds	668,160	672,951
Administrative expenses	2,803,217	2,557,472
Total deductions	172,089,628	150,257,420
Net increase (decrease)	(472,802,244)	(95,466,220)
Net assets - beginning of year	2,618,801,439	2,714,267,659
Net assets - end of year	$2,145,999,195	$2,618,801,439

RETIREMENT SAVINGS PLAN
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2009 AND 2008

	2009	2008
ASSETS		
Equity in County's pooled cash and investments	$ 521,775	$ 383,224
Investments	127,577,002	126,576,941
Contributions receivable	1,610,148	1,542,833
Total assets	129,708,925	128,502,998
LIABILITIES		
Accrued expenses	41,690	32,336
Net assets held in trust for pension benefits	$ 129,667,235	$ 128,470,662

RETIREMENT SAVINGS PLAN
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
ADDITIONS		
Contributions:		
Employers	$ 20,625,065	$ 13,583,208
Members	11,262,814	8,118,397
Total contributions	31,887,879	21,701,605
Investment income (loss)	(27,068,724)	(8,906,352)
Less investment expenses	25,185	26,705
Net investment income (loss)	(27,093,909)	(8,933,057)
Other income	371,852	550,434
Total additions	5,165,822	13,318,982
DEDUCTIONS		
Refunds	3,669,059	5,216,588
Administrative expenses	300,190	257,905
Total deductions	3,969,249	5,474,493
Net increase	1,196,573	7,844,489
Net assets - beginning of year	128,470,662	120,626,173
Net assets - end of year	$ 129,667,235	$ 128,470,662

DEFERRED COMPENSATION PLAN
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2009 AND 2008

	2009	2008
ASSETS		
Investments	$ 201,253,401	$ 241,093,028
Contributions receivable	1,053,538	1,025,781
Total assets and net assets held in trust for pension benefits	$ 202,306,939	$ 242,118,809

DEFERRED COMPENSATION PLAN
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
ADDITIONS		
Contributions - members	$ 18,057,590	$ 17,293,810
Investment income (loss)	(44,478,616)	(9,378,166)
Total additions	(26,421,026)	7,915,644
DEDUCTIONS		
Member refunds	13,390,844	15,714,459
Total deductions	13,390,844	15,714,459
Net increase (decrease)	(39,811,870)	(7,798,815)
Net assets - beginning of year	242,118,809	249,917,624
Net assets - end of year	$ 202,306,939	$ 242,118,809

INVESTMENT SECTION

Employees' Retirement System

EMPLOYEES' RETIREMENT SYSTEM

INVESTMENT PERFORMANCE, POLICY, STATISTICS AND ACTIVITY

The Board of Investment Trustees (Board) and the investment staff are responsible for managing the $2.1 billion fund, Employees' Retirement System (the System), invested solely in the interests of its beneficiaries. It is a significant responsibility due to the majority of the average retiree benefit coming from investment earnings on contributions from members, the County, and participating agencies. According to Wilshire Associates, a national consulting firm, the median return among U.S. public pension plans over $1 billion in size in FY 2009 was a loss of 18.58%. The System's return for the fiscal year was a loss of 15.97% net of fees, ranking in the top decile (9th percentile) of all public plans in the universe. The study also ranked the System's three-year loss of 1.07% in the top quartile (13th percentile) and its five-year return of 3.02% in the second quartile (31st percentile). The gross returns for the one-year period lagged the performance benchmark established by the Board by 23 basis points, while returns for the three-year and five-year periods both exceeded the performance benchmarks established by the Board. The key drivers of the performance for the twelve month period ending June 30, 2009 were the System's public equity, fixed income and global inflation-protected bond managers.

In the investment of public funds, adequate funding of employee retirement benefits at a reasonable and affordable cost is a paramount concern. An appropriate balance must be struck between risks taken and returns sought to ensure the long term health of the System. The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long term increases in the value of assets.

Specific investment objectives include:

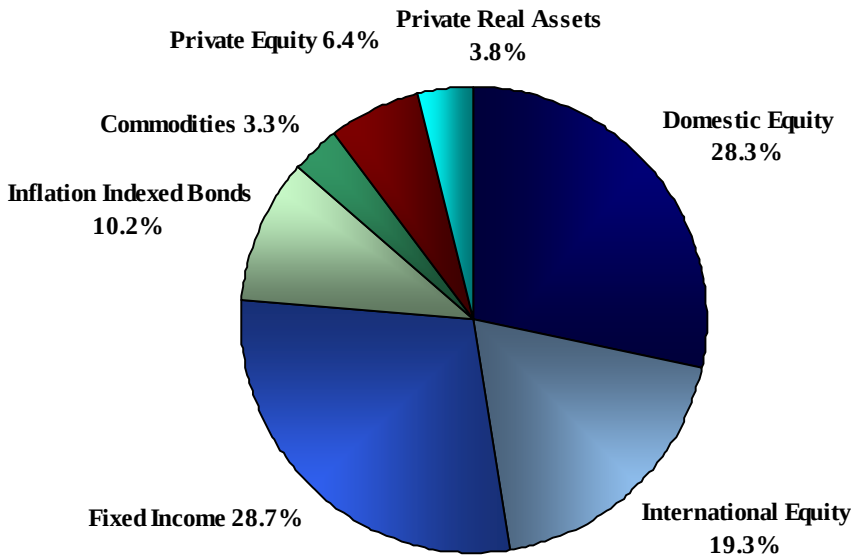
- To realize the actuarial assumed rate of return of 8 percent, annually.
- To manage portfolio risk so as to limit potential downside fluctuations in the value of the total System assets.
- To realize as high a rate of total return as possible consistent with the above.

To achieve these objectives, the following investment policies are employed:

- Allocate System assets to a broad array of investment sectors and strategies.
- Maintain the asset allocation within a range of +/-3% from the target.
- Monitor the individual investment manager's market value to ensure compliance with the Board's Manager Funding Policy.
- Evaluate the performance of all investment managers against their specific performance and style objectives, assigned risk, and the returns achieved by other similar managers.
- Evaluate the System's overall risk exposure and modify investments through rebalancing when necessary.

During FY 2009, the Board continued the implementation of a revised strategic asset allocation which will result in further diversification of the investment portfolio. Toward this goal, the Board approved the following investments during the twelve months ending June 30, 2009: commodities managers, private equity managers, and private real assets managers. The Board also hired a consultant to assist in building a program of direct private equity fund investments.

ASSET ALLOCATION – JUNE 30, 2009



INVESTMENT PERFORMANCE SUMMARY

	ANNUALIZED DATA FOR PERIOD ENDING JUNE 30, 2009		
	1 Year	**3 Year**	**5 Year**
Total Fund Time-Weighted Returns			
MCERS	(15.81) %	(0.76) %	3.36 %
Policy Benchmark	(15.58)	(1.57)	2.69
Total Domestic Equities Return			
MCERS	(27.24)	(7.28)	(0.78)
Russell 3000	(26.56)	(8.35)	(1.84)
Total Private Equities Return			
MCERS	(18.80)*	(3.60)*	(1.60)*
Russell 3000 + 300 Bpts	(23.30)*	(11.40)*	(9.70)*
Total International Equities			
MCERS	(22.95)	(1.02)	7.24
MSCI All Country World X US	(30.92)	(5.80)	4.48
Total Private Real Assets			
MCERS	(24.73)*	(11.70)*	N/A
CPI + 500 Bpts	3.68**	6.19**	N/A
Total Fixed Income			
MCERS	(0.08)	3.13	3.48
Policy Benchmark	4.24	5.41	4.85
Total Global Inflation Index Bonds			
MCERS	(0.91)	6.28	6.44
Custom IIB Benchmark	1.50	5.53	5.61

Return data for the System was calculated on a time weighted basis (except where noted). Returns shown are provided by the System's custodian bank, The Northern Trust Company. Valuations are based on published national securities exchange prices, where available, and all valuations are reconciled between the various investment managers and the custodian bank. Returns are gross of fees paid to investment managers except where noted.

*Returns computed on dollar-weighted basis and are net of investment management fees.

** Benchmark comparison is not meaningful at this time due to the short investment history of the System private real assets program.

PORTFOLIO HIGHLIGHTS

PUBLIC EQUITY

The market value of the total Public Equity Portfolio as of June 30, 2009 represented approximately 47.6% of the total fund, split between Domestic Equity at 28.3% and International Equity at 19.3%. The Domestic Equity Portfolio underperformed the Russell 3000 Benchmark by 0.68% for the one year ending June 30, 2009. The equity markets rebounded strongly in early March after their lengthy and severe decline which started in the first half of the fiscal year. The markets continued to rally during the last quarter of the fiscal year with smaller capitalization stocks outperforming their larger counterparts.

The International Equity Portfolio was allocated as follows: 78.3% EAFE, 17.0% emerging markets (EM) and 4.7% passive. The international developed and emerging markets ended the fiscal year in negative territory, mirroring the performance of the domestic markets. However, the international markets rebounded strongly during the last four months, especially the EM, as they were less affected by the global financial crisis. The International Equity Portfolio utilizes risk-controlled active currency strategies that attempt to capitalize on currency market inefficiencies by taking long and short currency positions based on their fundamental attractiveness. The notional value of these strategies totaled $500 million as of June 30, 2009. The International Equity Portfolio outperformed the MSCI ACWI ex US Benchmark by 7.97% for the one year ending June 30, 2009.

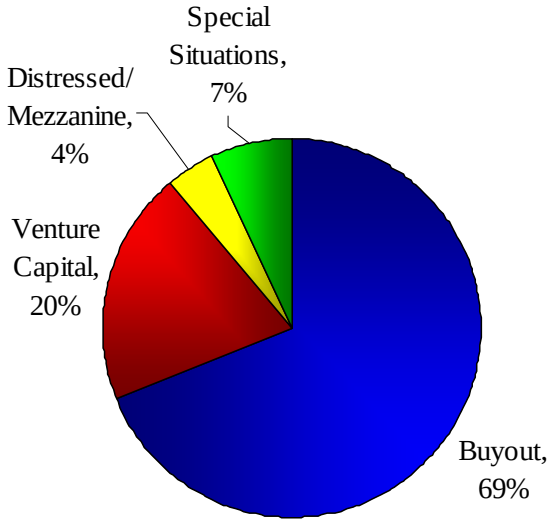
Equity: Top 15 Holdings

The top 15 holdings in the Public Equity Portfolio comprised 3.1% of ERS assets at June 30, 2009. In comparison to the top 15 holdings of last year, Exxon Mobil, Microsoft, Fresenius, Novartis, Total, BNP Paribas, and Li & Fung remained and Heineken, JPMorgan Chase, Inditex, Wells Fargo, Schneider Electric, Terumo Corp, and Vestas Wind System were added.

Equity	Shares	Value
Johnson & Johnson	103,420	$ 5,874,256
BNP Paribas	86,478	5,610,050
Exxon Mobil Corp	76,100	5,320,151
Microsoft Corp	219,650	5,221,081
Heineken NV	125,532	4,655,488
JPMorgan Chase & Co	127,253	4,340,600
Total	76,855	4,148,170
Inditex	84,369	4,043,684
Fresenius	74,828	4,039,814
Novartis AG	99,137	4,014,522
Wells Fargo & Co	162,290	3,937,155
Schneider Electric	51,115	3,893,118
Terumo Corp	87,800	3,876,540
Li & Fung	1,398,800	3,754,174
Vestas Wind System	51,759	3,709,466

PRIVATE EQUITY

The System began investing in private equity in 2003 to achieve returns greater than those available in the public equity markets and to gain exposure to diversified alpha sources. At June 30, 2009, the Private Equity Portfolio comprised 6.4% of total fund assets. Approximately 55% of the dollars committed have been called. The Private Equity program seeks to outperform the Russell 3000 Index by 3% annually. System returns are calculated on a dollar-weighted or internal rate-of-return basis, and the annualized return since inception (2003) through June 30, 2009 was -1.7%. By comparison, the dollar-weighted return for the Russell 3000 Index plus 3% for the same period was -9.4%.

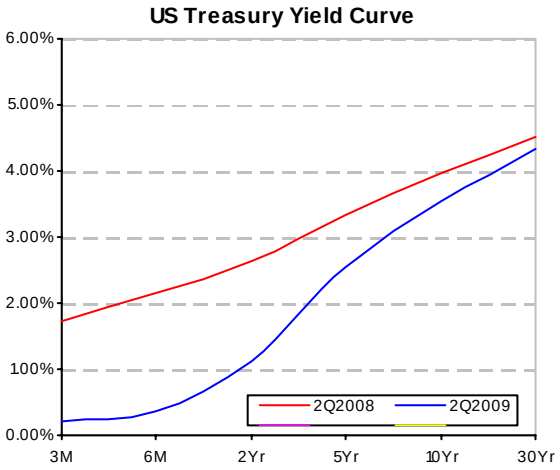


During the fiscal year, low credit availability and economic uncertainty caused investment activity to slow substantially across the private equity industry. Fundraising activity was sluggish, as many large private equity investors with mature portfolios faced difficulties managing liquidity and over-allocations to the asset class.

PORTFOLIO HIGHLIGHTS

FIXED INCOME

The System invests a portion of its portfolio in fixed income securities to reduce total fund volatility, produce income and provide a measure of protection in the event of a slowing economic environment, where these lower volatility assets should provide downside protection. The market value of the Fixed Income Portfolio as of June 30, 2009 represented approximately 28.7% of the total fund. The Fixed Income Portfolio declined 0.08%, underperforming the benchmark return of 4.24% during the fiscal year. Returns were weak as the credit crisis led to a crisis of confidence and flight to quality. Treasury yields reached their lowest levels in 50 years and spreads in all sectors, including investment grade credits, widened to historic levels.



The last twelve months have been a period of significant volatility in fixed income markets. The change in the US Treasury Yield Curve (see above) reflects a massive flight to the safety and liquidity of US Treasury Bills. The Federal Reserve cut the Fed Funds rate down to a target range of 0% to 0.25% and instituted quantitative easing measures to keep longer interest rates low in an effort to stimulate the economy. In the first half of FY09, the markets experienced limited liquidity and deleveraging which resulted in spreads widening dramatically across all sectors, with many bonds trading at distressed levels. The second half of FY 2009 began to see some spread tightening on improved fundamentals and investor sentiment.

Fixed Income: Top 15 Holdings

Fifteen Largest Fixed Income Holdings	Interest Rate	Maturity Date	Fair Value
United States Treasury Notes	3.125 %	May 15, 2019	$ 18,860,205
Federal National Mortgage Association Single Family Mortgage 30 year	6.000	May 1, 2038	10,157,529
Federal National Mortgage Association Pool 15 Year Participation Certificate	5.000	May 1, 2036	8,846,237
United States Treasury Notes	2.625	June 30, 2014	7,894,633
Federal Home Loan Mortgage Corporation	2.500	April 23, 2014	6,534,882
United States Treasury Bonds	6.250	August 15, 2023	6,389,066
France Index Linked Government Bonds	2.250	July 25, 2020	5,735,899
Federal National Mortgage Assn. Single Family Mortgage 15 year	5.500	May 1, 2034	5,720,659
Canada Index Linked Government Bonds	4.000	December 1, 2031	5,203,554
Canada Index Linked Government Bonds	4.250	December 1, 2021	4,719,426
Canada Index Linked Government Bonds	4.250	December 1, 2026	4,641,413
United States Treasury Notes	1.250	November 30, 2010	4,593,653
France Index Linked Government Bonds	1.600	July 25, 2011	4,442,498
Italy Index Linked Government Bonds	2.500	September 15, 2012	4,385,760
France Index Linked Government Bonds	2.500	July 25, 2013	4,356,580

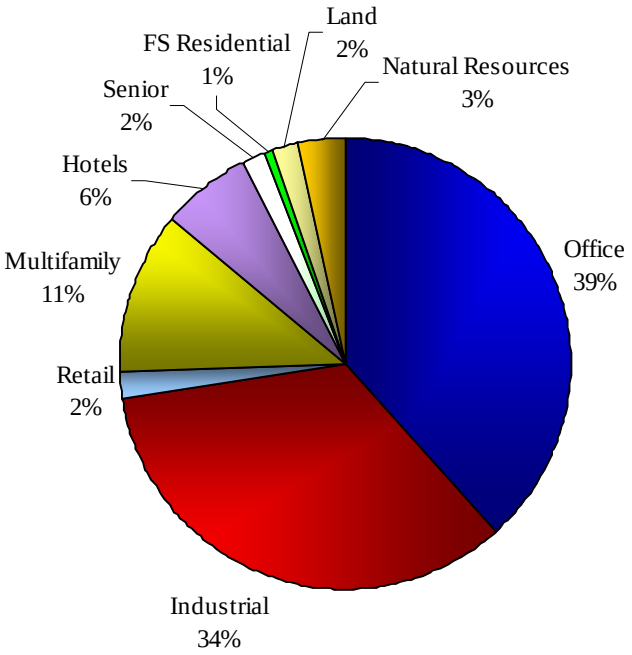
A complete list of the portfolio holdings can be obtained by contacting the Board of Investment Trustees office.

PORTFOLIO HIGHLIGHTS

REAL/INFLATION HEDGE ASSETS

Private Real Assets

The System began investing in value-added and opportunistic private real estate and natural resources in 2006 to attain real returns less correlated with the broad securities markets. Returns are computed on a dollar-weighted or internal rate-of-return basis, and from inception to June 30, 2009 the investments generated an annualized loss of 12.0%. By comparison, the dollar-weighted return for the benchmark CPI + 5% for the same period was a gain of 6.9%. The Private Real Assets Portfolio comprised 3.8% of the ERS portfolio at June 30, 2009 with approximately 53% of the total capital committed to private real assets being contributed.



In the fiscal year, commercial real estate, a lagging economic indicator, showed weakening fundamentals as higher unemployment, lower consumer spending, and diminished world trade caused increased vacancies and lower rents. Low credit availability was a contributing factor to a dramatically reduced level of transactions. Natural resources properties were hurt by significantly lower commodities prices, though astute operators may have hedged some of this risk at last year's higher prices.

Global Inflation-Indexed Bonds

The System allocates a portion of fund assets to inflation-indexed bonds which provide protection against inflation risk as well as providing a diversified return stream to manage volatility. The Inflation-Indexed Bond Portfolio represented 10.2% of the total fund. The Portfolio, which also includes an absolute return fund, declined 0.91% during the fiscal year, underperforming the benchmark by 2.41%.

The returns on Global IL bonds were mixed but positive overall during the fiscal year. Performance of our portfolio was detracted by opportunistic allocations to emerging market debt, US equities and certain currency positions through the manager's actively managed portfolio.

Inflation-Indexed Bonds - Country Exposures		
United States	40.6	%
Euroland	28.4	
United Kingdom	15.6	
Sweden	5.4	
Canada	10.0	

PORTFOLIO HIGHLIGHTS

Commodities

The System began investing in commodities in January 2009 to further diversify the portfolio to reduce risk and to provide a hedge against unexpected inflation. The Commodities Portfolio represented 3.3% of the total fund as of June 30, 2009. The Portfolio returned 7.83%, outperforming the benchmark by 3.21% since inception.

The significant correction in commodity prices, which began in the first half of the fiscal year, came to a halt at the beginning of March when the commodity markets reached an interim bottom. The last quarter of the fiscal year witnessed a powerful rebound in commodity prices driven by strong demand, especially from emerging countries. Our Commodities Portfolio benefited from active sector allocation decisions.

INVESTMENT MANAGERS

The diversified investment structure as of June 30, 2009 is reflected in the following table, which lists MCERS managers by investment sector and style.

Public Equity	Investment Style
Domestic Equity	
BGI Russell 1000 Fund*	Russell 1000 Index
RhumbLine Advisors	Russell 1000 Index
Numeric Investors*	Amplified Core
JP Morgan*	Large Cap Core Plus
Systematic Financial Mgt.	Large Cap Value
Goldman Sachs	Large Cap Growth
Wellington	Small Cap Value
Numeric Investors	Small Cap Growth
Fidelity Investments*	Various
International Equity	
Marathon	EAFE
Gryphon	EAFE
Mondrian*	Emerging Markets
BGI EAFE Fund*	EAFE Index

Foreign Currency	Investment Style
First Quadrant*	Foreign Currency
FX Concepts*	Foreign Currency

Commodities	Investment Style
OFI Institutional*	Active
Schroder Investment Mgt.*	Active

Private Equity	Investment Style
Adams Street*	Fund-of-Funds
HarbourVest*	Fund-of-Funds
Landmark*	Fund-of-Funds
Odyssey Investment Ptrs.*	Buyouts
Pomona Capital*	Fund-of-Funds

Private Real Assets	Investment Style
TA Associates*	Value-Added
AEW Capital*	Opportunistic
FLAG Capital Management*	Fund-of-Funds

Fixed Income	Investment Style
JP Morgan	Core Plus
BlackRock	Core Plus
STW	Long Duration
Nomura	High Yield
Loomis Sayles	High Yield
BGI US Debt Fund*	BC US Aggregate Index

Inflation-Indexed Bonds	Investment Style
Bridgewater*	Inflation Indexed Bonds

* Pooled Funds

PORTFOLIO HIGHLIGHTS

PUBLIC EQUITY COMMISSIONS

JULY 1, 2008 THROUGH JUNE 30, 2009

Brokers		Commissions (thousands)
Liquidnet Inc.	$	123
Credit Suisse First Boston Corporation		118
Morgan Stanley & Co., Inc.		69
Spear Leeds & Kellogg		68
Merrill Lynch Pierce Fenner & Smith, Inc.		64
Investment Technology Group, Inc.		54
Citigroup Global Markets		28
Bernstein, Sanford & Co., Inc.		28
Instinet		27
Other Brokers (152 brokers)		487
Total	$	1,066

MONTGOMERY COUNTY
17 76
GARDEZ BIEN
MARYLAND

ACTUARIAL SECTION

Employees' Retirement System

Douglas L. Rowe, FSA, MAAA, EA
Principal

MERCER
MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

120 East Baltimore Street, 20th Floor
Baltimore, MD 21202-1674
410 347 2806 Fax 410 727 3347
doug.rowe@mercer.com
www.mercer.com

November 9, 2009

Board of Investment Trustees
Montgomery County Government Retirement System
101 Monroe Street
Rockville, MD 20850

Subject: July 1, 2009 Actuarial Valuation Report

Dear Members of the Board:

Mercer annually performs an actuarial valuation of the Montgomery County Employees' Retirement System. The most recent actuarial valuation performed was as of July 1, 2009. The actuarial valuation report was prepared exclusively for the following purposes:

- Review experience under the Plan for the year ending June 30, 2009
- Determine the liabilities of the Plan as of July 1, 2009
- Determine the contribution to be paid biweekly during the fiscal year ending June 30, 2011

The actuarial information in this letter is provided in detail in our valuation report.

Valuation Results

Sections II through IV of the valuation report detail the results of the 2009 valuation, including a breakdown by employee group and plan. This valuation uses the same demographic assumptions as those used in the 2008 valuation.

County Contributions

Contributions are computed using the Projected Unit Credit method of funding. The objective of this method is to fund each participant's benefits under the Plan, as they would accrue, taking into consideration future salary increases. Thus, the total pension to which each participant is expected to become entitled is broken down into units; each associated with a year of past or future credited service.

If all actuarial assumptions are met in the future and if there are no plan changes, the County contribution as a percentage of the payroll covered by this plan may begin to slowly decrease. This is because the closure of the plans to new non-public safety members, which had been in effect for many years, ended effective July 1, 2009. Current and future members of the defined contribution plan are able to elect to participate in the Guarantee Retirement Income Plan, a cash balance form of benefits in this plan.

The July 1, 2009 actuarial valuation sets the County's contribution rates for the fiscal year ending June 30, 2011. The rates are set separately for public safety and non-public safety employee groups and will be applied to each group's total covered payroll for the fiscal year 2011. Thus, the exact dollar amount of the required contribution will not be known until the end of the fiscal year 2011. The contribution rates for fiscal year 2011 were determined based on the total payroll at July 1, 2009, with the understanding that no general wage adjustments were given for FY10.

MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

November 9, 2009
Board of Investment Trustees
Montgomery County Government Retirement System

Investments

During the 2008-2009 plan year, the rate of return after investment expenses on the market value of assets was -16.5%. On a market value basis, the return was $636.3 million less than the 8% assumed rate of return. This $636.3 million loss is phased in over a five-year period. Gains and losses from 2008-2009 and prior years produced a net loss on an actuarial value of assets basis. As of July 1, 2009, net investment losses of $590.0 million had not yet been recognized in the actuarial value of assets.

The 2009 valuation was based on an actuarial value of assets of $2,736,010,044.

We used and relied on the financial information provided by the County without further audit.

Aetna Contract

The value of the Aetna non-participating group-annuity contract is excluded from all calculations.

Plan Provisions

The July 1, 2009 valuation reflects the plan changes applicable to groups A, E, F, G and H. The following plan changes were effective July 1, 2009.

Imputed Pay:

- Employees on July 1, 2009 in groups A, E, and H receive benefits as if their gross pay increased 4.50% on July 1, 2009 and remained 4.50% higher than actual pay for the remainder of their careers. This does not include benefits that are based on employee contributions.

- Employees on July 1, 2009 in group F receive benefits as if their gross pay increased 4.25% on July 1, 2009 and remained 4.25% higher than actual pay for the remainder of their careers. This does not include benefits that are based on employee contributions.

- Employees on July 1, 2009 in group G receive benefits as if their gross pay increased 4.00% on July 1, 2009 and remained 4.00% higher than actual pay for the remainder of their careers. This does not include benefits that are based on employee contributions.

Participant Data

Between June 30, 2008 and June 30, 2009, there was a 0.3% decrease in the number of plan members. While the number of active members decreased by 0.9%, from 5,060 to 5,012, the total payroll stayed flat at $376.0 million.

Aetna provided the retiree data, including benefits. The County provided data on active and terminated vested members. We have used and relied on participant data submitted by Aetna and the

County. These data customarily would not be verified by a plan's actuary. We have reviewed the participant data for internal consistency and we have no reason to doubt its substantial accuracy.

Supplementary Information

The July 1, 2009 actuarial valuation report also provides supplemental information, including the schedule of funding progress. This schedule is presented in the financial section of this Comprehensive Annual Financial Report (CAFR). This information is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and to provide a means for making comparisons with other public employee retirement systems.

The County extracted the information from the July 1, 2009 valuation report for the following schedules in the actuarial section and the statistical section of this CAFR.

- Summary of Results
- System Contribution
- Membership
- Actuarial Assumptions and Methods
- Solvency Test

Actuarial Certification

A valuation report is a snapshot of a plan's estimated financial condition at a particular point in time; it does not predict a pension plan's future financial condition or its ability to pay benefits in the future. Over time, a plan's total cost will depend on a number of factors, including the amount of benefits the plan pays, the number of people paid benefits, plan expenses and the amount earned on any assets invested to pay the benefits. These amounts and other variables are uncertain and unknowable at the valuation date, but are predicted to fall within a reasonable range of possibilities.

To prepare the valuation, actuarial assumptions, as described in this CAFR, are used to select a single scenario from a range of possibilities. The results of that single scenario are included in the valuation report. However, the future is uncertain and the plan's actual experience will differ from those assumptions; these differences may be significant or material. In addition, different assumptions or scenarios may also be within the reasonable range and results based on those assumptions would be different. Actuarial assumptions may also be changed from one valuation to the next because of changes in mandated requirements, plan experience, changes in expectations about the future and other factors. Due to the limited scope of our assignment, we did not perform, nor do we present, an analysis of the potential range of future possibilities and scenarios. The actuarial assumptions are approved by the County.

Because actual plan experience will differ from the assumptions, decisions about benefit changes, investment policy, funding amounts, benefit security and/or benefit-related issues should be made

November 9, 2009
Board of Investment Trustees
Montgomery County Government Retirement System

only after careful consideration of alternative future financial conditions and scenarios, and not solely on the basis of a valuation report or reports.

We have used and relied on the plan provisions, including amendments, supplied by County. The summary of plan provisions from our July 1, 2009 valuation report is available from the Retirement System upon request. The County is solely responsible for the accuracy, validity and completeness of this information. If the data or plan provisions supplied are not accurate and complete, the valuation results may differ significantly from the results that would be obtained with accurate and complete information; this may require a later revision of this report.

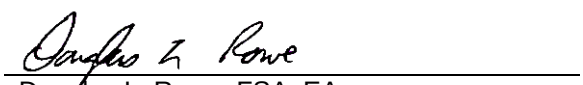
Neither the July 1, 2009 valuation report nor the information extracted from that report for this CAFR may be relied upon for any other purpose or by any party other than the Montgomery County or its auditors solely for the purpose of completing an audit related to the matters described. Mercer is not responsible for the consequences of any unauthorized use.

To the best of our knowledge and belief, this report is complete and accurate and all costs, liabilities and other factors under the plan were determined in accordance with generally accepted actuarial principles and procedures. The costs are calculated using an actuarial cost method that we believe is appropriate. The actuarial assumptions are reasonable in our opinion and represent our best estimate of the anticipated experience under the Plan. The information provided has been determined in accordance with the provisions of Statement Numbers 25 and 27 of the Governmental Accounting Standards Board. This valuation is based on assumptions, plan provisions, methods and other parameters as summarized in this report. If this information is inaccurate or incomplete or does not reflect current statutes, regulations or County directives, the reader of this report should not rely on the valuation results and should notify Mercer promptly. In our opinion, this report fully and fairly discloses the actuarial position of the plan on an ongoing basis.

Professional qualifications

I am available to answer any questions on the material in this report or to provide explanations or further details as appropriate. The undersigned credentialed actuary meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report. I am not aware of any direct or material indirect financial interest or relationship, including investments or other services that could create a conflict of interest, that would impair the objectivity of my work.

Respectfully submitted,



Douglas L. Rowe, FSA, EA

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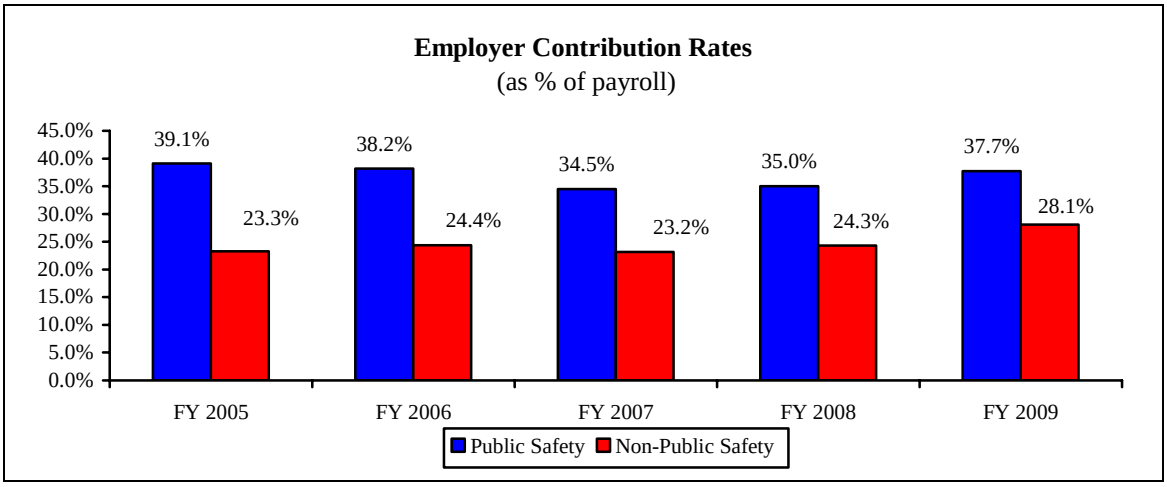
SUMMARY OF VALUATION RESULTS
EMPLOYEES' RETIREMENT SYSTEM

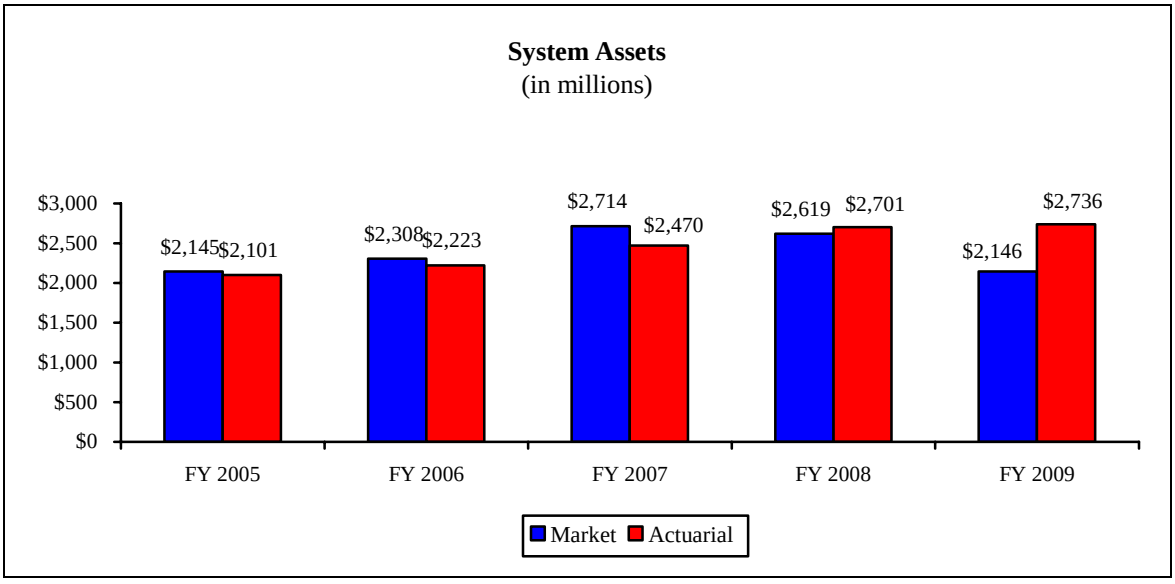
A. Overview

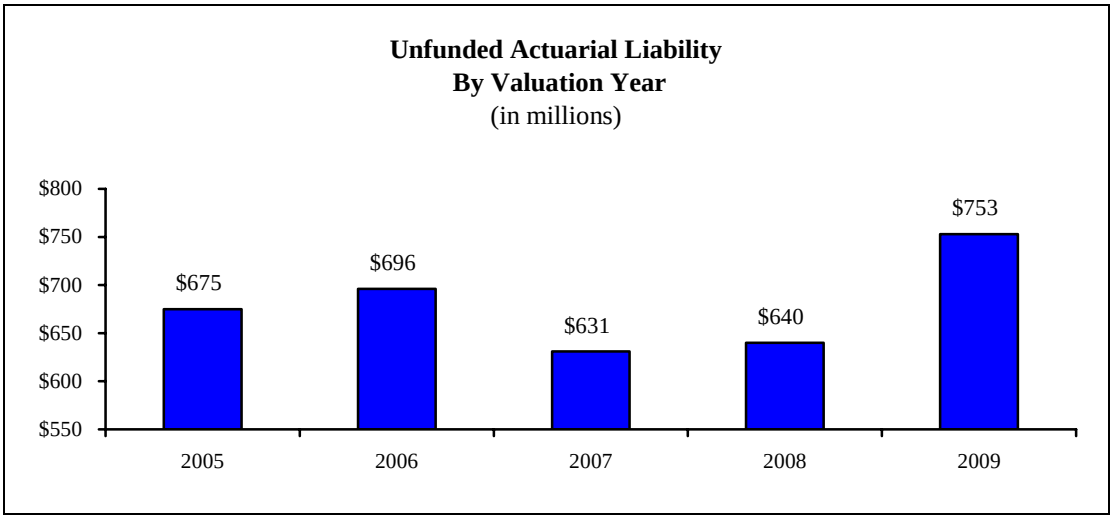
This report presents the results of our June 30, 2009 actuarial valuation of the Montgomery County Employees' Retirement System.

The major findings of the valuation are summarized in the following charts:

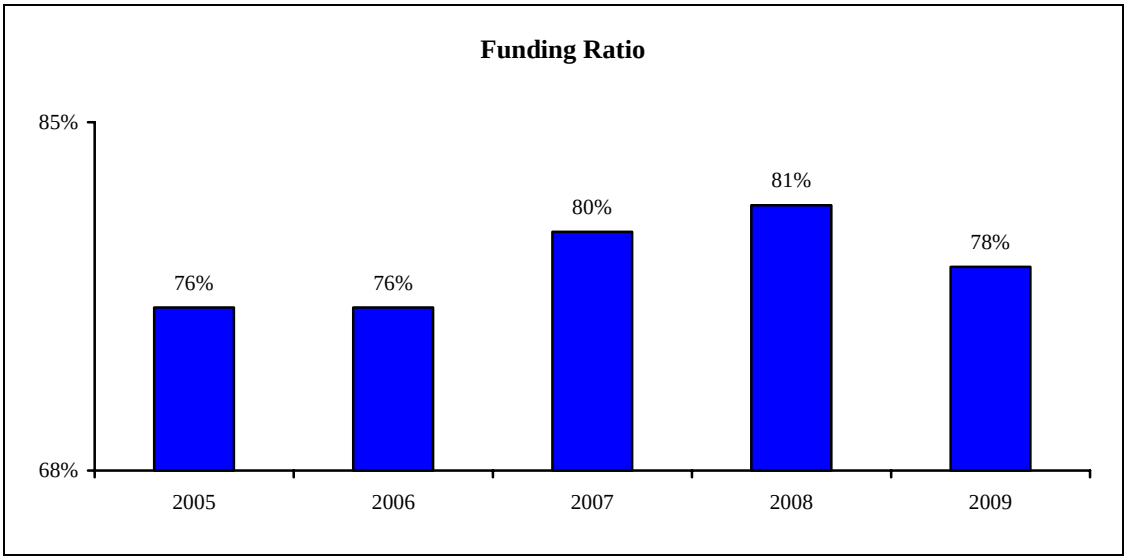


The change in the employer contribution rate in FY 2009 was due to actual System experience versus actuarial assumptions.





The unfunded actuarial liability increased in FY 2009 due to changes in plan benefits, normal cost, interest, and contributions.



The ratio of actuarial assets to the actuarial accrued liability decreased by 3% in FY09.

B. Summary of Results

	July 1, 2008	July 1, 2009
Actuarial Liability		
a. Active Members	$ 1,494,033,391	$ 1,596,725,763
b. Retired Members and Beneficiaries	1,821,698,565	1,851,383,029
c. Vested Former Members	25,817,469	40,948,767
d. Total	$ 3,341,549,425	$ 3,489,057,559
Valuation Assets	$ 2,701,119,470	$ 2,736,010,044
Unfunded Actuarial Liability	$ 640,429,955	$ 753,047,515
Normal Cost		
a. Gross Normal Cost	$ 74,273,903	$ 77,017,229
b. Anticipated Employee Contributions	$ 17,559,022	$ 17,368,159
c. County Normal Cost (a -b)	$ 56,714,881	$ 59,649,070
Amortization Payment	$ 57,413,839	$ 66,994,871
County Contribution at date shown	$ 114,128,720	$ 126,643,941
County FY 2009/FY 2010 Contribution (as a % of covered payroll)		
Public Safety Employee	35.01%	37.72%
Non-Public Safety Employees	24.25%	28.08%

C. Valuation Highlights

1. System Assets

As of June 30, 2009, the System had assets, valued at market, of $2.146 billion, as compared to $2.619 billion at June 30, 2008. The decrease of $473 million was attributable to the following:

a. An increase of $128 million from employer and employee contributions;
b. A decrease of $429 million from investment loss; and
c. A decrease of $172 million due to the payment of benefits to System participants and administrative expenses.

When measured on an actuarial basis, System assets were $2.736 billion at June 30, 2009, and $2.701 billion at June 30, 2008. The asset valuation method smoothes the fluctuations generated by intermittent market gains and losses. This method phases-in investment gains and losses arising during and after the 1994 fiscal year over a five-year period from the date established. Effective July 1, 1997, the calculation of the actuarial value of assets was changed to exclude the present value of estimated accrued contributions.

2. System Liabilities

The Unfunded Actuarial Liability increased $113 million, from $640 million at July 1, 2008, to $753 million at July 1, 2009, as follows:

Actual Unfunded Liability at beginning of year	$	640,429,955
Actual Unfunded Liability at end of year		753,047,515
Increase in Actual Unfunded Liability	$	(112,617,560)

The increase in Actual Unfunded Liability for the year ended June 30, 2009, is comprised of the following:

Increase due to loss on actuarial value of assets	$	(135,184,312)
Decrease due to demographic gain and other factors		82,896,965
Decrease due to normal cost, interest and contributions		6,896,798
Increase due to plan changes		(67,227,011)
Increase in Actual Unfunded Liability	$	(112,617,560)

3. System Contributions

Contributions to the System include a "normal cost" rate which covers the portion of projected liabilities related to service of members. In addition, an amortization payment is made to fund the unfunded liability related to changes made to benefits in previous years which are being funded over a specific period of time.

The increase in the employer contribution rate is attributable to the following:

	Public Safety		Non-Public Safety	
Employer contribution rate - June 30, 2008	35.01	%	24.25	%
Increase due to gain on actuarial value of assets	3.00		2.50	
Decrease due to actuarial gains & losses	(2.62)		(0.83)	
Increase due to plan changes	2.32		2.15	
Employer contribution rate - June 30, 2009	37.71	%	28.07	%

4. Membership

The active membership of the System decreased from 5,060 at June 30, 2008 to 5,012 at June 30, 2009. The System was closed to all new employees hired after October 1, 1994, except public safety bargaining unit employees. Inactive members, including retirees and beneficiaries, increased from 5,306 at June 30, 2008 to 5,379 at June 30, 2009 and the number of former members with vested rights decreased from 505 to 452.

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
EMPLOYEES' RETIREMENT SYSTEM

A. Funding Method

The funding method used for the System's valuation is the "projected unit credit" actuarial cost method. The objective of this method is to allocate the total pension benefit to which each participant is expected to become entitled at retirement to the participant's past and future service. The allocation is accomplished by applying the plan's accrual formula to projected final salary at retirement. An actuarial liability is calculated at the valuation date as the present value of benefits allocated to service prior to that date. The unfunded actuarial liability at the valuation date is the excess of the actuarial liability over the assets of the System.

B. Actuarial Value of Assets

The actuarial value of assets is used for purposes of determing the County's contribution to the System. The asset adjustment method dampens the volatility of asset values that could occur because of short term fluctuations in market conditions. Use of an asset smoothing method is consistent with the long term nature of the actuarial valuation process. Assets are valued at market value but with a phase-in of investment gains and losses arising after July 1, 1994, over a 5-year period. The gains and losses are net of expenses. Effective July 1, 1997, the calculation of the actuarial value of assets does not include the present value of accrued contributions.

ACTUARIAL ASSUMPTIONS AND METHODS
EMPLOYEES' RETIREMENT SYSTEM

A. Demographic Assumptions

1. Mortality

RP2000 projected 10 years, separate tables for males and females
Annual Deaths per 1,000 Members

Age	Male Deaths	Female Deaths	Age	Male Deaths	Female Deaths
20	0	0	65	11	9
25	0	0	70	19	16
30	0	0	75	33	26
35	1	0	80	58	43
40	1	1	85	103	73
45	1	1	90	176	128
50	2	1	95	262	191
55	3	3	100	341	235
60	6	5	105	398	293

2. Termination of Employment (prior to retirement eligibility)

Annual Terminations per 1,000 Members

Years of Service	Non-Public Safety	Public Safety
0 – 4	35	80 – 29
5 – 9	35	22 – 14
10 – 14	17	13 – 6
15 – 19	17 – 11	5 – 3
20 – 25	11 – 6	2
26+	6	NA

It is assumed that 15% of all vested participants who terminate elect to receive a refund of their contributions with interest instead of a deferred benefit regardless of their age when they terminate employment.

3. Disability

	Annual Disabilities per 1,000 Members			
	Non-Public Safety Employees		Public Safety Employees	
Age	Male	Female	Male	Female
20	1	1	1	1
25	2	1	3	3
30	2	2	6	8
35	3	3	8	12
40	3	3	10	16
45	6	3	19	22
50	7	5	32	29
55	5	6	39	31
60	9	6	47	32
65	0	0	0	0

4. Deaths

	Annual Deaths per 1,000 Disabled Members	
Age	Male	Female
20	0	0
25	0	0
30	1	0
35	1	1
40	2	1
45	2	2
50	4	3
55	7	5
60	13	10
65	22	17

5. Retirement

Age	Non-Public Safety Employees	Public Safety Employees Other than Group G
Under 40	0%	3%
41	0%	3%
42	0%	3%
43	0%	3%
44	0%	3%
45	1%	3%
46	1%	20%
47	1%	20%
48	1%	20%
49	1%	20%
50	5%	30%
51	5%	30%
52	5%	30%
53	5%	30%
54	5%	30%
55	20%	75%
56	20%	75%
57	20%	75%
58	20%	75%
59	20%	75%
60	15%	100%
61	15%	100%
62	15%	100%
63	15%	100%
64	15%	100%
65	50%	100%
66	50%	100%
67	75%	100%
68	100%	100%
69	100%	100%
70	100%	100%

Note: Rates apply only when an employee is eligible to retire based on age and service.

6. Sick Leave Credit

Sick leave: Service credit is increased by 2.5% to account for additional credit from unused sick leave. Sick leave is capped at 2 years.

7. Marital assumption

80% of active participants are assumed to be married. Women are assumed to be three years younger than their spouses**.**

8. Assumption Changes

In October 2005, the System's actuary, Mercer Human Resource Consulting completed an experience study of the actuarial assumptions used for the five-year period ending June 30, 2005. All recommended assumptions were approved by management at that time.

B. Economic Assumptions

1. Investment Return: 8.0% compound per annum
2. Cost-of-Living Increases: 3.5% compound per annum
3. Increase in Social Security Wage Base: 4.5% compound per annum
4. Expense load: Anticipated administrative expense equal to the average of the prior three years of administrative expenses. For FY2011 this figure is $2,323,333.
5. Salary Increase: Merit and promotional increases assumed to be based on age as shown below:

Age	Salary Scale
18 – 34	7.50%
35 – 44	6.50%
45 onwards	4.75%

ANALYSIS OF FINANCIAL EXPERIENCE

Gains and Loss in Accrued Liability During Years Ended June 30
Resulting from Differences Between Assumed Experience and Actual Experience

Type of Activity	2006	2007	2008	2009
Investment gain (loss)	$ (20,801,336)	$ 84,209,271	$ 47,850,027	$ (135,184,312)
Combined liability experience	(62,484,214)	(27,653,662)	(33,474,433)	79,021,213
Gain (loss) during year	$ (83,285,550)	$ 56,555,609	$ 14,375,594	$ (56,163,099)

SOLVENCY TEST

Aggregate Accrued Liability

Valuation Date	(1) Active Members Contributions	(2) Retirees, Vested Terms, Beneficiaries	(3) Active Members (Employer Financed Portion)	Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets (1)	(2)	(3)
6/30/2003	$ 155,686,014	$ 1,247,359,872	$ 1,008,446,838	$ 2,029,314,438	100 %	100 %	62 %
6/30/2004	160,523,789	1,354,272,329	1,046,532,114	2,045,098,796	100	100	51
6/30/2005	166,078,802	1,426,030,001	1,182,938,609	2,100,532,623	100	100	43
6/30/2006	177,391,695	1,578,703,590	1,162,240,788	2,222,724,295	100	100	40
6/30/2007	187,104,227	1,661,692,386	1,251,841,110	2,469,933,200	100	100	50
6/30/2008	186,171,030	1,847,516,034	1,307,862,361	2,701,119,470	100	100	51
6/30/2009	200,669,572	1,892,331,796	1,396,056,191	2,736,010,044	100	100	46

SCHEDULE OF RETIREES AND SURVIVORS
During Years Ended June 30

	New Retirees and Disableds	Survivors	Total
July 1, 2003	**4,020**	**350**	**4,370**
New retirements & disabilities	304	0	304
Deaths with beneficiaries	(26)	26	0
Deaths/benefits ended	(99)	(16)	(115)
July 1, 2004	**4,199**	**360**	**4,559**
New retirements & disabilities	216	0	216
Deaths with beneficiaries	(20)	20	0
Deaths/benefits ended	(99)	(11)	(110)
July 1, 2005	**4,296**	**369**	**4,665**
New retirements & disabilities	266	0	266
Deaths with beneficiaries	(22)	22	0
Deaths/benefits ended	(57)	(26)	(83)
July 1, 2006	**4,483**	**365**	**4,848**
New retirements & disabilities	242	0	242
Deaths with beneficiaries	(22)	22	0
Deaths/benefits ended	(67)	(26)	(93)
July 1, 2007	**4,636**	**361**	**4,997**
New retirements & disabilities	382	0	382
Deaths with beneficiaries	(28)	28	0
Deaths/benefits ended	(64)	(9)	(73)
July 1, 2008	**4,926**	**380**	**5,306**
New retirements & disabilities	186	0	186
Deaths with beneficiaries	(24)	24	0
Deaths/benefits ended	(95)	(18)	(113)
July 1, 2009	**4,993**	**386**	**5,379**

SCHEDULE OF ANNUAL ALLOWANCE
During Years Ended June 30

	New Retirees and Disableds	Survivors	Total
July 2003	**$ 105,733,166**	**$ 4,406,205**	**$ 110,139,371**
Average Annual Allowance	26,302	12,589	25,204
Annual Allowances Added to the Rolls	11,570,789	572,318	12,143,107
Annual Allowances Removed From the Rolls	(2,180,663)	(308,637)	(2,489,300)
July 2004	**$ 115,123,292**	**$ 4,669,886**	**$ 119,793,178**
Average Annual Allowance	27,417	12,972	26,276
Annual Allowances Added to the Rolls	10,396,825	797,535	11,194,360
Annual Allowances Removed From the Rolls	(1,963,577)	(313,742)	(2,277,319)
July 2005	**$ 123,556,540**	**$ 5,153,679**	**$ 128,710,219**
Average Annual Allowance	28,761	13,967	27,591
Annual Allowances Added to the Rolls	14,424,755	305,259	14,730,014
Annual Allowances Removed From the Rolls	(1,611,828)	(127,575)	(1,739,403)
July 2006	**$ 136,369,467**	**$ 5,331,363**	**$ 141,700,830**
Average Annual Allowance	30,419	14,606	29,229
Annual Allowances Added to the Rolls	10,498,059	580,630	11,078,089
Annual Allowances Removed From the Rolls	(2,335,705)	(478,216)	(2,813,321)
July 2007	**$ 144,531,821**	**$ 5,433,777**	**$ 149,965,598**
Average Annual Allowance	31,176	15,052	30,011
Annual Allowances Added to the Rolls	20,518,024	1,056,444	21,574,468
Annual Allowances Removed From the Rolls	(2,344,133)	(422,864)	(2,766,997)
July 2008	**$ 162,705,712**	**$ 6,067,357**	**$ 168,773,069**
Average Annual Allowance	33,030	15,467	31,808
Annual Allowances Added to the Rolls	4,887,240	453,616	5,340,856
Annual Allowances Removed From the Rolls	(3,242,232)	(370,344)	(3,612,576)
July 2009	**$ 164,350,720**	**$ 6,150,629**	**$ 170,501,349**
Average Annual Allowance	**32,916**	**15,934**	**31,698**

Schedule of Active Member Valuation Data

Valuation Date	Number	Annual Payroll	Annual Average Pay	% Increase in Average Pay
July 1, 2003	5,876	$336,019,788	$57,185	2.606%
July 1, 2004	5,670	$341,629,327	$60,252	5.363%
July 1, 2005	5,628	$355,105,993	$63,096	4.721%
July 1, 2006	5,362	$357,361,131	$66,647	5.627%
July 1, 2007	5,294	$374,792,608	$70,796	6.225%
July 1, 2008	5,060	$376,002,332	$74,309	4.962%
July 1, 2009	5,012	$376,014,994	$75,023	0.961%

MONTGOMERY COUNTY
17 76
GARDEZ BIEN
MARYLAND

STATISTICAL SECTION

Employee Retirement Plans

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CHANGE IN NET ASSETS
JUNE 30, 2009
LAST TEN FISCAL YEARS
(dollars in thousands)

	2000	2001	2002	2003	2004
Additions					
Member contributions	$ 10,924	$ 11,292	$ 12,944	$ 14,770	$ 14,762
Employer contributions	44,347	43,345	39,168	55,206	61,927
Investment income (loss) (net of expenses)	135,338	(81,375)	(124,177)	82,174	286,895
Total additions	190,609	(26,738)	(72,065)	152,150	363,584
Deductions					
Benefit payments	76,387	78,434	85,323	100,381	111,646
Refunds	861	1,067	681	739	796
Administrative expenses	1,220	1,689	2,092	2,007	2,066
Total deductions	78,468	81,190	88,096	103,127	114,508
Change in net assets	$ 112,141	$ (107,928)	$ (160,161)	$ 49,023	$ 249,076

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF BENEFIT AND REFUND DEDUCTIONS FROM NET ASSETS BY TYPE
JUNE 30, 2009
LAST TEN FISCAL YEARS
(dollars in thousands)

	2000	2001	2002	2003	2004
Type of Benefit					
Service benefits:	$ 53,463	$ 58,415	$ 64,030	$ 77,009	$ 87,123
Retirees	3,188	3,785	4,041	4,811	5,032
Survivors	14,717	16,234	17,251	18,560	19,491
Disability benefits					
Total benefits	$ 71,368	$ 78,434	$ 85,322	$ 100,380	$ 111,646
Refund of Contributions	$ 861	$ 1,067	$ 681	$ 739	$ 796

*Allocation method used in FY 2007 was changed to reflect the actual classification of benefits.

2005	2006	2007	2008	2009
$ 15,326	$ 16,085	$ 16,362	$ 18,851	$ 18,245
74,655	88,184	109,436	117,686	109,567
197,433	187,004	420,847	(81,746)	(428,525)
287,414	291,273	546,645	54,791	(300,713)
115,635	125,818	136,833	147,027	168,618
762	635	793	673	668
1,857	1,920	2,431	2,557	2,803
118,254	128,373	140,057	150,257	172,089
$ 169,160	$ 162,900	$ 406,588	$ (95,466)	$ (472,802)

2005	2006	2007*	2008	2009
$ 102,641	$ 112,210	$ 98,653	$ 105,369	123,560
2,087	1,483	5,952	6,723	7,333
10,907	12,125	32,228	34,935	37,725
$ 115,635	$ 125,818	$ 136,833	$ 147,027	$ 168,618
$ 762	$ 635	$ 793	$ 673	$ 668

MONTGOMERY COUNTY, MARYLAND
RETIREMENT SAVINGS PLAN
SCHEDULE OF CHANGE IN NET ASSETS
JUNE 30, 2009
LAST TEN FISCAL YEARS
(dollars in thousands)

	2000	2001	2002	2003
Additions				
Member contributions	$ 2,083	$ 2,582	$ 3,308	$ 3,750
Employer contributions	3,654	4,867	5,791	6,799
Investment income (loss) (net of expenses)	2,740	(2,360)	(3,200)	1,967
Total additions	8,477	5,089	5,899	12,516
Deductions				
Refunds	862	1,517	945	867
Administrative expenses	42	49	87	210
Total deductions	904	1,566	1,032	1,077
Change in net assets	$ 7,573	$ 3,523	$ 4,867	$ 11,439

MONTGOMERY COUNTY, MARYLAND
RETIREMENT SAVINGS PLAN
SCHEDULE OF REFUND DEDUCTIONS FROM NET ASSETS
JUNE 30, 2009
LAST TEN FISCAL YEARS
(dollars in thousands)

	2000	2001	2002	2003
Refund of Contributions	$ 862	$ 1,517	$ 945	$ 867

2004	2005	2006	2007	2008	2009
$ 4,208	$ 4,820	$ 5,860	$ 6,798	$ 8,118	$ 11,263
6,468	8,758	9,437	11,227	13,583	20,625
6,354	4,668	8,237	17,174	(8,383)	(26,722)
17,030	18,246	23,534	35,199	13,319	5,166
1,382	2,441	4,306	4,455	5,216	3,669
247	231	243	293	258	300
1,629	2,672	4,549	4,748	5,474	3,969
$ 15,401	$ 15,574	$ 18,985	$ 30,451	$ 7,844	$ 1,197

2004	2005	2006	2007	2008	2009
$ 1,382	$ 2,441	$ 4,306	$ 4,455	$ 5,216	$ 3,669

MONTGOMERY COUNTY, MARYLAND
DEFERRED COMPENSATION PLAN
SCHEDULE OF CHANGE IN NET ASSETS
JUNE 30, 2009
LAST TEN FISCAL YEARS
(dollars in thousands)

	2000	2001	2002	2003
Additions				
Member contributions	$ 17,957	$ 18,615	$ 20,086	$ 21,062
Investment income (loss) (net of expenses)	20,635	(27,692)	(25,497)	4,660
Total additions	38,592	(9,077)	(5,411)	25,722
Deductions				
Refunds	4,014	4,758	9,898	11,104
Administrative expenses	57	61	49	17
Total deductions	4,071	4,819	9,947	11,121
Change in net assets	$ 34,521	$ (13,896)	$ (15,358)	$ 14,601

MONTGOMERY COUNTY, MARYLAND
DEFERRED COMPENSATION PLAN
SCHEDULE OF REFUND DEDUCTIONS FROM NET ASSETS
JUNE 30, 2009
LAST TEN FISCAL YEARS
(dollars in thousands)

	2000	2001	2002	2003
Refund of Contributions	$ 4,014	$ 4,758	$ 9,898	$ 11,104

2004	2005	2006	2007	2008	2009
$ 21,610	$ 19,929	$ 16,562	$ 16,649	$ 17,294	$ 18,058
29,456	14,587	20,486	32,394	(9,378)	(44,479)
51,066	34,516	37,048	49,043	7,915	(26,421)
9,634	10,216	11,226	12,410	15,714	13,391
6	16	-	-	-	-
9,640	10,216	11,226	12,410	15,714	13,391
$ 41,426	$ 24,300	$ 25,822	$ 36,633	$ (7,799)	$ (39,812)

2004	2005	2006	2007	2008	2009
$ 9,634	$ 10,216	$ 11,226	$ 12,410	$ 15,714	$ 13,391

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
PRINCIPAL PARTICIPATING EMPLOYERS
CURRENT YEAR AND FOUR YEARS AGO
JUNE 30, 2009

	2009		2005*	
Participating Government	**Covered Employees**	**Percentage of Total System**	**Covered Employees**	**Percentage of Total System**
Montgomery County**	4,843	96.4%	5,419	96.2%
Town of Chevy Chase	5	0.1%	5	0.1%
Strathmore Hall	7	0.1%	7	0.1%
Housing Opportunities Commission	133	2.7%	159	2.8%
Revenue Authority	11	0.2%	17	0.3%
Washington Suburban Transit Commission	1	0.1%	2	0.1%
Montgomery County Employees Federal Credit Union	8	0.2%	8	0.2%
State Department of Assessment and Taxation	3	0.1%	6	0.1%
District Court	1	0.1%	5	0.1%
Total	5,012	100%	5,628	100%

*The information for principal participating employers is not available for 2004 and prior.
**Includes Independent Fire/Rescue Corporations

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF RETIRED MEMBERS BY BENEFIT TYPE
JUNE 30, 2009

Fiscal Year	Retiree	Disability	Survivor	Total
2000	2,831	734	304	3,869
2001	2,918	759	312	3,989
2002	3,002	783	330	4,115
2003	3,203	817	350	4,370
2004	3,348	851	360	4,559
2005	3,443	853	369	4,665
2006	3,564	919	365	4,848
2007*	3,661	975	361	4,997
2008	3,905	1,021	380	5,306
2009	3,957	1,036	386	5,379

*Allocation method used in FY 2007 was changed to reflect the actual classification of benefits.

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF AVERAGE BENEFIT AMOUNTS
JUNE 30, 2009

Fiscal Year	Retiree	Disability	Survivor	Total
2000	$18,885	$20,050	$10,488	$18,446
2001	20,019	21,389	12,132	19,663
2002	21,329	22,031	12,247	20,734
2003	24,043	22,717	13,747	22,970
2004	26,022	22,904	13,978	24,489
2005	29,812	12,786	5,655	24,788
2006	31,484	13,193	4,063	25,953
2007*	26,947	33,055	16,487	27,383
2008	26,983	34,216	17,692	27,710
2009	31,226	36,414	18,997	31,347

*Allocation method used in FY 2007 was changed to reflect the actual classification of benefits.

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF RETIRED MEMBERS BY TYPE OF RETIREMENT
AS OF JUNE 30, 2009

Amount of Monthly Benefit	Number of Retired Members	Type of Retirement [a]			Option Selected [b]					
		1	2	3	1	2	3	4	5	6
Deferred	452									
$ 1 – $ 250	192	162	26	4	103	45	32	1	7	4
251 – 500	318	248	60	10	177	70	59	1	4	7
501 – 750	270	216	43	11	143	61	42	7	7	10
751 – 1,000	316	235	51	30	155	63	62	9	13	14
1,001 – 1,250	324	239	48	37	158	68	70	8	5	15
1,251 – 1,500	287	201	34	52	123	64	54	11	12	23
1,501 – 1,750	290	207	30	53	126	73	50	14	11	16
1,751 – 2,000	261	190	16	55	116	66	39	16	5	19
Over 2,000	3,121	2,259	78	784	1,125	1,019	221	267	87	402
Total	5,831	3,957	386	1,036	2,226	1,529	629	334	151	510

Notes:

[a] Type of retirement:
1—Retiree
2—Beneficiary
3—Disabled Retiree

[b] Option selected:
Option 1—Modified Cash Refund
Option 2—Certain and Continuous
Option 3—Life Annuity
Option 4—Joint and Survivor 50%
Option 5—Joint and Survivor 100%
Option 6—Other Joint and Survivor Percentage

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF AVERAGE BENEFIT PAYMENTS AND AVERAGE FINAL VALUATION PAY
LAST EIGHT FISCAL YEARS

	Years Credited Service						
	0 – 5	5 – 10	10 – 15	15 – 20	20 – 25	25 – 30	30 +
Retirement Effective Dates							
Period 7/1/2001 to 6/30/2002							
Average monthly benefit*	$ -	$ 1,206	$ 1,622	$ 1,534	$ 2,196	$ 3,587	$ 3,676
Average final valuation pay**	$ -	$ 42,726	$ 52,332	$ 59,283	$ 58,039	$ 72,284	$ 67,564
Number of retired members***	-	7	22	24	28	58	39
Period 7/1/2002 to 6/30/2003							
Average monthly benefit*	$ 2,701	$ 1,623	$ 1,413	$ 1,737	$ 1,833	$ 3,490	$ 3,750
Average final valuation pay**	$ 44,695	$ 44,840	$ 56,082	$ 59,937	$ 56,253	$ 71,048	$ 68,955
Number of retired members***	1	7	29	35	28	91	79
Period 7/1/2003 to 6/30/2004							
Average monthly benefit*	$ 1,156	$ 915	$ 1,809	$ 1,420	$ 2,549	$ 3,406	$ 4,337
Average final valuation pay**	$ 37,309	$ 45,048	$ 55,552	$ 60,530	$ 65,550	$ 65,919	$ 72,119
Number of retired members***	2	4	15	43	34	69	79
Period 7/1/2004 to 6/30/2005							
Average monthly benefit*	$ 2,521	$ 1,984	$ 1,479	$ 1,870	$ 2,573	$ 3,371	$ 4,392
Average final valuation pay**	$ 48,620	$ 50,470	$ 59,743	$ 63,910	$ 64,026	$ 72,618	$ 75,577
Number of retired members***	2	4	21	37	23	35	66
Period 7/1/2005 to 6/30/2006							
Average monthly benefit*	$ 2,491	$ 2,801	$ 1,752	$ 2,356	$ 2,928	$ 3,649	$ 4,594
Average final valuation pay**	$ 43,375	$ 55,641	$ 55,619	$ 67,299	$ 68,683	$ 73,731	$ 77,143
Number of retired members***	2	6	28	58	49	55	50
Period 7/1/2006 to 6/30/2007							
Average monthly benefit*	$ 2,760	$ 2,115	$ 2,163	$ 2,425	$ 3,100	$ 3,744	$ 4,438
Average final valuation pay**	$ 48,664	$ 58,211	$ 72,411	$ 74,925	$ 80,599	$ 79,607	$ 76,689
Number of retired members***	1	4	18	40	27	37	39
Period 7/1/2007 to 6/30/2008							
Average monthly benefit*	$ 2,994	$ 3,061	$ 1,180	$ 2,287	$ 2,927	$ 3,466	$ 4,330
Average final valuation pay**	$ 50,803	$ 66,024	$ 62,986	$ 73,335	$ 78,696	$ 74,908	$ 74,647
Number of retired members***	1	8	18	58	60	57	87
Period 7/1/2008 to 6/30/2009							
Average monthly benefit*	$ -	$ -	$ 2,821	$ 2,760	$ 3,560	$ 4,309	$ 5,425
Average final valuation pay**	$ -	$ -	$ 77,385	$ 77,304	$ 88,521	$ 87,167	$ 98,906
Number of retired members***	-	-	5	20	21	16	12

* Based on current benefits only. Does not take into account any future benefits.

** Pay used for last valuation (when member was an active employee).

*** Only includes participants who changed from active to retiree status.

SCHEDULE OF PARTICIPATING AGENCIES AND POLITICAL SUBDIVISIONS EMPLOYEES' RETIREMENT SYSTEM RETIREMENT SAVINGS PLAN

Town of Chevy Chase
Strathmore Hall Foundation, Inc.
Housing Opportunities Commission of Montgomery County
Montgomery County Revenue Authority
Washington Suburban Transit Commission
Montgomery County Employees Federal Credit Union
Independent Fire/Rescue Corporations

Certain employees of the:
State Department of Assessments and Taxation
District Court of Maryland

Prepared by the:
Board of Investment Trustees
101 Monroe Street, 15th Floor
Rockville, Maryland 20850
240-777-8220

CITY OF OMAHA
POLICE AND FIREFIGHTERS
RETIREMENT SYSTEM

Actuarial Valuation Report
as of January 1, 2009

CITY OF OMAHA POLICE & FIREFIGHTERS RETIREMENT SYSTEM
ACTUARIAL VALUATION REPORT

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Milliman

1120 S. 101st Street, Suite 400
Omaha, NE, 68124
USA

Tel +1 402 393.9400
Fax +1 402 393.1037

milliman.com

May 18, 2009

The Board of Trustees
City of Omaha
Police and Firefighters Retirement System
Omaha/Douglas Civic Center
1819 Farnam Street
Omaha, NE 68183

Re: January 1, 2009 Actuarial Valuation Report

Dear Members of the Board:

At your request, we have performed an annual actuarial valuation of the City of Omaha Police and Firefighters Retirement System as of January 1, 2009 for determining contributions for the year ended December 31, 2009. The major findings of the valuation are contained in this report. This report reflects the benefit provisions included in the Police and Fire Union contracts that expired December 31, 2007.

In preparing this report, we relied, without audit, on information (some oral and some written) supplied by the System's staff. This information includes, but is not limited to, plan provisions, member data and financial information. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

We further certify that all costs, liabilities, rates of interest and other factors for the System have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the System and reasonable expectations of future experience); and which, in combination, offer our best estimate of anticipated experience under the Plan. Nevertheless, the emerging costs will vary from those presented in this report to the extent actual experience differs from that projected by the actuarial assumptions. The Board of Trustees has the final decision regarding the appropriateness of the assumptions and adopted them as indicated in Appendix B.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions;

increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

Actuarial computations presented in this report are for purposes of determining the actuarial contribution rates for funding the System. Actuarial computations under GASB Statement No. 25 and 27 are for purposes of fulfilling financial accounting requirements. The computations prepared for these two purposes may differ as disclosed in our report. The calculations in the enclosed report have been made on a basis consistent with our understanding of the System's funding requirements and goals, and of GASB Statements No. 25 and 27. Determinations for purposes other than these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Milliman's work is prepared solely for the internal business use of the System and its Trustees and employees (for their use in administering the Fund). To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exception(s):

(a) The System may provide a copy of Milliman's work, in its entirety to the Fund's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the Fund.

(b) The System may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The consultants who worked on this assignment are pension actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

We herewith submit the following report and look forward to discussing it with you.

Respectfully Submitted,

MILLIMAN, Inc.

I, Gregg Rueschhoff, A.S.A. am a member of the American Academy of Actuaries and an Associate of the Society of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Gregg Rueschhoff, A.S.A.
Principal & Consulting Actuary

Board Summary

This report presents the results of the January 1, 2009 actuarial valuation of the City of Omaha Police & Firefighters Retirement System (the "System"). The primary purposes of performing the valuation are to:

- Determine the employer contribution rates required to fund the System on an actuarially sound basis,
- Disclose asset and liability measures as of January 1, 2009,
- Analyze and report on trends in System contributions, assets, and liabilities over the latest period.

The valuation results provide a "snapshot" view of the System's financial condition on January 1, 2009 using System asset values at December 31, 2008. The valuation results reflect an increase in the Unfunded Actuarial Liability and related Actuarial Contribution Rate. (Throughout this report we refer to the actuarially determined contribution rate as the Actuarial Contribution Rate). Each component of change in the Actuarial Contribution Rate is identified later in this Board Summary (see page 4).

Revision to Retirement Rate Assumption

We reviewed the appropriateness of the current retirement rate assumption. In the January 1, 2006 actuarial valuation report, we increased the assumed rates of retirement to better reflect the actual rates of retirement expected as a result of the recent plan changes. Specifically we assumed 60% of all members would retire when they reached 25 years of service, 25% would retire at 26 years of service and 15% would retire at 27 years of service.

Upon review of the actual retirements over the past several years, we believe a further revision to this assumption is warranted. We recommend an increase in the assumed rate of retirement to 100% of future retirements will occur when the member reaches 25 years of service. For this January 1, 2009 actuarial valuation, we have made this change. Because of this change in actuarial assumption, the UAL increased $10.6 million and the Actuarial Contribution Rate increased 1.43% of pay.

Assets

The market value of assets is not used directly in the actuarial calculation of the Plan's funded status and the Actuarial Contribution Rate. An asset valuation method is used to smooth the effects of market fluctuations. The actuarial value of assets is equal to 2/3 of the expected asset value (based on last year's actuarial value of assets, net cash flows and a rate of return equal to the actuarial assumed rate of 8.0%) plus 1/3 of the market value of assets. As a result of the significant decline in trust assets during 2008 and because of asset smoothing, the actuarial value of assets is $73 million more than the market value as of January 1, 2009. See page 9 for the detailed development of the actuarial value of assets as of January 1, 2009.

As of January 1, 2009, the System had total funds, when measured on an actuarial value basis, of $439.1 million. This was a decrease of $91.4 million from the January 1, 2008 figure of $530.5 million. Based on the actuarial assumption, an increase of $28.2 million was expected over that time period.

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The components of the change in the actuarial value of assets (in millions) are set forth below:

	Actuarial Value	*Market Value*
Assets, January 1, 2008	$ 530.5	$ 529.9
• employer and member contributions	+ 36.6	+ 36.6
• benefit payments	- 50.2	- 50.2
• net investment income (expected)	+ 41.9	+ 41.9
• net investment actuarial gain/(loss)	-119.7	- 192.3
Assets, December 31, 2008	$ 439.1	$ 365.9

Liabilities

The actuarial liability (also referred to as past service liability) is the portion of the present value of projected benefits that will not be paid by future employer normal costs. The difference between this liability and asset values at the same date is referred to as the unfunded actuarial liability. The unfunded actuarial liability will be reduced if the contributions exceed the normal cost for the year, after allowing for interest earned on the previous balance of the unfunded actuarial liability. Benefit improvements, actuarial gains and losses, and changes in actuarial assumptions and procedures will also impact the total actuarial liability and the unfunded portion thereof.

The calculation of the Unfunded Actuarial Liability as of January 1, 2009 is shown below:

Actuarial Liability	$ 971,989,970
Actuarial Value of Assets	$(439,108,652)
Unfunded Actuarial Liability (UAL)	$ 532,881,318
Present Value of Prior Service Payments[1]	$ (13,254,077)
UAL for Funding Purposes	$ 519,627,241

[1]The City is obligated to pay $1,327,600 per year to the System to fund a "prior service" obligation. These payments will be paid through 2028.

Between January 1, 2008 and January 1, 2009 the change in the unfunded actuarial liabilities for the System as a whole was as follows (in millions):

	$millions
Unfunded Actuarial Liability, January 1, 2008	$ 354.2
• effect of contribution shortfall in 2008	16.3
• expected increase due to amortization method	5.1
• loss from investment return	119.7
• demographic experience	13.7
• change in actuarial assumptions	10.6
Unfunded Actuarial Liability, January 1, 2009	$519.6

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As detailed above, the UAL increased $165.4 million from the prior year. A significant portion of this increase is due to a $119.7 million actuarial loss due to unfavorable investment experience during 2008.

An evaluation of the unfunded actuarial liability on a pure dollar basis may not provide a complete analysis since only the difference between the assets and liabilities (which are both very large numbers) is reflected. Another way to evaluate the unfunded actuarial liability and the progress made in its funding is to track the funded status, the ratio of the actuarial value of assets to the actuarial liability. The annual funded status information is shown below for years 2003 through 2009 (in $ millions).

	1/1/03	1/1/05	1/1/06	1/1/07	1/1/08	1/1/09
Funded Ratio	66.1%	65.7%	61.9%	60.7%	60.0%	45.8%
Unfunded Actuarial Liability (UAL)	$192.3	$220.5	$279.3	$320.6	$354.2	$519.6

The following provides a breakdown of the increase in UAL from January 1, 2003 through January 1, 2009. The actuarial funding method was changed to the Entry Age Normal method effective January 1, 2003:

	$millions
UAL at January 1, 2003	$192
• Effect of contribution shortfalls	61
• Estimated effect of spiking - Retirements in 2006, 2007, 2008	40
• Estimated effect of future spiking	30
• Loss from investment return	135
• Expected increase due to amortization method	30
• All other plan experience	(48)
• Change in actuarial assumptions (2006 & 2009)	55
• Change in benefit provisions (effective in 2004)	25
UAL at January 1, 2009	$520

Contributions

Under the Entry Age Normal Actuarial Cost method, contributions to the System consist of:

- a "normal cost" for the portion of projected liabilities attributable to service of members during the year following the valuation date, and
- an "unfunded actuarial liability" contribution for the excess of the portion of projected liabilities allocated to service to date over actuarial assets.

The System's total Actuarial Contribution Rate (payable as a percent of member payroll) increased by **10.41%** of pay, to **63.61%** on January 1, 2009, from **53.20**% on January 1, 2008. The primary components of this change are as follows:

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	Rate
Total Actuarial Contribution Rate, January 1, 2007	53.20%
• Actuarial (Gain)/Loss – Investment Experience	7.15
• Actuarial (Gain)/Loss – Demographic Experience	0.82
• Assumption Changes	1.43
• Contributing less than Actuarial Contribution Rate	1.01
Total Actuarial Contribution Rate, January 1, 2008	63.61%

See page 11 for a detailed calculation of the Actuarial Contribution Rate as of January 1, 2009.

As mentioned earlier, the System utilizes an asset smoothing method in the valuation process. While this is a common procedure for public retirement systems, it is important to identify the potential impact of the deferred (unrecognized) investment experience. The key valuation results from the January 1, 2009 actuarial valuation are shown below using both the actuarial value of assets and the pure market value.

	$ Millions	
	Using Actuarial Value of Assets	**Using Market Value of Assets**
Actuarial Liability	$958.7	$958.7
Asset Value	439.1	365.9
Unfunded Actuarial Liability	$519.6	$592.8
Funded Ratio	45.8%	38.2%
Normal Cost Rate	29.0%	29.0%
UAL Contribution Rate	33.3%	40.0%
Prior Service Contribution Rate	1.3%	1.3%
Actuarial Contribution Rate	63.6%	70.3%

The asset smoothing method impacts only the timing of recognizing the actual market experience on the assets. Due to the significant negative return in 2008, the actuarial value of assets exceeds the pure market value by 20%. If there are not significantly higher returns consistently over the next few years, the $73 million of deferred investment experience will be recognized and the ultimate impact on the employer contribution rate can be expected to be similar to the column shown above using market value of assets.

Observations

The actual contributions made to the System continue to be significantly less than the Actuarial Contribution Rate. The City's contribution rate is 20.57% of pensionable payroll plus a past service payment of approximately 1.32% of payroll. The member contribution rate is 14.96% of payroll. Even with a total contribution rate of 36.85%, the actual contribution to the System will be 26.76% less than the Actuarial Contribution Rate developed in this valuation. Over the last several years, we discussed the importance of closing this contribution shortfall. If all actuarial assumptions are met and the current benefit structure and contribution rates remain unchanged, we expect the System's funded status in future years will decline significantly and the Actuarial Contribution Rate will continue to increase significantly.

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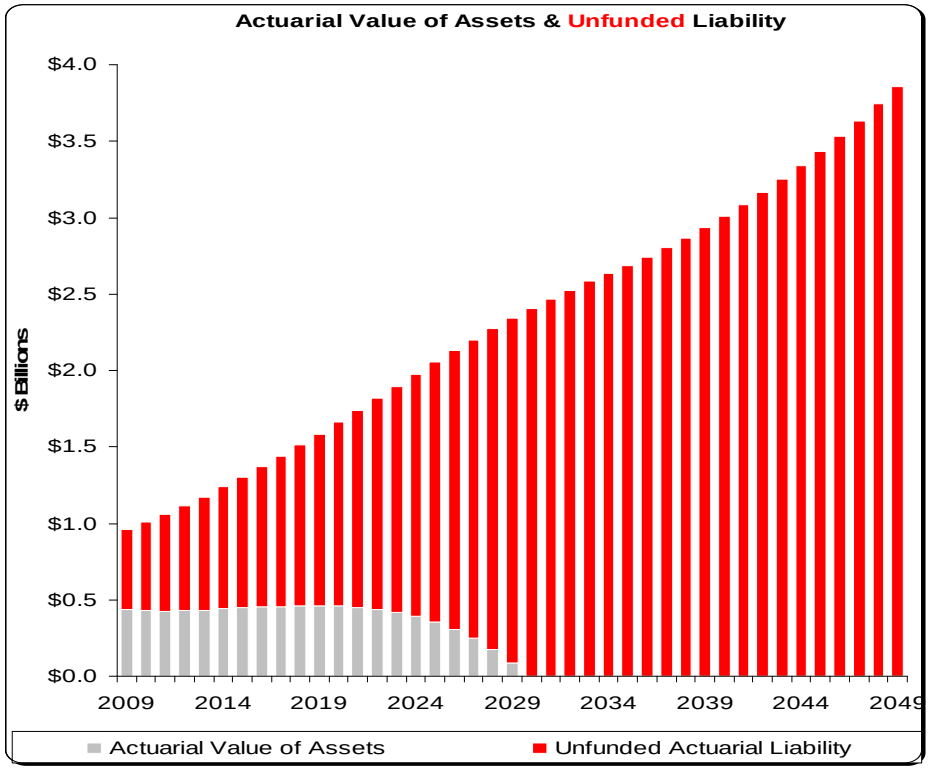
The contribution shortfall also has an impact on the Net Pension Obligation (NPO) as determined under Governmental Accounting Standard Number 27 (GASB27). On page 14 of our report we show the development of the NPO. As of December 31, 2008 the NPO was $61.5 million, compared to $45.5 million as of December 31, 2007. The NPO will increase from year to year by interest on the NPO and by the shortfall between the actual contribution rate and the Actuarial Contribution Rate. If the currently scheduled contribution rates and benefit provisions remain unchanged and all actuarial assumptions are met in the future, the NPO is projected to exceed $100 million by 2011, increasing thereafter at a significant pace.

Because the UAL and the contribution shortfall have increased so dramatically over the past several years, we are very concerned about the resulting funding imbalance. If significant changes are not made, we expect the trust fund will run out of money in the relatively short term.

If the currently scheduled contribution rates and benefit provisions remain unchanged and all actuarial assumptions are met in the future, the following chart depicts the relative growth in the future actuarial liability, trust fund assets and resulting unfunded actuarial liability (UAL). Under this scenario, the plan is projected to run out of money in about 20 years. The UAL in 2030 is expected to be $2.4 billion increasing to $3.9 billion after 40 years, as compared to a UAL of $520 million at January 1, 2009.



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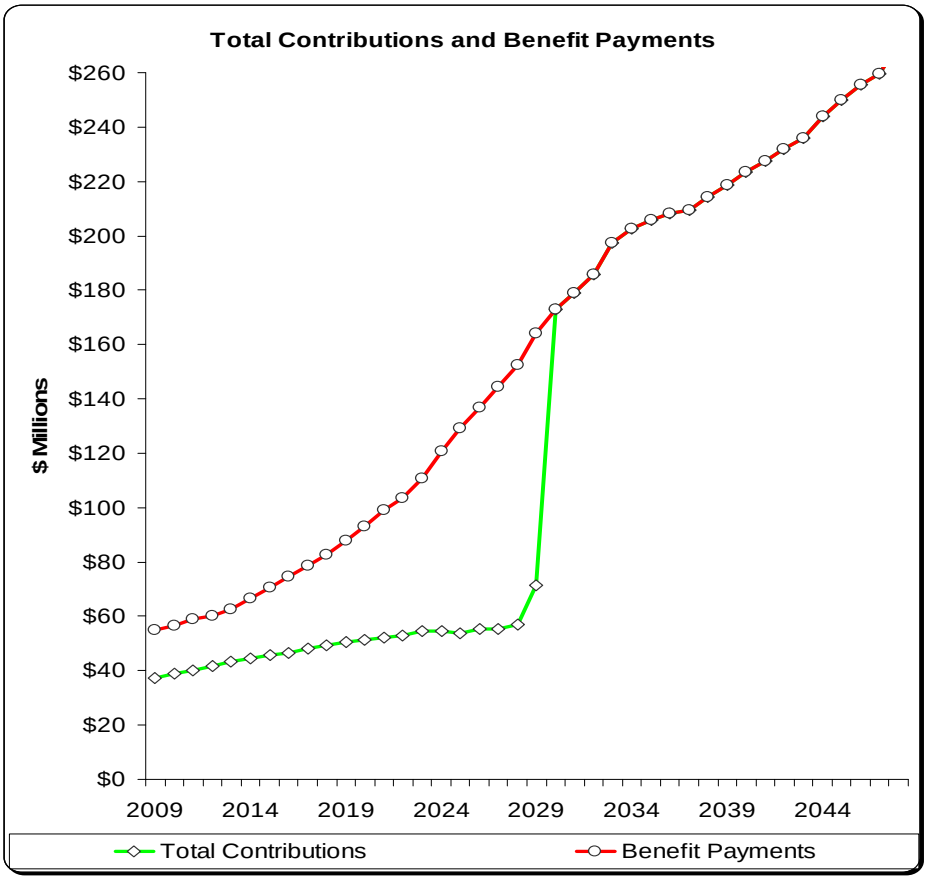
If the trust fund runs out of money and if all promised benefits continue to be paid, the plan would revert to a "pay as you go" system at that time. Since there will be no trust fund assets to supplement the monthly benefits paid to retired members, contributions would need to increase equal to the annual benefits paid to retired members at that time.

Using the same premise as the previous chart (i.e. assume all actuarial assumptions are met and no other plan changes are made), the following chart illustrates the increase in the required annual contribution at the time the trust fund runs out of money. Under this scenario the total annual contribution (employee and employer) is expected to increase from $57 million in the year 2028 to $173 million in 2030, increasing thereafter at a significant pace to $260 million in 2047:



Bargaining agreements with the Police and Fire unions expired at the end of 2007. After negotiations reached an impasse, the Nebraska Commission on Industrial Relations (CIR) ruled on wages and benefits for 2008. However, the CIR did not address pension benefits or contributions. After the CIR decisions, the Mayor appointed a task force to make recommendations to bring the pension system into actuarial balance. The task force includes union leaders, elected officials, and community members with business and pension expertise. Task force results are expected very soon. This valuation assumes continuation of the existing pension provisions.

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Summary of Principal Results

	2007 Valuation	2008 Valuation	2009 Valuation
1. Participant Data			
Number of:			
Active Members	1,423	1,335	1,407
Service Retirements	684	847	896
Surviving Spouses and Children	272	279	269
Disabled	252	249	252
Deferred Vested	9	13	11
Annual Salaries of Active Members	$93,882,241	$91,778,346	$93,793,214
Average Salary	65,975	68,748	66,662
Average Age of Active Members	39.8	38.6	38.0
2. Assets and Liabilities			
Total Actuarial Liability	$829,097,202	$898,199,279	$971,989,970
Assets for Valuation Purposes	494,753,150	530,496,413	439,108,652
Unfunded Actuarial Liability (UAL)	334,344,052	367,702,866	532,881,318
Present Value of Prior Service Payments	(13,770,566)	(13,522,254)	(13,254,077)
UAL for Funding Purposes	320,573,486	354,180,612	519,627,241
3. Contribution Rates			
Actuarial Contribution Rate	49.93%	53.20%	63.61%
Member Contribution Rate	14.95%	14.88%	14.96%
Employer Contribution Rate	20.57%	20.47%	20.57%
Employer "Past Service" payment	1.34%	1.40%	1.32%
4. Shortfall/(Excess) Contributions			
Actuarial Contribution Rate	49.93%	53.20%	63.61%
Statutory Contribution Rate	36.86%	36.75%	36.85%
Shortfall/(Excess)	13.07%	16.45%	26.76%
Expected Payroll for Year	$99,029,486	$95,109,680	$100,808,720
Dollar Amount of Shortfall	$12,943,154	$15,645,542	$26,976,413

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Change in Net Plan Assets at Market Value

Assets at January 1, 2008	$529,923,390
Receipts:	
City Contributions – Current	20,373,206
City Contributions – Past Service	1,327,600
Employee Contributions	14,858,953
Investment Income	(147,794,311)
Total Receipts	$(111,234,552)
Disbursements:	
Pensions Paid to Retirees	$49,426,367
Death Benefits	13,000
Termination Withdrawals	221,824
Medical Fees	519,249
Investment Fees	2,546,869
Travel, Subsistence & Registration	37,652
Other	0
Total Disbursements	$52,764,961
Assets at December 31, 2008 (Market Value)	$365,923,877
Annualized Yield	
- Gross	-28.3%
- Net of Expenses	-28.7%

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Actuarial Value of Assets

Neither the market value of assets, representing a "cash-out" value of Plan assets, nor the book values of assets, representing the cost of investments, may be the best measure of the System's ongoing ability to meet its obligations.

To arrive at a suitable value for the actuarial valuation, a technique for determining the actuarial value of assets is used which dampens swings in the market value while still indirectly recognizing market values. The specific technique follows:

Step 1: Determine the expected value of plan assets at the current valuation date using the actuarial assumption for investment return and the actual receipts and disbursements of the fund since the previous actuarial valuation.

Step 2: Subtract the expected value determined in Step 1 from the total market value of the Fund at the current valuation date.

Step 3: Multiply the difference between market and expected values determined in Step 2 by 33%.

Step 4: Add the expected value of Step 1 and the product of Step 3 to determine the actuarial value of assets.

1.	Actuarial Value of Assets as of January 1, 2008	$	530,496,413
2.	Actual Receipts/Disbursements		
	a. Total Contributions		36,559,759
	b. Benefit Payments		(50,218,091)
	c. Net Change		(13,658,332)
3.	Expected Investment Earnings		41,903,890
4.	Expected Actuarial Value of Assets as of December 31, 2008		558,741,971
5.	Market Value as of December 31, 2008		365,923,877
6.	Difference Between Market and Expected Values		(192,818,094)
7.	Preliminary Actuarial Value of Assets as of December 31, 2008 (4) + 1/3 * (6)	$	494,469,273
8.	Actuarial Value of Assets after 20% Corridor Applied Lesser of (7) or 120% of (5)	$	439,108,652

Annualized Yield on Actuarial Value of Assets for 2008 **-14.8%**

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UNFUNDED ACTUARIAL LIABILITY

The actuarial liability is the portion of the present value of future benefits which will not be paid by future normal costs. The actuarial value of assets is subtracted from the actuarial liability to determine the unfunded actuarial liability.

1. Entry Age Normal Actuarial Liability	$	971,989,970
2. Present Value of Prior Service Payments		13,254,077
3. Actuarial Value of Assets		439,108,652
4. Unfunded Actuarial Liability (1) – (2) – (3)	$	519,627,241

ACTUARIAL BALANCE SHEET

Assets		
Actuarial Value of Assets	$	439,108,652
Present Value of Future Normal Costs		320,622,125
Present Value of Future Contributions to Amortize Unfunded Actuarial Liability		519,627,241
Total Net Assets	**$**	**1,279,358,018**
Liabilities		
Present Value of Future Benefits:		
Retired Members and Beneficiaries	$	548,227,047
Disabled Members		80,399,122
Active Members		645,690,457
Vested Terminated Members		5,041,392
Total Liabilities	**$**	**1,279,358,018**

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DEVELOPMENT OF ACTUARIAL CONTRIBUTION RATE

The actuarial cost method used to determine the required level of annual contributions to support the expected benefits is the Entry Age Normal Cost Method. Under this method, the total cost is comprised of the normal cost rate and the unfunded actuarial liability payment. The Plan is financed by contributions from members and the City.

1. (a) Normal Cost	$ 28,872,822
(b) Expected Covered Payroll for Members Under Assumed Retirement Age	$ 99,595,798
(c) Normal Cost Rate (a) / (b)	28.99%
2. Unfunded Actuarial Liability/(Surplus) at Valuation Date	$ 519,627,241
3. Amortization Factor to Pay UAL as a Level Percent of Payroll over 24 Years	16.08575
4. Unfunded Actuarial Liability/(Surplus) Payment (Adjusted to Mid-Year) [(2) / (3)] x $1.08^{1/2}$	$ 33,570,860
5. Prior Service Payment	$ 1,327,600
6. Total Projected Payroll for the Year	$ 100,808,720
7. Unfunded Actuarial Liability and Prior Service Payments as a Percent of Payroll [(4) + (5)] / (6)	34.62%
8. Total Contribution as a Percent of Pay (1c) + (7)	63.61%

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Governmental Accounting Standards Board Disclosure
SCHEDULE OF FUNDING PROGRESS

In accordance with Statement No. 25 of the Governmental Accounting Standards Board
(All Dollar Amounts in Millions)

Actuarial Valuation Date	Market Value of Assets (a)	Actuarial Accrued Liability (AAL)* (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (P/R) (c)	UAAL as a Percentage of Covered P/R [(b-a)/c]
12/31/02	$314.1	$481.6	$167.5	65.2%	$79.7	210%
12/31/03	383.7	511.9	128.2	75.0	85.1	151
12/31/04	420.3	543.9	123.6	77.3	82.1	151
12/31/05	453.3	703.8	250.5	64.4	86.8	289
12/31/06	507.6	801.1	293.5	63.4	91.7	320
12/31/07	530.8	882.7	351.9	60.1	99.6	353
12/31/08	365.9	947.6	581.7	38.6	99.5	585

*Prior to 2005, this amount was based on the Projected Unit Credit method. Starting in 2005 the Entry Age Normal method is used.
AAL amounts shown here are estimated amounts based on the most recent actuarial valuation report available as of the financial reporting date.

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SCHEDULE OF EMPLOYER CONTRIBUTIONS

(All Dollar Amounts in Millions)

Fiscal Year Ending	Covered Employee Payroll [1]	Actual Employer Contributions	Actual Employer Contribution %[2]	Annual Required Contribution (ARC) %[3]	Annual Pension Cost (APC)	Percentage of APC Contributed
12/31/06	$91.7	$20.17	$22.00	33.92%	$31.10	65%
12/31/07	99.6	20.70	20.78	34.98	34.56	60
12/31/08	99.5	21.70	21.81	38.32	37.67	58

(1) Computed as the dollar amount of the actual employer contribution made as a percentage of payroll divided by the contribution rate, expressed as a percentage of payroll. Payroll is estimated for years where no valuation was done.

(2) The actual and required employer contributions are expressed as a percentage of payroll.

(3) The ARC (as a percentage of payroll) is assumed to remain the same as the prior year when no valuation was performed.

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City of Omaha Police & Firefighters' Retirement System
Development of the Net Pension Obligation in Accordance with Statement No. 27 of the Governmental Accounting Standards Board

Fiscal Year End :	12/31/98	12/31/99	12/31/00	12/31/01	12/31/02	12/31/03	12/31/04	12/31/05	12/31/06	12/31/07	12/31/08
Assumptions and Methods											
Interest Rate	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Amortization Period (years)	15	15	15	15	15	30	30	30	30	30	30
Cost Method	Aggregate	Aggregate	Aggregate	Aggregate	Aggregate	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Annual Pension Cost :											
Annual Required Contribution (ARC)	9,545,452	10,943,105	11,439,320	11,738,696	15,392,189	23,329,940	22,487,399	26,255,804	31,102,053	34,842,280	38,073,021
Interest on NPO	741,784	622,503	434,172	244,243	56,158	59,689	543,111	1,000,069	1,670,728	2,530,416	3,639,524
Adjustment to ARC	(1,083,279)	(909,084)	(634,052)	(356,684)	(82,012)	(66,275)	(603,040)	(1,110,419)	(1,855,081)	(2,809,629)	(4,041,120)
Annual Pension Cost	9,203,957	10,656,524	11,239,440	11,626,255	15,366,335	23,323,354	22,427,470	26,145,454	30,917,700	34,563,067	37,671,425
Employer Contribution for the Year	6,099,534	13,010,651	13,613,563	13,977,312	15,322,201	17,280,573	16,715,500	17,762,209	20,171,610	20,699,211	21,700,806
Net Pension Obligation (NPO):											
NPO at beginning of year	9,272,306	7,781,283	5,427,156	3,013,032	701,976	746,110	6,788,891	12,500,861	20,884,105	31,630,195	45,494,051
Annual Pension Cost for year	4,608,511	10,656,524	11,239,440	11,626,255	15,366,335	23,323,354	22,427,470	26,145,454	30,917,700	34,563,067	37,671,425
Contributions for year	(6,099,534)	(13,010,651)	(13,613,563)	(13,977,312)	(15,322,201)	(17,280,573)	(16,715,500)	(17,762,209)	(20,171,610)	(20,699,211)	(21,700,806)
NPO at end of year	7,781,283	5,427,156	3,053,032	701,976	746,110	6,788,891	12,500,861	20,884,105	31,630,195	45,494,051	61,464,670

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POLICE

	January 1 2008	January 1 2009
ACTIVE PARTICIPANTS	710	745
NON-ACTIVE PARTICIPANTS		
Service Retirements	430	463
Surviving Spouses	137*	128*
Surviving Children	15	16
Vested Terminated	6	3
Disabled		
- In Line of Duty	139	143
- Not in Line of Duty	13	13
ANNUAL COMPENSATION FOR ACTIVE PARTICIPANTS		
Total Annual Compensation	$47,710,209	$48,851,390
Average Per Member	67,197	65,572
ANNUAL PENSION BENEFIT**		
Service Retirements	$20,067,482	$22,218,828
Surviving Spouses	2,712,548	2,689,746
Disabled		
- In Line of Duty	4,333,925	4,596,104
- Not in Line of Duty	349,342	356,425

* Includes ex-spouses

** Pension benefits paid from Pension Fund only. COLA benefits paid from General Funds are not reflected.

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FIREFIGHTERS

	January 1 2008	January 1 2009
ACTIVE PARTICIPANTS	625	662
NON-ACTIVE PARTICIPANTS		
Service Retirements	416	433
Surviving Spouses	121*	121*
Surviving Children	7	4
Vested Terminated	7	8
Disabled		
- In Line of Duty	89	88
- Not in Line of Duty	8	8
ANNUAL COMPENSATION FOR ACTIVE PARTICIPANTS		
Total Annual Compensation	$42,278,873	$44,764,801
Average Per Member	67,646	67,620
ANNUAL PENSION BENEFIT**		
Service Retirements	$19,581,873	$21,050,325
Surviving Spouses	2,329,127	2,450,095
Disabled		
- In Line of Duty	2,964,343	2,989,584
- Not in Line of Duty	212,253	217,016

* Includes ex-spouses

** Pension benefits paid from Pension Fund only. COLA benefits paid from General Funds are not reflected.

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POLICE AND FIREFIGHTERS

	January 1 2008	January 1 2009
ACTIVE PARTICIPANTS	1,335	1,407
NON-ACTIVE PARTICIPANTS		
Service Retirements	846	896
Surviving Spouses	258*	249*
Surviving Children	22	24
Vested Terminated	13	11
Disabled		
- In Line of Duty	228	231
- Not in Line of Duty	21	21
ANNUAL COMPENSATION FOR ACTIVE PARTICIPANTS		
Total Annual Compensation	$89,989,082	$93,616,191
Average Per Member	67,407	66,536
ANNUAL PENSION BENEFIT**		
Service Retirements	$39,649,355	$43,269,153
Surviving Spouses	5,041,675	5,139,841
Disabled		
- In Line of Duty	7,298,268	7,585,688
- Not in Line of Duty	561,595	573,441

* Includes ex-spouses

** Pension benefits paid from Pension Fund only. COLA benefits paid from General Funds are not reflected.

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	January 1 2008	January 1 2009
ACTIVE MEMBERS		
Average Attained Age	38.6	38.0
Average Hire Age	28.5	28.4
Average Past Service	10.1	9.5
Average Annual Compensation	$67,407	$66,536
NON-ACTIVE MEMBERS		
Average Attained Age		
Service Retirees	61.8	61.9
Disability Retirees		
- In Line of Duty	64.4	64.3
- Not in Line of Duty	64.7	65.7
Surviving Spouses	73.1	72.4
Average Monthly Benefit		
Service Retirees	$3,906	$4,024
Disability Retirees		
- In Line of Duty	2,667	2,736
- Not in Line of Duty	2,229	2,276
Surviving Spouses	1,628	1,720
VALUE OF PLAN ASSETS MARKET VALUE	$529,923,390	$365,923,877
VALUE OF PLAN ASSETS ACTUARIAL VALUE	$530,496,413	$439,108,652

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ACTUARIAL METHOD

Valuation of the plan use the *"entry age-normal"* cost method. Under this actuarial method, the value of future costs attributable to future employment of participants is determined. This is called present value of future normal costs. The following steps indicate how this is determined for benefits expected to be paid upon normal retirement.

1. The expected pension benefit at normal retirement is determined for each participant.

2. A normal cost, as a level percent of pay, is determined for each participant assuming that such level percent is paid from the employee's entry age into employment to his normal retirement. This normal cost is determined so that its accumulated value at normal retirement is sufficient to provide the expected pension benefits.

3. The sum of the normal costs for all participants for one year determines the total normal cost of the plan for one year.

4. The value of future payments of normal cost in future years is determined for each participant based on his years of service to normal retirement age.

5. The sum of the value of future payments of normal cost for all participants determines the present value of future costs.

The value of future costs attributable to past employment of participants, which is called the accrued liability is equal to the present value of benefits less the present value of future normal costs. The unfunded accrued liability is equal to the excess of the accrued liability over assets. The unfunded accrued liability is amortized as a level percent of pay over 30 years beginning January 1, 2003.

As experience develops with the plan, actuarial gains and actuarial losses result. These actuarial gains and losses indicate the extent to which actual experience is deviating from that expected on the basis of the actuarial assumptions. In each year, as they occur, actuarial gains and losses are recognized in the unfunded accrued liability as of the valuation date.

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Appendix B Actuarial Assumptions

Interest:	8.0% (net of investment expenses)
Salary Increases:	Merit increases based on service plus a general wage increase.
Service Retirement Age:	Graduated rates based on service.
Mortality:	
Active Members	RP-2000 Healthy Annuitant Table with generational improvements, set forward one year.
Service Pensioners and Beneficiaries	RP-2000 Healthy Annuitant Table with generational improvements, set forward one year.
Disabled	RP-2000 Disability Table with generational improvements.
Disability:	Graduated rates by age. See table on next page.
Percent of Disabilities in Line of Duty:	85%
Medical Expenses for Disabilities in Line of Duty:	5% load on liability for current and future disabled members.
Percent Married at Death or Retirement:	75%
Percent with Dependents at Death:	77%
Average Number of Children per Married Member:	1
Turnover:	Graduated rates by age. See table on next page.
Assets:	Actuarial value of assets equal to 1/3 of market value, plus 2/3 of expected value. Actuarial value of assets cannot exceed 120% of Market value of assets.
Load on Active member liability to reflect final wage adjustments	10%
Increase in total annual payroll	4.0%
Assumed annual rate of inflation	3.5%

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SAMPLE RATES

Age on 1/1/2006	Annual Rate			
	Mortality		Disability	Turnover
	Males	Females		
20	.03%	.02%	.26%	1.41%
30	.05	.03	.30	1.69
40	.11	.07	.52	.63
50	.20	.16	.95	.00
60	.49	.42	1.45	.00

Salary Progression

Years of Service	Inflation	Productivity	Merit & Longevity	Total Increase
1	3.5%	0.5%	2.5%	6.5%
5	3.5%	0.5%	2.5	6.5
10	3.5%	0.5%	2.0	6.0
15	3.5%	0.5%	1.0	5.0
20	3.5%	0.5%	0.5	4.5
25	3.5%	0.5%	0.0	4.0
30	3.5%	0.5%	0.0	4.0

Service Retirements

Assumed retirement rates are based on the number of years of credited service as follows:

Years of Service	Distribution	Annual Rate
Less than 25	0.0%	0.0%
25	100.0	100.0
	0	

If a member was hired after age 37, then it is assumed that member would retire at the later of age 62 or 10 years of service.

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Average Final Monthly Compensation:
Section 22-63

Highest average monthly compensation during any consecutive twenty-six (26) pay periods out of the last five years of service as a member of the system for which service credit had been earned.

Member Contributions:
Section 22-73(a)
Section 22-68

Ultimate rates effective July 1, 2007:
14.55% of total monthly salary for police.
15.40% of total monthly salary for fire.

City of Omaha Contributions:
Section 22-73(b)

Ultimate rates effective July 1, 2007:
20.17% of each members total monthly salary for police.
21.015% of each members total monthly salary for fire.

In addition, the City shall make contributions of $1,327,600 annually through the year 2028.

Service Retirement Eligibility:
Section 22-75

Available after age 55 and 10 years of service or age 45 and 20 years of service.

Service Retirement Pension:

Section 22-76

Beginning July 1, 2007, lifetime monthly annuity as follows:

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	45**	55%*
25 years	45	75%

*55% at 20 years of service, plus 2% for each additional six months of service after 20 years and before 25 years.

**The minimum retirement age with less than 25 years is 50 for Fire.

Cost of Living Adjustment (COLA):

The monthly pension shall be increased by the lesser of 3% or $50 ($65 for Fire retirements after June 30, 2007). The increase will be made annually, beginning in the 13th month of retirement.

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Disability Retirement:

1. In Line of Duty:
Section 22-78

A member shall become entitled to the following benefits while permanently disabled.

Years of Service	Percentage of Average Final Monthly Compensation
Less than 25	50%*
25	Same as Service Retirement Pension

* 55% for Fire after June 30, 2007

2. Not in Line of Duty:
Section 22-79

A member shall become entitled to the following benefits while permanently disabled.

Years of Service	Percentage of Average Final Monthly Compensation
Up to 10 years	10%
10 but less than 15	20%
15 but less than 20	30%
20 or more	Same as Service Retirement Pension

Not payable while full salary continues.

Spouse's Pension:

1. Death of Active Member in Line of Duty:

A monthly pension equal to 49% (52% Fire) of the member's average final monthly compensation is paid to the surviving spouse if death occurs while the active member has less than 25 years of service. A monthly pension equal to 69% (72% Fire) of the member's average final monthly compensation is paid to the surviving spouse if death occurs after the active member has 25 years or more of service.

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2. Death of Active Member Not in Line of Duty:

The following monthly pension is paid to the surviving spouse.

Years of Service at Death	Percentage of Average Final Monthly Compensation*
0-3	0%
3-10	35%
11	36.4%
12	37.8%
13	39.2%
14	40.6%
15	42.0%
16	43.4%
17	44.8%
18	46.2%
19	47.6%
20-25	49.0%
25+	69%

* add 3% to each number for Fire effective July 1, 2007

Benefit terminates upon remarriage of spouse.

3. Death of Member Eligible for Retirement or Death of Retired Member:
Section 22-82

75% (90% for Fire retirements after June 30, 2007) of the pension the member was receiving or was eligible to receive at the time of death. Upon spouse's remarriage, all benefits cease.

Children's Pension:
Section 22-83

Upon the death of an active or retired member, the following benefit will be paid to the surviving children until age 18.

Number of Dependent Children	Percentage of Average Final Monthly Compensation
1	15%
2	30%
3	45%
4 or more	50%

Lump Sum Death Benefits:

1. Active Member without Eligible Dependents:
Section 22-84(a)

Accumulated member's contributions, or $500 if greater.

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2. Retired Member without Eligible Dependents:
Section 22-84(b)

Accumulated member's contribution less previous pension payments made, or $500 if greater.

3. Active Member with Eligible Dependents:
Section 22-84(c)

An amount payable immediately, equal to one year's salary computed on the basis of the maximum monthly rate for patrolmen and firefighters, plus the deceased member's accumulated contributions less pension payments to his dependents, payable to the dependent who last ceases to receive pension benefits.

4. Retired Member with Eligible Dependents:
Section 22-84(c)

$1,000 ($5,000 Fire) payable immediately, plus the excess over $1,000 ($5,000 Fire) if any, of the deceased member's accumulated **contributions less pension payments to the member** and his dependents, payable to the dependent who last ceases to receive pension benefits.

Vesting:

Section 22-86

Upon severance of employment by a member with less than 10 years of service and prior to obtaining eligibility under Section 22-75, a refund of such member's accumulated contributions.

Section 22-90

Upon severance of employment by a member before age 45 with more than 10 years of service and prior to obtaining eligibility under Section 22-75, the member may elect, in lieu of receiving a refund of contributions, to receive a monthly pension, according to the table below, commencing at age 55. Such deferred pension shall be based on service credited to the date of severance.

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	45	55%
25 or more	45	75%

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CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Financial Statements and Supplemental Schedules
June 30, 2009 and 2008
(With Independent Auditors' Report)

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

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BANKS, FINLEY, WHITE & CO.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

The Board of Trustees
City of Atlanta, Georgia
Police Officers' Pension Plan:

We have audited the accompanying financial statements of the City of Atlanta, Georgia Police Officers' Pension Plan (the "Plan") as of June 30, 2009 and 2008 and for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Atlanta, Georgia Police Officers' Pension Plan's net assets held in trust for pension benefits as of June 30, 2009 and 2008 and the changes therein for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The schedules of funding progress and employer contributions on page 13 are not a required part of the financial statements, but are supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. We have applied to the schedules certain limited procedures prescribed by professional standards, which consisted principally of inquiries of management regarding methods of measurement and presentation of the schedules.

Banks, Finley, White & Co.

March 18, 2010.

3504 EAST MAIN STREET • COLLEGE PARK, GEORGIA 30337 • (404) 763-1002

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Statements of Plan Net Assets
June 30, 2009 and 2008
(In thousands)

	2009	2008
ASSETS		
Cash and cash equivalents	$ 63,163	$ 83,912
Investments:		
Equities	232,007	248,650
U.S. government and agency obligations	90,998	108,432
Corporate bonds	44,624	43,767
Other investments	117,934	119,884
Total Investments	485,563	520,733
Securities lending collateral investment pool	69,330	66,750
Contributions receivable from employer	2,466	-
Contributions receivable from employees	210	293
Accrued interest receivable	1,731	2,308
Due from brokers for securities sold	675	2,567
Due from other funds	-	10,440
Other Receivables	-	8,368
Total Assets	623,138	695,371
LIABILITIES		
Accounts payable		7,021
Deferred revenues	3,718	
Other Liabilities	1,380	
Due to brokers for securities purchased	5,130	4,547
Due to other funds	55	-
Liability for securities lending agreement	69,330	66,750
Total Liabilities	79,613	78,318
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS (See Schedule of Funding Progress on page 13)	$ 543,525	$ 617,053

The accompanying notes are an integral part of the financial statements.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Statements of Changes in Plan Net Assets
For the Years Ended
June 30, 2009 and June 30, 2008
(In thousands)

Additions to Plan net assets:	2009	2008
Investments Income:		
Net (depreciation) appreciation in fair value of investments	$ (92,949)	$ (38,437)
Interest and dividends income	12,561	15,003
Securities lending income	413	306
Less:		
Investment expenses	(2,172)	(2,548)
Net Investment Loss	(82,147)	(25,676)
Employee contributions	5,557	5,445
Employer contributions	44,810	45,730
Other income	178	-
Total Additions	(31,602)	25,499
Deductions from Plan net assets:		
Benefit payments	41,840	37,102
Administrative fees, management fees, and other expenses	86	565
Total Deductions	41,926	37,667
Net Decrease	(73,528)	(12,168)
Net Assets Held in Trust for Pension Benefits:		
Beginning of Year	617,053	629,221
END OF YEAR	$ 543,525	$ 617,053

The accompanying notes are an integral part of the financial statements.

Note 1 - Summary of Significant Accounting Policies

a. *Overview of Plan and Related Government*

The City of Atlanta, Georgia Police Officers' Pension Plan (the "Plan"), a single employer defined benefit pension plan, was established by a 1933 Act of the State of Georgia Legislature to provide retirement benefits for sworn personnel of the City of Atlanta (the "City") Police Department. Until 1983, The Georgia Legislature established all requirements and policies of the Plan. By a constitutional amendment, effective July 1983, control over the Plan transferred to the City under the principle of Home Rule.

The funding methods and determination of benefits payable were established by the legislative acts creating the Plan, as amended, and in general, provide that funds are to be accumulated from employee contribution, City contributions, and income from the investment of accumulated funds.

The Plan is considered a fiduciary fund of the City and its financial statements are included in the City of Atlanta, Georgia's Comprehensive Annual Financial Report (CAFR) as part of the Pension Trust Fund. The City's most recent CAFR as of and for the year ended June 30, 2009 should be read in conjunction with these financial statements.

b. *Basis of Accounting*

The financial statements are prepared on the accrual basis of accounting whereby revenues are recognized as earned and expenses are recognized as the associated liabilities are incurred.

c. Cash

The Plan considers all highly liquid debt securities with an original maturity of three months or less to be cash equivalents.

d. Investments

State of Georgia and City statutes authorize the Plan to invest in U.S. Government obligations, U.S. Government agency obligations, State of Georgia obligations, obligations of a corporation of the U.S. Government and the Georgia Fund I (a local government investment pool maintained by the State of Georgia). Additionally, the Plan is authorized to invest in common stock provided that the cost bases of such investments do not exceed 55% of the net assets of the Plan. The Plan invests in repurchase agreements only when they are collateralized by U.S. Government or agency obligations.

Note 1 - Summary of Significant Accounting Policies, continued

The Plan is also authorized to invest in collateralized mortgage obligations (CMOs) to maximize yields. These securities are based on cash flows from interest payments on underlying mortgages. (CMOs) are sensitive to prepayment by mortgagees, which may result from a decline in interest rates. For example, if interest rates decline and mortgagees refinance their mortgages, thereby prepaying the mortgages underlying these securities, the cash flows from interest payments are reduced and the value of these securities declines. Likewise, if mortgagees pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated.

Investments, other than repurchase agreements, are carried at fair value based on quoted market prices. Repurchase agreements are valued at their amortized cost.

The net appreciation (depreciation) in the fair value of investments held by the Plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of balance sheet date. Investment income is recognized on the accrual basis as earned by the Plan.

e. *Use of Estimates*

Management of the Plan has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosures of contingent assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

Note 2 - Plan Description

The following brief description of the Plan is provided for general information purposes only. Participants should refer to the City of Atlanta Code of Ordinances for more complete information.

a. *Benefit Provisions*

The Plan provides a monthly retirement benefit that initially represents 3% for each year of accredited services times the participants' final average three-year earnings or the highest consecutive three-year earnings (limited to 80% of the average or earnings), whichever is the highest. The Plan was amended, effective January 1, 1986, to exclude overtime pay in the computation of benefits. Retirement benefits are adjusted annually based on the change in the consumer price index, limited to 3% per year. Upon the death of vested participant who has beneficiary coverage, his or her eligible beneficiary(ies) would be entitled to three fourths of the amount the deceased participant was receiving or would have been entitled to receive.

Note 2 - Plan Description, continued

Group A - Covered by the 1978 Plan and the participant have elected to be covered by the 1986 Amendments. Any Police officer hired after 2005 is automatically included in this group.

Group B - Covered by the 1978 Plan and the participant has elected not to be covered by the 1986 Amendment.

b. Benefit Options

- Normal Monthly Pension Benefit

  An employee is eligible for a normal monthly pension benefit after 30 years of services, at any age or, when he or she reaches the normal retirement age of 55 with 10 years of creditable service. The years of creditable service required decreased from 15 years to 10 years effective September 12, 2005.

  A 30 year and out provision was added to the Plan effective October 25, 2005.

  Alternatively, a police officer is eligible for normal retirement at age 65 with at least 5 years of credited service.

- Early Monthly Pension Benefit

  An employee is eligible for an early monthly pension benefit after 10 years of creditable service. The monthly benefit is reduced to allow for the fact that it will be paid over a longer period of time. The years of creditable service required decreased from 15 years to 10 years effective September 12, 2005.

- Reduced Monthly Pension Benefit

  Employees hired prior to April 1, 1978 are eligible for a reduced monthly pension benefit at age 50 with 25 years of service. The reduction for the reduced monthly pension benefit is less than the reduction for an early monthly pension benefit.

- Total and Permanent Disability

  A participant will be considered to be totally and permanently disabled if:

  Group A - the participant's disability is determined to be a continuous state of incapacity due to illness or injury such that (a) the participant is prevented from performing their regular assigned or comparable duties during your first 12 months of disability, and (b) are thereafter prevented from engaging in any occupation for which they have become reasonably qualified by education, training or experience.

Note 2 - Plan Description, continued

Group B - The participant's disability is determined to be a total and permanent physical or mental injury to perform their regular assigned or comparable duties as a police officer with the City.

If a participant becomes totally and permanently disabled in the line of duty, they will be eligible to receive a monthly disability retirement benefit calculated as follows:

Group A- The greater of (a) the participant's monthly accrued benefit determined as of the date of disability or (b) 50% of the average monthly earnings determined as of the date of the disability. The benefit will be recalculated when the participant reaches age 55. The recalculated amount will include creditable service for your period of disability, but will not include any cost-of-living adjustments that were applied to the previous disability benefit.

Group B - The greater of (a) the participant's monthly accrued benefit determined as of the date of the disability or (b) 70% of the top salary for the grade and position of the participant on the day before their date of disability.

c. *Membership*

The following schedule reflects membership for the Plan at January 1, 2008, the date of the most recent actuarial valuation.

Members:	
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	1,272
Current active employees:	
Fully vested	819
Partially vested	270
Nonvested	722
Total membership	1,811

d. Administration of Plan

The Plan is administered as single employer plan by the Board of Trustees(the "Board") which includes an appointee of the Mayor, the City's Chief Financial Officer, a member of City Council, and three representatives elected by the membership (active and retired). All modifications to the plan must be supported by actuarial analysis and receive the recommendations of the City Attorney, the Chief Financial Officer, and the Board of Trustees. Each pension law modification must be adopted by at least two thirds vote to the City Council and approved by the Mayor.

Note 3 - Deposits and Investments

Investments in Employee Retirement Plans

The Board is ultimately responsible for making all decisions with regard to the administration of the Plan, including the management of Plan assets, and for carrying out the investment policy on behalf of the Plan.

The Plan's investments are managed by various investment managers under contracts with the Plan who have discretionary authority over the assets managed by them, within the investment guidelines, established the Board. The investments are held in trust by the Plan's custodian in the Plan's name. These assets are held exclusively for the purpose of providing benefits to members of the plan and their beneficiaries.

Identified below are the investment types that are authorized by the Board for the Plan. The investment policy also identifies certain provisions that address interest rate risk, credit risk, custodial credit risk, concentration of credit risk and foreign currency risks.

The Plan, by policy, is to invest their cash in domestic equities, domestic fixed income securities and cash equivalents. These instruments consist of common and preferred stock, obligations of the U.S. government and agencies (GNMA, FHLMC, and FNMA securities and CMO's), corporate bonds, and certificates of deposit. The Plan has strict limitations on the amounts managers are allowed to invest in any one issuer in all classes of securities. The Plan also invests in repurchase agreements which must be fully collateralized by U.S. government or agency guaranteed securities.

The Plan maintains cash to meet its immediate liquidity needs. Cash not immediately needed is invested in either short-term or long-term investment securities as directed by management.

Board policy permits the Plan to engage in securities lending with an authorized agent, provided that the securities are fully collateralized at least 102% and that collateral is received prior to the release of the securities by the custodian.

Investment Risk Disclosure

Interest Rate Risk. Interest rate risk is the risk that changes in market rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Additionally, the fair values of the investments may be highly sensitive to interest rate fluctuations. By policy, the Plan establishes maximum maturity dates by investments type in order to limit interest rate risk. The Plan manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments, and by timing cash flows from maturities so that a portion is maturing or coming close to maturing, evenly over time, as necessary, to provide the cash flow and liquidity needs for operations.

Credit Risk. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Plan's investment policy does not specify a minimum bond rating for investments.

Note 3 - Cash, Cash Equivalents, and Investments, continued

As of June 30, 2009, the Plan had the following fixed income investments (in thousands), with the corresponding credit ratings and maturities.

Type of Investment	Credit Rating	Under 1 Year	1-3 Years	3-5 Years	5-10 Years	Over 10 Years	Fair Value
U.S. Government Agencies	AAA	$3,253	$ -	$ -	$ 6,143	$ 77,419	$ 86,815
U.S. Government Obligations	A+/AAA	-	-	-	-	-	-
Corporate Bonds	AA/A-	-	2,059	5,074	9,667	6,681	23,480
Corporate Bonds	B+/BBB	1,032	1,456	1,576	7,576	9,503	21,144
Common Collected Trust	A-1/AA-2	-	-	-	90,870	-	90,870
CMO's	AAA	-	-	-	-	3,525	3,525
CMO's	NR*	-	-	-	1,841	1,152	2,993
Asset Backed Securities	A	-	-	-	4,272	6,577	10,849
Asset Backed Securities	NR	-	-	-	1,646	2,032	4,735
Other Fixed Income	AAA	-	2,497	-	-	-	2,497
		$4,285	$6,012	$7,707	$ 122,015	$106,889	$246,908

* - Not rated

Securities Lending

State statutes and Board of Trustees policies permit the Plan to lend its securities to broker dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Plan's custodians lend securities of the type on loan at year-end for collateral in the form of cash or other securities of 102%.

Cash collateral is invested in overnight investments. As of June 30, 2009, the Plan has no significant credit risk exposure to borrowers because the amounts the Plan owes the borrower exceed the amounts the borrowers owe the Plan. The contract with the Plan's custodian requires it to indemnify the Plan if the borrowers fail to return the securities and if the collateral is inadequate to replace the securities or fail to pay the Plan for income distributions by the securities issuers while the securities are on loan.

There were no violations of legal or contractual provisions, borrower or lending agent default losses, and no recoveries of prior period losses during the year. There are income distributions owed on the securities loaned. The Plan records the cash received as collateral under securities lending agreements and the investments purchased with that cash as securities lending short-term collateral investment pool with a corresponding amount recorded as a liability.

All securities loans can be terminated on demand by either the Plan or the borrower, with the borrower returning equivalent securities to the Plans within a specified period of time.

Custodial Credit Risk. Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the Plan will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Custodial credit risks for *investments,* is the risk that in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Note 3 - Cash, Cash Equivalents, and Investments, continued

All uninsured collected balances held in trust by the City for the Plan plus accrued interest in depository accounts must be collateralized and the market value of collateralized pledged securities must be at least 110% of the deposit balances, and 102% for repurchase agreements. As a result, the Plan had no deposits or investments with custodial risks as of June 30, 2009.

All investments of the Plan are either held by the Plan or by a counterparty in the Plan's name; therefore, the Plan's investments had no custodial risks as of June 30, 2009.

Concentration Credit Risk. Investments in any one issuer representing 5% or more of the net assets held in trust for pension benefits at June 30, 2009 are as follows:

Issuer	Investment Type	% of Total Investments
Northern TR Corp	Equities	17.41%
Northern Trust Bank N.A	Equities	5.51%
U.S. Government	U.S. Government Security	11.62%
NTGI	Equities	5.79%
COLTV	Equities	7.75%
ISHAERS	Equities	6.70%

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates could adversely affect an investment's or deposit's fair value. The Plan's policy states that the portfolio will consist of domestic equities, domestic fixed income and cash equivalents. At June 30, 2008, the Plan was not in compliance with the provisions of its policy requirements for authorized investment purchases. As of June 30, 2009, the Plan had investments in foreign fixed income securities but investment in equity securities totaled $1,255,000.

Although all of the foreign equity securities are American Depository Receipts (ADR's), this does not eliminate the foreign currency risk involved in purchasing foreign securities.

The following table provides the value in U.S. dollars by foreign currency denominations and investment type for the Plan investments denominated in foreign currencies (in thousands).

Currency	Short Term	Debt	Equity	Total
Canada	$ -	$ -	$ 255	$ 255
British Virgin Islands	-	-	27	27
Tunisia	-	879	-	879
Puerto Rico	-	-	24	24
Israel			70	70
Total Securities subject to Foreign Currency Risk	$ -	$ 879	$ 376	$ 1,255
Total U.S. Dollars Securities				
United States	$ 40,294	$ 252,678	$ 231,631	$ 524,603
Total International & U.S. Investment Securities	$ 40,294	$ 253,557	$ 232,007	$ 525,858

Note 4 - Funding Policy

The City's funding policy is to contribute a percentage of the Plan's covered employee payroll as developed in the actuarial valuation for the Plan. Active participants are required to contribute 7% of base pay (or 8% if participant has covered beneficiary). The City's contribution percentage is the actuarially determined amount necessary to fund plan benefits after consideration of employee contributions. The City makes an additional contribution of 1% of payroll, which effectively decreases the employee's required contribution percentage to 6% (or 7% if participant has a covered beneficiary), but has no effect on the overall required contribution. The City is not obligated to continue the 1% supplemental contribution for any specified period of time.

The actuarially determined contribution amount is the sum of the annual normal cost and the amortization of the unfunded actuarial accrued liability as a level percentage of future payrolls (over 50 years from January 1, 1979). The actuarial cost method used for funding purposes is the Entry Age Normal Cost Method. This method is one of the approved methods for such plans in the State of Georgia, and provides for contributions based on a level percentage of future payrolls. The unfunded actuarial accrued liability for funding purposes is amortized on a closed basis over a period within State of Georgia guidelines. The significant actuarial assumptions used to compute the contribution requirements are the same as those used to compute the actuarial accrued liability.

Note 5 - Contributions Required and Contributions Made

The required contribution percentages developed in the most recent actuarial valuation for the Plan for the years ended June 30, 2009 and June 30, 2008 and the actual contributions made are as follows (dollars in thousands):

	2009	2008
Normal cost	27.6%	27.5%
Amortization of the unfunded actuarial accrued liability	29.6%	33.6%
Total required contributions as a percentage of payroll	57.2%	61.1%
Actual employee contributions:		
Dollar amount	$ 5,557	$ 5,445
Percent of covered payroll	6.6%	7.1%
Actual employer contributions:		
Dollar amount	$ 44,810	$ 45,730
Percent of covered payroll	53.3%	59.3%

Note 5 - Contributions Required and Contributions Made, continued

The annual covered payroll for the City was $84,016,000 and $77,168,000 for the years ended June 30, 2009 and 2008 respectively. The actual employer contributions shown above include amounts used to fund retiree supplemental cost of living increases and other minimum benefits. These amounts are components of the City's contributions for purposes of meeting actuarially determined funding requirements.

Note 6 - Contributions Receivable

Employer
Employer contribution receivable represents Annual Required Contributions owed but not yet remitted to the plan by the City.

Employees
Contributions from employees include amounts withheld from employees but not yet remitted to the Plan. Total contributions receivable from employees were $210,000 and $293,000 for the years ended June 30, 2009 and 2008, respectively.

Additionally, employees may receive credit for service for previous employment with certain state and local governmental agencies including previous employment with the City, upon payment to the Plan of an amount, as defined in the 1933 Act, as amended, representing contributions applicable to such service period. These contributions may be paid over a future period, even after retirement. In addition, 1964 and 1978 amendments to the Plan increased pension benefits and the related employee contribution rates. Active employees may retroactively increase their contribution rates from the date of employment in order to receive the maximum increased benefits available under the 1964 and 1978 amendments. These "back contributions" may also be paid over a future period.

Note 7 - Contingencies

The Plan and its trust are intended to be qualified under Sections 401(a) and 501(c) of the Internal Revenue Code (IRC) such that they are not subject to tax under federal income tax laws. The IRS issued a favorable determination letter on May 19, 1998 with respect to the Plan, in which the IRS stated that the Plan, as then designed, was in compliance with the applicable requirements of the IRC. On August 17, 2004, the IRS issued another favorable determination letter with respect to the terms of the Plan. The Plan has been amended since receiving the 2004 determination letter, and the City believes that those amendments do not adversely affect the qualified status of the Plan. The IRS's 2004 determination was subject to the adoption of an amendment to the City Charter, which was inadvertently not adopted. The City is taking steps to comply with this matter.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN
Required Supplementary Information

Schedule of Funding Progress

(Unaudited)
(Dollars in thousands)

Actuarial valuation date	Actuarial value of assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll (b-a)/c)
January 1, 2003	$ 437,282	$ 592,428	$ 155,146	73.8%	$ 66,371	143.3%
January 1, 2004	$ 440,212	$ 617,501	$ 177,289	71.3%	$ 63,274	280.2%
January 1, 2005	$ 444,460	$ 658,861	$ 214,401	67.5%	$ 70,973	302.1%
January 1, 2006	$ 464,368	$ 817,255	$ 352,887	56.8%	$ 73,515	480.0%
January 1, 2007	$ 512,259	$ 850,886	$ 338,627	60.2%	$ 77,168	438.8%
January 1, 2008	$ 596,457	$ 909,410	$ 312,953	65.6%	$ 84,016	372.5%

Schedule of Employer Contributions

(Unaudited)
(Dollars in thousands)

Year	Annual Required Contribution	Actual Employer contribution	Percentage contributed
2007	$ 45,229	$ 45,229	100.0%
2008	$ 44,058	$ 44,058	100.0%
2009	$ 44,810	$ 44,810	100.0 %

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Required Supplementary Information

Notes to Schedule of Funding Progress and
Schedule of Employer and Other Contributions

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated.

The actuarial accrued liability is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

Accumulated plan benefits are those future periodic payments, including lump sum distributions that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits under the Plan are based on employee compensation. The accumulated plan benefits for active employee are based on their average compensation and credited service ending on the date as of which the benefit information is presented (the valuation date). Benefits payable under all circumstances - retirement, death, disability, and termination of employment - are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2008
Actuarial cost method	Entry age normal
Amortization method	Level percentage closed Over a closed period of 50 years from January 1, 1979 as a level percentage of estimated future payroll
Remaining amortization period	11 years
Asset valuation period	Smoothed 5 year averaged market
Investment rate of return	7.75%
Projected salary increases	
Inflation	3%
Merit or seniority and productivity	1.0%
Postretirement benefit increases	3%

REPORT ON
THE EIGHTY-SECOND VALUATION OF
THE EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF PROVIDENCE
AS OF JUNE 30, 2009

buckconsultants A Xerox Company

March 19, 2010

Retirement Board
Employees' Retirement System of the
City of Providence
City Hall
Providence, Rhode Island 02903

Dear Board Members:

This report presents the results of the eighty-second actuarial valuation of the system, prepared as of June 30, 2009, which develops the appropriation required by the City for the fiscal year beginning July 1, 2010.

The Table of Contents, which immediately follows, outlines the material contained in the report.

Respectfully submitted,

Daniel W. Sherman

Daniel W. Sherman, ASA, MAAA, EA
Director and Consulting Actuary

Robert P. Lessard

Robert P. Lessard
Consultant

buckconsultants A Xerox Company

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REPORT ON THE EIGHTY-FIRST VALUATION OF THE
EMPLOYEES' RETIREMENT SYSTEM OF THE
CITY OF PROVIDENCE
AS OF JUNE 30, 2009

SECTION I - SUMMARY OF PRINCIPAL RESULTS

1. For convenience of reference, the principal results of the current and preceding valuations are summarized below:

Valuation Date	**6/30/2008**	**6/30/2009**
Number of active members		
Vested	1,827	1,796
Nonvested	1,181	1,159
Total	3,008	2,955
Annual salaries of active members	$ 132,719,426	$ 135,515,656
Average salary of active members	$ 43,049	$ 45,860
Number of retirees and beneficiaries	2,907	2,898
Annual retirement allowances	$ 74,288,874	$ 75,170,939
Average retirement allowance	$ 25,555	$ 25,939
No. of non-active members w/contributions	237	455
Accumulated member contributions	$ 4,556,132	$ 9,018,971
Market value of plan assets (accrual basis)	$ 412,429,703	$ 345,561,291
Assets for valuation purposes	$ 449,464,313	$ 405,217,490
Unfunded accrued liability	$ 715,719,030	$ 804,763,439
Contribution rates required		
Class A	24.16%	21.76%
Class B Fire	84.34%	81.73%
Class B Police	70.22%	63.00%

2. Comments on the valuation results as of June 30, 2009 are given in Section IV and the appropriation payable by the City during the fiscal period beginning July 1, 2010 is set out in Section V.

3. The valuation was based on the assumptions as outlined in Schedule B. The salary scale assumption was modified this year. All other assumptions remained the same.

4. Schedule D of this report presents a summary of the main provisions of the act governing the system, as interpreted in preparing the actuarial valuation. In particular, the valuation reflected the following with respect to annual cost of living adjustments (COLAs):

Group	COLA	Number of Recipients
(a) Class A		
(i) Retired prior to 12/19/1991	- 3%, compounded	562
(ii) Retired after 12/18/1991	- None	1,047
(iii) Special award	- 5%, compounded	4
Total of Class A		1,613
(b) Class B - Police		
(i) Retired prior to 1/1/1990	- 5%, compounded	277
(ii) Retired between 1/1/1990 and 12/18/1991	- 6%, compounded	35
(iii) Retired between 12/19/1991 and 12/31/1992	- 5%, compounded	25
(iv) Retired after 12/31/1992	- 3%, compounded	268
(v) Special award	- 5%, compounded	20
Total of Police		625

Group	COLA	Number of Recipients
(c) Class B - Fire		
(i) Retired prior to 1/1/1990	- 5%, compounded	267
(ii) Retired between 1/1/1990 and 12/18/1991	- 6%, compounded	66
(iii) Retired between 12/19/1991 and 6/30/1992	- 5%, compounded	15
(iv) Retired between 7/1/1992 and 6/30/1995	- 6%, compounded	76
(v) Retired between 7/1/1995 and 3/16/2006	- 3%, simple, on first $12,000 of annual benefit	115
(vi) Retired after 3/16/2006	- 3%, compounded	91
(vii) Special award	- 5%, compounded	15
Total of Fire		645
(d) Total Number of Class A and Class B retirees and beneficiaries		2,883*

*Excludes elected officials and 14 Class A and B employees who retired prior to June 30, 2009 but were not processed on the June 30, 2009 payroll.

There is a three-year deferral of the initial COLA for current active members when they retire.

SECTION II - EMPLOYEE DATA

1. Employee data were furnished by the City Controller.

2. Tables 1 and 2 of Schedule E show the number and annual salaries of active members, while the remaining tables of Schedule E show the number and annual retirement allowances of retirees and beneficiaries as of June 30, 2009.

SECTION III - ASSETS

1. The amount of the assets taken into account in the valuation was obtained from information submitted by the City Controller.

2. The market value of the assets of the system as of June 30, 2009 on a "cash basis" was $298,280,996. To convert this amount to an "accrual basis," this amount should be increased by the discounted value of the City's contribution already appropriated for the July 1, 2009 to June 30, 2010 fiscal year ($51,299,120) but assumed not to be deposited until June 30, 2010. The discounted value of this contribution is $47,280,295. Therefore, the market value of the assets of the system as of June 30, 2009 on an "accrual basis" was $345,561,291.

3. The amount of assets used for valuation purposes was determined by the use of a five-year moving average of market values. This procedure produced a value of $405,217,490 on an "accrual basis." Schedule C outlines the calculation of this adjusted value which was modified for purposes of this year's valuation.

SECTION IV - COMMENTS ON VALUATION

1. Schedule A of this report presents the results of the valuation and shows the present and prospective assets and liabilities of the retirement system of June 30, 2009. Actuarial accrued liabilities consist of $357,829,214, which equals the actuarial accrued value of prospective benefits of active members; plus $843,132,744, which equals the present value of obligations to retired members and their beneficiaries; plus $9,018,971, which equals the value of contributions of non-active members remaining in the fund. These liabilities amount to $1,209,980,929, which is met by the City and members through annual contributions. Against these prospective liabilities, the system has present assets of $405,217,490, leaving $804,763,439 as the unfunded accrued liability.

2. Section V discusses the portion of the total prospective City obligation we recommend for current payment.

3. Schedule G of the report discusses experience gain/(loss) in the last year. The system's actual experience was worse than expected, resulting in a loss of $66,549,798. Assets performed below the expected rate of return, which resulted in a loss of $64,799,476. Losses from liability were $1,787,938. Losses from changes in plan provisions increased the unfunded liability by $117,791. For more detail on gain/(loss), please see Schedule G.

4. The actuarial value of assets exceeds the market value by about $60 million. Although the market value of assets decreased, it was partially offset due to the deferral of 80% of the loss under the asset smoothing method.

SECTION V - APPROPRIATION PAYABLE BY CITY

1. Schedule A gives the basis for determining the appropriation payable by the City during the fiscal period beginning July 1, 2010. In accordance with the law governing the operation of the retirement system, we recommend contribution rates of 21.76% for Class A members, 81.73% for Class B Fire and 63.00% for Class B Police. These rates are based on amortizing the unfunded accrued liability as of June 30, 2009 on a level percentage-of-payroll basis over a 30-year period. If these rates are applied to the annual compensation of active members included in the actuarial valuation as of June 30, 2009 and contributions are paid monthly during 2011, contributions payable by the City for the fiscal year beginning July 1, 2010 are as shown below:

Group	**Amount**
Class A:	
General	$ 7,304,439
School	6,741,307
Water	2,589,285
Workforce Development (JTPA)	194,982
Fire Civilians	202,388
Police Civilians	718,143
Total Class A	$ 17,750,544
Class B:	
Fire	$ 20,240,319
Police	18,389,573
Total Class B	$ 38,629,892
Grand Total	$ 56,380,436 (see #2 below)

2. The above contribution includes an additional contribution of $492,606, which is needed to amortize the remaining deferred contribution as of June 30, 1996 over a 30-year period.

3. The assets and liabilities in the valuation do not take the elected officials' pensions into account. Therefore, in addition, the City should contribute an amount sufficient to provide for the payment of the special pensions to elected officials on a pay-as-you-go basis. Any deficiency which arises on account of elected officials whereby the contribution paid for a fiscal year is not sufficient to cover the special pensions paid that year to such retired members should be met by a special contribution by the City.

SECTION VI - ACCOUNTING INFORMATION

Based on our interpretation of Statement 25 of the Governmental Accounting Standards Board, the results of the June 30, 2008 and June 30, 2009 actuarial valuations are shown below:

	June 30, 2008	June 30, 2009
1. Normal cost for employees	$ 10,221,620	$ 10,380,112
2. Normal cost for employers	$ 9,410,520	$ 9,301,881
3. Actuarial liability for active members	$ 337,970,610	$ 357,829,214
4. Actuarial liability for retired members	$ 827,212,733	$ 852,151,715
5. Total actuarial liability	$ 1,165,183,343	$ 1,209,980,929
6. System assets	$ 449,464,313	$ 405,217,490
7. Unfunded actuarial accrued liability	$ 715,719,030	$ 804,763,439
8. Ratio of assets to actuarial liability	38.57%	33.49%
9. Investment return assumption	8.50%	8.50%
10. Rate of salary increase	graded%*	graded%*

* See Schedule B

SCHEDULE OF EMPLOYER CONTRIBUTIONS
(dollar amounts in thousands)

Year Ended June 30	Annual Required Contribution	Percentage Contribution
1996	$16,136	100.00%
1997	$21,089	93.58%
1998	$35,701	57.52%
1999	$37,445	56.15%
2000	$37,415	60.00%
2001	$38,899	60.60%
2002	$42,442	64.18%
2003	$42,008	80.25%
2004	$46,321	85.99%
2005	$49,329	92.15%
2006	$51,454	96.22%
2007	$50,584	100.20%
2008	$54,200	100.00%
2009	$48,509	99.80%

SCHEDULE OF FUNDING PROGRESS
(dollar amounts in thousands)

Year Ended June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1994	$286,956	$500,119	$213,163	57.38%	$84,176	253.23%
1995	$293,454	$460,567	$167,113	63.72%	$88,335	189.18%
1996	$287,320	$699,265	$411,945	41.09%	$84,178	489.38%
1997	$288,800	$732,373	$443,573	39.43%	$88,959	498.63%
1998	$315,000	$732,775	$417,775	42.99%	$99,182	421.22%
1999	$325,576	$746,264	$420,688	43.63%	$106,717	394.21%
2000	$341,817	$798,292	$456,475	42.82%	$114,164	399.84%
2001	$341,986	$821,363	$479,377	41.64%	$116,493	411.51%
2002	$340,550	$867,457	$526,907	39.26%	$114,265	461.13%
2003	$334,929	$899,336	$564,407	37.24%	$115,015	490.72%
2004	$372,128	$1,025,345	$653,217	36.29%	$115,548	565.32%
2005	$376,690	$993,029	$616,339	37.93%	$118,825	518.70%
2006	$393,768	$1,052,805	$659,036	37.40%	$126,458	521.15%
2007	$426,055	$1,079,017	$652,962	39.49%	$132,719	491.99%
2008	$449,464	$1,165,183	$715,719	38.57%	$133,008	538.10%
2009	$405,217	$1,209,981	$804,763	33.49%	$135,516	593.85%

ANNUAL PENSION COST AND NET PENSION OBLIGATION FOR
FISCAL YEARS BEGINNING JULY 1, 2008 AND JULY 1, 2009

The pension cost and net pension obligation as required by Statement 27 of the Governmental Accounting Standards Board are:

Fiscal year beginning July 1, 2008

Net Pension Obligation (NPO) at June 30, 2008	$ 124,360,664
a. Annual Required Contribution	48,509,040
b. Interest on NPO	10,570,656
c. Amortization of NPO	(7,543,204)
Annual Pension Cost	51,536,492
Contributions Paid (not discounted)	(48,409,864)
Increase in NPO	3,126,628
NPO of June 30, 2009	$ 127,487,292

Fiscal year beginning July 1, 2009

Net Pension Obligation (NPO) at June 30, 2009	$ 127,487,292
d. Annual Required Contribution	51,299,120
e. Interest on NPO	10,836,520
f. Amortization of NPO	(7,732,852)
Annual Pension Cost	54,402,688
Expected Contributions to be Paid (not discounted)	(51,299,120)
Increase in NPO	3,103,568
Expected NPO of June 30, 2010	$ 130,590,860

SCHEDULE A

RESULTS OF THE VALUATION AS OF JUNE 30, 2009
(Excluding Elected Officer Funds)

	Class A	Class B			Grand Total
		Fire	Police	Total	
1. Actuarial Accrued Liabilities					
(a) Actuarial accrued value of all future benefits payable to active members	$ 157,149,787	$ 94,947,683	$ 105,731,744	$ 200,679,427	$ 357,829,214
(b) Actuarial accrued value of benefits payable to retirees and beneficiaries including benefits payable on death	208,229,545	355,230,831	279,672,368	634,903,199	843,132,744
(c) Employee contributions of non-active members	8,032,620	345,634	640,717	986,351	9,018,971
(d) Total accrued actuarial liabilities	$ 373,411,952	$ 450,524,148	$ 386,044,829	$ 836,568,977	$ 1,209,980,929
2. Assets of the System	$ 125,054,082	$ 150,878,630	$ 129,284,778	$ 280,163,408	$ 405,217,490
3. Unfunded Value of Total Prospective Contributions by the City (1(d) minus 2)	$ 248,357,870	$ 299,645,518	$ 256,760,051	$ 556,405,569	$ 804,763,439
4. Amortization (30 years)	$ 14,376,880	$ 17,345,806	$ 14,863,263	$ 32,209,069	$ 46,585,949

	Class A	Class B			Grand Total
		Fire	Police	Total	
5. Total Individual Entry Age Normal Cost	$ 8,809,614	$ 4,600,428	$ 5,200,569	$ 9,800,997	$ 18,610,611
6. Employee Normal Cost	$ 5,961,752	$ 2,195,777	$ 2,222,583	$ 4,418,360	$ 10,380,112
7. Net City Normal Cost with Interest	$ 3,218,574	$ 2,717,670	$ 3,365,637	$ 6,083,307	$ 9,301,881
8. Net City Normal Cost without Interest as a Percent of Pay	3.49%	9.71%	10.20%	9.98%	6.07%
9. Amortization of 1995 Deferral	$ 155,090	$ 176,843	$ 160,673	$ 337,516	$ 492,606
10. Total City Appropriation (4 plus 7 plus 9)*	$ 17,750,544	$ 20,240,319	$ 18,389,573	$ 38,629,892	$ 56,380,436
11. Total Contribution Rate for Fiscal Year Beginning July 1, 2009	21.76%	81.73%	63.00%	71.60%	41.60%
12. Payroll	$ 81,562,795	$ 24,763,473	$ 29,189,388	$ 53,952,861	$ 135,515,656

*** Assumed payments throughout 2011**

SCHEDULE B

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

INTEREST RATE: 8½% per annum, compounded annually for General Funds and School Teacher Funds.

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of withdrawal and deferred retirement, disability, death and service retirement among members in active service are as follows:

CLASS A

Age	Retirement	Disability	
		Ordinary	Accidental
20		.00025	.00010
25		.00030	.00015
30		.00030	.00015
35		.00050	.00025
40		.00080	.00040
45	.0671	.00125	.00060
50	.0925	.00185	.00090
55	.0859	.00255	.00130
59	.1138	.00370	.00185
60	.1229	.00415	.00210
64	.1741	.00625	.00310
65	.2500	.00680	.00340
70	.2500	.00680	.00340
75	1.0000		

Age	Withdrawal and Deferred Retirement	Ordinary and Accidental Death	
		Men	Women
20	.1413	.00035	.00019
25	.1206	.00038	.00021
30	.0644	.00044	.00026
35	.0473	.00077	.00048
40	.0389	.00108	.00071
45	.0272	.00151	.00112
50	.0174	.00214	.00168
54	.0101	.00281	.00232
55		.00303	.00253
60		.00488	.00393
65		.00757	.00582
70		.00992	.00761

CLASS B

Age	Withdrawal and Deferred Disability	Disability		Ordinary and Accidental Death	
		Ordinary	Accidental	Men	Women
20	.0258	.0001	.0008	.00035	.00019
25	.0183	.0001	.0011	.00038	.00021
30	.0104	.0002	.0017	.00044	.00026
35	.0046	.0025	.0023	.00077	.00048
40	.0029	.0004	.0034	.00108	.00071
45	.0024	.0007	.0060	.00151	.00112
50		.0011	.0104	.00214	.00168
55			.0149	.00281	.00232
59			.0194	.00303	.00253
				.00488	.00393

Age	Retirement
40	.07403
45	.07599
50	.08004
55	.08860
56	.09124
57	.09439
58	.09788
59	.10238
60	1.00000

SALARY INCREASES NOT INCLUDING LONGEVITY: Next 4 years - 4.25%, thereafter - 4.5%.

ANNUAL INCREASE IN AMORTIZATION PAYMENT: 5%

LONGEVITY TABLES:

CLASS A:

FOR EMPLOYEE HIRED ON OR PRIOR TO OCTOBER 23, 1999:

YEAR OF SERVICE	PERCENTAGE AMOUNT
5 years but less than 10 years	5%
10 years but less than 15 years	6%
15 years but less than 20 years	7%
20 years or more	8%

FOR EMPLOYEES HIRED AFTER OCTOBER 23, 1999:

YEAR OF SERVICE	PERCENTAGE AMOUNT
7 years but less than 12 years	4%
12 years but less than 17 years	5%
17 years but less than 20 years	6%
20 years or more	7%

CLASS B:

FIRE:

FOR EMPLOYEE HIRED ON OR PRIOR TO JUNE 30, 1996

YEAR OF SERVICE	PERCENTAGE AMOUNT
5 years but less than 10 years	8%
10 years but less than 15 years	9%
15 years but less than 20 years	10%
20 years or more	11%

FOR EMPLOYEES HIRED AFTER JUNE 30, 1996

YEAR OF SERVICE	PERCENTAGE AMOUNT
5 years but less than 10 years	7%
10 years but less than 15 years	8%
15 years but less than 20 years	9%
20 years or more	10%

POLICE:

FOR EMPLOYEE HIRED ON OR PRIOR TO JUNE 30, 1998

YEAR OF SERVICE	PERCENTAGE AMOUNT
0 year but less than 6 years	0%
6 years but less than 11 years	8%
11 years but less than 16 years	9%
16 years but less than 21 years	10%
21 years or more	11%

FOR EMPLOYEES HIRED AFTER JUNE 30, 1998

YEAR OF SERVICE	PERCENTAGE AMOUNT
0 year but less than 6 years	0%
6 years but less than 11 years	7%
11 years but less than 16 years	8%
16 years but less than 21 years	9%
21 years or more	10%

DEATHS AFTER RETIREMENT: Based on the RP-2000 Mortality Table producing the following life expectancies.

	CLASS A and CLASS B			
	Service		**Disability**	
Age	**Male**	**Female**	**Male**	**Female**
50	30.074	33.268	27.550	30.526
55	25.858	28.686	23.318	26.009
60	21.636	24.272	19.190	21.750
65	17.615	20.126	15.354	17.776
70	13.917	16.270	11.877	14.124

VALUATION METHOD: Individual entry age method. Gains and losses are reflected in the period remaining to liquidate the unfunded accrued liability.

ASSET VALUATION METHOD: Five-year smoothed market value. The actuarial value of assets is determined according to the following general formula, provided such value is within a 20% corridor of the market value:

$$VA = MV - .8I_1 - .6I_2 - .4I_3 - .2I_4$$

where

VA = Valuation assets.

MV = Market value of assets as of the valuation date.

I_n = Investment gain (loss) during n^{th} year preceding the valuation date.

PURCHASED SERVICE LOAD: Due to a lack of purchased service data, loads have been added on to Fire and Police service. The loads were determined by retirement trends found in the period from July 1, 2004 to June 30, 2006 and are as follows:

Fire Service Load = +0.63 years of service

Police Service Load = +2.11 years of service

Class A did not receive a load as trends showed the impact of purchased service was insignificant.

SCHEDULE C

DETERMINATION OF ADJUSTED ASSET VALUE

Reconciliation of Market Value of Plan Assets (accrual basis), 7/1/2005 - 7/1/2009				
	7/1/2005-6/30/2006	7/1/2006-6/30/2007	7/1/2007-6/30/2008	7/1/2008-6/30/2009
Market value at beginning of period	336,498,228	363,366,076	413,539,963	361,121,167
Contributions during period	60,510,427	61,208,078	65,663,848	59,642,378
Total investment income (from auditor's reports)	35,280,488	58,429,171	10,885,645	135,023,546
Benefit payments and expenses	(67,993,906)	(71,717,514)	(79,021,184)	(75,069,047)
Market value at end of period	363,366,076	413,539,963	361,121,167	298,280,996
Expected market value at end of period	354,486,546	380,440,763	436,774,657	377,487,246
Investment gain/(loss) for the year	8,879,530	33,099,200	(75,653,490)	(79,206,250)

Year Ended	Investment Gain / (Loss)		Weight		Weighted Gain / (Loss)
6/30/2009	(79,206,250)	x	0.80	=	(65,365,000)
6/30/2008	(75,653,490)	x	0.60	=	(45,392,094)
6/30/2007	33,099,200	x	0.40	=	13,239,680
6/30/2006	8,879,530	x	0.20	=	1,775,906
					(93,741,508)

Actuarial Value of Assets = Market Value ***minus*** weighted gain / (loss) = 357,937,195

Plus discounted value of contribution due to be paid on June 30, 2009 47,280,295

Total 405,217,490

The return on the actuarial value of assets was -6.35% for the prior plan year. This created an asset loss of about $64.8 million. The return on a market value basis was about -13.42%.

SCHEDULE D

SUMMARY OF MAIN PROVISIONS OF RETIREMENT SYSTEM

AS INTERPRETED FOR VALUATION PURPOSES

1 - BENEFITS

Final compensation is the average of the highest three years of base compensation including longevity pay earned by a member during his total service as an employee.

Service is total employment by the City plus any purchased service.

Normal Service Retirement Allowance

Conditions for Allowance

The minimum age for normal service retirement is:

For Class A members hired prior to July 1, 1995:
Age 55 or the age at which 25 years of service are completed, if earlier.

For Class A members hired between July 1, 1995 and June 30, 2004:
Age 55 or the age at which 30 years of service are completed, if earlier.

For Class A members hired between July 1, 2004 and June 30, 2009:
Age 60 or the age at which 30 years of service are completed, if earlier.

For Class A members hired on or after July 1, 2009:
Age 62 with 10 years of service or the age at which 30 years of service are completed, if earlier.

For Class B members:
Age 55 or the age at which 20 years of service are completed, if earlier.

Amount of Allowance

Provided by Member

An annuity which is the actuarial equivalent of his accumulated contributions at the time of his retirement, and

Provided by City

For Class A members hired prior to July 1, 1996:
A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/40 of his final compensation for each year of total service credited not in excess of 20 years plus 1/50 of his final compensation for each year of total service credited in excess of 20 years.

For Class A members hired on or after July 1, 1996:
A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/50 of his final compensation for each year of total service credited.

For Police:
A pension which when added to his normal annuity, exclusive of any excess annuity, equals:

1. For members of the bargaining unit hired on or after September 1, 2001:

Eligible Years of Service	Designated Percentage
Prior to 20 years of service	2.5% per year
20 years of service	50%
21 years of service	52%
22 years of service	54%
23 years of service	56%
24 years of service	58%
25 years of service	60%
26 years of service	62%
27 years of service	64%
28 years of service	66%
29 years of service	68%
30 years of service	70%
31 years of service	72%
32 years of service	75%

2. For members of the bargaining unit hired prior to September 1, 2001:

Eligible Years of Service	Designated Percentage
Prior to 20 years of service	2.5% per year
20 years of service	50%
21 years of service	52%
22 years of service	54%
23 years of service	56%
24 years of service	58%
25 years of service	65%
26 years of service	62%
27 years of service	64%
28 years of service	66%
29 years of service	68%
30 years of service	75%
31 years of service	72%
32 years of service	80%

For all other Class B:
A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/40 of his final compensation for each year of total service credited not in excess of 20 years plus 1/50 of his final compensation for each year of total service credited in excess of 20 years but not in excess of 32 years and 6 months.

Early Retirement Allowance

Conditions for Allowance

The minimum age for early service retirement for Class A employees hired on or after July 1, 2004 is age 55 and at least 10 years of service. Other employees will not receive early retirement benefits.

Amount of Allowance

For Class A members hired between July 1, 2004 and June 30, 2009:
The employees' normal retirement benefit reduced by 5/12% per month for each month between retirement commencement and age 60.

For Class A members hired on or after July 1, 2009:
The employees' normal retirement benefit reduced by 5/12% per month for each month between retirement commencement and age 62.

Deferred Retirement Allowance

Conditions for Allowance	A member who has completed at least 10 years of service may retire and receive a deferred retirement allowance commencing at the minimum age for normal service retirement.
Amount of Allowance	
Provided by Member	A deferred annuity which is the actuarial equivalent of his accumulated contributions, and
Provided by City	See "Normal Service Retirement Allowance."

Ordinary Disability Retirement Allowance

Conditions for Allowance	<u>For Police</u>: After 10 years but less than 20 years of service. <u>For All Others</u>: After 10 years of service, a member under the minimum age for service retirement may be retired for disability upon his own request or upon the request of the head of the department employing him.
Amount of Allowance	
Provided by Member	An annuity which is the actuarial equivalent of his accumulated contributions at the time of his retirement, and
Provided by City	<u>If the member is a Class A member</u>: A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 9/10 of 1/50 of his final compensation for each year of total service which would have been credited had he continued in service to the minimum age for service retirement, but such retirement allowance, exclusive of any excess annuity, is not to exceed 45% of his final compensation.

For Police:
A pension which when added to his normal annuity will give a total retirement allowance, equal to a percentage of his final compensation, as described in the following table:

Eligible Years of Service	Percentage
10 years of service	22.50%
11 years of service	24.75%
12 years of service	27%
13 years of service	29.25%
14 years of service	31.50%
15 years of service	33.75%
16 years of service	36%
17 years of service	38.25%
18 years of service	40.50%
19 years of service	42.75%

For All other Class B:
A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 9/10 of 1/40 of his final compensation for each year of total service which would have been credited had he continued in service to the minimum age for service retirement, but such retirement allowance, exclusive of any excess annuity, is not to exceed 45% of his final compensation.

Accidental Disability Retirement Allowance

Conditions for Allowance — A member may be retired on account of accidental disability occurring in the performance of duty regardless of age or length of service.

Amount of Allowance

Provided by Member — Non-Police:
An annuity that is the actuarial equivalent of his accumulated contributions at the time of his retirement.

	Police: In light of the member's receipt of the pension stated below, the only annuity payable is the actuarial equivalent of any accumulated additional contributions at the time of his retirement.
	and
Provided by City	For All: A pension of 66-2/3% of his final compensation, but not less than the service retirement allowance. Upon the death of a member within 5 years after accidental disability retirement as a result of an accident while in the performance of duty, a pension of one-half of the member's final compensation is paid to his widow until she dies or remarries, at which point the pension is paid to his child or children until they attain age 19.

Accidental Death Benefit

Conditions for Benefit	An accidental death benefit is payable upon the death of any member due to an accident in the performance of duty.
Amount of Benefit	A pension of one-half of the member's final compensation is paid to his widow until she dies or remarries, at which point the pension is payable to his child or children until they attain age 19. If there are no other dependents, the pension is payable to his dependent parents. In addition, a lump sum payment of the member's accumulated contributions is made.

Withdrawal or Ordinary Death Benefit	A member who withdraws prior to eligibility for retirement receives his accumulated contributions. Should a member die before retirement his accumulated contributions are paid to his estate or beneficiary; provided, however, if he has attained minimum retirement age and has not made an optional election as described below, and is survived by a spouse, such spouse is entitled, in lieu of the return of the member's accumulated contributions, to a benefit equal to that which would have been payable to such spouse upon the death of the member had the member retired on the day of his death and elected to receive a benefit under the provisions of Option 2, as described below, and nominated his spouse as his designated beneficiary, except that for a Class B member the benefit to the spouse shall not be less than 67½% of the benefit that would have been paid to such retired member without reduction.
Benefit upon Death after Retirement	<u>For Class A</u>: Benefits under any option. Also, the excess, if any, of the member's accumulated contributions at retirement over all payments paid out on the member's account. <u>For Class B</u>: Upon the death of a Class B pensioner, 67½% of his/her retirement allowance is paid to his widow/widower until he/she dies or remarries, at which point the benefit is paid to any dependent children until they attain age 18. Also, the excess, if any, of the member's accumulated contributions at retirement over the total of all payments paid out on the member's account.
Minimum Benefits	The minimum monthly retirement allowance is $600, prorated for members whose credited service at retirement is less than 25.

Options at Retirement

At retirement, a member may elect to convert his allowance into a benefit of equivalent actuarial value in accordance with one of the options described below:

Option 1. A reduced retirement allowance payable during the retired member's life, with a provision that in case of death before such payments have equaled the present value of his retirement allowance at the date of retirement, the balance shall be paid to the heirs or assigns; or

Option 2. A reduced retirement allowance payable during the retired member's life, with a provision that after his death it shall be continued during the life of and paid to the person nominated by him by written designation at the time of his retirement; or

Option 3. A reduced retirement allowance payable during the retired member's life, with a provision that after his death an allowance at one-half the rate of his reduced allowance shall be continued during the life of and paid to the person nominated by him by written designation at the time of his retirement; or

Option 4. A reduced retirement allowance payable during the retired member's life, with some other benefit payable after his death, provided that the benefit shall be certified by the actuary and approved by the retirement board. This Option is not available to Police who retire on an Accidental Disability Allowance.

Class B members may not elect Options 2 or 3.

Married Class B members may also not elect Option 1.

Options upon Attainment of Minimum Retirement Age

Any member who has attained minimum retirement age may elect, in accordance with Option 2, 3, or 4 above, a reduced retirement allowance with provision for benefits to a person having an insurable interest in his life, other than his wife. The benefit is determined as of the member's date of death or retirement, if prior thereto, in accordance with the provisions of the option selected and is in lieu of the return of the member's accumulated contributions if death occurs during the member's continuance in service after attainment of

minimum retirement age. Such election is irrevocable after the option becomes effective unless the designated beneficiary predeceases the member prior to his retirement.

Cost of Living Adjustment

For Class A:
3% compounded, for members who retired prior to 12/18/91; no adjustment for other Class A members.

For Police:

5%, compounded, for members who retired prior to 1/1/90; 6%, compounded, for members who retired between 1/1/90 and 12/18/91; 5%, compounded, for members who retired between 12/19/91 and 12/31/92; 5% compounded for special court awarded members; 3% compounded for other retired members.

For all other Class B Retirees:

5%, compounded, for members who retired prior to 1/1/90; 6%, compounded, for members who retired between 1/1/90 and 12/18/91; 5%, compounded, for members who retired between 12/19/91 and 6/30/92; 6%, compounded, for members who retired between 7/1/92 and 6/30/95; 3%, simple, on first $12,000 of annual benefit for members who retired between 7/1/95 and 3/16/06; 5% compounded for special court awarded members; and, 3% compounded for other retired members.

The initial COLA payment is deferred until the January 1 that occurs three years after the member's retirement date.

Provisions for Elected Officials

Any person who has served as Mayor or City Councilman for at least eight full legislative years is entitled to a retirement allowance on the basis of such service as an elected official upon attainment of age 52 or the completion of 20 consecutive years as an elected official, whichever is earlier, or the occurrence of total and permanent disability prior thereto.

Such retirement allowance is currently $350 for each year of service, provided that no more than 20 years of

such service are to be used in determining the allowance.

Upon the death of any such elected official, benefits are payable in accordance with the Class A provisions of the act.

An elected official may elect to withdraw his accumulated contributions in lieu of his rights to the allowance based on service as an elected official.

2 - CONTRIBUTIONS

Provided by Members

For Class A: 8% of their salaries.

For Police: 8% of their salaries

For all other Class B Members: 9½% of their salaries.

The Mayor and members of the City Council are required to contribute at the rate of $350 per year.

Provided by City

The City makes the balance of contributions needed to fund the system.

In addition the City shall contribute from time to time amounts sufficient with the contributions of elected officials to provide the special pensions granted to elected officials.

SCHEDULE E

TABLES OF EMPLOYEE DATA

TABLE 1

The Number and Annual Salaries of Members Distributed By 5th Age and Service As of June 30, 2009

CLASS A

SERVICE AGE	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-36	37+	TOTAL	
20-24	7	15									22	NUMBER
	26,587	27,000									26,868	SALARY
25-29	15	53	25								93	NUMBER
	23,768	33,832	32,839								31,942	SALARY
30-34	7	59	56	41	1						164	NUMBER
	24,872	37,303	34,854	35,106	81,914						35,659	SALARY
35-39	12	50	71	85	29	4					251	NUMBER
	29,564	38,271	36,244	36,407	45,456	50,030					37,668	SALARY
40-44	6	57	82	78	57	20					300	NUMBER
	37,536	34,467	34,958	41,364	51,031	51,217					40,720	SALARY
45-49	12	59	94	84	52	31	6	3			341	NUMBER
	34,660	33,983	37,277	35,776	45,216	53,157	64,461	55,342			39,537	SALARY
50-54	9	42	59	91	72	46	15	33	2		369	NUMBER
	27,190	38,697	35,836	34,942	43,378	49,867	57,459	56,177	39,844		41,671	SALARY
55-59	4	34	56	63	52	33	9	18	11	5	285	NUMBER
	24,272	47,436	42,575	34,707	41,396	41,711	50,407	60,956	63,063	57,765	43,309	SALARY
60-64		19	28	28	21	13	6	6	2	11	134	NUMBER
		42,306	33,124	39,752	40,004	43,871	48,769	54,158	68,360	55,087	41,903	SALARY
65-69	1	5	11	18	11	7	1	4		1	59	NUMBER
	28,994	37,168	41,560	29,784	48,192	50,542	37,725	48,361		17,874	39,679	SALARY
70-74		2	9	5	3	1	2	2			24	NUMBER
		28,441	37,834	23,606	46,722	47,569	72,895	61,525			40,500	SALARY
75-76				1	1					1	3	NUMBER
				21,331	22,374					59,173	34,293	SALARY
77+		1	2		2	1				1	7	NUMBER
		39,729	29,826		25,156	60,243				40,003	35,706	SALARY
TOTAL	73	396	493	494	301	156	39	66	15	19	2,052	NUMBER
	28,540	36,885	36,511	36,276	44,914	48,555	55,858	56,947	60,673	53,254	39,748	SALARY

TABLE 2

The Number and Annual Salaries
of Members Distributed By 5th Age and Service
As of June 30, 2009

CLASS B

SERVICE AGE	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-36	37+	TOTAL	
20-24		15									15	NUMBER
		48,582									48,582	SALARY
25-29		58	10								68	NUMBER
		48,130	52,446								48,764	SALARY
30-34		34	52	5							91	NUMBER
		49,563	54,285	50,514							52,314	SALARY
35-39		23	57	32	35						147	NUMBER
		46,662	53,555	57,155	53,854						53,331	SALARY
40-44	1	9	29	29	84	64					216	NUMBER
	32,423	50,367	53,997	57,400	54,352	57,296					55,318	SALARY
45-49		1	17	8	59	114	14	2			215	NUMBER
		51,965	53,655	55,194	51,295	56,907	63,831	57,130			55,476	SALARY
50-54		1	2	6	17	47	32	14			119	NUMBER
		128,731	113,757	56,525	52,647	59,413	62,150	72,145			62,030	SALARY
55-59					3	7	7	13	1		31	NUMBER
					58,424	53,488	58,755	68,796	56,032		61,656	SALARY
60-64								1			1	NUMBER
								83,160			83,160	SALARY
TOTAL	1	141	167	80	198	232	53	30	1		903	NUMBER
	32,423	49,026	54,524	56,585	53,268	57,419	62,145	70,060	56,032		55,257	SALARY

TABLE 3

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2009

SERVICE RETIREMENTS

CLASS A

AGE	NUMBER	AMOUNT
14	1	$5,440
43	1	12,446
47	1	17,703
48	1	15,395
49	4	85,947
50	4	99,456
51	3	82,351
52	6	183,461
53	9	227,758
54	15	338,646
55	12	281,767
56	25	455,336
57	37	924,575
58	31	703,411
59	32	495,542
60	30	719,031
61	38	585,567
62	49	1,007,408
63	36	660,001
64	44	709,123
65	34	583,180
66	46	764,188
67	29	510,735
68	38	545,513
69	54	759,529
70	35	533,132
71	41	482,013
72	39	555,220
73	41	527,956
74	34	455,127
75	44	677,493

TABLE 3 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2009

SERVICE RETIREMENTS

CLASS A

AGE	NUMBER	AMOUNT
76	55	$865,402
77	42	599,500
78	45	758,511
79	50	869,402
80	40	664,129
81	35	535,603
82	26	457,848
83	29	423,991
84	27	354,195
85	28	437,312
86	18	192,833
87	19	224,019
88	20	221,606
89	14	161,746
90	15	258,121
91	8	89,026
92	10	109,072
93	7	78,251
94	8	91,091
95	1	15,687
96	3	35,731
97	1	5,281
101	1	10,949
105	1	3,333
TOTAL	1,317	$21,467,089

TABLE 4

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2009

SERVICE RETIREMENTS

CLASS B

AGE	NUMBER	AMOUNT
36	1	$37,467
38	1	26,139
39	1	36,787
40	1	31,859
42	5	151,900
43	5	145,841
44	5	123,023
45	2	59,919
46	8	220,614
47	6	169,713
48	6	157,141
49	5	194,728
50	8	257,405
51	12	390,790
52	16	558,569
53	14	553,200
54	12	362,161
55	21	733,160
56	14	437,269
57	19	649,417
58	20	670,506
59	21	862,911
60	21	734,206
61	28	1,093,498
62	31	1,156,290
63	18	658,406
64	20	916,993
65	17	667,363
66	14	570,724
67	7	280,222
68	7	237,282
69	11	478,995

TABLE 4 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2009

SERVICE RETIREMENTS

CLASS B

AGE	NUMBER	AMOUNT
70	8	$211,947
71	9	337,459
72	16	557,416
73	10	336,351
74	10	421,213
75	8	315,995
76	11	415,184
77	12	410,679
78	8	188,829
79	15	441,511
80	14	564,751
81	7	195,088
82	9	388,181
83	7	218,834
84	12	354,526
85	6	119,163
86	8	348,512
87	7	235,460
88	6	117,242
91	1	25,562
95	1	16,503
TOTAL	562	$19,844,904

TABLE 5

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2009

ELECTIVE OFFICIALS AND DEPENDENTS
OF ELECTIVE OFFICIALS

AGE	NUMBER	AMOUNT
54	1	$3,542
60	1	2,258
62	1	2,847
67	2	7,158
68	1	4,915
69	3	11,332
70	1	3,450
71	3	13,688
73	1	3,246
79	2	11,374
82	1	3,179
83	1	5,989
85	3	8,707
89	1	10,113
94	1	4,900
97	1	5,644
TOTAL	24	$102,342

TABLE 6

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2009

DISABILITY RETIREMENTS

CLASS A

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
42	1	$28,595	2	$26,391	3	$54,986
43			1	4,996	1	4,996
44	1	6,432			1	6,432
45			1	23,768	1	23,768
48	2	25,244			2	25,244
49	1	12,906	1	28,926	2	41,832
50			1	15,905	1	15,905
52	2	22,418			2	22,418
54			3	69,920	3	69,920
55	1	4,828	2	58,269	3	63,097
56	1	16,362	3	62,856	4	79,218
57			1	17,796	1	17,796
58			2	33,065	2	33,065
59			2	35,918	2	35,918
60			2	32,683	2	32,683
61			2	55,587	2	55,587
62	1	4,087	5	117,682	6	121,769
63			1	21,491	1	21,491
65			3	46,983	3	46,983
66	1	19,540	2	40,540	3	60,080
67			6	100,538	6	100,538
68			3	37,519	3	37,519
69	2	15,018	5	79,612	7	94,630
70			3	56,016	3	56,016
71	1	10,277			1	10,277
72			2	21,649	2	21,649
73			3	45,884	3	45,884
74			1	27,864	1	27,864
75			4	62,686	4	62,686
78			3	59,917	3	59,917
79			3	64,176	3	64,176

TABLE 6 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2009

DISABILITY RETIREMENTS

CLASS A

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
80			1	$22,672	1	$22,672
82			1	15,303	1	15,303
83			1	5,791	1	5,791
86			1	21,262	1	21,262
88			1	5,528	1	5,528
90			1	11,877	1	11,877
105			1	14,309	1	14,309
TOTAL	14	$165,707	74	$1,345,379	88	$1,511,086

TABLE 7

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2009

DISABILITY RETIREMENTS

CLASS B

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
35			1	$37,890	1	$37,890
37			2	71,875	2	71,875
38			1	38,173	1	38,173
39	1	$17,679	1	43,206	2	60,885
40			1	40,649	1	40,649
41			3	120,880	3	120,880
42			3	73,253	3	73,253
43	1	17,705	2	65,715	3	83,420
44	1	24,003	3	104,827	4	128,830
45	1	19,675	5	168,631	6	188,306
46			5	184,751	5	184,751
47	1	19,219	7	254,607	8	273,826
48			4	188,833	4	188,833
49	1	20,146	7	270,662	8	290,808
50	2	31,617	6	319,633	8	351,250
51			16	666,022	16	666,022
52	1	18,568	8	347,241	9	365,809
53			9	310,044	9	310,044
54			10	440,564	10	440,564
55			9	396,813	9	396,813
56			11	564,007	11	564,007
57			8	279,741	8	279,741
58			14	742,168	14	742,168
59			14	671,963	14	671,963
60			16	823,290	16	823,290
61			22	1,249,727	22	1,249,727
62			23	1,168,690	23	1,168,690
63	1	21,064	14	669,734	15	690,798
64			20	1,144,812	20	1,144,812
65			16	1,041,373	16	1,041,373
66			14	765,808	14	765,808

TABLE 7 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2009

DISABILITY RETIREMENTS

CLASS B

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
67			9	$460,805	9	$460,805
68			13	736,029	13	736,029
69			16	1,009,189	16	1,009,189
70			15	979,833	15	979,833
71			4	208,258	4	208,258
72			6	267,093	6	267,093
73			10	800,217	10	800,217
74			3	119,936	3	119,936
75			12	825,247	12	825,247
76			8	591,193	8	591,193
77			8	508,123	8	508,123
78			8	521,947	8	521,947
79			2	105,344	2	105,344
80			5	305,669	5	305,669
81	1	$16,503	5	305,338	6	321,841
82			5	184,047	5	184,047
83			4	301,620	4	301,620
84			2	142,646	2	142,646
85			2	67,164	2	67,164
86			1	27,080	1	27,080
87			1	15,717	1	15,717
88			2	49,375	2	49,375
94			2	56,522	2	56,522
109			1	43,127	1	43,127
TOTAL	11	$206,179	419	$21,897,101	430	$22,103,280

TABLE 8

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF BENEFICIARIES OF DECEASED ACTIVE AND RETIRED MEMBERS DISTRIBUTED BY AGE AS OF JUNE 30, 2009

CLASS A

AGE	NUMBER	AMOUNT
36	1	$7,948
46	1	9,453
50	1	14,609
51	1	8,372
52	1	32,138
53	2	10,997
55	2	5,486
57	4	40,835
58	2	29,796
60	3	68,679
61	2	32,412
62	2	11,562
63	2	24,447
65	3	42,971
66	3	24,388
67	4	58,056
68	4	89,045
69	3	41,622
70	4	63,908
71	8	80,727
72	6	82,598
73	7	61,372
74	5	60,443
75	4	60,891
76	7	73,573
77	5	50,780
78	4	70,260
79	8	80,894
80	7	76,713
81	12	153,684

TABLE 8 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF BENEFICIARIES OF DECEASED ACTIVE AND RETIRED MEMBERS DISTRIBUTED BY AGE AS OF JUNE 30, 2009

CLASS A

AGE	NUMBER	AMOUNT
82	9	$118,375
83	10	88,989
84	5	41,316
85	12	144,476
86	4	34,122
87	4	36,150
88	4	48,475
89	9	103,825
90	5	47,226
91	5	39,098
92	7	66,353
93	2	19,748
94	6	51,574
95	2	20,192
96	1	8,331
97	1	4,038
98	1	11,901
99	1	11,901
100	1	8,648
109	2	16,985
TOTAL	209	$2,390,382

TABLE 9

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF BENEFICIARIES OF DECEASED ACTIVE AND RETIRED MEMBERS DISTRIBUTED BY AGE AS OF JUNE 30, 2009

CLASS B

AGE	NUMBER	AMOUNT
36	1	$16,397
40	1	30,336
42	2	31,285
44	2	38,531
45	1	5,460
46	1	7,228
48	1	24,954
49	1	17,817
50	5	150,169
52	1	17,276
53	1	35,244
54	4	107,939
55	8	237,100
56	6	147,557
57	2	56,268
59	8	184,032
60	1	17,685
61	5	166,679
62	4	75,684
63	5	134,867
64	7	213,737
65	4	152,622
66	6	150,568
67	4	137,245
68	5	221,586
69	6	254,499
70	4	174,127
71	5	205,658
72	2	25,703
73	4	145,318

TABLE 9 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF BENEFICIARIES OF DECEASED ACTIVE AND RETIRED MEMBERS DISTRIBUTED BY AGE AS OF JUNE 30, 2009

CLASS B

AGE	NUMBER	AMOUNT
74	8	$159,756
75	10	247,985
76	8	235,184
77	13	480,026
78	6	127,512
79	15	397,851
80	10	286,352
81	10	179,657
82	20	452,895
83	11	237,024
84	8	174,140
85	6	116,075
86	10	175,099
87	6	115,528
88	4	84,902
89	8	173,742
90	4	57,075
91	3	54,450
92	3	49,508
93	2	29,211
94	2	36,426
96	2	33,005
98	2	31,235
TOTAL	278	$7,118,209

SCHEDULE F

30 YEAR APPROPIATION FORECAST

Fiscal Year Ending	Normal Cost	Past Service Amortization	Deferral Amortization	Total	Pay-As-You-Go
6/30/2010	$ 9,410,520	$ 41,395,994	$ 492,606	$ 51,299,120	$ 76,698,062
6/30/2011	9,301,881	46,585,949	492,606	56,380,436	80,187,517
6/30/2012	9,720,466	48,915,246	492,606	59,128,318	83,897,778
6/30/2013	10,157,887	51,361,008	492,606	62,011,501	87,695,633
6/30/2014	10,614,992	53,929,058	492,606	65,036,656	91,709,327
6/30/2015	11,119,204	56,625,511	492,606	68,237,321	95,887,848
6/30/2016	11,647,366	59,456,787	492,606	71,596,759	100,110,717
6/30/2017	12,200,616	62,429,626	492,606	75,122,848	104,432,263
6/30/2018	12,780,145	65,551,107	492,606	78,823,858	108,915,875
6/30/2019	13,387,202	68,828,662	492,606	82,708,470	113,395,171
6/30/2020	14,056,562	72,270,095	492,606	86,819,263	117,823,650
6/30/2021	14,759,390	75,883,600	492,606	91,135,596	122,322,391
6/30/2022	15,497,360	79,677,780	492,606	95,667,746	126,864,299
6/30/2023	16,272,228	83,661,669	492,606	100,426,503	131,353,817
6/30/2024	17,085,839	87,844,752	492,606	105,423,197	135,622,550
6/30/2025	17,940,131	92,236,990	492,606	110,669,727	139,736,145
6/30/2026	18,837,138	96,848,840	492,606	116,178,584	143,606,549
6/30/2027	19,778,995	101,691,282	492,606	121,962,883	147,238,576
6/30/2028	20,767,945	106,775,846	492,606	128,036,397	150,660,180
6/30/2029	21,806,342	112,114,638	492,606	134,413,586	153,798,255
6/30/2030	22,896,659	117,720,370	492,606	141,109,635	156,527,638
6/30/2031	24,041,492	123,606,389	492,606	148,140,487	158,896,532
6/30/2032	25,243,567	129,786,708	-	155,030,275	160,819,114
6/30/2033	26,505,745	136,276,043	-	162,781,788	162,295,981
6/30/2034	27,831,032	143,089,845	-	170,920,877	163,174,637
6/30/2035	29,222,584	150,244,337	-	179,466,921	163,550,044
6/30/2036	30,683,713	157,756,554	-	188,440,267	163,354,304
6/30/2037	32,217,899	165,644,382	-	197,862,281	162,639,459
6/30/2038	33,828,794	173,926,601	-	207,755,395	161,410,351
6/30/2039	35,520,234	182,622,931	-	218,143,165	159,666,709

SCHEDULE G

CHANGES IN UNFUNDED LIABILITY

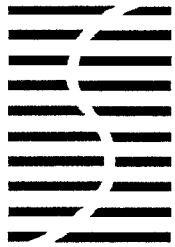
7/1/08 Unfunded Liability	715,719,030
Expected Unfunded as of 7/1/09	738,213,641
Actual Unfunded as of 7/1/09	
(without Plan Provision Changes)	804,763,439
Gain/(Loss)	(66,549,798)
Asset Gain/(Loss)	(64,799,476)
Liability Gain/(Loss)	(1,787,938)
Salary Increases	784,056
New Active Participants	(3,021,259)
Active - Retirements	(276,766)
Active - Terminations	4,737,148
Active - Mortality	414,754
Active - Disabilities	1,929,846
Inactive Mortality and Data Adjustment	2,451,944
Other	(8,807,661)
Plan Provision Changes *	(117,971)

* Several City Ordinances were adopted during the past year

City of Atlanta
Police Officers' Pension Fund

Actuarial Valuation
As of January 1, 2010

Determines the Contribution
For the 2010/11 Fiscal Year



SOUTHERN
ACTUARIAL
SERVICES

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October 4, 2010

Introduction

This report presents the results of the January 1, 2010 actuarial valuation of the City of Atlanta Police Officers' Pension Fund. This valuation is based upon the participant data provided as of January 1, 2010 by the plan administrator and asset information provided as of December 31, 2009 by the plan auditor. Except for a cursory review for reasonableness, we have not attempted to verify the accuracy of this information.

The primary purpose of this report is to provide a summary of the funded status of the plan as of January 1, 2010 and to determine the minimum required contribution under Georgia Code Section 47-20-10 for the City's 2010/11 fiscal year. In addition, this report provides a projection of the long-term funding requirements of the plan, accounting disclosures pursuant to Governmental Accounting Standards Board Statement Nos. 25 and 27 (GASB 25/27), statistical information concerning the assets held in the trust, statistical information concerning the participant population, and a summary of any recent plan changes.

The liabilities and cost presented in this report are based on numerous assumptions concerning the cost of benefits to be provided in the future, long-term investment returns, and the future demographic experience of the current participants. Anyone referring to this report should remember that the cost developed herein is only an *estimate* of the true cost of providing post-employment pension benefits. No one can predict with certainty whether the true cost will be higher or lower than the cost presented in this report. The calculated cost is entirely dependent upon the assumptions that are described in Table V-A. If any of the assumptions is changed, then the cost shown in this report will change accordingly. Likewise, if any of the assumptions is not completely realized, then the cost shown in this report will change in the future.

Certain of the assumptions play a bigger role than others in determining the cost of the post-employment pension benefits. In some cases, relatively small changes in a particular assumption can have a dramatic impact on the anticipated cost of benefits. Although a thorough analysis of the impact of such changes is beyond the scope of this report, Table I-B illustrates the impact that alternative long-term investment returns would have on the minimum required contribution rate.

Minimum Required Contribution

Table I-A shows the development of the minimum required contribution for the City's 2010/11 fiscal year. The minimum required contribution rate is 48.89% of covered payroll, which represents an increase of 1.56% of payroll from the prior valuation.

Table I-C provides a breakdown of the sources of change in the contribution rate. Significantly, the rate increased by 3.00% of payroll due to investment losses, decreased by 0.61% of payroll due to demographic experience, and decreased by 0.83% due to the net effect of three changes in the assumptions used to determine plan liabilities. The

assumption changes are discussed in more detail below. Although the market value of assets earned 18.40% during the 2009 plan year, the actuarial value of assets earned only 3.02% during the same period because the actuarial value reflects a portion of the accumulated gains and losses that have occurred during the past five years. Since a 7.75% annual investment return on the actuarial value of assets is required to maintain a stable contribution rate, the contribution rate increased due to the shortfall in investment earnings on the actuarial value of assets.

Georgia Code Section 47-20-10 sets forth many of the rules concerning the minimum required contribution for public pension plans within the state. Essentially, the City will meet the minimum funding requirement if the employer contributions are at least equal to the annual required contribution under GASB 25/27. In addition, Georgia Code Section 47-20-13 exempts public plan sponsors from the minimum funding requirements if the plan's actuarial value of assets exceeds 150% of the present value of accumulated retirement system benefits.

Based on the current assets, participant data, and actuarial assumptions and methods that are used to value the plan, the present-day value of the total long-term funding requirement is $1,150,584,852. As illustrated in Table I-A, current assets are sufficient to cover $591,980,609 of this amount, the employer's expected contribution for the period January 1, 2010 through June 30, 2010 will cover $18,581,638 of this amount, the employer's 2010/11 expected contribution will cover $39,144,951 of this amount, and future employee contributions will cover $46,144,331 of this amount, leaving $454,733,323 to be covered by future employer funding. Again, demographic and investment experience that differs from that assumed will either increase or decrease the future employer funding requirement.

Contents of the Report

Tables I-D through I-G provide a detailed breakdown of various liability amounts by type of benefit and by participant group. Tables II-A through II-C provide information needed by both the plan's and the employer's accountants in order to prepare the relevant financial statements that cover the period July 1, 2010 through June 30, 2011. Tables III-A through III-F provide information concerning the assets of the trust fund. Specifically, Table III-A shows the development of the actuarial value of assets, which is based on the five-year phase-in of the net investment appreciation in order to provide a more stable and predictable contribution rate for the employer. Tables IV-A through IV-F provide statistical information concerning the plan's participant population. In particular, Table IV-F gives a 10-year projection of the cash that is expected to be required from the trust fund in order to pay benefits to the current group of participants. Finally, Tables V-A through VI-B provide a summary of the actuarial assumptions and methods that are used to value the plan's benefits and of the relevant plan provisions as of January 1, 2010, as well as a summary of the changes that have occurred since the previous valuation report was prepared.

Assumption and Changes

Since the previous valuation report was prepared, three assumptions have been changed. First, the assumed retirement age was changed from a range of rates at ages 45 to 60 to normal retirement age. Second, the assumed disability rates were changed from rates based on the 1974 Social Security disability study to the sex-distinct rates set forth in the Wyatt 1985 Disability Study (Class 4). Finally, the assumed administrative expenses were changed from a

1.00% loading of all costs and liabilities to 1.00% of future payroll. The assumption changes decreased the minimum required contribution by 0.83% of payroll.

Certification

This actuarial valuation was prepared by me or under my direct supervision and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate and, in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Georgia Code Section 47-20-10. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material change in plan costs or required contribution rates have been taken into account in the valuation.

For the firm,

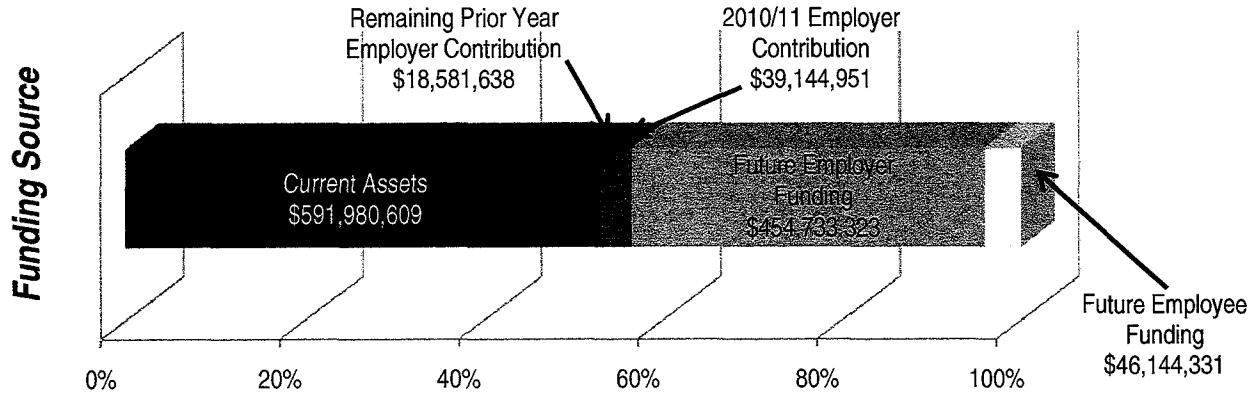
Charles T. Carr
Consulting Actuary
Southern Actuarial Services Company, Inc.

Enrolled Actuary No. 08-04927

The individual above is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Minimum Required Contribution

Table I-A



For the 2010/11 Fiscal Year

Entry Age Normal Cost for the 2010 Plan Year	$21,543,500
Unfunded Liability Amortization Payment for the 2010 Plan Year	$21,197,304
Expense Allowance for the 2010 Plan Year	$785,195
Expected Employee Contribution for the 2010 Plan Year	($5,936,074)
Adjustment to Reflect Semi-Monthly Employer Contributions	$1,481,101
	$39,071,026
Contribution Requirement for the First Half of the Plan Year	$19,535,513
Expected Employer Contribution for the First Half of the Plan Year	($18,581,638)
Remaining Contribution Due/(Credit) for the First Half of the Plan Year	$953,875
	x 0.0775
One Year's Interest Charge/(Credit) on the Remaining Contribution	$73,925
Preliminary Employer Contribution for the 2010/11 Fiscal Year	$39,144,951
Expected Payroll for the 2010/11 Fiscal Year	*÷ $80,074,487*
Minimum Required Contribution Rate	**48.89%**

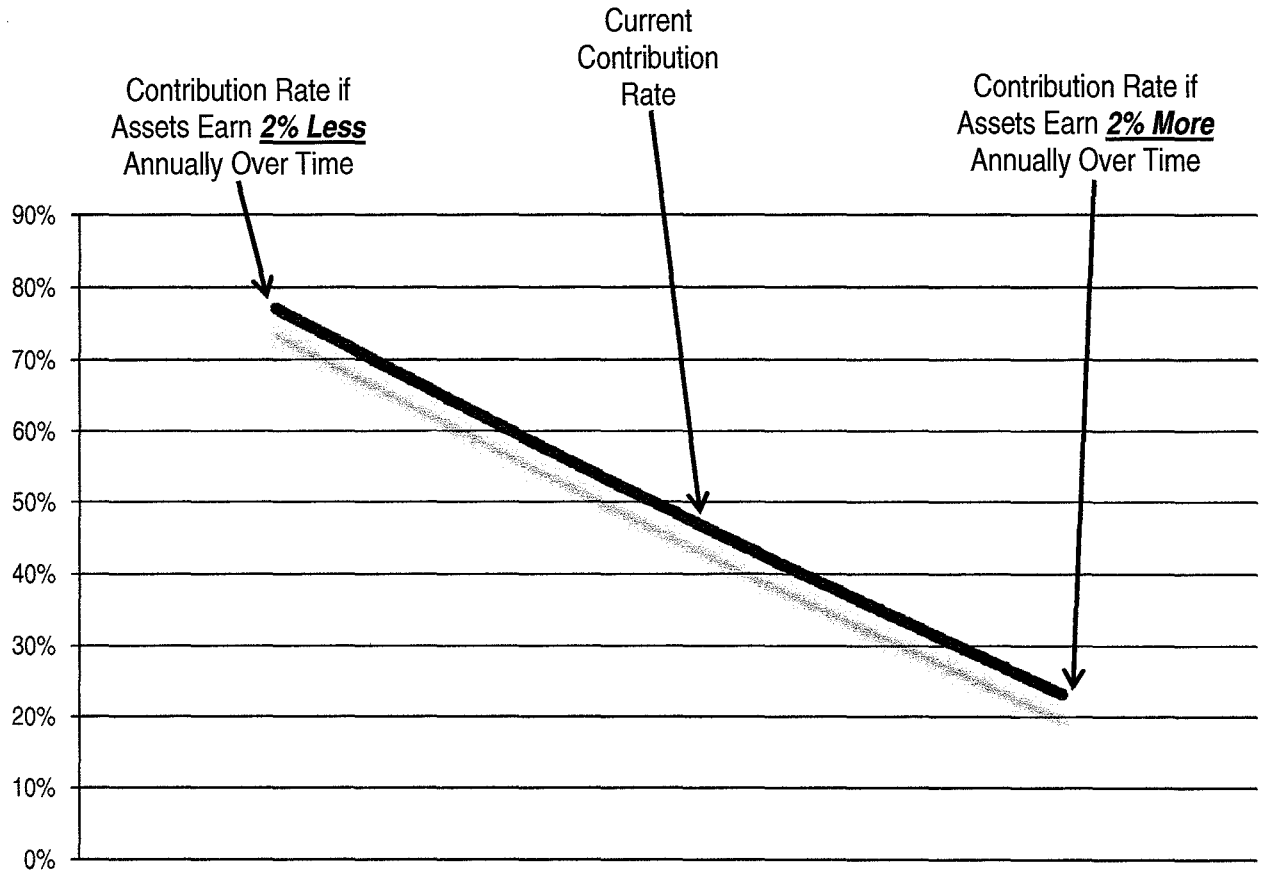
(The actual contribution should be based on the minimum required contribution rate multiplied by the actual payroll for the fiscal year.)

Additional Disclosures

Present Value of Future Compensation	$609,149,121
Present Value of Future Employer Contributions	$512,459,912
Present Value of Future Employee Contributions	$46,144,331

Sensitivity Analysis

Table I-B



The line above illustrates the sensitivity of the contribution rate to changes in the long-term investment return.

Gain and Loss Analysis

Table I-C

Source of Change in the Contribution Rate

Previous minimum required contribution rate	47.33%
Increase (decrease) due to investment gains and losses	3.00% *
Increase (decrease) due to demographic experience	-0.61%
Increase (decrease) due to plan amendments	0.00%
Increase (decrease) due to actuarial assumption changes	-0.83%
Increase (decrease) due to actuarial method changes	0.00%
Current minimum required contribution rate	48.89%

Source of Change in the Unfunded Liability

Previous unfunded liability	$414,608,000
Increase due to interest	$32,132,120
Decrease due to amortization payments	($22,047,525)
Increase (decrease) due to plan experience	($12,985,325)
Increase (decrease) due to plan amendments	$0
Increase (decrease) due to actuarial assumption changes	($13,087,843)
Increase (decrease) due to actuarial method changes	$0
Current unfunded liability	$398,619,427

* Note: Although the investment return on the market value of assets was 18.40%, the actuarial value of assets only earned 3.02% based on the five-year phase-in of the prior investment losses, which increased the required contribution rate.

Present Value of Future Benefits

Table I-D

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$541,237,390	$541,237,390	$493,690,897
Termination benefits	$2,550,349	$2,550,349	$20,908,370
Disability benefits	$17,369,024	$17,369,024	$24,274,185
Death benefits	$6,707,418	$6,707,418	$6,696,375
Refund of employee contributions	$714,037	$714,037	$710,782
Sub-total	**$568,578,218**	**$568,578,218**	**$546,280,609**
Deferred Vested Participants			
Retirement benefits	$1,303,648	$1,303,648	$1,303,648
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$1,303,648**	**$1,303,648**	**$1,303,648**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$510,107,361	$510,107,361	$505,006,287
Disability retirements	$49,479,083	$49,479,083	$48,984,292
Beneficiaries receiving	$43,352,045	$43,352,045	$42,918,525
DROP participants	$0	$0	$0
Sub-total	**$602,938,489**	**$602,938,489**	**$596,909,104**
Grand Total	**$1,172,820,355**	**$1,172,820,355**	**$1,144,493,361**

Present Value of Accrued Benefits

Table I-E

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$287,094,848	$287,094,848	$272,540,411
Termination benefits	$1,416,699	$1,416,699	$11,599,533
Disability benefits	$12,331,972	$12,331,972	$17,875,246
Death benefits	$4,136,605	$4,136,605	$4,366,095
Refund of employee contributions	$442,553	$442,553	$440,791
Sub-total	**$305,422,677**	**$305,422,677**	**$306,822,076**
Deferred Vested Participants			
Retirement benefits	$1,303,648	$1,303,648	$1,303,648
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$1,303,648**	**$1,303,648**	**$1,303,648**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$510,107,361	$510,107,361	$505,006,287
Disability retirements	$49,479,083	$49,479,083	$48,984,292
Beneficiaries receiving	$43,352,045	$43,352,045	$42,918,525
DROP participants	$0	$0	$0
Sub-total	**$602,938,489**	**$602,938,489**	**$596,909,104**
Grand Total	**$909,664,814**	**$909,664,814**	**$905,034,828**

Present Value of Vested Benefits

Table I-F

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$260,748,633	$260,748,633	$248,620,000
Termination benefits	$1,002,875	$1,002,875	$10,668,056
Disability benefits	$12,331,972	$12,331,972	$17,875,246
Death benefits	$4,081,439	$4,081,439	$4,320,910
Refund of employee contributions	$855,425	$855,425	$1,081,140
Sub-total	**$279,020,344**	**$279,020,344**	**$282,565,352**
Deferred Vested Participants			
Retirement benefits	$1,303,648	$1,303,648	$1,303,648
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$1,303,648**	**$1,303,648**	**$1,303,648**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$510,107,361	$510,107,361	$505,006,287
Disability retirements	$49,479,083	$49,479,083	$48,984,292
Beneficiaries receiving	$43,352,045	$43,352,045	$42,918,525
DROP participants	$0	$0	$0
Sub-total	**$602,938,489**	**$602,938,489**	**$596,909,104**
Grand Total	**$883,262,481**	**$883,262,481**	**$880,778,104**

Entry Age Normal Accrued Liability

Table I-G

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$380,703,852	$380,703,852	$355,179,677
Termination benefits	$1,587,740	$1,587,740	$14,713,754
Disability benefits	$11,854,442	$11,854,442	$17,061,149
Death benefits	$4,837,842	$4,837,842	$4,972,477
Refund of employee contributions	$461,866	$461,866	$460,227
Sub-total	**$399,445,742**	**$399,445,742**	**$392,387,284**
Deferred Vested Participants			
Retirement benefits	$1,303,648	$1,303,648	$1,303,648
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$1,303,648**	**$1,303,648**	**$1,303,648**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$510,107,361	$510,107,361	$505,006,287
Disability retirements	$49,479,083	$49,479,083	$48,984,292
Beneficiaries receiving	$43,352,045	$43,352,045	$42,918,525
DROP participants	$0	$0	$0
Sub-total	**$602,938,489**	**$602,938,489**	**$596,909,104**
Grand Total	**$1,003,687,879**	**$1,003,687,879**	**$990,600,036**
less Actuarial Value of Assets	*($591,980,609)*	*($591,980,609)*	*($591,980,609)*
Unfunded Accrued Liability	**$411,707,270**	**$411,707,270**	**$398,619,427**

Entry Age Normal Cost

Table I-H

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$20,322,927	$20,322,927	$18,287,949
Termination benefits	$304,585	$304,585	$1,208,285
Disability benefits	$1,069,323	$1,069,323	$1,587,195
Death benefits	$300,472	$300,472	$310,290
Refund of employee contributions	$150,634	$150,634	$149,781
Sub-total	**$22,147,941**	**$22,147,941**	**$21,543,500**
Deferred Vested Participants			
Retirement benefits	$0	$0	$0
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$0**	**$0**	**$0**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$0	$0	$0
Disability retirements	$0	$0	$0
Beneficiaries receiving	$0	$0	$0
DROP participants	$0	$0	$0
Sub-total	**$0**	**$0**	**$0**
Grand Total	**$22,147,941**	**$22,147,941**	**$21,543,500**

GASB 25/27 Results

Table II-A

Development of the Net Pension Obligation (Asset)

Net Pension Obligation (Asset) as of July 1, 2009	$0
Annual Pension Cost for the 2009/10 Plan Year	$41,213,384
Employer Contributions for the 2009/10 Plan Year	($41,213,384)
Net Increase (Decrease) in NPO	$0
Net Pension Obligation (Asset) as of July 1, 2010	**$0**

	For the 2010/11 Plan Year
Development of the Annual Required Contribution (ARC)	
Employer Normal Cost	$15,607,426
Amortization of the UAAL	$21,197,304
Expense Allowance	$785,195
Amortization of the Net Pension Obligation (Asset)	$0
Interest Adjustment	$1,555,026
Annual Required Contribution (ARC)	**$39,144,951**

Development of the Annual Pension Cost (APC)	
Annual Required Contribution (ARC)	$39,144,951
Interest on the Net Pension Obligation (Asset)	$0
Adjustment to the ARC	$0
Annual Pension Cost (APC)	**$39,144,951**

GASB 25/27 Disclosures

Table II-B

Schedule of Employer Contributions

Year Ended December 31	Annual Required Contribution	% Contrib.	Annual Pension Cost	% Contrib.
2004	N/A	N/A	N/A	N/A
2005	$15,687,000	100%	$15,687,000	100%
2006	$45,229,000	100%	$45,229,000	100%
2007	$44,058,000	100%	$44,058,000	100%
2008	$44,810,000	100%	$44,810,000	100%
2009	$41,213,384	100%	$41,213,384	100%

Schedule of Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) – (1)	(4) Funded Ratio (1) ÷ (2)	(5) Covered Payroll	(6) UAAL as % of Covered Payroll (3) ÷ (5)
January 1, 2005	N/A	$658,861,000	N/A	N/A	$70,973,000	N/A
January 1, 2006	N/A	$817,255,000	N/A	N/A	$73,515,000	N/A
January 1, 2007	N/A	$850,886,000	N/A	N/A	$77,168,000	N/A
January 1, 2008	$596,457,000	$909,410,000	$312,953,000	65.59%	$84,016,000	372.49%
January 1, 2009	$571,768,000	$986,376,000	$414,608,000	57.97%	$82,030,000	505.43%
January 1, 2010	$591,980,609	$990,600,036	$398,619,427	59.76%	$78,519,495	507.67%

Additional Information

Valuation Date ***January 1, 2010***

Actuarial Cost Method ***Entry age normal***

Amortization Method ***Level percentage, open***

Remaining Amortization Period ***30 years***

Asset Valuation Method ***Five-year smoothed market***

Discount Rate ***7.75%***

Salary Increase Rate ***4.00%***

SFAS 35 Disclosures

Table II-C

Actuarial Present Value of Accrued Benefits

	As of January 1, 2009	As of January 1, 2010
Vested Benefits		
Participants currently receiving benefits	$587,805,000	$596,909,104
Other participants	$272,012,000	$283,869,000
Sub-total	$859,817,000	$880,778,104
Non-Vested Benefits	$26,222,000	$24,256,724
Total Benefits	**$886,039,000**	**$905,034,828**
Funded Percentage (based on the market value of assets)	58.27%	67.90%

Statement of Change in Actuarial Present Value of Accrued Benefits

Actuarial Present Value as of January 1, 2009	**$886,039,000**
Increase (Decrease) Due To:	
Interest	$68,668,022
Benefits accumulated	($1,017,997)
Benefits paid	($44,024,211)
Plan amendments	$0
Changes in actuarial methods and assumptions	($4,629,986)
Net increase (decrease)	**$18,995,828**
Actuarial Present Value as of January 1, 2010	**$905,034,828**

Actuarial Value of Assets

Table III-A

	Net Investment Gain (Loss)		*Unrecognized Gain (Loss)*
For the 2006 plan year	*$31,854,000*	*x 20%*	*$6,370,800*
For the 2007 plan year	*($23,715,000)*	*x 40%*	*($9,486,000)*
For the 2008 plan year	*($73,068,655)*	*x 60%*	*($43,841,193)*
For the 2009 plan year	*$86,832,237*	*x 80%*	*$69,465,790*
			$22,509,397

Market Value of Assets as of January 1, 2010	$614,490,006
Minus advance employer contributions	$0
Adjustment for unrecognized gain or loss as shown above, but restricted to an amount that keeps the actuarial value of assets within an 80%-120% corridor of the market value	($22,509,397)
Actuarial Value of Assets as of January 1, 2010	**$591,980,609**

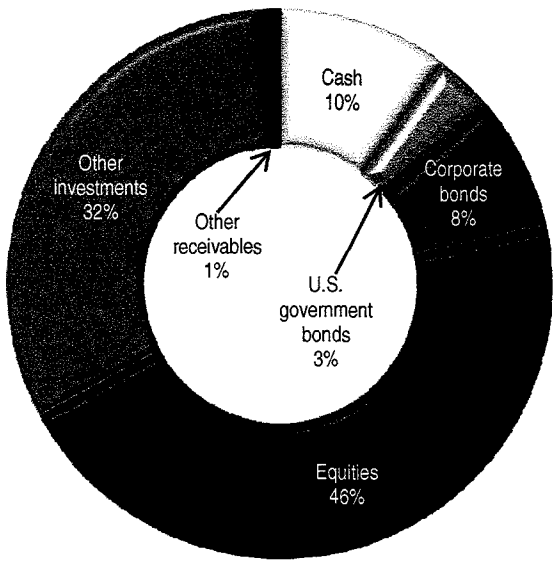
Historical Actuarial Value of Assets

January 1, 2001	N/A
January 1, 2002	N/A
January 1, 2003	N/A
January 1, 2004	N/A
January 1, 2005	N/A
January 1, 2006	N/A
January 1, 2007	N/A
January 1, 2008	$596,457,000
January 1, 2009	$571,768,000
January 1, 2010	$591,980,609

Market Value of Assets

Table III-B

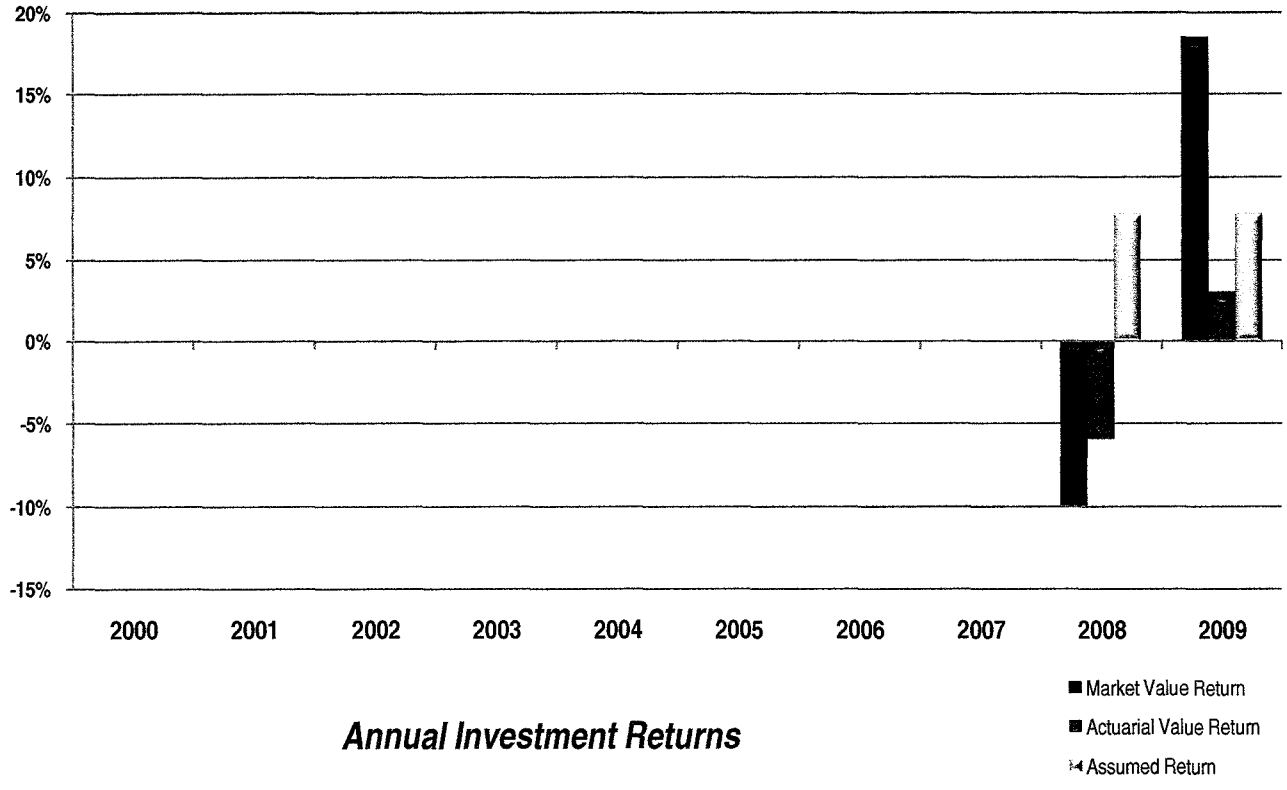
	As of January 1, 2010
Market Value of Assets	**$614,490,006**
Cash	$62,414,969
U.S. government bonds	$21,494,801
Corporate bonds	$48,385,237
Equities	$280,835,246
Other investments	$194,073,273
Interest receivable	$1,730,722
Other receivables	$5,847,182
Due from brokers	$19,579
Other accounts payable	($311,003)



Historical Market Value of Assets	
January 1, 2001	N/A
January 1, 2002	N/A
January 1, 2003	N/A
January 1, 2004	N/A
January 1, 2005	N/A
January 1, 2006	N/A
January 1, 2007	N/A
January 1, 2008	$561,226,686
January 1, 2009	$516,308,590
January 1, 2010	$614,490,006

Investment Return

Table III-C



Annual Investment Returns

Plan Year	Market Value Return	Actuarial Value Return	Assumed Return
2000	N/A	N/A	N/A
2001	N/A	N/A	N/A
2002	N/A	N/A	N/A
2003	N/A	N/A	N/A
2004	N/A	N/A	N/A
2005	N/A	N/A	N/A
2006	N/A	N/A	N/A
2007	N/A	N/A	N/A
2008	-9.85%	-5.92%	7.75%
2009	18.40%	3.02%	7.75%

Asset Reconciliation

Table III-D

	Market Value	Actuarial Value
As of January 1, 2009	**$516,308,590**	**$571,768,000**
Increases Due To:		
Employer Contributions	$41,213,384	$41,213,384
Employee Contributions	$7,428,867	$7,428,867
Total Contributions	$48,642,251	$48,642,251
Interest and Dividends	$10,062,495	
Gains (Losses)	$86,832,237	
Total Investment Income	$96,894,732	$17,286,811
Other Income	$412,899	
Total Income	**$145,949,882**	**$65,929,062**
Decreases Due To:		
Benefit Payments	($44,024,211)	($44,024,211)
Total Benefit Payments	($44,024,211)	($44,024,211)
Investment Expenses	($2,052,013)	
Administrative Expenses	($1,692,242)	($1,692,242)
Advance Employer Contribution		$0
Total Expenses	**($47,768,466)**	**($45,716,453)**
As of January 1, 2010	**$614,490,006**	**$591,980,609**

Historical Trust Fund Detail

Table III-E

Income

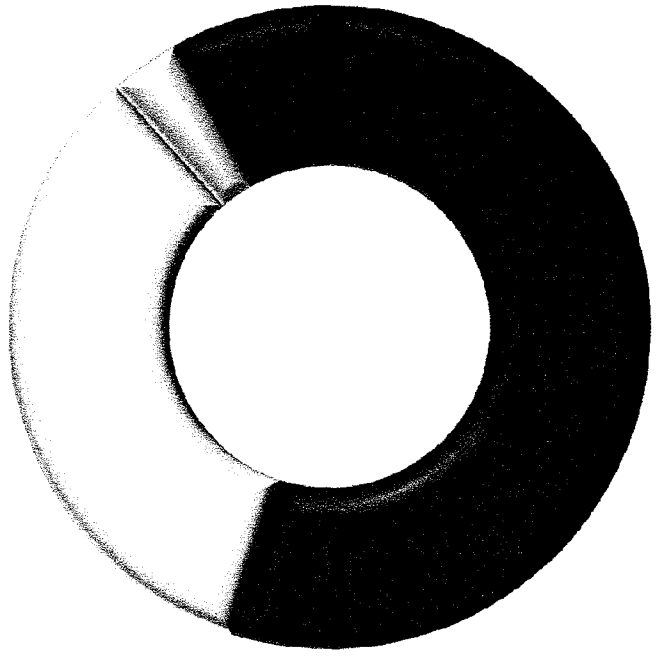
Plan Year	Employer Contribs.	Employee Contribs.	Interest / Dividends	Gains / Losses	Other Income
2000	N/A	N/A	N/A	N/A	N/A
2001	N/A	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A	N/A
2003	N/A	N/A	N/A	N/A	N/A
2004	N/A	N/A	N/A	N/A	N/A
2005	N/A	N/A	N/A	N/A	N/A
2006	N/A	N/A	N/A	N/A	N/A
2007	N/A	N/A	N/A	N/A	N/A
2008	$44,433,944	$5,632,058	$19,659,840	-$73,068,655	$306,310
2009	$41,213,384	$7,428,867	$10,062,495	$86,832,237	$412,899

Expenses

Plan Year	Benefit Payments	Admin. Expenses	Invest. Expenses
2000	N/A	N/A	N/A
2001	N/A	N/A	N/A
2002	N/A	N/A	N/A
2003	N/A	N/A	N/A
2004	N/A	N/A	N/A
2005	N/A	N/A	N/A
2006	N/A	N/A	N/A
2007	N/A	N/A	N/A
2008	$38,530,904	$607,811	$2,742,878
2009	$44,024,211	$1,692,242	$2,052,013

Summary of Participant Data

Table IV-A



Participant Distribution by Status

As of January 1, 2010

Actively Employed Participants	
Active Participants	1,574
DROP Participants	0
Inactive Participants	
Deferred Vested Participants	3
Due a Refund of Contributions	0
Deferred Beneficiaries	0
Participants Receiving a Benefit	
Service Retirements	961
Disability Retirements	102
Beneficiaries Receiving	230
Total Participants	**2,870**

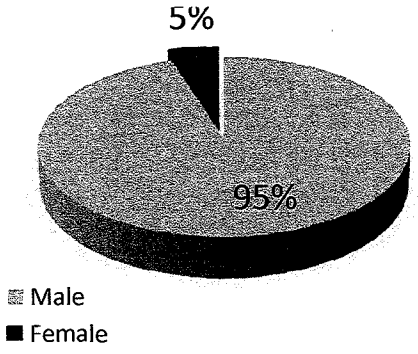
Number of Participants Included in Prior Valuations

	Active	*DROP*	*Inactive*	*Retired*	*Total*
January 1, 2001	N/A	N/A	N/A	N/A	N/A
January 1, 2002	1,540	0	0	953	2,493
January 1, 2003	1,523	0	0	970	2,493
January 1, 2004	1,488	0	0	1,013	2,501
January 1, 2005	1,638	0	0	1,041	2,679
January 1, 2006	1,775	0	0	1,115	2,890
January 1, 2007	1,735	0	0	1,204	2,939
January 1, 2008	1,811	0	0	1,272	3,083
January 1, 2009	1,639	0	0	1,355	2,994
January 1, 2010	1,574	0	3	1,293	2,870

Active Participant Data

Table IV-B

Gender Mix



As of January 1, 2010

Average Age	38.9 years
Average Service	10.8 years
Total Annualized Compensation for the Prior Year	$80,044,694
Total Expected Compensation for the Current Year	$78,519,495
Average Increase in Compensation for the Prior Year	2.06%
Expected Increase in Compensation for the Current Year	4.00%
Accumulated Contributions for Active Employees	$48,545,083

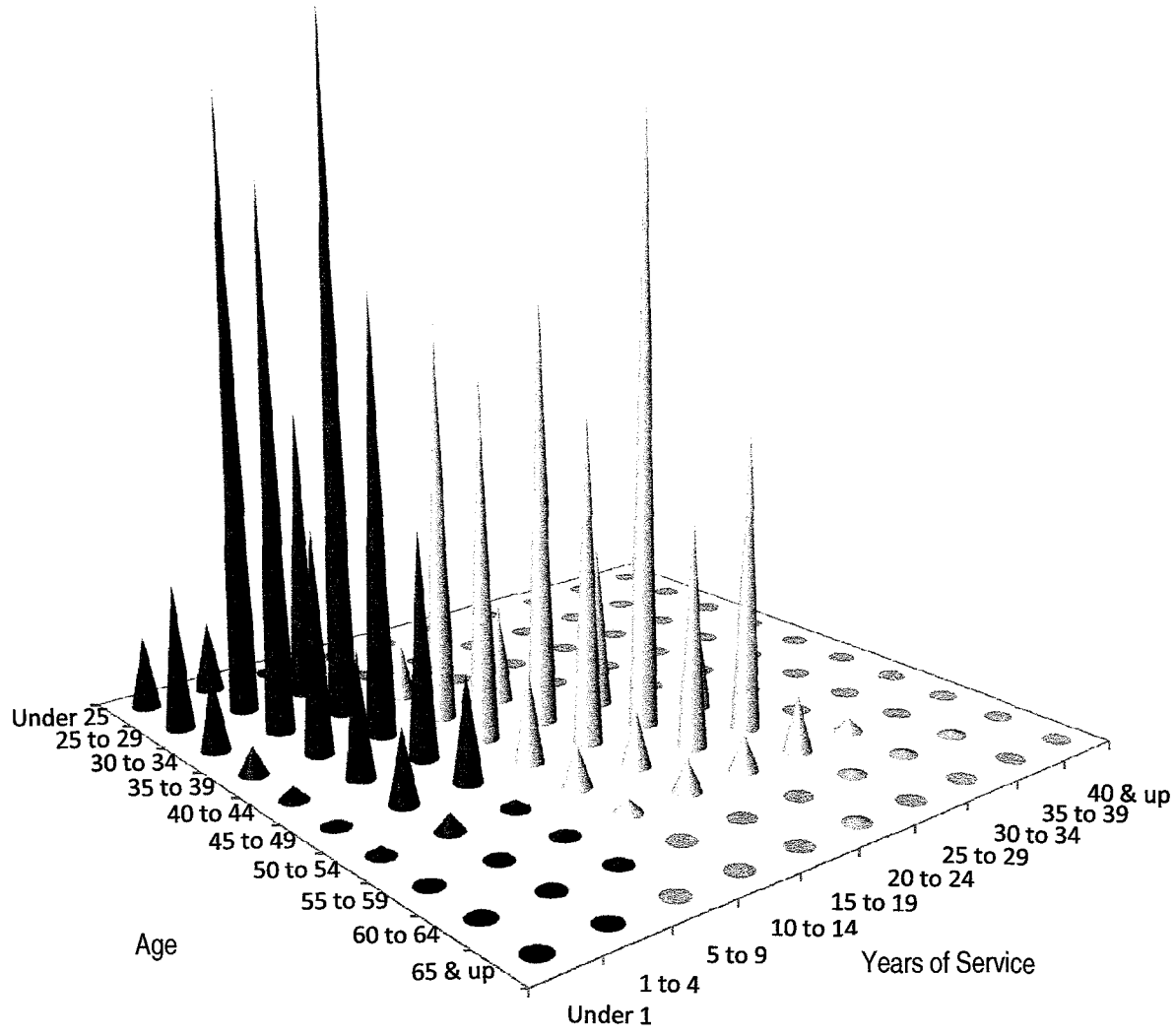
Actual vs. Expected Salary Increases

Active Participant Statistics From Prior Valuations

	Average Age	*Average Service*	*Average Salary*	*Average Expected Salary Increase*	*Average Actual Salary Increase*
January 1, 2001	N/A	N/A	N/A	N/A	N/A
January 1, 2002	38.7	12.4	$43,729	N/A	N/A
January 1, 2003	38.1	11.7	$43,203	N/A	N/A
January 1, 2004	38.5	12.0	$43,394	N/A	N/A
January 1, 2005	37.9	11.3	$44,256	N/A	N/A
January 1, 2006	38.1	11.6	$44,442	4.50%	3.63%
January 1, 2007	37.5	10.8	$46,305	4.00%	5.19%
January 1, 2008	37.5	10.4	$48,199	4.00%	3.44%
January 1, 2009	37.9	11.0	$51,008	4.00%	3.69%
January 1, 2010	38.9	10.8	$50,854	4.00%	2.06%

Active Age-Service Distribution

Table IV-C



△ *Eligible to retire*
▲ *May be eligible to retire*
▲ *Not eligible to retire*

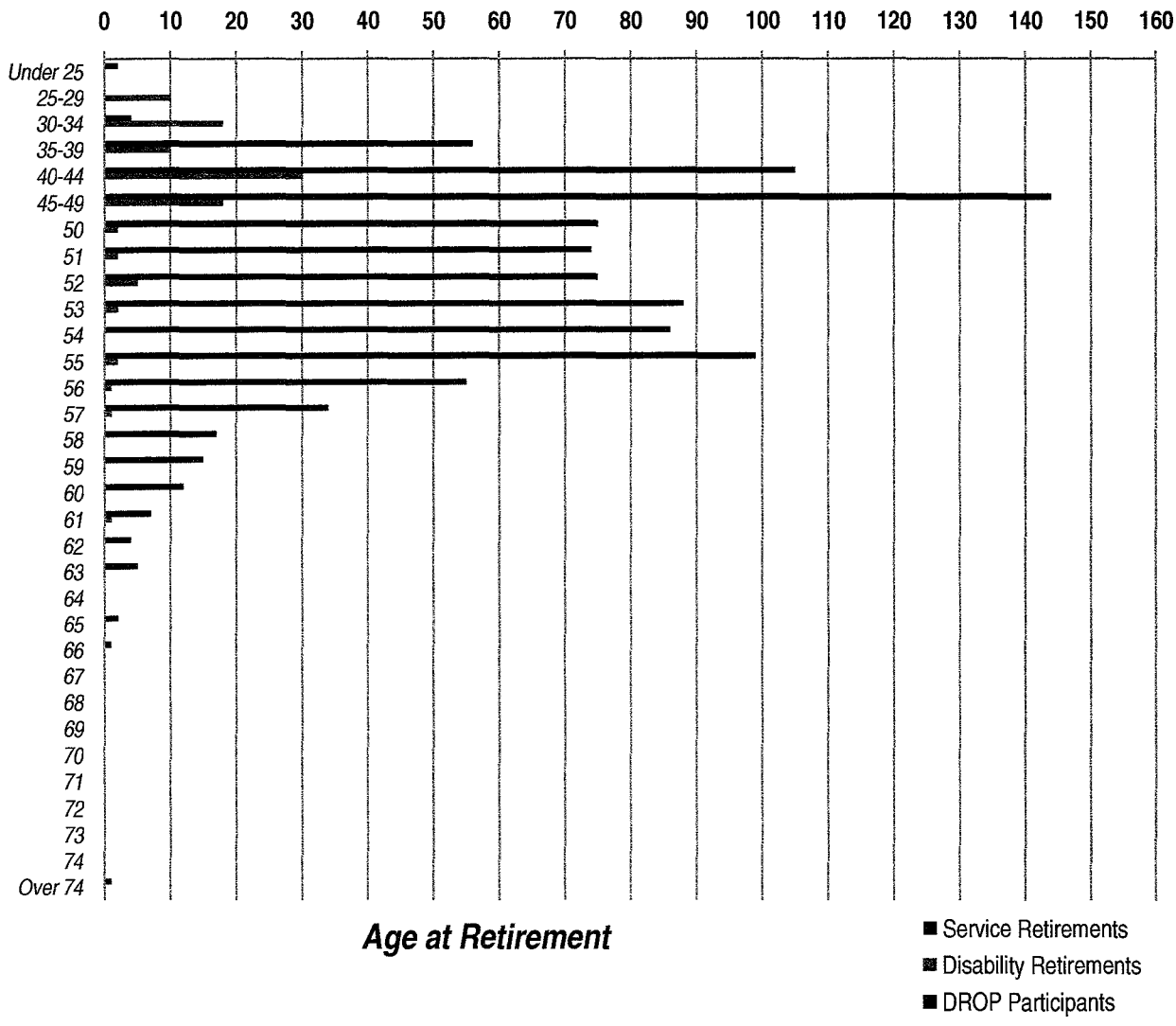
Active Age-Service-Salary Table

Table IV-D

Attained Age	Completed Years of Service										
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25	**16**	**16**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**32**
Avg.Pay	9,131	40,039	0	0	0	0	0	0	0	0	24,585
25 to 29	**32**	**133**	**65**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**230**
Avg.Pay	14,674	42,123	42,719	0	0	0	0	0	0	0	38,472
30 to 34	**17**	**117**	**151**	**12**	**0**	**0**	**0**	**0**	**0**	**0**	**297**
Avg.Pay	12,861	42,599	45,443	48,707	0	0	0	0	0	0	42,589
35 to 39	**6**	**50**	**95**	**87**	**22**	**0**	**0**	**0**	**0**	**0**	**260**
Avg.Pay	15,497	43,705	46,228	53,761	58,294	0	0	0	0	0	48,575
40 to 44	**3**	**27**	**49**	**78**	**96**	**36**	**0**	**0**	**0**	**0**	**289**
Avg.Pay	16,648	43,860	46,632	53,557	60,193	64,910	0	0	0	0	54,712
45 to 49	**1**	**16**	**23**	**20**	**72**	**133**	**21**	**0**	**0**	**0**	**286**
Avg.Pay	36,110	45,832	46,080	54,529	60,370	66,987	70,025	0	0	0	61,700
50 to 54	**2**	**4**	**2**	**9**	**12**	**49**	**64**	**0**	**0**	**0**	**142**
Avg.Pay	14,887	41,802	46,900	49,735	62,916	65,379	71,703	0	0	0	65,394
55 to 59	**0**	**1**	**0**	**3**	**7**	**8**	**12**	**3**	**0**	**0**	**34**
Avg.Pay	0	32,423	0	50,154	60,787	61,644	65,705	76,531	0	0	62,341
60 to 64	**0**	**0**	**0**	**0**	**0**	**0**	**1**	**1**	**1**	**0**	**3**
Avg.Pay	0	0	0	0	0	0	67,762	59,501	67,158	0	64,807
65 & up	**0**	**0**	**0**	**0**	**0**	**1**	**0**	**0**	**0**	**0**	**1**
Avg.Pay	0	0	0	0	0	72,590	0	0	0	0	72,590
Total	**77**	**364**	**385**	**209**	**209**	**227**	**98**	**4**	**1**	**0**	**1,574**
Avg.Pay	13,547	42,663	45,374	53,243	60,230	66,147	70,569	72,274	67,158	0	50,854

Inactive Participant Data

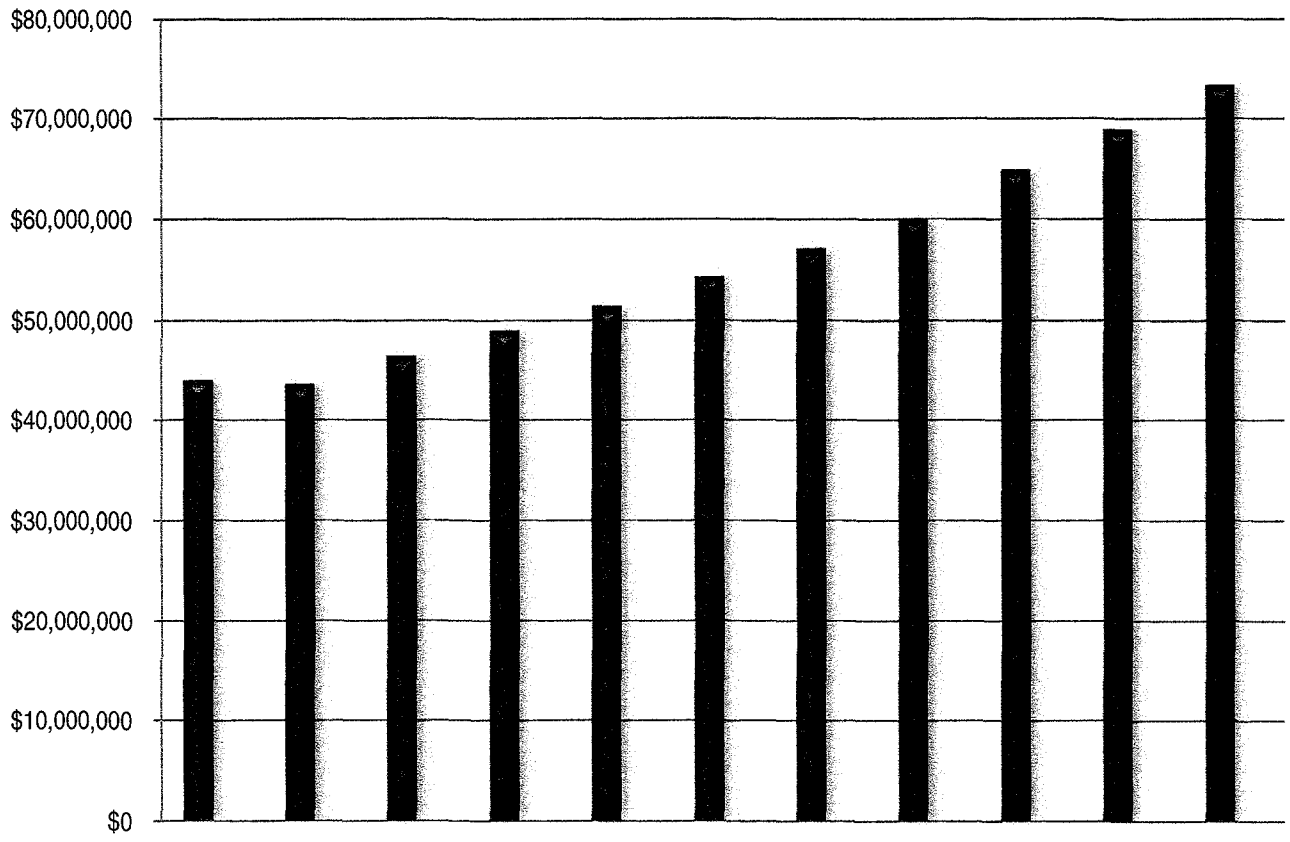
Table IV-E



	Average Monthly Benefit
Service Retirements	*$3,036.88*
Disability Retirements	*$2,630.40*
Beneficiaries Receiving	*$1,409.20*
DROP Participants	*Not applicable*
Deferred Vested Participants	*$3,243.88*
Deferred Beneficiaries	*Not applicable*

Projected Benefit Payments

Table IV-F



Actual	
For the period January 1, 2009 through December 31, 2009	$44,024,211
Projected	
For the period January 1, 2010 through December 31, 2010	$43,617,159
For the period January 1, 2011 through December 31, 2011	$46,398,747
For the period January 1, 2012 through December 31, 2012	$49,035,117
For the period January 1, 2013 through December 31, 2013	$51,383,347
For the period January 1, 2014 through December 31, 2014	$54,329,347
For the period January 1, 2015 through December 31, 2015	$57,068,550
For the period January 1, 2016 through December 31, 2016	$60,043,658
For the period January 1, 2017 through December 31, 2017	$64,794,001
For the period January 1, 2018 through December 31, 2018	$68,891,720
For the period January 1, 2019 through December 31, 2019	$73,289,133

Summary of Actuarial Methods and Assumptions — Table V-A

1. Actuarial Cost Method

Individual entry age normal cost method. Under this actuarial cost method, a level funding cost is developed with respect to each benefit for each participant. The level funding cost for each benefit applies to the period beginning when the participant's service commences and ending when the participant is assumed to cease active participation due to each respective decrement. The actuarial accrued liability is equal to the accumulated level funding cost to the valuation date for all participants. The normal cost is equal to the level funding cost for the year immediately following the valuation date for all active participants.

2. Asset Method

The actuarial value of assets is equal to the market value of assets adjusted to reflect a five-year phase-in of the net investment appreciation.

3. Interest (or Discount) Rate

7.75% per annum

4. Salary Increases

Plan compensation is assumed to increase at the rate of 4.00% per annum, unless actual plan compensation is known for a prior plan year.

5. Decrements

- Pre-retirement mortality: Sex-distinct rates set forth in the RP-2000 Mortality Table for non-annuitants; deaths prior to retirement are assumed not to be service-connected.
- Post-retirement mortality: Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants
- Disability: Sex-distinct rates set forth in the Wyatt 1985 Disability Study (Class 4); 75% of disabilities are assumed to be service-connected.
- Termination: Withdrawal rates were derived from a study of actual plan experience covering the period 1982 through 1986. A sample of the withdrawal rates is set forth in the following table:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	15.0%	30	7.8%	40	2.30%	50	0.956%
25	11.4%	35	4.9%	45	1.35%	55	0.000%

- Retirement: Retirement is assumed to occur at normal retirement age.

Summary of Actuarial Methods and Assumptions — Table V-A

(continued)

6. Unused Vacation

All participants are assumed to have accumulated 30 days of unused vacation upon termination of employment, retirement, or death.

7. Payroll Increase and Amortization Period

Total payroll has been assumed to grow at the rate of 4.00% per year for purposes of amortizing the unfunded actuarial accrued liability as a level percentage of payroll; the amortization period is established by City ordinance as a rolling 30-year period beginning July 1, 2009.

8. Expenses

Administrative expenses are assumed to be 0.50% of future payroll. In addition, the interest rate set forth in item 3. above is assumed to be net of investment expenses and commissions.

9. Cost-of-Living Adjustment

We have assumed that all eligible retirees will receive an automatic cost-of-living adjustment equal to 3.00% per annum.

10. Surviving Beneficiaries

Those active participants who are making the additional 1% employee contribution to provide a survivor benefit to their eligible beneficiaries are assumed to have only one surviving beneficiary of the opposite gender of the employee. Males are assumed to be three years older than females for this purpose.

Changes in Actuarial Methods and Assumptions — Table V-B

The following assumptions have been changed from those used to complete the previous valuation:

1. The assumed incidence of disability was changed from rates based on the 1974 Social Security disability study to the sex-distinct rates set forth in the Wyatt 1985 Disability Study (Class 4).

2. The assumed retirement age was changed from a range of rates at ages 45 through 60 to normal retirement age.

3. Administrative expenses were changed from a 1.00% loading of all costs and liabilities to 1.00% of future payroll.

Summary of Plan Provisions

Table VI-A

1. Monthly Accrued Benefit

3% of Average Monthly Earnings multiplied by up to 26.667 years of Creditable Service

2. Normal Retirement Age and Benefit

- **Age**
  Any age with at least 30 years of Creditable Service *(only for participants covered by the '05 Amendment)*; or
  Age 55 with at least 10 years of Creditable Service; or
  Age 65 with at least 5 years of Creditable Service
- **Amount**
  Monthly Accrued Benefit
- **Form of Payment**
  Life annuity *(for those participants without an eligible beneficiary)*; or
  75% joint and contingent annuity *(for those participants with an eligible beneficiary; benefits continue in equal shares to the participant's dependent children upon the death of the participant's spouse or domestic partner or, for participants not covered by the '86 Amendment, upon the remarriage of the participant's spouse or domestic partner)*

  Note: All annuity forms of payment include an automatic cost-of-living adjustment effective each January 1 based on the increase in the Consumer Price Index as of the preceding November 1 and limited to 3%. All annuity forms of payment also provide a minimum payout equal to the employee's accumulated contributions, with interest credited after 1985 at the rate of 5% per year (or less than 5% with respect to any year during which the trust fund earns less than 5% on its investments).

3. Early Retirement Age and Benefit

- **Age**
  Any age with at least 10 years of Creditable Service
- **Amount**
  Monthly Accrued Benefit *(payable at age 55)*; or
  Monthly Accrued Benefit reduced by ½% for each of the first 60 months and by ¼% for each additional month by which the participant's Early Retirement Age precedes age 55 *(payable at Early Retirement Age)*; or
  Monthly Accrued Benefit reduced by ¼% for each month by which the participant's Early Retirement Age precedes age 55 *(payable at Early Retirement Age and only applicable if the participant was hired prior to April 1, 1978 and has earned at least 25 years of Creditable Service)*
- **Form of Payment**
  Same as for Normal Retirement

Summary of Plan Provisions

Table VI-A

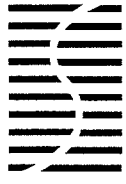
(continued)

4. Delayed Retirement Age and Benefit

- **Age**
  After Normal Retirement Age
- **Amount**
  Monthly Accrued Benefit
- **Form of Payment**
  Same as for Normal Retirement

5. Disability Retirement Eligibility and Benefit

- **Eligibility**
  All active participants are eligible if the disability is service-connected;
  At least five years of Creditable Service is required otherwise.
- **Condition**
  The participant must become "totally and permanently disabled" and must remain so disabled until age 55. "Totally and permanently disabled" means the participant is in a continuous state of incapacity due to illness or injury, is prevented from performing his regular assigned or comparable duties during the first 12 months of his disability, and is thereafter prevented from engaging in any occupation for which he is or becomes reasonably qualified by education, training, or experience. With respect to participants who are not covered by the '86 Amendment, the participant must only be prevented from performing his regular assigned or comparable duties during the entire period of his disability.
- **Amount**
  For participants who incur a catastrophic injury in the line of duty:
    100% of the top salary for the grade and position occupied by the participant at the time of disability
  For all other participants who are covered by the '86 Amendment:
    Greater of 50% of Average Monthly Earnings at the time of disability or Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 75% of the participant's salary at the time of disability *(payable until the earlier of recovery from disability or age 55)*; and
    Monthly Accrued Benefit based on Average Monthly Earnings at the time of disability and Creditable Service including the period during which the participant was disabled, but excluding any cost-of-living adjustments that were previously applied to the participant's disability payments *(payable at age 55)*



Summary of Plan Provisions

Table VI-A

(continued)

Disability Retirement Eligibility and Benefit *(continued)*

For all other participants with a service-connected disability:

Greater of 70% of the top salary for the grade and position occupied by the participant at the time of disability or Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 100% of the participant's salary at the time of disability

For all other participants:

Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 100% of the participant's salary at the time of disability

- **Form of Payment**
  Same as for Normal Retirement

6. Deferred Vested Benefit

- **Age**
  Any age with at least five years of Creditable Service
- **Amount**
  Monthly Accrued Benefit multiplied by the participant's Vested Percentage and payable at age 60
- **Form of Payment**
  Same as for Normal Retirement

7. Pre-Retirement Death Benefit

For participants who die in the line of duty and who are covered by the '86 Amendment:

100% of the participant's base salary at the time of his death, offset by worker's compensation or other payments received for line of duty injuries prior to the participant's death *(payable for the first two years after the participant's death)*; and

75% of the Monthly Accrued Benefit *(payable thereafter)*

For all other participants who die in the line of duty:

100% of the participant's base salary at the time of his death, offset by worker's compensation or other payments received for line of duty injuries prior to the participant's death *(payable for the first two years after the participant's death)*; and

75% of the greater of: (a) the Monthly Accrued Benefit, or (b) 70% of the top salary for the grade and position occupied by the participant at his death *(payable thereafter)*

For all other participants:

75% of the Monthly Accrued Benefit

Summary of Plan Provisions

Table VI-A

(continued)

8. Vested Percentage

Retirement benefits become vested in accordance with the following schedule:

Years of Creditable Service	Vested Percentage
Less than five	0%
At least five, but less than six	25%
At least six, but less than seven	30%
At least seven, but less than eight	35%
At least eight, but less than nine	40%
At least nine, but less than 10	45%
At least 10	100%

9. Average Monthly Earnings

The participant's Average Monthly Earnings is equal to: (a) the average of the participant's Base Salary for the highest 36 consecutive months during his period of Creditable Service; plus (b) the difference between the highest and lowest daily rate of pay during such 36-month period multiplied by the days of unused sick leave and divided by 36; plus (c) a credit based on accumulated unused vacation.

10. Base Salary

The employee's basic salary excluding overtime pay and other special compensation; pursuant to IRC section 401(a)(17), total annual plan compensation is limited to $200,000 as indexed.

11. Employee Contribution

All participating employees must make the required pre-tax contribution to the plan. The required contribution is 8% of basic salary for those participants who have an eligible beneficiary for death benefits and 7% of basic salary for all other participants. An eligible beneficiary is the participant's legal spouse, registered domestic partner, or unmarried child under the age of 18 (or under age 23 if a full-time student). The participant must have been married or registered to his legal spouse or domestic partner for at least one year prior to his death in order for such individual to be an eligible beneficiary. *(During the period March, 1994 through June, 2009, the required contribution was 1% lower for all participants; prior to March, 1994, the contribution was made on an after-tax basis.)*

Summary of Plan Provisions

Table VI-A

(continued)

12. Creditable Service

Creditable Service includes "base creditable service" and an "unused sick leave service credit," plus military service as required by federal law. Base creditable service is granted for all periods of full-time employment as a police officer with the City of Atlanta provided that the employee has made the required contribution for such period of service. An unused sick leave service credit is granted by dividing the participant's days of unused sick leave by the number of work days set forth in the following chart:

Years of Base Creditable Service	Work Days
Less than five	239
At least five, but less than 10	236
At least 10, but less than 15	233
At least 15, but less than 20	230
At least 20	226

Creditable Service also includes other service with the City of Atlanta if the relevant contributions are transferred into this plan and may include prior service with the State of Georgia, Fulton County, Dekalb County, or as a teacher in a public school system or private college or university within the State of Georgia if the required contribution is made to the plan.

13. Participation Requirement

All full-time police officers employed by the City of Atlanta are eligible to participate in the plan.

14. Plan Effective Date

April 1, 1978

Summary of Plan Amendments

Table VI-B

Since the completion of the previous valuation, no significant plan changes have been adopted.

City of Birmingham
Retirement and Relief System

Actuarial Valuation and Review as of
July 1, 2010

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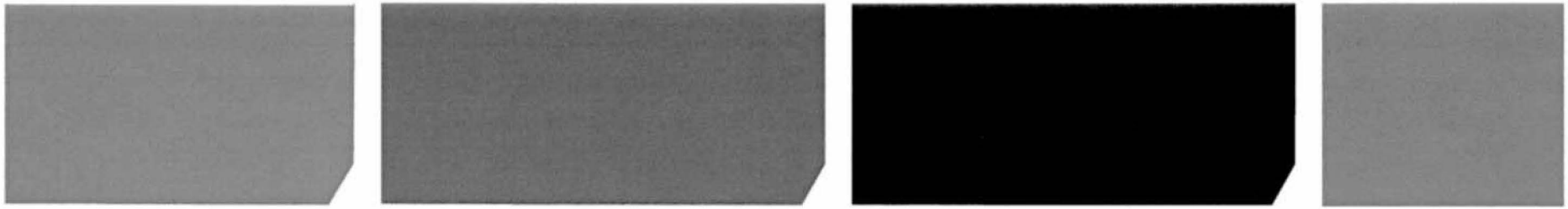

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The Segal Company
2018 Powers Ferry Road, Suite 850 Atlanta, GA 30339-7200
T 678.306.3100 F 678.306.3190 www.segalco.com

June 30, 2011

Board of Managers
City of Birmingham Retirement and Relief System
710 North 20th Street, GA 100 City Hall
Birmingham, Alabama 35203-2216

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of July 1, 2010. It summarizes the actuarial data used in the valuation, establishes the funding requirements for the 2010-2011 fiscal year and analyzes the preceding year's experience.

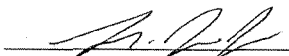
The census information on which our calculations were based was prepared by the City and the financial information was provided by the City's Finance Department. That assistance is gratefully acknowledged. The actuarial calculations were completed under the supervision of Deborah K. Brigham, FCA, ASA, MAAA, Enrolled Actuary. Ms. Brigham meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board of Managers are reasonably related to the experience of and the expectations for the Plan.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

THE SEGAL COMPANY

By: 

Leon F. (Rocky) Joyner, Jr., FCA, ASA, MAAA, EA
Vice President and Consulting Actuary

Deborah K. Brigham, FCA, ASA, MAAA, EA
Vice President and Actuary

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Purpose

This report has been prepared by The Segal Company to present a valuation of the City of Birmingham Retirement and Relief System as of July 1, 2010. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

The benefit provisions of the Pension Plan, as administered by the Board of Managers;

The characteristics of covered active participants, inactive vested participants, and retired participants and beneficiaries as of July 1, 2010, provided by the City;

The assets of the Plan as of June 30, 2010, provided by the City's Finance Department;

Economic assumptions regarding future salary increases and investment earnings; and

Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

Significant Issues in Valuation Year

1. The recommended contribution for the upcoming year is $36,295,581, or 18.78% of payroll. This is a decrease of 3.86% of pay from the 22.64% recommended amount last year. The decrease is primarily due to: (1) modifications to the Extraordinary disability benefit provision and (2) changes in actuarial assumptions and methods. The normal cost, for benefits allocated to the current year, declined from 14.87% of pay last year to 12.42% in this valuation, which is now slightly less than the contribution rate.
2. The City is expected to continue to contribute 6.50% of pay, and members are expected to contribute 6.50%. **City and employee contributions combined are thus 13.00% of payroll, producing an expected deficit of 5.78% when compared to the recommended contribution of 18.78%.** It is presumed throughout this report that the employees are responsible for an equal share of the cost of the Plan. However, the City is ultimately responsible for Plan funding if employee contributions remain at their current level.
3. The calculated rate of 18.78% is based on a 30-year level percent-of-pay amortization of the unfunded actuarial accrued liability. Since the statutory contributions are significantly less than the recommended amount, the unfunded liability is not being amortized. To be in compliance with GASB standards, contributions should be at a level sufficient to amortize the unfunded liability in 30 years or less.
4. Twenty-year projections have been provided to the Board separately. These projections indicate that, if the actual contributions to the System remain at 13.00% and all assumptions are met in the aggregate, actuarially recommended

contributions will steadily increase, and the GASB funded percentage will decrease. Assets are expected to increase during the projection period, indicating that the System is expected to be able to meet its benefit obligations.

5. The following assumptions and methods were recommended in the five-year experience study for the period ended June 30, 2010, and were adopted by the Board earlier this year:

   - The method used to amortize the unfunded actuarial accrued liability was changed from a level dollar amortization to a level percentage-of-payroll amount, assuming a payroll growth rate of 3.00%.
   - The inflation component of the salary scale was lowered from 3.50% per year to 3.00% per year.
   - The salary scale assumption for General Employees was modified slightly, with lower rates beginning at age 46 and leveling off at 3.00% at age 60. (No changes were made to the salary scale for Public Safety employees.)
   - The administrative expense assumption was increased from $200,000 to $250,000.
   - The mortality table for non-disabled participants was changed from the 1983 Group Annuity Mortality Table to the RP-2000 combined Healthy Mortality Table, with ages set forward two years for both males and females.
   - The mortality table for disabled lives was changed from the 1983 Group Annuity Mortality Table with a 10-year set-forward to the RP-2000 Disabled Retiree Mortality Table, with rates multiplied by 70%.
   - Turnover rates for General Employees were increased for the first five years of employment, while the age-based rates for periods of service greater than five years were lowered. Turnover rates for Public Safety personnel were decreased for the first five years of employment, while the age-based rates for periods of service greater than five years were increased.
   - The assumed disability rates for General Employees were lowered from 150% to 130% of the OASDI table. The assumed disability rates were decreased by one-third for Firefighters and by two-thirds for Police Officers.
   - Retirement rates were modified to more accurately reflect observed retirement patterns for all groups.
   - The percentage married assumption was changed from the 1972 Social Security Awards table to a flat 80%.

6. The following changes to the Extraordinary (on-the-job) disability benefit were included for the first time with this valuation:

   - The Plan's disability benefit is now offset by the maximum Worker's Compensation benefit.
   - The minimum monthly benefit of $400 has been removed.

   In conjunction with these plan changes, the on-the-job disability assumption was changed from 30% to 50% of all disabilities for General Employees, and from 90% to 100% of all disabilities for Public Safety Employees.

7. As shown in Exhibit V of Section 4, the Net Pension Obligation is $5,006,770 as of June 30, 2010. This is the first year the System has had a Net Pension Obligation rather than a Net Pension Asset. The Net Pension Asset was $2,902,759 in the prior valuation. The balance decreased by $7,909,529 due to employer contributions less than the recommended contribution.

8. The investment rate of return on an actuarial basis for the year ended June 30, 2010 was 4.12%. Since the rate of return was less than the assumed rate of 7.00% per year, there was an actuarial investment loss amounting to $25,766,940. The return on market value basis was 11.68%.

9. As indicated in Section 2, Subsection B of this report, the total unrecognized investment loss as of June 30, 2010 is $101,879,685. This investment loss will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years, to the extent it is not offset by recognition of investment gains derived from future experience. This implies that earning the assumed rate of investment return of 7.00% per year (net of expenses) on a **market value** basis will result in investment losses on the actuarial value of assets in the next few years. Therefore, if the actual market return is equal to the assumed 7.00% rate and all other actuarial assumptions are met, the contribution requirements will still increase in each of the next few years. To illustrate the effect of the net unrecognized investment losses, if the current year's actuarial value were equal to the current market value of assets, the plan's recommended contribution would increase from $36,295,581 (18.78% of pay) to $42,094,712 (21.78% of pay).

10. The GASB Schedule of Funding Progress, provided in Exhibit III of Section 4, shows that the funded ratio has declined from 84.08% as of July 1, 2009 to 82.01% as of July 1, 2010. If the actuarial value of assets were equal to market value, the funded ratio would decrease from 82.01% to 72.86%.

11. The actuarial valuation report as of July 1, 2010 is based on financial information as of that date. Changes in the value of assets subsequent to that date are not reflected.

12. The audited financial information received states all results rounded to the nearest thousand. The results in this valuation are shown to the dollar. Therefore, occasionally rounded numbers are combined with unrounded ones.

13. The City provided an early retirement incentive, or window, in the Fall of 2010 that is not reflected in this actuarial valuation report. The impact of the window on the Retirement and Relief System will be included in the July 2011 valuation.

Summary of Key Valuation Results

	2010	2009
Contributions for plan year beginning July 1:		
Recommended contribution	$36,295,581	$42,237,820
Recommended contribution as a percentage of payroll	18.78%	22.64%
Actual contributions (employer and employee)	- -	25,121,647
Funding elements for plan year beginning July 1:		
Normal cost, including administrative expenses	$23,999,465	$27,734,855
Market value of assets	811,198,139	758,974,327
Actuarial value of assets	913,077,824	910,769,192
Actuarial accrued liability	1,113,441,433	1,083,256,135
Unfunded actuarial accrued liability	200,363,609	172,486,943
GASB 25/27 for plan year beginning July 1:		
Annual required employer contributions (ARC)*	$18,147,791	$21,118,910
Actual employer contributions	- -	13,224,808
Percentage of ARC contributed	- -	62.62%
Funded ratio	82.01%	84.08%
Covered payroll	$193,229,880	$186,523,480
Demographic data for plan year beginning July 1:		
Number of retired participants and beneficiaries	2,555	2,516
Number of vested former participants**	232	211
Number of active participants	4,073	4,017
Total payroll	$193,229,880	$186,523,480
Average payroll	47,442	46,434

* *Presumes that the employees are responsible for an equal share of the cost of the Plan. If employee contribution rates are not increased, the City is ultimately responsible for the funding of the Plan.*

** *Includes future pensioners currently receiving benefits from the Supplemental System.*

A. PARTICIPANT DATA

The Actuarial Valuation and Review considers the number and demographic characteristics of covered participants, including active participants, vested terminated participants, retired participants and beneficiaries.

This section presents a summary of significant statistical data on these participant groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B, and C.

A historical perspective of how the participant population has changed over the past ten valuations can be seen in this chart.

CHART 1

Participant Population: June 30, 2001 – June 30, 2010

Year Ended June 30	Active Participants	Vested Terminated Participants*	Retired Participants and Beneficiaries	Ratio of Non-Actives to Actives
2001	4,081	244	1,906	0.53
2002	3,878	212	2,017	0.57
2003	3,867	196	2,095	0.59
2004	3,915	177	2,158	0.60
2005	3,802	231	2,239	0.65
2006	3,782	204	2,255	0.65
2007	3,760	211	2,352	0.68
2008	3,782	205	2,464	0.71
2009	4,017	211	2,516	0.68
2010	4,073	232	2,555	0.68

**Includes future pensioners currently receiving benefits from the Supplemental System.*

Active Participants

Plan costs are affected by the age, years of service and payroll of active participants. In this year's valuation, there were 4,073 active participants with an average age of 44.7, average years of service of 11.9 years and average payroll of $47,442. The 4,017 active participants in the prior valuation had an average age of 44.5, average service of 11.6 years and average payroll of $46,434.

Inactive Participants

In this year's valuation, there were 232 participants with a vested right to a deferred or immediate vested benefit. This includes 203 individuals currently receiving benefits from the Firemen's and Policemen's Supplemental Pension System.

These graphs show a distribution of active participants by age and by years of service.

CHART 2

Distribution of Active Participants by Age as of June 30, 2010

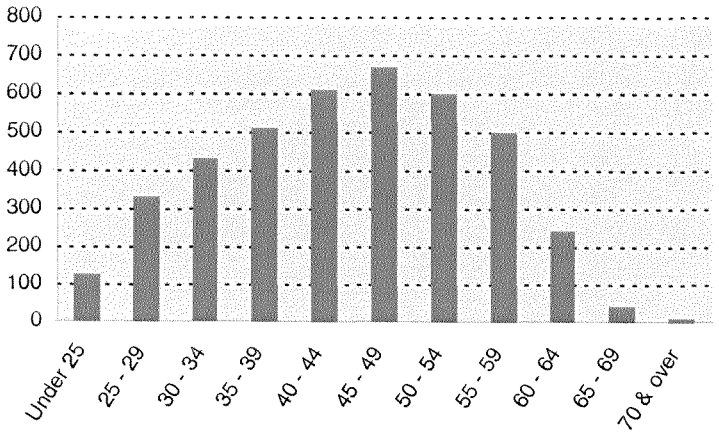
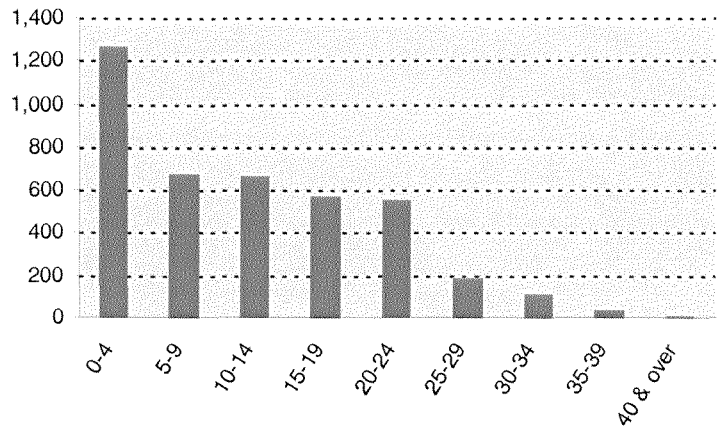


CHART 3

Distribution of Active Participants by Years of Service as of June 30, 2010



Retired Participants and Beneficiaries

As of June 30, 2010, 2,071 retired participants and 484 beneficiaries were receiving total monthly benefits of $4,669,598. For comparison, in the previous valuation, there were 2,040 retired participants and 476 beneficiaries receiving monthly benefits of $4,519,036.

These graphs show a distribution of the current retired participants and beneficiaries based on their monthly amount and age, by type of pension.

CHART 4

Distribution of Retired Participants and Beneficiaries by Type and by Monthly Amount as of June 30, 2010

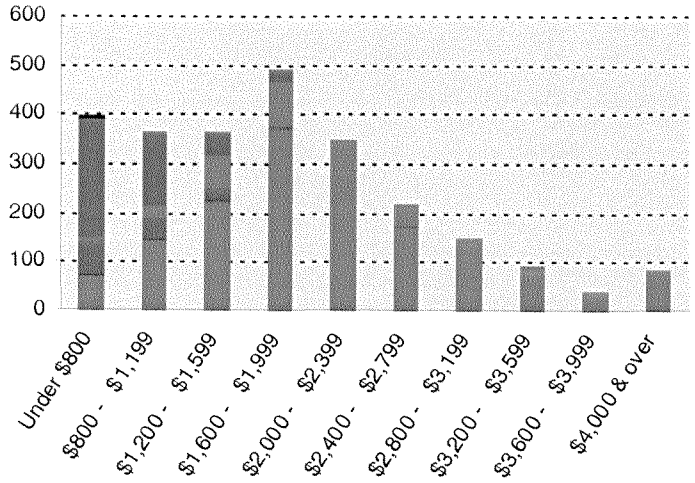
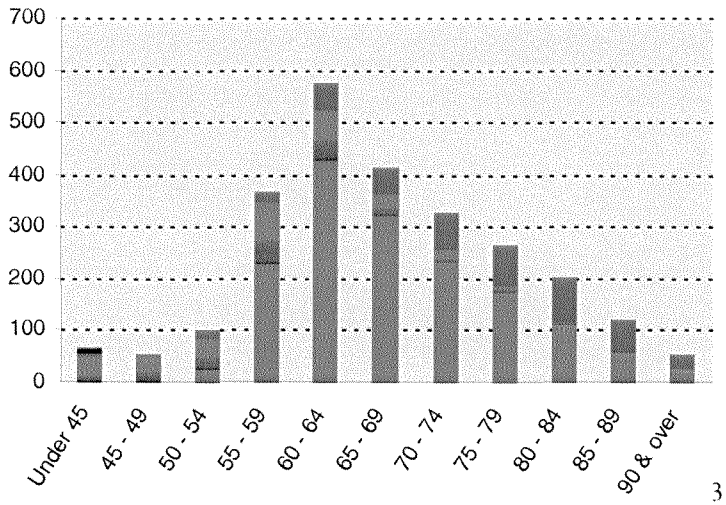


CHART 5

Distribution of Retired Participants and Beneficiaries by Type and by Age as of June 30, 2010



B. FINANCIAL INFORMATION

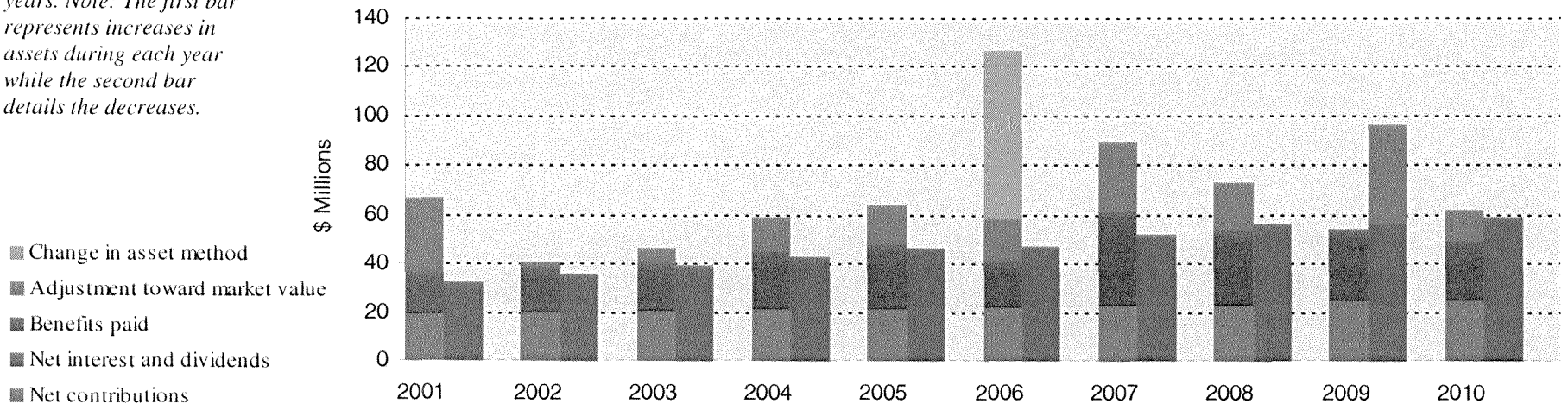
Retirement plan funding anticipates that, over the long term, both net contributions (less administrative expenses) and net investment earnings (less investment fees) will be needed to cover benefit payments.

Retirement plan assets change as a result of the net impact of these income and expense components. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits D, E and F.

The chart depicts the components of changes in the actuarial value of assets over the last ten years. Note: The first bar represents increases in assets during each year while the second bar details the decreases.

CHART 6

Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 2001 – 2010



It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board of Managers has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

The chart shows the determination of the actuarial value of assets as of the valuation date.

CHART 7

Determination of Actuarial Value of Assets for Year Ended June 30, 2010

1. Market value of assets, June 30, 2010			$811,198,139
	Original	Unrecognized	
2. Calculation of unrecognized return	Amount*	Return**	
(a) Year ended June 30, 2010	$34,773,881	$27,819,105	
(b) Year ended June 30, 2009	-158,009,276	-94,805,566	
(c) Year ended June 30, 2008	-99,455,194	-39,782,078	
(d) Year ended June 30, 2007	24,444,268	4,888,854	
(e) Total unrecognized return			-101,879,685
3. Preliminary actuarial value: (1) - (2e)			913,077,824
4. Adjustment to be within 20% corridor			0
5. Final actuarial value of assets as of June 30, 2010: (3) + (4)			$913,077,824
6. Actuarial value as a percentage of market value: (5) ÷ (1)			112.6%
7. Amount deferred for future recognition: (1) – (5)			-101,879,685

* *Total return minus expected return on a market value basis*

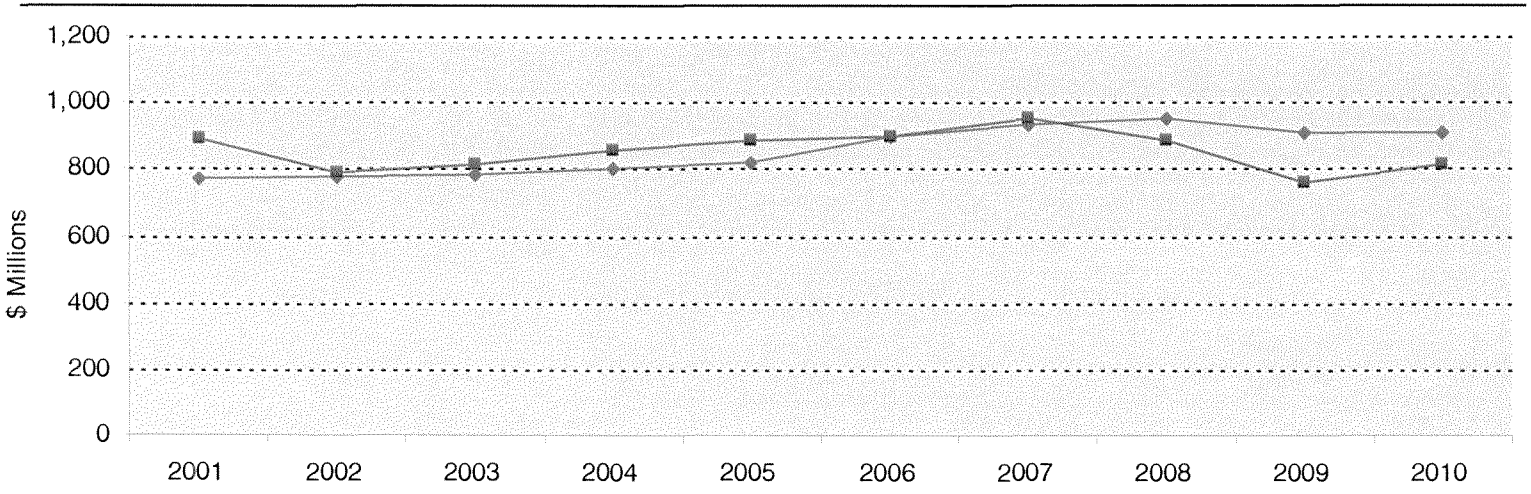
** *Recognition at 20% per year over five years*

Both the actuarial value and market value of assets are representations of the System's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The actuarial asset value is significant because the System's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

This chart shows the change in the actuarial value of assets versus the market value over the past ten years. The actuarial value was reset to market in the 2006 valuation, upon adoption of a new smoothing method.

CHART 8

Actuarial Value of Assets vs. Market Value of Assets as of June 30, 2001 – 2010



C. ACTUARIAL EXPERIENCE

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total loss is $34,247,486, including a loss of $25,766,940 from investments and a loss of $8,480,546 from all other sources. The net experience variation from individual sources other than investments was 0.7% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

This chart provides a summary of the actuarial experience during the past year.

CHART 9

Actuarial Experience for Year Ended June 30, 2010

1.	Net loss from investments*	-$25,766,940
2.	Net loss from administrative expenses	-65,254
3.	Net loss from other experience	-8,415,292
4.	Net experience loss: (1) + (2) + (3)	-$34,247,486

** Details in Chart 10*

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the System's investment policy. For valuation purposes, the assumed rate of return on the actuarial value of assets is 7.00%. The actual rate of return on an actuarial basis for the 2009-2010 plan year was 4.12%.

Since the actual return for the year was less than the assumed return, the System experienced an actuarial loss during the year ended June 30, 2010 with regard to its investments.

This chart shows the calculation of the loss due to investment experience.

CHART 10

Actuarial Value Investment Experience for Year Ended June 30, 2010

1.	Actual return	$36,877,809
2.	Average value of assets	894,924,986
3.	Actual rate of return: (1) ÷ (2)	4.12%
4.	Assumed rate of return	7.00%
5.	Expected return: (2) x (4)	$62,644,749
6.	Actuarial loss: (1) – (5)	-$25,766,940

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial basis compared to the market value investment return for the last ten years, including five-year and ten-year averages.

We have maintained the assumed rate of return of 7.00%. However, the investment allocation has recently been changed to provide greater diversification of assets, and we will monitor the Plan's experience to determine if a higher assumed rate of return is warranted.

CHART 11

Investment Return – Actuarial Value vs. Market Value: 2001 - 2010

Year Ended June 30	Net Interest and Dividend Income		Recognition of Capital Appreciation		Change in Asset Method		Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
2001	$17,874,740	2.44%	$29,849,535	4.07%	--	--	$47,724,275	6.51%	-$17,602,046	-1.92%
2002	18,574,794	2.42	2,263,863	0.30	--	--	20,838,657	2.72	-89,504,028	-10.11
2003	19,852,229	2.58	6,370,511	0.83	--	--	26,222,740	3.41	42,649,330	5.48
2004	23,403,588	3.02	14,220,308	1.83	--	--	37,623,896	4.85	69,023,086	8.61
2005	27,114,712	3.43	16,148,066	2.04	--	--	43,262,778	5.48	50,973,808	6.02
2006	19,901,991	2.46	17,031,771	2.11	$68,127,085	8.44%	105,060,847	13.01	40,468,583	4.64
2007	38,017,026	4.34	28,826,146	3.25	--	--	66,843,172	7.55	86,398,586	9.76
2008	30,863,174	3.35	19,934,937	2.17	--	--	50,798,111	5.52	-33,654,898	-3.58
2009	29,426,568	3.14	-39,403,205	-4.20	--	--	-9,976,637	-1.06	-96,873,908	-11.09
2010	24,452,410	2.73	12,425,399	1.39	--	--	36,877,809	4.12	86,792,989	11.68
Total	$249,481,232		$107,667,331		$68,127,085		$425,275,648		$138,671,502	
							Five-year average return	5.61%		1.93%
							Ten-year average return	5.14%		1.62%

Note: Each year's yield is weighted by the average asset value in that year.

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

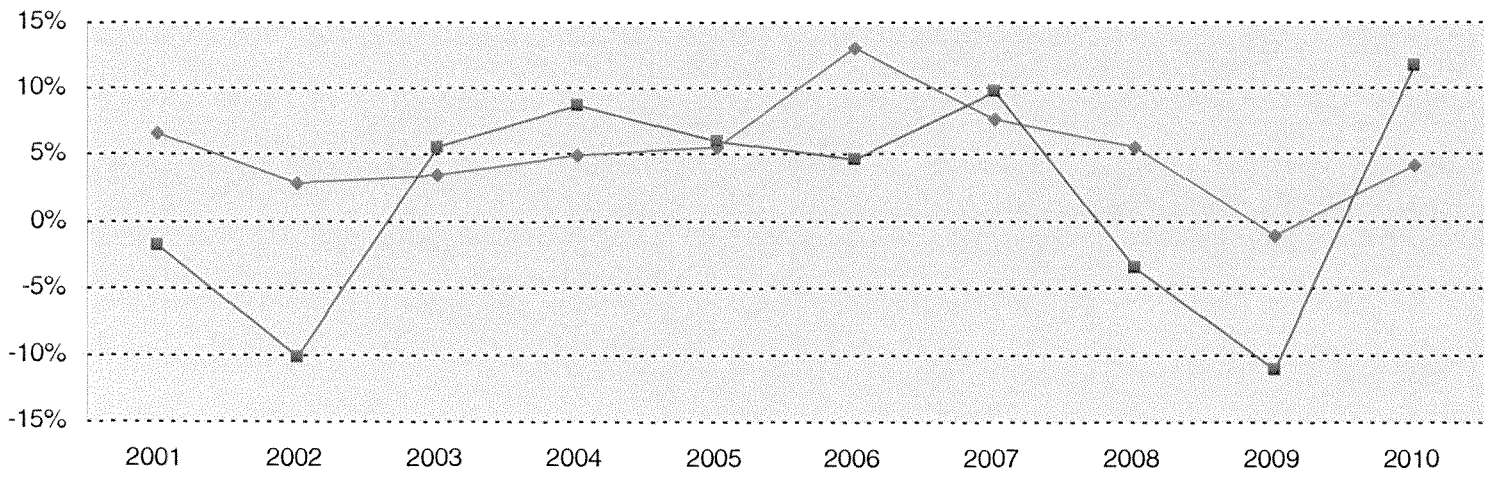
Administrative Expenses

Administrative expenses for the year. ended June 30, 2010 totaled $263,250 compared to the assumption of $200,000. This resulted in a loss of $65,254 for the year. We have changed the assumption from $200,000 to $250,000 for the current year.

This chart illustrates how this leveling effect has actually worked over the years 2001 - 2010. The actuarial return for the year ended June 30, 2006 reflects a change in asset method.

CHART 12

Market and Actuarial Rates of Return for Years Ended June 30, 2001 - 2010



Other Experience
There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

The net loss from this other experience for the year ended June 30, 2010 amounted to $8,415,291, which is 0.7% of the actuarial accrued liability. When compared to the actuarial accrued liability of $1,135,635,000 prior to assumption and plan changes, this experience variation was not significant.

Assumption Changes
Following a comprehensive experience study completed in 2011 for the five-year period ending June 30, 2010, changes were made in the mortality, disability, turnover, retirement, salary, expense, inflation and percent married assumptions. These changes are outlined in Section 1, and in Exhibit VI of Section 4.

D. RECOMMENDED CONTRIBUTION

The amount of annual contribution required to fund the System is comprised of a normal cost payment and a payment on the unfunded actuarial accrued liability. This total amount is then divided by the total payroll for active members to determine the funding rate of 18.78% of payroll.

The recommended contribution is based on a rolling 30-year amortization of the unfunded actuarial accrued liability as a level percent of pay, assuming a payroll growth of 3.00%. (The 2009 contribution was based on level dollar amortization.) Expected contributions for the year are $25,119,884, or 13.00% of payroll, which leaves a deficit of 5.78% of payroll. A higher contribution will be required to fund this System on an ongoing basis.

The chart compares this valuation's recommended contribution with the prior valuation.

CHART 13

Recommended Contribution

	Year Beginning July 1			
	2010		2009	
	Amount	% of Payroll	Amount	% of Payroll
1. Normal cost*	$23,758,416	12.30%	$27,542,015	14.77%
2. Administrative expenses	241,049	0.12%	192,840	0.10%
3. Employer normal cost: (1) + (2)	$23,999,465	12.42%	$27,734,855	14.87%
4. Actuarial accrued liability	1,113,441,433		1,083,256,135	
5. Actuarial value of assets	913,077,824		910,769,192	
6. Unfunded actuarial accrued liability: (4) - (5)	$200,363,609		$172,486,943	
7. Payment on unfunded actuarial accrued liability	10,996,646	5.69%	12,990,750	6.96%
8. Total recommended contribution: (3) + (7), adjusted for timing**	$36,295,581	18.78%	$42,237,820	22.64%
9. Total payroll	$193,229,880		$186,523,480	

* *Including net obligations from the Supplemental System of -$1,602,882 for July 1, 2010 and -$1,613,894 for July 1, 2009 (-$1,662,400 and -$1,673,800 adjusted for timing).*

** *Recommended contributions are assumed to be paid at the beginning of every month.*

The recommended contribution as of July 1, 2010 is based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Contribution

The chart below details the changes in the recommended contribution from the prior valuation to the current year's valuation.

The chart reconciles the contribution from the prior valuation to the amount determined in this valuation.

CHART 14

Reconciliation of Recommended Contribution from July 1, 2009 to July 1, 2010

Recommended Contribution as of July 1, 2009	$42,237,820
Effect of plan amendment	-7,875,661
Effect of change in amortization methodology, from level dollar to level percent-of-pay	-4,245,619
Effect of investment loss	2,034,215
Effect of other gains and losses on accrued liability	669,511
Effect of contributions less than recommended contribution	1,393,312
Effect of maintaining a 30-year rolling amortization period	-186,006
Effect of change in administrative expense assumption	50,000
Effect of changes in other actuarial assumptions	1,200,950
Net effect of other changes	1,017,059
Total change	-$5,942,239
Recommended Contribution as of July 1, 2010	$36,295,581

E. INFORMATION REQUIRED BY THE GASB

Governmental Accounting Standards Board (GASB) reporting information provides standardized information for comparative purposes of governmental pension plans. This information allows a reader of the financial statements to compare the funding status of one governmental plan to another on relatively equal terms.

Critical information to the GASB is the historical comparison of the GASB required contribution to the actual contributions. This comparison demonstrates whether a plan is being funded within the range of GASB reporting requirements. Chart 15 below presents a graphical representation of this information for the Plan.

The other critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the actuarial value of assets to the actuarial accrued liabilities of the plan as calculated under GASB standards. High ratios indicate a well-funded plan with assets sufficient to pay most benefits. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other factors.

Although the GASB requires that the actuarial value of assets be used to determine the funded ratio, Chart 16 shows the funded ratio calculated using both the actuarial value of assets and the market value of assets.

The details regarding the calculations of these values and other GASB numbers may be found in Section 4, Exhibits II, III, and IV.

These graphs show key GASB factors.

CHART 15

Required Versus Actual Contributions

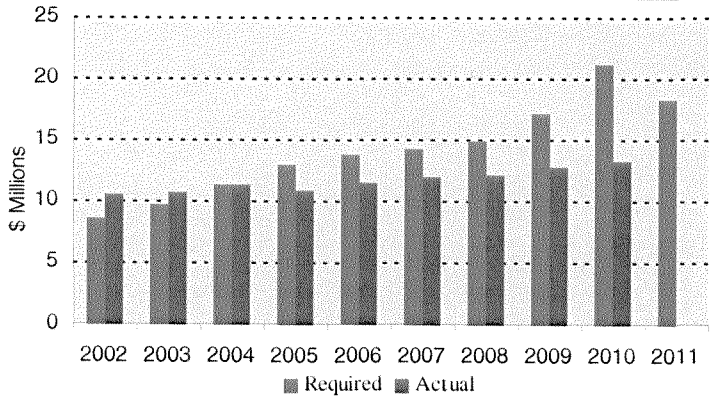


CHART 16

Funded Ratio

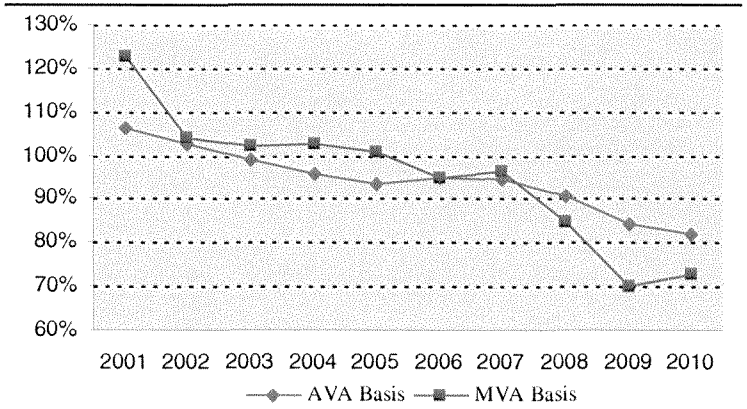


EXHIBIT A

Table of Plan Coverage

Category	Year Ended June 30 2010	2009	Change From Prior Year
Active participants in valuation:			
Number	4,073	4,017	1.4%
Average age	44.7	44.5	N/A
Average years of service	11.9	11.6	N/A
Total payroll	$193,229,880	$186,523,480	3.6%
Average payroll	47,442	46,434	2.2%
Account balances	113,595,709	107,677,762	5.5%
Total active vested participants	2,809	2,804	0.2%
Vested terminated participants*	232	211	10.0%
Retired participants:			
Number in pay status	1,596	1,573	1.5%
Average age	68.5	68.0	N/A
Average monthly benefit	$2,183	$2,147	1.7%
Disabled participants:			
Number in pay status	475	467	1.7%
Average age	58.2	57.8	N/A
Average monthly benefit	$1,603	$1,565	2.4%
Beneficiaries in pay status			
Number in pay status	484	476	1.7%
Average age	75.0	74.8	N/A
Average monthly benefit	$877	$861	1.9%

** Includes future pensioners currently receiving benefits from the Supplemental System.*

EXHIBIT B

Participants in Active Service as of June 30, 2010
By Age, Years of Service, and Average Payroll

	Years of Service									
Age	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	125	125	--	--	--	--	--	--	--	--
	$33,118	$33,118	--	--	--	--	--	--	--	--
25 - 29	331	277	54	--	--	--	--	--	--	--
	36,440	35,416	$41,697	--	--	--	--	--	--	--
30 - 34	430	243	135	49	3	--	--	--	--	--
	39,301	35,601	42,590	$49,058	$31,620	--	--	--	--	--
35 - 39	508	174	139	148	46	1	--	--	--	--
	46,303	37,348	46,155	54,312	54,992	$40,191	--	--	--	--
40 - 44	611	137	104	155	172	43	--	--	--	--
	49,003	36,448	44,938	51,540	56,944	57,927	--	--	--	--
45 - 49	669	123	80	118	148	175	24	1	--	--
	50,322	38,788	43,791	49,184	54,151	58,293	$55,462	$40,491	--	--
50 - 54	599	86	79	86	115	135	72	26	--	--
	50,504	37,541	42,847	46,955	52,346	54,068	66,586	57,192	--	--
55 - 59	502	66	54	69	62	122	61	54	14	--
	51,802	36,490	45,832	47,840	50,850	54,177	62,816	63,258	$57,896	--
60 - 64	241	21	27	30	23	63	28	28	19	2
	57,746	48,592	48,595	45,855	49,693	53,740	65,908	65,847	98,226	$62,363
65 - 69	44	11	6	8	4	7	5	1	--	2
	49,052	32,872	49,547	49,779	64,487	57,105	41,789	82,694	--	75,935
70 & over	13	1	1	3	--	4	1	1	--	2
	51,495	25,355	27,174	57,735	--	52,579	40,491	35,062	--	78,919
Total	4,073	1,264	679	666	573	550	191	111	33	6
	$47,442	$36,320	$44,315	$50,331	$54,113	$55,703	$63,099	$62,206	$81,116	$72,405

EXHIBIT C

Reconciliation of Participant Data

	Active Participants	Vested Former Participants	Fire and Police Retirees	Disableds	Retired Participants	Beneficiaries	Total
Number as of July 1, 2009	4,017	28	183	467	1,573	476	6,744
New participants	275	N/A	0	N/A	N/A	N/A	275
Terminations with vested rights	-6	6	0	0	0	0	0
Lump sum payoffs	-105	0	0	0	0	0	-105
Retirements	-85	-5	21	N/A	69	N/A	0
New disabilities	-19	0	0	20	-1	N/A	0
Deaths	-5	0	0	-12	-48	-27	-92
New beneficiaries	0	0	0	0	0	36	36
Certain period expired	N/A	N/A	0	0	0	-1	-1
Data adjustments	1	0	0	0	2	0	3
Retirees transferring from supplemental plan	0	0	-1	0	1	0	0
Number as of July 1, 2010	4,073	29	203	475	1,596	484	6,860

EXHIBIT D

Summary Statement of Income and Expenses on an Actuarial Value Basis

	Year Ended June 30, 2010		Year Ended June 30, 2009	
Contribution income:				
Employer contributions	$13,224,808		$12,770,110	
Employee contributions	11,896,839		12,433,019	
Less administrative expenses	-263,250		-245,261	
Net contribution income		$24,858,397		$24,957,868
Other income		17,000		11,000
Investment income:				
Interest, dividends and securities lending	$27,245,853		$31,635,827	
Recognition of capital appreciation	12,425,399		-39,403,205	
Less investment fees	-2,793,443		-2,209,259	
Net investment income		36,877,809		-9,976,637
Total income available for benefits		$61,753,206		$14,992,231
Less benefit payments:				
Benefits	-$58,536,098		-$56,716,794	
Refunds	-908,476		-585,915	
Net benefit payments		-$59,444,574		-$57,302,709
Change in reserve for future benefits		$2,308,632		-$42,310,478

Note: A portion of the Retirement and Relief System's assets is allocated to the Health Department. The above summary excludes the Health Department portion.

EXHIBIT E

Table of Financial Information

	Year Ended June 30, 2010		Year Ended June 30, 2009	
Cash equivalents		$29,933,398		-$26,502,132
Accounts receivable:				
Employee loans	$10,929,645		$10,528,959	
Accrued interest and dividends	5,149,620		4,472,173	
Employee contributions	$0		$34,470	
Total accounts receivable		16,079,265		15,035,602
Investments:				
Debt securities	$383,056,676		$392,507,283	
Corporate stock	383,073,422		378,409,253	
Total investments at market value		766,130,098		770,916,536
Total assets		$812,142,761		$759,450,006
Less accounts payable		-$944,622		-$475,679
Net assets at market value		$811,198,139		$758,974,327
Net assets at actuarial value		$913,077,824		$910,769,192

EXHIBIT F

Development of the Fund Through June 30, 2010

Year Ended June 30	Employer Contributions	Employee Contributions	Other Income	Net Investment Return*	Administrative Expenses	Benefit Payments	Actuarial Value of Assets at End of Year
2001	$10,151,206	$8,999,970	$26,000	$47,724,275	$102,900	$32,242,930	$773,453,461
2002	10,537,461	9,521,128	31,000	20,838,657	92,000	35,684,461	778,605,246
2003	10,697,621	9,845,626	59,000	26,222,740	105,000	39,678,777	785,646,456
2004	11,347,715	10,373,268	24,000	37,623,896	292,000	43,111,069	801,612,266
2005	10,881,632	10,210,996	79,000	43,262,778	211,000	46,668,936	819,166,736
2006	11,398,732	10,522,586	36,000	105,060,847**	160,000	47,353,888	898,671,013
2007	12,006,508	10,707,106	16,000	66,843,172	180,000	52,242,705	935,821,094
2008	12,061,584	10,604,722	1,000	50,798,110	183,375	56,023,465	953,079,670
2009	12,770,110	12,433,019	11,000	-9,976,637	245,261	57,302,709	910,769,192
2010	13,224,808	11,896,839	17,000	36,877,809	263,250	59,444,574	913,077,824

* *Net of investment fees*
** *Includes effect of change in asset method.*

EXHIBIT G

Development of Unfunded Actuarial Accrued Liability for Year Ended June 30, 2010

1. Unfunded actuarial accrued liability at beginning of year		$172,486,943
2. Normal cost at beginning of year		27,734,855
3. Total contributions		-25,121,647
4. Interest		
(a) For whole year on (1) + (2)	$14,015,526	
(b) Monthly on (3)	-805,987	
(c) Total interest		13,209,539
5. Expected unfunded actuarial accrued liability		$188,309,690
6. Changes due to:		
(a) Experience loss	$34,247,486	
(b) Assumptions	3,633,217	
(c) Plan provisions	-25,826,784	
(d) Total changes		12,053,919
7. Unfunded actuarial accrued liability at end of year		$200,363,609

EXHIBIT H

Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial Assumptions: The estimates on which the cost of the Plan is calculated including:

(a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;

(b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;

(c) Retirement rates — the rate or probability of retirement at a given age;

(d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal Cost: The amount of contributions required to fund the benefit allocated to the current year of service.

Actuarial Accrued Liability For Actives: The equivalent of the accumulated normal costs allocated to the years before the valuation date.

Actuarial Accrued Liability For Pensioners: The single-sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

Unfunded Actuarial Accrued Liability: The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan. There is a wide range of approaches to paying off the unfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

Amortization of the Unfunded Actuarial Accrued Liability: Payments made over a period of years equal in value to the Plan's unfunded actuarial accrued liability.

Investment Return: The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.

EXHIBIT I

Comparative Summary of Principal Valuation Results

	Year Ended June 30, 2010			
	New Plan New Assumptions	New Plan Old Assumptions	Old Plan Old Assumptions	Year Ended June 30, 2009
Participant data				
Active members	4,073	4,073	4,073	4,017
Total annual payroll	$193,229,880	$193,229,880	$193,229,880	$186,523,480
Retired members and beneficiaries	2,555	2,555	2,555	2,516
Total annualized benefit	$56,035,176	$56,035,176	$56,035,176	$54,228,439
Terminated vested members	29	29	29	28
Total annualized benefit	$427,743	$427,743	$427,743	$458,665
Future pensioners current receiving benefits from Supplemental System	203	203	203	183
Total annualized benefit	$7,535,565	$7,535,565	$7,535,565	$6,698,832
Actuarial value of assets	$913,077,824	$913,077,824	$913,077,824	$910,769,192
Actuarial accrued liability:				
Active members:	$511,642,018	$492,503,476	$518,330,260	$486,565,781
Terminated vested members	3,745,098	3,836,969	3,836,969	4,115,575
Retired members and beneficiaries	537,831,207	552,276,563	552,276,563	540,061,825
Future pensioners current receiving benefits from Supplemental System	60,223,110	61,191,208	61,191,208	52,513,014
Total	$1,113,441,433	$1,109,808,216	$1,135,635,000	$1,083,256,135
Unfunded actuarial accrued liability	$200,363,609	$196,730,392	$222,557,176	$172,486,943

EXHIBIT I

Summary of Actuarial Valuation Results as of July 1, 2010

The valuation was made with respect to the following data supplied to us:			
1.	Retired participants as of the valuation date (including 484 beneficiaries in pay status)		2,555
2.	Participants inactive during year ended June 30, 2010 with vested rights (including 203 future pensioners currently receiving benefits from the Supplemental System)		232
3.	Participants active during the year ended June 30, 2010		4,073
	Fully vested	2,809	
	Not vested	1,264	
The actuarial factors as of the valuation date are as follows:			
1.	Normal cost, including administrative expenses		$23,999,465
2.	Actuarial accrued liability		1,113,441,433
	Retired participants and beneficiaries	$537,831,207	
	Inactive participants with vested rights	63,968,208	
	Active participants	511,642,018	
3.	Actuarial value of assets ($811,198,139 at market value as reported by the City)		913,077,824
4.	Unfunded actuarial accrued liability		$200,363,609
The determination of the recommended contribution is as follows:			
1.	Normal cost		$23,758,416
2.	Administrative expenses		241,049
3.	Total normal cost: (1) + (2)		23,999,465
4.	Payment on unfunded actuarial accrued liability		10,996,646
5.	Total recommended contribution: (3) + (4), adjusted for timing		$36,295,581
6.	Total payroll		$193,229,880
7.	Total recommended contribution as a percentage of total payroll: (5) ÷ (6)		18.78%

EXHIBIT II

Supplementary Information Required by the GASB – Schedule of Employer Contributions

Plan Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
2005	$12,875,198	$10,881,632	84.5%
2006	13,742,543	11,398,732	82.9%
2007	14,173,353	12,006,508	84.7%
2008	14,818,900	12,061,584	81.4%
2009	17,050,689	12,770,110	74.9%
2010	21,118,910	13,224,808	62.6%
2011	18,147,791	--	--

EXHIBIT III

Supplementary Information Required by the GASB – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll* [(b) - (a)] / (c)
07/01/2005	$819,166,736	$875,792,038	$56,625,302	93.53%	$158,898,488	35.64%
07/01/2006	898,671,013	946,584,547	47,913,534	94.94%	162,849,137	29.42%
07/01/2007	935,821,094	992,864,448	57,043,354	94.25%	167,807,596	33.99%
07/01/2008	953,079,670	1,050,785,799	97,706,129	90.70%	174,113,556	56.12%
07/01/2009	910,769,192	1,083,256,135	172,486,943	84.08%	186,523,480	92.47%
07/01/2010	913,077,824	1,113,441,433	200,363,609	82.01%	193,229,880	103.69%

* *Not less than zero*

EXHIBIT IV

Supplementary Information Required by the GASB

Valuation date	July 1, 2010
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll, assuming 3.00% per year increase
Remaining amortization period	Rolling 30 years
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases:	
Inflation	3.00%
Merit, longevity, etc.	Varies from 0.00% to 4.50% for General Employees Varies from 0.50% to 6.50% for Public Safety
Plan membership:	
Retired participants and beneficiaries receiving benefits	2,555
Terminated participants entitled to, but not yet receiving benefits*	232
Active participants	4,073
Total	6,860

** Includes 203 future pensioners currently receiving benefits from the Supplemental System.*

EXHIBIT V

Development of the Net Pension Obligation (NPO) and the Annual Pension Cost Pursuant to GASB 27

Plan Year Ended June 30	Employer Annual Required Contribution (a)	Employer Amount Contributed (b)	Interest on NPO* (h) x 7.00% (c)	ARC Adjustment (h)/(e) (d)	Amortization Factor (e)	Pension Cost (a) + (c) – (d) (f)	Change in NPO (f) – (b) (g)	NPO Balance NPO + (g) (h)
2005	$12,875,198	$10,881,632	-$1,299,835	-$2,035,605	8.5140	$13,610,968	$2,729,336	-$14,601,802
2006	13,742,543	11,398,732	-1,095,135	-1,150,095	12.6962	13,797,503	2,398,771	-12,203,031
2007	14,173,353	12,006,508	-915,227	-919,064	13.2777	14,177,190	2,170,682	-10,032,349
2008	14,818,900	12,061,584	-702,264	-755,580	13.2777	14,872,216	2,810,632	-7,221,717
2009	17,050,689	12,770,110	-505,520	-543,899	13.2777	17,089,068	4,318,958	-2,902,759
2010	21,118,910	13,224,808	-203,193	-218,620	13.2777	21,134,337	7,909,529	5,006,770

** Interest was 7.50% prior to the year ended June 30, 2007.*

EXHIBIT VI

Actuarial Assumptions and Actuarial Cost Method

Mortality Rates:

Healthy: RP-2000 Combined Healthy Mortality Table, set forward 2 years for both males and females

Disabled: RP-2000 Disabled Retiree Mortality Table, multiplied by 70%

Termination Rates Before Retirement:

	Rate (%)							
	Mortality		Disability			Withdrawal		
Age	Male	Female	General	Fire	Police	General*	Fire**	Police***
20	0.04	0.02	0.08	0.12	0.06	4.89	3.79	6.65
25	0.04	0.02	0.11	0.17	0.09	4.76	2.69	4.73
30	0.06	0.04	0.14	0.22	0.11	4.56	2.07	3.63
35	0.09	0.06	0.19	0.29	0.15	4.23	1.59	2.80
40	0.12	0.09	0.29	0.44	0.22	3.77	1.20	2.11
45	0.17	0.13	0.47	0.72	0.36	3.18	0.82	1.43
50	0.27	0.20	0.79	1.21	0.61	2.23	0.40	0.70
55	0.47	0.35	1.31	2.02	1.01	0.85	0.00	0.00
60	0.88	0.67	2.12	3.25	1.63	0.08	0.00	0.00

* *Withdrawal rates shown for General Employees are multiplied by 2.50 during the first five years of employment.*

** *Withdrawal rates shown for Firefighters are multiplied by 1.75 during the first five years of employment.*

*** *Withdrawal rates shown for Police Officers are multiplied by 1.70 during the first five years of employment.*

Retirement Rates:

Fire and Police employees are assumed to retire on a Retirement and Relief pension in accordance with the following rates:

Fire		Police	
Years of Service	Rate	Years of Service	Rate
20	10%	20	45%
21-25	5	21	20
26	25	22-25	5
27-28	8	26	15
29	60	27	20
30	10	28	15
31-32	0	29	50
33	40	30	30
34	20	31-32	0
35	100	33	45
		34	25
		35	100

General employees are assumed to retire, after meeting the service requirements, in accordance with the following rates:

Age	Rate*
Under 50	0%
50-54	15
55-59	8
60	15
61	20
62	40
63-64	20
65	40
66-74	25
Over 74	100

* *General Employee rates are decreased by 75% when employee has 31-32 years of service. The rate is increased to 150% of the rate shown when employee reaches 33 years of service.*

Retirement Age for Inactive Vested Participants:	60
Unknown Data for Participants:	Same as those exhibited by Participants with similar known characteristics. If not specified, Participants are assumed to be male.
Percent Married:	80%
Age of Spouse:	Females 3 years younger than males
On the Job Disability:	
General	50%
Fire and Police	100%
On the Job Death:	
General	5%
Fire and Police	15%
Net Investment Return:	7.00%

Salary Scale:

	Annual Increase Rate (%)	
Age	General	Fire and Police
20	7.50	9.50
25	6.75	7.60
30	6.00	6.20
35	5.50	5.10
40	5.00	4.50
45	4.50	4.00
50	4.00	4.00
55	3.50	4.00
60	3.00	4.00

Includes allowance for inflation of 3.00% per year.

Administrative Expenses:	$250,000, payable monthly, equivalent to $241,049 at the beginning of the year.
Actuarial Value of Assets:	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Actuarial Cost Method:	Entry Age Normal Actuarial Cost Method. Entry Age is the age at the time the participant would have commenced employment if the plan had always been in existence. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by service, with Normal Cost determined as if the current benefit accrual rate had always been in effect. Actuarial Liability is allocated by salary.
Change in Assumptions:	As recommended in the July 1, 2005 – June 30, 2010 experience study, and subsequently adopted by the Board, the following assumptions have changed: ➢ The inflation component of the salary scale was lowered from 3.50% per year to 3.00% per year. ➢ The salary scale assumption for General Employees was modified slightly, with lower rates beginning at age 46 and leveling off at 3.00% at age 60. (No changes were made to the salary scale for Public Safety employees.) ➢ The administrative expense assumption was increased from $200,000 to $250,000. ➢ The mortality table for non-disabled participants was changed from the 1983 Group Annuity Mortality Table to the RP-2000 combined Healthy Mortality Table, with ages set forward two years for both males and females. ➢ The mortality table for disabled lives was changed from the 1983 Group Annuity Mortality Table with a 10-year set-forward to the RP-2000 Disabled Retiree Mortality Table, with rates multiplied by 70%. ➢ Turnover rates for General Employees were increased for the first five years of employment, while the age-based rates for periods of service greater than five years were lowered. Turnover rates for Public Safety personnel were decreased

for the first five years of employment, while the age-based rates for periods of service greater than five years were increased.

- The assumed disability rates for General Employees were lowered from 150% to 130% of the OASDI table. The assumed disability rates were decreased by one-third for Firefighters and by two-thirds for Police Officers.
- Retirement rates were modified to more accurately reflect observed retirement patterns for all groups.
- The percentage married assumption was changed from the 1972 Social Security Awards table to a flat 80%.

In conjunction with the change in the Extraordinary disability benefit, the following assumption was changed:

- The on-the-job disability assumption was changed from 30% to 50% of all disabilities for General Employees, and from 90% to 100% of all disabilities for Public Safety Employees.

Change in Method:

The following change in methodology was implemented in this valuation:

- The method used to amortize the unfunded actuarial accrued liability was changed from a level dollar amortization to a level percentage-of-payroll amount, assuming a payroll growth rate of 3.00%.

EXHIBIT VII

Summary of Plan Provisions

This exhibit summarizes the major provisions of the System included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Plan Year:	July 1 through June 30
Normal Pension:	
Eligibility	A participant may retire at (a) age 60 if he has completed 5 years of credited service, or (b) any age if he has completed 30 years of credited service.
Amount:	2.50% of final average salary for each year of credited service. This amount cannot be greater than 75.0% of the final average salary nor less than $400 per month. Service credit used to determine the benefit amount may be increased by credit granted for unused sick leave (on a percent of possible total basis). Final average salary is defined as the highest average compensation over any 36-month period of the employee's last ten years of participation.
Early Retirement Pension:	
Eligibility	A City participant may retire at age 55 if he has completed 25 years of credited service.
Amount	1.85% of final average salary for each year of credited service.

Disability:	
Ordinary	
Service Requirement	5 years credited service.
Amount	2.00% of final average salary at disability for each year of credited service, payable immediately. This amount cannot be greater than 60% of final average salary nor less than $400.
Extraordinary	
Service Requirement	None
Amount	70% of final monthly salary at disability, offset by the maximum Worker's Compensation benefit, payable immediately.
Termination:	To a participant terminating before becoming eligible for a vested deferred pension from the plan, a lump sum of his or her own contributions without interest is payable. Participants terminating after 5 years of actual service who leave their contributions in the System Fund have a non-forfeitable right to a monthly pension beginning at age 60. The form and amount of the pension are the same as the normal pension.
Death Benefits:	If a participant dies prior to his or her attainment of eligibility for retirement, a lump sum of his or her own contributions without interest is payable to his or her beneficiary. If an active participant who is eligible to retire or a retired participant dies, 60% of the accrued pension benefit is payable to the surviving spouse, if any, during his or her remaining lifetime. If an active participant (other than a participant of the Firemen and Policemen Supplemental System) who is not eligible to retire, but who has completed 5 years of service dies, a portion of 60% of the accrued pension benefit is payable to the spouse during her remaining lifetime. This portion is defined as follows:

Number of Years of Service	Portion of Entitled Benefit
5	50%
6	60
7	70
8	80
9	90
10 or more	100

This benefit is payable at the earlier of (a) the date that the deceased participant would have attained age 60 or (b) the date the deceased participant would have completed 20 years of service. In lieu of the above, for all participants, an annuity of 60% of salary is payable to the surviving spouse and 10% is payable to a minor child if death is service connected; the maximum for spouse and children is 75% and the maximum for children if no spouse is 60%. The minimum spouse benefit is $320 per month.

Back-DROP: An employee with 33 years of service or who is at least age 63 with 23 years of service may elect up to a 36-month Back-DROP. The employee's monthly benefit will be calculated using service and final average salary as of the Back-DROP date and the employee will receive a lump sum equal to the number of months dropped back times the retirement benefit, accumulated with interest.

Participation: All qualified employees of the Retirement and Relief System are required to participate.

Contributions: The City and the City employees each contribute 6.50% of compensation for the year.

Changes in Plan Provisions:

The following changes to the Extraordinary (on-the-job) disability benefit were included for the first time with this valuation:

- The Plan's disability benefit is now offset by the maximum Worker's Compensation benefit.
- The minimum monthly benefit of $400 has been removed.

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Pension Plan of the General Retirement System of the City of Detroit

Financial Report
with Supplemental Information
June 30, 2010

Pension Plan of the General Retirement System of the City of Detroit

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plante moran

Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Independent Auditor's Report

To the Board of Trustees
General Retirement System
of the City of Detroit

We have audited the accompanying statement of plan net assets of the Pension Plan of the General Retirement System of the City of Detroit (the "Plan") as of June 30, 2010 and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Plan's 2009 financial statements and, in our report dated December 21, 2009, we expressed an unqualified opinion on those financial statements.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We were unable to obtain sufficient audit evidence supporting approximately $113,000,000 of the Plan's alternative investments held at June 30, 2010 related mostly to private placement and real estate investments.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to obtain sufficient audit evidence supporting the above-mentioned investments at June 30, 2010, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of the Pension Plan of the General Retirement System of the City of Detroit as of June 30, 2010 and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and required supplemental information (identified in the table of contents) are not required parts of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

To the Board of Trustees
General Retirement System
of the City of Detroit

As explained in Note 1, the financial statements include investments valued at approximately $710,000,000 (representing approximately 31 percent of net assets), whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the investment managers, periodic appraisal, real estate advisors, general partners, or other means.

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the Pension Plan of the General Retirement System of the City of Detroit's basic financial statements. The accompanying other supplemental information as identified in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The statements included in other supplemental information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

December 14, 2010

Using this Annual Report

This annual report consists of three parts: (1) management's discussion and analysis (this section), (2) basic financial statements, and (3) required and other supplemental information. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by sections of required and other supplemental information that further explain and support the information in the financial statements.

Condensed Financial Information

The table below compares key financial information in a condensed format between the current year and the two prior years:

	Fiscal Year Ended		
	June 30, 2010	June 30, 2009	June 30, 2008
Total assets	$ 2,445,348,440	$ 2,713,519,544	$ 3,974,699,052
Total liabilities	198,835,751	326,383,009	557,931,326
Assets held in trust for pension benefits	**$ 2,246,512,689**	**$ 2,387,136,535**	**$ 3,416,767,726**
Net investment income (loss)	$ 124,929,111	$ (794,692,915)	$ 614,322,130
Contributions:			
Employee	19,043,434	21,135,924	20,358,640
Employer	37,338,960	41,395,719	43,168,448
Total contributions	56,382,394	62,531,643	63,527,088
Benefits paid to members and retirees:			
Retirees' pension and annuity benefits	214,110,830	205,136,206	196,775,146
Member annuity refunds and withdrawals	101,705,630	86,979,096	74,217,378
Total benefits paid	315,816,460	292,115,302	270,992,524
Benefits paid in excess of contributions	(259,434,066)	(229,583,659)	(207,465,436)
Ratio of benefits paid to contributions	5.6	4.7	4.3
Other expenses	6,118,891	5,354,617	4,723,783
Net (decrease) increase in net assets	**$ (140,623,846)**	**$ (1,029,631,191)**	**$ 402,132,911**

Overall Fund Structure and Objectives

The Pension Plan of the General Retirement Plan of the City of Detroit (DGRS or the "Plan") is a defined benefit pension plan and defined contribution plan. DGRS exists to pay benefits to its members. Members of the Plan include active employees, retirees, and beneficiaries. Active members earn service credit that entitles them to receive benefits in the future. Retirees and beneficiaries are those members currently receiving benefits.

DGRS is a relatively mature plan in that there are more members receiving current benefits than active members. As of June 30, 2010, there were 8,330 active members, 11,480 members receiving benefits, and 2,132 terminated plan members entitled to, but not yet receiving, benefits.

DGRS is governed by a 10-member board of trustees (the "Board"). Five members of the Board are elected by the active membership to serve six-year terms. One member is elected by the retiree membership to serve a two-year term. One member is appointed by the mayor of the City of Detroit from the citizens of the City of Detroit to serve a six-year term. Three members serve ex-officio, these members being the mayor of the City of Detroit (or designee), the city treasurer, and one representative from the Detroit City Council. Expirations of terms of elected trustees are staggered.

Contributions to the Plan

The City of Detroit (employer) makes regular contributions to the Plan. The required contributions are determined by the Plan's actuaries using the entry age normal cost method. Basic pension and disability benefits are funded through employer contributions plus investment earnings on those contributions.

Active employees may voluntarily contribute 0 percent, 3 percent, 5 percent, or 7 percent of gross pay to the Plan. Employee contributions are maintained in separate accounts in the defined contribution plan (annuity savings fund) solely for the benefit of the contributing employee. After 25 years of service, an active employee may elect to withdraw his or her accumulated contributions plus investment earnings. Upon retirement, an employee may elect to annuitize some or all of their annuity savings fund balance, resulting in a greater monthly retirement benefit. Any portion of an employee's annuity savings fund balance which is not annuitized upon retirement is refunded in a lump sum.

Benefit Payments

Benefits are paid monthly. DGRS paid out $315 million in benefits during the year consisting of $213 million in benefits to retirees and beneficiaries plus $102 million in refunds of annuity savings fund balances. This represents approximately 14 percent of the net assets of the Plan at year end. Employer and employee contributions were $56 million or 2.5 percent of the net assets of the Plan. The excess of benefits over contributions ($259 million) is funded through investment income. The public capital markets represent the primary source of opportunities to earn investment income.

Asset Allocation

The Board believes that the principal determinant of total fund investment performance over long periods of time is asset allocation. The DGRS asset allocation is built upon the foundation that the obligations of the Plan to pay the benefits promised to its members are very long-term obligations. Accordingly, the Board must make investment decisions that it believes will be the most beneficial to the Plan over many years, not just one or two years. The Board must also balance the desire to achieve long-term gains with the requirements of having to raise the cash to fund significant benefit payments every month.

State statutes impose limitations on what fraction of the total assets of the Plan may be invested in assets other than government bonds, investment grade bonds, and certain mortgages. Additional restrictions are imposed on what fraction of the total assets of the Plan may be invested in foreign securities. The Board's asset allocation policies comply with applicable state statutes.

The Board has established asset allocation policies which are expected to deliver more than enough investment income over a very long period of time to satisfy the obligations to pay the benefits promised to the members of the Plan. The following is a summary of the DGRS asset allocation policy as of June 30, 2010:

Equities	50%
Tactical asset allocation	8%
Fixed income	22%
Real estate	10%
Alternative investments	8%
Market neutral	2%

Investment Results

Returns presented herein have been determined using the AIMR-compliant, time-weighted, GIPS method unless explicitly stated to the contrary. All returns for periods of one year or greater have been annualized.

Total Fund Composite

The total fund composite for the year was 8.0 percent. This was a turnaround from the prior two years of negative returns. Although negative returns are disappointing, periods of negative returns are nevertheless inevitable in the context of the Plan's allocation to equities. Returns for the recent prior fiscal years ended June 30 are shown below:

2009	-18.8%
2008	-4.3%
2007	18.9%
2006	11.3%
2005	8.3%

Since June 30, 2010, the financial markets have continued their recovery. Management notes that the assets of the Plan have increased 6.2 percent for the quarter ended September 30, 2010.

Contacting the Pension Plan of the General Retirement Plan's Management

This financial report is intended to provide a general overview of the Plan's finances and investment results in relation to actuarial projections. It shows the Plan's accountability for the money it receives from city and employee contributions. If you have questions about this report or need additional information, we welcome you to contact the Plan's offices.

Pension Plan of the General Retirement System of the City of Detroit

Statement of Plan Net Assets
June 30, 2010
(with comparative totals for June 30, 2009)

	2010	2009
Assets		
Cash (Note 3)	$ 10,726,257	$ 7,577,603
Investments - At fair value (Note 3):		
Short-term investments	75,203,694	74,281,010
Stocks	793,534,187	776,542,781
Commingled equity funds	496,160,442	516,423,588
Bonds	166,081,579	216,274,278
Mortgage-backed securities	14,502,806	10,871,606
Pooled investments	30,936,000	28,846,000
Equity interest in real estate	281,578,838	367,488,256
Private placements	296,850,440	293,222,698
Mortgage and construction loans	100,500,312	137,126,720
Accrued investment income	6,679,560	7,905,427
Contributions receivable	8,131,716	19,375,638
Receivables from investment sales	23,213,005	27,955,916
Notes receivable from participants	21,977,110	-
Other accounts receivable	108,626	674,866
Capital assets (Note 1)	1,237,754	1,343,458
Cash and investments held as collateral for securities lending (Note 3):		
Asset-backed securities	11,550,133	23,166,422
Bank notes	-	44,927,300
Certificates of deposit	6,000,162	5,000,000
Certificates of deposit floating rate	-	5,004,650
Commercial paper	-	57,452,387
Repurchase agreements	-	769,600
Money market	80,499,219	21,383,440
Corporate floating rate	19,876,600	69,905,900
Total assets	2,445,348,440	2,713,519,544
Liabilities		
Payables for investment purchases	21,368,470	30,226,142
Claims payable to retirees and beneficiaries	2,605,147	2,503,729
Due to the City of Detroit	1,354,035	2,215,132
Other liabilities	27,944,497	28,504,486
Amounts due broker under securities lending agreement	145,563,602	262,933,520
Total liabilities	198,835,751	326,383,009
Net Assets Held in Trust for Pension Benefits (a schedule of analysis of funding progress is presented in the required supplemental information)	**$ 2,246,512,689**	**$ 2,387,136,535**

The Notes to Financial Statements are an Integral Part of this Statement.

Pension Plan of the General Retirement System of the City of Detroit

Statement of Changes in Plan Net Assets
Year Ended June 30, 2010
(with comparative totals for the year ended June 30, 2009)

	2010	2009
Additions		
Investment income (loss):		
Interest and dividend income	$ 34,927,154	$ 48,668,750
Net appreciation (depreciation) in fair value	92,063,655	(803,184,935)
Investment expense	(15,592,697)	(11,419,048)
Securities lending income	656,893	2,015,970
Net gain (loss) on collateralized securities	7,686,333	(35,323,821)
Other income	5,187,773	4,550,169
Net investment income (loss)	124,929,111	(794,692,915)
Contributions:		
Employee	19,043,434	21,135,924
Employer	37,338,960	41,395,719
Total additions - Net	181,311,505	(732,161,272)
Deductions		
Retirees' pension and annuity benefits	214,110,830	205,136,206
Member refunds and withdrawals	101,705,630	86,979,096
General and administrative expenses	6,029,721	5,264,343
Depreciation expense	89,170	90,274
Total deductions	321,935,351	297,469,919
Net Decrease in Net Assets Held in Trust for Pension Benefits	(140,623,846)	(1,029,631,191)
Net Assets Held in Trust for Pension Benefits - Beginning of year	2,387,136,535	3,416,767,726
Net Assets Held in Trust for Pension Benefits - End of year	**$ 2,246,512,689**	**$ 2,387,136,535**

The Notes to Financial Statements are an Integral Part of this Statement.

Note 1 - Summary of Significant Accounting Policies

The City of Detroit (the "City") sponsors the Pension Plan of the General Retirement System of the City of Detroit (the "Plan"), which is a contributory single-employer retirement plan. The Plan, which is administered by the Plan's board of trustees, is comprised of a defined benefit plan and a defined contribution plan. The plan provides retirement, disability, and survivor benefits to plan members and beneficiaries.

The Pension Plan of the General Retirement System of the City of Detroit is an independent trust qualified under applicable provisions of the Internal Revenue Code and is an independent entity (separate and distinct from the employer/plan sponsor) as required by (1) state law and (2) Internal Revenue Code provisions setting forth qualified plan status. The trustees of the Plan have fiduciary obligations and legal liability for any violations of fiduciary duties as independent trustees.

Reporting Entity - The financial statements of the Plan are also included in the combined financial statements of the City of Detroit as a Pension Trust Fund. The assets of the Pension Trust Fund include no securities of or loans to the City or any other related party.

Basis of Accounting - The Pension Plan of the General Retirement System of the City of Detroit's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Methods Used to Value Investments - Investments are reported at fair value or estimated fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments. The fair value of real estate investments is based on periodic appraisals as well as the judgment of independent real estate advisors and management. Investments that do not have an established market value are reported at estimated fair value as determined by the Plan's management. Approximately 31 percent of the Plan's assets are not publicly traded and, therefore, do not have a readily determinable market value. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ significantly from the values that would have been used had a ready market for these securities existed. The difference could be material.

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets - Capital assets for the Plan represent office equipment and furniture. Depreciation expense is calculated by allocating the net cost of the assets over their estimated useful lives.

Notes Receivable from Participants - In fiscal year 2010, the Plan adopted the employee loan program. Any active general employee who is or has been a participant in the 1973 defined contribution plan (annuity savings fund) may be eligible. The minimum amount of the loan was established at $1,000. The maximum loan is the lesser of 50 percent of the member's account balance in the annuity savings fund or $10,000. Members can borrow as either a general purpose loan payable in 1 to 5 years or a residential loan payable in 1 to 15 years. A member can have only one outstanding loan. The balance of these loans as of June 30, 2010 was $22,052,110 measured at the unpaid principal balance plus any accrued but unpaid interest.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure. Actual results could differ from those estimates.

Note 2 - Plan Description and Contribution Information

At June 30, 2010, the membership of the defined benefit plan and the defined contribution plan consisted of the following:

	Defined Benefit Plan	Defined Contribution Plan
Retirees and beneficiaries receiving pension benefits	11,480	1,414
Terminated plan members entitled to but not yet receiving benefits	2,132	349
Active plan members	8,330	7,222

Note 2 – Plan Description and Contribution Information (Continued)

Plan Description - The Plan provides retirement benefits, as well as survivor and disability benefits. Employees may receive cost of living adjustments as a percentage of their base amount, pursuant to the collective bargaining agreement in effect at their date of retirement. The obligation to contribute to and maintain the Plan was established by City Charter and negotiation with the employees' collective bargaining units.

Contributions - The City's policy is to fund normal costs and the amortization of prior service costs. The City is required to contribute at an actuarially determined rate. Administrative costs are financed through investment earnings. The weighted average contribution rate for 2009-2010 and 2008-2009 was 9.56 percent and 9.96 percent, respectively. Contributions from the employer for the years ended June 30, 2010 and 2009 totaled $37,338,960 and $41,395,719, respectively.

Employees may also elect to contribute (a) 0 percent, (b) 3 percent of annual compensation up to the Social Security wage base and 5 percent of any excess over that, (c) 5 percent, or (d) 7 percent toward annuity savings. Contributions from employees during the years ended June 30, 2010 and 2009 totaled $19,043,434 and $21,135,924, respectively.

The contribution requirements of plan members and the City of Detroit are established and may be amended by the board of trustees in accordance with the City Charter, union contracts, and plan provisions.

Annual Pension Costs - The annual contribution for the year ended June 30, 2010 was $37,338,960. The annual contribution was determined as part of an actuarial valuation at June 30, 2008, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) a 7.9 percent investment rate of return, (b) projected salary increases of 4.0 percent per year, (c) additional salary increases of 0 percent to 4.9 percent per year based on merit and/or longevity, and (d) cost-of-living adjustments of 2.25 percent per year. Both (a) and (b) are determined to be using techniques that smooth the effects of short-term volatility over a three-year period. The unfunded actuarial liability is being amortized as a level of percent of payroll on an open basis. The remaining amortization period is 30 years.

Per the actuarial report dated June 30, 2009, all assumptions have remained consistent except the change in smoothing the effects of short-term volatility from a three-year period to a five-year period first effective with the June 30, 2009 valuation.

Note 2 - Plan Description and Contribution Information (Continued)

Funded Status and Funding Progress - As of June 30, 2009, the most recent actuarial valuation date, the Plan was 92.5 percent funded on an actuarial basis. The actuarial accrued liability for benefits was $3,689,065,726 and the actuarial value of assets was $3,412,411,183, resulting in an actuarial accrued liability of $276,654,543. The covered payroll (annual payroll for active employees covered by the Plan) was $357,072,833 and the ratio for the unfunded AAL to the covered payroll was 77.5 percent.

The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan net assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Three-year trend information as of June 30 is as follows:

	Fiscal Year Ended June 30		
	2008	2009	2010
Annual pension costs (APC)	$ 43,168,448	$ 41,395,719	$ 37,338,960
Percentage of APC contributed	100%	100%	100%
Net pension obligation	$ -	$ -	$ -

See Note 4 for disclosure of required reserves.

Note 3 - Deposits and Investments

The Plan is authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles. The investment policy adopted by the board is in accordance with Public Act 196 of 1997 and has authorized the investments according to Michigan Public Act 314. The Plan's deposits and investment policies are in accordance with statutory authority other than real estate asset balances under Section 19 and investments in Michigan-based small businesses under Section 20(a). The Plan is in excess of statutory limits by approximately 1 percent and 2 percent, respectively.

Note 3 - Deposits and Investments (Continued)

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate risks, market, credit risks, and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported on the statement of changes in plan net assets.

The Plan's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank's failure, the Plan's deposits may not be returned to it. The Plan does not have a deposit policy for custodial credit risk. At June 30, 2010 and 2009, the Plan had $10,556,830 and $7,520,621, respectively, of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Plan believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Plan evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Note 3 - Deposits and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Plan's investment policy does not restrict investment maturities. At June 30, 2010, the average maturities of investments broken down by years are as follows:

		Investment Maturities (in years)			
Investment Type	Fair Value (in thousands)	Less than 1	1-5	6-10	More than 10
U.S. government	$ 48,104	$ 3,557	$ 17,851	$ 11,951	$ 14,745
Mortgage backed	14,078	-	17	5,418	8,643
Treasuries**	16,736	6,239	-	-	-
Corporate	105,801	627	49,806	31,804	23,564
Other fixed income	7,529	655	3,932	1,100	1,842
Convertible stocks	942	-	-	942	-
Convertible bonds	1,548	-	492	193	864
Pooled and mutual funds*	73,069	-	-	-	-
Government agencies	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
State and local obligations	1,157	-	-	-	1,157
Commingled bond funds*	3,834	-	-	-	-
Mortgages	93,021	48,488	2,546	41,987	-
Construction loans	7,478	5,489	1,989	-	-
Total	$ 373,297	$ 65,055	$ 76,633	$ 93,395	$ 50,815

* Not all pooled and mutual funds and commingled funds are subject to interest rate risk.

Note 3 - Deposits and Investments (Continued)

At June 30, 2009, the average maturities of investments broken down by years are as follows:

		Investment Maturities (in years)			
Investment Type	Fair Value ($000)	Less than 1	1-5	6-10	More than 10
U.S. government	$ 76,186	$ 29,402	$ 25,207	$ 9,904	$ 11,673
Mortgage backed	10,929	-	-	659	10,270
Treasuries*	26,136	15,639	-	-	-
Corporate	129,035	14,300	63,684	28,182	22,869
Other fixed income	10,725	160	7,300	1,499	1,766
Convertible bonds	2,055	-	244	1,080	731
Pooled and mutual funds*	79,565	10	-	-	-
Government agencies	1,000	1,000	-	-	-
State and local obligations	135	-	-	-	135
Commingled bond funds*	-	-	-	-	-
Mortgages	100,699	4,004	63,380	33,315	-
Construction loans	32,244	28,193	4,051	-	-
Total	$ 468,709	$ 92,708	$ 163,866	$ 74,639	$ 47,444

* Not all pooled and mutual funds and commingled funds are subject to interest rate risk.

Note 3 - Deposits and Investments (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Plan has no investment policy that would further limit its investment choices. As of June 30, 2010, the credit quality ratings of debt securities (other than those guaranteed by the U.S. government) as rated by S&P are as follows:

Investment Type and Fair Value ($000)	AAA	AA	A	BBB	BB
U.S. government	$ 34,223	$ -	$ 6,253	$ -	$ 319
Mortgage backed	1,118	428	333	-	303
Treasuries	1,893	1,949	-	-	-
Corporate	4,521	-	10,114	14,657	10,603
Other fixed income	-	652	3,045	2,319	296
Convertible bonds	-	-	-	-	-
Convertible stocks	-	-	-	-	-
Pooled and mutual funds	-	-	-	-	-
Government agencies	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
State and local obligations	-	-	628	-	-
Commingled bond funds	3,834	-	-	-	-
Mortgages	-	-	-	-	-
Construction loans	-	-	-	-	-
Total	$ 45,589	$ 3,029	$ 20,373	$ 16,976	$ 11,521

Note 3 - Deposits and Investments (Continued)

Investment Type and Fair Value ($000)	B	CCC and Below	A-1	NR
U.S. government	$ -	$ -	$ -	$ 6,909
Mortgage backed	-	651	-	2,436
Treasuries	-	-	-	10,498
Corporate	26,740	11,408	-	25,808
Other fixed income	266	276	-	676
Convertible bonds	574	110	-	864
Convertible stocks	942	-	-	-
Pooled and mutual funds	-	-	-	71,176
Government agencies	-	-	-	-
Certificates of deposit	-	-	-	-
State and local obligations	-	-	-	530
Commingled bond funds	-	-	-	-
Mortgages	-	-	-	93,021
Construction loans	-	-	-	7,478
Total	$ 28,522	$ 12,445	$ -	$ 219,396

As of June 30, 2009, the credit quality ratings of debt securities (other than those guaranteed by the U.S. government) as rated by S&P are as follows:

Investment Type and Fair Value ($000)	AAA	AA	A	BBB	BB
U.S. government	$ 62,885	$ 923	$ 5,239	$ 1,610	$ 296
Mortgage backed	2,562	-	-	598	-
Treasuries	11,285	-	-	-	-
Corporate	20,497	11,484	35,593	23,864	10,601
Other fixed income	35	1,480	4,430	3,062	199
Convertible bonds	-	-	-	-	471
Pooled and mutual funds	3	-	-	-	-
Government agencies	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
State and local obligations	-	-	-	-	-
Commingled bond funds	-	-	-	-	-
Mortgages	-	-	-	-	-
Construction loans	-	-	-	-	-
Total	$ 97,267	$ 13,887	$ 45,262	$ 29,134	$ 11,567

Note 3 - Deposits and Investments (Continued)

Investment Type and Fair Value ($000)	B	CCC and Below	A-1	NR
U.S. government	$ -	$ -	$ -	$ 5,233
Mortgage backed	142	-	-	7,627
Treasuries	-	-	-	14,852
Corporate	7,967	5,871	-	13,160
Other fixed income	506	938	-	76
Comvertible bonds	608	-	-	975
Pooled and mutual funds	-	-	-	79,562
Government agencies	-	-	-	1,000
Certificates of deposit	-	-	-	-
State and local obligations	-	-	-	135
Commingled bond funds	-	-	-	873
Mortgages	-	-	-	100,699
Construction loans	-	-	-	32,244
Total	$ 9,223	$ 6,809	$ -	$ 256,436

Note 3 - Deposits and Investments (Continued)

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. The Plan does not restrict the amount of investments in foreign currency. For the year ended June 30, 2010, the following deposits and securities are subject to foreign currency risk (in $000):

	Fixed Income	Equity	Cash Equivalent	Cash	Forward Contracts
Australian dollar	$ 4,015	$ 6,938	$ -	$ 375	$ (26,716)
Brazilian real	2,420	1,386	-	-	-
British pound sterling	2,888	41,299	(23)	102	5,650
Bulgarian lev	-	167	-	-	-
Canadian dollar	559	8,038	-	362	4,412
Czech koruna	-	863	-	-	(819)
Danish krone	-	1,665	-	27	-
Euro currency	6,495	48,852	22	6,485	(31,552)
Hong Kong dollar	-	4,335	-	110	-
Hryvnia	-	395	-	4	-
Hungarian forint	-	484	-	-	(393)
Indonesian rupiah	2,248	127	-	-	-
Israeli shekel	-	-	-	14	(3,144)
Japanese yen	-	39,392	-	727	(23,640)
Malaysian ringgit	2,215	-	-	-	-
Mexican nuevo peso	1,671	267	-	-	(175)
New Taiwan dollar	-	2,297	-	552	-
New Zealand dollar	1,514	-	-	1	(5,856)
Norwegian krone	1,783	2,661	-	32	9,310
New Turkish lira	-	-	-	-	1,568
Polish zloty	2,583	1,387	-	8	(507)
Renminbi yuan	-	177	-	-	924
Russian new ruble	-	361	-	1	-
Singapore dollar	-	1,701	-	230	1,318
South African rand	566	1,544	-	-	(2,793)
Sount Korean won	1,999	2,265	-	-	-
Swedish krona	1,952	1,540	-	30	12,916
Swiss franc	-	9,228	-	39	(22,309)
Ghana cedi	221	-	-	9	-
Total	$ 33,129	$ 177,369	$ (1)	$ 9,108	$ (81,806)

Note 3 - Deposits and Investments (Continued)

For the year ended June 30, 2009, the following deposits and securities are subject to foreign currency risk (in $000):

	Fixed Income	Equity	Cash Equivalent	Cash	Forward Contracts
Argentina peso	$ -	$ 200	$ -	$ -	$ -
Australian dollar	3,867	11,726	-	190	33,173
Brazilian real	1,610	754	-	(58)	-
British pound sterling	2,618	40,655	-	(78)	(1,070)
Bulgarian lev	-	389	-	104	-
Canadian dollar	1,051	6,656	-	105	(5,425)
Czech koruna	-	1,226	-	73	(1,167)
Danish krone	-	1,689	-	3	-
Euro currency	3,210	48,400	414	3,280	6,763
Hong Kong dollar	-	6,838	-	(174)	-
Hryvnia	-	538	-	4	-
Hungarian forint	-	1,037	-	-	(832)
Indonesian rupiah	1,109	-	-	37	-
Israeli shekel	-	-	-	-	-
Japanese yen	-	37,552	-	942	(5,984)
Kroon	-	-	-	-	-
Malaysian ringgit	1,925	-	-	1	-
Mexican nuevo peso	1,498	78	-	-	-
Ne Romanian leu	-	12	-	21	-
New Taiwan dollar	-	2	-	185	-
New Zealand dollar	1,352	156	-	1	(12,757)
Norwegian krone	-	2,066	-	203	5,149
New Turkish lira	-	-	-	-	411
Phillipines peso	-	-	-	1	-
Polish zloty	1,562	1	-	-	-
Renminbi yuan	-	87	-	-	-
Russian new ruble	-	155	-	21	-
Singapore dollar	-	1,217	-	182	-
South African rand	1,090	194	-	-	-
South Korean won	-	2,140	-	-	1,126
Swedish krona	852	1,965	-	58	8,995
Swiss franc	-	14,567	-	675	(17,213)
Thai baht	-	-	-	101	-
Total	$ 21,744	$ 180,300	$ 414	$ 5,877	$ 11,169

Note 3 - Deposits and Investments (Continued)

As permitted by state statutes and under the provisions of a securities lending authorization agreement, the Plan lends securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The Plan's custodial bank manages the securities lending program and receives cash, government securities, or irrevocable bank letters of credit as collateral. The custodial bank does not have the ability to pledge or sell collateral securities unless the borrower defaults. Borrowers are required to deliver collateral for each loan equal to not less than 104 percent of the market value of the loaned securities.

The Plan did not impose any restrictions during the fiscal year on the amount of loans made on its behalf by the custodial bank. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or custodial bank.

The Plan and the borrower maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in a separate account with the cash collateral of other lenders in an investment pool. The average duration of this investment pool as of June 30, 2010 was 11 days. Because the loans are terminable on demand, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2010, the Plan had no credit risk exposure to borrowers. The collateral received (at cost) and the fair market value of the underlying securities on loan for the Plan as of June 30, 2010 were $145,563,602 and $140,192,773, respectively.

Securities Lent	Underlying Securities
U.S. government and agencies	$ 25,932,761
U.S. corporate fixed income	17,089,350
U.S. equities	92,720,918
Non-U.S. governments	557,348
Non-U.S. equities	3,892,396
Total	$ 140,192,773

Note 3 - Deposits and Investments (Continued)

The fair market value of collateral of the securities lending pool at June 30, 2010 was $117,926,115. The investments were in asset-backed securities, certificates of deposit (floating rate), money markets, and U.S. corporate (floating rate). Approximately 92 percent of these securities had a duration less than a year, and 8 percent had a duration over 15 years.

The credit ratings of the securities lending collateral pool held at June 30, 2010 as rated by S&P are as follows:

Ratings	Amount
AA	$ 6,208,500
A	11,653,492
A-1	6,000,162
B	3,851,602
CCC	4,838,140
NR	85,374,219
Total	$ 117,926,115

At June 30, 2009, the collateral received (at cost) and the fair market value of the underlying securities on loan for the Plan were $262,933,520 and $252,865,293, respectively.

Securities Lent	Underlying Securities
U.S. government and agencies	$ 10,876,017
U.S. corporate fixed income	10,264,954
U.S. equities	220,778,692
Non-U.S. governments	2,385,964
Non-U.S. equities	8,559,666
Total	$ 252,865,293

Note 3 - Deposits and Investments (Continued)

The fair market value of collateral of the securities lending at June 30, 2010 was $227,609,699. The investments were in asset-backed securities, bank notes, certificates of deposit (floating rate), mutual funds, and U.S. corporate securities (floating rate). Of these security lending investments, approximately 88 percent had a duration under a year, while 10 percent had a duration between one to five years, and the remainder, 2 percent, had a duration over 15 years.

The credit ratings of the securities lending collateral pool held at June 30, 2009 as rated by S&P is as follows:

Ratings	Amount
AA	$ 19,481,860
A	14,572,200
A-1	164,030,537
B	3,684,562
NR	25,840,540
Total	$ 227,609,699

Note 4 - Reserves

State law requires employee contributions to be segregated. In addition, amounts must be set aside as determined by the actuary to fund benefits to retirees currently approved to receive benefits. As of June 30, 2010 and 2009, these reserves were more than the net assets of the Plan.

	2010	2009
Reserved for employee contributions	$ 649,554,738	$ 702,959,255
Reserved for retired employees	1,949,468,510	1,834,262,550

A statement of changes in plan net assets by fund is included in the other supplemental information.

Note 5 - Pension Obligation Certificates

In June 2005, the City of Detroit issued $1,440,000,000 of pension obligation certificates to provide funding for the unfunded actuarially accrued liability (UAAL) of both the General Retirement Plan of the City of Detroit and the Police and Fire Retirement Plan of the City of Detroit. The pension obligation certificate proceeds were used to fund the combined liability of both plans that existed at June 30, 2003. Any future UAAL that may arise will continue to be paid by the City, as well as the annual normal cost. The proceeds of the pension obligation certificates were deposited into the Plan and are accounted for in the Accrued Liability Fund (pension obligation certificate) reserve. Approximately $740,000,000 was deposited into the General Retirement Plan of the City of Detroit and approximately $630,000,000 was deposited into the Police and Fire Retirement Plan of the City of Detroit, net of issuance costs and premiums. On an annual basis, funds will be transferred from the Accrued Liability Fund reserve to the pension accumulation reserve based on a computation performed by the City of Detroit. The Accrued Liability Fund was credited with investment earnings commensurate with the overall earnings of the Plan.

Note 6 - Credit Enhancement Agreements and Funding Commitments

The Plan had credit enhancement agreements totaling $17,500,000 and $110,000,000 during 2010 and 2009, respectively. In exchange for the credit enhancement, the Plan receives fees from the companies to which the enhancement agreements have been given.

When the Plan enters into various investments, it may not completely fund the entire investment at the beginning. Rather, it enters into commitments to fund remaining capital amounts at certain points in time. At June 30, 2010, the remaining capital funding commitment for the Plan is approximately $100 million.

Required Supplemental Information

Pension Plan of the General Retirement System of the City of Detroit

Required Supplemental Information
Schedule of Analysis of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
06/30/04	$ 2,470,243,470	$ 3,383,926,672	$ 913,683,202	73.0	$ 444,596,299	205.5
06/30/05	3,222,393,861	3,347,387,652	124,993,791	96.3	390,593,600	32.0
06/30/06	3,373,687,677	3,434,288,153	60,600,476	98.2	361,151,456	16.8
06/30/07	3,586,550,485	3,629,217,059	42,666,574	98.8	361,701,481	11.8
06/30/08	3,641,197,523	3,609,558,628	(31,638,895)	100.9	368,470,990	(8.6)
06/30/09	3,412,411,183	3,689,065,726	276,654,543	92.5	357,072,833	77.5

Pension Plan of the General Retirement System of the City of Detroit

Required Supplemental Information
Schedule of Employer Contributions

Year Ended June 30	Date of Actuarial Valuation	Annual Required Contribution	Contribution Made	Percentage Contributed	Transfer from Accrued Liability Reserve*
2005	June 30, 2003	$ 41,689,528	$ 41,689,528	100	$ 64,807,084
2006	June 30, 2004	42,799,581	58,162,088	136	32,651,232
2007	June 30, 2005	41,444,808	41,444,808	100	39,840,591
2008	June 30, 2006	43,168,448	43,168,448	100	40,430,886
2009	June 30, 2007	41,395,719	41,395,719	100	39,688,411
2010	June 30, 2008	37,338,960	37,338,960	100	48,542,194

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of June 30, 2009, the latest actuarial valuation, follows:

Valuation date	June 30, 2009
Actuarial cost method	Entry age
Amortization method	Level percent
Remaining amortization period	30 years
Asset valuation method	Five-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.9%
Projected salary increases	4.0%-8.9%
Includes inflation at	4.0%
Cost-of-living adjustments	2.25%

* In accordance with the pension obligation certificate requirements, annual transfers are made from the Accrued Liability Fund to the Pension Accumulation Reserve for the amortization of the unfunded liability that existed at the date the certificates were issued. The annual required contributions are stated net of the POC transfers.

Other Supplemental Information

Pension Plan of the General Retirement System of the City of Detroit

Other Supplemental Information
Description of Funds

Annuity Savings Fund - This fund represents cumulative required and voluntary contributions made by the active employees plus accumulated interest.

Annuity Reserve Fund - Transfers are made from the Annuity Savings Fund into the Annuity Reserve Fund when an employee retires, becomes disabled, or if a surviving spouse elects an annuity rather than a lump-sum payout of accumulated employee contributions.

Both annuity funds are referred to as defined contribution plans.

Market Stabilization Fund - This fund represents designations from the plans' investment income (loss) to be used to cushion the market value adjustments within the other funds. The boards of trustees authorized the creation of this fund, and the reserve amounts are calculated using a three-year average method.

Accrued Liability Reserve Fund - This fund originated during June 2005 when the City of Detroit (the "City") issued pension obligation certificates to fund the unfunded actuarial accrued liability that existed at June 30, 2003 (subject UAAL). On an annual basis, the actuary will inform the Plan of the amount to transfer from the Accrued Liability Reserve to the Pension Accumulation Fund in lieu of contributions from the City for the subject UAAL.

Pension Accumulation Fund - This fund represents accumulated City contributions to the pension plan for the payment of pensions and other benefits to future retirees. Additionally, pre-employment military service credit contributions are captured in this fund.

Pension Reserve Fund - This fund represents funded pension benefits available for retired members and is funded by actuarially determined transfers from the Pension Accumulation Fund.

Pension Plan of the General Retirement System of the City of Detroit

	Annuity Reserves	
	Annuity Savings Fund	Annuity Reserve Fund
Additions		
Net investment income (loss)	$ 36,844,250	$ 4,054,537
Contributions:		
Employee	19,043,434	-
Employer	-	-
Total additions - Net	55,887,684	4,054,537
Deductions		
Retirees' pension and annuity benefits	-	-
General and administrative expenses	-	-
Depreciation expense	-	-
Member refunds and withdrawals	101,705,630	-
Total deductions	101,705,630	-
Net (Deductions) Additions - Before transfers	(45,817,946)	4,054,537
Transfers - Net	(7,586,571)	5,534,975
Net (Decrease) Increase in Net Assets Held in Trust for Pension Benefits	(53,404,517)	9,589,512
Net Assets Held in Trust for Pension Benefits - Beginning of year	702,959,255	55,184,182
Net Assets Held in Trust for Pension Benefits - End of year	**$ 649,554,738**	**$ 64,773,694**

Other Supplemental Information
Statement of Changes in Plan Net Assets by Fund
Year Ended June 30, 2010
(with comparative totals for the year ended June 30, 2009)

		Pension Reserves		Total	
Market Stabilization Fund	Accrued Liability Reserve Fund	Pension Accumulation Fund	Pension Reserve Fund	2010	2009
$ 130,281,422	$ 55,393,274	$ (233,215,683)	$ 131,571,311	$ 124,929,111	$ (794,692,915)
-	-	-	-	19,043,434	21,135,924
-	-	37,338,960	-	37,338,960	41,395,719
130,281,422	55,393,274	(195,876,723)	131,571,311	181,311,505	(732,161,272)
-	-	-	214,110,830	214,110,830	205,136,206
-	-	6,029,721	-	6,029,721	5,264,343
-	-	89,170	-	89,170	90,274
-	-	-	-	101,705,630	86,979,096
-	-	6,118,891	214,110,830	321,935,351	297,469,919
130,281,422	55,393,274	(201,995,614)	(82,539,519)	(140,623,846)	(1,029,631,191)
-	(48,542,194)	(137,562,175)	188,155,965	-	-
130,281,422	6,851,080	(339,557,789)	105,616,446	(140,623,846)	(1,029,631,191)
(882,231,137)	782,867,100	(50,721,235)	1,779,078,370	2,387,136,535	3,416,767,726
$ (751,949,715)	**$ 789,718,180**	**$ (390,279,024)**	**$ 1,884,694,816**	**$ 2,246,512,689**	**$ 2,387,136,535**

HOOKER & HOLCOMBE, INC.
Benefit Consultants and Actuaries

65 LaSalle Road | West Hartford, CT 06107-2397 | *Founded in 1956*

Confidential

March 18, 2011

Mr. Adam Cloud, Secretary
City of Hartford Pension Commission
Office of the Treasurer
550 Main Street
Hartford, CT 06103

Re: 2010 MERF Actuarial Survey

Dear Adam:

We are pleased to present the Annual Valuation of the City of Hartford Municipal Employees' Retirement Fund for 2010. Eleven additional copies are included for distribution.

Recommended contribution rates are as follows:

	Recommended Fiscal Year 2011-2012 Contribution (2010 MERF Actuarial Survey)	**Recommended Fiscal Year 2010-2011 Contribution (2009 MERF Actuarial Survey)**
Police	17.91%	9.94%
Firefighters	11.30%	1.55%
Board of Education	14.42%	11.87%
Municipal Services	40.66%	30.74%
Library	24.03%	20.90%

Please see Section I of the attached report for analysis and discussion regarding the changes in the contribution requirements from last year to this year, as well as expectations for future increases.

As always, I am available to answer any questions you or the Pension Commission may have.

Sincerely,

Elizabeth J. Churney

/aps
Enclosure
Copy with enclosure: Donna P. Parker

N:\HTFD\MERF\2010\2010 MERF Actuarial Survey.DOC

HOOKER & HOLCOMBE, INC.
Benefit Consultants and Actuaries

65 LaSalle Road
West Hartford, CT 06107-2397
860-521-8400 tel
860-521-3742 fax
www.hhconsultants.com

City of Hartford Municipal Employees' Retirement Fund (MERF)

Actuarial Survey

July 1, 2010

Elizabeth J. Churney, F.S.A., MAAA
Consulting Actuary

Scott B. Moss, A.S.A.
Pension Analyst

March 18, 2011

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Section I

Valuation Report

A. Purpose of the Valuation

The purpose of the valuation is to determine the funded status of the plan as well as the recommended cash contribution for the plan year. The information found in Section II of the report has been developed for this purpose.

The ultimate cost of a pension plan is based primarily on the level of benefits promised by the plan. The pension fund's investment earnings serve to reduce the cost of plan benefits and expenses. Thus,

City's ultimate cost	=	*benefits paid*	+	*expenses incurred*	-	*investment return*	-	*employee contributions*

B. Contribution for 2011-2012 Fiscal Year

The City's contribution rates for the 2011-2012 fiscal year, determined from the July 1, 2010 actuarial valuation, are shown below. Last year's results are shown for comparison purposes.

	Recommended 2011-2012 Fiscal Year Contribution (July 1, 2010 Valuation)	**Recommended 2010-2011 Fiscal Year Contribution (July 1, 2009 Valuation)**
Police	17.91%	9.94%
Firefighters	11.30%	1.55%
Board of Education	14.42%	11.87%
Municipal Services	40.66%	30.74%
Library	24.03%	20.90%

Please see Section II, Exhibit A for the development of these figures.

It is important to note that the recommended City contribution is expressed as a percentage of the payroll for each of the five groups of employees covered by the plan: Police, Firefighters, Board of Education, Municipal Services (general government employees), and Library. Each of those percentages is then applied against the *estimated* payroll for each group for the next fiscal year, to yield an *estimated* dollar amount of the cash contribution required. Importantly, while the percentages of payroll will not change because they are actuarially determined, the dollar amount of the City's *actual* required contribution will change -- upward or downward -- depending on whether *actual* payrolls in the fiscal year are more, or less, than currently estimated.

As can be seen, the percentages of payroll on which estimated contributions have been based have increased considerably from last year for all groups. Based on an estimated payroll of approximately $145.2 million for fiscal year 2011-2012 (obtained by projecting the payroll provided with the July 1, 2010 actuarial valuation to fiscal year 2011-2012 using the valuation's assumed rate of salary increase), the estimated dollar amount of the City's contribution for such year is approximately $28.5 million.

By comparison, using payroll estimates for fiscal year 2010-2011 of approximately $143.1 million, the approximate dollar amount of the City's contribution for the 2010-2011 fiscal year is $18.3 million. Thus, the 2011-2012 fiscal year contribution represents an estimated $10.3 million increase from the previous year, or approximately 56%.

The primary reason for this increase in the recommended contribution requirement for fiscal year 2011-2012 is the continued recognition of the decline in the capital markets that occurred within the 2007-2008 and 2008-2009 fiscal years, with the resulting loss of market value of MERF assets during that period. The net impact of changes in the covered population also served to increase the contribution, although to a lesser extent.

The market value of assets increased from $861.7 million to $888.6 million, resulting in an asset return of approximately 11.1% over that period. In order to avoid dramatic fluctuations in contribution requirements with such large swings in the market, a "smoothed" or "actuarial" value of assets is used to perform the valuation. This smoothed value recognizes the difference between the expected return on the market value of assets and the actual return over a 5-year period at 20% per year.

As of July 1, 2010, the actuarial value of assets used in the development of the contribution requirement was approximately $1,041.6 million, $153.0 million higher than the market value of assets of $888.6 million at such date. The return for the year on the actuarial value was 1.7% as opposed to the 11.1% return on the market value. Since this 1.7% is less than the MERF's 8% return assumption, asset losses were generated that increased the fiscal year 2011-2012 contribution requirement. Specifically, these losses represented approximately $7.5 million of the $10.3 million estimated increase and were therefore the primary driver of the increase in estimated contributions for fiscal year 2011-2012.

Future Contribution Requirements

The use of a smoothed (actuarial) value of assets is meant to produce a more level funding pattern, given asset volatility. With a drop in the market, asset losses are spread over a five-year period, leveling out the recommended funding rather than providing for a spike in contribution requirements in one year. As of July 1, 2010, there were approximately $153.0 million in net unrecognized asset losses that eventually need to be recognized in future City contribution requirements because of the use of this smoothing method. Given this level of unrecognized losses, future contribution increases can be expected for the 2012-2013 fiscal year, absent other significant changes.

To provide a sense of the level of expected future contributions, an estimate for the 2012-2013 fiscal year has been calculated. Specifically, the City's estimated recommended contribution for such fiscal year is currently $38.6 million. This figure is based on a projected market value of assets at July 1, 2011 of $893.1 million, determined by projecting assets as of July 1, 2010 to June 30, 2011 assuming an 8% return. In addition, estimates of payroll for fiscal year 2012-2013 payroll of $152.5 million were used. Projected plan liabilities inherent in this calculation were based on the results of the July 1, 2010 valuation, including the assumptions, methods, and census data as of such date. Further, this figure reflects an estimate of the cost of the early retirement incentive program of 2010 but not 2011.

The actual 2012-2013 contribution requirement will be based upon final liabilities and assets as of July 1, 2011, as well as actual payroll for the 2012-2013 fiscal year. To provide some sensitivity of the contribution to asset values, if the market value of assets as of July 1, 2010 is approximately $100 million higher at $993.1 million, the contribution estimate decreases by $2.4 million to $36.2 million.

Funding requirements for fiscal year 2013-2014 are expected to increase even further as asset losses are fully phased into the smoothed value of assets. The extent of the increase will depend upon market returns after July 1, 2010, among other factors.

C. Funded Status

The funded status of the plan as of July 1, 2010 is summarized below. The figures are prepared in accordance with the requirements of the Governmental Accounting Standards Board, or GASB, and are useful in accessing the health of the plan overall.

Specifically, the funded status is based on the smoothed (actuarial) value of assets used in the valuation, as well as a measure of the plan's liability known as the Actuarial Accrued Liability. The Actuarial Accrued Liability is the liability for benefits expected to be paid from the plan for inactive participants, as well as the liability for future expected benefit payments for active participants. For actives, the liability measure includes the impact of assumed future salary increases on projected benefits, but includes only that portion of their overall liability attributable to services rendered as of the valuation date.

	July 1, 2010
Actuarial Accrued Liability	$1,175,040,000
Actuarial Value of Assets	1,041,572,000
Unfunded Status	133,468,000
Funded Percentage	88.6%

During the 2009-2010 fiscal year, the plan's funded status dropped from 96.6% as of July 1, 2009 to 88.6% as of July 1, 2010, as detailed above. Despite the fact that the City fully funded the recommended contribution for the year, asset growth did not keep pace with liability growth, resulting in the decline in the funded status. This is primarily the result of the asset losses on the smoothed (actuarial) value of assets previously discussed.

Even with a funded status of less than 100%, the plan is still in a healthy, well-funded position with the ability to pay benefits due at the current 88.6% level. It is not the intent of the plan's funding method to fully fund such shortfalls in just one year. Absent other significant changes, such underfunding will be eliminated over a period of years as it is spread into future contribution requirements.

D. Plan Experience During Period Under Review

As discussed earlier, the recommended City contribution rate for the 2011-2012 fiscal year has increased from last year for all groups. As a result, the dollar amount of the City's contribution is expected to increase by approximately $10.3 million based on current estimates of payroll.

Also as previously discussed, the market value of assets returned 11.1% over the 2009-2010 fiscal year. The smoothed (actuarial) value of assets prior to the change in method earned a return of approximately 1.7 % during the same fiscal period. The resulting asset loss generated from a return less than the 8.0% expected accounted for approximately $7.5 million of the estimated $10.3 million increase in contribution.

Since there were no plan or assumption changes reflected with this actuarial valuation, all of the remaining $2.8 million increase, is attributable to changes in the plan's population and the resulting impact on plan liabilities. Despite the decrease in active membership of the MERF (from 2,406 as of July 1, 2009 to 2,206 as of July 1, 2010) and the corresponding drop in total payroll, changes in the population increased costs. This was due to items such as salaries increasing by more than expected for continuing actives, and the net impact of retirements, terminations and deaths. Key drivers of this increase include the impact of participants living longer than expected on average (approximately $1.2 of the increase) and new retirements during the year, including the 2009 Early Retirement Incentive (approximately $1 million of the increase).

E. Changes Since The Last Valuation

There were no plan changes or assumption changes reflected with this valuation.

F. Certification

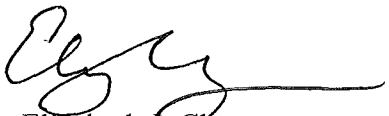
The results of this valuation are based on financial, personnel and payroll data furnished to us by the City and unaudited by us as of July 1, 2010.

In my opinion, and to the best of my knowledge, this Report presents fairly the financial and actuarial position of the City of Hartford Municipal Employees' Retirement Fund (MERF) as of July 1, 2010. The actuarial present values shown have been estimated on the basis of actuarial assumptions which, in my opinion, are appropriate for the purposes of the Report, are reasonable in the aggregate (taking into account the experience of the Plan and reasonable expectations), and, when applied in combination, represent my best estimate of the measure of anticipated experience under the Plan.

I believe that this Report meets the requirements of Public Act No. 77-468, An Act Requiring Periodic Actuarial Evaluation of Municipal Pension Plans.

I am a member of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.

HOOKER & HOLCOMBE, INC.



Elizabeth J. Churney
Enrolled Actuary

March 18, 2011

Section II

Supporting Exhibits

A. Normal Cost

	July 1, 2010 Valuation					
	Police	Fire	Board of Ed.	Municipal Services	Library	Total Membership
Active Membership						
Number of Employees	465	359	895	456	71	2,246
Annual Payroll (000)	$33,801	$28,698	$38,679	$27,011	$4,341	$132,529
Normal Actuarial Costs						
A. Actuarial Present Value of Future Benefits (000)						
Active Members	$135,019	$143,511	$117,059	$110,159	$14,787	$520,534
Terminated Non-Vested Members	144	153	124	117	16	553
Terminated Vested Members	1,097	594	6,451	6,374	267	14,784
Retired Members	274,405	188,662	99,487	251,054	13,356	826,964
Old Plans COLA	455	263	296	6	0	1,020
Total	$411,119	$333,183	$223,417	$367,709	$28,426	$1,363,855
B. Actuarial Value of Assets (000)	$324,114	$288,248	$150,007	$261,816	$17,386	$1,041,572
C. Actuarial Present Value of Future Employee Contributions (000)	$24,920	$20,940	$21,079	$13,284	$1,743	$81,967
D. Actuarial Present Value of Future Normal Costs (A) - (B) - (C) (000)	$62,085	$23,994	$52,330	$92,610	$9,297	$240,316
E. Actuarial Present Value of Future Salaries (000)	$391,876	$257,279	$389,293	$241,515	$40,570	$1,320,533
F. Normal Actuarial Costs as Percentage of Payroll						
Pension Benefits (D)/(E)*	15.84%	9.33%	13.44%	38.35%	22.92%	18.20%
G. Expenses (other than Investment Expenses)	2.07%	1.97%	0.98%	2.31%	1.11%	1.75%
Total Normal Cost Percent Payable by City	**17.91%**	**11.30%**	**14.42%**	**40.66%**	**24.03%**	**19.95%**

* *Based on $2,319,000 estimate of expenses (other than investment expenses) allocated by present value of future benefits.*

Section II

Supporting Exhibits
(continued)

B. Estimated Cash Contribution

The cash contribution for fiscal year 2011-2012 detailed below is estimated based upon payroll data provided with the July 1, 2010 actuarial valuation projected to fiscal year 2011-2012 using the valuation's assumed rate of salary increase. ***The actual contribution will be based upon actual payroll figures for fiscal year 2011-2012.*** *To illustrate the sensitivity of the cash contribution to changes in payroll, the second table below details the estimated fiscal year 2011-2012 contribution assuming payroll is either 5% higher or 5% lower than this estimate.*

	Estimated July 1, 2011 - June 30, 2012 Fiscal Year Contribution					
	Police	**Fire**	**Board of Ed**	**Municipal Services**	**Library**	**Total**
(1) Estimated Annual Adjusted Payroll for 2011-2012 Fiscal Year	$37,173,655	$31,198,596	$42,124,354	$29,919,958	$4,814,104	$145,230,667
(2) Total Normal Cost Percent Payable by City	17.91%	11.30%	14.42%	40.66%	24.03%	
(3) Gross City Contribution: (1) x (2)	6,657,802	3,525,441	6,074,332	12,165,455	1,156,829	29,579,859
(4) July 1, 2010 Payment for Local 566	0	0	303,918	0	0	303,918
(5) July 1, 2010 Payment for Local 1716	0	0	0	509,126	0	509,126
(6) Old Plans COLA Annual Payment	104,753	63,040	70,119	1,602	0	239,514
(7) Net City Contribution Estimate: (3)-(4)-(5)-(6)	**$6,553,049**	**$3,462,401**	**$5,700,295**	**$11,654,727**	**$1,156,829**	**$28,527,301**

	2011 - 2012 Contribution Sensitivity					
	Police	**Fire**	**Board of Ed**	**Municipal Services**	**Library**	**Total**
Estimated 2011-2012 Fiscal Year Payroll +5%	$39,032,338	$32,758,526	$44,230,572	$31,415,956	$5,054,809	$152,492,201
Net City Contribution Estimate for 2011-2012	6,885,939	3,638,673	6,004,012	12,263,000	1,214,670	30,006,294
Estimated 2011-2012 Fiscal Year Payroll -5%	35,314,972	29,638,666	40,018,136	28,423,960	4,573,399	137,969,133
Net City Contribution Estimate for 2011-2012	6,220,159	3,286,129	5,396,578	11,046,454	1,098,988	27,048,308

Section II

Supporting Exhibits
(continued)

C. Actuarial Balance Sheet

	July 1, 2010	July 1, 2009
Actuarial Liabilities		
Present Value of Future Benefits for:		
Active Employees	$ 520,534,299	$ 528,188,244
Inactive Members		
• Regular Retirees	745,301,637	694,074,400
• Disability Retirees	54,836,908	54,882,411
• Survivors	26,825,376	28,804,110
• Terminated Non-Vesteds	553,450	553,450
• Terminated Vesteds	14,783,544	17,236,150
• Old Plans COLA	1,019,671	1,217,781
TOTAL	$1,363,854,885	$1,324,956,546
Source of Funds		
1. Actuarial Value of Assets	$1,041,572,175	$1,089,183,892
2. Present Value of Future Employee Contributions	81,966,582	82,534,553
3. Present Value of Future City Normal Cost Contributions	240,316,128	153,238,101
4. TOTAL = (1) + (2) + (3)	$1,363,854,885	$1,324,956,546

Section II

Supporting Exhibits
(continued)

D. Development of Asset Values

The Actuarial Value of assets is used in the determination of plan contributions. It phases in recognition of asset gains and losses. A method of smoothing is used because the Market Value can swing widely from one year to the next, resulting in undesirable fluctuations in pension contributions. The smoothing is accomplished by recognizing asset gains and losses over a five-year period at 20% per year.

Relationship of Actuarial Value to Market Value		
1. Market value 7/1/2010	$	888,582,990
2. Gain / (loss) not recognized in actuarial value 7/1/2010		(152,989,185)
3. Preliminary actuarial value 7/1/2010: (1)-(2)		1,041,572,175
4. Preliminary actuarial value as a percentage of market value: (3)÷(1)		117.2%
5. Gain / (loss) recognized for corridor min/max		N/A
6. Actuarial value 7/1/2010 after corridor min/max: (3)+(5)		1,041,572,175
7. Actuarial value as a percentage of market value: (6)÷(1)		117.2%

Development of Asset Gain / (Loss) for 2009-2010 Plan Year		
1. Market value 7/1/2009	$	861,706,321
2. Contributions		22,465,391
3. Benefit payments		85,543,296
4. Administrative expenses		2,455,416
5. Expected return at 8.00%		66,387,138
6. Expected value 7/1/2010: (1)+(2)-(3)-(4)+(5)		862,560,138
7. Market value 7/1/2010		888,582,990
8. Asset gain / (loss) for -1 Plan Year: (7)-(6)		26,022,852

Recognition of Gain / (Loss) in Actuarial Value					
Year	(a) Gain / (loss)	(b) Recognized as of 7/1/2009	(c) Recognized in current year: 20% of (a)	(d) Total recognized as of 7/1/2010: (b)+(c)	(e) Not recognized as of 7/1/2010: (a)-(d)
2005-2006	$ 6,782,904	$ 5,426,324	$ 1,356,580	$ 6,782,904	$ 0
2006-2007	77,566,647	46,539,987	15,513,329	62,053,316	15,513,331
2007-2008	(111,496,189)	(44,598,476)	(22,299,238)	(66,897,714)	(44,598,475)
2008-2009	(241,203,873)	(48,240,775)	(48,240,775)	(96,481,550)	(144,722,323)
2009-2010	26,022,852	0	5,204,570	5,204,570	20,818,282
Total			(48,465,534)		(152,989,185)

Section II

Supporting Exhibits
(continued)

D. Development of Asset Values

Summary of Fund Activity		
	Market Value	**Actuarial Value**
1. Beginning value 7/1/2009		
a. Trust assets	$ 861,706,321	$ 1,089,183,892
b. Accrued contribution	0	0
c. Benefits payable	0	0
d. Administrative expenses payable	0	0
e. Net: (a)+(b)-(c)-(d)	861,706,321	1,089,183,892
2. Contributions		
a. Contributions during year	22,465,391	22,465,391
b. Change in accrued contribution	0	0
c. Total for plan year	22,465,391	22,465,391
3. Disbursements		
a. Benefit payments during year	85,543,296	85,543,296
b. Administrative expenses during year	2,455,416	2,455,416
c. Change in benefits payable	0	0
d. Change in administrative expenses payable	0	0
e. Total for plan year	87,998,712	87,998,712
4. Net investment return		
a. Interest and dividends	16,158,319	N/A
b. Change in accrued income	0	N/A
c. Realized gain (loss)	25,358,777	N/A
d. Unrealized gain (loss)	54,338,758	N/A
e. Expected return	N/A	66,387,138
f. Recognized gain (loss)	N/A	(48,465,534)
g. Required adjustment due to corridor	N/A	0
h. Reversal of prior year required adjustment	N/A	0
i. Investment-related expenses	(3,445,864)	N/A
j. Total	92,409,990	17,921,604
5. Ending value 7/1/2010		
a. Trust assets: (1a)+(2a)-(3a)-(3b)+(4j)	888,582,990	1,041,572,175
b. Accrued contribution	0	0
c. Benefits payable	0	0
d. Administrative expenses payable	0	0
e. Net: (a)+(b)-(c)-(d)	888,582,990	1,041,572,175
6. Approximate rate of return 2009-2010	11.1%	1.7%
7. Rate of return for Form 5500, Schedule B: 2x(4j)÷[(1e)+(5e)-(4j)]	N/A	1.7%

Section II

Supporting Exhibits
(continued)

D. Development of Asset Values

Rate of Return on Market Value of Assets				
	Average Annual Effective Rate of Return			
Period Ending June 30	1 Year	3 Years	5 Years	10 Years
2001	-2.1%	5.6%	10.9%	N/A
2002	-3.1%	1.1%	6.1%	N/A
2003	4.6%	-0.3%	3.6%	8.7%
2004	14.6%	5.1%	4.3%	9.9%
2005	9.1%	9.4%	4.4%	9.3%
2006	8.7%	10.8%	6.6%	8.7%
2007	15.6%	11.1%	10.4%	8.3%
2008	-1.9%	7.2%	9.0%	6.3%
2009	-15.0%	-1.2%	2.7%	3.5%
2010	11.1%	-2.5%	3.1%	3.7%

Section II

Supporting Exhibits
(continued)

E. Accounting Information

GASB Statements No. 25 and 27

The following information is based on the Governmental Accounting Standards Board (GASB) Statement No. 25 on "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and Statement No. 27 on "Accounting for Pensions by State and Local Governmental Employers". It represents a summary of information detailed further within the MERF's annual GASB report. The exhibits are provided for information purposes only here.

In reviewing the following exhibit regarding employer contributions, it is important to note that for the fiscal years ending 2007 through 2010, the City contributed more than the recommended Annual Required Contribution (ARC). This is due to a catch up period in which the City has been making contributions for prior fiscal years in which there was a shortfall in the amount contributed. The footnotes below provide further detail.

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed	Actual Contribution Received by MERF	Miscellaneous *	Net Percentage Contributed
2005**	9,336,898	99%	9,000,000	206,742	96%
2006**	17,033,102	70%	11,765,350	183,037	69%
2007	14,328,866	115%	16,317,266***	163,749	114%
2008	13,252,745	125%	16,454,745	129,258	124%
2009	11,797,419	109%	12,713,915****	115,067	108%
2010	9,601,580	113%	10,727,385	112,662	112%

* *Funds transferred from State of Connecticut's Connecticut Municipal Employees' Retirement System (CMERS) and Aetna annuity payments.*

** *Revised.*

*** *2006-2007 fiscal year contribution includes contributions paid for prior fiscal years during the 2006-2007 fiscal year as follows: FY 00-01 $117,500, FY 02-03 $2,198, FY 03-04 $180,876, FY 04-05 $130,156, FY 05-06 $5,084,715. After the June 30, 2006 GASB reporting period closed, two contributions of $1,572,500 and $1,490,242 were made to the Plan for the 2006-2007 fiscal year. These amounts are not included in the $16,317,266 fiscal year 2006-2007 contribution listed above. They will be included in the 2007-2008 fiscal year contributions listed in the June 30, 2008 GASB report.*

**** *Contribution includes $1,031,484 in contributions paid for the prior fiscal year (2007/2008) after the 06/30/2008 reporting period closed.*

Section II

Supporting Exhibits
(continued)

E. Accounting Information

As detailed below, the plan's funded status dropped from 96.6% as of July 1, 2009 to 88.6% as of July 1, 2010. Despite the fact that the City fully funded the recommended contribution for the year, asset growth did not keep pace with liability growth, resulting in the decline in the funded status. This is primarily the result of the asset losses on the Actuarial Value of Assets during the year previously discussed.

Even with a funded status of less than 100%, the plan is still in a healthy, well-funded position at the current 88.6% level with the ability to pay benefits due.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets * (a)	Actuarial Accrued Liability (AAL) ** (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)÷c)
7/1/2005	986,405,000	970,286,000	(16,119,000)	101.7%	117,261,000	-13.7%
7/1/2006	1,021,491,000***	1,002,848,000	(18,643,000)	101.9%	124,837,000	-14.9%
7/1/2007	1,092,128,000***	1,090,715,000	(1,413,000)	100.1%	133,280,000	-1.1%
7/1/2008	1,123,379,000	1,099,441,000	(23,938,000)	102.2%	139,243,000	-17.2%
7/1/2009	1,089,184,000	1,126,965,000	37,781,000	96.6%	134,143,000	28.2%
7/1/2010	1,041,572,000	1,175,040,000	133,468,000	88.6%	132,529,000	100.7%

* *Excludes receivable from CMERS (applicable for 7/1/2005 only; no longer applicable 7/1/2006+).*

** *Liability shown determined using the projected unit credit cost method 7/1/2005-7/1/2006 and the entry age normal cost method as of 7/1/2007.*

*** *Excludes estimated City contribution receivable of $5,463,745 as of July 1, 2007 and $7,022,224 as of July 1, 2006. These receivable amounts were fully paid by the City as of July 1, 2008.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Summary – Active Members as of July 1, 2010

	Number	Payroll*	Average Annual Pay*
Police	465	$ 33,800,796	$72,690
Firefighters	359	28,697,917	79,938
Board of Education	895	38,678,961	43,217
Municipal Services	456	27,011,021	59,235
Library	71	4,340,771	61,138
Total	**2,246**	**$132,529,466**	**$59,007**

**Basic salary, plus overtime, plus Fire private duty pay.*

Summary – Pensioners as of July 1, 2010

	Service Pensions*		Disability Pensions		Survivor Benefits*		Total	
	Count	Total Monthly Annuities	Count	Total Monthly Annuities	Count	Total Monthly Annuities	Count	Total Monthly Annuities
Police	496	$1,978,739	58	$138,395	72	$80,029	626	$2,197,163
Firefighters	331	1,262,817	115	309,871	99	106,889	545	1,679,577
Board of Ed.	636	891,317	20	12,321	59	25,147	715	928,785
Municipal Svcs.	759	2,085,017	14	12,357	90	66,820	863	2,164,194
Library	58	123,585	0	0	1	185	59	123,770
Vested Deferred	189	219,898	--	--	--	--	189	219,898
TOTAL**	**2,469**	**$6,561,373**	**207**	**$472,944**	**321**	**$279,070**	**2,997**	**$7,313,387**

* *Seven pensioners receiving benefits as retirees and as survivors are included in both groups.*

** *Additional monthly benefits for the July 1, 1987, July 1, 1990, July 1, 1997, July 1, 1999,July 1, 2001, July 1, 2005, and July 1, 2007 COLA's for the unfunded plans (PBF, FRF, and RAF) are also included in the total liabilities for MERF. Such participants are not included in the counts shown here.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Police

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2009	**463**	**9**	**587**	**1,059**
Adjustments	0	0	0	0
Retirements	-25	-5	+30	0
Disabilities	0	0	0	0
Terminations				
Vested	0	0	N/A	0
Non-vested	-4	N/A	N/A	-4
Deaths	-2	0	-15	-17
New beneficiaries	N/A	0	+24	+24
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	+33	N/A	N/A	+33
Total Participants 7/1/2010	**465**	**4**	**626**	**1,095**
Average Age				
7/1/2009	37.3			
7/1/2010	37.3			
Average Service				
7/1/2009	9.3			
7/1/2010	9.0			
Payroll**				
7/1/2009	$34,361,016			
7/1/2010	33,800,796			
Total monthly benefits*				
7/1/2009		$26,716	$2,019,046	
7/1/2010		9,291	2,197,163	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Firefighters

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2009	**371**	**2**	**542**	**915**
Adjustments	-1	0	0	-1
Retirements	-10	-1	+11	0
Disabilities	0	0	0	0
Terminations				
Vested	-2	+2	N/A	0
Non-vested	0	N/A	N/A	0
Deaths	-1	0	-21	-22
New beneficiaries	N/A	0	+13	+13
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	+2	N/A	N/A	+2
Total Participants 7/1/2010	**359**	**3**	**545**	**907**
Average Age				
7/1/2009	41.2			
7/1/2010	41.8			
Average Service				
7/1/2009	14.1			
7/1/2010	14.6			
Payroll**				
7/1/2009	$27,716,992			
7/1/2010	28,697,917			
Total monthly benefits*				
7/1/2009		$ 1,614	$1,649,066	
7/1/2010		7,589	1,679,577	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Board of Education

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2009	**1,019**	**85**	**697**	**1,801**
Adjustments	0	0	0	0
Retirements	-9	-13	+22	0
Disabilities	0	0	0	0
Terminations				
Vested	-42	+42	N/A	0
Non-vested	-97	N/A	N/A	-97
Deaths	-1	-2	-28	-31
New beneficiaries	N/A	0	+24	+24
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	+25	N/A	N/A	+25
Total Participants 7/1/2010	**895**	**112**	**715**	**1,722**
Average Age				
7/1/2009	45.7			
7/1/2010	47.0			
Average Service				
7/1/2009	9.7			
7/1/2010	11.1			
Payroll**				
7/1/2009	$39,925,732			
7/1/2010	38,678,961			
Total monthly benefits*				
7/1/2009		$94,512	$889,938	
7/1/2010		107,838	928,785	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Municipal Services

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2009	**479**	**65**	**847**	**1,391**
Adjustments	0	0	0	0
Retirements	-34	-15	+49	0
Disabilities	0	0	0	0
Terminations				
Vested	-16	+16	N/A	0
Non-vested	-20	N/A	N/A	-20
Deaths	0	0	-47	-47
New beneficiaries	N/A	0	+16	+16
Transfer group	0	0	0	0
Rehires	+2	0	-2	0
New entrants	+45	N/A	N/A	+45
Total Participants 7/1/2010	**456**	**66**	**863**	**1,385**
Average Age				
7/1/2009	49.0			
7/1/2010	49.1			
Average Service				
7/1/2009	11.8			
7/1/2010	11.5			
Payroll**				
7/1/2009	$27,884,353			
7/1/2010	27,011,021			
Total monthly benefits*				
7/1/2009		$75,178	$2,065,351	
7/1/2010		92,100	2,164,194	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Library

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2009	**74**	**3**	**58**	**135**
Adjustments	0	0	0	0
Retirements	-1	0	+1	0
Disabilities	0	0	0	0
Terminations				
Vested	-1	+1	N/A	0
Non-vested	-4	N/A	N/A	-4
Deaths	0	0	-2	-2
New beneficiaries	N/A	0	+2	+2
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	+3	N/A	N/A	+3
Total Participants 7/1/2010	**71**	**4**	**59**	**134**
Average Age				
7/1/2009	45.7			
7/1/2010	46.9			
Average Service				
7/1/2009	11.9			
7/1/2010	12.8			
Payroll**				
7/1/2009	$4,254,409			
7/1/2010	4,340,770			
Total monthly benefits*				
7/1/2009		$1,855	$122,885	
7/1/2010		3,080	123,770	

**Excludes old Plan COLA participants.*

***Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Total

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2009	**2,406**	**164**	**2,731**	**5,301**
Adjustments	-1	0	0	-1
Retirements	-79	-34	+113	0
Disabilities	0	0	0	0
Terminations				
Vested	-61	+61	N/A	0
Non-vested	-125	N/A	N/A	-125
Deaths	-4	-2	-113	-119
New beneficiaries	N/A	0	+79	+79
Transfer group	0	0	0	0
Rehires	+2	0	-2	0
New entrants	+108	N/A	N/A	+108
Total Participants 7/1/2010	**2,246**	**189**	**2,808**	**5,243**
Payroll**				
7/1/2009	$134,142,502			
7/1/2010	132,529,465			
Total monthly benefits				
7/1/2009		$ 199,875	$6,746,286	
7/1/2010		219,898	7,093,489	

**Excludes old Plan COLA participants.*
***Basic salary plus overtime and private duty pay.*

City of Hartford MERF - Police

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2010

	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	6	46,796	9	55,441	2	62,468															17	53,216
25 to 29	12	46,769	50	58,126	25	75,097															87	61,437
30 to 34	6	46,748	30	62,946	38	79,178	10	80,877													84	71,267
35 to 39	5	45,830	13	60,071	34	77,275	29	82,635	15	91,379	2	95,757									98	77,511
40 to 44	2	45,486	8	56,470	27	78,744	36	82,358	30	93,713	10	91,555									113	82,838
45 to 49	1	45,472	8	53,143	6	74,048	8	80,936	10	86,689	7	97,334	1	103,387							41	78,390
50 to 54					4	71,517	1	72,132	4	71,179	7	73,827									16	72,482
55 to 59							3	84,516					3	75,010							6	79,763
60 to 64							1	36,492							1	69,897					2	53,195
65 to 69													1	86,182							1	86,182
70 & over																						
All ages	32	46,503	118	58,911	136	77,169	88	81,588	59	90,401	26	88,661	5	82,920	1	69,897					465	

City of Hartford MERF - Firefighters

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2010

Attained Age	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25			18	55,822																	18	55,822
25 to 29			18	55,022	4	77,722															22	59,149
30 to 34			20	54,403	15	73,376	9	72,648	3	70,995											47	65,011
35 to 39			11	54,096	10	73,363	19	72,386	16	78,681											56	70,766
40 to 44			3	59,374	9	75,452	16	75,628	23	79,486	12	79,029	1	73,741							64	76,836
45 to 49			1	53,416	4	73,961	12	74,725	16	81,800	34	83,110	17	81,341	1	77,362					85	80,478
50 to 54			1	78,421	1	71,338	5	73,610	8	78,208	15	80,717	19	80,787	5	84,542			1	74,818	55	79,758
55 to 59							1	71,338	1	75,816	4	82,453	2	94,971	2	76,566			1	90,130	11	82,743
60 to 64													1	77,362							1	77,362
65 to 69																						
70 & over																						
All ages			72	55,392	43	74,219	62	73,795	67	79,259	65	81,764	40	81,470	8	81,650			2	82,474	359	

City of Hartford MERF - Board of Education

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2010

	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	1	42,066	1	49,539																	2	45,802
25 to 29	2	42,446	34	37,835	10	47,180	1	25,377													47	39,754
30 to 34	3	42,086	44	46,348	28	44,676	15	36,351													90	44,020
35 to 39	3	36,555	29	53,131	29	47,960	34	45,258	14	43,742			1	65,444							110	47,799
40 to 44	4	42,482	32	45,020	23	45,239	49	52,314	18	47,016	9	42,841			1	59,291					136	47,835
45 to 49	1	96,436	37	48,051	20	46,239	54	38,307	15	44,439	16	43,672	1	82,829							144	43,860
50 to 54	1	57,621	25	38,946	24	46,224	33	38,563	24	40,656	14	46,527	9	55,960	2	57,437			1	63,087	133	43,022
55 to 59			13	45,657	22	45,262	35	40,630	22	43,957	17	40,098	7	51,313	4	52,611	2	37,375	1	47,625	123	43,513
60 to 64	1	43,086	9	46,361	16	54,898	16	45,719	13	46,403	10	48,866	9	50,609	6	50,069	3	59,219			83	49,345
65 to 69			3	72,774	7	42,858	3	57,016	4	41,833	3	49,001	1	33,643	1	32,935					22	48,649
70 & over					4	35,523							1	34,297							5	35,278
All ages	16	45,622	227	45,539	183	46,472	240	43,077	110	43,987	69	44,247	29	52,915	14	51,282	5	50,481	2	55,356	895	

City of Hartford MERF - Municipal Services

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2010

	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	6	34,103	4	25,526																	10	30,672
25 to 29	3	61,451	10	43,995	3	47,732															16	47,969
30 to 34	4	70,102	11	48,599	8	55,179	2	62,440	2	52,037											27	55,014
35 to 39	3	72,044	15	65,613	8	54,842	2	94,406	3	98,947											31	68,540
40 to 44	4	63,799	20	69,307	16	52,965	8	51,331	4	100,519	16	75,391	1	55,850	2	61,187	2	51,390			73	65,599
45 to 49	2	57,902	18	63,704	22	64,370	12	28,546	3	28,687	11	54,988	4	80,158	2	61,811	5	63,034	2	60,260	81	56,692
50 to 54	3	65,950	15	72,113	23	60,060	9	62,606	10	73,944	7	57,194	5	76,054	3	119,254					75	68,030
55 to 59	2	83,261	14	68,383	20	60,597	9	56,404	13	60,539	6	43,254	3	66,873			1	67,173	3	55,167	71	60,891
60 to 64			7	75,483	11	56,404	6	91,649	7	82,108	3	52,268	4	70,761	3	66,807	2	27,172			43	69,025
65 to 69			2	76,212	6	68,210	5	32,660	1	10,415	2	69,768	1	103,165							17	57,535
70 & over					3	10,400	3	10,415	1	10,415	3	10,423	1	83,005			1	10,415			12	16,463
All ages	27	60,033	116	63,048	120	57,843	56	51,472	44	68,434	48	58,304	19	75,084	10	80,418	11	49,989	5	57,204	456	

City of Hartford MERF - Library

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2010

Attained Age	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	1	41,717																			1	41,717
25 to 29			2	48,442	2	50,833	1	48,869													5	49,484
30 to 34					1	52,125	2	50,599													3	51,108
35 to 39					5	50,862	2	47,298	1	47,622	1	62,190									9	50,969
40 to 44			1	56,283	3	60,366	1	94,071	3	49,683	3	49,683	1	56,068							12	57,135
45 to 49	1	111,641	2	64,837	4	57,381	2	92,682			2	48,973	3	64,253							14	67,636
50 to 54			3	83,132	2	71,552	1	51,745	1	47,382	1	48,839									8	67,558
55 to 59	1	59,357	1	158,769	4	82,917	2	77,739			2	78,844	2	49,344							12	80,137
60 to 64					2	47,975			1	98,774	2	109,226			1	81,072					6	82,375
65 to 69													1	47,114							1	47,114
70 & over																						
All ages	3	70,905	9	76,779	23	60,411	11	66,484	6	57,138	11	66,742	7	56,376	1	81,072					71	

City of Hartford MERF - All Groups

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2010

	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	14	40,655	32	51,732	2	62,468															48	48,948
25 to 29	17	48,851	114	50,175	44	66,022	2	37,123													177	53,840
30 to 34	13	52,858	105	52,860	90	65,043	38	58,788	5	63,412											251	58,336
35 to 39	11	50,450	68	57,367	86	63,313	86	65,046	49	73,192	3	84,568	1	65,444							304	63,817
40 to 44	10	51,610	64	54,890	78	62,490	110	65,846	78	77,397	50	72,096	3	61,886	3	60,555	2	51,390			398	65,975
45 to 49	5	73,871	66	53,527	56	59,117	88	47,053	44	66,553	70	70,123	26	80,092	3	66,995	5	63,034	2	60,260	365	60,026
50 to 54	4	63,868	44	54,163	54	55,394	49	47,509	47	56,871	44	64,276	33	73,299	10	89,534			2	68,953	287	58,923
55 to 59	3	75,293	28	61,060	46	55,204	50	48,201	36	50,830	29	49,265	17	63,145	6	60,596	3	47,308	5	60,651	223	53,927
60 to 64	1	43,086	16	59,102	29	54,992	23	57,299	21	60,798	15	57,594	14	58,278	11	59,255	5	46,401			135	57,346
65 to 69			5	74,149	13	54,559	8	41,793	5	35,550	5	57,308	4	67,526	1	32,935					41	53,212
70 & over					7	24,756	3	10,415	1	10,415	3	10,423	2	58,651			1	10,415			17	21,996
All ages	78	51,944	542	54,025	505	60,439	457	56,252	286	65,862	219	64,866	100	70,291	34	68,421	16	50,143	9	62,409	2,246	

Section II

Supporting Exhibits
(continued)

G. IRC Section 415(m) Valuation

The IRC Section 415(m) Fund* is an unfunded "excess benefit plan" to provide that portion of certain retirees' pension benefits that exceed the limits permitted under Section 415 of the Federal Internal Revenue Code (IRC).

	July 1, 2010	July 1, 2009
1. Number of retirees and beneficiaries receiving benefits	6	4
2. Annual benefits payable	$ 56,000	$ 44,000
3. Present value of benefits	$180,000	$143,000

The "actives" are funded through MERF. The City provides contributions for the retirees' benefits payable each year, as determined by the Pension Commission.

Actuarial Assumptions

The actuarial assumptions used in the 2009 Section 415(m) Fund valuation are as follows:

Mortality Basis:	RP-2000 Healthy Annuitants Table projected by Scale AA to year of valuation plus 8 years (2018 for July 1, 2010 valuation), with no adjustment and separate male and female rates.
Termination:	N/A.
Salary Scale:	N/A.
Investment Return:	8.00% per year, net of investment expenses.
Assumed Retirement age:	Immediate as all are retired.
Increases in dollar limit on benefits under IRC Section 415:	3% per year.

Benefits

Retiree pension amounts in excess of IRC Section 415 limits. Benefits which do not exceed such amounts are payable from the City's MERF Plan. IRC Section 415 limits are assumed to increase annually and thus decrease the benefits payable from this Plan and increase the portion of the benefits payable from the City's MERF Plan.

**Section 415(m) Fund adopted by the Court of Common Council on March 24, 1997.*

Section III

Actuarial Cost Methods and Assumptions

A. Actuarial Cost Methods

Asset Valuation Method – Actuarial Value of Assets

In order to smooth the year-to-year fluctuations in asset values, the asset values are adjusted by phasing in recognition of gains and losses over a five-year period. (Phase-in started July 1, 2003). Gains and losses are defined as the difference between the actual and the expected return on assets.

The July 1, 2009 valuation reflected a change in the asset valuation method from the use of a four-year smoothing period for gains and losses to the use of a five-year period. In the year of implementation of the change, the five-year smoothing methodology was retroactively applied to the gains and losses for previous years.

The assets held by the insurance companies include the funds on deposit for future purchase of annuities, as well as the reserves and contingency reserves for annuities already purchased which are subject to experience rating.

Actuarial Funding Method

The "Aggregate Actuarial Cost Method" (first adopted for the 1969 valuation) is used for determining the future rates of contributions needed for funding service retirements. This method is designed to produce stable "percentage-of-payroll" Normal Actuarial Costs over a period of years. This aim will be achieved so long as the emerging experience conforms with the actuarial assumptions.

Using this method, an actuarial valuation was made of the actuarial present value of all future pension benefits for active members (including survivor benefits, disability benefits, and refunds of employee contributions). The actuarial present value needed for future payments to present pensioners and deferred vested pensioners and survivors was subtracted from the Actuarial Value of Assets to determine the current Actuarial Value of Assets available for future benefits for active members. The latter figure was subtracted from the actuarial present value of future benefits for active members in order to determine the remaining actuarial present value to be funded by future contributions. Finally, the net remainder was divided by the actuarial present value of all future salaries, and the total Normal Actuarial Costs for future contributions was determined as a level percentage of future annual payrolls.

Since the MERF fund includes several classifications of members who have different provisions for benefits and contributions, it was necessary to apply this method by separate actuarial valuations for Police, Firefighters, Board of Education, Municipal Services, and Library participants.

Section III

Actuarial Cost Methods and Assumptions
(continued)

B. Actuarial Assumptions

The actuarial assumptions used in the 2010 MERF valuation are as follows:

Mortality Basis:

For Police, Fire, Board of Education Corridor Supervisors and Building and Grounds Supervisors:

- Pre-retirement: RP2000 Employees Table – male and female rates, projected by Scale AA to valuation date plus 17 years with occupational (i.e., non-office worker, blue collar) adjustment.
- Post-retirement: RP2000 Healthy Annuitants Table – male and female rates, projected by Scale AA to valuation date plus 8 years with occupational (i.e., non-office worker, blue collar) adjustment. No adjustment reflected for assumed future beneficiaries.
- Disability: RP2000 Disabled Table – male and female rates.

For All Other Groups:

- Pre-retirement: RP2000 Employees Table – male and female rates, projected by Scale AA to valuation date plus 17 years with no adjustment.
- Post-retirement: RP2000 Healthy Annuitants Table – male and female rates, projected by Scale AA to valuation date plus 8 years with no adjustment.
- Disability: RP2000 Disabled Table – male and female rates.

Section III

Actuarial Cost Methods and Assumptions
(continued)

Termination:

Yearly Rates of Employee Termination

Age	Non-Uniformed	Uniformed
20	10.0%	5.0%
25	7.0%	2.0%
30	5.0%	2.0%
35	4.0%	2.0%
40+	0.0%	0.0%

Salary Scale:

3% for inflationary salary increases plus a percentage for promotion or merit increases. For Police under age 45, overtime limited to less than or equal to 20% of base pay.

Yearly Rates of Increases for Promotion or Merit

Age	Police	Fire	Bd of Ed	Munic. Svc. & Lib.
25	4.0%	2.5%	4.0%	6.0%
30	3.5%	2.5%	4.0%	4.7%
35	2.2%	1.6%	2.1%	3.1%
40	1.2%	1.1%	1.0%	2.0%
Over 40	1.0%	1.0%	1.0%	2.0%

Salaries are adjusted for groups in negotiations by 3% per year for the period of each open contract, and non-bargaining groups by 3% per year for one full fiscal year from the measurement date. Any wage increases negotiated beyond the valuation date have been reflected in our projections.*

* *The following groups have future salary increases that have been negotiated and are reflected in this valuation:*

Firefighters
HMEA
CHPEA
MLA
Non-union
School Crossing Guards

Investment Return:

8.00% per year, net of investment expenses.

Section III

Actuarial Cost Methods and Assumptions
(continued)

Assumed Retirement Age:

Retirement Rates:

Service	Police	Fire	Mun. Svc. & Lib.
20	20%	5%	10%
21	15%	1%	5%
22	5%	1%	5%
23	5%	1%	10%
24	20%	10%	15%
25	30%	30%	15%
26-27	5%	5%	10%
28	10%	5%	15%
29	25%	20%	15%
30	100%	20%	100%
31-34	n/a	5%	n/a
35	n/a	100%	n/a
	(maximum of age 65)		

Age	Bd of Ed
55	15%
56	10%
57-59	5%
60	30%
61	5%
62	20%
63-64	10%
65	100%

For both Uniformed and Non-Uniformed who have reached Assumed Retirement Age, retirement after one year.

Social Security:

Future tax wage bases are developed by projecting the 2010 base of $106,800 forward at 4% per year.

Section III

Actuarial Cost Methods and Assumptions
(continued)

Marital Status at Retirement:

Non-Uniformed:

Males - 80% married, spouse 3 years younger.
Females - 60% married, spouse same age.

Uniformed:

All - 80% married, spouse 2 years younger.

Disability:

Disability benefits were explicitly valued using the DP85 Class 1 Male and Female Disability Incidence Rate Table increased three times for the Police and Firefighter groups, two times for the Board of Education groups and with no increase for the Municipal Services and Library groups.

DP85 Class 1 Disability Incidence Table:
Sample male and female rates

Age	Male	Female
15	0.021%	0.023%
20	0.029%	0.030%
25	0.038%	0.047%
30	0.048%	0.080%
35	0.069%	0.136%
40	0.117%	0.211%
45	0.202%	0.323%
50	0.358%	0.533%
55	0.722%	0.952%
60	1.256%	1.159%
65	1.753%	1.358%

Expenses other than Investment Expenses:

An explicit dollar amount was included in the development of the normal cost percentage equal to an estimate of expenses (other than investment expenses) for the upcoming year. The estimate was developed based on an average of actual expenses over the last four years. For the 2010 valuation, $2,318,859 was used. Estimated expenses were then allocated to the various groups by the present value of future benefits and expressed as a percentage of payroll.

Sick Exchange:

Four years are exchanged by all actives if provision available. For Firefighters hired prior to July 1, 2003, six years are exchanged.

Military and Prior Service Buy-backs:

When a decision to buy-back service occurs, date of hire is adjusted accordingly.

Additional Liabilities:

COLAs:

Included in this valuation is the liability for the Cost of Living Adjustments (COLAs) effective July 1, 1987, July 1, 1990, July 1, 1997, July 1, 1999, July 1, 2001, July 1, 2005, and July 1, 2007 for both the MERF and the unfunded "Old Plans" (PBF, FRF, and RAF).

Local 1716:

Included in this valuation is the obligation for Local 1716 members who transferred to State MERF B on July 1, 1987.

29-year amortization payments (split between the City administration and the pension fund) commenced July 1, 1987 for this obligation. As of July 1, 2010, the City payment will be $509,126 ($2,542,000 on a present value basis) and the pension fund payment will be $462,336 ($2,308,000 on a present value basis).

Local 566:

Included in this valuation is the obligation for Local 566 (included merged Local 1303) members who transferred to State MERF B on August 1, 1988.

30-year amortization payments (split between the City administration and the pension fund) commenced August 1, 1988 for this obligation. As of July 1, 2010, the City payment will be $303,918 ($2,050,000 on a present value basis) and the pension fund payment will be $276,288 ($1,864,000 on a present value basis).

Section IV

Hartford MERF - Summary of Principal Provisions of Pension Plan
July 1, 2010

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Retirement Pensions:	Firefighters hired before July 1, 2003: 2.80% of Final Average Pay (rate of weekly pay immediately preceding retirement times 52, plus for firefighters who work a 42 hour week, holiday pay) multiplied by years of service up to 25 plus 2.0% for years over 25. Firefighters hired after June 30, 2003: 2.5% of Final Average Pay (rate of weekly pay immediately preceding retirement times 52, plus for firefighters who work a 42 hour week, holiday pay) multiplied by years of service up to 20 plus 2% of Final Average Pay for years of service over 20. Sworn Police Officers hired before July 1, 1999: 2.65% of Final Average Pay for highest 3 of last 5 years multiplied by years of service up to 20 plus 3% for year 21 plus a decreasing percentage for years over 21. Final Average Pay includes a provision for over-time and private duty pay. Sworn Police Officers hired after June 30, 1999: 2.5% of Final Average Pay for highest 3 of last 5 years times years of service up to 20 plus 2% for years of service- over 20.	2% (2.5% for HFSHP, HSSSA and HESP) of Final Average Pay for highest 5 of last 10 years times years of service, with maximum benefit of 70% of Final Average Pay. Final Average Pay for HFSHP, HESP, HSSSA, and Local 2221, Hartford Federation of Paraprofessionals are based on highest 3 out of last 5 years. Benefit for Local 2221 is 2.5% of Final Average Pay multiplied by years of service up to 20 plus 2% of Final Average Pay for years of service over 20 (maximum of 10 years). Effective July 1, 2008 for Local 818, employees hired prior to March 1, 2007 will get 2.5% of Final Average Pay (for each year of service) and employees hired after March 1, 2007 will get 2.0%. Final Average Pay is the highest 3 of the 7 years. Maximum benefit is 70% of pay.	For Library and MLA hired on or after July 1, 2006, HMEA hired after July 1, 2003, CHPEA hired after June 23, 2003, 2% of Final Average Pay for highest 2 of last 5 years times years of service with a maximum benefit of 70% of Final Average Pay. For Library with 5-year option, Final Average Pay is highest 5 of last 10 years. For CHPEA hired on or before June 23, 2003, MLA hired before July 1, 2006, and Nonbargaining, 2.5% of Final Average Pay for highest 2 of last 5 years times years of service. Maximum benefit of 70% of Final Average Pay for CHPEA, 80% for Nonbargaining and MLA. For Nonbargaining with 5-year option, Final Average Pay is highest 5 of last 10 years. For HMEA hired before July 1, 2003, 2.75% of Final Average Pay for highest 2 of last 5 years times years of service with a maximum benefit of 75% (was 70%) of Final Average Pay. For SCGA, 2% of Final Average Pay for highest 5 of last 10 years reduced by 1% of average Social Security covered earnings for all years included in computation of Social Security primary benefits. Maximum benefit of 100% of Final Average Pay.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Retirement Pensions:	Non-Sworn Police Officers: 2.5% of Final Average Pay for highest 3 of last 5 years times years of service, with maximum benefit of 80% of Final Average Pay. Sworn Police Officers have a maximum benefit of 70% of Final Average Pay. For Sworn Police Officers hired before July 1, 1999 increase maximum benefit to 80% of Final Average Pay with sick exchange provision. Firefighters have a maximum benefit of 80% of Final Average Pay (85% with sick exchange if hired prior to July 1, 2003). Assistant Police Chief, Police Chief, Assistant Fire Chief and Fire Chief: Same as Non-Bargaining.		
Normal Form of Benefit:	For unmarried members: life annuity. For married members: surviving spouse benefit of 25% of member's final year's earnings, if non-service connected death, and 50% of member's final year's earnings, if service connected death. Minimum of 50% of pension benefit for firefighters for non-service connected death. For married Non-Sworn Police Officers: life annuity with 50% to survivor.	For unmarried members: life annuity. For married members: life annuity with 50% to survivor.	For unmarried members: life annuity. For married members: life annuity with 50% to survivor.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Normal Retirement Age and Service Requirement:	Firefighters and Sworn Police Officers hired before July 1, 1999: Full benefits after 20 years of continuous service. Sworn Police Officers hired after June 30, 1999: Full benefits after 25 years of continuous service. Non-Sworn Police Officers: Full benefits after 20 years of service, or age 60 plus 5 years of continuous service, or after 15 years of service, if contributions are left in the MERF until would have had 20 years of service.	Age 60 plus 10 (5 for non-bargaining – was 10) years of service (continuous service for Local 2221). Members are also eligible at age 55 with 25 years of service. Local 818 employees hired prior to March 1, 2007 may retire after 20 years of service, regardless of age. For HSSSA, age 55 and 5 (was 10) years of service.	For SCGA and MLA hired on or after July 1, 2006, earlier of (1) age 60 plus 5 years of continuous service or (2) age 55 with 25 years of continuous service. For Nonbargaining and MLA hired prior to July 1, 2006, earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of service, or (3) after 20 years of service if participant leaves after 15 years of service and contributions are left in the MERF until would have had 20 years of service. For CHPEA, earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of aggregate service if hired on or before June 23, 2003, age 55 with 25 years of aggregate service if hired after June 23, 2003. For HMEA earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of continuous service if hired before July 1, 2003, age 55 with 25 years of continuous service if hired after July 1, 2003. For Library non union, earlier of (1) age 60 plus 5 years of continuous service or (2) 25 years of continuous service. For Library union, (1) age 60 plus 10 years of continuous service or (2) 25 years of continuous service.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Optional Early Retirement:	Sworn Police Officers: Age 50 with 10 years of continuous service, actuarially reduced for years prior to Normal Retirement Age. Non-Sworn Police Officers: Age 55 with 5 years of continuous service, reduced at 4% per whole year prior to age 60. Firefighters: Age 50 with 5 years of continuous service, actuarially reduced or reduced at 2% per year (prorated for fractional years) prior to Normal Retirement Age.	At age 55 with 10 years (5 years for HESP) of service (continuous service for Local 2221), reduced at 4% per whole year prior to age 60. For Local 818, reduction is adjusted for partial years.	For Library union, age 55 with 10 years of continuous service. For all others, age 55 with 5 years of continuous service. Benefit reduced at 4% per whole year prior to age 60 (prorate for partial years for HMEA and CHPEA). For SCG members, reduction is 2% per whole year and fraction of a year prior to age 60.
Vesting of Earned Deferred Pension:	Sworn Police Officers: After 10 years of continuous service. Firefighters and Non-Sworn Police Officers: After 5 years of continuous service.	After 10 years (5 years for HESP, HSSSA and non-bargaining) of continuous service. Payments begin no earlier than age 55. (Was 10 years for HSSSA and non-bargaining).	For Library union, 10 years of continuous service. For all others, 5 years of continuous service. Payments begin no earlier than age 55.
Benefits to Survivors: (Death of Active Member Prior to Retirement)	Surviving Spouse: 25% of final year's earnings (50% if service connected death), payable until death or remarriage. Minimum of 50% of pension benefit for Firefighters for non-service connected death. Surviving Child: $100 per month for first child, $50 for each additional child (10% of final year's earnings if service connected death, or 15% if no surviving spouse). Total benefit, including Worker's Compensation, cannot exceed 100% of current pay rate for Member's rank. Non-Sworn Police Officers: Same as General Government members.	Member must meet qualifications for vesting. Surviving Spouse: 50% of pension which Member is receiving or would be entitled to when retired, payments beginning no earlier than date of Member's 55th birthday. Surviving Spouse benefits are payable until death or remarriage.	

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Refund of Contributions upon Discontinuance of Employment or at Death (Non-Vested Members): (May be taken in lieu of earned deferred pension by vested members)	Refund of total contributions, without interest. Non-Sworn Police Officers: Same as General Government members.	Termination: Refund of total contributions, with 3% interest compounded annually. Death: Refund of total contributions with interest preretirement and without interest postretirement.	
Pensions for Permanent, Total Disability - Service Requirements:	5 years of continuous service, but no requirement if disability is service connected as defined in Worker's Compensation Act. Non-Sworn Police Officers: Same as General Government members.	10 years of continuous service, except no requirement if disability is service connected as defined in Worker's Compensation Act.	
Amount of Total Disability Pension: (Payable so long as total disability continues.)	Retirement Pension with minimum of 25% of "final average pay." If disability is service connected, the pension equals 100% of the Member's final annual pay less Worker's Compensation benefits. Non-Sworn Police Officers: Same as General Government members.	Retirement Pension using Final Average Pay for last 10 years. If disability is service connected, amount not less than 50% of Member's final annual pay at time of disability. Maximum benefit of 2/3 of 10-year Final Average Pay less Social Security benefit. Minimum benefit of $30 per month. All service connected disability benefits are offset by benefits payable by Worker's Compensation (exception: no offset for $30 minimum). If non service connected, same as above, but no 50% Final Average Pay minimum and minimum benefit equals $10 per month instead of $30 per month.	

Pensions for Permanent Partial Disability: (Where earnings capacity is reduced by at least 10%.)	Ten years of continuous service, but no service requirement if disability is service connected. Same as retirement pension with reduction for less than 15 years of service. If non-service connected, retirement pension, subject to a minimum equal to 25% of Final Average Pay. This minimum is reduced by earnings if less than 15 years of service at time of disability. If service connected, pension equals 50% of final annual pay (regular 20 year pension for Firefighters) if 15 years of service, with reductions for earnings if less than 15 years of service. If at least 20 years of service, pension equals retirement pension. Non-Sworn Police Officers: Same as General Government members.	10 years of continuous service, except no requirement if disability is service connected as defined in Worker's Compensation Act. Retirement Pension using Final Average Pay for last 10 years (with offset for Worker's Compensation benefits if service-related disability), subject to a minimum pension of $10 monthly (non-service connected), or $30 (service connected). If the disability is service connected, benefit not less than 50% of the reduction in earnings with offset for Worker's Compensation benefits. For service connected disability, the maximum benefit is 2/3 of 10 year final average pay less Worker's Compensation and Social Security benefits. For non-service connected disability, the maximum is 2/3 of 10 year final average pay less Social Security benefits, or 1-^{2}/3% of the reduction in income times years of service.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Member's Contribution Rate of Total Earnings: (City pays full balance of costs to fund MERF benefits; also Members and City pay taxes for those covered by Social Security.)	Firefighters and Sworn Police Officers hired before July 1, 1999: 8%. Sworn Police Officers hired after June 30, 1999: 6.5%. Non-Sworn Police Officers: 4% on earnings taxed for Social Security and 7% on excess. Assistant Police Chief, Police Chief, Assistant Fire Chief and Fire Chief: Same as Non-Bargaining.	4% on earnings taxed for Social Security and 7% on excess. For HESP, 9% and 12%, respectively. For HSSSA, 9.25% and 12.25%, respectively (was 8.75%/11.75%). For HFSHP 10.14% and 13.14%, respectively. For Non-bargaining 4.5% and 7.5%, respectively (was 4%/7%). For Local 818, 5.2% up to Social Security Wage Base and 8.2% of the excess. If hired on or after March 1, 2007, 7.1% and 10.1%, respectively.	For Nonbargaining, 5% on earnings taxed by Social Security and 8% on excess if 5 year Final Average Pay option elected (was 4%/7%). With 2 year option, 6% and 9%, respectively (was 5%/8). For Library, 4% on earnings taxed by Social Security and 7% on excess if 5 year Final Average Pay option elected. With 2 year option, 5% and 8%, respectively. For MLA, HMEA hired after July 1, 2003, and CHPEA hired after June 30, 2003, 5% on earnings taxed by Social Security and 8% on excess. For CHPEA hired on or before June 30, 2003, 6.5% and 9.5%, respectively. For HMEA hired before July 1, 2003, 7.8% on all earnings. For SCGA, 4% on earnings taxed by Social Security and 7% on excess (was 3%/6%).

Note 1 Any Member (other than a Police Officer or Firefighter) who was a Member before January 1, 1958 is guaranteed a minimum total benefit, including Social Security based on earnings from the City, equal to the pension the Member would have received under the terms of the MERF plan in existence prior to the enactment of the 1957 Special Act No. 347. Also, several active Members who transferred to MERF on or after July 1, 1968 from the City's Retirement Allowance Fund are entitled to a pension determined by the RAF provisions if it is greater than that based on the MERF provisions.

Note 2 Section 2-166 of the Municipal Code provides a minimum benefit of $155 monthly for all pensions granted by reason of service or for service-connected disability, and for joint annuitants under elected options, except members for whom Social Security taxes have been paid and anyone for whom more than half of the total pension is paid by the Metropolitan District.

Note 3 All members (other than SCG) may purchase up to 4 years of pension credit for military service. Pension credit is at the following rates of Final Average Pay per year purchased:

HMEA members hired before July 1, 2003	2.75%
Sworn Police Officers, Firefighters, CHPEA members hired on or before June 23, 2003, HFSHP, Local 818 hired prior to March 1, 2007, HSSSA, HESP, Non-bargaining (including Assistant Police Chief, Police Chief, Assistant Fire Chief, and Fire Chief), Non-Sworn Police Officers, and MLA hired prior to July 1, 2006	2.50%
Other (including CHPEA members hired after June 23, 2003, HMEA members hired prior to July 1, 2003, MLA hired on or after July 1, 2006, and Local 818 hired on or after March 1, 2007)	2.00%

Note 4 All members (other than Sworn Police Officers hired after July 1, 1999, all Board of Education members, CHPEA hired after June 23, 2003, HMEA hired on or after July 1, 2003, Library, SCG and MLA hired on or after July 1, 2006) may exchange accumulated sick leave upon retirement for up to 4 years (6 years for Firefighters hired prior to July 1, 2003) of pension service time. Additional pension service time may be purchased from accumulated sick leave at the rate of twenty days of accumulated sick leave for each year of pension service time.

The City of Miami
Fire Fighters' and Police Officers' Retirement Trust

71st ANNUAL REPORT
SEPTEMBER 30, 2010

The City of Miami
Fire Fighters' and Police Officers' Retirement Trust

71st ANNUAL REPORT
SEPTEMBER 30, 2010

1895 SW 3rd Avenue, Miami, Florida 33129-1456
Tel: 305-858-6006 Fax: 305-858-9008
www.miamifipo.org

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I

INTRODUCTORY

SECTION

BOARD OF TRUSTEES

AND

PERSONNEL OF THE RETIREMENT TRUST

AS OF SEPTEMBER 30, 2010

Thomas Gabriel - Chairman
Fire Captain
Elected by the Fire Fighters

Joseph Kaplan
Appointed by the City Commission

Gerald Darling
Appointed by the City Commission

Raul Fernandez
Fire Captain
Elected by the Fire Fighters

Monica Fernandez
Appointed by the City Commission

Ornel Cotera
Appointed by the City Commission

Annette Rotolo
Sergeant of Police
Elected by the Police Officers

Rolando Gutierrez
Sergeant Of Police
Elected by the Police Officers

Robert Moskovitz
Appointed by City Manager

Administrator
Robert H. Nagle

Assistant Administrator
Dania L. Orta

Legal Advisor
Stephen H. Cypen, Esq.

Medical Advisor
Cornell Lupu, MD

Consulting Actuary
Stanley, Holcombe & Associates

Certified Public Accountants
Goldstein Schechter Koch

Investment Managers

Alliance Bernstein
Ambassador Investments
AXA Investments
Black Rock Invest. Managers
Barrow, Hanley, et al
Champlain Asset Management
Coller Capital
Delaware Asset Management
Dodge & Cox Investment Management
Eagle Asset Management
J. P. Morgan Investment Management
Lexington Partners
Morgan Stanley Invest Advisor
Munder Capital Management
Oechsle International Advisors
Pantheon
RCM
Robeco Boston Partners
State Street Global Advisors
Urdang
Wellington Investment Manager
Wentworth Hauser Violich

Consultant
William Cottle, CFA, Milliman, Inc.

Custodian
Northern Trust Company

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

71st ANNUAL REPORT

On September 30, 2010, the City of Miami Fire Fighters' and Police Officers' Retirement Trust completed its seventieth year of operation.

Retirement benefits granted during the year represent annual benefits of $31,385,465.00 and are as follows:

2	Service Retirements with annual benefits of	217,272.00
319	DROP Service Retirements with annual benefits of	31,168,193.00

In addition, one beneficiary received an Ordinary Death Benefit of one half (½) of a year's salary totaling $66,564.00.

During the year, 41 pensioners of the Retirement Trust died. Of these, 28 had selected a pension which terminated at their death and 13 had selected an option that will continue to a beneficiary representing yearly benefits of $281,451.00.

During the year ending September 30, 2010, the pension payroll totaled of $101,371,860.00 which is 11.9% greater when compared to the previous year and is broken down as follows:

		ANNUAL BENEFITS
1,184	Service Retirements	52,251,975.00
543	DROP Service Retirements	41,333,026.00
72	Early Service Retirements	896,823.00
39	Vested Right Retirements	754,338.00
9	Ordinary Disability Retirements	79,453.00
177	Service/Accidental Disability Retirements	3,689,239.00
7	Accidental Death Retirements	142,527.00
4	Ordinary Death Early	92,899.00
210	Continuances	2,131,580.00
		$101,371,860.00

Securities' gains and losses, and miscellaneous income: $61,181,366.00

The various statements and schedules, which follow, reflect the activities of the system from the beginning as well as for the current year. An outline showing benefits and working procedures is also included.

II

FINANCIAL

SECTION

City of Miami
Fire Fighters' and Police Officers' Retirement Trust

Financial Statements
Years Ended September 30, 2010 and 2009

GSK Goldstein Schechter Koch
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Goldstein Schechter Koch
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Independent Auditors' Report

Board of Trustees
City of Miami Fire Fighters' and Police Officers' Retirement Trust
Miami, Florida

We have audited the accompanying statements of plan net assets of the City of Miami Fire Fighters' and Police Officers' Retirement Trust (the Trust) at September 30, 2010 and 2009, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of September 30, 2010 and 2009, and the changes in plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January xx, 2011 on our consideration of the City of Miami Fire Fighters' and Police Officers' Retirement Trust internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

4000 Hollywood Blvd. - Suite 215 South • Hollywood, FL 33021
Phone: (954) 989-7462 • Fax: (954) 962-1021
info@gskcpas.com • www.gskcpas.com

Management's discussion and analysis on pages 3-9 and the required supplementary information, as listed in the accompanying table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and we do not express an opinion on it. The required supplementary information for the years ended September 30, 2005 through 2007 was reported on by Koch Reiss & Co., P.A., whose report states that they did not audit this information and did not express an opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the Plan. The accompanying supplementary schedules of investment expenses (other supplementary schedules) as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary schedules have been subjected to auditing procedures applied in the audit of the basic financial statements, and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Goldstein Schechter Koch, P.A.

Hollywood, Florida
January 14, 2011

The City of Miami
Fire Fighters' and Police Officers'
Retirement Trust

ADMINISTRATOR
Robert H. Nagle

ASSISTANT ADMINISTRATOR
Dania L. Orta

TRUSTEES
Ornel Cotera
Gerald Darling
Monica Fernandez
Raul Fernandez
Tom Gabriel
Rolando Gutierrez
Joseph Kaplan
Annette Rotolo

Management's Discussion and Analysis
(Required Supplementary Information - Unaudited)
September 30, 2010 and 2009

Our discussion and analysis of the City of Miami Fire Fighters' and Police Officers' Retirement Trust (the Trust) financial performance provides an overview of the Trust's financial activities for the fiscal years ended September 30, 2010 and 2009. Please read it in conjunction with the Trust's financial statements which follow this discussion.

Financial Highlights

- The Trust assets exceeded its liabilities at the close of fiscal years ended 2010 and 2009 by $1,339.5 million and $1,267.1 million, respectively (reported as net assets held in trust for pension benefits). Net assets are held in trust to meet future benefit payments. The increases and (decreases) of $72.4 million and of $(57.6) million, of the respective years have resulted primarily from the changes in the fair value of the Trust's investments due to volatile financial markets.

- The Trust's funded ratio, a comparison of the actuarial value of assets to the actuarial accrued pension benefit liability, changed from 96% as of the October 1, 2007 actuarial valuation, to 70% as of the October 1, 2008 valuation, and 63% as of the October 1, 2009 valuation.

- For the fiscal year ended September 30, 2010 the Trust's total additions were $191.3 million which were comprised of contributions of $69.5 million and net investment income of $121.8 million.

  For the fiscal year ended September 30, 2009 the Trust's total additions/(reductions) were $44.8 million which were comprised of contributions of $46.8 million and net investment loss of $2.0 million.

- For the fiscal year ended September 30, 2010 the Trust's deductions increased over the prior year from $102.4 million to $118.9 million or 16.1%. Most of this increase is attributable to increased pension benefits paid.

  For the fiscal year ended September 30, 2009 the Trust's deductions increased over the prior year from $94.2 million to $102.4 million or 8.7%. Most of this increase is attributable to increased pension benefits paid.

1895 SW 3rd Avenue, Miami, Florida 33129-1456
Tel: 305-858-6006 Fax: 305-858-9008 www.miamifipo.org

Overview of the Financial Statements

The Trust's financial statements are comprised of a Statement of Plan Net Assets, a Statement of Changes in Plan Net Assets, and Notes to Financial Statements. Also included are a schedule of certain required supplementary information and a schedule of other supplementary information. These financial statements report information about the Trust, as a whole, and about its financial condition that should help answer the question: Is the Trust, as a whole, better off or worse off as a result of this year's activities? These statements include all assets and liabilities using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, all revenues and expenses are taken into account regardless of when cash is received or paid.

The statement of plan net assets presents information on the assets and liabilities and the resulting net assets held in trust for pension benefits. This statement reflects the Trust's investments, at fair value, along with cash and cash equivalents, receivables and other assets and liabilities.

The statement of changes in plan net assets presents information showing how the Trust's net assets held in trust for pension benefits changed during the years ended September 30, 2010 and 2009. It reflects contributions by members and the City along with deductions for pension benefits, refunds and withdrawals, and administrative expenses. Investment income (loss) during the period is also presented showing income or loss from investing and securities lending activities.

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The required supplementary information and the related notes present a schedule of funding progress and a schedule of employer contributions along with a discussion of actuarial assumptions and methods. The other supplementary information presents a schedule of investment expenses.

Financial Analysis

Trust's total assets as of September 30, 2010, were $1,668.5 million and were mostly comprised of cash and cash equivalents, investments, property and equipment and receivables related to investments. Total assets increased $161.3 million or 10.7%.

Trust's total assets as of September 30, 2009, were $1,507.1 million and were mostly comprised of cash and cash equivalents, investments, property and equipment and receivables related to investments. Total assets decreased $76.2 million or 4.8%.

Total liabilities as of September 30, 2010 were $329.0 million and were mostly comprised of obligations under securities lending, payable for securities purchased and deferred retirement option plan payable. Total liabilities increased $89.0 million or 37.1% from the prior year primarily due to a increase in obligations under securities lending and payable for securities purchased.

Total liabilities as of September 30, 2009 were $240.0 million and were mostly comprised of obligations under securities lending, payable for securities purchased and deferred retirement option plan payable. Total liabilities decreased $18.6 million or 7.2% from the prior year primarily due to a decrease in obligations under securities lending and payable for securities purchased.

Financial Analysis - continued

Trust assets exceeded its liabilities at the close of fiscal year ended September 30, 2010 by $1,339.5 million. Total net assets held in trust for pension benefits increased $72.4 million or 5.7% from the previous year.

Trust assets exceeded its liabilities at the close of fiscal year ended September 30, 2009 by $1,267.1 million. Total net assets held in trust for pension benefits decreased $57.6 million or 4.3% from the previous year.

Table 1 - Condensed Summary of Net Assets
September 30,
(Dollar Amounts in Thousands)

	2010	2009	Increase (Decrease) Amount	Total Percentage Change
Assets:				
Cash and cash equivalents	$ 43,709	$ 47,934	$ (4,225)	(8.8)%
Receivables	13,973	7,985	5,988	75.0
Investments	1,387,316	1,281,969	105,347	8.2
Security lending collateral - invested	221,384	167,115	54,269	32.5
Property and equipment, net	2,085	2,128	(43)	(2.0)
Total assets	1,668,467	1,507,131	161,336	10.7
Liabilities:				
Payables for securities purchased	17,537	7,820	9,717	124.3
Accounts payable and other	268	268	-	-
Deferred Retirement Option Plan	89,768	62,211	27,557	44.3
Obligations under securities lending	221,384	169,704	51,680	30.5
Total liabilities	328,957	240,003	88,954	37.1
Net assets held in trust for pension benefits	$ 1,339,510	$ 1,267,128	$ 72,382	5.7%

Financial Analysis - continued

Table 1 - Condensed Summary of Net Assets - continued
September 30,
(Dollar Amounts in Thousands)

	2009	2008	Increase (Decrease) Amount	Total Percentage Change
Assets:				
Cash and cash equivalents	$ 47,934	$ 61,311	$ (13,377)	(21.8)%
Receivables	7,985	11,195	(3,210)	(28.7)
Investments	1,281,969	1,321,092	(39,123)	(3.0)
Security lending collateral - invested	167,115	187,541	(20,426)	(10.9)
Property and equipment, net	2,128	2,171	(43)	(2.0)
Total assets	1,507,131	1,583,310	(76,179)	(4.8)
Liabilities:				
Payables for securities purchased	7,820	23,685	(15,865)	(67.0)
Accounts payable and other	268	255	13	5.1
Deferred Retirement Option Plan	62,211	44,479	17,732	39.9
Obligations under securities lending	169,704	190,141	(20,437)	(10.7)
Total liabilities	240,003	258,560	(18,557)	(7.2)
Net assets held in trust for pension benefits	$ 1,267,128	$ 1,324,750	$ (57,622)	(4.3)%

Additions to Plan Net Assets

The reserves needed to finance retirement benefits are accumulated through the collection of contributions from members and the City and through earnings on investments. Contributions and net investment income (loss) for fiscal years 2010 and 2009 totaled $191.3 million and $44.8 million, respectively.

For the fiscal year ended September 30, 2010 total additions to plan net assets increased $146.5 million or 327.2% from those of the prior year, due primarily to significant improvements in the financial markets. Actual results were:

1) City contributions increased from the previous year by $22.0 million or 59.6%. This increased is primarily due to an increase in the City's actuarially computed minimum required contribution.
2) Member contributions increased from the previous year by $667.2 thousand or 6.8%. Member contributions fluctuate from year to year, based on the number active members and changes in salaries. Also, Firefighters' rate of contribution increased from 8% to 9% effective October 1, 2009.

3) Investment income increased from the previous year by $123.8 million or 6,237.3 %.

Additions to Plan Net Assets - continued

For the fiscal year ended September 30, 2009 total additions to plan net assets increased $226.7 million or 124.6% from those of the prior year, due primarily to significant improvements in the financial markets. Actual results were:

1) City contributions increased from the previous year by $953.1 thousand or 2.6%. This increased is primarily due to an increase in the City's actuarially computed minimum required contribution.

2) Member contributions increased from the previous year by $49.2 thousand or 0.5%. Member contributions fluctuate from year to year, based on the number active members and changes in salaries.

3) Investment income increased from the previous year by $225.7 million or 99.0 %.

Additions in Plan Net Assets
Years Ended September 30,
(Dollar Amounts in Thousands)

	2010	2009	Increase (Decrease) Amount	Total Percentage Change
City contribution	**$ 59,025**	**$ 36,993**	**22,032**	**59.6%**
Member contributions	**10,436**	**9,769**	**667**	**6.8**
Net investment income (loss)	**121,813**	**(1,985)**	**123,798**	**6,237.3**
Total additions	**$ 191,274**	**$ 44,777**	**146,497**	**327.2%**

Table 2 - Additions in Plan Net Assets
Years Ended September 30,
(Dollar Amounts in Thousands)

	2009	2008	Increase (Decrease) Amount	Total Percentage Change
City contribution	$ 36,993	$ 36,040	$ 953	2.6%
Member contributions	9,769	9,720	49	0.5
Net investment loss	(1,985)	(227,638)	225,653	99.0
Total additions (reductions)	$ 44,777	$(181,878)	$ 226,655	124.6%

Deductions from Plan Net Assets

The primary expenses of the Trust include the payment of pension benefits to members and beneficiaries, refund of contributions to former members, and distributions to retirees. Total deductions for fiscal years ended 2010 and 2009 were $118.9 million and $102.4 million, an increase of 16.1% and 8.7%, over years 2009 and 2008 expenditures, respectively.

For the fiscal years ended September 30, 2010 and 2009, the payment of pension benefits to retirees increased by $16.3 million and $7.2 million or 19.2 % and 9.3%, respectively, from the previous year. The increase in pension benefit expenditures resulted from an increase in number of retirees (342) and (104), respectively, and an increase in benefit payments to retirees.

Deductions from Plan Net Assets
Years Ended September 30,
(In Thousands)

	2010	2009	Increase (Decrease) Amount	Total Percentage Change
Pension benefits paid	**$ 101,372**	**$ 85,065**	**$ 16,307**	**19.2%**
Refund of contributions	**241**	**367**	**(126)**	**(34.3)**
Distributions to retirees	**17,237**	**16,925**	**312**	**1.8**
Depreciation expense	**43**	**43**	**-**	**-**
Total deductions	**$ 118,893**	**$ 102,400**	**$ 16,493**	**16.1%**

Table 3 - Deductions from Plan Net Assets
Years Ended September 30,
(In Thousands)

	2009	2008	Increase (Decrease) Amount	Total Percentage Change
Pension benefits paid	$ 85,065	$ 77,795	$ 7,270	9.3%
Refund of contributions	367	678	(311)	(45.9)
Distributions to retirees	16,925	15,666	1,259	8.0
Depreciation expense	43	43	-	-
Total deductions	$ 102,400	$ 94,182	$ 8,218	(8.7)%

Capital Assets

As of September 30, 2010 and 2009, the Trust's investment in capital assets totaled $2.1 million and $2.1 million, respectively (net of accumulated depreciation). This investment in capital assets includes land and building for administrative use.

Retirement System as a Whole

The Trust's combined net assets have increased from those of fiscal years ended 2010 and 2009. Management believes, and actuarial studies concur, that the Trust is in a financial position to meet its current obligations.

Contacting the Trust's Financial Management

This financial report is designed to provide the Retirement Board, our membership, taxpayers, investors, and creditors with a general overview of the Trust's finances and to demonstrate the Trust's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City of Miami Fire Fighters' and Police Officers' Retirement Trust Fund, 1895 SW 3 Avenue, Miami FL, 33129.

City of Miami Fire Fighters' and Police Officers' Retirement Trust

Statements of Plan Net Assets
September 30, 2010 and 2009

	2010				2009			
	Membership and Benefit Account	**Cost-of-Living Adjustment I Account**	**Cost-of-Living Adjustment II Account**	**Total**	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total
Assets:								
Cash and cash equivalents	**$ 33,210,972**	**$ 1,287,147**	**$ 9,210,592**	**$ 43,708,711**	$ 35,912,059	$ 1,405,236	$ 10,616,545	$ 47,933,840
Investments, at fair value:								
U.S. government and agency obligations	**166,291,887**	**6,444,920**	**46,118,700**	**218,855,507**	116,684,025	4,565,840	34,494,847	155,744,712
Domestic fixed income	**198,537,595**	**7,694,656**	**55,061,591**	**261,293,842**	163,757,796	6,407,834	48,411,083	218,576,713
Domestic equity	**424,354,632**	**16,446,572**	**117,688,749**	**558,489,953**	507,827,747	18,611,326	136,010,574	662,449,647
International equity	**99,241,835**	**3,846,283**	**27,523,318**	**130,611,436**	54,668,378	2,139,171	16,161,401	72,968,950
Private equity	**23,748,725**	**920,421**	**6,586,373**	**31,255,519**	17,251,928	675,067	5,100,120	23,027,115
Real estate equity	**73,734,681**	**2,857,711**	**20,449,270**	**97,041,662**	65,173,970	2,550,254	19,267,129	86,991,353
Mutual funds - Deferred Retirement Option Plan	**89,767,560**	**-**	**-**	**89,767,560**	62,210,518	-	-	62,210,518
Total investments	**1,075,676,915**	**38,210,563**	**273,428,001**	**1,387,315,479**	987,574,362	34,949,492	259,445,154	1,281,969,008
Security lending cash collateral - invested	**168,213,301**	**6,519,387**	**46,651,577**	**221,384,265**	125,202,962	4,899,185	37,013,267	167,115,414
Receivables:								
Proceeds from securities sold	**7,037,560**	**-**	**-**	**7,037,560**	3,580,275	-	-	3,580,275
Member contributions	**526,720**	**-**	**-**	**526,720**	291,734	-	-	291,734
Budget advance from City	**945,307**	**-**	**-**	**945,307**	599,932	-	-	599,932
Accrued interest and other	**5,463,781**	**-**	**-**	**5,463,781**	3,513,189	-	-	3,513,189
Total receivables	**13,973,368**	**-**	**-**	**13,973,368**	7,985,130	-	-	7,985,130
Property and equipment, net	**1,584,512**	**61,410**	**439,442**	**2,085,364**	1,594,366	62,387	471,336	2,128,089
Total assets	**1,292,659,068**	**46,078,507**	**329,729,612**	**1,668,467,187**	1,158,268,879	41,316,300	307,546,302	1,507,131,481
Liabilities:								
Payable for securities purchased	**17,536,870**	**-**	**-**	**17,536,870**	7,819,984	-	-	7,819,984
Accounts payable and other	**268,017**	**-**	**-**	**268,017**	268,013	-	-	268,013
Obligations under secuities lending	**168,213,301**	**6,519,387**	**46,651,577**	**221,384,265**	127,142,516	4,975,080	37,586,650	169,704,246
Deferred Retirement Option Plan	**89,767,560**	**-**	**-**	**89,767,560**	62,210,518	-	-	62,210,518
Total liabilities	**275,785,748**	**6,519,387**	**46,651,577**	**328,956,712**	197,441,031	4,975,080	37,586,650	240,002,761
Net assets held in trust for pension benefits (a schedule of funding progress is presented on page 27)	**$ 1,016,873,320**	**$ 39,559,120**	**$ 283,078,035**	**$ 1,339,510,475**	$ 960,827,848	$ 36,341,220	$ 269,959,652	$ 1,267,128,720

The accompanying notes are an integral part of these financial statements.

City of Miami Fire Fighters' and Police Officers' Retirement Trust

Statements of Changes in Plan Net Assets
For the Years Ended September 30, 2010 and 2009

	2010				2009			
	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total
Additions:								
Contributions:								
City	$ 54,342,926	$ -	$ 4,682,453	$ 59,025,379	$ 36,993,395	$ -	$ -	$ 36,993,395
Members	10,436,367	-	-	10,436,367	9,769,139	-	-	9,769,139
Total contributions	64,779,293	-	4,682,453	69,461,746	46,762,534	-	-	46,762,534
Investment income:								
Net appreciation (depreciation) in fair value of investments	67,227,781	2,532,328	18,397,395	88,157,504	(26,943,221)	(768,466)	(5,643,293)	(33,354,980)
Interest	19,213,871	720,303	5,259,445	25,193,619	19,373,534	556,659	4,073,181	24,003,374
Dividend	7,481,033	278,933	2,042,043	9,802,009	8,256,107	231,385	1,713,883	10,201,375
Other	486,956	18,124	132,975	638,055	678,298	19,284	140,596	838,178
	94,409,641	3,549,688	25,831,858	123,791,187	1,364,718	38,862	284,367	1,687,947
Less investment expense	3,735,860	139,908	1,024,177	4,899,945	3,627,752	104,680	779,060	4,511,492
Net investment income (loss) from investing activities	90,673,781	3,409,780	24,807,681	118,891,242	(2,263,034)	(65,818)	(494,693)	(2,823,545)
Security lending activities:								
Security lending income	379,698	14,228	103,939	497,865	849,083	23,748	169,954	1,042,785
Security lending fees and rebates	93,453	3,501	25,572	122,526	175,483	4,879	34,861	215,223
Unrealized gain	1,951,401	71,041	523,412	2,545,854	9,032	258	1,892	11,182
Net income from security lending activities	2,237,646	81,768	601,779	2,921,193	682,632	19,127	136,985	838,744
Total net, investment income (loss)	92,911,427	3,491,548	25,409,460	121,812,435	(1,580,402)	(46,691)	(357,708)	(1,984,801)
Total additions (reductions)	157,690,720	3,491,548	30,091,913	191,274,181	45,182,132	(46,691)	(357,708)	44,777,733
Deductions:								
Pension benefits paid	101,371,860	-	-	101,371,860	85,064,508	-	-	85,064,508
Refund of contributions	240,922	-	-	240,922	366,601	-	-	366,601
Distributions to retirees	-	272,395	16,964,523	17,236,918	-	303,194	16,622,228	16,925,422
Depreciation expense	32,468	1,253	9,005	42,726	33,625	1,039	8,062	42,726
Total deductions	101,645,250	273,648	16,973,528	118,892,426	85,464,734	304,233	16,630,290	102,399,257
Allocation of net (loss) earnings	-	-	-	-	(40,396,385)	-	40,396,385	-
Net increase (decrease)	56,045,470	3,217,900	13,118,385	72,381,755	(80,678,987)	(350,924)	23,408,387	(57,621,524)
Net assets held in trust for pension benefits:								
Beginning of year	960,827,848	36,341,220	269,959,652	1,267,128,720	1,041,506,835	36,692,144	246,551,265	1,324,750,244
End of year	$ 1,016,873,318	$ 39,559,120	$ 283,078,037	$ 1,339,510,475	$ 960,827,848	$ 36,341,220	$ 269,959,652	$ 1,267,128,720

The accompanying notes are an integral part of these financial statements.

Note 1 - Description of the Plan

Organization

The City of Miami Fire Fighters' and Police Officers' Retirement Trust (the Trust) is a single employer defined benefit pension plan established by the City of Miami, Florida (the City) pursuant to the provisions and requirements of Ordinance No. 10002 as amended. Since the Trust is sponsored by the City, the Trust is included as a pension trust fund in the City's comprehensive financial report as part of the City's financial reporting entity.

The following brief description of the Trust is provided for general information purposes only. Participants should refer to the Trust document for more detailed and comprehensive information.

Membership

Participants are contributing police officers and firefighters with full-time status in the Police and Fire Department of the City of Miami, Florida.

Membership in the Trust consisted of the following as of October 1:

	2010	2009
Retirees and beneficiaries currently receiving benefits and terminated members entitled to benefits but not yet receiving them	2,264	1,974
Current members:		
Vested	612	912
Nonvested	615	605
	1,227	1,517

Member Contributions

Members contribute a percentage of their base salaries on a bi-weekly basis. Police Officers' member contribution is 7% and Firefighters' member contribution is 9% (8% prior to October 1, 2009), of compensation or equal to the City's contribution, whichever is less. Prior to the agreement dated January 9, 1994, members contributed 10.5%, of which 2% was designated as a contribution to the Cost-of-Living Adjustment I Account (COLA I account). Effective January 9, 1994, the Trust entered into an agreement with the City whereby this percentage was decreased to 10% and a new Cost-of-Living Adjustment II Account (COLA II account) was created and funded by a percentage of the excess investment return (from other than COLA I account assets).

Note 1 - Description of the Plan - continued

Member Contributions - continued

Should the member contribution be less than 7% for Police Officers and 9% (8% prior to October 1, 2009) for Firefighters, due to the City contribution, the difference between the percentage contributed and the actual contribution shall be deducted from the member's paycheck and placed into an individual contribution account (ICA), as part of the retirement system. Interest on ICA's shall be determined in the same manner as the COLA transfer methodology. Interest shall be credited periodically to the ICA's as determined by the retirement system board's actuary. Member contributions and earnings in ICA's shall be deemed 100% vested upon deposit. Upon the member's separation, ICA balances shall be disbursed as provided under the IRS Code. As of September 30, 2010 and 2009 it was not necessary to create an ICA.

A retiring member who does not participate in the DROP can purchase three additional years of creditable service. During the years ended September 30, 2010 and 2009, approximately $1,074,948 and $189,581 respectively, is included as member contributions for the purchase of additional service years by members as provided for by the Trust.

Funding Requirements

The City is to contribute such amounts as are necessary to maintain the actuarial soundness of the Trust and to provide the Trust with assets sufficient to meet the benefits to be paid to the participants. Contributions to the Trust are authorized, pursuant to City of Miami Code Section 40.196 (a) and (b). Contributions to the COLA accounts are authorized pursuant to Section 40.204 of the City of Miami Code. The City's contributions to the Trust provide for non-investment expenses and normal costs of the Trust. The yield (interest, dividends, and net realized gains and losses) on investments of the Trust serves to reduce/increase future contributions that would otherwise be required to provide for the defined level of benefits under the Trust.

Pension Benefits

Effective October 1, 1998 members may elect to retire after 10 or more years of creditable service upon attainment of normal retirement age. Normal retirement age for members shall be 50 years of age. A member exercising normal service retirement or rule of 64 retirement (computation of service retirement on the basis of his or her combined age and creditable service equaling 64) shall be entitled to receive a retirement allowance equal to 3% of the member's average final compensation (as defined in the city code section 40-191), multiplied by years of creditable service for the first 15 years of such creditable service, plus a retirement allowance equal to 3½% of member's average final compensation multiplied by the years of creditable service in excess of 15 years, paid in monthly installments.

Rule of 68 shall mean a computation consisting of the sum of a member's age and length of creditable service, which sum shall permit normal service retirement upon the member's combined age and creditable service equaling at least 68. Effective October 1, 2009, the Rule of 68 shall only apply to firefighter members whose combined age and length of creditable service are less than 64 on September 30, 2009.

Early retirement, disability, death and other benefits are also provided.

Note 1 - Description of the Plan - continued

Investments

The Trust investment policy is determined by the Board of Trustees and is implemented by investment managers. In addition, the Trust utilizes an investment advisor who monitors the investing activities. The investment policy of the Trust stipulates that the trustees shall, in acquiring, investing, reinvesting, exchanging, retaining, selling and maintaining property for the benefit of the Trust exercise the judgment and care under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital. The trustees are authorized to acquire and retain various kinds of property, real, personal or mixed, and various types of investments specifically including, but not by way of limitation, bonds, debentures and other corporate obligations, and stocks, preferred or common, which persons of prudence, discretion and intelligence acquire or retain for their own account. The investment of funds shall be in a manner that is consistent with the applicable sections of the City Code as well as State and Federal laws within the allocation percentages established in the Trust's investment policy guidelines.

The investments are considered held by the Membership and Benefit Account and a share of the value of this account is allocated to each account based on a weighted average calculation performed each month to reflect each account's membership and benefit, COLA I and COLA II activity.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The Trust's financial statements are prepared using the accrual basis of accounting. Member contributions are recognized as revenues in the period in which contributions are due. City contributions are recognized as revenues when due pursuant to actuarial valuations. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investment purchases and sales are recorded on a trade-date basis. Interest, dividend and other income are recorded as earned.

Recently Adopted Accounting Pronouncements

The Trust implemented GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments effective for fiscal year ended September 30, 2010. This statement enhances the usefulness and comparability of derivative information reported in the financial statements. There was no significant impact on the Trust's financial statements with the implementation of GASB Statement No. 53.

Cash equivalents

The Trust considers all highly liquid investments with short maturities, typically less than three months but no more than one year when purchased, to be cash equivalents.

Note 2 - Summary of Significant Accounting Policies - continued

Risk and Uncertainties

Contributions to the Trust and the actuarial information included in the required supplementary information (RSI) are reported based on certain assumptions pertaining to the interest rates, inflation rates and member compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to the uncertainties inherent in settling assumptions, that the effect of such changes could be material to the financial statements.

Subsequent Events

Management has evaluated subsequent events through January 14, 2011, the date which the financial statements were available for issue.

Note 3 - Funded Status and Funding Progress

The funded status of the Trust as of October 1, 2009, the most recent actuarial valuation date, is as follows, (dollar amounts in millions):

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
10/01/09	$ 970.8	$ 1,539.3	$ 568.5	63%	$ 122.2	465%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

The Trust is funded in accordance with the Aggregate Cost Method. In accordance with GASB 50, the AAL above has been calculated in accordance with the Entry Age Normal Cost Method, for purposes of calculating and disclosing the funded ratio. The information presented here is intended to serve as a surrogate for the funded status of the plan.

Note 3 - Funded Status and Funding Progress - continued

Additional information as of the latest actuarial valuation follows:

Valuation Date:	October 1, 2009
Actuarial Cost Method:	Aggregate Cost Method
Amortization Method:	N/A
Asset Valuation Method:	20% Write-Up Method: Expected value is based on the Interest Discount/Investment Return rate applied to the actuarial asset value as of the previous valuation date and cash flow during the year. 20% of the difference between the Expected Value and the Market Value (net of pending transfers to the COLA Fund) is added to the Expected Value. The result cannot be greater that 120% of market value or less than 80% of market value (net of pending COLA transfers).
Actuarial assumptions:	
Investment rate of return	7.75%, compounded annually
Salary increases:	
Inflation	3.5%, compounded annually, attributable to inflation
Seniority/merit	5.0% to 0% reducing by attained age
Promotion/other	1.5%
Mortality table	Ga94 - Mortality table
Disabled mortality	Pension Benefit Guaranty Corporation ("PBGC") Non-OASDI basis

Note 4 - Deposit and Investment Risk Disclosures

Investment Authorization

The Board of Trustees holds the fiduciary responsibility for the Trust. Thus, the Trustees have set a reasonably diversified asset allocation (including minimum and maximum allocations), which is expected to appropriately fund the Trust's liabilities and meet its basic investment objectives. The basis for such a target asset allocation is a study of the Trust's pension liabilities and reasonable, alternative investment portfolios.

The Trustees have adopted a policy to invest in several institutionally acceptable asset classes. These are domestic equity (large, mid and small capitalization), international equity (developed and emerging markets), domestic real estate (institutional quality properties either individually or in open-ended commingled funds, or in REIT securities portfolios), private equity funds, domestic fixed income, and short-term investments. Other asset classes may be added by the Trustees to its investment policy.

Note 4 - Deposit and Investment Risk Disclosures - continued

Investment Authorization - continued

Investment in domestic equity securities shall be limited to those listed on a major U.S. stock exchange and limited to no more than 34% (at market) of the Trust's total asset value. Investments in stocks of foreign companies shall be limited to 23% of the value of the Trust's portfolio. Investments in domestic fixed income securities shall be limited to 55% (at maturity) of the Trusts' total portfolio. The domestic fixed income portfolio shall be comprised of securities rated "BBB" or higher by nationally recognized rating agencies, preferably by Moodys' or Standard & Poors rating services. Domestic real estate and private equity funds shall be limited to 10% and 8%, respectively, of the value of the portfolio.

No single security can represent more than 5% of the market value of a portfolio at the time of purchase, and no single industry (based on Global Industry Classification System codes) can represent more than 15% of the market value of the account. These single security and single industry restrictions do not apply to U.S. Government and Agency bond holdings.

Types of Investments

Florida statutes and Trust investment policy authorize the Trustees to invest funds in various investments. The current target and actual allocation of these investments at market, per the performance analysis report, is as follows as of September 30:

	2010		2009	
Authorized Investments	**Target % of Portfolio**	**Actual % of Portfolio**	Target % of Portfolio	Actual of Portfolio
Cash	**0.0%**	**0.3%**	0.0%	0.3%
Domestic equities	**28.0**	**42.7**	54.0	53.8
Domestic fixed income	**41.0**	**37.4**	28.0	31.1
International equities	**18.0**	**10.2**	6.0	6.1
Real estate	**8.0**	**7.4**	8.0	7.1
Private equity	**5.0%**	**2.0%**	4.0%	1.6%

Note 4 - Deposit and Investment Risk Disclosures - continued

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to interest rate risk, the Trust diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities.

Information about the sensitivity of the fair values of the Trust's investments to market interest rate fluctuations is provided by the following tables that show the distribution of the Trust's investments by maturity at September 30:

2010
Investment Maturities (in years)

Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. treasuries	**$ 103,560,990**	**$ 6,978,831**	**$ 41,426,540**	**$ 40,867,112**	**$ 14,288,507**
U.S. agencies	**115,294,517**	**2,249,241**	**5,051,246**	**11,120,547**	**96,873,483**
Corporate bonds	**261,293,842**	**4,670,904**	**77,409,891**	**107,293,143**	**71,919,904**
	$ 480,149,349	**$ 13,898,976**	**$ 123,887,677**	**$ 159,280,802**	**$ 183,081,894**
% of fixed income portfolio	**100%**	**2.9 %**	**25.8 %**	**33.2 %**	**38.1 %**

2009
Investment Maturities (in years)

Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. treasuries	$ 24,130,413	$ 1,779,736	$ 8,545,036	$ 3,142,280	$ 10,663,631
U.S. agencies	131,614,299	-	6,690,160	19,058,792	105,865,347
Corporate bonds	218,576,713	199,157	57,179,884	94,907,141	66,290,531
	$ 374,321,425	$ 1,978,893	$72,415,080	$ 117,108,213	$ 182,819,239
% of fixed income portfolio	100%	0.5 %	19.4 %	31.3 %	48.8 %

Credit Risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Trust's investment policy utilizes portfolio diversification in order to control this risk.

Note 4 - Deposit and Investment Risk Disclosures - continued

Credit Risk - continued

The following tables disclose credit ratings by investment type, at September 30, as applicable:

2010		
	Fair Value	**Percentage of Portfolio**
U.S. government guaranteed*	**$ 218,855,507**	**45.58%**
Credit risk debt securities:		
AAA	**34,015,051**	**7.08**
AA	**24,028,362**	**5.00**
A	**70,559,060**	**14.70**
BBB	**59,444,273**	**12.38**
BB and lower	**70,275,827**	**14.64**
Bond funds**	**245,347**	**0.05**
Not rated	**2,725,922**	**0.57**
Total credit risk debt securities	**261,293,842**	**54.42**
Total fixed income securities	**$ 480,149,349**	**100.00%**

2009		
	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	$ 155,744,712	41.61%
Credit risk debt securities:		
AAA	44,996,042	12.02
AA+	5,131,672	1.37
AA	7,667,174	2.05
AA-	8,366,592	2.24
A+	7,714,917	2.06
A	35,118,325	9.38
A-	22,203,204	5.93
BBB+	14,570,948	3.89
BBB	16,850,892	4.50
BBB-	10,109,573	2.70
BB and lower	6,106,852	1.63
Bond funds***	38,289,773	10.23
Not rated	1,450,746	0.39
Total credit risk debt securities	218,576,713	58.39
Total fixed income securities	$ 374,321,425	100.00%

*Obligations of the U.S. government or obligations explicitly or implicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

** At September 30, 2010 Bond funds are comprised of securities rated AAA (100%) per ratings provided by Standard and Poors.

***At September 30, 2009 Bond funds are comprised of securities rated AAA (34.0%); AA (6.6%); A (5.9%); BBB+ (0.3%); BBB (8.1%) BB and lower (45.1%) per the Barclays Capital Aggregate Index and Standard and Poors.

Note 4 - Deposit and Investment Risk Disclosures - continued

Concentration of Credit Risk

The investment policy of the Trust contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of plan net assets at September 30, 2010 and 2009.

Custodial Credit Risk

Deposits are exposed to custodial risk if they are uninsured and uncollateralized. Custodial risk is the risk that, in the event of the failure of the counterparty, the Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the Trust and are held either by the counterparty or the counterparty's trust department or agent but not in the Trust's name.

Consistent with the Trust's investment policy, the investments are held by Trust's custodial bank and registered in the Trust's name. All of the Trust's deposits are insured and or collateralized by a financial institution separate from the Trust's depository financial institution.

Foreign Currency Risk

Foreign currency is the risk that changes in exchange rates will adversely affect the fair value of the investment or a deposit. Each investment manager, through the purchase of units in a commingled investment trust fund or international equity mutual fund, establishes investments in international equities. The Trust has exposure to foreign currency fluctuation at September 30, as follows:

Currency	2010 Holdings Valued In U.S. Dollars International Equities	2009 Holdings Valued In U.S. Dollars International Equities
Swiss Franc	$ 6,991,767	$ 3,041,372
Canadian Dollar	266,767	208,586
Euro	9,053,066	17,567,791
British Pound Sterling	8,638,608	2,769,816
Hong Kong Dollar	397,799	7,459
Japanese Yen	6,922,128	135,952
South Korean Won	1,670,897	1,659,890
Swedish Krona	3,151,404	2,607,061
Norwegian Krone	2,876,210	2,144,245
New Zealand Dollar	-	1,932,640
Danish Krone	360,033	305,610
Australian Dollar	2,307,196	7,237,383
Other	2,071,272	1,309,802
Total	$ 44,707,147	$ 40,927,607

Note 4 - Deposit and Investment Risk Disclosures - continued

Derivatives

Derivatives are financial instruments whose value is derived from underlying asset or data. All of the Trust derivatives are considered investments. Derivatives generally take the form of contracts in which two parties agree to make payments at a later date based on the value of specific assets or indices. The Trust may invest in various derivative financial instruments such as financial futures; forward foreign currency contracts and currency options; interest rate swaps, interest-only and principal only CMOs; and mortgage CMOs to enhance the performance and reduce volatility.

To date, the primary reasons for the use of derivative contracts have pertained to their ability to facilitate changes to the asset allocation of the total plan and for their low cost of implementation. The acceptable investment purposes for the use of derivatives are as follows:

a. Appropriate to use futures, options and forward currency contracts to assist investment managers in mitigating portfolio risk.
b. Useful substitute for an existing, traditional investment. In certain circumstances it may be cheaper, quicker or easier to invest in a derivative instrument or security rather than transacting in the cash or traditional security market.
c. Provides investment value to the portfolio, while being consistent with the Retirement Trust's overall and specific investment policies.
d. Obtains investment exposure that is appropriate with the mangers' investment strategy and the Retirement Trust's investment guidelines, but could not be made through traditional investment securities.

Futures are contractual obligations that require the buyer (seller) to buy (sell) assets at a predetermined date at a predetermined price. These contracts are standardized and traded on an organized exchange with gains and losses settled daily thereby minimizing credit and default risk. Gains and losses are included in the net appreciation/ (depreciation) in the fair value of investments total of the Statement of Changes in Plan Net Assets.

The table below presents classification information on the Trust's derivatives at September 30, 2010:

	Changes in Fair Value		Fair Value at 9/30/2010		
	Classification	Amount	Classification	Amount	Notional
Investment derivatives:					
Futures contracts	Net appreciation	$ 4,487	U.S. treasuries notes	$4,487	$ 1,075,000

Securities Lending Transactions

A retirement system is authorized by state statutes and board of trustees' policies to lend its investment securities. The lending is managed by the Trust's custodial bank. All loans can be terminated on demand by either the Trust or the borrowers, although the average term of loans is approximately one hundred and ten days. The custodial bank and its affiliates are prohibited from borrowing the system's securities.

Note 4 - Deposit and Investment Risk Disclosures - continued

Securities Lending Transactions - continued

The agent lends the Trust's U.S. government and agency securities and domestic corporate fixed-income and equity securities for securities or cash collateral of 102 percent and international securities of 105 percent of the securities plus any accrued interest. The securities lending contracts do not allow the Trust to pledge or sell any collateral securities unless the borrower defaults. Cash collateral is invested in the agent's collateral investment pool, whose share values are based on the amortized cost of the pool's investments. Investments are restricted to issuers with a credit rating A3 or A- or higher by Moodys or Standard & Poors. At year end, the pool has a weighted average term to maturity of twenty-one days.

The relationship between the maturities of the investment pool and the Trust's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Trust cannot determine. There are policy restrictions by the custodial bank that limits the amount of securities that can be lent at one time or to one borrower.

Loaned securities continue to be classified as investment assets on the consolidated balance sheet. Cash collateral is recorded as an asset with a corresponding liability. For lending agreements collateralized by securities, no accompanying asset or liability is recorded, s we are not permitted to sell ore re-pledge the associated collateral.

The following represents the balances relating to securities lending transactions at September 30:

	2010		
Securities Lent:	**Market Value of Securities on Loan for Cash**	**Fair Value of Cash Collateral Invested**	**Fair Value of Liabilities to Borrowers**
U.S. government and agency obligations	**$ 79,732,615**	**$ 81,475,374**	**$ 81,475,374**
Domestic corporate stocks	**91,606,231**	**94,012,347**	**94,012,347**
Domestic corporate bonds	**44,828,798**	**45,896,545**	**45,896,545**
Total securities lent	**$ 216,167,644**	**$ 221,384,266**	**$ 221,384,266**

	2009		
Securities Lent:	Market Value of Securities on Loan for Cash	Fair Value of Cash Collateral Invested	Fair Value of Liabilities to Borrowers
U.S. government and agency obligations	$ 25,080,973	$ 25,659,622	$ 26,057,124
Domestic corporate stocks	115,002,763	117,935,624	119,762,597
Domestic corporate bonds	19,961,727	20,463,930	20,780,942
International corporate stocks	2,863,384	3,056,238	3,103,583
Total securities lent	$ 162,908,847	$ 167,115,414	$ 169,704,246

Note 4 - Deposit and Investment Risk Disclosures - continued

Securities Lending Transactions - continued

The contract with the Trust's custodian requires the custodian to indemnify the Trust if the borrower fails to return the securities, due to the insolvency of a borrower, and the custodian has failed to live up to its contractual responsibilities relating to the lending of those securities. At year end, the Trust has no credit risk exposure to borrowers because the amounts of collateral held by the Trust exceed the amounts the borrowers owe the Trust. There are no significant violations of legal or contractual provisions, no borrowers or lending agent default losses, and no recoveries of prior period losses during the year. There are no income distributions owing on securities lent.

In September 2008 when the market experienced a significant decline and there was a general lack of liquidity in the credit market, certain assets held in the custodial agent's short-term investment cash collateral pool were deemed to be impaired. The custodial agent re-valued many securities held by the securities lending cash collateral pool resulting in a mark down of the assets and causing the value of the pool to fall below the commitments owed to the borrowers. The amount of the collateral deficiency was calculated based on the difference between the book value and vended prices (rather than liquidation) at the time, and a liability was assigned to the Trust based on the Trust's ratable ownership of the pool. If the Trust should elect to withdraw from the securities lending program, the liability would be realized. The impaired assets have been segregated from the collateral pool into a liquidation account which is valued daily. The Trust owns interest in the liquidation account rather than having a direct ownership in the impaired securities. At September 30, 2009 the Trust's liability was $2,588,832 which approximates the liability initially recorded. The deficiency is reported as a securities lending collateral unrealized loss on the Statements of Changes in Plan Net Assets and a reduction to the asset value of securities lending collateral reported on the Statements of Plan Net Assets. In November 2009 the custodial agent determined the improving conditions in the economic and financial markets justified reducing the Trust's liability (excluding realized losses and related settlement costs) by approximately seventy-seven percent, and in March 2010 the remaining collateral deficiency was reversed, eliminating the liability.

Note 5 - COLA Accounts

Effective January 9, 1994, the Trust entered into an agreement with the City of Miami with regards to the funding methods, member benefits, member contributions and retiree COLA. As of January 9, 1994, members no longer contribute to the original COLA account (COLA I), and a new COLA account (COLA II) was established.

The agreement included the following provisions:

- The funding method was changed to an aggregate cost method.
- Combining all accounts for investment purposes (membership and benefit, COLA I and COLA II).
- Retirees receive additional COLA benefits.
- Active members no longer contribute 2% of pretax earnings to fund the original retiree COLA account (COLA I account).

Note 5 - COLA Accounts - continued

The COLA II account is funded annually by a percentage of the excess investment returns from other than COLA I account assets. The excess earnings contributed to the COLA II account will be used to fund a minimum annual payment of $2.5 million, increasing by 4% compounded annually. To the extent necessary, the City will fund the portion of the minimum annual payment not funded by annual excess earnings no later than January 1 of the following year. During the years ended September 30, 2010 and 2009, approximately $4,682,000 and $0, respectively, was funded by the City. Benefits payable from the COLA accounts are computed in accordance with an actuarially based formula as defined in Section 40.204 of the City of Miami Code.

Note 6 - Deferred Retirement Option Plan (DROP)

Members who are eligible for service retirement or Rule of 64 or Rule 68 after September 1998 may elect to enter the Deferred Retirement Option Plan. Maximum participation in the DROP for firefighters shall be 54 full months and for police officers shall be 84 months. A member's creditable service, accrued benefit and compensation calculation shall be frozen.

Upon commencement of participation in the DROP, the participant's contribution and the City's contribution to the Trust for that participant cease as the participant will not earn further creditable service for pension purposes. Effective July 24, 2008, firefighter DROP participants may continue City employment for up to a maximum of 54 full months and police officers who elect DROP on May 8, 2008, or thereafter, may continue City employment for up to a maximum of 84 full months. No payment is made to or for the benefit of a DROP participant beyond that period. For persons electing participation in the DROP, an individual DROP account shall be created. Payment shall be made by the retirement trust into the member's DROP account in an amount equal to the regular monthly retirement benefit which the participant would have received had the participant separated from service and commenced receipt of pension benefits. Payments received by the participant in the DROP account are tax deferred. A series of investment vehicles which are established by the board of trustees are made available to DROP participants to choose from. Any losses, charges, or expenses incurred by the participant in their DROP account are not made up by the City or the Trust, but shall be borne by the participant.

Upon termination of employment, a member may receive distribution from the DROP account in the following manner:

- Lump sum distribution
- Periodic payments
- Annuity
- Roll over of the balance to another qualified retirement plan

Any member may defer distribution until the latest date authorized by Section 401(a)(9) of the Internal Revenue Code.

Note 6 - Deferred Retirement Option Plan (DROP) - continued

A DROP participant shall not be entitled to receive an ordinary or service disability retirement and in the event of death of a DROP participant, there shall be no accidental death benefit for pension purposes. DROP participation does not affect any other death or disability benefit provided to a member under federal law, state law, City ordinance, or any rights or benefits under any applicable collective bargaining agreement. At September 30, 2010 and 2009, there were 282 and 235 DROP participants, respectively.

The DROP of the Trust also consists of a Benefit Actuarially Calculated DROP (BACDROP). A member may elect to BACDROP to a date no further back than the date of their retirement eligibility date. Effective October 1, 2001, the BACDROP period must be in 12 month increments, beginning at the start of a pay period, not to exceed 48 full months for firefighters and 12 full months for police officers who elect DROP on October 1, 2003. Participation in the BACDROP does not preclude participation in the Forward DROP.

Note 7 - Property and Equipment

Property and equipment consist of the following at September 30:

	Estimated Useful Life	2010	2009
Land	N/A	$ 760,865	$ 760,865
Building	39 years	1,666,305	1,666,305
Total cost		2,427,170	2,427,170
Less: accumulated depreciation		341,806	299,079
Net		2,085,364	$ 2,128,089

Depreciation expense for the years ended September 30, 2010 and 2009 was $42,726 and $42,726, respectively.

Note 8 - Budget Advance from City

Administrative costs of the Trust are paid directly by the Trust from budget advance monies provided by the City. The Trust provides the City with an accounting of how these funds are expended during the period. Funding for such administrative costs for the years ended September 30, 2010 and 2009 was as follows:

	2010	2009
Budget advance due from City - beginning of year	$ 599,932	$ 444,346
Advance received from the City	(1,681,670)	(1,921,758)
	(1,081,738)	(1,477,412)
Administrative costs incurred, including custodian and Consultants' fees, personnel and other office expenses	2,027,045	2,077,344
Budget advance due from City - end of year	$ 945,307	$ 599,932

Since the above administrative costs are fully funded by the City, they are not included in the administrative expenses set forth in the statements of changes in plan net assets.

Note 9 - Off-Balance-Sheet Financing

The Trust, in the normal course of business, enters into commitments with off-balance-sheet risk. The Trust adheres to the same credit policies, financial and administrative controls and risk limiting and monitoring procedures for commitments as for on-balance-sheet investments.

The future financial commitments outstanding for private equity investments at September 30, 2010 and 2009 were, respectively, approximately $19,490,000 and $26,489,000.

Note 10 - Retirement Plan for Staff

The employees of the Plan participate in the City of Miami Fire Fighters' and Police Officers' Retirement Trust (the "Trust") which is a single employer defined benefit pension plan for the Staff of the Trust. The quarterly contribution to the plan is based on a specified percentage of the eligible employees' compensation. The Plan's contribution percentage is 7% of compensation for all employees. This amount is funded by the City as part of reimbursement for administrative costs.

Note 11 - Subsequent Events

The Trust has adopted changes to the plan that will take effect subsequent to the fiscal year end. The changes are as follows:

- For members who retire after September 30, 2010, average final compensation means the average of the highest 5 years of service, phased in as follows: for members who retire on or after October 1, 2010 and before October 1, 2011, the average of the highest 2 years of membership service; for members who retire on or after October 1, 2011 and before October 1, 2012, the average of the highest 3 years of membership service; for members who retire on or after October 1, 2012 and before October 1, 2013, the average of the highest 4 years of membership service; and for members who retire on or after October 1, 2013, the average of the highest 5 years of membership service.

- Normal retirement for members employed on September 30, 2010, who as of that date have not attained age 50 with ten or more years of creditable service, or rule of 64 retirement for police officer members, or rule of 68 retirement for firefighter members, and members hired on or after October 1, 2010, shall be rule of 70 retirement with a minimum age of 50 and 10 or more years of creditable service.

- Normal retirement benefit formula shall be (a) for credited service prior to October 1, 2010, for the first 15 years of service shall be 3% multiplied by the average final compensation; and 3.5% multiplied by the average final compensation times years of credited service for service in excess of 15 years (b) for credited service on and after October 1, 2010, the benefit formula is 3% multiplied by the average final compensation times the years of credited service.

- The maximum benefit for members who retire after September 30, 2010 is 100% of average final compensation or $100,000 per year, whichever is less, as of retirement or DROP entry date.

Required Supplementary Information

City Of Miami Fire Fighters' And Police Officers' Retirement Trust

Required Supplementary Information - Unaudited
September 30, 2010

Schedule "1" - Schedule of Funding Progress
(dollars in millions)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability AAL	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
10/01/04	$ 957.9	$ 1,152.8	$ 194.9	83%	$ 89.2	218%
10/01/05	1,091.9	1,221.6	129.7	89	91.5	142
10/01/06	1,147.9	1,260.5	112.6	91	90.4	125
10/01/07	1,268.9	1,318.4	49.5	96	103.6	48
10/01/08	1,018.9	1,452.5	433.6	70	129.4	335
10/01/09	970.8	1,539.3	568.5	63	122.2	465

Schedule "2" - Schedule of Contributions by Employer

Year Ended September 30,	Annual Required Contribution	Percentage Contributed
2005	$ 45,545,130	100%
2006	50,635,213	100
2007	40,542,078	100
2008	36,040,251	100
2009	36,993,395	100
2010	59,025,379	100

The information presented in the required Supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Since the Trust uses the Aggregate Cost Method, a schedule of Funding Progress is not required as that method does not separately identify or separately amortize unfunded actuarial liabilities. As the Trust believes the above information is useful to users of the financial statements, the above Schedule "1" was prepared excluding COLA accounts using the Entry Age Normal Actuarial Accrued Liability.

City of Miami Fire Fighters' and Police Officers' Retirement Trust

Other Supplementary Schedules of Investment Expenses
For the Years Ended September 30, 2010 and 2009

	2010	2009
Financial management expenses		
Equities		
Alliance Bernstein	$ **313,801**	$ 263,276
Barrow Hanley	**453,836**	378,076
BGI/Black Rock	**43,278**	145,048
Boston Partners	**281,974**	268,676
Champlain Investments	**521,813**	370,585
Delaware Investment	**467,257**	426,901
RCM Capital	**404,619**	340,750
Eagle Asset Management	**243,557**	245,578
Morgan Stanley	-	73,630
Urdang & Associates	**337,702**	200,611
Wentworth Hauser & Violich	**381,472**	357,312
Total	**3,449,309**	3,070,443
Fixed Income		
Ambassador Capital	**150,241**	108,151
AXA High Yield	**117,188**	-
Barrow Hanley	**267,227**	268,685
Dodge & Cox	**147,668**	204,763
Munder Capital	**185,528**	135,656
Wellington TIPS	**37,372**	-
Total	**905,224**	717,255
Real Estate		
Certified Appraisal Services of South Florida, Inc.	**1,059**	2,000
J.P. Morgan	**544,353**	721,794
Total	**545,412**	723,794
Total investment expenses	$ **4,899,945**	$ 4,511,492

Section II

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

GSK Goldstein Schechter Koch
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
City of Miami Fire Fighters' and Police Officers' Retirement Trust
Miami, Florida

We have audited the financial statements of the City of Miami Fire Fighters' and Police Officers' Retirement Trust (the "Trust") as of and for the year ended September 30, 2010 and have issued our report thereon January 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Trust's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

4000 Hollywood Blvd. - Suite 215 South • Hollywood, FL 33021
Phone: (954) 989-7462 • Fax: (954) 962-1021
info@gskcpas.com • www.gskcpas.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other maters that are required to be reported under

Government Auditing Standards

This report is intended for the information of the Board of Trustees, management, participants and applicable state and city agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Goldstein Schechter Koch, P.A.

Hollywood, Florida
January 14, 2011

III

INVESTMENT

SECTION

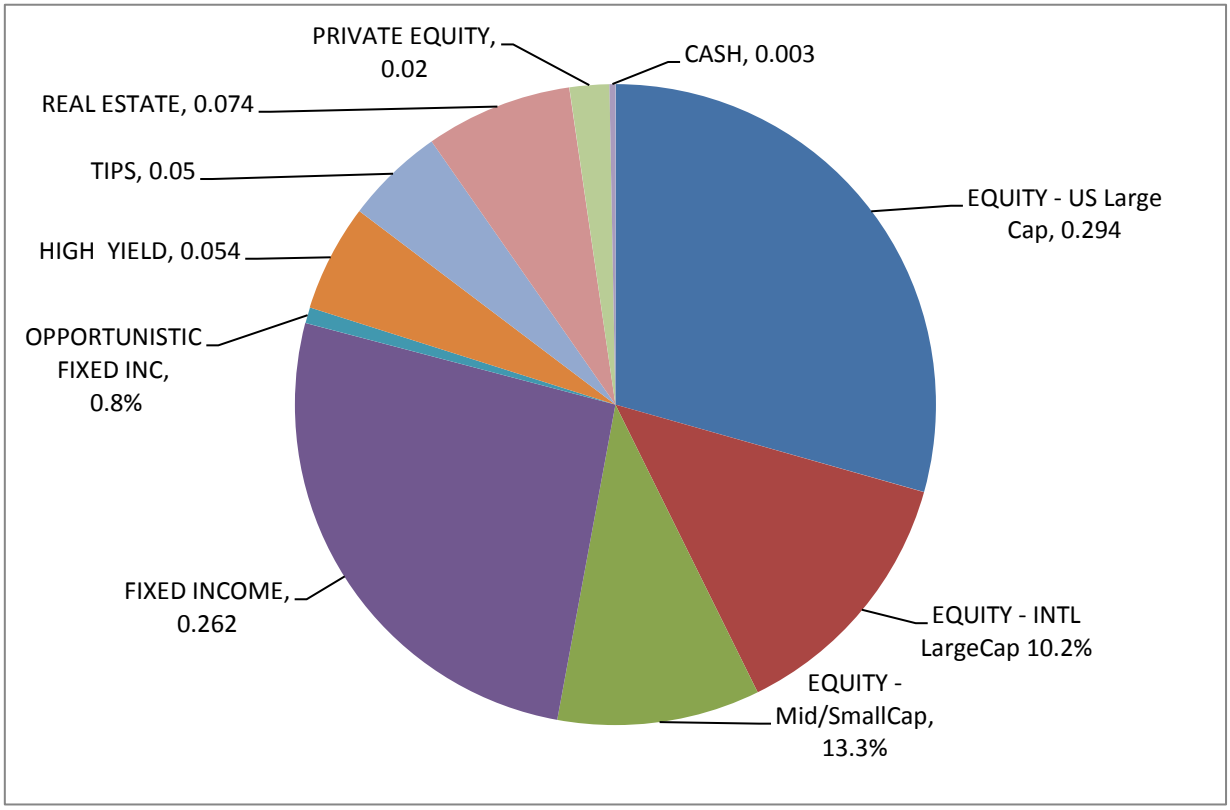
INVESTMENT ANALYSIS
YEAR ENDED SEPTEMBER 30, 2010

	GENERAL FUND		COLA I		COLA II	
BALANCE AS OF 10/01/2009		910,872,570		36,341,219		269,959,651
Additions: Purchases						
Short Term Investment	13					
Other Money Market	90,448					
Mutual Funds	17,622,779					
Private Equity	8,453,716					
Private Equity International	950,453					
Commercial Paper	4,067,092					
US Treasury Bills	1,609,728					
US Treasury Bonds	111,712,288					
US Treasury Notes	33,457,241					
Corporate Bonds	118,648,331					
Domestic Equity	219,258,557					
International Equity	92,023,076					
Securities Lending-Lehman Adjustment	2,588,830					
Share of Assets Transferred	0		3,490,295		30,082,908	
		610,482,552		3,490,295		30,082,908
Deductions: Redemptions & Sale						
Short Term Investment	3					
Other Money Market	2					
Other Liabilities	85,959					
Mutual Funds	7,572,470					
Private Equity	902,989					
Private Equity International	272,777					
Commercial Paper	7,655,892					
US Treasury Bills	0					
US Treasury Bonds	55,264,271					
US Treasury Notes	28,404,190					
Corporate Bonds	72,342,402					
Domestic Equity	323,218,251					
International Equity	34,380,590					
Securities Lending-Lehman Adjustment	0					
Share of Securities Tranferred To COLA I	3,217,900		272,395			
Share of Securities Tranferred To COLA II	13,118,385				16,964,523	
		546,436,080		272,395		16,964,523
BALANCE AS OF 09/30/2010		974,919,041		39,559,119		283,078,036

FUND HIGHLIGHTS

Sep 30, 2010

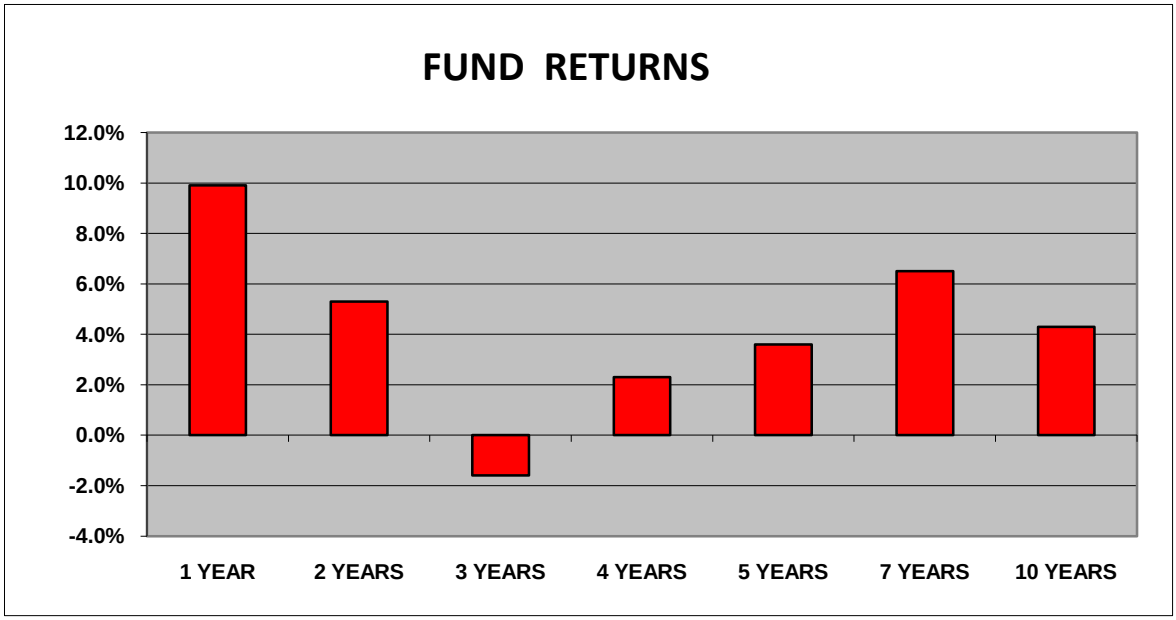
ASSET ALLOCATION



Asset Class	Current	Target
EQUITY - US Large Cap	29.4%	28%
EQUITY - Mid/Small Cap	13.3%	incl. above
EQUITY - INTL Large Cap	10.2%	18%
FIXED INCOME	26.2%	31%
OPPORTUNISTIC FIXED INC	0.8%	incl. above
HIGH YIELD	5.4%	5%
TIPS	5.0%	5%
REAL ESTATE	7.4%	8%
PRIVATE EQUITY	2.0%	5%
CASH	0.3%	0%
TOTAL	100.0%	100%

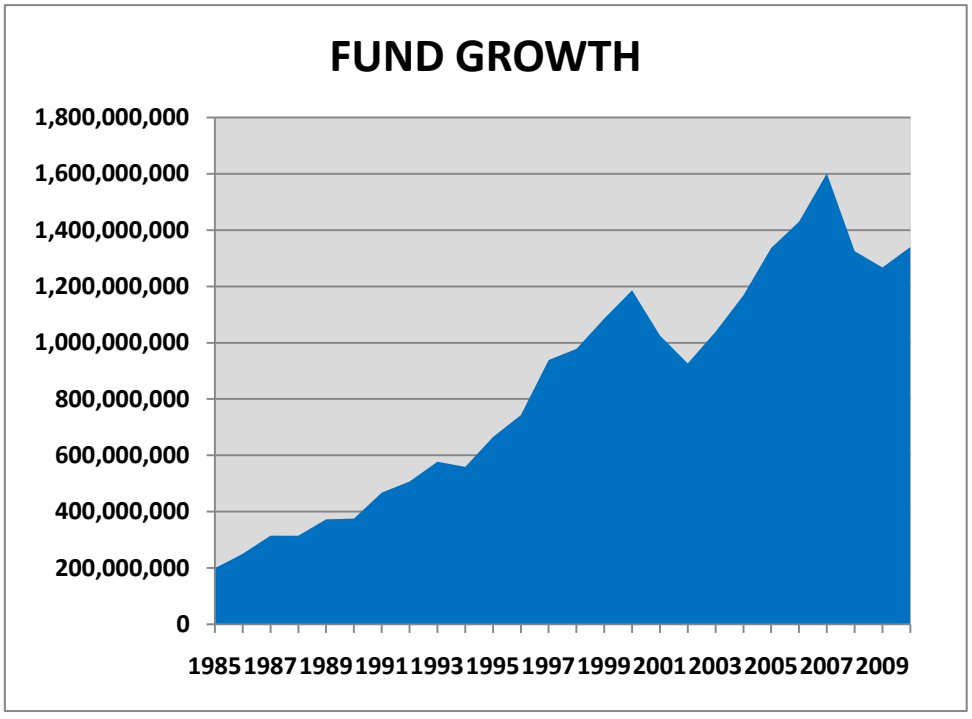
FUND HIGHLIGHTS

Sep 30, 2010



LAST 1 YEAR	LAST 2 YEARS	LAST 3 YEARS	LAST 4 YEARS	LAST 5 YEARS	LAST 7 YEARS	LAST 10 YEARS
9.9%	5.3%	-1.6%	2.3%	3.6%	6.5%	4.3%

FISCAL YEAR	MARKET VALUE
1985	199,345,728
1986	250,500,507
1987	314,887,130
1988	314,756,341
1989	372,898,432
1990	375,600,000
1991	467,717,640
1992	507,233,089
1993	577,531,203
1994	559,130,104
1995	665,309,481
1996	742,938,069
1997	938,525,274
1998	978,062,036
1999	1,086,034,187
2000	1,186,001,037
2001	1,025,439,757
2002	926,355,174
2003	1,038,797,014
2004	1,168,244,034
2005	1,336,399,433
2006	1,429,556,438
2007	1,600,810,429
2008	1,324,750,244
2009	1,267,128,720
2010	1,339,510,475



CITY OF MAIMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2010

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	SHORT TERM FUNDS				
ALLIANCE BERNSTEIN	British pound sterling - Cash	UK	0.00	28,934.45	28,934.45
ALLIANCE BERNSTEIN	Canadian dollar - Cash	Canada	0.00	8,005.90	8,005.90
ALLIANCE BERNSTEIN	Euro - Cash	Euro	0.00	72,081.73	72,081.73
ALLIANCE BERNSTEIN	Hong Kong dollar - Cash	Hong Kong	0.00	7,932.18	7,932.18
ALLIANCE BERNSTEIN	Japanese yen - Cash	Japan	0.00	19,474.41	19,474.41
WENTWORTH HAUSER	British pound sterling - Cash	UK	0.00	83,540.72	83,540.72
WENTWORTH HAUSER	Euro - Cash	Euro	0.00	126,249.19	126,249.19
WENTWORTH HAUSER	Swiss franc - Cash	Switzerland	0.00	109,365.27	109,365.27
ALLIANCE BERNSTEIN	USA dollar - Invested Cash	USA	0.00	297,706.30	297,706.30
WENTWORTH HAUSER	USA dollar - Invested Cash	USA	0.00	4,383,446.89	4,383,446.89
MUNDER	USA TREAS BILLS 11-18-2010 DTD11/19/2009	USA	1,610,000.00	1,609,389.54	1,609,727.91
AMBASSADOR	NTGI COLTV GOVT STIF REGI STERED - Income	USA	999,007.25	999,007.25	999,007.25
AXA HIGH YIELD	NTGI COLTV GOVT STIF REGI STERED - Income	USA	843,443.42	843,443.42	843,443.42
BALCKROCK S&P INDEX FD	CF BLACKROCK MONEY MARKET FD	USA	46.00	46.00	46.00
BARROW HANLEY BOND	NTGI COLTV GOVT STIF REGI STERED - Income	USA	1,879,990.71	1,879,990.71	1,879,990.71
BARROW HANLEY EQUITY	NTGI COLTV GOVT STIF REGI STERED - Income	USA	2,066,297.83	2,066,297.83	2,066,297.83
BOSTON PARTNERS	NTGI COLTV GOVT STIF REGI STERED - Income	USA	1,129,387.76	1,129,387.76	1,129,387.76
CHAMPLAIN MIDCAP	NTGI COLTV GOVT STIF REGI STERED - Income	USA	302,907.53	302,907.53	302,907.53
CHAMPLAIN MIDCAP	NTGI COLTV GOVT STIF REGI STERED - Principal	USA	7,370.08	7,370.08	7,370.08
CHAMPLAIN SMALLCAP	NTGI COLTV GOVT STIF REGI STERED - Principal	USA	1,459,551.52	1,459,551.52	1,459,551.52
DELAWARE	NTGI COLTV GOVT STIF REGI STERED - Principal	USA	958,945.44	958,945.44	958,945.44
DODGE & COX	NTGI COLTV GOVT STIF REGI STERED - Income	USA	3,072,064.57	3,072,064.57	3,072,064.57
EAGLE	NTGI COLTV GOVT STIF REGI STERED - Principal	USA	1,317,982.49	1,317,982.49	1,317,982.49
JP MORGAN REAL ESTATE FD	CF JPMCB LIQUIDITY FD CV OVER 1 BIL	USA	3,742.55	3,742.55	3,742.55
MAIN ACCOUNT	NTGI COLTV GOVT STIF REGI STERED - Income	USA	4,183,359.77	4,183,359.77	4,183,359.77
MUNDER	NTGI COLTV GOVT STIF REGI STERED - Income	USA	16,830,127.30	16,830,127.30	15,173,950.69
MUNDER MORTGAGE	NTGI COLTV GOVT STIF REGI STERED - Income	USA	1,023,897.58	1,023,897.58	1,023,897.58
RCM	NTGI COLTV GOVT STIF REGI STERED - Income	USA	2,531,522.49	2,531,522.49	2,531,522.49
WELLINGTON TIPS	NTGI COLTV GOVT STIF REGI STERED - Income	USA	8,778.45	8,778.45	8,778.45
	TOTAL SHORT TERM FUNDS		**40,228,422.74**	**45,364,549.32**	**43,708,711.08**
	OTHER CASH & EQUIVALENTS				
MAIN ACCOUNT	SECURITIES LENDING CORE USA CASH COLLATERAL	USA		216,167,644.00	221,384,265.00
	TOTAL OTHER CASH & EQUIVALENTS			**216,167,644.00**	**221,384,265.00**

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Account name	Asset description	Country	Shares/Par value	Book value	Market value
	U.S. GOVERNMENT BONDS				
BARROW HANLEY BOND	US TREAS BDS 4.375 DUE 05-15-2040 REG	USA	2,665,000.00	3,035,786.33	2,993,141.45
BARROW HANLEY BOND	USA TREAS NTS 3.50 DUE 05-15-2020 REG	USA	4,585,000.00	4,707,842.18	4,976,879.95
BARROW HANLEY BOND	USA TREAS NTS BONDS 1.375% DUE02-15-2012 REG	USA	1,655,000.00	1,669,993.32	1,678,726.08
BARROW HANLEY BOND	USA TREAS NTS DTD 00294 2.125%DUE 05-31-2015 REG	USA	6,600,000.00	6,656,233.84	6,881,028.00
DODGE & COX	US TREAS NTS TREAS NTS 30/11/2010 USD1000 1.25 DUE 11-30-2010 REG	USA	1,900,000.00	1,910,613.28	1,903,266.10
DODGE & COX	USA TREAS NTS DTD 00260 1% DUE08-31-2011 REG	USA	2,550,000.00	2,567,929.69	2,566,934.55
MUNDER	US TREAS BD STRIPPED PRIN PMT STRIP 15/2/2019 USD 02-15-2019 REG	USA	982,000.00	503,193.49	802,942.12
MUNDER	US TREAS BDS 4.375 DUE 05-15-2040 REG	USA	265,000.00	295,154.69	297,629.45
MUNDER	US TREAS BDS 8 11/15/2021 USD1000 8 DUE 11-15-2021 REG	USA	165,000.00	219,595.02	248,866.36
MUNDER	USA TREAS BDS 00203 5% DUE 05-15-2037 REG	USA	390,000.00	448,966.99	484,270.41
MUNDER	USA TREAS BDS 5.500 DUE 08-15-2028 REG	USA	100,000.00	111,859.37	129,703.10
MUNDER	USA TREAS BDS BD DTD11/16/1998 5.25% DUE 11-15-2028 REG	USA	1,065,000.00	1,281,627.90	1,345,561.47
MUNDER	USA TREAS BDS DTD 00218 3.875%DUE 08-15-2040 REG	USA	1,605,000.00	1,649,639.06	1,659,168.75
MUNDER	USA TREAS NTS DTD 00306 2.625%DUE 08-15-2020 REG	USA	1,175,000.00	1,177,392.34	1,186,015.62
MUNDER	USA TREAS NTS T-NOTE 1.25% DUE08-31-2015 REG	USA	75,000.00	74,118.42	74,976.60
	TOTAL U.S. GOVERNMENT BONDS		**25,777,000.00**	**26,309,945.92**	**27,229,110.01**

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Account name	Asset description	Country	Shares/Par value	Book value	Market value
	U.S. GOVERNMENT MORTGAGE BACKED				
AMBASSADOR	FHLMC GOLD C55607 6.5 08-01-2031	USA	1,692.22	1,705.14	1,878.94
AMBASSADOR	FHLMC GOLD C56693 6.5 08-01-2031	USA	69,558.17	70,088.00	77,233.21
AMBASSADOR	FHLMC GOLD G03323 6 08-01-2037	USA	206,047.91	208,172.79	221,999.93
AMBASSADOR	FHLMC GOLD POOL C24908 6.5 04-01-2029	USA	76,572.08	79,658.92	85,021.04
AMBASSADOR	FHLMC MULTICLASS SER 2716 CL UN 4.5 12-15-2023	USA	1,000,000.00	935,937.50	1,101,433.00
AMBASSADOR	FHLMC MULTICLASS SER 2796 CL VB 5.5 01-15-2024	USA	1,000,000.01	988,554.69	1,067,584.01
AMBASSADOR	FHLMC POOL #1B7323 ADJ RT 01-01-2037	USA	200,503.39	202,163.82	208,918.51
AMBASSADOR	FHLMC POOL #1N-1434 ADJ RT 04-01-2037	USA	98,352.29	99,362.69	105,314.64
AMBASSADOR	FNMA POOL #252982 8% DUE 01-01-2030 REG	USA	5,816.69	6,023.90	6,747.94
AMBASSADOR	FNMA POOL #253517 8.5% DUE 11-01-2030 REG	USA	4,805.10	4,977.78	5,602.60
AMBASSADOR	FNMA POOL #330286 7 GTD MTG PASS THRU CTF DUE 11-01-2025 REG	USA	8,216.10	8,644.23	9,285.01
AMBASSADOR	FNMA POOL #446371 6.5% 09-01-2028 BEO	USA	8,032.15	8,433.12	8,997.45
AMBASSADOR	FNMA POOL #450809 6.5% DUE 11-01-2028 REG	USA	13,054.17	13,705.85	14,623.02
AMBASSADOR	FNMA POOL #527756 8% DUE 02-01-2030 REG	USA	13,443.26	14,153.20	15,579.52
AMBASSADOR	FNMA POOL #528319 7% DUE 07-01-2015 REG	USA	7,663.10	8,031.90	8,275.15
AMBASSADOR	FNMA POOL #531119 7% DUE 02-01-2015 REG	USA	9,810.03	10,282.12	10,508.60
AMBASSADOR	FNMA POOL #535801 7% DUE 03-01-2016 REG	USA	4,849.43	5,082.80	5,236.75
AMBASSADOR	FNMA POOL #535951 8% DUE 03-01-2031 REG	USA	6,080.77	6,362.00	7,054.30
AMBASSADOR	FNMA POOL #544397 8.5% DUE 08-01-2030 REG	USA	4,392.31	4,550.15	5,121.30
AMBASSADOR	FNMA POOL #545369 7% DUE 09-01-2016 REG	USA	40,800.23	42,763.75	44,058.94
AMBASSADOR	FNMA POOL #548965 8.5% DUE 07-01-2030 REG	USA	11,475.32	11,887.74	13,379.87
AMBASSADOR	FNMA POOL #557184 8% DUE 11-01-2030 REG	USA	12,839.01	13,460.90	14,879.25
AMBASSADOR	FNMA POOL #561232 8% DUE 05-01-2031 REG	USA	28,172.85	29,475.84	32,667.82
AMBASSADOR	FNMA POOL #562055 8.5% DUE 12-01-2030 REG	USA	11,193.31	11,595.57	13,051.06
AMBASSADOR	FNMA POOL #568386 7% DUE 12-01-2015 REG	USA	96,428.36	101,068.99	103,295.02
AMBASSADOR	FNMA POOL #576022 8% DUE 12-01-2029 REG	USA	995.08	1,047.61	1,150.39
AMBASSADOR	FNMA POOL #593020 6.5% DUE 09-01-2031 REG	USA	12,077.50	12,090.73	13,498.78
AMBASSADOR	FNMA POOL #598209 6.5% DUE 08-01-2031 REG	USA	18,612.04	18,632.44	20,802.30
AMBASSADOR	FNMA POOL #607695 6.5% DUE 11-01-2031 REG	USA	39,943.28	41,940.44	44,643.80
AMBASSADOR	FNMA POOL #634232 7% 04-01-2032 BEO	USA	10,507.42	11,054.96	11,926.23
AMBASSADOR	FNMA POOL #661080 6.5% 09-01-2032 BEO	USA	5,710.11	5,995.18	6,371.39
AMBASSADOR	FNMA POOL #667021 6.5% 11-01-2032 BEO	USA	6,447.71	6,769.61	7,194.41
AMBASSADOR	FNMA POOL #745428 5.5% 01-01-2036 BEO	USA	12,639.50	12,427.20	13,517.11
AMBASSADOR	FNMA POOL #745516 5.5% 05-01-2036 BEO	USA	11,989.68	11,788.30	12,822.12
AMBASSADOR	FNMA POOL #745586 5.5% 06-01-2036 BEO	USA	19,909.92	19,575.51	21,223.97
AMBASSADOR	FNMA POOL #745886 5.5% 04-01-2036 BEO	USA	8,055.50	7,920.19	8,614.82
AMBASSADOR	FNMA POOL #816231 5.5% 03-01-2035 BEO	USA	18,133.17	17,828.58	19,392.15
AMBASSADOR	FNMA POOL #822148 5.134% 11-01-2035 BEO	USA	198,277.21	197,851.23	211,518.16
AMBASSADOR	FNMA POOL #833575 7% 08-01-2035 BEO	USA	22,696.75	23,648.94	25,316.40
AMBASSADOR	FNMA POOL #842001 5.5% 10-01-2035 BEO	USA	189,295.20	186,115.63	202,437.96
AMBASSADOR	FNMA POOL #845556 5.5% 01-01-2036 BEO	USA	19,546.03	19,217.71	20,903.11
AMBASSADOR	FNMA POOL #846874 5.5% 11-01-2035 BEO	USA	144,342.07	141,917.59	154,363.74
AMBASSADOR	FNMA POOL #863096 5.5% 11-01-2035 BEO	USA	43,748.29	43,013.43	46,785.73
AMBASSADOR	FNMA POOL #867066 5.5% 02-01-2036 BEO	USA	143,099.12	140,695.51	153,034.49
AMBASSADOR	FNMA POOL #886034 2.845% 07-01-2036 BEO	USA	99,090.16	102,196.00	103,872.25
AMBASSADOR	FNMA POOL #886574 2.907% 08-01-2036 BEO	USA	98,644.43	101,549.38	102,413.63
AMBASSADOR	FNMA POOL #914653 5.934% 04-01-2037 BEO	USA	87,969.11	89,178.68	93,771.55
AMBASSADOR	FNMA POOL #914854 5.904% 04-01-2037 BEO	USA	118,173.97	119,780.39	125,878.91
AMBASSADOR	FNMA POOL #933131 5.5% 10-01-2037 BEO	USA	4,701,875.03	4,604,164.18	5,002,371.86
AMBASSADOR	FNMA POOL #983077 5% 05-01-2038 BEO	USA	1,470,091.62	1,386,709.87	1,548,654.78
AMBASSADOR	FNMA REMIC SER 2002-T12 CL A3 7.5 05-25-2042	USA	597,949.06	618,877.28	680,167.05
AMBASSADOR	FNMA REMIC SER 2003-W3 CL 1A2 7 08-25-2042	USA	633,741.41	643,247.55	735,932.21
AMBASSADOR	GNMA POOL #404669 7.00 DUE 12-15-2025 REG	USA	9,780.40	9,703.99	11,136.55
AMBASSADOR	GNMA POOL #504549 SER 2029 7% DUE 09-15-2029 REG	USA	49,108.49	47,658.23	56,084.84
AMBASSADOR	GNMA POOL #583960 SER 2032 6.5% DUE 06-15-2032 REG	USA	90,827.09	91,636.04	101,409.35
AMBASSADOR	GNMA POOL #617401 SER 2037 6% DUE 02-15-2037 REG	USA	11,571.30	11,801.82	12,578.46
AMBASSADOR	GNMA POOL #674444 6% 09-15-2037 BEO	USA	8,316.95	8,482.64	9,040.85
AMBASSADOR	GNMA POOL #677514 6% 10-15-2037 BEO	USA	11,696.86	11,929.88	12,714.92
AMBASSADOR	GNMA POOL #683735 6% 03-15-2038 BEO	USA	6,940.38	7,078.63	7,542.25
AMBASSADOR	GNMA POOL #686680 6% 05-15-2038 BEO	USA	194,808.08	198,689.03	211,701.83
AMBASSADOR	GNMA POOL #782169 6% 06-15-2037 BEO	USA	297,120.18	303,039.36	323,468.79
AMBASSADOR	GNMA POOL #782184 SER 2037 6% DUE 09-15-2037 REG	USA	10,334.67	10,540.56	11,249.28
AMBASSADOR	I/O FHLMC MULTICLASS #S1-0087 09-15-2030	USA	38,505.42	49,366.94	8,856.63
AMBASSADOR	I/O FHLMC MULTICLASS FHLMC #S1-0068 01-01-2028	USA	11,638.89	17,393.88	2,547.98
AMBASSADOR	I/O FHLMC MULTICLASS FHLMC #S1-0084 12-01-2029	USA	25,517.98	30,382.22	4,592.47
AMBASSADOR	I/O FHLMC MULTICLASS S1-0095 SERIES 215 06-01-2031	USA	3,305.08	6,273.08	640.26
AMBASSADOR	I/O FHLMC MULTICLASS SER 199 CL IO 6.5% 08-01-2028	USA	58,305.45	22,466.20	9,525.94
AMBASSADOR	I/O FNMA 2005-68 CL-XI 08-25-2035	USA	273,641.40	45,465.70	50,583.98
AMBASSADOR	I/O FNMA REMIC SER 2003-82 CL WI 08-25-2032	USA	3,893.30	7,822.82	56.69
AMBASSADOR	I/O FNMA SER 2001-4 CL SA VAR RATE 02-17-2031	USA	87,172.40	23,167.94	11,374.16
AMBASSADOR	I/O FNMA SER 2003-25 CL IK 04-25-2033	USA	98,629.92	45,430.82	20,080.65
AMBASSADOR	I/O FNMA SMBS TR #000317 CL 2 12-01-2031	USA	107,916.56	100,773.88	26,719.06
AMBASSADOR	I/O FNMA SMBS TR 000267 CL 2 10-01-2024	USA	23,822.24	22,338.86	5,915.77
AMBASSADOR	I/O FNMA SMBS TR 000296 CL 2 04-01-2024	USA	15,251.73	5,091.47	3,334.18
AMBASSADOR	I/O FNMA SMBS TR 000303 CL 2 10-25-2029	USA	49,069.44	21,683.92	11,575.97
AMBASSADOR	I/O FNMA SMBS TR 000306 CL 2 05-25-2030	USA	23,413.10	56,021.29	5,378.45
AMBASSADOR	I/O FNMA SMBS TR 000307 CL 2 06-01-2030	USA	8,740.73	18,088.03	1,693.25
AMBASSADOR	I/O FNMA SMBS TR 000313 CL 2 06-25-2031	USA	72,227.07	32,743.09	13,626.35
AMBASSADOR	I/O FNMA SMBS TR 000320 CL 2 04-25-2032	USA	22,435.33	21,442.93	4,934.65
AMBASSADOR	I/O GNMA 2001-46 REMIC TR CL SA VAR RT 09-16-2031	USA	17,538.00	20,079.91	3,768.47
AMBASSADOR	I/O GNMA REMIC SER 2000-29 CL MX-S INV IO 09-20-2030	USA	20,889.03	23,143.88	5,655.22
AMBASSADOR	I/O GNMA REMIC TR 1999 27 CL SE INVERSE FLTG 08-16-2027	USA	66,868.87	30,898.14	17,250.43
AMBASSADOR	I/O GNMA REMIC TR 1999-30 CL SA INV INT ONLY 04-16-2029	USA	36,369.13	0.00	3,996.66

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Account name	Asset description	Country	Shares/Par value	Book value	Market value
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #A51589 6%08-01-2036 BEO	USA	181,196.82	181,253.44	195,225.07
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #A69859 6%12-01-2037 BEO	USA	340,129.27	345,922.10	366,166.16
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #A73703 5%03-01-2038 BEO	USA	1,114,010.43	1,104,088.78	1,171,103.46
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #A78321 5.5% 12-01-2037 BEO	USA	1,231,072.74	1,310,900.11	1,306,278.97
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #G02418 5.5% 11-01-2036 BEO	USA	352,609.39	339,111.06	375,116.44
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #G02581 5%09-01-2035 BEO	USA	540,913.07	536,180.08	575,006.82
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #G03111 5.5% 05-01-2037 BEO	USA	482,638.78	463,861.08	513,445.61
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #G04185 6%03-01-2038 BEO	USA	405,352.24	406,302.30	434,874.04
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #G05707 5.5% 10-01-2039 BEO	USA	564,428.57	600,058.12	599,044.97
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #G13122 5%04-01-2023 BEO	USA	391,148.60	388,459.45	415,075.16
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #G13833 4.5% 05-01-2025 BEO	USA	1,654,666.47	1,751,619.58	1,740,990.42
BARROW HANLEY BOND	FHLMC GOLD A66107 6 09-01-2037	USA	395,215.05	405,651.19	424,453.05
BARROW HANLEY BOND	FNMA POOL #256101 5.5% 02-01-2036 BEO	USA	139,519.75	136,772.94	149,206.60
BARROW HANLEY BOND	FNMA POOL #745355 5% 03-01-2036 BEO	USA	576,012.20	556,841.76	608,897.31
BARROW HANLEY BOND	FNMA POOL #745825 6.5% 09-01-2036 BEO	USA	612,866.58	632,114.44	675,029.63
BARROW HANLEY BOND	FNMA POOL #849299 5.5% 01-01-2036 BEO	USA	333,499.19	326,777.12	356,655.37
BARROW HANLEY BOND	FNMA POOL #866593 5.5% 01-01-2036 BEO	USA	572,534.36	561,799.35	612,285.42
BARROW HANLEY BOND	FNMA POOL #888030 5.5% 12-01-2036 BEO	USA	461,358.41	444,706.25	491,808.06
BARROW HANLEY BOND	FNMA POOL #888236 5.5% 11-01-2036 BEO	USA	1,023,140.44	1,006,973.60	1,090,667.70
BARROW HANLEY BOND	FNMA POOL #889174 5.5% 08-01-2037 BEO	USA	499,320.15	515,157.93	535,550.82
BARROW HANLEY BOND	FNMA POOL #898307 6% DUE 11-01-2036 REG	USA	407,216.30	416,887.71	441,890.76
BARROW HANLEY BOND	FNMA POOL #930300 5% DUE 12-01-2023 BEO	USA	270,741.57	281,190.51	287,254.09
BARROW HANLEY BOND	FNMA POOL #930743 5% 03-01-2024 BEO	USA	429,387.44	446,093.28	455,575.78
BARROW HANLEY BOND	FNMA POOL #961981 5.5% 03-01-2038 BEO	USA	377,171.02	388,338.82	401,276.02
BARROW HANLEY BOND	FNMA POOL #965873 5.5% DUE 11-01-2036 REG	USA	900,249.14	902,781.11	959,665.58
BARROW HANLEY BOND	FNMA POOL #975097 5% 06-01-2038 BEO	USA	927,661.50	891,134.81	977,235.73
BARROW HANLEY BOND	FNMA POOL #982033 5% DUE 04-01-2038 REG	USA	563,774.98	558,049.14	593,903.11
BARROW HANLEY BOND	FNMA POOL #982817 5% 05-01-2038 BEO	USA	716,178.14	708,904.47	754,450.70
BARROW HANLEY BOND	FNMA POOL #984277 5.5% 06-01-2038 BEO	USA	952,672.39	980,657.15	1,013,557.68
BARROW HANLEY BOND	FNMA POOL #AA4533 4.5% 04-01-2024 BEO	USA	417,967.01	435,861.23	440,495.43
BARROW HANLEY BOND	FNMA POOL #AB1231 5% 07-01-2040 BEO	USA	1,589,557.39	1,687,911.25	1,674,344.38
BARROW HANLEY BOND	GNMA POOL #698214 5% 06-15-2039 BEO	USA	816,125.11	875,166.66	875,889.95
BARROW HANLEY BOND	GNMA POOL #723248 5% 10-15-2039 BEO	USA	905,531.13	971,040.65	971,879.39
BARROW HANLEY BOND	GNMA POOL #726382 5% 10-15-2039 BEO	USA	1,395,147.76	1,496,077.98	1,497,384.18
BARROW HANLEY BOND	GNMA POOL #782916 SER 2040 5.5% DUE 02-15-2040 REG	USA	1,165,384.77	1,241,681.06	1,254,548.35
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #1G0959 5.713% 05-01-2036 BEO	USA	438,276.11	437,317.38	461,666.90
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #1N1433 5.312% 02-01-2037 BEO	USA	462,442.98	461,286.87	492,337.14
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #A64639 6.5% 08-01-2037 BEO	USA	1,003,488.91	1,073,105.97	1,094,300.64
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #E90593 6%07-01-2017 BEO	USA	207,642.27	215,980.44	225,314.70
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G01767 6.5% 12-01-2032 BEO	USA	384,398.13	392,356.67	433,198.62
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G04772 7%08-01-2038 BEO	USA	812,546.55	873,487.55	904,695.82
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G11623 6%03-01-2019 BEO	USA	200,695.18	210,824.04	217,495.37
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G30242 6.5% 10-01-2022 BEO	USA	303,036.62	317,478.21	333,427.55
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #H09069 6.5% 09-01-2037 BEO	USA	536,939.11	544,741.53	584,187.60
DODGE & COX	FHLMC GOLD C00647 6.5 09-01-2028	USA	405,927.51	416,265.99	450,717.14
DODGE & COX	FHLMC GOLD E02359 6 07-01-2022	USA	555,311.75	558,261.85	604,284.69
DODGE & COX	FHLMC GOLD G11707 6 03-01-2020	USA	725,938.27	736,146.79	787,722.87
DODGE & COX	FHLMC MULTICLASS PREASSIGN 00890 6.5 09-25-2043	USA	619,670.94	648,524.37	699,453.57
DODGE & COX	FHLMC MULTICLASS SER 2541 CL MD 6 03-15-2032	USA	221,305.48	223,786.53	226,372.26
DODGE & COX	FHLMC MULTICLASS SER 3389 CL GA 6 12-15-2035	USA	886,665.82	895,532.48	921,357.50
DODGE & COX	FNMA 08-25-2047	USA	861,537.55	869,801.51	938,267.80
DODGE & COX	FNMA POOL #252062 6.5% DUE 10-01-2013 REG	USA	116,139.61	119,896.02	125,682.80
DODGE & COX	FNMA POOL #252640 6.5% DUE 08-01-2014 REG	USA	66,026.90	68,394.60	71,452.39
DODGE & COX	FNMA POOL #256901 6.5% 09-01-2037 BEO	USA	306,361.00	308,850.19	333,798.69
DODGE & COX	FNMA POOL #257007 6% DUE 12-01-2027 REG	USA	522,763.73	537,629.83	564,121.13
DODGE & COX	FNMA POOL #323818 6.5% DUE 07-01-2014 REG	USA	117,374.71	121,583.73	127,019.50
DODGE & COX	FNMA POOL #433301 6.5% DUE 07-01-2013 REG	USA	75,826.37	78,172.26	82,057.02
DODGE & COX	FNMA POOL #460481 6.28% 08-01-2011 BEO	USA	375,000.00	392,285.16	380,669.62
DODGE & COX	FNMA POOL #535574 7.5% 11-01-2013 BEO	USA	51,626.19	55,006.10	54,431.55
DODGE & COX	FNMA POOL #545269 5.979% DUE 11-01-2011 REG	USA	310,009.37	324,734.84	318,630.73
DODGE & COX	FNMA POOL #545387 5.884% 01-01-2012 BEO	USA	100,735.27	109,773.91	105,034.45
DODGE & COX	FNMA POOL #545745 6.108% 07-01-2012 BEO	USA	531,440.06	572,128.44	562,831.69
DODGE & COX	FNMA POOL #555285 6% 03-01-2033 BEO	USA	245,685.72	246,530.27	270,042.51
DODGE & COX	FNMA POOL #555424 5.5% 05-01-2033 BEO	USA	1,026,693.78	1,108,829.29	1,103,114.70
DODGE & COX	FNMA POOL #555531 5.5% 06-01-2033 BEO	USA	3,586,866.74	3,821,152.51	3,853,851.57
DODGE & COX	FNMA POOL #725135 6% 05-01-2018 BEO	USA	204,003.73	214,235.83	220,721.42
DODGE & COX	FNMA POOL #725194 6% 12-01-2018 BEO	USA	120,548.92	126,708.21	130,427.66
DODGE & COX	FNMA POOL #725416 6% 01-01-2019 BEO	USA	487,485.12	513,382.76	527,434.52
DODGE & COX	FNMA POOL #725510 6.5% 07-01-2017 BEO	USA	154,224.21	162,586.05	166,896.96
DODGE & COX	FNMA POOL #735067 6% 01-01-2019 BEO	USA	840,980.38	882,241.00	907,039.38
DODGE & COX	FNMA POOL #735417 6.5% 03-01-2035 BEO	USA	632,527.56	650,564.52	705,779.31
DODGE & COX	FNMA POOL #888366 7% 04-01-2037 BEO	USA	1,050,522.21	1,130,952.82	1,171,308.10
DODGE & COX	FNMA POOL #888381 5.507% DUE 04-01-2017 BEO	USA	291,412.03	297,536.23	331,595.12
DODGE & COX	FNMA POOL #888673 6% 04-01-2035 BEO	USA	157,757.53	157,313.85	173,692.61
DODGE & COX	FNMA POOL #889324 6.5% 03-01-2038 BEO	USA	1,128,249.79	1,161,215.83	1,229,293.58
DODGE & COX	FNMA POOL #889527 5.5% 05-01-2023 BEO	USA	1,846,155.25	1,992,405.37	1,988,327.66
DODGE & COX	FNMA POOL #968066 6% 10-01-2022 BEO	USA	1,347,996.32	1,376,219.98	1,461,831.91
DODGE & COX	FNMA POOL #984262 6% 06-01-2023 BEO	USA	1,625,956.37	1,659,491.72	1,768,471.44
DODGE & COX	FNMA POOL #995411 6% 01-01-2039 BEO	USA	1,143,918.84	1,225,423.06	1,230,868.11
DODGE & COX	FNMA POOL #AD0128 6.5% 10-01-2038 BEO	USA	2,156,843.01	2,310,855.09	2,356,070.59
DODGE & COX	FNMA POOL #AD0833 6% 01-01-2039 BEO	USA	919,808.79	977,296.84	989,726.21
DODGE & COX	FNMA POOL #AE0371 6% 09-01-2039 BEO	USA	2,042,197.00	2,199,509.99	2,196,362.45
DODGE & COX	FNMA PREASSIGN 00276 7 03-25-2035	USA	479,145.17	491,273.60	537,241.52
DODGE & COX	FNMA REMIC SER 2003-W2 CL 1-A1 6.5 07-25-2042	USA	255,278.18	270,255.82	287,906.05
DODGE & COX	FNMA SINGLE FAMILY MORTGAGE 6% 30 YEARS SETTLES SEPTEMBER	USA	0.01	0.01	0.01
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF SER 2006-20A CL 1 5.21 DUE 1-1-26 REG	USA	475,198.09	475,198.09	518,607.43

CITY OF MAIMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
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Account name	Asset description	Country	Shares/Par value	Book value	Market value
MUNDER	FEDERAL HOME LN MTG CORP POOL #A43941 5.5% 03-01-2036 BEO	USA	506,286.33	496,002.40	538,602.58
MUNDER	FEDERAL HOME LN MTG CORP POOL #A48131 6.5% 12-01-2035 BEO	USA	240,279.77	247,225.37	263,675.81
MUNDER	FEDERAL HOME LN MTG CORP POOL #G03728 5.5% 12-01-2035 BEO	USA	660,555.26	648,995.52	705,195.58
MUNDER	FEDERAL HOME LN MTG CORP POOL #G04739 6%09-01-2038 BEO	USA	657,194.87	669,928.02	705,058.37
MUNDER	FEDERAL HOME LN MTG CORP POOL #M80996 5.5% 10-01-2012 BEO	USA	192,067.34	194,918.34	200,449.15
MUNDER	FHLMC CMO SER 1665 CL 1665-KZ 6.501-15-2024	USA	1,010,179.22	1,071,552.71	1,272,266.53
MUNDER	FHLMC GOLD C67999 7 06-01-2032	USA	4,015.70	4,187.96	4,535.76
MUNDER	FHLMC GOLD C68162 7 06-01-2032	USA	2,186.63	2,280.41	2,469.81
MUNDER	FHLMC MULTICLASS SER 2780 CL MD 5 09-15-2031	USA	1,000,000.00	925,937.50	1,547,659.00
MUNDER	FHLMC MULTICLASS SER 3075 CL WP 5.5 04-15-2026	USA	56,399.98	56,611.48	56,476.06
MUNDER	FHLMC MULTICLASS SER 3079 CL MD 5 03-15-2034	USA	1,000,000.00	943,750.00	1,079,583.00
MUNDER	FNMA 30 YEAR PASS-THROUGHS 6% 30 YEARS SETTLES OCTOBER	USA	400,000.00	429,906.25	429,624.80
MUNDER	FNMA 30 YEAR PASS-THROUGHS 6.5% 30 YEARSSETTLES OCTOBER	USA	550,000.00	598,898.44	599,671.60
MUNDER	FNMA POOL #255217 4.5% 04-01-2024 BEO	USA	747,165.43	734,090.04	792,092.48
MUNDER	FNMA POOL #450601 6% DUE 12-01-2028 REG	USA	47,457.54	43,082.54	52,369.87
MUNDER	FNMA POOL #508855 8% DUE 08-01-2029 REG	USA	22,131.36	22,214.36	25,674.59
MUNDER	FNMA POOL #684968 5% 09-01-2033 BEO	USA	471,305.52	453,557.95	500,422.77
MUNDER	FNMA POOL #723640 2.585% 06-01-2033 BEO	USA	21,163.85	21,324.23	22,135.05
MUNDER	FNMA POOL #745275 5% DUE 02-01-2036 REG	USA	267,082.76	257,150.62	282,330.78
MUNDER	FNMA POOL #745873 5.5% 10-01-2036 BEO	USA	572,894.08	606,887.27	610,705.08
MUNDER	FNMA POOL #757571 5.5% 01-01-2034 BEO	USA	337,568.29	342,420.83	362,693.49
MUNDER	FNMA POOL #767413 5.5% DUE 01-01-2034 REG	USA	362,383.84	370,339.31	388,678.04
MUNDER	FNMA POOL #788908 6% 08-01-2034 BEO	USA	386,903.50	400,807.83	422,358.56
MUNDER	FNMA POOL #878104 5.5% 04-01-2036 BEO	USA	434,231.41	426,089.57	462,890.68
MUNDER	FNMA POOL #888029 6% 12-01-2036 BEO	USA	299,362.29	314,049.75	323,333.72
MUNDER	FNMA POOL #889715 5.5% 07-01-2038 BEO	USA	1,445,000.85	1,548,521.62	1,537,349.40
MUNDER	FNMA POOL #889753 4.5% 06-01-2038 BEO	USA	3,930,000.03	4,094,568.79	4,099,523.64
MUNDER	FNMA POOL #906000 6% 01-01-2037 BEO	USA	620,000.08	670,665.72	669,649.68
MUNDER	FNMA POOL #928206 6% DUE 04-01-2037 REG	USA	647,095.99	652,606.41	696,281.75
MUNDER	FNMA POOL #929081 5.5% 01-01-2038 BEO	USA	400,000.02	427,000.03	425,564.02
MUNDER	FNMA POOL #930162 6% 11-01-2038 BEO	USA	600,000.43	644,344.22	644,858.22
MUNDER	FNMA POOL #941442 6.5% 07-01-2037 BEO	USA	400,000.13	434,500.15	436,948.41
MUNDER	FNMA POOL #956918 5.5% DUE 11-01-2037 REG	USA	330,800.89	327,221.51	351,942.37
MUNDER	FNMA POOL #959947 6% DUE 11-01-2037 REG	USA	405,000.41	435,312.16	435,785.67
MUNDER	FNMA POOL #AA3296 4.5% 02-01-2039 BEO	USA	170,000.56	177,325.20	177,254.48
MUNDER	FNMA POOL #AE1921 4% 09-01-2040 BEO	USA	999,999.96	1,010,820.27	1,369,138.81
MUNDER	FNMA POOL #MA0562 4.5% 11-01-2040 BEO	USA	600,000.00	628,593.75	628,593.75
MUNDER	FNMA PREASSIGN 00164 5 12-25-2032	USA	1,200,000.00	1,165,875.00	1,302,547.20
MUNDER	FNMA REMIC SER 1993-203 CL PL 6.5 DUE 10-25-2023 BEO	USA	234,710.14	217,748.67	259,771.78
MUNDER	FNMA REMIC SER 2008-58 CL PE 503-25-2032	USA	400,000.02	396,609.38	429,112.42
MUNDER	FNMA REMIC TR 2002-48 CL-GH 6.5 11-25-2032	USA	890,716.64	918,969.06	985,030.17
MUNDER	FNMA REMIC TR 2005-51 CL-ND 5.5 11-25-2033	USA	365,000.00	393,515.63	399,711.86
MUNDER	GNMA POOL #538257 SER 2031 7% DUE 10-15-2031 REG	USA	9,185.50	9,472.20	10,501.03
MUNDER	GNMA POOL #627907 5% 02-15-2034 BEO	USA	236,071.18	234,964.62	252,929.02
	TOTAL U.S. GOVERNMENT MORTGAGE BACKED		**94,686,391.20**	**96,753,714.29**	**101,772,180.13**
	U.S. TIPS GOVERNMENT BONDS				
WELLINGTON TIPS	TSY INFL IX N/B INFLATION LINKED INDX DUE 04-15-2014 REG	USA	775,000.00	826,854.83	839,952.00
WELLINGTON TIPS	US TREAS NTS INDEX LINKED 0.625 DUE 04-15-2013 REG	USA	4,300,000.00	4,519,963.26	4,553,997.68
WELLINGTON TIPS	US TREAS NTS INDEX LINKED 1.625 DUE 01-15-2018 REG	USA	1,200,000.00	1,279,926.59	1,354,815.87
WELLINGTON TIPS	US TREAS NTS INDEX LINKED 1.875 DUE 07-15-2013 REG	USA	3,600,000.00	4,516,597.59	4,541,608.22
WELLINGTON TIPS	US TREAS NTS INDEX LINKED 1.875 DUE 07-15-2015 REG	USA	3,300,000.00	3,909,949.46	4,020,896.55
WELLINGTON TIPS	US TREAS NTS INDEX LINKED 1.875 DUE 07-15-2019 REG	USA	3,425,000.00	3,651,395.69	3,876,238.44
WELLINGTON TIPS	US TREAS NTS INDEX LINKED 2.00 DUE 01-15-2016 REG	USA	2,750,000.00	3,198,426.38	3,310,420.43
WELLINGTON TIPS	US TREAS NTS INDEX LINKED 2.125 01-15-2019 REG	USA	6,425,000.00	7,001,448.26	7,344,677.97
WELLINGTON TIPS	US TREAS NTS INDEX LINKED 2.36434 DUE 01-15-2014 REG	USA	3,075,000.00	3,844,615.96	3,891,137.50
WELLINGTON TIPS	US TREAS NTS INDEX LINKED 2.375 DUE 01-15-2017 REG	USA	3,800,000.00	4,437,943.97	4,630,477.00
WELLINGTON TIPS	US TREAS NTS INDEX LINKED NOTES 1.375 DUE 07-15-2018 REG	USA	2,375,000.00	2,406,388.26	2,568,429.19
WELLINGTON TIPS	US TREAS NTS INDEX LINKED NOTES 1.625 DUE 01-15-2015 REG	USA	3,225,000.00	3,860,090.35	3,934,969.43
WELLINGTON TIPS	US TREAS NTS INFLATION INDEXED 2.00 DUE 07-15-2014 REG	USA	2,075,000.00	2,553,723.05	2,595,621.98
WELLINGTON TIPS	US TREAS NTS INFLATION INDEXED 3.375 DUE01-15-2012 REG	USA	600,000.00	785,761.32	771,429.88
WELLINGTON TIPS	US TREAS NTS INFLATION LINKED 2.00 DUE 04-15-2012 REG	USA	1,875,000.00	2,092,834.76	2,084,281.96
WELLINGTON TIPS	US TREAS NTS INFLATION LINKED 2.50 DUE 07-15-2016 REG	USA	4,350,000.00	5,122,995.52	5,318,071.05
WELLINGTON TIPS	USA OF AMER TREAS BONDS 3.00 INDEX LINKED NOTES DUE 07-15-2012 REG	USA	3,225,000.00	4,201,824.05	4,152,297.31
WELLINGTON TIPS	USA OF AMER TREAS NOTES 1.375 NTS TIPS 1/15/2020	USA	3,125,000.00	3,205,500.77	3,348,110.25
WELLINGTON TIPS	USA TREAS NTS INDEX LINKED 07-15-2017	USA	1,550,000.00	1,795,767.97	1,879,816.79
WELLINGTON TIPS	USA TREAS NTS INFL IX 07-15-2020	USA	1,400,000.00	1,404,736.82	1,468,501.63
WELLINGTON TIPS	FWD CNTRT TO BUY US TIPS 10-29-10 1.625 DEUTSCHE EXP 1/15/15 99Z01C4V5	USA	1,400,000.00	0.00	0.00
WELLINGTON TIPS	FWD CNTRT TO SELL USTN 10-29-10 2.25 DEUTSCHE EXP 1/31/15 99Z01C593	USA	1,575,000.00	0.00	52,469.55
WELLINGTON TIPS	FWD CNTRT TO SELL USTN 4.75 08-15-2017	USA	950,000.00	0.00	0.00
WELLINGTON TIPS	FWD CNTRT TO SELL USTN 4.75 08-15-2017	USA	1,850,000.00	0.00	37,976.80
WELLINGTON TIPS	FWD CNTRT TO BUY US TIPS 10-29-10 1.625 DEUTSCHE EXP 1/15/15 99Z01C4V5	USA	1,400,000.00	0.00	-73,263.40
WELLINGTON TIPS	FWD CNTRT TO SELL USTN 08-15-2017	USA	950,000.00	0.00	-12,695.80
WELLINGTON TIPS	FWD CNTRT TO SELL USTN 4.75 08-15-2017	USA	1,850,000.00	0.00	0.00
WELLINGTON TIPS	FWD CNTRT TO SELL USTN 10-29-10 2.25 DEUTSCHE EXP 1/31/15 99Z01C593	USA	1,575,000.00	0.00	0.00
	TOTAL U.S. TIPS GOVERNMENT BONDS		**68,000,000.00**	**64,616,744.86**	**66,490,238.28**

CITY OF MAIMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2010

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	MUNICIPAL BONDS				
AMBASSADOR	GENESEE CNTY MICH VAR-TAXABLE-LTD TAX NTS VAR RT DUE 09-01-2012 REG TAXABLI	USA	410,000.00	410,000.00	409,241.50
AMBASSADOR	ILLINOIS ST 4% 03-01-2014 BEO TAXABLE	USA	800,000.00	805,040.00	808,856.00
AMBASSADOR	ILLINOIS ST TAXABLE 1.823% DUE01-01-2011 BEO TAXABLE N/C	USA	1,500,000.00	1,504,675.00	1,502,490.00
AMBASSADOR	TEXAS TRANSN COMMN ST HWY FD REV 5% 04-01-2022 BEO	USA	1,650,000.00	1,646,700.00	1,884,382.50
AMBASSADOR	WAYNE CNTY MICH 6% 12-01-2010 BEO TAXABLE	USA	1,000,000.00	1,000,000.00	1,006,140.00
DODGE & COX	CALIFORNIA ST 5.45% 04-01-2015 BEO TAXABLE	USA	175,000.00	176,081.50	187,519.50
DODGE & COX	CALIFORNIA ST 7.3% 10-01-2039 BEO TAXABLE	USA	600,000.00	580,449.75	636,186.00
DODGE & COX	CALIFORNIA ST 7.5% 04-01-2034 BEO TAXABLE	USA	625,000.00	610,109.75	688,512.50
DODGE & COX	CALIFORNIA ST 7.625% 03-01-2040 BEO TAXABLE	USA	150,000.00	152,551.50	164,821.50
DODGE & COX	CALIFORNIA ST RMRKTD 5.65% 04-01-2039 BEO TAXABLE	USA	100,000.00	100,427.00	107,647.00
DODGE & COX	CALIFORNIA ST TAXABLE-VAR PURP 7.55% DUE04-01-2039 BEO TAXABLE N/C	USA	775,000.00	784,104.75	845,687.75
DODGE & COX	LOS ANGELES CALIF UNI SCH DIST 6.758% DUE 07-01-2034 BEO TAXABLE	USA	375,000.00	375,000.00	424,121.25
MUNDER	NEW YORK N Y 5.676% 10-01-2034 BEO TAXABLE	USA	750,000.00	750,000.00	761,077.50
MUNDER	PENNSYLVANIA ST 5.35% 05-01-2030 BEO TAXABLE	USA	420,000.00	422,957.20	431,713.80
	TOTAL MUNICIPAL BONDS		**9,330,000.00**	**9,318,096.45**	**9,858,396.80**
	TOTAL U.S. BONDS & BILLS		**197,793,391.20**	**196,998,501.52**	**205,349,925.22**

CITY OF MAIMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2010

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	U.S. GOVERNMENT AGENCIES				
AMBASSADOR	CORPORACION ANDINA DE FOMENTO NT 5.75% DUE 01-12-2017 BEO	Multi-Natl. A/R	850,000.00	698,445.00	926,934.35
AMBASSADOR	FHLMC PREASSIGN 00007 5.5 07-18-2016	USA	2,895,000.00	3,222,761.79	3,483,211.89
AMBASSADOR	TENNESSEE VALLEY AUTH 4.875% DUE 12-15-2016 REG	USA	2,625,000.00	2,796,911.25	3,602,066.57
BARROW HANLEY BOND	FNMA PREASSIGN 00310 5.125 01-02-2014	USA	410,000.00	406,638.00	454,765.85
DODGE & COX	FNMA 6 DUE 05-15-2011 REG	USA	250,000.00	256,875.00	258,843.25
DODGE & COX	NEW VY GENERATION V 2003-2 PASSTHRU CTF 4.92899990082% DUE 01-15-2021 BEO	USA	528,239.81	528,239.81	585,300.27
DODGE & COX	SBA GTD DEV PARTN CTF SER 2003-20-D PARTN CTF 4.76 DUE 04-01-23 REG	USA	518,761.95	518,761.95	557,370.28
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF 2007-20C PARTN CTF VAR RT 3-1-27 REG	USA	560,345.17	560,345.17	619,708.13
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF DEB SER 1997-20 C 7.15	USA	80,816.01	85,598.72	87,274.01
MUNDER	EUROPEAN INVT BK 5 YR GLOBAL BD 2.875% DUE 01-15-2015 REG	Luxembourg	1,300,000.00	1,298,739.00	1,382,845.10
MUNDER	FFCB DTD 09/01/2000 7 09-01-2015	USA	1,250,000.00	1,334,717.50	1,547,262.50
	TOTAL U.S. GOVERNMENT AGENCIES		**11,268,162.94**	**11,708,033.19**	**13,505,582.20**

CITY OF MAIMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2010

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	CORPORATE ASSET BACKED SECURITIES				
AMBASSADOR	FORD CR AUTO OWNER 5.23999977112% DUE 07-15-2012	USA	1,740,000.00	1,818,696.94	1,790,988.96
AMBASSADOR	PSNH FDG LLC 6.48% DUE 05-01-2015	USA	946,987.20	1,021,677.19	1,021,582.32
AMBASSADOR	PVTPL ASG RESECURITIZATION TR 2009-2 VAR144A VAR RT DUE 05-24-2036	USA	762,216.85	697,292.58	766,355.68
AMBASSADOR	SPECIALTY UNDERWRITING & RESIDENTIAL FIN2004-BC2 CTF A-2 05-25-2035 REG	USA	29,932.48	29,960.86	25,020.14
AMBASSADOR	TERWIN MTG TR 2003-8HE ASSET BKD CTF CL A 12-25-2034 REG	USA	52,436.31	52,542.82	39,984.62
AMBASSADOR	USAA AUTO OWNER TR 5.07 DUE 06-15-2013	USA	498,730.51	512,679.38	509,122.05
BARROW HANLEY BOND	HONDA AUTO 3.3% DUE 09-15-2015	USA	330,000.00	329,940.17	345,099.15
BARROW HANLEY BOND	HYUNDAI AUTO 3.15000009537% DUE 03-15-2016	USA	184,999.99	184,968.62	194,615.17
BARROW HANLEY BOND	JOHN DEERE OWNER 2.59% DUE 10-15-2013	USA	225,586.95	225,548.92	228,324.22
DODGE & COX	BURL NORTHN SANTA FE RY CO PASS THRU TR SER 1999-2 MTG 7.57 1-2-21 BEO SF 7-2-(	USA	674,865.10	735,635.01	821,810.22
DODGE & COX	SLM STUD LN TR 2007-2 CL A-2 FLT RT 07-25-2017 REG	USA	784,588.07	780,419.95	780,585.88
DODGE & COX	SLM STUDENT LN TR 2007-7 STUDENT LN-BKD NT CL A-2 FLTG 01-25-2016 REG	USA	1,000,000.00	1,000,000.00	998,073.00
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF DEB SER 1999-20 F 6.8 DUE 06-01-2019 RE	USA	260,545.49	269,053.93	287,006.49
MUNDER	AMERICREDIT 14.55000019073% DUE 01-15-2016	USA	350,000.00	434,984.38	435,750.00
MUNDER	BMW VEH LEASE TR 2.91000008583% DUE 03-15-2012	USA	93,667.26	93,665.20	94,580.51
MUNDER	CARMAX AUTO OWNER 4.65000009537% DUE 08-17-2015	USA	375,000.00	374,963.59	389,688.00
MUNDER	CITIBANK CR CARD 2.70000004768% DUE 06-24-2013	USA	750,000.00	748,987.50	761,862.00
MUNDER	CNH EQUIP TR 1.85% DUE 12-16-2013	USA	750,000.00	749,986.73	758,915.25
MUNDER	DAIMLERCHRYSLER AUTO TR 2007-A AST BKD NT CL A-4A 5.28 DUE 3-8-13 REG	USA	1,350,000.00	1,365,533.50	1,393,380.90
MUNDER	FORD CR AUTO OWNER 5.69000005722% DUE 11-15-2012	USA	549,999.99	562,632.81	579,186.83
MUNDER	GE CAP CR CARD 2.21000003815% DUE 06-15-2016	USA	825,000.00	824,909.00	845,238.90
MUNDER	PARK PL SECS INC 2005-WCH1 ASSET BACKED CTF M-2 VAR 02-25-2035 REG	USA	200,000.00	185,093.75	170,939.80
MUNDER	WACHOVIA AUTO LN 5.44999980927% DUE 10-22-2012	USA	250,000.00	255,605.47	255,460.75
MUNDER	WORLD OMNI 1.64999997616% DUE 02-15-2013	USA	550,000.00	549,949.40	554,727.80
MUNDER MORTGAGE	CWABS ASSET-BACKED CTFS TR 2007-BC2 MTG PASSTHRU CTF CL 2-A-2 10-25-2033 REG	USA	500,000.00	433,750.00	437,477.00
MUNDER MORTGAGE	CWABS INC 2004-5 ASSET BKD CTF CL 4-A-3 FLTG RATE 10-25-2034 REG	USA	306,097.83	284,670.99	281,194.01
MUNDER MORTGAGE	GS MTG SECS CORP SER 2003-SEA CL A1 VAR RT 02-25-2033 REG	USA	151,244.24	110,408.31	112,816.10
MUNDER MORTGAGE	LEHMAN XS TR 2005-8 MTG PASSTHRU CTF 2-A1A 12-25-2035 REG	USA	34,784.26	31,131.91	34,784.26
MUNDER MORTGAGE	MORGAN STANLEY ABS CAP I INC 2005-4 MTG PASSTHRU CTF CL A-2C VAR 09-25-2035 RE	USA	275,344.41	242,303.08	244,607.43
MUNDER MORTGAGE	NEW CENTY HOME 5.24623012543% DUE 08-25-2034	USA	246,893.91	234,549.21	243,155.19
MUNDER MORTGAGE	NOVASTAR HOME EQUITY LN TR 2005-2 ASSET BKD CTF CL A-2D FLTG RATE 10-25-2035 F	USA	98,537.41	85,912.31	97,372.99
MUNDER MORTGAGE	PARK PL SECS INC 2004-WCW1 ASSET BKD CTFM-1 FLTG RATE 09-25-2034 REG	USA	308,754.65	273,247.87	304,682.48
MUNDER MORTGAGE	PVTPL QUEST TRUST 2004-X3 CL M1 DTD 09-28-2004 144A DUE 09-25-2034	USA	383,383.48	368,048.14	368,800.72
MUNDER MORTGAGE	PVTPL RFSC SER 2004-RP1A CL M1 144A FLTGRT DUE 11-25-2042	USA	56,137.72	51,857.22	52,181.19
MUNDER MORTGAGE	STRUCTURED ASSET SECS CORP 2005-7XS MTG PASSTHRU CTF CL 1-A2B 04-25-2035 RE(	USA	495,749.23	453,610.54	465,563.05
	TOTAL CORPORATE ASSET BACKED SECURITIES		**16,391,483.34**	**16,374,217.28**	**16,690,933.06**
	COMMERCIAL MORTGAGE BACKED SECURITIES				
AMBASSADOR	CMO BEAR STEARNS INC COML MTG PSTRU CTF CL A-2 2001-TOP2 6.48 4-15-11 BE	USA	1,565,255.59	1,522,854.93	1,586,965.68
AMBASSADOR	CMO BEAR STEARNS TR 2006-TOP24 MTG PASSTHRU CTF CL A-2 10-12-2041	USA	1,500,000.00	1,336,171.88	1,549,441.50
AMBASSADOR	CMO GE CAP COML MTG CORP 2001-1 CL A-2 6.531% DUE 05-15-2033 BEO	USA	1,618,299.59	1,533,829.67	1,640,492.95
AMBASSADOR	CMO GMAC COML MTG SEC INC 2001-C1 MTG PASSTHRU CTF CL A2 6.465 4-15-34 BEO	USA	1,238,209.29	1,175,584.47	1,250,525.75
AMBASSADOR	CMO GMAC COML MTG SEC INC MTG P/T SER 1997-C1 CL F 7.222 DUE 11-15-2011 BEO	USA	542,089.17	536,884.40	543,244.90
AMBASSADOR	CMO J P MORGAN CHASE COML MTG SECS CORP 20 SEN_FIX 4.871% DUE 10-15-2042 BE(	USA	525,000.00	467,578.13	532,602.00
BARROW HANLEY BOND	CMO BEAR STEARNS COML MTG SECS 2004-PWR5CL A-4 4.831 DUE 07-11-2042 REG	USA	640,000.00	643,493.18	663,674.88
BARROW HANLEY BOND	CMO BEAR STEARNS COML MTG SECS TR 2006-PWR13 CL-A4 5.54 DUE 09-11-2041 RE	USA	679,999.99	657,662.02	743,449.42
BARROW HANLEY BOND	CMO BEAR STEARNS COML MTG SECURIT CL A4 FLT RT DUE 12-11-2038 BEO	USA	460,000.00	420,612.50	485,645.46
BARROW HANLEY BOND	CMO CD 2007-CD5 MTG TR DUE 11-15-2044 BEO	USA	645,000.00	441,459.67	697,171.47
BARROW HANLEY BOND	CMO CITIGROUP COML MTG TR SER 2004-C2 CLA3 4.38000011444% DUE 10-15-2041 BEO	USA	715,000.00	718,551.41	723,260.39
BARROW HANLEY BOND	CMO J P MORGAN CHASE COML MTG SECS CORP SER 2005-LDP1 CL A-2 4.625 3-15-2046	USA	302,627.68	304,129.92	307,706.68
MUNDER	CMO ASSET SECURITIZATION CORP COML MTG PASSTHRU 96-D3 CL A-3 DUE 10-13-2026	USA	700,000.00	771,039.06	735,158.90
MUNDER	CMO AST SECURITIZATION CORP COML MTG PASSTHRU CTF 97-D5 A-5 VAR 2-14-43 RE(	USA	676,721.00	721,712.37	728,134.87
MUNDER	CMO BEAR STEARNS COML MTG SECS INC SER 2005-PWR9 CL A4A 4.871 9-15-2015 BEO	USA	1,000,000.00	965,937.50	1,067,205.00
MUNDER	CMO COMMERCIAL MTG ASSET TR CMAT 99-C1 A3 6.64% DUE 01-17-2032 BEO	USA	70,467.17	72,687.67	70,524.53
MUNDER	CMO CR SUISSE 1ST BSTN MTG SECS CORP SER1997-C2 CL F 7.46 DUE 01-17-2035 REG	USA	965,000.00	1,061,801.56	1,067,168.41
MUNDER	CMO CSFB MTG SECS CORP 2001-CK6 MTG PSTRU CTF CL A-3 6.387 10-15-2011 BEO	USA	1,000,964.11	1,052,995.28	1,042,282.90
MUNDER	CMO GS MTG SECS CORP II 2005-GG4 CL A-4A4.751% DUE 07-10-2039 REG	USA	1,600,000.01	1,536,609.38	1,720,433.61
MUNDER	CMO MORGAN STANLEY D/WITTER CAP TR 2002 MTG P/THRU CTF CL A-2 5.98 DUE 1-15-3	USA	594,982.24	597,898.25	629,445.99
MUNDER	CMO MSDW CAP I TR 2002-HQ MTG PASSTHRU CTF CL A-3 6.51 04-15-34 BEO	USA	571,159.58	574,240.98	596,989.70
MUNDER	CMO WACHOVIA BK COML MTG TR 2005-C20 MTGPASSTHRU CTF CL A-6 5.11 07-15-42 RE	USA	500,000.00	484,648.44	520,126.50
MUNDER MORTGAGE	CMO GS MTG SECS CORP II 2005-GG4 CL A-4A4.751% DUE 07-10-2039 REG	USA	500,000.00	399,941.41	537,635.50
	TOTAL COMMERCIAL MORTGAGE BACKED SECURITIES		**18,610,775.42**	**17,998,324.08**	**19,439,286.99**

CITY OF MAIMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2010

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	CORPORATE BONDS				
AMBASSADOR	#REORG ILLINOIS NAME CHANGE AMEREN ILLINOIS CO TNT# 4264948 EFF 10/01/2010	USA	500,000.00	630,155.00	669,945.00
AMBASSADOR	AFFILIATED 5.2% DUE 06-01-2015	USA	665,000.00	702,940.30	723,365.72
AMBASSADOR	AMER W AIRLS INC 7.1% DUE 04-02-2021	USA	185,596.24	185,596.24	182,348.30
AMBASSADOR	AMERN EXPRESS CO 7% DUE 03-19-2018	USA	800,000.00	829,967.50	963,507.20
AMBASSADOR	ANHEUSER BUSCH GTD NT 5.375 DUE 01-15-2020	USA	650,000.00	656,922.50	733,714.15
AMBASSADOR	ARIZONA PUB SVC CO 8.75% DUE 03-01-2019	USA	560,000.00	666,708.00	735,730.24
AMBASSADOR	AT&T BROADBAND 9.455% DUE 11-15-2022	USA	515,000.00	689,677.70	726,330.76
AMBASSADOR	AT&T INC 5.5% DUE 02-01-2018	USA	800,000.00	707,715.00	927,884.80
AMBASSADOR	BB&T CORP SR 6.85% DUE 04-30-2019	USA	765,000.00	861,351.75	930,117.60
AMBASSADOR	BK NY INC MEDIUM TERM SR NTS BOO TRANCHE# TR 00029 4.95 DUE 11-01-2012	USA	775,000.00	842,874.50	840,545.62
AMBASSADOR	BOTTLING GROUP LLC 5.125% DUE 01-15-2019	USA	840,000.00	851,536.20	963,973.08
AMBASSADOR	CAROLINA PWR & LT 5.3% DUE 01-15-2019	USA	860,000.00	882,497.60	999,410.30
AMBASSADOR	CENTERPOINT ENERGY 7.875% DUE 04-01-2013	USA	591,000.00	675,483.50	680,536.50
AMBASSADOR	COCA-COLA HBC FIN 5.125% DUE 09-17-2013	Netherlands	800,000.00	750,936.00	872,167.20
AMBASSADOR	COMWLTH EDISON CO 5.8% DUE 03-15-2018	USA	624,000.00	685,777.99	729,935.85
AMBASSADOR	CONS EDISON CO N Y INC DEB SER 2008 C 7.125 DUE 12-01-2018/12-04-2008 BEO	USA	750,000.00	841,080.00	964,965.00
AMBASSADOR	COVIDIEN INTL FIN 6% DUE 10-15-2017	Luxembourg	700,000.00	672,868.00	832,313.30
AMBASSADOR	CVS CAREMARK CORP 6.6% DUE 03-15-2019	USA	605,000.00	677,545.55	734,171.73
AMBASSADOR	DAYTON PWR & LT CO 1ST MTG BD 5.125 DUE 10-01-2013	USA	805,000.00	811,520.00	897,792.35
AMBASSADOR	DIAGEO CAP PLC 5.75 DUE 10-23-2017	UK	815,000.00	727,945.35	961,865.44
AMBASSADOR	DUKE ENERGY IND 6.35% DUE 08-15-2038	USA	700,000.00	769,713.00	867,200.60
AMBASSADOR	EMERSON ELEC CO 5% DUE 04-15-2019	USA	790,000.00	792,836.10	901,713.90
AMBASSADOR	FRANCE TELECOM SA NT STEP UP 03-01-2011 02-01-2002	France	800,000.00	792,208.00	823,476.00
AMBASSADOR	GEN ELEC CAP CORP MEDIUM TERM NTS BO TRANCHE # TR 00551 6% DUE 06-15-2012	USA	800,000.00	787,800.00	863,380.00
AMBASSADOR	GOODRICH CORP 7.625% DUE 12-15-2012	USA	685,000.00	783,701.65	785,448.40
AMBASSADOR	HEWLETT PACKARD CO 5.4% DUE 03-01-2017	USA	410,000.00	427,748.10	478,877.95
AMBASSADOR	HOME DEPOT INC 5.25% DUE 12-16-2013	USA	650,000.00	722,267.00	725,269.35
AMBASSADOR	HSBC FINANCE CORP 6.375% DUE 10-15-2011	USA	865,000.00	914,737.50	910,941.01
AMBASSADOR	INTL BUSINESS 7.625% DUE 10-15-2018	USA	665,000.00	782,405.75	883,530.30
AMBASSADOR	JOHNSON & JOHNSON 5.85% DUE 07-15-2038	USA	775,000.00	734,545.00	941,302.60
AMBASSADOR	JPMORGAN CHASE & 6.3% DUE 04-23-2019	USA	790,000.00	798,255.50	915,500.19
AMBASSADOR	KRAFT FOODS INC 6.125% DUE 02-01-2018	USA	655,000.00	702,919.80	772,248.27
AMBASSADOR	LOCKHEED MARTIN CORP 7.65 CO GUARNT DUE 05-01-2016	USA	800,000.00	926,776.00	1,014,996.80
AMBASSADOR	MCDONALDS CORP MEDIUM TERM NTS BOOK ENTRY SR NT 6.3% DUE 03-01-2038	USA	855,000.00	754,533.05	1,069,161.25
AMBASSADOR	NATL RURAL UTILS 10.375% DUE 11-01-2018	USA	695,000.00	885,054.70	995,250.42
AMBASSADOR	NEVADA PWR CO 6.5% DUE 04-15-2012	USA	660,000.00	716,403.60	709,506.60
AMBASSADOR	NEWS AMER HLDGS 9.25% DUE 02-01-2013	USA	525,000.00	610,121.00	613,046.17
AMBASSADOR	NISOURCE FIN CORP 10.75% DUE 03-15-2016	USA	550,000.00	650,017.50	726,485.10
AMBASSADOR	OHIO PWR CO 5.375% DUE 10-01-2021	USA	765,000.00	778,257.45	872,633.20
AMBASSADOR	ONCOR ELEC 7% DUE 09-01-2022	USA	610,000.00	695,320.70	766,282.61
AMBASSADOR	PACIFICORP 5.65% DUE 07-15-2018	USA	800,000.00	748,362.50	951,122.40
AMBASSADOR	PLAINS ALL AMERN 5.625% DUE 12-15-2013	USA	660,000.00	713,994.60	721,780.62
AMBASSADOR	PROCTER & GAMBLE 5.55% DUE 03-05-2037	USA	800,000.00	725,224.00	937,273.60
AMBASSADOR	PVTPL ITC HLDGS CORP NT 144A 5.875% DUE 09-30-2016 BEO	USA	585,000.00	614,581.35	650,537.55
AMBASSADOR	PVTPL ITC HLDGS CORP SR NT 144A 5.5% DUE01-15-2020 BEO	USA	275,000.00	273,924.75	303,619.25
AMBASSADOR	PVTPL TEXAS NEW MEX PWR CO 1ST MTG BD SER 2009A 144A 9.5% DUE 04-01-2019 BE(	USA	560,000.00	681,369.60	736,366.40
AMBASSADOR	SCHERING PLOUGH 6% DUE 09-15-2017	USA	600,000.00	618,262.50	728,967.00
AMBASSADOR	SEMPRA ENERGY 8.9% DUE 11-15-2013	USA	650,000.00	761,923.50	781,588.60
AMBASSADOR	TAMPA ELEC CO 6.875% DUE 06-15-2012	USA	565,000.00	617,607.15	615,963.00
AMBASSADOR	TARGET CORP 6% DUE 01-15-2018	USA	900,000.00	739,638.00	1,085,660.10
AMBASSADOR	TELECOM ITALIA CAP 6.999% DUE 06-04-2018	Luxembourg	675,000.00	751,605.75	775,389.37
AMBASSADOR	TIME WARNER COS 9.125% DUE 01-15-2013	USA	575,000.00	670,612.75	670,984.75
AMBASSADOR	TRANSCANADA 7.25% DUE 08-15-2038	Canada	1,025,000.00	807,583.75	1,310,998.57
AMBASSADOR	TYCO INTL FIN S A 8.5% DUE 01-15-2019	Luxembourg	575,000.00	700,687.25	762,118.22
AMBASSADOR	U S BK NATL ASSN 4.8% DUE 04-15-2015	USA	800,000.00	778,616.00	891,725.60
AMBASSADOR	UTD PARCEL SVC INC 6.2% DUE 01-15-2038	USA	910,000.00	800,381.40	1,121,797.95
AMBASSADOR	VERIZON 8.95% DUE 03-01-2039	USA	775,000.00	818,380.75	1,136,359.25
AMBASSADOR	WAL-MART STORES 6.2% DUE 04-15-2038	USA	800,000.00	700,672.00	964,516.00
AMBASSADOR	WASTE MGMT INC DEL 7.375% DUE 03-11-2019	USA	565,000.00	656,835.10	708,167.61

CITY OF MAIMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2010

Account name	Asset description	Country	Shares/Par value	Book value	Market value
AXA HIGH YIELD	#REORG/CREDIT MAND EXC CREDIT ACCEP CORPMICH 4608987 EFF 02/01/11	USA	275,000.00	276,375.00	288,750.00
AXA HIGH YIELD	#REORG/GANNETT CO MAND EXCHANGE GANNETT CO INC 8.75 4244238 EFF 10/4/10	USA	280,000.00	294,000.00	307,300.00
AXA HIGH YIELD	ACE CASH EXPRESS 10.25% DUE 10-01-2014	USA	700,000.00	582,750.00	602,000.00
AXA HIGH YIELD	AES CORP 9.75% DUE 04-15-2016	USA	380,000.00	409,450.00	437,000.00
AXA HIGH YIELD	ALLBRITTON 8% DUE 05-15-2018	USA	270,000.00	269,325.00	270,675.00
AXA HIGH YIELD	ALLIS-CHALMERS ENERGY INC FORMERLY ALLI SR NT 8.5 DUE 03-01-2017 BEO	USA	500,000.00	431,250.00	502,500.00
AXA HIGH YIELD	AMERICAN INTL GROUP INC JR SUB DEB FLT RT DUE 05-15-2068/05-15-2038 BEO	USA	645,000.00	467,525.00	645,000.00
AXA HIGH YIELD	AMERISTAR CASINOS 9.25% DUE 06-01-2014	USA	250,000.00	258,750.00	266,875.00
AXA HIGH YIELD	AMERN GEN FIN CORP MEDIUM TERM SR NTS TRANCHE # TR 00378 5.375 DUE 10-01-201	USA	330,000.00	297,825.00	312,262.50
AXA HIGH YIELD	AMERN GEN FIN CORP MEDIUM TERM SR NTS TRANCHE # TR 00425 6.9 DUE 12-15-2017	USA	175,000.00	131,250.00	146,125.00
AXA HIGH YIELD	APRIA HEALTHCARE 12.375% DUE 11-01-2014	USA	250,000.00	250,000.00	278,125.00
AXA HIGH YIELD	ARAMARK CORP 8.5% DUE 02-01-2015	USA	390,000.00	394,875.00	405,600.00
AXA HIGH YIELD	ARCH COAL INC 7.25% DUE 10-01-2020	USA	180,000.00	180,000.00	190,125.00
AXA HIGH YIELD	ARCH COAL INC SR NT 8.75 DUE 08-01-2016	USA	190,000.00	204,725.00	209,475.00
AXA HIGH YIELD	AVIATION CAP GROUP 7.125% DUE 10-15-2020	USA	355,000.00	354,989.35	354,989.35
AXA HIGH YIELD	AXCAN INTER HLDGS 12.75% DUE 03-01-2016	USA	625,000.00	651,456.25	637,500.00
AXA HIGH YIELD	BAC CAP TR XI 6.625% DUE 05-23-2036	USA	220,000.00	196,350.00	227,104.46
AXA HIGH YIELD	BALL CORP 6.75% DUE 09-15-2020	USA	295,000.00	295,000.00	312,700.00
AXA HIGH YIELD	BEAZER HOMES USA 12% DUE 10-15-2017	USA	285,000.00	325,275.00	327,750.00
AXA HIGH YIELD	BERRY PETE CO 10.25% DUE 06-01-2014	USA	235,000.00	257,912.50	264,962.50
AXA HIGH YIELD	BERRY PLASTICS 9.5% DUE 05-15-2018	USA	205,000.00	188,600.00	192,700.00
AXA HIGH YIELD	BOISE PAPER HLDGS 9% DUE 11-01-2017	USA	250,000.00	260,000.00	268,125.00
AXA HIGH YIELD	BON-TON DEPT STORES INC SR NT 10.25% DUE03-15-2014/03-15-2010	USA	265,000.00	269,637.50	261,025.00
AXA HIGH YIELD	CAPITAL ONE CAP V 10.25% DUE 08-15-2039	USA	285,000.00	329,887.50	308,512.50
AXA HIGH YIELD	CARROLS CORP 9% DUE 01-15-2013	USA	255,000.00	259,462.50	256,912.50
AXA HIGH YIELD	CCH II LLC / CCH 13.5% DUE 11-30-2016	USA	200,000.00	232,000.00	237,500.00
AXA HIGH YIELD	CENTENE CORP DEL 7.25% DUE 04-01-2014	USA	265,000.00	265,662.50	273,612.50
AXA HIGH YIELD	CENVEO CORP 7.875% DUE 12-01-2013	USA	325,000.00	314,437.50	313,625.00
AXA HIGH YIELD	CHES ENERGY CORP 6.5% DUE 08-15-2017	USA	200,000.00	191,000.00	207,500.00
AXA HIGH YIELD	CHES ENERGY CORP SR NT DTD 01/09 9.5 DUE02-15-2015 REG	USA	360,000.00	390,600.00	416,700.00
AXA HIGH YIELD	CHS / CMNTY HLTH 8.875% DUE 07-15-2015	USA	250,000.00	260,000.00	265,625.00
AXA HIGH YIELD	CIT GROUP INC NEW 7% DUE 05-01-2013	USA	375,000.00	362,700.00	376,875.00
AXA HIGH YIELD	CIT GROUP INC NEW 7% DUE 05-01-2014	USA	210,000.00	201,600.00	209,475.00
AXA HIGH YIELD	CIT GROUP INC NEW 7% DUE 05-01-2017	USA	150,000.00	140,343.75	146,812.50
AXA HIGH YIELD	CITIGROUP CAP XXI FLTG RT 8.3% DUE 12-21-2077	USA	205,000.00	198,850.00	215,250.00
AXA HIGH YIELD	CITIZENS 6.25% DUE 01-15-2013	USA	200,000.00	198,000.00	209,500.00
AXA HIGH YIELD	CITIZENS 9% DUE 08-15-2031	USA	200,000.00	206,000.00	213,250.00
AXA HIGH YIELD	CLAIRES STORES INC 10.5% DUE 06-01-2017	USA	165,000.00	122,925.00	142,312.50
AXA HIGH YIELD	CLAIRES STORES INC 9.25% DUE 06-01-2015	USA	185,000.00	153,800.00	168,581.25
AXA HIGH YIELD	CLEAR CHANNEL 10.75% DUE 08-01-2016	USA	335,000.00	246,687.50	261,300.00
AXA HIGH YIELD	CLOUD PEAK ENERGY 8.5% DUE 12-15-2019	USA	255,000.00	273,487.50	273,487.50
AXA HIGH YIELD	COLEMAN CABLE INC 9 DUE 02-15-2018	USA	260,000.00	257,400.00	265,850.00
AXA HIGH YIELD	COML BARGE LINE CO 12.5% DUE 07-15-2017	USA	280,000.00	292,600.00	308,000.00
AXA HIGH YIELD	CPG INTL I INC 10.5% DUE 07-01-2013	USA	390,000.00	390,975.00	393,900.00
AXA HIGH YIELD	CSC HLDGS LLC 8.5 DUE 04-15-2014	USA	315,000.00	345,712.50	346,893.75
AXA HIGH YIELD	DELUXE CORP 7.375% DUE 06-01-2015	USA	270,000.00	261,225.00	278,100.00
AXA HIGH YIELD	DENBURY RES INC SR SUB NT 9.75 DUE 03-01-2016 REG	USA	275,000.00	303,875.00	308,687.50
AXA HIGH YIELD	DEVELOPERS 9.625% DUE 03-15-2016	USA	635,000.00	694,531.25	708,437.75
AXA HIGH YIELD	DEX ONE CORP SR SUB NT 12% DUE01-29-2017/01-29-2011 REG	USA	265,000.00	270,962.50	208,356.25
AXA HIGH YIELD	DIGITALGLOBE INC 10.5% DUE 05-01-2014	USA	300,000.00	319,500.00	333,750.00
AXA HIGH YIELD	DOLLAR GEN CORP 10.625% DUE 07-15-2015	USA	400,000.00	438,000.00	441,000.00
AXA HIGH YIELD	ECHOSTAR DBS CORP 6.625% DUE 10-01-2014	USA	200,000.00	205,250.00	209,000.00
AXA HIGH YIELD	EL PASO CORP SR NT 144A 6.5 DUE 09-15-2020	USA	260,000.00	263,796.00	263,900.00
AXA HIGH YIELD	EL PASO ENERGY CORP MEDIUM TERM NTS BOOK TR 4 7.8 8-1-31	USA	390,000.00	380,250.00	404,768.91
AXA HIGH YIELD	ENERGY FUTURE/EFIH 10 DUE 12-01-2020	USA	125,000.00	125,000.00	124,051.87
AXA HIGH YIELD	ENERGYSOLUTIONS 10.75% DUE 08-15-2018	USA	175,000.00	172,707.50	188,562.50
AXA HIGH YIELD	EXOPACK HLDG CORP 11.25% DUE 02-01-2014	USA	135,000.00	137,925.00	138,037.50
AXA HIGH YIELD	EXOPACK HLDG CORP 11.25% DUE 02-01-2014	USA	200,000.00	207,000.00	204,500.00
AXA HIGH YIELD	FBL FINL GROUP INC 5.875% DUE 03-15-2017	USA	168,000.00	142,380.00	151,038.72
AXA HIGH YIELD	FELCOR LODGING LTD 10% DUE 10-01-2014	USA	390,000.00	395,325.00	423,637.50
AXA HIGH YIELD	FIFTH 3RD BANCORP 8.25% DUE 03-01-2038	USA	490,000.00	540,415.90	582,579.13
AXA HIGH YIELD	FIRST DATA CORP 9.875% DUE 09-24-2015	USA	345,000.00	291,590.71	282,037.50
AXA HIGH YIELD	FORD MTR CO DEL 7.45% DUE 07-16-2031	USA	490,000.00	444,475.00	510,825.00
AXA HIGH YIELD	FORD MTR CR CO LLC 12% DUE 05-15-2015	USA	320,000.00	360,000.00	403,029.44
AXA HIGH YIELD	FORD MTR CR CO LLC NT 7% DUE 10-01-2013	USA	285,000.00	290,343.75	305,769.66
AXA HIGH YIELD	FREESCALE SEMICONDUCTOR INC SR SUB NT 10.125 DUE 12-15-2016 REG	USA	245,000.00	195,642.71	222,950.00
AXA HIGH YIELD	FRONTIER SR NT 8.25 DUE 05-01-2014	USA	320,000.00	346,400.00	351,600.00
AXA HIGH YIELD	GEO SUB CORP 11% DUE 05-15-2012	USA	405,000.00	380,700.00	363,487.50
AXA HIGH YIELD	GLOBAL CROSSING 12% DUE 09-15-2015	Bermuda	305,000.00	338,550.00	344,650.00
AXA HIGH YIELD	GMAC INC 8% DUE 03-15-2020	USA	295,000.00	290,044.00	322,287.50
AXA HIGH YIELD	GMAC INC FORMERLY 6.875 DUE 09-15-2011	USA	285,000.00	290,700.00	293,906.25
AXA HIGH YIELD	GMAC INC FORMERLY 8% DUE 11-01-2031	USA	370,000.00	347,212.50	396,825.00
AXA HIGH YIELD	GOODMAN GLOBAL SR DISCOUNT NT 0 DUE 12-15-2014	USA	750,000.00	465,000.00	480,000.00
AXA HIGH YIELD	GRAHAM PACKAGING 9.875% DUE 10-15-2014	USA	250,000.00	258,750.00	259,375.00
AXA HIGH YIELD	GSC HLDGS CORP / GAMESTOP INC SR NT 8% DUE 10-01-2012/10-01-2008	USA	250,000.00	258,125.00	255,937.50
AXA HIGH YIELD	GXS WORLDWIDE INC 9.75% DUE 06-15-2015	USA	335,000.00	319,925.00	333,743.75
AXA HIGH YIELD	HARRAHS OPER INC 10% DUE 12-15-2018	USA	370,000.00	282,075.00	295,537.50
AXA HIGH YIELD	HCA INC 7.25% DUE 09-15-2020	USA	305,000.00	304,237.50	326,350.00
AXA HIGH YIELD	HCA INC FORMERLY HCA-HEALTHCARE CO NT DTD 09-23-2002 6.3 DUE 10-01-2012 BEO	USA	160,000.00	158,000.00	162,400.00
AXA HIGH YIELD	HEXION U S FIN 8.875% DUE 02-01-2018	USA	335,000.00	304,850.00	328,300.00
AXA HIGH YIELD	HOST HOTELS & 9% DUE 05-15-2017	USA	300,000.00	314,625.00	334,875.00
AXA HIGH YIELD	ICAHN ENTERPRISES 8% DUE 01-15-2018	USA	355,000.00	327,787.50	356,775.00
AXA HIGH YIELD	ING GROEP N V BD FLT RT DUE 12-29-2049/12-08-2015 REG	Netherlands	320,000.00	252,412.50	287,200.00
AXA HIGH YIELD	INTELSAT LTD 11.25% DUE 06-15-2016	Bermuda	410,000.00	423,325.00	445,875.00
AXA HIGH YIELD	INTERFACE INC 9.5% DUE 02-01-2014	USA	203,000.00	208,075.00	209,851.25
AXA HIGH YIELD	INTERLINE BRANDS 8.125% DUE 06-15-2014	USA	320,000.00	323,550.00	330,400.00
AXA HIGH YIELD	INTERNATIONAL LEASE FIN CORP MTN 5.625% DUE 09-20-2013	USA	290,000.00	272,875.00	284,562.50
AXA HIGH YIELD	INTERPUBLIC GROUP 10% DUE 07-15-2017	USA	240,000.00	262,800.00	280,200.00
AXA HIGH YIELD	INTL TELECOM 7.625% DUE 04-15-2012	Bermuda	305,000.00	298,900.00	315,675.00
AXA HIGH YIELD	INTL WIRE GROUP 9.75% DUE 04-15-2015	USA	225,000.00	223,718.40	229,781.25

CITY OF MAIMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2010

Account name	Asset description	Country	Shares/Par value	Book value	Market value
AXA HIGH YIELD	JBS FIN II LTD 8.25% DUE 01-29-2018	Cayman Is.	220,000.00	216,994.80	226,875.00
AXA HIGH YIELD	KAR HLDGS INC 10% DUE 05-01-2015	USA	235,000.00	246,162.50	246,750.00
AXA HIGH YIELD	LENNAR CORP 12.25% DUE 06-01-2017	USA	245,000.00	295,225.00	289,100.00
AXA HIGH YIELD	LEVEL 3 FING INC 10% DUE 02-01-2018	USA	240,000.00	211,200.00	216,000.00
AXA HIGH YIELD	LIBERTY TIRE 11% DUE 10-01-2016	USA	235,000.00	232,483.15	239,700.00
AXA HIGH YIELD	LYONDELL CHEM CO SR SECD NT 11 DUE 05-01-2018	USA	190,000.00	206,625.00	210,187.50
AXA HIGH YIELD	MAGNACHIP 10.5% DUE 04-15-2018	Luxembourg	255,000.00	263,806.00	269,662.50
AXA HIGH YIELD	MANITOWOC INC 9.5% DUE 02-15-2018	USA	185,000.00	190,550.00	193,325.00
AXA HIGH YIELD	MARINER ENERGY INC 11.75% DUE 06-30-2016	USA	270,000.00	301,387.50	339,525.00
AXA HIGH YIELD	MARQUEE HLDGS INC SR DISC NT STEP UP 08-15-2014 08-15-2010	USA	460,000.00	388,700.00	377,200.00
AXA HIGH YIELD	MASCO CORP NT 7.75 DUE 08-01-2029 BEO	USA	275,000.00	273,968.75	269,148.00
AXA HIGH YIELD	MAY DEPT STORES CO 6.7% DUE 07-15-2034	USA	770,000.00	697,350.00	774,812.50
AXA HIGH YIELD	MCCLATCHY CO 11.5% DUE 02-15-2017	USA	325,000.00	337,187.50	345,718.75
AXA HIGH YIELD	MEDIA GEN INC 11.75% DUE 02-15-2017	USA	200,000.00	196,000.00	216,500.00
AXA HIGH YIELD	METLIFE INC FLTG RT 10.75% DUE08-01-2069	USA	155,000.00	196,850.00	201,112.50
AXA HIGH YIELD	MGM MIRAGE CORPNOTE 7.5% DUE 06-01-2016/05-17-2007	USA	310,000.00	260,400.00	261,950.00
AXA HIGH YIELD	MICHAELS STORES 11.375% DUE 11-01-2016	USA	630,000.00	629,075.00	684,337.50
AXA HIGH YIELD	MOMENTIVE 11.5% DUE 12-01-2016	USA	210,000.00	202,125.00	210,000.00
AXA HIGH YIELD	MOMENTIVE 9.75% DUE 12-01-2014	USA	334,000.00	318,523.77	342,350.00
AXA HIGH YIELD	MURRAY ENERGY CORP 10.25% DUE 10-15-2015	USA	200,000.00	205,000.00	207,500.00
AXA HIGH YIELD	NAVISTAR INTL CORP 8.25% DUE 11-01-2021	USA	265,000.00	269,537.50	282,887.50
AXA HIGH YIELD	NCL CORP LTD 11.75% DUE 11-15-2016	Bermuda	300,000.00	313,500.00	336,000.00
AXA HIGH YIELD	NEXTEL 7.375% DUE 08-01-2015	USA	210,000.00	193,200.00	211,050.00
AXA HIGH YIELD	NORCRAFT COS LP / 10.5% DUE 12-15-2015	USA	320,000.00	329,600.00	334,400.00
AXA HIGH YIELD	NOVELIS INC 11.5% DUE 02-15-2015	Canada	395,000.00	418,700.00	451,287.50
AXA HIGH YIELD	NUVEEN INVTS INC SR NT 10.5% DUE 11-15-2015/11-15-2010	USA	775,000.00	719,087.50	770,156.25
AXA HIGH YIELD	NXP B V / NXP FDG 7.875% DUE 10-15-2014	Netherlands	280,000.00	259,700.00	289,800.00
AXA HIGH YIELD	PARKER DRILLING CO 9.125 DUE 04-01-2018	USA	330,000.00	330,000.00	334,950.00
AXA HIGH YIELD	PATRIOT COAL CORP 8.25% DUE 04-30-2018	USA	270,000.00	270,476.10	270,000.00
AXA HIGH YIELD	PETROHAWK ENERGY CORP SR NT 10.5% DUE 08-01-2014/10-16-2009	USA	245,000.00	274,350.00	277,462.50
AXA HIGH YIELD	PHILLIPS VAN 7.375% DUE 05-15-2020	USA	175,000.00	175,000.00	184,406.25
AXA HIGH YIELD	PINAFORE LLC / 9% DUE 10-01-2018	USA	190,000.00	190,000.00	199,500.00
AXA HIGH YIELD	PK OH INDS INC OH 8.375% DUE 11-15-2014	USA	250,000.00	231,812.50	243,750.00
AXA HIGH YIELD	PLAINS EXPL & PRODTN CO SR NT 7% DUE 03-15-2017/03-15-2010	USA	590,000.00	578,200.00	604,750.00
AXA HIGH YIELD	POLYONE CORP 7.375% DUE 09-15-2020	USA	235,000.00	235,000.00	242,343.75
AXA HIGH YIELD	PULTE HOMES INC 7.875 DUE 06-15-2032 BEO	USA	395,000.00	358,462.50	355,993.75
AXA HIGH YIELD	PVTPL 1ST DATA CORP SR SECD NT 144A 8.875 DUE 08-15-2020/08-20-2010 BEO	USA	160,000.00	157,419.20	166,000.00
AXA HIGH YIELD	PVTPL ABI ESCROW CORP SR SECD NT 144A 10.25% DUE 10-15-2018/10-15-2014 BEO	Canada	255,000.00	255,000.00	259,462.50
AXA HIGH YIELD	PVTPL AFFINIA GROUP INC SR SECD NT 144A 10.75% DUE 08-15-2016/08-15-2012 BEO	USA	275,000.00	300,781.25	305,937.50
AXA HIGH YIELD	PVTPL AIRCASTLE LTD SR NT 144A 9.75% DUE08-01-2018/07-30-2010 BEO	Bermuda	205,000.00	205,288.00	209,356.25
AXA HIGH YIELD	PVTPL ALTEGRITY INC SR NT 144A 10.5% DUE11-01-2015/11-01-2011 BEO	USA	695,000.00	645,175.00	688,918.75
AXA HIGH YIELD	PVTPL AMERN TIRE DISTRS INC SR SECD NT 144A 9.75 DUE 06-01-2017/05-28-2010 BEO	USA	425,000.00	419,730.00	452,625.00
AXA HIGH YIELD	PVTPL AMES TRUE TEMPER INC SR SUB NT 10%DUE 07-15-2012/07-15-2010 REG	USA	195,000.00	190,612.50	194,512.50
AXA HIGH YIELD	PVTPL AMSTED INDS INC SR NT 144A 8.125% DUE 03-15-2018/03-17-2010 BEO	USA	270,000.00	269,276.00	281,137.50
AXA HIGH YIELD	PVTPL ASPECT SOFTWARE INC SR SCD LIEN NT 144A 10.625 DUE 05-15-17/05-07-10 BEO	USA	285,000.00	286,837.50	296,043.75
AXA HIGH YIELD	PVTPL BOMBARDIER INC SR NT 144A 7.75% DUE 03-15-2020/03-29-2010 BEO	Canada	290,000.00	290,000.00	313,200.00
AXA HIGH YIELD	PVTPL BWAY HLDG CO SR NT 144A 10% DUE 06-15-2018/06-16-2010 BEO	USA	220,000.00	217,047.60	238,150.00
AXA HIGH YIELD	PVTPL CALPINE CORP SR SECD NT 144A 7.875 DUE 07-31-2020 BEO	USA	335,000.00	335,733.65	344,212.50
AXA HIGH YIELD	PVTPL CASE NEW HOLLAND INC SR NT 144A 7.875 DUE 12-01-2017 BEO	USA	455,000.00	486,593.75	494,243.75
AXA HIGH YIELD	PVTPL CELANESE US HLDGS LLC SR NT 144A 6.625% DUE 10-15-2018/09-24-2010 BEO	USA	170,000.00	170,000.00	173,825.00
AXA HIGH YIELD	PVTPL CHAPARRAL ENERGY INC SR NT 144A 9.875% DUE 10-01-2020/09-16-2010 BEO	USA	270,000.00	264,876.80	274,050.00
AXA HIGH YIELD	PVTPL CKE RESTAURANTS INC SR SECD 2ND LIEN NT 144A 11.375 DUE 07-15-2018 BEO	USA	205,000.00	201,074.25	210,125.00
AXA HIGH YIELD	PVTPL CONSOL ENERGY INC SR NT 144A 8% DUE 04-01-2017/04-01-2010 BEO	USA	330,000.00	330,000.00	357,225.00
AXA HIGH YIELD	PVTPL CONTINENTAL RES INC SR NT 144A 7.125% DUE 04-01-2021/09-16-2010 BEO	USA	340,000.00	347,012.50	353,600.00
AXA HIGH YIELD	PVTPL DELTA AIR LINES INC DEL SR SECD NT144A 9.5% DUE 09-15-2014/09-28-2009 BEO	USA	170,000.00	173,825.00	184,450.00
AXA HIGH YIELD	PVTPL DIGICEL LTD SR NT 144A 12% DUE 04-01-2014/04-01-2010 BEO	Bermuda	230,000.00	258,750.00	267,950.00
AXA HIGH YIELD	PVTPL DYNCORP INTL INC SR NT 144A 10.375% DUE 07-01-2017/07-07-2010 BEO	USA	200,000.00	200,000.00	199,000.00
AXA HIGH YIELD	PVTPL ENERGY FUTURE HLDGS CORP SR SECD NT 144A 10 DUE 01-15-2020/01-12-2010 B	USA	195,000.00	201,825.00	193,588.20
AXA HIGH YIELD	PVTPL GAMES MERGER CORP 11% DUE 06-01-2018/06-01-2010 BEO	USA	450,000.00	450,000.00	486,000.00
AXA HIGH YIELD	PVTPL GENON ESCROW CORP SR NT 144A 9.875% DUE 10-15-2020/10-04-2010 BEO	USA	305,000.00	297,911.80	291,275.00
AXA HIGH YIELD	PVTPL GEOKINETICS HLDGS USA INC GTD SR SECD NT 144A 9.75 DUE 12-15-2014	USA	125,000.00	120,312.50	109,375.00
AXA HIGH YIELD	PVTPL GEORGIA GULF CORP SR SECD NT 144A 9% DUE 01-15-2017/12-22-2009 BEO	USA	350,000.00	360,500.00	366,625.00
AXA HIGH YIELD	PVTPL GMAC INC FORMERLY GMAC LLC GTD SR NT 144A 8.3% DUE 02-12-2015 BEO	USA	300,000.00	297,750.00	327,000.00
AXA HIGH YIELD	PVTPL INTELSAT JACKSON HLDGS S A GTD SR NT 144A 7.25 DUE 10-15-2020	Luxembourg	280,000.00	280,000.00	281,400.00
AXA HIGH YIELD	PVTPL INTERNATIONAL LEASE FIN CORP SR NT144A 8.625% DUE 09-15-2015 BEO	USA	245,000.00	244,238.55	262,150.00
AXA HIGH YIELD	PVTPL IRONSHORE HLDGS US INC GTD SR NT 144A 8.5% DUE 05-15-2020 BEO	USA	235,000.00	234,505.50	238,057.35
AXA HIGH YIELD	PVTPL KOSA LUX FIN B V / KOSA UK FIN B V/ US$ UNIT SR NT 144A 9.25 05-01-12 BEO	Netherlands	96,000.00	96,960.00	97,200.00
AXA HIGH YIELD	PVTPL LBI ESCROW CORP SR NT 144A 8% DUE 11-01-2017/04-08-2010 BEO	USA	245,000.00	247,362.50	267,662.50
AXA HIGH YIELD	PVTPL LEVEL 3 FING INC SR GTD NT 9.25% DUE 11-01-2014/11-01-2010 REG	USA	205,000.00	194,750.00	192,700.00
AXA HIGH YIELD	PVTPL LINN ENERGY LLC / LINN ENERGY FIN CORP SR NT 144A 7.75 DUE 2-01-2021	USA	280,000.00	275,139.20	282,450.00
AXA HIGH YIELD	PVTPL MCJUNKIN RED MAN CORP SR SECD NT 144A 9.5% DUE 12-15-2016/12-21-2009 BE(	USA	240,000.00	241,200.00	211,200.00
AXA HIGH YIELD	PVTPL MGM MIRAGE SR SECD NT 144A 9% DUE 03-15-2020/03-16-2014 BEO	USA	150,000.00	153,750.00	157,875.00
AXA HIGH YIELD	PVTPL N AMERN ERGY ALL LLC & N SR SECD 2ND LIEN NT 144A 10.875 DUE 6-1-2016	USA	215,000.00	228,975.00	234,887.50
AXA HIGH YIELD	PVTPL NBTY INC SR NT 144A 9% DUE 10-01-2018/10-01-2010 BEO	USA	100,000.00	100,000.00	105,000.00
AXA HIGH YIELD	PVTPL NES RENTALS HLDGS INC 12.25% DUE 04-15-2015/04-09-2010 BEO	USA	40,000.00	39,633.20	31,400.00
AXA HIGH YIELD	PVTPL NEXSTAR BROADCA INC MISSIONBROAD SR SECD 2ND LIEN NT 144A 8.875 04-15-	USA	150,000.00	149,046.00	156,375.00
AXA HIGH YIELD	PVTPL NFR ENERGY LLC / NFR ENERGY FIN CORP SR NT 144A 9.75 DUE 2-15-2017	USA	200,000.00	194,000.00	200,000.00
AXA HIGH YIELD	PVTPL PENHALL INTL CORP 2ND LIEN 144A 08-01-2014 BEO IN DEFAULT	USA	325,000.00	235,625.00	203,125.00
AXA HIGH YIELD	PVTPL PENSON WORLDWIDE INC DTD05-06-2010 12.5 DUE 05-15-2017	USA	135,000.00	136,575.00	134,662.50
AXA HIGH YIELD	PVTPL PHH CORP SR NT 144A 9.25% DUE 03-01-2016/08-11-2010 BEO	USA	175,000.00	175,000.00	182,000.00
AXA HIGH YIELD	PVTPL PROVIDENT FDG ASSOCS LP / PFG FIN CORP SR SECD NT 144A 10.25 DUE 4-15-20	USA	395,000.00	396,050.00	406,850.00
AXA HIGH YIELD	PVTPL SALLY HLDGS LLC / SALLY CAP INC SRNT 9.25% DUE 11-15-2014/11-15-2010 BEO	USA	200,000.00	211,000.00	210,500.00
AXA HIGH YIELD	PVTPL SANDRIDGE ENERGY INC SR NT 144A 8.75% DUE 01-15-2020/12-16-2009 BEO	USA	255,000.00	255,000.00	252,450.00
AXA HIGH YIELD	PVTPL SEARS HLDGS CORP SR SECD NT 144A 6.625% DUE 10-15-2018/10-12-2010 BEO	USA	330,000.00	330,000.00	331,092.30
AXA HIGH YIELD	PVTPL SEQUA CORP SR NT 144A 11.75% DUE 12-01-2015/12-01-2010 BEO	USA	545,000.00	544,287.50	574,975.00
AXA HIGH YIELD	PVTPL SEVERSTAL COLBS ESCR LLC 1ST PRTY SR SECD NT 144A 10.25 DUE 2-15-2018	USA	220,000.00	227,700.00	231,000.00
AXA HIGH YIELD	PVTPL SINCLAIR T.V GROUP INC SR SECD 2ND LIEN NT 144A 9.25 DUE 11-01-2017	USA	250,000.00	260,000.00	268,125.00
AXA HIGH YIELD	PVTPL SOUTHERN STS COOP INC SR NT 144A 11.25% DUE 05-15-2015/05-06-2010 BEO	USA	340,000.00	334,123.20	360,400.00
AXA HIGH YIELD	PVTPL STEINWAY MUSICAL INSTRS INC SR NT 144A 7% DUE 03-01-2014/03-01-2011 BEO	USA	360,000.00	351,000.00	360,900.00
AXA HIGH YIELD	PVTPL STONERIDGE INC SR SECD NT 9.5% DUE10-15-2017/10-04-2010 BEO	USA	370,000.00	370,000.00	379,250.00
AXA HIGH YIELD	PVTPL SUNSTATE EQUIP CO LLC / SUNSTATE EQUIP C 2ND PRTY 144A 10.5 4-1-2013 BEC	USA	570,000.00	503,025.00	515,850.00
AXA HIGH YIELD	PVTPL SYMETRA FINL CORP CAP EFFICIENT NT144A 8.3% DUE 10-15-2067/10-15-2017 BEC	USA	365,000.00	323,412.50	325,306.25
AXA HIGH YIELD	PVTPL TRW AUTOMOTIVE INC SR NT 144A 8.875% DUE 12-01-2017/11-23-2009 BEO	USA	255,000.00	262,650.00	279,225.00
AXA HIGH YIELD	PVTPL UNISYS CORP SR SECD NT 144A 14.25%DUE 09-15-2015/09-15-2012 BEO	USA	330,000.00	392,700.00	392,700.00
AXA HIGH YIELD	PVTPL VERTELLUS SPECIALTIES INC SR SECD NT 144A 9.375% DUE 10-01-2015 BEO	USA	180,000.00	182,250.00	186,750.00
AXA HIGH YIELD	PVTPL VIASYSTEMS INC SR SECD NT 144A 12%DUE 01-15-2015/11-24-2009 BEO	USA	300,000.00	327,000.00	327,375.00
AXA HIGH YIELD	PVTPL WIND ACQSTN FIN S A GTD SR NT144A 11.75 DUE 07-15-2017/07-15-2010 BEO	Luxembourg	150,000.00	162,750.00	168,093.75
AXA HIGH YIELD	PVTPL WIRECO WORLDGROUP INC DTD 05-19-2010 144A 9.5 DUE 05-15-2017	USA	315,000.00	307,216.35	323,662.50
AXA HIGH YIELD	PVTPL WYLE SVCS CORP SR SUB NT 144A 10.5% DUE 04-01-2018/03-26-2010 BEO	USA	260,000.00	260,050.00	257,400.00

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Account name	Asset description	Country	Shares/Par value	Book value	Market value
AXA HIGH YIELD	QEP RES INC 6.875% DUE 03-01-2021	USA	245,000.00	242,731.30	265,212.50
AXA HIGH YIELD	RANGE RES CORP 6.75% DUE 08-01-2020	USA	205,000.00	205,000.00	213,200.00
AXA HIGH YIELD	REGIONS FING TR II FLTG RT 6.625% DUE 05-01-2077	USA	525,000.00	372,850.00	462,393.75
AXA HIGH YIELD	RITE AID CORP 6.875% DUE 08-15-2013	USA	230,000.00	201,825.00	210,450.00
AXA HIGH YIELD	ROCK-TENN CO 9.25% DUE 03-15-2016	USA	330,000.00	348,975.00	362,175.00
AXA HIGH YIELD	ROYAL CARIBBEAN 7% DUE 06-15-2013	Liberia	260,000.00	260,650.00	273,325.00
AXA HIGH YIELD	RURAL/METRO CORP SR DISC NT STEP UP 03-15-2016 03-15-2010	USA	310,000.00	330,925.00	330,925.00
AXA HIGH YIELD	RYERSON INC SR SECD NT 12% DUE11-01-2015/11-01-2011 REG	USA	200,000.00	206,750.00	206,000.00
AXA HIGH YIELD	SANMINA-SCI CORP 6.75% DUE 03-01-2013	USA	260,000.00	260,650.00	262,600.00
AXA HIGH YIELD	SENSUS METERING 8.625% DUE 12-15-2013	USA	300,000.00	298,500.00	303,000.00
AXA HIGH YIELD	SERVICEMASTER CO 10.75% DUE 07-15-2015/07-15-2010 BEO	USA	650,000.00	669,812.50	692,250.00
AXA HIGH YIELD	SGS INTL INC 12% DUE 12-15-2013	USA	585,000.00	605,475.00	605,475.00
AXA HIGH YIELD	SPEEDWAY 6.75% DUE 06-01-2013	USA	460,000.00	458,375.00	464,600.00
AXA HIGH YIELD	SPRINT CAP CORP 8.75% DUE 03-15-2032	USA	500,000.00	446,250.00	525,000.00
AXA HIGH YIELD	SS&C TECHNOLOGIES 11.75% DUE 12-01-2013	USA	237,000.00	248,850.00	247,072.50
AXA HIGH YIELD	STATER BROS HLDGS 8.125% DUE 06-15-2012	USA	260,000.00	262,160.24	260,325.00
AXA HIGH YIELD	STD PAC CORP NEW 10.75% DUE 09-15-2016	USA	440,000.00	473,625.00	479,600.00
AXA HIGH YIELD	STEEL DYNAMICS INC 7.75% DUE 04-15-2016	USA	400,000.00	401,000.00	416,000.00
AXA HIGH YIELD	STONERIDGE INC 11.5% DUE 05-01-2012	USA	270,000.00	272,295.00	271,012.50
AXA HIGH YIELD	SUPERVALU INC 7.5% DUE 11-15-2014	USA	260,000.00	261,950.00	261,300.00
AXA HIGH YIELD	SYNCREON GLOBAL 9.5% DUE 05-01-2018	USA	275,000.00	276,400.00	269,843.75
AXA HIGH YIELD	SYNOVUS FINL CORP 5.125% DUE 06-15-2017	USA	445,000.00	319,843.75	353,196.50
AXA HIGH YIELD	TEEKAY CORP 8.5% DUE 01-15-2020	Marshall Is.	180,000.00	180,000.00	195,975.00
AXA HIGH YIELD	TENET HEALTHCARE 10% DUE 05-01-2018	USA	240,000.00	267,600.00	274,200.00
AXA HIGH YIELD	TENNECO INC 8.625% DUE 11-15-2014	USA	400,000.00	394,000.00	410,000.00
AXA HIGH YIELD	TOWER AUTOMOTIVE 10.625% DUE 09-01-2017	USA	205,000.00	198,882.80	207,050.00
AXA HIGH YIELD	TOYS R US INC 7.875% DUE 04-15-2013	USA	315,000.00	322,875.00	328,387.50
AXA HIGH YIELD	TRANSDIGM INC 7.75% DUE 07-15-2014	USA	335,000.00	334,581.25	338,768.75
AXA HIGH YIELD	TX COMPETITIVE ELEC HLDGS CO LLC / TC SRNT STEP UP 11-01-2015 01-28-2009	USA	420,000.00	324,625.00	275,100.00
AXA HIGH YIELD	VALIDUS HLDGS LTD 8.875% DUE 01-26-2040	Bermuda	190,000.00	191,463.00	207,322.68
AXA HIGH YIELD	VALMONT INDS INC 6.625% DUE 04-20-2020	USA	395,000.00	394,992.10	406,940.85
AXA HIGH YIELD	VANGENT INC 9.625% DUE 02-15-2015	USA	595,000.00	555,437.50	545,168.75
AXA HIGH YIELD	WARNER MUSIC GROUP 7.375% DUE 04-15-2014	USA	225,000.00	223,171.87	212,062.50
AXA HIGH YIELD	WEST CORP 11% DUE 10-15-2016	USA	755,000.00	753,962.50	802,187.50
AXA HIGH YIELD	WHITING PETE CORP 7% DUE 02-01-2014	USA	105,000.00	109,637.50	110,775.00
AXA HIGH YIELD	WYNDHAM WORLDWIDE 7.375% DUE 03-01-2020	USA	250,000.00	249,995.00	267,187.00

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BARROW HANLEY BOND	ALLTEL CORP 7% DUE 07-01-2012	USA	235,000.00	240,875.00	258,534.78
BARROW HANLEY BOND	ALTRIA GROUP INC 9.7% DUE 11-10-2018	USA	280,000.00	279,806.80	379,008.56
BARROW HANLEY BOND	AMERN EXPRESS CO 8.15% DUE 03-19-2038	USA	210,000.00	208,062.50	296,294.88
BARROW HANLEY BOND	AMERN EXPRESS CR CORP MEDIUM TERM NTS TRANCHE # TR 00069 5.875 DUE 05-02-2(	USA	490,000.00	506,257.50	539,292.04
BARROW HANLEY BOND	ANHEUSER BUSCH 3% DUE 10-15-2012	USA	325,000.00	324,519.00	337,442.30
BARROW HANLEY BOND	BAKER HUGHES INC 5.125% DUE 09-15-2040	USA	105,000.00	104,548.50	109,356.13
BARROW HANLEY BOND	BAXTER INTL INC 1.8% DUE 03-15-2013	USA	160,000.00	159,812.80	163,341.28
BARROW HANLEY BOND	BEAR STEARNS COS 7.25% DUE 02-01-2018	USA	195,000.00	194,465.70	237,536.32
BARROW HANLEY BOND	BEAR STEARNS COS INC BEAR STEARNS CO 6.410 2 17 6.4% DUE 10-02-2017	USA	425,000.00	393,320.50	495,026.82
BARROW HANLEY BOND	BERKSHIRE HATHAWAY 1.4% DUE 02-10-2012	USA	1,460,000.00	1,459,051.00	1,473,318.12
BARROW HANLEY BOND	BERKSHIRE HATHAWAY 5.75% DUE 01-15-2040	USA	250,000.00	249,255.00	275,936.75
BARROW HANLEY BOND	BEST BUY INC 6.75% DUE 07-15-2013	USA	265,000.00	267,956.40	296,370.70
BARROW HANLEY BOND	BK NY INC MEDIUM TERM SR NTS BOO TRANCHE# TR 00029 4.95 DUE 11-01-2012	USA	195,000.00	193,461.45	211,492.12
BARROW HANLEY BOND	BURL NORTHN SANTA 7.95% DUE 08-15-2030	USA	140,000.00	174,629.00	188,589.80
BARROW HANLEY BOND	CA INC 5.375% DUE 12-01-2019	USA	210,000.00	208,240.20	228,249.00
BARROW HANLEY BOND	CAMERON INTL CORP 6.375% DUE 07-15-2018	USA	130,000.00	129,868.70	147,959.50
BARROW HANLEY BOND	CATERPILLAR FINL SVCS CORP MEDIUM TERM NTRANCHE # TR 00822 6.125 DUE 02-17-2(	USA	450,000.00	508,347.00	517,284.00
BARROW HANLEY BOND	CDN IMPERIAL BK 1.45% DUE 09-13-2013	Canada	410,000.00	409,532.60	412,736.75
BARROW HANLEY BOND	CITIGROUP INC 6.01% DUE 01-15-2015	USA	395,000.00	419,047.60	434,262.60
BARROW HANLEY BOND	CITIGROUP INC 6.125% DUE 11-21-2017	USA	275,000.00	273,823.00	300,395.97
BARROW HANLEY BOND	CME GROUP INC NT 5.75 DUE 02-01-2014 REG	USA	390,000.00	433,051.71	442,433.16
BARROW HANLEY BOND	CNA FINL CORP 7.35% DUE 11-15-2019	USA	170,000.00	169,807.90	191,136.44
BARROW HANLEY BOND	COLBS SOUTHN PWR 5.5% DUE 03-01-2013	USA	385,000.00	388,052.01	422,802.38
BARROW HANLEY BOND	COMCAST CORP NEW 5.875% DUE 02-15-2018	USA	225,000.00	224,676.00	259,607.70
BARROW HANLEY BOND	COMCAST CORP NEW 6.3% DUE 11-15-2017	USA	350,000.00	390,533.50	412,968.15
BARROW HANLEY BOND	COMPUTER SCIENCES 5.5% DUE 03-15-2013	USA	215,000.00	217,282.05	233,809.70
BARROW HANLEY BOND	CONOCOPHILLIPS 4.6% DUE 01-15-2015	USA	505,000.00	504,550.55	567,165.50
BARROW HANLEY BOND	CONOCOPHILLIPS 5.75% DUE 02-01-2019	USA	235,000.00	242,341.40	281,887.90
BARROW HANLEY BOND	COSTCO WHOLESALE CORP NEW C CRP COST/. 5.3 5.3% DUE 03-15-2012/02-20-2007	USA	550,000.00	591,459.00	586,721.30
BARROW HANLEY BOND	COUNTRYWIDE FINL CORP MEDIUM TERM NTS BOTRANCHE # TR 00159 5.8 DUE 06-07-2(	USA	160,000.00	170,656.00	169,967.04
BARROW HANLEY BOND	COVIDIEN INTL FIN 5.45% DUE 10-15-2012	Luxembourg	185,000.00	184,748.40	201,429.48
BARROW HANLEY BOND	CRH AMER INC 6 DUE 09-30-2016 BEO	USA	510,000.00	507,244.50	571,002.63
BARROW HANLEY BOND	CVS CAREMARK CORP 3.25% DUE 05-18-2015	USA	275,000.00	274,598.50	287,243.27
BARROW HANLEY BOND	DEERE JOHN CAP CORP MEDIUM TERM NTS-BOOKTRANCHE 00355 4.9 DUE 09-09-20	USA	490,000.00	533,365.00	541,048.20
BARROW HANLEY BOND	DELL INC 3.375% DUE 06-15-2012	USA	195,000.00	194,867.40	203,031.46
BARROW HANLEY BOND	DIRECTV HLDGS LLC 3.55% DUE 03-15-2015	USA	370,000.00	368,546.01	384,075.91
BARROW HANLEY BOND	DIRECTV HLDGS LLC 6.35% DUE 03-15-2040	USA	115,000.00	116,985.94	124,423.67
BARROW HANLEY BOND	DOMINION RES INC 5.6% DUE 11-15-2016	USA	300,000.00	298,035.00	351,336.00
BARROW HANLEY BOND	DOMINION RES INC V 8.875% DUE 01-15-2019	USA	90,000.00	89,974.80	122,424.21
BARROW HANLEY BOND	DU PONT E I DE 3.25% DUE 01-15-2015	USA	440,000.00	438,930.80	470,649.08
BARROW HANLEY BOND	DU PONT E I DE 5.875% DUE 01-15-2014	USA	430,000.00	427,983.30	492,060.18
BARROW HANLEY BOND	DUKE CAP LLC 5.668% DUE 08-15-2014	USA	215,000.00	227,687.15	240,108.13
BARROW HANLEY BOND	EATON CORP 5.6% DUE 05-15-2018	USA	235,000.00	236,481.60	272,463.70
BARROW HANLEY BOND	ENERGY TRANSFER 8.5% DUE 04-15-2014	USA	415,000.00	461,277.90	492,736.14
BARROW HANLEY BOND	ENERGY TRANSFER SR NT 9 DUE 04-15-2019	USA	180,000.00	193,222.80	230,644.80
BARROW HANLEY BOND	ENTERPRISE PRODS 5.65% DUE 04-01-2013	USA	370,000.00	400,698.90	403,756.95
BARROW HANLEY BOND	ENTERPRISE PRODS 6.125% DUE 10-15-2039	USA	215,000.00	213,679.90	231,419.33
BARROW HANLEY BOND	EQTY RESDNTL PPTY 5.125 3 15 16 5.125 DUE 03-15-2016 BEO	USA	325,000.00	316,550.31	355,858.75
BARROW HANLEY BOND	EXELON GENERATION SR NT 6.25 DUE 10-01-2039	USA	215,000.00	214,705.45	230,460.86
BARROW HANLEY BOND	EXPRESS SCRIPTS 6.25% DUE 06-15-2014	USA	395,000.00	416,321.30	453,500.68
BARROW HANLEY BOND	FRANCE TELECOM SA NT 4.375 DUE07-08-2014	France	200,000.00	199,086.00	220,492.60
BARROW HANLEY BOND	GEN ELEC CAP CORP 5.625% DUE 05-01-2018	USA	270,000.00	276,447.60	299,693.52
BARROW HANLEY BOND	GEN ELEC CAP CORP 5.875% DUE 01-14-2038	USA	535,000.00	422,174.50	543,356.70
BARROW HANLEY BOND	GEN ELEC CAP CORP 5.9% DUE 05-13-2014	USA	280,000.00	315,834.40	317,129.12
BARROW HANLEY BOND	GOLDMAN SACHS 5.95% DUE 01-18-2018	USA	350,000.00	365,260.95	384,414.80
BARROW HANLEY BOND	GOLDMAN SACHS 6.75% DUE 10-01-2037	USA	190,000.00	185,037.60	197,490.75
BARROW HANLEY BOND	HEWLETT-PACKARD CO GLOBAL NT 6.125 DUE 03-01-2014/12-05-2008 BEO	USA	350,000.00	348,463.50	404,466.65
BARROW HANLEY BOND	HONEYWELL INTL INC 4.25% DUE 03-01-2013	USA	385,000.00	399,318.15	416,499.93
BARROW HANLEY BOND	HOSPIRA INC HOSPIRA INC NT 6.05% DUE 03-30-2017/03-29-2017	USA	220,000.00	219,652.40	252,655.92
BARROW HANLEY BOND	INTL BUSINESS 7.625% DUE 10-15-2018	USA	425,000.00	423,419.00	564,662.22
BARROW HANLEY BOND	INTL BUSINESS NT 4.75 DUE 11-29-2012	USA	325,000.00	347,075.20	353,377.70
BARROW HANLEY BOND	ITT CORP 4.9% DUE 05-01-2014	USA	595,000.00	593,851.65	654,868.30
BARROW HANLEY BOND	JOHN DEERE OWNER 3.96000003815% DUE 05-16-2016	USA	175,000.00	174,962.92	184,124.67
BARROW HANLEY BOND	JPMORGAN CHASE & 3.7% DUE 01-20-2015	USA	550,000.00	558,321.50	580,980.40
BARROW HANLEY BOND	KONINKLIJKE 5.75% DUE 03-11-2018	Netherlands	200,000.00	197,610.00	233,395.60
BARROW HANLEY BOND	KRAFT FOODS INC 6.5% DUE 02-09-2040	USA	170,000.00	168,361.20	199,047.22

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BARROW HANLEY BOND	L-3 COMMUNICATIONS 4.75% DUE 07-15-2020	USA	290,000.00	289,069.10	304,160.12
BARROW HANLEY BOND	LORILLARD TOB CO 8.125% DUE 06-23-2019	USA	205,000.00	205,000.00	234,655.71
BARROW HANLEY BOND	MARATHON OIL CORP 6% DUE 10-01-2017	USA	255,000.00	261,823.80	296,756.50
BARROW HANLEY BOND	MEDTRONIC INC 3% DUE 03-15-2015	USA	740,000.00	739,933.40	783,616.34
BARROW HANLEY BOND	MERRILL LYNCH & CO 6.5% DUE 07-15-2018	USA	375,000.00	398,178.75	410,170.50
BARROW HANLEY BOND	MERRILL LYNCH & CO INC MEDIUM TERM NTS BOOK ENTRY MTN 6.4% DUE 08-28-2017	USA	690,000.00	711,180.90	755,070.45
BARROW HANLEY BOND	METLIFE INC 5.375% DUE 12-15-2012	USA	405,000.00	403,031.70	435,466.12
BARROW HANLEY BOND	MIDAMERICAN ENERGY 5.875% DUE 10-01-2012	USA	480,000.00	483,437.40	520,859.04
BARROW HANLEY BOND	NASDAQ OMX GROUP 4% DUE 01-15-2015	USA	125,000.00	124,362.50	129,181.00
BARROW HANLEY BOND	NASDAQ OMX GROUP 5.55% DUE 01-15-2020	USA	125,000.00	124,478.75	132,838.00
BARROW HANLEY BOND	NOVARTIS CAP CORP 2.9% DUE 04-24-2015	USA	480,000.00	487,660.80	506,057.76
BARROW HANLEY BOND	NOVARTIS CAP CORP GTD NT 4.125% DUE 02-10-2014/02-10-2009	USA	435,000.00	434,551.95	475,012.60
BARROW HANLEY BOND	PETROBRAS INTL FIN CO 6.875 DUE 01-20-2040 REG	Cayman Is.	85,000.00	83,684.20	97,303.07
BARROW HANLEY BOND	PNC FDG CORP 4.25% DUE 09-21-2015	USA	580,000.00	595,654.20	624,836.32
BARROW HANLEY BOND	PRUDENTIAL FINL INC MEDIUM TERM NTS BOOKTRANCHE # TR 00005 5.1 09-20-2014	USA	290,000.00	288,721.10	316,994.94
BARROW HANLEY BOND	PSEG PWR LLC 6.95% DUE 06-01-2012	USA	655,000.00	720,752.20	717,519.09
BARROW HANLEY BOND	PSI ENERGY INC 6.05% DUE 06-15-2016	USA	340,000.00	339,843.60	401,561.08
BARROW HANLEY BOND	PVTPL AT&T INC 144A 5.35 DUE 09-01-2040	USA	209,000.00	209,234.08	209,984.59
BARROW HANLEY BOND	QUEST DIAGNOSTICS 4.75% DUE 01-30-2020	USA	215,000.00	211,755.65	225,382.78
BARROW HANLEY BOND	ROGERS 6.8% DUE 08-15-2018	Canada	270,000.00	269,605.80	333,538.29
BARROW HANLEY BOND	SAFEWAY INC 6.25% DUE 03-15-2014	USA	370,000.00	393,418.10	424,592.02
BARROW HANLEY BOND	SBC COMMUNICATIONS 5.1% DUE 09-15-2014	USA	650,000.00	637,442.91	729,810.25
BARROW HANLEY BOND	SEMPRA ENERGY 6.5% DUE 06-01-2016	USA	210,000.00	209,533.80	251,256.60
BARROW HANLEY BOND	SIMON PPTY GROUP L 5.75% DUE 12-01-2015	USA	285,000.00	289,397.55	324,539.47
BARROW HANLEY BOND	SOUTHERN PWR CO 6.25% DUE 07-15-2012	USA	485,000.00	508,666.35	528,266.85
BARROW HANLEY BOND	SPECTRA ENERGY CAP 5.65% DUE 03-01-2020	USA	215,000.00	214,754.45	239,626.10
BARROW HANLEY BOND	STATE STR CORP 4.3% DUE 05-30-2014	USA	195,000.00	194,814.75	214,381.63
BARROW HANLEY BOND	TECK RESOURCES LTD 6% DUE 08-15-2040	Canada	130,000.00	129,767.30	136,361.94
BARROW HANLEY BOND	TELECOM ITALIA CAP 4.95% DUE 09-30-2014	Luxembourg	320,000.00	331,737.60	340,713.60
BARROW HANLEY BOND	TELEFONICA 4.949% DUE 01-15-2015	Spain	345,000.00	345,000.00	377,492.79
BARROW HANLEY BOND	THERMO FISHER 3.2% DUE 05-01-2015	USA	175,000.00	174,277.25	184,467.85
BARROW HANLEY BOND	TIME WARNER CABLE 6.75% DUE 07-01-2018	USA	620,000.00	696,891.70	739,434.94
BARROW HANLEY BOND	TRANSCANADA 7.625% DUE 01-15-2039	Canada	300,000.00	297,444.00	400,059.90
BARROW HANLEY BOND	TYCO ELECTRONICS 6.55% DUE 10-01-2017	Luxembourg	235,000.00	234,212.75	274,857.17
BARROW HANLEY BOND	TYCO INTL FIN S A 8.5% DUE 01-15-2019	Luxembourg	255,000.00	261,469.45	337,982.86
BARROW HANLEY BOND	U S BANCORP MEDIUM TERM NTS- BOOK ENTRY BEO 1.375% DUE 09-13-2013/08-13-2013	USA	450,000.00	449,419.50	452,067.30
BARROW HANLEY BOND	UNION ELEC CO 6.7% DUE 02-01-2019	USA	315,000.00	326,022.15	382,969.75
BARROW HANLEY BOND	VALERO ENERGY CORP 6.625% DUE 06-15-2037	USA	135,000.00	95,571.90	135,572.80
BARROW HANLEY BOND	VALERO ENERGY CORP 9.375% DUE 03-15-2019	USA	110,000.00	109,853.70	140,476.27
BARROW HANLEY BOND	VERIZON WIRELESS 8.5% DUE 11-15-2018	USA	360,000.00	356,166.00	490,186.80
BARROW HANLEY BOND	WASTE MGMT INC DEL 7.375% DUE 03-11-2019	USA	185,000.00	184,781.70	231,877.89
BARROW HANLEY BOND	WESTAR ENERGY INC 6% DUE 07-01-2014	USA	125,000.00	123,942.50	143,618.12
BARROW HANLEY BOND	WESTPAC BKG CORP 2.25% DUE 11-19-2012	Australia	300,000.00	299,748.00	305,792.40
BARROW HANLEY BOND	WI ELEC PWR CO 6.25% DUE 12-01-2015	USA	395,000.00	420,416.70	479,925.00
BARROW HANLEY BOND	WILLIS N AMER INC 6.2% DUE 03-28-2017	USA	220,000.00	219,562.20	234,426.28
BARROW HANLEY BOND	WYETH 5.5% DUE 02-01-2014	USA	1,105,000.00	1,167,299.89	1,254,008.14
BARROW HANLEY BOND	XCEL ENERGY INC 5.613% DUE 04-01-2017	USA	705,000.00	705,000.00	790,065.30

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DODGE & COX	AEGON N V 4.75% DUE 06-01-2013	Netherlands	925,000.00	891,432.65	982,339.82
DODGE & COX	AMERN INTL GROUP 8.25% DUE 08-15-2018	USA	475,000.00	475,000.00	553,375.00
DODGE & COX	AOL TIME WARNER 7.7% DUE 05-01-2032	USA	1,200,000.00	1,228,233.28	1,499,544.00
DODGE & COX	AT&T CORP USD SR NT VAR RATE DUE 11-15-2031/11-14-2031 BEO	USA	185,000.00	230,397.85	247,474.50
DODGE & COX	BANK AMER CORP 5.625% DUE 07-01-2020	USA	150,000.00	149,463.00	158,504.85
DODGE & COX	BANK AMER CORP 7.625% DUE 06-01-2019	USA	725,000.00	736,378.25	859,742.70
DODGE & COX	BARCLAYS BK PLC 5.125% DUE 01-08-2020	UK	915,000.00	913,605.00	989,254.08
DODGE & COX	BK AMER FDG CORP SR NT 7.375 DUE 05-15-2014	USA	375,000.00	372,918.75	431,007.37
DODGE & COX	BK AMER N A CHARLOTTE N C MEDIUM TERM TRANCHE # TR 00229 5.3 DUE 03-15-2017	USA	650,000.00	649,395.50	668,987.15
DODGE & COX	BSTN PPTYS LTD 5.625% DUE 04-15-2015	USA	500,000.00	499,490.00	557,847.50
DODGE & COX	BSTN PPTYS LTD 6.25% DUE 01-15-2013	USA	400,000.00	376,440.70	440,158.40
DODGE & COX	CAP 1 FINL CORP 6.75% DUE 09-15-2017	USA	900,000.00	900,774.75	1,081,705.50
DODGE & COX	CDN NATL RY CO 6.712% DUE 07-15-2036	Canada	450,000.00	481,401.00	577,381.50
DODGE & COX	CIGNA CORP 7.65% DUE 03-01-2023	USA	75,000.00	85,032.75	93,243.37
DODGE & COX	CIGNA CORP 7.875 DEB DUE 05-15-2027	USA	650,000.00	703,329.25	786,548.75
DODGE & COX	CITIGROUP INC 4.75% DUE 05-19-2015	USA	80,000.00	78,812.00	84,167.44
DODGE & COX	CITIGROUP INC 6.125% DUE 11-21-2017	USA	450,000.00	448,074.00	491,557.05
DODGE & COX	CITIGROUP INC GLOBAL SR NT FLTG RATE DUE05-15-2018 REG	USA	950,000.00	950,000.00	910,893.25
DODGE & COX	COMCAST CORP NEW 5.9% DUE 03-15-2016	USA	225,000.00	224,689.50	259,905.37
DODGE & COX	COMCAST CORP NEW 6.3% DUE 11-15-2017	USA	250,000.00	220,525.00	294,977.25
DODGE & COX	COMCAST CORP NEW 6.5 DUE 15-01-2017	USA	275,000.00	276,885.47	327,139.17
DODGE & COX	COX COMMUNICATIONS 5.45% DUE 12-15-2014	USA	225,000.00	225,572.36	254,524.50
DODGE & COX	COX COMMUNICATIONS 5.5% DUE 10-01-2015	USA	400,000.00	354,605.00	450,143.60
DODGE & COX	CSX TRANSN INC 9.75% DUE 06-15-2020	USA	315,000.00	386,923.95	446,893.02
DODGE & COX	DOW CHEM CO 7.375% DUE 11-01-2029	USA	350,000.00	429,085.75	403,773.65
DODGE & COX	DOW CHEM CO 8.55% DUE 05-15-2019	USA	475,000.00	474,021.50	599,777.75
DODGE & COX	DOW CHEM CO NT 9.4 DUE 05-15-2039	USA	225,000.00	224,014.50	318,483.90
DODGE & COX	ERP OPER LTD 4.75% DUE 07-15-2020	USA	425,000.00	421,757.25	442,121.55
DODGE & COX	FED EXPRESS CORP 6.72% DUE 01-15-2022	USA	596,771.64	614,734.47	677,932.58
DODGE & COX	FEDEX CORP 7.375% DUE 01-15-2014	USA	125,000.00	125,000.00	147,266.00
DODGE & COX	FEDEX CORP NT 8 DUE 01-15-2019 REG	USA	125,000.00	125,000.00	162,287.37
DODGE & COX	FEDT RETAIL HLDGS 6.375% DUE 03-15-2037	USA	125,000.00	100,315.50	123,750.00
DODGE & COX	GEN ELEC CAP CORP 5.5% DUE 01-08-2020	USA	800,000.00	858,786.72	875,126.40
DODGE & COX	HSBC HLDGS PLC 6.5% DUE 05-02-2036	UK	315,000.00	326,998.35	350,703.36
DODGE & COX	HSBC HLDGS PLC 6.5% DUE 09-15-2037	UK	252,000.00	240,075.36	282,600.36
DODGE & COX	JPMORGAN CHASE & 4.95% DUE 03-25-2020	USA	500,000.00	499,805.00	533,286.50
DODGE & COX	KONINKLIJKE 5.75% DUE 03-11-2018	Netherlands	400,000.00	395,220.00	466,791.20
DODGE & COX	LAFARGE S A 6.5% DUE 07-15-2016	France	570,000.00	569,626.90	615,148.56
DODGE & COX	MACY'S INC. 6.9% DUE 04-01-2029	USA	100,000.00	92,905.00	101,250.00
DODGE & COX	MACYS RETAIL HLDGS 8.375% DUE 07-15-2015	USA	275,000.00	272,501.25	314,875.00
DODGE & COX	MAY DEPT STORES CO 6.7% DUE 07-15-2034	USA	175,000.00	139,809.25	176,093.75
DODGE & COX	MAY DEPT STORES CO 7.625% DUE 08-15-2013	USA	820,000.00	896,920.19	912,250.00
DODGE & COX	NORDSTROM INC 6.95% DUE 03-15-2028	USA	750,000.00	714,536.37	871,878.75
DODGE & COX	NORFOLK SOUTHN RY 9.75% DUE 06-15-2020	USA	435,000.00	534,323.55	631,379.44
DODGE & COX	PITNEY BOWES INC 6.25% DUE 03-15-2019	USA	675,000.00	673,791.75	756,199.12
DODGE & COX	PVTPL COX COMM INC NEW /TS/COXENTCOX COMM INC 5.875 DUE 12-01-2016	USA	250,000.00	250,300.75	288,448.25
DODGE & COX	PVTPL COX COMMUNICATIONS INC NT 144A 9.375% DUE 01-15-2019/12-15-2008 BEO	USA	325,000.00	322,377.25	439,905.37
DODGE & COX	PVTPL LAFARGE S A 5.5 DUE 07-09-2015	France	225,000.00	224,806.50	236,427.75
DODGE & COX	PVTPL LIBERTY MUT GROUP INC SR NT 144A 7.25% DUE 09-01-2012 BEO	USA	250,000.00	227,500.00	267,559.75
DODGE & COX	REED ELSEVIER CAP 8.625% DUE 01-15-2019	USA	475,000.00	479,493.00	624,929.95
DODGE & COX	SLM CORP MEDIUM 8.45% DUE 06-15-2018	USA	725,000.00	710,717.50	732,296.40
DODGE & COX	ST PAUL TRAVELERS COS INC BD 5.5 DUE 12-01-2015 BEO	USA	250,000.00	239,597.88	285,218.25
DODGE & COX	TIME WARNER CABLE 8.25% DUE 04-01-2019	USA	250,000.00	270,813.00	322,769.25
DODGE & COX	TIME WARNER CABLE 8.75% DUE 02-14-2019	USA	575,000.00	613,093.75	759,341.55
DODGE & COX	TRAVELERS PPTY CAS CORP NEW SR NT DTD 03/11/2003 5 DUE 3-15-13/3-14-13 BEO	USA	350,000.00	352,198.00	381,639.65
DODGE & COX	UN PAC RR CO 2002-1 PASS THRU TR MTG PASSTHRU CTF 2002-1 6.061 1-17-23 BEO	USA	1,162,882.10	1,162,882.10	1,293,822.62
DODGE & COX	UN PAC RR CO PASS THRU TR CTF SER 1998-C6.33 01-02-2020 BEO SF 01-02-2009	USA	234,726.81	232,335.26	266,086.31
DODGE & COX	WACHOVIA BK NATL ASSN MEDIUM TERM SUB BKTRANCHE # SB 00008 6 DUE 11-15-201	USA	475,000.00	471,214.25	542,916.92
DODGE & COX	WACHOVIA CORP 5.75% DUE 02-01-2018	USA	90,000.00	89,614.80	102,562.20
DODGE & COX	WACHOVIA CORP GLOBAL MEDIUM TERM SR NTS BOOK ENTRY FLT RT DUE 05-01-2013 B	USA	210,000.00	210,000.00	216,107.01
DODGE & COX	WELLPOINT INC 5% DUE 12-15-2014	USA	225,000.00	211,101.75	250,008.07
DODGE & COX	WELLPOINT INC 5.25% DUE 01-15-2016	USA	800,000.00	779,895.78	897,204.00
DODGE & COX	WHIRLPOOL CORP 6.5% DUE 06-15-2016	USA	250,000.00	251,097.50	285,617.00
DODGE & COX	XEROX CORP 6.4% DUE 03-15-2016	USA	600,000.00	536,778.12	698,578.20
DODGE & COX	XEROX CORP 6.75% DUE 02-01-2017	USA	700,000.00	736,841.00	820,748.60
DODGE & COX	XEROX CORP 6.875% DUE 08-15-2011	USA	50,000.00	51,861.50	52,483.05

CITY OF MAIMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
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Account name	Asset description	Country	Shares/Par value	Book value	Market value
MUNDER	AMERENENERGY 7.95% DUE 06-01-2032	USA	700,000.00	870,135.00	659,554.00
MUNDER	ANADARKO PETE CORP 7.95% DUE 06-15-2039	USA	345,000.00	360,088.46	388,062.90
MUNDER	AT&T INC 5.5% DUE 02-01-2018	USA	735,000.00	767,979.45	852,494.16
MUNDER	AT&T INC 6.3% DUE 01-15-2038	USA	500,000.00	497,795.00	564,734.00
MUNDER	AXIS SPECIALTY FIN 5.875% DUE 06-01-2020	Bermuda	935,000.00	902,228.25	954,335.80
MUNDER	BANK AMER CORP 7.625% DUE 06-01-2019	USA	985,000.00	1,053,481.90	1,168,064.22
MUNDER	BEAR STEARNS COS 7.25% DUE 02-01-2018	USA	500,000.00	580,735.20	609,067.50
MUNDER	CAP 1 FINL CORP 7.375% DUE 05-23-2014	USA	500,000.00	574,590.00	583,676.00
MUNDER	CITIGROUP INC 5.5% DUE 10-15-2014	USA	475,000.00	482,897.05	515,407.77
MUNDER	COCA COLA ENTERPRISES 8.50 NT DUE 2-1-2022 REG	USA	831,000.00	1,039,959.56	1,183,796.06
MUNDER	COMCAST CORP NEW 6.4% DUE 05-15-2038	USA	300,000.00	278,556.00	331,788.90
MUNDER	FIFTH 3RD BANCORP 4.5% DUE 06-01-2018	USA	415,000.00	394,901.55	410,558.25
MUNDER	FORD CR AUTO OWNER 5.80000019073% DUE 02-15-2013	USA	200,000.00	213,039.06	210,724.60
MUNDER	GE EQUIP MIDTICKET 5.67% DUE 11-16-2020	USA	500,000.00	518,068.30	531,075.00
MUNDER	GEN ELEC CAP CORP 5.5% DUE 01-08-2020	USA	815,000.00	813,185.59	891,535.02
MUNDER	GEN ELEC CAP CORP MEDIUM TERM NTS BO TRANCHE # TR 00818 6.875 DUE 01-10-203	USA	390,000.00	441,181.15	447,874.05
MUNDER	GOLDMAN SACHS 6.15% DUE 04-01-2018	USA	1,000,000.00	1,067,670.00	1,109,211.00
MUNDER	INDEPENDENCE CMNTY BK CORP VAR RT DUE 04-01-2014 BEO	USA	400,000.00	398,980.00	385,200.00
MUNDER	KROGER CO 6.8% DUE 04-01-2011	USA	700,000.00	747,253.50	720,589.10
MUNDER	LIBERTY PPTY LTD SR NT 4.75 DUE 10-01-2020	USA	535,000.00	533,732.05	538,787.80
MUNDER	LUBRIZOL CORP 8.875% DUE 02-01-2019	USA	625,000.00	787,287.50	811,985.62
MUNDER	METLIFE INC 6.817% DUE 08-15-2018	USA	550,000.00	619,190.00	663,554.65
MUNDER	MORGAN STANLEY MTN 6% DUE 04-28-2015	USA	950,000.00	958,524.00	1,044,462.30
MUNDER	POTASH CORP SASK 7.75% DUE 05-31-2011	Canada	500,000.00	537,745.00	523,539.00
MUNDER	PROCTER & GAMBLE 9.36% DUE 01-01-2021	USA	831,310.00	971,721.70	1,060,634.92
MUNDER	PRUDENTIAL FINL INC DTD 06-21-2010 5.37506-21-2020	USA	390,000.00	409,722.30	421,570.99
MUNDER	SOVEREIGN BK FSB WYOMISSING PA SUB FXD/FLTG RATE NT DUE 08-01-2013 BEO	USA	400,000.00	405,024.00	387,360.00
MUNDER	STANCORP FINL GROUP INC INC CAP OBLIGNT FIXED-FLTG DUE 06-01-2067/06-01-2010 RI	USA	300,000.00	161,400.00	273,750.00
MUNDER	WAL-MART STORES 5.625% DUE 04-01-2040	USA	630,000.00	624,676.50	713,708.73
MUNDER	WYETH 5.45% DUE 04-01-2017	USA	375,000.00	408,622.50	436,837.50
	TOTAL CORPORATE BONDS		**191,926,286.79**	**194,574,073.44**	**211,781,028.28**

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Account name	Asset description	Country	Shares/Par value	Book value	Market value
	NON-GOVERNMENT BACKED CMOs				
AMBASSADOR	CMO CR SUISSE 1ST BSTN MTG SECS CORP 2003-AR15 DUE 06-25-2033 REG	USA	468,544.48	381,278.08	208,286.76
AMBASSADOR	CMO CR SUISSE 1ST BSTN MTG SECS CORP DUE06-25-2034 REG	USA	532,321.48	381,441.60	130,154.73
AMBASSADOR	CMO CWMBS INC 2003-58 CL M 4.67607 DUE 10-25-2033 REG	USA	460,429.22	331,005.42	239,075.47
AMBASSADOR	CMO IMPAC CMB TR SER 2002-9F COLL ASSET BKD BD CL M-2 6.266% DUE 12-25-2032 BE(	USA	250,651.50	139,111.58	153,959.17
AMBASSADOR	CMO IMPAC SECD ASSETS CORP 2003-1 20330325 5.02000 DUE 03-25-2033 REG	USA	704,586.94	445,322.52	580,018.08
AMBASSADOR	CMO MASTR ADJ RATE MTGS TR 2004-5 MTG PASSTHRU CTF CL B-1 DUE 07-25-2034 RE(	USA	1,042,404.46	769,750.55	286,531.96
AMBASSADOR	CMO MERRILL LYNCH MTG INVS INC 2004-FMTGPASSTHRU CTF CL B-1 DUE 12-25-2029 RE	USA	999,597.32	693,626.85	424,983.79
AMBASSADOR	I/O CMO ALTERNATIVE LN TR 2007-OA3 MTG PASSTHRU CTF CL X-1 04-25-2047 REG	USA	3,229,926.50	140,319.14	125,159.65
AMBASSADOR	I/O CMO CWALT INC 2005-44 MTG PASSTHRU CTF CL A X VAR RATE DUE 10-25-2035 REG	USA	3,550,104.37	166,946.08	164,201.91
AMBASSADOR	I/O CMO CWALT INC SER 2005-81 CL XI 02-25-2037 REG	USA	1,016,494.01	73,244.37	42,727.30
AMBASSADOR	I/O CMO CWMBS INC 2006-0A1 MTG PASSTHRU CTF CL 2X DUE 03-20-2046 REG	USA	1,139,918.20	96,343.56	48,172.94
AMBASSADOR	I/O CMO GREENPOINT MTG FDG TR 2005-AR4 MTG PASSTHRU CTF CL X-1 10-25-2045 RE(	USA	241,882.30	31,818.27	11,689.61
AMBASSADOR	I/O CMO HARBORVIEW MTG LN TR 2004-8 CL X.95998001099 DUE 11-19-2034 REG	USA	1,190,866.43	57,844.99	35,133.29
AMBASSADOR	I/O CMO HARBORVIEW MTG LN TR 2005-16 CL X-3 01-19-2036 REG	USA	1,571,126.77	105,049.96	59,196.75
AMBASSADOR	I/O CMO HARBORVIEW MTG LN TR 2005-16 MTGPASSTHRU CTF CL X-1 DUE 01-19-2036 RE	USA	690,248.78	40,622.68	30,094.84
AMBASSADOR	I/O CMO HARBORVIEW MTG LN TR 2006-1 MTG PASSTHRU CTF CL X-1 VAR RT 03-19-2036	USA	1,115,307.31	78,095.98	67,307.12
AMBASSADOR	I/O CMO HARBORVIEW MTG LN TR 2006-5 MTG PASSTHRU CTF CL X-2 07-19-2047 REG	USA	1,931,329.43	111,923.03	98,246.72
AMBASSADOR	I/O CMO HARBORVIEW MTG LN TR SER 2005-2 CL X FLTG RT DUE 05-19-2035 REG	USA	956,440.01	58,812.72	32,815.45
AMBASSADOR	I/O CMO HARBORVIEW MTG LN TR SER 2005-3 CL X2 06-19-2035 BEO	USA	1,064,191.79	54,881.77	55,414.16
AMBASSADOR	I/O CMO INDYMAC MBS INC 2005-AR12 MTG PASSTHRU CTF CL A-X-2 07-25-2035 REG	USA	610,870.15	49,693.59	29,785.41
AMBASSADOR	P/O CMO GREENPOINT MTG FDG TR 2005-AR4 MTG PASSTHRU CTF CL X-4 10-25-2045 RE	USA	759,081.43	65,913.79	37,709.87
AMBASSADOR	P/O CMO HARBORVIEW MTG LN TR 2006-1 MTG PASSTHRU CTF CL PO-1 03-19-2037 REG	USA	4,889.61	1,993.04	1,129.94
AMBASSADOR	P/O CMO HARBORVIEW MTG LN TR 2006-5 CL PO-2 07-19-2047 REG	USA	8,228.79	92.70	2,066.08
AMBASSADOR	PVTPL CMO ASG RESECURITIZATION TR 2010-3REMIC 144A VAR RT DUE 12-28-2045	USA	1,512,123.05	1,413,835.06	1,512,123.05
BARROW HANLEY BOND	CMO PRIME MTG TR 2005-2 MTG PASSTHRU CTFI-A-3 5.25% DUE 07-25-2020 REG	USA	484,602.82	486,117.20	492,647.71
MUNDER	CMO CHASE MTG FIN TR 2003-S5 MC MTG PASSTHRU CTF CL A-4 5.5 06-25-2018 REG	USA	39,219.28	39,974.57	40,084.73
MUNDER	CMO CWALT INC 2006-J2 MTG PASSTHRU CTF CL A-9 6% DUE 04-25-2036 REG	USA	479,191.91	477,394.94	183,722.17
MUNDER	CMO J P MORGAN MTG TR 2005-A3 MTG PASSTHRU CTF 6-A-1 DUE 06-25-2035 REG	USA	365,339.91	360,196.60	353,971.99
MUNDER	CMO THORNBURG MTG SECS TR 2004-1 CL II-1A VAR 1.039361% DUE 03-25-2044 REG	USA	29,832.38	29,763.95	23,558.63
MUNDER MORTGAGE	BCAP LLC 2009-RR3 6% DUE 11-26-2036	USA	572,697.38	521,154.62	605,391.01
MUNDER MORTGAGE	CHASE MTG FIN TR 6% DUE 10-25-2036	USA	215,915.83	209,438.36	210,531.96
MUNDER MORTGAGE	CITICORP MTG SECS 5.5% DUE 10-25-2021	USA	284,238.63	254,393.58	274,296.53
MUNDER MORTGAGE	CMO BANC AMER ALTERNATIVE LN TR 2006-3 MTG PASSTHRU CTF CL 6-A-1 6 04-25-21 RI	USA	519,493.67	474,037.65	478,741.47
MUNDER MORTGAGE	CMO BANC AMER MTG 2006 3 TR MTG PASSTHRUCTF CL 1-A-8 6 DUE 10-25-2036	USA	192,842.02	190,431.50	191,053.41
MUNDER MORTGAGE	CMO CITICORP MTG SECS INC 2005-4 REMIC CL IA-1 5.25 DUE 07-25-2035REG	USA	297,775.99	241,943.00	303,017.14
MUNDER MORTGAGE	CMO CITICORP MTG SECS INC 2005-4 REMIC CL IIIA-1 5% DUE 07-25-2035 REG	USA	219,014.09	195,264.74	223,922.85
MUNDER MORTGAGE	CMO CWALT INC 2005-34CB MTG PASSTHRU CTFCL 1-A-6 5.5% DUE 09-25-2035 REG	USA	389,829.93	344,999.45	383,251.94
MUNDER MORTGAGE	CMO CWALT INC SER 2004-18CB CL 2A5 FLT RT DUE 09-25-2034 REG	USA	114,444.65	95,561.31	105,879.84
MUNDER MORTGAGE	CMO CWALT INC SER 2005-3CB CL 1A10 5.25%DUE 03-25-2035 BEO	USA	295,724.58	264,396.26	268,202.08
MUNDER MORTGAGE	CMO CWMBS INC 2005-18 CHL MTG PASSTHRU CTF A-1 5.5% DUE 10-25-2035 REG	USA	558,752.57	441,414.53	507,753.54
MUNDER MORTGAGE	CMO CWMBS INC 2005-J3 CHL MTG PASSTHRU CTF 2-A-3 4.5% DUE 09-25-2035 REG	USA	257,074.29	239,079.07	247,636.57
MUNDER MORTGAGE	CMO CWMBS INC FOR FUTURE ISSUES SEE 12669F 5.5 DUE 10-25-2033 REG	USA	361,755.71	362,197.25	370,434.59
MUNDER MORTGAGE	CMO GS MTG SECS CORP GSR 2005-3F CL 1A-25.5 DUE 03-25-2035	USA	397,043.91	357,339.52	402,427.82
MUNDER MORTGAGE	CMO MASTR ALTERNATIVE LN TR 2004-10 MTG DUE 09-25-2019	USA	319,979.14	287,170.38	322,845.19
MUNDER MORTGAGE	CMO WELLS FARGO MTG BACKED SECS 2005-9 TR CL I-A-6 5.5% DUE 10-25-2035 REG	USA	37,549.58	37,174.09	37,537.97
MUNDER MORTGAGE	COUNTRYWIDE ALTERNATIVE LOAN TRUS 5.5 DUE 02-25-2020	USA	398,859.14	352,990.34	366,404.37
MUNDER MORTGAGE	GS MTG SECS CORP 6% DUE 12-25-2034	USA	791,447.37	766,712.39	804,298.10
	TOTAL NON-GOVERNMENT BACKED CMOs		**32,674,189.11**	**12,718,112.63**	**11,573,595.66**
	GUARANTEED FIXED INCOME				
AMBASSADOR	BK OF AMER 3.125 DUE 06-15-2012 FDIC GTD	USA	500,000.00	515,252.50	520,997.00
MUNDER	GEN ELEC CAP CORP FDIC GTD 2.625 DUE 12-28-2012	USA	1,000,000.00	1,030,496.00	1,042,654.00
	TOTAL GUARANTEED FIXED INCOME		**1,500,000.00**	**1,545,748.50**	**1,563,651.00**
	CORPORATE BOND FUNDS				
MAIN ACCOUNT	SL- CORE USA SUB FD	USA	3,588.24	35,882.53	60,243.32
SSGA FD	CF SSGA QUAL TR LIQUID TR FC7N FD	USA	182,368.27	182,368.27	185,103.79
	TOTAL CORPORATE BOND FUNDS		**185,956.51**	**218,250.80**	**245,347.11**
	TOTAL CORPORATE BONDS		**261,288,691.17**	**243,428,726.73**	**261,293,842.10**

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Account name	Asset description	Country	Shares/Par value	Book value	Market value
	TOTAL COMMON STOCK				
ALLIANCE BERNSTEIN	ADR SANOFI-AVENTIS SPONSORED ADR	France	11,340.00	408,271.40	377,055.00
ALLIANCE BERNSTEIN	ADR VODAFONE GROUP PLC NEW SPONSORED ADR	UK	36,160.00	795,038.37	897,129.60
ALLIANCE BERNSTEIN	AGRIUM INC COM NPV	Canada	7,500.00	522,623.46	564,410.00
ALLIANCE BERNSTEIN	ALLIANZ SE (SE SOCIETAS EUROPEAE)	Germany	8,300.00	1,312,174.87	939,353.17
ALLIANCE BERNSTEIN	ASAHI GLASS CO NPV	Japan	55,000.00	536,778.04	560,270.53
ALLIANCE BERNSTEIN	ASTRAZENECA ORD USD0.25	UK	22,200.00	918,487.39	1,131,167.54
ALLIANCE BERNSTEIN	AU OPTRONICS CORP TWD10	Taiwan	548,440.00	447,839.07	568,777.30
ALLIANCE BERNSTEIN	AVIVA ORD GBP0.25	UK	75,800.00	455,730.63	476,468.66
ALLIANCE BERNSTEIN	BAE SYSTEMS ORD GBP0.025	UK	99,100.00	570,596.41	534,541.77
ALLIANCE BERNSTEIN	BARCLAYS ORD GBP0.25	UK	105,868.00	485,512.30	499,813.08
ALLIANCE BERNSTEIN	BAYER AG - ORD SHS	Germany	11,500.00	631,766.62	803,044.78
ALLIANCE BERNSTEIN	BAYER MOTOREN WERK EUR1	Germany	12,500.00	606,226.89	877,823.61
ALLIANCE BERNSTEIN	BCO DO BRASIL SA COM NPV	Brazil	23,000.00	187,600.46	436,188.17
ALLIANCE BERNSTEIN	BNP PARIBAS EUR2	France	12,957.00	1,004,229.20	922,829.73
ALLIANCE BERNSTEIN	BOUYGUES EUR1	France	21,300.00	1,016,120.44	915,544.77
ALLIANCE BERNSTEIN	BP ORD USD0.25	UK	143,700.00	1,184,595.86	968,720.84
ALLIANCE BERNSTEIN	BRITISH AMERICAN TOBACCO ORD GBP0.25	UK	10,100.00	303,533.20	377,915.45
ALLIANCE BERNSTEIN	CAP GEMINI EUR8	France	11,000.00	510,143.70	552,632.97
ALLIANCE BERNSTEIN	CASINO GUICH-PERR EUR1.53	France	1,106.00	78,669.56	101,405.64
ALLIANCE BERNSTEIN	CIE DE ST-GOBAIN EUR4	France	80.00	2,847.71	3,563.72
ALLIANCE BERNSTEIN	DANSKE BANK A/S DKK10	Denmark	14,900.00	370,541.19	360,032.61
ALLIANCE BERNSTEIN	DELHAIZE GROUP NPV	Belgium	6,700.00	459,739.81	486,611.89
ALLIANCE BERNSTEIN	E.ON AG COM STK	Germany	33,300.00	1,299,212.18	983,324.90
ALLIANCE BERNSTEIN	EDF EUR0.5	France	13,600.00	682,942.30	587,451.03
ALLIANCE BERNSTEIN	ESPRIT HOLDINGS HKD0.10	Bermuda	71,891.00	458,606.15	389,866.43
ALLIANCE BERNSTEIN	HANA FINANCIAL GRP KRW5000	Korea	13,000.00	408,794.34	384,784.04
ALLIANCE BERNSTEIN	IMPERIAL TOBACCO ORD GBP0.10	UK	18,200.00	495,767.04	544,051.25
ALLIANCE BERNSTEIN	JAPAN TOBACCO INC NPV	Japan	227.00	825,807.93	755,126.89
ALLIANCE BERNSTEIN	KAZAKHMYS ORD GBP0.20	UK	9,500.00	201,807.89	217,365.85
ALLIANCE BERNSTEIN	KB FINANCIAL GROUP KRW5000	Korea	10,130.00	759,223.56	435,316.82
ALLIANCE BERNSTEIN	LAGARDERE SCA EUR6.10(REGD)	France	7,300.00	596,627.84	285,574.59
ALLIANCE BERNSTEIN	MARKS & SPENCER GP ORD GBP0.25	UK	99,800.00	615,696.65	610,344.84
ALLIANCE BERNSTEIN	MITSUBISHI CORP NPV	Japan	26,200.00	595,986.33	621,285.61
ALLIANCE BERNSTEIN	MITSUI & CO LTD NPV	Japan	23,700.00	343,762.41	352,350.97
ALLIANCE BERNSTEIN	MITSUI FUDOSAN CO LTD NPV	Japan	34,000.00	564,612.20	573,042.85
ALLIANCE BERNSTEIN	MUENCHENER RUECKVE NPV(REGD)	Germany	3,500.00	462,999.24	485,465.13
ALLIANCE BERNSTEIN	NATL AUSTRALIA BK NPV	Australia	40,719.00	781,396.18	999,059.21
ALLIANCE BERNSTEIN	NEXEN INC COM NPV	Canada	43,024.00	888,471.70	868,154.99
ALLIANCE BERNSTEIN	NIPPON TELEGRAPH & TELEPHONE CORP NPV	Japan	17,600.00	794,442.84	767,919.56
ALLIANCE BERNSTEIN	NISSAN MOTOR CO LTD	Japan	70,900.00	682,050.62	618,698.83
ALLIANCE BERNSTEIN	NOVARTIS AG CHF0.50(REGD)	Switzerland	16,520.00	750,512.33	952,865.55
ALLIANCE BERNSTEIN	OLD MUTUAL PLC ORD GBP0.10	UK	173,700.00	232,923.82	379,918.45
ALLIANCE BERNSTEIN	ORIX CORP NPV	Japan	5,900.00	373,472.95	450,586.55
ALLIANCE BERNSTEIN	RANDSTAD HLDGS NV EUR0.10	Netherlands	7,398.00	223,066.34	336,574.16
ALLIANCE BERNSTEIN	RENAULT SA EUR3.81	France	6,100.00	274,796.78	314,329.79
ALLIANCE BERNSTEIN	RIO TINTO ORD GBP0.10	UK	15,600.00	854,392.58	914,714.08
ALLIANCE BERNSTEIN	SAMSUNG ELECTRONIC KRW5000	Korea	460.00	208,094.08	313,457.58
ALLIANCE BERNSTEIN	SANOFI-AVENTIS EUR2	France	3,400.00	237,320.08	226,862.11
ALLIANCE BERNSTEIN	SHARP CORP NPV	Japan	46,000.00	497,739.19	457,577.21
ALLIANCE BERNSTEIN	SONY CORP NPV	Japan	18,600.00	622,366.35	574,654.06
ALLIANCE BERNSTEIN	SUMITOMO MITSUI FINANCIAL GROUP NPV	Japan	13,900.00	995,538.31	404,654.06
ALLIANCE BERNSTEIN	SUNCOR ENERGY INC COM NPV 'NEW'	Canada	11,500.00	371,078.87	375,542.23
ALLIANCE BERNSTEIN	TELECOM ITALIA SPA DI RISP EUR0.55	Italy	320,000.00	331,431.26	361,068.10
ALLIANCE BERNSTEIN	TELECOM ITALIA SPA EUR0.55	Italy	422,200.00	699,254.53	590,797.13
ALLIANCE BERNSTEIN	THYSSENKRUPP AG NPV	Germany	13,000.00	336,962.32	424,522.60
ALLIANCE BERNSTEIN	TOKYO ELEC POWER NPV	Japan	20,100.00	514,820.96	489,868.33
ALLIANCE BERNSTEIN	TOSHIBA CORP NPV	Japan	160,000.00	981,163.47	773,761.07
ALLIANCE BERNSTEIN	UNICREDIT SPA EUR0.50	Italy	310,765.00	821,321.36	794,632.21
ALLIANCE BERNSTEIN	UTD MICRO ELECT TWD10	Taiwan	396,000.00	200,655.50	175,554.95
ALLIANCE BERNSTEIN	VIVENDI SA EUR5.50	France	32,480.00	875,530.67	889,051.01
ALLIANCE BERNSTEIN	VODAFONE GROUP ORD USD0.11428571	UK	279,900.00	523,202.51	692,915.35
ALLIANCE BERNSTEIN	XSTRATA PLC ORD GBP	UK	69,250.00	1,221,451.90	1,329,132.15
ALLIANCE BERNSTEIN	#REORG PENN WEST MAND EXHANGE PENN WEST PETROLEUM 3A2EQ7U EFF 31/12/201(	Canada	40,312.00	768,477.98	810,287.51

CITY OF MAIMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2010

Account name	Asset description	Country	Shares/Par value	Book value	Market value
BARROW HANLEY EQUITY	ADR BP P L C SPONSORED ADR	UK	88,500.00	4,196,368.06	3,643,545.00
BARROW HANLEY EQUITY	ADR IMPERIAL TOB GROUP PLC SPONSORED ADR	UK	55,700.00	1,987,104.00	3,308,580.00
BARROW HANLEY EQUITY	ADR NOKIA CORP SPONSORED ADR	Finland	125,800.00	1,943,345.56	1,261,774.00
BARROW HANLEY EQUITY	ALCOA INC COM STK	USA	118,600.00	1,756,536.80	1,436,246.00
BARROW HANLEY EQUITY	ALTRIA GROUP INC COM	USA	158,200.00	2,594,907.56	3,799,964.00
BARROW HANLEY EQUITY	AMERICAN EXPRESS CO	USA	101,000.00	5,224,723.75	4,245,030.00
BARROW HANLEY EQUITY	APPLIED MATERIALS INC COM	USA	229,000.00	4,315,240.46	2,674,720.00
BARROW HANLEY EQUITY	AT&T INC COM	USA	64,400.00	2,357,335.84	1,841,840.00
BARROW HANLEY EQUITY	BANK OF AMERICA CORP	USA	176,365.00	4,520,701.47	2,312,145.15
BARROW HANLEY EQUITY	BAXTER INTL INC COM	USA	54,000.00	1,759,319.44	2,576,340.00
BARROW HANLEY EQUITY	BRISTOL MYERS SQUIBB CO COM	USA	160,900.00	4,788,818.08	4,361,999.00
BARROW HANLEY EQUITY	CAP 1 FNCL COM	USA	115,100.00	4,465,563.17	4,552,205.00
BARROW HANLEY EQUITY	CARNIVAL CORP COM PAIRED	Panama	115,400.00	4,013,490.69	4,409,434.00
BARROW HANLEY EQUITY	CHEVRON CORP COM	USA	21,400.00	1,552,807.76	1,734,470.00
BARROW HANLEY EQUITY	CITIGROUP INC COM	USA	506,400.00	2,110,714.53	1,974,960.00
BARROW HANLEY EQUITY	CONOCOPHILLIPS COM	USA	76,400.00	4,093,915.86	4,387,652.00
BARROW HANLEY EQUITY	CORNING INC COM	USA	88,700.00	1,770,075.66	1,621,436.00
BARROW HANLEY EQUITY	CVS CAREMARK CORP COM STK	USA	101,200.00	3,017,923.88	3,184,764.00
BARROW HANLEY EQUITY	DIAGEO PLC SPONSORED ADR NEW	UK	20,800.00	1,453,884.55	1,435,408.00
BARROW HANLEY EQUITY	DOMINION RES INC VA NEW COM	USA	101,700.00	3,904,021.32	4,440,222.00
BARROW HANLEY EQUITY	DU PONT E I DE NEMOURS & CO COM STK	USA	45,100.00	1,827,998.06	2,012,362.00
BARROW HANLEY EQUITY	EMERSON ELECTRIC CO COM	USA	48,900.00	1,249,331.55	2,575,074.00
BARROW HANLEY EQUITY	ENTERGY CORP NEW COM	USA	29,700.00	974,224.33	2,272,941.00
BARROW HANLEY EQUITY	GENERAL ELECTRIC CO	USA	118,100.00	1,751,014.95	1,919,125.00
BARROW HANLEY EQUITY	HEWLETT PACKARD CO COM	USA	67,700.00	2,870,844.53	2,848,139.00
BARROW HANLEY EQUITY	HOME DEPOT INC COM	USA	69,000.00	2,514,519.39	2,185,920.00
BARROW HANLEY EQUITY	HONEYWELL INTL INC COM STK	USA	69,400.00	2,274,664.64	3,049,436.00
BARROW HANLEY EQUITY	ILL TOOL WKS INC COM	USA	92,900.00	3,548,876.92	4,368,158.00
BARROW HANLEY EQUITY	INTEL CORP COM	USA	153,600.00	2,144,201.40	2,953,728.00
BARROW HANLEY EQUITY	INTERNATIONAL BUSINESS MACHS CORP COM	USA	36,200.00	3,870,760.70	4,855,868.00
BARROW HANLEY EQUITY	JOHNSON & JOHNSON COM USD1	USA	60,900.00	3,867,486.55	3,773,364.00
BARROW HANLEY EQUITY	JPMORGAN CHASE & CO COM	USA	110,500.00	4,422,015.80	4,206,735.00
BARROW HANLEY EQUITY	L-3 COMMUNICATIONS HLDG CORP COM	USA	26,300.00	2,099,542.58	1,900,701.00
BARROW HANLEY EQUITY	MARATHON OIL CORP COM	USA	92,600.00	2,215,401.92	3,065,060.00
BARROW HANLEY EQUITY	MEDTRONIC INC COM	USA	46,900.00	1,518,633.87	1,574,902.00
BARROW HANLEY EQUITY	MICROSOFT CORP COM	USA	133,500.00	2,576,005.24	3,269,415.00
BARROW HANLEY EQUITY	MURPHY OIL CORP COM	USA	27,500.00	1,428,503.55	1,702,800.00
BARROW HANLEY EQUITY	OCCIDENTAL PETROLEUM CORP	USA	55,600.00	704,714.84	4,353,480.00
BARROW HANLEY EQUITY	PFIZER INC COM STK $.11 1/9 PAR	USA	208,541.00	5,060,353.55	3,580,648.97
BARROW HANLEY EQUITY	PHILIP MORRIS INTL COM STK NPV	USA	69,000.00	1,581,421.93	3,865,380.00
BARROW HANLEY EQUITY	PNC FINANCIAL SERVICES GROUP COM STK	USA	56,300.00	2,742,087.70	2,922,533.00
BARROW HANLEY EQUITY	RAYTHEON CO USD0.01	USA	73,800.00	3,326,627.63	3,373,398.00
BARROW HANLEY EQUITY	SLM CORP COM	USA	271,900.00	6,364,669.40	3,140,445.00
BARROW HANLEY EQUITY	SPECTRA ENERGY CORP COM STK	USA	77,534.00	1,455,632.88	1,748,391.70
BARROW HANLEY EQUITY	STANLEY BLACK & DECKER INC COM	USA	86,300.00	3,035,474.09	5,288,464.00
BARROW HANLEY EQUITY	STATE STR CORP COM	USA	51,100.00	2,304,039.09	1,924,426.00
BARROW HANLEY EQUITY	TEXAS INSTRUMENTS INC COM	USA	92,500.00	1,874,778.06	2,510,450.00
BARROW HANLEY EQUITY	UNITEDHEALTH GROUP INC COM	USA	135,600.00	5,491,011.11	4,760,916.00
BARROW HANLEY EQUITY	VERIZON COMMUNICATIONS COM	USA	71,702.00	2,131,340.51	2,336,768.18
BARROW HANLEY EQUITY	WALGREEN CO COM	USA	77,600.00	2,569,467.25	2,599,600.00
BARROW HANLEY EQUITY	WELLPOINT INC COM	USA	76,600.00	3,179,639.70	4,338,624.00
BARROW HANLEY EQUITY	WELLS FARGO & CO NEW COM STK	USA	129,400.00	3,405,619.10	3,251,822.00

CITY OF MAIMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2010

Account name	Asset description	Country	Shares/Par value	Book value	Market value
BOSTON PARTNERS	#REORG/HEWITT STOCK MERGER AON CORP COMMON STOCK 2023766 10-1-2010	USA	11,585.00	441,300.82	584,231.55
BOSTON PARTNERS	5TH 3RD BANCORP COM	USA	28,760.00	385,788.47	345,982.80
BOSTON PARTNERS	ABERCROMBIE & FITCH CO CL A	USA	8,000.00	214,861.60	314,560.00
BOSTON PARTNERS	ACE LTD COM STK	Switzerland	6,190.00	350,387.35	360,567.50
BOSTON PARTNERS	ADR STMICROELECTRONICS N V SHS-N Y REGISTRY SHS-N Y REGISTRY	Netherlands	54,025.00	476,367.46	412,210.75
BOSTON PARTNERS	AFFILIATED MANAGERS GROUP INC COM STK	USA	3,635.00	212,276.20	283,566.35
BOSTON PARTNERS	ALBEMARLE CORP COM	USA	8,940.00	377,787.43	418,481.40
BOSTON PARTNERS	ALLEGHANY CORP DEL COM	USA	1,861.00	605,255.53	563,938.83
BOSTON PARTNERS	ALLEGHENY ENERGY INC COM	USA	13,920.00	426,621.04	341,318.40
BOSTON PARTNERS	ALLEGHENY TECHNOLOGIES INC COM	USA	3,140.00	98,157.14	145,853.00
BOSTON PARTNERS	ALLIANT ENERGY CORP COM ISIN #US0188021085	USA	8,020.00	249,323.98	291,527.00
BOSTON PARTNERS	AMDOCS ORD GBP0.01		13,310.00	415,062.15	381,464.60
BOSTON PARTNERS	AMER ELEC PWR CO INC COM	USA	6,175.00	280,684.30	223,720.25
BOSTON PARTNERS	AMEREN CORP COM	USA	9,880.00	260,448.66	280,592.00
BOSTON PARTNERS	ANALOG DEVICES INC COM	USA	14,780.00	440,336.93	463,796.40
BOSTON PARTNERS	ANNALY CAP MGMT INC COM	USA	10,945.00	162,915.04	192,632.00
BOSTON PARTNERS	AON CORP COM	USA	5,260.00	218,235.12	205,718.60
BOSTON PARTNERS	ARROW ELECTR INC COM	USA	21,560.00	598,346.79	576,298.80
BOSTON PARTNERS	ASHLAND INC NEW COM	USA	8,845.00	312,809.40	431,370.65
BOSTON PARTNERS	ASSURANT INC COM	USA	5,985.00	180,591.59	243,589.50
BOSTON PARTNERS	AVNET INC COM	USA	23,830.00	657,568.25	643,648.30
BOSTON PARTNERS	BED BATH BEYOND INC COM	USA	6,350.00	235,792.65	275,653.50
BOSTON PARTNERS	BERKLEY W R CORP COM	USA	4,635.00	126,548.48	125,469.45
BOSTON PARTNERS	BK HAW CORP COM	USA	1,615.00	84,503.10	72,545.80
BOSTON PARTNERS	BRISTOW GROUP INC COM	USA	11,740.00	354,636.39	423,579.20
BOSTON PARTNERS	BROADRIDGE FINL SOLUTIONS INC COM STK	USA	8,595.00	169,493.84	196,567.65
BOSTON PARTNERS	CA INC COM	USA	13,625.00	309,689.44	287,760.00
BOSTON PARTNERS	CACI INTL INC CL A CL A	USA	3,235.00	172,411.65	146,416.10
BOSTON PARTNERS	CAP 1 FNCL COM	USA	11,000.00	272,319.34	435,050.00
BOSTON PARTNERS	CARDINAL HLTH INC	USA	7,770.00	224,146.66	256,720.80
BOSTON PARTNERS	CEC ENTMT INC COM	USA	7,405.00	239,671.72	254,213.65
BOSTON PARTNERS	CENTURYLINK INC COM	USA	13,850.00	465,554.69	546,521.00
BOSTON PARTNERS	COACH INC COM	USA	9,550.00	327,968.05	410,268.00
BOSTON PARTNERS	COMERICA INC COM	USA	7,255.00	292,172.45	269,523.25
BOSTON PARTNERS	CONCHO RES INC COM STK	USA	6,360.00	155,255.25	420,841.20
BOSTON PARTNERS	COOPER INDUSTRIES PLC NEW IRELAND COM STK	Ireland	5,360.00	248,602.64	262,264.80
BOSTON PARTNERS	CROWN HLDGS INC COM	USA	17,775.00	352,570.75	509,431.50
BOSTON PARTNERS	DAVITA INC COM	USA	7,090.00	362,838.97	489,422.70
BOSTON PARTNERS	DISCOVER FINL SVCS COM STK	USA	30,777.00	284,687.25	513,360.36
BOSTON PARTNERS	DR PEPPER SNAPPLE GROUP INC COM STK	USA	5,105.00	112,239.99	181,329.60
BOSTON PARTNERS	DUKE RLTY CORP COM NEW REIT	USA	15,510.00	185,014.14	179,760.90
BOSTON PARTNERS	EAST WEST BANCORP INC COM	USA	17,855.00	171,436.57	290,679.40
BOSTON PARTNERS	EDISON INTL COM	USA	9,605.00	492,978.49	330,315.95
BOSTON PARTNERS	ELECTR ARTS COM	USA	25,040.00	488,212.22	411,407.20
BOSTON PARTNERS	EQTY RESDNTL EFF 5/15/02	USA	6,425.00	129,717.08	305,637.25
BOSTON PARTNERS	EQUIFAX INC COM	USA	16,300.00	548,366.53	508,560.00
BOSTON PARTNERS	EXPEDIA INC DEL COM	USA	12,632.00	255,544.88	356,348.72
BOSTON PARTNERS	GENWORTH FINL INC COM CL A COM CL A	USA	4,780.00	84,351.70	58,411.60
BOSTON PARTNERS	GRAINGER W W INC COM	USA	1,720.00	79,715.67	204,869.20
BOSTON PARTNERS	HANOVER INS GROUP INC COM	USA	8,545.00	330,703.43	401,615.00
BOSTON PARTNERS	HARRIS CORP COM	USA	12,770.00	534,913.17	565,583.30
BOSTON PARTNERS	HERBALIFE LTD COM STK	Cayman Is.	5,185.00	167,915.91	312,914.75
BOSTON PARTNERS	HOLOGIC INC COM	USA	25,025.00	380,371.84	400,650.25
BOSTON PARTNERS	HOSPIRA INC COM	USA	5,985.00	244,702.34	341,204.85
BOSTON PARTNERS	HUMANA INC COM	USA	5,835.00	271,218.67	293,150.40
BOSTON PARTNERS	INGERSOLL-RAND PLC COM STK	Ireland	9,730.00	373,879.49	347,458.30
BOSTON PARTNERS	INGRAM MICRO INC CL A	USA	19,790.00	333,256.33	333,659.40
BOSTON PARTNERS	KENNAMETAL INC CAP	USA	10,235.00	259,321.78	316,568.55
BOSTON PARTNERS	KEYCORP NEW COM	USA	9,740.00	84,648.39	77,530.40
BOSTON PARTNERS	KIMCO RLTY CORP COM	USA	31,355.00	521,775.83	493,841.25
BOSTON PARTNERS	KROGER CO COM	USA	8,575.00	206,052.63	185,734.50
BOSTON PARTNERS	LABORATORY CORP AMER HLDGS COM NEW COM NEW	USA	4,425.00	262,499.41	347,052.75
BOSTON PARTNERS	LENNAR CORP CL A CL A	USA	21,400.00	237,938.65	329,132.00
BOSTON PARTNERS	LENNOX INTL INC COM	USA	3,420.00	114,030.14	142,579.80
BOSTON PARTNERS	LOEWS CORP COM	USA	10,245.00	400,422.41	388,285.50
BOSTON PARTNERS	LORILLARD INC COM STK	USA	2,980.00	77,572.25	239,323.80
BOSTON PARTNERS	M & T BK CORP COM	USA	2,830.00	108,175.38	231,522.30
BOSTON PARTNERS	MANPOWER INC WIS COM	USA	10,125.00	469,171.06	528,525.00
BOSTON PARTNERS	MARSH & MCLENNAN CO'S INC COM	USA	21,450.00	540,187.24	517,374.00
BOSTON PARTNERS	MATTEL INC COM	USA	8,815.00	181,356.40	206,799.90
BOSTON PARTNERS	MCGRAW-HILL COS COM USD1	USA	5,205.00	225,995.93	172,077.30
BOSTON PARTNERS	MCKESSON CORP	USA	6,380.00	380,425.54	394,156.40
BOSTON PARTNERS	MICRON TECH INC COM	USA	27,230.00	261,333.93	196,328.30
BOSTON PARTNERS	MOHAWK INDS INC COM	USA	10,815.00	460,799.65	576,439.50
BOSTON PARTNERS	MONSTER WORLDWIDE INC COM	USA	11,560.00	263,850.30	149,817.60

CITY OF MAIMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2010

Account name	Asset description	Country	Shares/Par value	Book value	Market value
BOSTON PARTNERS	N V R INC COM	USA	420.00	227,959.51	271,962.60
BOSTON PARTNERS	NOBLE ENERGY INC COM	USA	9,220.00	534,849.26	692,329.80
BOSTON PARTNERS	NORFOLK SOUTHN CORP COM	USA	2,695.00	127,744.70	160,379.45
BOSTON PARTNERS	NV ENERGY INC COM	USA	22,225.00	196,844.20	292,258.75
BOSTON PARTNERS	OMNICARE INC COM	USA	14,465.00	334,767.67	345,424.20
BOSTON PARTNERS	OMNICOM GROUP INC COM	USA	13,870.00	654,261.74	547,587.60
BOSTON PARTNERS	PG& E CORP COM	USA	7,825.00	345,892.68	355,411.50
BOSTON PARTNERS	POPULAR INC COM	Puerto Rico	83,356.00	297,130.27	241,732.40
BOSTON PARTNERS	PPG IND INC COM	USA	8,375.00	533,958.98	609,700.00
BOSTON PARTNERS	PRIDE INTL INC DEL COM	USA	18,225.00	392,614.78	536,361.75
BOSTON PARTNERS	RAYMOND JAMES FNCL INC COM STK	USA	14,285.00	360,613.05	361,839.05
BOSTON PARTNERS	REGENCY CTRS CORP COM	USA	5,695.00	176,199.39	224,781.65
BOSTON PARTNERS	REGIONS FINL CORP NEW COM	USA	9,835.00	84,475.77	71,500.45
BOSTON PARTNERS	REINSURANCE GROUP AMER INC COM NEW STK	USA	5,265.00	272,072.54	254,246.85
BOSTON PARTNERS	RELIANCE STL & ALUM CO COM	USA	10,280.00	366,049.39	426,928.40
BOSTON PARTNERS	ROBERT HALF INTL INC COM	USA	15,750.00	331,018.67	409,500.00
BOSTON PARTNERS	ROSETTA RES INC COM	USA	18,030.00	375,154.56	423,524.70
BOSTON PARTNERS	SAFEWAY INC COM NEW	USA	8,655.00	230,387.20	183,139.80
BOSTON PARTNERS	SEI INVTS CO COM	USA	14,205.00	253,076.45	288,929.70
BOSTON PARTNERS	SLM CORP COM	USA	31,515.00	272,738.45	363,998.25
BOSTON PARTNERS	SM ENERGY CO COM	USA	10,990.00	417,204.46	411,685.40
BOSTON PARTNERS	STANLEY BLACK & DECKER INC COM	USA	4,730.00	235,262.02	289,854.40
BOSTON PARTNERS	STARWOOD HOTELS & RESORTS WORLDWIDE INC COM STK	USA	3,310.00	70,980.96	173,940.50
BOSTON PARTNERS	STERIS CORP COM	USA	9,385.00	302,293.67	311,769.70
BOSTON PARTNERS	SUN TR BANKS INC COM	USA	7,150.00	209,507.84	184,684.50
BOSTON PARTNERS	SYMETRA FINL CORP COM	USA	29,645.00	365,262.43	310,086.70
BOSTON PARTNERS	TAUBMAN CTRS INC COM	USA	7,660.00	232,172.40	341,712.60
BOSTON PARTNERS	TD AMERITRADE HLDG CORP COM STK	USA	28,885.00	450,745.58	466,492.75
BOSTON PARTNERS	TEREX CORP NEW COM	USA	9,075.00	171,048.37	207,999.00
BOSTON PARTNERS	THOMAS & BETTS CORP COM	USA	12,075.00	552,635.36	495,316.50
BOSTON PARTNERS	TIMBERLAND CO CL A	USA	16,985.00	311,400.56	336,472.85
BOSTON PARTNERS	TOWERS WATSON & CO CL A COM STK	USA	10,210.00	396,851.42	502,127.80
BOSTON PARTNERS	ULTRA PETE CORP COM NPV	Canada	4,940.00	245,719.10	207,381.20
BOSTON PARTNERS	UNUM GROUP	USA	21,875.00	433,255.12	484,531.25
BOSTON PARTNERS	V F CORP COM	USA	3,465.00	169,273.35	280,734.30
BOSTON PARTNERS	VENTAS INC REIT	USA	6,475.00	154,235.68	333,915.75
BOSTON PARTNERS	WESCO INTL INC COM	USA	19,795.00	551,854.57	777,745.55
BOSTON PARTNERS	WESTAR ENERGY INC COM	USA	13,035.00	270,240.32	315,838.05
BOSTON PARTNERS	WESTERN UNION CO	USA	17,075.00	203,572.87	301,715.25
BOSTON PARTNERS	WILLIAMS SONOMA INC COM	USA	18,375.00	528,025.60	582,487.50
BOSTON PARTNERS	XEROX CORP COM	USA	31,285.00	288,403.91	323,799.75
BOSTON PARTNERS	ZIONS BANCORP COM	USA	6,415.00	162,142.80	137,024.40

CITY OF MAIMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
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Account name	Asset description	Country	Shares/Par value	Book value	Market value
CHAMPLAIN MIDCAP	ALLEGHANY CORP DEL COM	USA	1,300.00	334,006.81	393,939.00
CHAMPLAIN MIDCAP	ALLERGAN INC COM	USA	5,500.00	284,113.88	365,915.00
CHAMPLAIN MIDCAP	ALTERA CORP COM	USA	9,200.00	257,804.37	277,472.00
CHAMPLAIN MIDCAP	AMETEK INC NEW COM	USA	11,800.00	400,872.72	563,686.00
CHAMPLAIN MIDCAP	ANSYS INC COM	USA	10,500.00	458,807.81	443,625.00
CHAMPLAIN MIDCAP	APOLLO GROUP INC CL A	USA	5,900.00	327,072.15	302,965.00
CHAMPLAIN MIDCAP	APTARGROUP INC COM	USA	10,500.00	350,360.80	479,535.00
CHAMPLAIN MIDCAP	AVON PRODUCTS INC COM USD0.25	USA	20,200.00	551,461.38	648,622.00
CHAMPLAIN MIDCAP	BECKMAN COULTER INC COM	USA	8,500.00	497,104.66	414,715.00
CHAMPLAIN MIDCAP	BERKLEY W R CORP COM	USA	23,300.00	542,016.83	630,731.00
CHAMPLAIN MIDCAP	BIO RAD LABS INC CL A	USA	4,200.00	334,729.90	380,142.00
CHAMPLAIN MIDCAP	BROWN-FORMAN INC CL B NON-VTG COM	USA	4,200.00	181,806.55	258,888.00
CHAMPLAIN MIDCAP	C R BARD	USA	5,100.00	379,355.35	415,293.00
CHAMPLAIN MIDCAP	CEPHALON INC CON	USA	6,000.00	347,765.08	374,640.00
CHAMPLAIN MIDCAP	CERNER CORP COM	USA	3,300.00	266,082.54	277,167.00
CHAMPLAIN MIDCAP	CHESAPEAKE ENERGY CORP COM	USA	8,300.00	193,352.71	187,995.00
CHAMPLAIN MIDCAP	CHURCH & DWIGHT INC COM	USA	4,600.00	301,926.19	298,724.00
CHAMPLAIN MIDCAP	CLOROX CO COM	USA	9,300.00	525,294.97	620,868.00
CHAMPLAIN MIDCAP	CONCUR TECHNOLOGIES INC COM	USA	4,200.00	175,310.63	207,648.00
CHAMPLAIN MIDCAP	COPART INC COM	USA	6,400.00	215,035.64	211,008.00
CHAMPLAIN MIDCAP	DENBURY RES INC HLDG CO COM NEW	USA	21,000.00	349,548.86	333,690.00
CHAMPLAIN MIDCAP	DRESSER-RAND GROUP INC COM	USA	3,300.00	117,119.53	121,737.00
CHAMPLAIN MIDCAP	ECOLAB INC COM	USA	8,300.00	319,904.49	421,142.00
CHAMPLAIN MIDCAP	ENERGIZER HLDGS INC COM	USA	8,900.00	520,056.60	598,347.00
CHAMPLAIN MIDCAP	FLOWERS FOODS INC COM	USA	8,400.00	207,386.62	208,656.00
CHAMPLAIN MIDCAP	FLOWSERVE CORP COM	USA	1,700.00	151,645.10	186,014.00
CHAMPLAIN MIDCAP	GARTNER INC COM	USA	8,300.00	197,070.08	244,352.00
CHAMPLAIN MIDCAP	GEN-PROBE INC NEW COM	USA	9,700.00	413,788.83	470,062.00
CHAMPLAIN MIDCAP	H J HEINZ	USA	10,100.00	366,138.89	478,437.00
CHAMPLAIN MIDCAP	HCC INS HLDGS INC COM	USA	21,000.00	541,470.95	547,890.00
CHAMPLAIN MIDCAP	HOLOGIC INC COM	USA	24,000.00	342,570.30	384,240.00
CHAMPLAIN MIDCAP	IDEX CORP COM	USA	12,600.00	317,866.86	447,426.00
CHAMPLAIN MIDCAP	IHS INC COM CL A COM CL A	USA	9,300.00	468,706.16	632,400.00
CHAMPLAIN MIDCAP	INFORMATICA CORP COM	USA	10,500.00	278,995.27	403,305.00
CHAMPLAIN MIDCAP	INTERCONTINENTALEXCHANGE INC COM	USA	1,300.00	122,565.17	136,136.00
CHAMPLAIN MIDCAP	INTUIT COM	USA	11,700.00	377,096.71	512,577.00
CHAMPLAIN MIDCAP	ITT CORP INC COM	USA	9,000.00	410,052.96	421,470.00
CHAMPLAIN MIDCAP	KELLOGG CO COM USD0.25	USA	7,000.00	326,795.82	353,570.00
CHAMPLAIN MIDCAP	L-3 COMMUNICATIONS HLDG CORP COM	USA	2,500.00	200,385.29	180,675.00
CHAMPLAIN MIDCAP	LABORATORY CORP AMER HLDGS COM NEW COM NEW	USA	5,100.00	339,581.03	399,993.00
CHAMPLAIN MIDCAP	LANDSTAR SYS INC COM	USA	5,100.00	183,090.77	196,962.00
CHAMPLAIN MIDCAP	LIFE TECHNOLOGIES CORP COM STK	USA	12,200.00	552,456.40	569,618.00
CHAMPLAIN MIDCAP	MOLSON COORS BREWING CO CL B CL B	USA	11,000.00	479,820.14	519,420.00
CHAMPLAIN MIDCAP	MORNINGSTAR INC COM STK	USA	9,200.00	395,720.78	409,952.00
CHAMPLAIN MIDCAP	MSCI INC CL A CL A	USA	4,200.00	115,704.64	139,482.00
CHAMPLAIN MIDCAP	MYRIAD GENETICS INC COM	USA	14,200.00	339,927.67	233,022.00
CHAMPLAIN MIDCAP	NALCO HLDG CO COM	USA	10,900.00	241,289.95	274,789.00
CHAMPLAIN MIDCAP	NATIONAL OILWELL VARCO COM STK	USA	6,300.00	231,069.93	280,161.00
CHAMPLAIN MIDCAP	NATL INSTRS CORP COM	USA	10,100.00	250,586.41	329,866.00
CHAMPLAIN MIDCAP	NETAPP INC COM STK	USA	5,000.00	197,798.37	248,950.00
CHAMPLAIN MIDCAP	NORTHERN TR CORP COM	USA	12,800.00	669,568.71	617,472.00
CHAMPLAIN MIDCAP	PALL CORP COM	USA	6,300.00	165,578.67	262,332.00
CHAMPLAIN MIDCAP	PAYCHEX INC COM	USA	12,700.00	357,352.78	349,123.00
CHAMPLAIN MIDCAP	PETROHAWK ENERGY CORP COM	USA	6,300.00	164,183.19	101,682.00
CHAMPLAIN MIDCAP	PIONEER NAT RES CO COM STK	USA	4,200.00	105,593.09	273,126.00
CHAMPLAIN MIDCAP	RALCORP HLDGS INC NEW COM	USA	10,700.00	597,584.22	625,736.00
CHAMPLAIN MIDCAP	REPUBLIC SVCS INC COM	USA	12,600.00	323,537.34	384,174.00
CHAMPLAIN MIDCAP	RESMED INC COM	USA	7,600.00	149,051.40	249,356.00
CHAMPLAIN MIDCAP	RITCHIE BROS AUCTIONEERS INC COM	Canada	6,300.00	148,222.07	130,851.00
CHAMPLAIN MIDCAP	ROPER INDS INC NEW COM	USA	9,700.00	447,880.10	632,246.00
CHAMPLAIN MIDCAP	SANDRIDGE ENERGY INC COM	USA	18,400.00	223,744.47	104,512.00
CHAMPLAIN MIDCAP	SEI INVTS CO COM	USA	14,700.00	260,588.10	298,998.00
CHAMPLAIN MIDCAP	SOLERA HLDGS INC COM	USA	4,200.00	160,590.03	185,472.00
CHAMPLAIN MIDCAP	ST JUDE MED INC COM	USA	8,400.00	319,510.48	330,456.00
CHAMPLAIN MIDCAP	SUPERIOR ENERGY SVCS INC COM	USA	12,700.00	240,818.86	338,963.00
CHAMPLAIN MIDCAP	TUPPERWARE BRANDS CORPORATION	USA	3,500.00	130,133.61	160,160.00
CHAMPLAIN MIDCAP	ULTRA PETE CORP COM NPV	Canada	6,900.00	287,484.48	289,662.00
CHAMPLAIN MIDCAP	VERISK ANALYTICS INC CL A CL A	USA	11,300.00	314,683.34	316,513.00
CHAMPLAIN MIDCAP	WASTE CONNECTIONS INC COM	USA	10,500.00	270,513.43	416,430.00
CHAMPLAIN MIDCAP	WEST PHARMACEUTICAL SVCS INC COM	USA	8,400.00	295,100.59	288,204.00
CHAMPLAIN MIDCAP	WHITING PETE CORP COM STK	USA	4,900.00	188,031.15	467,999.00
CHAMPLAIN MIDCAP	WILLIS GROUP HOLDINGS COM USD0.000115 (NEW)	Ireland	19,000.00	499,300.26	585,580.00
CHAMPLAIN MIDCAP	ZIMMER HLDGS INC COM	USA	3,700.00	160,618.90	193,621.00

CITY OF MAIMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2010

Account name	Asset description	Country	Shares/Par value	Book value	Market value
CHAMPLAIN SMALLCAP	#REORG/DEL MONTE FOODS CO COM CASH MERGER EFF DT 03/09/2011	USA	96,500.00	1,048,454.11	1,265,115.00
CHAMPLAIN SMALLCAP	#REORG/FIRST MERCURY FINL CORP COM CASH MERGER 2-9-2011	USA	32,100.00	566,709.10	323,568.00
CHAMPLAIN SMALLCAP	#REORG/LANCE NAME CHNG WITH CU CHNG SNYDERS-LANCE INC COM 2064966 12-13	USA	40,500.00	831,920.87	862,650.00
CHAMPLAIN SMALLCAP	#RERG/ALLD SCH OF ARRAN ALLD WRLD ASRNCECOHLDGS AG CMN STK 2064666 11-30-:	Bermuda	24,000.00	935,094.76	1,358,160.00
CHAMPLAIN SMALLCAP	ABM INDS INC COM	USA	59,500.00	1,235,693.89	1,284,605.00
CHAMPLAIN SMALLCAP	ALBERTO-CULVER CO NEW COM STK	USA	45,100.00	1,020,756.95	1,698,015.00
CHAMPLAIN SMALLCAP	ALLEGHANY CORP DEL COM	USA	2,400.00	582,285.05	727,272.00
CHAMPLAIN SMALLCAP	AMERICAN PUB ED INC COM STK	USA	16,000.00	536,409.77	525,760.00
CHAMPLAIN SMALLCAP	AMERN MED SYS HLDGS INC COM STK	USA	40,500.00	704,353.36	792,990.00
CHAMPLAIN SMALLCAP	APTARGROUP INC COM	USA	32,500.00	881,589.62	1,484,275.00
CHAMPLAIN SMALLCAP	ARGO GROUP INTERNATIONAL HOLDINGS COM STK	Bermuda	16,000.00	501,452.38	555,840.00
CHAMPLAIN SMALLCAP	ARIBA INC COM NEW	USA	56,500.00	657,078.03	1,067,850.00
CHAMPLAIN SMALLCAP	ASPEN INSURANCE HLDGS COM	Bermuda	8,000.00	239,382.06	242,240.00
CHAMPLAIN SMALLCAP	ATHENAHEALTH INC COM MON STOCK	USA	26,000.00	801,107.96	858,520.00
CHAMPLAIN SMALLCAP	BIO RAD LABS INC CL A	USA	12,000.00	893,971.23	1,086,120.00
CHAMPLAIN SMALLCAP	BIO-REFERENCE LABS INC COM PAR $0.01 NEW	USA	8,000.00	161,526.30	166,880.00
CHAMPLAIN SMALLCAP	BLACKBOARD INC COM	USA	24,000.00	898,084.00	864,960.00
CHAMPLAIN SMALLCAP	BOTTOMLINE TECHNOLOGIES DEL INC COM	USA	40,100.00	650,477.58	615,936.00
CHAMPLAIN SMALLCAP	BRADY CORP CL A	USA	46,900.00	1,447,612.93	1,368,073.00
CHAMPLAIN SMALLCAP	BROWN & BROWN INC COM	USA	40,000.00	713,849.07	807,600.00
CHAMPLAIN SMALLCAP	CLARCOR INC COM	USA	36,000.00	1,042,584.13	1,390,680.00
CHAMPLAIN SMALLCAP	COMSCORE INC COM	USA	29,500.00	556,612.71	693,840.00
CHAMPLAIN SMALLCAP	CONCUR TECHNOLOGIES INC COM	USA	12,000.00	346,569.23	593,280.00
CHAMPLAIN SMALLCAP	CONSTANT CONTACT INC COM STK	USA	28,000.00	488,717.06	600,040.00
CHAMPLAIN SMALLCAP	COPART INC COM	USA	12,000.00	368,124.41	395,640.00
CHAMPLAIN SMALLCAP	COSTAR GROUP INC COM	USA	23,000.00	986,690.31	1,120,330.00
CHAMPLAIN SMALLCAP	EBIX INC FORMERLY EBIX COM INC TO 01/02/2004 COM NEW COM NEW	USA	32,000.00	534,067.13	750,400.00
CHAMPLAIN SMALLCAP	FARO TECHNOLOGIES INC COM	USA	20,000.00	477,921.67	436,200.00
CHAMPLAIN SMALLCAP	FIRST MIDWEST BANCORP INC DEL COM	USA	25,600.00	295,774.27	295,168.00
CHAMPLAIN SMALLCAP	FLOWERS FOODS INC COM	USA	52,500.00	1,271,274.14	1,304,100.00
CHAMPLAIN SMALLCAP	GALLAGHER ARTHUR J & CO COM	USA	24,000.00	516,670.61	632,880.00
CHAMPLAIN SMALLCAP	GARDNER DENVER INC COM	USA	13,000.00	582,784.55	697,840.00
CHAMPLAIN SMALLCAP	GENOMIC HEALTH INC COM	USA	24,000.00	454,378.97	320,640.00
CHAMPLAIN SMALLCAP	GEN-PROBE INC NEW COM	USA	20,000.00	933,707.36	969,200.00
CHAMPLAIN SMALLCAP	GULFPORT ENERGY CORP COM NEW COM NEW	USA	24,000.00	242,444.25	332,160.00
CHAMPLAIN SMALLCAP	HAIN CELESTIAL GROUP INC COM	USA	48,500.00	1,109,063.59	1,163,030.00
CHAMPLAIN SMALLCAP	HCC INS HLDGS INC COM	USA	24,000.00	561,802.42	626,160.00
CHAMPLAIN SMALLCAP	HEALTHCARE RLTY TR	USA	56,500.00	1,323,788.90	1,321,535.00
CHAMPLAIN SMALLCAP	HENRY JACK & ASSOC INC COM	USA	24,000.00	514,642.69	612,000.00
CHAMPLAIN SMALLCAP	IDEX CORP COM	USA	48,500.00	1,437,874.42	1,722,235.00
CHAMPLAIN SMALLCAP	IMMUCOR INC COM STK	USA	24,000.00	651,884.92	475,920.00
CHAMPLAIN SMALLCAP	INTEGRA LIFESCIENCES HLDG CORP COM DESP	USA	25,500.00	882,401.02	1,006,230.00
CHAMPLAIN SMALLCAP	K12 INC COM STOCK USD.0001	USA	24,000.00	499,069.22	696,720.00
CHAMPLAIN SMALLCAP	LANCASTER COLONY CORP COM	USA	21,400.00	1,089,061.18	1,016,500.00
CHAMPLAIN SMALLCAP	LANDSTAR SYS INC COM	USA	24,000.00	922,929.33	926,880.00
CHAMPLAIN SMALLCAP	LOGMEIN INC COM	USA	4,000.00	136,004.25	143,920.00
CHAMPLAIN SMALLCAP	LUMINEX CORP DEL COM	USA	40,000.00	556,587.64	640,000.00
CHAMPLAIN SMALLCAP	MARTEK BIOSCIENCES CORP COM STK USD0.10	USA	28,000.00	625,327.87	633,640.00
CHAMPLAIN SMALLCAP	MASIMO CORP COM STK	USA	25,500.00	640,668.35	696,405.00
CHAMPLAIN SMALLCAP	MATTHEWS INTL CORP CL A	USA	24,200.00	925,278.81	855,712.00
CHAMPLAIN SMALLCAP	MEDASSETS INC COM STK	USA	36,000.00	584,920.37	757,440.00
CHAMPLAIN SMALLCAP	MERIDIAN BIOSCIENCE INC COM	USA	24,000.00	462,915.58	525,120.00
CHAMPLAIN SMALLCAP	MICROSTRATEGY INC CL A NEW	USA	6,500.00	572,243.63	562,965.00
CHAMPLAIN SMALLCAP	MORNINGSTAR INC COM STK	USA	24,000.00	963,558.45	1,069,440.00
CHAMPLAIN SMALLCAP	MYRIAD GENETICS INC COM	USA	36,000.00	858,384.72	590,760.00
CHAMPLAIN SMALLCAP	NATL INSTRS CORP COM	USA	33,000.00	902,045.03	1,077,780.00
CHAMPLAIN SMALLCAP	NATL INTST CORP COM STK	USA	16,000.00	331,885.22	348,320.00
CHAMPLAIN SMALLCAP	NAVIGATORS GROUP INC COM	USA	24,000.00	1,100,362.49	1,071,120.00
CHAMPLAIN SMALLCAP	NEUSTAR INC CL A	USA	16,000.00	414,458.57	397,760.00
CHAMPLAIN SMALLCAP	NIC INC COM	USA	40,000.00	262,019.61	331,600.00
CHAMPLAIN SMALLCAP	NUVASIVE INC COM	USA	20,000.00	616,878.89	702,800.00
CHAMPLAIN SMALLCAP	OASIS PETE INC NEW COM STK	USA	6,500.00	115,552.28	125,905.00
CHAMPLAIN SMALLCAP	OIL STS INTL INC COM ISIN US6780261052	USA	8,000.00	369,028.64	372,400.00
CHAMPLAIN SMALLCAP	PENN VA CORP COM	USA	8,000.00	187,413.64	128,320.00
CHAMPLAIN SMALLCAP	PROGRESS SOFTWARE CORP COM	USA	20,000.00	588,684.78	662,000.00
CHAMPLAIN SMALLCAP	RESOLUTE ENERGY CORP COM	USA	40,500.00	468,832.32	447,930.00
CHAMPLAIN SMALLCAP	RITCHIE BROS AUCTIONEERS INC COM	Canada	32,000.00	649,285.03	664,640.00
CHAMPLAIN SMALLCAP	ROSETTA RES INC COM	USA	16,000.00	365,384.79	375,840.00
CHAMPLAIN SMALLCAP	RUDDICK CORP COM	USA	35,500.00	958,941.75	1,231,140.00
CHAMPLAIN SMALLCAP	SANDRIDGE ENERGY INC COM	USA	120,000.00	1,084,929.34	681,600.00
CHAMPLAIN SMALLCAP	SENSIENT TECHNOLOGIES CORP COM	USA	48,500.00	1,371,697.13	1,478,765.00
CHAMPLAIN SMALLCAP	SILGAN HLDGS INC COM	USA	34,000.00	928,163.11	1,077,800.00
CHAMPLAIN SMALLCAP	SM ENERGY CO COM	USA	12,000.00	394,113.90	449,520.00
CHAMPLAIN SMALLCAP	SMART BALANCE INC COM STK	USA	72,500.00	445,000.80	281,300.00
CHAMPLAIN SMALLCAP	SOLARWINDS INC COM	USA	40,500.00	603,370.70	699,030.00
CHAMPLAIN SMALLCAP	SOLERA HLDGS INC COM	USA	12,000.00	339,179.66	529,920.00
CHAMPLAIN SMALLCAP	SONOSITE INC COM	USA	16,000.00	449,437.56	536,160.00
CHAMPLAIN SMALLCAP	SOURCEFIRE INC COM	USA	16,000.00	366,521.04	461,440.00
CHAMPLAIN SMALLCAP	SUPERIOR ENERGY SVCS INC COM	USA	44,000.00	791,911.94	1,174,360.00
CHAMPLAIN SMALLCAP	SURMODICS INC COM	USA	12,000.00	392,562.05	143,040.00
CHAMPLAIN SMALLCAP	TECHNE CORP COM	USA	10,500.00	645,354.32	648,165.00
CHAMPLAIN SMALLCAP	TELEFLEX INC COM	USA	12,000.00	630,299.34	681,360.00
CHAMPLAIN SMALLCAP	TETRA TECHNOLOGIES INC DEL COM	USA	48,500.00	551,453.89	494,700.00
CHAMPLAIN SMALLCAP	TRACTOR SUPPLY CO COM	USA	8,200.00	223,299.74	325,212.00
CHAMPLAIN SMALLCAP	TREEHOUSE FOODS INC COM	USA	6,400.00	266,702.72	295,040.00
CHAMPLAIN SMALLCAP	TUPPERWARE BRANDS CORPORATION	USA	16,000.00	658,253.42	732,160.00
CHAMPLAIN SMALLCAP	ULTIMATE SOFTWARE GROUP INC COM	USA	30,000.00	684,045.54	1,159,200.00
CHAMPLAIN SMALLCAP	UMB FINL CORP COM STK	USA	32,500.00	1,243,776.77	1,154,075.00
CHAMPLAIN SMALLCAP	UTI WORLDWIDE INC ORD NPV	British Virgin Is.	24,000.00	501,040.13	385,920.00
CHAMPLAIN SMALLCAP	VCA ANTECH INC COM STK	USA	32,500.00	852,612.09	685,425.00
CHAMPLAIN SMALLCAP	WABTEC CORP COM	USA	19,500.00	766,983.95	931,905.00
CHAMPLAIN SMALLCAP	WADDELL & REED FINL INC CL A COM	USA	16,000.00	356,122.72	437,760.00
CHAMPLAIN SMALLCAP	WASTE CONNECTIONS INC COM	USA	36,500.00	1,019,468.97	1,447,590.00
CHAMPLAIN SMALLCAP	WD 40 CO COM STK	USA	16,000.00	475,699.76	608,320.00
CHAMPLAIN SMALLCAP	WEST PHARMACEUTICAL SVCS INC COM	USA	32,500.00	1,287,400.19	1,115,075.00
CHAMPLAIN SMALLCAP	WILEY JOHN & SONS INC CL A	USA	32,000.00	1,032,886.94	1,307,520.00
CHAMPLAIN SMALLCAP	WRIGHT EXPRESS CORP COM STK	USA	21,000.00	681,119.71	749,910.00

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as of SEPTEMBER 30, 2010

Account name	Asset description	Country	Shares/Par value	Book value	Market value
DELAWARE	ADOBE SYS INC COM	USA	88,500.00	2,376,276.62	2,314,275.00
DELAWARE	ADR NOVO-NORDISK A S ADR	Denmark	26,500.00	1,367,115.62	2,608,660.00
DELAWARE	ADR SYNGENTA AG SPONSORED ADR	Switzerland	45,700.00	2,056,484.63	2,275,403.00
DELAWARE	ALLERGAN INC COM	USA	52,600.00	2,324,576.21	3,499,478.00
DELAWARE	APOLLO GROUP INC CL A	USA	38,300.00	1,836,658.38	1,966,705.00
DELAWARE	APPLE INC COM STK	USA	16,100.00	2,609,241.34	4,568,375.00
DELAWARE	BANK NEW YORK MELLON CORP COM STK	USA	83,500.00	2,406,622.75	2,181,855.00
DELAWARE	CME GROUP INC COM STK	USA	8,800.00	2,663,626.58	2,291,960.00
DELAWARE	CROWN CASTLE INTL CORP COM STK	USA	82,900.00	2,454,600.00	3,660,035.00
DELAWARE	EOG RESOURCES INC COM	USA	32,500.00	3,480,145.07	3,021,525.00
DELAWARE	EXPEDITORS INTL WASH INC COM	USA	53,000.00	1,355,356.13	2,450,190.00
DELAWARE	GOOGLE INC CL A CL A	USA	6,300.00	2,637,013.78	3,312,477.00
DELAWARE	INTERCONTINENTALEXCHANGE INC COM	USA	23,500.00	2,236,668.50	2,460,920.00
DELAWARE	INTUIT COM	USA	84,100.00	2,008,694.34	3,684,421.00
DELAWARE	LOWES COS INC COM	USA	97,700.00	2,112,283.67	2,177,733.00
DELAWARE	MASTERCARD INC CL A	USA	12,900.00	2,648,943.38	2,889,600.00
DELAWARE	MEDCO HEALTH SOLUTIONS INC COM	USA	73,400.00	3,467,573.34	3,821,204.00
DELAWARE	NIKE INC CL B	USA	34,100.00	1,744,612.75	2,732,774.00
DELAWARE	PERRIGO CO COM	USA	21,600.00	1,311,824.55	1,387,152.00
DELAWARE	POLYCOM INC COM	USA	41,800.00	1,163,623.58	1,140,304.00
DELAWARE	PRICELINE COM INC COM NEW STK	USA	10,300.00	1,855,862.73	3,587,902.00
DELAWARE	PROCTER & GAMBLE COM NPV	USA	31,100.00	1,436,382.87	1,865,067.00
DELAWARE	QUALCOMM INC COM	USA	85,200.00	2,726,504.04	3,844,224.00
DELAWARE	STAPLES INC COM	USA	117,100.00	2,230,276.80	2,449,732.00
DELAWARE	TERADATA CORP DEL COM STK	USA	60,500.00	1,642,516.65	2,332,880.00
DELAWARE	VERISIGN INC COM	USA	86,900.00	2,571,697.32	2,758,206.00
DELAWARE	VISA INC COM CL A STK	USA	56,200.00	3,070,735.75	4,173,412.00
DELAWARE	WALGREEN CO COM	USA	56,800.00	2,088,740.98	1,902,800.00

CITY OF MAIMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2010

Account name	Asset description	Country	Shares/Par value	Book value	Market value
EAGLE	#REORG COMMSCOPE INC COM CASH MERGER EFF01-14-2011	USA	14,343.00	327,088.47	340,502.82
EAGLE	#REORG/SYNIVERSE HLDGS INC COM STK CASH MERGER 1-13-2011	USA	15,569.00	347,056.39	352,949.23
EAGLE	1ST CTZNS BANCSHARES INC N C CL A	USA	2,781.00	440,725.03	515,235.87
EAGLE	ACACIA RESH CORP AR ACACIA TECHNOLOGIES COM AR ACACIA TECHNOLOGIES COM	USA	29,029.00	326,459.67	510,910.40
EAGLE	ACTUANT CORP CL A NEW	USA	26,538.00	566,315.98	609,312.48
EAGLE	AMERISAFE INC COM	USA	22,052.00	365,889.01	414,136.56
EAGLE	AMERN MED SYS HLDGS INC COM STK	USA	19,190.00	360,598.53	375,740.20
EAGLE	ANAREN INC COM	USA	34,767.00	514,387.28	583,737.93
EAGLE	APAC CUSTOMER SVCS INC COM	USA	39,593.00	229,037.22	224,096.38
EAGLE	APOGEE ENTERPRISES INC COM	USA	17,542.00	234,148.11	160,509.30
EAGLE	ASSD ESTATES RLTY CORP COM	USA	24,625.00	349,351.51	344,257.50
EAGLE	BALCHEM CORP COM	USA	9,867.00	174,234.52	304,495.62
EAGLE	BIO RAD LABS INC CL A	USA	5,162.00	458,049.14	467,212.62
EAGLE	BIO RAD LABS INC CL B CL B	USA	100.00	8,401.70	9,075.00
EAGLE	BRUKER CORP	USA	45,062.00	587,018.82	632,219.86
EAGLE	BUCKEYE TECHNOLOGIES INC COM	USA	29,776.00	317,820.89	438,004.96
EAGLE	CABOT OIL & GAS CORP COM	USA	9,386.00	281,524.97	282,612.46
EAGLE	CARDINAL FINL CORP COM	USA	54,961.00	507,103.74	528,175.21
EAGLE	CARDTRONICS INC COM STK	USA	16,025.00	212,333.50	247,265.75
EAGLE	CHART INDS INC COM PAR $0.01 COM PAR $0.01	USA	23,278.00	458,415.70	473,940.08
EAGLE	CHEROKEE INC DEL NEW COM	USA	3,551.00	91,291.29	64,770.24
EAGLE	CONSTANT CONTACT INC COM STK	USA	4,530.00	88,576.05	97,077.90
EAGLE	DREAMWORKS ANIMATION INC CL A COM STK	USA	17,450.00	582,105.13	556,829.50
EAGLE	DRESSER-RAND GROUP INC COM	USA	9,347.00	260,393.34	344,810.83
EAGLE	EMCOR GROUP INC COM	USA	17,451.00	483,607.04	429,120.09
EAGLE	EMERGENT BIOSOLUTIONS INC COM	USA	23,056.00	360,846.41	397,946.56
EAGLE	EPICOR SOFTWARE CORP COM	USA	25,943.00	220,259.60	225,704.10
EAGLE	ESTERLINE TECHNOLOGIES CORP COM STK	USA	2,921.00	157,729.63	167,168.83
EAGLE	EVERCORE PARTNERS INC CL A CL A	USA	16,272.00	476,561.86	465,541.92
EAGLE	FEI CO COM	USA	28,785.00	646,463.21	563,322.45
EAGLE	FLOWERS FOODS INC COM	USA	13,377.00	332,348.08	332,284.68
EAGLE	FLUSHING FINL CORP COM	USA	13,440.00	153,884.07	155,366.40
EAGLE	FOREST CY ENTERPRISES INC CL A	USA	35,048.00	455,889.83	449,665.84
EAGLE	FTI CONSULTING INC COM	USA	12,771.00	525,031.13	443,025.99
EAGLE	GREIF INC.	USA	8,602.00	508,727.54	506,141.68
EAGLE	GRIFFON CORP COM	USA	29,416.00	368,337.22	358,581.04
EAGLE	GROUP 1 AUTOMOTIVE INC COM	USA	11,700.00	321,346.34	349,596.00
EAGLE	HANOVER INS GROUP INC COM	USA	9,205.00	393,658.06	432,635.00
EAGLE	HERSHA HOSPITALITY TR PRTY CL A SHS BEN INT	USA	51,045.00	249,886.35	264,413.10
EAGLE	HUBBELL INC CL B COM	USA	8,738.00	410,774.31	443,453.50
EAGLE	IDEX CORP COM	USA	14,238.00	460,831.86	505,591.38
EAGLE	INTERVAL LEISURE GROUP INC COM STK	USA	38,849.00	483,945.50	523,296.03
EAGLE	INVESTORS BANCORP INC COM STK	USA	15,783.00	201,889.39	186,870.72
EAGLE	ITC HLDGS CORP COM STK	USA	5,454.00	285,402.69	339,511.50
EAGLE	KVH INDS INC COM STK	USA	5,447.00	71,534.22	81,759.47
EAGLE	LEGGETT & PLATT INC COM	USA	32,239.00	724,753.35	733,759.64
EAGLE	LIBERTY MEDIA CORP NEW LIBERTY STARZ COMSER A LIBERTY STARZ COM SER A	USA	8,376.00	514,453.18	543,434.88
EAGLE	LINCARE HLDGS INC COM	USA	15,016.00	374,770.22	376,751.44
EAGLE	MATTHEWS INTL CORP CL A	USA	8,932.00	317,590.77	315,835.52
EAGLE	MEDASSETS INC COM STK	USA	26,926.00	602,287.06	566,523.04
EAGLE	MEDNAX INC COM	USA	12,626.00	710,839.89	672,965.80
EAGLE	MONOTYPE IMAGING HLDGS INC COM STK	USA	43,057.00	457,245.57	393,971.55
EAGLE	NATIONAL CINEMEDIA INC COM	USA	26,385.00	487,969.70	472,291.50
EAGLE	NORTHERN OIL & GAS INC NEV COM STK	USA	17,666.00	242,149.33	299,262.04
EAGLE	NORTHWEST BANCSHARES INC MD COM	USA	29,912.00	353,190.46	334,715.28
EAGLE	OASIS PETE INC NEW COM STK	USA	19,127.00	316,136.29	370,489.99
EAGLE	OIL STS INTL INC COM ISIN US6780261052	USA	7,370.00	334,402.51	343,073.50
EAGLE	OPPENHEIMER HLDGS INC CL A NON VTG SHS CL A NON VTG SHS	USA	8,359.00	244,980.51	233,634.05
EAGLE	OSHKOSH CORPORATION	USA	13,968.00	459,168.58	384,120.00
EAGLE	PHOTRONICS INC COM	USA	50,753.00	230,989.58	268,483.37
EAGLE	PICO HLDGS INC COM NEW STK	USA	6,391.00	234,633.26	190,835.26
EAGLE	PLANTRONICS INC NEW COM	USA	10,811.00	344,703.78	365,195.58
EAGLE	PLEXUS CORP COM	USA	17,157.00	521,621.79	503,557.95
EAGLE	PROASSURANCE CORP COM	USA	9,942.00	525,394.96	572,559.78
EAGLE	PROGRESS SOFTWARE CORP COM	USA	16,286.00	505,143.66	539,066.60
EAGLE	QUEST SOFTWARE INC COM ISIN US74834T1034	USA	32,041.00	481,271.11	787,888.19
EAGLE	QUESTAR CORP COM	USA	19,214.00	324,826.18	336,821.42
EAGLE	RAYONIER INC REIT	USA	3,302.00	106,092.23	165,496.24
EAGLE	ROCK-TENN CO CL A CL A	USA	9,307.00	433,261.25	463,581.67
EAGLE	ROFIN SINAR TECHNOLOGIES INC COM	USA	13,775.00	313,302.47	349,609.50
EAGLE	ROSETTA RES INC COM	USA	15,889.00	339,408.11	373,232.61
EAGLE	RUDDICK CORP COM	USA	9,244.00	322,402.44	320,581.92
EAGLE	SNAP-ON INC COM	USA	5,660.00	228,587.79	263,246.60
EAGLE	SOLUTIA INC COM NEW COM NEW	USA	30,498.00	439,746.59	488,577.96
EAGLE	SS&C TECHNOLOGIES HLDGS INC COM	USA	3,637.00	53,084.70	57,464.60
EAGLE	STEPAN CO COM	USA	3,975.00	206,859.57	234,962.25
EAGLE	TELEDYNE TECHNOLOGIES INC COM	USA	8,548.00	301,869.64	340,381.36
EAGLE	THOR INDS INC COM STK	USA	9,920.00	310,237.41	331,328.00
EAGLE	TREEHOUSE FOODS INC COM	USA	3,068.00	137,125.07	141,434.80
EAGLE	TTM TECHNOLOGIES INC COM	USA	42,334.00	405,542.01	414,449.86
EAGLE	UGI CORP NEW COM	USA	19,163.00	452,880.02	548,253.43
EAGLE	WESCO FNCL CORP CAP	USA	1,070.00	347,176.16	383,220.50
EAGLE	WESTFIELD FINL INC NEW COM STK	USA	20,276.00	175,182.24	158,152.80
EAGLE	WILEY JOHN & SONS INC CL A	USA	17,407.00	666,738.43	711,250.02
EAGLE	WOLVERINE WORLD WIDE INC COM	USA	23,755.00	561,560.36	689,132.55
EAGLE	WRIGHT EXPRESS CORP COM STK	USA	11,972.00	387,428.82	427,520.12

CITY OF MAIMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2010

Account name	Asset description	Country	Shares/Par value	Book value	Market value
RCM	ADR TEVA PHARMACEUTICAL INDS	Israel	22,934.00	1,096,982.53	1,209,768.50
RCM	ADR VALE S A ADR	Brazil	26,840.00	771,952.34	839,286.80
RCM	AIR PROD & CHEM INC COM	USA	11,765.00	884,911.78	974,377.30
RCM	ALCON INC COM CHF0.20	Switzerland	4,470.00	420,348.60	745,551.30
RCM	ALLEGHENY TECHNOLOGIES INC COM	USA	17,315.00	851,429.98	804,281.75
RCM	ALLERGAN INC COM	USA	15,695.00	835,289.77	1,044,188.35
RCM	AMAZON COM INC COM	USA	7,905.00	647,562.86	1,241,559.30
RCM	AMERICAN EXPRESS CO	USA	36,105.00	1,536,589.91	1,517,493.15
RCM	APPLE INC COM STK	USA	14,305.00	942,081.24	4,059,043.75
RCM	AVON PRODUCTS INC COM USD0.25	USA	24,251.00	842,768.07	778,699.61
RCM	BED BATH BEYOND INC COM	USA	26,485.00	995,661.39	1,149,713.85
RCM	CAMERON INTL CORP COM STK	USA	21,000.00	911,168.34	902,160.00
RCM	CARDINAL HLTH INC	USA	36,930.00	1,244,957.82	1,220,167.20
RCM	CBS CORP NEW CL B	USA	77,910.00	1,082,676.31	1,235,652.60
RCM	CELGENE CORP COM	USA	13,920.00	757,949.11	801,931.20
RCM	CISCO SYSTEMS INC	USA	105,215.00	2,509,253.55	2,304,208.50
RCM	CITRIX SYS INC COM	USA	9,525.00	585,176.00	649,986.00
RCM	COLGATE-PALMOLIVE CO COM	USA	16,870.00	1,104,916.29	1,296,628.20
RCM	COMERICA INC COM	USA	29,591.00	1,104,303.27	1,099,305.65
RCM	COOPER INDUSTRIES PLC NEW IRELAND COM STK	Ireland	22,701.00	1,015,944.47	1,110,759.93
RCM	DEERE & CO COM	USA	14,725.00	960,154.81	1,027,510.50
RCM	DIRECTV COM CL A COM CL A	USA	19,200.00	424,016.38	799,296.00
RCM	EATON CORP COM	USA	15,940.00	1,060,034.40	1,314,890.60
RCM	EMC CORP COM	USA	67,574.00	1,032,003.92	1,372,427.94
RCM	EXPRESS SCRIPTS INC COM	USA	31,445.00	1,129,084.74	1,531,371.50
RCM	FEDEX CORP COM	USA	11,000.00	583,526.13	940,500.00
RCM	GOOGLE INC CL A CL A	USA	5,303.00	2,223,234.32	2,788,264.37
RCM	GUESS INC COM	USA	25,076.00	1,103,628.06	1,018,837.88
RCM	HALLIBURTON CO COM	USA	41,510.00	1,330,236.02	1,372,735.70
RCM	HASBRO INC COM	USA	20,095.00	878,298.59	894,428.45
RCM	HEWLETT PACKARD CO COM	USA	30,342.00	1,110,334.74	1,276,487.94
RCM	HUMAN GENOME SCIENCES INC COM	USA	19,159.00	503,287.07	570,746.61
RCM	INTEL CORP COM	USA	91,415.00	1,751,224.67	1,757,910.45
RCM	JOY GLOBAL INC COM	USA	11,405.00	670,584.98	801,999.60
RCM	JPMORGAN CHASE & CO COM	USA	38,340.00	1,570,792.62	1,459,603.80
RCM	KOHLS CORP COM	USA	26,475.00	1,224,613.23	1,394,703.00
RCM	MARVELL TECH GROUP COM USD0.002	Bermuda	43,870.00	714,634.71	768,163.70
RCM	MC DONALDS CORP COM	USA	23,940.00	1,458,185.36	1,783,769.40
RCM	MICROCHIP TECHNOLOGY INC COM	USA	38,825.00	890,005.51	1,221,046.25
RCM	MICROSOFT CORP COM	USA	53,010.00	1,401,803.20	1,298,214.90
RCM	NETFLIX INC COM STK	USA	5,270.00	679,421.23	854,583.20
RCM	OCCIDENTAL PETROLEUM CORP	USA	15,535.00	1,223,816.04	1,216,390.50
RCM	ORACLE CORP COM	USA	45,605.00	960,319.71	1,224,494.25
RCM	PEPSICO INC COM	USA	28,535.00	1,650,091.68	1,895,865.40
RCM	PRECISION CASTPARTS CORP COM	USA	12,230.00	1,413,939.96	1,557,490.50
RCM	ROCKWELL AUTOMATION	USA	12,680.00	650,185.62	782,736.40
RCM	SCHLUMBERGER LTD COM COM	Netherlands Ant.	30,205.00	1,738,885.89	1,860,930.05
RCM	STARBUCKS CORP COM	USA	43,690.00	1,075,915.80	1,117,590.20
RCM	STARWOOD HOTELS & RESORTS WORLDWIDE INC COM STK	USA	25,757.00	881,302.45	1,353,530.35
RCM	T ROWE PRICE GROUP INC	USA	19,135.00	1,054,171.09	957,993.77
RCM	TARGET CORP COM STK	USA	28,480.00	1,394,711.65	1,521,971.20
RCM	TEXAS INSTRUMENTS INC COM	USA	30,465.00	753,449.23	826,820.10
RCM	THERMO FISHER CORP	USA	26,600.00	1,311,730.43	1,273,608.00
RCM	UNION PAC CORP COM	USA	19,280.00	1,374,814.66	1,577,104.00
RCM	UNITED TECHNOLOGIES CORP COM	USA	19,110.00	1,190,276.38	1,361,205.30
RCM	WALT DISNEY CO	USA	46,405.00	1,064,858.95	1,536,469.55
RCM	WATSON PHARMACEUTICALS INC COM	USA	17,665.00	759,497.75	747,406.15
RCM	WELLS FARGO & CO NEW COM STK	USA	57,085.00	1,486,381.84	1,434,546.05
RCM	YAHOO INC COM	USA	55,580.00	780,559.91	787,568.60

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as of SEPTEMBER 30, 2010

Account name	Asset description	Country	Shares/Par value	Book value	Market value
WENTWORTH HAUSER	ADR AXA SA SPONSORED ADR	France	16,575.00	585,427.39	288,073.50
WENTWORTH HAUSER	ADR BAE SYS PLC SPONSORED ADR	UK	24,025.00	870,225.98	517,498.50
WENTWORTH HAUSER	ADR BASF AKTIENGESELLSCHAFT - LEVEL I	Germany	18,075.00	1,239,901.42	1,141,436.25
WENTWORTH HAUSER	ADR BHP BILLITON LTD SPONSORED ADR	Australia	31,200.00	2,387,010.93	2,381,184.00
WENTWORTH HAUSER	ADR BRIT AMERN TOB PLC SPONSORED COM STK	UK	25,250.00	1,862,614.73	1,886,427.50
WENTWORTH HAUSER	ADR DANONE SPONSORED ADR	France	12,500.00	156,125.00	150,250.00
WENTWORTH HAUSER	ADR FIBRIA CELULOSE S A SPONSORED ADR REPSTG COM SHS	Brazil	4,310.00	245,811.31	74,519.90
WENTWORTH HAUSER	ADR NESTLE S A SPONSORED ADR REPSTG REG SH	Switzerland	8,450.00	382,954.00	451,483.50
WENTWORTH HAUSER	ADR NOVARTIS AG	Switzerland	3,500.00	181,260.80	201,845.00
WENTWORTH HAUSER	ADR RIO TINTO PLC SPONSORED ADR	UK	25,300.00	2,594,139.87	1,485,869.00
WENTWORTH HAUSER	ADR RWE AKTIENGESELLSCHAF	Germany	4,950.00	583,846.07	333,630.00
WENTWORTH HAUSER	ADR SYNGENTA AG SPONSORED ADR	Switzerland	17,745.00	713,985.51	883,523.55
WENTWORTH HAUSER	ADR TENARIS S A SPONSORED ADR	Luxembourg	47,650.00	2,323,105.34	1,830,713.00
WENTWORTH HAUSER	ADR UNILEVER N V NEW YORK SHS NEW	Netherlands	37,750.00	1,259,981.19	1,127,970.00
WENTWORTH HAUSER	ADR VALE S A ADR	Brazil	60,650.00	2,080,982.99	1,896,525.50
WENTWORTH HAUSER	ADR YARA INTL ASA SPONSORED ADR	Norway	1,975.00	121,963.50	89,230.50
WENTWORTH HAUSER	AGRIUM INC COM	Canada	21,315.00	781,679.77	1,598,411.85
WENTWORTH HAUSER	BHP BILLITON PLC USD0.50	UK	11,289.00	370,313.40	360,231.43
WENTWORTH HAUSER	BROOKFIELD ASSET MGMT INC VOTING SHS CL A VOTING SHS CL A	Canada	22,525.00	606,559.10	639,034.25
WENTWORTH HAUSER	BUNGE LTD	Bermuda	13,350.00	707,625.75	789,786.00
WENTWORTH HAUSER	CANADIAN NATL RY CO COM	Canada	32,425.00	1,589,352.25	2,075,848.50
WENTWORTH HAUSER	CDN NAT RES LTD COM CDN NAT RES COM STK	Canada	39,600.00	1,516,127.79	1,370,160.00
WENTWORTH HAUSER	CDN PAC RY LTD COM CDN PAC RY LTD	Canada	39,975.00	2,361,339.58	2,435,676.75
WENTWORTH HAUSER	COOPER INDUSTRIES PLC NEW IRELAND COM STK	Ireland	30,700.00	1,258,173.28	1,502,151.00
WENTWORTH HAUSER	CORE LABORATORIES NV NLG0.03	Netherlands	20,400.00	1,293,226.52	1,796,016.00
WENTWORTH HAUSER	DANONE EUR0.25	France	12,128.00	1,026,262.09	726,444.77
WENTWORTH HAUSER	DIAGEO ORD PLC	UK	60,872.00	921,103.46	1,051,306.19
WENTWORTH HAUSER	DIAGEO PLC SPONSORED ADR NEW	UK	3,600.00	232,610.04	248,436.00
WENTWORTH HAUSER	INGERSOLL-RAND PLC COM STK	Ireland	28,725.00	1,210,643.43	1,025,769.75
WENTWORTH HAUSER	MANULIFE FINL CORP COM	Canada	16,575.00	575,811.82	209,342.25
WENTWORTH HAUSER	NABORS INDUSTRIES COM USD0.10	Bermuda	83,675.00	2,765,286.11	1,511,170.50
WENTWORTH HAUSER	NESTLE SA CHF0.10(REGD)	Switzerland	35,030.00	1,290,257.12	1,877,087.36
WENTWORTH HAUSER	NOBLE CORPORATION (SWITZERLAND) COM USD0.10	Switzerland	55,200.00	2,823,437.05	1,865,208.00
WENTWORTH HAUSER	NOVARTIS AG CHF0.50(REGD)	Switzerland	14,460.00	715,542.19	834,045.75
WENTWORTH HAUSER	PARTNERRE HLDG LTD COM STK	Bermuda	8,425.00	639,173.67	675,516.50
WENTWORTH HAUSER	POTASH CORP SASK INC COM	Canada	21,114.00	1,436,327.50	3,040,172.35
WENTWORTH HAUSER	SAIPEM EUR1	Italy	22,700.00	700,453.56	910,487.68
WENTWORTH HAUSER	SCHLUMBERGER LTD COM COM	Netherlands Ant.	32,925.00	2,854,064.70	2,028,509.25
WENTWORTH HAUSER	SUNCOR ENERGY INC NEW COM STK	Canada	55,450.00	2,810,616.16	1,804,897.50
WENTWORTH HAUSER	TALISMAN ENERGY INC COM	Canada	32,425.00	625,818.14	567,113.25
WENTWORTH HAUSER	TECK RESOURCES LIMITED	Canada	22,100.00	1,008,140.60	909,636.00
WENTWORTH HAUSER	TRANSOCEAN LTD	Switzerland	19,925.00	2,725,052.45	1,280,978.25
WENTWORTH HAUSER	UBS AG SHS COM	Switzerland	19,500.00	519,637.38	332,085.00
WENTWORTH HAUSER	WEATHERFORD INTL LTD	Switzerland	77,000.00	2,628,997.11	1,316,700.00
	TOTAL COMMON STOCK		**20,150,575.00**	**521,851,260.59**	**567,651,282.10**
	PREFERRED STOCK				
ALLIANCE BERNSTEIN	ADR VALE S A ADR REPSTG PFD PREF ADR	Brazil	29,900.00	797,273.77	829,725.00
ALLIANCE BERNSTEIN	SAMSUNG ELECTRONIC PFD KRW5000	Korea	1,100.00	563,514.14	537,338.30
	TOTAL PREFERRED STOCK		**31,000.00**	**1,360,787.91**	**1,367,063.30**
	STOCK FUNDS				
BLACKROCK INTL INDEX	CF BLACKROCK EAFE SUDAN FREE EQUITY INDEX FUND	USA	4,473,016.03	40,950,000.00	42,853,072.54
BLACKROCK S&P INDEX FD	CF BLACKROCK EQUITY GROWTH FUND A	USA	221,084.94	84,422,313.52	77,229,971.36
	TOTAL STOCK FUNDS		**4,694,100.97**	**125,372,313.52**	**120,083,043.90**
	TOTAL EQUITY		**24,875,675.97**	**648,584,362.02**	**689,101,389.30**

CITY OF MAIMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2010

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	PRIVATE EQUITY PARTNERSHIPS				
COLLER CAPITAL LP	COLLER INTERNATIONAL PARTNERS V-B, LP	Cayman Is.	7,525,000.00	7,525,000.00	7,269,977.00
JP MORGAN PRIVATE EQ LP	JP MORGAN DIRECT VENTURE CAPITAL , FINANCE INSTITUTIONAL INVESTORS III, LLC	USA	82,283.00	82,283.00	48,145.00
JP MORGAN PRIVATE EQ LP	JP MORGAN EUROPEAN DIRECT CORPORATE' FINANCE INSTITUTIONAL INVESTORS III, LI	USA	178,412.00	178,412.00	24,615.00
JP MORGAN PRIVATE EQ LP	JP MORGAN EUROPEAN POOLED CORPORATE , FINANCE INSTITUTIONAL INVESTORS III,	USA	1,809,587.00	1,809,587.00	1,585,052.00
JP MORGAN PRIVATE EQ LP	JP MORGAN POOLED VENTURE CAPITAL, INSTITUTIONAL INVESTORS III, LLC	USA	1,858,636.00	1,858,636.00	1,665,878.00
JP MORGAN PRIVATE EQ LP	JP MORGAN US DIRECT CORPORATE FINANCE, INSTITUTIONAL INVESTORS III, LLC	USA	944,557.00	944,557.00	1,027,087.00
JP MORGAN PRIVATE EQ LP	JP MORGAN US POOLED CORPORATE FINANCE, INSTITUTIONAL INVESTORS III, LLC	USA	4,172,971.00	4,172,971.00	4,150,855.00
LEXINGTON PARTNERS LP	LEXINGTON CAPITAL PARTNERS VI-B (OFFSHORE), LP	USA	10,933,717.53	10,933,717.53	9,173,252.00
PANTHEON EURO LP	PANTHEON EUROPE FD LP	UK	1,540,000.00	2,172,396.84	1,933,786.69
PANTHEON US LP	PANTHEON USA FUND VII, LP	USA	4,672,500.00	4,672,500.00	4,376,871.00
	TOTAL PRIVATE EQUITY PARTNERSHIPS		**33,717,663.53**	**34,350,060.37**	**31,255,518.69**
	REAL ESTATE FUNDS				
JP MORGAN REAL ESTATE	CF JPMCB SPECIAL SITUATION PROPERTY FUND	USA	9,716.46	11,318,601.28	9,225,555.29
JP MORGAN REAL ESTATE	CF JPMCB STRATEGIC PROPERTY FUND	USA	29,938.89	42,540,317.23	41,198,996.34
URDANG REAL ESTATE LP	URDANG GLOBAL REAL ESTATE SECURITIES FUND LP	USA	60,986,834.32	60,986,834.32	46,617,110.00
	TOTAL REAL ESTATE FUNDS		**61,026,489.67**	**114,845,752.83**	**97,041,661.63**

CITY OF MAIMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2010

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	DROP MUTUAL FUNDS				
VANGUARD	DROP MUTUAL FUNDS	USA		89,767,560.00	89,767,560.00
	TOTAL DROP MUTUAL FUNDS			**89,767,560.00**	**89,767,560.00**
	REAL ESTATE PROPERTY & EQUIPMENT				
FIPO	1895 SW 3rd AVENUE, MIAMI, FLORIDA	USA		2,085,364.00	2,085,364.00
	TOTAL REAL ESTATE PROPERTY & EQUIPMENT			**2,085,364.00**	**2,085,364.00**

IV

ACTUARIAL

SECTION

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

October 1, 2009 Actuarial Report

For the Fiscal and Plan Year
October 1, 2010
through
September 30, 2011

Prepared By:

STANLEY, HOLCOMBE & ASSOCIATES, INC.
2000 RiverEdge Parkway/ Suite 540
Atlanta, GA 30328
(770) 933-1933

March 16, 2010

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H
& A

Enrolled Actuary's Statement

This report has been prepared in accordance with standards established by the American Academy of Actuaries. To the best of our knowledge, it reflects the actuarial condition of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2009 for the Retirement Fund and for the COLA Fund.

All costs and cost components are calculated on the basis of actuarial assumptions which reasonably reflect the experience of the Trust.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Randall L. Stanley
Signature
Enrolled Actuary No. 08-602

March 16, 2010
Date

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

City Contribution Requirement for 2010/2011 Fiscal Year

		2010/2011 -$-	2009/2010 -$-
I.	Unfunded Actuarial Accrued Liability	N/A	N/A
II.	Normal Cost		
	A. Present Value of Future Benefits		
	1. Active Members		
	a. Retirement	917,777,253	986,874,865
	b. Disability	36,815,319	35,377,390
	c. Death	9,839,784	10,166,026
	d. Turnover	19,807,807	18,499,353
	e. Return of Contributions	2,068,805	1,872,976
	f. Total	986,308,968	1,052,790,610
	2. Retired Members and Beneficiaries		
	a. Service Retirements + Beneficiaries	906,759,019	763,064,711
	b. Disability Retirements	34,328,843	35,509,391
	c. Terminated Vested Members	4,282,512	3,738,442
	d. Total	945,370,374	802,312,544
	3. Total	1,931,679,342	1,855,103,154

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

City Contribution Requirement for 2010/2011 Fiscal Year

		2010/2011 -$-	2009/2010 -$-
II.	Normal Cost (Cont'd)		
	A. Total Present Value of Future Benefits	1,931,679,342	1,855,103,154
	B. Present Value of Future Member Contributions	101,158,464	91,751,594
	C. Actuarial Asset Value	1,164,973,724	1,219,600,827
	D. Unfunded Actuarial Accrued Liability	0	0
	E. Present Value of Future Normal Costs (A-B-C-D)	665,547,154	543,750,733
	F. Present Value of Future Payrolls	1,325,848,007	1,360,580,427
	G. Current Payroll for those under Expected Retirement Age	121,193,974	127,945,646
	H. Current Normal Cost - Payable 10/1/2010 [(E)x(G) / (F)] (1.0775)	65,551,615	55,095,791
	I. Covered Payroll	122,212,346	129,369,531
	J. Normal Cost as Percentage of Payroll (H)/ (I)	53.64%	42.59%
III.	Quarterly City Contribution Schedule		
	A. Past Service Cost	0	0
	B. Normal Cost	65,551,615	55,095,791
	C. Payment Timing	0	0
	D. Total	**65,551,615**	55,095,791

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Actuarial Asset Value – 20% Write Up Method

I. Determination of Actuarial Asset Value as of October 1, 2009

	-$-
A. Actuarial Value of Assets as of 10/01/2008	1,219,600,827
B. City Contributions	36,993,395
C. Member Contribution	9,769,139
D. Benefits Paid	85,094,354
E. Contributions Refunded	336,755
F. Expected Return *	94,272,918
G. Expected Actuarial Value of Assets (A+B+C-D-E+F)	1,275,205,170
H. Market Value of Assets	970,811,437
I. Present Value of 01/01/10 COLA Transfer	0
J. Present Value of 01/01/11 COLA Transfer	0
K. Difference (H-I-J-G)	(304,393,733)
L. 20% of Difference	(60,878,747)
M. Preliminary Actuarial Asset Value (G+L)	1,214,326,423
N. Maximum Actuarial Asset Value (120% of H-I-J)	1,164,973,724
O. Minimum Actuarial Asset Value (80% of H-I-J)	776,649,150
P. Actuarial Asset Value at 10/1/2009	1,164,973,724
Q. Contribution Surplus Account Balance	0
R. Final Actuarial Value at 10/01/2009 (P – Q)	**1,164,973,724**

II. Rate of Return on Actuarial Asset Value

	-$-
A. Actuarial Asset Value at 10/01/2008	1,219,600,827
B. Contributions	
1. City	36,993,395
2. Members	9,769,139
3. Total	46,762,534
C. Benefits and Refunds	85,431,109
D. Contribution Surplus	0
E. Actuarial Asset Value at 10/01/2009	1,164,973,724
F. Net Return on Investment [E+D+C-B-A]	(15,958,528)
G. Rate of Return (II F/I F) (.0775)	(1.31%)

*[1,219,600,827 + 36,993,395 + (9,769,139) (2.5/4) – (85,094,354 + 336,755) (13/24)] (.0775)

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

I. Development of Actuarial Asset Value (3 Years, for COLA Transfer Purposes)

		9/30/2009	9/30/2008	9/30/2007
		-$-	-$-	-$-
A.	Book Value	970,698,193	1,031,726,793	1,014,745,156
B.	Market Value	970,811,437	1,018,935,217	1,268,869,871
C.	B/A	1.0001167	0.9876018	1.2504320
D.	1/3 ∑ (C)		1.0793835	
E.	Adjusted Market Value at 9/30/2009 D x $970,698,193		1,047,755,613	
F.	Contribution Surplus at 9/30/2009		0	
G.	1. 80% of Market Value		776,649,150	
	2. 120% of Market Value		1,164,973,724	
H.	Preliminary Actuarial Asset Value		1,047,755,613	
I.	Present Value of 1/1/2011 COLA Transfer, discounted at 7.75%		0	
J.	Actuarial Asset Value (H-I)		1,047,755,613	

II. Rate of Return on Actuarial Asset Value

		-$-
A.	Actuarial Asset Value at 10/01/2008	1,183,730,379
B.	Contributions	
	1. City	36,993,395
	2. Members	9,769,139
	3. Total	46,762,534
C.	Benefits and Refunds	85,431,109
D.	Present Value of 1/1/2011 COLA Transfer	0
E.	Contribution Surplus	0
F.	Actuarial Asset Value at 10/01/2009	1,047,755,613
G.	Net Return on Investment [F+E+D+C-B-A]	(97,306,191)
H.	Rate of Return [2 x G/ (A+F-G)]	(8.36%)

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Asset Transactions for Year Ending September 30, 2009 *

	Membership and Benefits Accounts	COLA I Account	COLA II Account
	-$-	-$-	-$-
A. Market Value as of October 1, 2008	1,058,584,760	36,317,757	229,847,725
B. Book Value as of October 1, 2007	1,071,376,337	36,756,609	232,625,126
C. Income During Year			
1. City Contributions	36,993,395		
2. Member Contributions	9,769,139		
3. Other Member Contributions	0		
4. Interest	19,686,265	543,043	3,774,066
5. Dividends	8,388,305	225,451	1,587,619
6. Net Realized Gains (Losses)	(41,827,104)	(1,048,553)	(6,623,780)
7. Securities Lending Income	861,931	22,158	157,616
8. Rental and Other Income	688,043	18,971	131,164
9. COLA Transfer at January 1, 2009	(45,908,731)	--	45,908,731
	(11,348,757)	(238,930)	44,935,416
D. Disbursements During Years			
1. Benefit Payments	85,094,354	303,194	16,622,228
2. Contribution Refunds	336,755	0	0
3. Custodial and Investment Expenses	3,685,982	102,218	723,291
4. Other Expense			
5. Securities Lending Fees	178,097	3,699	32,348
6. Building Depreciation	34,199	1,013	7,514
	89,329,387	410,124	17,385,381
E. Book Value as of 9/30/2009 (B)+(C)-(D)	970,698,193	36,107,555	260,175,161
F. Net Change in Unrealized Gains (Losses)	12,904,821	443,064	2,807,754
G. Market Value as of September 30, 2009 (A)+(C)-(D)+(F)	970,811,437	36,111,767	260,205,514
H. January 1, 2010 Allocation to COLA II (discounted)	0	N/A	0
I. Net Market Value as of September 30, 2009	970,811,437	36,111,767	260,205,514

*Based on unaudited financial statements.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Distribution of Assets as of September 30, 2009[1]

Membership and Benefits and Cost-of-Living Adjustment Accounts

Description	Market	Book
	-$-	-$-
Bills, Bonds, Notes	351,297,116	333,256,172
Domestic Stocks	662,449,647	636,451,446
International Stocks	72,968,950	85,355,861
Private Equity	23,027,116	28,356,574
Money Market Funds and Time Deposits	23,028,089	21,850,777
Mutual Funds	86,991,353	111,797,778
Real Estate[2]	2,128,090	2,128,090
Securities Lending Adjustment	(2,588,831)	(42,977)
A: Sub-Total	**1,219,301,530**	**1,219,153,721**
B: Cash	**47,930,055**	**47,930,055**
Receivables:		
City Contributions	291,734	291,734
Accounts Receivable	1,726	1,726
Member Contributions	0	0
Accrued Interest	2,540,987	2,540,987
Accrued Dividend	970,476	970,476
Securities Proceeds	3,580,275	3,580,275
C: Sub-Total	**7,385,198**	**7,385,198**
Payables:		
Budget Advance	(599,932)	(599,932)
Transfer	0	0
Tax Withheld	(377)	(377)
Accounts Payable	268,390	268,390
Securities Purchased	7,819,984	7,819,984
D: Sub-Total	**7,488,065**	**7,488,065**
E. Total (A+B+C-D)	**1,267,128,718**	**1,266,980,909**
Accounts:		
COLA I Account	**36,111,767**	**36,107,555**
COLA II Account	**260,205,514**	**260,175,161**
COLA II Transfer (1/1/2010)	**0**	**0**
F: Membership & Benefits Account	**970,811,437**	**970,698,193**

[1]Based on unaudited financial statements.
[2]Carried at depreciated cost for Book Value and at appraised value for Market Value.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Investment Results

Yield on Mean Values for 12-Month Period Ending September 30, 2009

	-$-	Market -%-	Book -%-
Membership and Benefits Accounts*			
Interest	19,686,265	1.9	1.9
Dividends	8,388,305	0.8	0.8
Rental and Other Income, less Depreciation	653,844	0.1	0.1
Realized Gains	(41,827,104)	(4.1)	(4.1)
Securities Lending (Net)	683,834	0.1	0.1
Increase in Unrealized Gains	12,904,821	1.3	--
Custodial and Investment Expenses	(3,685,982)	(0.4)	(0.4)
Real Estate Adjustment to Appraised Value	0	0.0	--
	(3,196,017)	(0.3)	(1.6)
COLA I Account			
Interest	543,043	1.5	1.5
Dividends	225,451	0.6	0.6
Rental and Other Income, less Depreciation	17,958	0.0	0.0
Realized Gains	(1,048,553)	(2.9)	(2.9)
Securities Lending (Net)	18,459	0.1	0.1
Increase in Unrealized Gains	443,064	1.2	--
Custodial and Investment Expenses	(102,218)	(0.3)	(0.3)
	97,204	0.2	(1.0)
COLA II Account			
Interest	3,774,066	1.5	1.5
Dividends	1,587,619	0.6	0.6
Rental and Other Income, less Depreciation	123,650	0.1	0.1
Realized Gains	(6,623,780)	(2.7)	(2.7)
Securities Lending (Net)	125,268	0.1	0.1
Increase in Unrealized Gains	2,807,754	1.1	--
Custodial and Investment Expenses	(723,291)	(0.3)	(0.3)
	1,071,286	0.4	(0.7)

*Before 1/1/2009 COLA transfer

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Accounting Information
As of October 1

		2009 -$-	2008 -$-
I.	Present Value of Vested Accrued Benefits		
	A. Service Retirements and Beneficiaries	906,759,019	763,064,711
	B. Disability Retirements	34,328,843	35,509,391
	C. Vested Terminated Members	4,282,512	3,738,442
	D. Active Members	416,609,449	425,678,479
	E. Total	1,361,979,823	1,227,991,023
II.	Present Value of Non-Vested Accrued Benefits	29,207,048	28,798,596
III.	Present Value of Accrued Benefits	1,391,186,871	1,256,789,619
IV.	The values of accumulated plan benefits were determined in accordance with the Academy of Actuaries Interpretations and FASB Statement No. 35, Accounting and Reporting by Defined Benefit Pension Plans.		
V.	Statement of Changes in Accrued Benefits		
	A. Present Value of Accrued Benefits at Beginning of Year		1,256,789,619
	B. Increase (Decrease) During the Year Attributable to:		
	1. Benefits Accumulated		126,034,188
	2. Benefits Paid and Contributions Refunded		(85,431,109)
	3. Plan Amendment		(296,567)
	4. Assumption/Method Changes		0
	5. Increase Due to Decrease in Discount Period		94,090,740
	6. Net Increase		134,397,252
	C. Present Value of Accrued Benefits at End of Year		1,391,186,871

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparison of Funding Progress
($000)

		10/1/2009 -$-	10/1/2008 -$-	10/1/2007 -$-
I.	Assets			
	A. Book Value	970,698	1,031,727	1,014,745
	B. Market Value	970,811	1,018,935	1,268,870
II.	Liabilities			
	A. Retired and Vested	945,370	802,313	789,982
	B. Active			
	Employee Contributions	117,247	133,288	124,729
	Other Vested	299,363	292,390	196,251
	Non-Vested Accrued	29,207	28,799	19,175
	C. Total Accrued	1,391,187	1,256,790	1,130,137
III.	Ratios	%	%	%
	IA/IIC	69.8	82.1	89.8
	IB/IIC	69.8	81.1	112.3

Note: Item II amounts are present values of accrued benefits.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Member Statistics

		10/1/2009	10/1/2008	10/1/2007
I.	Active Members			
	Number of			
	Males	1,288	1,391	1,247
	Females	229	242	216
	Total	1,517	1,633	1,463
	Averages			
	Current Age	38.1	38.4	38.9
	Past Service	11.4	11.8	12.6
	Credited Past Service	11.4	11.8	12.6
	Annual Earnings	$80,562	$79,222	$70,834
II.	Inactive Members			
	A. Retirees and Beneficiaries			
	Number	1,758	1,643	1,633
	Average Annual Benefit	$49,004	$44,503	$43,596
	Average Age	63.7	64.2	63.6
	B. Disabled			
	Number	196	204	209
	Average Annual Benefit	$19,900	$19,563	$19,284
	Average Age	67.7	67.2	66.5
	C. Vested Terminated			
	Number	20	23	22
	Average Deferred Benefit	$25,617	$20,294	$23,170
	Average Age	44.0	44.2	44.3

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Principal System Provisions

(Based on Ordinance No. 10002, as Amended through Ordinance No. 13091)

Effective Date:	January 1, 1940, as restated effective May 23, 1985, and amended through September 30, 2009.
Fiscal Year:	October 1 - September 30.
Membership:	Police officers and fire fighters.
Covered Compensation:	An employee's base salary, including pick-up contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death-in-family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.
Contributions:	Members: 7% of Compensation for Police Officers, **9% for Fire Fighters.** City: Balance, as actuarially determined.
Creditable Service:	Service credited under Retirement System; military service (maximum of four years) during wartime for which Member makes contributions; maternity leave (maximum of 180 days for each leave) for which Member makes contributions; up to 5 years, without member contributions, if member was an employee before period of military service.
Average Final Compensation:	Average Compensation during the highest year of Creditable Service.
Normal Service Age:	Age 50

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Service Retirement:	3.0% of Average Final Compensation for each of the first fifteen years of Creditable Service plus 3.5% of Average Final Compensation for each year of Creditable Service after the fifteenth year; maximum of 100% for those with less than 100% under prior rules on 9/30/98.
Early Service Retirement:	After 20 years of Creditable Service. Benefits are based on Average Final Compensation and Creditable Service at retirement date. Actuarial equivalence for early commencement.
Rule of 64 Retirement:	Service retirement on the basis of combined age and Creditable Service equaling 64 or more.
Rule of 68 Retirement:	**Service retirement on the basis of combined age and Creditable Service equaling 68 or more. Rule of 68 applies to all Fire Fighters who had not attained 64 points by September 30, 2009.**
Disability:	Ordinary Disability: After 10 or more years of Creditable Service, and not eligible for service retirement. Not incurred as accident in performance of duties. 90% of benefit rate times Average Final Compensation times Creditable Service, with a minimum benefit of 30% of Average Final Compensation; 10 years' certain and life normal form. Accidental Disability: Incurred as accident in performance of duties. 66 2/3% of Average Final Compensation, or 66 2/3% of Final Compensation, whichever is greater. 40% joint & survivor normal form, with a minimum of 10 years' certain and life.
Deferred Retirement Option Plan:	Members who are eligible for Service Retirement or Rule of 64 Retirement after September 1998 may elect self-directed Deferred Retirement Option Plan, for a maximum of 4 years. An actuarially equivalent Back DROP option (maximum of 4 years) may be elected prior to DROP entry; combined years of DROP may not exceed 4.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Death:	Ordinary Death: (a) Between 3 and 10 years of Creditable Service, and death not accidentally incurred in performance of duties: Lump sum benefit equal to 50% of Compensation received in year preceding death. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferred period or 10 years' certain period. (c) If eligible for Service, Early Service, or Rule of 64 retirement, considered to have retired on the date of death. Surviving spouse would receive 40% of the member's monthly retirement allowance. Accidental Death: Incurred in performance of duties. (a) Pension of 50% of Average Final compensation to spouse until death or remarriage. If there is no spouse, or if spouse dies or remarries before youngest child is 18, payable until attainment of age 18. If no spouse or no children under 18, benefit is payable to dependent parents. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferral period or 10 years' certain period.
Employment Termination:	After 10 years of Creditable Service, based on Creditable Service and Average Final Compensation at termination date. If Member contributions are withdrawn, benefit is forfeited. Benefits are deferred to Normal Retirement Age.
Optional Allowances:	Normal form is joint and 40% contingent survivor, with a minimum of 10 years' certain and life. Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of Member. Option 6 is withdrawal of member contributions with credited interest; monthly benefit is 1/2 of normal level.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Transfer of Compensated Leave Balances:	Accumulated leave balances may be transferred into system immediately prior to retirement to purchase additional Creditable Service, on an actuarially equivalent basis.
Transfer of 457 Balances:	457 balances of Firefighters may be transferred into System at retirement to purchase additional Service for multiplier purposes.
Changes Since Prior Valuation:	**Fire Fighter contribution rate changed from 8% to 9%. Retirement eligibility for Fire Fighters is 68 points for those who had not attained 64 points as of September 30, 2009.**

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Actuarial Basis

Valuation Date: October 1, 2009 for Fiscal Year beginning October 1, 2010.

Valuation Method: Aggregate Cost Method.

Asset Valuation Method: 20% Write-Up Method: Expected value is based on the Interest Discount/Investment Return rate applied to the actuarial asset value as of previous valuation date and cash flow during the year. 20% of the difference between the Expected Value and the Market Value (net of pending transfers to the COLA Fund) is added to the Expected Value.

The result cannot be greater than 120% of market value or less than 80% of market value (net of pending COLA transfers).

Actuarial Assumptions:

Interest Discount/ Investment Return: 7.75%, compounded annually.

Inflation: 3.5%, compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	.0507%	.0284%
30	.0801%	.0351%
40	.1072%	.0709%
50	.2579%	.1428%
60	.7976%	.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis
(Continued)

Age	Disability	Turnover	
		<5	5+
31	.00200	.0240	.0192
32	.00220	.0240	.0192
33	.00245	.0240	.0192
34	.00265	.0240	.0192
35	.00285	.0240	.0192
36	.00305	.0228	.0182
37	.00325	.0216	.0173
38	.00345	.0204	.0163
39	.00370	.0192	.0154
40	.00390	.0180	.0144
41	.00470	.0168	.0134
42	.00555	.0156	.0125
43	.00635	.0144	.0115
44	.00720	.0132	.0106
45	.00800	.0120	.0096
46	.00880	.0096	.0077
47	.00965	.0072	.0057
48	.01045	.0048	.0038
49	.01130	.0024	.0019
50	.01210	.0000	.0000
51	.01295	.0000	.0000
52	.01375	.0000	.0000
53	.01455	.0000	.0000
54	.01540	.0000	.0000
55	.01620	.0000	.0000
56	.01785	.0000	.0000
57	.01870	.0000	.0000
58	.01950	.0000	.0000
59	.02030	.0000	.0000
60	.00000	.0000	.0000

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis
(Continued)

Retirement: Fire Fighters who have attained 64 points by September 30, 2009 and all Police Officers are subject to the Rule of 64; the rest of the Fire Fighters are subject to the Rule of 68. If eligible for Retirement, the following decrements apply, based on service:

Years of Service	Police %	Fire %
<20	0	0
20-24	20	5
25-29	25	25
30-31	50	25
32	100	100

There is no explicit assumption on the percentage of retirements expected to enter the DROP. No distinction is necessary, since funding is calculated to expected retirement or expected DROP entry.

Salary Merit Scale

Service	Police	Fire
0	.0500	.0500
1	.0500	.0500
2	.0500	.0500
3	.0500	.0500
4	.0500	.0500
5	.0500	.0500
6	.0500	.0500
7	.0250	.0500
8	.0500	.0500
9	.0500	.0500
10	.0100	.0000
11	.0100	.0000
12	.0100	.0000
13	.0100	.0000
14	.0100	.0000
15	.0125	.0250
16	.0125	.0250
17	.0100	.0100
18	.0100	.0100
19	.0100	.0100
20	.0100	.0100
21	.0100	.0100
22 +	.0000	.0000

Salary Merit Scale is combined with 3.5% inflation and 1.5% for promotions and other increases. There is also a 7.0% increase at retirement.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis)
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employees are assumed to be married.
Investment Expenses:	None; the investment return assumption of 7.75% is net of investment expenses.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Compensated Absence Balance Transfers:	No liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.
Adjustments from Valuation Date:	One year's interest is added to the calculated deposit to reflect ordinance provision.
Sources of Data:	Asset data is from unaudited financial statements and includes an appraised value for the real estate to be used for Market Value. Membership data was furnished by Administrator. Member compensation used is final bi-weekly pay in the year, annualized.
Changes Since Prior Valuation:	**Fire Fighters who have not attained 64 points by September 30, 2009 are subject to the Rule of 68.**

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Disclosure Information Under GASB 25
(Excluding COLA Fund)

I. Funding Status and Progress as of September 30, 2009 and 2008

Entry Age Accrued Liability: $(Millions)

	Sept. 30, 2009	Sept. 30, 2008
	-$-	-$-
- Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	945.4	802.3
- Current employees - Accumulated employee contributions including interest	117.2	133.3
Employer - financed vested	299.4	292.4
Employer - financed nonvested	177.3	224.5
Total Actuarial Accrued Liability	1,539.3	1,452.5
Net assets available for benefits (market value)	970.8	1,018.9
Unfunded Actuarial Accrued Liability	568.5	433.6

The actuarial accrued liability was determined as part of actuarial valuations at September 30, 2009 and September 30, 2008. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually, (b) projected salary increases of 3.50 percent per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.0 percent to 5.0 percent per year, attributable to seniority/merit and (d) 1.5% for promotions and other increases.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 25
(Excluding COLA Fund)

II. Contributions Required and Contributions Made

The funding policy provides for periodic employer contributions at actuarially determined rates that are sufficient to pay benefits when due. Contributions for normal costs are determined using the aggregate actuarial cost method. This cost method does not provide for an unfunded actuarial accrued liability.

Contributions totaling $46,762,534 ($36,993,395 employer and $9,769,139 employee) were made for the year ending September 30, 2009. These contributions consisted of (a) $46,762,534 normal cost, (b) $0 amortization of the unfunded actuarial accrued liability, and (c) $0 noninvestment expenses.

Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the standardized measure of the pension obligation as of the beginning of the preceding year.

III. Analysis of Funding Progress ($ Millions)

Fiscal Year	(1) Net Assets Available for Benefits ($)	(2) Entry Age Reserve ($)	(3) Percent Funded (%)	(4) Unfunded EAR (2)-(1) ($)	(5) Annual Covered Payroll ($)	(4)/(5) (%)
1992	492.0	483.7	102	(8.3)	67.1	(12)
1993	550.6	513.4	107	(37.2)	72.0	(52)
1994	516.4	587.5	88	71.1	72.9	98
1995	616.5	614.4	100	(2.1)	71.5	(3)
1996	674.7	650.0	104	(24.7)	72.9	(34)
1997	835.3	727.1	115	(108.2)	69.6	(155)
1998	857.7	800.7	107	(57.0)	74.3	(77)
1999	932.8	843.2	111	(89.6)	77.7	(115)
2000	994.6	863.4	115	(131.2)	84.3	(156)
2001	828.9	932.7	89	103.8	89.7	116
2002	753.2	999.8	75	246.6	96.9	254
2003	844.9	1,067.9	79	223.0	98.9	225
2004	957.9	1,152.8	83	194.9	89.2	218
2005	1,091.9	1,221.6	89	129.7	91.5	142
2006	1,147.9	1,260.5	91	112.6	90.4	125
2007	1,268.9	1,318.4	96	49.5	103.6	48
2008	1,018.9	1,452.5	70	433.6	129.4	335
2009	970.8	1,539.3	63	568.5	122.2	465

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

IV. Revenues and Expenses

	Revenues by Source			
Fiscal Year ($)	Employee Contributions ($)	Employer Contributions ($)	Investment Income ($)	Total
1992	6,115,655	10,029,747	44,569,353	60,714,755
1993	6,455,623	10,442,881	50,309,468	67,207,972
1994	7,435,034	9,296,175	36,915,202	53,646,411
1995	8,318,833	10,880,346	38,919,229	58,118,408
1996	7,852,469	16,547,235	55,421,603	79,821,307
1997	7,664,034	14,377,032	83,180,597	105,221,663
1998	7,692,571	14,155,472	96,007,011	117,855,054
1999	8,556,140	10,376,473	66,039,984	84,972,597
2000	6,257,588	5,400,784	129,752,337	141,410,709
2001	6,336,918	5,481,599	17,717,791	29,536,308
2002	6,721,236	5,400,784	(27,704,711)	(15,582,691)
2003	7,193,936	15,024,366	30,466,098	52,684,400
2004	24,415,150	32,959,003	53,963,150	111,337,303
2005	18,607,681	45,545,130	71,904,910	136,057,721
2006	7,698,594	50,635,213	71,669,124	130,002,931
2007	14,702,629	40,542,078	82,937,630	138,182,337
2008	9,719,896	36,040,251	62,728,078	108,488,225
2009	9,769,139	36,993,395	(58,111,291)	(11,348,757)

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

IV. Revenues and Expenses (Continued)

Fiscal Year	Expenses by Type			
	Benefits ($)	Administrative Expenses ($)	Refunds ($)	Total ($)
1992	22,345,166	1,137,047	751,088	24,233,301
1993	22,735,888	1,314,925	672,376	24,723,189
1994	23,787,091	1,420,693	510,074	25,717,858
1995	25,846,564	1,567,841	703,269	28,117,674
1996	29,506,924	1,870,188	822,497	32,199,609
1997	33,841,809	2,079,183	1,225,239	37,146,231
1998	35,593,108	2,543,855	391,524	38,537,297
1999	36,900,501	2,689,079	258,383	39,847,963
2000	41,237,423	2,710,752	258,804	44,206,979
2001	41,386,774	2,933,939	481,746	44,802,459
2002	42,766,860	2,825,903	364,256	45,957,019
2003	46,083,206	2,922,537	429,225	49,434,968
2004	53,249,450	3,334,460	301,580	56,885,490
2005	66,518,783	3,865,995	257,859	70,642,637
2006	69,825,105	4,687,601	573,228	75,085,934
2007	72,378,966	5,143,290	307,545	77,829,801
2008	77,794,816	5,469,431	664,235	83,928,482
2009	85,094,354	3,898,278	336,755	89,329,387

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

V. Schedule of Employer Contributions

Fiscal Year	Annual Pension Cost (APC) ($)	Percentage Contributed (%)	Net Pension Obligation ($)
1994	9,296,175	100	0
1995	10,880,346	100	0
1996	16,547,235	100	0
1997	14,377,032	100	0
1998	14,155,472	100	0
1999	10,376,473	100	0
2000	5,400,784	100	0
2001	4,003,892	100	0
2002	1,051,629	100	0
2003	18,163,588	100	0
2004	36,341,515	100	0
2005	45,545,130	100	0
2006	50,635,213	100	0
2007	40,542,078	100	0
2008	36,040,251	100	0
2009	36,993,395	100	0
2010	55,095,791		

V

STATISTICAL

SECTION

STATISTICAL DATA OF VARIOUS ACCOUNTS

THROUGH SEPTEMBER 30, 2010

	GENERAL FUND		COLA I		COLA II	
MEMERSHIP ACCOUNT						
ADD:						
Members' Contributions						
After Tax	66,958,619		0		0	
Pre Tax	207,637,629		11,814,941		0	
After Tax from G & S	17,210		0		0	
Interest						
From Benefit Acct	95,556,460		0		0	
From Withdrawals	385,365		0		0	
Transfers from G & S	24,774		0		0	
		370,580,057		11,814,941		0
DEDUCT:						
Refunds -						
Leaving Service	17,523,512		944,379		0	
Additional Contributions	171,226		0		0	
Accidental Death	441,596		22,039		0	
Accidental Disability	1,982,443		0		0	
Option 6A	571,614		0		0	
Ordinary Death	1,637,836		62,320		0	
Transfers -						
After Tax from G & S	4,412,189		0		0	
Benefit Account	276,291,596		10,328,967		0	
Transfers to Acct Payable	480,131		0		0	
Interest withheld	311,583		0		0	
Interest	1,749,734		0		0	
		305,573,461		11,357,705		0
BALANCE AS OF 9/30/10		65,006,595		457,236		0
BENEFIT ACCOUNT:						
ADD:						
Contributions -						
City of Miami	645,628,291		2,042,899		17,868,138	
Police Relief & Pension Fund	52,342		0		0	
Fire Relief & Pension Fund	28,473		0		0	
Members	697,822		0		0	
Transfers from Membership Acct	276,302,520		10,328,967		0	
Amortization of Discounts	10,319,476		249,134		0	
Dividends Received	194,464,757		2,714,904		15,886,952	
Securities Lending Income	6,001,997		167,786		990,209	
Excess Interest Transfer	0		0		288,194,062	
Interest Income	550,119,424		11,795,640		39,279,853	
Other Income	2,539,924		37,950		200,418	
Corporate Action	2,620,368		74,228		478,668	
Commission Recapture	458,526		12,823		79,269	
Profit on Sale of Investments	850,451,720		19,259,651		82,811,503	
Unrealized Profit on Sales of Inv	48,926,912		4,283,573		10,643,658	
Unrealized Profit on Sec Lending Collateral	1,960,433		71,299		525,304	
Rental Income	1,099,825		25,252		172,400	
Share of Earnings Income	0		1,170,581		0	
		2,591,672,812		52,234,686		457,130,433
DEDUCT:						
Pensions Paid						
Fire	594,860,150		0		0	
Police	516,733,125		0		0	
General	7,034,700		0		0	
Former Gen assumed by Trust	276,624		0		0	
Pension Payments Prior 1966	989,022		0		0	
Distributions	0		10,954,946		142,883,121	
Lump Sum Payments to Benef	128,540		0		0	
Death Benefits	966,048		0		0	
Amortization of Premium	4,876,744		0		0	
Corrections to Control	17,117,379		0		0	
Income Expenses	57,568,057		1,231,045		6,907,161	
Building Depreciation	282,609		8,408		53,789	
Securities Lending Fees	1,699,428		47,227		277,630	
Other Expenses	0		45,256		0	
Loss on Sale of Investments	41,652,910		1,068,210		7,163,861	
Unrealized Profit on Sales of Inv	0		0		16,766,834	
Vested Rights Withdrawals	950,636		0		0	
Transfers -						
Excess Interest Earnings	288,194,062		0		0	
G & S Benefit Account	5,378,420		0		0	
G & S Share of Earnings	5,251,212		0		0	
Interest to Membership Acct	95,621,448		0		0	
Interest on VR Withdrawals	224,206		0		0	
Overpayments (uncollectible)	769		0			
		1,639,806,090		13,355,093		174,052,398
BALANCE AS OF 9/30/10		951,866,722		38,879,593		283,078,036
BENEFIT ACCOUNT - SPECIAL						
ADD:						
Contributions - City of Miami	1,001,273					
Members	9,945					
		1,011,218				
DEDUCT:						
Pension Paid		1,011,218				
BALANCE AS OF 9/30/10		0				
RESERVE ACCOUNT						
ADD:						
Transfers -						
Benefit Account	961,029					
BA Share of Earnings	222,289					
BALANCE AS OF 9/30/10		1,183,318				

SUMMARY OF RETIREMENTS

JANUARY 1, 1940 THROUGH SEPTEMBER 30, 2010

DESCRIPTION	SERVICE	ORDINARY DISABILITY	SERVICE ACCIDENTAL DISABILITY	ACCIDENTAL DEATH	ORDINARY DEATH	EARLY SERVICE	DROP PLAN	VESTED RIGHTS	CONTINUANCES	TOTAL BENEFITS GRANTED
BENEFITS GRANTED	2,166	52	459	38	4	106	1023	87	281	4,216
ASSUMED BY G.E.S.E. FUND	-184	-3	-19	0	0	0	0	0	0	-206
TERMINATED BY DEATH	-793	-36	-259	-22	0	-34	-1	-5	-71	-1,221
TERMINATED DROP PLAN	0	0	0	0	0	0	-479	0	0	-479
TERMINATED BY MARRIAGE	0	0	0	-2	0	0	0	0	0	-2
RETURNED TO SERVICE	-2	-3	-3	0	0	0	0	0	0	-8
MINORS ATTAINING AGE 18	0	-1	0	-7	0	0	0	0	0	-8
PAYMENT SUSPENDED	-3	0	-1	0	0	0	0	0	0	-4
UNMATURED VESTED RIGHTS	0	0	0	0	0	0	0	-16	0	-16
WITHDRAWN VESTED RIGHTS	0	0	0	0	0	0	0	-27	0	-27
INACTIVE PARTICIPANTS:	1,184	9	177	7	4	72	543	39	210	2,245

OUTLINE OF PRINCIPAL BENEFIT PROVISIONS OF THE CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

ORDINANCE NO. 10002 ADOPTED JUNE 13, 1985

EARNABLE COMPENSATION:

Earnable compensation, shall mean an employee's base salary including pickup contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death in the family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.

COVERED GROUP:

All fire fighters or police officers presently employed by the City as a fire fighter or police officer whether in the classified or unclassified service of the City.

EMPLOYEE CONTRIBUTIONS:

Effective the first full pay period following October 1, 1999, it shall be 7% of pre tax earnable compensation. Effective the first full pay period following October 1, 2000, it shall be 7% of pre tax earnable compensation or a percent equal to the City's contribution, whichever is less. Effective the first full pay period following October 1, 2008, for fire fighter members it will change from 7% to 8% of pre tax earnable compensation. Effective the first full pay period following October 1, 2009, for fire fighter members it will change from 8% to 9% of pre tax earnable compensation.

EMPLOYER CONTRIBUTIONS:

The City's annual fiscal contribution to the retirement system shall provide for the following (1) non-investment expenses of the retirement system, (2) normal costs of the retirement system.

NORMAL RETIREMENT AGE:

Age 50

SERVICE RETIREMENT:

The annual normal service retirement allowance, payable on a 40% Joint and Survivor basis will equal 3.0% of average final compensation per year of creditable service for the first 15 years of such creditable service and 3.5% of the average final compensation per year of creditable service after 15 years.

RULE OF 64 RULE OF 68 RETIREMENT:

A member, in service, who has not withdrawn from active membership in the retirement system may elect service retirement on the basis of his or her combined age and creditable service equaling 64 or more. A fire fighter member, in service, who has not withdrawn from active membership in the retirement system and had not attained his/her 64 points as of October 1, 2009, may elect service retirement on the basis of his or her combined age and creditable service equaling 68 or more. Election to retire under Rule of 64 or Rule of 68 shall be made by written application to the board. Application shall be executed not less than 10 nor more than 90 days subsequent to the date the member desires to be retired.

EARLY SERVICE RETIREMENT:

After 20 years of creditable service, accrued benefit actuarially adjusted.

DEFERRED RETIREMENT OPTION PROGRAM: (DROP)

A member who is eligible to retire under either Rule of 64, Rule of 68 or Service retirement can elect to participate in the Deferred Retirement Option Program (DROP). The program allows the member to defer receipt of his retirement benefit into a "DROP" account while he/she continues to be employed by the Department. A police officer member can be in the DROP for a maximum of 7 years (84 months). A fire fighter member can be in the DROP for a maximum of 4 ½ years (54 months)

B. A. C. DEFERRED RETIREMENT OPTION PROGRAM:

Shall mean *Benefit Actuarially Calculated* deferred retirement option program.

AVERAGE FINAL COMPENSATION:

Shall mean the annual earnable compensation of a member during either the last one (1) year or the highest one (1) year of membership service, whichever is greater.

CREDITABLE SERVICE:

Membership credit upon which a member's eligibility to receive benefits under the retirement system is based or upon which the amount of such benefits is determined.

LIMITATIONS ON BENEFITS:

A member's retirement allowances shall not exceed one hundred percent (100%) of the member's final average compensation for members retiring under Service retirement Rule of 64 retirement or Rule of 68 retirement. Exceptions are, (1) members whose retirement allowances, prior to October 1, 1998, had already earned one hundred percent or greater, these members may continue to accrue pension benefits; (2) members whose retirement allowance exceeds one hundred percent as of October 1, 1998 due to the multiplier change, these members shall be capped at the new percentage.

OPTIONAL ALLOWANCES:

Normal form (Option 6C) is joint and 40% contingent survivor. Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of member. Option 6A is withdrawal of employee contributions with credited interest; monthly benefit is half of normal level. Option 6B is an additional 5% with no survivor benefit.

DISABILITY RETIREMENTS:

A. Ordinary Disability

After 10 years of creditable service, if not otherwise eligible for normal retirement, and incurred while not in line of duty, a benefit payable for life consisting of the benefit rate times 90% of average final compensation times years of creditable service, if such retirement allowance exceeds 30% of average final compensation. Otherwise, a benefit of 30% of the member's average final compensation.

B. Accidental Disability

Prior to age 60, incurred in line of duty. A benefit payable on a 40% joint and survivor basis of 66 2/3% of average or final compensation, whichever is larger.

DEATH BENEFIT:

A. Ordinary Death Benefit

After 3 years of service, provided death is not accidentally incurred in line of duty, a lump sum payment f 50% of annual compensation received in year prior to death plus an additional lump sum payment of member's accumulated contributions with interest to date of death. Or in lieu thereof; if eligible for Early or Service retirement, and with 3 years of membership, automatic Option 6C, payable to spouse, as through retirement had occurred on date of death (40% payable)

DEATH BENEFIT: (continued)

B. Accidental Death Benefit

Incurred in line of duty (or presumed to be in the line, i.e. heart), annual pension of 50% of average final compensation to spouse until death or remarriage or to children under 18, or to dependent parents for life. If none of such beneficiaries exist, the ordinary death benefit will be paid. Also a lump sum payment of member's accumulated contributions with interest to date of death is paid in addition to the above payments.

VESTED RIGHTS BENEFIT:

After completion of 10 years of service, provided accumulated contributions are not withdrawn. A benefit based on service and average final compensation when employment is terminated. Benefit is deferred to minimum retirement age.

C.O.L.A. ACCOUNT:

The COLA I benefit was determined from available monies from an initial city contribution made from the trust funds excess interest earnings. These monies were allocated to the retiree population, according to unit values and distributed to each member according to his/her actuarial life expectancy, in level monthly lifetime payments. In addition to the above initial benefit, a yearly COLA I increase was financed by 2% of the active member's pension contributions.

This yearly increase was determined on the basis as the initial benefit and added to the monthly lifetime payments. As of January 9, 1994, the active employees ceased making the 2% pension contribution to the COLA I account, and the COLA I benefits were frozen as of that date. Beginning with 1994, in addition to the frozen COLA I benefit, a COLA II benefit was paid. The COLA II benefit is funded from the pension fund's annual excess investment return (other than COLA account assets). The methodology for determining the excess investment return and amounts available for the COLA II benefit are described in detail in Section 40-213 of the City of Miami Code. An actuarial table is developed yearly identifying the benefits due. This table is based upon full years of creditable service at retirement and full years retired as of April of the current year. For accidental death and accidental disability, years of service are defined as twenty five (25) years, or actual creditable service if greater. Receipt of the COLA II benefit is based on the retiree reaching at least four (4) full years of retirement and fifty years of age. In case of accidental death, the beneficiary will be entitled to the COLA benefit on April 1st following the fiftieth anniversary of the employee's birth and the fourth anniversary of the employee's death. COLA benefits for a vested right retiree are based upon such retiree reaching at least four (4) full years of retirement after fifty (50) years of age. COLA benefits reflect the option selected at the time of retirement.

In addition, funding for COLA benefits for future employees hired during the remaining term of the amended final judgement, Gates vs. City of Miami, Circuit Court Case No. 77-9491 CA04, shall be defined and allocated through the remaining term of such final judgement.

ORDINANCES ADOPTED DURING FISCAL YEAR 2009/2010

DATE	ORDINANCE NUMBER
September 27, 2010	13202

Stanley,
Holcombe
& Associates, Inc.

September 24, 2010

Board of Trustees (c/o nagle@miamifipo.org)
City of Miami Fire Fighters' and
Police Officers' Retirement Trust
1895 SW 3 Avenue
Miami, FL 33129-1456

Actuarial Impact Statement
For 2010/2011 Fiscal Year
For Ordinance File No. 10-01091, As Applicable

Dear Board Members:

Section 112.63 (3) of the Florida Statutes specifies that an actuarial impact statement is to be issued before a change to retirement benefits is adopted, and that a copy of such statement is to be forwarded to the Division of Retirement.

Enclosed is our Actuarial Impact Statement, summarizing the results of cost calculations as of October 1, 2009 for the 2010/2011 Fiscal Year. This Actuarial Impact Statement reflects the provisions of City Ordinance File No. 10-01091, as applicable.

The City contribution requirement for 10/01/2010 would decrease by $23,264,569 million annually, including a decrease of $11,389,731 due to the impact on plan costs of compensation cuts.

This Statement (A) does not reflect limitations on benefit reductions under Chapter 175.351(1)(b) or Chapter 185.35(1)(b), Florida Statues or vesting of benefits for members eligible to retire on September 30, 2010. It does address the issue of applicability to members eligible to retire on September 30, 2010, as interpreted by the Board of Trustees and Counsel for the Board.

None of these changes are benefit improvements mandated by Chapter 99-1 of the Florida Statutes. In my opinion these changes are in compliance with Section 14, Article X of the State Constitution and with Section 112.64 of the Florida Statutes.

Respectfully submitted,

Randall L. Stanley, FSA, MAAA, EA
Consulting Actuary and Principal

Jonathan T. Craven, ASA, EA
Vice President and Consulting Actuary

Frans Christ, FSA, MAAA, EA
Vice President and Consulting Actuary

RLS/JTC/FC/di
MIAMI01-50B

Copy: Tom Gabriel (tomgabe@comcast.net)
Steven H. Cypen, Esq. (scypen@cypen.com)
Richard Sicking, Esq. (sickingpa@aol.com)
Michael J. Tierney, ASA (mjtac@actuarialconcepts.com)

CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Actuarial Impact Statement
For Ordinance File No. 10-01091, As Applicable

Prepared By:

Stanley, Holcombe, & Associates, Inc.
2000 RiverEdge Parkway, Suite 540
Atlanta, GA 30328

(770) 933-1933

September 24, 2010

S
H
& A

CITY OF MIAMI FIRE FIGHTERS'
AND
POLICE OFFICERS' RETIREMENT TRUST

Actuarial Impact Statement
For Ordinance File No. 10-01091, As Applicable

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CITY OF MIAMI FIRE FIGHTERS'
AND
POLICE OFFICERS' RETIREMENT TRUST

Actuarial Impact Statement
For Ordinance No. 10-01091, As Applicable

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CITY OF MIAMI FIRE FIGHTERS'
AND
POLICE OFFICERS' RETIREMENT TRUST

Actuarial Impact Statement
For Ordinance No. 10-01091, As Applicable

City-Imposed Changes on FIPO Retirement Trust

Our understanding of the changes imposed by City management on the Retirement Trust, is based on Ordinance File No. 10-01091, adopted by the City on first reading on September 14, 2010. We also relied on a summary prepared by Michael J. Tierney, City actuary, on September 2, 2010.

(A) Change Average Final Compensation from one year to highest two consecutive years as of 10/1/2010 – 11, to highest three consecutive years as of 10/1/2011-12; to highest four consecutive years as of 10/1/2012 – 13, and to highest five consecutive years as of 10/1/2013 and later; minimum Average Final Compensation is the 09/30/2010 one-year average.

(B) Reduce multiplier from 3.5% to 3% for creditable service in excess of 15 years; past accrued percentage is preserved.

(C) Change normal form of benefit from joint & 40% contingent annuity to 10 years certain and life for married members and change 105% life annuity to 10 years certain and life at 100% for unmarried members;

(D) Change normal retirement eligibility from Rule of 64 (police) and Rule of 68 (fire) to Rule of 70 with a minimum age of 50 and 10 years of service;

(E) Impose a maximum annual benefit (normal form) of $100,000, or the current accrued benefit, if greater.

Preservation of Accrued Benefits

There are at least two rules which must be followed when benefits are reduced by amendment:

(1) As a tax-qualified retirement system, accrued benefits may not be reduced by an amendment.

(2) For any members eligible for normal service retirement, prospective benefits may not be reduced.

This report does not address whether benefits may be reduced below the multiplier formula in place as of March 12, 1999, the date the State Legislature enacted Chapter 99-1.

Applicability

This Statement addresses the issue of applicability to members eligible to retire on September 30, 2010, as interpreted by the Board of Trustees and Counsel to the Board.

CITY OF MIAMI FIRE FIGHTERS'
AND
POLICE OFFICERS' RETIREMENT TRUST

Actuarial Impact Statement
For Ordinance File No. 10-01091, As Applicable

Subsequent Event

As of September 14, of the 254 members who were eligible for service retirement in the 2009-2010 year, 245 have elected to retire before September 30. This is the group whose prospective benefits are protected under rule (2) above. Note that 216 of these retired after August 1, 2010, and therefore were considered to have retired due to the City's imposed changes to the Retirement system.

To reflect the accelerated retirements, 100% of this group of 216 members has been included in the cost calculations as retired or DROPs. To the extent that any withdraw retirement applications, experience losses could emerge in the current year.

Retirement Assumptions

The current retirement assumptions are as follows (after retirement eligibility based on service):

Years of Service	Police %	Fire %
<20	0	0
20-24	20	5
25-29	25	25
30-31	50	25
32	100	100

The development of these assumptions reflected the patterns of actual retirements and the premise that the 3.5% multiplier helped to encourage later retirements. In anticipation of earlier retirements with the 3% multiplier, the retirement assumptions for police have been changed as follows:

Table 1 – Modified Retirement Assumptions

	Previous Assumptions		Revised Assumptions	
Years of Service	Police %	Fire %	Police %	Fire %
<20	0	0	0	0
20-24	20	5	40	5
25-29	25	25	50	25
30-31	50	25	100	25
32+	100	100		100

CITY OF MIAMI FIRE FIGHTERS'
AND
POLICE OFFICERS' RETIREMENT TRUST

Actuarial Impact Statement
For Ordinance File No. 10-01091, As Applicable

Wage Reductions

The ordinance provides for reductions in pay, as follows:

(1) Tiered reductions, ranging from 5% at $40,000 to 12% at $120,000 or more:

(2) Freezing step and longevity pay;

(3) No longer allowing supplemental pay to roll into base;

(4) Elimination of education pay supplements ($1,200 to $4,200);

(5) For Police: Replacement of supplements at 5% or higher with $1,500 annually; crime prevention pay increased from $1,999 to $2,700;

For Fire: Replacement of supplements for fire prevention, revenue incentive pay and most others at 5% or higher with $1,500 annually;

(6) For Fire: Replacement of 14% paramedic supplement with $4,825 annually.

Salary Increase Assumptions

The current salary increase assumptions are

merit: 5% to 1% annually, based on service;
inflation: 3.5%
promotions and other increases: 1.5%
at retirement: 7%

CITY OF MIAMI FIRE FIGHTERS'
AND
POLICE OFFICERS' RETIREMENT TRUST

Actuarial Impact Statement
For Ordinance File No. 10-01091, As Applicable

The adjustments to the current assumptions and methods to reflect the ordinance changes summarized under "Wage Reductions" are as follows:

Table 2 – Modified Salary Increase Assumption

(1) Tiered reductions: 10/1/09 valuation data is adjusted by the tiered reductions table;
(3) Supplemental pay: elimination of 7% assumption, at the time of retirement/DROP entry;
(4) Education pay supplements: not covered by System
(5) Other Supplements: for police: Crime Prevention Pay supplement from $1,999 to $2,700, applied to 100%; other supplements replaced 5% of pay with $1,500, applied to 50%;
for fire: Fire prevention supplement reduced from $2,000 to $1,500, applied to 100%; other supplements replaced with $1,500, applied to 50%; revenue incentive pay of 3.7% replaced with $1,500, applied to 50%;
(6) Paramedic supplements: 14% reduction to results of item (1), increment of $4,825, applied to 85%.

CITY OF MIAMI FIRE FIGHTERS'
AND
POLICE OFFICERS' RETIREMENT TRUST

Actuarial Impact Statement
For Ordinance File No. 10-01091, As Applicable

Cost Calculation Results

Compensation Cuts

Our understanding of the compensation cuts and our estimates of the amounts are as follows:

Table 3 – Estimated Amounts of Compensation Changes

	Police	Fire
	-$-	-$-
Tiered Reductions	4,717,636	5,732,289
Education Pay	657,300	404,600
Paramedic Supplement	N/A	4,619,535
Other Supplements		
- Police	224,320	N/A
- Fire	N/A	1,977,189
Totals	5,599,256	12,733,613

The amounts shown in Table 3 were calculated in order to determine the cost impact on FIPO. Since they are payroll items, they are only an indirect part of the Actuarial Impact for this Statement.

CITY OF MIAMI FIRE FIGHTERS'
AND
POLICE OFFICERS' RETIREMENT TRUST

Actuarial Impact Statement
For Ordinance File No. 10-01091, As Applicable

The cost calculation results after the estimated compensation cuts compare to those in the October 1, 2009 actuarial valuation report as follows:

Table 4 – Cost Impact of Compensation Cuts

		10/1/09 Report -$-	After Compensation Cuts -$-
A.	Present Value of Future Benefits	1,931,679,342	1,811,933,322
B.	PV of Member Contributions	101,158,464	87,643,933
C.	Actuarial Asset Value	1,164,973,724	1,164,973,724
D.	PV of Future Normal Costs	665,547,154	559,315,654
E.	Normal Cost – Payable 10/1/10	65,551,615	54,161,884
F.	Annual Cost Impact	--	**(11,389,731)**

As will be noted from Table 4, the impact of the reduced payroll on the annual FIPO cost is a reduction of $11,389,731. (The estimated reduction to covered payroll is $17,270,969.)

Mass Retirements

The estimated costs and impact of the mass retirements and the compensation cuts are as follows:

Table 5 – Cost Impact of Mass Retirements

		After Compensation Cuts -$-	After Mass Retirements -$-
A.	Present Value of Future Benefits	1,811,933,322	1,857,264,431
B.	PV of Member Contributions	87,643,933	80,798,557
C.	Actuarial Asset Value	1,164,973,724	1,164,973,724
D.	PV of Future Normal Costs	559,315,654	611,492,150
E.	Normal Cost – Payable 10/1/10	54,161,884	52,533,866
F.	Annual Cost Impact		**(1,628,018)**

CITY OF MIAMI FIRE FIGHTERS'
AND
POLICE OFFICERS' RETIREMENT TRUST

Actuarial Impact Statement
For Ordinance File No. 10-01091, As Applicable

Actuarial Assumptions

In order to make contribution requirements slightly more realistic the inflation component of the FIPO economic assumptions has been reduced from 3.50% to 3.25%. This change reduces the interest discount/investment return assumption from 7.75% to 7.5%. It also reduces the inflation component of the salary increase assumption by .25%.

In addition, the mortality assumptions have been changed, as follows:

Table 6 – Current and Updated Mortality Tables

Healthy	1994 Group Annuity Table	RP 2000 Mortality Table Projected by Scale AA to 2020
Disabled	Pension Benefit Guaranty Corporation – non OASDI	RP 2000 Disabled Mortality Table Projected by Scale AA 2020

The combined impacts on the cost components and 2010/2011 City contribution requirements are as follows:

Table 7 – Cost Impact of Assumption Changes

		After Mass Retirements	After Assumption Changes
A.	Present Value of Future Benefits	1,857,264,431	1,913,127,371
B.	PV of Member Contributions	80,798,557	77,396,456
C.	Actuarial Asset Value	1,164,973,724	1,164,973,724
D.	PV of Future Normal Costs	611,492,150	670,757,191
E.	Normal Cost – Payable 10/1/10	52,533,866	62,222,390
F.	Annual Cost Impact		**9,688,524**

CITY OF MIAMI FIRE FIGHTERS'
AND
POLICE OFFICERS' RETIREMENT TRUST

Actuarial Impact Statement
For Ordinance File No. 10-01091, As Applicable

Table 8 – Cost Impact of Plan Changes

		After Assumption Changes	After Plan Changes
		-$-	-$-
A.	Present Value of Future Benefits	1,913,127,371	1,737,298,951
B.	PV of Member Contributions	77,396,456	84,233,807
C.	Actuarial Asset Value	1,164,973,724	1,164,973,724
D.	PV of Future Normal Costs	670,757,191	488,091,420
E.	Normal Cost – Payable 10/1/10	62,222,390	42,287,046
F.	Annual Cost Impact		**(19,935,344)**

Actuarial Impact

The elements of the actuarial impact and the combined impact are as follows:

Table 9 – Combined Actuarial Impact

		10/1/09 Report After Compensation Cuts [1]	After Plan Changes [2]
		-$-	-$-
A.	Present Value of Future Benefits	1,811,933,322	1,737,298,951
B.	PV of Member Contributions	87,643,944	84,233,807
C.	Actuarial Asset Value	1,164,973,724	1,164,973,724
D.	PV of Future Normal Costs	559,315,654	488,091,420
E.	Normal Cost – Payable 10/1/10	54,161,884	42,287,046
F.	Annual Cost Impact	**(11,389,731)**	**(11,874,838)**

Note (1): Table 4 – second column
Note (2): Table 8 – second column

As will be noted in Table 9, the combined actuarial impact is ($23,264,569), consisting of the impact of ($11,389,731) on FIPO costs of the compensation cuts and ($11,874,838) due to mass retirements and Plan and assumption changes.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
For Ordinance File No. 10-01091, As Applicable

Actuarial Impact Statement
Comparison of Current and Proposed Features

Benefit	Current FIPO	City Proposal	Limitations
Average Final Compensation	Highest year of employment	**Retirement Dates** 2010-11: 2 years 2011-12: 3 years 2012-13: 4 years 2013-14& later: 5 years	**Note (1):** Minimum of accrued benefit at 09/30/10 **Note (2):** No change if eligible for normal retirement on 9/30/10
Normal Retirement Date	Age 50 + 10 years' service or "Rule of 64" (Police) or "Rule of 68" (Fire) (not 66)	"Rule of 70" with minimum age 50 and 10 years of service	**Note (1):** **Note (2):**
Retirement Benefit Formula	3% x AFC x Service for first 15 years; 3.5% x AFC x service thereafter	3% per year of future service after 9/30/10, plus accrued percentage at 9/30/10	**Note (1):** **Note (2):**
Maximum Benefit	100% of avg. final comp.	$100,000 per year limit added; minimum of accrued benefit at 9/30/10	**Note (1):** **Note (2):**
Normal Form of Benefit	Married: 40% joint & survivor Unmarried: 105% life annuity (not 10 years certain & life)	All: 10 years certain and life thereafter	**Note (1):** **Note (2):**

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Actuarial Basis – Prior Basis

Valuation Date: October 1, 2009 for Fiscal Year beginning October 1, 2010.

Valuation Method: Aggregate Cost Method.

Asset Valuation Method: 20% Write-Up Method: Expected value is based on the Interest Discount/Investment Return rate applied to the actuarial asset value as of previous valuation date and cash flow during the year. 20% of the difference between the Expected Value and the Market Value (net of pending transfers to the COLA Fund) is added to the Expected Value.

The result cannot be greater than 120% of market value or less than 80% of market value (net of pending COLA transfers).

Actuarial Assumptions:

Interest Discount/ Investment Return: 7.75%, compounded annually.

Inflation: 3.5%, compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	.0507%	.0284%
30	.0801%	.0351%
40	.1072%	.0709%
50	.2579%	.1428%
60	.7976%	.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis – Prior Basis
(Continued)

Age	Disability	Turnover	
		<5	5+
31	.00200	.0240	.0192
32	.00220	.0240	.0192
33	.00245	.0240	.0192
34	.00265	.0240	.0192
35	.00285	.0240	.0192
36	.00305	.0228	.0182
37	.00325	.0216	.0173
38	.00345	.0204	.0163
39	.00370	.0192	.0154
40	.00390	.0180	.0144
41	.00470	.0168	.0134
42	.00555	.0156	.0125
43	.00635	.0144	.0115
44	.00720	.0132	.0106
45	.00800	.0120	.0096
46	.00880	.0096	.0077
47	.00965	.0072	.0057
48	.01045	.0048	.0038
49	.01130	.0024	.0019
50	.01210	.0000	.0000
51	.01295	.0000	.0000
52	.01375	.0000	.0000
53	.01455	.0000	.0000
54	.01540	.0000	.0000
55	.01620	.0000	.0000
56	.01785	.0000	.0000
57	.01870	.0000	.0000
58	.01950	.0000	.0000
59	.02030	.0000	.0000
60	.00000	.0000	.0000

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis – Prior Basis
(Continued)

Retirement: Fire Fighters who have attained 64 points by September 30, 2009 and all Police Officers are subject to the Rule of 64; the rest of the Fire Fighters are subject to the Rule of 68. If eligible for Retirement, the following decrements apply, based on service:

Years of Service	Police %	Fire %
<20	0	0
20-24	20	5
25-29	25	25
30-31	50	25
32	100	100

There is no explicit assumption on the percentage of retirements expected to enter the DROP. No distinction is necessary, since funding is calculated to expected retirement or expected DROP entry.

Salary Merit Scale

Service	Police	Fire
0	.0500	.0500
1	.0500	.0500
2	.0500	.0500
3	.0500	.0500
4	.0500	.0500
5	.0500	.0500
6	.0500	.0500
7	.0250	.0500
8	.0500	.0500
9	.0500	.0500
10	.0100	.0000
11	.0100	.0000
12	.0100	.0000
13	.0100	.0000
14	.0100	.0000
15	.0125	.0250
16	.0125	.0250
17	.0100	.0100
18	.0100	.0100
19	.0100	.0100
20	.0100	.0100
21	.0100	.0100
22 +	.0000	.0000

Salary Merit Scale is combined with 3.5% inflation and 1.5% for promotions and other increases. There is also a 7.0% increase at retirement.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis – Prior Basis
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employees are assumed to be married.
Investment Expenses:	None; the investment return assumption of 7.75% is net of investment expenses.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Compensated Absence Balance Transfers:	No liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.
Adjustments from Valuation Date:	One year's interest is added to the calculated deposit to reflect ordinance provision.
Sources of Data:	Asset data is from unaudited financial statements and includes an appraised value for the real estate to be used for Market Value. Membership data was furnished by Administrator. Member compensation used is final bi-weekly pay in the year, annualized.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis – Revised Basis

Valuation Date:	October 1, 2009 for Fiscal Year beginning October 1, 2010.
Valuation Method:	Aggregate Cost Method.
Asset Valuation Method:	20% Write-Up Method: Expected value is based on the Interest Discount/Investment Return rate applied to the actuarial asset value as of previous valuation date and cash flow during the year. 20% of the difference between the Expected Value and the Market Value (net of pending transfers to the COLA Fund) is added to the Expected Value. The result cannot be greater than 120% of market value or less than 80% of market value (net of pending COLA transfers).
Actuarial Assumptions:	
Interest Discount/ Investment Return:	7.50%, compounded annually.
Inflation:	3.25%, compounded annually.
Mortality:	RP 2000 Mortality Table, Employees and Annuitants Combined, projected by scale AA to 2020, producing following specimen rates:

Age	Male	Female
20	.0235%	.0138%
30	.0402%	.0216%
40	.0919%	.0522%
50	.1487%	.1189%
60	.4887%	.4573%
70	1.6413%	1.5145%
80	5.7647%	3.9866%

Disabled Mortality: RP 2000 Disabled Mortality Table projected by scale AA to 2020, producing following specimen rates:

Age	Male	Female
20	1.5696%	.5287%
30	2.0418%	.6093%
40	1.9221%	.5507%
50	2.0149%	.8186%
60	3.0450%	1.9756%
70	4.6257%	3.4045%
80	8.9456%	6.2834%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis – Revised Basis
(Continued)

Age	Disability	Turnover	
		<5	5+
31	.00200	.0240	.0192
32	.00220	.0240	.0192
33	.00245	.0240	.0192
34	.00265	.0240	.0192
35	.00285	.0240	.0192
36	.00305	.0228	.0182
37	.00325	.0216	.0173
38	.00345	.0204	.0163
39	.00370	.0192	.0154
40	.00390	.0180	.0144
41	.00470	.0168	.0134
42	.00555	.0156	.0125
43	.00635	.0144	.0115
44	.00720	.0132	.0106
45	.00800	.0120	.0096
46	.00880	.0096	.0077
47	.00965	.0072	.0057
48	.01045	.0048	.0038
49	.01130	.0024	.0019
50	.01210	.0000	.0000
51	.01295	.0000	.0000
52	.01375	.0000	.0000
53	.01455	.0000	.0000
54	.01540	.0000	.0000
55	.01620	.0000	.0000
56	.01785	.0000	.0000
57	.01870	.0000	.0000
58	.01950	.0000	.0000
59	.02030	.0000	.0000
60	.00000	.0000	.0000

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis – Revised Basis
(Continued)

Retirement: Fire Fighters who have attained 64 points by September 30, 2009 and all Police Officers are subject to the Rule of 64; the rest of the Fire Fighters are subject to the Rule of 68. If eligible for Retirement, the following decrements apply, based on service:

Years of Service	Police %	Fire %
<20	0	0
20-24	40	5
25-29	50	25
30-31	100	25
32		100

There is no explicit assumption on the percentage of retirements expected to enter the DROP. No distinction is necessary, since funding is calculated to expected retirement or expected DROP entry.

Salary Merit Scale

Service	Police	Fire
0	.0500	.0500
1	.0500	.0500
2	.0500	.0500
3	.0500	.0500
4	.0500	.0500
5	.0500	.0500
6	.0500	.0500
7	.0250	.0500
8	.0500	.0500
9	.0500	.0500
10	.0100	.0000
11	.0100	.0000
12	.0100	.0000
13	.0100	.0000
14	.0100	.0000
15	.0125	.0250
16	.0125	.0250
17	.0100	.0100
18	.0100	.0100
19	.0100	.0100
20	.0100	.0100
21	.0100	.0100
22 +	.0000	.0000

Salary Merit Scale is combined with 3.25% inflation and 1.5% for promotions and other increases. There is no additional increase at retirement.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis – Revised Basis
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employees are assumed to be married.
Investment Expenses:	None; the investment return assumption of 7.75% is net of investment expenses.
Administration Expenses:	Equal to amount from previous fiscal year ($2.2 million)
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Compensated Absence Balance Transfers:	No liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.
Adjustments from Valuation Date:	One year's interest is added to the calculated deposit to reflect ordinance provision.
Sources of Data:	Asset data is from unaudited financial statements and includes an appraised value for the real estate to be used for Market Value. Membership data was furnished by Administrator. Member compensation used is final bi-weekly pay in the year, annualized.
Changes Since Prior Valuation:	**Inflation assumption reduced from 3.5% to 3.25%; Salary increase assumption reduced by .25%; Investment return/interest discount reduced from 7.75% to 7.5%; Retirement decrements increased for police; Mortality tables changed to RP 2000 projected to 2020; Disabled mortality table changed to RP 2000 disabled mortality table projected to 2020; 7% compensation increase at retirement eliminated; Administration fee assumption added.**

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Principal System Provisions

(Based on Ordinance No. 10002, as Amended through Ordinance No. 13091)

Effective Date:	January 1, 1940, as restated effective May 23, 1985, and amended through September 30, 2009.
Fiscal Year:	October 1 - September 30.
Membership:	Police officers and fire fighters.
Covered Compensation:	An employee's base salary, including pick-up contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death-in-family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.
Contributions:	Members: 7% of Compensation for Police Officers, 9% for Fire Fighters. City: Balance, as actuarially determined.
Creditable Service:	Service credited under Retirement System; military service (maximum of four years) during wartime for which Member makes contributions; maternity leave (maximum of 180 days for each leave) for which Member makes contributions; up to 5 years, without member contributions, if member was an employee before period of military service.
Average Final Compensation:	Average Compensation during the highest year of Creditable Service.
Normal Service Age:	Age 50

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Service Retirement:	3.0% of Average Final Compensation for each of the first fifteen years of Creditable Service plus 3.5% of Average Final Compensation for each year of Creditable Service after the fifteenth year; maximum of 100% for those with less than 100% under prior rules on 9/30/98.
Early Service Retirement:	After 20 years of Creditable Service. Benefits are based on Average Final Compensation and Creditable Service at retirement date. Actuarial equivalence for early commencement.
Rule of 64 Retirement:	Service retirement on the basis of combined age and Creditable Service equaling 64 or more.
Rule of 68 Retirement:	Service retirement on the basis of combined age and Creditable Service equaling 68 or more. Rule of 68 applies to all Fire Fighters who had not attained 64 points by September 30, 2009.
Disability:	Ordinary Disability: After 10 or more years of Creditable Service, and not eligible for service retirement. Not incurred as accident in performance of duties. 90% of benefit rate times Average Final Compensation times Creditable Service, with a minimum benefit of 30% of Average Final Compensation; 10 years' certain and life normal form. Accidental Disability: Incurred as accident in performance of duties. 66 2/3% of Average Final Compensation, or 66 2/3% of Final Compensation, whichever is greater. 40% joint & survivor normal form, with a minimum of 10 years' certain and life.
Deferred Retirement Option Plan:	Members who are eligible for Service Retirement or Rule of 64 Retirement after September 1998 may elect self-directed Deferred Retirement Option Plan, for a maximum of 4 years. An actuarially equivalent Back DROP option (maximum of 4 years) may be elected prior to DROP entry; combined years of DROP may not exceed 4.

Death:	Ordinary Death: (a) Between 3 and 10 years of Creditable Service, and death not accidentally incurred in performance of duties: Lump sum benefit equal to 50% of Compensation received in year preceding death. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferred period or 10 years' certain period. (c) If eligible for Service, Early Service, or Rule of 64 retirement, considered to have retired on the date of death. Surviving spouse would receive 40% of the member's monthly retirement allowance. Accidental Death: Incurred in performance of duties. (a) Pension of 50% of Average Final compensation to spouse until death or remarriage. If there is no spouse, or if spouse dies or remarries before youngest child is 18, payable until attainment of age 18. If no spouse or no children under 18, benefit is payable to dependent parents. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferral period or 10 years' certain period.
Employment Termination:	After 10 years of Creditable Service, based on Creditable Service and Average Final Compensation at termination date. If Member contributions are withdrawn, benefit is forfeited. Benefits are deferred to Normal Retirement Age.
Optional Allowances:	Normal form is joint and 40% contingent survivor, with a minimum of 10 years' certain and life. Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of Member. Option 6 is withdrawal of member contributions with credited interest; monthly benefit is 1/2 of normal level.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Transfer of Compensated Leave Balances:	Accumulated leave balances may be transferred into system immediately prior to retirement to purchase additional Creditable Service, on an actuarially equivalent basis.
Transfer of 457 Balances:	457 balances of Firefighters may be transferred into System at retirement to purchase additional Service for multiplier purposes.

EMPLOYEES' RETIREMENT SYSTEM

of the County of Milwaukee

2010 Annual Report of the Pension Board

as of December 31, 2010

CITIZEN MEMBERS
John M. Maier, J.D., Chairman
Linda S. Bedford, Vice Chairman
Donald Cohen
Jeffrey Mawicke, J.D.
Dr. Sarah W. Peck

RETIREE MEMBER
Donald Weber

EMPLOYEE MEMBERS
Keith Garland
David Sikorski
Guy M. Stuller

SECRETARY/MANAGER, ERS
Gerald J. Schroeder

901 North 9th Street, Room 210-C
Milwaukee, Wisconsin 53233
Telephone: (414) 278-4207

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EMPLOYEES' RETIREMENT SYSTEM (ERS)

Milwaukee County

Pension Board

John M. Maier, J.D.
Chairman

Linda S. Bedford
Vice Chairman

Dean Muller
Keith Garland
David Sikorski
Dr. Sarah W. Peck

Gerald J. Schroeder
ERS Manager

June 17, 2011

Retirement System Members:

We are pleased to present the 2010 Annual Report of your Pension Board. The Employees' Retirement System ("ERS") experienced a positive investment return for the year of 12.1%. As a result, net assets available for pension benefits increased $72.6 million. This increase includes $32.9 million in actual County contributions. Total assets at the end of the year were $1.895 billion. For further detailed information regarding ERS's performance, please see the management's discussion and analysis, financial statements and footnotes that follow.

The description of ERS, included in this report, highlights major plan provisions. County Ordinances, labor agreements, Pension Board rules and Governmental Accounting Standards Board pronouncements prevail over the contents of this report. If you have any questions, please call the ERS office at 414-278-4142.

Members considering retirement within the next few years are reminded to watch for announcements from the County for retirement information programs. Please call the ERS office at 414-278-4207 for further information regarding these programs. If you are interested in meeting with a retirement counselor to discuss retirement, please schedule an appointment by calling 414-278-4207.

Several options are available to members who retire or otherwise leave County service with respect to their pension benefits. Before terminating employment, you should become fully informed of the various opportunities available to you so you can make the best choice for your situation.

Each year, Milwaukee County distributes benefit statements reflecting balances as of the end of the previous year. Remember to keep your beneficiary designations current by informing the Retirement System Office of any changes. Retired members should also notify the ERS office in writing of any changes in residence or address so that your benefit payments and year-end 1099R statements are properly mailed.

The Pension Board

COURTHOUSE, ROOM 210-C • 901 NORTH 9TH STREET • MILWAUKEE, WI 53233 • (414) 278-4207 • (877) 652-6377

1935 R48

BAKER TILLY

Baker Tilly Virchow Krause, LLP
115 S 84th St, Ste 400
Milwaukee, WI 53214-1475
tel 414 777 5500
fax 414 777 5555
bakertilly.com

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Members of the Pension
Board of the Employees' Retirement
System of the County of Milwaukee:

We have audited the accompanying statements of plan net assets of the Employees' Retirement System of the County of Milwaukee (the "Retirement System") as of December 31, 2010 and 2009, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Retirement System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Retirement System as of December 31, 2010 and 2009, and the changes in its plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the Schedules of Funding Progress, Employer Contributions, and Notes to Required Supplementary Information as listed in the table of contents are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures to the 2010 and 2009 information which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The ten-year historical trend and related information on pages 20 - 21 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

BAKER TILLY VIRCHOW KRAUSE, LLP

Milwaukee, Wisconsin
June 17, 2011

an independent member of
BAKER TILLY
INTERNATIONAL

Management is pleased to provide this overview and analysis of the financial activities of the Employees' Retirement System of the County of Milwaukee ("ERS", or the "Retirement System") for the year ended December 31, 2010. Readers are encouraged to consider the information presented in conjunction with the Financial Statements.

FINANCIAL HIGHLIGHTS

PLAN NET ASSETS

- Plan net assets for ERS increased $72,627 as of 12/31/10 vs. 12/31/09 following an increase of $624,726 as of 12/31/09 vs. 12/31/08. The financial markets continued to recover from a turbulent 2008. For the year, the fund experienced a positive return of 12.1%.
- The rate of return on total assets of the pension fund, net of fees, was 12.1%, 20.4%, and (22.1%) for the years ended December 31, 2010, 2009 and 2008, respectively.
- Receivables decreased $46,638 as of 12/31/10 vs. 12/31/09 due primarily to a decrease in forward foreign exchange contracts and increased $51,188 as of 12/31/09 vs. 12/31/08 due primarily to an increase in forward foreign exchange contracts.
- Other assets increased $58,992 as of 12/31/10 vs. 12/31/09 and increased $20,056 as of 12/31/09 vs. 12/31/08 due largely to changes in securities lending – collateral of $58,889 and $19,198, respectively.
- During 2010, ERS made investments in long/short hedge funds, infrastructure and real estate. Long/short hedge funds can either buy equities long or sell them short. Infrastructure invests in things such as: power transmission lines, water filtration systems and natural gas pipelines. Real estate invests mainly in office buildings, apartment complexes and retail locations.
- ERS buys and sells financial futures contracts to improve the performance of the fund. ERS purchases contracts that approximate the amount of cash held by US equity managers and cash used to pay benefits and expenses.
- Liabilities decreased $5.8 million from 2009 to 2010. A $58.9 million increase in securities lending collateral was mostly offset by a $53.8 million decrease in payable foreign exchange contracts.

ADDITIONS AND DEDUCTIONS TO PLAN NET ASSETS

- Total additions decreased ($534,815) in 2010 vs. 2009 and increased $1,095,355 in 2009 vs. 2008. The 2010 decrease is mainly due to a one-time contribution that occurred in 2009 of $397.8 million. The 2009 increase is due primarily to the one-time contribution of $397.8 million and $316,509 in net investment income.
- Benefit payments increased $17,457 and $1,185 in 2010 and 2009 respectively. The increase in 2010 was due to an increase in monthly benefits of $5.9 million and an increase of $11.6 million in lump-sum payments. The 2009 increase was due to a $3.6 million increase in monthly benefits and a decrease of ($2.5) million in lump-sum payments.
- As of December 31, 2010, 2009 and 2008, the funding ratio (actuarial value of the assets divided by the actuarial accrued liability) for the plan was 92.2%, 93.3% and 95.7%, respectively. The funding ratio gives an indication of how well the liabilities of the pension plan are funded. The higher the funding ratio the better the plan is funded. The ratio increases due to investment gains and pension contributions and declines due to investment losses, increases in the plan benefits, large pension payouts and underpayment of pension annual required contributions.

The Board of Trustees of ERS ("the Board") has the responsibility for the overall performance of the Pension Fund. The Board's principal means to achieve this goal is by (a) determining an asset allocation policy which is expected to provide the long-term rate of return sufficient to fund benefits while minimizing the risk of loss through diversification (b) selecting an appropriate number of investment managers to manage the assets within an asset class and monitoring the performance of such investment managers relative to specified benchmarks, and (c) implementing cost containment measures intended to reduce the investment fees and costs associated with investing the Fund's assets. The Board is the fiduciary of the Fund and is responsible for carrying out the investment functions solely in the interest of the members and benefit recipients.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Retirement System's financial statements. The financial section is comprised of four components: (1) financial statements, (2) notes to the financial statements, (3) required supplementary information, and (4) other supplementary schedules.

(See independent auditor's report)

Financial Statements. There are two financial statements presented for the plan. The Statement of Plan Net Assets as of December 31, 2010 and 2009 indicates the net assets available to pay future benefits and gives a snapshot of the financial assets available for pension benefits at a particular point in time. The Statement of Changes in Net Plan Assets for the years ended December 31, 2010 and 2009 provides a view of the additions and deductions to the plan for the years presented.

Notes to financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the financial statements.

Required supplementary information. The required supplementary information consists of a Schedule of Funding Progress and a Schedule of Employer Contributions and related notes concerning the funding status of the plan. These schedules provide historical trend information, which contributes to understanding the changes in the funded status of the plan over time.

Other supplementary schedules. The additional schedules (Ten-Year Historical Trend Information, Net Fund Assets, Actual County Contributions, Active Membership Statistics, Retirements and Survivors) are presented for the purpose of additional analysis.

COMPARATIVE FINANCIAL STATEMENTS

Retirement System's Net Assets	12/31/2010	12/31/2009	12/31/2008	Difference	% Change
Assets					
Cash and short-term investments	$62,075	$327,962	$17,886	$44,189	247.1%
Receivables	46,799	93,437	42,249	4,550	10.8%
Investments, at fair value	1,788,712	1,468,387	1,138,691	650,021	57.1%
Other assets	121,562	62,569	42,513	79,049	185.9%)
Total Assets	2,019,148	1,952,355	1,241,339	777,809	62.7%
Liabilities					
Security lending obligations	115,532	56,643	37,445	78,087	208.5%
Other liabilities	8,449	73,172	6,080	2,369	39.0%
Total Liabilities	123,981	129,815	43,525	80,456	184.9%
Net assets available for benefits	$1,895,167	$1,822,540	$1,197,814	$697,353	58.2%

Retirement System's Changes in Net Assets	2010	2009	2008	Difference	% Change
Additions					
Employer contributions	$ 32,894	$457,789	$34,841	($1,947)	(5.6%)
Member contributions	76	132	140	(64)	(45.7%)
Investment income (loss)	206,646	316,509	(355,906)	562,552	(158.1%)
Total Additions	239,616	774,430	(320,925)	560,541	(174.7%)
Deductions					
Benefit payments	(162,803)	(145,345)	(144,161)	(18,642)	12.9%
Administrative expenses	(4,186)	(4,359)	(3,588)	(598)	16.7%
Withdrawals	0	0	(23)	23	(100.0%)
Total Deductions	(166,989)	(149,704)	(147,772)	(19,217)	13.0%
Changes in net assets available for benefits	72,627	624,726	(468,697)	541,324	(115.5%)
Net assets held in trust for pension benefits:					
Beginning of year	1,822,540	1,197,814	1,666,511	156,029	9.4%
End of year	$1,895,167	$1,822,540	$1,197,814	$697,353	58.2%

Requests for financial information:

The financial report is designed to provide the Board, our membership, taxpayers, investment managers and creditors with a general overview of ERS finances and to demonstrate ERS's accountability for the funds under its stewardship. Please address any questions about this report or requests for additional financial information to:

Milwaukee County ERS
901 N. 9th Street Room 210C
Milwaukee, WI 53233

(See independent auditor's report)

STATEMENTS OF PLAN NET ASSETS

	December 31, 2010	December 31, 2009
ASSETS:		
CASH AND CASH EQUIVALENTS	$ 62,074,448	$ 327,962,070
RECEIVABLES		
County of Milwaukee	32,071,082	31,647,343
Accrued interest and dividends	2,472,524	5,344,556
Miscellaneous receivables	568,377	522,586
Due from sale of investments	11,632,484	2,937,734
Receivable for foreign exchange contracts	54,861	52,985,010
TOTAL RECEIVABLES	46,799,328	93,437,229
INVESTMENTS AT FAIR VALUE		
Domestic common and preferred stocks	443,570,674	397,634,106
Long/Short hedge funds	190,166,445	-
Corporate bonds and convertible debentures	347,665,724	514,876,896
International common and preferred stocks	351,785,721	345,155,240
Real estate and REIT's	95,306,754	42,241,529
Infrastructure	129,471,845	-
Federal agency and mortgage-backed certificates	116,571,497	68,791,936
U.S. Government and state obligations	78,257,732	53,047,974
International fixed income	10,814,665	24,433,194
Private equity	25,101,387	22,205,660
TOTAL INVESTMENTS	1,788,712,444	1,468,386,535
OTHER ASSETS		
Software development costs, net (See Note 2)	6,029,436	5,926,724
Securities lending - collateral (See Note 5)	115,532,131	56,642,666
	121,561,567	62,569,390
TOTAL ASSETS	2,019,147,787	1,952,355,224
LIABILITIES:		
Securities lending - collateral (See Note 5)	115,532,131	56,642,666
Miscellaneous payables	4,287,402	5,159,458
Payable for securities purchased	2,704,169	13,120,995
Payable to OBRA Retirement Plan	1,402,225	1,038,607
Payable for foreign exchange contracts	55,017	53,853,613
TOTAL LIABILITIES	123,980,944	129,815,339
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$1,895,166,843	$1,822,539,885

(A schedule of funding progress is presented on page 18)

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN PLAN NET ASSETS

	Year Ended December 31, 2010	Year Ended December 31, 2009
ADDITIONS:		
CONTRIBUTIONS		
County of Milwaukee	$ 32,893,562	$ 457,789,154
Plan participants	75,584	131,766
	32,969,146	457,920,920
INVESTMENT INCOME		
Net appreciation in fair value	183,467,955	287,625,117
Interest and dividends	26,396,272	31,951,596
Security lending income	234,581	272,646
Other income	830,406	239,376
Total investment income	210,929,214	320,088,735
Less: Securities lending rebates and fees	(23,750)	(91,564)
Investment expense	(4,259,266)	(3,488,070)
Net investment income	206,646,198	316,509,101
TOTAL ADDITIONS	239,615,344	774,430,021
DEDUCTIONS:		
Benefits paid to retirees and beneficiaries	(162,802,590)	(145,345,520)
Administrative expenses	(4,185,796)	(4,358,585)
TOTAL DEDUCTIONS	(166,988,386)	(149,704,105)
NET CHANGE IN PLAN NET ASSETS:	72,626,958	624,725,916
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:		
Beginning of year	1,822,539,885	1,197,813,969
End of year	$1,895,166,843	$1,822,539,885

The accompanying notes are an integral part of these financial statements.

(1) Description of Retirement System –

The following brief description of the provisions of the Employees' Retirement System of the County of Milwaukee ("ERS" or the "Retirement System") is provided for financial statement purposes only. Members should refer to Section 201.24 of the General Ordinances of Milwaukee County and their respective bargaining agreements for more complete information

The Retirement System is a single-employer defined benefit plan that was created to encourage qualified personnel to enter and remain in the service of the County of Milwaukee (the "County") by providing for a system of retirement, disability and death benefits to or on behalf of its employees. Under Chapter 201 of the Laws of Wisconsin for 1937, the County was mandated to create the Retirement System as a separate legal entity. The County did so by passing Section 201.24 of the General Ordinances of Milwaukee County. The authority to manage and control the Retirement System is vested in the Pension Board of ERS (the "Board"). The Board consists of nine members – three members appointed by the County Executive (subject to confirmation by the County Board of Supervisors), three employee members elected by the active employee members, two members appointed by the County Board chairperson and one retiree member elected by retirees.

The Board created two (2) committees to assist in the administration of the Board's duties. The Investment Committee reviews the investment portfolio on a monthly basis, endorses strategies and submits investment recommendations to the full Board. The Audit Committee reviews legal issues, Ordinance adherence and submits recommendations to the full Board regarding the annual audit and the Annual Report of the Pension Board.

	As of December 31	
Members –	2010	2009
Retiree and beneficiaries currently receiving benefits	7,441	7,292
Vested and terminated employees not yet receiving benefits	1,493	1,659
Current employees	4,448	4,808
Total participants	13,382	13,759

Contributions –

The Retirement System has been substantially noncontributory. However, members meeting certain criteria have the option to contribute to membership accounts. In addition, the County contributes to membership accounts of most employee participants enrolled prior to 1971.

As of December 31, 2010 and 2009 member account balances were $3,446,230 and $3,957,136 respectively.

Contributions due from the County to the Retirement System consist of amounts sufficient to fund the annual normal cost and interest on and amortization of the unfunded or overfunded actuarial accrued liability. A substantial portion of the current year's contribution is paid to the Retirement System in the following year.

As of January 1, 2011, non-represented employees and elected officials eligible for pension benefits (regardless of vesting status) are required to contribute 2% of their pre-tax earnable compensation, after appropriate FICA deductions, to the Retirement System. The contribution will be increased to 3% and 4% of salary beginning June 12, 2011 and then beginning December 11, 2011, respectively, for non-represented employees excluding elected officials. It should be noted that the 2011 State Budget Repair Bill will be implemented later in the year requiring an employee contribution rate that varies year to year based on an actuarial calculation.

The County makes contributions to the Retirement System based upon the Annual Required Contribution ("ARC") and legal requirements, at the discretion of the County Board. An actuary hired by the Pension Board establishes the ARC. Data used in the determination of the ARC is based upon the prior fiscal year's demographics. The actual contribution made to the pension plan is set during the County's budget process and may differ from the ARC as a result of changes in plan provisions implemented subsequent to establishment of the ARC and budgetary restraints. During the year, the Retirement System accrues those contributions that the County has included in its current year's budget. For 2010 and 2009, the County contribution recorded by the Retirement System was $5,343,572 and $29,636,619 more than the Funding Contribution Amount for 2010 and 2009, respectively.

Benefits –

The normal retirement benefit is a monthly pension for the life of the member beginning at normal retirement age. The pension amount is determined by the following formula:

Multiplier x Creditable Service x Final Average Salary.

For most members, the normal retirement age is either 60 or 64 depending on ERS enrollment date and collective bargaining agreement. A few labor agreements also require a minimum of five years creditable service in addition to the age requirement. For deputy sheriff members, the normal retirement age is 57 or age 55 with 15 years of creditable service. Depending on enrollment date and collective bargaining agreement, some active members are eligible to retire when their age added to their years of creditable service equals 75 (the "Rule of 75"). The multiplier is determined by the Ordinance, collective bargaining agreement and ERS enrollment date. At this time, the multiplier percentage can be 1.5%, 1.6%, 2% or 2.5%. A member's three or five consecutive years of highest earnings are used to calculate their final average salary as defined by the Ordinance and labor agreement. Annually after retirement, the monthly benefit is increased by 2% of the benefit paid for the first full month of retirement subject to IRS limits. By Ordinance, the maximum benefit (excluding post-retirement increases) payable to a member cannot exceed the sum of 80% of the member's final average monthly salary.

Certain plan changes (and bonuses) became effective January 1, 2001 (except for represented deputy sheriffs) and are summarized below:

- A bonus of 7.5% per year, up to a maximum of 25%, is added to the final average salary for those employees whose membership in ERS began before January 1, 1982 (or before July 1, 1995 for a non-represented deputy sheriff).
- All service credit earned after January 1, 2001 is credited with an additional .5% multiplier for those employees whose ERS membership began after December 31, 1981 (or June 30, 1995 for a non-represented deputy sheriff). Also, for each year of pension service earned after January 1, 2001, eight (8) years of service earned prior to January 1, 2001 shall be credited with an additional .5% multiplier.
- A "backdrop" payment option was established that permits an employee to receive a lump-sum payment plus a monthly pension benefit upon retirement. The lump-sum payment is the total of the monthly pension amounts, adjusted for COLA increases, that a member would be entitled to from a prior date ("backdrop date") to the date that the member terminates employment plus compounded interest. The backdrop date must be at least one calendar year prior to the termination date and the member must have been eligible to retire as of that date. The member will be entitled to a COLA based on the backdrop date once the member terminates employment.
- A member is vested upon attaining five years of creditable pension service.

The following changes were made effective as of the stated dates:

- As of January 1, 2010 for non-represented employees (excluding Elected Officials and Deputy Sheriffs), the multiplier was reduced from 2% to 1.6% for current members' future service and future hires total service and the normal retirement age was increased to 64 for future hires only. The Machinists and TEAMCO unions agreed to both changes effective May 1, 2010. The Association of Milwaukee County Attorneys agreed to both changes effective June 1, 2010. The 1.6% multiplier (but not age 64) applies to elected officials effective October 14, 2010.
- Non-represented employees and elected officials hired on or after March 15, 2002 are not eligible to receive the backdrop pension benefit. Employees represented by a labor agreement must also be hired prior to the date specified in the labor agreement to be eligible to receive the backdrop benefit.
- Elected officials are not eligible to receive the additional .5% pension benefit multiplier after March 15, 2002.
- Effective January 1, 2003, the pension benefit for employees who became members after December 31, 1981 shall be based on a final average salary equal to the three (instead of five) highest consecutive years of earnings, except for represented deputy sheriffs.

A member who meets the requirements for an accidental or ordinary disability retirement benefit is entitled to an amount computed in the same manner as a normal pension but not less than 60% of the member's final average salary for accidental disability. A total of 15 years of creditable service is required to apply for ordinary disability.

A represented deputy sheriff whose membership began prior to January 1, 1982 is vested upon attaining six years of creditable pension service. A represented deputy sheriff whose membership began after December 31, 1981 is vested upon attaining ten years of creditable pension service.

Most members are immediately vested upon attaining age 60 or 64. A vested member is eligible for a deferred pension beginning as of the member's normal retirement date.

A member who is 55 years of age and has 15 years of credited service may elect to receive early reduced retirement benefits. The member would be entitled to a benefit equal to the normal retirement benefit with a lifetime reduction of 5% for each year prior to the normal retirement date.

Upon the death of a member (generally after 1 year of service and depending on collective bargaining agreements), a spouse with a dependent child as defined by Ordinance will receive 40% of the deceased

member's salary, reduced by Social Security benefits payable to the spouse. An additional 10% of salary, reduced by Social Security benefits, is paid for each dependent child. Generally, the total benefit, including Social Security benefits, cannot exceed 90% of the prior salary level of the member. At age 60, the spouse will receive 50% of the normal retirement benefit based on the member's projected service to age 60. If there is no spouse or child, the death benefit payable to a designated beneficiary is equal to 50% of the deceased member's final average salary, but not to exceed $2,000.

A member who becomes eligible for normal retirement, but continues to work may elect a Protective Survivorship Option ("PSO") designating a person to receive a pension (100% or 50% option) in the event of their death while in active service. The PSO election must be filed in writing on an approved form. In the absence of an election, a surviving spouse will be paid a 100% survivorship pension.

Currently members may choose among several benefit payment options when retiring. The available pension options are:

- Maximum Benefit payable for the member's lifetime and ceases upon member's death.
- Option 1 – Membership Account Refund This option is an actuarially reduced benefit that ceases upon member's death. This option guarantees that the member will receive the total Membership Account balance as of the retirement date. The Membership Account balance is reduced monthly by an actuarially determined amount. Any balance remaining upon the member's death will be paid to the member's beneficiary.
- Option 2 – 50% This option is an actuarially reduced pension benefit that is payable over the life of the member. Upon the member's death, 50% of the pension benefit is payable over the life of a named beneficiary, if living;
- Option 3 – 100% This option is an actuarially reduced pension benefit that is payable over the life of the member. Upon the member's death, 100% of the pension benefit is payable over the life of a named beneficiary, if living;
- Option 4 – 75% This option is an actuarially reduced pension benefit that is payable over the life of the member. Upon the member's death, 75% of the pension benefit is payable over the life of a named beneficiary, if living;
- Option 6 - 10 Year Certain This option is an actuarially reduced pension benefit payable over the member's life but is guaranteed for a period of ten years, in the event the member should die within ten years after the retirement date.
- Option 7 - Board Discretion This option is at the Pension Board's discretion and is a payment of a benefit in a form other than those set forth above. The payment in other form must be the actuarial equivalent of the benefit otherwise payable. A member requesting this option is responsible for all expenses incurred in the application for and calculation of the benefit.

Benefits of $162.8 million and $145.3 million were paid in 2010 and 2009, respectively, including periodic pension payments of $142.5 million and $136.6 million, respectively, and back drop lump sum pension payments of $20.3 million and $8.7 million in 2010 and 2009, respectively.

(2) Summary of Significant Accounting Policies:

GASB Statement No. 50

The Retirement System follows the provisions of GASB 50. GASB 50 requires that information about the funded status of the pension plan as of the most recent actuarial valuation be disclosed in notes to the financial statements. Additionally, GASB 50 requires disclosure of information about actuarial methods and assumptions used in valuations on which reported information about the ARC and the funded status and progress are based. The required schedules of funding progress immediately following the notes to the financial statements present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Basis of Accounting –

The accompanying financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed and expenses are recorded when the corresponding liabilities are incurred.

Investments –

Investments, primarily stocks, bonds, certain government loans and mortgage-backed certificates, are stated at quoted fair value. Temporary cash investments are valued at cost, which approximates fair value. Investments in venture capital partnerships, real estate, long/short hedge and infrastructure are valued at estimated fair value, as provided by the Retirement System's investment managers. Investment transactions are recorded on the trade date. Realized gains and losses are computed based on the average cost method.

A summary of investments at cost is as follows:

	As of December 31	
	2010	2009
Corporate bonds and convertible debentures	$321,804,567	$ 495,494,743
Domestic common and preferred stocks	355,054,737	348,524,545
International common and preferred stocks	378,397,504	422,425,979
Long/Short hedge funds	180,113,685	-
Federal agency and mortgage backed certificates	112,309,768	65,689,489
Infrastructure	120,000,000	-
Real estate and REIT's	90,082,194	41,246,553
Private equity	26,970,720	27,360,080
International fixed income	10,476,191	22,473,854
Cash and cash equivalents	62,070,263	327,937,734
U.S. Government and state obligations	75,351,316	52,201,561
Total investments at cost	$ 1,732,630,945	$ 1,803,354,538

Valuation of International Securities –

Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts on the date of valuation. Purchases and sales of securities and income items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

Software Development Costs –

Capitalized software development costs respresent direct costs related to the development and implementation of software programs utilized in the Retirement System. The amounts are being amortized over ten years using the straight-line method. Amortization expense is included in Administrative Expenses in the accompanying Statement of Changes in Plan Net Assets.

	As of December 31	
	2010	2009
	(in thousands of dollars)	
Software development costs		
Beginning balance:	$ 6,426	$ 5,068
Acquisitions	748	1,358
Ending balance	$ 7,174	$ 6,426
Accumulated amortization		
Beginning balance:	$ 499	$ -
Amortization expense	646	499
Ending balance	$ 1,145	$ 499
Software development costs, net	$ 6,029	$ 5,927

Expenses –

Administrative expenses incurred by the County related to the Retirement System are payable by the Retirement System to the County. Such expenses totaled $1,310,356 and $1,312,156 in 2010 and 2009, respectively.

Use of Estimates –

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(3) Income Taxes –

Management has submitted to the Internal Revenue Service, as part of a Voluntary Compliance Program, any compliance issues that have been discovered through a self-administered review where the provisions contained in the Internal Revenue Code, the County Pension Ordinances or Pension Rules differ from actual practice. Management is waiting for a response from the Internal Revenue Service regarding what action will be required to bring the pension system into compliance in all of its practices in order to maintain its tax-qualified status.

(4) Contributions Required and Contributions Made –

The Retirement System's funding policy provides for periodic County contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Payroll contribution rates are determined using the Aggregate Entry Age Normal method of funding. The Retirement System also uses the level percentage of payroll method to amortize the unfunded liability over a 30 year period in 2010. The significant actuarial assumptions used to compute the contribution requirements are the same as those used to compute the pension benefit obligation.

County contributions totaling $32,893,562 and $457,789,154 were recorded in 2010 and 2009, respectively. The 2010 contribution was $5,343,572 above the Funding Contribution Amount ("FCA"). The 2009 contribution was well above the FCA due to a one-time contribution of $397.8 million and the settlement of a lawsuit for $29.0 million. See the Schedule of Employer Contributions in the Required Supplementary Information.

The 2010 and 2009 contributions reflected in the accompanying statements were actuarially determined as of January 1, 2009 and 2008. These amounts were included in the County's 2010 and 2009 budgets. The Retirement System's financial statements as of December 31, 2010 and 2009 reflected the unpaid portion of the 2010 and 2009 contributions as a contribution receivable.

Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 8.0%, compounded annually in 2010 and 2009, (b) projected payroll growth increases averaging 3.5% per year compounded annually in 2010 and 2009, attributed to inflation, seniority and merit, and (c) post-retirement benefit increases of 2.0% per year for both 2010 and 2009.

(5) Deposit and Investment Risk Disclosure –

As provided by state legislative act and County Ordinance, the Board has exclusive control and management responsibility of the Retirement System's funds and full power to invest the funds. In exercising its fiduciary responsibility, the Board is governed by the "prudent person" rule in establishing investment policy. The "prudent person" rule, requires the exercise of that degree of judgment, skill and care under the circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to permanent disposition of their funds, considering the probable income as well as the probable safety of the principal. The Board has adopted a Statement of Investment Policy to formally document investment objectives and responsibilities. This policy establishes guidelines for permissible investments of the Retirement System. The Retirement System's investments are subject to various risks. Among them are credit risk, concentration of credit risk, custodial credit risk, interest rate risk, and foreign currency risk. Each of these risks is discussed in more detail below.

Concentration of Credit Risk –

Concentration of credit risk is a risk of loss that may be attributed to the magnitude of the Retirement System's investment in a single issuer, generally investments in any one issuer that represents five (5) percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this definition. The Retirement System has no investments in one issuer other than U.S. Government securities and mutual funds that exceed five (5) percent of the total investments.

Credit Risk –

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's Investors Services ("Moody's"), Standard and Poor ("S & P") and Fitch Ratings ("Fitch's"). With the exception of the Loomis Sayles - High Yield and the Mellon Capital Management Aggregate Bond portfolios, bonds purchased and owned in each portfolio must have a minimum quality rating of Baa3 (Moody's) or BBB- (S & P or Fitch's). The average quality of each portfolio must be A or better. For Loomis Sayles - High Yield, bonds must have a minimum quality rating of B3 (Moody's) or B- (S & P or Fitch's) at the time of purchase. The fixed income securities for the Mellon Capital Management Aggregate Bond portfolio should have a minimum quality rating of A, with the exception of 15% of the portfolio which may have a minimum quality rating of BBB. The credit quality ratings of investments in fixed income securities by Moody's, a nationally recognized statistical rating agency, as of December 31, 2010 and 2009 are as follows: (amounts are in thousands of dollars)

Moody's Quality Ratings	12/31/10 Fair Value	12/31/09 Fair Value
AAA	$20,350	$13,773
AA1	2,109	1,328
AA2	5,419	4,012
AA3	6,156	5,770
A1	9,609	8,755
A2	9,727	12,006
A3	8,255	11,396
BAA1	8,015	26,680
BAA2	5,843	17,953
BAA3	1,805	23,948
BA1	507	11,580
BA2	35	5,412
BA3	155	12,572
B1	-	19,447
B2	178	10,767
B3	164	9,299
CAA1	-	9,894
CAA2	231	1,490
CAA3	219	238
CA	688	3,020
C	-	-
NR	16,172	21,051
Total Credit Risk Fixed Income Securities	**$95,637**	**$230,391**
U.S. Government and Agencies	194,829	121,840
Units of Participation (Not Rated)	262,843	308,919
Total Investment in Fixed Income	**$553,309**	**$661,150**

Of the $16.2 million not rated by Moody's as of December 31, 2010, $15.4 million is rated by Standard & Poor's as investment grade. Moody's quality rating of BAA3 or above is considered investment grade. Another $0.1 million was rated by Standard & Poor's but below investment grade. $0.7 million is also not rated by Standard & Poor's. As of December 31, 2009, $6.4 million was not rated by either Moody's or any other rating agency.

Custodial Credit Risk – Deposits and Investments

Custodial credit risk is the risk that, in the event a financial institution or counterparty fails, the Retirement System will not be able to recover the value of its deposits, investments or securities. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the Retirement System's name and are held by the counterparty.

No formal policy exists on custodial risk. However, substantially all assets of the Retirement System are held in its name. As of December 31, 2009, the Retirement System owned repurchase agreements held in the name of Wells Fargo Bank. Therefore, approximately $2,048,033 was exposed to custodial risk as the repurchase agreements were held outside the name of the trust. The Retirement System did not own any repurchase agreements as of December 31, 2010.

As of December 31, 2010 and 2009, all deposits with banks are fully insured by the Federal Depository Insurance Corporation or the State Deposit Guarantee Fund.

The following table presents the Retirement System's total cash, deposits and cash equivalents as of December 31, 2010 and 2009: (amounts are in thousands of dollars)

Schedule of Cash and Cash Equivalent Investments

	12/31/10		12/31/09	
	Carrying Value	Bank Balance	Carrying Value	Bank Balance
Cash held by various investment managers	**$61,443**	**$61,443**	**$18,598**	**$18,598**
Deposits with banks	**631**	**2,231**	**332**	**451**
Foreign currency	**-**	**-**	**160**	**160**
Repurchase agreement	**-**	**-**	**-**	**2,048**
Money market deposits	**-**	**-**	**308,872**	**308,872**
Total Deposits	**$62,074**	**$63,674**	**$327,962**	**$330,129**

The difference between the carrying value and bank balances are due to outstanding checks and deposits not yet processed by the bank.

Foreign Currency Risk –

Foreign currency is the risk that changes in currency exchange rates will adversely affect the fair value of an investment or deposit.

The Retirement Systems exposure to foreign currency risk derives from its positions in foreign currency denominated international equity and fixed income investments. Its exposure to foreign currency as of December 31, 2010 and 2009 is as follows: (amounts are in thousands of dollars)

	12/31/2010			
Currency Unit	Equity and Private Equity	Fixed Income and Convertible Debenture	Cash and Cash Equivalents	Total
Australian Dollar	$ 1,710	$ -	$ -	$ 1,710
British Pound Sterling	923	-	-	923
Canadian Dollar	358	-	-	358
Euro Currency Unit	1,109	-	-	1,109
Hong Kong Dollar	2,317	-	-	2,317
Japanese Yen	2,348	-	-	2,348
Norwegian Krone	57	-	-	57
Singapore Dollar	1,033	-	-	1,033
Swedish Krona	128	-	-	128
Swiss Franc	113	-	-	113
Totals	**$ 10,096**	**$ -**	**$ -**	**$ 10,096**

	12/31/2009			
Currency Unit	Equity and Private Equity	Fixed Income and Convertible Debenture	Cash and Cash Equivalents	Total
Australian Dollar	$ 4,362	$ 1,856	$ -	$ 6,218
Brazilian Real	517	1,393	-	1,910
British Pound Sterling	3,414	-	-	3,414
Canadian Dollar	480	3,473	-	3,953
Euro Currency Unit	3,838	-	22	3,860
Hong Kong Dollar	6,263	-	-	6,263
Japanese Yen	5,313	-	26	5,339
Mexican New Peso	-	2,357	-	2,357
New Zealand Dollar	-	1,126	-	1,126
Norwegian Krone	449	2,003	-	2,452
Singapore Dollar	1,226	181	-	1,407
South Korean Won	-	1,288	-	1,288
Swedish Krona	184	-	-	184
Swiss Franc	340	-	111	451
Thailand Baht	-	1,479	-	1,479
Totals	**$ 26,386**	**$ 15,156**	**$ 159**	**$ 41,701**

Interest Rate Risk –

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Duration is a measure of an investment's sensitivity to changes in interest rates. The higher the duration, the greater the changes in fair value when interest rates change. The Option-Adjusted Duration for a security is the percentage price sensitivity to interest rate changes of 100 basis points (or 1.0%). For example, an Option-Adjusted Duration of 5.20 means that the price of the security should fall approximately 5.20% for a 1.0% rise in the level of interest rates. Conversely, the price of a security should rise approximately 5.20% for a 1.00% fall in the level of interest rates. Interest rate changes will affect securities with negative durations in the opposite direction. The Option-Adjusted Duration method of measuring duration takes into effect the embedded options on cash flows.

The Retirement System does not have a formal investment policy that limits investment maturities as a means of managing exposure to losses arising from increasing interest rates with the exception of the cash equivalent portfolio. The investment policy limits the duration of individual securities held in the cash equivalent portfolio to 2.5 years. In addition, the duration of the entire cash equivalent portfolio should be between 1 and 2 years.

As of December 31, 2010 and 2009, the Retirement System had the following Option-Adjusted Durations for the fixed income investments: (amounts are in thousands of dollars)

	12/31/10		12/31/09	
Fixed Income Sector	**Fair Value**	**Option Adjusted Duration**	**Fair Value**	**Option Adjusted Duration**
ABS-Airplane Receivables	$ -	0.00	$ 2,290	0.36
ABS-Car Loan	2,219	0.88	684	1.68
ABS-Credit Cards	-	0.00	1,378	2.55
ABS-Equipment	1,453	0.94	199	0.44
ABS-Home Equity	2,320	0.62	595	0.00
Automobiles & Components	129	2.45	126	3.25
Banking & Finance	21,020	4.59	42,112	4.45
BSDT Reserve Deposit Accts.	758	0.07	40	0.00
Capital Goods	187	1.95	185	2.82
Chemicals	128	6.82	65	6.53
CMO - Conduit	10,305	3.65	3,031	3.20
CMO-U.S. Agencies	3,216	6.59	1,871	5.63
CMO-Comm/Corp	818	(0.15)	12,214	0.97
Commingled Fds Cash Equivalents	56,875	0.08	310,883	0.05
Convertible Bonds	-	0.00	7,049	3.85
Convertible Preferred	-	0.00	397	2.31
FHLMC Multiclass	34,650	1.55	20,197	3.11
FHLMC Pools	10,541	1.87	6,165	2.08
FNMA Pools	28,180	1.93	17,301	2.63
FNMA REMIC	32,220	2.07	17,246	3.67
Food Beverage & Tobacco	102	5.33	435	10.75
Food Products	815	5.45	100	6.23
GNMA Multi Family Pools	85	1.34	111	0.99
GNMA Single Family Pools	2,340	2.84	837	0.01
Govt of Canada-Direct	-	0.00	3,473	2.15
Health Care	106	2.78	7,669	2.21
Household Products	13	6.05	107	5.19
House Related	-	0.00	7,511	5.28
Industrial	6,212	5.83	46,527	5.50
Insurance	679	6.20	1,993	9.43
International Corporate Bonds	124	3.55	5,345	1.07
International Government Bonds	-	0.00	5,671	4.60
Materials	169	3.34	-	0.00
Mining	155	4.78	1,730	11.09
News/Media	968	7.23	5,997	11.88
Oil & Gas	1,500	7.22	10,644	6.59
Other Corporate Bonds	627	5.55	392	8.68
Paper & Forest Products	-	0.00	1,139	3.88
Pvt Placements - MBS	475	2.87	-	0.00
Pvt Placements-More than 1 yr	6,915	5.06	11,102	5.25
Provincials (Canadian)	262	6.45	-	0.00
Retail	691	9.66	2,535	10.37
Supranational Issues	-	0.00	1,056	8.79
Taxable Municipals	382	11.60	1,522	8.06
Technology	848	6.35	954	5.69
Transportation	926	6.28	6,308	3.66
Treasury Bills - Less Than 1 Year	3,810	0.57	16,076	0.57
U.S. Agencies	3,848	5.69	4,907	2.36
U.S. Governments	78,258	5.97	53,048	6.16
Utility-Electric	4,454	5.40	13,945	5.27
Utility-Gas	259	3.87	1,149	5.69
Utilty-Telephone	3,186	6.61	21,413	6.30
Whole Loan - CMO	24,430	2.79	169	0.00
Whole Loan - Re-securitization	73	0.73	-	0.00
Yankee Bonds	196	2.30	1,154	8.50
Other*	266,826		309,076	
Total	**$ 614,753**		**$ 988,123**	

*For 2010 this represents $262,843 in units of participation, $1,124 in FNMA REMIC bonds, $369 in FHLMC pools, $599 in CMO's and $1,891 in Whole Loans for which the duration is not available. For 2009 this represents $308,919 in units of participation and $157 FHLMC Pools for which the duration was not available.

Security Lending –

Section 201.24 (9.1) of the General Ordinances of Milwaukee County and Board policies permit ERS to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. ERS participates in such a security lending program through its custodian, the Bank of New York Mellon, acting as ERS's securities lending agent. ERS requires collateral from the borrower in the form of cash or securities. Collateral for domestic issues is set at 102% of the fair value of the securities loaned at the time of the initial transaction. If the value falls to 100% of the fair value of the securities loaned, additional collateral is obtained to reestablish collateral at 102% of the fair value of securities loaned. Collateral for international securities is maintained at a level of 105% of the fair value of securities loaned at all times. The securities lending program guidelines attempt to preserve capital while earning a moderate rate of return. Earnings from securities lending, after all fees are paid, are split on a percentage basis with the custodian. For 2010 and 2009, the net investment income realized from security lending was $210,831 and $181,082, respectively.

ERS also invested in several commingled funds managed by Mellon Capital Management that participated in securities lending programs. The earnings and losses attributable to the commingled funds' securities lending programs are combined with the commingled funds' performance and are not reported separately in ERS's financial statements.

Securities loaned and the collateral held were as follows: (amounts are in thousands of dollars)

	As of December 31			
	2010		2009	
Securities Lent for Cash Collateral	Securities Lent	Collateral	Securities Lent	Collateral
Fixed income	$ 52,956	$ 53,876	$ 21,125	$ 21,655
Domestic stocks	56,524	58,271	27,806	28,870
REITS	3,297	3,385	5,886	6,118
Subtotal	112,777	115,532	54,817	56,643
Securities Lent for Securities Collateral				
Domestic stocks	-	-	93	107
REITS	80	82	-	-
Subtotal	80	82	93	107
Grand Total*	$112,857	$ 115,614	$ 54,910	$ 56,750
Percent Collateral to Securities Loaned		102.44%		103.35%

*The 2010 Securities Lent increased due to a temporary increase in the securities lending cap.

The collateral received from security lending transactions are recorded as assets at quoted fair value of the financial statement date. The Retirement System records an identical amount as a liability, representing the obligation of the Retirement System to return the collateral at the time the borrower of the Retirement System's securities return those securities.

The collateral received from securities lending transactions includes cash of $115,532 and $56,643 and REITS and U.S. Treasury securities of $82 and $107 for the years ended December 31, 2010 and 2009, respectively. Under the terms of the securities lending agreement, the Retirement System has the right to sell or pledge the cash collateral. The non-cash collateral in the amount of $82 and $107 for the years ended December 31, 2010 and 2009, respectively, is controlled by the custodian and, correspondingly, is not reflected in the Statement of Net Assets Available for Plan Benefits.

At year-end, the Retirement System has no credit risk exposure to borrowers because the amounts the Retirement System owes the borrowers exceed the amounts the borrowers owe the Retirement System. The contract with the Retirement System's custodian requires it to indemnify the Retirement System if a borrower fails to return the securities (and if the collateral is inadequate to replace the securities lent) or fails to pay the Retirement System for income distributions by the securities' issuers while the securities are on loan.

(6) Financial Instruments With Off-Balance Sheet Risks –

A currency forward is a contractual agreement between two parties to pay or receive amounts of foreign currency at a future date in exchange for another currency at an agreed-upon exchange rate. Forward commitments are entered into with the foreign exchange department of a bank located in a major money market. These transactions are entered into in order to hedge risks from exposure to foreign currency rate fluctuations. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the Retirement System records the amount receivable or payable at fair value, with the unrealized gain or loss reported as a component of net appreciation in fair value. All contracts are short-term in duration and mature within 90 days.

Financial instruments with off-balance sheet risk held were as follows: (amounts are in thousands of dollars)

	Cost	Market Value	Gain/(Loss)
As of December 31, 2010			
Currency forward receivables	$ 55	$ 55	$ 0
Currency forward payables	(55)	(55)	0
Total gain (loss)			$ 0
As of December 31, 2009			
Currency forward receivables	$ 53,751	$ 52,985	$ (766)
Currency forward payables	(53,751)	(53,854)	(103)
Total gain (loss)			$ (869)

ERS invests in financial futures contracts in order to improve the performance of the fund. The Retirement System purchases contracts that approximate the amount of cash held by US equity investment managers and cash used to pay benefits and expenses. Financial futures contracts are agreements to buy or sell a specified amount at a specified delivery or maturity date for an agreed upon price.

The market values of the futures contracts vary from the original contract price. A gain or loss is recognized and paid to or received from the clearinghouse. Financial futures represent an off balance sheet obligation, as there are no balance sheet assets or liabilities associated with those contracts. The cash or securities to meet these obligations are held in the investment portfolio. All contracts are short-term in duration and mature within 90 days.

ERS is subject to credit risk in the event of non-performance by counter parties to financial futures and forward contracts. ERS generally only enters into transactions with credit worthy institutions. The Retirement System is exposed to market risk, the risk that future changes in market conditions may make an instrument less valuable. Exposure to market risk is managed in accordance with risk limits set by ERS management and by buying or selling futures or forward contracts. The cash or securities to meet these obligations are held in the investment porfolio.

	As of December 31	
	2010	2009
	(in thousands of dollars)	
US Equity Managers		
Cash Held		
Pension Obligation Bonds	$ -	$ 144,607
US Equity Investment Managers	14,291	8,196
	14,291	152,803
Futures Purchased		
S&P 500 (US Equity)	13,908	149,945
Futures Above\(Below) Cash	$ (383)	$ (2,858)
Market Value	$ 141	$ 121

	As of December 31	
	2010	2009
	(in thousands of dollars)	
Cash Used to Pay Benefits and Expenses		
Cash Held	$ 41,709	$ 35,605
Futures Purchased		
Barclays AGG (Fixed Income)	19,905	13,421
S&P 500 (US Equity)	14,597	13,773
MSCI EAFE (International Equity)	7,391	7,216
	41,893	34,410
Futures Above\(Below) Cash	$ 184	$ (1,195)
Market Value	$ 117	$ (223)
Total Market Value	**258***	**$ (102)***

*Futures contracts are included in domestic common and preferred stocks of the Statement of Plan Net Assets.

(7) Commitments and Contingencies –

The Retirement System is involved in litigation and certain other disputes arising during the normal course of operations. Management does not believe the settlement of such matters will have a material impact on the Retirement System's financial statements.

(8) OBRA 1990 Retirement System of the County of Milwaukee –

The County established the OBRA 1990 Retirement System of the County of Milwaukee (OBRA) to cover seasonal and certain temporary employees who are not enrolled in the Retirement System. Assets of the OBRA system are commingled for investment purposes with the assets of the Retirement System. The assets of the Retirement System are legally available to pay benefits of either the ERS or OBRA and all assets have been commingled. The Retirement System and OBRA are considered a single plan for financial reporting purposes. Net assets identified for OBRA benefits as of December 31, 2010 and 2009, were as follows:

	(Unaudited)	
	2010	2009
Assets		
Cash	**$ 763**	**$ 327**
Contributions receivable from County	**786,000**	**660,925**
Assets held by Retirement System	**615,462**	**377,355**
Total assets	**$1,402,225**	**$1,038,607**
Liabilities		
Taxes payable	**$ -**	**$ -**
Total liabilities	**$ -**	**$ -**
Net assets available for benefits	**$1,402,225**	**$1,038,607**

Changes in net assets available for benefits for OBRA for the years ended December 31, 2010 and 2009, were as follows:

	(Unaudited)	
	2010	**2009**
Contributions from County	**$786,000**	**$660,925**
Investment income (loss)	**100,815**	**173,545**
Investment and administrative expenses	**(519,351)**	**(627,953)**
Benefits paid	**(3,846)**	**(27,833)**
Net increase (decrease) in assets available for benefits	**$363,618**	**$178,684**

As of December 31, 2010 and 2009, respectively, there were 11,539 and 11,309 participants with vested benefits in OBRA. The actuarial accrued liability of OBRA at December 31, 2010 and 2009, was $5,519,524 and $5,068,513, respectively, leaving net assets available less than the actuarial accrued liability of ($4,117,299) and ($4,029,906), respectively. These amounts are not reflected in the required supplementary information tables that follow the notes to the financial statements.

(9) Funded Status and Actuarial Information

The Retirement System engages an independent actuarial firm to perform an annual actuarial valuation. The funded status of the Retirement System as of January 1, 2011, the most recent actuarial valuation date, is as follows (dollar amounts in thousands):

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
$1,929,428	$2,091,927	$162,499	92.2%	$221,647	73.3%

The schedules of funding progress, presented as required supplementary information (RSI) immediately following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of the plan assets are increasing or decreasing over time relative to the AALs for benefits.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates about the future. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. These calculations reflect long-term perspectives and use techniques that are designed to reduce short-term volatility.

Following is a listing of the actuarial method significant assumptions used to determine the Annual Required Contribution (ARC) for the current year:

Valuation date	1/1/2011
Actuarial cost method	Aggregate Entry Age Normal
Asset valuation method	5-year smoothed market
Amortization methods:	
Contribution variance	Level dollar, closed
Administrative expenses	Level dollar, closed
All other unfunded liability	Level percent of payroll, closed
Remaining amortization periods:	
Contribution variance	5 years
Administrative expenses	10 years
All other unfunded liability	30 years
Actuarial Assumptions:	
Investment rate of return	8.00%
Projected salary increases	3.50%
Post-retirement benefit increases	2%, simple

(10) Subsequent Events

The Retirement System has evaluated subsequent events occuring through June 17, 2011. The date the financial statements were available to be issued for events requiring recording or disclosure in the Retirement System's financial statements. Management feels that no material events occurred that would require disclosure.

Required Supplementary Information

Schedule of Funding Progress
(in thousands of dollars)

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability– AAL (b)	Funded ratio (a/b)	(Overfunded) Unfunded AAL– (UAAL) (b-a)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
12/31/10	$1,929,428	$2,091,927	92.2%	$162,499	$221,647	73.3%
12/31/09	1,956,444	2,097,332	93.3%	140,888	237,040	59.4%
* 12/31/08	1,968,518	2,057,377	95.7%	88,859	233,820	38.0%
12/31/07	1,627,288	2,024,923	80.4%	397,635	227,364	174.9%
12/31/06	1,525,532	1,931,220	79.0%	405,688	223,005	181.9%
12/31/05	1,454,302	1,909,321	76.2%	455,019	225,722	201.6%

* Includes the anticipated impact from the $397.8 million in pension obligation bonds that was actually received by the plan during plan year 2009.

Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded (overfunded) actuarial accrued liability in isolation can be misleading. Expressing plan net assets as a percentage of the actuarial accrued liability provides one indication of the Retirement System's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the Retirement System is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Retirement System. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids the analysis of the Retirement System's progress in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, or the larger the percentage, if negative, the stronger the Retirement System.

Schedule of Employer Contributions for the Year Ended December 31,

Fiscal Year	Annual Required Contribution	Percentage Contributed
2010	$29,529,322	106.3%
2009	$30,355,535	1,508.1%*
2008	53,063,610	65.7%
2007	52,395,263	94.1%
2006	52,638,196	52.1%
2005	37,607,940	94.2%

*Actual contribution includes $397.8 million in pension obligation bonds and $29.0 million from a lawsuit settlement.

Notes to Required Supplementary Information

(1) Description –

The historical trend information is presented as required supplementary information. This information is intended to help users assess the Retirement System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

(2) Actuarial Assumptions and Methods –

The information presented in the required supplementary schedules was determined as part of the actuarial valuations as of January 1, 2011, for the plan year ending December 31, 2010. The actuarial valuations consider the changes effective January 1, 2011. Additional information as of the latest actuarial valuation follows:

(See independent auditor's report)

Valuation date	1/1/11
Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level percent of payroll, closed
Equivalent Single Amortization Period	14 years
Asset valuation method	5-year smoothing of difference between total expected return versus actual return
Actuarial Assumptions:	
COLA	2% of original pension benefits
Investment rate of return*	8.0%
Projected payroll growth*	3.5%
Mortality	Sex-distinct up – 1994 Mortality Table (for healthy pensioners) RP 2000 Disabled Mortality Table (for disabled pensioners

*Includes inflation at 3.0%

(3) Significant Factors Affecting Trends in Actuarial Information –

The changes regarding the increases in the Annual Compensation limit and the Annual benefit limit for years 2007-2011 are subject to the passage of the Ordinance Amendments by the County Board.

2011 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year -

- During 2010, the multiplier was reduced from 2.0% to 1.6% for elected officials, attorneys, the Machinists and TEAMCO members.
- During 2010, the retirement age for attorneys, Machinists and TEAMCO members for new hires was increased from 60 to 64.

2010 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year -

- Multiplier was reduced from 2.0% to 1.6% for non-represented employees, except Elected Officials and Deputy Sheriffs.
- Retirement age for non-represented new hires was increased to 64.

2009 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year -

- Increased annual compensation limit to $245,000.
- Increased annual benefit limit to $195,000.

2008 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Changed maximum period for back drop period to earliest unreduced benefit.
- Increased annual compensation limit to $230,000.
- Increased annual benefit limit to $185,000.

2007 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Changed disability assumption from assuming 100% of disabilities are Ordinary to 10% Ordinary and 90% Accidental for represented employees and 95% Ordinary and 5% Accidental for non-represented employees.
- Changed the back drop assumption from 70% of eligible employees elect a back drop with an average back drop period of four years to 75% of eligible employees elect a backdrop, where 75% are assumed to take the maximum period available to them and 25% take half the maximum period available.
- Increased annual compensation limit to $225,000.
- Increased annual benefit limit to $180,000.

(See independent auditor's report)

TEN-YEAR HISTORICAL TREND INFORMATION

REVENUES BY SOURCE AND EXPENSES BY TYPE
(Unaudited)

Revenues by Source

Fiscal Year	Participant Contributions	County Contributions(1)	Investment Income (Loss)(2)	Total
2010	$ 75,584	$ 32,893,562	$210,905,464	$243,874,610
2009	131,766	457,789,154	319,997,171	777,918,091
2008	140,209	34,840,886	(352,108,625)	(317,127,530)
2007	344,782	49,291,072	106,442,068	156,077,922
2006	545,258	27,435,154	207,804,929	235,785,341
2005	360,283	35,415,185	128,528,748	164,304,216
2004	711,322	35,143,178	188,633,703	224,488,203
2003	704,758	33,980,592	292,669,096	327,354,446
2002	436,682	2,579,984	(78,508,968)	(75,492,302)
2001	265,567	2,646,523	(28,309,035)	(25,396,945)

Expenses by Type

Fiscal Year	Benefits(3)	Investment and Administrative Expenses(4)	Withdrawals	Total
2010	$162,802,590	$8,445,062	$-0-	$171,247,652
2009	145,345,520	7,846,655	-0-	153,192,175
2008	144,160,665	7,385,443	23,557	151,569,665
2007	139,990,962	7,715,976	56,626	147,763,564
2006	130,730,539	6,622,923	13,571	137,367,033
2005	148,307,335	6,294,816	36,963	154,639,114
2004	161,368,700	6,302,951	154,522	167,826,173
2003	111,109,514	5,662,380	12,999	116,784,893
2002	118,078,160	5,301,678	30,230	123,410,068
2001	94,842,239	5,389,064	233,732	100,465,035

FOOTNOTES ARE IN THOUSANDS OF DOLLARS:

(1) Contributions are set during the County's budget process and are made at the discretion of the County Board.

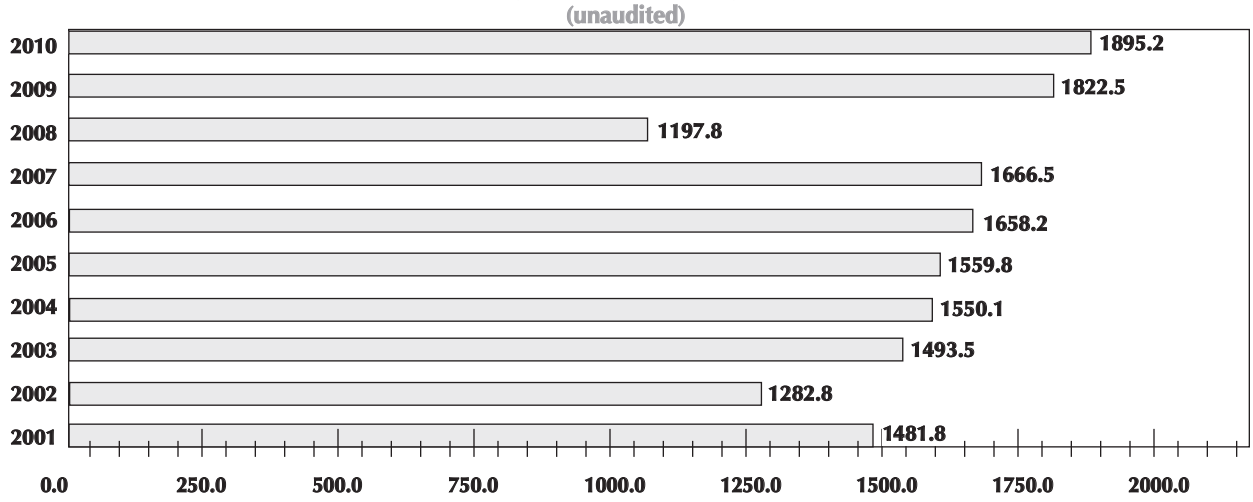
(2) Includes interest and dividends, net appreciation (depreciation) of fair value, net security lending income and other income.

(3) Included in the benefits for 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003 and 2002 are back drop lump-sum payments of $20.3, $8.7, $11.2, $10.5, $5.5, $25.7, $55.1, $11.0 and $23.1 million, respectively.

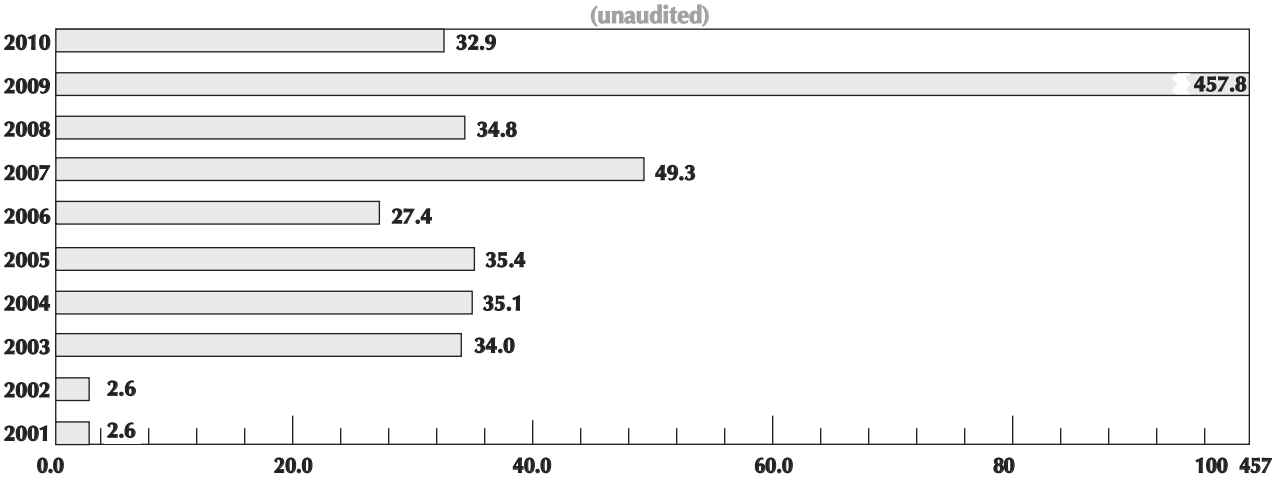
(4) The increase in investment and administrative expenses of $3,056 during the past ten years was due to increases in the following expenses:

- outside consultants of $655 with most of this increase occurred in 2008 and 2007. This expense dropped ($147) from 2009 to 2010. This is due to the completion of most of the work on the new pension computer system as of January 1, 2009;
- legal and corporate counsel fees of $412 due to buyback/buyin issues, RFP preparation and analysis, tax issues and various other legal matters;
- insurance expense of $225. This expense has been declining for the last six years;
- salaries and wages of $719 due primarily to the increase in benefits and increase in staff;
- temporary help of $125 due to unfilled positions and temporary projects;
- computer system expenses of $1,024. The plan started using its new computer system as of 1/1/09. Amortization of $646 and hosting expense of $250 caused most of this increase.
- investment manager, custodial and cash management fees increased $67 due to the increase in the size of the fund and a new pricing schedule for custodial services.

NET FUND ASSETS
FAIR VALUES 2010-2001
(in millions of dollars)
(unaudited)



ACTUAL COUNTY CONTRIBUTIONS
(in millions of dollars)
(unaudited)



ACTIVE MEMBERSHIP STATISTICS (Unaudited)

	2010	2009
Members as of January 1	6467	6,234*
Changes During the Year:		
New enrollments	266	320
Rehires	-	46
Nonvested terminations	(210)	(139)
Retirements	(344)	(266)
Deaths in active service	(4)	(15)
New deferred beneficiaries	-	0
Data adjustments	(234)	287
Members as of December 31	5,941	6,467*

**The total includes vested inactive members of 1,659 and 1,493 as of the beginning of the year and end of the year respectively.*

RETIREMENTS AND SURVIVORS (Unaudited)

	Retirements Granted								Survivors & Benefi-ciaries	Total
	Maxi-mum Pension	Option								
		Refund	100%	75%	50%	25%	10-yr.	Other		
January 1, 2010	2,937	514	1,244	197	1,088	328	137	54	793	7,292
Changes During the Year:										
Adjustments (actuary)*	(18)	2	5	4	12	6	11	(3)	(20)	(1)
Retirements	194	1	57	10	38	38	20	-	26	384
Pensioner deaths	(103)	(43)	(40)	(1)	(43)	(2)	(1)	(1)	-	(234)
December 31, 2010	3,010	474	1,266	210	1,095	370	167	50	799	7,441

*Adjustments as a result of reclassifications made to beginning balances by the actuary.

CONSULTANTS

as of December 31, 2010

Legal Advisors

Milwaukee County
Corporation Counsel
Timothy Schoewe

Reinhart, Boerner, Van Deuren s.c.
Milwaukee, Wisconsin

Actuary

Buck Consultants
Chicago, Illinois

Disbursing Agent

County Treasurer

Custodian/Securities Agent

BNY/Mellon Trust
Boston, Massachusetts

Medical Board

Aurora Medical Group
Milwaukee, Wisconsin

Investment Consultant

Marquette Associates, Inc.
Chicago, Illinois

Cash Management Manager

Mellon Trust
Boston, Massachusetts

Cash Equitization Manager

BNY Mellon BETA Management
San Francisco, California

Private Equity Managers

Adams Street Partners
Chicago, Illinois

Progress Investment Management Company
San Francisco, California

Long/Short Managers

ABS Investment Management
Greenwich, Connecticut

K2 Advisors
Stamford, Connecticut

U.S. Equity Investment Managers

AQR Capital Management, LLC
Greenwich, Connecticut

Artisan Partners
Milwaukee, Wisconsin

Fiduciary Management Associates, LLC
Chicago, Illinois

Robeco Investment Management
(formerly Boston Partners Asset Management)
Boston, Massachusetts

Mellon Capital Management
Pittsburgh, Pennsylvania

Reinhart Partners, Inc.
(formerly Reinhart & Mahoney Capital Management)
Mequon, Wisconsin

Fixed-Income Investment Managers

JPMorgan Investment Management
Columbus, Ohio

Mellon Capital Management
Pittsburgh, Pennsylvania

International Investment Managers

Barings Asset Management, Inc.
Boston, Massachusetts

Grantham, Mayo, Van Otterloo & Co.
Boston, Massachusetts

Real Estate Investment Trusts

ING Clarion Real Estate Securities
Radnor, Pennsylvania

Morgan Stanley
New York, New York

Infrastructure Managers

IFM Investment Advisor
New York, New York

JP Morgan
New York, New York

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EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE

ACTUARIAL VALUATION
JANUARY 1, 2010

May 14, 2010

The Retirement Board
Employees' Retirement System of the
County of Milwaukee
901 N. 9th St.
Milwaukee, WI 53233

Ladies and Gentlemen:

This report presents the results of the annual actuarial valuation of the Employees' Retirement System of the County of Milwaukee as of January 1, 2010. The valuation takes into account all of the promised benefits to which members are entitled as of January 1, 2010, including pension and survivor benefits; and as required by the Retirement Code is the basis for the Budget Contribution for fiscal year 2011.

The valuation was based on the actuarial assumptions and methods as adopted by the Board of Trustees, including a valuation interest rate of 8% per annum compounded annually. Based on our recommendations in May 2007, the Board adopted revised actuarial assumptions effective with the January 1, 2007 valuation. Minor adjustments in the assumptions and methods were adopted by the Board in 2008 and 2009 as well. The assumptions and methods used in this January 1, 2010 valuation report remain unchanged from the January 1, 2009 valuation report. Plan amendments have been reflected in the valuation since the January 1, 2009 valuation report. Effective January 1, 2010 for non-represented employees (excluding Elected Officials and Deputy Sheriffs), the multiplier was reduced from 2.0% to 1.6% for current members' future service & future hires' total service and the normal retirement age was increased to 64 for future hires only. In addition, the elimination of various provisions previously available for deputy sheriffs promoted to non-represented deputy sheriff positions are reflected but the impact of this change will be reflected as future promotions occur.

Assets and Membership Data

The Retirement System reported the individual data for members of the System as of the valuation date to the actuary. For 2010 we received the data in multiple files. We received the counts of members to include in the January 1, 2010 valuation separately from members' benefit information. Missing information was updated with either supplemental information sent or by using assumptions based on the prior year's data. While we did not verify the data at their source, we did perform tests for internal consistency and reasonableness. The amount of assets in the trust fund taken into account in the valuation was based on statements prepared for us by the Retirement System.

One North Dearborn Street, Suite 1400 • Chicago, IL 60602-4336
312.846.3000 • 312.846.3999 (fax)

Funding Adequacy

The 2009 valuation performed last year resulted in an Actual Funding Contribution of $30,355,535, against which $61,139,613 (adjusted for interest shown on Table 11) was actually contributed. The excess of $30,784,078 will be amortized over five years. Most of the excess ($29,000,000) represents the Mercer litigation, which was reflected for this valuation.

The Actual Funding Contribution for 2010, based on the results of this valuation, is $27,549,990. It is expected that $31,291,102 ($31,290,863 in expected contribution plus $239 interest) will be contributed during 2011 on behalf of the 2010 plan year. The excess contribution of $3,741,112 will be amortized over five years.

Budget Contribution

The 2011 Budget Contribution, expected to be contributed in 2012, is $31,602,000.

Financial Results and Membership Data

Detailed summaries of the financial results of the valuation and membership data used in preparing the valuation are shown in the valuation report. The actuary prepared supporting schedules and required supplementary information included in the County of Milwaukee Annual Report of the Pension Board.

Qualified actuaries completed the valuation in accordance with accepted actuarial procedures as prescribed by the Actuarial Standards Board. The qualified actuaries are members of the American Academy of Actuaries and are experienced in performing actuarial valuations of public employee retirement systems. To the best of our knowledge, this report is complete and accurate and has been prepared in accordance with generally accepted actuarial principles and practice. The undersigned with actuarial designations are qualified to render the opinions contained in this report.

Respectfully submitted,

Larry Langer, ASA, EA, MAAA
Principal, Consulting Actuary

Marco Ruffini
Senior Consultant

Lawrence Lin, ASA
Consultant, Actuary

LL/MR/LL:pl

EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE
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Executive Summary

This report presents the actuarial valuation as of January 1, 2010 for the Employees' Retirement System of the County of Milwaukee. The principal valuation results include:

- The Actual Funding Contribution for fiscal year 2010, which is $27,549,990.
- The Annual Required Contribution for fiscal year 2010 in accordance with GASB requirements, which is $29,529,322. GASB requires that the unfunded liability be amortized over a period of not more than thirty years. Typically the Annual Required Contribution and the Actual Funding Contribution are the same. Because the effective amortization period of the Actual Funding Contribution is over thirty years, the Annual Required Contribution can not be the same as the Actual Funding Contribution. We have independently calculated the Annual Required Contribution as the normal cost plus interest plus a thirty year amortization of the unfunded liability.
- The Budget Contribution for fiscal year 2011, which is $31,602,000.
- The total funded ratio of the plan determined as of January 1, 2010, which is 93.3% based on the accrued liability and the actuarial value of assets. On a market value basis, the plan is 86.9% funded.
- The determination of the actuarial gain or loss as of January 1, 2010, which is a loss of $84,943,001.
- Annual disclosure as of January 1, 2010 as required by Statement No. 25 of the Governmental Accounting Standards Board.

The valuation was based on membership and financial data submitted by the Retirement System.

Changes Since Last Year

Legislative and Administrative Changes

No administrative changes have been adopted since the previous valuation.

The following legislative changes have been adopted since the previous valuation. The benefit provisions and contribution provisions are summarized in Table 16. Plan amendments have been reflected in the valuation since the January 1, 2009 valuation report. Effective January 1, 2010 for non-represented employees (excluding Elected Officials and Deputy Sheriffs), the multiplier was reduced from 2.0% to 1.6% for current members' future service & future hires' total service and the normal retirement age was increased to 64 for future hires only. In addition, the elimination of various provisions previously available for deputy sheriffs promoted to non-represented deputy sheriff positions are reflected but the impact of this change will be reflected as future promotions occur.

Actuarial Assumptions and Methods

The results of this January 1, 2010 actuarial valuation report are based on the same actuarial assumptions and methods as the January 1, 2009 actuarial valuation. The actuarial assumptions and methods are outlined in Table 15.

Contribution Amounts

The results of the valuation as of January 1, 2010 determine the Actual Funding Contribution and Annual Required Contribution for fiscal year 2010 and the Budget Contribution for fiscal year 2011. The Actual Funding Contribution for fiscal year 2010 is $27,549,990. The Annual Required Contribution for GASB 25 disclosure for fiscal year 2010 is $29,529,322. The Budget Contribution for fiscal year 2011 is $31,602,000. The actual 2010 contribution and budgeted 2011 contribution were based on assumptions and methods as adopted by the Board and participant data as of January 1, 2010.

Reasons for Change in Budget Contribution Calculated by the Actuary

The Budget Contribution calculated by the actuary decreased from $38,548,000 for fiscal year 2010 to $31,602,000 for fiscal year 2011. A reconciliation of the decrease of $6,946,000 is shown in the following table:

Item		Amount
1. 2010 Budget Contribution		$ 38,548,000
2. Increase / (Decrease) during 2009 due to		
a. Unanticipated liability loss (gain)	$ (287,000)	
b. Asset experience other than expected	(2,376,000)	
c. 2009 reimbursable expenses other than assumed	32,000	
d. 2009 contribution variance other than assumed	(7,551,000)	
e. Full recognition of bases other than assumed	-	
f. Increase due to assumption changes	(816,000)	
g. Total		(10,998,000)
3. 2010 Actual Contribution (1 + 2)		$ 27,550,000
4. Expected Increase / (Decrease) during 2010 due to		
a. Normal cost and existing amortization schedule	$ 1,183,000	
b. Phase-in of deferred asset (gains) losses	3,674,000	
c. Amortization of 2010 reimbursable expenses	253,000	
d. Expected contribution variance for 2010	(937,000)	
e. Full recognition of 2001 reimbursable expenses	(121,000)	
f. Increase due to assumption changes	-	
g. Total		4,052,000
5. 2011 Budget Contribution (3 + 4)		$ 31,602,000

Summary of Principal Results

Summarized below are the principal financial results for the Employees' Retirement System of the County of Milwaukee based upon the actuarial valuation as of January 1, 2010. Comparable results from the January 1, 2009 valuation are also shown.

Item	January 1, 2010	January 1, 2009
Demographics		
Active Members		
• Number	4,808	4,837
• Average Annual Pay	$ 49,301	$ 48,340
Inactive Members		
• Members Receiving Benefits		
• Number	7,292	7,308
• Average Annual Benefit Payment	$ 18,839	$ 18,386
• Members With Deferred Benefits		
• Number	1,659	1,397
• Average Annual Benefit Payment	$ 7,087	$ 7,329
Actual Funding Contribution	**(Fiscal Year 2010)**	**(Fiscal Year 2009)**
• Normal Cost with Interest	$ 20,736,844	$ 21,395,539
• Net Amortization Payments	6,813,146	8,959,996
• Total Contribution	$ 27,549,990	$ 30,355,535
Actuarial Funded Status		
• Accrued Liability	$ 2,097,332,110	$ 2,057,376,988
• Actuarial Value of Assets	1,956,443,729	1,968,518,479
• Unfunded Accrued Liability	$ 140,888,381	$ 88,858,509
• Funded Ratio	93.3 %	95.7 %

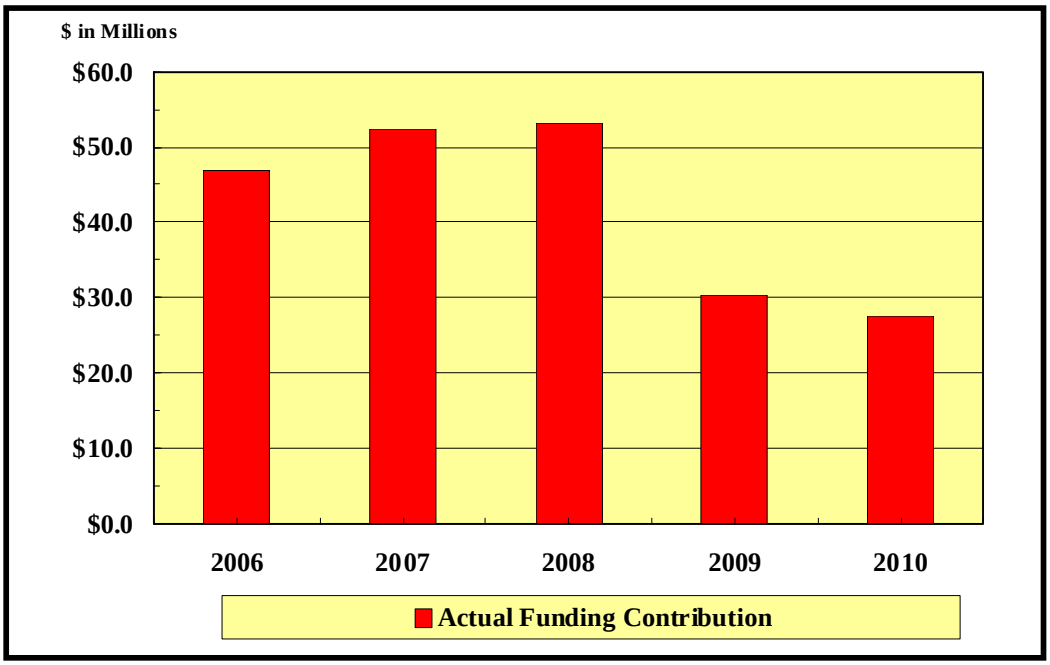
Five-Year History of Principal Financial Results

Five-Year History of Contribution Amounts

Valuation as of January 1	Actual Funding Contributions		
	Normal Cost with Interest	Net Amortization Payments	Total
2010	$ 20,736,844	$ 6,813,146	$ 27,549,990
2009	21,395,539	8,959,996	30,355,535
2008	21,012,737	32,050,873	53,063,610
2007	21,189,240	31,206,023	52,395,263
2006	22,622,593	24,306,754	46,929,347

The following chart shows a five-year history of employer contribution amounts:

Five-Year History of Actual Funding Contributions



Funded Ratio

The financing objective of the System is to:

- Fully fund all current costs based on the normal contribution rate determined under the funding method; and
- Liquidate the unfunded accrued liability based on the amortization schedules as required by the retirement code, i.e., a schedule of 5, 10, or 30 years for each change in the unfunded accrued liability according to Section 3.1.

The total Actual Funding Contribution of $27,549,990, when taken together with the contributions payable by the members and asset returns, is the amount sufficient to achieve the financing objective for 2010.

The System's total funded ratio on the funding basis is measured by comparing the actuarial value of assets (based on a 5-year moving average market value) with the accrued liability. The accrued liability for pensions is the present value of benefits accumulated to date under the System's funding method and reflects future pay increases for active employees.

On this basis, the System's funded ratio is 93.3% as of January 1, 2010. This funded ratio is based on an actuarial value of assets of $1,956,443,729 and an accrued liability of $2,097,332,110.

Reasons for Change in the Total Funded Ratio

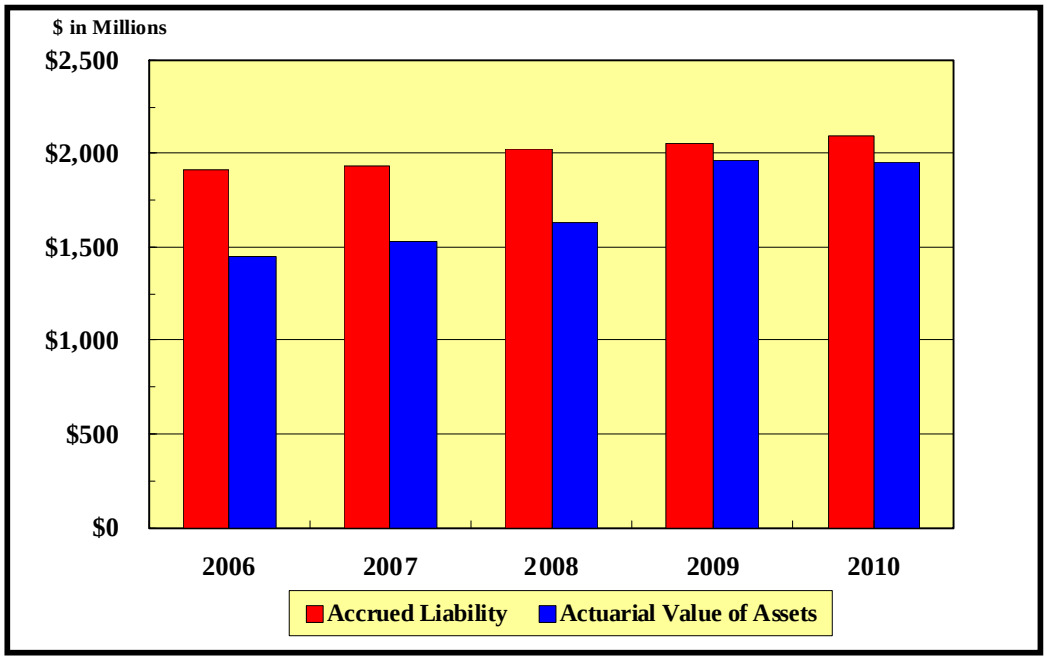
The total funded ratio decreased from 95.7% as of January 1, 2009 to 93.3% as of January 1, 2010. The decrease is due to net recognition of asset losses from calendar years 2008 and 2007. While returns from 2009 were substantially better than the expected return assumption of 8.0%, they were not sufficient to offset losses from these two years. Overall liability experience was generally on target with that expected, resulting in a small decrease in funded ratio.

Five-Year History of Total Funded Ratio
($ Amounts in Thousands)

Valuation as of January 1	Accrued Liability	Actuarial Value of Assets	Unfunded Accrued Liability	Funded Ratio
2010	$ 2,097,332	$ 1,956,444	$ 140,888	93.3%
2009	2,057,377	1,968,518	88,859	95.7
2008	2,024,923	1,627,288	397,635	80.4
2007	1,931,220	1,525,532	405,688	79.0
2006	1,909,321	1,454,302	455,020	76.2

The following chart shows a five-year history of the accrued liability and the actuarial value of assets:

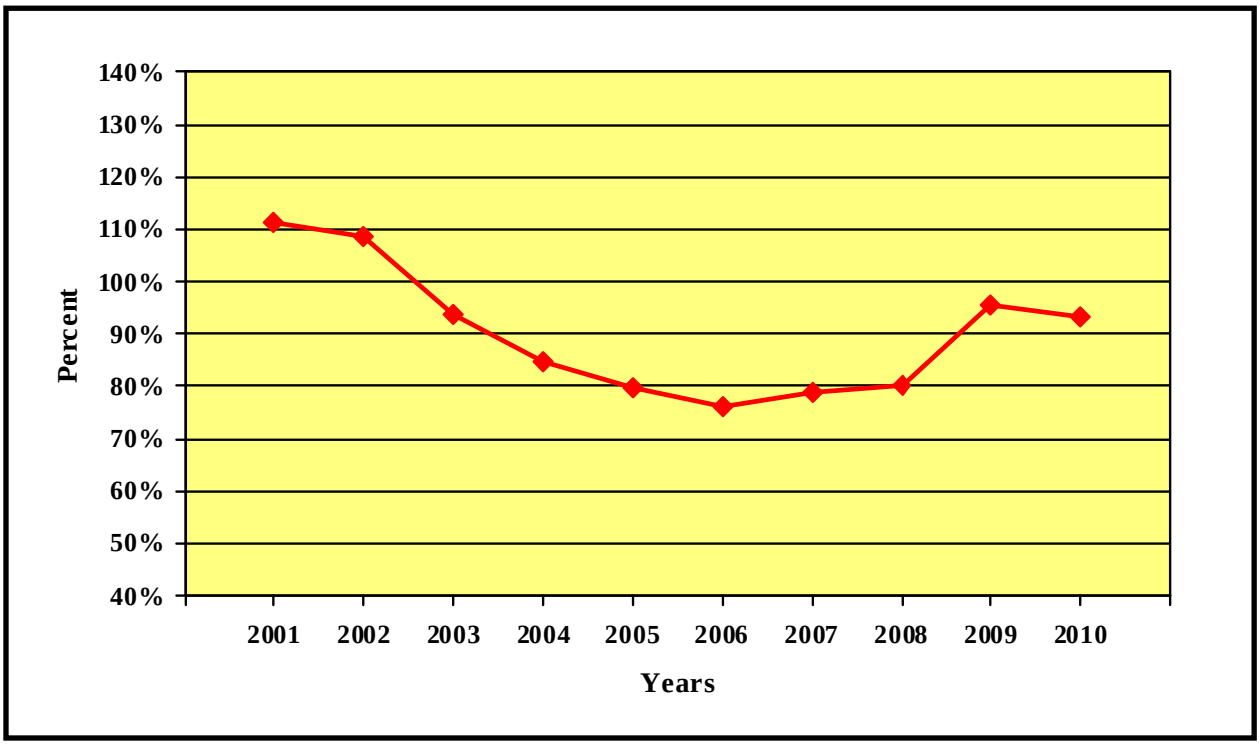
Five-Year History of Accrued Liability and Actuarial Value of Assets



The following chart shows a ten-year history of the total funded ratio:

Ten-Year History of Total Funded Ratio

(2001 - 2010)



GASB No. 25 Disclosure

Statement No. 25 of the Governmental Accounting Standards Board established reporting standards for the annual financial reports of defined benefit pension plans. The System complied with Statement No. 25 beginning with the January 1, 1997 valuation. The statement requires disclosure of the "schedule of funding progress" and the "schedule of employer contributions" in the System's financial statements.

The "schedule of funding progress" shows historical trend information about the System's actuarial value of assets, the actuarial accrued liability and the unfunded actuarial accrued liability. The actuarial funded ratio is measured by comparing the actuarial value of assets (based on a 5-year moving average market value) with the accrued liability. The accrued liability is the present value of benefits accumulated to date under the System's funding method and reflects future pay increases for active employees. On this basis, the System's funded ratio is 93.3% as of January 1, 2010. This funded ratio is based on an actuarial value of assets of $1,956,443,729 and an accrued liability of $2,097,332,110.

The "schedule of employer contributions" shows historical trend information about the annual required contribution (ARC) for pensions of the employer and the percentage of the ARC contributed to the System. The ARC is equal to the normal cost for pensions plus amortization of the unfunded actuarial accrued liability for pensions. The maximum period of amortizing the unfunded actuarial accrued liability permitted by GASB No. 25 is 30 years. The maximum amortization period decreased from 40 years to 30 years in 2007. The employer contributions to the System are equal to the normal cost plus a payment towards each change in the unfunded accrued liability, which are amortized over 5, 10 or 30-year periods, depending on the source of the changes. In 2010, the ARC was set at the normal cost plus interest plus a thirty year amortization of the unfunded liability. Please refer to page one of this report for more details. The ARC and the actual employer percentage contributed for the six fiscal years ending December 31, 2010 are shown in Table 14.

Rate of Return

The investment return of the trust fund (i.e. total return including both realized and unrealized gains and losses) for fiscal years 2005 through 2009 is shown in the table below. The return based on the actuarial value of assets used for determining annual contribution rates is also shown.

The rate of return on market value reflects the investment earnings on the market value of assets from the beginning of the fiscal year to the end of the fiscal year. The actuarial assets are the assets recognized for valuation purposes. Actuarial assets are based on a smoothed market value that spreads the difference between the actual and expected return over a period of five years. The rate of return on the actuarial value of assets is a measure of the increase in the actuarial value of assets from the beginning of the fiscal year to the end of the fiscal year. The rates of return shown below have been developed by the actuary for illustrative purposes only. They are based on simplifying assumptions and as such, likely will not exactly match the returns presented by your investment consultants. The reader is encouraged to use the returns developed by the investment consultants.

Five Year History of Asset Returns

As of	Asset Values		Estimated Rates of Return		
12/31	Market	Actuarial	Market	Actuarial	Assumed
2009	$ 1,822,539,885	$ 1,956,443,729	20.4%	3.9%	8.0%
2008	1,595,610,970	1,968,518,479	(22.5%)	3.4%	8.0%
2007	1,666,511,165	1,627,287,632	6.3%	13.2%	8.0%
2006	1,658,195,799	1,525,531,519	13.5%	12.6%	8.0%
2005	1,559,777,489	1,454,301,600	8.3%	10.6%	8.5%
	Compound Rate of Return (five years):		4.0%	8.7%	

TABLE 1

SUMMARY OF RESULTS OF ACTUARIAL VALUATION

Item	January 1, 2010	January 1, 2009
Participant Data		
1. Number of Participants		
a) Active Participants	4,808	4,837
b) Participants with Deferred Benefits	1,659	1,397
c) Participants Receiving Benefits	7,292	7,308
d) Total	13,759	13,542
2. Annualized Salaries	$ 237,040,117	$ 233,820,179
3. Annual Annuities	$ 137,374,794	$ 134,363,234
Valuation Results		
4. Present Value of Future Benefits		
a) Active Participants	$ 815,159,772	$ 812,317,967
b) Participants with Deferred Benefits	83,526,610	72,648,595
c) Participants Receiving Benefits	1,334,975,449	1,313,759,117
d) Total	$ 2,233,661,831	$ 2,198,725,679
5. Present Value of Future Normal Cost	$ 136,329,721	$ 141,348,691
6. Actuarial Accrued Liability: (4 - 5)	$ 2,097,332,110	$ 2,057,376,988
7. Actuarial Value of Assets	$ 1,956,443,729	$ 1,968,518,479
8. Funded Status: (7 / 6)	93.3 %	95.7 %
9. Unfunded Actuarial Accrued Liability: (6 - 7)	$ 140,888,381	$ 88,858,509
10. Normal Cost Rate	8.418 %	8.805 %
11. Normal Cost for the Plan Year	$ 19,954,037	$ 20,587,867
Employer Actual Funding Contribution and Annual Required Contribution for Fiscal Year		
12. Actual Funding Contribution Calculated by Actuary		
a) Normal Cost with Interest	$ 20,736,844	$ 21,395,539
b) Net Annual Amortization Payments	6,813,146	8,959,996
c) Total Contribution: ((a + b), not less than zero)	$ 27,549,990	$ 30,355,535

TABLE 2

SECURITY OF PROMISED BENEFITS
UNFUNDED ACTUARIAL ACCRUED LIABILITY
FUNDED STATUS

Item	January 1, 2010	January 1, 2009
1. Actuarial Accrued Liability		
a. Active Participants		
Retirement Benefits	$ 635,099,070	$ 626,532,429
Withdrawal Benefits	30,640,234	31,253,335
Disability Benefits	5,345,006	5,591,189
Death Benefits	7,745,741	7,592,323
Total Active	678,830,051	670,969,276
b. Participants with Deferred Benefits	83,526,610	72,648,595
c. Participants Receiving Benefits	1,334,975,449	1,313,759,117
d. Total All Participants	$ 2,097,332,110	$ 2,057,376,988
2. Actuarial Value of Assets	1,956,443,729	1,968,518,479
3. Unfunded Actuarial Accrued Liability (1d - 2)	$ 140,888,381	$ 88,858,509
4. Funded Status: (2 / 1d)	93.3%	95.7%

The interest rate used as of January 1, 2010 and January 1, 2009 was 8.00%

TABLE 3

ACTUARIAL GAIN/(LOSS) FOR PLAN YEAR ENDING

Item	December 31, 2009	December 31, 2008
1. Actuarial Accrued Liability at the Beginning of the Year	$ 2,057,376,988	$ 2,024,922,619
2. Increases/(Decreases) During the Year		
a. Normal Cost for the Year	20,587,867	20,219,516
b. Member Contributions	131,766	140,209
c. Benefit Payments and Refunds	(145,345,520)	(144,184,222)
d. Assumed Interest to End of Year	159,701,025	157,136,114
e. Plan and Assumption Changes*	(1,589,892)	-
f. Total: (a + b + c + d + e)	33,485,246	33,311,617
3. Expected Liability at the End of the Year: (1 + 2)	2,090,862,234	2,058,234,236
4. Actuarial Accrued Liability at the End of the Year	2,097,332,110	2,057,376,988
5. Liability Gain/(Loss): (3 - 4)	**$ (6,469,876)**	**$ 857,248**
6. Actuarial Value of Assets at the Beginning of the Year	$ 1,968,518,479	$ 1,627,287,632
7. Increases/(Decreases) During the Year		
a. County Contributions	59,992,154	34,840,886
b. Member Contributions	131,766	140,209
c. Pension Obligation Bond Proceeds	-	397,797,000
d. Benefit Payments and Refunds	(145,345,520)	(144,184,222)
e. Administrative Expenses payable to the County	(1,312,156)	(1,031,291)
f. Assumed Interest to End of Year	152,932,131	124,532,608
g. Total: (a + b + c + d + e + f)	66,398,375	412,095,190
8. Expected Actuarial Assets at the End of the Year	2,034,916,854	2,039,382,822
9. Actuarial Value of Assets at the End of the Year	1,956,443,729	1,968,518,479
10. Actuarial Asset Gain/(Loss): (9 - 8)	**$ (78,473,125)**	**$ (70,864,343)**
11. Total Gain/(Loss): (5 + 10)	**$ (84,943,001)**	**$ (70,007,095)**

* For year ending December 31, 2009, the multiplier was decreased from 2.0% to 1.6% for current members' future service and future hires' total service and normal retirement age was revised to 64 for future hires. These changes would apply only to non-represented employees, excluding Elected Officials and Deputy Sheriffs.

TABLE 4

AMORTIZATION SCHEDULE FOR ACTUAL FUNDING CONTRIBUTION FOR 2010 PLAN YEAR

	Amortization Period				Balances		
Type of Payment	Date Created	Initial Years	Remaining Years	Last Payment	Initial	Outstanding	Payment
1. Charges							
Expense	1/1/2001	10	1	2010	$ 799,202	$ 111,713	$ 120,650
Expense	1/1/2002	10	2	2011	780,362	209,633	117,557
Expense	1/1/2003	10	3	2012	1,017,500	393,565	152,718
Expense	1/1/2004	10	4	2013	1,052,422	521,324	157,398
Reestablished unfunded	1/1/2004	30	24	2033	257,960,162	293,167,446	20,615,893
Expense	1/1/2005	10	5	2014	1,053,714	628,085	157,308
Loss	1/1/2005	30	25	2034	88,729,863	98,314,687	6,755,229
Expense	1/1/2006	10	6	2015	972,805	670,207	144,977
Assumption Change	1/1/2006	30	26	2035	95,861,177	103,397,449	6,951,847
Expense	1/1/2007	10	7	2016	988,048	766,631	147,248
Expense	1/1/2008	10	8	2017	915,868	784,367	136,491
Method Change	1/1/2008	30	28	2037	48,020,858	49,673,177	3,210,308
Expense	1/1/2009	10	9	2018	1,031,291	960,101	153,693
Loss	1/1/2009	30	29	2038	70,007,095	71,238,702	4,521,875
Expense	1/1/2010	10	10	2019	1,312,156	1,312,156	195,550
Loss	1/1/2010	30	30	2039	84,943,001	84,943,001	5,301,072
Total Charges						$ 707,092,244	$ 48,839,814
2. Credits							
Gain	1/1/2006	30	26	2035	$ 12,975,497	$ 13,995,584	$ 940,983
Gain	1/1/2007	30	27	2036	55,348,557	58,133,067	3,829,689
Assumption Change	1/1/2007	30	27	2036	26,558,457	27,894,577	1,837,638
Gain	1/1/2008	30	28	2037	61,342,303	63,452,990	4,100,878
Pension Obligation Bond Proceeds	1/1/2009	30	29	2038	363,950,833	370,353,675	23,508,188
Variance	1/1/2010	5	5	2014	30,784,078	30,784,078	7,710,071
Plan Change	1/1/2010	30	30	2039	1,589,892	1,589,892	99,221
Total Credits						$ 566,203,863	$ 42,026,668
3. Net Amount (1 - 2)						$ 140,888,381	$ 6,813,146

Annual amortization payments of the reestablished unfunded actuarial accrued liability (UAAL), and changes to the UAAL arising from plan changes, assumption changes, and actuarial gains/losses are amortized as a level percentage of payroll, assuming payroll growth of 3.5% per year over a 30-year period.

Administrative expenses incurred by the County related to the System are payable by the System to the County. The County then reimburses the System for this payment on a level dollar basis over 10 years.

The variance between the amount contributed to the System for a plan year, and the actual contribution requirement for that year is amortized on a level dollar basis over 5 years. Per Ordinance approved in 2009, the Pension Obligation Bond proceeds were used to offset all existing bases at January 1, 2009 arising from variances between amounts contributed to the System and actual contribution requirements. This reduced the net outstanding balance of amortizations by $33,846,167. The remaining amount of $363,950,833 has been amortized as a level percent of payroll over a period of 30 years.

TABLE 5

DEVELOPMENT OF NORMAL COST
FOR CURRENT AND PRIOR PLAN YEAR ACTUAL FUNDING CALCULATIONS

Item	January 1, 2010	January 1, 2009
1. Present Value of Projected Benefits		
a. Active Participants		
Retirement Benefits	$ 740,734,535	$ 737,262,177
Withdrawal Benefits	46,450,860	47,081,762
Disability Benefits	17,743,590	17,908,145
Death Benefits	10,230,787	10,065,883
Total Active	815,159,772	812,317,967
b. Participants with Deferred Benefits	83,526,610	72,648,595
c. Participants Receiving Benefits	1,334,975,449	1,313,759,117
d. Total All Participants	2,233,661,831	2,198,725,679
2. Actuarial Value of Assets	1,956,443,729	1,968,518,479
3. Unfunded Actuarial Accrued Liability	140,888,381	88,858,509
4. Present Value of Future Normal Costs (1d - 2 - 3)	136,329,721	141,348,691
5. Present Value of Future Salaries	1,619,552,320	1,605,334,354
6. Normal Cost Rate: (4 / 5)	8.418%	8.805%
7. Expected Salaries for the Plan Year*	237,040,117	233,820,179
8. Normal Cost for the Plan Year: (6 x 7)	**19,954,037**	**20,587,867**

* Prior-year earnings increased by the salary assumption and limited by the IRS compensation limit for those under the mandatory retirement age.

TABLE 6

CONTRIBUTION REQUIREMENTS – END-OF-YEAR BASIS
ACTUAL AND BUDGET AMOUNTS FOR CURRENT PLAN YEAR
BUDGET AMOUNT FOR NEXT PLAN YEAR

Item	2011 Budget	2010 Actual	2010 Budget
1. Normal Cost with Interest	$ 21,463,000	$ 20,736,844	$ 22,144,000
2. Net Annual Amortizations	10,139,000	6,813,146	16,404,000
3. Total Contribution ((1 + 2), not less than zero)	$ 31,602,000	$ 27,549,990	$ 38,548,000

The budgeted contributions shown above for the 2011 and 2010 plan years were estimated based on participant data as of January 1, 2010, and January 1, 2009, respectively.

The actual contribution for the 2010 plan year was determined based on participant data and funding method as of January 1, 2010. A contribution of $29,529,322 satisfies the pension accounting requirements of GASB Statement Nos. 25 and 27.

Changes in assumptions, methodology, and plan provisions since the prior valuation:

> Effective January 1, 2010, the multiplier was decreased from 2.0% to 1.6% for current members' future service and future hires' total service and normal retirement age was revised to 64 for future hires. These changes would apply only to non-represented employees, excluding Elected Officials and Deputy Sheriffs.

TABLE 7

SUMMARY STATEMENT OF MARKET VALUE OF PLAN ASSETS

Asset Category	December 31, 2009	December 31, 2008
1. Cash and Cash Equivalents	$ 327,962,071	$ 17,885,705
2. Investments at Fair Value		
a. Domestic common and preferred stocks	$ 397,736,153	$ 310,135,553
b. Futures Contracts	(102,047)	-
c. Corporate bonds	514,876,896	513,170,471
d. International common and preferred stocks	345,155,240	168,794,648
e. Federal agency and mortgage-backed certificates	68,791,936	53,468,718
f. International fixed income	24,433,194	23,777,543
g. U.S. Government and state obligations	53,047,974	19,440,788
h. Real estate investment trusts	42,241,529	31,828,295
i. Venture capital	22,205,660	18,074,439
j. Total Investments	1,468,386,535	1,138,690,455
3. Contributions Receivable for OBRA and ERS	31,646,905	35,349,788
4. (Payable) to OBRA Pension Plan	(1,038,607)	(861,293)
5. Pension Obligation Bond Receipts Receivable	-	397,797,000
6. Net All Other Receivables (Liabilities)	(4,417,019)	6,749,315
7. Net Assets Held in Trust for ERS Pension Benefits (1 + 2j + 3 + 4 + 5 + 6)	$ 1,822,539,885	$ 1,595,610,970

TABLE 8

SUMMARY RECONCILIATION OF MARKET VALUE OF PLAN ASSETS

Item	For Year Ending December 31, 2009	For Year Ending December 31, 2008
1. Market Value of Assets at the Beginning of the Year	$ 1,595,610,970	$ 1,666,511,165
2. Contributions for Plan Year		
a. County *	$ 59,992,154	$ 34,840,886
b. Member	131,766	140,209
c. Total	60,123,920	34,981,095
3. Disbursements for Plan Year		
a. Benefit payments and refunds	$ 145,345,520	$ 144,184,222
b. Administrative expenses payable to County	1,312,156	1,031,291
c. Total	146,657,676	145,215,513
4. Proceeds of Pension Obligation Bonds	-	397,797,000
5. Market Value of Assets at the End of the Year	1,822,539,885	1,595,610,970
6. Net Investment Income ** (5 - 1 - 2c + 3c - 4)	313,462,671	(358,462,777)
7. Expected Net Investment Income (8.00% per annum)	123,099,531	127,670,490
8. Gain (Loss) on Market Value of Assets (6 - 7)	190,363,140	(486,133,267)
9. Estimated Rate of Return	20.4%	(22.5%)

* County contributions include Mercer settlement of $29,000,000.

** Net Investment Income is the change in the value of assets for reasons other than contributioins and disbursements.

TABLE 9

DERIVATION OF ACTUARIAL VALUE OF PLAN ASSETS AS OF DECEMBER 31, 2009

1. Market Value of Assets as of December 31, 2009				$ 1,822,539,885
2. Determination of Deferred Gain (Loss)				
Year	Gain/(Loss)	Percentage Deferred	Amount Deferred	
2009	$ 190,363,140	80%	$ 152,290,512	
2008	(486,133,267)	60%	(291,679,960)	
2007	(27,533,110)	40%	(11,013,244)	
2006	82,494,242	20%	16,498,848	
2005	(2,393,630)	0%	-	
Total				(133,903,844)
3. Actuarial Value of Assets (1 - 2)				$ 1,956,443,729

TABLE 10

SUMMARY RECONCILIATION OF ACTUARIAL VALUE OF PLAN ASSETS AS OF DECEMBER 31, 2009

Item	For Year Ending December 31, 2009	For Year Ending December 31, 2008
1. Actuarial Value of Assets at the Beginning of the year	$ 1,968,518,479	$ 1,627,287,632
2. Contributions for Plan Year		
a. County *	$ 59,992,154	$ 34,840,886
b. Member	131,766	140,209
c. Total	60,123,920	34,981,095
3. Disbursements for Plan Year		
a. Benefit payments and refunds	$ 145,345,520	$ 144,184,222
b. Administrative expenses payable to County	1,312,156	1,031,291
c. Total	146,657,676	145,215,513
4. Proceeds of Pension Obligation Bonds	-	397,797,000
5. Actuarial Value of Assets at the End of the Year	1,956,443,729	1,968,518,479
6. Net Investment Income ** (5 - 1 - 2c + 3c - 4)	74,459,006	53,668,265
7. Expected Net Investment Income (8.00% per annum)	152,932,131	124,532,608
8. Gain (Loss) on Actuarial Value of Assets (6 - 7)	(78,473,125)	(70,864,343)
9. Estimated Rate of Return	3.9%	3.4%

* County contributions include Mercer settlement of $29,000,000.

** Net Investment Income is the change in the value of assets for reasons other than contributioins and disbursements.

TABLE 11

EMPLOYER CONTRIBUTIONS FOR 2009 PLAN YEAR AND VARIANCE FROM THE FUNDING CALCULATION CONTRIBUTION

Item				Amount
1. Total Funding Calculation, End-of-Year Basis, for 2009 Plan Year (from January 1, 2009 actuarial valuation report)				$ 30,355,535
2. Total Employer Contributions Made, End-of-Year Basis				
Contribution Made	Fraction of a Year Invested	Contribution Amount	Interest to Year End*	End of Year Amount
Bi-weekly	50.0%	$ 6,174	$ 242	$ 6,416
7/1/2009	50.4%	29,000,000	1,147,217	30,147,217
2/15/2010	0.0%	5,660,925	-	5,660,925
3/15/2010	0.0%	5,000,000	-	5,000,000
4/15/2010	0.0%	4,339,075	-	4,339,075
5/17/2010	0.0%	5,548,100	-	5,548,100
6/15/2010	0.0%	9,437,880	-	9,437,880
7/15/2010	0.0%	1,000,000	-	1,000,000
Total		$ 59,992,154	$ 1,147,459	$ 61,139,613
3. Variance from Actual Funding Contribution Amount** (2 - 1)				$ 30,784,078

* Interest to 12/31/2009 at 8.00% per annum

** Variance will be amortized on a level dollar basis over five years.

TABLE 12

GASB NOS. 25 AND 27 DISCLOSURE INFORMATION FOR CURRENT AND PRIOR PLAN YEAR

Equivalent Single Amortization Period

Item	January 1, 2010	January 1, 2009
1. Covered Payroll	$ 237,040,117	$ 233,820,179
2. Unfunded Amount	140,888,381	88,858,509
3. Amortization Payment	6,813,146	8,959,996
4. Payment as a Level Percentage of Payroll (3 / 1)	2.87%	3.83%
5. Weighted Average Amortization Period (2 / 3)	20.68	9.92
6. Equivalent Single Amortization Period (Nearest Whole Year)	63	14

Net Pension Obligation

Item	January 1, 2010	January 1, 2009
1. Annual Required Contribution (ARC)	$ 29,529,322	$ 30,355,535
2. Interest on Net Pension Obligation	(31,648,580)	3,069,290
3. Adjustment to ARC	24,688,821	(9,609,043)
4. Annual Pension Cost (APC)	22,569,563	23,815,782
5. Contributions made*	(31,290,863)	(457,789,154)
6. Increase (Decrease) in Net Pension Obligation	(8,721,300)	(433,973,372)
7. Net Pension Obligation at Beginning of Year	(395,607,251)	38,366,121
8. Net Pension Obligation at End of Year**	(404,328,551)	(395,607,251)
9. Percent of APC Contributed	138.64%	1922.21%

* Contributions for 2010 are estimated based on the County budget

** NPO at December 31, 2010 is estimated based on expected contributions to be made for the year

TABLE 13

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
($ Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Funded Ratio (a / b)	(Overfunded) Unfunded Actuarial Accrued Liability (b - a)	Covered Payroll (c)	(Overfunded) Unfunded as a Percentage of Covered Payoll [(b - a) / c]
1/1/2010	$ 1,956,444	$ 2,097,332	93.3%	$ 140,888	$ 237,040	59.4%
1/1/2009	1,968,518	2,057,377	95.7%	88,859	233,820	38.0%
1/1/2008	1,627,288	2,024,923	80.4%	397,635	227,364	174.9%
1/1/2007	1,525,532	1,931,220	79.0%	405,688	223,005	181.9%
1/1/2006	1,454,302	1,909,321	76.2%	455,020	225,722	201.6%

TABLE 14

SCHEDULE OF EMPLOYER CONTRIBUTIONS
GASB STATEMENT NO. 25 DISCLOSURE

Fiscal Year Ended December 31	Annual Required Contribution	Percentage Contributed
2010	$ 29,529,322	106.0 % *
2009	30,355,535	1508.1
2008	53,063,610	65.7
2007	52,395,263	94.1
2006	52,638,196	52.1

The information presented above was determined as part of the actuarial valuation as of the dates indicated (i.e., the contribution determined by the valuation completed as of January 1, 2009 was contributed in the fiscal year ending December 31, 2009).
Additional information as of the latest actuarial valuation follows:

Valuation Date:	1/1/2010
Actuarial Cost Method:	Aggregate Entry Age Normal
Amortization Method:	
- Contribution Variance and Administrative Expenses	Level dollar, closed
- All Other Unfunded Liability	Level percent of payroll, closed
Remaining Amortization Period:	
- Contribution Variance**	5 Years
- Administrative Expenses	10 Years
- All Other Unfunded Liability	30 Years
Asset Valuation Method:	5-year smoothed market
Actuarial Assumptions:	
- Investment Rate of Return	8.00%
- Payroll Growth	3.50%

* Contributions for 2010 are estimated based on the County budget

** POB proceeds not subject to contribution variance. Outstanding contribution variances as of January 1, 2009 were offset against POB proceeds.

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS

ASSUMPTIONS

Interest Rate: 8.0% per annum, compounded annually. The components are 3.0% for inflation and 5.0% for the real rate of return.

Separation From Service: Illustrative rates of assumed separation from service are shown in the following tables.

Annual Rates per 100 Participants

Mortality*				
Attained Age	Healthy Pensioners		Disabled Pensioners	
	Males	Females	Males	Females
45	0.13	0.11	2.26	0.75
50	0.19	0.19	2.90	1.15
55	0.31	0.38	3.54	1.65
60	0.59	0.76	4.20	2.18
65	1.11	1.26	5.02	2.80
70	1.86	1.96	6.26	3.76
75	2.87	3.40	8.21	5.22
80	5.03	5.86	10.94	7.23
85	8.61	10.72	14.16	10.02

* Healthy pensioners: The sex-distinct UP-1994 Mortality Table projected to 2010, set back 1 year for males and set forward 4 years for females.

Active members: 70% of the rates applicable to healthy pensioners.

Disabled pensioners: RP2000 Disabled Mortality Table.

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

Annual Rates per 100 Participants

Attained Age	Withdrawal – Ultimate			Disability
	General Employees	Elected Officials*	Deputy Sheriffs	
20	10.00	2.00	13.50	0.00
25	9.40	2.00	11.70	0.04
30	9.00	2.00	6.90	0.07
35	6.60	2.00	3.60	0.12
40	4.70	2.00	2.40	0.19
45	3.75	2.00	2.00	0.22
50	2.95	2.00	2.00	0.22
55	2.30	2.00	2.00	0.22
60	0.00	0.00	0.00	0.22
65	0.00	0.00	0.00	0.22

* Select rates for elected officials assume no turnover for first four years.

Annual Rates per 100 Participants

Withdrawal – Select Rates by Year of Employment					
Attained Age	General Employees				
	0	1	2	3	4
20	36.0	25.0	25.0	15.0	12.5
25	31.2	23.4	20.4	15.0	11.9
30	27.1	22.4	16.8	13.2	9.1
35	24.7	21.4	14.8	11.4	7.2
40	22.3	19.2	14.0	10.4	6.7
45	21.5	16.8	14.0	10.0	5.9
50	21.5	14.8	14.0	10.0	7.6
55	21.5	14.0	14.0	10.0	9.0

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

Annual Rates per 100 Participants

Retirement Rates				
Attained Age	**General Employees** (backdrop eligible)	**General Employees** (not backdrop eligible)	**Elected Officials**	**Deputy Sheriffs**
45-49	19.8	0.0	0.0	26.0
50-54	19.8	7.0	0.0	31.0
55	19.8	15.0	19.8	16.0
56	19.8	15.0	19.8	40.0
57	23.0	15.0	23.0	40.0
58	20.4	15.0	20.4	40.0
59	24.8	15.0	24.8	40.0
60	19.4	20.0	19.4	40.0
61	22.5	20.0	22.5	75.0
62	28.4	20.0	28.4	80.0
63	26.6	20.0	26.6	50.0
64	24.3	25.0	24.3	50.0
65	30.4	30.0	30.4	100.0
66	22.5	30.0	22.5	100.0
67	25.7	30.0	25.7	100.0
68	34.2	30.0	34.2	100.0
69	36.0	30.0	36.0	100.0
70	100.0	100.0	100.0	100.0

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

Salary Increase: Effective average of 4.5% per annum, compounded annually. Representative values are as follows:

Annual Rate of Salary Increase

Age	General Employees	Elected Officials	Deputy Sheriffs
20	10.0%	3.5%	9.5%
25	8.2	3.5	9.2
30	5.8	3.5	8.4
35	5.0	3.5	7.4
40	4.6	3.5	5.7
45	4.0	3.5	4.3
50	3.3	3.5	3.4
55	3.0	3.5	3.0
60	3.0	3.5	3.0
Average	3.9	3.5	6.1

Payroll Growth: 3.5% per annum.

MISCELLANEOUS

Percentage Married/Age Difference: Male 80%, female 80%. Beneficiaries are assumed to be the same age as the participant.

Percentage Married with at Least One Dependent Child: 21.6% for General Employees, 43.2% for Deputy Sheriffs and Elected Officials. For those who die prior to age 60, it is assumed at least one child will remain a dependent until the member would have turned age 60.

Backdrop Rate: 75% of eligible retirees are assumed to elect a backdrop. Of those electing, 75% are assumed to take the maximum period available to them and 25% take half the maximum period available based on eligibility for an unreduced retirement benefit.

Assumed Type of Disability: For represented employees the assumption is 10% Ordinary and 90% Accidental and for non-represented employees, the assumption is 95% Ordinary and 5% Accidental.

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

METHODS

Calculations: The actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system, and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System.

Actuarial Cost Method: Liabilities and contributions shown in this report are computed using the Aggregate Entry Age Normal Cost Method. The outstanding balance of the unfunded actuarial accrued liability (UAAL) as of January 1, 2004 and any changes to the UAAL arising from plan changes, assumption changes, and actuarial gains/losses are amortized as a level percentage of payroll over a 30-year period.

Administrative expenses incurred by the County related to the System are payable by the System to the County. The County then reimburses the System for this payment on a level dollar basis over 10 years.

The variance between the amount contributed to the System for a plan year, and the actual contribution requirement for that year is amortized on a level dollar basis over 5 years. POB proceeds were not subject to the contribution variance requirements.

Asset Valuation Method: A five-year moving market average value of assets that recognizes the actuarial expected investment return immediately and spreads the difference between the actual and expected return over a period of five years.

DATA

Census and Assets: The valuation was based on members of the System as of January 1, 2010 and does not take into account future members. All census data was supplied by the System and was subject to reasonable consistency checks. Asset data was supplied by the System.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS

MEMBERSHIP

Any person regularly employed by the County at an annual wage or salary, including any person employed by the State of Wisconsin, but receiving part of his compensation from the County.

VESTING SERVICE

Service during period of employment in the County or in any department in any town, village, city or metropolitan sewerage commission in the County, which department has by consolidation or merger been absorbed by the County.

Creditable service shall consist of "prior service", "military service", and "membership service", for which service credit is allowable under Section 4, Chapter 201, Laws of 1937, as well as service under Executive Order 11231, July 8, 1965, for Vietnam. Additional credit for periods of military service will be earned in accordance with the following chart:

Years of Service with Milwaukee County	Maximum Years of Military Service Granted
0-4	0
5-9	1
10-14	2
15-19	3
20+	4

BENEFIT SERVICE

Same as vesting service except service prior to becoming a participant does not count.

EARNINGS

Earnable compensation is the full rate of compensation payable to member if he worked the full normal working time for his position, including authorized overtime payments and the compensation rate assumed to have been received while the member is on authorized leave of absence. In cases where compensation includes maintenance, the Pension Board shall fix the value of that part of the compensation not payable in

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

money. Compensation shall not exceed $220,000 in the pension calculation as indexed for changes in the cost of living.

For all members except certain deputy sheriffs hired on or after January 1, 1982, the final average salary means the average annual salary for the highest three (3) consecutive years of service. For deputy sheriffs hired on or after January 1, 1982, excluding DA Investigators and non-represented deputy sheriffs, the final average salary means the average annual salary for the highest five (5) consecutive years of service. For DA Investigators and non-represented deputy sheriffs hired before July 1, 1995 and all non-deputy sheriff members hired before January 1, 1982, the final average salary is increased 7.5% for each year worked after January 1, 2001 to a maximum of 25%.

VOLUNTARY EMPLOYEE CONTRIBUTION

Up to 10% of earnings, provided that the employee was contributing on January 1, 1971.

BENEFITS

Normal Retirement

Eligibility

Elected Officials:

Age 60, or age 55 with 30 years of service. For elected officials hired before January 1, 2006, the combination of age and service adding up to 75 (Rule of 75) also applies.

General Employees:

For firefighters, Federated Nurses, and Machinists:

Age 60 with 5 years of service, or age 55 with 30 years of service. For firefighters hired before December 1, 1996, Federated Nurses hired before January 1, 1997, and Machinists hired before January 1, 1994, Rule of 75 also applies.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

	For Attorneys, Skilled Trades, non-represented employees, DC48, and Teamco: Age 60, or age 55 with 30 years of service. For attorneys, Skilled Trades, and non-represented employees hired before January 1, 2006 and DC48 and Teamco hired before January 1, 1994, Rule of 75 also applies. For non-represented employees (excluding Elected Officials and Deputy Sheriffs) hired after January 1, 2010, retirement age is 64. Deputy Sheriffs: Age 57, or age 55 with 15 years of service. For deputy sheriffs, DA Investigators, and non-represented deputy sheriffs hired before January 1, 1994, Rule of 75 also applies.
Amount	Elected Officials For elected officials hired before March 15, 2002, 2.5% of final average salary per year of service, not greater than 80%. For elected officials hired on or after March 15, 2002, 2.0% of final average salary per year of service, not greater than 80%. General Employees 2.0% of final average salary per year of service, not greater than 80%. For non-represented employees (excluding Elected Officials and Deputy Sheriffs), 1.6% of final average salary per year of service from January 1, 2010. Deputy Sheriffs For deputy sheriffs hired before July 1, 1995 and DA Investigators and non-represented deputy sheriffs, 2.5% of final average salary per year of service, not greater than 80%. For deputy sheriffs hired on or after July 1, 1995, 2.0% of final average salary per year of service, not greater than 80%. For all members, 1.6% of final average salary per year of service after 80% of final average salary has been reached.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

	In addition to the pension portion, the benefit includes any voluntary contribution balance. Benefits should not be less than under previous system.
Early Retirement	
Eligibility	Age 55 with 15 years of service.
Amount	Benefits reduced by 5/12 of 1% for each month by which commencement of payments precedes Normal Retirement Age. For deputy sheriffs, DA Investigators, and non-represented deputy sheriffs, benefit reduction does not apply.
Ordinary Disability Benefit	
Eligibility	After 15 years of service.
Amount	Benefits calculated as for normal retirement benefits. Minimum benefit is 25% of final average salary.
Accidental Disability Benefit	
Eligibility	Immediate.
Amount	Benefits are the same as normal retirement benefits if the employee has attained the minimum Normal Retirement Age. If less than Normal Retirement Age at time of disability, the benefit is computed the same as for normal retirement but is not less than 75% or 60% of final average salary.
	Elected Officials
	For elected officials hired before February 19, 1987, the benefit is not less than 75% of final average salary. For all other elected officials, the benefit is not less than 60% of final average salary.
	General Employees
	For non-represented employees hired before February 19, 1987, attorneys hired on or after January 1, 1987, Skilled Trades hired before October 30, 1987, Federated Nurses hired

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

before January 1, 1987, Machinists hired before May 18, 1988, DC48 hired before July 24, 1987, and Teamco hired before January 12, 1988, the benefit is not less than 75% of final average salary. For all other general employees, the benefit is not less than 60% of final average salary.

Deputy Sheriffs

For all deputy sheriffs, the benefit is not less than 75% of final average salary. For DA Investigators and non-represented deputy sheriffs hired on or after February 19, 1987, the benefit is not less than 60% of final average salary.

Ordinary Death Benefit

Upon the death of a deputy sheriff in active service for any cause other than accidental, the surviving spouse or child shall be entitled to receive the benefit under the provision of survivor benefits if the deceased member has completed at least one (1) year of service and is not eligible for normal retirement.

Accidental Death Benefit

Upon the death of a deputy sheriff caused by an accident in active duty, a survivorship benefit equal to fifty (50) percent of final average salary shall be granted to the following members:

1) A surviving spouse for life or until remarriage, or
2) If there is no spouse or spouse dies or remarries before the youngest child has attained age 18, the benefit is payable to his child(ren) under age 18 until the youngest child attains said age, or
3) If there is no spouse or child(ren) under age 18, the benefit is payable to his dependent father or mother to continue for life.

The monthly benefit aforementioned shall not be less than the benefit under ordinary death benefit section if death had not occurred in performance of duty.

Lump Sum Benefit Upon Death

Upon a death of members, a lump sum benefit of one-half the final average salary of the deceased member, not greater than two thousand dollars ($2,000) shall be paid to designated

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

beneficiary if such member has completed one (1) year of service and no survivors' benefits payable under any other survivorship benefits.

Deferred Vested Benefit

Upon termination of employment, a member who does not elect to withdraw any part of his membership account shall be eligible for a deferred vested benefit if:

1) The accrued benefit at age 60 is at least $10 per month
2) 5 years of service

The benefit is computed the same as for a normal retirement benefit considering earnings and service prior to date of termination.

Survivor Benefit

Upon the death of a member prior to age 60 and after completing at least one (1) year of service, a monthly benefit equal to 40% of the member's salary for the year of his death less monthly survivor benefits payable under the Social Security law shall be payable to his surviving spouse if she has at least one dependent child and was married to the member at least one (1) year prior to his death. Upon attainment of age 60 the dependent spouse shall be paid a benefit equal to 50% of the normal pension which the member would have received assuming service had continued to accrue to age 60 and the final average salary determined at death. In addition, a monthly benefit equal to 10% of the member's monthly salary less the benefits payable to child under Social Security law shall be payable to each eligible children until he attains age 18 or marries, or until attainment of age 22 if he is a student and not married.

Any member eligible for normal retirement may elect the protective survivorship option by selecting option 2 or 3 under the Optional Benefit section. This survivorship option shall become effective at the death of the member. If any member eligible to elect an option shall die in active service, without selecting an option, his surviving spouse shall be paid a survivorship benefit equal to the amount that would have been payable if such member had retired under option 3 immediately prior to his death.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

Optional Benefit

In lieu of the full retirement benefit, any member at retirement may elect to receive an actuarial equivalent reduced retirement benefit in accordance with the following options:

Option 1. In case of death before benefits attributable to his mandatory account have equaled the amount of his membership account at the date of retirement, the balance shall be paid to a designated beneficiary or to his estate; or

Option 2. At the death of the member, one-half of the reduced benefit shall be continued throughout the life of designated beneficiary; or

Option 3. At the death of the member, the same reduced benefit shall be continued throughout the life of designated beneficiary.

Other Benefits

Simple COLA	2% of original benefit increase per year to retired employees (surviving beneficiary receives proportionate amount based on survivorship percentage).
Contribution Refund	Refund of employee voluntary contribution upon severance.
Backdrop Benefit	Employee may opt to receive a monthly benefit earned as of a specific date in the past (backdrop date). The backdrop date may not be prior to the earliest date that the member was eligible to retire and shall not be less than one (1) year prior to the date the member leaves active County service. Employee receives a cash payment equal to monthly benefits that would have been paid between backdrop date and actual retirement date plus interested earned.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

Members not eligible for backdrop benefits are Elected Officials, non-represented employees and deputy sheriffs hired on or after March 15, 2002, Machinists and Teamco hired on or after November 4, 2005, Attorneys hired on or after January 1, 2006, Federated Nurses hired on or after December 15, 2005, Firefighters hired on or after June 19, 2007 and DC48 hired on or after February 1, 2007.

TABLE 17

SUMMARY OF MEMBERSHIP DATA
AS OF JANUARY 1, 2010

Active Participants

Item	General Employees	Deputy Sheriffs *	Elected Officials	Total
Number of Participants	4,331	452	25	4,808
Average Annual Salaries **	$ 47,891	$ 61,918	$ 65,541	$ 49,301
Average Age	46.7	43.0	50.5	46.4
Average Service	12.1	15.3	11.0	12.4

* Includes 18 non-represented deputy sheriffs.

** The salaries shown in the table above represent a rate of pay increased by the salary assumption.

Inactive Participants

Item	Number	Annual Annuities	Average Annuities	Average Age
Participants with Deferred Benefits *	1,659	$ 11,757,999	$ 7,087	52.6
Retired Participants	6,246	122,529,737	19,617	71.1
Beneficiaries	793	10,025,397	12,642	76.2
Disability Retirees	253	4,819,660	19,050	63.5
Total	8,951	$ 149,132,793	$ 16,661	67.9

* Includes 1,651 deferred vested participants and 8 beneficiaries in deferred status.

TABLE 18

ACTIVE MEMBERSHIP STATISTICS (UNAUDITED)

	2009
Members as of January 1	6,234 *
Changes during the year:	
New enrollments	320
Rehires	46
Nonvested terminations	(139)
Retirements	(266)
Deaths in active service	(15)
New deferred beneficiaries	0
Data Adjustment	287
Members as of December 31	6,467 *

*This total includes vested inactive members.

RETIREMENTS AND SURVIVORS (UNAUDITED)

	Retirements granted								Survivors & Beneficiaries	Total
	Maximum Pension	Options								
		Refund	100%	75%	50%	25%	10-yr	Other		
January 1, 2009	2,800	566	1,234	190	1,128	307	127	39	917	7,308
Changes during the year:										
Adjustments (actuary) *	84	(5)	13	2	4	-	(1)	16	(99)	14
Retirements	161	-	47	7	16	23	12	-	52	318
Pensioner deaths	(108)	(47)	(50)	(2)	(60)	(2)	(1)	(1)	(77)	(348)
December 31, 2009	2,937	514	1,244	197	1,088	328	137	54	793	7,292

* Adjustments as a result of reclassifications made to beginning balances by the actuary:
(1) 6 people who retired before January 1, 2009 were not reported to the actuary last year.
(2) Changes from Maximum Pension last year: 9 are now 100%; 1 is now 50%; 1 is now 25%; 15 are now Other;
(3) Additional Changes from last year: 1 data correction added to 100%; 2 data correction added to 75%

EXHIBIT I

ACTIVE MEMBERSHIP DATA – ALL EMPLOYEES

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2010

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	77									77
	$30,542									$30,542
25-29	213	20								233
	$37,646	$45,560								$38,325
30-34	257	133	43							433
	$38,995	$45,661	$49,562							$42,092
35-39	196	160	161	30	1					548
	$44,195	$46,298	$51,836	$59,726	-					$47,917
40-44	157	159	161	154	40	2				673
	$42,231	$45,929	$51,104	$55,236	$53,650	-				$48,958
45-49	132	131	111	199	171	35	2			781
	$48,631	$48,715	$51,183	$50,546	$54,615	$49,635	-			$50,871
50-54	125	119	109	186	241	92	22			894
	$44,673	$47,190	$49,900	$50,580	$56,753	$56,397	$58,437			$51,676
55-59	78	71	84	175	164	78	47	8		705
	$44,715	$45,154	$52,122	$49,686	$54,254	$62,207	$66,510	-		$52,653
60-64	56	54	50	76	75	30	26	15		382
	$45,951	$51,413	$48,929	$54,376	$56,640	$64,980	$69,979	-		$54,822
Over 64	7	12	16	22	18	4	2	1		82
	-	-	-	$ 46,436	-	-	-	-		$ 52,858
Total	1,298	859	735	842	710	241	99	24		4,808
	$41,695	$46,784	$50,914	$51,798	$55,747	$58,339	$65,209	$ 66,711		$49,301

* Compensation in cells with fewer than 20 records has been suppressed.

EXHIBIT II

ACTIVE MEMBERSHIP DATA – GENERAL EMPLOYEES

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2010

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	77									77
	$30,542									$30,542
25-29	212	18								230
	$37,576	-								$38,152
30-34	254	102	27							383
	$38,908	$42,292	$43,826							$40,156
35-39	196	134	99	10	1					440
	$44,195	$44,149	$45,308	-	-					$44,443
40-44	156	141	117	99	33	2				548
	$42,165	$44,314	$48,206	$49,977	$50,765	-				$46,030
45-49	131	126	98	154	144	35	2			690
	$48,602	$48,446	$49,981	$47,235	$52,283	$49,635	-			$49,308
50-54	125	117	101	171	214	87	19			834
	$44,673	$46,379	$48,685	$49,969	$55,702	$55,508	-			$50,630
55-59	77	69	83	168	154	72	45	8		676
	$44,791	$45,350	$52,006	$49,169	$53,667	$62,153	$66,256	-		$52,299
60-64	55	53	48	73	72	30	26	15		372
	$45,833	$50,747	$48,588	$53,909	$55,580	$64,980	$69,979	-		$54,423
Over 64	7	11	16	22	18	4	2	1		81
	-	-	-	$ 46,436	-	-	-	-		$ 52,863
Total	1,290	771	589	697	636	230	94	24		4,331
	$41,653	$45,522	$48,464	$49,389	$54,502	$57,927	$64,140	$ 66,711		$47,891

* Compensation in cells with fewer than 20 records has been suppressed.
Nineteen non-represented deputy sheriffs are included with Deputy Sheriffs exhibit.

EXHIBIT III

ACTIVE MEMBERSHIP DATA – DEPUTY SHERIFFS

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2010

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25										
25-29		1 -								1 -
30-34	2 -	31 $56,748	16 -							49 $57,016
35-39		25 $57,568	62 $62,259	20 $67,589						107 $62,160
40-44		15 -	44 $58,809	55 $64,704	7 -					121 $61,430
45-49		5 -	13 -	45 $61,876	27 $67,051					90 $62,839
50-54			7 -	12 -	26 $65,568	5 -	3 -			53 $65,323
55-59	1 -	1 -	1 -	7 -	9 -	6 -	1 -			26 $61,425
60-64			1 -	2 -	2 -					5 -
Over 64										
Total	3 -	78 $55,973	144 $60,503	141 $63,537	71 $66,562	11 -	4 -			452 $61,918

* Compensation in cells with fewer than 20 records has been suppressed.
Includes 19 non-represented deputy sheriffs.

EXHIBIT IV

ACTIVE MEMBERSHIP DATA – ELECTED OFFICIALS

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2010

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25										
25-29	1 -	1 -								2 -
30-34	1 -									1 -
35-39		1 -								1 -
40-44	1 -	3 -								4 -
45-49	1 -									1 -
50-54		2 -	1 -	3 -	1 -					7 -
55-59		1 -			1 -		1 -			3 -
60-64	1 -	1 -	1 -	1 -	1 -					5 -
Over 64		1 -								1 -
Total	5 -	10 -	2 -	4 -	3 -		1 -			25 $65,541

* Compensation in cells with fewer than 20 records has been suppressed.

EXHIBIT V

ACTIVE AND DEFERRED VESTED MEMBERS OBTAINING RETIREMENT ELIGIBILITY OVER NEXT FIVE CALENDAR YEARS

Actives Reaching Retirement Eligibility

Year	General Employees	Elected Officials	Deputy Sheriffs	Total
Eligible at Valuation Date	877	6	24	907
2010	207	1	12	220
2011	180	2	15	197
2012	197	2	10	209
2013	177	1	12	190
2014	164	0	24	188
Total Over Next 5 Years	925	6	73	1,004
Grand Total Eligible	1,802	12	97	1,911

Deferred Vesteds Reaching Retirement Age

Year	Total
2010	332
2011	87
2012	123
2013	112
2014	94
Total Over Next 5 Years	748

EXHIBIT VI

RETIREE AND BENEFICIARY MEMBERSHIP DATA
AS OF JANUARY 1, 2010

NUMBER AND AVERAGE ANNUAL BENEFIT

Age Last Birthday	Number	Annual Benefit	Average Annual Benefit
Retired Participants			
Under 60	754	$ 21,063,833	$ 27,936
60 - 64	1,330	29,799,588	22,406
65 - 69	1,019	21,115,759	20,722
70 - 74	875	16,617,371	18,991
75 - 79	794	14,697,865	18,511
Over 79	1,474	19,235,320	13,050
Total	6,246	$ 122,529,737	$ 19,617
Beneficiary Participants			
Under 60	75	$ 1,109,730	$ 14,796
60 - 64	58	996,107	17,174
65 - 69	58	820,218	14,142
70 - 74	93	1,309,416	14,080
75 - 79	121	1,747,563	14,443
Over 79	388	4,042,362	10,418
Total	793	$ 10,025,397	$ 12,642
Disabled Participants			
Under 60	102	$ 2,269,497	$ 22,250
60 - 64	33	624,582	18,927
65 - 69	43	747,890	17,393
70 - 74	22	407,953	18,543
75 - 79	28	449,390	16,050
Over 79	25	320,349	12,814
Total	253	$ 4,819,660	$ 19,050
Grand Total Average Annual Benefit	7,292	$ 137,374,794	$ 18,839

EXHIBIT VII

5-YEAR HISTORY OF MEMBERSHIP DATA

Active Participants

Valuation as of January 1	Number of Active Participants	Percentage Change in Membership	Total Annual Payroll	Percentage Change in Payroll
2010	4,808	(0.60)%	$ 237,040,117	1.38 %
2009	4,837	0.48 %	233,820,179	2.84 %
2008	4,814	(1.71)%	227,364,398	1.95 %
2007	4,898	(3.13)%	223,005,093	(1.20)%
2006	5,056	1.53 %	225,721,691	7.59 %

Retired, Disabled, and Beneficiary Participants

Valuation as of January 1	Number on roll	Additions	Deletions	Percentage Change in Membership	Annual Annuities	Percentage Change in Annuities
2010	7,292	283	299	(0.22)%	$ 137,374,794	2.24 %
2009	7,308	222	235	(0.18)%	134,363,234	2.09 %
2008	7,321	325	303	0.30 %	131,611,251	2.81 %
2007	7,299	259	235	0.33 %	128,010,105	3.17 %
2006	7,275	212	236		124,082,027	

EXHIBIT VIII

DETAILED TABULATIONS OF THE DATA

TABLE VIII-A

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2010 ALL EMPLOYEES

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
19	1			
20	1		2	
21	3		5	
22	9		3	
23	16		10	
24	18		9	
25	15		24	$ 859,799
26	24	$ 869,215	12	
27	26	1,001,054	30	1,275,184
28	29	1,092,508	21	709,414
29	31	1,358,353	21	820,808
30	40	1,522,186	40	1,433,355
31	32	1,471,422	53	2,179,998
32	41	1,827,821	44	1,838,648
33	34	1,513,265	54	2,147,894
34	49	2,377,100	46	1,914,187
35	52	2,831,618	52	2,258,705
36	33	1,418,427	50	2,045,366
37	58	2,923,876	44	2,016,234
38	54	2,784,366	69	2,953,420
39	70	4,017,478	66	3,009,130
40	71	3,608,982	70	3,342,911
41	47	2,451,597	68	3,215,850
42	61	3,264,667	86	3,749,413
43	59	3,216,597	81	3,706,204
44	59	3,026,650	71	3,365,702
45	52	3,156,502	78	3,564,148
46	62	4,096,342	87	4,129,806
47	73	3,625,156	97	4,692,354
48	59	2,989,504	81	3,547,226
49	82	4,455,171	110	5,474,034
50	69	3,752,498	108	5,191,661
51	79	4,078,871	105	4,809,984
52	69	4,014,525	105	5,451,367
53	77	4,297,968	110	5,247,954
54	88	5,372,798	84	3,980,792
55	80	4,546,232	97	4,436,791
56	76	4,095,389	74	3,793,382
57	53	2,671,521	84	4,307,173

TABLE VIII-A

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2010 ALL EMPLOYEES
(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
58	63	$ 3,982,283	69	$ 3,087,369
59	56	3,585,074	53	2,615,239
60	50	3,090,004	74	3,679,037
61	52	3,219,881	43	2,229,145
62	29	1,649,475	43	1,991,985
63	30	1,966,462	38	1,917,737
64	9		14	
65	8		19	
66	5		8	
67	4		8	
68	6		4	
69	3		4	
70	1		1	
71			5	
72	1		2	
73	1			
75			1	
86	1			
Total	2,171	$ 115,731,353	2,637	$ 121,308,764

TABLE VIII-B

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2010 ALL EMPLOYEES
(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
0	151	$ 5,028,118	187	$ 6,449,890
1	170	7,427,598	196	7,825,012
2	85	4,318,298	102	4,452,750
3	74	3,471,664	93	4,046,271
4	93	4,553,875	147	6,546,310
5	54	2,984,515	74	3,380,369
6	57	2,732,407	79	3,623,149
7	84	4,495,371	63	2,506,458
8	106	5,416,114	92	3,661,994
9	100	4,947,007	150	6,440,210
10	97	4,677,441	124	5,547,032
11	81	4,235,472	75	3,332,283
12	66	3,838,950	67	3,295,479
13	64	3,814,607	59	3,044,970
14	64	3,790,738	38	1,845,129
15	71	4,011,307	87	4,130,085
16	57	3,101,111	83	4,050,376
17	95	5,738,102	117	5,719,083
18	77	4,377,647	104	4,956,667
19	68	3,741,647	83	3,787,744
20	76	4,255,984	149	7,608,893
21	74	4,303,718	108	5,642,516
22	46	3,321,069	58	3,081,460
23	36	2,399,410	56	3,030,002
24	49	2,939,254	58	2,998,180
25	30	1,660,930	57	3,148,367
26	29	1,826,765	19	
27	16		15	
28	12		26	1,301,059
29	14		23	1,200,554
30	11		10	
31	18		13	
32	12		9	
33	7		5	
34	10		4	
35	8		3	
36	4		2	
37	3			
38	1		2	
39	1			
Total	2,171	$ 115,731,353	2,637	$ 121,308,764

TABLE VIII-C

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2010 GENERAL EMPLOYEES
(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
19	1			
20	1		2	
21	3		5	
22	9		3	
23	16		10	
24	18		9	
25	15		24	$ 859,799
26	24	$ 869,215	12	
27	26	1,001,054	30	1,275,184
28	29	1,092,508	21	709,414
29	29	1,256,107	20	768,355
30	37	1,354,205	40	1,433,355
31	21	841,672	49	1,978,462
32	35	1,492,312	41	1,668,310
33	31	1,339,723	52	2,034,542
34	35	1,566,865	42	1,670,174
35	38	1,968,823	48	1,994,907
36	28	1,186,914	48	1,914,607
37	41	1,879,220	43	1,955,034
38	33	1,520,200	61	2,451,838
39	40	2,074,615	60	2,608,942
40	47	2,183,429	66	3,117,349
41	25	1,100,044	60	2,723,438
42	44	2,101,109	79	3,323,855
43	40	2,094,785	79	3,581,782
44	44	2,076,904	64	2,921,906
45	40	2,452,882	71	3,143,177
46	47	3,167,952	82	3,805,459
47	56	2,550,448	92	4,373,796
48	51	2,465,202	80	3,484,860
49	69	3,638,915	102	4,939,599
50	61	3,246,354	104	4,884,788
51	70	3,458,953	104	4,738,202
52	59	3,308,828	101	5,266,331
53	68	3,625,936	106	4,996,372
54	82	5,019,759	79	3,679,805
55	72	4,045,290	93	4,190,735
56	70	3,723,660	72	3,680,094
57	51	2,529,945	83	4,240,168

TABLE VIII-C

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2010 GENERAL EMPLOYEES
(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
58	60	$ 3,833,260	69	$ 3,087,369
59	53	3,408,053	53	2,615,239
60	49	3,003,296	73	3,617,272
61	49	3,016,836	43	2,229,145
62	29	1,649,475	42	1,939,532
63	27	1,753,390	38	1,917,737
64	8		14	
65	8		19	
66	4		8	
67	4		8	
68	6		4	
69	3		4	
70	1		1	
71			5	
72	1		2	
73	1			
75			1	
86	1			
Total	1,810	$ 93,274,448	2,521	$ 114,140,292

TABLE VIII-D

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2010 GENERAL EMPLOYEES
(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
0	151	$ 5,028,118	186	$ 6,412,633
1	166	7,217,786	196	7,825,012
2	85	4,318,298	101	4,400,297
3	74	3,471,664	92	4,007,373
4	92	4,504,357	147	6,546,310
5	51	2,834,514	72	3,275,463
6	49	2,262,405	77	3,518,074
7	68	3,458,894	59	2,290,003
8	86	4,272,474	89	3,496,598
9	79	3,766,980	141	5,921,864
10	71	3,229,201	119	5,260,501
11	64	3,288,546	66	2,783,512
12	42	2,342,345	61	2,911,984
13	43	2,451,317	54	2,732,663
14	40	2,264,369	29	1,281,020
15	42	2,125,692	80	3,692,016
16	38	1,923,586	77	3,673,869
17	56	3,252,584	104	4,904,867
18	60	3,303,998	101	4,776,904
19	57	3,045,180	82	3,725,109
20	64	3,512,518	142	7,155,501
21	55	3,105,772	100	5,164,051
22	40	2,889,630	55	2,831,660
23	30	1,979,073	54	2,883,235
24	41	2,371,872	55	2,769,643
25	28	1,529,329	55	3,020,417
26	26	1,617,502	18	
27	15		15	
28	11		26	1,301,059
29	14		22	1,133,549
30	11		9	
31	17		13	
32	10		8	
33	7		5	
34	10		4	
35	8		3	
36	4		2	
37	3			
38	1		2	
39	1			
Total	1,810	$ 93,274,448	2,521	$ 114,140,292

TABLE VIII-E

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2010 DEPUTY SHERIFFS
(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
29	1			
30	3			
31	11		4	
32	6		3	
33	3		2	
34	13		4	
35	14		4	
36	5		2	
37	17		1	
38	21	$ 1,264,166	8	
39	30	1,942,864	5	
40	24	1,425,553	4	
41	21	1,299,100	7	
42	16		7	
43	18		2	
44	15		7	
45	12		7	
46	14		5	
47	17		5	
48	8		1	
49	13		8	
50	8		4	
51	9		1	
52	9		4	
53	7		2	
54	4		5	
55	7		3	
56	6		2	
57	2		1	
58	3			
59	2			
60			1	
61	3			
64	1			
Total	343	$ 21,197,794	109	$ 6,789,061

TABLE VIII-F

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2010 DEPUTY SHERIFFS
(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
0			1	
3			1	
4	1			
5	2			
6	7		1	
7	12		4	
8	20	$ 1,143,640	3	
9	20	1,127,574	9	
10	26	1,448,240	5	
11	16		9	
12	24	1,496,604	6	
13	21	1,363,291	5	
14	23	1,414,576	9	
15	29	1,885,615	7	
16	19		6	
17	36	2,306,701	12	
18	17		3	
19	11		1	
20	12		7	
21	19		7	
22	4		3	
23	6		2	
24	8		3	
25	2		2	
26	3		1	
27	1			
28	1			
29			1	
30			1	
31	1			
32	2			
Total	343	$ 21,197,794	109	$ 6,789,061

TABLE VIII-G

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2010 ELECTED OFFICIALS
(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
29	1		1	
34	1			
39			1	
41	1		1	
42	1			
43	1			
46	1			
52	1			
53	2		2	
54	2			
55	1		1	
59	1			
60	1			
62			1	
63	3			
66	1			
Total	18		7	

TABLE VIII-H

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2010 ELECTED OFFICIALS
(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
1	4			
2			1	
5	1		2	
6	1		1	
7	4			
9	1			
11	1			
14	1			
17	3		1	
21			1	
22	2			
32			1	
Total	18		7	

TABLE VIII-I

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO ALL MEMBERS RECEIVING BENEFITS AS OF JANUARY 1, 2010

Age	Men		Women	
	Number	Annuities	Number	Annuities
16	1	$ 7,737		
17			1	$ 4,064
19			1	14,356
20	1	2,703		
21	1	15,145		
22	1	2,945	1	6,339
24			1	5,666
27	1	19,809		
29			1	4,459
32	1	31,178		
34			1	33,036
35	1	7,167		
36	1	9,710		
39	2	32,052	1	29,661
40	2	56,414		
41	3	58,548		
43	1	31,972		
44	1	34,938	2	15,924
45	2	30,681	7	90,352
46			3	56,158
47	1	7,425	5	135,994
48	2	37,206	5	117,552
49			5	134,858
50	4	162,547	7	167,120
51	10	301,298	13	327,235
52	16	463,031	16	393,512
53	18	489,498	32	770,206
54	31	948,074	32	890,574
55	28	843,683	34	852,283
56	49	1,477,941	63	1,502,725
57	74	2,264,315	74	1,751,755
58	81	2,395,079	85	2,094,678
59	98	2,898,424	110	2,415,030
60	117	2,848,446	101	2,139,651
61	137	3,896,210	165	2,805,298
62	142	3,424,566	164	2,959,870
63	167	4,296,674	179	3,400,241
64	112	2,867,579	137	2,781,742

TABLE VIII-I

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO ALL MEMBERS RECEIVING BENEFITS AS OF JANUARY 1, 2010

Age	Men		Women	
	Number	Annuities	Number	Annuities
65	121	$ 2,764,849	120	$ 2,227,131
66	94	2,296,040	131	2,193,913
67	98	2,442,062	141	2,260,357
68	94	2,432,280	127	2,095,975
69	88	2,125,677	106	1,845,584
70	85	1,885,406	114	1,777,489
71	81	1,865,419	119	1,957,397
72	73	1,877,682	117	1,783,521
73	85	1,769,875	114	1,596,595
74	78	1,813,197	124	2,008,158
75	63	1,573,927	122	1,844,279
76	72	1,881,510	111	1,611,851
77	77	1,692,375	116	1,702,826
78	79	1,843,171	96	1,331,697
79	75	1,411,936	132	2,001,246
80	62	1,292,651	138	1,780,090
81	56	1,076,112	127	1,623,755
82	57	1,174,607	123	1,524,941
83	51	1,069,399	130	1,381,819
84	48	978,242	102	1,294,320
85	44	736,133	94	954,917
86	44	762,096	97	1,066,771
87	40	602,579	90	855,692
88	41	678,816	77	810,657
89	25	416,331	76	621,659
90	22	218,262	58	434,998
91	15	252,371	57	464,286
92	6	58,659	49	335,335
93	6	122,951	38	251,996
94	6	56,533	26	204,951
95	4	27,971	30	166,956
96	5	48,678	11	71,057
97	3	19,916	8	35,967
98			6	21,057
99	2	33,959	3	14,601
100			4	20,154
101			3	26,492
102			2	8,328
104	1	964		
Total	2,907	$ 69,265,639	4,385	$ 68,109,155

TABLE VIII-J

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO RETIRED MEMBERS AS OF JANUARY 1, 2010

Age	Men		Women	
	Number	Annuities	Number	Annuities
47			1	$ 31,762
48			2	81,868
49			2	71,938
50	3	$ 120,886	4	109,592
51	4	169,898	11	292,287
52	13	419,296	10	339,681
53	10	324,185	22	598,711
54	27	869,023	25	756,976
55	25	801,491	26	732,148
56	40	1,292,857	51	1,262,878
57	66	1,907,840	65	1,599,596
58	74	2,271,484	78	1,922,709
59	97	2,884,636	98	2,202,092
60	111	2,744,556	86	1,830,679
61	129	3,771,916	153	2,608,109
62	138	3,357,843	151	2,765,669
63	163	4,213,827	163	3,112,307
64	110	2,829,375	126	2,565,306
65	111	2,639,211	106	1,962,798
66	89	2,221,720	116	1,985,513
67	93	2,359,705	123	2,046,346
68	90	2,347,428	115	1,875,434
69	86	2,090,785	90	1,586,819
70	80	1,786,295	102	1,609,140
71	79	1,841,478	103	1,655,392
72	69	1,825,334	104	1,584,736
73	71	1,600,703	92	1,314,126
74	70	1,717,910	105	1,682,256
75	62	1,566,113	106	1,640,716
76	69	1,829,803	81	1,231,801
77	74	1,671,688	91	1,291,106
78	72	1,777,545	68	799,499
79	67	1,325,146	104	1,564,448
80	59	1,270,537	101	1,356,112
81	53	1,061,125	91	1,141,959
82	55	1,155,639	88	1,063,512
83	50	1,056,183	84	888,562
84	46	944,277	65	809,632
85	41	723,760	60	532,343
86	38	713,241	69	765,563

TABLE VIII-J

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO RETIRED MEMBERS AS OF JANUARY 1, 2010

Age	Men		Women	
	Number	Annuities	Number	Annuities
87	37	$ 570,751	71	$ 652,080
88	37	642,758	54	573,078
89	22	405,478	58	451,238
90	20	207,913	44	333,539
91	15	252,371	50	403,371
92	5	52,490	31	204,312
93	6	122,951	32	206,197
94	6	56,533	22	188,661
95	2	18,597	26	154,998
96	5	48,678	7	52,998
97	2	16,410	5	20,406
98			5	20,514
99	2	33,959	3	14,601
100			3	15,257
101			3	26,492
102			1	6,244
Total	2,693	$ 65,933,632	3,553	$ 56,596,105

TABLE VIII-K

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO BENEFICIARY MEMBERS AS OF JANUARY 1, 2010

Age	Men		Women	
	Number	Annuities	Number	Annuities
16	1	$ 7,737		
17			1	$ 4,064
19			1	14,356
20	1	2,703		
21	1	15,145		
22	1	2,945	1	6,339
24			1	5,666
27	1	19,809		
29			1	4,459
34			1	33,036
35	1	7,167		
36	1	9,710		
39	1	1,983		
41	2	19,501		
44			2	15,924
45			3	13,103
47	1	7,425	1	50,067
49			1	24,312
50			2	29,520
51			1	9,974
52			5	45,267
53	2	56,496	2	34,231
54			4	76,954
55			6	81,845
56	1	5,084	10	210,173
57			7	101,988
58			4	92,776
59			7	99,969
60	2	9,785	10	232,161
61	3	19,647	7	110,679
62	2	12,916	10	148,718
63	2	26,010	11	219,755
64			11	216,436
65	3	33,324	7	130,608
66	3	28,444	10	128,854
67	2	17,785	14	159,095

TABLE VIII-K

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO BENEFICIARY MEMBERS AS OF JANUARY 1, 2010

Age	Men		Women	
	Number	Annuities	Number	Annuities
68	1	$ 16,221	6	$ 128,052
69			12	177,835
70			10	129,929
71	1	7,486	16	302,005
72	2	5,898	11	165,824
73	10	91,684	19	243,015
74	6	58,445	18	305,129
75			14	179,637
76	1	9,423	24	297,996
77	2	4,109	21	358,246
78	5	22,653	23	450,715
79	7	48,952	24	375,831
80	2	6,638	36	414,493
81	3	14,987	30	404,932
82	2	18,968	33	434,813
83	1	13,216	42	445,193
84	1	13,118	36	472,117
85	3	12,373	32	392,911
86	4	21,936	26	275,024
87	2	17,987	19	203,613
88	4	36,057	22	229,381
89	3	10,853	18	170,421
90	2	10,349	14	101,459
91			7	60,914
92	1	6,169	18	131,022
93			6	45,799
94			3	10,670
95	2	9,374	4	11,958
96			4	18,059
97	1	3,507	3	15,561
98			1	544
100			1	4,897
102			1	2,083
104	1	964		
Total	98	$ 764,987	695	$ 9,260,410

TABLE VIII-L

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO DISABLED MEMBERS AS OF JANUARY 1, 2010

Age	Men		Women	
	Number	Annuities	Number	Annuities
32	1	$ 31,178		
39	1	30,070	1	$ 29,661
40	2	56,414		
41	1	39,047		
43	1	31,972		
44	1	34,938		
45	2	30,681	4	77,249
46			3	56,158
47			3	54,165
48	2	37,206	3	35,684
49			2	38,608
50	1	41,661	1	28,008
51	6	131,401	1	24,975
52	3	43,735	1	8,563
53	6	108,816	8	137,264
54	4	79,051	3	56,644
55	3	42,192	2	38,291
56	8	180,000	2	29,674
57	8	356,475	2	50,171
58	7	123,595	3	79,193
59	1	13,788	5	112,970
60	4	94,105	5	76,810
61	5	104,648	5	86,511
62	2	53,807	3	45,482
63	2	56,837	5	68,179
64	2	38,203		
65	7	92,314	7	133,725
66	2	45,876	5	79,546
67	3	64,572	4	54,915
68	3	68,631	6	92,488
69	2	34,892	4	80,930
70	5	99,110	2	38,419
71	1	16,455		
72	2	46,450	2	32,961
73	4	77,488	3	39,454
74	2	36,843	1	20,773
75	1	7,814	2	23,926

TABLE VIII-L

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO DISABLED MEMBERS AS OF JANUARY 1, 2010

Age	Men		Women	
	Number	Annuities	Number	Annuities
76	2	$ 42,283	6	$ 82,053
77	1	16,578	4	53,474
78	2	42,973	5	81,484
79	1	37,838	4	60,967
80	1	15,476	1	9,484
81			6	76,864
82			2	26,617
83			4	48,064
84	1	20,847	1	12,572
85			2	29,663
86	2	26,919	2	26,184
87	1	13,841		
88			1	8,198
94			1	5,620
Total	116	$ 2,567,020	137	$ 2,252,640

EXHIBIT IX

GLOSSARY

Accrued Liability	The difference between (a) the present value of future plan benefits, and (b) the present value of future normal cost. It is the portion of the present value of future plan benefits attributable to service accrued as of the valuation date. Sometimes referred to as "actuarial accrued liability."
Accrued Service	The service credited under the plan, which was rendered before the date of the actuarial valuation.
Actual Funding Contribution	The Actual Funding Contribution for a plan year is calculated using census and asset information as of the first day of the plan year, and includes Normal Cost, with interest to the end of the plan year, and a net amortization payment.
Actuarial Assumptions	Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.
Actuarial Cost Method	A mathematical budgeting procedure for allocating the dollar amount of the "present value of future plan benefits" between the present value of future normal cost and the accrued liability. Sometimes referred to as the "actuarial funding method."
Actuarial Equivalent	A series of payments is called an actuarial equivalent of another series of payments if the two series have the same actuarial present value.
Actuarial Value of Assets	The value of current plan assets recognized for valuation purposes. Based on a smoothed market value that recognizes investment gains and losses over a period of three years.
Amortization	Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

EXHIBIT IX

GLOSSARY
(Continued)

Annual Required Contribution	The Annual Required Contribution, or ARC, is the amount determined in accordance with Governmental Accounting Standards Board Statements Nos. 25 and 27.
Budget Contribution	The Budget Contribution for a year is based on census and asset information as of the first day of the PRIOR plan year, rolled forward to the next plan year based on all actuarial assumptions being met. For example, the Budget Contribution for 2011 is based on census and asset information as of January 1, 2010, rolled forward to January 1, 2011.
Contribution Variance	The difference between the Actual Contribution and the Budget Contribution for a plan year is referred to as the Contribution Variance. A Contribution Variance resulting from an overpayment is amortized over 5 years as a level dollar credit. A Contribution Variance resulting from an underpayment is amortized over 5 years as a level dollar charge.
Experience Gain (Loss)	A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.
Normal Cost	The annual cost assumed, under the actuarial funding method, for current and subsequent plan years. Sometimes referred to as "current service cost."
Present Value	The amount of funds presently required to provide a payment or series of payments in the future. The present value is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.
Unfunded Accrued Liability	The difference between the actuarial accrued liability and valuation assets.

Montgomery County Employee Retirement Plans

Comprehensive Annual Financial Report

Employees' Retirement System
Retirement Savings Plan
Deferred Compensation Plan

(Trust Funds of Montgomery County, Maryland)

Fiscal Year 2010
July 1, 2009 – June 30, 2010

Montgomery County Employee Retirement Plans

Comprehensive Annual Financial Report

Employees' Retirement System
Retirement Savings Plan
Deferred Compensation Plan

(*Trust Funds of Montgomery County, Maryland*)

Fiscal Year 2010
July 1, 2009 – June 30, 2010

Prepared by the Board of Investment Trustees
101 Monroe Street, 15th Floor
Rockville, Maryland 20850

MONTGOMERY COUNTY
17 76
GARDEZ BIEN
MARYLAND

MONTGOMERY COUNTY, MARYLAND
EMPLOYEE RETIREMENT PLANS
Fiscal Year Ended June 30, 2010
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MARYLAND

INTRODUCTION SECTION

OFFICES OF THE COUNTY EXECUTIVE

Isiah Leggett
County Executive

Timothy L. Firestine
Chief Administrative Officer

December 3, 2010

Honorable County Executive and
Members of the Montgomery County Council

I am pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Montgomery County, Maryland (County) Employee Retirement Plans (Plans) for the fiscal year ended June 30, 2010. This annual report is designed to assist you in understanding the structure and current status of the Plans.

FORMAL TRANSMITTAL OF THE CAFR

This report was prepared pursuant to the provisions of Section 33-51(b) of the Montgomery County Code, 2004, as amended (Code), and includes the independent auditors' report, issued by the County Council's appointed independent public accounting firm. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation including all disclosures rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the plan net assets and the changes in plan net assets and financial position of the Plans; and that all disclosures necessary to enable the reader to gain the maximum understanding of the financial affairs of the Plans have been included.

PROFILE OF THE RETIREMENT PLANS

History

The Employees' Retirement System (System) was established in 1965, as a cost-sharing multiple-employer defined benefit pension plan providing benefits to the employees of the County and other agencies or political subdivisions who elect to participate. Participating agencies and subdivisions include the: Montgomery County Revenue Authority, Housing Opportunities Commission of Montgomery County, independent fire/rescue corporations, Town of Chevy Chase, Strathmore Hall Foundation, Inc., Washington Suburban Transit Commission, Montgomery County Employees Federal Credit Union, and certain employees of the State Department of Assessments and Taxation and the District Court of Maryland. The System is closed to employees hired on or after October 1, 1994, except public safety bargaining unit employees and Guaranteed Retirement Income Plan (GRIP) participants. The Montgomery County Council passed legislation in FY 2009 enabling the County to establish and maintain a GRIP, a cash balance plan that is part of the System, for employees. During FY 2010 eligible County employees who were members of the Retirement Savings Plan (RSP) were granted the option to elect to participate in the GRIP and to transfer their RSP member account balance to the GRIP and cease being a member of the RSP. There were 5,786 active members, including 1,019 in the GRIP, and 5,591 retirees participating in the System as of June 30, 2010.

The RSP was established in 1994, as a cost-sharing multiple-employer defined contribution plan providing benefits to all non-public safety and certain public safety employees hired on or after October 1, 1994. Employees covered by the System may make an irrevocable decision to transfer to the RSP. At June 30, 2010, there were 3,839 active plan members.

The Deferred Compensation Plan (DCP) was established pursuant to Section 457 of the Internal Revenue Code, as amended. During Fiscal Year (FY) 1999, in accordance with Federal legislation, the assets of the County Plan were placed in trust for the sole benefit of participants and their beneficiaries.

Benefit Provisions

The benefit provisions of the System are established by the Code. The System provides for normal service retirement and early service retirement benefits for members who attain age and service requirements. The System also provides options for disability and death benefits to eligible participants. Members are vested after five years of service.

The RSP provides for immediate vesting of employee contributions and employer contributions are vested after three years of service or upon death, disability or reaching retirement age.

Major Initiatives

During FY 2010, the Board of Investment Trustees (Board) conducted an asset/liability study for the System which will result in further diversification of the investment portfolio and better management of the System's risk through restructuring the fixed income and real assets portfolios. Toward this effort, the Board approved new investments in the following sectors: long duration fixed income, absolute return strategies, private equity and private real assets. The Board also continued to build risk budgeting capabilities to provide support for recommendations on asset allocation, portfolio structure and manager weightings.

In addition, the Board expanded the investment counseling services provided to RSP participants and negotiated lower fees for the lifecycle funds offerings in the RSP and two fund offerings in the DCP.

Finally, in conjunction with the completion of an actuarial review of the System's experience over the last five years, several of the System's assumptions were updated to better align with actual experience. The System also adjusted its method for amortizing the unfunded actuarial liability.

INFORMATION USEFUL IN ASSESSING THE RETIREMENT PLANS' ECONOMIC CONDITION

Financial Information

Accounting System and Reports

The Plans' financial statements have been prepared under the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due in accordance with the terms of the Plans.

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A), which can be found on pages 15 to 19 of this report, provides a brief analysis of the financial performance of the Plans and an introduction to the financial statements of the Plans for the year ended June 30, 2010.

Investments

Montgomery County has established a Board to be responsible for the investment management of the Plans' assets for the exclusive benefit of the members and participants. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

In overseeing the management of the assets of the Plans, the Board has developed sound and prudent investment policies. The Board believes an appropriate balance must be struck between risks taken and returns sought to ensure the long term health of the defined benefit plan. The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long term increases in the value of assets. To achieve this objective, System assets are allocated to a broad array of investment sectors as follows: domestic equities 25.5 percent, private equity 6.9 percent, international equities 18.7 percent, fixed income 27.5 percent, inflation indexed bonds 10.2 percent, commodities 4.9 percent, opportunistic 3.2 percent, and private real assets 3.1 percent. For the twelve months ended June 30, 2010, the total return achieved by the System's investments was a gain of 14.45 percent, compared to the gain recorded by the System's benchmark index of 13.51 percent and the actuarial assumed rate of return of 7.5 percent.

Section 33-125 of the Montgomery County Code authorizes the Board to establish, for members of the RSP, a diversified slate of mutual and commingled investment funds from which participants may select options. The Board has developed an investment policy outlining its oversight of the investment products offered.

The Board has also established a diversified slate of mutual and commingled funds for the County Plan which offers a range of options from which participants may select. The Board has constructed an investment policy stipulating investment objectives and oversight by the Board.

Funding

The System's actuary uses a five-year smoothed market-related value to determine the actuarial value of assets. The smoothing prevents extreme volatility in employer contribution rates due to short-term fluctuations in the investment markets. For the June 30, 2010 valuation, the actuarial value of assets was $2.8 billion and the aggregate actuarial liability was $3.6 billion, resulting in a funded status ratio of 76.6%. The Schedule of Funding Progress, included as Required Supplementary Information in the Financial Section, expresses the System's actuarial value of assets as a percentage of the actuarial accrued liability, providing one indication of the System's funding status on a going-concern basis. The actuary has determined that the present net asset base, expected future contributions and investment earnings thereon, are sufficient to provide for full payment of future benefits under the projected unit credit actuarial cost method.

Internal Control Structure and Budgetary Controls

The Plans' management is responsible for maintaining internal accounting controls to provide reasonable assurance that transactions are properly authorized and recorded as necessary to permit preparation of financial statements in conformity with U.S. generally accepted accounting principles. We believe the internal controls in effect during the fiscal year ended June 30, 2010 adequately safeguard the Plans' assets and provide reasonable assurance regarding the proper recording of financial transactions. In addition, the Board, in conjunction with the Chief Administrative Officer, approves and actively monitors the annual budgets for each plan. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement.

Independent Audit and Actuarial Certification

An independent auditors' report and actuarial certification are included in this report.

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Montgomery County Employee Retirement Plans for its comprehensive annual financial report for the fiscal year ended June 30, 2009. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Montgomery County Employee Retirement Plans have received the Certificate of Achievement for the last ten consecutive years. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements and we are submitting it to the GFOA.

Acknowledgements

The Plans' CAFR was prepared by the Board of Investment Trustees staff in conjunction with staff support from the County's Department of Finance. I would like to express my appreciation to the employees who have worked hard throughout the year to ensure the successful operation of the Plans.

Respectfully submitted,

Timothy L. Firestine
Chief Administrative Officer
Plan Administrator

BOARD OF INVESTMENT TRUSTEES

Kelda J.C. Simpson
Chair
Public Representative
Term Expires March 2011

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Vice Chair
OPT/SLT Bargaining Unit Designee

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Montgomery County Director
Of Human Resources
Ex-Officio Member

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Term Expires March 2011

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Management and Budget
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Term Expires March 2012

Jeffrey Sharpe
Montgomery County Council Representative
Term Expires March 2011

Sunil Pandya
Montgomery County
Department of Liquor Control
Non-Bargaining Unit Representative
Term Expires March 2011

Mary E. Menke
Retired Employees Representative
Term Expires March 2012

ADMINISTRATIVE ORGANIZATION

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Director
Office of Human Resources

Jennifer E. Barrett
Director of Finance

Linda A. Herman
Executive Director
Board of Investment Trustees

Professional Services

Actuary

Mercer Human Resource Consulting
Washington, DC

Investment Consultants

Wilshire Associates
Pittsburgh, PA

Franklin Park
Philadelphia, PA

Auditor

Clifton Gunderson LLP
Certified Public Accountants
Timonium, MD

Investment Managers-Employees' Retirement System

Adams Street Partners
Chicago, IL

AEW Partners
Boston, MA

BlackRock Financial Management
New York, NY

Bridgewater Associates
Westport, CT

Carmel Partners
San Francisco, CA

First Quadrant L.P.
Pasadena, CA

FLAG Capital Management
Stamford, CT

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New York, NY

Grosvenor Capital Management
Chicago, IL

Gryphon International Investment
Toronto, Canada

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HarbourVest Partners
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Jennison Associates
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JP Morgan Investment Management
New York, NY

KPS Capital Partners, LP
New York, NY

Landmark Partners Inc.
Simsbury, CT

LBA Realty
Irvine, CA

Loomis Sayles & Co.
Boston, MA

Marathon London
United Kingdom

Mason Wells
Milwaukee, WI

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United Kingdom

Nomura Asset Management
New York, NY

Numeric Investors
Cambridge, MA

Odyssey Investment Partners
New York, NY

OFI Trust Company
New York, NY

Pomona Capital
New York, NY

RhumbLine Advisors
Boston, MA

Riverside Partners
Boston, MA

Schroder Investment Management
New York, NY

STW Fixed Income Management
Carpentaria, CA

Systematic Financial Management
Teaneck, NJ

TA Associates
Boston, MA

TA Realty LLC
Boston, MA

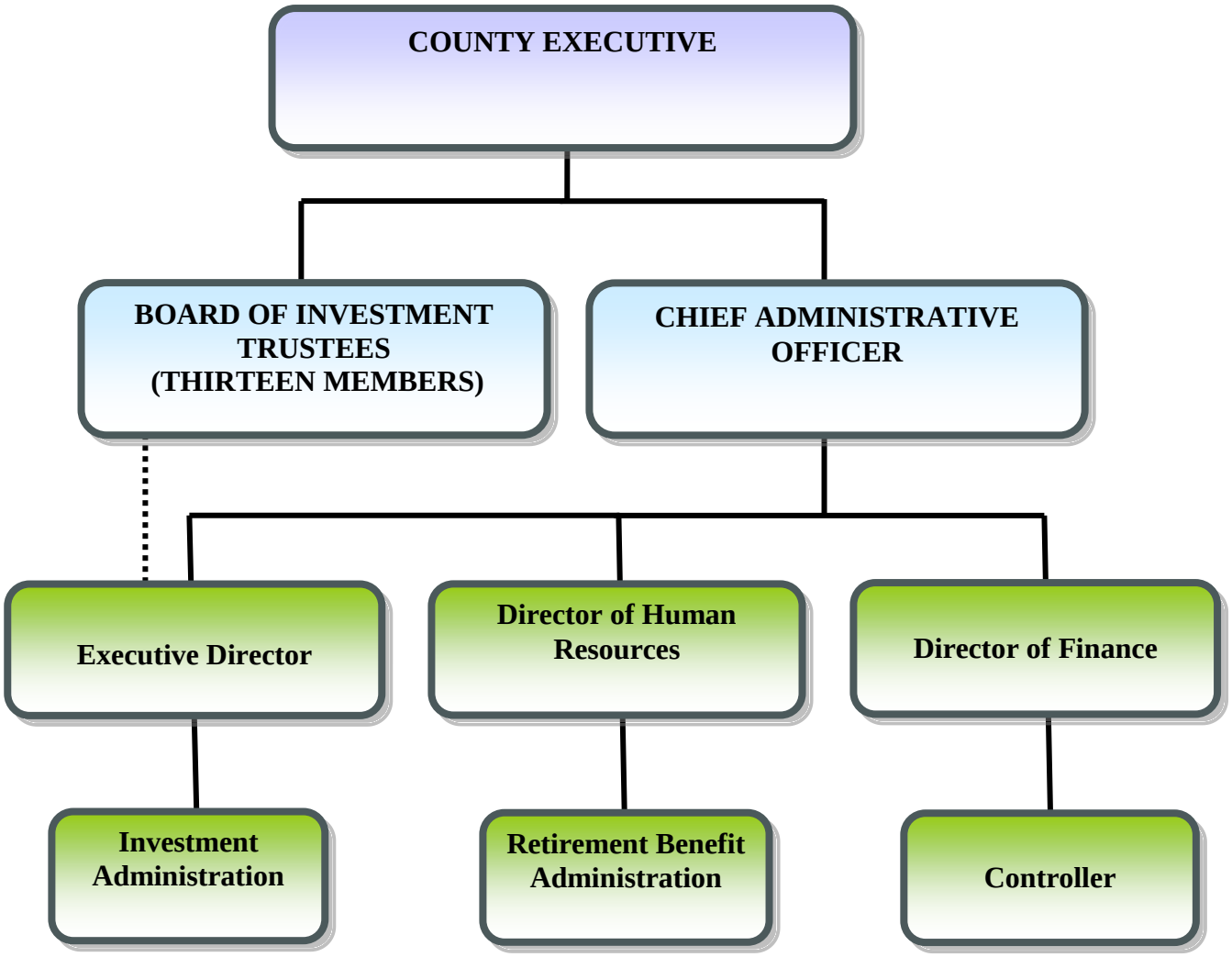
Transwestern Investment Company
Chicago, IL

Wellington Management
Boston, MA

Custodial Bank-Employees' Retirement System

The Northern Trust Company
Chicago, IL

Administrative Organization Chart



FINANCIAL SECTION

Clifton Gunderson LLP
Certified Public Accountants & Consultants

Independent Auditor's Report

The Honorable County Council
of Montgomery County, Maryland
Board of Trustees
Montgomery County Employees' Retirement Plans:

We have audited the accompanying statements of plan net assets of the Montgomery County Employees' Retirement Plans (the Plans) as of June 30, 2010, and the related changes in plan net assets for the year then ended. These financial statements are the responsibility of the Plans' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Plans as of June 30, 2010, and the changes in plan net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2010 on our consideration of the Plans' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Member of HLB International

The management's discussion and analysis on pages 15 through 19, and the schedules of funding progress and employer contributions on page 33, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plans' basic financial statements. The introduction section on pages 4 to 10, the supplementary information, investment section, actuarial section, and statistical section, as listed in the table of contents and shown on pages 34 to 81, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The information in the introduction, investment, actuarial, and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Clifton Gunderson LLP

Baltimore, Maryland
December 3, 2010

MONTGOMERY COUNTY
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GARDEZ BIEN
MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The following Management's Discussion and Analysis (MD&A) of the Montgomery County Employee Retirement Plans (Plans) financial performance provides an introduction to the financial statements of the Plans as of and for the year ended June 30, 2010. Since the MD&A is designed to focus on current activities, resulting changes and current known facts, it should be read in conjunction with the transmittal letter in the Introduction Section on page 4, the financial statements, required supplementary information, and other supplementary information which follow this discussion.

REQUIRED FINANCIAL STATEMENTS

The financial statements for the Plans have been prepared under the accrual basis of accounting in conformity with U.S. generally accepted accounting principles, promulgated by the Governmental Accounting Standards Board. The Statements of Plan Net Assets comprise the Plans' assets and liabilities and provide information about the nature and amount of investments, as well as the liabilities distinguished as long-term and other liabilities. The Statements of Changes in Plan Net Assets report the changes of the Plans' net assets, measured by the additions by major sources and deductions by type. Comparative financial statements of the three plans are presented in the latter part of the financial section.

FINANCIAL ANALYSIS OF THE MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS

Shown below is a condensed presentation of the Net Assets of the Employees' Retirement System (ERS), Retirement Savings Plan (RSP), and Deferred Compensation Plan (DCP) at June 30:

Net Assets
(Millions)

	ERS		RSP		DCP	
	2010	2009	2010	2009	2010	2009
Assets:						
Cash and investments	$ 2,656.1	$ 2,289.7	$ 131.9	$ 128.1	$ 228.6	$ 201.2
Receivables	23.1	19.7	1.6	1.6	1.4	1.1
Total assets	2,679.2	2,309.4	133.5	129.7	230.0	202.3
Liabilities	236.5	163.4	-	-	-	-
Total net assets	$ 2,442.7	$ 2,146.0	$ 133.5	$ 129.7	$ 230.0	$ 202.3

Shown below is a condensed summary of the Change in Net Assets of the ERS, RSP, and DCP for the years ended June 30:

Change in Net Assets
(Millions)

	ERS		RSP		DCP	
	2010	2009	2010	2009	2010	2009
Additions:						
Employer contributions	$ 114.0	$ 109.6	$ 16.4	$ 20.6	$ -	$ -
Member contributions	20.4	18.2	8.8	11.3	17.0	18.1
Transfer of member account asset balances	31.5	-	(31.5)	-	-	-
Net investment income (loss)	304.2	(428.5)	14.2	(26.7)	19.4	(44.5)
Total additions	470.1	(300.7)	7.9	5.2	36.4	(26.4)
Deductions:						
Benefits	169.1	168.6	-	-	-	-
Refunds	1.4	0.7	3.9	3.7	8.7	13.4
Administrative expenses	2.9	2.8	0.2	0.3	-	-
Total deductions	173.4	172.1	4.1	4.0	8.7	13.4
Total change in net assets	$ 296.7	$ (472.8)	$ 3.8	$ 1.2	$ 27.7	$ (39.8)

The following schedules provide a comparative summary and an analysis of each Plans' assets, liabilities and net assets, at June 30:

Employees' Retirement System
Net Assets
(Millions)

	2010	2009	Percentage Change
Assets:			
Cash and investments	$ 2,656.1	$ 2,289.7	16.0 %
Receivables	23.1	19.7	17.3
Total assets	2,679.2	2,309.4	16.0
Liabilities:			
Benefits payable and other liabilities	6.6	25.2	(73.8)
Obligations under securities lending agreements	229.9	138.2	66.4
Total liabilities	236.5	163.4	44.7
Total plan net assets	$ 2,442.7	$ 2,146.0	13.8 %

The table shown above reflects an increase in the Employees' Retirement System's net assets of $296.7 million or 13.8 percent during fiscal year (FY) 2010. The increase reflects the recovery of financial markets over the last twelve months resulting in increased investment earnings. In addition, the transfer of 1,022 members to the Guaranteed Retirement Income Plan (GRIP), a cash balance plan within the Employees' Retirement System, contributed to the increase in the net assets. During the previous year, net assets decreased by $472.8 million.

Retirement Savings Plan Net Assets (Millions)			
	2010	2009	Percentage Change
Assets:			
Cash and investments	$ 131.9	$ 128.1	3.0 %
Receivables	1.6	1.6	-
Total assets	133.5	129.7	2.9
Liabilities	-	-	
Total plan net assets	$ 133.5	$ 129.7	2.9 %

During FY 2010, net assets increased 2.9 percent to $133.5 million. The increase is attributable to the recovery of financial markets during FY 2010. Membership in the Retirement Savings Plan decreased from 5,829 to 4,751 primarily due to the member transfers to the Guaranteed Retirement Income Plan (GRIP).

Deferred Compensation Plan Net Assets (Millions)			
	2010	2009	Percentage Change
Assets:			
Investments	$ 228.6	$ 201.2	13.6 %
Receivables	1.4	1.1	27.3
Total assets and plan net assets	$ 230.0	$ 202.3	13.7 %

Net assets of the Deferred Compensation Plan increased 13.7 percent to $230.0 million during FY 2010. The increase is primarily attributable to the recovery of financial markets during the fiscal year.

ADDITIONS

The primary sources of additions for the Plans include member and employer (where applicable) contributions. The net gain is attributable to the recovery of financial markets during FY 2010. The following tables compare the source and amount of additions for each Plan during FY 2010 and FY 2009.

Employees' Retirement System Contributions and Investment Income (Millions)			
	2010	2009	Percentage Change
Employer contributions	$ 114.0	$ 109.6	4.0 %
Member contributions	20.4	18.2	12.1
Transfer of member account asset balances	31.5	-	100.0
Net investment income (loss)	304.2	(428.5)	171.0
	$ 470.1	$ (300.7)	256.3 %

During FY 2010, employer contributions to the Employees' Retirement System increased by 4.0 percent and member contributions by 12.1 percent due to an increase in the number of members attributable to Retirement Savings Plan participants transferring to the GRIP.

The net investment gain for the Employees' Retirement System totaled $304.2 million for FY 2010, comprised of $246.3 million in net appreciation in fair value of investments, $73.0 million in dividends and interest, $0.6 million from securities lending activities, and $15.7 million related to investment expenses. This is compared to a net investment loss of $428.5 million in FY 2009. The increase in earnings compared to the previous fiscal year is due to the recovery of financial markets.

Retirement Savings Plan
Contributions and Investment Income
(Millions)

	2010	2009	Percentage Change
Employer contributions	$ 16.4	$ 20.6	(20.4) %
Member contributions	8.8	11.3	(22.1)
Transfer of member account asset balances	(31.5)	-	(100.0)
Net investment income (loss)	14.2	(26.7)	153.2
	$ 7.9	$ 5.2	51.9 %

Employer contributions to the Retirement Savings Plan were $16.4 million in FY 2010, a decrease of 20.4 percent from FY 2009. Member contributions were $8.8 million in FY 2010, a decrease of 22.1 percent from FY 2009. The decrease in contributions is due to the election by members to transfer to the GRIP.

The net investment gain is primarily attributable to appreciation in investments during FY 2010.

Deferred Compensation Plan
Contributions and Investment Income
(Millions)

	2010	2009	Percentage Change
Member contributions	$ 17.0	$ 18.1	(6.1) %
Net investment income (loss)	19.4	(44.5)	143.6
	$ 36.4	$ (26.4)	237.9 %

Member contributions to the Deferred Compensation Plan were $17.0 million for FY 2010, compared to $18.1 million for FY 2009.

Net investment gain for the Deferred Compensation Plan was $19.4 million, compared to the net investment loss of $44.5 million in the previous fiscal year. The gain in FY 2010 is primarily due to the recovery of financial markets during the fiscal year.

DEDUCTIONS

The primary sources of deductions from the Plans include the payment of retiree and survivor benefits, participant refunds, and administrative expenses. The following tables show the use and amount of deductions for each plan during FY 2010 and 2009.

Employees' Retirement System
Deductions by Type
(Millions)

	2010	2009	Percentage Change	
Benefits	$ 169.1	$ 168.6	0.3	%
Refunds	1.4	0.7	100.0	
Administrative expenses	2.9	2.8	3.6	
	$ 173.4	$ 172.1	0.8	%

During FY 2010, refunds increased due to the change in membership.

Retirement Savings Plan
Deductions by Type
(Millions)

	2010	2009	Percentage Change	
Refunds	$ 3.9	$ 3.7	5.4	%
Administrative expenses	0.2	0.3	(33.3)	
	$ 4.1	$ 4.0	2.5	%

The expenses related to the Retirement Savings Plan are comprised of refunds and administrative costs. Administrative expenses for FY 2010 totaled $0.2 million, a decrease of 33.3 percent over FY 2009 levels.

Deferred Compensation Plan
Deductions by Type
(Millions)

	2010	2009	Percentage Change	
Refunds	$ 8.7	$ 13.4	(35.1)	%

During FY 2010, refunds distributed from the Deferred Compensation Plan decreased by 35.1 percent over the FY 2009 level.

For additional information regarding this report, please contact the Board of Investment Trustees at 240-777-8220.

MONTGOMERY COUNTY, MARYLAND
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2010

	Employees' Retirement System	Retirement Savings Plan	Deferred Compensation Plan
ASSETS			
Equity in County's pooled cash and investments	$ 1,365,399	$ 990,100	$ -
Investments:			
Government and agency obligations	235,631,971	-	-
Municipal/Provincial obligations	7,627,603	-	-
Asset-backed securities	9,343,270	-	-
Corporate bonds	519,898,639	-	-
Collateralized mortgage obligations	2,656,570	-	-
Commerical mortgage-backed securities	190,025	-	-
Common and preferred stock	1,063,949,809	-	-
Mutual and commingled funds	123,408,899	130,892,734	228,645,743
Short-term investments	218,146,254	-	-
Cash collateral received under securities lending agreements	229,936,305	-	-
Real estate	76,182,689	-	-
Private equity	167,767,042	-	-
Total investments	2,654,739,076	130,892,734	228,645,743
Dividend, interest, and other receivables	14,260,259	-	-
Contributions receivable	8,854,999	1,649,030	1,378,094
Total assets	2,679,219,733	133,531,864	230,023,837
LIABILITIES			
Payable for collateral received under securities lending agreements	229,936,305	-	-
Benefits payable and other liabilities	6,591,105	70,251	-
Total liabilities	236,527,410	70,251	-
Net assets held in trust for pension benefits	$ 2,442,692,323	$ 133,461,613	$ 230,023,837

See accompanying notes to financial statements.

MONTGOMERY COUNTY, MARYLAND
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

	Employees' Retirement System	Retirement Savings Plan	Deferred Compensation Plan
ADDITIONS			
Contributions:			
Employer	$ 113,957,784	$ 16,400,574	$ -
Members	20,431,466	8,871,048	17,028,419
Total contributions	134,389,250	25,271,622	17,028,419
Transfer of member account asset balances	31,529,478	(31,529,478)	-
Investment income	319,294,652	14,213,161	19,411,234
Less investment expenses	15,752,831	22,135	-
Net gain from investment activities	303,541,821	14,191,026	19,411,234
Income from securities lending	763,130	-	-
Less securities lending expenses	119,915	-	-
Net income from securities lending	643,215	-	-
Total additions	470,103,764	7,933,170	36,439,653
DEDUCTIONS			
Retiree benefits	122,861,083	-	-
Disability benefits	38,607,638	-	-
Survivor benefits	7,620,034	-	-
Refunds	1,414,893	3,901,699	8,722,755
Administrative expenses	2,906,988	237,093	-
Total deductions	173,410,636	4,138,792	8,722,755
Net increase	296,693,128	3,794,378	27,716,898
Net assets held in trust for benefits:			
Beginning of year	2,145,999,195	129,667,235	202,306,939
End of year	$ 2,442,692,323	$ 133,461,613	$ 230,023,837

See accompanying notes to financial statements.

INTRODUCTION

The Montgomery County Employee Retirement Plans (Plans) are offered to Montgomery County (County) employees whose eligibility to participate is based on employment status and other factors. Each of the Plans described below was established under a separate section of the Montgomery County Code (Code). The accompanying notes summarize the significant accounting policies and plan provisions for each of the Plans, including the Employees' Retirement System, a defined benefit pension plan; the Retirement Savings Plan, a defined contribution plan; and the Deferred Compensation Plan, a plan established pursuant to Section 457 of the Internal Revenue Code.

EMPLOYEES' RETIREMENT SYSTEM - Defined Benefit Pension Plan

The Montgomery County Employees' Retirement System (System or Plan) is considered part of the County's financial reporting entity and is included in the County's basic financial statements as a pension and other employee benefit trust fund. The accompanying financial statements present only the operations of the System in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to public employee retirement systems. They are not intended to present fairly the financial position and results of operations of the entire County.

The Montgomery County Council passed legislation in FY 2009 enabling the County to establish and maintain a Guaranteed Retirement Income Plan (GRIP), a cash balance plan that is part of the Plan, for employees. During FY 2010 eligible County employees who were members of the Retirement Savings Plan (RSP) were granted the option to elect to participate in the GRIP and to transfer their RSP member account balance to the GRIP and cease being a member of the RSP. For employees who elected to participate in the GRIP, the $31.5 million transfer of their account balances from the RSP to the GRIP has been reported as movement of member account asset balances in the accompanying Statement of Changes in Plan Net Assets.

A. Plan Description and Contribution Information

Membership. At June 30, 2010, the date of the latest actuarial valuation, membership in the System consisted of:

Retirees and beneficiaries receiving benefits	5,591
Terminated plan members entitled to but not yet receiving benefits	376
Active plan members	5,786

Plan Description. The System, a cost-sharing multiple-employer defined benefit pension plan, was established in 1965 and is sponsored by the County. Nine other agencies and political subdivisions have elected to participate. The System is closed to employees hired on or after October 1, 1994, except public safety bargaining unit employees and GRIP participants. All covered full-time employees of the County and participating agencies must become members of the System as a condition of employment. All covered career part-time employees of the County and participating agencies may become members on an individual basis.

Contributions. The System is a contributory plan with employees contributing a percentage of their base annual salary. Contribution rates range from 4 percent to 9.25 percent of regular earnings annually based on group classification and contributions earn interest at the rate of 4 percent per annum as specified under Section 33-39(b) of the Code. The County and each participating agency are required to contribute the remaining amounts necessary to fund the System using the actuarial basis as specified in Section 33-40 of the Code.

The GRIP, as defined in Section 33-35 of the Code, requires non-public safety employees to contribute 4 percent of regular earnings up to the Social Security wage base and 8 percent above the Social Security wage base. Public safety employees are required to contribute 3 percent of regular earnings up to the Social Security wage base and 6 percent above the Social Security wage base. Section 33-40 of the Code requires the County and each participating agency to contribute 8 percent and 10 percent of regular earnings for non-public safety and public safety employees, respectively.

Benefit Provisions. Benefit provisions are established under the Code beginning with Section 33-35. All benefits vest at five years of service. There are different retirement groups within the System. Members enrolled before July 1, 1978, belong to either the optional non-integrated group or the optional integrated group. Members enrolled on or after July 1, 1978, belong to the mandatory integrated group. Within the groups are different retirement membership classes. The retirement group assigned depends upon the job classification of the member (i.e., non public safety, police, fire, sheriffs and correctional staff). Normal and early retirement eligibility, the formula for determining the amount of benefit, and the cost of living adjustment varies depending upon the retirement group and retirement membership class. Normal retirement is a percentage of earnings multiplied by years of credited service. Earnings for optional non-integrated group members and optional integrated group members is defined as the high 12 months and for mandatory integrated plan members, the high 36 months. The percentage of earnings, the maximum years of credited service and the cost of living adjustment varies depending upon the retirement membership class and group. Members who retire early receive normal retirement benefits reduced by a minimum of 2 percent to a maximum of 60 percent depending on the number of years early retirement precedes normal retirement. The System provides options for disability and death benefits to eligible participants. Annual cost-of-living adjustments are provided to retirees and beneficiaries based on the percentage change in the Consumer Price Index.

Legislation enacted by the Montgomery County Council in November 1999 required the Chief Administrative Officer of the County to establish Deferred Retirement Option Plans, or DROP Plans, allowing any employee who is a member of a specified membership group or bargaining unit, and who meets certain eligibility requirements, to elect to "retire" but continue to work for a specified time period, during which pension payments are deferred. When the member's participation in the DROP Plan ends, the member must stop working for the County, draw a pension benefit based on the member's credited service and earnings as of the date that the member began to participate in the DROP Plan, and receive the value of the DROP Plan payoff.

For members of the GRIP, employee contributions vest immediately and employer contributions are vested after three years of service or upon death, disability, or reaching retirement age. Members are fully vested upon reaching normal retirement (age 62) regardless of years of service. At separation, a participant's benefit is determined based upon the account balance which includes contributions and earnings.

B. Summary of Significant Accounting Policies

Basis of Accounting. The System's financial statements have been prepared under the accrual basis of accounting. Member and employer contributions are recognized in the period in which the contributions are required to be made as specified under the County Code. Benefits and refunds are recognized when due in accordance with the terms of the Plan. The cost of administering the Plan is paid by the System.

Method Used to Value Investments. Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2010. Fair value for real estate investments is determined using unit values supplied by the issuers, which are based upon the issuers' appraisals of underlying real estate values. Such values involve subjective judgment and may differ from amounts which would be realized if such real estate was actually sold. The fair value of limited partnership investments are based on valuations of the underlying assets of the limited partnerships as reported by the general partner. Cash received as collateral on securities lending transactions and investments made with such cash are reported as assets along with a related liability for collateral received.

Equity in County's Pooled Cash and Investments. The System maintains its cash with the County, which invests cash and allocates interest earned, on a quarterly basis to the System based on the System's average daily balance of its equity in pooled cash. The County's policy is to fully collateralize the cash maintained in the pool.

Accounting Changes. The System has adopted GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* which did not have a significant impact on the System's financial statements. The System also adopted GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* resulting in additional disclosures in the System's derivatives footnote.

C. Funded Status and Funding Progress

The funded status of the System as of June 30, 2010, the most recent actuarial valuation date, is as follows:

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
$2,791,144,974	$3,645,576,341	$854,431,367	76.6%	$431,226,155	198.1%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Additional information as of the latest actuarial valuation is as follows.

Valuation date	June 30, 2010
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of payroll assuming 4% annual payroll growth.
Amortization period	Closed amortization approach. The period was reset to 18 years as of June 30, 2010. Amortization bases created in the future will be amortized over 20 years.
Asset valuation method	5-Year phase-in of market gains/losses
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases depending on age	4% - 9.25%
Cost-of-living adjustments	3%
Post-retirement Increases	Consumer Price Index - by Group
Mortality rates after retirement	RP 2000 projected 30 years, separate tables for males and females

D. Trustees of the Plan

The County established a Board of Investment Trustees (Board) for the System to be responsible for the investment management of the System's assets for the exclusive benefit of the members. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

E. Investments

Section 33-61C of the Code, authorizes the Board to act with the care, skill, prudence and diligence under the circumstances that a prudent person acting in a similar capacity and familiar with the same matters would use to conduct a similar enterprise with similar purposes. The Code also requires that such investments be diversified so as to minimize the risk of large losses unless it is clearly not prudent to diversify under the circumstances. The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long term increases in the value of assets. The overall investment policies do not address specific levels of credit risk, interest rate risk or foreign currency risk. The Board believes that risks can be managed, but not eliminated, by establishing constraints on the investment portfolios and by monitoring the financial markets, the System's asset allocation and the investment managers hired by the System. Each investment manager has a specific benchmark and investment guidelines appropriate for the type of investments they are managing.

Section 33-60 of the Code prohibits the Board from investing in any bonds, notes, or debt instruments issued by Montgomery County, any political subdivision within Montgomery County, any agency supported or financed wholly or partly by taxes levied by the Montgomery County Council, or any agency supported by bond issues underwritten by Montgomery County.

Credit Risk/Concentration of Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Board's investment policies and guidelines limit the percentage of the total fund and individual manager's account which can be invested in fixed income securities rated below investment grade. In addition, the Board's investment policies and guidelines limit the percentage of each investment manager's account that may be allocated to any one security, position, issuer or affiliated issuer, to less than 5 percent of the fair value of the investment manager's account. The System does not have investments (other than those issued or explicitly guaranteed by the U.S. Government or pooled investments) in any one company that represents 5 percent or more of net assets held in trust for pension benefits.

The quality ratings of investments in fixed income securities as described by nationally recognized rating organizations as of June 30, 2010 are as follows:

Type of Investment	Quality Rating	Fair Value	Percentage of Portfolio
U.S. Government Obligations*	AAA	$ 56,223,580	6.64%
Foreign Government Obligations	AAA	90,699,909	10.72%
	A	18,945,491	2.24%
	BBB	2,488,945	0.29%
	BB	24,931	0.00%
Asset-Backed Securities	AAA	7,470,286	0.88%
	AA	312,726	0.04%
	BBB	907,341	0.11%
	BB	100,000	0.01%
	B	318,285	0.04%
	CC	62,525	0.01%
	Unrated	172,107	0.02%
Commercial Mortgage-Backed Securities	BBB	190,025	0.02%
Collateralized Mortgage Obligations	AAA	675,017	0.08%
	BBB	156,759	0.02%
	BB	205,797	0.02%
	B	261,705	0.03%
	CCC	1,356,727	0.16%
	D	565	0.00%
Municipal/Provincial Bonds	AA	2,947,088	0.35%
	A	4,680,515	0.55%
Corporate Bonds	AAA	4,379,056	0.52%
	AA	42,519,121	5.03%
	A	120,156,248	14.20%
	BBB	73,983,706	8.74%
	BB	58,003,236	6.85%
	B	88,018,079	10.40%
	CCC	32,437,298	3.83%
	CC	991,377	0.12%
	C	1,187,437	0.14%
	D	735,452	0.09%
	Unrated	6,009,993	0.71%
Fixed Income Pooled Funds	Unrated	158,726,751	18.76%
Short-term Investments and Other	Unrated	70,910,620	8.38%
Total Fixed Income Securities		$ 846,258,698	100.00%

*Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. The Board's investment policies and guidelines manage interest rate risk by establishing duration constraints on each fixed income manager's portfolio based on the duration of each manager's respective benchmark. Duration is a measure of interest rate risk based on a bond price's sensitivity to a 100-basis point change in interest rates. The greater the duration of a bond, or a portfolio of bonds, the greater its price volatility will be in response to a change in interest rates and vice-versa. Duration of eight would mean that, given a 100-basis point change up/down in rates, a bond's price would move down/up by 8 percent. As of June 30, 2010, the System's fixed income portfolio had the following sensitivity to changes in interest rates:

Type of Investment	Effective Duration in Years	Fair Value	Percentage of Portfolio
U.S. Government Obligations	13.07	$ 56,223,580	6.64%
Foreign Government Obligations	7.25	112,159,276	13.25%
Asset-Backed Securities	5.96	9,343,270	1.11%
Commercial Mortgage-Backed Securities	5.47	190,025	0.02%
Collateralized Mortgage Obligations	0.01	2,656,570	0.31%
Municipal/Provincial Obligations	12.05	7,627,603	0.90%
Corporate Bonds	7.26	428,421,003	50.63%
Fixed Income Pooled Funds	N/A	158,726,751	18.76%
Short-term Investments and other	N/A	70,910,620	8.38%
Total Fixed Income Securities		$ 846,258,698	100.00%

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Board's International Investing Policy's objective is to achieve long-term capital appreciation and current income by investing in diversified portfolios of non-U.S. equities and bonds. The System has indirect exposure to foreign currency risk as follows:

International Securities	Equity	Fixed Income	Short-term and Other	Total Non-U.S. Dollar
European Currency Unit	$ 103,430,844	$ 52,791,302	$ (39,335,990)	$ 116,886,156
Japanese Yen	97,327,711	-	14,112,229	111,439,940
British Pound Sterling	51,518,546	26,266,264	4,585,693	82,370,503
Swedish Krona	10,629,974	8,629,624	23,847,454	43,107,052
Swiss Franc	18,019,934	-	13,329,221	31,349,155
Hong Kong Dollar	21,222,312	-	-	21,222,312
Danish Krone	7,629,731	-	-	7,629,731
South Korean Won	2,560,327	1,164,485	-	3,724,812
Indonesian Rupiah	1,517,008	1,851,373	-	3,368,381
Philippine Peso	2,772,995	-	-	2,772,995
Other Currencies	16,727,043	21,246,687	(132,555,381)	(94,581,651)
Total International Securities	$ 333,356,425	$ 111,949,735	$ (116,016,774)	$ 329,289,386

Derivatives. In accordance with the Board's Derivatives Policy, the System regularly invests in derivative financial instruments in the normal course of its investing activities to manage exposure to certain risks within the fund. During FY 2010, the System invested directly in various derivatives including asset-backed securities, collateralized mortgage obligations, exchange-traded futures contracts, forward currency contracts, swaps, and floating rate securities. Investment managers are prohibited from purchasing securities on margin or using leverage unless specifically permitted within the investment manager's guidelines. These investments generally contain market risk resulting from fluctuations in interest and currency rates. The credit risk of these investments is associated with the creditworthiness of the related parties to the contracts. The System could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. The Board's Derivatives Policy seeks to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring

procedures. In addition, the System has indirect exposure to market and credit risk through its ownership interests in certain mutual and commingled funds which may hold derivative financial instruments. The System is not a dealer, but an end-user of these instruments.

The notional or contractual amounts of derivatives indicate the extent of the System's involvement in the various types of derivative financial instruments and do not measure the System's exposure to credit or market risk and do not necessarily represent amounts exchanged by the parties. The amounts exchanged are determined by reference to the notional amounts and the other terms of the derivatives.

As permitted by the Board's policies, the System holds off-financial statement derivatives in the form of exchange-traded financial futures, interest rate swaps, foreign currency exchange swaps and foreign currency exchange contracts.

Futures contracts are contracts in which the buyer agrees to purchase and the seller agrees to make delivery of a specified financial instrument at a predetermined date and price. Gains and losses on futures contracts are settled daily. Futures contracts are standardized and are traded on exchanges. The exchange assumes the risk that a counterparty will not pay. As of June 30, 2010, the System held 34 long US Treasury futures contracts with a fair value of $4,384,875 and 30 short US Treasury futures contracts with a fair value of ($3,676,406).

A swap is an agreement in which party commits to pay a fee in exchange for a return linked to the market performance of an underlying security, group of securities, index or other asset. Risks may arise if the counterparty is unable to meet the terms of the contract. Swaps contain market risk resulting from fluctuations in the value of the reference obligation. As of June 30, 2010, the System held a foreign currency swap with a notional value of $83,400,000.

Foreign exchange contracts involve an agreement to exchange the currency of one country for the currency of another country at an agreed-upon price and settlement date. Foreign exchange contracts contain market risk resulting from fluctuations in currency rates. The credit risk is associated with the creditworthiness of the related parties to the contracts. As of June 30, 2010, the System held $199,108,790 buy foreign exchange contracts and ($326,040,335) sell foreign exchange contracts. The unrealized gain on the System's contracts was $1,958,300.

Securities Lending. Board policy permits the System to lend its securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The System's custodian is the agent in lending the System's securities for collateral of 102 percent for domestic and 105 percent for international securities. The custodian receives cash, securities or irrevocable bank letters of credit as collateral. All securities loans can be terminated on demand by either the System or the borrower. Cash collateral received from the borrower is invested by the lending agent, as an agent for the System, in a short-term investment pool in the name of the System, with guidelines approved by the Board. Such investments are considered a collateralized investment pool. The relationship between the maturities of the investment pool and the System's loans is affected by the maturities of securities loans made by other plan entities that invest cash collateral in the investment pool, which the System cannot determine. The System records a liability for the return of the cash collateral shown as collateral held for securities lending in the statement of net assets. On November 21, 2008, the Board began restricting the amount of loans the lending agent could make on its behalf. This restriction remained in place at June 30, 2010 and was removed on July 23, 2010. The agent indemnifies the System by agreeing to purchase replacement securities, or return the cash collateral thereof, in the event a borrower fails to return loaned securities or pay distributions thereon. There were no such failures by any borrower during the fiscal year, nor were there any losses during the period resulting from a default of the borrower or lending agent.

As of June 30, 2010, the fair value of securities on loan was $223,007,286. Cash received as collateral and the related liability of $229,936,305 as of June 30, 2010, is shown on the Statement of Plan Net Assets. Securities received as collateral are not reported as assets since the System does not have the ability to pledge or sell the collateral securities absent borrower default. Securities lending revenues and expenses amounting to $763,130 and $119,915, respectively, have been classified with investment income and investment expenses, respectively, in the accompanying financial statements.

The following represents the balances relating to the securities lending transactions at June 30, 2010:

Securities Lent	Underlying Securities	Non-Cash Collateral Value	Cash Collateral Investment Value
Lent for Cash Collateral:			
U.S. Government Obligations	$ 44,698,458	$ -	$ 45,422,904
Corporate Bonds	75,279,127	-	77,368,741
Equities	102,976,612	-	107,144,660
Lent for Non-Cash Collateral:			
Equities	53,089	54,661	-
Total	$ 223,007,286	$ 54,661	$ 229,936,305

At year-end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceeded the amounts the borrowers owe the System. The System is fully indemnified by its custodial bank against any losses incurred as a result of borrower default.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2010, there were no funds held by a counterparty that was acting as the System's agent in securities lending transactions.

F. Allocated Insurance Contract

On August 1, 1986, the County entered into an agreement with Aetna Life Insurance Company (Aetna) wherein Aetna accepted future responsibility for monthly payments to all members retired prior to January 1, 1986, in exchange for a lump sum payment. The County is liable for cost of living increases effective January 1, 1986, and later. Monthly payments made under this agreement have not been recognized in the System's financial statements.

G. Income Taxes

The Internal Revenue Service issued a determination letter in January 2003, which stated that the System and its underlying trust qualify under the applicable provisions of the Internal Revenue Code and are exempt from federal income taxes. In the opinion of the plan administrator, the System and its underlying trust have operated within the terms of the System and are qualified under the applicable provisions of the Internal Revenue Code.

RETIREMENT SAVINGS PLAN - Defined Contribution Pension Plan

The Montgomery County Retirement Savings Plan (Plan) is considered part of the County's financial reporting entity and is included in the County's basic financial statements as a pension and other employee benefit trust fund. The accompanying financial statements present only the operations of the Plan in conformity with GAAP. They are not intended to present fairly the financial position and results of operations of the entire County.

The Montgomery County Council passed legislation in FY 2009 enabling the County to establish and maintain a Guaranteed Retirement Income Plan (GRIP), a cash balance plan that is part of the Employees' Retirement System, for employees. During FY 2010 eligible County employees who were members of the Retirement Savings Plan (Plan) were granted the option to elect to participate in the GRIP and to transfer their Plan member account balance to the GRIP and cease being a member of the Plan. For employees who elected to participate in the GRIP, the $31.5 million transfer of their member account balances from the Plan to the GRIP has been reported as movement of member account asset balances in the accompanying Statement of Changes in Plan Net Assets.

A. Plan Description and Contribution Information

Membership. At June 30, 2010 membership in the Plan consisted of:

Active plan members	3,839
Inactive plan members	912

Plan Description. The Plan, a cost-sharing multiple-employer defined contribution plan, was established in 1994 and is sponsored by the County. Eight other agencies or political subdivisions have elected to participate. All non-public safety and certain public safety employees not represented by a collective bargaining agreement and hired on or after October 1, 1994 are covered by the Plan unless they elect to participate in the GRIP. Eligible employees covered by the Montgomery County Employees' Retirement System may make an irrevocable decision to transfer to this Plan.

Contributions. Under Section 33-116 of the Code, the Plan requires non-public safety employees to contribute 4 percent of regular earnings up to the Social Security wage base and 8 percent above the Social Security wage base. Public safety employees are required to contribute 3 percent of regular earnings up to the Social Security wage base and 6 percent above the Social Security wage base. Section 33-117 of the Code requires the County and each participating agency to contribute 8 percent and 10 percent of regular earnings for non-public safety and public safety employees, respectively. In accordance with IRS regulations and the County Code, $400,000 in accumulated revenue was used to reduce employer contributions in FY 2010.

Benefit Provisions. Employee contributions and earnings thereon vest immediately and employer contributions and earnings thereon are vested after three years of service or upon death, disability, or reaching retirement age. Members are fully vested upon reaching normal retirement (age 62) regardless of years of service. At separation, a participant's benefit is determined based upon the account balance which includes contributions and investment earnings.

B. Summary of Significant Accounting Policies

Basis of Accounting. The Plan's financial statements have been prepared under the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are required to be made as specified in the County Code. Benefits and refunds are recognized when due in accordance with the terms of the Plan. The cost of administering the Plan is paid by the County and participating agencies.

Method Used to Value Investments. Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2010.

Equity in County's Pooled Cash and Investments. The Plan maintains its cash with the County, which invests cash and allocates interest earned, on a quarterly basis to the Plan based on the Plan's average daily balance of its equity in pooled cash. The County's policy is to fully collateralize the cash maintained in the pool.

C. Trustees of the Plan

The County established a Board of Investment Trustees (Board) for the Trust to oversee the investment program. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

D. Investments

Section 33-125 of the Code authorizes the Board to establish a diversified slate of mutual and commingled investment funds from which participants may select an option. The Board exercises the Standard of Care as delineated in Section 33-61 of the Code. As of June 30, 2010, the fair value of the mutual and commingled investment funds was $130,892,734, of which $23,070,180 was invested in international mutual funds.

E. Income Taxes

The Internal Revenue Service issued a determination letter in December 2002, which stated that the Plan and its underlying trust qualify under the applicable provisions of the Internal Revenue Code and are exempt from federal income taxes. In the opinion of the plan administrator, the Plan and its underlying trust have operated within the terms of the Plan and are qualified under the applicable provisions of the Internal Revenue Code.

DEFERRED COMPENSATION PLAN

During FY 2005, the Montgomery County Council passed legislation enabling the County to establish and maintain one or more additional deferred compensation plans for employees covered by a collective bargaining agreement. All County non-represented employees, those County represented employees who elected to participate, and employees who were retired at the time of transfer, continue to participate in the Montgomery County Deferred Compensation Plan administered by the County (the County Plan). County represented employees who elected and all represented employees hired after March 1, 2005 participate in the newly created Montgomery County Union Employees Deferred Compensation Plan (the Union Plan) administered by the bargaining units. The purpose of these Plans is to extend to employees deferred compensation plans pursuant to Section 457 of the Internal Revenue Code of 1986, as amended.

The accompanying financial statements present only the operations of the County Plan in conformity with GAAP. They are not intended to present fairly the financial position and results of operations of the entire County. The assets of the Union Plan are not included in the accompanying financial statements since neither the County nor the Board of Investment Trustees (Board) have fiduciary or other responsibility for the Union Plan except as required by federal law, including any regulation, ruling, or other guidance issued under law.

A. Plan Description and Contribution Information

Plan Description and Contributions. During 1999, in accordance with Federal legislation, the assets were placed in Trust for the sole benefit of participants and their beneficiaries. Trust responsibilities for the County Plan are assigned to the Board. The Board has a third-party administrator contract to provide investment vehicles and administrative services to plan participants. Under the County Plan, contributions are sent to the providers for different types of investments as selected by the participants. A separate account, which reflects the monies deferred, investment of the monies, and related investment earnings is maintained for each participant by the third-party administrator. Withdrawals are made upon retirement, termination of employment, death, and/or in unforeseeable emergencies.

B. Summary of Significant Accounting Policies

Basis of Accounting. The County Plan's financial statements have been prepared under the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are made. Distributions are recognized when paid in accordance with the terms of the County Plan, and administrative costs are recognized as incurred.

Method Used to Value Investments. Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2010.

C. Trustees of the Plan

The County established a Board to oversee the investment program of the County Plan. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

D. Investments

The Board is required to establish a diversified slate of mutual and commingled funds from which participants may select investment options. The Board exercises the Standard of Care as delineated in Section 33-61 of the Code. As of June 30, 2010, the fair value of the mutual and commingled investment funds was $228,645,743, of which $30,762,259 was invested in international mutual funds.

MONTGOMERY COUNTY
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GARDEZ BIEN
MARYLAND

REQUIRED SUPPLEMENTARY INFORMATION

Historical trend information about the Employees' Retirement System (System) defined benefit pension plan is presented below as required supplementary information. This information is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/05	$ 2,100,532,623	$ 2,775,047,412	$ 674,514,789	75.7 %	$ 328,459,150	205.4 %
6/30/06	2,222,724,295	2,918,336,073	695,611,778	76.2	340,333,414	204.4
6/30/07	2,469,933,200	3,100,637,723	630,704,523	79.7	352,636,518	178.9
6/30/08	2,701,119,470	3,341,549,425	640,429,955	80.8	372,214,906	172.1
6/30/09	2,736,010,044	3,489,057,559	753,047,515	78.4	376,895,171	199.8
6/30/10	2,791,144,974	3,645,576,341	854,431,367	76.6	431,226,155	198.1

Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing the assets as a percentage of the actuarial accrued liability provides one indication of the System's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the system. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the system's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the system.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2005	$ 74,655,371	100 %
2006	88,184,159	100
2007	109,436,001	100
2008	117,686,375	100
2009	109,567,014	100
2010	113,957,784	100

SCHEDULE OF ADMINISTRATIVE EXPENSES
EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2010

Personnel Services:	
Salaries and wages	$ 1,270,716
Retirement contributions	109,351
Insurance	121,894
Social security	89,200
Total personnel services	1,591,161
Professional Services:	
Actuarial	296,444
Independent public accountants	37,376
Outside legal	143,409
Computer technical support	58,228
Temporary	20,827
Total professional services	556,284
Benefit Processing:	
Disbursement services	429,663
Disability management	249,644
Total benefit processing	679,307
Due diligence and continuing education	26,706
Office Management:	
Office equipment and supplies	53,372
Miscellaneous	158
Total office management	53,530
Total administrative expenses	$ 2,906,988

SCHEDULE OF INVESTMENT EXPENSES
EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2010

Investment Management Expenses:		
Aetna Life Insurance Company	$	5,208
BlackRock Financial Management		285,669
Bridgewater Associates		2,231,280
First Quadrant		1,690,332
FX Concepts		1,100,686
Goldman Sachs		469,622
Gryphon International Investment		799,337
Jennison Associates LLC		129,429
JP Morgan Investment Management		1,686,821
Loomis Sayles		603,187
Marathon London		1,225,364
Mondrian Investment Partners Ltd.		695,887
Nomura Asset Management		513,394
Numeric Investors		932,757
OFI Trust Company		371,156
RhumbLine Advisors		10,810
Schroder Investment		671,295
STW		305,687
Systematic Financial Management		378,060
Wellington Management		584,840
The Northern Trust Company		299,125
Bloomberg Financial Systems		19,080
Wilshire Associates		267,300
Abel/Noser Corp.		5,000
KLD Research & Analytics		2,875
Franklin Park		468,630
Total investment management expenses		15,752,831
Securities lending borrower rebates		(40,627)
Securities lending agent fees		160,542
Total securities lending expenses		119,915
Total investment expenses	$	15,872,746

EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2010 AND 2009

	2010	2009
ASSETS		
Equity in County's pooled cash and investments	$ 1,365,399	$ 523,857
Investments:		
Government and agency obligations	235,631,971	316,739,428
Asset-backed securities	7,627,603	12,163,832
Municipal/Provincial bonds	9,343,270	-
Corporate bonds	519,898,639	322,886,763
Collateralized mortgage obligations	2,656,570	9,104,627
Commercial mortgage-backed securities	190,025	15,131,578
Common and preferred stock	1,063,949,809	995,018,436
Mutual and commingled funds	123,408,899	73,055,687
Short-term investments	218,146,254	195,559,877
Cash collateral received under securities lending agreements	229,936,305	138,201,569
Real estate	76,182,689	72,158,654
Private equity	167,767,042	139,209,558
Total investments	2,654,739,076	2,289,230,009
Dividend, interest, and other receivables	14,260,259	11,080,736
Contributions receivable	8,854,999	8,584,565
Total assets	2,679,219,733	2,309,419,167
LIABILITIES		
Payable for collateral received under securities lending agreements	229,936,305	138,201,569
Benefits payable and other liabilities	6,591,105	25,218,403
Total liabilities	236,527,410	163,419,972
Net assets held in trust for pension benefits	$ 2,442,692,323	$ 2,145,999,195

EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
ADDITIONS		
Contributions:		
Employer	$ 113,957,784	$ 109,567,014
Members	20,431,466	18,244,976
Total contributions	134,389,250	127,811,990
Transfer of member account asset balances	31,529,478	-
Investment Income:		
Net appreciation (depreciation) in fair value of investments	246,284,158	(490,726,802)
Dividends and interest	73,010,494	73,066,612
Total income (loss) from investment activities	319,294,652	(417,660,190)
Less investment expenses	15,752,831	12,669,404
Net income (loss) from investment activities	303,541,821	(430,329,594)
Income from securities lending	763,130	4,295,939
Less securities lending expenses	119,915	2,490,951
Net income from securities lending	643,215	1,804,988
Total additions	470,103,764	(300,712,616)
DEDUCTIONS		
Retiree benefits	122,861,083	123,560,071
Disability benefits	38,607,638	37,724,912
Survivor benefits	7,620,034	7,333,268
Refunds	1,414,893	668,160
Administrative expenses	2,906,988	2,803,217
Total deductions	173,410,636	172,089,628
Net increase (decrease)	296,693,128	(472,802,244)
Net assets - beginning of year	2,145,999,195	2,618,801,439
Net assets - end of year	$2,442,692,323	$2,145,999,195

RETIREMENT SAVINGS PLAN
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2010 AND 2009

	2010	2009
ASSETS		
Equity in County's pooled cash and investments	$ 990,100	$ 521,775
Investments	130,892,734	127,577,002
Contributions receivable	1,649,030	1,610,148
Total assets	133,531,864	129,708,925
LIABILITIES		
Accrued expenses	70,251	41,690
Net assets held in trust for pension benefits	$ 133,461,613	$ 129,667,235

RETIREMENT SAVINGS PLAN
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
ADDITIONS		
Contributions:		
Employers	$ 16,400,574	$ 20,625,065
Members	8,871,048	11,262,814
Total contributions	25,271,622	31,887,879
Transfer of member account asset balances	(31,529,478)	-
Investment income (loss)	13,655,212	(27,068,724)
Other income	557,949	371,852
Net investment income (loss)	14,213,161	(26,696,872)
Less investment expenses	22,135	25,185
Total additions	7,933,170	5,165,822
DEDUCTIONS		
Refunds	3,901,699	3,669,059
Administrative expenses	237,093	300,190
Total deductions	4,138,792	3,969,249
Net increase	3,794,378	1,196,573
Net assets - beginning of year	129,667,235	128,470,662
Net assets - end of year	$ 133,461,613	$ 129,667,235

DEFERRED COMPENSATION PLAN
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2010 AND 2009

	2010	2009
ASSETS		
Investments	$ 228,645,743	$ 201,253,401
Contributions receivable	1,378,094	1,053,538
Total assets and net assets held in trust for pension benefits	$ 230,023,837	$ 202,306,939

DEFERRED COMPENSATION PLAN
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
ADDITIONS		
Contributions - members	$ 17,028,419	$ 18,057,590
Investment income (loss)	19,411,234	(44,478,616)
Total additions	36,439,653	(26,421,026)
DEDUCTIONS		
Member refunds	8,722,755	13,390,844
Total deductions	8,722,755	13,390,844
Net increase (decrease)	27,716,898	(39,811,870)
Net assets - beginning of year	202,306,939	242,118,809
Net assets - end of year	$ 230,023,837	$ 202,306,939

INVESTMENT SECTION

Employees' Retirement System

EMPLOYEES' RETIREMENT SYSTEM

INVESTMENT PERFORMANCE, POLICY, STATISTICS AND ACTIVITY

The Board of Investment Trustees (Board) and the investment staff are responsible for managing the $2.4 billion fund, Employees' Retirement System (the System), invested solely in the interests of its beneficiaries. It is a significant responsibility due to the majority of the average retiree benefit coming from investment earnings on contributions from members, the County, and participating agencies. According to Wilshire Associates, a national consulting firm, the median return among U.S. public pension plans over $1 billion in size in FY 2010 was a gain of 13.50%, net of fees. The System's return for the fiscal year was a gain of 13.88% net of fees, ranking at the median of this universe of comparable pension funds. The study also ranked the System's three-year loss of 2.30% in the top quartile (20th percentile) and its five-year return of 3.72% in the top quartile (23rd percentile). The gross returns for the one-year period exceeded the performance benchmark established by the Board by 94 basis points, with returns for the three-year and five-year periods both exceeding the performance benchmarks by 67 basis points and 70 basis points, respectively. The key drivers of the performance for the twelve month period ending June 30, 2010 were the System's public equity, fixed income and global inflation-protected bond managers.

In the investment of public funds, adequate funding of employee retirement benefits at a reasonable and affordable cost is a paramount concern. An appropriate balance must be struck between risks taken and returns sought to ensure the long term health of the System. The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long term increases in the value of assets.

Specific investment objectives include:

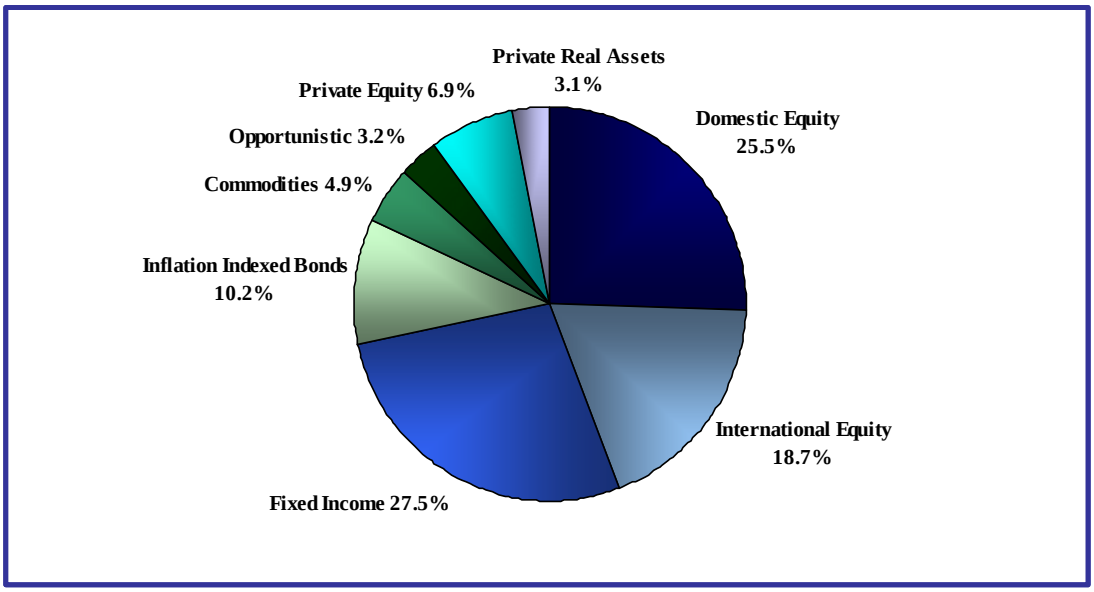
- To realize the actuarial assumed rate of return of 7.5 percent, annually.
- To manage portfolio risk so as to limit potential downside fluctuations in the value of the total System assets.
- To realize as high a rate of total return as possible consistent with the above.

To achieve these objectives, the following investment policies are employed:

- Allocate System assets to a broad array of investment sectors and strategies.
- Maintain the asset allocation within a range of +/-3% from the target.
- Monitor the individual investment manager's market value to ensure compliance with the Board's Manager Funding Policy.
- Evaluate the performance of all investment managers against their specific performance and style objectives, assigned risk, and the returns achieved by other similar managers.
- Evaluate the System's overall risk exposure and modify investments through rebalancing when necessary.

During FY 2010, the Board of Investment Trustees (Board) conducted an asset/liability study for the ERS which will result in further diversification of the investment portfolio and better management of the System's risk through restructuring the fixed income and real assets portfolios. Toward this effort, the Board approved new investments in the following sectors: long duration fixed income, absolute return strategies, private equity and private real assets. The Board also continued to build risk budgeting capabilities to provide support for recommendations on asset allocation, portfolio structure and manager weightings.

ASSET ALLOCATION – JUNE 30, 2010



INVESTMENT PERFORMANCE SUMMARY

	ANNUALIZED DATA FOR PERIOD ENDING JUNE 30, 2010		
	1 Year	**3 Year**	**5 Year**
Total Fund Time-Weighted Returns			
MCERS	14.45 %	(1.98) %	4.08 %
Policy Benchmark	13.51	(2.65)	3.38
Total Domestic Equities Return			
MCERS	16.52	(8.56)	0.41
Russell 3000	15.72	(9.47)	(0.48)
Total Private Equities Return			
MCERS	12.10*	(1.90)*	2.00*
Russell 3000 + 300 Bpts	17.30*	(4.80)*	(0.60)*
Total International Equities			
MCERS	15.12	(6.26)	6.53
MSCI All Country World X US	10.43	(10.70)	3.38
Total Private Real Assets			
MCERS	(22.82)*	(17.68)*	N/A
CPI + 500 Bpts	5.99**	6.12**	N/A
Total Fixed Income			
MCERS	19.00	6.64	5.50
Policy Benchmark	15.10	7.88	6.23
Total Commodities			
MCERS	2.54	N/A	N/A
Policy Benchmark	2.75	N/A	N/A
Total Global Inflation Indexed Bonds			
MCERS	14.87	10.50	6.98
Custom IIB Benchmark	8.29	7.35	5.00

Return data for the System was calculated on a time weighted basis (except where noted). Returns shown are provided by the System's custodian bank, The Northern Trust Company. Valuations are based on published national securities exchange prices, where available, and all valuations are reconciled between the various investment managers and the custodian bank. Returns are gross of fees paid to investment managers except where noted.

*Returns computed on dollar-weighted basis and are net of investment management fees.

** Benchmark comparison is not meaningful at this time due to the short investment history of the System private real assets program.

PORTFOLIO HIGHLIGHTS

PUBLIC EQUITY

The market value of the total Public Equity Portfolio as of June 30, 2010 represented approximately 44.2% of the total fund, split between Domestic Equity at 25.5% and International Equity at 18.7%. The Domestic Equity Portfolio outperformed the Russell 3000 Benchmark by 0.80% for the one year ending June 30, 2010. The United States economy continued to recover during the fiscal year from one of the deepest recessions on record. The equity markets rallied strongly during the first three quarters; however, the last quarter saw a decline as weaker economic reports, along with the European debt crises and a slowing economy in China raised concerns about the global economic recovery.

The International Equity Portfolio was allocated as follows: 78.8% active EAFE, 4.6% passive EAFE and 16.6% active emerging markets (EM). The International Equity Portfolio outperformed the MSCI ACWI ex US benchmark by 4.69% for the one year ending June 30, 2010. The international markets ended the fiscal year in positive territory with the emerging markets outperforming their developed counterparts. The strong momentum of the international markets continued until the fourth quarter of the fiscal year when the economic crises in the eurozone drove global risk aversion higher and threatened global growth.

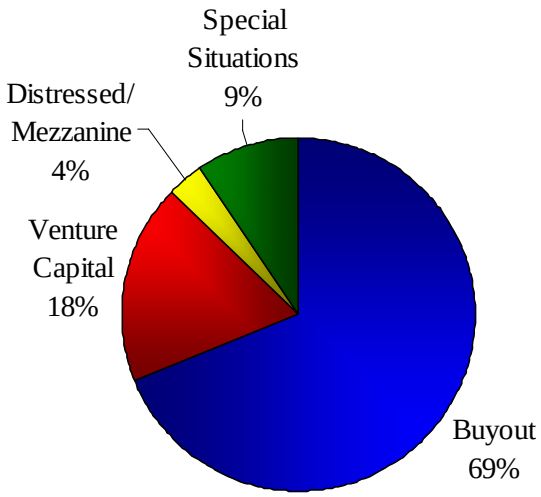
Equity: Top 15 Holdings

The top 15 holdings in the Public Equity Portfolio comprised 3.1% of ERS assets at June 30, 2010. In comparison to the top 15 holdings of last year, Novartis, Li & Fung, BNP Paribas, Heineken, Fresenius, Schneider Electric, Inditex, Johnson & Johnson, Terumo, Microsoft remained and Apple, Kingboard Chemical, Siemens, General Electric, and Pepsico were added.

Equity	Shares	Value
Novartis AG	129,516	$ 6,317,561
Li & Fung	1,334,800	6,025,082
Apple Inc.	22,216	5,587,990
BNP Paribas	101,285	5,554,345
Heineken NV	121,276	5,179,972
Fresenius	74,828	4,972,382
Schneider Electric	48,153	4,933,305
Inditex	84,369	4,865,933
Kingboard Chemical	1,084,000	4,705,085
Siemens Ag	50,755	4,601,808
Johnson & Johnson	75,250	4,444,265
Terumo Corp	87,800	4,246,627
General Electric	290,040	4,182,377
Microsoft Corp	181,740	4,181,837
Pepsico	66,737	4,067,620

PRIVATE EQUITY

The System began investing in private equity in 2003 to achieve returns greater than those available in the public equity markets and to gain exposure to diversified alpha sources. At June 30, 2010, the Private Equity Portfolio comprised 6.9% of total fund assets. Approximately 56% of the dollars committed have been called. The Private Equity program seeks to outperform the Russell 3000 Index by 3% annually. System returns are calculated on a dollar-weighted or internal rate-of-return basis, and the annualized return since inception (2003) through June 30, 2010 was 2.2%. By comparison, the dollar-weighted return for the Russell 3000 Index plus 3% for the same period was -0.1%.

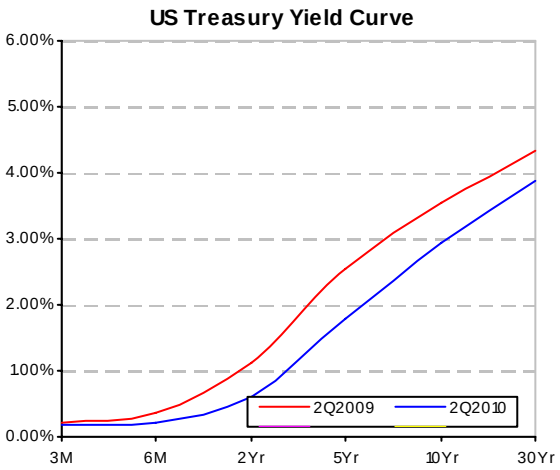


During the fiscal year, credit market conditions improved which allowed the volume and average size of private equity deals to increase compared to the prior year. Exit activity for portfolio companies also increased, with corporate acquisitions, transactions between private equity firms, and public offerings all rising.

PORTFOLIO HIGHLIGHTS

FIXED INCOME

The System invests a portion of its portfolio in fixed income securities to reduce total fund volatility, produce income and provide a measure of protection in the event of a slowing economic environment, where these lower volatility assets should provide downside protection. The market value of the Fixed Income Portfolio as of June 30, 2010 represented approximately 26.7% of the total fund. The Fixed Income Portfolio returned 19.00%, outperforming the benchmark return of 15.10% during the fiscal year. Returns were strong as Treasury yields fell and investor risk appetite returned in search of higher yields. Credit spreads narrowed from extremely wide levels while Treasury yields remained at historically low levels.



The last twelve months for the fixed income markets has been a period of recovery from the credit crisis. The markets saw improved liquidity, fundamentals, and investor sentiment throughout the fiscal year. The Federal Reserve kept the Fed Funds Rate at a target range of 0% to 0.25% and reiterated their view that current economic conditions warrant exceptionally low levels for an extended period of time. The Fed also continued quantitative easing measures to keep longer interest rates low in an effort to stimulate the economy. The change in the US Treasury Yield Curve (see above) reflects a move to safety on investor concerns the global economic recovery may not be as strong and take longer than anticipated.

Fixed Income: Top 15 Holdings

Fifteen Largest Fixed Income Holdings	Interest Rate	Maturity Date	Fair Value
United States Treasury Bonds	4.375 %	November 15, 2039	$ 17,585,560
United States Treasury Bonds	6.250	August 15, 2023	14,213,381
Wachovia Bank Medium Term Note	6.600	January 15, 2023	5,349,698
United States Treasury STRIPS	0.000	November 15, 2021	5,233,642
HSBC Bank Medium Term Note	7.000	January 15, 2039	5,209,188
United States Treasury Bonds	3.500	February 15, 2039	4,658,464
Kraft Foods	6.500	February 9, 2040	4,600,806
France Index Linked Government Bonds	2.250	July 25, 2020	4,576,618
General Electric Medium Term Note	6.875	January 10, 2039	4,438,611
France Index Linked Government Bonds	1.000	July 25, 2017	4,335,350
Citigroup	8.125	July 15, 2039	4,263,700
ConocoPhillips	6.500	February 15, 2039	4,130,057
Canada Index Linked Government Bonds	4.000	December 1, 2031	4,080,133
Dow Chemical	9.400	May 15, 2039	4,068,061
Met Life Inc.	7.717	February 15, 2019	4,040,797

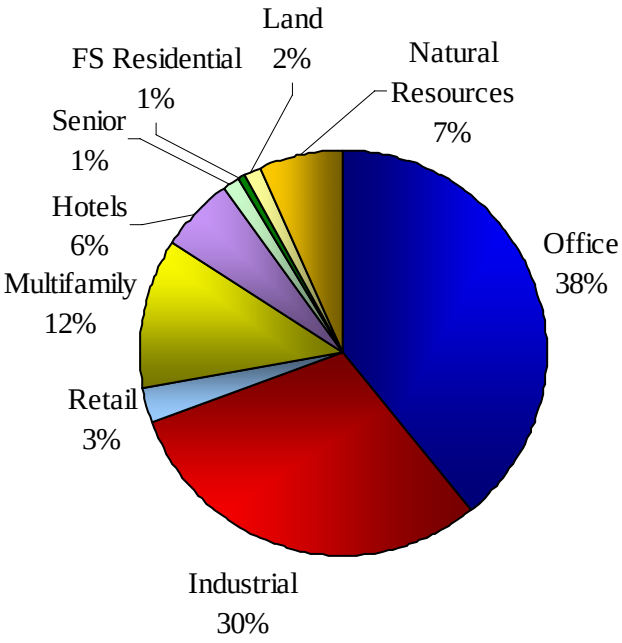
A complete list of the portfolio holdings can be obtained by contacting the Board of Investment Trustees office.

PORTFOLIO HIGHLIGHTS

REAL/INFLATION HEDGE ASSETS

Private Real Assets

The System began investing in value-added and opportunistic private real estate and natural resources in 2006 to attain real returns less correlated with the broad securities markets. Returns are computed on a dollar-weighted or internal rate-of-return basis, and from inception (2006) to June 30, 2010 the investments generated an annualized loss of 16.6%. By comparison, the dollar-weighted return for the benchmark CPI + 5% for the same period was a gain of 6.2%. The Private Real Assets Portfolio comprised 3.1% of the ERS portfolio at June 30, 2010 with approximately 53% of the total capital committed to private real assets being contributed.



During the fiscal year, there was a global rebound in real estate transaction activity, led by emerging markets like China and high-quality, stabilized assets in developed countries. In the U.S., real estate fundamentals still appear weak. The long-term nature of lease contracts makes real estate a lagging economic indicator and the prolonged period of high unemployment may translate to further deterioration in property income. Energy investment markets have shown significantly improved deal volume, as many industry participants divest from conventional properties and redirect resources toward unconventional ones.

Global Inflation-Indexed Bonds

The System allocates a portion of fund assets to inflation-indexed bonds which provide protection against inflation risk as well as providing a diversified return stream to manage volatility. The Inflation-Indexed Bond Portfolio represented 10.2% of the total fund. The Portfolio, which also includes an absolute return fund, returned 14.87% during the fiscal year, outperforming the benchmark by 6.58%.

The returns on Global Inflation-Indexed bonds were positive overall during the fiscal year. Performance of our portfolio benefited from opportunistic allocations to developed market currencies, developed market nominal bonds and certain commodity positions through the manager's actively managed portfolio.

Inflation-Indexed Bonds - Country Exposures		
United States	40.4	%
Euroland	29.9	
United Kingdom	14.9	
Sweden	4.9	
Canada	9.9	

PORTFOLIO HIGHLIGHTS

Commodities

The System began investing in commodities in January 2009 to further diversify the portfolio to reduce risk and to provide a hedge against unexpected inflation. The Commodities Portfolio represented 4.9% of the total fund as of June 30, 2010. The Portfolio returned 2.5%, underperforming the benchmark by 0.21% for the one year ending June 30, 2010.

The commodities markets advanced during the first half of the fiscal year as the world economy shifted into recovery mode. However, advances were reversed during the second half of the fiscal year as concerns surfaced about the strength of the recovery. The strong gains in the metals sector were offset by the decline of the energy sector during the fiscal year ending June 30, 2010.

INVESTMENT MANAGERS

The diversified investment structure as of June 30, 2010 is reflected in the following table, which lists MCERS managers by investment sector and style.

Public Equity	Investment Style
Domestic Equity	
BlackRock Russell 1000 Fund*	Russell 1000 Index
RhumbLine Advisors	Russell 1000 Index
Numeric Investors*	Amplified Core
JP Morgan*	Large Cap Core Plus
Systematic Financial Mgt.	Large Cap Value
Goldman Sachs	Large Cap Growth
Wellington	Small Cap Value
Numeric Investors	Small Cap Growth
International Equity	
Marathon	EAFE
Gryphon	EAFE
Mondrian*	Emerging Markets
BlackRock EAFE Fund*	EAFE Index

Fixed Income	Investment Style
JP Morgan	Core Plus
BlackRock	Core Plus
STW	Long Duration
Jennison Associates	Long Duration
Nomura	High Yield
Loomis Sayles	High Yield
BlackRock US Debt Fund*	BC US Aggregate Index

Inflation-Indexed Bonds	Investment Style
Bridgewater*	Inflation Indexed Bonds

Foreign Currency	Investment Style
First Quadrant*	Foreign Currency
FX Concepts*	Foreign Currency

Commodities	Investment Style
OFI Institutional*	Active
Schroder Investment Mgt.*	Active

Opportunistic	Investment Style
Grosvenor*	Fund-of-Funds

Private Equity	Investment Style
Adams Street*	Fund-of-Funds
HarbourVest*	Fund-of-Funds
KPS Capital Partners*	Turnaround
Landmark*	Fund-of-Funds
Mason Wells*	Buyouts
Odyssey Inv. Partners.*	Buyouts
Pomona Capital*	Fund-of-Funds
Riverside Partners*	Buyouts
TA Associates*	Growth Equity

Private Real Assets	Investment Style
AEW Capital*	Opportunistic
Carmel Partners*	Value-Added
FLAG Capital Mgt.*	Fund-of-Funds
Hampshire Companies*	Value-Added
LBA Realty*	Value-Added
TA Associates Realty*	Value-Added
Transwestern Inv. Co.*	Value-Added

* Pooled Funds

PORTFOLIO HIGHLIGHTS

PUBLIC EQUITY COMMISSIONS

JULY 1, 2009 THROUGH JUNE 30, 2010

Brokers	Commissions (thousands)	
Liquidnet Inc.	$	87
Investment Technology Group, Inc.		75
Merrill Lynch Pierce Fenner & Smith, Inc.		73
Morgan Stanley & Co., Inc.		69
Credit Suisse First Boston Corporation		54
Goldman Executing & Clearing		52
Barclays Capital LE		38
UBS Warburt LLC		32
Jefferies & Company, Inc.		31
Instinet		27
Other Brokers (137 brokers)		320
Total	**$**	**858**

MONTGOMERY COUNTY
17 76
GARDEZ BIEN
MARYLAND

ACTUARIAL SECTION

Employees' Retirement System

Board of Investment Trustees
Montgomery County Government Retirement System
101 Monroe Street
Rockville, MD 20850

November 29, 2010

Subject: July 1, 2010 Actuarial Valuation Report

Dear Members of the Board:

Mercer annually performs an actuarial valuation of the Montgomery County Employees' Retirement System. The most recent actuarial valuation performed was as of July 1, 2010. The actuarial valuation report was prepared exclusively for the following purposes:

- Review experience under the Plan for the year ending June 30, 2010
- Determine the liabilities of the Plan as of July 1, 2010
- Determine the contribution to be paid biweekly during the fiscal year ending June 30, 2012

The actuarial information in this letter is provided in detail in our valuation report.

Valuation Results

Sections II through IV of the valuation report detail the results of the 2010 valuation, including a breakdown by employee group and plan. This valuation uses the new demographic and economic assumptions based on the recent experience study.

County Contributions

Contributions are computed using the Projected Unit Credit method of funding. The objective of this method is to fund each participant's benefits under the Plan, as they would accrue, taking into consideration future salary increases. Thus, the total pension to which each participant is expected to become entitled is broken down into units, each associated with a year of past or future credited service.

If all actuarial assumptions are met in the future and if there are no plan changes, the County contribution as a percentage of the payroll covered by this plan may begin to slowly decrease. This is because the closure of the plans to new non-public safety members, which had been in effect for many years, ended effective July 1, 2009. Members of the defined contribution plan on that date and future hires are able to elect to participate in the Guarantee Retirement Income Plan, a cash balance form of benefits in this plan.

The July 1, 2010 actuarial valuation sets the County's contribution rates for the fiscal year ending June 30, 2012. The rates are set separately for public safety, non-public safety, and GRIP-participating employee groups and will be applied to each group's total covered payroll for the fiscal year 2012. Thus, the exact dollar amount of the required contribution will not be known until the end of the fiscal year 2012. The contribution rates for fiscal year 2012 were determined based on the total payroll at July 1, 2010, with the understanding that no general wage adjustments were given for FY11.

Investments

During the 2009-2010 plan year, the rate of return after investment expenses on the market value of assets was 14.10%. On a market value basis, the return was $131.6 million more than the 8% assumed rate of return. This $131.6 million gain is phased in over a five-year period. Gains and losses from 2009-2010 and prior years produced a net loss on an actuarial value of assets basis. As of July 1, 2010, net investment losses of $348.5 million had not yet been recognized in the actuarial value of assets.

The 2010 valuation was based on an actuarial value of assets of $2,791,144,974. The FY2012 contribution would be $25.3 million higher if based on the market value of assets.

To prepare the valuation report, Mercer has used and relied on financial data supplied by the County and summarized in the valuation report.

Aetna Contract

The value of the Aetna non-participating group-annuity contract is excluded from all calculations.

Plan Provisions

The July 1, 2010 valuation reflects the following plan changes applicable to groups A, E, F, G and H.

- Elimination of Imputed Pay: Employees on July 1, 2010 in all groups receive benefits based on their actual gross pay except that imputed pay is included for the 2009-2010 plan year.

- Unreduced benefit commencement date provision clarification for current and future terminated vested members: The unreduced benefit commencement date for groups A and H is age 60. The comparable date for groups E, F, and G members is age 70 ½ for members who are not 55 years old with 15 years of service at their termination date.

- Retirement Incentive Program: The Retirement Incentive Program provided enhanced benefits to 64 group A and H participants. Each retiree received up to a $35,000 lump sum payment. The early retirement reductions that would normally apply were reduced for some participants and eliminated for others.

Actuarial Assumptions and Methods

In order to quantify plan liabilities, a number of actuarial assumptions need to be set. The 2010 valuation reflects the several changes in assumptions and a change in method arising from the recent experience study.

Please see the Actuarial Assumptions and Methods section of this CAFR for details.

All other assumptions and methods are the same as in the 2009 valuation. The actuarial assumptions used in the current valuation as well as changes in actuarial assumptions since the 2009 valuation are described in detail in Section VI of the valuation report.

Participant Data (including GRIP data as of June 30, 2010)

Between June 30, 2009 (excluding GRIP) and June 30, 2010 (including GRIP), there was an 8.4% increase in the number of plan members. The total number of active members increased by 15.4%, from 5,012 to 5,786 (including 1,008 GRIP members as of June 30, 2010), and their total payroll increased from $376.0 million to $431.2 million (including $67.6 million in GRIP payroll as of June 30, 2010).

Aetna provided the retiree data, including benefits. The County provided data on active and terminated vested members. To prepare the valuation report, Mercer has used and relied on participant data supplied by the County and Aetna and summarized in the valuation report. The County is responsible for ensuring that such participant data provides an accurate description of all persons who are participants under the terms of the plan or otherwise entitled to benefits as of June 30, 2010 that is sufficiently comprehensive and accurate for the purposes of the valuation report. Although Mercer has reviewed the data in accordance with Actuarial Standards of Practice No. 23, Mercer has not verified or audited any of the data or information provided.

Supplementary Information

The July 1, 2010 actuarial valuation report also provides supplemental information, including the schedule of funding progress. This schedule is presented in the financial section of this Comprehensive Annual Financial Report (CAFR). This information is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and to provide a means for making comparisons with other public employee retirement systems.

The County extracted the information from the July 1, 2010 valuation report for the following schedules in the actuarial section and the statistical section of this CAFR.

- Summary of Results
- System Contribution
- Membership
- Actuarial Assumptions and Methods
- Solvency Test

Important Notices

A valuation report is a snapshot of a plan's estimated financial condition at a particular point in time; it does not predict a plan's future financial condition or its ability to pay benefits in the future. Over time, a plan's total cost will depend on a number of factors, including the amount of benefits the plan pays, the number of people paid benefits, plan expenses and the amount earned on any assets invested to pay the benefits. These amounts and other variables are uncertain and unknowable at the valuation date, but are assumed to fall within a reasonable range of possibilities.

Because modeling all aspects of a situation is not possible or practical, we may use summary information, estimates, or simplifications of calculations to facilitate the modeling of future events in an efficient and cost-effective manner. We may also exclude factors or data that are immaterial in our judgment. Use of such simplifying techniques does not, in our judgment, affect the reasonableness of valuation results for the plan.

To prepare the valuation report, actuarial assumptions are used in a forward looking financial and demographic model to select a single scenario from a wide range of possibilities; the results based on that single scenario are included in the valuation. The actuarial assumptions are described in the valuation report. The future is uncertain and the plan's actual experience will differ from those assumptions; these differences may be significant or material because these results are very sensitive to the assumptions made and, in some cases, to the interaction between the assumptions.

Different assumptions or scenarios within the range of possibilities may also be reasonable and results based on those assumptions would be different. As a result of the uncertainty inherent in a forward looking projection over a very long period of time, no one projection is uniquely "correct" and many alternative projections of the future could also be regarded as reasonable. Two different actuaries could, quite reasonably, arrive at different results based on the same data and different

views of the future. A "sensitivity analysis" shows the degree to which results would be different if we substitute alternative assumptions within the range of possibilities for those utilized in this report. We have not been engaged to perform such a sensitivity analysis and thus the results of such an analysis are not included in the valuation report.

Actuarial assumptions may also be changed from one valuation to the next because of changes in mandated requirements, plan experience, changes in expectations about the future and other factors. A change in assumptions is not an indication that prior assumptions were unreasonable when made.

Because valuations are a snapshot in time and are based on estimates and assumptions that are not precise and will differ from actual experience, contribution calculations are inherently imprecise. There is no uniquely “correct” level of contributions for a plan year.

Valuations do not affect the ultimate cost of the System, only the timing of contributions into the System. Plan funding occurs over time. Contributions not made this year, for whatever reason, including errors, remain the responsibility of the System sponsor and can be made in later years. If the contribution levels over a period of years are lower or higher than necessary, it is normal and expected practice for adjustments to be made to future contribution levels to take account of this with a view to funding the plan over time.

The assumptions used are based on the 2010 experience study, as adopted by the County. The County is responsible for selecting the plan’s funding policy, actuarial valuation methods, asset valuation methods, and assumptions. The policies, methods and assumptions used in this valuation are those that have been so prescribed and are described in the valuation report. The County is solely responsible for communicating to Mercer any changes required thereto.

Mercer has also used and relied on the plan documents, including amendments, and interpretations of plan provisions, supplied by the County. We have assumed for purposes of this valuation that copies of any official plan document including all amendments and collective bargaining agreements as well as any interpretations of any such document have been provided to Mercer along with a written summary of any other substantive commitments. The County is solely responsible for the validity, accuracy and comprehensiveness of this information. If any data or plan provisions supplied are not accurate and complete, the valuation results may differ significantly from the results that would be obtained with accurate and complete information; this may require a later revision of this report. Moreover, plan documents may be susceptible to different interpretations, each of which could be reasonable, and that the different interpretations could lead to different valuation results.

Professional qualifications

I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in the valuation report. I am not aware of any direct or material indirect financial interest or relationship, including investments or other services that could create a conflict of interest, that would impair the objectivity of Mercer’s work.

Respectfully submitted,

Douglas L. Rowe, FSA, EA, MAAA
Principal

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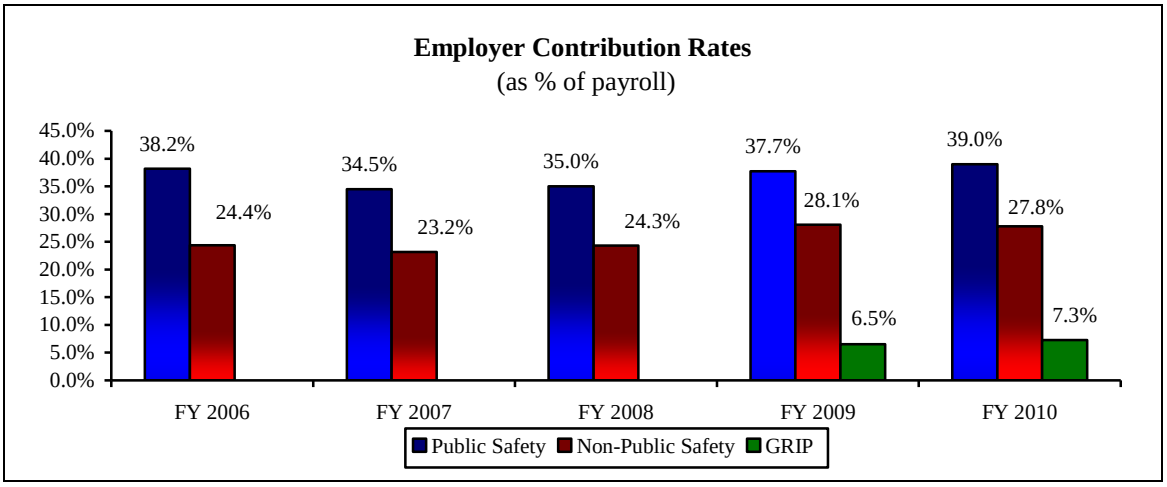
SUMMARY OF VALUATION RESULTS
EMPLOYEES' RETIREMENT SYSTEM

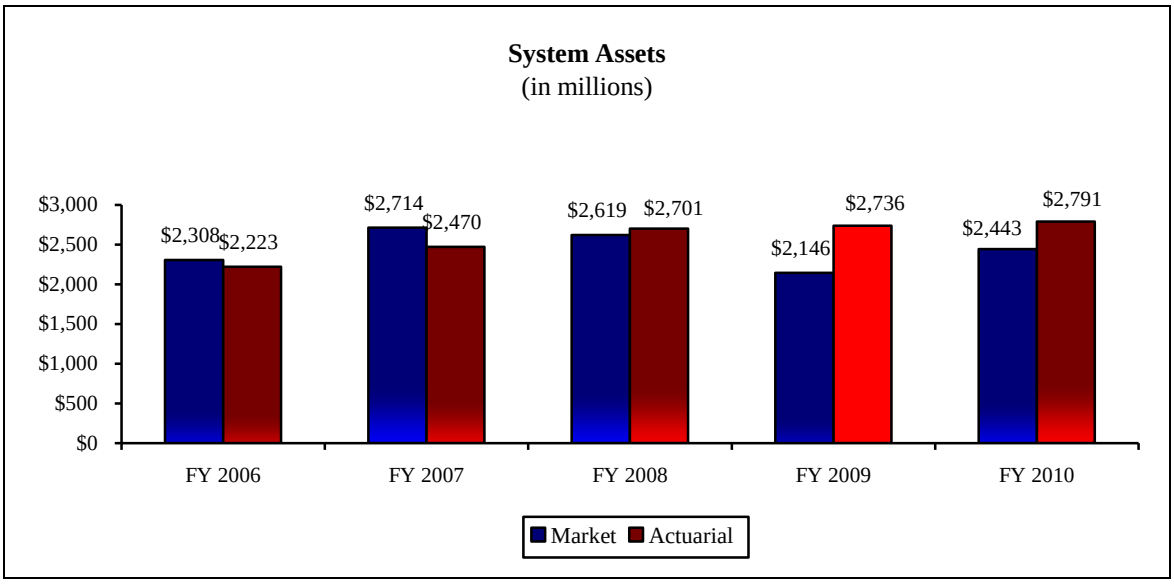
A. Overview

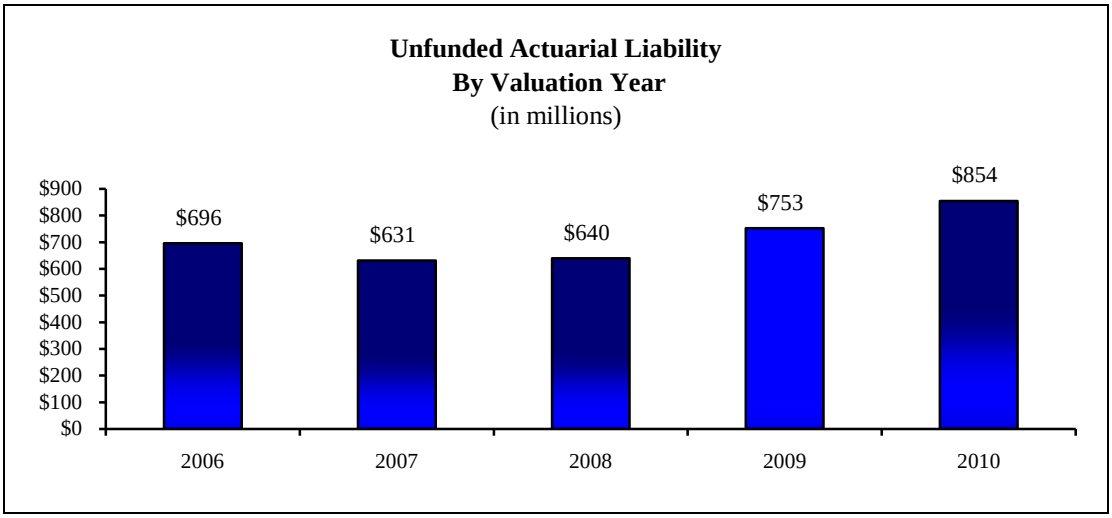
This report presents the results of our June 30, 2010 actuarial valuation of the Montgomery County Employees' Retirement System.

The major findings of the valuation are summarized in the following charts:

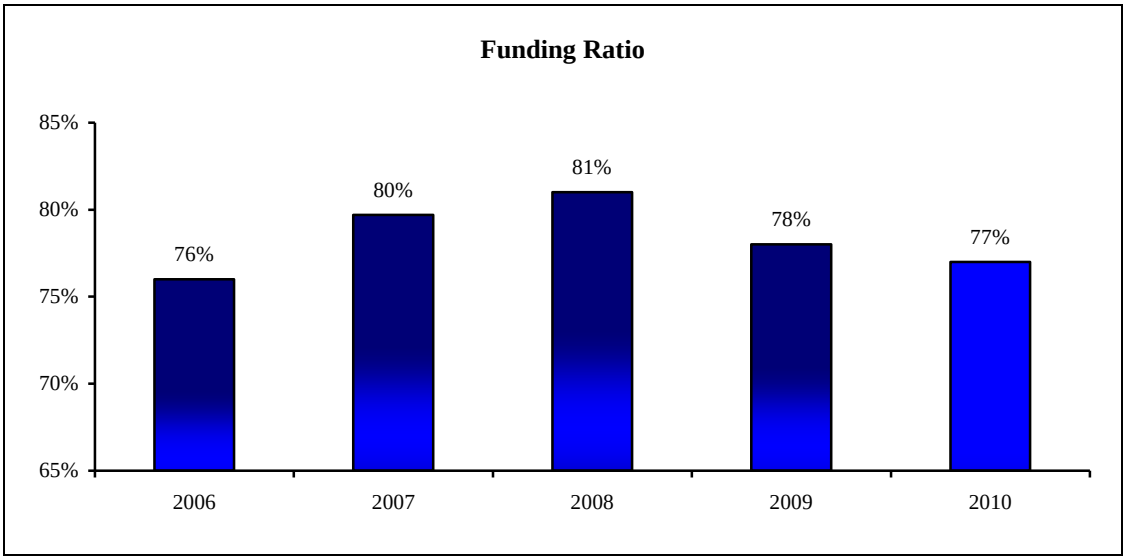


The change in the employer contribution rate in FY 2010 was due to actual System experience versus actuarial assumptions.





The unfunded actuarial liability increased in FY 2010 primarily due to assumption changes and the loss on the actuarial value of assets.



The ratio of actuarial assets to the actuarial accrued liability decreased primarily due to the changes in assumption and the amortization method.

B. Summary of Results

	July 1, 2009	July 1, 2010
Actuarial Liability		
a. Active Members	$ 1,596,725,763	$ 1,590,626,458
b. Retired Members and Beneficiaries	1,851,383,029	2,036,668,015
c. Vested Former Members	40,948,767	18,281,868
d. Total	$ 3,489,057,559	$ 3,645,576,341
Valuation Assets	$ 2,736,010,044	$ 2,791,144,974
Unfunded Actuarial Liability	$ 753,047,515	$ 854,431,367
Normal Cost		
a. Gross Normal Cost	$ 77,017,229	$ 84,240,513
b. Anticipated Employee Contributions	$ 17,368,159	$ 19,413,128
c. County Normal Cost (a -b)	$ 59,649,070	$ 64,827,385
Amortization Payment	$ 66,994,871	$ 61,973,847
County Contribution at date shown	$ 126,643,941	$ 126,801,232
County FY 2009/FY 2010 Contribution (as a % of covered payroll)		
Public Safety Employee	37.72%	38.97%
Non-Public Safety Employees	28.08%	27.80%
Guaranteed Retirement Income Plan	6.53%	7.27%

C. Valuation Highlights

1. System Assets

As of June 30, 2010, the System had assets, valued at market, of $2.443 billion, as compared to $2.146 billion at June 30, 2009. The increase of $297 million was attributable to the following:

a. An increase of $134 million from employer and employee contributions;
b. An increase of $32 million from transfer of member account asset balances;
c. An increase of $304 million from investment gain;
d. A decrease of $173 million due to the payment of benefits to System participants and administrative expenses.

When measured on an actuarial basis, System assets were $2.791 billion at June 30, 2010, and $2.736 billion at June 30, 2009. The asset valuation method smoothes the fluctuations generated by intermittent market gains and losses. This method phases-in investment gains and losses arising during and after the 1994 fiscal year over a five-year period from the date established. Effective July 1, 1997, the calculation of the actuarial value of assets was changed to exclude the present value of estimated accrued contributions.

2. System Liabilities

The Unfunded Actuarial Liability increased $101 million, from $753 million at July 1, 2009, to $854 million at July 1, 2010, as follows:

Unfunded Actuarial Liability at beginning of year	$	753,047,515
Unfunded Actuarial Liability at end of year		854,431,367
Increase in Unfunded Actuarial Liability	$	(101,383,852)

The increase in Unfunded Actuarial Liability for the year ended June 30, 2010, is comprised of the following:

Increase due to loss on actuarial value of assets	$	(155,831,291)
Decrease due to demographic gain and other factors		101,116,874
Increase due to normal cost, interest and contributions		(4,481,209)
Decrease due to plan changes		60,187,953
Increase due to assumption changes		(102,376,179)
Increase in Unfunded Actuarial Liability	$	(101,383,852)

3. System Contributions

Contributions to the System include a "normal cost" rate which covers the portion of projected liabilities related to service of members. In addition, an amortization payment is made to fund the unfunded liability related to changes made to benefits in previous years which are being funded over a specific period of time.

The increase in the employer contribution rate is attributable to the following:

	Public Safety (non-GRIP)	Non-Public Safety (non-GRIP)	GRIP
Employer contribution rate - June 30, 2009	37.71 %	28.07 %	6.53 %
Increase due to loss on actuarial value of assets	3.71	2.98	-
Decrease due to actuarial gains & losses	(0.89)	(1.00)	-
Decrease due to plan changes	(1.38)	(0.89)	-
Increase/Decrease due to assumption and method changes	(0.18)	(1.36)	0.74
Employer contribution rate - June 30, 2010	38.97 %	27.80 %	7.27 %

4. Membership

The active membership of the System increased from 5,012 at June 30, 2009 to 5,786 at June 30, 2010 primarily due to the transfer of participants to the GRIP. The System was closed to all new employees hired after October 1, 1994, except public safety, bargaining unit employees and GRIP participants. Inactive members, including retirees and beneficiaries, increased from 5,379 at June 30, 2009 to 5,591 at June 30, 2010 and the number of former members with vested rights decreased from 452 to 376.

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
EMPLOYEES' RETIREMENT SYSTEM

A. Funding Method

The funding method used for the System's valuation is the "Projected Unit Credit" actuarial cost method. The objective of this method is to allocate the total pension benefit to which each participant is expected to become entitled at retirement to the participant's past and future service. The allocation is accomplished by applying the plan's accrual formula to projected final salary at retirement. An *actuarial liability* is calculated at the valuation date as the present value of benefits allocated to service prior to that date. The *Unfunded Actuarial Liability* at the valuation date is the excess of the actuarial liability over the assets of the System.

B. Actuarial Value of Assets

The actuarial value of assets is used for purposes of determing the County's contribution to the System. The asset adjustment method dampens the volatility of asset values that could occur because of short term fluctuations in market conditions. Use of an asset smoothing method is consistent with the long term nature of the actuarial valuation process. Assets are valued at market value but with a phase-in of investment gains and losses arising after July 1, 1994, over a 5-year period. The gains and losses are net of expenses. Effective July 1, 1997, the calculation of the actuarial value of assets does not include the present value of accrued contributions.

ACTUARIAL ASSUMPTIONS AND METHODS
EMPLOYEES' RETIREMENT SYSTEM

A. Demographic Assumptions

1. Mortality

RP2000 projected 30 years, separate tables for males and females
Annual Deaths per 1,000 Members

Age	Male Deaths	Female Deaths	Age	Male Deaths	Female Deaths
20	0	0	65	8	8
25	0	0	70	14	14
30	0	0	75	25	22
35	1	0	80	48	37
40	1	0	85	90	65
45	1	1	90	163	120
50	1	1	95	252	183
55	2	2	100	334	230
60	4	4	105	398	293

2. Termination of Employment (prior to retirement eligibility)

Annual Terminations per 1,000 Members (non-GRIP)

Years of Service	Non-Public Safety	Public Safety
0 – 4	52	80 – 35
5 – 9	42.5	31 – 22
10 – 14	32.5	20 – 10
15 – 19	31 – 20	9 – 6
20 – 25	17 – 9	6
26+	9	NA

It is assumed that 25% of all vested participants who terminate elect to receive a refund of their contributions with interest instead of a deferred benefit regardless of their age at termination.

Annual Terminations per 1,000 Members (GRIP)

Years of Service	Non-Public Safety
0 – 1	95
2 – 3	60
4	50
5	42.5
6 – 7	30
8+	25

3. Disability

Annual Disabilities per 1,000 Members

	Non-Public Safety Employees		Public Safety Employees					
			Group E		Group F		Group G	
Age	Male	Female	Male	Female	Male	Female	Male	Female
20	1	0	1	1	1	1	1	2
25	2	1	2	2	3	3	2	4
30	2	2	4	5	6	8	4	11
35	3	3	5	7	8	12	5	16
40	3	3	6	10	10	16	7	23
45	6	3	11	13	19	44	13	31
50	7	5	19	18	40	59	22	41
55	5	6	23	19	48	62	27	43
60	9	6	28	19	59	63	47	44

4. Deaths

	Annual Deaths per 1,000 Disabled Members	
Age	Male	Female
25	0	0
30	1	0
35	1	1
40	1	1
45	2	1
50	3	3
55	6	5
60	11	9
65	19	16

5. Retirement

Age	Non-Public Safety Employees	Public Safety Employees		
		Group E	Group F	Group G
Under 40	0%	3.5%	15%	20%
41	0%	3.5%	15%	20%
42	0%	3.5%	15%	20%
43	0%	3.5%	15%	20%
44	0%	3.5%	15%	20%
45	0%	3.5%	15%	20%
46	0%	15%	15%	20%
47	0%	15%	15%	20%
48	0%	15%	15%	20%
49	0%	15%	15%	20%
50	0%	20%	15%	20%
51	0%	20%	15%	20%
52	0%	20%	15%	30%
53	0%	20%	15%	30%
54	0%	20%	15%	30%
55	20%	50%	45%	40%
56	20%	50%	45%	40%
57	20%	50%	45%	40%
58	20%	50%	45%	40%
59	20%	50%	45%	40%
60	15%	100%	100%	100%
61	15%	100%	100%	100%
62	15%	100%	100%	100%
63	15%	100%	100%	100%
64	15%	100%	100%	100%
65	50%	100%	100%	100%
66	50%	100%	100%	100%
67	75%	100%	100%	100%
68	100%	100%	100%	100%
69	100%	100%	100%	100%
70	100%	100%	100%	100%

6. Sick Leave Credit

Service credit is increased by 2% for non public safety employees, 2.4% for Group E employees, 4.5% for Group F employees and 3.2% for Group G employees to account for additional credit from unused sick leave. Sick leave is capped at 2 years.

7. Marital assumption

80% of active participants are assumed to be married. Women are assumed to be three years younger than their spouses.

B. Economic Assumptions

1. Investment Return: 7.5% compound per annum

2. Cost-of-Living Increases: 3.0% compound per annum

3. Increase in Social Security Wage Base: 4.0% compound per annum

4. Expense load: Anticipated administrative expense equal to the average of the prior three years of administrative expenses. For FY 2012 this figure is $2,553,000.

5. Salary Increase: Merit and promotional increases assumed to be based on service as shown below:

Service	Non Public Safety *	Public Safety
0 – 4	6.00%	9.25%
5 – 9	6.00%	8.25%
10 – 14	6.00%	6.25%
15 – 19	6.00%	5.50%
20 – 24	4.25%	5.00%
25 – 29	4.00%	4.50%
30+	4.00%	4.25%

** Includes GRIP*

ANALYSIS OF FINANCIAL EXPERIENCE

Gains and Loss in Accrued Liability During Years Ended June 30
Resulting from Differences Between Assumed Experience and Actual Experience

Type of Activity	2007	2008	2009	2010
Investment gain (loss)	$ 84,209,271	$ 47,850,027	$ (135,184,312)	$ (155,831,291)
Combined liability experience	(27,653,662)	(33,474,433)	79,021,213	84,758,321
Gain (loss) during year	$ 56,555,609	$ 14,375,594	$ (56,163,099)	$ (71,072,970)

SOLVENCY TEST

Aggregate Accrued Liability

Valuation Date	(1) Active Members Contributions	(2) Retirees, Vested Terms, Beneficiaries	(3) Active Members (Employer Financed Portion)	Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets (1)	(2)	(3)
6/30/2003	$ 155,686,014	$ 1,247,359,872	$ 1,008,446,838	$ 2,029,314,438	100 %	100 %	62 %
6/30/2004	160,523,789	1,354,272,329	1,046,532,114	2,045,098,796	100	100	51
6/30/2005	166,078,802	1,426,030,001	1,182,938,609	2,100,532,623	100	100	43
6/30/2006	177,391,695	1,578,703,590	1,162,240,788	2,222,724,295	100	100	40
6/30/2007	187,104,227	1,661,692,386	1,251,841,110	2,469,933,200	100	100	50
6/30/2008	186,171,030	1,847,516,034	1,307,862,361	2,701,119,470	100	100	51
6/30/2009	200,669,572	1,892,331,796	1,396,056,191	2,736,010,044	100	100	46
6/30/2010	213,191,851	2,054,949,883	1,377,434,607	2,791,144,974	100	100	38

SCHEDULE OF RETIREES AND SURVIVORS
During Years Ended June 30

	New Retirees and Disableds	Survivors	Total
July 1, 2003	**4,020**	**350**	**4,370**
New retirements & disabilities	304	0	304
Deaths with beneficiaries	(26)	26	0
Deaths/benefits ended	(99)	(16)	(115)
July 1, 2004	**4,199**	**360**	**4,559**
New retirements & disabilities	216	0	216
Deaths with beneficiaries	(20)	20	0
Deaths/benefits ended	(99)	(11)	(110)
July 1, 2005	**4,296**	**369**	**4,665**
New retirements & disabilities	266	0	266
Deaths with beneficiaries	(22)	22	0
Deaths/benefits ended	(57)	(26)	(83)
July 1, 2006	**4,483**	**365**	**4,848**
New retirements & disabilities	242	0	242
Deaths with beneficiaries	(22)	22	0
Deaths/benefits ended	(67)	(26)	(93)
July 1, 2007	**4,636**	**361**	**4,997**
New retirements & disabilities	382	0	382
Deaths with beneficiaries	(28)	28	0
Deaths/benefits ended	(64)	(9)	(73)
July 1, 2008	**4,926**	**380**	**5,306**
New retirements & disabilities	186	0	186
Deaths with beneficiaries	(24)	24	0
Deaths/benefits ended	(95)	(18)	(113)
July 1, 2009	**4,993**	**386**	**5,379**
New retirements & disabilities	328	0	328
Deaths with beneficiaries	(22)	22	0
Deaths/benefits ended	(88)	(28)	(116)
July 1, 2010	**5,211**	**380**	**5,591**

SCHEDULE OF ANNUAL ALLOWANCE
During Years Ended June 30

	New Retirees and Disableds	Survivors	Total
July 2003	**$ 105,733,166**	**$ 4,406,205**	**$ 110,139,371**
Average Annual Allowance	26,302	12,589	25,204
Annual Allowances Added to the Rolls	11,570,789	572,318	12,143,107
Annual Allowances Removed From the Rolls	(2,180,663)	(308,637)	(2,489,300)
July 2004	**$ 115,123,292**	**$ 4,669,886**	**$ 119,793,178**
Average Annual Allowance	27,417	12,972	26,276
Annual Allowances Added to the Rolls	10,396,825	797,535	11,194,360
Annual Allowances Removed From the Rolls	(1,963,577)	(313,742)	(2,277,319)
July 2005	**$ 123,556,540**	**$ 5,153,679**	**$ 128,710,219**
Average Annual Allowance	28,761	13,967	27,591
Annual Allowances Added to the Rolls	14,424,755	305,259	14,730,014
Annual Allowances Removed From the Rolls	(1,611,828)	(127,575)	(1,739,403)
July 2006	**$ 136,369,467**	**$ 5,331,363**	**$ 141,700,830**
Average Annual Allowance	30,419	14,606	29,229
Annual Allowances Added to the Rolls	10,498,059	580,630	11,078,089
Annual Allowances Removed From the Rolls	(2,335,705)	(478,216)	(2,813,321)
July 2007	**$ 144,531,821**	**$ 5,433,777**	**$ 149,965,598**
Average Annual Allowance	31,176	15,052	30,011
Annual Allowances Added to the Rolls	20,518,024	1,056,444	21,574,468
Annual Allowances Removed From the Rolls	(2,344,133)	(422,864)	(2,766,997)
July 2008	**$ 162,705,712**	**$ 6,067,357**	**$ 168,773,069**
Average Annual Allowance	33,030	15,467	31,808
Annual Allowances Added to the Rolls	4,887,240	453,616	5,340,856
Annual Allowances Removed From the Rolls	(3,242,232)	(370,344)	(3,612,576)
July 2009	**$ 164,350,720**	**$ 6,150,629**	**$ 170,501,349**
Average Annual Allowance	32,916	15,934	31,698
Annual Allowances Added to the Rolls	13,218,960	304,035	13,522,995
Annual Allowances Removed From the Rolls	(1,306,672)	(419,291)	(1,725,963)
July 2010	**$ 176,263,008**	**$ 6,035,373**	**$ 182,298,381**
Average Annual Allowance	**33,825**	**15,883**	**32,606**

Schedule of Active Member Valuation Data

Valuation Date	Number	Annual Payroll	Annual Average Pay	% Increase in Average Pay
July 1, 2003	5,876	$336,019,788	$57,185	2.606%
July 1, 2004	5,670	$341,629,327	$60,252	5.363%
July 1, 2005	5,628	$355,105,993	$63,096	4.721%
July 1, 2006	5,362	$357,361,131	$66,647	5.627%
July 1, 2007	5,294	$374,792,608	$70,796	6.225%
July 1, 2008	5,060	$376,002,333	$74,309	4.962%
July 1, 2009	5,012	$376,014,994	$75,023	0.961%
July 1, 2010	5,786	$431,226,155	$74,529	-0.658%

STATISTICAL SECTION

Employee Retirement Plans

STATISTICAL SECTION

The Statistical Section presents detailed information in the areas shown below, as a context for understanding what the information in the Financial Section says about the overall financial health of the Employee Retirement Plans:

FINANCIAL TRENDS INFORMATION

- Changes in Net Assets
- Benefit and Refund Deductions from Net Assets

OPERATING INFORMATION

- Principal Participating Employers
- Retired Members by Benefit Type
- Average Benefit Amounts
- Retired Members by Type of Retirement
- Average Benefit Payments and Average Final Valuation Pay
- Schedule of Participating Agencies and Political Subdivisions

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CHANGE IN NET ASSETS
JUNE 30, 2010
LAST TEN FISCAL YEARS
(dollars in thousands)

	2001	2002	2003	2004	2005
Additions					
Member contributions	$ 11,292	$ 12,944	$ 14,770	$ 14,762	$ 15,326
Employer contributions	43,345	39,168	55,206	61,927	74,655
Transfer of member account asset balances	-	-	-	-	-
Investment income (loss) (net of expenses)	(81,375)	(124,177)	82,174	286,895	197,433
Total additions	(26,738)	(72,065)	152,150	363,584	287,414
Deductions					
Benefit payments	78,434	85,323	100,381	111,646	115,635
Refunds	1,067	681	739	796	762
Administrative expenses	1,689	2,092	2,007	2,066	1,857
Total deductions	81,190	88,096	103,127	114,508	118,254
Change in net assets	$ (107,928)	$ (160,161)	$ 49,023	$ 249,076	$ 169,160

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF BENEFIT AND REFUND DEDUCTIONS FROM NET ASSETS BY TYPE
JUNE 30, 2010
LAST TEN FISCAL YEARS
(dollars in thousands)

	2001	2002	2003	2004	2005
Type of Benefit					
Service benefits:					
Retirees	$ 58,415	$ 64,030	$ 77,009	$ 87,123	$ 102,641
Survivors	3,785	4,041	4,811	5,032	2,087
Disability	16,234	17,251	18,560	19,491	10,907
Total benefits	$ 78,434	$ 85,322	$ 100,380	$ 111,646	$ 115,635
Refund of Contributions	$ 1,067	$ 681	$ 739	$ 796	$ 762

*Allocation method used in FY 2007 was changed to reflect the actual classification of benefits.

2006	2007	2008	2009	2010
$ 16,085	$ 16,362	$ 18,851	$ 18,245	$ 20,431
88,184	109,436	117,686	109,567	113,958
-	-	-	-	31,530
187,004	420,847	(81,746)	(428,525)	304,185
291,273	546,645	54,791	(300,713)	470,104
125,818	136,833	147,027	168,618	169,089
635	793	673	668	1,415
1,920	2,431	2,557	2,803	2,907
128,373	140,057	150,257	172,089	173,411
$ 162,900	$ 406,588	$ (95,466)	$ (472,802)	$ 296,693

2006	2007*	2008	2009	2010
$ 112,210	$ 98,653	$ 105,369	$ 123,560	$ 122,861
1,483	5,952	6,723	7,333	7,620
12,125	32,228	34,935	37,725	38,608
$ 125,818	$ 136,833	$ 147,027	$ 168,618	$ 169,089
$ 635	$ 793	$ 673	$ 668	$ 1,415

MONTGOMERY COUNTY, MARYLAND
RETIREMENT SAVINGS PLAN
SCHEDULE OF CHANGE IN NET ASSETS
JUNE 30, 2010
LAST TEN FISCAL YEARS
(dollars in thousands)

	2001	2002	2003	2004	2005
Additions					
Member contributions	$ 2,582	$ 3,308	$ 3,750	$ 4,208	$ 4,820
Employer contributions	4,867	5,791	6,799	6,468	8,758
Transfer of member account asset balances	-	-	-	-	-
Investment income (loss) (net of expenses)	(2,360)	(3,200)	1,967	6,354	4,668
Total additions	5,089	5,899	12,516	17,030	18,246
Deductions					
Refunds	1,517	945	867	1,382	2,441
Administrative expenses	49	87	210	247	231
Total deductions	1,566	1,032	1,077	1,629	2,672
Change in net assets	$ 3,523	$ 4,867	$ 11,439	$ 15,401	$ 15,574

MONTGOMERY COUNTY, MARYLAND
RETIREMENT SAVINGS PLAN
SCHEDULE OF REFUND DEDUCTIONS FROM NET ASSETS
JUNE 30, 2010
LAST TEN FISCAL YEARS
(dollars in thousands)

	2001	2002	2003	2004	2005
Refund of Contributions	$ 1,517	$ 945	$ 867	$ 1,382	$ 2,441

2006	2007	2008	2009	2010
$ 5,860	$ 6,798	$ 8,118	$ 11,263	$ 8,871
9,437	11,227	13,583	20,625	16,401
-	-	-	-	(31,530)
8,237	17,174	(8,383)	(26,722)	14,191
23,534	35,199	13,319	5,166	7,933
4,306	4,455	5,216	3,669	3,902
243	293	258	300	237
4,549	4,748	5,474	3,969	4,139
$ 18,985	$ 30,451	$ 7,844	$ 1,197	$ 3,794

2006	2007	2008	2009	2010
$ 4,306	$ 4,455	$ 5,216	$ 3,669	$ 3,902

MONTGOMERY COUNTY, MARYLAND
DEFERRED COMPENSATION PLAN
SCHEDULE OF CHANGE IN NET ASSETS
JUNE 30, 2010
LAST TEN FISCAL YEARS
(dollars in thousands)

	2001	2002	2003	2004	2005
Additions					
Member contributions	$ 18,615	$ 20,086	$ 21,062	$ 21,610	$ 19,929
Investment income (loss) (net of expenses)	(27,692)	(25,497)	4,660	29,456	14,587
Total additions	(9,077)	(5,411)	25,722	51,066	34,516
Deductions					
Refunds	4,758	9,898	11,104	9,634	10,216
Administrative expenses	61	49	17	6	16
Total deductions	4,819	9,947	11,121	9,640	10,216
Change in net assets	$ (13,896)	$ (15,358)	$ 14,601	$ 41,426	$ 24,300

MONTGOMERY COUNTY, MARYLAND
DEFERRED COMPENSATION PLAN
SCHEDULE OF REFUND DEDUCTIONS FROM NET ASSETS
JUNE 30, 2010
LAST TEN FISCAL YEARS
(dollars in thousands)

	2001	2002	2003	2004	2005
Refund of Contributions	$ 4,758	$ 9,898	$ 11,104	$ 9,634	$ 10,216

2006	2007	2008	2009	2010
$ 16,562	$ 16,649	$ 17,294	$ 18,058	$ 17,029
20,486	32,394	(9,378)	(44,479)	19,411
37,048	49,043	7,915	(26,421)	36,440
11,226	12,410	15,714	13,391	8,723
-	-	-	-	-
11,226	12,410	15,714	13,391	8,723
$ 25,822	$ 36,633	$ (7,799)	$ (39,812)	$ 27,717

2006	2007	2008	2009	2010
$ 11,226	$ 12,410	$ 15,714	$ 13,391	$ 8,723

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
PRINCIPAL PARTICIPATING EMPLOYERS
CURRENT YEAR AND FIVE YEARS AGO
JUNE 30, 2010

	2010*		2005**	
Participating Government	**Covered Employees**	**Percentage of Total System**	**Covered Employees**	**Percentage of Total System**
Montgomery County***	5,554	95.8%	5,419	96.2%
Town of Chevy Chase	6	0.1%	5	0.1%
Strathmore Hall	11	0.2%	7	0.1%
Housing Opportunities Commission	189	3.3%	159	2.8%
Revenue Authority	13	0.2%	17	0.3%
Washington Suburban Transit Commission	1	0.1%	2	0.1%
Montgomery County Employees Federal Credit Union	8	0.1%	8	0.2%
State Department of Assessment and Taxation	3	0.1%	6	0.1%
District Court	1	0.1%	5	0.1%
Total	5,786	100%	5,628	100%

* Includes GRIP participants
**The information for principal participating employers is not available for 2004 and prior.
***Includes Independent Fire/Rescue Corporations

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF RETIRED MEMBERS BY BENEFIT TYPE
JUNE 30, 2010

Fiscal Year	Retiree	Disability	Survivor	Total
2001	2,918	759	312	3,989
2002	3,002	783	330	4,115
2003	3,203	817	350	4,370
2004	3,348	851	360	4,559
2005	3,443	853	369	4,665
2006	3,564	919	365	4,848
2007*	3,661	975	361	4,997
2008	3,905	1,021	380	5,306
2009	3,957	1,036	386	5,379
2010	4,132	1,079	380	5,591

*Allocation method used in FY 2007 was changed to reflect the actual classification of benefits.

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF AVERAGE BENEFIT AMOUNTS
JUNE 30, 2010

Fiscal Year	Retiree	Disability	Survivor	Total
2001	$ 20,019	$ 21,389	$ 12,132	$ 19,663
2002	21,329	22,031	12,247	20,734
2003	24,043	22,717	13,747	22,970
2004	26,022	22,904	13,978	24,489
2005	29,812	12,786	5,655	24,788
2006	31,484	13,193	4,063	25,953
2007*	26,947	33,055	16,487	27,383
2008	26,983	34,216	17,692	27,710
2009	31,226	36,414	18,997	31,347
2010	29,734	35,781	20,052	30,243

*Allocation method used in FY 2007 was changed to reflect the actual classification of benefits.

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF RETIRED MEMBERS BY TYPE OF RETIREMENT
AS OF JUNE 30, 2010

Amount of Monthly Benefit	Number of Retired Members	Type of Retirement [a]			Option Selected [b]					
		1	2	3	1	2	3	4	5	6
Deferred	376									
$ 1 – $ 250	198	169	25	4	110	46	31	1	6	4
251 – 500	323	260	53	10	182	71	57	1	5	7
501 – 750	285	224	50	11	151	64	48	6	8	8
751 – 1,000	314	234	51	29	153	56	69	10	13	13
1,001 – 1,250	322	237	47	38	158	71	67	7	5	14
1,251 – 1,500	280	199	32	49	126	64	50	11	9	20
1,501 – 1,750	299	210	29	60	133	62	56	17	14	17
1,751 – 2,000	259	189	16	54	120	68	38	14	5	14
Over 2,000	3,311	2,410	77	824	1,226	1,038	249	276	96	426
Total	5,967	4,132	380	1,079	2,359	1,540	665	343	161	523

Notes:

[a] Type of retirement:
1—Retiree
2—Beneficiary
3—Disabled Retiree

[b] Option selected:
Option 1—Modified Cash Refund
Option 2—Certain and Continuous
Option 3—Life Annuity
Option 4—Joint and Survivor 50%
Option 5—Joint and Survivor 100%
Option 6—Other Joint and Survivor Percentage

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF AVERAGE BENEFIT PAYMENTS AND AVERAGE FINAL VALUATION PAY
LAST EIGHT FISCAL YEARS

	Years Credited Service						
	0 – 5	**5 – 10**	**10 – 15**	**15 – 20**	**20 – 25**	**25 – 30**	**30 +**
Retirement Effective Dates							
Period 7/1/2002 to 6/30/2003							
Average monthly benefit*	$ 2,701	$ 1,623	$ 1,413	$ 1,737	$ 1,833	$ 3,490	$ 3,750
Average final valuation pay**	$ 44,695	$ 44,840	$ 56,082	$ 59,937	$ 56,253	$ 71,048	$ 68,955
Number of retired members***	1	7	29	35	28	91	79
Period 7/1/2003 to 6/30/2004							
Average monthly benefit*	$ 1,156	$ 915	$ 1,809	$ 1,420	$ 2,549	$ 3,406	$ 4,337
Average final valuation pay**	$ 37,309	$ 45,048	$ 55,552	$ 60,530	$ 65,550	$ 65,919	$ 72,119
Number of retired members***	2	4	15	43	34	69	79
Period 7/1/2004 to 6/30/2005							
Average monthly benefit*	$ 2,521	$ 1,984	$ 1,479	$ 1,870	$ 2,573	$ 3,371	$ 4,392
Average final valuation pay**	$ 48,620	$ 50,470	$ 59,743	$ 63,910	$ 64,026	$ 72,618	$ 75,577
Number of retired members***	2	4	21	37	23	35	66
Period 7/1/2005 to 6/30/2006							
Average monthly benefit*	$ 2,491	$ 2,801	$ 1,752	$ 2,356	$ 2,928	$ 3,649	$ 4,594
Average final valuation pay**	$ 43,375	$ 55,641	$ 55,619	$ 67,299	$ 68,683	$ 73,731	$ 77,143
Number of retired members***	2	6	28	58	49	55	50
Period 7/1/2006 to 6/30/2007							
Average monthly benefit*	$ 2,760	$ 2,115	$ 2,163	$ 2,425	$ 3,100	$ 3,744	$ 4,438
Average final valuation pay**	$ 48,664	$ 58,211	$ 72,411	$ 74,925	$ 80,599	$ 79,607	$ 76,689
Number of retired members***	1	4	18	40	27	37	39
Period 7/1/2007 to 6/30/2008							
Average monthly benefit*	$ 2,994	$ 3,061	$ 1,180	$ 2,287	$ 2,927	$ 3,466	$ 4,330
Average final valuation pay**	$ 50,803	$ 66,024	$ 62,986	$ 73,335	$ 78,696	$ 74,908	$ 74,647
Number of retired members***	1	8	18	58	60	57	87
Period 7/1/2008 to 6/30/2009							
Average monthly benefit*	$ -	$ -	$ 2,821	$ 2,760	$ 3,560	$ 4,309	$ 5,425
Average final valuation pay**	$ -	$ -	$ 77,385	$ 77,304	$ 88,521	$ 87,167	$ 98,906
Number of retired members***	-	-	5	20	21	16	12
Period 7/1/2009 to 6/30/2010							
Average monthly benefit*	$ -	$ 3,212	$ 2,747	$ 2,815	$ 3,548	$ 4,008	$ 5,289
Average final valuation pay**	$ -	$ 63,839	$ 82,064	$ 83,152	$ 85,524	$ 83,495	$ 86,947
Number of retired members***	-	6	6	43	49	39	68

* Based on current benefits only. Does not take into account any future benefits.
** Pay used for last valuation (when member was an active employee).
*** Only includes participants who changed from active to retiree status.

SCHEDULE OF PARTICIPATING AGENCIES
AND POLITICAL SUBDIVISIONS
EMPLOYEES' RETIREMENT SYSTEM
RETIREMENT SAVINGS PLAN

Town of Chevy Chase
Strathmore Hall Foundation, Inc.
Housing Opportunities Commission of Montgomery County
Montgomery County Revenue Authority
Washington Suburban Transit Commission
Montgomery County Employees Federal Credit Union
Independent Fire/Rescue Corporations

Certain employees of the:
State Department of Assessments and Taxation
District Court of Maryland

Prepared by the:
Board of Investment Trustees
101 Monroe Street, 15th Floor
Rockville, Maryland 20850
240-777-8220

CITY OF OMAHA
POLICE AND FIREFIGHTERS
RETIREMENT SYSTEM

Actuarial Valuation Report
as of January 1, 2010

CITY OF OMAHA POLICE & FIREFIGHTERS RETIREMENT SYSTEM
ACTUARIAL VALUATION REPORT

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Milliman

1120 S. 101st Street, Suite 400
Omaha, NE, 68124
USA

Tel +1 402 393.9400
Fax +1 402 393.1037

milliman.com

October 13, 2010

The Board of Trustees
City of Omaha
Police and Firefighters Retirement System
Omaha/Douglas Civic Center
1819 Farnam Street
Omaha, NE 68183

Re: January 1, 2010 Actuarial Valuation Report

Dear Members of the Board:

At your request, we have performed an annual actuarial valuation of the City of Omaha Police and Firefighters Retirement System as of January 1, 2010 for determining contributions for the year ended December 31, 2010. The major findings of the valuation are contained in this report. This report reflects the benefit provisions included in the Police and Fire Union contracts that expired December 31, 2007.

In preparing this report, we relied, without audit, on information (some oral and some written) supplied by the System's staff. This information includes, but is not limited to, plan provisions, member data and financial information. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

We further certify that all costs, liabilities, rates of interest and other factors for the System have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the System and reasonable expectations of future experience); and which, in combination, offer our best estimate of anticipated experience under the Plan. Nevertheless, the emerging costs will vary from those presented in this report to the extent actual experience differs from that projected by the actuarial assumptions. The Board of Trustees has the final decision regarding the appropriateness of the assumptions and adopted them as indicated in Appendix B.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions;

increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

Actuarial computations presented in this report are for purposes of determining the actuarial contribution rates for funding the System. Actuarial computations under GASB Statement No. 25 and 27 are for purposes of fulfilling financial accounting requirements. The computations prepared for these two purposes may differ as disclosed in our report. The calculations in the enclosed report have been made on a basis consistent with our understanding of the System's funding requirements and goals, and of GASB Statements No. 25 and 27. Determinations for purposes other than these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Milliman's work is prepared solely for the internal business use of the System and its Trustees and employees (for their use in administering the Fund). To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exception(s):

(a) The System may provide a copy of Milliman's work, in its entirety to the Fund's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the Fund.

(b) The System may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The consultants who worked on this assignment are pension actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

We herewith submit the following report and look forward to discussing it with you.

Respectfully Submitted,

MILLIMAN, Inc.

I, Gregg Rueschhoff, A.S.A. am a member of the American Academy of Actuaries and an Associate of the Society of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Gregg Rueschhoff, A.S.A.
Principal & Consulting Actuary

Board Summary

This report presents the results of the January 1, 2010 actuarial valuation of the City of Omaha Police & Firefighters Retirement System (the "System"). The primary purposes of performing the valuation are to:

- Determine the employer contribution rates required to fund the System on an actuarially sound basis,
- Disclose asset and liability measures as of January 1, 2010,
- Analyze and report on trends in System contributions, assets, and liabilities over the latest period.

The valuation results provide a "snapshot" view of the System's financial condition on January 1, 2010 using System asset values at December 31, 2009. The valuation results reflect an increase in the Unfunded Actuarial Liability and related Actuarial Contribution Rate. (Throughout this report we refer to the actuarially determined contribution rate as the Actuarial Contribution Rate). Each component of change in the Actuarial Contribution Rate is identified later in this Board Summary (see page 4).

Assets

The market value of assets is not used directly in the actuarial calculation of the Plan's funded status and the Actuarial Contribution Rate. An asset valuation method is used to smooth the effects of market fluctuations. The actuarial value of assets is equal to 2/3 of the expected asset value (based on last year's actuarial value of assets, net cash flows and a rate of return equal to the actuarial assumed rate of 8.0%) plus 1/3 of the market value of assets. See page 6 for the detailed development of the actuarial value of assets as of January 1, 2010.

As of January 1, 2010, the System had total funds, when measured on an actuarial value basis, of $440.5 million. This was an increase of $1.4 million from the January 1, 2009 figure of $439.1 million. Based on the actuarial assumption, an increase of $18.9 million was expected over that time period.

The components of the change in the actuarial value of assets (in millions) are set forth below:

	Actuarial Value	***Market Value***
Assets, January 1, 2009	$ 439.1	$ 365.9
• employer and member contributions	+ 38.3	+ 38.3
• benefit payments	- 53.9	- 53.9
• net investment income (expected)	+ 34.5	+ 28.7
• net investment actuarial gain/(loss)	-17.5	+ 26.4
Assets, December 31, 2009	$ 440.5	$ 405.4

This work product was prepared solely for the City of Omaha Police & Firefighters Retirement System. It may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

Liabilities

The actuarial liability (also referred to as past service liability) is the portion of the present value of projected benefits that will not be paid by future employer normal costs. The difference between this liability and asset values at the same date is referred to as the unfunded actuarial liability. The unfunded actuarial liability will be reduced if the contributions exceed the normal cost for the year, after allowing for interest earned on the previous balance of the unfunded actuarial liability. Benefit improvements, actuarial gains and losses, and changes in actuarial assumptions and procedures will also impact the total actuarial liability and the unfunded portion thereof.

The calculation of the Unfunded Actuarial Liability as of January 1, 2010 is shown below:

Actuarial Liability	$1,034,716,125
Actuarial Value of Assets	$(440,478,409)
Unfunded Actuarial Liability (UAL)	$ 594,237,716
Present Value of Prior Service Payments[1]	$ (12,964,446)
UAL for Funding Purposes	$ 581,273,270

[1]The City is obligated to pay $1,327,600 per year to the System to fund a "prior service" obligation. These payments will be paid through 2028.

Between January 1, 2009 and January 1, 2010 the change in the unfunded actuarial liabilities for the System as a whole was as follows (in millions):

	$millions
Unfunded Actuarial Liability, January 1, 2009	$ 519.6
• effect of contribution shortfall in 2009	29.1
• expected increase due to amortization method	6.4
• loss from investment return	17.5
• other actuarial (gains)/losses	8.6
Unfunded Actuarial Liability, January 1, 2010	$581.2

An evaluation of the unfunded actuarial liability on a pure dollar basis may not provide a complete analysis since only the difference between the assets and liabilities (which are both very large numbers) is reflected. Another way to evaluate the unfunded actuarial liability and the progress made in its funding is to track the funded status, the ratio of the actuarial value of assets to the actuarial liability. The annual funded status information is shown below for years 2003 through 2010 (in $ millions).

	1/1/03	1/1/05	1/1/06	1/1/07	1/1/08	1/1/09	1/1/10
Funded Ratio	66.1%	65.7%	61.9%	60.7%	60.0%	45.8%	43.1%
Unfunded Actuarial Liability (UAL)	$192.3	$220.5	$279.3	$320.6	$354.2	$519.6	$581.2

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Contributions

Under the Entry Age Normal Actuarial Cost method, contributions to the System consist of:

- a "normal cost" for the portion of projected liabilities attributable to service of members during the year following the valuation date, and
- an "unfunded actuarial liability" contribution for the excess of the portion of projected liabilities allocated to service to date over actuarial assets.

The System's total Actuarial Contribution Rate (payable as a percent of member payroll) increased by **1.25%** of pay, to **64.86%** on January 1, 2010, from **63.61**% on January 1, 2009. The primary components of this change are as follows:

	Rate
Total Actuarial Contribution Rate, January 1, 2007	63.61%
• Actuarial (Gain)/Loss – Investment Experience	+1.01%
• Actuarial (Gain)/Loss – Demographic Experience	-1.37%
• Contributing less than Actuarial Contribution Rate	+1.61%
Total Actuarial Contribution Rate, January 1, 2008	64.86%

See page 11 for a detailed calculation of the Actuarial Contribution Rate as of January 1, 2010.

As mentioned earlier, the System utilizes an asset smoothing method in the valuation process. While this is a common procedure for public retirement systems, it is important to identify the potential impact of the deferred (unrecognized) investment experience. The key valuation results from the January 1, 2010 actuarial valuation are shown below using both the actuarial value of assets and the pure market value.

$ Millions

	Using Actuarial Value of Assets	Using Market Value of Assets
Actuarial Liability	$1,021.8	$1,021.8
Asset Value	440.5	405.4
Unfunded Actuarial Liability	$581.3	$616.4
Funded Ratio	43.1%	39.7%
Normal Cost Rate	28.9%	28.9%
UAL Contribution Rate	34.8%	36.8%
Prior Service Contribution Rate	1.2%	1.2%
Actuarial Contribution Rate	64.9%	66.9%

The asset smoothing method impacts only the timing of recognizing the actual market experience on the assets. Due to the significant negative return in 2008, the actuarial value of assets exceeds the pure market value. If there are not significantly higher returns consistently over the next few years, the $35 million of deferred investment experience will be recognized and the ultimate impact on the employer contribution rate can be expected to be similar to the column shown above using market value of assets.

This work product was prepared solely for the City of Omaha Police & Firefighters Retirement System. It may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

Observations

The actual contributions made to the System continue to be significantly less than the Actuarial Contribution Rate. The City's contribution rate is 20.56% of pensionable payroll plus a past service payment of approximately 1.20% of payroll. The member contribution rate is 14.94% of payroll. Even with a total contribution rate of 36.70%, the actual contribution to the System will be 28.16% less than the Actuarial Contribution Rate developed in this valuation. Over the last several years, we discussed the importance of closing this contribution shortfall. If all actuarial assumptions are met and the current benefit structure and contribution rates remain unchanged, we expect the System's funded status in future years will decline significantly and the Actuarial Contribution Rate will continue to increase significantly.

The contribution shortfall also has an impact on the Net Pension Obligation (NPO) as determined under Governmental Accounting Standard Number 27 (GASB27). As of December 31, 2009 the NPO was $88.7 million, compared to $61.5 million as of December 31, 2008. The NPO will increase from year to year by interest on the NPO and by the shortfall between the actual contribution rate and the Actuarial Contribution Rate. If the currently scheduled contribution rates and benefit provisions remain unchanged and all actuarial assumptions are met in the future, the NPO is projected to exceed $100 million by 2011, increasing thereafter at a significant pace.

Because the UAL and the contribution shortfall have increased so dramatically over the past several years, we are very concerned about the resulting funding imbalance. If significant changes are not made, we expect the trust fund will run out of money in the relatively short term.

Subsequent Events

The bargaining agreements with the Police and Fire unions expired at the end of 2007, and as of January 1, 2010, new agreements were not in place. This valuation assumes continuation of the previous contract agreements. However, during September, 2010, a new bargaining agreement with the Police union was executed. The new Police agreement provided for significant increases to the future contributions to the plan and as well as significant reductions to future benefit accruals for Police members. These changes will have a significant positive affect on the sustainability of the pension plan's ability to pay benefits over the very long term. However, at the time of this report, the Fire union had not yet reached an agreement with the City. The January 1, 2011 valuation will reflect the changes enacted by the new Police agreement.

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Summary of Principal Results

	2008 Valuation	*2009 Valuation*	*2010 Valuation*
1. Participant Data			
Number of:			
Active Members	1,335	1,407	1,431
Service Retirements	847	896	917
Surviving Spouses and Children	279	269	267
Disabled	249	252	248
Deferred Vested	13	11	7
Annual Salaries of Active Members	$91,778,346	$93,793,214	$104,187,454
Average Salary	68,748	66,662	72,807
Average Age of Active Members	38.6	38.0	38.2
2. Assets and Liabilities			
Total Actuarial Liability	$898,199,279	$971,989,970	$1,034,716,125
Assets for Valuation Purposes	530,496,413	439,108,652	440,478,409
Unfunded Actuarial Liability (UAL)	367,702,866	532,881,318	594,237,716
Present Value of Prior Service Payments	(13,522,254)	(13,254,077)	(12,964,446)
UAL for Funding Purposes	354,180,612	519,627,241	581,273,270
3. Contribution Rates			
Actuarial Contribution Rate	53.20%	63.61%	64.86%
Member Contribution Rate	14.88%	14.96%	14.94%
Employer Contribution Rate	20.47%	20.57%	20.56%
Employer "Past Service" payment	1.40%	1.32%	1.20%
4. Shortfall/(Excess) Contributions			
Actuarial Contribution Rate	53.20%	63.61%	64.86%
Statutory Contribution Rate	36.75%	36.85%	36.70%
Shortfall/(Excess)	16.45%	26.76%	28.16%
Expected Payroll for Year	$95,109,680	$100,808,720	$110,963,955
Dollar Amount of Shortfall	$15,645,542	$26,976,413	$31,247,450

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Change in Net Plan Assets at Market Value

Assets at January 1, 2009	$365,923,877
Receipts:	
City Contributions – Current	21,374,008
City Contributions – Past Service	1,327,600
Employee Contributions	15,630,476
Investment Income	57,212,891
Total Receipts	$95,544,975
Disbursements:	
Pensions Paid to Retirees	$52,783,686
Death Benefits	77,360
Termination Withdrawals	296,230
Medical Fees	764,690
Investment Fees	2,144,079
Travel, Subsistence & Registration	12,705
Other	64
Total Disbursements	$56,078,814
Assets at December 31, 2009 (Market Value)	$405,390,038
Annualized Yield	
- Gross	16.0%
- Net of Expenses	15.4%

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Actuarial Value of Assets

Neither the market value of assets, representing a "cash-out" value of Plan assets, nor the book values of assets, representing the cost of investments, may be the best measure of the System's ongoing ability to meet its obligations.

To arrive at a suitable value for the actuarial valuation, a technique for determining the actuarial value of assets is used which dampens swings in the market value while still indirectly recognizing market values. The specific technique follows:

Step 1: Determine the expected value of plan assets at the current valuation date using the actuarial assumption for investment return and the actual receipts and disbursements of the fund since the previous actuarial valuation.

Step 2: Subtract the expected value determined in Step 1 from the total market value of the Fund at the current valuation date.

Step 3: Multiply the difference between market and expected values determined in Step 2 by 33%.

Step 4: Add the expected value of Step 1 and the product of Step 3 to determine the actuarial value of assets.

1.	Actuarial Value of Assets as of January 1, 2009	$	439,108,652
2.	Actual Receipts/Disbursements		
	a. Total Contributions		38,332,084
	b. Benefit Payments		(53,934,735)
	c. Net Change		(15,602,651)
3.	Expected Investment Earnings		34,516,593
4.	Expected Actuarial Value of Assets as of December 31, 2009		458,022,594
5.	Market Value as of December 31, 2009		405,390,038
6.	Difference Between Market and Expected Values		(52,632,556)
7.	Actuarial Value of Assets as of December 31, 2009 (4) + 1/3 * (6)	$	440,478,409

Annualized Yield on Actuarial Value of Assets for 2009 **3.9%**

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UNFUNDED ACTUARIAL LIABILITY

The actuarial liability is the portion of the present value of future benefits which will not be paid by future normal costs. The actuarial value of assets is subtracted from the actuarial liability to determine the unfunded actuarial liability.

1. Entry Age Normal Actuarial Liability	$	1,034,716,125
2. Present Value of Prior Service Payments		12,964,446
3. Actuarial Value of Assets		440,478,409
4. Unfunded Actuarial Liability (1) – (2) – (3)	$	581,273,270

ACTUARIAL BALANCE SHEET

Assets		
Actuarial Value of Assets	$	440,478,409
Present Value of Future Normal Costs		346,216,271
Present Value of Future Contributions to Amortize Unfunded Actuarial Liability		581,273,270
Total Net Assets	**$**	**1,367,967,950**
Liabilities		
Present Value of Future Benefits:		
Retired Members and Beneficiaries	$	577,069,521
Disabled Members		76,594,310
Active Members		712,662,498
Vested Terminated Members		1,641,621
Total Liabilities	**$**	**1,367,967,950**

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DEVELOPMENT OF ACTUARIAL CONTRIBUTION RATE

The actuarial cost method used to determine the required level of annual contributions to support the expected benefits is the Entry Age Normal Cost Method. Under this method, the total cost is comprised of the normal cost rate and the unfunded actuarial liability payment. The Plan is financed by contributions from members and the City.

1. (a) Normal Cost	$ 31,574,892
(b) Expected Covered Payroll for Members Under Assumed Retirement Age	$ 109,217,889
(c) Normal Cost Rate (a) / (b)	28.91%
2. Unfunded Actuarial Liability/(Surplus) at Valuation Date	$ 581,273,270
3. Amortization Factor to Pay UAL as a Level Percent of Payroll over 23 Years	15.66597
4. Unfunded Actuarial Liability/(Surplus) Payment (Adjusted to Mid-Year) [(2) / (3)] x $1.08^{1/2}$	$ 38,559,815
5. Prior Service Payment	$ 1,327,600
6. Total Projected Payroll for the Year	$ 110,963,955
7. Unfunded Actuarial Liability and Prior Service Payments as a Percent of Payroll [(4) + (5)] / (6)	35.95%
8. Total Contribution as a Percent of Pay (1c) + (7)	64.86%

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POLICE

	January 1 2009	January 1 2010
ACTIVE PARTICIPANTS	745	765
NON-ACTIVE PARTICIPANTS		
Service Retirements	463	474
Surviving Spouses	128*	122*
Surviving Children	16	14
Vested Terminated	3	2
Disabled		
- In Line of Duty	143	139
- Not in Line of Duty	13	14
ANNUAL COMPENSATION FOR ACTIVE PARTICIPANTS		
Total Annual Compensation	$48,851,390	$55,902,529
Average Per Member	65,572	73,075
ANNUAL PENSION BENEFIT**		
Service Retirements	$22,218,828	$23,296,047
Surviving Spouses	2,689,746	2,643,449
Disabled		
- In Line of Duty	4,596,104	4,571,125
- Not in Line of Duty	356,425	370,440

* Includes ex-spouses

** Pension benefits paid from Pension Fund only. COLA benefits paid from General Funds are not reflected.

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FIREFIGHTERS

	January 1 2009	January 1 2010
ACTIVE PARTICIPANTS	662	666
NON-ACTIVE PARTICIPANTS		
Service Retirements	433	442
Surviving Spouses	121*	119*
Surviving Children	4	4
Vested Terminated	8	5
Disabled		
- In Line of Duty	88	87
- Not in Line of Duty	8	8
ANNUAL COMPENSATION FOR ACTIVE PARTICIPANTS		
Total Annual Compensation	$44,764,801	$48,284,925
Average Per Member	67,620	72,500
ANNUAL PENSION BENEFIT**		
Service Retirements	$21,050,325	$22,194,916
Surviving Spouses	2,450,095	2,498,255
Disabled		
- In Line of Duty	2,989,584	2,710,817
- Not in Line of Duty	217,016	221,797

* Includes ex-spouses

** Pension benefits paid from Pension Fund only. COLA benefits paid from General Funds are not reflected.

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POLICE AND FIREFIGHTERS

	January 1 2009	January 1 2010
ACTIVE PARTICIPANTS	1,407	1,431
NON-ACTIVE PARTICIPANTS		
Service Retirements	896	916
Surviving Spouses	249*	241*
Surviving Children	20	18
Vested Terminated	11	7
Disabled		
- In Line of Duty	231	226
- Not in Line of Duty	21	22
ANNUAL COMPENSATION FOR ACTIVE PARTICIPANTS		
Total Annual Compensation	$93,616,191	$104,187,454
Average Per Member	66,536	72,807
ANNUAL PENSION BENEFIT**		
Service Retirements	$43,269,153	$45,490,963
Surviving Spouses	5,139,841	5,141,704
Disabled		
- In Line of Duty	7,585,688	7,281,942
- Not in Line of Duty	573,441	592,237

* Includes ex-spouses

** Pension benefits paid from Pension Fund only. COLA benefits paid from General Funds are not reflected.

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Appendix A Participant Data

	January 1 2009	January 1 2010
ACTIVE MEMBERS		
Average Attained Age	38.0	38.2
Average Hire Age	28.4	28.4
Average Past Service	9.5	9.8
Average Annual Compensation	$66,536	$72,807
NON-ACTIVE MEMBERS		
Average Attained Age		
Service Retirees	61.9	62.2
Disability Retirees		
- In Line of Duty	64.3	65.5
- Not in Line of Duty	65.7	65.6
Surviving Spouses	72.4	72.3
Average Monthly Benefit		
Service Retirees	$4,024	$4,139
Disability Retirees		
- In Line of Duty	2,736	2,685
- Not in Line of Duty	2,276	2,243
Surviving Spouses	1,720	1,777
VALUE OF PLAN ASSETS MARKET VALUE	$365,923,877	$405,390,038
VALUE OF PLAN ASSETS ACTUARIAL VALUE	$439,108,652	$440,478,409

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ACTUARIAL METHOD

Valuation of the plan use the *"entry age-normal"* cost method. Under this actuarial method, the value of future costs attributable to future employment of participants is determined. This is called present value of future normal costs. The following steps indicate how this is determined for benefits expected to be paid upon normal retirement.

1. The expected pension benefit at normal retirement is determined for each participant.

2. A normal cost, as a level percent of pay, is determined for each participant assuming that such level percent is paid from the employee's entry age into employment to his normal retirement. This normal cost is determined so that its accumulated value at normal retirement is sufficient to provide the expected pension benefits.

3. The sum of the normal costs for all participants for one year determines the total normal cost of the plan for one year.

4. The value of future payments of normal cost in future years is determined for each participant based on his years of service to normal retirement age.

5. The sum of the value of future payments of normal cost for all participants determines the present value of future costs.

The value of future costs attributable to past employment of participants, which is called the accrued liability is equal to the present value of benefits less the present value of future normal costs. The unfunded accrued liability is equal to the excess of the accrued liability over assets. The unfunded accrued liability is amortized as a level percent of pay over 30 years beginning January 1, 2003.

As experience develops with the plan, actuarial gains and actuarial losses result. These actuarial gains and losses indicate the extent to which actual experience is deviating from that expected on the basis of the actuarial assumptions. In each year, as they occur, actuarial gains and losses are recognized in the unfunded accrued liability as of the valuation date.

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Appendix B Actuarial Method and Assumptions

Interest:	8.0% (net of investment expenses)
Salary Increases:	Merit increases based on service plus a general wage increase.
Service Retirement Age:	Graduated rates based on service.
Mortality:	
Active Members	RP-2000 Employee Mortality Table with generational improvements, set forward one year.
Service Pensioners and Beneficiaries	RP-2000 Healthy Annuitant Mortality Table with generational improvements, set forward one year.
Disabled	RP-2000 Disabled Retiree Mortality Table with generational improvements.
Disability:	Graduated rates by age. See table on next page.
Percent of Disabilities in Line of Duty:	85%
Medical Expenses for Disabilities in Line of Duty:	5% load on liability for current and future disabled members.
Percent Married at Death or Retirement:	75%
Percent with Dependents at Death:	77%
Average Number of Children per Married Member:	1
Turnover:	Graduated rates by age. See table on next page.
Assets:	Actuarial value of assets equal to 1/3 of market value, plus 2/3 of expected value. Actuarial value of assets cannot exceed 120% of Market value of assets.
Load on Active member liability to reflect final wage adjustments	10%
Increase in total annual payroll	4.0%
Assumed annual rate of inflation	3.5%

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SAMPLE RATES

Age on 1/1/2010	Annual Rate			
	Mortality		Disability	Turnover
	Males	Females		
20	.03%	.02%	.26%	1.41%
30	.05	.03	.30	1.69
40	.10	.07	.52	.63
50	.19	.15	.95	.00
60	.46	.41	1.45	.00

Salary Progression

Years of Service	Inflation	Productivity	Merit & Longevity	Total Increase
1	3.5%	0.5%	2.5%	6.5%
5	3.5%	0.5%	2.5	6.5
10	3.5%	0.5%	2.0	6.0
15	3.5%	0.5%	1.0	5.0
20	3.5%	0.5%	0.5	4.5
25	3.5%	0.5%	0.0	4.0
30	3.5%	0.5%	0.0	4.0

Service Retirements

Assumed retirement rates are based on the number of years of credited service as follows:

Years of Service	Distribution	Annual Rate
Less than 25	0.0%	0.0%
25	100.0	100.0

If a member was hired after age 37, then it is assumed that member would retire at the later of age 62 or 10 years of service.

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Average Final Monthly Compensation:
Section 22-63

Highest average monthly compensation during any consecutive twenty-six (26) pay periods out of the last five years of service as a member of the system for which service credit had been earned.

Member Contributions:
Section 22-73(a)
Section 22-68

Rates effective January 1, 2010:
14.55% of total monthly salary for police.
15.40% of total monthly salary for fire.

City of Omaha Contributions:
Section 22-73(b)

Rates effective January 1, 2010:
20.17% of each members total monthly salary for police.
21.015% of each members total monthly salary for fire.

In addition, the City shall make contributions of $1,327,600 annually through the year 2028.

Service Retirement Eligibility:
Section 22-75

Available after age 55 and 10 years of service or age 45 and 20 years of service.

Service Retirement Pension:

Section 22-76

Beginning July 1, 2007, lifetime monthly annuity as follows:

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	45**	55%*
25 years	45	75%

*55% at 20 years of service, plus 2% for each additional six months of service after 20 years and before 25 years.

**The minimum retirement age with less than 25 years is 50 for Fire.

Cost of Living Adjustment (COLA):

The monthly pension shall be increased by the lesser of 3% or $50 ($65 for Fire retirements after June 30, 2007). The increase will be made annually, beginning in the 13th month of retirement.

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Disability Retirement:

1. In Line of Duty:
Section 22-78

A member shall become entitled to the following benefits while permanently disabled.

Years of Service	Percentage of Average Final Monthly Compensation
Less than 25	50%*
25	Same as Service Retirement Pension

* 55% for Fire after June 30, 2007

2. Not in Line of Duty:
Section 22-79

A member shall become entitled to the following benefits while permanently disabled.

Years of Service	Percentage of Average Final Monthly Compensation
Up to 10 years	10%
10 but less than 15	20%
15 but less than 20	30%
20 or more	Same as Service Retirement Pension

Not payable while full salary continues.

Spouse's Pension:

1. Death of Active Member in Line of Duty:

A monthly pension equal to 49% (52% Fire) of the member's average final monthly compensation is paid to the surviving spouse if death occurs while the active member has less than 25 years of service. A monthly pension equal to 69% (72% Fire) of the member's average final monthly compensation is paid to the surviving spouse if death occurs after the active member has 25 years or more of service.

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2. Death of Active Member Not in Line of Duty:

The following monthly pension is paid to the surviving spouse.

Years of Service at Death	Percentage of Average Final Monthly Compensation*
0-3	0%
3-10	35%
11	36.4%
12	37.8%
13	39.2%
14	40.6%
15	42.0%
16	43.4%
17	44.8%
18	46.2%
19	47.6%
20-25	49.0%
25+	69%

* add 3% to each number for Fire effective July 1, 2007

Benefit terminates upon remarriage of spouse.

3. Death of Member Eligible for Retirement or Death of Retired Member:
Section 22-82

75% (90% for Fire retirements after June 30, 2007) of the pension the member was receiving or was eligible to receive at the time of death. Upon spouse's remarriage, all benefits cease.

Children's Pension:
Section 22-83

Upon the death of an active or retired member, the following benefit will be paid to the surviving children until age 18.

Number of Dependent Children	Percentage of Average Final Monthly Compensation
1	15%
2	30%
3	45%
4 or more	50%

Lump Sum Death Benefits:

1. Active Member without Eligible Dependents:
Section 22-84(a)

Accumulated member's contributions, or $500 if greater.

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2. Retired Member without Eligible Dependents:
Section 22-84(b)

Accumulated member's contribution less previous pension payments made, or $500 if greater.

3. Active Member with Eligible Dependents:
Section 22-84(c)

An amount payable immediately, equal to one year's salary computed on the basis of the maximum monthly rate for patrolmen and firefighters, plus the deceased member's accumulated contributions less pension payments to his dependents, payable to the dependent who last ceases to receive pension benefits.

4. Retired Member with Eligible Dependents:
Section 22-84(c)

$1,000 ($5,000 Fire) payable immediately, plus the excess over $1,000 ($5,000 Fire) if any, of the deceased member's accumulated **contributions less pension payments to the member** and his dependents, payable to the dependent who last ceases to receive pension benefits.

Vesting:

Section 22-86

Upon severance of employment by a member with less than 10 years of service and prior to obtaining eligibility under Section 22-75, a refund of such member's accumulated contributions.

Section 22-90

Upon severance of employment by a member before age 45 with more than 10 years of service and prior to obtaining eligibility under Section 22-75, the member may elect, in lieu of receiving a refund of contributions, to receive a monthly pension, according to the table below, commencing at age 55. Such deferred pension shall be based on service credited to the date of severance.

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	45	55%
25 or more	45	75%

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CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Financial Statements and Supplemental Schedules
June 30, 2010 and 2009
(With Independent Auditors' Report)

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

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BANKS, FINLEY, WHITE & CO.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

The Board of Trustees
City of Atlanta, Georgia
Police Officers' Pension Plan:

We have audited the accompanying financial statements of the City of Atlanta, Georgia Police Officers' Pension Plan (the "Plan") as of June 30, 2010 and 2009 and for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Atlanta, Georgia Police Officers' Pension Plan's net assets held in trust for pension benefits as of June 30, 2010 and 2009 and the changes therein for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The schedules of funding progress and employer contributions on page 14 are not a required part of the financial statements, but are supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. We have applied to the schedules certain limited procedures prescribed by professional standards, which consisted principally of inquiries of management regarding methods of measurement and presentation of the schedules.

Banks, Finley, White & Co.

February 11, 2011

3504 EAST MAIN STREET · COLLEGE PARK, GEORGIA 30337 · (404) 763-1002

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Statements of Plan Net Assets
June 30, 2010 and 2009
(In thousands)

	2010	2009
ASSETS		
Cash and cash equivalents	$ 127,332	$ 63,163
Investment:		
Equities	311,062	232,007
U.S. government and agency obligations	60,782	90,998
Corporate bonds	35,499	44,624
Other Investments	118,661	117,934
Total Investments	526,004	485,563
Securities lending collateral investment pool	96,740	69,330
Contributions receivable from employer	2,073	2,466
Contributions receivable from employees	246	210
Accrued interest receivable	945	1,731
Due from brokers for securities sold	827	675
Total Assets	754,167	623,138
LIABILITIES		
Deferred Revenue	288	3,718
Other liabilities	-	1,380
Due to brokers for securities purchased	45,371	5,130
Due to other funds	123	55
Liability for securities lending agreement	96,740	69,330
Total Liabilities	142,522	79,613
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS (See Schedule of Funding Progress on page 14)	**$ 611,645**	**$ 543,525**

The accompanying notes are an integral part of the financial statements.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Statements of Changes in Plan Net Assets
For the Years Ended
June 30, 2010 and June 30, 2009
(In thousands)

	2010	2009
Additions to Plan net assets:		
Investment income:		
Net (depr.) appreciation in fair value of investments	$ 54,618	$ (92,949)
Interest and dividends	10,688	12,561
Securities lending income	197	413
Less:		
Investment expenses	(2,505)	(2,172)
Net Investment Income (Loss)	62,998	(82,147)
Employee contributions:	6,394	5,557
Employer contributions	41,713	44,810
Other income	-	178
Total additions	111,105	(31,602)
Deductions from Plan net assets:		
Benefit payments	42,291	41,840
Administrative fees, management fees, and other expenses	694	86
Total Deductions	42,985	41,926
Net Increase	68,120	(73,528)
Net Assets Held in Trust for Pension Benefits:		
Beginning of Year	543,525	617,053
END OF YEAR	**$ 611,645**	**$ 543,525**

The accompanying notes are an integral part of the financial statements.

Note 1 - Summary of Significant Accounting Policies

a. *Overview of Plan and Related Government*

The City of Atlanta, Georgia Police Officers' Pension Plan (the "Plan"), a single employer defined benefit pension plan, was established by a 1933 Act of the State of Georgia Legislature to provide retirement benefits for sworn personnel of the City of Atlanta (the "City") Police Department. Until 1983, The Georgia Legislature established all requirements and policies of the Plan. By a constitutional amendment, effective July 1983, control over the Plan transferred to the City under the principle of Home Rule.

The funding methods and determination of benefits payable were established by the legislative acts creating the Plan, as amended, and in general, provide that funds are to be accumulated from employee contribution, City contributions, and income from the investment of accumulated funds.

The Plan is considered a fiduciary fund of the City and its financial statements are included in the City of Atlanta, Georgia's Comprehensive Annual Financial Report (CAFR) as part of the Pension Trust Fund. The City's most recent CAFR as of and for the year ended June 30, 2010 should be read in conjunction with these financial statements.

b. *Basis of Accounting*

The financial statements are prepared on the accrual basis of accounting whereby revenues are recognized as earned and expenses are recognized as the associated liabilities are incurred.

c. Cash

The Plan considers all highly liquid debt securities with an original maturity of three months or less to be cash equivalents.

d. Investments

State of Georgia and City statutes authorize the Plan to invest in U.S. Government obligations, U.S. Government agency obligations, State of Georgia obligations, obligations of a corporation of the U.S. Government and the Georgia Fund I (a local government investment pool maintained by the State of Georgia). Additionally, the Plan is authorized to invest in common stock provided that the cost bases of such investments do not exceed 55% of the net assets of the Plan. The Plan invests in repurchase agreements only when they are collateralized by U.S. Government or agency obligations.

Note 1 - Summary of Significant Accounting Policies, continued

The Plan is also authorized to invest in collateralized mortgage obligations (CMOs) to maximize yields. These securities are based on cash flows from interest payments on underlying mortgages. CMOs are sensitive to prepayment by mortgagees, which may result from a decline in interest rates. For example, if interest rates decline and mortgagees refinance their mortgages, thereby prepaying the mortgages underlying these securities, the cash flows from interest payments are reduced and the value of these securities declines. Likewise, if mortgagees pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated.

Investments, other than repurchase agreements, are carried at fair value based on quoted market prices. Repurchase agreements are valued at their amortized cost.

The net appreciation (depreciation) in the fair value of investments held by the Plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of balance sheet date. Investment income is recognized on the accrual basis as earned by the Plan.

e. *Use of Estimates*

Management of the Plan has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosures of contingent assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

Note 2 - Plan Description

The following brief description of the Plan is provided for general information purposes only. Participants should refer to the City of Atlanta Code of Ordinances for more complete information.

a. *Benefit Provisions*

The Plan provides a monthly retirement benefit that initially represents 3% for each year of accredited services times the participants' final average three-year earnings or the highest consecutive three-year earnings (limited to 80% of the average or earnings), whichever is the highest. The Plan was amended, effective January 1, 1986, to exclude overtime pay in the computation of benefits. Retirement benefits are adjusted annually based on the change in the consumer price index, limited to 3% per year. Upon the death of vested participant who has beneficiary coverage, his or her eligible beneficiary(ies) would be entitled to three-fourths of the amount the deceased participant was receiving or would have been entitled to receive.

Note 2 - Plan Description, continued

Group A - Covered by the 1978 Plan and the participant have elected to be covered by the 1986 Amendments. Any Police officer hired after 2005 is automatically included in this group.

Group B - Covered by the 1978 Plan and the participant has elected not to be covered by the 1986 Amendment.

b. Benefit Options

- Normal Monthly Pension Benefit

An employee is eligible for a normal monthly pension benefit after 30 years of services, at any age or, when he or she reaches the normal retirement age of 55 with 10 years of creditable service.

A 30 year and out provision was added to the Plan effective October 25, 2005.

Alternatively, a police officer is eligible for normal retirement at age 65 with at least 5 years of credited service.

- Early Monthly Pension Benefit

An employee is eligible for an early monthly pension benefit after 10 years of creditable service. The monthly benefit is reduced to allow for the fact that it will be paid over a longer period of time.

- Reduced Monthly Pension Benefit

Employees hired prior to April 1, 1978 are eligible for a reduced monthly pension benefit at age 50 with 25 years of service. The reduction for the reduced monthly pension benefit is less than the reduction for an early monthly pension benefit.

- Total and Permanent Disability

A participant will be considered to be totally and permanently disabled if:

Group A - the participant's disability is determined to be a continuous state of incapacity due to illness or injury such that (a) the participant is prevented from performing their regular assigned or comparable duties during your first 12 months of disability, and (b) are thereafter prevented from engaging in any occupation for which they have become reasonably qualified by education, training or experience.

Note 2 - Plan Description, continued

Group B - The participant's disability is determined to be a total and permanent physical or mental injury to perform their regular assigned or comparable duties as a police officer with the City.

If a participant becomes totally and permanently disabled in the line of duty, they will be eligible to receive a monthly disability retirement benefit calculated as follows:

Group A- The greater of (a) the participant's monthly accrued benefit determined as of the date of disability or (b) 50% of the average monthly earnings determined as of the date of the disability. The benefit will be recalculated when the participant reaches age 55. The recalculated amount will include creditable service for your period of disability, but will not include any cost-of-living adjustments that were applied to the previous disability benefit.

Group B - The greater of (a) the participant's monthly accrued benefit determined as of the date of the disability or (b) 70% of the top salary for the grade and position of the participant on the day before their date of disability.

c. *Membership*

The following schedule reflects membership for the Plan at January 1, 2009, the date of the most recent actuarial valuation.

Members:	
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	1,355
Current active employees:	
Fully vested	787
Partially vested	292
Nonvested	560
Total membership	2,994

d. Administration of Plan

The Plan is administered as single-employer plan by the Board of Trustees(the "Board") which includes an appointee of the Mayor, the City's Chief Financial Officer, a member of City Council, and three representatives elected by the membership (active and retired). All modifications to the plan must be supported by actuarial analysis and receive the recommendations of the City Attorney, the Chief Financial Officer, and the Board of Trustees. Each pension law modification must be adopted by at least two-thirds vote to the City Council and approved by the Mayor.

Note 3 - Deposits and Investments

Investments in Employee Retirement Plans

The Board is ultimately responsible for making all decisions with regard to the administration of the Plan, including the management of Plan assets, and for carrying out the investment policy on behalf of the Plan.

The Plan's investments are managed by various investment managers under contracts with the Plan who have discretionary authority over the assets managed by them, within the investment guidelines, established the Board. The investments are held in trust by the Plan's custodian in the Plans' name. These assets are held exclusively for the purpose of providing benefits to members of the plan and their beneficiaries.

Identified below are the investment types that are authorized by the Board for the Plan. The investment policy also identifies certain provisions that address interest rate risk, credit risk, custodial credit risk, concentration of credit risk, and foreign currency risk.

The Plan, by policy, is to invest their cash in domestic equities, domestic fixed income securities and cash equivalents. These instruments consist of common and preferred stock, obligations of the U.S. government and agencies (GNMA, FHLMC, and FNMA securities and CMO's), corporate bonds, and certificates of deposit. The Plan has strict limitations on the amounts managers are allowed to invest in any one issuer in all classes of securities. The Plan also invests in repurchase agreements which must be fully collateralized by U.S. government or agency guaranteed securities.

The Plan maintains cash to meet its immediate liquidity needs. Cash not immediately needed is invested in either short-term or long-term investment securities as directed by management.

Board policy permits the Plan to engage in securities lending with an authorized agent, provided that the securities are fully collateralized at least 102% and that collateral is received prior to the release of the securities by the custodian.

Investment Risk Disclosure

Interest Rate Risk. Interest rate risk is the risk that changes in market rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Additionally, the fair values of the investments may be highly sensitive to interest rate fluctuations. By policy, the Plan establishes maximum maturity dates by investments type in order to limit interest rate risk. The Plan manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments, and by timing cash flows from maturities so that a portion is maturing or coming close to maturing, evenly over time, as necessary, to provide the cash flow and liquidity needs for operations.

Credit Risk. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Plan's investment policy does not specify a minimum bond rating for investments.

Note 3 - Cash, Cash Equivalents, and Investments, continued

As of June 30, 2010, the Plan had the following fixed income investments (amounts in thousands), with the corresponding credit ratings and maturities.

		Maturity					
Type of Investments	Credit Rating	Under 1 year	1 - 3 years	3 - 5 years	5 - 10 years	Over 10 Years	Fair Value
U.S.Government Agencies	AAA	$ 25,216	$ 2,511	$ 2,593	$ 5,308	$ 4,705	$ 40,333
Corporate Bonds	AA/A-	1,017	1,702	4,758	10,546	3,582	21,605
Corporate Bonds	B+/BBB	-	1,534	4,292	4,714	3,354	13,894
Asset Back Securities	AAA	458	2,059	3,548	3,336	-	9,401
CMO's	AAA	-	-	-	-	8,153	8,153
CMO's	NR	-	-	-	-	1,107	1,107
Other Fixed Income		100,000	-	-	-	-	100,000
		$ 126,691	$ 7,806	$ 15,191	$ 23,904	$ 20,901	$ 194,493

Securities Lending

State statutes and Board of Trustees policies permit the Plan to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Plan's custodians lend securities of the type on loan at year-end for collateral in the form of cash or other securities of 102%.

Cash collateral is invested in overnight investments. As of June 30, 2010, the Plan has no significant credit risk exposure to borrowers because the amounts the Plan owes the borrower exceed the amounts the borrowers owe the Plan. The contract with the Plan's custodian requires it to indemnify the Plan if the borrowers fail to return the securities and if the collateral is inadequate to replace the securities or fail to pay the Plan for income distributions by the securities issuers while the securities are on loan.

There were no violations of legal or contractual provisions, borrower or lending agent default losses, and no recoveries of prior period losses during the year. There are income distributions owed on the securities loaned. The Plan records the cash received as collateral under securities lending agreements and the investments purchased with that cash as securities lending short-term collateral investment pool with a corresponding amount recorded as a liability.

All securities loans can be terminated on demand by either the Plan or the borrower, with the borrower returning equivalent securities to the Plan within a specified period of time.

Custodial Credit Risk. Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the Plan will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Custodial credit risks for *investments,* is the risk that in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Note 3 - Cash, Cash Equivalents, and Investments, continued

All uninsured collected balances held in trust by the City for the Plan plus accrued interest in depository accounts must be collateralized and the market value of collateralized pledged securities must be at least 110% of the deposit balances, and 102% for repurchase agreements. As a result, the Plan had no deposits or investments with custodial risks as of June 30, 2010.

All investments of the Plan are either held by the Plan or by a counterparty in the Plan's name; therefore, the Plan's investments had no custodial risks as of June 30, 2010.

Concentration Credit Risk. Investments in any one issuer representing 5% or more of the net assets held in trust for pension benefits at June 30, 2010 are as follows:

Issuer	Investment Type	Total % of Investments
Collective	Bond Index Fund	17.03%
COLTV	Equities	9.00%
Northern TR Corp	Equities	5.81%
Northern Trust Bank N.A.	Equities	5.61%

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates could adversely affect an investment's or deposit's fair value. The Plan's policy states that the portfolio will consist of domestic equities, domestic fixed income and cash equivalents. At June 30, 2009, the Plan was not in compliance with the provisions of its policy requirements for authorized investment purchases. As of June 30, 2010, the Plan had investments in foreign fixed income securities but investment in equity securities totaled $5,040,000.

Although all of the foreign equity securities are American Depository Receipts (ADR's), this does not eliminate the foreign currency risk involved in purchasing foreign securities.

The following table provides the value in U.S. dollars by foreign currency denominations and investment type for the Plan investments denominated in foreign currencies (in thousands):

Currency	Short Term	Debt	Equity	Total
China	$ -	$ -	$ 385	$ 385
Ireland	-	-	598	598
Netherlands	-	-	1,156	1,156
Canada	-	-	1,609	1,609
United Kingdom	-	-	890	890
Puerto Rico	-	-	376	376
Israel	-	-	26	26
Total Securities subject to Foreing Currency Risk	$ -	$ -	$ 5,040	$ 5,040
Total US dollars Securities				
United States	$ 104,670	$ 214,942	$ 306,020	$ 625,632
Total International & US Investment Securites	**$ 104,670**	**$ 214,942**	**$ 311,060**	**$ 630,672**

Note 4 - Funding Policy

The City's funding policy is to contribute a percentage of the Plan's covered employee payroll as developed in the actuarial valuation for the Plan. Active participants are required to contribute 7% of base pay (or 8% if participant has covered beneficiary). The City's contribution percentage is the actuarially determined amount necessary to fund plan benefits after consideration of employee contributions. Prior to fiscal year 2010, the City made an additional contribution of 1% of payroll, which effectively decreased the employee's required contribution percentage to 6% (or 7% if participant has a covered beneficiary). The City is not obligated to continue the 1% supplemental contribution for any specified period of time. Effective July 1, 2009, the City discontinued making the additional 1% contribution

The actuarially determined contribution amount is the sum of the annual normal cost and the amortization of the unfunded actuarial accrued liability as a level percentage of future payrolls (over 50 years from January 1, 1979). The actuarial cost method used for funding purposes is the Entry Age Normal Cost Method. This method is one of the approved methods for such plans in the State of Georgia, and provides for contributions based on a level percentage of future payrolls. The unfunded actuarial accrued liability for funding purposes is amortized on a closed basis over a period within State of Georgia guidelines. The significant actuarial assumptions used to compute the contribution requirements are the same as those used to compute the actuarial accrued liability.

Note 5 - Contributions Required and Contributions Made

The required contribution percentages developed in the most recent actuarial valuation for the Plan for the years ended June 30, 2010 and June 30, 2009 and the actual contributions made are as follows (dollars in thousands):

	2010	2009
Normal cost	28.26%	27.60%
Amortization of the unfunded actuarial accrued liability	26.56%	29.60%
Total required contributions as a percentage of covered payroll	54.82%	57.20%
Actual employee contributions		
Dollar amount	$ 6,394	$ 5,557
Percent of covered payroll	7.79%	6.60%
Actual employer contributions		
Dollar amount	$ 41,712	$ 44,810
Percent of covered payroll	50.85%	53.30%

Note 5 - Contributions Required and Contributions Made, continued

The annual covered payroll for the City was $82,030,000 and $84,016,000 for the years ended June 30, 2010 and 2009 respectively. The actual employer contributions shown above include amounts used to fund retiree supplemental cost of living increases and other minimum benefits. These amounts are components of the City's contributions for purposes of meeting actuarially determined funding requirements.

Note 6 - Contributions Receivable

Employer
Employer contribution receivable represents Annual Required Contributions owed but not yet remitted to the plan by the City. Total contributions receivable from employer were $2,073,000 and $2,466,000 for the years ended June 30, 2010 and 2009, respectively.

Employees
Contributions from employees include amounts withheld from employees but not yet remitted to the Plan. Total contributions receivable from employees were $246,000 and $210,000 for the years ended June 30, 2010 and 2009, respectively.

Additionally, employees may receive credit for service for previous employment with certain state and local governmental agencies including previous employment with the City, upon payment to the Plan of an amount, as defined in the 1933 Act, as amended, representing contributions applicable to such service period. These contributions may be paid over a future period, even after retirement. In addition, 1964 and 1978 amendments to the Plan increased pension benefits and the related employee contribution rates. Active employees may retroactively increase their contribution rates from the date of employment in order to receive the maximum increased benefits available under the 1964 and 1978 amendments. These "back contributions" may also be paid over a future period.

Note 7 - Contingencies

The Plan and its trust are intended to be qualified under Sections 401(a) and 501(c) of the Internal Revenue Code (IRC) such that they are not subject to tax under federal income tax laws. The IRS issued a favorable determination letter on May 19, 1998 with respect to the Plan, in which the IRS stated that the Plan, as then designed, was in compliance with the applicable requirements of the IRC. On August 17, 2004, the IRS issued another favorable determination letter with respect to the terms of the Plan. The Plan has been amended since receiving the 2004 determination letter, and the City believes that those amendments do not adversely affect the qualified status of the Plan. The IRS's 2004 determination was subject to the adoption of an amendment to the City Charter and the correction of additional plan language in order to bring the plan into compliance with current IRS Code. These required changes were accomplished through an amendment to the City of Atlanta Charter and an ordinance correcting the language of the Plan which was both adopted by the Atlanta City Council in December of 2010. Additionally, a current Application for Determination was submitted to the IRS for consideration on January 31, 2011.

Note 8 – Subsequent Events

An amendment to the Plan was passed by the Atlanta City Council on June 29, 2010. For all employees hired after the effective date of this amendment retirement pension benefits will be calculated using a 2.0% multiplier for all years of creditable service, a 100% cap of the average of the highest three consecutive years' earnings, and a fifteen year vesting schedule. The effective date of this amendment is July1, 2010.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN
Required Supplementary Information

Schedule of Funding Progress
(Unaudited)
(Dollars in thousands)

Actuarial valuation date	Actuarial valuation assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll (b-a)/c)
January 1, 2004	$ 440,212	$ 617,501	$ 177,289	71.30%	$ 63,274	280.20%
January 1, 2005	$ 444,460	$ 658,861	$ 214,401	67.50%	$ 70,973	302.10%
January 1, 2006	$ 464,368	$ 817,255	$ 352,887	56.80%	$ 73,515	480.00%
January 1, 2007	$ 512,259	$ 850,886	$ 338,627	60.20%	$ 77,168	438.80%
January 1, 2008	$ 596,457	$ 909,410	$ 312,953	65.60%	$ 84,016	372.50%
January 1, 2009	$ 571,768	$ 986,376	$ 414,608	58.00%	$ 82,030	505.40%

Schedule of Employer Contributions
(Unaudited)
(Dollars in thousands)

Year	Annual Required Contribution	Actual Employer Contribution	Percentage Contributed
2005	$ 25,271	$ 25,271	100.00%
2006	$ 15,687	$ 15,687	100.00%
2007	$ 45,229	$ 45,229	100.00%
2008	$ 44,058	$ 44,058	100.00%
2009	$ 44,810	$ 44,810	100.00%
2010	$ 41,713	$ 41,713	100.00%

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Required Supplementary Information

Notes to Schedule of Funding Progress and
Schedule of Employer and Other Contributions

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated.

The actuarial accrued liability is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

Accumulated plan benefits are those future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits under the Plan are based on employee compensation. The accumulated plan benefits for active employee are based on their average compensation and credited service ending on the date as of which the benefit information is presented (the valuation date). Benefits payable under all circumstances - retirement, death, disability, and termination of employment - are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2009
Actuarial cost method	Entry age normal
Amortization method	Level percentage closed Over a closed period of 50 years from January 1, 1979 as a level percentage of estimated future payroll.
Remaining amortization period	30 years
Asset valuation period	Smothed 5 year averaged market
Investment rate of return	7.75%
Projected salary increases	
Inflation	3.00%
Merit or seniority and productivity	1.00%
Postretirement benefit increases	3.00%

REPORT ON
THE EIGHTY-THIRD VALUATION OF
THE EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF PROVIDENCE
AS OF JUNE 30, 2010

buckconsultants

A Xerox Company

December 14, 2010

Retirement Board
Employees' Retirement System of the
City of Providence
City Hall
Providence, Rhode Island 02903

Dear Board Members:

This report presents the results of the eighty-third actuarial valuation of the system, prepared as of June 30, 2010, which develops the appropriation required by the City for the fiscal year beginning July 1, 2011.

The Table of Contents, which immediately follows, outlines the material contained in the report.

Respectfully submitted,

Daniel W. Sherman

Daniel W. Sherman, ASA, MAAA, EA
Director and Consulting Actuary

Robert P. Lessard

Robert P. Lessard
Consultant

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REPORT ON THE EIGHTY-THIRD VALUATION OF THE
EMPLOYEES' RETIREMENT SYSTEM OF THE
CITY OF PROVIDENCE
AS OF JUNE 30, 2010

SECTION I - SUMMARY OF PRINCIPAL RESULTS

1. For convenience of reference, the principal results of the current and preceding valuations are summarized below:

Valuation Date	**6/30/2009**	**6/30/2010**
Number of active members		
Vested	1,796	1,849
Nonvested	1,159	1,149
Total	2,955	2,998
Annual base salaries of active members	$ 135,515,656	$ 137,355,155
Average base salary of active members	$ 45,860	$ 45,816
Number of retirees and beneficiaries	2,898	2,929
Annual retirement allowances	$ 75,170,939	$ 78,988,781
Average retirement allowance	$ 25,939	$ 26,968
Number of non-active members with contributions	455	432
Accumulated member contributions	$ 9,018,971	$ 10,826,649
Market value of plan assets (accrual basis)	$ 345,561,291	$ 368,448,768
Assets for valuation purposes	$ 405,217,490	$ 427,890,901
Unfunded accrued liability	$ 804,763,439	$ 828,484,533
Contribution rates required		
Class A	21.76%	21.98%
Class B Fire	81.73%	90.63%
Class B Police	63.00%	64.44%

2. Comments on the valuation results as of June 30, 2010 are given in Section IV and the appropriation payable by the City during the fiscal period beginning July 1, 2011 is set out in Section V.

3. The valuation was based on the assumptions as outlined in Schedule B. All assumptions remained the same as the June 30, 2009 valuation.

4. Schedule D of this report presents a summary of the main provisions of the act governing the system, as interpreted in preparing the actuarial valuation. In particular, the valuation reflected the following with respect to annual cost of living adjustments (COLAs):

Group		COLA	Number of Recipients
(a)	Class A		
(i)	Retired prior to 12/19/1991	- 3%, compounded	562
(ii)	Retired after 12/18/1991	- None	1,063
(iii)	Special award	- 5%, compounded	5
	Total of Class A		1,630
(b)	Class B - Police*		
(i)	Retired prior to 1/1/1990	- 5%, compounded	278
(ii)	Retired between 1/1/1990 and 12/18/1991	- 6%, compounded	33
(iii)	Retired between 12/19/1991 and 12/31/1992	- 3%, compounded	30
(iv)	Retired after 12/31/1992	- 3%, compounded	277
(v)	Special award	- 5%, compounded	20
	Total of Police		638

Group		COLA	Number of Recipients
(c)	Class B - Fire*		
(i)	Retired prior to 1/1/1990	- 5%, compounded	265
(ii)	Retired between 1/1/1990 and 12/18/1991	- 6%, compounded	67
(iii)	Retired between 12/19/1991 and 6/30/1995	- 5%, compounded	90
(iv)	Retired on or after 7/1/1995	- 3%, compounded	216
(v)	Special award	- 5%, compounded	17
	Total of Fire		655
(d)	Total Number of Class A and Class B retirees and beneficiaries		2,923**

* There are 40 Class B employees who retired as Non-Union participants and are included in the counts above but each has a simple 3% COLA on the first $12,000 of the annual benefit.

** Excludes elected officials and 6 Class A and B employees who retired prior to June 30, 2010 but were not processed on the June 30, 2010 payroll.

There is a three-year deferral of the initial COLA for current active members when they retire.

SECTION II - EMPLOYEE DATA

1. Employee data were furnished by the City Controller.

2. Tables 1 and 2 of Schedule E show the number and annual salaries of active members, while the remaining tables of Schedule E show the number and annual retirement allowances of retirees and beneficiaries as of June 30, 2010.

SECTION III - ASSETS

1. The amount of the assets taken into account in the valuation was obtained from information submitted by the City Controller.

2. The market value of the assets of the system as of June 30, 2010 on a "cash basis" was $316,485,233. We converted this to an "accrual basis" value of $368,448,768 by adding $51,963,535, the discounted value of the City's $56,380,436 contribution appropriated for the July 1, 2010 to June 30, 2011 fiscal year and assumed deposited on June 30, 2011.

3. The amount of assets used for valuation purposes of $427,890,901 was determined on an "accrual basis" by the use of a five-year moving average of market values. Schedule C outlines the calculation of this value.

SECTION IV - COMMENTS ON VALUATION

1. Schedule A of this report presents the results of the valuation and shows the present and prospective assets and liabilities of the retirement system of June 30, 2010. Actuarial accrued liabilities consist of $366,866,155, which equals the actuarial accrued value of prospective benefits of active members; plus $878,682,629, which equals the present value of obligations to retired members and their beneficiaries; plus $10,826,650, which equals the value of contributions of non-active members remaining in the fund. These liabilities amount to $1,256,375,434, which is met by the City and members through annual contributions. Against these prospective liabilities, the system has present assets of $427,890,901, leaving $828,484,533 as the unfunded accrued liability.

2. Section V discusses the portion of the total prospective City obligation we recommend for current payment.

3. Schedule G of the report discusses experience gain/(loss) in the last year. The system's actual experience was better than expected, resulting in a gain of $5,447,807. Assets exceeded the expected rate of return, resulting in a gain of $4,953,575. Gains from liability were $494,232. Gains from changes in assumptions decreased the unfunded liability by $2,657,168. For more detail on gain/(loss), please see Schedule G.

4. The actuarial value of assets exceeds the market value by about $59 million, due to the deferral of past losses under the asset smoothing method.

SECTION V - APPROPRIATION PAYABLE BY CITY

1. Schedule A gives the basis for determining the appropriation payable by the City during the fiscal period beginning July 1, 2011. In accordance with the law governing the operation of the retirement system, we recommend contribution rates of 21.98% for Class A members, 90.63% for Class B Fire and 64.44% for Class B Police. These rates are based on amortizing the unfunded accrued liability as of June 30, 2010 on a level percentage-of-payroll basis over a 29-year period. If these rates are applied to the annual compensation of active members in this actuarial valuation, increased by $492,606 to amortize the remaining deferred contribution as of June 30, 1996 over a 30-year period, and adjusted to a monthly basis, contributions payable by the City for the fiscal year beginning July 1, 2011 are as shown below:

Group	Amount
Class A:	
General	$ 7,431,115
School	7,022,869
School Crossing Guards	221,426
Water	2,555,786
Workforce Development (JTPA)	277,557
Fire Civilians	199,635
Police Civilians	791,320
Total Class A	$ 18,499,708
Class B:	
Fire	$ 21,296,924
Police	19,132,293
Total Class B	$ 40,429,217
Grand Total	$ 58,928,925

2. The assets and liabilities in the valuation do not take the elected officials' pensions into account. Therefore, in addition, the City should contribute an amount sufficient to provide for the payment of the special pensions to elected officials on a pay-as-you-go basis. Any deficiency which arises on account of elected officials whereby the contribution paid for a fiscal year is not sufficient to cover the special pensions paid that year to such retired members should be met by a special contribution by the City.

SECTION VI - ACCOUNTING INFORMATION

Based on our interpretation of Statement 25 of the Governmental Accounting Standards Board, the results of the June 30, 2009 and June 30, 2010 actuarial valuations are shown below:

		June 30, 2009	June 30, 2010
1.	Normal cost for employees	$ 10,380,112	$ 10,604,240
2.	Normal cost for employers	$ 9,301,881	$ 9,489,420
3.	Actuarial liability for active members	$ 357,829,214	$ 366,866,155
4.	Actuarial liability for retired members	$ 852,151,715	$ 889,509,279
5.	Total actuarial liability	$ 1,209,980,929	$ 1,256,375,434
6.	System assets	$ 405,217,490	$ 427,890,901
7.	Unfunded actuarial accrued liability	$ 804,763,439	$ 828,484,533
8.	Ratio of assets to actuarial liability	33.49%	34.06%
9.	Investment return assumption	8.50%	8.50%
10.	Rate of salary increase	graded%*	graded%*

* See Schedule B

SCHEDULE OF EMPLOYER CONTRIBUTIONS
(dollar amounts in thousands)

Year Ended June 30	Annual Required Contribution	Percentage Contribution
1996	$16,136	100.00%
1997	$21,089	93.58%
1998	$35,701	57.52%
1999	$37,445	56.15%
2000	$37,415	60.00%
2001	$38,899	60.60%
2002	$42,442	64.18%
2003	$42,008	80.25%
2004	$46,321	85.99%
2005	$49,329	92.15%
2006	$51,454	96.22%
2007	$50,584	100.20%
2008	$54,200	100.00%
2009	$48,509	99.80%
2010	$50,299	97.66%

SCHEDULE OF FUNDING PROGRESS
(dollar amounts in thousands)

Year Ended June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1994	$286,956	$500,119	$213,163	57.38%	$84,176	253.23%
1995	$293,454	$460,567	$167,113	63.72%	$88,335	189.18%
1996	$287,320	$699,265	$411,945	41.09%	$84,178	489.38%
1997	$288,800	$732,373	$443,573	39.43%	$88,959	498.63%
1998	$315,000	$732,775	$417,775	42.99%	$99,182	421.22%
1999	$325,576	$746,264	$420,688	43.63%	$106,717	394.21%
2000	$341,817	$798,292	$456,475	42.82%	$114,164	399.84%
2001	$341,986	$821,363	$479,377	41.64%	$116,493	411.51%
2002	$340,550	$867,457	$526,907	39.26%	$114,265	461.13%
2003	$334,929	$899,336	$564,407	37.24%	$115,015	490.72%
2004	$372,128	$1,025,345	$653,217	36.29%	$115,548	565.32%
2005	$376,690	$993,029	$616,339	37.93%	$118,825	518.70%
2006	$393,768	$1,052,805	$659,036	37.40%	$126,458	521.15%
2007	$426,055	$1,079,017	$652,962	39.49%	$132,719	491.99%
2008	$449,464	$1,165,183	$715,719	38.57%	$133,008	538.10%
2009	$405,217	$1,209,981	$804,763	33.49%	$135,516	593.85%
2010	$427,891	$1,256,375	$828,485	34.06%	$137,355	603.17%

ANNUAL PENSION COST AND NET PENSION OBLIGATION FOR
FISCAL YEARS BEGINNING JULY 1, 2009 AND JULY 1, 2010

The pension cost and net pension obligation as required by Statement 27 of the Governmental Accounting Standards Board are:

Fiscal year beginning July 1, 2009

Net Pension Obligation (NPO) at June 30, 2009	$127,487,292
a. Annual Required Contribution	50,299,120
b. Interest on NPO	10,836,420
c. Amortization of NPO	(7,732,852)
Annual Pension Cost	53,402,688
Contributions Paid (not discounted)	(49,122,875)
Increase in NPO	4,279,813
NPO of June 30, 2010	$131,767,105

Fiscal year beginning July 1, 2010

Net Pension Obligation (NPO) at June 30, 2010	$131,767,105
d. Annual Required Contribution	56,380,436
e. Interest on NPO	11,200,204
f. Amortization of NPO	(8,154,798)
Annual Pension Cost	59,425,842
Expected Contributions to be Paid (not discounted)	(56,380,436)
Increase in NPO	3,045,406
Expected NPO of June 30, 2011	$134,812,510

SCHEDULE A

RESULTS OF THE VALUATION AS OF JUNE 30, 2010
(Excluding Elected Officer Funds)

	Class A	Class B			Grand Total
		Fire	Police	Total	
1. Actuarial Accrued Liabilities					
(a) Actuarial accrued value of all future benefits payable to active members	$ 159,926,111	$ 100,992,800	$ 105,947,244	$ 206,940,044	$ 366,866,155
(b) Actuarial accrued value of benefits payable to retirees and beneficiaries including benefits payable on death	216,798,893	369,475,148	292,408,588	661,883,736	878,682,629
(c) Employee contributions of non-active members	8,985,533	345,189	1,495,928	1,841,117	10,826,650
(d) Total accrued actuarial liabilities	$ 385,710,537	$ 470,813,137	$ 399,851,760	$ 870,664,897	$ 1,256,375,434
2. Assets of the System	$ 131,363,623	$ 160,347,498	$ 136,179,780	$ 296,527,278	$ 427,890,901
3. Unfunded Value of Total Prospective Contributions by the City (1(d) minus 2)	$ 254,346,914	$ 310,465,639	$ 263,671,980	$ 574,137,619	$ 828,484,533
4. Amortization (29 years)	$ 15,026,826	$ 18,342,322	$ 15,577,751	$ 33,920,073	$ 48,946,899

	Class A	Class B			Grand Total
		Fire	Police	Total	
5. Total Individual Entry Age Normal Cost	$ 9,063,213	$ 4,686,129	$ 5,251,336	$ 9,937,465	$ 19,000,678
6. Employee Normal Cost	$ 6,127,167	$ 2,229,358	$ 2,247,715	$ 4,477,073	$ 10,604,240
7. Net City Normal Cost with Interest	$ 3,318,237	$ 2,776,574	$ 3,394,609	$ 6,171,183	$ 9,489,420
8. Net City Normal Cost without Interest as a Percent of Pay	3.49%	10.46%	10.12%	10.27%	6.11%
9. Amortization of 1995 Deferral	$ 154,645	$ 178,028	$ 159,933	$ 337,961	$ 492,606
10. Total City Appropriation (4 plus 7 plus 9)*	$ 18,499,708	$ 21,296,924	$ 19,132,293	$ 40,429,217	$ 58,928,925
11. Total Contribution Rate for Fiscal Year Beginning July 1, 2010	21.98%	90.63%	64.44%	76.01%	42.90%
12. Payroll	$ 84,165,289	$ 23,497,580	$ 29,692,286	$ 53,189,865	$ 137,355,155

*** Assumed payments throughout 2012**

SCHEDULE B

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

INTEREST RATE: 8½% per annum, compounded annually for General Funds and School Teacher Funds.

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of withdrawal and deferred retirement, disability, death and service retirement among members in active service are as follows:

CLASS A

Age	Retirement	Disability	
		Ordinary	Accidental
20		.00025	.00010
25		.00030	.00015
30		.00030	.00015
35		.00050	.00025
40		.00080	.00040
45	.0671	.00125	.00060
50	.0925	.00185	.00090
55	.0859	.00255	.00130
59	.1138	.00370	.00185
60	.1229	.00415	.00210
64	.1741	.00625	.00310
65	.2500	.00680	.00340
70	.2500	.00680	.00340
75	1.0000		

Age	Withdrawal and Deferred Retirement	Ordinary and Accidental Death	
		Men	Women
20	.1413	.00035	.00019
25	.1206	.00038	.00021
30	.0644	.00044	.00026
35	.0473	.00077	.00048
40	.0389	.00108	.00071
45	.0272	.00151	.00112
50	.0174	.00214	.00168
54	.0101	.00281	.00232
55		.00303	.00253
60		.00488	.00393
65		.00757	.00582
70		.00992	.00761

CLASS B

Age	Withdrawal and Deferred Disability	Disability		Ordinary and Accidental Death	
		Ordinary	Accidental	Men	Women
20	.0258	.0001	.0008	.00035	.00019
25	.0183	.0001	.0011	.00038	.00021
30	.0104	.0002	.0017	.00044	.00026
35	.0046	.0025	.0023	.00077	.00048
40	.0029	.0004	.0034	.00108	.00071
45	.0024	.0007	.0060	.00151	.00112
50		.0011	.0104	.00214	.00168
55			.0149	.00281	.00232
59			.0194	.00303	.00253
				.00488	.00393

Age	Retirement
40	.07403
45	.07599
50	.08004
55	.08860
56	.09124
57	.09439
58	.09788
59	.10238
60	1.00000

SALARY INCREASES NOT INCLUDING LONGEVITY: Next 3 years - 4.25%, thereafter - 4.5%.

ANNUAL INCREASE IN AMORTIZATION PAYMENT: 5%

LONGEVITY TABLES:

CLASS A:

FOR EMPLOYEE HIRED ON OR PRIOR TO OCTOBER 23, 1999:

YEAR OF SERVICE	PERCENTAGE AMOUNT
5 years but less than 10 years	5%
10 years but less than 15 years	6%
15 years but less than 20 years	7%
20 years or more	8%

FOR EMPLOYEES HIRED AFTER OCTOBER 23, 1999:

YEAR OF SERVICE	PERCENTAGE AMOUNT
7 years but less than 12 years	4%
12 years but less than 17 years	5%
17 years but less than 20 years	6%
20 years or more	7%

CLASS B:

FIRE:

FOR EMPLOYEE HIRED ON OR PRIOR TO JUNE 30, 1996

YEAR OF SERVICE	PERCENTAGE AMOUNT
5 years but less than 10 years	8%
10 years but less than 15 years	9%
15 years but less than 20 years	10%
20 years or more	11%

FOR EMPLOYEES HIRED AFTER JUNE 30, 1996

YEAR OF SERVICE	PERCENTAGE AMOUNT
5 years but less than 10 years	7%
10 years but less than 15 years	8%
15 years but less than 20 years	9%
20 years or more	10%

POLICE:

FOR EMPLOYEE HIRED ON OR PRIOR TO JUNE 30, 1998

YEAR OF SERVICE	PERCENTAGE AMOUNT
0 year but less than 6 years	0%
6 years but less than 11 years	8%
11 years but less than 16 years	9%
16 years but less than 21 years	10%
21 years or more	11%

FOR EMPLOYEES HIRED AFTER JUNE 30, 1998

YEAR OF SERVICE	PERCENTAGE AMOUNT
0 year but less than 6 years	0%
6 years but less than 11 years	7%
11 years but less than 16 years	8%
16 years but less than 21 years	9%
21 years or more	10%

DEATHS AFTER RETIREMENT: Based on the RP-2000 Mortality Table producing the following life expectancies.

	CLASS A and CLASS B			
	Service		**Disability**	
Age	**Male**	**Female**	**Male**	**Female**
50	30.074	33.268	27.550	30.526
55	25.858	28.686	23.318	26.009
60	21.636	24.272	19.190	21.750
65	17.615	20.126	15.354	17.776
70	13.917	16.270	11.877	14.124

VALUATION METHOD: Individual entry age method. Gains and losses are reflected in the period remaining to liquidate the unfunded accrued liability.

ASSET VALUATION METHOD: Five-year smoothed market value. The actuarial value of assets is determined according to the following general formula, provided such value is within a 20% corridor of the market value:

$$VA = MV - .8I_1 - .6I_2 - .4I_3 - .2I_4$$

where

VA = Valuation assets.

MV = Market value of assets as of the valuation date.

I_n = Investment gain (loss) during n^{th} year preceding the valuation date.

PURCHASED SERVICE LOAD: Due to a lack of purchased service data, loads have been added on to Fire and Police service. The loads were determined by retirement trends found in the period from July 1, 2004 to June 30, 2006 and are as follows:

Fire Service Load = +0.63 years of service

Police Service Load = +2.11 years of service

Class A did not receive a load as trends showed the impact of purchased service was insignificant.

SCHEDULE C

DETERMINATION OF ADJUSTED ASSET VALUE

Reconciliation of Market Value of Plan Assets (accrual basis), 7/1/2006 - 7/1/2010

	7/1/2006 - 6/30/2007	7/1/2007 - 6/30/2008	7/1/2008 - 6/30/2009	7/1/2009 - 6/30/2010
Market value at beginning of period	363,366,076	413,539,963	361,121,167	298,280,996
Contributions during period	61,208,078	65,663,848	59,642,378	60,590,954
Total investment income	65,873,326	(34,744,385)	(44,215,885)	39,116,922
Benefit payments and expenses	(76,907,517)	(83,338,259)	(78,266,664)	(81,503,639)
Market value at end of period	413,539,963	361,121,167	298,280,996	316,485,233
Expected market value at end of period	380,440,763	436,774,657	377,487,246	301,831,267
Investment gain/(loss) for the year	33,099,200	(75,653,490)	(79,206,250)	14,653,966

Year Ended	Investment Gain / (Loss)		Weight		Weighted Gain / (Loss)
6/30/2010	14,653,966	x	0.80	=	11,723,172
6/30/2009	(79,206,250)	x	0.60	=	(47,523,750)
6/30/2008	(75,653,490)	x	0.40	=	(30,261,396)
6/30/2007	33,099,200	x	0.20	=	6,619,840
					(59,442,134)

Actuarial Value of Assets = Market Value ***minus*** weighted gain / (loss) =	375,927,366
Plus discounted value of contribution due to be paid on June 30, 2011	51,963,535
Total	427,890,901

The return on the actuarial value of assets was 10.55% for the prior plan year. The return on a market value basis was about 12.80%.

SCHEDULE D

SUMMARY OF MAIN PROVISIONS OF RETIREMENT SYSTEM

AS INTERPRETED FOR VALUATION PURPOSES

1 - BENEFITS

Final compensation is the average of the highest three years of base compensation including longevity pay earned by a member during his total service as an employee.

Service is total employment by the City plus any purchased service.

Normal Service Retirement Allowance

Conditions for Allowance	The minimum age for normal service retirement is: For Class A members hired prior to July 1, 1995: Age 55 or the age at which 25 years of service are completed, if earlier. For Class A members hired between July 1, 1995 and June 30, 2004: Age 55 or the age at which 30 years of service are completed, if earlier. For Class A members hired between July 1, 2004 and June 30, 2009: Age 60 or the age at which 30 years of service are completed, if earlier. For Class A members hired on or after July 1, 2009: Age 62 with 10 years of service or the age at which 30 years of service are completed, if earlier. For Class B members: Age 55 or the age at which 20 years of service are completed, if earlier.

Amount of Allowance

Provided by Member

An annuity which is the actuarial equivalent of his accumulated contributions at the time of his retirement, and

Provided by City

For Class A members hired prior to July 1, 1996:
A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/40 of his final compensation for each year of total service credited not in excess of 20 years plus 1/50 of his final compensation for each year of total service credited in excess of 20 years.

For Class A members hired on or after July 1, 1996:
A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/50 of his final compensation for each year of total service credited.

For Police:
A pension which when added to his normal annuity, exclusive of any excess annuity, equals:

1. For members of the bargaining unit hired on or after September 1, 2001:

Eligible Years of Service	Designated Percentage
Prior to 20 years of service	2.5% per year
20 years of service	50%
21 years of service	52%
22 years of service	54%
23 years of service	56%
24 years of service	58%
25 years of service	60%
26 years of service	62%
27 years of service	64%
28 years of service	66%
29 years of service	68%
30 years of service	70%
31 years of service	72%
32 years of service	75%

2. For members of the bargaining unit hired on or after September 1, 2001:

Eligible Years of Service	Designated Percentage
Prior to 20 years of service	2.5% per year
20 years of service	50%
21 years of service	52%
22 years of service	54%
23 years of service	56%
24 years of service	58%
25 years of service	65%
26 years of service	62%
27 years of service	64%
28 years of service	66%
29 years of service	68%
30 years of service	75%
31 years of service	72%
32 years of service	80%

For all other Class B:
A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/40 of his final compensation for each year of total service credited not in excess of 20 years plus 1/50 of his final compensation for each year of total service credited in excess of 20 years but not in excess of 32 years and 6 months.

Early Retirement Allowance

Conditions for Allowance

The minimum age for early service retirement for Class A employees hired on or after July 1, 2004 is age 55 and at least 10 years of service. Other employees will not receive early retirement benefits.

Amount of Allowance

For Class A members hired between July 1, 2004 and June 30, 2009:
The employees' normal retirement benefit reduced by 5/12% per month for each month between retirement commencement and age 60.

For Class A members hired on or after July 1, 2009:
The employees' normal retirement benefit reduced by 5/12% per month for each month between retirement commencement and age 62.

Deferred Retirement Allowance

Conditions for Allowance	A member who has completed at least 10 years of service may retire and receive a deferred retirement allowance commencing at the minimum age for normal service retirement.
Amount of Allowance	
Provided by Member	A deferred annuity which is the actuarial equivalent of his accumulated contributions, and
Provided by City	See "Normal Service Retirement Allowance."

Ordinary Disability Retirement Allowance

Conditions for Allowance	<u>For Police</u>: After 10 years but less than 20 years of service. <u>For All Others</u>: After 10 years of service, a member under the minimum age for service retirement may be retired for disability upon his own request or upon the request of the head of the department employing him.
Amount of Allowance	
Provided by Member	An annuity which is the actuarial equivalent of his accumulated contributions at the time of his retirement, and
Provided by City	<u>If the member is a Class A member</u>: A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 9/10 of 1/50 of his final compensation for each year of total service which would have been credited had he continued in service to the minimum age for service retirement, but such retirement allowance, exclusive of any excess annuity, is not to exceed 45% of his final compensation.

For Police:
A pension which when added to his normal annuity will give a total retirement allowance, equal to a percentage of his final compensation, as described in the following table:

Eligible Years of Service	Percentage
10 years of service	22.50%
11 years of service	24.75%
12 years of service	27%
13 years of service	29.25%
14 years of service	31.50%
15 years of service	33.75%
16 years of service	36%
17 years of service	38.25%
18 years of service	40.50%
19 years of service	42.75%

For All other Class B:
A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 9/10 of 1/40 of his final compensation for each year of total service which would have been credited had he continued in service to the minimum age for service retirement, but such retirement allowance, exclusive of any excess annuity, is not to exceed 45% of his final compensation.

Accidental Disability Retirement Allowance

Conditions for Allowance — A member may be retired on account of accidental disability occurring in the performance of duty regardless of age or length of service.

Amount of Allowance

Provided by Member — Non-Police:
An annuity that is the actuarial equivalent of his accumulated contributions at the time of his retirement.

	Police: In light of the member's receipt of the pension stated below, the only annuity payable is the actuarial equivalent of any accumulated additional contributions at the time of his retirement.
	and
Provided by City	For All: A pension of 66-2/3% of his final compensation, but not less than the service retirement allowance. Upon the death of a member within 5 years after accidental disability retirement as a result of an accident while in the performance of duty, a pension of one-half of the member's final compensation is paid to his widow until she dies or remarries, at which point the pension is paid to his child or children until they attain age 19.

Accidental Death Benefit

Conditions for Benefit	An accidental death benefit is payable upon the death of any member due to an accident in the performance of duty.
Amount of Benefit	A pension of one-half of the member's final compensation is paid to his widow until she dies or remarries, at which point the pension is payable to his child or children until they attain age 19. If there are no other dependents, the pension is payable to his dependent parents. In addition, a lump sum payment of the member's accumulated contributions is made.

Withdrawal or Ordinary Death Benefit	A member who withdraws prior to eligibility for retirement receives his accumulated contributions. Should a member die before retirement his accumulated contributions are paid to his estate or beneficiary; provided, however, if he has attained minimum retirement age and has not made an optional election as described below, and is survived by a spouse, such spouse is entitled, in lieu of the return of the member's accumulated contributions, to a benefit equal to that which would have been payable to such spouse upon the death of the member had the member retired on the day of his death and elected to receive a benefit under the provisions of Option 2, as described below, and nominated his spouse as his designated beneficiary, except that for a Class B member the benefit to the spouse shall not be less than 67½% of the benefit that would have been paid to such retired member without reduction.
Benefit upon Death after Retirement	For Class A: Benefits under any option. Also, the excess, if any, of the member's accumulated contributions at retirement over all payments paid out on the member's account. For Class B: Upon the death of a Class B pensioner, 67½% of his/her retirement allowance is paid to his widow/widower until he/she dies or remarries, at which point the benefit is paid to any dependent children until they attain age 18. Also, the excess, if any, of the member's accumulated contributions at retirement over the total of all payments paid out on the member's account.
Minimum Benefits	The minimum monthly retirement allowance is $600, prorated for members whose credited service at retirement is less than 25.

Options at Retirement

At retirement, a member may elect to convert his allowance into a benefit of equivalent actuarial value in accordance with one of the options described below:

Option 1. A reduced retirement allowance payable during the retired member's life, with a provision that in case of death before such payments have equaled the present value of his retirement allowance at the date of retirement, the balance shall be paid to the heirs or assigns; or

Option 2. A reduced retirement allowance payable during the retired member's life, with a provision that after his death it shall be continued during the life of and paid to the person nominated by him by written designation at the time of his retirement; or

Option 3. A reduced retirement allowance payable during the retired member's life, with a provision that after his death an allowance at one-half the rate of his reduced allowance shall be continued during the life of and paid to the person nominated by him by written designation at the time of his retirement; or

Option 4. A reduced retirement allowance payable during the retired member's life, with some other benefit payable after his death, provided that the benefit shall be certified by the actuary and approved by the retirement board. This Option is not available to Police who retire on an Accidental Disability Allowance.

Class B members may not elect Options 2 or 3.

Married Class B members may also not elect Option 1.

Options upon Attainment of Minimum Retirement Age

Any member who has attained minimum retirement age may elect, in accordance with Option 2, 3, or 4 above, a reduced retirement allowance with provision for benefits to a person having an insurable interest in his life, other than his wife. The benefit is determined as of the member's date of death or retirement, if prior thereto, in accordance with the provisions of the option selected and is in lieu of the return of the member's accumulated contributions if death occurs during the member's continuance in service after attainment of minimum retirement age. Such election is irrevocable after the option becomes effective unless the designated

beneficiary predeceases the member prior to his retirement.

Cost of Living Adjustment

For Class A:
3% compounded, for members who retired prior to 12/18/91; no adjustment for other Class A members.

For Police:

5%, compounded, for members who retired prior to 1/1/90; 6%, compounded, for members who retired between 1/1/90 and 12/18/91; 5%, compounded, for members who retired between 12/19/91 and 12/31/92; 3%, simple, on first $12,000 of annual benefit for Non-Union Police; 5% compounded, for special court awarded members; 3% compounded, for other retired members. Police pensions are limited to the current salary of an active participant of the same rank.

For all other Class B Retirees:

5%, compounded, for members who retired prior to 1/1/90; 6%, compounded, for members who retired between 1/1/90 and 12/18/91; 5%, compounded, for members who retired between 12/19/91 and 6/30/92; 6%, compounded, for members who retired between 7/1/92 and 6/30/95; 3%, simple, on first $12,000 of annual benefit for members who retired between 7/1/95 and 3/16/06; 5% compounded for special court awarded members; and, 3% compounded for other retired members.

The initial COLA payment is deferred until the January 1 that occurs three years after the member's retirement date.

Provisions for Elected Officials

Any person who has served as Mayor or City Councilman for at least eight full legislative years is entitled to a retirement allowance on the basis of such service as an elected official upon attainment of age 52 or the completion of 20 consecutive years as an elected official, whichever is earlier, or the occurrence of total and permanent disability prior thereto.

Such retirement allowance is currently $350 for each year of service, provided that no more than 20 years of such service are to be used in determining the allowance.

Upon the death of any such elected official, benefits are payable in accordance with the Class A provisions of the act.

An elected official may elect to withdraw his accumulated contributions in lieu of his rights to the allowance based on service as an elected official.

2 - CONTRIBUTIONS

Provided by Members

For Class A: 8% of their salaries.

For Police: 8% of their salaries

For all other Class B Members: 9½% of their salaries.

The Mayor and members of the City Council are required to contribute at the rate of $350 per year.

Provided by City

The City makes the balance of contributions needed to fund the system.

In addition the City shall contribute from time to time amounts sufficient with the contributions of elected officials to provide the special pensions granted to elected officials.

SCHEDULE E

TABLES OF EMPLOYEE DATA

TABLE 1

The Number and Annual Salaries of Members Distributed By 5th Age and Service As of June 30, 2010

CLASS A

SERVICE AGE	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-36	37+	TOTAL	
20-24	11	11									22	NUMBER
	31,934	28,900									30,417	SALARY
25-29	15	64	20								99	NUMBER
	30,741	31,141	34,239								31,707	SALARY
30-34	14	52	50	35							151	NUMBER
	27,676	37,088	38,491	35,354							36,278	SALARY
35-39	16	63	72	82	23	4					260	NUMBER
	39,264	33,247	36,397	36,063	45,807	37,975					36,561	SALARY
40-44	12	54	76	76	46	20					284	NUMBER
	30,847	31,835	38,182	41,487	49,989	49,176					40,236	SALARY
45-49	12	71	90	91	56	36	7	3			366	NUMBER
	31,969	34,398	36,902	38,739	46,599	54,905	53,119	56,763			40,439	SALARY
50-54	16	47	66	98	60	44	16	16	5		368	NUMBER
	30,871	38,415	37,085	36,347	48,027	47,386	58,744	59,573	56,413		41,986	SALARY
55-59	5	44	47	66	55	42	9	19	10	7	304	NUMBER
	44,849	39,414	43,093	36,375	38,566	42,916	46,438	58,820	50,661	67,128	42,172	SALARY
60-64	6	14	29	29	19	21	2	7	9	11	147	NUMBER
	30,784	55,865	41,721	37,413	47,049	44,034	56,727	50,214	62,279	57,809	45,862	SALARY
65-69		5	15	16	10	4	2	4	1	2	59	NUMBER
		35,052	37,503	35,129	49,316	53,551	58,500	49,074	45,724	53,289	41,912	SALARY
70-74	1	3	8	6	5	1	3	2	1		30	NUMBER
	48,557	40,637	42,886	27,021	56,371	47,946	54,221	59,621	48,763		44,539	SALARY
75-76			1								1	NUMBER
			18,517								18,517	SALARY
77+			3		2	1				2	8	NUMBER
			34,140		21,124	60,726				49,981	38,170	SALARY
TOTAL	108	428	477	499	276	173	39	51	26	22	2,099	NUMBER
	32,716	35,314	38,076	37,364	45,929	47,671	54,431	57,021	55,526	59,652	40,098	SALARY

TABLE 2

The Number and Annual Salaries of Members Distributed By 5th Age and Service As of June 30, 2010

CLASS B

SERVICE AGE	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-36	37+	TOTAL	
<20	1										1	NUMBER
	56,406										56,406	SALARY
20-24	10	8									18	NUMBER
	56,406	51,436									54,197	SALARY
25-29	8	49	14								71	NUMBER
	56,406	50,963	54,474								52,269	SALARY
30-34	5	29	54	1							89	NUMBER
	56,406	50,786	54,592	61,476							53,531	SALARY
35-39		16	57	26	16						115	NUMBER
		51,590	53,800	57,963	52,942						54,314	SALARY
40-44	1	7	35	42	81	43					209	NUMBER
	56,406	51,934	54,391	56,858	55,020	57,890					55,778	SALARY
45-49		1	16	13	62	106	22	1			221	NUMBER
		52,083	53,431	59,337	52,610	56,524	64,684	61,677			56,183	SALARY
50-54		1	5	5	16	49	43	13			132	NUMBER
		137,045	77,346	53,487	51,936	57,124	66,238	71,869			62,150	SALARY
55-59				2	5	7	15	8	6		43	NUMBER
				60,306	55,530	59,746	58,630	67,266	71,815		61,976	SALARY
TOTAL	25	111	181	89	180	205	80	22	6		899	NUMBER
	56,406	51,888	54,821	57,483	53,745	57,064	64,384	69,732	71,815		56,392	SALARY

TABLE 3

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2010

SERVICE RETIREMENTS

CLASS A

AGE	NUMBER	AMOUNT
15	1	$5,440
44	1	12,446
48	1	17,703
49	2	44,168
50	4	85,947
51	4	99,456
52	3	82,351
53	7	257,072
54	14	354,566
55	22	489,779
56	18	460,771
57	29	555,340
58	40	998,311
59	32	749,883
60	34	525,627
61	36	806,439
62	39	655,327
63	50	1,017,093
64	37	700,509
65	46	721,450
66	37	621,938
67	48	787,458
68	32	542,001
69	39	549,207
70	55	763,453
71	35	536,426
72	41	481,078
73	38	543,963
74	39	492,840
75	33	452,029
76	43	680,420

TABLE 3 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2010

SERVICE RETIREMENTS

CLASS A

AGE	NUMBER	AMOUNT
77	54	$860,708
78	41	593,668
79	42	734,997
80	48	857,438
81	38	664,981
82	30	463,951
83	25	455,312
84	29	432,370
85	25	316,083
86	24	410,881
87	16	166,559
88	18	218,914
89	19	215,625
90	12	137,835
91	12	185,970
92	8	91,698
93	9	99,994
94	6	70,352
95	7	84,999
96	1	16,158
97	3	36,803
98	1	5,439
102	1	11,277
106	1	3,433
TOTAL	1,330	$22,225,936

TABLE 4

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2010

SERVICE RETIREMENTS

CLASS B

AGE	NUMBER	AMOUNT
37	1	$37,467
39	1	26,139
40	1	37,891
41	1	31,859
43	7	207,681
44	5	145,841
45	5	123,983
46	2	60,667
47	9	257,199
48	6	171,423
49	7	187,932
50	6	224,245
51	8	263,009
52	12	407,035
53	17	597,952
54	15	619,503
55	12	378,189
56	23	834,553
57	16	572,489
58	19	696,547
59	21	769,841
60	24	1,016,291
61	22	826,040
62	28	1,131,545
63	31	1,233,808
64	18	695,087
65	19	881,208
66	17	702,882
67	13	596,452
68	7	302,503
69	7	258,808
70	11	514,742

TABLE 4 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2010

SERVICE RETIREMENTS

CLASS B

AGE	NUMBER	AMOUNT
71	8	$220,624
72	9	353,275
73	16	585,047
74	10	350,568
75	10	439,201
76	8	330,710
77	11	435,944
78	12	431,214
79	8	198,271
80	15	463,587
81	14	593,866
82	7	204,843
83	8	363,423
84	7	229,777
85	11	347,424
86	6	125,122
87	7	291,878
88	6	229,906
89	5	105,777
92	1	26,841
96	1	17,328
TOTAL	571	$21,155,437

TABLE 5

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2010

ELECTIVE OFFICIALS AND DEPENDENTS
OF ELECTIVE OFFICIALS

AGE	NUMBER	AMOUNT
55	1	$3,542
61	1	2,258
63	1	2,847
68	2	7,158
69	1	4,915
70	3	11,332
71	1	3,450
72	3	13,688
74	1	3,246
80	2	11,374
83	1	3,179
84	1	5,989
86	3	8,707
90	1	10,113
95	1	4,900
98	1	5,644
TOTAL	24	$102,342

TABLE 6

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2010

DISABILITY RETIREMENTS

CLASS A

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
39	1	$9,018			1	$9,018
43	1	28,595	2	$26,391	3	54,986
44			1	36,789	1	36,789
45	1	6,432			1	6,432
46			1	23,768	1	23,768
49	2	25,244			2	25,244
50	1	12,906	1	28,926	2	41,832
51			1	15,905	1	15,905
53	2	22,418			2	22,418
55			3	71,191	3	71,191
56	1	4,828	2	59,486	3	64,314
57	1	16,362	4	94,923	5	111,285
58			1	17,796	1	17,796
59			2	33,065	2	33,065
61			2	32,683	2	32,683
62			2	56,067	2	56,067
63	1	4,087	5	119,522	6	123,609
64			1	21,491	1	21,491
66			3	47,424	3	47,424
67	1	20,126	2	40,540	3	60,666
68			6	101,386	6	101,386
69			4	69,487	4	69,487
70	2	15,313	5	80,684	7	95,997
71			3	56,978	3	56,978
72	1	10,585			1	10,585
73			2	22,299	2	22,299
74			3	46,488	3	46,488
75			1	28,701	1	28,701
76			4	63,671	4	63,671
79			3	60,460	3	60,460
80			3	66,101	3	66,101

TABLE 6 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2010

DISABILITY RETIREMENTS

CLASS A

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
81			1	$23,353	1	$23,353
83			1	15,762	1	15,762
84			1	5,965	1	5,965
87			1	21,900	1	21,900
89			1	5,694	1	5,694
91			1	12,234	1	12,234
106			1	14,739	1	14,739
TOTAL	15	$175,914	74	$1,421,869	89	$1,597,783

TABLE 7

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2010

DISABILITY RETIREMENTS

CLASS B

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
36			1	$37,890	1	$37,890
37	1	$10,462			1	10,462
38			2	72,911	2	72,911
39			1	38,173	1	38,173
40	1	18,210	1	43,206	2	61,416
41			1	41,869	1	41,869
42			3	125,384	3	125,384
43			4	111,240	4	111,240
44	1	18,236	2	67,687	3	85,923
45	1	24,003	3	106,882	4	130,885
46	1	20,265	5	179,663	6	199,928
47			5	198,054	5	198,054
48	1	19,795	7	284,797	8	304,592
49			4	212,646	4	212,646
50	1	23,564	7	282,426	8	305,990
51	2	32,123	7	368,320	9	400,443
52			16	725,354	16	725,354
53	1	19,125	8	359,151	9	378,276
54			10	393,483	10	393,483
55			11	516,737	11	516,737
56			10	482,131	10	482,131
57			11	589,580	11	589,580
58			8	301,031	8	301,031
59			14	781,237	14	781,237
60			14	714,307	14	714,307
61			16	862,076	16	862,076
62			22	1,327,094	22	1,327,094
63			24	1,287,312	24	1,287,312
64	1	22,117	14	719,853	15	741,970
65			18	1,087,720	18	1,087,720
66			16	1,097,787	16	1,097,787

TABLE 7 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2010

DISABILITY RETIREMENTS

CLASS B

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
67			14	$804,424	14	$804,424
68			9	509,970	9	509,970
69			12	738,595	12	738,595
70			17	1,120,418	17	1,120,418
71			15	1,046,647	15	1,046,647
72			4	219,287	4	219,287
73			6	281,163	6	281,163
74			11	897,469	11	897,469
75			3	125,933	3	125,933
76			11	786,914	11	786,914
77			7	531,097	7	531,097
78			8	535,028	8	535,028
79			8	552,022	8	552,022
80			2	110,611	2	110,611
81			5	320,953	5	320,953
82	1	$17,328	5	321,582	6	338,910
83			4	161,338	4	161,338
84			4	317,841	4	317,841
85			2	150,564	2	150,564
86			2	70,522	2	70,522
87			1	28,434	1	28,434
88			1	16,503	1	16,503
89			1	33,024	1	33,024
95			2	59,348	2	59,348
110			1	45,283	1	45,283
TOTAL	12	$225,228	420	$23,200,971	432	$23,426,199

TABLE 8

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF BENEFICIARIES OF DECEASED ACTIVE AND RETIRED MEMBERS DISTRIBUTED BY AGE AS OF JUNE 30, 2010

CLASS A

AGE	NUMBER	AMOUNT
37	1	$7,948
47	1	9,453
51	1	14,609
52	2	25,836
53	1	32,138
54	2	10,997
56	2	5,486
57	1	14,457
58	5	56,183
59	2	29,796
61	4	71,575
62	2	32,412
63	2	11,909
64	2	24,590
66	3	43,314
67	3	24,388
68	4	59,031
69	4	91,331
70	3	42,694
71	4	63,908
72	7	68,625
73	6	84,191
74	7	62,737
75	5	62,024
76	4	61,251
77	7	75,167
78	4	43,985
79	4	70,853
80	10	99,949
81	8	92,877

TABLE 8 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF BENEFICIARIES OF DECEASED ACTIVE AND RETIRED MEMBERS DISTRIBUTED BY AGE AS OF JUNE 30, 2010

CLASS A

AGE	NUMBER	AMOUNT
82	13	$163,093
83	10	158,912
84	12	107,656
85	4	39,353
86	12	148,461
87	4	35,146
88	3	27,281
89	4	49,078
90	7	72,174
91	5	48,643
92	5	40,271
93	7	68,344
94	2	20,340
95	5	42,536
96	1	10,501
97	1	8,581
98	1	4,160
100	1	12,258
101	1	8,907
110	2	17,495
TOTAL	211	$2,476,904

TABLE 9

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF BENEFICIARIES OF DECEASED ACTIVE AND RETIRED MEMBERS DISTRIBUTED BY AGE AS OF JUNE 30, 2010

CLASS B

AGE	NUMBER	AMOUNT
37	1	$16,397
41	1	31,246
43	2	31,971
45	2	39,380
46	1	5,460
47	1	7,228
49	1	30,690
50	1	17,817
51	5	155,776
53	2	29,112
54	1	36,301
55	4	110,977
56	8	248,593
57	7	178,453
58	2	58,488
60	8	191,984
61	3	51,992
62	6	211,999
63	5	98,094
64	6	203,234
65	8	243,330
66	4	159,738
67	7	181,493
68	4	144,107
69	6	270,635
70	7	289,472
71	4	183,739
72	5	215,978
73	2	26,988
74	5	216,600

TABLE 9 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF BENEFICIARIES OF DECEASED ACTIVE AND RETIRED MEMBERS DISTRIBUTED BY AGE AS OF JUNE 30, 2010

CLASS B

AGE	NUMBER	AMOUNT
75	8	$168,196
76	9	243,217
77	8	248,282
78	15	541,554
79	5	122,809
80	15	429,032
81	10	301,488
82	10	189,147
83	20	458,884
84	11	248,876
85	12	274,245
86	6	121,879
87	11	240,763
88	6	121,305
89	4	89,147
90	8	182,430
91	2	25,274
92	2	28,661
93	3	51,984
94	2	30,672
97	2	34,656
99	2	32,796
TOTAL	290	$7,872,569

SCHEDULE F

29 YEAR APPROPRIATION FORECAST

Fiscal Year Ending	Normal Cost	Past Service Amortization	Deferral Amortization	Total	Pay-As-You-Go
6/30/2011	$9,301,881	$46,585,949	$492,606	$56,380,436	$80,700,739
6/30/2012	9,489,420	48,946,899	492,606	58,928,925	84,643,717
6/30/2013	9,868,997	51,394,244	492,606	61,755,847	88,556,164
6/30/2014	10,263,757	53,963,956	492,606	64,720,319	92,481,783
6/30/2015	10,674,307	56,662,154	492,606	67,829,067	96,589,294
6/30/2016	11,101,279	59,495,262	492,606	71,089,147	100,745,054
6/30/2017	11,545,330	62,470,025	492,606	74,507,961	105,011,451
6/30/2018	12,007,143	65,593,526	492,606	78,093,275	109,405,598
6/30/2019	12,487,429	68,873,202	492,606	81,853,237	113,778,773
6/30/2020	12,986,926	72,316,862	492,606	85,796,394	118,101,966
6/30/2021	13,506,403	75,932,705	492,606	89,931,714	122,544,953
6/30/2022	14,046,659	79,729,340	492,606	94,268,605	127,027,104
6/30/2023	14,608,525	83,715,807	492,606	98,816,938	131,472,323
6/30/2024	15,192,866	87,901,597	492,606	103,587,069	135,694,214
6/30/2025	15,800,581	92,296,677	492,606	108,589,864	139,776,531
6/30/2026	16,432,604	96,911,511	492,606	113,836,721	143,614,922
6/30/2027	17,089,908	101,757,087	492,606	119,339,601	147,223,262
6/30/2028	17,773,504	106,844,941	492,606	125,111,051	150,628,971
6/30/2029	18,484,444	112,187,188	492,606	131,164,238	153,827,194
6/30/2030	19,223,822	117,796,547	492,606	137,512,975	156,693,875
6/30/2031	19,992,775	123,686,374	492,606	144,171,755	159,218,991
6/30/2032	20,792,486	129,870,693	-	150,663,179	161,278,022
6/30/2033	21,624,185	136,364,228	-	157,988,413	162,938,029
6/30/2034	22,489,152	143,182,439	-	165,671,591	164,054,659
6/30/2035	23,388,718	150,341,561	-	173,730,279	164,680,812
6/30/2036	24,324,267	157,858,639	-	182,182,906	164,763,612
6/30/2037	25,297,238	165,751,571	-	191,048,809	164,344,013
6/30/2038	26,309,128	174,039,150	-	200,348,278	163,456,930
6/30/2039	27,361,493	182,741,108	-	210,102,601	162,068,444
6/30/2040	28,455,953	-	-	28,455,953	160,234,408

SCHEDULE G

CHANGES IN UNFUNDED LIABILITY

7/1/09 Unfunded Liability	$804,763,439
Expected Unfunded as of 7/1/10	$833,932,340
Actual Unfunded as of 7/1/10	
(without COLA assumption adjustments)	$828,484,533
Gain/(Loss)	$5,447,807
Asset Gain/(Loss)	$4,953,575
Liability Gain/(Loss)	$494,232
Salary Increases	$9,999,675
New Active Participants	($3,570,765)
Active - Retirements	($8,940,671)
Active - Terminations	$6,267,058
Active - Mortality	$423,173
Active - Disabilities	$2,012,099
Inactive Mortality and Data Adjustment	($4,438,813)
Other	($1,257,524)
COLA assumption adjustments*	$2,657,168

* Some of the COLA assumptions were changed to properly reflect recent City ordinances.

City of Atlanta
Police Officers' Pension Fund

Actuarial Valuation
As of July 1, 2011

Determines the Contribution
For the 2012/13 Fiscal Year

SOUTHERN
ACTUARIAL
SERVICES

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May 7, 2012

Introduction

This report presents the results of the July 1, 2011 actuarial valuation of the City of Atlanta Police Officers' Pension Fund. This valuation is based upon the participant data provided as of July 1, 2011 by the plan administrator and asset information provided as of June 30, 2011 by the plan auditor. Except for a cursory review for reasonableness, we have not attempted to verify the accuracy of this information.

The primary purpose of this report is to provide a summary of the funded status of the plan as of July 1, 2011 and to determine the minimum required contribution under Georgia Code Section 47-20-10 for the City's 2012/13 fiscal year. In addition, this report provides a projection of the long-term funding requirements of the plan, accounting disclosures pursuant to Governmental Accounting Standards Board Statement Nos. 25 and 27 (GASB 25/27), statistical information concerning the assets held in the trust, statistical information concerning the participant population, and a summary of any recent plan changes.

The liabilities and cost presented in this report are based on numerous assumptions concerning the cost of benefits to be provided in the future, long-term investment returns, and the future demographic experience of the current participants. Anyone referring to this report should remember that the cost developed herein is only an *estimate* of the true cost of providing post-employment pension benefits. No one can predict with certainty whether the true cost will be higher or lower than the cost presented in this report. The calculated cost is entirely dependent upon the assumptions that are described in Table V-A. If any of the assumptions is changed, then the cost shown in this report will change accordingly. Likewise, if any of the assumptions is not completely realized, then the cost shown in this report will change in the future.

Certain assumptions play a bigger role than others in determining the cost of the post-employment pension benefits. In some cases, relatively small changes in a particular assumption can have a dramatic impact on the anticipated cost of benefits. Although a thorough analysis of the impact of such changes is beyond the scope of this report, Table I-B illustrates the impact that alternative long-term investment returns would have on the minimum required contribution rate.

Minimum Required Contribution

Table I-A shows the development of the minimum required contribution for the City's 2012/13 fiscal year. The minimum required contribution rate is 34.61% of covered payroll, which represents a decrease of 5.00% of payroll from the prior valuation.

Table I-C provides a breakdown of the sources of change in the contribution rate. Significantly, the rate decreased by 0.90% of payroll due to investment gains and decreased by another 4.10% due to demographic experience. The market value of assets earned an annualized return of 11.03% during the 2011 short plan year, whereas a 7.75%

annual investment return is required to maintain a stable contribution rate. The demographic gain occurred primarily because salaries did not increase at the expected rate.

Georgia Code Section 47-20-10 sets forth many of the rules concerning the minimum required contribution for public pension plans within the state. Essentially, the City will meet the minimum funding requirement if the employer contributions are at least equal to the annual required contribution under GASB 25/27. In addition, Georgia Code Section 47-20-13 exempts public plan sponsors from the minimum funding requirements if the plan's actuarial value of assets exceeds 150% of the present value of accumulated retirement system benefits.

Based on the current assets, participant data, and actuarial assumptions and methods that are used to value the plan, the present-day value of the total long-term funding requirement is $1,170,194,032. As illustrated in Table I-A, current assets are sufficient to cover $735,470,000 of this amount, the employer's expected contribution for the 2011/12 plan year will cover $29,187,856 of this amount, the employer's expected contribution for the 2012/13 plan year will cover $26,526,124 of this amount, and future employee contributions will cover $69,870,945 of this amount, leaving $309,139,107 to be covered by future employer funding. Again, demographic and investment experience that differs from that assumed will either increase or decrease the future employer funding requirement.

Contents of the Report

Tables I-D through I-G provide a detailed breakdown of various liability amounts by type of benefit and by participant group. Tables II-A through II-C provide information needed by both the plan's and the employer's accountants in order to prepare the relevant financial statements that cover the period July 1, 2011 through June 30, 2013. Tables III-A through III-F provide information concerning the assets of the trust fund. Specifically, Table III-A shows the development of the actuarial value of assets, which is based on the market value. Tables IV-A through IV-F provide statistical information concerning the plan's participant population. In particular, Table IV-F gives a 10-year projection of the cash that is expected to be required from the trust fund in order to pay benefits to the current group of participants. Finally, Tables V-A through VI-B provide a summary of the actuarial assumptions and methods that are used to value the plan's benefits and of the relevant plan provisions as of July 1, 2011, as well as a summary of the changes that have occurred since the previous valuation report was prepared.

Plan Year Change

Since the previous valuation report was prepared, plan year has been changed from the 12-month period following each January 1 to the 12-month period following each July 1. This change was made to bring the plan's fiscal year in line with the City's fiscal year. There was a short plan year for the period January 1, 2011 through June 30, 2011. This change had no actuarial impact on the plan's cost.

Certification

This actuarial valuation was prepared by me or under my direct supervision and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate and, in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Georgia Code Section 47-20-10. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material change in plan costs or required contribution rates have been taken into account in the valuation.

For the firm,

Charles T. Carr

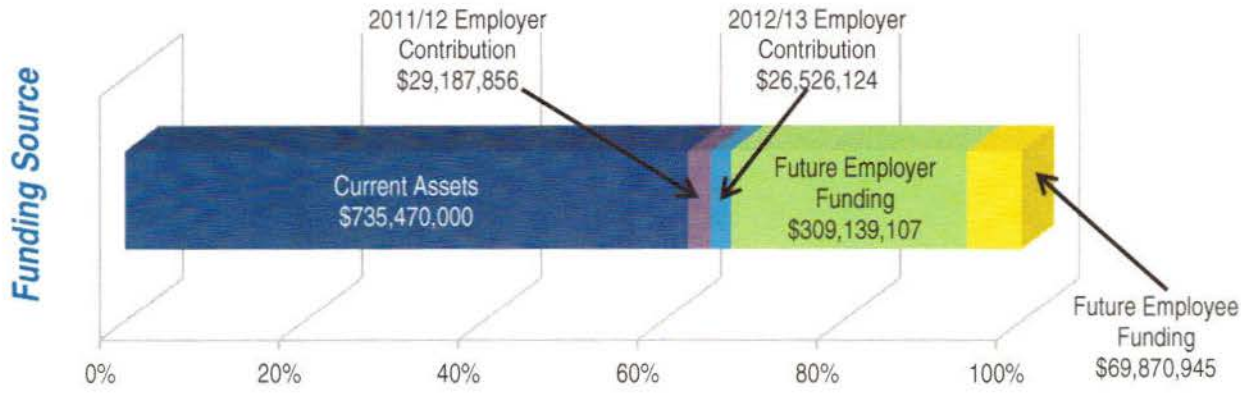
Charles T. Carr
Consulting Actuary
Southern Actuarial Services Company, Inc.

Enrolled Actuary No. 11-04927

The individual above is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Minimum Required Contribution

Table I-A



	For the 2012/13 Fiscal Year
Entry Age Normal Cost for the 2011/12 Plan Year	$18,271,287
Unfunded Liability Amortization Payment for the 2011/12 Plan Year	$15,981,296
Expense Allowance for the 2011/12 Plan Year	$368,441
Expected Employee Contribution for the 2011/12 Plan Year	($8,916,260)
Adjustment to Reflect Semi-Monthly Employer Contributions	$1,012,807
	$26,717,571
Expected Employer Contribution for the 2011/12 Plan Year	($29,187,856)
Remaining Contribution Due/(Credit) for the 2011/12 Plan Year	($2,470,285)
	x 0.0775
One Year's Interest Charge/(Credit) on the Remaining Contribution	($191,447)
Preliminary Employer Contribution for the 2012/13 Fiscal Year	$26,526,124
Expected Payroll for the 2012/13 Fiscal Year	*÷ $76,635,624*
Minimum Required Contribution Rate	**34.61%**

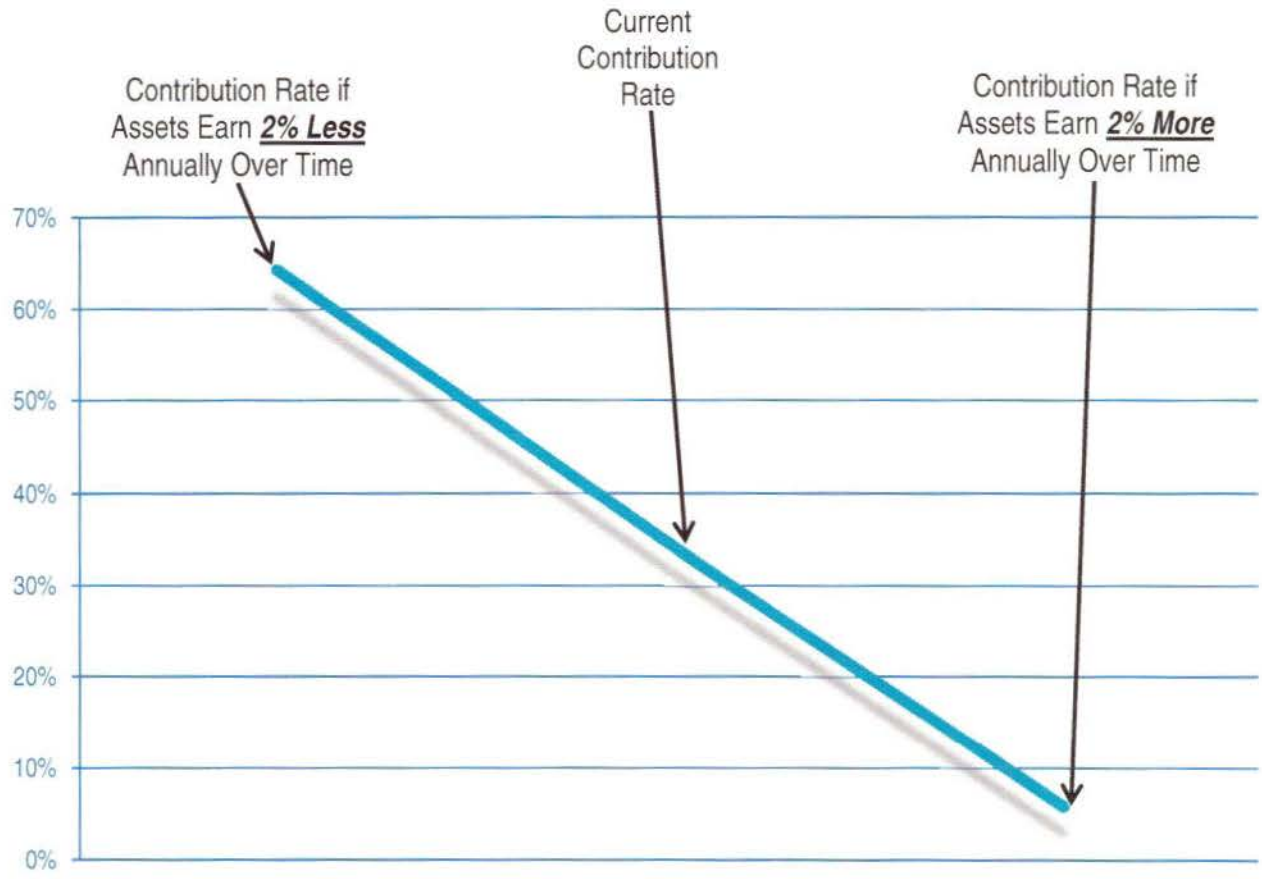
(The actual contribution should be based on the minimum required contribution rate multiplied by the actual payroll for the fiscal year.)

Additional Disclosures

Present Value of Future Compensation	$577,281,813
Present Value of Future Employer Contributions	$364,853,087
Present Value of Future Employee Contributions	$69,870,945

Sensitivity Analysis

Table I-B



The line above illustrates the sensitivity of the contribution rate to changes in the long-term investment return.

Gain and Loss Analysis

Table I-C

Source of Change in the Contribution Rate

Previous minimum required contribution rate	39.61%
Increase (decrease) due to investment gains and losses	-0.90%
Increase (decrease) due to demographic experience	-4.10%
Increase (decrease) due to plan amendments	0.00%
Increase (decrease) due to actuarial assumption changes	0.00%
Increase (decrease) due to actuarial method changes	0.00%
Current minimum required contribution rate	34.61%

Source of Change in the Unfunded Liability

Previous unfunded liability	$358,572,501
Increase due to interest	$13,625,755
Decrease due to amortization payments	($9,446,316)
Increase (decrease) due to plan experience	($62,220,547)
Increase (decrease) due to plan amendments	$0
Increase (decrease) due to actuarial assumption changes	$0
Increase (decrease) due to actuarial method changes	$0
Current unfunded liability	$300,531,393

Present Value of Future Benefits

Table I-D

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$433,565,969	$433,565,969	$433,565,969
Termination benefits	$19,889,229	$19,889,229	$19,889,229
Disability benefits	$23,351,335	$23,351,335	$23,351,335
Death benefits	$5,560,084	$5,560,084	$5,560,084
Refund of employee contributions	$1,012,368	$1,012,368	$1,012,368
Sub-total	**$483,378,985**	**$483,378,985**	**$483,378,985**
Deferred Vested Participants			
Retirement benefits	$1,397,385	$1,397,385	$1,397,385
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$1,397,385**	**$1,397,385**	**$1,397,385**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$583,000,170	$583,000,170	$583,000,170
Disability retirements	$51,964,250	$51,964,250	$51,964,250
Beneficiaries receiving	$47,566,833	$47,566,833	$47,566,833
DROP participants	$0	$0	$0
Sub-total	**$682,531,253**	**$682,531,253**	**$682,531,253**
Grand Total	**$1,167,307,623**	**$1,167,307,623**	**$1,167,307,623**

Present Value of Accrued Benefits

Table I-E

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$241,805,351	$241,805,351	$241,805,351
Termination benefits	$11,161,604	$11,161,604	$11,161,604
Disability benefits	$17,553,072	$17,553,072	$17,553,072
Death benefits	$3,814,841	$3,814,841	$3,814,841
Refund of employee contributions	$519,518	$519,518	$519,518
Sub-total	**$274,854,386**	**$274,854,386**	**$274,854,386**
Deferred Vested Participants			
Retirement benefits	$1,397,385	$1,397,385	$1,397,385
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$1,397,385**	**$1,397,385**	**$1,397,385**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$583,000,170	$583,000,170	$583,000,170
Disability retirements	$51,964,250	$51,964,250	$51,964,250
Beneficiaries receiving	$47,566,833	$47,566,833	$47,566,833
DROP participants	$0	$0	$0
Sub-total	**$682,531,253**	**$682,531,253**	**$682,531,253**
Grand Total	**$958,783,024**	**$958,783,024**	**$958,783,024**

Present Value of Vested Benefits

Table I-F

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$219,971,940	$219,971,940	$219,971,940
Termination benefits	$9,932,977	$9,932,977	$9,932,977
Disability benefits	$17,553,072	$17,553,072	$17,553,072
Death benefits	$3,777,036	$3,777,036	$3,777,036
Refund of employee contributions	$1,532,564	$1,532,564	$1,532,564
Sub-total	**$252,767,589**	**$252,767,589**	**$252,767,589**
Deferred Vested Participants			
Retirement benefits	$1,397,385	$1,397,385	$1,397,385
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$1,397,385**	**$1,397,385**	**$1,397,385**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$583,000,170	$583,000,170	$583,000,170
Disability retirements	$51,964,250	$51,964,250	$51,964,250
Beneficiaries receiving	$47,566,833	$47,566,833	$47,566,833
DROP participants	$0	$0	$0
Sub-total	**$682,531,253**	**$682,531,253**	**$682,531,253**
Grand Total	**$936,696,227**	**$936,696,227**	**$936,696,227**

Entry Age Normal Accrued Liability

Table I-G

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$316,934,773	$316,934,773	$316,934,773
Termination benefits	$14,037,358	$14,037,358	$14,037,358
Disability benefits	$16,301,110	$16,301,110	$16,301,110
Death benefits	$4,265,000	$4,265,000	$4,265,000
Refund of employee contributions	$534,514	$534,514	$534,514
Sub-total	**$352,072,755**	**$352,072,755**	**$352,072,755**
Deferred Vested Participants			
Retirement benefits	$1,397,385	$1,397,385	$1,397,385
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$1,397,385**	**$1,397,385**	**$1,397,385**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$583,000,170	$583,000,170	$583,000,170
Disability retirements	$51,964,250	$51,964,250	$51,964,250
Beneficiaries receiving	$47,566,833	$47,566,833	$47,566,833
DROP participants	$0	$0	$0
Sub-total	**$682,531,253**	**$682,531,253**	**$682,531,253**
Grand Total	**$1,036,001,393**	**$1,036,001,393**	**$1,036,001,393**
less Actuarial Value of Assets	*($735,470,000)*	*($735,470,000)*	*($735,470,000)*
Unfunded Accrued Liability	**$300,531,393**	**$300,531,393**	**$300,531,393**

Entry Age Normal Cost

Table I-H

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$15,055,447	$15,055,447	$15,055,447
Termination benefits	$1,151,484	$1,151,484	$1,151,484
Disability benefits	$1,565,739	$1,565,739	$1,565,739
Death benefits	$235,027	$235,027	$235,027
Refund of employee contributions	$263,590	$263,590	$263,590
Sub-total	**$18,271,287**	**$18,271,287**	**$18,271,287**
Deferred Vested Participants			
Retirement benefits	$0	$0	$0
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$0**	**$0**	**$0**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$0	$0	$0
Disability retirements	$0	$0	$0
Beneficiaries receiving	$0	$0	$0
DROP participants	$0	$0	$0
Sub-total	**$0**	**$0**	**$0**
Grand Total	**$18,271,287**	**$18,271,287**	**$18,271,287**

GASB 25/27 Results

Table II-A

Development of the Net Pension Obligation (Asset)

Net Pension Obligation (Asset) as of July 1, 2010	$0
Annual Pension Cost for the 2010/11 Plan Year	$39,135,000
Employer Contributions for the 2010/11 Plan Year	($39,135,000)
Net Increase (Decrease) in NPO	$0
Net Pension Obligation (Asset) as of July 1, 2011	**$0**

	For the 2012/13 Plan Year
Development of the Annual Required Contribution (ARC)	
Employer Normal Cost	$9,355,027
Amortization of the UAAL	$15,981,296
Expense Allowance	$368,441
Amortization of the Net Pension Obligation (Asset)	$0
Interest Adjustment	$821,360
Annual Required Contribution (ARC)	**$26,526,124**

Development of the Annual Pension Cost (APC)	
Annual Required Contribution (ARC)	$26,526,124
Interest on the Net Pension Obligation (Asset)	$0
Adjustment to the ARC	$0
Annual Pension Cost (APC)	**$26,526,124**

GASB 25/27 Disclosures

Table II-B

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	% Contrib.	Annual Pension Cost	% Contrib.
2006	N/A	N/A	N/A	N/A
2007	$47,365,000	100%	$47,365,000	100%
2008	$45,730,000	100%	$45,730,000	100%
2009	$44,810,000	100%	$44,810,000	100%
2010	$41,712,000	100%	$41,712,000	100%
2011	$39,135,000	100%	$39,135,000	100%

Schedule of Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) – (1)	(4) Funded Ratio (1) ÷ (2)	(5) Covered Payroll	(6) UAAL as % of Covered Payroll (3) ÷ (5)
January 1, 2007	N/A	$850,886,000	N/A	N/A	$77,168,000	N/A
January 1, 2008	$596,457,000	$909,410,000	$312,953,000	65.59%	$84,016,000	372.49%
January 1, 2009	$571,768,000	$986,376,000	$414,608,000	57.97%	$82,030,000	505.43%
January 1, 2010	$591,980,609	$990,600,036	$398,619,427	59.76%	$78,519,495	507.67%
January 1, 2011	$697,667,506	$1,056,240,007	$358,572,501	66.05%	$83,550,807	429.17%
July 1, 2011	$735,470,000	$1,036,001,393	$300,531,393	70.99%	$73,688,100	407.84%

Additional Information

Valuation Date ***July 1, 2011***

Actuarial Cost Method ***Entry age normal***

Amortization Method ***Level percentage, closed***

Remaining Amortization Period ***30 years***

Asset Valuation Method ***Market value***

Discount Rate ***7.75%***

Salary Increase Rate ***4.00%***

SFAS 35 Disclosures

Table II-C

Actuarial Present Value of Accrued Benefits

	As of January 1, 2011	As of July 1, 2011
Vested Benefits		
Participants currently receiving benefits	$638,948,580	$682,531,253
Other participants	$294,843,379	$254,164,974
Sub-total	$933,791,959	$936,696,227
Non-Vested Benefits	$25,052,043	$22,086,797
Total Benefits	**$958,844,002**	**$958,783,024**
Funded Percentage (based on the market value of assets)	72.76%	76.71%

Statement of Change in Actuarial Present Value of Accrued Benefits

Actuarial Present Value as of January 1, 2011	**$958,844,002**
Increase (Decrease) Due To:	
Interest	$36,436,072
Benefits accumulated	($13,909,050)
Benefits paid	($22,588,000)
Plan amendments	$0
Changes in actuarial methods and assumptions	$0
Net increase (decrease)	**($60,978)**
Actuarial Present Value as of July 1, 2011	**$958,783,024**

Actuarial Value of Assets

Table III-A

Market Value of Assets as of July 1, 2011	$735,470,000
Minus advance employer contributions	$0
Actuarial Value of Assets as of July 1, 2011	**$735,470,000**

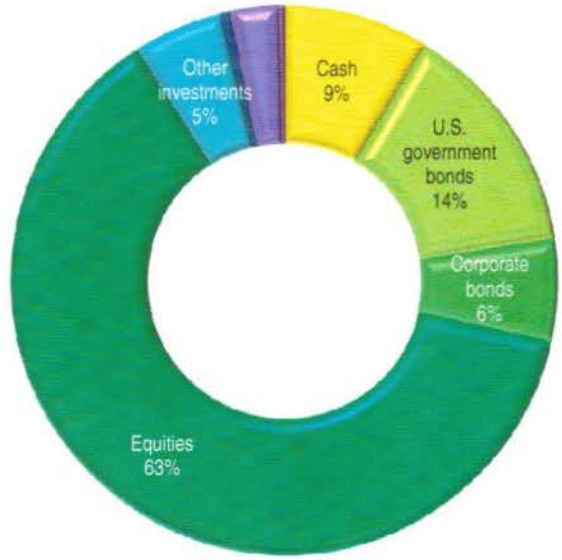
Historical Actuarial Value of Assets

January 1, 2003	N/A
January 1, 2004	N/A
January 1, 2005	N/A
January 1, 2006	N/A
January 1, 2007	N/A
January 1, 2008	$596,457,000
January 1, 2009	$571,768,000
January 1, 2010	$591,980,609
January 1, 2011	$697,667,506
July 1, 2011	$735,470,000

Market Value of Assets

Table III-B

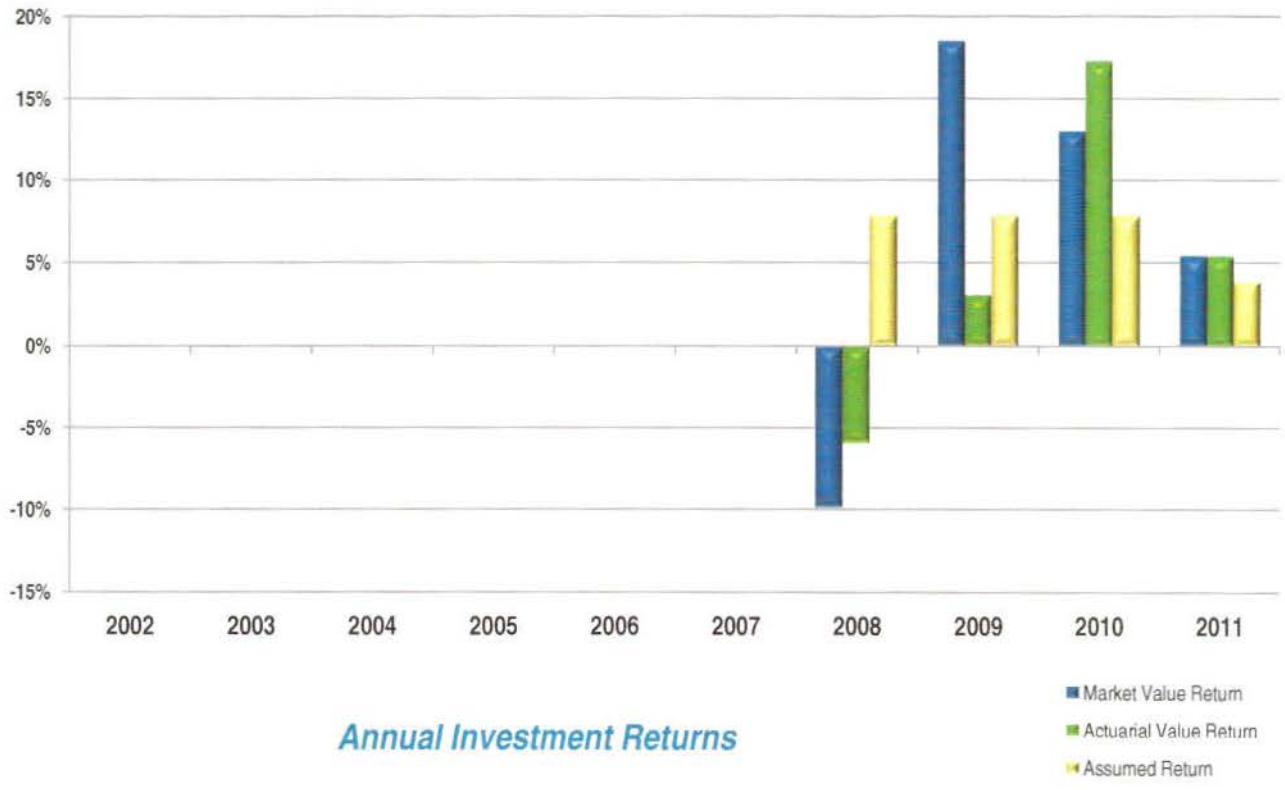
	As of July 1, 2011
Market Value of Assets	**$735,470,000**
Cash	$67,545,000
U.S. government bonds	$109,563,000
Corporate bonds	$46,192,000
Equities	$491,094,000
Other investments	$41,716,000
Interest receivable	$1,424,000
Employer contribution receivable	$2,332,000
Employee contribution receivable	$346,000
Due to brokers	($22,594,000)
Other accounts payable	($2,148,000)



Historical Market Value of Assets	
January 1, 2003	N/A
January 1, 2004	N/A
January 1, 2005	N/A
January 1, 2006	N/A
January 1, 2007	N/A
January 1, 2008	$561,226,686
January 1, 2009	$516,308,590
January 1, 2010	$614,490,006
January 1, 2011	$697,667,506
July 1, 2011	$735,470,000

Investment Return

Table III-C



Annual Investment Returns

Plan Year	Market Value Return	Actuarial Value Return	Assumed Return
2002	N/A	N/A	N/A
2003	N/A	N/A	N/A
2004	N/A	N/A	N/A
2005	N/A	N/A	N/A
2006	N/A	N/A	N/A
2007	N/A	N/A	N/A
2008	-9.85%	-5.92%	7.75%
2009	18.40%	3.02%	7.75%
2010	12.93%	17.21%	7.75%
2011	5.37%	5.37%	3.80%

Asset Reconciliation

Table III-D

	Market Value	Actuarial Value
As of January 1, 2011	**$697,667,506**	**$697,667,506**
Increases Due To:		
Employer Contributions	$19,567,500	$19,567,500
Employee Contributions	$3,366,500	$3,366,500
Total Contributions	$22,934,000	$22,934,000
Interest and Dividends	$5,409,500	
Gains (Losses)	$33,529,994	
Total Investment Income	$38,939,494	$37,496,994
Other Income	$0	
Total Income	**$61,873,494**	**$60,430,994**
Decreases Due To:		
Benefit Payments	($22,588,000)	($22,588,000)
Total Benefit Payments	($22,588,000)	($22,588,000)
Investment Expenses	($1,442,500)	
Administrative Expenses	($40,500)	($40,500)
Advance Employer Contribution		$0
Total Expenses	**($24,071,000)**	**($22,628,500)**
As of July 1, 2011	**$735,470,000**	**$735,470,000**

Historical Trust Fund Detail

Table III-E

Income

Plan Year	Employer Contribs.	Employee Contribs.	Interest / Dividends	Gains / Losses	Other Income
2002	N/A	N/A	N/A	N/A	N/A
2003	N/A	N/A	N/A	N/A	N/A
2004	N/A	N/A	N/A	N/A	N/A
2005	N/A	N/A	N/A	N/A	N/A
2006	N/A	N/A	N/A	N/A	N/A
2007	N/A	N/A	N/A	N/A	N/A
2008	$44,433,944	$5,632,058	$19,659,840	-$73,068,655	$306,310
2009	$41,213,384	$7,428,867	$10,062,495	$86,832,237	$412,899
2010	$40,422,017	$6,522,505	$10,973,135	$71,141,601	$110,624
2011	$19,567,500	$3,366,500	$5,409,500	$33,529,994	$0

Expenses

Plan Year	Benefit Payments	Admin. Expenses	Invest. Expenses
2002	N/A	N/A	N/A
2003	N/A	N/A	N/A
2004	N/A	N/A	N/A
2005	N/A	N/A	N/A
2006	N/A	N/A	N/A
2007	N/A	N/A	N/A
2008	$38,530,904	$607,811	$2,742,878
2009	$44,024,211	$1,692,242	$2,052,013
2010	$43,378,646	$54,705	$2,559,031
2011	$22,588,000	$40,500	$1,442,500

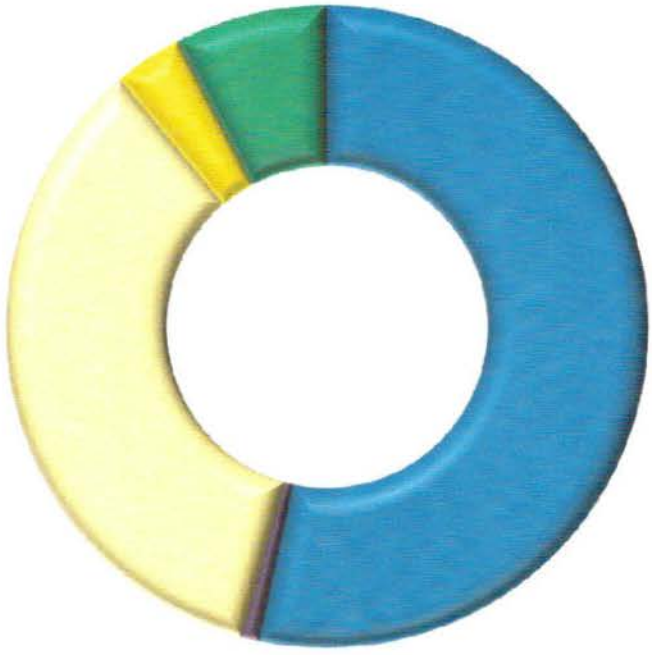
Other Actuarial Adjustments

Advance Employer Contribs.
N/A
N/A
N/A
N/A
N/A
N/A
$0
$0
$0
$0

Note: Amounts shown for the 2011 short plan year are estimated.

Summary of Participant Data

Table IV-A



Participant Distribution by Status

As of July 1, 2011

Actively Employed Participants	
Active Participants	1,639
DROP Participants	0
Inactive Participants	
Deferred Vested Participants	29
Due a Refund of Contributions	0
Deferred Beneficiaries	0
Participants Receiving a Benefit	
Service Retirements	1,060
Disability Retirements	106
Beneficiaries Receiving	235
Total Participants	**3,069**

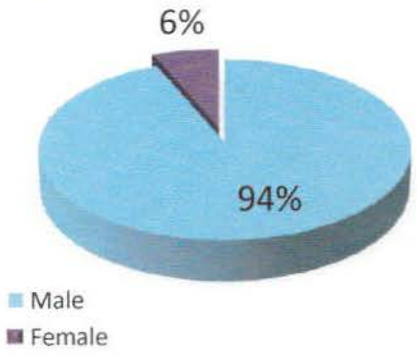
Number of Participants Included in Prior Valuations

	Active	*DROP*	*Inactive*	*Retired*	*Total*
January 1, 2003	1,523	0	0	970	2,493
January 1, 2004	1,488	0	0	1,013	2,501
January 1, 2005	1,638	0	0	1,041	2,679
January 1, 2006	1,775	0	0	1,115	2,890
January 1, 2007	1,735	0	0	1,204	2,939
January 1, 2008	1,811	0	0	1,272	3,083
January 1, 2009	1,639	0	0	1,355	2,994
January 1, 2010	1,574	0	3	1,293	2,870
January 1, 2011	1,554	0	18	1,345	2,917
July 1, 2011	1,639	0	29	1,401	3,069

Active Participant Data

Table IV-B

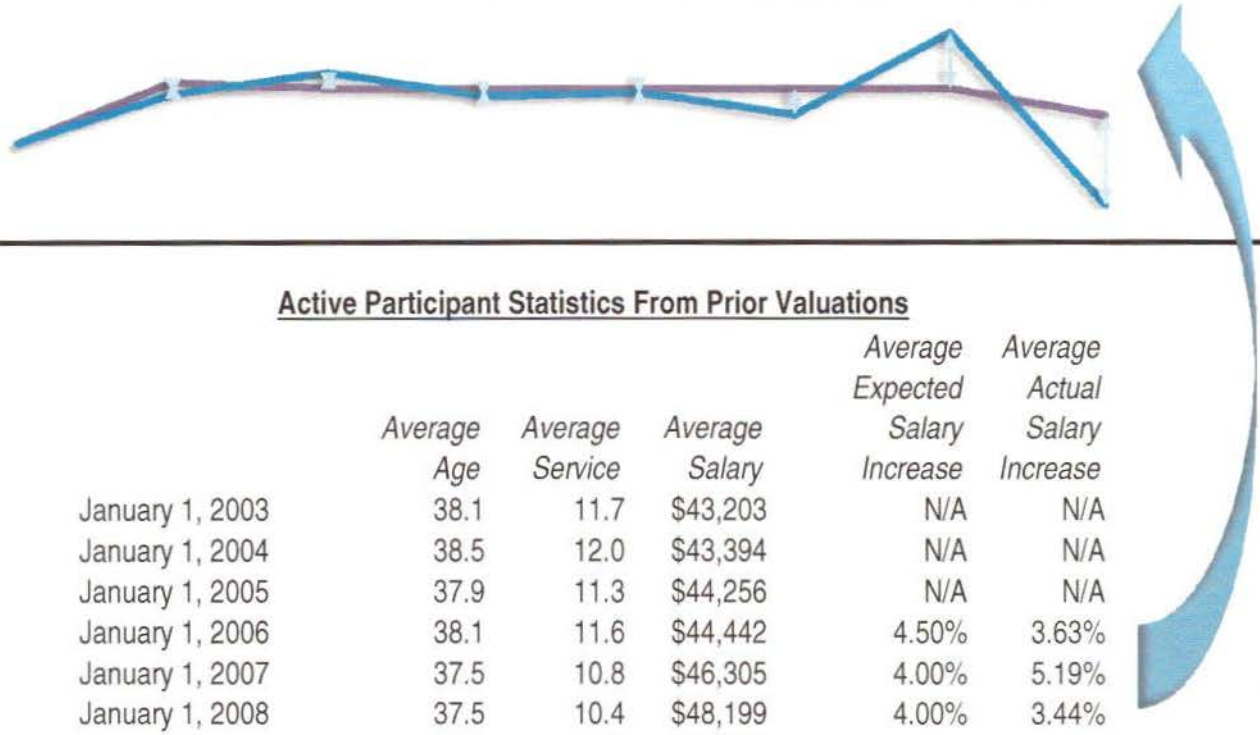
Gender Mix



As of July 1, 2011

Average Age	37.9 years
Average Service	10.0 years
Total Annualized Compensation for the Prior Year	$75,469,943
Total Expected Compensation for the Current Year	$73,688,100
Average Increase in Compensation for the Prior Year	-4.72%
Expected Increase in Compensation for the Current Year	4.00%
Accumulated Contributions for Active Employees	$62,301,686

Actual vs. Expected Salary Increases

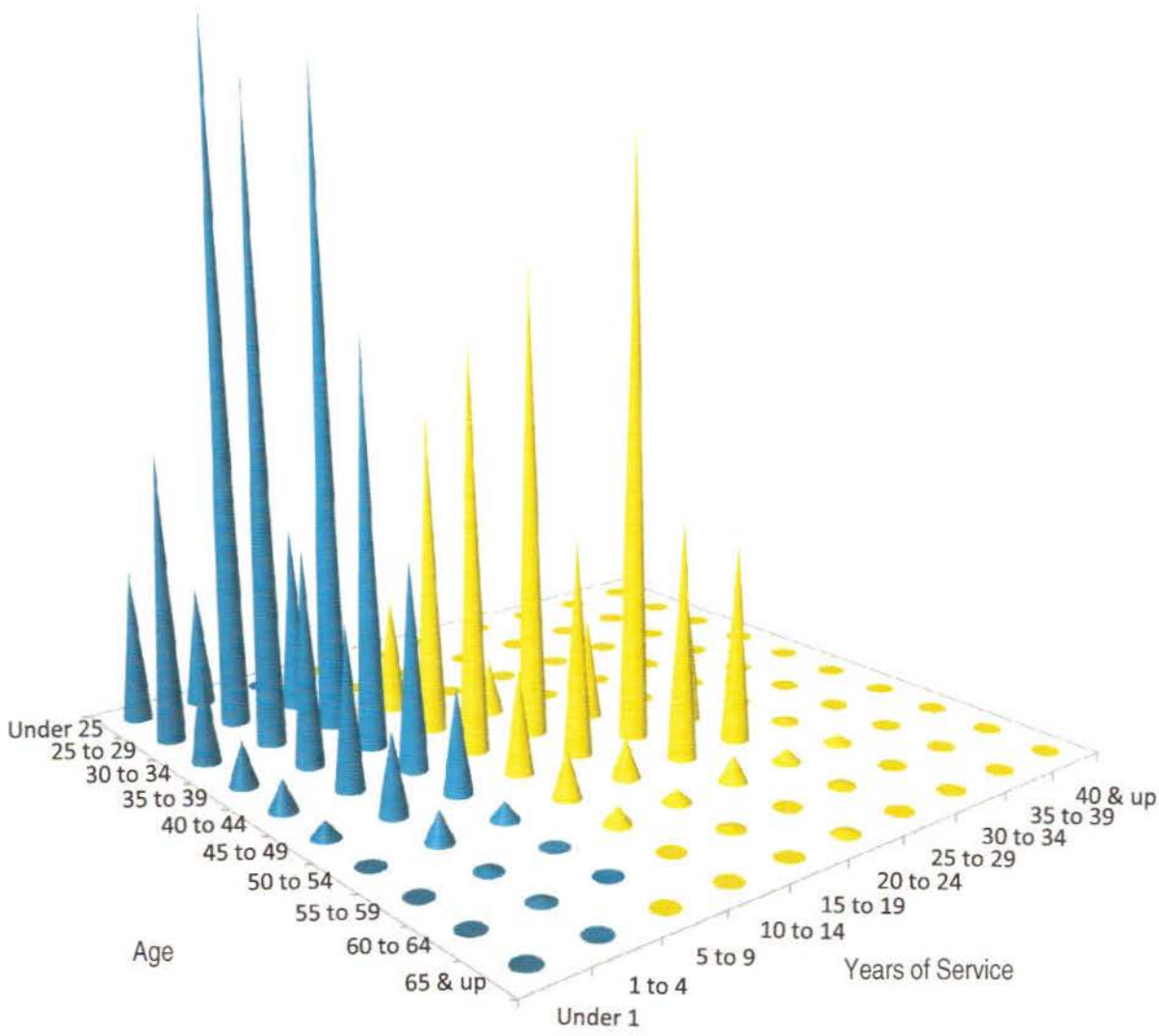


Active Participant Statistics From Prior Valuations

	Average Age	*Average Service*	*Average Salary*	*Average Expected Salary Increase*	*Average Actual Salary Increase*
January 1, 2003	38.1	11.7	$43,203	N/A	N/A
January 1, 2004	38.5	12.0	$43,394	N/A	N/A
January 1, 2005	37.9	11.3	$44,256	N/A	N/A
January 1, 2006	38.1	11.6	$44,442	4.50%	3.63%
January 1, 2007	37.5	10.8	$46,305	4.00%	5.19%
January 1, 2008	37.5	10.4	$48,199	4.00%	3.44%
January 1, 2009	37.9	11.0	$51,008	4.00%	3.69%
January 1, 2010	38.9	10.8	$50,854	4.00%	2.06%
January 1, 2011	39.3	11.0	$55,477	4.00%	8.14%
July 1, 2011	37.9	10.0	$46,046	1.98%	-4.72%

Active Age-Service Distribution

Table IV-C



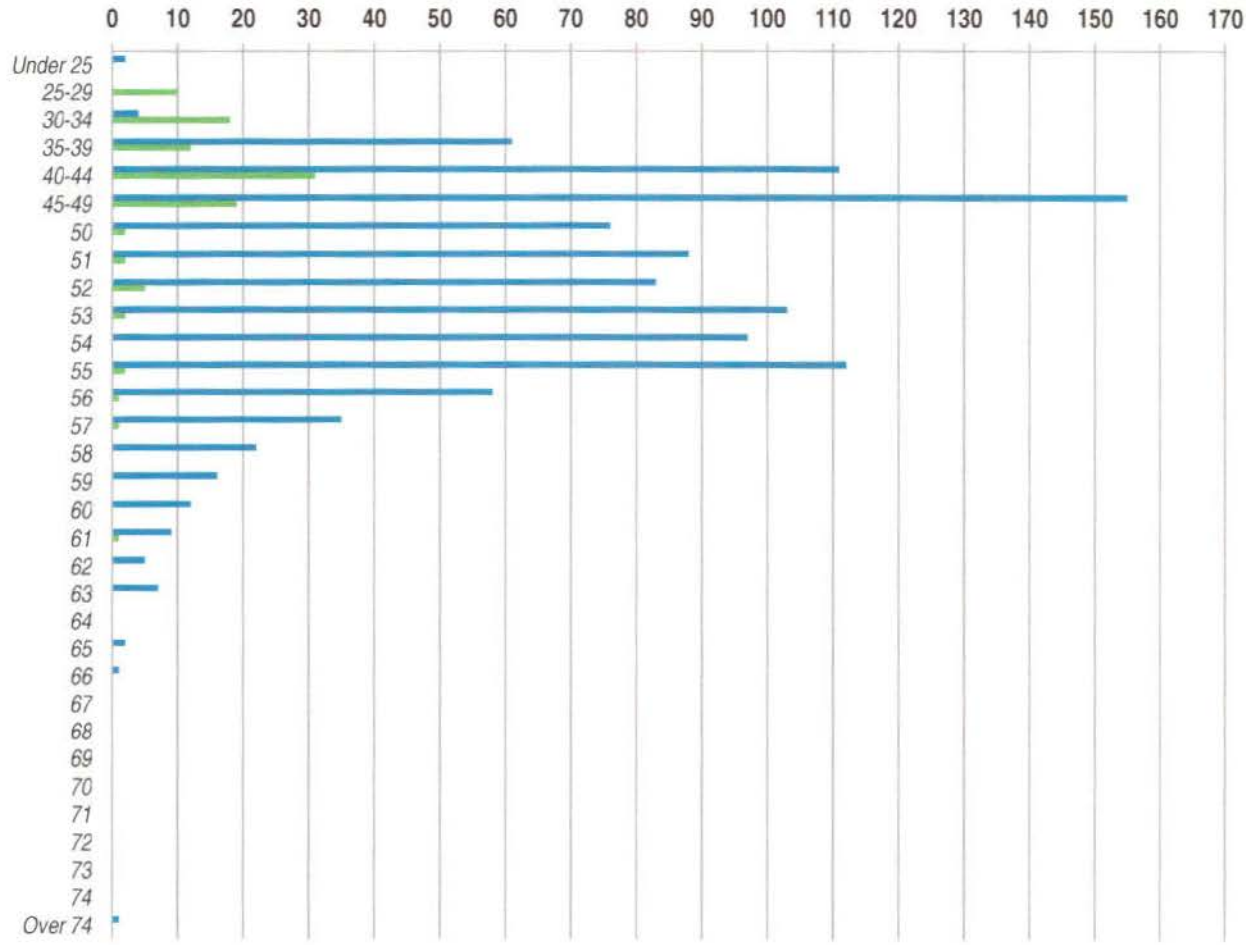
Active Age-Service-Salary Table

Table IV-D

Attained Age	Completed Years of Service										
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25	35	28	0	0	0	0	0	0	0	0	63
Avg.Pay	12,334	36,773	0	0	0	0	0	0	0	0	23,196
25 to 29	65	156	42	0	0	0	0	0	0	0	263
Avg.Pay	12,689	39,610	41,837	0	0	0	0	0	0	0	33,312
30 to 34	22	143	146	27	0	0	0	0	0	0	338
Avg.Pay	9,358	39,639	43,336	45,859	0	0	0	0	0	0	39,762
35 to 39	10	48	91	72	12	0	0	0	0	0	233
Avg.Pay	7,095	40,272	44,035	49,709	55,264	0	0	0	0	0	44,006
40 to 44	7	36	48	90	105	23	0	0	0	0	309
Avg.Pay	14,638	40,223	44,539	50,940	57,849	61,859	0	0	0	0	51,035
45 to 49	4	18	23	23	49	133	30	0	0	0	280
Avg.Pay	17,989	43,614	44,739	51,681	56,499	63,945	66,963	0	0	0	58,417
50 to 54	0	7	4	11	9	53	45	1	0	0	130
Avg.Pay	0	41,899	45,460	48,894	56,733	63,342	69,318	78,670	0	0	62,144
55 to 59	0	1	0	4	3	6	3	2	0	0	19
Avg.Pay	0	30,717	0	48,098	56,973	60,870	67,489	76,587	0	0	58,678
60 to 64	0	1	0	0	1	0	1	0	0	0	3
Avg.Pay	0	39,770	0	0	60,167	0	64,452	0	0	0	54,796
65 & up	0	0	0	0	0	1	0	0	0	0	1
Avg.Pay	0	0	0	0	0	69,950	0	0	0	0	69,950
Total	143	438	354	227	179	216	79	3	0	0	1,639
Avg.Pay	11,942	39,742	43,616	49,871	57,248	63,517	68,293	77,281	0	0	46,046

Inactive Participant Data

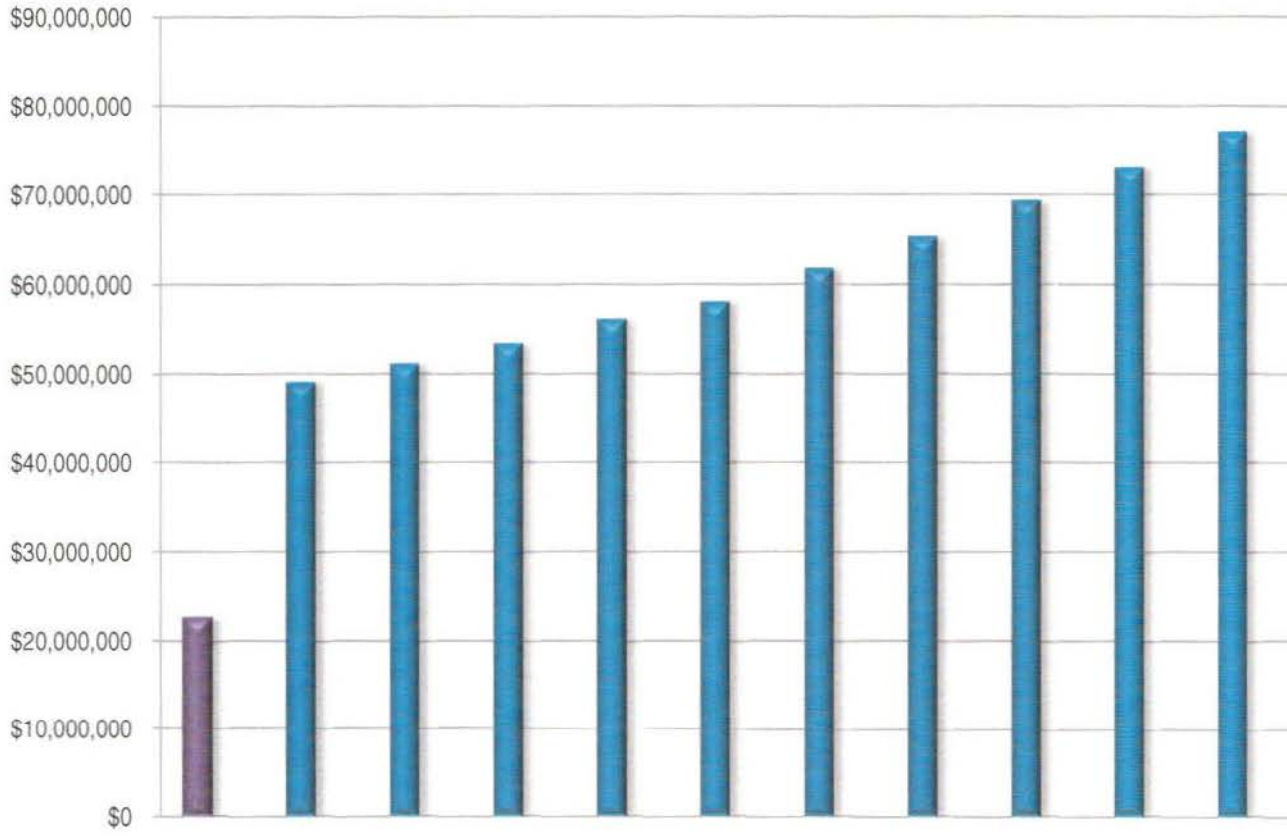
Table IV-E



	Average Monthly Benefit
Service Retirements	*$3,187.41*
Disability Retirements	*$2,741.22*
Beneficiaries Receiving	*$1,515.42*
DROP Participants	*Not applicable*
Deferred Vested Participants	*$721.79*
Deferred Beneficiaries	*Not applicable*

Projected Benefit Payments

Table IV-F



Actual	
For the period January 1, 2011 through June 30, 2011	$22,588,000
Projected	
For the period July 1, 2011 through June 30, 2012	$48,993,446
For the period July 1, 2012 through June 30, 2013	$51,085,054
For the period July 1, 2013 through June 30, 2014	$53,424,760
For the period July 1, 2014 through June 30, 2015	$56,084,705
For the period July 1, 2015 through June 30, 2016	$58,050,407
For the period July 1, 2016 through June 30, 2017	$61,679,237
For the period July 1, 2017 through June 30, 2018	$65,206,199
For the period July 1, 2018 through June 30, 2019	$69,295,565
For the period July 1, 2019 through June 30, 2020	$72,978,357
For the period July 1, 2020 through June 30, 2021	$77,016,452

Summary of Actuarial Methods and Assumptions — Table V-A

1. Actuarial Cost Method

Individual entry age normal cost method. Under this actuarial cost method, a level funding cost is developed with respect to each benefit for each participant. The level funding cost for each benefit applies to the period beginning when the participant's service commences and ending when the participant is assumed to cease active participation due to each respective decrement. The actuarial accrued liability is equal to the accumulated level funding cost to the valuation date for all participants. The normal cost is equal to the level funding cost for the year immediately following the valuation date for all active participants.

2. Asset Method

The actuarial value of assets is equal to the market value of assets.

3. Interest (or Discount) Rate

7.75% per annum

4. Salary Increases

Plan compensation is assumed to increase at the rate of 4.00% per annum, unless actual plan compensation is known for a prior plan year.

5. Decrements

- Pre-retirement mortality: Sex-distinct rates set forth in the RP-2000 Mortality Table for non-annuitants, projected to 2007 by Scale AA, as published by the IRS for purposes of IRC section 430; deaths prior to retirement are assumed not to be service-connected.
- Post-retirement mortality: Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2007 by Scale AA, as published by the IRS for purposes of IRC section 430
- Disability: Sex-distinct rates set forth in the Wyatt 1985 Disability Study (Class 4); 75% of disabilities are assumed to be service-connected.

Summary of Actuarial Methods and Assumptions — Table V-A

(continued)

- Termination: Withdrawal rates were derived from a study of actual plan experience covering the period 1982 through 1986. A sample of the withdrawal rates is set forth in the following table:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	15.0%	30	7.8%	40	2.30%	50	0.956%
25	11.4%	35	4.9%	45	1.35%	55	0.000%

- Retirement: Retirement is assumed to occur at normal retirement age.

6. Unused Vacation

All participants are assumed to have accumulated 30 days of unused vacation upon termination of employment, retirement, or death.

7. Payroll Increase and Amortization Period

Total payroll has been assumed to grow at the rate of 4.00% per year for purposes of amortizing the unfunded actuarial accrued liability as a level percentage of payroll; the amortization period is established by City ordinance as a closed 30-year period beginning July 1, 2011.

8. Expenses

Administrative expenses are assumed to be 0.50% of future payroll. In addition, the interest rate set forth in item 3. above is assumed to be net of investment expenses and commissions.

9. Cost-of-Living Adjustment

We have assumed that all eligible retirees will receive an automatic cost-of-living adjustment equal to 3.00% per annum.

10. Surviving Beneficiaries

Those active participants who are making the additional 1% employee contribution to provide a survivor benefit to their eligible beneficiaries are assumed to have only one surviving beneficiary of the opposite gender of the employee. Males are assumed to be three years older than females for this purpose.

Changes in Actuarial Methods and Assumptions

Table V-B

No methods or assumptions have been changed from those used to complete the previous valuation.

Summary of Plan Provisions

Table VI-A

1. Monthly Accrued Benefit

For participants who are hired after June 30, 2010:
2% of Average Monthly Earnings multiplied by up to 50 years of Creditable Service

For participants who are hired after June 30, 2010:
3% of Average Monthly Earnings multiplied by up to 26.667 years of Creditable Service

2. Normal Retirement Age and Benefit

- **Age**
  Any age with at least 30 years of Creditable Service *(only for participants covered by the '05 Amendment)*; or
  Age 55 with at least 10 years of Creditable Service *(15 years of Creditable Service for participants who are hired after June 30, 2010)*; or
  Age 65 with at least 5 years of Creditable Service
- **Amount**
  Monthly Accrued Benefit
- **Form of Payment**
  Life annuity *(for those participants without an eligible beneficiary)*; or
  75% joint and contingent annuity *(for those participants with an eligible beneficiary; benefits continue in equal shares to the participant's dependent children upon the death of the participant's spouse or domestic partner or, for participants not covered by the '86 Amendment, upon the remarriage of the participant's spouse or domestic partner)*

  Note: All annuity forms of payment include an automatic cost-of-living adjustment effective each January 1 based on the increase in the Consumer Price Index as of the preceding November 1 and limited to 3%. All annuity forms of payment also provide a minimum payout equal to the employee's accumulated contributions, with interest credited after 1985 at the rate of 5% per year (or less than 5% with respect to any year during which the trust fund earns less than 5% on its investments).

Summary of Plan Provisions

Table VI-A

(continued)

3. Early Retirement Age and Benefit

- **Age**
  Any age with at least 10 years of Creditable Service *(15 years of Creditable Service for participants who are hired after June 30, 2010)*
- **Amount**
  Monthly Accrued Benefit *(payable at age 55)*; or
  Monthly Accrued Benefit reduced by ½% for each of the first 60 months and by ¼% for each additional month by which the participant's Early Retirement Age precedes age 55 *(payable at Early Retirement Age)*; or
  Monthly Accrued Benefit reduced by ¼% for each month by which the participant's Early Retirement Age precedes age 55 *(payable at Early Retirement Age and only applicable if the participant was hired prior to April 1, 1978 and has earned at least 25 years of Creditable Service)*
- **Form of Payment**
  Same as for Normal Retirement

4. Delayed Retirement Age and Benefit

- **Age**
  After Normal Retirement Age
- **Amount**
  Monthly Accrued Benefit
- **Form of Payment**
  Same as for Normal Retirement

5. Disability Retirement Eligibility and Benefit

- **Eligibility**
  All active participants are eligible if the disability is service-connected;
  At least five years of Creditable Service is required otherwise.
- **Condition**
  The participant must become "totally and permanently disabled" and must remain so disabled until age 55. "Totally and permanently disabled" means the participant is in a continuous state of incapacity due to illness or injury, is prevented from performing his regular assigned or comparable duties during the first 12 months of his disability, and is thereafter prevented from engaging in any occupation for which he is or becomes reasonably qualified by education, training, or experience. With respect to participants who are not covered by the '86 Amendment, the participant must only be prevented from performing his regular assigned or comparable duties during the entire period of his disability.

Summary of Plan Provisions

Table VI-A

(continued)

Disability Retirement Eligibility and Benefit *(continued)*

- **Amount**

  For participants who incur a catastrophic injury in the line of duty:

  100% of the top salary for the grade and position occupied by the participant at the time of disability

  For all other participants who are covered by the '86 Amendment:

  Greater of 50% of Average Monthly Earnings at the time of disability or Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 75% of the participant's salary at the time of disability *(payable until the earlier of recovery from disability or age 55)*; and

  Monthly Accrued Benefit based on Average Monthly Earnings at the time of disability and Creditable Service including the period during which the participant was disabled, but excluding any cost-of-living adjustments that were previously applied to the participant's disability payments *(payable at age 55)*

  For all other participants with a service-connected disability:

  Greater of 70% of the top salary for the grade and position occupied by the participant at the time of disability or Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 100% of the participant's salary at the time of disability

  For all other participants:

  Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 100% of the participant's salary at the time of disability

- **Form of Payment**

  Same as for Normal Retirement

6. **Deferred Vested Benefit**

- **Age**

  Any age with at least five years of Creditable Service *(15 years of Creditable Service for participants who are hired after June 30, 2010)*

- **Amount**

  Monthly Accrued Benefit multiplied by the participant's Vested Percentage and payable at age 60

- **Form of Payment**

  Same as for Normal Retirement

Summary of Plan Provisions

Table VI-A

(continued)

7. Pre-Retirement Death Benefit

For participants who die in the line of duty and who are covered by the '86 Amendment:

100% of the participant's base salary at the time of his death, offset by worker's compensation or other payments received for line of duty injuries prior to the participant's death *(payable for the first two years after the participant's death)*; and

75% of the Monthly Accrued Benefit *(payable thereafter)*

For all other participants who die in the line of duty:

100% of the participant's base salary at the time of his death, offset by worker's compensation or other payments received for line of duty injuries prior to the participant's death *(payable for the first two years after the participant's death)*; and

75% of the greater of: (a) the Monthly Accrued Benefit, or (b) 70% of the top salary for the grade and position occupied by the participant at his death *(payable thereafter)*

For all other participants:

75% of the Monthly Accrued Benefit

8. Vested Percentage

Retirement benefits with respect to those participants who are hired prior to July 1, 2010 become vested in accordance with the following schedule:

Years of Creditable Service	Vested Percentage
Less than five	0%
At least five, but less than six	25%
At least six, but less than seven	30%
At least seven, but less than eight	35%
At least eight, but less than nine	40%
At least nine, but less than 10	45%
At least 10	100%

Retirement benefits with respect to those participants who are hired after June 30, 2010 become 100% vested upon the attainment of 15 years of Creditable Service.

Summary of Plan Provisions

Table VI-A

(continued)

9. Average Monthly Earnings

The participant's Average Monthly Earnings is equal to: (a) the average of the participant's Base Salary for the highest 36 consecutive months during his period of Creditable Service; plus (b) the difference between the highest and lowest daily rate of pay during such 36-month period multiplied by the days of unused sick leave and divided by 36; plus (c) a credit based on accumulated unused vacation.

10. Base Salary

The employee's basic salary excluding overtime pay and other special compensation; pursuant to IRC section 401(a)(17), total annual plan compensation is limited to $200,000 as indexed.

11. Employee Contribution

All participating employees must make the required pre-tax contribution to the plan. The required contribution is 13% of basic salary (8% prior to November 1, 2011) for those participants who have an eligible beneficiary for death benefits and 12% of basic salary (7% prior to November 1, 2011) for all other participants. An eligible beneficiary is the participant's legal spouse, registered domestic partner, or unmarried child under the age of 18 (or under age 23 if a full-time student). The participant must have been married or registered to his legal spouse or domestic partner for at least one year prior to his death in order for such individual to be an eligible beneficiary. *(During the period March, 1994 through June, 2009, the required contribution was 1% lower for all participants; prior to March, 1994, the contribution was made on an after-tax basis.)*

12. Creditable Service

Creditable Service includes "base creditable service" and an "unused sick leave service credit," plus military service as required by federal law. Base creditable service is granted for all periods of full-time employment as a police officer with the City of Atlanta provided that the employee has made the required contribution for such period of service. An unused sick leave service credit is granted by dividing the participant's days of unused sick leave by the number of work days set forth in the following chart:

Years of Base Creditable Service	Work Days
Less than five	239
At least five, but less than 10	236
At least 10, but less than 15	233
At least 15, but less than 20	230
At least 20	226

Summary of Plan Provisions

Table VI-A

(continued)

Creditable Service *(continued)*

Creditable Service also includes other service with the City of Atlanta if the relevant contributions are transferred into this plan and may include prior service with the State of Georgia, Fulton County, Dekalb County, or as a teacher in a public school system or private college or university within the State of Georgia if the required contribution is made to the plan.

13. Participation Requirement

All full-time police officers employed by the City of Atlanta are eligible to participate in the plan.

14. Plan Effective Date

April 1, 1978

Summary of Plan Amendments

Table VI-B

No significant plan amendments were adopted since the previous valuation was completed.

City of Birmingham
Retirement and Relief System

Actuarial Valuation and Review as of
July 1, 2011

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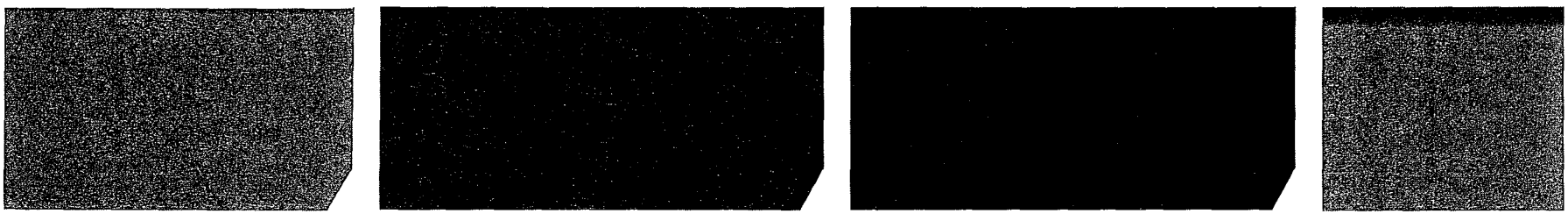

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The Segal Company
2018 Powers Ferry Road, Suite 850 Atlanta, GA 30339-7200
T 678.306.3100 F 678.306.3190 www.segalco.com

June 1, 2012

Board of Managers
City of Birmingham Retirement and Relief System
710 North 20th Street, GA 100 City Hall
Birmingham, Alabama 35203-2216

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of July 1, 2011. It summarizes the actuarial data used in the valuation, establishes the funding requirements for the 2011-2012 fiscal year and analyzes the preceding year's experience.

The census information on which our calculations were based was prepared by the City and the financial information was provided by the City's Finance Department. That assistance is gratefully acknowledged. The actuarial calculations were completed under the supervision of Deborah K. Brigham, FCA, ASA, MAAA, EA, Enrolled Actuary. Ms. Brigham meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board of Managers are reasonably related to the experience of and the expectations for the Plan.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the smoothing of investment gains and losses); and changes in plan provisions or applicable law.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

THE SEGAL COMPANY

By: _____ _____

Leon F. (Rocky) Joyner, Jr., FCA, ASA, MAAA, EA
Vice President and Actuary

Deborah K. Brigham

Deborah K. Brigham, FCA, ASA, MAAA, EA
Vice President and Actuary

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Purpose

This report has been prepared by The Segal Company to present a valuation of the City of Birmingham Retirement and Relief System as of July 1, 2011. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Pension Plan, as administered by the Board of Managers;
- The characteristics of covered active participants, inactive vested participants, and retired participants and beneficiaries as of June 30, 2011, provided by the City;
- The assets of the Plan as of June 30, 2011, provided by the City's Finance Department;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

The assumptions and methods used to value the Plan were approved by the Pension Board based on the five-year experience study for the period ended June 30, 2010.

Significant Issues in Valuation Year

The following key findings were the result of this actuarial valuation:

1. The recommended contribution for the upcoming year is $37,809,335, or 21.24% of payroll. This is an increase of 2.46% of pay from the 18.78% recommended amount last year. The increase is primarily due to experience losses, both from investments and from the voluntary retirement incentive program (VRIP) that was implemented in the last quarter of 2010. There were 159 employees who took advantage of the retirement incentive, and the total payroll for participants in the System declined by nearly 8%.
2. The City is expected to continue to contribute 6.50% of pay, and members are expected to contribute 6.50%. **City and employee contributions combined are thus 13.00% of payroll, producing an expected deficit of 8.24% when compared to the recommended contribution of 21.24%.** It is presumed throughout this report that the employees are responsible for an equal share of the cost of the Plan. However, the City is ultimately responsible for Plan funding. If employee contributions remain at their current level, the City's share is 14.74% of pay.

3. The calculated rate of 21.24% is based on a 30-year level percent-of-pay amortization of the unfunded actuarial accrued liability. The normal cost, for benefits allocated to the current year, is 12.28% of pay, less than the 13.00% statutory contribution rate. However, the unfunded liability is not being amortized by the remaining 0.72% of pay. To be in compliance with GASB standards, contributions should be at a level sufficient to amortize the unfunded liability in 30 years or less. Please note that in the summer of 2012, the GASB is scheduled to release new accounting standards for governmental plans. These new standards are anticipated to completely change plan disclosure requirements
4. As shown in Exhibit V of Section 4, the Net Pension Obligation is $9,457,756 as of June 30, 2011. This is the second year the System has had a Net Pension Obligation rather than a Net Pension Asset. The Net Pension Obligation was $5,006,770 in the prior valuation. The balance increased by $4,450,986 due to employer contributions less than the recommended contribution.
5. The investment rate of return on an actuarial basis for the year ended June 30, 2011 was 3.69%. Since the rate of return was less than the assumed rate of 7.00% per year, there was an actuarial investment loss amounting to $29,379,526. The return on market value basis was 18.06%. As of the valuation date, the smoothed actuarial value of assets is equal to 99.2% of market value.
6. The GASB Schedule of Funding Progress, provided in Exhibit III of Section 4, shows that the funded ratio has declined from 82.01% as of July 1, 2010 to 77.03% as of July 1, 2011.
7. The administrative expense assumption was increased from $250,000 to $270,000 for the coming year. There have been no other assumption on plan changes since the prior valuation.
8. The actuarial valuation report as of July 1, 2011 is based on financial information as of that date. Changes in the value of assets subsequent to that date are not reflected. Unfavorable asset experience will increase the actuarial cost of the Plan, while favorable experience will decrease the actuarial cost of the Plan. For example, a 10% change in the current year's actuarial value of assets would produce a $5,077,935 change in the recommended contribution level. Because the actuarial value of assets involves a smoothing method, a 10% change in market value would not be fully reflected immediately in the actuarial value of assets. Rather, that effect would be spread over a period of years. We have shown the full impact immediately so as to indicate the sensitivity of costs to market fluctuations.
9. The audited financial information received states all results rounded to the nearest thousand. The results in this valuation are shown to the dollar. Therefore, occasionally rounded numbers are combined with unrounded ones.

Summary of Key Valuation Results

	2011	2010
Contributions for plan year beginning July 1:		
Recommended contribution	$37,809,335	$36,295,581
Recommended contribution as a percentage of payroll	21.24%	18.78%
Actual contributions (employer and employee)	--	25,653,886
Funding elements for plan year beginning July 1:		
Normal cost, including administrative expenses	$21,858,098	$23,999,465
Market value of assets	899,471,222	811,198,139
Actuarial value of assets	892,096,375	913,077,824
Actuarial accrued liability	1,158,070,396	1,113,441,433
Unfunded actuarial accrued liability	265,974,021	200,363,609
GASB 25/27 for plan year beginning July 1:		
Annual required employer contributions (ARC)*	$18,904,668	$18,147,791
Actual employer contributions	--	13,772,490
Percentage of ARC contributed	--	75.89%
Funded ratio	77.03%	82.01%
Covered payroll	$177,977,161	$193,229,880
Demographic data for plan year beginning July 1:		
Number of retired participants and beneficiaries	2,803	2,555
Number of vested former participants**	246	232
Number of active participants	3,807	4,073
Total payroll	$177,977,161	$193,229,880
Average payroll	46,750	47,442

* *Presumes that the employees are responsible for an equal share of the cost of the Plan. If employee contribution rates are not increased, the City is ultimately responsible for the funding of the Plan.*

** *Includes future pensioners currently receiving benefits from the Supplemental System.*

A. PARTICIPANT DATA

The Actuarial Valuation and Review considers the number and demographic characteristics of covered participants, including active participants, vested terminated participants, retired participants and beneficiaries. This section presents a summary of significant statistical data on these participant groups.

A voluntary retirement incentive that was offered to employees in the last quarter of 2010 resulted in a higher number of retirees than was anticipated by the actuarial assumptions. The ratio of non-actives to actives has climbed from 0.68 to 0.80.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B, and C.

A historical perspective of how the participant population has changed over the past ten valuations can be seen in this chart.

CHART 1

Participant Population: June 30, 2002 - June 30, 2011

Year Ended June 30	Active Participants	Vested Terminated Participants*	Retired Participants and Beneficiaries	Ratio of Non-Actives to Actives
2002	3,878	212	2,017	0.57
2003	3,867	196	2,095	0.59
2004	3,915	177	2,158	0.60
2005	3,802	231	2,239	0.65
2006	3,782	204	2,255	0.65
2007	3,760	211	2,352	0.68
2008	3,782	205	2,464	0.71
2009	4,017	211	2,516	0.68
2010	4,073	232	2,555	0.68
2011	3,807	246	2,803	0.80

**Includes future pensioners currently receiving benefits from the Supplemental System.*

Active Participants

Plan costs are affected by the age, years of service and payroll of active participants. In this year's valuation, there were 3,807 active participants with an average age of 44.2, average years of service of 11.6 years and average payroll of $46,750. The 4,073 active participants in the prior valuation had an average age of 44.7, average service of 11.9 years and average payroll of $47,442.

Inactive Participants

In this year's valuation, there were 246 participants with a vested right to a deferred or immediate vested benefit. This includes 222 individuals currently receiving benefits from the Firemen's and Policemen's Supplemental Pension System.

These graphs show a distribution of active participants by age and by years of service.

CHART 2

Distribution of Active Participants by Age as of June 30, 2011

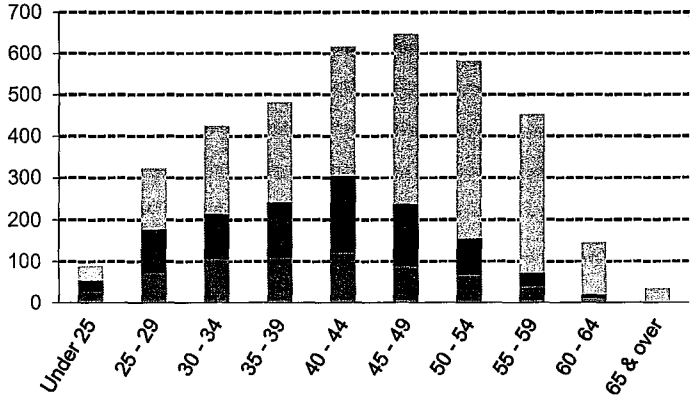
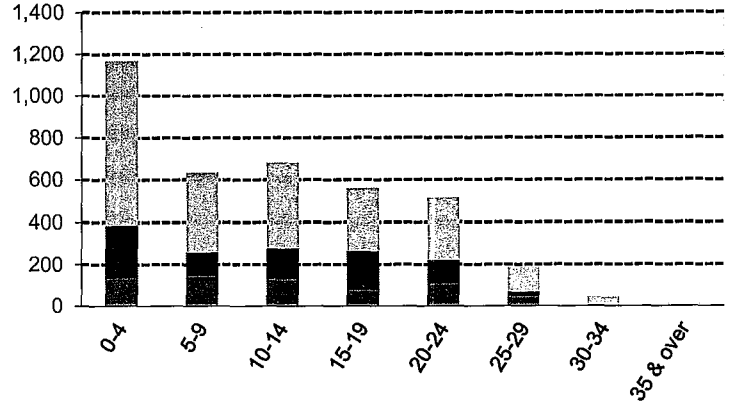


CHART 3

Distribution of Active Participants by Years of Service as of June 30, 2011



Retired Participants and Beneficiaries

As of June 29, 2011, 2,318 retired participants and 485 beneficiaries were receiving total monthly benefits of $5,383,837. For comparison, in the previous valuation, there were 2,071 retired participants and 484 beneficiaries receiving monthly benefits of $4,669,598.

Charts 4 and five have been updated since prior years, to indicate those who have retired under the voluntary retirement incentive program (VRIP) and/or the deferred retirement option program (DROP).

These graphs show a distribution of the current retired participants and beneficiaries based on their monthly amount and age, by type of pension.

CHART 4

Distribution of Retired Participants and Beneficiaries by Type and by Monthly Amount as of June 30, 2011

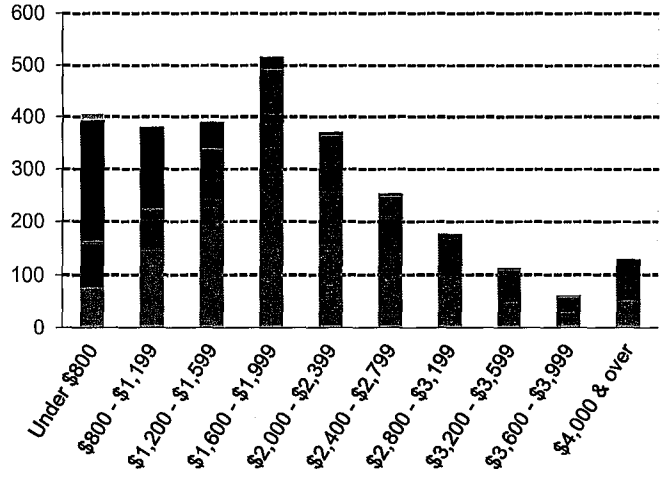
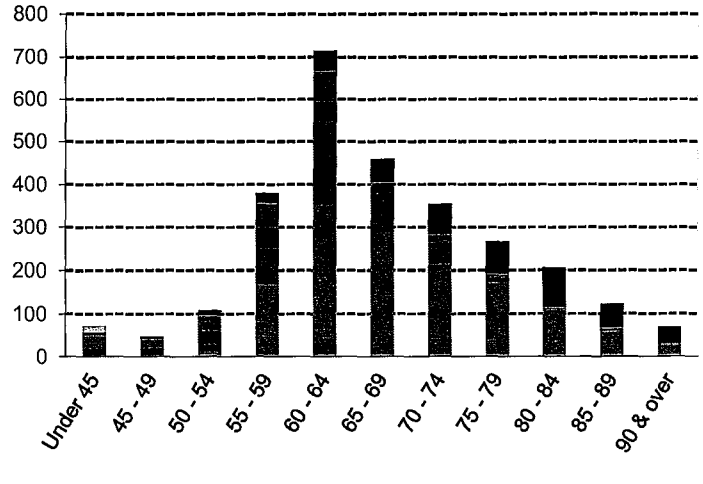


CHART 5

Distribution of Retired Participants and Beneficiaries by Type and by Age as of June 30, 2011



B. FINANCIAL INFORMATION

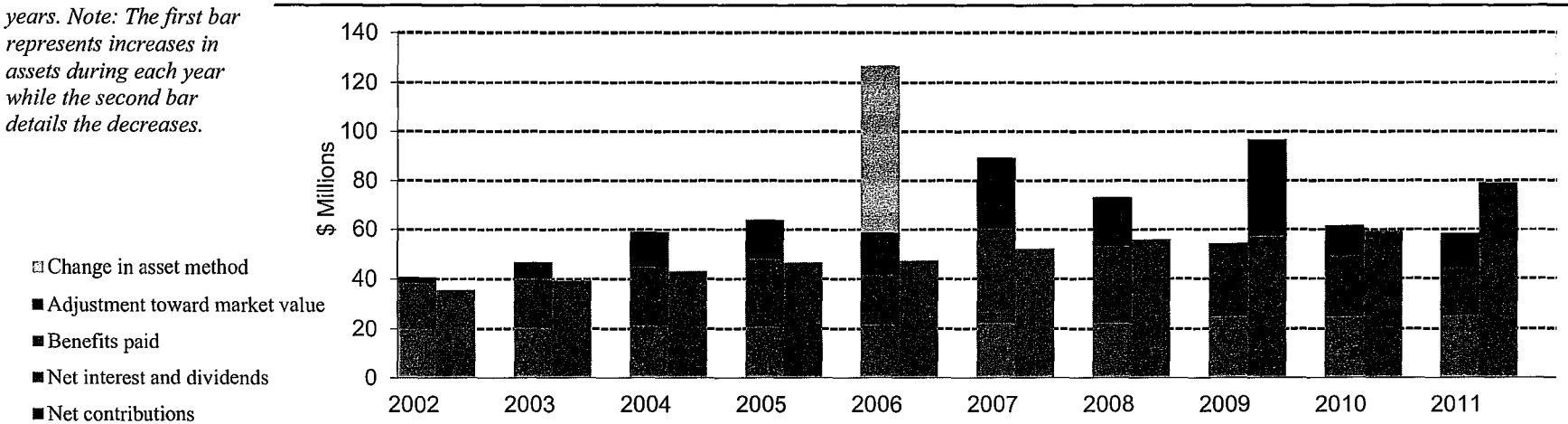
Retirement plan funding anticipates that, over the long term, both net contributions (less administrative expenses) and net investment earnings (less investment fees) will be needed to cover benefit payments.

Retirement plan assets change as a result of the net impact of these income and expense components. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits D, E and F.

The chart depicts the components of changes in the actuarial value of assets over the last ten years. Note: The first bar represents increases in assets during each year while the second bar details the decreases.

CHART 6

Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 2002 – 2011



It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board of Managers has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

The chart shows the determination of the actuarial value of assets as of the valuation date.

CHART 7

Determination of Actuarial Value of Assets for Year Ended June 30, 2011

1. Market value of assets, June 30, 2011			$899,471,222
2. Calculation of unrecognized return	Original Amount*	Unrecognized Return**	
(a) Year ended June 30, 2011	$87,006,584	$69,605,267	
(b) Year ended June 30, 2010	34,773,881	20,864,329	
(c) Year ended June 30, 2009	-158,009,276	-63,203,710	
(d) Year ended June 30, 2008	-99,455,194	-19,891,039	
(e) Year ended June 30, 2007	24,444,268	0	
(f) Total unrecognized return			7,374,847
3. Preliminary actuarial value: (1) - (2f)			892,096,375
4. Adjustment to be within 20% corridor			0
5. Final actuarial value of assets as of June 30, 2011: (3) + (4)			$892,096,375
6. Actuarial value as a percentage of market value: (5) ÷ (1)			99.2%
7. Amount deferred for future recognition: (1) - (5)			$7,374,847

* *Total return minus expected return on a market value basis*

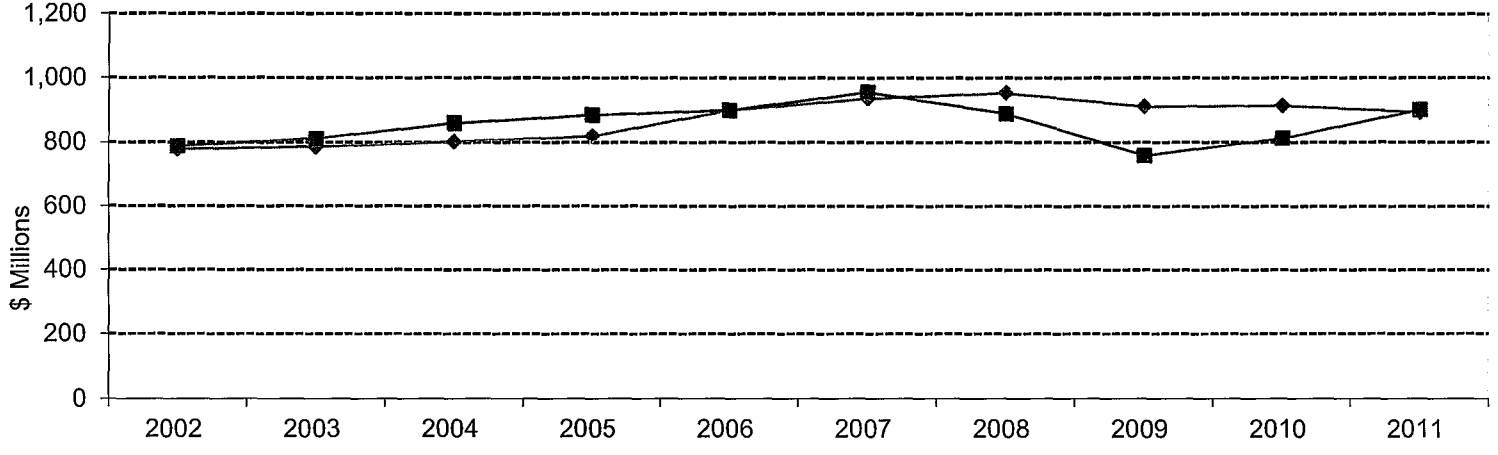
***Recognition at 20% per year over five years*

Both the actuarial value and market value of assets are representations of the System's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The actuarial asset value is significant because the System's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

This chart shows the change in the actuarial value of assets versus the market value over the past ten years. The actuarial value was reset to market in the 2006 valuation, upon adoption of a new smoothing method.

CHART 8

Actuarial Value of Assets vs. Market Value of Assets as of June 30, 2002 – 2011



C. ACTUARIAL EXPERIENCE

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total loss is $52,382,479, including losses of $29,379,526 from investments and $23,002,953 from all other sources. The net experience variation from individual sources other than investments was 2.0% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

This chart provides a summary of the actuarial experience during the past year.

CHART 9

Actuarial Experience for Year Ended June 30, 2011

1.	Net loss from investments*	-$29,379,526
2.	Net loss from administrative expenses	-24,572
3.	Net loss from other experience	-22,978,381
4.	Net experience loss: (1) + (2) + (3)	-$52,382,479

** Details in Chart 7*

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the System's investment policy. For valuation purposes, the assumed rate of return on the actuarial value of assets is 7.00%. The actual rate of return on an actuarial basis for the 2010-2011 plan year was 3.69%.

Since the actual return for the year was less than the assumed return, the System experienced an actuarial loss during the year ended June 30, 2011 with regard to its investments.

This chart shows the loss due to investment experience.

CHART 10

Actuarial Value Investment Experience for Year Ended June 30, 2011

1.	Actual return	$32,810,110
2.	Average value of assets	888,423,360
3.	Actual rate of return: (1) ÷ (2)	3.69%
4.	Assumed rate of return	7.00%
5.	Expected return: (2) x (4)	$62,189,636
6.	Actuarial loss: (1) – (5)	-$29,379,526

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial basis compared to the market value investment return for the last ten years, including five-year and ten-year averages.

We have maintained the assumed rate of return of 7.00%. However, the investment allocation has recently been changed to provide greater diversification of assets, and we will monitor the Plan's experience to determine if a higher assumed rate of return is warranted.

CHART 71

Investment Return – Actuarial Value vs. Market Value: 2002 - 2011

Year Ended June 30	Net Interest and Dividend Income		Recognition of Capital Appreciation		Change in Asset Method		Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
2002	$18,574,794	2.42%	$2,263,863	0.30%	--	--	$20,838,657	2.72%	-$89,504,028	-10.11%
2003	19,852,229	2.58	6,370,511	0.83	--	--	26,222,740	3.41	42,649,330	5.48
2004	23,403,588	3.02	14,220,308	1.83	--	--	37,623,896	4.85	69,023,086	8.61
2005	27,114,712	3.43	16,148,066	2.04	--	--	43,262,778	5.48	50,973,808	6.02
2006	19,901,991	2.46	17,031,771	2.11	$68,127,085	8.44%	105,060,847	13.01	40,468,583	4.64
2007	38,017,026	4.30	28,826,146	3.25	--	--	66,843,172	7.55	86,398,586	9.76
2008	30,863,174	3.35	19,934,937	2.17	--	--	50,798,110	5.52	-33,654,898	-3.58
2009	29,426,568	3.14	-39,403,205	-4.20	--	--	-9,976,637	-1.06	-96,873,908	-11.09
2010	24,452,410	2.73	12,425,399	1.39	--	--	36,877,809	4.12	86,792,989	11.68
2011	19,155,247	2.16	13,654,863	1.54	--	--	32,810,110	3.69	142,064,641	18.06
Total	$250,761,739		$91,472,659		$68,127,085		$410,361,483		$298,338,189	
						Five-year average return		3.92%		4.37%
						Ten-year average return		4.86%		3.55%

Note: Each year's yield is weighted by the average asset value in that year.

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

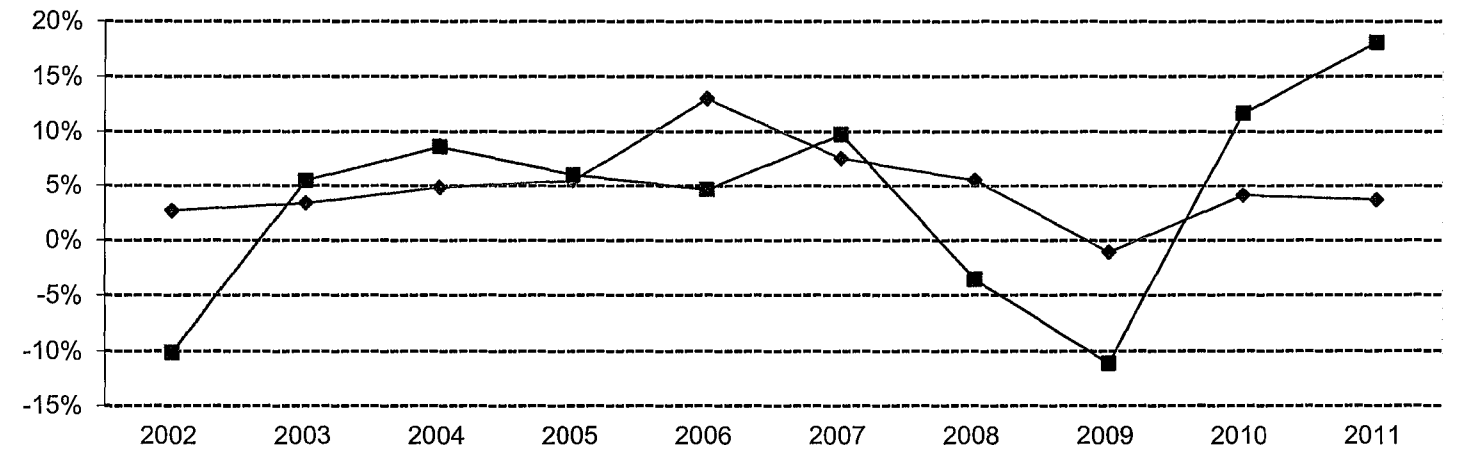
Administrative Expenses

Administrative expenses for the year ended June 30, 2011 totaled $273,817 compared to the assumption of $250,000. This resulted in a loss of $24,572 for the year when adjusted for timing. We have changed the assumption from $250,000 to $270,000 for the current year.

This chart illustrates how this leveling effect has actually worked over the years 2002 - 2011. The actuarial return for the year ended June 30, 2006 reflects a change in asset method.

CHART 12

Market and Actuarial Rates of Return for Years Ended June 30, 2002 - 2011



Other Experience

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

The net loss from this other experience for the year ended June 30, 2011 amounted to $22,978,381, which is 2.0% of the actuarial accrued liability. This loss includes the impact of the Voluntary Retirement Incentive Program as well as updates and refinements to the valuation programming.

D. RECOMMENDED CONTRIBUTION

The amount of annual contribution required to fund the System is comprised of a normal cost payment and a payment on the unfunded actuarial accrued liability. This total amount is then divided by the total payroll for active members to determine the funding rate of 21.24% of payroll.

The recommended contribution is based on a rolling 30-year amortization of the unfunded actuarial accrued liability as a level percent of pay, assuming a payroll growth of 3.00%. Expected contributions for the year are $23,137,031, or 13.00% of payroll, which leaves a deficit of 8.24% of payroll. A higher contribution will be required to fund this system on an ongoing basis and meet accepted principles and practices.

The chart compare s this valuation's recommended contribution with the prior valuation.

CHART 13

Recommended Contribution

	Year Beginning July 1			
	2011		2010	
	Amount	% of Payroll	Amount	% of Payroll
1. Normal cost*	$21,597,765	12.14%	$23,758,416	12.30%
2. Administrative expenses	260,333	0.14%	241,049	0.12%
3. Employer normal cost: (1) + (2)	$21,858,098	12.28%	$23,999,465	12.42%
4. Actuarial accrued liability	1,158,070,396		1,113,441,433	
5. Actuarial value of assets	892,096,375		913,077,824	
6. Unfunded actuarial accrued liability: (4) - (5)	$265,974,021		$200,363,609	
7. Payment on unfunded actuarial accrued liability	14,597,572	8.20%	10,996,646	5.69%
8. Total recommended contribution: (3) + (7), adjusted for timing**	$37,809,335	21.24%	$36,295,581	18.78%
9. Total payroll	$177,977,161		$193,229,880	

* *Including net obligations from the Supplemental System of -$1,771,424 for July 1, 2011 and -$1,602,882 for July 1, 2010 (-$1,837,200 and -$1,662,400 adjusted for timing).*

** *Recommended contributions are assumed to be paid at the beginning of every month.*

The recommended contribution as of July 1, 2011 is based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Contribution

The chart below details the changes in the recommended contribution from the prior valuation to the current year's valuation.

The chart reconciles the contribution from the prior valuation to the amount determined in this valuation.

CHART 14

Reconciliation of Recommended Contribution from July 1, 2010 to July 1, 2011

Recommended Contribution as of July 1, 2010	$36,295,581
Reduction in normal cost due to reduced active population	-2,240,880
Effect of investment loss	1,703,289
Effect of other gains and losses on accrued liability	1,333,604
Effect of contributions less than recommended contribution	635,925
Effect of expected change in amortization payment due to payroll growth	342,149
Effect of maintaining a 30-year rolling amortization period	-280,333
Effect of change in administrative expense assumption	20,000
Total change	$1,513,754
Recommended Contribution as of July 1, 2011	$37,809,335

E. INFORMATION REQUIRED BY THE GASB

Governmental Accounting Standards Board (GASB) reporting information provides standardized information for comparative purposes of governmental pension plans. This information allows a reader of the financial statements to compare the funding status of one governmental plan to another on relatively equal terms.

Critical information to the GASB is the historical comparison of the GASB required contribution to the actual contributions. This comparison demonstrates whether a plan is being funded within the range of GASB reporting requirements. Chart 15 below presents a graphical representation of this information for the Plan.

The other critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the actuarial value of assets to the actuarial accrued liabilities of the Plan as calculated under GASB Standards. High ratios indicate a well-funded plan with assets sufficient to cover the plan's actuarial accrued liabilities. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other factors.

Although the GASB requires that the actuarial value of assets be used to determine the funded ratio, Chart 16 shows the funded ratio calculated using both the actuarial value of assets and the market value of assets.

The details regarding the calculations of these values and other GASB numbers may be found in Section 4, Exhibits II, III, and IV.

These graphs show key GASB factors.

CHART 15

Required Versus Actual Contributions

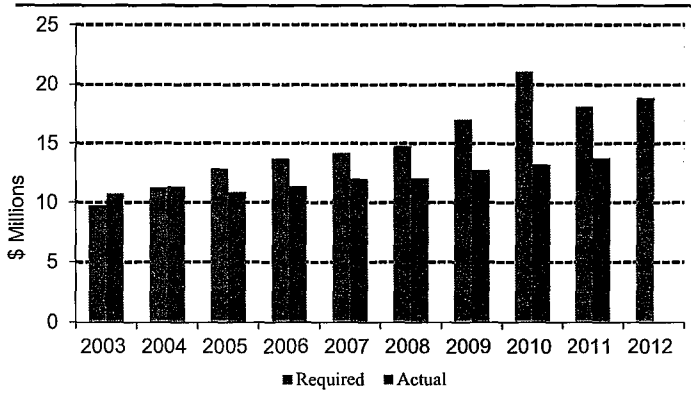


CHART 16

Funded Ratio

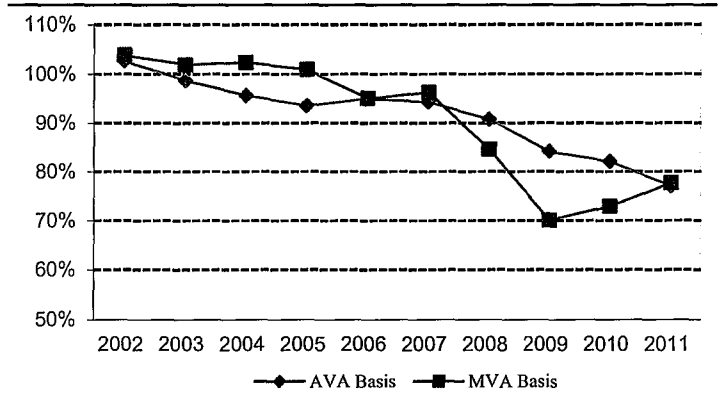


EXHIBIT A

Table of Plan Coverage

Category	Year Ended June 30 2011	2010	Change From Prior Year
Active participants in valuation:			
Number	3,807	4,073	-6.5%
Average age	44.2	44.7	N/A
Average years of service	11.6	11.9	N/A
Total payroll	$177,977,161	$193,229,880	-7.9%
Average payroll	46,750	47,442	-1.5%
Account balances	105,357,055	113,595,709	-7.3%
Total active vested participants	2,638	2,809	-6.1%
Vested terminated participants*	246	232	6.0%
Retired participants:			
Number in pay status	1,830	1,596	14.7%
Average age	68.1	68.5	N/A
Average monthly benefit	$2,282	$2,183	4.5%
Disabled participants:			
Number in pay status	488	475	2.7%
Average age	58.9	58.2	N/A
Average monthly benefit	$1,590	$1,603	-0.8%
Beneficiaries in pay status:			
Number in pay status	485	484	0.2%
Average age (includes minors)	73.4	73.5	N/A
Average monthly benefit	$890	$877	1.5%

** Includes future pensioners currently receiving benefits from the Supplemental System.*

EXHIBIT B

Participants in Active Service as of June 30, 2011
By Age, Years of Service, and Average Payroll

		Years of Service								
Age	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	90	90	--	--	--	--	--	--	--	--
	$33,102	$33,102	--	--	--	--	--	--	--	--
25 - 29	323	265	57	1	--	--	--	--	--	--
	35,933	34,982	$40,507	$27,174	--	--	--	--	--	--
30 - 34	426	229	135	60	2	--	--	--	--	--
	39,298	35,210	42,857	47,099	$33,204	--	--	--	--	--
35 - 39	483	149	140	150	44	--	--	--	--	--
	44,741	36,243	43,162	52,048	53,626	--	--	--	--	--
40 - 44	618	138	103	156	171	49	1	--	--	--
	48,796	35,593	43,778	52,915	56,116	$58,049	$40,191	--	--	--
45 - 49	649	114	76	122	137	176	24	--	--	--
	50,036	38,717	41,645	48,497	52,597	57,923	65,746	--	--	--
50 - 54	583	82	64	82	113	153	78	11	--	--
	50,593	37,435	40,193	49,562	51,439	53,839	63,790	$69,437	--	--
55 - 59	454	63	44	75	76	106	70	17	3	--
	49,902	36,430	45,928	46,973	49,712	51,386	62,262	63,762	$49,744	--
60 - 64	146	24	14	32	14	26	17	12	6	1
	59,376	46,458	58,572	49,855	47,268	58,575	72,112	74,552	129,465	$56,466
65 - 69	30	13	3	4	1	4	2	3	--	--
	45,617	32,131	53,613	52,729	64,498	47,678	70,252	61,118	--	--
70 & over	5	2	--	--	1	2	--	--	--	--
	44,556	26,635	--	--	55,866	56,823	--	--	--	--
Total	3,807	1,169	636	682	559	516	192	43	9	1
	$46,750	$35,919	$43,059	$50,184	$52,952	$55,330	$64,159	$68,041	$102,891	$56,466

EXHIBIT C

Reconciliation of Participant Data

	Active Participants	Vested Former Participants	Fire and Police Retirees	Disableds	Retired Participants	Beneficiaries	Total
Number as of July 1, 2010	4,073	29	203	475	1,596	484	6,860
New participants	154	N/A	0	N/A	N/A	N/A	154
Terminations – with vested rights	0	0	0	0	0	0	0
Lump sum payoffs	-104	0	0	0	0	0	-104
Retirements	-289	-4	28	N/A	265	N/A	0
New disabilities	-23	0	0	23	N/A	N/A	0
Return to work	3	-1	0	-2	0	N/A	0
Deaths	-7	-1	-1	-9	-42	-28	-88
New beneficiaries	N/A	N/A	N/A	N/A	N/A	30	30
Certain period expired	N/A	N/A	0	0	0	-1	-1
Data adjustments	0	1	0	1	3	0	5
Retirees transferring from Supplemental Plan	0	0	-8	0	8	0	0
Number as of July 1, 2011	3,807	24	222	488	1,830	485	6,856

EXHIBIT D

Summary Statement of Income and Expenses on an Actuarial Value Basis

	Year Ended June 30, 2011		Year Ended June 30, 2010	
Net assets at actuarial value at the beginning of the year:		$913,077,824		$910,769,192
Contribution income:				
Employer contributions	$13,772,490		$13,224,808	
Employee contributions	11,881,396		11,896,839	
Less administrative expenses	-273,817		-263,250	
Net contribution income		$25,380,069		$24,858,397
Other income		8,000		17,000
Investment income:				
Interest, dividends and other income	$22,443,800		$27,245,853	
Recognition of capital appreciation	13,654,863		12,425,399	
Less investment fees	-3,288,553		-2,793,443	
Net investment income		32,810,110		36,877,809
Total income available for benefits		$58,198,179		$61,753,206
Less benefit payments:				
Benefits	-$61,778,841		-$55,375,248	
DROP payments	-16,042,885		-3,169,255	
Refunds	-1,360,711		-908,476	
Pension reimbursements	2,810		8,405	
Net benefit payments		-$79,179,627		-$59,444,574
Change in reserve for future benefits		-$20,981,448		$2,308,632
Net assets at actuarial value at the end of the year:		$892,096,375		$913,077,824

Note: A portion of the Retirement and Relief System's assets is allocated to the Health Department. The above summary excludes the Health Department portion.

EXHIBIT E

Summary Statement of Income and Expenses on a Market Value Basis

	Year Ended June 30, 2011		Year Ended June 30, 2010	
Net assets at market value at the beginning of the year:		$811,198,139		$758,974,327
Contribution income:				
Employer contributions	$13,772,490		$13,224,808	
Employee contributions	11,881,396		11,896,839	
Less administrative expenses	-273,817		-263,250	
Net contribution income		$25,380,069		$24,858,397
Other income		8,000		17,000
Investment income:				
Interest, dividends and other income	$22,443,800		$27,245,853	
Asset appreciation	122,909,394		62,340,579	
Less investment and administrative fees	-3,288,553		-2,793,443	
Net investment income		142,064,641		86,792,989
Total income available for benefits		$167,452,710		$111,668,386
Less benefit payments:				
Benefits	-$61,778,841		-$55,375,248	
DROP payments	-16,042,885		-3,169,255	
Refunds	-1,360,711		-908,476	
Pension reimbursements	2,810		8,405	
Net benefit payments		-$79,179,627		-$59,444,574
Change in reserve for future benefits		$88,273,083		$52,223,812
Net assets at market value at the end of the year:		$899,471,222		$811,198,139

Note: A portion of the Retirement and Relief System's assets is allocated to the Health Department. The above summary excludes the Health Department portion.

EXHIBIT F

Summary Statement of Plan Assets

	Year Ended June 30, 2011		Year Ended June 30, 2010	
Cash equivalents		$21,061,624		$29,933,398
Accounts receivable:				
Employee loans	$11,413,672		$10,929,645	
Accrued interest and dividends	768,133		5,149,620	
Total accounts receivable		12,181,805		16,079,265
Investments:				
Corporate stock	$516,553,847		$383,073,422	
Domestic corporate bonds	186,481,085		191,236,283	
U.S. government obligations	164,045,686		191,820,393	
Total investments at market value		867,080,618		766,130,098
Total assets		$900,324,047		$812,142,761
Less accounts payable		-$852,825		-$944,622
Net assets at market value		$899,471,222		$811,198,139
Net assets at actuarial value		$892,096,375		$913,077,824

EXHIBIT G

Development of the Fund Through June 30, 2011

Year Ended June 30	Employer Contributions	Employee Contributions	Other Income	Net Investment Return*	Administrative Expenses	Benefit Payments	Actuarial Value of Assets at End of Year
2002	$10,537,461	$9,521,128	$31,000	$20,838,657	$92,000	$35,684,461	$778,605,246
2003	10,697,621	9,845,626	59,000	26,222,740	105,000	39,678,777	785,646,456
2004	11,347,715	10,373,268	24,000	37,623,896	292,000	43,111,069	801,612,266
2005	10,881,632	10,210,996	79,000	43,262,778	211,000	46,668,936	819,166,736
2006	11,398,732	10,522,586	36,000	105,060,847**	160,000	47,353,888	898,671,013
2007	12,006,508	10,707,106	16,000	66,843,172	180,000	52,242,705	935,821,094
2008	12,061,584	10,604,722	1,000	50,798,110	183,375	56,023,465	953,079,670
2009	12,770,110	12,433,019	11,000	-9,976,637	245,261	57,302,709	910,769,192
2010	13,224,808	11,896,839	17,000	36,877,809	263,250	59,444,574	913,077,824
2011	13,772,490	11,881,396	8,000	32,810,110	273,817	79,179,627	892,096,375

* *Net of investment fees*

** *Includes effect of change in asset method.*

EXHIBIT H

Development of Unfunded Actuarial Accrued Liability for Year Ended June 30, 2011

1. Unfunded actuarial accrued liability at beginning of year		$200,363,609
2. Normal cost at beginning of year		23,999,465
3. Total contributions		-25,653,886
4. Interest		
(a) For whole year on (1) + (2)	$15,705,415	
(b) Monthly on (3)	-823,061	
(c) Total interest		14,882,354
5. Expected unfunded actuarial accrued liability		$213,591,542
6. Change due to experience loss		52,382,479
7. Unfunded actuarial accrued liability at end of year		$265,974,021

EXHIBIT I

Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial Assumptions: The estimates on which the cost of the Plan is calculated including:

(a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;

(b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;

(c) Retirement rates — the rate or probability of retirement at a given age;

(d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal Cost: The amount of contributions required to fund the benefit allocated to the current year of service.

Actuarial Accrued Liability For Actives: The value of all projected benefit payments for current members less the portion that will be paid by future normal costs.

Actuarial Accrued Liability For Pensioners: The single-sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

Unfunded Actuarial Accrued Liability: The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan. There is a wide range of approaches to paying off the unfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

Amortization of the Unfunded Actuarial Accrued Liability: Payments made over a period of years equal in value to the Plan's unfunded actuarial accrued liability.

Investment Return: The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.

EXHIBIT J

Comparative Summary of Principal Valuation Results

	Year Ended June 30, 2011	Year Ended June 30, 2010
Participant data		
Active members	3,807	4,073
Total annual payroll	$177,977,161	$193,229,880
Retired members and beneficiaries	2,803	2,555
Total annualized benefit	$64,606,041	$56,035,176
Terminated vested members	24	29
Total annualized benefit	$325,939	$427,743
Future pensioners currently receiving benefits from Supplemental System	222	203
Total annualized benefit	$8,513,914	$7,535,565
Actuarial value of assets	$892,096,375	$913,077,824
Actuarial accrued liability:		
Active members	$459,719,404	$511,642,018
Terminated vested members	2,861,407	3,745,098
Retired members and beneficiaries	624,656,707	537,831,207
Future pensioners currently receiving benefits from Supplemental System	70,832,878	60,223,110
Total	$1,158,070,396	$1,113,441,433
Unfunded actuarial accrued liability	$265,974,021	$200,363,609

EXHIBIT I

Summary of Actuarial Valuation Results as of July 1, 2011

The valuation was made with respect to the following data supplied to us:			
1.	Retired participants as of the valuation date (including 485 beneficiaries in pay status)		2,803
2.	Participants inactive during year ended June 30, 2011 with vested rights (including 222 future pensioners currently receiving benefits from the Supplemental System)		246
3.	Participants active during the year ended June 30, 2011		3,807
	Fully vested	2,638	
	Not vested	1,169	
The actuarial factors as of the valuation date are as follows:			
1.	Normal cost, including administrative expenses		$21,858,098
2.	Actuarial accrued liability		1,158,070,396
	Retired participants and beneficiaries	$624,656,707	
	Inactive participants with vested rights	73,694,285	
	Active participants	459,719,404	
3.	Actuarial value of assets ($899,471,222 at market value as reported by the City)		892,096,375
4.	Unfunded actuarial accrued liability		$265,974,021
The determination of the recommended contribution is as follows:			
1.	Normal cost		$21,597,765
2.	Administrative expenses		260,333
3.	Total normal cost: (1) + (2)		$21,858,098
4.	Payment on unfunded actuarial accrued liability		14,597,572
5.	Total recommended contribution: (3) + (4), adjusted for timing		$37,809,335
6.	Total payroll		$177,977,161
7.	Total recommended contribution as a percentage of total payroll: (5) ÷ (6)		21.24%

EXHIBIT II

Supplementary Information Required by the GASB – Schedule of Employer Contributions

Plan Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
2006	$13,742,543	$11,398,732	82.9%
2007	14,173,353	12,006,508	84.7%
2008	14,818,900	12,061,584	81.4%
2009	17,050,689	12,770,110	74.9%
2010	21,118,910	13,224,808	62.6%
2011	18,147,791	13,772,490	75.9%
2012	18,904,668	--	--

EXHIBIT III

Supplementary Information Required by the GASB – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
7/1/2006	$898,671,013	$946,584,547	$47,913,534	94.94%	$162,849,137	29.42%
7/1/2007	935,821,094	992,864,448	57,043,354	94.25%	167,807,596	33.99%
7/1/2008	953,079,670	1,050,785,799	97,706,129	90.70%	174,113,556	56.12%
7/1/2009	910,769,192	1,083,256,135	172,486,943	84.08%	186,523,480	92.47%
7/1/2010	913,077,824	1,113,441,433	200,363,609	82.01%	193,229,880	103.69%
7/1/2011	892,096,375	1,158,070,396	265,974,021	77.03%	177,977,161	149.44%

EXHIBIT IV

Supplementary Information Required by the GASB

Valuation date	July 1, 2011
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll, assuming 3.00% per year increase
Remaining amortization period	Rolling 30 years
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases:	
Inflation	3.00%
Merit, longevity, etc.	Varies from 0.00% to 4.50% for General Employees Varies from 0.50% to 6.50% for Public Safety
Plan membership:	
Retired participants and beneficiaries receiving benefits	2,803
Terminated participants entitled to, but not yet receiving benefits*	246
Active participants	3,807
Total	6,856

** Includes 222 future pensioners currently receiving benefits from the Supplemental System.*

EXHIBIT V

Development of the Net Pension Obligation (NPO) and the Annual Pension Cost Pursuant to GASB 27

Plan Year Ended June 30	Employer Annual Required Contribution (a)	Employer Amount Contributed* (b)	Interest on NPO (h) x 7.00% (c)	ARC Adjustment (h) / (e) (d)	Amortization Factor** (e)	Pension Cost (a) + (c) – (d) (f)	Change in NPO (f) – (b) (g)	NPO Balance NPO + (g) (h)
2006	$13,742,543	$11,398,732	-$1,095,135	-$1,150,095	12.6962	$13,797,503	$2,398,771	-$12,203,031
2007	14,173,353	12,006,508	-915,227	-919,064	13.2777	14,177,190	2,170,682	-10,032,349
2008	14,818,900	12,061,584	-702,264	-755,580	13.2777	14,872,216	2,810,632	-7,221,717
2009	17,050,689	12,770,110	-505,520	-543,899	13.2777	17,089,068	4,318,958	-2,902,759
2010	21,118,910	13,224,808	-203,193	-218,620	13.2777	21,134,337	7,909,529	5,006,770
2011	18,147,791	13,772,490	350,474	274,789	18.2204	18,223,476	4,450,986	9,457,756

* *Interest was 7.50% prior to the year ended June 30, 2007.*

** *Amortization was changed from level dollar to level percent-of-pay effective July 1, 2010.*

EXHIBIT VI

Actuarial Assumptions and Actuarial Cost Method

Mortality Rates:

Healthy: RP-2000 Combined Healthy Mortality Table, set forward two years for both males and females

Disabled: RP-2000 Disabled Retiree Mortality Table, multiplied by 70%

These mortality tables were determined to contain provision appropriate to reasonably reflect future mortality improvement, based on a five-year review of mortality experience for the 2005-2010 period. The mortality assumptions will be assessed again at the time of the next five-year review, and further adjustment or expected improvements in life expectancy will be made if warranted.

Termination Rates Before Retirement:

	Rate (%)							
	Mortality		Disability			Withdrawal		
Age	Male	Female	General	Fire	Police	General*	Fire**	Police***
20	0.04	0.02	0.08	0.12	0.06	4.89	3.79	6.65
25	0.04	0.02	0.11	0.17	0.09	4.76	2.69	4.73
30	0.06	0.04	0.14	0.22	0.11	4.56	2.07	3.63
35	0.09	0.06	0.19	0.29	0.15	4.23	1.59	2.80
40	0.12	0.09	0.29	0.44	0.22	3.77	1.20	2.11
45	0.17	0.13	0.47	0.72	0.36	3.18	0.82	1.43
50	0.27	0.20	0.79	1.21	0.61	2.23	0.40	0.70
55	0.47	0.35	1.31	2.02	1.01	0.85	0.00	0.00
60	0.88	0.67	2.12	3.25	1.63	0.08	0.00	0.00

* *Withdrawal rates shown for General Employees are multiplied by 2.50 during the first five years of employment.*

** *Withdrawal rates shown for Firefighters are multiplied by 1.75 during the first five years of employment.*

*** *Withdrawal rates shown for Police Officers are multiplied by 1.70 during the first five years of employment.*

Retirement Rates: Fire and Police employees are assumed to retire on a Retirement and Relief pension in accordance with the following rates:

Fire		Police	
Years of Service*	Rate	Years of Service*	Rate
20	10%	20	45%
21-25	5	21	20
26	25	22-25	5
27-28	8	26	15
29	60	27	20
30	10	28	15
31-32	0	29	50
33	40	30	30
34	20	31-32	0
35	100	33	45
		34	25
		35	100

* *Retirement is assumed to occur no later than age 65*

General employees are assumed to retire, after meeting the service requirements, in accordance with the following rates:

Age	Rate**
Under 50	0%
50-54	15
55-59	8
60	15
61	20
62	40
63-64	20
65	40
66-74	25
Over 74	100

** *General Employee rates are decreased to 0% at 30 years and decreased by 75% when employee has 31-32 years of service. The rate is increased to 150% of the rate shown when employee reaches 33 years of service.*

Retirement Age for Inactive Vested Participants:	60
Unknown Data for Participants:	Same as those exhibited by Participants with similar known characteristics. If not specified, Participants are assumed to be male.
Percent Married:	80%
Age of Spouse:	Females three years younger than males
On the Job Disability:	
General	50%
Fire and Police	100%
On the Job Death:	
General	5%
Fire and Police	15%
Net Investment Return:	7.00%

Salary Scale:

	Annual Increase Rate (%)	
Age	General	Fire and Police
20	7.50	9.50
25	6.75	7.60
30	6.00	6.20
35	5.50	5.10
40	5.00	4.50
45	4.50	4.00
50	4.00	4.00
55	3.50	4.00
60	3.00	4.00

Includes allowance for inflation of 3.00% per year.

Interest on DROP Accounts:	5.00%
Administrative Expenses:	$270,000, payable monthly, equivalent to $260,333 at the beginning of the year.
Actuarial Value of Assets:	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Actuarial Cost Method:	Entry Age Normal Actuarial Cost Method. Entry Age is the age at the time the participant would have commenced employment if the plan had always been in existence. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by service, with Normal Cost determined as if the current benefit accrual rate had always been in effect. Actuarial Liability is allocated by salary. The valuation reflects a change in valuation software that meets the requirements of Revenue Procedure 2000-40 for automatic approval.
Change in Assumptions:	The only assumption changed with this valuation was an increase in the administrative expense assumption from $250,000 to $270,000.

EXHIBIT VII

Summary of Plan Provisions

This exhibit summarizes the major provisions of the System included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Plan Year:	July 1 through June 30
Plan Status:	Ongoing
Normal Pension:	
Eligibility	A participant may retire at (a) age 60 if he has completed 5 years of credited service, or (b) any age if he has completed 30 years of credited service.
Amount:	2.50% of final average salary for each year of credited service. This amount cannot be greater than 75.0% of the final average salary nor less than $400 per month. Service credit used to determine the benefit amount may be increased by credit granted for unused sick leave (on a percent of possible total basis). Final average salary is defined as the highest average compensation over any 36-month period of the employee's last ten years of participation.
Early Retirement Pension:	
Eligibility	A City participant may retire at age 55 if he has completed 25 years of credited service.
Amount	1.85% of final average salary for each year of credited service.

Disability:	
Ordinary	
Service Requirement	5 years credited service.
Amount	2.00% of final average salary at disability for each year of credited service, payable immediately. This amount cannot be greater than 60% of final average salary nor less than $400.
Extraordinary	
Service Requirement	None
Amount	70% of final monthly salary at disability, offset by the maximum Worker's Compensation benefit, payable immediately.
Termination:	To a participant terminating before becoming eligible for a vested deferred pension from the plan, a lump sum of his or her own contributions without interest is payable. Participants terminating after 5 years of actual service who leave their contributions in the System Fund have a non-forfeitable right to a monthly pension beginning at age 60. The form and amount of the pension are the same as the normal pension.
Death Benefits:	If a participant dies prior to his or her attainment of eligibility for retirement, a lump sum of his or her own contributions without interest is payable to his or her beneficiary. If an active participant who is eligible to retire or a retired participant dies, 60% of the accrued pension benefit is payable to the surviving spouse, if any, during his or her remaining lifetime. If an active participant (other than a participant of the Firemen and Policemen Supplemental System) who is not eligible to retire, but who has completed 5 years of service dies, a portion of 60% of the accrued pension benefit is payable to the spouse during her remaining lifetime. This portion is defined as follows:

Number of Years of Service	Portion of Entitled Benefit
5	50%
6	60
7	70
8	80
9	90
10 or more	100

This benefit is payable at the earlier of (a) the date that the deceased participant would have attained age 60 or (b) the date the deceased participant would have completed 20 years of service. In lieu of the above, for all participants, an annuity of 60% of salary is payable to the surviving spouse and 10% is payable to a minor child if death is service connected; the maximum for spouse and children is 75% and the maximum for children if no spouse is 60%. The minimum spouse benefit is $320 per month.

Back-DROP: An employee with 33 years of service or who is at least age 63 with 23 years of service may elect up to a 36-month Back-DROP. The employee's monthly benefit will be calculated using service and final average salary as of the Back-DROP date and the employee will receive a lump sum equal to the number of months dropped back times the retirement benefit, accumulated with interest.

Participation: All qualified employees of the Retirement and Relief System are required to participate.

Contributions: The City and the City employees each contribute 6.50% of compensation for the year.

Pension Plan of the General Retirement System of the City of Detroit

Financial Report
with Supplemental Information
June 30, 2011

Pension Plan of the General Retirement System of the City of Detroit

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plante moran

Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Independent Auditor's Report

To the Board of Trustees
General Retirement System
of the City of Detroit

We have audited the accompanying statement of plan net assets of the Pension Plan of the General Retirement System of the City of Detroit (the "Plan") as of June 30, 2011 and 2010 and the related statement of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

For the year ended June 30, 2010, we were unable to obtain sufficient evidence supporting approximately $113,000,000 of the Plan's alternative investments held at June 30, 2010, mostly related to private placement and real estate investments.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to obtain sufficient audit evidence supporting the above-mentioned investments at June 30, 2010, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of the Pension Plan of the General Retirement System of the City of Detroit as of June 30, 2011 and 2010 and the results of its operations for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and required supplemental information (identified in the table of contents) are not required parts of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

To the Board of Trustees
General Retirement System
of the City of Detroit

As explained in Note 1, the financial statements include investments valued at approximately $753,000,000 (representing approximately 31 percent of net assets) as of June 30, 2011 and $710,000,000 as of June 30, 2010, whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the investment managers, periodic appraisal, real estate advisors, general partners, or other means.

Our audits were conducted for the purpose of forming an opinion on the financial statements that comprise the Pension Plan of the General Retirement System of the City of Detroit's basic financial statements. The accompanying other supplemental information as identified in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The statements included in other supplemental information have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

December 8, 2011

Using this Annual Report

This annual report consists of three parts: (1) management's discussion and analysis (this section), (2) basic financial statements, and (3) required and other supplemental information. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by sections of required and other supplemental information that further explain and support the information in the financial statements.

Condensed Financial Information

The table below compares key financial information in a condensed format between the current year and the two prior years:

	Fiscal Year Ended		
	June 30, 2011	June 30, 2010	June 30, 2009
Total assets	$ 2,615,258,027	$ 2,445,348,440	$ 2,713,519,544
Total liabilities	193,691,071	198,835,751	326,383,009
Assets held in trust for pension benefits	**$ 2,421,566,956**	**$ 2,246,512,689**	**$ 2,387,136,535**
Net investment income (loss)	$ 440,868,661	$ 124,929,111	$ (794,692,915)
Contributions:			
Employee	18,104,402	19,043,434	21,135,924
Employer	55,138,044	37,338,960	41,395,719
Total contributions	73,242,446	56,382,394	62,531,643
Benefits paid to members and retirees:			
Retirees' pension and annuity benefits	221,498,249	214,110,830	205,136,206
Member annuity refunds and withdrawals	112,728,838	101,705,630	86,979,096
Total benefits paid	334,227,087	315,816,460	292,115,302
Benefits paid in excess of contributions	(260,984,641)	(259,434,066)	(229,583,659)
Ratio of benefits paid to contributions	4.6	5.6	4.7
Other expenses	4,829,753	6,118,891	5,354,617
Net increase (decrease) in net assets	**$ 175,054,267**	**$ (140,623,846)**	**$ (1,029,631,191)**

Overall Fund Structure and Objectives

The Pension Plan of the General Retirement System of the City of Detroit (DGRS or the "Plan") is a defined benefit pension plan and defined contribution plan. DGRS exists to pay benefits to its members. Members of the Plan include active employees, retirees, and beneficiaries. Active members earn service credit that entitles them to receive benefits in the future. Retirees and beneficiaries are those members currently receiving benefits.

DGRS is a relatively mature plan in that there are more members receiving current benefits than active members. As of June 30, 2011, there were 7,910 active members, 11,535 members receiving benefits, and 2,074 terminated plan members entitled to, but not yet receiving, benefits.

DGRS is governed by a 10-member board of trustees (the "Board"). Five members of the Board are elected by the active membership to serve six-year terms. One member is elected by the retiree membership to serve a two-year term. One member is appointed by the mayor of the City of Detroit from the citizens of the City of Detroit to serve a six-year term. Three members serve ex-officio, these members being the mayor of the City of Detroit (or designee), the city treasurer, and one representative from the Detroit City Council. Expirations of terms of elected trustees are staggered.

Contributions to the Plan

The City of Detroit (employer) makes regular contributions to the Plan. The required contributions are determined by the Plan's actuaries using the entry age normal cost method. Basic pension and disability benefits are funded through employer contributions plus investment earnings on those contributions.

Active employees may voluntarily contribute 0 percent, 3 percent, 5 percent, or 7 percent of gross pay to the Plan. Employee contributions are maintained in separate accounts in the defined contribution plan (annuity savings fund) solely for the benefit of the contributing employee. After 25 years of service, an active employee may elect to withdraw his or her accumulated contributions plus investment earnings. Upon retirement, an employee may elect to annuitize some or his of her annuity savings fund balance, resulting in a greater monthly retirement benefit. Any portion of an employee's annuity savings fund balance which is not annuitized upon retirement is refunded in a lump sum.

Benefit Payments

Benefits are paid monthly. DGRS paid out $334 million in benefits during the year consisting of $221 million in benefits to retirees and beneficiaries plus $113 million in refunds of annuity savings fund balances. This represents approximately 14 percent of the net assets of the Plan at year end. Employer and employee contributions were $73 million or 2.5 percent of the net assets of the Plan. The excess of benefits over contributions ($261 million) is funded through investment income. The public capital markets represent the primary source of opportunities to earn investment income.

Asset Allocation

The Board believes that the principal determinant of total fund investment performance over long periods of time is asset allocation. The DGRS asset allocation is built upon the foundation that the obligations of the Plan to pay the benefits promised to its members are very long-term obligations. Accordingly, the Board must make investment decisions that it believes will be the most beneficial to the Plan over many years, not just one or two years. The Board must also balance the desire to achieve long-term gains with the requirements of having to raise the cash to fund significant benefit payments every month.

State statutes impose limitations on what fraction of the total assets of the Plan may be invested in assets other than government bonds, investment grade bonds, and certain mortgages. Additional restrictions are imposed on what fraction of the total assets of the Plan may be invested in foreign securities. The Board's asset allocation policies comply with applicable state statutes.

The Board has established asset allocation policies which are expected to deliver more than enough investment income over a very long period of time to satisfy the obligations to pay the benefits promised to the members of the Plan. The following is a summary of the DGRS asset allocation policy as of June 30, 2011:

Equities	50%
Tactical asset allocation	8%
Fixed income	21%
Real estate	10%
Alternative investments	9%
Market neutral	2%

Investment Results

Returns presented herein have been determined using the AIMR-compliant, time-weighted, GIPS method unless explicitly stated to the contrary. All returns for periods of one year or greater have been annualized.

Total Fund Composite

The total fund composite for the year was 18.7 percent. The financial markets have continued their recovery from the severe economic downturn that accompanied the 2008-2009 credit crises. As a result, the System continues to recover its investment values during the recession and is showing positive returns for a second straight year. Total plan returns for the recent prior fiscal years ended June 30 are shown below:

2010	8%
2009	-18.8%
2008	-4.3%
2007	18.9%
2006	11.3%

Contacting the Pension Plan of the General Retirement System's Management

This financial report is intended to provide a general overview of the Plan's finances and investment results in relation to actuarial projections. It shows the Plan's accountability for the money it receives from employer and employee contributions. If you have questions about this report or need additional information, we welcome you to contact the Plan's office.

Pension Plan of the General Retirement System of the City of Detroit

Statement of Plan Net Assets
June 30, 2011 and June 30, 2010

	2011	2010
Assets		
Cash (Note 3)	$ 5,827,721	$ 10,726,257
Investments - At fair value (Note 3):		
Short-term investments	84,647,332	75,203,694
Stocks	895,439,842	793,534,187
Commingled equity funds	521,606,935	496,160,442
Bonds	171,392,146	166,081,579
Mortgage-backed securities	21,396,438	14,502,806
Pooled investments	33,549,000	30,936,000
Equity interest in real estate	279,991,189	281,578,838
Private placements	361,251,019	296,850,440
Mortgage and construction loans	78,186,668	100,500,312
Accrued investment income	5,519,804	6,679,560
Contributions receivable	15,133,397	8,131,716
Receivables from investment sales	8,894,101	23,213,005
Notes receivable from participants	19,160,652	21,977,110
Other accounts receivable	1,067,992	108,626
Capital assets (Note 1)	1,283,118	1,237,754
Cash and investments held as collateral for securities lending (Note 3):		
Asset-backed securities	14,507,298	11,550,133
Certificates of deposit	7,300,755	6,000,162
Commercial paper	12,845,037	-
Repurchase agreements	24,074,936	-
Money market	293	80,499,219
Corporate floating rate	52,182,354	19,876,600
Total assets	2,615,258,027	2,445,348,440
Liabilities		
Payables for investment purchases	28,241,569	21,368,470
Claims payable to retirees and beneficiaries	-	2,605,147
Due to the City of Detroit	2,753,157	1,354,035
Other liabilities	26,402,934	27,944,497
Amounts due broker under securities lending agreement	136,293,411	145,563,602
Total liabilities	193,691,071	198,835,751
Net Assets Held in Trust for Pension Benefits (a schedule of analysis of funding progress is presented in the required supplemental information)	**$ 2,421,566,956**	**$ 2,246,512,689**

The Notes to Financial Statements are an Integral Part of this Statement.

Pension Plan of the General Retirement System of the City of Detroit

Statement of Changes in Plan Net Assets
Years Ended June 30, 2011 and June 30, 2010

	2011	2010
Additions		
Investment income:		
Interest and dividend income	$ 38,045,858	$ 34,927,154
Net appreciation in fair value	413,327,439	88,075,473
Investment expense	(15,008,752)	(15,592,697)
Securities lending income	325,305	656,893
Net gain on collateralized securities	2,254,750	7,686,333
Other income	1,924,061	9,004,267
Net investment income	440,868,661	124,757,423
Contributions:		
Employee	18,104,402	19,215,122
Employer	55,138,044	37,338,960
Total additions - Net	514,111,107	181,311,505
Deductions		
Retirees' pension and annuity benefits	221,498,249	212,463,813
Member refunds and withdrawals	112,728,838	103,352,647
General and administrative expenses	4,731,602	6,029,721
Depreciation expense	98,151	89,170
Total deductions	339,056,840	321,935,351
Net Increase (Decrease) in Net Assets Held in Trust for Pension Benefits	175,054,267	(140,623,846)
Net Assets Held in Trust for Pension Benefits - Beginning of year	2,246,512,689	2,387,136,535
Net Assets Held in Trust for Pension Benefits - End of year	**$ 2,421,566,956**	**$ 2,246,512,689**

The Notes to Financial Statements are an Integral Part of this Statement.

Note 1 - Summary of Significant Accounting Policies

The City of Detroit (the "City") sponsors the Pension Plan of the General Retirement System of the City of Detroit (the "Plan"), which is a contributory single-employer retirement plan. The Plan, which is administered by the Plan's board of trustees, is comprised of a defined benefit plan and a defined contribution plan. The Plan provides retirement, disability, and survivor benefits to plan members and beneficiaries.

The Pension Plan of the General Retirement System of the City of Detroit is an independent trust qualified under applicable provisions of the Internal Revenue Code and is an independent entity (separate and distinct from the employer/plan sponsor) as required by (1) state law and (2) Internal Revenue Code provisions setting forth qualified plan status. The trustees of the Plan have fiduciary obligations and legal liability for any violations of fiduciary duties as independent trustees.

Reporting Entity - The financial statements of the Plan are also included in the combined financial statements of the City of Detroit as a Pension Trust Fund. The assets of the Pension Trust Fund include no securities of or loans to the City or any other related party.

Plan Sponsor Financial Condition - The City of Detroit (the plan sponsor) is experiencing significant financial difficulty. In recent weeks, the mayor has announced that the City is facing a budget deficit and would need to implement severe cuts in order to balance the budget. Recently, the Department of Treasury has indicated that it will initiate a preliminary financial review of the City of Detroit's finances in accordance with Public Act 4 of 2011. Based on these facts, there is uncertainty regarding the City's ability to meet all of its future financial obligations.

Basis of Accounting - The Pension Plan of the General Retirement System of the City of Detroit's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Note 1 - Summary of Significant Accounting Policies (Continued)

Methods Used to Value Investments - Investments are reported at fair value or estimated fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments. The fair value of real estate investments is based on periodic appraisals as well as the judgment of independent real estate advisors and management. Investments that do not have an established market value are reported at estimated fair value as determined by the Plan's management. Approximately 31 percent of the Plan's assets are not publicly traded and therefore do not have a readily determinable market value. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ significantly from the values that would have been used had a ready market for these securities existed. The difference could be material.

Capital Assets - Capital assets for the Plan include land, office equipment, and furniture. Depreciation expense is calculated by allocating the net cost of the assets over their estimated useful lives.

Notes Receivable from Participants - In fiscal year 2010, the Plan adopted the employee loan program. Any active general employee who is or has been a participant in the 1973 defined contribution plan (annuity savings fund) may be eligible. The minimum amount of the loan was established at $1,000. The maximum loan is the lesser of 50 percent of the member's account balance in the annuity savings fund or $10,000. Members can borrow as either a general purpose loan payable in 1 to 5 years or a residential loan payable in 1 to 15 years. A member can have only one outstanding loan. The balance of these loans for the years ended June 30, 2011 and 2010 was $19,160,652 and $22,052,110, respectively, measured at the unpaid principal balance plus any accrued but unpaid interest. Participant notes receivable are written off when deemed uncollectible. To date, no write-offs have occurred.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure. Actual results could differ from those estimates.

Note 1 - Summary of Significant Accounting Policies (Continued)

Comparative Data/Reclassifications - Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Note 2 - Plan Description and Contribution Information

At June 30, 2011, the membership of the defined benefit plan and the defined contribution plan consisted of the following:

	Defined Benefit Plan	Defined Contribution Plan
Retirees and beneficiaries receiving pension benefits	11,535	1,449
Terminated plan members entitled to but not yet receiving benefits	2,074	322
Active plan members	7,910	6,812

Plan Description - The Plan provides retirement benefits, as well as survivor and disability benefits. Employees may receive cost of living adjustments as a percentage of their base amount, pursuant to the collective bargaining agreement in effect at their date of retirement. The obligation to contribute to and maintain the Plan was established by City Charter and negotiation with the employees' collective bargaining units.

Contributions - The City's policy is to fund normal costs and the amortization of prior service costs. The City is required to contribute at an actuarially determined rate. Administrative costs are financed through investment earnings. The weighted average contribution rate for 2010-2011 and 2009-2010 was 15.38 percent and 9.56 percent, respectively. Contributions from the employer for the years ended June 30, 2011 and 2010 totaled $55,138,044 and $37,338,960, respectively.

Employees may also elect to contribute (a) 0 percent, (b) 3 percent of annual compensation up to the Social Security wage base and 5 percent of any excess over that, (c) 5 percent, or (d) 7 percent toward annuity savings. Contributions from employees during the years ended June 30, 2011 and 2010 totaled $18,104,402 and $19,215,122, respectively.

Note 2 - Plan Description and Contribution Information (Continued)

The contribution requirements of plan members and the City of Detroit are established and may be amended by the board of trustees in accordance with the City Charter, union contracts, and plan provisions.

Annual Pension Costs - The annual contribution for the year ended June 30, 2011 was $55,138,044. The annual contribution was determined as part of an actuarial valuation at June 30, 2009, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) a 7.9 percent investment rate of return, (b) projected salary increases of 4.0 percent per year, (c) additional salary increases of 0 percent to 4.9 percent per year based on merit and/or longevity, and (d) cost-of-living adjustments of 2.25 percent per year. Both (a) and (b) are determined to be using techniques that smooth the effects of short-term volatility over a five-year period. The unfunded actuarial liability is being amortized as a level of percent of payroll on an open basis. The remaining amortization period is 30 years.

Per the actuarial report dated June 30, 2010, all assumptions have remained consistent except the change in smoothing the effects of short-term volatility from a five-year period to a seven-year period first effective with the June 30, 2010 valuation which will impact the FY 2012 employer contribution.

Funded Status and Funding Progress - As of June 30, 2010, the most recent actuarial valuation date, the Plan was 87.1 percent funded on an actuarial basis. The actuarial accrued liability for benefits was $3,719,586,762 and the actuarial value of assets was $3,238,130,553, resulting in an actuarial accrued liability of $481,456,209. The covered payroll (annual payroll for active employees covered by the Plan) was $334,343,506 and the ratio for the unfunded AAL to the covered payroll was 144.0 percent.

The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan net assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 2 - Plan Description and Contribution Information (Continued)

Three-year trend information as of June 30 is as follows:

	Fiscal Year Ended June 30		
	2009	2010	2011
Annual pension costs (APC)	$ 41,395,719	$ 37,338,960	$ 55,138,044
Percentage of APC contributed	100%	100%	100%
Net pension obligation	$ -	$ -	$ -

See Note 4 for disclosure of required reserves.

Note 3 - Deposits and Investments

The Plan is authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles. The investment policy adopted by the board is in accordance with Public Act 196 of 1997 and has authorized the investments according to Michigan Public Act 314. The Plan's deposits and investment policies are in accordance with statutory authority other than investments in Michigan-based small businesses under Section 20(a). The Plan is in excess of statutory limits by approximately 1 percent.

Subsequent Declines in Investment Values - Subsequent to year end, the fair value of the Plan's non-alternative investment portfolio, at October 31, 2011, had declined by approximately $148,000,000, or 9 percent, due to general market fluctuations. Because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate risks, market, credit risks, and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported on the statement of changes in plan net assets.

The Plan's cash and investments are subject to several types of risk, which are examined in more detail below:

Note 3 - Deposits and Investments (Continued)

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank's failure, the Plan's deposits may not be returned to it. The Plan does not have a deposit policy for custodial credit risk. At June 30, 2011 and 2010, the Plan had $0 and approximately $1,400,000, respectively, of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Plan believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Plan evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Plan's investment policy does not restrict investment maturities. At June 30, 2011, the average maturities of investments broken down by years are as follows:

		Investment Maturities (in years)			
Investment Type	Fair Value (in thousands)	Less than 1	1-5	6-10	More than 10
U.S. government	$ 46,237	$ 2,110	$ 14,257	$ 12,075	$ 17,795
Mortgage backed	21,457	-	127	3,978	17,352
Treasuries*	14,820	14,820	-	-	-
Corporate	109,537	305	42,567	45,019	21,646
Other fixed income	15,757	210	3,176	657	11,714
Convertible stocks	857	-	857	-	-
Convertible bonds	36	-	36	-	-
Pooled and mutual funds*	85,483	-	-	-	-
State and local obligations	969	-	-	-	969
Commingled bond funds*	293	-	-	-	-
Mortgages	67,553	47,935	19,618	-	-
Construction loans	10,533	6,897	3,636	-	-
Total	$ 373,532	$ 72,277	$ 84,274	$ 61,729	$ 69,476

* Not all pooled and mutual funds and commingled funds are subject to interest rate risk.

Note 3 - Deposits and Investments (Continued)

At June 30, 2010, the average maturities of investments broken down by years are as follows:

Investment Type	Fair Value (in thousands)	Investment Maturities (in years) Less than 1	1-5	6-10	More than 10
U.S. government	$ 48,104	$ 3,557	$ 17,851	$ 11,951	$ 14,745
Mortgage backed	14,078	-	17	5,418	8,643
Treasuries*	16,736	6,239	-	-	-
Corporate	105,801	627	49,806	31,804	23,564
Other fixed income	7,529	655	3,932	1,100	1,842
Convertible stocks	942	-	-	942	-
Convertible bonds	1,548	-	492	193	864
Pooled and mutual funds*	73,069	-	-	-	-
State and local obligations	1,157	-	-	-	1,157
Commingled bond funds*	3,834	-	-	-	-
Mortgages	93,021	48,488	2,546	41,987	-
Construction loans	7,478	5,489	1,989	-	-
Total	$ 373,297	$ 65,055	$ 76,633	$ 93,395	$ 50,815

* Not all pooled and mutual funds and commingled funds are subject to interest rate risk.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Plan has no investment policy that would further limit its investment choices. As of June 30, 2011, the credit quality ratings of debt securities (other than those guaranteed by the U.S. government) as rated by S&P are as follows:

Investment Type and Fair Value ($000)	AAA	AA	A	BBB	BB
U.S. government	$ 10,680	$ 424	$ 7,516	$ 1,140	$ 139
Mortgage backed	-	-	-	279	-
Corporate	5,632	3,663	9,893	13,734	11,251
Other fixed income	-	364	1,423	2,087	109
Pooled and mutual funds	2,042	-	-	-	-
State and local obligations	-	-	619	-	-
Commingled bond funds	294	-	-	-	-
Total	$ 18,648	$ 4,451	$ 19,451	$ 17,240	$ 11,499

Note 3 - Deposits and Investments (Continued)

Investment Type and Fair Value ($000)	B	CCC and Below	NR
U.S. government	$ -	$ -	$ 7,152
Mortgage backed	1,080	1,277	-
Corporate	28,954	8,935	27,473
Other fixed income	-	393	11,380
Convertible bonds	36	-	-
Convertible stocks	-	-	857
Pooled and mutual funds	-	-	83,442
State and local obligations	-	-	350
Mortgages	-	-	67,533
Construction loans	-	-	10,633
Total	$ 30,070	$ 10,605	$ 208,820

As of June 30, 2010, the credit quality ratings of debt securities (other than those guaranteed by the U.S. government) as rated by S&P are as follows:

Investment Type and Fair Value ($000)	AAA	AA	A	BBB	BB
U.S. government	$ 34,223	$ -	$ 6,253	$ -	$ 319
Mortgage backed	1,118	428	333	-	303
Treasuries	1,893	1,949	-	-	-
Corporate	4,521	-	10,114	14,657	10,603
Other fixed income	-	652	3,045	2,319	296
State and local obligations	-	-	628	-	-
Commingled bond funds	3,834	-	-	-	-
Total	$ 45,589	$ 3,029	$ 20,373	$ 16,976	$ 11,521

Investment Type and Fair Value ($000)	B	CCC and Below	NR
U.S. government	$ -	$ -	$ 6,909
Mortgage backed	-	651	2,436
Treasuries	-	-	10,498
Corporate	26,740	11,408	25,808
Other fixed income	266	276	676
Convertible bonds	574	110	864
Convertible stocks	942	-	-
Pooled and mutual funds	-	-	71,176
State and local obligations	-	-	530
Mortgages	-	-	93,021
Construction loans	-	-	7,478
Total	$ 28,522	$ 12,445	$ 219,396

Note 3 - Deposits and Investments (Continued)

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. The Plan does not restrict the amount of investments in foreign currency. For the year ended June 30, 2011, the following deposits and securities are subject to foreign currency risk (in $000):

	Fixed Income	Equity	Cash	Forward Contracts
Australian dollar	$ 4,423	$ 8,513	$ 429	$ (3,383)
Brazilian real	2,608	719	-	(1,521)
British pound sterling	5,084	34,531	376	2,285
Bulgarian lev	-	295	-	-
Canadian dollar	2,484	5,883	43	-
Czech koruna	-	650	-	-
Danish krone	-	3,351	175	(615)
Euro currency	9,654	49,567	3,801	(19,508)
Hong Kong dollar	-	10,587	579	163
Hryvnia	-	105	4	-
Hungarian forint	1,140	-	-	-
Indonesian rupiah	2,226	-	-	-
Israeli shekel	-	-	20	657
Japanese yen	-	29,998	178	(2,114)
Malaysian ringgit	2,009	-	-	-
Mexican nuevo peso	2,042	358	-	1,171
New Taiwan dollar	-	2,041	332	-
New Zealand dollar	1,502	-	1	(1,385)
Norwegian krone	1,761	235	112	6,992
New Turkish lira	-	-	-	1,747
Polish zloty	2,733	50	4	-
Renminbi yuan	-	1,051	-	1,717
Russian new ruble	-	-	29	-
Singapore dollar	-	957	297	1,024
South African rand	1,329	466	-	-
Sount Korean won	1,984	1,758	-	-
Swedish krona	-	2,614	6	1,977
Swiss franc	-	9,567	(38)	2,035
Thai baht	-	61	(60)	-
Ghana cedi	348	-	45	-
Total	$ 41,327	$ 163,357	$ 6,333	$ (8,758)

Note 3 - Deposits and Investments (Continued)

For the year ended June 30, 2010, the following deposits and securities are subject to foreign currency risk (in $000):

	Fixed Income	Equity	Cash Equivalent	Cash	Forward Contracts
Australian dollar	$ 4,015	$ 6,938	$ -	$ 375	$ (26,716)
Brazilian real	2,420	1,386	-	-	-
British pound sterling	2,888	41,299	(23)	102	5,650
Bulgarian lev	-	167	-	-	-
Canadian dollar	559	8,038	-	362	4,412
Czech koruna	-	863	-	-	(819)
Danish krone	-	1,665	-	27	-
Euro currency	6,495	48,852	22	6,485	(31,552)
Hong Kong dollar	-	4,335	-	110	-
Hryvnia	-	395	-	4	-
Hungarian forint	-	484	-	-	(393)
Indonesian rupiah	2,248	127	-	-	-
Israeli shekel	-	-	-	14	(3,144)
Japanese yen	-	39,392	-	727	(23,640)
Malaysian ringgit	2,215	-	-	-	-
Mexican nuevo peso	1,671	267	-	-	(175)
New Taiwan dollar	-	2,297	-	552	-
New Zealand dollar	1,514	-	-	1	(5,856)
Norwegian krone	1,783	2,661	-	32	9,310
New Turkish lira	-	-	-	-	1,568
Polish zloty	2,583	1,387	-	8	(507)
Renminbi yuan	-	177	-	-	924
Russian new ruble	-	361	-	1	-
Singapore dollar	-	1,701	-	230	1,318
South African rand	566	1,544	-	-	(2,793)
Sount Korean won	1,999	2,265	-	-	-
Swedish krona	1,952	1,540	-	30	12,916
Swiss franc	-	9,228	-	39	(22,309)
Ghana cedi	221	-	-	9	-
Total	$ 33,129	$ 177,369	$ (1)	$ 9,108	$ (81,806)

Note 3 - Deposits and Investments (Continued)

As permitted by state statutes and under the provisions of a securities lending authorization agreement, the Plan lends securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The Plan's custodial bank manages the securities lending program and receives cash, government securities, or irrevocable bank letters of credit as collateral. The custodial bank does not have the ability to pledge or sell collateral securities unless the borrower defaults. Borrowers are required to deliver collateral for each loan equal to not less than 102 percent of the market value of the loaned securities.

The Plan did not impose any restrictions during the fiscal year on the amount of loans made on its behalf by the custodial bank. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or custodial bank.

The Plan and the borrower maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in a separate account with the cash collateral of other lenders in an investment pool. The average duration of this investment pool as of June 30, 2011 was 25 days. Because the loans are terminable on demand, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2011, the Plan had no credit risk exposure to borrowers. The collateral received (at cost) and the fair market value of the underlying securities on loan for the Plan as of June 30, 2011 were $136,293,411 and $133,155,256, respectively.

Securities Lent	Underlying Securities
U.S. government and agencies	$ 16,271,100
U.S. corporate fixed income	13,180,767
U.S. equities	97,456,538
Non-U.S. governments	2,687,041
Non-U.S. corporate fixed income	817,376
Non-U.S. equities	2,742,434
Total	$ 133,155,256

Note 3 - Deposits and Investments (Continued)

The fair market value of collateral of the securities lending pool at June 30, 2011 was $110,910,673. The investments were in asset-backed securities, certificates of deposit, commercial paper, repurchase agreements, money market, and U.S. corporate securities (floating rate). Approximately 51 percent of these securities had a duration less than a year, 43 percent had a duration from 1-5 years, and 6 percent had a duration over 15 years.

The credit ratings of the securities lending collateral pool held at June 30, 2011 as rated by S&P are as follows:

Ratings	Amount
AAA	$ 12,598,861
AA	23,834,496
A	16,964,448
A-1	20,145,792
B	1,249,925
CCC	3,958,862
D	1,345,560
NR	30,812,729
Total	$ 110,910,673

At June 30, 2010, the collateral received (at cost) and the fair market value of the underlying securities on loan for the Plan were $145,563,602 and $140,192,772, respectively.

Securities Lent	Underlying Securities
U.S. government and agencies	$ 25,932,761
U.S. corporate fixed income	17,089,350
U.S. equities	92,720,918
Non-U.S. governments	557,348
Non-U.S. equities	3,892,396
Total	$ 140,192,773

Note 3 - Deposits and Investments (Continued)

The fair market value of collateral of the securities lending at June 30, 2010 was $117,926,115. The investments were in asset-backed securities, bank notes, certificates of deposit (floating rate), mutual funds, and U.S. corporate securities (floating rate). Of these security lending investments, approximately 92 percent had a duration less than a year and the remaining 8 percent had a duration over 15 years.

The credit ratings of the securities lending collateral pool held at June 30, 2010 as rated by S&P is as follows:

Ratings	Amount
AA	$ 6,208,500
A	11,653,492
A-1	6,000,162
B	3,851,602
CCC	4,838,140
NR	85,374,219
Total	$ 117,926,115

Note 4 - Reserves

State law requires employee contributions to be segregated. In addition, amounts must be set aside as determined by the actuary to fund benefits to retirees currently approved to receive benefits. As of June 30, 2011, these reserves were more than the net assets of the Plan.

	2011	2010
Reserved for employee contributions	$ 596,048,582	$ 649,554,738
Reserved for retired employees	2,059,139,737	1,949,468,510

A statement of changes in plan net assets by fund is included in the other supplemental information.

Note 5 - Pension Obligation Certificates

In June 2005, the City of Detroit issued $1,440,000,000 of pension obligation certificates to provide funding for the unfunded actuarially accrued liability (UAAL) of both the General Retirement Plan of the City of Detroit and the Police and Fire Retirement Plan of the City of Detroit. The pension obligation certificate proceeds were used to fund the combined liability of both plans that existed at June 30, 2003. Any future UAAL that may arise will continue to be paid by the City, as well as the annual normal cost. The proceeds of the pension obligation certificates were deposited into the Plan and are accounted for in the Accrued Liability Reserve Fund (pension obligation certificate). Approximately $740,000,000 was deposited into the General Retirement Plan of the City of Detroit and approximately $630,000,000 was deposited into the Police and Fire Retirement Plan of the City of Detroit, net of issuance costs and premiums. On an annual basis, funds will be transferred from the Accrued Liability Reserve Fund to the pension accumulation reserve based on a computation performed by the City of Detroit. The Accrued Liability Reserve Fund was credited with investment earnings commensurate with the overall earnings of the Plan.

Note 6 - Credit Enhancement Agreements and Funding Commitments

The Plan had credit enhancement agreements totaling $16,000,000 and $17,500,000 during 2011 and 2010, respectively. In exchange for the credit enhancement, the Plan receives fees from the companies to which the enhancement agreements have been given.

When the Plan enters into various investments, it may not completely fund the entire investment at the beginning. Rather, it enters into commitments to fund remaining capital amounts at certain points in time. At June 30, 2011 and 2010, the remaining capital funding commitment for the Plan is approximately $138 million and $100 million, respectively.

Required Supplemental Information

Pension Plan of the General Retirement System of the City of Detroit

Required Supplemental Information
Schedule of Analysis of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
06/30/05	$ 3,222,393,861	$ 3,347,387,652	$ 124,993,791	96.3	$ 390,593,600	32.0
06/30/06	3,373,687,677	3,434,288,153	60,600,476	98.2	361,151,456	16.8
06/30/07	3,586,550,485	3,629,217,059	42,666,574	98.8	361,701,481	11.8
06/30/08	3,641,197,523	3,609,558,628	(31,638,895)	100.9	368,470,990	(8.6)
06/30/09	3,412,411,183	3,689,065,726	276,654,543	92.5	357,072,833	77.5
06/30/10	3,238,130,553	3,719,586,762	481,456,209	87.1	332,343,506	144.9

Pension Plan of the General Retirement System of the City of Detroit

Required Supplemental Information
Schedule of Employer Contributions

Year Ended June 30	Date of Actuarial Valuation	Annual Required Contribution	Contribution Made	Percentage Contributed	Transfer from Accrued Liability Reserve Fund*
2006	June 30, 2004	$ 42,799,581	$ 58,162,088	136	$ 32,651,232
2007	June 30, 2005	41,444,808	41,444,808	100	39,840,591
2008	June 30, 2006	43,168,448	43,168,448	100	40,430,886
2009	June 30, 2007	41,395,719	41,395,719	100	39,688,411
2010	June 30, 2008	37,338,960	37,338,960	100	48,542,194
2011**	June 30, 2009	55,138,044	55,138,044	100	52,306,723

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of June 30, 2010, the latest actuarial valuation, follows:

Valuation date	June 30, 2010
Actuarial cost method	Entry age
Amortization method	Level percent
Remaining amortization period	30 years
Asset valuation method	7-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.9%
Projected salary increases	4.0%-8.9%
Includes inflation at	4.0%
Cost-of-living adjustments	2.25% of original pension amount at retirement

* In accordance with the pension obligation certificate requirements, annual transfers are made from the Accrued Liability Reserve Fund to the pension accumulation reserve for the amortization of the unfunded liability that existed at the date the certificates were issued. The annual required contributions are stated net of the POC transfers.

** A portion of these employer contributions remains outstanding at June 30, 2011 but, per agreement with the City, will be paid during FY 2012.

Other Supplemental Information

Pension Plan of the General Retirement System of the City of Detroit

Other Supplemental Information
Description of Funds

Annuity Savings Fund - This fund represents cumulative required and voluntary contributions made by the active employees plus accumulated interest.

Annuity Reserve Fund - Transfers are made from the Annuity Savings Fund into the Annuity Reserve Fund when an employee retires, becomes disabled, or if a surviving spouse elects an annuity rather than a lump-sum payout of accumulated employee contributions.

Both annuity funds are referred to as defined contribution plans.

Market Stabilization Fund - This fund represents designations from the plans' investment income (loss) to be used to cushion the market value adjustments within the other funds. The boards of trustees authorized the creation of this fund and the reserve amounts are calculated using a three-year average method.

Accrued Liability Reserve Fund - This fund originated during June 2005 when the City of Detroit (the "City") issued pension obligation certificates to fund the unfunded actuarial accrued liability that existed at June 30, 2003 (subject UAAL). On an annual basis, the actuary will inform the Plan of the amount to transfer from the Accrued Liability Reserve to the Pension Accumulation Fund in lieu of contributions from the City for the subject UAAL.

Pension Accumulation Fund - This fund represents accumulated City contributions to the pension plan for the payment of pensions and other benefits to future retirees. Additionally, pre-employment military service credit contributions are captured in this fund.

Pension Reserve Fund - This fund represents funded pension benefits available for retired members and is funded by actuarially determined transfers from the Pension Accumulation Fund.

Pension Plan of the General Retirement System of the City of Detroit

	Annuity Reserves	
	Annuity Savings Fund	Annuity Reserve Fund
Additions		
Net investment income	$ 47,828,261	$ 4,717,198
Contributions:		
Employee	18,104,402	-
Employer	-	-
Total additions - Net	65,932,663	4,717,198
Deductions		
Retirees' pension and annuity benefits	-	-
General and administrative expenses	-	-
Depreciation expense	-	-
Member refunds and withdrawals	112,728,838	-
Total deductions	112,728,838	-
Net (Deductions) Additions - Before transfers	(46,796,175)	4,717,198
Transfers - Net	(6,709,981)	5,729,832
Net (Decrease) Increase in Net Assets Held in Trust for Pension Benefits	(53,506,156)	10,447,030
Net Assets Held in Trust for Pension Benefits - Beginning of year	649,554,738	64,773,694
Net Assets Held in Trust for Pension Benefits - End of year	**$ 596,048,582**	**$ 75,220,724**

Other Supplemental Information
Statement of Changes in Plan Net Assets by Fund
Year Ended June 30, 2011
(with comparative totals for the year ended June 30, 2010)

		Pension Reserves		Total	
Market Stabilization Fund	Accrued Liability Reserve Fund	Pension Accumulation Fund	Pension Reserve Fund	2011	2010
$ 190,481,996	$ 61,846,501	$ 4,829,752	$ 131,164,953	$ 440,868,661	$ 124,929,111
-	-	-	-	18,104,402	19,043,434
-	-	55,138,044	-	55,138,044	37,338,960
190,481,996	61,846,501	59,967,796	131,164,953	514,111,107	181,311,505
-	-	-	221,498,249	221,498,249	214,110,830
-	-	4,731,602	-	4,731,602	6,029,721
-	-	98,151	-	98,151	89,170
-	-	-	-	112,728,838	101,705,630
-	-	4,829,753	221,498,249	339,056,840	321,935,351
190,481,996	61,846,501	55,138,043	(90,333,296)	175,054,267	(140,623,846)
(105,750,007)	(52,306,723)	(30,520,614)	189,557,493	-	-
84,731,989	9,539,778	24,617,429	99,224,197	175,054,267	(140,623,846)
(751,949,715)	789,718,180	(390,279,024)	1,884,694,816	2,246,512,689	2,387,136,535
$ (667,217,726)	**$ 799,257,958**	**$ (365,661,595)**	**$ 1,983,919,013**	**$ 2,421,566,956**	**$ 2,246,512,689**

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Confidential

April 20, 2012

Mr. Adam Cloud, Secretary
City of Hartford Pension Commission
Office of the Treasurer
550 Main Street
Hartford, CT 06103

Re: 2011 MERF Actuarial Survey

Dear Adam:

We are pleased to present the Annual Valuation of the City of Hartford Municipal Employees' Retirement Fund for 2011. Eleven additional copies are included for distribution. This report reflects the change in assumptions recommended with the 2005-2010 Experience Study.

A change from the Aggregate Funding Method to the Entry Age Normal Funding Method was made this year as a result of that study. We have shown the recommended contribution for the 2012-2013 fiscal year as a percentage of estimated payroll as in the past, as well as an alternative recommended dollar amount with this change in method.

Recommended contribution rates are as follows:

	Recommended Fiscal Year 2012-2013 Contribution (2011 MERF Actuarial Survey)		**Recommended Fiscal Year 2011-2012 Contribution (2010 MERF Actuarial Survey)**
	Dollar Amount (in millions)	% Of Payroll	% Of Payroll
Police	$13.19	32.56%	17.91%
Firefighters	6.97	21.67%	11.30%
Board of Education	3.48	8.49%	14.42%
Municipal Services	11.47	43.92%	40.66%
Library	1.02	22.83%	24.03%
Total	36.13		

Please see Section I of the attached report for analysis and discussion regarding the changes in the contribution requirements from last year to this year, as well as expectations for future increases.

As always, I am available to answer any questions you or the Pension Commission may have.

Sincerely,

Elizabeth J. Churney

Ellen A. Kucenski

/mmh
Enclosure
Copy with enclosure: Donna P. Parker

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HOOKER & HOLCOMBE, INC.
Benefit Consultants and Actuaries

65 LaSalle Road
West Hartford, CT 06107-2397
860-521-8400 tel
860-521-3742 fax
www.hhconsultants.com

City of Hartford Municipal Employees' Retirement Fund (MERF)

Actuarial Survey

July 1, 2011

Elizabeth J. Churney, F.S.A., MAAA
Consulting Actuary

Ellen A. Kucenski, F.S.A., MAAA
Actuary

Scott B. Moss, A.S.A.
Pension Analyst

April 20, 2012

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Section I

Valuation Report

A. Purpose of the Valuation

The purpose of the valuation is to determine the funded status of the plan as well as the recommended cash contribution for the plan year. The information found in Section II of the report has been developed for this purpose.

The ultimate cost of a pension plan is based primarily on the level of benefits promised by the plan. The pension fund's investment earnings serve to reduce the cost of plan benefits and expenses. Thus,

City's ultimate cost	=	*benefits paid*	+	*expenses incurred*	-	*investment return*	-	*employee contributions*

B. Contribution for 2012-2013 Fiscal Year

The City's recommended contribution for the 2012-2013 fiscal year, determined from the July 1, 2011 actuarial valuation, is shown below. A change from the Aggregate Funding Method to the Entry Age Normal Funding Method was made this year as a result of the 2005-2010 Experience Study. We have shown the recommended contribution for the 2012-2013 fiscal year as a percentage of estimated payroll as in the past, as well as an alternative recommended flat dollar amount with this change in method.

	Recommended 2012-2013 Fiscal Year Contribution (July 1, 2011 Valuation)		Recommended 2011-2012 Fiscal Year Contribution (July 1, 2010 Valuation)
	% of payroll	$ in millions	% of payroll
Police	32.56%	$13.19	17.91%
Firefighters	21.67%	$6.97	11.30%
Board of Education	8.49%	$3.48	14.42%
Municipal Services	43.92%	$11.47	40.66%
Library	22.83%	$1.02	24.03%
Total		36.13	

Please see Section II, Exhibit A for the development of these figures.

It is important to note that the recommended City contribution has historically been expressed as a percentage of the payroll for each of the five groups of employees covered by the plan: Police, Firefighters, Board of Education, Municipal Services, and Library. Each of those percentages has then been applied against the *estimated* payroll for each group for the next fiscal year, to yield an *estimated* dollar amount of the cash contribution required. Importantly, while the percentages of payroll did not change because they were actuarially determined, the dollar amount of the City's *actual* required contribution did change -- upward or downward -- depending on whether *actual* payrolls in the fiscal year were more, or less, than currently estimated. With the change in cost method this year, the City can consider an alternative approach in which the recommended contribution is determined as a flat dollar amount for the upcoming year or continue with this historical percent of payroll approach.

If the City continues with the historical approach of contributing a percent of payroll for the 2012-2013 fiscal year, the recommended contribution in millions may vary from the amounts shown in the chart above. The City's actual contribution will be determined by applying the percentages shown to the actual 2012-2013 payroll. The contribution may be higher or lower than the amounts shown here depending on final 2012-2013 payroll.

As can be seen, the contributions as a percentage of payroll have increased from last year for all groups except the Board of Education and Library. As a dollar amount, the estimated contribution for fiscal year 2011-2012 was $28.5 million as shown in the July 1, 2010 valuation, determined based on a payroll estimate at that time of approximately $145.2 million (obtained by projecting the payroll provided with the July 1, 2010 actuarial valuation to fiscal year 2011-2012 using the valuation's assumed rate of salary increase). The 2012-2013 fiscal year contribution represents an increase of approximately $7.6 million over that figure to $36.1 million.

As is true each year, the change in the recommended contribution requirement from last year to this year is the result of actual plan asset performance, as well as changes in liabilities caused by changes in the covered population and benefit provisions (where applicable). For this year, there is the added impact of the changes in assumptions and methods recommended as part of the 2005-2010 Experience Study. See Sections D and E to follow for more detail regarding this year's increase.

C. Funded Status

The funded status of the plan as of July 1, 2011 is summarized below. The figures are prepared in accordance with the requirements of the Governmental Accounting Standards Board, or GASB, and are useful in accessing the health of the plan overall.

Specifically, the funded status is based on the smoothed (actuarial) value of assets used in the valuation, as well as a measure of the plan's liability known as the Actuarial Accrued Liability. The Actuarial Accrued Liability is the liability for benefits expected to be paid from the plan for inactive participants, as well as the liability for future expected benefit payments for active participants. For actives, the liability measure includes the impact of assumed future salary increases on projected benefits, but includes only that portion of their overall liability attributable to services rendered as of the valuation date.

	July 1, 2011
Actuarial Accrued Liability	$1,218,900,000
Actuarial Value of Assets	1,017,602,000
Unfunded Status	201,298,000
Funded Percentage	83.5%

During the 2010-2011 fiscal year, the plan's funded status dropped from 88.6% as of July 1, 2010 to 83.5% as of July 1, 2011, as detailed above. Despite the fact that the City fully funded the recommended contribution for the year, asset growth did not keep pace with liability growth, resulting in the decline in the funded status. This is primarily the result of the asset losses on the smoothed (actuarial) value of assets discussed in Section D below. In addition, changes in assumptions adopted as part of the Experience Study contributed to the decrease in funded status. Prior to reflecting such changes, the funded percentage was 85.0% as of July 1, 2011 instead of the final 83.5%.

Even with a funded status of less than 100%, the plan is still in a healthy position with the ability to pay benefits due at the current 83.5% level. It is not the intent of the plan's funding method to fully fund such shortfalls in just one year. Absent other significant changes, such underfunding will be eliminated over a period of years as it is spread into future contribution requirements.

D. Plan Experience During Period Under Review

As discussed earlier, the recommended City contribution for the 2012-2013 fiscal year has increased from last year by approximately $7.6 million, based on estimates of payroll. This increase is the net impact of annual plan asset and liability experience (approximately $4.1 million of the increase) and changes in assumptions and methods recommended as part of the 2005-2010 Experience Study (approximately $3.5 million of the increase).

Annual Plan Experience

Considering the impact of the Experience Study separately, the recommended contribution increased by approximately $4.1 million from the estimated $28.5 million for fiscal year 2011-2012 to $32.6 million for fiscal year 2012-2013 prior to any changes in assumptions and methods. The primary reason for this increase in the recommended contribution is the continued recognition of the decline in the capital markets that occurred within the 2007-2008 and 2008-2009 fiscal years, with the resulting loss of market value of MERF assets during that period. The net impact of changes in the covered population partially offset this increase in contribution. Plan changes (specifically the 2011 Early Retirement Incentive Program) also contributed to the increase, but since they were limited in scope they were not a major driver.

The market value of assets increased from $888.6 million to $981.0 million, resulting in an asset return of approximately 17.7% over that period. In order to avoid dramatic fluctuations in contribution requirements with such large swings in the market, a "smoothed" or "actuarial" value of assets is used to perform the valuation. This smoothed value recognizes the difference between the expected return on the market value of assets and the actual return over a 5-year period at 20% per year.

As of July 1, 2011, the actuarial value of assets used in the development of the contribution requirement was approximately $1,017.6 million, $36.6 million higher than the market value of assets of $981.0 million at such date. The return for the year on the actuarial value was 3.5% as opposed to the 17.7% return on the market value. Since this 3.5% is less than the MERF's 8% return assumption, asset losses were generated that increased the fiscal year 2012-2013 contribution requirement. Specifically, the recognition of these losses represented approximately an $8.3 million increase in the contribution and were therefore the primary driver of the increase.

Changes in the plan's population and the resulting impact on plan liabilities had the net effect of decreasing the recommended city contribution by the remaining $4.2 million. Considerable work was done to refine the valuation data this year, contributing to this decrease. Another key driver was the fact that there were more terminations than expected for the Board of Education and Municipal Services groups.

Experience Study

The net impact of the 2005-2010 Experience Study was to increase the recommended contribution for fiscal year 2012-2013 from $32.6 million to $36.1 million, a $3.5 million increase. As a result of the study, a change in the funding method from the Aggregate Method to the Entry Age Normal Method with 15-year (level dollar) amortization period was adopted. In addition, there were demographic and economic assumption changes reflected for all groups.

As part of the assumption portion of the study, mortality, termination, rates of retirement, disability and salary increases were analyzed by group over the five-year period 2005-2010. These assumptions were then changed to better model expected plan experience, which served to increase plan liability. The net impact on the recommended contribution for fiscal year 2012-2013 was an increase of approximately $5.1 million. See Section III, Actuarial Cost Methods and Assumptions for a detailed description of assumptions used in both the July 1, 2010 and July 1, 2011 valuations.

A plan's funding method is a mechanism for spreading the ultimate cost of benefits over the working career of the active population. With the change from the Aggregate Method to the Entry Age Normal Method using a level dollar 15-year amortization period, the recommended contribution for fiscal year 2012-2013 decreased by approximately $1.6 million.

E. Changes Since The Last Valuation

As discussed above, the changes in assumptions and methods adopted as part of the 2005-2010 Experience Study are first reflected with the July 1, 2011 valuation.

Specific plan changes reflected in this valuation are as follows:

- 2011 Early Retirement Incentive Program
- Post January 1, 2011 hires in the non-union General Government plan have a reduced multiplier and change in Normal Retirement Date

F. Future Contribution Requirements

The use of a smoothed (actuarial) value of assets is meant to produce a more level funding pattern, given asset volatility. With a drop in the market, asset losses are spread over a five-year period, leveling out the recommended funding rather than providing for a spike in contribution requirements in one year. As of July 1, 2011, there were approximately $36.6 million in net unrecognized asset losses that eventually need to be recognized in future City contribution requirements because of the use of this smoothing method. Given this level of unrecognized losses, future contribution increases can be expected for the 2013-2014 fiscal year, absent other significant changes.

To provide a sense of the level of expected future contributions, an estimate for the 2013-2014 fiscal year has been calculated. Specifically, the City's estimated recommended contribution for such fiscal year is currently $44.3 million. This figure is based on a projected market value of assets at July 1, 2012 of $1,000.0 million, determined by projecting assets as of July 1, 2011 to June 30, 2012 assuming an 8% return. Projected plan liabilities inherent in this calculation were based on the results of the July 1, 2011 valuation, including the assumptions, methods, and census data as of such date. The unfunded actuarial accrued liability was amortized over a 15 year period.

The projected asset value and estimated contribution for the 2013-2014 fiscal year assume the City funds the recommended contribution for 2011-2012. If the City contributes an amount other than the annual recommended contribution, the estimated future contribution will vary from the amount shown here.

The final 2013-2014 recommended contribution will be based upon final liabilities and assets as of July 1, 2012. To provide some sensitivity of the contribution to asset values, if the market value of assets as of July 1, 2012 is approximately $100 million higher at $1,100.0 million, the contribution estimate decreases by $2.3 million to $42.0 million.

Beginning with the 2014-2015 fiscal year contribution, the past asset losses of 2007-2009 will be fully recognized. Therefore, contribution increases are not expected to be as significant. The extent of any increase or decrease in contribution will depend on market returns after July 1, 2011, among other factors.

G. Certification

This report presents the results of the July 1, 2011 Actuarial Valuation for the City of Hartford Municipal Employees' Retirement Fund (MERF) (the Plan) for the purpose of estimating the funded status of the Plan and determining the Annual Required Contribution (ARC) for the fiscal year ending June 30, 2013. This report is intended to satisfy the requirements of Connecticut General Statute 7-450a and meet the requirements of Public Act No.77-468, an Act Requiring Periodic Actuarial Valuation of Municipal Pension Plans.

The valuation has been performed in accordance with generally accepted actuarial principles and practices. It is intended to comply with all applicable Actuarial Standards of Practice.

We certify that the actuarial assumptions and methods that were selected by us and represent our best estimate of anticipated actuarial experience under the Plan.

In preparing this valuation, we have relied on employee data and asset and contribution information provided by the Plan Sponsor. We have audited neither the employee data nor the financial information, although we have reviewed them for reasonableness.

The results in this valuation report are based on the Plan as summarized in the *Plan Provisions* section of this report and the actuarial assumptions and methods detailed in the *Description of Actuarial Methods and Assumptions* section of this report.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of this report, an analysis of the potential range of such future measurements has not been performed.

We are members of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.

Elizabeth J. Churney, F.S.A., M.A.A.A.,
11-06330

Ellen A. Kucenski, F.S.A., M.A.A.A.,
11-07674

April 20, 2012

Section II

Supporting Exhibits

A. Entry Age Normal Actuarial Accrued Liability as of July 1, 2011

	Police	Firefighters	Board Of Education	Municipal Services	Library	Total Membership
A. Covered Payroll						
Annual Payroll (000)	$36,839	$29,886	$41,017	$24,749	$4,064	$136,555
B. Actuarial Accrued Liability (AAL)						
Entry Age Normal AAL (000)						
1. Active Members						
a. Active Members' MERF Liability	$100,164	$112,034	$63,937	$51,643	$8,118	$335,896
b. Local 566 Payment Present Value	0	0	3,601	0	0	
c. Local 1716 Payment Present Value	0	0	0	4,189	0	
d. Total for Active Members	100,164	112,034	67,538	55,832	8,118	343,686
2. Terminated Non-Vested Members [allocated by (1d)]	181	173	98	89	12	553,450
3. Terminated Vested Members	199	90	5,027	5,597	212	11,125
4. Retired Members	279,608	198,305	96,873	272,501	15,269	862,556
5. Old Plans Cola 1987/1990/1997/1999/2001/2005/2007	566	263	116	35	0	980
6. Total	380,719	310,864	169,652	334,054	23,611	1,218,900
C. Valuation Assets (Adjusted Value)						
1. Amount prior to Recognizing Receivable (000)	$315,305	$279,459	$150,816	$254,544	$17,476	$1,017,602
2. Contribution Receivable (000)	0	0	0	0	0	0
3. Valuation Assets after Recognition of Receivable (000)	315,305	279,459	150,816	254,544	17,476	1,017,602
D. Unfunded Actuarial Accrued Liability (000)	$65,414	$31,405	$18,836	$79,510	$6,135	$201,298
E. Funded Percent (C. / B.)	82.8%	89.9%	88.9%	76.2%	74.0%	83.5%

Section II

Supporting Exhibits
(continued)

B. Cash Contributions

July 1, 2012 – June 30, 2013 Fiscal Year Contribution

	Police	Firefighters	Board Of Education	Municipal Services	Library	Total Membership
1. Development of Amortization						
a. Unfunded Actuarial Accrued Liability	$65,413,424	$31,405,172	$18,835,878	$79,509,402	$6,134,722	$201,298,598
b. Amortization of Unfunded AAL (15 year open)	7,076,130	3,397,270	2,037,581	8,600,970	663,627	21,775,577
2. Normal Cost Development						
a. Normal Cost Beginning of Year prior to Expense Load	$4,576,876	$2,523,655	$1,184,184	$2,072,974	$249,683	$10,607,372
b. Normal Cost Projected One Year prior to Expense Load	4,943,026	2,725,547	1,278,919	2,238,812	269,658	11,455,962
c. Expense Load (Allocated by AAL)	792,911	647,428	353,329	695,723	49,174	2,538,565
3. Fiscal Year Contribution for 07/01/2012 - 06/30/2013						
I. Gross City Contribution						
a. Total Contribution Due as of Beginning of Year (1b+2b+2c)	12,812,067	6,770,245	3,669,829	11,535,505	982,459	35,770,105
b. Total Interest Adjusted Gross City Contribution	13,314,691	7,035,845	3,813,798	11,988,048	1,021,001	37,173,383
II. Annual Adjusted Payroll as of 07/01/2011 w 2 year proj	40,892,548	32,462,687	44,937,391	27,295,947	4,472,670	150,061,243
III. Contribution as a % of Payroll prior to adjustments	32.56%	21.67%	8.49%	43.92%	22.83%	24.77%
IV. 07/01/2012 Payment for Local 566 (000)	0	0	303,918	0	0	303,918
V. 07/01/2012 Payment for Local 1716 (000)	0	0	0	509,126	0	509,126
VI. Old Plans COLA Annual Payment (000)	127,079	68,024	31,175	7,309	0	233,587
VII. Net City Contribution [(I.) - (IV.) - (V.) - (VI.)]	13,187,612	6,967,821	3,478,705	11,471,613	1,021,001	36,126,752

	2012 - 2013 Contribution Sensitivity*					
	Police	Firefighters	Board of Education	Municipal Services	Library	Total
Estimated 2012-2013 Fiscal Year Payroll +5%	$42,937,175	$34,085,821	$47,184,261	$28,660,744	$4,696,304	$157,564,305
Net City Contribution Estimate for 2012-2013	13,853,346	7,319,614	3,669,395	12,071,016	1,072,051	37,985,421
Estimated 2012-2013 Fiscal Year Payroll -5%	38,847,921	30,839,553	42,690,521	25,931,150	4,249,037	142,558,182
Net City Contribution Estimate for 2012-2013	12,521,877	6,616,029	3,288,015	10,872,211	969,951	34,268,084

* *Based on contribution policy of depositing a % of payroll using actual fiscal year payroll.*

Section II

Supporting Exhibits
(continued)

C. Actuarial Balance Sheet

	July 1, 2011*	July 1, 2010
Actuarial Liabilities		
Present Value of Future Benefits for:		
Active Employees	$505,461,387	$520,534,299
Inactive Members		
• Regular Retirees	773,799,245	745,301,637
• Disability Retirees	60,461,976	54,836,908
• Survivors	28,294,596	26,825,376
• Terminated Non-Vesteds	553,450	553,450
• Terminated Vesteds	11,125,238	14,783,544
• Old Plans COLA	980,207	1,019,671
TOTAL	$1,380,676,099	$1,363,854,885
Source of Funds		
1. Actuarial Value of Assets	$1,017,601,546	$1,041,572,175
2. Present Value of Future Employee Contributions	75,119,853	81,966,582
3. Present Value of Future City Normal Cost Contributions	86,656,102	240,316,128
4. Unfunded Accrued Liability*	201,298,598	N/A
5. TOTAL = (1) + (2) + (3) + (4)	$1,380,676,099	$1,363,854,885

* *Reflects change in cost method.*

Section II

Supporting Exhibits
(continued)

D. Development of Asset Values

The Actuarial Value of assets is used in the determination of plan contributions. It phases in recognition of asset gains and losses. A method of smoothing is used because the Market Value can swing widely from one year to the next, resulting in undesirable fluctuations in pension contributions. The smoothing is accomplished by recognizing asset gains and losses over a five-year period at 20% per year.

Relationship of Actuarial Value to Market Value		
1. Market value 7/1/2011	$	980,955,795
2. Gain / (loss) not recognized in actuarial value 7/1/2011		(36,645,751)
3. Preliminary actuarial value 7/1/2011: (1)-(2)		1,017,601,546
4. Preliminary actuarial value as a percentage of market value: (3)÷(1)		103.7%
5. Gain / (loss) recognized for corridor min/max		N/A
6. Actuarial value 7/1/2011 after corridor min/max: (3)+(5)		1,017,601,546
7. Actuarial value as a percentage of market value: (6)÷(1)		103.7%

Development of Asset Gain / (Loss) for 2010-2011 Plan Year		
1. Market value 7/1/2010	$	888,582,990
2. Contributions		32,448,165
3. Benefit payments		89,089,425
4. Administrative expenses		2,907,663
5. Expected return at 8.00%		68,770,076
6. Expected value 7/1/2011: (1)+(2)-(3)-(4)+(5)		897,804,143
7. Market value 7/1/2011		980,955,795
8. Asset gain / (loss) for -1 Plan Year: (7)-(6)		83,151,652

Recognition of Gain / (Loss) in Actuarial Value					
Year	(a) Gain / (loss)	(b) Recognized as of 7/1/2010	(c) Recognized in current year: 20% of (a)	(d) Total recognized as of 7/1/2011: (b)+(c)	(e) Not recognized as of 7/1/2011: (a)–(d)
2006-2007	$ 77,566,647	$ 62,053,316	$ 15,513,331	$ 77,566,647	$ 0
2007-2008	(111,496,189)	(66,897,714)	(22,299,238)	(89,196,952)	(22,299,237)
2008-2009	(241,203,873)	(96,481,550)	(48,240,775)	(144,722,325)	(96,481,548)
2009-2010	26,022,852	5,204,570	5,204,570	10,409,140	15,613,712
2010-2011	83,151,652	0	16,630,330	16,630,330	66,521,322
Total			(33,191,782)		(36,645,751)

Section II

Supporting Exhibits
(continued)

D. Development of Asset Values

Summary of Fund Activity		
	Market Value	Actuarial Value
1. Beginning value 7/1/2010		
a. Trust assets	$ 888,582,990	$ 1,041,572,175
b. Accrued contribution	0	0
c. Benefits payable	0	0
d. Administrative expenses payable	0	0
e. Net: (a)+(b)-(c)-(d)	888,582,990	1,041,572,175
2. Contributions		
a. Contributions during year	32,448,165	32,448,165
b. Change in accrued contribution	0	0
c. Total for plan year	32,448,165	32,448,165
3. Disbursements		
a. Benefit payments during year	89,089,425	89,089,425
b. Administrative expenses during year	2,907,663	2,907,663
c. Change in benefits payable	0	0
d. Change in administrative expenses payable	0	0
e. Total for plan year	91,997,088	91,997,088
4. Net investment return		
a. Interest and dividends	14,900,902	N/A
b. Change in accrued income	0	N/A
c. Realized gain (loss)	28,688,103	N/A
d. Unrealized gain (loss)	112,278,985	N/A
e. Expected return	N/A	68,770,076
f. Recognized gain (loss)	N/A	(33,191,782)
g. Required adjustment due to corridor	N/A	0
h. Reversal of prior year required adjustment	N/A	0
i. Investment-related expenses	(3,946,262)	N/A
j. Total	151,921,728	35,578,294
5. Ending value 7/1/2011		
a. Trust assets: (1a)+(2a)-(3a)-(3b)+(4j)	980,955,795	1,017,601,546
b. Accrued contribution	0	0
c. Benefits payable	0	0
d. Administrative expenses payable	0	0
e. Net: (a)+(b)-(c)-(d)	980,955,795	1,017,601,546
6. Approximate rate of return 2010-2011	17.7%	3.5%

Section II

Supporting Exhibits
(continued)

D. Development of Asset Values

Rate of Return on Market Value of Assets				
	Average Annual Effective Rate of Return			
Period Ending June 30	1 Year	3 Years	5 Years	10 Years
2002	-3.1%	1.1%	6.1%	N/A
2003	4.6%	-0.3%	3.6%	8.7%
2004	14.6%	5.1%	4.3%	9.9%
2005	9.1%	9.4%	4.4%	9.3%
2006	8.7%	10.8%	6.6%	8.7%
2007	15.6%	11.1%	10.4%	8.3%
2008	-1.9%	7.2%	9.0%	6.3%
2009	-15.0%	-1.2%	2.7%	3.5%
2010	11.1%	-2.5%	3.1%	3.7%
2011	17.7%	3.6%	4.7%	5.7%

Section II

Supporting Exhibits
(continued)

E. Accounting Information

GASB Statements No. 25 and 27

The following information is based on the Governmental Accounting Standards Board (GASB) Statement No. 25 on "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and Statement No. 27 on "Accounting for Pensions by State and Local Governmental Employers". It represents a summary of information detailed further within the MERF's annual GASB report. The exhibits are provided for information purposes only here.

In reviewing the following exhibit regarding employer contributions, it is important to note that for the fiscal years ending 2007 through 2011, the City contributed more than the recommended Annual Required Contribution (ARC). This is due to a catch up period in which the City has been making contributions for prior fiscal years in which there was a shortfall in the amount contributed. The footnotes below provide further detail.

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed	Actual Contribution Received by MERF	Miscellaneous *
2005**	9,336,898	99%	9,000,000	206,742
2006**	17,033,102	70%	11,765,350	183,037
2007	14,328,866	115%	16,317,266***	163,749
2008	13,252,745	125%	16,454,745	129,258
2009	11,797,419	109%	12,713,915****	115,067
2010	9,601,580	113%	10,727,385	112,662
2011	18,846,217	100%	18,730,668	115,549

* *Funds transferred from State of Connecticut's Connecticut Municipal Employees' Retirement System (CMERS) and Aetna annuity payments.*

** *Revised.*

*** *2006-2007 fiscal year contribution includes contributions paid for prior fiscal years during the 2006-2007 fiscal year as follows: FY 00-01 $117,500, FY 02-03 $2,198, FY 03-04 $180,876, FY 04-05 $130,156, FY 05-06 $5,084,715. After the June 30, 2006 GASB reporting period closed, two contributions of $1,572,500 and $1,490,242 were made to the Plan for the 2006-2007 fiscal year. These amounts are not included in the $16,317,266 fiscal year 2006-2007 contribution listed above. They will be included in the 2007-2008 fiscal year contributions listed in the June 30, 2008 GASB report.*

**** *Contribution includes $1,031,484 in contributions paid for the prior fiscal year (2007/2008) after the 06/30/2008 reporting period closed.*

Section II

Supporting Exhibits
(continued)

E. Accounting Information

As detailed below, the plan's funded status dropped from 88.6% as of July 1, 2010 to 83.5% as of July 1, 2011. Despite the fact that the City fully funded the recommended contribution for the year, asset growth did not keep pace with liability growth, resulting in the decline in the funded status. This is primarily the result of the asset losses on the Actuarial Value of Assets during the year previously discussed. In addition, changes in assumptions adopted as part of the Experience Study contributed to the decrease in funded status. Prior to reflecting such changes, the funded percentage was 85.0% as of July 1, 2011 instead of the final 83.5%.

Even with a funded status of less than 100%, the plan is still in a healthy position at the current 83.5% level with the ability to pay benefits due.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets * (a)	Actuarial Accrued Liability (AAL) ** (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)÷c)
7/1/2005	986,405,000	970,286,000	(16,119,000)	101.7%	117,261,000	-13.7%
7/1/2006	1,021,491,000***	1,002,848,000	(18,643,000)	101.9%	124,837,000	-14.9%
7/1/2007	1,092,128,000***	1,090,715,000	(1,413,000)	100.1%	133,280,000	-1.1%
7/1/2008	1,123,379,000	1,099,441,000	(23,938,000)	102.2%	139,243,000	-17.2%
7/1/2009	1,089,184,000	1,126,965,000	37,781,000	96.6%	134,143,000	28.2%
7/1/2010	1,041,572,000	1,175,040,000	133,468,000	88.6%	132,529,000	100.7%
7/1/2011	1,017,602,000	1,218,900,000	201,298,000	83.5%	136,555,000	147.4%

* *Excludes receivable from CMERS (applicable for 7/1/2005 only; no longer applicable 7/1/2006+).*

** *Liability shown determined using the projected unit credit cost method 7/1/2005-7/1/2006 and the entry age normal cost method starting 7/1/2007.*

****Excludes estimated City contribution receivable of $5,463,745 as of July 1, 2007 and $7,022,224 as of July 1, 2006. These receivable amounts were fully paid by the City as of July 1, 2008.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Summary – Active Members as of July 1, 2011

	Number	Payroll*	Average Annual Pay*
Police	480	$36,839,151	$76,748
Firefighters	365	29,885,531	81,878
Board of Education	905	41,017,098	45,323
Municipal Services	435	24,749,251	56,895
Library	66	4,064,438	61,582
Total	**2,251**	**$136,555,469**	**$60,664**

**Basic salary, plus overtime, plus Fire private duty pay.*

Summary – Pensioners as of July 1, 2011

	Service Pensions*		Disability Pensions		Survivor Benefits*		Total	
	Count	Total Monthly Annuities	Count	Total Monthly Annuities	Count	Total Monthly Annuities	Count	Total Monthly Annuities
Police	512	$1,970,675	70	$202,667	79	$88,737	661	$2,262,079
Firefighters	337	1,298,276	125	379,675	111	121,275	573	1,799,226
Board of Ed.	626	881,254	23	15,115	52	21,414	701	917,783
Municipal Svcs.	811	2,259,905	12	11,023	87	62,198	910	2,333,126
Library	70	138,170	1	1,867	4	2,673	75	142,710
Vested Deferred	126	142,403	--	--	--	--	126	142,403
TOTAL**	**2,482**	**$6,690,683**	**231**	**$610,347**	**333**	**$296,297**	**3,046**	**$7,597,327**

* *25 pensioners receiving benefits as retirees and as survivors are included in both groups.*

** *Additional monthly benefits for the July 1, 1987, July 1, 1990, July 1, 1997, July 1, 1999,July 1, 2001, July 1, 2005, and July 1, 2007 COLA's for the unfunded plans (PBF, FRF, and RAF) are also included in the total liabilities for MERF. Such participants are not included in the counts shown here.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Police

Participant Data				
	Active	Terminated Vested	Pensioners*	Total
Total Participants 7/1/2010	**465**	**4**	**626**	**1,095**
Adjustments	0	-1	0	-1
Retirements	-6	-2	+8	0
Disabilities	-2	0	+2	0
Terminations				
Vested	0	0	N/A	0
Non-vested	-12	N/A	N/A	-12
Deaths	0	0	-12	-12
New beneficiaries	N/A	0	+17	+17
Transfer group	+6	0	+21	+27
Rehires	+1	0	-1	0
New entrants	+28	N/A	N/A	+28
Total Participants 7/1/2011	**480**	**1**	**661**	**1,142**
Average Age				
7/1/2010	37.3			
7/1/2011	38.1			
Average Service				
7/1/2010	9.0			
7/1/2011	9.6			
Payroll**				
7/1/2010	$33,800,796			
7/1/2011	36,839,151			
Total monthly benefits*				
7/1/2010		$9,291	$2,197,163	
7/1/2011		1,847	2,262,079	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Firefighters

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2010	**359**	**3**	**545**	**907**
Adjustments	0	-2	0	-2
Retirements	-20	0	+20	0
Disabilities	-2	0	+2	0
Terminations				
Vested	0	0	N/A	0
Non-vested	-2	N/A	N/A	-2
Deaths	0	0	-19	-19
New beneficiaries	N/A	0	+13	+13
Transfer group	+2	0	+12	+14
Rehires	0	0	0	0
New entrants	+28	N/A	N/A	+28
Total Participants 7/1/2011	**365**	**1**	**573**	**939**
Average Age				
7/1/2010	41.8			
7/1/2011	40.9			
Average Service				
7/1/2010	14.6			
7/1/2011	13.6			
Payroll**				
7/1/2010	$28,697,917			
7/1/2011	29,885,531			
Total monthly benefits*				
7/1/2010		$7,589	$1,679,577	
7/1/2011		841	1,799,226	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Board of Education

Participant Data				
	Active	Terminated Vested	Pensioners*	Total
Total Participants 7/1/2010	**895**	**112**	**715**	**1,722**
Adjustments	-3	-43	0	-46
Retirements	-19	-13	+32	0
Disabilities	-1	0	+1	0
Terminations				
Vested	-13	+13	N/A	0
Non-vested	-28	N/A	N/A	-28
Deaths	0	-1	-19	-20
New beneficiaries	N/A	0	+3	+3
Transfer group	-7	-1	-31	-39
Rehires	0	0	0	0
New entrants	+81	N/A	N/A	+81
Total Participants 7/1/2011	**905**	**67**	**701**	**1,673**
Average Age				
7/1/2010	47.0			
7/1/2011	47.0			
Average Service				
7/1/2010	11.1			
7/1/2011	10.1			
Payroll**				
7/1/2010	$38,678,961			
7/1/2011	41,017,098			
Total monthly benefits*				
7/1/2010		$107,838	$928,785	
7/1/2011		70,872	917,783	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Municipal Services

Participant Data				
	Active	Terminated Vested	Pensioners*	Total
Total Participants 7/1/2010	**456**	**66**	**863**	**1,385**
Adjustments	0	-5	-1	-6
Retirements	-56	-11	+67	0
Disabilities	0	0	0	0
Terminations				
Vested	-4	+4	N/A	0
Non-vested	-18	N/A	N/A	-18
Deaths	0	0	-22	-22
New beneficiaries	N/A	0	+17	+17
Transfer group	-4	0	-10	-14
Rehires	+4	0	-4	0
New entrants	+57	N/A	N/A	+57
Total Participants 7/1/2011	**435**	**54**	**910**	**1,399**
Average Age				
7/1/2010	49.1			
7/1/2011	47.9			
Average Service				
7/1/2010	11.5			
7/1/2011	10.3			
Payroll**				
7/1/2010	$27,011,021			
7/1/2011	24,749,251			
Total monthly benefits*				
7/1/2010		$92,100	$2,164,194	
7/1/2011		66,608	2,333,126	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Library

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2010	**71**	**4**	**59**	**134**
Adjustments	0	0	0	0
Retirements	-6	0	+6	0
Disabilities	0	0	0	0
Terminations				
Vested	0	0	N/A	0
Non-vested	-4	N/A	N/A	-4
Deaths	0	0	-1	-1
New beneficiaries	N/A	0	0	0
Transfer group	0	-1	+11	+10
Rehires	0	0	0	0
New entrants	+5	N/A	N/A	+5
Total Participants 7/1/2011	**66**	**3**	**75**	**144**
Average Age				
7/1/2010	46.9			
7/1/2011	47.1			
Average Service				
7/1/2010	12.8			
7/1/2011	12.0			
Payroll**				
7/1/2010	$4,340,770			
7/1/2011	4,064,438			
Total monthly benefits*				
7/1/2010		$3,080	$123,770	
7/1/2011		2,235	142,710	

**Excludes old Plan COLA participants.*

***Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Total

Participant Data				
	Active	Terminated Vested	Pensioners*	Total
Total Participants 7/1/2010	**2,246**	**189**	**2,808**	**5,243**
Adjustments	-3	-51	-1	-55
Retirements	-107	-26	+133	0
Disabilities	-5	0	+5	0
Terminations				
Vested	-17	+17	N/A	0
Non-vested	-64	N/A	N/A	-64
Deaths	0	-1	-73	-74
New beneficiaries	N/A	0	+50	+50
Transfer group	-3	-2	+3	-2
Rehires	+5	0	-5	0
New entrants	+199	N/A	N/A	+199
Total Participants 7/1/2011	**2,251**	**126**	**2,920**	**5,297**
Payroll**				
7/1/2010	$132,529,465			
7/1/2011	136,555,469			
Total monthly benefits				
7/1/2010		$219,898	$7,093,489	
7/1/2011		142,403	7,454,925	

**Excludes old Plan COLA participants.*
***Basic salary plus overtime and private duty pay.*

City of Hartford MERF - Police

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2011

	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	3	45,379	10	63,480	1	62,159															14	59,507
25 to 29	11	43,371	52	64,864	18	81,763	2	83,058													83	66,119
30 to 34	7	44,318	27	65,029	41	86,953	11	88,338	1	82,500											87	76,843
35 to 39	4	41,152	16	63,026	33	85,255	19	90,900	17	108,700	1	112,915									90	85,270
40 to 44	2	40,889	13	67,385	23	87,579	25	90,151	47	105,225	12	104,905									122	93,691
45 to 49	1	40,798	7	61,172	7	75,685	6	88,050	18	96,451	8	100,870	1	106,004							48	87,004
50 to 54			3	54,679	5	77,624	2	86,633	4	84,131	9	75,753									23	75,814
55 to 59							1	77,237	3	89,893			4	67,338							8	77,034
60 to 64							1	39,792							1	70,526			2	102,876	4	71,064
65 to 69													1	86,219							1	86,219
70 & over																						
All ages	28	43,237	128	64,376	128	84,724	67	88,617	90	102,425	30	95,351	6	76,929	1	70,526			2	102,876	480	

City of Hartford MERF - Fire

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2011

	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	10	48,175	14	64,627																	24	57,772
25 to 29	10	48,695	21	62,294	1	78,319															32	58,545
30 to 34	4	48,490	22	62,075	8	84,679	10	78,947													44	68,784
35 to 39	4	47,260	11	61,378	7	79,218	25	78,874	17	84,750	1	60,873									65	75,265
40 to 44			2	71,872	5	82,330	16	82,066	20	86,739	12	87,577			1	83,078					56	84,594
45 to 49			3	60,722	3	83,728	10	79,225	28	86,348	27	88,465	10	88,666							81	85,414
50 to 54			1	84,214			5	77,867	9	84,131	20	91,028	7	82,508	8	102,081					50	88,910
55 to 59							1	76,608	2	81,417	4	84,189	1	79,756	2	84,627			1	94,542	11	83,613
60 to 64													1	83,078	1	76,608					2	79,843
65 to 69																						
70 & over																						
All ages	28	48,275	74	63,025	24	82,213	67	79,591	76	85,701	64	88,401	19	85,634	12	95,465			1	99,475	365	

City of Hartford MERF - Board of Education

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2011

	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	7	44,659																			7	44,659
25 to 29	9	44,829	25	43,577	15	38,673	1	30,569													50	42,071
30 to 34	20	52,134	35	52,156	31	41,823	12	38,686													98	47,233
35 to 39	11	48,233	27	53,591	28	57,564	31	43,323	5	45,938											102	50,608
40 to 44	12	50,452	18	51,331	32	47,318	40	51,873	18	50,266	7	43,010			1	64,173					128	49,910
45 to 49	6	49,488	29	51,444	31	49,652	51	46,196	13	47,612	15	49,705	2	48,033							147	48,603
50 to 54	4	54,975	23	46,010	30	47,082	33	40,234	21	45,373	11	45,142	6	50,508	4	57,699			1	73,499	133	45,677
55 to 59	5	58,082	10	43,215	27	42,298	30	40,897	21	49,265	14	41,517	6	55,061	4	53,071	2	40,475			119	44,798
60 to 64	3	83,426	9	50,422	19	37,579	19	49,828	11	45,803	10	48,153	8	60,122	3	43,587	1	37,334	3	39,849	86	47,893
65 to 69	2	50,157	4	61,802	10	55,278	6	48,643	5	48,495	3	50,143									30	52,835
70 & over					2	28,414	1	30,392					1	38,950			1	34,651			5	32,164
All ages	79	51,298	180	49,828	225	46,311	224	45,055	94	47,736	60	45,940	23	54,322	12	53,168	4	38,234	4	48,262	905	

City of Hartford MERF - Municipal Services

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2011

	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	8	31,384	7	37,100	1	11,231															16	32,625
25 to 29	9	56,402	8	46,939	4	55,946															21	52,710
30 to 34	9	57,149	9	62,374	10	49,301	3	63,818	1	68,449	1	44,214									33	56,752
35 to 39	4	69,029	15	69,388	14	58,901	3	80,742			2	76,360									38	66,750
40 to 44	2	97,993	17	74,995	15	66,731	6	61,822	3	69,947	6	72,358			2	52,439					51	70,425
45 to 49	4	89,887	17	69,246	17	63,060	10	29,901	7	43,569	9	44,277	3	65,205			4	60,705	3	60,649	74	57,184
50 to 54	5	76,765	11	69,682	29	71,964	10	42,923	6	74,388	8	65,202	6	79,857	4	83,157					79	68,940
55 to 59	3	74,927	11	78,630	17	66,152	12	46,372	10	60,915	6	39,300	6	68,307			1	64,410	1	45,960	67	61,730
60 to 64	2	98,640	5	75,772	9	44,206	7	41,202	3	48,298	1	10,647	1	67,257	3	42,688	1	10,647	1	58,477	33	50,982
65 to 69			2	49,875	4	59,493	3	29,405	1	10,647	2	45,026	1	60,814							13	45,189
70 & over					3	10,647	2	10,647	4	10,647							1	10,647			10	10,647
All ages	46	63,273	102	66,662	123	61,016	56	44,415	35	52,482	35	53,934	17	71,333	9	62,841	7	46,932	5	57,277	435	

City of Hartford MERF - Library

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2011

Attained Age	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25																						
25 to 29			1	55,698	1	56,196	1	51,060													3	54,318
30 to 34	1	58,305			2	52,512	1	50,278	1	54,823											5	53,686
35 to 39			1	46,420	3	54,562	1	51,630	1	49,443											6	51,863
40 to 44					6	58,848	1	49,288	1	53,013	3	57,346	1	58,694							12	57,177
45 to 49			1	116,257	4	60,497	2	98,446	2	75,559	3	50,375									12	71,448
50 to 54	2	50,462	2	76,759	4	61,979					3	64,862	2	58,902							13	62,673
55 to 59			2	151,220	5	76,175							1	60,939							8	93,032
60 to 64	1	60,939			2	49,646					2	84,224			1	48,772					6	62,909
65 to 69													1	48,772							1	48,772
70 & over																						
All ages	4	55,042	7	96,333	27	61,039	6	66,525	5	61,679	11	62,382	5	57,242	1	48,772					66	

City of Hartford MERF - All Groups

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2011

Attained Age	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	28	42,199	31	58,041	2	36,695															61	50,069
25 to 29	39	48,080	107	57,960	39	61,799	4	61,936													189	56,797
30 to 34	41	51,696	93	59,228	92	66,707	37	66,680	3	68,591	1	44,214									267	61,730
35 to 39	23	50,449	70	60,254	85	70,212	79	67,542	40	89,194	4	81,627									301	68,360
40 to 44	16	55,199	50	63,263	81	65,360	88	68,886	89	88,180	40	80,426	1	58,694	4	63,032					369	72,595
45 to 49	11	63,389	57	59,573	62	58,616	79	53,170	68	76,896	62	72,431	16	80,271			4	60,705	3	60,649	362	64,552
50 to 54	11	64,059	40	55,599	68	60,536	50	46,391	40	62,322	51	72,841	21	70,360	16	86,254			1	73,499	298	62,114
55 to 59	8	64,399	23	69,544	49	54,031	44	44,027	36	57,673	24	48,075	18	63,897	6	63,589	3	48,453	2	70,251	213	55,150
60 to 64	6	84,749	14	58,903	30	41,821	27	47,220	14	46,338	13	50,817	10	63,131	9	50,526	2	23,991	6	56,487	131	50,676
65 to 69	2	50,157	6	57,826	14	56,482	9	42,230	6	42,187	5	48,096	3	65,268							45	51,278
70 & over					5	17,754	3	17,229	4	10,647			1	38,950			2	22,649			15	17,820
All ages	185	52,679	491	59,635	527	61,471	420	57,812	300	74,547	200	69,241	70	69,097	35	70,528	11	43,769	12	61,671	2,251	

Section II

Supporting Exhibits
(continued)

G. IRC Section 415(m) Valuation

The IRC Section 415(m) Fund* is an unfunded "excess benefit plan" to provide that portion of certain retirees' pension benefits that exceed the limits permitted under Section 415 of the Federal Internal Revenue Code (IRC).

	July 1, 2011	July 1, 2010
1. Number of retirees and beneficiaries receiving benefits	11	6
2. Annual benefits payable	$130,000	$ 56,000
3. Present value of benefits	$521,000	$180,000

The "actives" are funded through MERF. The City provides contributions for the retirees' benefits payable each year, as determined by the Pension Commission.

Actuarial Assumptions

The actuarial assumptions used in the 2011 Section 415(m) Fund valuation are as follows:

Mortality Basis:	RP-2000 Healthy Annuitants Table projected by Scale AA to valuation date with no adjustment and separate male and female rates.
Mortality Improvement:	Projected to date of decrement using Scale AA (generational mortality). Prior Valuation: Projected 8 years using Scale AA.
Termination:	N/A.
Salary Scale:	N/A.
Investment Return:	8.00% per year, net of investment expenses.
Assumed Retirement age:	Immediate as all are retired.
Increases in dollar limit on benefits under IRC Section 415:	3% per year.

Benefits

Retiree pension amounts in excess of IRC Section 415 limits. Benefits which do not exceed such amounts are payable from the City's MERF Plan. IRC Section 415 limits are assumed to increase annually and thus decrease the benefits payable from this Plan and increase the portion of the benefits payable from the City's MERF Plan.

**Section 415(m) Fund adopted by the Court of Common Council on March 24, 1997.*

Section III

Actuarial Cost Methods and Assumptions

A. Actuarial Cost Methods

Asset Valuation Method – Actuarial Value of Assets

In order to smooth the year-to-year fluctuations in asset values, the asset values are adjusted by phasing in recognition of gains and losses over a five-year period. (Phase-in started July 1, 2003). Gains and losses are defined as the difference between the actual and the expected return on assets.

The July 1, 2009 valuation reflected a change in the asset valuation method from the use of a four-year smoothing period for gains and losses to the use of a five-year period. In the year of implementation of the change, the five-year smoothing methodology was retroactively applied to the gains and losses for previous years.

The assets held by the insurance companies include the funds on deposit for future purchase of annuities, as well as the reserves and contingency reserves for annuities already purchased which are subject to experience rating.

Actuarial Funding Method

The "Entry Age Normal Actuarial Cost Method" is used to determine plan liabilities. The Unfunded Actuarial Accrued Liability is amortized over 15 years using a level dollar, open period.

Since the MERF fund includes several classifications of members who have different provisions for benefits and contributions, it was necessary to apply this method by separate actuarial valuations for Police, Firefighters, Board of Education, Municipal Services, and Library participants.

This method was first used with the July 1, 2011 valuation. Previously the Aggregate Funding Method was used.

Section III

Actuarial Cost Methods and Assumptions
(continued)

B. Actuarial Assumptions

The actuarial assumptions used in the 2011 MERF valuation are as follows:

Mortality Basis:

For Police, Fire, Board of Education Corridor Supervisors and Building and Grounds Supervisors:

- Pre-retirement: RP2000 Employees Table – male and female rates, projected by Scale AA to valuation date with occupational (i.e., non-office worker, blue collar) adjustment.
- Post-retirement: RP2000 Healthy Annuitants Table – male and female rates, projected by Scale AA to valuation date with occupational (i.e., non-office worker, blue collar) adjustment. No adjustment reflected for assumed future beneficiaries.
- Disability: RP2000 Disabled Table – male and female rates.

For All Other Groups:

- Pre-retirement: RP2000 Employees Table – male and female rates, projected by Scale AA to valuation date with no adjustment.
- Post-retirement: RP2000 Healthy Annuitants Table – male and female rates, projected by Scale AA to valuation date with no adjustment.
- Disability: RP2000 Disabled Table – male and female rates.

Mortality Improvement:

Pre and Post-retirement: Projected to date of decrement using Scale AA (generational mortality)

Disability: None

Prior Valuation:

- Pre-retirement: Projected 17years by Scale AA
- Post-retirement: Projected 8 years by Scale AA.
- Disability: None

Section III

Actuarial Cost Methods and Assumptions
(continued)

Termination:

Yearly Rates of Employee Termination

Age	Police	Fire
20-24	4.0%	1.0%
25-29	3.0%	1.0%
30-34	2.5%	1.0%
35-39	2.0%	1.0%
40-44	1.0%	0.5%
45+	0.0%	0.0%

Yearly Rates of Employee Termination – Bd of Ed

	Years of Service					
Age	<1	1	2	3	4	5+
20-29	30.0%	30.0%	28.0%	25.0%	20.0%	15.0%
30-39	25.0%	25.0%	20.0%	18.0%	15.0%	9.0%
40-49	20.0%	17.0%	15.0%	12.0%	10.0%	8.0%
50-54	17.0%	15.0%	12.0%	10.0%	8.0%	6.0%
55+	9.0%	8.0%	8.0%	7.0%	6.0%	5.0%

Yearly Rates of Employee Termination – Munic. Svc. & Lib.

	Years of Service					
Age	<1	1	2	3	4	5+
20-29	27.0%	25.0%	22.0%	19.0%	17.0%	15.0%
30-39	20.0%	17.0%	15.0%	12.0%	10.0%	6.0%
40-49	15.0%	10.0%	9.0%	7.0%	6.0%	5.0%
50+	8.0%	7.0%	6.0%	5.0%	4.0%	3.0%

Prior Valuation:

Yearly Rates of Employee Termination

Age	Non-Uniformed	Uniformed
20	10.0%	5.0%
25	7.0%	2.0%
30	5.0%	2.0%
35	4.0%	2.0%
40+	0.0%	0.0%

Section III

Actuarial Cost Methods and Assumptions
(continued)

Investment Return: 8.00% per year, net of investment expenses.

Salary Scale: 3% for inflationary salary increases plus a percentage for promotion or merit increases as follows.

Yearly Rates of Increases for Promotion or Merit

Age	Police	Fire	Bd of Ed	Munic. Svc. & Lib.
25	6.60%	4.5%	4.40%	6.40%
30	4.80%	2.63%	3.70%	4.78%
35	2.65%	1.25%	3.35%	2.75%
40	1.45%	0.85%	2.50%	2.21%
45	1.10%	0.75%	1.40%	2.00%
50	1.00%	0.75%	0.85%	1.55%
55+	1.00%	0.75%	0.75%	1.25%

Prior Valuation:

Yearly Rates of Increases for Promotion or Merit

Age	Police	Fire	Bd of Ed	Munic. Svc. & Lib.
25	4.0%	2.5%	4.0%	6.0%
30	3.5%	2.5%	4.0%	4.7%
35	2.2%	1.6%	2.1%	3.1%
40	1.2%	1.1%	1.0%	2.0%
Over 40	1.0%	1.0%	1.0%	2.0%

Salaries are adjusted for groups in negotiations by 3% per year for the period of each open contract, and non-bargaining groups by 3% per year for one full fiscal year from the measurement date. Any wage increases negotiated beyond the valuation date have been reflected in our projections.*

* *The following groups have future salary increases that have been negotiated and are reflected in this valuation:*

Firefighters
HMEA
CHPEA
MLA
Non-union
School Crossing Guards

For Police, final average pay is loaded by a percentage for assumed private duty and overtime as follows: Pre-7/1/1999 hires: 43%; Post 7/1/1999 hires: 19% (prior valuation: For Police under age 45, overtime limited to less than or equal to 20% of base pay.)

Section III

Actuarial Cost Methods and Assumptions
(continued)

Assumed Retirement Age:

Retirement Rates: Police

Service	Age <50	Age >50
20	50.0%	30.0%
21-24	40.0%	25.0%
25-29	30.0%	15.0%
30+	100.0%	100.0%

100% retire at age 65, regardless of service; must be age 40 to retire

Retirement Rates: Fire

	Years of Service	
Age	20-24	25-29
45-49	2.5%	5.0%
50-54	5.0%	20.0%
55-59	10.0%	30.0%
60-64	25.0%	40.0%
65+	100.0%	100.0%

100% retire at 30 years of service for all ages

Retirement Rates: Board of Education

Age	Rate
55	10.0%
56-57	5.0%
58-61	10.0%
62-64	15.0%
65	40.0%
66-69	15.0%
70	100%

Retirement Rates: Municipal Services and Library

Age	<20 yrs svc or over age 65	Service	+20 on yrs svc and under age 65
55	15.0%	20	15%
56-59	7.5%	21	20%
60-64	15.0%	22	15%
65	30.0%	23-25	10%
66-74	15.0%	26-27	15%
75	100%	28	20%
		29	10%
		30	25%
		31-34	10%
		35	100%

Post 65 rates above used for all years of service.

Prior Valuation:

Retirement Rates:

Service	Police	Fire	Mun. Svc. & Lib.
20	20%	5%	10%
21	15%	1%	5%
22	5%	1%	5%
23	5%	1%	10%
24	20%	10%	15%
25	30%	30%	15%
26-27	5%	5%	10%
28	10%	5%	15%
29	25%	20%	15%
30	100%	20%	100%
31-34	n/a	5%	n/a
35	n/a	100%	n/a
	(maximum of age 65)		

Age	Bd of Ed
55	15%
56	10%
57-59	5%
60	30%
61	5%
62	20%
63-64	10%
65	100%

For both Uniformed and Non-Uniformed who have reached Assumed Retirement Age, retirement after one year.

Social Security:

Future tax wage bases are developed by projecting the 2011 base of $106,800 forward at 4% per year.

Section III

Actuarial Cost Methods and Assumptions

(continued)

Marital Status at Retirement:

Non-Uniformed:

Males - 80% married, spouse 3 years younger.
Females - 60% married, spouse same age.

Uniformed:

All - 80% married, spouse 2 years younger.

Disability:

Disability benefits were explicitly valued using the DP85 Class 1 Male and Female Disability Incidence Rate Table increased 150% (prior valuation: 300%) for the Police and 250% (prior valuation: 300%) for Firefighter groups, 10% (prior valuation: 200%) for the Board of Education groups and 10% (prior valuation: no increase) for the Municipal Services and Library groups.

DP85 Class 1 Disability Incidence Table: Sample male and female rates

Age	Male	Female
15	0.021%	0.023%
20	0.029%	0.030%
25	0.038%	0.047%
30	0.048%	0.080%
35	0.069%	0.136%
40	0.117%	0.211%
45	0.202%	0.323%
50	0.358%	0.533%
55	0.722%	0.952%
60	1.256%	1.159%
65	1.753%	1.358%

Expenses other than Investment Expenses:

An explicit dollar amount was included in the development of the normal cost equal to an estimate of expenses (other than investment expenses) for the upcoming year. The estimate was developed based on an average of actual expenses over the last four years. For the 2011 valuation, $2,538,565 was used. Estimated expenses were then allocated to the various groups by the actuarial accrued liability (prior valuation allocated by present value of future benefits).

Section III

Actuarial Cost Methods and Assumptions
(continued)

Sick Exchange:

Four years are exchanged by all actives if provision available. For Firefighters hired prior to July 1, 2003, six years are exchanged.

Military and Prior Service Buy-backs:

When a decision to buy-back service occurs, date of hire is adjusted accordingly.

Additional Liabilities:

COLAs:

Included in this valuation is the liability for the Cost of Living Adjustments (COLAs) effective July 1, 1987, July 1, 1990, July 1, 1997, July 1, 1999, July 1, 2001, July 1, 2005, and July 1, 2007 for both the MERF and the unfunded "Old Plans" (PBF, FRF, and RAF).

Local 1716:

Included in this valuation is the obligation for Local 1716 members who transferred to State MERF B on July 1, 1987.

29-year amortization payments (split between the City administration and the pension fund) commenced July 1, 1987 for this obligation. As of July 1, 2011, the City payment will be $509,126 ($2,195,000 on a present value basis) and the pension fund payment will be $462,336 ($1,994,000 on a present value basis).

Local 566:

Included in this valuation is the obligation for Local 566 (included merged Local 1303) members who transferred to State MERF B on August 1, 1988.

30-year amortization payments (split between the City administration and the pension fund) commenced August 1, 1988 for this obligation. As of July 1, 2011, the City payment will be $303,918 ($1,886,000 on a present value basis) and the pension fund payment will be $276,288 ($1,715,000 on a present value basis).

Section IV

Hartford MERF - Summary of Principal Provisions of Pension Plan
July 1, 2011

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Retirement Pensions:	Firefighters hired before July 1, 2003: 2.80% of Final Average Pay (rate of weekly pay immediately preceding retirement times 52, plus for firefighters who work a 42 hour week, holiday pay) multiplied by years of service up to 25 plus 2.0% for years over 25. Firefighters hired after June 30, 2003: 2.5% of Final Average Pay (rate of weekly pay immediately preceding retirement times 52, plus for firefighters who work a 42 hour week, holiday pay) multiplied by years of service up to 20 plus 2% of Final Average Pay for years of service over 20. Sworn Police Officers hired before July 1, 1999: 2.65% of Final Average Pay for highest 3 of last 5 years multiplied by years of service up to 20 plus 3% for year 21 plus a decreasing percentage for years over 21. Final Average Pay includes a provision for over-time and private duty pay. Sworn Police Officers hired after June 30, 1999: 2.5% of Final Average Pay for highest 3 of last 5 years times years of service up to 20 plus 2% for years of service- over 20.	2% (2.5% for HFSHP, HSSSA and HESP) of Final Average Pay for highest 5 of last 10 years times years of service, with maximum benefit of 70% of Final Average Pay. Final Average Pay for HFSHP, HESP, HSSSA, and Local 2221, Hartford Federation of Paraprofessionals are based on highest 3 out of last 5 years. Benefit for Local 2221 is 2.5% of Final Average Pay multiplied by years of service up to 20 plus 2% of Final Average Pay for years of service over 20 (maximum of 10 years). Effective July 1, 2008 for Local 818, employees hired prior to March 1, 2007 will get 2.5% of Final Average Pay (for each year of service) and employees hired after March 1, 2007 will get 2.0%. Final Average Pay is the highest 3 of the 7 years. Maximum benefit is 70% of pay.	For Library and MLA hired on or after July 1, 2006, HMEA hired after July 1, 2003, CHPEA hired after June 23, 2003, 2% of Final Average Pay for highest 2 of last 5 years times years of service with a maximum benefit of 70% of Final Average Pay. For Library with 5-year option, Final Average Pay is highest 5 of last 10 years. For CHPEA hired on or before June 23, 2003, MLA hired before July 1, 2006, and Nonbargaining, 2.5% of Final Average Pay for highest 2 of last 5 years times years of service. Maximum benefit of 70% of Final Average Pay for CHPEA, 80% for Nonbargaining and MLA. For Nonbargaining with 5-year option, Final Average Pay is highest 5 of last 10 years. For Nonbargaining municipal employees hired after January 1, 2011, retirement benefit multiplier is reduced to 1.75%. For HMEA hired before July 1, 2003, 2.75% of Final Average Pay for highest 2 of last 5 years times years of service with a maximum benefit of 75% (was 70%) of Final Average Pay. For SCGA, 2% of Final Average Pay for highest 5 of last 10 years reduced by 1% of average Social Security covered earnings for all years included in computation of Social Security primary benefits. Maximum benefit of 100% of Final Average Pay.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Retirement Pensions:	Non-Sworn Police Officers: 2.5% of Final Average Pay for highest 3 of last 5 years times years of service, with maximum benefit of 80% of Final Average Pay. Sworn Police Officers have a maximum benefit of 70% of Final Average Pay. For Sworn Police Officers hired before July 1, 1999 increase maximum benefit to 80% of Final Average Pay with sick exchange provision. Firefighters have a maximum benefit of 80% of Final Average Pay (85% with sick exchange if hired prior to July 1, 2003). Assistant Police Chief, Police Chief, Assistant Fire Chief and Fire Chief: Same as Non-Bargaining.		
Normal Form of Benefit:	For unmarried members: life annuity. For married members: surviving spouse benefit of 25% of member's final year's earnings, if non-service connected death, and 50% of member's final year's earnings, if service connected death. Minimum of 50% of pension benefit for firefighters for non-service connected death. For married Non-Sworn Police Officers: life annuity with 50% to survivor.	For unmarried members: life annuity. For married members: life annuity with 50% to survivor.	For unmarried members: life annuity. For married members: life annuity with 50% to survivor.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Normal Retirement Age and Service Requirement:	Firefighters and Sworn Police Officers hired before July 1, 1999: Full benefits after 20 years of continuous service. Sworn Police Officers hired after June 30, 1999: Full benefits after 25 years of continuous service. Non-Sworn Police Officers: Full benefits after 20 years of service, or age 60 plus 5 years of continuous service, or after 15 years of service, if contributions are left in the MERF until would have had 20 years of service.	Age 60 plus 10 (5 for non-bargaining – was 10) years of service (continuous service for Local 2221). Members are also eligible at age 55 with 25 years of service. Local 818 employees hired prior to March 1, 2007 may retire after 20 years of service, regardless of age. For HSSSA, age 55 and 5 (was 10) years of service.	For SCGA and MLA hired on or after July 1, 2006, earlier of (1) age 60 plus 5 years of continuous service or (2) age 55 with 25 years of continuous service. For Nonbargaining and MLA hired prior to July 1, 2006, earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of service, or (3) after 20 years of service if participant leaves after 15 years of service and contributions are left in the MERF until would have had 20 years of service. For CHPEA, earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of aggregate service if hired on or before June 23, 2003, age 55 with 25 years of aggregate service if hired after June 23, 2003. For HMEA earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of continuous service if hired before July 1, 2003, age 55 with 25 years of continuous service if hired after July 1, 2003. For Library non union, earlier of (1) age 60 plus 5 years of continuous service or (2) 25 years of continuous service. For Library union, (1) age 60 plus 10 years of continuous service or (2) 25 years of continuous service. For Nonbargaining municipal employees hired after January 1, 2011, earlier of age 55 with 20 years of service and age 62 with 5 years of service.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Optional Early Retirement:	Sworn Police Officers: Age 50 with 10 years of continuous service, actuarially reduced for years prior to Normal Retirement Age. Non-Sworn Police Officers: Age 55 with 5 years of continuous service, reduced at 4% per whole year prior to age 60. Firefighters: Age 50 with 5 years of continuous service, actuarially reduced or reduced at 2% per year (prorated for fractional years) prior to Normal Retirement Age.	At age 55 with 10 years (5 years for HESP) of service (continuous service for Local 2221), reduced at 4% per whole year prior to age 60. For Local 818, reduction is adjusted for partial years.	For Library union, age 55 with 10 years of continuous service. For all others, age 55 with 5 years of continuous service. Benefit reduced at 4% per whole year prior to age 60 (prorate for partial years for HMEA and CHPEA). For SCG members, reduction is 2% per whole year and fraction of a year prior to age 60. For Nonbargaining municipal employees hired after January 1, 2011, early retirement reduction is 4% per year prior to age 62.
Vesting of Earned Deferred Pension:	Sworn Police Officers: After 10 years of continuous service. Firefighters and Non-Sworn Police Officers: After 5 years of continuous service.	After 10 years (5 years for HESP, HSSSA and non-bargaining) of continuous service. Payments begin no earlier than age 55. (Was 10 years for HSSSA and non-bargaining).	For Library union, 10 years of continuous service. For all others, 5 years of continuous service. Payments begin no earlier than age 55.
Benefits to Survivors: (Death of Active Member Prior to Retirement)	Surviving Spouse: 25% of final year's earnings (50% if service connected death), payable until death or remarriage. Minimum of 50% of pension benefit for Firefighters for non-service connected death. Surviving Child: $100 per month for first child, $50 for each additional child (10% of final year's earnings if service connected death, or 15% if no surviving spouse). Total benefit, including Worker's Compensation, cannot exceed 100% of current pay rate for Member's rank. Non-Sworn Police Officers: Same as General Government members.	Member must meet qualifications for vesting. Surviving Spouse: 50% of pension which Member is receiving or would be entitled to when retired, payments beginning no earlier than date of Member's 55th birthday. Surviving Spouse benefits are payable until death or remarriage.	

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Refund of Contributions upon Discontinuance of Employment or at Death (Non-Vested Members): (May be taken in lieu of earned deferred pension by vested members)	Refund of total contributions, without interest. Non-Sworn Police Officers: Same as General Government members.	Termination: Refund of total contributions, with 3% interest compounded annually. Death: Refund of total contributions with interest preretirement and without interest postretirement.	
Pensions for Permanent, Total Disability - Service Requirements:	5 years of continuous service, but no requirement if disability is service connected as defined in Worker's Compensation Act. Non-Sworn Police Officers: Same as General Government members.	10 years of continuous service, except no requirement if disability is service connected as defined in Worker's Compensation Act.	
Amount of Total Disability Pension: (Payable so long as total disability continues.)	Retirement Pension with minimum of 25% of "final average pay." If disability is service connected, the pension equals 100% of the Member's final annual pay less Worker's Compensation benefits. Non-Sworn Police Officers: Same as General Government members.	Retirement Pension using Final Average Pay for last 10 years. If disability is service connected, amount not less than 50% of Member's final annual pay at time of disability. Maximum benefit of 2/3 of 10-year Final Average Pay less Social Security benefit. Minimum benefit of $30 per month. All service connected disability benefits are offset by benefits payable by Worker's Compensation (exception: no offset for $30 minimum). If non service connected, same as above, but no 50% Final Average Pay minimum and minimum benefit equals $10 per month instead of $30 per month.	

Pensions for Permanent Partial Disability: (Where earnings capacity is reduced by at least 10%.)	Ten years of continuous service, but no service requirement if disability is service connected. Same as retirement pension with reduction for less than 15 years of service. If non-service connected, retirement pension, subject to a minimum equal to 25% of Final Average Pay. This minimum is reduced by earnings if less than 15 years of service at time of disability. If service connected, pension equals 50% of final annual pay (regular 20 year pension for Firefighters) if 15 years of service, with reductions for earnings if less than 15 years of service. If at least 20 years of service, pension equals retirement pension. Non-Sworn Police Officers: Same as General Government members.	10 years of continuous service, except no requirement if disability is service connected as defined in Worker's Compensation Act. Retirement Pension using Final Average Pay for last 10 years (with offset for Worker's Compensation benefits if service-related disability), subject to a minimum pension of $10 monthly (non-service connected), or $30 (service connected). If the disability is service connected, benefit not less than 50% of the reduction in earnings with offset for Worker's Compensation benefits. For service connected disability, the maximum benefit is 2/3 of 10 year final average pay less Worker's Compensation and Social Security benefits. For non-service connected disability, the maximum is 2/3 of 10 year final average pay less Social Security benefits, or 1-^{2}/3% of the reduction in income times years of service.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Member's Contribution Rate of Total Earnings: (City pays full balance of costs to fund MERF benefits; also Members and City pay taxes for those covered by Social Security.)	Firefighters and Sworn Police Officers hired before July 1, 1999: 8%. Sworn Police Officers hired after June 30, 1999: 6.5%. Non-Sworn Police Officers: 4% on earnings taxed for Social Security and 7% on excess. Assistant Police Chief, Police Chief, Assistant Fire Chief and Fire Chief: Same as Non-Bargaining.	4% on earnings taxed for Social Security and 7% on excess. For HESP, 9% and 12%, respectively. For HSSSA, 9.25% and 12.25%, respectively (was 8.75%/11.75%). For HFSHP 10.14% and 13.14%, respectively. For Non-bargaining 4.5% and 7.5%, respectively (was 4%/7%). For Local 818, 5.2% up to Social Security Wage Base and 8.2% of the excess. If hired on or after March 1, 2007, 7.1% and 10.1%, respectively.	For Nonbargaining, 5% on earnings taxed by Social Security and 8% on excess if 5 year Final Average Pay option elected (was 4%/7%). With 2 year option, 6% and 9%, respectively (was 5%/8). For Library, 4% on earnings taxed by Social Security and 7% on excess if 5 year Final Average Pay option elected. With 2 year option, 5% and 8%, respectively. For MLA, HMEA hired after July 1, 2003, and CHPEA hired after June 30, 2003, 5% on earnings taxed by Social Security and 8% on excess. For CHPEA hired on or before June 30, 2003, 6.5% and 9.5%, respectively. For HMEA hired before July 1, 2003, 7.8% on all earnings. For SCGA, 4% on earnings taxed by Social Security and 7% on excess (was 3%/6%).

Note 1 Any Member (other than a Police Officer or Firefighter) who was a Member before January 1, 1958 is guaranteed a minimum total benefit, including Social Security based on earnings from the City, equal to the pension the Member would have received under the terms of the MERF plan in existence prior to the enactment of the 1957 Special Act No. 347. Also, several active Members who transferred to MERF on or after July 1, 1968 from the City's Retirement Allowance Fund are entitled to a pension determined by the RAF provisions if it is greater than that based on the MERF provisions.

Note 2 Section 2-166 of the Municipal Code provides a minimum benefit of $155 monthly for all pensions granted by reason of service or for service-connected disability, and for joint annuitants under elected options, except members for whom Social Security taxes have been paid and anyone for whom more than half of the total pension is paid by the Metropolitan District.

Note 3 All members (other than SCG) may purchase up to 4 years of pension credit for military service. Pension credit is at the following rates of Final Average Pay per year purchased:

HMEA members hired before July 1, 2003	2.75%
Sworn Police Officers, Firefighters, CHPEA members hired on or before June 23, 2003, HFSHP, Local 818 hired prior to March 1, 2007, HSSSA, HESP, Non-bargaining (including Assistant Police Chief, Police Chief, Assistant Fire Chief, and Fire Chief), Non-Sworn Police Officers, and MLA hired prior to July 1, 2006	2.50%
Other (including CHPEA members hired after June 23, 2003, HMEA members hired prior to July 1, 2003, MLA hired on or after July 1, 2006, and Local 818 hired on or after March 1, 2007)	2.00%

Note 4 All members (other than Sworn Police Officers hired after July 1, 1999, all Board of Education members, CHPEA hired after June 23, 2003, HMEA hired on or after July 1, 2003, Library, SCG and MLA hired on or after July 1, 2006, Nonbargaining municipal members hired after January 1, 2011) may exchange accumulated sick leave upon retirement for up to 4 years (6 years for Firefighters hired prior to July 1, 2003) of pension service time. Additional pension service time may be purchased from accumulated sick leave at the rate of twenty days of accumulated sick leave for each year of pension service time.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

October 1, 2009 Actuarial Report

For the Fiscal and Plan Year
October 1, 2010
through
September 30, 2011

Prepared By:

STANLEY, HOLCOMBE & ASSOCIATES, INC.
2000 RiverEdge Parkway/ Suite 540
Atlanta, GA 30328
(770) 933-1933

March 16, 2010

S
H
& A

Stanley,
Holcombe
& Associates, Inc.

March 16, 2010

Board of Trustees
City of Miami Fire Fighters' and
Police Officers' Retirement Trust
1895 SW 3 Avenue
Miami, FL 33129-1456

October 1, 2009 Actuarial Report

Dear Board Members:

Enclosed is our report on the actuarial valuation of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2009, for the fiscal year beginning October 1, 2010.

The report is based upon the terms of Ordinance No. 10002 and the Amended Final Judgment in the matter of Gates v. City of Miami. This report reflects 9% employee contributions from Fire Fighters as well as the 68 point retirement eligibility requirement for Fire Fighters who had not attained 64 points as of September 30, 2009.

The City contribution requirement for the 2010/2011 fiscal year is $65,551,615, compared to $55,095,791 for the 2009/2010 fiscal year.

Respectfully submitted,

Randall L. Stanley, FSA, MAAA, EA
Consulting Actuary and Principal

Frans Christ, FSA, MAAA, EA
Vice President and Consulting Actuary

Jonathan T. Craven, ASA, EA
Vice President and Consulting Actuary

RLS/FC/JTC/di
MIAMI01B

Enclosures (20)

2000 RiverEdge Parkway/Suite 540 • Atlanta, GA 30328
(770) 933-1933 • Fax (770) 933-8918 • www.stanleyholcombe.com

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

OCTOBER 1, 2009 ACTUARIAL REPORT

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

OCTOBER 1, 2009 ACTUARIAL REPORT

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results - Regular Fund

		Actuarial Valuation Prepared as of 10/1/2009	10/1/2008
A.	Participant Data (Ex.7)		
	Active Members	1,517	1,633
	Total Annual Payroll	$122,212,346	$129,369,531
	Retired Members and Beneficiaries	1,758	1,643
	Total Annualized Benefits	$86,149,422	$73,118,582
	Disabled Members	196	204
	Total Annualized Benefits	$3,900,431	$3,990,880
	Terminated Vested Members	20	23
	Total Annualized Benefits	$512,331	$466,760
B.	Assets	-$-	-$-
	Actuarial Value (Ex. 2A)	1,164,973,724	1,219,600,827
	Market Value (Ex. 4)	970,811,437	1,018,935,217
C.	Liabilities (Excl. COLA)		
	Present Value of Benefits (Ex. 1)		
	Active Members - Retirement	917,777,253	968,874,865
	Vesting	19,807,807	18,499,353
	Disability	36,815,319	35,377,390
	Death	9,839,784	10,166,026
	Return of Contributions	2,068,805	1,872,976
	Total	986,308,968	1,052,790,610
	Inactive Members - Retired and Beneficiaries	906,759,019	763,064,711
	Disabled	34,328,843	35,509,391
	Terminated Vested	4,282,512	3,738,442
	Total	945,370,374	802,312,544
	Total	1,931,679,342	1,855,103,154
	Actuarial Accrued Liability	N/A	N/A
	Unfunded Actuarial Accrued Liability	N/A	N/A

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results - Regular Fund
(Continued)

		Actuarial Valuation Prepared as of 10/1/2009	Actuarial Valuation Prepared as of 10/1/2008
D.	Actuarial Present Value of Accrued Benefits (Exhibit 5)	-$-	-$-
	Vested Accrued Benefits		
	Inactive Members and Beneficiaries	945,370,374	802,312,544
	Active Members	416,609,449	425,678,479
	Total	1,361,979,823	1,227,991,023
	Non-Vested Accrued Benefits	29,207,048	28,798,596
	Total	1,391,186,871	1,256,789,619
E.	Pension Cost (Exhibit 1)		
	Normal Cost	75,189,626	64,151,658
	Payment to Amortize Unfunded Liability	N/A	N/A
	Expected Plan Sponsor Contribution	65,551,615	55,095,791
	As % of Payroll	53.64%	42.59%
	Expected Member Contribution	9,638,011	9,055,867
	As % of Payroll	7.89%	7.00%
		Year Ending 9/30/2008	Year Ending 9/30/2007
F.	Past Contributions	-$-	-$-
	Required Plan Sponsor Contribution	36,993,395	36,040,251
	Required Member Contributions	9,769,139	9,719,896
	Actual Contributions		
	Plan Sponsor	36,993,395	36,040,251
	Members	9,769,139	9,719,896
G.	Net Actuarial Gain (Loss)	N/A	N/A
H.	Other Disclosures		
	Active Members:		
	Present Value Future Salaries (at attained age)	1,325,848,007	1,360,580,427
	Present Value Future Contributions (at attained age)	101,158,464	91,751,594

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results – COLA Fund

		Actuarial Valuation Prepared as of 10/1/2009	10/1/2008
A. Participant Data			
Active Members			
Total Annual Payroll			
Retired Members and Beneficiaries		1,758	1,643
Total Annualized Benefits		$14,483,876	$14,166,305
Disabled Members		196	204
Total Annualized Benefits		$2,820,516	$2,864,125
Table		$1,312	$1,312
B. Assets		-$-	-$-
Actuarial Value (Ex. 13)		316,220,411	325,271,988
Market Value (Ex. 13)		296,317,281	305,815,025
C. Liabilities (COLA Only)			
Present Value of Benefits (Ex. 13)			
Active Members -	Reserve for Current Actives	44,537,865	44,121,197
	Reserve for Contribution Refunds	N/A	N/A
	Reserve for Future Actives	6,680,680	6,618,180
	Total (excl. 457 Service)	51,218,545	50,739,377
Inactive Members -	Frozen COLA I Benefits	1,554,180	1,753,400
	COLA II Benefits	237,207,751	226,911,479
	Total	238,761,931	228,664,879
Total		289,980,476	279,404,256

Comparative Summary of Total Assets - Combined

Market Value (Ex. 4)	1,267,128,718	1,324,750,242

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

REVIEW OF COSTS

Summary Discussion

This is the actuarial report for the fiscal year beginning October 1, 2010 for the City of Miami Fire Fighters' and Police Officers' Retirement Trust. This is the twenty-sixth annual actuarial report prepared by Stanley, Holcombe & Associates, Inc. This report is intended to reflect the provisions and requirements of Ordinance No. 10002, as amended through September 30, 2009.

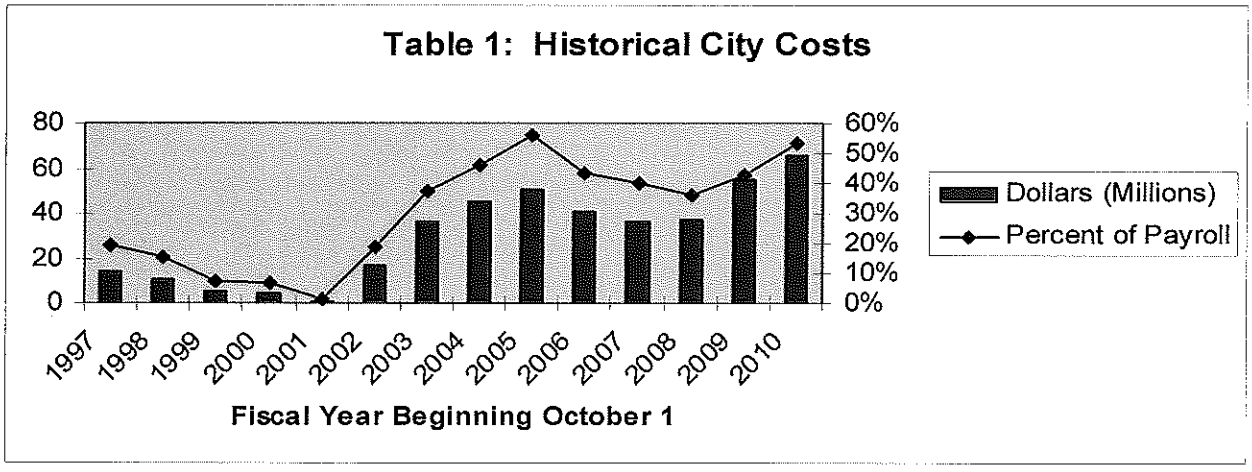
Comparison of Deposit Requirements

The City contribution requirements, and the results calculated for the 2010/2011 fiscal year, are as follows:

	2010/2011	2009/2010	2008/2009
	-$-	-$-	-$-
Past Service Cost	N/A	N/A	N/A
Normal Cost	65,551,615	55,095,791	36,993,395
Payment Timing	0	0	0
	65,551,615	55,095,791	36,993,395

The 2010/2011 deposit amount of $65,551,615 is approximately $10.5 million more than the $55,095,791 for the prior year.

As can be seen from Table 1, the decreases in City costs in prior years have reversed, due to unfavorable asset performance, as compared to the 7.75% actuarial assumption.



Analysis of Cost Changes

The Normal Cost element of FIPO costs is expected to remain level as a percentage of covered payroll, if the actual Plan experience is the same as the actuarial assumptions. An increase in the Normal Cost rate indicates that experience has been less favorable than assumed, while a decrease indicates more favorable experience.

Quantification of the reasons for the changes is as follows:

Table 2 – Gain/Loss Analysis of Cost Changes from October 1, 2008 to October 1, 2009 Valuations

	Normal Cost	
	-$-	-%-
2008/2009 Normal Cost	55,095,791	42.59
Including 8% Firefighter Contributions	54,494,498	42.12
2009/2010 Normal Cost Expected (for continuing participants)	54,005,548	42.25
Element of Experience		
Salary Increases	-311,165	+0.13
Turnover	+279,208	+0.16
Mortality	-50,342	-0.04
Retirement	-659,543	+2.09
New Participants	+168,827	-0.67
Disability	-86,205	-0.18
Investment Return	+10,865,614	+8.89
Contribution Lag	+2,024,866	+1.58
Other, Data	+70,593	+0.05
Total	+12,301,853	+12.01
Plan Amendment	-755,786	-0.62
2009/2010 Normal Cost (9% Fire member contributions, 68 points)	65,551,615	53.64

Following is a more detailed description of the elements of experience.

Salary Increases - During the period October 1, 2008 through September 30, 2009, covered payroll for the continuing actives increased less than expected, resulting in a decrease of $311,165 in the Normal Cost. Covered payroll for continuing active participants at September 30, 2009 increased 6.35% compared to an expected 7.26%.

Mortality - For active members there were three deaths, as compared to 2 expected; for inactive members there were 57 deaths (17 with survivors), as compared to 49 expected. This decreased the normal cost by $50,342.

Disability - During the past year there was one disability, as compared to 5 expected. This decreased the normal cost by $86,205.

Turnover - From October 1, 2008 to September 30, 2009, there were 22 employee terminations, as compared to 20 predicted by the actuarial assumptions. This increased the normal cost by $279,208. Following is a comparison of the expected and actual turnover rates for the past ten years:

Table 3 – Expected and Actual Turnover by Duration

	1999/2002		2002/2005		2005/2008		2008/2009	
Age	Exp.	Act.	Exp.	Act.	Exp.	Act.	Exp.	Act.
20-24	3.7	3	1.3	0	3.2	4	1.7	2
25-29	12.3	11	9.8	12	9.0	12	4.2	6
30-34	17.9	21	15.7	26	13.5	19	5.0	5
35-39	20.2	13	15.7	10	15.3	13	5.1	5
40+	13.8	19	13.5	18	11.5	8	4.0	4
	67.9	67	56.0	66	52.5	56	20.0	22

Retirement - There were 145 retirements during the period (41 firefighters, 104 police), as compared to 68 expected. This large number of retirements caused an increase in costs of 2.09% of payroll. However, the corresponding significant decline in payroll resulted in the dollar cost decreasing $659,543.

Following is a comparison of the expected and actual retirements during the past year:

Table 4 – Expected and Actual Retirements by Duration

	Firefighters			Police Officers			Combined		
Service*	Expected	Actual	A/E	Expected	Actual	A/E	Expected	Actual	A/E
0	0.55	4	727.3%	5.25	30	571.4%	5.80	34	586.2%
1	1.35	5	370.4%	4.20	12	285.7%	5.55	17	306.3%
2	1.35	4	296.3%	4.35	11	252.9%	5.70	15	263.2%
3	1.30	2	153.9%	2.60	9	346.2%	3.90	11	282.1%
4	1.40	2	142.9%	4.65	14	301.1%	6.05	16	264.5%
5	5.00	3	60.0%	0.50	1	200.0%	5.50	4	72.7%
6	4.00	3	75.0%	5.75	9	156.5%	9.75	12	123.1%
7	6.75	13	192.6%	4.00	12	300.0%	10.75	25	232.6%
8	1.75	2	114.3%	1.50	3	200.0%	3.25	5	153.8%
9	0.25	0	0.0%	0.50	2	400.0%	0.75	2	266.7%
10+	10.50	3	28.6%	0.50	1	200.0%	11.0	4	36.4%
Total	34.20	41	119.9%	33.80	104	307.7%	68.00	145	213.2%

*After attainment of Rule of 64 and 20 years

Investment Return - The rate of return for the year ending September 30, 2009 was (1.31%) on actuarial asset value (Exhibit 2A). As of October 1, 2008 and October 1, 2009, the actuarial asset value was approximately 120% of market value. Since the rate of return on market value was (0.3%) as shown in Exhibit 4, the comparative statuses of market value and actuarial value were not improved in the 2008/2009 year, and the 20% anticipated asset smoothing was not available.

As shown in Exhibit 2C, there will not be a COLA transfer as of January 1, 2010 or January 1, 2011, resulting in City minimum contributions of $4,682,453 and $4,869,751 due to the COLA fund as of those dates.

New Participants – During the year there were 54 new participants, who decreased the City contribution requirement for the Fund by 0.67%. Last year, 188 new participants decreased the rate by 2.56%.

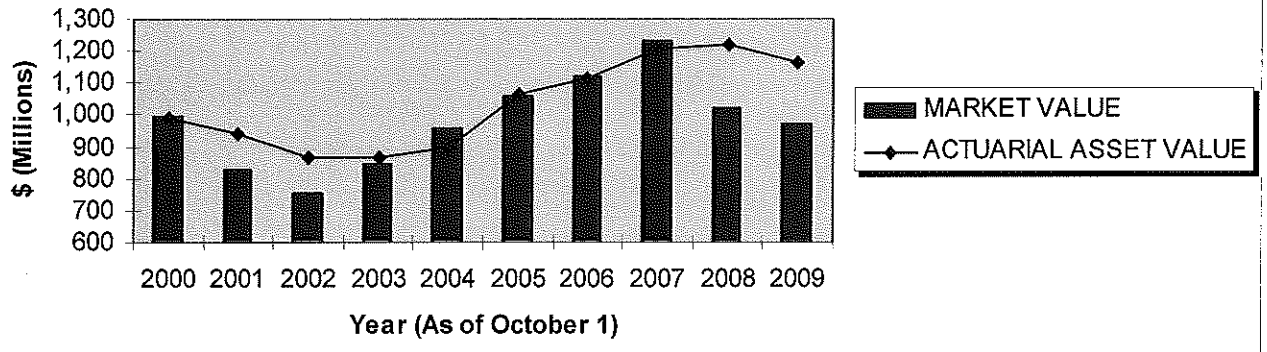
Plan Assets

Exhibits 3 and 4 show the asset transactions and investment results during the year. The rate of return on mean market value for the period ending September 30, 2009 was (0.3%), as compared to the 7.75% assumption.

The asset valuation method results in an actuarial asset value of $1.165 billion as of October 1, 2009 (Exhibit 2A), as compared to the market value of $970.8 million.

Table 5 illustrates the effect of using the asset smoothing methodology. The volatility of the market value of assets can be seen in the columns, while the actuarial value is illustrated by the line. The actuarial asset value line reflects the 20% Write-Up Method from September 30, 2005.

Table 5: Actuarial vs. Market Value of Assets



For COLA transfer purposes, the actuarial asset valuation method utilizes a 3-year moving average (Exhibit 2B). Under this method, the rate of return for the year ending September 30, 2009 was (8.36%). This results in no asset transfer from the Regular Fund to the COLA Fund on January 1, 2011 (Exhibit 2C).

Expected Ongoing Cost Levels

System costs have varied dramatically over the past several years, due almost exclusively to asset performance. Since the City's contribution requirement is the primary variable, it has been significantly impacted.

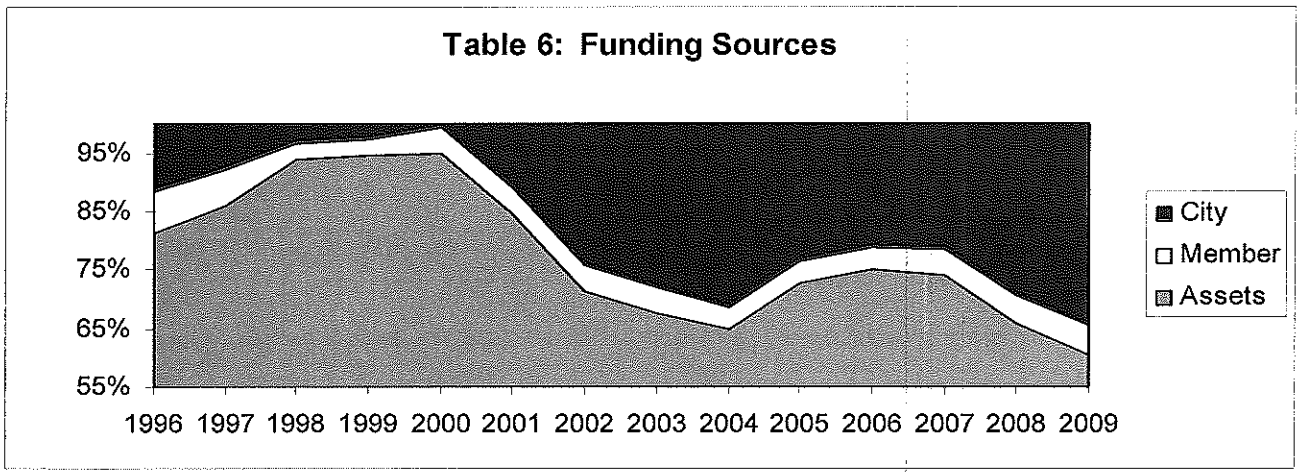
Nevertheless, it is important to distinguish between individual annual costs (which may be somewhat erratic) and expected ongoing annual costs. The following table compares the City contribution requirement as a percentage of payroll to the theoretical entry age normal City contribution percentages:

Valuation Date	Contribution %	EAN %
10/1/2009	54	21
10/1/2008	43	21
10/1/2007	36	22
10/1/2006	40	23
10/1/2005 (Revised AAV)	44	23
10/1/2005 (Prior AAV)	60	23
10/1/2004	57	23
10/1/2003	46	21
10/1/2002	45	17
10/1/2001	20	19
10/1/2000	1	16
10/1/1999	5	17

As will be noted, contribution requirements in the two years before the 10/1/2002 valuation were below the System's theoretical contribution level. This was due to the System having accumulated more assets than expected. During the 2001-2005 period the contribution requirement (under the prior actuarial asset valuation method) had increased dramatically, due to erosion of assets and the delayed effect of asset smoothing.

Sources of Benefit Funding

Table 6 compares the sources of benefit funding for the past 13 years. The present value of benefits is equal to 100% in the Table. The present value of benefits is provided by three sources; the actuarial value of assets, the present value of member contributions, and the present value of future normal costs (city).



As seen in the table, the city portion of future benefit responsibility decreased as asset values climbed during the late nineties. When asset values started to decline, the city portion increased. As of October 1, 2009, the actuarial value of assets equals 60% of the present value of benefits, the present value of employee contributions equals 5%, and the present value of future normal costs equal 35% of the present value of future benefits.

Funding Progress

The comparison of the present values of vested and accrued benefits to FIPO assets from one year to the next, or over a period of time, is a measure of interim funding progress and the degree of benefit security.

Exhibit 6 contains the result of this comparison for the past three years. The market value of assets on October 1, 2009 is $970,811,437, as compared to the value of accrued benefits of $1,391,186,871 for a ratio of 69.8%. The ratio as of October 1, 2008 was 81.1%.

A ratio in excess of 100% typically is one indication of a well-funded program.

Governmental Accounting Standards

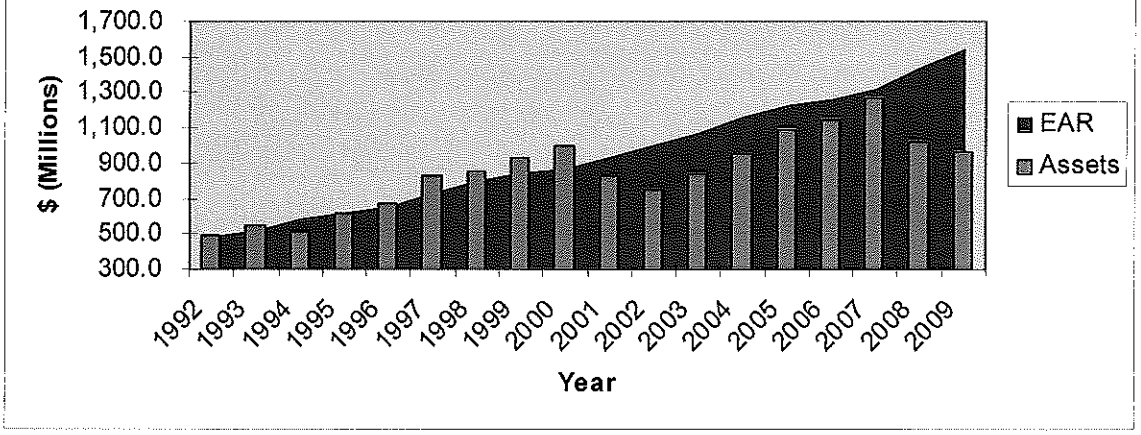
GASB issued Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Statement No. 27, Accounting for Pensions by State and Local Governmental Employers in 1994. Statement No. 25 provides parameters for financial reporting and comparison of actual contributions to "actuarially required contributions." Statement No. 27 provides standards for the financial reports of the state and local governmental employers. Statement No. 25 was effective for periods beginning after June 15, 1996; Statement No. 27, for periods beginning after June 15, 1997.

The Statements do not directly impact funding, although they do require calculation of an "actuarially required contribution," or "ARC" and amortization of any deficiency or excess of actual contributions made in relation to the ARC.

Since the FIPO Trust uses the Aggregate Cost Method, technically no Schedule of Funding Progress is required. However, such a Schedule of Funding Progress may be prepared using another acceptable cost method. Based on our recommendation in this report, the Schedule of Funding Progress is prepared using the Entry Age Normal Actuarial Accrued Liability, which is one of the acceptable measures under GASB 25. This Schedule is shown in Exhibit 11, Section III.

As of October 1, 2009 the entry age reserve is $1,539.3 million. This compares to assets of $970.8 million, for a funded ratio of 63%. Last year the funded ratio was 70%. These amounts, together with other disclosures, are contained in Exhibit 11 and illustrated in the following Table 7:

Table 7: GASB 25 Assets and Liabilities



As recommended in the 1997 report, and reviewed by FIPO auditors, the employer contributions made in accordance with the requirements of the Florida Division of Retirement should be used as the Actuarially Required Contribution (ARC), since an exact calculation of the ARC would not differ materially from the required contribution amount. On this basis, a Schedule of Employer Contributions has been added to Exhibit 11 in order to comply with the reporting requirements of GASB 25.

These calculations are made for GASB 25. It should be understood that they are only one approach to the measurement of funding progress. They should not be used for any other purpose, such as determination of compliance with City ordinances or State Statutes or the current or future solvency of the FIPO Trust.

Application of GASB 27

The provisions of GASB 27 are virtually identical to those of GASB 25. It is our understanding that the schedules used for GASB 25 disclosure may also be used for GASB 27 purposes.

COLA Fund

Calculations were made based on the information provided as of 10/1/2009. The calculations reflect the approach adopted with the Amended Final Judgment in the matter of Gates vs. City of Miami.

Exhibit 12, parts I and II, illustrate the general impact of the COLA increases which have been provided thus far (under the $1,312 table as of 1/1/2010), by duration since retirement and by age, respectively.

As discussed in earlier reports, there is probably no completely acceptable index for measuring the impact of inflation on retirees' benefits. Although the CPI is the most widely used inflation index, it is generally considered to distort inflation for retirees, since it includes components which are not typically germane to them, such as home purchases. In the absence of a suitable alternative, a percentage of the CPI is often used as a target. If the cumulative CPI were used as a target, the current COLA averages 52% of the target. A comparison of COLA increases to the CPI is shown in Exhibit 12, part III. Historical data on the CPI is shown in Exhibit 12, part IV.

Cumulative Experience Position

Ordinance Section 40-204(C) (4) provides that transfers of excess investment return from the Regular Fund to the COLA Fund may be made only if the System remains in a net positive experience position on a cumulative basis from October 1, 1982. Since the aggregate cost method is used for determining funding requirements, the determination of the experience position is measured under the entry age normal method.

The cumulative experience gain decreased from $69,203,355 as of October 1, 2008, to a cumulative loss of $60,270,194 as of October 1, 2009 (Exhibit 14).

COLA Transfer Calculations

Exhibit 2C shows the transfer calculations as of this valuation. As will be noted, the excess return transfer as of January 1, 2010 and January 1, 2011 are scheduled to be $0. Therefore, there will be City contributions to the COLA fund of $4,682,453 as of January 1, 2010 and $4,869,751 as of January 1, 2011.

Enrolled Actuary's Statement

This report has been prepared in accordance with standards established by the American Academy of Actuaries. To the best of our knowledge, it reflects the actuarial condition of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2009 for the Retirement Fund and for the COLA Fund.

All costs and cost components are calculated on the basis of actuarial assumptions which reasonably reflect the experience of the Trust.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Randall L. Hanley

Signature

Enrolled Actuary No. 08-602

March 16, 2010

Date

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

City Contribution Requirement for 2010/2011 Fiscal Year

		2010/2011 -$-	2009/2010 -$-
I.	Unfunded Actuarial Accrued Liability	N/A	N/A
II.	Normal Cost		
	A. Present Value of Future Benefits		
	1. Active Members		
	a. Retirement	917,777,253	986,874,865
	b. Disability	36,815,319	35,377,390
	c. Death	9,839,784	10,166,026
	d. Turnover	19,807,807	18,499,353
	e. Return of Contributions	2,068,805	1,872,976
	f. Total	986,308,968	1,052,790,610
	2. Retired Members and Beneficiaries		
	a. Service Retirements + Beneficiaries	906,759,019	763,064,711
	b. Disability Retirements	34,328,843	35,509,391
	c. Terminated Vested Members	4,282,512	3,738,442
	d. Total	945,370,374	802,312,544
	3. Total	1,931,679,342	1,855,103,154

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

City Contribution Requirement for 2010/2011 Fiscal Year

		2010/2011 -$-	2009/2010 -$-
II.	Normal Cost (Cont'd)		
	A. Total Present Value of Future Benefits	1,931,679,342	1,855,103,154
	B. Present Value of Future Member Contributions	101,158,464	91,751,594
	C. Actuarial Asset Value	1,164,973,724	1,219,600,827
	D. Unfunded Actuarial Accrued Liability	0	0
	E. Present Value of Future Normal Costs (A-B-C-D)	665,547,154	543,750,733
	F. Present Value of Future Payrolls	1,325,848,007	1,360,580,427
	G. Current Payroll for those under Expected Retirement Age	121,193,974	127,945,646
	H. Current Normal Cost - Payable 10/1/2010 [(E)x(G) / (F)] (1.0775)	65,551,615	55,095,791
	I. Covered Payroll	122,212,346	129,369,531
	J. Normal Cost as Percentage of Payroll (H)/ (I)	53.64%	42.59%
III.	Quarterly City Contribution Schedule		
	A. Past Service Cost	0	0
	B. Normal Cost	65,551,615	55,095,791
	C. Payment Timing	0	0
	D. Total	**65,551,615**	55,095,791

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Actuarial Asset Value – 20% Write Up Method

I. Determination of Actuarial Asset Value as of October 1, 2009

	-$-
A. Actuarial Value of Assets as of 10/01/2008	1,219,600,827
B. City Contributions	36,993,395
C. Member Contribution	9,769,139
D. Benefits Paid	85,094,354
E. Contributions Refunded	336,755
F. Expected Return *	94,272,918
G. Expected Actuarial Value of Assets (A+B+C-D-E+F)	1,275,205,170
H. Market Value of Assets	970,811,437
I. Present Value of 01/01/10 COLA Transfer	0
J. Present Value of 01/01/11 COLA Transfer	0
K. Difference (H-I-J-G)	(304,393,733)
L. 20% of Difference	(60,878,747)
M. Preliminary Actuarial Asset Value (G+L)	1,214,326,423
N. Maximum Actuarial Asset Value (120% of H-I-J)	1,164,973,724
O. Minimum Actuarial Asset Value (80% of H-I-J)	776,649,150
P. Actuarial Asset Value at 10/1/2009	1,164,973,724
Q. Contribution Surplus Account Balance	0
R. Final Actuarial Value at 10/01/2009 (P – Q)	**1,164,973,724**

II. Rate of Return on Actuarial Asset Value

	-$-
A. Actuarial Asset Value at 10/01/2008	1,219,600,827
B. Contributions	
1. City	36,993,395
2. Members	9,769,139
3. Total	46,762,534
C. Benefits and Refunds	85,431,109
D. Contribution Surplus	0
E. Actuarial Asset Value at 10/01/2009	1,164,973,724
F. Net Return on Investment [E+D+C-B-A]	(15,958,528)
G. Rate of Return (II F/I F) (.0775)	(1.31%)

*[1,219,600,827 + 36,993,395 + (9,769,139) (2.5/4) – (85,094,354 + 336,755) (13/24)] (.0775)

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

I. Development of Actuarial Asset Value (3 Years, for COLA Transfer Purposes)

		9/30/2009	9/30/2008	9/30/2007
		-$-	-$-	-$-
A.	Book Value	970,698,193	1,031,726,793	1,014,745,156
B.	Market Value	970,811,437	1,018,935,217	1,268,869,871
C.	B/A	1.0001167	0.9876018	1.2504320
D.	1/3 ∑ (C)		1.0793835	
E.	Adjusted Market Value at 9/30/2009 D x $970,698,193		1,047,755,613	
F.	Contribution Surplus at 9/30/2009		0	
G.	1. 80% of Market Value		776,649,150	
	2. 120% of Market Value		1,164,973,724	
H.	Preliminary Actuarial Asset Value		1,047,755,613	
I.	Present Value of 1/1/2011 COLA Transfer, discounted at 7.75%		0	
J.	Actuarial Asset Value (H-I)		1,047,755,613	

II. Rate of Return on Actuarial Asset Value

		-$-
A.	Actuarial Asset Value at 10/01/2008	1,183,730,379
B.	Contributions	
	1. City	36,993,395
	2. Members	9,769,139
	3. Total	46,762,534
C.	Benefits and Refunds	85,431,109
D.	Present Value of 1/1/2011 COLA Transfer	0
E.	Contribution Surplus	0
F.	Actuarial Asset Value at 10/01/2009	1,047,755,613
G.	Net Return on Investment [F+E+D+C-B-A]	(97,306,191)
H.	Rate of Return [2 x G/ (A+F-G)]	(8.36%)

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Calculation of Excess Investment Return
On Membership and Benefits Accounts for 2008/2009 Fiscal Year
2011 COLA Transfer

I. Net Actual Return on Actuarial Asset Value -$-

A.	Preliminary Actuarial Asset Value as of 10/1/2009	1,047,755,613
B.	Benefits Paid During Plan Year	85,094,354
C.	Contributions Refunded During Plan Year	336,755
D.	City Contributions During Plan Year (Required)	36,993,395
E.	Member Contributions During Plan Year	9,769,139
F.	Actuarial Asset Value as of 10/1/2008	1,183,730,379
G.	Total Actual Return During Plan year (A)+(B)+(C)-(D)-(E)-(F)	(97,306,191)

II. Net Expected Return on Actuarial Asset Value

A.	Actuarial Asset Value as of 10/1/2008	1,183,730,379
B.	Benefits Paid During Plan Year	85,094,354
C.	Contributions Refunded During Plan Year	336,755
D.	City Contributions During Plan Year	36,993,395
E.	Member Contributions During Plan Year	9,769,139
F.	Expected Rate of Return	7.75%
G.	Expected Return During Plan Year	91,492,958 *
H.	Base Amount for Expected Return (G)/.0775	1,180,554,297
I.	Excess Return on Assets (I(G) - II(G))	(188,799,149)
J.	Excess Return as % of II(H)	(15.992416)%**

III. Amount to be Transferred to COLA Fund

A.	Excess Return %	Excess Return $	COLA Transfer %	COLA Transfer -$-
First	2.5	0	75	0
Next	2.5	0	50	0
Next	2.5	0	25	0
Remainder		0	0	0
B.	Total Transfer Amount at 1/1/2011			**0**

*Assumes Uniform Quarterly Contributions and Monthly Benefits
[1,183,730,379 + 36,993,395 + (9,769,139) (2.5/4) - (85,094,354 + 336,755) (13/24)](.0775) = 91,492,958

**Before 1/1/2010 COLA transfer.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Asset Transactions for Year Ending September 30, 2009 *

	Membership and Benefits Accounts	COLA I Account	COLA II Account
	-$-	-$-	-$-
A. Market Value as of October 1, 2008	1,058,584,760	36,317,757	229,847,725
B. Book Value as of October 1, 2007	1,071,376,337	36,756,609	232,625,126
C. Income During Year			
1. City Contributions	36,993,395		
2. Member Contributions	9,769,139		
3. Other Member Contributions	0		
4. Interest	19,686,265	543,043	3,774,066
5. Dividends	8,388,305	225,451	1,587,619
6. Net Realized Gains (Losses)	(41,827,104)	(1,048,553)	(6,623,780)
7. Securities Lending Income	861,931	22,158	157,616
8. Rental and Other Income	688,043	18,971	131,164
9. COLA Transfer at January 1, 2009	(45,908,731)	--	45,908,731
	(11,348,757)	(238,930)	44,935,416
D. Disbursements During Years			
1. Benefit Payments	85,094,354	303,194	16,622,228
2. Contribution Refunds	336,755	0	0
3. Custodial and Investment Expenses	3,685,982	102,218	723,291
4. Other Expense			
5. Securities Lending Fees	178,097	3,699	32,348
6. Building Depreciation	34,199	1,013	7,514
	89,329,387	410,124	17,385,381
E. Book Value as of 9/30/2009 (B)+(C)-(D)	970,698,193	36,107,555	260,175,161
F. Net Change in Unrealized Gains (Losses)	12,904,821	443,064	2,807,754
G. Market Value as of September 30, 2009 (A)+(C)-(D)+(F)	970,811,437	36,111,767	260,205,514
H. January 1, 2010 Allocation to COLA II (discounted)	0	N/A	0
I. Net Market Value as of September 30, 2009	970,811,437	36,111,767	260,205,514

*Based on unaudited financial statements.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Distribution of Assets as of September 30, 2009[1]

Membership and Benefits and Cost-of-Living Adjustment Accounts

Description	Market -$-	Book -$-
Bills, Bonds, Notes	351,297,116	333,256,172
Domestic Stocks	662,449,647	636,451,446
International Stocks	72,968,950	85,355,861
Private Equity	23,027,116	28,356,574
Money Market Funds and Time Deposits	23,028,089	21,850,777
Mutual Funds	86,991,353	111,797,778
Real Estate[2]	2,128,090	2,128,090
Securities Lending Adjustment	(2,588,831)	(42,977)
A: Sub-Total	**1,219,301,530**	**1,219,153,721**
B: Cash	**47,930,055**	**47,930,055**
Receivables:		
City Contributions	291,734	291,734
Accounts Receivable	1,726	1,726
Member Contributions	0	0
Accrued Interest	2,540,987	2,540,987
Accrued Dividend	970,476	970,476
Securities Proceeds	3,580,275	3,580,275
C: Sub-Total	**7,385,198**	**7,385,198**
Payables:		
Budget Advance	(599,932)	(599,932)
Transfer	0	0
Tax Withheld	(377)	(377)
Accounts Payable	268,390	268,390
Securities Purchased	7,819,984	7,819,984
D: Sub-Total	**7,488,065**	**7,488,065**
E. Total (A+B+C-D)	**1,267,128,718**	**1,266,980,909**
Accounts:		
COLA I Account	**36,111,767**	**36,107,555**
COLA II Account	**260,205,514**	**260,175,161**
COLA II Transfer (1/1/2010)	**0**	**0**
F: Membership & Benefits Account	**970,811,437**	**970,698,193**

[1]Based on unaudited financial statements.
[2]Carried at depreciated cost for Book Value and at appraised value for Market Value.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Investment Results

Yield on Mean Values for 12-Month Period Ending September 30, 2009

	-$-	Market -%-	Book -%-
Membership and Benefits Accounts*			
Interest	19,686,265	1.9	1.9
Dividends	8,388,305	0.8	0.8
Rental and Other Income, less Depreciation	653,844	0.1	0.1
Realized Gains	(41,827,104)	(4.1)	(4.1)
Securities Lending (Net)	683,834	0.1	0.1
Increase in Unrealized Gains	12,904,821	1.3	--
Custodial and Investment Expenses	(3,685,982)	(0.4)	(0.4)
Real Estate Adjustment to Appraised Value	0	0.0	--
	(3,196,017)	(0.3)	(1.6)
COLA I Account			
Interest	543,043	1.5	1.5
Dividends	225,451	0.6	0.6
Rental and Other Income, less Depreciation	17,958	0.0	0.0
Realized Gains	(1,048,553)	(2.9)	(2.9)
Securities Lending (Net)	18,459	0.1	0.1
Increase in Unrealized Gains	443,064	1.2	--
Custodial and Investment Expenses	(102,218)	(0.3)	(0.3)
	97,204	0.2	(1.0)
COLA II Account			
Interest	3,774,066	1.5	1.5
Dividends	1,587,619	0.6	0.6
Rental and Other Income, less Depreciation	123,650	0.1	0.1
Realized Gains	(6,623,780)	(2.7)	(2.7)
Securities Lending (Net)	125,268	0.1	0.1
Increase in Unrealized Gains	2,807,754	1.1	--
Custodial and Investment Expenses	(723,291)	(0.3)	(0.3)
	1,071,286	0.4	(0.7)

*Before 1/1/2009 COLA transfer

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Accounting Information
As of October 1

		2009 -$-	2008 -$-
I.	Present Value of Vested Accrued Benefits		
	A. Service Retirements and Beneficiaries	906,759,019	763,064,711
	B. Disability Retirements	34,328,843	35,509,391
	C. Vested Terminated Members	4,282,512	3,738,442
	D. Active Members	416,609,449	425,678,479
	E. Total	1,361,979,823	1,227,991,023
II.	Present Value of Non-Vested Accrued Benefits	29,207,048	28,798,596
III.	Present Value of Accrued Benefits	1,391,186,871	1,256,789,619
IV.	The values of accumulated plan benefits were determined in accordance with the Academy of Actuaries Interpretations and FASB Statement No. 35, Accounting and Reporting by Defined Benefit Pension Plans.		
V.	Statement of Changes in Accrued Benefits		
	A. Present Value of Accrued Benefits at Beginning of Year		1,256,789,619
	B. Increase (Decrease) During the Year Attributable to:		
	1. Benefits Accumulated		126,034,188
	2. Benefits Paid and Contributions Refunded		(85,431,109)
	3. Plan Amendment		(296,567)
	4. Assumption/Method Changes		0
	5. Increase Due to Decrease in Discount Period		94,090,740
	6. Net Increase		134,397,252
	C. Present Value of Accrued Benefits at End of Year		1,391,186,871

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparison of Funding Progress
($000)

		10/1/2009 -$-	10/1/2008 -$-	10/1/2007 -$-
I.	Assets			
	A. Book Value	970,698	1,031,727	1,014,745
	B. Market Value	970,811	1,018,935	1,268,870
II.	Liabilities			
	A. Retired and Vested	945,370	802,313	789,982
	B. Active			
	Employee Contributions	117,247	133,288	124,729
	Other Vested	299,363	292,390	196,251
	Non-Vested Accrued	29,207	28,799	19,175
	C. Total Accrued	1,391,187	1,256,790	1,130,137
III.	Ratios	%	%	%
	IA/IIC	69.8	82.1	89.8
	IB/IIC	69.8	81.1	112.3

Note: Item II amounts are present values of accrued benefits.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Member Statistics

		10/1/2009	10/1/2008	10/1/2007
I.	Active Members			
	Number of			
	Males	1,288	1,391	1,247
	Females	229	242	216
	Total	1,517	1,633	1,463
	Averages			
	Current Age	38.1	38.4	38.9
	Past Service	11.4	11.8	12.6
	Credited Past Service	11.4	11.8	12.6
	Annual Earnings	$80,562	$79,222	$70,834
II.	Inactive Members			
	A. Retirees and Beneficiaries			
	Number	1,758	1,643	1,633
	Average Annual Benefit	$49,004	$44,503	$43,596
	Average Age	63.7	64.2	63.6
	B. Disabled			
	Number	196	204	209
	Average Annual Benefit	$19,900	$19,563	$19,284
	Average Age	67.7	67.2	66.5
	C. Vested Terminated			
	Number	20	23	22
	Average Deferred Benefit	$25,617	$20,294	$23,170
	Average Age	44.0	44.2	44.3

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Age-Service Distribution

	Completed Years of Service										Earnings	
Age	0-1	2-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total	Total -$-	Average -$-
15-24	17	74	0	0	0	0	0	0	0	91	4,831,985	53,099
25-29	20	182	28	0	0	0	0	0	0	230	13,265,148	57,675
30-34	7	106	78	60	0	0	0	0	0	251	17,749,980	70,717
35-39	5	55	56	109	55	5	0	0	0	285	22,057,311	77,394
40-44	3	32	26	80	94	66	3	0	0	304	26,146,895	86,010
45-49	2	3	7	30	52	98	38	1	0	231	24,331,510	105,331
50-54	0	1	4	8	15	32	38	5	1	104	11,557,533	111,130
55-59	0	0	1	2	1	5	5	1	4	19	2,087,819	109,885
60-64	0	0	0	0	0	0	2	0	0	2	184,165	92,083
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	54	453	200	289	217	206	86	7	5	1,517	122,212,346	80,562

Average Age: 38.1 Average Service: 11.4

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Reconciliation of Participant Counts

	Actives	Retirees & Beneficiaries	Disableds	Vested Terminated
10/1/2008	1,633	1,643	204	23
Changes due to:				
Retirement	-145	+146		-1
Withdrawal	-22			+2
Disability	-1		+1	
Death	-3	-48	-9	
New Beneficiary		+17		
New Hires	+54			
Data Changes	+1			-4
10/1/2009	1,517	1,758	196	20

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Principal System Provisions

(Based on Ordinance No. 10002, as Amended through Ordinance No. 13091)

Effective Date:	January 1, 1940, as restated effective May 23, 1985, and amended through September 30, 2009.
Fiscal Year:	October 1 - September 30.
Membership:	Police officers and fire fighters.
Covered Compensation:	An employee's base salary, including pick-up contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death-in-family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.
Contributions:	Members: 7% of Compensation for Police Officers, **9% for Fire Fighters.** City: Balance, as actuarially determined.
Creditable Service:	Service credited under Retirement System; military service (maximum of four years) during wartime for which Member makes contributions; maternity leave (maximum of 180 days for each leave) for which Member makes contributions; up to 5 years, without member contributions, if member was an employee before period of military service.
Average Final Compensation:	Average Compensation during the highest year of Creditable Service.
Normal Service Age:	Age 50

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Service Retirement:	3.0% of Average Final Compensation for each of the first fifteen years of Creditable Service plus 3.5% of Average Final Compensation for each year of Creditable Service after the fifteenth year; maximum of 100% for those with less than 100% under prior rules on 9/30/98.
Early Service Retirement:	After 20 years of Creditable Service. Benefits are based on Average Final Compensation and Creditable Service at retirement date. Actuarial equivalence for early commencement.
Rule of 64 Retirement:	Service retirement on the basis of combined age and Creditable Service equaling 64 or more.
Rule of 68 Retirement:	**Service retirement on the basis of combined age and Creditable Service equaling 68 or more. Rule of 68 applies to all Fire Fighters who had not attained 64 points by September 30, 2009.**
Disability:	Ordinary Disability: After 10 or more years of Creditable Service, and not eligible for service retirement. Not incurred as accident in performance of duties. 90% of benefit rate times Average Final Compensation times Creditable Service, with a minimum benefit of 30% of Average Final Compensation; 10 years' certain and life normal form. Accidental Disability: Incurred as accident in performance of duties. 66 2/3% of Average Final Compensation, or 66 2/3% of Final Compensation, whichever is greater. 40% joint & survivor normal form, with a minimum of 10 years' certain and life.
Deferred Retirement Option Plan:	Members who are eligible for Service Retirement or Rule of 64 Retirement after September 1998 may elect self-directed Deferred Retirement Option Plan, for a maximum of 4 years. An actuarially equivalent Back DROP option (maximum of 4 years) may be elected prior to DROP entry; combined years of DROP may not exceed 4.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Death:	Ordinary Death: (a) Between 3 and 10 years of Creditable Service, and death not accidentally incurred in performance of duties: Lump sum benefit equal to 50% of Compensation received in year preceding death. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferred period or 10 years' certain period. (c) If eligible for Service, Early Service, or Rule of 64 retirement, considered to have retired on the date of death. Surviving spouse would receive 40% of the member's monthly retirement allowance. Accidental Death: Incurred in performance of duties. (a) Pension of 50% of Average Final compensation to spouse until death or remarriage. If there is no spouse, or if spouse dies or remarries before youngest child is 18, payable until attainment of age 18. If no spouse or no children under 18, benefit is payable to dependent parents. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferral period or 10 years' certain period.
Employment Termination:	After 10 years of Creditable Service, based on Creditable Service and Average Final Compensation at termination date. If Member contributions are withdrawn, benefit is forfeited. Benefits are deferred to Normal Retirement Age.
Optional Allowances:	Normal form is joint and 40% contingent survivor, with a minimum of 10 years' certain and life. Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of Member. Option 6 is withdrawal of member contributions with credited interest; monthly benefit is 1/2 of normal level.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Transfer of Compensated Leave Balances:	Accumulated leave balances may be transferred into system immediately prior to retirement to purchase additional Creditable Service, on an actuarially equivalent basis.
Transfer of 457 Balances:	457 balances of Firefighters may be transferred into System at retirement to purchase additional Service for multiplier purposes.
Changes Since Prior Valuation:	**Fire Fighter contribution rate changed from 8% to 9%. Retirement eligibility for Fire Fighters is 68 points for those who had not attained 64 points as of September 30, 2009.**

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Actuarial Basis

Valuation Date: October 1, 2009 for Fiscal Year beginning October 1, 2010.

Valuation Method: Aggregate Cost Method.

Asset Valuation Method: 20% Write-Up Method: Expected value is based on the Interest Discount/Investment Return rate applied to the actuarial asset value as of previous valuation date and cash flow during the year. 20% of the difference between the Expected Value and the Market Value (net of pending transfers to the COLA Fund) is added to the Expected Value.

The result cannot be greater than 120% of market value or less than 80% of market value (net of pending COLA transfers).

Actuarial Assumptions:

Interest Discount/ Investment Return: 7.75%, compounded annually.

Inflation: 3.5%, compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	.0507%	.0284%
30	.0801%	.0351%
40	.1072%	.0709%
50	.2579%	.1428%
60	.7976%	.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis
(Continued)

Age	Disability	Turnover	
		<5	5+
31	.00200	.0240	.0192
32	.00220	.0240	.0192
33	.00245	.0240	.0192
34	.00265	.0240	.0192
35	.00285	.0240	.0192
36	.00305	.0228	.0182
37	.00325	.0216	.0173
38	.00345	.0204	.0163
39	.00370	.0192	.0154
40	.00390	.0180	.0144
41	.00470	.0168	.0134
42	.00555	.0156	.0125
43	.00635	.0144	.0115
44	.00720	.0132	.0106
45	.00800	.0120	.0096
46	.00880	.0096	.0077
47	.00965	.0072	.0057
48	.01045	.0048	.0038
49	.01130	.0024	.0019
50	.01210	.0000	.0000
51	.01295	.0000	.0000
52	.01375	.0000	.0000
53	.01455	.0000	.0000
54	.01540	.0000	.0000
55	.01620	.0000	.0000
56	.01785	.0000	.0000
57	.01870	.0000	.0000
58	.01950	.0000	.0000
59	.02030	.0000	.0000
60	.00000	.0000	.0000

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis
(Continued)

Retirement: Fire Fighters who have attained 64 points by September 30, 2009 and all Police Officers are subject to the Rule of 64; the rest of the Fire Fighters are subject to the Rule of 68. If eligible for Retirement, the following decrements apply, based on service:

Years of Service	Police %	Fire %
<20	0	0
20-24	20	5
25-29	25	25
30-31	50	25
32	100	100

There is no explicit assumption on the percentage of retirements expected to enter the DROP. No distinction is necessary, since funding is calculated to expected retirement or expected DROP entry.

Salary Merit Scale

Service	Police	Fire
0	.0500	.0500
1	.0500	.0500
2	.0500	.0500
3	.0500	.0500
4	.0500	.0500
5	.0500	.0500
6	.0500	.0500
7	.0250	.0500
8	.0500	.0500
9	.0500	.0500
10	.0100	.0000
11	.0100	.0000
12	.0100	.0000
13	.0100	.0000
14	.0100	.0000
15	.0125	.0250
16	.0125	.0250
17	.0100	.0100
18	.0100	.0100
19	.0100	.0100
20	.0100	.0100
21	.0100	.0100
22 +	.0000	.0000

Salary Merit Scale is combined with 3.5% inflation and 1.5% for promotions and other increases. There is also a 7.0% increase at retirement.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis)
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employees are assumed to be married.
Investment Expenses:	None; the investment return assumption of 7.75% is net of investment expenses.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Compensated Absence Balance Transfers:	No liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.
Adjustments from Valuation Date:	One year's interest is added to the calculated deposit to reflect ordinance provision.
Sources of Data:	Asset data is from unaudited financial statements and includes an appraised value for the real estate to be used for Market Value. Membership data was furnished by Administrator. Member compensation used is final bi-weekly pay in the year, annualized.
Changes Since Prior Valuation:	**Fire Fighters who have not attained 64 points by September 30, 2009 are subject to the Rule of 68.**

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Information Under Florida Statutes

I. Comparison of Salary Increases

Year Ending	Actual	Assumed
	-%-	-%-
9/30/09	6.35	7.26
9/30/08	18.20	7.17
9/30/07	18.19*	5.81
9/30/06	2.84	5.79
9/30/05	8.15	5.77
9/30/04	10.20	5.78
9/30/03	5.38	4.00
9/30/02	2.43	2.00
9/30/01	4.79	2.00
9/30/00	7.12	2.00
9/30/99	0.52	2.75
9/30/98	(1.35)	2.75
9/30/97	(1.07)	2.75
9/30/96	0.76	2.75
9/30/95	5.50	2.75
9/30/94	2.86	3.00
9/30/93	6.37	6.80
9/30/92	3.48	6.80
9/30/91	2.65	6.80
9/30/90	2.79	7.00
9/30/89	8.64	7.00
9/30/88	6.05	7.00
9/30/87	7.45	7.50
9/30/86	7.49	7.50
9/30/85	14.28	7.50
9/30/84	11.53	7.50

* Including impact of change in valuation pay definition.

II. Comparison of Investment Returns

Year Ending	Actual MV	Actual AAV**	Assumed
-%-	-%-	-%-	-%-
9/30/09	(0.3)	(1.31)	7.75
9/30/08	(14.3)	3.65	7.75
9/30/07	14.2	8.27	7.75
9/30/06	9.1	7.57	7.75
9/30/05 (Revised)	15.6	7.83	7.75
9/30/05 (Prior)	15.6	8.43	7.75
9/30/04	12.9	4.29	7.75
9/30/03	15.7	3.26	7.75
9/30/02	(5.5)	(3.93)	7.75
9/30/01	(10.6)	(1.29)	7.75
9/30/00	12.7	16.01	7.75
9/30/99	13.8	13.40	7.75
9/30/98	6.9	19.45	7.75
9/30/97	28.3	26.34	8.00
9/30/96	13.2	11.27	8.00
9/30/95	21.0	12.86	7.75
9/30/94	(1.7)	5.18	7.75
9/30/93	15.8	13.73	7.75
9/30/92	9.9	12.48	7.75
9/30/91	25.9	20.93	7.75
9/30/90	0.4	1.89	7.50
9/30/89	N.A.	16.09	7.50
9/30/88	N.A.	0.08	7.50
9/30/87	N.A.	22.64	7.00
9/30/86	N.A.	21.66	7.00

** Based on mean actuarial asset values for periods ending 9/30. Rates of return on AAV prior to 9/30/05 are based on prior asset valuation methods, with COLA transfers treated as cash flow.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Information Under Florida Statutes
(Continued)

III. Comparison of Payroll Growth

Year Ending	Actual	Assumed
	-%-	-%-
9/30/09	(5.5)	N.A.
9/30/08	24.8	N.A.
9/30/07	14.7	N.A.
9/30/06	(1.3)	N.A.
9/30/05	2.6	N.A.
9/30/04	(9.9)	N.A.
9/30/03	2.1	N.A.
9/30/02	8.1	N.A.
9/30/01	6.3	N.A.
9/30/00	8.5	N.A.
9/30/99	4.6	N.A.
9/30/98	6.8	N.A.
9/30/97	(4.5)	N.A.
9/30/96	1.9	N.A.
9/30/95	(1.9)	N.A.
9/30/94	1.1	N.A.
9/30/93	7.5	N.A.
9/30/92	2.1	N.A.
9/30/91	(7.6)	5.00
9/30/90	(0.8)	5.00
9/30/89	9.5	5.00
9/30/88	3.4	5.00
9/30/87	5.9	5.00
9/30/86	5.8	5.00
9/30/85	7.8	5.00
9/30/84	9.7	5.00

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 25
(Excluding COLA Fund)

I. Funding Status and Progress as of September 30, 2009 and 2008

Entry Age Accrued Liability: $(Millions)

	Sept. 30, 2009	Sept. 30, 2008
	-$-	-$-
- Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	945.4	802.3
- Current employees - Accumulated employee contributions including interest	117.2	133.3
Employer - financed vested	299.4	292.4
Employer - financed nonvested	177.3	224.5
Total Actuarial Accrued Liability	1,539.3	1,452.5
Net assets available for benefits (market value)	970.8	1,018.9
Unfunded Actuarial Accrued Liability	568.5	433.6

The actuarial accrued liability was determined as part of actuarial valuations at September 30, 2009 and September 30, 2008. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually, (b) projected salary increases of 3.50 percent per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.0 percent to 5.0 percent per year, attributable to seniority/merit and (d) 1.5% for promotions and other increases.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 25
(Excluding COLA Fund)

II. Contributions Required and Contributions Made

The funding policy provides for periodic employer contributions at actuarially determined rates that are sufficient to pay benefits when due. Contributions for normal costs are determined using the aggregate actuarial cost method. This cost method does not provide for an unfunded actuarial accrued liability.

Contributions totaling $46,762,534 ($36,993,395 employer and $9,769,139 employee) were made for the year ending September 30, 2009. These contributions consisted of (a) $46,762,534 normal cost, (b) $0 amortization of the unfunded actuarial accrued liability, and (c) $0 noninvestment expenses.

Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the standardized measure of the pension obligation as of the beginning of the preceding year.

III. Analysis of Funding Progress ($ Millions)

Fiscal Year	(1) Net Assets Available for Benefits ($)	(2) Entry Age Reserve ($)	(3) Percent Funded (%)	(4) Unfunded EAR (2)-(1) ($)	(5) Annual Covered Payroll ($)	(4)/(5) (%)
1992	492.0	483.7	102	(8.3)	67.1	(12)
1993	550.6	513.4	107	(37.2)	72.0	(52)
1994	516.4	587.5	88	71.1	72.9	98
1995	616.5	614.4	100	(2.1)	71.5	(3)
1996	674.7	650.0	104	(24.7)	72.9	(34)
1997	835.3	727.1	115	(108.2)	69.6	(155)
1998	857.7	800.7	107	(57.0)	74.3	(77)
1999	932.8	843.2	111	(89.6)	77.7	(115)
2000	994.6	863.4	115	(131.2)	84.3	(156)
2001	828.9	932.7	89	103.8	89.7	116
2002	753.2	999.8	75	246.6	96.9	254
2003	844.9	1,067.9	79	223.0	98.9	225
2004	957.9	1,152.8	83	194.9	89.2	218
2005	1,091.9	1,221.6	89	129.7	91.5	142
2006	1,147.9	1,260.5	91	112.6	90.4	125
2007	1,268.9	1,318.4	96	49.5	103.6	48
2008	1,018.9	1,452.5	70	433.6	129.4	335
2009	970.8	1,539.3	63	568.5	122.2	465

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

IV. Revenues and Expenses

	Revenues by Source			
Fiscal Year ($)	Employee Contributions ($)	Employer Contributions ($)	Investment Income ($)	Total
1992	6,115,655	10,029,747	44,569,353	60,714,755
1993	6,455,623	10,442,881	50,309,468	67,207,972
1994	7,435,034	9,296,175	36,915,202	53,646,411
1995	8,318,833	10,880,346	38,919,229	58,118,408
1996	7,852,469	16,547,235	55,421,603	79,821,307
1997	7,664,034	14,377,032	83,180,597	105,221,663
1998	7,692,571	14,155,472	96,007,011	117,855,054
1999	8,556,140	10,376,473	66,039,984	84,972,597
2000	6,257,588	5,400,784	129,752,337	141,410,709
2001	6,336,918	5,481,599	17,717,791	29,536,308
2002	6,721,236	5,400,784	(27,704,711)	(15,582,691)
2003	7,193,936	15,024,366	30,466,098	52,684,400
2004	24,415,150	32,959,003	53,963,150	111,337,303
2005	18,607,681	45,545,130	71,904,910	136,057,721
2006	7,698,594	50,635,213	71,669,124	130,002,931
2007	14,702,629	40,542,078	82,937,630	138,182,337
2008	9,719,896	36,040,251	62,728,078	108,488,225
2009	9,769,139	36,993,395	(58,111,291)	(11,348,757)

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

IV. Revenues and Expenses (Continued)

Fiscal Year	Expenses by Type			
	Benefits ($)	Administrative Expenses ($)	Refunds ($)	Total ($)
1992	22,345,166	1,137,047	751,088	24,233,301
1993	22,735,888	1,314,925	672,376	24,723,189
1994	23,787,091	1,420,693	510,074	25,717,858
1995	25,846,564	1,567,841	703,269	28,117,674
1996	29,506,924	1,870,188	822,497	32,199,609
1997	33,841,809	2,079,183	1,225,239	37,146,231
1998	35,593,108	2,543,855	391,524	38,537,297
1999	36,900,501	2,689,079	258,383	39,847,963
2000	41,237,423	2,710,752	258,804	44,206,979
2001	41,386,774	2,933,939	481,746	44,802,459
2002	42,766,860	2,825,903	364,256	45,957,019
2003	46,083,206	2,922,537	429,225	49,434,968
2004	53,249,450	3,334,460	301,580	56,885,490
2005	66,518,783	3,865,995	257,859	70,642,637
2006	69,825,105	4,687,601	573,228	75,085,934
2007	72,378,966	5,143,290	307,545	77,829,801
2008	77,794,816	5,469,431	664,235	83,928,482
2009	85,094,354	3,898,278	336,755	89,329,387

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

V. Schedule of Employer Contributions

Fiscal Year	Annual Pension Cost (APC) ($)	Percentage Contributed (%)	Net Pension Obligation ($)
1994	9,296,175	100	0
1995	10,880,346	100	0
1996	16,547,235	100	0
1997	14,377,032	100	0
1998	14,155,472	100	0
1999	10,376,473	100	0
2000	5,400,784	100	0
2001	4,003,892	100	0
2002	1,051,629	100	0
2003	18,163,588	100	0
2004	36,341,515	100	0
2005	45,545,130	100	0
2006	50,635,213	100	0
2007	40,542,078	100	0
2008	36,040,251	100	0
2009	36,993,395	100	0
2010	55,095,791		

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

(COLA Fund)

I. COLA Increases by Duration Since Retirement

Years Retired	No.	FIPO Benefits -$-	COLA Benefits -$-	%
0 - 5	403	2,729,033	1,805	0.1
5 -10	363	1,878,652	35,897	1.9
10-15	304	1,235,425	157,891	12.8
15-20	244	834,751	236,970	28.4
20-25	147	344,554	184,447	53.5
25-30	159	226,601	230,107	101.6
30-35	196	172,383	294,870	171.1
35-40	93	57,638	147,538	256.0
40-45	33	19,453	65,041	334.4
45-50	9	4,275	19,103	446.8
50+	3	1,389	6,133	441.5
Total	1,954	7,504,154	1,379,802	18.4

II. COLA Increases by Attained Age (2010 Table)

Age	No.	FIPO Benefits -$-	COLA Benefits -$-	%
<45	20	105,897	858	0.8
45-50	183	1,059,052	1,237	0.1
50-54	308	1,758,551	14,355	0.8
55-59	303	1,644,204	67,982	4.1
60-64	290	1,168,217	150,603	12.9
65-69	227	766,376	191,982	25.1
70-74	169	399,612	187,140	46.8
75-79	200	337,073	311,176	92.3
80-84	159	185,172	273,480	147.7
85-89	72	63,778	135,743	212.8
>90	23	16,222	45,246	278.9
Total	1,954	7,504,154	1,379,802	18.4

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

I. Summary of Assets Available for Benefits at October 1, 2009

	-$-
A. COLA Accounts (Exhibit 2)	
1. COLA I Account at 9/30/2009	36,111,767
2. COLA II Account at 9/30/2009	260,205,514
B. Transfers of Excess Investment Income	
1. $0 due on 1/1/2010	0
2. $0 due on 1/1/2011	0
C. Minimum City Contributions [1] $5,064,541 beginning 1/1/2012, payable for 3 years, discounted	11,942,944
D. City Contribution	
1. Contribution of $4,682,453 due on 1/1/2010, discounted	4,595,884
2. Contribution of $4,869,751 due on 1/1/2011, discounted	4,435,935
E. Assets Available for COLA Benefits	317,292,044

II. COLA Fund Liabilities for Benefits at October 1, 2009 [3]

A. Present Value of Existing COLA Benefits for inactives	
1. Frozen COLA I benefits	1,554,180
2. COLA II benefits	237,207,751
3. Total inactive COLA benefits	238,761,931
B. Present Value of Projected COLA Benefits for Actives	
1. Reserve for current actives	44,537,865
2. Reserve for future actives (15% of B1)	6,680,680
3. Total	51,218,545
C. Total Liability Allocated (A3+B4)	289,980,476
D. Contingency Reserve [20% of I(D)-I(B)(2)]	63,244,082
E. Unallocated Reserve[2]	(35,932,514)
F. Total Liability for COLA Benefits	317,292,044

Notes: (1) $(1/1.0775)^{2.25}$ ä · $\overline{3}$| = 2.3581493

(2) For $1,312 Table, (II(D)+II(E) = $27,311,568)

(3) Service for COLA excludes 457 buyback service.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

III. Derivation of Increase in Table as of January 1, 2010

		-$-
A.	Liability based on current $1,312 table	
1.	Inactive COLA II Benefits	237,207,751
2.	Present Value of Projected COLA benefits for current actives	44,537,865
3.	Reserve for future actives [15% of (2)]	6,680,680
4.	Total	288,426,296
B.	Assets available to increase table	
1.	Total assets available for COLA Benefits	317,292,044
2.	Total Liability Allocated (current $1,312 table)	289,980,476
3.	Contingency Reserve II(D)	63,244,082
4.	Available Assets [(1)-(2)-(3)]	(35,932,514)
5.	$0 due on 1/1/2010, discounted	0
6.	Net Available Assets [(4)-(5)]	(35,932,514)
7.	Increase ratio [(B6)/ (A4)]	0
8.	Table increase [$1,312x (7)]	0
9.	New table amount [$1,312+ (8)]	1,312
10.	Actual new table amount	**1,312**

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Cumulative Experience Position Net of Asset Transfers

		-$-
I.	Calculation of Expected Unfunded Actuarial Accrued Liability at 10/1/2009	
A.	Expected Unfunded Actuarial Accrued Liability at 10/1/2008	302,058,687
B.	Additional Unfunded Actuarial Accrued Liability due to Plan Amendment (8% FF Contribution)	15,238
C.	Entry Age Normal Cost for 2008/2009 Year Paid or Payable by Employer	26,998,850
D.	Interest on (A), (B), and (C)	25,503,140
E.	Contributions for 2008/2009Year Paid or Payable by Employer (Required)	36,993,395
F.	Interest on (E)	2,866,988
G.	Expected Unfunded Actuarial Accrued Liability at 9/30/2009	314,715,532
H.	Additional Unfunded Actuarial Accrued Liability due to Plan Amendment (9% FF Contribution, Rule of 68)	(620,950)
I.	Final Expected Unfunded Actuarial Accrued Liability at 9/30/2009	314,094,582
II.	Determination of Net Cumulative Experience Position at 10/1/2009(Preliminary)	
A.	Expected Unfunded Actuarial Liability as of September 30, 2009	314,094,582
B.	Entry Age Reserve - Actives	593,968,126
	- Inactives	945,370,374
	- Total	1,539,338,500
C.	Actuarial Asset Value	1,164,973,724
D.	Actual Unfunded Actuarial Liability (B)-(C)	374,364,776
E.	Cumulative Experience Gain (Loss) (A)-(D)	(60,270,194)
III.	Future Transfers of Excess Investment Income at 10/1/2009	
A.	$0 due on 1/1/2010, discounted	0
B.	$0 due on 1/1/2011, discounted	0
C.	Total Future Transfers at 10/1/2009 (A)+(B)	0

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

(COLA Fund)

Summary of Principal COLA Provisions

Effective Date:	January 1, 1994, amended January 1, 1995.
Eligibility:	All inactive members in Miami Fire Fighters' and Police Officers' Retirement Trust.
Prior COLA:	Benefits granted through 1993 continue to be paid, in addition to benefits to be granted in the future.
Available Assets:	Existing COLA assets as of January 1, 1995; beginning with the 1991/92 fiscal year, a percentage of excess investment return on FIPO assets (75% of first 2.5%, 50% of next 2.5%, 25% of next 2.5%), subject to a minimum City contribution of $2.5 million, increasing 4% annually.
Allocated Assets:	Current COLA assets as of September 30, 2009, plus present value of $2.5 million minimum guarantee. The 4% future annual increases is not pre-allocated. A contingency reserve of 9% has been established for adverse experience.
COLA Benefits:	In addition to prior COLA, benefits are based on attached table, with $1,312 monthly benefit for 25 years of creditable service and 22 completed years of retirement (after age 46). The $1,312 amount is reduced by 5% for each year of retirement less than 22 and each year of creditable service less than 25 and increased similarly for years of retirement greater than 22 and years of creditable service greater than 25. Benefits are based on the FIPO option elected. Tabular amounts are adjusted, based on the FIPO adjustments at the time of FIPO benefit commencement, for options other than Option 8 (Joint & 40%). Surviving spouses receive the percentage of the table amount determined under the FIPO election. Service-incurred and accidental disabilities and deaths receive benefits based on the greater of 25 years or actual creditable service.
Changes from Prior Year Valuation:	None.

Miami Firefighters' and Police Officers' Retirement Trust

2010 Monthly Retirement Supplements ($1312 Table)

Completed Years of Retirement (after age 46)

Years of Service	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
10	0	0	0	33	49	66	82	98	115	131	148	164	180	197	213	230	246	262	279	295	312	328	344	361	377
11	0	0	0	39	59	79	98	118	138	157	177	197	216	236	256	276	295	315	335	354	374	394	413	433	453
12	0	0	0	46	69	92	115	138	161	184	207	230	253	276	298	321	344	367	390	413	436	459	482	505	528
13	0	0	0	52	79	105	131	157	184	210	236	262	289	315	341	367	394	420	446	472	499	525	551	577	604
14	0	0	0	59	89	118	148	177	207	236	266	295	325	354	384	413	443	472	502	531	561	590	620	649	679
15	0	0	0	66	98	131	164	197	230	262	295	328	361	394	426	459	492	525	558	590	623	656	689	722	754
16	0	0	0	72	108	144	180	216	253	289	325	361	397	433	469	505	541	577	613	649	686	722	758	794	830
17	0	0	0	79	118	157	197	236	276	315	354	394	433	472	512	551	590	630	669	708	748	787	827	866	905
18	0	0	0	85	128	171	213	256	298	341	384	426	469	512	554	597	640	682	725	768	810	853	895	938	981
19	0	0	0	92	138	184	230	276	321	367	413	459	505	551	597	643	689	735	781	827	872	918	964	1010	1056
20	0	0	0	98	148	197	246	295	344	394	443	492	541	590	640	689	738	787	836	886	935	984	1033	1082	1132
21	0	0	0	105	157	210	262	315	367	420	472	525	577	630	682	735	787	840	892	945	997	1050	1102	1155	1207
22	0	0	0	112	167	223	279	335	390	446	502	558	613	669	725	781	836	892	948	1004	1059	1115	1171	1227	1282
23	0	0	0	118	177	236	295	354	413	472	531	590	649	708	768	827	886	945	1004	1063	1122	1181	1240	1299	1358
24	0	0	0	125	187	249	312	374	436	499	561	623	686	748	810	872	935	997	1059	1122	1184	1246	1309	1371	1433
25	0	0	0	131	197	262	328	394	459	525	590	656	722	787	853	918	984	1050	1115	1181	1246	[redacted]	1378	1443	1509
26	0	0	0	138	207	276	344	413	482	551	620	689	758	827	895	964	1033	1102	1171	1240	1309	1378	1446	1515	1584
27	0	0	0	144	216	289	361	433	505	577	649	722	794	866	938	1010	1082	1155	1227	1299	1371	1443	1515	1588	1660
28	0	0	0	151	226	302	377	453	528	604	679	754	830	905	981	1056	1132	1207	1282	1358	1433	1509	1584	1660	1735
29	0	0	0	157	236	315	394	472	551	630	708	787	866	945	1023	1102	1181	1260	1338	1417	1496	1574	1653	1732	1811
30	0	0	0	164	246	328	410	492	574	656	738	820	902	984	1066	1148	1230	1312	1394	1476	1558	1640	1722	1804	1886
31	0	0	0	171	256	341	426	512	597	682	768	853	938	1023	1109	1194	1279	1364	1450	1535	1620	1706	1791	1876	1961
32	0	0	0	177	266	354	443	531	620	708	797	886	974	1063	1151	1240	1328	1417	1506	1594	1683	1771	1860	1948	2037
33	0	0	0	184	276	367	459	551	643	735	827	918	1010	1102	1194	1286	1378	1469	1561	1653	1745	1837	1929	2020	2112
34	0	0	0	190	285	380	476	571	666	761	856	951	1046	1141	1237	1332	1427	1522	1617	1712	1807	1902	1998	2093	2188
35	0	0	0	197	295	394	492	590	689	787	886	984	1082	1181	1279	1378	1476	1574	1673	1771	1870	1968	2066	2165	2263
36	0	0	0	203	305	407	508	610	712	813	915	1017	1118	1220	1322	1424	1525	1627	1729	1830	1932	2034	2135	2237	2339
37	0	0	0	210	315	420	525	630	735	840	945	1050	1155	1260	1364	1469	1574	1679	1784	1889	1994	2099	2204	2309	2414
38	0	0	0	216	325	433	541	649	758	866	974	1082	1191	1299	1407	1515	1624	1732	1840	1948	2057	2165	2273	2381	2490
39	0	0	0	223	335	446	558	669	781	892	1004	1115	1227	1338	1450	1561	1673	1784	1896	2007	2119	2230	2342	2453	2565
40	0	0	0	230	344	459	574	689	804	918	1033	1148	1263	1378	1492	1607	1722	1837	1952	2066	2181	2296	2411	2526	2640
41	0	0	0	236	354	472	590	708	827	945	1063	1181	1299	1417	1535	1653	1771	1889	2007	2125	2244	2362	2480	2598	2716
42	0	0	0	243	364	485	607	728	850	971	1092	1214	1335	1456	1578	1699	1820	1942	2063	2184	2306	2427	2549	2670	2791
43	0	0	0	249	374	499	623	748	872	997	1122	1246	1371	1496	1620	1745	1870	1994	2119	2244	2368	2493	2617	2742	2867
44	0	0	0	256	384	512	640	768	895	1023	1151	1279	1407	1535	1663	1791	1919	2047	2175	2303	2430	2558	2686	2814	2942
45	0	0	0	262	394	525	656	787	918	1050	1181	1312	1443	1574	1706	1837	1968	2099	2230	2362	2493	2624	2755	2886	3018
46	0	0	0	269	403	538	672	807	941	1076	1210	1345	1479	1614	1748	1883	2017	2152	2286	2421	2555	2690	2824	2959	3093
47	0	0	0	276	413	551	689	827	964	1102	1240	1378	1515	1653	1791	1929	2066	2204	2342	2480	2617	2755	2893	3031	3168
48	0	0	0	282	423	564	705	846	987	1128	1269	1410	1551	1692	1834	1975	2116	2257	2398	2539	2680	2821	2962	3103	3244
49	0	0	0	289	433	577	722	866	1010	1155	1299	1443	1588	1732	1876	2020	2165	2309	2453	2598	2742	2886	3031	3175	3319
50	0	0	0	295	443	590	738	886	1033	1181	1328	1476	1624	1771	1919	2066	2214	2362	2509	2657	2804	2952	3100	3247	3395

Miami Firefighters' and Police Officers' Retirement Trust

2010 Monthly Retirement Supplements ($1312 Table)

Completed Years of Retirement (after age 46)

Years of Service	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50
10	394	410	426	443	459	476	492	508	525	541	558	574	590	607	623	640	656	672	689	705	722	738	754	771	787
11	472	492	512	531	551	571	590	610	630	649	669	689	708	728	748	768	787	807	827	846	866	886	905	925	945
12	551	574	597	620	643	666	689	712	735	758	781	804	827	850	872	895	918	941	964	987	1010	1033	1056	1079	1102
13	630	656	682	708	735	761	787	813	840	866	892	918	945	971	997	1023	1050	1076	1102	1128	1155	1181	1207	1233	1260
14	708	738	768	797	827	856	886	915	945	974	1004	1033	1063	1092	1122	1151	1181	1210	1240	1269	1299	1328	1358	1387	1417
15	787	820	853	886	918	951	984	1017	1050	1082	1115	1148	1181	1214	1246	1279	1312	1345	1378	1410	1443	1476	1509	1542	1574
16	866	902	938	974	1010	1046	1082	1118	1155	1191	1227	1263	1299	1335	1371	1407	1443	1479	1515	1551	1588	1624	1660	1696	1732
17	945	984	1023	1063	1102	1141	1181	1220	1260	1299	1338	1378	1417	1456	1496	1535	1574	1614	1653	1692	1732	1771	1811	1850	1889
18	1023	1066	1109	1151	1194	1237	1279	1322	1364	1407	1450	1492	1535	1578	1620	1663	1706	1748	1791	1834	1876	1919	1961	2004	2047
19	1102	1148	1194	1240	1286	1332	1378	1424	1469	1515	1561	1607	1653	1699	1745	1791	1837	1883	1929	1975	2020	2066	2112	2158	2204
20	1181	1230	1279	1328	1378	1427	1476	1525	1574	1624	1673	1722	1771	1820	1870	1919	1968	2017	2066	2116	2165	2214	2263	2312	2362
21	1260	1312	1364	1417	1469	1522	1574	1627	1679	1732	1784	1837	1889	1942	1994	2047	2099	2152	2204	2257	2309	2362	2414	2467	2519
22	1338	1394	1450	1506	1561	1617	1673	1729	1784	1840	1896	1952	2007	2063	2119	2175	2230	2286	2342	2398	2453	2509	2565	2621	2676
23	1417	1476	1535	1594	1653	1712	1771	1830	1889	1948	2007	2066	2125	2184	2244	2303	2362	2421	2480	2539	2598	2657	2716	2775	2834
24	1496	1558	1620	1683	1745	1807	1870	1932	1994	2057	2119	2181	2244	2306	2368	2430	2493	2555	2617	2680	2742	2804	2867	2929	2991
25	1574	1640	1706	1771	1837	1902	1968	2034	2099	2165	2230	2296	2362	2427	2493	2558	2624	2690	2755	2821	2886	2952	3018	3083	3149
26	1653	1722	1791	1860	1929	1998	2066	2135	2204	2273	2342	2411	2480	2549	2617	2686	2755	2824	2893	2962	3031	3100	3168	3237	3306
27	1732	1804	1876	1948	2020	2093	2165	2237	2309	2381	2453	2526	2598	2670	2742	2814	2886	2959	3031	3103	3175	3247	3319	3392	3464
28	1811	1886	1961	2037	2112	2188	2263	2339	2414	2490	2565	2640	2716	2791	2867	2942	3018	3093	3168	3244	3319	3395	3470	3546	3621
29	1889	1968	2047	2125	2204	2283	2362	2440	2519	2598	2676	2755	2834	2913	2991	3070	3149	3228	3306	3385	3464	3542	3621	3700	3779
30	1968	2050	2132	2214	2296	2378	2460	2542	2624	2706	2788	2870	2952	3034	3116	3198	3280	3362	3444	3526	3608	3690	3772	3854	3936
31	2047	2132	2217	2303	2388	2473	2558	2644	2729	2814	2900	2985	3070	3155	3241	3326	3411	3496	3582	3667	3752	3838	3923	4008	4093
32	2125	2214	2303	2391	2480	2568	2657	2745	2834	2922	3011	3100	3188	3277	3365	3454	3542	3631	3720	3808	3897	3985	4074	4162	4251
33	2204	2296	2388	2480	2572	2663	2755	2847	2939	3031	3123	3214	3306	3398	3490	3582	3674	3765	3857	3949	4041	4133	4225	4316	4408
34	2283	2378	2473	2568	2663	2758	2854	2949	3044	3139	3234	3329	3424	3519	3615	3710	3805	3900	3995	4090	4185	4280	4376	4471	4566
35	2362	2460	2558	2657	2755	2854	2952	3050	3149	3247	3346	3444	3542	3641	3739	3838	3936	4034	4133	4231	4330	4428	4526	4625	4723
36	2440	2542	2644	2745	2847	2949	3050	3152	3254	3355	3457	3559	3660	3762	3864	3966	4067	4169	4271	4372	4474	4576	4677	4779	4881
37	2519	2624	2729	2834	2939	3044	3149	3254	3359	3464	3569	3674	3779	3884	3988	4093	4198	4303	4408	4513	4618	4723	4828	4933	5038
38	2598	2706	2814	2922	3031	3139	3247	3355	3464	3572	3680	3788	3897	4005	4113	4221	4330	4438	4546	4654	4763	4871	4979	5087	5196
39	2676	2788	2900	3011	3123	3234	3346	3457	3569	3680	3792	3903	4015	4126	4238	4349	4461	4572	4684	4795	4907	5018	5130	5241	5353
40	2755	2870	2985	3100	3214	3329	3444	3559	3674	3788	3903	4018	4133	4248	4362	4477	4592	4707	4822	4936	5051	5166	5281	5396	5510
41	2834	2952	3070	3188	3306	3424	3542	3660	3779	3897	4015	4133	4251	4369	4487	4605	4723	4841	4959	5077	5196	5314	5432	5550	5668
42	2913	3034	3155	3277	3398	3519	3641	3762	3884	4005	4126	4248	4369	4490	4612	4733	4854	4976	5097	5218	5340	5461	5583	5704	5825
43	2991	3116	3241	3365	3490	3615	3739	3864	3988	4113	4238	4362	4487	4612	4736	4861	4986	5110	5235	5360	5484	5609	5733	5858	5983
44	3070	3198	3326	3454	3582	3710	3838	3966	4093	4221	4349	4477	4605	4733	4861	4989	5117	5245	5373	5501	5628	5756	5884	6012	6140
45	3149	3280	3411	3542	3674	3805	3936	4067	4198	4330	4461	4592	4723	4854	4986	5117	5248	5379	5510	5642	5773	5904	6035	6166	6298
46	3228	3362	3496	3631	3765	3900	4034	4169	4303	4438	4572	4707	4841	4976	5110	5245	5379	5514	5648	5783	5917	6052	6186	6321	6455
47	3306	3444	3582	3720	3857	3995	4133	4271	4408	4546	4684	4822	4959	5097	5235	5373	5510	5648	5786	5924	6061	6199	6337	6475	6612
48	3385	3526	3667	3808	3949	4090	4231	4372	4513	4654	4795	4936	5077	5218	5360	5501	5642	5783	5924	6065	6206	6347	6488	6629	6770
49	3464	3608	3752	3897	4041	4185	4330	4474	4618	4763	4907	5051	5196	5340	5484	5628	5773	5917	6061	6206	6350	6494	6639	6783	6927
50	3542	3690	3838	3985	4133	4280	4428	4576	4723	4871	5018	5166	5314	5461	5609	5756	5904	6052	6199	6347	6494	6642	6790	6937	7085

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

(COLA Fund)

Summary of Actuarial Basis

Valuation Date: January 1, 2010.

Valuation Method: Accrued Benefit Cost Method, based on benefits granted to date.

Asset Valuation Method: Market Value, plus present value of future minimum City contributions.

Actuarial Assumptions:

Investment Return: 7.75% compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	.0507%	.0284%
30	.0801%	.0351%
40	.1072%	.0709%
50	.2579%	.1428%
60	.7976%	.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Summary of Actuarial Basis
(Continued)

Age	Disability	Turnover	
		<5	5+
20	.00085	.0240	.0192
21	.00095	.0240	.0192
22	.00105	.0240	.0192
23	.00110	.0240	.0192
24	.00125	.0240	.0192
25	.00130	.0240	.0192
26	.00140	.0240	.0192
27	.00150	.0240	.0192
28	.00160	.0240	.0192
29	.00170	.0240	.0192
30	.00180	.0240	.0192
31	.00200	.0240	.0192
32	.00220	.0240	.0192
33	.00245	.0240	.0192
34	.00265	.0240	.0192
35	.00285	.0240	.0192
36	.00305	.0228	.0182
37	.00325	.0216	.0173
38	.00345	.0204	.0163
39	.00370	.0192	.0154
40	.00390	.0180	.0144
41	.00470	.0168	.0134
42	.00555	.0156	.0125
43	.00635	.0144	.0115
44	.00720	.0132	.0106
45	.00800	.0120	.0096
46	.00880	.0096	.0077
47	.00965	.0072	.0057
48	.01045	.0048	.0038
49	.01130	.0024	.0019
50	.01210	.0000	.0000

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Summary of Actuarial Basis
(Continued)

Age	Disability	Turnover	
		< 5	5+
51	.01295	.0000	.0000
52	.01375	.0000	.0000
53	.01455	.0000	.0000
54	.01540	.0000	.0000
55	.01620	.0000	.0000
56	.01785	.0000	.0000
57	.01870	.0000	.0000
58	.01950	.0000	.0000
59	.02030	.0000	.0000
60	.00000	.0000	.0000
61	.00000	.0000	.0000
62	.00000	.0000	.0000
63	.00000	.0000	.0000
64	.00000	.0000	.0000
65	.00000	.0000	.0000

Retirement: Fire Fighters who have attained 64 points by September 30, 2009 and all Police Officers are subject to the Rule of 64; the rest of the Fire Fighters are subject to the Rule of 68. If eligible for Retirement, the following decrements apply, based on service.

Years of Service	Police %	Fire %
<20	0	0
20-24	20	5
25-29	25	25
30-31	50	25
32	100	100

There is no explicit assumption on the percentage of retirements expected to enter the DROP. No distinction is necessary, since funding is calculated to expected retirement or expected DROP entry.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

Summary of Actuarial Basis
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Martial Status:	All employees are assumed to be married.
Investment Expenses:	Not provided for.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Adjustments from Valuation Date:	Liabilities are discounted for 3 months at the Investment Return assumption.
Sources of Data:	Asset data is from unaudited financial statements. Membership data was furnished by Administrator.
Changes from Prior Year Valuation:	**Fire Fighters who have attained 64 points by September 30, 2009 are subject to the Rule of 68.**

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)
(Based on 01/01/2009 $1,312 Table)

I. Funding Status and Progress as of September 30, 2009 and 2008

Pension benefit obligation:	$(Millions)	
	2009	2008
- Retirees and beneficiaries currently receiving prior COLA benefits	1.6	1.8
- Retirees and beneficiaries receiving COLA tabular benefits (beginning January 1) and terminated employees not yet receiving tabular benefits	237.2	226.9
- Current Employees Accumulated employee contributions including interest	1.7	2.4
Employer - financed vested	0.0	0.0
Employer - financed non-vested	49.5	48.3
- Total pension benefit obligation	290.0	279.4
Net assets available for benefits	296.3	305.8
Unfunded pension benefit (obligation)/asset	6.3	26.4

The pension benefit obligations were determined as part of actuarial valuations at January 1, 2010 and January 1, 2009, based on data and asset information at September 30, 2009 and September 30, 2008. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75% per year compounded annually, (b) post retirement COLA benefits based on the table in effect at January 1, 2009 and January 1, 2008.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)
(Based on 01/01/2007 $1,139 Table)

II. Contributions Required and Contributions Made

The funding policy provides for annual employer contributions for 21 years from January 1, 1994. The amount of the contribution was $2.5 million, beginning January 1, 1994, increasing 4% per year each year thereafter, and reduced (but not below zero) by any excess investment income transfer due on the same date.

The excess investment income transfer consists of a portion of gains due to investment return exceeding the 7.75 percent assumption.

III. Analysis of funding Progress ($ Millions)

Fiscal Year	(1) Net Assets Available for Benefits* ($)	(2) Pension Benefit Obligation** ($)	(3) Percent Funded (%)	(4) Unfunded PBO (2)-(1) ($)	(5) Annual Covered Payroll ($)	(4)/(5) (%)
1993	40.8	32.5	126	(8.3)	72.0	(12)
1994	42.6	51.5	83	8.9	72.9	12
1995	63.8	52.0	123	(11.8)	71.5	(17)
1996	83.9	65.7	128	(18.1)	72.9	(25)
1997	117.7	70.8	166	(46.9)	69.6	(67)
1998	144.2	90.9	159	(53.3)	74.3	(72)
1999	180.7	116.3	155	(64.4)	77.7	(83)
2000	220.5	137.0	161	(83.5)	84.3	(99)
2001	195.0	158.4	123	(36.6)	89.7	(41)
2002	174.1	164.5	106	(9.6)	96.9	(10)
2003	194.8	165.1	118	(29.7)	98.9	(30)
2004	210.3	185.7	113	(24.7)	89.2	(28)
2005	231.6	195.0	119	(36.6)	91.5	(40)
2006	249.0	216.8	115	(32.2)	90.4	(36)
2007	300.2	242.9	124	(57.3)	103.6	(55)
2008	305.8	279.4	109	(26.4)	129.4	(20)
2009	296.3	290.0	102	(6.3)	122.2	(5)

* Excluding future City minimum contributions.
** Excluding new increment, contingency reserves, and reserves for future actives.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)

IV. Revenues and Expenses

Fiscal Year	Revenues by Source: Employee Contributions ($)	Employer Contributions ($)	Investment Income ($)	Total ($)
1987	1,246,688	298,682	871,969	2,417,339
1988	1,272,000	0	393,935	1,665,935
1989	1,381,407	0	686,477	2,067,884
1990	1,457,451	0	694,749	2,152,200
1991	1,505,015	0	1,024,972	2,529,987
1992	1,422,192	0	1,031,806	2,453,998
1993	1,493,735	0	1,151,821	2,645,556
1994	474,233	9,481,546	1,313,750	11,269,529
1995	506	16,818,431	3,754,787	20,573,724
1996	0	2,622,149	3,795,508	6,417,657
1997	4,226	12,736,609	7,724,214	20,465,049
1998	1,094	14,344,834	10,325,730	24,671,658
1999	11,792	17,020,337	9,278,121	26,310,250
2000	293	23,437,048	18,932,095	42,369,436
2001	0	28,380,385	6,709,796	35,090,181
2002	0	32,080,031	571,271	32,651,302
2003	0	3,558,280	6,649,841	10,208,121
2004	0	3,700,611	9,923,222	13,623,833
2005	0	3,848,635	12,516,741	16,365,377
2006	0	0	25,340,983	25,340,983
2007	0	0	47,781,293	47,781,293
2008	0	0	44,539,016	44,539,016
2009	0	0	44,696,486	44,696,486

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)
(Continued)

IV. Revenues and Expenses (Continued)

Fiscal Year	Expenses by Type			
	Benefits ($)	Administrative Expenses ($)	Refunds ($)	Total ($)
1987	183,548	7,301	36,679	227,528
1988	321,908	387	68,950	391,245
1989	430,185	0	46,021	476,206
1990	534,058	0	85,067	619,125
1991	578,758	0	76,730	655,488
1992	628,793	20,956	78,054	727,803
1993	665,938	27,288	84,945	778,171
1994	1,657,947	7,430	72,595	1,737,972
1995	2,706,830	0	101,814	2,808,644
1996	3,051,315	0	84,143	3,135,458
1997	3,676,801	0	124,925	3,801,726
1998	4,695,927	0	30,136	4,726,063
1999	5,765,042	295,708	17,974	6,078,724
2000	7,016,378	334,588	13,932	7,364,898
2001	8,225,910	445,723	16,796	8,688,429
2002	8,943,616	437,703	11,101	9,392,420
2003	9,332,318	590,842	9,806	9,932,966
2004	9,916,255	609,251	6,313	10,531,819
2005	10,614,510	672,938	1,182	11,288,630
2006	11,760,071	807,594	1,934	12,569,599
2007	13,304,749	944,477	388	14,249,614
2008	15,666,175	1,053,599	14,154	16,733,928
2009	16,925,422	867,083	0	17,795,505

The City of Miami
Fire Fighters' and Police Officers' Retirement Trust

72nd ANNUAL REPORT
SEPTEMBER 30, 2011

The City of Miami Fire Fighters' and Police Officers' Retirement Trust

72nd ANNUAL REPORT
SEPTEMBER 30, 2011

1895 SW 3rd Avenue, Miami, Florida 33129-1456
Tel: 305-858-6006 Fax: 305-858-9008
www.miamifipo.org

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I

INTRODUCTORY

SECTION

BOARD OF TRUSTEES

AND

PERSONNEL OF THE RETIREMENT TRUST

AS OF SEPTEMBER 30, 2011

Thomas Gabriel - Chairman
Fire Captain
Elected by the Fire Fighters

William Bryson
Appointed by the City Commission

Raul Fernandez
Fire Captain
Elected by the Fire Fighters

Ornel Cotera
Appointed by the City Commission

Sergio Diez
Sergeant Of Police
Elected by the Police Officers

Thomas Roell
Appointed by the City Commission

Monica Fernandez
Appointed by the City Commission

Annette Rotolo
Sergeant of Police
Elected by the Police Officers

Robert Moskovitz
Appointed by City Manager

Administrator
Robert H. Nagle

Assistant Administrator
Dania L. Orta

Legal Advisor
Stephen H. Cypen, Esq.

Medical Advisor
Cornell Lupu, MD

Consulting Actuary
Stanley, Holcombe & Associates

Certified Public Accountants
Goldstein Schechter Koch

Investment Managers

Alliance Bernstein
Ambassador Investments
AXA Investments
Black Rock Invest. Managers
Barrow, Hanley, et al
Champlain Asset Management
Coller Capital
Delaware Asset Management
Dodge & Cox Investment Management
Eagle Asset Management
J. P. Morgan Investment Management
Lexington Partners
Munder Capital Management
First Eagle
Pantheon
RCM
Robeco Boston Partners
Sate Street Global Advisors
Urdang
Wellington Investment Manager
Wenworth Hauser Violich

Consultant
William Cottle, CFA, Milliman, Inc.

Custodian
Northern Trust Company

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

72nd ANNUAL REPORT

On September 30, 2011, the City of Miami Fire Fighters' and Police Officers' Retirement Trust completed its seventy second year of operation.

Retirement benefits granted during the year represent annual benefits of $3,659,616.00 and are as follows:

5	Service Retirements with annual benefits of	309,739.00
50	DROP Service Retirements with annual benefits of	3,239,520.00
1	Vested Right Retirement with annual benefits of	27,221.00
1	Ordinary Disability Retirement with annual total of	31,415.00
1	Accidental Disability Retirement with annual total of	51,721.00

In addition, two beneficiaries received Ordinary Death Benefit of one half (½) of a year's salary totaling $47,827.00.

During the year, 63 pensioners of the Retirement Trust died. Of these, 35 had selected a pension which terminated at their death and 28 had selected an option that will continue to a beneficiary representing yearly benefits of $491,461.00.

During the year ending September 30, 2011, the pension payroll totaled $123,313,080.00 which is an increase of 21.64% when compared to the previous year's total payroll, and is broken down as follows:

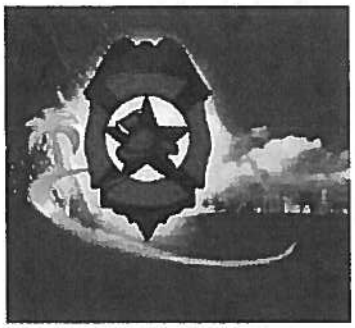
		ANNUAL BENEFITS
1,213	Service Retirements	66,948,213.00
534	DROP Service Retirements	48,327,357.00
68	Early Service Retirements	850,874.00
39	Vested Right Retirements	766,410.00
10	Ordinary Disability Retirements	110,868.00
167	Service/Accidental Disability Retirements	3,556,989.00
7	Accidental Death Retirements	142,527.00
4	Ordinary Death Early	92,899.00
226	Continuances	2,516,943.00
		123,313,080.00
	Securities' gains and losses, Miscellaneous Income	83,821,861.00

The various statements and schedules, which follow, reflect the activities of the system from the beginning as well as for the current year. An outline showing benefits and working procedures is also included.

II

FINANCIAL

SECTION



City of Miami
Fire Fighters' and Police Officers' Retirement Trust

Financial Statements
Years Ended September 30, 2011 and 2010

GSK Goldstein Schechter Koch
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Goldstein Schechter Koch

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Independent Auditors' Report

Board of Trustees
City of Miami Fire Fighters' and Police Officers' Retirement Trust
Miami, Florida

We have audited the accompanying statements of plan net assets of the City of Miami Fire Fighters' and Police Officers' Retirement Trust (the Trust) at September 30, 2011 and 2010, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of September 30, 2011 and 2010, and the changes in plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January xx, 2012 on our consideration of the City of Miami Fire Fighters' and Police Officers' Retirement Trust internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

4000 Hollywood Blvd • Suite 215 South • Hollywood, FL 33021
(954) 989-7462 • (954) 962-1021
info@gsk-cpas.com • www.gsk-cpas.com

Management's discussion and analysis on pages 3-9 and the required supplementary information, as listed in the accompanying table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and we do not express an opinion on it. The required supplementary information for the years ended September 30, 2006 and 2007 was reported on by Koch Reiss & Co., P.A., whose report states that they did not audit this information and did not express an opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the Plan. The accompanying supplementary schedules of investment expenses and administrative expenses (other supplementary schedules) as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary schedules have been subjected to auditing procedures applied in the audit of the basic financial statements, and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Goldstein Schechter Koch, P.A.

Hollywood, Florida
January 12, 2012

The City of Miami
Fire Fighters' and Police Officers
Retirement Trust

ADMINISTRATOR
Robert H. Nagle

ASSISTANT ADMINISTRATOR
Darla L. Orta

TRUSTEES
Ornel Cotera
Gerald Darling
Monica Fernandez
Raul Fernandez
Tom Gabriel
Rolando Gutierrez
Joseph Kaplan
Annette Retolo

Management's Discussion and Analysis
(Required Supplementary Information - Unaudited)
September 30, 2011 and 2010

Our discussion and analysis of the City of Miami Fire Fighters' and Police Officers' Retirement Trust (the Trust) financial performance provides an overview of the Trust's financial activities for the fiscal years ended September 30, 2011 and 2010. Please read it in conjunction with the Trust's financial statements which follow this discussion.

Financial Highlights

- The Trust assets exceeded its liabilities at the close of fiscal years ended 2011 and 2010 by $1,297.2 and $1,339.5 million, respectively (reported as net assets held in trust for pension benefits). Net assets are held in trust to meet future benefit payments. The (decrease) and increase of ($42.3) million and of $72.4 million in net assets, of the respective years have resulted primarily from the changes in the fair value of the Trust's investments due to volatile financial markets.

- The Trust's funded ratio, a comparison of the actuarial value of assets to the actuarial accrued pension benefit liability, changed from 70% as of the October 1, 2008 actuarial valuation, to 63% as of the October 1, 2009 valuation, and 66% as of the October 1, 2010 valuation.

- For the fiscal year ended September 30, 2011 the Trust's total additions were $100.8 million which were comprised of contributions of $54.3 million and net investment income of $46.5 million.

  For the fiscal year ended September 30, 2010 the Trust's total additions were $193.3 million which were comprised of contributions of $71.5 million and net investment income of $121.8 million.

- For the fiscal year ended September 30, 2011 the Trust's deductions increased over the prior year from $118.9 million to $120.9 or 18.4%. Most of this increase is attributable to increased pension benefits paid.

  For the fiscal year ended September 30, 2010 the Trust's deductions increased over the prior year from $104.5 million to $120.9 million or 15.7%. Most of this increase is attributable to increased pension benefits paid.

Overview of the Financial Statements

The Trust's financial statements are comprised of a Statement of Plan Net Assets, a Statement of Changes in Plan Net Assets, and Notes to Financial Statements. Also included are schedules of certain required supplementary information and schedules of other supplementary information. These financial statements report information about the Trust, as a whole, and about its financial condition that should help answer the question: Is the Trust, as a whole, better off or worse off as a result of this year's activities? These statements include all assets and liabilities using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, all revenues and expenses are taken into account regardless of when cash is received or paid.

The statement of plan net assets presents information on the assets and liabilities and the resulting net assets held in trust for pension benefits. This statement reflects the Trust's investments, at fair value, along with cash and cash equivalents, receivables and other assets and liabilities.

The statement of changes in plan net assets presents information showing how the Trust's net assets held in trust for pension benefits changed during the years ended September 30, 2011 and 2010. It reflects contributions by members and the City along with deductions for pension benefits, refunds and withdrawals, and administrative expenses. Investment income during the period is also presented showing income or loss from investing and securities lending activities.

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The required supplementary information presents a schedule of funding progress and a schedule of employer contributions for the most recent 6 years. The other supplementary information presents a schedule of investment expenses and a schedule of administrative expenses.

Financial Analysis

- Trust's total assets as of September 30, 2011, were $1,666.2 million and were mostly comprised of cash and cash equivalents, investments, property and equipment, and receivables related to investments. Total assets decreased $2.2 million or 0.1%.

  Trust's total assets as of September 30, 2010, were $1,668.5 million and were mostly comprised of cash and cash equivalents, investments, property and equipment, and receivables related to investments. Total assets increased $161.3 million or 10.7%.

- Total liabilities as of September 30, 2011 were $369.1 million and were mostly comprised of obligations under securities lending, payable for securities purchased and deferred retirement option plan payable. Total liabilities increased $40.1 million or 12.2% from the prior year primarily due to an increase in deferred retirement option plan and obligations under securities lending.

  Total liabilities as of September 30, 2010 were $329.0 million and were mostly comprised of obligations under securities lending, payable for securities purchased and deferred retirement option plan payable. Total liabilities increased $89.0 million or 37.1% from the prior year primarily due to an increase in obligations under securities lending and payable for securities purchased.

Financial Analysis - continued

- Trust assets exceeded its liabilities at the close of fiscal year ended September 30, 2011 by $1,297.2 million. Total net assets held in trust for pension benefits decreased $42.3 million or 3.2% from the previous year.

  Trust assets exceeded its liabilities at the close of fiscal year ended September 30, 2010 by $1,339.5 million. Total net assets held in trust for pension benefits increased $72.4 million or 5.7% from the previous year.

Table 1 - Condensed Summary of Net Assets
September 30,
(Dollar Amounts in Thousands)

	2011	2010	Increase (Decrease) Amount	Total Percentage Change
Assets:				
Cash and cash equivalents	$ 68,533	$ 43,709	$ 24,824	56.8%
Receivables	9,529	13,973	(4,444)	(31.8)
Investments	1,352,827	1,387,316	(34,489)	(2.5)
Security lending collateral - invested	233,291	221,384	11,907	5.4
Property and equipment, net	2,043	2,085	(42)	(2.0)
Total assets	1,666,223	1,668,467	(2,244)	(0.1)
Liabilities:				
Payables for securities purchased	9,526	17,537	(8,011)	(45.7)
Accounts payable and other	374	268	106	39.5
Deferred Retirement Option Plan	125,863	89,768	36,095	40.2
Obligations under securities lending	233,291	221,384	11,907	5.4
Total liabilities	369,054	328,957	40,097	12.2
Net assets held in trust for pension benefits	$ 1,297,169	$ 1,339,510	$ (42,341)	(3.2)%

Financial Analysis - continued

Table 1 - Condensed Summary of Net Assets
September 30,
(Dollar Amounts in Thousands)

	2010	2009	Increase (Decrease) Amount	Total Percentage Change
Assets:				
Cash and cash equivalents	$ 43,709	$ 47,934	$ (4,225)	(8.8)%
Receivables	13,973	7,985	5,988	75.0
Investments	1,387,316	1,281,969	105,347	8.2
Security lending collateral - invested	221,384	167,115	54,269	32.5
Property and equipment, net	2,085	2,128	(43)	(2.0)
Total assets	1,668,467	1,507,131	161,336	10.7
Liabilities:				
Payables for securities purchased	17,537	7,820	9,717	124.3
Accounts payable and other	268	268	-	-
Deferred Retirement Option Plan	89,768	62,211	27,557	44.3
Obligations under securities lending	221,384	169,704	51,680	30.5
Total liabilities	328,957	240,003	88,954	37.1
Net assets held in trust for pension benefits	$ 1,339,510	$ 1,267,128	$ 72,382	5.7%

Additions to Plan Net Assets

The reserves needed to finance retirement benefits are accumulated through the collection of contributions from members and the City and through earnings on investments. Contributions and net investment income for fiscal years 2011 and 2010 totaled $100.8 and $193.3 million, respectively.

For the fiscal year ended September 30, 2011 total additions to plan net assets decreased $92.5 million or 47.3% from those of the prior year, due primarily to a decrease in net appreciation in fair value of investments.

Actual results were:

1) City contributions decreased from the previous year by $13.9 million or 22.8%. This decrease is primarily due to changes imposed by City management on the Trust which reduced the City's actuarial computed minimum required contribution.

2) Member contributions decreased from the previous year by $3.3 million or 31.6%. This decrease is primarily due to reductions in pay from changes imposed by City management.

3) Net investment income decreased from the previous year by $75.3 million or 61.8 %.

Additions to Plan Net Assets - continued

For the fiscal year ended September 30, 2010 total additions to plan net assets increased $146.4 million or 312.6% from those of the prior year, due primarily to significant improvements in the financial markets. Actual results were:

1) City contributions increased from the previous year by $22.0 million or 56.3%. This increased is primarily due to an increase in the City's actuarially computed minimum required contribution.

2) Member contributions increased from the previous year by $667.2 thousand or 6.8%. Member contributions fluctuate from year to year, based on the number active members and changes in salaries. Also, Firefighters' rate of contribution increased from 8% to 9% effective October 1, 2009.

3) Investment income increased from the previous year by $123.8 million or 6,237.3 %.

Additions in Plan Net Assets
Years Ended September 30,
(Dollar Amounts in Thousands)

	2011	2010	Increase (Decrease) Amount	Total Percentage Change
City contribution	**$ 47,157**	**$ 61,052**	**$ (13,895)**	**(22.8)%**
Member contributions	**7,138**	**10,436**	**(3,298)**	**(31.6)**
Net investment income	**46,535**	**121,813**	**(75,278)**	**(61.8)**
Total additions	**$ 100,830**	**$ 193,301**	**$ (92,471)**	**(47.8)%**

Additions in Plan Net Assets
Years Ended September 30,
(Dollar Amounts in Thousands)

	2010	2009	Increase (Decrease) Amount	Total Percentage Change
City contribution	$ 61,052	$ 39,070	$ 21,982	56.3%
Member contributions	10,436	9,769	667	6.8
Net investment income (loss)	121,813	(1,985)	123,798	6,236.7
Total additions	$ 193,301	$ 46,854	$ 146,447	312.6%

Deductions from Plan Net Assets

The primary expenses of the Trust include the payment of pension benefits to members and beneficiaries, refund of contributions to former members, distributions to retirees, and administrative expenses. Total deductions for fiscal years ended 2011 and 2010 were $143.2 and $120.9 million, an increase of 18.4% and 15.7%, over years 2010 and 2009 expenditures, respectively.

For the fiscal years ended September 30, 2011 and 2010, the payment of pension benefits to retirees increased by $21.9 and $16.3 million or 21.6% and 19.2 %, respectively, from the previous year. The increase in pension benefit expenditures resulted from an increase in number of retirees of 342 and 104, respectively, and an increase in benefit payments to retirees.

For the fiscal years ended September 30, 2011 and 2010, administrative expense increased (decreased) by $0.2 and ($0.50) million or 7.2% and (-2.4%), respectively, from the previous year.

Deductions from Plan Net Assets
Years Ended September 30,
(In Thousands)

	2011	2010	Increase (Decrease) Amount	Total Percentage Change
Pension benefits paid	**$ 123,313**	**$ 101,372**	**$ 21,941**	**21.6%**
Refund of contributions	**274**	**241**	**33**	**13.7**
Distributions to retirees	**17,364**	**17,237**	**127**	**0.7**
Administrative expenses	**2,220**	**2,070**	**150**	**7.2**
Total deductions	**$ 143,171**	**$ 120,920**	**$ 22,251**	**18.4%**

Deductions from Plan Net Assets
Years Ended September 30,
(In Thousands)

	2010	2009	Increase (Decrease) Amount	Total Percentage Change
Pension benefits paid	$ 101,372	$ 85,065	$ 16,307	19.2%
Refund of contributions	241	367	(126)	(34.3)
Distributions to retirees	17,237	16,925	312	1.8
Administrative expenses	2,070	2,120	(50)	(2.4)
Total deductions	$ 120,920	$ 104,477	$ 16,443	15.7%

Capital Assets

As of September 30, 2011 and 2010, the Trust's investment in capital assets totaled $2.0 and $2.1 million, respectively (net of accumulated depreciation). This investment in capital assets includes land and building for administrative use. The appraised value is $2,000,000 and $1,900,000 at September 30, 2011 and 2010, respectively.

Retirement System as a Whole

The Trust's net assets have decreased from those of fiscal year ended 2010 and increased from the fiscal year ended 2009. Management believes, and actuarial studies concur, that the Trust is in a financial position to meet its current obligations.

Contacting the Trust's Financial Management

This financial report is designed to provide the Retirement Board, our membership, taxpayers, investors, and creditors with a general overview of the Trust's finances and to demonstrate the Trust's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City of Miami Fire Fighters' and Police Officers' Retirement Trust Fund, 1895 SW 3 Avenue, Miami FL 33129.

City of Miami Fire Fighters' and Police Officers'
Retirement Trust
Statements of Plan Net Assets
September 30, 2011 and 2010

	2011				2010			
	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total
Assets:								
Cash and cash equivalents	$ 51,609,731	$ 2,139,054	$ 14,784,656	$ 68,533,441	$ 33,210,970	$ 1,287,147	$ 9,210,594	$ 43,708,711
Investments, at fair value:								
U.S. government and agency obligations	153,648,243	6,368,208	44,015,654	204,032,105	166,291,887	6,444,920	46,118,700	218,855,507
Domestic fixed income	203,687,025	8,442,148	58,350,278	270,479,451	198,537,595	7,694,656	55,061,591	261,293,842
Domestic equity	312,473,988	12,951,005	89,514,508	414,939,501	424,354,632	16,446,572	117,688,749	558,489,953
International equity	145,126,611	6,015,015	41,574,460	192,716,086	99,241,835	3,846,283	27,523,318	130,611,436
Private equity	31,032,677	1,286,200	8,889,939	41,208,816	23,748,725	920,421	6,586,373	31,255,519
Real estate equity	78,007,760	3,233,162	22,346,904	103,587,826	73,734,681	2,857,711	20,449,270	97,041,662
Mutual funds - Deferred Retirement Option Plan	125,863,217	-	-	125,863,217	89,767,560	-	-	89,767,560
Total investments	1,049,839,521	38,295,738	264,691,743	1,352,827,002	1,075,676,915	38,210,563	273,428,001	1,397,315,479
Security lending cash collateral - invested	175,681,613	7,281,417	50,327,559	233,290,589	168,213,301	6,519,387	46,651,577	221,384,265
Receivables:								
Proceeds from securities sold	3,756,806	-	-	3,756,806	7,037,560	-	-	7,037,560
Member contributions	1,798	-	-	1,798	526,720	-	-	526,720
Budget advance from City	-	-	-	-	945,307	-	-	945,307
Accrued interest and other	5,770,922	-	-	5,770,922	5,463,781	-	-	5,463,781
Total receivables	9,529,526	-	-	9,529,526	13,973,368	-	-	13,973,368
Property and equipment, net	1,538,228	63,754	440,656	2,042,638	1,584,512	61,410	439,442	2,085,364
Total assets	1,288,198,619	47,779,963	330,244,614	1,666,223,196	1,292,659,066	46,078,507	329,729,614	1,668,467,187
Liabilities:								
Payable for securities purchased	9,526,212	-	-	9,526,212	17,536,870	-	-	17,536,870
Accounts payable and other	373,907	-	-	373,907	268,017	-	-	268,017
Obligations under securities lending	175,681,613	7,281,417	50,327,559	233,290,589	168,213,301	6,519,387	46,651,577	221,384,265
Deferred Retirement Option Plan	125,863,217	-	-	125,863,217	89,767,560	-	-	89,767,560
Total liabilities	311,444,949	7,281,417	50,327,559	369,053,925	275,785,748	6,519,387	46,651,577	328,956,712
Net assets held in trust for pension benefits (a schedule of funding progress is presented on page 27)	$ 976,753,670	$ 40,498,546	$ 279,917,055	$ 1,297,169,271	$ 1,016,873,318	$ 39,559,120	$ 283,078,037	$ 1,339,510,475

The accompanying notes are an integral part of these financial statements.

City of Miami Fire Fighters' and Police Officers'
Retirement Trust
Statements of Changes in Plan Net Assets
For the Years Ended September 30, 2011 and 2010

	2011				2010			
	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total
Additions:								
Contributions:								
City	$ 42,287,046	$ -	$ 4,869,751	$ 47,156,797	$ 56,369,971	$ -	$ 4,682,453	$ 61,052,424
Members	7,137,824	-	-	7,137,824	10,436,367	-	-	10,436,367
Total contributions	49,424,870	-	4,869,751	54,294,621	66,806,338	-	4,682,453	71,488,791
Investment income:								
Net appreciation in fair value of investments	11,049,518	191,060	2,047,028	13,287,606	67,227,781	2,532,328	18,397,395	88,157,504
Interest	19,694,677	778,811	5,502,298	25,975,786	19,213,371	720,303	5,259,445	25,193,619
Dividend	8,965,200	355,657	2,510,255	11,831,112	7,481,033	278,933	2,042,043	9,802,009
Other	221,137	8,786	61,880	291,803	486,956	18,124	132,975	638,055
	39,930,532	1,334,314	10,121,461	51,386,307	94,409,641	3,549,688	25,831,858	123,791,187
Less investment expense	4,090,708	161,720	1,142,753	5,395,181	3,735,860	139,908	1,024,177	4,899,945
Net investment income from investing activities	35,839,824	1,172,594	8,978,708	45,991,126	90,673,781	3,409,780	24,807,681	118,891,242
Security lending activities:								
Security lending income	549,625	21,792	153,814	725,231	379,698	14,228	103,939	497,865
Security lending fees and rebates	137,296	5,444	38,423	181,163	93,453	3,501	25,572	122,526
Unrealized gain	-	-	-	-	1,951,401	71,041	523,412	2,545,854
Net income from security lending activities	412,329	16,348	115,391	544,068	2,237,646	81,768	601,779	2,921,193
Total net, investment income	36,252,153	1,188,942	9,094,099	46,535,194	92,911,427	3,491,548	25,409,460	121,812,435
Total additions	85,677,023	1,188,942	13,963,850	100,829,815	159,717,765	3,491,548	30,091,913	193,301,226
Deductions:								
Pension benefits paid	123,313,080	-	-	123,313,080	101,371,860	-	-	101,371,860
Refund of contributions	273,559	-	-	273,559	240,922	-	-	240,922
Distributions to retirees	-	248,193	17,115,648	17,363,841	-	272,395	16,964,523	17,236,918
Depreciation expense	32,218	1,323	9,184	42,725	32,468	1,253	9,005	42,726
Administrative expenses	2,177,814	-	-	2,177,814	2,027,045	-	-	2,027,045
Total deductions	125,796,671	249,516	17,124,832	143,171,019	103,672,295	273,648	16,973,528	120,919,471
Net (decrease) increase	(40,119,648)	939,426	(3,160,982)	(42,341,204)	56,045,470	3,217,900	13,118,385	72,381,755
Net assets held in trust for pension benefits:								
Beginning of year	1,016,873,318	39,559,120	283,078,037	1,339,510,475	960,827,848	36,341,220	269,959,652	1,267,128,720
End of year	$ 976,753,670	$ 40,498,546	$ 279,917,055	$ 1,297,169,271	$ 1,016,873,318	$ 39,559,120	$ 283,078,037	$ 1,339,510,475

The accompanying notes are an integral part of these financial statements.

Note 1 - Description of the Plan

Organization

The City of Miami Fire Fighters' and Police Officers' Retirement Trust (the Trust) is a single employer defined benefit pension plan established by the City of Miami, Florida (the City) pursuant to the provisions and requirements of Ordinance No. 10002 as amended. Since the Trust is sponsored by the City, the Trust is included as a pension trust fund in the City's comprehensive financial report as part of the City's financial reporting entity.

The following brief description of the Trust is provided for general information purposes only. Participants should refer to the Trust document for more detailed and comprehensive information.

Membership

Participants are contributing police officers and firefighters with full-time status in the Police and Fire Department of the City of Miami, Florida.

Membership in the Trust consisted of the following as of October 1:

	2011	2010
Retirees and beneficiaries currently receiving benefits and terminated members entitled to benefits but not yet receiving them	2,255	2,264
Current members:		
Vested	750	612
Nonvested	579	615
	1,329	1,227

Member Contributions

Members contribute a percentage of their base salaries on a bi-weekly basis. Police Officers' member contribution is 7% and Firefighters' member contribution is 10% (9% prior to October 1, 2009), of compensation or equal to the City's contribution, whichever is less. Prior to the agreement dated January 9, 1994, members contributed 10.5%, of which 2% was designated as a contribution to the Cost-of-Living Adjustment I Account (COLA I account). Effective January 9, 1994, the Trust entered into an agreement with the City whereby this percentage was decreased to 10% and a new Cost-of-Living Adjustment II Account (COLA II account) was created and funded by an actuarial determined percentage of the excess investment return (from other than COLA I account assets).

Note 1 - Description of the Plan - continued

Member Contributions - continued

Should the member contribution be less than 7% for Police Officers and 10% (9% prior to October 1, 2010) for Firefighters, due to the City contribution, the difference between the percentage contributed and the actual contribution shall be deducted from the member's paycheck and placed into an individual contribution account (ICA), as part of the retirement system. Interest on ICA's shall be determined in the same manner as the COLA transfer methodology. Interest shall be credited periodically to the ICA's as determined by the retirement system board's actuary. Member contributions and earnings in ICA's shall be deemed 100% vested upon deposit. Upon the member's separation, ICA balances shall be disbursed as provided under the IRS Code. As of September 30, 2011 and 2010 it was not necessary to create an ICA.

During the years ended September 30, 2011 and 2010, approximately $69,205 and $1,074,948 respectively, is included as member contributions for the purchase of additional service years by members as provided for by the Trust.

Funding Requirements

The City is to contribute such amounts as are necessary to maintain the actuarial soundness of the Trust and to provide the Trust with assets sufficient to meet the benefits to be paid to the participants. Contributions to the Trust are authorized, pursuant to City of Miami Code Section 40.196 (a) and (b). Contributions to the COLA accounts are authorized pursuant to Section 40.204 of the City of Miami Code. The City's contributions to the Trust provide for non-investment expenses and normal costs of the Trust. The yield (interest, dividends, and net realized gains and losses) on investments of the Trust serves to reduce/increase future contributions that would otherwise be required to provide for the defined level of benefits under the Trust.

Pension Benefits

Members may elect to retire after 10 or more years of creditable service upon attainment of normal retirement age. Normal retirement pursuant to Section 40-203 of the City of Miami code shall be determined as follows:

Plan A
"For members employed on September 30, 2010, who as of that date have attained age 50 with ten or more years of creditable service or eligibility for rule of 64 retirement for police officer members, or eligibility for rule of 68 retirement for firefighter members, the normal retirement age shall be 50 years of age with ten or more years of creditable service, or rule of 64 retirement for police officer members, or rule of 68 for firefighter members."

Plan B
"For members employed on September 30, 2010, who as of that date have not attained age 50 with ten or more years of creditable service, or rule of 64 retirement for police officer members, or rule of 68 retirement for firefighter members, and member hired on or after October 1, 2010 shall be rule of 70 retirement with a minimum age of 50 and ten or more years of creditable service."

Note 1 - Description of the Plan - continued

Pension Benefits - continued

A member entitled to a normal retirement benefit shall receive a retirement allowance equal to 3% of the member's average final compensation (as defined in the city code section 40-191), multiplied by years of creditable service for the first 15 years of such creditable service, plus a retirement allowance equal to 3% (3½% for members who retired prior to October 1, 2010) of member's average final compensation multiplied by the years of creditable service in excess of 15 years, paid in monthly installments.

The maximum benefit for members who retire after September 30, 2010 is 100% of average final compensation or $100,000 per year, whichever is less, as of retirement or DROP entry date.

Rule of 64, 68 and 70 shall mean a computation consisting of the sum of a member's age and length of creditable service, which sum shall permit normal service retirement upon the member's combined age and creditable service equaling at least 64, 68 and 70, respectively.

Early retirement, disability, death and other benefits are also provided.

Investments

The Trust investment policy is determined by the Board of Trustees and is implemented by investment managers. In addition, the Trust utilizes an investment advisor who monitors the investing activities. The investment policy of the Trust stipulates that the trustees shall, in acquiring, investing, reinvesting, exchanging, retaining, selling and maintaining property for the benefit of the Trust exercise the judgment and care under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital. The trustees are authorized to acquire and retain various kinds of property, real, personal or mixed, and various types of investments specifically including, but not by way of limitation, bonds, debentures and other corporate obligations, and stocks, preferred or common, which persons of prudence, discretion and intelligence acquire or retain for their own account. The investment of funds shall be in a manner that is consistent with the applicable sections of the City Code as well as State and Federal laws within the allocation percentages established in the Trust's investment policy guidelines.

The investments are considered held by the Membership and Benefit Account and a share of the value of this account is allocated to each account based on a weighted average calculation performed each month to reflect each account's membership and benefit, COLA I and COLA II activity.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The Trust's financial statements are prepared using the accrual basis of accounting. Member contributions are recognized as revenues in the period in which contributions are due. City contributions are recognized as revenues when due pursuant to actuarial valuations. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investment purchases and sales are recorded on a trade-date basis. Interest and other income are recorded as earned and dividend income is recorded as of the ex-dividend date.

Note 2 - Summary of Significant Accounting Policies - continued

Cash equivalents

The Trust considers all highly liquid investments with short maturities, typically less than three months but no more than one year when purchased, to be cash equivalents.

Investments

Investments are recorded at fair value. Fair values of investments are determined as follows: securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year; securities traded in the over-the counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price; commercial paper, time deposits and short-term investment pools are valued at cost which approximates market; mortgages are valued based on current market yield. International equities are valued based upon quoted foreign market prices and translated into U.S. dollars at the exchange rate in effect at September 30. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on similar sales.

Alternative investments which include private equity, private debt, venture capital and equity real estate investments where no readily ascertainable market value exists, management, in consultation with the general partner and investment advisors, has determined the fair values for the individual investments based upon the partnership's most recent available financial information adjusted for cash flow activities through September 30, 2011.

Unrealized gains and losses are presented as net appreciation in fair value of investments on the statement of changes in plan net assets along with gains and losses realized on sales of investments. Purchases and sales of securities are reflected on a trade date basis. Realized gains and losses on the sale of investments are based on average cost identification method.

Given the inherent nature of investments it is reasonably possible that changes in the value of those investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of plan net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

Property and equipment are stated at cost and depreciated using the straight-line method over the estimated lives of the assets.

Note 2 - Summary of Significant Accounting Policies - continued

Income Tax Status

The Trust is tax-exempt under the Internal Revenue Code and, therefore, has recorded no income tax liability or expense.

Risk and Uncertainties

Contributions to the Trust and the actuarial information included in the required supplementary information (RSI) are reported based on certain assumptions pertaining to the interest rates, inflation rates and member compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to the uncertainties inherent in settling assumptions, that the effect of such changes could be material to the financial statements.

Reclassifications

Certain reclassifications have been made to the prior year amounts to conform with the current year presentation.

Subsequent Events

Management has evaluated subsequent events through January 12, 2012, the date which the financial statements were available for issue.

Note 3 - Funded Status and Funding Progress

The funded status of the Trust as of October 1, 2010, the most recent actuarial valuation date, is as follows, (dollar amounts in millions):

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
10/01/10	$1,027.7	$1,568.3	$540.6	66%	$80.2	674%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

The Trust is funded in accordance with the Aggregate Cost Method. In accordance with GASB 50, the AAL above has been calculated in accordance with the Entry Age Normal Cost Method, for purposes of calculating and disclosing the funded ratio. The information presented here is intended to serve as a surrogate for the funded status of the plan.

Note 3 - Funded Status and Funding Progress - continued

Additional information as of the latest actuarial valuation follows:

Valuation Date:	October 1, 2010
Actuarial Cost Method:	Aggregate Cost Method. Percentage of actual payroll, if greater than calculated dollar City contributions, if greater than dollar amount calculated under the provision of Gates.
Amortization Method:	N/A
Asset Valuation Method:	20% Write-Up Method: Expected value is based on the Interest Discount/Investment Return rate applied to the actuarial asset value as of the previous valuation date and cash flow during the year. 20% of the difference between the Expected Value and the Market Value (net of pending transfers to the COLA Fund) is added to the Expected Value. The result cannot be greater that 120% of market value or less than 80% of market value (net of pending COLA transfers).
Actuarial assumptions:	
Investment rate of return	7.50%, compounded annually
Salary increases:	
Inflation	3.25%, compounded annually, attributable to inflation
Seniority/merit	5.0% to 0% reducing by attained age
Promotion/other	1.5%
Mortality table	RP 2000 mortality table projected to 2020
Disabled mortality	RP 2000 disabled mortality table projected to 2020

Note 4 - Deposit and Investment Risk Disclosures

Investment Authorization

The Board of Trustees holds the fiduciary responsibility for the Trust, and have adopted a policy to invest in several institutionally acceptable asset classes. Thus, the Trustees have set a reasonably diversified asset allocation in accordance to state statutes (including minimum and maximum allocations), which is expected to appropriately fund the Trust's liabilities and meet its basic investment objectives. The basis for such a target asset allocation is a study of the Trust's pension liabilities and reasonable, alternative investment portfolios.

These asset classes are domestic equity (large, mid and small capitalization), international equity (developed and emerging markets), domestic real estate (institutional quality properties either individually or in open-ended commingled funds, or in REIT securities portfolios), private equity funds, domestic fixed income, and short-term investments. Other asset classes may be added by the Trustees to its investment policy.

Note 4 - Deposit and Investment Risk Disclosures - continued

Investment Authorization - continued

Investment in domestic equity securities shall be limited to those listed on a major U.S. stock exchange and limited to no more than 34% (at market) of the Trust's total asset value. Investments in stocks of foreign companies shall be limited to 23% of the value of the Trust's portfolio. Investments in domestic fixed income securities shall be limited to 55% (at maturity) of the Trusts' total portfolio. The domestic fixed income portfolio shall be comprised of securities rated "BBB" or higher by nationally recognized rating agencies, preferably by Moodys' or Standard & Poors rating services. Domestic real estate and private equity funds shall be limited to 10% and 8%, respectively, of the value of the portfolio.

No single security can represent more than 5% of the market value of a portfolio at the time of purchase, and no single industry (based on Global Industry Classification System codes) can represent more than 15% of the market value of the account. These single security and single industry restrictions do not apply to U.S. Government and Agency bond holdings.

Types of Investments

Florida statutes and Trust investment policy authorize the Trustees to invest funds in various investments. The current target and actual allocation of these investments at market, per the performance analysis report, is as follows as of September 30:

	2011		2010	
Authorized Investments	Target % of Portfolio	Actual % of Portfolio	Target % of Portfolio	Actual of Portfolio
Cash	0.0%	0.2%	0.0%	0.3%
Domestic equities	28.0	32.7	28.0	42.7
Domestic fixed income	41.0	39.7	41.0	37.4
International equities	18.0	16.5	18.0	10.2
Real estate	8.0	8.2	8.0	7.4
Private equity	5.0	2.7	5.0	2.0

Note 4 - Deposit and Investment Risk Disclosures - continued

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to interest rate risk, the Trust diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities.

Information about the sensitivity of the fair values of the Trust's investments to market interest rate fluctuations is provided by the following tables that show the distribution of the Trust's investments by maturity at September 30:

2011
Investment Maturities (in years)

Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. treasuries	$ 113,967,836	$ 5,927,328	$ 43,436,369	$ 50,318,714	$ 14,285,425
U.S. agencies	90,064,269	524,836	1,811,253	3,082,333	84,645,847
Corporate bonds	270,479,451	4,847,035	81,539,488	125,837,728	58,255,200
	$ 474,511,556	$ 11,299,199	$ 126,787,110	$ 179,238,775	$ 157,186,472
% of fixed income portfolio	100.0%	2.4%	26.7%	37.8%	33.1%

2010
Investment Maturities (in years)

Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. treasuries	$ 103,560,990	$ 6,978,831	$ 41,426,540	$ 40,867,112	$ 14,288,507
U.S. agencies	115,294,517	2,249,241	5,051,246	11,120,547	96,873,483
Corporate bonds	261,293,842	4,670,904	77,409,891	107,293,143	71,919,904
	$ 480,149,349	$ 13,898,976	$ 123,887,677	$ 159,280,802	$ 183,081,894
% of fixed income portfolio	100.0%	2.9 %	25.8 %	33.2 %	38.1 %

Credit Risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Trust's investment policy utilizes portfolio diversification in order to control this risk.

Note 4 - Deposit and Investment Risk Disclosures - continued

Credit Risk - continued

The following tables disclose credit ratings by investment type, at September 30, as applicable:

2011	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	$ 204,032,105	43.00%
Credit risk debt securities:		
AAA	28,304,313	5.97
AA	27,335,786	5.76
A	73,987,241	15.59
BBB	68,050,776	14.34
BB and lower	70,339,935	14.82
Not rated	2,461,400	0.52
Total credit risk debt securities	270,479,451	57.00
Total fixed income securities	$ 474,511,556	100.00%

2010	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	$ 218,855,507	45.58%
Credit risk debt securities:		
AAA	34,015,051	7.08
AA	24,028,362	5.00
A	70,559,060	14.70
BBB	59,444,273	12.38
BB and lower	70,275,827	14.64
Bond funds**	245,347	0.05
Not rated	2,725,922	0.57
Total credit risk debt securities	261,293,842	54.42
Total fixed income securities	$ 480,149,349	100.00%

*Obligations of the U.S. government or obligations explicitly or implicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

** At September 30, 2010 Bond funds are comprised of securities rated AAA (100%) per ratings provided by Standard and Poors.

Note 4 - Deposit and Investment Risk Disclosures - continued

Concentration of Credit Risk

The investment policy of the Trust contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of plan net assets at September 30, 2011 and 2010.

Custodial Credit Risk

Deposits are exposed to custodial risk if they are uninsured and uncollateralized. Custodial risk is the risk that, in the event of the failure of the counterparty, the Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the Trust and are held either by the counterparty or the counterparty's trust department or agent but not in the Trust's name.

Consistent with the Trust's investment policy, the investments are held by Trust's custodial bank and registered in the Trust's name. All of the Trust's deposits are insured and or collateralized by a financial institution separate from the Trust's depository financial institution.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of the investment or a deposit. Each investment manager, through the purchase of units in a commingled investment trust fund or international equity mutual fund, establishes investments in international equities. The Trust has exposure to foreign currency fluctuation at September 30, as follows:

	2011	2010
Currency	Holdings Valued In U.S. Dollars International Equities	Holdings Valued In U.S. Dollars International Equities
Australian Dollar	$ 874,601	$ 2,307,196
British Pound Sterling	4,125,255	8,638,608
Canadian Dollar	287,662	266,767
Euro	11,979,226	9,053,066
Hong Kong Dollar	1,683,565	397,799
Japanese Yen	16,667,880	6,922,128
Mexican Peso	932,607	-
Norwegian Krone	-	2,876,210
Other	1,551,442	2,431,305
Signapore Dollar	3,333,367	-
South Korean Won	2,602,122	1,670,897
Swedish Krona	319,609	3,151,404
Swiss Franc	6,213,686	6,991,767
Total	$ 50,571,022	$ 44,707,147

Note 4 - Deposit and Investment Risk Disclosures - continued

Derivatives

Derivatives are financial instruments whose value is derived from underlying asset or data. All of the Trust derivatives are considered investments. Derivatives generally take the form of contracts in which two parties agree to make payments at a later date based on the value of specific assets or indices. The Trust may invest in various derivative financial instruments such as financial futures; forward foreign currency contracts and currency options; interest rate swaps, interest-only and principal only CMOs; and mortgage CMOs to enhance the performance and reduce volatility.

To date, the primary reasons for the use of derivative contracts have pertained to their ability to facilitate changes to the asset allocation of the total plan and for their low cost of implementation. The acceptable investment purposes for the use of derivatives are as follows:

a. Appropriate to use futures, options and forward currency contracts to assist investment managers in mitigating portfolio risk.
b. Useful substitute for an existing, traditional investment. In certain circumstances it may be cheaper, quicker or easier to invest in a derivative instrument or security rather than transacting in the cash or traditional security market.
c. Provides investment value to the portfolio, while being consistent with the Retirement Trust's overall and specific investment policies.
d. Obtains investment exposure that is appropriate with the mangers' investment strategy and the Retirement Trust's investment guidelines, but could not be made through traditional investment securities.

Futures are contractual obligations that require the buyer (seller) to buy (sell) assets at a predetermined date at a predetermined price. These contracts are standardized and traded on an organized exchange with gains and losses settled daily thereby minimizing credit and default risk. Gains and losses are included in the net appreciation in the fair value of investments total of the Statement of Changes in Plan Net Assets.

As of September 30, 2011, the Trust did not have any derivatives. The table below presents classification information on the Trust's derivatives at September 30, 2010:

	Changes in Fair Value		Fair Value at 9/30/2010		
	Classification	Amount	Classification	Amount	Notional
Investment derivatives:					
Futures contracts	Net appreciation	$4,487	U S. treasuries notes	$4,487	$1,075,000

Note 4 - Deposit and Investment Risk Disclosures - continued

Securities Lending Transactions

A retirement system is authorized by state statutes and board of trustees' policies to lend its investment securities. The lending is managed by the Trust's custodial bank. All loans can be terminated on demand by either the Trust or the borrowers, although the average term of loans is approximately 92 days. The custodial bank and its affiliates are prohibited from borrowing the system's securities.

The agent lends the Trust's U.S. government and agency securities and domestic corporate fixed-income and equity securities for securities or cash collateral at least 102 percent of the market value of the securities plus any accrued interest and international securities at least 105 percent of the market value of the securities plus any accrued interest. The securities lending contracts do not allow the Trust to pledge or sell any collateral securities unless the borrower defaults. Cash collateral is invested in the agent's collateral investment pool, whose share values are based on the amortized cost of the pool's investments. Investments are restricted to issuers with a credit rating A3 or A- or higher by Moodys or Standard & Poors. At year end, the pool has a weighted average term to maturity of 38 days.

The relationship between the maturities of the investment pool and the Trust's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Trust cannot determine. There are policy restrictions by the custodial bank that limits the amount of securities that can be lent at one time or to one borrower.

Loaned securities continue to be classified as investment assets on the consolidated balance sheet. Cash collateral is recorded as an asset with a corresponding liability. For lending agreements collateralized by securities, no accompanying asset or liability is recorded, since the Trust is not permitted to sell or re-pledge the associated collateral.

The following represents the balances relating to securities lending transactions at September 30:

	2011		
Securities Lent:	**Market Value of Securities on Loan for Cash**	**Fair Value of Cash Collateral Invested**	**Fair Value of Liabilities to Borrowers**
U.S. government and agency obligations	**$ 63,434,656**	**$ 64,936,073**	**$ 64,936,073**
International equities	**2,237,971**	**2,402,920**	**2,402,920**
Domestic corporate stocks	**124,406,897**	**129,991,293**	**129,991,293**
Domestic corporate bonds	**34,732,674**	**35,960,303**	**35,960,303**
Total securities lent	**$ 224,812,198**	**$ 233,290,589**	**$ 233,290,589**

	2010		
Securities Lent:	Market Value of Securities on Loan for Cash	Fair Value of Cash Collateral Invested	Fair Value of Liabilities to Borrowers
U.S. government and agency obligations	$ 79,732,615	$ 81,475,374	$ 81,475,374
Domestic corporate stocks	91,606,231	94,012,347	94,012,347
Domestic corporate bonds	44,828,798	45,896,544	45,896,544
Total securities lent	$ 215,167,644	$ 221,384,265	$ 221,384,265

Note 4 - Deposit and Investment Risk Disclosures - continued

Securities Lending Transactions - continued

The contract with the Trust's custodian requires the custodian to indemnify the Trust if the borrower fails to return the securities, due to the insolvency of a borrower, and the custodian has failed to live up to its contractual responsibilities relating to the lending of those securities. At year end, the Trust has no credit risk exposure to borrowers because the amounts of collateral held by the Trust exceed the amounts the borrowers owe the Trust. There are no significant violations of legal or contractual provisions, no borrowers or lending agent default losses, and no recoveries of prior period losses during the year. There are no income distributions owing on securities lent.

Note 5 - COLA Accounts

Effective January 9, 1994, the Trust entered into an agreement with the City of Miami with regards to the funding methods, member benefits, member contributions and retiree COLA. As of January 9, 1994, members no longer contribute to the original COLA account (COLA I), and a new COLA account (COLA II) was established.

The agreement included the following provisions:

- The funding method was changed to an aggregate cost method.
- Combining all accounts for investment purposes (membership and benefit, COLA I and COLA II).
- Retirees receive additional COLA benefits.
- Active members no longer contribute 2% of pretax earnings to fund the original retiree COLA account (COLA I account).

The COLA II account is funded annually by a percentage of the excess investment returns from other than COLA I account assets. The excess earnings contributed to the COLA II account will be used to fund a minimum annual payment of $2.5 million, increasing by 4% compounded annually. To the extent necessary, the City will fund the portion of the minimum annual payment not funded by annual excess earnings no later than January 1 of the following year. During the years ended September 30, 2011 and 2010, approximately $4,870,000 and $4,682,000, respectively, was funded by the City. Benefits payable from the COLA accounts are computed in accordance with an actuarially based formula as defined in Section 40.204 of the City of Miami Code.

Note 6 - Deferred Retirement Option Plan (DROP)

Members who are eligible for service retirement or Rule of 64 or Rule 68 after September 1998 may elect to enter the Deferred Retirement Option Plan. Maximum participation in the DROP for firefighters shall be 54 full months and for police officers shall be 84 full months. A member's creditable service, accrued benefit and compensation calculation shall be frozen.

Upon commencement of participation in the DROP, the participant's contribution and the City's contribution to the Trust for that participant cease as the participant will not earn further creditable service for pension purposes.

Note 6 - Deferred Retirement Option Plan (DROP) – continued

Effective July 24, 2008, firefighter DROP participants may continue City employment for up to a maximum of 54 full months and police officers who elect DROP on May 8, 2008, or thereafter, may continue City employment for up to a maximum of 84 full months. No payment is made to or for the benefit of a DROP participant beyond that period. For persons electing participation in the DROP, an individual DROP account shall be created. Payment shall be made by the retirement trust into the member's DROP account in an amount equal to the regular monthly retirement benefit which the participant would have received had the participant separated from service and commenced receipt of pension benefits. Payments received by the participant in the DROP account are tax deferred. A series of investment vehicles which are established by the board of trustees are made available to DROP participants to choose from. Any losses, charges, or expenses incurred by the participant in their DROP account are not made up by the City or the Trust, but shall be borne by the participant.

Upon termination of employment, a member may receive distribution from the DROP account in the following manner:

- Lump sum distribution
- Periodic payments
- Annuity
- Roll over of the balance to another qualified retirement plan

Any member may defer distribution until the latest date authorized by Section 401(a)(9) of the Internal Revenue Code.

A DROP participant shall not be entitled to receive an ordinary or service disability retirement and in the event of death of a DROP participant, there shall be no accidental death benefit for pension purposes. DROP participation does not affect any other death or disability benefit provided to a member under federal law, state law, City ordinance, or any rights or benefits under any applicable collective bargaining agreement. At September 30, 2011 and 2010, there were 516 and 282 DROP participants, respectively.

The DROP of the Trust also consists of a Benefit Actuarially Calculated DROP (BACDROP). A member may elect to BACDROP to a date no further back than the date of their retirement eligibility date. Effective October 1, 2001, the BACDROP period must be in 12 month increments, beginning at the start of a pay period, not to exceed 48 full months for firefighters and 12 full months for police officers who elect DROP on October 1, 2003. Participation in the BACDROP does not preclude participation in the Forward DROP.

Note 7 - Property and Equipment

Property and equipment consist of the following at September 30:

	Estimated Useful Life	2011	2010
Land	N/A	$ 760,865	$ 760,865
Building	39 years	1,666,305	1,666,305
Total cost		2,427,170	2,427,170
Less: accumulated depreciation		384,532	341,806
Net		$ 2,042,638	$2,085,364

Depreciation expense for the years ended September 30, 2011 and 2010 was $42,725 and $42,726, respectively.

Note 8 - Budget Advance from City

Prior to fiscal year ended September 30, 2011, administrative costs of the Trust were paid directly by the Trust from budget advance monies provided by the City. The Trust provided the City with an accounting of how these funds were expended during the period and thus were fully funded by the City. Funding for such administrative costs for the year ended September 30, 2010 was as follows:

	2011	2010
Budget advance due from City - beginning of year	$ 945,307	$ 599,932
Advance received from the City	(945,307)	(1,681,670)
	-	(1,081,738)
Administrative costs incurred, including custodian and Consultants' fees, personnel and other office expenses	-	2,027,045
Budget advance due from City - end of year	$ -	$ 945,307

For the fiscal year ended September 30, 2011 the reimbursed administrative expenses are accounted for as a part of the actuarially determined minimum required contributions from the City.

Note 9 - Off-Balance-Sheet Financing

The Trust, in the normal course of business, enters into commitments with off-balance-sheet risk. The Trust adheres to the same credit policies, financial and administrative controls and risk limiting and monitoring procedures for commitments as for on-balance-sheet investments.

The future financial commitments outstanding for private equity investments at September 30, 2011 and 2010 were, respectively, approximately $13,600,000 and $19,490,000.

Note 10 - Retirement Plan for Staff

The employees of the Trust participate in a separate plan sponsored by the City of Miami Fire Fighters' and Police Officers' Retirement Trust, which is a single employer defined benefit pension plan for the staff of the Trust. The quarterly contribution to the plan is based on a specified percentage of the eligible employees' compensation. The Plan's contribution percentage is 7% of compensation for all employees. Retirement contributions for the fiscal year ended September 30, 2011 was $80,485. Retirement contribution for the fiscal year ended September 30, 2010 was $185,690 which was funded by the City as part of reimbursement for administrative costs.

Required Supplementary Information

City Of Miami Fire Fighters' And Police Officers' Retirement Trust

Required Supplementary Information - Unaudited
September 30, 2011

Schedule "1" - Schedule of Funding Progress
(dollars in millions)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability AAL	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
10/01/05	$ 1,091.9	$ 1,221.6	$ 129.7	89%	$ 91.5	142%
10/01/06	1,147.9	1,260.5	112.6	91	90.4	125
10/01/07	1,268.9	1,318.4	49.5	96	103.6	48
10/01/08	1,018.9	1,452.5	433.6	70	129.4	335
10/01/09	970.8	1,539.3	568.5	63	122.2	465
10/01/10	1,027.7	1,568.3	540.6	66	80.2	674

Schedule "2" - Schedule of Contributions by Employer

Year Ended September 30,	Annual Required Contribution	Percentage Contributed
2006	$ 50,635,213	100%
2007	40,542,078	100
2008	36,040,251	100
2009	36,993,395	100
2010	59,025,379	100
2011	47,156,797	100

The information presented in the required Supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Since the Trust uses the Aggregate Cost Method, a schedule of Funding Progress is not required as that method does not separately identify or separately amortize unfunded actuarial liabilities. As the Trust believes the above information is useful to users of the financial statements, the above Schedule "1" was prepared excluding COLA accounts using the Entry Age Normal Actuarial Accrued Liability.

Other Supplementary Schedule

City of Miami Fire Fighters' and Police Officers' Retirement Trust

Other Supplementary Schedules of Investment Expenses

For the Years Ended September 30, 2011 and 2010

	2011	2010
Financial management expenses		
Equities		
Alliance Bernstein	$ 150,354	$ 313,801
Barrow Hanley	470,100	453,836
BGI/Black Rock	61,849	43,278
Boston Partners	299,705	281,974
Champlain Investments	614,164	521,813
Delaware Investment	368,791	467,257
RCM Capital	362,914	404,619
Eagle Asset Management	260,610	243,557
First Eagle	80,426	-
Urdang & Associates	411,186	337,702
Wentworth Hauser & Violich	434,447	381,472
Total	3,514,546	3,449,309
Fixed Income		
Ambassador Capital	154,909	150,241
AXA High Yield	350,635	117,188
Barrow Hanley	246,736	267,227
Dodge & Cox	253,531	147,668
Munder Capital	147,946	185,528
Wellington TIPS	101,652	37,372
Total	1,255,409	905,224
Real Estate		
Certified Appraisal Services of South Florida, Inc.	-	1,059
J.P. Morgan	625,226	544,353
Total	625,226	545,412
Total investment expenses	$ 5,395,181	$ 4,899,945

City of Miami Fire Fighters' and Police Officers' Retirement Trust

Other Supplementary Schedules of Administrative Expenses

For the Years Ended September 30, 2011 and 2010

	2011	2010
Personnel services		
Salaries and payroll taxes	$ 491,504	$ 478,800
Fringe benefits	174,633	166,304
Total personnel services	666,137	645,104
Professional services		
Actuarial	140,052	132,150
Audit	37,900	35,600
Consultant and custodial	419,565	408,589
Legal	79,310	90,112
Total professional services	676,827	666,451
Other		
Education and travel	37,829	29,533
Insurance	88,148	88,020
Office expense	507,885	289,253
Repair and maintenance	96,561	101,187
Retirement contribution	80,485	185,690
Utilities	23,942	21,807
Total other	834,850	715,490
Total administrative expenses	$ 2,177,814	$ 2,027,045 *

*The administrative costs were directly reimbursed by the City by means of budget advance monies.

Section II

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements
Performed in Accordance with
Government Auditing Standards

Board of Trustees
City of Miami Fire Fighters' and Police Officers' Retirement Trust
Miami, Florida

We have audited the financial statements of the City of Miami Fire Fighters' and Police Officers' Retirement Trust (the "Trust") as of and for the year ended September 30, 2011 and have issued our report thereon January xx, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Trust's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

4060 Hollywood Blvd. - Suite 215 South • Hollywood, FL 33021
(954) 989-7462 • (954) 962-1021
info@gskcpas.com • www.gskcpas.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other maters that are required to be reported under *Government Auditing Standards.*

This report is intended for the information of the Board of Trustees, management, participants and applicable state and city agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Goldstein Schechter Koch, P.A.

Hollywood, Florida
January 12, 2012

III

INVESTMENT

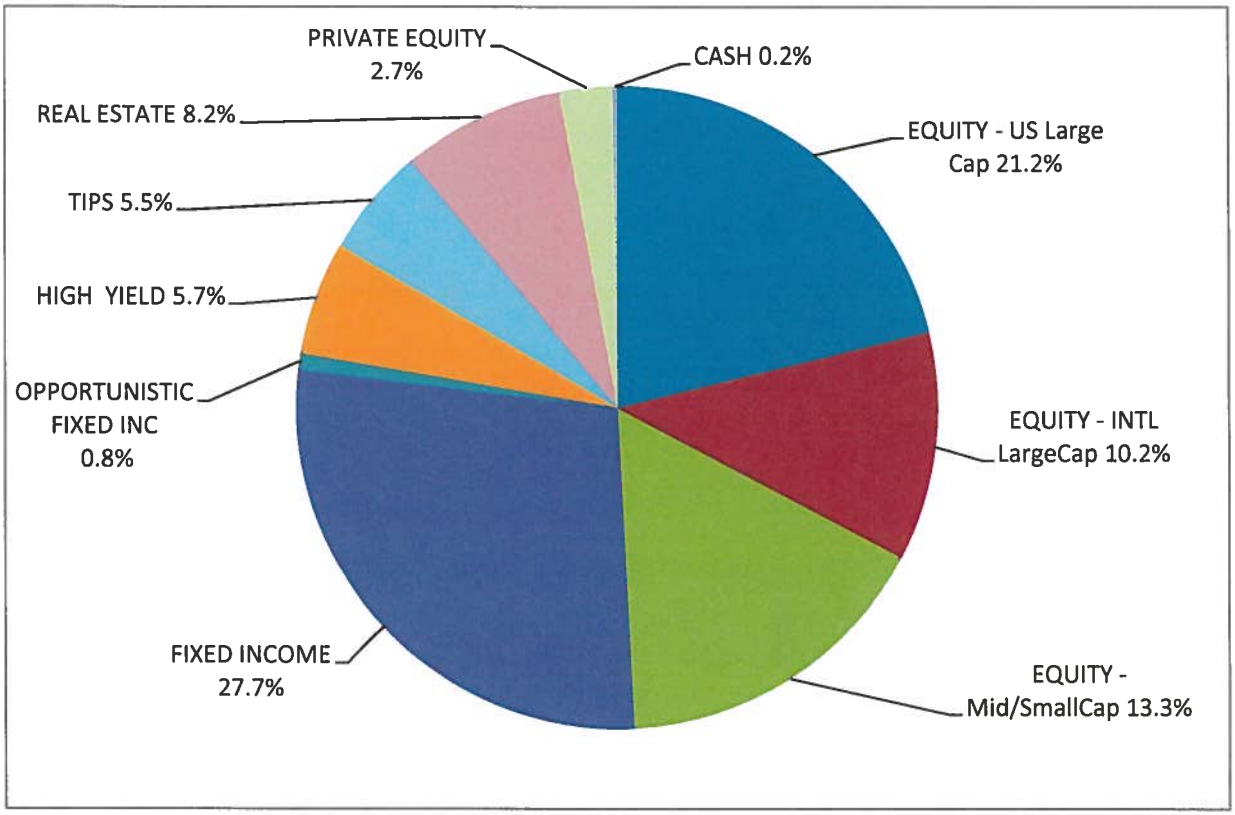
SECTION

INVESTMENT ANALYSIS
YEAR ENDED SEPTEMBER 30, 2011

	GENERAL FUND		COLA I		COLA II	
BALANCE AS OF 10/01/2010		974,919,041		39,559,119		283,078,036
Additions: Purchases						
Short Term Investment	13					
Other Money Market	3,046					
Other Liabilities	105,522					
Mutual Funds	16,945,525					
Private Equity	10,906,448					
Private Equity International	835,273					
Commercial Paper	6,628,624					
Commodity Ex Traded Fund International	7,733,940					
US Treasury Bills	4,099,584					
US Treasury Bonds	56,212,265					
US Treasury Bonds International	2,246,318					
US Treasury Notes	42,140,374					
Corporate Bonds	89,150,543					
Corporate Bonds International	87,988					
Domestic Equity	148,089,228					
International Equity	154,214,998					
Share of Assets Transferred	0		1,187,618		13,954,665	
Share of Assets Transferred COLA I	0					
Share of Assets Transferred COLA II	3,160,982					
		542,560,671		1,187,618		13,954,665
Deductions: Redemptions & Sale						
Short Term Investment	0					
Other Money Market	93,492					
Other Liabilities	19,563					
Mutual Funds	10,399,360					
Private Equity	1,464,065					
Private Equity International	324,359					
Commercial Paper	9,709,521					
Commodity Ex Traded Fund International	2,134,588					
US Treasury Bills	5,709,312					
US Treasury Bonds	75,540,794					
US Treasury Bonds International	99,096					
US Treasury Notes	36,025,520					
Corporate Bonds	76,884,037					
Corporate Bonds International	57,398					
Domestic Equity	291,639,680					
International Equity	99,887,512					
Share of Securities Tranferred To COLA I	939,425			248,193		
Share of Securities Tranferred To COLA II	0					17,115,648
		610,927,722				
BALANCE AS OF 09/30/2011		906,551,990		40,498,544		279,917,053

ASSET ALLOCATION

as of 9/30/2011

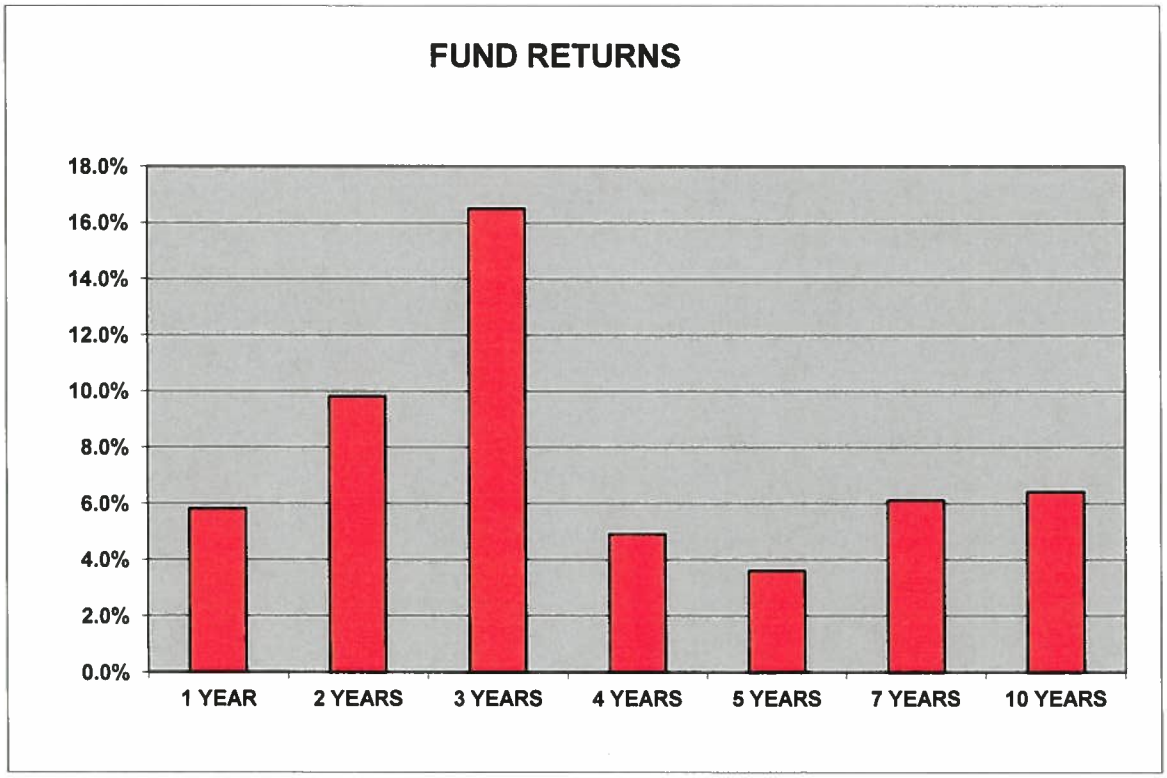


Asset Class	Current	Target
EQUITY - US Large Cap	21.2%	28%
EQUITY - Mid/Small Cap	11.5%	incl. above
EQUITY - INTL Large Cap	16.5%	18%
FIXED INCOME	27.7%	31%
OPPORTUNISTIC FIXED INC	0.8%	incl. above
HIGH YIELD	5.7%	5%
TIPS	5.5%	5%
REAL ESTATE	8.2%	8%
PRIVATE EQUITY	2.7%	5%
CASH	0.2%	0%
TOTAL	100.0%	100%

TOTAL FUND RETURNS

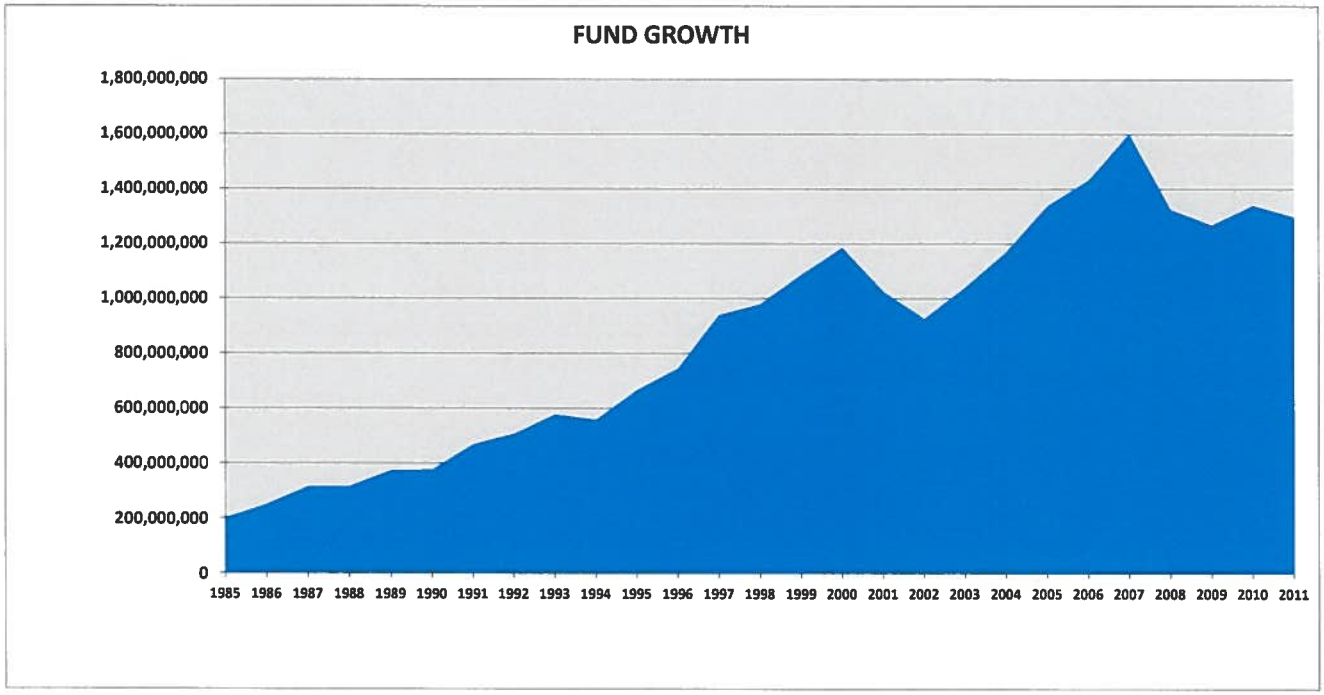
as of 9/30/11

	LAST 1 YEAR	LAST 2 YEARS	LAST 3 YEARS	LAST 4 YEARS	LAST 5 YEARS	LAST 7 YEARS	LAST 10 YEARS
FUND RETURNS	5.8%	9.8%	16.5%	4.9%	3.6%	6.1%	6.4%



GROWTH OF THE FUND

(FY end)



FISCAL YEAR	MARKET VALUE
1985	199,345,728
1986	250,500,507
1987	314,887,130
1988	314,756,341
1989	372,898,432
1990	375,600,000
1991	467,717,640
1992	507,233,089
1993	577,531,203
1994	559,130,104
1995	665,309,481
1996	742,938,069
1997	938,525,274
1998	978,062,036
1999	1,086,034,187
2000	1,186,001,037
2001	1,025,439,757
2002	926,355,174
2003	1,038,797,014
2004	1,168,244,034
2005	1,336,399,433
2006	1,429,556,438
2007	1,600,810,429
2008	1,324,750,244
2009	1,267,128,720
2010	1,339,510,475
2011	1,297,169,271

CITY OF MIAMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2011

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	SHORT TERM FUNDS				
ALLIANCE BERNSTEIN	Canadian dollar - Cash	Canada	0.00	4.62	4.62
FIRST EAGLE	Australian dollar - Cash	Australia	0.00	24.42	24.42
FIRST EAGLE	British pound sterling - Cash	UK	0.00	3.93	3.93
FIRST EAGLE	Canadian dollar - Cash	Canada	0.00	6.71	6.71
FIRST EAGLE	Hong Kong dollar - Cash	Hong Kong	0.00	1.00	1.00
FIRST EAGLE	Mexican peso - Cash	Mexico	0.00	0.08	0.08
FIRST EAGLE	New Israeli shekel - Cash	Israel	0.00	36,492.19	36,492.19
FIRST EAGLE	Singapore dollar - Cash	Singapore	0.00	6.45	6.45
FIRST EAGLE	Swedish krona - Cash	Sweden	0.00	3.61	3.61
FIRST EAGLE	TURKISH LIRA - Cash	Turkey	0.00	11.65	11.65
PANTHEON EURO LP	Euro - Cash	Euro	0.00	142,796.50	142,796.50
WENTWORTH HAUSER	British pound sterling - Cash	UK	0.00	45,139.94	45,139.94
WENTWORTH HAUSER	Canadian dollar - Cash	Canada	0.00	4,369.02	4,369.02
WENTWORTH HAUSER	Euro - Cash	Euro	0.00	10,429.32	10,429.32
WENTWORTH HAUSER	Swiss franc - Cash	Switzerland	0.00	39,495.74	39,495.74
FIRST EAGLE	USA dollar - Invested Cash	USA	0.00	12,155,656.39	12,155,656.39
WENTWORTH HAUSER	USA dollar - Invested Cash	USA	0.00	4,744,902.31	4,744,902.31
BLACKROCK S&P INDEX	Cash Held Elsewhere BLACKROCK FD	USA	0.96	0.96	0.96
AMBASSADOR	NTGI COLTV GOVT STIF REGI STERED - Income	USA	2,572,765.97	2,572,765.97	2,572,765.97
AXA	NTGI COLTV GOVT STIF REGI STERED - Income	USA	2,185,634.76	2,185,634.76	2,185,634.76
BARROW HANLEY BOND	NTGI COLTV GOVT STIF REGI STERED - Income	USA	2,021,869.95	2,021,869.95	2,021,869.95
BARROW HANLEY BOND	NTGI COLTV GOVT STIF REGI STERED - Income	USA	2,502,669.47	2,502,669.47	2,502,669.47
BLACKROCK S&P INDEX	CF BLACKROCK MONEY MARKET FD	USA	46.00	46.00	46.00
CHAMPLAIN MIDCAP	NTGI COLTV GOVT STIF REGI STERED - Income	USA	399,683.73	399,683.73	399,683.73
CHAMPLAIN SMALLCAP	NTGI COLTV GOVT STIF REGI STERED - Principal	USA	2,562,890.26	2,562,890.26	2,562,890.26
DELAWARE	NTGI COLTV GOVT STIF REGI STERED - Principal	USA	825,183.52	825,183.52	825,183.52
DODGE & COX	NTGI COLTV GOVT STIF REGI STERED - Income	USA	1,825,527.19	1,825,527.19	1,825,527.19
EAGLE	NTGI COLTV GOVT STIF REGI STERED - Principal	USA	596,889.50	596,889.50	596,889.50
JP MORGAN PRIVATE EQ LP	CF JPMCB LIQUIDITY FD CV OVER 1 BIL	USA	3,757.71	3,757.71	3,757.71
MAIN ACCOUNT	NTGI COLTV GOVT STIF REGI STERED - Income	USA	20,493,985.52	20,493,985.52	20,493,985.52
MUNDER	NTGI COLTV GOVT STIF REGI STERED - Income	USA	8,880,690.06	8,880,690.06	8,880,690.06
MUNDER MORTGAGE	NTGI COLTV GOVT STIF REGI STERED - Income	USA	11,583.21	11,583.21	11,583.21
RCM	NTGI COLTV GOVT STIF REGI STERED - Income	USA	945,952.63	945,952.63	945,952.63
ROBECO BOSTON PARTNERS	NTGI COLTV GOVT STIF REGI STERED - Income	USA	1,335,664.16	1,335,664.16	1,335,664.16
URDANG REAL ESTATE	NTGI COLTV GOVT STIF REGI STERED - Income	USA	0.77	0.77	0.77
WELLINGTON	NTGI COLTV GOVT STIF REGI STERED - Income	USA	1,658,926.69	1,658,926.69	1,658,926.69
WELLINGTON	NTGI COLTV GOVT STIF REGI STERED - Principal	USA	2,530,375.36	2,530,375.36	2,530,375.36
	TOTAL SHORT TERM FUNDS		**51,354,097.42**	**68,533,441.30**	**68,533,441.30**
	OTHER CASH & EQUIVALENTS				
MAIN ACCOUNT	SECURITES LENDING CORE USA CASH COLLATERAL	USA		224,812,198.00	233,290,589.00
	TOTAL OTHER CASH & EQUIVALENTS			**224,812,198.00**	**233,290,589.00**

CITY OF MIAMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2011

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	COMMON STOCK				
ALLIANCE BERNSTEIN	NEXEN INC COM NPV	Canada	94.00	2,220.51	1,496.43
BARROW HANLEY EQUITY	ADR BP P L C SPONSORED ADR	UK	96,000.00	4,489,946.40	3,103,040.00
BARROW HANLEY EQUITY	ADR ROYAL DUTCH SHELL PLC SPONSORED ADR REPSTG A SHS	UK	27,300.00	1,934,702.48	1,995,357.00
BARROW HANLEY EQUITY	ADR TEVA PHARMACEUTICAL INDS	Israel	28,600.00	1,511,106.74	1,154,296.00
BARROW HANLEY EQUITY	ADR VODAFONE GROUP PLC NEW SPONSORED ADR	UK	69,700.00	1,921,237.38	1,953,691.00
BARROW HANLEY EQUITY	ALTRIA GROUP INC COM	USA	117,700.00	1,930,598.10	1,489,805.00
BARROW HANLEY EQUITY	AMERICAN EXPRESS CO	USA	75,100.00	3,884,918.34	3,542,467.00
BARROW HANLEY EQUITY	APPLIED MATERIALS INC COM	USA	170,200.00	3,207,222.39	1,822,842.00
BARROW HANLEY EQUITY	AT&T INC COM	USA	109,600.00	3,494,078.04	3,314,304.00
BARROW HANLEY EQUITY	BANK OF AMERICA CORP	USA	212,865.00	4,516,239.50	1,183,529.40
BARROW HANLEY EQUITY	BAXTER INTL INC COM	USA	53,600.00	2,016,815.80	2,652,128.00
BARROW HANLEY EQUITY	CAP 1 FNCL COM	USA	84,500.00	3,305,669.43	2,573,505.00
BARROW HANLEY EQUITY	CARNIVAL CORP COM PAIRED	Panama	123,900.00	4,279,412.88	3,044,096.00
BARROW HANLEY EQUITY	CHEVRON CORP COM	USA	27,000.00	2,411,421.22	2,872,800.00
BARROW HANLEY EQUITY	CITIGROUP INC COM NEW COM NEW	USA	80,390.00	3,455,208.56	2,115,060.90
BARROW HANLEY EQUITY	CONOCOPHILLIPS COM	USA	55,800.00	3,007,799.01	3,066,146.00
BARROW HANLEY EQUITY	CORNING INC COM	USA	125,300.00	2,477,292.03	1,626,394.00
BARROW HANLEY EQUITY	CVS CAREMARK CORP COM STK	USA	89,700.00	2,723,766.09	2,657,966.00
BARROW HANLEY EQUITY	EMERSON ELECTRIC CO COM	USA	36,400.00	929,972.78	1,695,876.00
BARROW HANLEY EQUITY	GENERAL ELECTRIC CO	USA	163,500.00	2,775,054.10	2,928,285.00
BARROW HANLEY EQUITY	HONEYWELL INTL INC COM STK	USA	51,500.00	1,687,971.59	1,799,025.00
BARROW HANLEY EQUITY	ILL TOOL WKS INC COM	USA	69,100.00	2,639,692.09	2,227,661.00
BARROW HANLEY EQUITY	INTERNATIONAL BUSINESS MACHS CORP COM	USA	17,900.00	1,913,994.93	2,291,452.00
BARROW HANLEY EQUITY	JOHNSON & JOHNSON COM USD1	USA	58,100.00	3,712,757.67	2,810,198.00
BARROW HANLEY EQUITY	JPMORGAN CHASE & CO COM	USA	82,100.00	3,285,497.72	2,729,825.00
BARROW HANLEY EQUITY	L-3 COMMUNICATIONS HLDG CORP COM	USA	19,500.00	1,556,695.07	1,300,260.00
BARROW HANLEY EQUITY	MARATHON OIL CORP COM	USA	90,100.00	1,672,531.46	1,637,227.00
BARROW HANLEY EQUITY	MEDTRONIC INC COM	USA	95,700.00	3,477,677.30	2,660,525.00
BARROW HANLEY EQUITY	MICROSOFT CORP COM	USA	113,300.00	2,284,711.49	1,941,268.00
BARROW HANLEY EQUITY	OCCIDENTAL PETROLEUM CORP	USA	39,300.00	498,116.79	682,410.00
BARROW HANLEY EQUITY	PFIZER INC COM	USA	202,341.00	4,780,504.61	3,378,659.24
BARROW HANLEY EQUITY	PHILIP MORRIS INTL COM STK NPV	USA	51,300.00	1,175,752.83	2,026,024.00
BARROW HANLEY EQUITY	PNC FINANCIAL SERVICES GROUP COM STK	USA	41,900.00	2,040,736.67	2,416,373.00
BARROW HANLEY EQUITY	RAYTHEON CO USD0.01	USA	54,800.00	2,470,178.79	2,651,224.00
BARROW HANLEY EQUITY	SANOFI SPONSORED ADR	France	38,900.00	1,371,652.90	1,421,406.00
BARROW HANLEY EQUITY	SLM CORP COM	USA	235,600.00	5,268,239.24	3,157,040.00
BARROW HANLEY EQUITY	STANLEY BLACK & DECKER INC COM	USA	58,800.00	2,068,202.52	1,974,880.00
BARROW HANLEY EQUITY	STATE STR CORP COM	USA	49,500.00	2,170,431.71	1,995,345.00
BARROW HANLEY EQUITY	TARGET CORP COM STK	USA	35,000.00	1,776,223.11	1,792,700.00
BARROW HANLEY EQUITY	TEXAS INSTRUMENTS INC COM	USA	122,500.00	2,983,940.25	2,565,975.00
BARROW HANLEY EQUITY	TRAVELERS COS INC COM STK	USA	22,300.00	1,264,909.52	1,319,491.00
BARROW HANLEY EQUITY	TYCO INTERNATIONAL LTD(SWITZERLAND) COM USD0.80	Switzerland	29,200.00	1,371,921.12	1,363,932.00
BARROW HANLEY EQUITY	UNITEDHEALTH GROUP INC COM	USA	85,500.00	3,462,252.58	3,333,140.00
BARROW HANLEY EQUITY	VERIZON COMMUNICATIONS COM	USA	38,202.00	1,135,553.68	1,532,664.24
BARROW HANLEY EQUITY	WALGREEN CO COM	USA	77,600.00	2,607,497.19	2,565,456.00
BARROW HANLEY EQUITY	WELLPOINT INC COM	USA	58,900.00	2,607,490.85	2,902,125.00
BARROW HANLEY EQUITY	WELLS FARGO & CO NEW COM STK	USA	96,200.00	2,531,843.57	2,651,272.00

CITY OF MIAMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2011

Account name	Asset description	Country	Shares/Par value	Book value	Market value
CHAMPLAIN MIDCAP	ALLERGAN INC COM	USA	1,600.00	88,826.87	140,384.00
CHAMPLAIN MIDCAP	ALLIED WORLD ASSURANCE COMPANYHOLDINGS AG COMMON STOCK	Switzerland	9,600.00	576,602.84	604,128.00
CHAMPLAIN MIDCAP	ALTERA CORP COM	USA	10,600.00	326,993.44	393,260.00
CHAMPLAIN MIDCAP	AMETEK INC NEW COM	USA	8,700.00	244,883.49	366,270.00
CHAMPLAIN MIDCAP	ANSYS INC COM	USA	5,800.00	253,436.69	332,224.00
CHAMPLAIN MIDCAP	APOLLO GROUP INC CL A	USA	5,900.00	307,630.63	317,833.00
CHAMPLAIN MIDCAP	APTARGROUP INC COM	USA	6,800.00	226,900.33	354,756.00
CHAMPLAIN MIDCAP	ARIBA INC COM NEW	USA	8,300.00	227,129.92	233,064.00
CHAMPLAIN MIDCAP	AVON PRODUCTS INC COM USD0.25	USA	17,600.00	482,175.85	307,472.00
CHAMPLAIN MIDCAP	BERKLEY W R CORP COM	USA	17,100.00	397,789.18	588,069.00
CHAMPLAIN MIDCAP	BIO RAD LABS INC CL A	USA	3,500.00	280,066.44	336,140.00
CHAMPLAIN MIDCAP	C R BARD	USA	4,500.00	341,604.95	384,750.00
CHAMPLAIN MIDCAP	CHECK PT SOFTWARE TECHNOLOGIESORDILS 01	Israel	5,200.00	241,140.28	273,208.00
CHAMPLAIN MIDCAP	CHURCH & DWIGHT INC COM	USA	8,500.00	278,555.43	388,960.00
CHAMPLAIN MIDCAP	CITRIX SYS INC COM	USA	4,000.00	260,085.85	242,880.00
CHAMPLAIN MIDCAP	CLOROX CO COM	USA	8,200.00	467,285.15	545,792.00
CHAMPLAIN MIDCAP	CONCHO RES INC COM STK	USA	1,300.00	106,719.21	121,875.00
CHAMPLAIN MIDCAP	CONCUR TECHNOLOGIES INC COM	USA	7,300.00	324,188.65	370,767.00
CHAMPLAIN MIDCAP	CONTINENTAL RES INC COM	USA	4,100.00	249,207.93	273,511.00
CHAMPLAIN MIDCAP	COPART INC COM	USA	6,800.00	228,473.86	325,652.00
CHAMPLAIN MIDCAP	DENBURY RES INC HLDG CO COM NEW	USA	30,800.00	522,656.77	465,080.00
CHAMPLAIN MIDCAP	DEVRY INC DEL COM	USA	6,500.00	288,359.42	249,990.00
CHAMPLAIN MIDCAP	DOVER CORP COM	USA	10,200.00	609,780.85	592,110.00
CHAMPLAIN MIDCAP	DRESSER-RAND GROUP INC COM	USA	3,400.00	121,064.65	169,694.00
CHAMPLAIN MIDCAP	ENDURANCE SPECIALTY HOLDINGS LTD COM USD1	Bermuda	3,500.00	135,266.44	133,875.00
CHAMPLAIN MIDCAP	ENERGIZER HLDGS INC COM	USA	7,300.00	427,527.30	565,604.00
CHAMPLAIN MIDCAP	ESTERLINE TECHNOLOGIES CORP COM STK	USA	5,500.00	364,671.81	307,835.00
CHAMPLAIN MIDCAP	FIRST REP BK SAN FRANCISCO CALIF NEW COM	USA	6,900.00	167,532.83	211,209.00
CHAMPLAIN MIDCAP	FLOWERS FOODS INC COM	USA	15,400.00	257,236.66	292,292.00
CHAMPLAIN MIDCAP	GEN-PROBE INC NEW COM	USA	8,700.00	412,109.71	514,344.00
CHAMPLAIN MIDCAP	GOODRICH CORPORATION	USA	1,700.00	148,326.95	210,290.00
CHAMPLAIN MIDCAP	H J HEINZ	USA	8,600.00	317,046.41	464,744.00
CHAMPLAIN MIDCAP	HENRY JACK & ASSOC INC COM	USA	5,100.00	151,809.24	171,411.00
CHAMPLAIN MIDCAP	HITTITE MICROWAVE CORP COM STK	USA	2,700.00	154,510.62	133,326.00
CHAMPLAIN MIDCAP	IDEX CORP COM	USA	13,700.00	387,384.88	508,407.00
CHAMPLAIN MIDCAP	IHS INC COM CL A COM CL A	USA	3,400.00	193,094.34	292,944.00
CHAMPLAIN MIDCAP	ILLUMINA INC COM	USA	5,100.00	135,115.83	155,448.00
CHAMPLAIN MIDCAP	INFORMATICA CORP COM	USA	6,800.00	281,278.87	251,124.00
CHAMPLAIN MIDCAP	INTUIT COM	USA	9,500.00	306,189.64	499,605.00
CHAMPLAIN MIDCAP	INTUITIVE SURGICAL INC COM NEW STK	USA	350.00	90,943.09	162,053.50
CHAMPLAIN MIDCAP	KELLOGG CO COM USD0.25	USA	8,600.00	412,798.52	434,902.00
CHAMPLAIN MIDCAP	LABORATORY CORP AMER HLDGS COM NEW COM NEW	USA	4,800.00	330,645.13	412,656.00
CHAMPLAIN MIDCAP	LANDSTAR SYS INC COM	USA	5,200.00	194,976.11	249,184.00
CHAMPLAIN MIDCAP	LIFE TECHNOLOGIES CORP COM STK	USA	11,900.00	530,815.97	463,029.00
CHAMPLAIN MIDCAP	MICROS SYS INC COM	USA	6,800.00	313,237.76	316,744.00
CHAMPLAIN MIDCAP	MOLSON COORS BREWING CO CL B CL B	USA	10,400.00	456,893.90	452,816.00
CHAMPLAIN MIDCAP	MORNINGSTAR INC COM STK	USA	5,100.00	219,366.96	303,195.00
CHAMPLAIN MIDCAP	MYRIAD GENETICS INC COM	USA	10,300.00	241,074.84	215,682.00
CHAMPLAIN MIDCAP	NATL INSTRS CORP COM	USA	14,500.00	284,842.29	376,275.00
CHAMPLAIN MIDCAP	NEWFIELD EXPLORATION	USA	3,300.00	125,666.31	124,509.00
CHAMPLAIN MIDCAP	NORTHERN TR CORP COM	USA	13,800.00	689,770.44	547,308.00
CHAMPLAIN MIDCAP	PALL CORP COM	USA	4,400.00	192,296.28	251,460.00
CHAMPLAIN MIDCAP	PENTAIR INC COM	USA	12,000.00	452,539.29	399,480.00
CHAMPLAIN MIDCAP	PIONEER NAT RES CO COM STK	USA	3,400.00	90,846.44	304,232.00
CHAMPLAIN MIDCAP	QIAGEN N V COM	Netherlands	15,700.00	259,791.56	216,817.00
CHAMPLAIN MIDCAP	QLIK TECHNOLOGIES INC COM STK	USA	8,200.00	229,397.46	198,440.00
CHAMPLAIN MIDCAP	RALCORP HLDGS INC NEW COM	USA	4,400.00	245,735.57	376,200.00
CHAMPLAIN MIDCAP	RED HAT INC COM	USA	4,400.00	190,810.78	181,676.00
CHAMPLAIN MIDCAP	RESMED INC COM	USA	12,200.00	313,265.99	309,880.00
CHAMPLAIN MIDCAP	RIVERBED TECHNOLOGY INC COM	USA	10,400.00	284,419.21	244,400.00
CHAMPLAIN MIDCAP	ROPER INDS INC NEW COM	USA	3,300.00	152,371.58	286,671.00
CHAMPLAIN MIDCAP	SOLERA HLDGS INC COM	USA	8,600.00	441,857.96	383,044.00
CHAMPLAIN MIDCAP	ST JUDE MED INC COM	USA	7,000.00	265,910.04	240,100.00
CHAMPLAIN MIDCAP	SUPERIOR ENERGY SVCS INC COM	USA	15,500.00	371,631.05	440,820.00
CHAMPLAIN MIDCAP	SVB FINL GROUP COM	USA	3,400.00	149,578.20	162,146.00
CHAMPLAIN MIDCAP	T ROWE PRICE GROUP INC	USA	5,200.00	257,078.62	296,140.00
CHAMPLAIN MIDCAP	TUPPERWARE BRANDS CORPORATION	USA	6,800.00	307,282.36	380,596.00
CHAMPLAIN MIDCAP	ULTRA PETE CORP COM NPV	Canada	4,100.00	170,824.11	121,483.00
CHAMPLAIN MIDCAP	VERISK ANALYTICS INC CL A CL A	USA	16,000.00	474,603.40	642,080.00
CHAMPLAIN MIDCAP	WADDELL & REED FINL INC CL A COM	USA	6,900.00	170,957.16	170,913.00
CHAMPLAIN MIDCAP	WEST PHARMACEUTICAL SVCS INC COM	USA	6,800.00	238,890.95	258,060.00
CHAMPLAIN MIDCAP	WHITING PETE CORP COM STK	USA	12,700.00	393,482.04	592,963.00
CHAMPLAIN MIDCAP	WILEY JOHN & SONS INC CL A	USA	7,000.00	316,931.56	310,800.00
CHAMPLAIN MIDCAP	WILLIS GROUP HOLDINGS COM USD0.000115 (NEW)	Ireland	17,100.00	469,158.22	663,480.00
CHAMPLAIN MIDCAP	ZIMMER HLDGS INC COM	USA	4,500.00	212,382.62	240,390.00

CITY OF MIAMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2011

Account name	Asset description	Country	Shares/Par value	Book value	Market value
CHAMPLAIN SMALLCAP	ABM INDS INC COM	USA	45,000.00	945,861.12	927,900.00
CHAMPLAIN SMALLCAP	ADR NICE SYS LTD SPONSORED ADR	Israel	20,500.00	711,814.04	706,225.00
CHAMPLAIN SMALLCAP	ALLIED WORLD ASSURANCE COMPANYHOLDINGS AG COMMON STOCK	Switzerland	26,000.00	1,140,386.07	1,636,180.00
CHAMPLAIN SMALLCAP	AMERICAN PUB ED INC COM STK	USA	9,500.00	312,358.37	411,160.00
CHAMPLAIN SMALLCAP	AMTRUST FINL SVCS INC COM	USA	19,500.00	412,018.84	463,125.00
CHAMPLAIN SMALLCAP	APTARGROUP INC COM	USA	26,000.00	705,271.69	1,356,420.00
CHAMPLAIN SMALLCAP	ARGO GROUP INTERNATIONAL HOLDINGS COM STK	Bermuda	19,500.00	600,114.36	564,720.00
CHAMPLAIN SMALLCAP	ARIBA INC COM NEW	USA	21,000.00	566,351.94	589,680.00
CHAMPLAIN SMALLCAP	ASPEN INSURANCE HLDGS COM	Bermuda	35,500.00	1,026,699.49	940,750.00
CHAMPLAIN SMALLCAP	BIO RAD LABS INC CL A	USA	8,500.00	633,229.62	816,340.00
CHAMPLAIN SMALLCAP	BIO-REFERENCE LABS INC COM PAR $0.01 NEW	USA	19,500.00	408,403.49	317,265.00
CHAMPLAIN SMALLCAP	BOTTOMLINE TECHNOLOGIES DEL INC COM	USA	36,100.00	616,816.65	836,437.00
CHAMPLAIN SMALLCAP	BRADY CORP CL A	USA	32,000.00	1,005,615.24	1,010,240.00
CHAMPLAIN SMALLCAP	BROWN & BROWN INC COM	USA	32,000.00	571,079.25	724,160.00
CHAMPLAIN SMALLCAP	BRYN MAWR BK CORP COM STK	USA	12,700.00	244,474.13	247,523.00
CHAMPLAIN SMALLCAP	CAPELLA ED CO COM	USA	10,500.00	576,785.42	378,525.00
CHAMPLAIN SMALLCAP	CARDTRONICS INC COM STK	USA	32,500.00	599,737.87	879,450.00
CHAMPLAIN SMALLCAP	CIRCOR INTL INC COM	USA	10,000.00	403,996.37	353,100.00
CHAMPLAIN SMALLCAP	CLARCOR INC COM	USA	26,000.00	816,022.12	1,299,740.00
CHAMPLAIN SMALLCAP	COGNEX CORP COM	USA	1,500.00	51,267.79	53,685.00
CHAMPLAIN SMALLCAP	COMMUNITY BK SYS INC COM	USA	9,500.00	230,922.03	264,100.00
CHAMPLAIN SMALLCAP	COMMVAULT SYS INC COM STK	USA	15,000.00	506,202.46	640,800.00
CHAMPLAIN SMALLCAP	COMSCORE INC COM	USA	38,500.00	733,727.51	816,200.00
CHAMPLAIN SMALLCAP	CONCUR TECHNOLOGIES INC COM	USA	26,000.00	1,020,702.00	1,320,540.00
CHAMPLAIN SMALLCAP	COPART INC COM	USA	19,500.00	637,245.30	933,855.00
CHAMPLAIN SMALLCAP	COSTAR GROUP INC COM	USA	10,500.00	450,445.57	700,665.00
CHAMPLAIN SMALLCAP	ENDURANCE SPECIALTY HOLDINGS LTD COM USD1	Bermuda	13,000.00	477,214.22	497,250.00
CHAMPLAIN SMALLCAP	ENPRO INDS INC COM	USA	19,000.00	737,528.32	626,620.00
CHAMPLAIN SMALLCAP	ESTERLINE TECHNOLOGIES CORP COM STK	USA	13,000.00	891,773.29	727,610.00
CHAMPLAIN SMALLCAP	FARO TECHNOLOGIES INC COM	USA	12,500.00	314,908.59	575,000.00
CHAMPLAIN SMALLCAP	FINANCIAL ENGINES INC COM	USA	22,500.00	340,884.29	502,425.00
CHAMPLAIN SMALLCAP	FLOWERS FOODS INC COM	USA	68,000.00	1,103,341.55	1,290,640.00
CHAMPLAIN SMALLCAP	GALLAGHER ARTHUR J & CO COM	USA	19,500.00	419,794.87	652,080.00
CHAMPLAIN SMALLCAP	GENOMIC HEALTH INC COM	USA	19,500.00	388,650.56	495,105.00
CHAMPLAIN SMALLCAP	GEN PROBE INC NEW COM	USA	15,500.00	778,254.21	916,360.00
CHAMPLAIN SMALLCAP	GULFPORT ENERGY CORP COM NEW COM NEW	USA	26,000.00	388,258.85	765,700.00
CHAMPLAIN SMALLCAP	HEALTHCARE RLTY TR	USA	26,000.00	600,707.01	483,340.00
CHAMPLAIN SMALLCAP	HENRY JACK & ASSOC INC COM	USA	26,000.00	607,854.39	873,860.00
CHAMPLAIN SMALLCAP	HITTITE MICROWAVE CORP COM STK	USA	10,500.00	586,620.55	518,490.00
CHAMPLAIN SMALLCAP	HUB GROUP INC CL A	USA	16,000.00	469,802.40	518,880.00
CHAMPLAIN SMALLCAP	IDEX CORP COM	USA	32,000.00	965,924.78	1,187,520.00
CHAMPLAIN SMALLCAP	INDEPENDENT BK CORP MASS COM	USA	16,000.00	448,990.21	436,640.00
CHAMPLAIN SMALLCAP	INTEGRA LIFESCIENCES HLDG CORP COM DESP	USA	22,500.00	822,275.66	693,675.00
CHAMPLAIN SMALLCAP	K12 INC COM STOCK USD 0001	USA	26,000.00	601,744.85	466,440.00
CHAMPLAIN SMALLCAP	KODIAK OIL & GAS CORP COM	Canada	16,200.00	97,138.44	153,900.00
CHAMPLAIN SMALLCAP	LANCASTER COLONY CORP COM	USA	19,500.00	1,015,480.33	1,352,130.00
CHAMPLAIN SMALLCAP	LANDSTAR SYS INC COM	USA	22,500.00	872,610.68	1,078,200.00
CHAMPLAIN SMALLCAP	LOGMEIN INC COM	USA	16,500.00	557,868.31	636,075.00
CHAMPLAIN SMALLCAP	LUFKIN INDS INC COM	USA	6,500.00	305,768.40	437,515.00
CHAMPLAIN SMALLCAP	LUMINEX CORP DEL COM	USA	32,500.00	460,679.24	689,975.00
CHAMPLAIN SMALLCAP	MASIMO CORP COM STK	USA	26,000.00	648,725.53	485,810.00
CHAMPLAIN SMALLCAP	MEASUREMENT SPECIALTIES INC COM	USA	22,000.00	666,997.97	615,120.00
CHAMPLAIN SMALLCAP	MEDASSETS INC COM STK	USA	52,000.00	870,600.39	481,000.00
CHAMPLAIN SMALLCAP	MEDIDATA SOLUTIONS INC COM	USA	22,500.00	543,183.63	489,375.00
CHAMPLAIN SMALLCAP	MORNINGSTAR INC COM STK	USA	16,000.00	642,372.29	951,200.00
CHAMPLAIN SMALLCAP	MYRIAD GENETICS INC COM	USA	29,000.00	670,403.37	607,260.00
CHAMPLAIN SMALLCAP	NATL INSTRS CORP COM	USA	27,500.00	562,108.25	713,625.00
CHAMPLAIN SMALLCAP	NAVIGATORS GROUP INC COM	USA	18,000.00	824,181.92	858,240.00
CHAMPLAIN SMALLCAP	NEUSTAR INC CL A	USA	32,500.00	838,453.85	1,110,525.00
CHAMPLAIN SMALLCAP	NORTHERN OIL & GAS INC NEV COM STK	USA	42,000.00	1,043,906.46	1,007,160.00
CHAMPLAIN SMALLCAP	NUVASIVE INC COM	USA	39,000.00	1,059,367.46	491,010.00
CHAMPLAIN SMALLCAP	OASIS PETE INC NEW COM STK	USA	26,000.00	558,411.19	756,340.00
CHAMPLAIN SMALLCAP	PETRO DEV CORP COM	USA	13,000.00	358,390.98	456,430.00
CHAMPLAIN SMALLCAP	QLIK TECHNOLOGIES INC COM STK	USA	35,500.00	958,724.23	859,100.00
CHAMPLAIN SMALLCAP	QUALITY SYS INC COM STK	USA	13,000.00	519,810.50	480,870.00
CHAMPLAIN SMALLCAP	RAVEN INDS INC COM STK	USA	8,700.00	448,634.37	538,530.00
CHAMPLAIN SMALLCAP	RESOLUTE ENERGY CORP COM	USA	64,000.00	819,403.86	691,200.00
CHAMPLAIN SMALLCAP	ROBBINS & MYERS INC COM	USA	3,000.00	101,849.11	145,650.00
CHAMPLAIN SMALLCAP	RUDDICK CORP COM	USA	32,000.00	894,879.02	1,364,480.00
CHAMPLAIN SMALLCAP	SENSIENT TECHNOLOGIES CORP COM	USA	38,500.00	1,101,823.45	1,459,150.00
CHAMPLAIN SMALLCAP	SILGAN HLDGS INC COM	USA	26,000.00	734,317.09	1,004,640.00
CHAMPLAIN SMALLCAP	SILICON GRAPHICS INTL CORP COM	USA	13,000.00	145,058.30	148,980.00
CHAMPLAIN SMALLCAP	SMART BALANCE INC COM STK	USA	52,000.00	319,172.99	278,720.00
CHAMPLAIN SMALLCAP	SNYDERS-LANCE INC COM	USA	48,500.00	970,855.05	1,091,250.00
CHAMPLAIN SMALLCAP	SOLARWINDS INC COM	USA	26,000.00	421,842.92	726,700.00
CHAMPLAIN SMALLCAP	SONOSITE INC COM	USA	13,000.00	386,918.29	700,180.00
CHAMPLAIN SMALLCAP	SPECTRUM BRANDS HLDGS INC COM STK	USA	16,000.00	391,932.67	438,400.00
CHAMPLAIN SMALLCAP	STRAYER ED INC COM	USA	4,000.00	510,837.43	388,760.00
CHAMPLAIN SMALLCAP	SUPERIOR ENERGY SVCS INC COM	USA	38,500.00	739,164.68	1,094,940.00
CHAMPLAIN SMALLCAP	SVB FINL GROUP COM	USA	6,500.00	283,158.90	309,985.00
CHAMPLAIN SMALLCAP	TECHNE CORP COM	USA	8,500.00	522,429.69	580,210.00
CHAMPLAIN SMALLCAP	TELEFLEX INC COM	USA	14,500.00	797,412.93	888,705.00
CHAMPLAIN SMALLCAP	TETRA TECHNOLOGIES INC DEL COM	USA	65,000.00	746,119.99	607,100.00
CHAMPLAIN SMALLCAP	TREEHOUSE FOODS INC COM	USA	22,500.00	1,088,764.20	1,471,050.00
CHAMPLAIN SMALLCAP	TRIMAS CORP COM NEW COM NEW	USA	42,000.00	817,320.13	753,900.00
CHAMPLAIN SMALLCAP	TUPPERWARE BRANDS CORPORATION	USA	13,000.00	534,830.90	727,610.00
CHAMPLAIN SMALLCAP	ULTIMATE SOFTWARE GROUP INC COM	USA	10,500.00	239,415.93	683,760.00
CHAMPLAIN SMALLCAP	UMB FINL CORP COM STK	USA	38,500.00	1,471,828.98	1,434,125.00
CHAMPLAIN SMALLCAP	UTI WORLDWIDE INC ORD NPV	British Virgin Is.	27,000.00	534,924.30	358,830.00
CHAMPLAIN SMALLCAP	VCA ANTECH INC COM STK	USA	32,000.00	814,334.37	632,000.00
CHAMPLAIN SMALLCAP	VOLCANO CORP COM STK	USA	16,500.00	479,530.02	392,535.00
CHAMPLAIN SMALLCAP	WADDELL & REED FINL INC CL A COM	USA	19,500.00	484,969.05	483,015.00
CHAMPLAIN SMALLCAP	WASHINGTON TR BANCORP INC COM	USA	13,000.00	292,429.20	310,180.00
CHAMPLAIN SMALLCAP	WEST PHARMACEUTICAL SVCS INC COM	USA	29,000.00	1,150,194.39	1,100,550.00
CHAMPLAIN SMALLCAP	WILEY JOHN & SONS INC CL A	USA	29,000.00	981,353.46	1,287,600.00
CHAMPLAIN SMALLCAP	WOLVERINE WORLD WIDE INC COM	USA	29,000.00	1,003,016.70	1,033,560.00
CHAMPLAIN SMALLCAP	WRIGHT EXPRESS CORP COM STK	USA	16,500.00	571,840.98	895,620.00

CITY OF MIAMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
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Account name	Asset description	Country	Shares/Par value	Book value	Market value
DELAWARE	ADOBE SYS INC COM	USA	68,100.00	1,849,185.80	1,925,187.00
DELAWARE	ADR CTRIP COM INTL LTD AMERICAN DEP SHS AMERICAN DEP SHS	Cayman Is	41,500.00	1,713,544.30	971,100.00
DELAWARE	ADR NOVO-NORDISK A S ADR	Denmark	18,900.00	1,053,845.24	1,178,414.00
DELAWARE	ADR SYNGENTA AG SPONSORED ADR	Switzerland	33,600.00	1,500,182.44	1,980,384.00
DELAWARE	ALLERGAN INC COM	USA	39,900.00	1,788,299.65	2,500,826.00
DELAWARE	APOLLO GROUP INC CL A	USA	58,800.00	2,565,994.17	2,167,556.00
DELAWARE	APPLE INC COM STK	USA	13,175.00	2,135,202.15	2,335,875.00
DELAWARE	CATERPILLAR INC COM	USA	13,900.00	1,223,512.79	1,259,340.00
DELAWARE	CME GROUP INC COM STK	USA	8,750.00	2,558,196.58	2,132,112.50
DELAWARE	CROWN CASTLE INTL CORP COM STK	USA	73,100.00	2,349,154.75	3,274,880.00
DELAWARE	EL PASO CORP COM	USA	64,300.00	1,579,861.28	1,708,451.00
DELAWARE	EOG RESOURCES INC COM	USA	37,900.00	3,892,403.83	2,733,529.00
DELAWARE	EXPEDITORS INTL WASH INC COM	USA	39,500.00	1,045,304.39	1,617,920.00
DELAWARE	GOOGLE INC CL A CL A	USA	6,025.00	2,737,458.08	2,891,547.50
DELAWARE	INTERCONTINENTALEXCHANGE INC COM	USA	21,850.00	2,168,125.77	2,634,017.50
DELAWARE	INTUIT COM	USA	53,700.00	1,444,003.56	2,824,083.00
DELAWARE	LOWES COS INC COM	USA	75,600.00	1,634,479.48	1,918,728.00
DELAWARE	MASTERCARD INC CL A	USA	10,575.00	2,196,247.10	1,942,571.50
DELAWARE	NIKE INC CL B	USA	22,600.00	1,156,253.61	1,177,962.00
DELAWARE	PERRIGO CO COM	USA	15,050.00	917,873.16	1,464,365.00
DELAWARE	POLYCOM INC COM	USA	64,000.00	914,578.60	1,043,200.00
DELAWARE	PRICELINE COM INC COM NEW STK	USA	5,425.00	977,481.11	1,537,326.75
DELAWARE	QUALCOMM INC COM	USA	68,000.00	2,184,610.88	3,719,600.00
DELAWARE	STAPLES INC COM	USA	119,700.00	2,136,041.94	1,662,633.00
DELAWARE	TERADATA CORP DEL COM STK	USA	32,600.00	982,327.60	1,581,426.00
DELAWARE	VERISIGN INC COM	USA	88,800.00	2,796,164.14	2,171,936.00
DELAWARE	VISA INC COM CL A STK	USA	39,450.00	2,155,525.37	2,005,358.50
DELAWARE	WALGREEN CO COM	USA	42,900.00	1,625,875.01	1,418,274.00

CITY OF MIAMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2011

Account name	Asset description	Country	Shares/Par value	Book value	Market value
EAGLE	ACACIA RESH CORP AR ACACIA TECHNOLOGIES COM AR ACACIA TECHNOLOGIES COM	USA	17,193 00	347,197 84	627,716.43
EAGLE	ACI WORLDWIDE INC COM STK	USA	12,428 00	343,720 04	355,937 92
EAGLE	AMC NETWORKS INC CL A	USA	7,730.00	278,820.99	290,493.40
EAGLE	ANN INC COM	USA	7,375 00	191,527 91	182,752.50
EAGLE	ASCENA RETAIL GROUP INC COM	USA	7,885.00	221,536 26	234,342.20
EAGLE	ASHFORD HOSPITALITY TR INC COM SHS	USA	11,510.00	85,191 06	92,080.00
EAGLE	ASPEN TECHNOLOGY INC COM	USA	38,893 00	608,674 89	674,793.55
EAGLE	ASSD ESTATES RLTY CORP COM	USA	24,860.00	364,196 91	396,517.00
EAGLE	ASTRONICS CORP COM	USA	4,526.00	130,555 03	162,076 06
EAGLE	BIO RAD LABS INC CL A	USA	2,826.00	262,903 95	271,409.04
EAGLE	BOSTON BEER INC CL A CL A	USA	16.00	1,268 41	1,736 96
EAGLE	BOTTOMLINE TECHNOLOGIES DEL INC COM	USA	14,199.00	312,938 40	328,990 83
EAGLE	BROWN & BROWN INC COM	USA	14,996.00	318,545.17	339,359.48
EAGLE	BUCKEYE TECHNOLOGIES INC COM	USA	11,125.00	329,327 57	372,020.00
EAGLE	CAPITOL FED FINL INC COM .	USA	46,289.00	547,079 45	534,175.06
EAGLE	CARDINAL FINL CORP COM	USA	36,089.00	341,919.05	387,595 86
EAGLE	CARDTRONICS INC COM STK	USA	28,239.00	503,976 63	764,147.34
EAGLE	CASH AMER INVTS INC COM	USA	6,469 00	325,851 11	301,649.47
EAGLE	CEPHEID INC COM	USA	9,967.00	307,742 19	342,964.47
EAGLE	CINEMARK HLDGS INC COM	USA	30,429.00	604,323 72	562,632.21
EAGLE	CLARCOR INC COM	USA	9,713 00	458,458 52	485,552.87
EAGLE	COMPUTER PROGRAMS & SYS INC COM	USA	6,440 00	337,162 97	329,148.40
EAGLE	CUBIST PHARMACEUTICALS INC COM	USA	4,267.00	159,049 39	169,058.54
EAGLE	CYBERONICS INC COM	USA	5,747.00	158,558 29	192,524.50
EAGLE	DINEEQUITY INC COM STK	USA	7,055 00	305,928 29	297,791.55
EAGLE	DORMAN PRODS INC COM	USA	9,897.00	377,880.38	365,496.21
EAGLE	DOUGLAS DYNAMICS INC COM	USA	8,578.00	126,862 31	125,410.36
EAGLE	DXP ENTERPRISES INC COM NEW STK	USA	3,054.00	66,157 95	98,338.80
EAGLE	ECHOSTAR CORPORATION	USA	15,422.00	491,239 67	322,936 68
EAGLE	ELECTRO SCIENTIFIC INDS INC COM	USA	14,893.00	255,567 48	215,650.64
EAGLE	EMERGENT BIOSOLUTIONS INC COM	USA	21,823.00	376,077 55	367,499.32
EAGLE	EVERCORE PARTNERS INC CL A CL A	USA	6,600.00	202,013 88	175,692 00
EAGLE	EXPRESS INC COM	USA	14,404 00	301,647 55	287,215.76
EAGLE	F N B CORP PA COM	USA	37,909 00	348,997 59	428,750.79
EAGLE	FINISH LINE INC CL A	USA	7,789 00	155,315.24	150,210 86
EAGLE	FIRST FINL BANCORP OHIO COM	USA	33,476 00	537,813 54	557,040 64
EAGLE	FLOWERS FOODS INC COM	USA	8,114 00	164,305 27	154,003.72
EAGLE	FOREST CY ENTERPRISES INC CL A	USA	33,480 00	457,827 40	395,733.60
EAGLE	GRAPHIC PACKAGING HLDG CO COM STK	USA	129,755 00	652,486 52	552,756.30
EAGLE	GREAT SOUTHN BANCORP INC COM	USA	3,798 00	77,969 19	89,594.82
EAGLE	HEXCEL CORP NEW COM	USA	19,655.00	456,407 28	475,847.55
EAGLE	HURON CONSULTING GROUP INC COM STK	USA	10,138.00	304,099 36	392,746.12
EAGLE	IAC / INTERACTIVECORP COM PAR $ 001 STK	USA	17,672.00	548,725 83	752,827.20
EAGLE	ICF INTL INC COM STK	USA	12,853.00	295,691.67	318,497.34
EAGLE	ICU MED INC COM	USA	14,963.00	612,735 10	673,335.00
EAGLE	IDEX CORP COM	USA	9,148 00	318,073 11	339,482.28
EAGLE	II VI INC COM	USA	10,470 00	188,126 57	192,229.20
EAGLE	IMMERSION CORP COM	USA	44,232.00	323,108.65	229,121.76
EAGLE	INTEGRA LIFESCIENCES HLDG CORP COM DESP	USA	10,626 00	457,831 35	327,599.58
EAGLE	IPC THE HOSPITALIST CO INC STK	USA	8,091.00	317,587 08	369,920.52
EAGLE	ITC HLDGS CORP COM STK	USA	4,429.00	255,655 09	336,072.52
EAGLE	KKR FINL HLDGS LLC COM STK	USA	45,393 00	442,176 27	396,280 89
EAGLE	KORN / FERRY INTL COM NEW	USA	9,448 00	134,245 56	161,182.88
EAGLE	LANDSTAR SYS INC COM	USA	7,310.00	291,427 98	350,295.20
EAGLE	LAREDO PETROLEUM HOLDINGS IN	USA	6,932.00	118,179 01	154,583.60
EAGLE	LASALLE HOTEL PPTYS COM SH BEN INT	USA	7,074 00	129,931 84	171,261.54
EAGLE	LIBERTY MEDIA CORP NEW LIBERTY CAP COM SER A LIBERTY CAP COM SER A	USA	2,206 00	163,498.02	172,178.30
EAGLE	MACQUARIE INFRASTRUCTURE CO LLC MEMBERSHIP INT COM STK	USA	19,892.00	496,187 95	555,981.40
EAGLE	MADDEN STEVEN LTD COM	USA	3,581.00	121,928 38	123,544.50
EAGLE	MANNING & NAPIER INC CL A	USA	13,036 00	156,492 83	162,819 64
EAGLE	MATTHEWS INTL CORP CL A	USA	13,531.00	478,920 08	425,279.33
EAGLE	MEDICINES COMPANY COM	USA	10,695 00	207,110 20	199,354.80
EAGLE	METALS USA HLDGS CORP COM	USA	13,677.00	153,979 86	153,866 25
EAGLE	MICROSEMI CORP COM	USA	13,418.00	279,796 35	224,751.50
EAGLE	MID AMER APT CMNTYS INC COM	USA	6,560 00	419,624.76	410,328.00
EAGLE	MINERALS TECHNOLOGIES INC COM	USA	5,820 00	326,743 68	329,004 60
EAGLE	MKS INSTRS INC COM	USA	9,321.00	250,641 22	259,310.22
EAGLE	MLP W P CAREY & CO LLC COM	USA	3,821 00	146,845 17	156,431.74
EAGLE	MONOTYPE IMAGING HLDGS INC COM STK	USA	33,101.00	370,693 25	516,044.59
EAGLE	MSC INDL DIRECT INC CL A COM	USA	4,826.00	274,518.29	345,300.30
EAGLE	MYR GROUP INC DEL COM STK	USA	13,100 00	290,248 24	250,734.00
EAGLE	OASIS PETE INC NEW COM STK	USA	11,305.00	258,664.85	328,862.45
EAGLE	OCH ZIFF CAP MGMT GROUP CL A SHS CL A	USA	23,773.00	182,416 47	199,930.93
EAGLE	OIL STS INTL INC COM ISIN US6780261052	USA	7,660 00	465,322 51	584,994.20
EAGLE	OXFORD INDS INC COM	USA	9,921.00	350,594 15	447,635.52
EAGLE	PENN NATL GAMING INC COM	USA	9,406.00	351,155 74	358,086 42
EAGLE	PHOTRONICS INC COM	USA	49,033.00	264,431 45	298,120.64
EAGLE	PLANTRONICS INC NEW COM	USA	10,887.00	359,291 96	388,012 68
EAGLE	PROASSURANCE CORP COM	USA	4,188.00	278,417 29	334,286.16
EAGLE	QUESTAR CORP COM	USA	16,389 00	303,149 35	325,485.54
EAGLE	RAYONIER INC REIT	USA	11,447.00	462,044 70	510,879 61
EAGLE	ROSETTA RES INC COM	USA	4,521.00	120,880 85	196,663.50
EAGLE	SHUFFLE MASTER INC COM	USA	19,269.00	198,452 46	225,832.68
EAGLE	SOLUTIA INC COM NEW COM NEW	USA	24,914.00	405,077 36	430,513.92
EAGLE	SOTHEBYS HLDGS INC CL A (DE)	USA	6,242.00	249,199 53	178,084.26
EAGLE	SS&C TECHNOLOGIES HLDGS INC COM	USA	10,828 00	209,357 54	195,553.68
EAGLE	STAMPS COM INC COM NEW	USA	8,442.00	220,221.79	220,589.46
EAGLE	STRATEGIC HOTELS & RESORTS INCCOM	USA	25,315 00	117,373.27	135,941.55
EAGLE	TEAM HEALTH HLDGS INC COM	USA	18,938.00	347,340 96	417,961.66
EAGLE	THERMON GROUP HLDGS INC	USA	11,262 00	190,604 24	198,436 44
EAGLE	TIDEWATER INC COM	USA	9,313 00	499,305 36	459,130.90
EAGLE	TTM TECHNOLOGIES INC COM	USA	23,189 00	326,632.23	254,151.44
EAGLE	UGI CORP NEW COM	USA	11,135.00	295,497 10	327,369.00
EAGLE	VAIL RESORTS INC COM	USA	8,812.00	371,134.32	373,276.32
EAGLE	VIEWPOINT FINL GROUP INC MD COM	USA	6,549 00	83,435.62	85,202.49
EAGLE	VIROPHARMA INC COM STK	USA	11,146 00	204,758 54	305,288.94
EAGLE	WILEY JOHN & SONS INC CL A	USA	13,135.00	567,854.18	583,194.00
EAGLE	WOLVERINE WORLD WIDE INC COM	USA	4,447.00	165,424.69	158,491.08

CITY OF MIAMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
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Account name	Asset description	Country	Shares/Par value	Book value	Market value
FIRST EAGLE	ADERANS CO LTD NPV	Japan	8,450.00	96,724.87	108,727.58
FIRST EAGLE	ADR GOLD FIELDS LTD NEW SPONSORED ADR	South Africa	77,185.00	1,170,936.62	1,177,071.25
FIRST EAGLE	ADR GRUPO TELEVISA SA DE CV SPONSORED ADR REPSTG ORD PARTN SPONS ADR	Mexico	67,588.00	1,553,714.11	1,423,403.28
FIRST EAGLE	ADR HARMONY GOLD MNG LTD SPONSORED ADR	South Africa	33,044.00	413,543.12	384,632.16
FIRST EAGLE	AMOREPACIFIC GROUP KRW5000	Korea	591.00	104,991.93	130,820.31
FIRST EAGLE	ANGLO AMERICAN USD0.54945	UK	11,194.00	520,829.82	413,865.03
FIRST EAGLE	ARIAKE JAPAN CO NPV	Japan	14,900.00	275,151.18	287,387.57
FIRST EAGLE	AS ONE CORPORATION NPV	Japan	10,800.00	237,596.45	219,537.30
FIRST EAGLE	ASTELLAS PHARMA NPV	Japan	37,400.00	1,422,284.06	1,521,471.28
FIRST EAGLE	AUTONEUM HLDG AG CHF0.05	Switzerland	2,333.00	228,953.01	122,126.35
FIRST EAGLE	BANGKOK BANK THB10 (NVDR)	Thailand	148,200.00	761,001.45	721,036.45
FIRST EAGLE	BERKLEY GP HOLDINGS	UK	28,792.00	503,499.18	570,954.49
FIRST EAGLE	BIC EUR3.82	France	2,486.00	222,542.80	221,063.26
FIRST EAGLE	BOUYGUES EUR1	France	26,936.00	1,109,687.45	851,270.85
FIRST EAGLE	CANON INC NPV	Japan	20,800.00	961,190.90	921,861.19
FIRST EAGLE	CENOVUS ENERGY INC COM	Canada	18,892.00	669,185.73	627,214.40
FIRST EAGLE	CHOFU SEISAKUSHO NPV	Japan	16,600.00	399,813.87	420,501.69
FIRST EAGLE	COGECO CABLE INC SUB-VTG COM CAD0.01	Canada	4,310.00	196,513.37	217,351.83
FIRST EAGLE	COMFORTDELGRO CORP LTD	Singapore	577,970.00	671,495.47	630,723.44
FIRST EAGLE	CRH PLC EQUITY	Ireland	16,439.00	275,340.66	327,012.50
FIRST EAGLE	DAIICHIKOSHO CO NPV	Japan	28,800.00	490,574.05	544,632.18
FIRST EAGLE	DAIMLERCHRYSLER ORD NPV(REGD)	Germany	15,163.00	954,634.25	667,676.14
FIRST EAGLE	DEUTSCHE WOHNEN AG EUR1 (BR)	Germany	77,773.00	1,178,609.92	1,036,364.88
FIRST EAGLE	ENCANA CORP COM NPV	Canada	12,314.00	384,594.22	228,178.42
FIRST EAGLE	FANUC CORP NPV	Japan	12,400.00	1,904,033.46	1,898,518.33
FIRST EAGLE	FFP EUR1.00	France	4,384.00	322,186.38	174,318.08
FIRST EAGLE	FRAPORT (FRANKFURT AIRPORT SERVICES) NPV	Germany	3,451.00	259,444.87	170,236.80
FIRST EAGLE	FRASER & NEAVE LTD NPV	Singapore	56,000.00	249,265.48	267,766.94
FIRST EAGLE	FURSYS KRW1000	Korea	2,010.00	44,187.92	51,209.64
FIRST EAGLE	GENTING MALAYSIA B MYR0.10	Malaysia	694,400.00	807,161.05	838,975.39
FIRST EAGLE	GLAXOSMITHKLINE ORD GBP0.25	UK	35,907.00	714,262.15	821,142.21
FIRST EAGLE	GPE BRUXELLES LAM NPV	Belgium	12,459.00	1,040,821.92	833,104.76
FIRST EAGLE	GUOCO GROUP USD0.50	Bermuda	66,000.00	759,975.04	613,975.23
FIRST EAGLE	HAL TRUST UNITS NPV	Bermuda	4,855.00	662,440.02	540,314.89
FIRST EAGLE	HAMBURGER HAFEN NPV (REGD) 'A'	Germany	13,066.00	499,255.70	387,149.16
FIRST EAGLE	HAW PAR CORP LTD NPV	Singapore	197,000.00	955,575.88	800,670.96
FIRST EAGLE	HEIDELBERGCEMENT NPV	Germany	30,837.00	1,970,656.73	1,312,618.19
FIRST EAGLE	HIROSE ELECTRIC NPV	Japan	9,700.00	1,010,231.30	850,987.78
FIRST EAGLE	HOPEWELL HOLDINGS COMSTK	Hong Kong	77,400.00	236,115.81	197,919.81
FIRST EAGLE	HOYA CORP NPV	Japan	30,300.00	668,480.17	652,942.55
FIRST EAGLE	ICL-ISRAEL CHEM ILS1	Israel	3,478.00	36,739.52	35,928.34
FIRST EAGLE	ICOM INCORPORATED NPV	Japan	1,340.00	38,262.29	34,379.52
FIRST EAGLE	INDS PENOLES SAB D NPV	Mexico	25,215.00	910,930.26	1,104,860.88
FIRST EAGLE	INVESTOR AB SER'A'NPV	Sweden	23,564.00	472,507.20	423,480.34
FIRST EAGLE	ITALCEMENTI EUR1	Italy	30,270.00	261,349.34	179,106.61
FIRST EAGLE	ITALMOBILIARE EUR2.60	Italy	3,914.00	141,268.87	73,978.76
FIRST EAGLE	JAPAN WOOL TEXTILE NPV	Japan	71,000.00	573,364.02	527,839.88
FIRST EAGLE	JARDINE MATHESON HLDGS USD0.25(SING QUOTE)	Bermuda	8,300.00	412,683.08	390,515.00
FIRST EAGLE	JUMBO SA EUR1.40	Greece	65,248.00	463,098.13	321,866.43
FIRST EAGLE	KANSAI PAINT CO NPV	Japan	67,600.00	594,593.98	603,602.81
FIRST EAGLE	KDDI CORP NPV	Japan	164.00	1,105,283.23	1,055,107.88
FIRST EAGLE	KEYENCE CORP NPV	Japan	6,200.00	1,650,170.11	1,495,606.97
FIRST EAGLE	KT&G CORPORATION KRW5000	Korea	12,142.00	665,846.31	857,950.35
FIRST EAGLE	KUEHNE&NAGEL INTL CHF1(REGD)	Switzerland	1,149.00	165,839.49	129,632.66
FIRST EAGLE	LAURENT PERRIER EUR3.80	France	4,171.00	518,439.67	392,503.17
FIRST EAGLE	LINDT & SPRUENGLI CHF100(REGD)	Switzerland	4.00	136,414.27	134,274.41
FIRST EAGLE	LOTTE CONFECT KRW5000	Korea	291.00	426,562.56	431,195.31
FIRST EAGLE	MAEZAWA KASEI IND NPV	Japan	8,700.00	87,502.12	88,198.60
FIRST EAGLE	MATSUMOTO YUSHI NPV	Japan	2,500.00	59,237.55	61,638.94
FIRST EAGLE	MEITEC CORPORATION NPV	Japan	11,300.00	234,950.11	218,098.52
FIRST EAGLE	MFC SPDR GOLD TR GOLD SHS	USA	35,421.00	5,109,423.39	4,383,637.79
FIRST EAGLE	MISUMI GROUP INC NPV	Japan	36,700.00	929,224.80	843,327.27
FIRST EAGLE	MITSUBISHI ESTATE CO LTD	Japan	41,400.00	723,451.56	618,793.87
FIRST EAGLE	MS&AD INSURANCE GROUP HOLDINGS, INC. NPV	Japan	77,000.00	1,782,068.56	1,427,112.04
FIRST EAGLE	NAGAILEBEN CO NPV	Japan	21,400.00	286,304.80	283,979.72
FIRST EAGLE	NAMYANG DAIRY PROD KRW5000	Korea	233.00	155,550.04	162,614.58
FIRST EAGLE	NEOPOST EUR1	France	7,279.00	627,403.64	491,927.12
FIRST EAGLE	NESTLE SA CHF0.10(REGD)	Switzerland	21,927.00	1,300,666.62	1,266,236.77
FIRST EAGLE	NEWCREST MINING LTD NPV	Australia	26,341.00	975,592.15	799,341.90
FIRST EAGLE	NEWMONT MINING CORP NEW COM	USA	10,774.00	573,240.76	646,547.74
FIRST EAGLE	NISSIN FOODS HOLDINGS CO LTD NPV	Japan	17,700.00	647,113.51	693,598.91
FIRST EAGLE	NKSJ HOLDINGS INC NPV	Japan	61,325.00	1,552,503.86	1,203,544.97
FIRST EAGLE	NOMURA RESEARCH INSTITUTE NPV	Japan	29,300.00	618,514.21	662,620.22
FIRST EAGLE	NONG SHIM CO KRW5000	Korea	1,625.00	358,508.91	327,962.24
FIRST EAGLE	NTT DOCOMO NPV	Japan	263.00	474,182.94	483,682.09
FIRST EAGLE	OMV AG NPV(VAR)	Austria	17,032.00	702,946.48	518,260.53
FIRST EAGLE	ONO PHARMACEUTICAL NPV	Japan	24,500.00	1,277,702.83	1,375,617.36
FIRST EAGLE	PARGESA HLDGS SA CHF20(BR)	Switzerland	22,249.00	2,024,266.27	1,463,280.40
FIRST EAGLE	PENN WEST PETROLEUM LTD COM STK	Canada	40,732.00	826,712.21	806,493.60
FIRST EAGLE	POSTNL NV EUR0.48	Netherlands	38,513.00	345,348.75	122,989.30
FIRST EAGLE	RED ELECTRICA CORP EUR2	Spain	13,930.00	783,181.81	597,921.99
FIRST EAGLE	REMY COINTREAU EUR1.60	France	299.00	23,083.71	24,100.04
FIRST EAGLE	RIETER HOLDING AG CHF5.00 (REGD)	Switzerland	1,684.00	452,070.18	254,103.73
FIRST EAGLE	SANOFI	France	16,785.00	1,217,050.36	1,236,551.17
FIRST EAGLE	SATS LTD NPV	Singapore	153,400.00	315,976.64	254,355.45
FIRST EAGLE	SECOM CO NPV	Japan	40,300.00	1,955,090.27	1,859,435.92
FIRST EAGLE	SEIKAGAKU CORP NPV	Japan	24,300.00	265,759.31	261,507.67
FIRST EAGLE	SHIMANO INC NPV	Japan	44,400.00	2,277,504.26	1,158,253.18
FIRST EAGLE	SHIN ETSU CHEMICAL NPV	Japan	6,700.00	315,354.00	330,036.39
FIRST EAGLE	SK KAKEN CO LTD NPV	Japan	2,000.00	77,912.29	78,242.79
FIRST EAGLE	SMC CORP NPV	Japan	10,100.00	1,712,480.61	1,630,387.31
FIRST EAGLE	SODEXHO EUR4	France	14,155.00	1,029,651.90	1,019,278.63
FIRST EAGLE	SOFINA NPV	Belgium	932.00	81,996.40	72,011.81
FIRST EAGLE	SPOTLESS GROUP NPV	Australia	124,458.00	238,988.03	303,674.54
FIRST EAGLE	SUCR PITHIVIERS EUR16	France	54.00	64,307.00	111,739.56
FIRST EAGLE	T.HASEGAWA CO NPV	Japan	13,600.00	208,996.44	209,461.92
FIRST EAGLE	TF1 - TV FRANCAISE EUR0.20	France	50,680.00	797,610.36	496,190.01
FIRST EAGLE	THAI BEVERAGE PLC THB1	Thailand	4,100,000.00	929,760.34	774,688.62
FIRST EAGLE	THK CO LTD NPV	Japan	22,400.00	555,509.61	441,653.24
FIRST EAGLE	TNT EXPRESS NV, AMSTERDAM SHS	Netherlands	47,387.00	527,454.30	355,190.12
FIRST EAGLE	WENDEL EUR4	France	4,232.00	461,529.18	282,929.20
FIRST EAGLE	WIENERBERGER AG NPV	Austria	49,140.00	794,872.63	444,560.12
FIRST EAGLE	WM MORRISON SUPERMARKETS ORD GBP0.10	UK	75,521.00	355,820.46	382,851.78
FIRST EAGLE	YAZICILAR HOLDING CLASS'A' TRY1	Turkey	24,822.00	152,084.47	130,904.97
FIRST EAGLE	YOMEISHU SEIZO CO NPV	Japan	10,000.00	93,531.90	94,099.30

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Account name	Asset description	Country	Shares/Par value	Book value	Market value
RCM	#REORG/HANSEN NAT CORP NAME CHANGE MONSTER BEVERAGE CORP 2F1EAU1 01/09/2012	USA	6,992.00	540,495.08	644,242.88
RCM	ACCENTURE PLC SHS CL A NEW	Ireland	17,590.00	942,199.05	936,315.70
RCM	AIR PROD & CHEM INC COM	USA	6,840.00	541,455.33	582,699.60
RCM	AKAMAI TECHNOLOGIES INC COM STK	USA	19,146.00	709,787.81	618,032.88
RCM	ALLEGHENY TECHNOLOGIES INC COM	USA	14,890.00	803,959.14	711,742.00
RCM	ALLERGAN INC COM	USA	13,965.00	854,669.87	1,225,289.10
RCM	AMAZON COM INC COM	USA	3,350.00	370,838.07	579,885.00
RCM	APPLE INC COM STK	USA	8,539.00	562,351.04	2,458,295.00
RCM	BED BATH BEYOND INC COM	USA	13,023.00	539,487.87	754,943.31
RCM	BORG WARNER INC COM	USA	14,642.00	1,032,382.92	933,281.08
RCM	CAMERON INTL CORP COM STK	USA	19,502.00	900,223.83	959,303.38
RCM	CARDINAL HLTH INC	USA	23,007.00	775,595.57	934,314.27
RCM	CBS CORP NEW CL B	USA	36,530.00	522,639.80	991,424.20
RCM	COACH INC COM	USA	14,525.00	806,533.91	886,606.00
RCM	COCA-COLA ENTERPRISES INC NEW COM	USA	20,390.00	601,778.75	525,654.20
RCM	DOLLAR TREE INC COM STK	USA	10,240.00	692,660.80	851,046.40
RCM	EATON CORP COM	USA	21,466.00	741,408.19	934,414.98
RCM	EMC CORP COM	USA	43,260.00	732,565.88	931,820.40
RCM	EXPRESS SCRIPTS INC COM	USA	12,367.00	515,387.13	552,681.23
RCM	EXXON MOBIL CORP COM	USA	16,874.00	1,273,085.94	1,430,240.24
RCM	F5 NETWORKS INC COM STK	USA	2,349.00	252,183.16	249,275.88
RCM	FLOWSERVE CORP COM	USA	6,760.00	801,598.40	671,403.20
RCM	FREEPORT-MCMORAN COPPER & GOLD INC	USA	15,879.00	833,074.25	584,188.41
RCM	GOOGLE INC CL A CL A	USA	3,080.00	1,306,350.38	1,989,372.00
RCM	HERSHEY CO FORMERLY HERSHEY FOODS CORP TO 04/19/2005 COM	USA	14,895.00	856,427.00	920,213.10
RCM	INTEL CORP COM	USA	36,778.00	728,088.63	891,866.50
RCM	JOY GLOBAL INC COM	USA	6,220.00	421,619.19	466,313.40
RCM	JPMORGAN CHASE & CO COM	USA	16,164.00	666,636.13	537,453.00
RCM	JUNIPER NETWORKS INC COM	USA	33,650.00	778,459.98	686,796.50
RCM	MC DONALDS CORP COM	USA	13,149.00	800,905.56	1,319,239.17
RCM	MEAD JOHNSON NUTRITION COM USD0.01	USA	9,715.00	698,435.00	667,711.95
RCM	MICROCHIP TECHNOLOGY INC COM	USA	25,455.00	666,806.41	932,416.65
RCM	MICROSOFT CORP COM	USA	53,280.00	1,345,951.96	1,383,148.80
RCM	NATIONAL OILWELL VARCO COM STK	USA	14,232.00	932,256.83	967,633.68
RCM	NIKE INC CL B	USA	8,810.00	742,187.02	849,019.70
RCM	OCCIDENTAL PETROLEUM CORP	USA	8,595.00	715,652.33	805,351.50
RCM	ORACLE CORP COM	USA	37,050.00	892,975.09	950,332.50
RCM	PFIZER INC COM	USA	59,685.00	1,196,133.83	1,291,583.40
RCM	POTASH CORP SASK INC COM	Canada	19,307.00	1,053,621.02	796,992.96
RCM	PRECISION CASTPARTS CORP COM	USA	6,225.00	788,676.08	1,025,817.75
RCM	ROCKWELL AUTOMATION	USA	10,855.00	713,326.42	796,431.35
RCM	SALESFORCE COM INC COM STK	USA	6,545.00	903,924.25	664,055.70
RCM	SCHLUMBERGER LTD COM COM	Netherlands Ant	21,335.00	1,377,571.09	1,457,393.85
RCM	STARBUCKS CORP COM	USA	20,509.00	505,057.39	943,619.09
RCM	SUNCOR ENERGY INC NEW COM STK	Canada	17,275.00	766,001.20	498,038.25
RCM	TEXAS INSTRUMENTS INC COM	USA	25,985.00	708,356.37	756,423.35
RCM	TIME WARNER INC USD0.01	USA	24,493.00	886,750.94	885,177.02
RCM	TRACTOR SUPPLY CO COM	USA	12,103.00	746,397.93	849,025.45
RCM	UNION PAC CORP COM	USA	11,485.00	867,938.34	1,216,720.90
RCM	UNITED TECHNOLOGIES CORP COM	USA	13,480.00	1,048,362.00	985,253.20
RCM	UNITEDHEALTH GROUP INC COM	USA	16,690.00	814,647.05	845,849.20
RCM	US BANCORP	USA	35,445.00	953,504.15	958,787.25
RCM	VISA INC COM CL A STK	USA	11,315.00	884,999.71	1,148,811.95
RCM	WATSON PHARMACEUTICALS INC COM	USA	14,711.00	717,648.45	887,661.74
RCM	WELLS FARGO & CO NEW COM STK	USA	32,115.00	836,211.84	885,089.40

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Account name	Asset description	Country	Shares/Par value	Book value	Market value
ROBECO BOSTON PTNRS	5TH 3RD BANCORP COM	USA	33,220.00	423,123.10	422,558.40
ROBECO BOSTON PTNRS	ADR ICON PUB LTD CO	Ireland	6,895.00	112,713.50	117,973.45
ROBECO BOSTON PTNRS	AES CORP COM	USA	14,130.00	148,771.94	167,299.20
ROBECO BOSTON PTNRS	AFFILIATED MANAGERS GROUP INC COM STK	USA	2,910.00	169,937.75	279,214.50
ROBECO BOSTON PTNRS	AGCO CORP COM	USA	3,605.00	155,279.61	154,906.85
ROBECO BOSTON PTNRS	ALBEMARLE CORP COM	USA	4,075.00	172,201.77	209,903.25
ROBECO BOSTON PTNRS	ALLEGHANY CORP DEL COM	USA	1,393.00	444,163.98	397,408.97
ROBECO BOSTON PTNRS	ALLIANCE DATA SYS CORP COM	USA	4,060.00	319,598.66	421,590.40
ROBECO BOSTON PTNRS	ALLIANT ENERGY CORP COM	USA	6,640.00	206,422.85	292,890.40
ROBECO BOSTON PTNRS	AMDOCS ORD GBP0.01	USA	10,075.00	310,651.84	287,439.75
ROBECO BOSTON PTNRS	AMER ELEC PWR CO INC COM	USA	5,115.00	232,502.06	211,300.65
ROBECO BOSTON PTNRS	AMEREN CORP COM	USA	8,185.00	215,766.43	271,169.05
ROBECO BOSTON PTNRS	AMERICAN ASSETS TR INC COM	USA	5,525.00	113,262.50	113,317.75
ROBECO BOSTON PTNRS	AMERISOURCEBERGEN CORP COM	USA	14,285.00	542,135.03	531,259.15
ROBECO BOSTON PTNRS	ANALOG DEVICES INC COM	USA	9,570.00	285,116.67	342,414.60
ROBECO BOSTON PTNRS	AON CORP COM	USA	4,355.00	180,687.06	203,814.00
ROBECO BOSTON PTNRS	ARROW ELECTR INC COM	USA	4,695.00	133,198.97	175,639.95
ROBECO BOSTON PTNRS	ASHLAND INC NEW COM	USA	6,320.00	248,316.91	361,251.20
ROBECO BOSTON PTNRS	AVNET INC COM	USA	9,745.00	266,040.20	302,972.05
ROBECO BOSTON PTNRS	BALL CORP COM	USA	8,640.00	265,586.69	308,534.40
ROBECO BOSTON PTNRS	BED BATH BEYOND INC COM	USA	5,260.00	195,318.01	304,922.20
ROBECO BOSTON PTNRS	BERKLEY W R CORP COM	USA	3,840.00	104,842.75	132,057.60
ROBECO BOSTON PTNRS	CAP 1 FNCL COM	USA	11,295.00	317,280.74	477,665.55
ROBECO BOSTON PTNRS	CAREFUSION CORP COM	USA	23,785.00	572,995.43	604,376.85
ROBECO BOSTON PTNRS	CBS CORP NEW CL B	USA	31,770.00	648,896.56	862,237.80
ROBECO BOSTON PTNRS	COCA-COLA ENTERPRISES INC NEW COM	USA	15,145.00	384,955.94	390,438.10
ROBECO BOSTON PTNRS	COMERICA INC COM	USA	9,290.00	353,503.87	239,682.00
ROBECO BOSTON PTNRS	CROWN HLDGS INC COM	USA	8,000.00	158,681.63	268,640.00
ROBECO BOSTON PTNRS	CURTISS WRIGHT CORP COM	USA	13,800.00	461,127.96	487,554.00
ROBECO BOSTON PTNRS	CYTEC IND COM	USA	8,675.00	453,164.44	387,338.75
ROBECO BOSTON PTNRS	DAVITA INC COM	USA	5,850.00	331,933.86	443,488.50
ROBECO BOSTON PTNRS	DEVRY INC DEL COM	USA	3,185.00	170,512.17	122,495.10
ROBECO BOSTON PTNRS	DISCOVER FINL SVCS COM STK	USA	19,987.00	184,879.75	479,688.00
ROBECO BOSTON PTNRS	DR PEPPER SNAPPLE GROUP INC COM STK	USA	3,700.00	81,349.26	146,076.00
ROBECO BOSTON PTNRS	DUKE RLTY CORP COM NEW REIT	USA	12,845.00	153,224.15	154,782.25
ROBECO BOSTON PTNRS	EAST WEST BANCORP INC COM	USA	20,225.00	242,872.58	399,443.75
ROBECO BOSTON PTNRS	EDISON INTL COM	USA	7,955.00	408,291.92	329,337.00
ROBECO BOSTON PTNRS	ELECTR ARTS COM	USA	23,240.00	441,336.25	478,744.00
ROBECO BOSTON PTNRS	EOG RESOURCES INC COM	USA	1,965.00	180,139.01	193,572.15
ROBECO BOSTON PTNRS	EQTY RESDNTL EFF 5/15/02	USA	5,320.00	107,407.76	303,399.60
ROBECO BOSTON PTNRS	EQUIFAX INC COM	USA	13,500.00	454,168.60	522,990.00
ROBECO BOSTON PTNRS	EXPEDIA INC DEL COM NEW	USA	8,058.50	169,589.70	233,857.67
ROBECO BOSTON PTNRS	FLEXTRONICS INTL LTD COM STK	Singapore	60,650.00	411,509.75	343,279.00
ROBECO BOSTON PTNRS	FLOWSERVE CORP COM	USA	2,365.00	252,782.42	234,891.80
ROBECO BOSTON PTNRS	FTI CONSULTING INC COM	USA	12,775.00	475,870.65	541,915.50
ROBECO BOSTON PTNRS	GLOBE SPECIALTY METALS INC COM STK	USA	15,850.00	264,089.19	212,231.50
ROBECO BOSTON PTNRS	GREAT PLAINS ENERGY INC COM	USA	11,020.00	223,764.16	240,015.60
ROBECO BOSTON PTNRS	GROUPE CGI INC CL A SUB VTG CL A SUB VTG	Canada	13,565.00	221,562.58	255,700.25
ROBECO BOSTON PTNRS	GUESS INC COM	USA	7,895.00	319,217.15	235,428.90
ROBECO BOSTON PTNRS	HANOVER INS GROUP INC COM	USA	7,075.00	273,812.38	247,271.25
ROBECO BOSTON PTNRS	HARRIS CORP COM	USA	5,145.00	215,515.13	185,425.80
ROBECO BOSTON PTNRS	HOLOGIC INC COM	USA	22,440.00	362,831.40	392,924.40
ROBECO BOSTON PTNRS	HUMANA INC COM	USA	5,595.00	278,830.32	490,177.95
ROBECO BOSTON PTNRS	HUNTINGTON BANCSHARES INC COM	USA	31,220.00	143,947.09	171,397.80
ROBECO BOSTON PTNRS	INGERSOLL-RAND PLC COM STK	Ireland	11,465.00	468,016.31	349,338.55
ROBECO BOSTON PTNRS	INGRAM MICRO INC CL A	USA	16,390.00	276,001.58	298,134.10
ROBECO BOSTON PTNRS	KENNAMETAL INC CAP	USA	14,125.00	416,352.76	515,845.00
ROBECO BOSTON PTNRS	KIMCO RLTY CORP COM	USA	25,970.00	432,164.51	421,752.80
ROBECO BOSTON PTNRS	KOHLS CORP COM	USA	7,505.00	391,908.21	370,371.75
ROBECO BOSTON PTNRS	LEAR CORP COM NEW COM NEW	USA	11,230.00	521,208.35	446,954.00
ROBECO BOSTON PTNRS	LINCARE HLDGS INC COM	USA	9,570.00	255,318.97	246,044.70
ROBECO BOSTON PTNRS	LOEWS CORP COM	USA	8,485.00	331,633.40	319,460.25
ROBECO BOSTON PTNRS	LORILLARD INC COM STK	USA	2,470.00	64,296.46	281,580.00

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Account name	Asset description	Country	Shares/Par value	Book value	Market value
ROBECO BOSTON PTNRS	M & T BK CORP COM	USA	2,845.00	126,951.59	217,187.30
ROBECO BOSTON PTNRS	MACYS INC COM STK	USA	12,285.00	379,621.47	395,331.30
ROBECO BOSTON PTNRS	MANPOWER INC COM	USA	10,465.00	506,141.77	374,123.75
ROBECO BOSTON PTNRS	MARSH & MCLENNAN CO'S INC COM	USA	15,595.00	392,737.53	493,113.90
ROBECO BOSTON PTNRS	MATTEL INC COM	USA	7,300.00	150,187.38	202,648.00
ROBECO BOSTON PTNRS	MCGRAW-HILL COS COM USD1	USA	12,160.00	481,308.21	546,835.20
ROBECO BOSTON PTNRS	MCKESSON CORP	USA	6,815.00	407,731.77	530,956.65
ROBECO BOSTON PTNRS	MINERALS TECHNOLOGIES INC COM	USA	5,335.00	298,616.65	301,587.55
ROBECO BOSTON PTNRS	MOHAWK INDS INC COM	USA	3,260.00	138,900.31	195,111.00
ROBECO BOSTON PTNRS	MONSTER WORLDWIDE INC COM	USA	24,730.00	396,292.95	196,108.90
ROBECO BOSTON PTNRS	MOODYS CORP COM	USA	18,040.00	479,529.84	607,587.20
ROBECO BOSTON PTNRS	NOBLE ENERGY INC COM	USA	5,890.00	348,796.76	555,957.10
ROBECO BOSTON PTNRS	NV ENERGY INC COM	USA	18,405.00	163,010.91	300,921.75
ROBECO BOSTON PTNRS	OMNICARE INC COM	USA	12,765.00	290,523.18	439,754.25
ROBECO BOSTON PTNRS	OMNICOM GROUP INC COM	USA	9,105.00	429,491.93	405,900.90
ROBECO BOSTON PTNRS	PAREXEL INTL CORP COM	USA	12,385.00	276,975.85	256,864.90
ROBECO BOSTON PTNRS	PG& E CORP COM	USA	6,480.00	286,438.92	267,105.60
ROBECO BOSTON PTNRS	PPG IND INC COM	USA	2,830.00	180,430.32	236,276.70
ROBECO BOSTON PTNRS	QUEST DIAGNOSTICS INC COM	USA	5,285.00	298,897.86	306,847.10
ROBECO BOSTON PTNRS	RAYMOND JAMES FNCL INC COM STK	USA	17,655.00	468,281.92	546,598.80
ROBECO BOSTON PTNRS	REGENCY CTRS CORP COM	USA	5,630.00	181,207.47	211,800.60
ROBECO BOSTON PTNRS	REINSURANCE GROUP AMER INC COM NEW STK	USA	4,360.00	225,306.04	227,810.00
ROBECO BOSTON PTNRS	RELIANCE STL & ALUM CO COM	USA	7,890.00	293,734.54	384,164.10
ROBECO BOSTON PTNRS	ROBERT HALF INTL INC COM	USA	13,045.00	274,167.53	371,260.70
ROBECO BOSTON PTNRS	ROCK-TENN CO CL A CL A	USA	5,275.00	277,888.94	304,367.50
ROBECO BOSTON PTNRS	ROSETTA RES INC COM	USA	10,625.00	231,479.87	462,187.50
ROBECO BOSTON PTNRS	SEAGATE TECHNOLOGY PLC COM USD0 00001	Ireland	19,445.00	292,183.62	318,898.00
ROBECO BOSTON PTNRS	SEI INVTS CO COM	USA	11,255.00	200,519.21	195,274.25
ROBECO BOSTON PTNRS	SEMGROUP CORP CL A CL A	USA	4,940.00	135,493.45	128,736.40
ROBECO BOSTON PTNRS	SLM CORP COM	USA	34,295.00	329,803.90	459,553.00
ROBECO BOSTON PTNRS	SM ENERGY CO COM	USA	8,140.00	379,353.11	595,034.00
ROBECO BOSTON PTNRS	STANLEY BLACK & DECKER INC COM	USA	4,720.00	248,543.47	319,072.00
ROBECO BOSTON PTNRS	SUN TR BANKS INC COM	USA	9,935.00	275,626.26	175,849.50
ROBECO BOSTON PTNRS	SYMETRA FINL CORP COM	USA	19,370.00	238,661.94	175,685.90
ROBECO BOSTON PTNRS	TAUBMAN CTRS INC COM	USA	3,190.00	96,687.98	198,099.00
ROBECO BOSTON PTNRS	TD AMERITRADE HLDG CORP COM STK	USA	28,080.00	454,798.36	439,452.00
ROBECO BOSTON PTNRS	TE CONNECTIVITY LTD	Switzerland	11,245.00	349,936.10	346,458.45
ROBECO BOSTON PTNRS	THOMAS & BETTS CORP COM	USA	10,000.00	457,669.04	546,000.00
ROBECO BOSTON PTNRS	TOWERS WATSON & CO CL A COM STK	USA	7,290.00	283,354.25	436,889.70
ROBECO BOSTON PTNRS	TRIPADVISOR INC COM COM STK	USA	12,323.50	308,198.00	310,675.43
ROBECO BOSTON PTNRS	UNUM GROUP	USA	18,115.00	358,784.75	381,683.05
ROBECO BOSTON PTNRS	V F CORP COM	USA	1,755.00	85,735.85	222,867.45
ROBECO BOSTON PTNRS	VENTAS INC REIT	USA	5,365.00	127,795.28	295,772.45
ROBECO BOSTON PTNRS	VORNADO RLTY TR COM	USA	3,590.00	289,446.09	275,927.40
ROBECO BOSTON PTNRS	WESCO INTL INC COM	USA	10,915.00	304,293.64	578,604.15
ROBECO BOSTON PTNRS	WESTAR ENERGY INC COM	USA	8,760.00	181,611.44	252,112.80
ROBECO BOSTON PTNRS	WESTERN UNION CO	USA	18,830.00	294,437.91	343,835.80
ROBECO BOSTON PTNRS	WESTN DIGITAL CORP COM	USA	10,830.00	340,705.95	335,188.50
ROBECO BOSTON PTNRS	WILLIAMS SONOMA INC COM	USA	12,325.00	354,172.28	474,512.50
ROBECO BOSTON PTNRS	WINDSTREAM CORP COM STK	USA	13,370.00	177,357.06	156,963.80
ROBECO BOSTON PTNRS	XEROX CORP COM	USA	55,210.00	536,595.79	439,471.60
ROBECO BOSTON PTNRS	XYLEM INC W/I	USA	5,010.00	162,765.71	128,706.90

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Account name	Asset description	Country	Shares/Par value	Book value	Market value
WENTWORTH HAUSER	ADR AXA SA SPONSORED ADR	France	26,280.00	789,523.55	337,960.80
WENTWORTH HAUSER	ADR BASF AKTIENGESELLSCHAFT - LEVEL I	Germany	28,879.00	2,224,199.84	2,013,732.67
WENTWORTH HAUSER	ADR BHP BILLITON LTD SPONSORED ADR	Australia	52,500.00	4,235,948.91	3,708,075.00
WENTWORTH HAUSER	ADR BRIT AMERN TOB PLC SPONSORED COM STK	UK	40,150.00	3,130,284.52	3,177,182.80
WENTWORTH HAUSER	ADR DANONE SPONSORED ADR	France	55,592.00	782,984.32	702,682.88
WENTWORTH HAUSER	ADR FIBRIA CELULOSE S A SPONSORED ADR REPSTG COM SHS	Brazil	4,310.00	245,811.31	33,488.70
WENTWORTH HAUSER	ADR NESTLE S A SPONSORED ADR REPSTG REG SH	Switzerland	34,761.00	2,004,850.87	2,006,057.31
WENTWORTH HAUSER	ADR NOVARTIS AG	Switzerland	14,500.00	836,630.90	828,965.00
WENTWORTH HAUSER	ADR RIO TINTO PLC SPONSORED ADR	UK	55,628.00	4,609,857.03	2,721,321.76
WENTWORTH HAUSER	ADR SYNGENTA AG SPONSORED ADR	Switzerland	28,306.00	1,211,198.50	1,668,355.64
WENTWORTH HAUSER	ADR TENARIS S A SPONSORED ADR	Luxembourg	76,418.00	3,558,282.43	2,841,221.24
WENTWORTH HAUSER	ADR UNILEVER N V NEW YORK SHS NEW	Netherlands	68,183.00	2,238,196.82	2,343,449.71
WENTWORTH HAUSER	ADR VALE S A ADR	Brazil	111,794.00	3,667,073.92	2,397,981.30
WENTWORTH HAUSER	ADR YARA INTL ASA SPONSORED ADR	Norway	3,198.00	190,873.44	127,440.30
WENTWORTH HAUSER	AGRIUM INC COM	Canada	38,365.00	2,118,543.29	2,574,675.15
WENTWORTH HAUSER	BHP BILLITON PLC USD0.50	UK	11,289.00	370,313.40	329,393.04
WENTWORTH HAUSER	BROOKFIELD ASSET MGMT INC VOTING SHS CL A VOTING SHS CL A	Canada	35,775.00	1,027,511.60	983,097.00
WENTWORTH HAUSER	BUNGE LTD	Bermuda	13,350.00	707,625.75	763,620.00
WENTWORTH HAUSER	CANADIAN NATL RY CO COM	Canada	54,893.00	3,303,097.34	2,312,394.08
WENTWORTH HAUSER	CDN NAT RES LTD COM CDN NAT RES COM STK	Canada	92,800.00	3,314,920.20	2,467,936.00
WENTWORTH HAUSER	CDN PAC RY LTD COM CDN PAC RY LTD	Canada	65,225.00	3,846,450.53	3,413,775.75
WENTWORTH HAUSER	COOPER INDUSTRIES PLC NEW IRELAND COM STK	Ireland	54,834.00	2,604,188.72	1,969,261.10
WENTWORTH HAUSER	CORE LABORATORIES NV NLG0.03	Netherlands	32,100.00	2,532,509.24	2,657,795.00
WENTWORTH HAUSER	DANONE EUR0.25	France	12,128.00	1,026,262.09	764,684.30
WENTWORTH HAUSER	DIAGEO ORD PLC	UK	60,872.00	921,103.46	1,330,565.61
WENTWORTH HAUSER	DIAGEO PLC SPONSORED ADR NEW	UK	19,450.00	1,498,401.98	1,700,319.00
WENTWORTH HAUSER	FINNING INTL INC COM NEW COM NEW	Canada	2,800.00	80,109.68	60,620.00
WENTWORTH HAUSER	FINNING INTL INC COM NPV	Canada	4,625.00	124,991.38	100,880.19
WENTWORTH HAUSER	INGERSOLL-RAND PLC COM STK	Ireland	45,645.00	1,938,787.62	1,390,803.15
WENTWORTH HAUSER	MANULIFE FINL CORP COM	Canada	16,575.00	575,811.82	176,026.50
WENTWORTH HAUSER	NABORS INDUSTRIES COM USD0.10	Bermuda	165,195.00	4,638,623.86	2,864,481.30
WENTWORTH HAUSER	NESTLE SA CHF0.10(REGD)	Switzerland	35,030.00	1,290,257.12	2,022,906.64
WENTWORTH HAUSER	NOBLE CORPORATION (SWITZERLAND) COM USD0.10	Switzerland	107,811.00	4,751,241.99	3,258,048.42
WENTWORTH HAUSER	NOVARTIS AG CHF0.50(REGD)	Switzerland	14,460.00	715,542.19	830,394.61
WENTWORTH HAUSER	PARTNERRE HLDG LTD COM STK	Bermuda	8,425.00	639,173.67	540,969.25
WENTWORTH HAUSER	POTASH CORP SASK INC COM	Canada	102,837.00	3,498,564.92	3,245,111.36
WENTWORTH HAUSER	SAIPEM EUR1	Italy	22,700.00	700,453.56	968,023.97
WENTWORTH HAUSER	SCHLUMBERGER LTD COM COM	Netherlands Ant	59,107.00	4,782,846.19	4,037,599.17
WENTWORTH HAUSER	SUNCOR ENERGY INC NEW COM STK	Canada	107,612.00	4,577,866.38	3,102,453.96
WENTWORTH HAUSER	TALISMAN ENERGY INC COM	Canada	51,973.00	992,198.48	662,655.75
WENTWORTH HAUSER	TECK RESOURCES LIMITED	Canada	22,100.00	1,008,140.60	777,699.00
WENTWORTH HAUSER	TRANSOCEAN LTD	Switzerland	32,140.00	3,464,537.56	1,233,854.60
WENTWORTH HAUSER	UBS AG SHS COM	Switzerland	31,000.00	721,028.83	366,730.33
WENTWORTH HAUSER	WEATHERFORD INTL LTD	Switzerland	205,992.00	4,804,544.73	3,015,722.88
	TOTAL COMMON STOCK		**21,953,513.00**	**524,755,051.71**	**513,476,203.57**
	PREFERRED STOCK				
FIRST EAGLE	ADR PETROLEO BRASILEIRO SA PETROBRAS SPONSORED ADR NON VTG	Brazil	36,072.00	1,101,159.49	847,331.28
FIRST EAGLE	SAMSUNG ELECTRONIC PFD KRW5000	Korea	1,673.00	877,310.16	968,655.38
	TOTAL PREFERRED STOCK		**37,745.00**	**1,978,469.65**	**1,815,986.66**
	STOCK FUNDS				
BLACKROCK INTL EAFE INDEX	CF BLACKROCK EAFE SUDAN FREE EQUITY INDEX FUND	USA	5,932,645.03	55,950,000.00	51,434,835.44
BLACKROCK S&P INDEX	CF BLACKROCK EQUITY GROWTH FUND A	USA	111,057.40	42,407,785.18	40,928,561.66
	TOTAL STOCK FUNDS		**6,043,702.43**	**98,357,785.18**	**92,363,397.10**
	TOTAL EQUITY		**28,034,960.43**	**625,091,306.54**	**607,655,587.33**

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Account name	Asset description	Country	Shares/Par value	Book value	Market value
	U.S. GOVERNMENT AGENCIES				
AMBASSADOR	CORPORACION ANDINA DE FOMENTO NT 8.125% DUE 06-04-2019 REG	Multi-Nat'l Region	745,000.00	916,454.30	915,085.73
AMBASSADOR	FNMA BOND 12-03 2012	USA	1,000,000.00	999,801.00	1,000,740.00
AMBASSADOR	FNMA REMIC TR 2009-70 CL-PA 5 08-25-2035	USA	430,043.59	448,320.46	442,152.75
DODGE & COX	SBA GTD DEV PARTN CTF SER 2003-20-D PARTN CTF 4.76 DUE 04-01-23 REG	USA	409,537.55	409,537.55	445,634.19
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF 2007-20C PARTN CTF VAR RT 3-1-27 REG	USA	491,732.74	491,732.74	548,070.56
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF DEB SER 1997-20 C 7.15	USA	53,695.21	56,872.91	57,886.65
	TOTAL U.S. GOVERNMENT AGENCIES		3,130,009.09	3,322,718.96	3,409,569.88

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Account name	Asset description	Country	Shares/Par value	Book value	Market value
	U.S. GOVERNMENT BONDS				
AMBASSADOR	USA GOV NATL TREAS BD STRIPPEDPRIN PMT 4.375 05 15 2040	USA	5,230,000.00	1,283,494.30	1,710,987.73
BARROW HANLEY BOND	US TREAS BDS 4.75 DUE 02-15-2041 REG	USA	445,000.00	512,636.33	613,265.62
BARROW HANLEY BOND	US TREAS BDS DTD 05-16-2011 4.375 DUE 05-15-2041 REG	USA	165,000.00	202,434.38	214,989.88
BARROW HANLEY BOND	US TREAS NTS NT 2 DUE 01-31-2016 REG	USA	325,000.00	415,242.48	172,875.00
BARROW HANLEY BOND	USA TREAS BDS DTD 00219 4.25% DUE 11-15-2040 REG	USA	3,190,000.00	3,177,173.10	3,568,245.28
BARROW HANLEY BOND	USA TREAS NTS DTD 00334 3.625%DUE 02-15-2021 REG	USA	3,260,000.00	3,309,897.69	3,784,912.16
BARROW HANLEY BOND	USA TREAS NTS DTD 02/15/2011 3.125% DUE 05-15-2021 REG	USA	515,000.00	533,874.82	575,029.43
BARROW HANLEY BOND	UTD STATES TREAS 2% DUE 04-30-2016	USA	1,585,000.00	1,641,409.51	1,673,661.73
DODGE & COX	USA TREAS NTS DTD 00273 .875% DUE 01-31-2012 REG	USA	1,800,000.00	1,808,226.56	1,801,125.00
DODGE & COX	USA TREAS NTS DTD 00303 .625% DUE 07-31-2012 REG	USA	1,150,000.00	1,155,292.61	1,153,548.90
DODGE & COX	UTD STATES TREAS .875% DUE 02-29 2012	USA	400,000.00	402,109.38	400,531.20
MUNDER	US OF AMER TREAS NOTES 3.75 DUE 11-15-2018 REG	USA	725,000.00	833,101.53	843,435.27
MUNDER	US TREAS BDS 4.375 DUE 05-15-2040 REG	USA	2,675,000.00	3,202,415.53	2,974,990.85
MUNDER	US TREAS NTS DTD 00363 2.125 DUE 08-15-2021 REG	USA	2,450,000.00	2,494,772.91	2,512,781.25
MUNDER	USA TREAS BDS BD 3.75% DUE 08-15-2041 REG	USA	420,000.00	478,275.00	493,959.48
MUNDER	USA TREAS BDS BD DTD11/16/1998 5.25% DUE 11-15-2028 REG	USA	835,000.00	968,899.63	1,151,256.25
MUNDER	USA TREAS NTS .875 DUE 11-30-2016	USA	1,305,000.00	1,305,127.42	1,308,976.33
MUNDER	USA TREAS NTS 2 DUE 11-15-2021	USA	1,650,000.00	1,648,278.09	1,468,819.90
MUNDER	USA TREAS NTS DTD 00229 1.875%DUE 04-30-2014 REG	USA	475,000.00	494,502.57	492,218.75
MUNDER	USA TREAS NTS DTD 00338 2.875%DUE 03-31-2018 REG	USA	635,000.00	695,873.24	701,278.12
MUNDER	UTD STATES TREAS 1.50 DUE 06-30-2016	USA	90,000.00	90,046.00	93,072.69
WELLINGTON	UTD STATES TREAS 1% DUE 09-30-2016	USA	2,250,000.00	2,251,392.58	2,073,202.00
	TOTAL U.S. GOVERNMENT BONDS		**31,575,000.00**	**28,904,475.66**	**29,783,162.82**
	U.S. GOVERNMENT MORTGAGE BACKED				
AMBASSADOR	FHLMC GOLD C55607 6.5 08-01-2031	USA	1,063.31	1,071.44	1,213.04
AMBASSADOR	FHLMC GOLD C56693 6.5 08-01-2031	USA	26,938.97	27,144.16	30,732.51
AMBASSADOR	FHLMC GOLD E01127 6.5 02-01-2017	USA	414,913.97	455,886.74	453,441.22
AMBASSADOR	FHLMC GOLD G03323 6 08-01-2037	USA	139,294.23	140,730.71	153,467.97
AMBASSADOR	FHLMC GOLD POOL C24908 6.5 04-01-2029	USA	55,902.70	58,156.29	64,054.43
AMBASSADOR	FHLMC MULTICLASS SER 2716 CL UN 4.5 12-15 2023	USA	908,429.06	850,232.83	989,361.91
AMBASSADOR	FHLMC MULTICLASS SER 2796 CL VB 5.5 01-15 2024	USA	914,724.23	904,254.92	938,511.63
AMBASSADOR	FHLMC MULTICLASS SER 3687 CL JA 4.5 08 15-2039	USA	848,948.22	872,559.60	879,248.03
AMBASSADOR	FHLMC POOL #1B7323 ADJ RT 01-01-2037	USA	149,274.75	150,510.94	158,493.95
AMBASSADOR	FHLMC POOL #1N-1434 ADJ RT 04-01-2037	USA	50,458.56	50,976.93	54,115.29
AMBASSADOR	FNMA POOL #252982 8% DUE 01-01-2030 REG	USA	4,956.03	5,132.59	5,980.14
AMBASSADOR	FNMA POOL #253517 8.5% DUE 11-01 2030 REG	USA	4,463.87	4,624.27	5,462.48
AMBASSADOR	FNMA POOL #330286 7 GTD MTG PASS THRU CTF DUE 11-01-2025 REG	USA	7,827.03	8,234.89	9,034.50
AMBASSADOR	FNMA POOL #446371 6.5% 09-01 2028 BEO	USA	5,362.52	5,630.22	6,127.96
AMBASSADOR	FNMA POOL #450809 6.5% DUE 11-01 2028 REG	USA	12,559.86	13,186.87	14,357.93
AMBASSADOR	FNMA POOL #527756 8% DUE 02-01-2030 REG	USA	12,266.65	12,914.45	14,304.75
AMBASSADOR	FNMA POOL #528319 7% DUE 07-01-2015 REG	USA	5,933.99	6,219.58	6,403.13
AMBASSADOR	FNMA POOL #531119 7% DUE 02-01-2015 REG	USA	488.97	512.50	520.82
AMBASSADOR	FNMA POOL #535801 7% DUE 03-01-2016 REG	USA	3,480.19	3,647.65	3,755.33
AMBASSADOR	FNMA POOL #535951 8% DUE 03-01-2031 REG	USA	4,270.10	4,467.58	5,152.08
AMBASSADOR	FNMA POOL #544397 8.5% DUE 08-01-2030 REG	USA	3,512.93	3,639.17	3,938.34
AMBASSADOR	FNMA POOL #545369 7% DUE 09-01-2016 REG	USA	25,883.82	27,129.47	27,930.19
AMBASSADOR	FNMA POOL #548965 8.5% DUE 07-01-2030 REG	USA	7,374.00	7,639.01	9,031.38
AMBASSADOR	FNMA POOL #557184 8% DUE 11-01-2030 REG	USA	12,532.09	13,139.11	14,745.25
AMBASSADOR	FNMA POOL #561232 8% DUE 05-01-2031 REG	USA	10,360.65	10,839.82	12,190.75
AMBASSADOR	FNMA POOL #562055 8.5% DUE 12-01 2030 REG	USA	10,932.16	11,325.03	12,947.28
AMBASSADOR	FNMA POOL #568386 7% DUE 12-01-2015 REG	USA	72,438.88	75,925.01	77,157.54
AMBASSADOR	FNMA POOL #576022 8% DUE 12-01-2029 REG	USA	369.00	388.48	409.69
AMBASSADOR	FNMA POOL #593020 6.5% DUE 09-01-2031 REG	USA	8,096.15	8,105.03	9,255.19
AMBASSADOR	FNMA POOL #607695 6.5% DUE 11-01 2031 REG	USA	26,405.30	27,725.56	30,053.45
AMBASSADOR	FNMA POOL #634232 7% 04-01-2032 BEO	USA	10,242.06	10,775.78	11,872.90
AMBASSADOR	FNMA POOL #667021 6.5% 11-01 2032 BEO	USA	5,948.18	6,245.15	6,755.11
AMBASSADOR	FNMA POOL #745428 5.5% 01-01-2036 BEO	USA	9,223.10	9,068.17	10,070.79
AMBASSADOR	FNMA POOL #745516 5.5% 05-01-2036 BEO	USA	8,167.16	8,030.00	8,917.80
AMBASSADOR	FNMA POOL #745586 5.5% 06-01-2036 BEO	USA	13,005.31	12,786.88	14,188.40
AMBASSADOR	FNMA POOL #745886 5.5% 04-01-2036 BEO	USA	5,822.14	5,724.33	6,357.25
AMBASSADOR	FNMA POOL #816231 5.5% 03-01 2035 BEO	USA	12,304.71	12,098.01	13,435.63
AMBASSADOR	FNMA POOL #822148 5.109% 11-01-2035 BEO	USA	157,272.24	156,934.37	166,897.30
AMBASSADOR	FNMA POOL #833575 7% 08-01-2035 BEO	USA	20,270.03	21,120.42	23,140.67
AMBASSADOR	FNMA POOL #842001 5.5% 10-01 2035 BEO	USA	132,352.11	130,129.02	144,516.59
AMBASSADOR	FNMA POOL #845556 5.5% 01-01 2036 BEO	USA	13,075.50	12,855.87	14,309.95
AMBASSADOR	FNMA POOL #846874 5.5% 11-01 2035 BEO	USA	108,819.46	106,991.64	119,093.10
AMBASSADOR	FNMA POOL #863096 5.5% 11-01 2035 BEO	USA	29,966.18	29,462.81	32,720.37
AMBASSADOR	FNMA POOL #867066 5.5% 02-01 2036 BEO	USA	92,652.64	91,096.39	101,168.34
AMBASSADOR	FNMA POOL #886034 2.705% 07-01 2036 BEO	USA	62,513.41	64,472.82	66,332.97
AMBASSADOR	FNMA POOL #886574 2.726% 08-01 2036 BEO	USA	64,144.12	66,033.09	67,973.52
AMBASSADOR	FNMA POOL #914653 5.885% 04-01 2037 BEO	USA	59,224.92	60,039.24	63,252.80
AMBASSADOR	FNMA POOL #914854 5.808% 04-01 2037 BEO	USA	77,341.78	78,393.13	82,379.82
AMBASSADOR	FNMA POOL #933131 5.5% 10-01 2037 BEO	USA	2,719,123.43	2,662,616.63	2,463,083.18
AMBASSADOR	FNMA POOL #983077 5% 05-01-2038 BEO	USA	991,356.26	935,127.77	1,071,626.37

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Account name	Asset description	Country	Shares/Par value	Book value	Market value
AMBASSADOR	FNMA PREASSIGN 00164 5 12 25-2032	USA	450,000.00	491,343.75	484,525.80
AMBASSADOR	FNMA REMIC SER 2002-T12 CL A3 7.5 05-25-2042	USA	550,285.43	569,545.43	647,357.43
AMBASSADOR	FNMA REMIC SER 2003-W3 CL 1A2 7 08-25-2042	USA	524,518.46	532,386.24	604,805.97
AMBASSADOR	FNMA REMIC SER 2006-53 CL BP 612 25-2032	USA	850,000.00	914,546.88	877,018.10
AMBASSADOR	FNMA REMIC TR 1992-205 CL Z 7 11 25-2022	USA	517,072.45	591,886.38	587,275.37
AMBASSADOR	FNMA SER 2011-144 CL CE 1.25 06-25-2035	USA	900,000.00	898,875.00	897,785.10
AMBASSADOR	FNMA DEB PRIN-STRIPS PRIN PMT ON 0.00 DEB 2037 DUE 07-15 2037 REG	USA	2,295,000.00	782,920.65	876,208.05
AMBASSADOR	GNMA POOL #404669 7.00 DUE 12-15-2025 REG	USA	9,282.83	9,210.31	10,736.52
AMBASSADOR	GNMA POOL #504549 SER 2029 7% DUE 09-15-2029 REG	USA	21,824.09	21,179.58	25,477.44
AMBASSADOR	GNMA POOL #583960 SER 2032 6.5% DUE 06-15-2032 REG	USA	38,305.33	38,646.50	44,408.90
AMBASSADOR	GNMA POOL #617401 SER 2037 6% DUE 02-15-2037 REG	USA	8,347.40	8,513.68	9,463.36
AMBASSADOR	GNMA POOL #674444 6% 09-15-2037 BEO	USA	6,308.04	6,433.71	7,151.36
AMBASSADOR	GNMA POOL #677514 6% 10-15-2037 BEO	USA	8,077.25	8,238.15	9,157.09
AMBASSADOR	GNMA POOL #683735 6% 03-15-2038 BEO	USA	4,839.30	4,935.71	5,484.76
AMBASSADOR	GNMA POOL #686680 6% 05-15-2038 BEO	USA	87,391.52	89,132.53	99,033.81
AMBASSADOR	GNMA POOL #782169 6% 06-15-2037 BEO	USA	211,481.99	215,695.11	240,091.27
AMBASSADOR	GNMA POOL #782184 SER 2037 6% DUE 09-15-2037 REG	USA	7,867.87	8,024.63	8,931.21
AMBASSADOR	I/O FHLMC MULTICLASS #S1-0087 09-15-2030	USA	31,890.24	40,136.80	5,670.72
AMBASSADOR	I/O FHLMC MULTICLASS FHLMC #S1-0068 01-01-2028	USA	9,485.38	13,541.70	1,914.24
AMBASSADOR	I/O FHLMC MULTICLASS FHLMC #S1-0084 12-01-2029	USA	19,893.23	24,570.94	3,580.38
AMBASSADOR	I/O FHLMC MULTICLASS S1-0095 SERIES 215 06-01-2031	USA	2,697.92	5,032.38	526.87
AMBASSADOR	I/O FHLMC MULTICLASS SER 199 CL IO 6.5% 08-01-2028	USA	44,206.41	19,040.90	8,321.85
AMBASSADOR	I/O FNMA 2005-68 CL-XI 08-25-2035	USA	207,859.12	40,818.37	38,966.93
AMBASSADOR	I/O FNMA SER 2001-4 CL SA VAR RATE 02 17-2031	USA	61,123.89	20,446.21	7,457.66
AMBASSADOR	I/O FNMA SER 2003-25 CL IK 04-25-2033	USA	76,029.43	39,765.37	14,422.09
AMBASSADOR	I/O FNMA SMBS TR #000317 CL 2 12-01-2031	USA	84,089.42	85,162.10	16,356.23
AMBASSADOR	I/O FNMA SMBS TR 000267 CL 2 10-01-2024	USA	19,463.28	17,179.30	4,231.70
AMBASSADOR	I/O FNMA SMBS TR 000296 CL 2 04-01-2024	USA	11,741.16	4,204.73	2,172.46
AMBASSADOR	I/O FNMA SMBS TR 000303 CL 2 10 25-2029	USA	39,012.06	18,675.97	6,934.00
AMBASSADOR	I/O FNMA SMBS TR 000306 CL 2 05-25-2030	USA	18,335.09	43,360.64	3,430.12
AMBASSADOR	I/O FNMA SMBS TR 000307 CL 2 06-01-2030	USA	6,695.18	14,171.75	1,282.86
AMBASSADOR	I/O FNMA SMBS TR 000313 CL 2 06-25-2031	USA	49,101.22	28,119.58	9,361.14
AMBASSADOR	I/O FNMA SMBS TR 000320 CL 2 04-01-2032	USA	17,398.00	17,937.61	3,004.11
AMBASSADOR	I/O GNMA 2001-46 REMIC TR CL SA VAR RT 09-16-2031	USA	15,240.17	16,638.79	3,169.08
AMBASSADOR	I/O GNMA REMIC SER 2000-29 CL MX S INV IO 09-20-2030	USA	17,606.76	19,233.24	4,622.65
AMBASSADOR	I/O GNMA REMIC TR 1999 27 CL SE INVERSE FLTG 08-16-2027	USA	56,901.19	26,311.69	14,312.47
AMBASSADOR	I/O GNMA REMIC TR 1999-30 CL SA INV INT ONLY 04-16-2029	USA	25,459.63	0.00	2,728.76
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #A51589 6%08-01-2036 BEO	USA	92,169.63	92,198.43	101,663.10
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #A69859 6%12-01-2037 BEO	USA	253,716.29	258,037.39	279,531.92
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #A78321 5 5% 12-01-2037 BEO	USA	316,857.82	337,404.07	345,533.45
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #A8 9148 4% 10-01-2039 BEO	USA	697,571.71	732,341.30	732,687.47
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #G02418 5 5% 11-01-2036 BEO	USA	228,626.97	219,874.85	248,640.97
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #G03111 5 5% 05-01-2037 BEO	USA	309,058.04	297,033.74	336,112.98
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #G04185 6%03-01-2038 BEO	USA	287,893.03	288,567.80	317,186.14
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #G05707 5 5% 10-01-2039 BEO	USA	455,874.81	484,651.90	495,567.83
BARROW HANLEY BOND	FEDERAL NATL MTG ASSN GTD MTG POOL #AH3373 5% 01-01-2041 BEO	USA	1,591,744.53	1,675,311.12	1,730,687.91
BARROW HANLEY BOND	FEDERAL NATL MTG ASSN GTD MTG POOL #AH6301 4% 05-01-2026 BEO	USA	1,290,758.09	1,344,405.23	1,363,324.51
BARROW HANLEY BOND	FEDERAL NATL MTG ASSN GTD MTG POOL #AH8854 4.5% 04 01-2041 BEO	USA	855,800.65	914,770.66	915,138.44
BARROW HANLEY BOND	FEDERAL NATL MTG ASSN GTD MTG POOL #AI1856 4.5% 05-01-2041 BEO	USA	588,255.23	628,881.62	631,444.92
BARROW HANLEY BOND	FEDERAL NATL MTG ASSN GTD MTG POOL #AL0208 4.5% 05-01 2041 BEO	USA	1,163,160.50	1,215,866.21	1,238,742.66
BARROW HANLEY BOND	FEDERAL NATL MTG ASSN GTD MTG POOL #AL0215 4.5% 04-01-2041 BEO	USA	754,062.78	800,131.30	803,061.77
BARROW HANLEY BOND	FEDERAL NATL MTG ASSN GTD MTG POOL #AL0247 4% 04-01-2041 BEO	USA	1,466,947.03	1,529,750.72	1,556,372.12
BARROW HANLEY BOND	FHLMC GOLD A66107 6 09-01-2037	USA	245,641.88	252,128.36	270,635.94
BARROW HANLEY BOND	FNMA POOL #256101 5.5% 02-01-2036 BEO	USA	92,324.64	90,507.00	100,810.19
BARROW HANLEY BOND	FNMA POOL #745355 5% 03-01-2036 BEO	USA	392,242.75	379,188.40	424,065.01
BARROW HANLEY BOND	FNMA POOL #745825 6.5% 09-01-2036 BEO	USA	411,851.39	424,786.10	464,807.24
BARROW HANLEY BOND	FNMA POOL #849299 5 5% 01-01-2036 BEO	USA	221,132.88	216,675.71	241,457.20
BARROW HANLEY BOND	FNMA POOL #866593 5.5% 01-01 2036 BEO	USA	376,639.56	369,577.59	411,256.50
BARROW HANLEY BOND	FNMA POOL #888030 5.5% 12-01-2036 BEO	USA	292,656.42	282,093.34	319,279.37
BARROW HANLEY BOND	FNMA POOL #889174 5.5% 08-01-2037 BEO	USA	351,627.04	362,780.18	384,164.84
BARROW HANLEY BOND	FNMA POOL #930300 5% DUE 12-01 2023 BEO	USA	135,850.24	141,093.21	146,221.04
BARROW HANLEY BOND	FNMA POOL #961981 5 5% 03 01 2038 BEO	USA	257,934.48	265,571.76	281,077.13
BARROW HANLEY BOND	FNMA POOL #975097 5% 06-01-2038 BEO	USA	620,056.36	595,641.64	670,262.32
BARROW HANLEY BOND	FNMA POOL #984277 5.5% 06 01-2038 BEO	USA	726,395.83	747,733.73	791,568.06
BARROW HANLEY BOND	FNMA POOL #AB1231 5% 07-01-2040 BEO	USA	1,344,436.90	1,427,623.93	1,461,712.13
BARROW HANLEY BOND	FNMA POOL #AB2265 4% 02-01-2041 BEO	USA	1,160,515.30	1,208,205.23	1,231,260.31
BARROW HANLEY BOND	FNMA POOL #AB3395 4.5% 08-01-2041 BEO	USA	1,394,194.75	1,488,956.43	1,484,789.52
BARROW HANLEY BOND	FNMA POOL #AB3509 4% 09 01-2041 BEO	USA	265,652.36	276,859.57	280,103.84
BARROW HANLEY BOND	FNMA POOL #AB3876 4% 11-01-2041 BEO	USA	777,933.31	813,244.18	818,183.57
BARROW HANLEY BOND	FNMA POOL #AD3775 4.5% 03-01-2025 BEO	USA	255,054.61	268,564.53	274,614.74
BARROW HANLEY BOND	FNMA POOL #AD9311 4.5% 08 01-2040 BEO	USA	598,549.41	629,318.59	637,443.15
BARROW HANLEY BOND	GNMA POOL #688021 6% 10-15-2038 BEO	USA	731,755.51	823,796.62	829,357.06
BARROW HANLEY BOND	GNMA POOL #698214 5% 06-15-2039 BEO	USA	712,319.67	763,851.55	794,478.62
BARROW HANLEY BOND	GNMA POOL #719262 5% 08-15-2040 BEO	USA	693,913.15	737,499.57	772,650.78
BARROW HANLEY BOND	GNMA POOL #723248 5% 10-15-2039 BEO	USA	800,114.51	857,997.79	892,399.71
BARROW HANLEY BOND	GNMA POOL #726382 5% 10-15-2039 BEO	USA	1,244,871.94	1,334,930.63	1,388,455.47
BARROW HANLEY BOND	GNMA POOL #752631 4.5% 10-20-2040 BEO	USA	851,770.87	889,701.31	935,193.30
BARROW HANLEY BOND	GNMA POOL #782858 SER 2039 6% DUE 11 15 2039 REG	USA	716,444.70	797,268.61	812,168.87
BARROW HANLEY BOND	GNMA POOL #782916 SER 2040 5.5% DUE 02-15-2040 REG	USA	675,594.07	719,824.39	758,881.30

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Account name	Asset description	Country	Shares/Par value	Book value	Market value
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #A64639 6.5% 08-01-2037 BEO	USA	668,559.04	714,940.33	750,168.03
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #E90593 6%07-01-2017 BEO	USA	141,977.04	147,678.34	154,505.09
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G01749 5.5% 01-01-2035 BEO	USA	396,456.09	430,898.23	431,841.38
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G01767 6.5% 12-01-2032 BEO	USA	283,566.94	289,437.87	323,830.04
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G03362 6%09-01-2037 BEO	USA	212,534.47	233,389.42	233,762.20
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G04772 7%08-01-2038 BEO	USA	511,594.85	549,964.46	583,348.58
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G0-6020 5.5% 12-01-2039 BEO	USA	1,227,051.06	1,330,966.95	1,333,119.80
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G11623 6%03-01-2019 BEO	USA	128,719.77	135,216.11	139,837.29
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #H09069 6.5% 09-01-2037 BEO	USA	341,386.09	346,346.87	373,541.92
DODGE & COX	FEDERAL NATL MTG ASSN GTD MTG POOL #AL0281 6% DUE 12-01-2039 BEO	USA	604,929.29	662,964.70	666,766.97
DODGE & COX	FEDERAL NATL MTG ASSN GTD MTG POOL #AL0778 6 5% 01-01-2049 BEO	USA	227,239.33	251,951.61	249,972.35
DODGE & COX	FEDERAL NATL MTG ASSN GTD MTG POOL #AL0851 6% 10-01-2040 BEO	USA	1,870,143.78	2,064,463.41	2,061,315.48
DODGE & COX	FEDERAL NATL MTG ASSN GTD MTG POOL #AL0901 6% 07-01 2038 BEO	USA	507,600.87	555,029.84	556,634.09
DODGE & COX	FHLMC GOLD C00647 6 5 09-01-2028	USA	303,315.23	311,040.31	347,543.74
DODGE & COX	FHLMC GOLD E02359 6 07-01-2022	USA	380,329.31	382,349.81	416,266.62
DODGE & COX	FHLMC GOLD G06571 6 11-01-2037	USA	712,953.89	784,806.29	786,224.16
DODGE & COX	FHLMC GOLD G11707 6 03-01-2020	USA	491,342.56	498,252.08	534,698.62
DODGE & COX	FHLMC GOLD G30242 6.5 10-01-2022	USA	221,712.20	232,278.18	247,390.24
DODGE & COX	FHLMC MULTICLASS PREASSIGN 00890 6.5 09-25-2043	USA	563,916.17	590,173.51	636,264.35
DODGE & COX	FHLMC MULTICLASS SER 2541 CL MD 6 03-15 2032/01-15 2012	USA	3,875.67	3,919.12	3,874.35
DODGE & COX	FHLMC MULTICLASS SER 3389 CL GA 6 12-15-2035	USA	337,567.87	340,943.56	346,506.66
DODGE & COX	FHLMC POOL #1G0959 ADJ RT 05-01-2036	USA	325,013.63	324,302.66	342,681.37
DODGE & COX	FHLMC POOL #1N1433 ADJ RT 02-01-2037	USA	336,435.58	335,594.47	357,105.50
DODGE & COX	FHLMC POOL #G06832 6 03-01-2040	USA	715,686.00	782,334.26	788,509.91
DODGE & COX	FNMA 08-25-2047	USA	666,426.01	672,818.42	752,372.97
DODGE & COX	FNMA POOL #252062 6.5% DUE 10-01 2013 REG	USA	52,487.38	54,185.02	54,791.57
DODGE & COX	FNMA POOL #252640 6.5% DUE 08-01-2014 REG	USA	34,991.62	36,246.41	37,128.80
DODGE & COX	FNMA POOL #256901 6.5% 09-01-2037 BEO	USA	198,923.39	200,539.63	219,569.64
DODGE & COX	FNMA POOL #257007 6% DUE 12-01 2027 REG	USA	344,400.24	354,194.15	379,498.06
DODGE & COX	FNMA POOL #323818 6.5% DUE 07-01 2014 REG	USA	59,213.55	61,336.92	62,138.34
DODGE & COX	FNMA POOL #433301 6.5% DUE 07-01 2013 REG	USA	30,387.71	31,327.83	31,721.73
DODGE & COX	FNMA POOL #535574 7.5% 11-01-2013 BEO	USA	12,035.07	12,822.99	12,329.80
DODGE & COX	FNMA POOL #545387 5.969% 01-01 2012 BEO	USA	29,040.15	31,645.82	29,039.01
DODGE & COX	FNMA POOL #545745 6.053% 07-01 2012 BEO	USA	293,189.57	315,636.90	296,296.50
DODGE & COX	FNMA POOL #555285 6% 03-01-2033 BEO	USA	171,515.95	172,105.54	191,065.16
DODGE & COX	FNMA POOL #555424 5.5% 05-01-2033 BEO	USA	654,923.53	707,317.42	715,936.20
DODGE & COX	FNMA POOL #555531 5.5% 06-01-2033 BEO	USA	2,316,097.40	2,467,379.48	2,531,865.03
DODGE & COX	FNMA POOL #725135 6% 05-01-2018 BEO	USA	133,328.71	140,016.00	144,198.46
DODGE & COX	FNMA POOL #725194 6% 12-01-2018 BEO	USA	77,126.94	81,067.64	83,414.79
DODGE & COX	FNMA POOL #725416 6% 01-01-2019 BEO	USA	317,574.42	334,445.55	343,466.26
DODGE & COX	FNMA POOL #725510 6.5% 07-01-2017 BEO	USA	74,830.15	78,887.36	78,762.32
DODGE & COX	FNMA POOL #735067 6% 01-01-2019 BEO	USA	528,358.73	554,281.35	568,926.11
DODGE & COX	FNMA POOL #735417 6.5% 03-01-2035 BEO	USA	496,395.39	510,550.44	563,736.38
DODGE & COX	FNMA POOL #888366 7% 04 01-2037 BEO	USA	752,021.65	809,598.30	858,766.61
DODGE & COX	FNMA POOL #888367 7% 03-01-2037 BEO	USA	825,417.05	935,300.70	942,580.04
DODGE & COX	FNMA POOL #888381 5.507% DUE 04-01-2017 BEO	USA	286,868.56	292,897.26	320,194.08
DODGE & COX	FNMA POOL #888673 6% 04-01-2035 BEO	USA	109,494.06	109,186.11	121,973.09
DODGE & COX	FNMA POOL #889324 6.5% 03-01-2038 BEO	USA	734,026.21	755,473.52	810,207.12
DODGE & COX	FNMA POOL #889527 5.5% 05-01-2023 BEO	USA	1,251,968.22	1,351,147.59	1,359,412.13
DODGE & COX	FNMA POOL #889984 6.5% DUE 10-01-2038 BEO	USA	454,872.14	504,410.57	509,188.42
DODGE & COX	FNMA POOL #890341 6% 06-01-2040 BEO	USA	216,505.28	237,914.79	239,224.04
DODGE & COX	FNMA POOL #968066 6% 10-01-2022 BEO	USA	952,689.01	972,635.91	1,032,739.65
DODGE & COX	FNMA POOL #984262 6% 06-01-2023 BEO	USA	1,262,207.25	1,288,240.28	1,374,972.84
DODGE & COX	FNMA POOL #993724 6% 08-01-2038 BEO	USA	837,085.53	917,393.43	922,654.92
DODGE & COX	FNMA POOL #995391 6% 11-01-2038 BEO	USA	447,889.45	492,503.44	493,533.86
DODGE & COX	FNMA POOL #995411 6% 01-01-2039 BEO	USA	793,074.44	849,580.99	875,474.87
DODGE & COX	FNMA POOL #AD0128 6.5% 10-01-2038 BEO	USA	1,434,120.87	1,536,526.08	1,105,369.24
DODGE & COX	FNMA POOL #AD0636 6% 08-01-2037 BEO	USA	1,725,111.16	1,907,326.03	1,923,015.91
DODGE & COX	FNMA POOL #AD0833 6% 01-01-2039 BEO	USA	646,469.59	686,873.95	714,151.07
DODGE & COX	FNMA POOL #AE0338 ADJ RT DUE 04-01-2038 BEO	USA	946,175.19	1,003,537.06	1,004,033.80
DODGE & COX	FNMA POOL #AE0371 6% 09-01-2039 BEO	USA	1,298,849.19	1,398,901.16	1,434,513.98
DODGE & COX	FNMA POOL #AE0616 6% 03-01-2040 BEO	USA	240,871.07	264,017.29	265,492.91
DODGE & COX	FNMA PREASSIGN 00276 7 03-25-2035	USA	379,399.66	389,003.26	429,236.46
DODGE & COX	FNMA REMIC SER 2003-W2 CL 1-A1 6.5 07-25-2042	USA	204,949.32	216,974.06	235,106.99
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF SER 2006-20A CL 1 5.21 DUE 1-1-26 REG	USA	412,216.27	412,216.27	457,333.34
MUNDER	FEDERAL HOME LN MTG CORP POOL #A48131 6.5% 12-01-2035 BEO	USA	170,992.55	175,935.30	193,361.79
MUNDER	FEDERAL HOME LN MTG CORP POOL #A8-7714 4% 08-01-2039 BEO	USA	2,593,305.02	2,689,743.56	2,523,851.99
MUNDER	FEDERAL HOME LN MTG CORP POOL #A9-4611 4.5% 10-01-2040 BEO	USA	1,689,758.58	1,783,487.38	1,791,566.53
MUNDER	FEDERAL HOME LN MTG CORP POOL #G04739 6%09-01-2038 BEO	USA	374,436.48	381,691.21	411,719.12
MUNDER	FEDERAL HOME LN MTG CORP POOL #G06087 5%09-01-2040 BEO	USA	0.01	0.01	0.01
MUNDER	FEDERAL NATL MTG ASSN GTD MTG POOL #AI1937 5% 05-01-2041 BEO	USA	1,627,570.92	1,765,914.45	1,762,659.30
MUNDER	FHLMC GOLD C67999 7 06-01-2032	USA	2,588.56	2,699.60	2,974.63
MUNDER	FHLMC GOLD C68162 7 06-01-2032	USA	1,581.35	1,649.19	1,817.20
MUNDER	FHLMC GOLD G06727 5.5 01-01-2037	USA	1,524,374.02	1,657,994.94	1,661,383.23
MUNDER	FHLMC GOLD G0 6790 6 06-01-2039	USA	2,554,517.86	2,824,338.81	2,309,663.10
MUNDER	FNMA POOL #190354 5.5% 12-01-2034 BEO	USA	287,146.78	312,272.13	313,717.90
MUNDER	FNMA POOL #684968 5% 09-01-2033 BEO	USA	373,719.86	359,646.99	404,155.60
MUNDER	FNMA POOL #932638 5 DUE 03-01-2040 BEO	USA	2,552,128.84	2,775,838.89	2,285,500.60
MUNDER	FNMA POOL #995112 5.5% DUE 07-01-2036 REG	USA	2,720,670.14	2,972,757.24	2,472,440.95
MUNDER	FNMA POOL #AA5781 5% 04-01-2039 BEO	USA	0.02	0.02	0.02
MUNDER	FNMA POOL #AE0113 4% 07-01-2040 BEO	USA	2,433,471.33	2,505,715.02	2,060,006.97
MUNDER	FNMA POOL #AE0631 4.5% 12-01-2040 BEO	USA	2,262,549.76	2,376,737.84	1,950,477.14
MUNDER	FNMA REMIC SER 1993-203 CL PL 6 5 DUE 10-25-2023 BEO	USA	176,712.65	163,942.39	198,522.70
MUNDER	FNMA REMIC TR 2002 48 CL GH 6.5 11-25-2032	USA	617,282.98	636,862.42	691,229.77
MUNDER	GNMA POOL #538257 SER 2031 7% DUE 10-15-2031 REG	USA	6,481.79	6,684.12	7,607.19
	TOTAL U.S. GOVERNMENT MORTGAGE BACKED		**98,533,812.62**	**101,754,077.79**	**101,273,659.26**

CITY OF MIAMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2011

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	U.S. TIPS GOVERNMENT BONDS				
WELLINGTON	US TREAS NTS INDEX LINKED 0.625 DUE 04-15-2013 REG	USA	1,325,000.00	1,448,218.30	1,443,520.40
WELLINGTON	US TREAS NTS INDEX LINKED 1.625 DUE 01-15-2018 REG	USA	2,375,000.00	2,681,662.12	2,423,408.94
WELLINGTON	US TREAS NTS INDEX LINKED 1.875 DUE 07-15-2019 REG	USA	3,425,000.00	3,651,395.69	3,279,766.11
WELLINGTON	US TREAS NTS INDEX LINKED 2.00 DUE 01-15-2016 REG	USA	2,200,000.00	2,725,847.15	2,305,588.34
WELLINGTON	US TREAS NTS INDEX LINKED 2.125 01-15-2019 REG	USA	5,825,000.00	6,372,930.67	5,802,486.49
WELLINGTON	US TREAS NTS INDEX LINKED 2.36434 DUE 01-15-2014 REG	USA	2,600,000.00	3,250,732.19	3,374,405.91
WELLINGTON	US TREAS NTS INDEX LINKED 2.375 DUE 01-15-2017 REG	USA	4,700,000.00	5,641,070.09	5,626,227.17
WELLINGTON	US TREAS NTS INDEX LINKED NOTES 1.625 DUE 01-15-2015 REG	USA	2,635,000.00	3,189,326.77	3,370,339.04
WELLINGTON	US TREAS NTS INFLATION INDEXED 2.00 DUE 07-15-2014 REG	USA	2,075,000.00	2,553,723.05	2,622,465.89
WELLINGTON	US TREAS NTS TIPS DTD 07-15-2011 07-15-2021	USA	5,100,000.00	5,395,442.02	4,981,667.11
WELLINGTON	USA OF AMER TREAS NOTES 1.375 NTS TIPS 1/15/2020	USA	4,075,000.00	4,266,938.48	3,858,721.31
WELLINGTON	USA TREAS NTS 1.25% TIPS 15/04/20 USD1000 07-15-2020	USA	3,275,000.00	3,394,176.89	3,846,431.03
WELLINGTON	USA TREASURY NTS 0.5% TIPS 15/04/15 USD1000 04-15-2015	USA	6,685,000.00	6,929,536.69	6,309,044.61
WELLINGTON	USA TREASURY NTS 1.125% TIPS 15/1/21 USD1000 01-15-2021	USA	2,641,000.00	2,808,306.86	2,548,979.25
WELLINGTON	USA TREASURY NTS 1.25% TIPS 15/04/14 USD1000 04-15-2014	USA	2,850,000.00	3,239,696.79	2,316,867.63
WELLINGTON	USA TREASURY NTS TIPS DTD 00340 04-15-2016	USA	2,700,000.00	2,857,027.50	2,887,708.32
	TOTAL U.S. TIPS GOVERNMENT BONDS		**54,486,000.00**	**60,406,031.26**	**56,997,627.55**
	MUNICIPAL & INTERNATIONAL GOVERNMENT BONDS				
AMBASSADOR	FL HURRICANE CATASTROPHE FD FIN COR FLTGRATE NTS-SER A 10-15-2012/04-15-2010BEO	USA	950,000.00	947,625.00	949,259.00
AMBASSADOR	GENESEE CNTY MICH VAR-TAXABLE-LTD TAX NTS VAR RT DUE 09-01-2012 REG TAXABLE	USA	210,000.00	210,000.00	210,002.10
DODGE & COX	CALIFORNIA ST 7.3% 10-01-2039 BEO TAXABLE	USA	600,000.00	580,449.75	714,870.00
DODGE & COX	CALIFORNIA ST 7.5% 04-01-2034 BEO TAXABLE	USA	625,000.00	610,109.75	747,931.25
DODGE & COX	CALIFORNIA ST 7.625% 03-01-2040 BEO TAXABLE	USA	150,000.00	152,551.50	185,554.50
DODGE & COX	CALIFORNIA STATE 7.55 MUN BDS DUE 04-01-2039 USD5000	USA	925,000.00	949,803.75	1,131,978.00
DODGE & COX	ILLINOIS ST 5.665 MUN BD DUE 03-01-2018	USA	525,000.00	547,049.25	562,290.75
DODGE & COX	ILLINOIS ST 4.961% 03-01-2016 BEO TAXABLE	USA	425,000.00	447,989.50	449,620.25
DODGE & COX	ILLINOIS ST 5.365% 03-01-2017 BEO TAXABLE	USA	525,000.00	525,000.00	563,204.25
DODGE & COX	LOS ANGELES CALIF UNI SCH DIST 6.758% DUE 07-01-2034 BEO TAXABLE	USA	550,000.00	592,546.00	688,143.50
DODGE & COX	NEW JERSEY ST TPK AUTH TPK REV 7.102% 01-01-2041 BEO TAXABLE	USA	550,000.00	589,554.00	755,689.00
MUNDER	NEW YORK N Y 5.676% 10-01-2034 BEO TAXABLE	USA	750,000.00	750,000.00	798,645.00
MUNDER	PENNSYLVANIA ST 5.35% 05-01-2030 BEO TAXABLE	USA	420,000.00	422,957.20	457,346.40
AMBASSADOR	AID-ISRAEL ST ZERO COUPON DUE 02-15-2020REG	Israel	3,800,000.00	3,091,794.00	2,219,398.00
FIRST EAGLE	HONG KONG MONETARY 0.48% BDS 03/09/12 HKD50000	Hong Kong	2,000,000.00	257,780.36	257,861.87
FIRST EAGLE	HONG KONG(GOVT OF) 2.66% NTS 17/12/2012 HKD	Hong Kong	2,050,000.00	272,653.59	270,839.88
FIRST EAGLE	HONG KONG(GOVT OF) 4.2% NTS 17/09/2012 HKD	Hong Kong	2,400,000.00	323,054.49	319,027.63
FIRST EAGLE	SINGAPORE(GOVT OF) 2.5% BDS 01/10/2012 SGD	Singapore	76,000.00	63,572.19	59,946.31
FIRST EAGLE	SINGAPORE(GOVT OF) 3.5% BDS 01/07/12 SGD1000	Singapore	738,000.00	611,779.83	578,350.90
FIRST EAGLE	UK(GOVT OF) 5% STK 07/03/2012 GBP100	UK	207,000.00	343,224.12	324,400.99
FIRST EAGLE	UK(GOVT OF) 5.25% STK 07/06/2012 GBP100	UK	204,000.00	342,322.38	323,725.89
	TOTAL MUNICIPAL & INTERNATIONAL GOVERNMENT BONDS		**18,680,000.00**	**12,631,816.66**	**12,568,085.47**
	TOTAL U.S. BONDS & BILLS		**203,274,812.62**	**203,696,401.37**	**200,622,535.10**

CITY OF MIAMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2011

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	CORPORATE ASSET BACKED SECURITIES				
AMBASSADOR	CENTERPOINT ENER TRAN II BD 4.97 DUE 08-01-2014 BEO	USA	750,643.68	772,238.60	756,458.16
AMBASSADOR	DET EDISON 6.42% DUE 03-01-2015	USA	1,544,623.33	1,687,983.68	1,604,264.32
AMBASSADOR	JCP&L TRANSITION 2006 A BD CL A-1 5.25 DUE 06-05-2014	USA	193,185.37	199,476.05	195,670.31
AMBASSADOR	PSNH FDG LLC 6.48% DUE 05-01-2015	USA	533,686.62	575,779.11	554,379.78
AMBASSADOR	PVTPL ASG RESECURITIZATION TR 2009-2 VAR144A VAR RT DUE 05-24-2036	USA	453,604.52	414,967.31	449,260.80
AMBASSADOR	SPECIALTY UNDERWRITING & RESIDENTIAL FIN2004 BC2 CTF A-2 05-25-2035 REG	USA	29,932.48	29,960.86	23,247.36
AMBASSADOR	TERWIN MTG TR 2003-8HE ASSET BKD CTF CL A 12-25-2034 REG	USA	47,888.51	47,985.78	35,166.64
BARROW HANLEY BOND	CNH EQUIP TR 1.17% DUE 05-15-2015	USA	380,962.77	380,944.75	381,186.01
BARROW HANLEY BOND	CNH EQUIP TR 2.04% DUE 10-17-2016	USA	305,000.00	312,291.41	311,783.20
BARROW HANLEY BOND	HONDA AUTO 3.3% DUE 09-15-2015	USA	330,000.00	329,940.17	336,259.44
BARROW HANLEY BOND	HYUNDAI AUTO 3.15000009537% DUE 03-15-2016	USA	184,999.99	184,968.62	190,231.23
BARROW HANLEY BOND	JOHN DEERE OWNER 2.59% DUE 10-15-2013	USA	10,322.63	10,320.89	10,334.84
DODGE & COX	BURL NORTHN SANTA FE RY CO PASS THRU TR SER 1999-2 MTG 7.57 1-2-21 BEO SF 7-2-00	USA	629,762.30	686,470.81	788,847.12
DODGE & COX	SLM STUD LN TR 2007-2 CL A-2 FLT RT 07-25-2017 REG	USA	568,326.06	565,306.83	563,565.19
DODGE & COX	SLM STUDENT LN TR 2007-7 STUDENT LN-BKD NT CL A-2 FLTG 01-25-2016 REG	USA	731,354.87	731,354.87	728,718.33
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF DEB SER 1999-20 F 6.8 DUE 06-01-2019 REG	USA	167,403.85	172,870.63	185,150.33
MUNDER	ALLY AUTO RECEIVABLES TR 2011-3 ASSET BACKED CTF CL A 3 08-17-2015 REG	USA	410,000.00	409,960.93	410,083.23
MUNDER	AMERICREDIT 14.550000190737% DUE 01-15-2016	USA	350,000.00	434,984.38	412,303.15
MUNDER	AMERICREDIT 2.76% DUE 05-09-2016	USA	310,000.00	309,910.53	308,330.96
MUNDER	AMERICREDIT 3.34% DUE 04-08-2016	USA	1,300,000.00	1,309,011.72	1,302,067.90
MUNDER	AMERICREDIT 4.08% DUE 09-08-2017	USA	625,000.00	624,974.81	623,176.87
MUNDER	CAP 1 MULTI-ASSET 4.9% DUE 12-15-2017	USA	535,000.00	581,561.72	579,945.88
MUNDER	CARMAX AUTO OWNER 3.75% DUE 12-15-2015	USA	450,000.00	470,250.00	463,243.95
MUNDER	CARMAX AUTO OWNER 4.650000095337% DUE 08-17-2015	USA	375,000.00	374,963.59	894,693.50
MUNDER	CNH EQUIP TR 1.85% DUE 12-16-2013	USA	8,631.22	8,631.07	8,634.88
MUNDER	CNH EQUIP TR 2.04% DUE 10-17-2016	USA	355,000.00	354,920.23	362,895.20
MUNDER	FORD CR AUTO OWNER 2.27% DUE 01-15-2017	USA	800,000.00	799,992.88	811,400.00
MUNDER	FORD CR AUTO OWNER 5.690000057227% DUE 11-15-2012	USA	1,381,431.60	1,390,192.61	1,383,214.03
MUNDER	HONDA AUTO RECEIVABLES 2011-2 OWNER TR HAROT CL A-4 1.55 DUE 07-18-2014 REG	USA	1,009,999.99	1,009,696.09	1,021,687.71
MUNDER	PARK PL SECS INC 2005-WCH1 ASSET BACKED CTF M-2 VAR 02-25-2035 REG	USA	200,000.00	185,093.75	171,789.80
MUNDER	SANTANDER DR AUTO 3.28% DUE 06-15-2016	USA	1,059,999.99	1,059,868.98	1,064,555.87
MUNDER	WORLD OMNI 1.78% DUE 09-15-2016	USA	490,000.00	489,933.85	494,318.86
	TOTAL CORPORATE ASSET BACKED SECURITIES		**16,521,759.78**	**16,916,807.51**	**17,426,864.85**
	COMERCIAL MORTGAGE BACKED SECURITIES				
AMBASSADOR	BANC AMER COML MTG 4.873% DUE 03-11-2041	USA	941,517.59	961,083.51	958,059.11
AMBASSADOR	CMO ASSET SECURITIZATION CORP COML 1997-D5 CL A1E 6.93 2-14-43	USA	730,886.46	745,389.98	737,151.61
AMBASSADOR	CMO BANC AMER COML MTG INC 2004-1 CL A-34 4.429% DUE 11-10-2039 REG	USA	408,568.56	411,888.17	412,045.47
AMBASSADOR	CMO BEAR STEARNS COML MTG SECS INC SER 2002-TOP6 CL A-2 6.46 10-15-36 BEO	USA	534,362.76	539,268.04	535,928.97
AMBASSADOR	CMO COMM 2006-FL12 COML MTG PASSTHRU CTFCL A-2 144A DUE 12-15-2020 BEO	USA	318,600.53	312,228.52	311,254.87
AMBASSADOR	CMO GE CAP COML MTG CORP 2002-1 MTG PASSTHRU CTF CL A-3 6.269 12-10-2035	USA	505,692.80	516,741.67	507,706.46
AMBASSADOR	CMO GS MTG SECS CORP II 2005-GG4 CL A-4A4.751% DUE 07-10-2039 REG	USA	1,360,000.00	1,445,390.63	1,951,819.04
AMBASSADOR	CMO J P MORGAN CHASE COML MTG SECS CORP 20 SEN_FIX 4.871% DUE 10-15-2042 BEO	USA	714,708.70	684,562.47	713,538.00
AMBASSADOR	CMO ML-CFC COML MTG TR 2006-1 COML MTG PASSTHRU CTF CL A-3 VAR 02-12-2039 REG	USA	900,000.00	920,250.00	914,733.90
BARROW HANLEY BOND	CMO BEAR STEARNS COML MTG SECS 2004-PWR5CL A-4 4.831 DUE 07-11-2042 REG	USA	513,001.67	515,801.69	528,624.62
BARROW HANLEY BOND	CMO BEAR STEARNS COML MTG SECS TR 2006-PWR13 CL A4 5.54 DUE 09-11-2041 REG	USA	679,999.99	657,662.02	757,048.74
BARROW HANLEY BOND	CMO BEAR STEARNS COML MTG SECURIT CL A4 FLT RT DUE 12-11-2038 BEO	USA	460,000.00	420,612.50	504,811.36
BARROW HANLEY BOND	CMO CD 2007-CD5 MTG TR DUE 11-15-2044 BEO	USA	645,000.00	441,459.67	714,880.59
BARROW HANLEY BOND	CMO J P MORGAN CHASE COML MTG SECS CORP SER 2005-LDP1 CL A-2 4.625 3-15-2046 REG	USA	190,453.34	191,398.75	192,800.48
MUNDER	CMO AST SECURITIZATION CORP COML MTG PASSTHRU CTF 97-D5 A-5 VAR 2-14-43 REG	USA	676,721.00	721,712.37	693,615.34
MUNDER	CMO BEAR STEARNS COML MTG SECS INC SER 2005-T18 CL A-4 4.933 DUE 02-13-2042 BEO	USA	500,000.00	540,253.91	542,277.50
MUNDER	CMO CFCRE COML MTG TR 2011-C2 CTF CL A-2 3.0614% DUE 12-15-2047 REG	USA	215,000.00	218,224.55	219,497.58
MUNDER	CMO CR SUISSE 1ST BSTN MTG SECS CORP SER 1997-C2 CL F 7.46 DUE 01-17-2035 REG	USA	965,000.00	1,061,801.56	1,514,020.07
MUNDER	CMO DBUBS 2011-LC3 MTG TR MTG PASS THRU CTF CL A2 3.642% DUE 08-10-2044 REG	USA	605,000.00	611,038.66	637,333.62
MUNDER	CMO GS MTG SECS TR 2011-GC5 MTG PASS THRU CTF CL A-2 2.999 DUE 08-10-2044 BEO	USA	754,999.99	762,529.99	773,701.34
MUNDER	CMO J P MORGAN CHASE COML MTG SECS TR 2011-C CL A-3 4.17120 DUE 08-15-2021	USA	865,000.00	873,648.27	926,249.78
MUNDER	CMO MORGAN STANLEY D/WITTER CAP TR 2002 MTG P/THRU CTF CL A 2.5 98 DUE 1-15-39	USA	316,629.21	318,181.01	318,934.27
MUNDER	CMO MSDW CAP I TR 2002-HQ MTG PASSTHRU CTF CL A-3 6.51 04-15-34 BEO	USA	128,669.36	129,363.52	128,706.15
MUNDER	CMO WACHOVIA BK COML MTG TR 2005-C20 MTGPASSTHRU CTF CL A-6 5.11 07-15-42 REG	USA	406,176.74	393,705.84	411,506.18
MUNDER	WFRBS COML MTG TR 3.667000055331% DUE 11-15-2044	USA	395,000.00	398,918.40	410,513.62
	TOTAL COMERCIAL MORTGAGE BACKED SECURITIES		**14,730,988.70**	**14,793,115.70**	**16,316,758.67**

CITY OF MIAMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2011

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	NON-GOVERNMENT BACKED CMOs				
AMBASSADOR	CMO BK AMER FDG CORP 2005-D MTG PASSTHRUCTF CL A-1 VAR RATE 05-25-2035 REG	USA	429,748.42	430,286.14	416,736.06
AMBASSADOR	CMO IMPAC SECD ASSETS CORP 2003-1 20330325 5.02000 DUE 03-25-2033 REG	USA	574,489.83	363,096.80	536,169.63
AMBASSADOR	I/O CMO ALTERNATIVE LN TR 2007-OA3 MTG PASSTHRU CTF CL X-1 04-25-2047 REG	USA	2,978,063.70	126,538.45	119,599.03
AMBASSADOR	I/O CMO CWALT INC 2005-44 MTG PASSTHRU CTF CL A X VAR RATE DUE 10-25-2035 REG	USA	2,713,129.86	146,574.47	152,837.65
AMBASSADOR	I/O CMO CWALT INC SER 2005-81 CL XI 02-25-2037 REG	USA	859,497.67	65,091.41	44,684.85
AMBASSADOR	I/O CMO CWMBS INC 2006-OA1 MTG PASSTHRU CTF CL 2X DUE 03-20-2046 REG	USA	964,746.54	86,945.33	37,094.50
AMBASSADOR	I/O CMO GREENPOINT MTG FDG TR 2005-AR4 MTG PASSTHRU CTF CL X-1 10-25-2045 REG	USA	210,434.10	28,659.09	10,300.98
AMBASSADOR	I/O CMO HARBORVIEW MTG LN TR 2005-16 CL X-3 01-19-2036 REG	USA	1,416,072.12	93,059.01	33,603.39
AMBASSADOR	I/O CMO HARBORVIEW MTG LN TR 2005-16 MTGPASSTHRU CTF CL X-1 DUE 01-19-2036 REG	USA	645,803.46	36,092.25	25,205.70
AMBASSADOR	I/O CMO HARBORVIEW MTG LN TR 2006-1 MTG PASSTHRU CTF CL X-1 VAR RT 03-19-2036	USA	866,300.15	69,210.10	42,355.14
AMBASSADOR	I/O CMO HARBORVIEW MTG LN TR 2006-5 MTG PASSTHRU CTF CL X-2 07-19-2046 REG	USA	1,671,960.23	101,837.56	75,555.88
AMBASSADOR	I/O CMO HARBORVIEW MTG LN TR SER 2005-2 CL X FLTG RT DUE 05-19-2035 REG	USA	807,013.88	51,969.02	31,909.32
AMBASSADOR	I/O CMO HARBORVIEW MTG LN TR SER 2005-3 CL X2 06-19-2035 BEO	USA	894,241.98	48,571.27	40,016.34
AMBASSADOR	I/O CMO INDYMAC MBS INC 2005-AR12 MTG PASSTHRU CTF CL A-X-2 07-25-2035 REG	USA	513,983.58	43,770.10	25,411.14
AMBASSADOR	P/O CMO GREENPOINT MTG FDG TR 2005-AR4 MTG PASSTHRU CTF CL X-4 10-25-2045 REG	USA	634,453.26	65,913.79	32,138.80
AMBASSADOR	P/O CMO HARBORVIEW MTG LN TR 2006-1 MTG PASSTHRU CTF CL PO-1 03-19-2037 REG	USA	4,539.28	1,850.25	75.67
AMBASSADOR	P/O CMO HARBORVIEW MTG LN TR 2006-5 CL PO-2 07-19-2047 REG	USA	7,676.77	86.39	13.37
AMBASSADOR	PVTPL CMO ASG RESECURITIZATION TR 2010-3REMIC 144A VAR RT DUE 12-28-2045	USA	1,247,041.45	1,165,983.77	1,157,900.55
MUNDER	CMO THORNBURG MTG SECS TR 2004-1 CL II 1A VAR 1.77253% DUE 03-25-2044 REG	USA	26,369.12	26,308.64	23,588.18
MUNDER MORTGAGE	CMO MASTR ALTERNATIVE LN TR 2004-10 MTG DUE 09-25-2019	USA	0.08	0.07	0.08
	TOTAL NON-GOVERNMENT BACKED CMOs		**17,465,565.48**	**2,951,843.91**	**2,805,196.26**
	CORPORATE BONDS				
AMBASSADOR	ABBOTT LABS 5.125% DUE 04-01-2019	USA	880,000.00	962,677.65	1,021,802.32
AMBASSADOR	AMER W AIRLS INC 7.1% DUE 04-02-2021	USA	162,597.04	162,597.04	151,215.24
AMBASSADOR	AMEREN ILL CO 9.75% DUE 11-15-2018	USA	538,000.00	679,194.76	707,887.48
AMBASSADOR	ANHEUSER BUSCH GTD NT 5.375 DUE 01-15-2020	USA	686,000.00	697,061.42	804,543.54
AMBASSADOR	ARIZONA PUB SVC CO 8.75% DUE 03-01-2019	USA	560,000.00	666,708.00	715,155.84
AMBASSADOR	AT&T BROADBAND 9.455% DUE 11-15-2022	USA	530,000.00	709,887.20	755,195.94
AMBASSADOR	AT&T INC 5.5% DUE 02-01-2018	USA	800,000.00	707,715.00	926,024.00
AMBASSADOR	BK NY INC MEDIUM TERM SR NTS BOO TRANCHE# TR 00029 4.95 DUE 11-01-2012	USA	775,000.00	842,874.50	803,556.42
AMBASSADOR	BOTTLING GROUP LLC 5.125% DUE 01-15-2019	USA	840,000.00	851,536.20	979,995.24
AMBASSADOR	BP CAP MARKETS PLC 5.25% DUE 11-07-2013	UK	880,000.00	943,984.80	943,856.32
AMBASSADOR	CAROLINA PWR & LT 5.3% DUE 01-15-2019	USA	860,000.00	882,497.60	1,006,926.70
AMBASSADOR	CENTERPOINT ENERGY RES CORP DEL SR NT 4 5 1-15 2021	USA	740,000.00	798,992.06	783,745.84
AMBASSADOR	CME GROUP INC NT 5.75 DUE 02-01 2014 REG	USA	850,000.00	929,662.00	926,512.75
AMBASSADOR	COCA COLA HBC FIN 5.125% DUE 09-17-2013	Netherlands	875,000.00	831,559.20	910,774.37
AMBASSADOR	COMWLTH EDISON CO 5.8% DUE 03-15-2018	USA	624,000.00	685,777.99	736,683.79
AMBASSADOR	CONS EDISON CO N Y INC DEB SER 2008 C 7.125 DUE 12-01-2018/12-04-2008 BEO	USA	750,000.00	841,080.00	964,792.50
AMBASSADOR	CONSUMERS ENERGY 5.375% DUE 04-15-2013	USA	680,000.00	741,177.65	715,502.80
AMBASSADOR	COVIDIEN INTL FIN 6% DUE 10-15-2017	Luxembourg	700,000.00	672,868.00	829,500.70
AMBASSADOR	CSX CORP NT 7.375 DUE 02-01-2019 REG	USA	575,000.00	731,687.50	716,693.80
AMBASSADOR	CVS CAREMARK CORP 6.942999839378% DUE 01-10-2030	USA	657,671.07	733,881.99	728,949.46
AMBASSADOR	DAYTON PWR & LT CO 1ST MTG BD 5.125 DUE 10-01-2013	USA	910,000.00	925,791.70	971,837.23
AMBASSADOR	DETROIT EDISON CO 6.4% DUE 10-01-2013	USA	810,000.00	915,928.20	882,349.20
AMBASSADOR	DIAGEO CAP PLC 5.75 DUE 10-23-2017	UK	860,000.00	780,791.55	1,009,152.38
AMBASSADOR	DUKE ENERGY IND 6.35% DUE 08-15-2038	USA	800,000.00	885,025.00	1,056,268.00
AMBASSADOR	EMERSON ELEC CO 5% DUE 04-15-2019	USA	840,000.00	847,024.60	986,722.80
AMBASSADOR	ENERGY TRANSFER 9.7% DUE 03-15-2019	USA	570,000.00	751,009.20	698,335.50
AMBASSADOR	ENTERPRISE PRODS 6.125 DUE 02-01 2013	USA	625,000.00	677,287.50	652,320.62
AMBASSADOR	FLUOR CORP NEW 3.375% DUE 09-15-2021	USA	960,000.00	951,933.50	972,037.44
AMBASSADOR	GEN ELEC CAP CORP 5.625% DUE 05-01-2018	USA	875,000.00	945,481.25	980,001.75
AMBASSADOR	HEWLETT PACKARD CO 3.75% DUE 12-01-2020	USA	960,000.00	938,092.80	947,589.12
AMBASSADOR	HOME DEPOT INC 5.25% DUE 12-16-2013	USA	650,000.00	722,267.00	705,838.90
AMBASSADOR	HSBC FINANCE CORP 6.375 NTS 27/11/12 USD1000	USA	955,000.00	996,979.65	982,255.70
AMBASSADOR	INTL BUSINESS 7.625% DUE 10-15-2018	USA	665,000.00	782,405.75	892,403.40
AMBASSADOR	JOHNSON & JOHNSON 5.85% DUE 07-15-2038	USA	775,000.00	734,545.00	1,046,386.40
AMBASSADOR	JPMORGAN CHASE & CO FORMERLY J P MORGAN NT 4.75 DUE 05-01-2013 BEO	USA	895,000.00	938,684.95	935,646.42
AMBASSADOR	KIMBERLY CLARK SR NT 7.5 DUE 11-01-2018 BEO	USA	695,000.00	916,114.25	918,268.05
AMBASSADOR	KRAFT FOODS INC 6.125% DUE 02-01-2018	USA	655,000.00	702,919.80	767,766.11
AMBASSADOR	LOCKHEED MARTIN 4.25% DUE 11-15-2019	USA	725,000.00	769,957.25	771,149.87
AMBASSADOR	LUBRIZOL CORP 8.875% DUE 02-01-2019	USA	570,000.00	751,288.50	783,203.37
AMBASSADOR	MCDONALDS CORP MEDIUM TERM NTS BOOK ENTRY SR NT 6.3% DUE 03-01-2038	USA	700,000.00	617,746.36	979,093.50
AMBASSADOR	MERCK & CO INC 5.95% DUE 12-01-2028	USA	835,000.00	1,064,750.25	1,046,160.64
AMBASSADOR	NATL RURAL UTILS 10.375% DUE 11-01-2018	USA	695,000.00	885,054.70	999,934.03
AMBASSADOR	NEVADA PWR CO 7.125% DUE 03-15-2019	USA	640,000.00	757,012.50	799,230.08
AMBASSADOR	NEWS AMER INC 6.9% DUE 03-01-2019	USA	625,000.00	736,293.75	734,560.00
AMBASSADOR	NISOURCE FIN CORP 6.8% DUE 01-15-2019	USA	615,000.00	704,605.50	720,316.29
AMBASSADOR	OHIO PWR CO 5.375% DUE 10-01-2021	USA	765,000.00	778,257.45	877,527.67
AMBASSADOR	ONCOR ELEC 7% DUE 09-01-2022	USA	610,000.00	695,320.70	781,396.58
AMBASSADOR	PLAINS ALL AMERN 8.75% DUE 05-01-2019	USA	600,000.00	749,057.50	766,496.40
AMBASSADOR	PPL ENERGY SUP LLC 6.3% DUE 07-15-2013	USA	660,000.00	725,518.20	705,142.02
AMBASSADOR	PSEG PWR LLC 2.5% DUE 04-15-2013	USA	730,000.00	742,563.30	741,539.84
AMBASSADOR	PVTPL ITC HLDGS CORP NT 144A 5.875% DUE 09-30-2016 BEO	USA	610,000.00	643,109.10	694,472.80
AMBASSADOR	PVTPL ITC HLDGS CORP SR NT 144A 5.5% DUE01-15-2020 BEO	USA	275,000.00	273,924.75	312,738.25
AMBASSADOR	PVTPL TEXAS NEW MEX PWR CO 1ST MTG BD SER 2009A 144A 9.5% DUE 04-01-2019 BEO	USA	560,000.00	681,369.60	734,468.00
AMBASSADOR	REPUBLIC SVCS INC 5.5% DUE 09-15-2019	USA	700,000.00	774,097.75	807,851.10
AMBASSADOR	RIO TINTO FIN USA 9% DUE 05-01-2019	Australia	710,000.00	951,343.20	968,987.41
AMBASSADOR	SEMPRA ENERGY 8.9% DUE 11-15-2013	USA	735,000.00	860,803.85	828,734.55
AMBASSADOR	SMUCKER J M CO 3.5% DUE 10-15-2021	USA	740,000.00	746,423.20	757,055.52
AMBASSADOR	TARGET CORP 6% DUE 01-15-2018	USA	900,000.00	739,638.00	1,596,526.70
AMBASSADOR	TIME WARNER COS 9.125% DUE 01-15-2013	USA	670,000.00	775,291.65	722,400.70
AMBASSADOR	TRANSCANADA 7.25% DUE 08-15-2038	Canada	575,000.00	453,034.79	794,776.50
AMBASSADOR	TYCO INTL FIN S A 8.5% DUE 01-15-2019	Luxembourg	725,000.00	897,887.30	933,857.27
AMBASSADOR	UNILEVER CAP CORP 4.8% DUE 02-15-2019	USA	825,000.00	928,331.25	959,442.00
AMBASSADOR	UTD PARCEL SVC INC 6.2% DUE 01-15-2038	USA	725,000.00	637,666.50	975,188.80
AMBASSADOR	VERIZON 8.95% DUE 03-01-2039	USA	500,000.00	527,987.58	800,729.50
AMBASSADOR	WAL MART STORES 6.2% DUE 04-15-2038	USA	800,000.00	700,672.00	1,574,347.20
AMBASSADOR	WASTE MGMT INC DEL 7.375% DUE 03-11-2019	USA	565,000.00	656,835.10	711,479.07

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Account name	Asset description	Country	Shares/Par value	Book value	Market value
AXA	#REORG/SANDRIDGE ENERGY INC SANDRIDGE ENERGY 451YAL2 02/06/2012	USA	255,000.00	280,500.00	272,850.00
AXA	1ST INDL L P 7.6 BD DUE 07-15-2028 CALL	USA	105,000.00	103,293.75	97,822.20
AXA	ACCO BRANDS CORP 7.625% DUE 08-15-2015	USA	150,000.00	152,175.00	153,000.00
AXA	ADVANCED MICRO 8.125% DUE 12-15-2017	USA	350,000.00	384,125.00	363,125.00
AXA	AES CORP 7.75% DUE 03-01-2014	USA	215,000.00	220,912.50	232,200.00
AXA	AES CORP 9.75% DUE 04-15-2016	USA	515,000.00	564,700.00	589,675.00
AXA	AIRCASTLE LTD 9.75 DUE 08-01-2018	Bermuda	205,000.00	224,475.00	214,737.50
AXA	ALLIS-CHALMERS ENERGY INC FORMERLY ALLI SR NT 8.5 DUE 03-01 2017 BEO	USA	500,000.00	431,250.00	492,500.00
AXA	ALLY FINL INC 8.3% DUE 02-12-2015	USA	300,000.00	323,250.00	316,500.00
AXA	ALTA MESA HLDGS LP / ALTA MESA FIN SVCS CORP SR NT SER B 9.625 10-15-2018	USA	235,000.00	235,000.00	227,950.00
AXA	AMC ENTMT INC NEW SR SUB NT 9.75 12-1-2020	USA	470,000.00	479,400.00	446,500.00
AXA	AMERIGROUP CORP 7.5% DUE 11-15-2019	USA	190,000.00	190,000.00	195,700.00
AXA	AMERN 10.5% DUE 12-15-2016	USA	150,000.00	156,375.00	133,500.00
AXA	AMERN AXLE & MFG 7.75% DUE 11-15-2019	USA	190,000.00	190,000.00	186,200.00
AXA	AMERN INTL GROUP 8.175 DUE 05-15-2058	USA	360,000.00	270,660.43	320,400.00
AXA	AMERN TIRE DISTRS 9.75% DUE 06-01-2017	USA	210,000.00	210,000.00	216,300.00
AXA	AMKOR TECH INC 6.625% DUE 06-01-2021	USA	305,000.00	291,275.00	293,562.50
AXA	APRIA HEALTHCARE 12.375% DUE 11-01-2014	USA	250,000.00	250,000.00	229,375.00
AXA	ARAMARK CORP 8.5% DUE 02-01-2015	USA	390,000.00	394,875.00	399,750.00
AXA	ARCH COAL INC 7.25% DUE 10-01-2020	USA	180,000.00	180,000.00	184,050.00
AXA	ARCH COAL INC SR NT 8.75 DUE 08-01-2016	USA	190,000.00	204,725.00	207,575.00
AXA	ARD FIN S A SECD PIK NT 144A 11.125% DUE06-01-2018/05-18-2011 BEO	Luxembourg	307,296.00	303,775.00	262,738.08
AXA	ASPECT SOFTWARE INC SR SECD LIEN NT 10.625 DUE 05-15-2017	USA	395,000.00	422,650.00	409,812.50
AXA	AVAYA INC 9.75% DUE 11-01-2015	USA	342,000.00	268,057.50	307,800.00
AXA	AVIATION CAP GROUP 7.125% DUE 10-15-2020	USA	355,000.00	354,989.35	343,402.15
AXA	AVIS BUDGET CAR 9.75% DUE 03-15-2020	USA	210,000.00	213,675.00	215,775.00
AXA	AXCAN INTER HLDGS 12.75% DUE 03-01-2016	USA	625,000.00	651,456.25	659,375.00
AXA	BARRETT BILL CORP 9.875% DUE 07-15-2016	USA	205,000.00	227,550.00	225,500.00
AXA	BAUSCH & LOMB INC 9.875% DUE 11-01-2015	USA	180,000.00	189,487.50	189,000.00
AXA	BEAZER HOMES USA 9.125 DUE 05-15-2019	USA	150,000.00	130,312.50	102,375.00
AXA	BERRY PETE CO 10.25% DUE 06-01-2014	USA	235,000.00	257,912.50	265,843.75
AXA	BERRY PETE CO 6.75% DUE 11-01-2020	USA	295,000.00	295,000.00	297,950.00
AXA	BIOMET INC 10% DUE 10-15-2017	USA	210,000.00	228,075.00	226,800.00
AXA	BOISE PAPER HLDGS 9% DUE 11-01-2017	USA	250,000.00	260,000.00	268,750.00
AXA	BON-TON DEPT STORES INC SR NT 10.25% DUE03-15-2014/03-15-2011	USA	265,000.00	269,637.50	169,931.25
AXA	BOYD GAMING CORP 9.125% DUE 12-01-2018	USA	235,000.00	207,975.00	223,250.00
AXA	BRUNSWICK CORP 11.25% DUE 11-01-2016	USA	325,000.00	394,062.50	374,562.50
AXA	BWAY HLDG CO 10 DUE 06-15-2018 BEO	USA	220,000.00	241,450.00	234,300.00
AXA	BWAY PARENT CO INC 10.125 DUE 11-01-2015	USA	186,525.00	168,325.00	180,929.25
AXA	CALUMET SPECIALTY 9.375% DUE 05-01-2019	USA	165,000.00	165,400.00	160,050.00
AXA	CASE NEW HOLLAND INC SR NT 7.875 12-1-2017	USA	190,000.00	167,675.00	214,700.00
AXA	CCH II LLC / CCH 13.5% DUE 11-30-2016	USA	200,000.00	232,000.00	231,000.00
AXA	CCO HLDGS LLC / 7% DUE 01-15-2019	USA	275,000.00	272,926.50	286,687.50
AXA	CDW LLC / CDW FIN 8.5 DUE 04-01-2019	USA	270,000.00	262,575.00	272,025.00
AXA	CDW LLC / CDW FIN CORP 8 DUE 12-15-2018	USA	260,000.00	267,150.00	271,050.00
AXA	CELANESE US HLDGS 5.875% DUE 06-15-2021	USA	260,000.00	261,300.00	268,450.00
AXA	CHAPARRAL ENERGY INC SR NT 9.875 10-1-2020	USA	270,000.00	299,025.00	291,600.00
AXA	CHES ENERGY CORP SR NT DTD 01/09 9.5 DUE02-15-2015 REG	USA	310,000.00	342,229.31	354,950.00
AXA	CHS / CMNTY HLTH 8.875% DUE 07-15-2015	USA	151,000.00	157,040.00	155,907.50
AXA	CIN BELL SR SUB NT 8.75 DUE 03-15-2018	USA	410,000.00	398,750.00	380,787.50
AXA	CITIZENS 9% DUE 08-15-2031	USA	305,000.00	314,412.50	282,125.00
AXA	CKE RESTAURANTS 11.375% DUE 07-15-2018	USA	203,000.00	221,270.00	221,270.00
AXA	CLAIRES STORES INC 10.5% DUE 06-01-2017	USA	225,000.00	184,425.00	154,125.00
AXA	CLAIRES STORES INC 8.875 SNR NT 15/03/19USD	USA	320,000.00	320,000.00	243,200.00
AXA	CLAIRES STORES INC 9.25% DUE 06-01-2015	USA	235,000.00	201,050.00	186,825.00
AXA	CLEAN HBRS INC 7.625% DUE 08-15-2016	USA	195,000.00	205,481.25	207,187.50
AXA	CLEAR CHANNEL 10.75% DUE 08-01-2016	USA	160,000.00	117,820.90	107,200.00
AXA	CLEAR CHANNEL 9% DUE 03-01-2021	USA	155,000.00	138,725.00	130,587.50
AXA	CLOUD PEAK ENERGY 8.5% DUE 12-15-2019	USA	255,000.00	273,487.50	275,400.00
AXA	COLEMAN CABLE INC 9 DUE 02-15-2018	USA	260,000.00	257,400.00	257,725.00
AXA	CONSOL ENERGY INC 8 DUE 04-01-2017	USA	330,000.00	358,050.00	361,350.00
AXA	CONTL RES INC 7.125% DUE 04-01-2021	USA	340,000.00	363,800.00	368,900.00
AXA	CPI INTL INC 8% DUE 02-15-2018	USA	310,000.00	279,000.00	258,075.00
AXA	CR ACCEP CORP MICH 9.125% DUE 02-01-2017	USA	275,000.00	275,000.00	287,375.00
AXA	CSC HLDGS LLC 8.5 DUE 04-15-2014	USA	315,000.00	345,712.50	348,468.75
AXA	DAVE & BUSTERS INC 11% DUE 06-01-2018	USA	450,000.00	450,000.00	456,750.00
AXA	DEL MONTE CORP 7.625 DUE 02-15-2019	USA	330,000.00	300,300.00	316,800.00
AXA	DELUXE CORP 7.375% DUE 06-01-2015	USA	170,000.00	172,550.00	172,125.00
AXA	DENBURY RES INC SR SUB NT 9.75 DUE 03-01-2016 REG	USA	275,000.00	303,875.00	303,187.50
AXA	DEVELOPERS 9.625% DUE 03-15-2016	USA	195,000.00	213,281.25	226,831.80
AXA	DJO FIN LLC / DJO 7.75% DUE 04-15-2018	USA	155,000.00	129,425.00	118,962.50
AXA	DJO FIN LLC / DJO 9.75% DUE 10-15-2017	USA	290,000.00	235,625.00	225,475.00
AXA	DYNACAST INTL LLC 9.25% DUE 07-15-2019	USA	230,000.00	232,600.00	216,200.00
AXA	DYNCORP INTL INC 10.375% DUE 07-01-2017	USA	295,000.00	298,687.50	256,650.00
AXA	EL PASO ENERGY CORP MEDIUM TERM NTS BOOK TR 4 7.8 8 1-31	USA	390,000.00	380,250.00	449,475.00
AXA	EMBARQ CORP 7.995% DUE 06-01-2036	USA	290,000.00	315,982.50	304,265.10
AXA	ENDO 7.25% DUE 01-15-2022	USA	265,000.00	272,287.50	281,893.75
AXA	ENERGY XXI GULF 9.25% DUE 12-15-2017	USA	280,000.00	294,787.50	303,800.00
AXA	ENERGYSOLUTIONS INC / ENERGYSOLUTIONS LLC SR NT 10.75 8-15-2018	USA	175,000.00	189,000.00	163,843.75
AXA	FBL FINL GROUP INC 5.875% DUE 03-15-2017	USA	168,000.00	142,380.00	185,596.32
AXA	FELCOR LODGING LTD 10% DUE 10-01-2014	USA	390,000.00	395,325.00	427,050.00
AXA	FIESTA RESTAURANT GROUP INC SR SECD 2ND LIEN NT 144A 8.875 8-15-2016	USA	250,000.00	250,000.00	251,250.00
AXA	FIRST DATA CORP 11.25% DUE 03-31-2016	USA	90,000.00	89,550.00	74,700.00
AXA	FIRST DATA CORP 9.875% DUE 09-24-2015	USA	265,000.00	231,009.92	249,100.00
AXA	FORD MTR CO DEL 7.45% DUE 07-16-2031	USA	490,000.00	444,475.00	588,000.00
AXA	FORD MTR CR CO LLC 12% DUE 05-15-2015	USA	320,000.00	360,000.00	391,996.80
AXA	FORD MTR CR CO LLC 5.875 DUE 08-02-2021	USA	375,000.00	381,877.50	390,828.00
AXA	FREESCALE 8.05% DUE 02-01-2020	USA	310,000.00	290,625.00	291,400.00
AXA	FREESCALE 8.875% DUE 12-15-2014	USA	210,000.00	219,975.00	215,250.00
AXA	FREESCALE SEMICONDUCTOR INC SR SUB NT 10.125 DUE 12-15-2016 REG	USA	245,000.00	195,642.71	257,862.50
AXA	FRONTIER 8.75% DUE 04-15-2022	USA	230,000.00	223,675.00	227,700.00
AXA	FRONTIER SR NT 8.25 DUE 05-01-2014	USA	350,000.00	379,550.00	364,875.00

CITY OF MIAMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
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Account name	Asset description	Country	Shares/Par value	Book value	Market value
AXA	GANNETT CO INC 8.75% DUE 11-15-2014	USA	280,000.00	304,500.00	299,950.00
AXA	GENON ESCR CORP 9.875 DUE 10-15-2020	USA	305,000.00	326,231.05	309,575.00
AXA	GMAC INC FORMERLY 6.75% DUE 12-01-2014	USA	280,000.00	294,962.50	281,400.00
AXA	GMAC INC FORMERLY 8% DUE 11-01-2031	USA	325,000.00	342,525.00	313,625.00
AXA	GOODYEAR TIRE & 10.5% DUE 05-15-2016	USA	210,000.00	230,162.50	231,525.00
AXA	GRAHAM PACKAGING 9.875% DUE 10-15-2014	USA	250,000.00	258,750.00	254,062.50
AXA	GWR OPERATING PARTNERSHIP 10.875 DUE 04-01-2017	USA	230,000.00	251,150.00	250,125.00
AXA	GXS WORLDWIDE INC 9.75% DUE 06-15-2015	USA	380,000.00	375,443.75	351,500.00
AXA	GYMBOREE CORP 9.125% DUE 12-01-2018	USA	250,000.00	235,000.00	218,750.00
AXA	HARRAHS OPER INC 10% DUE 12-15-2018	USA	645,000.00	493,854.87	441,825.00
AXA	HARRAHS OPER INC 11.25% DUE 06-01-2017	USA	195,000.00	218,156.25	206,943.75
AXA	HCA INC 5.75% DUE 03-15-2014	USA	305,000.00	298,900.00	311,100.00
AXA	HCA INC 8.5% DUE 04-15-2019	USA	230,000.00	254,437.50	251,850.00
AXA	HCA INC SR NT 7.5 DUE 02-15-2022	USA	235,000.00	235,000.00	240,287.50
AXA	HEXION U S FIN CORP / HEXION NOVA SCOTIAFIN ULC 9 11-15-2020	USA	230,000.00	230,000.00	189,750.00
AXA	HOST HOTELS & 9% DUE 05-15-2017	USA	500,000.00	538,125.00	543,750.00
AXA	HUBER J M CORP 9.875 144A DUE 11-01-2019BEO	USA	175,000.00	173,815.25	183,750.00
AXA	ICAHN ENTERPRISES 8% DUE 01-15-2018	USA	445,000.00	424,626.64	462,800.00
AXA	INTELSAT 11.25% DUE 02-04-2017	Luxembourg	375,000.00	353,981.25	362,812.50
AXA	INTELSAT JACKSON HLDGS S A 7.25 DUE 10-15-2020/10-15-2015 REG	Luxembourg	280,000.00	263,900.00	284,200.00
AXA	INTELSAT LTD 11.25% DUE 06-15-2016	Bermuda	410,000.00	423,325.00	430,756.25
AXA	INTERFACE INC SR NT SER B 7.625 DUE 12-01-2018	USA	215,000.00	215,000.00	227,362.50
AXA	INTERNATIONAL LEASE FIN CORP MTN 5.625% DUE 09-20-2013	USA	290,000.00	272,875.00	283,475.00
AXA	INTERPUBLIC GROUP 10% DUE 07-15-2017	USA	240,000.00	262,800.00	274,200.00
AXA	INTL LEASE FIN 8.625% DUE 09-15-2015	USA	245,000.00	273,175.00	251,125.00
AXA	INTL WIRE GROUP 9.75% DUE 04-15-2015	USA	225,000.00	223,718.40	229,558.50
AXA	ISTAR FINL INC 5.7% DUE 03-01-2014	USA	240,000.00	232,500.00	199,800.00
AXA	JAMES RIV COAL CO 7.875% DUE 04-01-2019	USA	230,000.00	230,000.00	173,650.00
AXA	JBS FIN II LTD 8.25% DUE 01-29-2018	Cayman Is	220,000.00	216,994.80	199,650.00
AXA	JONES APPAREL 6.125% DUE 11-15-2034	USA	305,000.00	238,731.25	209,843.05
AXA	KINDRED HEALTHCARE 8.25 DUE 06-01-2019	USA	190,000.00	167,675.00	159,600.00
AXA	LENNAR CORP 12.25% DUE 06-01-2017	USA	245,000.00	295,225.00	291,550.00
AXA	LEVI STRAUSS & CO 8.875% DUE 04-01-2016	USA	365,000.00	378,231.25	379,600.00
AXA	LINN ENERGY LLC / 7.75% DUE 02-01-2021	USA	280,000.00	282,800.00	291,200.00
AXA	MAGNACHIP 10.5 DUE 04-15-2018	Luxembourg	255,000.00	274,125.00	265,200.00
AXA	MASTEC INC 7.625% DUE 02-01-2017	USA	290,000.00	296,525.00	301,600.00
AXA	MGM MIRAGE 5.875% DUE 02-27-2014	USA	160,000.00	145,200.00	155,200.00
AXA	MGM MIRAGE CORPNOTE 7.5% DUE 06-01-2016/05-17-2007	USA	310,000.00	260,400.00	296,825.00
AXA	MGM MIRAGE SR SECD NT 10.375 DUE 05-15-2014	USA	265,000.00	295,475.00	302,762.50
AXA	MICHAELS STORES 11.375% DUE 11-01-2016	USA	630,000.00	629,075.00	667,737.00
AXA	MOMENTIVE 11.5% DUE 12-01-2016	USA	335,000.00	336,787.50	249,575.00
AXA	MPT OPER 6.875 DUE 05-01-2021	USA	315,000.00	311,062.50	312,243.75
AXA	MURRAY ENERGY CORP 10.25% DUE 10-15-2015	USA	365,000.00	379,312.50	362,262.50
AXA	NCL CORP LTD 11.75% DUE 11-15-2016	Bermuda	300,000.00	313,500.00	345,000.00
AXA	NCL CORP LTD 9.5 DUE 11-15-2018	Bermuda	240,000.00	256,200.00	250,200.00
AXA	NEIMAN MARCUS 10.375% DUE 10-15-2015	USA	395,000.00	404,175.00	410,310.20
AXA	NEXSTAR BROADCASTING INC / MISSION BROADCASTING INC 8.875 4-15-2017	USA	150,000.00	162,375.00	153,750.00
AXA	NEXTEL 7.375% DUE 08-01-2015	USA	210,000.00	193,200.00	192,150.00
AXA	NORCRAFT COS LP / 10.5% DUE 12-15-2015	USA	320,000.00	329,600.00	298,400.00
AXA	NORTH AMERN ENERGY ALLIANCE LLC / NORTH 10.875 DUE 06-01-2016	USA	325,000.00	346,125.00	344,500.00
AXA	NOVELIS INC 8.75% DUE 12-15-2020	Canada	220,000.00	220,000.00	235,950.00
AXA	NRG ENERGY INC 7.375% DUE 01-15-2017	USA	220,000.00	228,075.00	228,250.00
AXA	NUVEEN INVTS INC SR NT 10.5% DUE 11-15-2015/11-15-2011	USA	985,000.00	917,012.50	977,612.50
AXA	OASIS PETE INC NEW 6.5% DUE 11-01-2021	USA	150,000.00	150,000.00	148,875.00
AXA	OIL STS INTL INC 6.5 DUE 06-01-2019	USA	235,000.00	234,412.50	240,287.50
AXA	PAETEC HLDG CORP 9.875% DUE 12-01-2018	USA	175,000.00	183,312.50	192,500.00
AXA	PARKER DRILLING CO 9.125% DUE 04-01-2018	USA	330,000.00	334,950.00	347,325.00
AXA	PATRIOT COAL CORP 8.25% DUE 04-30-2018	USA	270,000.00	270,476.10	259,200.00
AXA	PENN VA CORP 10.375% DUE 06-15-2016	USA	340,000.00	385,306.25	362,100.00
AXA	PETROHAWK ENERGY CORP SR NT 10.5% DUE 08-01-2014/02-01-2012	USA	245,000.00	274,350.00	272,562.50
AXA	PHH CORP SR NT 9.25 DUE 03-01-2016	USA	195,000.00	211,993.75	185,250.00
AXA	PK OH INDS INC OH 8.125% DUE 04-01-2021	USA	355,000.00	351,450.00	349,675.00
AXA	PLAINS EXPL & PRODTN CO SR NT 7% DUE 03-15-2017/03-15-2011	USA	590,000.00	578,200.00	610,650.00
AXA	POLYONE CORP 7.375% DUE 09-15-2020	USA	235,000.00	235,000.00	242,637.50
AXA	PULTE HOMES INC 7.875 DUE 06-15-2032 BEO	USA	395,000.00	358,462.50	317,975.00
AXA	PVTPL ACADEMY LTD / ACADEMY FIN CORP SR NT 144A 9.25 DUE 8-1-19/8-3-11	USA	55,000.00	55,000.00	54,312.50
AXA	PVTPL ACE CASH EXPRESS INC SR SECD NT 144A 11% DUE 02-01-2019/02-10-2011 BEO	USA	380,000.00	381,818.75	348,650.00
AXA	PVTPL AFFINIA GROUP INC SR SECD NT 144A 10.75% DUE 08-15-2016/08-15-2012 BEO	USA	247,000.00	270,156.25	267,995.00
AXA	PVTPL AIRCASTLE LTD SR NT 144A 9.75% DUE08-01-2018/08-01-2014 BEO	Bermuda	130,000.00	133,599.70	135,525.00
AXA	PVTPL ALTEGRITY INC SR NT 144A 10.5% DUE11-01-2015/11-01-2011 BEO	USA	695,000.00	645,175.00	625,500.00
AXA	PVTPL BUILDING MATLS CORP AMER SR NT 144A 6.75% DUE 05-01-2021/04-29-2011 BEO	USA	250,000.00	247,765.00	262,500.00
AXA	PVTPL CALPINE CONSTR FIN CO L P / NT 144A 8.06-01-16/05-19-09 BEO	USA	290,000.00	312,112.50	313,200.00
AXA	PVTPL CALUMET SPECIALTY PRODS PARTNERS LP / CA SR NT 144A 9.375 DUE 05-01-2019	USA	295,000.00	274,350.00	283,200.00
AXA	PVTPL CASTLE A M & CO 12.75 DUE 12-15-2016	USA	140,000.00	135,100.00	140,700.00
AXA	PVTPL CHIRON MERGER SUB INC 2ND LIEN SR SECD NT 10.5 DUE 11-01-2018	USA	230,000.00	225,855.40	225,400.00
AXA	PVTPL CKE HLDGS INC SR PIK TOGGLE NT 144A 10.5% DUE 03-14-2016/03-14-2011 BEO	USA	332,817.00	309,062.25	317,840.23
AXA	PVTPL CNH CAP LLC NT 6.25 DUE 11-01-2016 BEO	USA	280,000.00	280,000.00	288,400.00
AXA	PVTPL CNO FINL GROUP INC SR SECD NT 144A9% DUE 01-15-2018/12-21-2010 BEO	USA	90,000.00	90,000.00	94,950.00
AXA	PVTPL COMMSCOPE INC SR NT 144A 8.25% DUE01-15-2019/01-14-2011 BEO	USA	220,000.00	222,975.00	220,000.00
AXA	PVTPL CONSTELLATION ENTERPRISES LLC 1ST 02-01-2016 BEO	USA	215,000.00	213,236.85	202,100.00
AXA	PVTPL DEMATIC S A SR SECD NT 144A 8.75% DUE 05-01-2016/04-28-2011 BEO	Luxembourg	260,000.00	260,000.00	256,750.00
AXA	PVTPL DIGICEL LTD SR NT 144A 12% DUE 04-01 2014/04-01-2011 BEO	Bermuda	230,000.00	258,750.00	257,600.00
AXA	PVTPL DOLPHIN SUBSIDIARY II INC SR NT 144A 7.25% DUE 10-15-2021/10-03-2011 BEO	USA	235,000.00	235,000.00	253,800.00
AXA	PVTPL EH HLDG CORP SR NT 144A 7.625 DUE 06-15-2021 BEO	USA	205,000.00	205,000.00	215,250.00
AXA	PVTPL EXAMWORKS GROUP INC SR NT 9 7-15-2019	USA	255,000.00	255,000.00	230,775.00
AXA	PVTPL EXOPACK HLDG CORP SR NT 144A 10% DUE 06-01-2018/05-31-2011 BEO	USA	415,000.00	415,000.00	415,000.00
AXA	PVTPL FIRST DATA CORP SR NT 144A 12.625%DUE 01-15-2021/12-17-2010 BEO	USA	250,000.00	247,825.00	217,500.00
AXA	PVTPL FMG RES AUGUST 2006 PTY LTD SR NT 8.25 DUE 11-01-2019	Australia	430,000.00	430,000.00	437,525.00
AXA	PVTPL IPAYMENT INC SR NT 144A 10.25% DUE05-15-2018/05-06-2011 BEO	USA	270,000.00	271,125.00	253,800.00
AXA	PVTPL JMC STL GROUP INC SR NT 144A 8.25%DUE 03-15-2018/03-11-2011 BEO	USA	240,000.00	241,905.00	234,000.00
AXA	PVTPL KENNEDY WILSON INC SR NT 144A 8.75% DUE 04-01-2019/04-05-2011 BEO	USA	220,000.00	219,885.35	214,500.00
AXA	PVTPL KODIAK OIL & GAS CORP SR NT 144A 8.125 DUE 12-01-2019 BEO	Canada	295,000.00	295,000.00	305,693.75
AXA	PVTPL LEVEL 3 FING INC SR GTD NT 9.25% DUE 11-01-2014/11-01-2011 REG	USA	191,000.00	183,489.49	195,297.50
AXA	PVTPL LONGVIEW FIBRE PAPER & PACKAGING INC SR SECD NT 144A 8 DUE 06-01-2016 BEO	USA	200,000.00	200,298.03	200,000.00
AXA	PVTPL LYONDELLBASELL INDS N V NT 6% DUE 11-15-2021	Netherlands	410,000.00	410,000.00	425,375.00

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Account name	Asset description	Country	Shares/Par value	Book value	Market value
AXA	PVTPL NEFF RENT LLC / NEFF FIN CORP SR 05 15 2016/05 13 2011 BEO	USA	265,000.00	265,675.00	233,200.00
AXA	PVTPL NFR ENERGY LLC / NFR ENERGY FIN CORP SR NT 144A 9.75 DUE 2 15 2017	USA	200,000.00	194,000.00	180,000.00
AXA	PVTPL NORTEK INC SR NT 144A 8.5% DUE 04 15 2021/04 26 2011 BEO	USA	225,000.00	225,000.00	190,125.00
AXA	PVTPL NORTHN TIER ENERGY LLC / NORTHN TIER F SR NT 144A 10.5 DUE 12 1 2017	USA	345,000.00	358,000.00	369,150.00
AXA	PVTPL NXP B V / NXP FDG LLC SR SECD NT 144A 9 75% DUE 08 01 2018/07 20 2010 BEO	Netherlands	270,000.00	313,875.00	294,300.00
AXA	PVTPL OPTIMA SPECIALTY STL INC 12.5 12 15 16	USA	275,000.00	264,000.00	272,937.50
AXA	PVTPL PACKAGING DYNAMICS CORP SR SECD NT144A 8.75 DUE 02 01 2016/02 01 2011	USA	290,000.00	290,000.00	290,000.00
AXA	PVTPL PALACE ENTMT HLDGS LLC / PALACE 04 15 2017/02 28 2011 BEO	USA	215,000.00	215,000.00	213,387.50
AXA	PVTPL PEABODY ENERGY CORP SR NT 6 DUE 11 15 2018 BEO	USA	410,000.00	410,000.00	418,200.00
AXA	PVTPL PIONEER DRILLING CO SR NT 2011 144A 9.875 DUE 03 15 2018/11 21 2011 BEO	USA	275,000.00	277,750.00	287,375.00
AXA	PVTPL PITT GLASS WKS LLC SR SECD NT 144A8.5 DUE 04 15 2016/04 15 2011 BEO	USA	155,000.00	156,462.50	149,187.50
AXA	PVTPL PRODUCTION RES GROUP INC SR NT 144A 8 875 DUE 05 01 2019/04 15 2011BEO	USA	255,000.00	255,000.00	225,675.00
AXA	PVTPL PROV FDG AS LP / PFG FIN CP SR NT 144A 10 125 DUE 02 15 19/02 15 11 BEO	USA	350,000.00	355,843.75	269,500.00
AXA	PVTPL PROVIDENT FDG ASSOCS LP / PFG FIN CORP SR SECD NT 144A 10.25 DUE 4 15 2017	USA	245,000.00	246,305.21	228,462.50
AXA	PVTPL REYNOLDS GROUP ISSUER INC SR SECD NT 144A 0% DUE 04 15 2019/10 15 2014 BEO	USA	155,000.00	155,000.00	157,712.50
AXA	PVTPL ROOFING SUP GROUP LLC / ROOFING SUPPL SR SECD NT 144A 8.625 12 01 17	USA	195,000.00	197,040.70	198,900.00
AXA	PVTPL RSC EQUIP RENT INC / RSC HLDGS HILLC SR SECD NT 144A 10 7 15 2017BEO	USA	270,000.00	312,168.75	314,550.00
AXA	PVTPL SALLY HLDGS 6.875 DUE 11 15 2019 11 15 2019/11 08 2011 BEO	USA	275,000.00	275,000.00	287,375.00
AXA	PVTPL SEAGATE HDD CAYMAN SR NT 144A 7% DUE 11 01 2021/05 18 2011 BEO	Cayman Is	245,000.00	245,550.00	251,125.00
AXA	PVTPL SEQUA CORP SR NT 144A 11.75% DUE 12 01 2015/12 01 2011 BEO	USA	545,000.00	544,287.50	580,425.00
AXA	PVTPL SEQUA CORP SR PIK NT 144A 13 5% DUE 12 01 2015/12 01 2011 BEO	USA	170,000.00	189,500.00	181,900.00
AXA	PVTPL SESI L L C SR NT 7.125 DUE 12 15 2021	USA	275,000.00	275,000.00	288,750.00
AXA	PVTPL SOUTHERN STS COOP INC SR NT 144A 11.25% DUE 05 15 2015/05 06 2010 BEO	USA	340,000.00	334,123.20	357,000.00
AXA	PVTPL SRA INTL INC SR NT 144A 11% DUE 10 01 2019/07 20 2011 BEO	USA	275,000.00	276,237.50	268,125.00
AXA	PVTPL STEINWAY MUSICAL INSTRS INC SR NT 144A 7% DUE 03 01 2014/03 01 2012 BEO	USA	159,000.00	155,025.00	159,198.75
AXA	PVTPL STONERIDGE INC SR SECD NT 9.5% DUE10 15 2017/10 04 2010 BEO	USA	370,000.00	370,000.00	379,250.00
AXA	PVTPL SWIFT ENERGY CO 7.875 DUE 03 01 2022	USA	440,000.00	436,286.40	434,500.00
AXA	PVTPL SYMETRA FINL CORP CAP EFFICIENT NT144A 8.3% DUE 10 15 2067/10 15 2017 BEO	USA	365,000.00	323,412.50	336,712.50
AXA	PVTPL TRW AUTOMOTIVE INC SR NT 144A 8.875% DUE 12 01 2017/11 23 2009 BEO	USA	265,000.00	287,525.00	287,525.00
AXA	PVTPL USG CORP SR NT 144A 8.375 DUE 10 15 2018/10 15 2014 BEO	USA	190,000.00	187,750.00	174,800.00
AXA	PVTPL VIASYSTEMS INC SR SECD NT 144A 12%DUE 01 15 2015/11 24 2009 BEO	USA	300,000.00	327,000.00	321,375.00
AXA	PVTPL WIND ACQSTN FIN S A GTD SR NT144A 11.75 DUE 07 15 2017/07 15 2011 BEO	Luxembourg	150,000.00	162,750.00	134,250.00
AXA	PVTPL WIRECO WORLDGROUP INC DTD 05 19 2010 144A 9.5 DUE 05 15 2017	USA	385,000.00	380,541.35	386,925.00
AXA	PVTPL WPX ENERGY INC NT 6 DUE 01 15 2022	USA	275,000.00	275,000.00	281,531.25
AXA	PVTPL WYLE SVCS CORP SR SUB NT 144A 10.5% DUE 04 01 2018/03 26 2010 BEO	USA	430,000.00	429,625.00	430,000.00
AXA	PVTPL XERIUM TECHNOLOGIES INC BD 8.875% DUE 06 15 2018/05 26 2011 BEO	USA	240,000.00	240,750.00	217,200.00
AXA	QEP RES INC 6.875% DUE 03 01 2021	USA	365,000.00	368,431.30	393,287.50
AXA	QUICKSILVER RES 8.25% DUE 08 01 2015	USA	365,000.00	360,437.50	377,775.00
AXA	QUIKSILVER INC 6.875% DUE 04 15 2015	USA	240,000.00	225,775.00	222,900.00
AXA	RANGE RES CORP 6.75% DUE 08 01 2020	USA	205,000.00	205,000.00	227,550.00
AXA	REGAL ENTMT GROUP 9.125% DUE 08 15 2018	USA	325,000.00	343,887.50	348,562.50
AXA	REGIONS FING TR II FLTG RT 6.625% DUE 05 15 2047	USA	525,000.00	372,850.00	430,500.00
AXA	RES-CARE INC SR NT 10.75 DUE 01 15 2019	USA	240,000.00	240,000.00	247,800.00
AXA	RGHL US ESCR II 9.875% DUE 08 15 2019	USA	395,000.00	392,454.30	383,150.00
AXA	ROCK-TENN CO 9.25% DUE 03 15 2016	USA	330,000.00	348,975.00	349,800.00
AXA	ROUSE CO LLC 6.75% DUE 11 09 2015	USA	165,000.00	170,981.25	166,856.25
AXA	RYERSON INC SR SECD NT 12% DUE11 01 2015/11 01 2011 REG	USA	285,000.00	296,000.00	287,850.00
AXA	SERVICEMASTER CO 10.75% DUE 07 15 2015/07 15 2011 BEO	USA	650,000.00	669,812.50	672,750.00
AXA	SEVERSTAL COLBS 10 25 DUE 02 15 2018	USA	220,000.00	240,625.00	230,450.00
AXA	SGS INTL INC 12% DUE 12 15 2013	USA	535,000.00	553,725.00	537,675.00
AXA	SHERIDAN GROUP INC SR SECD NT 12.5 4 15 2014	USA	218,840.42	202,974.49	196,956.37
AXA	SPEEDY CASH INTER 10.75% DUE 05 15 2018	USA	225,000.00	228,100.00	226,125.00
AXA	SPIRIT AEROSYSTEMS 6.75 DUE 12 15 2020	USA	305,000.00	311,100.00	318,725.00
AXA	SPRINT CAP CORP 8.75% DUE 03 15 2032	USA	285,000.00	310,654.00	230,493.75
AXA	STD PAC CORP NEW 10.75% DUE 09 15 2016	USA	440,000.00	473,625.00	462,000.00
AXA	STD PAC CORP NEW 8.375% DUE 01 15 2021	USA	365,000.00	365,000.00	343,556.25
AXA	STEEL DYNAMICS INC 7.75% DUE 04 15 2016	USA	400,000.00	401,000.00	417,000.00
AXA	STEWART 6.5% DUE 04 15 2019	USA	330,000.00	331,237.50	331,650.00
AXA	SUNGARD DATA SYS INC SR NT 10.25% DUE 08 15 2015/08 15 2011	USA	370,000.00	376,475.00	383,412.50
AXA	SUNSTATE EQUIP CO LLC / SUNSTATE EQUIP 06 15 2016/06 09 2011 BEO	USA	310,000.00	310,000.00	288,300.00
AXA	SYMBION INC DEL 8% DUE 06 15 2016	USA	175,000.00	161,875.00	161,656.25
AXA	SYNCREON GLOBAL 9 5% DUE 05 01 2018	USA	275,000.00	276,400.00	253,687.50
AXA	SYNOVUS FINL CORP 5.125% DUE 06 15 2017	USA	60,000.00	51,075.00	50,700.00
AXA	TEEKAY CORP 8.5% DUE 01 15 2020	Marshall Is	180,000.00	180,000.00	173,250.00
AXA	TENET HEALTHCARE 10% DUE 05 01 2018	USA	275,000.00	316,081.25	314,187.50
AXA	TOMKINS LLC / 9 DUE 10 01 2018	USA	190,000.00	206,150.00	210,662.50
AXA	TOWER AUTOMOTIVE 10.625% DUE 09 01 2017	USA	285,000.00	288,482.80	286,425.00
AXA	TUTOR PERINI CORP 7.625 DUE 11 01 2018	USA	315,000.00	305,550.00	297,675.00
AXA	TX COMPETITIVE 11.5% DUE 10 01 2020	USA	275,000.00	274,734.50	233,406.25
AXA	VAIL RESORTS INC 6.5% DUE 05 01 2019	USA	320,000.00	324,800.00	326,400.00
AXA	VALASSIS 6 625 DUE 02 01 2021	USA	275,000.00	269,373.50	255,750.00
AXA	VALIDUS HLDGS LTD 8.875% DUE 01 26 2040	Bermuda	190,000.00	191,463.00	207,574.81
AXA	WEST CORP 11% DUE 10 15 2016	USA	755,000.00	753,962.50	794,637.50
AXA	WHITING PETE CORP 7% DUE 02 01 2014	USA	105,000.00	109,637.50	111,825.00
AXA	YCC HLDGS LLC / 10.25% DUE 02 15 2016	USA	455,000.00	418,600.00	398,125.00

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BARROW HANLEY BOND	AFLAC INC 8.5% DUE 05-15-2019	USA	150,000.00	185,788.50	183,832.50
BARROW HANLEY BOND	AIR PRODS & CHEMS 2% DUE 08-02-2016	USA	110,000.00	109,418.10	112,975.39
BARROW HANLEY BOND	ALTRIA GROUP INC 9.7% DUE 11-10-2018	USA	270,000.00	269,813.70	363,261.51
BARROW HANLEY BOND	AMERN EXPRESS CO 8.15% DUE 03-19-2038	USA	200,000.00	198,154.76	296,747.00
BARROW HANLEY BOND	AMERN EXPRESS CR 5.125% DUE 08-25-2014	USA	360,000.00	387,010.80	386,754.84
BARROW HANLEY BOND	ANALOG DEVICES INC 3% DUE 04-15-2016	USA	290,000.00	294,118.00	305,645.50
BARROW HANLEY BOND	APPLIED MATLS INC 2.65% DUE 06-15-2016	USA	260,000.00	262,089.53	266,173.18
BARROW HANLEY BOND	AT&T INC 5.35% DUE 09-01-2040	USA	199,000.00	188,928.61	223,855.10
BARROW HANLEY BOND	BANK AMER CORP 4.5% DUE 04-01-2015	USA	300,000.00	311,463.00	289,495.80
BARROW HANLEY BOND	BAXTER INTL INC 1.8% DUE 03-15-2013	USA	160,000.00	159,812.80	161,900.00
BARROW HANLEY BOND	BAXTER INTL INC 1.85% DUE 01-15-2017	USA	200,000.00	199,882.00	201,554.40
BARROW HANLEY BOND	BEAR STEARNS COS 7.25% DUE 02-01-2018	USA	685,000.00	773,508.50	803,060.43
BARROW HANLEY BOND	BECTON DICKINSON & 3.25% DUE 11-12-2020	USA	285,000.00	284,854.65	295,149.13
BARROW HANLEY BOND	BHP BILLITON FIN USA LTD 1.125 DUE 11-21-2014	Australia	250,000.00	249,112.50	250,586.75
BARROW HANLEY BOND	BK NEW YORK INC 4.3% DUE 05-15-2014	USA	295,000.00	319,166.40	316,519.66
BARROW HANLEY BOND	BK NY INC MEDIUM TERM SR NTS BOO TRANCHE# TR 00042 1.5 DUE 01-31-2014	USA	290,000.00	289,576.60	292,003.90
BARROW HANLEY BOND	BP CAP MKTS P L C 3.2% DUE 03-11-2016	UK	360,000.00	359,668.80	377,287.92
BARROW HANLEY BOND	BP CAP MKTS P L C 3.561% DUE 11-01-2021	UK	205,000.00	205,000.00	213,422.22
BARROW HANLEY BOND	BURL NORTHN SANTA 7.95% DUE 08-15-2030	USA	140,000.00	174,629.00	199,681.58
BARROW HANLEY BOND	CAMERON INTL CORP 6.375% DUE 07-15-2018	USA	125,000.00	124,873.75	148,034.75
BARROW HANLEY BOND	CANADIAN NAT RES LTD 3.45 DUE 11-15-2021	Canada	335,000.00	333,680.10	349,149.39
BARROW HANLEY BOND	CAP 1 FINL CORP 2.125% DUE 07-15-2014	USA	290,000.00	289,840.50	286,282.20
BARROW HANLEY BOND	CATERPILLAR FINL SVCS CORP MEDIUM TERM NTRANCHE # TR 00822 6.125 DUE 02-17-2014	USA	385,000.00	434,919.10	426,263.14
BARROW HANLEY BOND	CDN IMPERIAL BK 1.45% DUE 09-13-2013	Canada	395,000.00	394,549.70	394,990.91
BARROW HANLEY BOND	CITIGROUP INC 6.01% DUE 01-15-2015	USA	380,000.00	403,134.40	396,987.90
BARROW HANLEY BOND	CITIGROUP INC 6.125% DUE 11-21-2017	USA	265,000.00	263,865.80	282,816.21
BARROW HANLEY BOND	CLIFFS NAT RES INC 4.875% DUE 04-01-2021	USA	170,000.00	169,824.90	169,387.32
BARROW HANLEY BOND	CNA FINL CORP 7.35% DUE 11-15-2019	USA	170,000.00	169,807.90	189,465.00
BARROW HANLEY BOND	COCA COLA CO .75% DUE 11-15-2013	USA	565,000.00	564,734.45	566,033.95
BARROW HANLEY BOND	COLBS SOUTHN PWR 5.5% DUE 03-01-2013	USA	385,000.00	388,052.01	403,061.50
BARROW HANLEY BOND	COMCAST CORP NEW 5.875% DUE 02-15-2018	USA	215,000.00	214,690.40	248,597.40
BARROW HANLEY BOND	COMCAST CORP NEW 6.3% DUE 11-15-2017	USA	335,000.00	373,796.35	396,237.33
BARROW HANLEY BOND	COOPER U S INC 2.375% DUE 01-15-2016	USA	310,000.00	309,432.70	315,831.72
BARROW HANLEY BOND	COOPER U S INC 3.875% DUE 12-15-2020	USA	195,000.00	194,069.85	206,367.13
BARROW HANLEY BOND	COVIDIEN INTL FIN SA DTD 06-28-2010 2.8 DUE 06-15-2015	Luxembourg	305,000.00	305,957.70	316,622.02
BARROW HANLEY BOND	DEERE JOHN CAP CORP MEDIUM TERM NTS-BOOKTRANCHE 00355 4.9 DUE 09-09-2013	USA	425,000.00	462,612.50	453,426.55
BARROW HANLEY BOND	DIRECTV HLDGS LLC 3.55% DUE 03-15-2015	USA	320,000.00	318,742.50	333,078.40
BARROW HANLEY BOND	DIRECTV HLDGS LLC 6.35% DUE 03-15-2040	USA	115,000.00	116,985.94	130,826.18
BARROW HANLEY BOND	DOW CHEM CO 4.25% DUE 11-15-2020	USA	265,000.00	263,399.35	275,451.33
BARROW HANLEY BOND	DOW CHEM CO 7.6% DUE 05-15-2014	USA	140,000.00	158,457.60	158,314.52
BARROW HANLEY BOND	DUKE CAP LLC 5.668% DUE 08-15-2014	USA	205,000.00	217,097.05	224,370.86
BARROW HANLEY BOND	EATON CORP 5.6% DUE 05-15-2018	USA	235,000.00	236,481.60	278,016.75
BARROW HANLEY BOND	ECOLAB INC 2.375% DUE 12-08-2014	USA	120,000.00	119,928.00	122,330.76
BARROW HANLEY BOND	ENERGY TRANSFER 8.5% DUE 04-15-2014	USA	415,000.00	461,277.90	465,290.94
BARROW HANLEY BOND	ENERGY TRANSFER SR NT 9 DUE 04-15-2019	USA	180,000.00	193,222.80	214,104.24
BARROW HANLEY BOND	ENSCO PLC FORMERLY 4.7% DUE 03-15-2021	UK	215,000.00	210,753.75	223,902.29
BARROW HANLEY BOND	ENTERPRISE PRODS 5.65% DUE 04-01-2013	USA	355,000.00	384,454.35	371,692.45
BARROW HANLEY BOND	ENTERPRISE PRODS 6.125% DUE 10-15-2039	USA	215,000.00	213,679.90	240,147.90
BARROW HANLEY BOND	EXELON GENERATION 5.2% DUE 10-01-2019	USA	210,000.00	214,993.80	230,683.53
BARROW HANLEY BOND	EXELON GENERATION SR NT 6.25 DUE 10-01-2039	USA	205,000.00	204,719.15	249,790.86
BARROW HANLEY BOND	EXPRESS SCRIPTS 6.25% DUE 06-15-2014	USA	330,000.00	347,812.73	359,678.88
BARROW HANLEY BOND	FRANCE TELECOM SA NT 4.375 DUE07-08-2014	France	200,000.00	199,086.00	211,263.80
BARROW HANLEY BOND	GEN ELEC CAP CORP 5.3% DUE 02-11-2021	USA	145,000.00	144,488.15	154,998.04
BARROW HANLEY BOND	GEN ELEC CAP CORP 5.625% DUE 05-01-2018	USA	260,000.00	266,208.80	291,200.52
BARROW HANLEY BOND	GEN ELEC CAP CORP 5.875% DUE 01-14-2038	USA	465,000.00	366,936.72	492,707.95
BARROW HANLEY BOND	GENERAL ELEC CAP CORP MEDIUM TERM NTS BOOK ENTRY MTN 5.4% DUE 02-15-2017	USA	300,000.00	326,817.00	333,318.30
BARROW HANLEY BOND	GENZYME CORP 5% DUE 06-15-2020	USA	145,000.00	157,931.10	167,396.70
BARROW HANLEY BOND	GILEAD SCIENCES 2.4% DUE 12-01-2014	USA	315,000.00	316,286.25	320,672.52
BARROW HANLEY BOND	GOLDMAN SACHS 5.95% DUE 01-18-2018	USA	335,000.00	349,606.91	343,114.03
BARROW HANLEY BOND	HALLIBURTON CO 3.25% DUE 11-15-2021	USA	215,000.00	214,290.50	222,132.19
BARROW HANLEY BOND	HCP INC 5.375% DUE 02-01-2021	USA	305,000.00	303,410.95	319,757.42
BARROW HANLEY BOND	HLTH CARE REIT INC 3.625% DUE 03-15-2016	USA	190,000.00	189,312.20	186,989.83
BARROW HANLEY BOND	HLTH CARE REIT INC 5.25% DUE 01-15-2022	USA	215,000.00	213,578.85	210,635.93
BARROW HANLEY BOND	HUSKY ENERGY INC 5.9% DUE 06-15-2014	Canada	165,000.00	181,141.95	179,333.55
BARROW HANLEY BOND	INTEL CORP 3.3 DUE 10-01-2021	USA	195,000.00	194,535.90	205,418.65
BARROW HANLEY BOND	INTL BUSINESS 7.625% DUE 10-15-2018	USA	410,000.00	408,474.80	550,203.60
BARROW HANLEY BOND	JOHN DEERE OWNER 3.960000038 15% DUE 05-16-2016	USA	175,000.00	174,962.92	177,010.22
BARROW HANLEY BOND	JOHNSON CTLS INC 1.75% DUE 03-01-2014	USA	470,000.00	472,509.80	474,063.15
BARROW HANLEY BOND	JPMORGAN CHASE & 3.7% DUE 01-20-2015	USA	530,000.00	538,018.90	549,506.65
BARROW HANLEY BOND	KEYCORP MEDIUM TERM SR NTS BOOK ENTRY MTN 5.1% DUE 03-24-2021	USA	160,000.00	159,851.20	166,153.60
BARROW HANLEY BOND	KONINKLIJKE 5.75% DUE 03-11-2018	Netherlands	300,000.00	312,290.00	343,643.10
BARROW HANLEY BOND	LLOYDS TSB BK PLC 6.375% DUE 01-21-2021	UK	160,000.00	159,521.60	160,341.60
BARROW HANLEY BOND	LORILLARD TOB CO 8.125% DUE 06-23-2019	USA	205,000.00	205,000.00	244,195.59
BARROW HANLEY BOND	MARATHON OIL CORP 6% DUE 10-01-2017	USA	245,000.00	251,556.20	285,061.17
BARROW HANLEY BOND	MARATHON PETE CORP 3.5% DUE 03-01-2016	USA	265,000.00	273,013.87	269,741.38
BARROW HANLEY BOND	MEDTRONIC INC 3% DUE 03-15-2015	USA	620,000.00	619,944.20	654,735.50
BARROW HANLEY BOND	MERRILL LYNCH & CO 6.5% DUE 07-15-2018	USA	375,000.00	398,178.75	363,903.00
BARROW HANLEY BOND	MERRILL LYNCH & CO INC MEDIUM TERM NTS BOOK ENTRY MTN 6.4% DUE 08-28-2017	USA	690,000.00	711,180.90	668,129.76
BARROW HANLEY BOND	METLIFE INC 5% DUE 11-24-2013	USA	325,000.00	352,173.25	346,220.87
BARROW HANLEY BOND	MIDAMERICAN ENERGY 5.875% DUE 10-01-2012	USA	425,000.00	429,845.85	439,951.50
BARROW HANLEY BOND	NATL RURAL UTILS 1.125% DUE 11-01-2013	USA	295,000.00	294,896.75	295,126.55
BARROW HANLEY BOND	NOVARTIS CAP CORP 2.9% DUE 04-24-2015	USA	460,000.00	467,341.60	486,832.72
BARROW HANLEY BOND	ONEOK PARTNERS L P 6.125 DUE 02-01-2041	USA	305,000.00	303,048.00	351,392.63

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BARROW HANLEY BOND	PEPSICO INC SR NT 2.5% DUE 05-10-2016	USA	365,000.00	364,660.55	379,716.07
BARROW HANLEY BOND	PETROBRAS INTL FIN 3.875% DUE 01-27-2016	Cayman Is	125,000.00	124,578.75	128,776.37
BARROW HANLEY BOND	PETROBRAS INTL FIN CO 6.875 DUE 01-20-2040 REG	Cayman Is	80,000.00	78,761.60	92,654.80
BARROW HANLEY BOND	PNC FDG CORP 4.25% DUE 09-21-2015	USA	290,000.00	297,827.10	310,888.70
BARROW HANLEY BOND	PSI ENERGY INC 6.05% DUE 06-15-2016	USA	340,000.00	339,843.60	391,456.62
BARROW HANLEY BOND	PVTPL LIBERTY MUT GROUP INC GTD SR NT 144A 5% DUE 06-01-2021 BEO	USA	255,000.00	249,591.45	249,876.03
BARROW HANLEY BOND	RABOBANK NEDERLAND NT 2.125% DUE 10-13-2015	Netherlands	295,000.00	294,277.25	289,070.50
BARROW HANLEY BOND	RIO TINTO FIN USA 2.5% DUE 05-20-2016	Australia	295,000.00	293,542.70	300,925.66
BARROW HANLEY BOND	ROGERS CABLE INC 5.5% DUE 03-15-2014	Canada	280,000.00	309,108.80	301,822.08
BARROW HANLEY BOND	SANOFI-AVENTIS 1.625 DUE 03-28-2014	France	460,000.00	459,369.80	468,053.22
BARROW HANLEY BOND	SANOFI-AVENTIS 4% DUE 03-29-2021	France	310,000.00	306,825.60	343,460.78
BARROW HANLEY BOND	SBC COMMUNICATIONS 5 1% DUE 09-15-2014	USA	530,000.00	519,761.14	583,765.32
BARROW HANLEY BOND	SEMPRA ENERGY 6.5% DUE 06-01-2016	USA	200,000.00	199,556.00	233,300.00
BARROW HANLEY BOND	SIMON PPTY GROUP L 2.8 DUE 01-30-2017	USA	315,000.00	314,269.20	321,751.08
BARROW HANLEY BOND	SIMON PPTY GROUP L 5.75% DUE 12-01-2015	USA	105,000.00	110,787.64	117,470.64
BARROW HANLEY BOND	SPECTRA ENERGY 4.6% DUE 06-15 2021	USA	160,000.00	159,947.20	167,192.96
BARROW HANLEY BOND	SPECTRA ENERGY CAP 5.65% DUE 03-01-2020	USA	215,000.00	214,754.45	238,637.10
BARROW HANLEY BOND	STATE STR CORP 2.875% DUE 03-07-2016	USA	340,000.00	338,589.00	349,951.80
BARROW HANLEY BOND	STATE STR CORP 4.3% DUE 05-30-2014	USA	190,000.00	189,819.50	203,351.49
BARROW HANLEY BOND	SUNTRUST BKS INC 3.5% DUE 01-20-2017	USA	275,000.00	277,238.50	276,417.90
BARROW HANLEY BOND	SUNTRUST BKS INC 3.6% DUE 04-15-2016	USA	155,000.00	154,939.55	157,842.23
BARROW HANLEY BOND	TECK RESOURCES LTD 6% DUE 08-15-2040	Canada	125,000.00	124,776.25	137,529.87
BARROW HANLEY BOND	TELECOM ITALIA CAP 4.95% DUE 09-30-2014	Luxembourg	150,000.00	155,502.00	139,230.60
BARROW HANLEY BOND	TELEFONICA 3.992% DUE 02-16-2016	Spain	160,000.00	163,876.80	153,840.16
BARROW HANLEY BOND	TEVA 3% DUE 06-15-2015	Netherlands Antilles	330,000.00	338,010.82	343,649.13
BARROW HANLEY BOND	TIME WARNER CABLE 6.75% DUE 07-01-2018	USA	430,000.00	483,328.12	510,717.45
BARROW HANLEY BOND	TRANSCANADA 7.625% DUE 01-15-2039	Canada	290,000.00	287,529.20	418,248.15
BARROW HANLEY BOND	TRAVELERS PPTY CAS CORP NEW SR NT DTD 03/11/2003 5 DUE 3-15-13/3 14 13 BEO	USA	395,000.00	428,180.46	412,052.54
BARROW HANLEY BOND	TYCO ELECTRONICS 6.55% DUE 10-01 2017	Luxembourg	225,000.00	224,246.25	259,919.55
BARROW HANLEY BOND	U S BANCORP MEDIUM TERM NTS- BOOK ENTRY BEO 1.375% DUE 09-13-2013/08 13 2013	USA	435,000.00	434,438.85	437,647.41
BARROW HANLEY BOND	U S BANCORP MEDIUM TERM NTS- BOOK ENTRY NT 2.2% DUE 11-15 2016/10 14 2016	USA	300,000.00	299,232.00	302,882.40
BARROW HANLEY BOND	UNION ELEC CO 6.7% DUE 02-01-2019	USA	315,000.00	326,022.15	382,675.23
BARROW HANLEY BOND	UNITEDHEALTH GROUP 4.875% DUE 02-15-2013	USA	410,000.00	437,363.40	426,939.56
BARROW HANLEY BOND	UTD PARCEL SVC INC 3.125% DUE 01 15 2021	USA	295,000.00	293,023.50	312,935.41
BARROW HANLEY BOND	VALERO ENERGY CORP 6.625% DUE 06 15 2037	USA	130,000.00	92,032.20	139,390.81
BARROW HANLEY BOND	VALERO ENERGY CORP 9.375% DUE 03-15-2019	USA	105,000.00	104,860.35	134,646.54
BARROW HANLEY BOND	VERIZON 3.5% DUE 11-01-2021	USA	135,000.00	133,930.80	140,551.47
BARROW HANLEY BOND	VERIZON WIRELESS 8.5% DUE 11-15-2018	USA	345,000.00	341,325.75	465,646.50
BARROW HANLEY BOND	WELLS FARGO & COMPANY 4.6 MTN TRANCHE # SR 00116 DUE 04 01-2021 USD1000	USA	295,000.00	294,389.35	323,521.19
BARROW HANLEY BOND	WESTAR ENERGY INC 6% DUE 07-01-2014	USA	125,000.00	123,942.50	137,055.25
BARROW HANLEY BOND	WESTPAC BKG CORP 2 25% DUE 11-19 2012	Australia	290,000.00	289,756.40	292,882.89
BARROW HANLEY BOND	WILLIS N AMER INC 6.2% DUE 03-28 2017	USA	220,000.00	219,562.20	241,893.08
BARROW HANLEY BOND	XCEL ENERGY INC 5.613% DUE 04 01 2017	USA	705,000.00	705,000.00	799,625.10
BARROW HANLEY BOND	XEROX CORP 4.25% DUE 02 15 2015	USA	305,000.00	322,019.00	321,468.78

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DODGE & COX	AEGON N V 4.75% DUE 06-01-2013	Netherlands	925,000.00	891,432.65	946,479.42
DODGE & COX	AMERN INTL GROUP 4.25% DUE 09-15-2014	USA	125,000.00	124,310.00	121,391.00
DODGE & COX	AMERN INTL GROUP 8.25% DUE 08-15-2018	USA	475,000.00	475,000.00	502,787.97
DODGE & COX	AOL TIME WARNER 7.7% DUE 05-01-2032	USA	1,050,000.00	1,074,704.12	1,869,919.25
DODGE & COX	AT&T CORP USD SR NT VAR RATE DUE 11-15-2031/11-14-2031 BEO	USA	185,000.00	230,397.85	261,323.41
DODGE & COX	BANK AMER CORP 5.625% DUE 07-01-2020	USA	275,000.00	271,439.25	254,026.85
DODGE & COX	BANK AMER CORP 7.625% DUE 06-01-2019	USA	1,400,000.00	1,500,421.75	1,947,903.80
DODGE & COX	BARCLAYS BK PLC 5.125% DUE 01-08-2020	UK	415,000.00	414,367.29	426,296.71
DODGE & COX	BARCLAYS BK PLC SR NT 6.75 DUE05-22-2019	UK	225,000.00	247,891.50	249,440.17
DODGE & COX	BK AMER N A CHARLOTTE N C MEDIUM TERM TRANCHE # TR 00229 5.3 DUE 03-15-2017	USA	650,000.00	649,395.50	586,242.15
DODGE & COX	BOSTON PPTYS LTD PARTNERSHIP 3.7 15 NOV 2018	USA	325,000.00	324,914.00	331,851.65
DODGE & COX	BSTN PPTYS LTD 5.625% DUE 04-15-2015	USA	500,000.00	499,490.00	551,590.50
DODGE & COX	BSTN PPTYS LTD 6.25% DUE 01-15-2013	USA	359,000.00	337,855.53	373,105.82
DODGE & COX	CAP 1 FINL CORP 4.75% DUE 07-15-2021	USA	275,000.00	273,117.75	283,006.07
DODGE & COX	CAP 1 FINL CORP 6.75% DUE 09-15-2017	USA	900,000.00	900,774.75	1,008,465.30
DODGE & COX	CDN NATL RY CO 6.712% DUE 07-15-2036	Canada	450,000.00	481,401.00	603,990.00
DODGE & COX	CIGNA CORP 4 DUE 02-15-2022	USA	125,000.00	123,802.50	123,841.87
DODGE & COX	CIGNA CORP 7.65 DUE 03-01-2023	USA	75,000.00	85,032.75	87,669.75
DODGE & COX	CIGNA CORP 7.875 DEB DUE 05-15-2027	USA	650,000.00	703,329.25	804,875.50
DODGE & COX	CITIGROUP INC 4.75% DUE 05-19-2015	USA	80,000.00	78,812.00	81,020.72
DODGE & COX	CITIGROUP INC 6.125% DUE 11-21-2017	USA	1,075,000.00	1,128,213.00	1,147,273.32
DODGE & COX	CITIGROUP INC GLOBAL SR NT FLTG RATE DUE05-15-2018 REG	USA	950,000.00	950,000.00	816,848.00
DODGE & COX	COMCAST CORP NEW 5.9% DUE 03-15-2016	USA	225,000.00	224,689.50	257,533.20
DODGE & COX	COMCAST CORP NEW 6.3% DUE 11-15-2017	USA	250,000.00	220,525.00	295,699.50
DODGE & COX	COMCAST CORP NEW 6.5 DUE 15-01-2017	USA	275,000.00	276,885.47	323,448.67
DODGE & COX	COMCAST CORP NEW 6.95% DUE 08-15-2037	USA	175,000.00	205,906.75	222,653.90
DODGE & COX	COX COMMUNICATIONS 5.45% DUE 12-15-2014	USA	50,000.00	50,127.19	55,501.35
DODGE & COX	COX COMMUNICATIONS 5.5% DUE 10-01-2015	USA	400,000.00	354,605.00	450,092.80
DODGE & COX	CSX TRANSN INC 9.75% DUE 06-15-2020	USA	315,000.00	386,923.95	430,857.00
DODGE & COX	DOW CHEM CO 7.375% DUE 11-01-2029	USA	350,000.00	429,085.75	444,189.55
DODGE & COX	DOW CHEM CO 8.55% DUE 05-15-2019	USA	374,000.00	373,229.56	489,314.67
DODGE & COX	DOW CHEM CO NT 9.4 DUE 05-15-2039	USA	225,000.00	224,014.50	338,197.95
DODGE & COX	ERP OPER LTD 4.75% DUE 07-15-2020	USA	425,000.00	421,757.25	440,904.77
DODGE & COX	FED EXPRESS CORP 6.72% DUE 01-15-2022	USA	566,207.07	583,249.91	656,284.95
DODGE & COX	FEDEX CORP 7.375% DUE 01-15-2014	USA	125,000.00	125,000.00	139,656.25
DODGE & COX	FEDT RETAIL HLDGS 6.375% DUE 03-15-2037	USA	125,000.00	100,315.50	145,212.75
DODGE & COX	GEN ELEC CAP CORP 4.625 DUE 01-07-2021 REG	USA	175,000.00	182,771.75	181,554.10
DODGE & COX	GEN ELEC CAP CORP 5.5% DUE 01-08-2020	USA	1,025,000.00	1,106,556.72	1,127,799.30
DODGE & COX	HEWLETT PACKARD CO 3.3% DUE 12-09-2016	USA	350,000.00	349,265.00	357,386.40
DODGE & COX	HSBC HLDGS PLC 6.5% DUE 05-02-2036	UK	465,000.00	464,622.85	469,838.79
DODGE & COX	HSBC HLDGS PLC 6.5% DUE 09-15-2037	UK	477,000.00	473,348.61	481,739.56
DODGE & COX	HSBC HOLDINGS PLC 5.1 DUE 04-05-2021	UK	175,000.00	174,620.25	185,953.77
DODGE & COX	JPMORGAN CHASE & CO 4.95 DUE 03-25-2020 REG	USA	625,000.00	628,859.25	664,293.12
DODGE & COX	LAFARGE S A 6.5% DUE 07-15-2016	France	570,000.00	569,626.90	581,405.13
DODGE & COX	MACY'S INC. 6.9% DUE 04-01-2029	USA	100,000.00	92,905.00	109,984.00
DODGE & COX	MACYS RETAIL HLDGS 7.875% DUE 07-15-2015	USA	275,000.00	272,501.25	317,504.82
DODGE & COX	MAY DEPT STORES CO 6.7% DUE 07-15-2034	USA	175,000.00	139,809.25	193,159.57
DODGE & COX	MAY DEPT STORES CO 7.625% DUE 08-15-2013	USA	470,000.00	514,088.40	505,899.54
DODGE & COX	NEWS AMER INC 6.65% DUE 11-15-2037	USA	200,000.00	214,098.00	226,586.60
DODGE & COX	NORDSTROM INC 6.95% DUE 03-15-2028	USA	750,000.00	714,536.37	938,416.50
DODGE & COX	NORFOLK SOUTHN RY 9.75% DUE 06-15-2020	USA	435,000.00	534,323.55	629,423.25
DODGE & COX	PITNEY BOWES INC 6.25% DUE 03-15-2019	USA	675,000.00	673,791.75	730,798.20
DODGE & COX	PVTPL COX COMM INC NEW /TS/COXENTCOX COMM INC 5.875 DUE 12-01-2016	USA	250,000.00	250,300.75	288,640.00
DODGE & COX	PVTPL COX COMMUNICATIONS INC NT 144A 9.375% DUE 01-15-2019/12-15-2008 BEO	USA	325,000.00	322,377.25	439,623.27
DODGE & COX	PVTPL FUEL TR 2011-1 FUEL NT 144A 4.207%DUE 04-15-2016 BEO	USA	1,025,000.00	1,025,000.00	1,533,701.22
DODGE & COX	PVTPL FUEL TRUST FUEL TR SER 2011-2 144A3.984% DUE 12-15-2022 BEO	USA	1,300,000.00	1,300,000.00	1,550,160.89
DODGE & COX	PVTPL LAFARGE S A 5.5 DUE 07-09-2015	France	225,000.00	224,806.50	228,977.77
DODGE & COX	PVTPL LIBERTY MUT GROUP INC SR NT 144A 7.25% DUE 09-01-2012 BEO	USA	250,000.00	227,500.00	257,692.50
DODGE & COX	REED ELSEVIER CAP 8.625% DUE 01-15-2019	USA	475,000.00	479,493.00	592,840.37
DODGE & COX	ROYAL BK SCOTLAND 4.375% DUE 03-16-2016	UK	225,000.00	224,561.25	214,648.42
DODGE & COX	ROYAL BK SCOTLAND 6.125% DUE 01-11-2021	UK	900,000.00	899,704.00	887,876.10
DODGE & COX	SLM CORP MEDIUM 8.45% DUE 06-15-2018	USA	400,000.00	392,120.00	412,000.00
DODGE & COX	ST PAUL TRAVELERS COS INC BD 5.5 DUE 12-01-2015 BEO	USA	250,000.00	239,597.88	280,450.00
DODGE & COX	TELECOM ITALIA CAP 4.95% DUE 09-30-2014	Luxembourg	525,000.00	496,284.00	487,307.10
DODGE & COX	TELECOM ITALIA CAP 6.999% DUE 06-04-2018	Luxembourg	225,000.00	236,198.25	210,351.60
DODGE & COX	TI CAPITAL 7.175% DUE 06-18-2019	Luxembourg	200,000.00	218,562.00	187,421.60
DODGE & COX	TIME WARNER CABLE 8.25% DUE 04-01-2019	USA	250,000.00	270,813.00	314,003.00
DODGE & COX	TIME WARNER CABLE 8.75% DUE 02-14-2019	USA	775,000.00	872,581.75	989,619.97
DODGE & COX	TRAVELERS PPTY CAS CORP NEW SR NT DTD 03/11/2003 5 DUE 3-15-13/3-14-13 BEO	USA	350,000.00	352,198.00	365,109.85
DODGE & COX	UN PAC RR CO 2002-1 PASS THRU TR MTG PASSTHRU CTF 2002-1 6.061 1-17-23 BEO	USA	1,111,390.45	1,111,390.45	1,557,038.16
DODGE & COX	UN PAC RR CO PASS THRU TR CTF SER 1998-C6.33 01-02-2020 BEO SF 01-02-2009	USA	197,686.46	195,672.30	219,981.53
DODGE & COX	WACHOVIA BK NATL ASSN MEDIUM TERM SUB BKTRANCHE # SB 00008 6 DUE 11-15-2017	USA	475,000.00	471,214.25	524,505.92
DODGE & COX	WACHOVIA CORP 5.75% DUE 02-01-2018	USA	90,000.00	89,614.80	102,241.98
DODGE & COX	WELLPOINT INC 5% DUE 12-15-2014	USA	225,000.00	211,101.75	245,832.30
DODGE & COX	WELLPOINT INC 5.25% DUE 01-15-2016	USA	800,000.00	779,895.78	895,648.00
DODGE & COX	WHIRLPOOL CORP 6.5% DUE 06-15-2016	USA	250,000.00	251,097.50	272,695.25
DODGE & COX	XEROX CORP 6.4% DUE 03-15-2016	USA	600,000.00	536,778.12	671,361.60
DODGE & COX	XEROX CORP 6.75% DUE 02-01-2017	USA	700,000.00	736,841.00	801,838.80
FIRST EAGLE	NORSKE SKOG CDA 7.375 DUE 12-31-2040	Canada	133,000.00	87,987.50	6,317.50

CITY OF MIAMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2011

Account name	Asset description	Country	Shares/Par value	Book value	Market value
MUNDER	AGILENT 5.5% DUE 09-14-2015	USA	665,000.00	731,277.60	733,030.16
MUNDER	AXIS SPECIALTY FIN 5.875% DUE 06-01-2020	Bermuda	935,000.00	902,228.25	961,274.43
MUNDER	BEAR STEARNS COS 7.25% DUE 02-01-2018	USA	500,000.00	580,735.20	586,175.50
MUNDER	BMC SOFTWARE INC 7.25% DUE 06-01-2018	USA	590,000.00	674,137.00	680,382.69
MUNDER	CAP 1 FINL CORP 7.375% DUE 05-23-2014	USA	500,000.00	574,590.00	549,356.00
MUNDER	CHUBB CORP FLTG RT JR SUB NTS DUE 03-29-2067/04-15-2009 BEO	USA	835,000.00	866,337.50	824,562.50
MUNDER	CISCO SYS INC SR NT 5.9 DUE 02-15-2039 REG	USA	400,000.00	436,204.00	500,807.20
MUNDER	CITIGROUP INC 3.953% DUE 06-15-2016	USA	215,000.00	219,382.56	214,258.89
MUNDER	CITIGROUP INC 5.375% DUE 08-09-2020	USA	215,000.00	222,978.65	221,078.26
MUNDER	COCA COLA CO 3.15% DUE 11-15-2020	USA	855,000.00	852,383.70	897,325.06
MUNDER	COMCAST CORP NEW 6.4% DUE 05-15-2038	USA	300,000.00	278,556.00	360,429.90
MUNDER	CRH AMER INC 6 DUE 09-30-2016 BEO	USA	400,000.00	433,156.00	427,287.60
MUNDER	EXELON CORP 4.9% DUE 06-15-2015	USA	640,000.00	674,355.20	689,586.56
MUNDER	GE EQUIP MIDTICKET 5.67% DUE 11-16-2020	USA	500,000.00	518,068.30	513,884.50
MUNDER	GEN ELEC CAP CORP 5.3% DUE 02-11-2021	USA	720,000.00	722,438.30	769,645.44
MUNDER	GEN ELEC CAP CORP 5.5% DUE 01-08-2020	USA	615,000.00	644,028.81	676,679.58
MUNDER	GOLDMAN SACHS 6.15% DUE 04-01-2018	USA	280,000.00	298,947.60	288,984.92
MUNDER	HLTH CARE REIT INC 4.7% DUE 09-15-2017	USA	430,000.00	434,871.90	427,046.76
MUNDER	HLTH CARE REIT INC 5.25% DUE 01-15-2022	USA	330,000.00	327,818.70	323,301.66
MUNDER	HUNTINGTON 7% DUE 12-15-2020	USA	290,000.00	324,568.00	328,665.70
MUNDER	INTEL CORP 4.8% DUE 10-01-2041	USA	295,000.00	292,811.10	330,608.56
MUNDER	INTL PAPER CO 7.95% DUE 06-15-2018	USA	325,000.00	393,786.25	395,599.42
MUNDER	KEYCORP MEDIUM TERM SR NTS BOOK ENTRY MTN 5.1% DUE 03-24-2021	USA	390,000.00	390,226.90	404,999.40
MUNDER	KILROY RLTY CORP 5% DUE 11-03-2015	USA	305,000.00	317,523.30	313,663.83
MUNDER	KILROY RLTY L P 4.8% DUE 07-15-2018	USA	430,000.00	427,359.80	424,708.85
MUNDER	LIBERTY PPTY LTD 5.65% DUE 08-15-2014	USA	585,000.00	641,066.40	623,493.00
MUNDER	LINCOLN NATL CORP SR NT 8.75 DUE 07-01-2019	USA	435,000.00	554,433.05	529,116.16
MUNDER	LORILLARD TOB CO 8.125% DUE 06-23-2019	USA	305,000.00	365,390.00	363,315.39
MUNDER	LUBRIZOL CORP 8.875% DUE 02-01-2019	USA	625,000.00	787,287.50	858,775.62
MUNDER	METLIFE INC 6.817% DUE 08-15-2018	USA	550,000.00	619,190.00	654,245.90
MUNDER	NEWS AMER INC 6.9% DUE 03-01-2019	USA	500,000.00	590,850.00	587,648.00
MUNDER	NEWS AMER INC 7.85% DUE 03-01-2039	USA	500,000.00	605,755.00	608,870.00
MUNDER	PNC FDG CORP 5.625% DUE 02-01-2017	USA	540,000.00	598,023.00	587,992.50
MUNDER	PROCTER & GAMBLE 9.36% DUE 01-01-2021	USA	704,664.00	823,684.66	948,364.99
MUNDER	SIMON PPTY GROUP L 10.35% DUE 04-01-2019	USA	495,000.00	670,319.10	679,486.50
MUNDER	STANCORP FINL GROUP INC INC CAP OBLIGNT FIXED FLTG DUE 06-01-2067/06-01-2011 REG	USA	300,000.00	161,400.00	270,753.00
MUNDER	TI CAPITAL 7.175% DUE 06-18-2019	Luxembourg	230,000.00	247,871.00	215,534.84
MUNDER	TJX COS INC NEW 6.95% DUE 04-15-2019	USA	516,000.00	614,179.32	642,916.39
MUNDER	U S BANCORP MEDIUM TERM NTS- BOOK ENTRY NT 2.2% DUE 11-15-2016/10-14-2016	USA	395,000.00	398,009.90	398,795.16
MUNDER	VALERO ENERGY CORP 10.5% DUE 03-15-2039	USA	345,000.00	465,163.50	508,948.14
MUNDER	WAL-MART STORES 5% DUE 10-25-2040	USA	355,000.00	352,154.75	417,812.28
MUNDER	WAL-MART STORES 5.625% DUE 04-01-2040	USA	630,000.00	624,676.50	797,995.80
MUNDER	WELLS FARGO & CO 5.625% DUE 12-11-2017	USA	380,000.00	416,582.60	433,020.64
	TOTAL CORPORATE BONDS		**212,517,694.51**	**219,532,676.17**	**232,850,504.72**
	GUARANTEED FIXED INCOME				
AMBASSADOR	BK OF AMER 3.125 DUE 06-15-2012 FDIC GTD	USA	500,000.00	515,252.50	506,723.00
MUNDER	GEN ELEC CAP CORP FDIC GTD 2.625 DUE 12-28-2012	USA	560,000.00	577,077.76	573,403.60
	TOTAL GUARANTEED FIXED INCOME		**1,060,000.00**	**1,092,330.26**	**1,080,126.60**
	TOTAL CORPORATE BONDS		**262,296,008.47**	**255,286,773.55**	**270,479,451.10**

CITY OF MIAMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2011

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	PRIVATE EQUITY PARTNERSHIPS				
COLLER CAPITAL LP	COLLER INTERNATIONAL PARTNERS V B, LP	Cayman Is	6,566,000.00	6,566,000.00	8,757,636.00
JP MORGAN PRIVATE EQ LP	JP MORGAN DIRECT VENTURE CAPITAL FINANCE INSTITUTIONAL INVESTORS III, LLC	USA	82,863.00	82,863.00	64,289.00
JP MORGAN PRIVATE EQ LP	JP MORGAN EUROPEAN DIRECT CORPORATE FINANCE INSTITUTIONAL INVESTORS III, LLC	USA	180,872.00	180,872.00	40,045.00
JP MORGAN PRIVATE EQ LP	JP MORGAN EUROPEAN POOLED CORPORATE FINANCE INSTITUTIONAL INVESTORS III, LLC	USA	2,356,223.00	2,356,223.00	2,339,102.00
JP MORGAN PRIVATE EQ LP	JP MORGAN POOLED VENTURE CAPITAL INSTITUTIONAL INVESTORS III, LLC	USA	2,556,244.00	2,556,244.00	2,715,855.00
JP MORGAN PRIVATE EQ LP	JP MORGAN US DIRECT CORPORATE FINANCE INSTITUTIONAL INVESTORS III, LLC	USA	880,375.00	880,375.00	1,118,526.00
JP MORGAN PRIVATE EQ LP	JP MORGAN US POOLED CORPORATE FINANCE INSTITUTIONAL INVESTORS III, LLC	USA	4,717,563.00	4,717,563.00	5,294,238.00
LEXINGTON PARTNERS LP	LEXINGTON CAPITAL PARTNERS VI B (OFFSHORE), LP	USA	11,145,087.80	11,145,087.80	10,879,835.47
PANTHEON EURO LP	PANTHEON EUROPE FD LP	UK	1,705,000.00	2,402,921.05	2,191,027.93
PANTHEON US LP	PANTHEON USA FUND VII, LP	USA	6,328,458.00	6,328,458.00	6,808,262.00
	TOTAL PRIVATE EQUITY PARTNERSHIPS		**36,518,685.80**	**37,216,606.85**	**40,208,816.40**
	REAL ESTATE FUNDS				
JP MORGAN PRIVATE EQ LP	CF JPMCB SPECIAL SITUATION PROPERTY FUND	USA	9,716.46	11,963,945.15	12,273,093.82
JP MORGAN PRIVATE EQ LP	CF JPMCB STRATEGIC PROPERTY FUND	USA	29,938.89	45,682,205.76	47,127,372.12
URDANG REAL ESTATE	URDANG GLOBAL REAL ESTATE SECURITIES FUND LP	USA	61,024,409.02	61,024,409.02	44,187,360.46
	TOTAL REAL ESTATE FUNDS		**61,064,064.37**	**118,670,559.93**	**103,587,826.40**

CITY OF MIAMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2011

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	DROP MUTUAL FUNDS				
VANGUARD	DROP MUTUAL FUNDS	USA		125,863,217.00	125,863,217.00
	TOTAL DROP MUTUAL FUNDS			**125,863,217.00**	**125,863,217.00**
	REAL ESTATE PROPERTY & EQUIPMENT				
FIPO	1895 SW 3RD AVENUE, MIAMI, FLORIDA	USA		2,042,638.00	2,042,638.00
	TOTAL REAL ESTATE PROPERTY & EQUIPMENT			**2,042,638.00**	**2,042,638.00**

IV

ACTUARIAL

SECTION

Stanley,
Holcombe
& Associates, Inc.

nyhart

June 16, 2011

Board of Trustees
City of Miami Fire Fighters' and
Police Officers' Retirement Trust
1895 SW 3 Avenue
Miami, FL 33129-1456

October 1, 2010 Actuarial Report

Dear Board Members:

Enclosed is our report on the actuarial valuation of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2010, for the fiscal year beginning October 1, 2011.

The report is based upon the terms of Ordinance No. 10002 and the Amended Final Judgment in the matter of Gates v. City of Miami, as well as ordinance 13202, as applicable. This report reflects 10% member contributions from Fire Fighters as well as the 70 point retirement eligibility requirement for Fire Fighters who had not attained 68 points as of September 30, 2010.

The City contribution requirement for the 2011/2012 fiscal year is $42,353,775, compared to $65,551,615 for the 2010/2011 fiscal year.

When expressed as a percentage of total payroll (for active members and members in DROP), the City contribution rate decreased from 44.18% as of October 1, 2009 to 29.89% as of October 1, 2010. The percentages of total payroll reflect the hypothetical impact on funding if there were no DROP, since members who are presently in DROP could well be more likely be retired and replaced with active members. The ordinance and State law do not permit funding after members enter DROP.

Respectfully submitted,

Randall L. Stanley, FSA, MAAA, EA
Actuary

Frans Christ, FSA, MAAA, EA
Actuary

RLS/FC/di
MIAMI01B

Enclosures (20)

2000 RiverEdge Parkway/Suite 540 • Atlanta, GA 30328
(770) 933-1933 • Fax (770) 933-8918 • www.stanleyholcombe.com

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

City Contribution Requirement for 2011/2012 Fiscal Year

	2010/2011 Report -$-	2011/2012 No Changes -$-	2011/2012 Pay Reductions -$-
I. Unfunded Actuarial Accrued Liability	N/A	N/A	N/A
II. Normal Cost			
A. Present Value of Future Benefits			
1. Active Members			
a. Retirement	917,777,253	615,749,897	536,683,160
b. Disability	36,815,319	36,100,829	31,856,294
c. Death	9,839,784	8,099,079	7,076,755
d. Turnover	19,807,807	19,410,641	17,337,531
e. Return of Contributions	2,068,805	2,187,326	2,078,572
f. Total	986,308,968	681,547,772	595,032,312
2. Retired Members and Beneficiaries			
a. Service Retirements + Beneficiaries	906,759,019	1,263,998,105	1,263,998,105
b. Disability Retirements	34,328,843	33,016,085	33,016,085
c. Terminated Vested Members	4,282,512	3,065,124	3,065,124
d. Total	945,370,374	1,300,079,314	1,300,079,314
3. Total	1,931,679,342	1,981,627,086	1,895,111,626

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

City Contribution Requirement for 2011/2012 Fiscal Year

	2010/2011 Report -$-	2011/2012 No Changes -$-	2011/2012 Pay Reductions -$-
II. Normal Cost (Cont'd)			
A. Total Present Value of Future Benefits	1,931,679,342	1,981,627,086	1,895,111,626
B. Present Value of Future Member Contributions	101,158,464	91,432,281	79,683,639
C. Actuarial Asset Value	1,164,973,724	1,180,649,632	1,180,649,632
D. Unfunded Actuarial Accrued Liability	0	0	0
E. Present Value of Future Normal Costs (A-B-C-D)	665,547,154	709,545,173	634,778,355
F. Present Value of Future Payrolls	1,325,848,007	1,200,248,088	1,052,280,512
G. Current Payroll for those under Expected Retirement Age	121,193,974	92,055,381	80,152,355
H. Current Normal Cost - Payable 10/1/2011 [(E)x(G) / (F)] (1.0775)	65,551,615	58,637,506	52,098,372
I. Covered Payroll	122,212,346	92,055,381	80,152,355
J. Normal Cost as Percentage of Payroll (H)/ (I)	53.64%	63.70%	65.00%
III. Quarterly City Contribution Schedule			
A. Past Service Cost	0	0	
B. Normal Cost	65,551,615	58,637,506	52,098,372
C. Payment Timing	0	0	0
D. Total	65,551,615	58,637,506	52,098,372

EXHIBIT 2A

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Actuarial Asset Value – 20% Write Up Method

I. Determination of Actuarial Asset Value as of October 1, 2010

	-$-
A. Actuarial Value of Assets as of 10/01/2009	1,164,973,724
B. City Contributions	54,342,926
C. Member Contribution	10,436,367
D. Benefits Paid	101,438,423
E. Contributions Refunded	174,358
F. Expected Return *	90,736,932
G. Expected Actuarial Value of Assets (A+B+C-D-E+F)	1,218,877,168
H. Market Value of Assets at 9/30/2010	1,027,739,486
I. Present Value of 01/01/11 COLA Transfer	0
J. Present Value of 01/01/12 COLA Transfer	0
K. Difference (H-I-J-G)	(191,137,682)
L. 20% of Difference	(38,227,536)
M. Preliminary Actuarial Asset Value (G+L)	1,180,649,632
N. Maximum Actuarial Asset Value (120% of H-I-J)	1,233,287,383
O. Minimum Actuarial Asset Value (80% of H-I-J)	822,191,589
P. Actuarial Asset Value at 10/1/2010	1,180,649,632
Q. Contribution Surplus Account Balance	0
R. Final Actuarial Value at 10/01/2010 (P – Q)	1,180,649,632

II. Rate of Return on Actuarial Asset Value

	-$-
A. Actuarial Asset Value at 10/01/2009	1,164,973,724
B. Contributions	
1. City	54,342,926
2. Members	10,436,367
3. Total	64,779,293
C. Benefits and Refunds	101,612,781
D. Contribution Surplus	0
E. Actuarial Asset Value at 10/01/2010	1,180,649,632
F. Net Return on Investment [E+D+C-B-A]	52,509,396
G. Rate of Return (II F/I F) (.0775)	4.48%

*[1,164,973,724 + 54,342,926 + (10,436,367) (2.5/4) – (101,438,423 + 174,358) (13/24)] (.0775)

EXHIBIT 2B

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

I. Development of Actuarial Asset Value (3 Years, for COLA Transfer Purposes)

		9/30/2010	9/30/2009	9/30/2008
		-$-	-$-	-$-
A.	Book Value	992,423,802	970,698,193	1,031,726,793
B.	Market Value	1,027,739,486	970,811,437	1,018,935,217
C.	B/A	1.0355853	1.0001167	0.9876018
D.	1/3 ∑ (C)		1.0077679	
E.	Adjusted Market Value at 9/30/2010 D x $992,423,802		1,000,132,851	
F.	Contribution Surplus at 9/30/2010		0	
G.	1. 80% of Market Value		822,191,589	
	2. 120% of Market Value		1,233,287,383	
H.	Preliminary Actuarial Asset Value		1,000,132,851	
I.	Present Value of 1/1/2012 COLA Transfer, discounted at 7.75%		0	
J.	Actuarial Asset Value (H-I)		1,000,132,851	

II. Rate of Return on Actuarial Asset Value

		-$-
A.	Actuarial Asset Value at 10/01/2009	1,047,755,613
B.	Contributions	
	1. City	54,342,926
	2. Members	10,436,367
	3. Total	64,779,293
C.	Benefits and Refunds	101,612,781
D.	Present Value of 1/1/2011 COLA Transfer	0
E.	Contribution Surplus	0
F.	Actuarial Asset Value at 10/01/2010	1,000,132,851
G.	Net Return on Investment [F+E+D+C-B-A]	(10,789,274)
H.	Rate of Return [2 x G/ (A+F-G)]	(1.04%)

EXHIBIT 3

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Asset Transactions for Year Ending September 30, 2010 *

	Membership and Benefits Accounts	COLA I Account	COLA II Account
	-$-	-$-	-$-
A. Market Value as of October 1, 2009	970,811,437	36,111,767	260,205,514
B. Book Value as of October 1, 2009	970,698,193	36,107,555	260,175,161
C. Income During Year			
1. City Contributions	54,342,926		4,682,453
2. Member Contributions	10,436,367		
3. Other Member Contributions	0		
4. Interest	19,407,969	716,461	5,069,190
5. Dividends	7,556,186	227,440	1,968,383
6. Net Realized Gains (Losses)	34,620,377	1,262,837	8,939,042
7. Securities Lending Income	383,531	14,152	100,181
8. Rental and Other Income	491,853	18,024	128,178
9. COLA Transfer at January 1, 2010	0	--	0
	127,239,209	2,288,914	20,887,427
D. Disbursements During Years			
1. Benefit Payments	101,438,423	272,395	16,964,523
2. Contribution Refunds	174,358	0	0
3. Custodial and Investment Expenses	3,773,616	139,154	987,175
4. Other Expense			
5. Securities Lending Fees	94,397	3,483	24,647
6. Building Depreciation	32,806	1,246	8,674
	105,513,600	416,278	17,985,019
E. Book Value as of 9/30/2010 (B)+(C)-(D)	992,423,802	37,980,191	263,077,569
F. Net Change in Unrealized Gains (Losses)	35,202,440	1,347,324	9,331,338
G. Market Value as of September 30, 2010 (A)+(C)-(D)+(F)	1,027,739,486	39,331,727	272,439,260
H. January 1, 2011 Allocation to COLA II (discounted)	0	N/A	0
I. Net Market Value as of September 30, 2010	1,027,739,486	39,331,727	272,439,260

*Based on unaudited financial statements.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Distribution of Assets as of September 30, 2010[1]

Membership and Benefits and Cost-of-Living Adjustment Accounts

Description	Market -$-	Book -$-
Bills, Bonds, Notes	460,713,850	435,748,785
Domestic Stocks	558,489,953	513,507,758
International Stocks	130,611,437	135,076,604
Private Equity	31,255,519	34,350,061
Money Market Funds and Time Deposits	19,443,775	17,998,325
Mutual Funds	97,041,662	114,845,753
Real Estate[2]	2,085,364	2,085,364
Securities Lending Adjustment	0	0
A: Sub-Total	1,299,641,560	1,253,612,650
B: Cash	43,709,432	43,700,432
Receivables:		
City Contributions	526,720	526,720
Accounts Receivable	2,551	2,551
Member Contributions	0	0
Accrued Interest	4,556,129	4,556,129
Accrued Dividend	905,101	905,101
Securities Proceeds	7,037,560	7,037,560
C: Sub-Total	13,028,061	13,028,061
Payables:		
Budget Advance	(945,307)	(945,307)
Transfer	0	0
Tax Withheld	(377)	(377)
Accounts Payable	268,395	268,395
Securities Purchased	17,536,870	17,536,870
D: Sub-Total	16,859,581	16,859,581
E. Total (A+B+C-D)	1,339,510,472	1,293,481,562
Accounts:		
COLA I Account	39,331,727	37,980,191
COLA II Account	272,439,259	263,077,569
COLA II Transfer (1/1/2010)	0	0
F: Membership & Benefits Account	1,027,739,486	992,423,802

[1]Based on unaudited financial statements.
[2]Carried at depreciated cost for Book Value and at appraised value for Market Value.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Investment Results

Yield on Mean Values for 12-Month Period Ending September 30, 2010

	-$-	Market -%-	Book -%-
Membership and Benefits Accounts*			
Interest	19,407,969	2.0	2.0
Dividends	7,556,186	0.8	0.8
Rental and Other Income, less Depreciation	459,047	0.1	0.1
Realized Gains	34,620,377	3.6	3.6
Securities Lending (Net)	289,134	0.0	0.0
Increase in Unrealized Gains	35,202,440	3.7	--
Custodial and Investment Expenses	(3,773,616)	(0.4)	(0.4)
Real Estate Adjustment to Appraised Value	0	0.0	--
	93,761,537	9.8	6.1
COLA I Account			
Interest	716,461	2.0	2.0
Dividends	277,440	0.8	0.8
Rental and Other Income, less Depreciation	16,778	0.1	0.1
Realized Gains	1,262,837	3.5	3.5
Securities Lending (Net)	10,669	0.0	0.0
Increase in Unrealized Gains	1,347,324	3.7	--
Custodial and Investment Expenses	(139,154)	(0.4)	(0.4)
	3,492,355	9.7	6.0
COLA II Account			
Interest	5,069,190	2.0	2.0
Dividends	1,968,383	0.8	0.8
Rental and Other Income, less Depreciation	119,504	0.1	0.1
Realized Gains	8,939,042	3.5	3.5
Securities Lending (Net)	75,534	0.0	0.0
Increase in Unrealized Gains	9,331,338	3.7	--
Custodial and Investment Expenses	(987,175)	(0.4)	(0.4)
	24,515,816	9.7	6.0

*Before 1/1/2010 COLA transfer

EXHIBIT 5

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Accounting Information
As of October 1

		2010 -$-	2009 -$-
I.	Present Value of Vested Accrued Benefits		
	A. Service Retirements and Beneficiaries	1,323,426,300	906,759,019
	B. Disability Retirements	33,684,331	34,328,843
	C. Vested Terminated Members	3,231,775	4,282,512
	D. Active Members	154,433,888	416,609,449
	E. Total	1,514,776,294	1,361,979,823
II.	Present Value of Non-Vested Accrued Benefits	29,769,852	29,207,048
III.	Present Value of Accrued Benefits	1,544,546,146	1,391,186,871
IV.	The values of accumulated plan benefits were determined in accordance with the Academy of Actuaries Interpretations and FASB Statement No. 35, Accounting and Reporting by Defined Benefit Pension Plans.		
V.	Statement of Changes in Accrued Benefits		
	A. Present Value of Accrued Benefits at Beginning of Year		1,391,186,871
	B. Increase (Decrease) During the Year Attributable to:		
	1. Benefits Accumulated		115,864,164
	2. Benefits Paid and Contributions Refunded		(101,612,781)
	3. Plan Amendment		(36,127,749)
	4. Assumption/Method Changes		71,356,154
	5. Increase Due to Decrease in Discount Period		103,879,487
	6. Net Increase		153,359,275
	C. Present Value of Accrued Benefits at End of Year		1,544,546,146

EXHIBIT 6

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Comparison of Funding Progress
($000)

		10/1/2010 -$-	10/1/2009 -$-	10/1/2008 -$-
I.	Assets			
	A. Book Value	992,424	970,698	1,031,727
	B. Market Value	1,027,740	970,811	1,018,935
II.	Liabilities			
	A. Retired and Vested	1,360,342	945,370	802,313
	B. Active			
	Employee Contributions	64,629	117,247	133,288
	Other Vested	89,805	299,363	292,390
	Non-Vested Accrued	29,770	29,207	28,79975
	C. Total Accrued	1,544,546	1,391,187	1,256,790
III.	Ratios	%	%	%
	IA/IIC	64.3	69.8	82.1
	IB/IIC	66.5	69.8	81.1

Note: Item II amounts are present values of accrued benefits.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Member Statistics

I. Active Members

	10/1/2010	10/1/2009	10/1/2008
Number of			
Males	1,039	1,288	1,391
Females	188	229	242
Total	1,227	1,517	1,633
Averages			
Current Age	36.0	38.1	38.4
Past Service	9.1	11.4	11.8
Credited Past Service	9.1	11.4	11.8
Annual Earnings	$65,324	$80,562	$79,222

II. Inactive Members

A. Retirees and Beneficiaries			
Number	2,062	1,758	1,643
Average Annual Benefit	$56,870	$49,004	$44,503
Average Age	62.1	63.7	64.2
B. Disabled			
Number	186	196	204
Average Annual Benefit	$20,372	$19,900	$19,563
Average Age	68.2	67.7	67.2
C. Vested Terminated			
Number	16	20	23
Average Deferred Benefit	$25,276	$25,617	$20,294
Average Age	43.6	44.0	44.2

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Age-Service Distribution

	Completed Years of Service										Earnings	
Age	0-1	2-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total	Total -$-	Average -$-
15-24	5	47	0	0	0	0	0	0	0	52	2,605,392	50,104
25-29	18	189	35	1	0	0	0	0	0	243	12,917,868	53,160
30-34	3	107	94	57	1	0	0	0	0	262	16,326,243	62,314
35-39	3	47	62	118	49	4	0	0	0	283	19,402,436	68,560
40-44	3	29	31	84	86	33	0	0	0	266	19,349,008	72,741
45-49	0	7	10	30	33	14	3	0	0	97	7,585,272	78,199
50-54	0	0	4	3	9	3	2	0	0	21	1,770,270	84,299
55-59	0	0	1	0	1	1	0	0	0	3	195,867	65,289
60-64	0	0	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	32	426	237	293	179	55	5	0	0	1,227	80,152,355	65,324

Average Age: 36.0 Average Service: 9.1

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Reconciliation of Participant Counts

	Actives	Retirees & Beneficiaries	Disableds	Vested Terminated
10/1/2009	1,517	1,758	196	20
Changes due to:				
Retirement	-324	+328		-4
Withdrawal	-9			
Disability	-1		+1	
Death	-1	-37	-10	
New Beneficiary		+13		
New Hires	+44			
Data Changes	+1		-1	
10/1/2010	1,227	2,062	186	16

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Principal System Provisions

(Based on Ordinance No. 10002, as Amended through Ordinance No. 13202)

Effective Date:	January 1, 1940, as restated effective May 23, 1985, and amended through September 30, 2010.
Fiscal Year:	October 1 - September 30.
Membership:	Police officers and fire fighters.
Covered Compensation:	An employee's base salary, including pick-up contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death-in-family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.
Contributions:	Members: 7% of Compensation for Police Officers, **10% for Fire Fighters.** City: Balance, as actuarially determined.
Creditable Service:	Service credited under Retirement System; military service (maximum of four years) during wartime for which Member makes contributions; maternity leave (maximum of 180 days for each leave) for which Member makes contributions; up to 5 years, without member contributions, if member was an employee before period of military service.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Principal System Provisions
(continued)

Average Final Compensation:	For members who retire or terminate employment with ten or more years of creditable service prior to October 1, 2010, the annual earnable compensation of a member during either the last one year or the highest year of membership service, whichever is greater. **Effective September 30, 2010, for members who retire on or after October 1, 2010, average final compensation shall mean the average of the highest 5 years of service, to be phased in over the next 4 years as follows: for members who retire on or after October 1, 2010 and on or before September 30, 2011, the average of the highest 2 years of membership service; for members who retire on or after October 1, 2011 and on or before September 30, 2012, the average of the highest 3 years of membership service; for members who retire on or after October 1, 2012 and on or before September 30, 2013, the average of the highest 4 years of membership service; and for members who retire on or after October 1, 2013, the average of the highest 5 years of membership service. Provided, in no event shall the average final compensation of any member who was employed as a police officer or firefighter on September 30, 2010 and retires on or after October 1, 2010, be less than the highest year of membership service prior to September 30, 2010.**
Normal Service Age:	Age 50

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Service Retirement:	For Police Officers who have reached Rule of 64 by September 30, 2010, for Fire Fighters who had reached Rule of 64 by September 30, 2009, and for Fire Fighters who have reached Rule of 68 by September 30, 2010: 3% of Average Final Compensation for each of the first fifteen years of Creditable Service plus 3.5% of Average Final Compensation for each year of Creditable Service after the fifteenth year; maximum of 100% of Average Final Compensation. **For all others, for service prior to October 1, 2010: 3% of Average Final Compensation for each of the first fifteen years of Creditable Service plus 3.5% of Average Final Compensation for each of Creditable Service after the fifteenth year; for service after September 30, 2010: 3% of Average Final Compensation for each year of Creditable Service; The combined percentage for service before October 1, 2010 and service after September 30, 2010 may not exceed 100% of Average Final Compensation.**
Early Service Retirement:	After 20 years of Creditable Service. Benefits are based on Average Final Compensation and Creditable Service at retirement date. Actuarial equivalence for early commencement.
Rule of 64 Retirement:	Service retirement on the basis of combined age and Creditable Service equaling 64 or more. Rule of 64 applies to Fire Fighters who had obtained 64 points by September 30, 2009 and Police Officers who had 64 points by September 30, 2010. **Rule of 64 also applies to the accrued benefit as of September 30, 2010 of Police Officers who were active members as of September 29, 2010.**
Rule of 68 Retirement:	**Service retirement on the basis of combined age and Creditable Service equaling 68 or more. Rule of 68 applies to Fire Fighters who had not attained 64 points by September 30, 2009 and had attained 68 points by September 30, 2010. Rule of 68 also applies to the accrued benefit as of September 30, 2010 of Fire Fighters who were active members as of September 29, 2010.**

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Rule of 70 Retirement:	**Service retirement on the basis of combined age and Creditable Service equaling 70 or more. Rule of 70 applies to all new members hired on or after October 1, 2010, as well as to all benefits accrued after September 30, 2010 by Fire Fighters who had not attained 68 points on September 30, 2010 and Police Officers who had not attained 64 points on September 30, 2010.**
Disability:	Ordinary Disability: After 10 or more years of Creditable Service, and not eligible for service retirement. Not incurred as accident in performance of duties. 90% of benefit rate times Average Final Compensation times Creditable Service, with a minimum benefit of 30% of Average Final Compensation; 10 years' certain and life normal form. Accidental Disability: Incurred as accident in performance of duties. 66 2/3% of Average Final Compensation, or 66 2/3% of Final Compensation, whichever is greater. 40% joint & survivor normal form, with a minimum of 10 years' certain and life.
Deferred Retirement Option Plan:	Members who are eligible for Service Retirement or Rule of 64 Retirement after September 1998 may elect self-directed Deferred Retirement Option Plan, for a maximum of 4 years. An actuarially equivalent Back DROP option (maximum of 4 years) may be elected prior to DROP entry; combined years of DROP may not exceed 4.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Death:	Ordinary Death: (a) Between 3 and 10 years of Creditable Service, and death not accidentally incurred in performance of duties: Lump sum benefit equal to 50% of Compensation received in year preceding death. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferred period or 10 years' certain period. (c) If eligible for Service, Early Service, or Rule of 64 retirement, considered to have retired on the date of death. Surviving spouse would receive 40% of the member's monthly retirement allowance. Accidental Death: Incurred in performance of duties. (a) Pension of 50% of Average Final compensation to spouse until death or remarriage. If there is no spouse, or if spouse dies or remarries before youngest child is 18, payable until attainment of age 18. If no spouse or no children under 18, benefit is payable to dependent parents. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferral period or 10 years' certain period.
Employment Termination:	After 10 years of Creditable Service, based on Creditable Service and Average Final Compensation at termination date. If Member contributions are withdrawn, benefit is forfeited. Benefits are deferred to Normal Retirement Age.
Optional Allowances:	**Normal Form: For Police Officers who have reached Rule of 64 by September 30, 2010, for Fire Fighters who had reached Rule of 64 by September 30, 2009, and for Fire Fighters who have reached Rule of 68 by September 30, 2010: Normal Form is joint and 40% contingent survivor, with a minimum of 10 years' certain and life.**

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Optional Allowances: (Continued)	For all others, for benefits based on service prior to October 1, 2010: Normal Form is joint and 40% contingent survivor, with a minimum of 10 years' certain and life; **for benefits based on service after September 30, 2010, Normal Form is 10 years' certain and life.**
	Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of Member. Option 6 is withdrawal of member contributions with credited interest; monthly benefit is ½ of normal level.
Transfer of Compensated Leave Balances:	Accumulated leave balances may be transferred into system immediately prior to retirement to purchase additional Creditable Service, on an actuarially equivalent basis.
Transfer of 457 Balances:	457 balances of Firefighters may be transferred into System at retirement to purchase additional Service for multiplier purposes.
Changes Since Prior Valuation:	**(In bold print)**

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Actuarial Basis – Prior Basis

Valuation Date: October 1, 2010 for Fiscal Year beginning October 1, 2011.

Valuation Method: Aggregate Cost Method.

Asset Valuation Method: 20% Write-Up Method: Expected value is based on the Interest Discount/Investment Return rate applied to the actuarial asset value as of previous valuation date and cash flow during the year. 20% of the difference between the Expected Value and the Market Value (net of pending transfers to the COLA Fund) is added to the Expected Value.

The result cannot be greater than 120% of market value or less than 80% of market value (net of pending COLA transfers).

Actuarial Assumptions:

Interest Discount/ Investment Return: 7.75%, compounded annually.

Inflation: 3.5%, compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	.0507%	.0284%
30	.0801%	.0351%
40	.1072%	.0709%
50	.2579%	.1428%
60	.7976%	.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Actuarial Basis – Prior Basis
(Continued)

Age	Disability	Turnover	
		<5	5+
31	.00200	.0240	.0192
32	.00220	.0240	.0192
33	.00245	.0240	.0192
34	.00265	.0240	.0192
35	.00285	.0240	.0192
36	.00305	.0228	.0182
37	.00325	.0216	.0173
38	.00345	.0204	.0163
39	.00370	.0192	.0154
40	.00390	.0180	.0144
41	.00470	.0168	.0134
42	.00555	.0156	.0125
43	.00635	.0144	.0115
44	.00720	.0132	.0106
45	.00800	.0120	.0096
46	.00880	.0096	.0077
47	.00965	.0072	.0057
48	.01045	.0048	.0038
49	.01130	.0024	.0019
50	.01210	.0000	.0000
51	.01295	.0000	.0000
52	.01375	.0000	.0000
53	.01455	.0000	.0000
54	.01540	.0000	.0000
55	.01620	.0000	.0000
56	.01785	.0000	.0000
57	.01870	.0000	.0000
58	.01950	.0000	.0000
59	.02030	.0000	.0000
60	.00000	.0000	.0000

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Actuarial Basis – Prior Basis
(Continued)

Retirement: Fire Fighters who have attained 64 points by September 30, 2009 and all Police Officers are subject to the Rule of 64; the rest of the Fire Fighters are subject to the Rule of 68. If eligible for Retirement, the following decrements apply, based on service:

Years of Service	Police %	Fire %
<20	0	0
20-24	20	5
25-29	25	25
30-31	50	25
32	100	100

There is no explicit assumption on the percentage of retirements expected to enter the DROP. No distinction is necessary, since funding is calculated to expected retirement or expected DROP entry.

Salary Merit Scale

Service	Police	Fire
0	.0500	.0500
1	.0500	.0500
2	.0500	.0500
3	.0500	.0500
4	.0500	.0500
5	.0500	.0500
6	.0500	.0500
7	.0250	.0500
8	.0500	.0500
9	.0500	.0500
10	.0100	.0000
11	.0100	.0000
12	.0100	.0000
13	.0100	.0000
14	.0100	.0000
15	.0125	.0250
16	.0125	.0250
17	.0100	.0100
18	.0100	.0100
19	.0100	.0100
20	.0100	.0100
21	.0100	.0100
22 +	.0000	.0000

Salary Merit Scale is combined with 3.5% inflation and 1.5% for promotions and other increases. There is also a 7.0% increase at retirement.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Actuarial Basis) – Prior Basis
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employees are assumed to be married.
Investment Expenses:	None; the investment return assumption of 7.75% is net of investment expenses.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Compensated Absence Balance Transfers:	No liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.
Adjustments from Valuation Date:	One year's interest is added to the calculated deposit to reflect ordinance provision.
Sources of Data:	Asset data is from unaudited financial statements and includes an appraised value for the real estate to be used for Market Value. Membership data was furnished by Administrator. Member compensation used is final bi-weekly pay in the year, annualized.
Changes Since Prior Valuation:	None.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Disclosure Information Under GASB 25
(Excluding COLA Fund)

I. Funding Status and Progress as of September 30, 2010 and 2009

Entry Age Accrued Liability: $(Millions)

	Sept. 30, 2010	Sept. 30, 2009
	-$-	-$-
- Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	1,360.3	945.4
- Current employees - Accumulated employee contributions including interest	64.6	117.2
Employer - financed vested	89.8	299.4
Employer - financed nonvested	53.6	177.3
Total Actuarial Accrued Liability	1,568.3	1,539.3
Net assets available for benefits (market value)	1,027.7	970.8
Unfunded Actuarial Accrued Liability	540.6	568.5

The actuarial accrued liability was determined as part of actuarial valuations at September 30, 2010 and September 30, 2009. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.50 percent (7.75% in 2009) per year compounded annually, (b) projected salary increases of 3.25 percent (3.50% in 2009) per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.0 percent to 5.0 percent per year, attributable to seniority/merit and (d) 1.5% for promotions and other increases.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 25
(Excluding COLA Fund)

II. Contributions Required and Contributions Made

The funding policy provides for periodic employer contributions at actuarially determined rates that are sufficient to pay benefits when due. Contributions for normal costs are determined using the aggregate actuarial cost method. This cost method does not provide for an unfunded actuarial accrued liability.

Contributions totaling $64,779,293 ($54,342,926 employer and $10,436,367 employee) were made for the year ending September 30, 2010. These contributions consisted of (a) $64,779,293 normal cost, (b) $0 amortization of the unfunded actuarial accrued liability, and (c) $0 noninvestment expenses.

Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the standardized measure of the pension obligation as of the beginning of the preceding year.

III. Analysis of Funding Progress ($ Millions)

Fiscal Year	(1) Net Assets Available for Benefits ($)	(2) Entry Age Reserve ($)	(3) Percent Funded (%)	(4) Unfunded EAR (2)-(1) ($)	(5) Annual Covered Payroll ($)	(4)/(5) (%)
1992	492.0	483.7	102	(8.3)	67.1	(12)
1993	550.6	513.4	107	(37.2)	72.0	(52)
1994	516.4	587.5	88	71.1	72.9	98
1995	616.5	614.4	100	(2.1)	71.5	(3)
1996	674.7	650.0	104	(24.7)	72.9	(34)
1997	835.3	727.1	115	(108.2)	69.6	(155)
1998	857.7	800.7	107	(57.0)	74.3	(77)
1999	932.8	843.2	111	(89.6)	77.7	(115)
2000	994.6	863.4	115	(131.2)	84.3	(156)
2001	828.9	932.7	89	103.8	89.7	116
2002	753.2	999.8	75	246.6	96.9	254
2003	844.9	1,067.9	79	223.0	98.9	225
2004	957.9	1,152.8	83	194.9	89.2	218
2005	1,091.9	1,221.6	89	129.7	91.5	142
2006	1,147.9	1,260.5	91	112.6	90.4	125
2007	1,268.9	1,318.4	96	49.5	103.6	48
2008	1,018.9	1,452.5	70	433.6	129.4	335
2009	970.8	1,539.3	63	568.5	122.2	465
2010	1,027.7	1,568.3	66	540.6	80.2	674

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

(Excluding COLA Fund)

IV. Revenues and Expenses

Fiscal Year	Revenues by Source			
	Employee Contributions ($)	Employer Contributions ($)	Investment Income ($)	Total
1992	6,115,655	10,029,747	44,569,353	60,714,755
1993	6,455,623	10,442,881	50,309,468	67,207,972
1994	7,435,034	9,296,175	36,915,202	53,646,411
1995	8,318,833	10,880,346	38,919,229	58,118,408
1996	7,852,469	16,547,235	55,421,603	79,821,307
1997	7,664,034	14,377,032	83,180,597	105,221,663
1998	7,692,571	14,155,472	96,007,011	117,855,054
1999	8,556,140	10,376,473	66,039,984	84,972,597
2000	6,257,588	5,400,784	129,752,337	141,410,709
2001	6,336,918	5,481,599	17,717,791	29,536,308
2002	6,721,236	5,400,784	(27,704,711)	(15,582,691)
2003	7,193,936	15,024,366	30,466,098	52,684,400
2004	24,415,150	32,959,003	53,963,150	111,337,303
2005	18,607,681	45,545,130	71,904,910	136,057,721
2006	7,698,594	50,635,213	71,669,124	130,002,931
2007	14,702,629	40,542,078	82,937,630	138,182,337
2008	9,719,896	36,040,251	62,728,078	108,488,225
2009	9,769,139	36,993,395	(58,111,291)	(11,348,757)
2010	10,436,367	54,342,926	62,459,916	127,239,209

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

(Excluding COLA Fund)

IV. Revenues and Expenses (Continued)

Fiscal Year	Expenses by Type			
	Benefits ($)	Administrative Expenses ($)	Refunds ($)	Total ($)
1992	22,345,166	1,137,047	751,088	24,233,301
1993	22,735,888	1,314,925	672,376	24,723,189
1994	23,787,091	1,420,693	510,074	25,717,858
1995	25,846,564	1,567,841	703,269	28,117,674
1996	29,506,924	1,870,188	822,497	32,199,609
1997	33,841,809	2,079,183	1,225,239	37,146,231
1998	35,593,108	2,543,855	391,524	38,537,297
1999	36,900,501	2,689,079	258,383	39,847,963
2000	41,237,423	2,710,752	258,804	44,206,979
2001	41,386,774	2,933,939	481,746	44,802,459
2002	42,766,860	2,825,903	364,256	45,957,019
2003	46,083,206	2,922,537	429,225	49,434,968
2004	53,249,450	3,334,460	301,580	56,885,490
2005	66,518,783	3,865,995	257,859	70,642,637
2006	69,825,105	4,687,601	573,228	75,085,934
2007	72,378,966	5,143,290	307,545	77,829,801
2008	77,794,816	5,469,431	664,235	83,928,482
2009	85,094,354	3,898,278	336,755	89,329,387
2010	101,438,423	3,900,819	174,358	105,513,600

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

(Excluding COLA Fund)

V. Schedule of Employer Contributions

Fiscal Year	Annual Pension Cost (APC) ($)	Percentage Contributed (%)	Net Pension Obligation ($)
1994	9,296,175	100	0
1995	10,880,346	100	0
1996	16,547,235	100	0
1997	14,377,032	100	0
1998	14,155,472	100	0
1999	10,376,473	100	0
2000	5,400,784	100	0
2001	4,003,892	100	0
2002	1,051,629	100	0
2003	18,163,588	100	0
2004	36,341,515	100	0
2005	45,545,130	100	0
2006	50,635,213	100	0
2007	40,542,078	100	0
2008	36,040,251	100	0
2009	36,993,395	100	0
2010	55,095,791	99	752,865
2011	65,551,615		

V

STATISTICAL

SECTION

STATISTICAL DATA OF VARIOUS ACCOUNTS

THROUGH SEPTEMBER 30, 2011

	GENERAL FUND		COLA I		COLA II	
MEMERSHIP ACCOUNT						
ADD:						
Members' Contributions						
After Tax	66,965,984		0		0	
Pre Tax	214,768,088		11,814,941		0	
After Tax from G & S	17,210		0		0	
Interest						
From Benefit Acct	97,916,001		0		0	
From Withdrawals	385,365		0		0	
Transfers from G & S	24,774		0		0	
		380,077,422		11,814,941		0
DEDUCT:						
Refunds -						
Leaving Service	17,670,996		944,379		0	
Additional Contributions	171,226		0		0	
Accidental Death	441,596		22,039		0	
Accidental Disability	1,982,443		0		0	
Option 6A	571,614		0		0	
Ordinary Death	1,682,312		62,320		0	
Transfers -						
After Tax from G & S	4,412,189		0		0	
Benefit Account	283,329,837		10,407,450		0	
Transfers to Acct Payable	480,131		0		0	
Interest withheld	313,165		0		0	
Interest	1,783,507		0		0	
		312,839,016		11,436,187		0
BALANCE AS OF 9/30/10		67,238,406		378,754		0
BENEFIT ACCOUNT:						
ADD:						
Contributions -						
City of Miami	685,687,182		2,042,899		22,737,889	
Police Relief & Pension Fund	52,342		0		0	
Fire Relief & Pension Fund	28,473		0		0	
Members	697,822		0		0	
Transfers from Membership Acct	283,340,761		10,407,450		0	
Amortization of Discounts	10,319,476		249,134		0	
Dividends Received	203,429,957		3,070,561		18,397,208	
Securities Lending Income	6,551,622		189,578		1,144,023	
Excess Interest Transfer	0		0		288,194,062	
Interest Income	569,814,101		12,574,450		44,782,151	
Other Income	2,541,550		37,952		200,430	
Corporate Action	2,724,281		78,292		507,457	
Commission Recapture	472,613		13,379		83,204	
Profit on Sale of Investments	905,003,220		21,344,420		97,687,751	
Unrealized Profit on Sales of Inv	5,447,912		2,390,787		-2,179,081	
Unrealized Profit on Sec Lending Collateral	1,960,433		71,299		525,304	
Rental Income	1,202,918		29,415		201,543	
Share of Earnings Income	0		1,170,581		0	
		2,679,274,663		53,670,197		472,281,941
DEDUCT:						
Pensions Paid						
Fire	660,848,309		0		0	
Police	574,058,045		0		0	
General	7,034,700		0		0	
Former Gen assumed by Trust	276,624		0		0	
Pension Payments Prior 1966	989,022		0		0	
Distributions	0		11,203,140		159,998,769	
Lump Sum Payments to Benef	128,540		0		0	
Death Benefits	1,013,875		0		0	
Amortization of Premium	4,876,744		0		0	
Corrections to Control	17,117,379		0		0	
Income Expenses	61,658,765		1,392,765		8,049,915	
Building Depreciation	314,827		9,732		62,974	
Stiff Short Term Investment Fee	22,982		924		6,481	
Securities Lending Fees	1,836,723		52,671		316,053	
Other Expenses	0		45,256		0	
Loss on Sale of Investments	41,652,910		1,068,210		7,163,861	
Unrealized Profit on Sales of Inv	0		0		16,766,834	
Vested Rights Withdrawals	950,636		0		0	
Transfers -						
Excess Interest Earnings	288,194,062		0		0	
G & S Benefit Account	5,378,420		0		0	
G & S Share of Earnings	5,251,212		0		0	
Interest to Membership Acct	97,980,990		0		0	
Interest on VR Withdrawals	224,206		0		0	
Overpayments (uncollectible)	769		0			
		1,769,809,741		13,772,698		192,364,887
BALANCE AS OF 9/30/10		909,464,922		39,897,498		279,917,053
BENEFIT ACCOUNT - SPECIAL						
ADD:						
Contributions - City of Miami	1,001,273					
Members	9,945					
		1,011,218				
DEDUCT:						
Pension Paid	1,011,218					
		1,011,218				
BALANCE AS OF 9/30/10		0				
RESERVE ACCOUNT						
ADD:						
Transfers -						
Benefit Account	961,029					
BA Share of Earnings	222,289					
BALANCE AS OF 9/30/11		1,183,318				

SUMMARY OF RETIREMENTS

JANUARY 1, 1940 THROUGH SEPTEMBER 30, 2011

DESCRIPTION	SERVICE	ORDINARY DISABILITY	SERVICE ACCIDENTAL DISABILITY	ACCIDENTAL DEATH	ORDINARY DEATH	EARLY SERVICE	DROP PLAN	VESTED RIGHTS	CONTINUANCES	TOTAL BENEFITS GRANTED
BENEFITS GRANTED	2,229	53	460	38	4	106	1073	88	309	4,360
ASSUMED BY G.E.S.E. FUND	-184	-3	-19	0	0	0	0	0	0	-206
TERMINATED BY DEATH	-827	-36	-270	-22	0	-38	-2	-6	-83	-1,284
TERMINATED DROP PLAN	0	0	0	0	0	0	-537	0	0	-537
TERMINATED BY MARRIAGE	0	0	0	-2	0	0	0	0	0	-2
RETURNED TO SERVICE	-2	-3	-1	0	0	0	0	0	0	-6
MINORS ATTAINING AGE 18	0	-1	0	-7	0	0	0	0	0	-8
PAYMENT SUSPENDED	-3	0	-1	0	0	0	0	0	0	-4
UNMATURED VESTED RIGHTS	0	0	0	0	0	0	0	-16	0	-16
WITHDRAWN VESTED RIGHTS	0	0	-2	0	0	0	0	-27	0	-29
INACTIVE PARTICIPANTS:	1,213	10	167	7	4	68	534	39	226	2,268

OUTLINE OF PRINCIPAL BENEFIT PROVISIONS OF THE CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

ORIGINAL ORDINANCE NO. 10002 ADOPTED JUNE 13, 1985

EARNABLE COMPENSATION:

Earnable compensation, shall mean an employee's base salary including pickup contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death in the family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.

COVERED GROUP:

All fire fighters or police officers presently employed by the City as a fire fighter or police officer whether in the classified or unclassified service of the City.

EMPLOYEE CONTRIBUTIONS:

Effective the first full pay period following October 1, 1999, it shall be 7% of pre tax earnable compensation. Effective the first full pay period following October 1, 2000, it shall be 7% of pre tax earnable compensation or a percent equal to the City's contribution, whichever is less. Effective the first full pay period following October 1, 2008, for fire fighter members it will change from 7% to 8% of pre tax earnable compensation. Effective the first full pay period following October 1, 2009, for fire fighter members it will change from 8% to 9% of pre tax earnable compensation. Effective the first full pay period following October 1, 2010, for fire fighter members it will change from 9% to 10% of pre tax earnable compensation.

EMPLOYER CONTRIBUTIONS:

The City's annual fiscal contribution to the retirement system shall provide for the following (1) non-investment expenses of the retirement system, (2) normal costs of the retirement system.

NORMAL RETIREMENT AGE:

Age 50

SERVICE RETIREMENT:

The annual normal service retirement allowance, payable on a 40% Joint and Survivor basis for members eligible to retire as of September 30, 2010 will equal 3.0% of average final compensation per year of creditable service for the first 15 years of such creditable service and 3.5% of the average one year compensation per year of creditable service after 15 years.

For members not eligible to retire as of September 30, 2010, benefit will consist of two parts, Part A and Part B. Part A will consist of average one year compensation of the sum of creditable years of service under 15 years at 3% per year plus creditable years of service over 15 years at 3.5% per year for service up to September 30, 2010. Part B will consist of the average one year compensation of the sum of creditable years of service from October 1, 2010, to the date of retirement at 3% per year.

RULE OF 64 RULE OF 68 RETIREMENT RULE OF 70 RETIREMENT:

A member, in service, who has not withdrawn from active membership in the retirement system may elect service retirement on the basis of his or her combined age and creditable service equaling 64 or more. A fire fighter member, in service, who has not withdrawn from active membership in the retirement system and had not attained his/her 64 points as of October 1, 2009, may elect service retirement on the basis of his or her

RULE OF 64 RULE OF 68 RETIREMENT RULE OF 70 RETIREMENT: (continued)

combined age and creditable service equaling 68 or more. As of October 1, 2010 a member in service who has not withdrawn from active membership in the retirement system may also elect service retirement on the basis of his or her combined age and creditable service equaling 70 or more.

Election to retire under Rule of 64, Rule of 68 or Rule of 70 shall be made by written application to the board. Application shall be executed not less than 10 nor more than 90 days subsequent to the date the member desires to be retired.

EARLY SERVICE RETIREMENT:

After 20 years of creditable service, accrued benefit actuarially adjusted.

DEFERRED RETIREMENT OPTION PROGRAM: (DROP)

A member who is eligible to retire under either Rule of 64, Rule of 68, Rule of 70 or Service retirement can elect to participate in the Deferred Retirement Option Program (DROP). The program allows the member to defer receipt of his retirement benefit into a "DROP" account while he/she continues to be employed by the Department. A police officer member can be in the DROP for a maximum of 7 years (84 months). A fire fighter member can be in the DROP for a maximum of 4 ½ years (54 months)

B. A. C. DEFERRED RETIREMENT OPTION PROGRAM:

Shall mean *Benefit Actuarially Calculated* deferred retirement option program.

AVERAGE FINAL COMPENSATION:

Shall mean the annual earnable compensation of a member during either the last one (1) year or the highest one (1) year of membership service, whichever is greater.

CREDITABLE SERVICE:

Membership credit upon which a member's eligibility to receive benefits under the retirement system is based or upon which the amount of such benefits is determined.

LIMITATIONS ON BENEFITS:

A member's retirement allowances shall not exceed one hundred percent (100%) of the member's final average compensation for members retiring under Service retirement Rule of 64 Retirement or Rule of 68 Retirement. Exceptions are, (1) members whose retirement allowances, prior to October 1, 1998, had already earned one hundred percent or greater, these members may continue to accrue pension benefits; (2) members whose retirement allowance exceeds one hundred percent as of October 1, 1998 due to the multiplier change, these members shall be capped at the new percentage. Monthly retirement allowance for members not eligible for Rule of 64 or Rule of 68 Retirement as of October 1, 2010, shall not exceed $100,000.00 per year.

OPTIONAL ALLOWANCES:

Normal form (Option 6C) is joint and 40% contingent survivor. Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of member. Option 6A is withdrawal of employee contributions with credited interest; monthly benefit is half of normal level. Option 6B is an additional 5% with no survivor benefit.

DISABILITY RETIREMENTS:

A. Ordinary Disability

After 10 years of creditable service, if not otherwise eligible for normal retirement, and incurred while not in line of duty, a benefit payable for life consisting of the benefit rate times 90% of average final compensation times years of creditable service, if such retirement allowance exceeds 30% of average final compensation. Otherwise, a benefit of 30% of the member's average final compensation.

DISABILITY RETIREMENTS: (continued)

B. Accidental Disability
Prior to age 60, incurred in line of duty. A benefit payable on a 40% joint and survivor basis of 66 2/3% of average or final compensation, whichever is larger.

DEATH BENEFIT:

A. Ordinary Death Benefit
After 3 years of service, provided death is not accidentally incurred in line of duty, a lump sum payment f 50% of annual compensation received in year prior to death plus an additional lump sum payment of member's accumulated contributions with interest to date of death. Or in lieu thereof; if eligible for Early or Service retirement, and with 3 years of membership, automatic Option 6C, payable to spouse, as through retirement had occurred on date of death (40% payable)

B. Accidental Death Benefit
Incurred in line of duty (or presumed to be in the line, i.e. heart), annual pension of 50% of average final compensation to spouse until death or remarriage or to children under 18, or to dependent parents for life. If none of such beneficiaries exist, the ordinary death benefit will be paid. Also a lump sum payment of member's accumulated contributions with interest to date of death is paid in addition to the above payments.

VESTED RIGHTS BENEFIT:

After completion of 10 years of service, provided accumulated contributions are not withdrawn. A benefit based on service and average final compensation when employment is terminated. Benefit is deferred to minimum retirement age.

C.O.L.A. ACCOUNT:

The COLA I benefit was determined from available monies from an initial city contribution made from the trust funds excess interest earnings. These monies were allocated to the retiree population, according to unit values and distributed to each member according to his/her actuarial life expectancy, in level monthly lifetime payments. In addition to the above initial benefit, a yearly COLA I increase was financed by 2% of the active member's pension contributions.

This yearly increase was determined on the basis as the initial benefit and added to the monthly lifetime payments. As of January 9, 1994, the active employees ceased making the 2% pension contribution to the COLA I account, and the COLA I benefits were frozen as of that date. Beginning with 1994, in addition to the frozen COLA I benefit, a COLA II benefit was paid. The COLA II benefit is funded from the pension fund's annual excess investment return (other than COLA account assets). The methodology for determining the excess investment return and amounts available for the COLA II benefit are described in detail in Section 40-213 of the City of Miami Code. An actuarial table is developed yearly identifying the benefits due. This table is based upon full years of creditable service at retirement and full years retired as of April of the current year. For accidental death and accidental disability, years of service are defined as twenty five (25) years, or actual creditable service if greater. Receipt of the COLA II benefit is based on the retiree reaching at least four (4) full years of retirement and fifty years of age. In case of accidental death, the beneficiary will be entitled to the COLA benefit on April 1st following the fiftieth anniversary of the employee's birth and the fourth anniversary of the employee's death. COLA benefits for a vested right retiree are based upon such retiree reaching at least four (4) full years of retirement after fifty (50) years of age. COLA benefits reflect the option selected at the time of retirement.

In addition, funding for COLA benefits for future employees hired during the remaining term of the amended final judgement, Gates vs. City of Miami, Circuit Court Case No. 77-9491 CA04, shall be defined and allocated through the remaining term of such final judgement.

ORDINANCES ADOPTED DURING FISCAL YEAR 2010/2011

DATE	ORDINANCE NUMBER
October 14, 2010	13210

EMPLOYEES' RETIREMENT SYSTEM

of the County of Milwaukee

2011 Annual Report of the Pension Board

as of December 31, 2011

CITIZEN MEMBERS
John M. Maier, J.D., Chairman
Linda S. Bedford, Vice Chairman
Dean Muller
Dr. Sarah W. Peck

RETIREE MEMBER
Guy Stuller

EMPLOYEE MEMBERS
Keith Garland
Rex Queen
David Sikorski

ERS MANAGER
Marian Ninneman

901 North 9th Street, Room 210-C
Milwaukee, Wisconsin 53233
Telephone: (414) 278-4207

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Milwaukee County

Pension Board

John M. Maier, J.D.
Chairman

David Sikorski
Vice Chairman

Norb Gedemer
Dean Muller
Dr. Sarah W. Peck
Patricia Van Kampen

Marian Ninneman
ERS Manager

July 30, 2012

Retirement System Members:

We are pleased to present the 2011 Annual Report of your Pension Board. The Employees' Retirement System (ERS) experienced a positive investment return for the year of 0.2%. However, net assets available for pension benefits decreased $153.1 million. This decrease was mainly caused by benefit payments of $187.5 million. Total net assets at the end of the year were $1.742 billion. For further detailed information regarding ERS' performance, please see the management's discussion and analysis, financial statements and footnotes that follow.

The description of ERS included in this report highlights major plan provisions. County Ordinances, labor agreements, Pension Board rules and Governmental Accounting Standards Board pronouncements prevail over the contents of this report. If you have any questions, please call the ERS office at 414-278-4142.

Members considering retirement within the next few years are reminded to watch for announcements from the County for retirement information programs. Please call the ERS office at 414-278-4207 for further information regarding these programs. If you are interested in meeting with a retirement counselor to discuss retirement, please schedule an appointment by calling 414-278-4207.

Several options are available to members who retire or otherwise leave County service with respect to their pension benefits. Before terminating employment, you should become fully informed of the various opportunities available to you so you can make the best choice for your situation.

Each year, Milwaukee County distributes benefit statements reflecting balances as of the end of the previous year. Remember to keep your beneficiary designations current by informing the Retirement System Office of any changes. Retired members should also notify the ERS office in writing of any changes in residence or address to insure benefit payments and year-end 1099R statements are properly mailed.

The Pension Board

COURTHOUSE, ROOM 210-C • 901 NORTH 9TH STREET • MILWAUKEE, WI 53233 • (414) 278-4207 • (877) 652-6377

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BAKER TILLY

Baker Tilly Virchow Krause, LLP
115 S 84th St, Ste 400
Milwaukee, WI 53214-1475
tel 414 777 5500
fax 414 777 5555
bakertilly.com

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Members of the Pension
Board of the Employees' Retirement
System of the County of Milwaukee:

We have audited the accompanying statements of plan net assets of the Employees' Retirement System of the County of Milwaukee (the "Retirement System") as of December 31, 2011 and 2010, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Retirement System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Retirement System as of December 31, 2011 and 2010, and the changes in its plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, and the Schedules of Funding Progress and Employer Contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economical, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The ten-year historical trend and related information on pages 20 and 21 are not a required part of the basic financial statements of the Retirement System. This additional information is also the responsibility of the Retirement System's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the additional information. However, we did not audit the information and express no opinion on it.

BAKER TILLY VIRCHOW KRAUSE, LLP

Milwaukee, Wisconsin
July 30, 2012

an independent member of
BAKER TILLY
INTERNATIONAL

Management's Discussion and Analysis
(In Thousands of Dollars)

Management is pleased to provide this overview and analysis of the financial activities of the Employees' Retirement System of the County of Milwaukee ("ERS", or the "Retirement System") for the year ended December 31, 2011. Readers are encouraged to consider the information presented in conjunction with the Financial Statements.

FINANCIAL HIGHLIGHTS

PLAN NET ASSETS

- Plan net assets for ERS decreased ($153,060) as of 12/31/11 vs. 12/31/10 following an increase of $72,627 as of 12/31/10 vs. 12/31/09. Fixed Income, Real Estate and Infrastructure experienced positive returns in 2011. Domestic and International Equities and Long/Short had negative returns. For the year, the fund experienced a positive return of 0.2%.
- The rate of return on total assets of the pension fund, net of fees, was 0.2%, 12.1%, and 20.4% for the years ended December 31, 2011, 2010 and 2009, respectively.
- Receivables decreased ($4,447) as of 12/31/11 vs. 12/31/10 due primarily to a decrease in receivables from sales of investments and decreased ($46,638) as of 12/31/10 vs. 12/31/09 due primarily to a decrease in forward foreign exchange contracts.
- Other assets decreased ($57,074) as of 12/31/11 vs. 12/31/10 and increased $58,992 as of 12/31/10 vs. 12/31/09 due largely to changes in securities lending – collateral of ($57,033) and $58,889, respectively.
- Liabilities decreased ($58,056) from 2010 to 2011. This decrease was due to a reduction in securities lending – collateral.
- ERS buys and sells financial futures contracts to improve the performance of the fund. ERS purchases contracts that approximate the amount of cash held by US equity managers and cash used to pay benefits and expenses.

ADDITIONS AND DEDUCTIONS TO PLAN NET ASSETS

- Total additions decreased ($200,645) in 2011 vs. 2010 and decreased ($534,815) in 2010 vs. 2009. The 2011 decrease was due primarily to a ($199,265) reduction in investment income (loss). The 2010 decrease is mainly due to a one-time contribution that occurred in 2009 of $397.8 million.
- Benefit payments increased $24,796 and $17,457 in 2011 and 2010 respectively. The increase in 2011 was due to an increase in monthly benefits of $6.3 million and an increase of $18.5 million in lump-sum payments. The increase in 2010 was due to an increase in monthly benefits of $5.9 million and an increase of $11.6 million in lump-sum payments.
- 2011 saw a 69% increase in retirements from 2010. This large increase was due mainly to the County of Milwaukee eliminating the Medicare part B reimbursement for most new retirees during the year.
- As of December 31, 2011, 2010 and 2009, the funding ratio (actuarial value of the assets divided by the actuarial accrued liability) for the plan was 89.2%, 92.2% and 93.3%, respectively. The funding ratio gives an indication of how well the liabilities of the pension plan are funded. The higher the funding ratio the better the plan is funded. The ratio increases due to investment gains and pension contributions and declines due to investment losses, increases in the plan benefits, large pension payouts and underpayment of pension annual required contributions.

The Board of Trustees of ERS ("The Board") has the responsibility for the overall performance of the Retirement System. The Board's principal means to achieve this goal is by (a) determining an asset allocation policy which is expected to provide the long-term rate of return sufficient to fund benefits while minimizing the risk of loss through diversification (b) selecting an appropriate number of investment managers to manage the assets within an asset class and monitoring the performance of such investment managers relative to specified benchmarks, and (c) implementing cost containment measures intended to reduce the investment fees and costs associated with investing the Retirement System's assets. The Board is the fiduciary of the Retirement System and is responsible for carrying out the investment functions solely in the interest of the members and benefit recipients.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Retirement System's financial statements. The financial section is comprised of four components: (1) financial statements, (2) notes to the financial statements, (3) required supplementary information, and (4) other supplementary schedules.

(See independent auditors' report)

Financial Statements. There are two financial statements presented for the plan. The Statement of Plan Net Assets as of December 31, 2011 and 2010 indicates the net assets available to pay future benefits and gives a snapshot of the financial assets available for pension benefits at a particular point in time. The Statement of Changes in Net Plan Assets for the years ended December 31, 2011 and 2010 provides a view of the additions and deductions to the plan for the years presented.

Notes to financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the financial statements.

Required supplementary information. The required supplementary information consists of a Schedule of Funding Progress and a Schedule of Employer Contributions and related notes concerning the funding status of the plan. These schedules provide historical trend information, which contributes to understanding the changes in the funded status of the plan over time.

Other supplementary schedules. The additional schedules (Ten-Year Historical Trend Information, Net Fund Assets, Actual County Contributions, Active Membership Statistics, Retirements and Survivors) are presented for the purpose of additional analysis.

COMPARATIVE FINANCIAL STATEMENTS

Retirement System's Net Assets	12/31/2011	12/31/2010	12/31/2009	Difference	% Change
Assets					
Cash and cash equivalents	$84,108	$63,139	$328,976	($244,868)	(74.4%)
Receivables	42,352	46,799	93,437	(51,085)	(54.7%)
Investments, at fair value	1,618,148	1,788,712	1,468,387	149,761	10.2%
Other assets	64,488	121,562	62,569	1,919	3.1%
Total Assets	1,809,096	2,020,212	1,953,369	(144,273)	(7.4%)
Liabilities					
Security lending obligations	58,499	115,532	56,643	1,856	3.3%
Other liabilities	8,490	9,513	74,186	(65,696)	(88.6%)
Total Liabilities	66,989	125,045	130,829	(63,840)	(48.8%)
Net assets available for benefits	$1,742,107	$1,895,167	$1,822,540	($80,433)	(4.4%)

Retirement System's Changes in Net Assets	2011	2010	2009	Difference	% Change
Additions					
Employer contributions	$28,276	$32,894	$457,789	($429,513)	(93.8%)
Member contributions	3,314	76	132	3,182	2410.6%
Investment income (loss)	7,381	206,646	316,509	(309,128)	(97.7%)
Total Additions	38,971	239,616	774,430	(735,459)	(95.0%)
Deductions					
Benefit payments	(187,460)	(162,664)	(145,345)	(42,115)	29.0%
Administrative expenses	(4,501)	(4,186)	(4,359)	(142)	3.3%
Withdrawals	(70)	(139)	0	(70)	0.0%
Total Deductions	(192,031)	(166,989)	(149,704)	(42,327)	28.3%
Changes in net assets available for benefits	(153,060)	72,627	624,726	(777,786)	(124.5%)
Net assets held in trust for pension benefits:					
Beginning of year	1,895,167	1,822,540	1,197,814	697,353	58.2%
End of year	$1,742,107	$1,895,167	$1,822,540	($80,433)	(4.4%)

Requests for financial information:

The financial report is designed to provide the Board, our membership, taxpayers, investment managers and creditors with a general overview of ERS finances and to demonstrate ERS' accountability for the funds under its stewardship. Please address any questions about this report or requests for additional financial information to:

Milwaukee County ERS
901 N. 9th Street Room 210C
Milwaukee, WI 53233

(See independent auditors' report)

STATEMENTS OF PLAN NET ASSETS

	December 31, 2011	December 31, 2010
ASSETS:		
CASH AND CASH EQUIVALENTS	$ 84,107,639	$ 63,138,826
RECEIVABLES		
County of Milwaukee	30,252,388	32,071,082
Accrued interest and dividends	2,527,511	2,472,524
Miscellaneous receivables	819,444	568,377
Due from sale of investments	8,752,715	11,632,484
Receivable for foreign exchange contracts	-	54,861
TOTAL RECEIVABLES	42,352,058	46,799,328
INVESTMENTS AT FAIR VALUE		
Domestic common and preferred stocks	388,657,810	443,570,674
Long/Short hedge funds	174,104,924	190,166,445
Corporate bonds and convertible debentures	249,379,923	347,665,724
International common and preferred stocks	306,112,944	351,785,721
Real estate and REIT's	114,522,432	95,306,754
Infrastructure	134,188,424	129,471,845
Federal agency and mortgage-backed certificates	133,475,643	116,571,497
U.S. Government and state obligations	75,427,923	78,257,732
International fixed income	14,673,730	10,814,665
Private equity	27,604,723	25,101,387
TOTAL INVESTMENTS	1,618,148,476	1,788,712,444
OTHER ASSETS		
Software development costs, net (See Note 2)	5,988,807	6,029,436
Securities lending - collateral (See Note 5)	58,498,948	115,532,131
TOTAL OTHER ASSETS	64,487,755	121,561,567
TOTAL ASSETS	1,809,095,928	2,020,212,165
LIABILITIES:		
Securities lending - collateral (See Note 5)	58,498,948	115,532,131
Miscellaneous payables	6,707,712	5,351,780
Payable for securities purchased	238,929	2,704,169
Payable to OBRA Retirement Plan	1,543,452	1,402,225
Payable for foreign exchange contracts	-	55,017
TOTAL LIABILITIES	66,989,041	125,045,322
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$1,742,106,887	$1,895,166,843

(A schedule of funding progress is presented on page 18)

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN PLAN NET ASSETS

	Year Ended December 31, 2011	Year Ended December 31, 2010
ADDITIONS:		
CONTRIBUTIONS		
County of Milwaukee	$ 28,275,594	$ 32,893,562
Plan participants	3,313,807	75,584
	31,589,401	32,969,146
INVESTMENT INCOME		
Net appreciation (depreciation) in fair value	(18,672,797)	183,467,955
Interest and dividends	24,069,225	26,396,272
Security lending income	222,054	234,581
Other income	5,636,028	830,406
Total investment income	11,254,510	210,929,214
Less: Securities lending rebates and fees	(67,730)	(23,750)
Investment expense	(3,805,527)	(4,259,266)
Net investment income	7,381,253	206,646,198
TOTAL ADDITIONS	38,970,654	239,615,344
DEDUCTIONS:		
Benefits paid to retirees and beneficiaries	(187,460,030)	(162,664,454)
Administrative expenses	(4,500,457)	(4,185,796)
Withdrawal of membership accounts	(70,123)	(138,136)
TOTAL DEDUCTIONS	(192,030,610)	(166,988,386)
NET CHANGE IN PLAN NET ASSETS:	(153,059,956)	72,626,958
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:		
Beginning of year	1,895,166,843	1,822,539,885
End of year	$1,742,106,887	$1,895,166,843

The accompanying notes are an integral part of these financial statements.

(1) Description of Retirement System –

The following brief description of the provisions of the Employees' Retirement System of the County of Milwaukee ("ERS" or the "Retirement System") is provided for financial statement purposes only. Members should refer to Section 201.24 of the General Ordinances of Milwaukee County and their respective bargaining agreements for more complete information.

The Retirement System is a single-employer defined benefit plan that was created to encourage qualified personnel to enter and remain in the service of the County of Milwaukee (the "County") by providing for a system of retirement, disability and death benefits to or on behalf of its employees. Under Chapter 201 of the Laws of Wisconsin for 1937, the County was mandated to create the Retirement System as a separate legal entity. The County did so by passing Section 201.24 of the General Ordinances of Milwaukee County. The authority to manage and control the Retirement System is vested in the Pension Board of ERS (the "Board"). The Board consists of nine members – three members appointed by the County Executive (subject to confirmation by the County Board of Supervisors), three employee members elected by active employee members, two members appointed by the County Board chairperson and one retiree member elected by retirees.

The Board created two (2) committees to assist in the administration of the Board's duties. The Investment Committee reviews the investment portfolio on a monthly basis, endorses strategies and submits investment recommendations to the full Board. The Audit Committee reviews legal issues, Ordinance adherence and submits recommendations to the full Board regarding the annual audit and the Annual Report of the Pension Board.

	As of December 31	
Members –	2011	2010
Retiree and beneficiaries currently receiving benefits	7,747	7,441
Vested and terminated employees not yet receiving benefits	1,341	1,493
Current employees	3,972	4,448
Total participants	13,060	13,382

Contributions –

The Retirement System had been substantially noncontributory. However, starting in 2011, certain classes of members began making mandatory contributions. By 2012, most employees will make contributions of some sort. The employee contributions will be a percentage of compensation that varies from year to year based on an analysis performed by the Retirement System's actuary. The percentage may change from year to year based on the actuary's analysis.

In addition, the County contributes to membership accounts of most employee participants enrolled prior to 1971. The last employee receiving a contribution from the County retired in 2011. This contribution ended in early 2011.

As of December 31, 2011 and 2010 member account balances were $6,790,218 and $3,446,230 respectively.

Contributions due from the County to the Retirement System consist of amounts sufficient to fund the annual normal cost and interest on and amortization of the unfunded or overfunded actuarial accrued liability. A substantial portion of the current year's contribution is paid to the Retirement System in the following year.

The County makes contributions to the Retirement System based upon the Annual Required Contribution ("ARC") and legal requirements, at the discretion of the County Board. An actuary hired by the Pension Board establishes the ARC. Data used in the determination of the ARC is based upon the prior fiscal year's demographics. The actual contribution made to the pension plan is set during the County's budget process and may differ from the ARC as a result of changes in plan provisions implemented subsequent to establishment of the ARC and budgetary restraints. During the year, the Retirement System accrues those contributions that the County has included in its current year's budget. For 2011 and 2010, the County contribution recorded by the Retirement System was $4,781,364 and $5,343,572 more than the Funding Contribution Amount for 2011 and 2010, respectively. The Actual Funding Contribution is calculated by the Retirement System's actuary using census data, following plan guidelines and compared to current net assets. The object is to calculate a contribution that allows the Retirement System to fulfill its obligations to its members.

Benefits –

The normal retirement benefit is a monthly pension for the life of the member beginning at normal retirement age. The pension amount is determined by the following formula:

Multiplier x Creditable Service x Final Average Salary.

For most members, the normal retirement age is either 60 or 64 depending on ERS enrollment date and collective bargaining agreement. A few labor agreements also require a minimum of 5 years creditable service in addition to the age requirement. For deputy sheriff members, the normal retirement age is 57 or age 55 with 15 years of creditable service. Depending on enrollment date and collective bargaining agreement, some active members are eligible to retire when their age added to their years of creditable service equals 75 (the "Rule of 75"). The multiplier is determined by Ordinance, collective bargaining agreement and ERS enrollment date. At this time, the multiplier percentage can be 1.5%, 1.6%, 2% or 2.5%. A member's three or five consecutive years of highest earnings are used to calculate their final average salary as defined by the Ordinance and labor agreement. Annually after retirement, the monthly benefit is increased by 2% of the benefit paid for the first full month of retirement subject to IRS limits. By Ordinance, the maximum benefit (excluding post-retirement increases) payable to a member cannot exceed the sum of 80% of the member's final average monthly salary.

For some members, depending on enrollment date and collective bargaining agreement, the member may elect to receive a backdrop benefit. This benefit permits an employee to receive a lump-sum payment plus a monthly pension benefit upon retirement. The lump-sum payment is the total of the monthly pension amounts, adjusted for COLA increases, that a member would be entitled to from a prior date ("backdrop date") to the date that the member terminates employment plus compounded interest. The backdrop date must be at least one calendar year prior to the termination date and the member must have been eligible to retire as of that date. The member will be entitled to a COLA based on the backdrop date once the member terminates employment.

A member who meets the requirements for an accidental or ordinary disability retirement benefit is entitled to an amount computed in the same manner as a normal pension but not less than 60% of the member's final average salary for accidental disability (75% for a represented deputy sheriff). A total of 15 years of creditable service is required to apply for ordinary disability.

Most members are immediately vested upon attaining age 60 or 64. A vested member is eligible for a deferred pension beginning as of the member's normal retirement date.

A member who is 55 years of age and has 15 years of credited service may elect to receive early reduced retirement benefits. The member would be entitled to a benefit equal to the normal retirement benefit with a lifetime reduction of 5% for each year prior to the normal retirement date.

Upon the death of a member (generally after 1 year of service and depending on collective bargaining agreements), a spouse with a dependent child as defined by Ordinance will receive 40% of the deceased member's salary, reduced by Social Security benefits payable to the spouse. An additional 10% of salary, reduced by Social Security benefits, is paid for each dependent child. Generally, the total benefit, including Social Security benefits, cannot exceed 90% of the prior salary level of the member. At age 60, the spouse will receive 50% of the normal retirement benefit based on the member's projected service to age 60. If there is no spouse or child, the death benefit payable to a designated beneficiary is equal to 50% of the deceased member's final average salary, but not to exceed $2,000.

A member who becomes eligible for normal retirement, but continues to work may elect a Protective Survivorship Option ("PSO") designating a person to receive a pension (100% or 50% option) in the event of their death while in active service. The PSO election must be filed in writing on an approved form. In the absence of an election, a surviving spouse will be paid a 100% survivorship pension.

Currently, members may choose among several benefit payment options when retiring. The available pension options are:

– Maximum
  Benefit payable for the member's lifetime and ceases upon member's death.

– Option 1 – Membership Account Refund
  This option is an actuarially reduced benefit that ceases upon member's death. This option guarantees that the member will receive the total Membership Account balance as of the retirement date. The Membership Account balance is reduced monthly by an actuarially determined amount. Any balance remaining upon the member's death will be paid to the member's beneficiary.

– Option 2 – 50%
  This option is an actuarially reduced pension benefit that is payable over the life of the member. Upon the member's death, 50% of the pension benefit is payable over the life of a named beneficiary, if living;

– Option 3 – 100%
  This option is an actuarially reduced pension benefit that is payable over the life of the member. Upon the member's death, 100% of the pension benefit is payable over the life of a named beneficiary, if living;

– Option 4 – 25%

This option is an actuarially reduced pension benefit that is payable over the life of the member. Upon the member's death, 25% of the pension benefit is payable over the life of a named beneficiary, if living;

– Option 5 – 75%

This option is an actuarially reduced pension benefit that is payable over the life of the member. Upon the member's death, 75% of the pension benefit is payable over the life of a named beneficiary, if living;

– Option 6 – 10 Year Certain

This option is an actuarially reduced pension benefit payable over the member's life but is guaranteed for a period of 10 years. If the retiree dies within 10 years, the benefits continue to the beneficiary for the balance of the 10 years.

– Option 7 – Board Discretion

This option is at the Pension Board's discretion and is a payment of a benefit in a form other than those set forth above. The payment in other form must be the actuarial equivalent of the benefit otherwise payable. A member requesting this option is responsible for all expenses incurred in the application for and calculation of the benefit.

Benefits of $187.5 million and $162.7 million were paid in 2011 and 2010, respectively, including periodic pension payments of $148.7 million and $142.4 million, respectively, and backdrop lump sum pension payments of $38.8 million and $20.3 million in 2011 and 2010, respectively.

(2) Summary of Significant Accounting Policies:

GASB Statement No. 50

The Retirement System follows the provisions of Governmental Accounting Standards Board ("GASB") 50. GASB 50 requires that information about the funded status of the pension plan as of the most recent actuarial valuation be disclosed in notes to the financial statements. Additionally, GASB 50 requires disclosure of information about actuarial methods and assumptions used in valuations on which reported information about the ARC and the funded status and progress are based. The required schedules of funding progress immediately following the notes to the financial statements present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Basis of Accounting –

The accompanying financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed and expenses are recorded when the corresponding liabilities are incurred.

Investments –

Investments, primarily stocks, bonds, certain government loans and mortgage-backed certificates, are stated at quoted fair value. Temporary cash investments are valued at cost, which approximates fair value. Investments in venture capital partnerships, real estate, long/short hedge and infrastructure are valued at

	As of December 31	
	2011	2010
Corporate bonds and convertible debentures	$222,621,582	$ 321,804,567
Domestic common and preferred stocks	337,378,429	355,054,737
International common and preferred stocks	384,780,428	378,397,504
Long/Short hedge funds	172,331,502	180,113,685
Federal agency and mortgage backed certificates	128,141,955	112,309,768
Infrastructure	117,296,786	120,000,000
Real estate and REIT's	100,538,400	90,082,194
Private equity	29,220,641	26,970,720
International fixed income	14,170,367	10,476,191
Cash and cash equivalents	84,107,638	63,134,641
U.S. Government and state obligations	65,899,814	75,351,316
Total investments at cost	$ 1,656,487,542	$ 1,733,695,323

estimated fair value, as provided by the Retirement System's investment managers. Investment transactions are recorded on the trade date. Realized gains and losses are computed based on the average cost method.

A summary of investments at cost is as follows:

Valuation of International Securities –

Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts on the date of valuation. Purchases and sales of securities and income items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

Software Development Costs –

Capitalized software development costs represent direct costs related to the development and implementation of software programs utilized in the Retirement System. The amounts are being amortized over ten years using the straight-line method. Amortization expense is included in Administrative Expenses in the accompanying Statement of Changes in Plan Net Assets.

	As of December 31	
	2011	2010
	(in thousands of dollars)	
Software development costs		
Beginning balance:	$ 7,174	$ 6,426
Acquisitions	679	748
Ending balance	$ 7,853	$ 7,174
Accumulated amortization		
Beginning balance:	$ 1,145	$ 499
Amortization expense	719	646
Ending balance	$ 1,864	$ 1,145
Software development costs, net	$ 5,989	$ 6,029

Expenses –

Administrative expenses incurred by the County related to the Retirement System are payable by the Retirement System to the County. Such expenses totaled $1,548,921 and $1,310,356 in 2011 and 2010, respectively.

Use of Estimates –

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification –

Certain 2010 amounts have been reclassified to conform with classifications adopted in 2011.

New Accounting Standards –

In June 2012, the GASB approved GASB Statement No. 67 ("GASB 67"), "Financial Reporting for Pension Plans", which revises existing guidance for the financial reports of most pension plans.

GASB 67 replaces the requirements of GASB Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans", and GASB Statement No. 50, "Pension Disclosures", as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. GASB 67 builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. GASB 67 enhances note disclosures and required supplementary information for both defined benefit and defined contribution pension plans. GASB 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year required supplementary information schedules.

The provisions in GASB 67 are effective for financial statements for periods beginning after June 15, 2013.

(3) Income Taxes –

Management has submitted to the Internal Revenue Service, as part of a Voluntary Compliance Program, any compliance issues that have been discovered through a self-administered review where the provisions contained in the Internal Revenue Code, the County Pension Ordinances or Pension Rules differ from actual practice. Management is waiting for a response from the Internal Revenue Service regarding what action will be required to bring the pension system into compliance in all of its practices in order to maintain its tax-qualified status.

(4) Contributions Required and Contributions Made –

The Retirement System's funding policy provides for periodic County contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Payroll contribution rates are determined using the Aggregate Entry Age Normal method of funding. The Retirement System also uses the level percentage of payroll method to amortize the unfunded liability over a 30 year period. The significant actuarial assumptions used to compute the contribution requirements are the same as those used to compute the pension benefit obligation.

County contributions totaling $28,275,594 and $32,893,562 were recorded in 2011 and 2010, respectively. The 2011 contribution was $4,781,364 above the Funding Contribution Amount ("FCA"). Member contributions were $3,313,807 for the year ended December 31, 2011 and $75,584 for the year ended December 31, 2010. This large increase was caused by changes in County Ordinances and State Statutes. By the end of 2011, most County employees were required to make pension contributions. See the Schedule of Employer Contributions in the Required Supplementary Information.

The 2011 and 2010 contributions reflected in the accompanying statements were actuarially determined as of January 1, 2010 and 2009. These amounts were included in the County's 2011 and 2010 budgets. The Retirement System's financial statements as of December 31, 2011 and 2010 reflected the unpaid portion of the 2011 and 2010 contributions as a contribution receivable.

Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 8.0%, compounded annually in 2011 and 2010, (b) projected payroll growth increases averaging 3.5% per year compounded annually in 2011 and 2010, attributed to inflation, seniority and merit, and (c) post-retirement benefit increases of 2.0% per year for both 2011 and 2010.

(5) Deposit and Investment Risk Disclosure –

As provided by state legislative act and County Ordinance, the Board has exclusive control and management responsibility of the Retirement System's funds and full power to invest the funds. In exercising its fiduciary responsibility, the Board is governed by the "prudent person" rule in establishing investment policy. The "prudent person" rule, requires the exercise of that degree of judgment, skill and care under the circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to permanent disposition of their funds, considering the probable income as well as the probable safety of the principal. The Board has adopted a Statement of Investment Policy to formally document investment objectives and responsibilities. This policy establishes guidelines for permissible investments of the Retirement System. The Retirement System's investments are subject to various risks. Among them are credit risk, concentration of credit risk, custodial credit risk, interest rate risk, and foreign currency risk. Each of these risks is discussed in more detail below.

Concentration of Credit Risk –

Concentration of credit risk is a risk of loss that may be attributed to the magnitude of the Retirement System's investment in a single issuer, generally investments in any one issuer that represents five (5) percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this definition. The Retirement System has no investments in one issuer other than U.S. Government securities and mutual funds that exceed five (5) percent of the total investments.

Credit Risk –

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's Investors Services ("Moody's"), Standard and Poor ("S & P") and Fitch Ratings ("Fitch's"). With the exception of the Mellon Capital Management Aggregate Bond portfolio, bonds purchased and owned in each portfolio must have a minimum quality rating of Baa3 (Moody's) or BBB- (S & P or Fitch's). The average quality of each portfolio must be A or better. The fixed income securities for the Mellon Capital Management Aggregate Bond portfolio should have a minimum quality rating of A, with the exception of 15% of the portfolio which may have a minimum quality rating of BBB. The credit quality ratings of investments in fixed income securities by Moody's, a nationally recognized statistical rating agency, as of December 31, 2011 and 2010 are as follows: (amounts are in thousands of dollars)

Moody's Quality Ratings	12/31/11 Fair Value	12/31/10 Fair Value
AAA	$14,175	$20,350
AA1	1,849	2,109
AA2	6,179	5,419
AA3	5,629	6,156
A1	10,520	9,609
A2	10,489	9,727
A3	11,445	8,255
BAA1	11,355	8,015
BAA2	9,446	5,843
BAA3	4,418	1,805
BA1	526	507
BA2	993	35
BA3	388	155
B1	796	-
B2	155	178
B3	703	164
CAA2	224	231
CAA3	193	219
CA	511	688
NR	15,821	16,172
Total Credit Risk Fixed Income Securities	**$105,815**	**$95,637**
U.S. Government and Agencies	208,904	194,829
Units of Participation (Not Rated)	158,238	262,843
Total Investment in Fixed Income	**$472,957**	**$553,309**

Of the $15.8 million not rated by Moody's as of December 31, 2011, $15.0 million is rated by Standard & Poor's as investment grade. Moody's quality rating of BAA3 or above is considered investment grade. $0.8 million is also not rated by Standard & Poor's. As of December 31, 2010, $0.7 million was not rated by Standard & Poor's or Moody's.

Custodial Credit Risk – Deposits and Investments

Custodial credit risk is the risk that, in the event a financial institution or counterparty fails, the Retirement System will not be able to recover the value of its deposits, investments or securities. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the Retirement System's name and are held by the counterparty.

No formal policy exists on custodial risk. However, substantially all assets of the Retirement System are held in its name. The Retirement System did not own any repurchase agreements as of December 31, 2011 or December 31, 2010.

As of December 31, 2011 and 2010, all deposits with banks are fully insured by the Federal Depository Insurance Corporation or the State Deposit Guarantee Fund.

The following table presents the Retirement System's total cash, deposits and cash equivalents as of December 31, 2011 and 2010: (amounts are in thousands of dollars)

Schedule of Cash and Cash Equivalent Investments

	12/31/11		12/31/10	
	Carrying Value	Bank Balance	Carrying Value	Bank Balance
Cash held by various investment managers	**$81,712**	**$81,712**	**$61,443**	**$61,443**
Deposits with banks	**2,396**	**3,967**	**1,695**	**2,231**
Foreign currency	**-**	**-**	**-**	**-**
Repurchase agreement	**-**	**-**	**-**	**-**
Money market deposits	**-**	**-**	**-**	**-**
Total Deposits	**$84,108**	**$85,679**	**$63,139**	**$63,674**

The difference between the carrying value and bank balances are due to outstanding checks and deposits not yet processed by the bank.

Foreign Currency Risk –

Foreign currency risk is the risk that changes in currency exchange rates will adversely affect the fair value of an investment or deposit.

This footnote is a required disclosure when the Retirement System directly owns investments denominated in a foreign currency. As of December 31, 2011, the Retirement System directly owned less than $1,000 in investments denominated in foreign currencies. As of December 31, 2010, the Retirement System's exposure to foreign currency was as follows: (amounts are in thousands of dollars)

	12/31/2010			
Currency Unit	Equity and Private Equity	Fixed Income and Convertible Debenture	Cash and Cash Equivalents	Total
Australian Dollar	$ 1,710	-	-	$ 1,710
British Pound Sterling	923	-	-	923
Canadian Dollar	358	-	-	358
Euro Currency Unit	1,109	-	-	1,109
Hong Kong Dollar	2,317	-	-	2,317
Japanese Yen	2,348	-	-	2,348
Norwegian Krone	57	-	-	57
Singapore Dollar	1,033	-	-	1,033
Swedish Krona	128	-	-	128
Swiss Franc	113	-	-	113
Totals	**$ 10,096**	**$ -**	**$ -**	**$ 10,096**

Interest Rate Risk –

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Duration is a measure of an investment's sensitivity to changes in interest rates. The higher the duration, the greater the changes in fair value when interest rates change. The Option-Adjusted Duration for a security is the percentage price sensitivity to interest rate changes of 100 basis points (or 1.0%). For example, an Option-Adjusted Duration of 5.20 means that the price of the security should fall approximately 5.20% for a 1.0% rise in the level of interest rates. Conversely, the price of a security should rise approximately 5.20% for a 1.00% fall in the level of interest rates. Interest rate changes will affect securities with negative durations in the opposite direction. The Option-Adjusted Duration method of measuring duration takes into effect the embedded options on cash flows.

The Retirement System does not have a formal investment policy that limits investment maturities as a means of managing exposure to losses arising from increasing interest rates with the exception of the cash equivalent portfolio. The investment policy limits the duration of individual securities held in the cash equivalent portfolio to 2.5 years. In addition, the duration of the entire cash equivalent portfolio should be between 1 and 2 years.

As of December 31, 2011 and 2010, the Retirement System had the following Option-Adjusted Durations for the fixed income investments: (amounts are in thousands of dollars)

	12/31/11		12/31/10	
Fixed Income Sector	**Fair Value**	**Option Adjusted Duration**	**Fair Value**	**Option Adjusted Duration**
ABS-Car Loan	$ 2,709	0.41	$ 2,219	0.88
ABS-Equipment	1,039	1.28	1,453	0.94
ABS-Home Equity	1,944	0.33	2,320	0.62
Aerospace & Defense	247	4.41	-	0.00
Agency for Int'l. Devel. Backed Debt	921	5.58	-	0.00
Automobiles & Components	187	4.49	129	2.45
Banking & Finance	21,365	4.35	21,020	4.59
BSDT Reserve Deposit Accts.	802	0.08	758	0.07
Canadian Government Bonds	105	2.94	-	0.00
Capital Goods	257	3.06	187	1.95
Chemicals	1,592	5.56	128	6.82
CMO - Conduit	10,253	2.81	10,305	3.65
CMO-U.S. Agencies	7,659	2.25	3,216	6.59
CMO-Comm/Corp	-	0.00	818	(0.15)
Collateralized Mortgage Obligation	1,508	1.53	-	0.00
Commercial Services & Supplies	109	5.03	-	0.00
Commingled Fds Cash Equivalents	75,721	0.08	56,875	0.08
FHLMC Multiclass	38,708	1.26	34,650	1.55
FHLMC Pools	10,149	1.97	10,541	1.87
FNMA Pools	27,938	2.66	28,180	1.93
FNMA REMIC	39,293	1.92	32,220	2.07
Food Beverage & Tobacco	742	6.67	102	5.33
Food Products	1,568	5.78	815	5.45
GNMA Multi Family Pools	2,684	1.65	85	1.34
GNMA Single Family Pools	1,166	1.25	2,340	2.84
Health Care	337	8.09	106	2.78
Household Products	13	5.54	13	6.05
Industrial	438	5.28	6,212	5.83
Insurance	1,319	4.32	679	6.20
International Corporate Bonds	-	0.00	124	3.55
Materials	72	4.21	169	3.34
Mining	302	6.39	155	4.78
News/Media	2,252	7.27	968	7.23
Non-US Corporate Bonds	3,665	4.96	-	0.00
Non-US Corporate Private Placements	1,513	3.26	-	0.00
Non-US Government Bonds	95	13.41	-	0.00
Oil & Gas	2,277	6.98	1,500	7.22
Other Corporate Bonds	108	6.95	627	5.55
Other Govenment Obligations	658	7.96	-	0.00
Private Placements - ABS	301	.20	-	0.00
Private Placements - MBS	864	0.05	475	2.87
Private Placements-More than 1 yr	7,802	4.05	6,915	5.06
Provincials (Canadian)	-	0.00	262	6.45
Retail	1,103	10.03	691	9.66
Supranational Issues	189	3.66	-	0.00
Taxable Municipals	710	14.50	382	11.60
Technology	2,670	6.15	848	6.35
Transportation	1,782	7.82	926	6.28
Treasury Bills - Less Than 1 Year	5,178	0.49	3,810	0.57
U.S. Agencies	4,911	5.20	3,848	5.69
U.S. Governments	75,428	6.58	78,258	5.97
Utility-Electric	5,157	6.09	4,454	5.40
Utility-Gas	638	6.80	259	3.87
Utility-Other	250	4.90	-	0.00
Utilty-Telephone	3,249	7.97	3,186	6.61
Whole Loan - CMO	20,975	0.47	24,430	2.79
Whole Loan - Re-securitization	462	0.02	73	0.73
Yankee Bonds	1,367	6.21	196	2.30
Other*	159,907		266,826	
Total	**$ 554,658**		**$ 614,753**	

*For 2011 this represents $158,238 in units of participation, $56 in ABS - Home Equity, $712 in FHLMC Multiclass, $592 in Utility - Telephone and $309 in Whole Loan CMO. For 2010, this represents $262,843 in units of participation and $1,124 in FNMA REMIC bonds, $369 in FHLMC pools, $599 in CMO's and $1,891 in Whole Loans.

Security Lending –

Section 201.24 (9.1) of the General Ordinances of Milwaukee County and Board policies permit ERS to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. ERS participates in such a security lending program through its custodian, the Bank of New York Mellon, acting as ERS's securities lending agent. ERS requires collateral from the borrower in the form of cash or securities. Collateral for domestic issues is set at 102% of the fair value of the securities loaned at the time of the initial transaction. If the value falls to 100% of the fair value of the securities loaned, additional collateral is obtained to reestablish collateral at 102% of the fair value of securities loaned. Collateral for international securities is maintained at a level of 105% of the fair value of securities loaned at all times. The securities lending program guidelines attempt to preserve capital while earning a moderate rate of return. Earnings from securities lending, after all fees are paid, are split on a percentage basis with the custodian. For 2011 and 2010, the net investment income realized from security lending was $154,324 and $210,831, respectively.

ERS also invested in several commingled funds managed by Mellon Capital Management that participated in securities lending programs. The earnings and losses attributable to the commingled funds' securities lending programs are combined with the commingled funds' performance and are not reported separately in ERS's financial statements.

Securities loaned and the collateral held were as follows: (amounts are in thousands of dollars)

	As of December 31			
	2011		2010	
Securities Lent for Cash Collateral	Securities Lent	Collateral	Securities Lent	Collateral
Fixed income	$ 10,538	$ 10,740	$ 52,956	$ 53,876
Domestic stocks	46,233	47,759	56,524	58,271
REITS	-	-	3,297	3,385
Subtotal	56,771	58,499	112,777	115,532
Securities Lent for Securities Collateral				
Fixed income	7,828	7,993	-	-
Domestic stocks	-	-	-	-
REITS	-	-	80	82
Subtotal	7,828	7,993	80	82
Grand Total	$ 64,599	$ 66,492	$112,857	$ 115,614
Percent Collateral to Securities Loaned		102.93%		102.44%

The collateral received from securities lending transactions are recorded as assets at quoted fair value of the financial statement date. The Retirement System records an identical amount as a liability, representing the obligation of the Retirement System to return the collateral at the time the borrower of the Retirement System's securities return those securities.

The collateral received from securities lending transactions includes cash of $58,499 and $115,532 and U.S. Treasury securities and REIT's of $7,993 and $82 for the years ended December 31, 2011 and 2010, respectively. Under the terms of the securities lending agreement, the Retirement System has the right to sell or pledge the cash collateral. The non-cash collateral in the amount of $7,993 and $82 for the years ended December 31, 2011 and 2010, respectively, is controlled by the custodian and, correspondingly, is not reflected in the Statement of Net Assets Available for Plan Benefits.

At year-end, the Retirement System has no credit risk exposure to borrowers because the amounts the Retirement System owes the borrowers exceed the amounts the borrowers owe the Retirement System. The contract with the Retirement System's custodian requires it to indemnify the Retirement System if a borrower fails to return the securities (and if the collateral is inadequate to replace the securities lent) or fails to pay the Retirement System for income distributions by the securities' issuers while the securities are on loan.

(6) Financial Instruments With Off-Balance Sheet Risks –

A currency forward is a contractual agreement between two parties to pay or receive amounts of foreign currency at a future date in exchange for another currency at an agreed-upon exchange rate. Forward commitments are entered into with the foreign exchange department of a bank located in a major money market. These transactions are entered into in order to hedge risks from exposure to foreign currency rate fluctuations. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the Retirement System records the amount receivable or payable at fair value, with the unrealized gain or loss reported as a component of net appreciation in fair value. All contracts are short-term in duration and mature within 90 days.

Financial instruments with off-balance sheet risk held were zero as of December 31, 2011 and were as follows as of December 31, 2010: (amounts are in thousands of dollars)

	Cost	Market Value	Gain/(Loss)
As of December 31, 2010			
Currency forward receivables	**$ 55**	**$ 55**	**$ 0**
Currency forward payables	**(55)**	**(55)**	**0**
Total gain (loss)			**$ 0**

ERS invests in financial futures contracts in order to improve the performance of the fund. The Retirement System purchases contracts that approximate the amount of cash held by US equity investment managers and cash used to pay benefits and expenses. Financial futures contracts are agreements to buy or sell a specified amount at a specified delivery or maturity date for an agreed upon price.

The market values of the futures contracts vary from the original contract price. A gain or loss is recognized and paid to or received from the clearinghouse. Financial futures represent an off balance sheet obligation, as there are no balance sheet assets or liabilities associated with those contracts. The cash or securities to meet these obligations are held in the investment portfolio. All contracts are short-term in duration and mature within 90 days.

ERS is subject to credit risk in the event of non-performance by counter parties to financial futures and forward contracts. ERS generally only enters into transactions with credit worthy institutions. The Retirement System is exposed to market risk, the risk that future changes in market conditions may make an instrument less valuable. Exposure to market risk is managed in accordance with risk limits set by ERS management and by buying or selling futures or forward contracts. The cash or securities to meet these obligations are held in the investment porfolio.

	As of December 31	
	2011	2010
	(in thousands of dollars)	
US Equity Managers		
Cash Held		
US Equity Investment Managers	$ 13,545	$ 14,291
Futures Purchased		
S&P 500 (US Equity)	13,278	13,908
Futures Above\(Below) Cash	(267)	(383)
Market Value	$ 226	$ 141

	As of December 31	
	2011	2010
	(in thousands of dollars)	
Cash Used to Pay Benefits and Expenses		
Cash Held	$ 65,486	$ 41,709
Futures Purchased		
Barclays AGG (Fixed Income)	26,437	19,905
S&P 500 (US Equity)	25,115	14,597
MSCI EAFE (International Equity)	11,909	7,391
	63,461	41,893
Futures Above\(Below) Cash	(2,025)	184
Market Value	778	117
Total Market Value	**$ 1,004**	**$ 258**

(7) Commitments and Contingencies –

The Retirement System is involved in litigation and certain other disputes arising during the normal course of operations. Management does not believe the settlement of such matters will have a material impact on the Retirement System's financial statements.

(8) OBRA 1990 Retirement System of the County of Milwaukee –

The County established the OBRA 1990 Retirement System of the County of Milwaukee (OBRA) to cover seasonal and certain temporary employees who are not enrolled in the Retirement System. Assets of the OBRA system are commingled for investment purposes with the assets of the Retirement System. The assets of the Retirement System are legally available to pay benefits of either the ERS or OBRA and all assets have been commingled. The Retirement System and OBRA are considered a single plan for financial reporting purposes. Net assets identified for OBRA benefits as of December 31, 2011 and 2010, were as follows:

	(Unaudited)	
	2011	2010
Assets		
Cash	**$ 60,700**	**$ 763**
Contributions receivable from County	**2,022,000**	**786,000**
Assets held by Retirement System	**(539,248)**	**615,462**
Other Assets	**28,648**	**-**
Total assets	**1,572,100**	**$1,402,225**
Liabilities		
Taxes payable	**40,521**	**-**
Total liabilities	**40,521**	**-**
Net assets available for benefits	**$1,531,579**	**$1,402,225**

Changes in net assets available for benefits for OBRA for the years ended December 31, 2011 and 2010, were as follows:

	(Unaudited)	
	2011	**2010**
Contributions from County	**$2,022,000**	**$786,000**
Investment income (loss)	**(56,201)**	**100,815**
Investment and administrative expenses	**(691,775)**	**(519,351)**
Benefits paid	**(1,144,670)**	**(3,846)**
Net increase (decrease) in assets available for benefits	**$129,354**	**$363,618**

As of December 31, 2011 and 2010, respectively, there were 3,502 and 11,539 participants with vested benefits in OBRA. The actuarial accrued liability of OBRA at December 31, 2011 and 2010, was $2,444,436 and $5,519,524, respectively, leaving net assets available less than the actuarial accrued liability of ($1,208,911) and ($4,117,299), respectively. These amounts are not reflected in the required supplementary information tables that follow the notes to the financial statements.

(9) Funded Status and Actuarial Information

The Retirement System engages an independent actuarial firm to perform an annual actuarial valuation. The funded status of the Retirement System as of January 1, 2012, the most recent actuarial valuation date, is as follows: (dollar amounts in thousands)

Actuarial Value of Assets (a)	**Actuarial Accrued Liability (AAL)- Entry Age (b)**	**Unfunded AAL (UAAL) (b-a)**	**Funded Ratio (a/b)**	**Covered Payroll (c)**	**UAAL as a Percentage of Covered Payroll ((b-a)/c)**
$1,836,543	$2,059,554	$223,011	89.2%	$190,748	116.9%

The schedules of funding progress, presented as required supplementary information (RSI) immediately following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of the plan assets are increasing or decreasing over time relative to the AALs for benefits.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates about the future. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. These calculations reflect long-term perspectives and use techniques that are designed to reduce short-term volatility.

Following is a listing of the actuarial method significant assumptions used to determine the Annual Required Contribution (ARC) for the current year:

Valuation date	1/1/2012
Actuarial cost method	Aggregate Entry Age Normal
Asset valuation method	5-year smoothed market
Amortization methods:	
Contribution variance	Level dollar, closed
Administrative expenses	Level dollar, closed
All other unfunded liability	Level percent of payroll, closed
Remaining amortization periods:	
Contribution variance	5 years
Administrative expenses	10 years
All other unfunded liability	30 years
Actuarial Assumptions:	
Investment rate of return	8.00%
Projected salary increases	3.50%
Post-retirement benefit increases	2%, simple

(10) Subsequent Events

The Retirement System has evaluated subsequent events occuring through July 30, 2012. The date the financial statements were available to be issued for events requiring recording or disclosure in the Retirement System's financial statements. Management feels that no material events occurred that would require disclosure.

Required Supplementary Information

Schedule of Funding Progress
(in thousands of dollars)

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability– AAL (b)	Funded ratio (a/b)	(Overfunded) Unfunded AAL– (UAAL) (b-a)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
12/31/11	$1,836,543	$2,059,554	89.2%	$223,011	$190,748	116.9%
12/31/10	1,929,428	2,091,927	92.2%	162,499	221,647	73.3%
12/31/09	1,956,444	2,097,332	93.3%	140,888	237,040	59.4%
* 12/31/08	1,968,518	2,057,377	95.7%	88,859	233,820	38.0%
12/31/07	1,627,288	2,024,923	80.4%	397,635	227,364	174.9%
12/31/06	1,525,532	1,931,220	79.0%	405,688	223,005	181.9%

* Includes the anticipated impact from the $397.8 million in pension obligation bonds that was actually received by the plan during plan year 2009.

Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded (overfunded) actuarial accrued liability in isolation can be misleading. Expressing plan net assets as a percentage of the actuarial accrued liability provides one indication of the Retirement System's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the Retirement System is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Retirement System. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids the analysis of the Retirement System's progress in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, or the larger the percentage, if negative, the stronger the Retirement System.

Schedule of Employer and Other Contributions for the Year Ended December 31,

Fiscal Year	Annual Required Contribution	Percentage Contributed
2011	$29,621,216	106.3%
2010	29,529,322	106.0%
2009	30,355,535	1,508.1%*
2008	53,063,610	65.7%
2007	52,395,263	94.1%
2006	52,638,196	52.1%

*Actual contribution includes $397.8 million in pension obligation bonds and $29.0 million from a lawsuit settlement.

Notes to Required Supplementary Information

(1) Description –

The historical trend information is presented as required supplementary information. This information is intended to help users assess the Retirement System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

(2) Actuarial Assumptions and Methods –

The information presented in the required supplementary schedules was determined as part of the actuarial valuations as of January 1, 2012, for the plan year ending December 31, 2011. The actuarial valuations consider the changes effective January 1, 2012. Additional information as of the latest actuarial valuation follows:

(See independent auditors' report)

Valuation date	1/1/12
Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level percent of payroll, closed
Equivalent Single Amortization Period	14 years
Asset valuation method	5-year smoothing of difference between total expected return versus actual return
Actuarial Assumptions:	
COLA	2% of original pension benefits
Investment rate of return*	8.0%
Projected payroll growth*	3.5%
Mortality	Sex-distinct UP – 1994 Mortality Table (for healthy pensioners) RP 2000 Disabled Mortality Table (for disabled pensioners

*Includes inflation at 3.0%

(3) Significant Factors Affecting Trends in Actuarial Information –

The changes regarding the increases in the Annual Compensation limit and the Annual benefit limit for years 2008-2012 are subject to the passage of the Ordinance Amendments by the County Board.

2012 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year -

- During 2012, the retirement age for Building and Trades and Nurses members for new hires will increase from 60 to 64.
- During 2012, the multiplier will be reduced from 2.0% to 1.6% for Building and Trades and Nurses.
- During 2011, the retirement age for DC 48 members for new hires was increased from 60 to 64.
- During 2011, the multiplier was reduced from 2.0% to 1.6% for DC 48 members.
- Increased annual compensation limit to $250,000.
- Increased annual benefit limit to $200,000.

2011 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year -

- During 2010, the multiplier was reduced from 2.0% to 1.6% for elected officials, attorneys, the Machinists and TEAMCO members.
- During 2010, the retirement age for attorneys, Machinists and TEAMCO members for new hires was increased from 60 to 64.

2010 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year -

- Multiplier was reduced from 2.0% to 1.6% for non-represented employees, except Elected Officials and Deputy Sheriffs.
- Retirement age for non-represented new hires was increased to 64.

2009 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year -

- Increased annual compensation limit to $245,000.
- Increased annual benefit limit to $195,000.

2008 Changes in Plan Provisions or Actuarial Assumptions Since Prior Year –

- Changed maximum period for backdrop period to earliest unreduced benefit.
- Increased annual compensation limit to $230,000.
- Increased annual benefit limit to $185,000.

(See independent auditors' report)

TEN-YEAR HISTORICAL TREND INFORMATION

REVENUES BY SOURCE AND EXPENSES BY TYPE
(Unaudited)

Revenues by Source

Fiscal Year	Participant Contributions	County Contributions(1)	Investment Income (Loss)(2)	Total
2011	$3,313,807	$ 28,275,594	$ 11,186,780	$ 42,776,181
2010	75,584	32,893,562	210,905,464	243,874,610
2009	131,766	457,789,154	319,997,171	777,918,091
2008	140,209	34,840,886	(352,108,625)	(317,127,530)
2007	344,782	49,291,072	106,442,068	156,077,922
2006	545,258	27,435,154	207,804,929	235,785,341
2005	360,283	35,415,185	128,528,748	164,304,216
2004	711,322	35,143,178	188,633,703	224,488,203
2003	704,758	33,980,592	292,669,096	327,354,446
2002	436,682	2,579,984	(78,508,968)	(75,492,302)

Expenses by Type

Fiscal Year	Benefits(3)	Investment and Administrative Expenses(4)	Withdrawals	Total
2011	$187,460,030	$8,305,984	$70,123	$195,836,137
2010	162,664,454	8,445,062	138,136	171,247,652
2009	145,345,520	7,846,655	-0-	153,192,175
2008	144,160,665	7,385,443	23,557	151,569,665
2007	139,990,962	7,715,976	56,626	147,763,564
2006	130,730,539	6,622,923	13,571	137,367,033
2005	148,307,335	6,294,816	36,963	154,639,114
2004	161,368,700	6,302,951	154,522	167,826,173
2003	111,109,514	5,662,380	12,999	116,784,893
2002	118,078,160	5,301,678	30,230	123,410,068

FOOTNOTES ARE IN THOUSANDS OF DOLLARS:

(1) Contributions are set during the County's budget process and are made at the discretion of the County Board.

(2) Includes interest and dividends, net appreciation (depreciation) of fair value, net security lending income and other income.

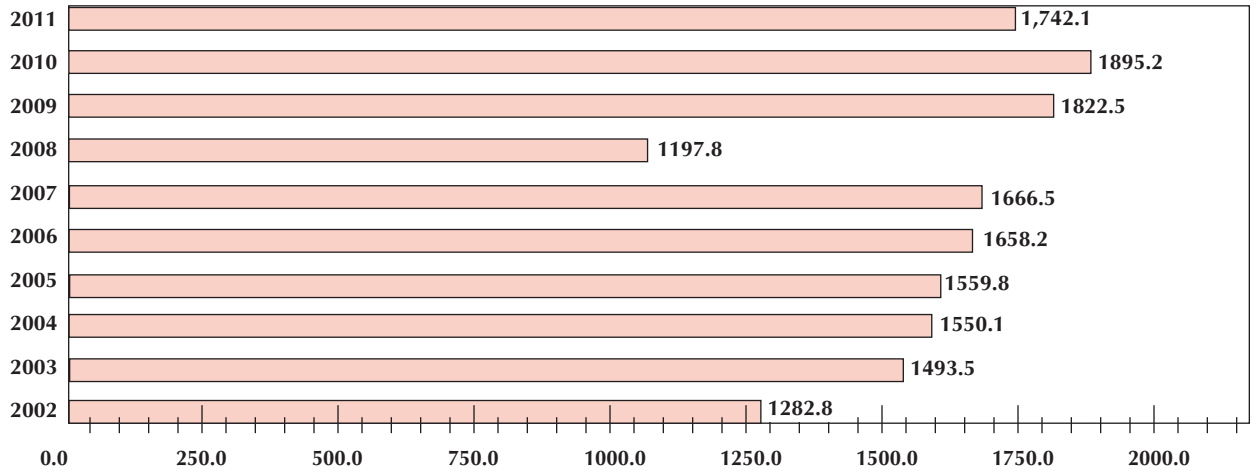
(3) Included in the benefits for 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, and 2003 are back drop lump-sum payments of $38.8, $20.3, $8.7, $11.2, $10.5, $5.5, $25.7, $55.1, and $11.0 million, respectively.

(4) The increase in investment and administrative expenses of $3,004 during the past ten years was due to increases in the following expenses:

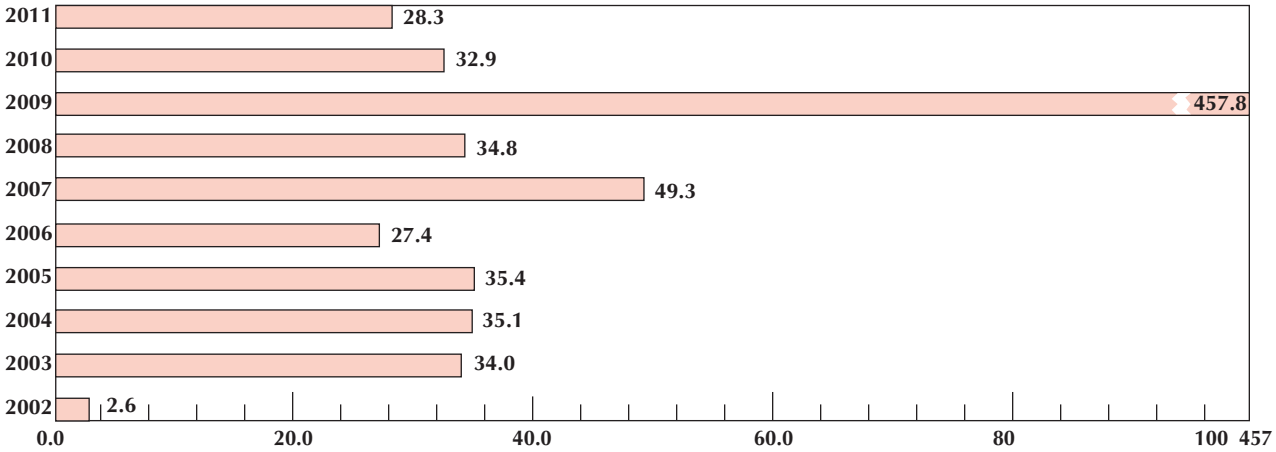
- outside consultants of $722 with most of this increase occurring in 2008 and 2007;
- legal and corporate counsel fees of $371 due to buyback/buyin issues, RFP preparation and analysis, tax issues and various other legal matters;
- insurance expense of $191. This expense has been declining for the last seven years;
- salaries and wages of $804 due primarily to the increase in benefits and increase in staff;
- temporary help of $80 due to unfilled positions and temporary projects;
- computer system expenses of $1,134. The plan started using its new computer system as of 1/1/09. Amortization of $718 and hosting expense of $250 caused most of this increase.

(See independent auditors' report)

NET FUND ASSETS
FAIR VALUES 2011-2002
(in millions of dollars)
(unaudited)



ACTUAL COUNTY CONTRIBUTIONS
(in millions of dollars)
(unaudited)



ACTIVE MEMBERSHIP STATISTICS (Unaudited)

	2011	2010
Members as of January 1	5,941*	6,467
Changes During the Year:		
New enrollments	473	266
Rehires	-	-
Nonvested terminations	(512)	(210)
Retirements	(557)	(344)
Deaths in active service	(14)	(4)
New deferred beneficiaries	-	-
Data adjustments	(18)	(234)
Members as of December 31	5,313*	5,941

The total includes vested inactive members of 1,493 and 1,341 as of the beginning of the year and end of the year respectively.

RETIREMENTS AND SURVIVORS (Unaudited)

	Retirements Granted								Survivors & Beneficiaries	Total
	Maximum Pension	Option								
		Refund	100%	75%	50%	25%	10-yr.	Other		
January 1, 2011	3,010	474	1,266	210	1,095	370	167	50	799	7,441
Changes During the Year:										
Adjustments (actuary)*	56	(78)	1	-	2	-	-	-	31	12
Retirements	310	2	119	20	40	52	14	-	91	648
Pensioner deaths	(251)	-	(41)	(2)	(48)	(4)	(1)	-	(7)	(354)
December 31, 2011	3,125	398	1,345	228	1,089	418	180	50	914	7,747

*Adjustments as a result of reclassifications made to beginning balances by the actuary.

(See independent auditors' report)

CONSULTANTS

as of December 31, 2011

Legal Advisors

Milwaukee County
Corporation Counsel
Kimberly Walker

Reinhart, Boerner, Van Deuren s.c.
Steven D. Huff, Secretary of the Pension Board
Milwaukee, Wisconsin

Actuary

Buck Consultants
Chicago, Illinois

Disbursing Agent

County Treasurer

Custodian/Securities Agent

BNY/Mellon Trust
Boston, Massachusetts

Medical Board

Columbia St. Mary's
Milwaukee, Wisconsin

Investment Consultant

Marquette Associates, Inc.
Chicago, Illinois

Cash Management Manager

Mellon Trust
Boston, Massachusetts

Cash Equitization Manager

BNY Mellon BETA Management
San Francisco, California

Private Equity Managers

Adams Street Partners
Chicago, Illinois

Progress Investment Management Company
San Francisco, California

Long/Short Managers

ABS Investment Management
Greenwich, Connecticut

K2 Advisors
Stamford, Connecticut

U.S. Equity Investment Managers

AQR Capital Management, LLC
Greenwich, Connecticut

Artisan Partners
Milwaukee, Wisconsin

Fiduciary Management Associates, LLC
Chicago, Illinois

Robeco Investment Management
(formerly Boston Partners Asset Management)
Boston, Massachusetts

Mellon Capital Management
Pittsburgh, Pennsylvania

Fixed-Income Investment Managers

JPMorgan Investment Management
Columbus, Ohio

Mellon Capital Management
Pittsburgh, Pennsylvania

International Investment Managers

Barings Asset Management, Inc.
Boston, Massachusetts

Grantham, Mayo, Van Otterloo & Co.
Boston, Massachusetts

Real Estate

American Realty Advisors
Glendale, California

Morgan Stanley
New York, New York

Infrastructure Managers

IFM Investment Advisor
New York, New York

JP Morgan
New York, New York

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A Xerox Company

Employees' Retirement System of the County of Milwaukee

Actuarial Valuation Report

January 1, 2011

May, 2011

buckconsultants

A Xerox Company

May 13, 2011

The Retirement Board
Employees' Retirement System of the
County of Milwaukee
901 N. 9th St.
Milwaukee, WI 53233

Ladies and Gentlemen:

This report presents the results of the annual actuarial valuation of the Employees' Retirement System of the County of Milwaukee as of January 1, 2011. The valuation takes into account all of the promised benefits to which members are entitled as of January 1, 2011, including pension and survivor benefits; and as required by the Retirement Code is the basis for the Budget Contribution for fiscal year 2012.

The valuation was based on the actuarial assumptions and methods as adopted by the Board of Trustees, including a valuation interest rate of 8% per annum compounded annually. Based on our recommendations in May 2007, the Board adopted revised actuarial assumptions effective with the January 1, 2007 valuation. Minor adjustments in the assumptions and methods were adopted by the Board in 2008 and 2009 as well. The assumptions and methods used in this January 1, 2011 valuation report remain unchanged from the January 1, 2010 valuation report. Plan amendments have been reflected in the valuation since the January 1, 2010 valuation report. Effective January 1, 2010, the normal retirement age was increased to age 64 for future hires only for the attorneys, the Machinists, and TEAMCO. The multiplier was decreased from 2.0% to 1.6% for current members' future service and future hires' total service for the attorneys, the Machinists, TEAMCO, and Elected Officials effective June 1, 2010, May 1, 2010, June 1, 2010, and October 14, 2010, respectively. Effective January 1, 2011 Elected Officials and Non-Represented employees will contribute 2% of compensation. For all Non-Represented employees (other than elected officials), the contribution rate would increase to 3% of compensation effective June 12, 2011 and to 4% of compensation effective December 11, 2011. Note that for purposes of the contribution rates shown in the report, these amounts are gross contribution amounts. It is our understanding that County staff will net out the amount of employee contributions that are collected to arrive at a net County contribution.

Assets and Membership Data

The Retirement System reported the individual data for members of the System as of the valuation date to the actuary. For 2011 we received the data in multiple files. We received the counts of members to include in the January 1, 2011 valuation separately from members' benefit information. Missing information was updated with either supplemental information sent or by using assumptions based on the prior year's data. While we did not verify the data at their source, we did perform tests for internal consistency and reasonableness. The amount of assets

123 North Wacker Drive, Suite 1000 • Chicago, IL 60606
312.846.3000 • 312.846.3999 (fax)

in the trust fund taken into account in the valuation was based on statements prepared for us by the Retirement System.

Funding Adequacy

The 2010 valuation performed last year resulted in an Actual Funding Contribution of $27,549,990 against which $32,893,708 (adjusted for interest shown on Table 11) was actually contributed. The excess of $5,343,718 will be amortized over five years.

The Actual Funding Contribution for 2011, based on the results of this valuation, is $26,808,037. It is expected that $31,494,329 ($31,494,090 in expected contribution plus $239 interest) will be contributed during 2012 on behalf of the 2011 plan year. The excess contribution of $4,686,292 will be amortized over five years.

Budget Contribution

The 2012 Budget Contribution, expected to be contributed in 2013, is $30,398,000.

Financial Results and Membership Data

Detailed summaries of the financial results of the valuation and membership data used in preparing the valuation are shown in the valuation report. The actuary prepared supporting schedules and required supplementary information included in the County of Milwaukee Annual Report of the Pension Board.

Qualified actuaries completed the valuation in accordance with accepted actuarial procedures as prescribed by the Actuarial Standards Board. The qualified actuaries are members of the American Academy of Actuaries and are experienced in performing actuarial valuations of public employee retirement systems. To the best of our knowledge, this report is complete and accurate and has been prepared in accordance with generally accepted actuarial principles and practice. The undersigned with actuarial designations are qualified to render the opinions contained in this report.

Respectfully submitted,

Larry Langer, ASA, EA, MAAA
Principal, Consulting Actuary

Marco Ruffini
Director, Retirement

LL/MR:hs

EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE
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Executive Summary

This report presents the actuarial valuation as of January 1, 2011 for the Employees' Retirement System of the County of Milwaukee. The principal valuation results include:

- The Actual Funding Contribution for fiscal year 2011, which is $26,808,037.
- The Annual Required Contribution for fiscal year 2011 in accordance with GASB requirements, which is $29,621,216. GASB requires that the unfunded liability be amortized over a period of not more than thirty years. Typically the Annual Required Contribution and the Actual Funding Contribution are the same. Because the effective amortization period of the Actual Funding Contribution is over thirty years, the Annual Required Contribution cannot be the same as the Actual Funding Contribution. We have independently calculated the Annual Required Contribution as the normal cost plus interest plus a thirty year amortization of the unfunded liability.
- The Budget Contribution for fiscal year 2012, which is $30,398,000.
- The total funded ratio of the plan determined as of January 1, 2011, which is 92.2% based on the accrued liability and the actuarial value of assets. On a market value basis, the plan is 90.6% funded.
- The determination of the actuarial gain or loss as of January 1, 2011, which is a loss of $21,185,844.
- Annual disclosure as of January 1, 2011 as required by Statement No. 25 of the Governmental Accounting Standards Board.

The valuation was based on membership and financial data submitted by the Retirement System.

Changes Since Last Year

Legislative and Administrative Changes

No legislative or administrative changes have been adopted since the previous valuation, other than those that are listed below:

- Effective January 1, 2010, the normal retirement age was increased to age 64 for future hires only for the attorneys, the Machinists, and TEAMCO. The multiplier was decreased from 2.0% to 1.6% for current members' future service and future hires' total service for the attorneys, the Machinists, TEAMCO and Elected Officials effective June 1, 2010, May 1, 2010, June 1, 2010, and October 14, 2010, respectively.

- Effective January 1, 2011 Elected Officials and Non-Represented employees will contribute 2% of compensation. For all Non-Represented employees (other than elected officials), the contribution rate would increase to 3% of compensation effective June 12, 2011 and to 4% of compensation effective December 11, 2011.

Note that for purposes of the contribution rates shown in the report, these amounts are gross contribution amounts. It is our understanding that County staff will net out the amount of employee contributions that are collected to arrive at a net County contribution.

Actuarial Assumptions and Methods

The results of this January 1, 2011 actuarial valuation report are based on the same actuarial assumptions and methods as the January 1, 2010 actuarial valuation. The actuarial assumptions and methods are outlined in Table 15.

Contribution Amounts

The results of the valuation as of January 1, 2011 determine the Actual Funding Contribution and Annual Required Contribution for fiscal year 2011 and the Budget Contribution for fiscal year 2012. The Actual Funding Contribution for fiscal year 2011 is $26,808,037. The Annual Required Contribution for GASB 25 disclosure for fiscal year 2011 is $29,621,216. The Budget Contribution for fiscal year 2012 is $30,398,000. The actual 2011 contribution and budgeted 2012 contribution were based on assumptions and methods as adopted by the Board and participant data as of January 1, 2011.

Reasons for Change in Budget Contribution Calculated by the Actuary

The Budget Contribution calculated by the actuary decreased from $31,602,000 for fiscal year 2011 to $30,398,000 for fiscal year 2012. A reconciliation of the decrease of $1,204,000 is shown in the following table:

Item	Amount	
1. 2011 Budget Contribution		$ 31,602,000
2. Increase / (Decrease) during 2010 due to		
a. Unanticipated liability loss (gain)	$ (3,532,000)	
b. Asset experience other than expected	(803,000)	
c. 2010 reimbursable expenses other than assumed	(58,000)	
d. 2010 contribution variance other than assumed	(401,000)	
e. Full recognition of bases other than assumed	-	
f. Decrease due to plan changes	-	
g. Total		(4,794,000)
3. 2011 Actual Contribution (1 + 2)		$ 26,808,000
4. Expected Increase / (Decrease) during 2011 due to		
a. Normal cost and existing amortization schedule	$ 1,084,000	
b. Phase-in of deferred asset (gains) losses	3,403,000	
c. Amortization of 2011 reimbursable expenses	277,000	
d. Expected contribution variance for 2011	(1,174,000)	
e. Full recognition of 2001 reimbursable expenses	-	
f. Increase due to plan changes	-	
g. Total		3,590,000
5. 2012 Budget Contribution (3 + 4)		$ 30,398,000

Summary of Principal Results

Summarized below are the principal financial results for the Employees' Retirement System of the County of Milwaukee based upon the actuarial valuation as of January 1, 2011. Comparable results from the January 1, 2010 valuation are also shown.

Item	January 1, 2011	January 1, 2010
Demographics		
Active Members		
• Number	4,448	4,808
• Average Annual Pay	$ 49,831	$ 49,301
Inactive Members		
• Members Receiving Benefits		
• Number	7,441	7,292
• Average Annual Benefit Payment	$ 19,243	$ 18,839
• Members With Deferred Benefits		
• Number	1,493	1,659
• Average Annual Benefit Payment	$ 6,843	$ 7,087
Actual Funding Contribution	**(Fiscal Year 2011)**	**(Fiscal Year 2010)**
• Normal Cost with Interest	$ 19,480,089	$ 20,736,844
• Net Amortization Payments	7,327,948	6,813,146
• Total Contribution	$ 26,808,037	$ 27,549,990
Actuarial Funded Status		
• Accrued Liability	$ 2,091,926,651	$ 2,097,332,110
• Actuarial Value of Assets	1,929,427,864	1,956,443,729
• Unfunded Accrued Liability	$ 162,498,787	$ 140,888,381
• Funded Ratio	92.2 %	93.3 %

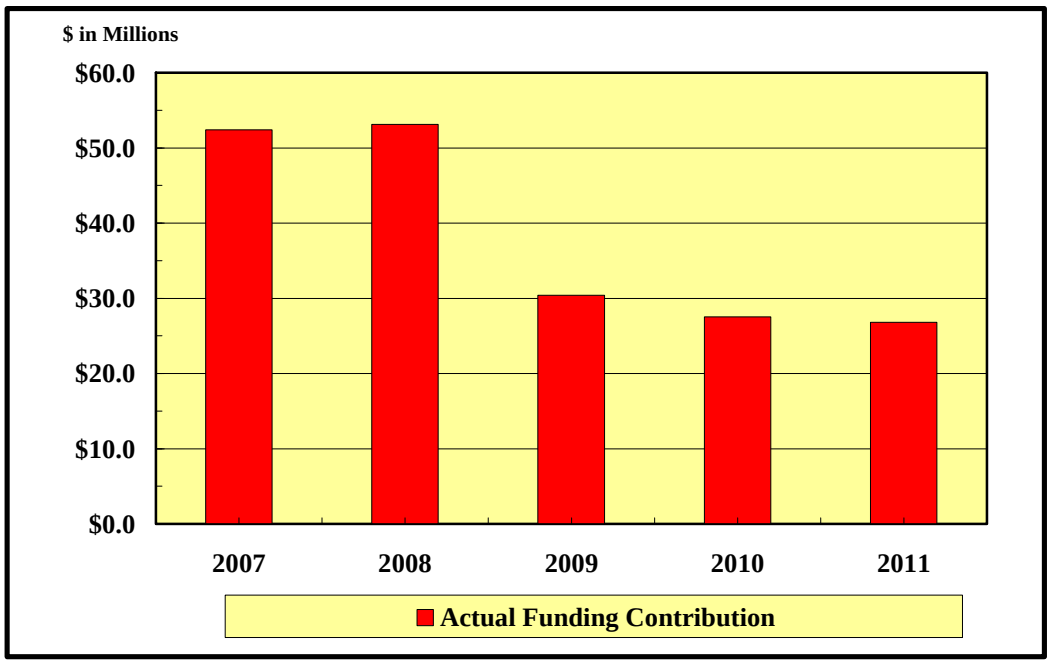
Five-Year History of Principal Financial Results

Five-Year History of Contribution Amounts

Valuation as of January 1	Actual Funding Contributions		
	Normal Cost with Interest	Net Amortization Payments	Total
2011	$ 19,480,089	$ 7,327,948	$ 26,808,037
2010	20,736,844	6,813,146	27,549,990
2009	21,395,539	8,959,996	30,355,535
2008	21,012,737	32,050,873	53,063,610
2007	21,189,240	31,206,023	52,395,263

The following chart shows a five-year history of employer contribution amounts:

Five-Year History of Actual Funding Contributions



Funded Ratio

The financing objective of the System is to:

- Fully fund all current costs based on the normal contribution rate determined under the funding method; and
- Liquidate the unfunded accrued liability based on the amortization schedules as required by the retirement code, i.e., a schedule of 5, 10, or 30 years for each change in the unfunded accrued liability according to Section 3.1.

The total Actual Funding Contribution of $26,808,037, when taken together with the contributions payable by the members and asset returns, is the amount sufficient to achieve the financing objective for 2011.

The System's total funded ratio on the funding basis is measured by comparing the actuarial value of assets (based on a 5-year moving average market value) with the accrued liability. The accrued liability for pensions is the present value of benefits accumulated to date under the System's funding method and reflects future pay increases for active employees.

On this basis, the System's funded ratio is 92.2% as of January 1, 2011. This funded ratio is based on an actuarial value of assets of $1,929,427,864 and an accrued liability of $2,091,926,651.

Reasons for Change in the Total Funded Ratio

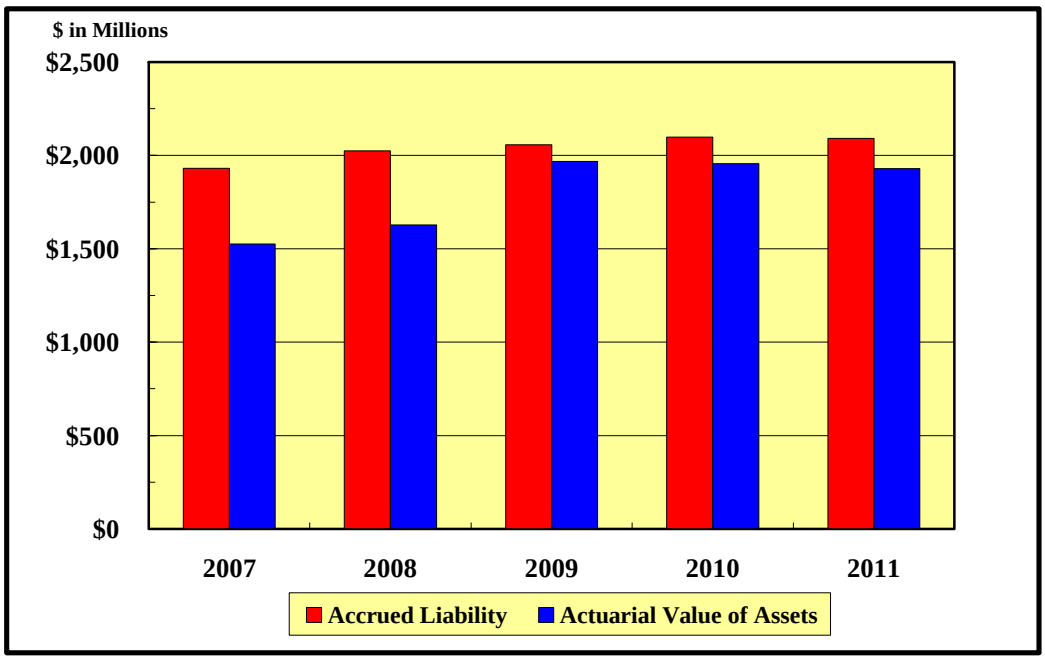
The total funded ratio decreased from 93.3% as of January 1, 2010 to 92.2% as of January 1, 2011. The decrease is due to net recognition of asset losses from calendar years 2008 and 2007. While returns from 2010 were substantially better than the expected return assumption of 8.0%, they were not sufficient to offset losses from these two years. Overall liability experience was somewhat better than expected, which helped offset some of the decrease caused by asset experience.

Five-Year History of Total Funded Ratio
($ Amounts in Thousands)

Valuation as of January 1	Accrued Liability	Actuarial Value of Assets	Unfunded Accrued Liability	Funded Ratio
2011	$ 2,091,927	$ 1,929,428	$ 162,499	92.2%
2010	2,097,332	1,956,444	140,888	93.3
2009	2,057,377	1,968,518	88,859	95.7
2008	2,024,923	1,627,288	397,635	80.4
2007	1,931,220	1,525,532	405,688	79.0

The following chart shows a five-year history of the accrued liability and the actuarial value of assets:

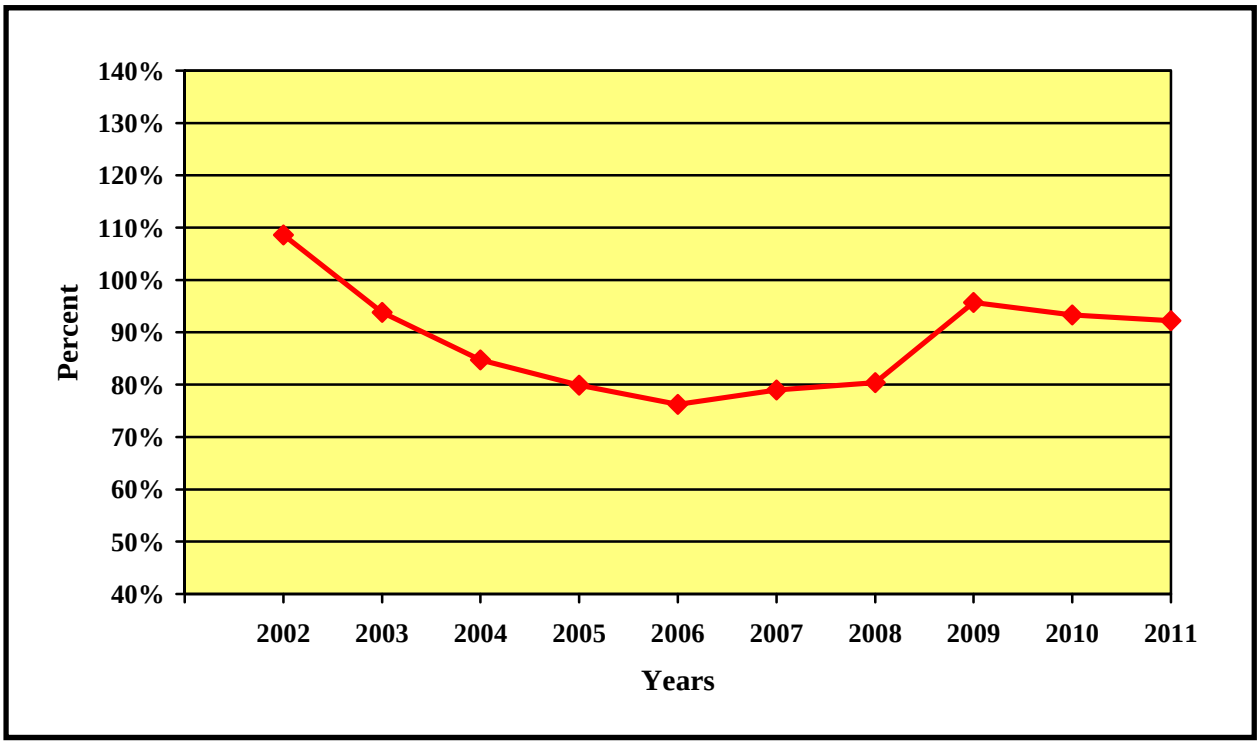
Five-Year History of Accrued Liability and Actuarial Value of Assets



The following chart shows a ten-year history of the total funded ratio:

Ten-Year History of Total Funded Ratio

(2002 - 2011)



GASB No. 25 Disclosure

Statement No. 25 of the Governmental Accounting Standards Board established reporting standards for the annual financial reports of defined benefit pension plans. The System complied with Statement No. 25 beginning with the January 1, 1997 valuation. The statement requires disclosure of the "schedule of funding progress" and the "schedule of employer contributions" in the System's financial statements.

The "schedule of funding progress" shows historical trend information about the System's actuarial value of assets, the actuarial accrued liability and the unfunded actuarial accrued liability. The actuarial funded ratio is measured by comparing the actuarial value of assets (based on a 5-year moving average market value) with the accrued liability. The accrued liability is the present value of benefits accumulated to date under the System's funding method and reflects future pay increases for active employees. On this basis, the System's funded ratio is 92.2% as of January 1, 2011. This funded ratio is based on an actuarial value of assets of $1,929,427,864 and an accrued liability of $2,091,926,651.

The "schedule of employer contributions" shows historical trend information about the annual required contribution (ARC) for pensions of the employer and the percentage of the ARC contributed to the System. The ARC is equal to the normal cost for pensions plus amortization of the unfunded actuarial accrued liability for pensions. The maximum period of amortizing the unfunded actuarial accrued liability permitted by GASB No. 25 is 30 years. The maximum amortization period decreased from 40 years to 30 years in 2007. The employer contributions to the System are equal to the normal cost plus a payment towards each change in the unfunded accrued liability, which are amortized over 5, 10 or 30-year periods, depending on the source of the changes. In 2010 and 2011, the ARC was set at the normal cost plus interest plus a thirty year amortization of the unfunded liability. Please refer to page one of this report for more details. The ARC and the actual employer percentage contributed for the six fiscal years ending December 31, 2011 are shown in Table 14.

Rate of Return

The investment return of the trust fund (i.e. total return including both realized and unrealized gains and losses) for fiscal years 2006 through 2010 is shown in the table below. The return based on the actuarial value of assets used for determining annual contribution rates is also shown.

The rate of return on market value reflects the investment earnings on the market value of assets from the beginning of the fiscal year to the end of the fiscal year. The actuarial assets are the assets recognized for valuation purposes. Actuarial assets are based on a smoothed market value that spreads the difference between the actual and expected return over a period of five years. The rate of return on the actuarial value of assets is a measure of the increase in the actuarial value of assets from the beginning of the fiscal year to the end of the fiscal year. The rates of return shown below have been developed by the actuary for illustrative purposes only. They are based on simplifying assumptions and as such, likely will not exactly match the returns presented by your investment consultants. The reader is encouraged to use the returns developed by the investment consultants.

Five Year History of Asset Returns

As of	Asset Values		Estimated Rates of Return		
12/31	Market	Actuarial	Market	Actuarial	Assumed
2010	$ 1,895,166,843	$ 1,929,427,864	11.7%	5.5%	8.0%
2009	1,822,539,885	1,956,443,729	20.4%	3.9%	8.0%
2008	1,595,610,970	1,968,518,479	(22.5%)	3.4%	8.0%
2007	1,666,511,165	1,627,287,632	6.3%	13.2%	8.0%
2006	1,658,195,799	1,525,531,519	13.5%	12.6%	8.0%
	Compound Rate of Return (five years):		4.7%	7.7%	

TABLE 1

SUMMARY OF RESULTS OF ACTUARIAL VALUATION

Item	January 1, 2011	January 1, 2010
Participant Data		
1. Number of Participants		
a) Active Participants	4,448	4,808
b) Participants with Deferred Benefits	1,493	1,659
c) Participants Receiving Benefits	7,441	7,292
d) Total	13,382	13,759
2. Annualized Salaries	$ 221,647,443	$ 237,040,117
3. Annual Annuities	$ 143,188,151	$ 137,374,794
Valuation Results		
4. Present Value of Future Benefits		
a) Active Participants	$ 770,715,962	$ 815,159,772
b) Participants with Deferred Benefits	69,435,621	83,526,610
c) Participants Receiving Benefits	1,379,441,317	1,334,975,449
d) Total	$ 2,219,592,900	$ 2,233,661,831
5. Present Value of Future Normal Cost	$ 127,666,249	$ 136,329,721
6. Actuarial Accrued Liability: (4 - 5)	$ 2,091,926,651	$ 2,097,332,110
7. Actuarial Value of Assets	$ 1,929,427,864	$ 1,956,443,729
8. Funded Status: (7 / 6)	92.2 %	93.3 %
9. Unfunded Actuarial Accrued Liability: (6 - 7)	$ 162,498,787	$ 140,888,381
10. Normal Cost Rate	8.457 %	8.418 %
11. Normal Cost for the Plan Year	$ 18,744,724	$ 19,954,037
Actual Funding Contribution and Annual Required Contribution for Fiscal Year *		
12. Actual Funding Contribution Calculated by Actuary		
a) Normal Cost with Interest	$ 19,480,089	$ 20,736,844
b) Net Annual Amortization Payments	7,327,948	6,813,146
c) Total Contribution: ((a + b), not less than zero)	$ 26,808,037	$ 27,549,990

* Effective January 1, 2011 Elected Officials and Non-Represented employees will contribute 2% of compensation. For all Non-Represented employees (other than elected officials), the contribution rate would increase to 3% of compensation effective June 12, 2011 and to 4% of compensation effective December 11, 2011.

TABLE 2

SECURITY OF PROMISED BENEFITS
UNFUNDED ACTUARIAL ACCRUED LIABILITY
FUNDED STATUS

Item	January 1, 2011	January 1, 2010
1. Actuarial Accrued Liability		
a. Active Participants		
Retirement Benefits	$ 602,295,270	$ 635,099,070
Withdrawal Benefits	28,670,953	30,640,234
Disability Benefits	4,795,519	5,345,006
Death Benefits	7,287,971	7,745,741
Total Active	643,049,713	678,830,051
b. Participants with Deferred Benefits	69,435,621	83,526,610
c. Participants Receiving Benefits	1,379,441,317	1,334,975,449
d. Total All Participants	$ 2,091,926,651	$ 2,097,332,110
2. Actuarial Value of Assets	1,929,427,864	1,956,443,729
3. Unfunded Actuarial Accrued Liability (1d - 2)	$ 162,498,787	$ 140,888,381
4. Funded Status: (2 / 1d)	92.2%	93.3%

The interest rate used as of January 1, 2011 and January 1, 2010 was 8.00%

TABLE 3

ACTUARIAL GAIN/(LOSS) FOR PLAN YEAR ENDING

Item	December 31, 2010	December 31, 2009
1. Actuarial Accrued Liability at the Beginning of the Year	$ 2,097,332,110	$ 2,057,376,988
2. Increases/(Decreases) During the Year		
a. Normal Cost for the Year	19,954,037	20,587,867
b. Member Contributions	75,583	131,766
c. Benefit Payments and Refunds	(162,802,590)	(145,345,520)
d. Assumed Interest to End of Year	162,185,516	159,701,025
e. Plan and Assumption Changes*	(227,128)	(1,589,892)
f. Total: (a + b + c + d + e)	19,185,419	33,485,246
3. Expected Liability at the End of the Year: (1 + 2)	2,116,517,529	2,090,862,234
4. Actuarial Accrued Liability at the End of the Year	2,091,926,651	2,097,332,110
5. Liability Gain/(Loss): (3 - 4)	**$ 24,590,878**	**$ (6,469,876)**
6. Actuarial Value of Assets at the Beginning of the Year	$ 1,956,443,729	$ 1,968,518,479
7. Increases/(Decreases) During the Year		
a. County Contributions	32,893,562	59,992,154
b. Member Contributions	75,583	131,766
c. Pension Obligation Bond Proceeds	-	-
d. Benefit Payments and Refunds	(162,802,590)	(145,345,520)
e. Administrative Expenses payable to the County	(1,310,356)	(1,312,156)
f. Assumed Interest to End of Year	150,131,785	152,932,131
g. Total: (a + b + c + d + e + f)	18,987,984	66,398,375
8. Expected Actuarial Assets at the End of the Year	1,975,431,713	2,034,916,854
9. Actuarial Value of Assets at the End of the Year	1,929,427,864	1,956,443,729
10. Actuarial Asset Gain/(Loss): (9 - 8)	**$ (46,003,849)**	**$ (78,473,125)**
11. Total Gain/(Loss): (5 + 10)	**$ (21,412,971)**	**$ (84,943,001)**

Effective January 1, 2010, the normal retirement age was increased to age 64 for future hires only for the attorneys, the Machinists, and TEAMCO. The multiplier was decreased from 2.0% to 1.6% for current members' future service and future hires' total service for the attorneys, the Machinists, TEAMCO and Elected Officials effective June 1, 2010, May 1, 2010, June 1, 2010, and October 14, 2010, respectively.

Effective January 1, 2011 Elected Officials and Non-Represented employees will contribute 2% of compensation. For all Non-Represented employees (other than elected officials), the contribution rate would increase to 3% of compensation effective June 12, 2011 and to 4% of compensation effective December 11, 2011.

Note that for purposes of the contribution rates shown in the report, these amounts are gross contribution amounts. It is our understanding that County staff will net out the amount of employee contributions that are collected to arrive at a net County contribution.

TABLE 4

AMORTIZATION SCHEDULE FOR ACTUAL FUNDING CONTRIBUTION FOR 2011 PLAN YEAR

Type of Payment	Amortization Period: Date Created	Initial Years	Remaining Years	Last Payment	Balances: Initial	Outstanding	Payment
1. Charges							
Expense	1/1/2002	10	1	2011	$ 780,362	$ 108,847	$ 117,555
Expense	1/1/2003	10	2	2012	1,017,500	272,332	152,718
Expense	1/1/2004	10	3	2013	1,052,422	405,632	157,398
Reestablished unfunded	1/1/2004	30	23	2033	257,960,162	296,004,947	21,337,449
Expense	1/1/2005	10	4	2014	1,053,714	521,024	157,308
Loss	1/1/2005	30	24	2034	88,729,863	99,424,633	6,991,662
Expense	1/1/2006	10	5	2015	972,805	578,847	144,977
Assumption Change	1/1/2006	30	25	2035	95,861,177	104,717,398	7,195,162
Expense	1/1/2007	10	6	2016	988,048	680,713	147,248
Expense	1/1/2008	10	7	2017	915,868	710,625	136,491
Method Change	1/1/2008	30	27	2037	48,020,858	50,436,723	3,322,669
Expense	1/1/2009	10	8	2018	1,031,291	883,216	153,693
Loss	1/1/2009	30	28	2038	70,007,095	72,415,923	4,680,141
Expense	1/1/2010	10	9	2019	1,312,156	1,221,579	195,550
Loss	1/1/2010	30	29	2039	84,943,001	86,437,369	5,486,610
Expense	1/1/2011	10	10	2020	1,310,356	1,310,356	195,282
Loss	1/1/2011	30	30	2040	21,412,971	21,412,971	1,336,328
Total Charges						$ 737,543,136	$ 51,908,241
2. Credits							
Gain	1/1/2006	30	25	2035	$ 12,975,497	$ 14,174,248	$ 973,917
Gain	1/1/2007	30	26	2036	55,348,557	58,954,023	3,963,728
Assumption Change	1/1/2007	30	26	2036	26,558,457	28,288,505	1,901,955
Gain	1/1/2008	30	27	2037	61,342,303	64,428,351	4,244,409
Pension Obligation Bond Proceeds	1/1/2009	30	28	2038	363,950,833	376,473,781	24,330,975
Variance	1/1/2010	5	4	2014	30,784,078	25,536,733	7,710,071
Plan Change	1/1/2010	30	29	2039	1,589,892	1,617,862	102,694
Variance	1/1/2011	5	5	2015	5,343,718	5,343,718	1,338,369
Plan Change	1/1/2011	30	30	2040	227,128	227,128	14,174
Total						$ 575,044,349	$ 44,580,292
3. Net Amount (1 - 2)						$ 162,498,787	$ 7,327,949

Annual amortization payments of the reestablished unfunded actuarial accrued liability (UAAL), and changes to the UAAL arising from plan changes, assumption changes, and actuarial gains/losses are amortized as a level percentage of payroll, assuming payroll growth of 3.5% per year over a 30-year period.

Administrative expenses incurred by the County related to the System are payable by the System to the County. The County then reimburses the System for this payment on a level dollar basis over 10 years.

The variance between the amount contributed to the System for a plan year, and the actual contribution requirement for that year is amortized on a level dollar basis over 5 years. As the result of the sale of $397,797,000 in Pension Obligation Bonds, all existing bases at January 1, 2009 arising from variances between amounts contributed to the System and actual contribution requirements were considered fully recognized. This reduced the net outstanding balance of amortizations by $33,846,167.

The recognized balances have been offset against the proceeds of the sale of the Pension Obligation Bonds. The remaining amount of $363,950,833 has been amortized as a level percent of payroll over a period of 30 years.

TABLE 5

DEVELOPMENT OF NORMAL COST
FOR CURRENT AND PRIOR PLAN YEAR ACTUAL FUNDING CALCULATIONS

Item	January 1, 2011	January 1, 2010
1. Present Value of Projected Benefits		
a. Active Participants		
Retirement Benefits	$ 700,898,418	$ 740,734,535
Withdrawal Benefits	43,597,505	46,450,860
Disability Benefits	16,603,170	17,743,590
Death Benefits	9,616,869	10,230,787
Total Active	770,715,962	815,159,772
b. Participants with Deferred Benefits	69,435,621	83,526,610
c. Participants Receiving Benefits	1,379,441,317	1,334,975,449
d. Total All Participants	2,219,592,900	2,233,661,831
2. Actuarial Value of Assets	1,929,427,864	1,956,443,729
3. Unfunded Actuarial Accrued Liability	162,498,787	140,888,381
4. Present Value of Future Normal Costs (1d - 2 - 3)	127,666,249	136,329,721
5. Present Value of Future Salaries	1,509,565,199	1,619,552,320
6. Normal Cost Rate: (4 / 5)	8.457%	8.418%
7. Expected Salaries for the Plan Year*	221,647,443	237,040,117
8. Normal Cost for the Plan Year: (6 x 7)	**18,744,724**	**19,954,037**

* Prior-year earnings increased by the salary assumption and limited by the IRS compensation limit for those under the mandatory retirement age.

TABLE 6

CONTRIBUTION REQUIREMENTS – END-OF-YEAR BASIS
ACTUAL AND BUDGET AMOUNTS FOR CURRENT PLAN YEAR
BUDGET AMOUNT FOR NEXT PLAN YEAR

Item	2012 Budget	2011 Actual	2011 Budget
1. Normal Cost with Interest	$ 20,162,000	$ 19,480,089	$ 21,463,000
2. Net Annual Amortizations	10,236,000	7,327,948	10,139,000
3. Total Contribution ((1 + 2), not less than zero)	$ 30,398,000	$ 26,808,037	$ 31,602,000

The budgeted contributions shown above for the 2011 and 2012 plan years were estimated based on participant data as of January 1, 2011, and January 1, 2010, respectively.

The actual contribution for the 2011 plan year was determined based on participant data as of January 1, 2011. A contribution of $29,621,216 satisfies the pension accounting requirements of GASB Statement Nos. 25 and 27.

- Effective January 1, 2010, the normal retirement age was increased to age 64 for future hires only for the attorneys, the Machinists, and TEAMCO. The multiplier was decreased from 2.0% to 1.6% for current members' future service and future hires' total service for the attorneys, the Machinists, TEAMCO and Elected Officials effective June 1, 2010, May 1, 2010, June 1, 2010, and October 14, 2010, respectively.

- Effective January 1, 2011 Elected Officials and Non-Represented employees will contribute 2% of compensation. For all Non-Represented employees (other than elected officials), the contribution rate would increase to 3% of compensation effective June 12, 2011 and to 4% of compensation effective December 11, 2011.

Note that for purposes of the contribution rates shown in the report, these amounts are gross contribution amounts. It is our understanding that County staff will net out the amount of employee contributions that are collected to arrive at a net County contribution.

TABLE 7

SUMMARY STATEMENT OF MARKET VALUE OF PLAN ASSETS

Asset Category	December 31, 2010	December 31, 2009
1. Cash and Cash Equivalents	$ 62,074,448	$ 327,962,071
2. Investments at Fair Value		
a. Domestic common and preferred stocks	$ 443,312,312	$ 397,736,153
b. Futures Contracts	258,362	(102,047)
c. Corporate bonds	347,665,724	514,876,896
d. International common and preferred stocks	351,785,721	345,155,240
e. Federal agency and mortgage-backed certificates	116,571,497	68,791,936
f. International fixed income	10,814,665	24,433,194
g. U.S. Government and state obligations	78,257,732	53,047,974
h. Real estate investment trusts	95,306,754	42,241,529
i. Long/Short Hedge Funds	190,166,445	-
j. Infrastructure	129,471,845	-
k. Venture capital	25,101,387	22,205,660
l. Total Investments	1,788,712,444	1,468,386,535
3. Contributions Receivable for OBRA and ERS	33,675,846	31,646,905
4. (Payable) to OBRA Pension Plan	(1,402,225)	(1,038,607)
6. Net All Other Receivables (Liabilities)	12,106,330	(4,417,019)
7. Net Assets Held in Trust for ERS Pension Benefits (1 + 2l + 3 + 4 + 5 + 6)	$ 1,895,166,843	$ 1,822,539,885

TABLE 8

SUMMARY RECONCILIATION OF MARKET VALUE OF PLAN ASSETS

Item	For Year Ending December 31, 2010	For Year Ending December 31, 2009
1. Market Value of Assets at the Beginning of the Year	$ 1,822,539,885	$ 1,595,610,970
2. Contributions for Plan Year		
a. County	$ 32,893,562	$ 59,992,154
b. Member	75,583	131,766
c. Total	32,969,145	60,123,920
3. Disbursements for Plan Year		
a. Benefit payments and refunds	$ 162,802,590	$ 145,345,520
b. Administrative expenses payable to County	1,310,356	1,312,156
c. Total	164,112,946	146,657,676
4. Proceeds of Pension Obligation Bonds	-	-
5. Market Value of Assets at the End of the Year	1,895,166,843	1,822,539,885
6. Net Investment Income * (5 - 1 - 2c + 3c - 4)	203,770,759	313,462,671
7. Expected Net Investment Income (8.00% per annum)	139,419,478	123,099,531
8. Gain (Loss) on Market Value of Assets (6 - 7)	64,351,281	190,363,140
9. Estimated Rate of Return	11.7%	20.4%

* Net Investment Income is the change in the value of assets for reasons other than contributions and disbursements.

TABLE 9

DERIVATION OF ACTUARIAL VALUE OF PLAN ASSETS AS OF DECEMBER 31, 2010

1. Market Value of Assets as of December 31, 2010 — $ 1,895,166,843

2. Determination of Deferred Gain (Loss)

Year	Gain/(Loss)	Percentage Deferred	Amount Deferred
2010	$ 64,351,281	80%	$ 51,481,024
2009	190,363,140	60%	114,217,884
2008	(486,133,267)	40%	(194,453,307)
2007	(27,533,110)	20%	(5,506,622)
2006	82,494,242	0%	-
Total			(34,261,021)

3. Actuarial Value of Assets (1 - 2) — $ 1,929,427,864

TABLE 10

SUMMARY RECONCILIATION OF ACTUARIAL VALUE OF PLAN ASSETS AS OF DECEMBER 31, 2010

Item	For Year Ending December 31, 2010	For Year Ending December 31, 2009
1. Actuarial Value of Assets at the Beginning of the year	$ 1,956,443,729	$ 1,968,518,479
2. Contributions for Plan Year		
a. County	$ 32,893,562	$ 59,992,154
b. Member	75,583	131,766
c. Total	32,969,145	60,123,920
3. Disbursements for Plan Year		
a. Benefit payments and refunds	$ 162,802,590	$ 145,345,520
b. Administrative expenses payable to County	1,310,356	1,312,156
c. Total	164,112,946	146,657,676
4. Proceeds of Pension Obligation Bonds	-	-
5. Actuarial Value of Assets at the End of the Year	1,929,427,864	1,956,443,729
6. Net Investment Income * (5 - 1 - 2c + 3c - 4)	104,127,936	74,459,006
7. Expected Net Investment Income (8.00% per annum)	150,131,785	152,932,131
8. Gain (Loss) on Actuarial Value of Assets (6 - 7)	(46,003,849)	(78,473,125)
9. Estimated Rate of Return	5.5%	3.9%

* Net Investment Income is the change in the value of assets for reasons other than contributions and disbursements.

TABLE 11

CONTRIBUTIONS FOR 2010 PLAN YEAR AND VARIANCE FROM THE FUNDING CALCULATION CONTRIBUTION

Item				Amount
1. Total Funding Calculation, End-of-Year Basis, for 2010 Plan Year (from January 1, 2010 actuarial valuation report)				$ 27,549,990
2. Total Contributions Made, End-of-Year Basis				
Contribution Made	Fraction of a Year Invested	Contribution Amount	Interest to Year End*	End of Year Amount
Bi-weekly	50.0%	$ 6,174	$ 146	$ 3,862
2/18/2011	150.4%	4,000,000	-	4,000,000
3/15/2011	0.0%	4,000,000	-	4,000,000
4/15/2011	0.0%	4,914,000	-	4,914,000
5/16/2011	0.0%	6,000,000	-	6,000,000
6/15/2011	0.0%	10,370,763	-	10,370,763
7/15/2011	0.0%	3,605,083	-	3,605,083
Total		$ 32,896,020	$ 146	$ 32,893,708
3. Variance from Actual Funding Contribution Amount** (2 - 1)				$ 5,343,718

* Interest to 12/31/2010 at 8.00% per annum

** Variance will be amortized on a level dollar basis over five years.

Note that for purposes of the contribution rates shown in the report, these amounts are gross contribution amounts. It is our understanding that County staff will net out the amount of employee contributions that are collected to arrive at a net County contribution.

TABLE 12

GASB NOS. 25 AND 27 DISCLOSURE INFORMATION FOR CURRENT AND PRIOR PLAN YEAR

Equivalent Single Amortization Period

Item	January 1, 2011	January 1, 2010
1. Covered Payroll	$ 221,647,443	$ 237,040,117
2. Unfunded Amount	162,498,787	140,888,381
3. Amortization Payment	7,327,948	6,813,146
4. Payment as a Level Percentage of Payroll (3 / 1)	3.31%	2.87%
5. Weighted Average Amortization Period (2 / 3)	22.18	20.68
6. Equivalent Single Amortization Period (Nearest Whole Year)	145	63

Net Pension Obligation

Item	January 1, 2011	January 1, 2010
1. Annual Required Contribution (ARC)	$ 29,621,216	$ 29,529,322
2. Interest on Net Pension Obligation	(32,346,284)	(31,648,580)
3. Adjustment to ARC	25,233,095	24,688,821
4. Annual Pension Cost (APC)	22,508,027	22,569,563
5. Contributions made*	(31,494,090)	(31,290,863)
6. Increase (Decrease) in Net Pension Obligation	(8,986,063)	(8,721,300)
7. Net Pension Obligation at Beginning of Year	(404,328,551)	(395,607,251)
8. Net Pension Obligation at End of Year**	(413,314,614)	(404,328,551)
9. Percent of APC Contributed	139.92%	138.64%

* Contributions for 2011 are estimated based on the County budget

** NPO at December 31, 2011 is estimated based on expected contributions to be made for the year

TABLE 13

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
($ Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Funded Ratio (a / b)	(Overfunded) Unfunded Actuarial Accrued Liability (b - a)	Covered Payroll (c)	(Overfunded) Unfunded as a Percentage of Covered Payoll [(b - a) / c]
1/1/2011	$ 1,929,428	$ 2,091,927	92.2%	$ 162,499	$ 221,647	73.3%
1/1/2010	1,956,444	2,097,332	93.3%	140,888	237,040	59.4%
1/1/2009	1,968,518	2,057,377	95.7%	88,859	233,820	38.0%
1/1/2008	1,627,288	2,024,923	80.4%	397,635	227,364	174.9%
1/1/2007	1,525,532	1,931,220	79.0%	405,688	223,005	181.9%

TABLE 14

SCHEDULE OF EMPLOYER CONTRIBUTIONS
GASB STATEMENT NO. 25 DISCLOSURE

Fiscal Year Ended December 31	Annual Required Contribution	Percentage Contributed
2011	$ 29,621,216	106.3 % *
2010	29,529,322	106.0
2009	30,355,535	1508.1
2008	53,063,610	65.7
2007	52,395,263	94.1
2006	52,638,196	52.1

The information presented above was determined as part of the actuarial valuation as of the dates indicated (i.e., the contribution determined by the valuation completed as of January 1, 2010 was contributed in the fiscal year ending December 31, 2010).
Additional information as of the latest actuarial valuation follows:

Valuation Date:	01/01/2011
Actuarial Cost Method:	Aggregate Entry Age Normal
Amortization Method:	Level percent of payroll, closed
Remaining Amortization Period:	5-30 Years
Asset Valuation Method:	5-year smoothed market

Actuarial Assumptions:

- Investment Rate of Return	8.00%
-Payroll Growth	3.50%

* Contributions for 2011 are estimated based on the County budget
* POB Proceeds not subject to contribution variance. Outstanding contribution variances as of January 1, 2009 were offset against POB Proceeds.

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS

ASSUMPTIONS

Interest Rate: 8.0% per annum, compounded annually. The components are 3.0% for inflation and 5.0% for the real rate of return.

Separation From Service: Illustrative rates of assumed separation from service are shown in the following tables.

Annual Rates per 100 Participants

Mortality*				
Attained Age	Healthy Pensioners		Disabled Pensioners	
	Males	Females	Males	Females
45	0.13	0.11	2.26	0.75
50	0.19	0.19	2.90	1.15
55	0.31	0.38	3.54	1.65
60	0.59	0.76	4.20	2.18
65	1.11	1.26	5.02	2.80
70	1.86	1.96	6.26	3.76
75	2.87	3.40	8.21	5.22
80	5.03	5.86	10.94	7.23
85	8.61	10.72	14.16	10.02

* Healthy pensioners: The sex-distinct UP-1994 Mortality Table projected to 2010, set back 1 year for males and set forward 4 years for females.

Active members: 70% of the rates applicable to healthy pensioners.

Disabled pensioners: RP2000 Disabled Mortality Table.

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

Annual Rates per 100 Participants

Attained Age	Withdrawal – Ultimate			Disability
	General Employees	Elected Officials*	Deputy Sheriffs	
20	10.00	2.00	13.50	0.00
25	9.40	2.00	11.70	0.04
30	9.00	2.00	6.90	0.07
35	6.60	2.00	3.60	0.12
40	4.70	2.00	2.40	0.19
45	3.75	2.00	2.00	0.22
50	2.95	2.00	2.00	0.22
55	2.30	2.00	2.00	0.22
60	0.00	0.00	0.00	0.22
65	0.00	0.00	0.00	0.22

* Select rates for elected officials assume no turnover for first four years.

Annual Rates per 100 Participants

Attained Age	Withdrawal – Select Rates by Year of Employment				
	General Employees				
	0	1	2	3	4
20	36.0	25.0	25.0	15.0	12.5
25	31.2	23.4	20.4	15.0	11.9
30	27.1	22.4	16.8	13.2	9.1
35	24.7	21.4	14.8	11.4	7.2
40	22.3	19.2	14.0	10.4	6.7
45	21.5	16.8	14.0	10.0	5.9
50	21.5	14.8	14.0	10.0	7.6
55	21.5	14.0	14.0	10.0	9.0

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

Annual Rates per 100 Participants

Retirement Rates				
Attained Age	**General Employees** (backdrop eligible)	**General Employees** (not backdrop eligible)	**Elected Officials**	**Deputy Sheriffs**
45-49	19.8	0.0	0.0	26.0
50-54	19.8	7.0	0.0	31.0
55	19.8	15.0	19.8	16.0
56	19.8	15.0	19.8	40.0
57	23.0	15.0	23.0	40.0
58	20.4	15.0	20.4	40.0
59	24.8	15.0	24.8	40.0
60	19.4	20.0	19.4	40.0
61	22.5	20.0	22.5	75.0
62	28.4	20.0	28.4	80.0
63	26.6	20.0	26.6	50.0
64	24.3	25.0	24.3	50.0
65	30.4	30.0	30.4	100.0
66	22.5	30.0	22.5	100.0
67	25.7	30.0	25.7	100.0
68	34.2	30.0	34.2	100.0
69	36.0	30.0	36.0	100.0
70	100.0	100.0	100.0	100.0

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

Salary Increase: Effective average of 4.5% per annum, compounded annually. Representative values are as follows:

Annual Rate of Salary Increase

Age	General Employees	Elected Officials	Deputy Sheriffs
20	10.0%	3.5%	9.5%
25	8.2	3.5	9.2
30	5.8	3.5	8.4
35	5.0	3.5	7.4
40	4.6	3.5	5.7
45	4.0	3.5	4.3
50	3.3	3.5	3.4
55	3.0	3.5	3.0
60	3.0	3.5	3.0
Average	3.9	3.5	6.1

Payroll Growth: 3.5% per annum.

MISCELLANEOUS

Percentage Married/Age Difference: Male 80%, female 80%. Beneficiaries are assumed to be the same age as the participant.

Percentage Married with at Least One Dependent Child: 21.6% for General Employees, 43.2% for Deputy Sheriffs and Elected Officials. For those who die prior to age 60, it is assumed at least one child will remain a dependent until the member would have turned age 60.

Backdrop Rate: 75% of eligible retirees are assumed to elect a backdrop. Of those electing, 75% are assumed to take the maximum period available to them and 25% take half the maximum period available based on eligibility for an unreduced retirement benefit.

Assumed Type of Disability: For represented employees the assumption is 10% Ordinary and 90% Accidental and for non-represented employees, the assumption is 95% Ordinary and 5% Accidental.

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

METHODS

Calculations: The actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system, and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System.

Actuarial Cost Method: Liabilities and contributions shown in this report are computed using the Aggregate Entry Age Normal Cost Method. The outstanding balance of the unfunded actuarial accrued liability (UAAL) as of January 1, 2004 and any changes to the UAAL arising from plan changes, assumption changes, and actuarial gains/losses are amortized as a level percentage of payroll over a 30-year period.

Administrative expenses incurred by the County related to the System are payable by the System to the County. The County then reimburses the System for this payment on a level dollar basis over 10 years.

The variance between the amount contributed to the System for a plan year, and the actual contribution requirement for that year is amortized on a level dollar basis over 5 years. POB proceeds were not subject to the contribution variance requirements.

Asset Valuation Method: A five-year moving market average value of assets that recognizes the actuarial expected investment return immediately and spreads the difference between the actual and expected return over a period of five years.

DATA

Census and Assets: The valuation was based on members of the System as of January 1, 2011 and does not take into account future members. All census data was supplied by the System and was subject to reasonable consistency checks. Asset data was supplied by the System.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS

MEMBERSHIP

Any person regularly employed by the County at an annual wage or salary, including any person employed by the State of Wisconsin, but receiving part of his compensation from the County.

VESTING SERVICE

Service during period of employment in the County or in any department in any town, village, city or metropolitan sewerage commission in the County, which department has by consolidation or merger been absorbed by the County.

Creditable service shall consist of "prior service", "military service", and "membership service", for which service credit is allowable under Section 4, Chapter 201, Laws of 1937, as well as service under Executive Order 11231, July 8, 1965, for Vietnam. Additional credit for periods of military service will be earned in accordance with the following chart:

Years of Service with Milwaukee County	Maximum Years of Military Service Granted
0-4	0
5-9	1
10-14	2
15-19	3
20+	4

BENEFIT SERVICE

Same as vesting service except service prior to becoming a participant does not count.

EARNINGS

Earnable compensation is the full rate of compensation payable to member if he worked the full normal working time for his position, including authorized overtime payments and the compensation rate assumed to have been received while the member is on authorized leave of absence. In cases where compensation includes maintenance, the Pension Board shall fix the value of that part of the compensation not payable in

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

money. Compensation shall not exceed $245,000 in the pension calculation as indexed for changes in the cost of living.

For all members except certain deputy sheriffs hired on or after January 1, 1982, the final average salary means the average annual salary for the highest three (3) consecutive years of service. For deputy sheriffs hired on or after January 1, 1982, excluding DA Investigators and non-represented deputy sheriffs, the final average salary means the average annual salary for the highest five (5) consecutive years of service. For DA Investigators and non-represented deputy sheriffs hired before July 1, 1995 and all non-deputy sheriff members hired before January 1, 1982, the final average salary is increased 7.5% for each year worked after January 1, 2001 to a maximum of 25%.

VOLUNTARY EMPLOYEE CONTRIBUTION

Up to 10% of earnings, provided that the employee was contributing on January 1, 1971.

MANDATORY EMPLOYEE CONTRIBUTION

Effective January 1, 2011 Elected Officials and Non-Represented employees will contribute 2% of compensation. For all Non-Represented employees (other than elected officials), the contribution rate would increase to 3% of compensation effective June 12, 2011 and to 4% of compensation effective December 11, 2011.

BENEFITS

Normal Retirement

Eligibility

Elected Officials:

Age 60, or age 55 with 30 years of service. For elected officials hired before January 1, 2006, the combination of age and service adding up to 75 (Rule of 75) also applies.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

	General Employees:
	For firefighters, Federated Nurses, and Machinists:
	Age 60 with 5 years of service, or age 55 with 30 years of service. For firefighters hired before December 1, 1996, Federated Nurses hired before January 1, 1997, and Machinists hired before January 1, 1994, Rule of 75 also applies.
	For Attorneys, Skilled Trades, non-represented employees, DC48, and Teamco:
	Age 60, or age 55 with 30 years of service. For attorneys, Skilled Trades, and non-represented employees hired before January 1, 2006 and DC48 and Teamco hired before January 1, 1994, Rule of 75 also applies.
	For non-represented employees (excluding Elected Officials, Deputy Sheriffs), attorneys, machinists and TEAMCO hired after January 1, 2010, retirement age is 64.
	Deputy Sheriffs:
	Age 57, or age 55 with 15 years of service. For deputy sheriffs, DA Investigators, and non-represented deputy sheriffs hired before January 1, 1994, Rule of 75 also applies.
Amount	Elected Officials:
	For elected officials hired before March 15, 2002, 2.5% of final average salary per year of service before October 14, 2010 and 1.6% of final average salary per year of service thereafter, not greater than 80%. For elected officials hired on or after March 15, 2002, 2.0% of final average salary per year of service before October 14, 2010 and 1.6% of final average salary per year of service thereafter, not greater than 80%.
	General Employees:
	2.0% of final average salary per year of service, not greater than 80%. For non-represented employees (excluding Elected Officials and Deputy Sheriffs), 1.6% of final average salary per year of service from January 1, 2010; for attorneys and

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

TEAMCO, the 1.6% provision is effective May 1, 2010; for machinists, June 1, 2010.

Deputy Sheriffs:

For deputy sheriffs hired before July 1, 1995 and DA Investigators and non-represented deputy sheriffs, 2.5% of final average salary per year of service, not greater than 80%. For deputy sheriffs hired on or after July 1, 1995, 2.0% of final average salary per year of service, not greater than 80%.

For all members, 1.6% of final average salary per year of service after 80% of final average salary has been reached.

In addition to the pension portion, the benefit includes any voluntary contribution balance. Benefits should not be less than under previous system.

Early Retirement

Eligibility	Age 55 with 15 years of service.
Amount	Benefits reduced by 5/12 of 1% for each month by which commencement of payments precedes Normal Retirement Age. For deputy sheriffs, DA Investigators, and non-represented deputy sheriffs, benefit reduction does not apply.

Ordinary Disability Benefit

Eligibility	After 15 years of service.
Amount	Benefits calculated as for normal retirement benefits. Minimum benefit is 25% of final average salary.

Accidental Disability Benefit

Eligibility	Immediate.
Amount	Benefits are the same as normal retirement benefits if the employee has attained the minimum Normal Retirement Age. If less than Normal Retirement Age at time of disability, the benefit is computed the same as for normal retirement but is not less than 75% or 60% of final average salary.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

Elected Officials

For elected officials hired before February 19, 1987, the benefit is not less than 75% of final average salary. For all other elected officials, the benefit is not less than 60% of final average salary.

General Employees

For non-represented employees hired before February 19, 1987, attorneys hired on or after January 1, 1987, Skilled Trades hired before October 30, 1987, Federated Nurses hired before January 1, 1987, Machinists hired before May 18, 1988, DC48 hired before July 24, 1987, and Teamco hired before January 12, 1988, the benefit is not less than 75% of final average salary. For all other general employees, the benefit is not less than 60% of final average salary.

Deputy Sheriffs

For all deputy sheriffs, the benefit is not less than 75% of final average salary. For DA Investigators and non-represented deputy sheriffs hired on or after February 19, 1987, the benefit is not less than 60% of final average salary.

Ordinary Death Benefit

Upon the death of a deputy sheriff in active service for any cause other than accidental, the surviving spouse or child shall be entitled to receive the benefit under the provision of survivor benefits if the deceased member has completed at least one (1) year of service and is not eligible for normal retirement.

Accidental Death Benefit

Upon the death of a deputy sheriff caused by an accident in active duty, a survivorship benefit equal to fifty (50) percent of final average salary shall be granted to the following members:

1) A surviving spouse for life or until remarriage, or
2) If there is no spouse or spouse dies or remarries before the youngest child has attained age 18, the benefit is payable to his child(ren) under age 18 until the youngest child attains said age, or

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

3) If there is no spouse or child(ren) under age 18, the benefit is payable to his dependent father or mother to continue for life.

The monthly benefit aforementioned shall not be less than the benefit under ordinary death benefit section if death had not occurred in performance of duty.

Lump Sum Benefit Upon Death

Upon a death of members, a lump sum benefit of one-half the final average salary of the deceased member, not greater than two thousand dollars ($2,000) shall be paid to designated beneficiary if such member has completed one (1) year of service and no survivors' benefits payable under any other survivorship benefits.

Deferred Vested Benefit

Upon termination of employment, a member who does not elect to withdraw any part of his membership account shall be eligible for a deferred vested benefit if:
1) The accrued benefit at age 60 is at least $10 per month
2) 5 years of service

The benefit is computed the same as for a normal retirement benefit considering earnings and service prior to date of termination.

Survivor Benefit

Upon the death of a member prior to age 60 and after completing at least one (1) year of service, a monthly benefit equal to 40% of the member's salary for the year of his death less monthly survivor benefits payable under the Social Security law shall be payable to his surviving spouse if she has at least one dependent child and was married to the member at least one (1) year prior to his death. Upon attainment of age 60 the dependent spouse shall be paid a benefit equal to 50% of the normal pension which the member would have received assuming service had continued to accrue to age 60 and the final average salary determined at death. In addition, a monthly benefit equal to 10% of the member's monthly salary less the benefits payable to child under Social Security law shall be payable to each eligible children until he attains age 18 or marries, or until attainment of age 22 if he is a student and not married.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

Any member eligible for normal retirement may elect the protective survivorship option by selecting option 2 or 3 under the Optional Benefit section. This survivorship option shall become effective at the death of the member. If any member eligible to elect an option shall die in active service, without selecting an option, his surviving spouse shall be paid a survivorship benefit equal to the amount that would have been payable if such member had retired under option 3 immediately prior to his death.

Optional Benefit

In lieu of the full retirement benefit, any member at retirement may elect to receive an actuarial equivalent reduced retirement benefit in accordance with the following options:

Option 1. In case of death before benefits attributable to his mandatory account have equaled the amount of his membership account at the date of retirement, the balance shall be paid to a designated beneficiary or to his estate; or

Option 2. At the death of the member, one-half of the reduced benefit shall be continued throughout the life of designated beneficiary; or

Option 3. At the death of the member, the same reduced benefit shall be continued throughout the life of designated beneficiary.

Other Benefits

Simple COLA	2% of original benefit increase per year to retired employees (surviving beneficiary receives proportionate amount based on survivorship percentage).
Contribution Refund	Refund of employee voluntary contribution upon severance.
Backdrop Benefit	Employee may opt to receive a monthly benefit earned as of a specific date in the past (backdrop date). The backdrop date may not be prior to the earliest date that the member was eligible to retire and shall not be less than one (1) year prior to the date the member leaves active County service. Employee receives a cash payment equal to monthly benefits that would have been paid between backdrop date and actual retirement date plus interested earned.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

Members not eligible for backdrop benefits are Elected Officials, non-represented employees and deputy sheriffs hired on or after March 15, 2002, Machinists and Teamco hired on or after November 4, 2005, Attorneys hired on or after January 1, 2006, Federated Nurses hired on or after December 15, 2005, Firefighters hired on or after June 19, 2007 and DC48 hired on or after February 1, 2007.

TABLE 17

SUMMARY OF MEMBERSHIP DATA
AS OF JANUARY 1, 2011

Item	General Employees	Deputy Sheriffs *	Elected Officials	Total
Number of Participants	4,005	423	20	4,448
Average Annual Salaries **	$ 48,306	$ 63,591	$ 64,142	$ 49,831
Average Age	46.7	43.5	53.1	46.4
Average Service	12.2	15.8	11.3	12.5

* Includes 18 non-represented deputy sheriffs.

** The salaries shown in the table above represent a rate of pay increased by the salary assumption.

Inactive Participants

Item	Number	Annual Annuities	Average Annuities	Average Age
Participants with Deferred Benefits *	1,493	$ 10,216,426	$ 6,843	51.8
Retired Participants	6,397	127,867,302	19,989	71.0
Beneficiaries	797	10,645,272	13,357	76.3
Disability Retirees	247	4,675,577	18,929	64.0
Total	8,934	$ 153,404,577	$ 17,171	68.1

* Includes 1,651 deferred vested participants and 8 beneficiaries in deferred status.

TABLE 18

ACTIVE MEMBERSHIP STATISTICS (UNAUDITED)

	2010
Members as of January 1	6,467 *
Changes during the year:	
New enrollments	266
Nonvested terminations	(210)
Retirements	(344)
Deaths in active service	(4)
New deferred beneficiaries	0
Data Adjustment	(234)
Members as of December 31	5,941 *

*This total includes vested inactive members.

RETIREMENTS AND SURVIVORS (UNAUDITED)

	Retirements granted								Survivors & Benefi-ciaries	Total
	Maxi-mum Pension	Options								
		Refund	100%	75%	50%	25%	10-yr	Other		
January 1, 2010	2,937	514	1,244	197	1,088	328	137	54	793	7,292
Changes during the year:										
Adjustments (actuary) *	(18)	2	5	4	12	6	11	(3)	(20)	(1)
Retirements	194	1	57	10	38	38	20	-	26	384
Pensioner deaths	(103)	(43)	(40)	(1)	(43)	(2)	(1)	(1)	-	(234)
December 31, 2010	3,010	474	1,266	210	1,095	370	167	50	799	7,441

* Adjustments as a result of reclassifications made to beginning balances by the actuary:

EXHIBIT I

ACTIVE MEMBERSHIP DATA – ALL EMPLOYEES

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2011

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	56 $35,253									56 $35,253
25-29	204 $36,078	32 $40,257								236 $36,645
30-34	221 $38,980	138 $45,831	33 $46,578							392 $42,031
35-39	181 $44,987	135 $44,277	163 $50,312	21 $58,572						500 $47,102
40-44	146 $42,643	149 $47,681	198 $52,530	130 $57,240	34 $50,046	3				660 $50,061
45-49	109 $45,310	96 $47,586	107 $47,609	159 $52,850	160 $54,194	38 $56,905	2			671 $50,609
50-54	105 $39,655	106 $52,940	122 $51,708	171 $53,606	217 $55,841	98 $54,820	18			837 $52,328
55-59	80 $51,552	65 $45,661	85 $48,968	139 $52,288	159 $57,147	74 $63,915	47 $58,842	14		663 $54,173
60-64	45 $43,849	56 $55,103	53 $54,704	68 $54,567	74 $59,562	33 $63,433	26 $74,428	11		366 $56,635
Over 64	6	8	13	14	15	4	5	2		67 $ 53,067
Total	1,153 $41,451	785 $47,563	774 $50,709	702 $53,964	659 $56,042	250 $58,946	98 $62,854	27 $57,676		4,448 $49,831

* Compensation in cells with fewer than 20 records has been suppressed.

EXHIBIT II

ACTIVE MEMBERSHIP DATA – GENERAL EMPLOYEES

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2011

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	56 $35,253									56 $35,253
25-29	204 $36,078	32 $40,257								236 $36,645
30-34	219 $38,384	116 $43,258	23 $41,592							358 $40,169
35-39	176 $44,472	123 $43,117	109 $44,971	7						415 $44,219
40-44	144 $42,452	135 $46,589	145 $48,901	64 $48,842	33 $49,635	3				524 $46,609
45-49	108 $45,244	94 $47,394	100 $46,831	111 $48,633	131 $52,130	34 $55,671	2			580 $48,733
50-54	105 $39,655	105 $52,140	111 $50,684	151 $52,127	197 $54,521	91 $52,802	16			776 $50,946
55-59	79 $51,374	63 $45,446	85 $48,968	134 $51,973	146 $56,470	73 $63,889	45 $58,326	14		639 $53,825
60-64	44 $43,653	55 $54,528	51 $54,594	65 $54,024	70 $58,921	33 $63,433	26 $74,428	11		355 $56,316
Over 64	6	7	13	14	15	4	5	2		66 $ 53,077
Total	1,141 $41,179	730 $46,640	637 $48,431	546 $51,013	592 $54,940	238 $58,125	94 $61,849	27 $57,676		4,005 $48,306

* Compensation in cells with fewer than 20 records has been suppressed.
Nineteen non-represented deputy sheriffs are included with Deputy Sheriffs exhibit.

EXHIBIT III

ACTIVE MEMBERSHIP DATA – DEPUTY SHERIFFS

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2011

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25										
25-29										
30-34	2	21 $59,726	10							33 $61,918
35-39	4	12	54 $61,093	14						84 $61,281
40-44	1	13	52 $62,654	66 $65,384	1					133 $63,607
45-49		2	7	48 $62,601	29 $63,520	4				90 $62,676
50-54			11	17	20 $68,849	7	2			57 $68,609
55-59	1			4	13	1	2			21 $65,018
60-64			1	2	2					5
Over 64										
Total	8	48 $58,418	135 $61,434	151 $64,151	65 $65,667	12	4			423 $63,591

* Compensation in cells with fewer than 20 records has been suppressed.
Includes 19 non-represented deputy sheriffs.

EXHIBIT IV

ACTIVE MEMBERSHIP DATA – ELECTED OFFICIALS

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2011

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25										
25-29										
30-34		1								1
35-39	1									1
40-44	1	1	1							3
45-49	1									1
50-54		1		3						4
55-59		2		1						3
60-64	1	1	1	1	2					6
Over 64		1								1
Total	4	7	2	5	2					20 $64,142

* Compensation in cells with fewer than 20 records has been suppressed.

EXHIBIT V

ACTIVE AND DEFERRED VESTED MEMBERS OBTAINING RETIREMENT ELIGIBILITY OVER NEXT FIVE CALENDAR YEARS

Actives Reaching Retirement Eligibility

Year	General Employees	Elected Officials	Deputy Sheriffs	Total
Eligible at Valuation Date	855	6	25	886
2011	155	1	10	166
2012	190	2	9	201
2013	172	1	10	183
2014	155	0	24	179
2015	162	1	23	186
Total Over Next 5 Years	834	5	76	915
Grand Total Eligible	1,689	11	101	1,801

Deferred Vesteds Reaching Retirement Age

Year	Total
2011	138
2012	83
2013	109
2014	102
2015	95
Total Over Next 5 Years	527

EXHIBIT VI

RETIREE AND BENEFICIARY MEMBERSHIP DATA
AS OF JANUARY 1, 2011

NUMBER AND AVERAGE ANNUAL BENEFIT

Age Last Birthday	Number	Annual Benefit	Average Annual Benefit
Retired Participants			
Under 60	700	$ 19,490,030	$ 27,843
60 - 64	1,442	32,070,713	22,240
65 - 69	1,111	23,567,438	21,213
70 - 74	869	17,012,207	19,577
75 - 79	772	15,027,539	19,466
Over 79	1,503	20,699,374	13,772
Total	6,397	$ 127,867,302	$ 19,989
Beneficiary Participants			
Under 60	77	$ 1,153,500	$ 14,981
60 - 64	56	898,674	16,048
65 - 69	63	1,125,509	17,865
70 - 74	85	1,263,718	14,867
75 - 79	117	1,775,662	15,177
Over 79	399	4,428,208	11,098
Total	797	$ 10,645,272	$ 13,357
Disabled Participants			
Under 60	99	$ 2,105,762	$ 21,270
60 - 64	35	696,263	19,893
65 - 69	36	623,486	17,319
70 - 74	24	454,192	18,925
75 - 79	25	403,681	16,147
Over 79	28	392,194	14,007
Total	247	$ 4,675,577	$ 18,929
Grand Total Average Annual Benefit	7,441	$ 143,188,151	$ 19,243

EXHIBIT VII

5-YEAR HISTORY OF MEMBERSHIP DATA

Active Participants

Valuation as of January 1	Number of Active Participants	Percentage Change in Membership	Total Annual Payroll	Percentage Change in Payroll
2011	4,448	(7.49)%	$ 221,647,443	(6.49)%
2010	4,808	(0.60)%	237,040,117	1.38 %
2009	4,837	0.48 %	233,820,179	2.84 %
2008	4,814	(1.71)%	227,364,398	1.95 %
2007	4,898	(3.13)%	223,005,093	(1.20)%

Retired, Disabled, and Beneficiary Participants

Valuation as of January 1	Number on roll	Additions	Deletions	Percentage Change in Membership	Annual Annuities	Percentage Change in Annuities
2011	7,441	368	219	2.04 %	$ 143,188,151	4.23 %
2010	7,292	283	299	(0.22)%	137,374,794	2.24 %
2009	7,308	222	235	(0.18)%	134,363,234	2.09 %
2008	7,321	325	303	0.30 %	131,611,251	2.81 %
2007	7,299	259	235		128,010,105	

EXHIBIT VIII

DETAILED TABULATIONS OF THE DATA

TABLE VIII-A

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2011 ALL EMPLOYEES

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
20	2			
21	2		1	
22	3		4	
23	10		2	
24	19		13	
25	19		15	
26	20	$ 769,187	23	$ 786,698
27	28	1,050,285	17	
28	27	975,305	32	1,199,123
29	29	1,122,937	26	927,287
30	31	1,406,442	30	1,146,207
31	38	1,497,756	43	1,601,104
32	33	1,541,828	55	2,239,443
33	41	1,893,309	39	1,544,777
34	33	1,597,624	49	2,007,831
35	49	2,614,024	47	1,783,888
36	49	2,847,339	49	2,211,048
37	34	1,465,746	47	2,011,753
38	55	2,759,027	53	2,421,954
39	53	2,672,889	64	2,763,210
40	68	3,868,869	68	3,126,396
41	69	3,713,725	73	3,472,171
42	43	2,231,392	63	3,066,417
43	59	3,079,747	80	3,589,943
44	56	3,115,219	81	3,776,144
45	53	2,880,915	69	3,349,140
46	46	2,928,003	71	3,264,671
47	59	3,270,052	86	4,163,568
48	71	3,646,314	87	4,256,182
49	52	2,766,659	77	3,433,069
50	77	4,394,426	108	5,405,441
51	64	3,597,901	100	4,794,270
52	71	3,872,672	99	4,621,341
53	61	3,584,827	93	5,043,704
54	63	3,670,144	101	4,813,505
55	73	4,738,386	82	3,861,155
56	68	3,995,346	84	4,060,187
57	63	3,673,527	65	3,442,557

TABLE VIII-A

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2011 ALL EMPLOYEES

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
58	40	2,008,561	73	3,888,710
59	54	3,471,949	61	2,776,644
60	46	3,047,342	46	2,263,025
61	42	2,713,703	64	3,217,816
62	39	2,637,457	36	1,811,437
63	18		23	1,105,739
64	22	1,410,047	30	1,458,081
65	3		10	
66	5		8	
67	1		5	
68	4		7	
69	6		4	
70	3		1	
71	1		1	
72			4	
73			2	
74	1			
75				
76			1	
Total	1,976	$ 107,025,503	2,472	$ 114,621,939

TABLE VIII-B

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2011 ALL EMPLOYEES

(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
0	115	$ 3,807,175	136	$ 4,411,275
1	127	5,239,084	187	7,548,821
2	126	5,965,381	153	6,471,572
3	70	3,473,067	97	4,117,688
4	65	3,361,759	77	3,397,212
5	82	4,168,579	141	6,486,761
6	49	2,852,822	72	3,197,853
7	54	2,497,932	67	3,129,966
8	79	4,153,157	52	2,101,761
9	100	5,091,510	89	3,656,795
10	85	4,479,992	128	5,678,150
11	88	4,426,533	111	5,135,649
12	57	3,173,085	73	3,347,526
13	65	3,951,099	53	2,658,240
14	54	3,235,502	60	3,163,152
15	57	3,521,790	33	1,659,401
16	63	3,554,124	71	3,476,287
17	49	2,733,386	67	3,460,276
18	87	5,430,665	110	5,358,622
19	71	4,147,966	94	4,540,355
20	61	3,488,120	74	3,392,594
21	63	3,659,791	138	7,170,684
22	61	3,694,374	87	4,730,508
23	41	2,951,293	52	2,777,284
24	35	2,502,940	47	2,564,275
25	44	2,687,352	48	2,553,785
26	24	1,402,979	48	2,643,504
27	18		14	
28	10		11	
29	8		25	1,358,190
30	11		22	1,080,928
31	11		8	
32	16		9	
33	7		6	
34	7		1	
35	8		4	
36	5		4	
37	2		2	
38	1			
39			1	
Total	1,976	$ 107,025,503	2,472	$ 114,621,939

TABLE VIII-C

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2011 GENERAL EMPLOYEES
(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
20	2			
21	2		1	
22	3		4	
23	10		2	
24	19		13	
25	19		15	
26	20	$ 769,187	23	$ 786,698
27	28	1,050,285	17	
28	27	975,305	32	1,199,123
29	29	1,122,937	26	927,287
30	30	1,353,735	29	1,093,754
31	35	1,320,984	43	1,601,104
32	22	877,703	51	1,931,891
33	35	1,531,549	36	1,365,572
34	30	1,415,846	47	1,888,425
35	35	1,760,487	44	1,596,046
36	36	2,022,030	45	1,937,301
37	29	1,223,120	45	1,874,504
38	39	1,808,673	52	2,350,533
39	33	1,462,623	57	2,315,545
40	38	1,898,330	62	2,720,857
41	45	2,193,126	69	3,231,233
42	21	919,600	56	2,620,161
43	43	2,038,851	73	3,155,798
44	38	1,995,815	79	3,649,125
45	38	1,908,113	62	2,900,544
46	34	2,203,535	64	2,905,973
47	44	2,348,317	81	3,833,326
48	55	2,618,361	82	3,937,107
49	44	2,239,959	76	3,370,045
50	64	3,557,724	100	4,863,114
51	56	3,074,394	97	4,527,142
52	62	3,243,606	98	4,540,661
53	54	3,073,415	90	4,865,568
54	56	3,119,567	99	4,668,691
55	69	4,507,331	80	3,736,079
56	63	3,688,772	82	3,913,997
57	58	3,356,202	64	3,378,510

TABLE VIII-C

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2011 GENERAL EMPLOYEES
(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
58	38	1,865,499	72	3,828,337
59	52	3,342,908	61	2,776,644
60	43	2,868,922	46	2,263,025
61	41	2,626,995	63	3,155,279
62	37	2,494,395	36	1,811,437
63	18		22	1,053,286
64	19		30	1,458,081
65	3		10	
66	5		8	
67			5	
68	4		7	
69	6		4	
70	3		1	
71	1		1	
72			4	
73			2	
74	1			
75				
76			1	
Total	1,636	$ 85,517,342	2,369	$ 107,948,104

TABLE VIII-D

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2011 GENERAL EMPLOYEES
(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
0	115	$ 3,807,175	135	$ 4,255,109
1	126	5,178,179	186	7,474,413
2	121	5,679,053	153	6,471,572
3	70	3,473,067	96	4,065,235
4	63	3,250,373	76	3,331,546
5	81	4,105,703	141	6,486,761
6	46	2,696,862	70	3,092,947
7	47	2,062,086	66	3,074,616
8	63	3,149,080	48	1,876,338
9	82	4,023,998	86	3,478,789
10	65	3,269,181	119	5,134,443
11	62	2,920,671	106	4,849,699
12	43	2,338,886	64	2,773,894
13	42	2,469,015	48	2,337,749
14	33	1,910,192	55	2,846,719
15	34	2,019,251	24	1,077,057
16	36	1,822,720	67	3,186,118
17	31	1,623,406	61	3,082,082
18	49	2,945,048	98	4,586,823
19	55	3,128,973	91	4,381,517
20	50	2,792,381	73	3,356,751
21	52	2,958,153	133	6,837,027
22	45	2,691,284	81	4,379,308
23	37	2,675,831	49	2,510,638
24	28	2,005,451	44	2,317,498
25	38	2,252,612	46	2,400,743
26	24	1,402,979	47	2,551,142
27	15		14	
28	10		11	
29	8		25	
30	11		21	
31	11		8	
32	14		9	
33	6		6	
34	7		1	
35	8		4	
36	5		4	
37	2		2	
38	1			
39			1	
Total	1,636	$ 85,517,342	2,369	$ 107,948,104

TABLE VIII-E

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2011 DEPUTY SHERIFFS

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
30	1			
31	3			
32	11		4	
33	6		3	
34	3		2	
35	13		3	
36	13		4	
37	5		2	
38	16		1	
39	20	$ 1,210,266	7	
40	30	1,970,540	5	
41	24	1,520,600	4	
42	21	1,259,339	7	
43	16		7	
44	17		2	
45	15		7	
46	12		7	
47	14		5	
48	16		5	
49	8		1	
50	13		8	
51	8		3	
52	9		1	
53	6		3	
54	5		1	
55	2		2	
56	4		2	
57	5		1	
58	2		1	
59	2			
60	2			
62	2			
Total	324	$ 20,435,138	99	$ 6,464,023

TABLE VIII-F

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2011 DEPUTY SHERIFFS
(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
0			1	
1	1		1	
2	2			
4	2		1	
5	1			
6	2			
7	6		1	
8	13		4	
9	18		3	
10	19		9	
11	26	$ 1,505,862	5	
12	13		9	
13	23	1,482,083	5	
14	21	1,325,310	5	
15	22	1,390,746	9	
16	27	1,731,404	4	
17	18		6	
18	35	2,306,799	11	
19	16		3	
20	11		1	
21	11		5	
22	16		6	
23	3		3	
24	6		3	
25	6		2	
26			1	
27	3			
30			1	
32	2			
Total	324	$ 20,435,138	99	$ 6,464,023

TABLE VIII-G

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2011 ELECTED OFFICIALS
(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
30			1	
35	1			
40			1	
42	1			
44	1			
47	1			
53	1			
54	2		1	
55	2			
56	1			
60	1			
61	1			
63			1	
64	3			
67	1			
Total	16		4	

TABLE VIII-H

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2011 ELECTED OFFICIALS
(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
2	3			
3			1	
6	1		2	
7	1			
8	3			
10	1			
12	1			
15	1			
18	3		1	
23	1			
24	1			
Total	16		4	

TABLE VIII-I

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO ALL MEMBERS RECEIVING BENEFITS AS OF JANUARY 1, 2011

Age	Men		Women	
	Number	Annuities	Number	Annuities
15			1	$ 18,000
18			1	4,134
20			1	3,589
21	1	$ 2,756		
22	2	23,521		
23	1	3,001	1	6,461
30			1	4,541
32			1	18,000
33	1	31,789		
35			3	68,361
36	3	47,600	1	18,000
37	1	9,161		
39			1	18,000
40	3	50,666	3	51,152
41	2	57,507		
42	4	77,623	1	18,000
44	1	32,553		
45	1	35,585	2	16,212
46	2	31,227	7	92,151
47			4	70,627
48	1	7,711	6	168,656
49	2	37,883	6	131,354
50			5	137,111
51	5	205,307	9	275,568
52	11	322,471	18	471,706
53	18	548,639	22	573,378
54	27	742,254	40	982,116
55	41	1,187,462	38	1,063,091
56	44	1,197,597	49	1,171,293
57	59	1,718,561	74	1,733,561
58	86	2,408,575	84	1,996,099
59	89	2,627,006	92	2,231,676
60	114	3,155,699	137	2,815,158
61	133	3,093,723	141	2,552,893
62	150	4,143,477	173	2,969,764
63	150	3,624,430	178	3,283,194
64	172	4,479,521	185	3,547,792
65	117	2,973,459	144	2,958,535
66	124	2,852,351	130	2,310,976
67	96	2,365,445	138	2,403,265
68	96	2,450,465	143	2,375,933
69	95	2,486,913	127	2,139,091
70	88	2,161,582	108	1,898,124

TABLE VIII-I

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO ALL MEMBERS RECEIVING BENEFITS AS OF JANUARY 1, 2011

Age	Men		Women	
	Number	Annuities	Number	Annuities
71	87	1,945,020	110	1,755,276
72	80	1,858,894	121	2,059,885
73	72	1,859,313	119	1,842,414
74	82	1,752,785	111	1,596,823
75	74	1,765,325	122	2,003,217
76	61	1,561,487	119	1,856,970
77	71	1,890,435	106	1,565,381
78	75	1,664,439	113	1,692,424
79	75	1,812,710	98	1,394,494
80	72	1,396,586	131	1,980,908
81	59	1,234,772	135	1,767,967
82	53	1,029,745	124	1,618,620
83	53	1,038,093	119	1,500,864
84	47	966,240	126	1,376,615
85	45	936,463	98	1,299,009
86	41	724,089	85	897,193
87	43	753,018	86	947,652
88	37	579,180	83	779,689
89	36	613,061	71	748,233
90	20	319,776	71	595,420
91	18	178,719	46	378,452
92	13	189,562	54	449,341
93	5	29,535	41	272,479
94	5	119,777	27	199,286
95	4	31,787	18	153,681
96	4	49,299	21	111,342
97	5	49,308	10	69,924
98	3	20,144	5	22,659
99			5	22,100
100	1	18,942	2	12,464
101			3	17,000
102			2	11,375
103			2	8,425
105	1	985		
Total	2,982	$ 71,583,009	4,459	$ 71,605,141

TABLE VIII-J

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO RETIRED MEMBERS AS OF JANUARY 1, 2011

Age	Men		Women	
	Number	Annuities	Number	Annuities
48			3	$ 92,772
49			2	83,506
50			3	97,784
51	4	$ 162,888	6	217,087
52	6	209,351	16	436,146
53	15	504,089	16	484,166
54	19	562,143	30	807,935
55	37	1,107,148	31	927,268
56	41	1,152,707	43	1,081,547
57	50	1,530,306	59	1,448,980
58	78	2,194,260	75	1,841,434
59	82	2,501,276	84	2,047,239
60	112	3,124,113	124	2,559,286
61	128	2,994,683	125	2,284,784
62	141	4,009,433	161	2,769,580
63	146	3,556,543	167	3,103,978
64	168	4,395,067	170	3,273,246
65	115	2,934,639	132	2,671,748
66	114	2,727,034	118	2,089,289
67	91	2,290,104	120	2,070,399
68	91	2,346,336	125	2,157,473
69	91	2,400,644	114	1,879,771
70	86	2,126,189	93	1,651,878
71	80	1,816,918	98	1,584,280
72	77	1,830,206	104	1,687,497
73	68	1,806,186	104	1,597,790
74	70	1,609,515	89	1,301,748
75	68	1,683,465	102	1,664,069
76	60	1,553,563	102	1,629,497
77	68	1,837,966	76	1,179,890
78	72	1,643,430	89	1,293,302
79	68	1,736,842	67	805,515
80	64	1,308,575	102	1,555,811
81	56	1,212,376	99	1,349,307
82	50	1,014,468	89	1,137,732
83	51	1,018,816	83	1,023,223
84	46	953,024	81	868,049
85	43	902,018	63	820,519
86	38	711,552	55	507,816
87	36	697,642	62	670,066

TABLE VIII-J

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO RETIRED MEMBERS AS OF JANUARY 1, 2011

Age	Men		Women	
	Number	Annuities	Number	Annuities
88	34	546,933	65	581,677
89	32	576,534	48	505,841
90	19	318,221	54	422,889
91	15	157,055	32	265,907
92	13	189,562	48	389,459
93	4	23,285	26	172,845
94	5	119,777	22	156,405
95	4	31,787	15	138,877
96	3	43,416	18	95,061
97	5	49,308	6	51,354
98	2	16,599	3	13,073
99			4	21,550
100	1	18,942	2	12,464
101			2	11,867
102			2	11,375
103			1	6,317
Total	2,767	$ 68,256,937	3,630	$ 59,610,365

TABLE VIII-K

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO BENEFICIARY MEMBERS AS OF JANUARY 1, 2011

Age	Men		Women	
	Number	Annuities	Number	Annuities
15			1	$ 18,000
18			1	4,134
20			1	3,589
21	1	$ 2,756		
22	2	23,521		
23	1	3,001	1	6,461
30			1	4,541
32			1	18,000
35			3	68,361
36	2	25,278	1	18,000
37	1	9,161		
39			1	18,000
40	2	20,018	2	20,931
42	3	37,794	1	18,000
45			2	16,212
46			3	13,325
48	1	7,711	1	50,149
51			2	29,982
52			1	10,170
53			4	39,458
54	2	57,566	2	34,300
55			4	78,142
56			4	50,694
57	1	5,084	12	233,826
58			7	103,648
59			5	103,686
60	1	17,552	8	140,963
61	1	3,377	11	189,961
62	4	27,866	7	112,242
63	2	13,324	9	143,503
64	2	26,755	11	223,131

TABLE VIII-K

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO BENEFICIARY MEMBERS AS OF JANUARY 1, 2011

Age	Men		Women	
	Number	Annuities	Number	Annuities
65			12	286,787
66	4	42,051	7	132,530
67	3	28,795	13	252,046
68	2	38,627	14	162,621
69	1	16,506	7	165,547
70			11	164,325
71	2	27,474	10	132,004
72	2	12,002	17	372,388
73	2	5,997	13	211,224
74	9	83,234	19	255,069
75	4	44,426	19	318,055
76			15	203,248
77	1	9,566	24	302,465
78	2	4,179	21	355,414
79	5	32,352	26	505,958
80	7	49,640	26	384,023
81	2	6,736	35	409,044
82	3	15,277	29	403,013
83	2	19,277	34	450,696
84	1	13,216	41	459,896
85	1	13,317	34	465,767
86	3	12,537	28	359,318
87	5	28,123	23	262,753
88	2	18,243	18	198,013
89	4	36,527	22	234,093
90	1	1,554	17	172,531
91	3	21,664	14	112,545
92			6	59,882
93	1	6,249	15	99,634
94			5	42,881
95			2	9,117
96	1	5,883	3	16,281
97			4	18,570
98	1	3,545	2	9,586
99			1	550
101			1	5,132
103			1	2,108
Total	101	$ 878,749	696	$ 9,766,523

TABLE VIII-L

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO DISABLED MEMBERS AS OF JANUARY 1, 2011

Age	Men		Women	
	Number	Annuities	Number	Annuities
33	1	$ 31,789		
36	1	22,322		
40	1	30,648	1	$ 30,221
41	2	57,507		
42	1	39,828		
44	1	32,553		
45	1	35,585		
46	2	31,227	4	78,826
47			4	70,627
48			2	25,736
49	2	37,883	4	47,848
50			2	39,328
51	1	42,418	1	28,499
52	5	113,120	1	25,391
53	3	44,549	2	49,754
54	6	122,544	8	139,881
55	4	80,313	3	57,680
56	3	44,890	2	39,052
57	8	183,171	3	50,755
58	8	214,315	2	51,017
59	7	125,730	3	80,751
60	1	14,034	5	114,909
61	4	95,663	5	78,147
62	5	106,179	5	87,941
63	2	54,562	2	35,713
64	2	57,699	4	51,416
65	2	38,820		
66	6	83,266	5	89,157
67	2	46,547	5	80,820
68	3	65,502	4	55,839
69	3	69,763	6	93,773
70	2	35,393	4	81,921
71	5	100,628	2	38,993
72	1	16,686		

TABLE VIII-L

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO DISABLED MEMBERS AS OF JANUARY 1, 2011

Age	Men		Women	
	Number	Annuities	Number	Annuities
73	2	47,130	2	33,400
74	3	60,035	3	40,006
75	2	37,434	1	21,093
76	1	7,924	2	24,225
77	2	42,903	6	83,026
78	1	16,830	3	43,708
79	2	43,516	5	83,022
80	1	38,371	3	41,074
81	1	15,660	1	9,616
82			6	77,875
83			2	26,946
84			4	48,670
85	1	21,128	1	12,723
86			2	30,059
87	2	27,253	1	14,832
88	1	14,004		
89			1	8,298
95			1	5,686
Total	114	$ 2,447,324	133	$ 2,228,253

EXHIBIT IX

GLOSSARY

Accrued Liability	The difference between (a) the present value of future plan benefits, and (b) the present value of future normal cost. It is the portion of the present value of future plan benefits attributable to service accrued as of the valuation date. Sometimes referred to as "actuarial accrued liability."
Accrued Service	The service credited under the plan, which was rendered before the date of the actuarial valuation.
Actual Funding Contribution	The Actual Funding Contribution for a plan year is calculated using census and asset information as of the first day of the plan year, and includes Normal Cost, with interest to the end of the plan year, and a net amortization payment.
Actuarial Assumptions	Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.
Actuarial Cost Method	A mathematical budgeting procedure for allocating the dollar amount of the "present value of future plan benefits" between the present value of future normal cost and the accrued liability. Sometimes referred to as the "actuarial funding method."
Actuarial Equivalent	A series of payments is called an actuarial equivalent of another series of payments if the two series have the same actuarial present value.
Actuarial Value of Assets	The value of current plan assets recognized for valuation purposes. Based on a smoothed market value that recognizes investment gains and losses over a period of three years.
Amortization	Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

EXHIBIT IX

GLOSSARY
(Continued)

Annual Required Contribution	The Annual Required Contribution, or ARC, is the amount determined in accordance with Governmental Accounting Standards Board Statements Nos. 25 and 27.
Budget Contribution	The Budget Contribution for a year is based on census and asset information as of the first day of the PRIOR plan year, rolled forward to the next plan year based on all actuarial assumptions being met. For example, the Budget Contribution for 2011 is based on census and asset information as of January 1, 2010, rolled forward to January 1, 2011.
Contribution Variance	The difference between the Actual Contribution and the Budget Contribution for a plan year is referred to as the Contribution Variance. A Contribution Variance resulting from an overpayment is amortized over 5 years as a level dollar credit. A Contribution Variance resulting from an underpayment is amortized over 5 years as a level dollar charge.
Experience Gain (Loss)	A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.
Normal Cost	The annual cost assumed, under the actuarial funding method, for current and subsequent plan years. Sometimes referred to as "current service cost."
Present Value	The amount of funds presently required to provide a payment or series of payments in the future. The present value is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.
Unfunded Accrued Liability	The difference between the actuarial accrued liability and valuation assets.

Montgomery County Employee Retirement Plans

Comprehensive Annual Financial Report

Employees' Retirement System
Retirement Savings Plan
Deferred Compensation Plan

(Trust Funds of Montgomery County, Maryland)

Fiscal Year 2011
July 1, 2010 – June 30, 2011

Montgomery County Employee Retirement Plans

Comprehensive Annual Financial Report

Employees' Retirement System
Retirement Savings Plan
Deferred Compensation Plan

(*Trust Funds of Montgomery County, Maryland*)

Fiscal Year 2011
July 1, 2010 – June 30, 2011

Prepared by the Board of Investment Trustees
101 Monroe Street, 15th Floor
Rockville, Maryland 20850

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MARYLAND

MONTGOMERY COUNTY, MARYLAND
EMPLOYEE RETIREMENT PLANS
Fiscal Year Ended June 30, 2011
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INTRODUCTION SECTION

OFFICES OF THE COUNTY EXECUTIVE

Isiah Leggett
County Executive

Timothy L. Firestine
Chief Administrative Officer

March 15, 2012

Honorable County Executive and
Members of the Montgomery County Council

I am pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Montgomery County, Maryland (County) Employee Retirement Plans (Plans) for the fiscal year ended June 30, 2011. This annual report is designed to assist you in understanding the structure and current status of the Plans.

FORMAL TRANSMITTAL OF THE CAFR

This report was prepared pursuant to the provisions of Section 33-51(b) of the Montgomery County Code, 2004, as amended (Code), and includes the independent auditors' report, issued by the County Council's appointed independent public accounting firm. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation including all disclosures rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the plan net assets and the changes in plan net assets and financial position of the Plans; and that all disclosures necessary to enable the reader to gain the maximum understanding of the financial affairs of the Plans have been included.

PROFILE OF THE RETIREMENT PLANS

History

The Employees' Retirement System (System) was established in 1965, as a cost-sharing multiple-employer defined benefit pension plan providing benefits to the employees of the County and other agencies or political subdivisions who elect to participate. Participating agencies and subdivisions include the: Montgomery County Revenue Authority, Housing Opportunities Commission of Montgomery County, independent fire/rescue corporations, Town of Chevy Chase, Strathmore Hall Foundation, Inc., Washington Suburban Transit Commission, Montgomery County Employees Federal Credit Union, and certain employees of the State Department of Assessments and Taxation and the District Court of Maryland. The System is closed to employees hired on or after October 1, 1994, except public safety bargaining unit employees and Guaranteed Retirement Income Plan (GRIP) participants. The Montgomery County Council passed legislation in FY 2009 enabling the County to establish and maintain a GRIP, a cash balance plan that is part of the System, for employees. During FY 2010 eligible County employees who were members of the Retirement Savings Plan (RSP) were granted the option to elect to participate in the GRIP and to transfer their RSP member account balance to the GRIP and cease being a member of the RSP. There were 5,515 active members, including 1,002 in the GRIP, and 5,712 retirees participating in the System as of June 30, 2011.

The RSP was established in 1994, as a cost-sharing multiple-employer defined contribution plan providing benefits to all non-public safety and certain public safety employees hired on or after October 1, 1994. Employees covered by the System may make an irrevocable decision to transfer to the RSP. At June 30, 2011, there were 3,747 active plan members.

The Deferred Compensation Plan (DCP) was established pursuant to Section 457 of the Internal Revenue Code, as amended. During Fiscal Year (FY) 1999, in accordance with Federal legislation, the assets of the County Plan were placed in trust for the sole benefit of participants and their beneficiaries.

Benefit Provisions

The benefit provisions of the System are established by the Code. The System provides for normal service retirement and early service retirement benefits for members who attain age and service requirements. The System also provides options for disability and death benefits to eligible participants. Members are vested after five years of service.

The RSP provides for immediate vesting of employee contributions and employer contributions are vested after three years of service or upon death, disability or reaching retirement age.

Major Initiatives

During FY 2011, the Board of Investment Trustees (Board) continued to implement its long-term plan to diversify the investment portfolio, and better manage the System's risk, by approving new private equity and private real assets commitments. The Board also approved changes to the structure of the U.S. public equity portfolio and expanded the guidelines of its fixed income managers to enable them to pursue additional investment opportunities.

In addition, the Board updated the investment policies of the RSP and DCP and proposed legislative changes that resulted in cost savings for all plans and participants. Further, the Board was able to reduce participant fees on multiple investment options in the DCP.

INFORMATION USEFUL IN ASSESSING THE RETIREMENT PLANS' ECONOMIC CONDITION

Financial Information

Accounting System and Reports

The Plans' financial statements have been prepared under the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due. Benefits, refunds and distributions are recognized when due in accordance with the terms of the Plans.

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A), which can be found on pages 15 to 19 of this report, provides a brief analysis of the financial performance of the Plans and an introduction to the financial statements of the Plans for the year ended June 30, 2011.

Investments

Montgomery County has established a Board to be responsible for the investment management of the Plans' assets for the exclusive benefit of the members and participants. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

In overseeing the management of the assets of the Plans, the Board has developed sound and prudent investment policies. The Board believes an appropriate balance must be struck between risks taken and returns sought to ensure the long term health of the defined benefit plan. The Board has adopted an

investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long term increases in the value of assets. To achieve this objective, System assets are allocated to a broad array of investment sectors as follows: domestic equities 26.5 percent, private equity 7.3 percent, international equities 18.3 percent, fixed income 24.8 percent, inflation indexed bonds 10.8 percent, commodities 5.3 percent, opportunistic 2.8 percent, and private real assets 4.2 percent. For the twelve months ended June 30, 2011, the total return achieved by the System's investments was a gain of 21.77 percent, compared to the gain recorded by the System's benchmark index of 19.96 percent and the actuarial assumed rate of return of 7.5 percent.

Section 33-125 of the Montgomery County Code authorizes the Board to establish, for members of the RSP, a diversified slate of mutual and commingled investment funds from which participants may select options. The Board has developed an investment policy outlining its oversight of the investment products offered.

The Board has also established a diversified slate of mutual and commingled funds for the County Plan which offers a range of options from which participants may select. The Board has constructed an investment policy stipulating investment objectives and oversight by the Board.

Funding

The System's actuary uses a five-year smoothed market-related value to determine the actuarial value of assets. The smoothing prevents extreme volatility in employer contribution rates due to short-term fluctuations in the investment markets. For the June 30, 2011 valuation, the actuarial value of assets was $2.9 billion and the aggregate actuarial liability was $3.7 billion, resulting in a funded status ratio of 76.6%. The Schedule of Funding Progress, included as Required Supplementary Information in the Financial Section, expresses the System's actuarial value of assets as a percentage of the actuarial accrued liability, providing one indication of the System's funding status on a going-concern basis. The actuary has determined that the present net asset base, expected future contributions and investment earnings thereon, are sufficient to provide for full payment of future benefits under the projected unit credit actuarial cost method.

Internal Control Structure and Budgetary Controls

The Plans' management is responsible for maintaining internal accounting controls to provide reasonable assurance that transactions are properly authorized and recorded as necessary to permit preparation of financial statements in conformity with U.S. generally accepted accounting principles. We believe the internal controls in effect during the fiscal year ended June 30, 2011 adequately safeguard the Plans' assets and provide reasonable assurance regarding the proper recording of financial transactions. In addition, the Board, in conjunction with the Chief Administrative Officer, approves and actively monitors the annual budgets for each plan. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement.

Independent Audit and Actuarial Certification

An independent auditors' report and actuarial certification are included in this report.

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Montgomery County Employee Retirement Plans for its comprehensive annual financial report for the fiscal year ended June 30, 2010. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Montgomery County Employee Retirement Plans have received the Certificate of Achievement for the last eleven consecutive years. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements and we are submitting it to the GFOA.

Acknowledgements

The Plans' CAFR was prepared by the Board of Investment Trustees staff in conjunction with staff support from the County's Department of Finance. I would like to express my appreciation to the employees who have worked hard throughout the year to ensure the successful operation of the Plans.

Respectfully submitted,

Timothy L. Firestine
Chief Administrative Officer
Plan Administrator

BOARD OF INVESTMENT TRUSTEES

Kelda J.C. Simpson
Chair
Public Representative
Term Expires March 2011

Gino Renne
Vice Chair
OPT/SLT Bargaining Unit Designee

Joseph Adler
Secretary
Montgomery County Director
Of Human Resources
Ex-Officio Member

George Willie
Public Representative
Term Expires March 2011

Walter E. Bader
Police Bargaining Unit Designee

Joseph F. Beach
Montgomery County Director of Finance
Ex-Officio Member

Jennifer A. Hughes
Montgomery County Director of
Management and Budget
Ex-Officio Member

Jeffrey D. Buddle
Fire & Rescue Bargaining Unit Designee

Stephen B. Farber
Montgomery County Council Staff Director
Ex-Officio Member

J. Lodge Gillespie, Jr.
Montgomery County Council Representative
Term Expires March 2012

Jeffrey Sharpe
Montgomery County Council Representative
Term Expires March 2011

Sunil Pandya
Montgomery County
Department of Liquor Control
Non-Bargaining Unit Representative
Term Expires March 2011

Mary E. Menke
Retired Employees Representative
Term Expires March 2012

ADMINISTRATIVE ORGANIZATION

Administrative Staff

Joseph Adler
Director
Office of Human Resources

Joseph F. Beach
Director of Finance

Linda A. Herman
Executive Director
Board of Investment Trustees

Professional Services

Actuary

Mercer Human Resource Consulting
Washington, DC

Investment Consultants

Wilshire Associates
Pittsburgh, PA

Franklin Park
Philadelphia, PA

Auditor

CliftonLarsonAllen LLP
Certified Public Accountants
Timonium, MD

Investment Managers-Employees' Retirement System

Adams Street Partners
Chicago, IL

AEW Partners
Boston, MA

Altus Capital Partners
Westport, CT

BlackRock Financial Management
New York, NY

Bridgewater Associates
Westport, CT

Carmel Partners
San Francisco, CA

EnerVest
Houston, TX

First Quadrant L.P.
Pasadena, CA

FLAG Capital Management
Stamford, CT

FX Concepts, Inc.
New York, NY

Grosvenor Capital Management
Chicago, IL

Gryphon International Investment
Toronto, Canada

Hampshire Companies
Morristown, NJ

HarbourVest Partners
Boston, MA

Jennison Associates
Waltham, MA

JP Morgan Investment Management
New York, NY

KPS Capital Partners, LP
New York, NY

Landmark Partners Inc.
Simsbury, CT

LBA Realty
Irvine, CA

Loomis Sayles & Co.
Boston, MA

Marathon London
United Kingdom

Mason Wells
Milwaukee, WI

Mondrian Investment Partners Ltd.
United Kingdom

Nomura Asset Management
New York, NY

Numeric Investors
Cambridge, MA

Odyssey Investment Partners
New York, NY

OFI Trust Company
New York, NY

Pearlmark Real Estate Partners
Chicago, IL

Pomona Capital
New York, NY

RhumbLine Advisors
Boston, MA

Riverside Partners
Boston, MA

Schroder Investment Management
New York, NY

STW Fixed Income Management
Carpentaria, CA

Systematic Financial Management
Teaneck, NJ

TA Associates
Boston, MA

TA Realty LLC
Boston, MA

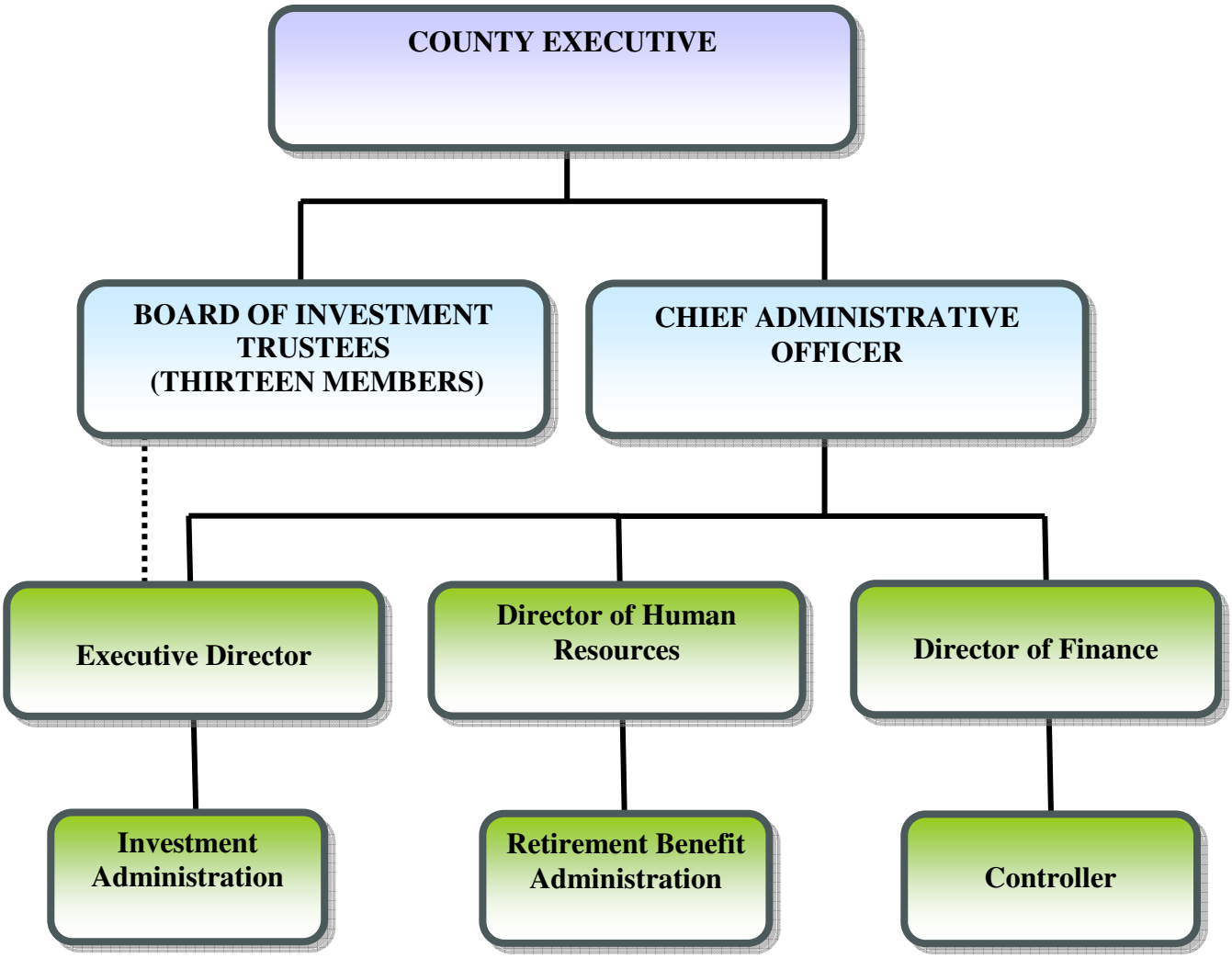
Wellington Management
Boston, MA

Wicks Group
New York, NY

Custodial Bank-Employees' Retirement System

The Northern Trust Company
Chicago, IL

Administrative Organization Chart



FINANCIAL SECTION

CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

Independent Auditor's Report

The Honorable County Council
of Montgomery County, Maryland
Board of Trustees
Montgomery County Employees' Retirement Plans:

We have audited the accompanying statements of plan net assets of the Montgomery County Employees' Retirement Plans (the Plans) as of June 30, 2011, and the related changes in plan net assets for the year then ended. These financial statements are the responsibility of the Plans' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Plans as of June 30, 2011, and the changes in plan net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2012 on our consideration of the Plans' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 15 through 19, and the schedules of funding progress and employer contributions on page 33, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plans' basic financial statements. The introduction section on pages 4 to 10, the supplementary information, investment section, actuarial section, and statistical section, as listed in the table of contents and shown on pages 34 to 83, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The information in the introduction, investment, actuarial, and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Clifton Larson Allen LLP

Baltimore, Maryland
March 15, 2012

MONTGOMERY COUNTY
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MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The following Management's Discussion and Analysis (MD&A) of the Montgomery County Employee Retirement Plans (Plans) financial performance provides an introduction to the financial statements of the Plans as of and for the year ended June 30, 2011. Since the MD&A is designed to focus on current activities, resulting changes and current known facts, it should be read in conjunction with the transmittal letter in the Introduction Section on page 4, the financial statements, required supplementary information, and other supplementary information which follow this discussion.

REQUIRED FINANCIAL STATEMENTS

The financial statements for the Plans have been prepared under the accrual basis of accounting in conformity with U.S. generally accepted accounting principles, promulgated by the Governmental Accounting Standards Board. The Statements of Plan Net Assets comprise the Plans' assets and liabilities and provide information about the nature and amount of investments, as well as the liabilities distinguished as long-term and other liabilities. The Statements of Changes in Plan Net Assets report the changes of the Plans' net assets, measured by the additions by major sources and deductions by type. Comparative financial statements of the three plans are presented in the latter part of the financial section.

FINANCIAL ANALYSIS OF THE MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS

Shown below is a condensed presentation of the Net Assets of the Employees' Retirement System (ERS), Retirement Savings Plan (RSP), and Deferred Compensation Plan (DCP) at June 30:

Net Assets
(Millions)

	ERS		RSP		DCP	
	2011	2010	2011	2010	2011	2010
Assets:						
Cash and investments	$ 3,153.5	$ 2,656.1	$ 183.4	$ 131.9	$ 272.3	$ 228.6
Receivables	28.8	23.1	1.7	1.6	1.6	1.4
Total assets	3,182.3	2,679.2	185.1	133.5	273.9	230.0
Liabilities	285.1	236.5	0.1	-	-	-
Total net assets	$ 2,897.2	$ 2,442.7	$ 185.0	$ 133.5	$ 273.9	$ 230.0

Shown below is a condensed summary of the Change in Net Assets of the ERS, RSP, and DCP for the years ended June 30:

Change in Net Assets
(Millions)

	ERS		RSP		DCP	
	2011	2010	2011	2010	2011	2010
Additions:						
Employer contributions	$ 109.3	$ 114.0	$ 16.0	$ 16.4	$ -	$ -
Member contributions	18.6	20.4	8.7	8.8	17.0	17.0
Transfer of member account asset balances	-	31.5	-	(31.5)	-	-
Net investment income	510.0	304.2	32.9	14.2	43.0	19.4
Total additions	637.9	470.1	57.6	7.9	60.0	36.4
Deductions:						
Benefits	178.8	169.1	-	-	-	-
Refunds and distributions	1.5	1.4	5.9	3.9	16.2	8.7
Administrative expenses	3.1	2.9	0.2	0.2	-	-
Total deductions	183.4	173.4	6.1	4.1	16.2	8.7
Total change in net assets	$ 454.5	$ 296.7	$ 51.5	$ 3.8	$ 43.8	$ 27.7

The following schedules provide a comparative summary and an analysis of each Plans' assets, liabilities and net assets, at June 30:

Employees' Retirement System
Net Assets
(Millions)

	2011	2010	Percentage Change
Assets:			
Cash and investments	$ 3,153.5	$ 2,656.1	18.7 %
Receivables	28.8	23.1	24.2
Total assets	3,182.3	2,679.2	18.8
Liabilities:			
Benefits payable and other liabilities	6.4	6.6	(3.0)
Obligations under securities lending agreements	278.7	229.9	21.2
Total liabilities	285.1	236.5	20.5
Total plan net assets	$ 2,897.2	$ 2,442.7	18.6 %

The table shown above reflects an increase in the Employees' Retirement System's net assets of $454.5 million or 18.6 percent during fiscal year (FY) 2011. The increase reflects the strong performance of financial markets over the last twelve months resulting in increased investment earnings. During the previous year, net assets increased by $296.7 million due to the transfer of 1,022 members to the Guaranteed Retirement Income Plan (GRIP) as well as the financial market recovery.

Retirement Savings Plan Net Assets (Millions)			
	2011	2010	Percentage Change
Assets:			
Cash and investments	$ 183.4	$ 131.9	39.0 %
Receivables	1.7	1.6	6.2
Total assets	185.1	133.5	38.7
Liabilities	0.1	-	100.0
Total plan net assets	$ 185.0	$ 133.5	38.6 %

During FY 2011, net assets increased 38.6 percent to $185.0 million. The increase is attributable to the strong performance of financial markets during FY 2011.

Deferred Compensation Plan Net Assets (Millions)			
	2011	2010	Percentage Change
Assets:			
Investments	$ 272.3	$ 228.6	19.1 %
Receivables	1.6	1.4	14.3
Total assets and plan net assets	$ 273.9	$ 230.0	19.1 %

Net assets of the Deferred Compensation Plan increased 19.1 percent to $273.9 million during FY 2011. The increase is attributable to the strong performance of financial markets during the fiscal year.

ADDITIONS

The primary sources of additions for the Plans include member and employer (where applicable) contributions. The net gain is attributable to the strong performance of the financial markets during FY 2011. The following tables compare the source and amount of additions for each Plan during FY 2011 and FY 2010.

Employees' Retirement System Contributions and Investment Income (Millions)			
	2011	2010	Percentage Change
Employer contributions	$ 109.3	$ 114.0	(4.1) %
Member contributions	18.6	20.4	(8.8)
Transfer of member account asset balances	-	31.5	(100.0)
Net investment income	510.0	304.2	67.7
	$ 637.9	$ 470.1	35.7 %

During FY 2011, employer contributions to the Employees' Retirement System decreased by 4.1 percent and member contributions by 8.8 percent due to a decrease in the number of active members.

The net investment gain for the Employees' Retirement System totaled $510.0 million for FY 2011, comprised of $456.9 million in net appreciation in fair value of investments, $73.3 million in dividends and interest, $0.8 million from securities lending activities, and $21.0 million related to investment expenses. This is compared to a net investment gain of $304.2 million in FY 2010. The increase in earnings compared to the previous fiscal year is due to the recovery of financial markets.

Retirement Savings Plan
Contributions and Investment Income
(Millions)

	2011	2010	Percentage Change
Employer contributions	$ 16.0	$ 16.4	(2.4) %
Member contributions	8.7	8.8	(1.1)
Transfer of member account asset balances	-	(31.5)	(100.0)
Net investment income	32.9	14.2	131.7
	$ 57.6	$ 7.9	629.1 %

Employer contributions to the Retirement Savings Plan were $16.0 million in FY 2011, a decrease of 2.4 percent from FY 2010. Member contributions were $8.7 million in FY 2011, a decrease of 1.1 percent from FY 2010. The lower contribution levels are due to a decrease in the number of participants.

The net investment gain is primarily attributable to appreciation in investments during FY 2011.

Deferred Compensation Plan
Contributions and Investment Income
(Millions)

	2011	2010	Percentage Change
Member contributions	$ 17.0	$ 17.0	- %
Net investment income	43.0	19.4	121.6
	$ 60.0	$ 36.4	64.8 %

Member contributions to the Deferred Compensation Plan were $17.0 million for FY 2011, the same as for FY 2010.

Net investment gain for the Deferred Compensation Plan was $43.0 million, compared to $19.4 million in the previous fiscal year. The gain in FY 2011 is primarily due to the strong performance of the financial markets in the fiscal year.

DEDUCTIONS

The primary sources of deductions from the Plans include the payment of retiree and survivor benefits, participant refunds and distributions, and administrative expenses. The following tables show the use and amount of deductions for each plan during FY 2011 and 2010.

Employees' Retirement System
Deductions by Type
(Millions)

	2011	2010	Percentage Change	
Benefits	$ 178.8	$ 169.1	5.7	%
Refunds	1.5	1.4	7.1	
Administrative expenses	3.1	2.9	6.9	
	$ 183.4	$ 173.4	5.8	%

During FY 2011, refunds increased due to additional payments to Deferred Retirement Option Plan participants.

Retirement Savings Plan
Deductions by Type
(Millions)

	2011	2010	Percentage Change	
Distributions	$ 5.9	$ 3.9	51.3	%
Administrative expenses	0.2	0.2	-	
	$ 6.1	$ 4.1	48.8	%

The expenses related to the Retirement Savings Plan are comprised of distributions and administrative costs. During FY 2011, distributions increased due to legislation allowing for balances for terminated employees below $1,000 to be automatically paid.

Deferred Compensation Plan
Deductions by Type
(Millions)

	2011	2010	Percentage Change	
Distributions	$ 16.2	$ 8.7	86.2	%

During FY 2011, distributions paid from the Deferred Compensation Plan increased by 86.2 percent over the FY 2010 level due to legislation allowing for balances for terminated employees below $1,000 to be automatically distributed and an increase in the number of retirements.

For additional information regarding this report, please contact the Board of Investment Trustees at 240-777-8220.

MONTGOMERY COUNTY, MARYLAND
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2011

	Employees' Retirement System	Retirement Savings Plan	Deferred Compensation Plan
ASSETS			
Equity in County's pooled cash and investments	$ 838,614	$ 519,859	$ -
Investments:			
Government and agency obligations	291,168,660	-	-
Municipal/Provincial obligations	23,074,251	-	-
Asset-backed securities	3,521,986	-	-
Corporate bonds	529,817,550	-	-
Collateralized mortgage obligations	4,494,269	-	-
Commerical mortgage-backed securities	68,577	-	-
Common and preferred stock	1,293,907,305	-	-
Mutual and commingled funds	161,260,706	182,851,306	272,313,942
Short-term investments	236,990,877	-	-
Cash collateral received under securities lending agreements	278,648,672	-	-
Real estate	119,090,399	-	-
Private equity	210,629,024	-	-
Total investments	3,152,672,276	182,851,306	272,313,942
Dividend, interest, and other receivables	19,514,710	-	-
Contributions receivable	9,243,924	1,715,279	1,548,766
Total assets	3,182,269,524	185,086,444	273,862,708
LIABILITIES			
Payable for collateral received under securities lending agreements	278,648,672	-	-
Benefits payable and other liabilities	6,413,142	87,773	-
Total liabilities	285,061,814	87,773	-
Net assets held in trust for pension benefits	$ 2,897,207,710	$ 184,998,671	$ 273,862,708

See accompanying notes to financial statements.

MONTGOMERY COUNTY, MARYLAND
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	Employees' Retirement System	Retirement Savings Plan	Deferred Compensation Plan
ADDITIONS			
Contributions:			
Employer	$ 109,343,933	$ 16,071,953	$ -
Members	18,592,167	8,685,919	17,028,756
Total contributions	127,936,100	24,757,872	17,028,756
Investment income	530,237,242	32,886,349	42,988,175
Less investment expenses	20,999,918	8,811	-
Net gain from investment activities	509,237,324	32,877,538	42,988,175
Income from securities lending	833,495	-	-
Less securities lending expenses	52,667	-	-
Net income from securities lending	780,828	-	-
Total additions	637,954,252	57,635,410	60,016,931
DEDUCTIONS			
Retiree benefits	129,940,460	-	-
Disability benefits	40,906,886	-	-
Survivor benefits	7,944,401	-	-
Refunds and distributions	1,567,741	5,854,134	16,178,060
Administrative expenses	3,079,377	244,218	-
Total deductions	183,438,865	6,098,352	16,178,060
Net increase	454,515,387	51,537,058	43,838,871
Net assets held in trust for benefits:			
Beginning of year	2,442,692,323	133,461,613	230,023,837
End of year	$ 2,897,207,710	$ 184,998,671	$ 273,862,708

See accompanying notes to financial statements.

MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

INTRODUCTION

The Montgomery County Employee Retirement Plans (Plans) are offered to Montgomery County (County) employees whose eligibility to participate is based on employment status and other factors. Each of the Plans described below was established under a separate section of the Montgomery County Code (Code). The accompanying notes summarize the significant accounting policies and plan provisions for each of the Plans, including the Employees' Retirement System, a defined benefit pension plan; the Retirement Savings Plan, a defined contribution plan; and the Deferred Compensation Plan, a plan established pursuant to Section 457 of the Internal Revenue Code.

EMPLOYEES' RETIREMENT SYSTEM - Defined Benefit Pension Plan

The Montgomery County Employees' Retirement System (System or Plan) is considered part of the County's financial reporting entity and is included in the County's basic financial statements as a pension and other employee benefit trust fund. The accompanying financial statements present only the operations of the System in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to public employee retirement systems. They are not intended to present fairly the financial position and results of operations of the entire County.

The Montgomery County Council passed legislation in FY 2009 enabling the County to establish and maintain a Guaranteed Retirement Income Plan (GRIP), a cash balance plan that is part of the Plan, for employees. During FY 2010 eligible County employees who were members of the Retirement Savings Plan (RSP) were granted the option to elect to participate in the GRIP and to transfer their RSP member account balance to the GRIP and cease being a member of the RSP. For employees who elected to participate in the GRIP, the $31.5 million transfer of their account balances from the RSP to the GRIP has been reported as movement of member account asset balances in the accompanying Statement of Changes in Plan Net Assets.

A. Plan Description and Contribution Information

Membership. At June 30, 2011, the date of the latest actuarial valuation, membership in the System consisted of:

Retirees and beneficiaries receiving benefits	5,712
Terminated plan members entitled to but not yet receiving benefits	398
Active plan members	5,515

Plan Description. The System, a cost-sharing multiple-employer defined benefit pension plan, was established in 1965 and is sponsored by the County. Nine other agencies and political subdivisions have elected to participate. The System is closed to employees hired on or after October 1, 1994, except public safety bargaining unit employees and GRIP participants. All covered full-time employees of the County and participating agencies must become members of the System as a condition of employment. All covered career part-time employees of the County and participating agencies may become members on an individual basis.

Contributions. The System is a contributory plan with employees contributing a percentage of their base annual salary. Contribution rates range from 3 percent to 9.25 percent of regular earnings annually based on group classification and contributions earn interest at the rate of 4 percent per annum as specified under Section 33-39(b) of the Code. The County and each participating agency are required to contribute the remaining amounts necessary to fund the System using the actuarial basis as specified in Section 33-40 of the Code.

The GRIP, as defined in Section 33-35 of the Code, requires non-public safety employees to contribute 4 percent of regular earnings up to the Social Security wage base and 8 percent above the Social Security wage base. Public safety employees are required to contribute 3 percent of regular earnings up to the Social Security wage base and 6 percent above the Social Security wage base. Section 33-40 of the Code requires the County and each participating agency to contribute 8 percent and 10 percent of regular earnings for non-public safety and public safety employees, respectively.

Benefit Provisions. Benefit provisions are established under the Code beginning with Section 33-35. All benefits vest at five years of service. There are different retirement groups within the System. Members enrolled before July 1, 1978, belong to either the optional non-integrated group or the optional integrated group. Members enrolled on or after July 1, 1978, belong to the mandatory integrated group. Within the groups are different retirement membership classes. The retirement group assigned depends upon the job classification of the member (i.e., non public safety, police, fire, sheriffs and correctional staff). Normal and early retirement eligibility, the formula for determining the amount of benefit, and the cost of living adjustment varies depending upon the retirement group and retirement membership class. Normal retirement is a percentage of earnings multiplied by years of credited service. Earnings for optional non-integrated group members and optional integrated group members is defined as the high 12 months and for mandatory integrated plan members, the high 36 months. The percentage of earnings, the maximum years of credited service and the cost of living adjustment varies depending upon the retirement membership class and group. Members who retire early receive normal retirement benefits reduced by a minimum of 2 percent to a maximum of 60 percent depending on the number of years early retirement precedes normal retirement. The System provides options for disability and death benefits to eligible participants. Annual cost-of-living adjustments are provided to retirees and beneficiaries based on the percentage change in the Consumer Price Index.

Legislation enacted by the Montgomery County Council in November 1999 required the Chief Administrative Officer of the County to establish Deferred Retirement Option Plans, or DROP Plans, allowing any employee who is a member of a specified membership group or bargaining unit, and who meets certain eligibility requirements, to elect to "retire" but continue to work for a specified time period, during which pension payments are deferred. When the member's participation in the DROP Plan ends, the member must stop working for the County, draw a pension benefit based on the member's credited service and earnings as of the date that the member began to participate in the DROP Plan, and receive the value of the DROP Plan payoff.

For members of the GRIP, employee contributions vest immediately and employer contributions are vested after three years of service or upon death, disability, or reaching retirement age. Members are fully vested upon reaching normal retirement (age 62) regardless of years of service. At separation, a participant's benefit is determined based upon the account balance which includes contributions and earnings.

B. Summary of Significant Accounting Policies

Basis of Accounting. The System's financial statements have been prepared under the accrual basis of accounting. Member and employer contributions are recognized in the period in which the contributions are required to be made as specified under the County Code. Benefits and refunds are recognized when due in accordance with the terms of the Plan. The cost of administering the Plan is paid by the System.

Method Used to Value Investments. Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2011. Fair value for real estate investments is determined using unit values supplied by the issuers, which are based upon the issuers' appraisals of underlying real estate values. Such values involve subjective judgment and may differ from amounts which would be realized if such real estate was actually sold. The fair value of limited partnership investments are based on valuations of the underlying assets of the limited partnerships as reported by the general partner. Cash received as collateral on securities lending transactions and investments made with such cash are reported as assets along with a related liability for collateral received.

Equity in County's Pooled Cash and Investments. The System maintains its cash with the County, which invests cash and allocates interest earned, on a quarterly basis to the System based on the System's average daily balance of its equity in pooled cash. The County's policy is to fully collateralize the cash maintained in the pool.

Accounting Changes. The System adopted GASB Statement No. 59, *Financial Instruments Omnibus*, which was issued to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools.

C. Funded Status and Funding Progress

The funded status of the System as of June 30, 2011, the most recent actuarial valuation date, is as follows:

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
$2,869,422,276	$3,744,713,474	$875,291,198	76.6%	$405,336,529	215.9%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Additional information as of the latest actuarial valuation is as follows.

Valuation date	June 30, 2011
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of payroll assuming 4% annual payroll growth.
Amortization period	Closed amortization approach. The period was reset to 18 years as of June 30, 2010. Amortization bases created in the future will be amortized over 20 years.
Asset valuation method	5-Year phase-in of market gains/losses
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases depending on age	4% - 9.25%
Cost-of-living adjustments	3% on credited service earned prior to June 30, 2011. 2.3% on credited service earned thereafter, reflecting the 2.5% cap.
Post-retirement Increases	Consumer Price Index - by Group
Mortality rates after retirement	RP 2000 projected 30 years, separate tables for males and females

D. Trustees of the Plan

The County established a Board of Investment Trustees (Board) for the System to be responsible for the investment management of the System's assets for the exclusive benefit of the members. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

E. Investments

Section 33-61C of the Code, authorizes the Board to act with the care, skill, prudence and diligence under the circumstances that a prudent person acting in a similar capacity and familiar with the same matters would use to conduct a similar enterprise with similar purposes. The Code also requires that such investments be diversified so as to minimize the risk of large losses unless it is clearly not prudent to diversify under the circumstances. The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long term increases in the value of assets. The overall investment policies do not address specific levels of credit risk, interest rate risk or foreign currency risk. The Board believes that risks can be managed, but not eliminated, by establishing constraints on the investment portfolios and by monitoring the financial markets, the System's asset allocation and the investment managers hired by the System. Each investment manager has a specific benchmark and investment guidelines appropriate for the type of investments they are managing.

Section 33-60 of the Code prohibits the Board from investing in any bonds, notes, or debt instruments issued by Montgomery County, any political subdivision within Montgomery County, any agency supported or financed wholly or partly by taxes levied by the Montgomery County Council, or any agency supported by bond issues underwritten by Montgomery County.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. The Board's investment policies and guidelines manage interest rate risk by establishing duration constraints on each fixed income manager's portfolio based on the duration of each manager's respective benchmark. Duration is a measure of interest rate risk based on a bond price's sensitivity to a 100-basis point change in interest rates. The greater the duration of a bond, or a portfolio of bonds, the greater its price volatility will be in response to a change in interest rates and vice-versa. Duration of eight would mean that, given a 100-basis point change up/down in rates, a bond's price would move down/up by 8 percent. As of June 30, 2011, the System's fixed income portfolio had the following sensitivity to changes in interest rates:

Type of Investment	Effective Duration in Years	Fair Value	Percentage of Portfolio
U.S. Government Obligations	14.68	$ 65,315,517	7.35%
Foreign Government Obligations	4.49	18,908,943	2.13%
Asset-Backed Securities	5.62	3,521,986	0.40%
Commercial Mortgage-Backed Securities	4.88	68,577	0.01%
Collateralized Mortgage Obligations	0.01	4,494,269	0.50%
Municipal/Provincial Obligations	11.92	23,074,251	2.60%
Corporate Bonds	5.84	446,738,749	50.27%
Fixed Income Pooled Funds	N/A	290,023,002	32.63%
Short-term Investments and other	N/A	36,534,841	4.11%
Total Fixed Income Securities		$ 888,680,135	100.00%

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Board's International Investing Policy's objective is to achieve long-term capital appreciation and current income by investing in diversified portfolios of non-U.S. equities and bonds. The System has indirect exposure to foreign currency risk as follows:

International Securities	Equity	Fixed Income	Short-term and Other	Total Non-U.S. Dollar
European Currency Unit	$ 150,859,186	$ 121,424	$ 43,151,984	$ 194,132,594
British Pound Sterling	64,664,605	-	51,458,631	116,123,236
Japanese Yen	106,116,039	-	(5,281,142)	100,834,897
New Zealand Dollar	378,491	-	23,562,938	23,941,429
Hong Kong Dollar	19,981,540	-	6	19,981,546
Swedish Krona	13,903,840	-	2,247,859	16,151,699
Danish Krone	6,854,353	-	-	6,854,353
Indonesian Rupiah	817,172	5,929,307	9,556	6,756,035
South Korean Won	3,337,582	3,038,409	-	6,375,991
Philippine Peso	1,938,041	2,100,570	45,554	4,084,165
Other Currencies	45,241,197	9,686,124	(147,840,610)	(92,913,289)
Total International Securities	$ 414,092,046	$ 20,875,834	$ (32,645,224)	$ 402,322,656

Credit Risk/Concentration of Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Board's investment policies and guidelines limit the percentage of the total fund and individual manager's account which can be invested in fixed income securities rated below investment grade. In addition, the Board's investment policies and guidelines, for the majority of public fund managers, limit the percentage of each investment manager's account that may be allocated to any one security, position, issuer or affiliated issuer, to less than 5 percent of the fair value of the investment manager's account. The System does not have investments (other than those issued or

explicitly guaranteed by the U.S. Government or pooled investments) in any one company that represents 5 percent or more of net assets held in trust for pension benefits.

The quality ratings of investments in fixed income securities as described by nationally recognized rating organizations as of June 30, 2011 are as follows:

Type of Investment	Quality Rating	Fair Value	Percentage of Portfolio
U.S. Government Obligations*	AAA	$ 65,315,517	7.35%
Foreign Government Obligations	AAA	7,619,034	0.86%
	A	5,413,520	0.61%
	BBB	1,835,371	0.21%
	BB	1,857,842	0.21%
	CCC	27,724	0.00%
	Unrated	2,155,451	0.24%
Asset-Backed Securities	AAA	2,433,055	0.27%
	BBB	159,905	0.02%
	B	606,349	0.07%
	CCC	322,677	0.04%
Commercial Mortgage-Backed Securities	BB	68,577	0.01%
Collateralized Mortgage Obligations	AAA	244,248	0.03%
	AA	426,445	0.05%
	A	343,577	0.04%
	BBB	520,313	0.06%
	B	457,428	0.05%
	CCC	1,760,408	0.20%
	D	741,851	0.08%
Municipal/Provincial Bonds	AAA	6,367,373	0.72%
	AA	10,192,973	1.15%
	A	5,827,963	0.65%
	Unrated	685,942	0.08%
Corporate Bonds	AAA	4,409,283	0.50%
	AA	40,899,000	4.60%
	A	124,390,534	14.00%
	BBB	70,489,992	7.93%
	BB	59,751,166	6.72%
	B	91,805,950	10.33%
	CCC	37,443,802	4.21%
	CC	3,249,147	0.36%
	C	622,000	0.07%
	D	1,837,047	0.21%
	Unrated	11,840,828	1.33%
Fixed Income Pooled Funds	Unrated	290,023,002	32.63%
Short-term Investments and others	Unrated	36,534,841	4.11%
Total Fixed Income Securities		$ 888,680,135	100.00%

*Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

Derivatives. In accordance with the Board's Derivatives Policy, the System regularly invests in derivative financial instruments in the normal course of its investing activities to manage exposure to certain risks within the fund. During FY 2011, the System invested directly in various derivatives including asset-backed securities, collateralized mortgage obligations, exchange-traded futures contracts, forward currency contracts, swaps, and floating rate securities. Investment managers are prohibited from purchasing securities on margin or using leverage unless specifically permitted within the investment manager's guidelines. These investments generally contain market risk resulting from fluctuations in interest and currency rates. The credit risk of these investments is associated with the creditworthiness of the related parties to the contracts. The System could be exposed to risk if the counterparties to the contracts are

unable to meet the terms of the contracts. The Board's Derivatives Policy seeks to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring procedures. In addition, the System has indirect exposure to market and credit risk through its ownership interests in certain mutual and commingled funds which may hold derivative financial instruments. The System is not a dealer, but an end-user of these instruments.

The notional or contractual amounts of derivatives indicate the extent of the System's involvement in the various types of derivative financial instruments and do not measure the System's exposure to credit or market risk and do not necessarily represent amounts exchanged by the parties. The amounts exchanged are determined by reference to the notional amounts and the other terms of the derivatives.

As permitted by the Board's policies, the System holds off-financial statement derivatives in the form of exchange-traded financial futures, interest rate swaps, foreign currency exchange swaps and foreign currency exchange contracts.

Futures contracts are contracts in which the buyer agrees to purchase and the seller agrees to make delivery of a specified financial instrument at a predetermined date and price. Gains and losses on futures contracts are settled daily. Futures contracts are standardized and are traded on exchanges. The exchange assumes the risk that a counterparty will not pay. As of June 30, 2011, the System held 189 long US Treasury futures contracts with a fair value of $23,861,250 and 502 short US Treasury futures contracts with a fair value of ($69,891,820).

A swap is an agreement in which party commits to pay a fee in exchange for a return linked to the market performance of an underlying security, group of securities, index or other asset. Risks may arise if the counterparty is unable to meet the terms of the contract. Swaps contain market risk resulting from fluctuations in the value of the reference obligation. As of June 30, 2011, the System held a foreign currency swap with a notional value of $83,400,000.

Foreign exchange contracts involve an agreement to exchange the currency of one country for the currency of another country at an agreed-upon price and settlement date. Foreign exchange contracts contain market risk resulting from fluctuations in currency rates. The credit risk is associated with the creditworthiness of the related parties to the contracts. As of June 30, 2011, the System held $211,204,697 buy foreign exchange contracts and ($261,094,085) sell foreign exchange contracts. The unrealized loss on the System's contracts was $2,250,160.

Securities Lending. Board policy permits the System to lend its securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The System's custodian is the agent in lending the System's securities for collateral of 102 percent for domestic and 105 percent for international securities. The custodian receives cash, securities or irrevocable bank letters of credit as collateral. All securities loans can be terminated on demand by either the System or the borrower. Cash collateral received from the borrower is invested by the lending agent, as an agent for the System, in a short-term investment pool in the name of the System, with guidelines approved by the Board. Such investments are considered a collateralized investment pool. The relationship between the maturities of the investment pool and the System's loans is affected by the maturities of securities loans made by other plan entities that invest cash collateral in the investment pool, which the System cannot determine. The System records a liability for the return of the cash collateral shown as collateral held for securities lending in the statement of net assets. On November 21, 2008, the Board began restricting the amount of loans the lending agent could make on its behalf. This restriction was removed on July 23, 2010. The agent indemnifies the System by agreeing to purchase replacement securities, or return the cash collateral thereof, in the event a borrower fails to return loaned securities or pay distributions thereon. There were no such failures by any borrower during the fiscal year, nor were there any losses during the period resulting from a default of the borrower or lending agent.

As of June 30, 2011, the fair value of securities on loan was $276,123,406. Cash received as collateral and the related liability of $278,648,672 as of June 30, 2011, is shown on the Statement of Plan Net Assets. Securities received as collateral are not reported as assets since the System does not have the ability to pledge or sell the collateral securities absent borrower default. Securities lending revenues and expenses amounting to $833,495 and $52,667, respectively, have been classified with investment income and investment expenses, respectively, in the accompanying financial statements.

The following represents the balances relating to the securities lending transactions at June 30, 2011:

Securities Lent	Underlying Securities	Non-Cash Collateral Value	Cash Collateral Investment Value
Lent for Cash Collateral:			
U.S. Government Obligations	$ 57,984,905	$ -	$ 59,301,871
Corporate Bonds	89,647,686	-	91,408,796
Equities	124,692,552	-	127,938,005
Lent for Non-Cash Collateral:			
U.S. Government Obligations	269,718	275,454	-
Corporate Bonds	397,385	404,693	-
Equities	3,131,160	3,227,093	-
Total	$ 276,123,406	$ 3,907,240	$ 278,648,672

At year-end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceeded the amounts the borrowers owe the System. The System is fully indemnified by its custodial bank against any losses incurred as a result of borrower default.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2011, there were no funds held by a counterparty that was acting as the System's agent in securities lending transactions.

F. Allocated Insurance Contract

On August 1, 1986, the County entered into an agreement with Aetna Life Insurance Company (Aetna) wherein Aetna accepted future responsibility for monthly payments to all members retired prior to January 1, 1986, in exchange for a lump sum payment. The County is liable for cost of living increases effective January 1, 1986, and later. Monthly payments made under this agreement have not been recognized in the System's financial statements.

G. Income Taxes

The Internal Revenue Service issued a determination letter in January 2003, which stated that the System and its underlying trust qualify under the applicable provisions of the Internal Revenue Code and are exempt from federal income taxes. In the opinion of the plan administrator, the System and its underlying trust have operated within the terms of the System and are qualified under the applicable provisions of the Internal Revenue Code.

RETIREMENT SAVINGS PLAN - Defined Contribution Pension Plan

The Montgomery County Retirement Savings Plan (Plan) is considered part of the County's financial reporting entity and is included in the County's basic financial statements as a pension and other employee benefit trust fund. The accompanying financial statements present only the operations of the Plan in conformity with GAAP. They are not intended to present fairly the financial position and results of operations of the entire County.

The Montgomery County Council passed legislation in FY 2009 enabling the County to establish and maintain a Guaranteed Retirement Income Plan (GRIP), a cash balance plan that is part of the Employees' Retirement System, for employees. During FY 2010 eligible County employees who were members of the Retirement Savings Plan (Plan) were granted the option to elect to participate in the GRIP and to transfer their Plan member account balance to the GRIP and cease being a member of the Plan. For employees who elected to participate in the GRIP, the $31.5 million transfer of their member account balances from the Plan to the GRIP has been reported as movement of member account asset balances in the accompanying Statement of Changes in Plan Net Assets.

A. Plan Description and Contribution Information

Membership. At June 30, 2011 membership in the Plan consisted of:

Active plan members	3,747
Inactive plan members	762

Plan Description. The Plan, a cost-sharing multiple-employer defined contribution plan, was established in 1994 and is sponsored by the County. Eight other agencies or political subdivisions have elected to participate. All non-public safety and certain public safety employees not represented by a collective bargaining agreement and hired on or after October 1, 1994 are covered by the Plan unless they elect to participate in the GRIP. Eligible employees covered by the Montgomery County Employees' Retirement System may make an irrevocable decision to transfer to this Plan.

Contributions. Under Section 33-116 of the Code, the Plan requires non-public safety employees to contribute 4 percent of regular earnings up to the Social Security wage base and 8 percent above the Social Security wage base. Public safety employees are required to contribute 3 percent of regular earnings up to the Social Security wage base and 6 percent above the Social Security wage base. Section 33-117 of the Code requires the County and each participating agency to contribute 8 percent and 10 percent of regular earnings for non-public safety and public safety employees, respectively. In accordance with IRS regulations and the County Code, $600,000 in accumulated revenue was used to reduce employer contributions in FY 2011.

Benefit Provisions. Employee contributions and earnings thereon vest immediately and employer contributions and earnings thereon are vested after three years of service or upon death, disability, or reaching retirement age. Members are fully vested upon reaching normal retirement (age 62) regardless of years of service. At separation, a participant's benefit is determined based upon the account balance which includes contributions and investment earnings.

B. Summary of Significant Accounting Policies

Basis of Accounting. The Plan's financial statements have been prepared under the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are required to be made as specified in the County Code. Benefits, refunds and distributions are recognized when due in accordance with the terms of the Plan. The cost of administering the Plan is paid by the County and participating agencies.

Method Used to Value Investments. Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2011.

Equity in County's Pooled Cash and Investments. The Plan maintains its cash with the County, which invests cash and allocates interest earned, on a quarterly basis to the Plan based on the Plan's average daily

balance of its equity in pooled cash. The County's policy is to fully collateralize the cash maintained in the pool.

C. Trustees of the Plan

The County established a Board of Investment Trustees (Board) for the Trust to oversee the investment program. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

D. Investments

Section 33-125 of the Code authorizes the Board to establish a diversified slate of mutual and commingled investment funds from which participants may select an option. The Board exercises the Standard of Care as delineated in Section 33-61 of the Code. As of June 30, 2011, the fair value of the mutual and commingled investment funds was $182,851,306, of which $33,697,672 was invested in international mutual funds.

E. Income Taxes

The Internal Revenue Service issued a determination letter in December 2010, which stated that the Plan and its underlying trust qualify under the applicable provisions of the Internal Revenue Code and are exempt from federal income taxes. In the opinion of the plan administrator, the Plan and its underlying trust have operated within the terms of the Plan and are qualified under the applicable provisions of the Internal Revenue Code.

DEFERRED COMPENSATION PLAN

During FY 2005, the Montgomery County Council passed legislation enabling the County to establish and maintain one or more additional deferred compensation plans for employees covered by a collective bargaining agreement. All County non-represented employees, those County represented employees who elected to participate, and employees who were retired at the time of transfer, continue to participate in the Montgomery County Deferred Compensation Plan administered by the County (the County Plan). County represented employees who elected and all represented employees hired after March 1, 2005 participate in the newly created Montgomery County Union Employees Deferred Compensation Plan (the Union Plan) administered by the bargaining units. The purpose of these Plans is to extend to employees deferred compensation plans pursuant to Section 457 of the Internal Revenue Code of 1986, as amended.

The accompanying financial statements present only the operations of the County Plan in conformity with GAAP. They are not intended to present fairly the financial position and results of operations of the entire County. The assets of the Union Plan are not included in the accompanying financial statements since neither the County nor the Board of Investment Trustees (Board) have fiduciary or other responsibility for the Union Plan except as required by federal law, including any regulation, ruling, or other guidance issued under law.

A. Plan Description and Contribution Information

Plan Description and Contributions. During 1999, in accordance with Federal legislation, the assets were placed in Trust for the sole benefit of participants and their beneficiaries. Trust responsibilities for the County Plan are assigned to the Board. The Board has a third-party administrator contract to provide investment vehicles and administrative services to plan participants. Under the County Plan, contributions are sent to the providers for different types of investments as selected by the participants. A separate account, which reflects the monies deferred, investment of the monies, and related investment earnings is maintained for each participant by the third-party administrator. Withdrawals are made upon retirement, termination of employment, death, and/or in unforeseeable emergencies.

B. Summary of Significant Accounting Policies

Basis of Accounting. The County Plan's financial statements have been prepared under the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are made. Distributions are recognized when paid in accordance with the terms of the County Plan, and administrative costs are recognized as incurred.

Method Used to Value Investments. Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2011.

C. Trustees of the Plan

The County established a Board to oversee the investment program of the County Plan. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

D. Investments

The Board is required to establish a diversified slate of mutual and commingled funds from which participants may select investment options. The Board exercises the Standard of Care as delineated in Section 33-61 of the Code. As of June 30, 2011, the fair value of the mutual and commingled investment funds was $272,313,942, of which $40,484,141 was invested in international mutual funds.

MONTGOMERY COUNTY
17 76
GARDEZ BIEN
MARYLAND

REQUIRED SUPPLEMENTARY INFORMATION

Historical trend information about the Employees' Retirement System (System) defined benefit pension plan is presented below as required supplementary information. This information is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/06	$ 2,222,724,295	$ 2,918,336,073	$ 695,611,778	76.2 %	$ 340,333,414	204.4 %
6/30/07	2,469,933,200	3,100,637,723	630,704,523	79.7	352,636,518	178.9
6/30/08	2,701,119,470	3,341,549,425	640,429,955	80.8	372,214,906	172.1
6/30/09	2,736,010,044	3,489,057,559	753,047,515	78.4	376,895,171	199.8
6/30/10	2,791,144,974	3,645,576,341	854,431,367	76.6	431,226,155	198.1
6/30/11	2,869,422,276	3,744,713,474	875,291,198	76.6	405,336,529	215.9

Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing the assets as a percentage of the actuarial accrued liability provides one indication of the System's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the system. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the system's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the system.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2006	$ 88,184,159	100 %
2007	109,436,001	100
2008	117,686,375	100
2009	109,567,014	100
2010	113,957,784	100
2011	109,343,933	100

SCHEDULE OF ADMINISTRATIVE EXPENSES
EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2011

Personnel Services:	
Salaries and wages	$ 1,303,568
Retirement contributions	92,554
Insurance	133,828
Social security	91,229
Total personnel services	1,621,179
Professional Services:	
Actuarial	240,217
Independent public accountants	21,376
Outside legal	24,121
Computer technical support	99,051
Temporary	38,365
Total professional services	423,130
Benefit Processing:	
Disbursement services	610,234
Recordkeeping services	72,208
Disability management	259,953
Total benefit processing	942,395
Due diligence and continuing education	16,977
Office Management:	
Office equipment and supplies	75,460
Miscellaneous	236
Total office management	75,696
Total administrative expenses	$ 3,079,377

SCHEDULE OF INVESTMENT EXPENSES
EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2011

Investment Management Expenses:	
Aetna Life Insurance Company	$ 5,182
BlackRock Financial Management	11,551
Bridgewater Associates	8,945,566
First Quadrant	300,000
FX Concepts	876,849
Goldman Sachs	101,944
Gryphon International Investment	902,804
Jennison Associates LLC	453,381
JP Morgan Investment Management	1,377,751
Loomis Sayles	736,644
Marathon London	1,253,451
Mondrian Investment Partners Ltd.	646,228
Nomura Asset Management	631,118
Numeric Investors	923,290
OFI Trust Company	462,754
RhumbLine Advisors	27,523
Schroder Investment	797,699
STW	354,419
Systematic Financial Management	384,201
Wellington Management	608,488
The Northern Trust Company	312,625
Bloomberg Financial Systems	18,490
Wilshire Associates	274,000
Abel/Noser Corp.	5,000
KLD Research & Analytics	20,125
Franklin Park	568,835
Total investment management expenses	20,999,918
Securities lending borrower rebates	(142,310)
Securities lending agent fees	194,977
Total securities lending expenses	52,667
Total investment expenses	$ 21,052,585

EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2011 AND 2010

	2011	2010
ASSETS		
Equity in County's pooled cash and investments	$ 838,614	$ 1,365,399
Investments:		
Government and agency obligations	291,168,660	235,631,971
Municipal/Provincial bonds	23,074,251	9,343,270
Asset-backed securities	3,521,986	7,627,603
Corporate bonds	529,817,550	519,898,639
Collateralized mortgage obligations	4,494,269	2,656,570
Commercial mortgage-backed securities	68,577	190,025
Common and preferred stock	1,293,907,305	1,063,949,809
Mutual and commingled funds	161,260,706	123,408,899
Short-term investments	236,990,877	218,146,254
Cash collateral received under securities lending agreements	278,648,672	229,936,305
Real estate	119,090,399	76,182,689
Private equity	210,629,024	167,767,042
Total investments	3,152,672,276	2,654,739,076
Dividend, interest, and other receivables	19,514,710	14,260,259
Contributions receivable	9,243,924	8,854,999
Total assets	3,182,269,524	2,679,219,733
LIABILITIES		
Payable for collateral received under securities lending agreements	278,648,672	229,936,305
Benefits payable and other liabilities	6,413,142	6,591,105
Total liabilities	285,061,814	236,527,410
Net assets held in trust for pension benefits	$ 2,897,207,710	$ 2,442,692,323

EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
ADDITIONS		
Contributions:		
Employer	$ 109,343,933	$ 113,957,784
Members	18,592,167	20,431,466
Total contributions	127,936,100	134,389,250
Transfer of member account asset balances	-	31,529,478
Investment Income:		
Net appreciation in fair value of investments	456,894,454	246,284,158
Dividends and interest	73,342,788	73,010,494
Total income from investment activities	530,237,242	319,294,652
Less investment expenses	20,999,918	15,752,831
Net income from investment activities	509,237,324	303,541,821
Income from securities lending	833,495	763,130
Less securities lending expenses	52,667	119,915
Net income from securities lending	780,828	643,215
Total additions	637,954,252	470,103,764
DEDUCTIONS		
Retiree benefits	129,940,460	122,861,083
Disability benefits	40,906,886	38,607,638
Survivor benefits	7,944,401	7,620,034
Refunds	1,567,741	1,414,893
Administrative expenses	3,079,377	2,906,988
Total deductions	183,438,865	173,410,636
Net increase	454,515,387	296,693,128
Net assets - beginning of year	2,442,692,323	2,145,999,195
Net assets - end of year	$2,897,207,710	$2,442,692,323

RETIREMENT SAVINGS PLAN
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2011 AND 2010

	2011	2010
ASSETS		
Equity in County's pooled cash and investments	$ 519,859	$ 990,100
Investments	182,851,306	130,892,734
Contributions receivable	1,715,279	1,649,030
Total assets	185,086,444	133,531,864
LIABILITIES		
Accrued expenses	87,773	70,251
Net assets held in trust for pension benefits	$ 184,998,671	$ 133,461,613

RETIREMENT SAVINGS PLAN
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
ADDITIONS		
Contributions:		
Employers	$ 16,071,953	$ 16,400,574
Members	8,685,919	8,871,048
Total contributions	24,757,872	25,271,622
Transfer of member account asset balances	-	(31,529,478)
Investment income	32,461,347	13,655,212
Other income	425,002	557,949
Net investment income	32,886,349	14,213,161
Less investment expenses	8,811	22,135
Total additions	57,635,410	7,933,170
DEDUCTIONS		
Distributions	5,854,134	3,901,699
Administrative expenses	244,218	237,093
Total deductions	6,098,352	4,138,792
Net increase	51,537,058	3,794,378
Net assets - beginning of year	133,461,613	129,667,235
Net assets - end of year	$ 184,998,671	$ 133,461,613

DEFERRED COMPENSATION PLAN
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2011 AND 2010

	2011	2010
ASSETS		
Investments	$ 272,313,942	$ 228,645,743
Contributions receivable	1,548,766	1,378,094
Total assets and net assets held in trust for pension benefits	$ 273,862,708	$ 230,023,837

DEFERRED COMPENSATION PLAN
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
ADDITIONS		
Contributions - members	$ 17,028,756	$ 17,028,419
Investment income	42,988,175	19,411,234
Total additions	60,016,931	36,439,653
DEDUCTIONS		
Distributions	16,178,060	8,722,755
Total deductions	16,178,060	8,722,755
Net increase	43,838,871	27,716,898
Net assets - beginning of year	230,023,837	202,306,939
Net assets - end of year	$ 273,862,708	$ 230,023,837

INVESTMENT SECTION

Employees' Retirement System

EMPLOYEES' RETIREMENT SYSTEM

INVESTMENT PERFORMANCE, POLICY, STATISTICS AND ACTIVITY

The Board of Investment Trustees (Board) and the investment staff are responsible for managing the $2.9 billion fund, Employees' Retirement System (the System), invested solely in the interests of its beneficiaries. It is a significant responsibility due to the majority of the average retiree benefit coming from investment earnings on contributions from members, the County, and participating agencies. According to Wilshire Associates, a national consulting firm, the median return among US public pension plans over $1 billion in size in FY 2011 was a gain of 21.27%, gross of fees. The System's return for the fiscal year was a gain of 21.77% gross of fees, ranking above the median of this universe of comparable pension funds. The study also ranked the System's three-year gain of 5.47% above the universe median and its five-year return of 6.38% in the top decile. The gross returns for the one-year period exceeded the performance benchmark established by the Board by 181 basis points, with returns for the three-year and five-year periods also exceeding the performance benchmarks by 70 basis points and 101 basis points, respectively. The key drivers of the performance for the twelve month period ending June 30, 2011 were the System's public equity, global inflation-indexed bond, commodity, and private equity managers.

In the investment of public funds, adequate funding of employee retirement benefits at a reasonable and affordable cost is a paramount concern. An appropriate balance must be struck between risks taken and returns sought to ensure the long term health of the System. The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long term increases in the value of assets.

Specific investment objectives include:

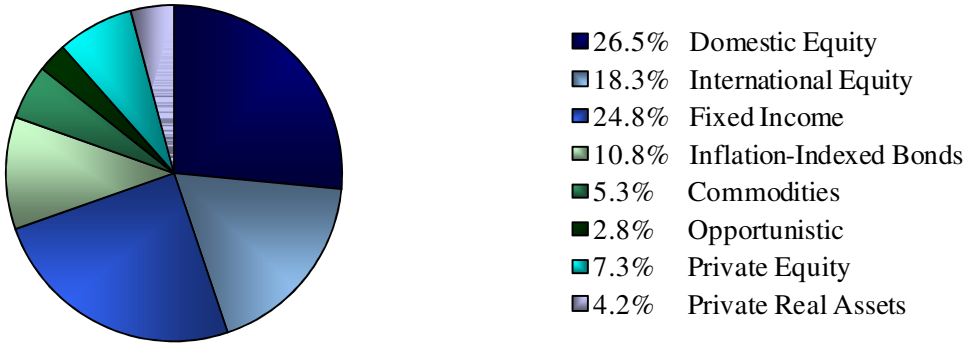
- To realize the actuarial assumed rate of return of 7.5 percent.
- To manage portfolio risk so as to limit potential downside fluctuations in the value of the total System assets.
- To realize as high a rate of total return as possible consistent with the above.

To achieve these objectives, the following investment policies are employed:

- Allocate System assets to a broad array of investment sectors and strategies.
- Maintain the asset allocation in compliance with the Board's rebalancing policy (+/- 5% for major asset classes and +/- 1.5%-3% for sub-asset classes).
- Monitor the individual investment managers' market value to ensure compliance with the Board's Manager Funding Policy.
- Evaluate the performance of all investment managers against their specific performance and style objectives, assigned risk, and the returns achieved by other similar managers.
- Evaluate the System's overall risk exposure and modify investments through rebalancing when necessary.

During FY 2011, the Board continued to implement portfolio adjustments resulting from the FY 2010 asset/liability study for the ERS which will result in further diversification of the investment portfolio and better management of the System's risk. Toward this effort, the Board approved new investments or implemented structural changes in the following sectors: global inflation-linked bonds, private equity and private real assets. The Board also approved a new rebalancing policy and continued to build risk budgeting capabilities to provide support for recommendations on asset allocation, portfolio structure and manager weightings.

ASSET ALLOCATION – JUNE 30, 2011



INVESTMENT PERFORMANCE SUMMARY

ANNUALIZED DATA FOR PERIOD ENDING JUNE 30, 2011

	1 Year	3 Year	5 Year
Total Fund Time-Weighted Returns			
MCERS	21.77 %	5.47 %	6.38 %
Policy Benchmark	19.96	4.77	5.37
Total Domestic Equities Return			
MCERS	33.52	4.22	4.40
Russell 3000	32.37	4.00	3.35
Total Private Equities Return			
MCERS	22.81[A]	4.96[A]	6.39[A]
Russell 3000 + 300 Bpts	35.72[A]	9.04[A]	7.05[A]
Total International Equities			
MCERS	28.95	4.39	7.01
MSCI All Country World X US	29.73	(0.35)	3.67
Total Private Real Assets			
MCERS	9.96[A]	(10.76)[A]	N/A
CPI + 500 Bpts	8.29[B]	6.32[B]	N/A
Total Fixed Income			
MCERS	10.03	9.38	7.51
Custom Fixed Income Benchmark	7.54	8.87	7.71
Total Opportunistic			
MCERS	7.83[C]	N/A	N/A
HFRI Fund of Funds Composite	6.64	N/A	N/A
Total Commodities			
MCERS	27.06	N/A	N/A
DJ UBS Commodities Index	25.91	N/A	N/A
Total Global Inflation Indexed Bonds			
MCERS	25.85	12.73	11.66
Custom IIB Benchmark	11.03	6.86	7.16

Return data for the System was calculated on a time weighted basis (except where noted). Returns shown are provided by the System's custodian bank, The Northern Trust Company. Valuations are based on published national securities exchange prices, where available, and all valuations are reconciled between the various investment managers and the custodian bank. Returns are gross of fees paid to investment managers except where noted.

A: Returns computed on dollar-weighted basis and are net of investment management fees.
B: Benchmark comparison is not meaningful at this time due to the short investment history of the System private real assets program.
C: Returns computed net of investment management fees.

PORTFOLIO HIGHLIGHTS

PUBLIC EQUITY

The market value of the total Public Equity Portfolio as of June 30, 2011 represented approximately 44.8% of the total fund, split between Domestic Equity at 26.5% and International Equity at 18.3%. The Domestic Equity Portfolio outperformed the Russell 3000 Benchmark by 1.15% for the one year ending June 30, 2011. The US equity markets rallied during the first three quarters of the fiscal year, performing strongly on an improved economic outlook, the Fed's long-anticipated announcement of additional quantitative easing (QE2), and better-than-expected corporate earnings. Domestic equity indices experienced a volatile ride and showed mixed results in the fourth quarter of the fiscal year due to softer domestic economic data and increased geopolitical concerns abroad. Defensive sectors such as utilities and consumer staples fared well during the last quarter of the fiscal year.

As of June 30, 2011, the International Equity Portfolio was allocated as follows: 83.2% active EAFE and 16.8% active emerging markets. The International Equity Portfolio trailed the MSCI ACWI ex US benchmark by 0.78% for the year ended June 30, 2011. International markets started the fiscal year strongly on better sentiment and economic reports; however, they lost their momentum towards the end of the fiscal year due to concerns over the European sovereign debt crisis and the Middle East conflict. Emerging markets kept up with their developed counterparts until the last quarter of the fiscal year when their relative attractiveness declined due to rising inflation and interest rate hike concerns.

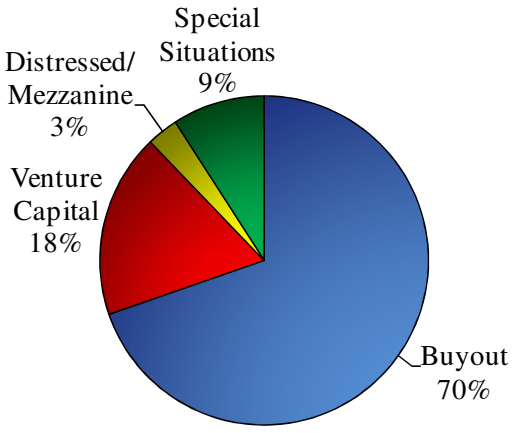
Equity: Top 15 Holdings

The top 15 holdings in the Public Equity Portfolio comprised 4% of ERS assets at June 30, 2011. In comparison to the top 15 holdings of last year, Apple, Novartis, BNP Paribas, Fresenius, Heineken, Inditex, Microsoft, and Schneider Electric remained and Exxon Mobil, JPMorgan Chase, Chevron, AT&T, Total, IBM, and Unitedhealth Group were added.

Equity	Shares		Value
Apple Inc	26,780	$	8,989,243
Exxon Mobil	104,890		8,535,948
Novartis	136,817		8,368,261
JPMorgan Chase	199,000		8,147,060
BNP Paribas	105,266		8,123,958
Chevron Corp	78,871		8,111,094
Fresenius SE&KGAA	76,096		7,941,394
AT&T Inc	251,100		7,887,051
Heineken	130,153		7,825,486
Inditex	85,799		7,817,025
Microsoft Corp	292,410		7,602,660
Total	118,305		6,840,397
IBM	38,469		6,599,357
Unitedhealth Group	115,800		5,972,964
Schneider Electric	34,599		5,778,819

PRIVATE EQUITY

The System began investing in private equity in 2003 to achieve returns greater than those available in the public equity markets and to gain exposure to diversified alpha sources. At June 30, 2011, the Private Equity Portfolio comprised 7.3% of total fund assets, and approximately 64% of the dollars committed had been called. The Private Equity program seeks to outperform the Russell 3000 Index by 3% annually. System returns are calculated on a dollar-weighted or internal rate-of-return basis, and the annualized return since inception (2003) through June 30, 2011 was 6.8%. By comparison, the dollar-weighted return for the Russell 3000 Index plus 3% for the same period was 7.4%.

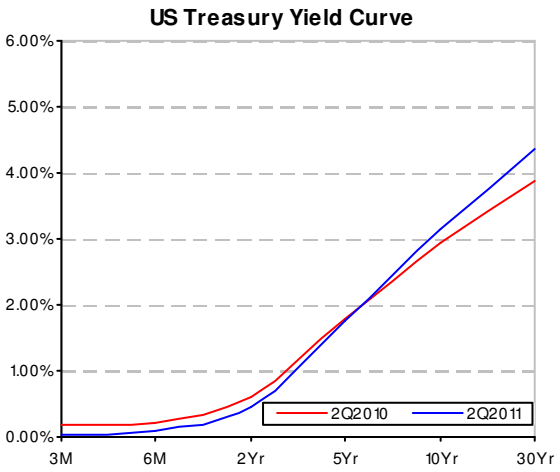


During the fiscal year, credit market conditions improved which allowed the volume and average size of private equity deals to increase compared to the prior year. Exit activity for portfolio companies also increased, with corporate acquisitions, transactions between private equity firms, and public offerings all rising.

PORTFOLIO HIGHLIGHTS

FIXED INCOME

The System invests a portion of its portfolio in fixed income securities to reduce total fund volatility, produce income and provide a measure of protection in the event of a slowing economic environment, where these lower volatility assets should provide downside protection. The market value of the Fixed Income Portfolio as of June 30, 2011 represented approximately 24.8% of the total fund. The Fixed Income Portfolio returned 10.03%, outperforming the benchmark return of 7.54% during the fiscal year. Credit spreads narrowed as investors searched for higher yields as Treasury yields remained at historically low levels. Strong returns were driven by the high yield allocation, representing approximately 10.0% of total fund assets.



The past twelve months for the fixed income markets has been characterized by improving corporate fundamentals and accommodative monetary policy. The Federal Reserve maintained the Fed Funds Rate at a target range of 0% to 0.25% and reiterated their view that current economic conditions warrant exceptionally low levels for an extended period of time. The Fed also continued quantitative easing measures to keep longer interest rates low in an effort to continue the economic recovery. The steepening in the US Treasury Yield Curve (see above) reflects continued low interest rates on the short end due to the Fed's monetary policy while inflationary concerns and a stronger economy pushed longer term rates higher.

Fixed Income: Top 15 Holdings

Fifteen Largest Fixed Income Holdings	Interest Rate	Maturity Date	Fair Value
United States Treasury Bonds	3.875 %	August 15, 2040	$ 34,834,953
United States Treasury Bonds	7.625	February 15,2025	12,185,528
United States Treasury Bonds	0.000	February 15, 2023	6,614,266
HSBC Bank	7.000	January 15, 2039	4,985,745
Wachovia Bank	6.600	January 15, 2038	4,839,917
Kraft Foods Inc	6.500	Febraury 9, 2040	4,569,724
Citigroup Inc	8.125	July 15, 2039	4,472,389
General Electric Capital Corp	6.875	January 10, 2039	4,409,206
Standard Chartered Bank	6.400	September 26, 2017	4,090,556
ConocoPhillips	6.500	February 15, 2039	3,995,046
Barclays Bank	10.179	June 12, 2021	3,789,103
Wal-Mart Stores	6.500	August 15, 2037	3,698,109
Altria Group Inc	9.950	November 10, 2038	3,324,339
Caterpillar Inc	8.250	December 15, 2038	3,288,846
UnitedHealth Group	6.500	June 15, 2037	3,280,197

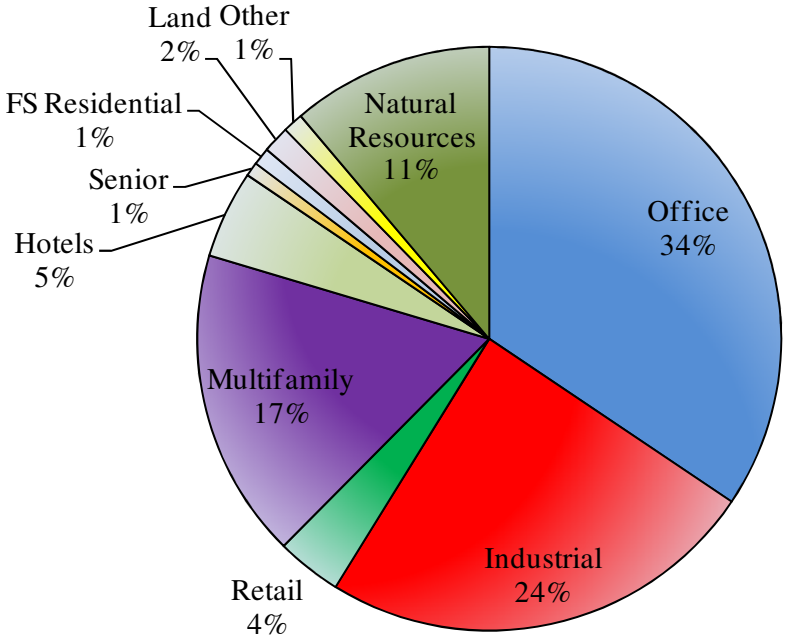
A complete list of the portfolio holdings can be obtained by contacting the Board of Investment Trustees office.

PORTFOLIO HIGHLIGHTS

REAL/INFLATION HEDGE ASSETS

Private Real Assets

The System began investing in value-added and opportunistic private real estate and natural resources in 2006 to attain real returns less correlated with the broad securities markets. Returns are computed on a dollar-weighted or internal rate-of-return basis, and from inception (2006) to June 30, 2011 the investments generated an annualized loss of 7.9%. By comparison, the dollar-weighted return for the benchmark CPI + 5% for the same period was a gain of 6.9%. The Private Real Assets Portfolio comprised 4.2% of the ERS portfolio at June 30, 2011 with approximately 65% of the total capital committed to private real assets being contributed.



During the fiscal year, real estate transaction activity was strong, led by the US. Well-located high quality "core" assets performed strongly, while distressed and non-core properties continued to perform weakly. Energy investment markets continued their robust pace, driven by increasing interest in unconventional oil and natural gas opportunities such as shale gas.

Global Inflation-Indexed Bonds

The System allocates a portion of fund assets to inflation-indexed bonds which provide protection against inflation risk as well as providing a diversified return stream to manage volatility. The Inflation-Indexed Bond Portfolio represented 10.8% of the total fund. The Portfolio, which also includes an absolute return fund, returned 25.85% during the fiscal year, outperforming the benchmark by 14.82%.

The returns on Global Inflation-Indexed bonds were positive overall during the fiscal year. Performance of our portfolio benefited from opportunistic allocations to developed and emerging market currencies, developed market nominal bonds and certain commodity positions through the manager's actively managed portfolio.

Inflation-Indexed Bonds - Country Exposures		
United States	40.1	%
Euroland	29.9	
United Kingdom	14.9	
Sweden	5.0	
Canada	10.1	

PORTFOLIO HIGHLIGHTS

Commodities

The System began investing in commodities in January 2009 to further diversify the portfolio to reduce risk and to provide a hedge against unexpected inflation. The Commodities Portfolio represented 5.3% of the total fund as of June 30, 2011. The Portfolio returned 27.06%, outperforming the benchmark by 1.15% for the year ended June 30, 2011.

The commodities markets followed the equity markets, advancing throughout the first three quarters of the fiscal year on a declining dollar and an improving outlook for the global economy which increased demand for raw materials. The Softs and Agriculture sectors rallied the most on tight supply conditions while Precious Metals advanced as headline inflation in emerging markets caused investors to look for real assets. Commodities ended the fourth quarter of the fiscal year on a negative note as a result of geopolitical unrest and the European debt crisis continuing to weigh on commodity prices with the exception of gold, which rose.

INVESTMENT MANAGERS

The diversified investment structure as of June 30, 2011 is reflected in the following table, which lists MCERS managers by asset class and style.

Public Equity	Investment Style
Domestic Equity	
BlackRock Russell 1000 Fund*	Russell 1000 Index
RhumbLine Advisors	Russell 1000 Index
RhumbLine Advisors	Russell 1000 Growth Index
JP Morgan*	Large Cap Core Plus
Systematic Financial Mgt.	Large Cap Value
Wellington	Small Cap Value
Numeric Investors	Small Cap Growth
International Equity	
Marathon	EAFE
Gryphon	EAFE
Mondrian*	Emerging Markets

Fixed Income	Investment Style
JP Morgan	Core Plus
STW	Long Duration
Jennison Associates	Long Duration
Nomura	High Yield
Loomis Sayles	High Yield
BlackRock US Debt Fund*	BC US Aggregate Index

Inflation-Indexed Bonds	Investment Style
Bridgewater*	Inflation Indexed Bonds

Foreign Currency	Investment Style
First Quadrant*	Foreign Currency
FX Concepts*	Foreign Currency

Commodities	Investment Style
OFI Institutional*	Active
Schroder Investment Mgt.*	Active

Opportunistic	Investment Style
Grosvenor*	Fund-of-Funds

Private Equity	Investment Style
Adams Street*	Fund-of-Funds
Altus Capital Partners*	Buyouts
HarbourVest*	Fund-of-Funds
KPS Capital Partners*	Turnaround
Landmark*	Fund-of-Funds
Mason Wells*	Buyouts
Odyssey Inv. Partners.*	Buyouts
Pomona Capital*	Fund-of-Funds
Riverside Partners*	Buyouts
TA Associates*	Growth Equity
Wicks Group*	Buyouts

Private Real Assets	Investment Style
AEW Capital*	Opportunistic
Carmel Partners*	Value-Added
EnerVest*	Energy
FLAG Capital Mgt.*	Fund-of-Funds
Hampshire Companies*	Value-Added
LBA Realty*	Value-Added
Pearlmark Real Estate Ptrs*	Value-Added
TA Associates Realty*	Value-Added

* Pooled Funds

PORTFOLIO HIGHLIGHTS

PUBLIC EQUITY COMMISSIONS

JULY 1, 2010 THROUGH JUNE 30, 2011

Brokers	Commissions (thousands)
Liquidnet Inc.	$ 45
Morgan Stanley & Co., Inc.	41
Investment Technology Group, Inc.	37
Instinet	37
Credit Suisse First Boston Corporation	34
Merrill Lynch Pierce Fenner & Smith, Inc.	27
Goldman Executing & Clearing	26
UBS Limited	13
Citigroup Global Markets Inc./Smith Barney	13
Societe Generale	12
Other Brokers (125 brokers)	262
Total	**$ 547**

INVESTMENT SUMMARY

	2011 Fair Value	Percent of Total Value	2010 Fair Value	Percent of Total Value
Government and agency obligations	$ 291,168,660	9.24%	$ 235,631,971	8.87%
Municipal/Provincial obligations	23,074,251	0.73%	7,627,603	0.29%
Asset-backed securities	3,521,986	0.11%	9,343,270	0.35%
Corporate bonds	529,817,550	16.81%	519,898,639	19.58%
Collateralized mortgage obligations	4,494,269	0.14%	2,656,570	0.10%
Commerical mortgage-backed securities	68,577	0.00%	190,025	0.01%
Common and preferred stock	1,293,907,305	41.04%	1,063,949,809	40.08%
Mutual and commingled funds	161,260,706	5.11%	123,408,899	4.65%
Short-term investments	236,990,877	7.52%	218,146,254	8.22%
Cash collateral received under securities lending agreements	278,648,672	8.84%	229,936,305	8.66%
Real estate	119,090,399	3.78%	76,182,689	2.87%
Private equity	210,629,024	6.68%	167,767,042	6.32%
Total	$ 3,152,672,276	100.00%	$ 2,654,739,076	100.00%

MONTGOMERY COUNTY
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GARDEZ BIEN
MARYLAND

ACTUARIAL SECTION

Employees' Retirement System

MERCER

Board of Investment Trustees
Montgomery County Government Retirement System
101 Monroe Street
Rockville, MD 20850

March 15, 2012

Subject: June 30, 2011 Actuarial Valuation Report

Dear Members of the Board:

Mercer annually performs an actuarial valuation of the Montgomery County Employees' Retirement System. The most recent actuarial valuation performed was as of June 30, 2011. The actuarial valuation report was prepared exclusively for the County for the following purposes:

- Present Mercer's actuarial estimates of the System's liabilities and expenses for the System and the County to incorporate, as they deem appropriate, in their financial statements
- Determine employer contribution rates to be paid biweekly during the fiscal year ending June 30, 2013

At the County's request, we have reflected the 2% increase to employee contribution rates for non-GRIP groups effective July 1, 2012, in the FY2013 contribution rates. We have also reflected the plan provisions in place for GRIP effective July 1, 2012, not the 2% reduction in effect for FY2012, because our understanding is that the County has already reflected the decrease to the employer pay credits in setting its FY2012 contribution rate.

Please see the attachments for the results and descriptions of the data, assumptions, methods, and plan provisions we used.

Valuation Results
The attached exhibits detail the results of the 2011 valuation, including a breakdown by employee group and plan. This valuation reflects the changes to the plan provisions as well as actuarial assumptions and methods, as described in this letter.

County Contributions
Contributions for non-GRIP groups are computed using the Projected Unit Credit method of funding. The objective of this method is to fund each participant's benefits under the Plan, as they would accrue, taking into consideration future salary increases. Thus, the total pension to which each participant is expected to become entitled is broken down into units, each associated with a year of past or future credited service.

Contributions for GRIP are computed using the Traditional Unit Credit method of funding. The objective under this method is to fund each participant's benefits under the plan as they accrue, ignoring future salary increases.

If all actuarial assumptions are met in the future and if there are no plan changes, the County contribution as a percentage of the payroll covered by this plan may eventually decrease due to two reasons. First, the closure of the plans to new non-public safety members, which had been in effect for many years, ended effective July 1, 2009. Members of the defined contribution plan on that date and future hires are able to elect to participate in the Guarantee Retirement Income Plan, a cash balance form of benefits in this plan. Second, the amortization payments on the June 30, 2010 unfunded actuarial accrued liability are scheduled to end in 18 years from that date.

The June 30, 2011 actuarial valuation sets the County's contribution rates for the fiscal year ending June 30, 2013. The rates are set separately for public safety, non-public safety, and GRIP-participating employee groups and will be applied to each group's total covered payroll for the fiscal year 2013. Thus, the exact dollar amount of the required contribution will not be known until the end of the fiscal year 2013. The contribution rates for fiscal year 2013 were determined based on the total payroll at June 30, 2011 reduced for members expected to leave during FY2012 due to termination, disability, retirement, and death.

Investments
During the 2010-2011 plan year, the rate of return after investment expenses on the market value of assets was 21.12%. On a market value basis, the return was $328.9 million more than the 7.5% assumed rate of return. This $328.9 million gain is phased in over a five-year period. Gains and losses from 2010-2011 and prior years produced a net loss on an actuarial value of assets basis. As of June 30, 2011, net investment gains of $27.9 million had not yet been recognized in the actuarial value of assets.

The 2011 valuation was based on an actuarial value of assets of $2,869,422,276. The FY2013 contribution would be $1.9 million lower if based on the market value of assets.

To prepare the 2011 valuation results, Mercer has used and relied on financial data supplied by the County and summarized in the attached.

The County is solely responsible for selecting the plan's investment policies, asset allocations and individual investments. Mercer's actuaries have not provided any investment advice to the County.

Aetna Contract
The value of the Aetna non-participating group-annuity contract is excluded from all calculations.

Plan Provisions
The June 30, 2011 valuation reflects the following plan changes applicable to groups A, E, F, G and H.

- Increase in member contributions: Effective July 1, 2011, member contributions are increased by 1.00% of pay for all groups in all plans. Effective July 1, 2012, member contributions are increased by an additional 1.00% for all groups in all plans.

- Modification of the service connected disability benefit: Effective July 1, 2012, the service connected disability benefit amount is modified under Bill 45-10, as follows:
  - Total incapacity: the minimum benefit is 70.00% of final earnings if the member meets the definition of Social Security disability.
  - Partial incapacity: the minimum benefit is 52.50% of final earnings if the member does not qualify for the 70% minimum benefit above.
  - For any group G member, the Chief Administrative Officer of the County may offer a disabled member an alternative position with the County with a 5% pay increase in lieu of this disability

benefit.

- Changes in the post-retirement benefit adjustments: Effective July 1, 2011, any COLA adjustment to the retirement benefit for service after June 30, 2011 will not exceed 2.50%. For disability retirements occurring after June 30, 2011, any COLA to the disability benefit will not exceed 2.50%. Effective July 1, 2011, any additional sick leave credited as years and months of service at DROP or DRSP exit is subject to the 2.50% capped COLA. Effective July 1, 2011, any sick leave, transferred, or purchased service credited as years and months of service as of the date of retirement is subject to the 2.50% COLA cap.

The June 30, 2011 valuation reflects the following plan changes applicable to GRIP.

- Changes in employer and employee pay credits:
  - Employer pay credits for non public safety GRIP members are reduced from 8.00% to 6.00% of regular base earnings for service between 7/1/2011 and 6/30/2012. Employer pay credits revert to 8.00% of regular base earnings for service after 6/30/2012.
  - Employer pay credits for public safety GRIP members are reduced from 10.00% to 8.00% of regular base earnings for service between 7/1/2011 and 6/30/2012. Employer pay credits revert to 10.00% of regular base earnings for service after 6/30/2012.
  - Members may contribute an additional 2.00% of regular earnings between 7/1/2011 and 6/30/2012 on a post-tax basis, but must have elected to do so by September 1, 2011.

Actuarial Assumptions and Methods

In order to quantify plan liabilities, a number of actuarial assumptions need to be set. The 2011 valuation reflects the changes in assumptions arising from the 2010 experience, just as the 2010 valuation did. The additional changes listed below were made as a result of the plan changes described above.

Amortization of the post-June 30, 2010 unfunded actuarial liability (UAL) over 20 years using the current, level percentage of assumed pay, amortization method results in an initial payment less than "interest only" payment on the UAL. Payments less than the interest only amount will result in each portion of the post-June 30, 2010 UAL increasing for the first two years.

To the best of our knowledge, the information shown in this CAFR uses the same methods and assumptions as those which are used to determine funding of the System. Additionally:

- To the best of our knowledge, all benefits are included in the valuation of the plan in compliance with GASB Statement 25, paragraph 36.a.
- The actuarial assumptions, including economic assumptions, comply with GASB Statement 25, paragraphs 36.b. and 36.c.
- The actuarial cost method used is the projected unit credit method as allowed in GASB Statement 25, paragraph 36.d.
- The method for determining the actuarial value of assets complies with GASB Statement 25, paragraph 36.e.
- The amortization methods used to determine the ARC comply with GASB Statement 25, paragraph 36.f.

Changes in Actuarial Assumptions

- The COLA assumption for service subject to the 2.50% COLA cap and disability retirements on or after 7/1/2011 was reduced from 3.00% to 2.30%
- The percentages of total incapacity service-connected disabilities and partial incapacity service-connected disabilities for Groups A, H, E, and F were established to reflect the service-connected

disability plan provision changes. For purposes of the valuation, the provisions and assumptions were assumed to be effective July 1, 2011.

Changes in Actuarial Methods

- The method for calculating the expected employee contributions used to offset the normal cost was changed to include a reduction for members expected to leave during FY2012 (due to termination, disability, retirement, and death).
- The method for calculating the contribution for each group as a percentage of payroll was changed to include a reduction in payroll for members expected to leave during FY2012 (due to termination, disability, retirement, and death).

All other assumptions and methods are the same as in the 2010 valuation. Please see the attachment for a complete summary of the assumptions and methods.

Participant Data

Between June 30, 2010 and June 30, 2011, there was a 1.1% decrease in the number of plan members. The total number of active members decreased by 4.7%, from 5,786 to 5,515 (including 1,008 and 995 active GRIP members as of June 30, 2010 and June 30, 2011, respectively), and their total payroll decreased from $431.2 million to $405.3 million (including $67.6 million and $66.4 million in GRIP payroll as of June 30, 2010 and June 30, 2011, respectively).

Aetna provided the retiree data, including benefit amounts and form of payment information, for participants retiring before July 1, 2011. The County provided data, including benefits, for participants retiring on July 1, 2011. The County also provided data on active and terminated vested members. ING provided the account balances for GRIP participants. To prepare the valuation results, Mercer has used and relied on participant data supplied by the County, ING, and Aetna and summarized in the attached. The County is responsible for ensuring that such participant data provides an accurate description of all persons who are participants under the terms of the plan or otherwise entitled to benefits as of June 30, 2011 that is sufficiently comprehensive and accurate for the purposes of the valuation results. Although Mercer has reviewed the data in accordance with Actuarial Standards of Practice No. 23, Mercer has not verified or audited any of the data or information provided.

Supplementary Information

The June 30, 2011 actuarial valuation report also provides supplemental information, including the schedule of funding progress. This schedule is presented in the financial section of this Comprehensive Annual Financial Report (CAFR). This information is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and to provide a means for making comparisons with other public employee retirement systems.

The County extracted the information from the June 30, 2011 valuation report for the following schedules in the actuarial section and the statistical section of this CAFR.

- Summary of Results
- System Contribution
- Membership
- Actuarial Assumptions and Methods
- Solvency Test

Important Notices

A valuation report is a snapshot of a plan's estimated financial condition at a particular point in time; it does not predict a plan's future financial condition or its ability to pay benefits in the future and does not provide any guarantee of future financial soundness of the Plan. Over time, a plan's total cost will depend on a number of factors, including the amount of benefits the plan pays, the number of people paid benefits, plan expenses and the amount earned on any assets invested to pay the benefits. These amounts and other variables are uncertain and unknowable at the valuation date, but are assumed to fall within a reasonable range of possibilities.

Because modeling all aspects of a situation is not possible or practical, we may use summary information, estimates, or simplifications of calculations to facilitate the modeling of future events in an efficient and cost-effective manner. We may also exclude factors or data that are immaterial in our judgment. Use of such simplifying techniques does not, in our judgment, affect the reasonableness of valuation results for the plan.

To prepare the valuation report, actuarial assumptions are used in a forward looking financial and demographic model to select a single scenario from a wide range of possibilities; the results based on that single scenario are included in the valuation. The actuarial assumptions are described in the valuation report. The future is uncertain and the plan's actual experience will differ from those assumptions; these differences may be significant or material because these results are very sensitive to the assumptions made and, in some cases, to the interaction between the assumptions.

Different assumptions or scenarios within the range of possibilities may also be reasonable and results based on those assumptions would be different. As a result of the uncertainty inherent in a forward looking projection over a very long period of time, no one projection is uniquely "correct" and many alternative projections of the future could also be regarded as reasonable. Two different actuaries could, quite reasonably, arrive at different results based on the same data and different views of the future. A "sensitivity analysis" shows the degree to which results would be different if we substitute alternative assumptions within the range of possibilities for those utilized in this report. We have not been engaged to perform such a sensitivity analysis and thus the results of such an analysis are not included in the valuation report.

Actuarial assumptions may also be changed from one valuation to the next because of changes in mandated requirements, plan experience, changes in expectations about the future and other factors. A change in assumptions is not an indication that prior assumptions were unreasonable when made.

The calculation of actuarial liabilities for valuation purposes is based on a current estimate of future benefit payments. The calculation includes a computation of the "present value" of those estimated future benefit payments using an assumed discount rate; the higher the discount rate assumption, the lower the estimated liability will be. For purposes of estimating the liabilities (future and accrued) in this report, the County selected an assumption based on the expected long term rate of return on plan investments. Using a lower discount rate assumption, such as a rate based on long-term bond yields, could substantially increase the estimated present value of future and accrued liabilities.

Because valuations are a snapshot in time and are based on estimates and assumptions that are not precise and will differ from actual experience, contribution calculations are inherently imprecise. There is no uniquely "correct" level of contributions for a plan year.

Valuations do not affect the ultimate cost of the System, only the timing of contributions into the System. Plan funding occurs over time. Contributions not made this year, for whatever reason, including errors, remain the responsibility of the System sponsor and can be made in later years. If the contribution levels

over a period of years are lower or higher than necessary, it is normal and expected practice for adjustments to be made to future contribution levels to take account of this with a view to funding the plan over time.

Data, computer coding and mathematical errors are possible in the preparation of a valuation involving complex computer programming and thousands of calculations and data inputs. Errors in a valuation discovered after its preparation may be corrected by amendment to the valuation or in a subsequent year's valuation.

Decisions about benefit changes, granting new benefits, investment policy, funding policy, benefit security and/or benefit-related issues should not be made on the basis of a valuation report of CAFR, but only after careful consideration of alternative economic, financial, demographic, and societal factors, including financial scenarios that assume future sustained investment losses.

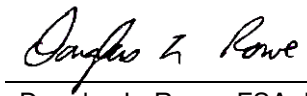
The assumptions used are based on the 2010 experience study, as adopted by the Board of Investment Trustees. The County is responsible for selecting the plan's funding policy, actuarial valuation methods, asset valuation methods, and assumptions. The policies, methods and assumptions used in this valuation are those that have been so prescribed and are described in the valuation report. The County is solely responsible for communicating to Mercer any changes required thereto.

Mercer has also used and relied on the plan documents, including amendments, and interpretations of plan provisions, supplied by the County. We have assumed for purposes of this valuation that copies of any official plan document including all amendments and collective bargaining agreements as well as any interpretations of any such document have been provided to Mercer along with a written summary of any other substantive commitments. The County is solely responsible for the validity, accuracy and comprehensiveness of this information. If any data or plan provisions supplied are not accurate and complete, the valuation results may differ significantly from the results that would be obtained with accurate and complete information; this may require a later revision of this report. Moreover, plan documents may be susceptible to different interpretations, each of which could be reasonable, and that the different interpretations could lead to different valuation results.

Professional qualifications

I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in the valuation report. I am not aware of any direct or material indirect financial interest or relationship, including investments or other services that could create a conflict of interest, that would impair the objectivity of Mercer's work.

Respectfully submitted,



Douglas L. Rowe, FSA, EA, MAAA
Principal

The information contained in this document (including any attachments) is not intended by Mercer to be used, and it cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code that may be imposed on the taxpayer.

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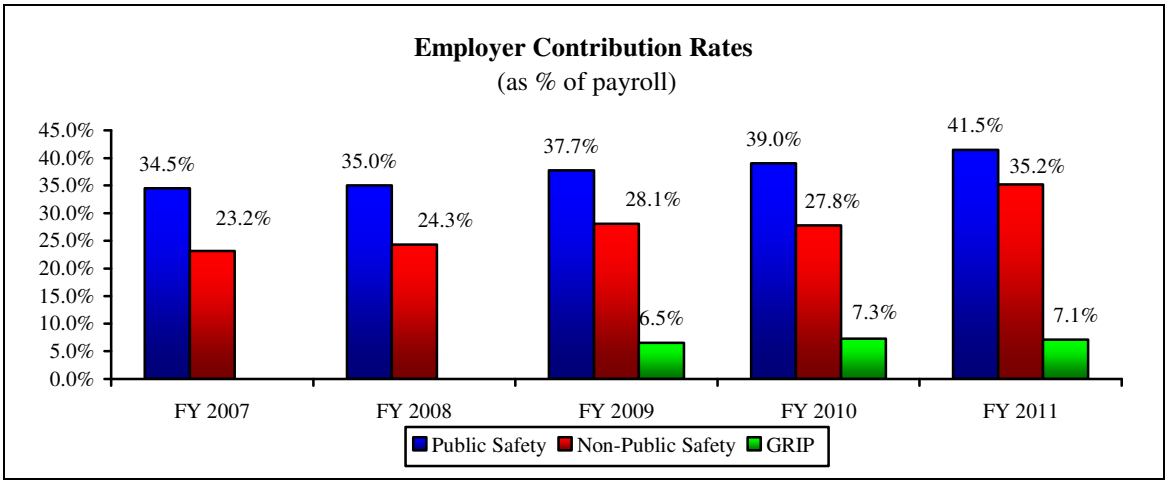
SUMMARY OF VALUATION RESULTS
EMPLOYEES' RETIREMENT SYSTEM

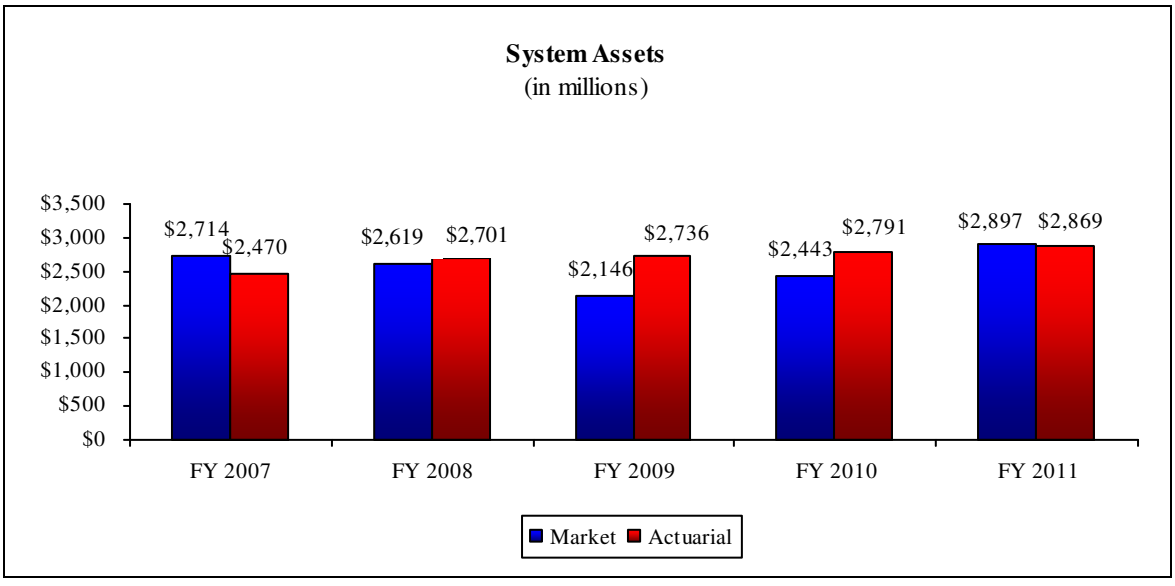
A. Overview

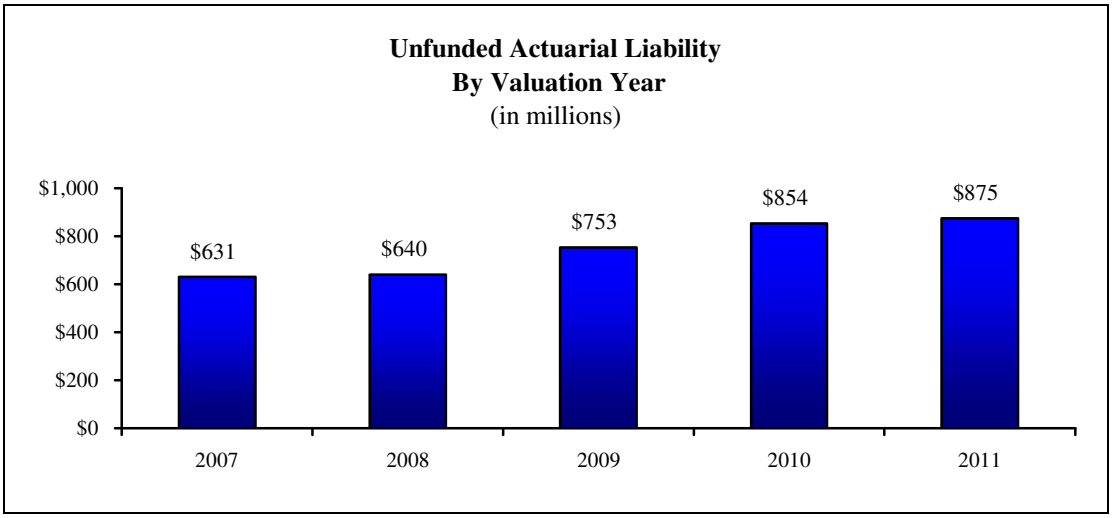
This report presents the results of our June 30, 2011 actuarial valuation of the Montgomery County Employees' Retirement System.

The major findings of the valuation are summarized in the following charts:

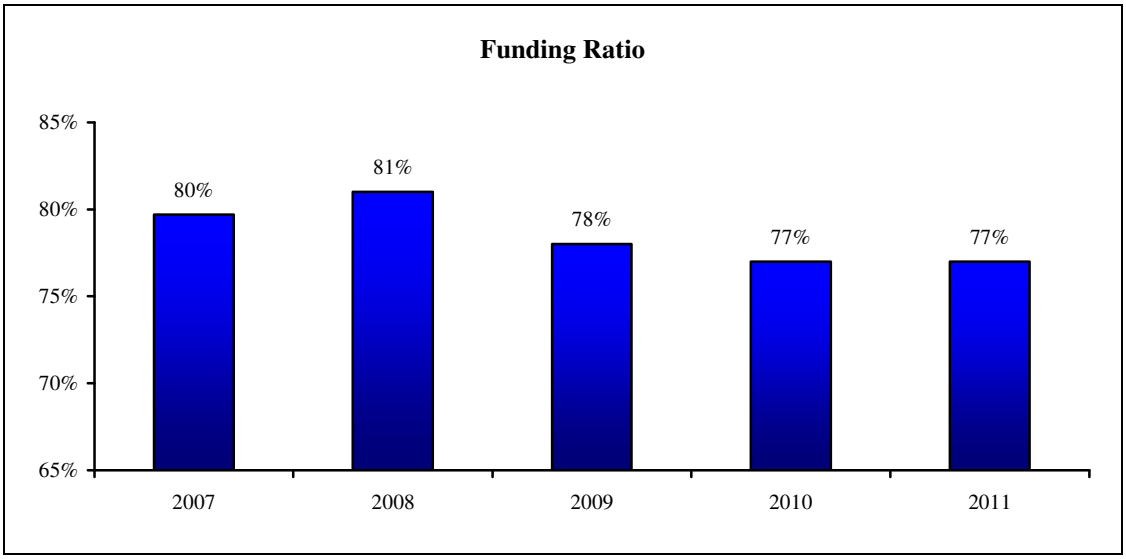


The change in the employer contribution rate in FY 2011 was due to actual System experience versus actuarial assumptions.





The unfunded actuarial liability increased in FY 2011 primarily due to assumption changes and the loss on the actuarial value of assets.



The ratio of actuarial assets to the actuarial accrued liability was unchanged.

B. Summary of Results

	July 1, 2010	July 1, 2011
Actuarial Liability		
a. Active Members	$ 1,590,626,458	$ 1,562,905,752
b. Retired Members and Beneficiaries	2,036,668,015	2,155,823,565
c. Vested Former Members	18,281,868	25,993,277
d. Total	$ 3,645,576,341	$ 3,744,722,594
Valuation Assets	$ 2,791,144,974	$ 2,869,422,276
Unfunded Actuarial Liability	$ 854,431,367	$ 875,300,318
Normal Cost		
a. Gross Normal Cost	$ 84,240,513	$ 73,560,760
b. Anticipated Employee Contributions	$ 19,413,128	$ 22,136,540
c. County Normal Cost (a -b)	$ 64,827,385	$ 51,424,220
Amortization Payment	$ 61,973,847	$ 66,026,873
County Contribution at date shown	$ 126,801,232	$ 117,451,093
County FY 2012/FY 2013 Contribution (as a % of covered payroll)		
Public Safety Employee	38.97%	41.47%
Non-Public Safety Employees	27.80%	35.20%
Guaranteed Retirement Income Plan	7.27%	7.09%

C. Valuation Highlights

1. System Assets

As of June 30, 2011, the System had assets, valued at market, of $2.897 billion, as compared to $2.443 billion at June 30, 2010. The increase of $454 million was attributable to the following:

a. An increase of $128 million from employer and employee contributions;
b. An increase of $510 million from investment gain;
c. A decrease of $184 million due to the payment of benefits to System participants and administrative expenses.

When measured on an actuarial basis, System assets were $2.869 billion at June 30, 2011, and $2.791 billion at June 30, 2010. The asset valuation method smoothes the fluctuations generated by intermittent market gains and losses. This method phases-in investment gains and losses arising during and after the 1994 fiscal year over a five-year period from the date established. Effective July 1, 1997, the calculation of the actuarial value of assets was changed to exclude the present value of estimated accrued contributions.

2. System Liabilities

The Unfunded Actuarial Liability increased $21 million, from $854 million at July 1, 2010, to $875 million at July 1, 2011, as follows:

Unfunded Actuarial Liability at beginning of year	$	854,431,367
Unfunded Actuarial Liability at end of year		875,300,318
Increase in Unfunded Actuarial Liability	$	(20,868,951)

The increase in Unfunded Actuarial Liability for the year ended June 30, 2011, is comprised of the following:

Increase due to loss on actuarial value of assets	$	(73,632,309)
Decrease due to demographic gain and other factors		20,459,504
Increase due to amortization payment and contributions		(15,577,814)
Decrease due to plan changes		47,881,668
Increase in Unfunded Actuarial Liability	$	(20,868,951)

3. System Contributions

Contributions to the System include a "normal cost" rate which covers the portion of projected liabilities related to service of members. In addition, an amortization payment is made to fund the unfunded liability related to changes made to benefits in previous years which are being funded over a specific period of time.

The increase/decrease in the employer contribution rate is attributable to the following:

	Public Safety (non-GRIP)	Non-Public Safety (non-GRIP)	GRIP
Employer contribution rate - June 30, 2010	38.97 %	27.80 %	7.27 %
Increase due to loss on actuarial value of assets	1.63	1.54	(0.20)
Increase due to actuarial gains & losses	1.98	3.35	0.02
Decrease due to plan changes	(4.78)	(2.60)	-
Increase due to assumption and method changes	3.67	5.11	-
Employer contribution rate - June 30, 2011	41.47 %	35.20 %	7.09 %

4. Membership

The active membership of the System decreased from 5,786 at June 30, 2010 to 5,515 at June 30, 2011. The System was closed to all new employees hired after October 1, 1994, except public safety, bargaining unit employees and GRIP participants. Inactive members, including retirees and beneficiaries, increased from 5,591 at June 30, 2010 to 5,712 at June 30, 2011 and the number of former members with vested rights increased from 376 to 398.

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
EMPLOYEES' RETIREMENT SYSTEM

A. Funding Method

The funding method used for the System's valuation is the "Projected Unit Credit" actuarial cost method. The objective of this method is to allocate the total pension benefit to which each participant is expected to become entitled at retirement to the participant's past and future service. The allocation is accomplished by applying the plan's accrual formula to projected final salary at retirement. An *actuarial liability* is calculated at the valuation date as the present value of benefits allocated to service prior to that date. The *Unfunded Actuarial Liability* at the valuation date is the excess of the actuarial liability over the assets of the System.

B. Actuarial Value of Assets

The actuarial value of assets is used for purposes of determing the County's contribution to the System. The asset adjustment method dampens the volatility of asset values that could occur because of short term fluctuations in market conditions. Use of an asset smoothing method is consistent with the long term nature of the actuarial valuation process. Assets are valued at market value but with a phase-in of investment gains and losses arising after July 1, 1994, over a 5-year period. The gains and losses are net of expenses. Effective July 1, 1997, the calculation of the actuarial value of assets does not include the present value of accrued contributions.

ACTUARIAL ASSUMPTIONS AND METHODS
EMPLOYEES' RETIREMENT SYSTEM

A. Demographic Assumptions

1. Mortality

RP2000 projected 30 years, separate tables for males and females
Annual Deaths per 1,000 Members

Age	Male Deaths	Female Deaths	Age	Male Deaths	Female Deaths
20	0	0	65	8	8
25	0	0	70	14	14
30	0	0	75	25	22
35	1	0	80	48	37
40	1	0	85	90	65
45	1	1	90	163	120
50	1	1	95	252	183
55	2	2	100	334	230
60	4	4	105	398	293

2. Termination of Employment (prior to retirement eligibility)

Annual Terminations per 1,000 Members (non-GRIP)

Years of Service	Non-Public Safety	Public Safety
0 – 4	52	80 – 35
5 – 9	42.5	31 – 22
10 – 14	32.5	20 – 10
15 – 19	31 – 20	9 – 6
20 – 25	17 – 9	6
26+	9	NA

It is assumed that 25% of all vested participants who terminate elect to receive a refund of their contributions with interest instead of a deferred benefit regardless of their age at termination.

Annual Terminations per 1,000 Members (GRIP)

Years of Service	Non-Public Safety
0 – 1	95
2 – 3	60
4	50
5	42.5
6 – 7	30
8+	25

3. Disability

	Annual Disabilities per 1,000 Members							
	Non-Public Safety Employees		Public Safety Employees					
			Group E		Group F		Group G	
Age	Male	Female	Male	Female	Male	Female	Male	Female
20	1	0	1	1	1	1	1	2
25	2	1	2	2	3	3	2	4
30	2	2	4	5	6	8	4	11
35	3	3	5	7	8	12	5	16
40	3	3	6	10	10	16	7	23
45	6	3	11	13	19	44	13	31
50	7	5	19	18	40	59	22	41
55	5	6	23	19	48	62	27	43
60	9	6	28	19	59	63	47	44

4. Deaths

	Annual Deaths per 1,000 Disabled Members	
Age	Male	Female
25	0	0
30	1	0
35	1	1
40	1	1
45	2	1
50	3	3
55	6	5
60	11	9
65	19	16

5. Retirement

Age	Non-Public Safety Employees	Public Safety Employees		
		Group E	Group F	Group G
Under 40	0%	3.5%	15%	20%
41	0%	3.5%	15%	20%
42	0%	3.5%	15%	20%
43	0%	3.5%	15%	20%
44	0%	3.5%	15%	20%
45	0%	3.5%	15%	20%
46	0%	15%	15%	20%
47	0%	15%	15%	20%
48	0%	15%	15%	20%
49	0%	15%	15%	20%
50	0%	20%	15%	20%
51	0%	20%	15%	20%
52	0%	20%	15%	30%
53	0%	20%	15%	30%
54	0%	20%	15%	30%
55	20%	50%	45%	40%
56	20%	50%	45%	40%
57	20%	50%	45%	40%
58	20%	50%	45%	40%
59	20%	50%	45%	40%
60	15%	100%	100%	100%
61	15%	100%	100%	100%
62	15%	100%	100%	100%
63	15%	100%	100%	100%
64	15%	100%	100%	100%
65	50%	100%	100%	100%
66	50%	100%	100%	100%
67	75%	100%	100%	100%
68	100%	100%	100%	100%
69	100%	100%	100%	100%
70	100%	100%	100%	100%

6. Sick Leave Credit

Service credit is increased by 2% for non public safety employees, 2.4% for Group E employees, 4.5% for Group F employees and 3.2% for Group G employees to account for additional credit from unused sick leave. Sick leave is capped at 2 years.

7. Marital assumption

80% of active participants are assumed to be married. Women are assumed to be three years younger than their spouses.

B. Economic Assumptions

1. Investment Return: 7.5% compound per annum

2. Cost-of-Living Increases: 3% on credited service earned prior to June 30, 2011. 2.3% on credited service thereafter, reflecting the 2.5% cap

3. Increase in Social Security Wage Base: 4.0% compound per annum

4. Expense load: Anticipated administrative expense equal to the average of the prior three years of administrative expenses. For FY 2013 this figure is $2,767,000.

5. Salary Increase: Merit and promotional increases assumed to be based on service as shown below:

Service	Non Public Safety *	Public Safety
0 – 4	6.00%	9.25%
5 – 9	6.00%	8.25%
10 – 14	6.00%	6.25%
15 – 19	6.00%	5.50%
20 – 24	4.25%	5.00%
25 – 29	4.00%	4.50%
30+	4.00%	4.25%

** Includes GRIP*

ANALYSIS OF FINANCIAL EXPERIENCE

Gains and Loss in Accrued Liability During Years Ended June 30
Resulting from Differences Between Assumed Experience and Actual Experience

Type of Activity	2008	2009	2010	2011
Investment gain (loss)	$ 47,850,027	$ (135,184,312)	$ (155,831,291)	$ (73,632,309)
Combined liability experience	(33,474,433)	79,021,213	84,758,321	2,351,277
Gain (loss) during year	$ 14,375,594	$ (56,163,099)	$ (71,072,970)	$ (71,281,032)

SOLVENCY TEST

Aggregate Accrued Liability

Valuation Date	(1) Active Members Contributions	(2) Retirees, Vested Terms, Beneficiaries	(3) Active Members (Employer Financed Portion)	Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets (1)	(2)	(3)
6/30/2004	$ 160,523,789	$ 1,354,272,329	$ 1,046,532,114	$ 2,045,098,796	100 %	100 %	51 %
6/30/2005	166,078,802	1,426,030,001	1,182,938,609	2,100,532,623	100	100	43
6/30/2006	177,391,695	1,578,703,590	1,162,240,788	2,222,724,295	100	100	40
6/30/2007	187,104,227	1,661,692,386	1,251,841,110	2,469,933,200	100	100	50
6/30/2008	186,171,030	1,847,516,034	1,307,862,361	2,701,119,470	100	100	51
6/30/2009	200,669,572	1,892,331,796	1,396,056,191	2,736,010,044	100	100	46
6/30/2010	213,191,851	2,054,949,883	1,377,434,607	2,791,144,974	100	100	38
6/30/2011	236,934,960	2,181,816,842	1,325,970,792	2,869,422,276	100	100	34

SCHEDULE OF RETIREES AND SURVIVORS
During Years Ended June 30

	New Retirees and Disableds	Survivors	Total
July 1, 2004	**4,199**	**360**	**4,559**
New retirements & disabilities	216	0	216
Deaths with beneficiaries	(20)	20	0
Deaths/benefits ended	(99)	(11)	(110)
July 1, 2005	**4,296**	**369**	**4,665**
New retirements & disabilities	266	0	266
Deaths with beneficiaries	(22)	22	0
Deaths/benefits ended	(57)	(26)	(83)
July 1, 2006	**4,483**	**365**	**4,848**
New retirements & disabilities	242	0	242
Deaths with beneficiaries	(22)	22	0
Deaths/benefits ended	(67)	(26)	(93)
July 1, 2007	**4,636**	**361**	**4,997**
New retirements & disabilities	382	0	382
Deaths with beneficiaries	(28)	28	0
Deaths/benefits ended	(64)	(9)	(73)
July 1, 2008	**4,926**	**380**	**5,306**
New retirements & disabilities	186	0	186
Deaths with beneficiaries	(24)	24	0
Deaths/benefits ended	(95)	(18)	(113)
July 1, 2009	**4,993**	**386**	**5,379**
New retirements & disabilities	328	0	328
Deaths with beneficiaries	(22)	22	0
Deaths/benefits ended	(88)	(28)	(116)
July 1, 2010	**5,211**	**380**	**5,591**
New retirements & disabilities	282	0	282
Deaths with beneficiaries	(20)	20	0
Deaths/benefits ended	(154)	(7)	(161)
July 1, 2011	**5,319**	**393**	**5,712**

SCHEDULE OF ANNUAL ALLOWANCE
During Years Ended June 30

	New Retirees and Disableds	Survivors	Total
July 2004	**$ 115,123,292**	**$ 4,669,886**	**$ 119,793,178**
Average Annual Allowance	27,417	12,972	26,276
Annual Allowances Added to the Rolls	10,396,825	797,535	11,194,360
Annual Allowances Removed From the Rolls	(1,963,577)	(313,742)	(2,277,319)
July 2005	**$ 123,556,540**	**$ 5,153,679**	**$ 128,710,219**
Average Annual Allowance	28,761	13,967	27,591
Annual Allowances Added to the Rolls	14,424,755	305,259	14,730,014
Annual Allowances Removed From the Rolls	(1,611,828)	(127,575)	(1,739,403)
July 2006	**$ 136,369,467**	**$ 5,331,363**	**$ 141,700,830**
Average Annual Allowance	30,419	14,606	29,229
Annual Allowances Added to the Rolls	10,498,059	580,630	11,078,089
Annual Allowances Removed From the Rolls	(2,335,705)	(478,216)	(2,813,321)
July 2007	**$ 144,531,821**	**$ 5,433,777**	**$ 149,965,598**
Average Annual Allowance	31,176	15,052	30,011
Annual Allowances Added to the Rolls	20,518,024	1,056,444	21,574,468
Annual Allowances Removed From the Rolls	(2,344,133)	(422,864)	(2,766,997)
July 2008	**$ 162,705,712**	**$ 6,067,357**	**$ 168,773,069**
Average Annual Allowance	33,030	15,467	31,808
Annual Allowances Added to the Rolls	4,887,240	453,616	5,340,856
Annual Allowances Removed From the Rolls	(3,242,232)	(370,344)	(3,612,576)
July 2009	**$ 164,350,720**	**$ 6,150,629**	**$ 170,501,349**
Average Annual Allowance	32,916	15,934	31,698
Annual Allowances Added to the Rolls	13,218,960	304,035	13,522,995
Annual Allowances Removed From the Rolls	(1,306,672)	(419,291)	(1,725,963)
July 2010	**$ 176,263,008**	**$ 6,035,373**	**$ 182,298,381**
Average Annual Allowance	33,825	15,883	32,606
Annual Allowances Added to the Rolls	14,287,432	580,328	14,867,760
Annual Allowances Removed From the Rolls	(868,937)	(103,095)	(972,032)
July 2011	**$ 189,681,503**	**$ 6,512,606**	**$ 196,194,109**
Average Annual Allowance	**35,661**	**16,572**	**34,348**

Schedule of Active Member Valuation Data

Valuation Date	Number	Annual Payroll	Annual Average Pay	% Increase in Average Pay
July 1, 2004	5,670	$341,629,327	$60,252	5.363%
July 1, 2005	5,628	$355,105,993	$63,096	4.721%
July 1, 2006	5,362	$357,361,131	$66,647	5.627%
July 1, 2007	5,294	$374,792,608	$70,796	6.225%
July 1, 2008	5,060	$376,002,333	$74,309	4.962%
July 1, 2009	5,012	$376,014,994	$75,023	0.961%
July 1, 2010	5,786	$431,226,155	$74,529	-0.658%
July 1, 2011	5,515	$405,336,529	$73,497	-1.385%

STATISTICAL SECTION

Employee Retirement Plans

STATISTICAL SECTION

The Statistical Section presents detailed information in the areas shown below, as a context for understanding what the information in the Financial Section says about the overall financial health of the Employee Retirement Plans:

The schedules beginning on page 74 are designed to show financial trend information to assist users in understanding and assessing how the Employee Retirement Plans' financial position has changed over the past ten years. The financial trend schedules presented are:

- Changes in Net Assets – Information to help the reader understand the Plans' historical contributions, earnings, and expenses.

- Benefit, Refund and Distribution Deductions from Net Assets – Information to help the reader understand the historical benefits, refund, and distribution deductions.

The schedules beginning on page 80 display demographic, economic, and operating information. The demographic and economic information is intended to assist users in understanding the environment in which the Employee Retirement Plans operate. The operating information is intended to provide contextual information about the Employee Retirement Plans' operations to assist readers in using financial statement information. The demographic and economic information and the operating information presented include:

- Principal Participating Employers
- Retired Members by Benefit Type
- Average Benefit Amounts
- Retired Members by Type of Retirement
- Average Benefit Payments and Average Final Valuation Pay
- Schedule of Participating Agencies and Political Subdivisions

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CHANGE IN NET ASSETS
JUNE 30, 2011
LAST TEN FISCAL YEARS
(dollars in thousands)

	2002	2003	2004	2005	2006
Additions					
Member contributions	$ 12,944	$ 14,770	$ 14,762	$ 15,326	$ 16,085
Employer contributions	39,168	55,206	61,927	74,655	88,184
Transfer of member account asset balances	-	-	-	-	-
Investment income (loss) (net of expenses)	(124,177)	82,174	286,895	197,433	187,004
Total additions	(72,065)	152,150	363,584	287,414	291,273
Deductions					
Benefit payments	85,323	100,381	111,646	115,635	125,818
Refunds	681	739	796	762	635
Administrative expenses	2,092	2,007	2,066	1,857	1,920
Total deductions	88,096	103,127	114,508	118,254	128,373
Change in net assets	$ (160,161)	$ 49,023	$ 249,076	$ 169,160	$ 162,900

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF BENEFIT AND REFUND DEDUCTIONS FROM NET ASSETS BY TYPE
JUNE 30, 2011
LAST TEN FISCAL YEARS
(dollars in thousands)

	2002	2003	2004	2005	2006
Type of Benefit					
Service benefits:					
Retirees	$ 64,030	$ 77,009	$ 87,123	$ 102,641	$ 112,210
Survivors	4,041	4,811	5,032	2,087	1,483
Disability	17,251	18,560	19,491	10,907	12,125
Total benefits	$ 85,322	$ 100,380	$ 111,646	$ 115,635	$ 125,818
Refund of Contributions	$ 681	$ 739	$ 796	$ 762	$ 635

*Allocation method used in FY 2007 was changed to reflect the actual classification of benefits.

2007	2008	2009	2010	2011
$ 16,362	$ 18,851	$ 18,245	$ 20,431	$ 18,592
109,436	117,686	109,567	113,958	109,344
-	-	-	31,530	-
420,847	(81,746)	(428,525)	304,185	510,018
546,645	54,791	(300,713)	470,104	637,954
136,833	147,027	168,618	169,089	178,792
793	673	668	1,415	1,568
2,431	2,557	2,803	2,907	3,079
140,057	150,257	172,089	173,411	183,439
$ 406,588	$ (95,466)	$ (472,802)	$ 296,693	$ 454,515

2007*	2008	2009	2010	2011
$ 98,653	$ 105,369	$ 123,560	$ 122,861	$ 129,941
5,952	6,723	7,333	7,620	7,944
32,228	34,935	37,725	38,608	40,907
$ 136,833	$ 147,027	$ 168,618	$ 169,089	$ 178,792
$ 793	$ 673	$ 668	$ 1,415	$ 1,568

MONTGOMERY COUNTY, MARYLAND
RETIREMENT SAVINGS PLAN
SCHEDULE OF CHANGE IN NET ASSETS
JUNE 30, 2011
LAST TEN FISCAL YEARS
(dollars in thousands)

	2002	2003	2004	2005	2006
Additions					
Member contributions	$ 3,308	$ 3,750	$ 4,208	$ 4,820	$ 5,860
Employer contributions	5,791	6,799	6,468	8,758	9,437
Transfer of member account asset balances	-	-	-	-	-
Investment income (loss) (net of expenses)	(3,200)	1,967	6,354	4,668	8,237
Total additions	5,899	12,516	17,030	18,246	23,534
Deductions					
Distributions	945	867	1,382	2,441	4,306
Administrative expenses	87	210	247	231	243
Total deductions	1,032	1,077	1,629	2,672	4,549
Change in net assets	$ 4,867	$ 11,439	$ 15,401	$ 15,574	$ 18,985

MONTGOMERY COUNTY, MARYLAND
RETIREMENT SAVINGS PLAN
SCHEDULE OF DISTRIBUTION DEDUCTIONS FROM NET ASSETS
JUNE 30, 2011
LAST TEN FISCAL YEARS
(dollars in thousands)

	2002	2003	2004	2005	2006
Distributions	$ 945	$ 867	$ 1,382	$ 2,441	$ 4,306

2007	2008	2009	2010	2011
$ 6,798	$ 8,118	$ 11,263	$ 8,871	$ 8,686
11,227	13,583	20,625	16,401	16,072
-	-	-	(31,530)	-
17,174	(8,383)	(26,722)	14,191	32,877
35,199	13,318	5,166	7,933	57,635
4,455	5,216	3,669	3,902	5,854
293	258	300	237	244
4,748	5,474	3,969	4,139	6,098
$ 30,451	$ 7,844	$ 1,197	$ 3,794	$ 51,537

2007	2008	2009	2010	2011
$ 4,455	$ 5,216	$ 3,669	$ 3,902	$ 5,854

MONTGOMERY COUNTY, MARYLAND
DEFERRED COMPENSATION PLAN
SCHEDULE OF CHANGE IN NET ASSETS
JUNE 30, 2011
LAST TEN FISCAL YEARS
(dollars in thousands)

	2002	2003	2004	2005	2006
Additions					
Member contributions	$ 20,086	$ 21,062	$ 21,610	$ 19,929	$ 16,562
Investment income (loss) (net of expenses)	(25,497)	4,660	29,456	14,587	20,486
Total additions	(5,411)	25,722	51,066	34,516	37,048
Deductions					
Distributions	9,898	11,104	9,634	10,216	11,226
Administrative expenses	49	17	6	16	-
Total deductions	9,947	11,121	9,640	10,216	11,226
Change in net assets	$ (15,358)	$ 14,601	$ 41,426	$ 24,300	$ 25,822

MONTGOMERY COUNTY, MARYLAND
DEFERRED COMPENSATION PLAN
SCHEDULE OF DISTRIBUTION DEDUCTIONS FROM NET ASSETS
JUNE 30, 2011
LAST TEN FISCAL YEARS
(dollars in thousands)

	2002	2003	2004	2005	2006
Distributions	$ 9,898	$ 11,104	$ 9,634	$ 10,216	$ 11,226

2007	2008	2009	2010	2011
$ 16,649	$ 17,294	$ 18,058	$ 17,029	$ 17,029
32,394	(9,378)	(44,479)	19,411	42,988
49,043	7,915	(26,421)	36,440	60,017
12,410	15,714	13,391	8,723	16,178
-	-	-	-	-
12,410	15,714	13,391	8,723	16,178
$ 36,633	$ (7,799)	$ (39,812)	$ 27,717	$ 43,839

2007	2008	2009	2010	2011
$ 12,410	$ 15,714	$ 13,391	$ 8,723	$ 16,178

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
PRINCIPAL PARTICIPATING EMPLOYERS
CURRENT YEAR AND SIX YEARS AGO
JUNE 30, 2011

	2011*		2005**	
Participating Government	**Covered Employees**	**Percentage of Total System**	**Covered Employees**	**Percentage of Total System**
Montgomery County***	5,348	96.7%	5,419	96.2%
Town of Chevy Chase	4	0.1%	5	0.1%
Strathmore Hall	9	0.2%	7	0.1%
Housing Opportunities Commission	136	2.5%	159	2.8%
Revenue Authority	5	0.1%	17	0.3%
Washington Suburban Transit Commission	-	-	2	0.1%
Montgomery County Employees Federal Credit Union	10	0.2%	8	0.2%
State Department of Assessment and Taxation	2	0.1%	6	0.1%
District Court	1	0.1%	5	0.1%
Total	5,515	100%	5,628	100%

* Includes GRIP participants
**The information for principal participating employers is not available for 2004 and prior.
***Includes Independent Fire/Rescue Corporations

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF RETIRED MEMBERS BY BENEFIT TYPE
JUNE 30, 2011

Fiscal Year	Retiree	Disability	Survivor	Total
2002	3,002	783	330	4,115
2003	3,203	817	350	4,370
2004	3,348	851	360	4,559
2005	3,443	853	369	4,665
2006	3,564	919	365	4,848
2007*	3,661	975	361	4,997
2008	3,905	1,021	380	5,306
2009	3,957	1,036	386	5,379
2010	4,132	1,079	380	5,591
2011	4,245	1,074	393	5,712

*Allocation method used in FY 2007 was changed to reflect the actual classification of benefits.

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF AVERAGE BENEFIT AMOUNTS
JUNE 30, 2011

Fiscal Year	Retiree	Disability	Survivor	Total
2002	$ 21,329	$ 22,031	$ 12,247	$ 20,734
2003	24,043	22,717	13,747	22,970
2004	26,022	22,904	13,978	24,489
2005	29,812	12,786	5,655	24,788
2006	31,484	13,193	4,063	25,953
2007*	26,947	33,055	16,487	27,383
2008	26,983	34,216	17,692	27,710
2009	31,226	36,414	18,997	31,347
2010	29,734	35,781	20,052	30,243
2011	30,610	38,088	20,214	31,301

*Allocation method used in FY 2007 was changed to reflect the actual classification of benefits.

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF RETIRED MEMBERS BY TYPE OF RETIREMENT
AS OF JUNE 30, 2011

Amount of Monthly Benefit	Number of Retired Members	Type of Retirement [a]			Option Selected [b]					
		1	2	3	1	2	3	4	5	6
Deferred	398									
$ 1 – $ 250	188	161	25	2	99	46	32	1	7	3
251 – 500	296	240	49	7	175	62	48	2	4	5
501 – 750	281	218	56	7	147	65	50	5	7	7
751 – 1,000	289	216	51	22	140	56	58	10	11	14
1,001 – 1,250	331	247	45	39	167	68	68	7	6	15
1,251 – 1,500	276	199	33	44	133	64	46	6	8	19
1,501 – 1,750	287	209	30	48	136	56	50	14	14	17
1,751 – 2,000	267	189	22	56	129	60	43	14	7	14
Over 2,000	3,497	2,566	82	849	1,353	1,052	238	293	110	451
Total	6,110	4,245	393	1,074	2,479	1,529	633	352	174	545

Notes:

[a] Type of retirement:
1—Retiree
2—Beneficiary
3—Disabled Retiree

[b] Option selected:
Option 1—Modified Cash Refund
Option 2—Certain and Continuous
Option 3—Life Annuity
Option 4—Joint and Survivor 50%
Option 5—Joint and Survivor 100%
Option 6—Other Joint and Survivor Percentage

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF AVERAGE BENEFIT PAYMENTS AND AVERAGE FINAL VALUATION PAY
LAST EIGHT FISCAL YEARS

	Years Credited Service						
	0 – 5	5 – 10	10 – 15	15 – 20	20 – 25	25 – 30	30 +
Retirement Effective Dates							
Period 7/1/2003 to 6/30/2004							
Average monthly benefit*	$ 1,156	$ 915	$ 1,809	$ 1,420	$ 2,549	$ 3,406	$ 4,337
Average final valuation pay**	$ 37,309	$ 45,048	$ 55,552	$ 60,530	$ 65,550	$ 65,919	$ 72,119
Number of retired members***	2	4	15	43	34	69	79
Period 7/1/2004 to 6/30/2005							
Average monthly benefit*	$ 2,521	$ 1,984	$ 1,479	$ 1,870	$ 2,573	$ 3,371	$ 4,392
Average final valuation pay**	$ 48,620	$ 50,470	$ 59,743	$ 63,910	$ 64,026	$ 72,618	$ 75,577
Number of retired members***	2	4	21	37	23	35	66
Period 7/1/2005 to 6/30/2006							
Average monthly benefit*	$ 2,491	$ 2,801	$ 1,752	$ 2,356	$ 2,928	$ 3,649	$ 4,594
Average final valuation pay**	$ 43,375	$ 55,641	$ 55,619	$ 67,299	$ 68,683	$ 73,731	$ 77,143
Number of retired members***	2	6	28	58	49	55	50
Period 7/1/2006 to 6/30/2007							
Average monthly benefit*	$ 2,760	$ 2,115	$ 2,163	$ 2,425	$ 3,100	$ 3,744	$ 4,438
Average final valuation pay**	$ 48,664	$ 58,211	$ 72,411	$ 74,925	$ 80,599	$ 79,607	$ 76,689
Number of retired members***	1	4	18	40	27	37	39
Period 7/1/2007 to 6/30/2008							
Average monthly benefit*	$ 2,994	$ 3,061	$ 1,180	$ 2,287	$ 2,927	$ 3,466	$ 4,330
Average final valuation pay**	$ 50,803	$ 66,024	$ 62,986	$ 73,335	$ 78,696	$ 74,908	$ 74,647
Number of retired members***	1	8	18	58	60	57	87
Period 7/1/2008 to 6/30/2009							
Average monthly benefit*	$ -	$ -	$ 2,821	$ 2,760	$ 3,560	$ 4,309	$ 5,425
Average final valuation pay**	$ -	$ -	$ 77,385	$ 77,304	$ 88,521	$ 87,167	$ 98,906
Number of retired members***	-	-	5	20	21	16	12
Period 7/1/2009 to 6/30/2010							
Average monthly benefit*	$ -	$ 3,212	$ 2,747	$ 2,815	$ 3,548	$ 4,008	$ 5,289
Average final valuation pay**	$ -	$ 63,839	$ 82,064	$ 83,152	$ 85,524	$ 83,495	$ 86,947
Number of retired members***	-	6	6	43	49	39	68
Period 7/1/2010 to 6/30/2011							
Average monthly benefit*	$ 1,965	$ 3,412	$ 2,674	$ 3,091	$ 3,303	$ 4,136	$ 5,079
Average final valuation pay**	$ 46,807	$ 65,268	$ 65,263	$ 85,031	$ 82,627	$ 88,067	$ 84,544
Number of retired members***	1	4	5	37	80	50	57

* Based on current benefits only. Does not take into account any future benefits.

** Pay used for last valuation (when member was an active employee).

*** Only includes participants who changed from active to retiree status.

SCHEDULE OF PARTICIPATING AGENCIES
AND POLITICAL SUBDIVISIONS
EMPLOYEES' RETIREMENT SYSTEM
RETIREMENT SAVINGS PLAN

Town of Chevy Chase
Strathmore Hall Foundation, Inc.
Housing Opportunities Commission of Montgomery County
Montgomery County Revenue Authority
Washington Suburban Transit Commission
Montgomery County Employees Federal Credit Union
Independent Fire/Rescue Corporations

Certain employees of the:
State Department of Assessments and Taxation
District Court of Maryland

Prepared by the:
Board of Investment Trustees
101 Monroe Street, 15th Floor
Rockville, Maryland 20850
240-777-8220

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

May 17, 2011

Ms. Pam Spaccarotella
Finance Director
City of Omaha
1819 Farnam Street
Omaha, NE 68183

RE: Actuarial Valuation as of January 1, 2011

Dear Ms. Spaccarotella:

Enclosed are 12 copies of the written report of our actuarial valuation as of January 1, 2011 for the 2011 plan year for the City of Omaha Police & Fire Retirement System. The actuarial required contribution (ARC) for the System for the 2011 plan year is 63.469%. The scheduled contribution rate for 2011 is 44.759%, resulting in a shortfall of 18.710% of pay.

Please call if you have any questions.

Sincerely,

Patrice Beckham

Patrice A. Beckham, FSA, EA, FCA, MAAA
Consulting Actuary

Enclosures

S:City of Omaha/ Police & Fire 2011 Valuation

3906 Raynor Pkwy, Suite 106, Bellevue, NE 68123
Phone (402) 905-4461 • Fax (402) 905-4464
www.CavMacConsulting.com
Offices in Englewood, CO • Kennesaw, GA • Bellevue, NE • Hilton Head Island, SC

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The City of Omaha
Police & Fire Retirement System

Actuarial Valuation as of
January 1, 2011

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May 18, 2011

Board of Trustees
City of Omaha Police and Fire Retirement System
1819 Farnam Street
Omaha, NE 68183

RE: January 1, 2011 Actuarial Valuation

Members of the Board:

In accordance with your request, we have completed an Actuarial Valuation of the City of Omaha Police and Fire Retirement System as of January 1, 2011 for the plan year ending December 31, 2011. The major findings of the valuation are contained in this report.

The actuarial assumptions reflected in this report are unchanged from last year's report. However, significant changes to the benefit structure for police members are first reflected in this valuation. The contract signed with the police union in September 2010 provided for significant increases to the future contributions to the System as well as significant reductions to the benefit provisions for current and future police members which lowered the cost of the System. As of the date this report was issued, a contract has not been finalized with the fire union, so the same benefit structure as last year was used.

This is the first valuation prepared by Cavanaugh Macdonald Consulting, LLC (CMC). As part of our transition work, we replicated the January 1, 2010 actuarial valuation. Results were well within acceptable limits, but there were differences in the key valuation results. The normal cost rate determined by CMC was 28.18% versus 28.91% by Milliman. The unfunded actuarial liability, calculated by CMC, was very close (0.25% or $2.6 million) to that shown in the January 1, 2010 actuarial valuation report. These differences are neither unusual nor significant. It is very common for differences in valuation results to occur due to the use of different pension valuation software.

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by the City's staff. This information includes, but is not limited to, statutory provisions, employee data, and financial information. We found this information to be reasonably consistent and comparable with information provided in prior years. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different and our calculation may need to be revised.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: experience differing from that anticipated by the economic or demographic assumptions; increases or decreases expected as part of the natural

operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the System's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts for the City. Actuarial computations presented in this report under GASB Statements No. 25 and 27 are for purposes of fulfilling financial accounting requirements. The computations prepared for these two purposes may differ as disclosed in our report. The calculations in the enclosed report have been made on a basis consistent with our understanding of the City's funding requirements and goals. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

The consultants who worked on this assignment are pension actuaries. CMC's advice is not intended to be a substitute for qualified legal or accounting counsel.

This is to certify that the independent consulting actuaries are members of the American Academy of Actuaries, have experience in performing valuations for public retirement plans, and meet the qualification standards of the American Academy of Actuaries to render the actuarial opinion contained herein. The valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board and the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement plan and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System. The Board of Trustees has the final decision regarding the appropriateness of the assumptions and adopted them as indicated in Appendix B.

We respectfully submit the following report and look forward to discussing it with you.

Sincerely,

Patrice Beckham

Brent A. Banister

Patrice A. Beckham, FSA, EA, FCA, MAAA
Consulting Actuary

Brent A. Banister, PhD, FSA, EA, FCA, MAAA
Senior Actuary

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EXECUTIVE SUMMARY

This report presents the results of the January 1, 2011 actuarial valuation of the City of Omaha Police and Fire Retirement System. The primary purposes of performing the valuation are:

- to estimate the liabilities for the future benefits expected to be provided by the System;
- to determine the actuarial contribution level, based on the System's funding policy;
- to measure and disclose various asset and liability measures;
- to monitor any deviation between actual plan experience and experience predicted by the actuarial assumptions, so that recommendations for assumption changes can be made when appropriate;
- to analyze and report on any significant trends in contributions, assets and liabilities over the past several years.

The actuarial assumptions reflected in this report are unchanged from last year's report. However, significant changes to the benefit structure for Police members are first reflected in this valuation. The contract signed with the police union in September 2010 provided for significant increases to the future contributions to the System as well as significant reductions to the benefit provisions for current and future police members which lowered the cost of the System. The changes in the plan provisions for police members resulted in a decrease in the unfunded actuarial liability of $52 million and a decrease in the normal cost rate of 5.23% (for police members). The contribution shortfall for 2011 is down to 18.71% from 28.16% last year, a dramatic improvement. The changes in the police contract are expected to produce a significant improvement in the sustainability of the System over the long term. The full impact of the provisions of the police contract are not reflected in this valuation because some of the benefit changes are effective only for new hires and, thus, will unfold over time as new hires replace current active members. As of the date this report was issued, a contract has not been finalized with the fire union, so the same benefit structure as last year was used in this valuation. Based upon the studies conducted by the prior actuary, if similar changes are made to the benefit provisions for fire members, the System's long term funding outlook will be further improved and expected to become fully funded in about 45 years if all actuarial assumptions are met.

This is the first valuation prepared by Cavanaugh Macdonald Consulting, LLC (CMC). As part of our transition work, we replicated the January 1, 2010 actuarial valuation. Results were well within acceptable limits, but there were differences in the key valuation results. The normal cost rate determined by CMC was 28.18% versus 28.91% by Milliman. The unfunded actuarial liability, calculated by CMC, was very close (0.25% or $2.6 million) to that shown in the January 1, 2010 actuarial valuation report. These differences are neither unusual nor significant. It is very common for differences in valuation results to occur due to the use of different pension valuation software.

The actuarial valuation results provide a "snapshot" view of the System's financial condition on January 1, 2011. The valuation results reflect net favorable experience for the past plan year as demonstrated by an unfunded actuarial liability that was lower than expected based on the actuarial assumptions used in the January 1, 2010 actuarial valuation. Unfavorable experience on the actuarial value of assets resulted in a loss of $1.8 million and favorable experience on liabilities resulted in a gain of $11.1 million. Net experience was an actuarial gain of $9.3 million.

EXECUTIVE SUMMARY

The System uses an asset smoothing method in the valuation process. As a result, the System's funded status and the recommended contribution are based on the actuarial (smoothed) value of assets – not the pure market value. The significant investment losses that occurred in 2008 have almost been completely recognized in the smoothing process. The investment return on the market value of assets during 2010 was about 16%, which exceeded the assumed rate of 8.00%. However, due to the existing deferred investment loss at January 1, 2010 ($35 million), the rate of return on the actuarial value of assets was about 7.6%. The investment return in 2010 that was in excess of 8.00% served to decrease the amount of the unrecognized investment loss at January 1, 2011. In addition, part of the remaining loss is recognized in the 2011 valuation by application of the smoothing method. As of January 1, 2011, the actuarial value of assets exceeds the market value by only $3.5 million or 0.8% so a small deferred investment loss still exists. Actual returns over the next few years will determine if and how, the $3.5 million of deferred investment loss is recognized. For example, a return of 9.4% on the market value of assets in 2011 would result in a return of 8.00% on the actuarial value of assets.

ASSETS

As of January 1, 2011, the System had total funds of $452.6 million, when measured on a market value basis. This was an increase of $47.2 million from the prior year, and represents an approximate 16% rate of return.

The market value of assets is not used directly in the actuarial calculation of the System's funded status and the recommended contribution. An asset valuation method is used to smooth the effects of market fluctuations. The actuarial value of assets is equal to the expected asset value (based on last year's actuarial value of assets, net cash flows and a rate of return equal to the actuarial assumed rate of 8.00%) plus 1/3 of the difference between the actual market value and the expected asset value. See Exhibit 2 for the detailed development of the actuarial value of assets as of January 1, 2011. Although part of the deferred investment loss from 2008 was recognized this year, the rate of return on the actuarial value of assets was almost 8%. The portion of deferred asset loss recognized during the calculation of the January 1, 2011 actuarial value of assets resulted in an actuarial loss of $1.8 million.

The components of the change in the market value and actuarial value of assets are shown below:

	Market Value ($M)		Actuarial Value ($M)	
Net Assets, January 1, 2010	**$**	405.4	**$**	440.5
• City and Member Contributions	+	40.5	+	40.5
• Benefit Payments and Refunds	–	57.6	–	57.6
• Investment Gain/(Loss)	+	64.3	+	32.8
Net Assets, January 1, 2011		452.6		456.2
Estimated Net Rate of Return		16.3%		7.6%

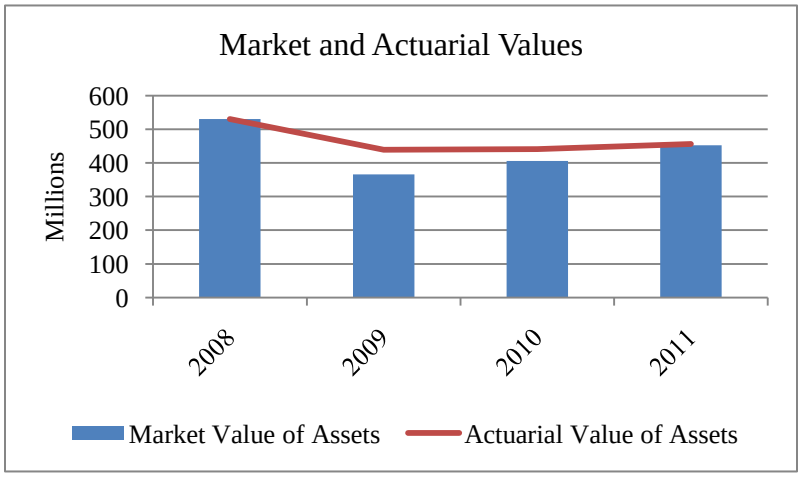
EXECUTIVE SUMMARY

The total investment loss not recognized as of January 1, 2011 is $3.5 million, down from $35.1 million in last year's valuation. These unrecognized losses will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years, to the extent they are not offset by the recognition of gains derived from future experience. This means that earning the assumed rate of investment return of 8.00% per year (net of investment expenses) on a market value basis will result in a small actuarial loss on the actuarial value of assets in the next few years.

The unrecognized investment losses represent about 0.8% of the market value of assets (down significantly from 8.7% in the 2010 valuation). Unless offset by future investment gains or other favorable experience, the recognition of the $3.5 million loss is expected to have some impact on the future unfunded actuarial liability and the actuarial contribution requirement. If the deferred losses were recognized immediately in the actuarial value assets, the unfunded actuarial liability would increase by $4 million to $563 million, the funded percentage would decrease from 45% to 44% and the actuarially determined contribution would increase from 63.47% to 63.67%.

A comparison of asset values on both a market and actuarial basis for the last four years is shown below.

	January 1 ($M)			
	2011	2010	2009	2008
Market Value of Assets	$453	$405	$366	$530
Actuarial Value of Assets	$456	$440	$439	$530
Actuarial Value/Market Value	101%	109%	120%	100%



An asset smoothing method is used to mitigate the volatility in the market value of assets. By using a smoothing method, the actuarial (or smoothed) value can be either above or below the pure market value. The significant investment losses in 2008 resulted in the actuarial value of assets being above the market value for the last three years.

LIABILITIES

The first step in determining the contribution level for the System is to calculate the liabilities for all expected future benefit payments. These liabilities represent the present value of future benefits (PVFB) expected to be earned by the current members, assuming that all actuarial assumptions are realized. Thus, the PVFB reflects future service and salary increases that are expected to occur in the future before a benefit becomes payable. The PVFB components can be found in the liabilities portion of the valuation balance sheet (see Exhibit 3).

The other critical measurement of System liabilities in the valuation process is the actuarial liability (AL). This is the portion of the PVFB that will not be paid by the future normal costs (i.e. it is the portion of the PVFB that is allocated to past service). As of January 1, 2011, the actuarial liability for the System was $1,028,866,353 and the actuarial value of assets was $456,158,774. The unfunded actuarial liability was $572,707,579.

The following chart compares the Actuarial Liability (AL) and assets for the current and prior valuation.

	As of January 1	
	2011	2010
Actuarial Liability (AL)	$1,028,866,353	$1,034,716,125
Assets at Actuarial Value	$456,158,774	$440,478,409
Unfunded Actuarial Liability (AVA)	$572,707,579	$594,237,716
Funded Ratio (Actuarial Value)	44%	43%
Assets at Market Value	$452,640,303	$405,390,038
Unfunded Actuarial Liability (MVA)	$576,226,050	$629,326,087
Funded Ratio (Market Value)	44%	39%

EXPERIENCE FOR THE 2010 PLAN YEAR

The difference between the actuarial liability and the actuarial value of assets at the same date is referred to as the unfunded actuarial liability (UAL). Benefit improvements, experience gains/losses, changes in the actuarial assumptions, and actual contributions made will impact the amount of the unfunded actuarial liability.

Actuarial gains (or losses) result from actual experience that is more (or less) favorable than anticipated based on the actuarial assumptions. These "experience" (or actuarial) gains or losses are reflected in the unfunded actuarial liability and are measured as the difference between the expected unfunded actuarial liability and the actual unfunded actuarial liability, taking into account any changes due to assumption or benefit provision changes. The experience, in total, was favorable (a lower unfunded actuarial liability than expected). There was an actuarial loss of around $1.8 million on the actuarial value of assets and an actuarial gain of about $11.1 million on liabilities largely due to salary increases lower than expected based on the actuarial assumptions.

The change in the unfunded actuarial liability between January 1, 2010 and 2011 is shown below (in millions):

Unfunded Actuarial Liability, January 1, 2010	$594
• Expected change in UAL	6
• Contribution shortfall in 2010	32
• Investment experience	2
• Demographic experience	(11)
• Other experience	1
• Change in actuarial firms	1
• Changes in plan provisions	(52)
• Change in actuarial assumptions / methods	0
Unfunded Actuarial Liability, January 1, 2011	$573

Due to the use of an asset smoothing method, there are deferred investment losses from 2008 which have not been recognized in prior valuations. As a result, there was an actuarial loss on investment experience despite a return on the market value of assets of around 16%, which was above the 8.00% assumption. This investment return on the actuarial value of assets was slightly less than 8%, which increased the unfunded actuarial liability by $2 million. It was offset by favorable demographic experience ($11 million) which was primarily attributable to lower salary increases than expected.

CONTRIBUTION LEVELS

The annual contribution to the System is composed of two parts:

(1) The normal cost (which is the allocation of costs attributed to the current year's membership service) and,
(2) The amortization payment on the Unfunded Actuarial Liability.

The normal cost rate is independent of the System's funded status and represents the cost, as a percent of payroll, of the benefits provided by the System which is allocated to the current year of service. The total normal cost for the System is 25.836% of pay, or about $27.1 million this year. When offset by the expected employee contributions, the employer portion of the normal cost is 9.923% of pay, or about $10.4 million. The normal cost represents the long-term cost of the benefit structure in the System. The normal cost declined from 28.91% in last year's valuation largely because of the change in the benefit structure for police members.

The System's total actuarially determined contribution rate (payable as a % of member payroll) decreased by 1.39% of pay to 63.47% on January 1, 2011, from 64.86% on January 1, 2010. The primary components of this change are as follows:

	Rate	
Total Actuarial Contribution Rate, January 1, 2010	64.86	%
• Actuarial (Gain) / Loss - Investment Experience	0.11	
• Actuarial (Gain) / Loss - Other Experience	(0.20)	
• Change In Actuarial Firms	(0.59)	
• Assumption Changes	0.00	
• Plan Benefit Changes (police only)	(3.78)	
• Contributions Less Than Actuarial Rate	3.07	
Total Actuarial Contribution Rate, January 1, 2011	63.47	%

As the result of plan experience during 2010, the System has an unfunded actuarial liability of $573 million (actuarial liability is greater than actuarial assets). The City makes scheduled payments of $1,327,600 annually through the year 2028. The present value of these contributions was applied to the Unfunded Actuarial Liability (UAL) to determine the amount of the UAL to be funded as a percent of payroll (contribution rates). The adjusted unfunded actuarial liability to be financed as contributions that are a level percent of pay is being funded over a closed 30-year period beginning January 1, 2003. Twenty-two years remain as of the valuation data. The resulting payment is 37.633% of pay. As a result, the total contribution for 2011 is 63.469% of pay (25.836% + 37.633%). The scheduled contributions for the year are 44.759%. The resulting contribution shortfall is 18.710% of pay.

COMMENTS

The System's funding has been of grave concern for the past several years. A significant amount of time and effort has been expended over the last few years to address the long term funding problem of the System. The contract signed with the police union in September 2010 provided for significant increases to the future contributions to the System as well as significant reductions to the benefit provisions for current and future police members which lowered the cost of the System. The changes in the plan provisions for police members resulted in a decrease in the unfunded actuarial liability of $52 million and a decrease in the normal cost rate of 5.23% (for police members only). The contribution shortfall for 2011 is down to 18.71% from 28.16% last year, a dramatic improvement. The changes in the police contract are expected to produce a significant improvement in the sustainability of the System over the long term. The full impact of the provisions of the police contract are not reflected in this valuation because some of the benefit changes are effective only for new hires and, thus, will unfold over time as new hires replace current active members. However, even with these changes, the contribution shortfall for 2011 is significant, representing about $20 million. As of the date this report was issued, a contract has not been finalized with the fire union, so the same benefit structure as last year was used in this valuation. Therefore, the impact of the changes in the plan provisions for police members was mitigated by the fire members continuing under the prior benefit structure. Based upon the studies conducted by the prior actuary, if similar changes are made to the benefit provisions for fire members, the System's long term funding outlook will be further improved and the System is expected to become fully funded in about 45 years if all actuarial assumptions are met.

Another year of strong investment performance (17% return) nearly eliminated the deferred investment loss that remained from the 2008 plan year. On January 1, 2011, the actuarial value of assets was $456 million and the market value of assets was $453 million, a small difference of $3 million. Although it is good news that the deferred investment losses are down to $3 million, the funded ratio of the system is still very low. It increased to 45% on a market value basis in the 2011 valuation from 39% in the 2010 actuarial valuation. There was also a gain on actuarial liabilities in the 2011 valuation, largely due to salary increases that were lower than expected. The favorable investment and demographic experience, along with the plan changes improved the System's funded status and reduced the amount of the contribution shortfall.

The actual contributions to the System for 2010 of 21.76% of pay were significantly below the actuarial contribution rate of 49.92% of pay. This shortfall in the contribution rate of 28.16% of pay, or about $32 million, resulted in an increase in the unfunded actuarial liability. The actuarial contribution rate in the 2011 valuation is 47.556% compared to the contribution rate in the City ordinance of 28.846%, which results in a shortfall of 18.710% of pay or $20 million.

Absent contributions at the full actuarial contribution rate, the UAL is expected to increase by the shortfall, and the actuarial contribution rate is also expected to increase. The funded status is also expected to decline. If the fire members negotiate a contract similar to the police, the actuarial contribution rate will decline. However, even that would require some time before the contribution

shortfall is eliminated as the impact of changes for new hires will be reflected over time as new members are hired.

As mentioned earlier in this report, the System uses an asset smoothing method in the actuarial valuation. While this is a very common procedure for public retirement systems, it is important to be aware of the potential impact of the unrecognized investment experience. Although there is a very small difference between the actuarial and market value of assets, the key valuation results from the 2011 valuation are shown below using both the actuarial and market value of assets to provide full disclosure of the funded status of the System:

$ Millions

	Using Actuarial Value of Assets	**Using Market Value of Assets**
Actuarial Liability	$1,028.9	$1,028.9
Asset Value	456.2	452.6
Unfunded Actuarial Liability	572.7	576.3
Present Value of Prior Service Payments	12.9	12.9
Unfunded Actuarial Liability for Funding	559.8	563.4
Funded Ratio	44.9%	44.5%
Normal Cost Rate	25.836%	25.836%
UAL Contribution Rate	37.633%	37.900%
Actuarial Contribution Rate	63.469%	63.736%

THE CITY OF OMAHA POLICE AND FIRE RETIREMENT SYSTEM

PRINCIPAL VALUATION RESULTS

	January 1, 2011	January 1, 2010	% Chg
MEMBERSHIP			
1. Active Membership			
- Number of Members	1,422	1,431	-0.6
- Projected Payroll for Upcoming Fiscal Year	$105,025,610	$110,963,955	-5.4
- Average Projected Payroll	$73,858	$77,543	-4.8
- Average Attained Age	38.6	38.2	1.2
- Average Entry Age	28.5	28.4	0.4
2. Inactive Membership			
- Number of Retirees / Beneficiaries	1,214	1,175	3.3
- Number of Disabilities	240	248	-3.2
- Number of Deferred Vesteds	9	7	28.6
- Average Annual Benefit	$47,241	$41,115	14.9
ASSETS AND LIABILITIES			
1. Net Assets			
- Market Value	$452,640,303	$405,390,038	11.7
- Actuarial Value	$456,158,774	$440,478,409	3.6
2. Projected Liabilities			
- Retired Members and Beneficiaries	$605,177,340	$577,069,521	4.9
- Disabled Members	$77,493,728	$76,594,310	1.2
- Other Inactive Members	$3,080,341	$1,641,621	87.6
- Active Members	$619,615,592	$712,662,498	-13.1
- Total Liability	$1,305,367,001	$1,367,967,950	-4.6
3. Actuarial Liability	$1,028,866,353	$1,034,716,125	-0.6
4. Unfunded Actuarial Liability	$572,707,579	$594,237,716	-3.6
5. Funded Ratios			
Actuarial Value Assets / Actuarial Liability	44.34%	42.57%	4.1
Market Value Assets / Actuarial Liability	43.99%	39.18%	12.3
CONTRIBUTIONS			
1. Normal Cost Rate	25.836%	28.91%	-10.6
2. UAL Rate	37.633%	35.95%	4.7
3. Total Contribution Rate (1) + (2)	63.469%	64.86%	-2.1
4. Less Employee Contribution Rate	(15.913%)	(14.94)%	6.5
5. Less City Contribution Per Ordinance	(27.582%)	(20.56)%	34.1
6. Less City Past Service Payment	(1.264%)	(1.20)%	5.3
7. Contribution Shortfall	18.710%	28.16%	-33.6

EXHIBIT 1

SUMMARY OF FUND ACTIVITY

(Market Value Basis)

For Year Ended December 31, 2010

Assets at January 1, 2010	$	405,390,038
Receipts:		
City Contributions		24,183,614
Employee Contributions		16,271,773
Investment Income		66,858,792
Total Receipts		107,314,179
Disbursements:		
Benefits Paid to Members		57,570,141
Investment Fees		2,481,747
Other		12,026
Total Disbursements		60,063,914
Assets as of December 31, 2010	$	452,640,303
Annualized Yield		
- Gross		16.9%
- Net of Expenses		16.3%

EXHIBIT 2

DETERMINATION OF ACTUARIAL VALUE OF ASSETS

The actuarial value of assets is used to minimize the impact of annual fluctuations in the market value of investments on the contribution rate. The current asset valuation method is called the "Expected +33% Method".

The "expected value" of assets is determined by applying the investment return assumption to last year's actuarial value of assets and the net difference of receipts and disbursements for the year. The actual market value is compared to the expected value and 33% of the difference (positive or negative) is added to the expected value to arrive at the actuarial value of assets for the current year.

1.	Actuarial Value of Assets as of January 1, 2010	$	440,478,409
2.	Actual Receipts / Disbursements		
	a. Total Contributions		40,455,387
	b. Benefit Payments		(57,582,167)
	c. Net Change		(17,126,780)
3.	Expected Actuarial Value of Assets as of January 1, 2011 { (1) * 1.08} + {(2c) * $1.08^{½}$}		457,918,010
4.	Market Value of Assets as of January 1, 2011		452,640,303
5.	Excess of Market Value over Expected Value as of January 1, 2011		(5,277,707)
6.	Preliminary Actuarial Value of Assets as of January 1, 2011 [(3) + 1/3 of (5)]		456,158,774
7.	Calculation of 20% Corridor		
	a. 80% of (4)		362,112,242
	b. 120% of (4)		543,168,364
8.	Final Actuarial Value of Assets as of January 1, 2011 (6), but not < (7a), nor > (7b)	$	456,158,774
9.	Rate of Return on Actuarial Value of Assets		7.6%

EXHIBIT 2 (continued)

A historical comparison of the market and actuarial value of assets is shown below:

Date	Market Value of Assets (MVA)	Actuarial Value of Assets (AVA)	AVA / MVA
1/1/2008	529,923,390	530,493,413	100.1%
1/1/2009	365,923,877	439,108,652	120.0%
1/1/2010	405,390,038	440,478,409	108.7%
1/1/2011	452,640,303	456,158,774	100.8%

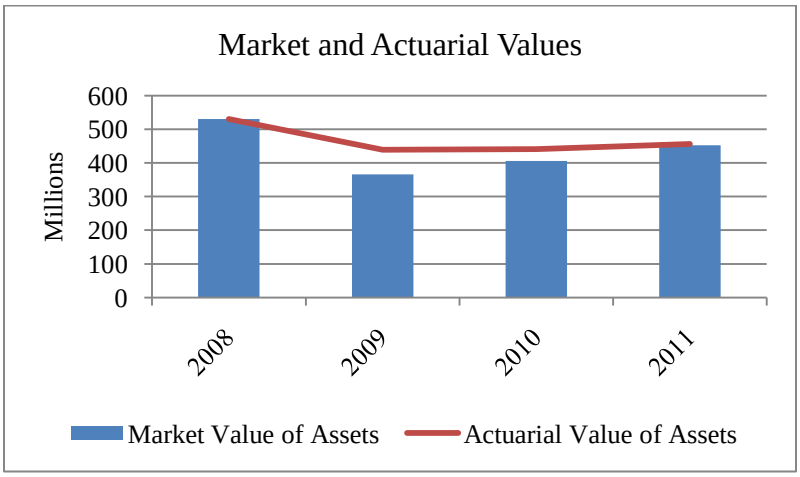


EXHIBIT 3

ACTUARIAL BALANCE SHEET

An actuarial statement of the status of the plan in balance sheet form as of January 1, 2011 is as follows:

Assets

Current assets (actuarial value)		$ 456,158,774
Present value of future normal costs		276,500,648
Present value of future contributions to fund unfunded actuarial liability		572,707,579
Total Assets		$ 1,305,367,001

Liabilities

Present value of future retirement benefits for:

Active employees	$ 605,784,973	
Retired employees, contingent annuitants and spouses receiving benefits	605,177,340	
Deferred vested employees	3,022,765	
Inactive employees due refunds	57,576	
Inactive employees – disabled	77,493,728	
Total		$ 1,291,536,382
Present value of future death benefits payable upon death of active members		8,322,483
Present value of future benefits payable upon termination of active members		5,508,136
Total Liabilities		$ 1,305,367,001

EXHIBIT 4

UNFUNDED ACTUARIAL LIABILITY

As of January 1, 2011

The actuarial liability is the portion of the present value of future benefits which will not be paid by future normal costs. The actuarial value of assets is subtracted from the actuarial liability to determine the unfunded actuarial liability.

The City makes scheduled payments of $1,327,600 annually through the year 2028. The present value of these contributions was applied to the Unfunded Actuarial Liability (UAL) to determine the amount of the UAL to be funded as a percent of payroll (contribution rates).

1. Present Value of Future Benefits	$	1,305,367,001
2. Present Value of Future Normal Costs		276,500,648
3. Actuarial Liability (1) – (2)		1,028,866,353
4. Actuarial Value of Assets		456,158,774
5. Unfunded Actuarial Liability (3) – (4)		572,707,579
6. Present Value of Prior Service Payments		12,930,228
7. Adjusted Unfunded Actuarial Liability (Payable from Payroll Related Contributions) (5) – (6)	$	559,777,351

EXHIBIT 5

CALCULATION OF ACTUARIAL GAIN / (LOSS)

For Plan Year Ending December 31, 2010

Liabilities		
1. Actuarial liability less prior service payments as of January 1, 2010	$	1,021,751,679
2. Normal cost as of January 1, 2010		31,574,892
3. Interest at 8.00% on (1) and (2) to December 31, 2010		84,266,126
4. Benefit payments during 2010		57,582,167
5. Interest on benefit payments		2,258,976
6. Decrease due to change in benefit provisions		(52,197,182)
7. Increase due to change in actuary		1,463,820
8. Expected actuarial liability as of December 31, 2010 (1) + (2) + (3) - (4) - (5) + (6) + (7)		1,027,018,192
9. Actuarial liability less prior service payments as of December 31, 2010		1,015,936,125
Assets		
10. Actuarial value of assets as of January 1, 2010		440,478,409
11. Contributions during 2010		40,455,387
12. Benefit payments during 2010		57,582,167
13. Interest on items (10), (11) and (12)		34,566,381
14. Expected actuarial value of assets as of December 31, 2010 (10) + (11) - (12) + (13)		457,918,010
15. Actual actuarial value of assets as of December 31, 2010		456,158,774
(Gain) / Loss		
16. Expected unfunded actuarial liability / (surplus) (8) – (14)		569,100,182
17. Actual unfunded actuarial liability / (surplus) (9) – (15)		559,777,351
18. Actuarial (Gain) / Loss (17) – (16)		(9,322,831)
19. Actuarial (Gain) / Loss on Actuarial Assets (14) – (15)		1,759,236
20. Actuarial (Gain) / Loss on Actuarial Liability (9) – (8)		(11,082,067)

EXHIBIT 6

DEVELOPMENT OF 2011 ACTUARIAL CONTRIBUTION RATE

The actuarial cost method used to determine the required level of annual contributions to support the expected benefits is the Entry Age Normal Cost Method. Under this method, the total cost is comprised of the normal cost rate and the unfunded actuarial liability (UAL) payment. The System is financed by contributions from the employees and the City.

1.	(a)	Normal Cost	$ 26,530,449
	(b)	Covered Payroll	$ 102,689,613
	(c)	Normal Cost Rate (a) / (b)	25.836%
2.		Unfunded Actuarial Liability / (Surplus) at Valuation Date	$ 559,777,351
3.		Amortization Factor Level Percent of Payroll over 22 Years*	15.23005
4.		Unfunded Actuarial Liability / (Surplus) Payment [(2) / (3)] x $1.08^{½}$	$ 38,196,702
5.		Prior Service Payment	1,327,600
6.		Total Projected Payroll for the Year	$ 105,025,610
7.		Unfunded Liability and Prior Service Payments as Percent of Pay [(4) + (5)] / (6)	37.633%
8.		Total Contribution Rate (1c) + (7)	63.469%
9.		Employee Contribution Rate	15.913%
10.		City Ordinance Contribution Rate	27.582%
11.		City Past Service Contribution Rate	1.264%
12.		Contribution Shortfall (8) – (9) – (10) – (11)	18.710%

*This assumes all actuarial assumptions are met in the future, including a 4% increase in total covered payroll.

EXHIBIT 7

ANALYSIS OF EXPERIENCE

The purpose of conducting an actuarial valuation of a retirement plan is to estimate the costs and liabilities for the benefits expected to be paid from the plan, to determine the annual level of contribution for the current plan year that should be made to support these benefits and, finally, to analyze the plan's experience. The costs and liabilities of this retirement plan depend not only upon the benefit formula and plan provisions but also upon factors such as the investment return on the Fund, mortality rates among active and retired members, withdrawal and retirement rates among active members, rates at which salaries increase and the rate at which the cost of living increases.

The actuarial assumptions employed as to these and other contingencies in the current valuation are set forth in Appendix B of this report.

Since the overall results of the valuation will reflect the choice of assumptions made, periodic studies of the various components compromising the plan's experience are conducted in which the experience for each component is analyzed in relation to the assumption used for that component (experience study). This summary is not intended to be an actual "experience study", but rather an analysis of sources of gain and loss in the past plan year.

Gain/(Loss) By Source

The System experienced a net actuarial gain on liabilities of $11,083,067 during the plan year ended December 31, 2010, which was partially offset by the actuarial loss on assets of $1,759,236. The net actuarial loss was $9,322,831. The major components of this net actuarial experience (loss) are shown below:

Liability Sources		**Gain/(Loss)**
Salary Increases	$	11,781,322
Mortality		4,126,309
Terminations		(72,499)
Retirements		(3,576,576)
Disability		1,551,236
New Entrants/Rehires		(450,941)
Miscellaneous		(2,276,784)
Total Liability Gain/(Loss)	$	11,082,067
Asset Gain/(Loss)	$	(1,759,236)
Net Actuarial Gain/(Loss)	$	9,322,831

SECTION II

SYSTEM ACCOUNTING INFORMATION

In an effort to enhance the understandability and usefulness of the pension information that is included in the financial reports of pension plans for state and local governments, the Governmental Accounting Standards Board (GASB) has issued Statement No. 25 – Financial Reporting for Defined Benefit Pension Plans and Statement No. 27 – Accounting for Pension by State and Local Governmental Employers.

GASB Statement No. 25 establishes a financial reporting framework for defined benefit plans. In addition to two required statements regarding plan assets, the statement requires two schedules and accompanying notes disclosing information relative to the funded status of the plan and historical contribution patterns.

- The Schedule of Funding Progress provides historical information about the funded status of the plan and the progress being made in accumulating sufficient assets to pay benefits when due.
- The Schedule of Employer Contributions provides historical information about the annual required contribution (ARC) and the percentage of the ARC that was actually contributed.

GASB Statement No. 27 establishes standards for the measurement, recognition, and display of pension expense and related liabilities. Annual pension cost is measured and disclosed on the accrual basis of accounting. In general, the annual pension cost is equal to the ARC with adjustments for past under-contributions or over-contributions. These adjustments are based on the net pension obligation (NPO) that represents the cumulative difference since 1987 between the annual pension cost and the actual contributions to the plan. The first adjustment is equal to interest on the NPO which is added to the ARC. The second adjustment is an amortization of the NPO which is deducted from the ARC. Effective January 1, 2003 the System uses the Entry Age Normal method to determine the ARC and the unfunded actuarial liability (or surplus) is amortized as a level percentage of payroll.

EXHIBIT 8

SCHEDULE OF EMPLOYER CONTRIBUTIONS

In accordance with Statement No. 25 of the Governmental Accounting Standards Board

Fiscal Year Ending	Annual Required Contribution* (a)	Total Employer Contribution* (b)	Percentage of ARC Contributed (b/a)
12/31/2005	$ 26,255,804	$ 17,762,209	67.65%
12/31/2006	31,102,053	20,171,610	64.86%
12/31/2007	34,842,280	20,699,211	59.41%
12/31/2008	38,073,021	21,700,806	57.00%
12/31/2009	50,507,561	22,701,608	44.95%
12/31/2010	55,488,062	24,183,493	43.58%

*This information was provided by the prior actuary and has not been reviewed or verified by Cavanaugh Macdonald Consulting.

Notes to the Required Schedules:

1. The traditional Entry Age Normal cost method is used.

2. The actuarial value of assets is determined based on a method that smoothes the effects of short term volatility in the market value investments. The actuarial value is equal to the expected value, based on the assumed rate of return, plus 1/3 of the difference between market and expected values. A corridor of 80% to 120% of market value is also applied.

3. Economic assumptions are as follows:
   Investment return rate: 8.00%
   Salary increase rates: from 6.5% at 1 year of service to 4% at 30 years of service
   Inflation rate: 3.5%
   Payroll growth: 4.00%
   Post-retirement benefit increases: the lesser of 3% or $50 ($65 for Fire retirements after June 30, 2007). The increase will be made annually, beginning in the 13th month of retirement.

4. The amortization method is a closed 30 year period, level percentage of payroll (the unfunded actuarial liability is amortized over 22 years as of January 1, 2011).

EXHIBIT 9

DEVELOPMENT OF THE NET PENSION OBLIGATION IN ACCORDANCE WITH GASB STATEMENT NO. 27

Fiscal Year End:	12/31/2004	12/31/2005	12/31/2006	12/31/2007	12/31/2008	12/31/2009	12/31/2010	12/31/2011
Assumptions and Methods								
Interest Rate	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Payroll Growth	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Amortization Period (years)	30	30	30	30	30	30	30	22
Cost Method	EA Normal	EA Normal	EA Normal	EA Normal	EA Normal	EA Normal	EA Normal	EA Normal
Annual Pension Cost								
Annual Required Contribution (ARC)	$22,487,399	$26,255,804	$31,102,053	$34,842,280	$38,073,021	$50,507,561	$55,488,062	$49,945,979
Interest on NPO	543,111	1,000,069	1,670,728	2,530,416	3,639,524	4,917,174	7,098,244	9,539,950
Adjustment to ARC	(603,040)	(1,110,419)	(1,855,081)	(2,809,629)	(4,041,120)	(5,459,749)	(7,881,485)	(8,788,008)
Annual Pension Cost	$22,427,470	$26,145,454	$30,917,700	$34,563,067	$37,671,425	$49,964,986	$54,704,821	$50,697,921
Contribution for the Year	$16,715,500	$17,762,209	$20,171,610	$20,699,211	$21,700,806	$22,701,608	$24,183,493	TBD
Net Pension Obligation (NPO)								
NPO at beginning of year	$6,788,891	$12,500,861	$20,884,105	$31,630,195	$45,494,051	$61,464,670	$88,728,048	$119,249,376
Annual Pension Cost for Year	22,427,470	26,145,454	30,917,700	34,563,067	37,671,425	49,964,986	54,704,821	50,697,921
Contributions for year	(16,715,500)	(17,762,209)	(20,171,610)	(20,699,211)	(21,700,806)	(22,701,608)	(24,183,493)	TBD
NPO at end of year	$12,500,861	$20,884,105	$31,630,195	$45,494,051	$61,464,670	$88,728,048	$119,249,376	TBD

Note: All information prior to 2011 in this exhibit was provided by the prior actuary and has not been reviewed or verified by Cavanaugh Macdonald Consulting LLC.

EXHIBIT 10

SCHEDULE OF FUNDING PROGRESS

In Accordance with Statement No. 25 of the Governmental Accounting Standards Board

Actuarial Valuation Date[1]	Market Value of Assets[2] (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL)[3] (b-a)	Funded Ratio (a / b)	Covered Payroll (P / R) (c)	UAAL as a Percentage of Covered P / R [(b-a) / c]
12/31/2005	$453,300,000	$703,800,000	$250,500,000	64.4%	$86,800,000	288.6%
12/31/2006	507,600,000	801,100,000	293,500,000	63.4%	91,700,000	320.1%
12/31/2007	530,800,000	882,700,000	351,900,000	60.1%	99,600,000	353.3%
12/31/2008	365,900,000	947,600,000	581,700,000	38.6%	99,500,000	584.6%
12/31/2009	405,400,000	1,026,200,000	620,800,000	39.5%	103,900,000	597.5%
12/31/2010	452,600,000	1,093,300,000	640,700,000	41.4%	111,200,000	576.2%
1/1/2011	456,158,774	1,028,866,353	572,707,579	44.3%	105,025,610	545.3%

1. Results prior to 2011 were provided by the prior actuary and were reported at the end of the year rather than the valuation date. All information prior to 2011 in this exhibit was provided by the prior actuary and has not been reviewed or verified by Cavanaugh Macdonald Consulting LLC

2. The prior actuary reported the market value of assets in column (a). Our understanding of GASB 25/27 is that the valuation methodology should be used for GASB calculations to the extent it complies with GASB 25 parameters. Information reported as of 1/1/2011 and later reflects the valuation methodology including the actuarial value of assets.

3. As of 1/1/2011 the Present Value of Prior Service Payments is not reflected in the Unfunded AAL. For the calculation of the Unfunded AAL used for funded purposes, please refer to Exhibit 4 on page 13 of this report.

EXHIBIT 11

THREE-YEAR TREND INFORMATION

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2008	$37,671,425	58%	$61,464,670
12/31/2009	49,964,986	45%	88,728,048
12/31/2010	54,704,821	44%	119,249,376

*All information prior to 2011 in this exhibit was provided by the prior actuary and has not been reviewed or verified by Cavanaugh Macdonald Consulting LLC.

APPENDIX A

SUMMARY OF PLAN PROVISIONS

Average Final Monthly Compensation: Section 22 - 63	Fire: Highest average monthly compensation during any consecutive twenty-six (26) pay periods out of the last five years of service as a member of the system for which service credit had been earned. Police: Pensionable pay excludes certain overtime pay. For those hired before January 1, 2010, an adjustment is made to include a career average of overtime pay. For those who were age 45 and had at least twenty years of service as of January 1, 2010, highest average monthly compensation is calculated using the highest consecutive twenty-six (26) pay periods out of the last five years of service as a member of the system for which service credit had been earned. All others use the highest seventy-eight (78) pay periods with the final 130 pay periods of service.
Career Overtime Average (COTA):	Police only: Each hour an employee earns for overtime is computed back to their date of hire or 1991 (whichever is later) and divided by the number of years the employee worked after December 31, 1990. This amount shall be included in the member's pension calculation.
Member Contributions: Section 22 – 73(a) Section 22 - 68	Rates effective January 1, 2011 Police: 16.35% of total monthly salary for police, scheduled to reduce to 15.35% on January 1, 2014 Fire: 15.40% of total monthly salary for fire.
City of Omaha Contributions: Section 22 – 73(b)	Rates effective January 1, 2011 Police: 33.17% of each members total monthly salary for police, increasing to 33.67% in 2012. Fire: 21.015% of each members total monthly salary for fire. In addition, the City shall make contributions of $1,327,600 annually through the year 2028.
Service Retirement Eligibility Section 22 - 75	Police: After age 55 and 10 years of service or age 45 and 20 years of service. Members hired after January 1, 2010 must be 50 rather than 45. If returning with less than 30 years of service a 7% reduction is applied for each year prior to age 55. Fire: Age 55 and 10 years of service or age 50 and 20 years of service. Age 45 and 25 years of service.

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued

Service Retirement Pension
Section 22 - 76

For Police with at least 20 years of service as of latest contract effective date **and all Fire members**, the following schedule applies.

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	45**	55%*
25 years	45	75%

*55% at 20 years of service, plus 2% for each additional six months of service after 20 years and before 25 years.

** The minimum retirement age with less than 25 years is 50 for Fire.

For police who did not have 20 years of service as of the latest contract effective date, the following schedule applies:

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	45	50%*
25 but less than 30	45	70%**
30 years	45	75%

*50% at 20 years of service, plus 2% for each additional six months of service after 20 years and before 25 years.

**70% at 25 years of service, plus 1% for each additional six months of service after 25 years and before 27 years, with an additional 0.5% 29 and 30 years, for a maximum of 75%.

APPENDIX A
SUMMARY OF PLAN PROVISIONS
(continued)

For police hired after January 1, 2010, the following schedule applies:

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	50	50%*
25 but less than 30	50	65%**
30 years	50	75%

*50% at 20 years of service, plus 1.5% for each additional six months of service after 20 years and before 25 years. Early retirement reduction applies if less than 30 years of service.

**65% at 25 years of service, plus 1% for each additional six months of service after 25 years and before 30 years. Early retirement reduction applies if less tan 30 years of service.

Cost of Living Adjustment (COLA):

The monthly pension shall be increased by the lesser of 3% or $50 ($65 for Fire retirements after June 30, 2007). The increase will be made annually, beginning in the 13th month of retirement.

Deferred Retirement Option Program (DROP):

Police only: A DROP program was instituted with the last contract. After three years, this will be reviewed to determine if it is cost neutral before continuing it. Members may participate in the DROP for three to five years once they reach retirement eligibility with a minimum of 25 years of service (certain current members have a service threshold of 22.5 years). Members continue to make contributions to the system during the DROP period. During the DROP period, the member is credited with the benefits that would have been paid if the member had retired at the start of the DROP period, along with interest at the end of the year. At the end of the DROP period, the member ends employment, receives the DROP account balance, and begins to receive payments as though retirement had occurred at the beginning of the DROP period.

APPENDIX A
SUMMARY OF PLAN PROVISIONS
(continued)

Disability Retirement

1. In Line of Duty
Section 22 - 78

A member shall become entitled to the following benefits while permanently disabled.

Years of Service	Percentage of Average Final Monthly Compensation
Less than 20	50%*
20 or more	Same as Service Retirement Pension, without any reduction for early commencement

* 55% for Fire after June 30, 2007

2. Not in Line of Duty
Section 22 - 79

A member shall become entitled to the following benefits while permanently disabled.

Years of Service	Percentage of Average Final Monthly Compensation
Up to 10 years	10%
10 but less than 15	20%
15 but less than 20	30%
20 or more	Greater of 45% or the Service Retirement Pension without any reduction for early commencement

Not payable while full salary continues

Spouse's pension:

1. Death of Active member in Line of Duty:

A monthly pension equal to 49% (52% Fire) of the member's average final monthly compensation is paid to the surviving spouse if death occurs while the active member has less than 25 years of service. A monthly pension equal to 69% (72% Fire) of the member's average final monthly compensation is paid to the surviving spouse if death occurs after the active member has 25 years or more of service.

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

2. Death of Active member Not in Line of Duty:

The following monthly pension is paid to the surviving spouse.

Years of Service at Death	Percentage of Average Final Monthly Compensation*
0-3	0%
3-10	35.0%
11	36.4%
12	37.8%
13	39.2%
14	40.6%
15	42.0%
16	43.4%
17	44.8%
18	46.2%
19	47.6%
20-25	49.0%
25+	69%

* add 3% to each number for Fire effective July 1, 2007

Benefit terminates upon remarriage of spouse.

3. Death of Member Eligible for Retirement or Death or Retired Member:
Section 22 - 82

75% (90% for Fire retirements after June 30, 2007) of the pension the member was receiving or was eligible to receive at the time of death. 50% of the pension the member was receiving for Police members hired after January 1, 2010. Upon spouse's remarriage, all benefits cease.

Children's Pension
Section 22 - 82

Upon the death of an active or retired member, the following benefit will be paid to the surviving children until age 18.

Number of Dependent Children	Percentage of Average Final Monthly Compensation
1	15%
2	30%
3	45%
4 or more	50%

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

Lump Sum Death Benefits

1.	**Active Member without Eligible Dependents:** Section 22 – 84(a)	Accumulated member's contributions, or $500 if greater.
2.	**Retired Member with Eligible Dependents:** Section 22 – 84(b)	Accumulated member's contributions, less previous pension payments made, or $500 if greater.
3.	**Active Member with Eligible Dependents:** Section 22 – 84(c)	An amount payable immediately, equal to one year's salary computed on the basis of the maximum monthly rate for patrolmen and firefighters, plus the decreased member's accumulated contributions less pension payments to his dependents, payable to the dependent who last ceases to receive pension benefits.
4.	**Retired Member with Eligible Dependents:** Section 22 – 84(c)	$1,000 ($5,000 Fire) payable immediately, plus the excess over $1,000 ($5,000 Fire) if any, of the deceased member's accumulated contributions less pension payments to the member and his dependents, payable to the dependent who last ceases to receive pension benefits.
Vesting: Section 22 - 86		Upon severance of employment by a member with less than 10 years of service and prior to obtaining eligibility under Section 22 – 75, a refund of such member's accumulated contributions.
Section 22 - 86		Upon severance of employment by a member before age 45 with more than 10 years of service and prior to obtaining eligibility under Section 22 – 75, the member may elect, in lieu of receiving a refund of contributions, to receive a monthly pension, according to the table below, commencing at age 55. Such deferred pension shall be based on service credited to the date of severance.

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than20	55	30%
20 but less than 25	45	55%
25 or more	45	75%

For police, the schedules shown under service retirement apply as appropriate.

APPENDIX B

ACTUARIAL METHOD AND ASSUMPTIONS

Actuarial Method

Valuations of the plan use the *"entry age-normal"* cost method. Under this actuarial method, the value of future costs attributable to future employment of participants is determined. This is called present value of future normal costs. The following steps indicate how this is determined for benefits expected to be paid upon normal retirement.

1. The expected pension benefit at normal retirement is determined for each participant.

2. A normal cost, as a level percent of pay, is determined for each participant assuming that such level percent is paid from the employee's entry age into employment to his normal retirement. This normal cost is determined so that its accumulated value at normal retirement is sufficient to provide the expected pension benefits.

3. The sum of the normal costs for all participants for one year determines the total normal cost of the plan for one year.

4. The value of future payments of normal cost in future years is determined for each participant based on his years of service to normal retirement age.

5. The sum of the value of future payments of normal cost for all participants determines the present value of future normal costs.

The value of future costs attributable to past employment of participants, which is called the actuarial liability, is equal to the present value of benefits less the present value of future normal costs. The unfunded actuarial liability is equal to the excess of the actuarial liability over assets. The unfunded actuarial liability is funded as a level percent of payroll over a 30 year closed period that began January 1, 2002.

As experience develops with the plan, actuarial gains and actuarial losses result. These actuarial gains and losses indicate the extent to which actual experience is deviating from that expected on the basis of the actuarial assumptions. In each year, as they occur, actuarial gains and losses are recognized in the unfunded actuarial liability as of the valuation date.

APPENDIX B

ACTUARIAL METHOD AND ASSUMPTIONS (continued)

Interest:	8.00% per year, (net of investment expenses).
Salary Increases:	Merit increases based on service plus a general wage increase.
Service Retirement Age:	Graduated rates based on service.
Mortality:	
Active Members	RP-2000 Employee Table with generational improvements, set forward one year
Service Pensioners and Beneficiaries	RP-2000 Healthy Annuitant Table with generational improvements, set forward one year
Disabled	RP-2000 Disabled Retiree Mortality Table with generational improvements
Disability:	Graduated Rates by age. See table on next page
Percent of Disabilities in Line of Duty:	85%
Medical Expenses for Disabilities in Line of Duty:	5% load on liability for current and future disabled members.
Percent Married at Death or Retirement:	75%
Turnover	Graduated rates by age. See table on next page
Assets:	Actuarial value of assets equal to 1/3 of market value, plus 2.3 of expected value. Actuarial value of assets cannot exceed 120% of Market value of assets.
Load on Active Member liability to reflect final wage adjustments	10% for fire members, 0% for police members
Increase in total annual payroll	4.0%
Assumed annual rate of inflation	3.5%

APPENDIX B

ACTUARIAL METHOD AND ASSUMPTIONS (continued)

SAMPLE RATES

Annual Rates

Age on 1/1/2010	Mortality		Disability	Turnover
	Males	Females		
20	.03%	.02%	.26%	1.41%
30	.05	.03	.30	1.69
40	.10	.07	.52	.63
50	.19	.15	.95	.00
60	.46	.41	1.45	.00

Salary Progression

Years of Service	Inflation	Productivity	Merit & Longevity	Total Increase
1	3.5%	0.5%	2.5%	6.5%
5	3.5%	0.5%	2.5	6.5
10	3.5%	0.5%	2.0	6.0
15	3.5%	0.5%	1.0	5.0
20	3.5%	0.5%	0.5	4.5
25	3.5%	0.5%	0.0	4.0
30	3.5%	0.5%	0.0	4.0

Service Requirements

Assumed retirement rates are based on the number of years of credited service as follows:

Years of Service	Distribution	Annual Rate
Less than 25	0.0%	0.0%
25	100.0	100.0

If a member was hired after age 37, then it is assumed that member would retire at the later of age 62 or 10 years of service.

MEMBERSHIP DATA FOR VALUATION

The summary of employee characteristics presented below covers the employee group as of January 1, 2011. The schedules at the end of the report show the distribution of the various employee groups by present age along with other pertinent data.

Total number of employees in valuation:*

(a) Active employees	1,422
(b) Deferred vested employees	9
(c) Disabled employees	240
(d) Retired employees, spouses and children receiving benefits	1,214
(e) Total employees in valuation	2,885

Average age of employees in valuation:

(a) Active employees	
Attained	38.6
At Hire	28.5
(b) Deferred vested employees	47.1
(c) Disabled employees	65.9
(d) Retired employees	62.4
(e) Spouses and children receiving benefits	68.4

Active employees eligible for vested benefits as of January 1, 2011:

(a) Employees under age 45 with 10 or more years of service or under age 55 with less than 20 years of service – eligible for deferred vested benefits	588
(b) Employees age 55 and over with 10 or more years of service or age 45 with 20 or more years of service eligible for early or normal retirement benefits	126
(c) Employees eligible for refund of contributions only	708
(d) Total	1,422

*DROP members included in retiree counts

MEMBERSHIP DATA RECONCILIATION

January 1, 2010 to January 1, 2011

The number of members included in the valuation, as summarized in the table below, is in accordance with the data submitted by the City for eligible employees as of the valuation date.

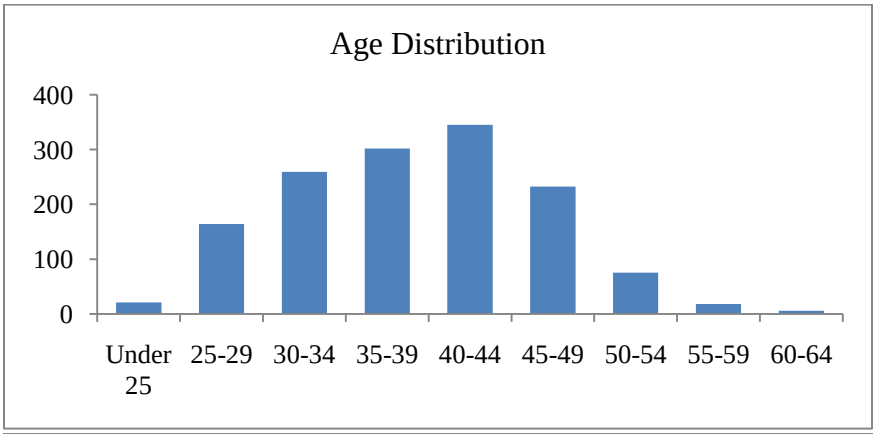
	Active Members	Deferred Vested	Disabled	Retirees	Beneficiaries	Total
Members as of 1/1/2010*	1,431	7	248	916	267	2,869
New Members	48	0	0	0	0	48
Terminations						
Rehired	0	0	0	0	0	0
Refunded	(9)	(1)	0	0	0	(10)
Deferred Vested	(3)	3	0	0	0	0
Disabled	(2)	0	2	0	0	0
Data Corrections (and Benefits Expired)	0	0	0	3	(2)	1
Retirements	(42)	0		42	0	0
Deaths						
With Beneficiary	(1)	0	(8)	(13)	26	4
Without Beneficiary	0	0	(2)	(9)	(16)	(27)
Total Members 1/1/2011	1,422	9	240	939	275	2,885

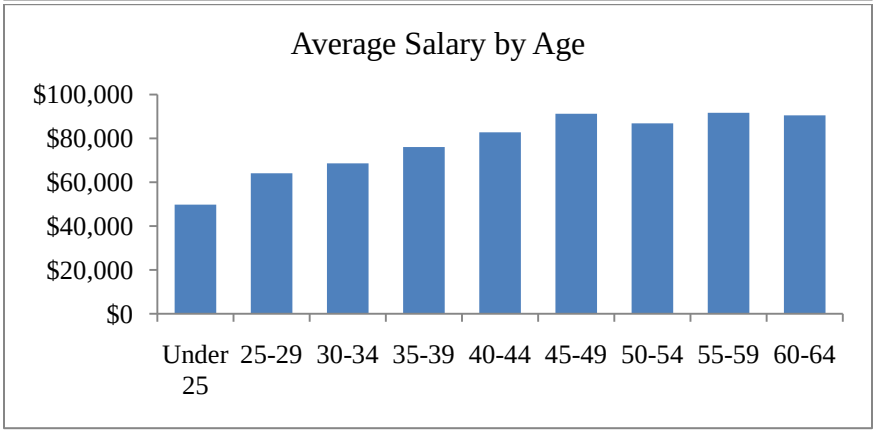
*DROP members included in retiree counts

SCHEDULE I

ACTIVE EMPLOYEES AS OF JANUARY 1, 2011

	Count of Members			Valuation Salaries of Members		
Age	Males	Females	Total	Males	Females	Total
Under 25	19	2	21	927,997	79,170	1,007,167
25-29	147	17	164	8,770,024	1,025,996	9,796,019
30-34	226	33	259	14,674,977	2,162,636	16,837,613
35-39	262	40	302	18,946,795	2,961,004	21,907,799
40-44	299	46	345	23,215,074	3,850,959	27,066,033
45-49	202	30	232	17,459,591	2,561,068	20,020,659
50-54	67	8	75	5,586,228	689,042	6,275,270
55-59	18	0	18	1,619,074	0	1,619,074
60-64	4	2	6	333,885	162,090	495,975
Over 64	0	0	0	0	0	0
Total	1,244	178	1,422	91,533,645	13,491,966	105,025,610

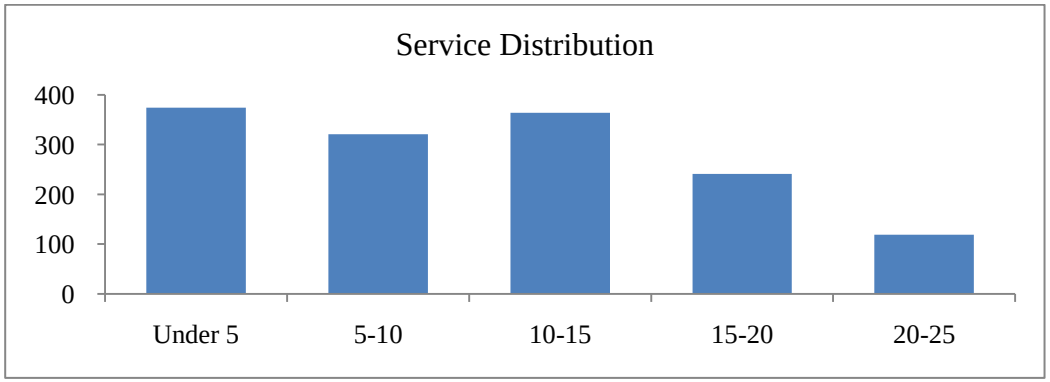




SCHEDULE I (continued)

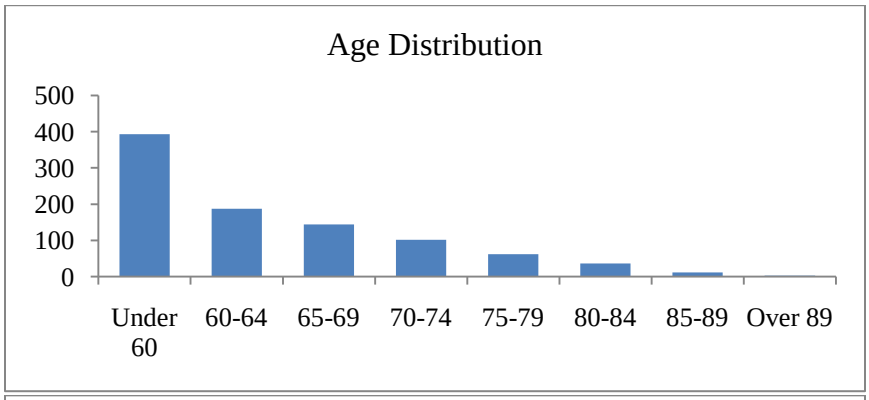
ACTIVE EMPLOYEES AS OF JANUARY 1, 2011

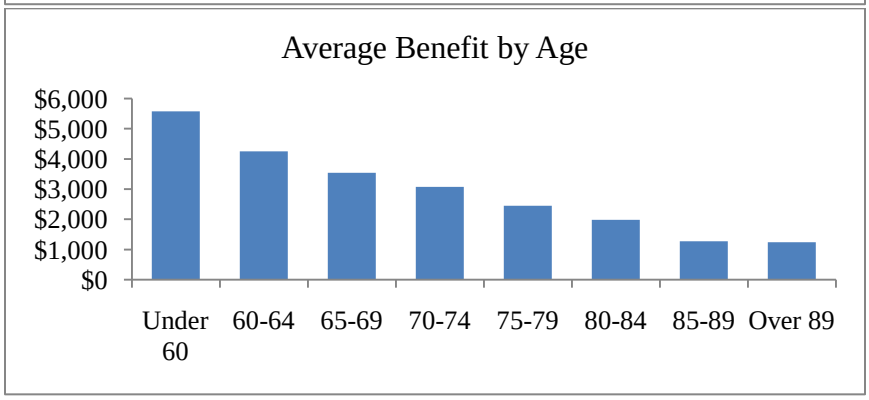
	Service									
Age	Under 5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	Total
Under 25	21	0	0	0	0	0	0	0	0	21
25-29	143	21	0	0	0	0	0	0	0	164
30-34	120	108	31	0	0	0	0	0	0	259
35-39	55	107	122	18	0	0	0	0	0	302
40-44	27	64	126	115	13	0	0	0	0	345
45-49	4	18	56	81	71	2	0	0	0	232
50-54	4	3	25	14	28	1	0	0	0	75
55-59	0	0	2	11	5	0	0	0	0	18
60-64	0	0	2	2	2	0	0	0	0	6
Over 64	0	0	0	0	0	0	0	0	0	0
Total	374	321	364	241	119	3	0	0	0	1,422



SCHEDULE II
RETIRED PARTICIPANTS AS OF JANUARY 1, 2011

	Count of Retirees			Current Monthly Benefits		
Age	Males	Females	Total	Males	Females	Total
Under 60	356	37	393	1,931,140	182,456	2,113,596
60-64	184	3	187	762,115	9,469	771,583
65-69	142	2	144	487,530	8,156	495,686
70-74	100	2	102	297,689	6,986	304,675
75-79	61	1	62	143,794	3,005	146,798
80-84	36	0	36	68,480	0	68,480
85-89	12	0	12	14,309	0	14,309
Over 89	3	0	3	3,487	0	3,487
Total	894	45	939	3,708,544	210,071	3,918,616

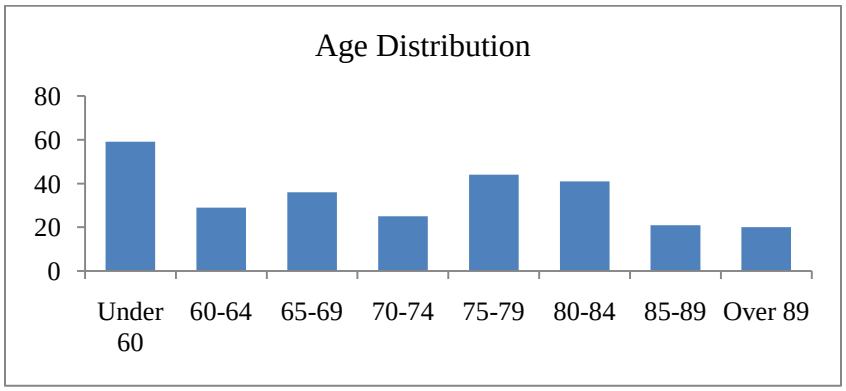


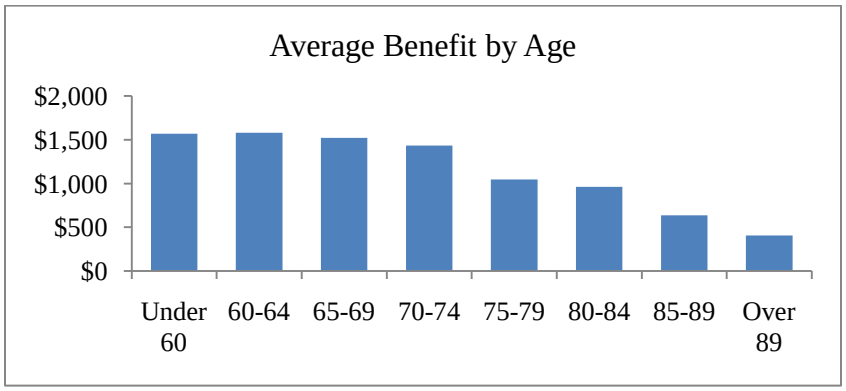


SCHEDULE III

BENEFICIARIES RECEIVING BENEFITS AS OF JANUARY 1, 2011

	Count of Beneficiaries			Current Monthly Benefits		
Age	Males	Females	Total	Males	Females	Total
Under 60	8	51	59	6,874	85,730	92,604
60-64	0	29	29	0	45,840	45,840
65-69	0	36	36	0	54,691	54,691
70-74	0	25	25	0	35,809	35,809
75-79	0	44	44	0	46,065	46,065
80-84	0	41	41	0	39,380	39,380
85-89	0	21	21	0	13,406	13,406
Over 89	0	20	20	0	8,132	8,132
Total	8	267	275	6,874	329,052	335,926





SCHEDULE IV

DEFERRED VESTED FORMER EMPLOYEES AS OF JANUARY 1, 2011

	Count of Members			Expected Monthly Benefit		
Age	Males	Females	Total	Males	Females	Total
Under 25	0	0	0	0	0	0
25-29	0	0	0	0	0	0
30-34	1	0	1	1,950	0	1,950
35-39	0	0	0	0	0	0
40-44	1	0	1	5,685	0	5,685
45-49	5	0	5	12,783	0	12,783
50-54	0	1	1	0	843	843
55-59	1	0	1	1,080	0	1,080
Over 59	0	0	0	0	0	0
Total	8	1	9	21,498	843	22,342

SCHEDULE V

DISABLED EMPLOYEES AS OF JANUARY 1, 2011

	Count of Members			Current Monthly Benefits		
Age	Males	Females	Total	Males	Females	Total
Under 30	0	0	0	0	0	0
30-34	0	0	0	0	0	0
35-39	1	3	4	2,734	7,866	10,600
40-44	5	2	7	13,659	5,052	18,711
45-49	12	3	15	37,704	6,634	44,338
50-54	10	6	16	24,507	15,993	40,500
55-59	10	2	12	35,531	2,848	38,380
60-64	42	0	42	125,872	0	125,872
65-69	55	0	55	135,946	0	135,946
70-74	36	0	36	85,422	0	85,422
75-79	23	0	23	44,320	0	44,320
80-84	24	0	24	32,288	0	32,288
85-89	5	0	5	4,379	0	4,379
Over 89	1	0	1	873	0	873
Total	224	16	240	543,236	38,393	581,629

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Financial Statements and Supplemental Schedules
June 30, 2011 and 2010
(With Independent Auditors' Report)

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

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BANKS, FINLEY, WHITE & CO.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

The Board of Trustees
City of Atlanta, Georgia
Police Officers' Pension Plan:

We have audited the accompanying statements of plan net assets of the City of Atlanta, Georgia Police Officers' Pension Plan (the "Plan") as of June 30, 2011 and 2010 and the related statement of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets held in trust for pension benefits of the City of Atlanta, Georgia Police Officers' Pension Plan as of June 30, 2011 and 2010 and the changes therein for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The schedules of funding progress and employer contributions on page 14 are not a required part of the financial statements, but are supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. We have applied to the schedules certain limited procedures prescribed by professional standards, which consisted principally of inquiries of management regarding methods of measurement and presentation of the schedules.

Banks, Finley, White & Co.

February 22, 2012

3504 EAST MAIN STREET • COLLEGE PARK, GEORGIA 30337 • (404) 763-1002

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Statements of Plan Net Assets
June 30, 2011 and 2010
(In thousands)

	2011	2010
ASSETS		
Cash and cash equivalents	$ 67,545	$ 127,332
Investment:		
Equities	491,094	311,062
U.S. government and agency obligations	109,563	60,782
Corporate bonds	46,192	35,499
Other Investments	41,716	118,661
Total Investments	688,565	526,004
Securities lending collateral investment pool	-	96,740
Contributions receivable from employer	2,332	2,073
Contributions receivable from employees	346	246
Accrued interest receivable	1,424	945
Due from brokers for securities sold	1,740	827
Total Assets	761,952	754,167
LIABILITIES		
Deferred Revenue	1,974	288
Due to brokers for securities purchased	24,334	45,371
Due to other funds	174	123
Liability for securities lending agreement	-	96,740
Total Liabilities	26,482	142,522
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS (See Schedule of Funding Progress on page 14)	**$ 735,470**	**$ 611,645**

The accompanying notes are an integral part of the financial statements.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Statements of Changes in Plan Net Assets
For the Years Ended
June 30, 2011 and June 30, 2010
(In thousands)

	2011	2010
Additions to Plan net assets:		
Investment income:		
Net (depr.) appreciation in fair value of investments	$ 114,434	$ 54,618
Interest and dividends	10,725	10,688
Securities lending income	94	197
Less:		
Investment expenses	(2,885)	(2,505)
Net Investment Income (Loss)	122,368	62,998
Employee contributions:	6,733	6,394
Employer contributions	39,135	41,712
Other income	846	-
Total additions	169,082	111,104
Deductions from Plan net assets:		
Benefit payments	45,176	42,291
Administrative fees, management fees, and other expenses	81	694
Total Deductions	45,257	42,985
Net Increase	123,825	68,119
Net Assets Held in Trust for Pension Benefits:		
Beginning of Year	611,645	543,526
END OF YEAR	**$ 735,470**	**$ 611,645**

The accompanying notes are an integral part of the financial statements.

Note 1 - Summary of Significant Accounting Policies

a. *Overview of Plan and Related Government*

The City of Atlanta, Georgia Police Officers' Pension Plan (the "Plan"), a single employer defined benefit pension plan, was established by a 1933 Act of the State of Georgia Legislature to provide retirement benefits for sworn personnel of the City of Atlanta (the "City") Police Department. Until 1983, The Georgia Legislature established all requirements and policies of the Plan. By a constitutional amendment, effective July 1983, control over the Plan transferred to the City under the principle of Home Rule.

The funding methods and determination of benefits payable were established by the legislative acts creating the Plan, as amended, and in general, provide that funds are to be accumulated from employee contribution, City contributions, and income from the investment of accumulated funds.

The Plan is considered a fiduciary fund of the City and its financial statements are included in the City of Atlanta, Georgia's Comprehensive Annual Financial Report (CAFR) as part of the Pension Trust Fund. The City's most recent CAFR for the year ended June 30, 2011 should be read in conjunction with these financial statements.

b. *Basis of Accounting*

The financial statements are prepared on the accrual basis of accounting whereby revenues are recognized as earned and expenses are recognized as the associated liabilities are incurred.

c. Cash

The Plan considers all highly liquid debt securities with an original maturity of three months or less to be cash equivalents.

d. Investments

State of Georgia and City statutes authorize the Plan to invest in U.S. Government obligations, U.S. Government agency obligations, State of Georgia obligations, obligations of a corporation of the U.S. Government and the Georgia Fund I (a local government investment pool maintained by the State of Georgia). Additionally, the Plan is authorized to invest in common stock provided that the cost bases of such investments do not exceed 55% of the net assets of the Plan. The Plan invests in repurchase agreements only when they are collateralized by U.S. Government or agency obligations.

Note 1 - Summary of Significant Accounting Policies, continued

The Plan is also authorized to invest in collateralized mortgage obligations (CMOs) to maximize yields. These securities are based on cash flows from interest payments on underlying mortgages. CMOs are sensitive to prepayment by mortgagees, which may result from a decline in interest rates. For example, if interest rates decline and mortgagees refinance their mortgages, thereby prepaying the mortgages underlying these securities, the cash flows from interest payments are reduced and the value of these securities declines. Likewise, if mortgagees pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated.

The Plan's investments are stated at fair value. Quoted market prices are used to value all investments in equities based on closing prices on the U.S. national securities exchange. Securities traded on the over-the-counter market for which no sale was reported on that date are valued at the most recent quoted bid price.

Estimated fair values provided by third party vendors are used to value U.S. Governmental notes, corporate bonds, mutual funds and U.S. Government and agency guaranteed bonds, if not traded in an active market.

The net appreciation (depreciation) in the fair value of investments held by the Plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of balance sheet date. Investment income is recognized on the accrual basis as earned by the Plan.

e. *Use of Estimates*

Management of the Plan has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosures of contingent assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

Note 2 - Plan Description

The following brief description of the Plan is provided for general information purposes only. Participants should refer to the City of Atlanta Code of Ordinances for more complete information. (On June 29, 2011, the City Council approved pension plan reform as presented in Note 8, page 13).

a. *Benefit Provisions*

The Plan provides a monthly retirement benefit that initially represents 3% for each year of accredited services times the participants' final average three-year earnings or the highest consecutive three-year earnings (limited to 80% of the average or earnings),

Note 2 - Plan Description, continued

whichever is the highest. The Plan was amended, effective January 1, 1986, to exclude overtime pay in the computation of benefits. Retirement benefits are adjusted annually based on the change in the consumer price index, limited to 3% per year. Upon the death of vested participant who has beneficiary coverage, his or her eligible beneficiary(ies) would be entitled to three fourths of the amount the deceased participant was receiving or would have been entitled to receive.

Group A - Covered by the 1978 Plan and the participant have elected to be covered by the 1986 Amendments. Any Police officer hired after 2005 is automatically included in this group.

Group B - Covered by the 1978 Plan and the participant has elected not to be covered by the 1986 Amendment.

b. Benefit Options

- Normal Monthly Pension Benefit

  An employee is eligible for a normal monthly pension benefit after 30 years of services, at any age or, when he or she reaches the normal retirement age of 55 with 10 years of creditable service. A 30 year and out provision was added to the Plan effective October 25, 2005.

  Alternatively, a police officer is eligible for normal retirement at age 65 with at least 5 years of credited service.

- Early Monthly Pension Benefit

  An employee is eligible for an early monthly pension benefit after 10 years of creditable service. The monthly benefit is reduced to allow for the fact that it will be paid over a longer period of time.

- Reduced Monthly Pension Benefit

  Employees hired prior to April 1, 1978 are eligible for a reduced monthly pension benefit at age 50 with 25 years of service. The reduction for the reduced monthly pension benefit is less than the reduction for an early monthly pension benefit.

- Total and Permanent Disability

  A participant will be considered to be totally and permanently disabled if:

Note 2 - Plan Description, continued

Group A - the participant's disability is determined to be a continuous state of incapacity due to illness or injury such that (a) the participant is prevented from performing their regular assigned or comparable duties during your first 12 months of disability, and (b) are thereafter prevented from engaging in any occupation for which they have become reasonably qualified by education, training or experience.

Group B - The participant's disability is determined to be a total and permanent physical or mental injury to perform their regular assigned or comparable duties as a police officer with the City.

If a participant becomes totally and permanently disabled in the line of duty, they will be eligible to receive a monthly disability retirement benefit calculated as follows:

Group A- The greater of (a) the participant's monthly accrued benefit determined as of the date of disability or (b) 50% of the average monthly earnings determined as of the date of the disability. The benefit will be recalculated when the participant reaches age 55. The recalculated amount will include creditable service for your period of disability, but will not include any cost-of-living adjustments that were applied to the previous disability benefit.

Group B - The greater of (a) the participant's monthly accrued benefit determined as of the date of the disability or (b) 70% of the top salary for the grade and position of the participant on the day before their date of disability.

c. *Membership*

The following schedule reflects membership for the Plan at January 1, 2010, the date of the most recent actuarial valuation.

Members:	
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	1,293
Current active employees:	
Fully vested	748
Partially vested	385
Deferred Vested	3
Nonvested	441
Total membership	2,870

Note 2 – Plan Description, continued

d. Administration of Plan

The Plan is administered as single employer plan by the Board of Trustees(the "Board") which includes an appointee of the Mayor, the City's Chief Financial Officer, a member of City Council, and three representatives elected by the membership (active and retired). All modifications to the plan must be supported by actuarial analysis and receive the recommendations of the City Attorney, the Chief Financial Officer, and the Board of Trustees. Each pension law modification must be adopted by at least two thirds vote to the City Council and approved by the Mayor.

Note 3 - Deposits and Investments

Investments in Employee Retirement Plans

The Board is ultimately responsible for making all decisions with regard to the administration of the Plan, including the management of Plan assets, and for carrying out the investment policy on behalf of the Plan.

The Plan's investments are managed by various investment managers under contracts with the Plan who have discretionary authority over the assets managed by them, within the investment guidelines, established the Board. The investments are held in trust by the Plan's custodian in the Plans' name. These assets are held exclusively for the purpose of providing benefits to members of the plan and their beneficiaries.

Identified below are the investment types that are authorized by the Board for the Plan. The investment policy also identifies certain provisions that address interest rate risk, credit risk, custodial credit risk, concentration of credit risk, and foreign currency risk.

The Plan, by policy, is to invest in domestic equities, domestic fixed income securities and cash equivalents. These instruments consist of common and preferred stock, obligations of the U.S. government and agencies (GNMA, FHLMC, and FNMA securities and CMO's), corporate bonds, and certificates of deposit. The Plan has strict limitations on the amounts managers are allowed to invest in any one issuer in all classes of securities. The Plan also invests in repurchase agreements which must be fully collateralized by the U.S. government or agency guaranteed securities.

The Plan maintains cash to meet its immediate liquidity needs. Cash not immediately needed is invested in either short-term or long-term investment securities as directed by management.

Board policy permits the Plan to engage in securities lending with an authorized agent, provided that the securities are fully collateralized at least 102% and that collateral is received prior to the release of the securities by the custodian.

Note 3 - Deposits and Investments, continued

Investment Risk Disclosure

Interest Rate Risk. Interest rate risk is the risk that changes in market rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Additionally, the fair values of the investments may be highly sensitive to interest rate fluctuations. By policy, the Plan establishes maximum maturity dates by investments type in order to limit interest rate risk. The Plan manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments, and by timing cash flows from maturities so that a portion is maturing or coming close to maturing, evenly over time, as necessary, to provide the cash flow and liquidity needs for operations.

Credit Risk. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Plan's investment policy does not specify a minimum bond rating for investments.

As of June 30, 2011, the Plan had the following fixed income investments (amounts in thousands), with the corresponding credit ratings and maturities.

		Maturity					
Type of Investments	Credit Rating	Under 1 year	1 - 3 years	3 - 5 years	5 - 10 years	Over 10 Years	Fair Value
U.S.Government Agencies	AAA	$ 13,218	$ 4,362	$ 748	$ 12,705	$ 40,541	$ 71,574
Corporate Bonds	AA/A-	1,129	5,158	5,740	12,763	3,215	28,005
Corporate Bonds	B+/BBB	666	1,460	5,587	7,873	2,601	18,187
Asset Back Securities	AAA	21	3,860	12,003	1,872	-	17,756
Asset Back Securities	NR	-	2,304	4,065	2,141	-	8,510
CMO's	AAA	-	-	-	-	13,355	13,355
CMO's	NR	-	-	-	-	1,570	1,570
State and Local Obligations	AAA/A	708	-	-	-	1,805	2,513
		$ 15,742	$ 17,144	$ 28,143	$ 37,354	$ 63,087	$ 161,470

Securities Lending

State statutes and Board of Trustees policies permit the Plan to lend its securities to broker dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Plan's custodians lend securities of the type on loan at year-end for collateral in the form of cash or other securities of 102%.

Cash collateral is invested in overnight investments. As of June 30, 2011, the Plan has no significant credit risk exposure to borrowers because the amounts the Plan owes the borrower exceed the amounts the borrowers owe the Plan. The contract with the Plan's custodian requires it to indemnify the Plan if the borrowers fail to return the securities and if the collateral is inadequate to replace the securities or fail to pay the Plan for income distributions by the securities issuers while the securities are on loan.

Note 3 - Deposits and Investments, continued

There were no violations of legal or contractual provisions, borrower or lending agent default losses, and no recoveries of prior period losses during the year. There are income distributions owed on the securities loaned. The Plan records the cash received as collateral under securities lending agreements and the investments purchased with that cash as securities lending short-term collateral investment pool with a corresponding amount recorded as a liability.

All securities loans can be terminated on demand by either the Plan or the borrower, with the borrower returning equivalent securities to the Plan within a specified period of time.

Custodial Credit Risk. Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the Plan will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Custodial credit risks for *investments,* is the risk that in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The City requires that uninsured collected balances held in trust by the City for the Plan plus accrued interest in depository accounts be collateralized and that the market value of collateralized pledged securities must be at least 110% of the deposit balances, and 102% of collateral value for repurchase agreements. As of June 30, 2011, the City's collateralization of pledged securities at Wells Fargo was 107% of deposit accounts. There was no counterparty risk to the City as of June 30, 2011.

All investments of the Plan are either held by the Plan or by counterparty in the Plan's name; therefore, the Plan's investments had no custodial risks as of June 30, 2011.

Concentration Credit Risk. Investments in any one issuer representing 5% or more of the net assets held in trust for pension benefits at June 30, 2011 are as follows:

Issuer	Investment Type	% of Total Investment
Collective	Bond Index Fund	15.00%
iShares Trust	Equities	6.75%
FNMA	Federal Agency Security	6.34%
US Treasury NTS	Equities	6.26%

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates could adversely affect an investment's or deposits fair value. During fiscal year 2011, the Plan's investment policies were revised to allow domestic equities, domestic fixed income, cash equivalents and foreign equity securities.

Although all of the foreign equity securities are American Depository Receipts (ADR's), this does not eliminate the foreign currency risk involved in purchasing foreign securities.

Note 3 - Deposits and Investments, continued

The following table provides the value in U.S. dollars by foreign currency denominations and investment type for the Plan investments denominated in foreign currencies (in thousands):

Currency	Short Term	Debt	Equity	Total
Canada	$ -	$ -	$ 1,035	$ 1,035
France	-	-	790	790
Netherlands	-	-	1,987	1,987
Peru	-	321	-	321
Switzerland	-	-	174	174
United Kingdom	-	-	1,072	1,072
Total Securities subject to Foreign Currency Risk	$ -	$ 321	$ 5,058	$ 5,379

Note 4 - Funding Policy

The City's funding policy is to contribute a percentage of the Plan's covered employee payroll as developed in the actuarial valuation for the Plan. Active participants are required to contribute 7% of base pay (or 8% if participant has covered beneficiary). The City's contribution percentage is the actuarially determined amount necessary to fund plan benefits after consideration of employee contributions.

The actuarially determined annual required contribution amount is the sum of the annual normal cost (determined under the entry age normal actuarial cost method) and the amortization of the unfunded actuarial accrued liability as a level percentage of future payrolls. The actuarial cost method used for funding purposes and to calculate the actuarial accrued liability is the Entry Age Normal Cost Method. This method is one of the approved methods for such plans in Georgia, and provides for contributions estimated to be a level percentage of future payroll. The unfunded actuarial accrued liability for funding purposes, effective with the July 1, 2008 actuarial report, is to be amortized over an open period of 30 years, in accordance with State of Georgia guidelines.

Note 5 - Contributions Required and Contributions Made

The required contribution percentages developed in the most recent actuarial valuation for the Plan for the years ended June 30, 2011 and June 30, 2010 and the actual contributions made are as follows (dollars in thousands):

	2011	2010
Normal cost	27.52%	28.26%
Amortization of the unfunded actuarial accrued liability	22.17%	26.56%
Total required contributions as a percentage of covered payroll	49.69%	54.82%
Actual employee contributions		
Dollar amount	$ 6,647	$ 6,394
Percent of covered payroll	7.96%	7.79%
Actual employer contributions		
Dollar amount	$ 39,145	$ 41,712
Percent of covered payroll	50.85%	50.85%

Note 5 - Contributions Required and Contributions Made, continued

The annual covered payroll for the City was $83,551,000 and $82,030,000 for the years ended June 30, 2011 and 2010 respectively. The actual employer contributions shown above include amounts used to fund retiree supplemental cost of living increases and other minimum benefits. These amounts are components of the City's contributions for purposes of meeting actuarially determined funding requirements.

Note 6 - Contributions Receivable

Employer
Employer contribution receivable represents Annual Required Contributions owed but not yet remitted to the plan by the City. Total contributions receivable from employer were $2,332,000 and $2,073,000 for the years ended June 30, 2011 and 2010, respectively.

Employees
Contributions from employees include amounts withheld from employees but not yet remitted to the Plan. Total contributions receivable from employees were $346,000 and $246,000 for the years ended June 30, 2011 and 2010, respectively.

Additionally, employees may receive credit for service for previous employment with certain state and local governmental agencies including previous employment with the City, upon payment to the Plan of an amount, as defined in the 1933 Act, as amended, representing contributions applicable to such service period. These contributions may be paid over a future period, even after retirement. In addition, 1964 and 1978 amendments to the Plan increased pension benefits and the related employee contribution rates. Active employees may retroactively increase their contribution rates from the date of employment in order to receive the maximum increased benefits available under the 1964 and 1978 amendments. These "back contributions" may also be paid over a future period.

Note 7 - Contingencies

The Plan and its trust are intended to be qualified under Sections 401(a) and 501(c) of the Internal Revenue Code (IRC) such that they are not subject to tax under federal income tax laws. The IRS issued a favorable determination letter on May 19, 1998 with respect to the Plan, in which the IRS stated that the Plan, as then designed, was in compliance with the applicable requirements of the IRC. On August 17, 2004, the IRS issued another favorable determination letter with respect to the terms of the Plan. The Plan has been amended since receiving the 2004 determination letter, and the City believes that those amendments do not adversely affect the qualified status of the Plan. The IRS's 2004 determination was subject to the adoption of an amendment to the City Charter and the correction of additional plan language in order to bring the plan into compliance with current IRS Code. These required changes were accomplished through an amendment to the City of Atlanta Charter and an ordinance correcting the language of the Plan which was both adopted by the Atlanta City Council in December of 2010. Additionally, a current Application for Determination was submitted to the IRS for consideration on January 31, 2011.

Note 8 – Subsequent Events

Pension Plan Reform

Amendments to Defined Benefit Plans

On June 29, 2011, the City Council approved changes for the City's three defined benefit plans, effective on September 1, 2011 for new hires and November 1, 2011 for existing employees. Currently sworn personnel employed by the Atlanta Police Department are required to contribute to the Police Officers' Pension Plan (the "Plan").

Beginning on November 1, 2011, Police Department employees participating in the Plan and hired before September 1, 2011, or after January 1, 1984, will have an increase of 5% in their mandatory contributions into the fund in which they participate. The contribution will be such that the new contribution will be 12% of salary (without a designated beneficiary) or 13% of salary (with a designated beneficiary.)

Employees hired on or after September 1, 2011 who are either sworn members of the police department will be required to participate in a hybrid defined benefit plan with a mandatory defined contribution component (see discussion below regarding Amendments to the Defined Contribution Plan). The defined benefit portion of this plan will include a 1% multiplier, the employee contribution will be 8% of salary with or without beneficiary, and the retirement age will increase to age 57 for participants in the Plan. Early Retirement Age is changed from any age (as long as vested) with penalty to age 52 for hires after September 1, 2011. Upon retirement, these participants will receive an annually calculated cost of living increase to their pension benefit that may not exceed 1% and is based upon the Consumer Price Index. Sick and vacation leave are no longer applied to retirement benefit for hires after September 1, 2011.

Beginning in fiscal year 2012 (July 1, 2011) there will be a cap on the maximum amount of the City's contribution to the Plan measured as a percentage of payroll. The City's annual contribution to the Plan may not exceed 35% of payroll of the participants in the City's three defined benefit plans. In the event that this 35% cap is reached, the City will fund any overage for the first 12 month period from its reserves. During that period, the City's Management must agree on an alternative method to reduce the overage. If no alternative is reached, beginning in the second 12 month period, the City and the participants will equally split the cost of the overage, subject only to a provision that employee contributions may not increase more than 5%.

Amendments to Defined Contribution Plan

Employees hired on or after September 1, 2011 who are either sworn members of the police department are required to participate in the mandatory defined contribution component which will include a mandatory employee contribution of 3.75% of salary and be matched 100% by the City. Additionally, these employees may voluntarily contribute up to an additional 4.25% of salary which will also be matched 100% by the City. Employees vest in the amount of the City's contributions at a rate of 20% per year and become fully vested in the City's contribution after 5 years of participation.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN
Required Supplementary Information

Schedule of Funding Progress
(Unaudited)
(Dollars in thousands)

Actuarial valuation date	Actuarial valuation assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll (b-a)/c)
January 1, 2004	$ 440,212	$ 617,501	$ 177,289	71.30%	$ 63,274	280.20%
January 1, 2005	$ 444,460	$ 658,861	$ 214,401	67.50%	$ 70,973	302.10%
January 1, 2006	$ 464,368	$ 817,255	$ 352,887	56.80%	$ 73,515	480.00%
January 1, 2007	$ 512,259	$ 850,886	$ 338,627	60.20%	$ 77,168	438.80%
January 1, 2008	$ 596,457	$ 909,410	$ 312,953	65.60%	$ 84,016	372.50%
January 1, 2009	$ 571,768	$ 986,376	$ 414,608	58.00%	$ 82,030	505.40%
January 1, 2010	$ 591,981	$ 990,600	$ 398,619	59.80%	$ 78,520	507.70%

Schedule of Employer Contributions
(Unaudited)
(Dollars in thousands)

Year	Annual Required Contribution	Actual Employer Contribution	Percentage Contributed
2005	$ 25,271	$ 25,271	100.00%
2006	$ 15,687	$ 15,687	100.00%
2007	$ 45,229	$ 45,229	100.00%
2008	$ 44,058	$ 44,058	100.00%
2009	$ 44,810	$ 44,810	100.00%
2010	$ 41,713	$ 41,713	100.00%
2011	$ 39,145	$ 39,145	100.00%

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Required Supplementary Information

Notes to Schedule of Funding Progress and
Schedule of Employer and Other Contributions

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated.

The actuarial accrued liability is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

Accumulated plan benefits are those future periodic payments, including lump sum distributions that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits under the Plan are based on employee compensation. The accumulated plan benefits for active employee are based on their average compensation and credited service ending on the date as of which the benefit information is presented (the valuation date). Benefits payable under all circumstances - retirement, death, disability, and termination of employment - are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2010
Actuarial cost method	Entry age normal
Amortization method	Level percentage open
Remaining amortization period	30 years
Asset valuation period	Smoothed 5 year averaged market
Investment rate of return	7.75%
Projected salary increases	
Inflation	4.00%
Merit or seniority and productivity	1.00%
Postretirement benefit increases	3.00%

REPORT ON
THE EIGHTY-FOURTH VALUATION OF
THE EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF PROVIDENCE
AS OF JUNE 30, 2011

buckconsultants A Xerox Company

January 19, 2012

Retirement Board
Employees' Retirement System of the
City of Providence
City Hall
Providence, Rhode Island 02903

Dear Board Members:

This report presents the results of the eighty-fourth actuarial valuation of the Employees' Retirement System of the City of Providence. This report was prepared as of June 30, 2011 and develops the appropriation required by the City for the fiscal year beginning July 1, 2012.

The Table of Contents, which immediately follows, outlines the material contained in the report.

This report was prepared under the supervision of Philip Bonanno, an Associate of the Society of Actuaries, an Enrolled Actuary, a Member of the American Academy of Actuaries and a Fellow of the Conference of Consulting Actuaries, who has met the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,

Philip Bonanno, ASA, MAAA, EA, FCA
Director, Consulting Actuary

Robert P. Lessard

Robert P. Lessard
Consultant

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REPORT ON THE EIGHTY-FOURTH VALUATION OF THE
EMPLOYEES' RETIREMENT SYSTEM OF THE
CITY OF PROVIDENCE
AS OF JUNE 30, 2011

SECTION I - SUMMARY OF PRINCIPAL RESULTS

1. For convenience of reference, the principal results of the current and preceding valuations are summarized below:

Valuation Date	June 30, 2010	June 30, 2011
Number of active members		
Vested	1,849	1,879
Nonvested	1,149	1,108
Total	2,998	2,987
Annual base salaries of active members	$ 137,355,155	$ 135,473,706
Average base salary of active members	$ 45,816	$ 45,354
Number of retirees and beneficiaries	2,929	2,998
Annual retirement allowances	$ 78,988,781	$ 83,117,181
Average retirement allowance	$ 26,968	$ 27,724
Number of non-active members with contributions	432	435
Accumulated member contributions	$ 10,826,649	$ 11,560,322
Market value of plan assets (accrual basis)	$ 368,448,768	$ 416,275,009
Assets for valuation purposes	$ 427,890,901	$ 422,839,189
Unfunded accrued liability	$ 828,484,533	$ 900,984,913
Contribution rates required		
Class A	21.98%	24.44%
Class B Fire	90.63%	96.61%
Class B Police	64.44%	72.50%

2. Comments on the valuation results as of June 30, 2011 are given in Section IV and the appropriation payable by the City during the fiscal period beginning July 1, 2012 is set out in Section V.

3. The valuation was based on the assumptions as outlined in Schedule B. Changes in assumptions since the previous valuation are as follows:

- Post-service retirement mortality: Due to recent updates within Actuarial Standard of Practice No. 35 (ASOP 35) of the Actuarial Standards Board (ASB), we have revised the mortality rates for service retirees and beneficiaries to reflect an assumption about mortality improvement after the valuation date. The mortality assumptions are the RP-2000 Mortality Tables for males and females with static projection to 2021 using Scale AA.
- Discount rate assumption: The assumed discount rate was decreased from 8.50% to 8.25%.
- Salary scale: The assumed future increases in salary were lowered for all future years.
- Longevity assumption: The assumed longevity pay percentages were decreased by 1% for all Class A employees due to recent contract negotiations.

4. Schedule D of this report presents a summary of the main provisions of the act governing the System, as interpreted in preparing the actuarial valuation. The provisions were updated to reflect negotiated changes for future members of the Retirement System. None of the changes shown had any impact on this year's valuation.

The valuation reflected the following with respect to annual cost-of-living adjustments (COLAs):

Group		COLA	Number of Recipients
(a)	Class A		
(i)	Retired prior to 12/19/1991	3% compounded	422
(ii)	Retired after 12/18/1991	None	1,231
(iii)	Special award	5% compounded	5
	Total of Class A		1,658
(b)	Class B - Police*		
(i)	Retired prior to 1/1/1990	5% compounded	207
(ii)	Retired between 1/1/1990 and 12/18/1991	6% compounded	25
(iii)	Retired between 12/19/1991 and 12/31/1992	3% compounded	28
(iv)	Retired after 12/31/1992	3% compounded	369
(v)	Special award	5% compounded	20
	Total of Police		649
(c)	Class B - Fire*		
(i)	Retired prior to 1/1/1990	5% compounded	176
(ii)	Retired between 1/1/1990 and 12/18/1991	6% compounded	60
(iii)	Retired between 12/19/1991 and 6/30/1995	5% compounded	99
(iv)	Retired on or after 7/1/1995	3% compounded	308
(v)	Special award	5% compounded	18
	Total of Fire		661
(d)	Total Number of Class A and Class B retirees and beneficiaries		2,968**

* There are 40 Class B employees who retired as Non-Union participants and are included in the counts above but each has a simple 3% COLA on the first $12,000 of the annual benefit.

** Excludes elected officials and 30 Class A and B employees who retired prior to June 30, 2011 but were not processed on the June 30, 2011 payroll.

There is a three-year deferral of the initial COLA for current active members when they retire.

SECTION II - EMPLOYEE DATA

1. Employee data were furnished by the City Controller.

2. Tables 1 and 2 of Schedule E show the number and average annual salaries of active members, while the remaining tables of Schedule E show the number and annual retirement allowances of retirees and beneficiaries as of June 30, 2011.

SECTION III - ASSETS

1. The amount of the assets taken into account in the valuation was obtained from information submitted by the City Controller.

2. The market value of the assets of the System as of June 30, 2011 on a "cash basis" was $361,837,203. This amount was converted this to an "accrual basis" value of $416,275,009 by adding $54,437,806, the discounted value of the City's $58,928,925 contribution appropriated for the July 1, 2011 to June 30, 2012 fiscal year and assumed deposited on June 30, 2012.

3. The amount of assets used for valuation purposes of $422,839,189 was determined on an "accrual basis" by the use of a five-year moving average of market values. Schedule C outlines the calculation of this value.

SECTION IV - COMMENTS ON VALUATION

1. Schedule A of this report presents the results of the valuation and shows the present and prospective assets and liabilities of the retirement system of June 30, 2011. Actuarial accrued liabilities consist of $357,451,711, which equals the actuarial accrued value of prospective benefits of active members; plus $954,812,069, which equals the present value of obligations to retired members and their beneficiaries; plus $11,560,322, which equals the value of contributions of non-active members remaining in the fund. These liabilities amount to $1,323,824,102, which is met by the City and members through annual contributions. Against these prospective liabilities, the system has present assets of $422,839,189, leaving $900,984,913 as the unfunded accrued liability.

2. Section V discusses the portion of the total prospective City obligation that is recommended for current payment.

3. Schedule G of the report discusses experience gain/(loss) in the last year. The System's actual experience was worse than expected, resulting in a loss of $12,722,427. Actuarial assets did not earn the expected rate of return, resulting in a loss of $18,609,736. It was offset by gains from liability, equal to $5,887,309. The changes in plan assumptions noted in Section I increased the unfunded liability by $34,990,503. For more detail on gain/(loss), please see Schedule G.

4. The actuarial value of assets exceeds the market value by about $6.6 million, due to the deferral of past losses under the asset smoothing method.

SECTION V - APPROPRIATION PAYABLE BY CITY

1. Schedule A gives the basis for determining the appropriation payable by the City during the fiscal period beginning July 1, 2012. In accordance with the law governing the operation of the retirement system, the recommended contribution rates are 24.44% for Class A members, 96.61% for Class B Fire and 72.50% for Class B Police. These rates are based on amortizing the unfunded accrued liability as of June 30, 2011 on a level percentage-of-payroll basis over a 28-year period. If these rates are applied to the annual compensation of active members in this actuarial valuation, increased by $471,661 to amortize the remaining deferred contribution as of June 30, 1996 over a 30-year period, and adjusted to a monthly basis, contributions payable by the City for the fiscal year beginning July 1, 2012 are as shown below:

Group	**Amount**
Class A:	
General	$ 7,670,527
School	7,284,644
School Crossing Guards	862,955
Water	2,771,376
Workforce Development (JTPA)	345,815
Fire Civilians	222,779
Police Civilians	872,042
Total Class A	$ 20,030,138
Class B:	
Fire	$ 23,816,081
Police	20,936,902
Total Class B	$ 44,752,983
Grand Total	$ 64,783,121

2. The assets and liabilities in the valuation do not take the elected officials' pensions into account. Therefore, in addition, the City should contribute an amount sufficient to provide for the payment of the special pensions to elected officials on a pay-as-you-go basis. Any deficiency that arises on account of elected officials whereby the contribution paid for a fiscal year is not sufficient to cover the special pensions paid that year to such retired members should be met by a special contribution by the City.

SECTION VI - ACCOUNTING INFORMATION

Based on our interpretation of Statement 25 of the Governmental Accounting Standards Board, the results of the June 30, 2010 and June 30, 2011 actuarial valuations are shown below:

		June 30, 2010	June 30, 2011
1.	Normal cost for employees	$ 10,604,240	$ 8,659,588
2.	Normal cost for employers	$ 9,489,420	$ 11,511,985
3.	Actuarial liability for active members	$ 366,866,155	$ 357,451,711
4.	Actuarial liability for retired members	$ 889,509,279	$ 966,372,391
5.	Total actuarial liability	$ 1,256,375,434	$ 1,323,824,102
6.	System assets	$ 427,890,901	$ 422,839,189
7.	Unfunded actuarial accrued liability	$ 828,484,533	$ 900,984,913
8.	Ratio of assets to actuarial liability	34.06%	31.94%
9.	Investment return assumption	8.50%	8.25%
10.	Rate of salary increase	graded%*	graded%*

* See Schedule B

SCHEDULE OF EMPLOYER CONTRIBUTIONS
(dollar amounts in thousands)

Year Ended June 30	Annual Required Contribution	Percentage Contribution
1997	$21,089	93.58%
1998	$35,701	57.52%
1999	$37,445	56.15%
2000	$37,415	60.00%
2001	$38,899	60.60%
2002	$42,442	64.18%
2003	$42,008	80.25%
2004	$46,321	85.99%
2005	$49,329	92.15%
2006	$51,454	96.22%
2007	$50,584	100.20%
2008	$54,200	100.00%
2009	$48,509	99.80%
2010	$50,299	97.66%
2011	$56,380	100.00%
2012	$64,783	

SCHEDULE OF FUNDING PROGRESS
(dollar amounts in thousands)

Year Ended June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1994	$286,956	$500,119	$213,163	57.38%	$84,176	253.23%
1995	$293,454	$460,567	$167,113	63.72%	$88,335	189.18%
1996	$287,320	$699,265	$411,945	41.09%	$84,178	489.38%
1997	$288,800	$732,373	$443,573	39.43%	$88,959	498.63%
1998	$315,000	$732,775	$417,775	42.99%	$99,182	421.22%
1999	$325,576	$746,264	$420,688	43.63%	$106,717	394.21%
2000	$341,817	$798,292	$456,475	42.82%	$114,164	399.84%
2001	$341,986	$821,363	$479,377	41.64%	$116,493	411.51%
2002	$340,550	$867,457	$526,907	39.26%	$114,265	461.13%
2003	$334,929	$899,336	$564,407	37.24%	$115,015	490.72%
2004	$372,128	$1,025,345	$653,217	36.29%	$115,548	565.32%
2005	$376,690	$993,029	$616,339	37.93%	$118,825	518.70%
2006	$393,768	$1,052,805	$659,036	37.40%	$126,458	521.15%
2007	$426,055	$1,079,017	$652,962	39.49%	$132,719	491.99%
2008	$449,464	$1,165,183	$715,719	38.57%	$133,008	538.10%
2009	$405,217	$1,209,981	$804,763	33.49%	$135,516	593.85%
2010	$427,891	$1,256,375	$828,485	34.06%	$137,355	603.17%
2011	$422,839	$1,323,824	$900,985	31.94%	$135,474	665.06%

Note that the 2011 AAL reflects the changes in assumptions noted in Section I.

ANNUAL PENSION COST AND NET PENSION OBLIGATION FOR
FISCAL YEARS BEGINNING JULY 1, 2010 AND JULY 1, 2011

The pension cost and net pension obligation as required by Statement 27 of the Governmental Accounting Standards Board are:

Fiscal year beginning July 1, 2010

Net Pension Obligation (NPO) at June 30, 2010	$131,767,105
a. Annual Required Contribution	56,380,436
b. Interest on NPO	11,200,204
c. Amortization of NPO	(7,898,997)
Annual Pension Cost	59,681,643
Contributions Paid (not discounted)	(56,380,436)
Increase in NPO	3,301,207
NPO of June 30, 2011	$135,068,312

Fiscal year beginning July 1, 2011

Net Pension Obligation (NPO) at June 30, 2011	$135,068,312
d. Annual Required Contribution	58,928,925
e. Interest on NPO	11,143,136
f. Amortization of NPO	(8,277,242)
Annual Pension Cost	61,794,819
Expected Contributions to be Paid (not discounted)	(58,928,925)
Increase in NPO	2,865,894
Expected NPO of June 30, 2012	$137,934,207

SCHEDULE A

RESULTS OF THE VALUATION AS OF JUNE 30, 2011
(Excluding Elected Officer Funds)

	Class A	Class B			Grand Total
		Fire	Police	Total	
1. Actuarial Accrued Liabilities					
(a) Actuarial accrued value of all future benefits payable to active members	$ 151,728,278	$ 100,340,561	$ 105,382,872	$ 205,723,433	$ 357,451,711
(b) Actuarial accrued value of benefits payable to retirees and beneficiaries including benefits payable on death	237,125,275	403,263,559	314,423,235	717,686,794	954,812,069
(c) Employee contributions of non-active members	10,076,095	620,575	863,652	1,484,227	11,560,322
(d) Total accrued actuarial liabilities	$ 398,929,648	$ 504,224,695	$ 420,669,759	$ 924,894,454	$ 1,323,824,102
2. Assets of the System	$ 127,421,074	$ 161,053,089	$ 134,365,026	$ 295,418,115	$ 422,839,189
3. Unfunded Value of Total Prospective Contributions by the City (1(d) minus 2)	$ 271,508,574	$ 343,171,606	$ 286,304,733	$ 629,476,339	$ 900,984,913
4. Amortization (28 years)	$ 15,910,931	$ 20,110,524	$ 16,778,014	$ 36,888,538	$ 52,799,469

	Class A	Class B			Grand Total
		Fire	Police	Total	
5. Total Individual Entry Age Normal Cost	$ 9,136,033	$ 4,638,871	$ 5,106,036	$ 9,744,907	$ 18,880,940
6. Employee Normal Cost	$ 5,608,123	$ 1,502,710	$ 1,548,755	$ 3,051,465	$ 8,659,588
7. Net City Normal Cost with Interest	$ 3,973,373	$ 3,532,159	$ 4,006,453	$ 7,538,612	$ 11,511,985
8. Net City Normal Cost without Interest as a Percent of Pay	4.31%	12.72%	12.32%	12.50%	7.54%
9. Amortization of 1995 Deferral	$ 145,834	$ 173,398	$ 152,435	$ 325,833	$ 471,667
10. Total City Appropriation (4 plus 7 plus 9)*	$ 20,030,138	$ 23,816,081	$ 20,936,902	$ 44,752,983	$ 64,783,121
11. Total Contribution Rate for Fiscal Year Beginning July 1, 2011	24.44%	96.61%	72.50%	83.60%	47.82%
12. Payroll	$ 81,940,753	$ 24,652,547	$ 28,880,406	$ 53,532,953	$ 135,473,706

*** Assumed payments throughout 2013**

SCHEDULE B

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

INTEREST RATE: 8.25% per annum, compounded annually, effective July 1, 2011 for General Funds and School Teacher Funds. In the prior valuation, the interest rate assumption was 8.50%.

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of withdrawal and deferred retirement, disability, death and service retirement among members in active service are as follows:

CLASS A

Age	Retirement	Disability	
		Ordinary	Accidental
20		.00025	.00010
25		.00030	.00015
30		.00030	.00015
35		.00050	.00025
40		.00080	.00040
45	.0671	.00125	.00060
50	.0925	.00185	.00090
55	.0859	.00255	.00130
59	.1138	.00370	.00185
60	.1229	.00415	.00210
64	.1741	.00625	.00310
65	.2500	.00680	.00340
70	.2500	.00680	.00340
75	1.0000		

Age	Withdrawal and Deferred Retirement	Ordinary and Accidental Death	
		Men	Women
20	.1413	.000231	.000136
25	.1206	.000304	.000154
30	.0644	.000400	.000214
35	.0473	.000696	.000377
40	.0389	.000912	.000514
45	.0272	.001146	.000801
50	.0174	.001460	.001169
54	.0101	.002091	.001963
55		.002422	.002295
60		.004808	.004550
65		.009473	.008736
70		.016167	.015069

CLASS B

Age	Withdrawal and Deferred Disability	Disability		Ordinary and Accidental Death	
		Ordinary	Accidental	Men	Women
20	.0258	.0001	.0008	.000231	.000136
25	.0183	.0001	.0011	.000304	.000154
30	.0104	.0002	.0017	.000400	.000214
35	.0046	.0025	.0023	.000696	.000377
40	.0029	.0004	.0034	.000912	.000514
45	.0024	.0007	.0060	.001146	.000801
50		.0011	.0104	.001460	.001169
55			.0149	.002422	.002295
59			.0194	.004237	.003997

Age	Retirement
40	.07403
45	.07599
50	.08004
55	.08860
56	.09124
57	.09439
58	.09788
59	.10238
60	1.00000

SALARY INCREASES NOT INCLUDING LONGEVITY: 0% for the next two years and 3.50% thereafter. The prior assumption was 4.25% for the next 2 years and 4.50% thereafter.

MEMBER CONTRIBUTIONS: Assumed that 100% of members elect to cease making contributions after 25 years of service.

ANNUAL INCREASE IN AMORTIZATION PAYMENT: 5%

LONGEVITY TABLES:

CLASS A:

FOR EMPLOYEES HIRED ON OR PRIOR TO OCTOBER 23, 1999:

YEARS OF SERVICE	PERCENTAGE AMOUNT	PRIOR PERCENTAGE AMOUNT
5 years but less than 10 years	4%	5%
10 years but less than 15 years	5%	6%
15 years but less than 20 years	6%	7%
20 years or more	7%	8%

FOR EMPLOYEES HIRED AFTER OCTOBER 23, 1999:

YEARS OF SERVICE	PERCENTAGE AMOUNT	PRIOR PERCENTAGE AMOUNT
7 years but less than 12 years	3%	4%
12 years but less than 17 years	4%	5%
17 years but less than 20 years	5%	6%
20 years or more	6%	7%

CLASS B:

FIRE:

FOR EMPLOYEES HIRED ON OR PRIOR TO JUNE 30, 1996:

YEARS OF SERVICE	PERCENTAGE AMOUNT
5 years but less than 10 years	8%
10 years but less than 15 years	9%
15 years but less than 20 years	10%
20 years or more	11%

FOR EMPLOYEES HIRED AFTER JUNE 30, 1996:

YEARS OF SERVICE	PERCENTAGE AMOUNT
5 years but less than 10 years	7%
10 years but less than 15 years	8%
15 years but less than 20 years	9%
20 years or more	10%

POLICE:

FOR EMPLOYEES HIRED ON OR PRIOR TO JUNE 30, 1998:

YEARS OF SERVICE	PERCENTAGE AMOUNT
0 year but less than 6 years	0%
6 years but less than 11 years	8%
11 years but less than 16 years	9%
16 years but less than 21 years	10%
21 years or more	11%

FOR EMPLOYEES HIRED AFTER JUNE 30, 1998 :

YEARS OF SERVICE	PERCENTAGE AMOUNT
0 year but less than 6 years	0%
6 years but less than 11 years	7%
11 years but less than 16 years	8%
16 years but less than 21 years	9%
21 years or more	10%

DEATHS AFTER RETIREMENT: For service retirements, it is based on the RP-2000 Mortality Tables for males and females with static projection to 2021 using Scale AA. For disabilities, it is the RP-2000 Combined Healthy Table set forward 3 years. The mortality assumptions produce the following life expectancies:

	CLASS A and B			
	Service		**Disability**	
Age	**Male**	**Female**	**Male**	**Female**
50	32.900	34.725	27.550	30.526
55	28.168	29.971	23.318	26.009
60	23.592	25.401	19.190	21.750
65	19.283	21.102	15.354	17.776
70	15.325	17.147	11.877	14.124

In the prior valuation, the mortality assumption for non-disability retirees was the RP-2000 Combined Healthy Table.

VALUATION METHOD: Individual entry age method. Gains and losses are reflected in the period remaining to liquidate the unfunded accrued liability.

ASSET VALUATION METHOD: Five-year smoothed market value. The actuarial value of assets is determined according to the following general formula, provided such value is within a 20% corridor of the market value:

$$VA = MV - .8I_1 - .6I_2 - .4I_3 - .2I_4$$

where

VA = Valuation assets

MV = Market value of assets as of the valuation date

I_n = Investment gain (loss) during n^{th} year preceding the valuation date

PURCHASED SERVICE LOAD: Due to a lack of purchased service data, loads have been added on to Fire and Police service. The loads were determined by retirement trends found in the period from July 1, 2004 to June 30, 2006 and are as follows:

Fire Service Load = +0.63 years of service
Police Service Load = +2.11 years of service

Class A did not receive a load as trends showed the impact of purchased service was insignificant.

SCHEDULE C

DETERMINATION OF ADJUSTED ASSET VALUE

Reconciliation of Market Value of Plan Assets (accrual basis), 7/1/2007 - 7/1/2011

	7/1/2007 - 6/30/2008	7/1/2008 - 6/30/2009	7/1/2009 - 6/30/2010	7/1/2010 - 6/30/2011
Market value at beginning of period	413,539,963	361,121,167	298,280,996	316,485,233
Contributions during period	65,663,848	59,642,378	60,590,954	67,248,784
Total investment income	(34,744,385)	(44,215,885)	39,116,922	65,381,313
Benefit payments and expenses	(83,338,259)	(78,266,664)	(81,503,639)	(87,278,128)
Market value at end of period	361,121,167	298,280,996	316,485,233	361,837,203
Expected market value at end of period	436,774,657	377,487,246	301,831,267	322,516,405
Investment gain/(loss) for the year	(75,653,490)	(79,206,250)	14,653,966	39,320,798

Year Ended	Investment Gain / (Loss)		Weight		Weighted Gain / (Loss)
6/30/2011	39,320,798	x	0.80	=	31,456,638
6/30/2010	14,653,966	x	0.60	=	8,792,379
6/30/2009	(79,206,250)	x	0.40	=	(31,682,500)
6/30/2008	(75,653,490)	x	0.20	=	(15,130,698)
					(6,564,181)

Actuarial Value of Assets = Market Value ***minus*** weighted gain / (loss) =	368,401,383
Plus discounted value of contribution due to be paid on June 30, 2012	54,437,806
Total	422,839,189

The return on the actuarial value of assets was 3.42% for the prior plan year. The return on a market value basis was about 21.33%.

SCHEDULE D

SUMMARY OF MAIN PROVISIONS OF RETIREMENT SYSTEM

AS INTERPRETED FOR VALUATION PURPOSES

1 - BENEFITS

Final compensation is the average of the highest three years of base compensation including longevity pay earned by a member during his total service as an employee.

Service is total employment by the City plus any purchased service.

Normal Service Retirement Allowance

Conditions for Allowance	The minimum age for normal service retirement is: For Class A members hired prior to July 1, 1995: Age 55 or the age at which 25 years of service are completed, if earlier. For Class A members hired between July 1, 1995 and June 30, 2004: Age 55 or the age at which 30 years of service are completed, if earlier. For Class A members hired between July 1, 2004 and June 30, 2009: Age 60 or the age at which 30 years of service are completed, if earlier. For Class A members hired on or after July 1, 2009: Age 62 with 10 years of service or the age at which 30 years of service are completed, if earlier. For Class B members hired prior to July 1, 2012: Age 55 or the age at which 20 years of service are completed, if earlier. For Class B members hired on or after July 1, 2012: Age 55 or the age at which 25 years of service are completed, if earlier. No members were valued with this eligibility in this valuation.

Amount of Allowance

Provided by Member

An annuity which is the actuarial equivalent of his accumulated contributions at the time of his retirement, and

Provided by City

For Class A members hired prior to July 1, 1996:
A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/40 of his final compensation for each year of total service credited not in excess of 20 years plus 1/50 of his final compensation for each year of total service credited in excess of 20 years.

For Class A members hired on or after July 1, 1996:
A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/50 of his final compensation for each year of total service credited.

For Police:
A pension which when added to his normal annuity, exclusive of any excess annuity, equals:

1. For members of the bargaining unit hired prior to September 1, 2001:

Eligible Years of Service	Designated Percentage
Prior to 20 years of service	2.5% per year
20 years of service	50%
21 years of service	52%
22 years of service	54%
23 years of service	56%
24 years of service	58%
25 years of service	65%
26 years of service	62%
27 years of service	64%
28 years of service	66%
29 years of service	68%
30 years of service	75%
31 years of service	72%
32 years of service	80%

2. For members of the bargaining unit hired on or after September 1, 2001 and prior to July 1, 2012:

Eligible Years of Service	Designated Percentage
Prior to 20 years of service	2.5% per year
20 years of service	50%
21 years of service	52%
22 years of service	54%
23 years of service	56%
24 years of service	58%
25 years of service	60%
26 years of service	62%
27 years of service	64%
28 years of service	66%
29 years of service	68%
30 years of service	70%
31 years of service	72%
32 years of service	75%

3. For members of the bargaining unit hired on or after July 1, 2012:

Eligible Years of Service	Designated Percentage
Prior to 25 years of service	2.0% per year
25 years of service	50.0%
26 years of service	52.5%
27 years of service	55.0%
28 years of service	57.5%
29 years of service	60.0%
30 years of service	62.5%
31 years of service	65.0%
32 years of service	67.5%
33 years of service	70.0%
34 years of service	72.5%
35 years of service	75.0%

No members were valued with this benefit in this valuation.

For all other Class B:

A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 1/40 of his final compensation for each year of total service credited not in excess of 20 years plus 1/50 of his final compensation for each year of total service credited in excess of 20 years but not in excess of 32 years and 6 months.

Early Retirement Allowance

Conditions for Allowance	The minimum age for early service retirement for Class A employees hired on or after July 1, 2004 is age 55 and at least 10 years of service. Other employees will not receive early retirement benefits.
Amount of Allowance	For Class A members hired between July 1, 2004 and June 30, 2009: The employees' normal retirement benefit reduced by 5/12% per month for each month between retirement commencement and age 60. For Class A members hired on or after July 1, 2009: The employees' normal retirement benefit reduced by 5/12% per month for each month between retirement commencement and age 62.

Deferred Retirement Allowance

Conditions for Allowance	A member who has completed at least 10 years of service may retire and receive a deferred retirement allowance commencing at the minimum age for normal service retirement.
Amount of Allowance	
Provided by Member	A deferred annuity which is the actuarial equivalent of his accumulated contributions, and
Provided by City	See "Normal Service Retirement Allowance."

Ordinary Disability Retirement Allowance

Conditions for Allowance	For Police: After 10 years but less than 20 years of service. For All Others: After 10 years of service, a member under the minimum age for service retirement may be retired for disability upon his own request or upon the request of the head of the department employing him.

Amount of Allowance

Provided by Member

An annuity which is the actuarial equivalent of his accumulated contributions at the time of his retirement, and

Provided by City

If the member is a Class A member:
A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 9/10 of 1/50 of his final compensation for each year of total service which would have been credited had he continued in service to the minimum age for service retirement, but such retirement allowance, exclusive of any excess annuity, is not to exceed 45% of his final compensation.

For Police:
A pension which when added to his normal annuity will give a total retirement allowance, equal to a percentage of his final compensation, as described in the following table:

Eligible Years of Service	Percentage
10 years of service	22.50%
11 years of service	24.75%
12 years of service	27.00%
13 years of service	29.25%
14 years of service	31.50%
15 years of service	33.75%
16 years of service	36.00%
17 years of service	38.25%
18 years of service	40.50%
19 years of service	42.75%

For All other Class B:
A pension which when added to his normal annuity, exclusive of any excess annuity, will give a total retirement allowance of 9/10 of 1/40 of his final compensation for each year of total service which would have been credited had he continued in service to the minimum age for service retirement, but such retirement allowance, exclusive of any excess annuity, is not to exceed 45% of his final compensation.

Accidental Disability Retirement Allowance

Conditions for Allowance — A member may be retired on account of accidental disability occurring in the performance of duty regardless of age or length of service.

Amount of Allowance

Provided by Member

Non-Police:
An annuity that is the actuarial equivalent of his accumulated contributions at the time of his retirement.

Police:
In light of the member's receipt of the pension stated below, the only annuity payable is the actuarial equivalent of any accumulated additional contributions at the time of his retirement.

and

Provided by City

For All:
A pension of 66-2/3% of his final compensation, but not less than the service retirement allowance. Upon the death of a member within 5 years after accidental disability retirement as a result of an accident while in the performance of duty, a pension of one-half of the member's final compensation is paid to his widow until she dies or remarries, at which point the pension is paid to his child or children until they attain age 19.

Accidental Death Benefit

Conditions for Benefit — An accidental death benefit is payable upon the death of any member due to an accident in the performance of duty.

Amount of Benefit — A pension of one-half of the member's final compensation is paid to his widow until she dies or remarries, at which point the pension is payable to his child or children until they attain age 19. If there are no other dependents, the pension is payable to his dependent parents. In addition, a lump sum payment of the member's accumulated contributions is made.

Withdrawal or Ordinary Death Benefit	A member who withdraws prior to eligibility for retirement receives his accumulated contributions. Should a member die before retirement his accumulated contributions are paid to his estate or beneficiary; provided, however, if he has attained minimum retirement age and has not made an optional election as described below, and is survived by a spouse, such spouse is entitled, in lieu of the return of the member's accumulated contributions, to a benefit equal to that which would have been payable to such spouse upon the death of the member had the member retired on the day of his death and elected to receive a benefit under the provisions of Option 2, as described below, and nominated his spouse as his designated beneficiary, except that for a Class B member the benefit to the spouse shall not be less than 67½% of the benefit that would have been paid to such retired member without reduction.
Benefit upon Death after Retirement	<u>For Class A</u>: Benefits under any option. Also, the excess, if any, of the member's accumulated contributions at retirement over all payments paid out on the member's account. <u>For Class B</u>: Upon the death of a Class B pensioner, 67½% of his/her retirement allowance is paid to his widow/widower until he/she dies or remarries, at which point the benefit is paid to any dependent children until they attain age 18. Also, the excess, if any, of the member's accumulated contributions at retirement over the total of all payments paid out on the member's account.
Minimum Benefits	The minimum monthly retirement allowance is $600, prorated for members whose credited service at retirement is less than 25.

Options at Retirement

At retirement, a member may elect to convert his allowance into a benefit of equivalent actuarial value in accordance with one of the options described below:

Option 1. A reduced retirement allowance payable during the retired member's life, with a provision that in case of death before such payments have equaled the present value of his retirement allowance at the date of retirement, the balance shall be paid to the heirs or assigns; or

Option 2. A reduced retirement allowance payable during the retired member's life, with a provision that after his death it shall be continued during the life of and paid to the person nominated by him by written designation at the time of his retirement; or

Option 3. A reduced retirement allowance payable during the retired member's life, with a provision that after his death an allowance at one-half the rate of his reduced allowance shall be continued during the life of and paid to the person nominated by him by written designation at the time of his retirement; or

Option 4. A reduced retirement allowance payable during the retired member's life, with some other benefit payable after his death, provided that the benefit shall be certified by the actuary and approved by the retirement board. This Option is not available to Police who retire on an Accidental Disability Allowance.

Class B members may not elect Options 2 or 3.

Married Class B members may also not elect Option 1.

Options upon Attainment of Minimum Retirement Age

Any member who has attained minimum retirement age may elect, in accordance with Option 2, 3 or 4 above, a reduced retirement allowance with provision for benefits to a person having an insurable interest in his life, other than his wife. The benefit is determined as of the member's date of death or retirement, if prior thereto, in accordance with the provisions of the option selected and is in lieu of the return of the member's accumulated contributions if death occurs during the member's continuance in service after attainment of minimum retirement age. Such election is irrevocable after the option becomes effective unless the designated

beneficiary predeceases the member prior to his retirement.

Cost of Living Adjustment

For Class A:

3% compounded for members who retired prior to 12/18/91; no adjustment for other Class A members.

For Police:

5% compounded for members who retired prior to January 1, 1990; 6% compounded for members who retired between January 1, 1990 and December 18, 1991; 5% compounded for members who retired between December 19, 1991 and December 31, 1992; 3% simple on first $12,000 of annual benefit for Non-Union Police; 5% compounded for special court awarded members; 3% compounded for other retired members; for all members hired on or after July 1, 2012, the COLA will be based on the Consumer Price Index for the Northeast Region but shall not be less than 1% and shall not exceed 3% simple (no members were valued with this COLA in this valuation); and Police pensions are limited to the current salary of an active participant of the same rank.

For all other Class B Retirees:

5% compounded for members who retired prior to January 1, 1990; 6% compounded for members who retired between January 1, 1990 and December 18, 1991; 5% compounded for members who retired between December 19, 1991 and June 30, 1992; 6% compounded for members who retired between July 1, 1992 and June 30, 1995; 3% simple on first $12,000 of annual benefit for members who retired between July 1, 1995 and March 16, 2006; 5% compounded for special court awarded members; 3% compounded for other retired members; for all members hired on or after July 1, 2012, the COLA will be based on the Consumer Price Index for the Northeast Region but shall not 3% simple (no members were valued with this COLA in this valuation).

The initial COLA payment is deferred until the January 1 that occurs three years after the member's retirement date.

Provisions for Elected Officials

Any person who has served as Mayor or City Councilman for at least eight full legislative years is entitled to a retirement allowance on the basis of such service as an elected official upon attainment of age 52 or the completion of 20 consecutive years as an elected official, whichever is earlier, or the occurrence of total and permanent disability prior thereto.

Such retirement allowance is currently $350 for each year of service, provided that no more than 20 years of such service are to be used in determining the allowance.

Upon the death of any such elected official, benefits are payable in accordance with the Class A provisions of the act.

An elected official may elect to withdraw his accumulated contributions in lieu of his rights to the allowance based on service as an elected official.

2 - CONTRIBUTIONS

Provided by Members

For Class A: 8% of their salaries.

For Police: 8% of their salaries

For Firefighters hired on or after July 1, 2011: 9% of their salaries. No members were valued with this contribution rate in this valuation.

For all other Class B Members: 8% of their salaries. In the prior valuation the contribution rate valued was 9½% of their salaries.

The Mayor and members of the City Council are required to contribute at the rate of $350 per year.

Member contributions may cease after 25 years of service.

Provided by City

The City makes the balance of contributions needed to fund the system.

In addition the City shall contribute from time to time amounts sufficient with the contributions of elected officials to provide the special pensions granted to elected officials.

SCHEDULE E

TABLES OF EMPLOYEE DATA

TABLE 1

The Number and Annual Average Salaries of Members Distributed By 5th Age and Service As of June 30, 2011

CLASS A

SERVICE AGE	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-36	37+	TOTAL	
<20	1										1	NUMBER
	38,480										38,480	SALARY
20-24	21	11	1								33	NUMBER
	24,927	34,926	37,194								28,631	SALARY
25-29	29	68	18	1							116	NUMBER
	25,903	30,198	38,050	45,729							30,477	SALARY
30-34	26	39	57	40	1						163	NUMBER
	27,937	39,936	37,089	36,161	26,321						36,017	SALARY
35-39	23	50	67	81	22	2					245	NUMBER
	31,342	35,718	36,109	34,112	40,631	37,646					35,340	SALARY
40-44	22	52	60	77	56	29	1				297	NUMBER
	29,790	35,380	39,886	38,432	42,255	44,940	39,741				38,912	SALARY
45-49	26	63	77	88	54	45	4	1			358	NUMBER
	31,647	33,914	35,785	37,960	44,535	49,451	57,400	54,406			39,021	SALARY
50-54	23	47	60	94	63	53	17	11	4	1	373	NUMBER
	27,176	35,770	38,089	32,540	41,660	47,921	52,166	53,048	60,654	41,237	39,059	SALARY
55-59	14	36	47	65	50	40	9	10	15	5	291	NUMBER
	26,014	35,929	43,010	35,040	40,090	39,391	54,076	62,539	54,703	46,110	40,206	SALARY
60-64	6	17	29	33	24	22	6	8	3	13	161	NUMBER
	41,688	51,991	50,491	35,446	42,412	44,700	56,286	49,969	58,244	58,760	46,244	SALARY
65-69		2	14	11	11	4	4	2	2	3	53	NUMBER
		40,962	38,165	38,504	45,233	39,485	57,907	54,622	39,217	48,652	42,652	SALARY
70-74		3	5	6	6	2	1	1	1		25	NUMBER
		56,674	35,713	38,602	48,172	46,080	35,884	46,912	49,100		43,731	SALARY
75-76			1	2							3	NUMBER
			27,538	33,813							31,721	SALARY
77+			2	1	1					2	6	NUMBER
			38,784	10,013	21,708					47,164	33,936	SALARY
TOTAL	191	388	438	499	288	197	42	33	25	24	2,125	NUMBER
	28,680	35,742	38,797	35,659	42,176	45,446	53,525	55,128	54,617	53,165	38,560	SALARY

TABLE 2

The Number and Annual Average Salaries of Members Distributed By 5th Age and Service As of June 30, 2011

CLASS B

SERVICE AGE	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-36	37+	TOTAL	
20-24		7									7	NUMBER
		49,599									49,599	SALARY
25-29		49	6	1							56	NUMBER
		51,901	53,186	55,087							52,095	SALARY
30-34		39	47	9							95	NUMBER
		52,424	55,950	55,986							54,506	SALARY
35-39		17	40	37	5						99	NUMBER
		54,427	55,271	56,309	54,333						55,467	SALARY
40-44		7	38	34	101	28					208	NUMBER
		54,138	55,992	57,432	57,939	59,039					57,521	SALARY
45-49		2	11	12	74	90	14	1			204	NUMBER
		53,257	55,700	58,066	56,133	58,191	61,342	65,662			57,507	SALARY
50-54			4	6	25	58	34	17			144	NUMBER
			82,137	55,317	55,069	58,166	66,252	65,891			60,997	SALARY
55-59				1	7	9	5	21	4	1	48	NUMBER
				51,406	58,823	58,968	61,448	70,716	73,456	57,109	65,356	SALARY
60+							1				1	NUMBER
							66,048				66,048	SALARY
TOTAL		121	146	100	212	185	54	39	4	1	862	NUMBER
		52,443	56,360	56,752	56,914	58,349	64,530	68,484	73,456	57,109	57,559	SALARY

TABLE 3

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2011

SERVICE RETIREMENTS

CLASS A

AGE	NUMBER	AMOUNT
16	1	$5,440
45	1	12,446
47	1	26,644
49	2	29,988
50	2	44,168
51	4	85,947
52	5	129,204
53	5	140,724
54	7	257,072
55	21	531,776
56	30	709,281
57	25	656,328
58	38	742,075
59	46	1,124,336
60	37	833,149
61	39	701,720
62	39	851,103
63	44	722,011
64	53	1,071,602
65	39	776,515
66	49	751,393
67	37	631,931
68	48	783,970
69	31	541,369
70	41	572,494
71	54	756,359
72	37	585,192
73	42	494,626
74	38	546,137
75	39	528,437
76	31	444,931

TABLE 3 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2011

SERVICE RETIREMENTS

CLASS A

AGE	NUMBER	AMOUNT
77	44	$702,204
78	52	843,748
79	40	585,516
80	43	759,258
81	44	813,424
82	37	668,765
83	29	458,758
84	23	431,965
85	28	422,064
86	24	317,115
87	22	396,660
88	14	152,768
89	17	213,895
90	14	158,150
91	9	104,097
92	8	140,456
93	7	91,506
94	9	102,901
95	4	39,737
96	6	74,923
98	2	33,362
99	1	5,602
103	1	11,616
107	1	3,536
TOTAL	1,365	$23,620,394

TABLE 4

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2011

SERVICE RETIREMENTS

CLASS B

AGE	NUMBER	AMOUNT
38	1	$37,467
40	1	26,923
41	1	39,028
42	1	31,859
44	8	233,750
45	6	208,281
46	10	276,157
47	3	81,677
48	10	299,111
49	9	298,828
50	8	238,093
51	8	298,180
52	10	365,717
53	14	522,346
54	18	640,494
55	16	658,165
56	13	441,539
57	25	983,833
58	17	615,608
59	19	715,575
60	23	873,207
61	24	1,044,094
62	22	847,234
63	28	1,171,969
64	31	1,287,602
65	18	723,286
66	19	916,881
67	17	729,303
68	13	618,970
69	7	316,597
70	7	270,673
71	11	538,154

TABLE 4 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2011

SERVICE RETIREMENTS

CLASS B

AGE	NUMBER	AMOUNT
72	8	$229,690
73	9	369,850
74	16	614,070
75	9	346,997
76	9	435,096
77	7	259,432
78	10	437,718
79	11	418,212
80	7	175,845
81	14	430,857
82	14	624,488
83	4	140,007
84	7	364,372
85	6	223,071
86	10	329,931
87	5	114,094
88	7	306,472
89	5	223,207
90	3	71,692
93	1	28,183
TOTAL	580	$22,493,885

TABLE 5

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2011

ELECTIVE OFFICIALS AND DEPENDENTS
OF ELECTIVE OFFICIALS

AGE	NUMBER	AMOUNT
56	2	$8,244
58	1	6,352
59	1	6,199
60	1	2,800
61	2	9,659
62	1	2,258
64	2	8,573
69	2	7,158
70	1	4,915
71	3	11,332
72	1	3,450
73	4	20,690
75	1	3,246
81	2	11,372
84	1	3,179
85	1	5,989
87	3	8,707
91	1	10,113
99	1	5,644
TOTAL	31	$139,880

TABLE 6

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2011

DISABILITY RETIREMENTS

CLASS A

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
44	1	$28,595	2	$26,391	3	$54,986
45			1	36,789	1	36,789
46	1	6,432			1	6,432
47			1	23,768	1	23,768
50	2	25,244			2	25,244
51	1	12,906	1	28,926	2	41,832
52			1	15,905	1	15,905
54	2	22,418			2	22,418
56			3	72,501	3	72,501
57	1	4,828	1	17,698	2	22,526
58	1	16,362	5	124,108	6	140,470
59			1	17,796	1	17,796
60			2	33,065	2	33,065
62			2	32,683	2	32,683
63			2	56,562	2	56,562
64	1	4,087	5	121,417	6	125,504
65			1	21,491	1	21,491
67			3	47,878	3	47,878
68	1	20,730	2	40,540	3	61,270
69			6	102,263	6	102,263
70			4	69,734	4	69,734
71	2	15,616	5	81,788	7	97,404
72			3	57,969	3	57,969
73	1	10,903			1	10,903
74			2	22,968	2	22,968
75			3	47,111	3	47,111
76			1	29,562	1	29,562
77			2	38,812	2	38,812
80			3	61,020	3	61,020
81			2	42,426	2	42,426
82			1	24,053	1	24,053

TABLE 6 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2011

DISABILITY RETIREMENTS

CLASS A

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
85			1	$6,144	1	$6,144
88			1	22,557	1	22,557
90			1	5,865	1	5,865
92			1	12,601	1	12,601
107			1	15,181	1	15,181
TOTAL	14	$168,121	70	$1,357,572	84	$1,525,693

TABLE 7

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2011

DISABILITY RETIREMENTS

CLASS B

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
25			1	$36,028	1	$36,028
37			1	39,027	1	39,027
38	1	$10,462			1	10,462
39			2	73,977	2	73,977
40			1	38,173	1	38,173
41	2	33,930	1	43,206	3	77,136
42			2	81,060	2	81,060
43			3	130,067	3	130,067
44			4	112,370	4	112,370
45	1	18,783	2	77,811	3	96,594
46	1	24,003	3	110,088	4	134,091
47	1	20,873	5	184,224	6	205,097
48			5	191,126	5	191,126
49	1	20,389	7	294,923	8	315,312
50			4	222,988	4	222,988
51	1	24,271	7	291,229	8	315,500
52	2	32,644	8	431,682	10	464,326
53			17	834,617	17	834,617
54	1	19,698	8	372,852	9	392,550
55			10	407,130	10	407,130
56			11	537,337	11	537,337
57			10	501,925	10	501,925
58			11	616,543	11	616,543
59			9	394,521	9	394,521
60			14	822,387	14	822,387
61			15	798,275	15	798,275
62			16	902,789	16	902,789
63			20	1,310,689	20	1,310,689
64			24	1,369,763	24	1,369,763
65	1	23,223	14	704,304	15	727,527
66			18	1,140,878	18	1,140,878

TABLE 7 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES
OF RETIRED MEMBERS DISTRIBUTED BY
AGE AS OF JUNE 30, 2011

DISABILITY RETIREMENTS

CLASS B

	ORDINARY		ACCIDENTAL		TOTAL	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
67			14	$975,469	14	$975,469
68			14	845,023	14	845,023
69			9	534,524	9	534,524
70			12	776,106	12	776,106
71			16	1,100,520	16	1,100,520
72			14	1,104,161	14	1,104,161
73			4	230,905	4	230,905
74			6	295,978	6	295,978
75			11	946,830	11	946,830
76			3	132,229	3	132,229
77			11	828,977	11	828,977
78			7	560,409	7	560,409
79			8	563,405	8	563,405
80			8	583,841	8	583,841
81			2	116,141	2	116,141
82			4	281,014	4	281,014
83	1	$18,194	5	338,698	6	356,892
84			4	166,718	4	166,718
85			3	282,962	3	282,962
86			2	158,926	2	158,926
87			2	74,049	2	74,049
88			1	29,856	1	29,856
89			1	17,328	1	17,328
90			1	34,675	1	34,675
96			2	62,315	2	62,315
TOTAL	13	$246,470	417	$24,113,048	430	$24,359,518

TABLE 8

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF BENEFICIARIES OF DECEASED ACTIVE AND RETIRED MEMBERS DISTRIBUTED BY AGE AS OF JUNE 30, 2011

CLASS A

AGE	NUMBER	AMOUNT
38	1	$7,948
48	1	9,453
52	1	14,609
53	2	25,836
54	1	32,138
55	4	50,679
57	3	18,309
58	1	14,457
59	5	56,598
60	2	29,796
62	4	73,208
63	3	45,390
64	2	12,266
65	2	24,737
67	3	43,667
68	3	24,388
69	5	62,405
70	4	93,684
71	3	43,798
72	4	63,908
73	7	69,977
74	6	64,556
75	7	64,143
76	5	55,170
77	6	94,359
78	7	76,808
79	4	44,866
80	4	71,464
81	10	102,186
82	8	95,018

TABLE 8 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF BENEFICIARIES OF DECEASED ACTIVE AND RETIRED MEMBERS DISTRIBUTED BY AGE AS OF JUNE 30, 2011

CLASS A

AGE	NUMBER	AMOUNT
83	12	$155,029
84	10	163,228
85	12	110,104
86	3	29,779
87	11	145,928
88	5	42,130
89	3	28,099
90	3	41,010
91	5	45,782
92	7	74,162
93	4	26,636
94	5	41,304
95	2	20,951
96	4	33,964
97	1	10,816
98	1	8,838
99	1	4,284
101	1	12,626
102	1	9,175
TOTAL	209	$2,489,666

TABLE 9

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF BENEFICIARIES OF DECEASED ACTIVE AND RETIRED MEMBERS DISTRIBUTED BY AGE AS OF JUNE 30, 2011

CLASS B

AGE	NUMBER	AMOUNT
14	3	$36,965
42	1	32,184
43	1	9,430
44	2	32,679
46	3	53,124
47	1	5,460
48	1	7,228
50	2	83,955
52	6	167,441
54	2	29,646
55	1	37,390
56	4	114,579
57	9	288,400
58	7	184,794
59	2	60,800
60	1	57,889
61	8	200,297
62	4	104,005
63	6	223,528
64	5	102,999
65	7	284,250
66	9	294,011
67	4	167,206
68	7	189,398
69	5	164,829
70	6	284,782
71	7	301,543
72	6	275,877
73	7	280,090
74	3	51,667

TABLE 9 (CONTINUED)

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF BENEFICIARIES OF DECEASED ACTIVE AND RETIRED MEMBERS DISTRIBUTED BY AGE AS OF JUNE 30, 2011

CLASS B

AGE	NUMBER	AMOUNT
75	7	$263,559
76	8	196,629
77	8	229,220
78	9	274,396
79	15	570,582
80	5	128,949
81	13	346,467
82	10	317,430
83	10	199,143
84	19	460,386
85	10	243,126
86	10	241,251
87	7	139,640
88	10	240,883
89	6	127,370
90	4	93,605
91	8	191,552
92	1	14,256
93	1	12,281
94	3	50,685
95	2	32,205
98	2	36,389
100	2	34,436
TOTAL	300	$8,570,886

SCHEDULE F

28 YEAR APPROPRIATION FORECAST

Fiscal Year Ending	Normal Cost	Past Service Amortization	Deferral Amortization	Total	Pay-As-You-Go
6/30/2012	$9,489,420	$48,946,899	$492,606	$58,928,925	$85,709,864
6/30/2013	11,511,985	52,799,469	471,667	64,783,121	89,521,287
6/30/2014	11,972,464	55,439,442	471,667	67,883,573	93,348,131
6/30/2015	12,451,363	58,211,414	471,667	71,134,444	97,216,663
6/30/2016	12,949,418	61,121,985	471,667	74,543,070	101,060,817
6/30/2017	13,467,395	64,178,084	471,667	78,117,146	104,937,769
6/30/2018	14,006,091	67,386,988	471,667	81,864,746	108,893,725
6/30/2019	14,566,335	70,756,337	471,667	85,794,339	112,785,910
6/30/2020	15,148,988	74,294,154	471,667	89,914,809	116,573,313
6/30/2021	15,754,948	78,008,862	471,667	94,235,477	120,431,249
6/30/2022	16,385,146	81,909,305	471,667	98,766,118	124,345,142
6/30/2023	17,040,552	86,004,770	471,667	103,516,989	128,281,383
6/30/2024	17,722,174	90,305,009	471,667	108,498,850	131,998,649
6/30/2025	18,431,061	94,820,259	471,667	113,722,987	135,559,442
6/30/2026	19,168,303	99,561,272	471,667	119,201,242	138,883,912
6/30/2027	19,935,035	104,539,336	471,667	124,946,038	141,985,686
6/30/2028	20,732,436	109,766,303	471,667	130,970,406	144,876,230
6/30/2029	21,561,733	115,254,618	471,667	137,288,018	147,575,835
6/30/2030	22,424,202	121,017,349	471,667	143,913,218	149,957,538
6/30/2031	23,321,170	127,068,216	471,667	150,861,053	152,012,659
6/30/2032	24,254,017	133,421,627	-	157,675,644	153,688,111
6/30/2033	25,224,178	140,092,708	-	165,316,886	155,003,325
6/30/2034	26,233,145	147,097,343	-	173,330,488	155,825,620
6/30/2035	27,282,471	154,452,210	-	181,734,681	156,210,653
6/30/2036	28,373,770	162,174,821	-	190,548,591	156,118,982
6/30/2037	29,508,721	170,283,562	-	199,792,283	155,566,042
6/30/2038	30,689,070	178,797,740	-	209,486,810	154,577,275
6/30/2039	31,916,633	187,737,627	-	219,654,260	153,125,399
6/30/2040	33,193,298	-	-	33,193,298	151,269,326
6/30/2041	34,521,030	-	-	34,521,030	148,973,637
6/30/2042	35,901,871	-	-	35,901,871	146,305,744

SCHEDULE G

CHANGES IN UNFUNDED LIABILITY

7/1/2010 Unfunded Liability	$828,484,533
Expected Unfunded as of 7/1/2011	$853,271,983
Actual Unfunded as of 7/1/2011	
(without Assumption Changes)	$865,994,410
Gain/(Loss)	($12,722,427)
Asset Gain/(Loss)	($18,609,736)
Liability Gain/(Loss)	$5,887,309
Salary Increases	$4,976,437
New Active Participants	($4,200,369)
Active - Retirements	($2,255,547)
Active - Terminations	$4,435,534
Active - Mortality	$455,244
Active - Disabilities	$2,106,294
Inactive Mortality and Data Adjustment	$2,920,523
Other	($2,550,807)
Assumption Changes*	$34,990,503

* The mortality, interest rate, salary scale and longevity assumptions all changed during the past year.

City of Atlanta
Police Officers' Pension Fund

Actuarial Valuation
As of July 1, 2012

Determines the Contribution
For the 2013/14 Fiscal Year

Southern Actuarial Services

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March 11, 2013

Introduction

This report presents the results of the July 1, 2012 actuarial valuation of the City of Atlanta Police Officers' Pension Fund. This valuation is based upon the participant data provided as of July 1, 2012 by the plan administrator and asset information provided as of June 30, 2012 by the plan auditor. Except for a cursory review for reasonableness, we have not attempted to verify the accuracy of this information.

The primary purpose of this report is to provide a summary of the funded status of the plan as of July 1, 2012 and to determine the minimum required contribution under Georgia Code Section 47-20-10 for the City's 2013/14 fiscal year. In addition, this report provides a projection of the long-term funding requirements of the plan, accounting disclosures pursuant to Governmental Accounting Standards Board Statement Nos. 25 and 27 (GASB 25/27), statistical information concerning the assets held in the trust, statistical information concerning the participant population, and a summary of any recent plan changes.

The liabilities and cost presented in this report are based on numerous assumptions concerning the cost of benefits to be provided in the future, long-term investment returns, and the future demographic experience of the current participants. Anyone referring to this report should remember that the cost developed herein is only an *estimate* of the true cost of providing post-employment pension benefits. No one can predict with certainty whether the true cost will be higher or lower than the cost presented in this report. The calculated cost is entirely dependent upon the assumptions that are described in Table V-A. If any of the assumptions is changed, then the cost shown in this report will change accordingly. Likewise, if any of the assumptions is not completely realized, then the cost shown in this report will change in the future.

Certain assumptions play a bigger role than others in determining the cost of the post-employment pension benefits. In some cases, relatively small changes in a particular assumption can have a dramatic impact on the anticipated cost of benefits. Although a thorough analysis of the impact of such changes is beyond the scope of this report, Table I-B illustrates the impact that alternative long-term investment returns would have on the minimum required contribution rate.

Minimum Required Contribution

Table I-A shows the development of the minimum required contribution for the City's 2013/14 fiscal year. The minimum required contribution rate is 32.88% of covered payroll, which represents a decrease of 1.73% of payroll from the prior valuation.

Table I-C provides a breakdown of the sources of change in the contribution rate. Significantly, the rate increased by 3.72% of payroll due to investment losses and decreased by 5.40% due to demographic experience. The market value

of assets only earned 0.51% during the 2011/12 plan year, whereas a 7.75% annual investment return is required to maintain a stable contribution rate.

Georgia Code Section 47-20-10 sets forth many of the rules concerning the minimum required contribution for public pension plans within the state. Essentially, the City will meet the minimum funding requirement if the employer contributions are at least equal to the annual required contribution under GASB 25/27. In addition, Georgia Code Section 47-20-13 exempts public plan sponsors from the minimum funding requirements if the plan's actuarial value of assets exceeds 150% of the present value of accumulated retirement system benefits.

Based on the current assets, participant data, and actuarial assumptions and methods that are used to value the plan, the present-day value of the total long-term funding requirement is $1,216,563,428. As illustrated in Table I-A, current assets are sufficient to cover $733,546,000 of this amount, the employer's expected contribution for the 2012/13 plan year will cover $30,559,558 of this amount, the employer's expected contribution for the 2013/14 plan year will cover $30,196,842 of this amount, and future employee contributions will cover $82,976,265 of this amount, leaving $339,284,763 to be covered by future employer funding. Again, demographic and investment experience that differs from that assumed will either increase or decrease the future employer funding requirement.

Contents of the Report

Tables I-D through I-G provide a detailed breakdown of various liability amounts by type of benefit and by participant group. Tables II-A through II-C provide information needed by both the plan's and the employer's accountants in order to prepare the relevant financial statements that cover the period July 1, 2012 through June 30, 2013. Tables III-A through III-F provide information concerning the assets of the trust fund. Specifically, Table III-A shows the development of the actuarial value of assets, which is based on the market value. Tables IV-A through IV-F provide statistical information concerning the plan's participant population. In particular, Table IV-F gives a 10-year projection of the cash that is expected to be required from the trust fund in order to pay benefits to the current group of participants. Finally, Tables V-A through VI-B provide a summary of the actuarial assumptions and methods that are used to value the plan's benefits and of the relevant plan provisions as of July 1, 2012, as well as a summary of the changes that have occurred since the previous valuation report was prepared.

Plan Amendment

Since the previous valuation report was prepared, the plan has been amended effective November 1, 2011 to increase the employee contribution rate by 5% of salary for those employees hired during the period 1984 through August 31, 2011. In addition, benefits have been changed for employees hired after August 31, 2011 as follows:

(1) The benefit formula multiplier has been reduced to 1.00% with a maximum benefit equal to 80% of average monthly earnings;

(2) The employee contribution rate has been reduced to 8.00% of plan compensation;

(3) The averaging period has been increased to 10 years for purposes of determining average monthly earnings;

(4) The normal retirement age has been increased to age 57;

(5) The earliest retirement age is age 47 for those individuals who have earned less than 30 years of service;

(6) The early retirement reduction has been increased to 6.00% per year;

(7) Unused sick leave is excluded from plan compensation;

(8) The automatic annual cost-of-living adjustment (COLA) has been limited to 1.00% per year; and

(9) The normal form of payment has been changed to a single life annuity with a survivor pension equal to 75% of an actuarially adjusted pension, where the actuarial adjustment is equal to the ratio on the date of death of the present value of the remaining life annuity payable to the retiree to the present value of a life annuity payable to the beneficiary.

The plan changes described above reduced the minimum required contribution by 0.05% of payroll for the 2013/14 plan year.

Certification

This actuarial valuation was prepared by me or under my direct supervision and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate and, in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Georgia Code Section 47-20-10. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material change in plan costs or required contribution rates have been taken into account in the valuation.

For the firm,

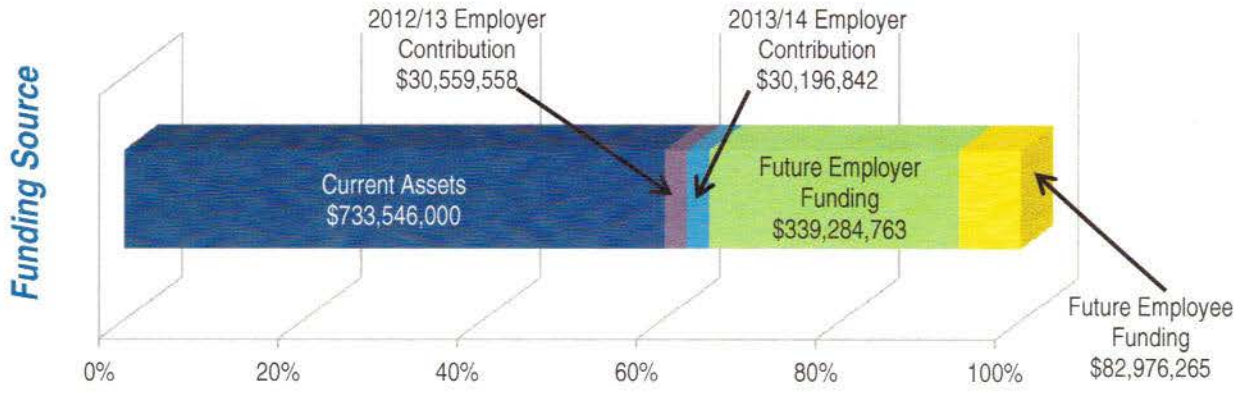
Charles T. Carr
Consulting Actuary
Southern Actuarial Services Company, Inc.

Enrolled Actuary No. 11-04927

The individual above is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Minimum Required Contribution

Table I-A



	For the 2013/14 Fiscal Year
Entry Age Normal Cost for the 2012/13 Plan Year	$21,560,493
Unfunded Liability Amortization Payment for the 2012/13 Plan Year	$17,662,064
Expense Allowance for the 2012/13 Plan Year	$441,485
Expected Employee Contribution for the 2012/13 Plan Year	($10,586,799)
Adjustment to Reflect Semi-Monthly Employer Contributions	$1,145,688
	$30,222,931
Expected Employer Contribution for the 2012/13 Plan Year	($30,559,558)
Remaining Contribution Due/(Credit) for the 2012/13 Plan Year	($336,627)
	x 0.0775
One Year's Interest Charge/(Credit) on the Remaining Contribution	($26,089)
Preliminary Employer Contribution for the 2013/14 Fiscal Year	$30,196,842
Expected Payroll for the 2013/14 Fiscal Year	*÷ $91,828,779*
Minimum Required Contribution Rate	**32.88%**

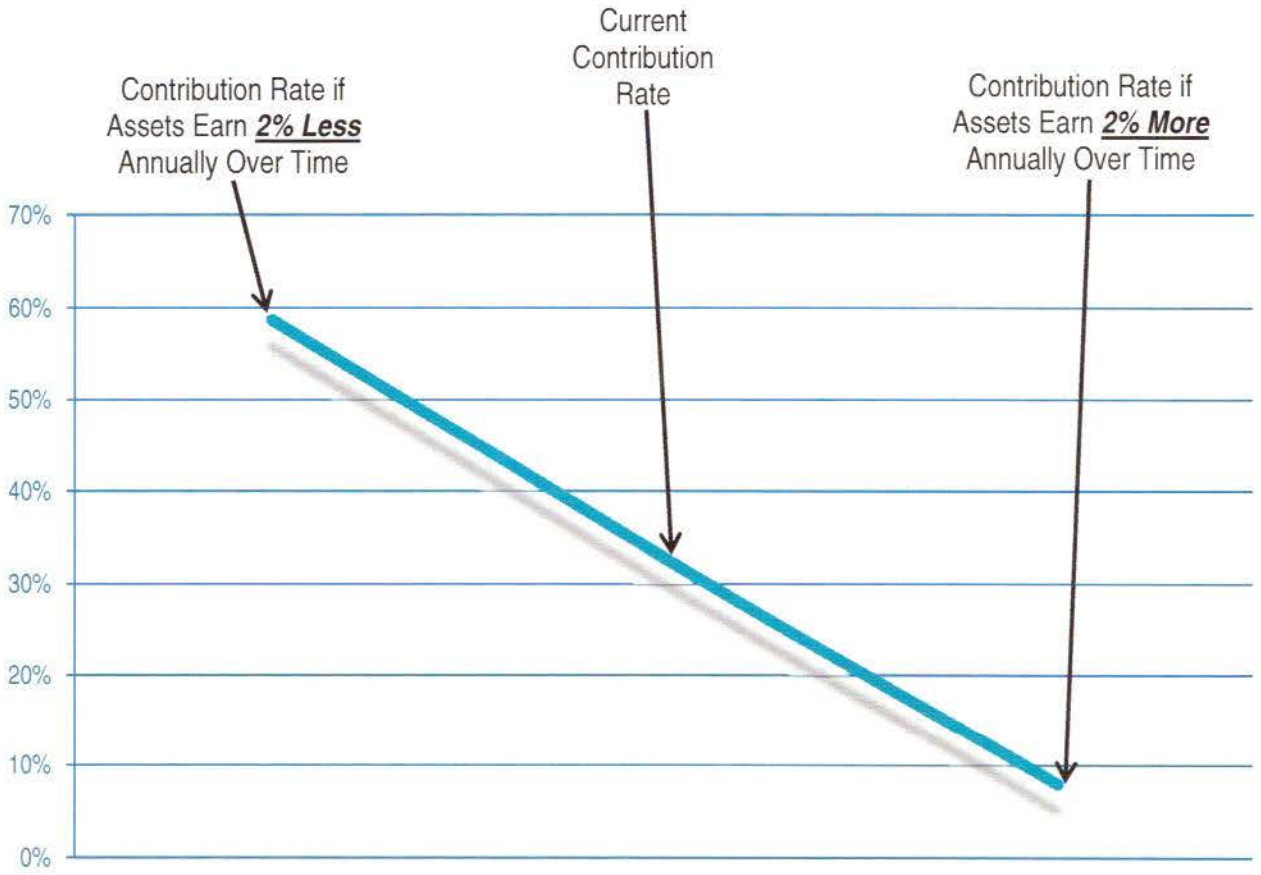
(The actual contribution should be based on the minimum required contribution rate multiplied by the actual payroll for the fiscal year.)

Additional Disclosures

Present Value of Future Compensation	$692,011,626
Present Value of Future Employer Contributions	$400,041,163
Present Value of Future Employee Contributions	$82,976,265

Sensitivity Analysis

Table I-B



The line above illustrates the sensitivity of the contribution rate to changes in the long-term investment return.

Gain and Loss Analysis

Table I-C

Source of Change in the Contribution Rate

Previous minimum required contribution rate	34.61%
Increase (decrease) due to investment gains and losses	3.72%
Increase (decrease) due to demographic experience	-5.40%
Increase (decrease) due to plan amendments	-0.05%
Increase (decrease) due to actuarial assumption changes	0.00%
Increase (decrease) due to actuarial method changes	0.00%
Current minimum required contribution rate	32.88%

Source of Change in the Unfunded Liability

Previous unfunded liability	$300,531,393
Increase due to interest	$23,291,183
Decrease due to amortization payments	($15,981,296)
Increase (decrease) due to plan experience	$18,010,952
Increase (decrease) due to plan amendments	($36,448)
Increase (decrease) due to actuarial assumption changes	$0
Increase (decrease) due to actuarial method changes	$0
Current unfunded liability	$325,815,784

Present Value of Future Benefits

Table I-D

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$476,343,136	$475,983,347	$475,983,347
Termination benefits	$23,418,536	$23,394,093	$23,394,093
Disability benefits	$26,092,422	$26,086,042	$26,086,042
Death benefits	$1,469,765	$1,479,215	$1,479,215
Refund of employee contributions	$1,272,222	$1,267,323	$1,267,323
Sub-total	**$528,596,081**	**$528,210,020**	**$528,210,020**
Deferred Vested Participants			
Retirement benefits	$1,462,736	$1,462,736	$1,462,736
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$1,462,736**	**$1,462,736**	**$1,462,736**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$584,832,794	$584,832,794	$584,832,794
Disability retirements	$51,180,602	$51,180,602	$51,180,602
Beneficiaries receiving	$47,417,218	$47,417,218	$47,417,218
DROP participants	$0	$0	$0
Sub-total	**$683,430,614**	**$683,430,614**	**$683,430,614**
Grand Total	**$1,213,489,431**	**$1,213,103,370**	**$1,213,103,370**

Present Value of Accrued Benefits

Table I-E

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$249,655,744	$249,621,623	$249,621,623
Termination benefits	$11,458,618	$11,458,618	$11,458,618
Disability benefits	$18,444,890	$18,443,203	$18,443,203
Death benefits	$758,349	$764,096	$764,096
Refund of employee contributions	$706,660	$706,660	$706,660
Sub-total	**$281,024,261**	**$280,994,200**	**$280,994,200**
Deferred Vested Participants			
Retirement benefits	$1,462,736	$1,462,736	$1,462,736
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$1,462,736**	**$1,462,736**	**$1,462,736**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$584,832,794	$584,832,794	$584,832,794
Disability retirements	$51,180,602	$51,180,602	$51,180,602
Beneficiaries receiving	$47,417,218	$47,417,218	$47,417,218
DROP participants	$0	$0	$0
Sub-total	**$683,430,614**	**$683,430,614**	**$683,430,614**
Grand Total	**$965,917,611**	**$965,887,550**	**$965,887,550**

Present Value of Vested Benefits

Table I-F

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$226,272,509	$226,244,018	$226,244,018
Termination benefits	$10,036,167	$10,036,167	$10,036,167
Disability benefits	$18,444,890	$18,443,203	$18,443,203
Death benefits	$756,280	$762,027	$762,027
Refund of employee contributions	$1,956,849	$1,956,849	$1,956,849
Sub-total	**$257,466,695**	**$257,442,264**	**$257,442,264**
Deferred Vested Participants			
Retirement benefits	$1,462,736	$1,462,736	$1,462,736
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$1,462,736**	**$1,462,736**	**$1,462,736**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$584,832,794	$584,832,794	$584,832,794
Disability retirements	$51,180,602	$51,180,602	$51,180,602
Beneficiaries receiving	$47,417,218	$47,417,218	$47,417,218
DROP participants	$0	$0	$0
Sub-total	**$683,430,614**	**$683,430,614**	**$683,430,614**
Grand Total	**$942,360,045**	**$942,335,614**	**$942,335,614**

Entry Age Normal Accrued Liability

Table I-G

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$339,825,075	$339,795,785	$339,795,785
Termination benefits	$15,334,298	$15,330,446	$15,330,446
Disability benefits	$17,563,782	$17,560,822	$17,560,822
Death benefits	$958,682	$960,041	$960,041
Refund of employee contributions	$823,045	$821,340	$821,340
Sub-total	**$374,504,882**	**$374,468,434**	**$374,468,434**
Deferred Vested Participants			
Retirement benefits	$1,462,736	$1,462,736	$1,462,736
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$1,462,736**	**$1,462,736**	**$1,462,736**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$584,832,794	$584,832,794	$584,832,794
Disability retirements	$51,180,602	$51,180,602	$51,180,602
Beneficiaries receiving	$47,417,218	$47,417,218	$47,417,218
DROP participants	$0	$0	$0
Sub-total	**$683,430,614**	**$683,430,614**	**$683,430,614**
Grand Total	**$1,059,398,232**	**$1,059,361,784**	**$1,059,361,784**
less Actuarial Value of Assets	*($733,546,000)*	*($733,546,000)*	*($733,546,000)*
Unfunded Accrued Liability	**$325,852,232**	**$325,815,784**	**$325,815,784**

Entry Age Normal Cost

Table I-H

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$17,727,308	$17,693,197	$17,693,197
Termination benefits	$1,631,511	$1,628,063	$1,628,063
Disability benefits	$1,881,904	$1,880,185	$1,880,185
Death benefits	$81,908	$83,176	$83,176
Refund of employee contributions	$277,525	$275,872	$275,872
Sub-total	**$21,600,156**	**$21,560,493**	**$21,560,493**
Deferred Vested Participants			
Retirement benefits	$0	$0	$0
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$0**	**$0**	**$0**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$0	$0	$0
Disability retirements	$0	$0	$0
Beneficiaries receiving	$0	$0	$0
DROP participants	$0	$0	$0
Sub-total	**$0**	**$0**	**$0**
Grand Total	**$21,600,156**	**$21,560,493**	**$21,560,493**

GASB 25/27 Results

Table II-A

Development of the Net Pension Obligation (Asset)

Net Pension Obligation (Asset) as of July 1, 2011	$0
Annual Pension Cost for the 2011/12 Plan Year	$33,748,000
Employer Contributions for the 2011/12 Plan Year	($33,748,000)
Net Increase (Decrease) in NPO	$0
Net Pension Obligation (Asset) as of July 1, 2012	**$0**

	For the 2013/14 Plan Year
Development of the Annual Required Contribution (ARC)	
Employer Normal Cost	$10,973,694
Amortization of the UAAL	$17,662,064
Expense Allowance	$441,485
Amortization of the Net Pension Obligation (Asset)	$0
Interest Adjustment	$1,119,599
Annual Required Contribution (ARC)	**$30,196,842**

Development of the Annual Pension Cost (APC)	
Annual Required Contribution (ARC)	$30,196,842
Interest on the Net Pension Obligation (Asset)	$0
Adjustment to the ARC	$0
Annual Pension Cost (APC)	**$30,196,842**

GASB 25/27 Disclosures

Table II-B

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	% Contrib.	Annual Pension Cost	% Contrib.
2007	$47,365,000	100%	$47,365,000	100%
2008	$45,730,000	100%	$45,730,000	100%
2009	$44,810,000	100%	$44,810,000	100%
2010	$41,712,000	100%	$41,712,000	100%
2011	$39,135,000	100%	$39,135,000	100%
2012	$33,748,000	100%	$33,748,000	100%

Schedule of Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) – (1)	(4) Funded Ratio (1) ÷ (2)	(5) Covered Payroll	(6) UAAL as % of Covered Payroll (3) ÷ (5)
January 1, 2008	$596,457,000	$909,410,000	$312,953,000	65.59%	$84,016,000	372.49%
January 1, 2009	$571,768,000	$986,376,000	$414,608,000	57.97%	$82,030,000	505.43%
January 1, 2010	$591,980,609	$990,600,036	$398,619,427	59.76%	$78,519,495	507.67%
January 1, 2011	$697,667,506	$1,056,240,007	$358,572,501	66.05%	$83,550,807	429.17%
July 1, 2011	$735,470,000	$1,036,001,393	$300,531,393	70.99%	$73,688,100	407.84%
July 1, 2012	$733,546,000	$1,059,361,784	$325,815,784	69.24%	$88,296,903	369.00%

Additional Information

Valuation Date ***July 1, 2012***

Actuarial Cost Method ***Entry age normal***

Amortization Method ***Level percentage, closed***

Remaining Amortization Period ***29 years***

Asset Valuation Method ***Market value***

Discount Rate ***7.75%***

Salary Increase Rate ***4.00%***

SFAS 35 Disclosures

Table II-C

Actuarial Present Value of Accrued Benefits

	As of July 1, 2011	As of July 1, 2012
Vested Benefits		
Participants currently receiving benefits	$682,531,253	$683,430,614
Other participants	$254,164,974	$258,905,000
Sub-total	$936,696,227	$942,335,614
Non-Vested Benefits	$22,086,797	$23,551,936
Total Benefits	**$958,783,024**	**$965,887,550**
Funded Percentage (based on the market value of assets)	76.71%	75.95%

Statement of Change in Actuarial Present Value of Accrued Benefits

Actuarial Present Value as of July 1, 2011	**$958,783,024**
Increase (Decrease) Due To:	
Interest	$74,305,684
Benefits accumulated	($18,425,097)
Benefits paid	($48,746,000)
Plan amendments	($30,061)
Changes in actuarial methods and assumptions	$0
Net increase (decrease)	**$7,104,526**
Actuarial Present Value as of July 1, 2012	**$965,887,550**

Actuarial Value of Assets

Table III-A

Market Value of Assets as of July 1, 2012	$733,546,000
Minus advance employer contributions	$0
Actuarial Value of Assets as of July 1, 2012	**$733,546,000**

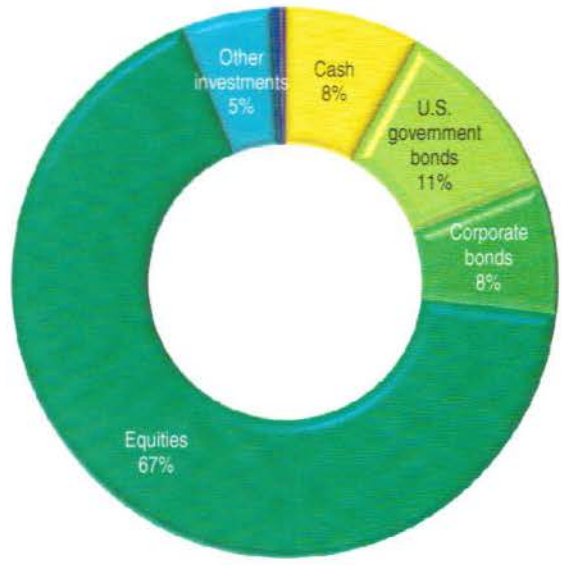
Historical Actuarial Value of Assets

January 1, 2004	N/A
January 1, 2005	N/A
January 1, 2006	N/A
January 1, 2007	N/A
January 1, 2008	$596,457,000
January 1, 2009	$571,768,000
January 1, 2010	$591,980,609
January 1, 2011	$697,667,506
July 1, 2011	$735,470,000
July 1, 2012	$733,546,000

Market Value of Assets

Table III-B

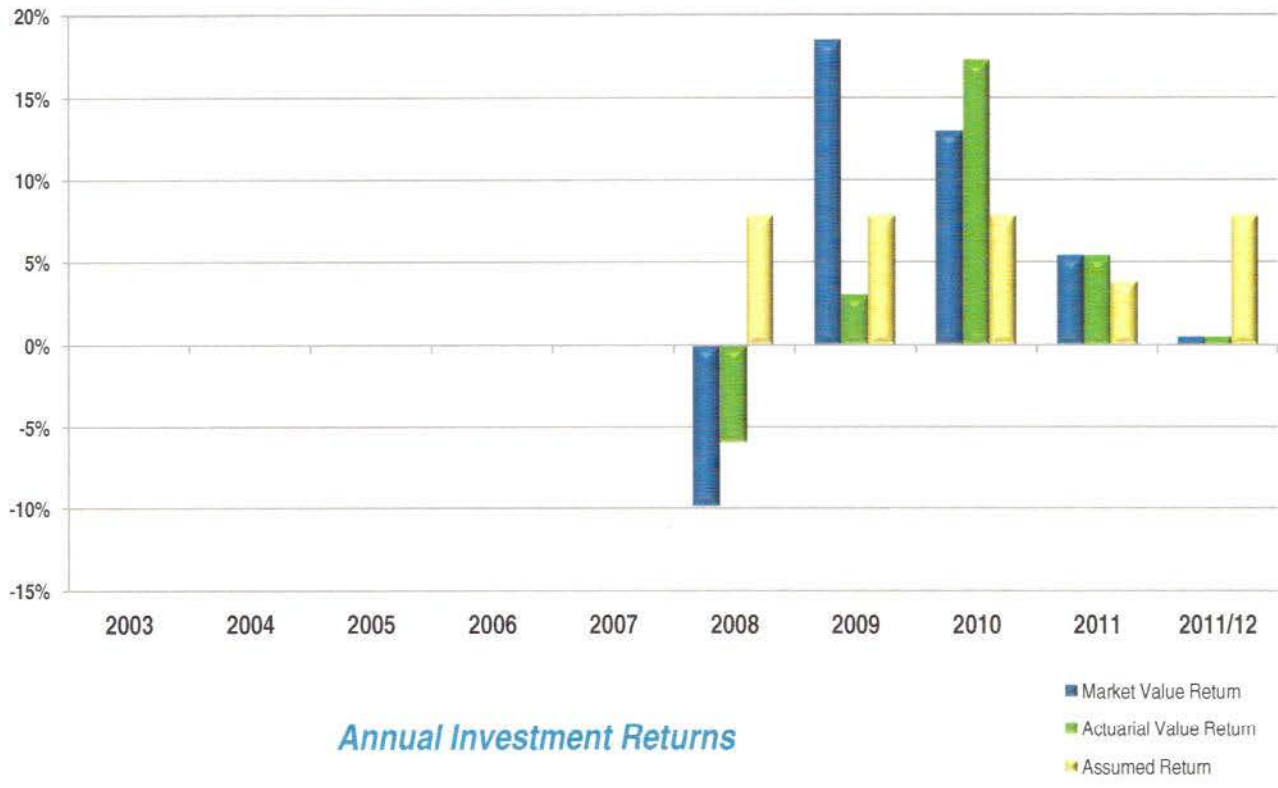
	As of July 1, 2012
Market Value of Assets	**$733,546,000**
Cash	$58,912,000
U.S. government bonds	$82,214,000
Corporate bonds	$56,304,000
Equities	$495,410,000
Other investments	$39,021,000
Interest receivable	$1,624,000
Employer contribution receivable	$1,792,000
Employee contribution receivable	$522,000
Due to brokers	($2,051,000)
Other accounts payable	($202,000)



Historical Market Value of Assets	
January 1, 2004	N/A
January 1, 2005	N/A
January 1, 2006	N/A
January 1, 2007	N/A
January 1, 2008	$561,226,686
January 1, 2009	$516,308,590
January 1, 2010	$614,490,006
January 1, 2011	$697,667,506
July 1, 2011	$735,470,000
July 1, 2012	$733,546,000

Investment Return

Table III-C



Annual Investment Returns

Plan Year	Market Value Return	Actuarial Value Return	Assumed Return
2003	N/A	N/A	N/A
2004	N/A	N/A	N/A
2005	N/A	N/A	N/A
2006	N/A	N/A	N/A
2007	N/A	N/A	N/A
2008	-9.85%	-5.92%	7.75%
2009	18.40%	3.02%	7.75%
2010	12.93%	17.21%	7.75%
2011	5.37%	5.37%	3.80%
2011/12	0.51%	0.51%	7.75%

Asset Reconciliation

Table III-D

	Market Value	Actuarial Value
As of July 1, 2011	**$735,470,000**	**$735,470,000**
Increases Due To:		
Employer Contributions	$33,748,000	$33,748,000
Employee Contributions	$9,541,000	$9,541,000
Total Contributions	$43,289,000	$43,289,000
Interest and Dividends	$13,407,000	
Gains (Losses)	($6,450,000)	
Total Investment Income	$6,957,000	$3,725,000
Other Income	$12,000	
Total Income	**$50,258,000**	**$47,014,000**
Decreases Due To:		
Benefit Payments	($48,746,000)	($48,746,000)
Total Benefit Payments	($48,746,000)	($48,746,000)
Investment Expenses	($3,244,000)	
Administrative Expenses	($192,000)	($192,000)
Advance Employer Contribution		$0
Total Expenses	**($52,182,000)**	**($48,938,000)**
As of July 1, 2012	**$733,546,000**	**$733,546,000**

Historical Trust Fund Detail

Table III-E

Income

Plan Year	Employer Contribs.	Employee Contribs.	Interest / Dividends	Gains / Losses	Other Income
2003	N/A	N/A	N/A	N/A	N/A
2004	N/A	N/A	N/A	N/A	N/A
2005	N/A	N/A	N/A	N/A	N/A
2006	N/A	N/A	N/A	N/A	N/A
2007	N/A	N/A	N/A	N/A	N/A
2008	$44,433,944	$5,632,058	$19,659,840	-$73,068,655	$306,310
2009	$41,213,384	$7,428,867	$10,062,495	$86,832,237	$412,899
2010	$40,422,017	$6,522,505	$10,973,135	$71,141,601	$110,624
2011	$19,567,500	$3,366,500	$5,409,500	$33,529,994	$0
2011/12	$33,748,000	$9,541,000	$13,407,000	-$6,450,000	$12,000

Expenses

Plan Year	Benefit Payments	Admin. Expenses	Invest. Expenses
2003	N/A	N/A	N/A
2004	N/A	N/A	N/A
2005	N/A	N/A	N/A
2006	N/A	N/A	N/A
2007	N/A	N/A	N/A
2008	$38,530,904	$607,811	$2,742,878
2009	$44,024,211	$1,692,242	$2,052,013
2010	$43,378,646	$54,705	$2,559,031
2011	$22,588,000	$40,500	$1,442,500
2011/12	$48,746,000	$192,000	$3,244,000

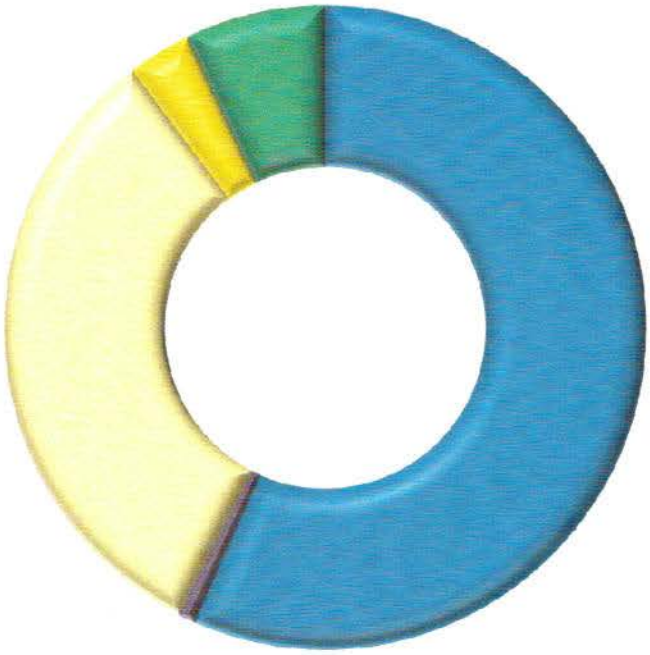
Other Actuarial Adjustments

Plan Year	Advance Employer Contribs.
2003	N/A
2004	N/A
2005	N/A
2006	N/A
2007	N/A
2008	$0
2009	$0
2010	$0
2011	$0
2011/12	$0

Note: Amounts shown for the 2011 short plan year are estimated.

Summary of Participant Data

Table IV-A



Participant Distribution by Status

As of July 1, 2012

Actively Employed Participants	
Active Participants	1,870
DROP Participants	0
Inactive Participants	
Deferred Vested Participants	29
Due a Refund of Contributions	0
Deferred Beneficiaries	0
Participants Receiving a Benefit	
Service Retirements	1,064
Disability Retirements	106
Beneficiaries Receiving	232
Total Participants	**3,301**

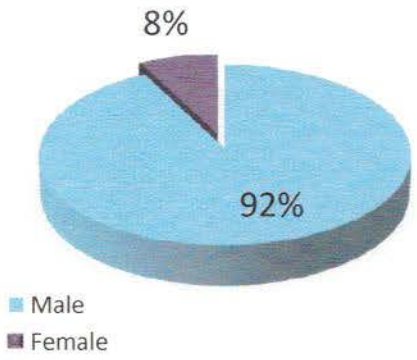
Number of Participants Included in Prior Valuations

	Active	*DROP*	*Inactive*	*Retired*	*Total*
January 1, 2004	1,488	0	0	1,013	2,501
January 1, 2005	1,638	0	0	1,041	2,679
January 1, 2006	1,775	0	0	1,115	2,890
January 1, 2007	1,735	0	0	1,204	2,939
January 1, 2008	1,811	0	0	1,272	3,083
January 1, 2009	1,639	0	0	1,355	2,994
January 1, 2010	1,574	0	3	1,293	2,870
January 1, 2011	1,554	0	18	1,345	2,917
July 1, 2011	1,639	0	29	1,401	3,069
July 1, 2012	1,870	0	29	1,402	3,301

Active Participant Data

Table IV-B

Gender Mix



As of July 1, 2012

Average Age	37.4 years
Average Service	9.5 years
Total Annualized Compensation for the Prior Year	$91,266,379
Total Expected Compensation for the Current Year	$88,296,903
Average Increase in Compensation for the Prior Year	N/A
Expected Increase in Compensation for the Current Year	4.00%
Accumulated Contributions for Active Employees	$71,184,457

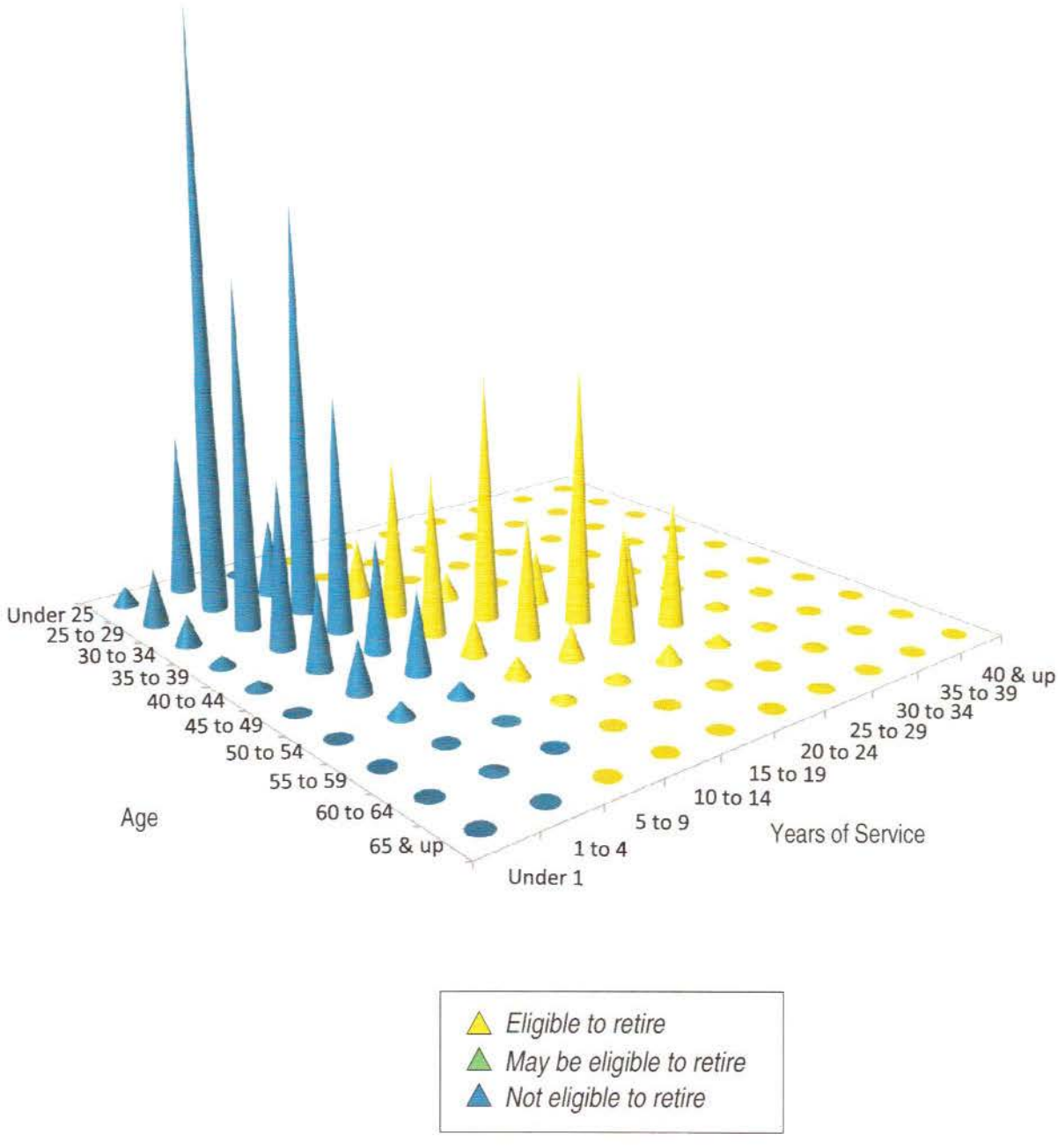
Actual vs. Expected Salary Increases

Active Participant Statistics From Prior Valuations

	Average Age	*Average Service*	*Average Salary*	*Average Expected Salary Increase*	*Average Actual Salary Increase*
January 1, 2004	38.5	12.0	$43,394	N/A	N/A
January 1, 2005	37.9	11.3	$44,256	N/A	N/A
January 1, 2006	38.1	11.6	$44,442	4.50%	3.63%
January 1, 2007	37.5	10.8	$46,305	4.00%	5.19%
January 1, 2008	37.5	10.4	$48,199	4.00%	3.44%
January 1, 2009	37.9	11.0	$51,008	4.00%	3.69%
January 1, 2010	38.9	10.8	$50,854	4.00%	2.06%
January 1, 2011	39.3	11.0	$55,477	4.00%	8.14%
July 1, 2011	37.9	10.0	$46,046	1.98%	N/A
July 1, 2012	37.4	9.5	$48,806	4.00%	N/A

Active Age-Service Distribution

Table IV-C



Active Age-Service-Salary Table

Table IV-D

Attained Age	Completed Years of Service										
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25	**9**	**75**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**84**
Avg.Pay	16,791	33,443	0	0	0	0	0	0	0	0	31,659
25 to 29	**26**	**272**	**36**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**334**
Avg.Pay	15,165	38,829	47,097	0	0	0	0	0	0	0	37,878
30 to 34	**14**	**160**	**189**	**28**	**0**	**0**	**0**	**0**	**0**	**0**	**391**
Avg.Pay	13,971	38,783	46,330	50,380	0	0	0	0	0	0	42,373
35 to 39	**5**	**77**	**109**	**74**	**12**	**0**	**0**	**0**	**0**	**0**	**277**
Avg.Pay	13,124	38,713	48,240	50,855	59,035	0	0	0	0	0	46,124
40 to 44	**4**	**41**	**51**	**75**	**115**	**25**	**0**	**0**	**0**	**0**	**311**
Avg.Pay	8,754	42,043	47,356	53,144	60,845	62,751	0	0	0	0	53,780
45 to 49	**0**	**24**	**37**	**18**	**57**	**119**	**36**	**0**	**0**	**0**	**291**
Avg.Pay	0	44,101	47,483	52,470	60,431	67,863	72,132	0	0	0	61,432
50 to 54	**0**	**7**	**7**	**10**	**16**	**53**	**58**	**3**	**0**	**0**	**154**
Avg.Pay	0	44,423	47,048	53,649	60,734	65,249	71,992	129,422	0	0	66,043
55 to 59	**0**	**0**	**0**	**3**	**4**	**9**	**5**	**2**	**1**	**0**	**24**
Avg.Pay	0	0	0	52,948	64,855	63,917	68,739	88,099	75,965	0	66,224
60 to 64	**0**	**1**	**0**	**0**	**0**	**1**	**0**	**1**	**0**	**0**	**3**
Avg.Pay	0	45,868	0	0	0	65,129	0	67,301	0	0	59,433
65 & up	**0**	**0**	**0**	**0**	**0**	**0**	**1**	**0**	**0**	**0**	**1**
Avg.Pay	0	0	0	0	0	0	71,005	0	0	0	71,005
Total	**58**	**657**	**429**	**208**	**204**	**207**	**100**	**6**	**1**	**0**	**1,870**
Avg.Pay	14,511	38,653	47,113	51,921	60,692	66,392	71,870	105,294	75,965	0	48,806

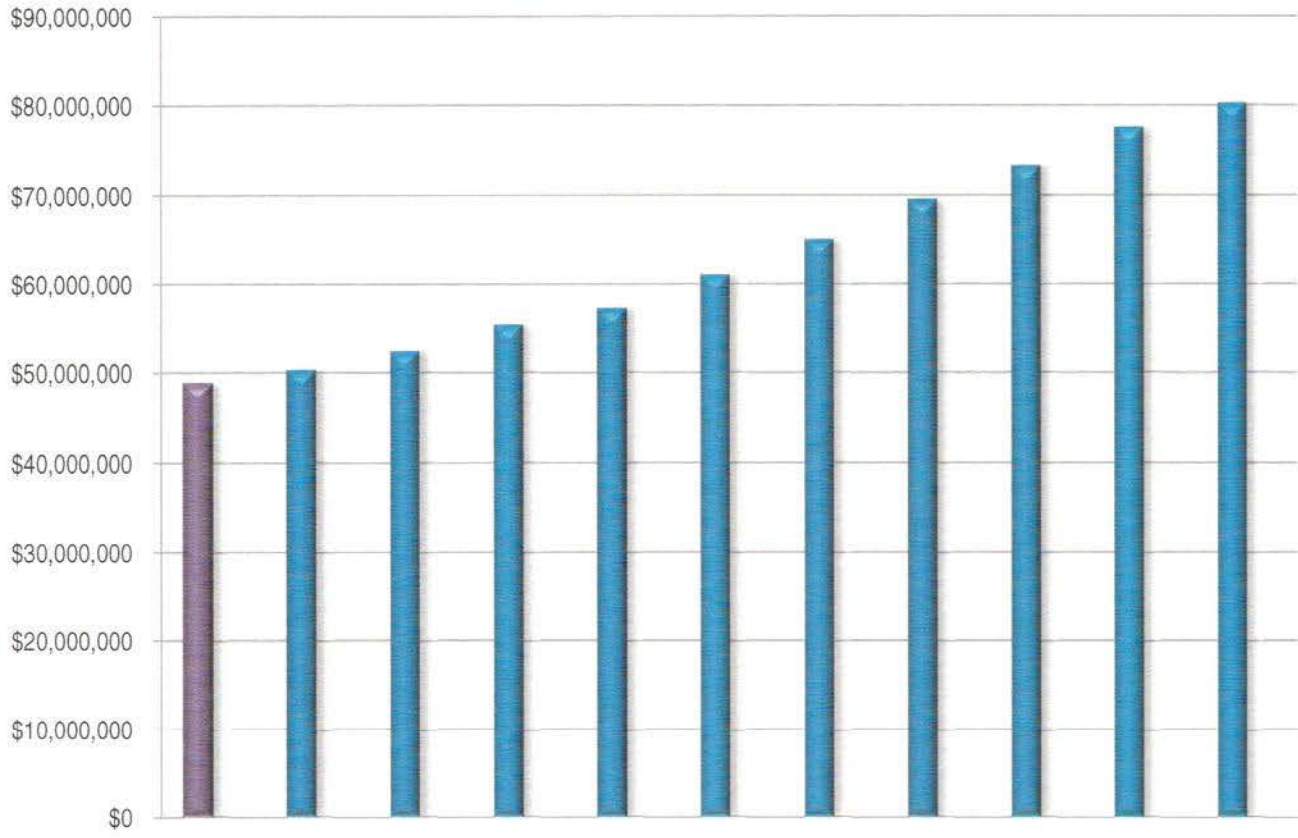
Inactive Participant Data

Table IV-E

	Average Monthly Benefit
Service Retirements	*$3,216.90*
Disability Retirements	*$2,745.95*
Beneficiaries Receiving	*$1,548.06*
DROP Participants	*Not applicable*
Deferred Vested Participants	*$721.79*
Deferred Beneficiaries	*Not applicable*

Projected Benefit Payments

Table IV-F



Actual	
For the period July 1, 2011 through June 30, 2012	$48,746,000
Projected	
For the period July 1, 2012 through June 30, 2013	$50,341,952
For the period July 1, 2013 through June 30, 2014	$52,428,786
For the period July 1, 2014 through June 30, 2015	$55,343,417
For the period July 1, 2015 through June 30, 2016	$57,244,474
For the period July 1, 2016 through June 30, 2017	$61,048,548
For the period July 1, 2017 through June 30, 2018	$64,992,673
For the period July 1, 2018 through June 30, 2019	$69,497,602
For the period July 1, 2019 through June 30, 2020	$73,302,244
For the period July 1, 2020 through June 30, 2021	$77,588,583
For the period July 1, 2021 through June 30, 2022	$80,226,046

Summary of Actuarial Methods and Assumptions — Table V-A

1. Actuarial Cost Method

Individual entry age normal cost method. Under this actuarial cost method, a level funding cost is developed with respect to each benefit for each participant. The level funding cost for each benefit applies to the period beginning when the participant's service commences and ending when the participant is assumed to cease active participation due to each respective decrement. The actuarial accrued liability is equal to the accumulated level funding cost to the valuation date for all participants. The normal cost is equal to the level funding cost for the year immediately following the valuation date for all active participants.

2. Asset Method

The actuarial value of assets is equal to the market value of assets.

3. Interest (or Discount) Rate

7.75% per annum

4. Salary Increases

Plan compensation is assumed to increase at the rate of 4.00% per annum, unless actual plan compensation is known for a prior plan year.

5. Decrements

- Pre-retirement mortality: Sex-distinct rates set forth in the RP-2000 Mortality Table for non-annuitants, projected to 2007 by Scale AA, as published by the IRS for purposes of IRC section 430; deaths prior to retirement are assumed not to be service-connected; future generational improvements in mortality have not been reflected.

- Post-retirement mortality: Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2007 by Scale AA, as published by the IRS for purposes of IRC section 430; future generational improvements in mortality have not been reflected.

- Disability: Sex-distinct rates set forth in the Wyatt 1985 Disability Study (Class 4); 75% of disabilities are assumed to be service-connected.

Summary of Actuarial Methods and Assumptions — Table V-A

(continued)

- Termination: Withdrawal rates were derived from a study of actual plan experience covering the period 1982 through 1986. A sample of the withdrawal rates is set forth in the following table:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	15.0%	30	7.8%	40	2.30%	50	0.956%
25	11.4%	35	4.9%	45	1.35%	55	0.000%

- Retirement: Retirement is assumed to occur at normal retirement age.

6. Unused Vacation

All participants are assumed to have accumulated 30 days of unused vacation upon termination of employment, retirement, or death.

7. Payroll Increase and Amortization Period

Total payroll has been assumed to grow at the rate of 4.00% per year for purposes of amortizing the unfunded actuarial accrued liability as a level percentage of payroll; the amortization period is established by City ordinance as a closed 30-year period beginning July 1, 2011.

8. Expenses

Administrative expenses are assumed to be 0.50% of future payroll. In addition, the interest rate set forth in item 3. above is assumed to be net of investment expenses and commissions.

9. Cost-of-Living Adjustment

We have assumed that all eligible retirees will receive an automatic cost-of-living adjustment equal to 3.00% per annum.

10. Surviving Beneficiaries

Those active participants who are making the additional 1% employee contribution to provide a survivor benefit to their eligible beneficiaries are assumed to have only one surviving beneficiary of the opposite gender of the employee. Males are assumed to be three years older than females for this purpose.

Changes in Actuarial Methods and Assumptions

Table V-B

No methods or assumptions have been changed from those used to complete the previous valuation.

Summary of Plan Provisions

Table VI-A

1. Monthly Accrued Benefit

For participants who are hired after August 31, 2011:
1% of Average Monthly Earnings multiplied by up to 80 years of Creditable Service
For participants who are hired during the period July 1, 2010 through August 31, 2011:
2% of Average Monthly Earnings multiplied by up to 50 years of Creditable Service
For all other participants:
3% of Average Monthly Earnings multiplied by up to 26.667 years of Creditable Service

2. Normal Retirement Age and Benefit

- **Age**
  Any age with at least 30 years of Creditable Service *(only for participants who are covered by the '05 Amendment)*; or
  Age 55 with at least 10 years of Creditable Service *(only for participants who are hired prior to July 1, 2010)*; or
  Age 55 with at least 15 years of Creditable Service *(only for participants who are hired prior to September 1, 2011)*; or
  Age 57 with at least 15 years of Creditable Service; or
  Age 65 with at least 5 years of Creditable Service
- **Amount**
  Monthly Accrued Benefit
- **Form of Payment**
  Life annuity *(for those participants without an eligible beneficiary)*; or
  75% joint and contingent annuity *(for those participants with an eligible beneficiary; benefits continue in equal shares to the participant's dependent children upon the death of the participant's spouse or domestic partner or, for participants not covered by the '86 Amendment, upon the remarriage of the participant's spouse or domestic partner; survivor benefits are actuarially adjusted with respect to participants who are hired after August 31, 2011)*

  Note: All annuity forms of payment include an automatic cost-of-living adjustment effective each January 1 based on the increase in the Consumer Price Index as of the preceding November 1 and limited to 3% *(limited to 1% with respect to participants who are hired after August 31, 2011)*. All annuity forms of payment also provide a minimum payout equal to the employee's accumulated contributions, with interest credited after 1985 at the rate of 5% per year (or less than 5% with respect to any year during which the trust fund earns less than 5% on its investments).

Summary of Plan Provisions

Table VI-A

(continued)

3. Early Retirement Age and Benefit

- **Age**
  Any age with at least 10 years of Creditable Service Service *(15 years of Creditable Service for participants who are hired after June 30, 2010; minimum age of 47 for participants who are hired after August 31, 2011)*
- **Amount**
  Monthly Accrued Benefit *(payable at Normal Retirement Age)*; or
  Monthly Accrued Benefit reduced by ½% for each of the first 60 months and by ¼% for each additional month by which the participant's Early Retirement Age precedes Normal Retirement Age *(payable at Early Retirement Age and applicable only to those participants who are hired prior to September 1, 2011)*; or
  Monthly Accrued Benefit reduced by ½% for each month by which the participant's Early Retirement Age precedes Normal Retirement Age *(payable at Early Retirement Age and applicable only to those participants who are hired after August 31, 2011)*; or
  Monthly Accrued Benefit reduced by ¼% for each month by which the participant's Early Retirement Age precedes age 55 *(payable at Early Retirement Age and only applicable if the participant was hired prior to April 1, 1978 and has earned at least 25 years of Creditable Service)*
- **Form of Payment**
  Same as for Normal Retirement

4. Delayed Retirement Age and Benefit

- **Age**
  After Normal Retirement Age
- **Amount**
  Monthly Accrued Benefit
- **Form of Payment**
  Same as for Normal Retirement

Summary of Plan Provisions

Table VI-A

(continued)

5. Disability Retirement Eligibility and Benefit

- **Eligibility**
  All active participants are eligible if the disability is service-connected;
  At least five years of Creditable Service is required otherwise.
- **Condition**
  The participant must become "totally and permanently disabled" and must remain so disabled until age 55. "Totally and permanently disabled" means the participant is in a continuous state of incapacity due to illness or injury, is prevented from performing his regular assigned or comparable duties during the first 12 months of his disability, and is thereafter prevented from engaging in any occupation for which he is or becomes reasonably qualified by education, training, or experience. With respect to participants who are not covered by the '86 Amendment, the participant must only be prevented from performing his regular assigned or comparable duties during the entire period of his disability.

- **Amount**
  For participants who incur a catastrophic injury in the line of duty:
    100% of the top salary for the grade and position occupied by the participant at the time of disability
  For all other participants who are covered by the '86 Amendment:
    Greater of 50% of Average Monthly Earnings at the time of disability or Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 75% of the participant's salary at the time of disability *(payable until the earlier of recovery from disability or Normal Retirement Age)*; and
    Monthly Accrued Benefit based on Average Monthly Earnings at the time of disability and Creditable Service including the period during which the participant was disabled, but excluding any cost-of-living adjustments that were previously applied to the participant's disability payments *(payable at Normal Retirement Age)*
  For all other participants with a service-connected disability:
    Greater of 70% of the top salary for the grade and position occupied by the participant at the time of disability or Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 100% of the participant's salary at the time of disability
  For all other participants:
    Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 100% of the participant's salary at the time of disability
- **Form of Payment**
  Same as for Normal Retirement

Summary of Plan Provisions

Table VI-A

(continued)

6. Deferred Vested Benefit

- **Age**
  Any age with at least five years of Creditable Service
- **Amount**
  Monthly Accrued Benefit multiplied by the participant's Vested Percentage and payable at age 60
- **Form of Payment**
  Same as for Normal Retirement

7. Pre-Retirement Death Benefit

For participants who die in the line of duty and who are covered by the '86 Amendment:

100% of the participant's base salary at the time of his death, offset by worker's compensation or other payments received for line of duty injuries prior to the participant's death *(payable for the first two years after the participant's death)*; and

75% of the Monthly Accrued Benefit *(payable thereafter)*

For all other participants who die in the line of duty:

100% of the participant's base salary at the time of his death, offset by worker's compensation or other payments received for line of duty injuries prior to the participant's death *(payable for the first two years after the participant's death)*; and

75% of the greater of: (a) the Monthly Accrued Benefit, or (b) 70% of the top salary for the grade and position occupied by the participant at his death *(payable thereafter)*

For all other participants:

75% of the Monthly Accrued Benefit

Summary of Plan Provisions

Table VI-A

(continued)

8. Vested Percentage

Retirement benefits with respect to those participants who are hired prior to July 1, 2010 become vested in accordance with the following schedule:

Years of Creditable Service	Vested Percentage
Less than five	0%
At least five, but less than six	25%
At least six, but less than seven	30%
At least seven, but less than eight	35%
At least eight, but less than nine	40%
At least nine, but less than 10	45%
At least 10	100%

Retirement benefits with respect to those participants who are hired after June 30, 2010 become vested in accordance with the following schedule:

Years of Creditable Service	Vested Percentage
Less than five	0%
At least five, but less than six	25%
At least six, but less than seven	30%
At least seven, but less than eight	35%
At least eight, but less than nine	40%
At least nine, but less than 10	45%
At least 10, but less than 11	50%
At least 11, but less than 12	55%
At least 12, but less than 13	60%
At least 13, but less than 14	65%
At least 14, but less than 15	70%
At least 15	100%

Summary of Plan Provisions

Table VI-A

(continued)

9. Average Monthly Earnings

The participant's Average Monthly Earnings is equal to: (a) the average of the participant's Base Salary for the highest 36 consecutive months during his period of Creditable Service; plus (b) the difference between the highest and lowest daily rate of pay during such 36-month period multiplied by the days of unused sick leave and divided by 36; plus (c) a credit based on accumulated unused vacation. *(The averaging period is 120 months with respect to participants who are hired after August 31, 2011 and average monthly earnings does not include unused sick leave for these participants.)*

10. Base Salary

The employee's basic salary excluding overtime pay and other special compensation; pursuant to IRC section 401(a)(17), total annual plan compensation is limited to $200,000 as indexed.

11. Employee Contribution

All participating employees must make the required pre-tax contribution to the plan. The required contribution for participants who were hired prior to 1984 is 8% of basic salary for those participants who have an eligible beneficiary and 7% of basic salary for those participants who do not have an eligible beneficiary. The required contribution for participants who were hired during the period 1984 through August 31, 2011 is 13% of basic salary (8% prior to November 1, 2011) for those participants who have an eligible beneficiary and 12% of basic salary (7% prior to November 1, 2011) for those participants who do not have an eligible beneficiary. The required contribution for participants who are hired after August 31, 2011 is 8% of basic salary. An eligible beneficiary is the participant's legal spouse, registered domestic partner, or unmarried child under the age of 18. The participant must have been married or registered to his legal spouse or domestic partner for at least one year prior to his death in order for such individual to be an eligible beneficiary. *(During the period March, 1994 through June, 2009, the required contribution was 1% lower for all participants; prior to March, 1994, the contribution was made on an after-tax basis.)*

Summary of Plan Provisions

Table VI-A

(continued)

12. Creditable Service

Creditable Service includes "base creditable service" *(plus an "unused sick leave service credit" for those participants who were hired prior to September 1, 2011)* plus military service as required by federal law. Base creditable service is granted for all periods of full-time employment as a firefighter with the City of Atlanta provided that the employee has made the required contribution for such period of service. With respect to eligible participants, an unused sick leave service credit is granted by dividing the participant's days of unused sick leave by the number of work days set forth in the following chart:

Years of Base Creditable Service	Work Days
Less than five	239
At least five, but less than 10	236
At least 10, but less than 15	233
At least 15, but less than 20	230
At least 20	226

Creditable Service also includes other service with the City of Atlanta if the relevant contributions are transferred into this plan and may include prior service with the State of Georgia, Fulton County, Dekalb County, or as a teacher in a public school system or private college or university within the State of Georgia if the required contribution is made to the plan.

13. Participation Requirement

All full-time police officers employed by the City of Atlanta are eligible to participate in the plan.

14. Plan Effective Date

April 1, 1978

Summary of Plan Amendments

Table VI-B

Since the previous valuation was completed, the plan was amended effective November 1, 2011 to increase the employee contribution rate for participants hired during the period 1984 through August 31, 2011 by 5.00% of plan compensation. In addition, the following plan changes were adopted with respect to participants who are hired after August 31, 2011:

(1) The benefit formula multiplier has been reduced to 1.00% with a maximum benefit equal to 80% of average monthly earnings;

(2) The employee contribution rate has been reduced to 8.00% of plan compensation;

(3) The averaging period has been increased to 10 years for purposes of determining average monthly earnings;

(4) The normal retirement age has been increased to age 57;

(5) The earliest retirement age is age 47 for those individuals who have earned less than 30 years of service;

(6) The early retirement reduction has been increased to 6.00% per year;

(7) Unused sick leave is excluded from plan compensation;

(8) The automatic annual cost-of-living adjustment (COLA) has been limited to 1.00% per year; and

(9) The normal form of payment has been changed to a single life annuity with a survivor pension equal to 75% of an actuarially adjusted pension, where the actuarial adjustment is equal to the ratio on the date of death of the present value of the remaining life annuity payable to the retiree to the present value of a life annuity payable to the beneficiary.

City of Birmingham
Retirement and Relief System

Actuarial Valuation and Review as of
July 1, 2012

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The Segal Company
2018 Powers Ferry Road, Suite 850 Atlanta, GA 30339-7200
T 678.306.3100 F 678.306.3190 www.segalco.com

June 12, 2013

Board of Managers
City of Birmingham Retirement and Relief System
710 North 20th Street, GA 100 City Hall
Birmingham, Alabama 35203

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of July 1, 2012. It summarizes the actuarial data used in the valuation, establishes the funding requirements for the 2012-2013 fiscal year and analyzes the preceding year's experience.

The census information on which our calculations were based was prepared by the City and the financial information was provided by the City's Finance Department. That assistance is gratefully acknowledged. The actuarial calculations were completed under the supervision of Deborah K. Brigham, FCA, ASA, MAAA, Enrolled Actuary. Ms. Brigham meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board of Managers are reasonably related to the experience of and the expectations for the Plan.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the smoothing of investment gains and losses); and changes in plan provisions or applicable law.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

THE SEGAL COMPANY

By: _____ _____

Leon F. (Rocky) Joyner, Jr., FCA, ASA, MAAA, EA
Vice President and Consulting Actuary

Deborah K. Brigham, FCA, ASA, MAAA, EA
Vice President and Actuary

SECTION 1

VALUATION SUMMARY

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SECTION 2

VALUATION RESULTS

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SECTION 3

SUPPLEMENTAL INFORMATION

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Purpose

This report has been prepared by The Segal Company to present a valuation of the City of Birmingham Retirement and Relief System as of July 1, 2012. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Pension Plan, as administered by the Board of Managers;
- The characteristics of covered active participants, inactive vested participants, and retired participants and beneficiaries as of July 1, 2012, provided by the City;
- The assets of the Plan as of June 30, 2012, provided by the City's Finance Department;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

The assumptions and methods used to value the Plan were approved by the Pension Board based on the five-year experience study for the period ended June 30, 2010.

Significant Issues in Valuation Year

1. The recommended contribution for the upcoming year is $41,033,875, or 22.62% of payroll. This is an increase of 1.38% of pay from the 21.24% recommended amount last year. The increase is primarily due to an actuarial investment loss and actual contributions less than the recommended amount.
2. The City is expected to continue to contribute 6.50% of pay, and members are expected to contribute 6.50%. **City and employee contributions combined are thus 13.00% of payroll, producing an expected deficit of 9.62% when compared to the recommended contribution of 22.62%.** It is presumed throughout this report that the employees are responsible for an equal share of the cost of the Plan. However, the City is ultimately responsible for Plan funding. If employee contributions remain at their current level, the City's share is 16.12% of pay.
3. The calculated rate of 22.62% is based on a 30-year level percent-of-pay amortization of the unfunded actuarial accrued liability. The normal cost, for benefits allocated to the current year, is 12.50% of pay, less than the 13.00% statutory contribution rate. However, the unfunded liability is not being amortized by the remaining 0.50% of pay. To be in compliance with Governmental Accounting Standards Board (GASB) standards, contributions should be at a level sufficient to amortize the unfunded liability in 30 years or less.

4. The GASB Schedule of Funding Progress, provided in Exhibit III of Section 4, shows that the funded ratio has declined from 77.03% as of July 1, 2011 to 74.34% as of July 1, 2012.
5. As shown in Exhibit V of Section 4, the Net Pension Obligation is $14,828,838 as of June 30, 2012. This is the third year the System has had a Net Pension Obligation rather than a Net Pension Asset. The Net Pension Obligation was $9,457,756 in the prior valuation. The balance increased by $5,371,082 due to employer contributions less than the recommended contribution.
6. GASB has approved two new statements, Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68, *Accounting and Financial Reporting for Pensions*. These statements will replace Statements 25 and 27. The new statements do not change how liabilities have to be calculated for purposes of determining funding requirements, but they do change how the System and the City have to calculate their liabilities for financial disclosures. GASB No. 67 is effective for fiscal years beginning after June 15, 2013, and GASB No. 68 is effective for fiscal years beginning after June 15, 2014.
7. The investment rate of return on an actuarial basis for the year ended June 30, 2012 was 3.22%. (Actuarial returns for recent years have been lower than market returns due to the smoothing of significant market losses for the years ended June 30, 2008 and 2009. The 2008 loss has now been fully reflected, and 20% of the 2009 loss remains to be recognized.) Since the rate of return was less than the assumed rate of 7.00% per year, there was an actuarial investment loss amounting to $33,034,851. As of the valuation date, the smoothed actuarial value of assets is equal to 99.0% of market value.
8. The actuarial valuation report as of July 1, 2012 is based on financial information as of that date. Changes in the value of assets subsequent to that date are not reflected. Unfavorable asset experience will increase the actuarial cost of the Plan, while favorable experience will decrease the actuarial cost of the Plan. For example, a 10% change in the current year's actuarial value of assets would produce a $4,997,972 change in the recommended contribution level. Because the actuarial value of assets involves a smoothing method, a 10% change in market value would not be fully reflected immediately in the actuarial value of assets. Rather, that effect would be spread over a period of years. We have shown the full impact immediately so as to indicate the sensitivity of costs to market fluctuations.
9. There have been no assumption or plan changes since the prior valuation.
10. The audited financial information received states all results rounded to the nearest thousand. The results in this valuation are shown to the dollar. Therefore, occasionally rounded numbers are combined with unrounded ones.

Summary of Key Valuation Results

	2012	2011
Contributions for plan year beginning July 1:		
Recommended contribution	$41,033,875	$37,809,335
Recommended contribution as a percentage of payroll	22.62%	21.24%
Actual contributions (employer and employee)	--	25,704,375
Funding elements for plan year beginning July 1:		
Normal cost, including administrative expenses	$22,932,786	$21,858,098
Market value of assets	886,902,991	899,471,222
Actuarial value of assets	878,048,507	892,096,375
Actuarial accrued liability	1,181,090,260	1,158,070,396
Unfunded actuarial accrued liability	303,041,753	265,974,021
GASB 25/27 for plan year beginning July 1:		
Annual required employer contributions (ARC)*	$20,516,938	$18,904,668
Actual employer contributions	--	13,676,554
Percentage of ARC contributed	--	72.34%
Funded ratio	74.34%	77.03%
Covered payroll	$181,406,586	$177,977,161
Demographic data for plan year beginning July 1:		
Number of retired participants and beneficiaries	2,802	2,803
Number of vested former participants**	250	246
Number of active participants	3,907	3,807
Total payroll	$181,406,586	$177,977,161
Average payroll	46,431	46,750

* *Presumes that the employees are responsible for an equal share of the cost of the System. If employee contribution rates are not increased, the City is ultimately responsible for the funding of the System.*

** *Includes future pensioners currently receiving benefits from the Supplemental System.*

A. PARTICIPANT DATA

The Actuarial Valuation and Review considers the number and demographic characteristics of covered participants, including active participants, vested terminated participants, retired participants and beneficiaries.

This section presents a summary of significant statistical data on these participant groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B, and C.

A historical perspective of how the participant population has changed over the past ten valuations can be seen in this chart.

CHART 1

Participant Population: 2003 – 2012

Year Ended June 30	Active Participants	Vested Terminated Participants*	Retired Participants and Beneficiaries	Ratio of Non-Actives to Actives
2003	3,867	196	2,095	0.59
2004	3,915	177	2,158	0.60
2005	3,802	231	2,239	0.65
2006	3,782	204	2,255	0.65
2007	3,760	211	2,352	0.68
2008	3,782	205	2,464	0.71
2009	4,017	211	2,516	0.68
2010	4,073	232	2,555	0.68
2011	3,807	246	2,803	0.80
2012	3,907	250	2,802	0.78

** Includes future pensioners currently receiving benefits from the Supplemental System.*

Active Participants

Plan costs are affected by the age, years of service and payroll of active participants. In this year's valuation, there were 3,907 active participants with an average age of 44.5, average years of service of 11.7 years and average payroll of $46,431. The 3,807 active participants in the prior valuation had an average age of 44.2, average service of 11.6 years and average payroll of $46,750.

Inactive Participants

In this year's valuation, there were 250 participants with a vested right to a deferred or immediate vested benefit. This includes 227 individuals currently receiving benefits from the Firemen's and Policemen's Supplemental Pension System.

These graphs show a distribution of active participants by age and by years of service.

CHART 2

Distribution of Active Participants by Age as of June 30, 2012

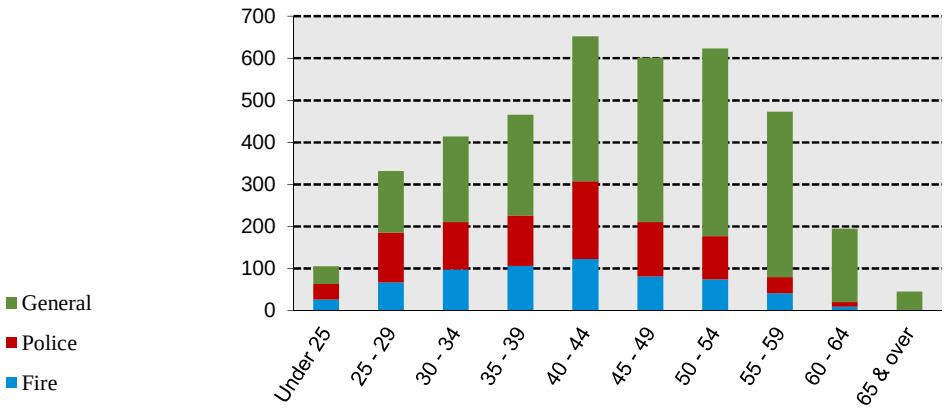
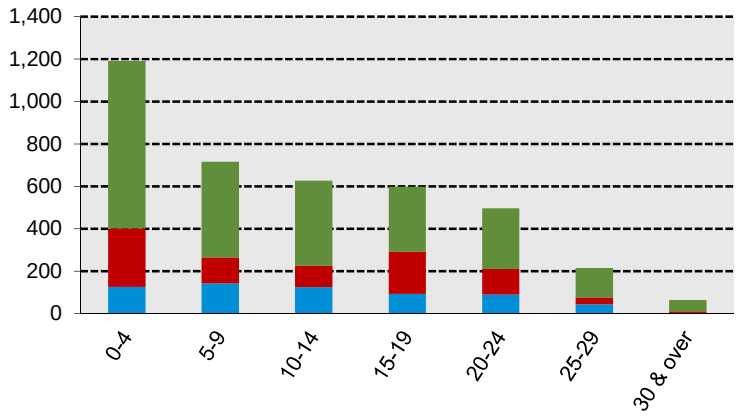


CHART 3

Distribution of Active Participants by Years of Service as of June 30, 2012



Retired Participants and Beneficiaries

As of June 30, 2012, 2,319 retired participants and 483 beneficiaries were receiving total monthly benefits of $5,472,131. For comparison, in the previous valuation, there were 2,318 retired participants and 485 beneficiaries receiving monthly benefits of $5,383,837.

These graphs show a distribution of the current retired participants and beneficiaries based on their monthly amount and age, by type of pension.

CHART 4

Distribution of Retired Participants and Beneficiaries by Type and by Monthly Amount as of June 30, 2012

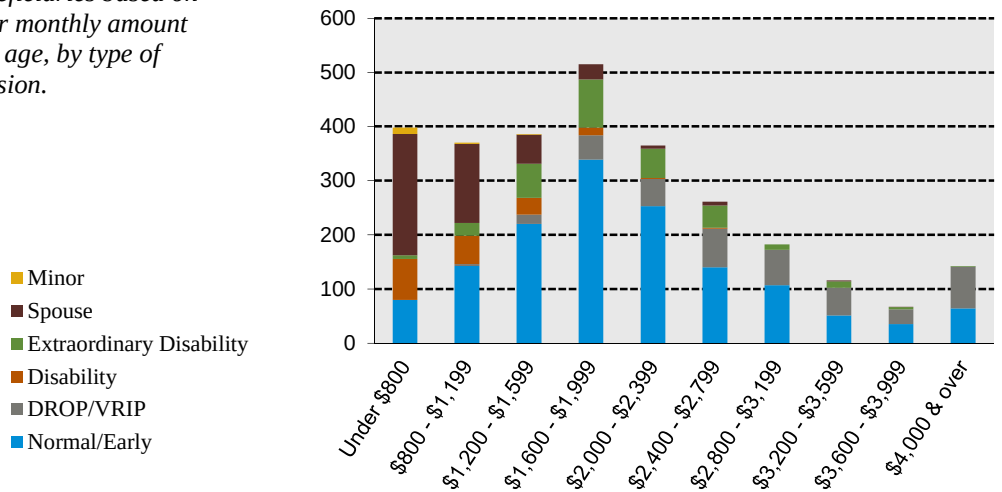
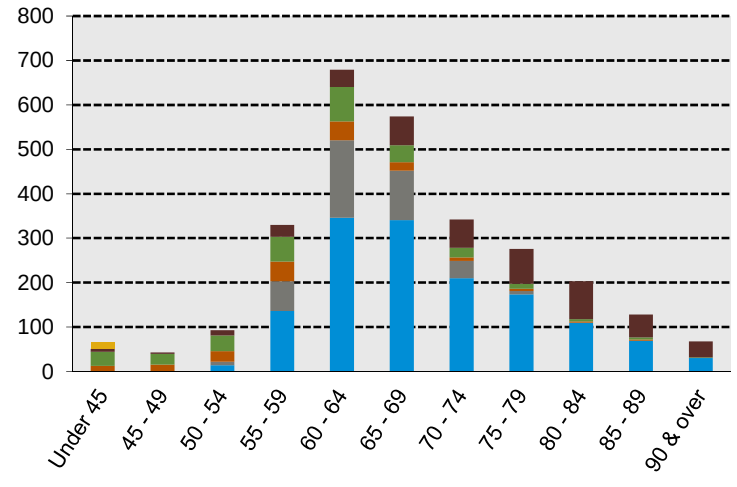


CHART 5

Distribution of Retired Participants and Beneficiaries by Type and by Age as of June 30, 2012



B. FINANCIAL INFORMATION

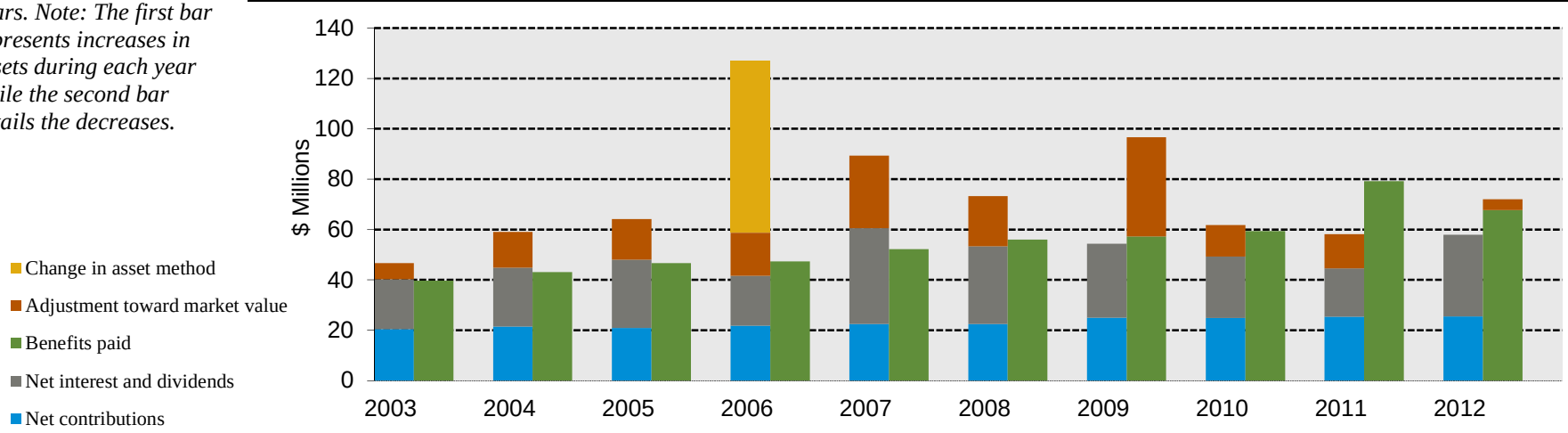
Retirement plan funding anticipates that, over the long term, both net contributions (less administrative expenses) and net investment earnings (less investment fees) will be needed to cover benefit payments.

Retirement plan assets change as a result of the net impact of these income and expense components. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits D, E and F.

The chart depicts the components of changes in the actuarial value of assets over the last ten years. Note: The first bar represents increases in assets during each year while the second bar details the decreases.

CHART 6

Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 2003 – 2012



It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board of Managers has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

The chart shows the determination of the actuarial value of assets as of the valuation date.

CHART 7

Determination of Actuarial Value of Assets for Year Ended June 30, 2012

1. Market value of assets, June 30, 2012			$886,902,991
2. Calculation of unrecognized return	Original Amount*	Unrecognized Return**	
(a) Year ended June 30, 2012	-$32,071,454	-$25,657,163	
(b) Year ended June 30, 2011	87,006,584	52,203,950	
(c) Year ended June 30, 2010	34,773,881	13,909,552	
(d) Year ended June 30, 2009	-158,009,276	-31,601,855	
(e) Year ended June 30, 2008	-99,455,194	0	
(f) Total unrecognized return			8,854,484
3. Preliminary actuarial value: (1) - (2f)			878,048,507
4. Adjustment to be within 20% corridor			0
5. Final actuarial value of assets as of June 30, 2012: (3) + (4)			$878,048,507
6. Actuarial value as a percentage of market value: (5) ÷ (1)			99.0%
7. Amount deferred for future recognition: (1) - (5)			$8,854,484

**Total return minus expected return on a market value basis*

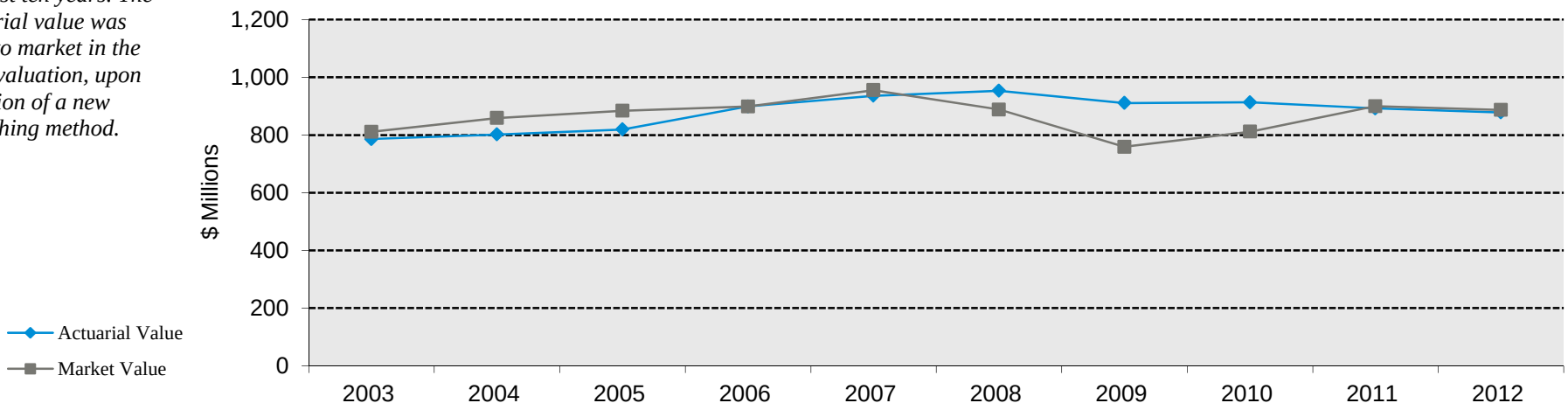
***Recognition at 20% per year over five years*

Both the actuarial value and market value of assets are representations of the System's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The actuarial asset value is significant because the System's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

This chart shows the change in the actuarial value of assets versus the market value over the past ten years. The actuarial value was reset to market in the 2006 valuation, upon adoption of a new smoothing method.

CHART 8

Actuarial Value of Assets vs. Market Value of Assets as of June 30, 2003 – 2012



C. ACTUARIAL EXPERIENCE

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total loss is $21,590,443, including a loss of $33,034,852 from investments that was partially offset by a net gain of $11,444,408 from all other sources. The net experience variation from individual sources other than investments was 1.0% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

This chart provides a summary of the actuarial experience during the past year.

CHART 9

Actuarial Experience for Year Ended June 30, 2012

1.	Net loss from investments*	-$33,034,851
2.	Net gain from administrative expenses	128,323
3.	Net gain from other experience	11,316,085
4.	Net experience loss: (1) + (2) + (3)	-$21,590,443

** Details in Chart 10*

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the System's investment policy. For valuation purposes, the assumed rate of return on the actuarial value of assets is 7.00%. The actual rate of return on an actuarial basis for the 2011-2012 plan year was 3.22%.

Since the actual return for the year was less than the assumed return, the System experienced an actuarial loss during the year ended June 30, 2012 with regard to its investments.

This chart shows the loss due to investment experience.

CHART 10

Actuarial Value Investment Experience for Year Ended June 30, 2012

1.	Actual return	$28,060,905
2.	Average value of assets	872,796,521
3.	Actual rate of return: (1) ÷ (2)	3.22%
4.	Assumed rate of return	7.00%
5.	Expected return: (2) x (4)	$61,095,756
6.	Actuarial loss: (1) – (5)	-$33,034,851

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial basis compared to the market value investment return for the last ten years, including five-year and ten-year averages.

The investment portfolio has been rebalanced in the last two years to include more stock holdings, moving from a balanced 50/50 mix of equity and fixed income to a 60/40 mix. Based upon future expectations, we have maintained the assumed rate of return of 7.00%.

CHART 11

Investment Return – Actuarial Value vs. Market Value: 2003 - 2012

Year Ended June 30	Net Interest and Dividend Income		Recognition of Capital Appreciation		Change in Asset Method		Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
2003	$19,852,229	2.58%	$6,370,511	0.83%	- -	- -	$26,222,740	3.41%	$42,649,330	5.48%
2004	23,403,588	3.02	14,220,308	1.83	- -	- -	37,623,896	4.85	69,023,086	8.61
2005	27,114,712	3.43	16,148,066	2.04	- -	- -	43,262,778	5.48	50,973,808	6.02
2006	19,901,991	2.46	17,031,771	2.11	$68,127,085	8.44%	105,060,847	13.01	40,468,583	4.64
2007	38,017,026	4.30	28,826,146	3.25	- -	- -	66,843,172	7.55	86,398,586	9.76
2008	30,863,174	3.35	19,934,937	2.17	- -	- -	50,798,110	5.52	-33,654,898	-3.58
2009	29,426,568	3.14	-39,403,205	-4.20	- -	- -	-9,976,637	-1.06	-96,873,908	-11.09
2010	24,452,410	2.73	12,425,399	1.39	- -	- -	36,877,809	4.12	86,792,989	11.68
2011	19,155,247	2.16	13,654,863	1.54	- -	- -	32,810,110	3.69	142,064,641	18.06
2012	32,400,056	3.71	-4,339,151	-0.49	- -	- -	28,060,905	3.22	29,540,542	3.36
Total	$264,587,001		$84,869,645		$68,127,085		$417,583,731		$417,382,759	
						Five-year average return		3.07%		3.03%
						Ten-year average return		4.89%		4.96%

Note: Each year's yield is weighted by the average asset value in that year.

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

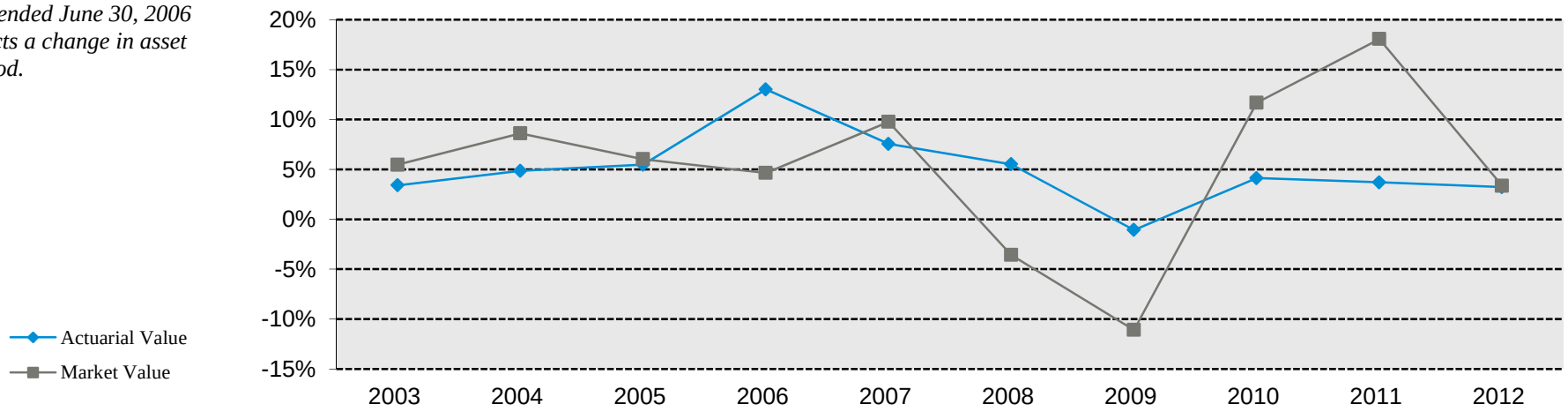
Administrative Expenses

Administrative expenses for the year ended June 30, 2012 totaled $145,619 compared to the assumption of $270,000. This resulted in a gain of $128,323 for the year when adjusted for timing. The administrative expenses were quite a bit lower than they have been in recent years. We have maintained the assumption of $270,000 for the current year, pending an observable trend.

This chart illustrates how this leveling effect has actually worked over the years 2003 - 2012. The actuarial return for the year ended June 30, 2006 reflects a change in asset method.

CHART 12

Market and Actuarial Rates of Return for Years Ended June 30, 2003 - 2012



Other Experience

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

The net gain from this other experience for the year ended June 30, 2012 amounted to $11,316,085, which is 1.0% of the actuarial accrued liability. Salary increases less than expected contributed to this gain.

D. RECOMMENDED CONTRIBUTION

The amount of annual contribution required to fund the System is comprised of a normal cost payment and a payment on the unfunded actuarial accrued liability. This total amount is then divided by the total payroll for active members to determine the funding rate of 22.62% of payroll.

The recommended contribution is based on a rolling 30-year amortization of the unfunded actuarial accrued liability as a level percent of pay, assuming a payroll growth of 3.00%. Expected contributions for the year are $23,582,856, or 13.00% of payroll, which leaves a deficit of 9.62% of payroll. A higher contribution will be required to fund this System on an ongoing basis and meet accepted principles and practices. The unfunded actuarial accrued liability is not being amortized by the current contribution levels.

The chart compares this valuation's recommended contribution with the prior valuation.

CHART 13

Recommended Contribution

	Year Beginning July 1			
	2012		2011	
	Amount	% of Payroll	Amount	% of Payroll
1. Normal cost*	$22,672,453	12.50%	$21,597,765	12.14%
2. Administrative expenses	260,333	0.14%	260,333	0.14%
3. Employer normal cost: (1) + (2)	$22,932,786	12.64%	$21,858,098	12.28%
4. Actuarial accrued liability	1,181,090,260		1,158,070,396	
5. Actuarial value of assets	878,048,507		892,096,375	
6. Unfunded actuarial accrued liability: (4) - (5)	$303,041,753		$265,974,021	
7. Payment on unfunded actuarial accrued liability	16,631,977	9.17%	14,597,572	8.20%
8. Total recommended contribution: (3) + (7), adjusted for timing**	$41,033,875	22.62%	$37,809,335	21.24%
9. Total payroll	$181,406,586		$177,977,161	

* *Including net obligations from the Supplemental System of -$1,911,715 for July 1, 2012 and -$1,771,424 for July 1, 2011 (-$1,982,700 and -$1,837,200 adjusted for timing).*

** *Recommended contributions are assumed to be paid at the beginning of every month.*

The recommended contribution requirements as of July 1, 2012 is based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Contribution

The chart below details the changes in the recommended contribution from the prior valuation to the current year's valuation.

The chart reconciles the contribution from the prior valuation to the amount determined in this valuation.

CHART 14

Reconciliation of Recommended Contribution from July 1, 2011 to July 1, 2012

Recommended Contribution as of July 1, 2011	$37,809,335
Effect of investment loss	1,915,207
Effect of other gains and losses on accrued liability	-663,494
Effect of contributions less than recommended contribution	723,446
Effect of expected change in amortization payment due to payroll growth	454,188
Effect of maintaining a 30-year rolling amortization period	-319,401
Net effect of other changes	1,114,594
Total change	$3,224,540
Recommended Contribution as of July 1, 2012	$41,033,875

E. INFORMATION REQUIRED BY THE GASB

Governmental Accounting Standards Board (GASB) reporting information provides standardized information for comparative purposes of governmental pension plans. This information allows a reader of the financial statements to compare the funding status of one governmental plan to another on relatively equal terms.

Critical information to the GASB is the historical comparison of the GASB required contribution to the actual contributions. This comparison demonstrates whether a plan is being funded within the range of the GASB reporting requirements. Chart 15 below presents a graphical representation of this information for the Plan.

The other critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the actuarial value of assets to the actuarial accrued liabilities of the Plan as calculated under the GASB Standards. High ratios indicate a well-funded plan with assets sufficient to cover the plan's actuarial accrued liabilities. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other factors.

Although the GASB requires that the actuarial value of assets be used to determine the funded ratio, Chart 16 shows the funded ratio calculated using both the actuarial value of assets and the market value of assets.

The details regarding the calculations of these values and other GASB numbers may be found in Section 4, Exhibits II, III, and IV.

These graphs show key GASB factors.

CHART 15

Required Versus Actual Contributions*

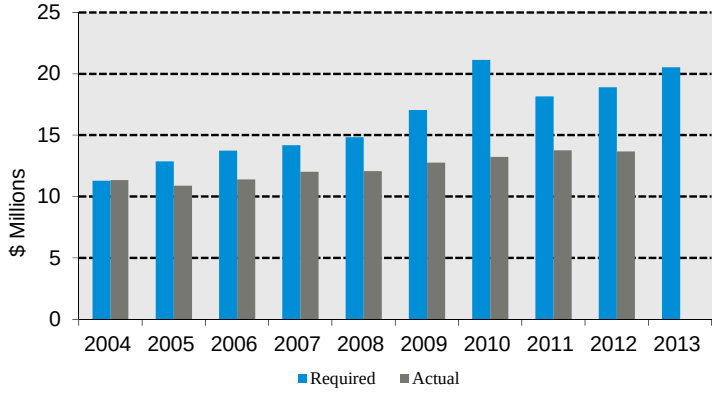
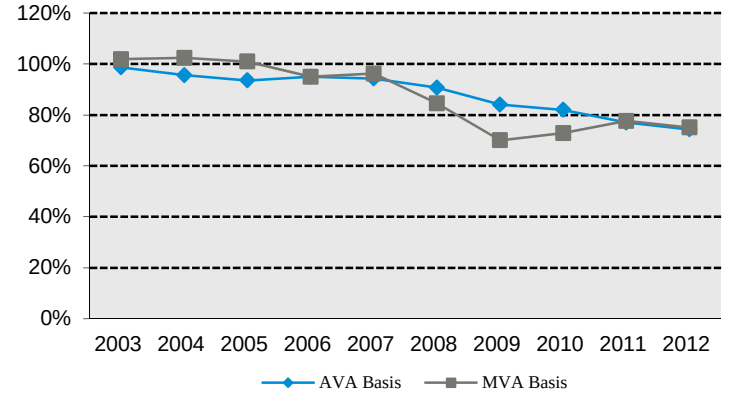


CHART 16

Funded Ratio



* *The annual required contributions shown were calculated presuming that the employees would be responsible for an equal share of the cost of the System. However, if employee contribution rates are insufficient to cover half of the cost, as has been the case in recent years, the City is ultimately responsible for the funding of the Plan.*

EXHIBIT A

Table of Plan Coverage

Category	Year Ended June 30 2012	2011	Change From Prior Year
Active participants in valuation:			
Number	3,907	3,807	2.6%
Average age	44.5	44.2	N/A
Average years of service	11.7	11.6	N/A
Total payroll	$181,406,586	$177,977,161	1.9%
Average payroll	46,431	46,750	-0.7%
Account balances	111,724,219	105,357,055	6.0%
Total active vested participants	2,716	2,638	3.0%
Vested terminated participants*	250	246	1.6%
Retired participants:			
Number in pay status	1,838	1,830	0.4%
Average age	68.5	68.1	N/A
Average monthly benefit	$2,317	$2,282	1.5%
Disabled participants:			
Number in pay status	481	488	-1.4%
Average age	59.6	58.9	N/A
Average monthly benefit	$1,602	$1,590	0.8%
Beneficiaries in pay status:			
Number in pay status	483	485	-0.4%
Average age (including minors)	73.1	73.4	N/A
Average monthly benefit	$918	$890	3.1%

** Includes future pensioners currently receiving benefits from the Supplemental System.*

EXHIBIT B

Participants in Active Service as of June 30, 2012
By Age, Years of Service, and Average Payroll

	Years of Service								
Age	**Total**	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35 & over**
Under 25	105	102	2	1	- -	- -	- -	- -	- -
	$33,249	$33,360	$33,232	$21,949	- -	- -	- -	- -	- -
25 - 29	332	267	65	- -	- -	- -	- -	- -	- -
	35,459	34,588	39,036	- -	- -	- -	- -	- -	- -
30 - 34	414	226	144	44	- -	- -	- -	- -	- -
	38,719	35,869	40,763	46,664	- -	- -	- -	- -	- -
35 - 39	466	131	153	136	45	1	- -	- -	- -
	43,004	34,850	40,668	50,006	$53,707	$34,632	- -	- -	- -
40 - 44	652	150	130	139	188	45	- -	- -	- -
	48,503	38,055	40,700	52,873	57,061	56,626	- -	- -	- -
45 - 49	602	115	74	105	138	145	25	- -	- -
	49,875	38,070	41,072	47,892	53,850	58,940	$64,037	- -	- -
50 - 54	623	96	68	83	123	162	81	10	- -
	50,916	39,424	40,619	50,241	51,911	55,053	62,108	$66,908	- -
55 - 59	473	54	55	75	83	100	79	24	3
	49,780	37,171	39,591	46,297	49,753	50,364	62,578	67,524	$52,979
60 - 64	195	35	18	39	18	34	27	15	9
	56,037	43,277	53,147	48,336	49,058	55,467	65,886	68,796	110,105
65 - 69	38	11	7	5	3	6	3	2	1
	50,435	39,065	43,438	60,976	52,414	52,971	68,276	62,982	72,023
70 & over	7	4	- -	- -	- -	3	- -	- -	- -
	45,011	36,133	- -	- -	- -	56,849	- -	- -	- -
Total	3,907	1,191	716	627	598	496	215	51	13
	$46,431	$36,336	$40,819	$49,579	$53,730	$55,360	$63,066	$67,599	$93,993

EXHIBIT C

Reconciliation of Participant Data

	Active Participants	Vested Former Participants	Fire and Police Retirees	Disableds	Retired Participants	Beneficiaries	Total
Number as of July 1, 2011	3,807	24	222	488	1,830	485	6,856
New participants	306	N/A	0	N/A	N/A	N/A	306
Terminations with vested rights	-1	1	0	0	0	0	0
Retirements	-67	-3	36	N/A	34	N/A	0
New disabilities	-13	0	0	13	N/A	N/A	0
Return to work	6	0	0	-6	0	N/A	0
Died with beneficiary	-10	-1	-5	-13	-54	-35	-118
Died without beneficiary	0	0	0	0	0	34	34
Lump sum payoffs	-124	-2	0	-1	0	0	-127
Rehire	4	0	0	N/A	0	N/A	4
Certain period expired	N/A	N/A	0	0	0	-1	-1
Data adjustments	-1	4	0	0	2	0	5
Retirees transferring from Supplemental Plan	0	0	-26	0	26	0	0
Number as of July 1, 2012	3,907	23	227	481	1,838	483	6,959

EXHIBIT D

Summary Statement of Income and Expenses on an Actuarial Value Basis

	Year Ended June 30, 2012		Year Ended June 30, 2011	
Net assets at actuarial value at the beginning of the year:		$892,096,375		$913,077,824
Contribution income:				
Employer contributions	$13,676,554		$13,772,490	
Employee contributions	12,027,821		11,881,396	
Less administrative expenses	-145,619		-273,817	
Net contribution income		$25,558,756		$25,380,069
Other income		12,000		8,000
Investment income:				
Interest and dividends	$35,621,548		$22,443,800	
Recognition of capital appreciation	-4,339,151		13,654,863	
Less investment fees	-3,221,492		-3,288,553	
Net investment income		28,060,905		32,810,110
Total income available for benefits		$53,631,661		$58,198,179
Less benefit payments:				
Benefits	-$65,684,712		-$61,778,841	
Refunds	-1,415,318		-1,360,711	
DROP payments	-580,599		-16,042,885	
Pension reimbursements	1,100		2,810	
Net benefit payments		-$67,679,529		-$79,179,627
Change in reserve for future benefits		-$14,047,868		-$20,981,448
Net assets at actuarial value at the end of the year:		$878,048,507		$892,096,375

Note: A portion of the Retirement and Relief System's assets is allocated to the Health Department. The above summary excludes the Health Department portion.

EXHIBIT E

Summary Statement of Income and Expenses on a Market Value Basis

	Year Ended June 30, 2012		Year Ended June 30, 2011	
Net assets at market value at the beginning of the year:		$899,471,222		$811,198,139
Contribution income:				
Employer contributions	$13,676,554		$13,772,490	
Employee contributions	12,027,821		11,881,396	
Less administrative expenses	-145,619		-273,817	
Net contribution income		$25,558,756		$25,380,069
Other income		12,000		8,000
Investment income:				
Interest and dividends	$35,621,548		$22,443,800	
Asset appreciation	-2,859,514		122,909,394	
Less investment and administrative fees	-3,221,492		-3,288,553	
Net investment income		29,540,542		142,064,641
Total income available for benefits		$55,111,298		$167,452,710
Less benefit payments:				
Benefits	-$65,684,712		-$61,778,841	
Refunds	-1,415,318		-1,360,711	
DROP payments	-580,599		-16,042,885	
Pension reimbursements	1,100		2,810	
Net benefit payments		-$67,679,529		-$79,179,627
Change in reserve for future benefits		-$12,568,231		$88,273,083
Net assets at market value at the end of the year:		$886,902,991		$899,471,222

Note: A portion of the Retirement and Relief System's assets is allocated to the Health Department. The above summary excludes the Health Department portion.

EXHIBIT F

Summary Statement of Plan Assets

	Year Ended June 30, 2012		Year Ended June 30, 2011	
Cash equivalents		$18,520,313		$21,061,624
Accounts receivable:				
Employee loans	$11,096,825		$11,413,672	
Accrued interest and dividends	10,597,527		768,133	
Total accounts receivable		21,694,352		12,181,805
Investments:				
Corporate stock	$504,091,093		$516,553,847	
U.S. Government obligations	173,755,714		164,045,686	
Domestic corporate bonds	169,662,849		186,481,085	
Total investments at market value		847,509,656		867,080,618
Total assets		$887,724,321		$900,324,047
Less accounts payable		-$821,330		-$852,825
Net assets at market value		$886,902,991		$899,471,222
Net assets at actuarial value		$878,048,507		$892,096,375

EXHIBIT G

Development of the Fund Through June 30, 2012

Year Ended June 30	Employer Contributions	Employee Contributions	Other Income	Net Investment Return*	Administrative Expenses	Benefit Payments	Actuarial Value of Assets at End of Year
2003	$10,697,621	$9,845,626	$59,000	$26,222,740	$105,000	$39,678,777	$785,646,456
2004	11,347,715	10,373,268	24,000	37,623,896	292,000	43,111,069	801,612,266
2005	10,881,632	10,210,996	79,000	43,262,778	211,000	46,668,936	819,166,736
2006	11,398,732	10,522,586	36,000	105,060,847**	160,000	47,353,888	898,671,013
2007	12,006,508	10,707,106	16,000	66,843,172	180,000	52,242,705	935,821,094
2008	12,061,584	10,604,722	1,000	50,798,110	183,375	56,023,465	953,079,670
2009	12,770,110	12,433,019	11,000	-9,976,637	245,261	57,302,709	910,769,192
2010	13,224,808	11,896,839	17,000	36,877,809	263,250	59,444,574	913,077,824
2011	13,772,490	11,881,396	8,000	32,810,110	273,817	79,179,627	892,096,375
2012	13,676,554	12,027,821	12,000	28,060,904	145,619	67,679,529	878,048,507

* *Net of investment fees.*
** *Includes effect of change in asset method.*

EXHIBIT H

Development of Unfunded Actuarial Accrued Liability for Year Ended June 30, 2012

1. Unfunded actuarial accrued liability at beginning of year		$265,974,021
2. Normal cost at beginning of year		21,858,098
3. Total contributions		-25,704,375
4. Interest		
(a) For whole year on (1) + (2)	$20,148,248	
(b) Monthly on (3)	-824,682	
(c) Total interest		19,323,566
5. Expected unfunded actuarial accrued liability		$281,451,310
6. Change due to net experience loss		21,590,443
7. Unfunded actuarial accrued liability at end of year		$303,041,753

EXHIBIT I

Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial Assumptions: The estimates on which the cost of the Plan is calculated including:

(a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;

(b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;

(c) Retirement rates — the rate or probability of retirement at a given age;

(d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal Cost: The amount of contributions required to fund the benefit allocated to the current year of service.

Actuarial Accrued Liability For Actives: The value of all projected benefit payments for current members less the portion that will be paid by future normal costs.

Actuarial Accrued Liability For Pensioners: The single-sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

Unfunded Actuarial Accrued Liability: The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan. There is a wide range of approaches to paying off the unfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

Amortization of the Unfunded Actuarial Accrued Liability: Payments made over a period of years equal in value to the Plan's unfunded actuarial accrued liability.

Investment Return: The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.

EXHIBIT J

Comparative Summary of Principal Valuation Results

	Year Ended June 30, 2012	Year Ended June 30, 2011
Participant data		
Active members	3,907	3,807
Total annual payroll	$181,406,586	$177,977,161
Retired members and beneficiaries	2,802	2,803
Total annualized benefit	$65,665,572	$64,606,044
Terminated vested members	23	24
Total annualized benefit	$312,761	$325,939
Future pensioners currently receiving benefits from Supplemental System	227	222
Total annualized benefit	$8,882,095	$8,513,914
Actuarial value of assets	$878,048,507	$892,096,375
Actuarial accrued liability:		
Active members	$476,311,523	$459,719,404
Terminated vested members	2,758,863	2,861,407
Retired members and beneficiaries	628,917,148	624,656,707
Future pensioners currently receiving benefits from Supplemental System	73,102,726	70,832,878
Total	$1,181,090,260	$1,158,070,396
Unfunded actuarial accrued liability	$303,041,753	$265,974,021

EXHIBIT I

Summary of Actuarial Valuation Results as of July 1, 2012

The valuation was made with respect to the following data supplied to us:			
1.	Retired participants as of the valuation date (including 483 beneficiaries in pay status)		2,802
2.	Participants inactive during year ended June 30, 2012 with vested rights (including 227 future pensioners currently receiving benefits from the Supplemental System)		250
3.	Participants active during the year ended June 30, 2012		3,907
	Fully vested	2,716	
	Not vested	1,191	
The actuarial factors as of the valuation date are as follows:			
1.	Normal cost, including administrative expenses		$22,932,786
2.	Actuarial accrued liability		1,181,090,260
	Retired participants and beneficiaries	$628,917,148	
	Inactive participants with vested rights*	75,861,589	
	Active participants	476,311,523	
3.	Actuarial value of assets ($886,902,991 at market value as reported by the City)		878,048,507
4.	Unfunded actuarial accrued liability		$303,041,753
The determination of the recommended contribution is as follows:			
1.	Normal cost		$22,672,453
2.	Administrative expenses		260,333
3.	Total normal cost: (1) + (2)		$2,932,786
4.	Payment on unfunded actuarial accrued liability		16,631,977
5.	Total recommended contribution: (3) + (4), adjusted for timing		$41,033,875
6.	Total payroll		$181,406,586
7.	Total recommended contribution as a percentage of total payroll: (5) ÷ (6)		22.62%

** Includes liability for deferred benefits from the Retirement and Relief System payable to pensioners currently receiving benefits from the Supplemental System.*

EXHIBIT II

Supplementary Information Required by the GASB – Schedule of Employer Contributions

Plan Year Ended June 30	Annual Required Contributions*	Actual Contributions	Percentage Contributed
2007	$14,173,353	$12,006,508	84.7%
2008	14,818,900	12,061,584	81.4%
2009	17,050,689	12,770,110	74.9%
2010	21,118,910	13,224,808	62.6%
2011	18,147,790	13,772,490	75.9%
2012	18,904,668	13,676,554	72.3%
2013	20,516,938	--	--

* *The annual required contributions shown were calculated presuming that the employees would be responsible for an equal share of the cost of the System. However, if employee contribution rates are insufficient to cover half of the cost, as has been the case in recent years, the City is ultimately responsible for the funding of the Plan. Assuming that the employee contribution rate for the year ending June 30, 2013 remains at 6.50% of pay, the annual required contribution for the City is $29,242,532.*

EXHIBIT III

Supplementary Information Required by the GASB – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
7/1/2007	$935,821,094	$992,864,448	$57,043,354	94.25%	$167,807,596	33.99%
7/1/2008	953,079,670	1,050,785,799	97,706,129	90.70%	174,113,556	56.12%
7/1/2009	910,769,192	1,083,256,135	172,486,943	84.08%	186,523,480	92.47%
7/1/2010	913,077,824	1,113,441,433	200,363,609	82.01%	193,229,880	103.69%
7/1/2011	892,096,375	1,158,070,396	265,974,021	77.03%	177,977,161	149.44%
7/1/2012	878,048,507	1,181,090,260	303,041,753	74.34%	181,406,586	167.05%

EXHIBIT IV

Supplementary Information Required by the GASB

Valuation date	July 1, 2012
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll, assuming 3.00% per year increase
Remaining amortization period	Rolling 30 years
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases:	
Inflation	3.00%
Merit, longevity, etc.	Varies from 0.00% to 4.50% for General Employees Varies from 0.50% to 6.50% for Public Safety
Plan membership:	
Retired participants and beneficiaries receiving benefits	2,802
Terminated participants entitled to, but not yet receiving benefits*	250
Active participants	3,907
Total	6,959

** Includes 227 future pensioners currently receiving benefits from the Supplemental System.*

EXHIBIT V

Development of the Net Pension Obligation (NPO) and the Annual Pension Cost Pursuant to GASB 27

Plan Year Ended June 30	Employer Annual Required Contribution (a)	Employer Amount Contributed (b)	Interest on NPO (h) x 7.00% (c)	ARC Adjustment (h) / (e) (d)	Amortization Factor* (e)	Pension Cost (a) + (c) – (d) (f)	Change in NPO (f) – (b) (g)	NPO Balance NPO + (g) (h)
2007	$14,173,353	$12,006,508	-$915,227	-$919,064	13.2777	$14,177,190	$2,170,682	-$10,032,349
2008	14,818,900	12,061,584	-702,264	-755,580	13.2777	14,872,216	2,810,632	-7,221,717
2009	17,050,689	12,770,110	-505,520	-543,899	13.2777	17,089,068	4,318,958	-2,902,759
2010	21,118,910	13,224,808	-203,193	-218,620	13.2777	21,134,337	7,909,529	5,006,770
2011	18,147,791	13,772,490	350,474	274,789	18.2204	18,223,476	4,450,986	9,457,756
2012	18,904,668	13,676,554	662,043	519,075	18.2204	19,047,636	5,371,082	14,828,838

** Amortization was changed from level dollar to level percent-of-pay effective July 1, 2010.*

EXHIBIT VI

Actuarial Assumptions and Actuarial Cost Method

Mortality Rates:

Healthy: RP-2000 Combined Healthy Mortality Table, set forward two years for both males and females

Disabled: RP-2000 Disabled Retiree Mortality Table, multiplied by 70%

These mortality tables were determined to contain provision appropriate to reasonably reflect future mortality improvement, based on a five-year review of mortality experience for the 2005-2010 period. The mortality assumptions will be assessed again at the time of the next five-year review, and further adjustment or expected improvements in life expectancy will be made if warranted.

Termination Rates Before Retirement:

	Rate (%)							
	Mortality		Disability			Withdrawal		
Age	Male	Female	General	Fire	Police	General*	Fire**	Police***
20	0.04	0.02	0.08	0.12	0.06	4.89	3.79	6.65
25	0.04	0.02	0.11	0.17	0.09	4.76	2.69	4.73
30	0.06	0.04	0.14	0.22	0.11	4.56	2.07	3.63
35	0.09	0.06	0.19	0.29	0.15	4.23	1.59	2.80
40	0.12	0.09	0.29	0.44	0.22	3.77	1.20	2.11
45	0.17	0.13	0.47	0.72	0.36	3.18	0.82	1.43
50	0.27	0.20	0.79	1.21	0.61	2.23	0.40	0.70
55	0.47	0.35	1.31	2.02	1.01	0.85	0.00	0.00
60	0.88	0.67	2.12	3.25	1.63	0.08	0.00	0.00

* *Withdrawal rates shown for General Employees are multiplied by 2.50 during the first five years of employment.*

** *Withdrawal rates shown for Firefighters are multiplied by 1.75 during the first five years of employment.*

*** *Withdrawal rates shown for Police Officers are multiplied by 1.70 during the first five years of employment.*

Retirement Rates: Fire and Police employees are assumed to retire in accordance with the following rates. Benefits are payable from the Firemen's and Policemen's Supplemental Pension System until the participant reaches their Normal Retirement Age under the Retirement and Relief System.

Fire		Police	
Years of Service*	**Rate**	**Years of Service***	**Rate**
20	10%	20	45%
21-25	5	21	20
26	25	22-25	5
27-28	8	26	15
29	60	27	20
30	10	28	15
31-32	0	29	50
33	40	30	30
34	20	31-32	0
35	100	33	45
		34	25
		35	100

** Retirement is assumed to occur no later than age 65*

General employees are assumed to retire, after meeting the service requirements, in accordance with the following rates:

Age	Rate**
Under 50	0%
50-54	15
55-59	8
60	15
61	20
62	40
63-64	20
65	40
66-74	25
Over 74	100

** *General Employee rates are decreased to 0% at 30 years and decreased by 75% when employee has 31-32 years of service. The rate is increased to 150% of the rate shown when employee reaches 33 years of service.*

Retirement Age for Inactive Vested Participants:	60
Unknown Data for Participants:	Same as those exhibited by Participants with similar known characteristics. If not specified, Participants are assumed to be male.
Percent Married:	80%
Age of Spouse:	Females three years younger than males
On the Job Disability:	
General	50%
Fire and Police	100%
On the Job Death:	
General	5%
Fire and Police	15%
Net Investment Return:	7.00%

Salary Scale:

	Annual Increase Rate (%)	
Age	**General**	**Fire and Police**
20	7.50	9.50
25	6.75	7.60
30	6.00	6.20
35	5.50	5.10
40	5.00	4.50
45	4.50	4.00
50	4.00	4.00
55	3.50	4.00
60	3.00	4.00

Includes allowance for inflation of 3.00% per year.

Interest on DROP Accounts:	5.00%
Administrative Expenses:	$270,000, payable monthly, equivalent to $260,333 at the beginning of the year.
Actuarial Value of Assets:	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Actuarial Cost Method:	Entry Age Normal Actuarial Cost Method. Entry Age is the age at the time the participant would have commenced employment if the plan had always been in existence. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by service, with Normal Cost determined as if the current benefit accrual rate had always been in effect. Actuarial Liability is allocated by salary.
Change in Assumptions:	There have been no changes in actuarial assumptions since the last valuation.

EXHIBIT VII

Summary of Plan Provisions

This exhibit summarizes the major provisions of the System included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Plan Year:	July 1 through June 30
Plan Status:	Ongoing
Normal Pension:	
Eligibility	A participant may retire at (a) age 60 if he has completed 5 years of credited service, or (b) any age if he has completed 30 years of credited service.
Amount:	2.50% of final average salary for each year of credited service. This amount cannot be greater than 75.0% of the final average salary nor less than $400 per month. Service credit used to determine the benefit amount may be increased by credit granted for unused sick leave (on a percent of possible total basis). Final average salary is defined as the highest average compensation over any 36-month period of the employee's last ten years of participation.
Early Retirement Pension:	
Eligibility	A City participant may retire at age 55 if he has completed 25 years of credited service.
Amount	1.85% of final average salary for each year of credited service

Disability:	
Ordinary	
Service Requirement	5 years credited service.
Amount	2.00% of final average salary at disability for each year of credited service, payable immediately. This amount cannot be greater than 60% of final average salary nor less than $400.
Extraordinary	
Service Requirement	None
Amount	70% of final monthly salary at disability, offset by the maximum Worker's Compensation benefit, payable immediately.
Termination:	To a participant terminating before becoming eligible for a vested deferred pension from the plan, a lump sum of his or her own contributions without interest is payable. Participants terminating after 5 years of actual service who leave their contributions in the System Fund have a non-forfeitable right to a monthly pension beginning at age 60. The form and amount of the pension are the same as the normal pension.
Death Benefits:	If a participant dies prior to his or her attainment of eligibility for retirement, a lump sum of his or her own contributions without interest is payable to his or her beneficiary. If an active participant who is eligible to retire or a retired participant dies, 60% of the accrued pension benefit is payable to the surviving spouse, if any, during his or her remaining lifetime. If an active participant (other than a participant of the Firemen and Policemen Supplemental System) who is not eligible to retire, but who has completed 5 years of service dies, a portion of 60% of the accrued pension benefit is payable to the spouse during her remaining lifetime. This portion is defined as follows:

Number of Years of Service	Portion of Entitled Benefit
5	50%
6	60
7	70
8	80
9	90
10 or more	100

This benefit is payable at the earlier of (a) the date that the deceased participant would have attained age 60 or (b) the date the deceased participant would have completed 20 years of service. In lieu of the above, for all participants, an annuity of 60% of salary is payable to the surviving spouse and 10% is payable to a minor child if death is service connected; the maximum for spouse and children is 75% and the maximum for children if no spouse is 60%. The minimum spouse benefit is $320 per month.

Back-DROP: An employee with 33 years of service or who is at least age 63 with 23 years of service may elect up to a 36-month Back-DROP. The employee's monthly benefit will be calculated using service and final average salary as of the Back-DROP date and the employee will receive a lump sum equal to the number of months dropped back times the retirement benefit, accumulated with interest.

Participation: All qualified employees of the Retirement and Relief System are required to participate.

Contributions: The City and the City employees each contribute 6.50% of compensation for the year.

Changes in Plan Provisions: There have been no changes in plan provisions since the last valuation.

March 14, 2013

Mr. Adam Cloud, Secretary
City of Hartford Pension Commission
Office of the Treasurer
550 Main Street
Hartford, CT 06103

Re: 2012 MERF Actuarial Survey

Dear Adam:

We are pleased to present the Annual Valuation of the City of Hartford Municipal Employees' Retirement Fund for 2012. Eleven additional copies are included for distribution. We have shown the recommended contribution for the 2013-2014 fiscal year as a percentage of payroll, as well as an *estimated* dollar amount.

Recommended contribution rates are as follows:

	Recommended Fiscal Year 2013-2014 Contribution (2012 MERF Actuarial Survey)		**Recommended Fiscal Year 2012-2013 Contribution (2011 MERF Actuarial Survey)**	
	% Of Payroll	Dollar Amount (in millions, est.)	% Of Payroll	Dollar Amount (in millions, est.)
Police	40.02%	$16.91	32.56%	$13.19
Firefighters	28.07%	8.82	21.67%	6.97
Board of Education	9.43%	3.86	8.49%	3.48
Municipal Services	45.89%	12.42	43.92%	11.47
Library	24.18%	1.19	22.83%	1.02
Total		$43.20		36.13

Please see Section I of the attached report for analysis and discussion regarding the changes in the contribution requirements from last year to this year, as well as expectations for future increases. In addition, there is an overview of certain upcoming changes to the GASB reporting requirements for your review.

As always, we are available to answer any questions you or the Pension Commission may have.

Sincerely,

Elizabeth J. Churney Ellen A. Kucenski

/aps
Enclosure
Copy with enclosure: Donna P. Parker

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HOOKER & HOLCOMBE, INC.
Benefit Consultants and Actuaries

65 LaSalle Road
West Hartford, CT 06107-2397
860-521-8400 tel
860-521-3742 fax
www.hhconsultants.com

City of Hartford Municipal Employees' Retirement Fund (MERF)

Actuarial Survey

July 1, 2012

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Elizabeth J. Churney, F.S.A., MAAA
Consulting Actuary

Ellen A. Kucenski, F.S.A., MAAA
Actuary

Brianne Czellecz
Pension Analyst

Scott B. Moss, A.S.A.
Pension Analyst

March 14, 2013

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Section I

Valuation Report

A. Purpose of the Valuation

The purpose of the valuation is to determine the funded status of the plan as well as the recommended cash contribution for the plan year. The information found in Section II of the report has been developed for this purpose.

The ultimate cost of a pension plan is based primarily on the level of benefits promised by the plan. The pension fund's investment earnings serve to reduce the cost of plan benefits and expenses. Thus,

City's ultimate cost	=	*benefits paid*	+	*expenses incurred*	-	*investment return*	*employee contributions*	

B. Contribution for 2013-2014 Fiscal Year

The City's recommended contribution for the 2013-2014 fiscal year, determined from the July 1, 2012 actuarial valuation, is shown below. We have shown the recommended contribution for the 2013-2014 fiscal year as a percentage of payroll, as well as an *estimated* dollar amount.

	Recommended 2013-2014 Fiscal Year Contribution (July 1, 2012 Valuation)		Recommended 2012-2013 Fiscal Year Contribution (July 1, 2011 Valuation)	
	% of payroll	$ in millions (est.)	% of payroll	$ in millions (est.)
Police	40.02%	$16.91	32.56%	$13.19
Firefighters	28.07%	$8.82	21.67%	$6.97
Board of Education	9.43%	$3.86	8.49%	$3.48
Municipal Services	45.89%	$12.42	43.92%	$11.47
Library	24.18%	$1.19	22.83%	$1.02
Total		$43.20		$36.13

Please see Section II, Exhibit A for the development of these figures.

The recommended City contribution is expressed as a percentage of the payroll for each of the five groups of employees covered by the plan: Police, Firefighters, Board of Education, Municipal Services, and Library. Under the cost method currently used by the MERF, the annual contribution is first developed as a flat dollar amount for each group and then converted to a percentage of payroll using an *estimated* payroll figure. Each of those percentages is then applied against the *actual* payroll for each group for the fiscal year, to yield the *actual* dollar amount of the cash contribution required.

The dollar amount shown above is merely an *estimate* of the cash contribution required. Importantly, while the percentages of payroll will not change because they are actuarially determined, the dollar amount of the City's actual required contribution will change -- upward or downward -- depending on whether *actual* payrolls in the fiscal year are more, or less, than currently estimated.

As can be seen, the contributions as a percentage of payroll have increased from last year for all groups. As a dollar amount, the estimated contribution for fiscal year 2012-2013 was $36.1 million as shown in the July 1, 2011 valuation, determined based on a payroll estimate at that time of approximately $150.1 million (obtained by projecting the payroll provided with the July 1, 2011 actuarial valuation to fiscal year 2012-2013 using the valuation's assumed rate of salary increase). The 2013-2014 fiscal year contribution represents an increase of approximately $7.1 million over that figure to $43.2 million.

As is true each year, the change in the recommended contribution requirement from last year to this year is the result of actual plan asset performance, as well as changes in liabilities caused by changes in the covered population and benefit provisions (where applicable). See Sections D and E to follow for more detail regarding this year's increase.

C. Funded Status

The funded status of the plan as of July 1, 2012 is summarized below. The figures are prepared in accordance with the requirements of the Governmental Accounting Standards Board, or GASB, and are useful in accessing the health of the plan overall.

Specifically, the funded status is based on the smoothed (actuarial) value of assets used in the valuation, as well as a measure of the plan's liability known as the Actuarial Accrued Liability. The Actuarial Accrued Liability is the liability for benefits expected to be paid from the plan for inactive participants, as well as the liability for future expected benefit payments for active participants. For actives, the liability measure includes the impact of assumed future salary increases on projected benefits, but includes only that portion of their overall liability attributable to services rendered as of the valuation date.

	July 1, 2012
Actuarial Accrued Liability	$1,237,136,000
Actuarial Value of Assets	977,146,000
Unfunded Status	259,990,000
Funded Percentage	79.0%

During the 2011-2012 fiscal year, the plan's funded status dropped from 83.5% as of July 1, 2011 to 79.0% as of July 1, 2012, as detailed above. Despite the fact that the City fully funded the recommended contribution for the year, asset growth did not keep pace with liability growth, resulting in the decline in the funded status. This is primarily the result of the asset losses on the smoothed (actuarial) value of assets discussed in Section D below. Changes in the plan population and the resulting impact on plan liabilities partially offset these assets losses, preventing an otherwise larger decline in funded status.

Even with a funded status of less than 100%, the plan is still in a healthy position with the ability to pay benefits due at the current 79.0% level. It is not the intent of the plan's funding method to fully fund such shortfalls in just one year. Absent other significant changes, such underfunding will be eliminated over a period of years as it is spread into future contribution requirements.

D. Plan Experience During Period Under Review

As discussed earlier, the recommended City contribution for the 2013-2014 fiscal year has increased from last year by approximately $7.1 million based on estimates of payroll. This increase is the net impact of annual plan asset and liability experience (approximately $5.9 million of the increase) as well as changes in plan benefits that took effect during the last year (approximately $1.2 million of the increase).

The primary reason for this $7.1 million increase is the continued recognition of the decline in the capital markets that occurred within the 2007-2008 and 2008-2009 fiscal years, with the resulting loss of market value of MERF assets during that period. In addition, the market value further experienced a loss in the 2011-2012 fiscal year, impacting fiscal year 2013-2014 costs.

During 2011-2012, the market value of assets decreased from $981.0 million to $942.7 million, resulting in an asset return of approximately 1.9% over the period. In order to avoid dramatic fluctuations in contribution requirements with large swings in the market, a "smoothed" or "actuarial" value of assets is used to perform the valuation. This smoothed value recognizes the difference between the expected return on the market value of assets and the actual return over a 5-year period at 20% per year.

As of July 1, 2012, the actuarial value of assets used in the development of the contribution requirement was approximately $977.1 million, $34.4 million higher than the market value of assets of $942.7 million at such date. The return for the year on the actuarial value was 1.6%. Since this 1.6% is less than the MERF's 8% return assumption, asset losses were generated that increased the fiscal year 2013-2014 contribution requirement. Specifically, these losses represented approximately $7.2 million of the increase in the contribution and were therefore the primary driver of the increase.

Changes in the plan's population and the resulting impact on plan liabilities had the net effect of decreasing the recommended City contribution by approximately $1.3 million. The main reasons for this decrease were salaries increasing by less than expected for all groups, as well as more than expected retiree deaths in the all groups but Library.

This decrease in the contribution caused by changes in the plan population was almost fully offset by the impact of negotiated plan changes first reflected with this valuation. In particular, the newly negotiated Police contract increased the contribution requirements by approximately $1.2 million for fiscal year 2013-2014. This includes the net impact of the benefit elections made by officers hired after July 1, 1999, as well as future negotiated salary increases.

E. Changes Since The Last Valuation

There were no assumption or method changes effective with the July 1, 2012 valuation.

Specific plan changes reflected in this valuation are as follows for Sworn Police Officers:

- Sworn officers hired on or after July 1, 2012 have new benefit provisions as follows:
  - Employee contribution rate increases from 6.5% to 9.5%
  - Benefit multiplier is 2.8% for first 25 years of service, 2.5% thereafter up to a maximum of 80% of earnings (prior plan was 2.5% for first 20 years of service, 2.0% thereafter up to a maximum of 70% of earnings)
  - Normal Retirement Date is age 55 with 25 years of service (prior plan has no age requirement)
  - Final Average Earnings are based on final rate of pay (prior plan Final Average Earnings based on highest 3 of last 5 years)
  - Overtime earnings are included in Final Average based on highest 3 of last 5 years (prior plan includes overtime averaged over the last 25 years)
- Sworn officers hired after July 1, 1999 have the option to elect into the provisions listed above with the exception that there is no age requirement on Normal Retirement Date and employee contribution rate is 8.0%. Actual elections have been reflected with this valuation.

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F. Future Contribution Requirements

The use of a smoothed (actuarial) value of assets is meant to produce a more level funding pattern, given asset volatility. With a drop in the market, asset losses are spread over a five-year period, leveling out the recommended funding rather than providing for a spike in contribution requirements in one year. As of July 1, 2012, there were approximately $34.4 million in net unrecognized asset losses that eventually need to be recognized in future City contribution requirements because of the use of this smoothing method. Given this level of unrecognized losses, future contribution increases can be expected for the 2014-2015 fiscal year, absent other significant changes.

To provide a sense of the level of expected future contributions, an estimate for the 2014-2015 fiscal year has been calculated. Specifically, the City's estimated recommended contribution for such fiscal year is currently $49.3 million. This figure is based on a projected market value of assets at July 1, 2013 of $966.1 million, determined by projecting the market value of assets as of July 1, 2012 to June 30, 2013 assuming an 8% return. Projected plan liabilities inherent in this calculation were based on the results of the July 1, 2012 valuation, including the assumptions, methods, and census data as of such date. The unfunded actuarial accrued liability was amortized over a 15 year period.

The projected asset value and estimated contribution for the 2014-2015 fiscal year assume the City funds the recommended contribution for 2012-2013. If the City contributes an amount other than the annual recommended contribution, the estimated future contribution will vary from the amount shown here.

The final 2014-2015 recommended contribution will be based upon final liabilities and assets as of July 1, 2013. To provide some sensitivity of the contribution to asset values, if the market value of assets as of July 1, 2013 is approximately $100 million higher at $1,066.1 million, the contribution estimate decreases by $2.2 million to $47.1 million.

Beginning with the 2015-2016 fiscal year contribution, the past asset losses of 2008-2009 will be fully recognized. Therefore, contribution increases are not expected to be as significant. The extent of any increase or decrease in contribution will depend on market returns after July 1, 2012, among other factors.

G. New Accounting Standards

In June of 2012, The Government Accounting Standards Board (GASB) issued statements 67 and 68. GASB 67 is a new standard that pertains to financial reporting for pension plans. In general, it replaces GASB 25 and it is effective for fiscal years beginning after June 15, 2013. GASB 68 is a new standard that pertains to accounting and financial reporting for pensions by State and Local Government Employers. In general, it replaces GASB 27 and it is effective for fiscal years beginning after June 15, 2014. Both statements replace the relevant provisions of GASB 50.

Currently, the City's annual financial report tracks the Net Pension Obligation (NPO) in the footnote section of the annual financial report. With GASB 68, the NPO will no longer be tracked. A new item called Net Pension Liability (NPL) will be displayed not as a footnote but directly on your balance sheet. For both standards, liabilities are calculated using the Entry Age Normal (EAN) Cost Method. In general, the NPL is the EAN Accrued Liability less the Market Value of Assets. The following table displays the NPL for the MERF for the last two years.

Valuation Date	Entry Age Normal Accrued Liability	Market Value Of Assets	Net Pension Liability
July 1, 2011	$1,218,900,000	$980,956,000	$237,944,000
July 1, 2012	$1,237,136,000	$942,652,000	$294,484,000

In addition to replacing the NPO with the NPL, the Annual Required Contribution (ARC) will also be eliminated. Even though the ARC will be eliminated, we will work with the City to develop a contribution policy. The new term for this is the Actuarially Determined Contribution (ADC). One possible ADC is to use the same concepts that were used to develop the ARC which would mean no change in the present funding policy.

Under the prior standards, the ARC served as both the contribution policy and the accounting expense. As noted above the ARC is eliminated and replaced with the ADC with regard to the funding policy. The new pension expense will be quite different from the ARC and it has several components (including normal cost, interest cost, amortization components, actual return, and plan changes). The new pension expense will help reconcile the change in the Net Pension Liability each year. In addition, it will be more volatile than the ARC and so not suitable for use as a contribution policy.

If the City wants to see how the pension expense works, please let us know and we will prepare a sample exhibit. Like the Net Pension Liability, the calculation of the pension expense is based upon the Entry Age Normal Cost Method and will no longer be a footnote but reported directly in the annual financial report.

H. Certification

This report presents the results of the July 1, 2012 Actuarial Valuation for the City of Hartford Municipal Employees' Retirement Fund (MERF) (the Plan) for the purpose of estimating the funded status of the Plan and determining the Annual Required Contribution (ARC) for the fiscal year ending June 30, 2014. This report is intended to satisfy the requirements of Connecticut General Statute 7-450a and meet the requirements of Public Act No.77-468, an Act Requiring Periodic Actuarial Valuation of Municipal Pension Plans.

The valuation has been performed in accordance with generally accepted actuarial principles and practices. It is intended to comply with all applicable Actuarial Standards of Practice.

We certify that the actuarial assumptions and methods that were selected by us and represent our best estimate of anticipated actuarial experience under the Plan.

In preparing this valuation, we have relied on employee data and asset and contribution information provided by the Plan Sponsor. We have audited neither the employee data nor the financial information, although we have reviewed them for reasonableness.

The results in this valuation report are based on the Plan as summarized in the *Plan Provisions* section of this report and the actuarial assumptions and methods detailed in the *Description of Actuarial Methods and Assumptions* section of this report.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of this report, an analysis of the potential range of such future measurements has not been performed.

We are members of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.

Elizabeth J. Churney, F.S.A., M.A.A.A.,
11-06330

Ellen A. Kucenski, F.S.A., M.A.A.A.,
11-07674

March 14, 2013

Section II

Supporting Exhibits

A. Entry Age Normal Actuarial Accrued Liability as of July 1, 2012

	Police	Firefighters	Board Of Education	Municipal Services	Library	Total Membership
A. Covered Payroll						
Annual Payroll (000)	$38,334	$29,102	$40,419	$25,586	$4,478	$137,919
B. Actuarial Accrued Liability (AAL)						
Entry Age Normal AAL (000)						
1. Active Members						
a. Active Members' MERF Liability	$120,417	$109,827	$66,588	$50,722	$8,849	$356,403
b. Local 566 Payment Present Value	0	0	3,262	0	0	
c. Local 1716 Payment Present Value	0	0	0	3,475	0	
d. Total for Active Members	120,417	109,827	69,850	54,197	8,849	363,140
2. Terminated Non-Vested Members [allocated by (1d)]	187	171	103	79	14	554
3. Terminated Vested Members	1,088	1,423	5,792	6,459	72	14,834
4. Retired Members	274,387	203,403	96,330	268,907	14,857	857,884
5. Old Plans Cola 1987/1990/1997/1999/2001/2005/2007	427	208	25	63	0	723
6. Total	396,505	315,032	172,101	329,705	23,793	1,237,136
C. Valuation Assets (Adjusted Value)						
1. Amount prior to Recognizing Receivable (000)	$301,869	$267,304	$149,997	$241,471	$16,504	$977,146
2. Contribution Receivable (000)	0	0	0	0	0	0
3. Valuation Assets after Recognition of Receivable (000)	301,869	267,304	149,997	241,471	16,504	977,146
D. Unfunded Actuarial Accrued Liability (000)	$94,636	$47,728	$22,104	$88,234	$7,289	$259,990
E. Funded Percent (C. / B.)	76.1%	84.8%	87.2%	73.2%	69.4%	79.0%

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Section II

Supporting Exhibits
(continued)

B. Cash Contributions

July 1, 2013 – June 30, 2014 Fiscal Year Contribution

	Police	Firefighters	Board Of Education	Municipal Services	Library	Total Membership
1. Development of Amortization						
a. Unfunded Actuarial Accrued Liability	$94,635,928	$47,727,766	$22,103,809	$88,234,075	$7,288,465	$259,990,043
b. Amortization of Unfunded AAL (15 year open)	10,237,289	5,162,975	2,391,091	9,544,766	788,433	28,124,554
2. Normal Cost Development						
a. Normal Cost Beginning of Year prior to Expense Load	$4,913,694	$2,525,759	$1,173,647	$2,068,256	$286,130	$10,967,486
b. Normal Cost Projected One Year prior to Expense Load	5,306,790	2,727,820	1,267,539	2,233,716	309,020	11,844,885
c. Expense Load (Allocated by AAL)	815,093	647,609	353,787	677,771	48,911	2,543,171
3. Fiscal Year Contribution for 07/01/2013 - 06/30/2014						
I. Gross City Contribution						
a. Total Contribution Due as of Beginning of Year (1b+2b+2c)	16,359,172	8,538,404	4,012,417	12,456,253	1,146,364	42,512,610
b. Total Interest Adjusted Gross City Contribution	17,000,950	8,873,369	4,169,826	12,944,918	1,191,337	44,180,400
II. Annual Adjusted Payroll as of 07/01/2012 w 2 year proj	42,482,849	31,613,907	44,234,331	28,206,202	4,926,751	151,464,040
III. Contribution as a % of Payroll prior to adjustments	40.02%	28.07%	9.43%	45.89%	24.18%	29.17%
IV. 07/01/2013 Payment for Local 566 (000)	0	0	303,918	0	0	303,918
V. 07/01/2013 Payment for Local 1716 (000)	0	0	0	509,126	0	509,126
VI. Old Plans COLA Annual Payment (000)	94,255	54,905	2,859	16,968	0	168,987
VII. Net City Contribution [(I.) - (IV.) - (V.) - (VI.)]	16,906,695	8,818,464	3,863,049	12,418,824	1,191,337	43,198,369

	2013 - 2014 Contribution Sensitivity*					
	Police	Firefighters	Board of Education	Municipal Services	Library	Total
Estimated 2013-2014 Fiscal Year Payroll +5%	$44,606,991	$33,194,602	$46,446,048	$29,616,512	$5,173,089	$159,037,242
Net City Contribution Estimate for 2013-2014	17,757,463	9,262,820	4,073,085	13,064,923	1,250,853	45,409,144
Estimated 2013-2014 Fiscal Year Payroll -5%	40,358,707	30,033,212	42,022,614	26,795,892	4,680,413	143,890,838
Net City Contribution Estimate for 2013-2014	16,057,300	8,375,418	3,655,956	11,770,541	1,131,724	40,990,939

* *Based on contribution policy of depositing a % of payroll using actual fiscal year payroll.*

Section II

Supporting Exhibits
(continued)

C. Actuarial Balance Sheet

	July 1, 2012	July 1, 2011
Actuarial Liabilities		
Present Value of Future Benefits for:		
Active Employees	$536,794,819	$505,461,387
Inactive Members		
• Regular Retirees	769,949,362	773,799,245
• Disability Retirees	61,312,447	60,461,976
• Survivors	26,622,704	28,294,596
• Terminated Non-Vesteds	553,450	553,450
• Terminated Vesteds	14,834,388	11,125,238
• Old Plans COLA	723,482	980,207
TOTAL	$1,410,790,652	$1,380,676,099
Source of Funds		
1. Actuarial Value of Assets	$977,145,866	$1,017,601,546
2. Present Value of Future Employee Contributions	91,249,308	75,119,853
3. Present Value of Future City Normal Cost Contributions	82,405,435	86,656,102
4. Unfunded Accrued Liability	259,990,043	201,298,598
5. TOTAL = (1) + (2) + (3) + (4)	$1,410,790,652	$1,380,676,099

Section II

Supporting Exhibits
(continued)

D. Development of Asset Values

The Actuarial Value of assets is used in the determination of plan contributions. It phases in recognition of asset gains and losses. A method of smoothing is used because the Market Value can swing widely from one year to the next, resulting in undesirable fluctuations in pension contributions. The smoothing is accomplished by recognizing asset gains and losses over a five-year period at 20% per year.

Relationship of Actuarial Value to Market Value		
1. Market value 7/1/2012	$	942,652,465
2. Gain / (loss) not recognized in actuarial value 7/1/2012		(34,493,401)
3. Preliminary actuarial value 7/1/2012: (1)-(2)		977,145,866
4. Preliminary actuarial value as a percentage of market value: (3)÷(1)		103.7%
5. Gain / (loss) recognized for corridor min/max		N/A
6. Actuarial value 7/1/2012 after corridor min/max: (3)+(5)		977,145,866
7. Actuarial value as a percentage of market value: (6)÷(1)		103.7%

Development of Asset Gain / (Loss) for 2011-2012 Plan Year		
1. Market value 7/1/2011	$	980,955,795
2. Contributions		36,979,102
3. Benefit payments		90,971,356
4. Administrative expenses		2,390,829
5. Expected return at 8.00%		76,270,705
6. Expected value 7/1/2012: (1)+(2)-(3)-(4)+(5)		1,000,843,417
7. Market value 7/1/2012		942,652,465
8. Asset gain / (loss) for -1 Plan Year: (7)-(6)		(58,190,952)

Recognition of Gain / (Loss) in Actuarial Value					
Year	(a) Gain / (loss)	(b) Recognized as of 7/1/2011	(c) Recognized in current year: 20% of (a)	(d) Total recognized as of 7/1/2012: (b)+(c)	(e) Not recognized as of 7/1/2012: (a)-(d)
2007-2008	$ (111,496,189)	$ (89,196,952)	$ (22,299,237)	$ (111,496,189)	$ 0
2008-2009	(241,203,873)	(144,722,325)	(48,240,775)	(192,963,100)	(48,240,773)
2009-2010	26,022,852	10,409,140	5,204,570	15,613,710	10,409,142
2010-2011	83,151,652	16,630,330	16,630,330	33,260,660	49,890,992
2011-2012	(58,190,952)	0	(11,638,190)	(11,638,190)	(46,552,762)
Total			(60,343,302)		(34,493,401)

Section II

Supporting Exhibits
(continued)

D. Development of Asset Values

Summary of Fund Activity	Market Value	Actuarial Value
1. Beginning value 7/1/2011		
a. Trust assets	$ 980,955,795	$ 1,017,601,546
b. Accrued contribution	0	0
c. Benefits payable	0	0
d. Administrative expenses payable	0	0
e. Net: (a)+(b)-(c)-(d)	980,955,795	1,017,601,546
2. Contributions		
a. Contributions during year	36,979,102	36,979,102
b. Change in accrued contribution	0	0
c. Total for plan year	36,979,102	36,979,102
3. Disbursements		
a. Benefit payments during year	90,971,356	90,971,356
b. Administrative expenses during year	2,390,829	2,390,829
c. Change in benefits payable	0	0
d. Change in administrative expenses payable	0	0
e. Total for plan year	93,362,185	93,362,185
4. Net investment return		
a. Interest and dividends	16,089,939	N/A
b. Change in accrued income	0	N/A
c. Realized gain (loss)	59,752,802	N/A
d. Unrealized gain (loss)	(53,691,212)	N/A
e. Expected return	N/A	76,270,705
f. Recognized gain (loss)	N/A	(60,343,302)
g. Required adjustment due to corridor	N/A	0
h. Reversal of prior year required adjustment	N/A	0
i. Investment-related expenses	(4,071,776)	N/A
j. Total	18,079,753	15,927,403
5. Ending value 7/1/2012		
a. Trust assets: (1a)+(2a)-(3a)-(3b)+(4j)	942,652,465	977,145,866
b. Accrued contribution	0	0
c. Benefits payable	0	0
d. Administrative expenses payable	0	0
e. Net: (a)+(b)-(c)-(d)	942,652,465	977,145,866
6. Approximate rate of return 2011-2012	1.9%	1.6%

Section II

Supporting Exhibits
(continued)

D. Development of Asset Values

Rate of Return on Market Value of Assets				
	Average Annual Effective Rate of Return			
Period Ending June 30	1 Year	3 Years	5 Years	10 Years
2003	4.6%	-0.3%	3.6%	8.7%
2004	14.6%	5.1%	4.3%	9.9%
2005	9.1%	9.4%	4.4%	9.3%
2006	8.7%	10.8%	6.6%	8.7%
2007	15.6%	11.1%	10.4%	8.3%
2008	-1.9%	7.2%	9.0%	6.3%
2009	-15.0%	-1.2%	2.7%	3.5%
2010	11.1%	-2.5%	3.1%	3.7%
2011	17.7%	3.6%	4.7%	5.7%
2012	1.9%	10.0%	2.1%	6.2%

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Section II

Supporting Exhibits
(continued)

E. Accounting Information

GASB Statements No. 25 and 27

The following information is based on the Governmental Accounting Standards Board (GASB) Statement No. 25 on "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and Statement No. 27 on "Accounting for Pensions by State and Local Governmental Employers". It represents a summary of information detailed further within the MERF's annual GASB report. The exhibits are provided for information purposes only here.

In reviewing the following exhibit regarding employer contributions, it is important to note that for the fiscal years ending 2007 through 2010, the City contributed more than the recommended Annual Required Contribution (ARC). This is due to a catch up period in which the City has been making contributions for prior fiscal years in which there was a shortfall in the amount contributed. The footnotes below provide further detail.

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed	Actual Contribution Received by MERF	Miscellaneous *
2007	14,328,866	115%	16,317,266**	163,749
2008	13,252,745	125%	16,454,745	129,258
2009	11,797,419	109%	12,713,915***	115,067
2010	9,601,580	113%	10,727,385	112,662
2011	18,846,217	100%	18,730,668	115,549
2012	27,599,529	100%	26,681,068	918,461

* *Funds transferred from State of Connecticut's Connecticut Municipal Employees' Retirement System (CMERS) and Aetna annuity payments.*

** *2006-2007 fiscal year contribution includes contributions paid for prior fiscal years during the 2006-2007 fiscal year as follows: FY 00-01 $117,500, FY 02-03 $2,198, FY 03-04 $180,876, FY 04-05 $130,156, FY 05-06 $5,084,715. After the June 30, 2006 GASB reporting period closed, two contributions of $1,572,500 and $1,490,242 were made to the Plan for the 2006-2007 fiscal year. These amounts are not included in the $16,317,266 fiscal year 2006-2007 contribution listed above. They will be included in the 2007-2008 fiscal year contributions listed in the June 30, 2008 GASB report.*

*** *Contribution includes $1,031,484 in contributions paid for the prior fiscal year (2007/2008) after the 06/30/2008 reporting period closed.*

Section II

Supporting Exhibits
(continued)

E. Accounting Information

As detailed below, the plan's funded status dropped from 83.5% as of July 1, 2011 to 79.0% as of July 1, 2012. Despite the fact that the City fully funded the recommended contribution for the year, asset growth did not keep pace with liability growth, resulting in the decline in the funded status. This is primarily the result of the asset losses on the Actuarial Value of Assets during the year previously discussed.

Even with a funded status of less than 100%, the plan is still in a healthy position at the current 79.0% level with the ability to pay benefits due.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets * (a)	Actuarial Accrued Liability (AAL) ** (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)÷c)
7/1/2007	1,092,128,000***	1,090,715,000	(1,413,000)	100.1%	133,280,000	-1.1%
7/1/2008	1,123,379,000	1,099,441,000	(23,938,000)	102.2%	139,243,000	-17.2%
7/1/2009	1,089,184,000	1,126,965,000	37,781,000	96.6%	134,143,000	28.2%
7/1/2010	1,041,572,000	1,175,040,000	133,468,000	88.6%	132,529,000	100.7%
7/1/2011	1,017,602,000	1,218,900,000	201,298,000	83.5%	136,555,000	147.4%
7/1/2012	977,146,000	1,237,136,000	259,990,000	79.0%	137,919,000	188.5%

* *Excludes receivable from CMERS (applicable for 7/1/2005 only; no longer applicable 7/1/2006+).*

** *Liability shown determined using the projected unit credit cost method 7/1/2005-7/1/2006 and the entry age normal cost method starting 7/1/2007.*

*** *Excludes estimated City contribution receivable of $5,463,745 as of July 1, 2007 which was fully paid by the City as of July 1, 2008.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Summary – Active Members as of July 1, 2012

	Number	Payroll*	Average Annual Pay*
Police	495	$38,333,847	$77,442
Firefighters	345	29,102,161	84,354
Board of Education	883	40,418,741	45,774
Municipal Services	434	25,586,351	58,955
Library	71	4,478,204	63,073
Total	**2,228**	**$137,919,304**	**$61,903**

**Basic salary, plus overtime, plus Fire private duty pay.*

Summary – Pensioners as of July 1, 2012

	Service Pensions*		Disability Pensions		Survivor Benefits*		Total	
	Count	Total Monthly Annuities	Count	Total Monthly Annuities	Count	Total Monthly Annuities	Count	Total Monthly Annuities
Police	512	$1,963,039	71	$202,090	77	$86,562	660	$2,251,691
Firefighters	342	1,353,175	129	393,898	106	117,661	577	1,864,734
Board of Ed	623	890,546	26	17,188	42	18,018	691	925,752
Municipal Svcs.	814	2,273,961	11	12,461	76	57,466	901	2,343,888
Library	70	138,433	1	1,867	2	1,115	73	141,415
Vested Deferred	140	173,115	--	--	--	--	140	173,115
TOTAL**	**2,501**	**$6,792,269**	**238**	**$627,504**	**303**	**$280,822**	**3,042**	**$7,700,595**

** 25 pensioners receiving benefits as retirees and as survivors are included in both groups.*

*** Additional monthly benefits for the July 1, 1987, July 1, 1990, July 1, 1997, July 1, 1999,July 1, 2001, July 1, 2005, and July 1, 2007 COLA's for the unfunded plans (PBF, FRF, and RAF) are also included in the total liabilities for MERF. Such participants are not included in the counts shown here.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Police

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2011	**480**	**1**	**661**	**1,142**
Adjustments	0	0	0	0
Retirements	-1	0	+1	0
Disabilities	0	0	0	0
Terminations				
Vested	-1	+1	N/A	0
Non-vested	-4	N/A	N/A	-4
Deaths	-5	0	-13	-18
New beneficiaries	N/A	0	+11	+11
Transfer group	+2	0	0	+2
Rehires	0	0	0	0
New entrants	+24	N/A	N/A	+24
Total Participants 7/1/2012	**495**	**2**	**660**	**1,157**
Average Age				
7/1/2011	38.1			
7/1/2012	38.7			
Average Service				
7/1/2011	9.6			
7/1/2012	10.0			
Payroll**				
7/1/2011	$36,839,151			
7/1/2012	38,333,847			
Total monthly benefits*				
7/1/2011		$1,847	$2,262,079	
7/1/2012		7,756	2,251,691	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Firefighters

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2011	**365**	**1**	**573**	**939**
Adjustments	0	0	0	0
Retirements	-17	0	+17	0
Disabilities	-1	0	+1	0
Terminations				
Vested	-1	+1	N/A	0
Non-vested	0	N/A	N/A	0
Deaths	-1	0	-18	-19
New beneficiaries	N/A	0	+4	+4
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	0	N/A	N/A	0
Total Participants 7/1/2012	**345**	**2**	**577**	**924**
Average Age				
7/1/2011	40.9			
7/1/2012	41.2			
Average Service				
7/1/2011	13.6			
7/1/2012	13.9			
Payroll**				
7/1/2011	$29,885,531			
7/1/2012	29,102,161			
Total monthly benefits*				
7/1/2011		$841	$1,799,226	
7/1/2012		10,537	1,864,734	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Board of Education

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2011	**905**	**67**	**701**	**1,673**
Adjustments	+2	-5	-1	-4
Retirements	-17	-1	+18	0
Disabilities	-1	0	+1	0
Terminations				
Vested	-14	+14	N/A	0
Non-vested	-47	N/A	N/A	-47
Deaths	-1	0	-36	-37
New beneficiaries	N/A	0	+8	+8
Transfer group	+1	0	0	+1
Rehires	0	0	0	0
New entrants	+55	N/A	N/A	+55
Total Participants 7/1/2012	**883**	**75**	**691**	**1,649**
Average Age				
7/1/2011	47.0			
7/1/2012	47.5			
Average Service				
7/1/2011	10.1			
7/1/2012	12.2			
Payroll**				
7/1/2011	$41,017,098			
7/1/2012	40,418,741			
Total monthly benefits*				
7/1/2011		$70,872	$917,783	
7/1/2012		76,490	925,752	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Municipal Services

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2011	**435**	**54**	**910**	**1,399**
Adjustments	-1	+1	-1	-1
Retirements	-12	-4	+16	0
Disabilities	-1	0	+1	0
Terminations				
Vested	-8	+8	N/A	0
Non-vested	-22	N/A	N/A	-22
Deaths	-2	0	-35	-37
New beneficiaries	N/A	0	+12	+12
Transfer group	-3	0	0	-3
Rehires	+2	0	-2	0
New entrants	+46	N/A	N/A	+46
Total Participants 7/1/2012	**434**	**59**	**901**	**1,394**
Average Age				
7/1/2011	47.9			
7/1/2012	48.3			
Average Service				
7/1/2011	10.3			
7/1/2012	10.0			
Payroll**				
7/1/2011	$24,749,251			
7/1/2012	25,586,351			
Total monthly benefits*				
7/1/2011		$66,608	$2,333,126	
7/1/2012		77,263	2,343,888	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Library

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2011	**66**	**3**	**75**	**144**
Adjustments	0	0	0	0
Retirements	0	-1	+1	0
Disabilities	0	0	0	0
Terminations				
Vested	0	0	N/A	0
Non-vested	0	N/A	N/A	0
Deaths	-2	0	-4	-6
New beneficiaries	N/A	0	+1	+1
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	+7	N/A	N/A	+7
Total Participants 7/1/2012	**71**	**2**	**73**	**146**
Average Age				
7/1/2011	47.1			
7/1/2012	47.3			
Average Service				
7/1/2011	12.0			
7/1/2012	13.1			
Payroll**				
7/1/2011	$4,064,438			
7/1/2012	4,478,204			
Total monthly benefits*				
7/1/2011		$2,235	$142,710	
7/1/2012		1,069	141,415	

**Excludes old Plan COLA participants.*

***Basic salary plus overtime and private duty pay.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Total

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2011	**2,251**	**126**	**2,920**	**5,297**
Adjustments	+1	-4	-2	-5
Retirements	-47	-6	+53	0
Disabilities	-3	0	+3	0
Terminations				
Vested	-24	+24	N/A	0
Non-vested	-73	N/A	N/A	-73
Deaths	-11	0	-106	-117
New beneficiaries	N/A	0	+36	+36
Transfer group	0	0	0	0
Rehires	+2	0	-2	0
New entrants	+132	N/A	N/A	+132
Total Participants 7/1/2012	**2,228**	**140**	**2,902**	**5,270**
Payroll**				
7/1/2011	$136,555,469			
7/1/2012	137,919,304			
Total monthly benefits				
7/1/2011		$142,403	$7,454,925	
7/1/2012		173,115	7,527,480	

**Excludes old Plan COLA participants.*
***Basic salary plus overtime and private duty pay.*

City of Hartford MERF - Police

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2012

	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	5	48,366	3	49,900	2	67,777															10	52,708
25 to 29	7	48,020	55	64,516	21	82,377															83	67,538
30 to 34	5	47,083	24	58,982	48	88,092	15	88,058	1	82,570											93	78,197
35 to 39	3	46,026	18	57,734	38	85,138	20	90,120	9	98,718											88	80,829
40 to 44	1	45,823	6	61,394	28	82,700	21	88,859	59	101,534	10	100,153									125	92,597
45 to 49	1	45,665	8	59,272	13	75,540	8	84,979	26	94,782	11	102,124									67	86,139
50 to 54	1	45,620	2	62,958	6	81,041	2	73,009	4	102,841	6	86,230	2	84,520							23	82,677
55 to 59									4	93,133											4	93,133
60 to 64															1	69,179					1	69,179
65 to 69																						
70 & over													1	85,166							1	85,166
All ages	23	47,329	116	61,389	156	84,047	66	88,065	103	99,094	27	97,862	3	84,735	1	69,179					495	

City of Hartford MERF - Fire

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2012

	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25			16	62,696																	16	62,696
25 to 29			32	69,007																	32	69,007
30 to 34			26	66,450	9	83,503	4	79,787	1	77,948											40	71,908
35 to 39			16	67,043	7	81,371	23	79,373	14	86,762	2	70,702									62	77,806
40 to 44			4	66,289	7	81,910	11	84,887	29	85,864	6	89,735	1	79,960	1	83,291					59	84,135
45 to 49			2	69,161	4	84,064	11	78,410	26	88,765	13	90,036	15	89,916	2	96,871					73	87,095
50 to 54			1	69,161	1	84,430	4	77,593	13	85,038	8	94,585	12	90,553	9	99,046					48	89,671
55 to 59							1	76,804	4	80,793	1	79,960	3	87,981	2	91,538			1	98,910	12	85,489
60 to 64											1	79,986			1	76,804			1	111,130	3	89,307
65 to 69																						
70 & over																						
All ages			97	66,871	28	82,685	54	80,152	87	86,428	31	89,255	31	89,654	15	95,222			2	105,020	345	

City of Hartford MERF - Board of Education

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2012

	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	4	39,309	1	66,675																	5	44,782
25 to 29	9	47,374	19	44,934	16	41,015															44	44,008
30 to 34	6	55,742	33	51,661	30	43,091	9	35,024													78	46,821
35 to 39	8	44,137	31	49,898	35	52,912	22	40,899	9	49,264	1	40,357									106	48,447
40 to 44	10	51,509	27	57,148	36	45,426	28	54,115	21	47,132	8	45,272			1	62,881					131	50,522
45 to 49	5	39,983	23	51,458	37	49,120	42	51,219	21	51,816	13	47,761	3	54,374							144	50,169
50 to 54	4	58,790	14	55,290	37	46,644	27	41,809	28	43,293	8	44,005	6	55,001	3	47,999			1	70,403	128	46,661
55 to 59	4	40,866	12	37,777	30	44,892	24	47,139	17	48,409	15	42,311	10	51,677	7	55,786	2	39,929			121	45,782
60 to 64	3	76,796	9	59,022	16	39,312	19	51,050	16	47,523	10	49,195	6	56,561	2	44,590			1	42,083	82	49,798
65 to 69			3	83,692	13	46,590	9	56,647	5	47,455	3	39,319	2	47,968	1	39,096			2	38,302	38	50,880
70 & over					1	28,536	3	32,530					1	36,303			1	35,525			6	32,992
All ages	53	49,343	172	51,791	251	46,184	183	47,664	117	47,471	58	45,173	28	52,911	14	51,833	3	38,461	4	47,272	883	

City of Hartford MERF - Municipal Services

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2012

	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	5	33,920	5	40,482	1	46,030															11	38,004
25 to 29	6	57,348	14	50,932	4	53,634	1	11,320													25	51,320
30 to 34	4	71,053	15	64,814	7	54,994	4	64,974			1	45,363									31	62,795
35 to 39	8	57,296	10	66,557	15	63,315	7	76,278	2	81,321	2	80,757									44	66,631
40 to 44	3	59,741	12	76,574	14	71,999	5	75,384	2	70,087	4	86,138	1	68,421			1	53,337			42	73,559
45 to 49	7	73,178	16	85,381	14	59,023	11	49,547	9	48,253	5	35,489	2	55,033	1	59,505	3	62,287	3	61,233	71	61,993
50 to 54	5	83,887	10	70,162	24	74,590	15	58,938	6	42,934	10	42,774	6	82,126	3	41,835	1	59,330			80	64,350
55 to 59	4	75,850	12	83,963	18	63,808	12	52,983	8	60,719	5	41,784	7	68,231	1	59,067	1	62,748	1	47,338	69	64,301
60 to 64	3	112,370	7	82,653	6	57,588	8	54,198	6	43,681			1	68,992	2	57,275	1	10,703	1	59,067	35	63,148
65 to 69	2	28,239	1	83,442	5	72,489	4	27,481	1	10,752	2	46,281									15	47,707
70 & over					3	10,735	2	10,752	5	10,752			1	60,814							11	15,298
All ages	47	65,195	102	70,681	111	63,944	69	55,246	39	46,334	29	50,279	18	71,037	7	51,232	7	53,283	5	58,021	434	

City of Hartford MERF - Library

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2012

	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	1	53,343																			1	53,343
25 to 29					2	53,771	1	50,875													3	52,806
30 to 34	1	59,846	1	62,057	2	52,054	1	50,092	1	54,621											6	55,121
35 to 39	1	97,641	1	46,071	3	53,812					1	49,402									6	59,092
40 to 44					5	58,277	1	49,247	2	53,508	2	60,880	1	58,484							11	57,181
45 to 49	1	109,691	1	116,110	2	68,767	2	73,094	2	75,575	1	49,144	2	49,144							11	73,464
50 to 54	2	119,194	4	62,658	4	63,305	2	77,718			3	65,688	1	68,801	1	48,855					17	71,318
55 to 59					4	60,537	1	110,341			1	50,476	1	60,952							7	66,274
60 to 64			2	121,098	1	80,841	2	49,656			1	52,634	1	115,850	1	48,783					8	79,952
65 to 69													1	48,783							1	48,783
70 & over																						
All ages	6	93,152	9	79,674	23	59,854	10	66,149	5	62,557	9	57,831	7	64,451	2	48,819					71	

City of Hartford MERF - All Groups

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2012

	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	15	41,467	25	56,877	3	60,528															43	51,756
25 to 29	22	50,300	120	61,037	43	62,521	2	31,098													187	59,773
30 to 34	16	57,121	99	59,344	96	69,865	33	68,643	3	71,713	1	45,363									248	64,539
35 to 39	20	52,359	76	57,502	98	68,895	72	70,022	34	79,681	6	65,446									306	66,390
40 to 44	14	52,867	50	63,171	90	64,227	66	71,574	113	85,572	30	78,948	3	68,955	2	73,086	1	53,337			369	72,658
45 to 49	14	61,966	50	65,565	70	58,188	79	59,146	84	76,518	43	73,054	22	78,192	3	84,416	3	62,287	3	61,233	362	66,916
50 to 54	12	78,217	40	61,980	72	59,888	50	52,495	51	58,562	35	64,311	27	79,527	16	75,611	1	59,330	1	70,403	298	62,571
55 to 59	8	58,358	24	60,870	52	52,643	38	51,429	33	60,740	22	44,274	21	62,823	10	63,265	3	47,535	1	73,124	212	55,581
60 to 64	6	94,583	14	75,109	30	45,885	29	51,823	22	46,475	12	52,048	8	65,526	7	56,928	1	10,703	6	70,760	131	56,360
65 to 69	2	28,239	4	83,630	18	53,784	13	47,673	6	41,337	5	42,104	3	48,240	1	39,096			2	38,302	54	49,960
70 & over					4	15,186	5	23,819	5	10,752			3	60,761			1	35,525			18	25,078
All ages	129	56,797	502	61,367	576	62,016	387	60,913	351	72,056	154	64,986	87	71,779	39	68,703	10	48,836	12	62,657	2,228	

Section II

Supporting Exhibits
(continued)

G. IRC Section 415(m) Valuation

The IRC Section 415(m) Fund* is an unfunded "excess benefit plan" to provide that portion of certain retirees' pension benefits that exceed the limits permitted under Section 415 of the Federal Internal Revenue Code (IRC).

	July 1, 2012	July 1, 2011
1. Number of retirees and beneficiaries receiving benefits	11	11
2. Annual benefits payable	$111,000	$130,000
3. Present value of benefits	$431,000	$521,000

The "actives" are funded through MERF. The City provides contributions for the retirees' benefits payable each year, as determined by the Pension Commission.

Actuarial Assumptions

The actuarial assumptions used in the 2012 Section 415(m) Fund valuation are as follows:

Mortality Basis:	RP-2000 Healthy Annuitants Table projected by Scale AA to valuation date with no adjustment and separate male and female rates.
Mortality Improvement:	Projected to date of decrement using Scale AA (generational mortality).
Termination:	N/A.
Salary Scale:	N/A.
Investment Return:	8.00% per year, net of investment expenses.
Assumed Retirement age:	Immediate as all are retired.
Increases in dollar limit on benefits under IRC Section 415:	3% per year.

Benefits

Retiree pension amounts in excess of IRC Section 415 limits. Benefits which do not exceed such amounts are payable from the City's MERF Plan. IRC Section 415 limits are assumed to increase annually and thus decrease the benefits payable from this Plan and increase the portion of the benefits payable from the City's MERF Plan.

**Section 415(m) Fund adopted by the Court of Common Council on March 24, 1997.*

Section III

Actuarial Cost Methods and Assumptions

A. Actuarial Cost Methods

Asset Valuation Method – Actuarial Value of Assets

In order to smooth the year-to-year fluctuations in asset values, the asset values are adjusted by phasing in recognition of gains and losses over a five-year period. (Phase-in started July 1, 2003). Gains and losses are defined as the difference between the actual and the expected return on assets.

The July 1, 2009 valuation reflected a change in the asset valuation method from the use of a four-year smoothing period for gains and losses to the use of a five-year period. In the year of implementation of the change, the five-year smoothing methodology was retroactively applied to the gains and losses for previous years.

The assets held by the insurance companies include the funds on deposit for future purchase of annuities, as well as the reserves and contingency reserves for annuities already purchased which are subject to experience rating.

Actuarial Funding Method

The "Entry Age Normal Actuarial Cost Method" is used to determine plan liabilities. The Unfunded Actuarial Accrued Liability is amortized over 15 years using a level dollar, open period.

Since the MERF fund includes several classifications of members who have different provisions for benefits and contributions, it was necessary to apply this method by separate actuarial valuations for Police, Firefighters, Board of Education, Municipal Services, and Library participants.

This method was first used with the July 1, 2011 valuation. Previously the Aggregate Funding Method was used.

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Section III

Actuarial Cost Methods and Assumptions
(continued)

B. Actuarial Assumptions

The actuarial assumptions used in the 2012 MERF valuation are as follows:

Mortality Basis:	For Police, Fire, Board of Education Corridor Supervisors and Building and Grounds Supervisors: • Pre-retirement: RP2000 Employees Table – male and female rates, projected by Scale AA to valuation date with occupational (i.e., non-office worker, blue collar) adjustment. • Post-retirement: RP2000 Healthy Annuitants Table – male and female rates, projected by Scale AA to valuation date with occupational (i.e., non-office worker, blue collar) adjustment. No adjustment reflected for assumed future beneficiaries. • Disability: RP2000 Disabled Table – male and female rates. For All Other Groups: • Pre-retirement: RP2000 Employees Table – male and female rates, projected by Scale AA to valuation date with no adjustment. • Post-retirement: RP2000 Healthy Annuitants Table – male and female rates, projected by Scale AA to valuation date with no adjustment. • Disability: RP2000 Disabled Table – male and female rates.
Mortality Improvement:	Pre and Post-retirement: Projected to date of decrement using Scale AA (generational mortality) Disability: None

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Section III

Actuarial Cost Methods and Assumptions
(continued)

Termination:

Yearly Rates of Employee Termination – Police and Fire

Age	Police	Fire
20-24	4.0%	1.0%
25-29	3.0%	1.0%
30-34	2.5%	1.0%
35-39	2.0%	1.0%
40-44	1.0%	0.5%
45+	0.0%	0.0%

Yearly Rates of Employee Termination – Bd of Ed

	Years of Service					
Age	<1	1	2	3	4	5+
20-29	30.0%	30.0%	28.0%	25.0%	20.0%	15.0%
30-39	25.0%	25.0%	20.0%	18.0%	15.0%	9.0%
40-49	20.0%	17.0%	15.0%	12.0%	10.0%	8.0%
50-54	17.0%	15.0%	12.0%	10.0%	8.0%	6.0%
55+	9.0%	8.0%	8.0%	7.0%	6.0%	5.0%

Yearly Rates of Employee Termination – Munic. Svc. & Lib.

	Years of Service					
Age	<1	1	2	3	4	5+
20-29	27.0%	25.0%	22.0%	19.0%	17.0%	15.0%
30-39	20.0%	17.0%	15.0%	12.0%	10.0%	6.0%
40-49	15.0%	10.0%	9.0%	7.0%	6.0%	5.0%
50+	8.0%	7.0%	6.0%	5.0%	4.0%	3.0%

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Section III

Actuarial Cost Methods and Assumptions
(continued)

Investment Return: 8.00% per year, net of investment expenses.

Salary Scale: 3% for inflationary salary increases plus a percentage for promotion or merit increases as follows.

Yearly Rates of Increases for Promotion or Merit

Age	Police	Fire	Bd of Ed	Munic. Svc. & Lib.
25	6.60%	4.5%	4.40%	6.40%
30	4.80%	2.63%	3.70%	4.78%
35	2.65%	1.25%	3.35%	2.75%
40	1.45%	0.85%	2.50%	2.21%
45	1.10%	0.75%	1.40%	2.00%
50	1.00%	0.75%	0.85%	1.55%
55+	1.00%	0.75%	0.75%	1.25%

Salaries are adjusted for groups in negotiations by 3% per year for the period of each open contract, and non-bargaining groups by 3% per year for one full fiscal year from the measurement date. Any wage increases negotiated beyond the valuation date have been reflected in our projections.*

* *The following groups have future salary increases that have been negotiated and are reflected in this valuation:*

Firefighters
HMEA
CHPEA
MLA
Non-union
School Crossing Guards
Police

For Police, final average pay is loaded by a percentage for assumed private duty and overtime as follows: Pre-7/1/1999 hires: 43%; Post 7/1/1999 hires: 19% for employees remaining in the pre 2012 plan; 25% for employees moving to the 7/1/2012 plan.

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Section III

Actuarial Cost Methods and Assumptions
(continued)

Assumed Retirement Age:

Retirement Rates: Police

Service	Age <50	Age >50
20	50.0%	30.0%
21-24	40.0%	25.0%
25-29	30.0%	15.0%
30+	100.0%	100.0%

100% retire at age 65, regardless of service; must be age 40 to retire

Retirement Rates: Fire

	Years of Service	
Age	20-24	25-29
45-49	2.5%	5.0%
50-54	5.0%	20.0%
55-59	10.0%	30.0%
60-64	25.0%	40.0%
65+	100.0%	100.0%

100% retire at 30 years of service for all ages

Retirement Rates: Board of Education

Age	Rate
55	10.0%
56-57	5.0%
58-61	10.0%
62-64	15.0%
65	40.0%
66-69	15.0%
70	100%

Retirement Rates: Municipal Services and Library

Age	<20 yrs svc or over age 65	Service	+20 on yrs svc and under age 65
55	15.0%	20	15%
56-59	7.5%	21	20%
60-64	15.0%	22	15%
65	30.0%	23-25	10%
66-74	15.0%	26-27	15%
75	100%	28	20%
		29	10%
		30	25%
		31-34	10%
		35	100%

Post 65 rates above used for all years of service.

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Section III

Actuarial Cost Methods and Assumptions
(continued)

Social Security:

Future tax wage bases are developed by projecting the 2012 base of $110,100 forward at 4% per year.

Marital Status at Retirement:

Non-Uniformed:

Males - 80% married, spouse 3 years younger.
Females - 60% married, spouse same age.

Uniformed:

All - 80% married, spouse 2 years younger.

Disability:

Disability benefits were explicitly valued using the DP85 Class 1 Male and Female Disability Incidence Rate Table increased 150% for the Police, 250% for Firefighter groups, 10% for the Board of Education groups, and 10% for the Municipal Services and Library groups.

DP85 Class 1 Disability Incidence Table:
Sample male and female rates

Age	Male	Female
15	0.021%	0.023%
20	0.029%	0.030%
25	0.038%	0.047%
30	0.048%	0.080%
35	0.069%	0.136%
40	0.117%	0.211%
45	0.202%	0.323%
50	0.358%	0.533%
55	0.722%	0.952%
60	1.256%	1.159%
65	1.753%	1.358%

Expenses other than Investment Expenses:

An explicit dollar amount was included in the development of the normal cost equal to an estimate of expenses (other than investment expenses) for the upcoming year. The estimate was developed based on an average of actual expenses over the last four years. For the 2012 valuation, $2,543,171 was used. Estimated expenses were then allocated to the various groups by the actuarial accrued liability.

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Section III

Actuarial Cost Methods and Assumptions
(continued)

Sick Exchange:

Four years are exchanged by all actives if provision available. For Firefighters hired prior to July 1, 2003, six years are exchanged.

Military and Prior Service Buy-backs:

When a decision to buy-back service occurs, date of hire is adjusted accordingly.

Additional Liabilities:

COLAs:

Included in this valuation is the liability for the Cost of Living Adjustments (COLAs) effective July 1, 1987, July 1, 1990, July 1, 1997, July 1, 1999, July 1, 2001, July 1, 2005, and July 1, 2007 for both the MERF and the unfunded "Old Plans" (PBF, FRF, and RAF).

Local 1716:

Included in this valuation is the obligation for Local 1716 members who transferred to State MERF B on July 1, 1987.

29-year amortization payments (split between the City administration and the pension fund) commenced July 1, 1987 for this obligation. As of July 1, 2012, the City payment will be $509,126 ($1,821,000 on a present value basis) and the pension fund payment will be $462,336 ($1,654,000 on a present value basis).

Local 566:

Included in this valuation is the obligation for Local 566 (included merged Local 1303) members who transferred to State MERF B on August 1, 1988.

30-year amortization payments (split between the City administration and the pension fund) commenced August 1, 1988 for this obligation. As of July 1, 2012, the City payment will be $303,918 ($1,709,000 on a present value basis) and the pension fund payment will be $276,288 ($1,554,000 on a present value basis).

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Section IV

Hartford MERF - Summary of Principal Provisions of Pension Plan
July 1, 2012

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Retirement Pensions:	Firefighters hired before July 1, 2003: 2.80% of Final Average Pay (rate of weekly pay immediately preceding retirement times 52, plus for firefighters who work a 42 hour week, holiday pay) multiplied by years of service up to 25 plus 2.0% for years over 25. Firefighters hired after June 30, 2003: 2.5% of Final Average Pay (rate of weekly pay immediately preceding retirement times 52, plus for firefighters who work a 42 hour week, holiday pay) multiplied by years of service up to 20 plus 2% of Final Average Pay for years of service over 20. Sworn Police Officers hired before July 1, 1999: 2.65% of Final Average Pay for highest 3 of last 5 years multiplied by years of service up to 20 plus 3% for year 21 plus a decreasing percentage for years over 21. Final Average Pay includes a provision for over-time and private duty pay. Sworn Police Officers hired after June 30, 1999 not opting into 2012 plan: 2.5% of Final Average Pay for highest 3 of last 5 years times years of service up to 20 plus 2% for years of service- over 20. Sworn Police Officers hired after the July 1, 2012 and officers hired after June 30, 1999 opting into new Plan: 2.8% of final rate of pay times years of service up to 25 years plus 2.5% for years of service over 25.	2% (2.5% for HFSHP, HSSSA and HESP) of Final Average Pay for highest 5 of last 10 years times years of service, with maximum benefit of 70% of Final Average Pay. Final Average Pay for HFSHP, HESP, HSSSA, and Local 2221, Hartford Federation of Paraprofessionals are based on highest 3 out of last 5 years. Benefit for Local 2221 is 2.5% of Final Average Pay multiplied by years of service up to 20 plus 2% of Final Average Pay for years of service over 20 (maximum of 10 years). Effective July 1, 2008 for Local 818, employees hired prior to March 1, 2007 will get 2.5% of Final Average Pay (for each year of service) and employees hired after March 1, 2007 will get 2.0%. Final Average Pay is the highest 3 of the 7 years. Maximum benefit is 70% of pay. Nonunion employees hired after September 30, 2010 no longer participate in the MERF.	For Library and MLA hired on or after July 1, 2006, HMEA hired after July 1, 2003, CHPEA hired after June 23, 2003, 2% of Final Average Pay for highest 2 of last 5 years times years of service with a maximum benefit of 70% of Final Average Pay. For Library with 5-year option, Final Average Pay is highest 5 of last 10 years. For CHPEA hired on or before June 23, 2003, MLA hired before July 1, 2006, and Nonbargaining, 2.5% of Final Average Pay for highest 2 of last 5 years times years of service. Maximum benefit of 70% of Final Average Pay for CHPEA, 80% for Nonbargaining and MLA. For Nonbargaining with 5-year option, Final Average Pay is highest 5 of last 10 years. For Nonbargaining municipal employees hired after January 1, 2011, retirement benefit multiplier is reduced to 1.75%. For HMEA hired before July 1, 2003, 2.75% of Final Average Pay for highest 2 of last 5 years times years of service with a maximum benefit of 75% (was 70%) of Final Average Pay. For SCGA, 2% of Final Average Pay for highest 5 of last 10 years reduced by 1% of average Social Security covered earnings for all years included in computation of Social Security primary benefits. Maximum benefit of 100% of Final Average Pay.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Retirement Pensions:	Non-Sworn Police Officers: 2.5% of Final Average Pay for highest 3 of last 5 years times years of service, with maximum benefit of 80% of Final Average Pay. Sworn Police Officers have a maximum benefit of 70% of Final Average Pay. For Sworn Police Officers hired before July 1, 1999 and after July 1, 2012 or hired between July 1, 1999 and June 30, 2012 opting into 2012 plan, increase maximum benefit to 80% of Final Average Pay with sick exchange provision for pre July 1, 1999 hires only. Firefighters have a maximum benefit of 80% of Final Average Pay (85% with sick exchange if hired prior to July 1, 2003). Assistant Police Chief, Police Chief, Assistant Fire Chief and Fire Chief: Same as Non-Bargaining.		
Normal Form of Benefit:	For unmarried members: life annuity. For married members: surviving spouse benefit of 25% of member's final year's earnings, if non-service connected death, and 50% of member's final year's earnings, if service connected death. Minimum of 50% of pension benefit for firefighters for non-service connected death. For married Non-Sworn Police Officers: life annuity with 50% to survivor.	For unmarried members: life annuity. For married members: life annuity with 50% to survivor.	For unmarried members: life annuity. For married members: life annuity with 50% to survivor.

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PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Normal Retirement Age and Service Requirement:	Firefighters and Sworn Police Officers hired before July 1, 1999: Full benefits after 20 years of continuous service. Sworn Police Officers hired after June 30, 1999: Full benefits after 25 years of continuous service. Sworn Police Officers hired after June 30, 2012, full benefits after 25 years of continuous service and age 55. Non-Sworn Police Officers: Full benefits after 20 years of service, or age 60 plus 5 years of continuous service, or after 15 years of service, if contributions are left in the MERF until would have had 20 years of service.	Age 60 plus 10 (5 for non-bargaining – was 10) years of service (continuous service for Local 2221). Members are also eligible at age 55 with 25 years of service. Local 818 employees hired prior to March 1, 2007 may retire after 20 years of service, regardless of age. For HSSSA, age 55 and 5 (was 10) years of service.	For SCGA and MLA hired on or after July 1, 2006, earlier of (1) age 60 plus 5 years of continuous service or (2) age 55 with 25 years of continuous service. For Nonbargaining and MLA hired prior to July 1, 2006, earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of service, or (3) after 20 years of service if participant leaves after 15 years of service and contributions are left in the MERF until would have had 20 years of service. For CHPEA, earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of aggregate service if hired on or before June 23, 2003, age 55 with 25 years of aggregate service if hired after June 23, 2003. For HMEA earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of continuous service if hired before July 1, 2003, age 55 with 25 years of continuous service if hired after July 1, 2003. For Library non union, earlier of (1) age 60 plus 5 years of continuous service or (2) 25 years of continuous service. For Library union, (1) age 60 plus 10 years of continuous service or (2) 25 years of continuous service. For Nonbargaining municipal employees hired after January 1, 2011, earlier of age 55 with 20 years of service and age 62 with 5 years of service.

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PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Optional Early Retirement:	Sworn Police Officers: Age 50 with 10 years of continuous service, actuarially reduced for years prior to Normal Retirement Age. Non-Sworn Police Officers: Age 55 with 5 years of continuous service, reduced at 4% per whole year prior to age 60. Firefighters: Age 50 with 5 years of continuous service, actuarially reduced or reduced at 2% per year (prorated for fractional years) prior to Normal Retirement Age.	At age 55 with 10 years (5 years for HESP) of service (continuous service for Local 2221), reduced at 4% per whole year prior to age 60. For Local 818, reduction is adjusted for partial years.	For Library union, age 55 with 10 years of continuous service. For all others, age 55 with 5 years of continuous service. Benefit reduced at 4% per whole year prior to age 60 (prorate for partial years for HMEA and CHPEA). For SCG members, reduction is 2% per whole year and fraction of a year prior to age 60. For Nonbargaining municipal employees hired after January 1, 2011, early retirement reduction is 4% per year prior to age 62.
Vesting of Earned Deferred Pension:	Sworn Police Officers: After 10 years of continuous service. Firefighters and Non-Sworn Police Officers: After 5 years of continuous service.	After 10 years (5 years for HESP, HSSSA and non-bargaining) of continuous service. Payments begin no earlier than age 55. (Was 10 years for HSSSA and non-bargaining).	For Library union, 10 years of continuous service. For all others, 5 years of continuous service. Payments begin no earlier than age 55.
Benefits to Survivors: (Death of Active Member Prior to Retirement)	Surviving Spouse: 25% of final year's earnings (50% if service connected death), payable until death or remarriage. Minimum of 50% of pension benefit for Firefighters for non-service connected death. Surviving Child: $100 per month for first child, $50 for each additional child (10% of final year's earnings if service connected death, or 15% if no surviving spouse). Total benefit, including Worker's Compensation, cannot exceed 100% of current pay rate for Member's rank. Non-Sworn Police Officers: Same as General Government members.	Member must meet qualifications for vesting. Surviving Spouse: 50% of pension which Member is receiving or would be entitled to when retired, payments beginning no earlier than date of Member's 55th birthday. Surviving Spouse benefits are payable until death or remarriage.	

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Refund of Contributions upon Discontinuance of Employment or at Death (Non-Vested Members): (May be taken in lieu of earned deferred pension by vested members)	Refund of total contributions, without interest. Non-Sworn Police Officers: Same as General Government members.	Termination: Refund of total contributions, with 3% interest compounded annually. Death: Refund of total contributions with interest preretirement and without interest postretirement.	
Pensions for Permanent, Total Disability - Service Requirements:	5 years of continuous service, but no requirement if disability is service connected as defined in Worker's Compensation Act. Non-Sworn Police Officers: Same as General Government members.	10 years of continuous service, except no requirement if disability is service connected as defined in Worker's Compensation Act.	
Amount of Total Disability Pension: (Payable so long as total disability continues.)	Retirement Pension with minimum of 25% of "final average pay." If disability is service connected, the pension equals 100% of the Member's final annual pay less Worker's Compensation benefits. Non-Sworn Police Officers: Same as General Government members.	Retirement Pension using Final Average Pay for last 10 years. If disability is service connected, amount not less than 50% of Member's final annual pay at time of disability. Maximum benefit of 2/3 of 10-year Final Average Pay less Social Security benefit. Minimum benefit of $30 per month. All service connected disability benefits are offset by benefits payable by Worker's Compensation (exception: no offset for $30 minimum). If non service connected, same as above, but no 50% Final Average Pay minimum and minimum benefit equals $10 per month instead of $30 per month.	
Pensions for Permanent Partial Disability: (Where earnings capacity is reduced by at least 10%.)	Ten years of continuous service, but no service requirement if disability is service connected. Same as retirement pension with reduction for less than 15 years of service. If non-service connected, retirement pension, subject to a minimum equal to 25% of Final Average Pay. This minimum is reduced by earnings if less than 15 years of service at time of disability. If service connected, pension equals 50% of final annual pay (regular 20 year pension for Firefighters) if 15 years of service, with reductions for earnings if less than 15 years of service. If at least 20 years of service, pension equals retirement pension. Non-Sworn Police Officers: Same as General Government members.	10 years of continuous service, except no requirement if disability is service connected as defined in Worker's Compensation Act. Retirement Pension using Final Average Pay for last 10 years (with offset for Worker's Compensation benefits if service-related disability), subject to a minimum pension of $10 monthly (non-service connected), or $30 (service connected). If the disability is service connected, benefit not less than 50% of the reduction in earnings with offset for Worker's Compensation benefits. For service connected disability, the maximum benefit is 2/3 of 10 year final average pay less Worker's Compensation and Social Security benefits. For non-service connected disability, the maximum is 2/3 of 10 year final average pay less Social Security benefits, or 1-^{2}/3% of the reduction in income times years of service.	

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Member's Contribution Rate of Total Earnings: (City pays full balance of costs to fund MERF benefits; also Members and City pay taxes for those covered by Social Security.)	Firefighters and Sworn Police Officers hired before July 1, 1999: 8%. Sworn Police Officers hired after June 30, 1999: 6.5%. If opt into 2012 plan, rate increases to 8.0% Sworn Police Officers hired after June 30, 2012, 9.5% Non-Sworn Police Officers: 4% on earnings taxed for Social Security and 7% on excess. Sworn Police Officers hired prior to July 1, 2012 had the option to elect retiree health insurance. If such election was made, the employee contribution rate increases by 1.5%. Assistant Police Chief, Police Chief, Assistant Fire Chief and Fire Chief: Same as Non-Bargaining.	4% on earnings taxed for Social Security and 7% on excess. For HESP, 9% and 12%, respectively. For HSSSA, 9.25% and 12.25%, respectively (was 8.75%/11.75%). For HFSHP 10.14% and 13.14%, respectively. For Non-bargaining 4.5% and 7.5%, respectively (was 4%/7%). For Local 818, 5.2% up to Social Security Wage Base and 8.2% of the excess. If hired on or after March 1, 2007, 7.1% and 10.1%, respectively.	For Nonbargaining, 5% on earnings taxed by Social Security and 8% on excess if 5 year Final Average Pay option elected (was 4%/7%). With 2 year option, 6% and 9%, respectively (was 5%/8). For Library, 4% on earnings taxed by Social Security and 7% on excess if 5 year Final Average Pay option elected. With 2 year option, 5% and 8%, respectively. For MLA, HMEA hired after July 1, 2003, and CHPEA hired after June 30, 2003, 5% on earnings taxed by Social Security and 8% on excess. For CHPEA hired on or before June 30, 2003, 6.5% and 9.5%, respectively. For HMEA hired before July 1, 2003, 7.8% on all earnings. For SCGA, 4% on earnings taxed by Social Security and 7% on excess (was 3%/6%).

DRAFT

Note 1 Any Member (other than a Police Officer or Firefighter) who was a Member before January 1, 1958 is guaranteed a minimum total benefit, including Social Security based on earnings from the City, equal to the pension the Member would have received under the terms of the MERF plan in existence prior to the enactment of the 1957 Special Act No. 347. Also, several active Members who transferred to MERF on or after July 1, 1968 from the City's Retirement Allowance Fund are entitled to a pension determined by the RAF provisions if it is greater than that based on the MERF provisions.

Note 2 Section 2-166 of the Municipal Code provides a minimum benefit of $155 monthly for all pensions granted by reason of service or for service-connected disability, and for joint annuitants under elected options, except members for whom Social Security taxes have been paid and anyone for whom more than half of the total pension is paid by the Metropolitan District.

Note 3 All members (other than SCG) may purchase up to 4 years of pension credit for military service. Pension credit is at the following rates of Final Average Pay per year purchased:

HMEA members hired before July 1, 2003	2.75%
Sworn Police Officers, Firefighters, CHPEA members hired on or before June 23, 2003, HFSHP, Local 818 hired prior to March 1, 2007, HSSSA, HESP, Non-bargaining (including Assistant Police Chief, Police Chief, Assistant Fire Chief, and Fire Chief), Non-Sworn Police Officers, and MLA hired prior to July 1, 2006	2.50%
Other (including CHPEA members hired after June 23, 2003, HMEA members hired prior to July 1, 2003, MLA hired on or after July 1, 2006, and Local 818 hired on or after March 1, 2007)	2.00%

Note 4 All members (other than Sworn Police Officers hired after July 1, 1999, all Board of Education members, CHPEA hired after June 23, 2003, HMEA hired on or after July 1, 2003, Library, SCG and MLA hired on or after July 1, 2006, Nonbargaining municipal members hired after January 1, 2011) may exchange accumulated sick leave upon retirement for up to 4 years (6 years for Firefighters hired prior to July 1, 2003) of pension service time. Additional pension service time may be purchased from accumulated sick leave at the rate of twenty days of accumulated sick leave for each year of pension service time.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

October 1, 2010 Actuarial Report

For the Fiscal and Plan Year
October 1, 2011
through
September 30, 2012

Prepared By:

STANLEY, HOLCOMBE & ASSOCIATES, INC.
2000 RiverEdge Parkway/ Suite 540
Atlanta, GA 30328
(770) 933-1933

June 16, 2011

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H
& A

Stanley,
Holcombe
& Associates, Inc.

nyhart

June 16, 2011

Board of Trustees
City of Miami Fire Fighters' and
Police Officers' Retirement Trust
1895 SW 3 Avenue
Miami, FL 33129-1456

October 1, 2010 Actuarial Report

Dear Board Members:

Enclosed is our report on the actuarial valuation of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2010, for the fiscal year beginning October 1, 2011.

The report is based upon the terms of Ordinance No. 10002 and the Amended Final Judgment in the matter of Gates v. City of Miami, as well as ordinance 13202, as applicable. This report reflects 10% member contributions from Fire Fighters as well as the 70 point retirement eligibility requirement for Fire Fighters who had not attained 68 points as of September 30, 2010.

The City contribution requirement for the 2011/2012 fiscal year is $42,353,775, compared to $65,551,615 for the 2010/2011 fiscal year.

When expressed as a percentage of total payroll (for active members and members in DROP), the City contribution rate decreased from 44.18% as of October 1, 2009 to 29.89% as of October 1, 2010. The percentages of total payroll reflect the hypothetical impact on funding if there were no DROP, since members who are presently in DROP could well be more likely be retired and replaced with active members. The ordinance and State law do not permit funding after members enter DROP.

Respectfully submitted,

Randall L. Stanley, FSA, MAAA, EA
Actuary

Frans Christ, FSA, MAAA, EA
Actuary

RLS/FC/di
MIAMI01B

Enclosures (20)

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

OCTOBER 1, 2010 ACTUARIAL REPORT

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

OCTOBER 1, 2010 ACTUARIAL REPORT

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results - Regular Fund

		Actuarial Valuation Prepared as of 10/1/2010	10/1/2009
A.	Participant Data (Ex.7)		
	Active Members	1,227	1,517
	Covered Payroll	$80,152,355	$122,212,346
	Members in DROP	549	241
	DROP Payroll	$61,549,206	$26,164,287
	Projected Total Payroll	$141,701,561	$148,376,633
	Retired Members and Beneficiaries	2,062	1,758
	Total Annualized Benefits	$117,265,525	$86,149,422
	Disabled Members	186	196
	Total Annualized Benefits	$3,789,189	$3,900,431
	Terminated Vested Members	16	20
	Total Annualized Benefits	$404,409	$512,331
B.	Assets	-$-	-$-
	Actuarial Value (Ex. 2A)	1,180,649,632	1,164,973,724
	Market Value (Ex. 4)	1,027,739,486	970,811,437
C.	Liabilities (Excl. COLA)		
	Present Value of Benefits (Ex. 1)		
	Active Members - Retirement	348,453,640	917,777,253
	Vesting	23,446,447	19,807,807
	Disability	42,403,883	36,815,319
	Death	3,564,506	9,839,784
	Return of Contributions	2,041,068	2,068,805
	Total	419,909,544	986,308,968
	Inactive Members - Retired and Beneficiaries	1,323,426,300	906,759,019
	Disabled	33,684,331	34,328,843
	Terminated Vested	3,231,775	4,282,512
	Total	1,360,342,406	945,370,374
	Total	1,780,251,950	1,931,679,342
	Actuarial Accrued Liability	N/A	N/A
	Unfunded Actuarial Accrued Liability	N/A	N/A

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results - Regular Fund
(Continued)

	Actuarial Valuation Prepared as of 10/1/2010	10/1/2009
D. Actuarial Present Value of Accrued Benefits (Exhibit 5)	-$-	-$-
Vested Accrued Benefits		
Inactive Members and Beneficiaries	1,360,342,406	945,370,374
Active Members	154,433,888	416,609,449
Total	1,514,776,294	1,361,979,823
Non-Vested Accrued Benefits	29,769,852	29,207,048
Total	1,544,546,146	1,391,186,871
E. Pension Cost (Exhibit 1)		
Normal Cost	48,958,986	75,189,626
Payment to Amortize Unfunded Liability	N/A	N/A
Expected Plan Sponsor Contribution	42,353,775	65,551,615
As % of Covered Payroll	52.84%	53.64%
As % of Total Payroll	31.86%	46.39%
Expected Member Contribution	6,605,211	9,638,011
As % of Payroll	8.24%	7.89%
	Year Ending 9/30/2009	Year Ending 9/30/2008
F. Past Contributions	-$-	-$-
Required Plan Sponsor Contribution	55,095,791	36,993,395
Required Member Contributions	10,436,367	9,769,139
Actual Contributions		
Plan Sponsor	54,342,926	36,993,395
Members	10,436,367	9,769,139
G. Net Actuarial Gain (Loss)	N/A	N/A
H. Other Disclosures		
Active Members:		
Present Value Future Salaries (at attained age)	1,103,177,771	1,325,848,007
Present Value Future Contributions (at attained age)	87,615,425	101,158,464

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results – COLA Fund

		Actuarial Valuation Prepared as of 10/1/2010	10/1/2009
A. Participant Data			
Active Members			
Total Annual Payroll			
Retired Members and Beneficiaries		2,062	1,758
Total Annualized Benefits		15,732,846	$14,483,876
Disabled Members		186	196
Total Annualized Benefits		2,740,960	$2,820,516
Table		$1,312	$1,312
B. Assets		-$-	-$-
Actuarial Value (Ex. 13C)		343,766,397	316,220,411
Market Value (Ex. 13C)		311,770,987	296,317,281
C. Liabilities (COLA Only)			
Present Value of Benefits (Ex. 13C)			
Active Members -	Reserve for Current Actives	29,956,033	44,537,865
	Reserve for Contribution Refunds	N/A	N/A
	Reserve for Future Actives	4,493,405	6,680,680
	Total (excl. 457 Service)	34,449,438	51,218,545
Inactive Members -	Frozen COLA I Benefits	1,464,977	1,554,180
	COLA II Benefits	279,732,820	237,207,751
	Total	281,197,797	238,761,931
Total		315,647,235	289,980,476

Comparative Summary of Total Assets - Combined

Market Value (Ex. 4)	1,339,510,472	1,267,128,718

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

REVIEW OF COSTS

Summary Discussion

This is the actuarial report for the fiscal year beginning October 1, 2011 for the City of Miami Fire Fighters' and Police Officers' Retirement Trust. This is the twenty-seventh annual actuarial report prepared by Stanley, Holcombe & Associates, Inc. This report is intended to reflect the provisions and requirements of Ordinance No. 10002, as well as Ordinance 13202, As Applicable.

Comparison of Deposit Requirements

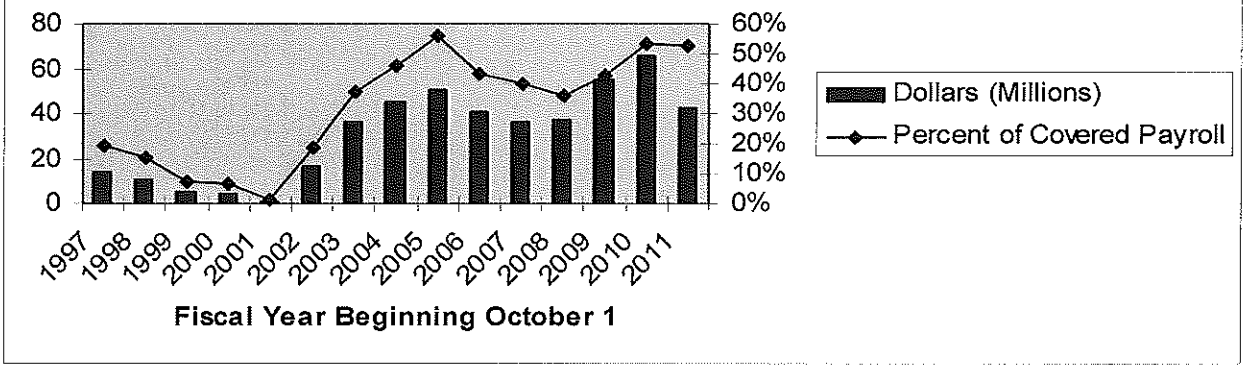
The City contribution requirements, and the results calculated for the 2011/2012 fiscal year, are as follows:

	2011/2012	2010/2011 Impact Statement	2010/2011 Report	2009/2010
	-$-	-$-	-$-	-$-
Past Service Cost	N/A	N/A	N/A	N/A
Normal Cost	42,353,775	42,287,046	65,551,615	55,095,791
Payment Timing	0	0	0	0
	42,353,775	42,287,046	65,551,615	55,095,791
Percentage of Covered Payroll	52.84%	49.19%	53.64%	42.59%
Percentage of Total Payroll	29.89%	28.50%	44.18%	N/A

The 2011/2012 deposit amount of $42,353,775 is approximately $23.2 million less than the $65,551,615 for the prior year. However, it should be noted that the new position of the Division of Retirement is that the minimum contribution is the percentage of payroll, applied to the actual payroll in the 2011/2012 fiscal year (See Exhibit 18, page 75).

As may be seen from Table 1, the decreases in City costs are substantial, due primarily to the slashes in compensation and benefits.

Table 1: Historical City Costs



Analysis of Cost Changes

The Normal Cost element of FIPO costs is expected to remain level as a percentage of covered payroll, if the actual Plan experience is the same as the actuarial assumptions and there are no Plan or assumption changes. In the absence of Plan or assumption changes, an increase in the Normal Cost rate indicates that experience has been less favorable than assumed, while a decrease indicates more favorable experience.

Quantification of the reasons for the changes is as follows:

Table 2 – Gain/Loss Analysis of Cost Changes from October 1, 2009 to October 1, 2010 Valuations

	Normal Cost	
	-$-	-%-
2009/2010 Normal Cost Including 9% Firefighter Contributions	65,551,615	53.64*
2010/2011 Normal Cost Expected (for continuing participants)	65,302,840	54.13
Element of Experience		
Salary Increases	-8,271,925	+1.43
Turnover	+1,396,121	+0.71
Mortality	-1,178,959	-1.32
Retirement	-9,589,125	+7.01
New Participants	-49,267	-1.06
Disability	-22,286	-0.23
Investment Return	+3,159,161	+3.43
Contribution Lag	+1,214,123	+1.01
Other, Data	+137,689	-0.11
Total	-13,204,468	+10.87
Assumption Changes	+9,361,151	+11.68
Plan Amendment	-19,105,748	-23.84
2010/2011 Normal Cost (10% Fire member contributions, 70 points)	42,353,775	52.84* 29.89**

* Percentage of Covered Payroll

** Percentage of Total Payroll
Projected Total Payroll of $135,494,022 is equal to 103.25% of Covered Payroll of $80,152,355 plus $52,764,593 payroll for members in DROP.

Following is a more detailed description of the elements of experience:

Salary Increases - During the period October 1, 2009 through September 30, 2010, covered payroll for the continuing actives increased less than expected, resulting in a decrease of $1,732,791 in the Normal Cost. Covered payroll for continuing active participants at September 30, 2010 decreased 9.33% compared to an expected 7.51% increase.

Mortality - For active members there was one death, as compared to 2 expected; for inactive members there were 47 deaths (17 with survivors), as compared to 51 expected. This decreased the normal cost by $1,178,959.

Disability - During the past year there was one disability, as compared to 5 expected. This decreased the normal cost by $22,286.

Turnover - From October 1, 2009 to September 30, 2010, there were 3 employee terminations, as compared to 19 predicted by the actuarial assumptions. This increased the normal cost by $1,396,121. Following is a comparison of the expected and actual turnover rates for the past eleven years:

Table 3 – Expected and Actual Turnover by Duration

	1999/20002		2002/2005		2005/2008		2008/2009		2009/2010	
Age	Exp.	Act.	Exp.	Act.	Exp.	Act.	Exp.	Act.	Exp.	Act.
20-24	3.7	3	1.3	0	3.2	4	1.7	2	1.2	0
25-29	12.3	11	9.8	12	9.0	12	4.2	6	4.3	1
30-34	17.9	21	15.7	26	13.5	19	5.0	5	5.0	1
35-39	20.2	13	15.7	10	15.3	13	5.1	5	4.9	0
40+	13.8	19	13.5	18	11.5	8	4.0	4	3.9	1
	67.9	67	56.0	66	52.5	56	20.0	22	19.3	3

Retirement - There were 324 retirements during the period (151 firefighters, 173 police), as compared to 54 expected. This large number of retirements caused an increase in costs of 7.01% of payroll. However, the corresponding significant decline in payroll resulted in the dollar cost decreasing $9,589,125.

Following is a comparison of the expected and actual retirements during the past year:

Table 4 – Expected and Actual Retirements by Duration

	Firefighters			Police Officers			Combined		
Service*	Expected	Actual	A/E	Expected	Actual	A/E	Expected	Actual	A/E
0	0.30	15	5000.0%	6.60	95	1439.4%	6.90	110	1594.2%
1	0.50	9	1800.0%	4.20	23	547.6%	4.70	32	680.9%
2	1.35	19	1407.4%	3.05	15	491.8%	4.40	34	772.7%
3	1.15	20	1739.1%	1.60	8	500.0%	2.75	28	1018.2%
4	4.20	20	476.2%	0.95	4	421.1%	5.15	24	466.0%
5	2.50	9	360.0%	1.75	7	400.0%	4.25	16	376.5%
6	4.25	17	400.0%	0.25	1	400.0%	4.50	18	400.0%
7	3.75	15	400.0%	3.00	12	400.0%	6.75	27	400.0%
8	2.75	11	400.0%	1.00	4	400.0%	3.75	15	400.0%
9	1.25	5	400.0%	1.00	3	300.0%	2.25	8	355.6%
10+	7.75	11	141.9%	0.50	1	200.0%	8.25	12	145.5%
Total	29.75	151	507.6%	23.90	173	723.9%	53.65	324	603.9%

*After attainment of Rule of 64 and 20 years

Investment Return - The rate of return for the year ending September 30, 2010 was 4.48% on actuarial asset value (Exhibit 2A).

As shown in Exhibit 2C, there will not be a COLA transfer as of January 1, 2011 or January 1, 2012, resulting in City minimum contributions of $4,869,751 and $5,064,541 due to the COLA fund as of those dates.

New Members – During the year there were 32 new members, who decreased the City contribution requirement for the Fund by 1.06%. Last year, 54 new members decreased the rate by 0.67%.

Assumption Changes and Plan Amendment

A number of very significant benefit and assumption changes were made in September 2010. These changes are shown in bold print in Exhibit 8 (benefit changes) and Exhibit 9B (assumption changes), since they are changed from our October 1, 2009 Actuarial Valuation Report. These changes were summarized and communicated to the City's actuary on September 22 and reflected in our September 24 Actuarial Impact Statement (As Applicable).

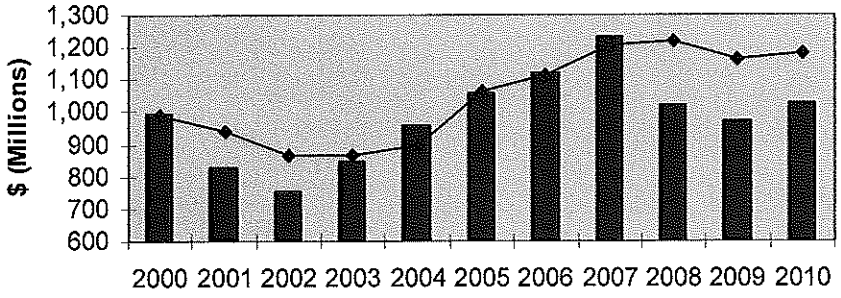
Plan Assets

Exhibits 3 and 4 show the asset transactions and investment results during the year. The rate of return on mean market value for the period ending September 30, 2010 was 9.8%.

The asset valuation method results in an actuarial asset value of $1.181 billion as of October 1, 2010 (Exhibit 2A), 115% of the market value of $1.028 billion. The rate of return on Actuarial Asset Value was 4.5%, as compared to the 7.75% assumption.

Table 5 illustrates the effect of using the asset smoothing methodology. The volatility of the market value of assets can be seen in the columns, while the actuarial value is illustrated by the line. The actuarial asset value line reflects the 20% Write-Up Method from September 30, 2005.

Table 5: Actuarial vs. Market Value of Assets



For COLA transfer purposes, the actuarial asset valuation method utilizes a 3-year moving average (Exhibit 2B). Under this method, the rate of return for the year ending September 30, 2010 was (1.04%). This results in no asset transfer from the Regular Fund to the COLA Fund on January 1, 2012 (Exhibit 2C).

Expected Ongoing Cost Leve..

System costs have varied dramatically over the past several years, due almost exclusively to asset performance. Since the City's contribution requirement is the primary variable, it has been significantly impacted.

Nevertheless, it is important to distinguish between individual annual costs (which may be somewhat erratic) and expected ongoing annual costs. The following table compares the City contribution requirement as a percentage of payroll to the theoretical entry age normal City contribution percentages:

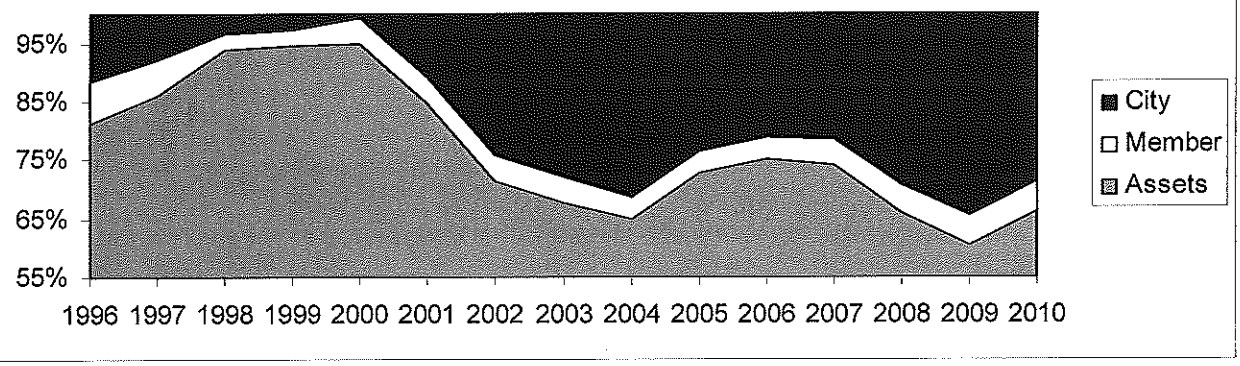
Valuation Date	Contribution %	EAN %
10/1/2010	53	12
10/1/2009	54	21
10/1/2008	43	21
10/1/2007	36	22
10/1/2006	40	23
10/1/2005 (Revised AAV)	44	23
10/1/2005 (Prior AAV)	60	23
10/1/2004	57	23
10/1/2003	46	21
10/1/2002	45	17
10/1/2001	20	19
10/1/2000	1	16
10/1/1999	5	17

As will be noted, contribution requirements in the two years before the 10/1/2002 valuation were below the System's theoretical contribution level. This was due to the System having accumulated more assets than expected. During the 2001-2005 period the contribution requirement (under the prior actuarial asset valuation method) had increased dramatically, due to erosion of assets and the delayed effect of asset smoothing.

Sources of Benefit Funding

Table 6 compares the sources of benefit funding for the past 14 years. The present value of benefits is equal to 100% in the Table. The present value of benefits is provided by three sources; the actuarial value of assets, the present value of member contributions, and the present value of future normal costs (city).

Table 6: Funding Sources



As seen in the table, the city portion of future benefit responsibility decreased as asset values climbed during the late nineties. When asset values started to decline, the city portion increased. As of October 1, 2010, the actuarial value of assets equals 66% of the present value of benefits, the present value of member contributions equals 5%, and the present value of future City normal costs equal 29% of the present value of future benefits.

Funding Progress

The comparison of the present values of vested and accrued benefits to FIPO assets from one year to the next, or over a period of time, is a measure of interim funding progress and the degree of benefit security.

Exhibit 6 contains the result of this comparison for the past three years. The market value of assets on October 1, 2010 is $1,027,739,486, as compared to the value of accrued benefits of $1,544,546,146 for a ratio of 66.5%. The ratio as of October 1, 2009 was 69.8%.

A ratio in excess of 100% typically is one indication of a well-funded program.

Governmental Accounting Standards

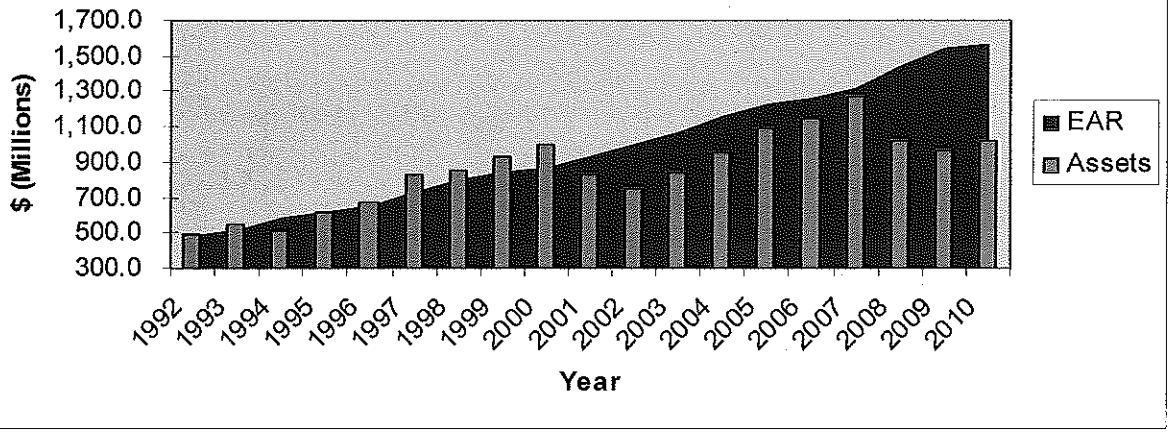
GASB issued Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Statement No. 27, Accounting for Pensions by State and Local Governmental Employers in 1994. Statement No. 25 provides parameters for financial reporting and comparison of actual contributions to "actuarially required contributions." Statement No. 27 provides standards for the financial reports of the state and local governmental employers. Statement No. 25 was effective for periods beginning after June 15, 1996; Statement No. 27, for periods beginning after June 15, 1997.

The Statements do not directly impact funding, although they do require calculation of an "actuarially required contribution," or "ARC" and amortization of any deficiency or excess of actual contributions made in relation to the ARC.

Since the FIPO Trust uses the Aggregate Cost Method, technically no Schedule of Funding Progress is required. However, such a Schedule of Funding Progress may be prepared using another acceptable cost method. Based on our recommendation in this report, the Schedule of Funding Progress is prepared using the Entry Age Normal Actuarial Accrued Liability, which is one of the acceptable measures under GASB 25. This Schedule is shown in Exhibit 11, Section III.

As of October 1, 2010 the entry age reserve is $1,568.3 million. This compares to assets of $1,027.7 million, for a funded ratio of 66%. Last year the funded ratio was 63%. These amounts, together with other disclosures, are contained in Exhibit 11 and illustrated in the following Table 7:

Table 7: GASB 25 Assets and Liabilities



As recommended in the 1997 report, and reviewed by FIPO auditors, the employer contributions made in accordance with the requirements of the Florida Division of Retirement should be used as the Actuarially Required Contribution (ARC), since an exact calculation of the ARC would not differ materially from the required contribution amount. On this basis, a Schedule of Employer Contributions in included in Exhibit 11 in order to comply with the reporting requirements of GASB 25.

These calculations are made for GASB 25. It should be understood that they are only one approach to the measurement of funding progress. They should not be used for any other purpose, such as determination of compliance with City ordinances or State Statutes or the current or future solvency of the FIPO Trust.

Application of GASB 27

The provisions of GASB 27 are virtually identical to those of GASB 25. It is our understanding that the schedules used for GASB 25 disclosure may also be used for GASB 27 purposes.

COLA Fund

Calculations were made based on the information provided as of 10/1/2010. The calculations reflect the approach adopted with the Amended Final Judgment in the matter of Gates vs. City of Miami.

Exhibit 12, parts I and II, illustrate the general impact of the COLA increases which have been provided thus far (under the $1,312 table as of 1/1/2011), by duration since retirement and by age, respectively.

As discussed in earlier reports, there is probably no completely acceptable index for measuring the impact of inflation on retirees' benefits. Although the CPI is the most widely used inflation index, it is generally considered to distort inflation for retirees, since it includes components which are not typically germane to them, such as home purchases. In the absence of a suitable alternative, a percentage of the CPI is often used as a target. If the cumulative CPI were used as a target, the current COLA averages 52% of the target. A comparison of COLA increases to the CPI is shown in Exhibit 12, part III. Historical data on the CPI is shown in Exhibit 12, part IV.

Cumulative Experience Position

Ordinance Section 40-204(C) (4) provides that transfers of excess investment return from the Regular Fund to the COLA Fund may be made only if the System remains in a net positive experience position on a cumulative basis from October 1, 1982. Since the aggregate cost method is used for determining funding requirements, the determination of the experience position is measured under the entry age normal method.

The cumulative experience loss increased from $60,270,194 as of October 1, 2009, to a cumulative loss of $91,170,378 as of October 1, 2009 (Exhibit 14).

COLA Transfer Calculations

Exhibit 2C shows the transfer calculations as of this valuation. As will be noted, the excess return transfer as of January 1, 2011 and January 1, 2012 are scheduled to be $0. Therefore, there will be City contributions to the COLA fund of $4,869,751 as of January 1, 2011 and $5,064,541 as of January 1, 2012.

Enrolled Actuary's Statement

This report has been prepared in accordance with standards established by the American Academy of Actuaries. To the best of our knowledge, it reflects the actuarial condition of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2010 for the Retirement Fund and for the COLA Fund.

All costs and cost components are calculated on the basis of actuarial assumptions which reasonably reflect the experience of the Trust.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Randall L. Stanley

Signature
Enrolled Actuary No. 11-602

June 16, 2011

Date

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

City Contribution Requirement for 2011/2012 Fiscal Year

	2010/2011 Report -$-	2011/2012 No Changes -$-	2011/2012 Pay Reductions -$-
I. Unfunded Actuarial Accrued Liability	N/A	N/A	N/A
II. Normal Cost			
A. Present Value of Future Benefits			
1. Active Members			
a. Retirement	917,777,253	615,749,897	536,683,160
b. Disability	36,815,319	36,100,829	31,856,294
c. Death	9,839,784	8,099,079	7,076,755
d. Turnover	19,807,807	19,410,641	17,337,531
e. Return of Contributions	2,068,805	2,187,326	2,078,572
f. Total	986,308,968	681,547,772	595,032,312
2. Retired Members and Beneficiaries			
a. Service Retirements + Beneficiaries	906,759,019	1,263,998,105	1,263,998,105
b. Disability Retirements	34,328,843	33,016,085	33,016,085
c. Terminated Vested Members	4,282,512	3,065,124	3,065,124
d. Total	945,370,374	1,300,079,314	1,300,079,314
3. Total	1,931,679,342	1,981,627,086	1,895,111,626

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

City Contribution Requirement for 2011/2012 Fiscal Year

	2010/2011 Report -$-	2011/2012 No Changes -$-	2011/2012 Pay Reductions -$-
II. Normal Cost (Cont'd)			
A. Total Present Value of Future Benefits	1,931,679,342	1,981,627,086	1,895,111,626
B. Present Value of Future Member Contributions	101,158,464	91,432,281	79,683,639
C. Actuarial Asset Value	1,164,973,724	1,180,649,632	1,180,649,632
D. Unfunded Actuarial Accrued Liability	0	0	0
E. Present Value of Future Normal Costs (A-B-C-D)	665,547,154	709,545,173	634,778,355
F. Present Value of Future Payrolls	1,325,848,007	1,200,248,088	1,052,280,512
G. Current Payroll for those under Expected Retirement Age	121,193,974	92,055,381	80,152,355
H. Current Normal Cost - Payable 10/1/2011 [(E)x(G) / (F)] (1.0775)	65,551,615	58,637,506	52,098,372
I. Covered Payroll	122,212,346	92,055,381	80,152,355
J. Normal Cost as Percentage of Payroll (H)/ (I)	53.64%	63.70%	65.00%
III. Quarterly City Contribution Schedule			
A. Past Service Cost	0	0	
B. Normal Cost	65,551,615	58,637,506	52,098,372
C. Payment Timing	0	0	0
D. Total	65,551,615	58,637,506	52,098,372

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

City Contribution Requirement for 2011/2012 Fiscal Year

	2011/2012		
	Pay Reductions -$-	Pay Reductions, Assumption Changes -$-	All Changes -$-
I. Unfunded Actuarial Accrued Liability	N/A	N/A	N/A
II. Normal Cost			
A. Present Value of Future Benefits			
1. Active Members			
a. Retirement	536,683,160	535,944,048	348,453,640
b. Disability	31,856,294	30,995,357	42,403,883
c. Death	7,076,755	4,215,832	3,564,506
d. Turnover	17,337,531	18,580,394	23,446,447
e. Return of Contributions	2,078,572	1,994,972	2,041,068
f. Total	595,032,312	591,730,603	419,909,544
2. Retired Members and Beneficiaries			
a. Service Retirements + Beneficiaries	1,263,998,105	1,323,426,300	1,323,426,300
b. Disability Retirements	33,016,085	33,684,331	33,684,331
c. Terminated Vested Members	3,065,124	3,231,775	3,231,775
d. Total	1,300,079,314	1,360,342,406	1,360,342,406
3. Total	1,895,111,626	1,952,073,009	1,780,251,950

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

City Contribution Requirement for 2011/2012 Fiscal Year

	2011/2012		
	Pay Reductions -$-	Pay Reductions, Assumption Changes -$-	All Changes -$-
II. Normal Cost (Cont'd)			
A. Total Present Value of Future Benefits	1,895,111,626	1,952,073,009	1,780,251,950
B. Present Value of Future Member Contributions	79,683,639	76,667,975	87,615,425
C. Actuarial Asset Value	1,180,649,632	1,180,649,632	1,180,649,632
D. Unfunded Actuarial Accrued Liability	0	0	0
E. Present Value of Future Normal Costs (A-B-C-D)	634,778,355	694,755,402	511,986,893
F. Present Value of Future Payrolls	1,052,280,512	1,013,000,015	1,103,177,771
G. Administrative Expense	0	2,200,000	2,200,000
H. Current Payroll for those under Expected Retirement Age	80,152,355	80,152,355	80,152,355
I. Interest Rate	7.5%	7.5%	7.5%
J. Current Normal Cost - Payable 10/1/2011 ([(E)x(H) / (F)] + (G)) (H (I))	52,098,372	61,459,523	42,353,775
K. Covered Payroll	80,152,355	80,152,355	80,152,355
L. Normal Cost as Percentage of Payroll (H)/ (I)	65.00%	76.68%	52.84%
III. Quarterly City Contribution Schedule			
A. Past Service Cost	0	0	0
B. Normal Cost	52,098,372	61,459,523	42,353,775
C. Payment Timing	0	0	0
D. Total	52,098,372	61,459,523	**42,353,775**

EXHIBIT 2A

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Actuarial Asset Value – 20% Write Up Method

I. Determination of Actuarial Asset Value as of October 1, 2010

	-$-
A. Actuarial Value of Assets as of 10/01/2009	1,164,973,724
B. City Contributions	54,342,926
C. Member Contribution	10,436,367
D. Benefits Paid	101,438,423
E. Contributions Refunded	174,358
F. Expected Return *	90,736,932
G. Expected Actuarial Value of Assets (A+B+C-D-E+F)	1,218,877,168
H. Market Value of Assets at 9/30/2010	1,027,739,486
I. Present Value of 01/01/11 COLA Transfer	0
J. Present Value of 01/01/12 COLA Transfer	0
K. Difference (H-I-J-G)	(191,137,682)
L. 20% of Difference	(38,227,536)
M. Preliminary Actuarial Asset Value (G+L)	1,180,649,632
N. Maximum Actuarial Asset Value (120% of H-I-J)	1,233,287,383
O. Minimum Actuarial Asset Value (80% of H-I-J)	822,191,589
P. Actuarial Asset Value at 10/1/2010	1,180,649,632
Q. Contribution Surplus Account Balance	0
R. Final Actuarial Value at 10/01/2010 (P – Q)	**1,180,649,632**

II. Rate of Return on Actuarial Asset Value

	-$-
A. Actuarial Asset Value at 10/01/2009	1,164,973,724
B. Contributions	
1. City	54,342,926
2. Members	10,436,367
3. Total	64,779,293
C. Benefits and Refunds	101,612,781
D. Contribution Surplus	0
E. Actuarial Asset Value at 10/01/2010	1,180,649,632
F. Net Return on Investment [E+D+C-B-A]	52,509,396
G. Rate of Return (II F/I F) (.0775)	4.48%

*[1,164,973,724 + 54,342,926 + (10,436,367) (2.5/4) – (101,438,423 + 174,358) (13/24)] (.0775)

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

I. Development of Actuarial Asset Value (3 Years, for COLA Transfer Purposes)

		9/30/2010	9/30/2009	9/30/2008
		-$-	-$-	-$-
A.	Book Value	992,423,802	970,698,193	1,031,726,793
B.	Market Value	1,027,739,486	970,811,437	1,018,935,217
C.	B/A	1.0355853	1.0001167	0.9876018
D.	1/3 ∑ (C)		1.0077679	
E.	Adjusted Market Value at 9/30/2010 D x $992,423,802		1,000,132,851	
F.	Contribution Surplus at 9/30/2010		0	
G.	1. 80% of Market Value		822,191,589	
	2. 120% of Market Value		1,233,287,383	
H.	Preliminary Actuarial Asset Value		1,000,132,851	
I.	Present Value of 1/1/2012 COLA Transfer, discounted at 7.75%		0	
J.	Actuarial Asset Value (H-I)		1,000,132,851	

II. Rate of Return on Actuarial Asset Value

		-$-
A.	Actuarial Asset Value at 10/01/2009	1,047,755,613
B.	Contributions	
	1. City	54,342,926
	2. Members	10,436,367
	3. Total	64,779,293
C.	Benefits and Refunds	101,612,781
D.	Present Value of 1/1/2011 COLA Transfer	0
E.	Contribution Surplus	0
F.	Actuarial Asset Value at 10/01/2010	1,000,132,851
G.	Net Return on Investment [F+E+D+C-B-A]	(10,789,274)
H.	Rate of Return [2 x G/ (A+F-G)]	(1.04%)

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Calculation of Excess Investment Return
On Membership and Benefits Accounts for 2009/2010 Fiscal Year
2012 COLA Transfer

I. Net Actual Return on Actuarial Asset Value -$-

A.	Preliminary Actuarial Asset Value as of 10/1/2010	1,000,132,851
B.	Benefits Paid During Plan Year	101,438,423
C.	Contributions Refunded During Plan Year	174,358
D.	City Contributions During Plan Year (Required)	54,342,926
E.	Member Contributions During Plan Year	10,436,367
F.	Actuarial Asset Value as of 10/1/2009	1,047,755,613
G.	Total Actual Return During Plan year (A)+(B)+(C)-(D)-(E)-(F)	(10,789,274)

II. Net Expected Return on Actuarial Asset Value

A.	Actuarial Asset Value as of 10/1/2009	1,047,755,613
B.	Benefits Paid During Plan Year	101,438,423
C.	Contributions Refunded During Plan Year	174,358
D.	City Contributions During Plan Year	54,342,926
E.	Member Contributions During Plan Year	10,436,367
F.	Expected Rate of Return	7.75%
G.	Expected Return During Plan Year	81,652,528 *
H.	Base Amount for Expected Return (G)/.0775	1,053,581,006
I.	Excess Return on Assets (I(G) - II(G))	(92,441,802)
J.	Excess Return as % of II(H)	(8.774057)%**

III. Amount to be Transferred to COLA Fund

A.

	Excess Return %	Excess Return $	COLA Transfer %	COLA Transfer -$-
First	2.5	0	75	0
Next	2.5	0	50	0
Next	2.5	0	25	0
Remainder		0	0	0

B. Total Transfer Amount at 1/1/2012 **0**

*Assumes Uniform Quarterly Contributions and Monthly Benefits
[1,047,755,613 + 54,342,926 + (10,436,367) (2.5/4) - (101,438,423 + 74,358) (13/24)](.0775) = 81,652,528

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Asset Transactions for Year Ending September 30, 2010 *

	Membership and Benefits Accounts	COLA I Account	COLA II Account
	-$-	-$-	-$-
A. Market Value as of October 1, 2009	970,811,437	36,111,767	260,205,514
B. Book Value as of October 1, 2009	970,698,193	36,107,555	260,175,161
C. Income During Year			
1. City Contributions	54,342,926		4,682,453
2. Member Contributions	10,436,367		
3. Other Member Contributions	0		
4. Interest	19,407,969	716,461	5,069,190
5. Dividends	7,556,186	227,440	1,968,383
6. Net Realized Gains (Losses)	34,620,377	1,262,837	8,939,042
7. Securities Lending Income	383,531	14,152	100,181
8. Rental and Other Income	491,853	18,024	128,178
9. COLA Transfer at January 1, 2010	0	--	0
	127,239,209	2,288,914	20,887,427
D. Disbursements During Years			
1. Benefit Payments	101,438,423	272,395	16,964,523
2. Contribution Refunds	174,358	0	0
3. Custodial and Investment Expenses	3,773,616	139,154	987,175
4. Other Expense			
5. Securities Lending Fees	94,397	3,483	24,647
6. Building Depreciation	32,806	1,246	8,674
	105,513,600	416,278	17,985,019
E. Book Value as of 9/30/2010 (B)+(C)-(D)	992,423,802	37,980,191	263,077,569
F. Net Change in Unrealized Gains (Losses)	35,202,440	1,347,324	9,331,338
G. Market Value as of September 30, 2010 (A)+(C)-(D)+(F)	1,027,739,486	39,331,727	272,439,260
H. January 1, 2011 Allocation to COLA II (discounted)	0	N/A	0
I. Net Market Value as of September 30, 2010	1,027,739,486	39,331,727	272,439,260

*Based on unaudited financial statements.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Distribution of Assets as of September 30, 2010[1]

Membership and Benefits and Cost-of-Living Adjustment Accounts

Description	Market -$-	Book -$-
Bills, Bonds, Notes	460,713,850	435,748,785
Domestic Stocks	558,489,953	513,507,758
International Stocks	130,611,437	135,076,604
Private Equity	31,255,519	34,350,061
Money Market Funds and Time Deposits	19,443,775	17,998,325
Mutual Funds	97,041,662	114,845,753
Real Estate[2]	2,085,364	2,085,364
Securities Lending Adjustment	0	0
A: Sub-Total	1,299,641,560	1,253,612,650
B: Cash	43,709,432	43,700,432
Receivables:		
City Contributions	526,720	526,720
Accounts Receivable	2,551	2,551
Member Contributions	0	0
Accrued Interest	4,556,129	4,556,129
Accrued Dividend	905,101	905,101
Securities Proceeds	7,037,560	7,037,560
C: Sub-Total	13,028,061	13,028,061
Payables:		
Budget Advance	(945,307)	(945,307)
Transfer	0	0
Tax Withheld	(377)	(377)
Accounts Payable	268,395	268,395
Securities Purchased	17,536,870	17,536,870
D: Sub-Total	16,859,581	16,859,581
E. Total (A+B+C-D)	1,339,510,472	1,293,481,562
Accounts:		
COLA I Account	39,331,727	37,980,191
COLA II Account	272,439,259	263,077,569
COLA II Transfer (1/1/2010)	0	0
F: Membership & Benefits Account	1,027,739,486	992,423,802

[1]Based on unaudited financial statements.
[2]Carried at depreciated cost for Book Value and at appraised value for Market Value.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Investment Results

Yield on Mean Values for 12-Month Period Ending September 30, 2010

	-$-	Market -%-	Book -%-
Membership and Benefits Accounts*			
Interest	19,407,969	2.0	2.0
Dividends	7,556,186	0.8	0.8
Rental and Other Income, less Depreciation	459,047	0.1	0.1
Realized Gains	34,620,377	3.6	3.6
Securities Lending (Net)	289,134	0.0	0.0
Increase in Unrealized Gains	35,202,440	3.7	--
Custodial and Investment Expenses	(3,773,616)	(0.4)	(0.4)
Real Estate Adjustment to Appraised Value	0	0.0	--
	93,761,537	9.8	6.1
COLA I Account			
Interest	716,461	2.0	2.0
Dividends	277,440	0.8	0.8
Rental and Other Income, less Depreciation	16,778	0.1	0.1
Realized Gains	1,262,837	3.5	3.5
Securities Lending (Net)	10,669	0.0	0.0
Increase in Unrealized Gains	1,347,324	3.7	--
Custodial and Investment Expenses	(139,154)	(0.4)	(0.4)
	3,492,355	9.7	6.0
COLA II Account			
Interest	5,069,190	2.0	2.0
Dividends	1,968,383	0.8	0.8
Rental and Other Income, less Depreciation	119,504	0.1	0.1
Realized Gains	8,939,042	3.5	3.5
Securities Lending (Net)	75,534	0.0	0.0
Increase in Unrealized Gains	9,331,338	3.7	--
Custodial and Investment Expenses	(987,175)	(0.4)	(0.4)
	24,515,816	9.7	6.0

*Before 1/1/2010 COLA transfer

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Accounting Information
As of October 1

		2010 -$-	2009 -$-
I.	Present Value of Vested Accrued Benefits		
	A. Service Retirements and Beneficiaries	1,323,426,300	906,759,019
	B. Disability Retirements	33,684,331	34,328,843
	C. Vested Terminated Members	3,231,775	4,282,512
	D. Active Members	154,433,888	416,609,449
	E. Total	1,514,776,294	1,361,979,823
II.	Present Value of Non-Vested Accrued Benefits	29,769,852	29,207,048
III.	Present Value of Accrued Benefits	1,544,546,146	1,391,186,871
IV.	The values of accumulated plan benefits were determined in accordance with the Academy of Actuaries Interpretations and FASB Statement No. 35, Accounting and Reporting by Defined Benefit Pension Plans.		
V.	Statement of Changes in Accrued Benefits		
	A. Present Value of Accrued Benefits at Beginning of Year		1,391,186,871
	B. Increase (Decrease) During the Year Attributable to:		
	1. Benefits Accumulated		115,864,164
	2. Benefits Paid and Contributions Refunded		(101,612,781)
	3. Plan Amendment		(36,127,749)
	4. Assumption/Method Changes		71,356,154
	5. Increase Due to Decrease in Discount Period		103,879,487
	6. Net Increase		153,359,275
	C. Present Value of Accrued Benefits at End of Year		1,544,546,146

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparison of Funding Progress
($000)

		10/1/2010 -$-	10/1/2009 -$-	10/1/2008 -$-
I.	Assets			
	A. Book Value	992,424	970,698	1,031,727
	B. Market Value	1,027,740	970,811	1,018,935
II.	Liabilities			
	A. Retired and Vested	1,360,342	945,370	802,313
	B. Active			
	Employee Contributions	64,629	117,247	133,288
	Other Vested	89,805	299,363	292,390
	Non-Vested Accrued	29,770	29,207	28,79975
	C. Total Accrued	1,544,546	1,391,187	1,256,790
III.	Ratios	%	%	%
	IA/IIC	64.3	69.8	82.1
	IB/IIC	66.5	69.8	81.1

Note: Item II amounts are present values of accrued benefits.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Member Statistics

I. Active Members

	10/1/2010	10/1/2009	10/1/2008
Number of			
Males	1,039	1,288	1,391
Females	188	229	242
Total	1,227	1,517	1,633
Averages			
Current Age	36.0	38.1	38.4
Past Service	9.1	11.4	11.8
Credited Past Service	9.1	11.4	11.8
Annual Earnings	$65,324	$80,562	$79,222

II. Inactive Members

A. Retirees and Beneficiaries			
Number	2,062	1,758	1,643
Average Annual Benefit	$56,870	$49,004	$44,503
Average Age	62.1	63.7	64.2
B. Disabled			
Number	186	196	204
Average Annual Benefit	$20,372	$19,900	$19,563
Average Age	68.2	67.7	67.2
C. Vested Terminated			
Number	16	20	23
Average Deferred Benefit	$25,276	$25,617	$20,294
Average Age	43.6	44.0	44.2

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Age-Service Distribution

	Completed Years of Service										Earnings	
Age	0-1	2-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total	Total -$-	Average -$-
15-24	5	47	0	0	0	0	0	0	0	52	2,605,392	50,104
25-29	18	189	35	1	0	0	0	0	0	243	12,917,868	53,160
30-34	3	107	94	57	1	0	0	0	0	262	16,326,243	62,314
35-39	3	47	62	118	49	4	0	0	0	283	19,402,436	68,560
40-44	3	29	31	84	86	33	0	0	0	266	19,349,008	72,741
45-49	0	7	10	30	33	14	3	0	0	97	7,585,272	78,199
50-54	0	0	4	3	9	3	2	0	0	21	1,770,270	84,299
55-59	0	0	1	0	1	1	0	0	0	3	195,867	65,289
60-64	0	0	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	32	426	237	293	179	55	5	0	0	1,227	80,152,355	65,324

Average Age: 36.0 Average Service: 9.1

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Reconciliation of Participant Counts

	Actives	Retirees & Beneficiaries	Disableds	Vested Terminated
10/1/2009	1,517	1,758	196	20
Changes due to:				
Retirement	-324	+328		-4
Withdrawal	-9			
Disability	-1		+1	
Death	-1	-37	-10	
New Beneficiary		+13		
New Hires	+44			
Data Changes	+1		-1	
10/1/2010	1,227	2,062	186	16

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Principal System Provisions

(Based on Ordinance No. 10002, as Amended through Ordinance No. 13202)

Effective Date:	January 1, 1940, as restated effective May 23, 1985, and amended through September 30, 2010.
Fiscal Year:	October 1 - September 30.
Membership:	Police officers and fire fighters.
Covered Compensation:	An employee's base salary, including pick-up contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death-in-family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.
Contributions:	Members: 7% of Compensation for Police Officers, **10% for Fire Fighters.** City: Balance, as actuarially determined.
Creditable Service:	Service credited under Retirement System; military service (maximum of four years) during wartime for which Member makes contributions; maternity leave (maximum of 180 days for each leave) for which Member makes contributions; up to 5 years, without member contributions, if member was an employee before period of military service.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Principal System Provisions
(continued)

Average Final Compensation:	For members who retire or terminate employment with ten or more years of creditable service prior to October 1, 2010, the annual earnable compensation of a member during either the last one year or the highest year of membership service, whichever is greater. **Effective September 30, 2010, for members who retire on or after October 1, 2010, average final compensation shall mean the average of the highest 5 years** of service, to be phased in over the next 4 years as follows: for members who retire on or after October 1, 2010 and on or before September 30, 2011, the average of the highest 2 years of membership service; for members who retire on or **after October 1, 2011 and on or before September 30, 2012, the average of the highest 3 years of membership service; for members who retire on or after October 1, 2012 and on or before September 30, 2013, the average of the highest 4 years of membership service; and for members who retire on or after October 1, 2013, the average of the highest 5 years of membership service. Provided, in no event shall the** average final compensation of any member who was employed as a police officer or firefighter on September 30, **2010 and retires on or after October 1, 2010, be less than the highest year of membership service prior to September 30, 2010.**
Normal Service Age:	Age 50

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Service Retirement:	For Police Officers who have reached Rule of 64 by September 30, 2010, for Fire Fighters who had reached Rule of 64 by September 30, 2009, and for Fire Fighters who have reached Rule of 68 by September 30, 2010: 3% of Average Final Compensation for each of the first fifteen years of Creditable Service plus 3.5% of Average Final Compensation for each year of Creditable Service after the fifteenth year; maximum of 100% of Average Final Compensation. **For all others, for service prior to October 1, 2010: 3% of Average Final Compensation for each of the first fifteen years of Creditable Service plus 3.5% of Average Final Compensation for each of Creditable Service after the fifteenth year; for service after September 30, 2010: 3% of Average Final Compensation for each year of Creditable Service; The combined percentage for service before October 1, 2010 and service after September 30, 2010 may not exceed 100% of Average Final Compensation.**
Early Service Retirement:	After 20 years of Creditable Service. Benefits are based on Average Final Compensation and Creditable Service at retirement date. Actuarial equivalence for early commencement.
Rule of 64 Retirement:	Service retirement on the basis of combined age and Creditable Service equaling 64 or more. Rule of 64 applies to Fire Fighters who had obtained 64 points by September 30, 2009 and Police Officers who had 64 points by September 30, 2010. **Rule of 64 also applies to the accrued benefit as of September 30, 2010 of Police Officers who were active members as of September 29, 2010.**
Rule of 68 Retirement:	**Service retirement on the basis of combined age and Creditable Service equaling 68 or more. Rule of 68 applies to Fire Fighters who had not attained 64 points by September 30, 2009 and had attained 68 points by September 30, 2010. Rule of 68 also applies to the accrued benefit as of September 30, 2010 of Fire Fighters who were active members as of September 29, 2010.**

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Rule of 70 Retirement:

Service retirement on the basis of combined age and Creditable Service equaling 70 or more. Rule of 70 applies to all new members hired on or after October 1, 2010, as well as to all benefits accrued after September 30, 2010 by Fire Fighters who had not attained 68 points on September 30, 2010 and Police Officers who had not attained 64 points on September 30, 2010.

Disability:

Ordinary Disability: After 10 or more years of Creditable Service, and not eligible for service retirement. Not incurred as accident in performance of duties. 90% of benefit rate times Average Final Compensation times Creditable Service, with a minimum benefit of 30% of Average Final Compensation; 10 years' certain and life normal form.

Accidental Disability: Incurred as accident in performance of duties. 66 2/3% of Average Final Compensation, or 66 2/3% of Final Compensation, whichever is greater. 40% joint & survivor normal form, with a minimum of 10 years' certain and life.

Deferred Retirement Option Plan:

Members who are eligible for Service Retirement or Rule of 64 Retirement after September 1998 may elect self-directed Deferred Retirement Option Plan, for a maximum of 4 years. An actuarially equivalent Back DROP option (maximum of 4 years) may be elected prior to DROP entry; combined years of DROP may not exceed 4.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Death:	Ordinary Death: (a) Between 3 and 10 years of Creditable Service, and death not accidentally incurred in performance of duties: Lump sum benefit equal to 50% of Compensation received in year preceding death. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferred period or 10 years' certain period. (c) If eligible for Service, Early Service, or Rule of 64 retirement, considered to have retired on the date of death. Surviving spouse would receive 40% of the member's monthly retirement allowance. Accidental Death: Incurred in performance of duties. (a) Pension of 50% of Average Final compensation to spouse until death or remarriage. If there is no spouse, or if spouse dies or remarries before youngest child is 18, payable until attainment of age 18. If no spouse or no children under 18, benefit is payable to dependent parents. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferral period or 10 years' certain period.
Employment Termination:	After 10 years of Creditable Service, based on Creditable Service and Average Final Compensation at termination date. If Member contributions are withdrawn, benefit is forfeited. Benefits are deferred to Normal Retirement Age.
Optional Allowances:	**Normal Form: For Police Officers who have reached Rule of 64 by September 30, 2010, for Fire Fighters who had reached Rule of 64 by September 30, 2009, and for Fire Fighters who have reached Rule of 68 by September 30, 2010: Normal Form is joint and 40% contingent survivor, with a minimum of 10 years' certain and life.**

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Optional Allowances: (Continued)	For all others, for benefits based on service prior to October 1, 2010: Normal Form is joint and 40% contingent survivor, with a minimum of 10 years' certain and life; **for benefits based on service after September 30, 2010, Normal Form is 10 years' certain and life.** Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of Member. Option 6 is withdrawal of member contributions with credited interest; monthly benefit is ½ of normal level.
Transfer of Compensated Leave Balances:	Accumulated leave balances may be transferred into system immediately prior to retirement to purchase additional Creditable Service, on an actuarially equivalent basis.
Transfer of 457 Balances:	457 balances of Firefighters may be transferred into System at retirement to purchase additional Service for multiplier purposes.
Changes Since Prior Valuation:	**(In bold print)**

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Actuarial Basis – Prior Basis

Valuation Date: October 1, 2010 for Fiscal Year beginning October 1, 2011.

Valuation Method: Aggregate Cost Method.

Asset Valuation Method: 20% Write-Up Method: Expected value is based on the Interest Discount/Investment Return rate applied to the actuarial asset value as of previous valuation date and cash flow during the year. 20% of the difference between the Expected Value and the Market Value (net of pending transfers to the COLA Fund) is added to the Expected Value.

The result cannot be greater than 120% of market value or less than 80% of market value (net of pending COLA transfers).

Actuarial Assumptions:

Interest Discount/ Investment Return: 7.75%, compounded annually.

Inflation: 3.5%, compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	.0507%	.0284%
30	.0801%	.0351%
40	.1072%	.0709%
50	.2579%	.1428%
60	.7976%	.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis – Prior Basis
(Continued)

Age	Disability	Turnover	
		<5	5+
31	.00200	.0240	.0192
32	.00220	.0240	.0192
33	.00245	.0240	.0192
34	.00265	.0240	.0192
35	.00285	.0240	.0192
36	.00305	.0228	.0182
37	.00325	.0216	.0173
38	.00345	.0204	.0163
39	.00370	.0192	.0154
40	.00390	.0180	.0144
41	.00470	.0168	.0134
42	.00555	.0156	.0125
43	.00635	.0144	.0115
44	.00720	.0132	.0106
45	.00800	.0120	.0096
46	.00880	.0096	.0077
47	.00965	.0072	.0057
48	.01045	.0048	.0038
49	.01130	.0024	.0019
50	.01210	.0000	.0000
51	.01295	.0000	.0000
52	.01375	.0000	.0000
53	.01455	.0000	.0000
54	.01540	.0000	.0000
55	.01620	.0000	.0000
56	.01785	.0000	.0000
57	.01870	.0000	.0000
58	.01950	.0000	.0000
59	.02030	.0000	.0000
60	.00000	.0000	.0000

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Actuarial Basis – Prior Basis
(Continued)

Retirement: Fire Fighters who have attained 64 points by September 30, 2009 and all Police Officers are subject to the Rule of 64; the rest of the Fire Fighters are subject to the Rule of 68. If eligible for Retirement, the following decrements apply, based on service:

Years of Service	Police %	Fire %
<20	0	0
20-24	20	5
25-29	25	25
30-31	50	25
32	100	100

There is no explicit assumption on the percentage of retirements expected to enter the DROP. No distinction is necessary, since funding is calculated to expected retirement or expected DROP entry.

Salary Merit Scale

Service	Police	Fire
0	.0500	.0500
1	.0500	.0500
2	.0500	.0500
3	.0500	.0500
4	.0500	.0500
5	.0500	.0500
6	.0500	.0500
7	.0250	.0500
8	.0500	.0500
9	.0500	.0500
10	.0100	.0000
11	.0100	.0000
12	.0100	.0000
13	.0100	.0000
14	.0100	.0000
15	.0125	.0250
16	.0125	.0250
17	.0100	.0100
18	.0100	.0100
19	.0100	.0100
20	.0100	.0100
21	.0100	.0100
22 +	.0000	.0000

Salary Merit Scale is combined with 3.5% inflation and 1.5% for promotions and other increases. There is also a 7.0% increase at retirement.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis) – Prior Basis
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employees are assumed to be married.
Investment Expenses:	None; the investment return assumption of 7.75% is net of investment expenses.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Compensated Absence Balance Transfers:	No liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.
Adjustments from Valuation Date:	One year's interest is added to the calculated deposit to reflect ordinance provision.
Sources of Data:	Asset data is from unaudited financial statements and includes an appraised value for the real estate to be used for Market Value. Membership data was furnished by Administrator. Member compensation used is final bi-weekly pay in the year, annualized.
Changes Since Prior Valuation:	None.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Actuarial Basis – Revised Basis

Valuation Date:

October 1, 2010 for Fiscal Year beginning October 1, 2011.

Valuation Method:

Aggregate Cost Method. **Percentage of actual payroll, if greater than calculated dollar City contributions, if greater than dollar amount calculated under the provision of Gates.**

Asset Valuation Method:

20% Write-Up Method: Expected value is based on the Interest Discount/Investment Return rate applied to the actuarial asset value as of previous valuation date and cash flow during the year. 20% of the difference between the Expected Value and the Market Value (net of pending transfers to the COLA Fund) is added to the Expected Value.

The result cannot be greater than 120% of market value or less than 80% of market value (net of pending COLA transfers).

Actuarial Assumptions:

Interest Discount/ Investment Return: 7.50%, compounded annually.

Inflation: 3.25%, compounded annually.

Mortality:

RP 2000 Mortality Table, Employees and Annuitants Combined, projected by scale AA to 2020, producing following specimen rates:

Age	Male	Female
20	.0235%	.0138%
30	.0402%	.0216%
40	.0919%	.0522%
50	.1487%	.1189%
60	.4887%	.4573%
70	1.6413%	1.5145%
80	5.7647%	3.9866%

Disabled Mortality:

RP 2000 Disabled Mortality Table projected by scale AA to 2020, producing following specimen rates:

Age	Male	Female
20	1.5696%	.5287%
30	2.0418%	.6093%
40	1.9221%	.5507%
50	2.0149%	.8186%
60	3.0450%	1.9756%
70	4.6257%	3.4045%
80	8.9456%	6.2834%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Actuarial Basis – Revised Basis
(Continued)

Age	Disability	Turnover	
		<5	5+
31	.00200	.0240	.0192
32	.00220	.0240	.0192
33	.00245	.0240	.0192
34	.00265	.0240	.0192
35	.00285	.0240	.0192
36	.00305	.0228	.0182
37	.00325	.0216	.0173
38	.00345	.0204	.0163
39	.00370	.0192	.0154
40	.00390	.0180	.0144
41	.00470	.0168	.0134
42	.00555	.0156	.0125
43	.00635	.0144	.0115
44	.00720	.0132	.0106
45	.00800	.0120	.0096
46	.00880	.0096	.0077
47	.00965	.0072	.0057
48	.01045	.0048	.0038
49	.01130	.0024	.0019
50	.01210	.0000	.0000
51	.01295	.0000	.0000
52	.01375	.0000	.0000
53	.01455	.0000	.0000
54	.01540	.0000	.0000
55	.01620	.0000	.0000
56	.01785	.0000	.0000
57	.01870	.0000	.0000
58	.01950	.0000	.0000
59	.02030	.0000	.0000
60	.00000	.0000	.0000

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Actuarial Basis – Revised Basis
(Continued)

Retirement: Fire Fighters who have attained 64 points by September 30, 2009 and all Police Officers are subject to the Rule of 64; the rest of the Fire Fighters are subject to the Rule of 68. If eligible for Retirement, the following decrements apply, based on service:

Years of Service	Police %	Fire %
<20	0	0
20-24	40	5
25-29	50	25
30-31	100	25
32		100

There is no explicit assumption on the percentage of retirements expected to enter the DROP. No distinction is necessary, since funding is calculated to expected retirement or expected DROP entry.

Salary Merit Scale

Service	Police	Fire
0	.0500	.0500
1	.0500	.0500
2	.0500	.0500
3	.0500	.0500
4	.0500	.0500
5	.0500	.0500
6	.0500	.0500
7	.0250	.0500
8	.0500	.0500
9	.0500	.0500
10	.0100	.0000
11	.0100	.0000
12	.0100	.0000
13	.0100	.0000
14	.0100	.0000
15	.0125	.0250
16	.0125	.0250
17	.0100	.0100
18	.0100	.0100
19	.0100	.0100
20	.0100	.0100
21	.0100	.0100
22 +	.0000	.0000

Salary Merit Scale is combined with **3.25%** inflation and 1.5% for promotions and other increases. **There is no additional increase at retirement.**

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis – Revised Basis
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employees are assumed to be married.
Investment Expenses:	None; the investment return assumption of 7.75% is net of investment expenses.
Administration Expenses:	**Equal to amount from previous fiscal year ($2.2 million)**
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Compensated Absence Balance Transfers:	No liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.
Adjustments from Valuation Date:	One year's interest is added to the calculated deposit to reflect ordinance provision. **For purposes of minimum City contributions as specified by State Division of Retirement (Exhibit 18), additional interest discount is included to reflect monthly contributions.**
Sources of Data:	Asset data is from unaudited financial statements and includes an appraised value for the real estate to be used for Market Value. Membership data was furnished by Administrator. Member compensation used is final bi-weekly pay in the year, annualized, with estimated reductions for each active member as of October 1, 2010 based on approach summarized in Tables 2 and 3 in September 24, 2010 Actuarial Impact Statement.
Changes Since Prior Valuation:	**Inflation assumption reduced from 3.5% to 3.25%; Salary increase assumption reduced by .25%; Investment return/interest discount reduced from 7.75% to 7.5%; Retirement decrements increased for police; Mortality tables changed to RP 2000 projected to 2020; Disabled mortality table changed to RP 2000 disabled mortality table projected to 2020; 7% compensation increase at retirement eliminated; Administration fee assumption added.**

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Information Under Florida Statutes

I. Comparison of Salary Increases

Year Ending	Actual -%-	Assumed -%-
9/30/10	(9.33)	7.51
9/30/09	6.35	7.26
9/30/08	18.20	7.17
9/30/07	18.19*	5.81
9/30/06	2.84	5.79
9/30/05	8.15	5.77
9/30/04	10.20	5.78
9/30/03	5.38	4.00
9/30/02	2.43	2.00
9/30/01	4.79	2.00
9/30/00	7.12	2.00
9/30/99	0.52	2.75
9/30/98	(1.35)	2.75
9/30/97	(1.07)	2.75
9/30/96	0.76	2.75
9/30/95	5.50	2.75
9/30/94	2.86	3.00
9/30/93	6.37	6.80
9/30/92	3.48	6.80
9/30/91	2.65	6.80
9/30/90	2.79	7.00
9/30/89	8.64	7.00
9/30/88	6.05	7.00
9/30/87	7.45	7.50
9/30/86	7.49	7.50
9/30/85	14.28	7.50
9/30/84	11.53	7.50

* Including impact of change in valuation pay definition.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Information Under Florida Statutes

II. Comparison of Investment Returns

Year Ending	Actual MV	Actual AAV*	Assumed
-%-	-%-	-%-	-%-
9/30/10	9.8	4.48	7.75
9/30/09	(0.3)	(1.31)	7.75
9/30/08	(14.3)	3.65	7.75
9/30/07	14.2	8.27	7.75
9/30/06	9.1	7.57	7.75
9/30/05 (Revised)	15.6	7.83	7.75
9/30/05 (Prior)	15.6	8.43	7.75
9/30/04	12.9	4.29	7.75
9/30/03	15.7	3.26	7.75
9/30/02	(5.5)	(3.93)	7.75
9/30/01	(10.6)	(1.29)	7.75
9/30/00	12.7	16.01	7.75
9/30/99	13.8	13.40	7.75
9/30/98	6.9	19.45	7.75
9/30/97	28.3	26.34	8.00
9/30/96	13.2	11.27	8.00
9/30/95	21.0	12.86	7.75
9/30/94	(1.7)	5.18	7.75
9/30/93	15.8	13.73	7.75
9/30/92	9.9	12.48	7.75
9/30/91	25.9	20.93	7.75
9/30/90	0.4	1.89	7.50
9/30/89	N.A.	16.09	7.50
9/30/88	N.A.	0.08	7.50
9/30/87	N.A.	22.64	7.00
9/30/86	N.A.	21.66	7.00

* Based on mean actuarial asset values for periods ending 9/30. Rates of return on AAV prior to 9/30/05 are based on prior asset valuation methods, with COLA transfers treated as cash flow.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Information Under Florida Statutes
(Continued)

III. Comparison of Payroll Growth

Year Ending	Actual	Assumed
	-%-	-%-
9/30/10	(34.4)	N.A.
9/30/09	(5.5)	N.A.
9/30/08	24.8	N.A.
9/30/07	14.7	N.A.
9/30/06	(1.3)	N.A.
9/30/05	2.6	N.A.
9/30/04	(9.9)	N.A.
9/30/03	2.1	N.A.
9/30/02	8.1	N.A.
9/30/01	6.3	N.A.
9/30/00	8.5	N.A.
9/30/99	4.6	N.A.
9/30/98	6.8	N.A.
9/30/97	(4.5)	N.A.
9/30/96	1.9	N.A.
9/30/95	(1.9)	N.A.
9/30/94	1.1	N.A.
9/30/93	7.5	N.A.
9/30/92	2.1	N.A.
9/30/91	(7.6)	5.00
9/30/90	(0.8)	5.00
9/30/89	9.5	5.00
9/30/88	3.4	5.00
9/30/87	5.9	5.00
9/30/86	5.8	5.00
9/30/85	7.8	5.00
9/30/84	9.7	5.00

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Disclosure Information Under GASB 25
(Excluding COLA Fund)

I. Funding Status and Progress as of September 30, 2010 and 2009

Entry Age Accrued Liability: $(Millions)

	Sept. 30, 2010	Sept. 30, 2009
	-$-	-$-
- Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	1,360.3	945.4
- Current employees - Accumulated employee contributions including interest	64.6	117.2
Employer - financed vested	89.8	299.4
Employer - financed nonvested	53.6	177.3
Total Actuarial Accrued Liability	1,568.3	1,539.3
Net assets available for benefits (market value)	1,027.7	970.8
Unfunded Actuarial Accrued Liability	540.6	568.5

The actuarial accrued liability was determined as part of actuarial valuations at September 30, 2010 and September 30, 2009. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.50 percent (7.75% in 2009) per year compounded annually, (b) projected salary increases of 3.25 percent (3.50% in 2009) per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.0 percent to 5.0 percent per year, attributable to seniority/merit and (d) 1.5% for promotions and other increases.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 25
(Excluding COLA Fund)

II. Contributions Required and Contributions Made

The funding policy provides for periodic employer contributions at actuarially determined rates that are sufficient to pay benefits when due. Contributions for normal costs are determined using the aggregate actuarial cost method. This cost method does not provide for an unfunded actuarial accrued liability.

Contributions totaling $64,779,293 ($54,342,926 employer and $10,436,367 employee) were made for the year ending September 30, 2010. These contributions consisted of (a) $64,779,293 normal cost, (b) $0 amortization of the unfunded actuarial accrued liability, and (c) $0 noninvestment expenses.

Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the standardized measure of the pension obligation as of the beginning of the preceding year.

III. Analysis of Funding Progress ($ Millions)

Fiscal Year	(1) Net Assets Available for Benefits ($)	(2) Entry Age Reserve ($)	(3) Percent Funded (%)	(4) Unfunded EAR (2)-(1) ($)	(5) Annual Covered Payroll ($)	(4)/(5) (%)
1992	492.0	483.7	102	(8.3)	67.1	(12)
1993	550.6	513.4	107	(37.2)	72.0	(52)
1994	516.4	587.5	88	71.1	72.9	98
1995	616.5	614.4	100	(2.1)	71.5	(3)
1996	674.7	650.0	104	(24.7)	72.9	(34)
1997	835.3	727.1	115	(108.2)	69.6	(155)
1998	857.7	800.7	107	(57.0)	74.3	(77)
1999	932.8	843.2	111	(89.6)	77.7	(115)
2000	994.6	863.4	115	(131.2)	84.3	(156)
2001	828.9	932.7	89	103.8	89.7	116
2002	753.2	999.8	75	246.6	96.9	254
2003	844.9	1,067.9	79	223.0	98.9	225
2004	957.9	1,152.8	83	194.9	89.2	218
2005	1,091.9	1,221.6	89	129.7	91.5	142
2006	1,147.9	1,260.5	91	112.6	90.4	125
2007	1,268.9	1,318.4	96	49.5	103.6	48
2008	1,018.9	1,452.5	70	433.6	129.4	335
2009	970.8	1,539.3	63	568.5	122.2	465
2010	1,027.7	1,568.3	66	540.6	80.2	674

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

(Excluding COLA Fund)

IV. Revenues and Expenses

Fiscal Year ($)	Revenues by Source: Employee Contributions ($)	Employer Contributions ($)	Investment Income ($)	Total
1992	6,115,655	10,029,747	44,569,353	60,714,755
1993	6,455,623	10,442,881	50,309,468	67,207,972
1994	7,435,034	9,296,175	36,915,202	53,646,411
1995	8,318,833	10,880,346	38,919,229	58,118,408
1996	7,852,469	16,547,235	55,421,603	79,821,307
1997	7,664,034	14,377,032	83,180,597	105,221,663
1998	7,692,571	14,155,472	96,007,011	117,855,054
1999	8,556,140	10,376,473	66,039,984	84,972,597
2000	6,257,588	5,400,784	129,752,337	141,410,709
2001	6,336,918	5,481,599	17,717,791	29,536,308
2002	6,721,236	5,400,784	(27,704,711)	(15,582,691)
2003	7,193,936	15,024,366	30,466,098	52,684,400
2004	24,415,150	32,959,003	53,963,150	111,337,303
2005	18,607,681	45,545,130	71,904,910	136,057,721
2006	7,698,594	50,635,213	71,669,124	130,002,931
2007	14,702,629	40,542,078	82,937,630	138,182,337
2008	9,719,896	36,040,251	62,728,078	108,488,225
2009	9,769,139	36,993,395	(58,111,291)	(11,348,757)
2010	10,436,367	54,342,926	62,459,916	127,239,209

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

(Excluding COLA Fund)

IV. Revenues and Expenses (Continued)

Fiscal Year	Expenses by Type			
	Benefits ($)	Administrative Expenses ($)	Refunds ($)	Total ($)
1992	22,345,166	1,137,047	751,088	24,233,301
1993	22,735,888	1,314,925	672,376	24,723,189
1994	23,787,091	1,420,693	510,074	25,717,858
1995	25,846,564	1,567,841	703,269	28,117,674
1996	29,506,924	1,870,188	822,497	32,199,609
1997	33,841,809	2,079,183	1,225,239	37,146,231
1998	35,593,108	2,543,855	391,524	38,537,297
1999	36,900,501	2,689,079	258,383	39,847,963
2000	41,237,423	2,710,752	258,804	44,206,979
2001	41,386,774	2,933,939	481,746	44,802,459
2002	42,766,860	2,825,903	364,256	45,957,019
2003	46,083,206	2,922,537	429,225	49,434,968
2004	53,249,450	3,334,460	301,580	56,885,490
2005	66,518,783	3,865,995	257,859	70,642,637
2006	69,825,105	4,687,601	573,228	75,085,934
2007	72,378,966	5,143,290	307,545	77,829,801
2008	77,794,816	5,469,431	664,235	83,928,482
2009	85,094,354	3,898,278	336,755	89,329,387
2010	101,438,423	3,900,819	174,358	105,513,600

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

V. Schedule of Employer Contributions

Fiscal Year	Annual Pension Cost (APC) ($)	Percentage Contributed (%)	Net Pension Obligation ($)
1994	9,296,175	100	0
1995	10,880,346	100	0
1996	16,547,235	100	0
1997	14,377,032	100	0
1998	14,155,472	100	0
1999	10,376,473	100	0
2000	5,400,784	100	0
2001	4,003,892	100	0
2002	1,051,629	100	0
2003	18,163,588	100	0
2004	36,341,515	100	0
2005	45,545,130	100	0
2006	50,635,213	100	0
2007	40,542,078	100	0
2008	36,040,251	100	0
2009	36,993,395	100	0
2010	55,095,791	99	752,865
2011	65,551,615		

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

(COLA Fund)

I. COLA Increases by Duration Since Retirement

Years Retired	No.	FIPO Benefits -$-	COLA Benefits -$-	%
0 - 5	635	4,803,584	438	0.0
5 -10	397	2,172,872	31,631	1.5
10-15	258	1,095,020	123,570	11.3
15-20	307	1,108,201	274,979	24.8
20-25	156	395,529	197,298	49.9
25-30	140	232,664	206,135	88.6
30-35	200	182,432	301,541	165.3
35-40	113	74,131	177,622	239.6
40-45	25	14,656	49,362	336.8
45-50	16	8,289	34,272	413.5
50+	1	515	2,165	420.1
Total	2,248	10,087,893	1,399,013	13.9

II. COLA Increases by Attained Age (2011 Table)

Age	No.	FIPO Benefits -$-	COLA Benefits -$-	%
<45	46	288,538	955	0.0
45-50	288	2,010,050	899	0.0
50-54	425	2,719,694	18,094	0.1
55-59	326	1,884,130	66,107	3.5
60-64	293	1,263,486	141,184	11.2
65-69	247	872,225	214,140	24.6
70-74	168	422,142	185,128	43.9
75-79	181	325,925	282,818	86.8
80-84	176	217,856	301,599	138.4
85-89	78	68,841	148,422	215.6
>90	20	15,006	39,667	264.3
Total	2,248	10,087,893	1,399,013	13.9

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

III. COLA Increases vs. CPI)

Years Retired	No.	COLA -%-	CPI -%-	COLA/CPI %
0 - 5	635	0.0	1.9	0.5
5 -10	397	1.5	15.5	9.4
10-15	258	11.3	33.0	34.2
15-20	307	24.8	51.0	48.7
20-25	156	49.9	81.2	61.5
25-30	140	88.6	114.4	77.4
30-35	200	165.3	212.0	78.0
35-40	113	239.6	341.4	70.2
40-45	25	336.8	511.5	65.8
45-50	16	413.5	604.1	68.4
50+	1	420.1	645.5	65.1
Total	2,248	13.9	26.9	51.6

IV. Consumer Price Index (CPI-U)

Year	December Index	Annual %	Year	December Index	Annual %
1956	27.600	2.9	1981	94.000	8.9
1957	28.400	3.0	1982	97.600	3.9
1958	28.900	1.8	1983	101.300	3.8
1959	29.400	1.5	1984	105.300	4.0
1960	29.800	1.5	1985	109.300	3.8
1961	30.000	0.7	1986	110.500	1.1
1962	30.400	1.2	1987	115.400	4.4
1963	30.900	1.6	1988	120.500	4.4
1964	31.200	1.2	1989	126.100	4.6
1965	31.800	1.9	1990	133.800	6.2
1966	32.900	3.4	1991	137.900	3.0
1967	33.900	3.0	1992	141.900	2.9
1968	35.500	4.7	1993	145.800	2.7
1969	37.700	6.1	1994	149.700	2.7
1970	39.800	5.5	1995	153.500	2.5
1971	41.100	3.4	1996	158.600	3.3
1972	42.500	3.4	1997	161.300	1.7
1973	46.200	8.7	1998	163.900	1.6
1974	51.900	12.2	1999	168.300	2.7
1975	55.500	7.0	2000	174.000	3.4
1976	58.200	4.8	2001	176.700	1.6
1977	62.100	6.8	2002	180.900	2.4
1978	67.700	9.0	2003	184.300	1.9
1979	76.700	13.3	2004	190.300	3.3
1980	86.300	12.4	2005	196.800	3.4
			2006	201.800	2.5
			2007	210.036	4.1
			2008	210.228	0.1
			2009	215.949	2.7
			2010	219.179*	

*December 2010

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST
(COLA Fund – Prior Assumptions)

		-$-
I.	Summary of Assets Available for Benefits at October 1, 2010	
A.	COLA Accounts (Exhibit 2)	
1.	COLA I Account at 9/30/2010	39,331,727
2.	COLA II Account at 9/30/2010	272,439,260
B.	Transfers of Excess Investment Income	
1.	$0 due on 1/1/2011	0
2.	$0 due on 1/1/2012	0
C.	Minimum City Contributions [1] $5,267,123 beginning 1/1/2013, payable for 2 years, discounted	8,585,357
D.	City Contribution	
1.	Contribution of $4,869,751 due on 1/1/2011, discounted	4,779,720
2.	Contribution of $5,064,541 due on 1/1/2012, discounted	4,613,372
E.	Assets Available for COLA Benefits	329,749,436
II.	COLA Fund Liabilities for Benefits at October 1, 2010 [3]	
A.	Present Value of Existing COLA Benefits for inactives	
1.	Frozen COLA I benefits	1,398,516
2.	COLA II benefits	262,350,175
3.	Total inactive COLA benefits	263,748,691
B.	Present Value of Projected COLA Benefits for Actives	
1.	Reserve for current actives	27,129,995
2.	Reserve for future actives (15% of B1)	4,069,499
3.	Total	31,199,494
C.	Total Liability Allocated (A3+B4)	294,948,185
D.	Contingency Reserve [20% of I(E)-I(B)(2)]	65,949,887
E.	Unallocated Reserve[2]	(31,148,636)
F.	Total Liability for COLA Benefits	329,749,436

Notes: (1) $(1/1.0775)^{2.25}$ $\ddot{a}_{\overline{2}|}$ = 1.6299898

(2) For $1,312 Table, II(D)+II(E) = $34,801,251

(3) Service for COLA excludes 457 buyback service.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund – Prior Assumptions)

III. Derivation of Increase in Table as of January 1, 2011

		-$-
A.	Liability based on current $1,312 table	
1.	Inactive COLA II Benefits	262,350,175
2.	Present Value of Projected COLA benefits for current actives	27,129,995
3.	Reserve for future actives [15% of (2)]	4,069,499
4.	Total	293,549,669
B.	Assets available to increase table	
1.	Total assets available for COLA Benefits	329,749,436
2.	Total Liability Allocated (current $1,312 table)	294,948,185
3.	Contingency Reserve II(D)	65,949,887
4.	Available Assets [(1)-(2)-(3)]	(31,148,636)
5.	$0 due on 1/1/2011, discounted	0
6.	Net Available Assets [(4)-(5)]	(34,148,636)
7.	Increase ratio [(B6)/ (A4)]	0
8.	Table increase [$1,312x (7)]	0
9.	New table amount [$1,312+ (8)]	1,312
10.	Actual new table amount	**1,312**

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST
(COLA Fund- Current Assumptions)

		-$-
I.	Summary of Assets Available for Benefits at October 1, 2010	
A.	COLA Accounts (Exhibit 2)	
1.	COLA I Account at 9/30/2010	39,331,727
2.	COLA II Account at 9/30/2010	272,439,260
B.	Transfers of Excess Investment Income	
1.	$0 due on 1/1/2011	0
2.	$0 due on 1/1/2012	0
C.	Minimum City Contributions [1] $5,267,123 beginning 1/1/2013, payable for 2 years, discounted	8,640,006
D.	City Contribution	
1.	Contribution of $4,869,751 due on 1/1/2011, discounted	4,782,496
2.	Contribution of $5,064,541 due on 1/1/2012, discounted	4,626,787
E.	Assets Available for COLA Benefits	329,820,276
II.	COLA Fund Liabilities for Benefits at October 1, 2010 [3]	
A.	Present Value of Existing COLA Benefits for inactives	
1.	Frozen COLA I benefits	1,464,977
2.	COLA II benefits	279,732,820
3.	Total inactive COLA benefits	281,197,797
B.	Present Value of Projected COLA Benefits for Actives	
1.	Reserve for current actives	29,956,033
2.	Reserve for future actives (15% of B1)	4,493,405
3.	Total	34,449,438
C.	Total Liability Allocated (A3+B4)	315,647,235
D.	Contingency Reserve [20% of I(E)-I(B)(2)]	65,964,055
E.	Unallocated Reserve[2]	(51,791,014)
F.	Total Liability for COLA Benefits	329,820,276

Notes: (1) $(1/1.0750)^{2.25}\ \ddot{a}_{\overline{2}|} = 1.6403654$

(2) For $1,312 Table, II(D)+II(E) = $14,173,041

(3) Service for COLA excludes 457 buyback service.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund – Current Assumptions)

III. Derivation of Increase in Table as of January 1, 2011

		-$-
A.	Liability based on current $1,312 table	
1.	Inactive COLA II Benefits	279,732,820
2.	Present Value of Projected COLA benefits for current actives	29,956,033
3.	Reserve for future actives [15% of (2)]	4,493,405
4.	Total	314,182,258
B.	Assets available to increase table	
1.	Total assets available for COLA Benefits	329,820,276
2.	Total Liability Allocated (current $1,312 table)	315,647,235
3.	Contingency Reserve II(D)	65,964,055
4.	Available Assets [(1)-(2)-(3)]	(51,791,014)
5.	$0 due on 1/1/2011, discounted	0
6.	Net Available Assets [(4)-(5)]	(51,791,014)
7.	Increase ratio [(B6)/ (A4)]	0
8.	Table increase [$1,312x (7)]	0
9.	New table amount [$1,312+ (8)]	1,312
10.	Actual new table amount	**1,312**

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund- With New City Minimum)

		-$-
I.	Summary of Assets Available for Benefits at October 1, 2010	
A.	COLA Accounts (Exhibit 2)	
1.	COLA I Account at 9/30/2010	39,331,727
2.	COLA II Account at 9/30/2010	272,439,260
B.	Transfers of Excess Investment Income	
1.	$0 due on 1/1/2011	0
2.	$0 due on 1/1/2012	0
C.	Minimum City Contributions [1] $5,267,123 beginning 1/1/2013, payable for 6 years, discounted	22,586,127
D.	City Contribution	
1.	Contribution of $4,869,751 due on 1/1/2011, discounted	4,782,496
2.	Contribution of $5,064,541 due on 1/1/2012, discounted	4,626,787
E.	Assets Available for COLA Benefits	343,766,397
II.	COLA Fund Liabilities for Benefits at October 1, 2010 [3]	
A.	Present Value of Existing COLA Benefits for inactives	
1.	Frozen COLA I benefits	1,464,977
2.	COLA II benefits	279,732,820
3.	Total inactive COLA benefits	281,197,797
B.	Present Value of Projected COLA Benefits for Actives	
1.	Reserve for current actives	29,956,033
2.	Reserve for future actives (15% of B1)	4,493,405
3.	Total	34,449,438
C.	Total Liability Allocated (A3+B4)	315,647,235
D.	Contingency Reserve [20% of I(E)-I(B)(2)]	68,753,279
E.	Unallocated Reserve[2]	(40,634,117)
F.	Total Liability for COLA Benefits	343,766,397

Notes: (1) $(1/1.0750)^{2.25}$ $\ddot{a}_{\overline{6}|}$ = 4.2881335

(2) For $1,312 Table, II(D)+II(E) = $28,119,162

(3) Service for COLA excludes 457 buyback service.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund – With New City Minimum)

III. Derivation of Increase in Table as of January 1, 2011

		-$-
A.	Liability based on current $1,312 table	
1.	Inactive COLA II Benefits	279,732,820
2.	Present Value of Projected COLA benefits for current actives	29,956,033
3.	Reserve for future actives [15% of (2)]	4,493,405
4.	Total	314,182,258
B.	Assets available to increase table	
1.	Total assets available for COLA Benefits	343,766,397
2.	Total Liability Allocated (current $1,312 table)	315,647,235
3.	Contingency Reserve II(D)	68,753,279
4.	Available Assets [(1)-(2)-(3)]	(40,634,117)
5.	$0 due on 1/1/2011, discounted	0
6.	Net Available Assets [(4)-(5)]	(40,634,117)
7.	Increase ratio [(B6)/ (A4)]	0
8.	Table increase [$1,312x (7)]	0
9.	New table amount [$1,312+ (8)]	1,312
10.	Actual new table amount	**1,312**

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Cumulative Experience Position Net of Asset Transfers

I.	Calculation of Expected Unfunded Actuarial Accrued Liability at 10/1/2010	
A.	Expected Unfunded Actuarial Accrued Liability at 10/1/2009	-$-
B.	Entry Age Normal Cost for 2009/2010 Year Paid or Payable by Employer	314,094,582
C.	Interest on (A), (B), and (C)	25,297,544
D.	Contributions for 2009/2010Year Paid or Payable by Employer (Required)	26,302,890
E.	Interest on (E)	55,095,791
F.	Expected Unfunded Actuarial Accrued Liability at 9/30/2010	4,269,924
G.	Additional Unfunded Actuarial Accrued Liability due to	306,329,301
	1. Assumption Changes (Retirement Assumptions, Interest Rate, Mortality Assumptions)	64,907,548
	2. Plan Amendment	(78,024,282)
H.	Final Expected Unfunded Actuarial Accrued Liability at 9/30/2010	293,212,567
II.	Determination of Net Cumulative Experience Position at 10/1/2009(Preliminary)	
A.	Expected Unfunded Actuarial Liability as of September 30, 2010	293,212,567
B.	Entry Age Reserve - Actives	207,976,959
	- Inactives	1,360,342,406
	- Total	1,568,319,365
C.	Actuarial Asset Value	1,180,649,632
D.	Actual Unfunded Actuarial Liability (B)-(C)	387,669,733
E.	Cumulative Experience Gain (Loss) (A)-(D)	(94,457,166)
III.	Future Transfers of Excess Investment Income at 10/1/2010	
A.	$0 due on 1/1/2011, discounted	0
B.	$0 due on 1/1/2012, discounted	0
C.	Total Future Transfers at 10/1/2010 (A)+(B)	0

EXHIBIT 15

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

(COLA Fund)

Summary of Principal COLA Provisions

Effective Date:	January 1, 1994, amended January 1, 1995.
Eligibility:	All inactive members in Miami Fire Fighters' and Police Officers' Retirement Trust.
Prior COLA:	Benefits granted through 1993 continue to be paid, in addition to benefits to be granted in the future.
Available Assets:	Existing COLA assets as of January 1, 1995; beginning with the 1991/92 fiscal year, a percentage of excess investment return on FIPO assets (75% of first 2.5%, 50% of next 2.5%, 25% of next 2.5%), subject to a minimum City contribution of $2.5 million, increasing 4% annually.
Allocated Assets:	Current COLA assets as of September 30, 2009, plus present value of $2.5 million minimum guarantee. The 4% future annual increases is not pre-allocated. A contingency reserve of 9% has been established for adverse experience.
COLA Benefits:	In addition to prior COLA, benefits are based on attached table, with $1,312 monthly benefit for 25 years of creditable service and 22 completed years of retirement (after age 46). The $1,312 amount is reduced by 5% for each year of retirement less than 22 and each year of creditable service less than 25 and increased similarly for years of retirement greater than 22 and years of creditable service greater than 25. Benefits are based on the FIPO option elected. Tabular amounts are adjusted, based on the FIPO adjustments at the time of FIPO benefit commencement, for options other than Option 8 (Joint & 40%). Surviving spouses receive the percentage of the table amount determined under the FIPO election. Service-incurred and accidental disabilities and deaths receive benefits based on the greater of 25 years or actual creditable service.
Changes from Prior Year Valuation:	None.

Miami Firefighters' and Police Officers' Retirement Trust
2011 Monthly Retirement Supplements ($1312 Table)

YEARS OF CREDITABLE SERVICE	Completed Years of Retirement (after age 46)																								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
10	0	0	0	33	49	66	82	98	115	131	148	164	180	197	213	230	246	262	279	295	312	328	344	361	377
11	0	0	0	39	59	79	98	118	138	157	177	197	216	236	256	276	295	315	335	354	374	394	413	433	453
12	0	0	0	46	69	92	115	138	161	184	207	230	253	276	298	321	344	367	390	413	436	459	482	505	528
13	0	0	0	52	79	105	131	157	184	210	236	262	289	315	341	367	394	420	446	472	499	525	551	577	604
14	0	0	0	59	89	118	148	177	207	236	266	295	325	354	384	413	443	472	502	531	561	590	620	649	679
15	0	0	0	66	98	131	164	197	230	262	295	328	361	394	426	459	492	525	558	590	623	656	689	722	754
16	0	0	0	72	108	144	180	216	253	289	325	361	397	433	469	505	541	577	613	649	686	722	758	794	830
17	0	0	0	79	118	157	197	236	276	315	354	394	433	472	512	551	590	630	669	708	748	787	827	866	905
18	0	0	0	85	128	171	213	256	298	341	384	426	469	512	554	597	640	682	725	768	810	853	895	938	981
19	0	0	0	92	138	184	230	276	321	367	413	459	505	551	597	643	689	735	781	827	872	918	964	1010	1056
20	0	0	0	98	148	197	246	295	344	394	443	492	541	590	640	689	738	787	836	886	935	984	1033	1082	1132
21	0	0	0	105	157	210	262	315	367	420	472	525	577	630	682	735	787	840	892	945	997	1050	1102	1155	1207
22	0	0	0	112	167	223	279	335	390	446	502	558	613	669	725	781	836	892	948	1004	1059	1115	1171	1227	1282
23	0	0	0	118	177	236	295	354	413	472	531	590	649	708	768	827	886	945	1004	1063	1122	1181	1240	1299	1358
24	0	0	0	125	187	249	312	374	436	499	561	623	686	748	810	872	935	997	1059	1122	1184	1246	1309	1371	1433
25	0	0	0	131	197	262	328	394	459	525	590	656	722	787	853	918	984	1050	1115	1181	1246	[illegible]	1378	1443	1509
26	0	0	0	138	207	276	344	413	482	551	620	689	758	827	895	964	1033	1102	1171	1240	1309	1378	1446	1515	1584
27	0	0	0	144	216	289	361	433	505	577	649	722	794	866	938	1010	1082	1155	1227	1299	1371	1443	1515	1588	1660
28	0	0	0	151	226	302	377	453	528	604	679	754	830	905	981	1056	1132	1207	1282	1358	1433	1509	1584	1660	1735
29	0	0	0	157	236	315	394	472	551	630	708	787	866	945	1023	1102	1181	1260	1338	1417	1496	1574	1653	1732	1811
30	0	0	0	164	246	328	410	492	574	656	738	820	902	984	1066	1148	1230	1312	1394	1476	1558	1640	1722	1804	1886
31	0	0	0	171	256	341	426	512	597	682	768	853	938	1023	1109	1194	1279	1364	1450	1535	1620	1706	1791	1876	1961
32	0	0	0	177	266	354	443	531	620	708	797	886	974	1063	1151	1240	1328	1417	1506	1594	1683	1771	1860	1948	2037
33	0	0	0	184	276	367	459	551	643	735	827	918	1010	1102	1194	1286	1378	1469	1561	1653	1745	1837	1929	2020	2112
34	0	0	0	190	285	380	476	571	666	761	856	951	1046	1141	1237	1332	1427	1522	1617	1712	1807	1902	1998	2093	2188
35	0	0	0	197	295	394	492	590	689	787	886	984	1082	1181	1279	1378	1476	1574	1673	1771	1870	1968	2066	2165	2263
36	0	0	0	203	305	407	508	610	712	813	915	1017	1118	1220	1322	1424	1525	1627	1729	1830	1932	2034	2135	2237	2339
37	0	0	0	210	315	420	525	630	735	840	945	1050	1155	1260	1364	1469	1574	1679	1784	1889	1994	2099	2204	2309	2414
38	0	0	0	216	325	433	541	649	758	866	974	1082	1191	1299	1407	1515	1624	1732	1840	1948	2057	2165	2273	2381	2490
39	0	0	0	223	335	446	558	669	781	892	1004	1115	1227	1338	1450	1561	1673	1784	1896	2007	2119	2230	2342	2453	2565
40	0	0	0	230	344	459	574	689	804	918	1033	1148	1263	1378	1492	1607	1722	1837	1952	2066	2181	2296	2411	2526	2640
41	0	0	0	236	354	472	590	708	827	945	1063	1181	1299	1417	1535	1653	1771	1889	2007	2125	2244	2362	2480	2598	2716
42	0	0	0	243	364	485	607	728	850	971	1092	1214	1335	1456	1578	1699	1820	1942	2063	2184	2306	2427	2549	2670	2791
43	0	0	0	249	374	499	623	748	872	997	1122	1246	1371	1496	1620	1745	1870	1994	2119	2244	2368	2493	2617	2742	2867
44	0	0	0	256	384	512	640	768	895	1023	1151	1279	1407	1535	1663	1791	1919	2047	2175	2303	2430	2558	2686	2814	2942
45	0	0	0	262	394	525	656	787	918	1050	1181	1312	1443	1574	1706	1837	1968	2099	2230	2362	2493	2624	2755	2886	3018
46	0	0	0	269	403	538	672	807	941	1076	1210	1345	1479	1614	1748	1883	2017	2152	2286	2421	2555	2690	2824	2959	3093
47	0	0	0	276	413	551	689	827	964	1102	1240	1378	1515	1653	1791	1929	2066	2204	2342	2480	2617	2755	2893	3031	3168
48	0	0	0	282	423	564	705	846	987	1128	1269	1410	1551	1692	1834	1975	2116	2257	2398	2539	2680	2821	2962	3103	3244
49	0	0	0	289	433	577	722	866	1010	1155	1299	1443	1588	1732	1876	2020	2165	2309	2453	2598	2742	2886	3031	3175	3319
50	0	0	0	295	443	590	738	886	1033	1181	1328	1476	1624	1771	1919	2066	2214	2362	2509	2657	2804	2952	3100	3247	3395

Miami Firefighters' and Police Officers' Retirement Trust
2011 Monthly Retirement Supplements ($1312 Table)

Completed Years of Retirement (after age 46)

YEARS OF CREDITABLE SERVICE	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50
10	394	410	426	443	459	476	492	508	525	541	558	574	590	607	623	640	656	672	689	705	722	738	754	771	787
11	472	492	512	531	551	571	590	610	630	649	669	689	708	728	748	768	787	807	827	846	866	886	905	925	945
12	551	574	597	620	643	666	689	712	735	758	781	804	827	850	872	895	918	941	964	987	1010	1033	1056	1079	1102
13	630	656	682	708	735	761	787	813	840	866	892	918	945	971	997	1023	1050	1076	1102	1128	1155	1181	1207	1233	1260
14	708	738	768	797	827	856	886	915	945	974	1004	1033	1063	1092	1122	1151	1181	1210	1240	1269	1299	1328	1358	1387	1417
15	787	820	853	886	918	951	984	1017	1050	1082	1115	1148	1181	1214	1246	1279	1312	1345	1378	1410	1443	1476	1509	1542	1574
16	866	902	938	974	1010	1046	1082	1118	1155	1191	1227	1263	1299	1335	1371	1407	1443	1479	1515	1551	1588	1624	1660	1696	1732
17	945	984	1023	1063	1102	1141	1181	1220	1260	1299	1338	1378	1417	1456	1496	1535	1574	1614	1653	1692	1732	1771	1811	1850	1889
18	1023	1066	1109	1151	1194	1237	1279	1322	1364	1407	1450	1492	1535	1578	1620	1663	1706	1748	1791	1834	1876	1919	1961	2004	2047
19	1102	1148	1194	1240	1286	1332	1378	1424	1469	1515	1561	1607	1653	1699	1745	1791	1837	1883	1929	1975	2020	2066	2112	2158	2204
20	1181	1230	1279	1328	1378	1427	1476	1525	1574	1624	1673	1722	1771	1820	1870	1919	1968	2017	2066	2116	2165	2214	2263	2312	2362
21	1260	1312	1364	1417	1469	1522	1574	1627	1679	1732	1784	1837	1889	1942	1994	2047	2099	2152	2204	2257	2309	2362	2414	2467	2519
22	1338	1394	1450	1506	1561	1617	1673	1729	1784	1840	1896	1952	2007	2063	2119	2175	2230	2286	2342	2398	2453	2509	2565	2621	2676
23	1417	1476	1535	1594	1653	1712	1771	1830	1889	1948	2007	2066	2125	2184	2244	2303	2362	2421	2480	2539	2598	2657	2716	2775	2834
24	1496	1558	1620	1683	1745	1807	1870	1932	1994	2057	2119	2181	2244	2306	2368	2430	2493	2555	2617	2680	2742	2804	2867	2929	2991
25	1574	1640	1706	1771	1837	1902	1968	2034	2099	2165	2230	2296	2362	2427	2493	2558	2624	2690	2755	2821	2886	2952	3018	3083	3149
26	1653	1722	1791	1860	1929	1998	2066	2135	2204	2273	2342	2411	2480	2549	2617	2686	2755	2824	2893	2962	3031	3100	3168	3237	3306
27	1732	1804	1876	1948	2020	2093	2165	2237	2309	2381	2453	2526	2598	2670	2742	2814	2886	2959	3031	3103	3175	3247	3319	3392	3464
28	1811	1886	1961	2037	2112	2188	2263	2339	2414	2490	2565	2640	2716	2791	2867	2942	3018	3093	3168	3244	3319	3395	3470	3546	3621
29	1889	1968	2047	2125	2204	2283	2362	2440	2519	2598	2676	2755	2834	2913	2991	3070	3149	3228	3306	3385	3464	3542	3621	3700	3779
30	1968	2050	2132	2214	2296	2378	2460	2542	2624	2706	2788	2870	2952	3034	3116	3198	3280	3362	3444	3526	3608	3690	3772	3854	3936
31	2047	2132	2217	2303	2388	2473	2558	2644	2729	2814	2900	2985	3070	3155	3241	3326	3411	3496	3582	3667	3752	3838	3923	4008	4093
32	2125	2214	2303	2391	2480	2568	2657	2745	2834	2922	3011	3100	3188	3277	3365	3454	3542	3631	3720	3808	3897	3985	4074	4162	4251
33	2204	2296	2388	2480	2572	2663	2755	2847	2939	3031	3123	3214	3306	3398	3490	3582	3674	3765	3857	3949	4041	4133	4225	4316	4408
34	2283	2378	2473	2568	2663	2758	2854	2949	3044	3139	3234	3329	3424	3519	3615	3710	3805	3900	3995	4090	4185	4280	4376	4471	4566
35	2362	2460	2558	2657	2755	2854	2952	3050	3149	3247	3346	3444	3542	3641	3739	3838	3936	4034	4133	4231	4330	4428	4526	4625	4723
36	2440	2542	2644	2745	2847	2949	3050	3152	3254	3355	3457	3559	3660	3762	3864	3966	4067	4169	4271	4372	4474	4576	4677	4779	4881
37	2519	2624	2729	2834	2939	3044	3149	3254	3359	3464	3569	3674	3779	3884	3988	4093	4198	4303	4408	4513	4618	4723	4828	4933	5038
38	2598	2706	2814	2922	3031	3139	3247	3355	3464	3572	3680	3788	3897	4005	4113	4221	4330	4438	4546	4654	4763	4871	4979	5087	5196
39	2676	2788	2900	3011	3123	3234	3346	3457	3569	3680	3792	3903	4015	4126	4238	4349	4461	4572	4684	4795	4907	5018	5130	5241	5353
40	2755	2870	2985	3100	3214	3329	3444	3559	3674	3788	3903	4018	4133	4248	4362	4477	4592	4707	4822	4936	5051	5166	5281	5396	5510
41	2834	2952	3070	3188	3306	3424	3542	3660	3779	3897	4015	4133	4251	4369	4487	4605	4723	4841	4959	5077	5196	5314	5432	5550	5668
42	2913	3034	3155	3277	3398	3519	3641	3762	3884	4005	4126	4248	4369	4490	4612	4733	4854	4976	5097	5218	5340	5461	5583	5704	5825
43	2991	3116	3241	3365	3490	3615	3739	3864	3988	4113	4238	4362	4487	4612	4736	4861	4986	5110	5235	5360	5484	5609	5733	5858	5983
44	3070	3198	3326	3454	3582	3710	3838	3966	4093	4221	4349	4477	4605	4733	4861	4989	5117	5245	5373	5501	5628	5756	5884	6012	6140
45	3149	3280	3411	3542	3674	3805	3936	4067	4198	4330	4461	4592	4723	4854	4986	5117	5248	5379	5510	5642	5773	5904	6035	6166	6298
46	3228	3362	3496	3631	3765	3900	4034	4169	4303	4438	4572	4707	4841	4976	5110	5245	5379	5514	5648	5783	5917	6052	6186	6321	6455
47	3306	3444	3582	3720	3857	3995	4133	4271	4408	4546	4684	4822	4959	5097	5235	5373	5510	5648	5786	5924	6061	6199	6337	6475	6612
48	3385	3526	3667	3808	3949	4090	4231	4372	4513	4654	4795	4936	5077	5218	5360	5501	5642	5783	5924	6065	6206	6347	6488	6629	6770
49	3464	3608	3752	3897	4041	4185	4330	4474	4618	4763	4907	5051	5196	5340	5484	5628	5773	5917	6061	6206	6350	6494	6639	6783	6927
50	3542	3690	3838	3985	4133	4280	4428	4576	4723	4871	5018	5166	5314	5461	5609	5756	5904	6052	6199	6347	6494	6642	6790	6937	7085

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

(COLA Fund)

Summary of Actuarial Basis – Prior Basis

Valuation Date: January 1, 2011.

Valuation Method: Accrued Benefit Cost Method, based on benefits granted to date.

Asset Valuation Method: Market Value, plus present value of future minimum City contributions.

Actuarial Assumptions:

Investment Return: 7.75% compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

Age	Male	Female
20	.0507%	.0284%
30	.0801%	.0351%
40	.1072%	.0709%
50	.2579%	.1428%
60	.7976%	.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

Age	Male	Female
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Summary of Actuarial Basis – Prior Basis
(Continued)

Age	Disability	Turnover	
		<5	5+
20	.00085	.0240	.0192
21	.00095	.0240	.0192
22	.00105	.0240	.0192
23	.00110	.0240	.0192
24	.00125	.0240	.0192
25	.00130	.0240	.0192
26	.00140	.0240	.0192
27	.00150	.0240	.0192
28	.00160	.0240	.0192
29	.00170	.0240	.0192
30	.00180	.0240	.0192
31	.00200	.0240	.0192
32	.00220	.0240	.0192
33	.00245	.0240	.0192
34	.00265	.0240	.0192
35	.00285	.0240	.0192
36	.00305	.0228	.0182
37	.00325	.0216	.0173
38	.00345	.0204	.0163
39	.00370	.0192	.0154
40	.00390	.0180	.0144
41	.00470	.0168	.0134
42	.00555	.0156	.0125
43	.00635	.0144	.0115
44	.00720	.0132	.0106
45	.00800	.0120	.0096
46	.00880	.0096	.0077
47	.00965	.0072	.0057
48	.01045	.0048	.0038
49	.01130	.0024	.0019
50	.01210	.0000	.0000

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Summary of Actuarial Basis – Prior Basis
(Continued)

Age	Disability	Turnover	
		<5	5+
51	.01295	.0000	.0000
52	.01375	.0000	.0000
53	.01455	.0000	.0000
54	.01540	.0000	.0000
55	.01620	.0000	.0000
56	.01785	.0000	.0000
57	.01870	.0000	.0000
58	.01950	.0000	.0000
59	.02030	.0000	.0000
60	.00000	.0000	.0000
61	.00000	.0000	.0000
62	.00000	.0000	.0000
63	.00000	.0000	.0000
64	.00000	.0000	.0000
65	.00000	.0000	.0000

Retirement: Fire Fighters who have attained 64 points by September 30, 2009 and all Police Officers are subject to the Rule of 64; the rest of the Fire Fighters are subject to the Rule of 68. If eligible for Retirement, the following decrements apply, based on service.

Years of Service	Police %	Fire %
<20	0	0
20-24	20	5
25-29	25	25
30-31	50	25
32	100	100

There is no explicit assumption on the percentage of retirements expected to enter the DROP. No distinction is necessary, since funding is calculated to expected retirement or expected DROP entry.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

Summary of Actuarial Basis – Prior Basis
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Martial Status:	All employees are assumed to be married.
Investment Expenses:	Not provided for.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Adjustments from Valuation Date:	Liabilities are discounted for 3 months at the Investment Return assumption.
Sources of Data:	Asset data is from unaudited financial statements. Membership data was furnished by Administrator.
Changes from Prior Year Valuation:	None.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

(COLA Fund)

Summary of Actuarial Basis – Revised Basis

Valuation Date: January 1, 2011.

Valuation Method: Accrued Benefit Cost Method, based on benefits granted to date.

Asset Valuation Method: Market Value, plus present value of future minimum City contributions.

Actuarial Assumptions:

Investment Return: **7.50%, compounded annually.**

Mortality: RP 2000 Mortality Table, Employees and Annuitants Combined, projected by scale AA to 2020, producing following specimen rates:

Age	Male	Female
20	.0235%	.0138%
30	.0402%	.0216%
40	.0919%	.0522%
50	.1487%	.1189%
60	.4887%	.4573%
70	1.6413%	1.5145%
80	5.7647%	3.9866%

Disabled Mortality: **RP 2000 Disabled Mortality Table projected by scale AA to 2020, producing following specimen rates:**

Age	Male	Female
20	1.5696%	.5287%
30	2.0418%	.6093%
40	1.9221%	.5507%
50	2.0149%	.8186%
60	3.0450%	1.9756%
70	4.6257%	3.4045%
80	8.9456%	6.2834%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST
(COLA Fund)

Summary of Actuarial Basis – Revised Basis
(Continued)

Age	Disability	Turnover	
		<5	5+
20	.00085	.0240	.0192
21	.00095	.0240	.0192
22	.00105	.0240	.0192
23	.00110	.0240	.0192
24	.00125	.0240	.0192
25	.00130	.0240	.0192
26	.00140	.0240	.0192
27	.00150	.0240	.0192
28	.00160	.0240	.0192
29	.00170	.0240	.0192
30	.00180	.0240	.0192
31	.00200	.0240	.0192
32	.00220	.0240	.0192
33	.00245	.0240	.0192
34	.00265	.0240	.0192
35	.00285	.0240	.0192
36	.00305	.0240	.0192
37	.00325	.0228	.0182
38	.00345	.0216	.0173
39	.00370	.0204	.0163
40	.00390	.0192	.0154
41	.00470	.0180	.0144
42	.00555	.0168	.0134
43	.00635	.0156	.0125
44	.00720	.0144	.0115
45	.00800	.0132	.0106
46	.00880	.0120	.0096
47	.00965	.0096	.0077
48	.01045	.0072	.0057
49	.01130	.0048	.0038
50	.01210	.0024	.0019
		.0000	.0000

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Summary of Actuarial Basis – Revised Basis
(Continued)

Age	Disability	Turnover	
		< 5	5+
51	.01295	.0000	.0000
52	.01375	.0000	.0000
53	.01455	.0000	.0000
54	.01540	.0000	.0000
55	.01620	.0000	.0000
56	.01785	.0000	.0000
57	.01870	.0000	.0000
58	.01950	.0000	.0000
59	.02030	.0000	.0000
60	.00000	.0000	.0000
61	.00000	.0000	.0000
62	.00000	.0000	.0000
63	.00000	.0000	.0000
64	.00000	.0000	.0000
65	.00000	.0000	.0000

Retirement: Fire Fighters who have attained 64 points by September 30, 2009 and all Police Officers are subject to the Rule of 64; the rest of the Fire Fighters are subject to the Rule of 68. If eligible for Retirement, the following decrements apply, based on service.

Years of Service	Police %	Fire %
<20	0	0
20-24	40	5
25-29	50	25
30-31	100	25
32	0	100

There is no explicit assumption on the percentage of retirements expected to enter the DROP. No distinction is necessary, since funding is calculated to expected retirement or expected DROP entry.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

Summary of Actuarial Basis – Revised Basis
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Martial Status:	All employees are assumed to be married.
Investment Expenses:	Not provided for.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Adjustments from Valuation Date:	Liabilities are discounted for 3 months at the Investment Return assumption.
Sources of Data:	Asset data is from unaudited financial statements. Membership data was furnished by Administrator.
Changes from Prior Year Valuation:	**Investment return/interest discount reduced from 7.75% to 7.5%; Retirement decrements increased for police; Mortality tables changed to RP 2000 projected to 2020; Disabled mortality table changed to RP 2000 disabled mortality table projected to 2020.**

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)
(Based on 01/01/2010 $1,312 Table)

I. Funding Status and Progress as of September 30, 2010 and 2009

Pension benefit obligation:	$(Millions) 2010	2009
- Retirees and beneficiaries currently receiving prior COLA benefits	1.5	1.6
- Retirees and beneficiaries receiving COLA tabular benefits (beginning January 1) and terminated employees not yet receiving tabular benefits	279.7	237.2
- Current Employees Accumulated employee contributions including interest	0.3	1.7
Employer - financed vested	0.0	0.0
Employer - financed non-vested	34.1	49.5
- Total pension benefit obligation	315.6	290.0
Net assets available for benefits	311.8	296.3
Unfunded pension benefit (obligation)/asset	(3.8)	6.3

The pension benefit obligations were determined as part of actuarial valuations at January 1, 2011 and January 1, 2010, based on data and asset information at September 30, 2010 and September 30, 2009. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.50% per year (7.75% for 2009) compounded annually, (b) post retirement COLA benefits based on the table in effect at January 1, 2010 and January 1, 2009.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)
(Based on 01/01/2007 $1,139 Table)

II. Contributions Required and Contributions Made

The funding policy provides for annual employer contributions for 21 years from January 1, 1994. The amount of the contribution was $2.5 million, beginning January 1, 1994, increasing 4% per year each year thereafter, and reduced (but not below zero) by any excess investment income transfer due on the same date.

The excess investment income transfer consists of a portion of gains due to investment return exceeding the 7.75 percent assumption.

III. Analysis of funding Progress ($ Millions)

Fiscal Year	(1) Net Assets Available for Benefits* ($)	(2) Pension Benefit Obligation** ($)	(3) Percent Funded (%)	(4) Unfunded PBO (2)-(1) ($)	(5) Annual Covered Payroll ($)	(4)/(5) (%)
1993	40.8	32.5	126	(8.3)	72.0	(12)
1994	42.6	51.5	83	8.9	72.9	12
1995	63.8	52.0	123	(11.8)	71.5	(17)
1996	83.9	65.7	128	(18.1)	72.9	(25)
1997	117.7	70.8	166	(46.9)	69.6	(67)
1998	144.2	90.9	159	(53.3)	74.3	(72)
1999	180.7	116.3	155	(64.4)	77.7	(83)
2000	220.5	137.0	161	(83.5)	84.3	(99)
2001	195.0	158.4	123	(36.6)	89.7	(41)
2002	174.1	164.5	106	(9.6)	96.9	(10)
2003	194.8	165.1	118	(29.7)	98.9	(30)
2004	210.3	185.7	113	(24.7)	89.2	(28)
2005	231.6	195.0	119	(36.6)	91.5	(40)
2006	249.0	216.8	115	(32.2)	90.4	(36)
2007	300.2	242.9	124	(57.3)	103.6	(55)
2008	305.8	279.4	109	(26.4)	129.4	(20)
2009	296.3	290.0	102	(6.3)	122.2	(5)
2010	311.8	315.6	99	3.8	80.2	5

* Excluding future City minimum contributions.
** Excluding new increment, contingency reserves, and reserves for future actives.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)

IV. Revenues and Expenses

Fiscal Year	Revenues by Source			
	Employee Contributions ($)	Employer Contributions ($)	Investment Income ($)	Total ($)
1987	1,246,688	298,682	871,969	2,417,339
1988	1,272,000	0	393,935	1,665,935
1989	1,381,407	0	686,477	2,067,884
1990	1,457,451	0	694,749	2,152,200
1991	1,505,015	0	1,024,972	2,529,987
1992	1,422,192	0	1,031,806	2,453,998
1993	1,493,735	0	1,151,821	2,645,556
1994	474,233	9,481,546	1,313,750	11,269,529
1995	506	16,818,431	3,754,787	20,573,724
1996	0	2,622,149	3,795,508	6,417,657
1997	4,226	12,736,609	7,724,214	20,465,049
1998	1,094	14,344,834	10,325,730	24,671,658
1999	11,792	17,020,337	9,278,121	26,310,250
2000	293	23,437,048	18,932,095	42,369,436
2001	0	28,380,385	6,709,796	35,090,181
2002	0	32,080,031	571,271	32,651,302
2003	0	3,558,280	6,649,841	10,208,121
2004	0	3,700,611	9,923,222	13,623,833
2005	0	3,848,635	12,516,741	16,365,377
2006	0	0	25,340,983	25,340,983
2007	0	0	47,781,293	47,781,293
2008	0	0	44,539,016	44,539,016
2009	0	0	44,696,486	44,696,486
2010	0	4,682,453	18,493,888	23,176,341

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)
(Continued)

IV. Revenues and Expenses (Continued)

Fiscal Year	Expenses by Type			
	Benefits ($)	Administrative Expenses ($)	Refunds ($)	Total ($)
1987	183,548	7,301	36,679	227,528
1988	321,908	387	68,950	391,245
1989	430,185	0	46,021	476,206
1990	534,058	0	85,067	619,125
1991	578,758	0	76,730	655,488
1992	628,793	20,956	78,054	727,803
1993	665,938	27,288	84,945	778,171
1994	1,657,947	7,430	72,595	1,737,972
1995	2,706,830	0	101,814	2,808,644
1996	3,051,315	0	84,143	3,135,458
1997	3,676,801	0	124,925	3,801,726
1998	4,695,927	0	30,136	4,726,063
1999	5,765,042	295,708	17,974	6,078,724
2000	7,016,378	334,588	13,932	7,364,898
2001	8,225,910	445,723	16,796	8,688,429
2002	8,943,616	437,703	11,101	9,392,420
2003	9,332,318	590,842	9,806	9,932,966
2004	9,916,255	609,251	6,313	10,531,819
2005	10,614,510	672,938	1,182	11,288,630
2006	11,760,071	807,594	1,934	12,569,599
2007	13,304,749	944,477	388	14,249,614
2008	15,666,175	1,053,599	14,154	16,733,928
2009	16,925,422	867,083	0	17,795,505
2010	17,236,918	1,164,379	0	18,401,297

EXHIBIT 18

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Minimum Contribution Schedule (2011/2012)

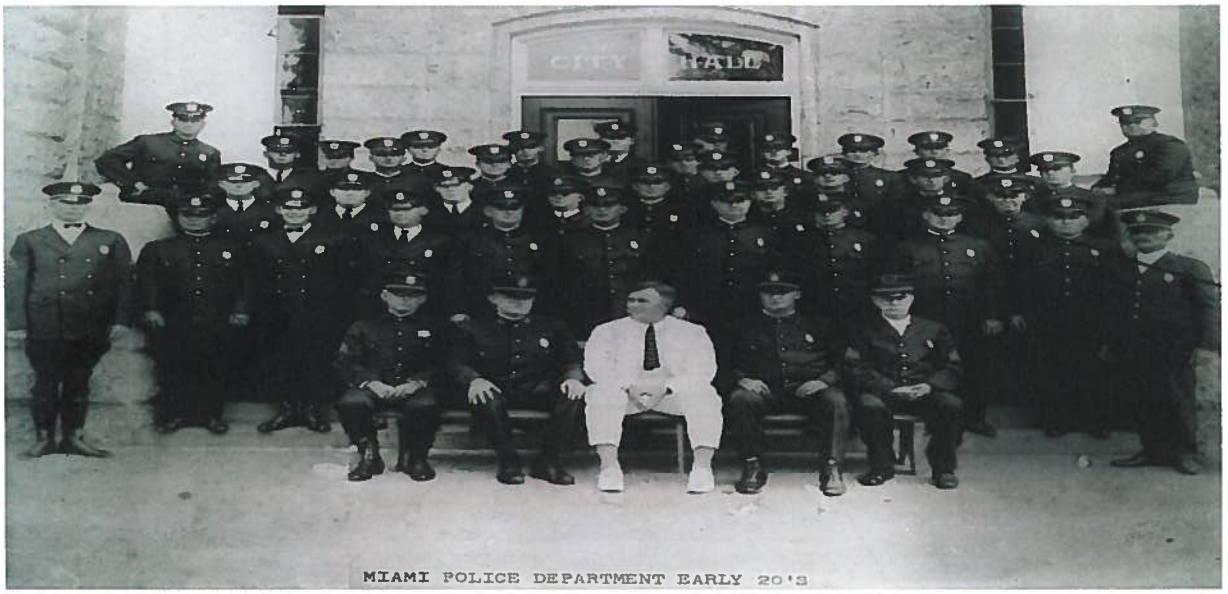
	Date	-$-
A. City Contribution	10/01/2011	42,353,775

Minimum Contribution Calculation

B. Net City Contribution	**42,353,775**
C. Minimum Contribution Rate at 10/01/2011	**52.84%**
D. Actual Payroll (10/1/2011 through 9/30/2012)	
E. Minimum Contribution at 10/01/2011 (greater of (A) and (C)X(D))	
F. Interest from 10/01/2011 to date of deposit ((E)-(A)) X .075 X (days from 10/01/2011 to deposit)/366	
G. Total Minimum Contributions	

Note: This Schedule reflects the City's practice of contributing the amount in (A) on the first business day of the Fiscal Year.

The City of Miami Fire Fighters' and Police Officers' Retirement Trust



73rd ANNUAL REPORT
SEPTEMBER 30, 2012

The City of Miami
Fire Fighters' and Police Officers' Retirement Trust

The City of Miami
Fire Fighters' and Police Officers'
Retirement Trust

73rd ANNUAL REPORT
SEPTEMBER 30, 2012

1895 SW 3rd Avenue, Miami, Florida 33129-1456
Tel: 305-858-6006 Fax: 305-858-9008
www.miamifipo.org

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I

INTRODUCTORY

SECTION

BOARD OF TRUSTEES

AND

PERSONNEL OF THE RETIREMENT TRUST

AS OF SEPTEMBER 30, 2012

Thomas Gabriel - Chairman
Fire Captain
Elected by the Fire Fighters

Jesse Diner
Appointed by the City Commission

Thomas Roell
Appointed by the City Commission

Raul Fernandez
Fire Captain
Elected by the Fire Fighters

Monica Fernandez
Appointed by the City Commission

Ornel Cotera
Appointed by the City Commission

Annette Rotolo
Sergeant of Police
Elected by the Police Officers

Sergio Diez
Sergeant Of Police
Elected by the Police Officers

Robert Moskovitz
Appointed by City Manager

Administrator
Robert H. Nagle

Assistant Administrator
Dania L. Orta

Legal Advisor
Stephen H. Cypen, Esq.

Medical Advisor
Cornell Lupu, MD

Consulting Actuary
Nyhart

Certified Public Accountants
Goldstein Schechter Koch

Investment Managers

Adams Street
Alliance Bernstein
Ambassador Investments
AXA Investments
Black Rock Invest. Managers
Barrow, Hanley, et al
Catalyst Investment
Champlain Asset Management
Coller Capital
Delaware Asset Management
Dodge & Cox Investment Management
Eagle Asset Management
J. P. Morgan Invest. Mangmt.
Lexington Partners
Munder Capital Management
First Eagle
Pantheon
RCM
Robeco Boston Partners
S L Capital
State Street Global Advisors
Urdang
Wellington Investment Manager
Wentworth Hauser Violich

Consultant
William Cottle, CFA, Milliman, Inc.

Custodian
Northern Trust Company

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

73rd ANNUAL REPORT

On September 30, 2012, the City of Miami Fire Fighters' and Police Officers' Retirement Trust completed its seventy second year of operation.

Retirement benefits granted during the year represent annual benefits of $2,269,287.00 and are as follows:

5	Service Retirements with annual benefits of	248,201.00
31	DROP Service Retirements with annual benefits of	2,021,086.00

During the year, 57 pensioners of the Retirement Trust died. Of these, 38 had selected a pension which terminated at their death and 19 had selected an option that will continue to a beneficiary representing yearly benefits of $157,276.00.

During the year ending September 30, 2012, the pension payroll totaled $124,322,444.00 which is an increase of 0.82% when compared to the previous year's total payroll, and is broken down as follows:

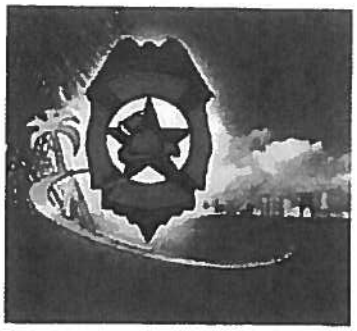
		ANNUAL BENEFITS
1,252	Service Retirements	68,999,815.00
503	DROP Service Retirements	47,298,053.00
61	Early Service Retirements	772,903.00
41	Vested Right Retirements	815,979.00
10	Ordinary Disability Retirements	110,868.00
159	Service/Accidental Disability Retirements	3,474,374.00
7	Accidental Death Retirements	142,527.00
4	Ordinary Death Early	92,899.00
232	Continuances	2,615,027.00
		124,322,444.00
	Securities' gains and losses, Miscellaneous Income	66,419,991.00

The various statements and schedules, which follow, reflect the activities of the system from the beginning as well as for the current year. An outline showing benefits and working procedures is also included.

II

FINANCIAL

SECTION



City of Miami
Fire Fighters' and Police Officers' Retirement Trust

Financial Statements
Years Ended September 30, 2012 and 2011

Goldstein Schechter Koch

GSK Goldstein Schechter Koch
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Independent Auditors' Report

Board of Trustees
City of Miami Fire Fighters' and Police Officers' Retirement Trust
Miami, Florida

We have audited the accompanying statements of plan net assets of the City of Miami Fire Fighters' and Police Officers' Retirement Trust (the Trust) at September 30, 2012 and 2011, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of September 30, 2012 and 2011, and the changes in plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2013 on our consideration of the City of Miami Fire Fighters' and Police Officers' Retirement Trust internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

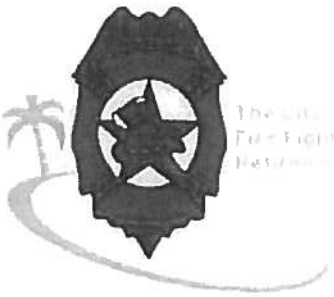
4000 Hollywood Blvd - Suite 215 South • Hollywood, FL 33021
(954) 989-7462 • Fax (954) 962-1021
info@gskcpas.com • www.gskcpas.com

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The required supplementary information for the year ended September 30, 2007 was reported on by Koch Reiss & Co., P.A., whose report states that they did not audit this information and did not express an opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the Trust. The accompanying supplemental schedules of investment expenses and administrative expenses (other supplemental schedules) as listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Goldstein Schechter Koch, P.A.

Hollywood, Florida
January 11, 2013



ADMINISTRATOR
Robert H. Nagle

ASSISTANT
ADMINISTRATOR
Dania L. Orta

TRUSTEES

Orne Cotera
Sergio Diaz
Monica Fernandez
Raul Fernandez
Tom Gabriel
Robert Moskovitz
Thomas Roell
Annette Rotella

Management's Discussion and Analysis
(Required Supplementary Information - Unaudited)
September 30, 2012 and 2011

Our discussion and analysis of the City of Miami Fire Fighters' and Police Officers' Retirement Trust (the Trust) financial performance provides an overview of the Trust's financial activities for the fiscal years ended September 30, 2012 and 2011. Please read it in conjunction with the Trust's financial statements which follow this discussion.

Financial Highlights

- The Trust assets exceeded its liabilities at the close of fiscal years ended 2012 and 2011 by $1,425.3 and $1,297.2 million, respectively (reported as net assets held in trust for pension benefits). Net assets are held in trust to meet future benefit payments. The increase and (decrease) of $128.2 million and of ($42.3) million in net assets, of the respective years, have resulted primarily from the changes in the fair value of the Trust's investments due to volatile financial markets.

- The Trust's funded ratio, a comparison of the actuarial value of assets to the actuarial accrued pension benefit liability, changed from 76% as of the October 1, 2009 actuarial valuation, to 75% as of the October 1, 2010 valuation, and 72% as of the October 1, 2011 valuation.

- For the fiscal year ended September 30, 2012 the Trust's total additions were $273.3 million which were comprised of contributions of $55.8 million and net investment income of $217.5 million.

  For the fiscal year ended September 30, 2011 the Trust's total additions were $100.8 million which were comprised of contributions of $54.3 million and net investment income of $46.5 million.

- For the fiscal year ended September 30, 2012 the Trust's deductions increased over the prior year from $143.2 million to $145.2 or 1.4%. Most of this increase is attributable to increased pension benefits paid.

  For the fiscal year ended September 30, 2011 the Trust's deductions increased over the prior year from $120.9 million to $143.2 or 18.4%. Most of this increase is attributable to increased pension benefits paid.

Plan Highlights

For the year ending September 30, 2012, the total return of the portfolio was 17.9%. Actual net investment income was $217.5 million in 2012 compared with $46.5 million in 2011.

For the year ending September 30, 2011, the total return of the portfolio was 3.0%. Actual net investment income was $46.5 million in 2011 compared with $121.8 million in 2010.

Overview of the Financial Statements

The basic financial statements include the Statements of Plan Net Assets and Statements of Changes in Plan Net Assets and Notes to the Financial Statements. The Trust also includes in this report additional information to supplement the financial statements.

The Trust presents two types of required supplementary schedules, which provide historical trend information about the Trust's funding. The two types of schedules include a schedule of funding progress and a schedule of employer contributions.

The Trust prepares its financial statements on the accrual basis of accounting and in accordance with generally accepted accounting principles in the United States of America. These statements provide information about the Trust's overall financial status.

Description of the Financial Statements

The *Statements of Plan Net Assets* present information that includes all of the Trust's assets and liabilities, with the balance representing the Net Assets Held in Trust for Pension Benefits. It is a snapshot of the financial position of the Trust at that specific point in time and reflects the resources available to pay members, retirees and beneficiaries at that point in time.

The *Statements of Changes in Plan Net Assets* report how the Trust's net assets changed during the fiscal year. The additions and deductions to net assets are summarized in these statements. The additions include contributions to the to the retirement plan from employers (City) and members and net investment income, which includes interest, dividends, investment expenses, and the net appreciation or depreciation in the fair value of investments. The deductions include benefit payments, refunds of member contributions, and administrative expenses.

The *Notes to the Financial Statements* are presented to provide the information necessary for a full understanding of the financial statements. They include additional information not readily evident in the statements themselves such as a description of the Trust, contributions, significant accounting policies, funding policy, and investment risk disclosure.

There are also two *Required Supplementary Schedules* included in this report as required by the Governmental Accounting Standards Board. The *Schedule of Funding Progress* presents historical trend information about the actuarially determined funded status of the Trust from a long-term, ongoing plan perspective, and the progress made in accumulating sufficient assets to fund benefit payments as they become due. The *Schedule of Employer Contributions* presents historical trend information about the annual required contributions of employers and percentage of such contributions in relation to actuarially determined requirements for the years presented.

Description of the Financial Statements - continued

Additional information is presented as part of *Other Supplementary Schedules*. This section is not required but management has chosen to include it. It includes *Schedules of Investment Expenses and Administrative Expenses.* The *Schedule of Investment Expenses* presents the expenses incurred in managing and monitoring the investments of the Trust and include financial management, consultant, and custodial fees. The *Schedule of Administrative Expenses* presents the expenses incurred in the administration of the Trust.

Financial Analysis

- Trust's total assets as of September 30, 2012, were $1,884.8 million and were mostly comprised of cash and cash equivalents, investments, property and equipment, and receivables related to investments. Total assets increased $218.5 million or 13.1%.

  Trust's total assets as of September 30, 2011, were $1,666.2 million and were mostly comprised of cash and cash equivalents, investments, property and equipment, and receivables related to investments. Total assets decreased $2.2 million or 0.1%.

- Total liabilities as of September 30, 2012 were $459.4 million and were mostly comprised of obligations under securities lending, payable for securities purchased and deferred retirement option plan payable. Total liabilities increased $90.4 million or 24.5% from the prior year primarily due to an increase in deferred retirement option plan and obligations under securities lending.

  Total liabilities as of September 30, 2011 were $369.1 million and were mostly comprised of obligations under securities lending, payable for securities purchased and deferred retirement option plan payable. Total liabilities increased $40.1 million or 12.2% from the prior year primarily due to an increase in deferred retirement option plan and obligations under securities lending.

- Trust assets exceeded its liabilities at the close of fiscal year ended September 30, 2012 by $1,425.3 million. Total net assets held in trust for pension benefits increased $128.2 million or 9.9% from the previous year.

  Trust assets exceeded its liabilities at the close of fiscal year ended September 30, 2011 by $1,297.2 million. Total net assets held in trust for pension benefits decreased $42.3 million or 3.2% from the previous year.

Description of the Financial Statements – continued

Financial Analysis - continued

Table 1 - Condensed Statements of Plan Net Assets
September 30,
(Dollar Amounts in Thousands)

	2012	2011	Increase (Decrease) Amount	Total Percentage Change
Assets:				
Cash and cash equivalents	$ 52,745	$ 68,533	$ (15,788)	(23.0)%
Receivables	18,195	9,529	8,666	90.9
Investments	1,535,004	1,352,827	182,177	13.5
Security lending collateral – invested	276,817	233,291	43,526	18.7
Property and equipment, net	2,000	2,043	(43)	(2.1)
Total assets	1,884,761	1,666,223	218,538	13.1
Liabilities:				
Payables for securities purchased	13,735	9,526	4,209	44.2
Accounts payable and other	608	374	234	62.7
Deferred Retirement Option Plan	168,279	125,863	42,416	33.7
Obligations under securities lending	276,817	233,291	43,526	18.7
Total liabilities	459,439	369,054	90,385	24.5
Net assets held in trust for pension benefits	$ 1,425,322	$ 1,297,169	$ 128,153	9.9%

Description of the Financial Statements – continued

Financial Analysis - continued

Table 1 - Condensed Summary of Net Assets
September 30,
(Dollar Amounts in Thousands)

	2011	2010	Increase (Decrease) Amount	Total Percentage Change
Assets:				
Cash and cash equivalents	$ 68,533	$ 43,709	$ 24,824	56.8%
Receivables	9,529	13,973	(4,444)	(31.8)
Investments	1,352,827	1,387,316	(34,489)	(2.5)
Security lending collateral - invested	233,291	221,384	11,907	5.4
Property and equipment, net	2,043	2,085	(42)	(2.0)
Total assets	1,666,223	1,668,467	(2,244)	(0.1)
Liabilities:				
Payables for securities purchased	9,526	17,537	(8,011)	(45.7)
Accounts payable and other	374	268	106	39.5
Deferred Retirement Option Plan	125,863	89,768	36,095	40.2
Obligations under securities lending	233,291	221,384	11,907	5.4
Total liabilities	369,054	328,957	40,097	12.2
Net assets held in trust for pension benefits	$ 1,297,169	$ 1,339,510	$ (42,341)	(3.2)%

Additions to Plan Net Assets

The reserves needed to finance retirement benefits are accumulated through the collection of contributions from members and the City and through earnings on investments. Contributions and net investment income for fiscal years 2012 and 2011 totaled $273.3 and $100.8 million, respectively.

For the fiscal year ended September 30, 2012 total additions to plan net assets increased $172.5 million or 171.1% from those of the prior year, due primarily to an increase in net appreciation in fair value of investments.

Actual results were:

- City contributions increased from the previous year by $0.3 million or 0.6%. This increase is primarily due to changes imposed by City management on the Trust which increased the City's actuarially computed minimum required contribution.

- Member contributions increased from the previous year by $1.3 million or 17.6%. This increase is primarily due to a change in contribution rate for police officers from 7% to 10% during the fiscal year.

- Net investment income increased from the previous year by $171.0 million or 367.4%.

Description of the Financial Statements – continued

Additions to Plan Net Assets - continued

For the fiscal year ended September 30, 2011 total additions to plan net assets decreased $92.5 million or 47.3% from those of the prior year, due primarily to a decrease in net appreciation in fair value of investments.

Actual results were:

- City contributions decreased from the previous year by $13.9 million or 22.8%. This decrease is primarily due to changes imposed by City management on the Trust which reduced the City's actuarial computed minimum required contribution.

- Member contributions decreased from the previous year by $3.3 million or 31.6%. This decrease is primarily due to reductions in pay from changes imposed by City management.

- Net investment income decreased from the previous year by $75.3 million or 61.8 %.

Additions in Plan Net Assets
Years Ended September 30,
(Dollar Amounts in Thousands)

	2012	2011	Increase (Decrease) Amount	Total Percentage Change
City contribution	**$ 47,418**	**$ 47,157**	**$ 261**	**0.6%**
Member contributions	**8,391**	**7,138**	**1,253**	**17.6**
Net investment income	**217,517**	**46,535**	**170,982**	**367.4**
Total additions	**$ 273,326**	**$ 100,830**	**$ 172,496**	**171.1%**

Additions in Plan Net Assets
Years Ended September 30,
(Dollar Amounts in Thousands)

	2011	2010	Increase (Decrease) Amount	Total Percentage Change
City contribution	$ 47,157	$ 61,052	$ (13,895)	(22.8)%
Member contributions	7,138	10,436	(3,298)	(31.6)
Net investment income	46,535	121,813	(75,278)	(61.8)
Total additions	$ 100,830	$ 193,301	$ (92,471)	(47.8)%

Description of the Financial Statements – continued

Deductions from Plan Net Assets

The primary expenses of the Trust include the payment of pension benefits to members and beneficiaries, refund of contributions to former members, distributions to retirees, and administrative expenses. Total deductions for fiscal years ended 2012 and 2011 were $145.2 and $143.2 million, an increase of 1.4% and 18.4%, over years 2011 and 2010 expenditures, respectively.

For the fiscal years ended September 30, 2012 and 2011, the payment of pension benefits to retirees increased by $1.0 and $21.9 million or 0.8% and 21.6%, respectively, from the previous year. The increase in pension benefit expenditures resulted from an increase in number of retirees and an increase in benefit payments to retirees.

For the fiscal years ended September 30, 2012 and 2011, administrative expense increased by $0.1 and $0.2 million or 5.4% and 7.2%, respectively, from the previous year.

Deductions from Plan Net Assets
Years Ended September 30,
(In Thousands)

	2012	2011	Increase (Decrease) Amount	Total Percentage Change
Pension benefits paid	**$ 124,321**	**$ 123,313**	**$ 1,008**	**0.8%**
Refund of contributions	**766**	**274**	**492**	**180.0**
Distributions to retirees	**17,748**	**17,364**	**384**	**2.2**
Administrative expenses	**2,339**	**2,220**	**119**	**5.4**
Total deductions	**$ 145,174**	**$ 143,171**	**$ 2,003**	**1.4%**

Deductions from Plan Net Assets
Years Ended September 30,
(In Thousands)

	2011	2010	Increase (Decrease) Amount	Total Percentage Change
Pension benefits paid	$ 123,313	$ 101,372	$ 21,941	21.6%
Refund of contributions	274	241	33	13.7
Distributions to retirees	17,364	17,237	127	0.7
Administrative expenses	2,220	2,070	150	7.2
Total deductions	$ 143,171	$ 120,920	$ 22,251	18.4%

Capital Assets

As of September 30, 2012 and 2011, the Trust's investment in capital assets totaled $2.0 and $2.0 million, respectively (net of accumulated depreciation). This investment in capital assets includes land and building for administrative use. The appraised value is $2,000,000 and $2,000,000 at September 30, 2012 and 2011, respectively.

Retirement System as a Whole

The Trust's net assets have increased from those of fiscal years ended 2011 and 2010. Management believes, and actuarial studies concur, that the Trust is in a financial position to meet its current obligations.

Contacting the Trust's Financial Management

This financial report is designed to provide the Retirement Board, our membership, taxpayers, investors, and creditors with a general overview of the Trust's finances and to demonstrate the Trust's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City of Miami Fire Fighters' and Police Officers' Retirement Trust Fund, 1895 SW 3 Avenue, Miami FL, 33129.

City of Miami Fire Fighters' and Police Officers' Retirement Trust

Statements of Plan Net Assets
September 30, 2012 and 2011

	2012				2011			
	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total
Assets:								
Cash and cash equivalents	$ 39,329,356	$ 1,749,196	$ 11,666,836	$ 52,745,388	$ 51,609,731	$ 2,139,054	$ 14,784,656	$ 68,533,441
Investments, at fair value:								
Debt securities, domestic	368,170,143	16,374,549	109,215,604	493,760,296	340,701,113	14,120,926	97,600,740	452,422,779
Debt securities, international	23,575,368	1,048,526	6,993,501	31,617,395	18,259,196	756,782	5,230,717	24,246,695
Equity investments, domestic	335,071,112	14,902,454	99,396,963	449,370,529	312,473,988	12,951,005	89,514,508	414,939,501
Equity investments, international	166,254,186	7,394,237	49,318,370	222,966,793	143,501,570	5,947,663	41,108,935	190,558,168
Private equity	32,734,411	1,455,879	9,710,479	43,900,769	31,032,677	1,286,200	8,889,939	41,208,816
Real estate	93,287,248	4,148,997	27,673,138	125,109,383	78,007,760	3,233,162	22,346,904	103,587,826
Mutual funds - Deferred Retirement Option Plan	168,278,569	-	-	168,278,569	125,863,217	-	-	125,863,217
Total investments	1,187,371,037	45,324,642	302,308,055	1,535,003,734	1,049,839,521	38,295,738	264,691,743	1,352,827,002
Security lending cash collateral - invested	206,407,607	9,180,080	61,229,657	276,817,344	175,681,613	7,281,417	50,327,559	233,290,589
Receivables:								
Proceeds from securities sold	12,296,591	-	-	12,296,591	3,756,806	-	-	3,756,806
Member contributions	-	-	-	-	1,798	-	-	1,798
Accrued interest	5,898,115	-	-	5,898,115	5,770,922	-	-	5,770,922
Total receivables	18,194,706	-	-	18,194,706	9,529,526	-	-	9,529,526
Property and equipment, net	1,491,226	66,323	442,364	1,999,913	1,538,228	63,754	440,656	2,042,638
Total assets	1,452,793,932	56,320,241	375,646,912	1,884,761,085	1,288,198,619	47,779,963	330,244,614	1,666,223,196
Liabilities:								
Payable for securities purchased	13,735,005	-	-	13,735,005	9,526,212	-	-	9,526,212
Accounts payable and other	608,290	-	-	608,290	373,907	-	-	373,907
Obligations under securities lending	206,407,607	9,180,080	61,229,657	276,817,344	175,681,613	7,281,417	50,327,559	233,290,589
Deferred Retirement Option Plan	168,278,569	-	-	168,278,569	125,863,217	-	-	125,863,217
Total liabilities	389,029,471	9,180,080	61,229,657	459,439,208	311,444,949	7,281,417	50,327,559	369,053,925
Net assets held in trust for pension benefits (a schedule of funding progress is presented on page 32)	$ 1,063,764,461	$ 47,140,161	$ 314,417,255	$ 1,425,321,877	$ 976,753,670	$ 40,498,546	$ 279,917,055	$ 1,297,169,271

The accompanying notes are an integral part of these financial statements.

City of Miami Fire Fighters' and Police Officers' Retirement Trust

Statements of Changes in Plan Net Assets
For the Years Ended September 30, 2012 and 2011

	2012				2011			
	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total
Additions:								
Contributions:								
City	$ 42,353,775	$ -	$ 5,064,541	$ 47,418,316	$ 42,287,046	$ -	$ 4,869,751	$ 47,156,797
Members	8,390,922	-	-	8,390,922	7,137,824	-	-	7,137,824
Total contributions	50,744,697	-	5,064,541	55,809,238	49,424,870	-	4,869,751	54,294,621
Investment income:								
Net appreciation in fair value of investments	138,705,017	5,812,772	39,775,652	184,293,441	11,049,518	191,060	2,047,028	13,287,606
Interest	20,266,175	854,252	5,830,210	26,950,637	19,694,677	778,811	5,502,298	25,975,786
Dividend	8,330,508	352,589	2,402,714	11,085,811	8,965,200	355,657	2,510,255	11,831,112
Other	196,468	8,223	56,374	261,065	221,137	8,786	61,880	291,803
	167,498,168	7,027,836	48,064,950	222,590,954	39,930,532	1,334,314	10,121,461	51,386,307
Less investment expense	4,301,904	181,346	1,235,726	5,718,976	4,090,708	161,720	1,142,753	5,395,181
Net investment income from investing activities	163,196,264	6,846,490	46,829,224	216,871,978	35,839,824	1,172,594	8,978,708	45,991,126
Security lending activities:								
Security lending income	646,206	27,333	186,300	859,839	549,625	21,792	153,814	725,231
Security lending fees and rebates	161,459	6,829	46,548	214,836	137,296	5,444	38,423	181,163
Unrealized gain	-	-	-	-	-	-	-	-
Net income from security lending activities	484,747	20,504	139,752	645,003	412,329	16,348	115,391	544,068
Total net, investment income	163,681,011	6,866,994	46,968,976	217,516,981	36,252,153	1,188,942	9,094,099	46,535,194
Total additions	214,425,708	6,866,994	52,033,517	273,326,219	85,677,023	1,188,942	13,963,850	100,829,815
Deductions:								
Pension benefits paid	124,321,444	-	-	124,321,444	123,313,080	-	-	123,313,080
Refund of contributions	765,520	421	-	765,941	273,559	-	-	273,559
Distributions to retirees	-	223,556	17,523,925	17,747,481	-	248,193	17,115,648	17,363,841
Depreciation expense	31,932	1,402	9,392	42,726	32,218	1,323	9,184	42,725
Administrative expenses	2,296,021	-	-	2,296,021	2,177,814	-	-	2,177,814
Total deductions	127,414,917	225,379	17,533,317	145,173,613	125,796,671	249,516	17,124,832	143,171,019
Net (decrease) increase	87,010,791	6,641,615	34,500,200	128,152,606	(40,119,648)	939,426	(3,160,982)	(42,341,204)
Net assets held in trust for pension benefits:								
Beginning of year	976,753,670	40,498,546	279,917,055	1,297,169,271	1,016,873,318	39,559,120	283,078,037	1,339,510,475
End of year	$ 1,063,764,461	$ 47,140,161	$ 314,417,255	$ 1,425,321,877	$ 976,753,670	$ 40,498,546	$ 279,917,055	$ 1,297,169,271

The accompanying notes are an integral part of these financial statements.

Note 1 - Description of the Plan

Organization

The City of Miami Fire Fighters' and Police Officers' Retirement Trust (the Trust) is a single employer defined benefit pension plan established by the City of Miami, Florida (the City) pursuant to the provisions and requirements of Ordinance No. 10002 as amended. Since the Trust is sponsored by the City, the Trust is included as a pension trust fund in the City's comprehensive financial report as part of the City's financial reporting entity.

The following brief description of the Trust is provided for general information purposes only. Participants should refer to the Trust document for more detailed and comprehensive information.

Membership

Participants are contributing police officers and firefighters with full-time status in the Police and Fire Department of the City of Miami, Florida.

Membership in the Trust consisted of the following as of October 1:

	2012	2011
Retirees and beneficiaries currently receiving benefits and terminated members entitled to benefits but not yet receiving them	2,285	2,285
Current members:		
Vested	521	518
Nonvested	715	678
	1,236	1,196

Member Contributions

Members contribute a percentage of their base salaries on a bi-weekly basis. Police Officers' member contribution is 10% and Firefighters' member contribution is 10% (9% prior to October 1, 2009), of compensation or equal to the City's contribution, whichever is less. Prior to the agreement dated January 9, 1994, members contributed 10.5%, of which 2% was designated as a contribution to the Cost-of-Living Adjustment I Account (COLA I account). Effective January 9, 1994, the Trust entered into an agreement with the City whereby this percentage was decreased to 10% and a new Cost-of-Living Adjustment II Account (COLA II account) was created and funded by an actuarially determined percentage of the excess investment return (from other than COLA I account assets).

Note 1 - Description of the Plan - continued

Member Contributions- continued

Should the member contribution be less than 7% for Police Officers and 10% (9% prior to October 1, 2010) for Firefighters, due to the City contribution, the difference between the percentage contributed and the actual contribution shall be deducted from the member's paycheck and placed into an individual contribution account (ICA), as part of the retirement system. Interest on ICA's shall be determined in the same manner as the COLA transfer methodology. Interest shall be credited periodically to the ICA's as determined by the retirement system board's actuary. Member contributions and earnings in ICA's shall be deemed 100% vested upon deposit. Upon the member's separation, ICA balances shall be disbursed as provided under the IRS Code. As of September 30, 2012 and 2011 it was not necessary to create an ICA.

During the years ended September 30, 2012 and 2011, approximately $299,900 and $69,205 respectively, is included as member contributions for the purchase of additional service years by members as provided for by the Trust.

Funding Requirements

The City is to contribute such amounts as are necessary to maintain the actuarial soundness of the Trust and to provide the Trust with assets sufficient to meet the benefits to be paid to the participants. Contributions to the Trust are authorized, pursuant to City of Miami Code Section 40.196 (a) and (b). Contributions to the COLA accounts are authorized pursuant to Section 40.204 of the City of Miami Code. The City's contributions to the Trust provide for non-investment expenses and normal costs of the Trust. The yield (interest, dividends, and net realized gains and losses) on investments of the Trust serves to reduce/increase future contributions that would otherwise be required to provide for the defined level of benefits under the Trust.

Pension Benefits

Members may elect to retire after 10 or more years of creditable service upon attainment of normal retirement age. Normal retirement pursuant to Section 40-203 of the City of Miami code shall be determined as follows:

Plan A
"For members employed on September 30, 2010, who as of that date have attained age 50 with ten or more years of creditable service or eligibility for rule of 64 retirement for police officer members, or eligibility for rule of 68 retirement for firefighter members, the normal retirement age shall be 50 years of age with ten or more years of creditable service, or rule of 64 retirement for police officer members, or rule of 68 for firefighter members."

Note 1 - Description of the Plan - continued

Pension Benefits - continued

Plan B
"For members employed on September 30, 2010, who as of that date have not attained age 50 with ten or more years of creditable service, or rule of 64 retirement for police officer members, or rule of 68 retirement for firefighter members, and member hired on or after October 1, 2010 shall be rule of 70 retirement with a minimum age of 50 and ten or more years of creditable service."

A member entitled to a normal retirement benefit shall receive a retirement allowance equal to 3% of the member's average final compensation (as defined in the city code section 40-191), multiplied by years of creditable service for the first 15 years of such creditable service, plus a retirement allowance equal to 3% (3½% for members who retired prior to October 1, 2010) of member's average final compensation multiplied by the years of creditable service in excess of 15 years, paid in monthly installments.

The maximum benefit for members who retire after September 30, 2010 is 100% of average final compensation or $100,000 per year, whichever is less, as of retirement or DROP entry date.

Rule of 64, 68 and 70 shall mean a computation consisting of the sum of a member's age and length of creditable service, which sum shall permit normal service retirement upon the member's combined age and creditable service equaling at least 64, 68 and 70, respectively.

Early retirement, disability, death and other benefits are also provided.

Investments

The Trust's investment policy is determined by the Board of Trustees and is implemented by investment managers. In addition, the Trust utilizes an investment advisor who monitors the investing activities. The investment policy of the Trust stipulates that the trustees shall, in acquiring, investing, reinvesting, exchanging, retaining, selling and maintaining property for the benefit of the Trust, exercise the judgment and care under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital. The trustees are authorized to acquire and retain various kinds of property, real, personal or mixed, and various types of investments specifically including, but not by way of limitation, bonds, debentures and other corporate obligations, and stocks, preferred or common, which persons of prudence, discretion and intelligence acquire or retain for their own account. The investment of funds shall be in a manner that is consistent with the applicable sections of the City Code as well as State and Federal laws within the allocation percentages established in the Trust's investment policy guidelines.

The investments are considered held by the Membership and Benefit Account and a share of the value of this account is allocated to each account based on a weighted average calculation performed each month to reflect each account's membership and benefit, COLA I and COLA II activity.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The Trust's financial statements are prepared using the accrual basis of accounting. Member contributions are recognized as revenues in the period in which contributions are due. City contributions are recognized as revenues when due pursuant to actuarial valuations. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investment purchases and sales are recorded on a trade-date basis. Interest and other income are recorded as earned and dividend income is recorded as of the ex-dividend date.

Cash equivalents

The Trust considers all highly liquid investments with short maturities, typically less than three months but no more than one year when purchased, to be cash equivalents.

Investments

Investments are recorded at fair value in the Statement of Plan Net Assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The diversity of the investment types in which the Trust has entered into requires a range of techniques to determine fair value. The overall valuation processes and information sources by major investment classification are as follows:

- Debt securities: Debt securities consist primarily of negotiable obligations of the U.S. government and U.S. government-sponsored agencies, corporations, securitized offerings backed by residential and commercial mortgages, TIPS and foreign debt securities. These securities can typically be valued using the close or last traded price on a specific date (quoted prices in active markets). When quoted prices are not available, fair value is determined based on valuation models that use inputs that include market observable inputs. These inputs included recent trades, yields, price quotes, cash flows, maturity, credit ratings, and other assumptions based upon the specifics of the investment's type.

- Equity securities: These include domestic and international equities. Domestic securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year. Securities traded in the over-the counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price. International equities are valued based upon quoted foreign market prices and translated into U.S. dollars at the exchange rate in effect at September 30, 2012 and 2011. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on yields currently available on comparable securities of issuers with similar credit ratings.

Note 2 - Summary of Significant Accounting Policies - continued

- Alternative investments: These investments include private equity, private debt, venture capital and equity real estate investments where no readily ascertainable market value exists. To value these investments, management, in consultation with the general partner and investment advisors, determines the fair values for the individual investments based upon the partnership's or limited liability company's most recent available financial information adjusted for cash flow activities through September 30, 2012 and 2011. The estimated fair value of these investments may differ from values that would have been used had a ready market existed.

Unrealized gains and losses are presented as net appreciation in fair value of investments on the statement of changes in plan net assets along with gains and losses realized on sales of investments. Purchases and sales of securities are reflected on a trade-date basis. Interest income is recognized as earned and dividend income is recorded as of the ex-dividend date. Realized gains and losses on the sale of investments are based on average cost identification method.

Given the inherent nature of investments it is reasonably possible that changes in the value of those investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of plan net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

Property and equipment are stated at cost and depreciated using the straight-line method over the estimated lives of the assets.

Income Tax Status

The Trust is tax-exempt under the Internal Revenue Code and, therefore, has recorded no income tax liability or expense.

Risk and Uncertainties

Contributions to the Trust and the actuarial information included in the required supplementary information (RSI) are reported based on certain assumptions pertaining to the interest rates, inflation rates and member compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to the uncertainties inherent in settling assumptions, that the effect of such changes could be material to the financial statements.

Note 2 - Summary of Significant Accounting Policies - continued

Subsequent Events

Management has evaluated subsequent events through January 11, 2013, the date which the financial statements were available for issue.

Note 3 - Funded Status and Funding Progress

The funded status of the Trust as of October 1, 2011, the most recent actuarial valuation date, is as follows, (dollar amounts in millions):

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
10/01/11	$1,150.3	$1,590.5	$440.2	72%	$82.2	536%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

The Trust is funded in accordance with the Aggregate Cost Method. In accordance with GASB 50, the AAL above has been calculated in accordance with the Entry Age Normal Cost Method, for purposes of calculating and disclosing the funded ratio. The information presented here is intended to serve as a surrogate for the funded status of the plan.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

Note 3 - Funded Status and Funding Progress - continued

Additional information as of the latest actuarial valuation follows:

Valuation Date:	October 1, 2011
Actuarial Cost Method:	Aggregate Cost Method. Percentage of actual payroll, if greater than calculated dollar City contributions, if greater than dollar amount calculated under the provision of Gates.
Amortization Method:	N/A
Asset Valuation Method:	20% Write-Up Method: Expected value is based on the Interest Discount/Investment Return rate applied to the actuarial asset value as of the previous valuation date and cash flow during the year. 20% of the difference between the Expected Value and the Market Value (net of pending transfers to the COLA Fund) is added to the Expected Value. The result cannot be greater than 120% of market value or less than 80% of market value (net of pending COLA transfers).
Actuarial assumptions:	
Investment rate of return	7.5%, compounded annually
Salary increases:	
Inflation	3.25%, compounded annually, attributable to inflation
Seniority/merit	5.0% to 0% reducing by attained age
Promotion/other	1.5%
Mortality table	RP 2000 mortality table projected to 2020
Disabled mortality	RP 2000 disabled mortality table projected to 2020

Note 4 - Deposit and Investment Risk Disclosures

Cash and cash equivalents

Deposits are carried at cost and are included in cash and cash equivalents in the statement of net assets available for plan benefits. Cash and cash equivalents include demand accounts and short-term investment funds (STIF). The cash is invested through daily sweeps of excess cash by the Trust's custodial bank into the custodial short-term (money market) commingled fund or invested in certificates of deposit, commercial paper, U.S. Treasury bills and repurchase agreements. Cash and cash equivalents at September 30 consists of the following:

	2012	2011
Deposits – managed overdraft	$ (177,680)	$ (30,075)
Invested cash and currency	23,427,131	21,600,027
Short-term investment	29,495,937	46,963,489
Total	$ 52,745,388	$ 68,533,441

Note 4 - Deposit and Investment Risk Disclosures - continued

Investment Authorization

The Board of Trustees holds the fiduciary responsibility for the Trust, and has adopted a policy to invest in several institutionally acceptable asset classes. Thus, the Trustees have set a reasonably diversified asset allocation in accordance to state statutes (including minimum and maximum allocations), which is expected to appropriately fund the Trust's liabilities and meet its basic investment objectives. The basis for such a target asset allocation is a study of the Trust's pension liabilities and reasonable, alternative investment portfolios.

These asset classes are domestic equity (large, mid and small capitalization), international equity (developed and emerging markets), domestic real estate (institutional quality properties either individually or in open-ended commingled funds, or in REIT securities portfolios), private equity funds, domestic fixed income, and short-term investments. Other asset classes may be added by the Trustees to its investment policy.

Investment in domestic equity securities shall be limited to those listed on a major U.S. stock exchange and limited to no more than 34% (at market) of the Trust's total asset value. Investments in stocks of foreign companies shall be limited to 23% of the value of the Trust's portfolio.

Investments in domestic fixed income securities shall be limited to 55% (at maturity) of the Trusts' total portfolio. The domestic fixed income portfolio shall be comprised of securities rated "BBB" or higher by nationally recognized rating agencies, preferably by Moodys' or Standard & Poors rating services. Investment in TIPS has also been authorized by the Trust. The goal of the TIPS allocation is to protect against inflation. Proper diversification of TIPS portfolios is required, such that reasonable risk/reward expectations are maintained. Performance attribution is required, as is the case of domestic fixed income managers.

The Trust invests in various funds and investment vehicles which employ specific strategies and co-investments often outside the traditional asset classes. The most common investment categories for these funds include domestic and international real estate and private equity funds. The structure of these investments is generally a limited partnership or limited liability company and tend to be long term and illiquid in nature. Real estate investments and private equity funds shall be limited to 10% and 8%, respectively, of the value of the portfolio.

No single security can represent more than 5% of the market value of a portfolio at the time of purchase, and no single industry (based on Global Industry Classification System codes) can represent more than 15% of the market value of the account. These single security and single industry restrictions do not apply to U.S. Government and Agency bond holdings.

Note 4 - Deposit and Investment Risk Disclosures - continued

Types of Investments

Florida statutes and Trust investment policy authorize the Trustees to invest funds in various investments. The current target and actual allocation of these investments at market, per the performance analysis report, is as follows as of September 30:

	2012		2011	
Authorized Investments	Target % of Portfolio	Actual % of Portfolio	Target % of Portfolio	Actual of Portfolio
Cash	0.0%	0.0%	0.0%	0.2%
Domestic equities	28.0	32.5	28.0	32.7
Domestic fixed income	41.0	38.4	41.0	39.7
International equities	18.0	17.3	18.0	16.5
Real estate	8.0	8.9	8.0	8.2
Private equity	5.0	2.9	5.0	2.7

Investments

The table below shows the Trust's investments by type as of September 30:

	2012	2011
Debt securities, domestic:		
U.S. treasuries	$ 67,283,289	$ 46,527,352
U.S. agencies	105,875,001	90,064,269
TIPS	71,534,033	67,440,484
Corporate bonds	215,817,111	203,919,068
Asset backed securities	13,847,934	18,945,733
Mortgage backed securities	18,866,371	24,439,842
Guaranteed fixed income	536,557	1,086,031
	493,760,296	452,422,779
Debt securities, international:		
International government bonds	5,651,807	2,147,273
Corporate bonds	25,965,588	22,099,422
	31,617,395	24,246,695
Equity securities, domestic	449,370,529	414,939,501
Equity securities, international	222,966,793	190,558,168
Private equity	43,900,769	41,208,816
Real estate equity	125,109,383	103,587,826
Mutual funds - DROP	168,278,569	125,863,217
Total	$ 1,535,003,734	$1,352,827,002

Note 4 - Deposit and Investment Risk Disclosures - continued

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to interest rate risk, the Trust diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities.

Information about the sensitivity of the fair values of the Trust's investments to market interest rate fluctuations is provided by the following tables that show the distribution of the Trust's investments by maturity at September 30:

2012
Investment Maturities (in years)

Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. treasuries	$ 138,817,322	$ 16,763,020	$ 55,518,116	$ 45,663,030	$ 20,873,156
U.S. agencies	105,875,001	1,061,402	2,655,008	2,934,425	99,224,166
Domestic Fixed Income	249,067,973	5,032,892	84,572,118	114,788,417	44,674,546
International Fixed Income	31,617,395	1,570,479	12,398,088	13,116,685	4,532,143
	$ 525,377,691	$24,427,793	$ 155,143,330	$ 176,502,557	$ 169,304,011
% of fixed income portfolio	100.0%	4.7%	29.5%	33.6%	32.2%

2011
Investment Maturities (in years)

Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. treasuries	$ 113,967,836	$ 5,927,328	$ 43,436,369	$ 50,318,714	$ 14,285,425
U.S. agencies	90,064,269	524,836	1,811,253	3,082,333	84,645,847
Domestic Fixed Income	248,390,774	3,918,523	73,474,650	117,137,118	53,860,483
International Fixed Income	24,246,595	1,890,033	8,336,415	9,614,784	4,405,363
	$ 476,669,474	$ 12,260,720	$ 127,058,687	$ 180,152,949	$ 157,197,118
% of fixed income Portfolio	100.0%	2.5%	26.7%	37.8%	33.0%

Credit Risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Trust's investment policy utilizes portfolio diversification in order to control this risk.

Note 4 - Deposit and Investment Risk Disclosures - continued

Credit Risk - continued

The following tables disclose credit ratings by investment type, at September 30, as applicable:

	2012	
	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	$ 244,692,323	46.57%
Credit risk debt securities:		
AAA	9,659,787	1.84
AA+	13,359,080	2.54
AA	6,018,794	1.15
AA-	7,144,105	1.36
A+	16,230,876	3.09
A	20,892,150	3.98
A-	35,563,605	6.77
BBB+	23,059,329	4.39
BBB	36,684,491	6.98
BBB-	11,509,255	2.19
BB+ and lower	83,790,353	15.95
Not rated	16,773,543	3.19
Total credit risk debt securities	280,685,368	53.43
Total fixed income securities	$ 525,377,691	100.00%

	2011	
	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	$ 204,032,105	42.80%
Credit risk debt securities:		
AAA	28,896,641	6.06
A+	914,175	0.19
AA	27,335,786	5.73
A	73,987,241	15.52
BBB	68,050,776	14.28
BB and lower	70,339,935	14.76
Not rated	3,112,815	0.66
Total credit risk debt securities	272,637,369	57.20
Total fixed income securities	$ 476,669,474	100.00%

*Obligations of the U.S. government or obligations explicitly or implicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

Note 4 - Deposit and Investment Risk Disclosures - continued

Concentration of Credit Risk

The investment policy of the Trust contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of plan net assets at September 30, 2012 and 2011.

Custodial Credit Risk

Deposits are exposed to custodial risk if they are uninsured and uncollateralized. Custodial risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Trust will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Trust's deposits are covered by depository insurance or are collateralized by securities held with a financial institution in the Trust's name. The Trust is only exposed to custodial credit risk for uncollateralized cash and cash equivalents that are not covered by federal depository insurance.

Custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Trust will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the Trust, and are held either by the counterparty or the counterparty's trust department or agent but not in the Trust's name.

Consistent with the Trust's investment policy, the investments are held by Trust's custodial bank and registered in the Trust's name. All of the Trust's deposits are insured and or collateralized by a financial institution separate from the Trust's depository financial institution.

The Trust participates in securities lending transactions, as lender, and the securities loaned in those circumstances are exposed to some degree of custodial credit risk. The trust does require that its custodian maintain insurance to help protect against losses due to negligence, theft, and certain other events.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of the investment or a deposit. The Trust may have exposure to foreign currency risk to the extent its investments contain non-U.S. dollar denominated holdings in foreign countries. All asset classes may hold non-U.S. securities, depending on portfolio guidelines. There is no requirement that this exposure to foreign currency be hedged through forward currency contracts, although the manager uses them in many cases.

Note 4 - Deposit and Investment Risk Disclosures - continued

Foreign Currency Risk - continued

The Trust has exposure to foreign currency fluctuation at September 30, as follows:

2012

Currency	Cash and cash equivalents	Equity	Fixed Income	Real Estate	Total
Australian Dollar	**$ -**	**$ 798,244**	**$ -**	**$ -**	**$ 798,244**
British Pound Sterling	**76,063**	**5,055,247**	**-**	**-**	**5,131,310**
Canadian Dollar	**6,464**	**1,629,607**	**-**	**-**	**1,636,071**
Euro	**187,628**	**11,439,464**	**-**	**3,017,893**	**14,644,985**
Hong Kong Dollar	**-**	**861,720**	**266,468**	**-**	**1,128,188**
Japanese Yen	**-**	**15,184,705**	**-**	**-**	**15,184,705**
Mexican Peso	**-**	**1,006,805**	**-**	**-**	**1,006,805**
Norwegian Krone	**-**	**462,105**	**-**	**-**	**462,105**
Singapore Dollar	**-**	**3,276,878**	**61,998**	**-**	**3,338,876**
South Korean Won	**-**	**2,319,209**	**-**	**-**	**2,319,209**
Swedish Krona	**-**	**757,524**	**-**	**-**	**757,524**
Swiss Franc	**109,045**	**6,632,742**	**-**	**-**	**6,741,787**
Other	**-**	**2,074,092**	**-**	**-**	**2,074,092**
Total	**$ 379,200**	**$ 51,498,342**	**$ 328,466**	**$ 3,017,893**	**$ 55,223,901**

2011

Currency	Cash and cash equivalents	Equity	Fixed Income	Real Estate	Total
Australian Dollar	$ -	$ 874,601	$ -	$ -	$ 874,601
British Pound Sterling	21,637	3,447,097	656,521	-	4,125,255
Canadian Dollar	3,699	283,963	-	-	287,662
Euro	10,771	9,523,755	-	2,444,700	11,979,226
Hong Kong Dollar	-	833,635	849,930	-	1,683,565
Japanese Yen	-	16,667,880	-	-	16,667,880
Mexican Peso	-	932,607	-	-	932,607
Norwegian Krone	-	-	-	-	-
Singapore Dollar	-	2,692,597	640,770	-	3,333,367
South Korean Won	-	2,602,122	-	-	2,602,122
Swedish Krona	-	319,609	-	-	319,609
Swiss Franc	40,661	6,173,025	-	-	6,213,686
Other	8,582	1,542,860	-	-	1,551,442
Total	$ 85,350	$ 45,893,751	$ 2,147,221	$ 2,444,700	$ 50,571,022

Note 4 - Deposit and Investment Risk Disclosures - continued

Derivatives

Derivatives are financial instruments whose value is derived from underlying asset or data. All of the Trust derivatives are considered investments. Derivatives generally take the form of contracts in which two parties agree to make payments at a later date based on the value of specific assets or indices. The Trust may invest in various derivative financial instruments such as financial futures; forward foreign currency contracts and currency options; interest rate swaps, interest-only and principal only CMOs; and mortgage CMOs to enhance the performance and reduce volatility.

In past years, the primary reasons for the use of derivative contracts have pertained to their ability to facilitate changes to the asset allocation of the total plan and for their low cost of implementation. The acceptable investment purposes for the use of derivatives are as follows:

a. Appropriate to use futures, options and forward currency contracts to assist investment managers in mitigating portfolio risk.
b. Useful substitute for an existing, traditional investment. In certain circumstances it may be cheaper, quicker or easier to invest in a derivative instrument or security rather than transacting in the cash or traditional security market.
c. Provides investment value to the portfolio, while being consistent with the Retirement Trust's overall and specific investment policies.
d. Obtains investment exposure that is appropriate with the mangers' investment strategy and the Retirement Trust's investment guidelines, but could not be made through traditional investment securities.

Futures are contractual obligations that require the buyer (seller) to buy (sell) assets at a predetermined date at a predetermined price. These contracts are standardized and traded on an organized exchange with gains and losses settled daily thereby minimizing credit and default risk. Gains and losses are included in the net appreciation in the fair value of investments total of the Statement of Changes in Plan Net Assets.

As of September 30, 2012 and 2011, the Trust did not have any derivatives.

Securities Lending Transactions

A retirement system is authorized by state statutes and board of trustees' policies to lend its investment securities. The lending is managed by the Trust's custodial bank. All loans can be terminated on demand by either the Trust or the borrowers, although the average term of loans is approximately 128 and 92 days, respectively, as of September 30, 2012 and 2011. The custodial bank and its affiliates are prohibited from borrowing the Trust's securities.

Note 4 - Deposit and Investment Risk Disclosures - continued

Securities Lending Transactions - continued

The agent lends the Trust's U.S. government and agency securities and domestic corporate fixed-income and equity securities for securities or cash collateral at least 102 percent of the market value of the securities plus any accrued interest and international securities at least 105 percent of the market value of the securities plus any accrued interest. The securities lending contracts do not allow the Trust to pledge or sell any collateral securities unless the borrower defaults. Cash collateral is invested in the agent's collateral investment pool, whose share values are based on the amortized cost of the pool's investments. Investments are restricted to issuers with a credit rating A3 or A- or higher by Moody's or Standard & Poor's. At September 30, 2012 and 2011, the pool had a weighted average term to maturity of 34 and 38 days, respectively.

The relationship between the maturities of the investment pool and the Trust's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Trust cannot determine. There are policy restrictions by the custodial bank that limit the amount of securities that can be lent at one time or to one borrower.

Loaned securities continue to be classified as investment assets on the statement of plan net assets. balance sheet. Cash collateral is recorded as an asset with a corresponding liability. For lending agreements collateralized by securities, no accompanying asset or liability is recorded, since the Trust is not permitted to sell or re-pledge the associated collateral.

The following represents the balances relating to securities lending transactions at September 30:

	2012		
Securities Lent:	**Market Value of Securities on Loan for Cash**	**Fair Value of Cash Collateral Invested**	**Fair Value of Liabilities to Borrowers**
U.S. government and agency obligations	**$ 116,409,970**	**$ 119,119,277**	**$ 119,119,277**
International equities	**4,116,641**	**4,364,203**	**4,364,203**
Domestic corporate stocks	**112,192,082**	**115,325,992**	**115,325,992**
Domestic corporate bonds	**37,028,822**	**38,007,872**	**38,007,872**
Total securities lent	**$ 269,747,515**	**$ 276,817,344**	**$ 276,817,344**

	2011		
Securities Lent:	Market Value of Securities on Loan for Cash	Fair Value of Cash Collateral Invested	Fair Value of Liabilities to Borrowers
U.S. government and agency obligations	$ 63,434,656	$ 64,936,073	$ 64,936,073
International equities	2,237,971	2,402,920	2,402,920
Domestic corporate stocks	124,406,897	129,991,293	129,991,293
Domestic corporate bonds	34,732,674	35,960,303	35,960,303
Total securities lent	$ 224,812,198	$ 233,290,589	$ 233,290,589

Note 4 - Deposit and Investment Risk Disclosures - continued

The contract with the Trust's custodian requires the custodian to indemnify the Trust if the borrower fails to return the securities, due to the insolvency of a borrower, and the custodian has failed to live up to its contractual responsibilities relating to the lending of those securities. At year end, the Trust has no credit risk exposure to borrowers because the amounts of collateral held by the Trust exceed the amounts the borrowers owe the Trust. There are no significant violations of legal or contractual provisions, no borrowers or lending agent default losses, and no recoveries of prior period losses during the year. There is no income distributions owing on securities lent.

Note 5 - COLA Accounts

Effective January 9, 1994, the Trust entered into an agreement with the City of Miami with regards to the funding methods, member benefits, member contributions and retiree COLA. As of January 9, 1994, members no longer contribute to the original COLA account (COLA I), and a new COLA account (COLA II) was established.

The agreement included the following provisions:

- The funding method was changed to an aggregate cost method.
- Combining all accounts for investment purposes (membership and benefit, COLA I and COLA II).
- Retirees receive additional COLA benefits.
- Active members no longer contribute 2% of pretax earnings to fund the original retiree COLA account (COLA I account).

The COLA II account is funded annually by a percentage of the excess investment returns from other than COLA I account assets. The excess earnings contributed to the COLA II account will be used to fund a minimum annual payment of $2.5 million, increasing by 4% compounded annually. To the extent necessary, the City will fund the portion of the minimum annual payment not funded by annual excess earnings no later than January 1 of the following year. During the years ended September 30, 2012 and 2011, approximately $5,065,000 and $4,870,000, respectively, was funded by the City. Benefits payable from the COLA accounts are computed in accordance with an actuarially based formula as defined in Section 40.204 of the City of Miami Code.

Note 6 - Deferred Retirement Option Plan (DROP)

Members who are eligible for service retirement or Rule of 64 or Rule 68 after September 1998 may elect to enter the Deferred Retirement Option Plan. Maximum participation in the DROP for firefighters shall be 54 full months and for police officers shall be 84 full months. A member's creditable service, accrued benefit and compensation calculation shall be frozen.

Upon commencement of participation in the DROP, the participant's contribution and the City's contribution to the Trust for that participant cease as the participant will not earn further creditable service for pension purposes.

Effective July 24, 2008, firefighter DROP participants may continue City employment for up to a maximum of 54 full months and police officers who elect DROP on May 8, 2008, or thereafter, may continue City employment for up to a maximum of 84 full months. No payment is made to or for the benefit of a DROP participant beyond that period. For persons electing participation in the DROP, an individual DROP account shall be created. Payment shall be made by the retirement trust into the member's DROP account in an amount equal to the regular monthly retirement benefit which the participant would have received had the participant separated from service and commenced receipt of pension benefits. Payments received by the participant in the DROP account are tax deferred. A series of investment vehicles which are established by the board of trustees are made available to DROP participants to choose from. Any losses, charges, or expenses incurred by the participant in their DROP account are not made up by the City or the Trust, but shall be borne by the participant.

Upon termination of employment, a member may receive distribution from the DROP account in the following manner:

- Lump sum distribution
- Periodic payments
- Annuity
- Roll over of the balance to another qualified retirement plan

Any member may defer distribution until the latest date authorized by Section 401(a)(9) of the Internal Revenue Code.

A DROP participant shall not be entitled to receive an ordinary or service disability retirement and in the event of death of a DROP participant, there shall be no accidental death benefit for pension purposes. DROP participation does not affect any other death or disability benefit provided to a member under federal law, state law, City ordinance, or any rights or benefits under any applicable collective bargaining agreement. At September 30, 2012 and 2011, there were 497 and 516 DROP participants, respectively.

The DROP of the Trust also consists of a Benefit Actuarially Calculated DROP (BACDROP). A member may elect to BACDROP to a date no further back than the date of their retirement eligibility date. Effective October 1, 2001, the BACDROP period must be in 12 month increments, beginning at the start of a pay period, not to exceed 48 full months for firefighters and 12 full months for police officers who elect DROP on October 1, 2003. Participation in the BACDROP does not preclude participation in the Forward DROP.

Note 7 - Property and Equipment

Property and equipment consist of the following at September 30:

	Estimated Useful Life	2012	2011
Land	N/A	$ 760,865	$ 760,865
Building	39 years	1,666,305	1,666,305
Total cost		2,427,170	2,427,170
Less: accumulated depreciation		427,257	384,532
Net		$ 1,999,913	$ 2,042,638

Depreciation expense for the years ended September 30, 2012 and 2011 was $42,726 and $42,725, respectively.

Note 8 - Administrative Expenses Reimbursement

Prior to fiscal year ended September 30, 2011, administrative costs of the Trust were paid directly by the Trust from budget advance monies provided by the City. The Trust provided the City with an accounting of how these funds were expended during the period and thus were fully funded by the City.

For the fiscal years ended September 30, 2012 and 2011 the reimbursed administrative expenses are accounted for as a part of the actuarially determined minimum required contributions from the City.

Note 9 - Off-Balance-Sheet Financing

The Trust, in the normal course of business, enters into commitments with off-balance-sheet risk. The Trust adheres to the same credit policies, financial and administrative controls and risk limiting and monitoring procedures for commitments as for on-balance-sheet investments.

The future financial commitments outstanding for private equity investments at September 30, 2012 and 2011 were, respectively, approximately $37,952,000 and $13,600,000.

Note 10 - Retirement Plan for Staff

The employees of the Trust participate in a separate plan sponsored by the City of Miami Fire Fighters' and Police Officers' Retirement Trust, which is a single employer defined benefit pension plan for the staff of the Trust. The quarterly contribution to the plan is based on a specified percentage of the eligible employees' compensation. The employees' contribution is 7% of compensation for all employees. The Trust is to contribute such amounts as necessary to provide the Plan with assets sufficient to meet the benefits to be paid to the participants. Retirement contributions for the fiscal years ended September 30, 2012 and 2011 were $193,263 and $80,485, respectively.

The Trust's contributions to the Plan for the calendar years ending December 31, 2012, 2011 and 2010 were actuarially determined by the January 1, 2012, 2011, and 2010 valuations to be $143,996, $162,930, and $144,553, respectively.

Note 11 - Subsequent Event

The Trust has adopted the following changes through Ordinance File No. 12-01048 adopted by the City on September 27, 2012.

- Effective the first full pay period following October 1, 2012, the member contributions for police officer's hired prior to October 1, 2012 is 10% of earnable compensation. Effective September 30, 2014, the member contribution for police officers hired prior to October 1, 2012 shall be 7% of earnable compensation. The member contribution for police officers hired on or after October 1, 2012 is 3% of earnable compensation greater than the member contribution for police officer members hired prior to October 1, 2012.

- Effective the first full pay period following October 1, 2012, the member contribution for firefighters shall be ten percent of earnable compensation. On September 30, 2014, the member contribution for firefighters shall be 7% of earnable compensation. The member contribution for firefighters hired on or after October 1, 2014, shall be ten percent of earnable compensation.

- Any participant who is employed and not participating in the DROP on September 30, 2010 shall be eligible to elect the DROP for benefits accrued prior to that date.

- A Backdrop benefit option shall be implemented on January 1, 2013 to replace the existing DROP program. Employees who have not attained normal retirement eligibility as of January 1, 2013 or were not vested by October 1, 2010, and all employees hired on or after January 1, 2013, will be eligible for the Backdrop option, but will not be eligible for the DROP. Anyone eligible for the forward DROP as of January 1, 2013 remains eligible for the forward DROP as it presently exists and anyone eligible for the forward DROP as of January 1, 2013, who chooses not to enter the forward DROP remains eligible for the Backdrop.

    - An eligible employee who elects the Backdrop option shall receive a monthly benefit payable on the employee's actual retirement date based on the benefit the employee would have received if he/she had left City employment and retired on an earlier date after attaining normal retirement eligibility. In addition, an eligible employee who elects the Backdrop option will receive a lump sum payment equal to the accumulation of monthly retirement benefit payments he/she would have received during the period following the Backdrop date through the actual retirement date plus interest at the rate of 3% per year, compounded annually.
    - Employees are eligible to elect the Backdrop option after completing one year of creditable service following the normal retirement date. The maximum Backdrop period is seven years.
    - Employees will be able to revoke their Backdrop election one time, but within one month of their election.

Required Supplementary Information

City Of Miami Fire Fighters' And Police Officers' Retirement Trust

Required Supplementary Information - Unaudited
September 30, 2012

Schedule "1" - Schedule of Funding Progress – Revised*
(dollars in millions)

Valuation Date	Actuarial Value of Assets *	Actuarial Accrued Liability AAL	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
10/01/06	$ 1,133.00	$ 1,260.50	$ 127.50	90%	$ 90.40	141%
10/01/07	1,208.80	1,318.40	109.60	92	103.60	106
10/01/08	1,219.60	1,452.50	232.90	85	129.40	172
10/01/09	1,165.00	1,539.30	374.40	76	122.20	306
10/01/10	1,180.60	1,568.30	387.70	75	80.20	483
10/01/11	1,150.30	1,590.50	440.20	72	82.20	536

* Revised by actuary to demonstrate the percent funded based on the (ACTUARIAL ASSET VALUE) in place of the (NET ASSETS AVAILABLE FOR BENEFITS).

Schedule "2" - Schedule of Contributions by Employer

Year Ended September 30,	Annual Required Contribution	Percentage Contributed
2007	$ 40,542,078	100%
2008	36,040,251	100
2009	36,993,395	100
2010	59,025,379	100
2011	47,156,797	100
2012	47,418,316	100

The information presented in the required Supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Since the Trust uses the Aggregate Cost Method, a schedule of Funding Progress is not required as that method does not separately identify or separately amortize unfunded actuarial liabilities. As the Trust believes the above information is useful to users of the financial statements, the above Schedule "1" was prepared excluding COLA accounts using the Entry Age Normal Actuarial Accrued Liability.

Other Supplementary Schedules

City of Miami Fire Fighters' and Police Officers' Retirement Trust

Other Supplementary Schedules of Investment Expenses

For the Years Ended September 30, 2012 and 2011

	2012	2011
Financial management expenses		
Equities		
Alliance Bernstein	$ -	$ 150,354
Barrow Hanley	374,891	470,100
BGI/Black Rock	65,226	61,849
Boston Partners	271,616	299,705
Champlain Investments	551,245	614,164
Delaware Investment	332,962	368,791
RCM Capital	282,371	362,914
Eagle Asset Management	223,480	260,610
First Eagle	648,629	80,426
Urdang & Associates	419,557	411,186
Wentworth Hauser & Violich	581,322	434,447
Total	3,751,299	3,514,546
Fixed Income		
Ambassador Capital	158,420	154,909
AXA High Yield	371,894	350,635
Barrow Hanley	261,925	246,736
Dodge & Cox	210,701	253,531
Munder Capital	137,865	147,946
Wellington TIPS	110,488	101,652
Total	1,251,293	1,255,409
Real Estate		
Certified Appraisal Services of South Florida, Inc.	1,000	-
J.P. Morgan	715,384	625,226
Total	716,384	625,226
Total investment expenses	$ 5,718,976	$ 5,395,181

City of Miami Fire Fighters' and Police Officers' Retirement Trust

Other Supplementary Schedules of Administrative Expenses

For the Years Ended September 30, 2012 and 2011

	2012	2011
Personnel services		
Salaries and payroll taxes	$ 512,946	$ 491,504
Fringe benefits	156,010	174,633
Total personnel services	668,956	666,137
Professional services		
Actuarial	144,214	140,052
Audit	38,500	37,900
Consultant and custodial	461,063	419,565
Legal	136,020	79,310
Total professional services	779,797	676,827
Other		
Education and travel	24,167	37,829
Insurance	74,437	88,148
Office expense	501,750	507,885
Repair and maintenance	24,312	96,561
Retirement contribution	193,263	80,485
Utilities	29,339	23,942
Total other	847,268	834,850
Total administrative expenses	$ 2,296,021	$ 2,177,814

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

GSK Goldstein Schechter Koch
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
City of Miami Fire Fighters' and Police Officers' Retirement Trust
Miami, Florida

We have audited the financial statements of the City of Miami Fire Fighters' and Police Officers' Retirement Trust (the "Trust") as of and for the year ended September 30, 2012 and have issued our report thereon January 11, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the Trust is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Trust's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

4000 Hollywood Blvd • Suite 215 South • Hollywood FL 33021
(954) 989 7462 • Fax (954) 962-1021
info@gskcpas.com • www.gskcpas.com

Goldstein Schechter Koch
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Trustees, management, participants and applicable state and city agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Goldstein Schechter Koch, P.A.

Hollywood, Florida
January 11, 2013

III

INVESTMENT

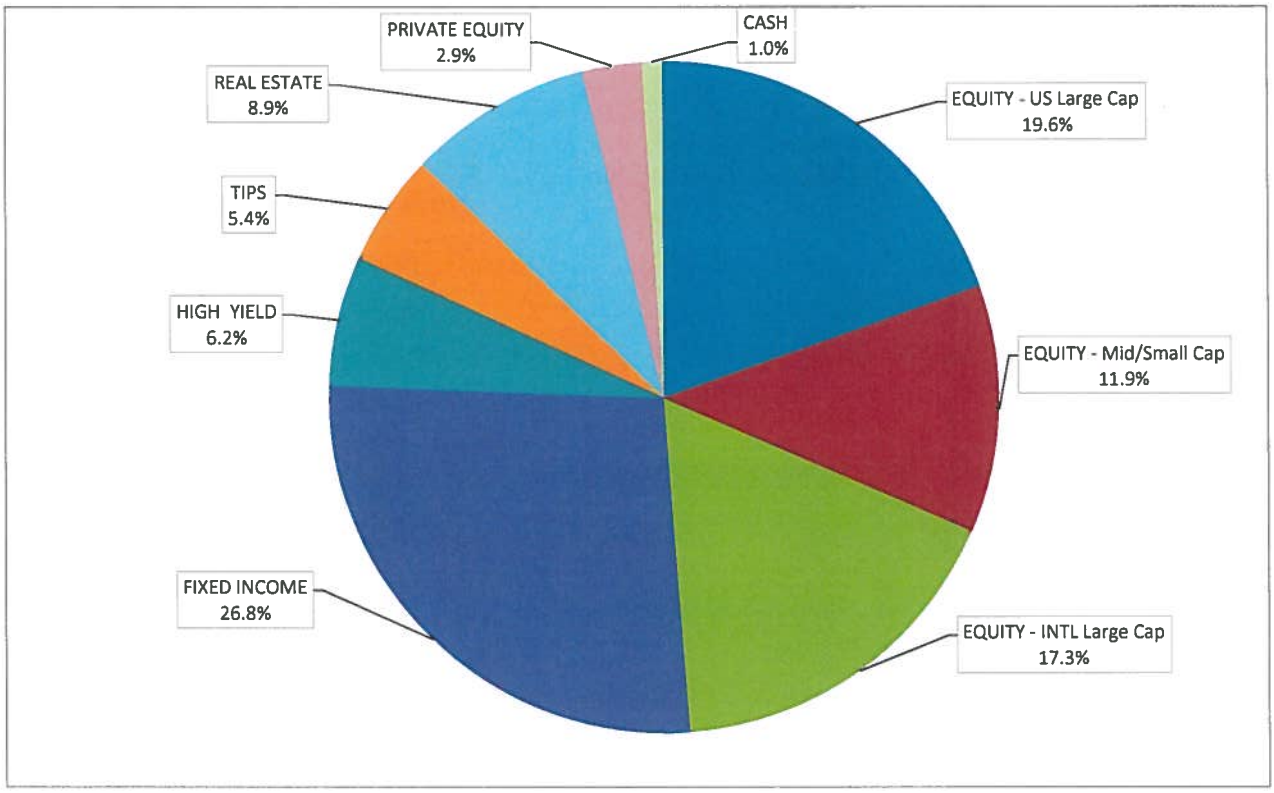
SECTION

INVESTMENT ANALYSIS
YEAR ENDED SEPTEMBER 30, 2012

	GENERAL FUND		COLA I		COLA II	
BALANCE AS OF 10/01/2011		906,551,989		40,498,544		279,917,053
Additions: Purchases						
Short Term Investment	13					
Mutual Funds	27,218,069					
Private Equity	5,087,504					
Private Equity International	4,089,955					
Commercial Paper	7,422,983					
Commodity Ex Traded Fund International	1,762,903					
US Treasury Bills	4,382,663					
US Treasury Bonds	82,218,821					
US Treasury Bonds International	170,870					
US Treasury Notes	43,099,142					
Corporate Bonds	49,499,639					
Corporate Bonds International	9,301					
Domestic Equity	178,292,575					
International Equity	75,727,508					
Share of Assets Transferred	0		6,865,590		52,024,125	
Share of Assets Transferred COLA I	0		0		0	
Share of Assets Transferred COLA II	0					
		478,981,944		6,865,590		52,024,125
Deductions: Redemptions & Sale						
Mutual Funds	5,696,513					
Private Equity	5,696,171					
Private Equity International	789,334					
Commercial Paper	6,805,781					
Commodity Ex Traded Fund International	1,269,134					
US Treasury Bonds	54,670,510					
US Treasury Bonds International	1,989,626					
US Treasury Notes	29,046,555					
Corporate Bonds	45,564,725					
Corporate Bonds International	37,896					
Domestic Equity	143,861,547					
International Equity	43,792,758					
Share of Securities Tranferred To COLA I	6,641,613			223,977		
Share of Securities Tranferred To COLA II	34,500,200					17,523,925
		380,362,364				
BALANCE AS OF 09/30/2012		1,005,171,569		47,140,157		314,417,253

ASSET ALLOCATION

as of 9/30/2012

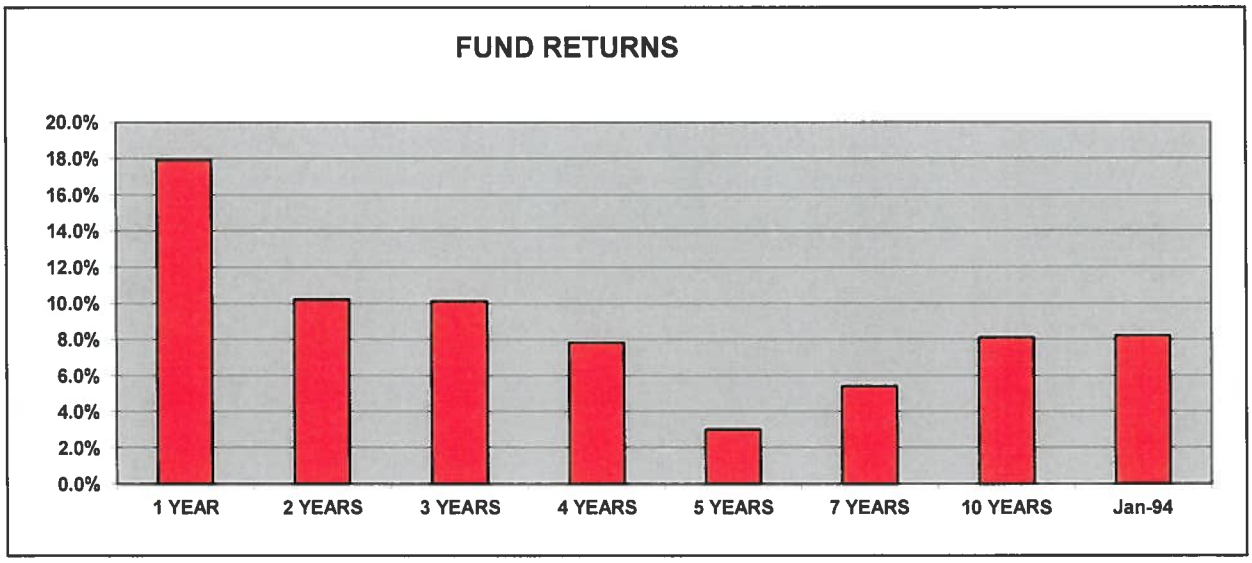


Asset Class	Current	Target
EQUITY - US Large Cap	19.6%	17%
EQUITY - Mid/Small Cap	11.9%	11%
EQUITY - INTL Large Cap	17.3%	18%
FIXED INCOME	26.8%	31%
HIGH YIELD	6.2%	5%
TIPS	5.4%	5%
REAL ESTATE	8.9%	8%
PRIVATE EQUITY	2.9%	5%
CASH	1.0%	0%
TOTAL	100.0%	100%

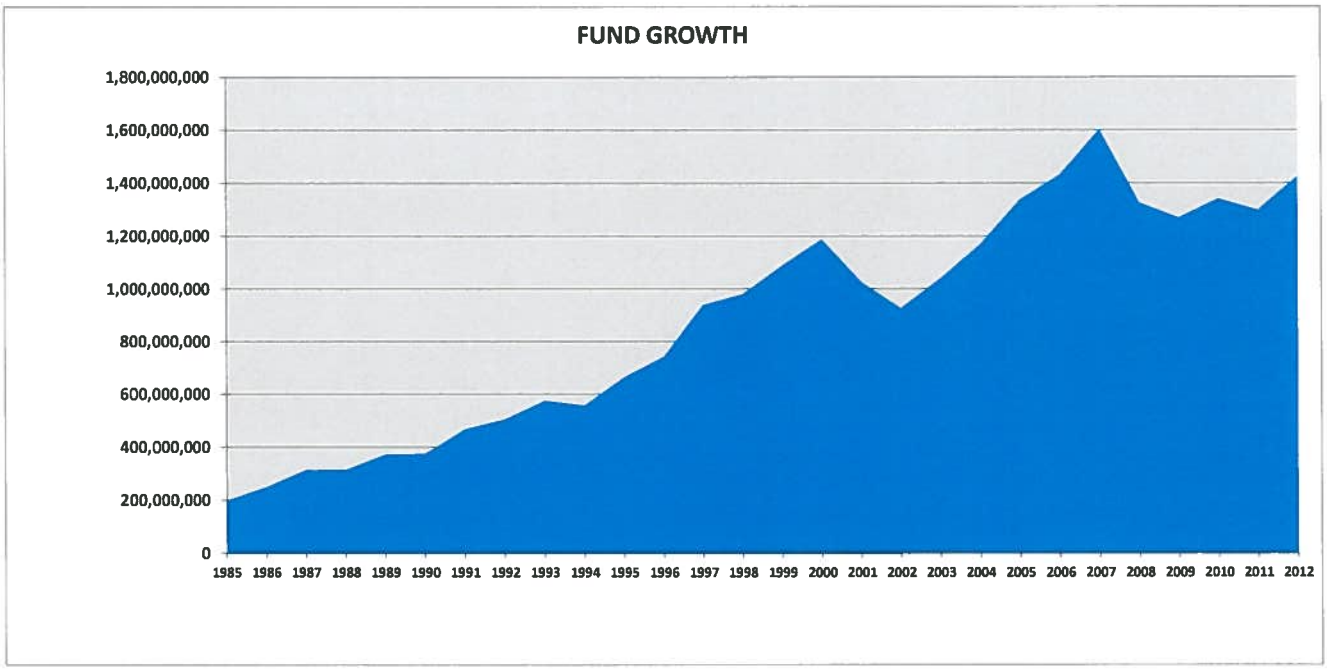
TOTAL FUND RETURNS

as of 9/30/12

	LAST 1 YEAR	LAST 2 YEARS	LAST 3 YEARS	LAST 4 YEARS	LAST 5 YEARS	LAST 7 YEARS	LAST 10 YEARS	SINCE Jan-94
FUND RETURNS	17.9%	10.2%	10.1%	7.8%	3.0%	5.4%	8.1%	8.2%



GROWTH OF THE FUND
(Fiscal Year End)



FISCAL YEAR	MARKET VALUE
1985	199,345,728
1986	250,500,507
1987	314,887,130
1988	314,756,341
1989	372,898,432
1990	375,600,000
1991	467,717,640
1992	507,233,089
1993	577,531,203
1994	559,130,104
1995	665,309,481
1996	742,938,069
1997	938,525,274
1998	978,062,036
1999	1,086,034,187
2000	1,186,001,037
2001	1,025,439,757
2002	926,355,174
2003	1,038,797,014
2004	1,168,244,034
2005	1,336,399,433
2006	1,429,556,438
2007	1,600,810,429
2008	1,324,750,244
2009	1,267,128,720
2010	1,339,510,475
2011	1,297,169,271
2012	1,425,321,877

CITY OF MIAMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2012

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	SHORT TERM FUNDS				
AMBASSADOR	NTGI COLTV GOVT STIF REGISTERED - Income	USA	2,377,438.32	2,377,438.32	2,377,438.32
AXA	NTGI COLTV GOVT STIF REGISTERED - Income	USA	2,172,796.77	2,172,796.77	2,172,796.77
BARROW HANLEY BOND	NTGI COLTV GOVT STIF REGISTERED - Income	USA	1,562,096.34	1,562,096.34	1,562,096.34
BARROW HANLEY EQUITY	NTGI COLTV GOVT STIF REGISTERED - Income	USA	705,553.41	705,553.41	705,553.41
BLACKROCK S&P INDEX	CASH HELD ELSEWHERE BLACKROCK FD	USA	0.96	0.96	0.96
BLACKROCK S&P INDEX	CF BLACKROCK MONEY MARKET FD	USA	46.00	46.00	46.00
CHAMPLAIN MIDCAP	NTGI COLTV GOVT STIF REGISTERED - Income	USA	751,272.61	751,272.61	751,272.61
CHAMPLAIN SMALLCAP	NTGI COLTV GOVT STIF REGISTERED - Principal	USA	4,729,089.88	4,729,089.88	4,729,089.88
DELAWARE	NTGI COLTV GOVT STIF REGISTERED - Principal	USA	1,830,002.31	1,830,002.31	1,830,002.31
DODGE & COX	NTGI COLTV GOVT STIF REGISTERED - Income	USA	2,659,483.63	2,659,483.63	2,659,483.63
EAGLE	NTGI COLTV GOVT STIF REGISTERED - Principal	USA	1,477,273.66	1,477,273.66	1,477,273.66
FIRST EAGLE	Australian dollar - Cash	Australia	0.00	40.94	40.94
FIRST EAGLE	British pound sterling - Cash	UK	0.00	29.10	29.10
FIRST EAGLE	Canadian dollar - Cash	Canada	0.00	15.82	15.82
FIRST EAGLE	Euro - Cash	Euro	0.00	7.15	7.15
FIRST EAGLE	Hong Kong dollar - Cash	Hong Kong	0.00	1.00	1.00
FIRST EAGLE	Japanese yen - Cash	Japan	0.00	0.01	0.01
FIRST EAGLE	Mexican peso - Cash	Mexico	0.00	0.02	0.02
FIRST EAGLE	New Israeli shekel - Cash	Israel	0.00	3.24	3.24
FIRST EAGLE	Norwegian krone - Cash	Norway	0.00	1.54	1.54
FIRST EAGLE	Singapore dollar - Cash	Singapore	0.00	0.04	0.04
FIRST EAGLE	Swedish krona - Cash	Sweden	0.00	0.85	0.85
FIRST EAGLE	Thai baht - Cash	Thailand	0.00	8,438.60	8,438.60
FIRST EAGLE	USA dollar - Invested Cash	USA	0.00	18,266,777.83	18,266,777.83
JP MORGAN REAL ESTATE	CF JPMCB LIQUIDITY FD CV OVER 1 BIL	USA	3,768.00	3,768.00	3,768.00
MAIN ACCOUNT	NTGI COLTV GOVT STIF REGISTERED - Income	USA	641,335.46	641,335.46	641,335.46
MUNDER	NTGI COLTV GOVT STIF REGISTERED - Income	USA	9,059,069.23	9,059,069.23	9,059,069.23
PANTHEON EURO V-B LP	Euro - Cash	Euro	0.00	141,514.99	141,514.99
ROBECO BOSTON PARTNERS	NTGI COLTV GOVT STIF REGISTERED - Income	USA	1,533,432.02	1,533,432.02	1,533,432.02
TRANSITION ACCOUNT	USA dollar - Variation Margin	USA	0.00	413.32	413.32
URDANG REAL ESTATE	NTGI COLTV GOVT STIF REGISTERED - Income	USA	2,577.31	2,577.31	2,577.31
WELLINGTON	NTGI COLTV GOVT STIF REGISTERED - Income	USA	62,616.36	62,616.36	62,616.36
WHV INTL	British pound sterling - Cash	UK	0.00	76,034.11	76,034.11
WHV INTL	Canadian dollar - Cash	Canada	0.00	6,448.50	6,448.50
WHV INTL	Euro - Cash	Euro	0.00	46,146.39	46,146.39
WHV INTL	Swiss franc - Cash	Switzerland	0.00	109,045.26	109,045.26
WHV INTL	USA dollar - Invested Cash	USA	0.00	4,522,617.42	4,522,617.42
	TOTAL SHORT TERM FUNDS		**29,567,852.27**	**52,745,388.40**	**52,745,388.40**
	OTHER CASH & EQUIVALENTS				
MAIN ACCOUNT	SECURITIES LENDING CORE USA CASH COLLATERAL	USA		276,817,344.00	276,817,344.00
	TOTAL OTHER CASH & EQUIVALENTS			**276,817,344.00**	**276,817,344.00**

CITY OF MIAMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2012

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	COMMON STOCK				
ALLIANCE BERNSTEIN	NEXEN INC COM NPV	Canada	94.00	2,220.51	2,378.78
BARROW HANLEY EQUITY	ADR BP P L C SPONSORED ADR	UK	84,000.00	3,928,703.10	3,558,240.00
BARROW HANLEY EQUITY	ADR TEVA PHARMACEUTICAL INDS	Israel	25,100.00	1,326,181.09	1,039,391.00
BARROW HANLEY EQUITY	ADR VODAFONE GROUP PLC NEW SPONSORED ADR	UK	65,500.00	1,805,466.98	1,866,422.50
BARROW HANLEY EQUITY	ALTRIA GROUP INC COM	USA	103,000.00	1,689,478.37	3,439,170.00
BARROW HANLEY EQUITY	AMERICAN EXPRESS CO	USA	65,700.00	3,398,656.92	3,735,702.00
BARROW HANLEY EQUITY	AT&T INC COM	USA	102,000.00	3,251,787.96	3,845,400.00
BARROW HANLEY EQUITY	BANK OF AMERICA CORP	USA	186,365.00	3,954,003.59	1,645,602.95
BARROW HANLEY EQUITY	BAXTER INTL INC COM	USA	46,900.00	1,764,713.83	2,826,194.00
BARROW HANLEY EQUITY	CAP 1 FNCL COM	USA	73,900.00	2,890,993.73	4,213,039.00
BARROW HANLEY EQUITY	CARNIVAL CORP COM PAIRED	Panama	108,400.00	3,744,054.53	3,950,096.00
BARROW HANLEY EQUITY	CHEVRON CORP COM	USA	23,600.00	2,107,760.77	2,750,816.00
BARROW HANLEY EQUITY	CITIGROUP INC COM NEW COM NEW	USA	70,290.00	3,021,104.73	2,299,888.80
BARROW HANLEY EQUITY	CONOCOPHILLIPS COM	USA	60,500.00	2,652,147.17	3,459,390.00
BARROW HANLEY EQUITY	CORNING INC COM	USA	109,700.00	2,168,866.20	1,442,555.00
BARROW HANLEY EQUITY	CVS CAREMARK CORP COM STK	USA	68,800.00	2,089,131.63	3,331,296.00
BARROW HANLEY EQUITY	EMERSON ELECTRIC CO COM	USA	44,400.00	1,453,616.03	2,143,188.00
BARROW HANLEY EQUITY	GENERAL ELECTRIC CO	USA	143,000.00	2,427,111.54	3,247,530.00
BARROW HANLEY EQUITY	HONEYWELL INTL INC COM STK	USA	45,000.00	1,474,926.63	2,688,750.00
BARROW HANLEY EQUITY	ILL TOOL WKS INC COM	USA	60,500.00	2,311,163.12	3,597,935.00
BARROW HANLEY EQUITY	INTERNATIONAL BUSINESS MACHS CORP COM	USA	15,600.00	1,668,062.62	3,236,220.00
BARROW HANLEY EQUITY	JOHNSON & JOHNSON COM USD1	USA	50,800.00	3,246,266.60	3,500,628.00
BARROW HANLEY EQUITY	JPMORGAN CHASE & CO COM	USA	88,400.00	3,510,980.39	3,578,432.00
BARROW HANLEY EQUITY	L-3 COMMUNICATIONS HLDG CORP COM	USA	17,100.00	1,254,771.57	1,226,241.00
BARROW HANLEY EQUITY	MARATHON OIL CORP COM	USA	113,600.00	2,393,922.49	3,359,152.00
BARROW HANLEY EQUITY	MEDTRONIC INC COM	USA	92,000.00	3,364,801.09	3,967,040.00
BARROW HANLEY EQUITY	MICROSOFT CORP COM	USA	99,100.00	1,998,366.36	2,951,198.00
BARROW HANLEY EQUITY	OCCIDENTAL PETROLEUM CORP	USA	34,300.00	434,743.15	2,951,858.00
BARROW HANLEY EQUITY	PFIZER INC COM	USA	177,041.00	4,182,767.29	4,399,468.85
BARROW HANLEY EQUITY	PHILIP MORRIS INTL COM STK NPV	USA	44,800.00	1,026,778.30	4,029,312.00
BARROW HANLEY EQUITY	PHILLIPS 66 COM	USA	41,500.00	1,159,060.39	1,924,355.00
BARROW HANLEY EQUITY	PNC FINANCIAL SERVICES GROUP COM STK	USA	36,700.00	1,787,471.02	2,315,770.00
BARROW HANLEY EQUITY	RAYTHEON CO USD0.01	USA	47,900.00	2,159,152.63	2,737,964.00
BARROW HANLEY EQUITY	SANOFI SPONSORED ADR	France	36,600.00	1,290,552.60	1,575,996.00
BARROW HANLEY EQUITY	SLM CORP COM	USA	206,100.00	4,608,591.29	3,239,892.00
BARROW HANLEY EQUITY	STANLEY BLACK & DECKER INC COM	USA	51,400.00	1,807,918.53	3,919,250.00
BARROW HANLEY EQUITY	STATE STR CORP COM	USA	43,400.00	1,902,964.36	1,821,064.00
BARROW HANLEY EQUITY	TARGET CORP COM STK	USA	53,200.00	2,748,174.95	3,376,604.00
BARROW HANLEY EQUITY	TEXAS INSTRUMENTS INC COM	USA	107,200.00	2,611,252.20	2,953,360.00
BARROW HANLEY EQUITY	TRAVELERS COS INC COM STK	USA	48,300.00	2,840,763.72	3,296,958.00
BARROW HANLEY EQUITY	TYCO INTERNATIONAL LTD(SWITZERLAND) COM USD0.80	Switzerland	46,500.00	2,378,404.09	2,616,090.00
BARROW HANLEY EQUITY	UNITEDHEALTH GROUP INC COM	USA	74,500.00	3,016,816.58	4,221,405.00
BARROW HANLEY EQUITY	VERIZON COMMUNICATIONS COM	USA	38,202.00	1,135,553.68	1,740,865.14
BARROW HANLEY EQUITY	WALGREEN CO COM	USA	86,200.00	2,916,338.34	3,141,128.00
BARROW HANLEY EQUITY	WELLPOINT INC COM	USA	51,500.00	2,279,894.37	2,987,515.00
BARROW HANLEY EQUITY	WELLS FARGO & CO NEW COM STK	USA	94,300.00	2,513,911.63	3,256,179.00

CITY OF MIAMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2012

Account name	Asset description	Country	Shares/Par value	Book value	Market value
CHAMPLAIN MIDCAP	#REORG/ARIBA INC CASH MERGER DUE 10/02/2012	USA	9,900.00	272,716.18	443,520.00
CHAMPLAIN MIDCAP	#REORG/PENTAIR INC STK MERGER DUE 10/01/2012	USA	10,400.00	392,115.32	462,904.00
CHAMPLAIN MIDCAP	#REORG/RALCORP HLDGS CASH MERGER 1/29/2013	USA	6,800.00	364,479.50	496,400.00
CHAMPLAIN MIDCAP	ADVANCE AUTO PTS INC COM	USA	4,000.00	277,197.63	273,760.00
CHAMPLAIN MIDCAP	ALLIED WORLD ASSURANCE COMPANYHOLDINGS AG COMMON STOCK	Switzerland	7,300.00	438,458.40	563,925.00
CHAMPLAIN MIDCAP	ALTERA CORP COM	USA	14,900.00	488,535.16	506,376.50
CHAMPLAIN MIDCAP	AMETEK INC NEW COM	USA	6,900.00	129,478.62	244,605.00
CHAMPLAIN MIDCAP	ANSYS INC COM	USA	3,900.00	170,414.32	286,260.00
CHAMPLAIN MIDCAP	APTARGROUP INC COM	USA	6,600.00	220,226.79	341,286.00
CHAMPLAIN MIDCAP	ARCOS DORADOS HOLDINGS INC COM NPV CL 'A'	British Virgin Is	19,000.00	352,560.78	293,170.00
CHAMPLAIN MIDCAP	AVON PRODUCTS INC COM USD0.25	USA	21,700.00	558,175.80	346,115.00
CHAMPLAIN MIDCAP	BERKLEY W R CORP COM	USA	12,100.00	281,476.55	453,629.00
CHAMPLAIN MIDCAP	BIO RAD LABS INC CL A	USA	4,900.00	422,804.96	522,928.00
CHAMPLAIN MIDCAP	C R BARD	USA	5,100.00	395,365.43	533,715.00
CHAMPLAIN MIDCAP	CAREFUSION CORP COM	USA	23,000.00	594,789.98	652,970.00
CHAMPLAIN MIDCAP	CHECK PT SOFTWARE TECHNOLOGIESORDILS.01	Israel	9,500.00	450,400.50	457,520.00
CHAMPLAIN MIDCAP	CLOROX CO COM	USA	8,400.00	480,997.09	605,220.00
CHAMPLAIN MIDCAP	CONCHO RES INC COM STK	USA	3,600.00	322,949.03	341,100.00
CHAMPLAIN MIDCAP	CONCUR TECHNOLOGIES INC COM	USA	2,400.00	109,117.04	176,952.00
CHAMPLAIN MIDCAP	DENBURY RES INC HLDG CO COM NEW	USA	38,400.00	640,494.48	620,544.00
CHAMPLAIN MIDCAP	DEVRY INC DEL COM	USA	8,200.00	330,391.14	186,632.00
CHAMPLAIN MIDCAP	DOVER CORP COM	USA	11,300.00	671,231.97	672,237.00
CHAMPLAIN MIDCAP	ENDURANCE SPECIALTY HOLDINGS LTD COM USD1	Bermuda	4,500.00	173,678.26	173,250.00
CHAMPLAIN MIDCAP	ENERGIZER HLDGS INC COM	USA	7,400.00	434,667.94	552,114.00
CHAMPLAIN MIDCAP	ESTERLINE TECHNOLOGIES CORP COM STK	USA	5,500.00	364,671.81	308,770.00
CHAMPLAIN MIDCAP	FIRST REP BK SAN FRANCISCO CALIF NEW COM	USA	6,900.00	167,532.83	237,774.00
CHAMPLAIN MIDCAP	FLOWERS FOODS INC COM	USA	18,100.00	309,846.46	365,258.00
CHAMPLAIN MIDCAP	FOSSIL INC COM	USA	2,300.00	169,504.42	194,810.00
CHAMPLAIN MIDCAP	GALLAGHER ARTHUR J & CO COM	USA	7,300.00	264,954.17	261,486.00
CHAMPLAIN MIDCAP	GARDNER DENVER INC COM	USA	4,100.00	285,191.87	247,681.00
CHAMPLAIN MIDCAP	H J HEINZ	USA	11,000.00	444,190.93	615,450.00
CHAMPLAIN MIDCAP	HENRY JACK & ASSOC INC COM	USA	5,000.00	148,832.59	189,500.00
CHAMPLAIN MIDCAP	IDEX CORP COM	USA	11,300.00	319,521.85	472,001.00
CHAMPLAIN MIDCAP	IHS INC COM CL A COM CL A	USA	3,200.00	194,031.59	311,520.00
CHAMPLAIN MIDCAP	ILLUMINA INC COM	USA	9,700.00	406,977.19	467,540.00
CHAMPLAIN MIDCAP	INTUIT COM	USA	10,900.00	391,893.16	641,792.00
CHAMPLAIN MIDCAP	KELLOGG CO COM USD0.25	USA	9,000.00	433,156.36	464,940.00
CHAMPLAIN MIDCAP	KEY ENERGY SVCS INC	USA	13,600.00	181,935.07	95,200.00
CHAMPLAIN MIDCAP	LABORATORY CORP AMER HLDGS COM NEW COM NEW	USA	6,400.00	471,192.10	591,808.00
CHAMPLAIN MIDCAP	LIFE TECHNOLOGIES CORP COM STK	USA	14,300.00	640,332.15	698,984.00
CHAMPLAIN MIDCAP	MICROS SYS INC COM	USA	8,700.00	404,552.60	427,344.00
CHAMPLAIN MIDCAP	MOLSON COORS BREWING CO CL B CL B	USA	10,800.00	473,018.80	486,540.00
CHAMPLAIN MIDCAP	MORNINGSTAR INC COM STK	USA	5,100.00	222,275.32	319,464.00
CHAMPLAIN MIDCAP	MYRIAD GENETICS INC COM	USA	9,000.00	210,161.52	242,910.00
CHAMPLAIN MIDCAP	NATIONAL INSTRS CORP COM	USA	16,500.00	338,247.59	415,305.00
CHAMPLAIN MIDCAP	NORTHERN TR CORP COM	USA	14,000.00	699,022.18	649,810.00
CHAMPLAIN MIDCAP	OASIS PETE INC NEW COM STK	USA	4,500.00	113,998.95	132,615.00
CHAMPLAIN MIDCAP	OIL STS INTL INC COM ISIN US6780261052	USA	2,300.00	175,446.14	182,758.00
CHAMPLAIN MIDCAP	PALL CORP COM	USA	3,400.00	148,592.58	215,866.00
CHAMPLAIN MIDCAP	PARKER-HANNIFIN CORP COM	USA	6,300.00	531,700.18	526,554.00
CHAMPLAIN MIDCAP	PIONEER NAT RES CO COM STK	USA	4,500.00	227,576.17	469,800.00
CHAMPLAIN MIDCAP	QIAGEN N V COM	Netherlands	14,600.00	237,442.77	270,246.00
CHAMPLAIN MIDCAP	QUALITY SYS INC COM STK	USA	13,600.00	450,965.72	252,280.00
CHAMPLAIN MIDCAP	RED HAT INC COM	USA	3,500.00	151,689.39	199,290.00
CHAMPLAIN MIDCAP	RESMED INC COM	USA	10,600.00	272,181.92	428,982.00
CHAMPLAIN MIDCAP	ROPER INDS INC NEW COM	USA	2,100.00	96,963.74	230,769.00
CHAMPLAIN MIDCAP	SOLERA HLDGS INC COM	USA	11,500.00	569,570.12	504,505.00
CHAMPLAIN MIDCAP	ST JUDE MED INC COM	USA	9,100.00	347,623.77	383,383.00
CHAMPLAIN MIDCAP	SUPERIOR ENERGY SVCS INC COM	USA	18,700.00	459,221.83	383,724.00
CHAMPLAIN MIDCAP	T ROWE PRICE GROUP INC	USA	5,200.00	257,078.62	329,160.00
CHAMPLAIN MIDCAP	TIBCO SOFTWARE INC COM	USA	2,800.00	85,160.88	84,644.00
CHAMPLAIN MIDCAP	TIFFANY & CO COM	USA	3,600.00	193,039.39	222,768.00
CHAMPLAIN MIDCAP	TUPPERWARE BRANDS CORPORATION	USA	9,100.00	432,156.04	487,669.00
CHAMPLAIN MIDCAP	VERISK ANALYTICS INC CL A CL A	USA	5,400.00	160,178.65	257,094.00
CHAMPLAIN MIDCAP	WADDELL & REED FINL INC CL A COM	USA	6,900.00	170,957.16	226,113.00
CHAMPLAIN MIDCAP	WEST PHARMACEUTICAL SVCS INC COM	USA	6,800.00	239,736.67	360,876.00
CHAMPLAIN MIDCAP	WHITING PETE CORP COM STK	USA	14,500.00	479,754.64	687,010.00
CHAMPLAIN MIDCAP	WILEY JOHN & SONS INC CL A	USA	8,700.00	393,593.46	399,765.00
CHAMPLAIN MIDCAP	WILLIS GROUP HOLDINGS COM USD0.000115 (NEW)	Ireland	22,000.00	641,483.02	812,240.00
CHAMPLAIN MIDCAP	ZIMMER HLDGS INC COM	USA	5,400.00	271,328.81	365,148.00

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Account name	Asset description	Country	Shares/Par value	Book value	Market value
CHAMPLAIN SMALLCAP	#REORG/ARIBA INC CASH MERGER DUE 10/02/2012	USA	35,800.00	972,791.55	1,603,840.00
CHAMPLAIN SMALLCAP	#REORG/ROBBINS & MYERS INC CASH MERGER 2/20/2013	USA	21,000.00	912,802.59	1,251,600.00
CHAMPLAIN SMALLCAP	#REORG/WRIGHT EXPRESS NAME CHANGE WEX INC 2K11AM1 DUE 10/29/2012	USA	12,500.00	433,212.87	871,500.00
CHAMPLAIN SMALLCAP	ABM INDS INC COM	USA	30,000.00	630,574.10	567,900.00
CHAMPLAIN SMALLCAP	ACTUANT CORP CL A NEW	USA	6,000.00	171,358.32	171,720.00
CHAMPLAIN SMALLCAP	ADR NICE SYS LTD SPONSORED ADR	Israel	24,000.00	824,439.18	797,280.00
CHAMPLAIN SMALLCAP	ADVENT SOFTWARE INC COM STK	USA	15,000.00	379,545.23	368,550.00
CHAMPLAIN SMALLCAP	ALLIED WORLD ASSURANCE COMPANYHOLDINGS AG COMMON STOCK	Switzerland	24,500.00	1,074,594.57	1,892,625.00
CHAMPLAIN SMALLCAP	ALTERRA CAPITAL HOLDINGS INC COM USD0.01	Bermuda	12,000.00	279,658.86	287,280.00
CHAMPLAIN SMALLCAP	AMTRUST FINL SVCS INC COM	USA	20,350.00	390,889.66	521,367.00
CHAMPLAIN SMALLCAP	APPROACH RES INC COM STK	USA	31,500.00	1,075,134.04	949,095.00
CHAMPLAIN SMALLCAP	APTARGROUP INC COM	USA	18,500.00	501,827.94	956,635.00
CHAMPLAIN SMALLCAP	ARGO GROUP INTERNATIONAL HOLDINGS COM STK	Bermuda	24,500.00	745,949.78	793,555.00
CHAMPLAIN SMALLCAP	ASPEN INSURANCE HLDGS COM	Bermuda	33,500.00	968,857.27	2,021,415.00
CHAMPLAIN SMALLCAP	BIO RAD LABS INC CL A	USA	12,500.00	1,034,338.40	1,334,000.00
CHAMPLAIN SMALLCAP	BIO-REFERENCE LABS INC COM PAR $0.01 NEW	USA	18,500.00	387,459.73	528,730.00
CHAMPLAIN SMALLCAP	BOTTOMLINE TECHNOLOGIES DE INC COM	USA	42,500.00	737,201.96	1,049,325.00
CHAMPLAIN SMALLCAP	BRADY CORP CL A	USA	24,500.00	769,924.16	717,360.00
CHAMPLAIN SMALLCAP	BRYN MAWR BK CORP COM STK	USA	15,000.00	291,005.91	336,600.00
CHAMPLAIN SMALLCAP	CARDTRONICS INC COM STK	USA	18,500.00	341,389.23	550,930.00
CHAMPLAIN SMALLCAP	CLARCOR INC COM	USA	12,500.00	392,318.33	557,875.00
CHAMPLAIN SMALLCAP	COMMUNITY BK SYS INC COM	USA	11,300.00	278,618.34	318,547.00
CHAMPLAIN SMALLCAP	COMSCORE INC COM	USA	36,500.00	695,611.79	556,625.00
CHAMPLAIN SMALLCAP	COSTAR GROUP INC COM	USA	6,000.00	273,946.43	489,240.00
CHAMPLAIN SMALLCAP	ENDURANCE SPECIALTY HOLDINGS LTD COM USD1	Bermuda	24,500.00	905,620.92	943,250.00
CHAMPLAIN SMALLCAP	ENPRO INDS INC COM	USA	28,500.00	1,091,223.71	1,026,285.00
CHAMPLAIN SMALLCAP	ESTERLINE TECHNOLOGIES CORP COM STK	USA	12,500.00	857,474.32	701,750.00
CHAMPLAIN SMALLCAP	FARO TECHNOLOGIES INC COM	USA	9,900.00	350,815.68	409,068.00
CHAMPLAIN SMALLCAP	FINANCIAL ENGINES INC COM	USA	30,500.00	509,234.91	726,815.00
CHAMPLAIN SMALLCAP	FLOWERS FOODS INC COM	USA	73,000.00	1,216,491.70	1,473,140.00
CHAMPLAIN SMALLCAP	GENOMIC HEALTH INC COM	USA	12,500.00	249,134.97	433,625.00
CHAMPLAIN SMALLCAP	GULFPORT ENERGY CORP COM NEW COM NEW	USA	18,500.00	283,908.88	578,310.00
CHAMPLAIN SMALLCAP	HARRIS TEETER SUPERMARKETS INC COM	USA	31,000.00	866,914.06	1,204,040.00
CHAMPLAIN SMALLCAP	HENRY JACK & ASSOC INC COM	USA	24,500.00	572,785.86	928,550.00
CHAMPLAIN SMALLCAP	HITTITE MICROWAVE CORP COM STK	USA	9,000.00	502,817.62	499,230.00
CHAMPLAIN SMALLCAP	HUB GROUP INC CL A	USA	18,500.00	544,451.63	549,080.00
CHAMPLAIN SMALLCAP	IDEX CORP COM	USA	24,500.00	739,536.17	1,023,365.00
CHAMPLAIN SMALLCAP	INDEPENDENT BK CORP MASS COM	USA	12,500.00	350,773.60	376,125.00
CHAMPLAIN SMALLCAP	INTEGRA LIFESCIENCES HLDG CORP COM DESP	USA	31,000.00	1,044,554.63	1,274,100.00
CHAMPLAIN SMALLCAP	K12 INC COM STOCK USD.0001	USA	24,500.00	567,028.80	494,900.00
CHAMPLAIN SMALLCAP	KAYDON CORP COM	USA	18,200.00	389,592.42	406,588.00
CHAMPLAIN SMALLCAP	KEY ENERGY SVCS INC	USA	61,000.00	903,745.59	427,000.00
CHAMPLAIN SMALLCAP	LANCASTER COLONY CORP COM	USA	18,500.00	963,404.41	1,355,125.00
CHAMPLAIN SMALLCAP	LANDSTAR SYS INC COM	USA	9,000.00	446,262.36	425,520.00
CHAMPLAIN SMALLCAP	LOGMEIN INC COM	USA	24,300.00	772,583.68	545,049.00
CHAMPLAIN SMALLCAP	LUFKIN INDS INC COM	USA	19,000.00	1,005,033.20	1,022,580.00
CHAMPLAIN SMALLCAP	LUMINEX CORP DEL COM	USA	36,500.00	538,989.15	709,560.00
CHAMPLAIN SMALLCAP	MASIMO CORP COM STK	USA	43,000.00	1,014,879.64	1,039,740.00
CHAMPLAIN SMALLCAP	MEASUREMENT SPECIALTIES INC COM	USA	21,000.00	637,740.10	692,580.00
CHAMPLAIN SMALLCAP	MEDIDATA SOLUTIONS INC COM	USA	15,000.00	362,122.40	622,500.00
CHAMPLAIN SMALLCAP	MISTRAS GROUP INC COM	USA	18,000.00	367,347.31	417,600.00
CHAMPLAIN SMALLCAP	MORNINGSTAR INC COM STK	USA	15,800.00	648,565.66	989,712.00
CHAMPLAIN SMALLCAP	MYRIAD GENETICS INC COM	USA	24,500.00	565,838.69	661,255.00
CHAMPLAIN SMALLCAP	NATIONAL INSTRS CORP COM	USA	28,000.00	580,192.63	704,760.00
CHAMPLAIN SMALLCAP	NAVIGATORS GROUP INC COM	USA	17,800.00	815,576.29	876,205.00
CHAMPLAIN SMALLCAP	NEUSTAR INC CL A	USA	18,500.00	477,273.72	740,555.00
CHAMPLAIN SMALLCAP	NORTHERN OIL & GAS INC NEV COM STK	USA	45,500.00	1,107,700.13	773,045.00
CHAMPLAIN SMALLCAP	NUVASIVE INC COM	USA	42,500.00	1,083,311.15	973,675.00
CHAMPLAIN SMALLCAP	OASIS PETE INC NEW COM STK	USA	24,400.00	524,047.42	719,068.00
CHAMPLAIN SMALLCAP	PPDC ENERGY INC COM	USA	10,500.00	299,100.16	332,115.00
CHAMPLAIN SMALLCAP	PROS HLDGS INC COM	USA	24,500.00	407,699.64	467,215.00
CHAMPLAIN SMALLCAP	PROTO LABS INC COM	USA	10,100.00	317,294.49	341,582.00
CHAMPLAIN SMALLCAP	QLIK TECHNOLOGIES INC COM STK	USA	42,500.00	1,097,487.28	952,425.00
CHAMPLAIN SMALLCAP	QUALITY SYS INC COM STK	USA	38,000.00	1,292,668.35	704,900.00

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Account name	Asset description	Country	Shares/Par value	Book value	Market value
CHAMPLAIN SMALLCAP	RAVEN INDS INC COM STK	USA	22,500.00	614,932.69	662,175.00
CHAMPLAIN SMALLCAP	RBC BEARINGS INC COM	USA	3,000.00	135,709.28	144,300.00
CHAMPLAIN SMALLCAP	RESOLUTE ENERGY CORP COM	USA	79,000.00	971,855.06	700,730.00
CHAMPLAIN SMALLCAP	SAPIENT CORP COM	USA	55,000.00	686,775.68	586,300.00
CHAMPLAIN SMALLCAP	SENSIENT TECHNOLOGIES CORP COM	USA	39,300.00	1,134,652.42	2,444,668.00
CHAMPLAIN SMALLCAP	SILGAN HLDGS INC COM	USA	24,500.00	691,952.64	1,065,995.00
CHAMPLAIN SMALLCAP	SNYDERS-LANCE INC COM	USA	42,500.00	850,749.27	1,062,500.00
CHAMPLAIN SMALLCAP	SPECTRUM BRANDS HLDGS INC COM STK	USA	28,500.00	770,853.31	1,140,285.00
CHAMPLAIN SMALLCAP	STERIS CORP COM	USA	25,000.00	766,537.75	886,750.00
CHAMPLAIN SMALLCAP	STRAYER ED INC COM	USA	6,000.00	646,272.43	386,100.00
CHAMPLAIN SMALLCAP	SUPERIOR ENERGY SVCS INC COM	USA	36,500.00	747,097.85	748,980.00
CHAMPLAIN SMALLCAP	TECHNE CORP COM	USA	9,500.00	589,545.19	683,430.00
CHAMPLAIN SMALLCAP	TELEFLEX INC COM	USA	16,500.00	917,198.77	1,135,860.00
CHAMPLAIN SMALLCAP	TETRA TECHNOLOGIES INC DEL COM	USA	60,500.00	694,465.53	366,025.00
CHAMPLAIN SMALLCAP	TREEHOUSE FOODS INC COM	USA	24,000.00	1,184,867.54	1,260,000.00
CHAMPLAIN SMALLCAP	TRIMAS CORP COM NEW COM NEW	USA	52,000.00	1,034,125.56	1,253,720.00
CHAMPLAIN SMALLCAP	TUPPERWARE BRANDS CORPORATION	USA	12,500.00	514,260.48	669,875.00
CHAMPLAIN SMALLCAP	UMB FINL CORP COM STK	USA	36,500.00	1,395,370.33	1,776,820.00
CHAMPLAIN SMALLCAP	UTI WORLDWIDE INC ORD NPV	British Virgin Is.	31,000.00	587,528.80	417,570.00
CHAMPLAIN SMALLCAP	VCA ANTECH INC COM STK	USA	36,500.00	908,841.51	720,145.00
CHAMPLAIN SMALLCAP	VOLCANO CORP COM STK	USA	18,500.00	518,224.40	528,545.00
CHAMPLAIN SMALLCAP	WADDELL & REED FINL INC CL A COM	USA	24,500.00	610,875.18	802,865.00
CHAMPLAIN SMALLCAP	WASHINGTON TR BANCORP INC COM	USA	15,000.00	340,517.84	394,050.00
CHAMPLAIN SMALLCAP	WEST PHARMACEUTICAL SVCS INC COM	USA	30,600.00	1,218,063.84	1,623,942.00
CHAMPLAIN SMALLCAP	WILEY JOHN & SONS INC CL A	USA	28,000.00	954,133.45	1,286,600.00
CHAMPLAIN SMALLCAP	WOLVERINE WORLD WIDE INC COM	USA	30,500.00	1,075,774.12	1,353,285.00
DELAWARE	ADOBE SYS INC COM	USA	114,875.00	3,406,976.41	3,728,842.50
DELAWARE	ADR NOVO-NORDISK A S ADR	Denmark	25,425.00	2,095,333.05	4,012,319.25
DELAWARE	ADR SYNGENTA AG SPONSORED ADR	Switzerland	43,925.00	2,229,917.61	3,287,786.25
DELAWARE	ALLERGAN INC COM	USA	53,335.00	2,734,701.02	4,884,419.30
DELAWARE	APOLLO GROUP INC CL A	USA	37,625.00	1,519,054.78	1,093,006.25
DELAWARE	APPLE INC COM STK	USA	15,564.00	2,148,222.15	11,385,234.64
DELAWARE	BMC SOFTWARE INC COM STK	USA	96,100.00	4,064,738.05	3,987,189.00
DELAWARE	CATERPILLAR INC COM	USA	18,625.00	1,641,086.59	1,602,495.00
DELAWARE	CME GROUP INC COM STK	USA	41,600.00	2,424,499.90	2,383,680.00
DELAWARE	CROWN CASTLE INTL CORP COM STK	USA	90,400.00	3,567,990.72	5,794,640.00
DELAWARE	EOG RESOURCES INC COM	USA	49,700.00	5,219,349.23	6,568,885.00
DELAWARE	GOOGLE INC CL A CL A	USA	7,125.00	3,262,863.08	5,375,812.50
DELAWARE	INTERCONTINENTALEXCHANGE INC COM	USA	29,175.00	3,176,101.78	3,892,236.75
DELAWARE	INTUIT COM	USA	72,150.00	2,541,383.28	4,248,192.00
DELAWARE	KINDER MORGAN INC DEL COM	USA	133,205.00	4,596,763.21	4,731,441.60
DELAWARE	LIBERTY INTERACTIVE CORP INTERACTIVE COMSER A	USA	182,125.00	3,179,973.88	3,369,312.50
DELAWARE	MASTERCARD INC CL A	USA	12,050.00	3,193,918.08	5,440,334.00
DELAWARE	NIKE INC CL B	USA	30,125.00	1,839,494.12	2,859,163.75
DELAWARE	PERRIGO CO COM	USA	20,175.00	1,492,105.10	2,343,729.75
DELAWARE	POLYCOM INC COM	USA	109,650.00	1,398,301.56	1,082,245.50
DELAWARE	PRICELINE COM INC COM NEW STK	USA	6,210.00	1,799,951.39	3,842,313.30
DELAWARE	PROGRESSIVE CORP OH COM	USA	170,950.00	3,634,761.06	3,545,503.00
DELAWARE	QUALCOMM INC COM	USA	89,100.00	3,499,379.31	5,567,859.00
DELAWARE	STAPLES INC COM	USA	158,000.00	2,579,919.79	1,820,160.00
DELAWARE	TERADATA CORP DEL COM STK	USA	43,725.00	1,873,041.90	3,297,302.25
DELAWARE	VERISIGN INC COM	USA	70,150.00	2,516,517.85	3,415,603.50
DELAWARE	VISA INC COM CL A STK	USA	42,695.00	2,816,486.26	5,733,084.60
DELAWARE	WALGREEN CO COM	USA	91,800.00	3,337,729.68	3,345,192.00

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Account name	Asset description	Country	Shares/Par value	Book value	Market value
EAGLE	#REORG/ METROPOLITAN HEALTH NETWORKS CASH MERGER EFF 12/21/2012	USA	923.00	8,595.81	8,620.82
EAGLE	#REORG/GEORGIA GULF CORP NAME CHANGE WITH CUSIP AXIALL CORP 2M1SAE1 1/29/2013	USA	4,040.00	160,019.40	146,328.80
EAGLE	ALLETE INC COM NEW	USA	4,006.00	163,185.66	167,210.44
EAGLE	ALLISON TRANSMISSION HOLDING	USA	17,154.00	330,312.95	345,138.48
EAGLE	ALTRA HLDGS INC COM	USA	5,079.00	97,537.79	92,437.80
EAGLE	AOL INC COM STK	USA	9,934.00	333,691.20	349,974.82
EAGLE	ARCTIC CAT INC COM	USA	4,272.00	148,900.05	177,117.12
EAGLE	ASCENA RETAIL GROUP INC COM	USA	19,325.00	373,951.81	414,521.25
EAGLE	ASPEN TECHNOLOGY INC COM	USA	18,162.00	284,235.04	469,487.70
EAGLE	ASTRONICS CORP COM	USA	7,382.00	223,580.98	227,365.60
EAGLE	ATWOOD OCEANICS INC COM	USA	6,848.00	296,637.20	311,241.60
EAGLE	BUCKEYE TECHNOLOGIES INC COM	USA	10,261.00	306,225.56	328,967.66
EAGLE	CANTEL MEDICAL CORP COM	USA	10,063.00	249,960.21	272,506.04
EAGLE	CAP BK FINL CORP CL A COM CL A COM	USA	7,728.00	139,202.89	139,104.00
EAGLE	CAPITOL FED FINL INC COM .	USA	20,464.00	241,859.49	244,749.44
EAGLE	CARDINAL FINL CORP COM	USA	26,210.00	256,329.52	374,803.00
EAGLE	CARDTRONICS INC COM STK	USA	21,875.00	390,399.40	651,437.50
EAGLE	CBL & ASSOC PPTYS INC COM	USA	7,442.00	161,668.05	158,812.28
EAGLE	CHARLES RIV LABORATORIES INTL INC COM	USA	4,816.00	169,094.50	190,713.60
EAGLE	CINEMARK HLDGS INC COM	USA	21,172.00	421,033.47	474,887.96
EAGLE	COGENT COMMUNICATIONS GROUP INC COM NEW	USA	27,261.00	493,021.71	626,730.39
EAGLE	COHERENT INC COM	USA	7,756.00	384,637.37	355,690.16
EAGLE	COLONY FINL INC COM	USA	812.00	15,805.50	15,817.76
EAGLE	COMPUTER PROGRAMS & SYS INC COM	USA	1,336.00	68,234.87	74,214.80
EAGLE	CORELOGIC INC-W/I COM STK	USA	17,569.00	286,937.51	466,105.57
EAGLE	CUBESMART	USA	35,027.00	427,375.68	450,797.49
EAGLE	CUBIST PHARMACEUTICALS INC COM	USA	12,045.00	480,512.93	574,305.60
EAGLE	CYBERONICS INC COM	USA	3,241.00	89,418.38	169,893.22
EAGLE	CYTEC IND COM	USA	2,699.00	167,369.79	176,838.48
EAGLE	DELEK US HLDGS INC COM STK	USA	12,638.00	293,599.94	322,142.62
EAGLE	DEMAND MEDIA INC COM	USA	15,237.00	159,311.32	165,626.19
EAGLE	DORMAN PRODS INC COM	USA	5,702.00	112,227.94	179,670.02
EAGLE	DUFF & PHELPS CORP NEW CL A COM STK	USA	10,765.00	150,091.00	146,511.65
EAGLE	ECHO GLOBAL LOGISTICS INC COM	USA	16,147.00	296,218.05	276,921.05
EAGLE	ECHOSTAR CORPORATION	USA	12,241.00	383,512.27	350,827.06
EAGLE	ELIZABETH ARDEN INC COM	USA	4,107.00	152,121.54	194,014.68
EAGLE	EMERGENT BIOSOLUTIONS INC COM	USA	22,787.00	388,343.99	323,803.27
EAGLE	ENDO HEALTH SOLUTIONS INC	USA	7,160.00	222,330.96	227,115.20
EAGLE	ENSIGN GROUP INC COM STK	USA	71.00	2,173.98	2,172.95
EAGLE	ENTEGRIS INC COM	USA	18,262.00	168,256.40	148,470.06
EAGLE	F N B CORP PA COM	USA	12,720.00	117,102.79	142,591.20
EAGLE	FIRST FINL BANCORP OHIO COM	USA	19,371.00	314,365.57	327,563.61
EAGLE	FLIR SYS INC COM	USA	8,009.00	164,058.37	159,979.77
EAGLE	FOREST CY ENTERPRISES INC CL A	USA	30,362.00	415,539.22	481,237.70
EAGLE	FORTUNE BRANDS HOME & SEC INC COM	USA	6,606.00	153,766.23	178,428.06
EAGLE	GLATFELTER	USA	12,439.00	194,869.50	221,538.59
EAGLE	GLIMCHER RLTY TR SH BEN INT SHS OF BENEFICIAL INTEREST USD0.01	USA	18,240.00	170,503.03	192,796.80
EAGLE	GLOBAL CASH ACCESS HLDGS INC COM	USA	37,442.00	302,428.70	301,408.10
EAGLE	GRAPHIC PACKAGING HLDG CO COM STK	USA	28,200.00	141,806.64	163,842.00
EAGLE	GREAT SOUTHN BANCORP INC COM	USA	6,048.00	132,116.29	186,943.68
EAGLE	GRIFFON CORP COM	USA	9,887.00	97,590.54	101,836.10
EAGLE	HAEMONETICS CORP MASS COM	USA	2,210.00	152,287.34	177,242.00
EAGLE	HEXCEL CORP NEW COM	USA	13,894.00	322,916.22	333,733.88
EAGLE	HSN INC NEW COM	USA	7,028.00	319,651.33	344,723.40
EAGLE	HUBBELL INC CL B COM	USA	4,124.00	340,711.49	332,971.76
EAGLE	IAC / INTERACTIVECORP COM PAR $.001 STK	USA	13,219.00	431,350.58	688,181.14
EAGLE	ICF INTL INC COM STK	USA	5,494.00	125,432.54	110,429.40
EAGLE	ICU MED INC COM	USA	9,209.00	377,776.33	556,960.32
EAGLE	IDEX CORP COM	USA	7,860.00	284,670.59	328,312.20
EAGLE	KKR FINL HLDGS LLC COM STK	USA	55,267.00	529,198.12	555,433.35
EAGLE	LANDSTAR SYS INC COM	USA	5,910.00	257,210.84	279,424.80
EAGLE	LAREDO PETROLEUM HOLDINGS IN	USA	7,979.00	160,756.68	175,378.42
EAGLE	LASALLE HOTEL PPTYS COM SH BEN INT	USA	11,995.00	270,690.63	320,146.55
EAGLE	LORAL SPACE & COMMUNICATIONS INC COM	USA	2,293.00	167,150.58	163,032.30
EAGLE	MACQUARIE INFRASTRUCTURE CO LLC MEMBERSHIP INT COM STK	USA	15,352.00	389,493.76	636,800.96
EAGLE	MADDEN STEVEN LTD COM	USA	9,084.00	328,582.52	397,152.48
EAGLE	MARRIOTT VACATIONS WORLDWIDE CORP COM	USA	3,882.00	126,895.58	139,829.64
EAGLE	MASIMO CORP COM STK	USA	7,112.00	149,167.34	171,968.16
EAGLE	MAXIMUS INC COM	USA	1,995.00	104,074.57	119,141.40
EAGLE	MEN S WEARHOUSE INC COMMOM	USA	14,775.00	479,358.67	508,703.25
EAGLE	MERIT MED SYS INC COM	USA	11,087.00	162,951.57	165,528.91
EAGLE	MICROSEMI CORP COM	USA	9,747.00	190,965.99	195,622.29
EAGLE	MINERALS TECHNOLOGIES INC COM	USA	5,465.00	306,813.44	387,632.45
EAGLE	MISTRAS GROUP INC COM	USA	6,942.00	147,749.76	161,054.40
EAGLE	MLP EV ENERGY PARTNERS L P COM UNITS REPSTG LTD PARTNER INT	USA	4,708.00	323,553.68	292,460.96
EAGLE	MONOTYPE IMAGING HLDGS INC COM STK	USA	21,050.00	236,837.33	328,169.50
EAGLE	MWI VETERINARY SUPPLY INC COM STK	USA	1,685.00	137,852.17	179,755.80
EAGLE	NEUSTAR INC CL A	USA	10,656.00	379,586.35	426,559.68
EAGLE	NEWCASTLE INVT CORP NEW COM	USA	23,229.00	152,708.45	174,914.37

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Account name	Asset description	Country	Shares/Par value	Book value	Market value
EAGLE	OASIS PETE INC NEW COM STK	USA	9,678.00	270,879.56	285,210.66
EAGLE	OCH-ZIFF CAP MGMT GROUP CL A SHS CL A	USA	39,786.00	326,132.44	384,332.76
EAGLE	OIL STS INTL INC COM ISIN US6780261052	USA	3,935.00	239,039.70	312,675.10
EAGLE	OXFORD INDS INC COM	USA	5,840.00	241,998.19	329,668.00
EAGLE	PENN NATL GAMING INC COM	USA	5,343.00	221,036.08	230,283.30
EAGLE	PHH CORP COM NEW COM NEW	USA	12,692.00	221,536.18	258,282.20
EAGLE	PHOTRONICS INC COM	USA	45,746.00	259,376.02	245,656.02
EAGLE	PIER 1 IMPORTS INC COM	USA	10,201.00	187,310.13	191,166.74
EAGLE	PRESTIGE BRANDS HLDGS INC COM	USA	1,042.00	17,685.91	17,672.32
EAGLE	PROASSURANCE CORP COM	USA	3,689.00	270,566.70	333,633.16
EAGLE	QUAKER CHEM CORP COM	USA	3,376.00	157,881.45	157,557.92
EAGLE	RAMCO-GERSHENSON PPTYS TR COM SH BEN INTCOM SH BEN INT	USA	27,627.00	318,913.41	346,166.31
EAGLE	RAVEN INDS INC COM STK	USA	3,084.00	95,530.15	90,762.12
EAGLE	RAYONIER INC REIT	USA	8,131.00	338,193.77	398,500.31
EAGLE	RENT A CTR INC NEW COM	USA	15,501.00	526,672.28	543,775.08
EAGLE	SALIX PHARMACEUTICALS LTD COM DE	USA	7,685.00	370,667.40	325,382.90
EAGLE	SCRIPPS E W CO OHIO CL A NEW COM STK	USA	2,065.00	22,167.06	21,992.25
EAGLE	SEMGROUP CORP CL A CL A	USA	12,013.00	378,144.44	442,679.05
EAGLE	SS&C TECHNOLOGIES HLDGS INC COM	USA	12,913.00	276,734.52	325,536.73
EAGLE	STERLING FINL CORP WASH COM NEW COM NEW	USA	5,123.00	103,877.74	114,089.21
EAGLE	SYNOVUS FINL CORP COM	USA	145,840.00	313,064.86	345,640.80
EAGLE	TEAM HEALTH HLDGS INC COM	USA	14,977.00	330,359.66	406,326.01
EAGLE	TERADYNE INC COM	USA	21,556.00	306,683.66	306,526.32
EAGLE	TEREX CORP NEW COM	USA	9,247.00	209,246.42	208,797.26
EAGLE	THERMON GROUP HLDGS INC	USA	26,063.00	504,000.11	651,314.37
EAGLE	TREEHOUSE FOODS INC COM	USA	4,218.00	227,673.08	221,445.00
EAGLE	TTM TECHNOLOGIES INC COM	USA	21,774.00	306,701.03	205,328.82
EAGLE	TWO HBRS INVT CORP COM	USA	14,853.00	162,865.17	174,522.75
EAGLE	U S SILICA HLDGS INC	USA	11,066.00	146,245.80	150,054.96
EAGLE	UGI CORP NEW COM	USA	5,316.00	155,366.93	168,783.00
EAGLE	VIEWPOINT FINL GROUP INC MD COM	USA	7,659.00	101,152.18	146,823.03
EAGLE	WATSCO INC COM	USA	4,161.00	305,571.75	315,362.19
EAGLE	WESTAR ENERGY INC COM	USA	11,178.00	328,017.98	331,539.48
EAGLE	WILEY JOHN & SONS INC CL A	USA	7,103.00	310,411.69	326,382.85

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Account name	Asset description	Country	Shares/Par value	Book value	Market value
FIRST EAGLE	#REORG/NEXEN INC COM CASH MERGER 2/25/2013	Canada	15,728.00	249,750.10	398,547.52
FIRST EAGLE	ADR GOLD FIELDS LTD NEW SPONSORED ADR	South Africa	77,185.00	1,170,936.62	991,827.25
FIRST EAGLE	ADR GRUPO TELEVISA SA DE CV SPONSORED ADR REPSTG ORD PARTN SPONS ADR	Mexico	67,588.00	1,553,714.11	1,588,993.88
FIRST EAGLE	ADR HARMONY GOLD MNG LTD SPONSORED ADR	South Africa	33,044.00	413,543.12	277,900.04
FIRST EAGLE	AGNICO EAGLE MINES COM NPV	Canada	25,046.00	879,621.03	1,298,181.82
FIRST EAGLE	ANGLO AMERICAN USD0.54945	UK	11,194.00	520,829.82	328,442.23
FIRST EAGLE	ARIAKE JAPAN CO NPV	Japan	10,600.00	195,745.19	238,568.12
FIRST EAGLE	AS ONE CORPORATION NPV	Japan	10,800.00	237,596.45	242,930.59
FIRST EAGLE	ASTELLAS PHARMA NPV	Japan	37,400.00	1,422,284.06	1,906,053.98
FIRST EAGLE	AUTONEUM HLDG AG CHF0.05	Switzerland	2,333.00	228,953.01	117,419.56
FIRST EAGLE	BANGKOK BANK THB10 (NVDR)	Thailand	144,300.00	740,975.10	909,493.18
FIRST EAGLE	BERKLEY GP HOLDINGS	UK	28,792.00	503,499.18	653,696.14
FIRST EAGLE	BIOMERIEUX NPV	France	1,240.00	96,036.98	115,225.62
FIRST EAGLE	BOUYGUES EUR1	France	35,766.00	1,383,602.27	874,246.18
FIRST EAGLE	CANON INC NPV	Japan	20,800.00	961,190.90	667,043.70
FIRST EAGLE	CARREFOUR EUR2.50	France	29,153.00	567,250.32	605,336.07
FIRST EAGLE	CENOVUS ENERGY INC COM	Canada	20,430.00	716,252.89	711,985.50
FIRST EAGLE	CHOFU SEISAKUSHO NPV	Japan	16,600.00	399,813.87	403,691.52
FIRST EAGLE	COGECO CABLE INC SUB VTG COM CAD0.01	Canada	5,724.00	249,125.73	216,987.86
FIRST EAGLE	COMFORTDELGRO CORP LTD	Singapore	577,970.00	671,495.47	808,036.64
FIRST EAGLE	CRH PLC EQUITY	Ireland	27,843.00	476,230.47	535,933.68
FIRST EAGLE	DAIICHIKOSHO CO NPV	Japan	28,800.00	490,574.05	694,087.40
FIRST EAGLE	DAIMLER AG COM	Germany	15,860.00	985,005.39	768,512.48
FIRST EAGLE	DEUTSCHE WOHNEN AG EUR1 (BR)	Germany	62,466.00	935,398.94	1,098,555.44
FIRST EAGLE	ENCANA CORP COM NPV	Canada	12,314.00	384,594.22	269,922.88
FIRST EAGLE	FANUC CORP NPV	Japan	11,000.00	1,689,061.94	2,778,663.24
FIRST EAGLE	FFP EUR1.00	France	4,384.00	322,186.38	167,734.07
FIRST EAGLE	FRAPORT (FRANKFURT AIRPORT SERVICES) NPV	Germany	3,451.00	259,444.87	199,809.21
FIRST EAGLE	FURSYS KRW1000	Korea	2,010.00	44,187.92	50,637.69
FIRST EAGLE	GAUMONT EUR8	France	254.00	11,222.34	12,253.91
FIRST EAGLE	GENTING MALAYSIA B MYR0.10	Malaysia	527,470.00	613,123.90	604,006.22
FIRST EAGLE	GLAXOSMITHKLINE ORD GBP0.25	UK	35,907.00	714,262.15	827,702.01
FIRST EAGLE	GPE BRUXELLES LAM NPV	Belgium	12,459.00	1,040,821.92	925,646.03
FIRST EAGLE	GUOCO GROUP USD0.50	Bermuda	66,000.00	759,975.04	594,176.64
FIRST EAGLE	HAL TRUST UNITS NPV	Bermuda	4,855.00	662,440.02	547,458.15
FIRST EAGLE	HAMBURGER HAFEN NPV (REGD) 'A'	Germany	18,023.00	616,903.84	468,369.08
FIRST EAGLE	HAW PAR CORP LTD NPV	Singapore	197,000.00	955,575.88	1,069,552.46
FIRST EAGLE	HEIDELBERGCEMENT NPV	Germany	30,837.00	1,970,656.73	1,617,419.22
FIRST EAGLE	HIROSE ELECTRIC NPV	Japan	9,700.00	1,010,231.30	1,090,938.30
FIRST EAGLE	HOPEWELL HOLDINGS COMSTK	Hong Kong	77,400.00	236,115.81	267,542.00
FIRST EAGLE	HOYA CORP NPV	Japan	41,200.00	907,788.56	908,200.51
FIRST EAGLE	ICL-ISRAEL CHEM ILS1	Israel	30,315.00	313,554.34	367,056.46
FIRST EAGLE	ICOM INCORPORATED NPV	Japan	250.00	7,138.47	6,066.84
FIRST EAGLE	INDUTRIAS PENOLES NPV	Mexico	20,415.00	737,522.96	1,006,804.97
FIRST EAGLE	INVESTOR AB SER'A'NPV	Sweden	23,564.00	472,507.20	503,151.02
FIRST EAGLE	INVESTOR AB SER'B'NPV	Sweden	11,534.00	217,678.85	254,372.14
FIRST EAGLE	ITALCEMENTI EUR1	Italy	30,270.00	261,349.34	159,663.65
FIRST EAGLE	ITALMOBILIARE EUR2.60	Italy	3,914.00	141,268.87	72,509.19
FIRST EAGLE	JAPAN WOOL TEXTILE NPV	Japan	71,000.00	573,364.02	532,956.30
FIRST EAGLE	JARDINE MATHESON HLDGS USD0.25(SING QUOTE)	Bermuda	9,800.00	484,495.03	557,620.00
FIRST EAGLE	JUMBO SA EUR1.19	Greece	88,814.00	544,032.68	491,314.58
FIRST EAGLE	KANSAI PAINT CO NPV	Japan	58,800.00	517,191.20	653,753.21
FIRST EAGLE	KDDI CORP NPV	Japan	17,500.00	1,175,531.26	1,363,110.54
FIRST EAGLE	KEYENCE CORP NPV	Japan	6,920.00	1,673,050.58	1,778,920.31
FIRST EAGLE	KT&G CORPORATION KRW5000	Korea	12,142.00	665,846.31	925,323.26
FIRST EAGLE	KUEHNE&NAGEL INTL CHF1.00 (REGD)	Switzerland	1,149.00	165,839.49	129,840.18
FIRST EAGLE	LAURENT-PERRIER EUR3.80	France	4,171.00	518,439.67	358,984.81
FIRST EAGLE	LEGRAND SA EUR4	France	4,259.00	129,729.83	160,705.03
FIRST EAGLE	LINDT & SPRUENGLI CHF100.00 (REGD)	Switzerland	4.00	134,206.40	144,498.83
FIRST EAGLE	LOTTE CONFECT KRW5000	Korea	291.00	426,562.56	406,354.00
FIRST EAGLE	MAEZAWA KASEI IND NPV	Japan	8,700.00	87,502.12	98,517.99
FIRST EAGLE	MATSUMOTO YUSHI NPV	Japan	2,500.00	59,237.55	55,269.92
FIRST EAGLE	MEITEC CORPORATION NPV	Japan	5,504.00	114,439.43	125,785.50
FIRST EAGLE	MISUMI GROUP INC NPV	Japan	36,700.00	929,224.80	912,311.05
FIRST EAGLE	MITSUBISHI ESTATE CO LTD	Japan	48,400.00	830,821.65	929,429.31
FIRST EAGLE	MS&AD INSURANCE GROUP HOLDINGS, INC. NPV	Japan	77,000.00	1,782,068.56	1,337,107.97
FIRST EAGLE	NAGAILEBEN CO NPV	Japan	21,400.00	286,304.80	338,879.18
FIRST EAGLE	NAMYANG DAIRY PROD KRW5000	Korea	233.00	155,550.04	216,768.56
FIRST EAGLE	NEOPOST EUR1	France	7,279.00	627,403.64	402,389.69
FIRST EAGLE	NESTLE SA CHF0.10(REGD)	Switzerland	21,927.00	1,300,666.62	1,383,561.50
FIRST EAGLE	NEWCREST MINING LTD NPV	Australia	26,341.00	975,592.15	798,203.07
FIRST EAGLE	NEWMONT MINING CORP NEW COM	USA	10,774.00	573,240.76	603,451.74
FIRST EAGLE	NISSIN FOODS HOLDINGS CO LTD NPV	Japan	17,900.00	654,452.63	704,035.99
FIRST EAGLE	NKSJ HOLDINGS INC NPV	Japan	61,325.00	1,552,503.86	1,204,429.31
FIRST EAGLE	NOMURA RESEARCH INSTITUTE NPV	Japan	29,300.00	618,514.21	605,960.15
FIRST EAGLE	NONG SHIM CO KRW5000	Korea	1,625.00	358,508.91	388,184.09
FIRST EAGLE	NTT DOCOMO NPV	Japan	209.00	376,822.18	340,095.12

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Account name	Asset description	Country	Shares/Par value	Book value	Market value
FIRST EAGLE	OMV AG NPV(VAR)	Austria	17,032.00	702,946.48	596,764.25
FIRST EAGLE	ONO PHARMACEUTICAL NPV	Japan	16,500.00	860,493.75	1,019,055.27
FIRST EAGLE	ORKLA ASA NOK1.25	Norway	60,801.00	428,583.88	462,103.74
FIRST EAGLE	PARGESA HLDGS SA CHF20.00 (BR)	Switzerland	22,249.00	2,024,266.27	1,474,901.79
FIRST EAGLE	PENN WEST PETROLEUM LTD COM STK	Canada	50,118.00	952,092.75	713,680.32
FIRST EAGLE	POSTNL NV EUR0.48	Netherlands	43,192.00	345,337.56	150,585.23
FIRST EAGLE	RECORDATI EUR0.125	Italy	11,400.00	75,652.36	81,103.53
FIRST EAGLE	RED ELECTRICA CORP EUR2	Spain	13,930.00	783,181.81	661,193.23
FIRST EAGLE	RIETER HOLDING AG CHF5.00 (REGD)	Switzerland	1,684.00	441,021.52	286,699.30
FIRST EAGLE	SANOFI EUR2	France	16,785.00	1,217,050.36	1,432,755.36
FIRST EAGLE	SATS LTD NPV	Singapore	153,400.00	315,976.64	335,136.55
FIRST EAGLE	SECOM CO NPV	Japan	40,300.00	1,955,090.27	2,108,239.07
FIRST EAGLE	SEIKAGAKU CORP NPV	Japan	24,300.00	265,759.31	281,730.08
FIRST EAGLE	SHIMANO INC NPV	Japan	26,100.00	1,338,803.23	1,905,501.29
FIRST EAGLE	SHIN-ETSU CHEMICAL NPV	Japan	6,700.00	315,354.00	378,059.13
FIRST EAGLE	SK KAKEN CO LTD NPV	Japan	2,000.00	77,912.29	84,575.84
FIRST EAGLE	SMC CORP NPV	Japan	10,100.00	1,712,480.61	1,633,136.25
FIRST EAGLE	SODEXHO EUR4	France	12,224.00	889,188.61	921,396.60
FIRST EAGLE	SOFINA NPV	Belgium	1,031.00	89,672.13	84,769.04
FIRST EAGLE	T.HASEGAWA CO NPV	Japan	13,600.00	208,996.44	175,856.04
FIRST EAGLE	TF1 - TV FRANCAISE EUR0.20	France	50,680.00	797,610.36	422,429.61
FIRST EAGLE	THAI BEVERAGE PLC THB1	Thailand	3,223,200.00	730,927.69	1,064,152.60
FIRST EAGLE	THK CO LTD NPV	Japan	19,600.00	486,070.91	301,809.77
FIRST EAGLE	TNT EXPRESS NV, AMSTERDAM SHS	Netherlands	36,987.00	411,694.20	386,665.74
FIRST EAGLE	WENDEL EUR4	France	4,232.00	461,529.18	357,701.53
FIRST EAGLE	WIENERBERGER AG NPV	Austria	49,140.00	794,872.63	381,208.20
FIRST EAGLE	WM MORRISON SUPERMARKETS ORD GBP0.10	UK	140,855.00	642,130.83	648,695.01
FIRST EAGLE	YAZICILAR HOLDING CLASS'A' TRY1	Turkey	24,822.00	152,084.47	193,533.08
FIRST EAGLE	YOMEISHU SEIZO CO NPV	Japan	10,000.00	93,531.90	95,372.75

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Account name	Asset description	Country	Shares/Par value	Book value	Market value
ROBECO BOSTON PARTNERS	#REORG/ICON PUB LTD MANDATORTY EXCHANGE ICON PLC 2P1YAY1 EFF 2/04/2013	Ireland	10,545.00	188,472.91	256,981.65
ROBECO BOSTON PARTNERS	5TH 3RD BANCORP COM	USA	40,315.00	524,198.50	625,285.65
ROBECO BOSTON PARTNERS	AES CORP COM	USA	14,880.00	164,172.31	163,233.60
ROBECO BOSTON PARTNERS	AGCO CORP COM	USA	9,170.00	419,217.60	435,391.60
ROBECO BOSTON PARTNERS	ALLEGHANY CORP DEL COM	USA	1,418.00	452,370.93	489,124.92
ROBECO BOSTON PARTNERS	ALLIANCE DATA SYS CORP COM	USA	1,590.00	126,512.81	225,700.50
ROBECO BOSTON PARTNERS	ALLIANT ENERGY CORP COM	USA	6,640.00	206,422.85	288,109.60
ROBECO BOSTON PARTNERS	AMDOCS ORD GBP0.01	Guernsey	13,380.00	413,192.98	441,406.20
ROBECO BOSTON PARTNERS	AMER ELEC PWR CO INC COM	USA	8,100.00	347,713.20	355,914.00
ROBECO BOSTON PARTNERS	AMEREN CORP COM	USA	8,345.00	220,912.72	272,631.15
ROBECO BOSTON PARTNERS	AMERICAN ASSETS TR INC COM	USA	5,635.00	115,851.38	150,961.65
ROBECO BOSTON PARTNERS	AMERISOURCEBERGEN CORP COM	USA	14,565.00	552,393.47	563,811.15
ROBECO BOSTON PARTNERS	ANALOG DEVICES INC COM	USA	9,180.00	293,459.04	359,764.20
ROBECO BOSTON PARTNERS	ARCH CAPITAL GROUP COM STK	Bermuda	6,140.00	224,906.94	255,915.20
ROBECO BOSTON PARTNERS	ARROW ELECTR INC COM	USA	10,100.00	323,352.90	340,471.00
ROBECO BOSTON PARTNERS	ASHLAND INC NEW COM	USA	6,445.00	256,139.44	461,462.00
ROBECO BOSTON PARTNERS	AVNET INC COM	USA	9,935.00	271,941.96	289,009.15
ROBECO BOSTON PARTNERS	BALL CORP COM	USA	8,055.00	257,169.50	340,807.05
ROBECO BOSTON PARTNERS	BRUNSWICK CORP COM	USA	16,455.00	354,515.50	372,376.65
ROBECO BOSTON PARTNERS	CA INC COM	USA	15,205.00	394,513.45	391,756.82
ROBECO BOSTON PARTNERS	CAP 1 FNCL COM	USA	8,930.00	250,847.01	509,099.30
ROBECO BOSTON PARTNERS	CAREFUSION CORP COM	USA	20,550.00	495,489.22	583,414.50
ROBECO BOSTON PARTNERS	CBS CORP NEW CL B	USA	26,905.00	554,756.00	977,458.65
ROBECO BOSTON PARTNERS	CHEMED CORP NEW COM	USA	4,290.00	256,859.73	297,254.10
ROBECO BOSTON PARTNERS	CIGNA CORPORATION	USA	7,735.00	344,704.57	364,859.95
ROBECO BOSTON PARTNERS	COCA-COLA ENTERPRISES INC NEW COM	USA	12,320.00	313,150.03	385,246.40
ROBECO BOSTON PARTNERS	COMERICA INC COM	USA	11,780.00	427,843.41	365,769.00
ROBECO BOSTON PARTNERS	CONSTELLATION BRANDS INC CL A CL A	USA	9,315.00	263,464.40	301,340.25
ROBECO BOSTON PARTNERS	CROWN HLDGS INC COM	USA	13,875.00	359,420.64	509,906.25
ROBECO BOSTON PARTNERS	CURTISS WRIGHT CORP COM	USA	14,070.00	469,859.06	460,089.00
ROBECO BOSTON PARTNERS	CYTEC IND COM	USA	8,845.00	463,211.63	579,524.40
ROBECO BOSTON PARTNERS	DAVITA HEALTHCARE PARTNERS INC COM	USA	3,030.00	173,388.48	313,938.30
ROBECO BOSTON PARTNERS	DISCOVER FINL SVCS COM STK	USA	14,762.00	143,016.94	586,494.26
ROBECO BOSTON PARTNERS	DOVER CORP COM	USA	3,885.00	227,127.10	231,118.65
ROBECO BOSTON PARTNERS	DR PEPPER SNAPPLE GROUP INC COM STK	USA	3,775.00	84,426.05	168,100.75
ROBECO BOSTON PARTNERS	DUKE RLTY CORP COM NEW REIT	USA	13,100.00	156,695.78	192,570.00
ROBECO BOSTON PARTNERS	EAST WEST BANCORP INC COM	USA	20,625.00	251,568.66	435,600.00
ROBECO BOSTON PARTNERS	EDISON INTL COM	USA	8,110.00	415,109.55	370,545.90
ROBECO BOSTON PARTNERS	ELECTR ARTS COM	USA	23,700.00	447,980.08	300,753.00
ROBECO BOSTON PARTNERS	ENSCO PLC SHS CLASS A COM	UK	4,540.00	212,667.75	247,702.40
ROBECO BOSTON PARTNERS	EQT CORP COM	USA	5,660.00	265,372.69	333,940.00
ROBECO BOSTON PARTNERS	EQTY RESDNTL EFF 5/15/02	USA	5,425.00	113,806.85	312,100.25
ROBECO BOSTON PARTNERS	EQUIFAX INC COM	USA	9,680.00	327,874.60	450,894.40
ROBECO BOSTON PARTNERS	FLEXTRONICS INTL LTD COM STK	Singapore	61,845.00	419,402.01	371,070.00
ROBECO BOSTON PARTNERS	FLOWSERVE CORP COM	USA	4,700.00	519,887.64	600,378.00
ROBECO BOSTON PARTNERS	FLUOR CORP NEW COM	USA	5,970.00	332,399.19	335,991.60
ROBECO BOSTON PARTNERS	FTI CONSULTING INC COM	USA	16,670.00	631,013.91	444,755.60
ROBECO BOSTON PARTNERS	GRAPHIC PACKAGING HLDG CO COM STK	USA	42,840.00	228,867.34	248,900.40
ROBECO BOSTON PARTNERS	GREAT PLAINS ENERGY INC COM	USA	11,235.00	228,098.46	250,091.10
ROBECO BOSTON PARTNERS	GROUPE CGI INC CL A SUB VTG CL A SUB VTG	Canada	5,810.00	108,791.33	156,056.60
ROBECO BOSTON PARTNERS	HANOVER INS GROUP INC COM	USA	1,575.00	60,959.51	58,684.50
ROBECO BOSTON PARTNERS	HARRIS CORP COM	USA	11,175.00	476,127.76	572,383.50
ROBECO BOSTON PARTNERS	HELMERICH & PAYNE INC COM	USA	7,660.00	383,035.81	364,692.60
ROBECO BOSTON PARTNERS	HOLOGIC INC COM	USA	22,885.00	370,461.11	463,192.40
ROBECO BOSTON PARTNERS	HUBBELL INC CL B COM	USA	2,190.00	171,985.18	176,820.60
ROBECO BOSTON PARTNERS	HUNTINGTON BANCSHARES INC COM	USA	44,800.00	222,567.70	309,120.00
ROBECO BOSTON PARTNERS	INGRAM MICRO INC CL A	USA	14,530.00	252,445.41	221,291.90
ROBECO BOSTON PARTNERS	JOHNSON CTL INC COM	USA	10,000.00	320,907.98	274,000.00
ROBECO BOSTON PARTNERS	KELLOGG CO COM USD0.25	USA	4,415.00	221,988.49	228,078.90
ROBECO BOSTON PARTNERS	KENNAMETAL INC CAP	USA	6,345.00	187,027.13	235,272.60
ROBECO BOSTON PARTNERS	KIMCO RLTY CORP COM	USA	26,480.00	441,503.68	536,749.60
ROBECO BOSTON PARTNERS	KOHLS CORP COM	USA	7,270.00	373,397.60	372,369.40
ROBECO BOSTON PARTNERS	LEAR CORP COM NEW COM NEW	USA	13,880.00	643,053.43	524,525.20
ROBECO BOSTON PARTNERS	LOEWS CORP COM	USA	8,650.00	338,049.38	356,899.00
ROBECO BOSTON PARTNERS	LORILLARD INC COM STK	USA	1,725.00	48,404.64	200,876.25
ROBECO BOSTON PARTNERS	LSI CORP COM STK	USA	26,065.00	187,301.14	180,109.15
ROBECO BOSTON PARTNERS	M & T BK CORP COM	USA	2,900.00	131,448.82	275,964.00
ROBECO BOSTON PARTNERS	MACYS INC COM STK	USA	13,985.00	453,416.79	526,115.70
ROBECO BOSTON PARTNERS	MANPOWER INC COM	USA	7,700.00	372,412.00	283,360.00
ROBECO BOSTON PARTNERS	MARSH & MCLENNAN CO'S INC COM	USA	15,905.00	402,691.23	539,656.65
ROBECO BOSTON PARTNERS	MASCO CORP COM	USA	14,410.00	184,608.22	216,870.50
ROBECO BOSTON PARTNERS	MCGRAW-HILL COS COM USD1	USA	12,710.00	509,586.99	693,838.90
ROBECO BOSTON PARTNERS	MCKESSON CORP	USA	5,515.00	333,893.78	474,455.45
ROBECO BOSTON PARTNERS	MINERALS TECHNOLOGIES INC COM	USA	3,085.00	173,090.11	218,819.05
ROBECO BOSTON PARTNERS	MOODYS CORP COM	USA	18,395.00	492,376.80	812,507.15
ROBECO BOSTON PARTNERS	NOBLE ENERGY INC COM	USA	6,720.00	427,424.67	623,011.20
ROBECO BOSTON PARTNERS	NORDSTROM INC COM	USA	5,085.00	247,224.69	280,590.30
ROBECO BOSTON PARTNERS	NV ENERGY INC COM	USA	18,770.00	169,124.01	338,047.70
ROBECO BOSTON PARTNERS	OMNICARE INC COM	USA	17,370.00	443,538.17	590,058.90
ROBECO BOSTON PARTNERS	OMNICOM GROUP INC COM	USA	9,285.00	438,510.67	478,734.60
ROBECO BOSTON PARTNERS	ON SEMICONDUCTOR CORP COM	USA	26,460.00	179,301.64	163,258.20

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Account name	Asset description	Country	Shares/Par value	Book value	Market value
ROBECO BOSTON PARTNERS	PARKER-HANNIFIN CORP COM	USA	6,990.00	585,074.55	584,224.20
ROBECO BOSTON PARTNERS	PPG IND INC COM	USA	3,730.00	380,949.24	428,353.20
ROBECO BOSTON PARTNERS	QUEST DIAGNOSTICS INC COM	USA	3,580.00	202,501.66	227,079.40
ROBECO BOSTON PARTNERS	RAYMOND JAMES FNCL INC COM STK	USA	18,005.00	480,000.59	659,883.25
ROBECO BOSTON PARTNERS	REGENCY CTRS CORP COM	USA	5,740.00	186,061.77	279,710.20
ROBECO BOSTON PARTNERS	REINSURANCE GROUP AMER INC COM NEW STK	USA	7,075.00	367,362.76	409,430.25
ROBECO BOSTON PARTNERS	ROBERT HALF INTL INC COM	USA	23,730.00	569,402.45	631,929.90
ROBECO BOSTON PARTNERS	ROCK-TENN CO CL A CL A	USA	7,065.00	399,180.52	509,951.70
ROBECO BOSTON PARTNERS	ROSETTA RES INC COM	USA	10,835.00	240,015.32	518,996.50
ROBECO BOSTON PARTNERS	SEAGATE TECHNOLOGY PLC COM USD0.00001	Ireland	16,280.00	299,756.93	504,680.00
ROBECO BOSTON PARTNERS	SEI INVTS CO COM	USA	11,475.00	204,538.08	246,138.75
ROBECO BOSTON PARTNERS	SLM CORP COM	USA	19,515.00	188,976.61	306,775.80
ROBECO BOSTON PARTNERS	SM ENERGY CO COM	USA	9,680.00	488,276.21	523,784.80
ROBECO BOSTON PARTNERS	STANLEY BLACK & DECKER INC COM	USA	7,910.00	455,095.64	603,137.50
ROBECO BOSTON PARTNERS	SUN TR BANKS INC COM	USA	18,120.00	458,202.22	512,252.40
ROBECO BOSTON PARTNERS	SYMANTEC CORP COM	USA	15,555.00	255,392.76	279,990.00
ROBECO BOSTON PARTNERS	SYMETRA FINL CORP COM	USA	22,690.00	272,641.46	279,087.00
ROBECO BOSTON PARTNERS	TAUBMAN CTRS INC COM	USA	3,255.00	101,529.42	249,756.15
ROBECO BOSTON PARTNERS	TD AMERITRADE HLDG CORP COM STK	USA	28,635.00	464,373.78	440,119.95
ROBECO BOSTON PARTNERS	TE CONNECTIVITY LTD	Switzerland	9,755.00	302,746.60	331,767.55
ROBECO BOSTON PARTNERS	TORCHMARK CORP COM	USA	12,105.00	582,073.98	621,591.75
ROBECO BOSTON PARTNERS	TOWERS WATSON & CO CL A COM STK	USA	7,435.00	292,548.11	394,426.75
ROBECO BOSTON PARTNERS	TRW AUTOMOTIVE HLDGS CORP COM	USA	5,610.00	219,726.67	245,213.10
ROBECO BOSTON PARTNERS	V F CORP COM	USA	1,790.00	90,453.19	285,254.40
ROBECO BOSTON PARTNERS	VENTAS INC REIT	USA	5,470.00	133,812.71	340,507.50
ROBECO BOSTON PARTNERS	VISHAY INTERTECHNOLOGY INC COM STK	USA	12,795.00	110,576.85	125,774.85
ROBECO BOSTON PARTNERS	VORNADO RLTY TR COM	USA	3,660.00	295,269.59	296,643.00
ROBECO BOSTON PARTNERS	WEATHERFORD INTL LTD	Switzerland	14,215.00	185,091.83	180,246.20
ROBECO BOSTON PARTNERS	WESCO INTL INC COM	USA	11,130.00	316,537.59	636,636.00
ROBECO BOSTON PARTNERS	WESTAR ENERGY INC COM	USA	7,060.00	147,336.70	209,399.60
ROBECO BOSTON PARTNERS	WESTERN UNION CO	USA	19,200.00	300,690.87	349,824.00
ROBECO BOSTON PARTNERS	WESTN DIGITAL CORP COM	USA	13,490.00	424,972.33	522,467.70
ROBECO BOSTON PARTNERS	WILLIAMS SONOMA INC COM	USA	8,985.00	259,324.18	395,070.45
ROBECO BOSTON PARTNERS	XEROX CORP COM	USA	29,275.00	284,528.92	214,878.50

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Account name	Asset description	Country	Shares/Par value	Book value	Market value
WHV INTL	#REORG/COOPER INDUSTRIES CASH AND STK MERGER EATON CORP 2K1XAN1 11/30/2012	Ireland	54,834.00	2,604,188.72	4,115,840.04
WHV INTL	ADR AXA SA SPONSORED ADR	France	26,280.00	789,523.55	391,572.00
WHV INTL	ADR BASF AKTIENGESELLSCHAFT - LEVEL I	Germany	28,879.00	2,224,199.84	2,441,141.87
WHV INTL	ADR BHP BILLITON LTD SPONSORED ADR	Australia	52,500.00	4,235,948.91	3,602,025.00
WHV INTL	ADR BRIT AMERN TOB PLC SPONSORED COM STK	UK	40,150.00	3,130,284.52	4,120,996.00
WHV INTL	ADR DANONE SPONSORED ADR	France	55,592.00	782,984.32	681,002.00
WHV INTL	ADR FIBRIA CELULOSE S A SPONSORED ADR REPSTG COM SHS	Brazil	4,310.00	245,811.31	40,255.40
WHV INTL	ADR NESTLE S A SPONSORED ADR REPSTG REG SH	Switzerland	34,761.00	2,004,850.87	2,197,242.81
WHV INTL	ADR NOVARTIS AG	Switzerland	14,500.00	836,630.90	888,270.00
WHV INTL	ADR RIO TINTO PLC SPONSORED ADR	UK	55,628.00	4,609,857.03	2,601,165.28
WHV INTL	ADR SYNGENTA AG SPONSORED ADR	Switzerland	28,306.00	1,211,198.50	2,118,704.10
WHV INTL	ADR TENARIS S A SPONSORED ADR	Luxembourg	76,418.00	3,558,282.43	3,115,561.86
WHV INTL	ADR UNILEVER N V NEW YORK SHS NEW	Netherlands	68,183.00	2,238,196.82	2,419,132.84
WHV INTL	ADR VALE S A ADR	Brazil	111,794.00	3,667,073.92	2,001,112.60
WHV INTL	ADR YARA INTL ASA SPONSORED ADR	Norway	3,198.00	190,873.44	159,740.10
WHV INTL	AGRIUM INC COM	Canada	38,365.00	2,118,543.29	3,969,242.90
WHV INTL	BHP BILLITON PLC USD0.50	UK	11,289.00	370,313.40	350,917.46
WHV INTL	BROOKFIELD ASSET MGMT INC VOTING SHS CL A VOTING SHS CL A	Canada	35,775.00	1,027,511.60	1,234,595.25
WHV INTL	BUNGE LTD	Bermuda	13,350.00	707,625.75	895,117.50
WHV INTL	CANADIAN NATL RY CO COM	Canada	54,893.00	3,303,097.34	4,843,209.39
WHV INTL	CDN NAT RES LTD COM CDN NAT RES COM STK	Canada	92,800.00	3,314,920.20	2,857,312.00
WHV INTL	CDN PAC RY LTD COM CDN PAC RY LTD	Canada	65,225.00	3,846,450.53	5,406,500.25
WHV INTL	CORE LABORATORIES NV NLG0.03	Netherlands	32,100.00	2,532,509.24	3,899,508.00
WHV INTL	DANONE EURO.25	France	12,128.00	1,026,262.09	747,523.98
WHV INTL	DIAGEO ORD PLC	UK	60,872.00	921,103.46	1,709,860.86
WHV INTL	DIAGEO PLC SPONSORED ADR NEW	UK	19,450.00	1,498,401.98	2,192,598.50
WHV INTL	FINNING INTL INC COM NEW COM NEW	Canada	2,800.00	80,109.68	67,620.00
WHV INTL	FINNING INTL INC COM NPV	Canada	4,625.00	124,991.38	112,058.54
WHV INTL	INGERSOLL-RAND PLC COM STK	Ireland	45,645.00	1,938,787.62	2,045,808.90
WHV INTL	MANULIFE FINL CORP COM	Canada	16,575.00	575,811.82	199,563.00
WHV INTL	NABORS INDUSTRIES COM USD0.10	Bermuda	165,195.00	4,638,623.86	3,317,685.85
WHV INTL	NESTLE SA CHF0.10(REGD)	Switzerland	35,030.00	1,290,257.12	2,210,341.56
WHV INTL	NOBLE CORPORATION (SWITZERLAND) COM USD0.10	Switzerland	107,811.00	4,751,241.99	3,857,477.58
WHV INTL	NOVARTIS AG CHF0.50 (REGD)	Switzerland	14,460.00	715,542.19	885,478.83
WHV INTL	PARTNERRE HLDG LTD COM STK	Bermuda	8,425.00	639,173.67	625,809.00
WHV INTL	POTASH CORP SASK INC COM	Canada	102,837.00	3,498,564.92	4,465,182.54
WHV INTL	SAIPEM EUR1	Italy	22,700.00	700,453.56	1,091,336.61
WHV INTL	SCHLUMBERGER LTD COM COM	Netherlands Ant	59,107.00	4,782,846.19	4,275,209.31
WHV INTL	SUNCOR ENERGY INC NEW COM STK	Canada	107,612.00	4,577,866.38	3,535,054.20
WHV INTL	TALISMAN ENERGY INC COM	Canada	51,973.00	992,198.48	692,280.36
WHV INTL	TECK RESOURCES LIMITED	Canada	22,100.00	1,008,140.60	650,845.00
WHV INTL	TRANSOCEAN LTD	Switzerland	32,140.00	3,464,537.56	1,442,764.60
WHV INTL	UBS AG SHS COM	Switzerland	31,000.00	721,028.83	377,580.00
WHV INTL	WEATHERFORD INTL LTD	Switzerland	205,992.00	4,804,544.73	2,611,978.56
	TOTAL COMMON STOCK		**20,349,580.00**	**495,477,431.91**	**580,697,239.26**
	PREFERRED STOCK				
FIRST EAGLE	ADR PETROLEO BRASILEIRO SA PETROBRAS SPONSORED ADR REPSTG PFD SHS	Brazil	10,013.00	305,663.95	220,986.91
FIRST EAGLE	SAMSUNG ELECTRONIC PFD KRW5000	Korea	402.00	210,806.14	285,379.58
	TOTAL PREFERRED STOCK		**10,415.00**	**516,470.09**	**506,366.49**
	RIGHTS/WARRANTS				
DELAWARE	KINDER MORGAN INC 05/25/2017 WTS KINDER MORGAN	USA	41,152.00	78,394.56	143,620.48
	TOTAL RIGHTS/WARRANTS		**41,152.00**	**78,394.56**	**143,620.48**
	STOCK FUNDS				
BLACKROCK INTL EAFE	CF BLACKROCK EAFE SUDAN FREE EQUITY INDEX FUND	USA	5,932,645.03	55,950,000.00	59,092,781.21
BLACKROCK S&P INDEX	CF BLACKROCK EQUITY GROWTH FUND A	USA	69,228.15	26,435,091.34	31,897,314.48
FIRST EAGLE	MFC SPDR GOLD TR GOLD SHS	USA	35,421.00	5,109,423.39	6,093,120.42
	TOTAL STOCK FUNDS		**6,001,873.18**	**82,385,091.34**	**90,990,095.69**
	TOTAL EQUITY		**26,403,020.18**	**578,457,387.90**	**672,337,321.92**

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as of SEPTEMBER 30, 2012

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	U.S. GOVERNMENT AGENCIES				
AMBASSADOR	FNMA BOND 12-03-2012	USA	1,000,000 00	999,801 00	1,000,350.00
AMBASSADOR	FNMA REMIC TR 2009-70 CL-PA 5 08-25-2035	USA	218,929.97	228,234.50	221,187 35
DODGE & COX	SBA GTD DEV PARTN CTF SER 2003-20-D PARTN CTF 4 76 DUE 04-01-23 REG	USA	374,017.72	374,017 72	412,477 58
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF 2007-20C PARTN CTF VAR RT 3-1-27 REG	USA	436,471.00	436,471 00	495,006 12
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF DEB SER 1997-20 C 7 15	USA	33,307.61	35,278 76	35,996 86
	TOTAL U.S. GOVERNMENT AGENCIES		**2,062,726.30**	**2,073,802.98**	**2,165,017.91**

CITY OF MIAMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2012

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	U.S. GOVERNMENT BONDS				
AMBASSADOR	USA GOV NATL TREAS BD STRIPPEDPRIN PMT 4.375 05-15-2040	USA	5,230,000.00	1,283,494.30	2,314,306.38
AMBASSADOR	USA TREAS BDS BDS 3% DUE 05-15-2042 REG	USA	800,000.00	829,750.00	829,500.00
AMBASSADOR	USA TREAS BDS DTD 02/15/2012 3.125% DUE 02-15-2042 REG	USA	2,300,000.00	2,549,703.13	2,446,625.00
AMBASSADOR	USA TREAS NTS .25 DUE 06-30-2014 REG	USA	1,000,000.00	1,000,781.25	1,000,195.00
AMBASSADOR	UTD STATES TREAS CPN .125 DUE 07-31-2014	USA	2,000,000.00	1,996,093.75	1,495,860.00
BARROW HANLEY BOND	US TREAS NTS .875 DUE 01-31-2017 REG	USA	1,530,000.00	1,547,079.69	1,553,427.36
BARROW HANLEY BOND	USA TREAS BDS .. 3.125% DUE 11-15-2041 REG	USA	4,175,000.00	4,260,605.84	3,484,460.55
BARROW HANLEY BOND	USA TREAS NTS 2 DUE 02-15-2022	USA	2,650,000.00	2,647,072.80	2,756,206.70
BARROW HANLEY BOND	USA TREAS NTS 2 DUE 11-15-2021	USA	815,000.00	830,423.05	850,846.96
BARROW HANLEY BOND	UTD STATES TREAS .375% DUE 03-15-2015	USA	2,275,000.00	2,273,948.89	2,280,510.05
BARROW HANLEY BOND	UTD STATES TREAS 2% DUE 04-30-2016	USA	2,390,000.00	2,508,973.88	2,526,117.67
DODGE & COX	US TREAS NTS .625 DUE 01-31-2013	USA	4,850,000.00	4,872,485.78	4,857,958.85
DODGE & COX	US TREAS NTS .625 DUE 04-30-2013	USA	700,000.00	703,007.81	701,886.50
DODGE & COX	US TREAS NTS DTD 00314 0.5 DUE10-15-2013 REG	USA	2,900,000.00	2,910,062.50	2,909,062.50
DODGE & COX	USA TREAS NTS 0.25 10-31-2013	USA	1,700,000.00	1,700,941.41	1,700,929.90
DODGE & COX	USA TREAS NTS 0.375 7-31-2013	USA	1,750,000.00	1,752,324.22	1,752,871.75
DODGE & COX	USA TREAS NTS DTD 00307 .75% DUE 08-15-2013 REG	USA	3,500,000.00	3,518,527.35	3,017,227.00
DODGE & COX	USA TREAS NTS DTD 11/30/10 .5 DUE 11-30-2012 REG	USA	600,000.00	601,291.07	600,375.00
MUNDER	US OF AMER TREAS NOTES 1.75 DUE 01-31-2014 REG	USA	310,000.00	316,673.30	316,309.12
MUNDER	USA TREAS BILLS DUE 01-31-2013REG	USA	4,384,000.00	4,382,243.24	4,382,662.88
MUNDER	USA TREAS BDS . 3.125% DUE 11-15-2041 REG	USA	1,825,000.00	1,820,221.12	1,444,194.40
MUNDER	USA TREAS BDS 00205 4.375% DUE02-15-2038 REG	USA	536,000.00	711,290.89	705,593.61
MUNDER	USA TREAS BDS BD 3.75% DUE 08-15-2041 REG	USA	610,000.00	689,747.66	729,331.25
MUNDER	USA TREAS BDS BD DTD11/16/1998 5.25% DUE 11-15-2028 REG	USA	309,000.00	369,627.81	432,455.07
MUNDER	USA TREAS BDS DTD 08/15/1995 6.875% DUE 08-15-2025 REG	USA	414,000.00	660,186.11	645,451.66
MUNDER	USA TREAS NTS .25 DUE 02-15-2015	USA	1,860,000.00	1,854,181.74	1,858,837.50
MUNDER	USA TREAS NTS DTD 00410 .75% DUE 06-30-2017 REG	USA	863,000.00	867,621.29	869,539.81
MUNDER	UTD STATES TREAS 1.75% DUE 05-15-2022	USA	2,847,000.00	2,879,212.41	2,387,034.51
WELLINGTON	USA TREAS NTS DTD 08/15/2012 1.625% DUE 08-15-2022 REG	USA	4,505,000.00	4,453,218.91	4,500,071.53
	TOTAL U.S. GOVERNMENT BONDS		**59,628,000.00**	**56,790,791.20**	**55,349,848.51**

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as of SEPTEMBER 30, 2012

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	U.S. GOVERNMENT MORTGAGE BACKED				
AMBASSADOR	FEDERAL HOME LN MTG CORP POOL #G1-4552 5% 06-01-2026 BEO	USA	922,892.36	1,003,645.44	999,072.22
AMBASSADOR	FEDERAL HOME LN MTG CORP REMIC SER 3653 CL EL 3.5 DUE 07-15-2024	USA	448,610.10	464,031.08	460,805.56
AMBASSADOR	FEDERAL HOME LN MTG CORP SER 3542 CL LE 3.5 01-15-2024	USA	415,866.34	431,721.24	429,734.65
AMBASSADOR	FEDERAL HOME LN MTG CORP SER R003 CL BA 5.5 02-15-2033	USA	68,894.44	70,250.80	69,001.43
AMBASSADOR	FEDERAL HOME LN MTG CORP SER REMIC 2975 CL OG DUE 5.5 04-15-2033	USA	650,000.00	674,375.00	668,716.10
AMBASSADOR	FHLMC GOLD C55607 6 5 08-01-2031	USA	912.72	919.70	1,061.82
AMBASSADOR	FHLMC GOLD C56693 6 5 08-01-2031	USA	17,829.72	17,965.52	20,742.38
AMBASSADOR	FHLMC GOLD E01127 6 5 02-01-2017	USA	319,746.34	351,321.30	345,148.26
AMBASSADOR	FHLMC GOLD G03323 6 08-01-2037	USA	101,172.23	102,215.57	111,377.57
AMBASSADOR	FHLMC GOLD POOL C24908 6 5 04-01-2029	USA	40,315.31	41,940.54	46,149.74
AMBASSADOR	FHLMC MULTICLASS PREASSIGN 00476 5 06-15-2031/01-15-2013	USA	834,814.47	843,162.61	838,543.58
AMBASSADOR	FHLMC MULTICLASS PREASSIGN 00487 5 08-15-2016	USA	628,397.12	657,853.23	659,460.04
AMBASSADOR	FHLMC MULTICLASS SER 2716 CL UN 4.5 12-15-2023	USA	671,547.49	628,526.48	730,379.07
AMBASSADOR	FHLMC MULTICLASS SER 2796 CL VB 5.5 01-15-2024/03-15-2013	USA	316,502.06	312,879.59	319,618.33
AMBASSADOR	FHLMC MULTICLASS SER 2984 CL ND 5 5 06-15-2033	USA	665,000.00	702,406.25	688,421.30
AMBASSADOR	FHLMC MULTICLASS SER 3687 CL JA 4 5 08-15-2039	USA	714,070.79	733,930.89	747,944.88
AMBASSADOR	FHLMC MULTICLASS SER 3986 CL P 4 03-15-2039	USA	623,965.28	641,904.29	638,011.98
AMBASSADOR	FHLMC MULTICLASS SER 3996 CL BA 1.5 02-15-2027	USA	860,203.61	857,918.69	866,077.08
AMBASSADOR	FHLMC MULTICLFHLMC MULTICLASS SER 3798 CL DK 3.5 DUE 11-15-2025 REG	USA	934,035.12	977,818.02	972,723.78
AMBASSADOR	FHLMC POOL #187323 ADJ RT 01-01-2037	USA	133,909.99	135,018.95	143,954.57
AMBASSADOR	FHLMC POOL #1N-1434 ADJ RT 04-01-2037	USA	41,095.08	41,517.25	43,368.87
AMBASSADOR	FNMA POOL #252982 8% DUE 01-01-2030 REG	USA	4,592.47	4,756.08	5,681.25
AMBASSADOR	FNMA POOL #253517 8 5% DUE 11-01-2030 REG	USA	4,130.99	4,279.43	5,198.35
AMBASSADOR	FNMA POOL #330286 7 GTD MTG PASS THRU CTF DUE 11-01-2025 REG	USA	7,575.41	7,970.15	8,969.89
AMBASSADOR	FNMA POOL #446371 6 5% 09-01-2028 BEO	USA	5,187.57	5,446.53	5,955.64
AMBASSADOR	FNMA POOL #450809 6.5% DUE 11-01-2028 REG	USA	12,242.37	12,853.54	14,437.06
AMBASSADOR	FNMA POOL #470070 2.24% 01-01-2017 BEO	USA	988,168.32	1,006,696.48	1,003,455.28
AMBASSADOR	FNMA POOL #527756 8% DUE 02-01-2030 REG	USA	11,619.13	12,232.74	13,500.03
AMBASSADOR	FNMA POOL #528319 7% DUE 07-01-2015 REG	USA	4,817.62	5,049.48	5,109.85
AMBASSADOR	FNMA POOL #535801 7% DUE 03-01-2016 REG	USA	2,497.16	2,617.32	2,648.63
AMBASSADOR	FNMA POOL #535951 8% DUE 03-01-2031 REG	USA	3,944.44	4,126.86	4,878.95
AMBASSADOR	FNMA POOL #544397 8 5% DUE 08-01-2030 REG	USA	3,454.24	3,578.37	3,869.23
AMBASSADOR	FNMA POOL #545369 7% DUE 09-01-2016 REG	USA	18,705.06	19,605.22	19,839.70
AMBASSADOR	FNMA POOL #548965 8.5% DUE 07-01-2030 REG	USA	7,248.75	7,509.26	9,135.09
AMBASSADOR	FNMA POOL #557184 8% DUE 11-01-2030 REG	USA	12,330.47	12,927.73	14,525.17
AMBASSADOR	FNMA POOL #561232 8% DUE 05-01-2031 REG	USA	10,188.38	10,659.57	12,002.52
AMBASSADOR	FNMA POOL #562055 8.5% DUE 12-01-2030 REG	USA	10,760.42	11,147.11	12,670.39
AMBASSADOR	FNMA POOL #568386 7% DUE 12-01-2015 REG	USA	55,547.34	58,220.58	57,957.53
AMBASSADOR	FNMA POOL #576022 8% DUE 12-01-2029 REG	USA	319.97	336.86	351.46
AMBASSADOR	FNMA POOL #593020 6.5% DUE 09-01-2031 REG	USA	6,335.60	6,342.55	7,273.64
AMBASSADOR	FNMA POOL #607695 6.5% DUE 11-01-2031 REG	USA	20,544.02	21,571.22	23,885.09
AMBASSADOR	FNMA POOL #634232 7% 04-01-2032 BEO	USA	10,070.51	10,595.29	12,062.86
AMBASSADOR	FNMA POOL #667021 6.5% 11-01-2032 BEO	USA	4,560.34	4,788.02	5,273.76
AMBASSADOR	FNMA POOL #745428 5.5% 01-01-2036 BEO	USA	7,070.15	6,951.38	7,797.44
AMBASSADOR	FNMA POOL #745516 5.5% 05-01-2036 BEO	USA	5,889.48	5,790.57	6,495.33
AMBASSADOR	FNMA POOL #745586 5.5% 06-01-2036 BEO	USA	8,854.15	8,705.44	9,720.70
AMBASSADOR	FNMA POOL #745886 5.5% 04-01-2036 BEO	USA	4,368.01	4,294.63	4,817.33
AMBASSADOR	FNMA POOL #816231 5.5% 03-01-2035 BEO	USA	8,731.56	8,584.88	9,629.77
AMBASSADOR	FNMA POOL #822148 5 143% 11-01-2035 BEO	USA	132,259.44	131,975.30	141,368.14
AMBASSADOR	FNMA POOL #833575 7% 08-01-2035 BEO	USA	18,904.35	19,697.45	22,519.99
AMBASSADOR	FNMA POOL #842001 5.5% 10-01-2035 BEO	USA	103,041.82	101,311.05	113,641.73
AMBASSADOR	FNMA POOL #845556 5.5% 01-01-2036 BEO	USA	8,805.76	8,657.85	9,704.30
AMBASSADOR	FNMA POOL #846874 5.5% 11-01-2035 BEO	USA	98,778.79	97,119.61	108,960.90
AMBASSADOR	FNMA POOL #863096 5.5% 11-01-2035 BEO	USA	22,828.43	22,444.96	25,176.79
AMBASSADOR	FNMA POOL #867066 5.5% 02-01-2036 BEO	USA	73,128.75	71,900.44	80,651.50
AMBASSADOR	FNMA POOL #886034 2.764% 07-01-2036 BEO	USA	51,268.36	52,875.31	54,843.81
AMBASSADOR	FNMA POOL #886574 2.705% 08-01-2036 BEO	USA	51,278.43	52,788.52	54,776.64
AMBASSADOR	FNMA POOL #914653 FLTG RT 2.737% 04-01-2037 BEO	USA	57,312.43	58,100.45	61,497.95
AMBASSADOR	FNMA POOL #914854 ADJ RT DUE 04-01-2037 BEO	USA	70,460.19	71,418.00	75,633.37
AMBASSADOR	FNMA POOL #933131 5.5% 10-01-2037 BEO	USA	1,879,182.81	1,840,131.03	2,060,749.45
AMBASSADOR	FNMA POOL #983077 5% 05-01-2038 BEO	USA	712,721.38	672,296.72	777,600.40
AMBASSADOR	FNMA POOL #MA0876 3 5% 10-01-2021 BEO	USA	580,908.93	619,031.08	618,540.21
AMBASSADOR	FNMA PREASSIGN 00164 5 12-25-2032	USA	774,000.55	837,623.46	816,360.05
AMBASSADOR	FNMA REMIC SER 009-65 CL GA 4 5 11-25-2023	USA	615,977.45	642,926.46	636,525.84
AMBASSADOR	FNMA REMIC SER 2002-T12 CL A3 7.5 05-25-2042	USA	513,057.28	531,014.30	611,893.66
AMBASSADOR	FNMA REMIC SER 2003-W3 CL 1A2 7 08-25-2042	USA	478,698.82	485,879.32	558,856.93
AMBASSADOR	FNMA REMIC SER 2006-53 CL BP 612-25-2032	USA	228,629.29	245,990.83	229,604.16
AMBASSADOR	FNMA REMIC TR 1992-205 CL-Z 7 11-25-2022	USA	428,214.09	490,171.32	489,417.44
AMBASSADOR	FNMA REMIC TR 2009-71 CL-A 5 DUE 02-25-2028 REG	USA	767,196.78	790,212.68	785,357.86
AMBASSADOR	FNMA REMIC TR 2011-36 CL-LA 4 5 01-25-2030	USA	779,306.29	815,105.67	809,497.39
AMBASSADOR	FNMA REMIC TR 2011-42 CL-BJ 3 DUE 08-25-2025 REG	USA	857,513.57	886,454.66	882,078.76
AMBASSADOR	FNMA REMIC TRUST 2004 31 VB 4.5 09-25-2027	USA	406,670.55	419,379.01	415,462.76
AMBASSADOR	FNMA SER 2011-144 CL CE 1.25 06-25-2035	USA	750,223.15	749,285.38	748,878.00
AMBASSADOR	FNMA SER 2011-96 CL DA 3 5 06-25-2026 BEO	USA	449,604.69	461,828.32	460,847.50
AMBASSADOR	FNMA-DEB-PRIN-STRIPS PRIN PMT ON 0.00 DEB 2037 DUE 07-15-2037 REG	USA	2,295,000.00	782,920.65	959,103.45

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Account name	Asset description	Country	Shares/Par value	Book value	Market value
AMBASSADOR	GNMA 4.5% DUE 02-16-2022	USA	659,545.72	667,790.05	666,526.35
AMBASSADOR	GNMA POOL #004260 6% 10-20-2038 BEO	USA	421,067.34	453,907.99	459,152.88
AMBASSADOR	GNMA POOL #004285 6% 11-20-2038 BEO	USA	478,349.60	516,075.52	521,616.32
AMBASSADOR	GNMA POOL #404669 7.00 DUE 12-15-2025 REG	USA	8,965.91	8,895.87	10,623.07
AMBASSADOR	GNMA POOL #504549 SER 2029 7% DUE 09-15-2029 REG	USA	21,357.79	20,727.05	25,635.32
AMBASSADOR	GNMA POOL #583960 SER 2032 6.5% DUE 06-15-2032 REG	USA	37,640.57	37,975.83	44,919.88
AMBASSADOR	GNMA POOL #617401 SER 2037 6% DUE 02-15-2037 REG	USA	7,532.53	7,682.58	8,519.81
AMBASSADOR	GNMA POOL #674444 6% 09-15-2037 BEO	USA	4,497.84	4,587.44	5,087.37
AMBASSADOR	GNMA POOL #677514 6% 10-15-2037 BEO	USA	7,540.91	7,691.14	8,529.29
AMBASSADOR	GNMA POOL #683735 6% 03-15-2038 BEO	USA	3,891.22	3,968.76	4,398.83
AMBASSADOR	GNMA POOL #686680 6% 05-15-2038 BEO	USA	86,426.75	88,148.54	97,679.51
AMBASSADOR	GNMA POOL #748531 4% 09-15-2025 BEO	USA	906,881.34	973,622.14	984,882.20
AMBASSADOR	GNMA POOL #782169 6% 06-15-2037 BEO	USA	164,960.83	168,247.16	186,768.65
AMBASSADOR	GNMA POOL #782184 SER 2037 6% DUE 09-15-2037 REG	USA	6,340.02	6,466.35	7,177.47
AMBASSADOR	GNMAII POOL #004310 SER 2038 6% DUE 12-20-2038 REG	USA	884,685.09	959,343.41	964,704.85
AMBASSADOR	I/O GNMA 2001-46 REMIC TR CL SA VAR RT 09-16-2031	USA	14,153.27	14,787.66	4,157.77
AMBASSADOR	I/O GNMA REMIC SER 2000-29 CL MX-S INV IO 09-20-2030	USA	15,512.74	17,083.20	4,216.25
AMBASSADOR	I/O GNMA REMIC TR 1999 27 CL SE INVERSE FLTG 08-16-2027	USA	49,963.00	23,709.72	12,688.45
AMBASSADOR	I/O GNMA REMIC TR 1999-30 CL SA INV INT ONLY 04-16-2029	USA	18,872.87	0.00	1,604.25
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #A8-9148 4% 10-01-2039 BEO	USA	576,943.22	605,700.24	620,479.35
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #C0-3815 3.5% 03-01-2042 BEO	USA	481,619.24	499,830.48	518,154.87
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #C0-3830 4% 03-01-2042 BEO	USA	513,885.97	544,397.94	553,306.16
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #G02418 5.5% 11-01-2036 BEO	USA	163,563.92	157,302.49	178,708.30
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #G03111 5.5% 05-01-2037 BEO	USA	215,727.85	207,334.68	235,702.09
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #G05707 5.5% 10-01-2039 BEO	USA	324,749.61	345,249.43	354,613.58
BARROW HANLEY BOND	FEDERAL NATL MTG ASSN GTD MTG POOL #AH3373 5% 01-01-2041 BEO	USA	1,375,640.94	1,447,862.09	1,522,353.04
BARROW HANLEY BOND	FEDERAL NATL MTG ASSN GTD MTG POOL #AH6301 4% 05-01-2026 BEO	USA	1,073,615.87	1,118,238.04	1,149,008.39
BARROW HANLEY BOND	FEDERAL NATL MTG ASSN GTD MTG POOL #AH8854 4.5% 04-01-2041 BEO	USA	771,966.30	825,159.59	852,221.46
BARROW HANLEY BOND	FEDERAL NATL MTG ASSN GTD MTG POOL #AI1856 4.5% 05-01-2041 BEO	USA	516,722.69	552,408.86	574,802.32
BARROW HANLEY BOND	FEDERAL NATL MTG ASSN GTD MTG POOL #AJ2212 4.5% 10-01-2041 BEO	USA	726,920.21	780,871.31	802,490.83
BARROW HANLEY BOND	FEDERAL NATL MTG ASSN GTD MTG POOL #AL0208 4.5% 05-01-2041 BEO	USA	1,039,556.56	1,086,661.48	1,147,628.86
BARROW HANLEY BOND	FEDERAL NATL MTG ASSN GTD MTG POOL #AL0215 4.5% 04-01-2041 BEO	USA	654,901.42	694,911.80	722,986.28
BARROW HANLEY BOND	FEDERAL NATL MTG ASSN GTD MTG POOL #AL0247 4% 04-01-2041 BEO	USA	1,362,642.70	1,420,980.87	1,516,825.72
BARROW HANLEY BOND	FHLMC GOLD Q09530 3.5 07-01-2042	USA	1,147,175.26	1,215,826.54	1,232,410.38
BARROW HANLEY BOND	FHLMC GOLD Q09949 3.0% DUE 08-01-2042	USA	1,858,929.46	1,919,635.13	1,461,542.36
BARROW HANLEY BOND	FNMA POOL #256101 5.5% 02-01-2036 BEO	USA	64,141.17	62,878.39	70,739.37
BARROW HANLEY BOND	FNMA POOL #745355 5% 03-01-2036 BEO	USA	284,483.10	275,015.12	311,754.21
BARROW HANLEY BOND	FNMA POOL #745825 6.5% 09-01-2036 BEO	USA	313,047.42	322,879.06	357,537.71
BARROW HANLEY BOND	FNMA POOL #866593 5.5% 01-01-2036 BEO	USA	115,509.86	113,344.06	127,392.35
BARROW HANLEY BOND	FNMA POOL #889174 5.5% 08-01-2037 BEO	USA	276,323.35	285,087.96	305,093.58
BARROW HANLEY BOND	FNMA POOL #930300 5% DUE 12-01-2023 BEO	USA	98,119.55	101,906.36	106,606.89
BARROW HANLEY BOND	FNMA POOL #975097 5% 06-01-2038 BEO	USA	439,095.42	421,806.04	479,066.27
BARROW HANLEY BOND	FNMA POOL #AB0074 5% 02-01-2035 BEO	USA	703,120.22	762,006.54	775,569.72
BARROW HANLEY BOND	FNMA POOL #AB1231 5% 07-01-2040 BEO	USA	1,148,974.72	1,220,067.53	1,271,512.87
BARROW HANLEY BOND	FNMA POOL #AB2265 4% 02-01-2041 BEO	USA	1,075,136.84	1,119,318.24	1,196,788.57
BARROW HANLEY BOND	FNMA POOL #AB3395 4.5% 08-01-2041 BEO	USA	1,190,480.05	1,271,395.50	1,314,242.35
BARROW HANLEY BOND	FNMA POOL #AB3509 4% 09-01-2041 BEO	USA	248,536.53	259,021.67	271,541.07
BARROW HANLEY BOND	FNMA POOL #AB3876 4% 11-01-2041 BEO	USA	697,231.08	728,878.83	761,962.01
BARROW HANLEY BOND	FNMA POOL #AB4438 3.5% 02-01-2042 BEO	USA	1,272,265.17	1,322,758.21	1,372,112.54
BARROW HANLEY BOND	FNMA POOL #AB5372 3.5% 06-01-2042 BEO	USA	123,534.15	130,232.02	132,631.20
BARROW HANLEY BOND	FNMA POOL #AB6228 3.5 DUE 09-01-2042 BEO	USA	248,212.33	266,246.51	266,490.68
BARROW HANLEY BOND	FNMA POOL #AD3775 4.5% 03-01-2025 BEO	USA	196,803.67	207,228.11	215,574.80
BARROW HANLEY BOND	FNMA POOL #AD9311 4.5% 08-01-2040 BEO	USA	477,080.82	501,605.76	518,033.43
BARROW HANLEY BOND	FNMA POOL #AP1651 3% 08-01-2042 BEO	USA	1,176,484.84	1,223,176.59	1,243,226.82
BARROW HANLEY BOND	GNMA POOL #005176 5% 09-20-2041 BEO	USA	597,190.69	666,800.74	664,201.45
BARROW HANLEY BOND	GNMA POOL #688021 6% 10-15-2038 BEO	USA	597,198.96	672,315.38	675,103.56
BARROW HANLEY BOND	GNMA POOL #698214 5% 06-15-2039 BEO	USA	642,321.56	688,789.51	712,501.61
BARROW HANLEY BOND	GNMA POOL #719262 5% 08-15-2040 BEO	USA	600,363.02	638,073.32	674,028.16
BARROW HANLEY BOND	GNMA POOL #723248 5% 10-15-2039 BEO	USA	724,939.38	777,384.20	804,146.25
BARROW HANLEY BOND	GNMA POOL #726382 5% 10-15-2039 BEO	USA	1,164,864.85	1,249,135.53	1,292,137.98
BARROW HANLEY BOND	GNMA POOL #752631 4.5% 10-20-2040 BEO	USA	807,290.93	843,240.60	901,065.84
BARROW HANLEY BOND	GNMA POOL #782916 SER 2040 5.5% DUE 02-15-2040 REG	USA	549,978.94	585,985.39	611,939.56
BARROW HANLEY BOND	GNMAII POOL #MA0093 6 DUE 05-20-2042 REG	USA	113,662.68	127,621.89	128,494.63

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Account name	Asset description	Country	Shares/Par value	Book value	Market value
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #A64639 6.5% 08-01-2037 BEO	USA	448,595.91	479,717.25	511,475.15
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #E90593 6%07-01-2017 BEO	USA	89,884.71	93,494.15	97,014.36
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G01749 5.5% 01-01-2035 BEO	USA	289,304.13	314,437.43	317,446.76
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G01767 6.5% 12-01-2032 BEO	USA	236,837.50	241,740.95	270,835.52
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G0-3268 6% 09-01-2037 BEO	USA	909,084.57	1,006,527.07	1,001,229.38
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G03362 6%09-01-2037 BEO	USA	155,695.72	170,973.36	171,157.55
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G04772 7%08-01-2038 BEO	USA	390,072.36	419,327.79	445,965.43
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G0 6020 5.5% 12-01-2039 BEO	USA	846,860.20	918,578.67	923,682.27
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G11623 6%03-01-2019 BEO	USA	94,402.86	99,167.26	102,295.88
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #H09069 6.5% 09-01-2037 BEO	USA	245,158.42	248,720.88	269,058.17
DODGE & COX	FEDERAL NATL MTG ASSN GTD MTG POOL #AL0778 6.5% 01-01-2049 BEO	USA	159,788.65	177,165.67	177,553.95
DODGE & COX	FEDERAL NATL MTG ASSN GTD MTG POOL #AL0901 6% 07-01-2038 BEO	USA	362,276.04	396,126.21	396,441.56
DODGE & COX	FHLMC GOLD . G07074 5.5 01-01-2040	USA	1,638,396.96	1,812,476.64	1,308,020.19
DODGE & COX	FHLMC GOLD C00647 6.5 09-01-2028	USA	258,925.65	265,520.18	305,547.28
DODGE & COX	FHLMC GOLD E02359 6 07-01-2022	USA	278,697.75	280,178.33	309,329.42
DODGE & COX	FHLMC GOLD G06571 6 11-01-2037	USA	498,783.46	549,051.49	549,878.83
DODGE & COX	FHLMC GOLD G06832 6 03-01-2040	USA	520,580.61	569,059.67	573,092.09
DODGE & COX	FHLMC GOLD G06945 5.5 02-01-2040	USA	176,825.84	193,016.46	192,866.41
DODGE & COX	FHLMC GOLD G11707 6 03-01-2020	USA	380,040.00	385,384.32	410,184.77
DODGE & COX	FHLMC GOLD G30242 6.5 10-01-2022	USA	181,642.88	190,299.31	203,044.04
DODGE & COX	FHLMC MULTICLASS PREASSIGN 00890 6.5 09-25-2043	USA	527,559.70	552,124.19	602,119.18
DODGE & COX	FHLMC MULTICLASS SER 3389 CL GA 6 12-15-2035/11-15-2012	USA	47,640.88	48,117.29	47,772.89
DODGE & COX	FHLMC POOL #1G0959 ADJ RT 05-01-2036	USA	274,109.06	273,509.44	293,060.96
DODGE & COX	FHLMC POOL #1N1433 ADJ RT 02-01-2037	USA	294,319.48	293,530.14	311,930.67
DODGE & COX	FNMA 08-25-2047	USA	595,601.31	601,314.36	675,176.02
DODGE & COX	FNMA POOL #252062 6.5% DUE 10-01-2013 REG	USA	23,055.52	23,801.23	23,473.74
DODGE & COX	FNMA POOL #252640 6.5% DUE 08-01-2014 REG	USA	20,148.71	20,871.24	20,969.52
DODGE & COX	FNMA POOL #256901 6.5% 09-01-2037 BEO	USA	156,893.59	158,168.34	175,514.19
DODGE & COX	FNMA POOL #257007 6% DUE 12-01-2027 REG	USA	261,677.17	269,118.63	289,299.28
DODGE & COX	FNMA POOL #323818 6.5% DUE 07-01-2014 REG	USA	32,150.95	33,303.86	33,481.42
DODGE & COX	FNMA POOL #433301 6.5% DUE 07-01-2013 REG	USA	13,042.38	13,445.89	13,278.96
DODGE & COX	FNMA POOL #535574 7.5% 11-01-2013 BEO	USA	2,575.72	2,744.35	2,611.00
DODGE & COX	FNMA POOL #555285 6% 03-01-2033 BEO	USA	134,716.41	135,179.49	152,414.64
DODGE & COX	FNMA POOL #555424 5.5% 05-01-2033 BEO	USA	482,403.57	520,995.85	535,343.98
DODGE & COX	FNMA POOL #555531 5.5% 06-01-2033 BEO	USA	1,696,655.22	1,807,476.77	1,382,851.25
DODGE & COX	FNMA POOL #725135 6% 05-01-2018 BEO	USA	97,975.53	102,889.62	104,481.59
DODGE & COX	FNMA POOL #725194 6% 12-01-2018 BEO	USA	56,692.09	59,588.70	60,456.72
DODGE & COX	FNMA POOL #725416 6% 01-01-2019 BEO	USA	235,652.70	248,171.72	251,302.39
DODGE & COX	FNMA POOL #725510 6.5% 07-01-2017 BEO	USA	41,660.44	43,919.23	43,506.41
DODGE & COX	FNMA POOL #735067 6% 01-01-2019 BEO	USA	381,161.81	399,862.57	411,307.89
DODGE & COX	FNMA POOL #735417 6.5% 03-01-2035 BEO	USA	411,997.86	423,746.25	476,452.45
DODGE & COX	FNMA POOL #888366 7% 04-01-2037 BEO	USA	593,730.40	639,187.88	686,359.46
DODGE & COX	FNMA POOL #888367 7% 03-01-2037 BEO	USA	657,419.28	744,938.24	760,077.27
DODGE & COX	FNMA POOL #888381 5.507% DUE 04-01-2017 BEO	USA	269,044.94	274,699.06	304,335.83
DODGE & COX	FNMA POOL #888673 6% 04-01-2035 BEO	USA	85,812.34	85,571.00	97,085.50
DODGE & COX	FNMA POOL #889324 6.5% 03-01-2038 BEO	USA	569,487.12	586,126.81	637,075.56
DODGE & COX	FNMA POOL #889527 5.5% 05-01-2023 BEO	USA	988,195.45	1,066,479.06	1,078,615.33
DODGE & COX	FNMA POOL #889984 6.5% DUE 10-01-2038 BEO	USA	331,365.80	367,453.61	377,592.32
DODGE & COX	FNMA POOL #890341 6% 06-01-2040 BEO	USA	166,604.41	183,079.38	184,356.44
DODGE & COX	FNMA POOL #968066 6% 10-01-2022 BEO	USA	770,476.00	786,607.82	865,595.11
DODGE & COX	FNMA POOL #984262 6% 06-01-2023 BEO	USA	1,056,770.68	1,078,566.57	1,201,157.25
DODGE & COX	FNMA POOL #993724 6% 08-01-2038 BEO	USA	721,196.28	790,386.05	798,225.81
DODGE & COX	FNMA POOL #AD0128 6.5% 10-01-2038 BEO	USA	1,031,104.82	1,104,732.17	1,174,943.94
DODGE & COX	FNMA POOL #AD0636 6% 08-01-2037 BEO	USA	1,405,487.90	1,553,942.56	1,090,745.26
DODGE & COX	FNMA POOL #AE0338 ADJ RT DUE 04-01-2038 BEO	USA	800,349.70	848,870.92	858,871.27
DODGE & COX	FNMA POOL #AE0371 6% 09-01-2039 BEO	USA	0.00	0.00	0.00
DODGE & COX	FNMA POOL #AE0616 6% 03-01-2040 BEO	USA	179,616.95	196,877.03	198,801.83
DODGE & COX	FNMA PREASSIGN 00276 7 03-25-2045	USA	337,886.01	346,438.78	398,534.85
DODGE & COX	FNMA REMIC SER 2003-W2 CL 1-A1 6.5 07-25-2042	USA	193,194.70	204,529.77	225,435.41
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF SER 2006-20A CL 1 5.21 DUE 1-1-26 REG	USA	354,728.76	354,728.76	399,194.01

CITY OF MIAMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
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Account name	Asset description	Country	Shares/Par value	Book value	Market value
MUNDER	FEDERAL HOME LN MTG CORP POOL #A48131 6.5% 12-01-2035 BEO	USA	142,383.19	146,498.95	162,120.34
MUNDER	FEDERAL HOME LN MTG CORP POOL #A94611 4.5% 10-01-2040 BEO	USA	1,372,474.21	1,448,603.64	1,480,254.61
MUNDER	FEDERAL NATL MTG ASSN GTD MTG POOL #AI1937 5% 05-01-2041 BEO	USA	1,527,314.05	1,657,135.74	1,675,891.16
MUNDER	FEDERAL NATL MTG ASSN GTD MTG POOL #AK3402 4% 02-01-2042 BEO	USA	1,673,241.46	1,806,055.00	1,305,569.76
MUNDER	FEDERAL NATL MTG ASSN GTD MTG POOL #AL2069 5% 08-01-2041 BEO	USA	589,224.71	643,543.87	642,861.83
MUNDER	FHLMC GOLD C67999 7 06-01-2032	USA	2,017.50	2,104.05	2,370.86
MUNDER	FHLMC GOLD C68162 7 06-01-2032	USA	1,242.67	1,295.99	1,460.32
MUNDER	FHLMC GOLD G06727 5.5 01-01-2037	USA	1,082,815.21	1,177,730.73	1,189,501.74
MUNDER	FHLMC MULTICLASS SER 3162 CL OH 6 DUE 05-15-2036	USA	765,000.00	889,312.50	874,131.07
MUNDER	FNMA POOL #190354 5.5% 12-01-2034 BEO	USA	214,018.32	232,744.94	236,301.47
MUNDER	FNMA POOL #684968 5% 09-01-2033 BEO	USA	281,933.97	271,317.41	309,845.43
MUNDER	FNMA POOL #932638 5 DUE 03-01-2040 BEO	USA	2,115,695.10	2,301,149.00	2,365,799.88
MUNDER	FNMA POOL #995112 5.5% DUE 07-01-2036 REG	USA	2,066,008.81	2,257,437.43	2,281,121.64
MUNDER	FNMA POOL #AE0631 4.5% 12-01-2040 BEO	USA	2,176,049.59	2,285,872.11	2,443,072.63
MUNDER	FNMA REMIC SER 1993-203 CL PL 6.5 DUE 10-25-2023 BEO	USA	146,956.32	136,336.42	166,299.00
MUNDER	FNMA REMIC TR 2002-48 CL-GH 6.5 11-25-2032	USA	507,754.99	523,860.34	587,450.69
MUNDER	GNMA POOL #538257 SER 2031 7% DUE 10-15-2031 REG	USA	5,660.89	5,837.60	6,771.65
MUNDER	NCUA GTD NTS TR 2010-C1 GTD NT CL A-2 2.9 DUE 10-29-2020 REG	USA	1,204,999.99	1,177,509.32	1,295,374.98
	TOTAL U.S. GOVERNMENT MORTGAGE BACKED		**96,740,451.58**	**100,185,182.76**	**101,526,747.79**

CITY OF MIAMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2012

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	U.S. INDEX LINKED GOVERNMENT BONDS				
WELLINGTON	FWD CNTRT TO BUY US TIPS .125 4/15/17 BARC 99Z01Y124	USA	775,000.00	0.00	56,818.35
WELLINGTON	US TREAS NTS INDEX LINKED 1.625 DUE 01-15-2018 REG	USA	2,375,000.00	2,681,662.12	3,039,515.99
WELLINGTON	US TREAS NTS INDEX LINKED 1.875 DUE 07-15-2019 REG	USA	1,325,000.00	1,726,965.44	1,746,777.71
WELLINGTON	US TREAS NTS INDEX LINKED 2.00 DUE 01-15-2016 REG	USA	1,150,000.00	1,492,247.15	1,488,241.35
WELLINGTON	US TREAS NTS INDEX LINKED 2.125 01-15-2019 REG	USA	1,750,000.00	1,914,614.36	2,291,877.61
WELLINGTON	US TREAS NTS INDEX LINKED 2.36434 DUE 01-15-2014 REG	USA	875,000.00	1,115,560.52	1,132,916.89
WELLINGTON	US TREAS NTS INDEX LINKED NOTE .125 DUE 01-15-2022 REG	USA	4,075,000.00	4,277,915.25	4,503,271.74
WELLINGTON	US TREAS NTS INDEX LINKED NOTES 1.375 DUE 07-15-2018 REG	USA	1,925,000.00	2,367,770.21	2,397,738.97
WELLINGTON	US TREAS NTS INDEX LINKED NOTES 1.625 DUE 01-15-2015 REG	USA	2,935,000.00	3,585,064.02	3,274,994.85
WELLINGTON	US TREAS NTS INFLATION INDEXED 2.00 DUE 07-15-2014 REG	USA	1,175,000.00	1,485,657.33	1,523,440.09
WELLINGTON	US TREAS NTS INFLATION LINKED 2.50 DUE 07-15-2016 REG	USA	1,725,000.00	2,270,584.35	2,272,403.20
WELLINGTON	US TREAS NTS TIPS 07-15-2022	USA	415,000.00	448,265.43	451,865.67
WELLINGTON	US TREAS NTS TIPS DTD 07-15-2011 07-15-2021	USA	4,775,000.00	5,178,883.30	5,057,380.12
WELLINGTON	USA OF AMER TREAS NOTES 1.375 NTS TIPS 1/15/2020	USA	3,225,000.00	3,376,902.23	4,088,752.84
WELLINGTON	USA TREAS NTS 1.25% TIPS 15/04/20 USD1000 07-15-2020	USA	3,650,000.00	3,860,866.89	4,584,988.49
WELLINGTON	USA TREAS NTS DTD 00399 04-15-2017	USA	3,725,000.00	3,995,629.52	4,048,329.25
WELLINGTON	USA TREAS NTS INDEX LINKED 2.375 DUE 01-15-2017 REG	USA	2,175,000.00	2,610,495.20	2,898,616.82
WELLINGTON	USA TREASURY NTS 0.5% TIPS 15/04/15 USD1000 04-15-2015	USA	4,985,000.00	5,263,859.30	5,537,728.52
WELLINGTON	USA TREASURY NTS 1.125% TIPS 15/1/21 USD1000 01-15-2021	USA	4,366,000.00	4,860,355.95	5,414,049.52
WELLINGTON	USA TREASURY NTS 1.25% TIPS 15/04/14 USD1000 04-15-2014	USA	3,850,000.00	4,239,696.79	4,333,950.31
WELLINGTON	USA TREASURY NTS TIPS DTD 00340 04-15-2016	USA	8,130,000.00	8,824,014.36	8,609,267.74
WELLINGTON	UTD STATES TREAS 2.625 DUE 07-15-2017	USA	1,125,000.00	1,497,101.92	1,502,943.52
	TOTAL U.S. INDEX LINKED GOVERNMENT BONDS		**60,506,000.00**	**67,074,111.64**	**70,255,869.55**
	TOTAL MUNICIPAL & INTL GOVERNMENT BONDS				
AMBASSADOR	AID-ISRAEL ST ZERO COUPON DUE 02-15-2020REG	Israel	3,800,000.00	3,091,794.00	3,198,552.00
AMBASSADOR	CORPORACION ANDINA DE FOMENTO NT 8.125% DUE 06-04-2019 REG	Multi-National	745,000.00	916,454.30	962,857.37
AMBASSADOR	FL HURRICANE CATASTROPHE FD FIN COR FLTGRATE NTS SER A 10-15-2012/04-15-2010BEO	USA	950,000.00	947,625.00	950,038.00
AMBASSADOR	ISRAEL ST GTD NT CL 2 DTD 12/04/2003 5.5% DUE 12-04-2023 REG	Israel	710,000.00	908,892.30	937,826.22
AMBASSADOR	QUEBEC PROV CDA DEB DTD 02/09/1994 7.125% DUE 02-09-2024 REG	Canada	710,000.00	966,388.10	996,915.26
DODGE & COX	CALIFORNIA ST 7.3% 10-01-2039 BEO TAXABLE	USA	600,000.00	580,449.75	798,900.00
DODGE & COX	CALIFORNIA ST 7.5% 04-01-2034 BEO TAXABLE	USA	625,000.00	610,109.75	833,481.25
DODGE & COX	CALIFORNIA ST 7.625% 03-01-2040 BEO TAXABLE	USA	150,000.00	152,551.50	206,997.00
DODGE & COX	CALIFORNIA STATE 7.55 MUN BDS DUE 04-01-2039 USD5000	USA	925,000.00	949,803.75	1,262,532.50
DODGE & COX	ILLINOIS ST 5.665 MUN BD DUE 03-01-2018	USA	525,000.00	547,049.25	592,651.50
DODGE & COX	ILLINOIS ST 4.961% 03-01-2016 BEO TAXABLE	USA	425,000.00	447,989.50	464,138.25
DODGE & COX	ILLINOIS ST 5.365% 03-01-2017 BEO TAXABLE	USA	525,000.00	525,000.00	585,375.00
DODGE & COX	LOS ANGELES CALIF UNI SCH DIST 6.758% DUE 07-01-2034 BEO TAXABLE	USA	550,000.00	592,546.00	732,715.50
DODGE & COX	NEW JERSEY ST TPK AUTH TPK REV 7.102% 01-01-2041 BEO TAXABLE	USA	550,000.00	589,554.00	790,119.00
FIRST EAGLE	HONG KONG(GOVT OF) 2.66% NTS 17/12/2012 HKD	Hong Kong	2,050,000.00	272,653.59	266,467.61
FIRST EAGLE	SINGAPORE(GOVT OF) 2.5% BDS 01/10/2012 SGD	Singapore	76,000.00	63,572.19	61,997.59
MUNDER	NEW YORK N Y 5.676% 10-01-2034 BEO TAXABLE	USA	595,000.00	595,000.00	682,411.45
MUNDER	OREGON ST DEPT TRANSN HWY USER TAX REV 5.784% 11-15-2030 BEO TAXABLE	USA	250,000.00	316,075.00	318,745.00
MUNDER	PENNSYLVANIA ST 5.35% 05-01-2030 BEO TAXABLE	USA	420,000.00	422,957.20	465,780.00
MUNDER	TEXAS ST 4.681% 04-01-2040 BEO TAXABLE	USA	245,000.00	286,353.55	286,338.85
	TOTAL MUNICIPAL & INTL GOVERNMENT BONDS		**15,426,000.00**	**13,782,818.73**	**15,394,839.35**
	TOTAL U.S.BONDS & BILLS		**232,300,451.58**	**237,832,904.33**	**242,527,305.20**

CITY OF MIAMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2012

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	CORPORATE ASSET BACKED SECURITIES				
AMBASSADOR	DET EDISON 6.42% DUE 03-01-2015	USA	541,573.68	591,838.49	555,457.46
AMBASSADOR	JCP&L TRANSITION 5.81% DUE 12-05-2015	USA	158,314.48	165,463.38	164,149.00
AMBASSADOR	PSNH FDG LLC 6.48000001907% DUE 05-01-2015	USA	275,715.66	297,461.68	280,010.20
AMBASSADOR	PVTPL ASG RESECURITIZATION TR 2009-2 VAR144A VAR RT DUE 05-24-2036	USA	376,654.44	344,571.70	374,328.97
AMBASSADOR	PVTPL WESTGATE RESORTS SER 2012-2A CL A 3 DUE 01-20-2025 BEO	USA	800,000.00	800,000.00	800,000.00
AMBASSADOR	SPECIALTY UNDERWRITING & RESIDENTIAL FIN2004-BC2 CTF A-2 05-25-2035 REG	USA	29,932.48	29,960.86	24,985.18
AMBASSADOR	TERWIN MTG TR 2003-8HE ASSET BKD CTF CL A 12-25-2034 REG	USA	40,760.60	40,843.38	35,001.25
BARROW HANLEY BOND	CNH EQUIP TR 1.17% DUE 05-15-2015	USA	200,615.21	200,605.72	201,364.70
BARROW HANLEY BOND	CNH EQUIP TR 2.04% DUE 10-17-2016	USA	305,000.00	312,291.41	314,175.92
BARROW HANLEY BOND	CNH EQUIP TR 2012-A NT CL A3 .94 DUE 05-15-2017	USA	395,000.00	394,970.69	398,469.28
BARROW HANLEY BOND	HONDA AUTO 3.3% DUE 09-15-2015	USA	223,364.68	223,324.19	224,159.41
BARROW HANLEY BOND	HYUNDAI AUTO 3.150000009537% DUE 03-15-2016	USA	164,716.63	164,688.70	167,712.49
BARROW HANLEY BOND	VOLKSWAGEN AUTO .87% DUE 07-20-2015	USA	410,000.00	409,919.11	413,679.34
DODGE & COX	BURL NORTHN SANTA FE RY CO PASS THRU TR SER 1999-2 MTG 7.57 1-2-21 BEO SF 7-2-00	USA	575,746.73	627,591.28	679,150.84
DODGE & COX	PVTPL SLM PRIVATE ED LN TR 2012-B CL A-2 3.75 DUE 12-16-2030	USA	675,000.00	674,930.68	716,629.27
DODGE & COX	SLM STUD LN TR 2007-2 CL A-2 FLT RT 07-25-2017 REG	USA	435,684.22	433,369.65	434,886.04
DODGE & COX	SLM STUDENT LN TR 2007-7 STUDENT LN-BKD NT CL A-2 FLTG 01-25-2016 REG	USA	535,975.55	535,975.55	536,347.51
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF DEB SER 1999 20 F 6 8 DUE 06-01-2019 REG	USA	139,860.93	144,428.26	154,805.07
MUNDER	ALLY MASTER OWNER TR 2012-1 ASSET BACKEDNT CL A-2 7 DUE 02-15-2017 REG	USA	820,000.00	819,936.61	828,362.36
MUNDER	AMERICREDIT 14.55000019073% DUE 01-15-2016	USA	350,000.00	434,984.38	387,777.25
MUNDER	AMERICREDIT 3.34% DUE 04-08-2016	USA	300,000.00	309,011.72	313,327.80
MUNDER	AMERICREDIT 4.08% DUE 09-08-2017	USA	625,000.00	624,974.81	654,324.37
MUNDER	CAP 1 MULTI-ASSET 4.9% DUE 12-15-2017	USA	535,000.00	581,561.72	578,163.80
MUNDER	CARMAX AUTO OWNER 3.75% DUE 12-15-2015	USA	450,000.00	470,250.00	464,846.40
MUNDER	CARMAX AUTO OWNER 4.650000009537% DUE 08-17-2015	USA	375,000.00	374,963.59	391,810.12
MUNDER	CNH EQUIP TR 2.04% DUE 10-17-2016	USA	355,000.00	354,920.23	365,680.17
MUNDER	FORD CR AUTO OWNER 2.27% DUE 01-15-2017	USA	800,000.00	799,992.88	827,744.00
MUNDER	HYUNDAI AUTO 2.1% DUE 06-15-2017	USA	800,000.00	799,855.28	810,965.60
MUNDER	PARK PL SECS INC 2005-WCH1 ASSET BACKED CTF M-2 VAR 02-25-2035 REG	USA	185,097.63	171,302.08	181,339.03
MUNDER	SANTANDER DR AUTO 3.28% DUE 06-15-2016	USA	1,059,999.99	1,059,868.98	1,070,859.69
MUNDER	WORLD OMNI 1.78% DUE 09-15-2016	USA	490,000.00	489,933.85	497,421.05
	TOTAL CORPORATE ASSET BACKED SECURITIES		**13,429,012.91**	**13,683,790.86**	**13,847,933.57**
	COMMERCIAL MORTGAGE BACKED SECURITIES				
AMBASSADOR	CMO BANC AMER COML MTG INC 2003-2 CL A-3VAR 03-11-2041	USA	379,935.96	387,831.51	383,737.97
AMBASSADOR	CMO BANC AMER COML MTG INC 2004-1 CL A-34.429% DUE 11-10-2039/02-10-2013 REG	USA	257,681.09	262,212.52	261,185.03
AMBASSADOR	CMO BANC AMER COML MTG INC CL A-3 5.45 01-15-49 REG	USA	1,476,847.18	1,570,799.41	2,558,007.31
AMBASSADOR	CMO COMM 2006-FL12 COML MTG PASSTHRU CTFCL A-2 144A DUE 12-15-2020 BEO	USA	200,053.30	212,749.07	196,150.46
AMBASSADOR	CMO CREDIT SUISSE FIRST BOSTON MTG SECS CORP 2004-C1 CL A-4 DUE 01-15-2037 REG	USA	782,878.29	815,539.00	814,635.74
AMBASSADOR	CMO GMAC COML MTG SECS INC 2004-C2 MTG PASSTHRU CTF CL A-3 5.134 DUE 08-10-2038	USA	593,732.20	614,512.83	613,005.34
AMBASSADOR	CMO GS MTG SECS CORP II 2005-GG4 CL A-4A4.751% DUE 07-10-2039 REG	USA	1,360,000.00	1,445,390.63	1,479,330.48
AMBASSADOR	CMO J P MORGAN CHASE COML MTG SECS CORP 20 SEN_FIX 4.871% DUE 10-15-2042 BEO	USA	50,617.67	48,482.63	50,602.68
AMBASSADOR	CMO MORGAN STANLEY CAP I INC 2004-TOP13 CL A-4 4.66% DUE 09-13-2045 REG	USA	850,000.00	884,996.09	882,914.55
BARROW HANLEY BOND	CMO BEAR STEARNS COML MTG SECS 2004-PWR5CL A-4 4.831 DUE 07-11-2042 REG	USA	366,870.25	368,872.67	375,074.20
BARROW HANLEY BOND	CMO BEAR STEARNS COML MTG SECS TR 2006-PWR13 CL-A4 5.54 DUE 09-11-2041 REG	USA	679,999.99	657,662.02	785,795.06
BARROW HANLEY BOND	CMO BEAR STEARNS COML MTG SECURIT CL A4 FLT RT DUE 12-11-2038 BEO	USA	460,000.00	420,612.50	530,056.16
BARROW HANLEY BOND	CMO J P MORGAN CHASE COML MTG SECS CORP SER 2005-LDP1 CL A-2 4.625 3-15-2046 REG	USA	141,275.60	141,976.91	141,695.04
MUNDER	CITIGROUP COML MTG 1.81299996376% DUE 09-10-2045	USA	414,999.99	425,366.53	425,802.44
MUNDER	CMO CFCRE COML MTG TR 2011-C2 CTF CL A-2 3.0614% DUE 12-15-2047 REG	USA	825,000.00	853,410.88	883,288.72
MUNDER	CMO CR SUISSE 1ST BSTN MTG SECS CORP SER1997-C2 CL F 7.46 DUE 01-17-2035 REG	USA	718,238.60	790,286.91	724,654.62
MUNDER	CMO DBUBS 2011-LC3 MTG TR MTG PASS THRU CTF CL A2 3.642% DUE 08-10-2044 REG	USA	1,105,000.00	1,146,566.00	1,709,671.12
MUNDER	CMO GS MTG SECS TR 2011-GC5 MTG PASS THRU CTF CL A-2 2.999 DUE 08-10-2044 BEO	USA	754,999.99	762,529.99	808,506.08
MUNDER	CMO LB-UBS COML MTG TR 2003-C5 MTG PASSTHRU CTF CL F DUE 04-15-2037 REG	USA	404,999.99	415,188.28	414,384.24
MUNDER	CMO WFRBS COML MTG TR 2012-C6 COML MTG PASSTHRU CTF CL A-5 3.835 04-15-2045	USA	985,000.00	994,789.92	1,543,401.63
MUNDER	GS MTG SECS TR 3.482 DUE 01-10-2045	USA	694,999.99	727,578.12	755,946.62
MUNDER	MORGAN STANLEY CAP 3.244 DUE 03-15-2045	USA	845,000.00	853,419.50	904,655.31
MUNDER	WFRBS COML MTG TR 3.667000055531% DUE 11-15-2044	USA	395,000.00	398,918.40	437,715.30
	TOTAL COMMERCIAL MORTGAGE BACKED SECURITIES		**14,743,130.09**	**15,199,692.32**	**17,680,216.10**
	NON-GOVERNMENT BACKED CMOs				
AMBASSADOR	CMO BK AMER FDG CORP 2005-D MTG PASSTHRUCTF CL A-1 VAR RATE 05-25-2035 REG	USA	373,988.93	374,456.88	386,824.97
AMBASSADOR	CMO IMPAC SECD ASSETS CORP 2003-1 20330325 5.02000 DUE 03-25-2033 REG	USA	484,085.16	305,958.02	455,781.18
AMBASSADOR	I/O CMO GREENPOINT MTG FDG TR 2005-AR4 MTG PASSTHRU CTF CL X-1 10-25-2045 REG	USA	189,040.07	26,769.54	14,844.92
AMBASSADOR	I/O CMO HARBORVIEW MTG LN TR 2004-8 CL X.95998001099 DUE 11-19-2034 REG	USA	1.00	0.00	0.03
AMBASSADOR	P/O CMO HARBORVIEW MTG LN TR 2006-1 MTG PASSTHRU CTF CL PO-1 03-19-2037 REG	USA	3,984.07	1,623.94	69.56
AMBASSADOR	P/O CMO HARBORVIEW MTG LN TR 2006-5 CL PO-2 07-19-2047 REG	USA	6,995.15	78.72	0.00
AMBASSADOR	PVTPL CMO ASG RESECURITIZATION TR 2010-3REMIC 144A VAR RT DUE 12-28-2045	USA	1,090,316.56	1,019,446.01	1,518,176.85
MUNDER	CMO THORNBURG MTG SECS TR 2004-1 CL II-1A VAR 1.78102% DUE 03-25-2044 REG	USA	15,019.77	14,985.32	15,082.74
	TOTAL NON-GOVERNMENT BACKED CMOs		**2,163,430.71**	**1,743,318.43**	**2,390,780.25**
	GUARANTEED FIXED INCOME				
MUNDER	GEN ELEC CAP CORP FDIC GTD 2.625 DUE 12-28-2012	USA	560,000.00	577,077.76	563,455.76
	TOTAL GUARANTEED FIXED INCOME		**560,000.00**	**577,077.76**	**563,455.76**

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Account name	Asset description	Country	Shares/Par value	Book value	Market value
	CORPORATE BONDS				
AMBASSADOR	ABBOTT LABS 5.125% DUE 04-01-2019	USA	880,000.00	962,677.65	1,059,959.12
AMBASSADOR	ALLIANT ENERGY 4% DUE 10-15-2014	USA	820,000.00	868,930.30	859,384.60
AMBASSADOR	AMER W AIRLS INC 7.0999999043% DUE 04-02-2021	USA	158,234.73	158,234.73	164,564.11
AMBASSADOR	AMEREN ILL CO 9.75% DUE 11-15-2018	USA	578,000.00	733,554.36	809,805.74
AMBASSADOR	ANHEUSER BUSCH GTD NT 5.375 DUE 01-15-2020	USA	821,000.00	856,424.87	1,019,411.89
AMBASSADOR	ARIZONA PUB SVC CO 8.75% DUE 03-01-2019	USA	560,000.00	666,708.00	739,328.80
AMBASSADOR	AT&T BROADBAND 9.455% DUE 11-15-2022	USA	530,000.00	709,887.20	791,309.08
AMBASSADOR	BK NEW YORK INC 2.95% DUE 06-18-2015	USA	935,000.00	985,144.05	993,206.55
AMBASSADOR	BOTTLING GROUP LLC 5.125% DUE 01-15-2019	USA	840,000.00	851,536.20	998,230.80
AMBASSADOR	BP CAP MARKETS PLC 5.25% DUE 11-07-2013	UK	880,000.00	943,984.80	925,562.00
AMBASSADOR	CAROLINA PWR & LT 5.3% DUE 01-15-2019	USA	860,000.00	882,497.60	1,038,782.82
AMBASSADOR	CENTERPOINT ENERGY RES CORP DEL SR NT 4.5 1-15-2021	USA	740,000.00	798,992.06	839,012.00
AMBASSADOR	CME GROUP INC 5.75% DUE 02-15-2014	USA	850,000.00	929,662.00	908,758.80
AMBASSADOR	COCA-COLA HBC FIN 5.5% DUE 09-17-2015	Netherlands	880,000.00	972,388.00	950,628.80
AMBASSADOR	CSX CORP NT 7.375 DUE 02-01-2019 REG	USA	575,000.00	731,687.50	735,878.67
AMBASSADOR	CVS CAREMARK CORP 6.94299983978% DUE 01-10-2030	USA	643,619.54	718,202.17	784,031.57
AMBASSADOR	DETROIT EDISON CO 6.4% DUE 10 01-2013	USA	810,000.00	915,928.20	855,006.03
AMBASSADOR	ENERGY TRANSFER 9.7% DUE 03-15-2019	USA	570,000.00	751,009.20	753,199.71
AMBASSADOR	ENTERPRISE PRODS 6.125 DUE 02-01-2013	USA	625,000.00	677,287.50	635,338.12
AMBASSADOR	FLUOR CORP NEW 3.375% DUE 09-15-2021	USA	960,000.00	951,933.50	2,020,084.48
AMBASSADOR	GEN ELEC CAP CORP 5.5% DUE 01-08-2020	USA	900,000.00	1,019,295.00	1,064,713.50
AMBASSADOR	HEWLETT PACKARD CO 3.75% DUE 12-01-2020	USA	960,000.00	938,092.80	957,489.60
AMBASSADOR	HOME DEPOT INC 5.25% DUE 12-16-2013	USA	650,000.00	722,267.00	687,947.00
AMBASSADOR	HSBC BK USA N A 4.625% DUE 04-01-2014	USA	945,000.00	986,693.40	991,065.91
AMBASSADOR	JPMORGAN CHASE & 4.65% DUE 06-01-2014	USA	890,000.00	949,914.80	943,372.41
AMBASSADOR	LOCKHEED MARTIN 4.25% DUE 11-15-2019	USA	725,000.00	769,957.25	820,509.32
AMBASSADOR	LUBRIZOL CORP 8.875% DUE 02-01-2019	USA	570,000.00	751,288.50	805,669.92
AMBASSADOR	MCDONALDS CORP MEDIUM TERM NTS BOOK ENTRY SR NT 6.3% DUE 03-01-2038	USA	700,000.00	617,746.36	998,686.50
AMBASSADOR	MERCK & CO INC 5.95 DUE 12-01-2028	USA	835,000.00	1,064,750.25	1,609,652.37
AMBASSADOR	MONDELEZ INTERNATIONAL INC 5.375 DUE 02-10-2020	USA	665,000.00	763,812.35	802,233.39
AMBASSADOR	NATL RURAL UTILS 10.375% DUE 11-01-2018	USA	695,000.00	885,054.70	1,028,438.76
AMBASSADOR	NEWS AMER INC 6.9% DUE 03-01-2019	USA	625,000.00	736,293.75	785,391.25
AMBASSADOR	NISOURCE FIN CORP 6.8% DUE 01-15-2019	USA	615,000.00	704,605.50	742,527.63
AMBASSADOR	NOBLE ENERGY INC 8.25% DUE 03-01-2019	USA	610,000.00	772,375.90	789,834.71
AMBASSADOR	OHIO PWR CO 5.375% DUE 10-01-2021	USA	765,000.00	778,257.45	936,551.25
AMBASSADOR	ONCOR ELEC 7% DUE 09-01-2022	USA	610,000.00	695,320.70	764,931.46
AMBASSADOR	PLAINS ALL AMERN 8.75% DUE 05-01-2019	USA	625,000.00	782,536.25	840,408.12
AMBASSADOR	PPL ENERGY SUP LLC 6.3% DUE 07-15-2013	USA	740,000.00	810,159.00	772,300.26
AMBASSADOR	PSEG PWR LLC 5% DUE 04-01-2014	USA	700,000.00	751,758.00	742,076.30
AMBASSADOR	PVTPL ITC HLDGS CORP SR NT 144A 5.5% DUE01-15-2020 BEO	USA	785,000.00	855,894.65	927,304.80
AMBASSADOR	PVTPL TEXAS NEW MEX PWR CO 1ST MTG BD SER 2009A 144A 9.5% DUE 04-01-2019 BEO	USA	560,000.00	681,369.60	761,980.80
AMBASSADOR	REPUBLIC SVCS INC 5.5% DUE 09-15-2019	USA	700,000.00	774,097.75	828,937.20
AMBASSADOR	RIO TINTO FIN USA 9% DUE 05-01-2019	Australia	710,000.00	951,343.20	970,856.84
AMBASSADOR	SEMPRA ENERGY 8.9% DUE 11-15-2013	USA	735,000.00	860,803.85	799,391.14
AMBASSADOR	SMUCKER J M CO 3.5% DUE 10-15-2021	USA	740,000.00	746,423.20	792,259.54
AMBASSADOR	TIME WARNER COS 9.125% DUE 01-15-2013	USA	670,000.00	775,291.65	685,798.60
AMBASSADOR	TRANSCANADA 7.25% DUE 08-15-2038	Canada	575,000.00	453,034.79	850,504.92
AMBASSADOR	US BANK NA FLTG RT DUE 04-29-2020	USA	920,000.00	959,587.60	977,244.24
AMBASSADOR	VERIZON 8.95% DUE 03-01-2039	USA	500,000.00	527,987.58	871,286.50
AMBASSADOR	WASTE MGMT INC DEL 7.375% DUE 03-11-2019	USA	565,000.00	656,835.10	724,491.59

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Account name	Asset description	Country	Shares/Par value	Book value	Market value
AXA	ADVANCED MICRO 8 125% DUE 12-15-2017	USA	350,000 00	384,125 00	368,403.00
AXA	AES CORP 9 75% DUE 04-15-2016	USA	515,000 00	564,700 00	615,425.00
AXA	AIRCASTLE LTD 6.75% DUE 04-15-2017	Bermuda	278,000.00	273,830.00	299,545.00
AXA	AIRCASTLE LTD 9.75 DUE 08-01-2018	Bermuda	300,000.00	328,975.00	342,000.00
AXA	AK STL CORP 8 375 DUE 04-01-2022	USA	440,000 00	440,000 00	376,200.00
AXA	ALLY FINL INC 8% DUE 11-01-2031	USA	325,000.00	342,525.00	378,950.00
AXA	ALLY FINL INC 8 3% DUE 02-12-2015	USA	300,000.00	323,250.00	332,250.00
AXA	ALTA MESA HLDGS LP / ALTA MESA FIN SVCS CORP SR NT SER B 9 625 10-15-2018	USA	235,000.00	235,000.00	235,000.00
AXA	AMC ENTMT INC NEW SR SUB NT 9 75 12-1-2020	USA	785,000 00	773,836 27	884,106.25
AXA	AMERIGROUP CORP 7.5% DUE 11-15-2019	USA	190,000.00	190,000 00	221,943.75
AXA	AMERN 10 5% DUE 12-15-2016	USA	150,000.00	156,375 00	157,500.00
AXA	AMERN AXLE & MFG 7 75% DUE 11-15-2019	USA	190,000 00	190,000 00	209,475.00
AXA	AMERN INTL GROUP 8 175 DUE 05-15-2058	USA	360,000.00	270,660 43	440,550.00
AXA	APRIA HEALTHCARE 12 375% DUE 11-01-2014	USA	250,000.00	250,000 00	243,750.00
AXA	ARAMARK CORP 8.5% DUE 02-01-2015	USA	530,000.00	538,025 00	542,592.80
AXA	ARCH COAL INC SR NT 8 75 DUE 08-01-2016	USA	190,000.00	204,725.00	186,200.00
AXA	ARD FIN S A SECD PIK NT 144A 11 125% DUE06-01-2018/05-18 2011 BEO	Luxembourg	406,728.00	368,515 00	404,694.36
AXA	ASPECT SOFTWARE INC SR SECD LIEN NT 10 625 DUE 05-15-2017	USA	395,000.00	422,650.00	405,862.50
AXA	AUTONATION INC 5.5 DUE 02-01-2020	USA	385,000.00	385,000 00	410,987.50
AXA	AVAYA INC 9 75% DUE 11-01-2015	USA	335,000.00	271,912 34	297,312.50
AXA	AVIATION CAP GROUP 7.125% DUE 10-15-2020	USA	420,000 00	423,239.35	440,760.60
AXA	AVIS BUDGET CAR 9 75% DUE 03-15-2020	USA	210,000.00	213,675 00	239,925.00
AXA	BARRETT BILL CORP 9.875% DUE 07-15-2016	USA	205,000.00	227,550.00	225,500.00
AXA	BAUSCH & LOMB INC 9.875% DUE 11-01-2015	USA	180,000.00	189,487 50	185,175.00
AXA	BEAZER HOMES USA 9 125 DUE 05-15-2019	USA	150,000.00	130,312 50	150,750.00
AXA	BERRY PLASTICS 10 25% DUE 03-01-2016	USA	126,000.00	126,000 00	130,725.00
AXA	BIOMET INC 10% DUE 10-15-2017	USA	210,000.00	228,075.00	221,550.00
AXA	BOISE PAPER HLDGS 9% DUE 11-01-2017	USA	250,000 00	260,000.00	275,000 00
AXA	BRUNSWICK CORP 11 25% DUE 11-01-2016	USA	325,000 00	394,062 50	371,312.50
AXA	BWAY HLDG CO 10 DUE 06-15-2018 BEO	USA	220,000.00	241,450.00	247,500.00
AXA	BWAY PARENT CO INC 10 125 DUE 11-01-2015	USA	611,036.00	561,816 25	644,642.98
AXA	CALUMET SPECIALTY 9.375 DUE 05-01-2019	USA	295,000.00	296,475 00	317,125.00
AXA	CALUMET SPECIALTY 9.375% DUE 05-01-2019	USA	165,000 00	165,825.00	177,375.00
AXA	CASE NEW HOLLAND INC SR NT 7.875 12-1-2017	USA	190,000 00	167,675 00	222,775 00
AXA	CASTLE A M & CO SR SECD NT 12 75 DUE 12-15-2016	USA	200,000 00	214,375 00	226,000.00
AXA	CCH II LLC / CCH 13.5% DUE 11-30-2016	USA	200,000.00	232,000.00	217,000.00
AXA	CDRT HLDG CORP 9 25% DUE 10-01-2017	USA	475,000.00	460,750.00	458,375 00
AXA	CDW LLC / CDW FIN 12.535% DUE 10-12-2017	USA	550,000.00	595,925 00	587,125.00
AXA	CHAPARRAL ENERGY INC SR NT 9.875 10-1-2020	USA	270,000 00	299,025 00	305,100.00
AXA	CHES ENERGY CORP 6 775% DUE 03-15-2019	USA	215,000.00	212,312.50	215,537.50
AXA	CHES ENERGY CORP SR NT DTD 01/09 9 5 DUE02-15-2015 REG	USA	310,000 00	342,229.31	341,387.50
AXA	CHIRON MERGER SUB 12.5% DUE 11-01-2019	USA	345,000.00	337,172.50	324,300 00
AXA	CHOICE HOTELS INTL 5.75% DUE 07-01-2022	USA	199,000 00	199,000 00	216,910.00
AXA	CIN BELL SR SUB NT 8 75 DUE 03-15-2018	USA	410,000 00	398,750 00	416,150 00
AXA	CITIZENS 9% DUE 08-15-2031	USA	305,000.00	314,412 50	325,587.50
AXA	CKE RESTAURANTS 11.375% DUE 07-15-2018	USA	251,000.00	276,694 24	291,160 00
AXA	CLAIRES STORES INC 10 5% DUE 06-01-2017	USA	225,000.00	184,425 00	191,250.00
AXA	CLAIRES STORES INC 8.875 SNR NT 15/03/19USD	USA	320,000.00	320,000 00	294,400.00
AXA	CLAIRES STORES INC 9.25% DUE 06-01-2015	USA	235,000.00	201,050 00	212,675.00
AXA	CLEAR CHANNEL 9% DUE 03-01-2021	USA	155,000.00	138,725.00	137,950 00
AXA	CLUBCORP CLUB OPERATIONS INC SR NT 10 12-1-2018	USA	324,000.00	324,545.00	355,590 00
AXA	COLEMAN CABLE INC 9 DUE 02-15-2018	USA	260,000.00	257,400 00	276,900 00
AXA	CONCHO RES INC 8.625% DUE 10-01-2017	USA	230,000.00	250,700 00	253,575.00
AXA	CONSOL ENERGY INC 8 DUE 04-01-2017	USA	200,000 00	217,000.00	209,000.00
AXA	COVANTA HLDG CORP 6.375 DUE 10-01-2022 REG	USA	300,000.00	300,000 00	326,153.10
AXA	CPI INTL INC 8% DUE 02-15-2018	USA	310,000 00	279,000 00	295,275.00
AXA	CR ACCEP CORP MICH 9.125% DUE 02-01-2017	USA	275,000 00	275,000 00	303,187.50
AXA	CSC HLDGS LLC 8.5 DUE 04-15-2014	USA	315,000.00	345,712 50	347,287 50
AXA	DAVE & BUSTERS INC 11% DUE 06-01 2018	USA	598,000.00	605,583 75	675,740.00
AXA	DENBURY RES INC SR SUB NT 9.75 DUE 03-01-2016 REG	USA	275,000 00	303,875.00	295,625.00
AXA	DJO FIN LLC / DJO 9.75% DUE 10-15 2017	USA	290,000.00	235,625.00	246,500.00
AXA	DYNACAST INTL LLC & DYNACAST FIN SR SECD2ND LIEN NT 9 25 DUE 07-15 2019	USA	240,000 00	244,950 00	253,200.00
AXA	DYNCORP INTL INC 10.375% DUE 07-01-2017	USA	1,020,000 00	924,461 25	879,750 00
AXA	EL PASO ENERGY CORP MEDIUM TERM NTS BOOK TR 4 7 8 8-1-31	USA	390,000 00	380,250 00	453,162.45
AXA	EMBARQ CORP 7.995% DUE 06-01-2036	USA	290,000.00	315,982 50	326,146 18
AXA	ENERGY XXI GULF 9.25% DUE 12-15-2017	USA	280,000.00	294,787 50	314,300.00
AXA	ENERGYSOLUTIONS INC / ENERGYSOLUTIONS LLC SR NT 10 75 8-15-2018	USA	367,000.00	383,685 00	334,887.50
AXA	EXOPACK HLDG CORP 10% DUE 06-01-2018	USA	415,000.00	420,187 50	398,400.00
AXA	FELCOR LODGING LTD 10% DUE 10-01-2014	USA	435,000.00	446,382 50	499,162.50
AXA	FIESTA RESTAURANT GROUP INC 8 875 DUE 08-15 2016 REG	USA	250,000.00	250,000 00	267,500 00
AXA	FIRST DATA CORP 12 625% DUE 01-15-2021	USA	145,000 00	125,787 50	150,256.25
AXA	FORD MTR CR CO LLC 12% DUE 05-15-2015	USA	320,000.00	360,000 00	396,800 00
AXA	FRONTIER 8.75% DUE 04-15-2022	USA	230,000.00	223,675 00	261,050 00

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AXA	GENON ESCR CORP 9.875 DUE 10-15-2020	USA	305,000.00	326,231.05	338,550.00
AXA	GLOBAL BRASS & 9.5 DUE 06-01-2019	USA	392,000.00	392,000.00	425,320.00
AXA	GMAC INC FORMERLY 6.75% DUE 12-01-2014	USA	280,000.00	294,962.50	299,600.00
AXA	GWR OPERATING PARTNERSHIP 10.875 DUE 04-01-2017	USA	230,000.00	251,150.00	264,500.00
AXA	GXS WORLDWIDE INC 9.75% DUE 06-15-2015	USA	406,000.00	400,858.75	418,180.00
AXA	GYMBOREE CORP 9.125% DUE 12-01-2018	USA	250,000.00	235,000.00	237,812.50
AXA	HCA INC 8.5% DUE 04-15-2019	USA	300,000.00	332,050.00	338,250.00
AXA	HCA INC SR NT 7.5 DUE 02-15-2022	USA	235,000.00	235,000.00	266,137.50
AXA	HEXION U S FIN CORP / HEXION NOVA SCOTIAFIN ULC 9 11-15-2020	USA	230,000.00	230,000.00	205,275.00
AXA	HOST HOTELS & 4.75 DUE 03-01-2023	USA	282,000.00	282,000.00	292,222.50
AXA	HUBER J M CORP 9 875 144A DUE 11-01-2019BEO	USA	175,000.00	173,815.25	196,437.50
AXA	IGATE CORP 9% DUE 05-01-2016	USA	475,000.00	514,893.75	521,312.50
AXA	INMARSAT FIN PLC 7.375% DUE 12-01-2017	UK	100,000.00	107,875.00	108,000.00
AXA	INTELSAT 11.25% DUE 02-04-2017	Luxembourg	675,000.00	665,981.25	713,812.50
AXA	INTELSAT JACKSON HLDGS S A 7.25 DUE 10-15-2020/10-15-2015 REG	Luxembourg	280,000.00	263,900.00	301,700.00
AXA	INTERFACE INC SR NT SER B 7.625 DUE 12-01-2018	USA	215,000.00	215,000.00	233,275.00
AXA	INTERPUBLIC GROUP 10% DUE 07-15-2017	USA	240,000.00	262,800.00	266,700.00
AXA	INTL LEASE FIN 8.625% DUE 09-15-2015	USA	245,000.00	273,175.00	278,993.75
AXA	INTL WIRE GROUP 9.75% DUE 04-15-2015	USA	225,000.00	223,718.40	236,812.50
AXA	IPAYMENT INC 10.25 DUE 05-15-2018	USA	465,000.00	426,842.50	405,712.50
AXA	ISABELLE ACQSTN SUB INC SR NT 144A 10 DUE 11-15-2018	USA	183,000.00	183,000.00	198,555.00
AXA	J2 GLOBAL INC 8% DUE 08-01-2020	USA	135,000.00	135,000.00	136,350.00
AXA	JBS FIN II LTD 8.25% DUE 01-29-2018	Cayman Is	325,000.00	321,732.30	331,500.00
AXA	JONES APPAREL 5.125% DUE 11-15-2014	USA	355,000.00	353,562.50	365,206.25
AXA	JONES APPAREL 6.125% DUE 11-15-2034	USA	305,000.00	238,731.25	250,100.00
AXA	JONES GROUP INC / 6.875% DUE 03-15-2019	USA	382,000.00	393,627.50	394,415.00
AXA	KENNEDY WILSON INC 8.75 DUE 04-01-2019	USA	220,000.00	222,200.00	234,300.00
AXA	KINDRED HEALTHCARE 8.25 DUE 06-01-2019	USA	190,000.00	167,675.00	184,775.00
AXA	LAWSON SOFTWARE 9.375% DUE 04-01-2019	USA	155,000.00	155,000.00	172,050.00
AXA	LENNAR CORP 12.25% DUE 06-01-2017	USA	245,000.00	295,225.00	328,300.00
AXA	LINN ENERGY LLC / 7.75% DUE 02-01-2021	USA	245,000.00	247,450.00	259,087.50
AXA	MAGNACHIP 10.5 DUE 04-15-2018	Luxembourg	550,000.00	603,362.50	618,750.00
AXA	MASTEC INC 7.625% DUE 02-01-2017	USA	290,000.00	296,525.00	300,150.00
AXA	MCJUNKIN RED MAN 9.5 DUE 12-15-2016	USA	355,000.00	381,625.00	382,956.25
AXA	MGM MIRAGE 5.875% DUE 02-27-2014	USA	160,000.00	145,200.00	166,400.00
AXA	MGM MIRAGE CORPNOTE 7.5% DUE 06-01-2016/05-17-2007	USA	310,000.00	260,400.00	331,700.00
AXA	MGM MIRAGE SR SECD NT 10.375 DUE 05-15-2014	USA	265,000.00	295,475.00	298,125.00
AXA	MGM RESORTS INTERNATIONAL 11.375 DUE 03-01-2018	USA	350,000.00	401,642.50	413,000.00
AXA	MICHAELS STORES 11.375% DUE 11-01-2016	USA	630,000.00	629,075.00	659,988.00
AXA	MICHAELS STORES STEP CPN 13% DUE 11-01-2016	USA	87,000.00	93,090.00	91,350.87
AXA	MOMENTIVE 11.5% DUE 12-01-2016	USA	223,000.00	215,821.68	125,437.50
AXA	MONITRONICS INTL INC 9.125 SR NT DUE 04-01-2020	USA	250,000.00	242,812.50	260,000.00
AXA	MURRAY ENERGY CORP 10.25% DUE 10-15-2015	USA	365,000.00	379,312.50	357,700.00
AXA	NCL CORP LTD 11.75% DUE 11-15-2016	Bermuda	355,000.00	377,506.25	409,137.50
AXA	NCL CORP LTD 9.5 DUE 11-15-2018	Bermuda	300,000.00	325,875.00	332,250.00
AXA	NCR CORP NEW SR NT 144A 5 07-15-2022 BEO	USA	161,000.00	161,000.00	162,610.00
AXA	NEIMAN-MARCUS 10.375% DUE 10-15-2015	USA	395,000.00	404,175.00	402,900.00
AXA	NEXEO SOLUTIONS 8.375% DUE 03-01-2018	USA	245,000.00	232,750.00	242,550.00
AXA	NORTEK INC 8.5% DUE 04-15-2021	USA	225,000.00	213,750.00	239,625.00
AXA	NORTHN TIER ENERGY 10.5 DUE 12-01-2017	USA	437,000.00	469,166.80	478,515.00
AXA	PAETEC HLDG CORP 9.875% DUE 12-01-2018	USA	175,000.00	183,312.50	200,375.00
AXA	PENN VA CORP 10.375% DUE 06-15-2016	USA	340,000.00	385,306.25	353,175.00
AXA	PHH CORP 7.375% DUE 09-01-2019	USA	260,000.00	260,000.00	278,200.00
AXA	PHH CORP SR NT 9.25 DUE 03-01-2016	USA	120,000.00	124,285.65	137,700.00
AXA	PIONEER DRILLING 9.875% DUE 03-15-2018	USA	275,000.00	288,750.00	299,062.50
AXA	PK OH INDS INC OH 8.125% DUE 04-01-2021	USA	355,000.00	351,450.00	367,425.00
AXA	PLAINS EXPL & 6.625% DUE 05-01-2021	USA	218,000.00	213,635.00	221,270.00
AXA	PRODTN RES GROUP 8.875% DUE 05-01-2019	USA	511,000.00	384,455.00	357,700.00
AXA	PSS WORLD MED INC 6.375 DUE 03-01-2022	USA	100,000.00	104,375.00	106,375.00
AXA	PULTE HOMES INC 7.875 DUE 06-15-2032 BEO	USA	260,000.00	235,950.00	270,400.00

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Account name	Asset description	Country	Shares/Par value	Book value	Market value
AXA	PVTPL ACE CASH EXPRESS INC SR SECD NT 144A 11% DUE 02-01-2019/02-10-2011 BEO	USA	819,000.00	786,251.25	769,860.00
AXA	PVTPL AERCAP AVIATION SOLUTIONS B V SR NT 6.375 DUE 05-30-2017 BEO	Netherlands	375,000.00	375,000.00	393,750.00
AXA	PVTPL AFFINIA GROUP INC SR SECD NT 144A 10.75% DUE 08-15-2016/08-15-2012 BEO	USA	219,000.00	239,531.25	237,341.25
AXA	PVTPL AIR LEASE CORP SR NT 144A 5.625 DUE 04-01-2017	USA	415,000.00	415,000.00	423,300.00
AXA	PVTPL ALTEGRITY INC SR NT 144A 10.5% DUE11-01-2015/11-01-2012 BEO	USA	695,000.00	645,175.00	604,650.00
AXA	PVTPL BREITBURN ENERGY PARTNERS L P / BREIT 7.875 4-15-2022	USA	320,000.00	331,200.00	331,200.00
AXA	PVTPL BRICKMAN GROUP HLDGS INC SR NT 144A 9.125 DUE 11-01-2018/10-14-2010 BEO	USA	210,000.00	198,975.00	215,250.00
AXA	PVTPL CALPINE CONSTR FIN CO L P / NT 144A 8.06-01-16/05-19-09 BEO	USA	290,000.00	312,112.50	311,750.00
AXA	PVTPL CALUMET SPECIALTY PRODS PARTNERS SR NT 9.625 DUE 08-01-2020 BEO	USA	297,000.00	291,802.50	320,017.50
AXA	PVTPL CARROLS RESTAURANT GROUP INC SR SECD LIEN NT 11.25 DUE 05-15-2018	USA	148,000.00	148,000.00	161,320.00
AXA	PVTPL CIT GROUP INC NEW 2ND PRIORITY SECD NT SER C 4.75 DUE 02-15-2015	USA	225,000.00	226,462.50	234,562.50
AXA	PVTPL CKE HLDGS INC SR PIK TOGGLE NT 144A 10.5% DUE 03-14-2016/03-14-2011 BEO	USA	301,031.00	250,564.64	325,113.48
AXA	PVTPL CLEAN HBRS INC SR NT 5.25 DUE 08-01-2020	USA	252,000.00	252,000.00	259,560.00
AXA	PVTPL CNH CAP LLC NT 6.25 DUE 11-01-2016 BEO	USA	280,000.00	280,000.00	304,150.00
AXA	PVTPL COMMSCOPE INC SR NT 144A 8.25% DUE01-15-2019/01-14-2011 BEO	USA	220,000.00	222,975.00	237,600.00
AXA	PVTPL CONS CONTAINER CO LLC / CONS CON SR NT 10.125 DUE 07-15-2020 BEO	USA	195,000.00	195,000.00	207,675.00
AXA	PVTPL CONSTELLATION ENTERPRISES LLC 1ST 02-01-2016 BEO	USA	215,000.00	213,236.85	225,750.00
AXA	PVTPL CRESCENT RES LLC / CRSCNT VENTURESINC SR SECD NT 144A 10.25 DUE 8-15-2017	USA	264,000.00	264,000.00	274,560.00
AXA	PVTPL DEMATIC S A SR SECD NT 144A 8.75% DUE 05-01-2016/04-28-2011 BEO	Luxembourg	260,000.00	260,000.00	278,200.00
AXA	PVTPL DIGICEL GROUP LTD SR NT 8.25 DUE 09-30-2020	Bermuda	400,000.00	400,000.00	420,000.00
AXA	PVTPL DIGICEL LTD SR NT 144A 12% DUE 04-01-2014/04-01-2012 BEO	Bermuda	230,000.00	258,750.00	256,450.00
AXA	PVTPL DRILL RIGS HLDGS INC SR SECD NT 6.5 DUE 10-01-2017	Marshall Is	316,000.00	313,982.59	314,025.00
AXA	PVTPL EP ENERGY LLC / EVEREST ACQSTN FINSR NT 144A 7.75 DUE09-01-22/08-13-12	USA	95,000.00	95,000.00	96,900.00
AXA	PVTPL EVEREST ACQUISITION LLC / EVEREST ACQUIS SR NT 9.375 DUE 05-01-2020	USA	180,000.00	180,000.00	196,200.00
AXA	PVTPL FGI OPER CO LLC / FGI FIN INC SR SECD NT 7.875 DUE 05-01-2020	USA	240,000.00	240,000.00	260,400.00
AXA	PVTPL FMG RES AUGUST 2006 PTY LTD SR N T 144A 7 DUE 11-01-2015/11-01-2012 BEO	Australia	377,000.00	397,515.00	375,115.00
AXA	PVTPL FMG RES AUGUST 2006 PTY LTD SR NT 6 DUE 04-01-2017 BEO	Australia	340,000.00	340,000.00	316,200.00
AXA	PVTPL FMG RES AUGUST 2006 PTY LTD SR NT 8.25 DUE 11-01-2019	Australia	430,000.00	430,000.00	417,100.00
AXA	PVTPL GEORGIA GULF CORP SR SECD NT 144A 9% DUE 01-15-2017/01-15-2013 BEO	USA	360,000.00	399,600.00	402,300.00
AXA	PVTPL H & E EQUIP SVCS INC 7 DUE 09-01-2022/08-20-2012 BEO	USA	346,000.00	346,000.00	359,840.00
AXA	PVTPL HALCON RES CORP SR NT 144A 9.75% DUE 07-15-2020/07-16-2012 BEO	USA	255,000.00	251,547.30	260,737.50
AXA	PVTPL HOLOGIC INC SR NT 144A 6.25% DUE 08-01-2020/08-01-2012 BEO	USA	181,000.00	181,000.00	191,860.00
AXA	PVTPL INEOS FIN PLC SR SECD NT USD 144A 7.5% DUE 05-01-2020/05-04-2012 BEO	UK	262,000.00	262,000.00	265,930.00
AXA	PVTPL INMET MNG CORP SR NT 8.75 DUE06-01-2020/05-18-2012 BEO	Canada	550,000.00	542,236.60	569,250.00
AXA	PVTPL INTERNATIONAL WIRE GROUP INC 8.5 DUE 10-15-2017 BEO	USA	555,000.00	555,000.00	556,387.50
AXA	PVTPL JBS USA LLC / JBS USA FIN INC 8.25DUE 02-01-2020/01-30-2012 BEO	USA	185,000.00	183,680.64	184,537.50
AXA	PVTPL JMC STL GROUP INC SR NT 144A 8.25%DUE 03-15-2018/03-11-2011 BEO	USA	315,000.00	319,342.50	321,300.00
AXA	PVTPL LIVE NATION ENTMT INC SR NT 7 09-01-2020	USA	59,000.00	59,000.00	61,360.00
AXA	PVTPL MAGNUM HUNTER RES CORP DEL SR NT 144A 9.75% DUE 05-15-2020/05-16-2012 BEO	USA	157,000.00	154,874.22	160,140.00
AXA	PVTPL MILACRON LLC / MCRON FIN CORP 8.375 DUE 05-15-2019/04-30-2012 BEO	USA	220,000.00	220,000.00	226,600.00
AXA	PVTPL MMI INTL LTD SR SECD NT 144A 8% DUE 03-01-2017/02-27-2012 BEO	Malaysia	386,000.00	392,491.25	401,440.00
AXA	PVTPL NEFF RENT LLC / NEFF FIN CORP SR 05-15-2016/05-13-2011 BEO	USA	265,000.00	265,675.00	268,312.50
AXA	PVTPL NESCO LLC / NESCO HLDGS CORP SR SECD NT 11.75 DUE 04-15-2017	USA	485,000.00	484,195.10	516,525.00
AXA	PVTPL NEW GOLD INC CDA SR NT 7 DUE 04-15-2020	Canada	131,000.00	131,000.00	138,860.00
AXA	PVTPL NORD ANGLIA ED GTD SR SECD NT 10.25 DUE 04-01-2017	UK	200,000.00	200,000.00	216,000.00
AXA	PVTPL NUFARM AUSTRALIA LTD SR NT 6.375 DUE 10-15-2019	Australia	191,000.00	191,000.00	191,000.00
AXA	PVTPL NUMBER MERGER SUB INC 11 DUE 12-15-2019	USA	82,000.00	90,145.00	92,045.00
AXA	PVTPL NXP B V / NXP FDG LLC SR SECD NT 144A 9.75% DUE 08-01-2018/07-20-2010 BEO	Netherlands	435,000.00	500,737.50	500,250.00
AXA	PVTPL OPTIMA SPECIALTY STL INC 12.5 12-15-16	USA	275,000.00	264,000.00	290,125.00
AXA	PVTPL PACKAGING DYNAMICS CORP SR SECD NT144A 8.75 DUE 02-01-2016/02-01-2011	USA	290,000.00	290,000.00	305,950.00
AXA	PVTPL PARTY CY HLDGS INC SR NT 144A 8.875 DUE 08-01-2020	USA	135,000.00	135,000.00	143,775.00
AXA	PVTPL PENN VA RES PARTNERS L P / PENN VASR NT 144A 8.375 DUE	USA	271,000.00	271,637.50	279,807.50
AXA	PVTPL PITT GLASS WKS LLC SR SECD NT 144A8.5 DUE 04-15-2016/04-15-2011 BEO	USA	277,000.00	275,492.50	257,610.00
AXA	PVTPL PROV FDG AS LP / PFG FIN CP SR NT 144A 10.125 DUE 02-15-19/02-15-11 BEO	USA	378,000.00	379,363.75	389,340.00
AXA	PVTPL PROVIDENT FDG ASSOCS LP / PFG FIN CORP SR SECD NT 144A 10.25 DUE 4-15-2017	USA	257,000.00	258,255.21	276,275.00
AXA	PVTPL ROOFING SUP GROUP LLC SR NT 10 DUE 06-01-2020 BEO	USA	289,000.00	289,000.00	315,010.00
AXA	PVTPL RUBY TUESDAY INC SR NT 7.625 DUE 05-15-2020/05-14-2012 BEO	USA	415,000.00	403,202.80	398,400.00
AXA	PVTPL RURAL / METRO CORP SR NT 144A 10.125% DUE 07-15-2019/02-03-2012 BEO	USA	182,000.00	156,520.00	180,635.00
AXA	PVTPL SANDRIDGE ENERGY INC SR NT 7.5 DUE 02-15-2023	USA	260,000.00	258,700.00	267,800.00
AXA	PVTPL SCHAEFFLER FIN B V SR SECD NT 144A8.5% DUE 02-15-2019/02-09-2012 BEO	Netherlands	130,000.00	131,690.00	145,600.00
AXA	PVTPL SEADRILL LTD 5.625 DUE 09-15-2017 BEO	Bermuda	245,000.00	245,000.00	246,837.50
AXA	PVTPL SEQUA CORP SR NT 144A 11.75% DUE 12-01-2015/12-01-2012 BEO	USA	545,000.00	544,287.50	572,250.00
AXA	PVTPL SEQUA CORP SR PIK NT 144A 13.5% DUE 12-01-2015/12-01-2012 BEO	USA	415,000.00	449,531.25	439,900.00
AXA	PVTPL SM ENERGY CO SR NT 144A 6.5 DUE 01-01-2023/07-01-2017 BEO	USA	292,000.00	292,000.00	306,600.00
AXA	PVTPL SOPHIA L P / SOPHIA FIN INC SR NT 9.75 DUE 01-15-2019	USA	195,000.00	195,825.00	209,625.00
AXA	PVTPL SOUTHERN STS COOP INC SR NT 144A 11.25% DUE 05-15-2015/05-06-2010 BEO	USA	340,000.00	334,123.20	354,450.00
AXA	PVTPL STARZ LLC / STARZ FIN CORP SR NT 5DUE 09-15-2019	USA	197,000.00	197,000.00	201,432.50
AXA	PVTPL STEINWAY MUSICAL INSTRS INC SR NT 144A 7% DUE 03-01-2014/03-01-2013 BEO	USA	159,000.00	155,025.00	159,001.59
AXA	PVTPL STONERIDGE INC SR SECD NT 9.5% DUE10-15-2017/10-04-2010 BEO	USA	370,000.00	370,000.00	399,600.00
AXA	PVTPL SUMMIT MATLS LLC / SUMMIT MATLS FIN CORP 10.5 DUE 01-31-2020	USA	400,000.00	400,000.00	428,000.00
AXA	PVTPL SYMETRA FINL CORP CAP EFFICIENT NT144A 8.3% DUE 10-15-2067/10-15-2017 BEO	USA	365,000.00	323,412.50	375,950.00
AXA	PVTPL TELESAT CDA / TELESAT LLC SR NT 6 DUE 05-15-2017	Canada	475,000.00	475,000.00	494,000.00
AXA	PVTPL TESORO LOGISTICS LP / TESORO LOGISTICS F SR NT 5.875 DUE 10-01-2020	USA	195,000.00	195,000.00	199,875.00
AXA	PVTPL TRW AUTOMOTIVE INC SR NT 144A 8.875% DUE 12-01-2017/11-23-2009 BEO	USA	265,000.00	287,525.00	292,162.50
AXA	PVTPL UNIVERSAL HOSP SVC 7.625 DUE 08-15-2020	USA	356,000.00	356,000.00	371,130.00
AXA	PVTPL UR FING ESCROW CORP SR SECD NT 7.625% DUE 04-15-2022/03-09-2012 BEO	USA	125,000.00	125,000.00	136,875.00
AXA	PVTPL VIASYSTEMS INC SR SECD NT 144A 7.875 05-01-2019 BEO	USA	340,000.00	340,000.00	339,150.00
AXA	PVTPL VPI ESCROW CORP SR NT 6.375 DUE 10-15-2020	USA	636,000.00	636,000.00	648,720.00
AXA	PVTPL WIND ACQSTN FIN S A GTD SR NT144A 11.75 DUE 07-15-2017/07-15-2012 BEO	Luxembourg	255,000.00	267,093.75	240,337.50
AXA	PVTPL WOLVERINE WORLD WIDE INC SR NT 144A 6.125 DUE 10-15-2020/10-09-2012 BEO	USA	204,000.00	204,000.00	210,120.00
AXA	PVTPL WYLE SVCS CORP SR SUB NT 144A 10.5% DUE 04-01-2018/03-26-2010 BEO	USA	465,000.00	466,200.00	502,200.00

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Account name	Asset description	Country	Shares/Par value	Book value	Market value
AXA	QEP RESOURCES INC 5 25 DUE 05-01-2023	USA	164,000 00	164,000 00	167,690.00
AXA	QUICKSILVER RES 8 25% DUE 08-01-2015	USA	365,000.00	360,437.50	347,662.50
AXA	QUIKSILVER INC 6 875% DUE 04-15-2015	USA	240,000.00	225,775.00	238,800 00
AXA	REGAL ENTMT GROUP 9 125% DUE 08-15-2018	USA	325,000.00	343,887.50	363,187.50
AXA	REGIONS FING TR II FLTG RT 6.625% DUE 05-15-2047	USA	525,000 00	372,850 00	511,875 00
AXA	RES-CARE INC SR NT 10.75 DUE 01-15-2019	USA	240,000.00	240,000.00	266,400 00
AXA	REYNOLDS GROUP ISSUER INC/ REYNOLDS GROU9.875 DUE 08-15-2019	USA	760,000.00	798,538.00	808,450.00
AXA	ROUSE CO LLC 6 75% DUE 11-09-2015	USA	165,000.00	170,981 25	174,075.00
AXA	ROYAL CARIBBEAN CRUISES LTD SR NT 11.875% DUE 07-15-2015	Liberia	475,000 00	581,225 00	584,250.00
AXA	SALLY HLDGS LLC / SALLY CAP INC 5.75 DUE 06-01-2022/05-18-2012 REG USD1000	USA	351,000 00	351,000.00	373,815.00
AXA	SALLY HLDGS LLC 6.875 DUE 11-15-2019	USA	275,000 00	295,281 25	305,937.50
AXA	SCIENTIFIC GAMES 9.25% DUE 06-15-2019	USA	83,000.00	92,026 25	92,130.00
AXA	SEAGATE HDD CAYMAN 7% DUE 11-01-2021	Cayman Is.	245,000 00	262,150 00	262,150 00
AXA	SELECT MED CORP 7.625% DUE 02-01-2015	USA	280,000 00	274,325.00	283,850.00
AXA	SESI L L C 7 125 DUE 12-15-2021	USA	275,000 00	305,250.00	303,875.00
AXA	SEVERSTAL COLBS 10.25 DUE 02-15-2018	USA	501,000 00	531,130.00	501,000.00
AXA	SGS INTL INC 12% DUE 12-15-2013	USA	535,000 00	553,725.00	539,681.25
AXA	SHERIDAN GROUP INC SR SECD NT 12 5 4-15-2014	USA	218,840 42	202,974 49	181,637.54
AXA	SITEL LLC / SITEL FIN CORP 11.5 DUE 04-01-2018 REG	USA	1,017,000 00	728,927 50	737,325.00
AXA	SMITHFIELD FOODS 6.625% DUE 08-15-2022	USA	255,000 00	253,725.00	264,562.50
AXA	SPEEDY CASH INTER 10.75% DUE 05-15-2018	USA	446,000 00	459,912.50	470,530.00
AXA	SPRINT CAP CORP 8.75% DUE 03-15-2032	USA	285,000 00	310,654.00	294,975.00
AXA	SRA INTL INC 11 DUE 10-01-2019	USA	275,000.00	275,000 00	279,125.00
AXA	STD PAC CORP NEW 10.75% DUE 09-15-2016	USA	440,000.00	473,625 00	537,900.00
AXA	STD PAC CORP NEW 8.375% DUE 01-15-2021	USA	365,000.00	365,000.00	416,556.25
AXA	STEWART 6.5% DUE 04-15-2019	USA	330,000.00	331,237.50	354,750.00
AXA	SUNGARD DATA SYS INC SR NT 10.25% DUE 08-15-2015/08-15-2012	USA	440,000 00	449,318 75	451,000.00
AXA	SUNSTATE EQUIP CO LLC / SUNSTATE EQUIP 06-15-2016/06-09-2011 BEO	USA	480,000.00	483,612 50	501,600 00
AXA	SWIFT ENERGY CO 7.875 DUE 03-01-2022	USA	240,000.00	245,400.00	256,800.00
AXA	SYMBION INC DEL 8% DUE 06-15-2016	USA	175,000.00	161,875.00	179,375.00
AXA	SYNCREON GLOBAL 9 5% DUE 05-01-2018	USA	275,000.00	276,400 00	286,687.50
AXA	SYNOVUS FINL CORP 7.875 2-15-19	USA	165,000.00	163,909 35	182,325 00
AXA	TEKNI-PLEX INC 9.75 BDS 144A 9.75 DUE 06-01-2019	USA	395,000.00	390,086 20	422,650 00
AXA	TENET HEALTHCARE 10% DUE 05-01-2018	USA	275,000 00	316,081 25	317,625.00
AXA	TOMKINS LLC / 9 DUE 10-01-2018	USA	272,000 00	298,805.16	303,280.00
AXA	TOWER AUTOMOTIVE 10 625% DUE 09-01-2017	USA	181,000.00	183,211 88	195,027.50
AXA	TOYS R US INC 10.375% DUE 08-15-2017	USA	486,000 00	481,300 38	496,935.00
AXA	TOYS R US PPTY CO 10 75% DUE 07-15-2017	USA	295,000 00	327,312 50	321,550.00
AXA	TRANS UN LLC / TRANSUNION FING CORP 11 375 DUE 06-15-2018 REG	USA	260,000 00	305,500.00	306,150.00
AXA	TRANSUNION HLDG CO 9.625% DUE 06-15-2018	USA	350,000 00	350,000 00	381,500.00
AXA	TUTOR PERINI CORP 7.625 DUE 11-01-2018	USA	466,000.00	457,493.75	471,825.00
AXA	UNISYS CORP 6.25% DUE 08-15-2017	USA	173,000.00	173,000 00	180,785.00
AXA	VALASSIS 6.625 DUE 02-01-2021	USA	275,000 00	269,373.50	283,937.50
AXA	VALIDUS HLDGS LTD 8.875% DUE 01-26-2040	Bermuda	190,000.00	191,463 00	240,994.29
AXA	VANGUARD NAT RES 7.875% DUE 04-01-2020	USA	271,000.00	269,032 54	273,032.50
AXA	WEST CORP 11% DUE 10-15-2016	USA	755,000 00	753,962 50	785,200.00
AXA	WHITING PETE CORP 7% DUE 02-01-2014	USA	105,000.00	109,637 50	111,825 00
AXA	WIRECO WORLDGROUP 9.5 DUE 05-15-2017	USA	420,000 00	433,925 00	449,400.00
AXA	YCC HLDGS LLC / 10 25% DUE 02-15-2016	USA	690,000 00	640,562 50	714,150.00

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Account name	Asset description	Country	Shares/Par value	Book value	Market value
BARROW HANLEY BOND	ABB FIN USA INC 2.875% DUE 05-08-2022	USA	200,000.00	195,666.00	206,759.40
BARROW HANLEY BOND	ALTERA CORP 1.75% DUE 05-15-2017	USA	135,000.00	134,793.45	138,557.38
BARROW HANLEY BOND	ALTRIA GROUP INC 9.7% DUE 11-10-2018	USA	92,000.00	91,936.52	131,771.69
BARROW HANLEY BOND	AMERICAN EXPRESS CR CORP MEDIUM TERM NTS1.75 06-12-2015	USA	670,000.00	669,866.00	685,324.24
BARROW HANLEY BOND	AMERN EXPRESS CO 8.15% DUE 03-19-2038	USA	200,000.00	198,154.76	320,793.60
BARROW HANLEY BOND	ANALOG DEVICES INC 3% DUE 04-15-2016	USA	290,000.00	294,118.00	312,477.90
BARROW HANLEY BOND	APACHE CORP 3.25 DUE04-15-2022 REG	USA	240,000.00	239,186.40	257,986.80
BARROW HANLEY BOND	APPLIED MATLS INC 2.65% DUE 06-15-2016	USA	310,000.00	314,468.03	327,812.29
BARROW HANLEY BOND	AT&T INC 5.35% DUE 09-01-2040	USA	199,000.00	188,928.61	239,518.39
BARROW HANLEY BOND	BANK AMER CORP MTN 6% DUE 09-01-2017	USA	275,000.00	309,234.75	318,087.00
BARROW HANLEY BOND	BAXTER INTL INC 1.85% DUE 01-15-2017	USA	200,000.00	199,882.00	207,007.00
BARROW HANLEY BOND	BEAR STEARNS COS 7.25% DUE 02-01-2018	USA	685,000.00	773,508.50	854,779.30
BARROW HANLEY BOND	BECTON DICKINSON & 3.25% DUE 11-12-2020	USA	285,000.00	284,854.65	307,393.87
BARROW HANLEY BOND	BHP BILLITON FIN 1.625% DUE 02-24-2017	Australia	235,000.00	239,645.95	239,949.10
BARROW HANLEY BOND	BK NY INC MEDIUM TERM SR NTS BOO TRANCHE# TR 00046 2.3 DUE 07-28-2016	USA	525,000.00	544,230.75	550,268.25
BARROW HANLEY BOND	BP CAP MKTS P L C 3.2% DUE 03-11-2016	UK	360,000.00	359,668.80	386,427.60
BARROW HANLEY BOND	BURL NORTHN SANTA 7.95% DUE 08-15-2030	USA	185,000.00	235,871.45	263,750.24
BARROW HANLEY BOND	CAMERON INTL CORP 6.375% DUE 07-15-2018	USA	125,000.00	124,873.75	151,811.62
BARROW HANLEY BOND	CANADIAN NAT RES LTD 3.45 DUE 11-15-2021	Canada	335,000.00	333,680.10	360,313.60
BARROW HANLEY BOND	CAP 1 FINL CORP 2.125% DUE 07-15-2014	USA	290,000.00	289,840.50	295,905.85
BARROW HANLEY BOND	CATERPILLAR FINANCIAL SERVICES CORP 1.1 MTN DUE 05-29-2015	USA	275,000.00	275,527.60	278,339.60
BARROW HANLEY BOND	CATERPILLAR FINL SVCS CORP MEDIUM TERM NTS 1.625 DUE 06-01-2017	USA	370,000.00	373,318.90	377,577.60
BARROW HANLEY BOND	CBS CORP NEW 3.375 DUE 03-01-2022 REG	USA	170,000.00	168,461.50	177,613.45
BARROW HANLEY BOND	CDN IMPERIAL BK 2.35% DUE 12-11-2015	Canada	390,000.00	409,730.10	410,155.20
BARROW HANLEY BOND	CITIGROUP INC 6 01% DUE 01-15-2015	USA	220,000.00	233,393.60	241,103.06
BARROW HANLEY BOND	CITIGROUP INC 6 125% DUE 11-21-2017	USA	385,000.00	398,814.20	453,007.94
BARROW HANLEY BOND	CNA FINL CORP 7.35% DUE 11-15-2019	USA	170,000.00	169,807.90	210,942.97
BARROW HANLEY BOND	COCA COLA CO .75% DUE 11-15-2013	USA	565,000.00	564,734.45	567,895.06
BARROW HANLEY BOND	COLBS SOUTHN PWR 5 5% DUE 03-01-2013	USA	385,000.00	388,052.01	392,769.30
BARROW HANLEY BOND	COMCAST CORP NEW 5.875% DUE 02-15-2018	USA	535,000.00	595,743.20	650,868.69
BARROW HANLEY BOND	COOPER U S INC 2.375% DUE 01-15-2016	USA	310,000.00	309,432.70	320,047.10
BARROW HANLEY BOND	COOPER U S INC 3.875% DUE 12-15-2020	USA	275,000.00	280,199.45	301,011.42
BARROW HANLEY BOND	COVIDIEN INTL FIN SA DTD 06-28-2010 2.8 DUE 06-15-2015	Luxembourg	305,000.00	305,957.70	320,940.52
BARROW HANLEY BOND	DEERE JOHN CAP CORP MEDIUM TERM NTS BOOKTRANCHE 00355 4.9 DUE 09-09-2013	USA	425,000.00	462,612.50	443,173.42
BARROW HANLEY BOND	DEERE JOHN CAP CORP MEDIUM TERM NTS BOOKENTRY TRANCHE # TR 00377 .95 06-29-2015	USA	135,000.00	134,963.55	136,215.13
BARROW HANLEY BOND	DIAGEO CAP PLC 1.5% DUE 05-11-2017	UK	270,000.00	268,812.00	274,689.63
BARROW HANLEY BOND	DIRECTV HLDGS LLC 2.4% DUE 03-15-2017	USA	325,000.00	326,946.75	333,695.05
BARROW HANLEY BOND	DIRECTV HLDGS LLC 6.35% DUE 03-15-2040	USA	115,000.00	116,985.94	133,914.62
BARROW HANLEY BOND	DOW CHEM CO 4.25% DUE 11-15-2020	USA	265,000.00	263,399.35	291,566.51
BARROW HANLEY BOND	DOW CHEM CO 7.6% DUE 05-15-2014	USA	140,000.00	158,457.60	154,683.06
BARROW HANLEY BOND	DUKE CAP LLC 5.668% DUE 08-15-2014	USA	205,000.00	217,097.05	221,893.84
BARROW HANLEY BOND	EATON CORP 5.6 DUE 05-15-2018	Ireland	235,000.00	236,481.60	279,563.05
BARROW HANLEY BOND	EBAY INC NT 1.35 DUE 07-15-2017 REG	USA	270,000.00	269,846.10	273,237.03
BARROW HANLEY BOND	ECOLAB INC 2.375% DUE 12-08-2014	USA	120,000.00	119,928.00	124,447.20
BARROW HANLEY BOND	ENERGY TRANSFER 8.5% DUE 04-15-2014	USA	333,000.00	370,133.83	366,911.05
BARROW HANLEY BOND	ENERGY TRANSFER SR NT 9 DUE 04-15-2019	USA	180,000.00	193,222.80	232,047.00
BARROW HANLEY BOND	ENTERPRISE PRODS 5 65% DUE 04-01-2013	USA	355,000.00	384,454.35	362,959.10
BARROW HANLEY BOND	ENTERPRISE PRODS 6 125% DUE 10-15-2039	USA	215,000.00	213,679.90	258,398.39
BARROW HANLEY BOND	EXELON GENERATION 5.2% DUE 10-01-2019	USA	210,000.00	214,993.80	238,429.59
BARROW HANLEY BOND	EXELON GENERATION SR NT 6.25 DUE 10-01-2039	USA	205,000.00	204,719.15	237,158.76
BARROW HANLEY BOND	EXPRESS SCRIPTS 6.25% DUE 06-15-2014	USA	330,000.00	347,812.73	359,477.91
BARROW HANLEY BOND	FRANCE TELECOM SA NT 4.375 DUE07-08-2014	France	200,000.00	199,086.00	211,625.20
BARROW HANLEY BOND	FREEPORT-MCMORAN COPPER & GOLD INC 3.55%DUE 03-01-2022	USA	255,000.00	254,354.85	255,257.55
BARROW HANLEY BOND	GA PWR CO SR NT SER 2012A 4.3 DUE 03-15-2042	USA	145,000.00	146,751.60	154,678.17
BARROW HANLEY BOND	GEN ELEC CAP CORP 5.3% DUE 02-11-2021	USA	145,000.00	144,488.15	166,397.21
BARROW HANLEY BOND	GEN ELEC CAP CORP 5.875% DUE 01-14-2038	USA	465,000.00	466,936.72	554,122.36
BARROW HANLEY BOND	GEN ELEC CAP CORP 6% DUE 08-07-2019	USA	495,000.00	596,851.20	602,064.04
BARROW HANLEY BOND	GENZYME CORP 5% DUE 06-15-2020	USA	145,000.00	157,931.10	172,850.15
BARROW HANLEY BOND	GILEAD SCIENCES 2.4% DUE 12-01-2014	USA	315,000.00	316,286.25	325,706.53
BARROW HANLEY BOND	GLAXOSMITHKLINE 1.5 DUE 05-08-2017	UK	475,000.00	473,294.75	483,236.02
BARROW HANLEY BOND	GOLDMAN SACHS 5.95% DUE 01-18-2018	USA	450,000.00	482,761.96	522,560.70
BARROW HANLEY BOND	HALLIBURTON CO 3.25% DUE 11-15-2021	USA	215,000.00	214,290.50	233,330.47
BARROW HANLEY BOND	HCP INC 5.375% DUE 02-01-2021	USA	305,000.00	303,410.95	347,950.71
BARROW HANLEY BOND	HLTH CARE REIT INC 3.625% DUE 03-15-2016	USA	190,000.00	189,312.20	200,549.94
BARROW HANLEY BOND	HLTH CARE REIT INC 5.25% DUE 01-15-2022	USA	215,000.00	213,578.85	242,103.33
BARROW HANLEY BOND	HUSKY ENERGY INC 3.95 DUE 04-15-2022 REG	Canada	330,000.00	328,960.50	353,361.03
BARROW HANLEY BOND	HUSKY ENERGY INC 5.9% DUE 06-15-2014	Canada	185,000.00	202,877.55	200,830.82
BARROW HANLEY BOND	INTEL CORP 3.3 DUE 10-01-2021	USA	195,000.00	194,535.90	211,803.34
BARROW HANLEY BOND	JOHNSON CTLS INC 1.75% DUE 03-01-2014	USA	470,000.00	472,509.80	477,982.95
BARROW HANLEY BOND	JPMORGAN CHASE & 3.45% DUE 03-01-2016	USA	530,000.00	537,335.20	565,112.50
BARROW HANLEY BOND	KEYCORP MEDIUM TERM SR NTS BOOK ENTRY MTN 5 1% DUE 03-24-2021	USA	160,000.00	159,851.20	187,104.96
BARROW HANLEY BOND	KONINKLIJKE 5 75% DUE 03-11-2018	Netherlands	370,000.00	394,800.40	450,277.42
BARROW HANLEY BOND	LORILLARD TOB CO 8.125% DUE 06-23-2019	USA	205,000.00	205,000.00	264,366.77
BARROW HANLEY BOND	MARATHON OIL CORP 6% DUE 10-01-2017	USA	245,000.00	251,556.20	299,685.22
BARROW HANLEY BOND	MEDTRONIC INC 3% DUE 03-15-2015	USA	620,000.00	619,944.20	655,697.74
BARROW HANLEY BOND	MERRILL LYNCH & CO 6.5% DUE 07-15-2018	USA	375,000.00	398,178.75	442,618.50
BARROW HANLEY BOND	MERRILL LYNCH & CO INC MEDIUM TERM NTS BOOK ENTRY MTN 6.4% DUE 08-28-2017	USA	690,000.00	711,180.90	802,720.47
BARROW HANLEY BOND	METLIFE INC 5% DUE 11-24-2013	USA	325,000.00	352,173.25	341,473.27
BARROW HANLEY BOND	MOLSON COORS 3.5 DUE 05-01-2022	USA	70,000.00	69,754.30	74,169.06
BARROW HANLEY BOND	MURPHY OIL CORP 4% DUE 06-01-2022	USA	145,000.00	144,689.70	153,912.13

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Account name	Asset description	Country	Shares/Par value	Book value	Market value
BARROW HANLEY BOND	NATL RURAL UTILS 1.125% DUE 11-01-2013	USA	295,000.00	294,896.75	297,329.61
BARROW HANLEY BOND	NATL RURAL UTILS 5.45% DUE 04-10-2017	USA	245,000.00	286,471.15	291,957.43
BARROW HANLEY BOND	NOVARTIS CAP CORP 2.9% DUE 04-24-2015	USA	460,000.00	467,341.60	488,520.00
BARROW HANLEY BOND	ONEOK PARTNERS L P 6.125 DUE 02-01-2041	USA	305,000.00	303,048.00	366,342.82
BARROW HANLEY BOND	PEPSICO INC SR NT 2.5% DUE 05-10-2016	USA	365,000.00	364,660.55	385,229.03
BARROW HANLEY BOND	PETROBRAS INTL FIN CO 6.875 DUE 01-20-2040 REG	Cayman Is	80,000.00	78,761.60	100,155.36
BARROW HANLEY BOND	PETROBRAS INTL FIN GLOBAL NT 3.5 DUE 02-06-2017	Cayman Is	120,000.00	120,686.40	125,499.96
BARROW HANLEY BOND	PNC FDG CORP 3.3 DUE03-08-2022 REG	USA	310,000.00	308,276.40	332,242.19
BARROW HANLEY BOND	PNC FDG CORP 4.25% DUE 09-21-2015	USA	290,000.00	297,827.10	317,856.82
BARROW HANLEY BOND	PRIDE INTL INC DEL 6.875% DUE 08-15-2020	USA	185,000.00	220,975.10	234,196.12
BARROW HANLEY BOND	PSI ENERGY INC 6.05% DUE 06-15-2016	USA	340,000.00	339,843.60	396,645.02
BARROW HANLEY BOND	PVTPL KRAFT FOODS GROUP INC NT1.625 DUE 06-04-2015 BEO	USA	145,000.00	144,624.45	147,196.02
BARROW HANLEY BOND	PVTPL LIBERTY MUT GROUP INC GTD SR NT 144A 5% DUE 06-01-2021 BEO	USA	255,000.00	249,591.45	269,537.04
BARROW HANLEY BOND	PVTPL PHILLIPS 66 GTD SR NT 144A 1.95% DUE 03-05-2015 BEO	USA	175,000.00	174,919.50	179,061.40
BARROW HANLEY BOND	PVTPL PHILLIPS 66 GTD SR NT 4.3% DUE 04-01-2022 BEO	USA	345,000.00	344,182.35	377,725.32
BARROW HANLEY BOND	RABOBANK NEDERLAND NT 2.125% DUE 10-13-2015	Netherlands	295,000.00	294,277.25	304,533.22
BARROW HANLEY BOND	RIO TINTO FIN USA 2.5% DUE 05-20-2016	Australia	295,000.00	293,542.70	308,039.00
BARROW HANLEY BOND	ROGERS CABLE INC 5.5% DUE 03-15-2014	Canada	280,000.00	309,108.80	299,312.44
BARROW HANLEY BOND	ROYAL BK CDA GLOBAL MEDIUM TERM SR BK NTTRANCHE # TR 1 15 DUE 03 13 2015	Canada	250,000.00	249,920.00	253,759.25
BARROW HANLEY BOND	SANOFI AVENTIS 1.625 DUE 03-28-2014	France	460,000.00	459,369.80	468,134.18
BARROW HANLEY BOND	SANOFI-AVENTIS 4% DUE 03-29-2021	France	310,000.00	306,825.60	354,101.22
BARROW HANLEY BOND	SBC COMMUNICATIONS 5.1% DUE 09-15-2014	USA	530,000.00	519,761.14	576,274.30
BARROW HANLEY BOND	SEMPRA ENERGY 6.5% DUE 06-01-2016	USA	200,000.00	199,556.00	238,153.80
BARROW HANLEY BOND	SIMON PPTY GROUP L 6.125% DUE 05-30-2018	USA	440,000.00	521,496.80	537,368.48
BARROW HANLEY BOND	SPECTRA ENERGY 4.6% DUE 06-15-2021	USA	160,000.00	159,947.20	173,257.28
BARROW HANLEY BOND	SPECTRA ENERGY CAP 5.65% DUE 03-01-2020	USA	215,000.00	214,754.45	253,587.98
BARROW HANLEY BOND	ST JUDE MED INC 2.5% DUE 01-15-2016	USA	335,000.00	347,864.00	349,649.21
BARROW HANLEY BOND	STATE STR CORP 2.875% DUE 03-07-2016	USA	340,000.00	338,589.00	364,307.96
BARROW HANLEY BOND	STATE STR CORP 4.3% DUE 05-30-2014	USA	190,000.00	189,819.50	201,614.32
BARROW HANLEY BOND	SUNTRUST BKS INC 3.5% DUE 01-20-2017	USA	410,000.00	414,560.50	440,062.84
BARROW HANLEY BOND	TECK RESOURCES LTD 6% DUE 08-15-2040	Canada	125,000.00	124,776.25	131,710.87
BARROW HANLEY BOND	TEVA 3% DUE 06-15-2015	Netherlands Ant	330,000.00	338,010.82	350,738.85
BARROW HANLEY BOND	TIME WARNER CABLE 6.75% DUE 07-01-2018	USA	430,000.00	483,328.12	540,782.19
BARROW HANLEY BOND	TOYOTA MTR CR CORP MEDIUM TERM NTS BOOK TRANCHE # TR 00857 2.05 DUE 01-12-2017	USA	430,000.00	429,290.50	447,157.00
BARROW HANLEY BOND	TRANSCANADA 7.625% DUE 01-15-2039	Canada	290,000.00	287,529.20	448,658.13
BARROW HANLEY BOND	TRAVELERS PPTY CAS CORP NEW SR NT DTD 03/11/2003 5 DUE 3-15-13/3-14-13 BEO	USA	395,000.00	428,180.46	403,294.60
BARROW HANLEY BOND	TYCO ELECTRONICS 1.6% DUE 02-03-2015	Luxembourg	150,000.00	149,694.00	152,244.00
BARROW HANLEY BOND	TYCO ELECTRONICS 6.55% DUE 10-01-2017	Luxembourg	225,000.00	224,246.25	272,096.10
BARROW HANLEY BOND	U S BANCORP MEDIUM TERM NTS 1.65 DUE 05-15-2017	USA	690,000.00	688,709.70	706,366.11
BARROW HANLEY BOND	UNION ELEC CO 6.7% DUE 02-01-2019	USA	315,000.00	326,022.15	402,855.39
BARROW HANLEY BOND	UNITEDHEALTH GROUP 4.875% DUE 02-15-2013	USA	410,000.00	437,363.40	416,452.99
BARROW HANLEY BOND	UNITEDHEALTH GROUP 5.375% DUE 03-15-2016	USA	270,000.00	309,636.00	309,304.44
BARROW HANLEY BOND	UTD PARCEL SVC INC 1.125% DUE 10-01-2017	USA	140,000.00	139,769.00	140,632.10
BARROW HANLEY BOND	UTD TECHNOLOGIES 1.2% DUE 06-01-2015	USA	285,000.00	286,966.50	290,129.71
BARROW HANLEY BOND	UTD TECHNOLOGIES 1.8% DUE 06-01-2017	USA	375,000.00	374,677.50	388,940.62
BARROW HANLEY BOND	VALERO ENERGY CORP 9.375% DUE 03-15-2019	USA	105,000.00	104,860.35	142,608.69
BARROW HANLEY BOND	VERIZON 1.95% DUE 03-28-2014	USA	410,000.00	419,278.30	419,345.13
BARROW HANLEY BOND	VERIZON 3.5% DUE 11-01-2021	USA	135,000.00	133,930.80	148,935.78
BARROW HANLEY BOND	VERIZON WIRELESS 8.5% DUE 11-15-2018	USA	345,000.00	341,325.75	483,369.15
BARROW HANLEY BOND	VODAFONE GROUP PLC 1.625% DUE 03-20-2017	UK	475,000.00	472,373.25	484,539.42
BARROW HANLEY BOND	WACHOVIA CORP 5.75% DUE 02-01-2018	USA	375,000.00	423,708.75	452,844.00
BARROW HANLEY BOND	WALGREEN CO 3.1 BDS 09/15/2022 USD1000	USA	140,000.00	139,844.60	142,075.92
BARROW HANLEY BOND	WATSON 3.25% DUE 10-01-2022	USA	215,000.00	213,204.75	217,753.72
BARROW HANLEY BOND	WESTAR ENERGY INC 6% DUE 07-01-2014	USA	125,000.00	123,942.50	136,144.50
BARROW HANLEY BOND	WESTPAC BKG CORP 2.25% DUE 11-19-2012	Australia	290,000.00	289,756.40	290,719.49
BARROW HANLEY BOND	WILLIS N AMER INC 6.2% DUE 03-28-2017	USA	220,000.00	219,562.20	250,710.24
BARROW HANLEY BOND	XCEL ENERGY INC 5.613% DUE 04-01-2017	USA	705,000.00	705,000.00	828,826.20
BARROW HANLEY BOND	XEROX CORP 4.25% DUE 02-15-2015	USA	305,000.00	322,019.00	323,927.08

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DODGE & COX	AEGON N V 4.75% DUE 06-01-2013	Netherlands	925,000.00	891,432.65	949,299.75
DODGE & COX	AMERN INTL GROUP 4.25% DUE 09-15-2014	USA	125,000.00	124,310.00	132,002.25
DODGE & COX	AMERN INTL GROUP 6.4% DUE 12-15-2020	USA	175,000.00	205,679.25	213,166.10
DODGE & COX	AMERN INTL GROUP 8.25% DUE 08-15-2018	USA	475,000.00	475,000.00	610,807.25
DODGE & COX	AOL TIME WARNER 7.7% DUE 05-01-2032	USA	1,050,000.00	1,074,704.12	1,474,565.40
DODGE & COX	AT&T CORP USD SR NT VAR RATE DUE 11-15-2031/11-14-2031 BEO	USA	185,000.00	230,397.85	284,339.26
DODGE & COX	BANK AMER CORP 7.625% DUE 06-01-2019	USA	1,400,000.00	1,500,421.75	2,748,223.40
DODGE & COX	BK AMER N A CHARLOTTE N C MEDIUM TERM TRANCHE # TR 00229 5.3 DUE 03-15-2017	USA	650,000.00	649,395.50	721,788.60
DODGE & COX	BOSTON PPTYS LTD PARTNERSHIP 3.7 15 NOV 2018	USA	325,000.00	324,914.00	352,403.67
DODGE & COX	BSTN PPTYS LTD 3.85% DUE 02-01-2023	USA	350,000.00	349,226.50	368,629.80
DODGE & COX	BSTN PPTYS LTD 5.625% DUE 04-15-2015	USA	425,000.00	424,566.50	471,131.62
DODGE & COX	CAP 1 FINL CORP 4.75% DUE 07-15-2021	USA	275,000.00	273,117.75	312,201.45
DODGE & COX	CAP 1 FINL CORP 6.75% DUE 09-15-2017	USA	525,000.00	525,451.94	643,018.95
DODGE & COX	CDN NATL RY CO 6.712% DUE 07-15-2036	Canada	450,000.00	481,401.00	654,304.50
DODGE & COX	CIGNA CORP 4 DUE 02-15-2022	USA	125,000.00	123,802.50	134,729.87
DODGE & COX	CIGNA CORP 5.375% DUE 02-15-2042	USA	100,000.00	101,040.00	112,032.70
DODGE & COX	CIGNA CORP 7.65 DUE 03-01-2023	USA	75,000.00	85,032.75	93,631.50
DODGE & COX	CIGNA CORP 7.875 DEB DUE 05-15-2027	USA	650,000.00	703,329.25	861,692.65
DODGE & COX	CITIGROUP INC 4.75% DUE 05-19-2015	USA	80,000.00	78,812.00	86,118.96
DODGE & COX	CITIGROUP INC 6.125% DUE 11-21-2017	USA	1,075,000.00	1,128,213.00	1,764,892.30
DODGE & COX	CITIGROUP INC GLOBAL SR NT FLTG RATE DUE05-15-2018 REG	USA	950,000.00	950,000.00	937,608.20
DODGE & COX	COMCAST CORP NEW 5.9% DUE 03-15-2016	USA	225,000.00	224,689.50	261,445.27
DODGE & COX	COMCAST CORP NEW 6.3% DUE 11-15-2017	USA	250,000.00	220,525.00	308,025.25
DODGE & COX	COMCAST CORP NEW 6.5 DUE 15-01-2017	USA	275,000.00	276,885.47	333,205.40
DODGE & COX	COMCAST CORP NEW 6.95% DUE 08-15-2037	USA	175,000.00	205,906.75	238,238.00
DODGE & COX	COX COMMUNICATIONS 5.45% DUE 12-15-2014	USA	50,000.00	50,127.19	54,990.20
DODGE & COX	COX COMMUNICATIONS 5.5% DUE 10-01-2015	USA	400,000.00	354,605.00	453,503.60
DODGE & COX	CSX TRANSN INC 9.75% DUE 06-15-2020	USA	315,000.00	386,923.95	442,241.10
DODGE & COX	DOW CHEM CO 7.375% DUE 11-01-2029	USA	350,000.00	429,085.75	463,713.60
DODGE & COX	DOW CHEM CO 8.55% DUE 05-15-2019	USA	374,000.00	373,229.56	501,519.78
DODGE & COX	DOW CHEM CO NT 9.4 DUE 05-15-2039	USA	225,000.00	224,014.50	364,276.57
DODGE & COX	ERP OPER LTD 4.75% DUE 07-15-2020	USA	425,000.00	421,757.25	486,092.47
DODGE & COX	FED EXPRESS CORP 6.72% DUE 01-15-2022	USA	531,439.46	547,435.79	637,727.35
DODGE & COX	FEDEX CORP 7.375% DUE 01-15-2014	USA	125,000.00	125,000.00	135,571.75
DODGE & COX	FEDT RETAIL HLDGS 6.375% DUE 03-15-2037	USA	125,000.00	100,315.50	150,778.75
DODGE & COX	FORD MTR CR CO LLC 3.984 DUE 06-15-2016	USA	300,000.00	310,752.00	316,201.20
DODGE & COX	FORD MTR CR CO LLC 4.207% DUE 04-15-2016	USA	1,025,000.00	1,071,241.85	1,606,518.32
DODGE & COX	GEN ELEC CAP CORP 4.625 DUE 01-07-2021 REG	USA	175,000.00	182,771.75	195,433.17
DODGE & COX	GEN ELEC CAP CORP 5.5% DUE 01-08-2020	USA	1,025,000.00	1,106,556.72	1,212,590.37
DODGE & COX	HEWLETT PACKARD CO 3.3% DUE 12-09-2016	USA	350,000.00	349,265.00	364,843.15
DODGE & COX	HSBC HLDGS PLC 6.5% DUE 05-02-2036	UK	465,000.00	464,622.85	544,747.50
DODGE & COX	HSBC HLDGS PLC 6.5% DUE 09-15-2037	UK	477,000.00	473,348.61	564,151.23
DODGE & COX	HSBC HOLDINGS PLC 5.1 DUE 04-05-2021	UK	175,000.00	174,620.25	202,166.65
DODGE & COX	JPMORGAN CHASE & 4.35% DUE 08-15-2021	USA	225,000.00	233,233.60	247,990.05
DODGE & COX	JPMORGAN CHASE & CO 4.95 DUE 03-25-2020 REG	USA	625,000.00	628,859.25	713,867.50
DODGE & COX	LAFARGE S A 6.5% DUE 07-15-2016	France	570,000.00	569,626.90	628,425.00
DODGE & COX	MACY'S INC. 6.9% DUE 04-01-2029	USA	450,000.00	500,529.00	530,936.10
DODGE & COX	MACYS RETAIL HLDGS 7% DUE 02-15-2028	USA	450,000.00	526,900.50	546,995.70
DODGE & COX	MAY DEPT STORES CO 6.7% DUE 07-15-2034	USA	175,000.00	139,809.25	207,276.82
DODGE & COX	NEWS AMER HLDGS 6.4% DUE 12-15-2035	USA	175,000.00	204,860.25	216,853.17
DODGE & COX	NEWS AMER INC 6.65% DUE 11-15-2037	USA	200,000.00	214,098.00	253,788.60
DODGE & COX	NORDSTROM INC 6.95% DUE 03-15-2028	USA	750,000.00	714,536.37	986,112.00
DODGE & COX	NORFOLK SOUTHN RY 9.75% DUE 06-15-2020	USA	435,000.00	534,323.55	623,744.76
DODGE & COX	PITNEY BOWES INC 6.25% DUE 03-15-2019	USA	675,000.00	673,791.75	742,973.17
DODGE & COX	PVTPL COX COMM INC NEW /TS/COXENTCOX COMM INC 5.875 DUE 12-01-2016	USA	250,000.00	250,300.75	293,381.00
DODGE & COX	PVTPL COX COMMUNICATIONS INC NT 144A 9.375% DUE 01-15-2019/12-15-2008 BEO	USA	325,000.00	322,377.25	442,217.75
DODGE & COX	PVTPL LAFARGE S A 5.5 DUE 07-09-2015	France	225,000.00	224,806.50	243,000.00
DODGE & COX	PVTPL LEGG MASON INC SR NT 5.5 DUE 05-21-2019 BEO	USA	475,000.00	470,064.75	509,322.55
DODGE & COX	REED ELSEVIER CAP 8.625% DUE 01-15-2019	USA	550,000.00	575,838.75	706,382.05
DODGE & COX	ROYAL BK SCOTLAND 4.375% DUE 03-16-2016	UK	225,000.00	224,561.25	242,334.45
DODGE & COX	ROYAL BK SCOTLAND 6.125% DUE 01-11-2021	UK	600,000.00	599,802.67	716,663.40
DODGE & COX	SLM CORP MEDIUM 8.45% DUE 06-15-2018	USA	400,000.00	392,120.00	468,486.80
DODGE & COX	ST PAUL TRAVELERS COS INC BD 5.5 DUE 12-01-2015 BEO	USA	250,000.00	239,597.88	284,849.50
DODGE & COX	TELECOM ITALIA CAP 4.95% DUE 09-30-2014	Luxembourg	525,000.00	496,284.00	542,062.50
DODGE & COX	TELECOM ITALIA CAP 6.175% DUE 06-18-2014	Luxembourg	200,000.00	207,000.00	210,500.00
DODGE & COX	TELECOM ITALIA CAP 6.999% DUE 06-04-2018	Luxembourg	225,000.00	236,198.25	248,062.50
DODGE & COX	TI CAPITAL 7.175% DUE 06-18-2019	Luxembourg	200,000.00	218,562.00	220,500.00
DODGE & COX	TIME WARNER CABLE 8.25% DUE 04-01-2019	USA	250,000.00	270,813.00	335,555.50
DODGE & COX	TIME WARNER CABLE 8.75% DUE 02-14-2019	USA	775,000.00	872,581.75	1,955,194.27
DODGE & COX	TRAVELERS PPTY CAS CORP NEW SR NT DTD 03/11/2003 5 DUE 3-15-13/3-14-13 BEO	USA	350,000.00	352,198.00	357,349.65
DODGE & COX	UN PAC RR CO 2002-1 PASS THRU TR MTG PASSTHRU CTF 2002-1 6.061 1-17-23 BEO	USA	1,055,840.32	1,055,840.32	1,186,014.87
DODGE & COX	UN PAC RR CO PASS THRU TR CTF SER 1998-C6 33 01-02-2020 BEO SF 01-02-2009	USA	161,030.23	159,389.54	183,999.58
DODGE & COX	WACHOVIA BK NATL ASSN MEDIUM TERM SUB BKTRANCHE # SB 00008 6 DUE 11-15-2017	USA	475,000.00	471,214.25	572,812.47
DODGE & COX	WACHOVIA CORP 5.75% DUE 02-01-2018	USA	90,000.00	89,614.80	108,682.56
DODGE & COX	WELLPOINT INC 5% DUE 12-15-2014	USA	225,000.00	211,101.75	243,812.70
DODGE & COX	WELLPOINT INC 5.25% DUE 01-15-2016	USA	800,000.00	779,895.78	897,057.60
DODGE & COX	WHIRLPOOL CORP 6.5% DUE 06-15-2016	USA	250,000.00	251,097.50	282,641.50
DODGE & COX	XEROX CORP 6.4% DUE 03-15-2016	USA	600,000.00	536,778.12	686,239.80
DODGE & COX	XEROX CORP 6.75% DUE 02-01-2017	USA	700,000.00	736,841.00	825,629.00

CITY OF MIAMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2012

Account name	Asset description	Country	Shares/Par value	Book value	Market value
FIRST EAGLE	#REORG/NORSKE SKOG CDA PLAN OF REORG ESCNORSKE 6066786 9/12/2012	Canada	133,000.00	87,987.50	1,995.00
MUNDER	AGILENT 5.5% DUE 09-14-2015	USA	665,000.00	731,277.60	746,360.09
MUNDER	ALLEGHANY CORP DEL 4.95% DUE 06-27-2022	USA	320,000.00	344,742.40	348,683.20
MUNDER	ALLEGHENY TECHNOLOGIES INC 5.95 DUE 01-15-2021	USA	540,000.00	595,198.80	596,076.84
MUNDER	ALLERGAN INC 3.375% DUE 09-15-2020	USA	905,000.00	976,389.75	979,620.87
MUNDER	AMGEN INC 2.125 DUE 05-15-2017	USA	515,000.00	529,662.05	531,819.38
MUNDER	AMGEN INC 6.9% DUE 06-01-2038	USA	175,000.00	215,412.75	231,841.22
MUNDER	ANHEUSER BUSCH COS 5.95% DUE 01-15-2033	USA	170,000.00	223,349.40	217,241.64
MUNDER	AT&T INC 1.7% DUE 06-01-2017	USA	760,000.00	778,916.40	782,692.08
MUNDER	AXIS SPECIALTY FIN 5.875% DUE 06-01-2020	USA	935,000.00	902,228.25	1,053,784.27
MUNDER	BANK AMER CORP 3.875% DUE 03-22-2017	USA	550,000.00	553,938.00	591,875.90
MUNDER	BEAR STEARNS COS 7.25% DUE 02-01-2018	USA	875,000.00	1,050,100.20	1,091,871.37
MUNDER	BERKSHIRE HATHAWAY 3.4% DUE 01-31-2022	USA	500,000.00	498,615.00	534,333.00
MUNDER	BMC SOFTWARE INC 4.25 DUE 02-15-2022	USA	430,000.00	428,724.21	445,216.84
MUNDER	BRISTOL MYERS 6.125% DUE 05-01-2038	USA	165,000.00	216,855.45	227,873.58
MUNDER	CAMERON INTL CORP 6.375% DUE 07-15-2018	USA	520,000.00	626,475.20	631,536.36
MUNDER	CAP 1 FINL CORP 4.75% DUE 07-15-2021	USA	600,000.00	638,166.00	681,166.80
MUNDER	CELGENE CORP 1.9% DUE 08-15-2017	USA	430,000.00	431,032.50	436,174.37
MUNDER	CITIGROUP INC 3.953% DUE 06-15-2016	USA	560,000.00	578,724.21	599,177.60
MUNDER	COCA COLA CO 3.15% DUE 11-15-2020	USA	855,000.00	852,383.70	932,537.38
MUNDER	COMCAST CORP NEW 6.4% DUE 05-15-2038	USA	300,000.00	278,556.00	384,186.60
MUNDER	CONS EDISON CO N Y 6.3% DUE 08-15-2037	USA	145,000.00	202,043.00	203,976.14
MUNDER	CRH AMER INC 6 DUE 09-30-2016 BEO	USA	400,000.00	433,156.00	446,229.20
MUNDER	DEVON ENERGY CORP 1.875% DUE 05-15-2017	USA	840,000.00	855,548.40	856,275.84
MUNDER	DOMTAR CORP 4.4 DUE 04-01-2022	USA	265,000.00	267,988.35	271,342.24
MUNDER	DOMTAR CORP 6.25% DUE 09-01-2042	USA	280,000.00	278,826.80	285,871.04
MUNDER	EXELON GENERATION SR NT 6.25 DUE 10-01-2039	USA	185,000.00	217,611.80	214,021.32
MUNDER	GE EQUIP MIDTICKET 5.67% DUE 11-16-2020	USA	500,000.00	518,068.30	506,886.50
MUNDER	GEN ELEC CAP CORP 5.3% DUE 02-11-2021	USA	720,000.00	722,438.30	826,248.24
MUNDER	GEN ELEC CAP CORP MEDIUM TERM NTS BO TRANCHE # TR 00849 4.65 DUE 10-17-2021	USA	265,000.00	275,130.95	297,005.11
MUNDER	GENERAL ELEC CAP CORP TRANCHE # TR 005286.75% DUE 03-15-2032/03-20-2002	USA	175,000.00	213,251.50	224,179.20
MUNDER	GOLDMAN SACHS 6.15% DUE 04-01-2018	USA	280,000.00	298,947.60	326,810.12
MUNDER	HLTH CARE REIT INC 4.7% DUE 09-15-2017	USA	430,000.00	434,871.90	474,584.55
MUNDER	HLTH CARE REIT INC 5.25% DUE 01-15-2022	USA	330,000.00	327,818.70	371,600.46
MUNDER	HUNTINGTON 7% DUE 12-15-2020	USA	290,000.00	324,568.00	352,393.50
MUNDER	INTEL CORP 4.8% DUE 10-01-2041	USA	295,000.00	292,811.10	345,071.53
MUNDER	KEYCORP MEDIUM TERM SR NTS BOOK ENTRY MTN 5.1% DUE 03-24-2021	USA	390,000.00	390,226.90	456,068.34
MUNDER	KILROY RLTY L P 4.8% DUE 07-15-2018	USA	430,000.00	427,359.80	475,277.28
MUNDER	LIBERTY PPTY LTD 5.65% DUE 08-15-2014	USA	585,000.00	641,066.40	625,698.45
MUNDER	LORILLARD TOB CO 2.3% DUE 08-21-2017	USA	470,000.00	473,365.20	473,856.35
MUNDER	LORILLARD TOB CO 8.125% DUE 06-23-2019	USA	305,000.00	365,390.00	393,326.17
MUNDER	METLIFE INC 6.817% DUE 08-15-2018	USA	550,000.00	619,190.00	692,063.35
MUNDER	MURPHY OIL CORP 4% DUE 06-01-2022	USA	625,000.00	645,222.75	663,414.37
MUNDER	NEWMONT MNG CORP 3.5 DUE 03-15-2022 REG	USA	675,000.00	668,788.90	684,734.17
MUNDER	NEWS AMER INC 7.85% DUE 03-01-2039	USA	275,000.00	335,597.30	375,862.76
MUNDER	PNC FDG CORP 5.625% DUE 02-01-2017	USA	540,000.00	598,023.00	621,670.68
MUNDER	PROCTER & GAMBLE 9.36% DUE 01-01-2021	USA	656,802.00	767,738.57	889,658.01
MUNDER	PUB SVC ELEC GAS CO SECD 3.95 DUE 05-01-2042 REG	USA	230,000.00	228,521.10	242,586.06
MUNDER	SBC COMMUNICATIONS 6.15% DUE 09-15-2034	USA	225,000.00	281,988.00	286,146.45
MUNDER	SIMON PPTY GROUP L 10.35% DUE 04-01-2019	USA	495,000.00	670,319.10	712,342.62
MUNDER	TI CAPITAL 7.175% DUE 06-18-2019	Luxembourg	230,000.00	247,871.00	253,575.00
MUNDER	TJX COS INC NEW 6.95% DUE 04-15-2019	USA	516,000.00	614,179.32	661,243.68
MUNDER	UNITEDHEALTH GROUP 5.8% DUE 03-15-2036	USA	260,000.00	317,668.00	314,373.28
MUNDER	VALERO ENERGY CORP 10.5% DUE 03-15-2039	USA	345,000.00	465,163.50	538,817.55
MUNDER	WACHOVIA CORP NEW SR NT FLTG DTD 06/08/2007 DUE 06-15-2017 REG	USA	785,000.00	762,893.42	766,175.70
MUNDER	WALGREEN CO 1.8% DUE 09-15-2017	USA	590,000.00	588,761.00	596,661.69
MUNDER	WAL-MART STORES 5.625% DUE 04-01-2040	USA	180,000.00	178,479.00	236,998.26
MUNDER	WELLS FARGO & CO 5.625% DUE 12-11-2017	USA	440,000.00	509,916.24	528,273.24
MUNDER	WILLIAMS COS INC 8.75% DUE 03-15-2032	USA	170,000.00	235,376.90	235,835.32
	TOTAL CORPORATE BONDS		**217,493,601.70**	**225,688,703.04**	**246,202,981.87**
	TOTAL CORPORATE BONDS		**248,389,175.41**	**256,892,582.41**	**280,685,367.55**

CITY OF MIAMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2012

Account name	Asset description	Country	Shares/Par value	Book value	Market value
	PRIVATE EQUITY PARTNERSHIPS				
ADAMS STREET PARTNERS	ADAMS STREET 2012 GLOBAL FUND LP	USA	663,600.00	663,600.00	604,465.00
CATALYST INVESTORS	CATALYST INVESTORS QP III LP	USA	625,770.18	625,770.18	172,613.00
COLLER CAPITAL PARTNERS V-B	COLLER INTERNATIONAL PARTNERS V-B, LP	Cayman Is.	6,563,392.20	6,563,392.20	8,873,152.00
COLLER CAPITAL PARTNERS VI	COLLER INTERNATIONAL PARTNERS VI LP	Cayman Is	2,618,379.72	2,618,379.72	2,727,428.00
JP MORGAN PVT EQ III LP	JP MORGAN DIRECT VENTURE CAPITAL FINANCE INSTITUTIONAL INVESTORS III, LLC	USA	70,454.00	70,454.00	55,707.00
JP MORGAN PVT EQ III LP	JP MORGAN EUROPEAN DIRECT CORPORATE FINANCE INSTITUTIONAL INVESTORS III, LLC	USA	182,348.00	182,348.00	62,366.00
JP MORGAN PVT EQ III LP	JP MORGAN EUROPEAN POOLED CORPORATE FINANCE INSTITUTIONAL INVESTORS III, LLC	USA	2,378,372.00	2,378,372.00	2,388,728.00
JP MORGAN PVT EQ III LP	JP MORGAN POOLED VENTURE CAPITAL INSTITUTIONAL INVESTORS III, LLC	USA	2,820,545.00	2,820,545.00	2,933,354.00
JP MORGAN PVT EQ III LP	JP MORGAN US DIRECT CORPORATE FINANCE INSTITUTIONAL INVESTORS III, LLC	USA	759,127.00	759,127.00	936,302.00
JP MORGAN PVT EQ III LP	JP MORGAN US POOLED CORPORATE FINANCE INSTITUTIONAL INVESTORS III, LLC	USA	4,708,741.00	4,708,741.00	5,147,395.00
LEXINGTON PARTNERS VI LP	LEXINGTON CAPITAL PARTNERS VI-B (OFFSHORE), LP	USA	10,840,472.24	10,840,472.24	9,266,549.00
PANTHEON EURO V-B LP	PANTHEON EUROPE FD LP	UK	1,856,250.00	2,599,717.44	2,596,886.31
PANTHEON US VII LP	PANTHEON USA FUND VII, LP	USA	6,643,458.00	6,643,458.00	7,714,817.00
SL CAPITAL PARTNERS	SL CAPITAL ESF I LP	UK	327,250.00	416,764.41	421,007.10
	TOTAL PRIVATE EQUITY PARTNERSHIPS		**41,058,159.34**	**41,891,141.19**	**43,900,769.41**
	REAL ESTATE FUNDS				
JP MORGAN REAL ESTATE	CF JPMCB SPECIAL SITUATION PROPERTY FUND	USA	9,716.71	12,376,275.00	13,455,894.34
JP MORGAN REAL ESTATE	CF JPMCB STRATEGIC PROPERTY FUND	USA	29,938.89	47,692,242.69	54,678,652.24
URDANG REAL ESTATE	URDANG GLOBAL REAL ESTATE SECURITIES FUND LP	USA	61,024,409.02	61,024,409.02	56,974,836.00
	TOTAL REAL ESTATE FUNDS		**61,064,064.62**	**121,092,926.71**	**125,109,382.58**
	DROP MUTUAL FUNDS				
VANGUARD	DROP MUTUAL FUNDS	USA		168,278,569.00	168,278,569.00
	TOTAL DROP MUTUAL FUNDS			**168,278,569.00**	**168,278,569.00**
	REAL ESTATE PROPERTY & EQUIPMENT				
FIPO	1895 SW 3RD AVENUE, MIAMI, FL 33129	USA		1,999,913.00	1,999,913.00
	TOTAL REAL ESTATE PROPERTY & EQUIPMENT			**1,999,913.00**	**1,999,913.00**

IV

ACTUARIAL

SECTION

nyhart

June 22, 2012

Board of Trustees
City of Miami Fire Fighters' and
Police Officers' Retirement Trust
1895 SW 3 Avenue
Miami, FL 33129-1456

October 1, 2011 Actuarial Report

Dear Board Members:

Enclosed is our report on the actuarial valuation of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2011, for the fiscal year beginning October 1, 2012.

The report is based upon the terms of Ordinance No. 10002 and the Amended Final Judgment in the matter of Gates v. City of Miami, as well as ordinance 13202, as applicable. This report reflects 10% member contributions from Fire Fighters and Police Officers as well as the 70 point retirement eligibility requirement for Fire Fighters who had not attained 68 points as of September 30, 2010.

The City contribution requirement for the 2012/2013 fiscal year is $45,516,491, compared to $42,353,775 for the 2011/2012 fiscal year. This report reflects the impact of the increase in contributions for police officers and the adjustment in the administrative expenses assumption, effective October 1, 2011.

When expressed as a percentage of total payroll (for active members and members in DROP), the City contribution rate increased from 29.89% as of October 1, 2010 to 38.21% as of October 1, 2011. The percentages of total payroll reflect the hypothetical impact on funding if there were no DROP, since members who are presently in DROP could well be more likely to be retired and replaced with active members. The ordinance and State law do not permit funding after members enter DROP.

Respectfully submitted,

THE NYHART COMPANY, INC.

Randall L. Stanley, FSA, FCA, MAAA, EA
Actuary

Frans Christ, FSA, MAAA, EA
Actuary

David D. Harris, ASA, MAAA, EA
Actuary

Enclosures: Electronic (dania@miamifiop.org)
Bound (1 copy)

RLS/FC/DDH/di
MIAM501801/701

2000 RiverEdge Parkway
Suite 540
Atlanta, GA 30328
(p) 770-933-1933
(f) 770-933-8918
www.nyhart.com

An Alliance Benefit Group Licens

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

City Contribution Requirement for 2012/2013 Fiscal Year

	2012/2013 Revised Provisions -$-	2012/2013 Prior Provisions -$-	2011/2012 -$-
I. Unfunded Actuarial Accrued Liability	N/A	N/A	N/A
II. Normal Cost			
A. Present Value of Future Benefits			
1. Active Members			
a. Retirement	349,219,159	349,219,159	348,453,640
b. Disability	42,626,676	42,626,676	42,403,883
c. Death	3,601,943	3,601,943	3,564,506
d. Turnover	23,242,860	23,242,860	23,446,447
e. Return of Contributions	2,199,182	2,017,685	2,041,068
f. Total	420,889,820	420,708,323	419,909,544
2. Retired Members and Beneficiaries			
a. Service Retirements + Beneficiaries	1,341,422,264	1,341,422,264	1,323,426,300
b. Disability Retirements	32,338,742	32,338,742	33,684,331
c. Terminated Vested Members	3,855,757	3,855,757	3,231,775
d. Total	1,377,616,763	1,377,616,763	1,360,342,406
3. Total	1,798,506,583	1,798,325,086	1,780,251,950

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

City Contribution Requirement for 2012/2013 Fiscal Year

	2012/2013 Revised Provisions -$-	2012/2013 Prior Provisions -$-	2011/2012 -$-
II. Normal Cost (Cont'd)			
A. Total Present Value of Future Benefits	1,798,506,583	1,798,325,086	1,780,251,950
B. Present Value of Future Member Contributions	106,522,468	88,840,453	87,615,425
C. Actuarial Asset Value	1,150,323,527	1,150,323,527	1,180,649,632
D. Unfunded Actuarial Accrued Liability	0	0	0
E. Present Value of Future Normal Costs (A-B-C-D)	541,660,588	559,166,106	511,986,893
F. Present Value of Future Payrolls	1,104,448,459	1,104,448,459	1,103,177,771
G. Administrative Expense	2,044,488	2,200,000	2,200,000
H. Current Payroll for those under Expected Retirement Age	82,164,617	82,164,617	80,152,355
I. Interest Rate	7.5%	7.5%	7.5%
J. Current Normal Cost - Payable 10/1/2012 ([(E)x(H) / (F)] + (G)) (1+(I))	45,516,491	47,083,250	42,353,775
K. Covered Payroll	82,164,617	82,164,617	80,152,355
L. Normal Cost as Percentage of Covered Payroll (J)/ (K)	55.60%	57.30%	52.84%
III. Quarterly City Contribution Schedule			
A. Past Service Cost	0	0	0
B. Normal Cost	45,516,491	47,083,250	42,353,775
C. Payment Timing	0	0	0
D. Total	45,516,491	47,083,250	42,353,775

EXHIBIT 2A

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Actuarial Asset Value – 20% Write Up Method

I. Determination of Actuarial Asset Value as of October 1, 2011

	-$-
A. Actuarial Value of Assets as of 10/01/2010	1,180,649,632
B. City Contributions	40,058,891
C. Member Contributions	7,137,824
D. Benefits Paid	123,360,907
E. Contributions Refunded	225,732
F. Expected Return *	86,867,018
G. Expected Actuarial Value of Assets (A+B+C-D-E+F)	1,191,126,726
H. Market Value of Assets at 9/30/2011	987,110,729
I. Present Value of 01/01/12 COLA Transfer	0
J. Present Value of 01/01/13 COLA Transfer	0
K. Difference (H-I-J-G)	(204,015,997)
L. 20% of Difference	(40,803,199)
M. Preliminary Actuarial Asset Value (G+L)	1,150,323,527
N. Maximum Actuarial Asset Value (120% of H-I-J)	1,184,532,875
O. Minimum Actuarial Asset Value (80% of H-I-J)	789,688,583
P. Actuarial Asset Value at 10/1/2011	1,150,323,527
Q. Contribution Surplus Account Balance	0
R. Final Actuarial Value at 10/01/2011 (P – Q)	**1,150,323,527**

II. Rate of Return on Actuarial Asset Value

	-$-
A. Actuarial Asset Value at 10/01/2010	1,180,649,632
B. Contributions	
1. City	40,058,891
2. Members	7,137,824
3. Total	47,196,715
C. Benefits and Refunds	123,586,639
D. Contribution Surplus	0
E. Actuarial Asset Value at 10/01/2011	1,150,323,527
F. Net Return on Investment [E+D+C-B-A]	46,063,819
G. Rate of Return (II F/I F) (.075)	3.98%

*[1,180,649,632 + 40,058,891 + (7,137,824) (2.5/4) – (123,360,907 + 225,732) (13/24)] (.075)

EXHIBIT 2B

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

I. Development of Actuarial Asset Value (3 Years, for COLA Transfer Purposes)

		9/30/2011	9/30/2010	9/30/2009
		-$-	-$-	-$-
A.	Book Value	995,683,437	992,423,802	970,698,193
B.	Market Value	987,110,729	1,027,739,486	970,811,437
C.	B/A	.9913901	1.0355853	1.0001167
D.	1/3 ∑ (C)		1.0090307	
E.	Adjusted Market Value at 9/30/2011 D x $995,683,437		1,004,675,155	
F.	Contribution Surplus at 9/30/2011		0	
G.	1. 80% of Market Value		789,688,583	
	2. 120% of Market Value		1,184,532,875	
H.	Preliminary Actuarial Asset Value		1,004,675,155	
I.	Present Value of 1/1/2012 COLA Transfer, discounted at 7.5%		0	
J.	Actuarial Asset Value (H-I)		1,004,675,155	

II. Rate of Return on Actuarial Asset Value

		-$-
A.	Actuarial Asset Value at 10/01/2010	1,000,132,851
B.	Contributions	
	1. City	40,058,891
	2. Members	7,137,824
	3. Total	47,196,715
C.	Benefits and Refunds	123,586,639
D.	Present Value of 1/1/2012 COLA Transfer	0
E.	Contribution Surplus	0
F.	Actuarial Asset Value at 10/01/2011	1,004,675,155
G.	Net Return on Investment [F+E+D+C-B-A]	80,932,228
H.	Rate of Return [2 x G/ (A+F-G)]	8.41%

EXHIBIT 3

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Asset Transactions for Year Ending September 30, 2011 *

	Membership and Benefits Accounts	COLA I Account	COLA II Account
	-$-	-$-	-$-
A. Market Value as of October 1, 2010	1,027,739,486	39,331,727	272,439,260
B. Book Value as of October 1, 2010	992,423,802	37,980,191	263,077,569
C. Income During Year			
1. City Contributions	40,058,891		4,869,751
2. Member Contributions	7,137,824		
3. Other Member Contributions	0		
4. Interest	21,092,563	775,902	5,298,528
5. Dividends	7,867,993	354,405	2,417,507
6. Net Realized Gains (Losses)	54,212,521	2,074,539	14,325,155
7. Securities Lending Income	555,386	21,715	148,129
8. Rental and Other Income	223,456	8,757	59,590
9. COLA Transfer at January 1, 2011	0	--	0
	131,148,634	3,235,318	27,118,660
D. Disbursements During Years			
1. Benefit Payments	123,360,907	248,193	17,115,648
2. Contribution Refunds	225,732	0	0
3. Custodial and Investment Expenses	4,156,839	162,038	1,106,690
4. Administrative Expense			
5. Securities Lending Fees	138,735	5,425	37,002
6. Building Depreciation	32,556	1,322	8,847
	127,914,769	416,978	18,268,187
E. Book Value as of 9/30/2011 (B)+(C)-(D)	995,657,667	40,798,531	271,928,042
F. Net Change in Unrealized Gains (Losses)	(43,888,392)	(1,702,815)	(11,703,017)
G. Market Value as of September 30, 2011 (A)+(C)-(D)+(F)	987,084,959	40,447,252	269,586,716
H. January 1, 2012 Allocation to COLA II (discounted)	0	N/A	0
I. City Contribution Receivable (Exh. 18, p.3)	25,770	N/A	N/A
J. Net Market Value as of September 30, 2011	987,110,729	40,447,252	269,586,716

*Based on unaudited financial statements.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Distribution of Assets as of September 30, 2011[1]

Membership and Benefits and Cost-of-Living Adjustment Accounts

Description	Market -$-	Book -$-
Bills, Bonds, Notes	460,334,779	440,526,866
Domestic Stocks	414,939,501	405,865,258
International Stocks	184,938,922	215,225,559
Private Equity	41,208,816	37,918,987
Money Market Funds and Time Deposits	16,358,391	15,778,599
Mutual Funds	109,187,178	122,917,631
Real Estate[2]	2,042,639	2,042,639
Securities Lending Adjustment	0	0
A: Sub-Total	1,229,010,226	1,240,275,539
B: Cash	68,529,636	68,529,636
Receivables:		
City Contributions[3]	**(176,466)**	**(176,466)**
Accounts Receivable	2,551	2,551
Member Contributions	0	0
Accrued Interest	4,712,222	4,712,222
Accrued Dividends	1,056,148	1,056,148
Securities Proceeds	3,756,806	3,756,806
C: Sub-Total	9,351,261	9,351,261
Payables:		
Budget Advance	50,341	50,341
Transfer	0	0
Tax Withheld	(877)	(877)
Accounts Payable	170,750	170,750
Securities Purchased	9,526,212	9,526,212
D: Sub-Total	9,746,426	9,746,426
E. Total (A+B+C-D)	1,297,144,697	1,308,410,010
Accounts:		
COLA I Account	40,447,252	40,798,531
COLA II Account	269,586,716	271,928,042
COLA II Transfer (1/1/2011)	0	0
F: Membership & Benefits Account	987,110,729	995,683,437

[1]Based on unaudited financial statements.
[2]Reflects accumulated depreciation of $384,532.
[3]**Reflects $25,770 City Contribution Receivable from Exhibit 18, page 3.**

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Investment Results

Yield on Mean Values for 12-Month Period Ending September 30, 2011

	-$-	Market -%-	Book -%-
Membership and Benefits Accounts*			
Interest	21,092,563	2.1	2.2
Dividends	7,867,993	0.8	0.8
Rental and Other Income, less Depreciation	190,900	0.0	0.0
Realized Gains	54,212,521	5.5	5.7
Securities Lending (Net)	416,651	0.0	0.0
Increase in Unrealized Gains	(43,888,392)	(4.4)	--
Custodial and Investment Expenses	(4,156,839)	(0.4)	(0.4)
Real Estate Adjustment to Appraised Value	0	0.0	--
	35,735,397	3.6	8.3
COLA I Account			
Interest	775,902	2.0	2.1
Dividends	354,405	0.9	0.9
Rental and Other Income, less Depreciation	7,435	0.0	0.0
Realized Gains	2,074,539	5.3	5.5
Securities Lending (Net)	16,290	0.0	0.0
Increase in Unrealized Gains	(1,702,815)	(4.3)	--
Custodial and Investment Expenses	(162,038)	(0.4)	(0.4)
	1,363,718	3.5	8.1
COLA II Account			
Interest	5,298,528	2.0	2.1
Dividends	2,417,507	0.9	0.9
Rental and Other Income, less Depreciation	50,743	0.0	0.0
Realized Gains	14,325,155	5.4	5.6
Securities Lending (Net)	111,127	0.0	0.0
Increase in Unrealized Gains	(11,703,017)	(4.4)	--
Custodial and Investment Expenses	(1,106,690)	(0.4)	(0.4)
	9,393,353	3.5	8.2

*Before 1/1/2011 COLA transfer

EXHIBIT 5

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Accounting Information
As of October 1

		2011		2010
		-$-	-$-	-$-
I.	Present Value of Vested Accrued Benefits	(**FRS** 7.75%)	(FIPO 7.5%)	
	A. Service Retirements and Beneficiaries	1,312,115,449	1,341,422,264	1,323,426,300
	B. Disability Retirements	31,750,022	32,338,742	33,684,331
	C. Vested Terminated Members	3,717,613	3,855,757	3,231,775
	D. Active Members	151,036,248	157,940,269	154,433,888
	E. Total	1,498,619,332	1,535,557,032	1,514,776,294
II.	Present Value of Non-Vested Accrued Benefits	31,351,970	32,766,078	29,769,852
III.	Present Value of Accrued Benefits	1,529,971,302	1,568,323,110	1,544,546,146

IV. The values of accumulated plan benefits were determined in accordance with the Academy of Actuaries Interpretations and FASB Statement No. 35, Accounting and Reporting by Defined Benefit Pension Plans.

V. Statement of Changes in Accrued Benefits

A.	Present Value of Accrued Benefits at Beginning of Year	1,544,546,146
B.	Increase (Decrease) During the Year Attributable to:	
	1. Benefits Accumulated	36,157,141
	2. Benefits Paid and Contributions Refunded	(123,586,639)
	3. Plan Amendment	0
	4. Assumption/Method Changes	0
	5. Increase Due to Decrease in Discount Period	111,206,462
	6. Net Increase	23,776,964
C.	Present Value of Accrued Benefits at End of Year	1,568,323,110

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparison of Funding Progress
($000)

		10/1/2011 -$-	10/1/2010 -$-	10/1/2009 -$-
I.	Assets			
	A. Book Value	995,683	992,424	970,698
	B. Market Value	987,111	1,027,740	970,811
II.	Liabilities			
	A. Retired and Vested	1,377,617	1,360,342	945,370
	B. Active			
	Employee Contributions	66,927	64,629	117,247
	Other Vested	91,013	89,805	299,363
	Non-Vested Accrued	32,766	29,770	29,207
	C. Total Accrued	1,568,323	1,544,546	1,391,187
III.	Ratios	%	%	%
	IA/IIC	63.5	64.3	69.8
	IB/IIC	62.9	66.5	69.8

Note: Item II amounts are present values of accrued benefits.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Member Statistics

I. Active Members

	10/1/2011	10/1/2010	10/1/2009
Number of			
Males	1,023	1,039	1,288
Females	173	188	229
Total	1,196	1,227	1,517
Averages			
Current Age	36.4	36.0	38.1
Past Service	9.5	9.1	11.4
Credited Past Service	9.5	9.1	11.4
Annual Earnings	$68,700	$65,324	$80,562

II. Inactive Members

A. Retirees and Beneficiaries			
Number	2,089	2,062	1,758
Average Annual Benefit	$57,253	$56,870	$49,004
Average Age	62.4	62.1	63.7
B. Disabled			
Number	178	186	196
Average Annual Benefit	$20,523	$20,372	$19,900
Average Age	68.6	68.2	67.7
C. Vested Terminated			
Number	18	16	20
Average Deferred Benefit	$26,681	$25,276	$25,617
Average Age	43.9	43.6	44.0

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Age-Service Distribution

	Completed Years of Service										Earnings	
Age	0-1	2-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total	Total -$-	Average -$-
15-24	5	26	0	0	0	0	0	0	0	31	1,617,102	52,165
25-29	11	152	78	1	0	0	0	0	0	242	13,672,369	56,497
30-34	10	74	116	52	0	0	0	0	0	252	16,248,282	64,477
35-39	1	42	72	110	47	3	0	0	0	275	19,657,200	71,481
40-44	0	26	38	93	78	26	0	0	0	261	19,943,333	76,411
45-49	0	10	12	38	29	18	4	0	0	111	9,069,777	81,710
50-54	0	1	3	3	6	6	0	0	0	19	1,587,379	83,546
55-59	0	0	1	1	1	2	0	0	0	5	369,174	73,835
60-64	0	0	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	27	331	320	298	161	55	4	0	0	1,196	82,164,617	68,700

Average Age: 36.4 Average Service: 9.5

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Reconciliation of Participant Counts

	Actives	Retirees & Beneficiaries	Disableds	Vested Terminated
10/1/2010	1,227	2,062	186	16
Changes due to:				
Retirement	-51	+51		
Withdrawal	-10			+2
Disability	-1		+1	
Death		-52	-9	
New Beneficiary		+28		
New Hires	+31			
Data Changes				
10/1/2011	1,196	2,089	178	18

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Principal System Provisions – Prior Basis

(Based on Ordinance No. 10002, as Amended through Ordinance No. 13202)

Effective Date:	January 1, 1940, as restated effective May 23, 1985, and amended through September 30, 2011.
Fiscal Year:	October 1 - September 30.
Membership:	Police officers and fire fighters.
Covered Compensation:	An employee's base salary, including pick-up contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death-in-family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.
Contributions:	Members: 7% of Compensation for Police Officers, 10% for Fire Fighters. City: Balance, as actuarially determined.
Creditable Service:	Service credited under Retirement System; military service (maximum of four years) during wartime for which Member makes contributions; maternity leave (maximum of 180 days for each leave) for which Member makes contributions; up to 5 years, without member contributions, if member was an employee before period of military service.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions – Prior Basis
(continued)

Average Final Compensation:	For members who retire or terminate employment with ten or more years of creditable service prior to October 1, 2010, the annual earnable compensation of a member during either the last one year or the highest year of membership service, whichever is greater. Effective September 30, 2010, for members who retire on or after October 1, 2011, average final compensation shall mean the average of the highest 5 years of service, to be phased in over the next 4 years as follows: for members who retire on or after October 1, 2011 and on or before September 30, 2012, the average of the highest 2 years of membership service; for members who retire on or after October 1, 2011 and on or before September 30, 2012, the average of the highest 3 years of membership service; for members who retire on or after October 1, 2012 and on or before September 30, 2013, the average of the highest 4 years of membership service; and for members who retire on or after October 1, 2013, the average of the highest 5 years of membership service. Provided, in no event shall the average final compensation of any member who was employed as a police officer or firefighter on September 30, 2011 and retires on or after October 1, 2011, be less than the highest year of membership service prior to September 30, 2011.
Normal Service Age:	Age 50

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions – Prior Basis
(Continued)

Service Retirement:	For Police Officers who have reached Rule of 64 by September 30, 2011, for Fire Fighters who had reached Rule of 64 by September 30, 2010, and for Fire Fighters who have reached Rule of 68 by September 30, 2011: 3% of Average Final Compensation for each of the first fifteen years of Creditable Service plus 3.5% of Average Final Compensation for each year of Creditable Service after the fifteenth year; maximum of 100% of Average Final Compensation. For all others, for service prior to October 1, 2011: 3% of Average Final Compensation for each of the first fifteen years of Creditable Service plus 3.5% of Average Final Compensation for each of Creditable Service after the fifteenth year; for service after September 30, 2011: 3% of Average Final Compensation for each year of Creditable Service; The combined percentage for service before October 1, 2011 and service after September 30, 2011 may not exceed 100% of Average Final Compensation.
Early Service Retirement:	After 20 years of Creditable Service. Benefits are based on Average Final Compensation and Creditable Service at retirement date. Actuarial equivalence for early commencement.
Rule of 64 Retirement:	Service retirement on the basis of combined age and Creditable Service equaling 64 or more. Rule of 64 applies to Fire Fighters who had obtained 64 points by September 30, 2010 and Police Officers who had 64 points by September 30, 2011. Rule of 64 also applies to the accrued benefit as of September 30, 2011 of Police Officers who were active members as of September 29, 2011.
Rule of 68 Retirement:	Service retirement on the basis of combined age and Creditable Service equaling 68 or more. Rule of 68 applies to Fire Fighters who had not attained 64 points by September 30, 2010 and had attained 68 points by September 30, 2011. Rule of 68 also applies to the accrued benefit as of September 30, 2011 of Fire Fighters who were active members as of September 29, 2011.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions – Prior Basis
(Continued)

Rule of 70 Retirement:	Service retirement on the basis of combined age and Creditable Service equaling 70 or more. Rule of 70 applies to all new members hired on or after October 1, 2011, as well as to all benefits accrued after September 30, 2011 by Fire Fighters who had not attained 68 points on September 30, 2011 and Police Officers who had not attained 64 points on September 30, 2011.
Disability:	Ordinary Disability: After 10 or more years of Creditable Service, and not eligible for service retirement. Not incurred as accident in performance of duties. 90% of benefit rate times Average Final Compensation times Creditable Service, with a minimum benefit of 30% of Average Final Compensation; 10 years' certain and life normal form. Accidental Disability: Incurred as accident in performance of duties. 66 2/3% of Average Final Compensation, or 66 2/3% of Final Compensation, whichever is greater. 40% joint & survivor normal form, with a minimum of 10 years' certain and life.
Deferred Retirement Option Plan:	Members who are eligible for Service Retirement or Rule of 64 Retirement after September 1998 may elect self-directed Deferred Retirement Option Plan, for a maximum of 4 years. An actuarially equivalent Back DROP option (maximum of 4 years) may be elected prior to DROP entry; combined years of DROP may not exceed 4.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions – Prior Basis
(Continued)

Death:	Ordinary Death: (a) Between 3 and 10 years of Creditable Service, and death not accidentally incurred in performance of duties: Lump sum benefit equal to 50% of Compensation received in year preceding death. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferred period or 10 years' certain period. (c) If eligible for Service, Early Service, or Rule of 64 retirement, considered to have retired on the date of death. Surviving spouse would receive 40% of the member's monthly retirement allowance. Accidental Death: Incurred in performance of duties. (a) Pension of 50% of Average Final compensation to spouse until death or remarriage. If there is no spouse, or if spouse dies or remarries before youngest child is 18, payable until attainment of age 18. If no spouse or no children under 18, benefit is payable to dependent parents. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferral period or 10 years' certain period.
Employment Termination:	After 10 years of Creditable Service, based on Creditable Service and Average Final Compensation at termination date. If Member contributions are withdrawn, benefit is forfeited. Benefits are deferred to Normal Retirement Age.
Optional Allowances:	Normal Form: For Police Officers who have reached Rule of 64 by September 30, 2011, for Fire Fighters who had reached Rule of 64 by September 30, 2010, and for Fire Fighters who have reached Rule of 68 by September 30, 2011: Normal Form is joint and 40% contingent survivor, with a minimum of 10 years' certain and life.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions – Prior Basis
(Continued)

Optional Allowances: (Continued)	For all others, for benefits based on service prior to October 1, 2011: Normal Form is joint and 40% contingent survivor, with a minimum of 10 years' certain and life; for benefits based on service after September 30, 2011, Normal Form is 10 years' certain and life. Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of Member. Option 6 is withdrawal of member contributions with credited interest; monthly benefit is ½ of normal level.
Transfer of Compensated Leave Balances:	Accumulated leave balances may be transferred into system immediately prior to retirement to purchase additional Creditable Service, on an actuarially equivalent basis.
Transfer of 457 Balances:	457 balances of Firefighters may be transferred into System at retirement to purchase additional Service for multiplier purposes.
Changes Since Prior Valuation:	None.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Principal System Provisions – Revised Basis

(Based on Ordinance No. 10002, as Amended through Ordinance No. 13202)

Effective Date:	January 1, 1940, as restated effective May 23, 1985, and amended through September 30, 2011.
Fiscal Year:	October 1 - September 30.
Membership:	Police officers and fire fighters.
Covered Compensation:	An employee's base salary, including pick-up contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death-in-family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.
Contributions:	Members: **10% of Compensation for Police Officers**, 10% for Fire Fighters. City: Balance, as actuarially determined.
Creditable Service:	Service credited under Retirement System; military service (maximum of four years) during wartime for which Member makes contributions; maternity leave (maximum of 180 days for each leave) for which Member makes contributions; up to 5 years, without member contributions, if member was an employee before period of military service.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions – Revised Basis
(continued)

Average Final Compensation:	For members who retire or terminate employment with ten or more years of creditable service prior to October 1, 2010, the annual earnable compensation of a member during either the last one year or the highest year of membership service, whichever is greater. Effective September 30, 2010, for members who retire on or after October 1, 2011, average final compensation shall mean the average of the highest 5 years of service, to be phased in over the next 4 years as follows: for members who retire on or after October 1, 2011 and on or before September 30, 2012, the average of the highest 2 years of membership service; for members who retire on or after October 1, 2011 and on or before September 30, 2012, the average of the highest 3 years of membership service; for members who retire on or after October 1, 2012 and on or before September 30, 2013, the average of the highest 4 years of membership service; and for members who retire on or after October 1, 2013, the average of the highest 5 years of membership service. Provided, in no event shall the average final compensation of any member who was employed as a police officer or firefighter on September 30, 2011 and retires on or after October 1, 2011, be less than the highest year of membership service prior to September 30, 2011.
Normal Service Age:	Age 50

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions – Revised Basis
(Continued)

Service Retirement:	For Police Officers who have reached Rule of 64 by September 30, 2011, for Fire Fighters who had reached Rule of 64 by September 30, 2010, and for Fire Fighters who have reached Rule of 68 by September 30, 2011: 3% of Average Final Compensation for each of the first fifteen years of Creditable Service plus 3.5% of Average Final Compensation for each year of Creditable Service after the fifteenth year; maximum of 100% of Average Final Compensation. For all others, for service prior to October 1, 2011: 3% of Average Final Compensation for each of the first fifteen years of Creditable Service plus 3.5% of Average Final Compensation for each of Creditable Service after the fifteenth year; for service after September 30, 2011: 3% of Average Final Compensation for each year of Creditable Service; The combined percentage for service before October 1, 2011 and service after September 30, 2011 may not exceed 100% of Average Final Compensation.
Early Service Retirement:	After 20 years of Creditable Service. Benefits are based on Average Final Compensation and Creditable Service at retirement date. Actuarial equivalence for early commencement.
Rule of 64 Retirement:	Service retirement on the basis of combined age and Creditable Service equaling 64 or more. Rule of 64 applies to Fire Fighters who had obtained 64 points by September 30, 2010 and Police Officers who had 64 points by September 30, 2011. Rule of 64 also applies to the accrued benefit as of September 30, 2011 of Police Officers who were active members as of September 29, 2011.
Rule of 68 Retirement:	Service retirement on the basis of combined age and Creditable Service equaling 68 or more. Rule of 68 applies to Fire Fighters who had not attained 64 points by September 30, 2010 and had attained 68 points by September 30, 2011. Rule of 68 also applies to the accrued benefit as of September 30, 2011 of Fire Fighters who were active members as of September 29, 2011.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
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Summary of Principal System Provisions – Revised Basis
(Continued)

Rule of 70 Retirement:	Service retirement on the basis of combined age and Creditable Service equaling 70 or more. Rule of 70 applies to all new members hired on or after October 1, 2011, as well as to all benefits accrued after September 30, 2011 by Fire Fighters who had not attained 68 points on September 30, 2011 and Police Officers who had not attained 64 points on September 30, 2011.
Disability:	Ordinary Disability: After 10 or more years of Creditable Service, and not eligible for service retirement. Not incurred as accident in performance of duties. 90% of benefit rate times Average Final Compensation times Creditable Service, with a minimum benefit of 30% of Average Final Compensation; 10 years' certain and life normal form. Accidental Disability: Incurred as accident in performance of duties. 66 2/3% of Average Final Compensation, or 66 2/3% of Final Compensation, whichever is greater. 40% joint & survivor normal form, with a minimum of 10 years' certain and life.
Deferred Retirement Option Plan:	Members who are eligible for Service Retirement or Rule of 64 Retirement after September 1998 may elect self-directed Deferred Retirement Option Plan, for a maximum of 4 years. An actuarially equivalent Back DROP option (maximum of 4 years) may be elected prior to DROP entry; combined years of DROP may not exceed 4.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions – Revised Basis
(Continued)

Death:	Ordinary Death: (a) Between 3 and 10 years of Creditable Service, and death not accidentally incurred in performance of duties: Lump sum benefit equal to 50% of Compensation received in year preceding death. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferred period or 10 years' certain period. (c) If eligible for Service, Early Service, or Rule of 64 retirement, considered to have retired on the date of death. Surviving spouse would receive 40% of the member's monthly retirement allowance. Accidental Death: Incurred in performance of duties. (a) Pension of 50% of Average Final compensation to spouse until death or remarriage. If there is no spouse, or if spouse dies or remarries before youngest child is 18, payable until attainment of age 18. If no spouse or no children under 18, benefit is payable to dependent parents. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferral period or 10 years' certain period.
Employment Termination:	After 10 years of Creditable Service, based on Creditable Service and Average Final Compensation at termination date. If Member contributions are withdrawn, benefit is forfeited. Benefits are deferred to Normal Retirement Age.
Optional Allowances:	Normal Form: For Police Officers who have reached Rule of 64 by September 30, 2011, for Fire Fighters who had reached Rule of 64 by September 30, 2010, and for Fire Fighters who have reached Rule of 68 by September 30, 2011: Normal Form is joint and 40% contingent survivor, with a minimum of 10 years' certain and life.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions – Revised Basis
(Continued)

Optional Allowances: (Continued)	For all others, for benefits based on service prior to October 1, 2011: Normal Form is joint and 40% contingent survivor, with a minimum of 10 years' certain and life; for benefits based on service after September 30, 2011, Normal Form is 10 years' certain and life. Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of Member. Option 6 is withdrawal of member contributions with credited interest; monthly benefit is ½ of normal level.
Transfer of Compensated Leave Balances:	Accumulated leave balances may be transferred into system immediately prior to retirement to purchase additional Creditable Service, on an actuarially equivalent basis.
Transfer of 457 Balances:	457 balances of Firefighters may be transferred into System at retirement to purchase additional Service for multiplier purposes.
Changes Since Prior Valuation:	**Member Contributions for Police Officers increased from 7% to 10% of Compensation.**

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis

Valuation Date: October 1, 2010 for Fiscal Year beginning October 1, 2011.

Valuation Method: Aggregate Cost Method. Percentage of actual payroll, if greater than dollar amount calculated under the provision of Gates.

Asset Valuation Method: 20% Write-Up Method: Expected value is based on the Interest Discount/Investment Return rate applied to the actuarial asset value as of previous valuation date and cash flow during the year. 20% of the difference between the Expected Value and the Market Value (net of pending transfers to the COLA Fund) is added to the Expected Value.

The result cannot be greater than 120% of market value or less than 80% of market value (net of pending COLA transfers).

Actuarial Assumptions:

Interest Discount/ Investment Return: 7.50%, compounded annually.

Inflation: 3.25%, compounded annually.

Mortality: RP 2000 Mortality Table, Employees and Annuitants Combined, projected by scale AA to 2020, producing following specimen rates:

Age	Male	Female
20	.0235%	.0138%
30	.0402%	.0216%
40	.0919%	.0522%
50	.1487%	.1189%
60	.4887%	.4573%
70	1.6413%	1.5145%
80	5.7647%	3.9866%

Disabled Mortality: RP 2000 Disabled Mortality Table projected by scale AA to 2020, producing following specimen rates:

Age	Male	Female
20	1.5696%	.5287%
30	2.0418%	.6093%
40	1.9221%	.5507%
50	2.0149%	.8186%
60	3.0450%	1.9756%
70	4.6257%	3.4045%
80	8.9456%	6.2834%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis
(Continued)

Age	Disability	Turnover	
		<5	5+
31	.00200	.0240	.0192
32	.00220	.0240	.0192
33	.00245	.0240	.0192
34	.00265	.0240	.0192
35	.00285	.0240	.0192
36	.00305	.0228	.0182
37	.00325	.0216	.0173
38	.00345	.0204	.0163
39	.00370	.0192	.0154
40	.00390	.0180	.0144
41	.00470	.0168	.0134
42	.00555	.0156	.0125
43	.00635	.0144	.0115
44	.00720	.0132	.0106
45	.00800	.0120	.0096
46	.00880	.0096	.0077
47	.00965	.0072	.0057
48	.01045	.0048	.0038
49	.01130	.0024	.0019
50	.01210	.0000	.0000
51	.01295	.0000	.0000
52	.01375	.0000	.0000
53	.01455	.0000	.0000
54	.01540	.0000	.0000
55	.01620	.0000	.0000
56	.01785	.0000	.0000
57	.01870	.0000	.0000
58	.01950	.0000	.0000
59	.02030	.0000	.0000
60	.00000	.0000	.0000

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis
(Continued)

Retirement: Fire Fighters who have attained 64 points by September 30, 2011 and all Police Officers are subject to the Rule of 64; the rest of the Fire Fighters are subject to the Rule of 68. If eligible for Retirement, the following decrements apply, based on service:

Years of Service	Police %	Fire %
<20	0	0
20-24	40	5
25-29	50	25
30-31	100	25
32		100

There is no explicit assumption on the percentage of retirements expected to enter the DROP. No distinction is necessary, since funding is calculated to expected retirement or expected DROP entry.

Salary Merit Scale:

Service	Police	Fire
0	.0500	.0500
1	.0500	.0500
2	.0500	.0500
3	.0500	.0500
4	.0500	.0500
5	.0500	.0500
6	.0500	.0500
7	.0250	.0500
8	.0500	.0500
9	.0500	.0500
10	.0100	.0000
11	.0100	.0000
12	.0100	.0000
13	.0100	.0000
14	.0100	.0000
15	.0125	.0250
16	.0125	.0250
17	.0100	.0100
18	.0100	.0100
19	.0100	.0100
20	.0100	.0100
21	.0100	.0100
22 +	.0000	.0000

Salary Merit Scale is combined with 3.25% inflation and 1.5% for promotions and other increases. There is no additional increase at retirement.

Projected Total Payroll: Covered Payroll plus $36,943,839 estimated payroll for members in DROP in 2010/2011 year.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employees are assumed to be married. For Members currently receiving benefits, actual spouse's information is provided.
Investment Expenses:	The investment return assumption of 7.5% is net of investment expenses.
Administration Expenses:	**$2,044,488 for 2012/2013 fiscal year.**
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Compensated Absence Balance Transfers:	No liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.
Adjustments from Valuation Date:	One year's interest is added to the calculated deposit to reflect ordinance provision. For purposes of minimum City contributions as specified by State Division of Retirement (Exhibit 18), additional interest discount is included to reflect monthly contributions.
Sources of Data:	Asset data is from unaudited financial statements and includes an appraised value for the real estate to be used for Market Value. Membership data was furnished by Administrator. Member compensation used is final bi-weekly pay in the year, annualized, with estimated reductions for each active member as of October 1, 2011 based on approach summarized in Tables 2 and 3 in September 24, 2011 Actuarial Impact Statement.
Changes Since Prior Valuation:	**Administrative expense assumption changed from $2.2 million to $2,044,488 for 2012/2013 fiscal year.**

R06222012

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Disclosure Information Under GASB 25
(Excluding COLA Fund)

I. Funding Status and Progress as of September 30, 2011 and 2010

Entry Age Accrued Liability: $(Millions)

	Sept. 30, 2011	Sept. 30, 2010
	-$-	-$-
- Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	1,377.6	1,360.3
- Current employees - Accumulated employee contributions including interest	66.9	64.6
Employer - financed vested	91.0	89.8
Employer - financed nonvested	54.9	177.3
Total Actuarial Accrued Liability	1,590.5	1,568.3
Net assets available for benefits (market value)	987.1	1,027.7
Unfunded Actuarial Accrued Liability	603.4	540.6

The actuarial accrued liability was determined as part of actuarial valuations at September 30, 2011 and September 30, 2010. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.50 percent per year compounded annually, (b) projected salary increases of 3.25 percent per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.0 percent to 5.0 percent per year, attributable to seniority/merit and (d) 1.5% for promotions and other increases.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 25
(Excluding COLA Fund)

II. Contributions Required and Contributions Made

The funding policy provides for periodic employer contributions at actuarially determined rates that are sufficient to pay benefits when due. Contributions for normal costs are determined using the aggregate actuarial cost method. This cost method does not provide for an unfunded actuarial accrued liability.

Contributions totaling $47,196,715 ($40,058,891 employer and $7,137,824 employee) were made for the year ending September 30, 2011. These contributions consisted of (a) $47,196,175 normal cost, (b) $0 amortization of the unfunded actuarial accrued liability, and (c) $0 noninvestment expenses.

Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the standardized measure of the pension obligation as of the beginning of the preceding year.

III. Analysis of Funding Progress ($ Millions)

Fiscal Year	(1) Actuarial Asset Value ($)	(2) Entry Age Reserve ($)	(3) Percent Funded (%)	(4) Unfunded EAR (2)-(1) ($)	(5) Annual Covered Payroll ($)	(4)/(5) (%)
1992	476.6	483.7	99	7.1	67.1	11
1993	523.0	513.4	102	(9.6)	72.0	(13)
1994	540.3	587.5	92	47.2	72.9	65
1995	585.6	614.4	95	28.8	71.5	40
1996	626.0	650.0	96	24.0	72.9	33
1997	750.9	727.1	103	(23.8)	69.6	(34)
1998	850.7	800.7	106	(50.0)	74.3	(67)
1999	911.7	843.2	108	(68.5)	77.7	(88)
2000	988.8	863.4	115	(125.4)	84.3	(149)
2001	941.8	932.7	101	(9.1)	89.7	(10)
2002	865.5	999.8	87	134.3	96.9	139
2003	865.8	1,067.9	81	202.1	98.9	204
2004	894.6	1,152.8	78	258.2	89.2	289
2005	1,064.9	1,221.6	87	156.7	91.5	171
2006	1,133.0	1,260.5	90	127.5	90.4	141
2007	1,208.8	1,318.4	92	109.6	103.6	106
2008	1,219.6	1,452.5	85	222.9	129.4	172
2009	1,165.0	1,539.3	76	374.4	122.2	306
2010	1,180.6	1,568.3	75	387.7	80.2	483
2011	1,150.3	1,590.5	72	440.2	82.2	536

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

IV. Revenues and Expenses

	Revenues by Source			
Fiscal Year ($)	Employee Contributions ($)	Employer Contributions ($)	Investment Income ($)	Total
1992	6,115,655	10,029,747	44,569,353	60,714,755
1993	6,455,623	10,442,881	50,309,468	67,207,972
1994	7,435,034	9,296,175	36,915,202	53,646,411
1995	8,318,833	10,880,346	38,919,229	58,118,408
1996	7,852,469	16,547,235	55,421,603	79,821,307
1997	7,664,034	14,377,032	83,180,597	105,221,663
1998	7,692,571	14,155,472	96,007,011	117,855,054
1999	8,556,140	10,376,473	66,039,984	84,972,597
2000	6,257,588	5,400,784	129,752,337	141,410,709
2001	6,336,918	5,481,599	17,717,791	29,536,308
2002	6,721,236	5,400,784	(27,704,711)	(15,582,691)
2003	7,193,936	15,024,366	30,466,098	52,684,400
2004	24,415,150	32,959,003	53,963,150	111,337,303
2005	18,607,681	45,545,130	71,904,910	136,057,721
2006	7,698,594	50,635,213	71,669,124	130,002,931
2007	14,702,629	40,542,078	82,937,630	138,182,337
2008	9,719,896	36,040,251	62,728,078	108,488,225
2009	9,769,139	36,993,395	(58,111,291)	(11,348,757)
2010	10,436,367	54,342,926	62,459,916	127,239,209
2011	7,137,824	40,058,891	83,951,919	131,148,634

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

IV. Revenues and Expenses (Continued)

	Expenses by Type			
Fiscal Year	Benefits ($)	Administrative Expenses ($)	Refunds ($)	Total ($)
1992	22,345,166	1,137,047	751,088	24,233,301
1993	22,735,888	1,314,925	672,376	24,723,189
1994	23,787,091	1,420,693	510,074	25,717,858
1995	25,846,564	1,567,841	703,269	28,117,674
1996	29,506,924	1,870,188	822,497	32,199,609
1997	33,841,809	2,079,183	1,225,239	37,146,231
1998	35,593,108	2,543,855	391,524	38,537,297
1999	36,900,501	2,689,079	258,383	39,847,963
2000	41,237,423	2,710,752	258,804	44,206,979
2001	41,386,774	2,933,939	481,746	44,802,459
2002	42,766,860	2,825,903	364,256	45,957,019
2003	46,083,206	2,922,537	429,225	49,434,968
2004	53,249,450	3,334,460	301,580	56,885,490
2005	66,518,783	3,865,995	257,859	70,642,637
2006	69,825,105	4,687,601	573,228	75,085,934
2007	72,378,966	5,143,290	307,545	77,829,801
2008	77,794,816	5,469,431	664,235	83,928,482
2009	85,094,354	3,898,278	336,755	89,329,387
2010	101,438,423	3,900,819	174,358	105,513,600
2011	123,360,907	4,328,130	225,732	127,914,769

V

STATISTICAL

SECTION

STATISTICAL DATA OF VARIOUS ACCOUNTS

THROUGH SEPTEMBER 30, 2012

	GENERAL FUND		COLA I		COLA II	
MEMERSHIP ACCOUNT						
ADD:						
Members' Contributions						
After Tax	66,965,986		0		0	
Pre Tax	223,159,008		11,814,941		0	
After Tax from G & S	17,210		0		0	
Interest						
From Benefit Acct	100,362,109		0		0	
From Withdrawals	385,365		0		0	
Transfers from G & S	24,774		0		0	
		390,914,452		11,814,941		0
DEDUCT:						
Refunds -						
Leaving Service	18,345,627		944,800		0	
Additional Contributions	171,226		0		0	
Accidental Death	441,596		22,039		0	
Accidental Disability	1,982,443		0		0	
Option 6A	571,614		0		0	
Ordinary Death	1,682,312		62,320		0	
Transfers -						
After Tax from G & S	4,412,189		0		0	
Benefit Account	288,023,770		10,449,960		0	
Transfers to Acct Payable	480,131		0		0	
Interest withheld	314,699		0		0	
Interest	1,819,441		0		0	
		318,245,048		11,479,119		0
BALANCE AS OF 9/30/12		72,669,404		335,822		0
BENEFIT ACCOUNT:						
ADD:						
Contributions -						
City of Miami	730,269,112		2,042,899		27,802,430	
Police Relief & Pension Fund	52,342		0		0	
Fire Relief & Pension Fund	28,473		0		0	
Members	697,822		0		0	
Transfers from Membership Acct	288,034,694		10,449,960		0	
Amortization of Discounts	10,319,476		249,134		0	
Dividends Received	211,760,465		3,423,150		20,799,921	
Securities Lending Income	7,197,829		216,910		1,330,322	
Excess Interest Transfer	0		0		288,194,062	
Interest Income	590,080,276		13,428,702		50,612,362	
Other Income	2,543,084		37,952		200,430	
Corporate Action	2,798,319		81,393		528,685	
Commission Recapture	492,346		14,222		88,926	
Profit on Sale of Investments	942,144,132		22,932,320		108,483,357	
Unrealized Profit on Sales of Inv	107,082,558		6,618,617		26,821,199	
Unrealized Profit on Sec Lending Collateral	1,960,433		71,299		525,304	
Rental Income	1,305,616		33,694		230,966	
Share of Earnings Income	0		1,170,581		0	
		2,896,766,977		60,770,833		525,617,964
DEDUCT:						
Pensions Paid						
Fire	728,329,112		0		0	
Police	630,898,687		0		0	
General	7,034,700		0		0	
Former Gen assumed by Trust	276,624		0		0	
Pension Payments Prior 1966	989,022		0		0	
Distributions	0		11,426,695		177,522,694	
Lump Sum Payments to Beneficiaries	128,540		0		0	
Death Benefits	1,013,875		0		0	
Amortization of Premium	4,876,744		0		0	
Corrections to Control	17,117,379		0		0	
Income Expenses	65,960,669		1,574,112		9,285,641	
Building Depreciation	346,759		11,134		72,365	
Administrative Expense	4,428,155		0		0	
Stiff Short Term Investment Fee	93,524		3,881		26,715	
Securities Lending Fees	1,998,182		59,500		362,601	
Other Expenses	0		45,256		0	
Loss on Sale of Investments	41,652,910		1,068,210		7,163,861	
Unrealized Profit on Sales of Inv	0		0		16,766,834	
Vested Rights Withdrawals	954,289		0		0	
Transfers -						
Excess Interest Earnings	288,194,062		0		0	
G & S Benefit Account	5,378,420		0		0	
G & S Share of Earnings	5,251,212		0		0	
Interest to Membership Acct	100,427,097		0		0	
Interest on VR Withdrawals	275,509		0		0	
Overpayments (uncollectible)	769		0			
		1,905,626,241		14,188,788		211,200,711
BALANCE AS OF 9/30/12		991,140,736		46,582,044		314,417,252
BENEFIT ACCOUNT - SPECIAL						
ADD:						
Contributions - City of Miami	1,001,273					
Members	9,945					
		1,011,218				
DEDUCT:						
Pension Paid	1,011,218					
		1,011,218				
BALANCE AS OF 9/30/12		0				
RESERVE ACCOUNT						
ADD:						
Transfers -						
Benefit Account	961,029					
BA Share of Earnings	222,289					
BALANCE AS OF 9/30/12		1,183,318				

SUMMARY OF RETIREMENTS

JANUARY 1, 1940 THROUGH SEPTEMBER 30, 2012

DESCRIPTION	SERVICE	ORDINARY DISABILITY	SERVICE ACCIDENTAL DISABILITY	ACCIDENTAL DEATH	ORDINARY DEATH	EARLY SERVICE	DROP PLAN	VESTED RIGHTS	CONTINUANCES	TOTAL BENEFITS GRANTED
BENEFITS GRANTED	2,296	53	460	38	4	106	1104	88	328	4,477
ASSUMED BY G.E.S.E. FUND	-184	-3	-19	0	0	0	0	0	0	-206
TERMINATED BY DEATH	-855	-36	-278	-22	0	-45	-2	-7	-96	-1,341
TERMINATED DROP PLAN	0	0	0	0	0	0	-599	0	0	-599
TERMINATED BY MARRIAGE	0	0	0	-2	0	0	0	0	0	-2
RETURNED TO SERVICE	-2	-3	-1	0	0	0	0	0	0	-6
MINORS ATTAINING AGE 18	0	-1	0	-7	0	0	0	0	0	-8
PAYMENT SUSPENDED	-3	0	-1	0	0	0	0	0	0	-4
UNMATURED VESTED RIGHTS	0	0	0	0	0	0	0	-13	0	-13
WITHDRAWN VESTED RIGHTS	0	0	-2	0	0	0	0	-27	0	-29
INACTIVE PARTICIPANTS:	1,252	10	159	7	4	61	503	41	232	2,269

OUTLINE OF PRINCIPAL BENEFIT PROVISIONS OF THE CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

ORIGINAL ORDINANCE NO. 10002 ADOPTED JUNE 13, 1985

EARNABLE COMPENSATION:

Earnable compensation, shall mean an employee's base salary including pickup contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death in the family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.

COVERED GROUP:

All fire fighters or police officers presently employed by the City as a fire fighter or police officer whether in the classified or unclassified service of the City.

EMPLOYEE CONTRIBUTIONS:

Effective the first full pay period following October 1, 1999, it shall be 7% of pre tax earnable compensation. Effective the first full pay period following October 1, 2000, it shall be 7% of pre tax earnable compensation or a percent equal to the City's contribution, whichever is less. Effective the first full pay period following October 1, 2008, for fire fighter members it will change from 7% to 8% of pre tax earnable compensation. Effective the first full pay period following October 1, 2009, for fire fighter members it will change from 8% to 9% of pre tax earnable compensation. Effective the first full pay period following October 1, 2010, for fire fighter members it will change from 9% to 10% of pre tax earnable compensation.

EMPLOYER CONTRIBUTIONS:

The City's annual fiscal contribution to the retirement system shall provide for the following (1) non-investment expenses of the retirement system, (2) normal costs of the retirement system.

NORMAL RETIREMENT AGE:

Age 50

SERVICE RETIREMENT:

The annual normal service retirement allowance, payable on a 40% Joint and Survivor basis for members eligible to retire as of September 30, 2010 will equal 3.0% of average final compensation per year of creditable service for the first 15 years of such creditable service and 3.5% of the average one year compensation per year of creditable service after 15 years.

For members not eligible to retire as of September 30, 2010, benefit will consist of two parts, Part A and Part B. Part A will consist of average one year compensation of the sum of creditable years of service under 15 years at 3% per year plus creditable years of service over 15 years at 3.5% per year for service up to September 30, 2010. Part B will consist of the average one year compensation of the sum of creditable years of service from October 1, 2010, to the date of retirement at 3% per year.

RULE OF 64 RULE OF 68 RETIREMENT RULE OF 70 RETIREMENT:

A member, in service, who has not withdrawn from active membership in the retirement system may elect service retirement on the basis of his or her combined age and creditable service equaling 64 or more. A fire fighter member, in service, who has not withdrawn from active membership in the retirement system and had not attained his/her 64 points as of October 1, 2009, may elect service retirement on the basis of his or her

RULE OF 64 RULE OF 68 RETIREMENT RULE OF 70 RETIREMENT: (continued)

combined age and creditable service equaling 68 or more. As of October 1, 2010 a member in service who has not withdrawn from active membership in the retirement system may also elect service retirement on the basis of his or her combined age and creditable service equaling 70 or more.

Election to retire under Rule of 64, Rule of 68 or Rule of 70 shall be made by written application to the board. Application shall be executed not less than 10 nor more than 90 days subsequent to the date the member desires to be retired.

EARLY SERVICE RETIREMENT:

After 20 years of creditable service, accrued benefit actuarially adjusted.

DEFERRED RETIREMENT OPTION PROGRAM: (DROP)

A member who is eligible to retire under either Rule of 64, Rule of 68, Rule of 70 or Service retirement can elect to participate in the Deferred Retirement Option Program (DROP). The program allows the member to defer receipt of his retirement benefit into a "DROP" account while he/she continues to be employed by the Department. A police officer member can be in the DROP for a maximum of 7 years (84 months). A fire fighter member can be in the DROP for a maximum of 4 ½ years (54 months)

B. A. C. DEFERRED RETIREMENT OPTION PROGRAM:

Shall mean *Benefit Actuarially Calculated* deferred retirement option program.

AVERAGE FINAL COMPENSATION:

Shall mean the annual earnable compensation of a member during either the last one (1) year or the highest one (1) year of membership service, whichever is greater.

CREDITABLE SERVICE:

Membership credit upon which a member's eligibility to receive benefits under the retirement system is based or upon which the amount of such benefits is determined.

LIMITATIONS ON BENEFITS:

A member's retirement allowances shall not exceed one hundred percent (100%) of the member's final average compensation for members retiring under Service retirement Rule of 64 Retirement or Rule of 68 Retirement. Exceptions are, (1) members whose retirement allowances, prior to October 1, 1998, had already earned one hundred percent or greater, these members may continue to accrue pension benefits; (2) members whose retirement allowance exceeds one hundred percent as of October 1, 1998 due to the multiplier change, these members shall be capped at the new percentage. Monthly retirement allowance for members not eligible for Rule of 64 or Rule of 68 Retirement as of October 1, 2010, shall not exceed $100,000.00 per year.

OPTIONAL ALLOWANCES:

Normal form (Option 6C) is joint and 40% contingent survivor. Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of member. Option 6A is withdrawal of employee contributions with credited interest; monthly benefit is half of normal level. Option 6B is an additional 5% with no survivor benefit.

DISABILITY RETIREMENTS:

A. Ordinary Disability

After 10 years of creditable service, if not otherwise eligible for normal retirement, and incurred while not in line of duty, a benefit payable for life consisting of the benefit rate times 90% of average final compensation times years of creditable service, if such retirement allowance exceeds 30% of average final compensation. Otherwise, a benefit of 30% of the member's average final compensation.

DISABILITY RETIREMENTS: (continued)

B. Accidental Disability
Prior to age 60, incurred in line of duty. A benefit payable on a 40% joint and survivor basis of 66 2/3% of average or final compensation, whichever is larger.

DEATH BENEFIT:

A. Ordinary Death Benefit
After 3 years of service, provided death is not accidentally incurred in line of duty, a lump sum payment f 50% of annual compensation received in year prior to death plus an additional lump sum payment of member's accumulated contributions with interest to date of death. Or in lieu thereof; if eligible for Early or Service retirement, and with 3 years of membership, automatic Option 6C, payable to spouse, as through retirement had occurred on date of death (40% payable)

B. Accidental Death Benefit
Incurred in line of duty (or presumed to be in the line, i.e. heart), annual pension of 50% of average final compensation to spouse until death or remarriage or to children under 18, or to dependent parents for life. If none of such beneficiaries exist, the ordinary death benefit will be paid. Also a lump sum payment of member's accumulated contributions with interest to date of death is paid in addition to the above payments.

VESTED RIGHTS BENEFIT:

After completion of 10 years of service, provided accumulated contributions are not withdrawn. A benefit based on service and average final compensation when employment is terminated. Benefit is deferred to minimum retirement age.

C.O.L.A. ACCOUNT:

The COLA I benefit was determined from available monies from an initial city contribution made from the trust funds excess interest earnings. These monies were allocated to the retiree population, according to unit values and distributed to each member according to his/her actuarial life expectancy, in level monthly lifetime payments. In addition to the above initial benefit, a yearly COLA I increase was financed by 2% of the active member's pension contributions.

This yearly increase was determined on the basis as the initial benefit and added to the monthly lifetime payments. As of January 9, 1994, the active employees ceased making the 2% pension contribution to the COLA I account, and the COLA I benefits were frozen as of that date. Beginning with 1994, in addition to the frozen COLA I benefit, a COLA II benefit was paid. The COLA II benefit is funded from the pension fund's annual excess investment return (other than COLA account assets). The methodology for determining the excess investment return and amounts available for the COLA II benefit are described in detail in Section 40-213 of the City of Miami Code. An actuarial table is developed yearly identifying the benefits due. This table is based upon full years of creditable service at retirement and full years retired as of April of the current year. For accidental death and accidental disability, years of service are defined as twenty five (25) years, or actual creditable service if greater. Receipt of the COLA II benefit is based on the retiree reaching at least four (4) full years of retirement and fifty years of age. In case of accidental death, the beneficiary will be entitled to the COLA benefit on April 1st following the fiftieth anniversary of the employee's birth and the fourth anniversary of the employee's death. COLA benefits for a vested right retiree are based upon such retiree reaching at least four (4) full years of retirement after fifty (50) years of age. COLA benefits reflect the option selected at the time of retirement.

In addition, funding for COLA benefits for future employees hired during the remaining term of the amended final judgement, Gates vs. City of Miami, Circuit Court Case No. 77-9491 CA04, shall be defined and allocated through the remaining term of such final judgement.

ORDINANCES ADOPTED DURING FISCAL YEAR 2011/2012

DATE	ORDINANCE NUMBER
September 27, 2012	13344

EMPLOYEES' RETIREMENT SYSTEM

of the County of Milwaukee

2012 Annual Report of the Pension Board

as of and for the Years Ended December 31, 2012 and 2011

CITIZEN MEMBERS
John M. Maier, J.D., Chairman
Dr. Brian Daugherty
Dean Muller
Dr. Sarah W. Peck
Patricia VanKampen

RETIREE MEMBER
D.A. Leonard

EMPLOYEE MEMBERS
David Sikorski, Vice Chairman
Laurie Braun
Norb Gedemer
Vera Westphal

ERS MANAGER
Marian Ninneman
901 North 9th Street, Room 210-C
Milwaukee, Wisconsin 53233
Telephone: (414) 278-4207
ers@milwcnty.com

Employees' Retirement System of the County of Milwaukee

2012 Annual Report of the Pension Board

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EMPLOYEES' RETIREMENT SYSTEM (ERS)

Milwaukee County

Pension Board

John M. Maier, J.D.
Chairperson

David Sikorski
Vice Chairperson

Laurie Braun
Dr. Brian Daugherty
Norb Gedemer
D. A. Leonard
Dean Muller
Dr. Sarah W. Peck
Patricia VanKampen
Vera Westphal

Marian Ninneman
ERS Manager

July 26, 2013

Retirement System Members:

We are pleased to present the 2012 Annual Report of your Pension Board. The Employees' Retirement System ("ERS") experienced a positive investment return for the year of 11.0%. Net plan position held in trust for pension benefits increased $26.3 million. This increase was mainly due to investments gains and a reduction in pension benefit payments. Total net position at the end of the year was $1.768 billion. For further detailed information regarding ERS' performance, please see the management's discussion and analysis, the financial statements, and the footnotes that follow.

The description of ERS included in this report highlights major plan provisions. County Ordinances, labor agreements, Pension Board Rules, and Governmental Accounting Standards Board pronouncements prevail over the contents of this report. If you have any questions, please call (414) 278-4145.

Several options are available to members who retire or otherwise leave County service with respect to their pension benefits. Before terminating employment, you should become fully informed of the various opportunities available to you, so you can make the best choice for your situation.

Members considering retirement within the next few years are reminded to watch for announcements from the County for retirement information programs. Please call the ERS office at (414) 278-4207 for further information regarding these programs. If you are interested in meeting with an Administrative Specialist to discuss retirement, please schedule an appointment by calling (414) 278-4207.

Each year, Milwaukee County distributes pension statements reflecting balances as of the end of the previous year. Remember to keep your beneficiary designations current by informing the Retirement System office of any changes. Retired members should also notify the ERS office in writing of any changes in residence or address to insure benefit payments and year-end Form 1099-R statements are properly mailed.

The Pension Board

BAKER TILLY

Baker Tilly Virchow Krause, LLP
777 E Wisconsin Ave, 32nd Floor
Milwaukee, WI 53202-5313
tel 414 777 5500
fax 414 777 5555
bakertilly.com

INDEPENDENT AUDITORS' REPORT

To the Members of the Pension
Board of the Employees' Retirement
System of the County of Milwaukee

Report on the Financial Statements

We have audited the accompanying financial statements of the Employees' Retirement System of the County of Milwaukee (the "Retirement System"), as of and for the years ended December 31, 2012 and 2011 the related notes to the financial statements, which collectively comprise the Retirement System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to the Retirement System's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Retirement System's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net position of the Retirement System as of December 31, 2012 and 2011, and the changes in the plan net position of the Retirement System for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and the Schedule of Funding Progress and Employer Contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise of the Retirement System's basic financial statements. The Letter from the Pension Board, Ten-year Historical Trend, and related information on pages 23 through 25 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
July 26, 2013

Management's Discussion & Analysis
(Unaudited)
(In Thousands of Dollars)

Management is pleased to provide this overview and analysis of the financial activities of the Employees' Retirement System of the County of Milwaukee ("ERS", or the "Retirement System") for the year ended December 31, 2012. Readers are encouraged to consider the information presented in conjunction with the Financial Statements.

FINANCIAL HIGHLIGHTS

PLAN NET POSITION

- Plan net position for ERS increased $26,328 as of 12/31/12 vs. 12/31/11 following a decrease of ($153,060) as of 12/31/11 vs. 12/31/10. Domestic and International Equities, Fixed Income, Long/Short, Real Estate, Infrastructure, and Private Equity experienced positive returns in 2012. For the year, the pension fund experienced a positive return of 11.0%.
- The rate of return on total assets of the pension fund, net of fees, was 11.0%, 0.2%, and 12.1% for the years ended December 31, 2012, 2011, and 2010, respectively.
- Receivables decreased ($18,510) as of 12/31/12 vs. 12/31/11 due primarily to a decrease in receivables from sales of investments and a lower pension contribution from the County of Milwaukee. Receivables decreased ($4,447) as of 12/31/11 vs. 12/31/10, due primarily to a decrease in receivables from sales of investments.
- Other assets decreased ($41,416) as of 12/31/12 vs. 12/31/11 and decreased ($57,074) as of 12/31/11 vs. 12/31/10 due largely to changes in securities lending – collateral of ($38,479) and ($57,033), respectively.
- Liabilities decreased ($37,379) from 2012 to 2011. This decrease was due to the reduction in securities lending – collateral. Liabilities decreased ($58,056) from 2011 to 2010.
- ERS buys and sells financial futures contracts to improve the performance of the fund. ERS purchases contracts that approximate the amount of cash held by US equity managers and cash used to pay benefits and expenses.

ADDITIONS AND DEDUCTIONS TO PLAN NET POSITION

- Total additions increased $170,722 in 2012 vs. 2011 and decreased ($200,645) in 2011 vs. 2010. The 2012 increase was primarily the result of an increase in investment income. The 2011 decrease was mainly due to a reduction in investment income.
- Benefits payments decreased ($8,903) in 2012 and increased $24,796 in 2011. The decrease in 2012 was due to a decrease in lump sum payments of $17.1 million and an increase in monthly benefits of $8.2 million. The increase in 2011 was due to an increase in monthly benefits of $6.3 million and an increase of $18.5 million in lump sum payments.
- 2012 saw a 44.0% decrease in retirements from 2011. The large decrease was due mainly to the County of Milwaukee eliminating the Medicare part B reimbursement for most new retirees during 2011.
- As of December 31, 2012, 2011, and 2010, the funding ratio (actuarial value of the assets divided by the actuarial accrued liability) for the plan was 87.3%, 89.2%, and 92.2%, respectively. The funding ratio gives an indication of how well the liabilities of the pension plan are funded. The higher the funding ratio, the better the plan is funded. The ratio increases due to investment gains and pension contributions, and declines due to investment losses, increases in the plan benefits, large pension payouts, and underpayment of pension annual required contributions.

The Board of Trustees of ERS ("The Board") has the responsibility for the overall performance of the Retirement System. The Board's principal means to achieve this goal is by (a) determining an asset allocation policy which is expected to provide the long-term rate of return sufficient to fund benefits while minimizing the risk of loss through diversification, (b) selecting an appropriate number of investment managers to manage the assets within an asset class and monitoring the performance of such investment managers relative to specified benchmarks, and (c) implementing cost containment measures intended to reduce the investment fees and costs associated with investing the Retirement System's assets. The Board is the fiduciary of the Retirement System and is responsible for carrying out the investment functions solely in the interest of the members and benefit recipients.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Retirement System's financial statements. The financial section is comprised of four components: (1) financial statements, (2) notes to the financial statements, (3) required supplementary information, and (4) other supplementary schedules.

Financial Statements – There are two financial statements presented for the plan. The Statement of Plan Net Position as of December 31, 2012 and 2011 indicates the plan net position available to pay future benefits and gives a snapshot of the financial assets available for pension benefits at a particular point in time. The Statement of Changes in Plan Net Position for the years ended December 31, 2012 and 2011 provides a view of the additions and deductions to the plan for the years presented.

Notes to financial statements – The notes provide additional information that is essential for a full understanding of the data provided in the financial statements.

Required supplementary information – The required supplementary information consists of a Schedule of Funding Progress and a Schedule of Employer and Other Contributions and related notes concerning the funding status of the plan. These schedules provide historical trend information, that contribute to understanding the changes in the funded status of the plan over time.

(See independent auditors' report)

Other supplementary schedules – The additional schedules (Ten-Year Historical Trend Information, Plan Net Position, Actual County and Participant Contributions, Active Membership Statistics, Retirements and Survivors) are presented for the purpose of additional analysis.

COMPARATIVE FINANCIAL STATEMENTS

Retirement System's Plan Net Position	12/31/2012	12/31/2011	12/31/2010	Difference	% Change
Assets					
Cash and cash equivalents	$56,934	$84,108	$63,139	($6,205)	(9.8%)
Receivables	23,842	42,352	46,799	(22,957)	(49.1%)
Investments, at fair value	1,691,695	1,618,148	1,788,712	(97,017)	(5.4%)
Other assets	25,573	64,488	121,562	(95,989)	(79.0%)
Total Assets	1,798,044	1,809,096	2,020,212	(222,168)	(11.0%)
Liabilities					
Security lending obligations	20,020	58,499	115,532	(95,512)	(82.7%)
Other liabilities	9,589	8,490	9,513	76	0.8%
Total Liabilities	29,609	66,989	125,045	(95,436)	(76.3%)
Plan net position held in trust for pension benefits	$1,768,435	$1,742,107	$1,895,167	($126,732)	(6.7%)

Retirement System's Changes in Plan Net Position	2012	2011	2010	Difference	% Change
Additions					
Employer contributions	$18,411	$28,276	$32,894	($14,484)	(44.0%)
Member contributions	9,041	3,314	76	8,965	11796.1%
Investment income	182,241	7,381	206,646	(24,405)	(11.8%)
Total Additions	209,693	38,971	239,616	(29,924)	(12.5%)
Deductions					
Benefit payments	(178,557)	(187,460)	(162,664)	(15,893)	9.8%
Administrative expenses	(4,596)	(4,501)	(4,186)	(410)	9.8%
Withdrawals	(212)	(70)	(139)	(73)	52.5%
Total Deductions	(183,365)	(192,031)	(166,989)	(16,376)	9.8%
Changes in plan net position available for benefits	26,328	(153,060)	72,627	(46,299)	(63.7%)
Plan net position held in trust for pension benefits:					
Beginning of year	1,742,107	1,895,167	1,822,540	(80,433)	(4.4%)
End of year	$1,768,435	$1,742,107	$1,895,167	($126,732)	(6.7%)

Requests for financial information:

The financial report is designed to provide the Board, our membership, taxpayers, investment managers, and creditors with a general overview of ERS' finances and to demonstrate ERS' accountability for the funds under its stewardship. Please address any questions about this report or requests for additional financial information to:

Milwaukee County ERS
901 N. 9th Street Room 210C
Milwaukee, WI 53233

(See Independent auditors' report)

EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE
STATEMENT OF PLAN NET POSITION
AS OF:

	December 31, 2012	December 31, 2011
ASSETS:		
CASH AND CASH EQUIVALENTS	$ 56,933,710	$ 84,107,639
RECEIVABLES		
Due from sale of investments	1,330,034	8,752,715
Accrued interest and dividends	2,284,805	2,527,511
County of Milwaukee	19,647,505	30,252,388
Miscellaneous receivables	579,386	819,444
TOTAL RECEIVABLES	23,841,729	42,352,058
INVESTMENTS AT FAIR VALUE		
Domestic common and preferred stocks	408,643,021	388,657,810
Long/Short hedge funds	181,417,205	174,104,924
Fixed income	445,499,443	472,957,219
International common and preferred stocks	348,646,991	306,112,944
Real estate and REIT's	127,429,416	114,522,432
Infrastructure	130,214,951	134,188,424
Private equity	49,843,970	27,604,723
TOTAL INVESTMENTS	1,691,694,997	1,618,148,476
OTHER ASSETS		
Software development costs, net (See Note 2)	5,552,525	5,988,807
Securities lending - collateral (See Note 5)	20,020,522	58,498,948
TOTAL OTHER ASSETS	25,573,047	64,487,755
TOTAL ASSETS	1,798,043,483	1,809,095,928
LIABILITIES		
Securities lending - collateral (see Note 5)	20,020,522	58,498,948
Miscellaneous payables	3,689,753	6,707,712
Payable for securities purchased	4,267,276	238,929
Payable to OBRA retirement plan	1,631,303	1,543,452
TOTAL LIABILITIES	29,608,855	66,989,041
PLAN NET POSITION HELD IN TRUST FOR PENSION BENEFITS	$ 1,768,434,628	$ 1,742,106,887

(A schedule of funding progress is presented on page 20)

The accompanying notes are an integral part of these financial statements

EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE
STATEMENT OF CHANGES IN PLAN NET POSITION
FOR THE YEARS ENDED:

	December 31, 2012	December 31, 2011
ADDITIONS:		
CONTRIBUTIONS		
County of Milwaukee	$ 18,410,496	$ 28,275,594
Plan participants	9,040,652	3,313,807
TOTAL CONTRIBUTIONS	27,451,148	31,589,401
INVESTMENT INCOME		
Net appreciation (depreciation) in fair value	155,309,701	(18,672,797)
Interest and dividends	22,147,022	24,069,225
Securities lending income	70,904	222,054
Other income	8,513,437	5,636,028
Total investment income	186,041,063	11,254,510
Less: Securities lending rebates and fees	50,314	(67,730)
Investment expense	(3,849,959)	(3,805,527)
Net investment income	182,241,418	7,381,253
TOTAL ADDITIONS	209,692,566	38,970,654
DEDUCTIONS:		
Benefits paid to retirees & beneficiaries	(178,557,030)	(187,460,031)
Administrative expenses	(4,595,550)	(4,500,457)
Withdrawal of membership accounts	(212,245)	(70,123)
TOTAL DEDUCTIONS	(183,364,825)	(192,030,610)
NET CHANGE IN PLAN POSITION	26,327,741	(153,059,956)
PLAN NET POSITION HELD IN TRUST FOR PENSION BENEFITS		
Beginning of year	1,742,106,887	1,895,166,843
End of year	$ 1,768,434,628	$ 1,742,106,887

The accompanying notes are an integral part of these financial statements

(1) Description of Retirement System –

The following brief description of the provisions of the Employees' Retirement System of the County of Milwaukee ("ERS" or the "Retirement System") is provided for financial statement purposes only. Members should refer to Section 201.24 of the General Ordinances of Milwaukee County and their respective bargaining agreements for more complete information

The Retirement System is a single-employer defined benefit plan that was created to encourage qualified personnel to enter and remain in the service of the County of Milwaukee (the "County") by providing for a system of retirement, disability and death benefits to or on behalf of its employees. Under Chapter 201 of the Laws of Wisconsin for 1937, the County was mandated to create the Retirement System as a separate legal entity. The County did so by passing Section 201.24 of the General Ordinances of Milwaukee County. The authority to manage and control the Retirement System is vested in the Pension Board of ERS (the "Board"). The Board consists of ten members – three members appointed by the County Executive (subject to confirmation by the County Board of Supervisors), three employee members elected by active employee members, two members appointed by the County Board chairperson, one employee member appointed by the Milwaukee Deputy Sheriffs' Association, and one retiree member elected by retirees.

The Board created two (2) committees to assist in the administration of the Board's duties. The Investment Committee reviews the investment portfolio on a monthly basis, endorses strategies, and submits investment recommendations to the full Board. The Audit Committee reviews legal issues, Ordinance adherence, and submits recommendations to the full Board regarding the annual audit and the Annual Report of the Pension Board.

	As of December 31	
Members -	**2012**	**2011**
Retiree and beneficiaries currently receiving benefits	**7,867**	**7,747**
Vested and terminated employees not yet receiving benefits	**1,196**	**1,341**
Current employees	**3,934**	**3,972**
Total participants	**12,997**	**13,060**

Contributions –

The Retirement System had been substantially noncontributory. However, starting in 2011, certain members began making mandatory contributions. Most full-time, regularly-appointed employees were required to make contributions in 2012. The employee contributions varied from 4.7% of compensation to 6.59% for 2012. In 2013, the employee contribution percentages will range from 4.4% to 6.59% of compensation. These percentages may change from year to year based on an analysis performed by the Retirement System's actuary.

Employees who terminate County employment and are not eligible for an immediate pension payment may request a refund of all accumulated contributions made, with simple interest at 5% per annum. For employees terminating employment with the County, any refund of accumulated contributions must be requested within sixty (60) days after termination. Any employee receiving this refund will forfeit his or her service credit and no longer be a member of ERS.

Contributions due from the County to the Retirement System consist of amounts sufficient to fund the annual normal cost and interest on and amortization of the unfunded or overfunded actuarial accrued liability less the expected contributions from the participants. A substantial portion of the current year's contribution is paid to the Retirement System in the following year.

In 2012, the County of Milwaukee started receiving contributions from the State of Wisconsin for members who were transferred from Milwaukee County to the State of Wisconsin for future service. As a result of the agreement between the State and the County, non-vested members of the Retirement System were able to continue to accrue pension benefits with ERS, while they were employed with the State. Once the member is vested, they are transferred to the state retirement plan. The state employees were required to contribute 4.7% of their wages to ERS, and the state contributed the same percentage to the County for 2012.

The County makes contributions to the Retirement System based upon the Annual Required Contribution ("ARC") and legal requirements, at the discretion of the County Board. An actuary hired by the Pension Board establishes the ARC. Data used in the determination of the ARC is based upon the prior fiscal year's demographics. The actual contribution made to the pension plan is set during the County's budget process and may differ from the ARC as a result of changes in plan provisions implemented subsequent to establishment of the ARC and budgetary restraints. During the year, the Retirement System accrues those contributions that the County has included in its current year's budget. The County contribution recorded by the Retirement System was $2,575,955 and $4,781,364 more than the Funding Contribution Amount for 2012 and 2011, respectively.

The Actual Funding Contribution is calculated by the Retirement System's actuary using census data, following plan guidelines, and compared to current net assets. The object is to calculate a contribution that allows the Retirement System to fulfill its obligations to its members.

Benefits -

The normal retirement benefit is a monthly pension for the life of the member beginning at normal retirement age. The pension amount is determined by the following formula:

Multiplier x Creditable Service x Final Average Salary

For most members, the normal retirement age is either 60 or 64 depending on ERS enrollment date and collective bargaining agreement. A few labor agreements also require a minimum of 5 years creditable service in addition to the age requirement. For deputy sheriff members, the normal retirement age is 57 or age 55 with 15 years of creditable service. Depending on enrollment date and collective bargaining agreement, some active members are eligible to retire when their age added to their years of creditable service equals 75 (the "Rule of 75"). The multiplier is determined by Ordinance, collective bargaining agreements, and ERS enrollment date. At this time, the multiplier percentage can be 1.5%, 1.6%, 2% or 2.5%. A member's three or five consecutive years of highest earnings are used to calculate their final average salary as defined by the Ordinance and labor agreement. Annually after retirement, the monthly benefit is increased by 2% of the benefit paid for the first full month of retirement subject to IRS limits. By Ordinance, the maximum benefit (excluding post-retirement increases) payable to a member cannot exceed the sum of 80% of the member's final average monthly salary.

For some members, depending on enrollment date and collective bargaining agreement, the member may elect to receive a backdrop benefit. This benefit permits an employee to receive a lump-sum payment plus a monthly pension benefit upon retirement. The lump-sum payment is the total of the monthly pension amounts, adjusted for post retirement increases that a member would be entitled to from a prior date ("backdrop date") to the date that the member terminates employment plus compounded interest. The backdrop date must be at least one calendar year prior to the termination date and the member must have been eligible to retire as of that date. The member will be entitled to a post retirement increase based on the backdrop date once the member terminates employment.

In 2012, the County Board passed an ordinance limiting the amount of backdrop benefit for most eligible employees who choose a backdrop date after April 1, 2013. If the member chooses a backdrop date after April 1, 2013, then the monthly drop benefit is calculated using the member's final average salary, service credit, and applicable multipliers as of April 1, 2013. This plan change does not apply to Elected Officials, Skilled Trades, Machinists, Federated Nurses, and Firefighters.

A member who meets the requirements for an accidental or ordinary disability retirement benefit is entitled to an amount computed in the same manner as a normal pension but not less than 60% of the member's final average salary for accidental disability (75% for a represented deputy sheriff). A total of 15 years of creditable service is required to apply for ordinary disability.

Most members are immediately vested upon attaining age 60 or 64. A vested member is eligible for a deferred pension beginning as of the member's normal retirement date.

A member who is 55 years of age and has 15 years of credited service may elect to receive early reduced retirement benefits. The member would be entitled to a benefit equal to the normal retirement benefit with a lifetime reduction of 5% for each year prior to the normal retirement date.

Upon the death of a member (generally after 1 year of service and depending on collective bargaining agreements), a spouse with a dependent child as defined by Ordinance will receive 40% of the deceased member's salary, reduced by Social Security benefits payable to the spouse. An additional 10% of salary, reduced by Social Security benefits, is paid for each dependent child. Generally, the total benefit, including Social Security benefits, cannot exceed 90% of the prior salary level of the member. At age 60, the spouse will receive 50% of the normal retirement benefit based on the member's projected service to age 60. If there is no spouse or child, the death benefit payable to a designated beneficiary is equal to 50% of the deceased member's final average salary, but not to exceed $2,000.

A member who becomes eligible for normal retirement, but continues to work may elect a Protective Survivorship Option ("PSO") designating a person to receive a pension (100% or 50% option) in the event of their death while in active service. The PSO election must be filed in writing on an approved form. In the absence of an election, a surviving spouse will be paid a 100% survivorship pension.

Currently, members may choose among several benefit payment options when retiring. The available pension options are:

-Maximum Option

Benefit payable for the member's lifetime and ceases upon member's death.

-Option 1 – Membership Account Refund

This option is an actuarially reduced benefit that ceases upon member's death. This option guarantees that the member will receive the total Membership Account balance as of the retirement date. The Membership Account balance is reduced monthly by an actuarially determined amount. Any balance remaining upon the member's death will be paid to the member's beneficiary.

-Option 2 – 50%

This option is an actuarially reduced pension benefit that is payable over the life of the member. Upon the member's death, 50% of the pension benefit is payable over the life of a named beneficiary, if living;

-Option 3 – 100%

This option is an actuarially reduced pension benefit that is payable over the life of the member. Upon the member's death, 100% of the pension benefit is payable over the life of a named beneficiary, if living;

-Option 4 – 25%

This option is an actuarially reduced pension benefit that is payable over the life of the member. Upon the member's death, 25% of the pension benefit is payable over the life of a named beneficiary, if living;

-Option 5 - 75%

This option is an actuarially reduced pension benefit that is payable over the life of the member. Upon the member's death, 75% of the pension benefit is payable over the life of a named beneficiary, if living;

-Option 6 - 10 Year Certain

This option is an actuarially reduced pension benefit payable over the member's life but is guaranteed for a period of 10 years. In the event the member should die within 10 years after the retirement date, the benefit continues to the named beneficiary for the balance of the 10 years.

-Option 7 - Board Discretion

This option is at the Pension Board's discretion and is a payment of a benefit in a form other than those set forth above. The payment in other form must be the actuarial equivalent of the benefit otherwise payable. A member requesting this option is responsible for all expenses incurred in the application for and calculation of the benefit.

Benefits of $178.6 million and $187.5 million were paid in 2012 and 2011, respectively, including periodic pension payments of $156.9 million and $148.7 million, respectively, and backdrop lump sum pension payments of $21.7 million and $38.8 million in 2012 and 2011, respectively.

(2) Summary of Significant Accounting Policies

GASB Statement No. 50

The Retirement System follows the provisions of Governmental Accounting Standards Board ("GASB") 50. GASB 50 requires that information about the funded status of the pension plan as of the most recent actuarial valuation be disclosed in notes to the financial statements. Additionally, GASB 50 requires disclosure of information about actuarial methods and assumptions used in valuations on which reported information about the ARC and the funded status and progress are based. The required schedules of funding progress immediately following the notes to the financial statements present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Basis of Accounting –

The accompanying financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed and expenses are recorded when the corresponding liabilities are incurred. Benefits payments to members are recognized in the period in which the payment was due to the member.

Investments –

Investments, primarily stocks, bonds, certain government loans and mortgage-backed certificates, are stated at quoted fair value. Temporary cash investments are valued at cost, which approximates fair value. Investments in venture capital partnerships, real estate, long/short hedge and infrastructure are valued at estimated fair value, as provided by the Retirement System's investment managers. Investment transactions are recorded on the trade date. Realized gains and losses are computed based on the average cost method. Unrealized gains and losses in the fair value of investments represent the net change in the fair value of the investments held during the period.

A summary of investments at cost is as follows:

	As of December 31,	
	2012	2011
Fixed income	$ 402,014,596	$ 430,833,718
Domestic common and preferred stocks	325,997,725	337,378,429
International common and preferred stocks	330,485,161	384,780,428
Long/Short hedge funds	168,928,375	172,331,502
Infrastructure	106,272,807	117,296,786
Real estate and REIT's	107,788,941	100,538,400
Private equity	50,130,065	29,220,641
Cash & cash equivalents	56,933,710	84,107,638
Total investments at cost	$ 1,548,551,381	$ 1,656,487,542

Valuation of International Securities –

Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts on the date of valuation. Purchases and sales of securities and income items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

Software Development Costs –

Capitalized software development costs represent direct costs related to the development and implementation of software programs utilized in the Retirement System. The amounts are being amortized over ten years using the straight-line method. Amortization expense is included in Administrative Expenses in the accompanying Statement of Changes in Plan Net Position.

	As of December 31, (in thousands of dollars)	
	2012	2011
Software development costs		
Beginning balance	$ 7,853	$ 7,174
Acquisitions	358	679
Ending Balance	$ 8,211	$ 7,853
Accumulated amortization		
Beginning balance	$ 1,864	$ 1,145
Amortization expense	795	719
Ending Balance	$ 2,659	$ 1,864
Software development costs, net	$ 5,552	$ 5,989

Expenses –

Administrative expenses incurred by the County related to the Retirement System are payable by the Retirement System to the County. Such expenses totaled $1,187,236 and $1,548,921 in 2012 and 2011, respectively.

Use of Estimates –

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification –

Certain 2011 amounts have been reclassified to conform to classifications adopted in 2012.

New Accounting Standards –

In June 2011, the Government Accounting Standards Board issued Statement No. 63 - "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards did not included guidance for these elements, which are distinct from assets and liabilities. The Retirement System implemented this standard effective on January 1, 2012.

In June 2012, the GASB approved GASB Statement No. 67 ("GASB 67"), "Financial Reporting for Pension Plans", which revises existing guidance for the financial reports of most pension plans.

GASB 67 replaces the requirements of GASB Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans", and GASB Statement No. 50, "Pension Disclosures", as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. GASB 67 builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. GASB 67 enhances note disclosures and required supplementary information for both defined benefit and defined contribution pension plans. GASB 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year required supplementary information schedules. The provisions in GASB 67 are effective for financial reporting for periods beginning after June 15, 2013. The Board has not yet determined the impact that GASB 67 will have on the financial statements.

(3) Income Taxes –

Management has submitted to the Internal Revenue Service, as part of a Voluntary Compliance Program, any compliance issues that have been discovered through a self-administered review where the provisions contained in the Internal Revenue Code, the County Pension Ordinances or Pension Rules differ from actual practice. Management is waiting for a response from the Internal Revenue Service regarding what action will be required to bring the pension system into compliance in all of its practices in order to maintain its tax-qualified status.

(4) Contributions Required and Contributions Made –

The Retirement System's funding policy provides for periodic County contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Payroll contribution rates are determined using the Aggregate Entry Age Normal method of funding. The Retirement System also uses the level percentage of payroll method to amortize the unfunded liability over a 30 year period. The significant actuarial assumptions used to compute the contribution requirements are the same as those used to compute the pension benefit obligation.

County contributions totaling $18,410,496 and $28,275,594 were recorded in 2012 and 2011, respectively. The 2012 and 2011 contributions were $2,575,955 and $4,781,364 above the Funding Contribution Amount ("FCA"), respectively. The County contributions do not include contributions made by the members. Member contributions were $9,040,652 for the year ended December 31, 2012 and $3,313,807 for the year ended December 31, 2011. This large increase was caused by changes in County Ordinances and State Statutes. By the end of 2012, most County employees were required to make pension contributions for the full year. See the Schedule of Employer and Other Contributions in the Required Supplementary Information.

The 2012 and 2011 contributions reflected in the accompanying statements were actuarially determined as of January 1, 2011 and 2010. These amounts were included in the County's 2012 and 2011 budgets. The Retirement System's financial statements as of December 31, 2012 and 2011 reflected the unpaid portion of the 2013 and 2012 contributions as a contribution receivable.

Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 8.0%, compounded annually in 2012 and 2011, (b) projected payroll growth increases averaging 3.5% per year compounded annually in 2012 and 2011, attributed to inflation, seniority and merit, and (c) post-retirement benefit increases of 2.0% per year for both 2012 and 2011.

(5) Deposit and Investment Risk Disclosure –

As provided by state legislative act and County Ordinance, the Board has exclusive control and management responsibility of the Retirement System's funds and full power to invest the funds. In exercising its fiduciary responsibility, the Board is governed by the "prudent person" rule in establishing investment policy. The "prudent person" rule, requires the exercise of that degree of judgment, skill and care under the circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to permanent disposition of their funds, considering the probable income as well as the probable safety of the principal. The Board has adopted a Statement of Investment Policy to formally document investment objectives and responsibilities. This policy establishes guidelines for permissible investments of the Retirement System. The Retirement System's investments are subject to various risks. Among them are credit risk, concentration of credit risk, custodial credit risk, interest rate risk, and foreign currency risk. Each of these risks is discussed in more detail below.

Concentration of Credit Risk –

Concentration of credit risk is a risk of loss that may be attributed to the magnitude of the Retirement System's investment in a single issuer, generally investments in any one issuer that represents five (5) percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this definition. The Retirement System has no investments in one issuer other than U.S. Government securities and mutual funds that exceed five (5) percent of the total investments.

Credit Risk –

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's Investors Services ("Moody's"), Standard and Poor's ("S & P") and Fitch Ratings ("Fitch's"). With the exception of the Mellon Capital Management Aggregate Bond portfolio, bonds purchased and owned in each portfolio must have a minimum quality rating of "Baa3" (Moody's) or "BBB-"(S & P or Fitch's). The average quality of each portfolio must be "A" or better. The fixed income securities for the Mellon Capital Management Aggregate Bond portfolio should have a minimum quality rating of "A", with the exception of 15% of the portfolio which may have a minimum quality rating of "BBB". Of the $17.0 million not rated by Moody's as of December 31, 2012, $14.1 million is rated by S & P as investment grade ("BBB-" or higher). Moody's quality rating of "BAA3" or above is considered investment grade. As of December 31, 2012, $2.6 million was not rated by S & P or Moody's. Of the $15.8 million not rated by Moody's as of December 31, 2011, $15.0 million was rated by S & P as investment grade. $0.8 million was also not rated by S & P as of December 31, 2011. The credit quality ratings of investments in fixed income securities by Moody's as of December 31, 2012, and 2011, are as follows: (amounts are in thousands of dollars)

Moody's Quality Ratings	12/31/2012 Fair Value	12/31/2011 Fair Value
AAA	$143,959	$14,175
AA1	1,161	1,849
AA2	5,049	6,179
AA3	5,571	5,629
A1	9,390	10,520
A2	11,619	10,489
A3	12,335	11,445
BAA1	13,321	11,355
BAA2	13,841	9,446
BAA3	5,172	4,418
BA1	527	526
BA2	1,427	993
BA3	654	388
B1	1,212	796
B2	-	155
B3	504	703
CAA1	128	-
CAA2	311	224
CAA3	193	193
CA	532	511
NR	17,022	15,821
Total Credit Risk Fixed Income Securities	**$243,928**	**$105,815**
U.S. Government and Agencies	86,928	208,904
Units of Participation (Not Rated)	114,643	158,238
Total Investment in Fixed Income	**$445,499**	**$472,957**

Custodial Credit Risk – Deposits and Investments

Custodial credit risk is the risk that, in the event a financial institution or counterparty fails, the Retirement System will not be able to recover the value of its deposits, investments or securities. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the Retirement System's name and are held by the counterparty.

No formal policy exists on custodial risk. However, substantially all assets of the Retirement System are held in its name. The Retirement System did not own any repurchase agreements as of December 31, 2012 or December 31, 2011.

As of December 31, 2012 and 2011, all deposits with banks are fully insured by the Federal Depository Insurance Corporation or the State Deposit Guarantee Fund.

The following table presents the Retirement System's total cash, deposits and cash equivalents as of December 31, 2012 and 2011: (amounts are in thousands of dollars)

Schedule of Cash and Cash Equivalent Investments

	12/31/12		12/31/11	
	Carrying Value	Bank Balance	Carrying Value	Bank Balance
Cash held by various investment managers..	$55,239	$55,237	$81,712	$81,712
Deposits with banks.....	1,695	2,433	2,396	3,967
Total Deposits.....	**$56,934**	**$57,670**	**$84,108**	**$85,679**

The difference between the carrying value and bank balances are due to outstanding checks and deposits not yet processed by the bank.

Foreign Currency Risk –

Foreign currency risk is the risk that changes in currency exchange rates will adversely affect the fair value of an investment or deposit.

This footnote is a required disclosure when the Retirement System directly owns investments denominated in a foreign currency. As of December 31, 2012, and 2011, the Retirement System directly owned less than $2,000 and $1,000 in investments denominated in foreign currencies, respectively.

Interest Rate Risk –

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Duration is a measure of an investment's sensitivity to changes in interest rates. The higher the duration, the greater the changes in fair value when interest rates change. The Option-Adjusted Duration for a security is the percentage price sensitivity to interest rates changes of 100 basis points (or 1.0%), as of December 31, 2012 and 2011. For example, an Option-Adjusted Duration of 5.20 means that the price of the security should fall approximately 5.20% for a 1.0% rise in the level of interest rates. Conversely, the price of a security should rise approximately 5.20% for a 1.0% fall in the level of interest rates. Interest rate changes will affect securities with negative durations in the opposite direction. The Option-Adjusted Duration method of measuring duration takes into effect the embedded options on cash flows.

The Retirement System does not have a formal investment policy that limits investment maturities as a means of managing exposure to losses arising from increasing interest rates with the exception of the cash equivalent portfolio. The investment policy limits the duration of individual securities held in the cash equivalent portfolio to 2.5 years. In addition, the duration of the entire cash equivalent portfolio should be between 1 and 2 years.

As of December 31, 2012 and 2011, the Retirement System had the following Option-Adjusted Durations for the fixed income investments: (amounts are in thousands of dollars)

	12/31/12		12/31/11	
Fixed Income Sector	**Fair Value***	**Option Adjusted Duration**	**Fair Value***	**Option Adjusted Duration**
ABS-Car Loan	$ 4,903	1.28	$ 2,709	0.41
ABS-Equipment	553	0.46	1,039	1.28
ABS-Home Equity	2,016	0.12	1,944	0.33
Aerospace & Defense	187	5.18	247	4.41
Agency for Int'l. Devel. Backed Debt	955	4.62	921	5.58
Automobiles & Components	222	6.22	187	4.49
Banking & Finance	24,691	4.14	21,365	4.35
BSDT Reserve Deposit Accts.	1,490	0.08	802	0.08
Canadian Government Bonds	597	3.21	105	2.94
Capital Goods	77	7.46	257	3.06
Chemicals	1,524	7.82	1,592	5.56
CMO - Conduit	12,565	2.62	10,253	2.81
CMO-U.S. Agencies	10,041	3.66	7,659	2.25
Collateralized Mortgage Oblig.	-	0.00	1,508	1.53
Commercial Services & Supp.	-	0.00	109	5.03
Commingled Fds Cash Equiv.	49,233	0.08	75,721	0.08
FHLMC Multiclass	35,637	1.89	38,708	1.26
FHLMC Pools	9,448	2.20	10,149	1.97
FNMA Pools	27,038	3.08	27,938	2.66
FNMA REMIC	39,587	2.28	39,293	1.92
Food Beverage & Tobacco	1,114	5.86	742	6.67
Food Products	1,474	5.97	1,568	5.78
GNMA Multi Family Pools	1,888	2.03	2,684	1.65
GNMA Single Family Pools	856	1.30	1,166	1.25
Health Care	683	11.21	337	8.09
Household Products	109	4.00	13	5.54
Industrial	533	5.74	438	5.28
Insurance	1,760	5.28	1,319	4.32
MBS PO - Principal Only (US Agencies)	259	18.42	-	0.00
Materials	39	3.36	72	4.21
Mining	896	4.88	302	6.39
News/Media	2,912	6.83	2,252	7.27
Non-US Corporate Bonds	-	0.00	3,665	4.96
Non-US Corporate P.P.	-	0.00	1,513	3.26
Non-US Government Bonds	172	17.84	95	13.41
Oil & Gas	4,458	6.90	2,277	6.98
Other Corporate Bonds	363	3.71	108	6.95
Other Government Obligations	-	0.00	658	7.96
Private Placements - ABS	1,383	0.47	301	0.20
Private Placements - MBS	2,914	2.88	864	0.05
Pvt Placements-More than 1 yr	10,977	4.61	7,802	4.05
Retail	1,127	10.48	1,103	10.03
Supranational Issues	196	2.84	189	3.66
Taxable Municipals	942	17.06	710	14.50
Technology	2,632	5.87	2,670	6.15
Transportation	2,071	7.35	1,782	7.82
Treasury Bills - Less Than 1 Yr	2,694	0.41	5,178	0.49
U.S. Agencies	9,818	6.27	4,911	5.20
U.S. Governments	48,921	5.92	75,428	6.58
U.S. Governments Interest Only	27,929	6.91	-	0.00
Utility-Electric	5,614	6.77	5,157	6.09
Utility-Gas	801	6.89	638	6.80
Utility-Other	257	4.22	250	4.90
Utility-Telephone	4,249	7.64	3,249	7.97
Whole Loan - CMO	16,544	0.70	20,975	0.47
Whole Loan - Re-securitization	863	0.04	462	0.02
Yankee Bonds	1,776	6.69	1,367	6.21
Other*	118,929		159,907	
Total	**$ 498,917**		**$ 554,658**	

* For 2012, this represents $114,643 units of participation, $1,763 in FNMA Pools, $1,602 in FHLMC Multiclass, $728 in Private Placements, and $193 in Whole Loans. For 2011, this represents $158,238 in units of participation, $56 in ABS - Home Equity, $712 in FHLMC Multiclass, $592 in Utility - Telephone, and $309 in Whole Loan CMO.

Securities Lending –

Section 201.24 (9.1) of the General Ordinances of Milwaukee County and Board policies permit ERS to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. ERS participates in such a securities lending program through its custodian, the Bank of New York Mellon, acting as ERS's securities lending agent. ERS requires collateral from the borrower in the form of cash or securities. Collateral for domestic issues is set at 102% of the fair value of the securities loaned at the time of the initial transaction. If the value falls to 100% of the fair value of the securities loaned, additional collateral is obtained to reestablish collateral at 102% of the fair value of securities loaned. Collateral for international securities is maintained at a level of 105% of the fair value of securities loaned at all times. The securities lending program guidelines attempt to preserve capital while earning a moderate rate of return. Earnings from securities lending, after all fees are paid, are split on a percentage basis with the custodian. For 2012 and 2011, the net investment income realized from security lending was $121,217 and $154,234 respectively.

ERS also invested in several commingled funds managed by Mellon Capital Management that participated in securities lending programs. The earnings and losses attributable to the commingled funds' securities lending programs are combined with the commingled funds' performance and are not reported separately in ERS's financial statements.

Securities loaned and the collateral held were as follows: (amounts are in thousands of dollars)

	As of December 31			
	2012		2011	
Securities Lent for Cash Collateral	**Securities Lent**	**Collateral**	**Securities Lent**	**Collateral**
Fixed income	$ 8,582	$ 8,783	$ 10,538	$ 10,740
Domestic stocks	11,127	11,238	46,233	47,759
Subtotal	19,709	20,021	56,771	58,499
Securities Lent for Securities Collateral				
Fixed income	32,233	32,938	7,828	7,993
Domestic stocks	2,646	2,652	-	-
Subtotal	34,879	35,590	7,828	7,993
Grand Total	$ 54,588	$ 55,611	$ 64,599	$ 66,492
Percent Collateral to Securities Loaned		101.87%		102.93%

The collateral received from securities lending transactions are recorded as assets at quoted fair value of the financial statement date. The Retirement System records an identical amount as a liability, representing the obligation of the Retirement System to return the collateral at the time the borrower of the Retirement System's securities return those securities.

The collateral received from securities lending transactions includes cash of $20,021 and $58,499, and U.S. Treasury securities, Domestic stocks, and REIT's of $35,590 and $7,993 for the years ended December 31, 2012 and 2011, respectively. Under the terms of the securities lending agreement, the Retirement System has the right to sell or pledge the cash collateral. The non-cash collateral in the amounts of $35,590 and $7,993 for the years ended December 31, 2012 and 2011, respectively, is controlled by the custodian and, correspondingly, not reflected in the Statement of Plan Net Position.

At year-end, the Retirement System has no credit risk exposure to borrowers because the amounts the Retirement System owes the borrowers exceed the amounts the borrowers owe the Retirement System. The contract with the Retirement System's custodian requires it to indemnify the Retirement System if a borrower fails to return the securities (and if the collateral is inadequate to replace the securities lent) or fails to pay the Retirement System for income distributions by the securities' issuers while the securities are on loan.

(6) Financial Instruments with Off-Balance Sheet Risks –

A currency forward is a contractual agreement between two parties to pay or receive amounts of foreign currency at a future date in exchange for another currency at an agreed-upon exchange rate. Forward commitments are entered into with the foreign exchange department of a bank located in a major money market. These transactions are entered into in order to hedge risks from exposure to foreign currency rate fluctuations. Recognition of realized gain or loss depends on whether the

currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the Retirement System records the amount receivable or payable at fair value, with the unrealized gain or loss reported as a component of net appreciation in fair value. All contracts are short-term in duration and mature within 90 days.

The Retirement System did not hold any financial instruments with off-balance sheet risk as of December 31, 2012 and December 31, 2011.

ERS invests in financial futures contracts in order to improve the performance of the fund. The Retirement System purchases contracts that approximate the amount of cash held by US equity investment managers and cash used to pay benefits and expenses. Financial futures contracts are agreements to buy or sell a specified amount at a specified delivery or maturity date for an agreed upon price.

The market values of the futures contracts vary from the original contract price. A gain or loss is recognized and paid to or received from the clearinghouse. Financial futures represent an off balance sheet obligation, as there are no balance sheet assets or liabilities associated with those contracts. The cash or securities to meet these obligations are held in the investment portfolio. All contracts are short-term in duration and mature within 90 days.

ERS is subject to credit risk in the event of non-performance by counter parties to financial futures and forward contracts. ERS generally only enters into transactions with credit-worthy institutions. The Retirement System is exposed to market risk, the risk that future changes in market conditions may make an instrument less valuable. Exposure to market risk is managed in accordance with risk limits set by ERS management and by buying or selling futures or forward contracts. The cash or securities to meet these obligations are held in the investment portfolio.

The futures contracts held by the Retirement System are as follows: (amounts are in thousands of dollars)

	As of December 31			As of December 31	
	2012	2011		2012	2011
			Cash Used to Pay Benefits		
US Equity Managers			**and Expenses**		
Cash Held			Cash Held	$ 17,750	$ 65,486
US Equity Investment Managers	$ 14,131	$ 13,545			
			Futures Purchased		
			Barclays AGG (Fixed Income)	7,813	26,437
Futures Purchased			S&P 500 (US Equity)	6,745	25,115
S&P 500(US Equity)	14,343	13,278	MSCI EAFE (International Equity)	3,160	11,909
Futures Above\(Below) Cash	212	(267)	TotalFutures Purchased	17,718	63,461
			Futures Above\(Below) Cash	(32)	(2,025)
Market Value	$ 68	$ 226	Market Value	14	778
			Total Market Value	$ 82	$ 1,004

(7) Commitments and Contingencies –

The Retirement System is involved in litigation and certain other disputes arising during the normal course of operations. Management does not believe the settlement of such matters will have a material impact on the Retirement System's financial statements.

(8) OBRA 1990 Retirement System of the County of Milwaukee –

The County established the OBRA 1990 Retirement System of the County of Milwaukee ("OBRA") to cover seasonal and certain temporary employees who are not enrolled in the Retirement System. Assets of the OBRA system are commingled for investment purposes with the assets of the Retirement System. The assets of the Retirement System are legally available to pay benefits of either the ERS or OBRA and all assets have been commingled. The Retirement System and OBRA are considered a single plan for financial reporting purposes.

Net assets identified for OBRA benefits as of December 31, 2012 and 2011, were as follows:

Statement of Plan Net Position	(Unaudited)	
Assets	**2012**	**2011**
Cash	$ 682	$ 60,700
Assets held by Retirement System	1,631,303	1,482,752
Other Assets	29,621	28,648
Total assets	1,661,606	1,572,100
Liabilities		
Taxes Payable	-	40,521
Total liabilities	-	40,521
Net position held in trust for pension benefits	$ 1,661,606	$ 1,531,579

Changes in plan net position available for benefits for OBRA for the years ended December 31, 2012 and 2011, were as follows:

Statement of Change in Plan Net Position	(Unaudited)	
	2012	**2011**
Contributions from the County	$ 880,000	$ 2,022,000
Investment income (loss)	150,023	(56,201)
Investment and administrative expenses	(504,825)	(691,775)
Benefits paid	(395,170)	(1,144,670)
Net increase in net position available for benefits	$ 130,028	$ 129,354

As of December 31, 2012 and 2011, respectively, there were 3,280 and 3,502 participants with vested benefits in OBRA. The actuarial accrued liability of OBRA at December 31, 2012 and 2011, was $2,868,585 and $2,444,436, respectively, leaving net assets available less than the actuarial accrued liability of ($1,206,978) and ($1,208,911), respectively. These amounts are not reflected in the required supplementary information tables that follow the notes to the financial statements.

(9) Funded Status and Actuarial Information

The Retirement System engages an independent actuarial firm to perform an annual actuarial valuation. The funded status of the Retirement System as of January 1, 2013, the most recent actuarial valuation date, is as follows: (dollar amounts in thousands)

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
$1,768,435	$2,025,319	$256,884	87.3%	$189,132	135.8%

The schedule of funding progress, presented as required supplementary information (RSI) immediately following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of the plan assets are increasing or decreasing over time relative to the AALs for benefits.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates about the future. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. These calculations reflect long-term perspectives and use techniques that are designed to reduce short-term volatility.

Following is a listing of the actuarial method and significant assumptions used to determine the Annual Required Contribution (ARC) for the current year:

Valuation date	1/1/2013
Actuarial cost method	Aggregate Entry Age Normal
Asset valuation method	10-year smoothed market
Amortization methods:	
Contribution variance	Level dollar, closed
Administrative expenses	Level dollar, closed
All other unfunded liability	Level percent of payroll, closed
Remaining amortization periods:	
Contribution variance	5 years
Administrative expenses	10 years
All other unfunded liability	30 years
Actuarial Assumptions:	
Investment rate of return	8.00%
Projected salary increases	3.50%
Post-retirement benefit increases	2%, simple

(10) Subsequent Events

The Retirement System has evaluated subsequent events occurring through July 26, 2013, the date the financial statements were available to be issued for events requiring recording or disclosure in the Retirement System's financial statements. Management feels that no material events occurred that would require disclosure.

Required Supplementary Information
Schedule of Funding Progress
(in thousands of dollars)

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liabililty- AAL (b)	Funded Ratio (a/b)	(Overfunded) Unfunded AAL - (UAAL) (b-a)	Covered Payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
12/31/2012	$1,768,435	$2,025,319	87.3%	$ 256,884	$189,132	135.8%
12/31/2011	1,836,543	2,059,554	89.2%	223,011	190,748	116.9%
12/31/2010	1,929,428	2,091,927	92.2%	162,499	221,647	73.3%
12/31/2009	1,956,444	2,097,332	93.3%	140,888	237,040	59.4%
12/31/2008 *	1,968,518	2,057,377	95.7%	88,859	233,820	38.0%
12/31/2007	1,627,288	2,024,923	80.4%	397,635	227,364	174.9%

*Includes the anticipated impact from the $397.8 million in pension obligation bonds that was actually received by the plan during plan year 2009.

Analysis of the dollar amounts of plan net position, actuarial accrued liability, and unfunded (overfunded) actuarial accrued liability in isolation can be misleading. Expressing plan net position as a percentage of the actuarial accrued liability provides one indication of the Retirement System's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the Retirement System is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Retirement System. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids the analysis of the Retirement System's progress in accumulating sufficient assets to pay benefits when due. Generally speaking, the smaller this percentage, (or the larger the percentage if negative), the stronger the Retirement System.

Schedule of Employer and Other Contributions for the Year Ended December 31,

Fiscal Year	Employees Contribution	County Contribution	Annual Required Contribution (ARC)	Percentage Contributed
2012	$9,040,652	$18,410,496	$28,406,232	96.6%
2011	3,313,807	28,275,594	29,621,216	106.3%
2010	75,584	32,893,562	29,529,322	106.0%
2009	131,766	457,789,154	30,355,535	1,508.1%*
2008	140,209	34,840,886	53,063,610	65.7%
2007	344,782	49,291,072	52,395,263	94.1%

*Actual contribution includes $397.8 million in pension obligation bonds and $29.0 million from a lawsuit settlement.

(See independent auditors' report)

Notes to Required Supplementary Information

(1) Description –

The historical trend information is presented as required supplementary information. This information is intended to help users assess the Retirement System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

(2) Actuarial Assumptions and Methods –

The information presented in the required supplementary schedules was determined as part of the actuarial valuations as of January 1, 2013, for the plan year ending December 31, 2012. The actuarial valuations consider the changes effective January 1, 2013. Additional information as of the latest actuarial valuation follows:

Valuation date	1/1/2013
Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level percent of payroll, closed
Asset Valuation Method	10 year smoothing of difference between total expected return versus actual return
Actuarial Assumptions:	
Post retirement benefit increase (COLA)	2% of original pension benefits
Investment rate of return*	8.0%
Projected payroll growth*	3.5%
Mortality	Sex-distinct UP—1994 Mortality Table with projection scale AA to 2012 then fully generational thereafter using Scale AA (70% of the rates application to healthy pensioners) RP 2000 Disabled Mortality Table (for disabled pensioners)
*includes inflation at 3.0%	

(3) Significant Factors Affecting Trends in Actuarial Information –

The changes regarding the increases in the Annual Compensation limit and the Annual benefit limit for years 2009-2013 are subject to the passage of the Ordinance Amendments by the County Board.

2013 Changes in Plan Provisions or Actuarial Assumptions since Prior Year –

- Effective with backdrop dates on or after April 1, 2013, the monthly drop benefit shall be based on the salary, service, and multipliers as of April 1, 2013, except for Elected Officials, Building and Trades, Machinists, Federated Nurses, and Firefighters.
- The asset method used by the actuary was changed from a five-year moving market average to a ten-year moving market, with the actuarial value set to market as of 1/1/13.
- The disability assumption used for represented employees was changed to 50% Ordinary and 50% Accidental. The disability assumption for non-represented employees was changed to 100% Ordinary and 0% Accidental.
- The individual salary increase for general employees was changed to an average of 3.3% per annum, for elected officials the individual salary increase was changed to 3.0% per annum and for deputy sheriffs the individual salary increase was changed to 4.3% per annum.

2012 Changes in Plan Provisions or Actuarial Assumptions since Prior Year –

- During 2012, the retirement age for Building and Trades and Nurses members for new hires was increased from 60 to 64.
- During 2012, the multiplier was reduced from 2.0% to 1.6% for Building and Trades, and Nurses.
- During 2011, the retirement age for DC 48 members for new hires was increased from 60 to 64.
- During 2011, the multiplier was reduced from 2.0% to 1.6% for DC 48 members.

- Increased annual compensation limit to $250,000.
- Increased annual benefit limit to $200,000.

2011 Changes in Plan Provisions or Actuarial Assumptions since Prior Year -

- During 2010, the multiplier was reduced from 2.0% to 1.6% for Elected Officials, Attorneys, Machinists, and TEAMCO members.
- During 2010, the retirement age for attorneys, Machinists and TEAMCO members for new hires was increased from 60 to 64.

2010 Changes in Plan Provisions or Actuarial Assumptions since Prior Year -

- Multiplier was reduced from 2.0% to 1.6% for non-represented employees, except Elected Officials and Deputy Sheriffs.
- Retirement age for non-represented new hires was increased from 60 to 64.

2009 Changes in Plan Provisions or Actuarial Assumptions since Prior Year -

- Increased annual compensation limit to $245,000.
- Increased annual benefit limit to $195,000.

(See independent auditors' report)

TEN-YEAR HISTORICAL TREND INFORMATION

REVENUES BY SOURCE AND EXPENSES BY TYPE

(UNAUDITED)

Revenues by Source

Fiscal Year	Participant Contributions(1a)	County Contributions (1b)	Investment Income (Loss)(2)	Total
2012	$9,040,652	$18,410,496	$186,091,377	$213,542,525
2011	3,313,807	28,275,594	11,186,780	42,776,181
2010	75,584	32,893,562	210,905,464	243,874,610
2009	131,766	457,789,154	319,997,171	777,918,091
2008	140,209	34,840,886	(352,108,625)	(317,127,530)
2007	344,782	49,291,072	106,442,068	156,077,922
2006	545,258	27,435,154	207,804,929	235,785,341
2005	360,283	35,415,185	128,528,748	164,304,216
2004	711,322	35,143,178	188,633,703	224,488,203
2003	704,758	33,980,592	292,669,096	327,354,446

Expenses by Type

Fiscal Year	Benefits(3)	Investment and Administrative Expenses (4)	Withdrawals	Total
2012	$178,557,030	$8,445,509	$212,245	$187,214,784
2011	187,460,030	8,305,984	70,123	195,836,137
2010	162,664,454	8,445,062	138,136	171,247,652
2009	145,306,937	7,846,655	38,583	153,192,175
2008	144,160,665	7,385,443	23,557	151,569,665
2007	139,990,962	7,715,976	56,626	147,763,564
2006	130,730,539	6,622,923	13,571	137,367,033
2005	148,307,335	6,294,816	36,963	154,639,114
2004	161,368,700	6,302,951	154,522	167,826,173
2003	111,109,514	5,662,380	12,999	116,784,893

FOOTNOTES ARE IN THOUSANDS OF DOLLARS

(1a) Participant contributions are calculated by the actuary and are a percentage of the employees' pensionable compensation.

(1b) County contributions are set during the County's budget process and are made at the discretion of the County Board.

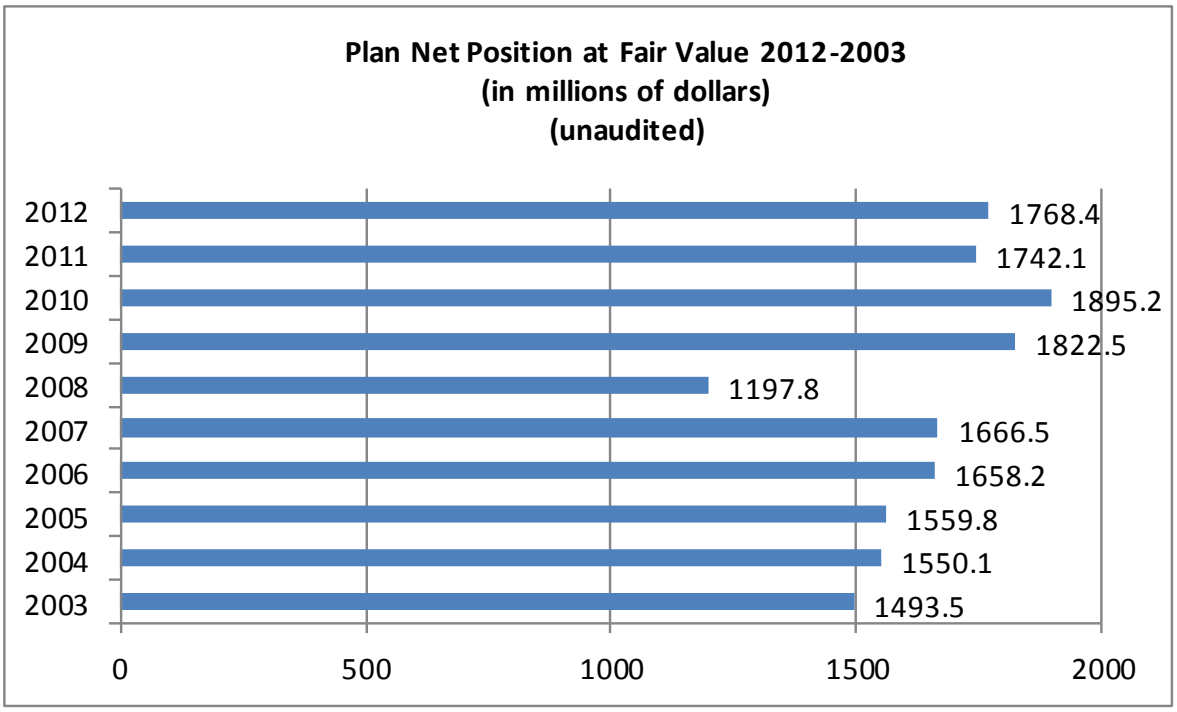
(2) Includes interest and dividends, net appreciation (depreciation) of fair value, net security lending income and other income.

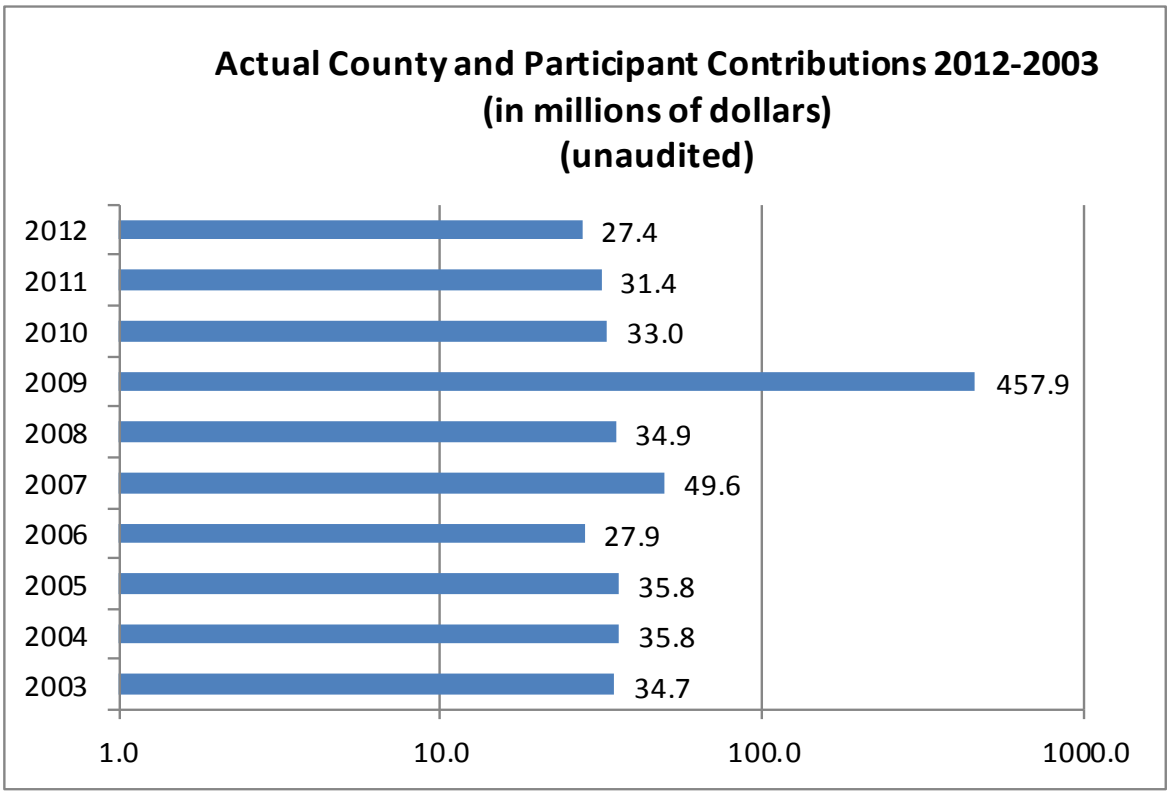
(3) Included in the benefits for 2012, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, and 2003 are back drop lump-sum payments of $ 21.7, $38.8, $20.3, $8.7, $11.2, $10.5, $5.5, $25.7, $55.1, and $11.0 million, respectively.

(4) The increase in investment and administrative expenses of $2,783 during the past ten years was due to increases in the following expenses:

- outside consultants of $609, with most of this increase occurring in 2008 and 2009;
- outside legal fees of $487, due to buyback/buyin issues, RFP preparation, tax issues, and various other legal matters;
- salaries and wages of $550 due primarily to the increase in benefits and increase in staff;
- temporary help of $60 due to unfilled positions and temporary projects;
- computer system expenses of $1,186. The plan started using its new computer system as of 1/1/09. Amortization of $795 and hosting expenses of $295 caused most of this increase

(See independent auditors' report)





(See independent auditors' report)

ACTIVE MEMBERSHIP STATISTICS

(unaudited)

	2012	2011
Members as of January 1	5,313*	5,941
Changes During the Year:		
New enrollments	355	473
Rehires	0	0
Nonvested terminations	(287)	(512)
Retirements	(254)	(557)
Deaths in active service	(6)	(14)
New deferred beneficiaries	0	0
Data adjustments	9	(18)
Members as of December 31	5,130*	5,313

* The total includes vested inactive members of 1,341 and 1,196 as of beginning of the year and end of the year, respectively.

RETIREMENTS AND SURVIVORS STATISTICS (unaudited)

	Retirements Granted								Survivors &	
		Option								
	Maximum Pension	Refund	100%	75%	50%	25%	10-yr.	Other	Benefic-iaries	Total
January 1, 2012	3,125	398	1,345	228	1,089	418	180	50	914	7,747
Changes During the Year:										
Adjustments (actuary)*	38	-	-	-	-	7	3	-	-	48
Retirements	207	-	66	13	27	18	14	-	19	364
Pensioner deaths	(159)	-	(28)	-	(39)	-	-	(1)	(65)	(292)
December 31, 2012	3,211	398	1,383	241	1,077	443	197	49	868	7,867

*Adjustments as a result of reclassifications made to beginning balances by the actuary

(See independent auditors' report)

CONSULTANTS

as of December 31, 2012

Legal Advisors

Milwaukee County
Corporation Counsel
Kimberly Walker

Reinhart, Boerner, Van Deuren S.C.
Steven D. Huff, Secretary of the Pension Board
Milwaukee, Wisconsin

Actuary

Buck Consultants
Chicago, Illinois

Disbursing Agent

County Treasurer

Custodian/Securities Agent

BNY Mellon Asset Servicing
Pittsburgh, Pennsylvania

Medical Board

Columbia St. Mary's
Milwaukee, Wisconsin

Investment Consultant

Marquette Associates, Inc.
Chicago, Illinois

Cash Equitization Manager

BNY Mellon BETA Management
San Francisco, California

Private Equity Managers

Adams Street Partners
Chicago, Illinois

Progress Investment Management Company
San Francisco, California

Siguler Guff & Company, LLC
New York, New York

Long/Short Managers

ABS Investment Management
Greenwich, Connecticut

K2 Advisors
Stamford, Connecticut

U.S. Equity Investment Managers

AQR Capital Management, LLC
Greenwich, Connecticut

Artisan Partners
Milwaukee, Wisconsin

Fiduciary Management Associates, LLC
Chicago, Illinois

Robeco Investment Management
(formerly Boston Partners Asset Management)
Boston, Massachusetts

Mellon Capital Management
Pittsburgh, Pennsylvania

Fixed-Income Investment Managers

JP Morgan Investment Management
Columbus, Ohio

Mellon Capital Management
Pittsburgh, Pennsylvania

International Investment Managers

Barings Asset Management, Inc.
Boston, Massachusetts

Grantham, Mayo, Van Otterloo & Co.
Boston, Massachusetts

Northern Trust Investments
Chicago, Illinois

Real Estate Investment Managers

American Realty Advisors
Glendale, California

Morgan Stanley Real Estate
New York, New York

UBS Realty Investors, LLC
Hartford, Connecticut

Infrastructure Managers

IFM Investment Advisor
New York, New York

JP Morgan Investment Management
New York, New York

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A Xerox Company

Employees' Retirement System of the County of Milwaukee

Actuarial Valuation Report

January 1, 2012

June, 2012

buckconsultants

A Xerox Company

June 28, 2012

The Retirement Board
Employees' Retirement System of the
County of Milwaukee
901 N. 9th St.
Milwaukee, WI 53233

Ladies and Gentlemen:

This report presents the results of the annual actuarial valuation of the Employees' Retirement System of the County of Milwaukee as of January 1, 2012. The valuation takes into account all of the promised benefits to which members are entitled as of January 1, 2012, including pension and survivor benefits; and as required by the Retirement Code is the basis for the Budget Contribution for fiscal year 2013.

The valuation was based on the actuarial assumptions and methods as adopted by the Board of Trustees, including a valuation interest rate of 8% per annum compounded annually. Based on our recommendations in May 2007, the Board adopted revised actuarial assumptions effective with the January 1, 2007 valuation. Minor adjustments in the assumptions and methods were adopted by the Board in 2008 and 2009 as well. The assumptions and methods used in this January 1, 2012 valuation report remain unchanged from the January 1, 2011 valuation report. Plan amendments have been reflected in the valuation since the January 1, 2011 valuation report.
Effective January 1, 2012, the normal retirement age was increased to age 64 for future hires only for DC48, Building Trades and FNHP. The multiplier was decreased from 2.0% to 1.6% for current members' future service and future hires' total service for the DC48, Building Trades and FNHP effective August 1, 2011, January 1, 2012 and January 1, 2012, respectively. Effective January 1, 2011 Elected Officials and Non-Represented employees contributed 2% of compensation. For all Non-Represented employees (other than elected officials), the contribution rate increased to 3% of compensation effective June 12, 2011 and to 4% of compensation effective December 11, 2011. Note that for purposes of the contribution rates shown in the report, these amounts are gross contribution amounts. It is our understanding that County staff will net out the amount of employee contributions that are collected to arrive at a net County contribution.

In our opinion, the actuarial assumptions used are reasonable, taking into account the experience of the Plan and reasonable long-term expectations, and represent our best estimate of the anticipated long-term experience under the Plan. The actuary performs an analysis of Plan experience periodically and recommends changes if, in the opinion of the actuary, assumption changes are needed to more accurately reflect expected future experience. The Experience Study for the period January 1, 2001 to December 31, 2005 was prepared by Buck Consultants and approved by the Board for use beginning with the January 1, 2007 actuarial valuation and will remain in effect for valuation purposes until such time as the Board adopts revised assumptions. The next Experience Study will be based on the period from January 1, 2006 to December 31, 2011 and upon approval by the Board will be the basis of valuations performed from January 1, 2013 through January 1, 2017. Actuarial Standards of Practice now require that the likelihood and extent of future mortality improvements be considered for valuations performed on or after June 30, 2011. We will explore this issue in more detail during the experience review to be conducted before the

123 North Wacker Drive, Suite 1000 • Chicago, IL 60606
312.846.3000 • 312.846.3999 (fax)

January 1, 2013 valuation in accordance with Section 201.24(8.15) of the Ordinance. A summary of the actuarial assumptions and methods used in this actuarial valuation are shown in Table 15.

Assets and Membership Data

The Retirement System reported the individual data for members of the System as of the valuation date to the actuary. For 2012 we received the data in multiple files. We received the counts of members to include in the January 1, 2012 valuation separately from members' benefit information. Missing information was updated with either supplemental information sent or by using assumptions based on the prior year's data. While we did not verify the data at their source, we did perform tests for internal consistency and reasonableness. The amount of assets in the trust fund taken into account in the valuation was based on statements prepared for us by the Retirement System.

Funding Adequacy

The 2011 valuation performed last year resulted in an Actual Funding Contribution of $26,808,037 against which $28,275,624 (adjusted for interest shown on Table 11) and $3,313,807 member contributions were actually contributed. The excess of $4,781,394 will be amortized over five years.

The Actual Funding Contribution for 2012, based on the results of this valuation, is $24,875,193. It is expected that $27,407,519 ($27,407,519 in expected contribution plus $0 interest) will be contributed during 2013 on behalf of the 2012 plan year. The excess contribution of $2,532,326 will be amortized over five years.

Budget Contribution

The 2013 Budget Contribution, expected to be contributed in 2014, is $30,582,000.

Financial Results and Membership Data

Detailed summaries of the financial results of the valuation and membership data used in preparing the valuation are shown in the valuation report. The actuary prepared supporting schedules and required supplementary information included in the County of Milwaukee Annual Report of the Pension Board.

Qualified actuaries completed the valuation in accordance with accepted actuarial procedures as prescribed by the Actuarial Standards Board. The qualified actuaries are members of the American Academy of Actuaries and are experienced in performing actuarial valuations of public employee retirement systems. To the best of our knowledge, this report is complete and accurate and has been prepared in accordance with generally accepted actuarial principles and practice. The undersigned with actuarial designations are qualified to render the opinions contained in this report.

Respectfully submitted,

Larry Langer, ASA, EA, MAAA
Principal, Consulting Actuary

Emily Urbaniak
Consultant, Retirement

LL/EU:pl

EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE
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Executive Summary

This report presents the actuarial valuation as of January 1, 2012 for the Employees' Retirement System of the County of Milwaukee. The principal valuation results include:

- The Actual Funding Contribution for fiscal year 2012, which is $24,875,193.
- The Annual Required Contribution for fiscal year 2012 in accordance with GASB requirements, which is $28,406,232. GASB requires that the unfunded liability be amortized over a period of not more than thirty years. Typically the Annual Required Contribution and the Actual Funding Contribution are the same. Because the effective amortization period of the Actual Funding Contribution is over thirty years, the Annual Required Contribution cannot be the same as the Actual Funding Contribution. We have independently calculated the Annual Required Contribution as the normal cost plus interest plus a thirty year amortization of the unfunded liability.
- The Budget Contribution for fiscal year 2013, which is $30,582,000.
- The total funded ratio of the plan determined as of January 1, 2012, which is 89.2% based on the accrued liability and the actuarial value of assets. On a market value basis, the plan is 84.6% funded.
- The determination of the actuarial gain or loss as of January 1, 2012, which is a loss of $58,347,601.
- Annual disclosure as of January 1, 2012 as required by Statement No. 25 of the Governmental Accounting Standards Board.

The valuation was based on membership and financial data submitted by the Retirement System.

Changes Since Last Year

Legislative and Administrative Changes

No legislative or administrative changes have been adopted since the previous valuation, other than those that are listed below:

- Effective January 1, 2012, the normal retirement age was increased to age 64 for future hires only for DC48, Building Trades and FNHP. The multiplier was decreased from 2.0% to 1.6% for current members' future service and future hires' total service for the DC48, Building Trades and FNHP effective August 1, 2011, January 1, 2012 and January 1, 2012, respectively.

- State mandated contributions were implemented during the past year. Our development of the state mandated contributions can be found on page 16.

Note that for purposes of the contribution rates shown in the report, these amounts are gross contribution amounts. It is our understanding that County staff will net out the amount of employee contributions that are collected to arrive at a net County contribution.

Actuarial Assumptions and Methods

The results of this January 1, 2012 actuarial valuation report are based on the same actuarial assumptions and methods as the January 1, 2011 actuarial valuation. The actuarial assumptions and methods are outlined in Table 15.

Contribution Amounts

The results of the valuation as of January 1, 2012 determine the Actual Funding Contribution and Annual Required Contribution for fiscal year 2012 and the Budget Contribution for fiscal year 2013. The Actual Funding Contribution for fiscal year 2012 is $24,875,193. The Annual Required Contribution for GASB 25 disclosure for fiscal year 2012 is $28,406,232. The Budget Contribution for fiscal year 2013 is $30,582,000. The actual 2012 contribution and budgeted 2013 contribution were based on assumptions and methods as adopted by the Board and participant data as of January 1, 2012.

Reasons for Change in Budget Contribution Calculated by the Actuary

The Budget Contribution calculated by the actuary increased from $30,398,000 for fiscal year 2012 to $30,582,000 for fiscal year 2013. A reconciliation of the increase of $184,000 is shown in the following table:

Item	Amount	
1. 2012 Budget Contribution		$ 30,398,000
2. Increase / (Decrease) during 2010 due to		
a. Unanticipated liability loss (gain)	$ (4,451,000)	
b. Asset experience other than expected	1,747,000	
c. 2011 reimbursable expenses other than assumed	(47,000)	
d. 2011 contribution variance other than assumed	(24,000)	
e. Full recognition of bases other than assumed	(118,000)	
f. Decrease due to plan changes	(2,630,000)	
g. Total		(5,523,000)
3. 2012 Actual Contribution (1 + 2)		$ 24,875,000
4. Expected Increase / (Decrease) during 2012 due to		
a. Normal cost and existing amortization schedule	$ 1,017,000	
b. Phase-in of deferred asset (gains) losses	5,107,000	
c. Amortization of 2012 reimbursable expenses	217,000	
d. Expected contribution variance for 2012	(634,000)	
e. Full recognition of 2001 reimbursable expenses	-	
f. Increase due to plan changes	-	
g. Total		5,707,000
5. 2013 Budget Contribution (3 + 4)		$ 30,582,000

Summary of Principal Results

Summarized below are the principal financial results for the Employees' Retirement System of the County of Milwaukee based upon the actuarial valuation as of January 1, 2012. Comparable results from the January 1, 2011 valuation are also shown.

Item	January 1, 2012	January 1, 2011
Demographics		
Active Members		
• Number	3,972	4,448
• Average Annual Pay	$ 48,023	$ 49,831
Inactive Members		
• Members Receiving Benefits		
• Number	7,747	7,441
• Average Annual Benefit Payment	$ 19,212	$ 19,243
• Members With Deferred Benefits		
• Number	1,341	1,493
• Average Annual Benefit Payment	$ 7,114	$ 6,843
Actual Funding Contribution	**(Fiscal Year 2012)**	**(Fiscal Year 2011)**
• Normal Cost with Interest	$ 14,488,711	$ 19,480,089
• Net Amortization Payments	10,386,482	7,327,948
• Total Contribution	$ 24,875,193	$ 26,808,037
Actuarial Funded Status		
• Accrued Liability	$ 2,059,553,667	$ 2,091,926,651
• Actuarial Value of Assets	1,836,542,926	1,929,427,864
• Unfunded Accrued Liability	$ 223,010,741	$ 162,498,787
• Funded Ratio	89.2 %	92.2 %

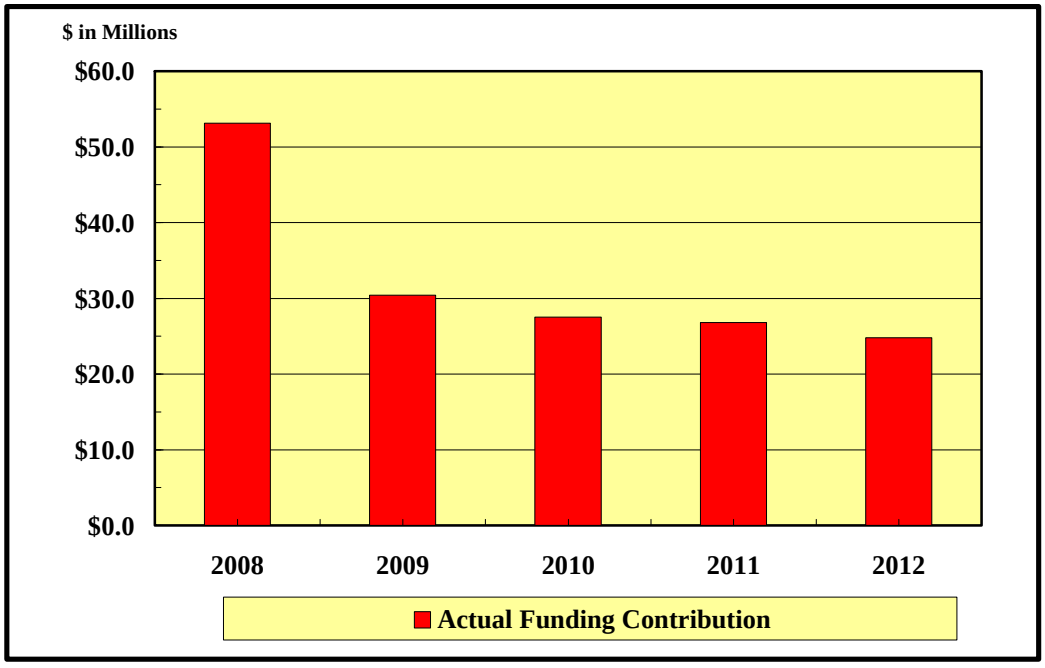
Five-Year History of Principal Financial Results

Five-Year History of Contribution Amounts

Valuation as of January 1	Actual Funding Contributions		
	Normal Cost with Interest	Net Amortization Payments	Total
2012	$ 14,488,711	$ 10,386,482	$ 24,875,193
2011	19,480,089	7,327,948	26,808,037
2010	20,736,844	6,813,146	27,549,990
2009	21,395,539	8,959,996	30,355,535
2008	21,012,737	32,050,873	53,063,610

The following chart shows a five-year history of employer contribution amounts:

Five-Year History of Actual Funding Contributions



Funded Ratio

The financing objective of the System is to:

- Fully fund all current costs based on the normal contribution rate determined under the funding method; and
- Liquidate the unfunded accrued liability based on the amortization schedules as required by the retirement code, i.e., a schedule of 5, 10, or 30 years for each change in the unfunded accrued liability according to Section 3.1.

The total Actual Funding Contribution of $24,875,193, when taken together with the contributions payable by the members and asset returns, is the amount sufficient to achieve the financing objective for 2012.

The System's total funded ratio on the funding basis is measured by comparing the actuarial value of assets (based on a 5-year moving average market value) with the accrued liability. The accrued liability for pensions is the present value of benefits accumulated to date under the System's funding method and reflects future pay increases for active employees.

On this basis, the System's funded ratio is 89.2% as of January 1, 2012. This funded ratio is based on an actuarial value of assets of $1,836,542,926 and an accrued liability of $2,059,553,667.

Reasons for Change in the Total Funded Ratio

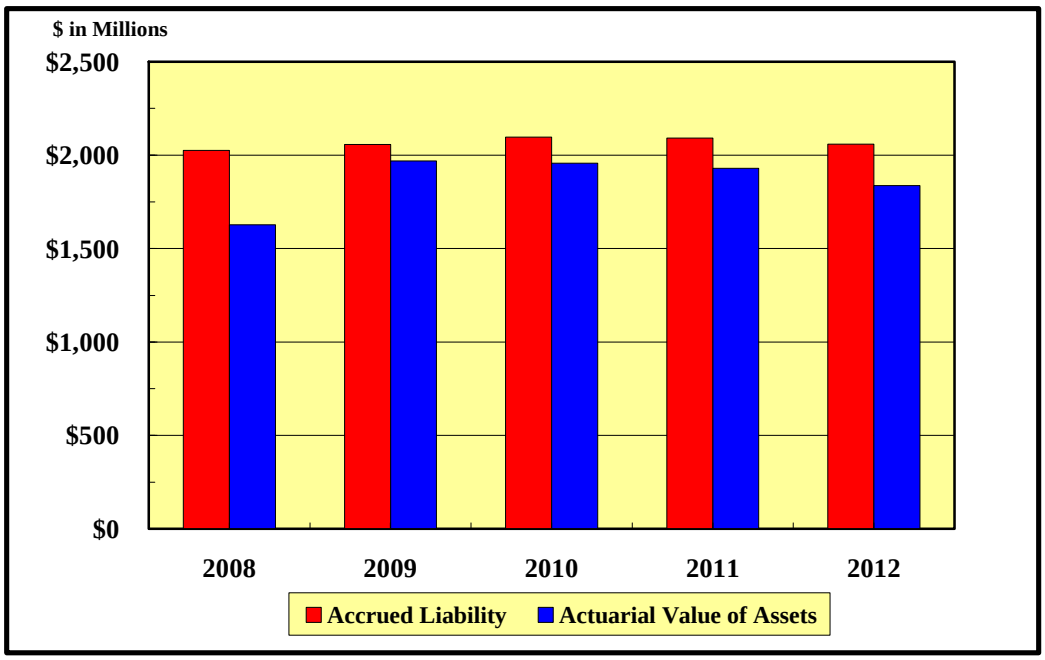
The total funded ratio decreased from 92.2% as of January 1, 2011 to 89.2% as of January 1, 2012. The decrease is due to net recognition of asset losses from calendar years 2008 and 2007. Returns from 2011 were substantially worse than the expected return assumption of 8.0%. Overall liability experience was somewhat better than expected, which helped offset some of the decrease caused by asset experience.

Five-Year History of Total Funded Ratio
($ Amounts in Thousands)

Valuation as of January 1	Accrued Liability	Actuarial Value of Assets	Unfunded Accrued Liability	Funded Ratio
2012	$ 2,059,554	$ 1,836,543	$ 223,011	89.2%
2011	2,091,927	1,929,428	162,499	92.2
2010	2,097,332	1,956,444	140,888	93.3
2009	2,057,377	1,968,518	88,859	95.7
2008	2,024,923	1,627,288	397,635	80.4

The following chart shows a five-year history of the accrued liability and the actuarial value of assets:

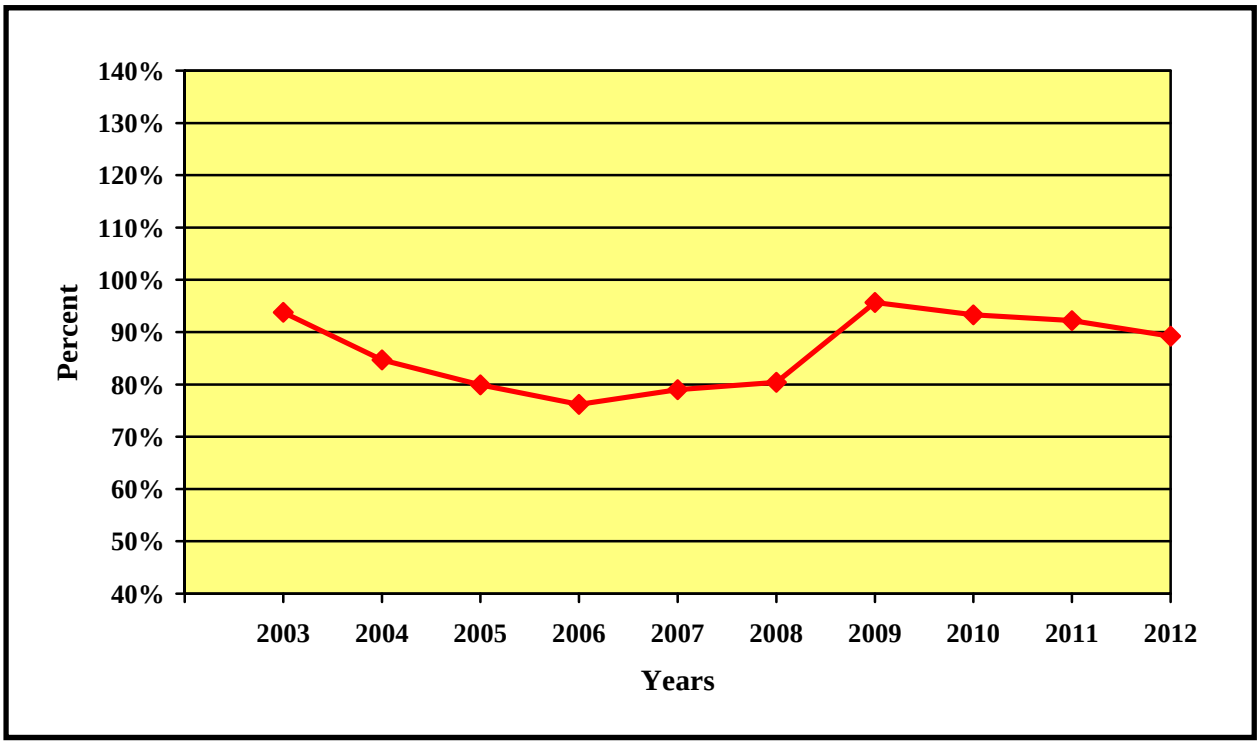
Five-Year History of Accrued Liability and Actuarial Value of Assets



The following chart shows a ten-year history of the total funded ratio:

Ten-Year History of Total Funded Ratio

(2003 - 2012)



GASB No. 25 Disclosure

Statement No. 25 of the Governmental Accounting Standards Board established reporting standards for the annual financial reports of defined benefit pension plans. The System complied with Statement No. 25 beginning with the January 1, 1997 valuation. The statement requires disclosure of the "schedule of funding progress" and the "schedule of employer contributions" in the System's financial statements.

The "schedule of funding progress" shows historical trend information about the System's actuarial value of assets, the actuarial accrued liability and the unfunded actuarial accrued liability. The actuarial funded ratio is measured by comparing the actuarial value of assets (based on a 5-year moving average market value) with the accrued liability. The accrued liability is the present value of benefits accumulated to date under the System's funding method and reflects future pay increases for active employees. On this basis, the System's funded ratio is 89.2% as of January 1, 2012. This funded ratio is based on an actuarial value of assets of $1,836,542,926 and an accrued liability of $2,059,553,667.

The "schedule of employer contributions" shows historical trend information about the annual required contribution (ARC) for pensions of the employer and the percentage of the ARC contributed to the System. The ARC is equal to the normal cost for pensions plus amortization of the unfunded actuarial accrued liability for pensions. The maximum period of amortizing the unfunded actuarial accrued liability permitted by GASB No. 25 is 30 years. The maximum amortization period decreased from 40 years to 30 years in 2007. The employer contributions to the System are equal to the normal cost plus a payment towards each change in the unfunded accrued liability, which are amortized over 5, 10 or 30-year periods, depending on the source of the changes. In 2011 and 2012, the ARC was set at the normal cost plus interest plus a thirty year amortization of the unfunded liability. Please refer to page one of this report for more details. The ARC and the actual employer percentage contributed for the six fiscal years ending December 31, 2012 are shown in Table 14.

Rate of Return

The investment return of the trust fund (i.e. total return including both realized and unrealized gains and losses) for fiscal years 2007 through 2011 is shown in the table below. The return based on the actuarial value of assets used for determining annual contribution rates is also shown.

The rate of return on market value reflects the investment earnings on the market value of assets from the beginning of the fiscal year to the end of the fiscal year. The actuarial assets are the assets recognized for valuation purposes. Actuarial assets are based on a smoothed market value that spreads the difference between the actual and expected return over a period of five years. The rate of return on the actuarial value of assets is a measure of the increase in the actuarial value of assets from the beginning of the fiscal year to the end of the fiscal year. The rates of return shown below have been developed by the actuary for illustrative purposes only. They are based on simplifying assumptions and as such, likely will not exactly match the returns presented by your investment consultants. The reader is encouraged to use the returns developed by the investment consultants.

Five Year History of Asset Returns

As of	Asset Values		Estimated Rates of Return		
12/31	Market	Actuarial	Market	Actuarial	Assumed
2011	$ 1,742,106,887	$ 1,836,542,926	0.2%	3.5%	8.0%
2010	1,895,166,843	1,929,427,864	11.7%	5.5%	8.0%
2009	1,822,539,885	1,956,443,729	20.4%	3.9%	8.0%
2008	1,595,610,970	1,968,518,479	(22.5%)	3.4%	8.0%
2007	1,666,511,165	1,627,287,632	6.3%	13.2%	8.0%
	Compound Rate of Return (five years):		2.1%	5.9%	

TABLE 1

SUMMARY OF RESULTS OF ACTUARIAL VALUATION

Item	January 1, 2012	January 1, 2011
Participant Data		
1. Number of Participants		
a) Active Participants	3,972	4,448
b) Participants with Deferred Benefits	1,341	1,493
c) Participants Receiving Benefits	7,747	7,441
d) Total	13,060	13,382
2. Annualized Salaries	$ 190,747,973	$ 221,647,443
3. Annual Annuities	$ 148,838,576	$ 143,188,151
Valuation Results		
4. Present Value of Future Benefits		
a) Active Participants	$ 634,010,949	$ 770,715,962
b) Participants with Deferred Benefits	64,746,242	69,435,621
c) Participants Receiving Benefits	1,457,267,062	1,379,441,317
d) Total	$ 2,156,024,253	$ 2,219,592,900
5. Present Value of Future Normal Cost	$ 96,470,586	$ 127,666,249
6. Actuarial Accrued Liability: (4 - 5)	$ 2,059,553,667	$ 2,091,926,651
7. Actuarial Value of Assets	$ 1,836,542,926	$ 1,929,427,864
8. Funded Status: (7 / 6)	89.2 %	92.2 %
9. Unfunded Actuarial Accrued Liability: (6 - 7)	$ 223,010,741	$ 162,498,787
10. Normal Cost Rate	7.309 %	8.457 %
11. Normal Cost for the Plan Year	$ 13,941,769	$ 18,744,724
Actual Funding Contribution and Annual Required Contribution for Fiscal Year *		
12. Actual Funding Contribution Calculated by Actuary		
a) Normal Cost with Interest	$ 14,488,711	$ 19,480,089
b) Net Annual Amortization Payments	10,386,482	7,327,948
c) Total Contribution: ((a + b), not less than zero)	$ 24,875,193	$ 26,808,037

* Effective January 1, 2011 Elected Officials and Non-Represented employees contributed 2% of compensation. For all Non-Represented employees (other than elected officials), the contribution rate increased to 3% of compensation effective June 12, 2011 and to 4% of compensation effective December 11, 2011. During 2011, State mandated contributions were implemented. The amounts shown above are gross of member contributions.

TABLE 2

SECURITY OF PROMISED BENEFITS
UNFUNDED ACTUARIAL ACCRUED LIABILITY
FUNDED STATUS

Item	January 1, 2012	January 1, 2011
1. Actuarial Accrued Liability		
a. Active Participants		
Retirement Benefits	$ 500,987,742	$ 602,295,270
Withdrawal Benefits	26,372,313	28,670,953
Disability Benefits	4,111,707	4,795,519
Death Benefits	6,068,601	7,287,971
Total Active	537,540,363	643,049,713
b. Participants with Deferred Benefits	64,746,242	69,435,621
c. Participants Receiving Benefits	1,457,267,062	1,379,441,317
d. Total All Participants	$ 2,059,553,667	$ 2,091,926,651
2. Actuarial Value of Assets	1,836,542,926	1,929,427,864
3. Unfunded Actuarial Accrued Liability (1d - 2)	$ 223,010,741	$ 162,498,787
4. Funded Status: (2 / 1d)	89.2%	92.2%

The interest rate used as of January 1, 2012 and January 1, 2011 was 8.00%

TABLE 3

ACTUARIAL GAIN/(LOSS) FOR PLAN YEAR ENDING

Item	December 31, 2011	December 31, 2010
1. Actuarial Accrued Liability at the Beginning of the Year	$ 2,091,926,651	$ 2,097,332,110
2. Increases/(Decreases) During the Year		
a. Normal Cost for the Year	18,744,724	19,954,037
b. Member Contributions	-	75,583
c. Benefit Payments and Refunds	(187,530,154)	(162,802,590)
d. Assumed Interest to End of Year	160,862,600	162,185,516
e. Plan and Assumption Changes	(275,129)	(227,128)
f. Total: (a + b + c + d + e)	(8,197,959)	19,185,419
3. Expected Liability at the End of the Year: (1 + 2)	2,083,728,692	2,116,517,529
4. Actuarial Accrued Liability at the End of the Year	2,059,553,667	2,091,926,651
5. Liability Gain/(Loss): (3 - 4)	**$ 24,175,025**	**$ 24,590,878**
6. Actuarial Value of Assets at the Beginning of the Year	$ 1,929,427,864	$ 1,956,443,729
7. Increases/(Decreases) During the Year		
a. County Contributions	28,275,594	32,893,562
b. Member Contributions for Service Purchases	3,313,807	75,583
c. Pension Obligation Bond Proceeds	-	-
d. Benefit Payments and Refunds	(187,530,154)	(162,802,590)
e. Administrative Expenses payable to the County	(1,548,921)	(1,310,356)
f. Assumed Interest to End of Year	147,127,362	150,131,785
g. Total: (a + b + c + d + e + f)	(10,362,312)	18,987,984
8. Expected Actuarial Assets at the End of the Year	1,919,065,552	1,975,431,713
9. Actuarial Value of Assets at the End of the Year	1,836,542,926	1,929,427,864
10. Actuarial Asset Gain/(Loss): (9 - 8)	**$ (82,522,626)**	**$ (46,003,849)**
11. Total Gain/(Loss): (5 + 10)	**$ (58,347,601)**	**$ (21,412,971)**

Effective January 1, 2012, the normal retirement age was increased to age 64 for future hires only for DC48, Building Trades and FNHP. The multiplier was decreased from 2.0% to 1.6% for current members' future service and future hires' total service for the DC48, Building Trades and FNHP effective August 1, 2011, January 1, 2012 and January 1, 2012, respectively.

Effective January 1, 2011 Elected Officials and Non-Represented employees contributed 2% of compensation. For all Non-Represented employees (other than elected officials), the contribution rate increased to 3% of compensation effective June 12, 2011 and to 4% of compensation effective December 11, 2011. State mandated contributions were implemented by 2011, as well.

Note that for purposes of the contribution rates shown in the report, these amounts are gross contribution amounts. It is our understanding that County staff will net out the amount of employee contributions that are collected to arrive at a net County contribution.

TABLE 4

AMORTIZATION SCHEDULE FOR ACTUAL FUNDING CONTRIBUTION FOR 2012 PLAN YEAR

Type of Payment	Amortization Period: Date Created	Amortization Period: Initial Years	Amortization Period: Remaining Years	Amortization Period: Last Payment	Balances: Initial	Balances: Outstanding	Payment
1. Charges							
Expense	1/1/2003	10	1	2012	$ 1,017,500	$ 141,401	$ 152,713
Expense	1/1/2004	10	2	2013	1,052,422	280,685	157,398
Reestablished unfunded	1/1/2004	30	22	2033	257,960,162	298,347,894	22,084,260
Expense	1/1/2005	10	3	2014	1,053,714	405,398	157,308
Loss	1/1/2005	30	23	2034	88,729,863	100,386,940	7,236,370
Expense	1/1/2006	10	4	2015	972,805	480,178	144,977
Assumption Change	1/1/2006	30	24	2035	95,861,177	105,899,628	7,446,993
Expense	1/1/2007	10	5	2016	988,048	587,922	147,248
Expense	1/1/2008	10	6	2017	915,868	630,984	136,491
Method Change	1/1/2008	30	26	2037	48,020,858	51,148,992	3,438,962
Expense	1/1/2009	10	7	2018	1,031,291	800,180	153,693
Loss	1/1/2009	30	27	2038	70,007,095	73,529,056	4,843,946
Expense	1/1/2010	10	8	2019	1,312,156	1,123,755	195,550
Loss	1/1/2010	30	28	2039	84,943,001	87,865,749	5,678,641
Expense	1/1/2011	10	9	2020	1,310,356	1,219,902	195,282
Loss	1/1/2011	30	29	2040	21,412,971	21,789,681	1,383,099
Expense	1/1/2012	10	10	2021	1,548,921	1,548,921	230,835
Loss	1/1/2012	30	30	2041	58,347,601	58,347,601	3,641,322
Total Charges						$ 804,534,867	$ 57,425,088
2. Credits							
Gain	1/1/2006	30	24	2035	$ 12,975,497	$ 14,334,271	$ 1,008,004
Gain	1/1/2007	30	25	2036	55,348,557	59,706,616	4,102,458
Assumption Change	1/1/2007	30	25	2036	26,558,457	28,649,630	1,968,523
Gain	1/1/2008	30	26	2037	61,342,303	65,338,210	4,392,963
Pension Obligation Bond Proceeds	1/1/2009	30	27	2038	363,950,833	382,260,708	25,182,559
Variance	1/1/2010	5	3	2014	30,784,078	19,869,601	7,710,071
Plan Change	1/1/2010	30	28	2039	1,589,892	1,644,597	106,288
Variance	1/1/2011	5	4	2015	5,343,718	4,432,846	1,338,369
Plan Change	1/1/2011	30	29	2040	227,128	231,124	14,670
Variance	1/1/2012	5	5	2016	4,781,394	4,781,394	1,197,531
Plan Change	1/1/2012	30	30	2041	275,129	275,129	17,170
Total						$ 581,524,126	$ 47,038,606
3. Net Amount (1 - 2)						$ 223,010,741	$ 10,386,482

Annual amortization payments of the reestablished unfunded actuarial accrued liability (UAAL), and changes to the UAAL arising from plan changes, assumption changes, and actuarial gains/losses are amortized as a level percentage of payroll, assuming payroll growth of 3.5% per year over a 30-year period.

Administrative expenses incurred by the County related to the System are payable by the System to the County. The County then reimburses the System for this payment on a level dollar basis over 10 years.

The variance between the amount contributed to the System for a plan year, and the actual contribution requirement for that year is amortized on a level dollar basis over 5 years. As the result of the sale of $397,797,000 in Pension Obligation Bonds, all existing bases at January 1, 2009 arising from variances between amounts contributed to the System and actual contribution requirements were considered fully recognized. This reduced the net outstanding balance of amortizations by $33,846,167.

The recognized balances have been offset against the proceeds of the sale of the Pension Obligation Bonds. The remaining amount of $363,950,833 has been amortized as a level percent of payroll over a period of 30 years.

TABLE 5

DEVELOPMENT OF NORMAL COST
FOR CURRENT AND PRIOR PLAN YEAR ACTUAL FUNDING CALCULATIONS

Item	January 1, 2012	January 1, 2011
1. Present Value of Projected Benefits		
a. Active Participants		
Retirement Benefits	$ 573,360,812	$ 700,898,418
Withdrawal Benefits	38,699,612	43,597,505
Disability Benefits	13,984,607	16,603,170
Death Benefits	7,965,918	9,616,869
Total Active	634,010,949	770,715,962
b. Participants with Deferred Benefits	64,746,242	69,435,621
c. Participants Receiving Benefits	1,457,267,062	1,379,441,317
d. Total All Participants	2,156,024,253	2,219,592,900
2. Actuarial Value of Assets	1,836,542,926	1,929,427,864
3. Unfunded Actuarial Accrued Liability	223,010,741	162,498,787
4. Present Value of Future Normal Costs (1d - 2 - 3)	96,470,586	127,666,249
5. Present Value of Future Salaries	1,319,892,855	1,509,565,199
6. Normal Cost Rate (4 / 5)	7.309%	8.457%
7. Expected Salaries for the Plan Year*	190,747,973	221,647,443
8. Normal Cost for the Plan Year **(6 x 7)**	**13,941,769**	**18,744,724**

* Prior-year earnings increased by the salary assumption and limited by the IRS compensation limit for those under the mandatory retirement age.

TABLE 6

COUNTY AND MEMBERS CONTRIBUTION REQUIREMENTS

COUNTY CONTRIBUTION REQUIREMENTS

Item	2013 Budget	2012 Actual	2012 Budget
1. Normal Cost with Interest	$ 14,996,000	$ 14,488,711	$ 20,162,000
2. Net Annual Amortizations	15,586,000	10,386,482	10,236,000
3. Total Contribution ((1 + 2), not less than zero)	$ 30,582,000	$ 24,875,193	$ 30,398,000

The budgeted contributions shown above for the 2013 and 2012 plan years were estimated based on participant data as of January 1, 2012, and January 1, 2011, respectively. The actual contribution for the 2012 plan year was determined based on participant data as of January 1, 2012. A contribution of $28,406,232 satisfies the pension accounting requirements of GASB Statement Nos. 25 and 27.

Note that for purposes of the contribution rates shown in the report, these amounts are gross contribution amounts. It is our understanding that County staff will net out the amount of employee contributions that are collected to arrive at a net County contribution.

STATE MANDATED MEMBER CONTRIBUTIONS

Item	Results Based on Current Contributions: Non-Contributors	Public Safety	General	All Members
Valuation Results as of January 1, 2012				
1. Present Value of Future Benefits				
a) Active Participants *	$ -	$ 92,204,575	$ 541,806,374	$ 634,010,949
b) Participants with Deferred Benefits	64,746,242	-	-	64,746,242
c) Participants Receiving Benefits	1,457,267,062	-	-	1,457,267,062
d) Total	$ 1,522,013,304	$ 92,204,575	$ 541,806,374	$ 2,156,024,253
2. Present Value of Future Normal Cost	$ -	$ 14,268,454	$ 82,202,132	$ 96,470,586
3. Actuarial Accrued Liability: (1 - 2)	$ 1,522,013,304	$ 77,936,121	$ 459,604,242	$ 2,059,553,667
4. Actuarial Value of Assets	$ 1,357,208,026	$ 69,497,112	$ 409,837,788	$ 1,836,542,926
5. Funded Status: (4 / 3)	89.2%	89.2%	89.2%	89.2%
6. Unfunded Actuarial Accrued Liability: (3 - 4)	$ 164,805,278	$ 8,439,009	$ 49,766,454	$ 223,010,741
7. Normal Cost Rate	0.000%	8.483%	7.137%	7.309%
8. Total Normal Cost for the Plan Year	$ -	$ 1,718,117	$ 12,223,652	$ 13,941,769
Projected Employee Contribution for 2013				
1. Actual Contribution for 2012				
a) Normal Cost with Interest	$ -	$ 1,785,520	$ 12,703,191	$ 14,488,711
b) Net Annual Amortization Payments **	7,675,626	393,038	2,317,818	10,386,482
c) Total Contribution: ((a + b), not less than zero)	$ 7,675,626	$ 2,178,558	$ 15,021,009	$ 24,875,193
2. Employee Contribution (50% of 1c for Contributors)	N/A	$ 1,089,279	$ 7,510,505	N/A
3. Expected Salaries in 2012	0	20,252,697	170,495,276	190,747,973
4. Employee Contribution Rate (2÷3)	N/A	5.4%	4.4%	N/A

* The actives in the Public Safety group include 320 members comprised of Represented Firefighters and Sheriffs and Non-Represented Firefighters and Sheriffs.

** The Net Annual Amortization Payments for the Contributors was prorated based on the contributors' actuarial accrued liability compared to total actuarial accrued laibility of the Retirement System. These payments include amortization payments for administrative expenses.

TABLE 7

SUMMARY STATEMENT OF MARKET VALUE OF PLAN ASSETS

Asset Category	December 31, 2011	December 31, 2010
1. Cash and Cash Equivalents	$ 84,107,639	$ 62,074,448
2. Investments at Fair Value		
a. Domestic common and preferred stocks	$ 387,653,669	$ 443,312,312
b. Futures Contracts	1,104,141	258,362
c. Corporate bonds	249,379,922	347,665,724
d. International common and preferred stocks	306,112,944	351,785,721
e. Federal agency and mortgage-backed certificates	133,475,643	116,571,497
f. International fixed income	14,673,730	10,814,665
g. U.S. Government and state obligations	75,427,923	78,257,732
h. Real estate investment trusts	114,522,432	95,306,754
i. Long/Short Hedge Funds	174,104,924	190,166,445
j. Infrastructure	134,188,424	129,471,845
k. Venture capital	27,604,723	25,101,387
l. Total Investments	1,618,248,475	1,788,712,444
3. Contributions Receivable for OBRA and ERS	29,524,818	33,675,846
4. (Payable) to OBRA Pension Plan	(1,543,452)	(1,402,225)
6. Net All Other Receivables (Liabilities)	11,769,407	12,106,330
7. Net Assets Held in Trust for ERS Pension Benefits (1 + 2l + 3 + 4 + 5 + 6)	$ 1,742,106,887	$ 1,895,166,843

TABLE 8

SUMMARY RECONCILIATION OF MARKET VALUE OF PLAN ASSETS

Item	For Year Ending December 31, 2011	For Year Ending December 31, 2010
1. Market Value of Assets at the Beginning of the Year	$ 1,895,166,843	$ 1,822,539,885
2. Contributions for Plan Year		
a. County	$ 28,275,594	$ 32,893,562
b. Member	3,313,807	75,583
c. Total	31,589,401	32,969,145
3. Disbursements for Plan Year		
a. Benefit payments and refunds	$ 187,530,154	$ 162,802,590
b. Administrative expenses payable to County	1,548,921	1,310,356
c. Total	189,079,075	164,112,946
4. Proceeds of Pension Obligation Bonds	-	-
5. Market Value of Assets at the End of the Year	1,742,106,887	1,895,166,843
6. Net Investment Income * (5 - 1 - 2c + 3c - 4)	4,429,718	203,770,759
7. Expected Net Investment Income (8.00% per annum)	144,386,480	139,419,478
8. Gain (Loss) on Market Value of Assets (6 - 7)	(139,956,762)	64,351,281
9. Estimated Rate of Return	0.2%	11.7%

* Net Investment Income is the change in the value of assets for reasons other than contributions and disbursements.

TABLE 9

DERIVATION OF ACTUARIAL VALUE OF PLAN ASSETS AS OF DECEMBER 31, 2011

1. Market Value of Assets as of December 31, 2011 — $ 1,742,106,887

2. Determination of Deferred Gain (Loss)

Year	Gain/(Loss)	Percentage Deferred	Amount Deferred
2011	$ (139,956,762)	80%	$ (111,965,410)
2010	64,351,281	60%	38,610,768
2009	190,363,140	40%	76,145,256
2008	(486,133,267)	20%	(97,226,653)
2007	(27,533,110)	0%	-
Total			(94,436,039)

3. Actuarial Value of Assets (1 - 2) — $ 1,836,542,926

TABLE 10

SUMMARY RECONCILIATION OF ACTUARIAL VALUE OF PLAN ASSETS AS OF DECEMBER 31, 2011

Item	For Year Ending December 31, 2011	For Year Ending December 31, 2010
1. Actuarial Value of Assets at the Beginning of the year	$ 1,929,427,864	$ 1,956,443,729
2. Contributions for Plan Year		
a. County	$ 28,275,594	$ 32,893,562
b. Member	3,313,807	75,583
c. Total	31,589,401	32,969,145
3. Disbursements for Plan Year		
a. Benefit payments and refunds	$ 187,530,154	$ 162,802,590
b. Administrative expenses payable to County	1,548,921	1,310,356
c. Total	189,079,075	164,112,946
4. Proceeds of Pension Obligation Bonds	-	-
5. Actuarial Value of Assets at the End of the Year	1,836,542,926	1,929,427,864
6. Net Investment Income * (5 - 1 - 2c + 3c - 4)	64,604,736	104,127,936
7. Expected Net Investment Income (8.00% per annum)	147,127,362	150,131,785
8. Gain (Loss) on Actuarial Value of Assets (6 - 7)	(82,522,626)	(46,003,849)
9. Estimated Rate of Return	3.5%	5.5%

* Net Investment Income is the change in the value of assets for reasons other than contributioins and disbursements.

TABLE 11

CONTRIBUTIONS FOR 2011 PLAN YEAR AND VARIANCE FROM THE FUNDING CALCULATION CONTRIBUTION

Item				Amount
1. Total Funding Calculation, End-of-Year Basis, for 2011 Plan Year (from January 1, 2011 actuarial valuation report)				$ 26,808,037
2. Total Contributions Made, End-of-Year Basis				
Contribution Made	Fraction of a Year Invested	Contribution Amount	Interest to Year End*	End of Year Amount
Bi-weekly	50.0%	$ 776	$ 30	$ 806
2/29/2012	0.0%	2,750,000	-	2,750,000
3/15/2012	0.0%	4,800,000	-	4,800,000
4/16/2012	0.0%	4,228,000	-	4,228,000
5/15/2012	0.0%	4,500,000	-	4,500,000
6/15/2012	0.0%	7,272,435	-	7,272,435
7/16/2012	0.0%	4,724,383	-	4,724,383
Total		$ 28,275,594	$ 30	$ 28,275,624
3. Total Member Contributions				$ 3,313,807
4. Variance from Funding Calculation Amount** (2 + 3 - 1)				$ 4,781,394

* Interest to 12/31/2011 at 8.00% per annum

** Variance will be amortized on a level dollar basis over five years.

Note that for purposes of the contribution rates shown in the report, these amounts are gross contribution amounts. It is our understanding that County staff will net out the amount of employee contributions that are collected to arrive at a net County contribution.

TABLE 12

GASB NOS. 25 AND 27 DISCLOSURE INFORMATION FOR CURRENT AND PRIOR PLAN YEAR

Equivalent Single Amortization Period

Item	January 1, 2012	January 1, 2011
1. Covered Payroll	$ 190,747,973	$ 221,647,443
2. Unfunded Amount	223,010,741	162,498,787
3. Amortization Payment	10,386,482	7,327,948
4. Payment as a Level Percentage of Payroll (3 / 1)	5.45%	3.31%
5. Weighted Average Amortization Period (2 / 3)	21.47	22.18
6. Equivalent Single Amortization Period (Nearest Whole Year)	80	145

Net Pension Obligation

Item	January 1, 2012	January 1, 2011
1. Annual Required Contribution (ARC)	$ 28,406,232	$ 29,621,216
2. Interest on Net Pension Obligation	(33,065,169)	(32,346,284)
3. Adjustment to ARC	25,793,892	25,233,095
4. Annual Pension Cost (APC)	21,134,955	22,508,027
5. Contributions made*	(27,407,519)	(31,494,090)
6. Increase (Decrease) in Net Pension Obligation	(6,272,564)	(8,986,063)
7. Net Pension Obligation at Beginning of Year	(413,314,614)	(404,328,551)
8. Net Pension Obligation at End of Year**	(419,587,178)	(413,314,614)
9. Percent of APC Contributed	129.68%	139.92%

* Contributions for 2012 are estimated based on the County budget

** NPO at December 31, 2012 is estimated based on expected contributions to be made for the year

TABLE 13

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
($ Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Funded Ratio (a / b)	(Overfunded) Unfunded Actuarial Accrued Liability (b - a)	Covered Payroll (c)	(Overfunded) Unfunded as a Percentage of Covered Payoll [(b - a) / c]
1/1/2012	$ 1,836,543	$ 2,059,554	89.2%	$ 223,011	$ 190,748	116.9%
1/1/2011	1,929,428	2,091,927	92.2%	162,499	221,647	73.3%
1/1/2010	1,956,444	2,097,332	93.3%	140,888	237,040	59.4%
1/1/2009	1,968,518	2,057,377	95.7%	88,859	233,820	38.0%
1/1/2008	1,627,288	2,024,923	80.4%	397,635	227,364	174.9%

TABLE 14

SCHEDULE OF EMPLOYER CONTRIBUTIONS
GASB STATEMENT NO. 25 DISCLOSURE

Fiscal Year Ended December 31	Annual Required Contribution	Percentage Contributed
2012	$ 28,406,232	96.5 % *
2011	29,621,216	106.3
2010	29,529,322	106.0
2009	30,355,535	1508.1
2008	53,063,610	65.7

* Contributions for 2012 are estimated based on the County budget

The information presented above was determined as part of the actuarial valuation as of the dates indicated (i.e., the contribution determined by the valuation completed as of January 1, 2011 was contributed in the fiscal year ending December 31, 2011).
Additional information as of the latest actuarial valuation follows:

Valuation Date:	01/01/2012
Actuarial Cost Method:	Aggregate Entry Age Normal
Amortization Method:	Level percent of payroll, closed
Remaining Amortization Period:	5-30 Years
Asset Valuation Method:	5-year smoothed market

Actuarial Assumptions:

- Investment Rate of Return	8.00%
-Payroll Growth	3.50%

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS

ASSUMPTIONS

Interest Rate: 8.0% per annum, compounded annually. The components are 3.0% for inflation and 5.0% for the real rate of return.

Separation From Service: Illustrative rates of assumed separation from service are shown in the following tables.

Annual Rates per 100 Participants

Mortality*				
Attained Age	Healthy Pensioners		Disabled Pensioners	
	Males	Females	Males	Females
45	0.13	0.11	2.26	0.75
50	0.19	0.19	2.90	1.15
55	0.31	0.38	3.54	1.65
60	0.59	0.76	4.20	2.18
65	1.11	1.26	5.02	2.80
70	1.86	1.96	6.26	3.76
75	2.87	3.40	8.21	5.22
80	5.03	5.86	10.94	7.23
85	8.61	10.72	14.16	10.02

* Healthy pensioners: The sex-distinct UP-1994 Mortality Table projected to 2010, set back 1 year for males and set forward 4 years for females.

Active members: 70% of the rates applicable to healthy pensioners.

Disabled pensioners: RP2000 Disabled Mortality Table.

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

Annual Rates per 100 Participants

Attained Age	Withdrawal – Ultimate			Disability
	General Employees	Elected Officials*	Deputy Sheriffs	
20	10.00	2.00	13.50	0.00
25	9.40	2.00	11.70	0.04
30	9.00	2.00	6.90	0.07
35	6.60	2.00	3.60	0.12
40	4.70	2.00	2.40	0.19
45	3.75	2.00	2.00	0.22
50	2.95	2.00	2.00	0.22
55	2.30	2.00	2.00	0.22
60	0.00	0.00	0.00	0.22
65	0.00	0.00	0.00	0.22

* Select rates for elected officials assume no turnover for first four years.

Annual Rates per 100 Participants

Attained Age	Withdrawal – Select Rates by Year of Employment				
	General Employees				
	0	1	2	3	4
20	36.0	25.0	25.0	15.0	12.5
25	31.2	23.4	20.4	15.0	11.9
30	27.1	22.4	16.8	13.2	9.1
35	24.7	21.4	14.8	11.4	7.2
40	22.3	19.2	14.0	10.4	6.7
45	21.5	16.8	14.0	10.0	5.9
50	21.5	14.8	14.0	10.0	7.6
55	21.5	14.0	14.0	10.0	9.0

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

Annual Rates per 100 Participants

Retirement Rates				
Attained Age	**General Employees** (backdrop eligible)	**General Employees** (not backdrop eligible)	**Elected Officials**	**Deputy Sheriffs**
45-49	19.8	0.0	0.0	26.0
50-54	19.8	7.0	0.0	31.0
55	19.8	15.0	19.8	16.0
56	19.8	15.0	19.8	40.0
57	23.0	15.0	23.0	40.0
58	20.4	15.0	20.4	40.0
59	24.8	15.0	24.8	40.0
60	19.4	20.0	19.4	40.0
61	22.5	20.0	22.5	75.0
62	28.4	20.0	28.4	80.0
63	26.6	20.0	26.6	50.0
64	24.3	25.0	24.3	50.0
65	30.4	30.0	30.4	100.0
66	22.5	30.0	22.5	100.0
67	25.7	30.0	25.7	100.0
68	34.2	30.0	34.2	100.0
69	36.0	30.0	36.0	100.0
70	100.0	100.0	100.0	100.0

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

Salary Increase: Effective average of 4.5% per annum, compounded annually. Representative values are as follows:

Annual Rate of Salary Increase

Age	General Employees	Elected Officials	Deputy Sheriffs
20	10.0%	3.5%	9.5%
25	8.2	3.5	9.2
30	5.8	3.5	8.4
35	5.0	3.5	7.4
40	4.6	3.5	5.7
45	4.0	3.5	4.3
50	3.3	3.5	3.4
55	3.0	3.5	3.0
60	3.0	3.5	3.0
Average	3.9	3.5	6.1

Payroll Growth: 3.5% per annum.

MISCELLANEOUS

Percentage Married/Age Difference: Male 80%, female 80%. Beneficiaries are assumed to be the same age as the participant.

Percentage Married with at Least One Dependent Child: 21.6% for General Employees, 43.2% for Deputy Sheriffs and Elected Officials. For those who die prior to age 60, it is assumed at least one child will remain a dependent until the member would have turned age 60.

Backdrop Rate: 75% of eligible retirees are assumed to elect a backdrop. Of those electing, 75% are assumed to take the maximum period available to them and 25% take half the maximum period available based on eligibility for an unreduced retirement benefit.

Assumed Type of Disability: For represented employees the assumption is 10% Ordinary and 90% Accidental and for non-represented employees, the assumption is 95% Ordinary and 5% Accidental.

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

METHODS

Calculations: The actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system, and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System.

Actuarial Cost Method: Liabilities and contributions shown in this report are computed using the Aggregate Entry Age Normal Cost Method. The outstanding balance of the unfunded actuarial accrued liability (UAAL) as of January 1, 2004 and any changes to the UAAL arising from plan changes, assumption changes, and actuarial gains/losses are amortized as a level percentage of payroll over a 30-year period.

Administrative expenses incurred by the County related to the System are payable by the System to the County. The County then reimburses the System for this payment on a level dollar basis over 10 years.

The variance between the amount contributed to the System for a plan year, and the actual contribution requirement for that year is amortized on a level dollar basis over 5 years. POB proceeds were not subject to the contribution variance requirements.

Asset Valuation Method: A five-year moving market average value of assets that recognizes the actuarial expected investment return immediately and spreads the difference between the actual and expected return over a period of five years.

DATA

Census and Assets: The valuation was based on members of the System as of January 1, 2012 and does not take into account future members. All census data was supplied by the System and was subject to reasonable consistency checks. Asset data was supplied by the System.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS

MEMBERSHIP

Any person regularly employed by the County at an annual wage or salary, including any person employed by the State of Wisconsin, but receiving part of his compensation from the County.

VESTING SERVICE

Service during period of employment in the County or in any department in any town, village, city or metropolitan sewerage commission in the County, which department has by consolidation or merger been absorbed by the County.

Creditable service shall consist of "prior service", "military service", and "membership service", for which service credit is allowable under Section 4, Chapter 201, Laws of 1937, as well as service under Executive Order 11231, July 8, 1965, for Vietnam. Additional credit for periods of military service will be earned in accordance with the following chart:

Years of Service with Milwaukee County	Maximum Years of Military Service Granted
0-4	0
5-9	1
10-14	2
15-19	3
20+	4

BENEFIT SERVICE

Same as vesting service except service prior to becoming a participant does not count.

EARNINGS

Earnable compensation is the full rate of compensation payable to member if he worked the full normal working time for his position, including authorized overtime payments and the compensation rate assumed to have been received while the member is on authorized leave of absence. In cases where compensation includes maintenance, the Pension Board shall fix the value of that part of the compensation not payable in

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

money. Compensation shall not exceed $245,000 in the pension calculation as indexed for changes in the cost of living.

For all members except certain deputy sheriffs hired on or after January 1, 1982, the final average salary means the average annual salary for the highest three (3) consecutive years of service. For deputy sheriffs hired on or after January 1, 1982, excluding DA Investigators and non-represented deputy sheriffs, the final average salary means the average annual salary for the highest five (5) consecutive years of service. For DA Investigators and non-represented deputy sheriffs hired before July 1, 1995 and all non-deputy sheriff members hired before January 1, 1982, the final average salary is increased 7.5% for each year worked after January 1, 2001 to a maximum of 25%.

VOLUNTARY EMPLOYEE CONTRIBUTION

Up to 10% of earnings, provided that the employee was contributing on January 1, 1971.

MANDATORY EMPLOYEE CONTRIBUTION

Effective January 1, 2011 Elected Officials and Non-Represented employees contributed 2% of compensation. For all Non-Represented employees (other than elected officials), the contribution rate increased to 3% of compensation effective June 12, 2011 and to 4% of compensation effective December 11, 2011.

BENEFITS

Normal Retirement

Eligibility

Elected Officials:

Age 60, or age 55 with 30 years of service. For elected officials hired before January 1, 2006, the combination of age and service adding up to 75 (Rule of 75) also applies.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

General Employees:

For firefighters, Federated Nurses, and Machinists:

Age 60 with 5 years of service, or age 55 with 30 years of service. For firefighters hired before December 1, 1996, Federated Nurses hired before January 1, 1997, and Machinists hired before January 1, 1994, Rule of 75 also applies. For Federated Nurses and Machinists hired after January 1, 2012, age 64 or age 55 with 30 years of service.

For Attorneys, Skilled Trades, non-represented employees, DC48, and Teamco:

Age 60, or age 55 with 30 years of service. For attorneys, Skilled Trades, and non-represented employees hired before January 1, 2006 and DC48 and Teamco hired before January 1, 1994, Rule of 75 also applies.

For attorneys, Skilled Trades, non-represented employees, and TEAMCO hired after January 1, 2010, age 64 or age 55 with 30 years of service.

For DC48 hired after August 1, 2011, age 64 or age 55 with 30 years of service.

For non-represented employees (excluding Elected Officials, Deputy Sheriffs), attorneys, machinists and TEAMCO hired after January 1, 2010, retirement age is 64.

Deputy Sheriffs:

Age 57, or age 55 with 15 years of service. For deputy sheriffs, DA Investigators, and non-represented deputy sheriffs hired before January 1, 1994, Rule of 75 also applies.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

Amount	Elected Officials: For elected officials hired before March 15, 2002, 2.5% of final average salary per year of service before October 14, 2010 and 1.6% of final average salary per year of service thereafter, not greater than 80%. For elected officials hired on or after March 15, 2002, 2.0% of final average salary per year of service before October 14, 2010 and 1.6% of final average salary per year of service thereafter, not greater than 80%. General Employees: 2.0% of final average salary per year of service, not greater than 80%. For non-represented employees (excluding Elected Officials and Deputy Sheriffs), 1.6% of final average salary per year of service from January 1, 2010; for attorneys and TEAMCO, the 1.6% provision is effective May 1, 2010; for machinists, June 1, 2010; for DC48, effective August 1, 2011; for building trades and FNHP, effective January 1, 2012. Deputy Sheriffs: For deputy sheriffs hired before July 1, 1995 and DA Investigators and non-represented deputy sheriffs, 2.5% of final average salary per year of service, not greater than 80%. For deputy sheriffs hired on or after July 1, 1995, 2.0% of final average salary per year of service, not greater than 80%. For all members, 1.6% of final average salary per year of service after 80% of final average salary has been reached. In addition to the pension portion, the benefit includes any voluntary contribution balance. Benefits should not be less than under previous system.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

Early Retirement

Eligibility	Age 55 with 15 years of service.
Amount	Benefits reduced by 5/12 of 1% for each month by which commencement of payments precedes Normal Retirement Age. For deputy sheriffs, DA Investigators, and non-represented deputy sheriffs, benefit reduction does not apply.

Ordinary Disability Benefit

Eligibility	After 15 years of service.
Amount	Benefits calculated as for normal retirement benefits. Minimum benefit is 25% of final average salary.

Accidental Disability Benefit

Eligibility	Immediate.
Amount	Benefits are the same as normal retirement benefits if the employee has attained the minimum Normal Retirement Age. If less than Normal Retirement Age at time of disability, the benefit is computed the same as for normal retirement but is not less than 75% or 60% of final average salary.

Elected Officials

For elected officials hired before February 19, 1987, the benefit is not less than 75% of final average salary. For all other elected officials, the benefit is not less than 60% of final average salary.

General Employees

For non-represented employees hired before February 19, 1987, attorneys hired on or after January 1, 1987, Skilled Trades hired before October 30, 1987, Federated Nurses hired before January 1, 1987, Machinists hired before May 18, 1988, DC48 hired before July 24, 1987, and Teamco hired before January 12, 1988, the benefit is not less than 75% of final

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

average salary. For all other general employees, the benefit is not less than 60% of final average salary.

Deputy Sheriffs

For all deputy sheriffs, the benefit is not less than 75% of final average salary. For DA Investigators and non-represented deputy sheriffs hired on or after February 19, 1987, the benefit is not less than 60% of final average salary.

Ordinary Death Benefit

Upon the death of a deputy sheriff in active service for any cause other than accidental, the surviving spouse or child shall be entitled to receive the benefit under the provision of survivor benefits if the deceased member has completed at least one (1) year of service and is not eligible for normal retirement.

Accidental Death Benefit

Upon the death of a deputy sheriff caused by an accident in active duty, a survivorship benefit equal to fifty (50) percent of final average salary shall be granted to the following members:

1) A surviving spouse for life or until remarriage, or
2) If there is no spouse or spouse dies or remarries before the youngest child has attained age 18, the benefit is payable to his child(ren) under age 18 until the youngest child attains said age, or
3) If there is no spouse or child(ren) under age 18, the benefit is payable to his dependent father or mother to continue for life.

The monthly benefit aforementioned shall not be less than the benefit under ordinary death benefit section if death had not occurred in performance of duty.

Lump Sum Benefit Upon Death

Upon a death of members, a lump sum benefit of one-half the final average salary of the deceased member, not greater than two thousand dollars ($2,000) shall be paid to designated beneficiary if such member has completed one (1) year of service and no survivors' benefits payable under any other survivorship benefits.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

Deferred Vested Benefit

Upon termination of employment, a member who does not elect to withdraw any part of his membership account shall be eligible for a deferred vested benefit if:

1) The accrued benefit at age 60 is at least $10 per month
2) 5 years of service

The benefit is computed the same as for a normal retirement benefit considering earnings and service prior to date of termination.

Survivor Benefit

Upon the death of a member prior to age 60 and after completing at least one (1) year of service, a monthly benefit equal to 40% of the member's salary for the year of his death less monthly survivor benefits payable under the Social Security law shall be payable to his surviving spouse if she has at least one dependent child and was married to the member at least one (1) year prior to his death. Upon attainment of age 60 the dependent spouse shall be paid a benefit equal to 50% of the normal pension which the member would have received assuming service had continued to accrue to age 60 and the final average salary determined at death. In addition, a monthly benefit equal to 10% of the member's monthly salary less the benefits payable to child under Social Security law shall be payable to each eligible children until he attains age 18 or marries, or until attainment of age 22 if he is a student and not married.

Any member eligible for normal retirement may elect the protective survivorship option by selecting option 2 or 3 under the Optional Benefit section. This survivorship option shall become effective at the death of the member. If any member eligible to elect an option shall die in active service, without selecting an option, his surviving spouse shall be paid a survivorship benefit equal to the amount that would have been payable if such member had retired under option 3 immediately prior to his death.

Optional Benefit

In lieu of the full retirement benefit, any member at retirement may elect to receive an actuarial equivalent reduced retirement benefit in accordance with the following options:

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

	Option 1. In case of death before benefits attributable to his mandatory account have equaled the amount of his membership account at the date of retirement, the balance shall be paid to a designated beneficiary or to his estate; or Option 2. At the death of the member, one-half of the reduced benefit shall be continued throughout the life of designated beneficiary; or Option 3. At the death of the member, the same reduced benefit shall be continued throughout the life of designated beneficiary.
Other Benefits	
Simple COLA	2% of original benefit increase per year to retired employees (surviving beneficiary receives proportionate amount based on survivorship percentage).
Contribution Refund	Refund of employee voluntary contribution upon severance.
Backdrop Benefit	Employee may opt to receive a monthly benefit earned as of a specific date in the past (backdrop date). The backdrop date may not be prior to the earliest date that the member was eligible to retire and shall not be less than one (1) year prior to the date the member leaves active County service. Employee receives a cash payment equal to monthly benefits that would have been paid between backdrop date and actual retirement date plus interested earned. Members not eligible for backdrop benefits are Elected Officials, non-represented employees and deputy sheriffs hired on or after March 15, 2002, Machinists and Teamco hired on or after November 4, 2005, Attorneys hired on or after January 1, 2006, Federated Nurses hired on or after December 15, 2005, Firefighters hired on or after June 19, 2007 and DC48 hired on or after February 1, 2007.

TABLE 17

SUMMARY OF MEMBERSHIP DATA
AS OF JANUARY 1, 2012

Active Participants

Item	General Employees	Deputy Sheriffs *	Elected Officials	Total
Number of Participants	3,648	301	23	3,972
Average Annual Salaries **	$ 46,568	$ 64,477	$ 63,519	$ 48,023
Average Age	45.7	44.5	51.9	45.6
Average Service	11.2	17.1	10.9	11.6

* Includes 10 non-represented deputy sheriffs.

** The salaries shown in the table above represent a rate of pay increased by the salary assumption.

Inactive Participants

Item	Number	Annual Annuities	Average Annuities	Average Age
Participants with Deferred Benefits	1,341	$ 9,540,304	$ 7,114	51.8
Retired Participants	6,589	132,541,423	20,116	70.3
Beneficiaries	914	11,683,309	12,783	77.3
Disability Retirees	244	4,613,844	18,909	63.9
Total	9,088	$ 158,378,880	$ 17,427	68.1

TABLE 18

ACTIVE MEMBERSHIP STATISTICS (UNAUDITED)

	2011
Members as of January 1	5,941 *
Changes during the year:	
New enrollments	473
Nonvested terminations	(512)
Retirements	(557)
Deaths in active service	(14)
New deferred beneficiaries	0
Data Adjustment	(18)
Members as of December 31	5,313 *

*This total includes vested inactive members.

RETIREMENTS AND SURVIVORS (UNAUDITED)

	Retirements granted								Survivors & Benefi-ciaries	Total
	Maxi-mum Pension	Options								
		Refund	100%	75%	50%	25%	10-yr	Other		
January 1, 2011	3,010	474	1,266	210	1,095	370	167	50	799	7,441
Changes during the year:										
Adjustments (actuary) *	56	(78)	1	-	2	-	-	-	31	12
Retirements	310	2	119	20	40	52	14	-	91	648
Pensioner deaths	(251)	-	(41)	(2)	(48)	(4)	(1)	-	(7)	(354)
December 31, 2011	3,125	398	1,345	228	1,089	418	180	50	914	7,747

* Adjustments as a result of reclassifications made to beginning balances by the actuary:

EXHIBIT I

ACTIVE MEMBERSHIP DATA – ALL EMPLOYEES

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2012

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	68 $19,852									68 $19,852
25-29	262 $29,869	16								278 $30,431
30-34	218 $32,765	99 $44,883	31 $47,196							348 $37,513
35-39	190 $36,946	98 $48,976	136 $50,921	20 $58,811						444 $44,872
40-44	156 $37,341	99 $48,598	192 $52,273	121 $59,603	26 $49,788	4				598 $49,111
45-49	116 $37,520	83 $50,997	117 $48,567	141 $53,947	152 $55,437	35 $58,425	2			646 $50,217
50-54	92 $35,122	94 $52,324	119 $49,700	116 $54,894	195 $52,219	65 $58,236	18			699 $50,600
55-59	77 $42,363	62 $46,187	85 $47,453	109 $53,071	133 $59,966	63 $61,856	25 $63,756	3		557 $53,219
60-64	41 $43,852	44 $55,269	46 $54,984	50 $54,926	43 $65,185	17 $76,720	14	7		262 $58,545
Over 64	10	11	20 $47,259	17	7	2	5			72 $ 50,544
Total	1,230 $34,291	606 $48,944	746 $50,307	574 $55,462	556 $55,903	186 $61,445	64 $65,490	10		3,972 $48,023

* Compensation in cells with fewer than 20 records has been suppressed.

EXHIBIT II

ACTIVE MEMBERSHIP DATA – GENERAL EMPLOYEES

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2012

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	68 $19,852									68 $20,155
25-29	262 $29,869	16								278 $30,431
30-34	216 $32,249	98 $44,806	24 $43,360							338 $36,696
35-39	187 $36,742	98 $48,976	102 $47,469	11						398 $42,952
40-44	155 $37,244	98 $48,559	149 $49,203	51 $53,591	23 $48,059	4				480 $45,613
45-49	114 $36,971	83 $50,997	109 $47,753	97 $49,714	129 $54,041	29 $55,429	2			563 $48,218
50-54	92 $35,122	94 $52,324	112 $48,999	102 $53,922	180 $51,139	63 $57,619	18			661 $49,838
55-59	77 $42,363	59 $44,437	85 $47,453	104 $52,254	126 $59,775	62 $61,845	24 $63,028	3		540 $52,710
60-64	40 $43,637	43 $54,538	46 $54,984	48 $54,609	41 $65,548	15	14	7		254 $58,399
Over 64	10	10	19	16	7	1	5			68 $ 49,514
Total	1,221 $34,078	599 $48,705	646 $48,548	429 $52,575	506 $55,140	174 $60,696	63 $65,241	10		3,648 $46,568

* Compensation in cells with fewer than 20 records has been suppressed.
Eight non-represented deputy sheriffs are included with Deputy Sheriffs exhibit.

EXHIBIT III

ACTIVE MEMBERSHIP DATA – DEPUTY SHERIFFS

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2012

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25										
25-29										
30-34	1		7							8
35-39	1		34 $61,981	9						44 $62,989
40-44			43 $63,630	70 $64,717	3					116 $64,289
45-49			7	44 $64,004	23 $63,987	6				80 $64,499
50-54			7	13	15	2				37 $64,911
55-59				2	7	1	1			11
60-64				2	1	2				5
Over 64										
Total	2		98 $62,567	140 $64,506	49 $64,582	11	1			301 $64,477

* Compensation in cells with fewer than 20 records has been suppressed.
Includes 8 non-represented deputy sheriffs.

EXHIBIT IV

ACTIVE MEMBERSHIP DATA – ELECTED OFFICIALS

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2012

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25										
25-29										
30-34	1	1								2
35-39	2									2
40-44	1	1								2
45-49	2		1							3
50-54				1						1
55-59		3		3						6
60-64	1	1			1					3
Over 64		1	1	1		1				4
Total	7	7	2	5	1	1				23 $63,519

* Compensation in cells with fewer than 20 records has been suppressed.

EXHIBIT V

ACTIVE AND DEFERRED VESTED MEMBERS OBTAINING RETIREMENT ELIGIBILITY OVER NEXT FIVE CALENDAR YEARS

Actives Reaching Retirement Eligibility

Year	General Employees	Elected Officials	Deputy Sheriffs	Total
Eligible at Valuation Date	863	11	29	903
2012	156	0	14	170
2013	146	0	12	158
2014	122	1	18	141
2015	164	1	18	183
2016	112	1	18	131
Total Over Next 5 Years	700	3	80	783
Grand Total Eligible	1,563	14	109	1,686

Deferred Vesteds Reaching Retirement Age

Year	Total
2012	98
2013	111
2014	96
2015	87
2016	69
Total Over Next 5 Years	461

EXHIBIT VI

RETIREE AND BENEFICIARY MEMBERSHIP DATA
AS OF JANUARY 1, 2012

NUMBER AND AVERAGE ANNUAL BENEFIT

Age Last Birthday	Number	Annual Benefit	Average Annual Benefit
Retired Participants			
Under 60	519	$ 14,008,156	$ 26,991
60 - 64	1,258	27,194,780	21,617
65 - 69	1,450	30,935,790	21,335
70 - 74	966	19,871,521	20,571
75 - 79	799	15,779,103	19,749
Over 79	1,597	24,752,069	15,499
Total	6,589	$ 132,541,419	$ 20,116
Beneficiary Participants			
Under 60	220	$ 3,058,180	$ 13,901
60 - 64	83	1,229,392	14,812
65 - 69	133	1,964,484	14,771
70 - 74	208	2,694,274	12,953
75 - 79	160	1,886,696	11,792
Over 79	110	850,285	7,730
Total	914	$ 11,683,311	$ 12,783
Disabled Participants			
Under 60	147	$ 3,008,257	$ 20,464
60 - 64	40	711,544	17,789
65 - 69	16	289,467	18,092
70 - 74	24	387,035	16,126
75 - 79	12	160,305	13,359
Over 79	5	57,235	11,447
Total	244	$ 4,613,843	$ 18,909
Grand Total Average Annual Benefit	7,747	$ 148,838,573	$ 19,212

EXHIBIT VII

5-YEAR HISTORY OF MEMBERSHIP DATA

Active Participants

Valuation as of January 1	Number of Active Participants	Percentage Change in Membership	Total Annual Payroll	Percentage Change in Payroll
2012	3,972	(10.70)%	$ 190,747,973	(13.94)%
2011	4,448	(7.49)%	221,647,443	(6.49)%
2010	4,808	(0.60)%	237,040,117	1.38 %
2009	4,837	0.48 %	233,820,179	2.84 %
2008	4,814	(1.71)%	227,364,398	1.95 %

Retired, Disabled, and Beneficiary Participants

Valuation as of January 1	Number on roll	Additions	Deletions	Percentage Change in Membership	Annual Annuities	Percentage Change in Annuities
2012	7,747	576	270	4.11 %	$ 148,838,576	3.95 %
2011	7,441	368	219	2.04 %	143,188,151	4.23 %
2010	7,292	283	299	(0.22)%	137,374,794	2.24 %
2009	7,308	222	235	(0.18)%	134,363,234	2.09 %
2008	7,321	325	303		131,611,251	

EXHIBIT VIII

DETAILED TABULATIONS OF THE DATA

TABLE VIII-A

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2012 ALL EMPLOYEES

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
20	1		1	
21	4		2	
22	7		2	
23	8		16	
24	14		14	
25	30	$ 880,754	23	$ 630,380
26	28	846,145	23	479,345
27	23	820,826	28	849,121
28	33	1,123,675	22	541,195
29	32	1,112,348	35	1,145,705
30	31	1,081,081	26	727,768
31	34	1,354,784	34	1,097,411
32	36	1,418,185	36	1,245,384
33	27	1,119,313	49	1,905,864
34	44	2,031,628	32	1,110,498
35	35	1,423,077	52	2,062,187
36	52	2,424,799	48	1,741,177
37	44	2,588,203	44	1,995,299
38	30	1,261,512	44	1,837,658
39	49	2,425,931	45	2,118,500
40	49	2,390,855	56	2,308,702
41	63	3,524,943	60	2,759,119
42	68	3,690,038	73	3,330,350
43	44	2,308,022	57	2,824,254
44	59	3,096,253	70	3,185,128
45	57	3,152,247	81	3,628,363
46	54	2,778,876	62	3,000,117
47	50	2,820,048	66	3,051,692
48	54	2,955,523	78	3,792,711
49	66	3,466,671	77	3,743,832
50	49	2,487,294	67	3,065,860
51	72	3,998,150	92	4,457,278
52	57	3,150,413	86	4,027,565
53	60	3,087,139	84	3,935,637
54	55	3,150,522	77	4,009,819
55	53	3,118,526	84	3,966,127
56	60	3,850,041	69	3,273,561
57	52	2,887,292	53	2,572,922
58	53	3,038,545	54	2,937,970
59	29	1,559,288	50	2,438,805

TABLE VIII-A

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2012 ALL EMPLOYEES

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
60	43	$ 2,859,086	37	$ 1,711,437
61	33	2,260,010	29	1,442,102
62	25	1,642,389	34	1,802,746
63	19		18	
64	11		13	
65	16		12	
66	1		7	
67	2		2	
68	1		5	
69	3		5	
70	4		3	
71	3		1	
72	1			
73			3	
74			1	
75	1			
77			1	
78				
79				
Total	1,829	$ 95,015,441	2,143	$ 95,732,532

TABLE VIII-B

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2012 ALL EMPLOYEES
(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
0	209	$ 4,151,315	265	$ 4,948,202
1	84	3,823,671	94	3,764,446
2	90	3,693,295	105	4,417,566
3	110	5,049,128	129	5,442,088
4	64	3,377,347	80	3,510,764
5	58	2,968,405	70	3,200,874
6	72	3,691,826	107	5,281,915
7	43	2,557,020	56	2,684,935
8	39	1,897,011	57	2,600,418
9	58	3,020,096	46	1,757,387
10	88	4,580,263	71	3,004,607
11	81	4,292,136	101	4,623,286
12	78	3,963,115	90	4,224,117
13	58	3,211,583	63	2,998,519
14	62	3,775,277	54	2,856,377
15	53	3,275,549	54	2,697,158
16	54	3,368,728	32	1,656,399
17	59	3,358,160	62	3,248,211
18	46	2,537,432	57	2,924,832
19	78	4,852,672	79	3,916,060
20	61	3,628,771	73	3,693,062
21	55	3,193,310	53	2,514,588
22	42	2,430,079	95	5,007,165
23	42	2,652,441	64	3,588,418
24	31	2,298,274	40	2,076,078
25	25	1,854,166	33	1,812,697
26	25	1,620,133	31	1,644,792
27	11		27	1,546,245
28	11		11	
29	7		5	
30	4		15	
31	9		8	
32	5		5	
33	6		3	
34	3		6	
35	3		1	
36	3		1	
37	2			
38				
39				
Total	1,829	$ 95,015,441	2,143	$ 95,732,532

TABLE VIII-C

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2012 GENERAL EMPLOYEES

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
20	1		1	
21	4		2	
22	7		2	
23	8		16	
24	14		14	
25	30	$ 880,754	23	$ 630,380
26	28	846,145	23	479,345
27	23	820,826	28	849,121
28	33	1,123,675	22	541,195
29	32	1,112,348	35	1,145,705
30	31	1,081,081	26	727,768
31	33	1,321,093	33	1,044,958
32	36	1,418,185	36	1,245,384
33	24	947,543	48	1,762,519
34	41	1,844,253	31	1,047,229
35	32	1,226,557	51	2,000,415
36	41	1,760,137	46	1,606,445
37	35	2,003,630	41	1,803,019
38	27	1,119,209	43	1,772,775
39	37	1,712,504	44	2,047,388
40	35	1,508,062	50	1,916,415
41	39	1,977,095	56	2,507,767
42	47	2,355,565	71	3,200,799
43	23	996,462	51	2,439,036
44	46	2,276,909	63	2,761,554
45	42	2,150,827	79	3,501,526
46	43	2,073,087	56	2,611,471
47	43	2,345,236	61	2,765,158
48	41	2,177,717	73	3,467,942
49	51	2,512,402	73	3,493,161
50	42	2,042,752	67	3,065,860
51	63	3,420,032	87	4,137,453
52	51	2,765,886	85	3,966,334
53	56	2,839,694	84	3,935,637
54	51	2,890,050	75	3,879,006
55	49	2,736,984	83	3,913,674
56	56	3,618,257	68	3,211,023
57	50	2,770,890	53	2,572,922
58	50	2,848,077	54	2,937,970
59	27	1,414,642	50	2,438,805

TABLE VIII-C

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2012 GENERAL EMPLOYEES (Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
60	41	$ 2,733,513	37	$ 1,711,437
61	30	2,081,810	29	1,442,102
62	24	1,555,681	33	1,740,208
63	19		18	
64	11		12	
65	13		12	
66	1		7	
67	2		2	
68			5	
69	3		5	
70	4		3	
71	3		1	
72	1			
73			3	
74			1	
75	1			
77			1	
Total	1,575	$ 78,684,038	2,073	$ 91,196,631

TABLE VIII-D

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2012 GENERAL EMPLOYEES
(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
0	206	$ 3,998,802	265	$ 4,948,202
1	84	3,823,671	93	3,621,101
2	90	3,693,295	105	4,417,566
3	106	4,828,893	129	5,442,088
4	64	3,377,347	79	3,458,311
5	58	2,968,405	70	3,200,874
6	72	3,691,826	107	5,281,915
7	42	2,504,567	54	2,580,029
8	38	1,810,303	57	2,600,418
9	55	2,778,270	46	1,757,387
10	78	3,950,569	70	2,941,338
11	66	3,370,195	94	4,191,868
12	59	2,815,532	87	4,028,618
13	46	2,467,020	56	2,568,332
14	40	2,432,710	50	2,596,060
15	35	2,104,239	49	2,387,389
16	31	1,872,312	24	1,128,479
17	35	1,788,036	59	3,044,318
18	28	1,460,108	51	2,554,431
19	48	2,921,542	69	3,293,719
20	50	2,924,257	71	3,573,397
21	48	2,760,733	53	2,514,588
22	34	1,921,342	92	4,805,612
23	32	1,995,651	59	3,291,126
24	28	2,109,009	39	2,005,332
25	21	1,556,134	32	1,732,536
26	20	1,274,832	31	1,644,792
27	10		27	1,546,245
28	10		11	
29	7		5	
30	4		15	
31	9		8	
32	5		5	
33	5		3	
34	3		6	
35	3		1	
36	3		1	
37	2			
Total	1,575	$ 78,684,038	2,073	$ 91,196,631

TABLE VIII-E

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2012 DEPUTY SHERIFFS
(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
33	3		1	
34	3		1	
35	3		1	
36	9		2	
37	9		3	
38	3		1	
39	12		1	
40	14		6	
41	24	$ 1,547,848	3	
42	21	1,334,474	2	
43	20	1,259,107	6	
44	13		7	
45	13		2	
46	11		6	
47	7		5	
48	12		5	
49	15		4	
50	7			
51	9		5	
52	6		1	
53	4			
54	3		2	
55	2			
56	2		1	
57	1			
58	3			
59	2			
60	2			
61	2			
62			1	
Total	235	$ 14,912,462	66	$ 4,275,327

TABLE VIII-F

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2012 DEPUTY SHERIFFS
(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
2			1	
4	1			
11	10		1	
12	14		7	
13	19		3	
14	11		7	
15	22	$ 1,342,567	4	
16	18		5	
17	22	1,384,623	8	
18	24	1,570,124	3	
19	18		6	
20	27	1,743,258	9	
21	11		2	
22	7			
23	8		3	
24	10		5	
25	2		1	
26	3		1	
27	5			
28	1			
29	1			
34	1			
35				
36				
37				
38				
Total	235	$ 15,083,278	66	$ 4,324,299

TABLE VIII-G

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2012 ELECTED OFFICIALS
(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
31	1		1	
36	2			
41			1	
43	1			
45	2			
48	1			
54	1			
55	2		1	
56	2			
57	1			
61	1			
62	1			
64			1	
65	3			
68	1			
Total	19		4	

TABLE VIII-H

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2012 ELECTED OFFICIALS
(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
0	3			
1				
2				
3	3			
4			1	
5				
6				
7	1		2	
8	1			
9	3			
10				
11	1			
12				
13	1			
14				
15				
16	1			
17				
18				
19	3		1	
20				
21				
22				
23				
24	1			
25	1			
Total	19		4	

TABLE VIII-I

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO ALL MEMBERS RECEIVING BENEFITS AS OF JANUARY 1, 2012

Age	Men		Women	
	Number	Annuities	Number	Annuities
12	1	$ 4,204		
14	1	4,204		
16	1	4,204	1	$ 18,000
17	1	4,204		
22	4	19,809	3	6,006
23			1	6,095
29	3	20,556		
31			1	4,624
34	1	32,400		
35			2	33,219
36	1	22,768	1	17,118
38	2	2,053		
39			1	4,624
40	2	13,361	3	32,894
41	3	69,836		
42	4	78,845		
44	1	32,553		
46	2	49,355	1	7,424
47	5	81,825	9	164,865
48	1	24,461	11	208,079
49	4	74,324	3	117,231
50	7	180,834	13	251,091
51	5	80,185	15	416,428
52	17	536,750	26	652,371
53	25	794,598	25	594,716
54	29	729,058	57	1,331,278
55	44	1,124,887	59	2,044,876
56	65	1,612,880	75	1,613,918
57	60	1,646,915	72	1,600,654
58	83	2,226,998	91	1,916,425
59	99	2,879,748	106	2,244,442
60	121	2,854,714	166	3,211,342
61	160	3,826,198	168	2,571,403
62	161	3,933,194	195	3,180,042
63	153	4,131,757	182	3,078,505
64	176	4,064,942	213	3,705,167
65	141	3,782,487	183	3,750,052
66	121	2,712,780	134	2,409,383

TABLE VIII-I

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO ALL MEMBERS RECEIVING BENEFITS AS OF JANUARY 1, 2012

Age	Men		Women	
	Number	Annuities	Number	Annuities
67	106	$ 2,487,120	141	$ 2,467,292
68	99	2,512,401	142	2,358,638
69	104	2,840,917	139	2,292,712
70	79	1,847,592	116	2,035,607
71	89	2,196,720	103	1,669,816
72	85	1,994,927	113	1,821,073
73	70	1,617,495	121	2,060,729
74	83	1,871,025	117	1,608,097
75	80	1,987,350	115	1,735,492
76	58	1,467,389	125	2,026,197
77	64	1,686,955	108	1,718,321
78	60	1,600,761	102	1,489,834
79	71	1,511,462	113	1,748,238
80	81	1,870,972	98	1,508,435
81	58	1,178,515	136	1,940,305
82	46	853,731	128	1,625,110
83	55	1,101,236	104	1,368,270
84	55	1,129,176	131	1,643,662
85	34	687,655	101	1,233,208
86	42	822,352	83	980,336
87	39	685,122	81	954,631
88	26	508,393	77	792,742
89	31	492,573	69	684,773
90	25	430,808	60	527,120
91	19	248,039	43	384,469
92	13	165,400	41	306,340
93	6	85,227	45	359,446
94	5	91,512	19	103,662
95	3	49,663	19	175,967
96			15	106,775
97	3	24,935	12	96,367
98	2	25,961	3	9,202
99	2	6,179	3	16,316
100	1	19,157	4	16,260
101			1	5,368
102			2	11,509
104			1	6,390
105	1	985		
Total	3,099	$ 73,757,592	4,648	$ 75,080,981

TABLE VIII-J

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO RETIRED MEMBERS AS OF JANUARY 1, 2012

Age	Men		Women	
	Number	Annuities	Number	Annuities
47	3	$ 35,295		
48	1	24,461	5	$ 93,787
49	2	49,207	3	117,231
50	6	160,928	7	143,817
51	5	80,185	12	382,293
52	14	425,623	22	573,304
53	20	713,934	22	573,617
54	25	655,106	44	1,099,008
55	38	1,015,172	52	1,961,847
56	60	1,530,889	62	1,397,335
57	56	1,568,147	60	1,406,970
58	75	2,002,600	80	1,708,821
59	91	2,675,598	96	2,101,341
60	116	2,814,285	153	2,991,007
61	153	3,724,338	155	2,324,064
62	154	3,826,573	185	3,026,153
63	147	4,021,150	165	2,833,823
64	173	4,026,197	196	3,403,700
65	137	3,669,361	168	3,465,836
66	113	2,624,264	124	2,198,353
67	99	2,395,040	128	2,298,066
68	93	2,406,319	123	2,083,583
69	98	2,711,864	118	1,964,762
70	77	1,803,006	103	1,759,447
71	83	2,079,665	83	1,394,201
72	82	1,950,890	106	1,717,784
73	65	1,576,978	100	1,633,091
74	72	1,739,839	98	1,382,379
75	72	1,879,203	90	1,437,397
76	57	1,456,221	100	1,630,492
77	63	1,679,031	82	1,364,472
78	57	1,556,130	74	1,119,465
79	66	1,488,585	80	1,058,878
80	73	1,760,228	71	1,121,223
81	52	1,135,571	98	1,444,491
82	41	830,144	79	1,015,871
83	53	1,092,656	69	829,698
84	53	1,113,034	78	911,010
85	33	666,527	63	704,376

TABLE VIII-J

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO RETIRED MEMBERS AS OF JANUARY 1, 2012

Age	Men		Women	
	Number	Annuities	Number	Annuities
86	38	$ 788,996	56	$ 657,143
87	31	627,670	48	530,082
88	26	508,393	50	502,032
89	29	468,105	42	404,675
90	23	418,280	36	271,001
91	15	214,962	27	237,585
92	12	162,829	31	243,180
93	6	85,227	25	210,499
94	4	85,182	14	78,622
95	3	49,663	13	116,879
96			7	68,035
97	3	24,935	8	72,679
98	2	25,961	1	3,514
99	1	2,595	1	5,221
100	1	19,157	2	11,521
102			1	3,169
104			1	6,390
Total	2,872	$ 70,446,199	3,717	$ 62,095,220

TABLE VIII-K

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO BENEFICIARY MEMBERS AS OF JANUARY 1, 2012

Age	Men		Women	
	Number	Annuities	Number	Annuities
12	1	$ 4,204		
14	1	4,204		
16	1	4,204	1	$ 18,000
17	1	4,204		
22	4	19,809	3	6,006
23			1	6,095
25				
29	3	20,556		
31			1	4,624
35			2	33,219
36			1	17,118
38	2	2,053		
39			1	4,624
40	1	2,053	2	2,673
42	2	14,046		
46			1	7,424
47			2	11,504
48			2	63,848
49	1	7,140		
50			1	37,402
51			2	16,831
52			2	25,177
53			3	21,099
54			5	67,513
55	2	31,336	2	16,379
56			10	149,438
57			9	143,086
58			9	164,473
59			8	109,944
60	1	1,226	7	68,284
61	3	26,598	10	193,239
62	3	11,524	6	79,298
63	3	41,610	13	190,842
64	2	7,663	13	239,793
65	1	22,519	14	275,203

TABLE VIII-K

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO BENEFICIARY MEMBERS AS OF JANUARY 1, 2012

Age	Men		Women	
	Number	Annuities	Number	Annuities
66	3	$ 44,019	8	$ 154,178
67	3	20,747	7	94,884
68	3	37,968	16	222,594
69	3	62,659	14	223,046
70			9	196,245
71	1	20,333	17	222,842
72	1	3,788	6	84,035
73	4	16,651	20	413,730
74	8	82,705	17	189,063
75	5	45,028	23	275,253
76	1	11,168	24	374,612
77			21	293,776
78	1	9,709	25	323,191
79	5	22,877	28	608,870
80	5	28,857	24	352,543
81	6	42,944	36	455,922
82	5	23,587	44	546,623
83	2	8,580	32	499,109
84	2	16,142	52	719,967
85			37	516,109
86	4	33,356	26	311,503
87	7	47,402	32	406,180
88			26	275,878
89	2	24,468	26	271,800
90	2	12,528	24	256,119
91	4	33,077	16	146,884
92	1	2,571	10	63,160
93			20	148,947
94	1	6,330	5	25,040
95			5	53,402
96			8	38,740
97			4	23,688
98			2	5,688
99	1	3,584	2	11,095
100			2	4,739
101			1	5,368
102			1	8,340
105	1	985		
Total	113	$ 887,012	801	$ 10,796,299

TABLE VIII-L

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO DISABLED MEMBERS AS OF JANUARY 1, 2012

Age	Men		Women	
	Number	Annuities	Number	Annuities
34	1	$ 32,400		
36	1	22,768		
40	1	11,308	1	$ 30,221
41	3	69,836		
42	2	64,799		
44	1	32,553		
46	2	49,355		
47	2	46,530	7	153,361
48			4	50,444
49	1	17,977		
50	1	19,906	5	69,872
51			1	17,304
52	3	111,127	2	53,890
53	5	80,664		
54	4	73,952	8	164,757
55	4	78,379	5	66,650
56	5	81,991	3	67,145
57	4	78,768	3	50,598
58	8	224,398	2	43,131
59	8	204,150	2	33,157
60	4	39,203	6	152,051
61	4	75,262	3	54,100
62	4	95,097	4	74,591
63	3	68,997	4	53,840
64	1	31,082	4	61,674

TABLE VIII-L

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO DISABLED MEMBERS AS OF JANUARY 1, 2012

Age	Men		Women	
	Number	Annuities	Number	Annuities
65	3	$ 90,607	1	$ 9,013
66	5	44,497	2	56,852
67	4	71,333	6	74,342
68	3	68,114	3	52,461
69	3	66,394	7	104,904
70	2	44,586	4	79,915
71	5	96,722	3	52,773
72	2	40,249	1	19,254
73	1	23,866	1	13,908
74	3	48,481	2	36,655
75	3	63,119	2	22,842
76			1	21,093
77	1	7,924	5	60,073
78	2	34,922	3	47,178
79			5	80,490
80	3	81,887	3	34,669
81			2	39,892
82			5	62,616
83			3	39,463
84			1	12,685
85	1	21,128	1	12,723
86			1	11,690
87	1	10,050	1	18,369
88			1	14,832
89			1	8,298
95			1	5,686
Total	114	$ 2,424,381	130	$ 2,189,462

EXHIBIT IX

GLOSSARY

Accrued Liability	The difference between (a) the present value of future plan benefits, and (b) the present value of future normal cost. It is the portion of the present value of future plan benefits attributable to service accrued as of the valuation date. Sometimes referred to as "actuarial accrued liability."
Accrued Service	The service credited under the plan, which was rendered before the date of the actuarial valuation.
Actual Funding Contribution	The Actual Funding Contribution for a plan year is calculated using census and asset information as of the first day of the plan year, and includes Normal Cost, with interest to the end of the plan year, and a net amortization payment.
Actuarial Assumptions	Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.
Actuarial Cost Method	A mathematical budgeting procedure for allocating the dollar amount of the "present value of future plan benefits" between the present value of future normal cost and the accrued liability. Sometimes referred to as the "actuarial funding method."
Actuarial Equivalent	A series of payments is called an actuarial equivalent of another series of payments if the two series have the same actuarial present value.
Actuarial Value of Assets	The value of current plan assets recognized for valuation purposes. Based on a smoothed market value that recognizes investment gains and losses over a period of three years.
Amortization	Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

EXHIBIT IX

GLOSSARY
(Continued)

Annual Required Contribution	The Annual Required Contribution, or ARC, is the amount determined in accordance with Governmental Accounting Standards Board Statements Nos. 25 and 27.
Budget Contribution	The Budget Contribution for a year is based on census and asset information as of the first day of the PRIOR plan year, rolled forward to the next plan year based on all actuarial assumptions being met. For example, the Budget Contribution for 2012 is based on census and asset information as of January 1, 2010, rolled forward to January 1, 2011.
Contribution Variance	The difference between the Actual Contribution and the Budget Contribution for a plan year is referred to as the Contribution Variance. A Contribution Variance resulting from an overpayment is amortized over 5 years as a level dollar credit. A Contribution Variance resulting from an underpayment is amortized over 5 years as a level dollar charge.
Experience Gain (Loss)	A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.
Normal Cost	The annual cost assumed, under the actuarial funding method, for current and subsequent plan years. Sometimes referred to as "current service cost."
Present Value	The amount of funds presently required to provide a payment or series of payments in the future. The present value is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.
Unfunded Accrued Liability	The difference between the actuarial accrued liability and valuation assets.

Montgomery County Employee Retirement Plans

Comprehensive Annual Financial Report

Employees' Retirement System
Retirement Savings Plan
Deferred Compensation Plan

(Trust Funds of Montgomery County, Maryland)

Fiscal Year 2012
July 1, 2011 – June 30, 2012

Montgomery County Employee Retirement Plans

Comprehensive Annual Financial Report

Employees' Retirement System
Retirement Savings Plan
Deferred Compensation Plan

(*Trust Funds of Montgomery County, Maryland*)

Fiscal Year 2012
July 1, 2011 – June 30, 2012

Prepared by the Board of Investment Trustees
101 Monroe Street, 15th Floor
Rockville, Maryland 20850

MONTGOMERY COUNTY
17 76
CARDEZ BIEN
MARYLAND

MONTGOMERY COUNTY, MARYLAND
EMPLOYEE RETIREMENT PLANS
Fiscal Year Ended June 30, 2012
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17 76
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MARYLAND

INTRODUCTION SECTION

OFFICES OF THE COUNTY EXECUTIVE

Isiah Leggett
County Executive

Timothy L. Firestine
Chief Administrative Officer

December 17, 2012

Honorable County Executive and
Members of the Montgomery County Council

I am pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Montgomery County, Maryland (County) Employee Retirement Plans (Plans) for the fiscal year ended June 30, 2012. This annual report is designed to assist you in understanding the structure and current status of the Plans.

FORMAL TRANSMITTAL OF THE CAFR

This report was prepared pursuant to the provisions of Section 33-51(b) of the Montgomery County Code, 2004, as amended (Code), and includes the independent auditors' report, issued by the County Council's appointed independent public accounting firm. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation including all disclosures rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the plan net assets and the changes in plan net assets and financial position of the Plans; and that all disclosures necessary to enable the reader to gain the maximum understanding of the financial affairs of the Plans have been included.

PROFILE OF THE RETIREMENT PLANS

History

The Employees' Retirement System (System) was established in 1965, as a cost-sharing multiple-employer defined benefit pension plan providing benefits to the employees of the County and other agencies or political subdivisions who elect to participate. Participating agencies and subdivisions include the: Montgomery County Revenue Authority, Housing Opportunities Commission of Montgomery County, independent fire/rescue corporations, Town of Chevy Chase, Strathmore Hall Foundation, Inc., Washington Suburban Transit Commission, Montgomery County Employees Federal Credit Union, and certain employees of the State Department of Assessments and Taxation and the District Court of Maryland. The System is closed to employees hired on or after October 1, 1994, except public safety bargaining unit employees and Guaranteed Retirement Income Plan (GRIP) participants. The Montgomery County Council passed legislation in FY 2009 enabling the County to establish and maintain a GRIP, a cash balance plan that is part of the System, for employees. During FY 2010 eligible County employees who were members of the Retirement Savings Plan (RSP) were granted the option to elect to participate in the GRIP and to transfer their RSP member account balance to the GRIP and cease being a member of the RSP. There were 5,554 active members, including 1,102 in the GRIP, and 5,824 retirees and beneficiaries participating in the System as of June 30, 2012.

The RSP was established in 1994, as a cost-sharing multiple-employer defined contribution plan providing benefits to all non-public safety and certain public safety employees hired on or after October 1, 1994. Employees covered by the System may make an irrevocable decision to transfer to the RSP. At June 30, 2012, there were 3,564 active plan members.

The Deferred Compensation Plan (DCP) was established pursuant to Section 457 of the Internal Revenue Code, as amended. During Fiscal Year (FY) 1999, in accordance with Federal legislation, the assets of the County Plan were placed in trust for the sole benefit of participants and their beneficiaries.

Benefit Provisions

The benefit provisions of the System are established by the Code. The System provides for normal service retirement and early service retirement benefits for members who attain age and service requirements. The System also provides options for disability and death benefits to eligible participants. Members are vested after five years of service.

The RSP provides for immediate vesting of employee contributions, and employer contributions are vested after three years of service or upon death, disability or reaching retirement age.

Major Initiatives

During FY 2012, the Board of Investment Trustees (Board) continued to implement its long-term plan to diversify the investment portfolio, and better manage the System's risk, by approving new investments in public equities, private equity, private real assets, and opportunistic strategies. The Board also approved a structural change to the asset allocation that will result in the addition of global public real estate securities to the portfolio.

In addition, the Board initiated a search for a single recordkeeper for the RSP, DCP, GRIP, and the Deferred Retirement Option Plans; integrated recordkeeping for these plans will result in cost savings for plan participants.

INFORMATION USEFUL IN ASSESSING THE RETIREMENT PLANS' ECONOMIC CONDITION

Financial Information

Accounting System and Reports

The Plans' financial statements have been prepared under the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due. Benefits, refunds and distributions are recognized when due in accordance with the terms of the Plans.

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A), which can be found on pages 15 to 19 of this report, provides a brief analysis of the financial performance of the Plans and an introduction to the financial statements of the Plans for the year ended June 30, 2012.

Investments

Montgomery County has established a Board to be responsible for the investment management of the Plans' assets for the exclusive benefit of the members and participants. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

In overseeing the management of the assets of the Plans, the Board has developed sound and prudent investment policies. The Board believes an appropriate balance must be struck between risks taken and returns sought to ensure the long term health of the defined benefit plan. The Board has adopted an

investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long term increases in the value of assets. To achieve this objective, System assets are allocated to a broad array of investment sectors as follows: domestic equities 25.3 percent, private equity 7.8 percent, international equities 15.5 percent, fixed income 27.5 percent, inflation indexed bonds 10.5 percent, commodities 4.6 percent, opportunistic 3.7 percent, and private real assets 5.1 percent. For the twelve months ended June 30, 2012, the total return achieved by the System's investments was a gain of 5.30 percent, compared to the gain recorded by the System's benchmark index of 5.38 percent and the actuarial assumed rate of return of 7.5 percent.

Section 33-125 of the Montgomery County Code authorizes the Board to establish, for members of the RSP, a diversified slate of mutual and commingled investment funds from which participants may select options. The Board has developed an investment policy outlining its oversight of the investment products offered.

The Board has also established a diversified slate of mutual and commingled funds for the County Plan which offers a range of options from which participants may select. The Board has constructed an investment policy stipulating investment objectives and oversight by the Board.

Funding

The System's actuary uses a five-year smoothed market-related value to determine the actuarial value of assets. The smoothing prevents extreme volatility in employer contribution rates due to short-term fluctuations in the investment markets. For the June 30, 2012 valuation, the actuarial value of assets was $2.9 billion and the aggregate actuarial liability was $3.8 billion, resulting in a funded status ratio of 76.7%. The Schedule of Funding Progress, included as Required Supplementary Information in the Financial Section, expresses the System's actuarial value of assets as a percentage of the actuarial accrued liability, providing one indication of the System's funding status on a going-concern basis. The actuary has determined that the present net asset base, expected future contributions and investment earnings thereon, are sufficient to provide for full payment of future benefits under the projected unit credit actuarial cost method.

Internal Control Structure and Budgetary Controls

The Plans' management is responsible for maintaining internal accounting controls to provide reasonable assurance that transactions are properly authorized and recorded as necessary to permit preparation of financial statements in conformity with U.S. generally accepted accounting principles. We believe the internal controls in effect during the fiscal year ended June 30, 2012 adequately safeguard the Plans' assets and provide reasonable assurance regarding the proper recording of financial transactions. In addition, the Board, in conjunction with the Chief Administrative Officer, approves and actively monitors the annual budgets for each plan. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement.

Independent Audit and Actuarial Certification

An independent auditors' report and actuarial certification are included in this report.

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Montgomery County Employee Retirement Plans for its comprehensive annual financial report for the fiscal year ended June 30, 2011. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Montgomery County Employee Retirement Plans have received the Certificate of Achievement for the last twelve consecutive years. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements and we are submitting it to the GFOA.

Acknowledgements

The Plans' CAFR was prepared by the Board of Investment Trustees staff in conjunction with staff support from the County's Department of Finance. I would like to express my appreciation to the employees who have worked hard throughout the year to ensure the successful operation of the Plans.

Respectfully submitted,

Timothy L. Firestine
Chief Administrative Officer
Plan Administrator

BOARD OF INVESTMENT TRUSTEES

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Montgomery County Council Representative
Term Expires March 2014

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Term Expires March 2014

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Office of Human Resources

Joseph F. Beach
Director of Finance

Linda A. Herman
Executive Director
Board of Investment Trustees

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Actuary

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Consultants & Actuaries
Chicago, IL

Investment Consultants

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Auditor

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Altus Capital Partners
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Bridgewater Associates
Westport, CT

Carmel Partners
San Francisco, CA

DW Healthcare Partners
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Sands Capital Management
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STW Fixed Income Management
Carpentaria, CA

Systematic Financial Management
Teaneck, NJ

TA Associates
Boston, MA

TA Associates Realty LLC
Boston, MA

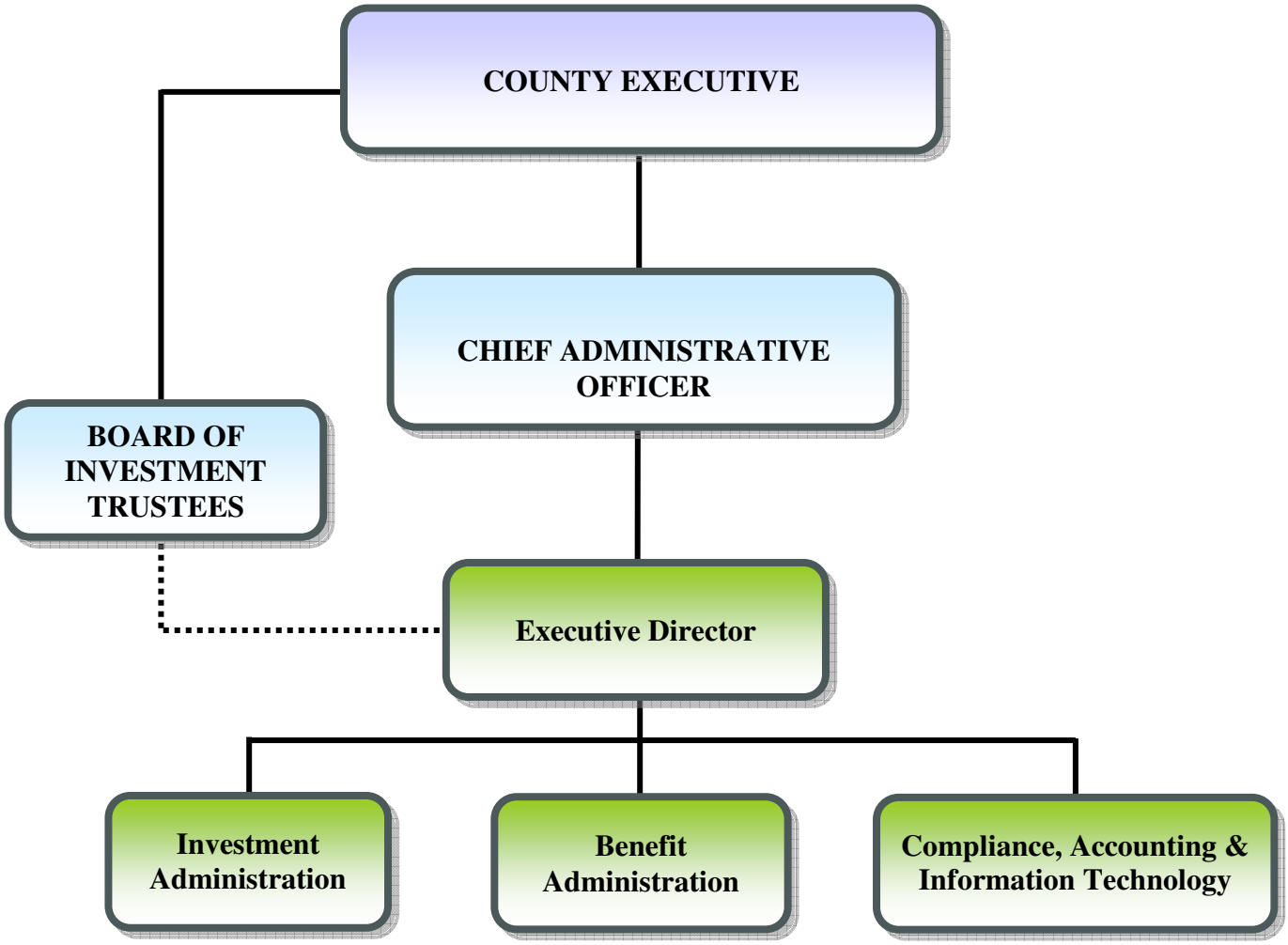
Wellington Management
Boston, MA

Wicks Group
New York, NY

Custodial Bank-Employees' Retirement System

The Northern Trust Company
Chicago, IL

Montgomery County Employee Retirement Plans
Administrative Organization Chart



FINANCIAL SECTION

Tel: 301-654-4900
Fax: 301-654-3567
www.bdo.com

7101 Wisconsin Ave, Suite 800
Bethesda, MD 20814

Independent Auditor's Report

The Honorable County Council
of Montgomery County, Maryland
Board of Trustees
Montgomery County Employee Retirement Plans

We have audited the accompanying statements of plan net assets of the **Montgomery County Employee Retirement Plans** (the Plans) as of June 30, 2012, and the related statements of changes in plan net assets for the year then ended. These financial statements are the responsibility of the Plans' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plans' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Plans as of June 30, 2012, and the changes in plan net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedules of funding progress and employer contributions on pages 15 through 19 and on page 33, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the Plans' basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plans' financial statements as a whole. The Schedules of Administrative and Investment Expenses, the Employees' Retirement System Statements of Plan Net Assets and Statements of Changes in Plan Net Assets, the Retirement Savings Plan Statements of Plan Net Assets and Statements of Changes in Plan Net Assets, the Deferred Compensation Plan Statements of Plan Net Assets and Statements of Changes in Plan Net Assets are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Administrative and Investment Expenses, the Employees' Retirement System Statements of Plan Net Assets and Statements of Changes in Plan Net Assets, the Retirement Savings Plan Statements of Plan Net Assets and Statements of Changes in Plan Net Assets, the Deferred Compensation Plan Statements of Plan Net Assets and Statements of Changes in Plan Net Assets are fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The Introduction Section, the Investment Section – Employees' Retirement System, the Actuarial Section - Employees' Retirement System, and the Statistical Section - Employee Retirement Plans, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BDO USA, LLP

December 17, 2012

MONTGOMERY COUNTY
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GARDEZ BIEN
MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The following Management's Discussion and Analysis (MD&A) of the Montgomery County Employee Retirement Plans (Plans) financial performance provides an introduction to the financial statements of the Plans as of and for the year ended June 30, 2012. Since the MD&A is designed to focus on current activities, resulting changes and current known facts, it should be read in conjunction with the transmittal letter in the Introduction Section on page 4, the financial statements, required supplementary information, and other supplementary information which follow this discussion.

REQUIRED FINANCIAL STATEMENTS

The financial statements for the Plans have been prepared under the accrual basis of accounting in conformity with U.S. generally accepted accounting principles, promulgated by the Governmental Accounting Standards Board. The Statements of Plan Net Assets comprise the Plans' assets and liabilities and provide information about the nature and amount of investments, as well as the liabilities distinguished as long-term and other liabilities. The Statements of Changes in Plan Net Assets report the changes of the Plans' net assets, measured by the additions by major sources and deductions by type. Comparative financial statements of the three plans are presented in the latter part of the financial section.

FINANCIAL ANALYSIS OF THE MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS

Shown below is a condensed presentation of the Net Assets of the Employees' Retirement System (ERS), Retirement Savings Plan (RSP), and Deferred Compensation Plan (DCP) at June 30:

Net Assets
(Millions)

	ERS		RSP		DCP	
	2012	2011	2012	2011	2012	2011
Assets:						
Cash and investments	$ 3,233.9	$ 3,153.5	$ 197.4	$ 183.4	$ 270.9	$ 272.3
Receivables	11.2	28.8	0.8	1.7	0.5	1.6
Total assets	3,245.1	3,182.3	198.2	185.1	271.4	273.9
Liabilities	308.3	285.1	0.1	0.1	-	-
Total net assets	$ 2,936.8	$ 2,897.2	$ 198.1	$ 185.0	$ 271.4	$ 273.9

Shown below is a condensed summary of the Change in Net Assets of the ERS, RSP, and DCP for the years ended June 30:

Change in Net Assets
(Millions)

	ERS		RSP		DCP	
	2012	2011	2012	2011	2012	2011
Additions:						
Employer contributions	$ 107.9	$ 109.3	$ 11.8	$ 16.0	$ -	$ -
Member contributions	22.8	18.6	8.4	8.7	15.0	17.0
Net investment income	117.7	510.0	0.1	32.9	0.3	43.0
Total additions	248.4	637.9	20.3	57.6	15.3	60.0
Deductions:						
Benefits	202.8	178.8	-	-	-	-
Refunds and distributions	2.5	1.5	6.9	5.9	17.7	16.2
Administrative expenses	3.5	3.1	0.3	0.2	-	-
Total deductions	208.8	183.4	7.2	6.1	17.7	16.2
Total change in net assets	$ 39.6	$ 454.5	$ 13.1	$ 51.5	$ (2.4)	$ 43.8

The following schedules provide a comparative summary and an analysis of each Plans' assets, liabilities and net assets, at June 30:

Employees' Retirement System
Net Assets
(Millions)

	2012	2011	Percentage Change
Assets:			
Cash and investments	$ 3,233.9	$ 3,153.5	2.5 %
Receivables	11.2	28.8	(61.1)
Total assets	3,245.1	3,182.3	2.0
Liabilities:			
Benefits payable and other liabilities	4.4	6.4	(31.3)
Obligations under securities lending agreements	303.9	278.7	9.0
Total liabilities	308.3	285.1	8.1
Total plan net assets	$ 2,936.8	$ 2,897.2	1.4 %

The table shown above reflects an increase in the ERS' net assets of $39.6 million or 1.4 percent during fiscal year (FY) 2012. The increase in liabilities is primarily due to the increase in obligations for securities lending agreements.

Retirement Savings Plan Net Assets (Millions)			
	2012	2011	Percentage Change
Assets:			
Cash and investments	$ 197.4	$ 183.4	7.6 %
Receivables	0.8	1.7	(52.9)
Total assets	198.2	185.1	7.1
Liabilities	0.1	0.1	-
Total plan net assets	$ 198.1	$ 185.0	7.1 %

During FY 2012, net assets increased 7.1 percent to $198.1 million. The increase is attributable to larger participant investment account balances due to contributions.

Deferred Compensation Plan Net Assets (Millions)			
	2012	2011	Percentage Change
Assets:			
Investments	$ 270.9	$ 272.3	(0.5) %
Receivables	0.5	1.6	(68.8)
Total assets and plan net assets	$ 271.4	$ 273.9	(0.9) %

Net assets of the DCP decreased 0.9 percent to $271.4 million during FY 2012. The decrease is attributable to lower participant account balances due to increased refunds and decreased contributions during FY 2012.

ADDITIONS

The primary sources of additions for the Plans include member and employer (where applicable) contributions. The following tables compare the source and amount of additions for each Plan during FY 2012 and FY 2011.

Employees' Retirement System Contributions and Investment Income (Millions)			
	2012	2011	Percentage Change
Employer contributions	$ 107.9	$ 109.3	(1.3) %
Member contributions	22.8	18.6	22.6
Net investment income	117.7	510.0	(76.9)
	$ 248.4	$ 637.9	(61.1) %

During FY 2012, member contributions increased by 22.6 percent due to a mandatory 1 percent increase in the contribution rate and an optional 2 percent additional after tax contribution for GRIP members for FY 2012 who elected this option.

The net investment income for the ERS totaled $117.7 million for FY 2012, comprised of $58.9 million in net appreciation in fair value of investments, $75.2 million in dividends and interest, $1.2 million from securities lending activities, and $17.6 million related to investment expenses. This is compared to net investment income of $510.0 million in FY 2011. The decrease in earnings compared to the previous fiscal year is due to the stronger financial markets in FY 2011.

Retirement Savings Plan
Contributions and Investment Income
(Millions)

	2012	2011	Percentage Change
Employer contributions	$ 11.8	$ 16.0	(26.3) %
Member contributions	8.4	8.7	(3.4)
Net investment income	0.1	32.9	(99.7)
	$ 20.3	$ 57.6	(64.8) %

Employer contributions to the RSP were $11.8 million in FY 2012, a decrease of 26.3 percent from FY 2011 due to legislation requiring a 2 percent lower contribution rate. Member contributions were $8.4 million in FY 2012, a decrease of 3.4 percent from FY 2011 due to a decline in the number of active participants.

The lower investment income in FY 2012 is primarily attributable to weaker financial markets during FY 2012.

Deferred Compensation Plan
Contributions and Investment Income
(Millions)

	2012	2011	Percentage Change
Member contributions	$ 15.0	$ 17.0	(11.8) %
Net investment income	0.3	43.0	(99.3)
	$ 15.3	$ 60.0	(74.5) %

Member contributions to the DCP were $15.0 million for FY 2012, a decrease of 11.8 percent from FY 2011.

Net investment gain for the DCP was $0.3 million, compared to $43.0 million in the previous fiscal year. The lower level in FY 2012 is primarily due to weaker financial markets in the fiscal year.

DEDUCTIONS

The primary sources of deductions from the Plans include the payment of retiree and survivor benefits, participant refunds and distributions, and administrative expenses. The following tables show the use and amount of deductions for each plan during FY 2012 and 2011.

Employees' Retirement System
Deductions by Type
(Millions)

	2012	2011	Percentage Change	
Benefits	$ 202.8	$ 178.8	13.4	%
Refunds	2.5	1.5	66.7	
Administrative expenses	3.5	3.1	12.9	
	$ 208.8	$ 183.4	13.8	%

During FY 2012, benefits increased due to an increase in the number of retirements during the year. Refunds increased primarily due to payments to Deferred Retirement Option Plan participants.

Retirement Savings Plan
Deductions by Type
(Millions)

	2012	2011	Percentage Change	
Distributions	$ 6.9	$ 5.9	16.9	%
Administrative expenses	0.3	0.2	50.0	
	$ 7.2	$ 6.1	18.0	%

The expenses related to the RSP are comprised of distributions and administrative costs. The increase is due to an increase in the consulting fees.

Deferred Compensation Plan
Deductions by Type
(Millions)

	2012	2011	Percentage Change	
Distributions	$ 17.7	$ 16.2	9.3	%

During FY 2012, distributions paid from the DCP increased by 9.3 percent over the FY 2011 level due to an increase in employee terminations.

For additional information regarding this report, please contact the Board of Investment Trustees at 240-777-8220.

MONTGOMERY COUNTY, MARYLAND
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2012

	Employees' Retirement System	Retirement Savings Plan	Deferred Compensation Plan
ASSETS			
Equity in County's pooled cash and investments	$ 814,725	$ 424,839	$ -
Investments:			
Government and agency obligations	303,907,668	-	-
Municipal/Provincial obligations	28,647,969	-	-
Asset-backed securities	2,966,713	-	-
Corporate bonds	572,946,146	-	-
Collateralized mortgage obligations	2,547,786	-	-
Commerical mortgage-backed securities	1,196,517	-	-
Common and preferred stock	1,266,564,139	-	-
Mutual and commingled funds	78,696,158	196,978,242	270,887,077
Short-term investments	292,635,896	-	-
Cash collateral received under securities lending agreements	303,900,721	-	-
Real assets	150,047,987	-	-
Private equity	229,073,503	-	-
Total investments	3,233,131,203	196,978,242	270,887,077
Dividend, interest, and other receivables	6,132,660	-	-
Contributions receivable	5,053,707	794,149	547,661
Total assets	3,245,132,295	198,197,230	271,434,738
LIABILITIES			
Payable for collateral received under securities lending agreements	303,900,721	-	-
Benefits payable and other liabilities	4,457,880	83,883	-
Total liabilities	308,358,601	83,883	-
Net assets held in trust for pension benefits	$ 2,936,773,694	$ 198,113,347	$ 271,434,738

See accompanying notes to financial statements.

MONTGOMERY COUNTY, MARYLAND
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

	Employees' Retirement System	Retirement Savings Plan	Deferred Compensation Plan
ADDITIONS			
Contributions:			
Employer	$ 107,855,595	$ 11,791,545	$ -
Members	22,833,310	8,434,872	14,974,202
Total contributions	130,688,905	20,226,417	14,974,202
Investment income	134,103,217	151,363	285,595
Less investment expenses	17,585,825	8,370	
Net gain from investment activities	116,517,392	142,993	285,595
Income from securities lending	787,831	-	-
Less securities lending expenses	(386,458)	-	-
Net income from securities lending	1,174,289	-	-
Total additions	248,380,586	20,369,410	15,259,797
DEDUCTIONS			
Retiree benefits	150,413,170	-	-
Disability benefits	44,127,146	-	-
Survivor benefits	8,233,185	-	-
Refunds and distributions	2,495,447	6,949,898	17,687,767
Administrative expenses	3,545,654	304,836	-
Total deductions	208,814,602	7,254,734	17,687,767
Net increase (decrease)	39,565,984	13,114,676	(2,427,970)
Net assets held in trust for benefits:			
Beginning of year	2,897,207,710	184,998,671	273,862,708
End of year	$ 2,936,773,694	$ 198,113,347	$ 271,434,738

See accompanying notes to financial statements.

MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

INTRODUCTION

The Montgomery County Employee Retirement Plans (Plans) are offered to Montgomery County (County) employees whose eligibility to participate is based on employment status and other factors. Each of the Plans described below was established under a separate section of the Montgomery County Code (Code). The accompanying notes summarize the significant accounting policies and plan provisions for each of the Plans, including the Employees' Retirement System, a defined benefit pension plan; the Retirement Savings Plan, a defined contribution plan; and the Deferred Compensation Plan, a plan established pursuant to Section 457 of the Internal Revenue Code.

EMPLOYEES' RETIREMENT SYSTEM - Defined Benefit Pension Plan

The Montgomery County Employees' Retirement System (System or Plan) is considered part of the County's financial reporting entity and is included in the County's basic financial statements as a pension and other employee benefit trust fund. The accompanying financial statements present only the operations of the System in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to public employee retirement systems. They are not intended to present fairly the financial position and results of operations of the entire County.

The Montgomery County Council passed legislation in FY 2009 enabling the County to establish and maintain a Guaranteed Retirement Income Plan (GRIP), a cash balance plan that is part of the Plan, for employees. During FY 2010 eligible County employees who were members of the Retirement Savings Plan (RSP) were granted the option to elect to participate in the GRIP and to transfer their RSP member account balance to the GRIP and cease being a member of the RSP.

A. Plan Description and Contribution Information

Membership. At June 30, 2012, the date of the latest actuarial valuation, membership in the System consisted of:

Retirees and beneficiaries receiving benefits	5,824
Terminated plan members entitled to but not yet receiving benefits	413
Active plan members	5,554

Plan Description. The System, a cost-sharing multiple-employer defined benefit pension plan, was established in 1965 and is sponsored by the County. Nine other agencies and political subdivisions have elected to participate. The System is closed to employees hired on or after October 1, 1994, except public safety bargaining unit employees and GRIP participants. All covered full-time employees of the County and participating agencies must become members of the System as a condition of employment. All covered career part-time employees of the County and participating agencies may become members on an individual basis.

Contributions. The System is a contributory plan with employees contributing a percentage of their base annual salary. Contribution rates range from 3 percent to 10.25 percent of regular earnings annually based on group classification and contributions earn interest at the rate of 4 percent per annum as specified under Section 33-39(b) of the Code. The County and each participating agency are required to contribute the remaining amounts necessary to fund the System using the actuarial basis as specified in Section 33-40 of the Code.

The GRIP, as defined in Section 33-35 of the Code, requires non-public safety employees to contribute 4 percent of regular earnings up to the Social Security wage base and 8 percent above the Social Security

wage base. Public safety employees are required to contribute 3 percent of regular earnings up to the Social Security wage base and 6 percent above the Social Security wage base. Section 33-40 of the Code requires the County and each participating agency to contribute 6 percent and 8 percent of regular earnings for non-public safety and public safety employees, respectively.

Benefit Provisions. Benefit provisions are established under the Code beginning with Section 33-35. All benefits vest at five years of service. There are different retirement groups within the System. Members enrolled before July 1, 1978, belong to either the optional non-integrated group or the optional integrated group. Members enrolled on or after July 1, 1978, belong to the mandatory integrated group. Within the groups are different retirement membership classes. The retirement group assigned depends upon the job classification of the member (i.e., non public safety, police, fire, sheriffs and correctional staff). Normal and early retirement eligibility, the formula for determining the amount of benefit, and the cost of living adjustment varies depending upon the retirement group and retirement membership class. Normal retirement is a percentage of earnings multiplied by years of credited service. Earnings for optional non-integrated group members and optional integrated group members is defined as the high 12 months and for mandatory integrated plan members, the high 36 months. The percentage of earnings, the maximum years of credited service and the cost of living adjustment varies depending upon the retirement membership class and group. Members who retire early receive normal retirement benefits reduced by a minimum of 2 percent to a maximum of 60 percent depending on the number of years early retirement precedes normal retirement. The System provides options for disability and death benefits to eligible participants. Annual cost-of-living adjustments are provided to retirees and beneficiaries based on the percentage change in the Consumer Price Index.

Legislation enacted by the Montgomery County Council in November 1999 required the Chief Administrative Officer of the County to establish Deferred Retirement Option Plans, or DROP Plans, allowing any employee who is a member of a specified membership group or bargaining unit, and who meets certain eligibility requirements, to elect to "retire" but continue to work for a specified time period, during which pension payments are deferred. When the member's participation in the DROP Plan ends, the member must stop working for the County, draw a pension benefit based on the member's credited service and earnings as of the date that the member began to participate in the DROP Plan, and receive the value of the DROP Plan payoff.

For members of the GRIP, employee contributions vest immediately and employer contributions are vested after three years of service or upon death, disability, or reaching retirement age. Members are fully vested upon reaching normal retirement (age 62) regardless of years of service. At separation, a participant's benefit is determined based upon the account balance which includes contributions and earnings.

B. Summary of Significant Accounting Policies

Basis of Accounting. The System's financial statements have been prepared under the accrual basis of accounting. Member and employer contributions are recognized in the period in which the contributions are required to be made as specified under the County Code. Benefits and refunds are recognized when due in accordance with the terms of the Plan. The cost of administering the Plan is paid by the System.

Method Used to Value Investments. Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2012. Fair value for private investments funds, including private equity, private real estate, and private real assets, is determined using unit values supplied by the fund managers, which are based upon the fund managers' appraisals of the funds' underlying holdings. Such values involve subjective judgment and may differ from amounts which would be realized if such holdings were actually sold. The fair value of limited partnership investments are based on valuations of the underlying assets of the limited partnerships as reported by the general partner. Cash received as collateral on securities lending transactions and investments made with such cash are reported as assets along with a related liability for collateral received.

Equity in County's Pooled Cash and Investments. The System maintains its cash with the County, which invests cash and allocates interest earned, on a quarterly basis to the System based on the System's average daily balance of its equity in pooled cash. The County's policy is to fully collateralize the cash maintained in the pool.

Accounting Changes. The System adopted GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions,* which was issued to update and improve existing standards requiring financial reporting and disclosure requirements on derivative securities. This statement resulted in no changes to the presentation of information.

C. Funded Status and Funding Progress

The funded status of the System as of June 30, 2012, the most recent actuarial valuation date, is as follows:

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
$2,891,435,563	$3,768,745,962	$877,310,399	76.7%	$398,460,248	220.2%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Additional information as of the latest actuarial valuation is as follows.

Valuation date	June 30, 2012
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of payroll assuming 4% annual payroll growth.
Amortization period	Closed amortization approach. The period was reset to 18 years as of June 30, 2010. Amortization bases created in the future will be amortized over 20 years.
Asset valuation method	5-Year phase-in of market gains/losses
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases depending on age	4% - 9.25%
Cost-of-living (inflation rate) adjustments	3% on credited service earned prior to June 30, 2011 2.3% on credited service earned thereafter, reflecting the 2.5% cap.
Post-retirement Increases	Consumer Price Index - by Group
Mortality rates after retirement	RP 2000 projected 30 years, separate tables for males and females

D. Trustees of the Plan

The County established a Board of Investment Trustees (Board) for the System to be responsible for the investment management of the System's assets for the exclusive benefit of the members. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

E. Investments

Section 33-61C of the Code, authorizes the Board to act with the care, skill, prudence and diligence under the circumstances that a prudent person acting in a similar capacity and familiar with the same matters would use to conduct a similar enterprise with similar purposes. The Code also requires that such investments be diversified so as to minimize the risk of large losses unless it is clearly not prudent to diversify under the circumstances. The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long term increases in the value of assets. The overall investment policies do not address specific levels of credit risk, interest rate risk or foreign currency risk. The Board believes that risks can be managed, but not eliminated, by establishing constraints on the investment portfolios and by monitoring the financial markets, the System's asset allocation and the investment managers hired by the System. Each investment manager has

a specific benchmark and investment guidelines appropriate for the type of investments they are managing. Section 33-60 of the Code prohibits the Board from investing in any bonds, notes, or debt instruments issued by Montgomery County, any political subdivision within Montgomery County, any agency supported or financed wholly or partly by taxes levied by the Montgomery County Council, or any agency supported by bond issues underwritten by Montgomery County.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. The Board's investment policies and guidelines manage interest rate risk by establishing duration constraints on each fixed income manager's portfolio based on the duration of each manager's respective benchmark. Duration is a measure of interest rate risk based on a bond price's sensitivity to a 100-basis point change in interest rates. The greater the duration of a bond, or a portfolio of bonds, the greater its price volatility will be in response to a change in interest rates and vice-versa. Duration of eight would mean that, given a 100-basis point change up/down in rates, a bond's price would move down/up by 8 percent. As of June 30, 2012, the System's fixed income portfolio had the following sensitivity to changes in interest rates:

Type of Investment	Effective Duration in Years	Fair Value	Percentage of Portfolio
U.S. Government Obligations	17.18	$ 88,403,061	8.71%
Foreign Government Obligations	4.34	10,804,129	1.06%
Asset-Backed Securities	9.90	2,966,713	0.29%
Commercial Mortgage-Backed Securities	4.71	1,196,517	0.12%
Collateralized Mortgage Obligations	1.12	2,547,786	0.25%
Municipal/Provincial Obligations	14.22	28,647,969	2.82%
Corporate Bonds	6.99	521,373,426	51.35%
Fixed Income Pooled Funds	N/A	279,024,208	27.49%
Short-term Investments and others	N/A	80,362,029	7.91%
Total Fixed Income Securities		$ 1,015,325,838	100.00%

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Board's International Investing Policy's objective is to achieve long-term capital appreciation and current income by investing in diversified portfolios of non-U.S. equities and bonds. The System has indirect exposure to foreign currency risk as follows:

International Securities	Equity	Fixed Income	Short-term and Other	Total Non-U.S. Dollar
European Currency Unit	$ 121,242,545	$ 773,194	$ 44,681,553	$ 166,697,292
British Pound Sterling	62,972,056	-	28,331,691	91,303,747
Japanese Yen	97,315,194	-	(10,096,208)	87,218,986
Swedish Krona	14,256,228	-	9,309,430	23,565,658
Hong Kong Dollar	13,687,114	-	1	13,687,115
Danish Krone	7,220,476	-	-	7,220,476
South Korean Won	4,654,703	-	(24)	4,654,679
Philippine Peso	2,268,260	2,251,333	-	4,519,593
Mexican Peso	-	3,176,435	-	3,176,435
Singapore Dollar	2,663,660	-	-	2,663,660
Other Currencies	36,771,118	5,435,431	(94,546,736)	(52,340,187)
Total International Securities	$ 363,051,354	$ 11,636,393	$ (22,320,293)	$ 352,367,454

Credit Risk/Concentration of Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Board's investment policies and guidelines limit the percentage of the total fund and individual manager's account which can be invested in fixed income securities rated below investment grade. In addition, the Board's investment policies and guidelines, for the majority of public fund managers, limit the percentage of each investment manager's account that may be

allocated to any one security, position, issuer or affiliated issuer, to less than 5 percent of the fair value of the investment manager's account. The System does not have investments (other than those issued or explicitly guaranteed by the U.S. Government or pooled investments) in any one company that represents 5 percent or more of net assets held in trust for pension benefits.

The quality ratings of investments in fixed income securities as described by nationally recognized rating organizations as of June 30, 2012 are as follows:

Type of Investment	Quality Rating	Fair Value	Percentage of Portfolio
U.S. Government Obligations*	AAA	$ 88,403,061	8.71%
Foreign Government Obligations	AAA	1,371,686	0.14%
	A	5,427,767	0.53%
	BBB	1,545,385	0.15%
	BB	1,201,182	0.12%
	Unrated	1,258,109	0.12%
Asset-Backed Securities	AAA	2,133,633	0.21%
	BBB	118,478	0.01%
	CCC	714,602	0.07%
Commercial Mortgage-Backed Securities	BBB	820,589	0.08%
	B	375,928	0.04%
Collateralized Mortgage Obligations	AA	109,995	0.01%
	BBB	269,450	0.03%
	B	142,172	0.01%
	CCC	1,488,170	0.15%
	D	537,999	0.05%
Municipal/Provincial Bonds	AAA	11,349,083	1.12%
	AA	8,047,783	0.79%
	A	9,251,103	0.91%
Corporate Bonds	AAA	4,229,922	0.42%
	AA	25,300,903	2.49%
	A	142,347,195	14.02%
	BBB	95,114,881	9.36%
	BB	64,935,939	6.40%
	B	103,746,465	10.22%
	CCC	54,086,724	5.33%
	CC	3,945,189	0.39%
	C	142,313	0.01%
	D	2,605,630	0.26%
	Unrated	24,918,265	2.45%
Fixed Income Pooled Funds	Unrated	279,024,208	27.49%
Short-term Investments and others	Unrated	80,362,029	7.91%
Total Fixed Income Securities		$ 1,015,325,838	100.00%

*Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

Derivatives. In accordance with the Board's Derivatives Policy, the System regularly invests in derivative financial instruments in the normal course of its investing activities to manage exposure to certain risks within the fund. During FY 2012, the System invested directly in various derivatives including asset-backed securities, collateralized mortgage obligations, exchange-traded futures contracts, forward currency contracts, swaps, and floating rate securities. Investment managers are prohibited from purchasing securities on margin or using leverage unless specifically permitted within the investment manager's guidelines. These investments generally contain market risk resulting from fluctuations in interest and

currency rates. The credit risk of these investments is associated with the creditworthiness of the related parties to the contracts. The System could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. The Board's Derivatives Policy seeks to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring procedures. In addition, the System has indirect exposure to market and credit risk through its ownership interests in certain mutual and commingled funds which may hold derivative financial instruments. The System is not a dealer, but an end-user of these instruments.

The notional or contractual amounts of derivatives indicate the extent of the System's involvement in the various types of derivative financial instruments and do not measure the System's exposure to credit or market risk and do not necessarily represent amounts exchanged by the parties. The amounts exchanged are determined by reference to the notional amounts and the other terms of the derivatives.

As permitted by the Board's policies, the System holds off-financial statement derivatives in the form of exchange-traded financial futures, interest rate swaps, foreign currency exchange swaps and foreign currency exchange contracts.

Futures contracts are contracts in which the buyer agrees to purchase and the seller agrees to make delivery of a specified financial instrument at a predetermined date and price. Gains and losses on futures contracts are settled daily. Futures contracts are standardized and are traded on exchanges. The exchange assumes the risk that a counterparty will not pay. As of June 30, 2012, the System held 144 long US Treasury futures contracts with a fair value of $24,390,719 and 547 short US Treasury futures contracts with a fair value of ($69,193,625).

A swap is an agreement in which party commits to pay a fee in exchange for a return linked to the market performance of an underlying security, group of securities, index or other asset. Risks may arise if the counterparty is unable to meet the terms of the contract. Swaps contain market risk resulting from fluctuations in the value of the reference obligation. As of June 30, 2012, the System held a foreign currency swap with a notional value of $83,400,000.

Foreign exchange contracts involve an agreement to exchange the currency of one country for the currency of another country at an agreed-upon price and settlement date. Foreign exchange contracts contain market risk resulting from fluctuations in currency rates. The credit risk is associated with the creditworthiness of the related parties to the contracts. As of June 30, 2012, the System held $187,785,694 buy foreign exchange contracts and ($227,279,792) sell foreign exchange contracts. The unrealized loss on the System's contracts was $3,130,318.

Securities Lending. Board policy permits the System to lend its securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The System's custodian is the agent in lending the System's securities for collateral of 102 percent for domestic and 105 percent for international securities. The custodian receives cash, securities or irrevocable bank letters of credit as collateral. All securities loans can be terminated on demand by either the System or the borrower. Cash collateral received from the borrower is invested by the lending agent, as an agent for the System, in a short-term investment pool in the name of the System, with guidelines approved by the Board. Such investments are considered a collateralized investment pool. The relationship between the maturities of the investment pool and the System's loans is affected by the maturities of securities loans made by other plan entities that invest cash collateral in the investment pool, which the System cannot determine. The System records a liability for the return of the cash collateral shown as collateral held for securities lending in the statement of net assets. The agent indemnifies the System by agreeing to purchase replacement securities, or return the cash collateral thereof, in the event a borrower fails to return loaned securities or pay distributions thereon. There were no such failures by any borrower during the fiscal year, nor were there any losses during the period resulting from a default of the borrower or lending agent.

As of June 30, 2012, the fair value of securities on loan was $301,873,672. Cash received as collateral and the related liability of $303,900,721 as of June 30, 2012, is shown on the Statement of Plan Net Assets. Securities received as collateral are not reported as assets since the System does not have the ability to pledge or sell the collateral securities absent borrower default. Securities lending revenues and expenses amounting to $787,831 and ($386,458), respectively, have been classified with investment income and investment expenses, respectively, in the accompanying financial statements.

The following represents the balances relating to the securities lending transactions at June 30, 2012:

Securities Lent	Underlying Securities	Non-Cash Collateral Value	Cash Collateral Investment Value
Lent for Cash Collateral:			
U.S. Government and Agency Obligations	$ 72,577,011	$ -	$ 73,862,244
Corporate Bonds	90,128,491	-	91,156,895
Equities	137,043,980	-	138,881,582
Lent for Non-Cash Collateral:			
U.S. Government Obligations	-	-	-
Corporate Bonds	-	-	-
Equities	2,124,190	2,138,295	-
Total	$ 301,873,672	$ 2,138,295	$ 303,900,721

At year-end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceeded the amounts the borrowers owe the System. The System is fully indemnified by its custodial bank against any losses incurred as a result of borrower default.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2012, there were no funds held by a counterparty that was acting as the System's agent in securities lending transactions.

F. Allocated Insurance Contract

On August 1, 1986, the County entered into an agreement with Aetna Life Insurance Company (Aetna) wherein Aetna accepted future responsibility for monthly payments to all members retired prior to January 1, 1986, in exchange for a lump sum payment. The County is liable for cost of living increases effective January 1, 1986, and later. Monthly payments made under this agreement have not been recognized in the System's financial statements.

G. Income Taxes

The Internal Revenue Service issued a determination letter in January 2003, which stated that the System and its underlying trust qualify under the applicable provisions of the Internal Revenue Code and are exempt from federal income taxes. In the opinion of the plan administrator, the System and its underlying trust have operated within the terms of the System and are qualified under the applicable provisions of the Internal Revenue Code.

RETIREMENT SAVINGS PLAN - Defined Contribution Pension Plan

The Montgomery County Retirement Savings Plan (Plan) is considered part of the County's financial reporting entity and is included in the County's basic financial statements as a pension and other employee benefit trust fund. The accompanying financial statements present only the operations of the Plan in conformity with GAAP. They are not intended to present fairly the financial position and results of operations of the entire County.

The Montgomery County Council passed legislation in FY 2009 enabling the County to establish and maintain a Guaranteed Retirement Income Plan (GRIP), a cash balance plan that is part of the Employees' Retirement System, for employees. During FY 2010 eligible County employees who were members of the Retirement Savings Plan (Plan) were granted the option to elect to participate in the GRIP and to transfer their Plan member account balance to the GRIP and cease being a member of the Plan.

A. Plan Description and Contribution Information

Membership. At June 30, 2012 membership in the Plan consisted of:

Active plan members	3,564
Inactive plan members	715

Plan Description. The Plan, a cost-sharing multiple-employer defined contribution plan, was established in 1994 and is sponsored by the County. Eight other agencies or political subdivisions have elected to participate. All non-public safety and certain public safety employees not represented by a collective bargaining agreement and hired on or after October 1, 1994 are covered by the Plan unless they elect to participate in the GRIP. Eligible employees covered by the Montgomery County Employees' Retirement System may make an irrevocable decision to transfer to this Plan.

Contributions. For fiscal year 2012, under Section 33-116 of the Code, the Plan required non-public safety employees to contribute 4 percent of regular earnings up to the Social Security wage base and 8 percent above the Social Security wage base. Public safety employees are required to contribute 3 percent of regular earnings up to the Social Security wage base and 6 percent above the Social Security wage base. Section 33-117 of the Code requires the County and each participating agency to contribute 6 percent and 8 percent of regular earnings for non-public safety and public safety employees, respectively. For FY 2012, employees were provided the option, if elected, to contribute an additional 2% contribution.

Benefit Provisions. Employee contributions and earnings thereon vest immediately and employer contributions and earnings thereon are vested after three years of service or upon death, disability, or reaching retirement age. Members are fully vested upon reaching normal retirement (age 62) regardless of years of service. At separation, a participant's benefit is determined based upon the account balance which includes contributions and investment earnings.

B. Summary of Significant Accounting Policies

Basis of Accounting. The Plan's financial statements have been prepared under the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are required to be made as specified in the County Code. Benefits, refunds and distributions are recognized when due in accordance with the terms of the Plan. The cost of administering the Plan is paid by the County and participating agencies.

Method Used to Value Investments. Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2012.

Equity in County's Pooled Cash and Investments. The Plan maintains its cash with the County, which invests cash and allocates interest earned, on a quarterly basis to the Plan based on the Plan's average daily balance of its equity in pooled cash. The County's policy is to fully collateralize the cash maintained in the pool.

C. Trustees of the Plan

The County established a Board of Investment Trustees (Board) for the RSP to oversee the investment program. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

D. Investments

Section 33-125 of the Code authorizes the Board to establish a diversified slate of mutual and commingled investment funds from which participants may select an option. The Board exercises the Standard of Care as delineated in Section 33-61 of the Code. As of June 30, 2012, the fair value of the mutual and commingled investment funds was $196,978,242, of which $36,752,653 was invested in international mutual funds.

E. Income Taxes

The Internal Revenue Service issued a determination letter in December 2010, which stated that the Plan and its underlying trust qualify under the applicable provisions of the Internal Revenue Code and are exempt from federal income taxes. In the opinion of the plan administrator, the Plan and its underlying trust have operated within the terms of the Plan and are qualified under the applicable provisions of the Internal Revenue Code.

DEFERRED COMPENSATION PLAN

During FY 2005, the Montgomery County Council passed legislation enabling the County to establish and maintain one or more additional deferred compensation plans for employees covered by a collective bargaining agreement. All County non-represented employees, those County represented employees who elected to participate, and employees who were retired at the time of transfer, continue to participate in the Montgomery County Deferred Compensation Plan administered by the County (the County Plan). County represented employees who elected and all represented employees hired after March 1, 2005 participate in the newly created Montgomery County Union Employees Deferred Compensation Plan (the Union Plan) administered by the bargaining units. The purpose of these Plans is to extend to employees deferred compensation plans pursuant to Section 457 of the Internal Revenue Code of 1986, as amended.

The accompanying financial statements present only the operations of the County Plan in conformity with GAAP. They are not intended to present fairly the financial position and results of operations of the entire County. The assets of the Union Plan are not included in the accompanying financial statements since neither the County nor the Board of Investment Trustees (Board) have fiduciary or other responsibility for the Union Plan except as required by federal law, including any regulation, ruling, or other guidance issued under law.

A. Plan Description and Contribution Information

Plan Description. During 1999, in accordance with Federal legislation, the assets were placed in Trust for the sole benefit of participants and their beneficiaries. Trust responsibilities for the County Plan are assigned to the Board. The Board has a third-party administrator contract to provide investment vehicles and administrative services to plan participants. Under the County Plan, contributions are sent to the providers for different types of investments as selected by the participants. A separate account, which reflects the monies deferred, investment of the monies, and related investment earnings is maintained for each participant by the third-party administrator. Withdrawals are made upon retirement, termination of employment, death, and/or in unforeseeable emergencies.

Plan Contributions. Under Section 33-11 of the Code, all employees hired after July 1, 2008 are automatically enrolled in the Plan with a 1% contributions unless they elect out within 60 days from the date of hire. All eligible participants are automatically enrolled in the Plan as of the date of hire. If they do not opt out of the Plan within 60 days from the date of hire, they begin making a contribution equivalent to 1% of their salary.

B. Summary of Significant Accounting Policies

Basis of Accounting. The County Plan's financial statements have been prepared under the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are made. Distributions are recognized when paid in accordance with the terms of the County Plan, and administrative costs are recognized as incurred.

Method Used to Value Investments. Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2012.

C. Trustees of the Plan

The County established a Board to oversee the investment program of the County Plan. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

D. Investments

The Board is required to establish a diversified slate of mutual and commingled funds from which participants may select investment options. The Board exercises the Standard of Care as delineated in Section 33-61 of the Code. As of June 30, 2012, the fair value of the mutual and commingled investment funds was $270,887,077, of which $33,613,895 was invested in international mutual funds.

MONTGOMERY COUNTY
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GARDEZ BIEN
MARYLAND

REQUIRED SUPPLEMENTARY INFORMATION

Historical trend information about the Employees' Retirement System (System) defined benefit pension plan is presented below as required supplementary information. This information is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/07	$ 2,469,933,200	$ 3,100,637,723	$ 630,704,523	79.7 %	$ 352,636,518	178.9 %
6/30/08	2,701,119,470	3,341,549,425	640,429,955	80.8	372,214,906	172.1
6/30/09	2,736,010,044	3,489,057,559	753,047,515	78.4	376,895,171	199.8
6/30/10	2,791,144,974	3,645,576,341	854,431,367	76.6	431,226,155	198.1
6/30/11	2,869,422,276	3,744,713,474	875,291,198	76.6	405,336,529	215.9
6/30/12	2,891,435,563	3,768,745,962	877,310,399	76.7	398,460,248	220.2

Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing the assets as a percentage of the actuarial accrued liability provides one indication of the System's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the system. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the system's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the system.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2007	$ 109,436,001	100 %
2008	117,686,375	100
2009	109,567,014	100
2010	113,957,784	100
2011	109,343,933	100
2012	107,855,595	100

SCHEDULE OF ADMINISTRATIVE EXPENSES
EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2012

Personnel Services:	
Salaries and wages	$ 1,415,150
Retirement contributions	80,191
Insurance	153,416
Social security	93,782
Total personnel services	1,742,539
Professional Services:	
Actuarial	401,962
Independent public accountants	32,094
Outside legal	6,518
Computer technical support	51,318
Other professional services	16,524
Temporary	127,530
Total professional services	635,946
Benefit Processing:	
Disbursement services	541,289
Recordkeeping services	93,770
Disability management	424,759
Total benefit processing	1,059,818
Due diligence and continuing education	26,684
Office Management:	
Office equipment and supplies	80,433
Miscellaneous	234
Total office management	80,667
Total administrative expenses	$ 3,545,654

SCHEDULE OF INVESTMENT EXPENSES
EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2012

Investment Management Expenses:	
Aetna Life Insurance Company	$ 4,092
BlackRock Financial Management	52,757
Bridgewater Associates	6,647,600
Eagle Asset Management	63,096
First Quadrant	300,000
FX Concepts	873,152
Gryphon International Investment	848,211
Jennison Associates LLC	491,677
JP Morgan Investment Management	492,896
Los Angeles Capital Management & Equity Research, Inc.	232,874
Loomis Sayles	750,058
Marathon London	1,179,761
Mondrian Investment Partners Ltd.	567,584
Nomura Asset Management	672,279
Numeric Investors	345,520
OFI Trust Company	355,561
RhumbLine Advisors	28,813
Sands Capital Management	399,103
Schroder Investment	752,888
STW	380,971
Systematic Financial Management	360,397
Wellington Management	586,334
The Northern Trust Company	352,060
Bloomberg Financial Systems	18,960
Wilshire Associates	279,256
Abel/Noser Corp.	5,000
KLD Research & Analytics	11,500
Franklin Park	533,425
Total investment management expenses	17,585,825
Securities lending borrower rebates	(679,806)
Securities lending agent fees	293,348
Total securities lending expenses	(386,458)
Total investment expenses	$ 17,199,367

EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2012 AND 2011

	2012	2011
ASSETS		
Equity in County's pooled cash and investments	$ 814,725	$ 838,614
Investments:		
Government and agency obligations	303,907,668	291,168,660
Municipal/Provincial bonds	28,647,969	23,074,251
Asset-backed securities	2,966,713	3,521,986
Corporate bonds	572,946,146	529,817,550
Collateralized mortgage obligations	2,547,786	4,494,269
Commercial mortgage-backed securities	1,196,517	68,577
Common and preferred stock	1,266,564,139	1,293,907,305
Mutual and commingled funds	78,696,158	161,260,706
Short-term investments	292,635,896	236,990,877
Cash collateral received under securities lending agreements	303,900,721	278,648,672
Real assets	150,047,987	119,090,399
Private equity	229,073,503	210,629,024
Total investments	3,233,131,203	3,152,672,276
Dividend, interest, and other receivables	6,132,660	19,514,710
Contributions receivable	5,053,707	9,243,924
Total assets	3,245,132,295	3,182,269,524
LIABILITIES		
Payable for collateral received under securities lending agreements	303,900,721	278,648,672
Benefits payable and other liabilities	4,457,880	6,413,142
Total liabilities	308,358,601	285,061,814
Net assets held in trust for pension benefits	$ 2,936,773,694	$ 2,897,207,710

EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
ADDITIONS		
Contributions:		
Employer	$ 107,855,595	$ 109,343,933
Members	22,833,310	18,592,167
Total contributions	130,688,905	127,936,100
Investment Income:		
Net appreciation in fair value of investments	58,860,076	456,894,454
Dividends and interest	75,243,141	73,342,788
Total income from investment activities	134,103,217	530,237,242
Less investment expenses	17,585,825	20,999,918
Net income from investment activities	116,517,392	509,237,324
Income from securities lending	787,831	833,495
Less securities lending expenses	(386,458)	52,667
Net income from securities lending	1,174,289	780,828
Total additions	248,380,586	637,954,252
DEDUCTIONS		
Retiree benefits	150,413,170	129,940,460
Disability benefits	44,127,146	40,906,886
Survivor benefits	8,233,185	7,944,401
Refunds	2,495,447	1,567,741
Administrative expenses	3,545,654	3,079,377
Total deductions	208,814,602	183,438,865
Net increase	39,565,984	454,515,387
Net assets - beginning of year	2,897,207,710	2,442,692,323
Net assets - end of year	$2,936,773,694	$2,897,207,710

RETIREMENT SAVINGS PLAN
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2012 AND 2011

	2012	2011
ASSETS		
Equity in County's pooled cash and investments	$ 424,839	$ 519,859
Investments	196,978,242	182,851,306
Contributions receivable	794,149	1,715,279
Total assets	198,197,230	185,086,444
LIABILITIES		
Accrued expenses	83,883	87,773
Net assets held in trust for pension benefits	$ 198,113,347	$ 184,998,671

RETIREMENT SAVINGS PLAN
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
ADDITIONS		
Contributions:		
Employers	$ 11,791,545	$ 16,071,953
Members	8,434,872	8,685,919
Total contributions	20,226,417	24,757,872
Investment income (loss)	(101,271)	32,461,347
Other income	252,634	425,002
Net investment income	151,363	32,886,349
Less investment expenses	8,370	8,811
Total additions	20,369,410	57,635,410
DEDUCTIONS		
Distributions	6,949,898	5,854,134
Administrative expenses	304,836	244,218
Total deductions	7,254,734	6,098,352
Net increase	13,114,676	51,537,058
Net assets - beginning of year	184,998,671	133,461,613
Net assets - end of year	$ 198,113,347	$ 184,998,671

DEFERRED COMPENSATION PLAN
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2012 AND 2011

	2012	2011
ASSETS		
Investments	$ 270,887,077	$ 272,313,942
Contributions receivable	547,661	1,548,766
Total assets and net assets held in trust for pension benefits	$ 271,434,738	$ 273,862,708

DEFERRED COMPENSATION PLAN
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
ADDITIONS		
Contributions - members	$ 14,974,202	$ 17,028,756
Investment income	285,595	42,988,175
Total additions	15,259,797	60,016,931
DEDUCTIONS		
Distributions	17,687,767	16,178,060
Total deductions	17,687,767	16,178,060
Net increase (decrease)	(2,427,970)	43,838,871
Net assets - beginning of year	273,862,708	230,023,837
Net assets - end of year	$ 271,434,738	$ 273,862,708

INVESTMENT SECTION

Employees' Retirement System

EMPLOYEES' RETIREMENT SYSTEM

INVESTMENT PERFORMANCE, POLICY, STATISTICS AND ACTIVITY

The Board of Investment Trustees (Board) and the investment staff are responsible for managing the $2.9 billion fund, Employees' Retirement System (the System), invested solely in the interests of its beneficiaries. It is a significant responsibility due to the majority of the average retiree benefit coming from investment earnings on contributions from members, the County, and participating agencies. According to Wilshire Associates, a national consulting firm, the median return among US public pension plans over $1 billion in size in FY 2012 was a gain of 0.59%, gross of fees. The System's return for the fiscal year was a gain of 5.30% gross of fees, ranking in the top decile of this universe of comparable pension funds. The study also ranked the System's three-year gain of 13.64% and its five-year return of 3.84% in the top quartile. The gross returns for the one-year period trailed the performance benchmark established by the Board by 8 basis points, with returns for the three-year and five-year periods exceeding the performance benchmarks by 83 basis points and 71 basis points, respectively. The key drivers of the performance for the twelve month period ending June 30, 2012 were the System's long duration fixed income, global inflation-indexed bond, and private real assets managers.

In the investment of public funds, adequate funding of employee retirement benefits at a reasonable and affordable cost is a paramount concern. An appropriate balance must be struck between risks taken and returns sought to ensure the long term health of the System. The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long term increases in the value of assets.

Specific investment objectives include:

- To realize the actuarial assumed rate of return of 7.5 percent.
- To manage portfolio risk so as to limit potential downside fluctuations in the value of the total System assets.
- To realize as high a rate of total return as possible consistent with the above.

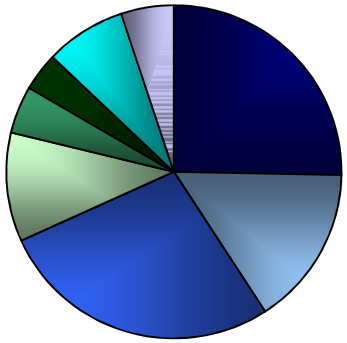
To achieve these objectives, the following investment policies are employed:

- Allocate System assets to a broad array of investment sectors and strategies.
- Maintain the asset allocation in compliance with the Board's rebalancing policy (+/- 5% for major asset classes and +/- 1.5% to 3% for sub-asset classes).
- Monitor the individual investment managers' market value to ensure compliance with the Board's Manager Funding Policy.
- Evaluate the performance of all investment managers against their specific performance and style objectives, assigned risk, and the returns achieved by other similar managers.
- Evaluate the System's overall risk exposure and modify investments through rebalancing when necessary.

During FY 2012, the Board continued to implement portfolio adjustments which will result in further diversification of the investment portfolio and better management of the System's risk. Toward this effort, the Board approved new investments in the following sectors: public equities, private equity, private real assets, and opportunistic strategies. The Board also approved a structural change to the asset allocation that will result in the addition of global public real estate securities to the portfolio.

The following pages reflect comments on the investment portfolio and were prepared by the Board.

ASSET ALLOCATION – JUNE 30, 2012



INVESTMENT PERFORMANCE SUMMARY

	ANNUALIZED DATA FOR PERIOD ENDING JUNE 30, 2012		
	1 Year	**3 Year**	**5 Year**
Total Fund Time-Weighted Returns			
MCERS	5.30 %	13.64 %	3.84 %
Policy Benchmark	5.38	12.81	3.13
Total Domestic Equities Return			
MCERS	2.62	16.88	0.93
Russell 3000	3.84	16.73	0.39
Total Private Equities Return			
MCERS	4.12[A]	12.65[A]	6.24[A]
Russell 3000 + 300 Bpts	5.54[A]	19.16[A]	7.35[A]
Total International Equities			
MCERS	(11.03)	9.72	(1.12)
MSCI All Country World X US	(14.57)	6.97	(4.62)
Total Private Real Assets			
MCERS	8.77[A]	0.48[A]	(3.29)[A]
CPI + 500 Bpts	6.63[B]	7.13[B]	6.89[B]
Total Fixed Income			
MCERS	14.39	14.41	8.83
Custom Fixed Income Benchmark	14.81	12.43	9.17
Total Opportunistic			
MCERS	(1.48)[C]	N/A	N/A
HFRI Fund of Funds Composite	(4.39)	N/A	N/A
Total Commodities			
MCERS	(12.53)	4.45	N/A
DJ UBS Commodities Index	(14.32)	3.49	N/A
Total Global Inflation Indexed Bonds			
MCERS	26.81	22.38	16.58
Custom IIB Benchmark	20.50	13.15	10.60

Return data for the System was calculated on a time weighted basis (except where noted). Returns shown are provided by the System's custodian bank, The Northern Trust Company. Valuations are based on published national securities exchange prices, where available, and all valuations are reconciled between the various investment managers and the custodian bank. Returns are gross of fees paid to investment managers except where noted.

A: Returns computed on dollar-weighted basis and are net of investment management fees.
B: Benchmark comparison is not meaningful at this time due to the short investment history of the System private real assets program.
C: Returns computed net of investment management fees.

PORTFOLIO HIGHLIGHTS

PUBLIC EQUITY

The market value of the total Public Equity Portfolio as of June 30, 2012 represented approximately 40.8% of the total fund, split between Domestic Equity at 25.3% and International Equity at 15.5%. The Domestic Equity Portfolio underperformed the Russell 3000 Benchmark by 1.22% for the one year ending June 30, 2012. The US equity markets started the fiscal year on a sharp decline impacted by weak global economic data, European and US political gridlock, and fears of escalating contagion from the European debt crises. The markets stabilized and rallied mid-year on strong earnings reports in the US and optimism about progress in resolving the European debt crises. Domestic equity indices ended the fiscal year on a negative note as a continued softening of economic data in the US and increased concerns about the Eurozone weighed on the markets.

As of June 30, 2012, the International Equity Portfolio was allocated as follows: 85.0% active EAFE and 15.0% active emerging markets. The International Equity Portfolio outperformed the MSCI ACWI ex US benchmark by 3.54% for the fiscal year ending June 30, 2012. Directionally, international markets followed domestic markets during the fiscal year, though experienced weaker upside movements and a worse downside due to deteriorating conditions in the European sovereign debt crisis. Emerging markets underperformed their developed market counterparts as concerns intensified over slowing global economic growth due to the worsening European conditions and a slowdown in China's rate of economic activity.

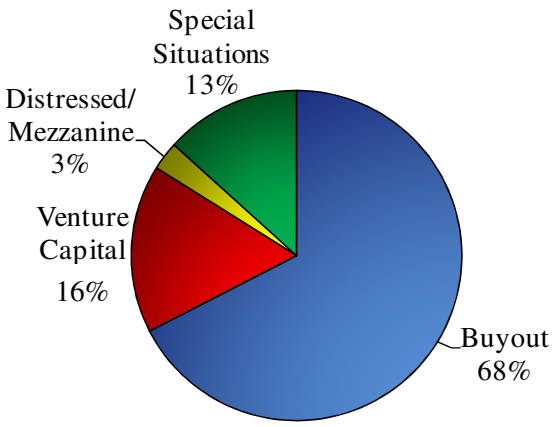
Equity: Top 15 Holdings

The top 15 holdings in the Public Equity Portfolio comprised 4.6% of ERS assets at June 30, 2012. In comparison to the top 15 holdings of last year, Apple, Novartis, BNP Paribas, Fresenius, Heineken, and Inditex remained and Visa, Amazon, Google, Salesforce, Intertek, Qualcomm, Gemalto, Seven & I, and Li & Fung were added.

Equity	Shares		Value
Apple	23,071	$	13,473,464
Visa	72,378		8,948,092
Amazon	39,156		8,941,273
Google	13,543		7,855,888
Novartis	137,323		7,674,999
Fresenius	72,291		7,502,570
Salesforce	50,827		7,027,341
Heineken	131,752		6,879,439
Inditex	62,333		6,449,324
Intertek Group	152,249		6,380,601
Qualcomm	100,210		5,579,693
Gemlato	77,335		5,553,855
Seven & I Holdings	182,600		5,485,552
Li & Fung	2,845,600		5,436,716
BNP Paribas	140,669		5,415,283

PRIVATE EQUITY

The System began investing in private equity in 2003 to achieve returns greater than those available in the public equity markets and to gain exposure to diversified alpha sources. At June 30, 2012, the Private Equity Portfolio comprised 7.8% of total fund assets, and approximately 68% of the dollars committed had been called. On a long-term basis, the Private Equity program seeks to outperform the Russell 3000 Index by 3%. System returns are calculated on a dollar-weighted or internal rate-of-return basis, and the annualized return since inception (2003) through June 30, 2012 was 6.24%. By comparison, the dollar-weighted return for the Russell 3000 Index plus 3% for the same period was 7.35%.

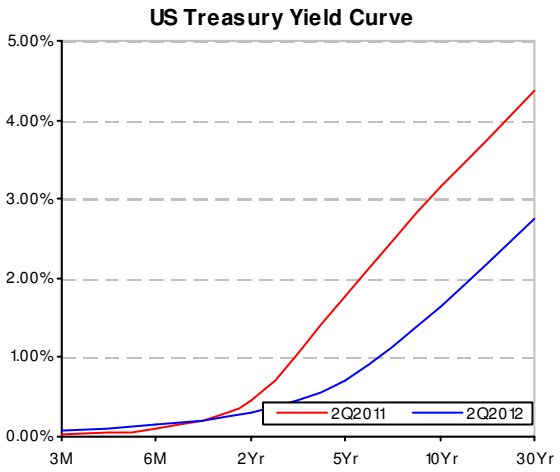


Over the past twelve months, new private equity deals and exits remained nearly at the same strong level of activity seen during the prior fiscal year. Market turmoil in Europe had little impact, except for pricing – valuations were slightly down versus the prior year due to tighter credit standards imposed by lenders.

PORTFOLIO HIGHLIGHTS

FIXED INCOME

The System invests a portion of its portfolio in fixed income securities to reduce total fund volatility, produce income and provide a measure of protection in the event of a slowing economic environment, where these lower volatility assets should provide downside protection. The market value of the Fixed Income Portfolio as of June 30, 2012 represented approximately 27.5% of the total fund. The Fixed Income Portfolio returned 14.39%, but underperformed the benchmark return of 14.81% during the fiscal year. Treasury yields fell as investors sought the safety of US Government bonds. Strong returns were driven by the long duration allocation, representing approximately 12.5% of total fund assets.



The past twelve months for the fixed income markets have been characterized by slower economic growth and accommodative monetary policy. The Federal Reserve maintained the Fed Funds Rate at a target range of 0% to 0.25% and reiterated their view that current economic conditions warrant exceptionally low levels for an extended period of time. The Fed also continued quantitative easing measures to keep longer interest rates low in an effort to stimulate the economic recovery. The flattening in the US Treasury Yield Curve (see above) reflects concerns that the global economic growth is slowing and a recovery may take longer than previously anticipated.

Fixed Income: Top 15 Holdings

Fifteen Largest Fixed Income Holdings	Interest Rate	Maturity Date	Fair Value
United States Treasury Bonds	3.125 %	November 15, 2041	$ 35,701,825
United States Treasury Bonds	3.750	August 15, 2041	20,796,401
United States Treasury Bonds	3.125	February 15, 2024	9,639,706
Wachovia Bank	6.600	January 15, 2038	7,281,971
HSBC Bank	7.000	January 15, 2039	6,048,344
JP Morgan Chase	5.600	July 15, 2041	5,875,637
Citigroup Inc	8.125	July 15, 2039	5,448,163
General Electric Capital Corp	6.875	January 10, 2039	5,315,344
Kraft Foods Inc	6.500	Febraury 9, 2040	5,284,803
Altria Group Inc	9.950	November 10, 2038	5,205,883
United States Treasury Bonds	7.625	February 15, 2025	5,147,972
Metlife	5.875	February 6, 2041	4,993,743
ConocoPhillips	6.500	February 15, 2039	4,736,037
NY State Dorm Authority	5.000	March 15, 2041	4,496,108
Bank of America	6.000	October 15, 2036	4,123,645

A complete list of the portfolio holdings can be obtained by contacting the Board of Investment Trustees office.

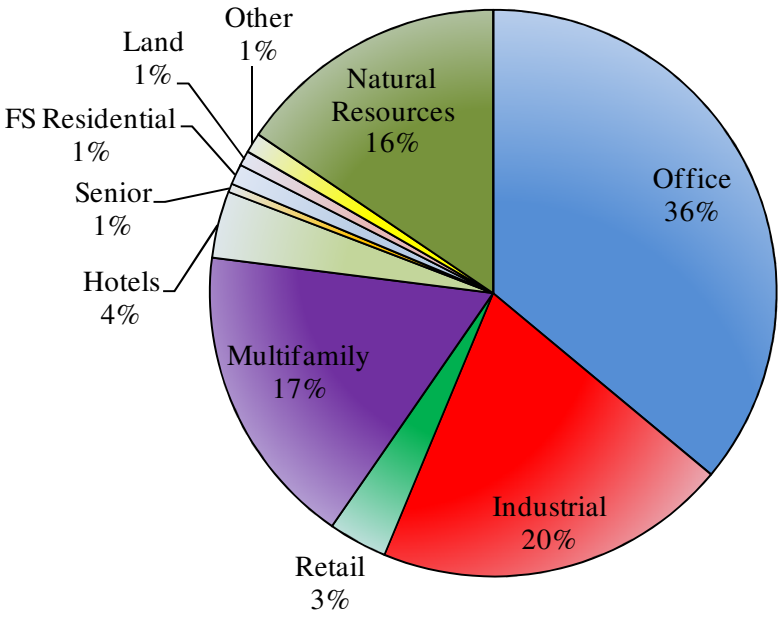
PORTFOLIO HIGHLIGHTS

REAL/INFLATION HEDGE ASSETS

Private Real Assets

The System began investing in value-added and opportunistic private real estate and natural resources in 2006 to attain real returns less correlated with the broad securities markets. Returns are computed on a dollar-weighted or internal rate-of-return basis, and from inception (2006) to June 30, 2012 the investments generated an annualized loss of 3.03%. By comparison, the dollar-weighted return for the benchmark CPI + 5% for the same period was a gain of 6.91%. The Private Real Assets Portfolio comprised 5.1% of the ERS portfolio at June 30, 2012 with approximately 78% of the total capital committed to private real assets being contributed.

During the fiscal year, real estate transaction activity decreased versus the prior year, as improving US activity levels were offset by a drop in development transactions in Asia. Energy investment markets saw a robust pace of deal activity, led by oil and natural gas liquids opportunities.



Global Inflation-Indexed Bonds

The System allocates a portion of Fund assets to inflation-indexed bonds which provide protection against inflation risk as well as providing a diversified return stream to manage volatility. The Inflation-Indexed Bond Portfolio represented 10.5% of the total fund at June 30, 2012. The Portfolio, which also includes an absolute return fund, returned 26.81% during the fiscal year, outperforming the benchmark by 6.31%.

The returns on Global Inflation-Indexed bonds were positive during the fiscal year as real yields declined. Performance of our portfolio benefited from opportunistic allocations to developed and emerging market currencies, nominal bonds and certain commodity positions through the manager's actively managed portfolio.

Inflation-Indexed Bonds - Country Exposures		
United States	40.2	%
Euroland	29.7	
United Kingdom	15.0	
Sweden	5.1	
Canada	10.0	

PORTFOLIO HIGHLIGHTS

Commodities

The System began investing in commodities in January 2009 to further diversify the portfolio to reduce risk and to provide a hedge against unexpected inflation. The Commodities Portfolio represented 4.6% of the total fund as of June 30, 2012. The Portfolio declined by 12.53%, outperforming the benchmark by 1.79% for the year ended June 30, 2012.

The commodities markets declined sharply in the beginning of the fiscal year on concerns about the global economy heading into a recession, but markets improved towards the middle of the fiscal year on rallying crude oil prices due to geopolitical concerns, strong US economic data and increased Chinese demand. However, the commodities markets ended the fiscal year on a negative note due to Eurozone concerns and continued softening of economic data in the US. A strengthening dollar also impacted commodity prices as raw materials are priced in dollars and tend to move inversely with the dollar.

INVESTMENT MANAGERS

The diversified investment structure as of June 30, 2012 is reflected in the following table, which lists System managers by asset class and style.

Public Equity	Investment Style
Domestic Equity	
BlackRock Financial Mgt.*	Russell 1000 Index
Eagle Asset Management	Small Cap Growth
JP Morgan Investment Mgt.*	Large Cap Core Plus
Los Angeles Capital Management*	Large Cap Alpha
RhumbLine Advisors	Russell 1000 Index
Sands Capital Management	Large Cap Growth
Systematic Financial Mgt.	Large Cap Value
Wellington Management	Small Cap Value
International Equity	
Gryphon	EAFE
Marathon	EAFE
Mondrian*	Emerging Markets

Fixed Income	Investment Style
BlackRock Financial Mgt.*	BC US Aggregate Index
Loomis Sayles	High Yield
Jennison Associates	Long Duration
Nomura Asset Management	High Yield
STW Fixed Income Mgt.	Long Duration

Inflation-Indexed Bonds	Investment Style
Bridgewater*	Inflation Indexed Bonds

Foreign Currency	Investment Style
First Quadrant*	Foreign Currency
FX Concepts*	Foreign Currency

Commodities	Investment Style
BlackRock Financial Mgt.*	DJ UBS Commodity
Schroder Investment Mgt.*	Active

Opportunistic	Investment Style
GMO*	Global Macro
Grosvenor*	Fund-of-Funds

Private Equity	Investment Style
Adams Street*	Fund-of-Funds
Altus Capital Partners*	Buyouts
DW Healthcare Partners*	Buyouts
HarbourVest*	Fund-of-Funds
KPS Capital Partners*	Turnaround
Landmark*	Fund-of-Funds
Mason Wells*	Buyouts
Odyssey Inv. Partners.*	Buyouts
Pomona Capital*	Fund-of-Funds
Riverside Partners*	Buyouts
TA Associates*	Growth Equity
Wicks Group*	Buyouts

Private Real Assets	Investment Style
AEW Capital*	Opportunistic
Carmel Partners*	Value-Added
EnerVest*	Energy
FLAG Capital Mgt.*	Fund-of-Funds
Hampshire Companies*	Value-Added
LBA Realty*	Value-Added
Pearlmark Real Estate Ptrs*	Value-Added
TA Associates Realty*	Value-Added

* Pooled Funds

PORTFOLIO HIGHLIGHTS

PUBLIC EQUITY COMMISSIONS

January 1, 2011 THROUGH December 31, 2011

Brokers	Commissions (thousands)
Liquidnet Inc.	$ 34
Investment Technology Group, Inc.	34
Morgan Stanley & Co., Inc.	33
Merrill Lynch Pierce Fenner & Smith, Inc.	28
Credit Suisse First Boston Corporation	26
Instinet	25
Goldman Executing & Clearing	21
Citigroup Global Markets Inc./Smith Barney	14
UBS Warburg LLC	12
Deutsche Bank Securities	12
Other Brokers (125 brokers)	231
Total	**$ 470**

INVESTMENT SUMMARY

	2012 Fair Value	Percent of Total Value	2011 Fair Value	Percent of Total Value
Government and agency obligations	$ 303,907,668	9.40%	$ 291,168,660	9.24%
Municipal/Provincial obligations	28,647,969	0.89%	23,074,251	0.73%
Asset-backed securities	2,966,713	0.09%	3,521,986	0.11%
Corporate bonds	572,946,146	17.72%	529,817,550	16.81%
Collateralized mortgage obligations	2,547,786	0.08%	4,494,269	0.14%
Commerical mortgage-backed securities	1,196,517	0.04%	68,577	0.00%
Common and preferred stock	1,266,564,139	39.17%	1,293,907,305	41.04%
Mutual and commingled funds	78,696,158	2.43%	161,260,706	5.11%
Short-term investments	292,635,896	9.05%	236,990,877	7.52%
Cash collateral received under securities lending agreements	303,900,721	9.40%	278,648,672	8.84%
Real assets	150,047,987	4.64%	119,090,399	3.78%
Private equity	229,073,503	7.09%	210,629,024	6.68%
Total	$ 3,233,131,203	100.00%	$ 3,152,672,276	100.00%

ACTUARIAL SECTION

Employees' Retirement System

GRS
Gabriel Roeder Smith & Company
Consultants & Actuaries
20 North Clark Street
Suite 2400
Chicago, IL 60602-5111
312.456.9800 phone
312.456.9801 fax
www.gabrielroeder.com

December 17, 2012

Board of Trustees
Montgomery County Employees' Retirement System
Rockville, Maryland

Dear Trustees:

We are pleased to provide our formal annual Actuarial Valuation Report as of July 1, 2012, for the Montgomery County Employees' Retirement System ("System"). The actuarial valuation was performed at the request of Montgomery County ("County") and is intended for use by the County and the System and those designated by the County and the System. This report may be provided to parties other than the County and System only in its entirety and only with the permission of the County and System.

Funding Objective

The funding objective is to provide employer and employee contributions sufficient to pay the benefits of the Montgomery County Employees' Retirement System when due and to achieve a funded ratio of 100 percent at the end of the amortization period under the level percentage of pay funding policy with 20-year closed period amortization bases established at each valuation. The total contribution rate is equal to the normal cost rate plus amortization of the unfunded liability as a level percentage of payroll. The unfunded liability as of July 1, 2010, was amortized over an initial closed period of 18 years (16 years remaining at the valuation as of July 1, 2012). The additional unfunded liability from each subsequent valuation is amortized over a 20-year closed period. The total contribution rate minus the average employee contribution rate equals the County contribution rate. The valuation as of July 1, 2012, establishes the County contribution rate for fiscal year beginning July 1, 2013.

Actuarial Assumptions and Methods

The actuarial assumptions and the actuarial cost method used in this valuation are the same as those used in the prior actuarial valuation performed by the prior actuary. The actuarial method utilized by the System for Guaranteed Retirement Income Plan ("GRIP") members is the Traditional Unit Credit Cost Method. The actuarial method utilized by the System for non-GRIP members is the Projected Unit Credit Cost Method. The objective of these methods is to finance the benefits of the System as such benefits accrue to each member. The Projected Unit Credit Method reflects future pay increases whereas the Traditional Unit Credit Method does not. Any Unfunded Actuarial Accrued Liability (UAAL) under this method is separately financed. All actuarial gains and losses under this method are reflected in the UAAL.

The actuarial assumptions and methods used, including the economic and demographic assumptions, the actuarial cost method and asset method, are in accordance with paragraph 36 of GASB Statement Number 25.

Benefit Provisions
There have been no new plan changes reflected in the valuation as of July 1, 2012, since the actuarial valuation at July 1, 2011. However, certain plan changes reflected in the valuation as of July 1, 2011, which are first effective July 1, 2012 are as follow:

1. An increase in the member contribution rate of 1 percent of pay
2. Changes to the service-connected disability benefit

Participant Data
A total of 5,554 active members (including DRSP and DROP) were included in the valuation as of July 1, 2012. Between the 2011 and 2012 valuations, the number of active employees increased by 39 members, or 0.7 percent. The average annual valuation pay (including DRSP and DROP) decreased by 2.4 percent, from $73,497 to $71,743 between the 2011 and 2012 valuation. The number of benefit recipients increased from 5,712 to 5,824, or 2.0 percent, since the last valuation. The average monthly benefit increased by 1.9 percent, from $2,862 to $2,915.

Aetna Contract
There is a group of retirees that have benefits that are insured by Aetna. The total benefit amounts reported for these members in the valuation report include the insured benefit amount. The actuarial liabilities calculated in the valuation report exclude the value of these benefits. The liabilities for these members that are included in the actuarial valuation are for the cost of living adjustments provided and are paid by the Montgomery County Employees' Retirement System.

Valuation Assets
On a market value basis, the Plan assets had an investment return of approximately 5.2[1] percent (net of investment expenses). Continued recognition of the fiscal year end 2008 and fiscal year end 2009 investment losses and partial recognition of the fiscal year 2012 investment loss, which was partially offset by recognition of investment gains during fiscal years ending 2010 and 2011, resulted in an estimated net asset rate of return of 3.5 percent on an actuarial basis which compares to the assumed rate of return of 7.50 percent.

Reliance on Others
The valuation was based upon information furnished by the County Staff, concerning benefits provided by the Montgomery County Employees' Retirement System, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the County Staff.

Certification
To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Montgomery County Employees' Retirement System as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. The undersigned are members of the American Academy of Actuaries

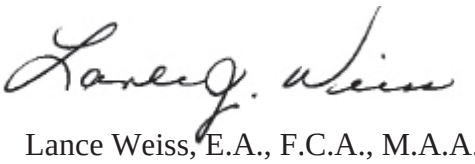
[1] *Estimated market value return based on invested portion of total plan assets in custody at Northern Trust and net non-investment cash outflows of $78,125,697 during fiscal year 2012. Based on estimated monthly returns and uniform distribution of non-investment cash flows in each month during the fiscal year.*

and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

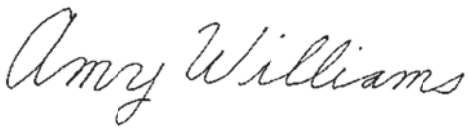
Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. This report should not be relied on for any purpose other than the purpose stated.

The signing actuaries are independent of the plan sponsor.

Respectfully submitted,
Gabriel, Roeder, Smith & Company



Lance Weiss, E.A., F.C.A., M.A.A.A.
Senior Consultant



Amy Williams, A.S.A., M.A.A.A.
Consultant

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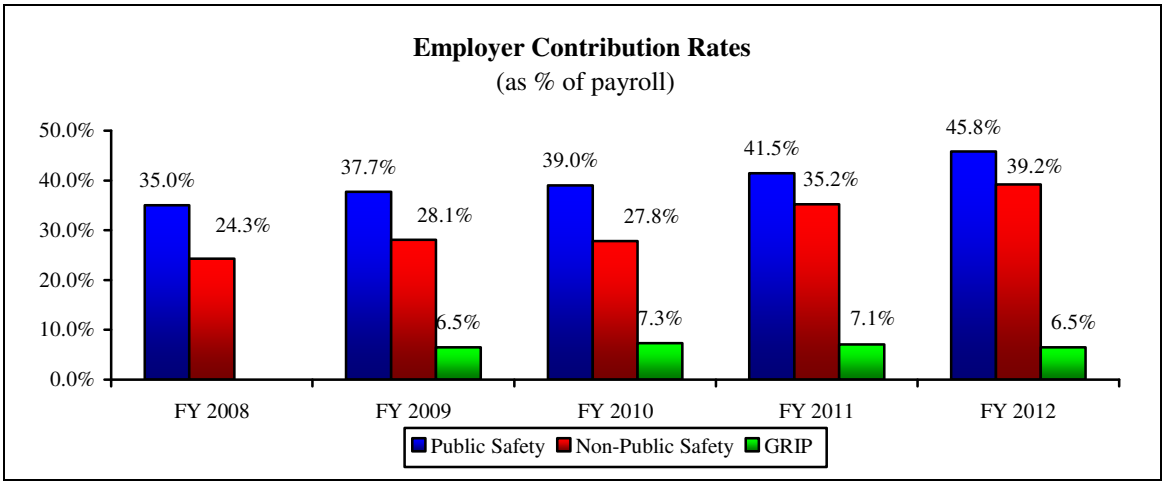
SUMMARY OF VALUATION RESULTS
EMPLOYEES' RETIREMENT SYSTEM

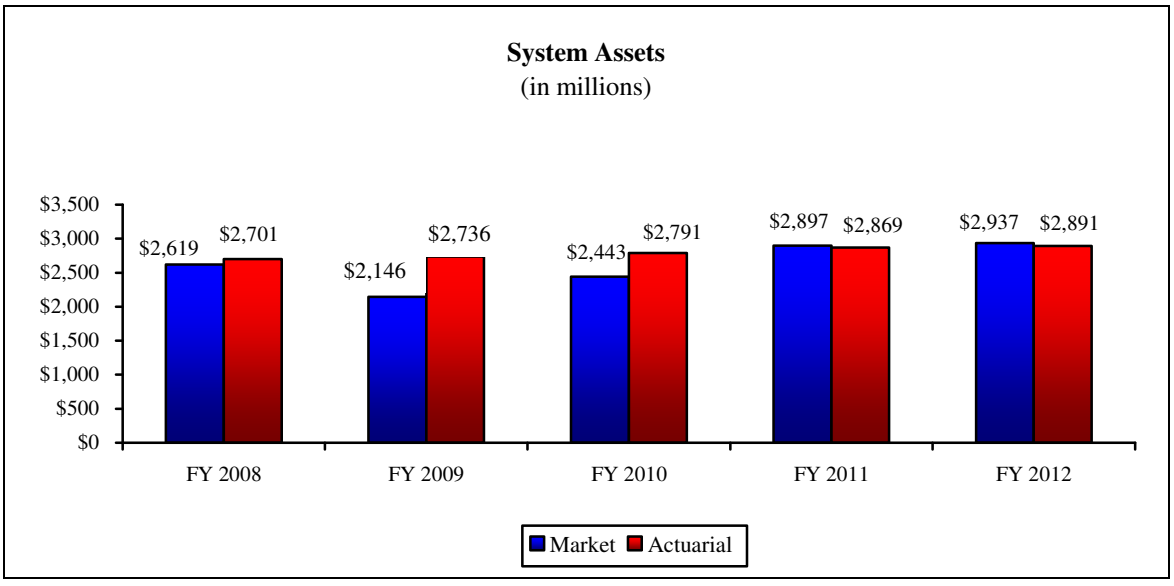
A. Overview

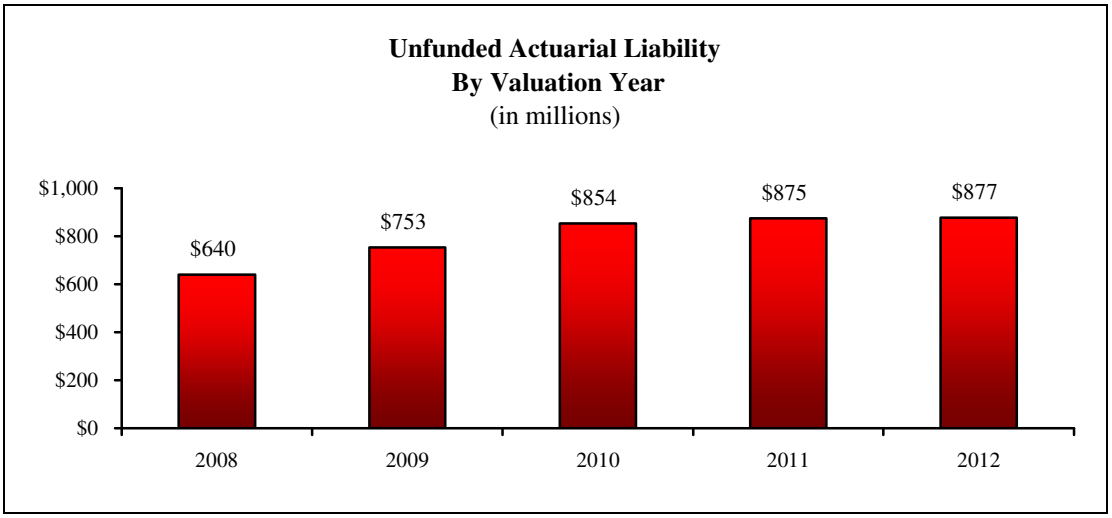
This report presents the results of our June 30, 2012 actuarial valuation of the Montgomery County Employees' Retirement System.

The major findings of the valuation are summarized in the following charts:

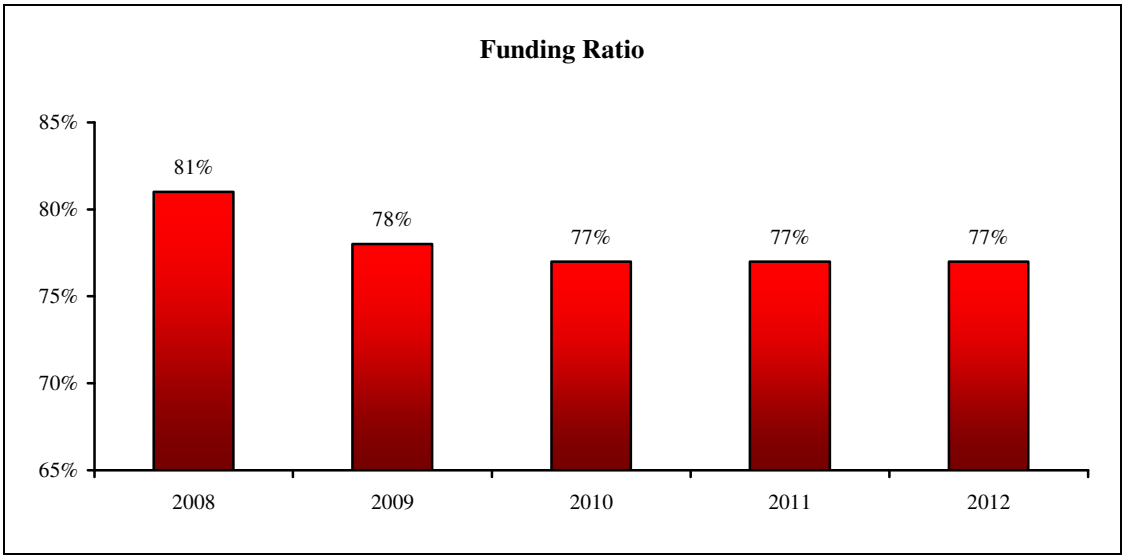


The change in the employer contribution rate in FY 2012 was due to actual System experience versus actuarial assumptions.





The unfunded actuarial liability increased in FY 2012 primarily due to assumption changes and the loss on the actuarial value of assets.



The ratio of actuarial assets to the actuarial accrued liability was unchanged.

B. Summary of Results

	July 1, 2011	July 1, 2012
Actuarial Liability		
a. Active Members	$ 1,562,905,752	$ 1,506,769,849
b. Retired Members and Beneficiaries	2,155,823,565	2,244,507,703
c. Vested Former Members	25,993,277	17,468,410
d. Total	$ 3,744,722,594	$ 3,768,745,962
Valuation Assets	$ 2,869,422,276	$ 2,891,435,563
Unfunded Actuarial Liability	$ 875,300,318	$ 877,310,399
Normal Cost		
a. Gross Normal Cost	$ 73,560,760	$ 77,517,343
b. Anticipated Employee Contributions	$ 22,136,540	$ 21,456,899
c. County Normal Cost (a -b)	$ 51,424,220	$ 56,060,444
Amortization Payment	$ 66,026,873	$ 69,161,593
County Contribution Required at Date Shown	$ 117,451,093	$ 125,222,037
County FY 2013/FY 2014 Contribution (as a % of covered payroll)		
Public Safety Employee	41.47%	45.84%
Non-Public Safety Employees	35.20%	39.17%
Guaranteed Retirement Income Plan	7.09%	6.45%

C. Valuation Highlights

1. System Assets

As of June 30, 2012, the System had assets, valued at market, of $2.937 billion, as compared to $2.897 billion at June 30, 2011. The increase of $40 million was attributable to the following:

a. An increase of $131 million from employer and employee contributions;
b. An increase of $118 million from investment gain;
c. A decrease of $209 million due to the payment of benefits to System participants and administrative expenses.

When measured on an actuarial basis, System assets were $2.891 billion at June 30, 2012, and $2.869 billion at June 30, 2011. The asset valuation method smoothes the fluctuations generated by intermittent market gains and losses. This method phases-in investment gains and losses arising during and after the 1994 fiscal year over a five-year period from the date established. Effective July 1, 1997, the calculation of the actuarial value of assets was changed to exclude the present value of estimated accrued contributions.

2. System Liabilities

The Unfunded Actuarial Liability increased $2 million, from $875 million at July 1, 2011, to $877 million at July 1, 2012, as follows:

Unfunded Actuarial Liability at beginning of year	$	875,300,318
Unfunded Actuarial Liability at end of year		877,310,399
Increase in Unfunded Actuarial Liability	$	(2,010,081)

The increase in Unfunded Actuarial Liability for the year ended June 30, 2012, is comprised of the following:

Increase due to loss on actuarial value of assets	$	(110,314,254)
Decrease due to demographic gain and other factors		117,528,373
Increase due to amortization payment and contributions		(9,224,200)
Decrease due to plan changes		-
Increase in Unfunded Actuarial Liability	$	(2,010,081)

3. System Contributions

Contributions to the System include a "normal cost" rate which covers the portion of projected liabilities related to service of members. In addition, an amortization payment is made to fund the unfunded liability related to changes made to benefits in previous years which are being funded over a specific period of time.

The increase/decrease in the employer contribution rate is attributable to the following:

	Public Safety (non-GRIP)	Non-Public Safety (non-GRIP)	GRIP
Employer contribution rate - June 30, 2011	41.47 %	35.20 %	7.09 %
Increase due to loss on actuarial value of assets	2.52	2.99	(0.08)
Increase due to actuarial gains & losses	1.85	0.98	(0.56)
Decrease due to plan changes	-	-	-
Increase due to assumption and method changes	-	-	-
Employer contribution rate - June 30, 2012	45.84 %	39.17 %	6.45 %

4. Membership

The active membership of the System increased from 5,515 at June 30, 2011 to 5,554 at June 30, 2012. The System was closed to all new employees hired after October 1, 1994, except public safety, bargaining unit employees and GRIP participants. Inactive members, including retirees and beneficiaries, increased from 5,712 at June 30, 2011 to 5,824 at June 30, 2012 and the number of former members with vested rights increased from 398 to 413.

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
EMPLOYEES' RETIREMENT SYSTEM

A. Funding Method

The funding method used for the System's valuation is the "Projected Unit Credit" actuarial cost method. The objective of this method is to allocate the total pension benefit to which each participant is expected to become entitled at retirement to the participant's past and future service. The allocation is accomplished by applying the plan's accrual formula to projected final salary at retirement. An *actuarial liability* is calculated at the valuation date as the present value of benefits allocated to service prior to that date. The *Unfunded Actuarial Liability* at the valuation date is the excess of the actuarial liability over the assets of the System.

B. Actuarial Value of Assets

The actuarial value of assets is used for purposes of determing the County's contribution to the System. The asset adjustment method dampens the volatility of asset values that could occur because of short term fluctuations in market conditions. Use of an asset smoothing method is consistent with the long term nature of the actuarial valuation process. Assets are valued at market value but with a phase-in of investment gains and losses arising after July 1, 1994, over a 5-year period. The gains and losses are net of expenses. Effective July 1, 1997, the calculation of the actuarial value of assets does not include the present value of accrued contributions.

ACTUARIAL ASSUMPTIONS AND METHODS
EMPLOYEES' RETIREMENT SYSTEM

A. Demographic Assumptions

1. Mortality

RP2000 projected 30 years, separate tables for males and females
Annual Deaths per 1,000 Members

Age	Male Deaths	Female Deaths	Age	Male Deaths	Female Deaths
20	0	0	65	8	8
25	0	0	70	14	14
30	0	0	75	25	22
35	1	0	80	48	37
40	1	0	85	90	65
45	1	1	90	163	120
50	1	1	95	252	183
55	2	2	100	334	230
60	4	4	105	398	293

2. Termination of Employment (prior to retirement eligibility)

Annual Terminations per 1,000 Members (non-GRIP)

Years of Service	Non-Public Safety	Public Safety
0 – 4	52	80 – 35
5 – 9	42.5	31 – 22
10 – 14	32.5	20 – 10
15 – 19	31 – 20	9 – 6
20 – 25	17 – 9	6
26+	9	NA

It is assumed that 25% of all vested participants who terminate elect to receive a refund of their contributions with interest instead of a deferred benefit regardless of their age at termination.

Annual Terminations per 1,000 Members (GRIP)

Years of Service	Non-Public Safety
0 – 1	95
2 – 3	60
4	50
5	42.5
6 – 7	30
8+	25

3. Disability

Annual Disabilities per 1,000 Members

	Non-Public Safety Employees		Public Safety Employees					
			Group E		Group F		Group G	
Age	Male	Female	Male	Female	Male	Female	Male	Female
20	1	0	1	1	1	1	1	2
25	2	1	2	2	3	3	2	4
30	2	2	4	5	6	8	4	11
35	3	3	5	7	8	12	5	16
40	3	3	6	10	10	16	7	23
45	6	3	11	13	19	44	13	31
50	7	5	19	18	40	59	22	41
55	5	6	23	19	48	62	27	43
60	9	6	28	19	59	63	47	44

4. Deaths

	Annual Deaths per 1,000 Disabled Members	
Age	Male	Female
25	0	0
30	1	0
35	1	1
40	1	1
45	2	1
50	3	3
55	6	5
60	11	9
65	19	16

5. Retirement

Age	Non-Public Safety Employees	Public Safety Employees		
		Group E	Group F	Group G
Under 40	0%	3.5%	15%	20%
41	0%	3.5%	15%	20%
42	0%	3.5%	15%	20%
43	0%	3.5%	15%	20%
44	0%	3.5%	15%	20%
45	0%	3.5%	15%	20%
46	0%	15%	15%	20%
47	0%	15%	15%	20%
48	0%	15%	15%	20%
49	0%	15%	15%	20%
50	0%	20%	15%	20%
51	0%	20%	15%	20%
52	0%	20%	15%	30%
53	0%	20%	15%	30%
54	0%	20%	15%	30%
55	20%	50%	45%	40%
56	20%	50%	45%	40%
57	20%	50%	45%	40%
58	20%	50%	45%	40%
59	20%	50%	45%	40%
60	15%	100%	100%	100%
61	15%	100%	100%	100%
62	15%	100%	100%	100%
63	15%	100%	100%	100%
64	15%	100%	100%	100%
65	50%	100%	100%	100%
66	50%	100%	100%	100%
67	75%	100%	100%	100%
68	100%	100%	100%	100%
69	100%	100%	100%	100%
70	100%	100%	100%	100%

6. Sick Leave Credit

Service credit is increased by 2% for non public safety employees, 2.4% for Group E employees, 4.5% for Group F employees and 3.2% for Group G employees to account for additional credit from unused sick leave. Sick leave is capped at 2 years.

7. Marital assumption

80% of active participants are assumed to be married. Women are assumed to be three years younger than their spouses.

B. Economic Assumptions

1. Investment Return: 7.5% compound per annum

2. Cost-of-Living Increases: 3% on credited service earned prior to June 30, 2011
2.3% on credited service thereafter, reflecting the 2.5% cap

3. Increase in Social Security Wage Base: 4.0% compound per annum

4. Expense load: Anticipated administrative expense equal to the average of the prior three years of administrative expenses. For FY 2014 this figure is $3,177,300.

5. Salary Increase: Merit and promotional increases assumed to be based on service as shown below:

Service	Non Public Safety *	Public Safety
0 – 4	6.00%	9.25%
5 – 9	6.00%	8.25%
10 – 14	6.00%	6.25%
15 – 19	6.00%	5.50%
20 – 24	4.25%	5.00%
25 – 29	4.00%	4.50%
30+	4.00%	4.25%

** Includes GRIP*

ANALYSIS OF FINANCIAL EXPERIENCE

Gains and Loss in Accrued Liability During Years Ended June 30
Resulting from Differences Between Assumed Experience and Actual Experience

Type of Activity	2009	2010	2011	2012
Investment loss	$ (135,184,312)	$ (155,831,291)	$ (73,632,309)	$ (110,314,254)
Combined liability experience	79,021,213	84,758,321	2,351,277	102,955,793
Loss during year	$ (56,163,099)	$ (71,072,970)	$ (71,281,032)	$ (7,358,461)

SOLVENCY TEST

Aggregate Accrued Liability

Valuation Date	(1) Active Members Contributions	(2) Retirees, Vested Terms, Beneficiaries	(3) Active Members (Employer Financed Portion)	Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets (1)	(2)	(3)
6/30/2005	$ 166,078,802	$ 1,426,030,001	$ 1,182,938,609	$ 2,100,532,623	100	100	43 %
6/30/2006	177,391,695	1,578,703,590	1,162,240,788	2,222,724,295	100	100	40
6/30/2007	187,104,227	1,661,692,386	1,251,841,110	2,469,933,200	100	100	50
6/30/2008	186,171,030	1,847,516,034	1,307,862,361	2,701,119,470	100	100	51
6/30/2009	200,669,572	1,892,331,796	1,396,056,191	2,736,010,044	100	100	46
6/30/2010	213,191,851	2,054,949,883	1,377,434,607	2,791,144,974	100	100	38
6/30/2011	236,934,960	2,181,816,842	1,325,970,792	2,869,422,276	100	100	34
6/30/2012	210,537,737	2,465,714,392	1,092,493,833	2,891,435,563	100	100	20

SCHEDULE OF RETIREES AND SURVIVORS
During Years Ended June 30

	New Retirees and Disableds	Survivors	Total
July 1, 2005	**4,296**	**369**	**4,665**
New retirements & disabilities	266	0	266
Deaths with beneficiaries	(22)	22	0
Deaths/benefits ended	(57)	(26)	(83)
July 1, 2006	**4,483**	**365**	**4,848**
New retirements & disabilities	242	0	242
Deaths with beneficiaries	(22)	22	0
Deaths/benefits ended	(67)	(26)	(93)
July 1, 2007	**4,636**	**361**	**4,997**
New retirements & disabilities	382	0	382
Deaths with beneficiaries	(28)	28	0
Deaths/benefits ended	(64)	(9)	(73)
July 1, 2008	**4,926**	**380**	**5,306**
New retirements & disabilities	186	0	186
Deaths with beneficiaries	(24)	24	0
Deaths/benefits ended	(95)	(18)	(113)
July 1, 2009	**4,993**	**386**	**5,379**
New retirements & disabilities	328	0	328
Deaths with beneficiaries	(22)	22	0
Deaths/benefits ended	(88)	(28)	(116)
July 1, 2010	**5,211**	**380**	**5,591**
New retirements & disabilities	282	0	282
Deaths with beneficiaries	(20)	20	0
Deaths/benefits ended	(154)	(7)	(161)
July 1, 2011	**5,319**	**393**	**5,712**
New retirements & disabilities	201	0	201
Deaths with beneficiaries	(47)	47	0
Deaths/benefits ended	(87)	(2)	(89)
July 1, 2012	**5,386**	**438**	**5,824**

SCHEDULE OF ANNUAL ALLOWANCE
During Years Ended June 30

	New Retirees and Disableds	Survivors	Total
July 2005	**$ 123,556,540**	**$ 5,153,679**	**$ 128,710,219**
Average Annual Allowance	28,761	13,967	27,591
Annual Allowances Added to the Rolls	14,424,755	305,259	14,730,014
Annual Allowances Removed From the Rolls	(1,611,828)	(127,575)	(1,739,403)
July 2006	**$ 136,369,467**	**$ 5,331,363**	**$ 141,700,830**
Average Annual Allowance	30,419	14,606	29,229
Annual Allowances Added to the Rolls	10,498,059	580,630	11,078,089
Annual Allowances Removed From the Rolls	(2,335,705)	(478,216)	(2,813,321)
July 2007	**$ 144,531,821**	**$ 5,433,777**	**$ 149,965,598**
Average Annual Allowance	31,176	15,052	30,011
Annual Allowances Added to the Rolls	20,518,024	1,056,444	21,574,468
Annual Allowances Removed From the Rolls	(2,344,133)	(422,864)	(2,766,997)
July 2008	**$ 162,705,712**	**$ 6,067,357**	**$ 168,773,069**
Average Annual Allowance	33,030	15,467	31,808
Annual Allowances Added to the Rolls	4,887,240	453,616	5,340,856
Annual Allowances Removed From the Rolls	(3,242,232)	(370,344)	(3,612,576)
July 2009	**$ 164,350,720**	**$ 6,150,629**	**$ 170,501,349**
Average Annual Allowance	32,916	15,934	31,698
Annual Allowances Added to the Rolls	13,218,960	304,035	13,522,995
Annual Allowances Removed From the Rolls	(1,306,672)	(419,291)	(1,725,963)
July 2010	**$ 176,263,008**	**$ 6,035,373**	**$ 182,298,381**
Average Annual Allowance	33,825	15,883	32,606
Annual Allowances Added to the Rolls	14,287,432	580,328	14,867,760
Annual Allowances Removed From the Rolls	(868,937)	(103,095)	(972,032)
July 2011	**$ 189,681,503**	**$ 6,512,606**	**$ 196,194,109**
Average Annual Allowance	35,661	16,572	34,348
Annual Allowances Added to the Rolls	8,947,253	1,102,270	10,049,523
Annual Allowances Removed From the Rolls	(2,498,388)	(34,529)	(2,532,917)
July 2012	**$ 196,130,368**	**$ 7,580,347**	**$ 203,710,715**
Average Annual Allowance	**36,415**	**17,307**	**34,978**

Schedule of Active Member Valuation Data

Valuation Date	Number	Annual Payroll	Annual Average Pay	% Increase in Average Pay
July 1, 2005	5,628	$355,105,993	$63,096	4.72%
July 1, 2006	5,362	$357,361,131	$66,647	5.63%
July 1, 2007	5,294	$374,792,608	$70,796	6.23%
July 1, 2008	5,060	$376,002,333	$74,309	4.96%
July 1, 2009	5,012	$376,014,994	$75,023	0.96%
July 1, 2010	5,786	$431,226,155	$74,529	-0.66%
July 1, 2011	5,515	$405,336,529	$73,497	-1.38%
July 1, 2012	5,554	$398,460,248	$71,743	-2.39%

STATISTICAL SECTION

Employee Retirement Plans

STATISTICAL SECTION

The Statistical Section presents detailed information in the areas shown below, as a context for understanding what the information in the Financial Section says about the overall financial health of the Employee Retirement Plans:

The schedules beginning on page 70 are designed to show financial trend information to assist users in understanding and assessing how the Employee Retirement Plans' financial position has changed over the past ten years. The financial trend schedules presented are:

- Changes in Net Assets – Information to help the reader understand the Plans' historical contributions, earnings, and expenses.

- Benefit, Refund and Distribution Deductions from Net Assets – Information to help the reader understand the historical benefits, refund, and distribution deductions.

The schedules beginning on page 76 display demographic, economic, and operating information. The demographic and economic information is intended to assist users in understanding the environment in which the Employee Retirement Plans operate. The operating information is intended to provide contextual information about the Employee Retirement Plans' operations to assist readers in using financial statement information. The demographic and economic information and the operating information presented include:

- Principal Participating Employers
- Retired Members by Benefit Type
- Average Benefit Amounts
- Retired Members by Type of Retirement
- Average Benefit Payments and Average Final Valuation Pay
- Schedule of Participating Agencies and Political Subdivisions

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CHANGE IN NET ASSETS
JUNE 30, 2012
LAST TEN FISCAL YEARS
(dollars in thousands)

	2003	2004	2005	2006	2007
Additions					
Member contributions	$ 14,770	$ 14,762	$ 15,326	$ 16,085	$ 16,362
Employer contributions	55,206	61,927	74,655	88,184	109,436
Transfer of member account asset balances	-	-	-	-	-
Investment income (loss) (net of expenses)	82,174	286,895	197,433	187,004	420,847
Total additions	152,150	363,584	287,414	291,273	546,645
Deductions					
Benefit payments	100,381	111,646	115,635	125,818	136,833
Refunds	739	796	762	635	793
Administrative expenses	2,007	2,066	1,857	1,920	2,431
Total deductions	103,127	114,508	118,254	128,373	140,057
Change in net assets	$ 49,023	$ 249,076	$ 169,160	$ 162,900	$ 406,588

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF BENEFIT AND REFUND DEDUCTIONS FROM NET ASSETS BY TYPE
JUNE 30, 2012
LAST TEN FISCAL YEARS
(dollars in thousands)

	2003	2004	2005	2006	2007*
Type of Benefit					
Service benefits:					
Retirees	$ 77,009	$ 87,123	$ 102,641	$ 112,210	$ 98,653
Survivors	4,811	5,032	2,087	1,483	5,952
Disability	18,560	19,491	10,907	12,125	32,228
Total benefits	$ 100,380	$ 111,646	$ 115,635	$ 125,818	$ 136,833
Refund of Contributions	$ 739	$ 796	$ 762	$ 635	$ 793

*Allocation method used in FY 2007 was changed to reflect the actual classification of benefits.

2008	2009	2010	2011	2012
$ 18,851	$ 18,245	$ 20,431	$ 18,592	$ 22,833
117,686	109,567	113,958	109,344	107,855
-	-	31,530	-	-
(81,746)	(428,525)	304,185	510,018	117,692
54,791	(300,713)	470,104	637,954	248,380
147,027	168,618	169,089	178,792	202,773
673	668	1,415	1,568	2,495
2,557	2,803	2,907	3,079	3,546
150,257	172,089	173,411	183,439	208,814
$ (95,466)	$ (472,802)	$ 296,693	$ 454,515	$ 39,566

2008	2009	2010	2011	2012
$ 105,369	$ 123,560	$ 122,861	$ 129,941	$ 150,413
6,723	7,333	7,620	7,944	8,233
34,935	37,725	38,608	40,907	44,127
$ 147,027	$ 168,618	$ 169,089	$ 178,792	$ 202,773
$ 673	$ 668	$ 1,415	$ 1,568	$ 2,495

MONTGOMERY COUNTY, MARYLAND
RETIREMENT SAVINGS PLAN
SCHEDULE OF CHANGE IN NET ASSETS
JUNE 30, 2012
LAST TEN FISCAL YEARS
(dollars in thousands)

	2003	2004	2005	2006	2007
Additions					
Member contributions	$ 3,750	$ 4,208	$ 4,820	$ 5,860	$ 6,798
Employer contributions	6,799	6,468	8,758	9,437	11,227
Transfer of member account asset balances	-	-	-	-	-
Investment income (loss) (net of expenses)	1,967	6,354	4,668	8,237	17,174
Total additions	12,516	17,030	18,246	23,534	35,199
Deductions					
Distributions	867	1,382	2,441	4,306	4,455
Administrative expenses	210	247	231	243	293
Total deductions	1,077	1,629	2,672	4,549	4,748
Change in net assets	$ 11,439	$ 15,401	$ 15,574	$ 18,985	$ 30,451

MONTGOMERY COUNTY, MARYLAND
RETIREMENT SAVINGS PLAN
SCHEDULE OF DISTRIBUTION DEDUCTIONS FROM NET ASSETS
JUNE 30, 2012
LAST TEN FISCAL YEARS
(dollars in thousands)

	2003	2004	2005	2006	2007
Distributions	$ 867	$ 1,382	$ 2,441	$ 4,306	$ 4,455

2008	2009	2010	2011	2012
$ 8,118	$ 11,263	$ 8,871	$ 8,686	$ 8,435
13,583	20,625	16,401	16,072	11,792
-	-	(31,530)	-	-
(8,383)	(26,722)	14,191	32,877	143
13,318	5,166	7,933	57,635	20,370
5,216	3,669	3,902	5,854	6,950
258	300	237	244	305
5,474	3,969	4,139	6,098	7,255
$ 7,844	$ 1,197	$ 3,794	$ 51,537	$ 13,115

2008	2009	2010	2011	2012
$ 5,216	$ 3,669	$ 3,902	$ 5,854	$ 6,950

MONTGOMERY COUNTY, MARYLAND
DEFERRED COMPENSATION PLAN
SCHEDULE OF CHANGE IN NET ASSETS
JUNE 30, 2012
LAST TEN FISCAL YEARS
(dollars in thousands)

	2003	2004	2005	2006	2007
Additions					
Member contributions	$ 21,062	$ 21,610	$ 19,929	$ 16,562	$ 16,649
Investment income (loss) (net of expenses)	4,660	29,456	14,587	20,486	32,394
Total additions	25,722	51,066	34,516	37,048	49,043
Deductions					
Distributions	11,104	9,634	10,216	11,226	12,410
Administrative expenses	17	6	16	-	-
Total deductions	11,121	9,640	10,232	11,226	12,410
Change in net assets	$ 14,601	$ 41,426	$ 24,284	$ 25,822	$ 36,633

MONTGOMERY COUNTY, MARYLAND
DEFERRED COMPENSATION PLAN
SCHEDULE OF DISTRIBUTION DEDUCTIONS FROM NET ASSETS
JUNE 30, 2012
LAST TEN FISCAL YEARS
(dollars in thousands)

	2003	2004	2005	2006	2007
Distributions	$ 11,104	$ 9,634	$ 10,216	$ 11,226	$ 12,410

2008	2009	2010	2011	2012
$ 17,294	$ 18,058	$ 17,029	$ 17,029	$ 14,974
(9,378)	(44,479)	19,411	42,988	286
7,915	(26,421)	36,440	60,017	15,260
15,714	13,391	8,723	16,178	17,688
-	-	-	-	-
15,714	13,391	8,723	16,178	17,688
$ (7,799)	$ (39,812)	$ 27,717	$ 43,839	$ (2,428)

2008	2009	2010	2011	2012
$ 15,714	$ 13,391	$ 8,723	$ 16,178	$ 17,688

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
PRINCIPAL PARTICIPATING EMPLOYERS
CURRENT YEAR AND SEVEN YEARS AGO
JUNE 30, 2012

	2012*		2005**	
Participating Government	**Covered Employees**	**Percentage of Total System**	**Covered Employees**	**Percentage of Total System**
Montgomery County***	5,390	96.9%	5,419	96.2%
Town of Chevy Chase	4	0.1%	5	0.1%
Strathmore Hall	8	0.1%	7	0.1%
Housing Opportunities Commission	133	2.4%	159	2.8%
Revenue Authority	6	0.1%	17	0.3%
Washington Suburban Transit Commission	-	-	2	0.1%
Montgomery County Employees Federal Credit Union	10	0.2%	8	0.2%
State Department of Assessment and Taxation	2	0.1%	6	0.1%
District Court	1	0.1%	5	0.1%
Total	5,554	100%	5,628	100%

* Includes GRIP participants
**The information for principal participating employers is not available for 2004 and prior.
***Includes Independent Fire/Rescue Corporations

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF RETIRED MEMBERS BY BENEFIT TYPE
JUNE 30, 2012

Fiscal Year	Retiree	Disability	Survivor	Total
2003	3,203	817	350	4,370
2004	3,348	851	360	4,559
2005	3,443	853	369	4,665
2006	3,564	919	365	4,848
2007*	3,661	975	361	4,997
2008	3,905	1,021	380	5,306
2009	3,957	1,036	386	5,379
2010	4,132	1,079	380	5,591
2011	4,245	1,074	393	5,712
2012	4,309	1,077	438	5,824

*Allocation method used in FY 2007 was changed to reflect the actual classification of benefits.

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF AVERAGE BENEFIT AMOUNTS
JUNE 30, 2012

Fiscal Year	Retiree	Disability	Survivor	Total
2003	$24,043	$22,717	$13,747	$22,970
2004	26,022	22,904	13,978	24,489
2005	29,812	12,786	5,655	24,788
2006	31,484	13,193	4,063	25,953
2007*	26,947	33,055	16,487	27,383
2008	26,983	34,216	17,692	27,710
2009	31,226	36,414	18,997	31,347
2010	29,734	35,781	20,052	30,243
2011	30,610	38,088	20,214	31,301
2012	34,907	40,972	18,797	34,817

*Allocation method used in FY 2007 was changed to reflect the actual classification of benefits.

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF RETIRED MEMBERS BY TYPE OF RETIREMENT
AS OF JUNE 30, 2012

Amount of Monthly Benefit	Number of Retired Members	Type of Retirement [a]			Option Selected [b]						
		1	2	3	1	2	3	4	5	6	7
Deferred	413										
$ 1 – $ 250	188	159	28	1	80	49	12	1	5	18	23
251 – 500	301	239	56	6	153	63	13	2	4	39	27
501 – 750	287	220	61	6	117	65	29	6	7	30	33
751 – 1,000	297	224	56	17	122	63	11	7	6	49	39
1,001 – 1,250	335	252	45	38	130	84	15	5	8	36	57
1,251 – 1,500	278	197	40	41	105	72	18	4	3	34	42
1,501 – 1,750	279	204	36	39	94	63	16	11	10	35	50
1,751 – 2,000	272	193	23	56	105	61	13	12	6	29	46
Over 2,000	3,587	2,621	93	873	1,077	997	54	196	83	503	677
Total	6,237	4,309	438	1,077	1,983	1,517	181	244	132	773	994

Notes:

[a] Type of retirement:
1—Retiree
2—Beneficiary
3—Disabled Retiree

[b] Option selected:
Option 1—Modified Cash Refund
Option 2—Certain and Continuous
Option 3—Life Annuity
Option 4—Joint and Survivor 50%
Option 5—Joint and Survivor 100%
Option 6—Other Joint and Survivor Options
Option 7—Social Security Adjustment Options

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF AVERAGE BENEFIT PAYMENTS AND AVERAGE FINAL VALUATION PAY
LAST EIGHT FISCAL YEARS

	Years Credited Service						
	0 – 5	5 – 10	10 – 15	15 – 20	20 – 25	25 – 30	30 +
Retirement Effective Dates							
Period 7/1/2004 to 6/30/2005							
Average monthly benefit*	$ 2,521	$ 1,984	$ 1,479	$ 1,870	$ 2,573	$ 3,371	$ 4,392
Average final valuation pay**	$ 48,620	$ 50,470	$ 59,743	$ 63,910	$ 64,026	$ 72,618	$ 75,577
Number of retired members***	2	4	21	37	23	35	66
Period 7/1/2005 to 6/30/2006							
Average monthly benefit*	$ 2,491	$ 2,801	$ 1,752	$ 2,356	$ 2,928	$ 3,649	$ 4,594
Average final valuation pay**	$ 43,375	$ 55,641	$ 55,619	$ 67,299	$ 68,683	$ 73,731	$ 77,143
Number of retired members***	2	6	28	58	49	55	50
Period 7/1/2006 to 6/30/2007							
Average monthly benefit*	$ 2,760	$ 2,115	$ 2,163	$ 2,425	$ 3,100	$ 3,744	$ 4,438
Average final valuation pay**	$ 48,664	$ 58,211	$ 72,411	$ 74,925	$ 80,599	$ 79,607	$ 76,689
Number of retired members***	1	4	18	40	27	37	39
Period 7/1/2007 to 6/30/2008							
Average monthly benefit*	$ 2,994	$ 3,061	$ 1,180	$ 2,287	$ 2,927	$ 3,466	$ 4,330
Average final valuation pay**	$ 50,803	$ 66,024	$ 62,986	$ 73,335	$ 78,696	$ 74,908	$ 74,647
Number of retired members***	1	8	18	58	60	57	87
Period 7/1/2008 to 6/30/2009							
Average monthly benefit*	$ -	$ -	$ 2,821	$ 2,760	$ 3,560	$ 4,309	$ 5,425
Average final valuation pay**	$ -	$ -	$ 77,385	$ 77,304	$ 88,521	$ 87,167	$ 98,906
Number of retired members***	-	-	5	20	21	16	12
Period 7/1/2009 to 6/30/2010							
Average monthly benefit*	$ -	$ 3,212	$ 2,747	$ 2,815	$ 3,548	$ 4,008	$ 5,289
Average final valuation pay**	$ -	$ 63,839	$ 82,064	$ 83,152	$ 85,524	$ 83,495	$ 86,947
Number of retired members***	-	6	6	43	49	39	68
Period 7/1/2010 to 6/30/2011							
Average monthly benefit*	$ 1,965	$ 3,412	$ 2,674	$ 3,091	$ 3,303	$ 4,136	$ 5,079
Average final valuation pay**	$ 46,807	$ 65,268	$ 65,263	$ 85,031	$ 82,627	$ 88,067	$ 84,544
Number of retired members***	1	4	5	37	80	50	57
Period 7/1/2011 to 6/30/2012							
Average monthly benefit*	$ -	$ -	$ 1,738	$ 1,840	$ 3,020	$ 5,064	$ 5,546
Average final valuation pay**	$ -	$ -	$ 56,551	$ 61,633	$ 80,696	$ 98,400	$ 90,742
Number of retired members***	-	-	3	14	30	34	57

* Based on current benefits only. Does not take into account any future benefits.

** Pay used for last valuation (when member was an active employee).

*** Only includes participants who changed from active to retiree status.

Members in the Period 7/1/2011 to 6/30/2012 include members that were in DRSP or DROP in the 2011 valuation and were retired in the 2012 valuation.

SCHEDULE OF PARTICIPATING AGENCIES
AND POLITICAL SUBDIVISIONS
EMPLOYEES' RETIREMENT SYSTEM
RETIREMENT SAVINGS PLAN

Town of Chevy Chase
Strathmore Hall Foundation, Inc.
Housing Opportunities Commission of Montgomery County
Montgomery County Revenue Authority
Washington Suburban Transit Commission
Montgomery County Employees Federal Credit Union
Independent Fire/Rescue Corporations

Certain employees of the:
State Department of Assessments and Taxation
District Court of Maryland

Prepared by the:
Board of Investment Trustees
101 Monroe Street, 15th Floor
Rockville, Maryland 20850
240-777-8220

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

The City of Omaha
Police & Fire Retirement System

Actuarial Valuation as of
January 1, 2012

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CONSULTING, LLC
The experience and dedication you deserve

September 12, 2012

Board of Trustees
City of Omaha Police and Fire Retirement System
1819 Farnam Street
Omaha, NE 68183

RE: January 1, 2012 Actuarial Valuation

Members of the Board:

In accordance with your request, we have completed an Actuarial Valuation of the City of Omaha Police and Fire Retirement System as of January 1, 2012 for the plan year ending December 31, 2012. The major findings of the valuation are contained in this report. The plan provisions and assumptions are the same as the prior valuation.

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by the City's staff. This information includes, but is not limited to, statutory provisions, employee data, and financial information. We found this information to be reasonably consistent and comparable with information provided in prior years. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete, our calculations may need to be revised.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: experience differing from that anticipated by the economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the System's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts. Actuarial computations presented in this report under GASB Statements No. 25 and 27 are for purposes of fulfilling financial accounting requirements for the City. The computations prepared for these two purposes may differ as disclosed in our report. The calculations in the enclosed report have been made on a basis consistent with our understanding of the City's funding requirements and goals. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

The consultants who worked on this assignment are pension actuaries. CMC's advice is not intended to be a substitute for qualified legal or accounting counsel.

This is to certify that the independent consulting actuaries are members of the American Academy of Actuaries, have experience in performing valuations for public retirement plans, and meet the qualification standards of the American Academy of Actuaries to render the actuarial opinion contained herein. The valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board and the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement plan and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System. The Board of Trustees has the final decision regarding the appropriateness of the assumptions and adopted them as indicated in Appendix B.

We respectfully submit the following report and look forward to discussing it with you.

Sincerely,

Patrice A. Beckham, FSA, EA, FCA, MAAA
Principal and Consulting Actuary

Brent A. Banister, PhD, FSA, EA, FCA, MAAA
Chief Pension Actuary

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EXECUTIVE SUMMARY

This report presents the results of the January 1, 2012 actuarial valuation of the City of Omaha Police and Fire Retirement System. The primary purposes of performing the valuation are:

- to estimate the liabilities for the future benefits expected to be paid by the System;
- to determine the actuarial contribution level, based on the System's funding policy;
- to measure and disclose various asset and liability measures;
- to monitor any deviation between actual plan experience and experience predicted by the actuarial assumptions so that recommendations for assumption changes can be made when appropriate;
- to analyze and report on any significant trends in contributions, assets and liabilities over the past several years.

The actuarial assumptions and plan provisions reflected in this report are unchanged from last year's report. As of the date this report was issued, there was no contract with the fire union. Therefore, the same benefit structure as last year was used in this valuation. Based upon a study conducted earlier this year, if benefit changes similar to those made for police members are made for fire members, the System's long term funding outlook will be significantly improved assuming all actuarial assumptions are met in the future. Because the fire contract has not yet been settled, the pay amounts provided for 2011 were based on pay rates in effect in 2009. We updated these amounts to reflect the rates subsequently paid for 2010 following a ruling by the Court of Industrial Relations plus an additional 2% to reflect likely increases for 2011 over 2010.

The actuarial valuation results provide a "snapshot" view of the System's financial condition on January 1, 2012. The valuation results reflect net unfavorable experience for the past plan year as demonstrated by an unfunded actuarial liability that was higher than expected based on the actuarial assumptions used in the January 1, 2011 actuarial valuation. Unfavorable experience on the actuarial value of assets resulted in a loss of $13.5 million and unfavorable experience on liabilities resulted in a loss of $1.6 million. Net experience was an actuarial loss of $15.1 million.

The System uses an asset smoothing method in the valuation process. As a result, the System's funded status and the recommended contribution rate are based on the actuarial (smoothed) value of assets – not the pure market value. The investment return on the market value of assets during 2011 was about -0.2%, as compared to the assumed rate of 8.0%. Due to the use of an asset smoothing method, the rate of return on the actuarial value of assets was about 5%. The investment return in 2011 resulted in an increase in the amount of the unrecognized investment loss from $3.5 million at January 1, 2011 to $27.0 million at January 1, 2012. The excess of the actuarial value over the market value of assets is $27.0 million or 6.1% of the market value of assets at January 1, 2012. Actual returns over the next few years will determine the rate at which the $27.0 million of deferred investment loss is recognized. For example, a return of about 14% on the market value of assets in 2012 would result in a return of 8.0% on the actuarial value of assets.

ASSETS

As of January 1, 2012, the System had total funds of $440.4 million, when measured on a market value basis. This was a decrease of $12.2 million from the prior year and represents an approximate rate of return of -0.2%.

The market value of assets is not used directly in the actuarial calculation of the System's funded status and the recommended contribution rate. An asset valuation method is used to smooth the

effects of market fluctuations. The actuarial value of assets is equal to the expected asset value (based on last year's actuarial value of assets, net cash flows and a rate of return equal to the actuarial assumed rate of 8.0%) plus 1/3 of the difference between the actual market value and the expected asset value. See Exhibit 2 for the detailed development of the actuarial value of assets as of January 1, 2012. The rate of return on the actuarial value of assets was about 5%. The portion of deferred asset loss recognized during the calculation of the January 1, 2012 actuarial value of assets resulted in an actuarial loss of $13.5 million.

The components of the change in the market value and actuarial value of assets are shown below:

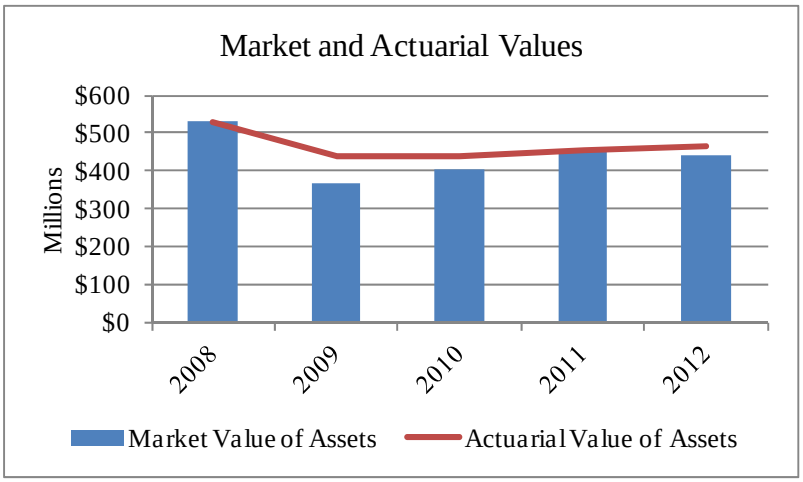
	Market Value ($M)		Actuarial Value ($M)	
Net Assets, January 1, 2011	**$**	452.6	**$**	456.2
• City and Member Contributions	+	47.7	+	47.7
• Benefit Payments and Refunds	–	58.8	–	58.8
• Investment Gain/(Loss)	+	(1.1)	+	22.3
Net Assets, January 1, 2012		440.4		467.4
Estimated Net Rate of Return		(0.2%)		5.0%

The total investment loss that is not recognized as of January 1, 2012 is $27.0 million, up from $3.5 million in last year's valuation. These unrecognized losses will be reflected in the determination of the actuarial value of assets for funding purposes in the next few years, to the extent they are not offset by the recognition of gains derived from future experience. This means that earning the assumed rate of investment return of 8.0% per year (net of investment expenses) on a market value basis will result in an actuarial loss on the actuarial value of assets in the next few years.

The unrecognized investment loss represents about 6.1% of the market value of assets at January 1, 2012. Unless offset by future investment gains or other favorable experience, the recognition of the $27 million loss is expected to increase the future unfunded actuarial liability and the actuarial contribution requirement. If the deferred losses were recognized immediately in the actuarial value of assets, the unfunded actuarial liability would increase by $27 million to $637 million, the funded percentage would decrease from 43% to 41% and the actuarially determined contribution rate would increase from 65.257% to 66.979%.

A comparison of asset values on both a market and actuarial basis for the last five years is shown below.

	January 1 ($M)				
	2012	2011	2010	2009	2008
Market Value of Assets	$440	$453	$405	$366	$530
Actuarial Value of Assets	$467	$456	$440	$439	$530
Actuarial Value/Market Value	106%	101%	109%	120%	100%



An asset smoothing method is used to mitigate the volatility in the market value of assets. By using a smoothing method, the actuarial (or smoothed) value can be either above or below the pure market value. The significant investment losses in 2008 resulted in the actuarial value of assets being above the market value for the last four years.

LIABILITIES

The first step in determining the contribution level for the System is to calculate the liabilities for all expected future benefit payments. These liabilities represent the present value of future benefits (PVFB) expected to be earned by the current members, assuming that all actuarial assumptions are realized. Thus, the PVFB reflects service and salary increases that are expected to occur in the future before a benefit becomes payable. The PVFB components can be found in the liabilities portion of the valuation balance sheet (see Exhibit 3).

The other critical measurement of System liabilities in the valuation process is the actuarial liability (AL). This is the portion of the PVFB that will not be paid by the future normal costs (i.e. it is the portion of the PVFB that is allocated to past service). As of January 1, 2012, the actuarial liability for the System was $1,077,607,299 and the actuarial value of assets was $467,375,458. The unfunded actuarial liability was $610,231,841.

The following chart compares the Actuarial Liability (AL) and assets for the current and prior valuation.

	As of January 1	
	2012	2011
Actuarial Liability (AL)	$1,077,607,299	$1,028,866,353
Assets at Actuarial Value	$467,375,458	$456,158,774
Unfunded Actuarial Liability (AVA)	$610,231,841	$572,707,579
Funded Ratio (Actuarial Value)	43%	44%
Assets at Market Value	$440,429,392	$452,640,303
Unfunded Actuarial Liability (MVA)	$637,177,907	$576,226,050
Funded Ratio (Market Value)	41%	44%

EXPERIENCE FOR THE 2011 PLAN YEAR

The difference between the actuarial liability and the actuarial value of assets at the same date is referred to as the unfunded actuarial liability (UAL). Benefit improvements, experience gains/losses, changes in the actuarial assumptions or methods, and actual contributions made will impact the amount of the unfunded actuarial liability.

Actuarial gains (or losses) result from actual experience that is more (or less) favorable than anticipated based on the actuarial assumptions. These "experience" (or actuarial) gains or losses are reflected in the unfunded actuarial liability and are measured as the difference between the expected unfunded actuarial liability and the actual unfunded actuarial liability, taking into account any changes due to assumption or benefit provision changes. The experience for 2011, in total, was unfavorable (a higher unfunded actuarial liability than expected). There was an actuarial loss of around $13.5 million on the actuarial value of assets and an actuarial loss of about $1.6 million on liabilities.

The change in the unfunded actuarial liability between January 1, 2011 and 2012 is shown below (in millions):

Unfunded Actuarial Liability, January 1, 2011	$573
• Expected change in UAL	5
• Contribution shortfall in 2011	19
• Investment experience	13
• Demographic experience	2
• Other experience	(2)
• Changes in plan provisions	0
• Change in actuarial assumptions / methods	0
Unfunded Actuarial Liability, January 1, 2012	$610

CONTRIBUTION LEVELS

The annual contribution to the System is composed of two parts:

(1) The normal cost (which is the allocation of costs attributed to the current year's membership service) and,
(2) The amortization payment on the Unfunded Actuarial Liability.

The normal cost rate is independent of the System's funded status and represents the cost, as a percent of payroll, of the benefits provided by the System which is allocated to the current year of service. The total normal cost for the System is 25.851% of pay, or about $28 million this year. When offset by the expected employee contributions, the employer portion of the normal cost is 9.955% of pay, or about $11 million. The normal cost represents the long-term cost of the benefit structure in the System.

EXECUTIVE SUMMARY

The System's total actuarially determined contribution rate (payable as a percent of member payroll) increased by 1.788% of pay to 65.257% on January 1, 2012, from 63.469% on January 1, 2011. The primary components of this change are as follows:

	Rate	
Total Actuarial Contribution Rate, January 1, 2011	63.469	%
• Actuarial (Gain) / Loss - Investment Experience	0.861	
• Actuarial (Gain) / Loss - Demographic Experience	0.103	
• Other Experience	(0.496)	
• Contributions Less Than Actuarial Rate	1.305	
• Change in Normal Cost Rate	0.015	
Total Actuarial Contribution Rate, January 1, 2012	65.257	%

As the result of actual plan experience during 2011, the System has an unfunded actuarial liability of $610 million (actuarial liability is greater than actuarial assets). The City makes scheduled payments of $1,327,600 annually through the year 2028. The present value of these future contributions was applied to the Unfunded Actuarial Liability (UAL) to determine the amount of the UAL to be funded as a percent of payroll (through contribution rates). The adjusted unfunded actuarial liability to be financed by payroll contributions is funded over a closed 30-year period that began January 1, 2003. Twenty-one years remain as of the valuation data. The resulting payment is 39.406% of pay. As a result, the total contribution rate for 2012 is 65.257% of pay (25.851% + 39.406%). The scheduled contributions for the year are 44.723%. The resulting contribution shortfall is 20.534% of pay.

COMMENTS

The System's long term funding has been a grave concern for the past several years and a significant amount of time and effort has been expended to address the issue. Both the benefit structure and the contributions are determined as part of contract negotiations. The contract signed with the police union in September 2010 provided for significant increases to the future contributions to the System as well as significant reductions to the benefit provisions for both current and future police members. The changes in the plan provisions for police members, which lowered the cost of the System, were first reflected in the January 1, 2011 valuation and resulted in a significant reduction in the contribution shortfall. Some of the benefit changes are effective only for members hired after January 1, 2010 so the cost impact of future hires will unfold over time as current active members leave employment and are replaced by new hires. However, these changes alone are not sufficient to solve the System's funding problem.

As of the date this report was issued, a contract has not been finalized with the fire union, so the benefit structure used in this valuation remains unchanged from that used in the prior valuation. The positive impact of the changes in the pension provisions for police members on the System's funding is mitigated by the fire members continuing under the prior benefit structure and contribution rates. Without changes in the benefit structure and/or contributions for fire members, the System is still expected to run out of money in the long term. Prior studies have shown that the System will reach full funding in about 50 years if benefit and contribution changes similar to those made for police members are made for fire members.

EXECUTIVE SUMMARY

On January 1, 2012, the actuarial value of assets was $467 million and the market value of assets was $440 million, a difference of $27 million up from a difference of $3 million in 2011. Along with an investment loss for 2011, there was also a small net liability loss. The funded ratio of the system remains very low, and in fact, decreased from 44% on a market value basis in the 2011 valuation to 41% in the 2012 actuarial valuation.

The actual contributions to the System for 2011 of 44.759% of pay were significantly below the actuarial contribution rate of 63.469% of pay. This shortfall in the contribution rate of 18.710% of pay, or about $19 million, resulted in an increase in the unfunded actuarial liability. The actuarial contribution rate in the 2012 valuation is 65.257% compared to the contribution rate of 45.082%, which will result in a shortfall of 20.534% of pay or about $23 million. Absent contributions at the full actuarial contribution rate, the UAL is expected to increase by the dollar amount of the contribution shortfall, and the actuarial contribution rate is also expected to increase. The funded status is also expected to decline. As mentioned earlier, if pension provisions similar to those currently applicable to police members can be negotiated for fire members, the contribution shortfall will be reduced and eventually eliminated over time. Until such changes occur or other changes of a similar magnitude are made, the long term funding of the System will remain a major concern and System assets are expected to be exhausted at some point in the future, even if all assumptions are met. We strongly recommend that changes be made that will address the System's long term funding problem.

As mentioned earlier in this report, the System uses an asset smoothing method in the actuarial valuation. While this is a very common practice for public retirement systems, it is important to be aware of the potential impact of the unrecognized investment experience. The key valuation results from the 2012 valuation are shown below using both the actuarial and market value of assets to provide full disclosure of the impact of asset smoothing on the funding of the System:

	$ Millions	
	Using Actuarial Value of Assets	**Using Market Value of Assets**
Actuarial Liability	$1,077.6	$1,077.6
Asset Value	467.4	440.4
Unfunded Actuarial Liability	610.2	637.2
Present Value of Prior Service Payments	12.6	12.6
Unfunded Actuarial Liability for Funding	$597.6	$624.6
Funded Ratio	43.4%	40.9%
Normal Cost Rate	25.851%	25.851%
UAL Contribution Rate	39.406%	41.128%
Actuarial Contribution Rate	65.257%	66.979%

THE CITY OF OMAHA POLICE AND FIRE RETIREMENT SYSTEM

PRINCIPAL VALUATION RESULTS

	January 1, 2012	January 1, 2011	% Chg
MEMBERSHIP			
1. Active Membership			
- Number of Members	1,392	1,422	(2.1)
- Projected Payroll for Upcoming Fiscal Year	$110,027,537	$105,025,610	4.8
- Average Projected Payroll	$79,043	$73,858	7.0
- Average Attained Age	39.5	38.6	2.2
- Average Entry Age	28.4	28.5	(0.2)
2. Inactive Membership			
- Number of Retirees / Beneficiaries	1,213	1,214	(0.1)
- Number of Disabilities	240	240	0.0
- Number of Deferred Vesteds	8	9	(11.1)
- Average Annual Benefit	$40,891	$39,851	2.6
ASSETS AND LIABILITIES			
1. Net Assets			
- Market Value	$440,429,392	$452,640,303	(2.7)
- Actuarial Value	$467,375,458	$456,158,774	2.5
2. Projected Liabilities			
- Retired Members and Beneficiaries	$610,830,468	$605,177,340	0.9
- Disabled Members	79,738,228	77,493,728	2.9
- Other Inactive Members	2,281,200	3,080,341	(25.9)
- Active Members	661,650,761	619,615,592	6.8
- Total Liability	$1,354,500,657	$1,305,367,001	3.8
3. Actuarial Liability	$1,077,607,299	$1,028,866,353	4.7
4. Unfunded Actuarial Liability	$610,231,841	$572,707,579	6.6
5. Funded Ratios			
Actuarial Value Assets / Actuarial Liability	43.37%	44.34%	(2.2)
Market Value Assets / Actuarial Liability	40.87%	43.99%	(7.1)
CONTRIBUTIONS			
1. Normal Cost Rate	25.851%	25.836%	0.1
2. UAL Rate	39.406%	37.633%	4.7
3. Total Contribution Rate (1) + (2)	65.257%	63.469%	2.8
4. Less Employee Contribution Rate	(15.896%)	(15.913%)	(0.1)
5. Less City Contribution Per Ordinance	(27.620%)	(27.582%)	0.1
6. Less City Prior Service Payment	(1.207%)	(1.264%)	(4.5)
7. Contribution Shortfall	20.534%	18.710%	9.8

EXHIBIT 1

SUMMARY OF FUND ACTIVITY

(Market Value Basis)

For Year Ended December 31, 2011

Assets at January 1, 2011	$	452,640,303
Receipts:		
City Contributions		30,775,568
Employee Contributions		16,916,367
Investment Earnings		1,581,692
Total Receipts		49,273,627
Disbursements:		
Benefits Payments		58,753,633
Refund of Contributions		295,730
Investment Fees		2,435,175
Total Disbursements		61,484,538
Assets as of December 31, 2011	$	440,429,392
Annualized Yield		
- Gross		0.4%
- Net of Expenses		(0.2%)

EXHIBIT 2

DETERMINATION OF ACTUARIAL VALUE OF ASSETS

The actuarial value of assets is used to minimize the impact of annual fluctuations in the market value of investments on the contribution rate. The current asset valuation method is called the "Expected +33% Method."

The "expected value" of assets is determined by applying the investment return assumption to last year's actuarial value of assets and the net difference of receipts and disbursements for the year. The actual market value is compared to the expected value and 33% of the difference (positive or negative) is added to the expected value to arrive at the actuarial value of assets for the current year.

1.	Actuarial Value of Assets as of January 1, 2011	$	456,158,774
2.	Actual Receipts / Disbursements		
	a. Total Contributions		47,691,935
	b. Benefit Payments/Other		(59,049,363)
	c. Net Change		(11,357,428)
3.	Expected Actuarial Value of Assets as of January 1, 2012 { (1) * 1.08} + {(2c) * $1.08^{½}$}		480,848,491
4.	Market Value of Assets as of January 1, 2012		440,429,392
5.	Excess of Market Value over Expected Actuarial Value as of January 1, 2012		(40,419,099)
6.	Preliminary Actuarial Value of Assets as of January 1, 2012 [(3) + 1/3 of (5)]		467,375,458
7.	Calculation of 20% Corridor		
	a. 80% of (4)		352,343,514
	b. 120% of (4)		528,515,270
8.	Final Actuarial Value of Assets as of January 1, 2012 (6), but not < (7a), nor > (7b)	$	467,375,458
9.	Rate of Return on Actuarial Value of Assets		5.0%

EXHIBIT 2 (continued)

A historical comparison of the market and actuarial value of assets is shown below:

Date	Market Value of Assets (MVA)	Actuarial Value of Assets (AVA)	AVA / MVA
1/1/2008	$529,923,390	$530,493,413	100.1%
1/1/2009	365,923,877	439,108,652	120.0%
1/1/2010	405,390,038	440,478,409	108.7%
1/1/2011	452,640,303	456,158,774	100.8%
1/1/2012	440,429,392	467,375,458	106.1%

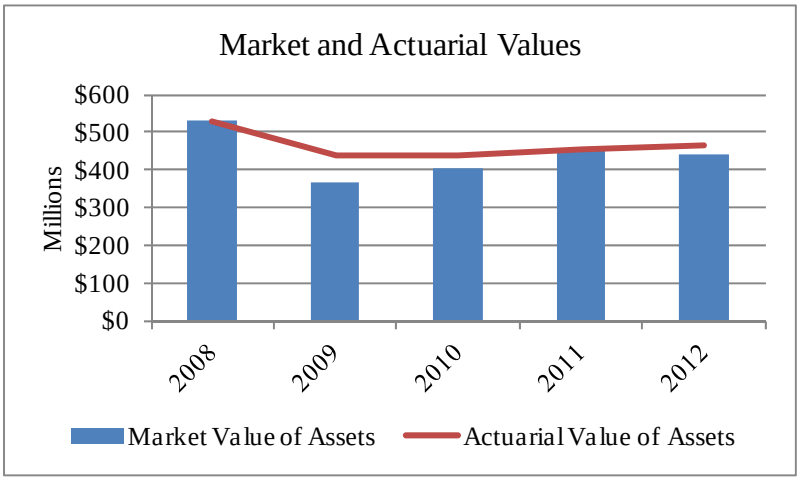


EXHIBIT 3

ACTUARIAL BALANCE SHEET

An actuarial statement of the status of the plan in balance sheet form as of January 1, 2012 is as follows:

Assets

Current assets (actuarial value)		$ 467,375,458
Present value of future normal costs		276,893,358
Present value of future contributions to fund unfunded actuarial liability		610,231,841
Total Assets		$ 1,354,500,657

Liabilities

Present value of future retirement benefits for:

Active employees	$ 647,656,150	
Retired employees, contingent annuitants and spouses receiving benefits	610,830,468	
Estimated DROP balances	330,133	
Deferred vested employees	1,757,207	
Inactive employees due refunds	193,860	
Inactive employees – disabled	79,738,228	
Total		$ 1,340,506,046
Present value of future death benefits payable upon death of active members		8,326,151
Present value of future benefits payable upon termination of active members		5,668,460
Total Liabilities		$ 1,354,500,657

EXHIBIT 4

UNFUNDED ACTUARIAL LIABILITY

As of January 1, 2012

The actuarial liability is the portion of the present value of future benefits which will not be paid by future normal costs. The actuarial value of assets is subtracted from the actuarial liability to determine the unfunded actuarial liability.

The City makes scheduled payments of $1,327,600 annually through the year 2028. The present value of these contributions was applied to the Unfunded Actuarial Liability (UAL) to determine the amount of the UAL to be funded as a percent of payroll (contribution rates).

1.	Present Value of Future Benefits	$	1,354,500,657
2.	Present Value of Future Normal Costs		276,893,358
3.	Actuarial Liability (1) – (2)		1,077,607,299
4.	Actuarial Value of Assets		467,375,458
5.	Unfunded Actuarial Liability (3) – (4)		610,231,841
6.	Present Value of Prior Service Payments		12,584,963
7.	Adjusted Unfunded Actuarial Liability (Payable from Payroll Related Contributions) (5) – (6)	$	597,646,878

EXHIBIT 5

CALCULATION OF ACTUARIAL GAIN / (LOSS)
For Plan Year Ending December 31, 2011

Liabilities		
1. Actuarial liability less prior service payments as of January 1, 2011	$	1,015,936,125
2. Normal cost for 2011 (mid-year)		26,530,449
3. Interest at 8.00% on (1) and (2) to December 31, 2011		82,315,692
4. Benefit payments during 2011		59,049,363
5. Interest on benefit payments		2,316,535
6. Expected actuarial liability as of December 31, 2011 (1) + (2) + (3) - (4) - (5)		1,063,416,368
7. Actuarial liability less prior service payments as of December 31, 2011		1,065,022,336
Assets		
8. Actuarial value of assets as of January 1, 2011		456,158,774
9. Contributions during 2011		47,691,935
10. Benefit payments during 2011		59,049,363
11. Interest on items (8), (9) and (10)		36,047,145
12. Expected actuarial value of assets as of December 31, 2011 (8) + (9) - (10) + (11)		480,848,491
13. Actual actuarial value of assets as of December 31, 2011		467,375,458
(Gain) / Loss		
14. Expected unfunded actuarial liability / (surplus) (6) – (12)		582,567,877
15. Actual unfunded actuarial liability / (surplus) (7) – (13)		597,646,878
16. Actuarial Gain / (Loss) (15) – (14)		(15,079,001)
17. Actuarial Gain / (Loss) on Actuarial Assets (12) – (13)		(13,473,033)
18. Actuarial Gain / (Loss) on Actuarial Liability (7) – (6)	$	(1,605,968)

EXHIBIT 6

DEVELOPMENT OF 2012 ACTUARIAL CONTRIBUTION RATE

The actuarial cost method used to determine the required level of annual contributions to support the expected benefits is the Entry Age Normal Cost Method. Under this method, the total cost is comprised of the normal cost rate and the unfunded actuarial liability (UAL) payment. The System is financed by contributions from the employees and the City.

1.	(a)	Normal Cost	$	27,638,436
	(b)	Expected Payroll in 2012 for Current Actives	$	106,915,462
	(c)	Normal Cost Rate (a) / (b)		25.851%
2.		Unfunded Actuarial Liability Payable from Payroll Related Contributions	$	597,646,878
3.		Amortization Factor Level Percent of Payroll over 21 Years*		14.77736
4.		Unfunded Actuarial Liability (UAL) Payment [(2) / (3)] x $1.08^{½}$	$	42,030,028
5.		Prior Service Payment		1,327,600
6.		Total Projected Payroll for the Year	$	110,027,537
7.		UAL and Prior Service Payments as Percent of Pay [(4) + (5)] / (6)		39.406%
8.		Total Contribution Rate (1c) + (7)		65.257%
9.		Employee Contribution Rate		15.896%
10.		City Ordinance Contribution Rate		27.620%
11.		City Prior Service Contribution Rate		1.207%
12.		Contribution Shortfall (8) – (9) – (10) – (11)		20.534%

*This assumes all actuarial assumptions are met in the future, including a 4% increase in total covered payroll.

EXHIBIT 7

ANALYSIS OF EXPERIENCE

The purpose of conducting an actuarial valuation of a retirement plan is to estimate the costs and liabilities for the benefits expected to be paid from the plan, to determine the annual level of contribution for the current plan year that should be made to support these benefits and, finally, to analyze the plan's experience. The costs and liabilities of this retirement plan depend not only upon the benefit formula and plan provisions but also upon factors such as the investment return on the Fund, mortality rates among active and retired members, withdrawal and retirement rates among active members, rates at which salaries increase and the rate at which the cost of living increases.

The actuarial assumptions employed as to these and other contingencies in the current valuation are set forth in Appendix B of this report.

Since the overall results of the valuation will reflect the choice of assumptions made, periodic studies of the various components of the plan's experience are conducted in which the experience for each component is analyzed in relation to the assumption used for that component (called an experience study). This summary is not intended to be an actual "experience study" but rather an analysis of sources of gain and loss in the past plan year.

Gain/(Loss) By Source

The System experienced a net actuarial loss on liabilities of $1.6 million during the plan year ended December 31, 2011, and an actuarial loss on assets of $13.5 million. The total actuarial loss was $15.1 million. The major components of this net actuarial experience gain are shown below:

Liability Sources		**Gain/(Loss)**
Salary Increases	$	624,000
Mortality		(1,547,000)
Terminations		(508,000)
Retirements		(411,000)
Disability		(202,000)
New Entrants/Rehires		0
Miscellaneous		438,000
Total Liability Gain/(Loss)	$	(1,606,000)
Asset Gain/(Loss)	$	(13,473,000)
Net Actuarial Gain/(Loss)	$	(15,079,000)

SECTION II

SYSTEM ACCOUNTING INFORMATION

In an effort to enhance the understandability and usefulness of the pension information that is included in the financial reports of pension plans for state and local governments, the Governmental Accounting Standards Board (GASB) has issued Statement No. 25 – Financial Reporting for Defined Benefit Pension Plans and Statement No. 27 – Accounting for Pension by State and Local Governmental Employers.

GASB Statement No. 25 establishes a financial reporting framework for defined benefit plans. In addition to two required statements regarding plan assets, the statement requires two schedules and accompanying notes disclosing information relative to the funded status of the plan and historical contribution patterns.

- The Schedule of Funding Progress provides historical information about the funded status of the plan and the progress being made in accumulating sufficient assets to pay benefits when due.
- The Schedule of Employer Contributions provides historical information about the annual required contribution (ARC) and the percentage of the ARC that was actually contributed.

GASB Statement No. 27 establishes standards for the measurement, recognition, and display of pension expense and related liabilities. Annual pension cost is measured and disclosed on the accrual basis of accounting. In general, the annual pension cost is equal to the ARC with adjustments for past under-contributions or over-contributions. These adjustments are based on the net pension obligation (NPO) that represents the cumulative difference since 1987 between the annual pension cost and the actual contributions to the plan. The first adjustment is equal to interest on the NPO which is added to the ARC. The second adjustment is an amortization of the NPO which is deducted from the ARC. Effective January 1, 2003, the System uses the Entry Age Normal method to determine the ARC and the unfunded actuarial liability (or surplus) is amortized as a level percentage of payroll.

In July 2012, GASB issued new statements that will significantly change the accounting for pension benefits provided by governmental employers. The new statements, Numbers 67 and 68, will not be effective for the City of Omaha until fiscal years beginning in 2014 and 2015 respectively. The new Statements have no impact on the accounting information provided in this report, but are mentioned here because of their significance and applicability in future years.

EXHIBIT 8

SCHEDULE OF EMPLOYER CONTRIBUTIONS

In accordance with Statement No. 25 of the Governmental Accounting Standards Board

Fiscal Year Ending	Annual Required Contribution* (a)	Total Employer Contribution* (b)	Percentage of ARC Contributed (b/a)
12/31/2006	$ 31,102,053	$ 20,171,610	64.86%
12/31/2007	34,842,280	20,699,211	59.41%
12/31/2008	38,073,021	21,700,806	57.00%
12/31/2009	50,507,561	22,701,608	44.95%
12/31/2010	55,488,062	24,183,493	43.58%
12/31/2011	49,945,979	30,775,568	61.62%

*Information prior to 2011 was provided by the prior actuary and has not been reviewed or verified by Cavanaugh Macdonald Consulting.

Notes to the Required Schedules:

1. The traditional Entry Age Normal cost method is used.

2. The actuarial value of assets is determined based on a method that smoothes the effects of short term volatility in the market value investments. The actuarial value is equal to the expected value, based on the assumed rate of return, plus 1/3 of the difference between market and expected values. A corridor of 80% to 120% of market value is also applied.

3. Economic assumptions are as follows:
   - Investment return rate: 8.00%
   - Salary increase rates: from 6.5% at 1 year of service to 4% at 30 years of service
   - Inflation rate: 3.5%
   - Payroll growth: 4.00%
   - Post-retirement benefit increases: the lesser of 3% or $50 ($65 for Fire retirements after June 30, 2007). The increase will be made annually, beginning in the 13th month of retirement.

4. The amortization method is a closed 30 year period, level percentage of payroll (the unfunded actuarial liability is amortized over 22 years as of January 1, 2011).

EXHIBIT 9

DEVELOPMENT OF THE NET PENSION OBLIGATION IN ACCORDANCE WITH GASB STATEMENT NO. 27

Fiscal Year End:	12/31/2005	12/31/2006	12/31/2007	12/31/2008	12/31/2009	12/31/2010	12/31/2011	12/31/2012
Assumptions and Methods								
Interest Rate	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Payroll Growth	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Amortization Period (years)	30	30	30	30	30	30	22	21
Cost Method	EA Normal	EA Normal	EA Normal	EA Normal	EA Normal	EA Normal	EA Normal	EA Normal
Annual Pension Cost								
Annual Required Contribution (ARC)	$26,255,804	$31,102,053	$34,842,280	$38,073,021	$50,507,561	$55,488,062	$49,945,979	$54,310,693
Interest on NPO	1,000,069	1,670,728	2,530,416	3,639,524	4,917,174	7,098,244	9,539,950	11,185,815
Adjustment to ARC	(1,110,419)	(1,855,081)	(2,809,629)	(4,041,120)	(5,459,749)	(7,881,485)	(8,137,044)	(9,833,151)
Annual Pension Cost	$26,145,454	$30,917,700	$34,563,067	$37,671,425	$49,964,986	$54,704,821	$51,348,885	$55,663,357
Contribution for the Year	$17,762,209	$20,171,610	$20,699,211	$21,700,806	$22,701,608	$24,183,493	$30,775,568	TBD
Net Pension Obligation (NPO)								
NPO at beginning of year	$12,500,861	$20,884,105	$31,630,195	$45,494,051	$61,464,670	$88,728,048	$119,249,376	$139,822,693
Annual Pension Cost for Year	26,145,454	30,917,700	34,563,067	37,671,425	49,964,986	54,704,821	51,348,885	55,663,357
Contributions for year	(17,762,209)	(20,171,610)	(20,699,211)	(21,700,806)	(22,701,608)	(24,183,493)	(30,775,568)	TBD
NPO at end of year	$20,884,105	$31,630,195	$45,494,051	$61,464,670	$88,728,048	$119,249,376	$139,822,693	TBD

Note: All information prior to 2011 in this exhibit was provided by the prior actuary and has not been reviewed or verified by Cavanaugh Macdonald Consulting, LLC.

EXHIBIT 10

SCHEDULE OF FUNDING PROGRESS

In Accordance with Statement No. 25 of the Governmental Accounting Standards Board

Actuarial Valuation Date[1]	Market Value of Assets[2] (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL)[3] (b-a)	Funded Ratio (a / b)	Covered Payroll (P / R) (c)	UAAL as a Percentage of Covered P / R [(b-a) / c]
12/31/2006	$507,600,000	$ 801,100,000	$293,500,000	63.4%	$ 91,700,000	320.1%
12/31/2007	530,800,000	882,700,000	351,900,000	60.1%	99,600,000	353.3%
12/31/2008	365,900,000	947,600,000	581,700,000	38.6%	99,500,000	584.6%
12/31/2009	405,400,000	1,026,200,000	620,800,000	39.5%	103,900,000	597.5%
12/31/2010	452,600,000	1,093,300,000	640,700,000	41.4%	111,200,000	576.2%
1/1/2011	456,158,774	1,028,866,353	572,707,579	44.3%	105,025,610	545.3%
1/1/2012	467,375,458	1,077,607,299	610,231,841	43.4%	110,027,537	554.6%

1. Results prior to 2011 were provided by the prior actuary and were reported at the end of the year rather than the valuation date. All information prior to 2011 in this exhibit was provided by the prior actuary and has not been reviewed or verified by Cavanaugh Macdonald Consulting, LLC

2. The prior actuary reported the market value of assets in column (a). Our understanding of GASB 25/27 is that the valuation methodology should be used for GASB calculations to the extent it complies with GASB 25 parameters. Information reported as of 1/1/2011 and later reflects the valuation methodology, including the actuarial value of assets.

3. As of 1/1/2011 the Unfunded AAL is not reduced by the Present Value of Prior Service Payments. For the calculation of the Unfunded AAL used for funding purposes, please refer to Exhibit 4 of this report.

EXHIBIT 11

THREE-YEAR TREND INFORMATION

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2009	$49,964,986	45%	$ 88,728,048
12/31/2010	54,704,821	44%	119,249,376
12/31/2011	51,348,885	60%	139,822,693

*All information prior to 2011 in this exhibit was provided by the prior actuary and has not been reviewed or verified by Cavanaugh Macdonald Consulting, LLC.

APPENDIX A

SUMMARY OF PLAN PROVISIONS

Average Final Monthly Compensation: Section 22 - 63	Fire: Highest average monthly compensation during any consecutive twenty-six (26) pay periods out of the last five years of service as a member of the system for which service credit had been earned. Police: Pensionable pay excludes certain overtime pay. For those hired before January 1, 2010, an adjustment is made to include a career average of overtime pay. For those who were age 45 and had at least twenty years of service as of January 1, 2010, highest average monthly compensation is calculated using the highest consecutive twenty-six (26) pay periods out of the last five years of service as a member of the system for which service credit had been earned. All others use the highest seventy-eight (78) pay periods with the final 130 pay periods of service.
Career Overtime Average (COTA):	Police only: Each hour an employee earns for overtime is computed back to their date of hire or 1991 (whichever is later) and divided by the number of years the employee worked after December 31, 1990. This amount shall be included in the member's pension calculation.
Member Contributions: Section 22 – 73(a) Section 22 - 68	Rates effective January 1, 2011 Police: 16.35% of total monthly salary for police, scheduled to reduce to 15.35% on January 1, 2014 Fire: 15.40% of total monthly salary for fire.
City of Omaha Contributions: Section 22 – 73(b)	Rates effective January 1, 2011 Police: 33.17% of each members total monthly salary for police, increasing to 33.67% in 2012. Fire: 21.015% of each members total monthly salary for fire. In addition, the City shall make contributions of $1,327,600 annually through the year 2028.
Service Retirement Eligibility Section 22 - 75	Police: After age 55 and 10 years of service or age 45 and 20 years of service. Members hired after January 1, 2010 must be 50 rather than 45. If retiring with less than 30 years of service a 7% reduction is applied for each year prior to age 55. Fire: Age 55 and 10 years of service or age 50 and 20 years of service. Age 45 and 25 years of service.

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

Service Retirement Pension
Section 22 - 76

For Police with at least 20 years of service as of latest contract effective date **and all Fire members**, the following schedule applies.

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	45**	55%*
25 years	45	75%

*55% at 20 years of service, plus 2% for each additional six months of service after 20 years and before 25 years.

** The minimum retirement age with less than 25 years is 50 for Fire.

For police who did not have 20 years of service as of the latest contract effective date, the following schedule applies:

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	45	50%*
25 but less than 30	45	70%**
30 years	45	75%

*50% at 20 years of service, plus 2% for each additional six months of service after 20 years and before 25 years.

**70% at 25 years of service, plus 1% for each additional six months of service after 25 years and before 27 years, with an additional 0.5% 29 and 30 years, for a maximum of 75%.

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

For police hired after January 1, 2010, the following schedule applies:

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	50	50%*
25 but less than 30	50	65%**
30 years	50	75%

*50% at 20 years of service, plus 1.5% for each additional six months of service after 20 years and before 25 years. Early retirement reduction applies if less than 30 years of service.

**65% at 25 years of service, plus 1% for each additional six months of service after 25 years and before 30 years. Early retirement reduction applies if less than 30 years of service.

Cost of Living Adjustment (COLA):

The monthly pension shall be increased by the lesser of 3% or $50 ($65 for Fire retirements after June 30, 2007). The increase will be made annually, beginning in the 13th month of retirement.

Deferred Retirement Option Program (DROP):

Police only: A DROP program was instituted with the last contract. After three years, this will be reviewed to determine if it is cost neutral before continuing it. Members may participate in the DROP for three to five years once they reach retirement eligibility with a minimum of 25 years of service (certain current members have a service threshold of 22.5 years). Members continue to make contributions to the system during the DROP period. During the DROP period, the member is credited with the benefits that would have been paid if the member had retired at the start of the DROP period, along with interest at the end of the year. At the end of the DROP period, the member ends employment, receives the DROP account balance, and begins to receive payments as though retirement had occurred at the beginning of the DROP period.

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

Disability Retirement

1. In Line of Duty
Section 22 - 78

A member shall become entitled to the following benefits while permanently disabled.

Years of Service	Percentage of Average Final Monthly Compensation
Less than 20	50%*
20 or more	Same as Service Retirement Pension, without any reduction for early commencement

* 55% for Fire after June 30, 2007

2. Not in Line of Duty
Section 22 - 79

A member shall become entitled to the following benefits while permanently disabled.

Years of Service	Percentage of Average Final Monthly Compensation
Up to 10 years	10%
10 but less than 15	20%
15 but less than 20	30%
20 or more	Greater of 45% or the Service Retirement Pension without any reduction for early commencement

Not payable while full salary continues

Spouse's pension:

1. Death of Active member in Line of Duty:

A monthly pension equal to 49% (52% Fire) of the member's average final monthly compensation is paid to the surviving spouse if death occurs while the active member has less than 25 years of service. A monthly pension equal to 69% (72% Fire) of the member's average final monthly compensation is paid to the surviving spouse if death occurs after the active member has 25 years or more of service.

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

2. Death of Active member Not in Line of Duty:

The following monthly pension is paid to the surviving spouse.

Years of Service at Death	Percentage of Average Final Monthly Compensation*
0-3	0%
3-10	35.0%
11	36.4%
12	37.8%
13	39.2%
14	40.6%
15	42.0%
16	43.4%
17	44.8%
18	46.2%
19	47.6%
20-25	49.0%
25+	69%

* add 3% to each number for Fire effective July 1, 2007

Benefit terminates upon remarriage of spouse.

3. Death of Member Eligible for Retirement or Death of Retired Member:
Section 22 - 82

75% (90% for Fire retirements after June 30, 2007) of the pension the member was receiving or was eligible to receive at the time of death. 50% of the pension the member was receiving for Police members hired after January 1, 2010. Upon spouse's remarriage, all benefits cease.

Children's Pension
Section 22 - 82

Upon the death of an active or retired member, the following benefit will be paid to the surviving children until age 18.

Number of Dependent Children	Percentage of Average Final Monthly Compensation
1	15%
2	30%
3	45%
4 or more	50%

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

Lump Sum Death Benefits

1.	**Active Member without Eligible Dependents:** Section 22 – 84(a)	Accumulated member's contributions, or $500 if greater.
2.	**Retired Member without Eligible Dependents:** Section 22 – 84(b)	Accumulated member's contributions, less previous pension payments made, or $500 if greater.
3.	**Active Member with Eligible Dependents:** Section 22 – 84(c)	An amount payable immediately, equal to one year's salary computed on the basis of the maximum monthly rate for patrolmen and firefighters, plus the decreased member's accumulated contributions less pension payments to his dependents, payable to the dependent who last ceases to receive pension benefits.
4.	**Retired Member with Eligible Dependents:** Section 22 – 84(c)	$1,000 ($5,000 for Fire retirements after June 30, 2005) payable immediately, plus the excess over $1,000 ($5,000 for Fire retirements after June 30, 2005) if any, of the deceased member's accumulated contributions less pension payments to the member and his dependents, payable to the dependent who last ceases to receive pension benefits.
Vesting: Section 22 - 86		Upon severance of employment by a member with less than 10 years of service and prior to obtaining eligibility under Section 22 – 75, a refund of such member's accumulated contributions.
Section 22 - 86		Upon severance of employment by a member before age 45 with more than 10 years of service and prior to obtaining eligibility under Section 22 – 75, the member may elect, in lieu of receiving a refund of contributions, to receive a monthly pension, according to the table below, commencing at age 55. Such deferred pension shall be based on service credited to the date of severance.

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	26%
15 but less than20	55	36%
20 but less than 25	50	55%
25 or more	45	75%

For police, the schedules shown under service retirement apply as appropriate.

APPENDIX B

ACTUARIAL METHOD AND ASSUMPTIONS

Actuarial Method

Valuations of the plan use the *"entry age-normal"* cost method. Under this actuarial method, the value of future costs attributable to future employment of participants is determined. This is called present value of future normal costs. The following steps indicate how this is determined for benefits expected to be paid upon normal retirement.

1. The expected pension benefit at normal retirement is determined for each participant.

2. A normal cost, as a level percent of pay, is determined for each participant assuming that such level percent is paid from the employee's entry age into employment to his normal retirement. This normal cost is determined so that its accumulated value at normal retirement is sufficient to provide the expected pension benefits.

3. The sum of the normal costs for all participants for one year determines the total normal cost of the plan for one year.

4. The value of future payments of normal cost in future years is determined for each participant based on his years of service to normal retirement age.

5. The sum of the value of future payments of normal cost for all participants determines the present value of future normal costs.

The value of future costs attributable to past employment of participants, which is called the actuarial liability, is equal to the present value of benefits less the present value of future normal costs. The unfunded actuarial liability is equal to the excess of the actuarial liability over assets. The unfunded actuarial liability is funded as a level percent of payroll over a 30 year closed period that began January 1, 2003.

As experience develops with the plan, actuarial gains and actuarial losses result. These actuarial gains and losses indicate the extent to which actual experience is deviating from that expected on the basis of the actuarial assumptions. In each year, as they occur, actuarial gains and losses are recognized in the unfunded actuarial liability as of the valuation date.

APPENDIX B

ACTUARIAL METHOD AND ASSUMPTIONS (continued)

Interest:	8.00% per year, (net of investment expenses).
Salary Increases:	Merit increases based on service plus a general wage increase.
Service Retirement Age:	Graduated rates based on service.
Mortality:	
Active Members	RP-2000 Employee Table with generational improvements, set forward one year
Service Pensioners and Beneficiaries	RP-2000 Healthy Annuitant Table with generational improvements, set forward one year
Disabled	RP-2000 Disabled Retiree Mortality Table with generational improvements
Disability:	Graduated Rates by age. See table on next page
Percent of Disabilities in Line of Duty:	85%
Medical Expenses for Disabilities in Line of Duty:	5% load on liability for current and future disabled members.
Percent Married at Death or Retirement:	75%
Turnover	Graduated rates by age. See table on next page
Assets:	Actuarial value of assets equal to 1/3 of market value, plus 2/3 of expected value. Actuarial value of assets cannot exceed 120% of Market value of assets.
Load on Active Member liability to reflect final wage adjustments	10% for fire members, 0% for police members
Increase in total annual payroll	4.0%
Assumed annual rate of inflation	3.5%

APPENDIX B

ACTUARIAL METHOD AND ASSUMPTIONS (continued)

SAMPLE RATES

Annual Rates

Age on 1/1/2010	Mortality		Disability	Turnover
	Males	Females		
20	.03%	.02%	.26%	1.41%
30	.05	.03	.30	1.69
40	.10	.07	.52	.63
50	.19	.15	.95	.00
60	.46	.41	1.45	.00

Salary Progression

Years of Service	Inflation	Productivity	Merit & Longevity	Total Increase
1	3.5%	0.5%	2.5%	6.5%
5	3.5%	0.5%	2.5	6.5
10	3.5%	0.5%	2.0	6.0
15	3.5%	0.5%	1.0	5.0
20	3.5%	0.5%	0.5	4.5
25	3.5%	0.5%	0.0	4.0
30	3.5%	0.5%	0.0	4.0

Service Requirements

Assumed retirement rates are based on the number of years of credited service as follows:

Years of Service	Distribution	Annual Rate
Less than 25	0.0%	0.0%
25	100.0	100.0

If a member was hired after age 37, then it is assumed that member would retire at the later of age 62 or 10 years of service.

MEMBERSHIP DATA FOR VALUATION

The summary of employee characteristics presented below covers the employee group as of January 1, 2012. The schedules at the end of the report show the distribution of the various employee groups by present age along with other pertinent data.

Total number of employees in valuation:*

(a) Active employees	1,392
(b) Deferred vested employees	8
(c) Disabled employees	240
(d) Retired employees, spouses and children receiving benefits	1,213
(e) Total employees in valuation	2,853

Average age of employees in valuation:

(a) Active employees	
Attained Age	39.5
Hire Age	28.4
(b) Deferred vested employees	46.9
(c) Disabled employees	65.8
(d) Retired employees	63.1
(e) Spouses and children receiving benefits	69.1

Active employees eligible for vested benefits as of January 1, 2012:

(a) Employees under age 45 with 10 or more years of service or under age 55 with less than 20 years of service – eligible for deferred vested benefits	585
(b) Employees age 55 and over with 10 or more years of service or age 45 with 20 or more years of service eligible for early or normal retirement benefits	150
(c) Employees eligible for refund of contributions only	657
(d) Total	1,392

*9 DROP members included in retiree counts

MEMBERSHIP DATA RECONCILIATION

January 1, 2011 to January 1, 2012

The number of members included in the valuation, as summarized in the table below, is in accordance with the data submitted by the City for eligible employees as of the valuation date.

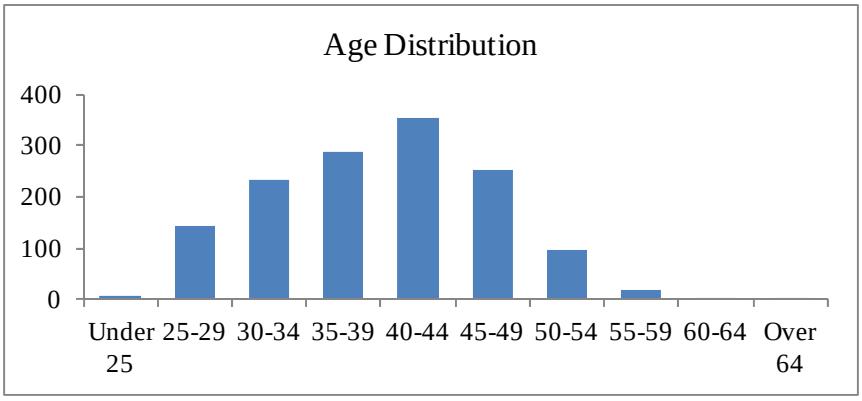
	Active Members	Deferred Vested	Disabled	Retirees*	Beneficiaries	Total
Members as of 1/1/2011	1,422	9	240	939	275	2,885
New Members	0	0	0	0	0	0
Terminations						
Rehired	0	0	0	0	0	0
Refunded	(8)	0	0	0	0	(8)
Deferred Vested	(2)	2	0	0	0	0
Disabled	(8)	0	8	0	0	0
Data Corrections (and Benefits Expired)	0	0	0	0	(5)	(5)
Retirements	(12)	(3)	0	15	0	0
Alternate Payees (QDRO)	0	0	0	0	3	3
Deaths						
With Beneficiary	0	0	(4)	(6)	10	0
Without Beneficiary	0	0	(4)	(6)	(12)	(22)
Total Members 1/1/2012	1,392	8	240	942	271	2,853

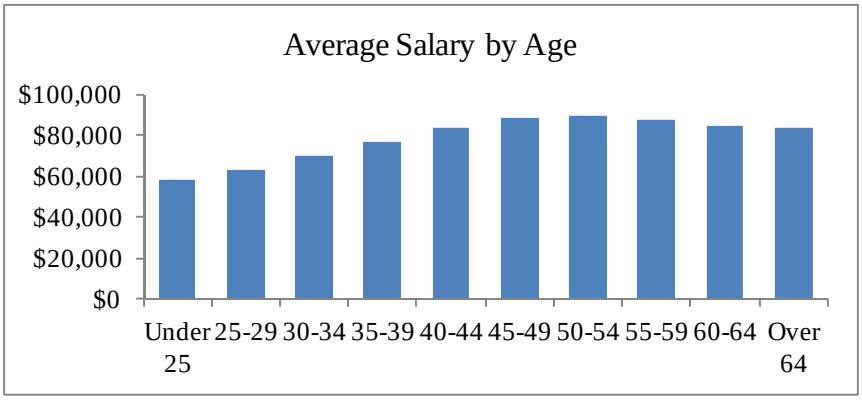
*9 DROP members included in retiree counts

SCHEDULE I

ACTIVE MEMBERS AS OF JANUARY 1, 2012
Total

	Count of Members			Valuation Salaries of Members		
Age	Males	Females	Total	Males	Females	Total
Under 25	6	0	6	348,404	0	348,404
25-29	127	15	142	8,038,037	940,615	8,978,652
30-34	201	31	232	13,978,892	2,175,254	16,154,147
35-39	252	36	288	19,246,798	2,717,255	21,964,053
40-44	304	48	352	25,445,120	4,110,728	29,555,849
45-49	219	33	252	19,446,395	2,881,322	22,327,717
50-54	88	9	97	7,900,628	809,782	8,710,410
55-59	15	2	17	1,302,721	180,597	1,483,318
60-64	3	1	4	260,095	77,375	337,470
Over 64	1	1	2	84,575	82,944	167,519
Total	1,216	176	1,392	96,051,665	13,975,873	110,027,538

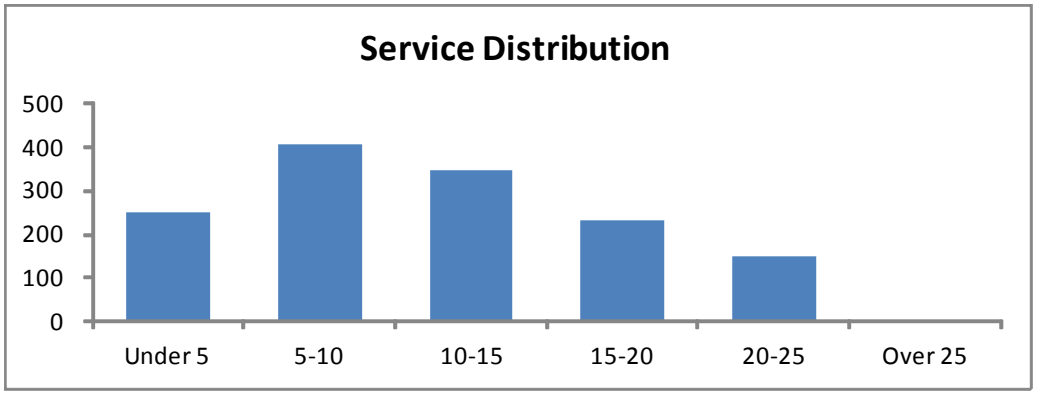




SCHEDULE I

ACTIVE MEMBERS AS OF JANUARY 1, 2012
Total

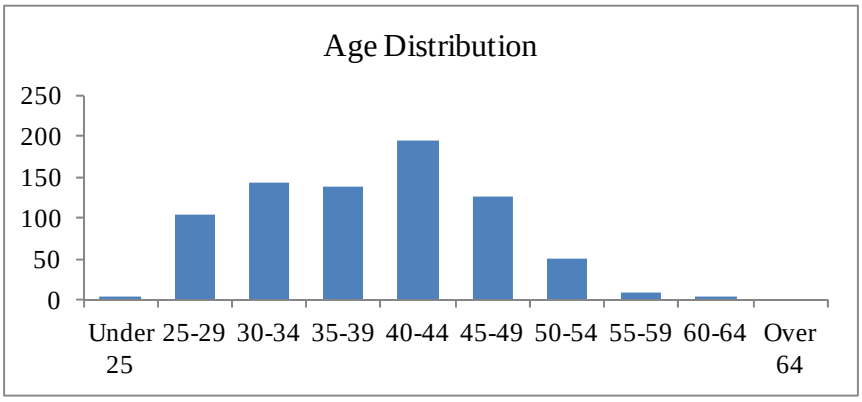
Age	Service: Under 5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	Total
Under 25	6	0	0	0	0	0	0	0	0	6
25-29	106	36	0	0	0	0	0	0	0	142
30-34	79	137	16	0	0	0	0	0	0	232
35-39	45	118	114	11	0	0	0	0	0	288
40-44	12	77	134	112	17	0	0	0	0	352
45-49	1	31	53	80	86	1	0	0	0	252
50-54	0	8	26	22	37	4	0	0	0	97
55-59	0	1	3	7	6	0	0	0	0	17
60-64	0	0	0	1	3	0	0	0	0	4
Over 64	0	0	2	0	0	0	0	0	0	2
Total	249	408	348	233	149	5	0	0	0	1,392

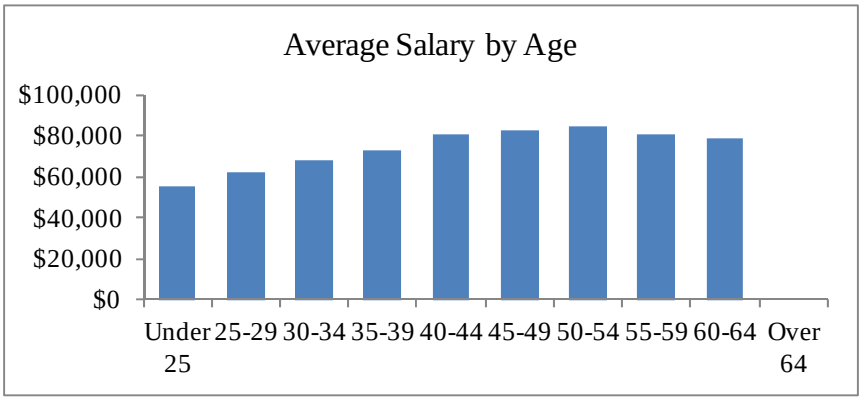


SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2012
Police

	Count of Members			Valuation Salaries of Members		
Age	Males	Females	Total	Males	Females	Total
Under 25	4	0	4	219,539	0	219,539
25-29	89	14	103	5,508,757	872,437	6,381,194
30-34	116	26	142	7,845,462	1,802,130	9,647,592
35-39	109	29	138	7,887,025	2,171,149	10,058,174
40-44	155	39	194	12,369,501	3,257,230	15,626,730
45-49	99	26	125	8,084,607	2,209,782	10,294,389
50-54	42	8	50	3,517,778	716,340	4,234,117
55-59	7	2	9	547,970	180,597	728,567
60-64	2	1	3	158,073	77,375	235,448
Over 64	0	0	0	0	0	0
Total	623	145	768	46,138,711	11,287,040	57,425,751

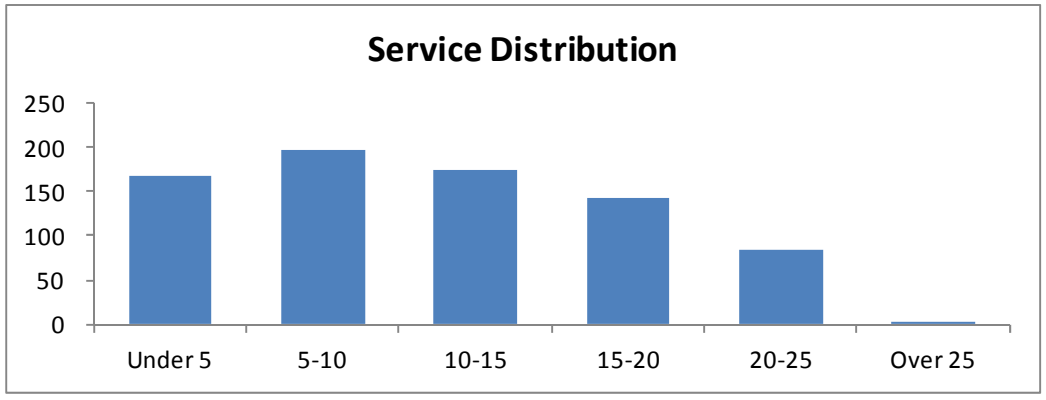




SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2012
Police

	Service									
Age	Under 5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	Total
Under 25	4	0	0	0	0	0	0	0	0	4
25-29	78	25	0	0	0	0	0	0	0	103
30-34	49	82	11	0	0	0	0	0	0	142
35-39	30	40	63	5	0	0	0	0	0	138
40-44	6	33	69	78	8	0	0	0	0	194
45-49	1	11	24	41	47	1	0	0	0	125
50-54	0	4	8	13	24	1	0	0	0	50
55-59	0	1	0	4	4	0	0	0	0	9
60-64	0	0	0	1	2	0	0	0	0	3
Over 64	0	0	0	0	0	0	0	0	0	0
Total	168	196	175	142	85	2	0	0	0	768

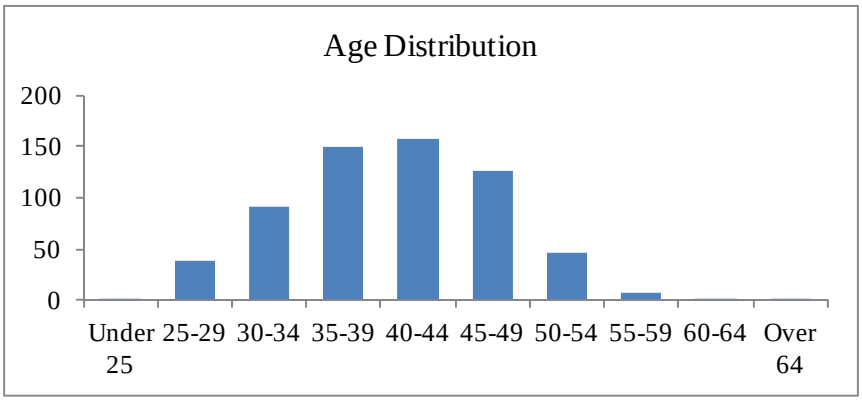


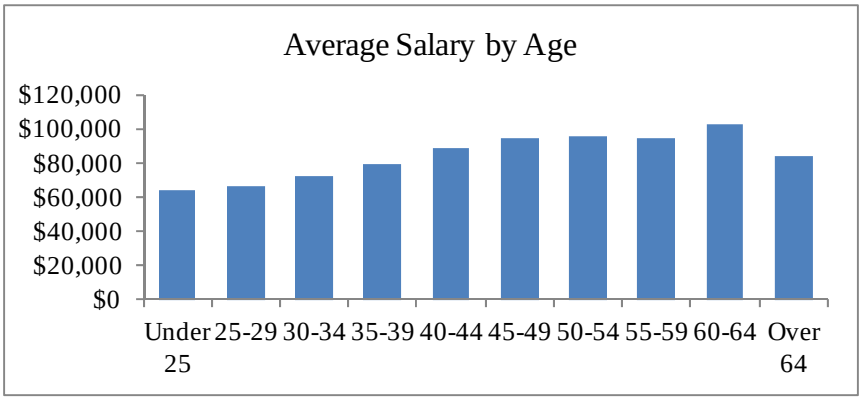
SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2012
Fire

	Count of Members			Valuation Salaries of Members*		
Age	Males	Females	Total	Males	Females	Total
Under 25	2	0	2	128,865	0	128,865
25-29	38	1	39	2,529,280	68,178	2,597,458
30-34	85	5	90	6,133,430	373,125	6,506,555
35-39	143	7	150	11,359,774	546,106	11,905,879
40-44	149	9	158	13,075,620	853,499	13,929,118
45-49	120	7	127	11,361,787	671,540	12,033,326
50-54	46	1	47	4,382,850	93,443	4,476,293
55-59	8	0	8	754,752	0	754,752
60-64	1	0	1	102,022	0	102,022
Over 64	1	1	2	84,575	82,944	167,519
Total	593	31	624	49,912,953	2,688,834	52,601,786

*Estimated since a contract was not in place

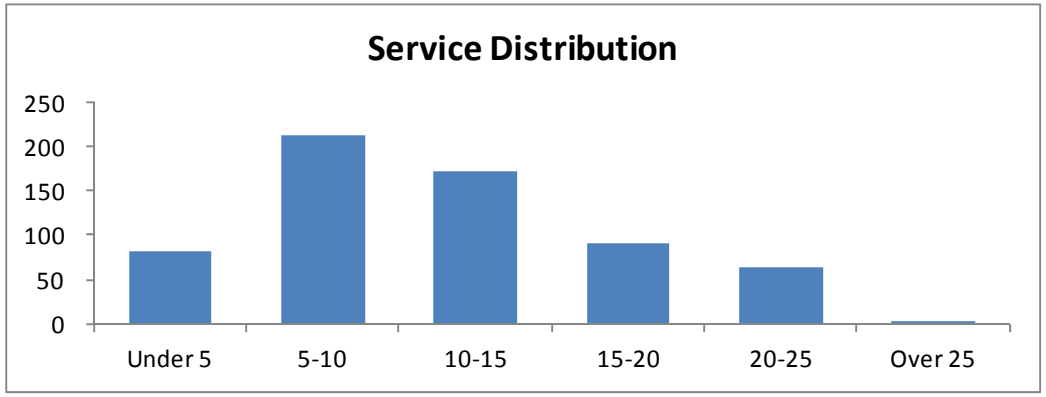




SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2012
Fire

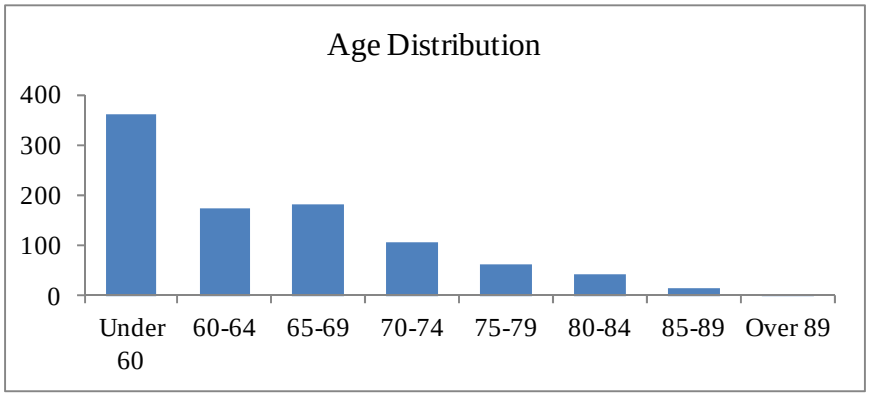
	Service									
Age	Under 5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	Total
Under 25	2	0	0	0	0	0	0	0	0	2
25-29	28	11	0	0	0	0	0	0	0	39
30-34	30	55	5	0	0	0	0	0	0	90
35-39	15	78	51	6	0	0	0	0	0	150
40-44	6	44	65	34	9	0	0	0	0	158
45-49	0	20	29	39	39	0	0	0	0	127
50-54	0	4	18	9	13	3	0	0	0	47
55-59	0	0	3	3	2	0	0	0	0	8
60-64	0	0	0	0	1	0	0	0	0	1
Over 64	0	0	2	0	0	0	0	0	0	2
Total	81	212	173	91	64	3	0	0	0	624

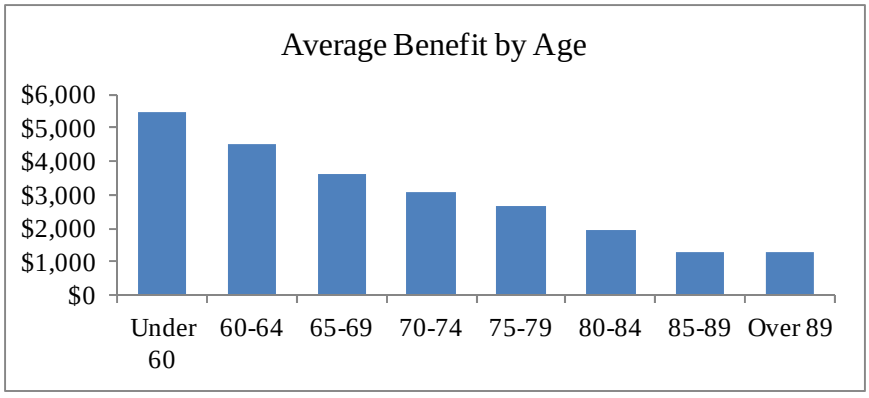


SCHEDULE II

RETIRED MEMBERS* AS OF JANUARY 1, 2012

	Count of Retirees			Current Monthly Benefits		
Age	Males	Females	Total	Males	Females	Total
Under 60	326	35	361	$1,805,867	$172,806	$1,978,672
60-64	168	4	172	756,195	18,603	774,797
65-69	178	3	181	644,897	12,375	657,272
70-74	105	2	107	319,696	7,086	326,782
75-79	61	1	62	163,211	3,055	166,266
80-84	42	0	42	80,722	0	80,722
85-89	14	0	14	17,900	0	17,900
Over 89	3	0	3	3,845	0	3,845
Total	897	45	942	$3,792,332	$213,924	$4,006,256



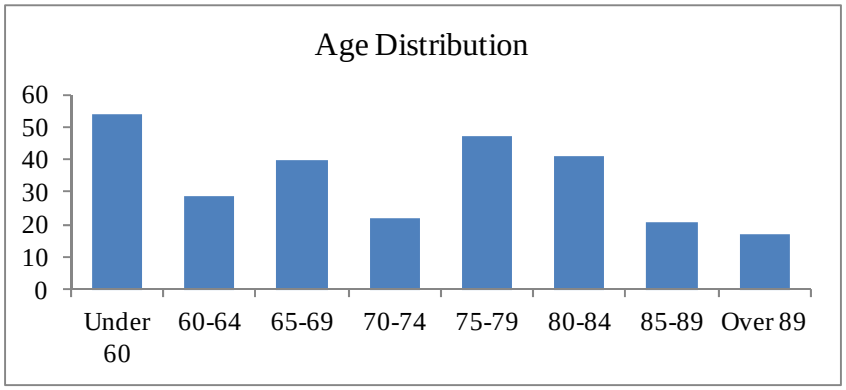


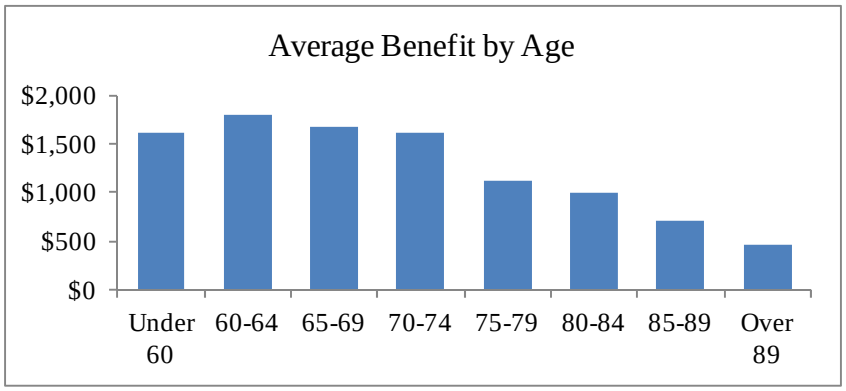
*9 DROP members included in retiree counts

SCHEDULE III

BENEFICIARIES RECEIVING BENEFITS AS OF JANUARY 1, 2012

	Count of Beneficiaries			Current Monthly Benefits		
Age	Males	Females	Total	Males	Females	Total
Under 60	6	48	54	$5,202	$ 81,522	$ 86,724
60-64	0	29	29	0	52,120	52,120
65-69	0	40	40	0	67,328	67,328
70-74	0	22	22	0	35,554	35,554
75-79	0	47	47	0	52,983	52,983
80-84	0	41	41	0	40,669	40,669
85-89	0	21	21	0	14,922	14,922
Over 89	0	17	17	0	7,864	7,864
Total	6	265	271	$5,202	$352,962	$358,164





SCHEDULE IV

DEFERRED VESTED FORMER MEMBERS AS OF JANUARY 1, 2012

	Count of Members			Expected Monthly Benefit		
Age	Males	Females	Total	Males	Females	Total
Under 25	0	0	0	$ 0	$ 0	$ 0
25-29	0	0	0	0	0	0
30-34	1	0	1	1,950	0	1,950
35-39	0	0	0	0	0	0
40-44	1	0	1	1,268	0	1,268
45-49	3	0	3	4,354	0	4,354
50-54	2	1	3	6,044	843	6,888
55-59	0	0	0	0	0	0
Over 59	0	0	0	0	0	0
Total	7	1	8	$13,617	$843	$14,460

SCHEDULE V

DISABLED MEMBERS AS OF JANUARY 1, 2012

	Count of Members			Current Monthly Benefits		
Age	Males	Females	Total	Males	Females	Total
Under 30	0	0	0	$ 0	$ 0	$ 0
30-34	1	0	1	2,747	0	2,747
35-39	2	2	4	6,351	5,255	11,606
40-44	5	1	6	14,344	2,761	17,105
45-49	13	5	18	42,201	11,936	54,137
50-54	10	6	16	28,620	16,308	44,928
55-59	13	2	15	43,449	2,933	46,381
60-64	25	0	25	78,802	0	78,802
65-69	61	0	61	161,310	0	161,310
70-74	40	0	40	89,856	0	89,856
75-79	22	0	22	49,289	0	49,289
80-84	24	0	24	34,359	0	34,359
85-89	8	0	8	9,080	0	9,080
Over 89	0	0	0	0	0	0
Total	224	16	240	$560,408	$39,192	$599,600

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Financial Statements and Supplemental Schedules
June 30, 2012 and 2011
(With Independent Auditors' Report)

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

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KPMG LLP
Suite 2000
303 Peachtree Street, N.E.
Atlanta, GA 30308-3210

Independent Auditors' Report

The Board of Trustees
City of Atlanta,
Georgia Police Officers' Pension Plan:

We have audited the accompanying statement of plan net position of the City of Atlanta, Georgia Police Officers' Pension Plan (the Plan) as of June 30, 2012, and the related statement of changes in plan net position for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Plan as of and for the year ended June 30, 2011 were audited by other auditors whose report thereon, dated February 22, 2012, expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net position of the City of Atlanta, Georgia Police Officers' Pension Plan as of June 30, 2012, and the changes in its plan net position for the year then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2013 on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

KPMG LLP is a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative ("KPMG International"), a Swiss entity.

U.S. generally accepted accounting principles require that the information in the management's discussion and analysis, schedule of funding progress, and schedule of employer contributions on pages 3 – 6 and 19, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted prior year comparative management's discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

KPMG LLP

January 11, 2013

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Management's Discussion and Analysis (Unaudited)
June 30, 2012 and 2011

As management we offer readers of the Police Officers' Pension Plan ("the Plan") financial statements this narrative overview and analysis of the financial activities of the Plan for the year ended June 30, 2012. This overview compares the year ended June 30, 2012 with the year ended June 30, 2011. Readers are encouraged to read the notes to the financial statements in conjunction with the financial statements presented following this narrative.

The Plan is administered as a single employer plan by the Board of Trustees (the "Board") which includes an appointee of the Mayor, the City's Chief Financial Officer, a member of City Council, two representatives elected by the retired membership and three representatives elected by active City membership.

The objective of the Plan is to meet long-term benefit obligations through member and employer contributions and investment earnings. As a measure of progress against being able to provide for these future obligations, readers should consider the Plan's funded ratio. The funded ratio is the actuarially determined assets against liabilities. The Plan's funded ratio as of the July 1, 2011 actuary report is 70.99%.

Financial Highlights

- The assets of the Plan exceeded its liabilities at the close of 2012 by $733.5 million. This amount represents the Plan's net position.
- The Plan's total net position decreased by $1.9 million or 0.3% year over year.
- Net investment income declined by $118.7 million compared to fiscal year 2011.
- Contributions received from employer and employees totaled $43.3 million in 2012 as compared to $45.9 million in fiscal year 2011.
- Benefit payments totaled $48.7 million, an increase of $3.6 million or 7.9% when compared with fiscal year 2011.

Fiduciary funds. The Plan is considered a fiduciary fund of the City of Atlanta, Georgia (City) and its financial statements are included in the City's Comprehensive Annual Financial Report (CAFR) as part of the Pension Trust Fund. The City's most recent CAFR for the year ended June 30, 2012 should be read in conjunction with these financial statements.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government, but over which the government maintains a meaningful degree of ongoing responsibility. The financial statements of fiduciary funds are presented using the economic resources measurement focus, or full accrual, similar to private sector businesses.

Directly following this discussion are the *basic financial statements*. The basic financial statements and required disclosures are prepared in accordance with accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board (GASB).

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Management's Discussion and Analysis (Unaudited)
June 30, 2012 and 2011

Basic financial statements are comprised of:

The *Statement of Plan Net Position* presents information on the assets and liabilities, with the difference between the two reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Plan is improving or deteriorating.

The *Statement of Changes in Plan Net Position* presents information showing how the Plan's net position changed during the most recent fiscal year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Changes would include investment income, employee and employer contributions to the plan, benefit payments to members, and administrative expenses.

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the Plan's financial statements. The notes can be found following the financial statements in this report.

Required Supplementary Information. In addition to the basic financial statements, this report also presents certain *required supplementary information* concerning the Plan's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found following the notes the financial statements in this report.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial stability. In the case of the Plan, assets exceeded liabilities by $733.5 million at the close of the year ended June 30, 2012. Table 1 summarizes the major categories of assets, liabilities and net position.

Table 1. Police Officers' Pension Plan Net Position, Year Ended June 30, 2012 and June 30, 2011 (in thousands):

	Years ended June 30			
	2012	2011	Change	% Change
Assets				
Cash and cash equivalents	$ 58,912	$ 103,021	$ (44,109)	-42.8%
Investments	672,949	653,089	$ 19,860	3.0%
Due from brokers for securities sold	3,345	1,740	$ 1,605	92.2%
Receivables	3,938	4,102	$ (164)	-4.0%
Total assets	$ 739,144	$ 761,952	$ (22,808)	-3.0%
Liabilities				
Due to other funds	$ 202	$ 174	$ 28	16.1%
Due to brokers for securities purchased	5,396	24,334	$ (18,938)	-77.8%
Deferred revenue	-	1,974	$ (1,974)	-100.0%
Total liabilities	$ 5,598	$ 26,482	$ (20,884)	-78.9%
Net Position Held in Trust for Pension Benefits	$ 733,546	$ 735,470	$ (1,924)	-0.3%

Management's Discussion and Analysis (Unaudited)
June 30, 2012 and 2011

The net position of the Plan decreased by $1.9 million or 0.3% when compared to 2011. This is mainly attributable to the decline in net investment income resulting from unfavorable market conditions during fiscal year 2012. Total assets for the Plan declined by $22.8 million or 3.0% compared to 2011. Total cash and investments decreased by $24.2 million offset by a $1.6 million increase in amounts due from brokers for securities sold. Investments represent 94.9% of total assets as of June 30, 2012 compared to 90.4% as of June 30, 2011. The Plan liabilities do not include future benefits payable to plan participants, but an actuarially determined estimate of this amount is in the Required Supplementary Information of this report.

Table 2. Police Officers' Pension Plan Changes in Net Position, Year Ended June 30, 2012 and June 30, 2011 (in thousands):

	Years ended June 30			
	2012	2011	Change	% Change
Additions to Plan Net Position:				
Investment income:				
Net (depr.) appreciation in fair value of investments	$ (6,450)	$ 114,434	$ (120,884)	-105.6%
Interest and dividends	$ 13,407	$ 10,725	$ 2,682	25.0%
Securities lending income	$ -	$ 94	$ (94)	-100.0%
Less:				
Investment expenses	$ (3,244)	$ (2,885)	$ (359)	12.4%
Net investment income	$ 3,713	$ 122,368	$ (118,655)	-97.0%
Employee contributions	$ 9,541	$ 6,733	$ 2,808	41.7%
Employer contributions	$ 33,748	$ 39,135	$ (5,387)	-13.8%
Other income	$ 12	$ 846	$ (834)	-98.6%
Total additions	$ 47,014	$ 169,082	$ (122,068)	-72.2%
Deductions from Plan Net Position:				
Benefit payments	$ 48,746	$ 45,176	$ 3,570	7.9%
Administrative fees, management fees, and other expenses	$ 192	$ 81	$ 111	137.0%
Total deductions	$ 48,938	$ 45,257	$ 3,681	8.1%
Increase (decrease) in Net Position Held in Trust for Pension Benefits	**$ (1,924)**	**$ 123,825**	**$ (125,749)**	**-101.6%**
Net Position Held in Trust for Pension Benefits				
Beginning of year	$ 735,470	$ 611,645		
Increase (decrease)	$ (1,924)	$ 123,825		
End of year	**$ 733,546**	**$ 735,470**		

Management's Discussion and Analysis (Unaudited)
June 30, 2012 and 2011

Total additions to the Plan net position declined by $122.1 million or 72.2% compared to 2011. As mentioned earlier, this decrease is primarily attributed to the decrease in net investment income. Net investment income was $3.7 million for 2012, a decline of $118.7 million compared to 2011. The investment portfolio is comprised of 70% equities and 30% fixed income investments as of June 30, 2012, which remains largely the same as the investment mix in 2011. The overall portfolio returned 1.30% for the 12 months ended June 30, 2012, compared with 21.29% for the same time period in 2011. The S&P 500 index rose 5.44% and 30.70%, respectively during the same time periods.

Employee contributions to the Plan increased by $2.8 million or 41.7% to $9.5 million mainly as a result of plan changes enacted during 2011 which required participants to contribute an additional 5% of pay to the Plan each year. Employer contributions decreased by $5.4 million or 13.8% to $33.7 million due to a lower actuarially determined required contribution (ARC) for fiscal 2012. Benefit payments increased by $3.6 million or 7.9% to $48.7 million. The increase in benefit payments is primarily the results of the increase in members receiving benefits (see table below).

Table 3. Membership Data, Year Ended June 30, 2012 and June 30, 2011 (in thousands):

Members:	**2012**	**2011**	**Change**	**% Change**
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	1,401	1,293	108	8.4%
Current active employees:				
Fully vested	704	748	(44)	-5.9%
Partially vested	354	385	(31)	-8.1%
Nonvested	581	444	137	30.9%
Total membership	3,040	2,870	170	5.9%

Requests for Information

This financial report is designed to provide a general overview of the Plan's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Chief Financial Officer, 11100 City Hall Tower, 68 Mitchell St., SW, Atlanta, Georgia 30303.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Statements of Plan Net Position
For the Years Ended
June 30, 2012 and 2011
(Dollars in thousands)

	2012	2011
ASSETS		
Cash and cash equivalents	58,912	103,021
Receivables:		
Contributions receivable from employer	1,792	2,332
Contributions receivable from employees	522	346
Accrued interest receivable	1,624	1,424
Due from brokers for securities sold	3,345	1,740
Total receivables	7,283	5,842
Investments:		
Equities	495,410	491,094
U.S. government and agency obligations	82,214	74,087
Corporate bonds	56,304	46,192
Other investments	39,021	41,716
Total investments	672,949	653,089
Total assets	739,144	761,952
LIABILITIES		
Deferred revenue	-	1,974
Due to brokers for securities purchased	5,396	24,334
Due to City of Atlanta	202	174
Total liabilities	5,598	26,482
NET POSITION HELD IN TRUST FOR PENSION BENEFITS (See Schedule of Funding Progress on page 19)	**$ 733,546**	**$ 735,470**

See accompanying notes to financial statements.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Statements of Changes in Plan Net Position
For the Years Ended
June 30, 2012 and 2011
(Dollars in thousands)

	2012	2011
Additions to Plan Net Position:		
Contributions:		
Employee	$ 9,541	$ 6,733
Employer	33,748	39,135
Total contributions	43,289	45,868
Investment income:		
Net appreciation (depreciation) in fair value of investments	(6,450)	114,434
Interest and dividends	13,407	10,725
Securities lending income	-	94
Less:		
Investment expenses	(3,244)	(2,885)
Net investment income	3,713	122,368
Other income	12	846
Total additions	47,014	169,082
Deductions from Plan Net Position:		
Benefit payments	48,746	45,176
Administrative fees, management fees, and other expenses	192	81
Total deductions	48,938	45,257
Net increase (decrease)	(1,924)	123,825
Net Position Held in Trust for Pension Benefits:		
Beginning of Year	735,470	611,645
End of year	**733,546**	**735,470**

See accompanying notes to financial statements.

Note 1 - Plan Description

The following brief description of the Plan is provided for general information purposes only. Participants should refer to the Atlanta, Georgia, Code of Ordinances, Section 6 (Plan agreement) for more complete information.

a. Overview of Plan and Related Government

The City of Atlanta, Georgia Police Officers' Pension Plan (the "Plan"), a single employer defined benefit pension plan, was established by a 1924 Act of the State of Georgia Legislature to provide retirement benefits for sworn personnel of the City of the Atlanta (the "City") Police Department. Until 1983, the Georgia Legislature established all requirements and policies of the Plan. By a constitutional amendment, effective July 1983, control over the Plan transferred to the City under the principle of Home Rule.

The funding methods and determination of benefits payable were established by the legislative acts creating the Plan, as amended, and in general, provide that funds are to be accumulated from employee contributions, City contributions, and income from the investment of accumulated funds.

The Plan is considered a fiduciary fund of the City and its financial statements are included in the City of Atlanta, Georgia's Comprehensive Annual Financial Report (CAFR) as part of the Pension Trust Fund. The City's most recent CAFR for the year ended June 30, 2012 should be read in conjunction with these financial statements.

b. Amendments

In June 2011, the City Council approved changes for the City's three defined benefit plans, effective on September 1, 2011 for new hires and November 1, 2011 for existing employees. Currently sworn personnel employed by the Atlanta Police Department are required to contribute to the Police Pension Plan (the "Plan"). The following brief description of the Plan is provided and was in effect until the dates of the Plan changes.

1. Benefit Provisions

The Plan provided monthly retirement benefits that initially represent 3% for each year of credited service times the participants' final average three-year earnings (limited to 80% of the average). Retirement benefits were adjusted annually based on the change in the consumer price index, limited to 3% per year. Upon the death of a vested participant who has beneficiary coverage, his or her eligible beneficiary(ies) would be entitled to three fourths of the amount the deceased participant was receiving or would have been entitled to receive.

2. Pension Plan Reform

Amendments to Defined Benefit Plans

In June 2011, the City Council approved changes for the City's three separate defined benefit plans, effective on September 1, 2011 for new hires and November 1, 2011 for existing employees.

Notes to Financial Statements - Continued

Note 1 - Plan Description, Continued

On November 1, 2011, Police Department employees participating in the Plan and hired before September 1, 2011, or after January 1, 1984, had an increase of 5% in their mandatory contributions into the Plan. The contribution is such that the new contribution is 12% of salary (without a designated beneficiary) or 13% of salary (with a designated beneficiary.)

Employees hired on or after September 1, 2011 who are sworn members of the Police Department are required to participate in a hybrid defined benefit plan with a mandatory defined contribution component (see discussion below regarding Amendments to the Defined Contribution Plan). The defined benefit portion of this plan include a 1% multiplier. The retirement age is increased to age 57 for participants in the Plan. Early Retirement Age is changed from any age (as long as vested) with penalty to age 52 for hires after September 1, 2011. Upon retirement, these participants will receive an annually calculated cost of living increase to their pension benefit that may not exceed 1% and is based upon the Consumer Price Index. Sick and vacation leave are no longer applied to retirement benefits for hires after September 1, 2011.

Beginning in fiscal year 2012 (July 1, 2011) there is a cap on the maximum amount of the City's contribution to the Plan measured as a percentage of payroll. The City's annual contribution to the Plan may not exceed 35% of payroll of the participants in the City's three defined benefit plans. In the event that this 35% cap is reached, the City will fund any overage for the first 12 month period from its reserves. During that period, the City's management must agree on an alternative method to reduce the overage. If no alternative is reached, beginning in the second 12 month period, the City and the participants will equally split the cost of the overage, subject only to a provision that employee contributions may not increase more than 5%.

Beginning with the 2012 valuation the amortization period for the Unfunded Actuarial Accrued Liability (UAAL) is changed from the 30-year open period to a 30-year closed amortization period designed to eliminate the UAAL by July 1, 2042.

Amendments to Defined Contribution Plan

Employees hired on or after September 1, 2011 who are either sworn members of the police department or fire department are required to participate in the mandatory defined contribution component which includes a mandatory employee contribution of 3.75% of salary and be matched 100% by the City. Additionally, these employees may voluntarily contribute up to an additional 4.25% of salary which is also be matched 100% by the City. Employees vest in the amount of the City's contributions at a rate of 20% per year and become fully vested in the City's contribution after 5 years of participation.

Notes to Financial Statements - Continued

Note 1 - Plan Description, Continued

c. *Membership*

The following schedule reflects membership for the Plan at July 1, 2011 (fiscal year 2012) and January 1, 2010 (fiscal year 2011), the dates of the recent actuarial valuations:

Members:	2012	2011
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	1,401	1,293
Current active employees:		
Fully vested	704	748
Partially vested	354	385
Nonvested	581	444
Total membership	3,040	2,870

d. Administration of the Plan

The Plan is administered as a single-employer defined-benefit plan by the Board of Trustees (the "Board") which includes an appointee of the Mayor, the City's Chief Financial Officer, a member of City Council, two representatives elected by the retired membership and three representatives elected by active City membership. All modifications to the plan must be supported by actuarial analysis and receive the recommendations of the City Attorney, the Chief Financial Officer, and the Board of Trustees. Each pension law modification must be adopted by at least two thirds vote of the City Council and approved by the Mayor.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The financial statements are prepared on the accrual basis of accounting. Employee and employer contributions are recognized as additions to plan net position in the period in which withheld from the employees' salary and paid by the employer. Benefits and refunds are recognized as deductions from plan net position when due and payable.

b. Cash and Cash Equivalent

The Plan considers all highly liquid debt securities with an original maturity of three months or less when purchased to be cash equivalents.

Notes to Financial Statements - Continued

Note 2 - Summary of Significant Accounting Policies, Continued

c. Investments

State of Georgia and City statutes authorize the Plan to invest in U.S. government obligations, U.S. government agency obligations, State of Georgia obligations, obligations of a corporation of the U.S. government and the Georgia Fund 1 (a government investment pool maintained by the State of Georgia). Additionally, the Plan is authorized to invest in common stock provided that the cost bases of such investments do not exceed 55% of the net position of the Plan. The Plan invests in repurchase agreements only when they are collateralized by U.S. government or agency obligations. The Plan is also authorized to invest in collateralized mortgage obligations (CMOs) to maximize yields. These securities are based on cash flows from interest payments on underlying mortgages. CMOs are sensitive to prepayment by mortgagees, which may result from a decline in interest rates. For example, if interest rates decline and mortgagees refinance their mortgages, thereby prepaying the mortgages underlying these securities, the cash flows from interest payments are reduced and the value of these securities declines. Likewise, if mortgagees pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated.

The Plan's investments are stated at fair value. Quoted market prices are used to value all investments in equities based on closing prices on the U.S. national securities exchange. Securities traded on the open market for which no sale was reported on that date are valued at the most recent quoted bid price.

Estimated fair values provided by third party vendors are used to value U.S. government notes, corporate bonds, mutual funds and U.S. government and agency guaranteed bonds, if not traded in an active market.

The net appreciation (depreciation) in the fair value of investments held by the Plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of the balance sheet date. Investment income is recognized on the accrual basis as earned by the Plan.

d. Use of Estimates

Management of the Plan has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosures of contingent assets and liabilities and the additions to and deletions from net position to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

Notes to Financial Statements - Continued

Note 3 - Deposits and Investments

Investments in Employee Retirement Plans

The Board is responsible for making all decisions with regard to the administration of the Plan, including the management of Plan assets, and for carrying out the investment policy on behalf of the Plan.

The Plan's investments are managed by various investment managers under contracts with the Plan who have discretionary authority over the assets managed by them, within the Plan's investment guidelines, established by the Board. The investments are held in trust by the Plan's custodian in the Plan's name. These assets are held exclusively for the purpose of providing benefits to members of the plan and their beneficiaries.

Identified below are the investment types that are authorized by the Board for the Plan. The investment policy also identifies certain provisions that address interest rate risk, credit risk, custodial credit risk, concentration of credit risk, and foreign currency risk.

The Plan, by policy, is to invest their funds in domestic equities, domestic fixed income securities and cash equivalents. These instruments consist of common and preferred stock, obligations of the U.S. government and agencies (GNMA, FHLMC, and FNMA securities and CMO's), corporate bonds, and certificates of deposit. The Plan has strict limitations on the amounts managers are allowed to invest in any one issuer in all classes of securities. The Plan also invests in repurchase agreements which must be fully collateralized by U.S. government or agency guaranteed securities.

The Plan maintains cash to meet its immediate liquidity needs. Cash not immediately needed is invested in either short-term or long-term investment securities as directed by management.

Investment Risk Disclosures

Interest Rate Risk. Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Additionally, the fair values of the investments may be highly sensitive to interest rate fluctuations. The Plan has no specific policy to address interest rate risk.

Credit Risk. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating to each investment by a nationally recognized statistical rating organization. The Plan has no specific policy to address credit risk.

Notes to Financial Statements - Continued

Note 3 – Deposits and Investments, Continued

As of June 30, 2012 and 2011, the Plan had the following fixed income investments (amounts in thousands), with the corresponding credit ratings and maturities.

		June 30, 2012					
		Maturity					
Type of Investments	Credit Rating	Under 1 year	1 - 3 years	3 - 5 years	5 - 10 years	Over 10 Years	Fair Value
U.S. government agencies	AA+	1,268	2,483	656	25,705	47,362	$ 77,474
Corporate bonds	AA/A-	454	9,905	978	19,686	7,776	38,799
Corporate bonds	B+/BBB	782	1,863	1,294	11,526	2,040	17,505
Asset backed securities	AAA	-	10,770	6,360	3,130	-	20,260
Asset backed securities	AA+	-	456	-	-	-	456
Asset backed securities	NR	615	2,105	4,150	231	-	7,101
CMO's	AAA/A	-	-	-	-	8,147	8,147
CMO's	NR	-	-	-	-	3,057	3,057
State and local obligations	AAA/A	-	-	637	190	3,313	4,140
State and local obligations	NR	600	-	-	-	-	600
		$ 3,719	**$ 27,582**	**$14,075**	**$ 60,468**	**$ 71,695**	**$177,539**

		June 30, 2011					
		Maturity					
Type of Investments	Credit Rating	Under 1 year	1 - 3 years	3 - 5 years	5 - 10 years	Over 10 Years	Fair Value
U.S. government agencies	AAA	$ 13,218	$ 4,362	$ 748	$ 12,705	$ 40,541	$ 71,574
Corporate bonds	AA/A-	1,129	5,158	5,740	12,763	3,215	28,005
Corporate bonds	B+/BBB	666	1,460	5,587	7,873	2,601	18,187
Asset backed securities	AAA	21	3,860	12,003	1,872	-	17,756
Asset backed securities	NR	-	2,304	4,065	2,141	-	8,510
CMO's	AAA	-	-	-	-	13,355	13,355
CMO's	NR	-	-	-	-	1,570	1,570
State and local obligations	AAA/A	708	-	-	-	1,805	2,513
		$ 15,742	**$17,144**	**$ 28,143**	**$ 37,354**	**$ 63,087**	**$161,470**

Notes to Financial Statements - Continued

Note 3 – Deposits and Investments, Continued

Custodial Credit Risk. Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the Plan will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Custodial credit risks for *investments,* is the risk that in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The City requires that uninsured collected balances held in trust by the City for the Plan plus accrued interest in depository accounts be collateralized and that the market value of collateralized pledged securities must be at least 110% of the deposit balances, and 102% of collateral value for repurchase agreements. As a result, the Plan had no deposits or investments with custodial risks as of June 30, 2012 and 2011.

All investments of the Plan are either held by the Plan or by the counterparty in the Plan's name; therefore, the Plan's investments had no custodial risks as of June 30, 2012 and 2011.

Concentration Credit Risk. Investments in any one issuer representing 5% or more of the net position held in trust for pension benefits at June 30, 2012 and 2011 are as follows (Dollars in thousands):

Issuer	Investment Type	Total Investments	
		June 30, 2012	June 30, 2011
FHLMC	Federal agency security	$ 37,458	$ -
FNMA	Federal agency security	$ 34,505	$ 45,182

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates could adversely affect an investment's or deposits fair value. During fiscal year 2012, the Plan's investment policies were revised to allow domestic equities, domestic fixed income, cash equivalents and foreign equity securities.

Although all of the foreign equity securities are American Depository Receipts (ADR's), this does not eliminate the foreign currency risk involved in purchasing foreign securities.

Notes to Financial Statements - Continued

Note 3 – Deposits and Investments, Continued

The following table provides the value in U.S. dollars by foreign currency denominations and investment type for the Plan investments denominated in foreign currencies as of June 30, 2012 and 2011 (Dollars in thousands):

	June 30, 2012		
Currency	**Debt**	**Equity**	**Total**
Netherlands	$ 595	$ 2,217	$ 2,812
Canada	1,197	1,260	2,457
Greece	-	1,001	1,001
Israel	-	1,040	1,040
United Kingdom	593	-	593
Australia	595	-	595
Total Securities subject to Foreign Currency Risk	$ 2,980	$ 5,518	$ 8,498

	June 30, 2011		
Currency	**Debt**	**Equity**	**Total**
Netherlands	$ -	$ 1,987	$ 1,987
Canada	-	1,035	1,035
France	-	790	790
Peru	321	-	321
United Kingdom	-	1,072	1,072
Switzerland	-	174.00	174
Total Securities subject to Foreign Currency Risk	$ 321	$ 5,058	$ 5,379

Securities Lending

State statutes and Board of Trustees policies permit the Plan to lend its securities to broker dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Plan's custodians lend securities of the type on loan at year-end for collateral in the form of cash or other securities of 102% of collateral value.

Cash collateral is invested in overnight investments. As of June 30, 2012, the Plan has no significant credit risk exposure to borrowers. The contract with the Plan's custodian requires it to indemnify the Plan if the borrowers fail to return the securities and if the collateral is inadequate to replace the securities or fail to pay the Plan for income distributions by the securities issuers while the securities are on loan.

There were no violations of legal or contractual provisions, borrower or lending agent default losses, and no recoveries of prior period losses during the year. There are income distributions owed on the securities loaned. The Plan records the cash received as collateral under securities lending agreements and the investments purchased with that cash as securities lending short-term collateral investment pool with a corresponding amount recorded as a liability.

Notes to Financial Statements - Continued

Note 3 – Deposits and Investments, Continued

All securities lending can be terminated on demand by either the Plan or the borrower, with the borrower returning equivalent securities to the Plan within a specified period of time. There were no securities lending transactions outstanding as of the years ended June 30, 2012 and 2011.

Note 4 - Funding Policy

The City's funding policy is to contribute a percentage of the Plan's covered employee payroll as developed in the actuarial valuation for the Plan. Active participants are required to contribute 12% of base pay (or 13% if participant has covered beneficiary). The City's contribution percentage is the actuarially determined amount necessary to fund plan benefits after consideration of employee contributions.

The actuarially determined annual required contribution amount is the sum of the annual normal cost (determined under the entry age normal actuarial cost method) and the amortization of the UAAL as a level percentage of future payrolls. The actuarial cost method used for funding purposes and to calculate the actuarial accrued liability is the Entry Age Normal Cost Method. This method is one of the approved methods for such plans in Georgia, and provides for contributions estimated to be a level percentage of future payrolls. Effective July 2, 2011, the amortization period for the unfunded actuarial accrued liability changed from a 30-year open period to a 30-year closed period.

Note 5 - Contributions Required and Contributions Made

The required contribution percentages developed in the most recent actuarial valuation for the Plan for the years ended June 30, 2012 and June 30, 2011 and the actual contributions made are as follows (Dollars in thousands):

	2012	2011
Normal cost	24.80%	27.52%
Amortization of the unfunded actuarial accrued liability	21.69%	22.17%
Total required contributions as a percentage of covered payroll	46.49%	49.69%
Actual employee contributions:		
Dollar amount	$ 9,541	$ 6,647
Percent of covered payroll	12.95%	7.96%
Actual employer contributions:		
Dollar amount	$ 33,748	$ 39,135
Percent of covered payroll	45.80%	46.84%

Notes to Financial Statements - Continued

Note 5 - Contributions Required and Contributions Made, continued

The annual covered payroll for the City Police was $73,688,000 and $83,551,000 as of June 30, 2012 and 2011, respectively. The actual employer contributions shown above include amounts used to fund retiree supplemental cost of living increases and other minimum benefits. These amounts are components of the City's contributions for purposes of meeting actuarially determined funding requirements.

Note 6 - Contributions Receivable

Employer
Employer contribution receivable represents Annual Required Contributions owed but not yet remitted to the plan by the City. Total contributions receivable from the employer were $1,792,000 and $2,332,000 as of June 30, 2012 and 2011, respectively.

Employees
Employees may receive credit for years of service from employment with certain state and local governmental agencies as well as prior employment with the City, upon payment to the Plan of an amount, as defined in the 1927 Act, as amended, representing contributions applicable to such service period. These contributions may be paid over a future period, even after retirement. In addition, 1962 and 1978 amendments to the Plan increased pension benefits and the related employee contribution rates. Active employees may retroactively increase their contribution rates from the date of employment in order to receive the maximum increased benefits available under the 1962 and 1978 amendments. These "back contributions" may also be paid over a future period. Contributions from employees include amounts withheld from employees' pay but not yet remitted to the Plan. Total contributions receivable from employees were $522,000 and $346,000 as of June 30, 2012 and 2011, respectively.

Note 7 – Tax Status

The Plan and its trust are intended to be qualified under Sections 401(a) and 501(c) of the Internal Revenue Code (IRC) such that they are not subject to tax under federal income tax laws. The Internal Revenue Service (IRS) issued a favorable determination letter on August 17, 2004 with respect to the Plan, in which the IRS stated that the Plan, as then designed, was in compliance with the applicable requirements of the IRC. The Plan has been amended since receiving the 2004 determination letter, and the City believes that those amendments do not adversely affect the qualified status of the Plan. The IRS's 2004 determination was subject to the adoption of an amendment to the City Charter and the correction of additional plan language in order to bring the plan into compliance with current IRC provisions. These required changes were accomplished through an amendment to the City of Atlanta Charter and an ordinance correcting the language of the Plan of which both were adopted by the Atlanta City Council on December 6, 2010. Additionally, a current Application for Determination was submitted to the IRS for consideration on January 31, 2011.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN
Required Supplementary Information

Schedule of Funding Progress
June 30, 2012 and 2011
(Unaudited)
(Dollars in thousands)

Actuarial valuation date	Actuarial valuation assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll (b-a)/c)
January 1, 2006	$ 464,368	$ 817,255	$ 352,887	56.80%	$ 73,515	480.00%
January 1, 2007	$ 512,259	$ 850,886	$ 338,627	60.20%	$ 77,168	438.82%
January 1, 2008	$ 596,457	$ 909,410	$ 312,953	65.59%	$ 84,016	372.49%
January 1, 2009	$ 571,768	$ 986,376	$ 414,608	57.97%	$ 82,030	505.43%
January 1, 2010	$ 591,981	$ 990,600	$ 398,619	59.76%	$ 78,520	507.67%
January 1, 2011	$ 697,668	$ 1,056,240	$ 358,572	66.05%	$ 83,551	429.17%
July 1, 2011	$ 735,470	$ 1,036,001	$ 300,531	70.99%	$ 73,688	407.84%

Schedule of Employer Contributions
(Unaudited)
(Dollars in thousands)

Year	Annual Required Contribution	Actual Employer Contribution	Percentage Contributed
2007	$ 47,365	$ 47,365	100.00%
2008	$ 45,730	$ 45,730	100.00%
2009	$ 44,810	$ 44,810	100.00%
2010	$ 41,712	$ 41,712	100.00%
2011	$ 39,135	$ 39,135	100.00%
2012	$ 33,748	$ 33,748	100.00%

See accompanying notes to required supplementary schedules and accompanying Auditors' report.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Required Supplementary Information

Notes to Required Supplementary Schedules
June 30, 2012 and 2011
(Unaudited)

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated.

The actuarial accrued liability is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

Accumulated plan benefits are those future periodic payments, including lump sum distributions that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits under the Plan are based on employee compensation. The accumulated plan benefits for active employees are based on their average compensation and credited service ending on the date as of which the benefit information is presented (the valuation date). Benefits payable under all circumstances - retirement, death, disability, and termination of employment - are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

Additional information from the actuarial valuations for the most recent two-year period is as follows:

Valuation date	July 1, 2011	January 1, 2011
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percentage, closed	Level percentage, closed
Remaining amortization period	30 years	30 years
Asset valuation period	Market value	Market value
Investment rate of return	7.75%	7.75%
Projected salary increases inflation	4.00%	4.00%
Postretirement benefit increases	3.00%	3.00%

City of Atlanta
Police Officers' Pension Fund

Actuarial Valuation
As of July 1, 2013

Determines the Contribution
For the 2014/15 Fiscal Year

SOUTHERN ACTUARIAL SERVICES

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March 6, 2014

Introduction

This report presents the results of the July 1, 2013 actuarial valuation of the City of Atlanta Police Officers' Pension Fund. This valuation is based upon the participant data provided as of July 1, 2013 by the plan administrator and asset information provided as of June 30, 2013 by the plan auditor. Except for a cursory review for reasonableness, we have not attempted to verify the accuracy of this information.

The primary purpose of this report is to provide a summary of the funded status of the plan as of July 1, 2013 and to determine the minimum required contribution under Georgia Code Section 47-20-10 for the City's 2014/15 fiscal year. In addition, this report provides a projection of the long-term funding requirements of the plan, accounting disclosures pursuant to Governmental Accounting Standards Board Statement Nos. 25 and 27 (GASB 25/27), statistical information concerning the assets held in the trust, statistical information concerning the participant population, and a summary of any recent plan changes.

The liabilities and cost presented in this report are based on numerous assumptions concerning the cost of benefits to be provided in the future, long-term investment returns, and the future demographic experience of the current participants. Anyone referring to this report should remember that the cost developed herein is only an *estimate* of the true cost of providing post-employment pension benefits. No one can predict with certainty whether the true cost will be higher or lower than the cost presented in this report. The calculated cost is entirely dependent upon the assumptions that are described in Table V-A. If any of the assumptions is changed, then the cost shown in this report will change accordingly. Likewise, if any of the assumptions is not completely realized, then the cost shown in this report will change in the future.

Certain assumptions play a bigger role than others in determining the cost of the post-employment pension benefits. In some cases, relatively small changes in a particular assumption can have a dramatic impact on the anticipated cost of benefits. Although a thorough analysis of the impact of such changes is beyond the scope of this report, Table I-B illustrates the impact that alternative long-term investment returns would have on the minimum required contribution rate.

Minimum Required Contribution

Table I-A shows the development of the minimum required contribution for the City's 2014/15 fiscal year. The minimum required contribution rate is 34.08% of covered payroll, which represents an increase of 1.20% of payroll from the prior valuation.

Table I-C provides a breakdown of the sources of change in the contribution rate. Significantly, the rate decreased by 3.52% of payroll due to investment gains, decreased by another 0.35% of payroll due to demographic experience, and increased by 5.07% of payroll due to the assumption changes that are described below. The market value of assets

earned 15.03% during the 2012/13 plan year, whereas a 7.75% annual investment return was required to maintain a stable contribution rate.

Georgia Code Section 47-20-10 sets forth many of the rules concerning the minimum required contribution for public pension plans within the state. Essentially, the City will meet the minimum funding requirement if the employer contributions are at least equal to the annual required contribution under GASB 25/27. In addition, Georgia Code Section 47-20-13 exempts public plan sponsors from the minimum funding requirements if the plan's actuarial value of assets exceeds 150% of the present value of accumulated retirement system benefits.

Based on the current assets, participant data, and actuarial assumptions and methods that are used to value the plan, the present-day value of the total long-term funding requirement is $1,336,501,977. As illustrated in Table I-A, current assets are sufficient to cover $828,815,000 of this amount, the employer's expected contribution for the 2013/14 plan year will cover $30,330,309 of this amount, the employer's expected contribution for the 2014/15 plan year will cover $32,693,103 of this amount, and future employee contributions will cover $85,906,056 of this amount, leaving $358,757,509 to be covered by future employer funding. Again, demographic and investment experience that differs from that assumed will either increase or decrease the future employer funding requirement.

Contents of the Report

Tables I-D through I-G provide a detailed breakdown of various liability amounts by type of benefit and by participant group. Tables II-A through II-C provide information needed by both the plan's and the employer's accountants in order to prepare the relevant financial statements that cover the period July 1, 2013 through June 30, 2014. Tables III-A through III-F provide information concerning the assets of the trust fund. Specifically, Table III-A shows the development of the actuarial value of assets, which is based on the market value. Tables IV-A through IV-F provide statistical information concerning the plan's participant population. In particular, Table IV-F gives a 10-year projection of the cash that is expected to be required from the trust fund in order to pay benefits to the current group of participants. Finally, Tables V-A through VI-B provide a summary of the actuarial assumptions and methods that are used to value the plan's benefits and of the relevant plan provisions as of July 1, 2013, as well as a summary of the changes that have occurred since the previous valuation report was prepared.

Assumption Changes

Since the previous valuation report was prepared, two assumptions have been changed. First, the assumed interest (or discount) rate has been decreased from 7.75% per annum to 7.50% per annum. Second, the mortality basis was changed from the RP-2000 Mortality Table, projected to 2007 by Scale AA, to the RP-2000 Mortality Table, projected to 2015 by Scale AA, both as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430. The combined effect of the assumption changes was to increase the minimum required contribution rate by 5.07% of payroll.

GASB 67/68

A new accounting standard, the Governmental Accounting Standards Board Statements Nos. 67 and 68 (GASB 67/68), will become effective for the plan's financial statements as of June 30, 2014 and will become effective for the City's financial statements as of June 30, 2015. GASB 67/68 replaces GASB 25/27 and makes major changes to the calculation of the accounting cost of the pension plan and mandates numerous new disclosures. A separate GASB 67/68 report will be prepared that will provide the accounting cost of the plan for the 2013/14 plan year.

Certification

This actuarial valuation was prepared by me or under my direct supervision and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate and, in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Georgia Code Section 47-20-10. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material change in plan costs or required contribution rates have been taken into account in the valuation.

For the firm,

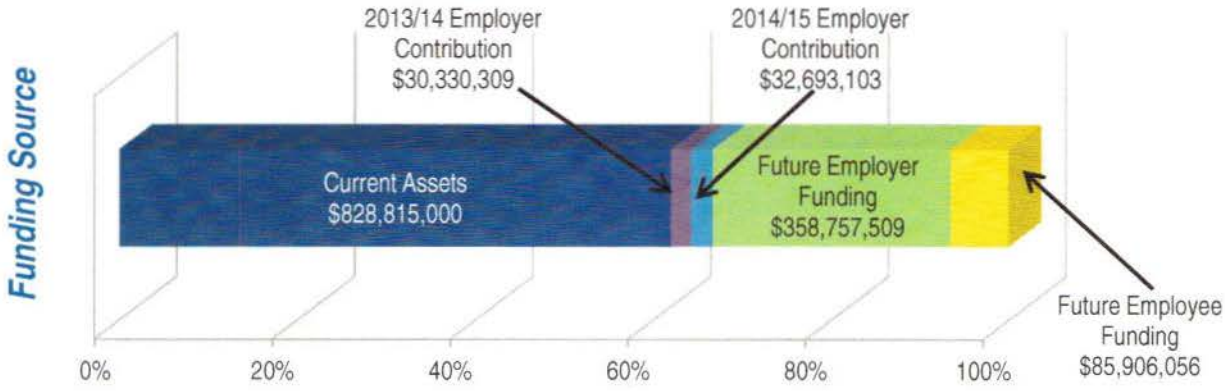
Charles T. Carr
Consulting Actuary
Southern Actuarial Services Company, Inc.

Enrolled Actuary No. 11-04927

The individual above is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Minimum Required Contribution

Table I-A



	For the 2014/15 Fiscal Year
Entry Age Normal Cost for the 2013/14 Plan Year	$23,302,114
Unfunded Liability Amortization Payment for the 2013/14 Plan Year	$18,408,120
Expense Allowance for the 2013/14 Plan Year	$461,227
Expected Employee Contribution for the 2013/14 Plan Year	($10,838,842)
Adjustment to Reflect Semi-Monthly Employer Contributions	$1,195,638
	$32,528,257
Expected Employer Contribution for the 2013/14 Plan Year	($30,330,309)
Remaining Contribution Due/(Credit) for the 2013/14 Plan Year	$2,197,948
	x 0.075
One Year's Interest Charge/(Credit) on the Remaining Contribution	$164,846
Preliminary Employer Contribution for the 2014/15 Fiscal Year	$32,693,103
Expected Payroll for the 2014/15 Fiscal Year	*÷ $95,935,285*
Minimum Required Contribution Rate	**34.08%**

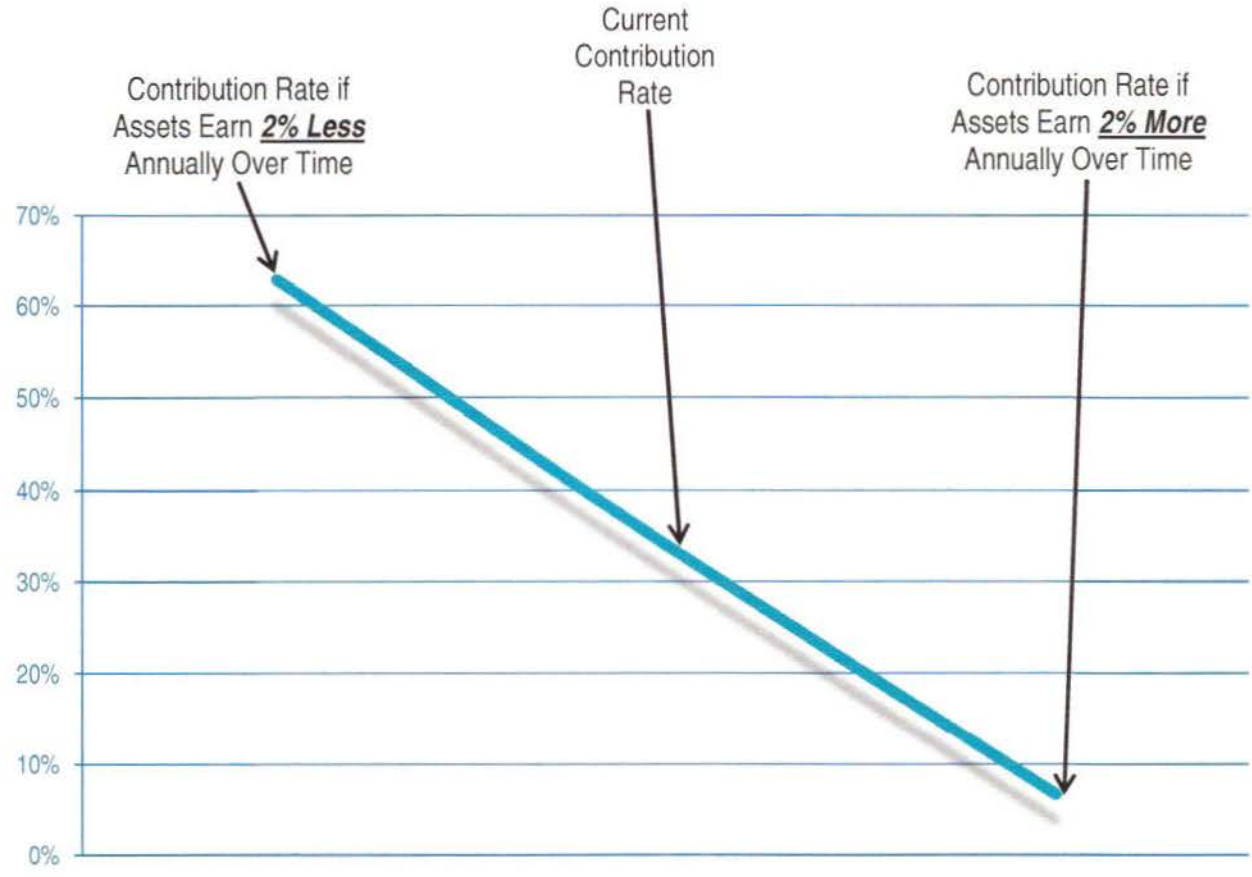
(The actual contribution should be based on the minimum required contribution rate multiplied by the actual payroll for the fiscal year.)

Additional Disclosures

Present Value of Future Compensation	$731,235,907
Present Value of Future Employer Contributions	$421,780,921
Present Value of Future Employee Contributions	$85,906,056

Sensitivity Analysis

Table I-B



The line above illustrates the sensitivity of the contribution rate to changes in the long-term investment return.

Gain and Loss Analysis

Table I-C

Source of Change in the Contribution Rate

Previous minimum required contribution rate	32.88%
Increase (decrease) due to investment gains and losses	-3.52%
Increase (decrease) due to demographic experience	-0.35%
Increase (decrease) due to plan amendments	0.00%
Increase (decrease) due to actuarial assumption changes	5.07%
Increase (decrease) due to actuarial method changes	0.00%
Current minimum required contribution rate	34.08%

Source of Change in the Unfunded Liability

Previous unfunded liability	$325,815,784
Increase due to interest	$25,250,723
Decrease due to amortization payments	($17,662,064)
Increase (decrease) due to plan experience	($40,035,736)
Increase (decrease) due to plan amendments	$0
Increase (decrease) due to actuarial assumption changes	$48,230,625
Increase (decrease) due to actuarial method changes	$0
Current unfunded liability	$341,599,332

Present Value of Future Benefits

Table I-D

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$504,454,933	$504,454,933	$532,365,475
Termination benefits	$24,988,895	$24,988,895	$26,454,816
Disability benefits	$26,301,983	$26,301,983	$27,014,275
Death benefits	$6,187,482	$6,187,482	$8,819,167
Refund of employee contributions	$1,559,013	$1,559,013	$1,564,183
Sub-total	**$563,492,306**	**$563,492,306**	**$596,217,916**
Deferred Vested Participants			
Retirement benefits	$1,539,941	$1,539,941	$1,667,839
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$1,539,941**	**$1,539,941**	**$1,667,839**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$603,975,161	$603,975,161	$627,808,594
Disability retirements	$51,990,027	$51,990,027	$54,041,888
Beneficiaries receiving	$51,248,761	$51,248,761	$53,109,560
DROP participants	$0	$0	$0
Sub-total	**$707,213,949**	**$707,213,949**	**$734,960,042**
Grand Total	**$1,272,246,196**	**$1,272,246,196**	**$1,332,845,797**

Present Value of Accrued Benefits

Table I-E

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$283,644,518	$283,644,518	$297,660,792
Termination benefits	$13,009,203	$13,009,203	$13,736,807
Disability benefits	$19,006,541	$19,006,541	$19,471,742
Death benefits	$3,975,460	$3,975,460	$5,480,932
Refund of employee contributions	$903,932	$903,932	$905,555
Sub-total	**$320,539,654**	**$320,539,654**	**$337,255,828**
Deferred Vested Participants			
Retirement benefits	$1,539,941	$1,539,941	$1,667,839
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$1,539,941**	**$1,539,941**	**$1,667,839**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$603,975,161	$603,975,161	$627,808,594
Disability retirements	$51,990,027	$51,990,027	$54,041,888
Beneficiaries receiving	$51,248,761	$51,248,761	$53,109,560
DROP participants	$0	$0	$0
Sub-total	**$707,213,949**	**$707,213,949**	**$734,960,042**
Grand Total	**$1,029,293,544**	**$1,029,293,544**	**$1,073,883,709**

Present Value of Vested Benefits

Table I-F

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$256,840,324	$256,840,324	$269,344,246
Termination benefits	$11,304,381	$11,304,381	$11,940,128
Disability benefits	$19,006,541	$19,006,541	$19,471,742
Death benefits	$3,927,935	$3,927,935	$5,383,037
Refund of employee contributions	$2,419,484	$2,419,484	$2,444,610
Sub-total	**$293,498,665**	**$293,498,665**	**$308,583,763**
Deferred Vested Participants			
Retirement benefits	$1,539,941	$1,539,941	$1,667,839
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$1,539,941**	**$1,539,941**	**$1,667,839**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$603,975,161	$603,975,161	$627,808,594
Disability retirements	$51,990,027	$51,990,027	$54,041,888
Beneficiaries receiving	$51,248,761	$51,248,761	$53,109,560
DROP participants	$0	$0	$0
Sub-total	**$707,213,949**	**$707,213,949**	**$734,960,042**
Grand Total	**$1,002,252,555**	**$1,002,252,555**	**$1,045,211,644**

Entry Age Normal Accrued Liability

Table I-G

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$373,692,750	$373,692,750	$390,863,345
Termination benefits	$16,743,735	$16,743,735	$17,684,558
Disability benefits	$17,578,390	$17,578,390	$17,902,945
Death benefits	$4,466,888	$4,466,888	$6,386,997
Refund of employee contributions	$948,054	$948,054	$948,606
Sub-total	**$413,429,817**	**$413,429,817**	**$433,786,451**
Deferred Vested Participants			
Retirement benefits	$1,539,941	$1,539,941	$1,667,839
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$1,539,941**	**$1,539,941**	**$1,667,839**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$603,975,161	$603,975,161	$627,808,594
Disability retirements	$51,990,027	$51,990,027	$54,041,888
Beneficiaries receiving	$51,248,761	$51,248,761	$53,109,560
DROP participants	$0	$0	$0
Sub-total	**$707,213,949**	**$707,213,949**	**$734,960,042**
Grand Total	**$1,122,183,707**	**$1,122,183,707**	**$1,170,414,332**
less Actuarial Value of Assets	*($828,815,000)*	*($828,815,000)*	*($828,815,000)*
Unfunded Accrued Liability	**$293,368,707**	**$293,368,707**	**$341,599,332**

Entry Age Normal Cost

Table I-H

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$17,524,575	$17,524,575	$18,781,643
Termination benefits	$1,678,593	$1,678,593	$1,758,277
Disability benefits	$1,930,539	$1,930,539	$1,996,563
Death benefits	$303,750	$303,750	$410,592
Refund of employee contributions	$352,953	$352,953	$355,039
Sub-total	**$21,790,410**	**$21,790,410**	**$23,302,114**
Deferred Vested Participants			
Retirement benefits	$0	$0	$0
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$0**	**$0**	**$0**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$0	$0	$0
Disability retirements	$0	$0	$0
Beneficiaries receiving	$0	$0	$0
DROP participants	$0	$0	$0
Sub-total	**$0**	**$0**	**$0**
Grand Total	**$21,790,410**	**$21,790,410**	**$23,302,114**

GASB 25/27 Results

Table II-A

Development of the Net Pension Obligation (Asset)

Net Pension Obligation (Asset) as of July 1, 2012	$0
Annual Pension Cost for the 2012/13 Plan Year	$26,525,000
Employer Contributions for the 2012/13 Plan Year	($26,525,000)
Net Increase (Decrease) in NPO	$0
Net Pension Obligation (Asset) as of July 1, 2013	**$0**

	For the 2014/15 Plan Year
Development of the Annual Required Contribution (ARC)	
Employer Normal Cost	$12,463,272
Amortization of the UAAL	$18,408,120
Expense Allowance	$461,227
Amortization of the Net Pension Obligation (Asset)	$0
Interest Adjustment	$1,360,484
Annual Required Contribution (ARC)	**$32,693,103**

Development of the Annual Pension Cost (APC)	
Annual Required Contribution (ARC)	$32,693,103
Interest on the Net Pension Obligation (Asset)	$0
Adjustment to the ARC	$0
Annual Pension Cost (APC)	**$32,693,103**

GASB 25/27 Disclosures

Table II-B

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	% Contrib.	Annual Pension Cost	% Contrib.
2008	$45,730,000	100%	$45,730,000	100%
2009	$44,810,000	100%	$44,810,000	100%
2010	$41,712,000	100%	$41,712,000	100%
2011	$39,135,000	100%	$39,135,000	100%
2012	$33,748,000	100%	$33,748,000	100%
2013	$26,525,000	100%	$26,525,000	100%

Schedule of Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) – (1)	(4) Funded Ratio (1) ÷ (2)	(5) Covered Payroll	(6) UAAL as % of Covered Payroll (3) ÷ (5)
January 1, 2009	$571,768,000	$986,376,000	$414,608,000	57.97%	$82,030,000	505.43%
January 1, 2010	$591,980,609	$990,600,036	$398,619,427	59.76%	$78,519,495	507.67%
January 1, 2011	$697,667,506	$1,056,240,007	$358,572,501	66.05%	$83,550,807	429.17%
July 1, 2011	$735,470,000	$1,036,001,393	$300,531,393	70.99%	$73,688,100	407.84%
July 1, 2012	$733,546,000	$1,059,361,784	$325,815,784	69.24%	$88,296,903	369.00%
July 1, 2013	$828,815,000	$1,170,414,332	$341,599,332	70.81%	$92,245,466	370.32%

Additional Information

Valuation Date ***July 1, 2013***

Actuarial Cost Method ***Entry age normal***

Amortization Method ***Level percentage, closed***

Remaining Amortization Period ***28 years***

Asset Valuation Method ***Market value***

Discount Rate ***7.50%***

Salary Increase Rate ***4.00%***

SFAS 35 Disclosures

Table II-C

Actuarial Present Value of Accrued Benefits

	As of July 1, 2012	As of July 1, 2013
Vested Benefits		
Participants currently receiving benefits	$683,430,614	$734,960,042
Other participants	$258,905,000	$310,251,602
Sub-total	$942,335,614	$1,045,211,644
Non-Vested Benefits	$23,551,936	$28,672,065
Total Benefits	**$965,887,550**	**$1,073,883,709**
Funded Percentage (based on the market value of assets)	75.95%	77.18%

Statement of Change in Actuarial Present Value of Accrued Benefits

Actuarial Present Value as of July 1, 2012	**$965,887,550**
Increase (Decrease) Due To:	
Interest	$74,856,285
Benefits accumulated	$39,848,709
Benefits paid	($51,299,000)
Plan amendments	$0
Changes in actuarial methods and assumptions	$44,590,165
Net increase (decrease)	**$107,996,159**
Actuarial Present Value as of July 1, 2013	**$1,073,883,709**

Actuarial Value of Assets

Table III-A

Market Value of Assets as of July 1, 2013	$828,815,000
Minus advance employer contributions	$0
Actuarial Value of Assets as of July 1, 2013	**$828,815,000**

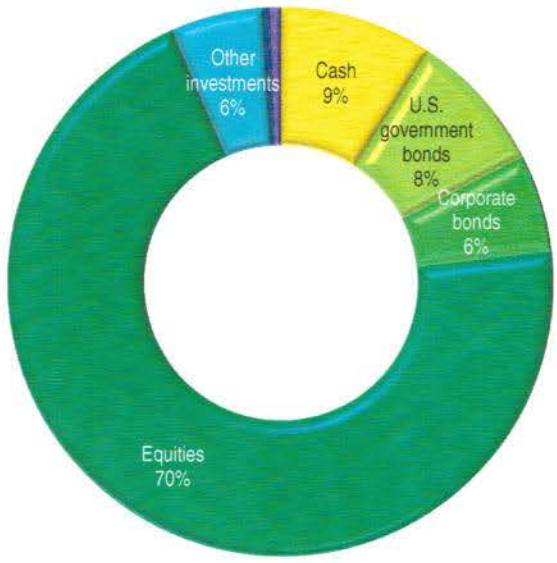
Historical Actuarial Value of Assets

January 1, 2005	N/A
January 1, 2006	N/A
January 1, 2007	N/A
January 1, 2008	$596,457,000
January 1, 2009	$571,768,000
January 1, 2010	$591,980,609
January 1, 2011	$697,667,506
January 1, 2012	$735,470,000
July 1, 2012	$733,546,000
July 1, 2013	$828,815,000

Market Value of Assets

Table III-B

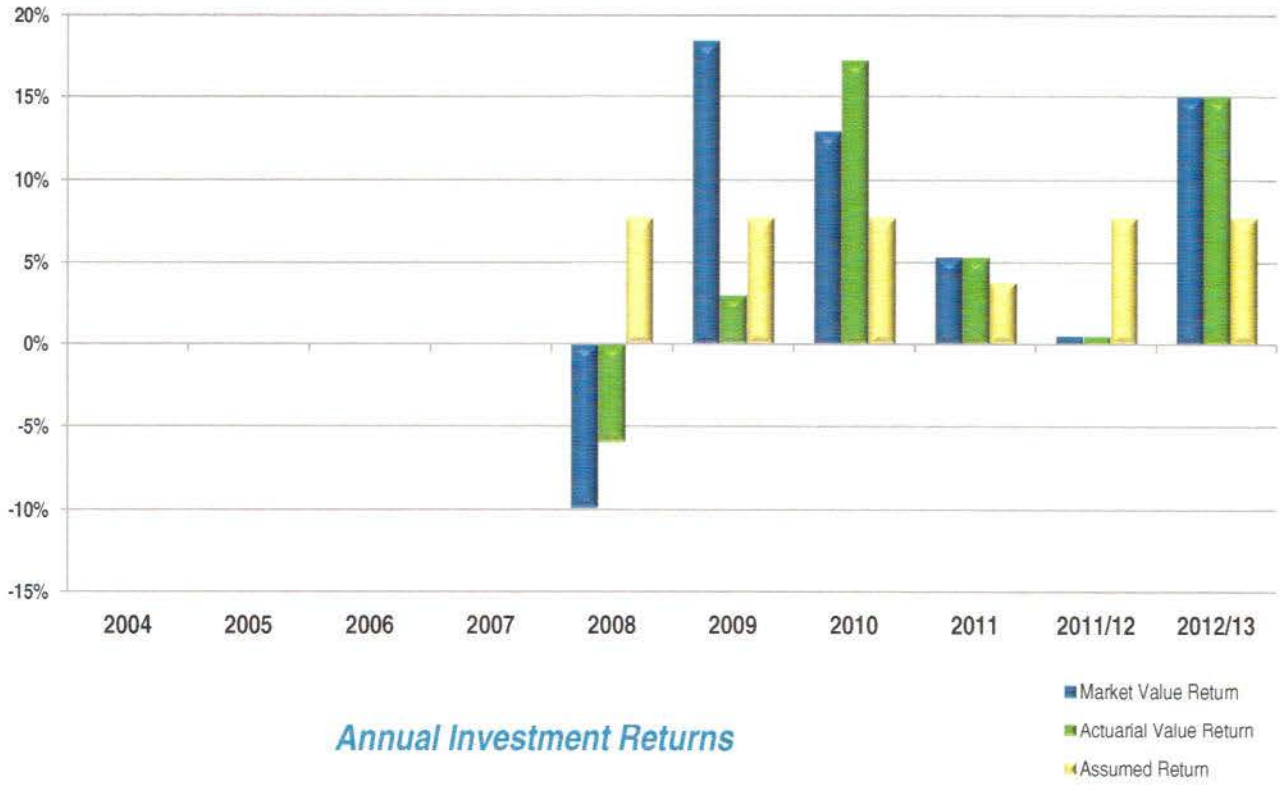
	As of July 1, 2013
Market Value of Assets	**$828,815,000**
Cash	$75,996,000
U.S. government bonds	$69,575,000
Corporate bonds	$48,634,000
Equities	$590,501,000
Other investments	$46,239,000
Interest receivable	$1,618,000
Employer contribution receivable	$1,198,000
Employee contribution receivable	$424,000
Due to brokers	($5,141,000)
Other accounts payable	($229,000)



Historical Market Value of Assets	
January 1, 2005	N/A
January 1, 2006	N/A
January 1, 2007	N/A
January 1, 2008	$561,226,686
January 1, 2009	$516,308,590
January 1, 2010	$614,490,006
January 1, 2011	$697,667,506
January 1, 2012	$735,470,000
July 1, 2012	$733,546,000
July 1, 2013	$828,815,000

Investment Return

Table III-C



Annual Investment Returns

Plan Year	Market Value Return	Actuarial Value Return	Assumed Return
2004	N/A	N/A	N/A
2005	N/A	N/A	N/A
2006	N/A	N/A	N/A
2007	N/A	N/A	N/A
2008	-9.85%	-5.92%	7.75%
2009	18.40%	3.02%	7.75%
2010	12.93%	17.21%	7.75%
2011	5.37%	5.37%	3.80%
2011/12	0.51%	0.51%	7.75%
2012/13	15.03%	15.03%	7.75%
5.5yr. Avg.	7.24%	6.09%	7.75%

Asset Reconciliation

Table III-D

	Market Value	Actuarial Value
As of July 1, 2012	**$733,546,000**	**$733,546,000**
Increases Due To:		
Employer Contributions	$26,525,000	$26,525,000
Employee Contributions	$11,157,000	$11,157,000
Total Contributions	$37,682,000	$37,682,000
Interest and Dividends	$15,319,000	
Gains (Losses)	$96,713,000	
Total Investment Income	$112,032,000	$109,213,000
Other Income	$0	
Total Income	**$149,714,000**	**$146,895,000**
Decreases Due To:		
Benefit Payments	($51,299,000)	($51,299,000)
Total Benefit Payments	($51,299,000)	($51,299,000)
Investment Expenses	($2,819,000)	
Administrative Expenses	($327,000)	($327,000)
Advance Employer Contribution		$0
Total Expenses	**($54,445,000)**	**($51,626,000)**
As of July 1, 2013	**$828,815,000**	**$828,815,000**

Historical Trust Fund Detail

Table III-E

Income

Plan Year	Employer Contribs.	Employee Contribs.	Interest / Dividends	Gains / Losses	Other Income
2004	N/A	N/A	N/A	N/A	N/A
2005	N/A	N/A	N/A	N/A	N/A
2006	N/A	N/A	N/A	N/A	N/A
2007	N/A	N/A	N/A	N/A	N/A
2008	$44,433,944	$5,632,058	$19,659,840	-$73,068,655	$306,310
2009	$41,213,384	$7,428,867	$10,062,495	$86,832,237	$412,899
2010	$40,422,017	$6,522,505	$10,973,135	$71,141,601	$110,624
2011	$19,567,500	$3,366,500	$5,409,500	$33,529,994	$0
2011/12	$33,748,000	$9,541,000	$13,407,000	-$6,450,000	$12,000
2012/13	$26,525,000	$11,157,000	$15,319,000	$96,713,000	$0

Expenses

Plan Year	Benefit Payments	Admin. Expenses	Invest. Expenses
2004	N/A	N/A	N/A
2005	N/A	N/A	N/A
2006	N/A	N/A	N/A
2007	N/A	N/A	N/A
2008	$38,530,904	$607,811	$2,742,878
2009	$44,024,211	$1,692,242	$2,052,013
2010	$43,378,646	$54,705	$2,559,031
2011	$22,588,000	$40,500	$1,442,500
2011/12	$48,746,000	$192,000	$3,244,000
2012/13	$51,299,000	$327,000	$2,819,000

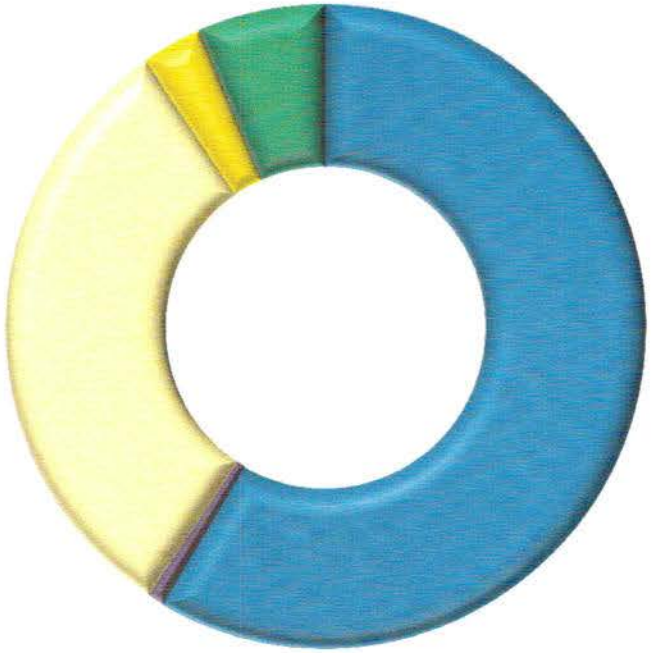
Other Actuarial Adjustments

Advance Employer Contribs.
N/A
N/A
N/A
N/A
$0
$0
$0
$0
$0
$0

Note: Amounts shown for the 2011 short plan year are estimated.

Summary of Participant Data

Table IV-A



Participant Distribution by Status

As of July 1, 2013

Actively Employed Participants	
Active Participants	2,021
DROP Participants	0
Inactive Participants	
Deferred Vested Participants	30
Due a Refund of Contributions	0
Deferred Beneficiaries	0
Participants Receiving a Benefit	
Service Retirements	1,078
Disability Retirements	106
Beneficiaries Receiving	221
Total Participants	**3,456**

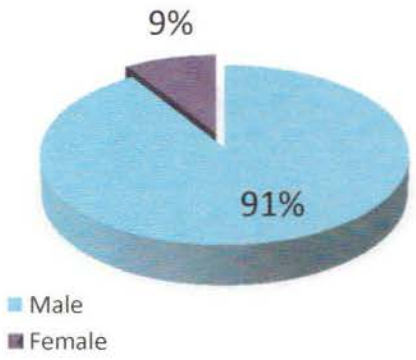
Number of Participants Included in Prior Valuations

	Active	*DROP*	*Inactive*	*Retired*	*Total*
January 1, 2005	1,638	0	0	1,041	2,679
January 1, 2006	1,775	0	0	1,115	2,890
January 1, 2007	1,735	0	0	1,204	2,939
January 1, 2008	1,811	0	0	1,272	3,083
January 1, 2009	1,639	0	0	1,355	2,994
January 1, 2010	1,574	0	3	1,293	2,870
January 1, 2011	1,554	0	18	1,345	2,917
January 1, 2012	1,639	0	29	1,401	3,069
July 1, 2012	1,870	0	29	1,402	3,301
July 1, 2013	2,021	0	30	1,405	3,456

Active Participant Data

Table IV-B

Gender Mix



As of July 1, 2013

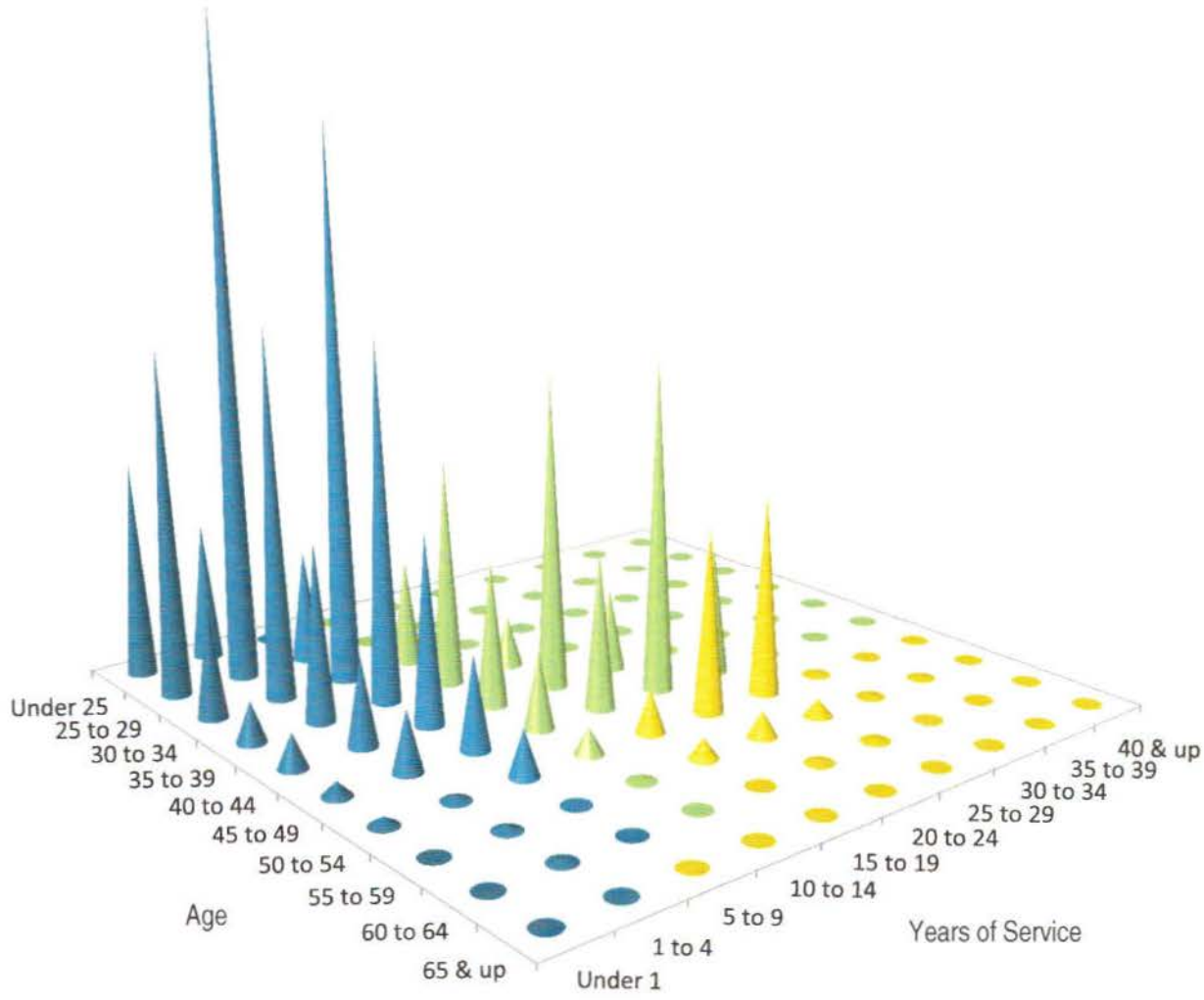
Average Age	37.1 years
Average Service	9.2 years
Total Annualized Compensation for the Prior Year	$91,142,555
Total Expected Compensation for the Current Year	$92,245,466
Average Increase in Compensation for the Prior Year	N/A
Expected Increase in Compensation for the Current Year	4.00%
Accumulated Contributions for Active Employees	$80,958,855

Active Participant Statistics From Prior Valuations

	Average Age	*Average Service*	*Average Salary*	*Average Expected Salary Increase*	*Average Actual Salary Increase*
January 1, 2005	37.9	11.3	$44,256	N/A	N/A
January 1, 2006	38.1	11.6	$44,442	4.50%	3.63%
January 1, 2007	37.5	10.8	$46,305	4.00%	5.19%
January 1, 2008	37.5	10.4	$48,199	4.00%	3.44%
January 1, 2009	37.9	11.0	$51,008	4.00%	3.69%
January 1, 2010	38.9	10.8	$50,854	4.00%	2.06%
January 1, 2011	39.3	11.0	$55,477	4.00%	8.14%
January 1, 2012	37.9	10.0	$46,046	1.98%	N/A
July 1, 2012	37.4	9.5	$48,806	4.00%	N/A
July 1, 2013	37.1	9.2	$45,098	4.00%	N/A

Active Age-Service Distribution

Table IV-C



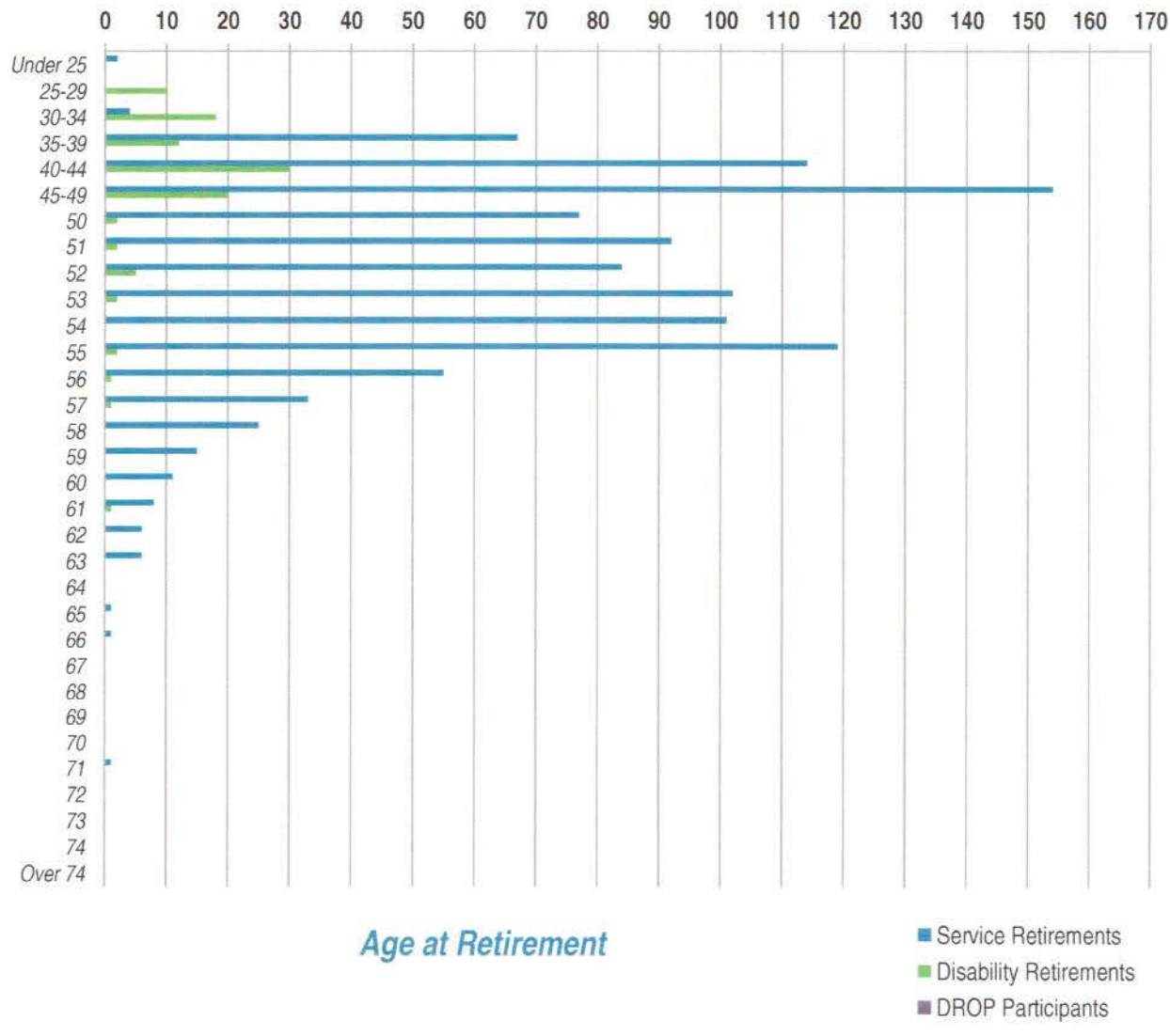
Active Age-Service-Salary Table

Table IV-D

Attained Age	Completed Years of Service										
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25	**75**	**49**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**124**
Avg.Pay	18,567	37,228	0	0	0	0	0	0	0	0	25,941
25 to 29	**120**	**229**	**40**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**389**
Avg.Pay	18,417	39,263	41,406	0	0	0	0	0	0	0	33,053
30 to 34	**38**	**127**	**193**	**38**	**0**	**0**	**0**	**0**	**0**	**0**	**396**
Avg.Pay	19,656	39,639	44,100	46,320	0	0	0	0	0	0	40,537
35 to 39	**14**	**62**	**125**	**80**	**18**	**0**	**0**	**0**	**0**	**0**	**299**
Avg.Pay	17,693	38,495	44,446	49,314	54,335	0	0	0	0	0	43,857
40 to 44	**12**	**30**	**66**	**52**	**109**	**29**	**0**	**0**	**0**	**0**	**298**
Avg.Pay	18,067	38,281	46,162	49,039	57,261	58,961	0	0	0	0	50,044
45 to 49	**5**	**21**	**32**	**27**	**55**	**116**	**47**	**0**	**0**	**0**	**303**
Avg.Pay	16,486	42,500	47,229	48,933	58,862	64,447	70,283	0	0	0	58,825
50 to 54	**3**	**2**	**16**	**9**	**15**	**65**	**71**	**1**	**0**	**0**	**182**
Avg.Pay	19,379	38,089	47,299	45,223	54,222	63,970	68,477	227,942	0	0	62,414
55 to 59	**0**	**2**	**0**	**1**	**7**	**9**	**6**	**1**	**1**	**0**	**27**
Avg.Pay	0	42,276	0	49,791	60,565	61,269	64,416	58,415	72,348	0	60,258
60 to 64	**0**	**1**	**0**	**0**	**0**	**1**	**1**	**0**	**0**	**0**	**3**
Avg.Pay	0	44,861	0	0	0	64,663	69,468	0	0	0	59,664
65 & up	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
Total	**267**	**523**	**472**	**207**	**204**	**220**	**125**	**2**	**1**	**0**	**2,021**
Avg.Pay	18,556	39,164	44,572	48,470	57,324	63,454	68,969	143,179	72,348	0	45,098

Inactive Participant Data

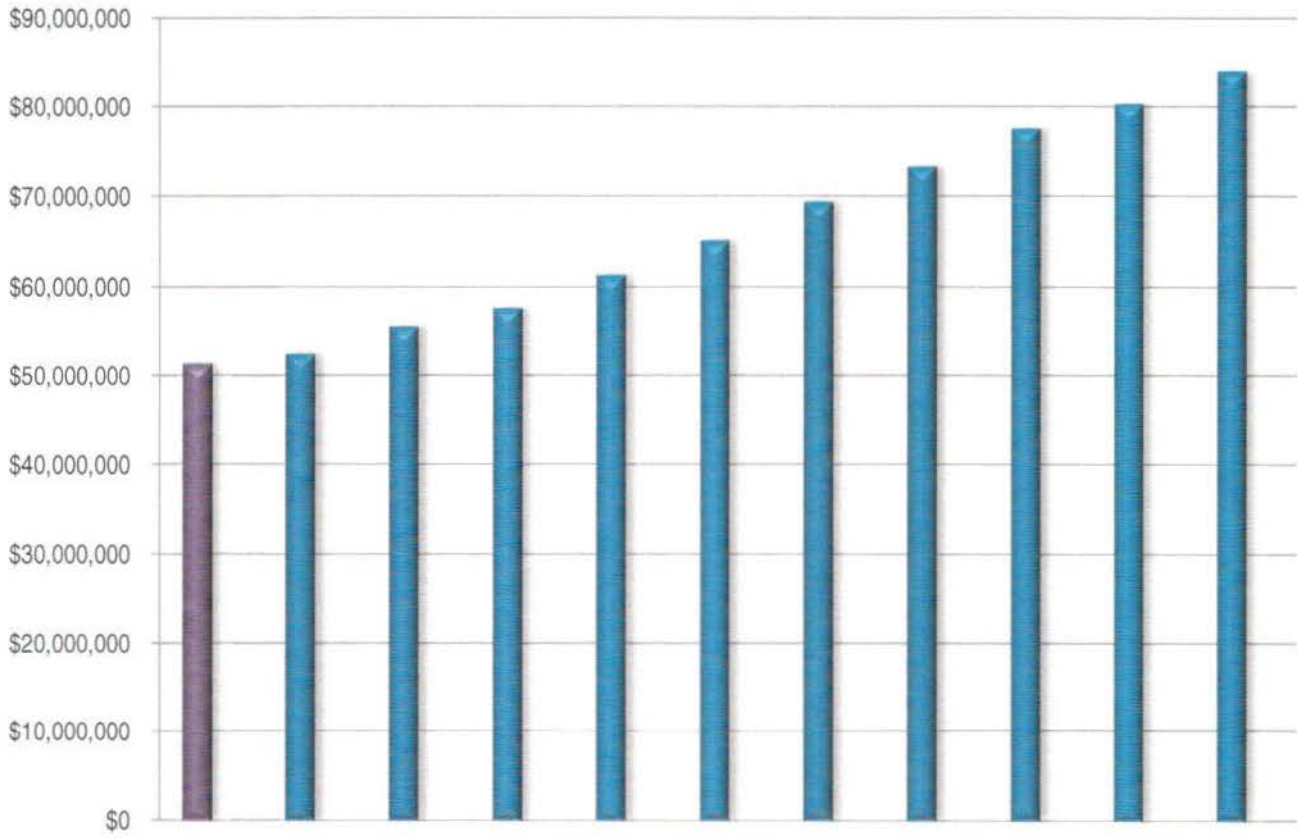
Table IV-E



	Average Monthly Benefit
Service Retirements	*$3,306.22*
Disability Retirements	*$2,832.10*
Beneficiaries Receiving	*$1,748.99*
DROP Participants	*Not applicable*
Deferred Vested Participants	*$704.98*
Deferred Beneficiaries	*Not applicable*

Projected Benefit Payments

Table IV-F



Actual	
For the period July 1, 2012 through June 30, 2013	$51,299,000
Projected	
For the period July 1, 2013 through June 30, 2014	$52,519,227
For the period July 1, 2014 through June 30, 2015	$55,599,636
For the period July 1, 2015 through June 30, 2016	$57,680,271
For the period July 1, 2016 through June 30, 2017	$61,427,163
For the period July 1, 2017 through June 30, 2018	$65,224,716
For the period July 1, 2018 through June 30, 2019	$69,440,926
For the period July 1, 2019 through June 30, 2020	$73,394,088
For the period July 1, 2020 through June 30, 2021	$77,596,458
For the period July 1, 2021 through June 30, 2022	$80,353,727
For the period July 1, 2022 through June 30, 2023	$84,029,343

Summary of Actuarial Methods and Assumptions — Table V-A

1. Actuarial Cost Method

Individual entry age normal cost method. Under this actuarial cost method, a level funding cost is developed with respect to each benefit for each participant. The level funding cost for each benefit applies to the period beginning when the participant's service commences and ending when the participant is assumed to cease active participation due to each respective decrement. The actuarial accrued liability is equal to the accumulated level funding cost to the valuation date for all participants. The normal cost is equal to the level funding cost for the year immediately following the valuation date for all active participants.

2. Asset Method

The actuarial value of assets is equal to the market value of assets.

3. Interest (or Discount) Rate

7.50% per annum

4. Salary Increases

Plan compensation is assumed to increase at the rate of 4.00% per annum, unless actual plan compensation is known for a prior plan year.

5. Decrements

- Pre-retirement mortality: Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; deaths prior to retirement are assumed not to be service-connected; future generational improvements in mortality have not been reflected.
- Post-retirement mortality: Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; future generational improvements in mortality have not been reflected.
- Disability: Sex-distinct rates set forth in the Wyatt 1985 Disability Study (Class 4); 75% of disabilities are assumed to be service-connected.

Summary of Actuarial Methods and Assumptions — Table V-A

(continued)

- Termination: Withdrawal rates were derived from a study of actual plan experience covering the period 1982 through 1986. A sample of the withdrawal rates is set forth in the following table:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	15.0%	30	7.8%	40	2.30%	50	0.956%
25	11.4%	35	4.9%	45	1.35%	55	0.000%

- Retirement: Retirement is assumed to occur at normal retirement age.

6. Unused Vacation

All participants are assumed to have accumulated 30 days of unused vacation upon termination of employment, retirement, or death.

7. Payroll Increase and Amortization Period

Total payroll has been assumed to grow at the rate of 4.00% per year for purposes of amortizing the unfunded actuarial accrued liability as a level percentage of payroll; the amortization period is established by City ordinance as a closed 30-year period beginning July 1, 2011.

8. Expenses

Administrative expenses are assumed to be 0.50% of future payroll. In addition, the interest rate set forth in item 3. above is assumed to be net of investment expenses and commissions.

9. Cost-of-Living Adjustment

We have assumed that all eligible retirees will receive an automatic cost-of-living adjustment equal to 3.00% per annum.

10. Surviving Beneficiaries

Those active participants who are making the additional 1% employee contribution to provide a survivor benefit to their eligible beneficiaries are assumed to have only one surviving beneficiary of the opposite gender of the employee. Males are assumed to be three years older than females for this purpose.

Changes in Actuarial Methods and Assumptions — Table V-B

Since the previous valuation was completed, the following assumptions have been changed:

(1) The assumed interest (or discount) rate was decreased from 7.75% per annum to 7.50% per annum.

(2) The mortality basis was changed from the RP-2000 Mortality Table, projected to 2007 by Scale AA, to the RP-2000 Mortality Table, projected to 2015 by Scale AA, both as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430.

Summary of Plan Provisions

Table VI-A

1. Monthly Accrued Benefit

For participants who are hired after August 31, 2011:
1% of Average Monthly Earnings multiplied by up to 80 years of Creditable Service
For participants who are hired during the period July 1, 2010 through August 31, 2011:
2% of Average Monthly Earnings multiplied by up to 50 years of Creditable Service
For all other participants:
3% of Average Monthly Earnings multiplied by up to 26.667 years of Creditable Service

2. Normal Retirement Age and Benefit

- **Age**
  Any age with at least 30 years of Creditable Service *(only for participants who are covered by the '05 Amendment)*; or
  Age 55 with at least 10 years of Creditable Service *(only for participants who are hired prior to July 1, 2010)*; or
  Age 55 with at least 15 years of Creditable Service *(only for participants who are hired prior to September 1, 2011)*; or
  Age 57 with at least 15 years of Creditable Service; or
  Age 65 with at least 5 years of Creditable Service
- **Amount**
  Monthly Accrued Benefit
- **Form of Payment**
  Life annuity *(for those participants without an eligible beneficiary)*; or
  75% joint and contingent annuity *(for those participants with an eligible beneficiary; benefits continue in equal shares to the participant's dependent children upon the death of the participant's spouse or domestic partner or, for participants not covered by the '86 Amendment, upon the remarriage of the participant's spouse or domestic partner; survivor benefits are actuarially adjusted with respect to participants who are hired after August 31, 2011)*

  Note: All annuity forms of payment include an automatic cost-of-living adjustment effective each January 1 based on the increase in the Consumer Price Index as of the preceding November 1 and limited to 3% *(limited to 1% with respect to participants who are hired after August 31, 2011)*. All annuity forms of payment also provide a minimum payout equal to the employee's accumulated contributions, with interest credited after 1985 at the rate of 5% per year (or less than 5% with respect to any year during which the trust fund earns less than 5% on its investments).

Summary of Plan Provisions

Table VI-A

(continued)

3. Early Retirement Age and Benefit

- **Age**
  Any age with at least 10 years of Creditable Service Service *(15 years of Creditable Service for participants who are hired after June 30, 2010; minimum age of 47 for participants who are hired after August 31, 2011)*
- **Amount**
  Monthly Accrued Benefit *(payable at Normal Retirement Age)*; or
  Monthly Accrued Benefit reduced by ½% for each of the first 60 months and by ¼% for each additional month by which the participant's Early Retirement Age precedes Normal Retirement Age *(payable at Early Retirement Age and applicable only to those participants who are hired prior to September 1, 2011)*; or
  Monthly Accrued Benefit reduced by ½% for each month by which the participant's Early Retirement Age precedes Normal Retirement Age *(payable at Early Retirement Age and applicable only to those participants who are hired after August 31, 2011)*; or
  Monthly Accrued Benefit reduced by ¼% for each month by which the participant's Early Retirement Age precedes age 55 *(payable at Early Retirement Age and only applicable if the participant was hired prior to April 1, 1978 and has earned at least 25 years of Creditable Service)*
- **Form of Payment**
  Same as for Normal Retirement

4. Delayed Retirement Age and Benefit

- **Age**
  After Normal Retirement Age
- **Amount**
  Monthly Accrued Benefit
- **Form of Payment**
  Same as for Normal Retirement

Summary of Plan Provisions

Table VI-A

(continued)

5. Disability Retirement Eligibility and Benefit

- **Eligibility**
  All active participants are eligible if the disability is service-connected;
  At least five years of Creditable Service is required otherwise.
- **Condition**
  The participant must become "totally and permanently disabled" and must remain so disabled until age 55. "Totally and permanently disabled" means the participant is in a continuous state of incapacity due to illness or injury, is prevented from performing his regular assigned or comparable duties during the first 12 months of his disability, and is thereafter prevented from engaging in any occupation for which he is or becomes reasonably qualified by education, training, or experience. With respect to participants who are not covered by the '86 Amendment, the participant must only be prevented from performing his regular assigned or comparable duties during the entire period of his disability.

- **Amount**
  For participants who incur a catastrophic injury in the line of duty:
    100% of the top salary for the grade and position occupied by the participant at the time of disability
  For all other participants who are covered by the '86 Amendment:
    Greater of 50% of Average Monthly Earnings at the time of disability or Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 75% of the participant's salary at the time of disability *(payable until the earlier of recovery from disability or Normal Retirement Age)*; and
    Monthly Accrued Benefit based on Average Monthly Earnings at the time of disability and Creditable Service including the period during which the participant was disabled, but excluding any cost-of-living adjustments that were previously applied to the participant's disability payments *(payable at Normal Retirement Age)*
  For all other participants with a service-connected disability:
    Greater of 70% of the top salary for the grade and position occupied by the participant at the time of disability or Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 100% of the participant's salary at the time of disability
  For all other participants:
    Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 100% of the participant's salary at the time of disability
- **Form of Payment**
  Same as for Normal Retirement

Summary of Plan Provisions

Table VI-A

(continued)

6. Deferred Vested Benefit

- **Age**
  Any age with at least five years of Creditable Service
- **Amount**
  Monthly Accrued Benefit multiplied by the participant's Vested Percentage and payable at age 60
- **Form of Payment**
  Same as for Normal Retirement

7. Pre-Retirement Death Benefit

For participants who die in the line of duty and who are covered by the '86 Amendment:

100% of the participant's base salary at the time of his death, offset by worker's compensation or other payments received for line of duty injuries prior to the participant's death *(payable for the first two years after the participant's death)*; and

75% of the Monthly Accrued Benefit *(payable thereafter)*

For all other participants who die in the line of duty:

100% of the participant's base salary at the time of his death, offset by worker's compensation or other payments received for line of duty injuries prior to the participant's death *(payable for the first two years after the participant's death)*; and

75% of the greater of: (a) the Monthly Accrued Benefit, or (b) 70% of the top salary for the grade and position occupied by the participant at his death *(payable thereafter)*

For all other participants:

75% of the Monthly Accrued Benefit

Summary of Plan Provisions

Table VI-A

(continued)

8. Vested Percentage

Retirement benefits with respect to those participants who are hired prior to July 1, 2010 become vested in accordance with the following schedule:

Years of Creditable Service	Vested Percentage
Less than five	0%
At least five, but less than six	25%
At least six, but less than seven	30%
At least seven, but less than eight	35%
At least eight, but less than nine	40%
At least nine, but less than 10	45%
At least 10	100%

Retirement benefits with respect to those participants who are hired after June 30, 2010 become vested in accordance with the following schedule:

Years of Creditable Service	Vested Percentage
Less than five	0%
At least five, but less than six	25%
At least six, but less than seven	30%
At least seven, but less than eight	35%
At least eight, but less than nine	40%
At least nine, but less than 10	45%
At least 10, but less than 11	50%
At least 11, but less than 12	55%
At least 12, but less than 13	60%
At least 13, but less than 14	65%
At least 14, but less than 15	70%
At least 15	100%

Summary of Plan Provisions

Table VI-A

(continued)

9. Average Monthly Earnings

The participant's Average Monthly Earnings is equal to: (a) the average of the participant's Base Salary for the highest 36 consecutive months during his period of Creditable Service; plus (b) the difference between the highest and lowest daily rate of pay during such 36-month period multiplied by the days of unused sick leave and divided by 36; plus (c) a credit based on accumulated unused vacation. *(The averaging period is 120 months with respect to participants who are hired after August 31, 2011 and average monthly earnings does not include unused sick leave for these participants.)*

10. Base Salary

The employee's basic salary excluding overtime pay and other special compensation; pursuant to IRC section 401(a)(17), total annual plan compensation is limited to $200,000 as indexed.

11. Employee Contribution

All participating employees must make the required pre-tax contribution to the plan. The required contribution for participants who were hired prior to 1984 is 8% of basic salary for those participants who have an eligible beneficiary and 7% of basic salary for those participants who do not have an eligible beneficiary. The required contribution for participants who were hired during the period 1984 through August 31, 2011 is 13% of basic salary (8% prior to November 1, 2011) for those participants who have an eligible beneficiary and 12% of basic salary (7% prior to November 1, 2011) for those participants who do not have an eligible beneficiary. The required contribution for participants who are hired after August 31, 2011 is 8% of basic salary. An eligible beneficiary is the participant's legal spouse, registered domestic partner, or unmarried child under the age of 18. The participant must have been married or registered to his legal spouse or domestic partner for at least one year prior to his death in order for such individual to be an eligible beneficiary. *(During the period March, 1994 through June, 2009, the required contribution was 1% lower for all participants; prior to March, 1994, the contribution was made on an after-tax basis.)*

Summary of Plan Provisions

Table VI-A

(continued)

12. Creditable Service

Creditable Service includes "base creditable service" *(plus an "unused sick leave service credit" for those participants who were hired prior to September 1, 2011)* plus military service as required by federal law. Base creditable service is granted for all periods of full-time employment as a firefighter with the City of Atlanta provided that the employee has made the required contribution for such period of service. With respect to eligible participants, an unused sick leave service credit is granted by dividing the participant's days of unused sick leave by the number of work days set forth in the following chart:

Years of Base Creditable Service	Work Days
Less than five	239
At least five, but less than 10	236
At least 10, but less than 15	233
At least 15, but less than 20	230
At least 20	226

Creditable Service also includes other service with the City of Atlanta if the relevant contributions are transferred into this plan and may include prior service with the State of Georgia, Fulton County, Dekalb County, or as a teacher in a public school system or private college or university within the State of Georgia if the required contribution is made to the plan.

13. Participation Requirement

All full-time police officers employed by the City of Atlanta are eligible to participate in the plan.

14. Plan Effective Date

April 1, 1978

Summary of Plan Amendments

Table VI-B

No plan changes have been adopted since the previous valuation was completed.

City of Birmingham Retirement and Relief System

Actuarial Valuation and Review as of
July 1, 2013

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Segal Consulting
2018 Powers Ferry Road, Suite 850 Atlanta, GA 30339-7200
T 678.306.3100 www.segalco.com

June 10, 2014

Board of Managers
City of Birmingham Retirement and Relief System
710 North 20th Street, GA 100 City Hall
Birmingham, Alabama 35203-2216

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of July 1, 2013. It summarizes the actuarial data used in the valuation, analyzes the preceding year's experience and establishes the funding requirements for the 2013-2014 fiscal year.

The census information on which our calculations were based was prepared by the City and the financial information was provided by the City's Finance Department. That assistance is gratefully acknowledged. The actuarial calculations were completed under the supervision of Deborah K. Brigham, FCA, ASA, MAAA, Enrolled Actuary. Ms. Brigham meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

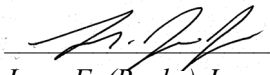
This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board of Managers are reasonably related to the experience of and the expectations for the System.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the smoothing of investment gains and losses); and changes in plan provisions or applicable law.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

Segal Consulting, a Member of The Segal Group, Inc.

By: 

Leon F. (Rocky) Joyner, Jr., FCA, ASA, MAAA, EA
Vice President and Consulting Actuary

Deborah K. Brigham

Deborah K. Brigham, FCA, ASA, MAAA, EA
Vice President and Actuary

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Purpose

This report has been prepared by Segal Consulting to present a valuation of the City of Birmingham Retirement and Relief System as of July 1, 2013. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Pension Plan, as administered by the Board of Managers;
- The characteristics of covered active participants, inactive vested participants, and retired participants and beneficiaries as of July 1, 2013, provided by the City;
- The assets of the Plan as of June 30, 2013, provided by the City's Finance Department;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

Significant Issues in Valuation Year

1. The recommended contribution for the upcoming year is $42,424,934, an increase of $1,391,059 from last year. The contribution as a percentage of payroll increased from 22.62% of pay to 23.23% of pay, based on a 30-year level percent-of-pay amortization of the unfunded actuarial accrued liability.
2. The City is expected to continue to contribute 6.50% of pay, and members are expected to contribute 6.50%. City and employee contributions combined are thus 13.00% of payroll, producing an expected deficit of 10.23% when compared to the recommended contribution of 23.23%. It is presumed throughout this report that the employees are responsible for an equal share of the cost of the Plan. However, the City is ultimately responsible for Plan funding. If employee contributions remain at their current level, the City's share is 16.73% of pay.
3. The normal cost, for benefits and expenses allocated to the current year, is 12.53% of pay, which is fully covered by the 13.00% statutory contribution rate. However, the unfunded liability is not being amortized by the remaining 0.47% of pay. **The unfunded liability will continue to grow unless the contribution rates are increased or there are significant gains from investments or other sources.**
4. The GASB Schedule of Funding Progress, provided in Exhibit III of Section 4, shows that the funded ratio has decreased from 74.34% as of July 1, 2012 to 73.00% as of July 1, 2013. A decade ago the System was almost 100% funded.

5. The investment rate of return on an actuarial basis for the year ended June 30, 2013 was 6.19%. Since the rate of return was less than the assumed rate of 7.00% per year, there was an actuarial investment loss amounting to $6,943,492. The rate of return on a market basis was 10.52%. As of the valuation date, the smoothed actuarial value of assets is equal to 95.0% of market value. The $158.0 million market investment loss from the 2008-2009 plan year was recognized over a five-year period in the actuarial value of assets for funding purposes, and it has now been fully reflected.

6. The actuarial valuation report as of July 1, 2013 is based on financial information as of June 30, 2013. Changes in the value of assets subsequent to that date are not reflected. Unfavorable asset experience will increase the actuarial cost of the Plan, while favorable experience will decrease the actuarial cost of the Plan.

7. The administrative expense assumption was decreased from $270,000 to $150,000 for the coming year. There have been no other assumption and no plan changes since the prior valuation.

8. Plans producing GASB-compliant reporting information are required to implement GASB Statement 67 for plan years beginning after June 15, 2013. If plan reporting is required, Segal Consulting will work with the City to provide these disclosures at the end of the July 1, 2013 – June 30, 2014 plan year. Employers are required to implement GASB Statement 68 for fiscal years beginning after June 15, 2014. Therefore, the City will be required to reflect GASB Statement 68 in its annual financial statements for the fiscal year beginning July 1, 2014 and ending June 30, 2015.

Summary of Key Valuation Results

	2013	2012
Contributions for plan year beginning July 1:		
Recommended	$42,424,934	$41,033,875
Recommended contribution as a percentage of payroll	23.23%	22.62%
Actual contributions (employer and employee)	--	26,267,172
Funding elements for plan year beginning July 1:		
Normal cost, including administrative expenses	$22,878,193	$22,932,786
Market value of assets	935,111,258*	886,902,991
Actuarial value of assets	888,209,730	878,048,507
Actuarial accrued liability	1,216,684,458	1,181,090,260
Unfunded actuarial accrued liability	328,474,728	303,041,753
GASB 25/27 for plan year beginning July 1:		
Annual required employer contributions (ARC)**	$21,212,467	$20,516,938
Actual employer contributions	--	13,591,846
Percentage of ARC contributed	--	66.25%
Funded ratio	73.00%	74.34%
Covered payroll	$182,634,179	$181,406,586
Demographic data for plan year beginning July 1:		
Number of retired participants and beneficiaries	2,834	2,802
Number of vested former participants***	283	250
Number of active participants	3,901	3,907
Total payroll	$182,634,179	$181,406,586
Average payroll	46,817	46,431

* *As of June 30, 2013, there was a contribution balance of $888,918 for active fire and police employees with more than 30 years of service, which was to be transferred from the Supplemental System. Segal Consulting has adjusted the market value of assets to account for this pending transfer.*

** *The ARC shown presumes that the employees are responsible for an equal share of the cost of the System. If employee contribution rates are not increased, the City is ultimately responsible for the funding of the System.*

****Includes future pensioners currently receiving benefits from the Supplemental System.*

A. PARTICIPANT DATA

The Actuarial Valuation and Review considers the number and demographic characteristics of covered participants, including active participants, vested terminated participants, retired participants and beneficiaries.

This section presents a summary of significant statistical data on these participant groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B, and C.

A historical perspective of how the participant population has changed over the past ten valuations can be seen in this chart.

CHART 1

Participant Population: 2004 – 2013

Year Ended June 30	Active Participants	Vested Terminated Participants*	Retired Participants and Beneficiaries	Ratio of Non-Actives to Actives
2004	3,915	177	2,158	0.60
2005	3,802	231	2,239	0.65
2006	3,782	204	2,255	0.65
2007	3,760	211	2,352	0.68
2008	3,782	205	2,464	0.71
2009	4,017	211	2,516	0.68
2010	4,073	232	2,555	0.68
2011	3,807	246	2,803	0.80
2012	3,907	250	2,802	0.78
2013	3,901	283	2,834	0.80

**Includes future pensioners currently receiving benefits from the Supplemental System.*

Active Participants

Plan costs are affected by the age, years of service and payroll of active participants. In this year's valuation, there were 3,901 active participants with an average age of 45.0, average years of service of 12.0 years and average payroll of $46,817. The 3,907 active participants in the prior valuation had an average age of 44.5, average service of 11.7 years and average payroll of $46,431.

Inactive Participants

In this year's valuation, there were 283 participants with a vested right to a deferred or immediate vested benefit. This includes 264 individuals currently receiving benefits from the Firemen's and Policemen's Supplemental Pension System.

These graphs show a distribution of active participants by age and by years of service.

CHART 2

Distribution of Active Participants by Age as of June 30, 2013

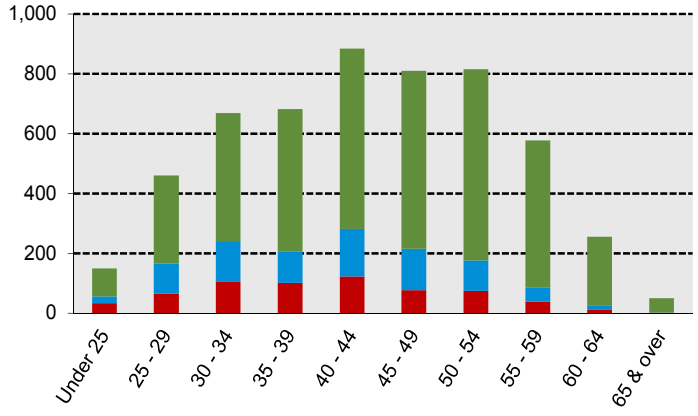
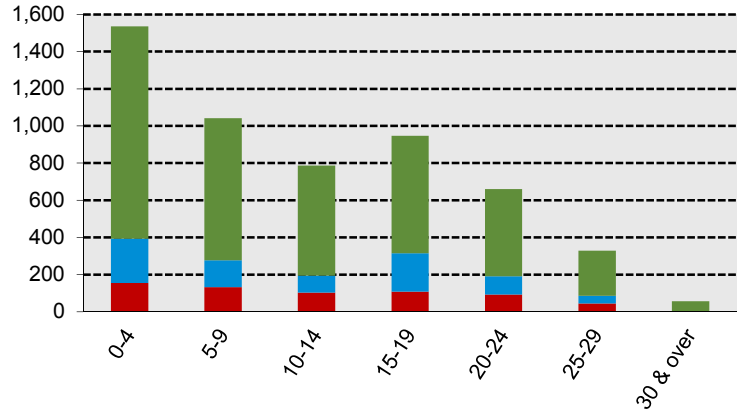


CHART 3

Distribution of Active Participants by Years of Service as of June 30, 2013



Retired Participants and Beneficiaries

As of June 30, 2013, 2,339 retired participants and 495 beneficiaries were receiving total monthly benefits of $5,599,079. For comparison, in the previous valuation, there were 2,319 retired participants and 483 beneficiaries receiving monthly benefits of $5,472,131.

These graphs show a distribution of the current retired participants and beneficiaries based on their monthly amount and age, by type of pension.

CHART 4

Distribution of Retired Participants and Beneficiaries by Type and by Monthly Amount as of June 30, 2013

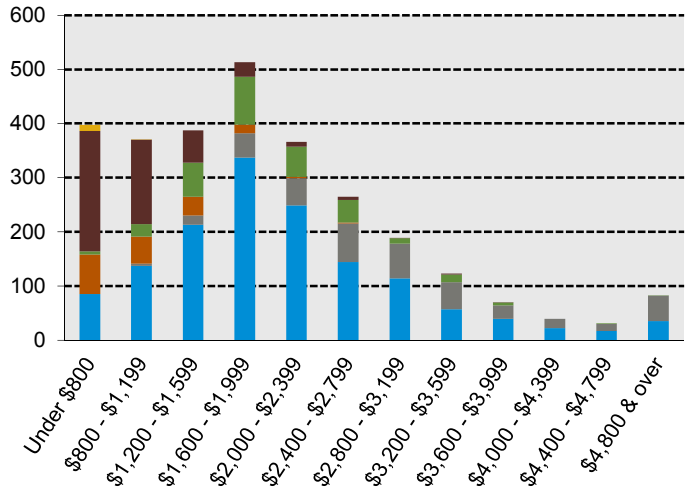
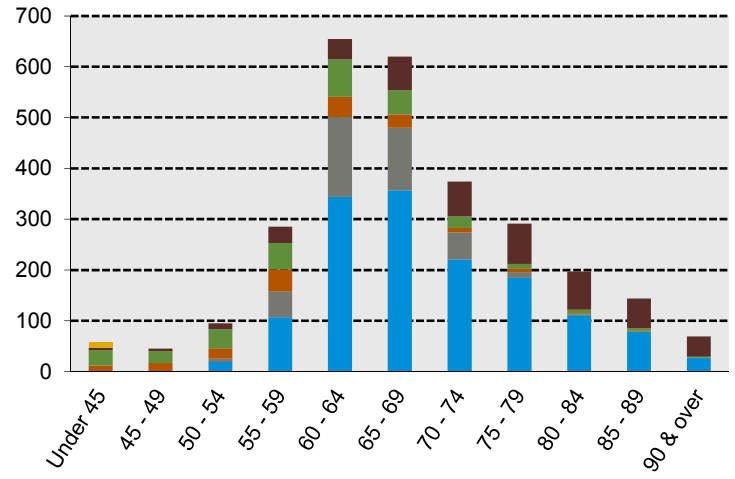


CHART 5

Distribution of Retired Participants and Beneficiaries by Type and by Age as of June 30, 2013



B. FINANCIAL INFORMATION

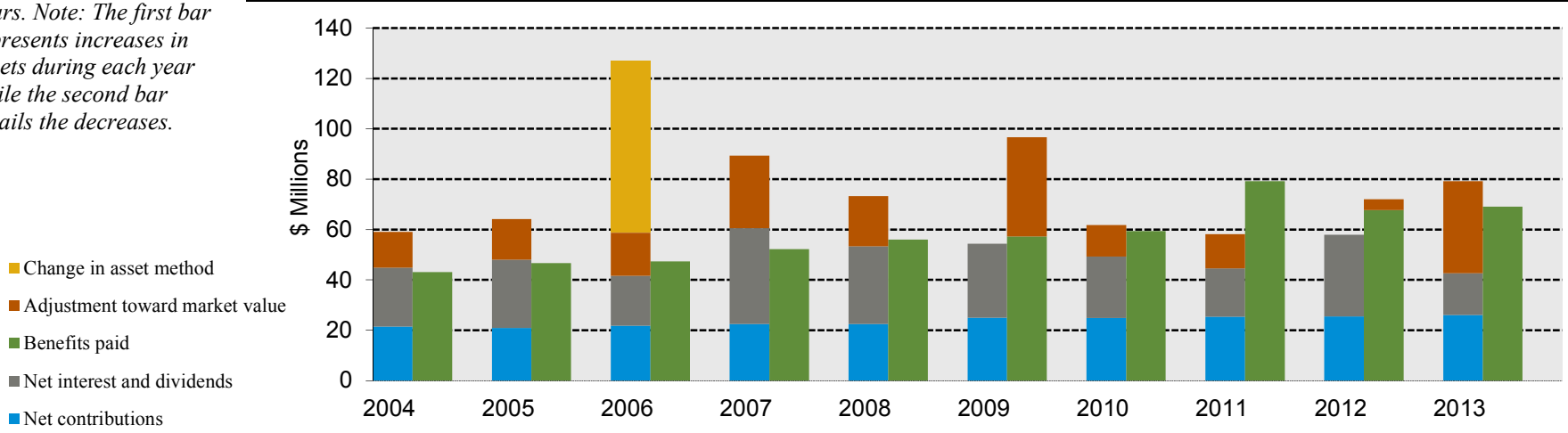
Retirement plan funding anticipates that, over the long term, both net contributions (less administrative expenses) and net investment earnings (less investment fees) will be needed to cover benefit payments.

Retirement plan assets change as a result of the net impact of these income and expense components. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits D, E and F.

The chart depicts the components of changes in the actuarial value of assets over the last ten years. Note: The first bar represents increases in assets during each year while the second bar details the decreases.

CHART 6

Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 2004 – 2013



It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board of Managers has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

The chart shows the determination of the actuarial value of assets as of the valuation date.

CHART 7

Determination of Actuarial Value of Assets for Year Ended June 30, 2013

1. Market value of assets, June 30, 2013			$935,111,258
2. Calculation of unrecognized return	Original Amount*	Unrecognized Return**	
(a) Year ended June 30, 2013	$30,483,738	$24,386,990	
(b) Year ended June 30, 2012	-32,071,454	-19,242,872	
(c) Year ended June 30, 2011	87,006,584	34,802,634	
(d) Year ended June 30, 2010	34,773,881	6,954,776	
(e) Year ended June 30, 2009	-158,009,276	0	
(f) Total unrecognized return			46,901,528
3. Preliminary actuarial value: (1) - (2f)			888,209,730
4. Adjustment to be within 20% corridor			0
5. Final actuarial value of assets as of June 30, 2013: (3) + (4)			$888,209,730
6. Actuarial value as a percentage of market value: (5) ÷ (1)			95.0%
7. Amount deferred for future recognition: (1) - (5)***			$46,901,528

**Total return minus expected return on a market value*

***Recognition at 20% per year over five years*

****Deferred return as of June 30, 2013 recognized in each of the next four years*

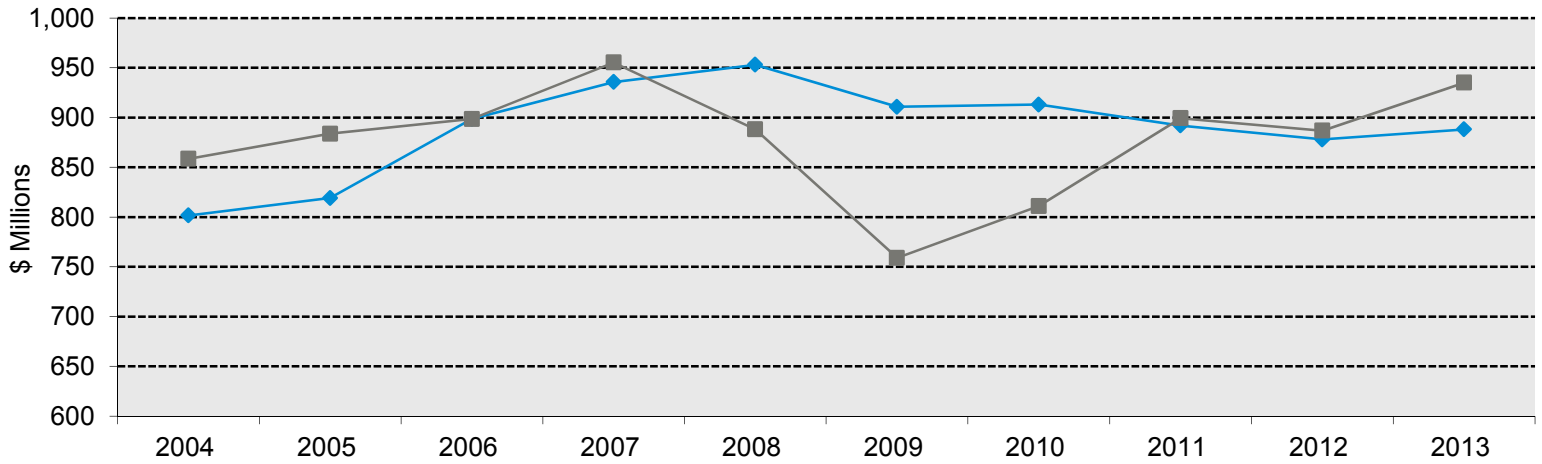
(a) Amount recognized on June 30, 2014	*$24,038,550*	*(c) Amount recognized on June 30, 2016*	*-$317,543*
(b) Amount recognized on June 30, 2015	*17,083,774*	*(d) Amount recognized on June 30, 2017*	*6,096,748*

Both the actuarial value and market value of assets are representations of the System's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The actuarial asset value is significant because the System's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

This chart shows the change in the actuarial value of assets versus the market value over the past ten years. The actuarial value was reset to market in the 2006 valuation, upon adoption of a new smoothing method.

CHART 8

Actuarial Value of Assets vs. Market Value of Assets as of June 30, 2004 – 2013



C. ACTUARIAL EXPERIENCE

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total loss is $6,791,880, including a loss of $6,943,492 from investments and $151,612 in gains from all other sources. The net experience variation from individual sources other than investments was 0.0% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

This chart provides a summary of the actuarial experience during the past year.

CHART 9

Actuarial Experience for Year Ended June 30, 2013

1.	Net loss from investments*	-$6,943,492
2.	Net gain from administrative expenses	135,221
3.	Net gain from other experience	16,391
4.	Net experience loss: (1) + (2) + (3)	-$6,791,880

** Details in Chart 10*

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the System's investment policy. For valuation purposes, the assumed rate of return on the actuarial value of assets is 7.00%. The actual rate of return on an actuarial basis for the 2012-2013 plan year was 6.19%.

Since the actual return for the year was less than the assumed return, the System experienced an actuarial loss during the year ended June 30, 2013 with regard to its investments.

This chart shows the loss due to investment experience.

CHART 10

Actuarial Value Investment Experience for Year Ended June 30, 2013

1.	Actual return	$53,140,970
2.	Average value of assets	858,349,456
3.	Actual rate of return: (1) ÷ (2)	6.19%
4.	Assumed rate of return	7.00%
5.	Expected return: (2) x (4)	$60,084,462
6.	Actuarial loss: (1) – (5)	-$6,943,492

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial basis compared to the market value investment return for the last ten years, including five-year and ten-year averages.

We have maintained the assumed rate of return of 7.00%. The Trustees have revamped their investment allocations, with targets of 65% equity and 35% fixed income according to information received from Morgan Stanley. Based on this investment policy and current capital market assumptions, 7.00% is a reasonable long-term assumption. Segal will continue to monitor the System's performance.

CHART 11

Investment Return – Actuarial Value vs. Market Value: 2004 - 2013

Year Ended June 30	Net Interest and Dividend Income		Recognition of Capital Appreciation		Change in Asset Method		Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
2004	$23,403,588	3.02%	$14,220,308	1.83%	- -	- -	$37,623,896	4.85%	$69,023,086	8.61%
2005	27,114,712	3.43	16,148,066	2.04	- -	- -	43,262,778	5.48	50,973,808	6.02
2006	19,901,991	2.46	17,031,771	2.11	$68,127,085	8.44%	105,060,847	13.01	40,468,583	4.64
2007	38,017,026	4.30	28,826,146	3.25	- -	- -	66,843,172	7.55	86,398,586	9.76
2008	30,863,174	3.35	19,934,937	2.17	- -	- -	50,798,110	5.52	-33,654,898	-3.58
2009	29,426,568	3.14	-39,403,205	-4.20	- -	- -	-9,976,637	-1.06	-96,873,908	-11.09
2010	24,452,410	2.73	12,425,399	1.39	- -	- -	36,877,809	4.12	86,792,989	11.68
2011	19,155,247	2.16	13,654,863	1.54	- -	- -	32,810,110	3.69	142,064,641	18.06
2012	32,400,056	3.71	-4,339,151	-0.49	- -	- -	28,060,905	3.22	29,540,542	3.36
2013	16,556,971	1.93	36,583,999	4.26	- -	- -	53,140,970	6.19	91,188,014	10.52
Total	$261,291,743		$115,083,133		$68,127,085		$444,501,961		$465,921,443	
							Five-year average return	3.16%		6.09%
							Ten-year average return	5.15%		5.48%

Note: Each year's yield is weighted by the average asset value in that year.

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

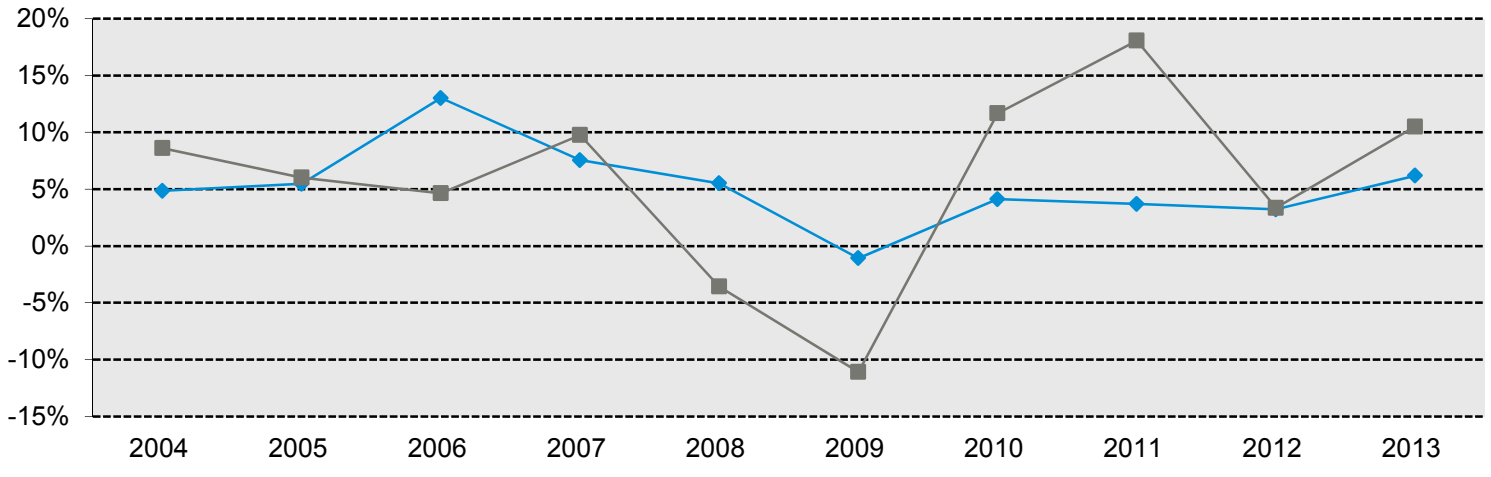
Administrative Expenses

Administrative expenses for the year ended June 30, 2013 totaled $138,933 compared to the assumption of $270,000. This resulted in a gain of $135,221 for the year when adjusted for timing. Because these expenses were quite a bit lower than assumed for two consecutive years, we have changed the assumption from $270,000 to $150,000 for the current year.

This chart illustrates how this leveling effect has actually worked over the years 2004 - 2013. The actuarial return for the year ended June 30, 2006 reflects a change in asset method.

CHART 12

Market and Actuarial Rates of Return for Years Ended June 30, 2004 - 2013



Other Experience

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

The net gain from this other experience for the year ended June 30, 2013 amounted to $16,391, which is 0.0% of the actuarial accrued liability.

D. RECOMMENDED CONTRIBUTION

The amount of annual contribution required to fund the Plan is comprised of normal cost payment and a payment on the unfunded actuarial accrued liability. This total amount is then divided by the total payroll for active members to determine the funding rate of 23.23% of payroll.

The recommended contribution is based on a rolling 30-year amortization of the unfunded actuarial accrued liability as a level percent of pay, assuming a payroll growth of 3.00%. Expected contributions for the year are $23,742,443, or 13.00% of payroll, which leaves a deficit of 10.23% of payroll. A higher contribution will be required to fund this System on an ongoing basis and meet accepted principles and practices. The unfunded actuarial accrued liability is not being amortized by the current contribution levels.

The chart compares this valuation's recommended contribution with the prior valuation.

CHART 13

Recommended Contribution

	Year Beginning July 1			
	2013		2012	
	Amount	% of Payroll	Amount	% of Payroll
1. Normal cost*	$22,733,563	12.45%	$22,672,453	12.50%
2. Administrative expenses	144,630	0.08%	260,333	0.14%
3. Employer normal cost: (1) + (2) + (3)	$22,878,193	12.53%	$22,932,786	12.64%
4. Actuarial accrued liability	1,216,684,458		1,181,090,260	
5. Actuarial value of assets	888,209,730		878,048,507	
6. Unfunded actuarial accrued liability: (4) - (5)	$328,474,728		$303,041,753	
7. Payment on unfunded actuarial accrued liability	18,027,826	9.87%	16,631,977	9.17%
8. Total recommended contribution: (3) + (7), adjusted for timing**	$42,424,934	23.23%	$41,033,875	22.62%
9. Total payroll	$182,634,179		$181,406,586	

**Includes net obligations from the Supplemental System of -$2,064,879 for July 1, 2013 and -$1,911,715 for July 1, 2012 (-$2,141,552 and -$1,982,700 adjusted for timing).*

***Recommended contributions are assumed to be paid at the beginning of every month.*

The recommended contribution requirements as of July 1, 2013 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Contribution

The chart below details the changes in the recommended contribution from the prior valuation to the current year's valuation.

The chart reconciles the contribution from the prior valuation to the amount determined in this valuation.

CHART 14

Reconciliation of Recommended Contribution from July 1, 2012 to July 1, 2013

Recommended Contribution as of July 1, 2012	$41,033,875
Effect of contributions less than recommended contribution	882,639
Effect of expected change in amortization payment due to payroll growth	517,486
Effect of maintaining a 30-year rolling amortization period	-346,207
Effect of investment loss	402,551
Effect of other gains and losses on accrued liability	-8,790
Effect of change in administrative expense assumption	-120,000
Effect of net other changes	63,380
Total change	$1,391,059
Recommended Contribution as of July 1, 2013	$42,424,934

E. INFORMATION REQUIRED BY THE GASB

Governmental Accounting Standards Board (GASB) reporting information provides standardized information for comparative purposes of governmental pension plans. This information allows a reader of the financial statements to compare the funding status of one governmental plan to another on relatively equal terms.

Critical information to the GASB is the historical comparison of the GASB required contribution to the actual contributions. This comparison demonstrates whether a plan is being funded within the range of the GASB reporting requirements. Chart 15 below presents a graphical representation of this information for the Plan.

The other critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the actuarial value of assets to the actuarial accrued liabilities of the Plan as calculated under the GASB Standards. High ratios indicate a well-funded plan with assets sufficient to cover the plan's actuarial accrued liabilities. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other factors.

Although the GASB requires that the actuarial value of assets be used to determine the funded ratio, Chart 16 shows the funded ratio calculated using both the actuarial value of assets and the market value of assets.

The details regarding the calculations of these values and other GASB numbers may be found in Section 4, Exhibits II, III, and IV.

These graphs show key GASB factors.

CHART 15

Required Versus Actual Contributions

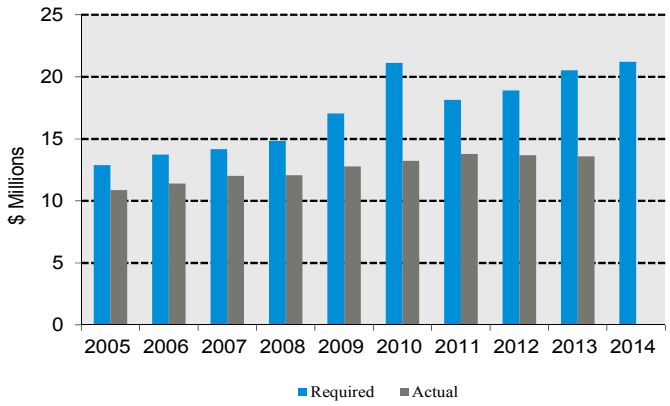
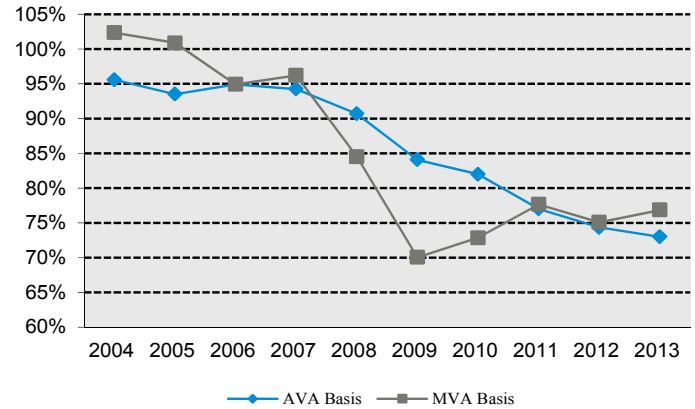


CHART 16

Funded Ratio



* *The annual required contributions shown were calculated presuming that the employees would be responsible for an equal share of the cost of the System. However, if employee contribution rates are insufficient to cover half of the cost, as has been the case in recent years, the City is ultimately responsible for the funding of the Plan.*

EXHIBIT A

Table of Plan Coverage

Category	Year Ended June 30 2013	2012	Change From Prior Year
Active participants in valuation:			
Number	3,901	3,907	-0.2%
Average age	45.0	44.5	N/A
Average years of service	12.0	11.7	N/A
Total payroll	$182,634,179	$181,406,586	0.7%
Average payroll	46,817	46,431	0.8%
Account balances	115,772,255	111,724,219	3.6%
Total active vested participants	2,770	2,716	2.0%
Vested terminated participants*	283	250	13.2%
Retired participants:			
Number in pay status	1,852	1,838	0.8%
Average age	69.0	68.5	N/A
Average monthly benefit	$2,344	$2,317	1.2%
Disabled participants:			
Number in pay status	487	481	1.2%
Average age	60.0	59.6	N/A
Average monthly benefit	$1,633	$1,602	1.9%
Beneficiaries in pay status:			
Number in pay status	495	483	2.5%
Average age	73.3	73.1	N/A
Average monthly benefit	$934	$918	1.7%

**Includes future pensioners currently receiving benefits from the Supplemental System.*

EXHIBIT B

Participants in Active Service as of June 30, 2013
By Age, Years of Service, and Average Payroll

		Years of Service								
Age	Total	0-4	5-9	10-14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40 & over
Under 25	94	92	1	1	- -	- -	- -	- -	- -	- -
	33,817	34,022	25,730	23,046	- -	- -	- -	- -	- -	- -
25 - 29	295	230	64	1	- -	- -	- -	- -	- -	- -
	36,316	35,885	37,899	34,008	- -	- -	- -	- -	- -	- -
30 - 34	428	216	178	33	1	- -	- -	- -	- -	- -
	40,158	36,457	43,262	46,918	64,189	- -	- -	- -	- -	- -
35 - 39	475	151	155	125	44	- -	- -	- -	- -	- -
	42,934	37,448	40,016	49,898	52,257	- -	- -	- -	- -	- -
40 - 44	602	128	115	125	195	39	- -	- -	- -	- -
	48,799	38,233	42,115	52,216	56,183	55,316	- -	- -	- -	- -
45 - 49	595	113	88	106	146	125	16	1	- -	- -
	49,807	38,754	42,020	48,679	54,957	58,541	60,147	94,848	- -	- -
50 - 54	640	91	68	83	134	167	89	7	1	- -
	50,959	41,576	39,160	48,253	52,533	54,152	62,980	57,625	70,803	- -
55 - 59	493	64	61	77	81	95	96	18	1	- -
	49,071	42,128	39,443	47,168	49,831	49,386	58,297	60,162	50,357	- -
60 - 64	231	44	23	38	27	37	37	20	3	2
	55,412	49,922	50,718	51,131	48,009	50,522	64,748	65,340	167,703	61,443
65 - 69	36	10	10	3	3	3	2	2	2	1
	53,721	43,029	49,329	58,379	47,930	49,622	59,696	80,434	105,987	50,357
70 & over	12	4	2	1	1	3	1	- -	- -	- -
	50,731	38,745	39,791	64,189	61,090	72,675	30,909	- -	- -	- -
Total	3,901	1,143	765	593	632	469	241	48	7	3
	$46,817	$38,012	$41,443	$49,492	$53,670	$54,256	$61,037	$63,517	$119,463	$57,748

EXHIBIT C

Reconciliation of Participant Data

	Active Participants	Vested Former Participants	Fire and Police Retirees	Disableds	Retired Participants	Beneficiaries	Total
Number as of July 1, 2012	3,907	23	227	481	1,838	483	6,959
New participants	240	N/A	0	N/A	N/A	N/A	240
Terminations with vested rights	0	0	0	0	0	0	0
Retirements	-100	-3	50	N/A	53	N/A	0
New disabilities	-16	0	0	16	N/A	N/A	0
Return to work	5	0	0	0	0	N/A	5
Deceased	-10	-1	0	-11	-56	-28	-106
New beneficiaries	0	0	0	0	0	44	44
Lump sum payoffs	-125	0	0	0	0	0	-125
Certain period expired	N/A	N/A	0	0	0	-3	-3
Data adjustments	0	0	0	1	4	-1	4
Retirees transferring from Supplemental System	0	0	-13	0	13	0	0
Number as of July 1, 2013	3,901	19	264	487	1,852	495	7,018

EXHIBIT D

Summary Statement of Income and Expenses on an Actuarial Value Basis

	Year Ended June 30, 2013		Year Ended June 30, 2012	
Net assets at actuarial value at the beginning of the year		$878,048,507		$892,096,375
Contribution income:				
Employer contributions	$13,591,846		$13,676,554	
Employee contributions	11,786,408		12,027,821	
F&P contributions to be transferred to R&R*	888,918		0	
Less administrative expenses	-138,933		-145,619	
Net contribution income		26,128,239		25,558,756
Other income		2,000		12,000
Investment income:				
Interest and dividends	$19,709,739		$35,621,548	
Recognition of capital appreciation	36,583,999		-4,339,151	
Less investment fees	-3,152,768		-3,221,492	
Net investment income		53,140,970		28,060,905
Total income available for benefits		$79,271,209		$53,631,661
Less benefit payments:				
Benefits	-$66,536,834		-$65,684,712	
Refunds	-1,607,208		-1,415,318	
DROP payments	-966,294		-580,599	
Pension reimbursements	350		1,100	
Net benefit payments		-$69,109,986		-$67,679,529
Change in reserve for future benefits		$10,161,223		-$14,047,868
Net assets at actuarial value at the end of the year		$888,209,730		$878,048,507

* *As of June 30, 2013, there was a contribution balance of $888,918 in the Fire and Police Supplemental System for active fire and police employees with more than 30 years of service, which was to be transferred to the Retirement and Relief Plan. Segal Consulting has adjusted the market value of assets to account for this pending transfer.*

Note: A portion of the Retirement and Relief System's assets is allocated to the Health Department. The above summary excludes the Health Department portion.

EXHIBIT E

Summary Statement of Income and Expenses on a Market Value Basis

	Year Ended June 30, 2013		Year Ended June 30, 2012	
Net assets at market value at the beginning of the year		$886,902,991		$899,471,222
Contribution income:				
Employer contributions	$13,591,846		$13,676,554	
Employee contributions	11,786,408		12,027,821	
F&P contributions to be transferred to R&R*	888,918		0	
Less administrative expenses	-138,933		-145,619	
Net contribution income		26,128,239		25,558,756
Other income		2,000		12,000
Investment income:				
Interest and dividends	$19,709,739		$35,621,548	
Asset appreciation	74,631,043		-2,859,514	
Less investment and administrative fees	-3,152,768		-3,221,492	
Net investment income		91,188,014		29,540,542
Total income available for benefits		$117,318,253		$55,111,298
Less benefit payments:				
Benefits	-$66,536,834		-$65,684,712	
Refunds	-1,607,208		-1,415,318	
DROP payments	-966,294		-580,599	
Pension reimbursements	350		1,100	
Net benefit payments		-$69,109,986		-$67,679,529
Change in reserve for future benefits		$48,208,267		-$12,568,231
Net assets at market value at the end of the year		$935,111,258		$886,902,991

* *As of June 30, 2013, there was a contribution balance of $888,918 in the Fire and Police Supplemental System for active fire and police employees with more than 30 years of service, which was to be transferred to the Retirement and Relief Plan. Segal Consulting has adjusted the market value of assets to account for this pending transfer.*

Note: A portion of the Retirement and Relief System's assets is allocated to the Health Department. The above summary excludes the Health Department portion.

EXHIBIT F

Summary Statement of Plan Assets

	Year Ended June 30, 2013		Year Ended June 30, 2012	
Cash equivalents		$16,340,739		$18,520,313
Accounts receivable:				
Employee contributions	$60,083		$0	
Employee loans	11,538,984		11,096,825	
Accrued interest and dividends	4,276,762		10,597,527	
F&P contributions to be transferred to R&R	888,918		0	
Total accounts receivable		16,764,747		21,694,352
Investments:				
Corporate stock	$554,422,815		$504,091,093	
Domestic corporate bonds	195,602,276		169,662,849	
U.S. government obligations	153,524,137		173,755,714	
Total investments at market value		903,549,228		847,509,656
Total assets		$936,654,714		$887,724,321
Less accounts payable		-$1,543,456		-$821,330
Net assets at market value		$935,111,258		$886,902,991
Net assets at actuarial value		$888,209,730		$878,048,507

EXHIBIT G

Development of the Fund Through June 30, 2013

Year Ended June 30	Employer Contributions	Employee Contributions	Other Income	Net Investment Return*	Administrative Expenses	Benefit Payments	Actuarial Value of Assets at End of Year
2004	$11,347,715	$10,373,268	$24,000	$37,623,896	$292,000	$43,111,069	$801,612,266
2005	10,881,632	10,210,996	79,000	43,262,778	211,000	46,668,936	819,166,736
2006	11,398,732	10,522,586	36,000	105,060,847**	160,000	47,353,888	898,671,013
2007	12,006,508	10,707,106	16,000	66,843,172	180,000	52,242,705	935,821,094
2008	12,061,584	10,604,722	1,000	50,798,110	183,375	56,023,465	953,079,670
2009	12,770,110	12,433,019	11,000	-9,976,637	245,261	57,302,709	910,769,192
2010	13,224,808	11,896,839	17,000	36,877,809	263,250	59,444,574	913,077,824
2011	13,772,490	11,881,396	8,000	32,810,110	273,817	79,179,627	892,096,375
2012	13,676,554	12,027,821	12,000	28,060,904	145,619	67,679,529	878,048,507
2013	13,591,846	11,786,408	890,918***	53,140,970	138,933	69,109,986	888,209,730

* *Net of investment fees*

** *Includes effect of change in asset method*

***Includes $888,918 due to be transferred from the Fire and Police Supplemental System*

EXHIBIT H

Development of Unfunded Actuarial Accrued Liability for Year Ended June 30, 2013

1. Unfunded actuarial accrued liability at beginning of year		$303,041,753
2. Normal cost at beginning of year		22,932,786
3. Total contributions		-26,267,172
4. Interest		
(a) For whole year on (1) + (2)	$22,818,218	
(b) Monthly on (3)	-842,737	
(c) Total interest		21,975,481
5. Expected unfunded actuarial accrued liability		$321,682,848
6. Change due to net experience loss		6,791,880
7. Unfunded actuarial accrued liability at end of year		$328,474,728

EXHIBIT I

Comparative Summary of Principal Valuation Results

	Year Ended June 30, 2013	Year Ended June 30, 2012
Participant data		
Active members	3,901	3,907
Total annual payroll	$182,634,179	$181,406,586
Retired members and beneficiaries	2,834	2,802
Total annualized benefit	$67,188,941	$65,665,572
Terminated vested members	19	23
Total annualized benefit	$253,677	$312,761
Future pensioners currently receiving benefits from Supplemental System	264	227
Total annualized benefit	$10,607,058	$8,882,095
Actuarial value of assets	$888,209,730	$878,048,507
Actuarial accrued liability:		
Active members	$489,133,640	$476,311,523
Terminated vested members	2,282,342	2,758,863
Retired members and beneficiaries	636,099,487	628,917,148
Future pensioners currently receiving benefits from Supplemental System	89,168,989	73,102,726
Total	$1,216,684,458	$1,181,090,260
Unfunded actuarial accrued liability	$328,474,728	$303,041,753

EXHIBIT J

Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial Assumptions: The estimates on which the cost of the Plan is calculated including:

(a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;

(b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;

(c) Retirement rates — the rate or probability of retirement at a given age;

(d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal Cost: The amount of contributions required to fund the benefit allocated to the current year of service.

Actuarial Accrued Liability For Actives: The value of all projected benefit payments for current members less the portion that will be paid by future normal costs.

Actuarial Accrued Liability For Pensioners: The single-sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

Unfunded Actuarial Accrued Liability: The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan. There is a wide range of approaches to paying off the unfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

Amortization of the Unfunded Actuarial Accrued Liability: Payments made over a period of years equal in value to the Plan's unfunded actuarial accrued liability.

Investment Return: The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.

EXHIBIT I

Summary of Actuarial Valuation Results as of July 1, 2013

The valuation was made with respect to the following data supplied to us:			
1.	Retired participants as of the valuation date (including 495 beneficiaries in pay status)		2,834
2.	Participants inactive during year ended June 30, 2013 with vested rights (including 264 future pensioners currently receiving benefits from the Supplemental System)		283
3.	Participants active during the year ended June 30, 2013		3,901
	Fully vested	2,770	
	Not vested	1,131	
The actuarial factors as of the valuation date are as follows:			
1.	Normal cost, including administrative expenses		$22,878,193
2.	Actuarial accrued liability		1,216,684,458
	Retired participants and beneficiaries	$636,099,487	
	Inactive participants with vested rights*	91,451,331	
	Active participants	489,133,640	
3.	Actuarial value of assets ($935,111,258 at market value as reported by the City)		888,209,730
4.	Unfunded actuarial accrued liability		$328,474,728
The determination of the recommended contribution is as follows:			
1.	Normal cost		$22,733,563
2.	Administrative expenses		144,630
3.	Total normal cost: (1) + (2)		$22,878,193
4.	Payment on unfunded actuarial accrued liability		18,027,826
5.	Total recommended contribution: (3) + (4), adjusted for timing		$42,424,934
6.	Total payroll		$182,634,179
7.	Total recommended contribution as a percentage of projected payroll: (5) ÷ (6)		23.23%

* *Includes liability for deferred benefits from the Retirement and Relief System payable to pensioners currently receiving benefits from the Supplemental System.*

EXHIBIT II

Supplementary Information Required by the GASB – Schedule of Employer Contributions

Plan Year Ended June 30	Annual Required Contributions*	Actual Contributions	Percentage Contributed
2008	$14,818,900	$12,061,584	81.4%
2009	17,050,689	12,770,110	74.9%
2010	21,118,910	13,224,808	62.6%
2011	18,147,790	13,772,490	75.9%
2012	18,904,668	13,676,554	72.3%
2013	20,516,938	13,591,846	66.2%
2014	21,212,467	--	--

* *The annual required contributions shown were calculated presuming that the employees would be responsible for an equal share of the cost of the System. However, if employee contribution rates are insufficient to cover half of the cost, as has been the case in recent years, the City is ultimately responsible for the funding of the Plan. Assuming that the employee contribution rate for the year ending June 30, 2014 remains at 6.50% of pay, the annual required contribution for the City is $30,553,712.*

EXHIBIT III

Supplementary Information Required by the GASB – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
7/1/2008	$953,079,670	$1,050,785,799	$97,706,129	90.70%	$174,113,556	56.12%
7/1/2009	910,769,192	1,083,256,135	172,486,943	84.08%	186,523,480	92.47%
7/1/2010	913,077,824	1,113,441,433	200,363,609	82.01%	193,229,880	103.69%
7/1/2011	892,096,375	1,158,070,396	265,974,021	77.03%	177,977,161	149.44%
7/1/2012	878,048,507	1,181,090,260	303,041,753	74.34%	181,406,586	167.05%
7/1/2013	888,209,730	1,216,684,458	328,474,728	73.00%	182,634,179	179.85%

EXHIBIT IV

Supplementary Information Required by the GASB

Valuation date	July 1, 2013
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll, assuming 3.00% per year increase
Remaining amortization period	Rolling 30 years
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases:	
Inflation	3.00%
Merit, longevity, etc.	Varies from 0.00% to 4.50% for General Employees Varies from 0.50% to 6.50% for Public Safety
Plan membership:	
Retired participants and beneficiaries receiving benefits	2,834
Terminated participants entitled to, but not yet receiving benefits*	283
Active participants	3,901
Total	7,018

** Includes 264 future pensioners currently receiving benefits from the Supplemental System.*

EXHIBIT V

Development of the Net Pension Obligation (NPO) and the Annual Pension Cost Pursuant to GASB 27

Plan Year Ended June 30	Employer Annual Required Contribution (a)	Employer Amount Contributed* (b)	Interest on NPO (h) x 7.00% (c)	ARC Adjustment (h) / (e) (d)	Amortization Factor (e)	Pension Cost (a) + (c) – (d) (f)	Change in NPO (f) – (b) (g)	NPO Balance NPO + (g) (h)
2008	$14,818,900	$12,061,584	-$702,264	-$755,580	13.2777	$14,872,216	$2,810,632	-$7,221,717
2009	17,050,689	12,770,110	-505,520	-543,899	13.2777	17,089,068	4,318,958	-2,902,759
2010	21,118,910	13,224,808	-203,193	-218,620	13.2777	21,134,337	7,909,529	5,006,770
2011	18,147,791	13,772,490	350,474	274,789	18.2204	18,223,476	4,450,986	9,457,756
2012	18,904,668	13,676,554	662,043	519,075	18.2204	19,047,636	5,371,082	14,828,838
2013	20,516,938	13,591,846	1,038,019	813,859	18.2204	20,741,098	7,149,252	21,978,090

**Amortization was changed from level dollar to level percent-of-pay effective July 1, 2010.*

EXHIBIT VI

Actuarial Assumptions and Actuarial Cost Method

Mortality Rates:

Healthy: RP-2000 Combined Healthy Mortality Table, set forward two years for both males and females

Disabled: RP-2000 Disabled Retiree Mortality Table, multiplied by 70%

Based on a five-year review of mortality experience for the 2005-2010 period, these mortality tables were determined to contain a margin of 8% to anticipate future mortality improvement. The mortality assumptions will be assessed again at the time of the next five-year review, and further adjustment or expected improvements in life expectancy will be made if warranted.

Termination Rates Before Retirement:

	Rate (%)							
	Mortality		Disability			Withdrawal		
Age	Male	Female	General	Fire	Police	General*	Fire**	Police***
20	0.04	0.02	0.08	0.12	0.06	4.89	3.79	6.65
25	0.04	0.02	0.11	0.17	0.09	4.76	2.69	4.73
30	0.06	0.04	0.14	0.22	0.11	4.56	2.07	3.63
35	0.09	0.06	0.19	0.29	0.15	4.23	1.59	2.80
40	0.12	0.09	0.29	0.44	0.22	3.77	1.20	2.11
45	0.17	0.13	0.47	0.72	0.36	3.18	0.82	1.43
50	0.27	0.20	0.79	1.21	0.61	2.23	0.40	0.70
55	0.47	0.35	1.31	2.02	1.01	0.85	0.00	0.00
60	0.88	0.67	2.12	3.25	1.63	0.08	0.00	0.00

* *Withdrawal rates shown for General Employees are multiplied by 2.50 during the first five years of employment.*

** *Withdrawal rates shown for Firefighters are multiplied by 1.75 during the first five years of employment.*

*** *Withdrawal rates shown for Police Officers are multiplied by 1.70 during the first five years of employment.*

Retirement Rates: Fire and Police employees are assumed to retire in accordance with the following rates. Benefits are payable from the Firemen's and Policemen's Supplemental Pension System until the participant reaches their Normal Retirement Age under the Retirement and Relief System.

Fire		Police	
Years of Service*	Rate	Years of Service*	Rate
20	10%	20	45%
21-25	5	21	20
26	25	22-25	5
27-28	8	26	15
29	60	27	20
30	10	28	15
31-32	0	29	50
33	40	30	30
34	20	31-32	0
35	100	33	45
		34	25
		35	100

** Retirement is assumed to occur no later than age 65*

General employees are assumed to retire, after meeting the service requirements, in accordance with the following rates:

Age	Rate**
Under 50	0%
50-54	15
55-59	8
60	15
61	20
62	40
63-64	20
65	40
66-74	25
Over 74	100

*** General Employee rates are decreased to 0% at 30 years and decreased by 75% when employee has 31-32 years of service. The rate is increased to 150% of the rate shown when employee reaches 33 years of service.*

Retirement Age for Inactive Vested Participants:	60
Unknown Data for Participants:	Same as those exhibited by Participants with similar known characteristics. If not specified, Participants are assumed to be male.
Percent Married:	80%
Age of Spouse:	Females three years younger than males
On the Job Disability:	
General	50%
Fire and Police	100%
On the Job Death:	
General	5%
Fire and Police	15%
Net Investment Return:	7.00%

Salary Scale:

	Annual Increase Rate (%)	
Age	**General**	**Fire and Police**
20	7.50	9.50
25	6.75	7.60
30	6.00	6.20
35	5.50	5.10
40	5.00	4.50
45	4.50	4.00
50	4.00	4.00
55	3.50	4.00
60	3.00	4.00

Includes allowance for inflation of 3.00% per year.

Interest on DROP Accounts:	5.00%
Administrative Expenses:	$150,000, payable monthly, equivalent to $144,630 at the beginning of the year.
Actuarial Value of Assets:	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Actuarial Cost Method:	Entry Age Normal Actuarial Cost Method. Entry Age is the age at the time the participant would have commenced employment if the plan had always been in existence. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by service, with Normal Cost determined as if the current benefit accrual rate had always been in effect. Actuarial Liability is allocated by salary.
Change in Assumptions:	The only change in actuarial assumptions since the last valuation was a decrease in the administrative expense assumption from $270,000 to $150,000 per year.

EXHIBIT VII

Summary of Plan Provisions

This exhibit summarizes the major provisions of the System included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Plan Year:	July 1 through June 30
Plan Status:	Ongoing
Normal Pension:	
Eligibility	A participant may retire at (a) age 60 if he has completed 5 years of credited service, or (b) any age if he has completed 30 years of credited service.
Amount:	2.50% of final average salary for each year of credited service. This amount cannot be greater than 75.0% of the final average salary nor less than $400 per month. Service credit used to determine the benefit amount may be increased by credit granted for unused sick leave (on a percent of possible total basis). Final average salary is defined as the highest average compensation over any 36-month period of the employee's last ten years of participation.
Early Retirement Pension:	
Eligibility	A City participant may retire at age 55 if he has completed 25 years of credited service.
Amount	1.85% of final average salary for each year of credited service.

Disability:	
Ordinary	
Service Requirement	5 years credited service.
Amount	2.00% of final average salary at disability for each year of credited service, payable immediately. This amount cannot be greater than 60% of final average salary nor less than $400.
Extraordinary	
Service Requirement	None
Amount	70% of final monthly salary at disability, offset by the maximum Worker's Compensation benefit, payable immediately.
Termination:	To a participant terminating before becoming eligible for a vested deferred pension from the plan, a lump sum of his or her own contributions without interest is payable. Participants terminating after 5 years of actual service who leave their contributions in the System Fund have a non-forfeitable right to a monthly pension beginning at age 60. The form and amount of the pension are the same as the normal pension.
Death Benefits:	If a participant dies prior to his or her attainment of eligibility for retirement, a lump sum of his or her own contributions without interest is payable to his or her beneficiary. If an active participant who is eligible to retire or a retired participant dies, 60% of the accrued pension benefit is payable to the surviving spouse, if any, during his or her remaining lifetime. If an active participant (other than a participant of the Firemen and Policemen Supplemental System) who is not eligible to retire, but who has completed 5 years of service dies, a portion of 60% of the accrued pension benefit is payable to the spouse during her remaining lifetime. This portion is defined as follows:

Number of Years of Service	Portion of Entitled Benefit
5	50%
6	60
7	70
8	80
9	90
10 or more	100

This benefit is payable at the earlier of (a) the date that the deceased participant would have attained age 60 or (b) the date the deceased participant would have completed 20 years of service. In lieu of the above, for all participants, an annuity of 60% of salary is payable to the surviving spouse and 10% is payable to a minor child if death is service connected; the maximum for spouse and children is 75% and the maximum for children if no spouse is 60%. The minimum spouse benefit is $320 per month.

Back-DROP:	An employee with 33 years of service or who is at least age 63 with 23 years of service may elect up to a 36-month Back-DROP. The employee's monthly benefit will be calculated using service and final average salary as of the Back-DROP date and the employee will receive a lump sum equal to the number of months dropped back times the retirement benefit, accumulated with interest.
Participation:	All qualified employees of the Retirement and Relief System are required to participate.
Contributions:	
Employees	6.50% of compensation
City	6.50% of compensation
Changes in Plan Provisions:	There have been no changes in plan provisions since the last valuation.

Pension Plan of the General Retirement System of the City of Detroit

Financial Report
with Supplemental Information
June 30, 2013

Pension Plan of the General Retirement System of the City of Detroit

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Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Independent Auditor's Report

To the Board of Trustees
Pension Plan of the General Retirement
System of the City of Detroit

Report on the Financial Statements

We have audited the accompanying financial statements of the Pension Plan of the General Retirement System of the City of Detroit (the "Plan") as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

To the Board of Trustees
Pension Plan of the General Retirement
System of the City of Detroit

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the net position of the Pension Plan of the General Retirement System of the City of Detroit as of June 30, 2013 and 2012 and the changes in its net position for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, the City of Detroit has filed for bankrupcy, calling into question the collectibility of the approximately $36,000,000 of contributions receivable due from the City to the Plan. As a result of the considerable uncertainty related to the receipt of these receivables, as of June 30, 2013 these amounts have not been recorded within these financial statements. Our opinion is not modified with respect to this matter.

As explained in Note 1, the financial statements include investments valued at approximately $702,000,000 (33 percent of net position) at June 30, 2013 and at approximately $690,000,000 (32 percent of net position) at June 30, 2012, whose fair values have been estimated by management in the absence of readily determinable market values. Management's estimates are based on information provided by investment managers, general partners, real estate advisors, and other means. Our opinion has not been modified in respect to this matter.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the pension system schedules of funding progress and employer contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Board of Trustees
Pension Plan of the General Retirement
System of the City of Detroit

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pension Plan of the General Retirement System of the City of Detroit's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental information, as identified in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information, as identified in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plante & Moran, PLLC

December 20, 2013

Using this Annual Report

This annual report consists of three parts: (1) management's discussion and analysis (this section), (2) the basic financial statements, and (3) required and other supplemental information. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by sections of required and other supplemental information that further explain and support the information in the financial statements.

Condensed Financial Information

The table below compares key financial information in a condensed format between the current year and the two prior years:

	Fiscal Year Ended		
	June 30, 2013	June 30, 2012	June 30, 2011
Total assets	$ 2,244,235,124	$ 2,319,275,903	$ 2,589,637,043
Total liabilities	145,213,170	160,438,055	168,070,087
Assets held in trust for pension benefits	**$ 2,099,021,954**	**$ 2,158,837,848**	**$ 2,421,566,956**
Net investment income	$ 270,348,063	$ 49,023,470	$ 438,954,196
Contributions:			
Employee	13,395,701	16,585,232	18,104,402
Employer	26,515,782	64,218,880	55,138,044
Total contributions	39,911,483	80,804,112	73,242,446
Other inccome	11,861,477	1,604,294	1,914,465
Benefits paid to members and retirees:			
Retirees' pension and annuity benefits	246,617,947	230,915,545	220,437,216
Member annuity refunds and withdrawals	126,498,794	156,865,860	113,789,871
Total benefits paid	373,116,741	387,781,405	334,227,087
Benefits paid in excess of contributions	(333,205,258)	(306,977,293)	(260,984,641)
Ratio of benefits paid to contributions	9.3	4.8	4.6
Other expenses	(8,820,176)	(6,379,579)	(4,829,753)
Net (decrease) increase in net assets	**$ (59,815,894)**	**$ (262,729,108)**	**$ 175,054,267**

Overall Fund Structure and Objectives

The Pension Plan of the General Retirement System of the City of Detroit (DGRS or the "Plan") is a defined benefit pension plan and defined contribution plan. DGRS exists to pay benefits to its members. Members of the Plan include active employees, retirees, and beneficiaries. Active members earn service credit that entitles them to receive benefits in the future. Retirees and beneficiaries are those members currently receiving benefits.

DGRS is a relatively mature plan in that there are more members receiving current benefits than active members. As of June 30, 2013, there were 5,658 active members, 12,118 members receiving benefits, and 2,214 terminated plan members entitled to, but not yet receiving, benefits.

DGRS is governed by a 10-member board of trustees (the "Board"). Five members of the Board are elected by the active membership to serve six-year terms. One member is elected by the retiree membership to serve a two-year term. One member is appointed by the mayor of the City of Detroit from the citizens of the City of Detroit to serve a six-year term. Three members serve ex-officio, these members being the mayor of the City of Detroit (or designee), the city treasurer, and one representative from the Detroit City Council. Expirations of terms of elected trustees are staggered.

Contributions to the Plan

The City of Detroit (employer), until fiscal year 2013, made regular contributions to the Plan. The required contributions are determined by the Plan's actuaries using the entry age normal cost method. Basic pension and disability benefits are funded through employer contributions plus investment earnings on those contributions. During fiscal year 2013, the City suspended employer contributions pending the City's bankruptcy. As a result, only about half of the required contribution due from the City was actually paid into the Plan. The remaining receivable, totaling approximately $36,000,000, was written down by an allowance against the receivable balance.

Active employees may voluntarily contribute 0 percent, 3 percent, 5 percent, or 7 percent of gross pay to the Plan. Employee contributions are maintained in separate accounts in the defined contribution plan (annuity savings fund) solely for the benefit of the contributing employee. After 25 years of service, an active employee may elect to withdraw his or her accumulated contributions plus investment earnings. Upon retirement, an employee may elect to annuitize some of his or her annuity savings fund balance, resulting in a greater monthly retirement benefit. Any portion of an employee's annuity savings fund balance which is not annuitized upon retirement is refunded in a lump sum.

Benefit Payments

Benefits are paid monthly. DGRS paid out $373 million in benefits during the year consisting of $247 million in benefits to retirees and beneficiaries plus $126 million in refunds of annuity savings fund balances. This represents approximately 18 percent of the net assets of the Plan at year end. Employer and employee contributions were $40 million or 1.9 percent of the net assets of the Plan. The excess of benefits over contributions ($333 million) is funded through investment income. The public capital markets represent the primary source of opportunities to earn investment income.

Asset Allocation

The Board believes that the principal determinant of total fund investment performance over long periods of time is asset allocation. The DGRS asset allocation is built upon the foundation that the obligations of the Plan to pay the benefits promised to its members are very long-term obligations. Accordingly, the Board must make investment decisions that it believes will be the most beneficial to the Plan over many years, not just one or two years. The Board must also balance the desire to achieve long-term gains with the requirements of having to raise the cash to fund significant benefit payments every month.

State statutes impose limitations on what fraction of the total assets of the Plan may be invested in assets other than government bonds, investment grade bonds, and certain mortgages. Additional restrictions are imposed on what fraction of the total assets of the Plan may be invested in foreign securities. The Board's asset allocation policies comply with applicable state statutes.

The Board has established asset allocation policies which are expected to deliver more than enough investment income over a very long period of time to satisfy the obligations to pay the benefits promised to the members of the Plan. The following is a summary of the DGRS asset allocation policy as of June 30, 2013:

Equities	45%
Tactical asset allocation	12%
Fixed income	18%
Real assets	5%
Real estate	8%
Alternative investments	11%
Cash	1%

Investment Results

Returns presented herein have been determined using the AIMR-compliant, time-weighted, GIPS method unless explicitly stated to the contrary. All returns for periods of one year or greater have been annualized.

Total Fund Composite

The total fund composite for the year was 11.7 percent. Market returns across a broad set of asset classes were strong with global public equity and particularly domestic (U.S.) equity as the top-performing assets segments. The DGRS global equity portfolio returned 19 percent for the fiscal year. The reversal of equity market declines from the previous year drove the average DGRS portfolio return upward.

Now five years removed from the fiscal crisis, the DGRS portfolio has, for the most part, recovered to its pre-crisis portfolio values, having benefited from strong returns in 2010 and 2011, and the relatively flat fiscal year 2012. Total plan returns for the recent prior fiscal years ended June 30 are shown below:

2012	-0.4%
2011	18.7%
2010	8%
2009	-18.8%
2008	-4.3%
2007	18.9%
2006	11.3%

Contacting the Pension Plan of the General Retirement System's Management

This financial report is intended to provide a general overview of the Plan's finances and investment results in relation to actuarial projections. It shows the Plan's accountability for the money it receives from employer and employee contributions. If you have questions about this report or need additional information, we welcome you to contact the Plan's office.

Pension Plan of the General Retirement System of the City of Detroit

Statement of Net Position

	June 30, 2013	June 30, 2012
Assets		
Cash and cash equivalents (Note 3)	$ 16,852,995	$ 7,972,442
Investments - At fair value (Note 3):		
Short-term investments	37,680,539	41,982,320
Stocks	1,054,606,782	1,076,798,650
Commingled equity funds and hedge funds	135,823,322	139,342,728
Bonds	144,296,396	162,079,138
Mortgage-backed securities	27,285,952	25,281,170
Pooled investments	7,839,000	7,240,000
Equity interest in real estate	223,433,016	224,725,424
Private placements	361,144,405	350,692,637
Mortgage and construction loans	109,134,461	106,609,727
Receivables:		
Accrued investment income	3,459,158	5,911,129
Contributions receivable	-	33,124,897
Receivables from investment sales	31,990,292	7,885,685
Other accounts receivable	41,610	72,841
Notes receivable from participants	11,877,740	14,657,689
Cash and investments held as collateral for securities lending (Note 3):		
Asset-backed securities	6,063,906	12,038,083
Repurchase agreements	69,623,876	57,698,059
Money market	-	169
Corporate floating rate	1,803,044	41,644,184
Agencies	-	2,200,211
Capital assets (Note 1)	1,278,630	1,318,720
Total assets	2,244,235,124	2,319,275,903
Liabilities		
Claims payable to retirees and beneficiaries	7,381,391	6,295,496
Payables for investment purchases	37,771,258	12,309,374
Due to the City of Detroit	1,394,434	1,401,458
Amounts due broker under securities lending arrangements	96,535,642	137,864,912
Other liabilities	2,130,445	2,566,815
Total liabilities	145,213,170	160,438,055
Net Position - Held in trust for pension benefits (a schedule of analysis of funding progress is presented in the required supplemental information)	**$ 2,099,021,954**	**$ 2,158,837,848**

The Notes to Financial Statements are an Integral Part of this Statement.

Pension Plan of the General Retirement System of the City of Detroit

Statement of Changes in Plan Net Position

	Year Ended June 30, 2013	Year Ended June 30, 2012
Additions		
Investment income:		
Interest and dividend income	$ 119,563,215	$ 35,285,799
Net appreciation in fair value	156,807,973	24,692,264
Less investment expense	(11,696,933)	(12,516,749)
Net investment income	264,674,255	47,461,314
Securities lending income:		
Interest and dividends	434,418	463,624
Net unrealized gain on collateralized securities	5,239,390	1,098,532
Net securities lending income	5,673,808	1,562,156
Contributions:		
Employer	26,515,782	64,218,880
Employee	13,395,701	16,585,232
Total contributions	39,911,483	80,804,112
Other income	11,861,477	1,604,294
Total additions	322,121,023	131,431,876
Deductions		
Retirees' pension and annuity benefits	246,617,947	230,915,545
Member refunds and withdrawals	126,498,794	156,865,860
General and administrative expenses	8,745,727	6,267,793
Depreciation expense	74,449	111,786
Total deductions	381,936,917	394,160,984
Net Decrease in Net Position Held in Trust	(59,815,894)	(262,729,108)
Net Position Held in Trust - Beginning of year	2,158,837,848	2,421,566,956
Net Position Held in Trust - End of year	**$ 2,099,021,954**	**$ 2,158,837,848**

The Notes to Financial Statements are an Integral Part of this Statement.

Note 1 - Summary of Significant Accounting Policies

The City of Detroit (the "City") sponsors the Pension Plan of the General Retirement System of the City of Detroit (the "Plan"), which is a contributory single-employer retirement plan. The Plan, which is administered by the Plan's board of trustees, is comprised of a defined benefit plan and a defined contribution plan. The Plan provides retirement, disability, and survivor benefits to plan members and beneficiaries.

The Pension Plan of the General Retirement System of the City of Detroit is an independent trust qualified under applicable provisions of the Internal Revenue Code and is an independent entity (separate and distinct from the employer/plan sponsor) as required by (1) state law and (2) Internal Revenue Code provisions setting forth qualified plan status. The trustees of the Plan have fiduciary obligations and legal liability for any violations of fiduciary duties as independent trustees.

Reporting Entity - The financial statements of the Plan are also included in the combined financial statements of the City of Detroit as a Pension Trust Fund. The assets of the Pension Trust Fund include no securities of or loans to the City or any other related party.

Plan Sponsor Financial Condition - The City of Detroit (the plan sponsor) is experiencing significant financial difficulty. During the prior year, the City entered into a financial stability agreement with the State of Michigan which had put into place a financial advisory board, a chief financial officer, and a program management director to control the City's finances. The City had reported impending cash flow concerns. During FY 2013, the governor appointed an emergency manager under PA 72 of 1990. Subsequent to June 30, 2013, the City filed for bankruptcy, the eligibility for which was approved in December 2013 in federal court. As of June 30, 2013, the City of Detroit owes the Plan approximately $36,000,000 for the past due actuarially determined contributions receivable. Part of the federal court's ruling in December 2013 indicated that the bankruptcy status usurps whatever protections may be offered governmental pensions under the Michigan Constitution. Based on these facts, there is significant uncertainty regarding the City's ability to meet its future financial obligations, including its ability to pay the current receivable as well as its ability to continue making future contributions to the Plan. As such, at June 30, 2013, an allowance was established for the entire $36,000,000 in past due contributions receivable.

The Plan is currently pursuing an appeal in the Chapter 9 bankruptcy case challenging, among other things, the constitutionality of the City's eligibility for bankruptcy to the extent it diminishes or impairs the accrued pension benefits. If the Plan prevails on appeal and/or depending upon the terms of the bankruptcy settlement, the Plan may be entitled to payment of all or a portion of the delinquent City employer contributions.

Note 1 - Summary of Significant Accounting Policies (Continued)

As a result of the City's weak financial condition, the City may recommend implementing benefit, pay, or plan design changes going forward. Such changes could significantly impact the Plan's funded status and the calculation of the actuarial accrued liability on a go-forward basis.

Basis of Accounting - The Pension Plan of the General Retirement System of the City of Detroit's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Assets, Liabilities, and Net Position

Methods Used to Value Investments - Investments are reported at fair value or estimated fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments. The fair value of real estate investments is based on periodic appraisals as well as the judgment of independent real estate advisors and management. Investments that do not have an established market value are reported at estimated fair value as determined by the Plan's management.

Approximately $702,000,000 or 33 percent of the Plan's net position as of June 30, 2013 and approximately $690,000,000 or 32 percent of the Plan's net position as of June 30, 2012 are not publicly traded and therefore do not always have a readily determinable market value. Management's estimates of these values are based on information provided by investment managers, general partners, real estate advisors, and other means. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ significantly from the values that would have been used had a ready market for these securities existed. The difference could be material.

Note 1 - Summary of Significant Accounting Policies (Continued)

Notes Receivable from Participants - Any active general employee who is or has been a participant in the 1973 defined contribution plan (annuity savings fund) may be eligible for the employee loan program. The minimum amount of the loan was established at $1,000. The maximum loan is the lesser of 50 percent of the member's account balance in the annuity savings fund or $10,000. Members can borrow as either a general purpose loan payable in one to five years or a residential loan payable in 1 to 15 years. A member can have only one outstanding loan. The balance of these loans for the years ended June 30, 2013 and 2012 was $11,877,740 and $14,657,689, respectively, measured at the unpaid principal balance plus any accrued but unpaid interest. Participant notes receivable are written off when deemed uncollectible.

Capital Assets - Capital assets for the Plan include land, office equipment, and furniture. Depreciation expense is calculated by allocating the net cost of the assets over their estimated useful lives.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Comparative Data/Reclassifications - Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Reporting Change - During the year, the Plan adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. The statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. For the Plan, GASB No. 63's impact is limited to changing the terminology "net assets" to "net position."

Note 2 - Plan Description and Contribution Information

At June 30, 2013, the membership of the defined benefit plan and the defined contribution plan consisted of the following:

	Defined Benefit Plan	Defined Contribution Plan
Retirees and beneficiaries receiving pension benefits	12,118	1,600
Terminated plan members entitled to but not yet receiving benefits	2,214	333
Active plan members	5,658	4,954

Plan Description - The Plan provides retirement benefits, as well as survivor and disability benefits. Employees may receive cost of living adjustments as a percentage of their base amount, pursuant to the collective bargaining agreement in effect at their date of retirement. The obligation to contribute to and maintain the Plan was established by City Charter and negotiation with the employees' collective bargaining units. However, given the bankruptcy filing, the obligation to make future contributions is uncertain.

Contributions - The City's policy, prior to the bankrupcy filing, was to fund normal costs and the amortization of prior service costs. The City previously contributed at an actuarially determined rate. Administrative costs are financed through investment earnings.

The average contribution rate calculated by the actuary for fiscal year 2012-2013 and fiscal year 2011-2012 was 25.40 percent and 21.86 percent, respectively. This results in an actuarially required employer contribution of $62,297,432 and $64,065,215 for the two years, respectively. As discussed in Note 1, as of June 30, 2013, the City still owed the Plan approximately $36,000,000 of employer contributions. The Plan has established a 100 percent reserve for these amounts due to the uncertainties surrounding collection pending the results of the City's bankruptcy proceedings.

Employees may also elect to contribute (a) 0 percent, (b) 3 percent of annual compensation up to the Social Security wage base and 5 percent of any excess over that, (c) 5 percent, or (d) 7 percent toward annuity savings. Contributions from employees during the years ended June 30, 2013 and 2012 totaled $13,395,701 and $16,585,232, respectively.

The contribution requirements of plan members and the City of Detroit are established and may be amended by the board of trustees in accordance with the City Charter, union contracts, and plan provisions.

Note 2 - Plan Description and Contribution Information (Continued)

Annual Pension Costs - The annual pension cost and annual required contribution for the year ended June 30, 2013 was $62,297,432. Of this amount, only approximately $26,500,000 was paid during the year. The remaining amounts unpaid at June 30, 2013 will be recognized as revenue by the Plan if and when paid by the City.

The annual contribution was determined as part of an actuarial valuation at June 30, 2011, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) a 7.9 percent investment rate of return, (b) projected salary increases of 4.0 percent per year, (c) additional salary increases of 0 percent to 4.9 percent per year based on merit and/or longevity, and (d) cost-of-living adjustments of 2.25 percent per year, although COLA has been eliminated for future service accruals. (A) was determined using techniques that smooth the effects of short-term volatility over a seven-year period. The unfunded actuarial liability is being amortized as a level of percent of payroll on an open basis. The remaining amortization period is 30 years.

Related to the June 30, 2012 valuation, all assumptions were consistent with those used for the June 30, 2011 valuation other than the elimination of COLA for future service accruals. The 2012 valuation assumes that the plan sponsor will make all required contributions when due. The actuarial valuation would not have taken into consideration the ability of the plan sponsor to make contributions when due. Assumptions and methods that will be used in future valuations are contingent on the future status of the Plan which is unusually uncertain due to the bankruptcy filing.

Funded Status and Funding Progress - As of June 30, 2012, the most recent actuarial valuation date, the Plan was 77.0 percent funded on an actuarial basis. The actuarial accrued liability for benefits was $3,644,172,577 and the actuarial value of assets was $2,806,489,202, resulting in an unfunded actuarial accrued liability of $837,683,375. The covered payroll (annual payroll for active employees covered by the Plan) was $257,992,420 and the ratio for the unfunded AAL to the covered payroll was 324.7 percent. On a market value basis, the Plan was 59 percent funded as of June 30, 2012.

The actuarial accrued liability is extremely sensitive to the underlying investment rate of return assumption, which is set at 7.9 percent. Any downward movement in that estimate will have the impact of increasing the actuarial accrued liability and therefore also lowering the funded status of the Plan.

The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan net position are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 3 - Deposits and Investments

The Plan is authorized by Michigan Public Act 347 of 2012 to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investments according to Michigan Public Act 347. The Plan's deposits and investment policies are in accordance with statutory authority.

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate risks, market, credit risks, and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported on the statement of changes in plan net position.

The Plan's cash and investments are subject to various risks, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Plan's deposits may not be returned to it. The Plan does not have a deposit policy for custodial credit risk. Approximately $15.0 million of the Plan's checking account balances were uninsured and uncollateralized at June 30, 2013. At June 30, 2012, the Plan did not have any bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Plan believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Plan evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Plan's investment policy does not restrict investment maturities.

Note 3 - Deposits and Investments (Continued)

At June 30, 2013, the average maturities of debt investments broken down by years are as follows:

Investment Type	Fair Value (in thousands)	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Government	$ 29,880	$ 3,430	$ 7,007	$ 6,145	$ 13,298
Mortgage backed	7,522	2,335	1,460	261	3,466
Treasuries	19,085	2,715	5,412	5,680	5,278
Corporate	46,774	3,774	17,808	18,789	6,403
Other fixed income	5	-	5	-	-
Convertible stocks	400	400	-	-	-
Convertible bonds	400	-	348	5	47
Private placement	44,918	4,387	13,438	16,887	10,206
State and local obligations	228	-	-	-	228
Commingled bond funds*	17,952	17,952	-	-	-
Commercial mortgages	8,262	2	-	-	8,260
Mortgages	105,179	73,979	31,200	-	-
Construction loans	3,931	3,831	100	-	-
Term loans	5,272	-	2,344	2,928	-
Total	$ 289,808	$ 112,805	$ 79,122	$ 50,695	$ 47,186

* Not all pooled and mutual funds and commingled funds are subject to interest rate risk.

At June 30, 2012, the average maturities of debt investments broken down by years are as follows:

Investment Type	Fair Value (in thousands)	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Government	$ 28,571	$ 3,633	$ 6,709	$ 6,291	$ 11,938
Mortgage backed	9,598	3,236	2,665	244	3,453
Treasuries*	19,274	1	12,153	929	6,191
Corporate	52,199	1,324	14,192	28,418	8,265
Other fixed income	(33)	-	(33)	-	-
Convertible stocks	512	-	512	-	-
Convertible bonds	43	-	-	-	43
Private placement	50,274	3,276	13,581	21,608	11,809
State and local obligations	772	-	-	-	772
Commingled bond funds*	17,908	17,908	-	-	-
Commercial mortgages	71,273	60,633	11	-	10,629
Mortgages	97,824	71,171	26,653	-	-
Construction loans	8,786	8,184	602	-	-
Term loans	7,640	-	5,341	2,299	-
Total	$ 364,641	$ 169,366	$ 82,386	$ 59,789	$ 53,100

* Not all pooled and mutual funds and commingled funds are subject to interest rate risk.

Note 3 - Deposits and Investments (Continued)

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Plan has no investment policy that would further limit its investment choices.

As of June 30, 2013, the credit quality ratings of debt securities (other than those guaranteed by the U.S. government) as rated by S&P are as follows:

Investment Type and Fair Value ($000)	AAA	AA	A	BAA	BA	B	CAA	NR
U.S. government	$ 22,736	$ -	$ 228	$ -	$ -	$ -	$ -	$ 3,680
Corporate	10,090	6,015	8,233	20,043	9,386	9,811	9,728	32,318
Other fixed income	3,959	1,511	3,640	3,378	4,547	12,147	5,318	10,416
Convertible stocks	-	-	-	-	-	-	-	400
Convertible bonds	-	-	-	-	47	5	-	348
Treasuries	2,715	-	-	-	-	-	-	-
Mortgages	-	-	-	-	-	-	-	105,179
Commingled bond funds	-	-	-	-	-	-	-	38,885
Preferred securities	-	-	-	167	-	592	-	-
Construction loans	-	-	-	-	-	-	-	3,931
Total	$ 39,500	$ 7,526	$ 12,101	$ 23,588	$ 13,980	$ 22,555	$ 15,046	$ 195,157

As of June 30, 2012, the credit quality ratings of debt securities (other than those guaranteed by the U.S. government) as rated by S&P are as follows:

Investment Type and Fair Value ($000)	AAA	AA	A	BAA	BA	B	CAA	NR
U.S. government	$ -	$ 29,322	$ 772	$ -	$ -	$ -	$ -	$ -
Corporate	7,232	3,698	14,396	9,583	10,483	19,505	4,315	108,787
Other fixed income	2,069	1,937	4,418	4,408	6,447	16,207	6,871	7,273
Convertible stocks	-	-	-	-	-	-	-	512
Convertible bonds	-	-	-	-	43	-	-	-
Mortgages	-	-	-	-	-	-	-	97,824
Commingled bond funds	-	1,250	-	-	-	-	-	55,256
Preferred securities	-	-	-	348	-	-	555	2,360
Construction loans	-	-	-	-	-	-	-	8,786
Total	$ 9,301	$ 36,207	$ 19,586	$ 14,339	$ 16,973	$ 35,712	$ 11,741	$ 280,798

Foreign Currency Risk - Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. The Plan does not restrict the amount of investments in foreign currency.

Note 3 - Deposits and Investments (Continued)

At June 30, 2013, the following deposits and securities are subject to foreign currency risk (in thousands):

	Fixed Income	Equity	Cash	Forward Contracts (Including Payable/ Receivable)	Net Other Investment Receivable/ (Payable)
Australian dollar	$ 2,269	$ -	$ 8	$ (2,245)	-
Brazilian real	1,138	-	-	241	-
British pound sterling	3,062	-	21	(37)	-
Canadian dollar	992	-	3	(973)	-
Chilean peso	-	-	-	773	-
Euro currency	7,209	-	68	(7,031)	-
Ghanaian cedi	-	-	101	(101)	-
Hungarian forint	1,023	-	-	-	-
Indian rupee	-	-	-	1,124	-
Indonesian rupiah	-	-	2	-	-
Malaysian ringgit	1,022	-	-	-	-
Mexican nuevo peso	4,016	-	-	-	-
New Turkish lira	689	-	-	-	-
New Zealand dollar	703	-	-	(676)	-
Norwegian krone	-	-	-	(603)	-
Polish zloty	1,073	-	14	-	-
South African rand	816	-	-	-	-
South Korean won	1,081	-	(1,045)	-	-
Ukraine hryvnia	-	2	-	-	-
Total	$ 25,093	$ 2	$ (828)	$ (9,528)	$ -

Note 3 - Deposits and Investments (Continued)

At June 30, 2012, the following deposits and securities are subject to foreign currency risk (in thousands):

	Fixed Income	Equity	Cash	Forward Contracts (Including Payable/ Receivable)	Net Other Investment Receivable/ (Payable)
Australian dollar	$ 2,567	$ 3,428	$ 236	$ (1,453)	$ 10
Brazilian real	1,502	517	13	(148)	-
British pound sterling	3,659	23,860	431	743	249
Bulgarian lev	-	212	-	-	-
Canadian dollar	516	3,628	53	(4)	-
Chilean peso	-	-	-	781	-
Czech koruna	-	186	23	(23)	-
Danish krone	-	3,030	72	(1,139)	(112)
Euro currency	7,653	30,494	5,009	(17,630)	(219)
Ghanain cedi	92	-	7	-	-
Hong Kong Dollar	-	6,872	661	(647)	100
Hungarian forint	1,011	-	-	-	-
Indonesian rupiah	504	-	3	-	-
Israeli shekel	-	-	14	365	-
Japanese yen	-	24,605	296	(4,347)	(253)
Malaysian ringgit	1,039	-	-	(3)	3
Mexican nuevo peso	3,064	-	19	-	-
New Taiwan dollar	-	772	-	-	-
New Zealand dollar	768	-	1	(635)	-
Norwegian krone	-	266	9	12	-
New Turkish lira	-	-	-	1,039	-
Polish zloty	1,477	-	13	-	-
Russian new ruble	-	803	-	-	-
Singapore dollar	-	401	22	1,168	-
South African rand	1,001	-	-	-	-
South Korean won	1,077	1,167	38	-	-
Swedish krona	-	710	57	1,905	-
Swiss franc	290	11,681	240	(958)	71
Ukraine hryvnia	-	15	-	-	-
Total	$ 26,220	$ 112,647	$ 7,217	$ (20,974)	$ (151)

Note 3 - Deposits and Investments (Continued)

As permitted by state statutes and under the provisions of a securities lending authorization agreement, the Plan lends securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The Plan's custodial bank manages the securities lending program and receives cash, government securities, or irrevocable bank letters of credit as collateral. The custodial bank does not have the ability to pledge or sell collateral securities unless the borrower defaults. Borrowers are required to deliver collateral for each loan equal to not less than 102 percent of the market value of the loaned securities. At June 30, 2013, the collateral provided was 103 percent of the market value of the loaned securities.

The Plan did not impose any restrictions during the fiscal year on the amount of loans made on its behalf by the custodial bank. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or custodial bank.

The Plan and the borrower maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in a separate account with the cash collateral of other lenders in an investment pool. The average duration of this investment pool as of June 30, 2013 was 46 days. Because the loans are terminable on demand, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2013, the Plan had no credit risk exposure to borrowers. The collateral received (at cost) and the fair market value of the underlying securities on loan for the Plan as of June 30, 2013 were $96,535,642 and $93,336,968, respectively.

Securities Lent	Underlying Securities
U.S. governments	$ 4,358,872
U.S. corporates	4,810,302
U.S. equities	80,674,153
Non-U.S. fixed income	2,199,369
Non-U.S. equities	1,294,272
Total	$ 93,336,968

Note 3 - Deposits and Investments (Continued)

The fair market value of collateral of the securities lending pool at June 30, 2013 was $77,490,826. The investments were in asset-backed securities, repurchase agreements, and U.S. corporate securities (floating rate). Approximately 94 percent of these securities had a duration less than a year and 6 percent had a duration over 15 years.

The credit ratings of the securities lending collateral pool held at June 30, 2013 as rated by S&P are as follows:

Ratings	Amount
AAA	$ 1,203,128
AA	1,403,016
A	400,029
CCC	3,512,711
D	1,351,737
NR	69,620,205
Total	$ 77,490,826

At June 30, 2012, the collateral received (at cost) and the fair market value of the underlying securities on loan for the Plan were $137,864,912 and $136,803,241, respectively.

Securities Lent	Underlying Securities
U.S. governments	$ 4,287,428
U.S. corporates	4,615,879
U.S. equities	124,411,582
Non - U.S. equities	3,488,352
Total	$ 136,803,241

The fair market value of collateral of the securities lending at June 30, 2012 was $113,580,706. The investments were in asset-backed securities, repurchase agreements, U.S. agencies, and U.S. corporate securities (floating rate). Approximately 90 percent of these securities had a duration less than a year, 3 percent had a duration from one to three years, and 7 percent had a duration over 15 years.

Note 3 - Deposits and Investments (Continued)

The credit ratings of the securities lending collateral pool held at June 30, 2012 as rated by S&P are as follows:

Ratings	Amount
AAA	$ 8,831,770
AA	21,825,026
A	13,506,460
BBB	1,297,163
CCC	3,467,205
D	1,043,087
NR	63,609,995
Total	$ 113,580,706

Note 4 - Reserves

State law requires employee contributions to be segregated. In addition, amounts must be set aside as determined by the actuary to fund benefits to retirees currently approved to receive benefits. As of June 30, 2013 and 2012, these reserves were more than the net position of the Plan.

	2013	2012
Reserved for employee contributions	$ 401,592,576	$ 484,575,009
Reserved for retired employees	2,413,853,602	2,305,749,323

A statement of changes in plan net position by fund is included in the other supplemental information.

Note 5 - Pension Obligation Certificates

In June 2005, the City of Detroit issued $1,440,000,000 of pension obligation certificates to provide funding for the unfunded actuarially accrued liability (UAAL) of both the General Retirement Plan of the City of Detroit and the Police and Fire Retirement Plan of the City of Detroit. The pension obligation certificate proceeds were used to fund the combined liability of both plans that existed at June 30, 2003. Any future UAAL that may arise will continue to be paid by the City, as well as the annual normal cost. The proceeds of the pension obligation certificates were deposited into the Plan and are accounted for in the Accrued Liability Reserve Fund (pension obligation certificate). Approximately $740,000,000 was deposited into the General Retirement Plan of the City of Detroit and approximately $630,000,000 was deposited into the Police and Fire Retirement Plan of the City of Detroit, net of issuance costs and premiums. On an annual basis, funds will be transferred from the Accrued Liability Reserve Fund to the pension accumulation reserve based on a computation performed by the City of Detroit. The Accrued Liability Reserve Fund was credited with investment earnings commensurate with the overall earnings of the Plan.

Note 6 - Credit Enhancement Agreements and Funding Commitments

The Plan had credit enhancement agreements totaling $2,850,000 and $7,248,000 during 2013 and 2012, respectively. In exchange for the credit enhancement, the Plan receives fees from the companies to which the enhancement agreements have been given.

When the Plan enters into various investments, it may not completely fund the entire investment at the beginning. Rather, it enters into commitments to fund remaining capital amounts at certain points in time. At June 30, 2013 and 2012, the remaining capital funding commitment for the Plan is approximately $24 million and $25 million, respectively.

Note 7 - Upcoming Accounting Pronouncements

In March 2012, the GASB issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented for financial statements for periods beginning after December 15, 2012. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources. Statement No. 65 will be implemented for the Plan as of June 30, 2014.

Note 7 - Upcoming Accounting Pronouncements (Continued)

In June 2012, GASB Statement No. 67, *Financial Reporting for Pension Plans*, was issued by the Governmental Accounting Standards Board. This new standard, which replaces the requirements of GASB Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans,* and No. 50, *Pension Disclosures*, establishes standards for financial reporting that outline the basic framework for separately issued pension plan financial reports and specifies the required approach to measuring the liability of employer(s) and certain nonemployer contributing entities, about which information is required to be disclosed. GASB Statement No. 67 is required to be adopted for years beginning after June 15, 2013. For the Pension Plan of the General Retirement System of the City of Detroit, this standard will be adopted for the year ending June 30, 2014.

Required Supplemental Information

Pension Plan of the General Retirement System of the City of Detroit

Required Supplemental Information
Schedule of Analysis of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/07	$ 3,586,550,485	$ 3,629,217,059	$ 42,666,574	98.8 %	$ 361,701,481	11.8 %
6/30/08	3,641,197,523	3,609,558,628	(31,638,895)	100.9	368,470,990	(8.6)
6/30/09	3,412,411,183	3,689,065,726	276,654,543	92.5	357,072,833	77.5
6/30/10	3,238,130,553	3,719,586,762	481,456,209	87.1	334,343,506	144.0
6/30/11	3,080,295,734	3,720,167,178	639,871,444	82.8	303,379,482	210.9
6/30/12	2,806,489,202	3,644,172,577	837,683,375	77.0	257,992,420	324.7

Pension Plan of the General Retirement System of the City of Detroit

Required Supplemental Information
Schedule of Employer Contributions

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution	Contribution Made	Percentage Contributed	Transfer from Accrued Liability Reserve Fund*
6/30/08	6/30/06	$ 43,168,448	$ 43,168,448	100 %	$ 40,430,886
6/30/09	6/30/07	41,395,719	41,395,719	100	39,688,411
6/30/10	6/30/08	37,338,960	37,338,960	100	48,542,194
6/30/11	6/30/09	55,138,044	55,138,044	100	52,306,723
6/30/12**	6/30/10	64,065,214	64,065,214	100	54,756,213
6/30/13**	6/30/11	62,297,432	26,515,782	43	57,461,792

* In accordance with the pension obligation certificate requirements, annual transfers are made from the Accrued Liability Reserve Fund to the pension accumulation reserve for the amortization of the unfunded liability that existed at the date the certificates were issued. The annual required contributions are stated net of the POC transfers.

** As of June 30, 2013, the employer annual required contribution has not been paid nor has it been recognized as revenue given the City's bankruptcy.

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of June 30, 2012, the latest actuarial valuation date, follows:

Valuation date	June 30, 2012
Actuarial cost method	Entry age
Amortization method	Level percent
Remaining amortization period	30 years
Asset valuation method	7-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.9%
Projected salary increases	4.0%-8.9%
Includes inflation at	4.0%
Cost of living adjustments	2.25% of original pension

Other Supplemental Information

Pension Plan of the General Retirement System of the City of Detroit

Other Supplemental Information
Description of Funds

Annuity Savings Fund - This fund represents cumulative required and voluntary contributions made by the active employees plus accumulated interest.

Annuity Reserve Fund - Transfers are made from the Annuity Savings Fund into the Annuity Reserve Fund when an employee retires, becomes disabled, or if a surviving spouse elects an annuity rather than a lump-sum payout of accumulated employee contributions.

Both annuity funds are referred to as defined contribution plans.

Market Stabilization Fund - This fund represents designations from the plans' investment income (loss) to be used to cushion the market value adjustments within the other funds. The boards of trustees authorized the creation of this fund and the reserve amounts are calculated using a three-year average method.

Accrued Liability Reserve Fund - This fund originated during June 2005 when the City of Detroit (the "City") issued pension obligation certificates to fund the unfunded actuarial accrued liability that existed at June 30, 2003 (subject UAAL). On an annual basis, the actuary will inform the Plan of the amount to transfer from the Accrued Liability Reserve to the Pension Accumulation Fund in lieu of contributions from the City for the subject UAAL.

Pension Accumulation Fund - This fund represents accumulated City contributions to the pension plan for the payment of pensions and other benefits to future retirees. Additionally, pre-employment military service credit contributions are captured in this fund.

Pension Reserve Fund - This fund represents funded pension benefits available for retired members and is funded by actuarially determined transfers from the Pension Accumulation Fund.

Pension Plan of the General Retirement System of the City of Detroit

	Annuity Reserves			
	Annuity Savings Fund	Annuity Reserve Fund	Market Stabilization Fund	Accrued Liability Reserve Fund
Additions				
Net investment income	$ 31,254,720	$ 7,443,951	$ 172,747,254	$ 63,803,807
Contributions:				
Employer	-	-	-	-
Employee	13,395,701	-	-	-
Total additions - Net	44,650,421	7,443,951	172,747,254	63,803,807
Deductions				
Retirees' pension and annuity benefits	-	-	-	-
Member refunds and withdrawals	126,498,794	-	-	-
Depreciation expense	-	-	-	-
General and administrative expenses	-	-	-	-
Total deductions	126,498,794	-	-	-
Net (Deductions) Additions - Before transfers	(81,848,373)	7,443,951	172,747,254	63,803,807
Transfers - Net	(1,134,060)	1,134,060	-	(57,461,792)
Net (Decrease) Increase in Net Position Held in Trust for Pension Benefits	(82,982,433)	8,578,011	172,747,254	6,342,015
Net Position Held in Trust for Pension Benefits - Beginning of year	484,575,009	92,108,331	(686,028,576)	807,643,124
Net Position Held in Trust for Pension Benefits - End of year	**$ 401,592,576**	**$ 100,686,342**	**$ (513,281,322)**	**$ 813,985,139**

Other Supplemental Information
Statement of Changes in Plan Net Position by Fund
Year Ended June 30, 2013
(with comparative totals for the year ended June 30, 2012)

Pension Reserves		Total	
Pension Accumulation Fund	Pension Reserve Fund	2013	2012
$ (158,612,900)	$ 165,572,708	$ 282,209,540	$ 50,627,764
26,515,782	-	26,515,782	64,218,880
-	-	13,395,701	16,585,232
(132,097,118)	165,572,708	322,121,023	131,431,876
-	246,617,947	246,617,947	230,915,545
-	-	126,498,794	156,865,860
74,449	-	74,449	111,786
8,745,727	-	8,745,727	6,267,793
8,820,176	246,617,947	381,936,917	394,160,984
(140,917,294)	(81,045,239)	(59,815,894)	(262,729,108)
(123,109,715)	180,571,507	-	-
(264,027,009)	99,526,268	(59,815,894)	(262,729,108)
(753,101,032)	2,213,640,992	2,158,837,848	2,421,566,956
$ (1,017,128,041)	**$ 2,313,167,260**	**$ 2,099,021,954**	**$ 2,158,837,848**

HOOKER & HOLCOMBE, INC.
Benefit Consultants and Actuaries

65 LaSalle Road
West Hartford, CT 06107-2397
860-521-8400 tel
860-521-3742 fax
www.hhconsultants.com

City of Hartford Municipal Employees' Retirement Fund (MERF)

Actuarial Survey-Revised

July 1, 2013

Timothy A. Ryor, FSPA, FCA
Senior Vice President and
Consulting Actuary

Ellen A. Kucenski, FSA
Consulting Actuary

Brianne Czellecz
Pension Analyst

May 16, 2014

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Section I

Valuation Report

A. Purpose of the Valuation

The purpose of the valuation is to determine the funded status of the plan as well as the recommended cash contribution for the plan year. The information found in Section II of the report has been developed for this purpose.

The ultimate cost of a pension plan is based primarily on the level of benefits promised by the plan. The pension fund's investment earnings serve to reduce the cost of plan benefits and expenses. Thus,

City's ultimate cost	=	*benefits paid*	+	*expenses incurred*	-	*investment return* - *employee contributions*

B. Contribution for 2014-2015 Fiscal Year

The City's recommended contribution for the 2014-2015 fiscal year, determined from the July 1, 2013 actuarial valuation, is shown below. We have shown the recommended contribution for the 2014-2015 fiscal year as a percentage of payroll, as well as an *estimated* dollar amount.

	Recommended 2014-2015 Fiscal Year Contribution (July 1, 2013 Valuation)		Recommended 2013-2014 Fiscal Year Contribution (July 1, 2012 Valuation)	
	% of payroll	$ in millions (est.)	% of payroll	$ in millions (est.)
Police	41.31%	$17.20	40.02%	$16.91
Firefighters	28.88%	$10.25	28.07%	$8.82
Board of Education	9.85%	$4.48	9.43%	$3.86
Municipal Services	43.98%	$11.52	45.89%	$12.42
Library	21.94%	$1.12	24.18%	$1.19
Total		$44.57		$43.20

Please see Section II, Exhibit A for the development of these figures.

The recommended City contribution is expressed as a percentage of the payroll for each of the five groups of employees covered by the plan: Police, Firefighters, Board of Education, Municipal Services, and Library. Under the cost method currently used by the MERF, the annual contribution is first developed as a flat dollar amount for each group and then converted to a percentage of payroll using an *estimated* payroll figure. Each of those percentages is then applied against the *actual* payroll for each group for the fiscal year, to yield the *actual* dollar amount of the cash contribution required.

The dollar amount shown above is merely an *estimate* of the cash contribution required. Importantly, while the percentages of payroll will not change because they are actuarially determined, the dollar amount of the City's actual required contribution will change -- upward or downward -- depending on whether *actual* payrolls in the fiscal year are more, or less, than currently estimated.

As a dollar amount, the estimated contribution for fiscal year 2013-2014 was $43.2 million as shown in the July 1, 2012 valuation, determined based on a payroll estimate at that time of approximately $151.5 million (obtained by projecting the payroll provided with the July 1, 2012 actuarial valuation to fiscal year 2013-2014 using the valuation's assumed rate of salary increase). The 2014-2015 fiscal year contribution represents an increase of approximately $1.4 million over that figure to $44.6 million.

As is true each year, the change in the recommended contribution requirement from last year to this year is the result of actual plan asset performance, changes in liabilities caused by changes in the covered population and benefit provisions (where applicable) as well as any changes in methods and assumptions. See Sections D and E to follow for more detail regarding this year's increase.

C. Funded Status

The funded status of the plan as of July 1, 2013 is summarized below. The figures are prepared in accordance with the requirements of the Governmental Accounting Standards Board, or GASB, and are useful in accessing the health of the plan overall.

Specifically, the funded status is based on the smoothed (actuarial) value of assets used in the valuation, as well as a measure of the plan's liability known as the Actuarial Accrued Liability. The Actuarial Accrued Liability is the liability for benefits expected to be paid from the plan for inactive participants, as well as the liability for future expected benefit payments for active participants. For actives, the liability measure includes the impact of assumed future salary increases on projected benefits, but includes only that portion of their overall liability attributable to services rendered as of the valuation date.

	July 1, 2013
Actuarial Accrued Liability	$1,288,961,000
Actuarial Value of Assets	963,269,000
Unfunded Status	325,692,000
Funded Percentage	74.7%

During the 2012-2013 fiscal year, the plan's funded status dropped from 79.0% as of July 1, 2012 to 74.7% as of July 1, 2013, as detailed above. This was due in part to the reduction in investment return assumption from 8.0% to 7.75% this year. In addition, asset growth did not keep pace with liability growth, resulting in the decline in the funded status. This is primarily the result of the asset losses on the smoothed (actuarial) value of assets discussed in Section D below. Changes in the plan population and the resulting impact on plan liabilities partially offset these assets losses, preventing an otherwise larger decline in funded status.

Even with a funded status of less than 100%, the plan is still in a healthy position with the ability to pay benefits due at the current 74.7% level. It is not the intent of the plan's funding method to fully fund such shortfalls in just one year. Absent of other significant changes, such underfunding will be eliminated over a period of years as it is spread into future contribution requirements.

D. Plan Experience During Period Under Review

As discussed earlier, the recommended City contribution for the 2014-2015 fiscal year has increased from last year by approximately $1.4 million based on estimates of payroll. This increase is the net impact of annual plan asset and liability experience, as well as changes in methods and assumptions made this year.

The primary reason for this $1.4 million increase is the continued recognition of the decline in the capital markets that occurred within the 2008-2009 fiscal year, with the resulting loss of market value of MERF assets during that period.

During 2012-2013, the market value of assets increased from $942.7 million to $969.9 million, resulting in an asset return of approximately 8.4% over the period. In order to avoid dramatic fluctuations in contribution requirements with large swings in the market, a "smoothed" or "actuarial" value of assets is used to perform the valuation. This smoothed value recognizes the difference between the expected return on the market value of assets and the actual return over a 5-year period at 20% per year.

As of July 1, 2013, the actuarial value of assets used in the development of the contribution requirement was approximately $963.3 million, $6.6 million lower than the market value of assets of $969.9 million at such date. The return for the year on the actuarial value was 3.8%. Since 3.8% is less than MERF's 8% return assumption for the 2012-2013 plan year, asset losses were generated that increased the fiscal year 2014-2015 contribution requirement. Specifically, these losses represented approximately $4.7 million of the increase in the contribution and were therefore the primary driver of the increase.

A change was made to the investment return assumption this year, lowering it from 8.0% to 7.75% to better represent a long-term estimate of the expected return on investments in the MERF. Additionally, a change was made to the method for amortizing the unfunded Actuarial Accrued Liability. Specifically the unfunded liability as of July 1, 2013 will be amortized over a closed 25 year period. Any future gains and losses generated from actual experience not matching expected after July 1, 2013 will be amortized over an open 15 year period. The net impact of the change in investment return assumption and change in amortization method was a decrease in contribution of approximately $3.2 million.

Changes in the plan's population and the resulting impact on plan liabilities had the net effect of decreasing the recommended City contribution by approximately $0.1 million. The main reasons for this decrease were salaries increasing by less than expected. The small gain related to non-investment experience in total indicates that the assumptions, put in place after the 2011 experience study, are closely modeling actual plan experience. A new study is not expected to be recommended until 2016; however actual experience compared to the assumptions is reviewed each year.

E. Changes Since The Last Valuation

- The investment return assumption was lowered from 8.00% to 7.75%.
- The method for amortizing the unfunded actuarial accrued liability as of July 1, 2013 was changed from an open 15 year amortization period to a closed 25 year period. Future gains and losses will continue to be amortized over an open 15 year period.

Specific plan changes reflected in this valuation are as follows:

- MLA: New hires after November 26, 2012 receive 1.75% benefit multiplier (reduced from 2.0%)

F. Future Contribution Requirements

The use of a smoothed (actuarial) value of assets is meant to produce a more level funding pattern, given asset volatility. With a drop in the market, asset losses are spread over a five-year period, leveling out the recommended funding rather than providing for a spike in contribution requirements in one year. As of July 1, 2013, there were approximately $6.6 million in net unrecognized asset gains that eventually will be recognized in future City contribution requirements because of the use of this smoothing method. As a percentage of total assets, the amount of unrecognized gains are relatively small and so future contributions can be expected to remain fairly level for the 2015-2016 fiscal year, absent other significant changes.

To provide a sense of the level of expected future contributions, an estimate for the 2015-2016 fiscal year has been calculated. Specifically, the City's estimated recommended contribution for that fiscal year is currently $44.4 million. This figure is based on a projected market value of assets at July 1, 2014 of $1,000.1 million, determined by projecting the market value of assets as of July 1, 2013 to June 30, 2014 assuming a 7.75% return. Projected plan liabilities inherent in this calculation were based on the results of the July 1, 2013 valuation, including the assumptions, methods, and census data as of such date.

The projected asset value and estimated contribution for the 2015-2016 fiscal year assume the City funds the recommended contribution for 2013-2014. If the City contributes an amount other than the annual recommended contribution, the estimated future contribution will vary from the amount shown here.

The final 2015-2016 recommended contribution will be based upon final liabilities, assets and investment return assumption as of July 1, 2014.

Beginning with the 2014-2015 fiscal year contribution, the historic asset losses of 2007-2009 will be fully recognized. Therefore, future contribution increases are not expected to be as significant beyond the 2014-2015 fiscal year absent any other assumption or method changes. The extent of any increase or decrease in contribution will depend on market returns after July 1, 2013, among other factors.

G. New Accounting Standards

In June of 2013, The Government Accounting Standards Board (GASB) issued statements 67 and 68. GASB 67 is a new standard that pertains to financial reporting for pension plans. In general, it replaces GASB 25 and it is effective for fiscal years beginning after June 15, 2013. GASB 68 is a new standard that pertains to accounting and financial reporting for pensions by State and Local Government Employers. In general, it replaces GASB 27 and it is effective for fiscal years beginning after June 15, 2014. Both statements replace the relevant provisions of GASB 50.

Currently, the City's annual financial report tracks the Net Pension Obligation (NPO) in the footnote section of the annual financial report. With GASB 68, the NPO will no longer be tracked. A new item called Net Pension Liability (NPL) will be displayed not as a footnote but directly on your balance sheet. For both standards, liabilities are calculated using the Entry Age Normal (EAN) Cost Method. In general, the NPL is the EAN Accrued Liability less the Market Value of Assets. The following table displays the NPL for the MERF for the last two years.

Valuation Date	Entry Age Normal Accrued Liability	Market Value Of Assets	Net Pension Liability
July 1, 2012	$1,237,136,000	$942,652,000	$294,484,000
July 1, 2013	$1,288,961,000	$969,868,000	$319,093,000

In addition to replacing the NPO with the NPL, the Annual Required Contribution (ARC) will also be eliminated. Even though the ARC will be eliminated, we will work with the City to develop a contribution policy. The new term for this is the Actuarially Determined Contribution (ADC). This report determines the ADC for the 2014-2015 fiscal year.

Under the prior standards, the ARC served as both the contribution policy and the accounting expense. As noted above the ARC is eliminated and replaced with the ADC with regard to the funding policy. The new pension expense will be quite different from the ARC and it has several components (including normal cost, interest cost, amortization components, actual return, and plan changes). The new pension expense will help reconcile the change in the Net Pension Liability each year. In addition, it will be more volatile than the ARC and so not suitable for use as a contribution policy.

If the City wants to see how the pension expense works, please let us know and we will prepare a sample exhibit. Like the Net Pension Liability, the calculation of the pension expense is based upon the Entry Age Normal Cost Method and will no longer be a footnote but reported directly in the annual financial report.

H. Certification

This report presents the results of the July 1, 2013 Actuarial Valuation for the City of Hartford Municipal Employees' Retirement Fund (MERF) (the Plan) for the purpose of estimating the funded status of the Plan and determining the Actuarial Determined Contribution (ADC) for the fiscal year ending June 30, 2015. This report is intended to satisfy the requirements of Connecticut General Statute 7-450a.

The valuation has been performed in accordance with generally accepted actuarial principles and practices. It is intended to comply with all applicable Actuarial Standards of Practice.

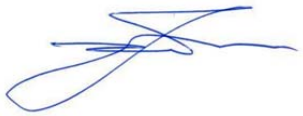
We certify that the actuarial assumptions and methods that were selected by us and represent our best estimate of anticipated actuarial experience under the Plan.

In preparing this valuation, we have relied on employee data and asset and contribution information provided by the Plan Sponsor. We have audited neither the employee data nor the financial information, although we have reviewed them for reasonableness.

The results in this valuation report are based on the Plan as summarized in the *Summary of Plan Provisions* section of this report and the actuarial assumptions and methods detailed in the *Description of Actuarial Methods and Assumptions* section of this report.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of this report, an analysis of the potential range of such future measurements has not been performed.

We are members of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.



Timothy A. Ryor, FSPA, FCA, MAAA
Enrolled Actuary 14-05126

Ellen A. Kucenski, FSA, MAAA
Enrolled Actuary 14-07674

May 16, 2014

Section II

Supporting Exhibits

A. Entry Age Normal Actuarial Accrued Liability as of July 1, 2013

	Police	Firefighters	Board Of Education	Municipal Services	Library	Total Membership
A. Covered Payroll						
Annual Payroll (000)	$37,883	$32,754	$44,519	$24,852	$4,641	$144,649
B. Actuarial Accrued Liability (AAL)						
Entry Age Normal AAL (000)						
1. Active Members						
a. Active Members' MERF Liability	$138,491	$116,985	$73,993	$51,554	$10,058	$391,081
b. Local 566 Payment Present Value	0	0	2,912	0	0	
c. Local 1716 Payment Present Value	0	0	0	2,710	0	
d. Total for Active Members	138,491	116,985	76,905	54,264	10,058	396,703
2. Terminated Non-Vested Members [allocated by (1d)]	196	166	105	73	14	554
3. Terminated Vested Members	900	2,280	7,624	6,906	97	17,807
4. Retired Members	277,926	211,897	95,580	273,067	14,687	873,157
5. Old Plans Cola 1987/1990/1997/1999/2001/2005/2007	426	179	76	60	0	741
6. Total	417,939	331,507	180,288	334,370	24,856	1,288,960
C. Valuation Assets (Adjusted Value)						
1. Amount prior to Recognizing Receivable (000)	$301,097	$262,236	$149,248	$233,945	$16,743	$963,269
2. Contribution Receivable (000)	0	0	0	0	0	0
3. Valuation Assets after Recognition of Receivable (000)	301,097	262,236	149,248	233,945	16,743	963,269
D. Unfunded Actuarial Accrued Liability (000)	$116,842	$69,271	$31,040	$100,425	$8,113	$325,691
E. Funded Percent (C. / B.)	72.0%	79.1%	82.8%	70.0%	67.4%	74.7%

Section II

Supporting Exhibits
(continued)

B. Cash Contributions

July 1, 2014 – June 30, 2015 Fiscal Year Contribution

	Police	Firefighters	Board Of Education	Municipal Services	Library	Total Membership
1. Development of Amortization						
a. Unfunded Actuarial Accrued Liability	$116,842,207	$69,271,001	$31,040,687	$100,424,806	$8,113,065	$325,691,766
b. Amortization of Unfunded AAL (25 year closed)	9,942,315	5,894,395	2,641,308	8,545,329	690,355	27,713,703
2. Normal Cost Development						
a. Normal Cost Beginning of Year prior to Expense Load	$5,473,398	$3,135,434	$1,519,337	$2,233,112	$314,863	$12,676,144
b. Normal Cost Projected One Year prior to Expense Load	5,897,586	3,378,430	1,637,086	2,406,178	339,265	13,658,545
c. Expense Load (Allocated by AAL)	817,770	648,650	352,765	654,253	48,635	2,522,073
3. Fiscal Year Contribution for 07/01/2014 - 06/30/2015						
I. Gross City Contribution						
a. Total Contribution Due as of Beginning of Year (1b+2b+2c)	16,657,671	9,921,475	4,631,159	11,605,760	1,078,255	43,894,320
b. Total Interest Adjusted Gross City Contribution	17,291,112	10,298,759	4,807,268	12,047,092	1,119,258	45,563,488
II. Annual Adjusted Payroll as of 07/01/2013 w 2 year proj	41,856,490	35,658,714	48,786,313	27,394,181	5,101,183	158,796,881
III. Contribution as a % of Payroll prior to adjustments	41.31%	28.88%	9.85%	43.98%	21.94%	28.69%
IV. 07/01/2014 Payment for Local 566 (000)	0	0	303,918	0	0	303,918
V. 07/01/2014 Payment for Local 1716 (000)	0	0	0	509,126	0	509,126
VI. Old Plans COLA Annual Payment (000)	93,815	45,565	18,933	15,488	0	173,801
VII. Net City Contribution [(I.) - (IV.) - (V.) - (VI.)]	17,197,297	10,253,194	4,484,417	11,522,478	1,119,258	44,576,643

	2014 - 2015 Contribution Sensitivity*					
	Police	Firefighters	Board of Education	Municipal Services	Library	Total
Estimated 2014-2015 Fiscal Year Payroll +5%	$43,949,315	$37,441,650	$51,225,629	$28,763,890	$5,356,242	$166,736,726
Net City Contribution Estimate for 2014-2015	18,061,647	10,767,584	4,722,873	12,125,745	1,175,159	46,853,008
Estimated 2014-2015 Fiscal Year Payroll -5%	39,763,666	33,875,778	46,346,997	26,024,472	4,846,124	150,857,037
Net City Contribution Estimate for 2014-2015	16,332,555	9,737,760	4,242,328	10,920,949	1,063,240	42,296,832

**Based on contribution policy of depositing a % of payroll using actual fiscal year payroll.*

Section II

Supporting Exhibits
(continued)

C. Actuarial Balance Sheet

	July 1, 2013	July 1, 2012
Actuarial Liabilities		
Present Value of Future Benefits for:		
Active Employees	$588,388,152	$536,794,819
Inactive Members		
• Regular Retirees	786,066,104	769,949,362
• Disability Retirees	61,869,619	61,312,447
• Survivors	25,220,847	26,622,704
• Terminated Non-Vesteds	553,450	553,450
• Terminated Vesteds	17,807,523	14,834,388
• Old Plans COLA	740,291	723,482
TOTAL	$1,480,645,986	$1,410,790,652
Source of Funds		
1. Actuarial Value of Assets	$963,269,168	$977,145,866
2. Present Value of Future Employee Contributions	85,836,132	91,249,308
3. Present Value of Future City Normal Cost Contributions	105,848,920	82,405,435
4. Unfunded Accrued Liability	325,691,766	259,990,043
5. TOTAL = (1) + (2) + (3) + (4)	$1,480,645,986	$1,410,790,652

Section II

Supporting Exhibits
(continued)

D. Value of Accrued Benefits as of July 1, 2013

	Police	Firefighters	Board Of Education	Municipal Services	Library	Total Membership
A. Covered Payroll						
Annual Payroll	$37,883	$32,754	$44,519	$24,852	$4,641	$144,649
B. Actuarial Accrued Liability (AAL)						
Unit Credit AAL						
1. Active Members						
a. Active Members' MERF Liability	$104,302	$96,496	$48,208	$41,663	$6,272	$296,941
b. Local 566 Payment Present Value	0	0	2,912	0	0	2,912
c. Local 1716 Payment Present Value	0	0	0	2,710	0	2,710
d. Total for Active Members	104,302	96,496	51,120	44,373	6,272	302,563
2. Terminated Non-Vested Members [allocated by (1d)]	196	166	105	73	14	554
3. Terminated Vested Members	900	2,280	7,624	6,906	97	17,807
4. Retired Members	277,926	211,897	95,580	273,067	14,687	873,157
5. Old Plans Cola 1987/1990/1997/1999/2001/2005/2007	426	179	76	60	0	741
6. Total	383,750	311,018	154,505	324,479	21,070	1,194,822

Section II

Supporting Exhibits
(continued)

E. Development of Asset Values

The Actuarial Value of assets is used in the determination of plan contributions. It phases in recognition of asset gains and losses. A method of smoothing is used because the Market Value can swing widely from one year to the next, resulting in undesirable fluctuations in pension contributions. The smoothing is accomplished by recognizing asset gains and losses over a five-year period at 20% per year.

Relationship of Actuarial Value to Market Value		
1. Market value 7/1/2013	$	969,867,917
2. Gain / (loss) not recognized in actuarial value 7/1/2013		6,598,749
3. Preliminary actuarial value 7/1/2013: (1)-(2)		963,269,168
4. Preliminary actuarial value as a percentage of market value: (3)÷(1)		99.3%
5. Gain / (loss) recognized for corridor min/max		N/A
6. Actuarial value 7/1/2013 after corridor min/max: (3)+(5)		963,269,168
7. Actuarial value as a percentage of market value: (6)÷(1)		99.3%

Development of Asset Gain / (Loss) for 2012-2013 Plan Year		
1. Market value 7/1/2012	$	942,652,465
2. Contributions		44,796,727
3. Benefit payments		92,521,793
4. Administrative expenses		2,334,383
5. Expected return at 8.00%		73,464,792
6. Expected value 7/1/2013: (1)+(2)-(3)-(4)+(5)		966,057,808
7. Market value 7/1/2013		969,867,917
8. Asset gain / (loss) for -1 Plan Year: (7)-(6)		3,810,109

Recognition of Gain / (Loss) in Actuarial Value

Year	(a) Gain / (loss)	(b) Recognized as of 7/1/2012	(c) Recognized in current year: 20% of (a)	(d) Total recognized as of 7/1/2013: (b)+(c)	(e) Not recognized as of 7/1/2013: (a)–(d)
2008-2009	$ (241,203,873)	$ (192,963,100)	$ (48,240,773)	$ (241,203,873)	$ 0
2009-2010	26,022,852	15,613,710	5,204,570	20,818,280	5,204,572
2010-2011	83,151,652	33,260,660	16,630,330	49,890,990	33,260,662
2011-2012	(58,190,952)	(11,638,190)	(11,638,190)	(23,276,380)	(34,914,572)
2012-2013	3,810,109	0	762,022	762,022	3,048,087
Total			(37,282,041)		6,598,749

Section II

Supporting Exhibits
(continued)

E. Development of Asset Values

Summary of Fund Activity		
	Market Value	**Actuarial Value**
1. Beginning value 7/1/2012		
a. Trust assets	$ 942,652,465	$ 977,145,866
b. Accrued contribution	0	0
c. Benefits payable	0	0
d. Administrative expenses payable	0	0
e. Net: (a)+(b)-(c)-(d)	942,652,465	977,145,866
2. Contributions		
a. Employer Contributions during year	34,300,386	34,300,386
b. Employee Contributions during year	10,496,341	10,496,341
c. Change in accrued contribution	0	0
d. Total for plan year	44,796,727	44,796,727
3. Disbursements		
a. Benefit payments during year	92,521,793	92,521,793
b. Administrative expenses during year	2,334,383	2,334,383
c. Change in benefits payable	0	0
d. Change in administrative expenses payable	0	0
e. Total for plan year	94,856,176	94,856,176
4. Net investment return		
a. Interest and dividends	15,400,729	N/A
b. Change in accrued income	0	N/A
c. Realized gain (loss)	36,245,609	N/A
d. Unrealized gain (loss)	30,209,260	N/A
e. Expected return	N/A	73,464,792
f. Recognized gain (loss)	N/A	(37,282,041)
g. Required adjustment due to corridor	N/A	0
h. Reversal of prior year required adjustment	N/A	0
i. Investment-related expenses	(4,580,697)	N/A
j. Total	77,274,901	36,182,751
5. Ending value 7/1/2013		
a. Trust assets: (1a)+(2d)-(3a)-(3b)+(4j)	969,867,917	963,269,168
b. Accrued contribution	0	0
c. Benefits payable	0	0
d. Administrative expenses payable	0	0
e. Net: (a)+(b)-(c)-(d)	969,867,917	963,269,168
6. Approximate rate of return 2012-2013	8.4%	3.8%

Section II

Supporting Exhibits
(continued)

E. Development of Asset Values

Rate of Return on Market Value of Assets				
	Average Annual Effective Rate of Return			
Period Ending June 30	1 Year	3 Years	5 Years	10 Years
2004	14.6%	5.1%	4.3%	9.9%
2005	9.1%	9.4%	4.4%	9.3%
2006	8.7%	10.8%	6.6%	8.7%
2007	15.6%	11.1%	10.4%	8.3%
2008	-1.9%	7.2%	9.0%	6.3%
2009	-15.0%	-1.2%	2.7%	3.5%
2010	11.1%	-2.5%	3.1%	3.7%
2011	17.7%	3.6%	4.7%	5.7%
2012	1.9%	10.0%	2.1%	6.2%
2013	8.4%	9.1%	4.2%	6.6%

Section II

Supporting Exhibits
(continued)

F. Accounting Information

GASB Statements No. 25 and 27

The following information is based on the Governmental Accounting Standards Board (GASB) Statement No. 25 on "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and Statement No. 27 on “Accounting for Pensions by State and Local Governmental Employers”. It represents a summary of information detailed further within the MERF’s annual GASB report. The exhibits are provided for information purposes only here.

In reviewing the following exhibit regarding employer contributions, it is important to note that for the fiscal year ending 2008 through 2010, the City contributed more than the recommended Annual Required Contribution (ARC). This is due to a catch up period in which the City has been making contributions for prior fiscal years in which there was a shortfall in the amount contributed. The footnotes below provide further detail.

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed	Actual Contribution Received by MERF	Miscellaneous *
2008	13,252,745	125%	16,454,745	129,258
2009	11,797,419	109%	12,713,915**	115,067
2010	9,601,580	113%	10,727,385	112,662
2011	18,846,217	100%	18,730,668	115,549
2012	27,599,529	100%	26,681,068	918,461
2013	34,337,947	100%	34,207,067	130,880

* *Funds transferred from State of Connecticut’s Connecticut Municipal Employees’ Retirement System (CMERS) and Aetna annuity payments.*

** *Contribution includes $1,031,484 in contributions paid for the prior fiscal year (2007/2008) after the 06/30/2008 reporting period closed.*

Section II

Supporting Exhibits
(continued)

F. Accounting Information

As detailed below, the plan's funded status dropped from 79.0% as of July 1, 2012 to 74.7% as of July 1, 2013. Despite the fact that the City fully funded the recommended contribution for the year, asset growth did not keep pace with liability growth, resulting in the decline in the funded status. This is primarily the result of the asset losses on the Actuarial Value of Assets during the year previously discussed.

Even with a funded status of less than 100%, the plan is still in a healthy position at the current 74.7% level with the ability to pay benefits due.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)÷c)
7/1/2008	1,123,379,000	1,099,441,000	(23,938,000)	102.2%	139,243,000	-17.2%
7/1/2009	1,089,184,000	1,126,965,000	37,781,000	96.6%	134,143,000	28.2%
7/1/2010	1,041,572,000	1,175,040,000	133,468,000	88.6%	132,529,000	100.7%
7/1/2011	1,017,602,000	1,218,900,000	201,298,000	83.5%	136,555,000	147.4%
7/1/2012	977,146,000	1,237,136,000	259,990,000	79.0%	137,919,000	188.5%
7/1/2013	963,269,000	1,288,960,934	325,691,766	74.7%	144,649,000	225.2%

Section II

Supporting Exhibits
(continued)

G. Membership Data

Summary – Active Members as of July 1, 2013

	Number	Payroll*	Average Annual Pay*
Police	479	$37,882,653	$79,087
Firefighters	382	32,753,962	85,743
Board of Education	973	44,518,703	45,754
Municipal Services	419	24,852,373	59,314
Library	71	4,640,729	65,362
Total	**2,324**	**$144,648,420**	**$62,241**

**Basic salary plus overtime.*

Summary – Pensioners as of July 1, 2013

	Service Pensions*		Disability Pensions		Survivor Benefits*		Total	
	Count	Total Monthly Annuities	Count	Total Monthly Annuities	Count	Total Monthly Annuities	Count	Total Monthly Annuities
Police	525	$2,013,720	64	$167,572	73	$81,190	662	$2,262,482
Firefighters	358	1,437,394	119	361,677	100	112,277	577	1,911,348
Board of Ed.	634	891,568	22	14,227	42	18,098	698	923,893
Municipal Svcs.	829	2,289,969	8	10,194	66	51,614	903	2,351,777
Library	68	136,113	1	1,867	2	1,115	71	139,095
Vested Deferred	173	194,776	--	--	--	--	173	194,776
TOTAL**	**2,587**	**$6,963,540**	**214**	**$555,537**	**283**	**$264,294**	**3,084**	**$7,783,371**

** 16 pensioners receiving benefits as retirees and as survivors are included in both groups.*

*** Additional monthly benefits for the July 1, 1987, July 1, 1990, July 1, 1997, July 1, 1999,July 1, 2001, July 1, 2005, and July 1, 2007 COLA's for the unfunded plans (PBF, FRF, and RAF) are also included in the total liabilities for MERF. Such participants are not included in the counts shown here.*

Section II

Supporting Exhibits
(continued)

G. Membership Data

Data Reconciliation – Police

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2012	**495**	**2**	**660**	**1,157**
Adjustments	0	0	+3	+3
Retirements	-3	-1	+4	0
Disabilities	0	0	0	0
Terminations				
Vested	-3	+3	N/A	0
Non-vested	-11	N/A	N/A	-11
Deaths	-1	0	-12	-13
New beneficiaries	N/A	0	+8	+8
Transfer group	0	0	0	0
Rehires	+1	0	-1	0
New entrants	+1	N/A	N/A	+1
Total Participants 7/1/2013	**479**	**4**	**662**	**1,145**
Average Age				
7/1/2012	38.7			
7/1/2013	39.8			
Average Service				
7/1/2012	10.0			
7/1/2013	11.4			
Payroll**				
7/1/2012	$38,333,847			
7/1/2013	37,882,653			
Total monthly benefits*				
7/1/2012		$7,756	$2,251,691	
7/1/2013		6,521	2,262,482	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime.*

Section II

Supporting Exhibits
(continued)

G. Membership Data

Data Reconciliation – Firefighters

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2012	**345**	**2**	**577**	**924**
Adjustments	0	0	-1	-1
Retirements	-8	-1	+9	0
Disabilities	-2	0	+2	0
Terminations				
Vested	-3	+3	N/A	0
Non-vested	-1	N/A	N/A	-1
Deaths	0	0	-16	-16
New beneficiaries	N/A	0	+6	+6
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	+51	N/A	N/A	+51
Total Participants 7/1/2013	**382**	**4**	**577**	**963**
Average Age				
7/1/2012	41.2			
7/1/2013	40.2			
Average Service				
7/1/2012	13.9			
7/1/2013	12.8			
Payroll**				
7/1/2012	$29,102,161			
7/1/2013	32,753,962			
Total monthly benefits*				
7/1/2012		$10,537	$1,864,734	
7/1/2013		16,637	1,911,348	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime.*

Section II

Supporting Exhibits
(continued)

G. Membership Data

Data Reconciliation – Board of Education

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2012	**883**	**75**	**691**	**1,649**
Adjustments	+12	0	+2	+14
Retirements	-6	-7	+13	0
Disabilities	0	0	0	0
Terminations				
Vested	-30	+30	N/A	0
Non-vested	-24	N/A	N/A	-24
Deaths	-1	-1	-26	-28
New beneficiaries	N/A	0	+18	+18
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	+139	N/A	N/A	+139
Total Participants 7/1/2013	**973**	**97**	**698**	**1,768**
Average Age				
7/1/2012	47.5			
7/1/2013	46.7			
Average Service				
7/1/2012	12.2			
7/1/2013	10.2			
Payroll**				
7/1/2012	$40,418,741			
7/1/2013	44,518,703			
Total monthly benefits*				
7/1/2012		$76,490	$925,752	
7/1/2013		86,756	923,893	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime.*

Section II

Supporting Exhibits
(continued)

G. Membership Data

Data Reconciliation – Municipal Services

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2012	**434**	**59**	**901**	**1,394**
Adjustments	0	+2	0	+2
Retirements	-16	-8	+24	0
Disabilities	0	0	0	0
Terminations				
Vested	-12	+12	N/A	0
Non-vested	-24	N/A	N/A	-24
Deaths	-1	0	-33	-34
New beneficiaries	N/A	0	+11	+11
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	+38	N/A	N/A	+38
Total Participants 7/1/2013	**419**	**65**	**903**	**1,387**
Average Age				
7/1/2012	48.3			
7/1/2013	48.6			
Average Service				
7/1/2012	10.0			
7/1/2013	10.9			
Payroll**				
7/1/2012	$25,586,351			
7/1/2013	24,852,373			
Total monthly benefits*				
7/1/2012		$77,263	$2,343,888	
7/1/2013		83,267	2,351,777	

* *Excludes old plan COLA participants.*

** *Basic salary plus overtime.*

Section II

Supporting Exhibits
(continued)

G. Membership Data

Data Reconciliation – Library

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2012	**71**	**2**	**73**	**146**
Adjustments	0	0	0	0
Retirements	-1	0	+1	0
Disabilities	0	0	0	0
Terminations				
Vested	-1	+1	N/A	0
Non-vested	-4	N/A	N/A	-4
Deaths	0	0	-3	-3
New beneficiaries	N/A	0	0	0
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	+6	N/A	N/A	+6
Total Participants 7/1/2013	**71**	**3**	**71**	**145**
Average Age				
7/1/2012	47.3			
7/1/2013	48.3			
Average Service				
7/1/2012	13.1			
7/1/2013	12.6			
Payroll**				
7/1/2012	$4,478,204			
7/1/2013	4,640,729			
Total monthly benefits*				
7/1/2012		$1,069	$141,415	
7/1/2013		1,595	139,095	

**Excludes old Plan COLA participants.*
***Basic salary plus overtime.*

Section II

Supporting Exhibits
(continued)

G. Membership Data

Data Reconciliation – Total

Participant Data				
	Active	**Terminated Vested**	**Pensioners***	**Total**
Total Participants 7/1/2012	**2,228**	**140**	**2,902**	**5,270**
Adjustments	+12	+2	+4	+18
Retirements	-34	-17	+51	0
Disabilities	-2	0	+2	0
Terminations				
Vested	-49	+49	N/A	0
Non-vested	-64	N/A	N/A	-64
Deaths	-3	-1	-90	-94
New beneficiaries	N/A	0	+43	+43
Transfer group	0	0	0	0
Rehires	+1	0	-1	0
New entrants	+235	N/A	N/A	+235
Total Participants 7/1/2013	**2,324**	**173**	**2,911**	**5,408**
Payroll**				
7/1/2012	$137,919,304			
7/1/2013	144,648,420			
Total monthly benefits				
7/1/2012		$173,115	$7,527,480	
7/1/2013		194,776	7,588,595	

**Excludes old Plan COLA participants.*
***Basic salary plus overtime.*

City of Hartford MERF - Police

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2013

Attained Age	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25			3	52,954	1	64,404															4	55,816
25 to 29			28	58,977	30	80,513	4	74,852													62	70,609
30 to 34			21	57,664	53	85,261	16	85,032	1	93,368											91	79,109
35 to 39			8	57,129	36	85,342	20	84,465	18	92,427	1	77,389									83	83,834
40 to 44			7	58,684	25	83,949	22	86,414	54	103,813	3	71,337	7	110,264							118	93,208
45 to 49			3	56,037	13	76,199	13	82,834	39	90,826	5	95,171	5	105,426							78	86,882
50 to 54			1	49,376	9	77,398	2	85,281	6	93,075	4	64,035	6	90,358							28	81,188
55 to 59					2	77,179			3	83,296			3	84,495	1	107,302					9	85,004
60 to 64									1	115,605					2	72,326					3	86,752
65 to 69							1	39,084							1	72,651					2	55,867
70 & over															1	88,139					1	88,139
All ages			71	57,824	169	82,878	78	83,772	122	96,954	13	78,722	21	99,743	5	82,549					479	

City of Hartford MERF - Fire

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2013

	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	14	55,867	5	61,766	1	85,268															20	58,812
25 to 29	20	55,871	14	63,814	23	82,804															57	68,933
30 to 34	8	55,208	7	61,526	22	81,314	9	86,978	1	80,417											47	74,989
35 to 39	5	54,878	3	60,684	14	80,162	22	84,005	12	87,784	3	88,264	1	82,514							60	80,459
40 to 44	3	54,477	2	60,964	6	83,906	13	84,510	30	87,894	4	89,088	1	104,682	1	79,648					60	84,416
45 to 49					3	82,162	13	86,694	24	94,483	11	93,204	11	91,074	3	98,834			1	86,245	66	91,680
50 to 54	1	53,575			3	87,505	5	81,762	20	88,914	6	88,030	11	102,450	9	94,276					55	91,033
55 to 59									5	83,101			2	91,944	4	88,607	1	82,797	1	113,140	13	88,443
60 to 64									1	79,529	1	82,824			1	79,529			1	118,220	4	90,026
65 to 69																						
70 & over																						
All ages	51	55,542	31	62,480	72	82,139	62	84,925	93	89,372	25	90,296	26	96,148	18	92,144	1	82,797	3	105,869	382	81,355

City of Hartford MERF - Board of Education

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2013

Attained Age	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	20	34,085	2	51,177																	22	35,639
25 to 29	36	38,567	19	45,608	9	43,706															64	41,380
30 to 34	19	44,793	28	53,939	42	43,606	4	30,747													93	46,406
35 to 39	14	41,488	30	46,945	33	48,582	14	46,084	12	41,597											103	45,978
40 to 44	7	40,905	30	54,069	36	54,011	32	59,095	29	49,226	8	41,341							1	68,407	143	52,881
45 to 49	7	36,754	24	50,197	35	52,993	37	55,073	27	51,552	10	45,168	4	53,249							144	51,438
50 to 54	9	52,407	15	54,829	31	52,391	29	42,812	35	42,227	10	43,943	7	55,468							136	47,579
55 to 59	11	42,106	11	45,076	28	42,347	25	49,166	21	43,056	13	45,528	8	45,527	8	56,464			2	99,325	127	46,335
60 to 64	4	38,287	5	51,284	22	46,999	19	50,746	18	49,290	12	50,317	7	48,097	2	42,476	3	40,284	2	51,720	94	48,347
65 to 69			3	74,118	11	60,430	7	69,563	7	42,225	4	49,364	1	45,130	1	55,918	1	39,163	2	39,986	37	56,412
70 & over	1	25,750			2	27,088	5	42,436					1	35,356			1	36,460			10	36,392
All ages	128	40,308	167	50,977	249	48,919	172	51,275	149	46,225	57	45,876	28	49,380	11	53,871	5	39,295	7	64,353	973	

City of Hartford MERF - Municipal Services

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2013

Attained Age	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	1	37,345	7	39,712	1	53,795															9	41,014
25 to 29	10	44,598	11	57,674	7	42,770			1	11,858											29	47,988
30 to 34	5	64,367	14	65,339	3	64,499	3	64,127	1	60,781											26	64,740
35 to 39	4	56,309	16	64,250	14	75,923	6	60,143	1	93,950	1	71,948	1	80,460							43	67,985
40 to 44	1	35,675	8	71,011	19	78,197	6	85,799	2	71,446			2	101,500	1	88,812					39	77,923
45 to 49	1	67,320	13	81,063	13	50,723	12	67,846	5	54,520	6	41,867	3	63,791					6	60,052	59	62,206
50 to 54	4	53,811	14	70,065	21	74,196	11	47,144	12	48,899	8	45,848	3	73,370	1	47,479	2	70,950	4	49,224	80	60,410
55 to 59	3	57,657	12	98,293	14	59,481	15	47,234	8	78,448	7	48,468	6	64,513	1	46,209	1	59,658			67	64,978
60 to 64	3	67,635	6	99,777	9	82,795	6	59,662	6	50,511	2	45,367	2	70,054			3	56,423	1	59,658	38	70,198
65 to 69			6	55,786	4	80,732	3	45,264	3	37,816	2	45,964									18	55,490
70 & over					2	11,284	4	11,272	3	11,284	1	11,236	1	62,645							11	15,944
All ages	32	53,891	107	70,756	107	67,629	66	55,275	42	53,496	27	45,300	18	71,376	3	60,833	6	61,805	11	56,079	419	

City of Hartford MERF - Library

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2013

Attained Age	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25			1	57,185																	1	57,185
25 to 29	1	52,702			1	56,539	1	52,200													3	53,814
30 to 34	1	82,987	1	65,287	1	51,797	1	51,394													4	62,866
35 to 39	1	64,928	2	76,309	2	52,855	1	55,045	1	58,508	1	50,831									8	60,955
40 to 44					4	65,965	3	51,978	1	57,974	1	67,136	1	61,154							10	60,605
45 to 49	1	67,760			2	70,763	1	54,563	3	70,099	1	50,618	3	53,800							11	62,379
50 to 54			3	105,676	2	77,436	5	77,056			2	53,506	2	86,744	1	50,246					15	79,195
55 to 59	2	65,525	2	84,918	3	66,445	2	81,949					1	62,780							10	72,690
60 to 64			1	62,780	2	134,974	2	51,173					2	86,769	1	50,246					8	82,357
65 to 69													1	50,246							1	50,246
70 & over																						
All ages	6	66,571	10	82,473	17	73,152	16	63,791	5	65,356	5	55,119	10	68,261	2	50,246					71	

City of Hartford MERF - All Groups

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2013

	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	35	42,083	18	50,238	3	74,836															56	45,884
25 to 29	67	45,364	72	57,019	70	73,496	5	70,322	1	11,858											215	58,666
30 to 34	33	51,260	71	59,151	121	69,207	33	76,086	3	78,189		45,363									261	65,268
35 to 39	24	49,228	59	53,628	99	70,254	63	73,017	44	77,049	6	77,493	2	81,487							297	66,932
40 to 44	11	44,774	50	61,073	90	69,145	76	72,156	116	84,975	16	60,681	11	103,698	2	84,230			1	68,407	370	73,645
45 to 49	9	52,619	40	59,702	66	59,600	79	67,244	98	77,835	33	68,161	26	79,370	3	98,834		67,383	7	63,794	358	68,736
50 to 54	14	65,284	40	63,551	66	65,915	52	54,443	73	59,891	30	57,269	29	86,215	11	89,873	2	70,950	4	43,031	314	63,910
55 to 59	16	53,077	25	65,846	47	53,503	42	49,353	37	56,735	20	40,232	20	60,483	14	65,627	2	71,227	3	103,930	226	55,492
60 to 64	7	58,481	14	68,397	30	57,340	27	55,586	26	53,394	15	51,974	11	59,260	6	53,772	6	48,551	6	70,433	147	56,676
65 to 69			9	61,897	15	65,937	11	62,308	10	41,030	6	48,362	2	47,688	2	64,285	1	39,547	2	40,193	58	56,378
70 & over	1	26,002			4	19,256	9	28,650	3	11,284	1	11,236	2	49,174	1	88,139	1	36,817			22	28,603
All ages	217	48,672	386	58,878	614	66,192	394	64,345	411	71,671	127	57,350	103	77,014	39	75,675	12	55,339	21	65,898	2,324	

Section II

Supporting Exhibits
(continued)

H. IRC Section 415(m) Valuation

The IRC Section 415(m) Fund* is an unfunded "excess benefit plan" to provide that portion of certain retirees' pension benefits that exceed the limits permitted under Section 415 of the Federal Internal Revenue Code (IRC).

	July 1, 2013	July 1, 2012
1. Number of retirees and beneficiaries receiving benefits	11	11
2. Annual benefits payable	$94,000	$111,000
3. Present value of benefits	$362,000	$431,000

The “actives” are funded through MERF. The City provides contributions for the retirees’ benefits payable each year, as determined by the Pension Commission.

Actuarial Assumptions

The actuarial assumptions used in the 2013 Section 415(m) Fund valuation are as follows:

Mortality Basis:	RP-2000 Healthy Annuitants Table projected by Scale AA to valuation date with no adjustment and separate male and female rates.
Mortality Improvement:	Projected to date of decrement using Scale AA (generational mortality).
Termination:	N/A.
Salary Scale:	N/A.
Investment Return:	7.75% per year, net of investment expenses. (Prior Valuation: 8.00%)
Assumed Retirement age:	Immediate as all are retired.
Increases in dollar limit on benefits under IRC Section 415:	3% per year.

Benefits

Retiree pension amounts in excess of IRC Section 415 limits. Benefits which do not exceed such amounts are payable from the City’s MERF Plan. IRC Section 415 limits are assumed to increase annually and thus decrease the benefits payable from this Plan and increase the portion of the benefits payable from the City’s MERF Plan.

**Section 415(m) Fund adopted by the Court of Common Council on March 24, 1997.*

Section III

Actuarial Cost Methods and Assumptions

A. Actuarial Cost Methods

Asset Valuation Method – Actuarial Value of Assets

In order to smooth the year-to-year fluctuations in asset values, the asset values are adjusted by phasing in recognition of gains and losses over a five-year period. (Phase-in started July 1, 2003). Gains and losses are defined as the difference between the actual and the expected return on assets.

The July 1, 2009 valuation reflected a change in the asset valuation method from the use of a four-year smoothing period for gains and losses to the use of a five-year period. In the year of implementation of the change, the five-year smoothing methodology was retroactively applied to the gains and losses for previous years.

The assets held by the insurance companies include the funds on deposit for future purchase of annuities, as well as the reserves and contingency reserves for annuities already purchased which are subject to experience rating.

Actuarial Funding Method

The "Entry Age Normal Actuarial Cost Method" is used to determine plan liabilities. The Unfunded Actuarial Accrued Liability developed with the July 1, 2013 valuation is amortized over 25 years using a level dollar, closed period. Future gains and losses will be amortized over a 15 year level dollar, open period. Prior to this valuation, the unfunded liability was amortized over a 15 year level dollar open period.

Since the MERF fund includes several classifications of members who have different provisions for benefits and contributions, it was necessary to apply this method by separate actuarial valuations for Police, Firefighters, Board of Education, Municipal Services, and Library participants.

Section III

Actuarial Cost Methods and Assumptions
(continued)

B. Actuarial Assumptions

The actuarial assumptions used in the 2013 MERF valuation are as follows:

Mortality Basis:	For Police, Fire, Board of Education Corridor Supervisors and Building and Grounds Supervisors: • Pre-retirement: RP2000 Employees Table – male and female rates, projected by Scale AA to valuation date with occupational (i.e., non-office worker, blue collar) adjustment. • Post-retirement: RP2000 Healthy Annuitants Table – male and female rates, projected by Scale AA to valuation date with occupational (i.e., non-office worker, blue collar) adjustment. No adjustment reflected for assumed future beneficiaries. • Disability: RP2000 Disabled Table – male and female rates. For All Other Groups: • Pre-retirement: RP2000 Employees Table – male and female rates, projected by Scale AA to valuation date with no adjustment. • Post-retirement: RP2000 Healthy Annuitants Table – male and female rates, projected by Scale AA to valuation date with no adjustment. • Disability: RP2000 Disabled Table – male and female rates.
Mortality Improvement:	Pre and Post-retirement: Projected to date of decrement using Scale AA (generational mortality). Disability: None.

Section III

Actuarial Cost Methods and Assumptions
(continued)

Termination:

Yearly Rates of Employee Termination – Police and Fire

Age	Police	Fire
20-24	4.0%	1.0%
25-29	3.0%	1.0%
30-34	2.5%	1.0%
35-39	2.0%	1.0%
40-44	1.0%	0.5%
45+	0.0%	0.0%

Yearly Rates of Employee Termination – Bd of Ed

	Years of Service					
Age	<1	1	2	3	4	5+
20-29	30.0%	30.0%	28.0%	25.0%	20.0%	15.0%
30-39	25.0%	25.0%	20.0%	18.0%	15.0%	9.0%
40-49	20.0%	17.0%	15.0%	12.0%	10.0%	8.0%
50-54	17.0%	15.0%	12.0%	10.0%	8.0%	6.0%
55+	9.0%	8.0%	8.0%	7.0%	6.0%	5.0%

Yearly Rates of Employee Termination – Munic. Svc. & Lib.

	Years of Service					
Age	<1	1	2	3	4	5+
20-29	27.0%	25.0%	22.0%	19.0%	17.0%	15.0%
30-39	20.0%	17.0%	15.0%	12.0%	10.0%	6.0%
40-49	15.0%	10.0%	9.0%	7.0%	6.0%	5.0%
50+	8.0%	7.0%	6.0%	5.0%	4.0%	3.0%

Section III

Actuarial Cost Methods and Assumptions
(continued)

Investment Return: 7.75% per year, net of investment expenses.
(Prior valuation: 8.00%).

Salary Scale: 3% for inflationary salary increases plus a percentage for promotion or merit increases as follows.

Yearly Rates of Increases for Promotion or Merit

Age	Police	Fire	Bd of Ed	Munic. Svc. & Lib.
25	6.60%	4.5%	4.40%	6.40%
30	4.80%	2.63%	3.70%	4.78%
35	2.65%	1.25%	3.35%	2.75%
40	1.45%	0.85%	2.50%	2.21%
45	1.10%	0.75%	1.40%	2.00%
50	1.00%	0.75%	0.85%	1.55%
55+	1.00%	0.75%	0.75%	1.25%

Salaries are adjusted for groups in negotiations by 3% per year for the period of each open contract, and non-bargaining groups by 3% per year for one full fiscal year from the measurement date. Any wage increases negotiated beyond the valuation date have been reflected in our projections.*

* *The following groups have future salary increases that have been negotiated and are reflected in this valuation:*

Firefighters
HMEA
Building and Grounds Supervisors
MLA
HESP
Paraprofessionals
HSSA
School Crossing Guards
Police

For Police, final average pay is loaded by a percentage for assumed private duty and overtime as follows: Pre-7/1/1999 hires: 43%; Post 7/1/1999 hires: 19% for employees remaining in the pre 2012 plan; 25% for employees moving to the 7/1/2012 plan.

Section III

Actuarial Cost Methods and Assumptions
(continued)

Assumed Retirement Age:

Retirement Rates: Police

Service	Age <50	Age >50
20	50.0%	30.0%
21-24	40.0%	25.0%
25-29	30.0%	15.0%
30+	100.0%	100.0%

100% retire at age 65, regardless of service; must be age 40 to retire

Retirement Rates: Fire

	Years of Service	
Age	20-24	25-29
45-49	2.5%	5.0%
50-54	5.0%	20.0%
55-59	10.0%	30.0%
60-64	25.0%	40.0%
65+	100.0%	100.0%

100% retire at 30 years of service for all ages

Retirement Rates: Board of Education

Age	Rate
55	10.0%
56-57	5.0%
58-61	10.0%
62-64	15.0%
65	40.0%
66-69	15.0%
70	100%

Retirement Rates: Municipal Services and Library

Age	<20 yrs svc or over age 65	Service	+20 on yrs svc and under age 65
55	15.0%	20	15%
56-59	7.5%	21	20%
60-64	15.0%	22	15%
65	30.0%	23-25	10%
66-74	15.0%	26-27	15%
75	100%	28	20%
		29	10%
		30	25%
		31-34	10%
		35	100%

Post 65 rates above used for all years of service.

Section III

Actuarial Cost Methods and Assumptions
(continued)

Social Security:

Future tax wage bases are developed by projecting the 2013 base of $113,700 forward at 4% per year.

Marital Status at Retirement:

Non-Uniformed:

Males - 80% married, spouse 3 years younger.
Females - 60% married, spouse same age.

Uniformed:

All - 80% married, spouse 2 years younger.

Disability:

Disability benefits were explicitly valued using the DP85 Class 1 Male and Female Disability Incidence Rate Table increased 150% for the Police, 250% for Firefighter groups, 10% for the Board of Education groups, and 10% for the Municipal Services and Library groups.

DP85 Class 1 Disability Incidence Table:
Sample male and female rates

Age	Male	Female
15	0.021%	0.023%
20	0.029%	0.030%
25	0.038%	0.047%
30	0.048%	0.080%
35	0.069%	0.136%
40	0.117%	0.211%
45	0.202%	0.323%
50	0.358%	0.533%
55	0.722%	0.952%
60	1.256%	1.159%
65	1.753%	1.358%

Expenses other than Investment Expenses:

An explicit dollar amount was included in the development of the normal cost equal to an estimate of expenses (other than investment expenses) for the upcoming year. The estimate was developed based on an average of actual expenses over the last four years. For the 2013 valuation, $2,522,073 was used. Estimated expenses were then allocated to the various groups by the actuarial accrued liability.

Sick Exchange:	Four years are exchanged by all actives if provision available. For Firefighters hired prior to July 1, 2003, six years are exchanged.
Military and Prior Service Buy-backs:	When a decision to buy-back service occurs, date of hire is adjusted accordingly.
Additional Liabilities:	**COLAs:**

Included in this valuation is the liability for the Cost of Living Adjustments (COLAs) effective July 1, 1987, July 1, 1990, July 1, 1997, July 1, 1999, July 1, 2001, July 1, 2005, and July 1, 2007 for both the MERF and the unfunded "Old Plans" (PBF, FRF, and RAF).

Local 1716:

Included in this valuation is the obligation for Local 1716 members who transferred to State MERF B on July 1, 1987.

29-year amortization payments (split between the City administration and the pension fund) commenced July 1, 1987 for this obligation. As of July 1, 2013, the City payment will be $509,126 ($1,420,000 on a present value basis) and the pension fund payment will be $462,336 ($1,290,000 on a present value basis).

Local 566:

Included in this valuation is the obligation for Local 566 (included merged Local 1303) members who transferred to State MERF B on August 1, 1988.

30-year amortization payments (split between the City administration and the pension fund) commenced August 1, 1988 for this obligation. As of July 1, 2013, the City payment will be $303,918 ($1,525,000 on a present value basis) and the pension fund payment will be $276,288 ($1,387,000 on a present value basis).

Section IV

Hartford MERF - Summary of Principal Provisions of Pension Plan
July 1, 2013

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Retirement Pensions:	Firefighters hired before July 1, 2003: 2.80% of Final Average Pay (rate of weekly pay immediately preceding retirement times 52, plus for firefighters who work a 42 hour week, holiday pay) multiplied by years of service up to 25 plus 2.0% for years over 25. Firefighters hired after June 30, 2003: 2.5% of Final Average Pay (rate of weekly pay immediately preceding retirement times 52, plus for firefighters who work a 42 hour week, holiday pay) multiplied by years of service up to 20 plus 2% of Final Average Pay for years of service over 20. Sworn Police Officers hired before July 1, 1999: 2.65% of Final Average Pay for highest 3 of last 5 years multiplied by years of service up to 20 plus 3% for year 21 plus a decreasing percentage for years over 21. Final Average Pay includes a provision for over-time and private duty pay. Sworn Police Officers hired after June 30, 1999 not opting into 2012 plan: 2.5% of Final Average Pay for highest 3 of last 5 years times years of service up to 20 plus 2% for years of service- over 20. Final Average Pay includes a provision for over-time and private duty pay. Sworn Police Officers hired after the July 1, 2012 and officers hired after June 30, 1999 opting into new Plan: 2.8% of final rate of pay times years of service up to 25 years plus 2.5% for years of service over 25. Final Average Pay includes a provision for over-time.	2% (2.5% for HFSHP, HSSSA and HESP) of Final Average Pay for highest 5 of last 10 years times years of service, with maximum benefit of 70% of Final Average Pay. Final Average Pay for HFSHP, HESP, HSSSA, and Local 2221, Hartford Federation of Paraprofessionals are based on highest 3 out of last 5 years. Benefit for Local 2221 is 2.5% of Final Average Pay multiplied by years of service up to 20 plus 2% of Final Average Pay for years of service over 20 (maximum of 10 years). Effective July 1, 2008 for Local 818, employees hired prior to March 1, 2007 will get 2.5% of Final Average Pay (for each year of service) and employees hired after March 1, 2007 will get 2.0%. Final Average Pay is the highest 3 of the 7 years. Maximum benefit is 70% of pay. Nonunion employees hired after September 30, 2010 no longer participate in the MERF.	For Library and MLA hired on or after July 1, 2006, HMEA hired after July 1, 2003, CHPEA hired after June 23, 2003, 2% of Final Average Pay for highest 2 of last 5 years times years of service with a maximum benefit of 70% of Final Average Pay. For Library with 5-year option, Final Average Pay is highest 5 of last 10 years. For CHPEA hired on or before June 23, 2003, MLA hired before July 1, 2006, and Nonbargaining, 2.5% of Final Average Pay for highest 2 of last 5 years times years of service. Maximum benefit of 70% of Final Average Pay for CHPEA, 80% for Nonbargaining and MLA. For Nonbargaining with 5-year option, Final Average Pay is highest 5 of last 10 years. For Nonbargaining municipal employees hired after January 1, 2011 and MLA employees hired after November 26, 2012, retirement benefit multiplier is reduced to 1.75%. For HMEA hired before July 1, 2003, 2.75% of Final Average Pay for highest 2 of last 5 years times years of service with a maximum benefit of 75% (was 70%) of Final Average Pay. For SCGA, 2% of Final Average Pay for highest 5 of last 10 years reduced by 1% of average Social Security covered earnings for all years included in computation of Social Security primary benefits. Maximum benefit of 100% of Final Average Pay.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Retirement Pensions:	Non-Sworn Police Officers: 2.5% of Final Average Pay for highest 3 of last 5 years times years of service, with maximum benefit of 80% of Final Average Pay. Sworn Police Officers have a maximum benefit of 70% of Final Average Pay. For Sworn Police Officers hired before July 1, 1999 and after July 1, 2012 or hired between July 1, 1999 and June 30, 2012 opting into 2012 plan, increase maximum benefit to 80% of Final Average Pay with sick exchange provision for pre July 1, 1999 hires only. Firefighters have a maximum benefit of 80% of Final Average Pay (85% with sick exchange if hired prior to July 1, 2003). Assistant Police Chief, Police Chief, Assistant Fire Chief and Fire Chief: Same as Non-Bargaining.		
Normal Form of Benefit:	For unmarried members: life annuity. For married members: surviving spouse benefit of 25% of member's final year's earnings, if non-service connected death, and 50% of member's final year's earnings, if service connected death. Minimum of 50% of pension benefit for firefighters for non-service connected death. For married Non-Sworn Police Officers: life annuity with 50% to survivor.	For unmarried members: life annuity. For married members: life annuity with 50% to survivor.	For unmarried members: life annuity. For married members: life annuity with 50% to survivor.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Normal Retirement Age and Service Requirement:	Firefighters and Sworn Police Officers hired before July 1, 1999: Full benefits after 20 years of continuous service. Sworn Police Officers hired after June 30, 1999: Full benefits after 25 years of continuous service. Sworn Police Officers hired after June 30, 2012, full benefits after 25 years of continuous service and age 55. Non-Sworn Police Officers: Full benefits after 20 years of service, or age 60 plus 5 years of continuous service, or after 15 years of service, if contributions are left in the MERF until would have had 20 years of service.	Age 60 plus 10 (5 for non-bargaining – was 10) years of service (continuous service for Local 2221). Members are also eligible at age 55 with 25 years of service. Local 818 employees hired prior to March 1, 2007 may retire after 20 years of service, regardless of age. For HSSSA, age 55 and 5 (was 10) years of service.	For SCGA and MLA hired on or after July 1, 2006, earlier of (1) age 60 plus 5 years of continuous service or (2) age 55 with 25 years of continuous service. For Nonbargaining and MLA hired prior to July 1, 2006, earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of service, or (3) after 20 years of service if participant leaves after 15 years of service and contributions are left in the MERF until would have had 20 years of service. For CHPEA, earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of aggregate service if hired on or before June 23, 2003, age 55 with 25 years of aggregate service if hired after June 23, 2003. For HMEA earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of continuous service if hired before July 1, 2003, age 55 with 25 years of continuous service if hired after July 1, 2003. For Library non union, earlier of (1) age 60 plus 5 years of continuous service or (2) 25 years of continuous service. For Library union, (1) age 60 plus 10 years of continuous service or (2) 25 years of continuous service. For Nonbargaining municipal employees hired after January 1, 2011, earlier of age 55 with 20 years of service and age 62 with 5 years of service.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Optional Early Retirement:	Sworn Police Officers: Age 50 with 10 years of continuous service, actuarially reduced for years prior to Normal Retirement Age. Non-Sworn Police Officers: Age 55 with 5 years of continuous service, reduced at 4% per whole year prior to age 60. Firefighters: Age 50 with 5 years of continuous service, actuarially reduced or reduced at 2% per year (prorated for fractional years) prior to Normal Retirement Age.	At age 55 with 10 years (5 years for HESP) of service (continuous service for Local 2221), reduced at 4% per whole year prior to age 60. For Local 818, reduction is adjusted for partial years.	For Library union, age 55 with 10 years of continuous service. For all others, age 55 with 5 years of continuous service. Benefit reduced at 4% per whole year prior to age 60 (prorate for partial years for HMEA and CHPEA). For SCG members, reduction is 2% per whole year and fraction of a year prior to age 60. For Nonbargaining municipal employees hired after January 1, 2011, early retirement reduction is 4% per year prior to age 62.
Vesting of Earned Deferred Pension:	Sworn Police Officers: After 10 years of continuous service. Firefighters and Non-Sworn Police Officers: After 5 years of continuous service.	After 10 years (5 years for HESP, HSSSA and non-bargaining) of continuous service. Payments begin no earlier than age 55. (Was 10 years for HSSSA and non-bargaining).	For Library union, 10 years of continuous service. For all others, 5 years of continuous service. Payments begin no earlier than age 55.
Benefits to Survivors: (Death of Active Member Prior to Retirement)	Surviving Spouse: 25% of final year's earnings (50% if service connected death), payable until death or remarriage. Minimum of 50% of pension benefit for Firefighters for non-service connected death. Surviving Child: $100 per month for first child, $50 for each additional child (10% of final year's earnings if service connected death, or 15% if no surviving spouse). Total benefit, including Worker's Compensation, cannot exceed 100% of current pay rate for Member's rank. Non-Sworn Police Officers: Same as General Government members.	Member must meet qualifications for vesting. Surviving Spouse: 50% of pension which Member is receiving or would be entitled to when retired, payments beginning no earlier than date of Member's 55th birthday. Surviving Spouse benefits are payable until death or remarriage.	

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Refund of Contributions upon Discontinuance of Employment or at Death (Non-Vested Members): (May be taken in lieu of earned deferred pension by vested members)	Refund of total contributions, without interest. Non-Sworn Police Officers: Same as General Government members.	Termination: Refund of total contributions, with 3% interest compounded annually. Death: Refund of total contributions with interest preretirement and without interest postretirement.	
Pensions for Permanent, Total Disability - Service Requirements:	5 years of continuous service, but no requirement if disability is service connected as defined in Worker's Compensation Act. Non-Sworn Police Officers: Same as General Government members.	10 years of continuous service, except no requirement if disability is service connected as defined in Worker's Compensation Act.	
Amount of Total Disability Pension: (Payable so long as total disability continues.)	Retirement Pension with minimum of 25% of "final average pay." If disability is service connected, the pension equals 100% of the Member's final annual pay less Worker's Compensation benefits. Non-Sworn Police Officers: Same as General Government members.	Retirement Pension using Final Average Pay for last 10 years. If disability is service connected, amount not less than 50% of Member's final annual pay at time of disability. Maximum benefit of 2/3 of 10-year Final Average Pay less Social Security benefit. Minimum benefit of $30 per month. All service connected disability benefits are offset by benefits payable by Worker's Compensation (exception: no offset for $30 minimum). If non service connected, same as above, but no 50% Final Average Pay minimum and minimum benefit equals $10 per month instead of $30 per month.	
Pensions for Permanent Partial Disability: (Where earnings capacity is reduced by at least 10%.)	Ten years of continuous service, but no service requirement if disability is service connected. Same as retirement pension with reduction for less than 15 years of service. If non-service connected, retirement pension, subject to a minimum equal to 25% of Final Average Pay. This minimum is reduced by earnings if less than 15 years of service at time of disability. If service connected, pension equals 50% of final annual pay (regular 20 year pension for Firefighters) if 15 years of service, with reductions for earnings if less than 15 years of service. If at least 20 years of service, pension equals retirement pension. Non-Sworn Police Officers: Same as General Government members.	10 years of continuous service, except no requirement if disability is service connected as defined in Worker's Compensation Act. Retirement Pension using Final Average Pay for last 10 years (with offset for Worker's Compensation benefits if service-related disability), subject to a minimum pension of $10 monthly (non-service connected), or $30 (service connected). If the disability is service connected, benefit not less than 50% of the reduction in earnings with offset for Worker's Compensation benefits. For service connected disability, the maximum benefit is 2/3 of 10 year final average pay less Worker's Compensation and Social Security benefits. For non-service connected disability, the maximum is 2/3 of 10 year final average pay less Social Security benefits, or 1-^{2}/3% of the reduction in income times years of service.	

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Member's Contribution Rate of Total Earnings: (City pays full balance of costs to fund MERF benefits; also Members and City pay taxes for those covered by Social Security.)	Firefighters and Sworn Police Officers hired before July 1, 1999: 8%. Sworn Police Officers hired after June 30, 1999: 6.5%. If opt into 2012 plan, rate increases to 8.0% Sworn Police Officers hired after June 30, 2012, 9.5% Non-Sworn Police Officers: 4% on earnings taxed for Social Security and 7% on excess. Sworn and Non-Sworn Police Officers hired prior to July 1, 2012 had the option to elect retiree health insurance. If such election was made, the employee contribution rate increases by 1.5%. Assistant Police Chief, Police Chief, Assistant Fire Chief and Fire Chief: Same as Non-Bargaining.	4% on earnings taxed for Social Security and 7% on excess. For HESP, 9% and 12%, respectively. For HSSSA, 9.25% and 12.25%, respectively (was 8.75%/11.75%). For HFSHP 10.14% and 13.14%, respectively. For Non-bargaining 4.5% and 7.5%, respectively (was 4%/7%). For Local 818, 5.2% up to Social Security Wage Base and 8.2% of the excess. If hired on or after March 1, 2007, 7.1% and 10.1%, respectively.	For Nonbargaining, 5% on earnings taxed by Social Security and 8% on excess if 5 year Final Average Pay option elected (was 4%/7%). With 2 year option, 6% and 9%, respectively (was 5%/8). For Library, 4% on earnings taxed by Social Security and 7% on excess if 5 year Final Average Pay option elected. With 2 year option, 5% and 8%, respectively. For MLA, HMEA hired after July 1, 2003, and CHPEA hired after June 30, 2003, 5% on earnings taxed by Social Security and 8% on excess. For CHPEA hired on or before June 30, 2003, 6.5% and 9.5%, respectively. For HMEA hired before July 1, 2003, 7.8% on all earnings. For SCGA, 4% on earnings taxed by Social Security and 7% on excess (was 3%/6%).

Note 1 Any Member (other than a Police Officer or Firefighter) who was a Member before January 1, 1958 is guaranteed a minimum total benefit, including Social Security based on earnings from the City, equal to the pension the Member would have received under the terms of the MERF plan in existence prior to the enactment of the 1957 Special Act No. 347. Also, several active Members who transferred to MERF on or after July 1, 1968 from the City's Retirement Allowance Fund are entitled to a pension determined by the RAF provisions if it is greater than that based on the MERF provisions.

Note 2 Section 2-166 of the Municipal Code provides a minimum benefit of $155 monthly for all pensions granted by reason of service or for service-connected disability, and for joint annuitants under elected options, except members for whom Social Security taxes have been paid and anyone for whom more than half of the total pension is paid by the Metropolitan District.

Note 3 All members (other than SCG) may purchase up to 4 years of pension credit for military service. Pension credit is at the following rates of Final Average Pay per year purchased:

HMEA members hired before July 1, 2003	2.75%
Sworn Police Officers, Firefighters, CHPEA members hired on or before June 23, 2003, HFSHP, Local 818 hired prior to March 1, 2007, HSSSA, HESP, Non-bargaining (including Assistant Police Chief, Police Chief, Assistant Fire Chief, and Fire Chief), Non-Sworn Police Officers, and MLA hired prior to July 1, 2006	2.50%
Other (including CHPEA members hired after June 23, 2003, HMEA members hired prior to July 1, 2003, MLA hired on or after July 1, 2006, and Local 818 hired on or after March 1, 2007)	2.00%

Note 4 All members (other than Sworn Police Officers hired after July 1, 1999, all Board of Education members, CHPEA hired after June 23, 2003, HMEA hired on or after July 1, 2003, Library, SCG and MLA hired on or after July 1, 2006, Nonbargaining municipal members hired after January 1, 2011) may exchange accumulated sick leave upon retirement for up to 4 years (6 years for Firefighters hired prior to July 1, 2003) of pension service time. Additional pension service time may be purchased from accumulated sick leave at the rate of twenty days of accumulated sick leave for each year of pension service time.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

October 1, 2011 Actuarial Report

For the Fiscal and Plan Year
October 1, 2012
through
September 30, 2013

Prepared By:

The Nyhart Company, Inc.
2000 RiverEdge Parkway/ Suite 540
Atlanta, GA 30328

(770) 933-1933

June 22, 2012

nyhart

nyhart

June 22, 2012

Board of Trustees
City of Miami Fire Fighters' and
Police Officers' Retirement Trust
1895 SW 3 Avenue
Miami, FL 33129-1456

October 1, 2011 Actuarial Report

Dear Board Members:

Enclosed is our report on the actuarial valuation of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2011, for the fiscal year beginning October 1, 2012.

The report is based upon the terms of Ordinance No. 10002 and the Amended Final Judgment in the matter of Gates v. City of Miami, as well as ordinance 13202, as applicable. This report reflects 10% member contributions from Fire Fighters and Police Officers as well as the 70 point retirement eligibility requirement for Fire Fighters who had not attained 68 points as of September 30, 2010.

The City contribution requirement for the 2012/2013 fiscal year is $45,516,491, compared to $42,353,775 for the 2011/2012 fiscal year. This report reflects the impact of the increase in contributions for police officers and the adjustment in the administrative expenses assumption, effective October 1, 2011.

When expressed as a percentage of total payroll (for active members and members in DROP), the City contribution rate increased from 29.89% as of October 1, 2010 to 38.21% as of October 1, 2011. The percentages of total payroll reflect the hypothetical impact on funding if there were no DROP, since members who are presently in DROP could well be more likely to be retired and replaced with active members. The ordinance and State law do not permit funding after members enter DROP.

Respectfully submitted,

THE NYHART COMPANY, INC.

Randall L. Stanley, FSA, FCA, MAAA, EA
Actuary

Frans Christ, FSA, MAAA, EA
Actuary

David D. Harris, ASA, MAAA, EA
Actuary

Enclosures: Electronic (dania@miamifiop.org)
Bound (1 copy)

RLS/FC/DDH/di
MIAM501801/701

2000 RiverEdge Parkway
Suite 540
Atlanta, GA 30328
(p) 770-933-1933
(f) 770-933-8918
www.nyhart.com

Indianapolis ● Deerfield ● Overland Park ● Atlanta
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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

OCTOBER 1, 2011 ACTUARIAL REPORT

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

OCTOBER 1, 2011 ACTUARIAL REPORT

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results - Regular Fund

			Actuarial Valuation Prepared as of 10/1/2011	10/1/2010
A.	Participant Data (Ex.7)			
	Active Members		1,196	1,227
	Covered Payroll		$82,164,617	$80,152,355
	Members in DROP		481	549
	DROP Payroll		$36,943,839	$61,549,206
	Projected Total Payroll		$119,108,456	$141,701,561
	Retired Members and Beneficiaries		2,089	2,062
	Total Annualized Benefits		$119,601,858	$117,265,525
	Disabled Members		178	186
	Total Annualized Benefits		$3,653,055	$3,789,189
	Terminated Vested Members		18	16
	Total Annualized Benefits		$480,262	$404,409
B.	Assets		-$-	-$-
	Actuarial Value (Ex. 2A)		1,150,323,527	1,180,649,632
	Market Value (Ex. 4)		987,110,729	1,027,739,486
C.	Liabilities (Excl. COLA)			
	Present Value of Benefits (Ex. 1)			
	Active Members -	Retirement	349,219,159	348,453,640
		Vesting	23,242,860	23,446,447
		Disability	42,626,676	42,403,883
		Death	3,601,943	3,564,506
		Return of Contributions	2,199,182	2,041,068
		Total	420,889,820	419,909,544
	Inactive Members -	Retired and Beneficiaries	1,341,422,264	1,323,426,300
		Disabled	32,338,742	33,684,331
		Terminated Vested	3,855,757	3,231,775
		Total	1,377,616,763	1,360,342,406
	Total		1,798,506,583	1,780,251,950
	Actuarial Accrued Liability		N/A	N/A
	Unfunded Actuarial Accrued Liability		N/A	N/A

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results - Regular Fund
(Continued)

		Actuarial Valuation Prepared as of 10/1/2011	Actuarial Valuation Prepared as of 10/1/2010
D.	Actuarial Present Value of Accrued Benefits (Exhibit 5)	-$-	-$-
	Vested Accrued Benefits		
	Inactive Members and Beneficiaries	1,377,616,763	1,360,342,406
	Active Members	157,940,269	154,433,888
	Total	1,535,557,032	1,514,776,294
	Non-Vested Accrued Benefits	32,766,078	29,769,852
	Total	1,568,323,110	1,544,546,146
E.	Pension Cost (Exhibit 1)		
	Normal Cost	51,732,953	48,958,986
	Payment to Amortize Unfunded Liability	N/A	N/A
	Expected Plan Sponsor Contribution	45,516,491	42,353,775
	As % of Covered Payroll	55.40%	52.84%
	As % of Total Payroll	38.21%	29.89%
	Expected Member Contribution	6,216,462	6,605,211
	As % of Payroll	10.00%	8.24%
		Year Ending 9/30/2010	Year Ending 9/30/2009
F.	Past Contributions	-$-	-$-
	Required Plan Sponsor Contribution	42,287,046	55,095,791
	Required Member Contributions	7,137,824	10,436,367
	Actual Contributions		
	Plan Sponsor	40,058,891	54,342,926
	Members	7,137,824	10,436,367
G.	Net Actuarial Gain (Loss)	N/A	N/A
H.	Other Disclosures		
	Active Members:		
	Present Value Future Salaries (at attained age)	1,104,448,459	1,103,177,771
	Present Value Future Contributions (at attained age)	106,522,468	87,615,425

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results – COLA Fund

		Actuarial Valuation Prepared as of 10/1/2011	10/1/2010
A. Participant Data			
Active Members			
Total Annual Payroll			
Retired Members and Beneficiaries		2,089	2,062
Total Annualized Benefits		$14,157,086	15,732,846
Disabled Members		178	186
Total Annualized Benefits		$2,561,808	2,740,960
Table		$1,312	$1,312
B. Assets		-$-	-$-
Actuarial Value (Ex. 13)		340,066,580	343,766,397
Market Value (Ex. 13)		310,033,968	311,770,987
C. Liabilities (COLA Only)			
Present Value of Benefits (Ex. 13)			
Active Members -	Reserve for Current Actives	30,006,601	29,956,033
	Reserve for Contribution Refunds	N/A	N/A
	Reserve for Future Actives	4,500,990	4,493,405
Total (excl. 457 Service)		34,507,591	34,449,438
Inactive Members -	Frozen COLA I Benefits	1,285,953	1,464,977
	COLA II Benefits	267,837,298	279,732,820
	Total	269,123,251	281,197,797
Total		303,630,842	315,647,235

Comparative Summary of Total Assets - Combined

Market Value (Ex. 4)	1,297,118,927	1,339,510,472

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

REVIEW OF COSTS

Summary Discussion

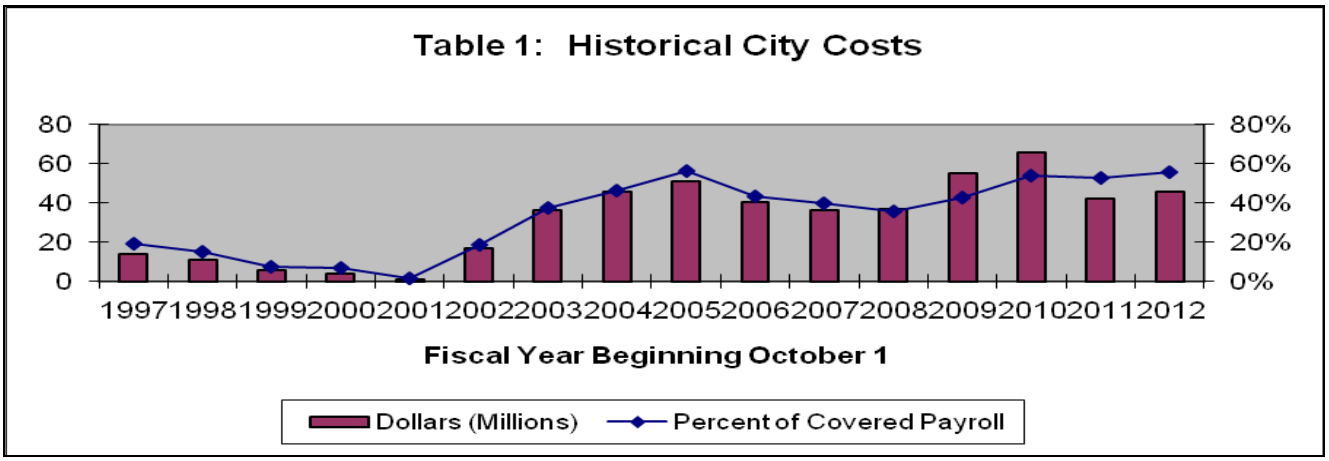
This is the actuarial report for the fiscal year beginning October 1, 2012 for the City of Miami Fire Fighters' and Police Officers' Retirement Trust. This is the twenty-eighth annual actuarial report prepared by The Nyhart Company, previously Stanley, Holcombe & Associates, Inc. This report is intended to reflect the provisions and requirements of Ordinance No. 10002, as well as Ordinance 13202, As Applicable.

Comparison of Deposit Requirements

The City contribution requirements, and the results calculated for the 2012/2013 fiscal year, are as follows:

	2012/2013 Revised Provisions -$-	2012/2013 Prior Provisions -$-	2011/2012 -$-
Past Service Cost	N/A	N/A	N/A
Normal Cost	45,516,491	47,083,250	42,353,775
Payment Timing	0	0	0
	45,516,419	47,083,250	42,353,775
Percentage of Covered Payroll	55.40%	57.30%	52.84%
Percentage of Total Payroll	38.21%	39.53%	29.89%

The 2012/2013 deposit amount of $45,516,491 is approximately $3.2 million more than the $42,353,775 for the prior year. In addition, the outstanding minimum contribution as of October 1, 2011 for the 2010/2011 year is $25,770.



Analysis of Cost Changes

The Normal Cost element of FIPO costs is expected to remain level as a percentage of covered payroll, if the actual Plan experience is the same as the actuarial assumptions and there are no Plan or assumption changes. In the absence of Plan or assumption changes, an increase in the Normal Cost rate indicates that experience has been less favorable than assumed, while a decrease indicates more favorable experience.

Quantification of the reasons for the changes is as follows:

Table 2 – Gain/Loss Analysis of Cost Changes from October 1, 2010 to October 1, 2011 Valuations

	Normal Cost	
	-$-	-%-
2010/2011 Normal Cost Including 9% Firefighter Contributions	42,353,775	52.84*
2011/2012 Normal Cost Expected (for continuing participants)	44,520,495	52.98
Element of Experience		
Salary Increases	-61,514	-0.09
Turnover	+142,261	-0.23
Mortality	-742,294	-0.96
Retirement	-243,930	+2.26
New Participants	-168,841	-1.10
Disability	-166,215	-0.38
Investment Return	+3,263,600	+3.97
Contribution Lag	+203,537	+0.25
Other, Data	+336,151	+0.42
Total	+2,562,755	+4.32
2011/2012 Normal Cost	47,083,250	57.30
Change in Plan Provisions	-1,399,583	(1.70)
Administrative Expense Assumption	-167,176	(0.20)
2011/2012 Final Normal Cost	45,516,491	55.40*
		38.21**

* Percentage of Covered Payroll

** Percentage of Total Payroll
Projected Total Payroll of $119,108,456 is equal to 100% of Covered Payroll of $82,164,617 plus $36,943,839 payroll for members in DROP.

Following is a more detailed description of the elements of experience:

Salary Increases - During the period October 1, 2010 through September 30, 2011, covered payroll for the continuing actives increased less than expected, resulting in a decrease of $61,514 in the Normal Cost. Covered payroll for continuing active participants at September 30, 2011 increased 7.14% compared to an expected 7.48% increase.

Mortality - For active members there were no deaths, as compared to 1 expected; for inactive members there were 61 deaths (28 with survivors), as compared to 46 expected. This decreased the normal cost by $742,294.

Disability - During the past year there was one disability, as compared to 5 expected. This decreased the normal cost by $166,215.

Turnover - From October 1, 2010 to September 30, 2011, there were 9 employee terminations, as compared to 19 predicted by the actuarial assumptions. This increased the normal cost by $142,261. Following is a comparison of the expected and actual turnover rates for the past nine years:

Table 3 – Expected and Actual Turnover by Duration

	2002/2005		2005/2008		2008/2009		2009/2010		2010/2011	
Age	Exp.	Act.	Exp.	Act.	Exp.	Act.	Exp.	Act.	Exp.	Act.
20-24	1.3	0	3.2	4	1.7	2	1.2	0	0.8	1
25-29	9.8	12	9.0	12	4.2	6	4.3	1	4.5	0
30-34	15.7	26	13.5	19	5.0	5	5.0	1	4.9	0
35-39	15.7	10	15.3	13	5.1	5	4.9	0	4.6	4
40+	13.5	18	11.5	8	4.0	4	3.9	1	4.4	4
	56.0	66	52.5	56	20.0	22	19.3	3	19.2	9

Retirement - There were 51 retirements during the period (7 firefighters, 44 police), as compared to 1 expected. This large number of retirements caused an increase in costs of 2.26% of payroll. However, the corresponding significant decline in payroll resulted in the dollar cost decreasing $243,930.

Following is a comparison of the expected and actual retirements during the past year:

Table 4 – Expected and Actual Retirements by Duration

	Firefighters			Police Officers			Combined		
Service*	Expected	Actual	A/E	Expected	Actual	A/E	Expected	Actual	A/E
0	0.10	3	3000.0%	0.20	32	16000.0%	0.30	35	11666.7%
1	0.05	0	0.0%	0.00	12	0.0%	0.05	12	24000.0%
2	0.00	0	0.0%	0.00	0	0.0%	0.00	0	0.0%
3	0.10	0	0.0%	0.00	0	0.0%	0.10	0	0.0%
4	0.00	2	0.0%	0.00	0	0.0%	0.00	2	0.0%
5	0.50	1	200.0%	0.00	0	0.0%	0.50	1	200.0%
6	0.50	1	200.0%	0.00	0	0.0%	0.50	1	200.0%
7	0.00	0	0.0%	0.00	0	0.0%	0.00	0	0.0%
8	0.00	0	0.0%	0.00	0	0.0%	0.00	0	0.0%
9	0.00	0	0.0%	0.00	0	0.0%	0.00	0	0.0%
10+	0.00	0	0.0%	0.00	0	0.0%	0.00	0	0.0%
Total	1.25	7	560.0%	0.20	44	22000.0%	1.45	51	3517.2%

*After attainment of Rule of 64 and 20 years

Investment Return - The rate of return for the year ending September 30, 2011 was 3.98% on actuarial asset value (Exhibit 2A).

As shown in Exhibit 2C, there will not be a COLA transfer as of January 1, 2012; there could be a transfer on January 1, 2013 of $5,683,400 only if there were a favorable cumulative experience position as of September 30, 2012. The city minimum COLA contributions without the transfer shall be $5,064,541 on January 1, 2012 and $5,267,123 on January 1, 2013 due to the COLA fund.

New Members – During the year there were 31 new members, who decreased the City contribution percentage for the Fund by 1.10%. Last year, 32 new members decreased the rate by 1.06%.

Experience Study

The 2008-2011 Experience Study dated December 28, 2011 suggested changes be made to the disability assumption and the marriage assumption.

The current disability assumption has been in place since 1992 or earlier. Over the past 20 years there were 69 disabilities, as compared to 101.2 expected. The average annual cost impact of this assumption was a gain of $63,500, which would be just over one tenth of one percent of the annual contribution requirement. Since the average impact is a small gain, we recommend that no change be made to this assumption.

Experience Study (continued)

The current marriage assumption states that all employees are assumed to be married. Note that for members currently receiving benefits, actual spouse's information is provided. The normal form of benefit is a 40% contingent annuitant benefit. For members who are not married at retirement, or who elect a life annuity, the benefit is increased to 105% of the accrued benefit, to reflect the fact that there will not be a contingent annuitant. This approximates the actuarial equivalence of the 40% contingent annuitant benefit fairly closely. Therefore, there is no need to change the marriage assumption.

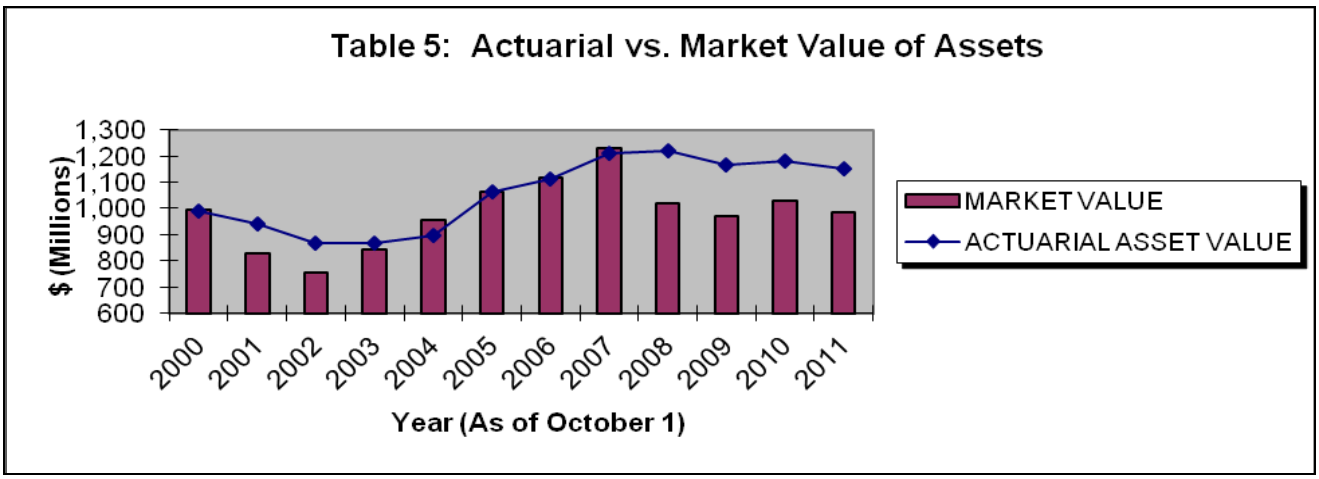
There were no recommendations for changes to any other assumptions in the Experience Study.

Plan Assets

Exhibits 3 and 4 show the asset transactions and investment results during the year. The rate of return on mean market value for the period ending September 30, 2011 was 3.6%.

The asset valuation method results in an actuarial asset value of $1.150 billion as of October 1, 2011 (Exhibit 2A), 117% of the market value of $987 million. The rate of return on Actuarial Asset Value was 4.0%, as compared to the 7.5% assumption (Exhibit 2A).

Table 5 illustrates the effect of using the asset smoothing methodology. The volatility of the market value of assets can be seen in the columns, while the actuarial value is illustrated by the line. The actuarial asset value line reflects the 20% Write-Up Method from September 30, 2005.



For COLA transfer purposes, the actuarial asset valuation method utilizes a 3-year moving average (Exhibit 2B). Under this method, the rate of return for the year ending September 30, 2011 was 8.41%. This would result in a transfer of $5,683,400 from the Regular Fund to the COLA Fund on January 1, 2013 (Exhibit 2C), if there were a favorable cumulative experience position. However, the cumulative experience position is unfavorable – a cumulative net loss of $157 million as of October 1, 2011 (Exhibit 14).

Expected Ongoing Cost Levels

System costs have varied dramatically over the past several years, due almost exclusively to asset performance. Since the City's contribution requirement is the primary variable, it has been significantly impacted.

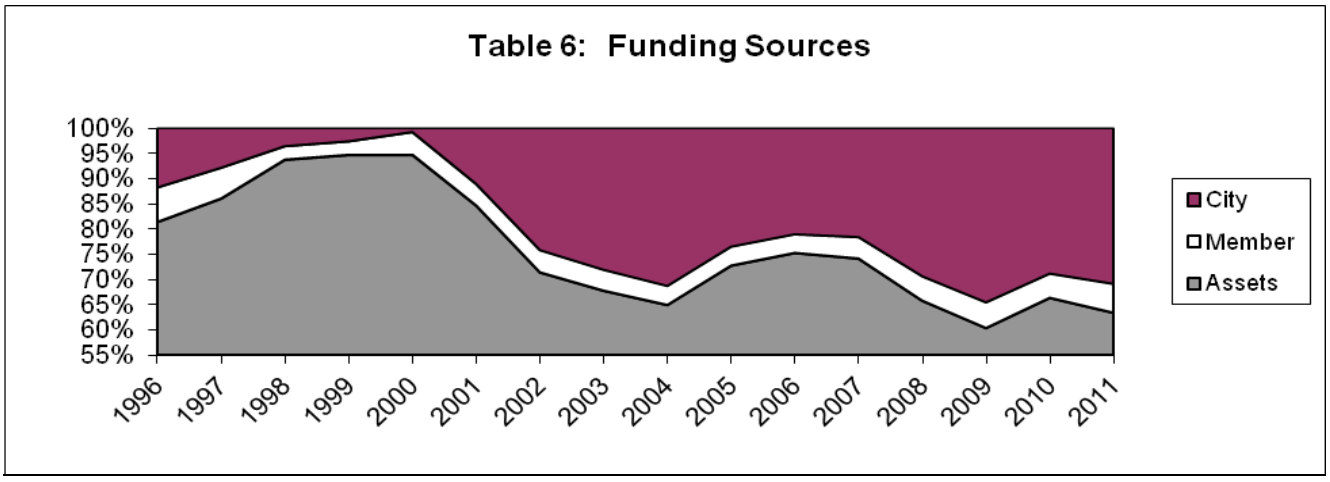
Nevertheless, it is important to distinguish between individual annual costs (which may be somewhat erratic) and expected ongoing annual costs. The following table compares the City contribution requirement as a percentage of payroll to the theoretical entry age normal City contribution percentages:

Valuation Date	Contribution %	EAN %
10/1/2011	56	9
10/1/2010	53	12
10/1/2009	54	21
10/1/2008	43	21
10/1/2007	36	22
10/1/2006	40	23
10/1/2005 (Revised AAV)	44	23
10/1/2005 (Prior AAV)	60	23
10/1/2004	57	23
10/1/2003	46	21
10/1/2002	45	17
10/1/2001	20	19
10/1/2000	1	16
10/1/1999	5	17

As will be noted, contribution requirements in the two years before the 10/1/2002 valuation were below the System's theoretical contribution level. This was due to the System having accumulated more assets than expected. During the 2001-2005 period the contribution requirement (under the prior actuarial asset valuation method) had increased dramatically, due to erosion of assets and the delayed effect of asset smoothing.

Sources of Benefit Funding

Table 6 compares the sources of benefit funding for the past 15 years. The present value of benefits is equal to 100% in the Table. The present value of benefits is provided by three sources; the actuarial value of assets, the present value of member contributions, and the present value of future normal costs (city).



As seen in the table, the city portion of future benefit responsibility decreased as asset values climbed during the late nineties. When asset values started to decline, the city portion increased. As of October 1, 2011, the actuarial value of assets equals 63% of the present value of benefits, the present value of member contributions equals 6%, and the present value of future City normal costs equal 31% of the present value of future benefits.

Funding Progress

The comparison of the present values of vested and accrued benefits to FIPO assets from one year to the next, or over a period of time, is a measure of interim funding progress and the degree of benefit security.

Exhibit 6 contains the result of this comparison for the past three years. The market value of assets on October 1, 2011 is $987,110,729, as compared to the value of accrued benefits of $1,568,323,110 for a ratio of 62.9%. The ratio as of October 1, 2010 was 66.5%.

A ratio in excess of 100% typically is one indication of a well-funded program.

Governmental Accounting Standards

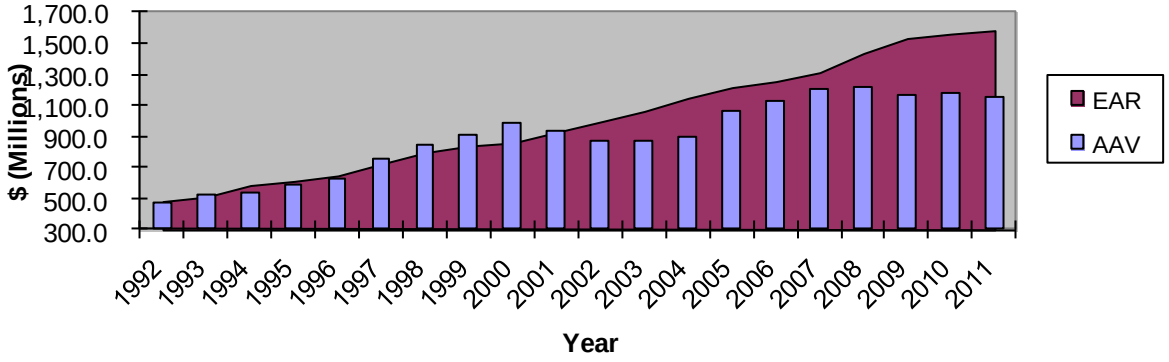
GASB issued Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Statement No. 27, Accounting for Pensions by State and Local Governmental Employers in 1994. Statement No. 25 provides parameters for financial reporting and comparison of actual contributions to "actuarially required contributions." Statement No. 27 provides standards for the financial reports of the state and local governmental employers. Statement No. 25 was effective for periods beginning after June 15, 1996; Statement No. 27, for periods beginning after June 15, 1997.

The Statements do not directly impact funding, although they do require calculation of an "actuarially required contribution," or "ARC" and amortization of any deficiency or excess of actual contributions made in relation to the ARC.

Since the FIPO Trust uses the Aggregate Cost Method, technically no Schedule of Funding Progress is required. However, such a Schedule of Funding Progress may be prepared using another acceptable cost method. The Schedule of Funding Progress in this report is prepared using the Entry Age Normal Actuarial Accrued Liability, which is one of the acceptable measures under GASB 25. This Schedule is shown in Exhibit 11, Section III.

As of October 1, 2011 the entry age reserve is $1,590.5 million. This compares to an Actuarial Asset Value of $1,150.3 million, for a funded ratio of 72%. Last year the funded ratio was 75%. These amounts, together with other disclosures, are contained in Exhibit 11 and illustrated in the following Table 7:

Table 7: GASB 25 Assets and Liabilities



As recommended in the 1997 report, and reviewed by FIPO auditors, the employer contributions made in accordance with the requirements of the Florida Division of Retirement should be used as the Actuarially Required Contribution (ARC), since an exact calculation of the ARC would not differ materially from the required contribution amount. On this basis, a Schedule of Employer Contributions in included in Exhibit 11 in order to comply with the reporting requirements of GASB 25.

These calculations are made for GASB 25. It should be understood that they are only one approach to the measurement of funding progress. They should not be used for any other purpose, such as determination of compliance with City ordinances or State Statutes or the current or future solvency of the FIPO Trust.

Application of GASB 27

The provisions of GASB 27 are virtually identical to those of GASB 25. It is our understanding that the schedules used for GASB 25 disclosure may also be used for GASB 27 purposes.

COLA Fund

Calculations were made based on the information provided as of 10/1/2011. The calculations reflect the approach adopted with the Amended Final Judgment in the matter of Gates vs. City of Miami.

Exhibit 12, parts I and II, illustrate the general impact of the COLA increases which have been provided thus far (under the $1,312 table as of 1/1/2012), by duration since retirement and by age, respectively.

As discussed in earlier reports, there is probably no completely acceptable index for measuring the impact of inflation on retirees' benefits. Although the CPI is the most widely used inflation index, it is generally considered to distort inflation for retirees, since it includes components which are not typically germane to them, such as home purchases. In the absence of a suitable alternative, a percentage of the CPI is often used as a target. If the cumulative CPI were used as a target, the current COLA averages 47% of the target. A comparison of COLA increases to the CPI is shown in Exhibit 12, part III. Historical data on the CPI is shown in Exhibit 12, part IV.

Exhibit 13 reflects the recent attorneys' opinion that the minimum City contributions apply for future years when there is no excess investment return. This modification increases the Unallocated Reserve from ($36,744,626) to ($3,286,792).

Cumulative Experience Position

Ordinance Section 40-204(C) (4) provides that transfers of excess investment return from the Regular Fund to the COLA Fund may be made only if the System remains in a net positive experience position on a cumulative basis from October 1, 1982. Since the aggregate cost method is used for determining funding requirements, the determination of the experience position is measured under the entry age normal method.

The cumulative experience loss increased from $94,457,166 as of October 1, 2010, to a cumulative loss of $157,750,436 as of October 1, 2011 (Exhibit 14).

COLA Transfer Calculations

Exhibit 2C shows the transfer calculations as of this valuation. As will be noted, the excess return transfer as of January 1, 2012 is scheduled to be $0 and the excess return transfer as of January 1, 2013 is $5,702,977. Therefore, there will be City contributions to the COLA fund of $5,064,541 as of January 1, 2012.

Enrolled Actuary's Statement

This report has been prepared in accordance with standards established by the American Academy of Actuaries. To the best of our knowledge, it reflects the actuarial condition of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2011 for the Retirement Fund and for the COLA Fund.

All costs and cost components are calculated on the basis of actuarial assumptions which reasonably reflect the experience of the Trust.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Randall L. Stanley
Signature
Enrolled Actuary No. 11-602

June 22, 2012
Date

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

City Contribution Requirement for 2012/2013 Fiscal Year

	2012/2013 Revised Provisions -$-	2012/2013 Prior Provisions -$-	2011/2012 -$-
I. Unfunded Actuarial Accrued Liability	N/A	N/A	N/A
II. Normal Cost			
A. Present Value of Future Benefits			
1. Active Members			
a. Retirement	349,219,159	349,219,159	348,453,640
b. Disability	42,626,676	42,626,676	42,403,883
c. Death	3,601,943	3,601,943	3,564,506
d. Turnover	23,242,860	23,242,860	23,446,447
e. Return of Contributions	2,199,182	2,017,685	2,041,068
f. Total	420,889,820	420,708,323	419,909,544
2. Retired Members and Beneficiaries			
a. Service Retirements + Beneficiaries	1,341,422,264	1,341,422,264	1,323,426,300
b. Disability Retirements	32,338,742	32,338,742	33,684,331
c. Terminated Vested Members	3,855,757	3,855,757	3,231,775
d. Total	1,377,616,763	1,377,616,763	1,360,342,406
3. Total	1,798,506,583	1,798,325,086	1,780,251,950

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

City Contribution Requirement for 2012/2013 Fiscal Year

	2012/2013 Revised Provisions -$-	2012/2013 Prior Provisions -$-	2011/2012 -$-
II. Normal Cost (Cont'd)			
A. Total Present Value of Future Benefits	1,798,506,583	1,798,325,086	1,780,251,950
B. Present Value of Future Member Contributions	106,522,468	88,840,453	87,615,425
C. Actuarial Asset Value	1,150,323,527	1,150,323,527	1,180,649,632
D. Unfunded Actuarial Accrued Liability	0	0	0
E. Present Value of Future Normal Costs (A-B-C-D)	541,660,588	559,166,106	511,986,893
F. Present Value of Future Payrolls	1,104,448,459	1,104,448,459	1,103,177,771
G. Administrative Expense	2,044,488	2,200,000	2,200,000
H. Current Payroll for those under Expected Retirement Age	82,164,617	82,164,617	80,152,355
I. Interest Rate	7.5%	7.5%	7.5%
J. Current Normal Cost - Payable 10/1/2012 ([(E)x(H) / (F)] + (G)) (1+(I))	45,516,491	47,083,250	42,353,775
K. Covered Payroll	82,164,617	82,164,617	80,152,355
L. Normal Cost as Percentage of Covered Payroll (J)/ (K)	55.60%	57.30%	52.84%
III. Quarterly City Contribution Schedule			
A. Past Service Cost	0	0	0
B. Normal Cost	45,516,491	47,083,250	42,353,775
C. Payment Timing	0	0	0
D. Total	45,516,491	47,083,250	42,353,775

EXHIBIT 2A

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Actuarial Asset Value – 20% Write Up Method

I. Determination of Actuarial Asset Value as of October 1, 2011

	-$-
A. Actuarial Value of Assets as of 10/01/2010	1,180,649,632
B. City Contributions	40,058,891
C. Member Contributions	7,137,824
D. Benefits Paid	123,360,907
E. Contributions Refunded	225,732
F. Expected Return *	86,867,018
G. Expected Actuarial Value of Assets (A+B+C-D-E+F)	1,191,126,726
H. Market Value of Assets at 9/30/2011	987,110,729
I. Present Value of 01/01/12 COLA Transfer	0
J. Present Value of 01/01/13 COLA Transfer	0
K. Difference (H-I-J-G)	(204,015,997)
L. 20% of Difference	(40,803,199)
M. Preliminary Actuarial Asset Value (G+L)	1,150,323,527
N. Maximum Actuarial Asset Value (120% of H-I-J)	1,184,532,875
O. Minimum Actuarial Asset Value (80% of H-I-J)	789,688,583
P. Actuarial Asset Value at 10/1/2011	1,150,323,527
Q. Contribution Surplus Account Balance	0
R. Final Actuarial Value at 10/01/2011 (P – Q)	**1,150,323,527**

II. Rate of Return on Actuarial Asset Value

	-$-
A. Actuarial Asset Value at 10/01/2010	1,180,649,632
B. Contributions	
1. City	40,058,891
2. Members	7,137,824
3. Total	47,196,715
C. Benefits and Refunds	123,586,639
D. Contribution Surplus	0
E. Actuarial Asset Value at 10/01/2011	1,150,323,527
F. Net Return on Investment [E+D+C-B-A]	46,063,819
G. Rate of Return (II F/I F) (.075)	3.98%

*[1,180,649,632 + 40,058,891 + (7,137,824) (2.5/4) – (123,360,907 + 225,732) (13/24)] (.075)

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

I. Development of Actuarial Asset Value (3 Years, for COLA Transfer Purposes)

		9/30/2011	9/30/2010	9/30/2009
		-$-	-$-	-$-
A.	Book Value	995,683,437	992,423,802	970,698,193
B.	Market Value	987,110,729	1,027,739,486	970,811,437
C.	B/A	.9913901	1.0355853	1.0001167
D.	1/3 ∑ (C)		1.0090307	
E.	Adjusted Market Value at 9/30/2011 D x $995,683,437		1,004,675,155	
F.	Contribution Surplus at 9/30/2011		0	
G.	1. 80% of Market Value		789,688,583	
	2. 120% of Market Value		1,184,532,875	
H.	Preliminary Actuarial Asset Value		1,004,675,155	
I.	Present Value of 1/1/2012 COLA Transfer, discounted at 7.5%		0	
J.	Actuarial Asset Value (H-I)		1,004,675,155	

II. Rate of Return on Actuarial Asset Value

		-$-
A.	Actuarial Asset Value at 10/01/2010	1,000,132,851
B.	Contributions	
	1. City	40,058,891
	2. Members	7,137,824
	3. Total	47,196,715
C.	Benefits and Refunds	123,586,639
D.	Present Value of 1/1/2012 COLA Transfer	0
E.	Contribution Surplus	0
F.	Actuarial Asset Value at 10/01/2011	1,004,675,155
G.	Net Return on Investment [F+E+D+C-B-A]	80,932,228
H.	Rate of Return [2 x G/ (A+F-G)]	8.41%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Calculation of Excess Investment Return
On Membership and Benefits Accounts for 2010/2011 Fiscal Year
2013 COLA Transfer

I.	**Net Actual Return on Actuarial Asset Value**	-$-
	A. Preliminary Actuarial Asset Value as of 10/1/2011	1,004,675,155
	B. Benefits Paid During Plan Year	123,360,907
	C. Contributions Refunded During Plan Year	225,732
	D. City Contributions During Plan Year (Required)	40,058,891
	E. Member Contributions During Plan Year	7,137,824
	F. Actuarial Asset Value as of 10/1/2010	1,000,132,851
	G. Total Actual Return During Plan year (A)+(B)+(C)-(D)-(E)-(F)	80,932,228

II.	**Net Expected Return on Actuarial Asset Value**	
	A. Actuarial Asset Value as of 10/1/2010	1,000,132,851
	B. Benefits Paid During Plan Year	123,360,907
	C. Contributions Refunded During Plan Year	225,732
	D. City Contributions During Plan Year	40,058,891
	E. Member Contributions During Plan Year	7,137,824
	F. Expected Rate of Return (Lesser of 7.75% or Valuation Assumption)	7.50%
	G. Expected Return During Plan Year	73,328,259 *
	H. Base Amount for Expected Return (G)/.075	977,710,120
	I. Excess Return on Assets (I(G) - II(G))	7,603,969
	J. Excess Return as % of II(H)	0.777732%**

III. Amount to be Transferred to COLA Fund

A.	Excess Return		COLA Transfer	
	%	$	%	-$-
First	2.5	7,603,969	75	5,702,977
Next	2.5	0	50	0
Next	2.5	0	25	0
Remainder		0	0	0

B. Total Transfer Amount at 1/1/2013 — 5,702,977 ***

*Assumes Uniform Quarterly Contributions and Monthly Benefits
[1,000,132,851 + 40,058,891 + (7,137,824) (2.5/4) - (123,360,907 +225,732) (13/24)](.075) = 73,328,259

** Before 1/1/2012 COLA Transfer
***Limited to favorable cumulative experience position

EXHIBIT 3

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Asset Transactions for Year Ending September 30, 2011 *

	Membership and Benefits Accounts	COLA I Account	COLA II Account
	-$-	-$-	-$-
A. Market Value as of October 1, 2010	1,027,739,486	39,331,727	272,439,260
B. Book Value as of October 1, 2010	992,423,802	37,980,191	263,077,569
C. Income During Year			
1. City Contributions	40,058,891		4,869,751
2. Member Contributions	7,137,824		
3. Other Member Contributions	0		
4. Interest	21,092,563	775,902	5,298,528
5. Dividends	7,867,993	354,405	2,417,507
6. Net Realized Gains (Losses)	54,212,521	2,074,539	14,325,155
7. Securities Lending Income	555,386	21,715	148,129
8. Rental and Other Income	223,456	8,757	59,590
9. COLA Transfer at January 1, 2011	0	--	0
	131,148,634	3,235,318	27,118,660
D. Disbursements During Years			
1. Benefit Payments	123,360,907	248,193	17,115,648
2. Contribution Refunds	225,732	0	0
3. Custodial and Investment Expenses	4,156,839	162,038	1,106,690
4. Administrative Expense			
5. Securities Lending Fees	138,735	5,425	37,002
6. Building Depreciation	32,556	1,322	8,847
	127,914,769	416,978	18,268,187
E. Book Value as of 9/30/2011 (B)+(C)-(D)	995,657,667	40,798,531	271,928,042
F. Net Change in Unrealized Gains (Losses)	(43,888,392)	(1,702,815)	(11,703,017)
G. Market Value as of September 30, 2011 (A)+(C)-(D)+(F)	987,084,959	40,447,252	269,586,716
H. January 1, 2012 Allocation to COLA II (discounted)	0	N/A	0
I. City Contribution Receivable (Exh. 18, p.3)	25,770	N/A	N/A
J. Net Market Value as of September 30, 2011	987,110,729	40,447,252	269,586,716

*Based on unaudited financial statements.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Distribution of Assets as of September 30, 2011[1]

Membership and Benefits and Cost-of-Living Adjustment Accounts

Description	Market -$-	Book -$-
Bills, Bonds, Notes	460,334,779	440,526,866
Domestic Stocks	414,939,501	405,865,258
International Stocks	184,938,922	215,225,559
Private Equity	41,208,816	37,918,987
Money Market Funds and Time Deposits	16,358,391	15,778,599
Mutual Funds	109,187,178	122,917,631
Real Estate[2]	2,042,639	2,042,639
Securities Lending Adjustment	0	0
A: Sub-Total	1,229,010,226	1,240,275,539
B: Cash	68,529,636	68,529,636
Receivables:		
City Contributions[3]	**(176,466)**	**(176,466)**
Accounts Receivable	2,551	2,551
Member Contributions	0	0
Accrued Interest	4,712,222	4,712,222
Accrued Dividends	1,056,148	1,056,148
Securities Proceeds	3,756,806	3,756,806
C: Sub-Total	9,351,261	9,351,261
Payables:		
Budget Advance	50,341	50,341
Transfer	0	0
Tax Withheld	(877)	(877)
Accounts Payable	170,750	170,750
Securities Purchased	9,526,212	9,526,212
D: Sub-Total	9,746,426	9,746,426
E. Total (A+B+C-D)	1,297,144,697	1,308,410,010
Accounts:		
COLA I Account	40,447,252	40,798,531
COLA II Account	269,586,716	271,928,042
COLA II Transfer (1/1/2011)	0	0
F: Membership & Benefits Account	987,110,729	995,683,437

[1]Based on unaudited financial statements.
[2]Reflects accumulated depreciation of $384,532.
[3]Reflects $25,770 City Contribution Receivable from Exhibit 18, page 3.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Investment Results

Yield on Mean Values for 12-Month Period Ending September 30, 2011

	-$-	Market -%-	Book -%-
Membership and Benefits Accounts*			
Interest	21,092,563	2.1	2.2
Dividends	7,867,993	0.8	0.8
Rental and Other Income, less Depreciation	190,900	0.0	0.0
Realized Gains	54,212,521	5.5	5.7
Securities Lending (Net)	416,651	0.0	0.0
Increase in Unrealized Gains	(43,888,392)	(4.4)	--
Custodial and Investment Expenses	(4,156,839)	(0.4)	(0.4)
Real Estate Adjustment to Appraised Value	0	0.0	--
	35,735,397	3.6	8.3
COLA I Account			
Interest	775,902	2.0	2.1
Dividends	354,405	0.9	0.9
Rental and Other Income, less Depreciation	7,435	0.0	0.0
Realized Gains	2,074,539	5.3	5.5
Securities Lending (Net)	16,290	0.0	0.0
Increase in Unrealized Gains	(1,702,815)	(4.3)	--
Custodial and Investment Expenses	(162,038)	(0.4)	(0.4)
	1,363,718	3.5	8.1
COLA II Account			
Interest	5,298,528	2.0	2.1
Dividends	2,417,507	0.9	0.9
Rental and Other Income, less Depreciation	50,743	0.0	0.0
Realized Gains	14,325,155	5.4	5.6
Securities Lending (Net)	111,127	0.0	0.0
Increase in Unrealized Gains	(11,703,017)	(4.4)	--
Custodial and Investment Expenses	(1,106,690)	(0.4)	(0.4)
	9,393,353	3.5	8.2

*Before 1/1/2011 COLA transfer

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Accounting Information
As of October 1

		2011		2010
		-$-	-$-	-$-
I.	Present Value of Vested Accrued Benefits	(**FRS** 7.75%)	(FIPO 7.5%)	
	A. Service Retirements and Beneficiaries	1,312,115,449	1,341,422,264	1,323,426,300
	B. Disability Retirements	31,750,022	32,338,742	33,684,331
	C. Vested Terminated Members	3,717,613	3,855,757	3,231,775
	D. Active Members	151,036,248	157,940,269	154,433,888
	E. Total	1,498,619,332	1,535,557,032	1,514,776,294
II.	Present Value of Non-Vested Accrued Benefits	31,351,970	32,766,078	29,769,852
III.	Present Value of Accrued Benefits	1,529,971,302	1,568,323,110	1,544,546,146

IV. The values of accumulated plan benefits were determined in accordance with the Academy of Actuaries Interpretations and FASB Statement No. 35, Accounting and Reporting by Defined Benefit Pension Plans.

V. Statement of Changes in Accrued Benefits

A.	Present Value of Accrued Benefits at Beginning of Year	1,544,546,146
B.	Increase (Decrease) During the Year Attributable to:	
	1. Benefits Accumulated	36,157,141
	2. Benefits Paid and Contributions Refunded	(123,586,639)
	3. Plan Amendment	0
	4. Assumption/Method Changes	0
	5. Increase Due to Decrease in Discount Period	111,206,462
	6. Net Increase	23,776,964
C.	Present Value of Accrued Benefits at End of Year	1,568,323,110

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparison of Funding Progress
($000)

		10/1/2011 -$-	10/1/2010 -$-	10/1/2009 -$-
I.	Assets			
A.	Book Value	995,683	992,424	970,698
B.	Market Value	987,111	1,027,740	970,811
II.	Liabilities			
A.	Retired and Vested	1,377,617	1,360,342	945,370
B.	Active			
	Employee Contributions	66,927	64,629	117,247
	Other Vested	91,013	89,805	299,363
	Non-Vested Accrued	32,766	29,770	29,207
C.	Total Accrued	1,568,323	1,544,546	1,391,187
III.	Ratios	%	%	%
	IA/IIC	63.5	64.3	69.8
	IB/IIC	62.9	66.5	69.8

Note: Item II amounts are present values of accrued benefits.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Member Statistics

	10/1/2011	10/1/2010	10/1/2009
I. Active Members			
Number of			
Males	1,023	1,039	1,288
Females	173	188	229
Total	1,196	1,227	1,517
Averages			
Current Age	36.4	36.0	38.1
Past Service	9.5	9.1	11.4
Credited Past Service	9.5	9.1	11.4
Annual Earnings	$68,700	$65,324	$80,562
II. Inactive Members			
A. Retirees and Beneficiaries			
Number	2,089	2,062	1,758
Average Annual Benefit	$57,253	$56,870	$49,004
Average Age	62.4	62.1	63.7
B. Disabled			
Number	178	186	196
Average Annual Benefit	$20,523	$20,372	$19,900
Average Age	68.6	68.2	67.7
C. Vested Terminated			
Number	18	16	20
Average Deferred Benefit	$26,681	$25,276	$25,617
Average Age	43.9	43.6	44.0

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Age-Service Distribution

	Completed Years of Service										Earnings	
Age	0-1	2-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total	Total -$-	Average -$-
15-24	5	26	0	0	0	0	0	0	0	31	1,617,102	52,165
25-29	11	152	78	1	0	0	0	0	0	242	13,672,369	56,497
30-34	10	74	116	52	0	0	0	0	0	252	16,248,282	64,477
35-39	1	42	72	110	47	3	0	0	0	275	19,657,200	71,481
40-44	0	26	38	93	78	26	0	0	0	261	19,943,333	76,411
45-49	0	10	12	38	29	18	4	0	0	111	9,069,777	81,710
50-54	0	1	3	3	6	6	0	0	0	19	1,587,379	83,546
55-59	0	0	1	1	1	2	0	0	0	5	369,174	73,835
60-64	0	0	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	27	331	320	298	161	55	4	0	0	1,196	82,164,617	68,700

Average Age: 36.4 Average Service: 9.5

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Reconciliation of Participant Counts

	Actives	Retirees & Beneficiaries	Disableds	Vested Terminated
10/1/2010	1,227	2,062	186	16
Changes due to:				
Retirement	-51	+51		
Withdrawal	-10			+2
Disability	-1		+1	
Death		-52	-9	
New Beneficiary		+28		
New Hires	+31			
Data Changes				
10/1/2011	1,196	2,089	178	18

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions – Prior Basis

(Based on Ordinance No. 10002, as Amended
through Ordinance No. 13202)

Effective Date:	January 1, 1940, as restated effective May 23, 1985, and amended through September 30, 2011.
Fiscal Year:	October 1 - September 30.
Membership:	Police officers and fire fighters.
Covered Compensation:	An employee's base salary, including pick-up contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death-in-family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.
Contributions:	Members: 7% of Compensation for Police Officers, 10% for Fire Fighters. City: Balance, as actuarially determined.
Creditable Service:	Service credited under Retirement System; military service (maximum of four years) during wartime for which Member makes contributions; maternity leave (maximum of 180 days for each leave) for which Member makes contributions; up to 5 years, without member contributions, if member was an employee before period of military service.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions – Prior Basis
(continued)

Average Final Compensation:	For members who retire or terminate employment with ten or more years of creditable service prior to October 1, 2010, the annual earnable compensation of a member during either the last one year or the highest year of membership service, whichever is greater. Effective September 30, 2010, for members who retire on or after October 1, 2011, average final compensation shall mean the average of the highest 5 years of service, to be phased in over the next 4 years as follows: for members who retire on or after October 1, 2011 and on or before September 30, 2012, the average of the highest 2 years of membership service; for members who retire on or after October 1, 2011 and on or before September 30, 2012, the average of the highest 3 years of membership service; for members who retire on or after October 1, 2012 and on or before September 30, 2013, the average of the highest 4 years of membership service; and for members who retire on or after October 1, 2013, the average of the highest 5 years of membership service. Provided, in no event shall the average final compensation of any member who was employed as a police officer or firefighter on September 30, 2011 and retires on or after October 1, 2011, be less than the highest year of membership service prior to September 30, 2011.
Normal Service Age:	Age 50

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions – Prior Basis
(Continued)

Service Retirement:	For Police Officers who have reached Rule of 64 by September 30, 2011, for Fire Fighters who had reached Rule of 64 by September 30, 2010, and for Fire Fighters who have reached Rule of 68 by September 30, 2011: 3% of Average Final Compensation for each of the first fifteen years of Creditable Service plus 3.5% of Average Final Compensation for each year of Creditable Service after the fifteenth year; maximum of 100% of Average Final Compensation. For all others, for service prior to October 1, 2011: 3% of Average Final Compensation for each of the first fifteen years of Creditable Service plus 3.5% of Average Final Compensation for each of Creditable Service after the fifteenth year; for service after September 30, 2011: 3% of Average Final Compensation for each year of Creditable Service; The combined percentage for service before October 1, 2011 and service after September 30, 2011 may not exceed 100% of Average Final Compensation.
Early Service Retirement:	After 20 years of Creditable Service. Benefits are based on Average Final Compensation and Creditable Service at retirement date. Actuarial equivalence for early commencement.
Rule of 64 Retirement:	Service retirement on the basis of combined age and Creditable Service equaling 64 or more. Rule of 64 applies to Fire Fighters who had obtained 64 points by September 30, 2010 and Police Officers who had 64 points by September 30, 2011. Rule of 64 also applies to the accrued benefit as of September 30, 2011 of Police Officers who were active members as of September 29, 2011.
Rule of 68 Retirement:	Service retirement on the basis of combined age and Creditable Service equaling 68 or more. Rule of 68 applies to Fire Fighters who had not attained 64 points by September 30, 2010 and had attained 68 points by September 30, 2011. Rule of 68 also applies to the accrued benefit as of September 30, 2011 of Fire Fighters who were active members as of September 29, 2011.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions – Prior Basis
(Continued)

Rule of 70 Retirement:	Service retirement on the basis of combined age and Creditable Service equaling 70 or more. Rule of 70 applies to all new members hired on or after October 1, 2011, as well as to all benefits accrued after September 30, 2011 by Fire Fighters who had not attained 68 points on September 30, 2011 and Police Officers who had not attained 64 points on September 30, 2011.
Disability:	Ordinary Disability: After 10 or more years of Creditable Service, and not eligible for service retirement. Not incurred as accident in performance of duties. 90% of benefit rate times Average Final Compensation times Creditable Service, with a minimum benefit of 30% of Average Final Compensation; 10 years' certain and life normal form. Accidental Disability: Incurred as accident in performance of duties. 66 2/3% of Average Final Compensation, or 66 2/3% of Final Compensation, whichever is greater. 40% joint & survivor normal form, with a minimum of 10 years' certain and life.
Deferred Retirement Option Plan:	Members who are eligible for Service Retirement or Rule of 64 Retirement after September 1998 may elect self-directed Deferred Retirement Option Plan, for a maximum of 4 years. An actuarially equivalent Back DROP option (maximum of 4 years) may be elected prior to DROP entry; combined years of DROP may not exceed 4.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions – Prior Basis
(Continued)

Death:	Ordinary Death: (a) Between 3 and 10 years of Creditable Service, and death not accidentally incurred in performance of duties: Lump sum benefit equal to 50% of Compensation received in year preceding death. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferred period or 10 years' certain period. (c) If eligible for Service, Early Service, or Rule of 64 retirement, considered to have retired on the date of death. Surviving spouse would receive 40% of the member's monthly retirement allowance. Accidental Death: Incurred in performance of duties. (a) Pension of 50% of Average Final compensation to spouse until death or remarriage. If there is no spouse, or if spouse dies or remarries before youngest child is 18, payable until attainment of age 18. If no spouse or no children under 18, benefit is payable to dependent parents. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferral period or 10 years' certain period.
Employment Termination:	After 10 years of Creditable Service, based on Creditable Service and Average Final Compensation at termination date. If Member contributions are withdrawn, benefit is forfeited. Benefits are deferred to Normal Retirement Age.
Optional Allowances:	Normal Form: For Police Officers who have reached Rule of 64 by September 30, 2011, for Fire Fighters who had reached Rule of 64 by September 30, 2010, and for Fire Fighters who have reached Rule of 68 by September 30, 2011: Normal Form is joint and 40% contingent survivor, with a minimum of 10 years' certain and life.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions – Prior Basis
(Continued)

Optional Allowances: (Continued)	For all others, for benefits based on service prior to October 1, 2011: Normal Form is joint and 40% contingent survivor, with a minimum of 10 years' certain and life; for benefits based on service after September 30, 2011, Normal Form is 10 years' certain and life. Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of Member. Option 6 is withdrawal of member contributions with credited interest; monthly benefit is ½ of normal level.
Transfer of Compensated Leave Balances:	Accumulated leave balances may be transferred into system immediately prior to retirement to purchase additional Creditable Service, on an actuarially equivalent basis.
Transfer of 457 Balances:	457 balances of Firefighters may be transferred into System at retirement to purchase additional Service for multiplier purposes.
Changes Since Prior Valuation:	None.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions – Revised Basis

(Based on Ordinance No. 10002, as Amended
through Ordinance No. 13202)

Effective Date:	January 1, 1940, as restated effective May 23, 1985, and amended through September 30, 2011.
Fiscal Year:	October 1 - September 30.
Membership:	Police officers and fire fighters.
Covered Compensation:	An employee's base salary, including pick-up contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death-in-family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.
Contributions:	Members: **10% of Compensation for Police Officers**, 10% for Fire Fighters. City: Balance, as actuarially determined.
Creditable Service:	Service credited under Retirement System; military service (maximum of four years) during wartime for which Member makes contributions; maternity leave (maximum of 180 days for each leave) for which Member makes contributions; up to 5 years, without member contributions, if member was an employee before period of military service.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions – Revised Basis
(continued)

Average Final Compensation:	For members who retire or terminate employment with ten or more years of creditable service prior to October 1, 2010, the annual earnable compensation of a member during either the last one year or the highest year of membership service, whichever is greater. Effective September 30, 2010, for members who retire on or after October 1, 2011, average final compensation shall mean the average of the highest 5 years of service, to be phased in over the next 4 years as follows: for members who retire on or after October 1, 2011 and on or before September 30, 2012, the average of the highest 2 years of membership service; for members who retire on or after October 1, 2011 and on or before September 30, 2012, the average of the highest 3 years of membership service; for members who retire on or after October 1, 2012 and on or before September 30, 2013, the average of the highest 4 years of membership service; and for members who retire on or after October 1, 2013, the average of the highest 5 years of membership service. Provided, in no event shall the average final compensation of any member who was employed as a police officer or firefighter on September 30, 2011 and retires on or after October 1, 2011, be less than the highest year of membership service prior to September 30, 2011.
Normal Service Age:	Age 50

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions – Revised Basis
(Continued)

Service Retirement:	For Police Officers who have reached Rule of 64 by September 30, 2011, for Fire Fighters who had reached Rule of 64 by September 30, 2010, and for Fire Fighters who have reached Rule of 68 by September 30, 2011: 3% of Average Final Compensation for each of the first fifteen years of Creditable Service plus 3.5% of Average Final Compensation for each year of Creditable Service after the fifteenth year; maximum of 100% of Average Final Compensation. For all others, for service prior to October 1, 2011: 3% of Average Final Compensation for each of the first fifteen years of Creditable Service plus 3.5% of Average Final Compensation for each of Creditable Service after the fifteenth year; for service after September 30, 2011: 3% of Average Final Compensation for each year of Creditable Service; The combined percentage for service before October 1, 2011 and service after September 30, 2011 may not exceed 100% of Average Final Compensation.
Early Service Retirement:	After 20 years of Creditable Service. Benefits are based on Average Final Compensation and Creditable Service at retirement date. Actuarial equivalence for early commencement.
Rule of 64 Retirement:	Service retirement on the basis of combined age and Creditable Service equaling 64 or more. Rule of 64 applies to Fire Fighters who had obtained 64 points by September 30, 2010 and Police Officers who had 64 points by September 30, 2011. Rule of 64 also applies to the accrued benefit as of September 30, 2011 of Police Officers who were active members as of September 29, 2011.
Rule of 68 Retirement:	Service retirement on the basis of combined age and Creditable Service equaling 68 or more. Rule of 68 applies to Fire Fighters who had not attained 64 points by September 30, 2010 and had attained 68 points by September 30, 2011. Rule of 68 also applies to the accrued benefit as of September 30, 2011 of Fire Fighters who were active members as of September 29, 2011.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions – Revised Basis
(Continued)

Rule of 70 Retirement:	Service retirement on the basis of combined age and Creditable Service equaling 70 or more. Rule of 70 applies to all new members hired on or after October 1, 2011, as well as to all benefits accrued after September 30, 2011 by Fire Fighters who had not attained 68 points on September 30, 2011 and Police Officers who had not attained 64 points on September 30, 2011.
Disability:	Ordinary Disability: After 10 or more years of Creditable Service, and not eligible for service retirement. Not incurred as accident in performance of duties. 90% of benefit rate times Average Final Compensation times Creditable Service, with a minimum benefit of 30% of Average Final Compensation; 10 years' certain and life normal form. Accidental Disability: Incurred as accident in performance of duties. 66 2/3% of Average Final Compensation, or 66 2/3% of Final Compensation, whichever is greater. 40% joint & survivor normal form, with a minimum of 10 years' certain and life.
Deferred Retirement Option Plan:	Members who are eligible for Service Retirement or Rule of 64 Retirement after September 1998 may elect self-directed Deferred Retirement Option Plan, for a maximum of 4 years. An actuarially equivalent Back DROP option (maximum of 4 years) may be elected prior to DROP entry; combined years of DROP may not exceed 4.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions – Revised Basis
(Continued)

Death:	Ordinary Death: (a) Between 3 and 10 years of Creditable Service, and death not accidentally incurred in performance of duties: Lump sum benefit equal to 50% of Compensation received in year preceding death. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferred period or 10 years' certain period. (c) If eligible for Service, Early Service, or Rule of 64 retirement, considered to have retired on the date of death. Surviving spouse would receive 40% of the member's monthly retirement allowance. Accidental Death: Incurred in performance of duties. (a) Pension of 50% of Average Final compensation to spouse until death or remarriage. If there is no spouse, or if spouse dies or remarries before youngest child is 18, payable until attainment of age 18. If no spouse or no children under 18, benefit is payable to dependent parents. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferral period or 10 years' certain period.
Employment Termination:	After 10 years of Creditable Service, based on Creditable Service and Average Final Compensation at termination date. If Member contributions are withdrawn, benefit is forfeited. Benefits are deferred to Normal Retirement Age.
Optional Allowances:	Normal Form: For Police Officers who have reached Rule of 64 by September 30, 2011, for Fire Fighters who had reached Rule of 64 by September 30, 2010, and for Fire Fighters who have reached Rule of 68 by September 30, 2011: Normal Form is joint and 40% contingent survivor, with a minimum of 10 years' certain and life.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions – Revised Basis
(Continued)

Optional Allowances: (Continued)	For all others, for benefits based on service prior to October 1, 2011: Normal Form is joint and 40% contingent survivor, with a minimum of 10 years' certain and life; for benefits based on service after September 30, 2011, Normal Form is 10 years' certain and life. Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of Member. Option 6 is withdrawal of member contributions with credited interest; monthly benefit is ½ of normal level.
Transfer of Compensated Leave Balances:	Accumulated leave balances may be transferred into system immediately prior to retirement to purchase additional Creditable Service, on an actuarially equivalent basis.
Transfer of 457 Balances:	457 balances of Firefighters may be transferred into System at retirement to purchase additional Service for multiplier purposes.
Changes Since Prior Valuation:	**Member Contributions for Police Officers increased from 7% to 10% of Compensation.**

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis

Valuation Date: October 1, 2010 for Fiscal Year beginning October 1, 2011.

Valuation Method: Aggregate Cost Method. Percentage of actual payroll, if greater than dollar amount calculated under the provision of Gates.

Asset Valuation Method: 20% Write-Up Method: Expected value is based on the Interest Discount/Investment Return rate applied to the actuarial asset value as of previous valuation date and cash flow during the year. 20% of the difference between the Expected Value and the Market Value (net of pending transfers to the COLA Fund) is added to the Expected Value.

The result cannot be greater than 120% of market value or less than 80% of market value (net of pending COLA transfers).

Actuarial Assumptions:

Interest Discount/
Investment Return: 7.50%, compounded annually.
Inflation: 3.25%, compounded annually.

Mortality: RP 2000 Mortality Table, Employees and Annuitants Combined, projected by scale AA to 2020, producing following specimen rates:

Age	Male	Female
20	.0235%	.0138%
30	.0402%	.0216%
40	.0919%	.0522%
50	.1487%	.1189%
60	.4887%	.4573%
70	1.6413%	1.5145%
80	5.7647%	3.9866%

Disabled Mortality: RP 2000 Disabled Mortality Table projected by scale AA to 2020, producing following specimen rates:

Age	Male	Female
20	1.5696%	.5287%
30	2.0418%	.6093%
40	1.9221%	.5507%
50	2.0149%	.8186%
60	3.0450%	1.9756%
70	4.6257%	3.4045%
80	8.9456%	6.2834%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis
(Continued)

Age	Disability	Turnover	
		<5	5+
31	.00200	.0240	.0192
32	.00220	.0240	.0192
33	.00245	.0240	.0192
34	.00265	.0240	.0192
35	.00285	.0240	.0192
36	.00305	.0228	.0182
37	.00325	.0216	.0173
38	.00345	.0204	.0163
39	.00370	.0192	.0154
40	.00390	.0180	.0144
41	.00470	.0168	.0134
42	.00555	.0156	.0125
43	.00635	.0144	.0115
44	.00720	.0132	.0106
45	.00800	.0120	.0096
46	.00880	.0096	.0077
47	.00965	.0072	.0057
48	.01045	.0048	.0038
49	.01130	.0024	.0019
50	.01210	.0000	.0000
51	.01295	.0000	.0000
52	.01375	.0000	.0000
53	.01455	.0000	.0000
54	.01540	.0000	.0000
55	.01620	.0000	.0000
56	.01785	.0000	.0000
57	.01870	.0000	.0000
58	.01950	.0000	.0000
59	.02030	.0000	.0000
60	.00000	.0000	.0000

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis
(Continued)

Retirement: Fire Fighters who have attained 64 points by September 30, 2011 and all Police Officers are subject to the Rule of 64; the rest of the Fire Fighters are subject to the Rule of 68. If eligible for Retirement, the following decrements apply, based on service:

Years of Service	Police %	Fire %
<20	0	0
20-24	40	5
25-29	50	25
30-31	100	25
32		100

There is no explicit assumption on the percentage of retirements expected to enter the DROP. No distinction is necessary, since funding is calculated to expected retirement or expected DROP entry.

Salary Merit Scale:

Service	Police	Fire
0	.0500	.0500
1	.0500	.0500
2	.0500	.0500
3	.0500	.0500
4	.0500	.0500
5	.0500	.0500
6	.0500	.0500
7	.0250	.0500
8	.0500	.0500
9	.0500	.0500
10	.0100	.0000
11	.0100	.0000
12	.0100	.0000
13	.0100	.0000
14	.0100	.0000
15	.0125	.0250
16	.0125	.0250
17	.0100	.0100
18	.0100	.0100
19	.0100	.0100
20	.0100	.0100
21	.0100	.0100
22 +	.0000	.0000

Salary Merit Scale is combined with 3.25% inflation and 1.5% for promotions and other increases. There is no additional increase at retirement.

Projected Total Payroll: Covered Payroll plus $36,943,839 estimated payroll for members in DROP in 2010/2011 year.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employees are assumed to be married. For Members currently receiving benefits, actual spouse's information is provided.
Investment Expenses:	The investment return assumption of 7.5% is net of investment expenses.
Administration Expenses:	**$2,044,488 for 2012/2013 fiscal year.**
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Compensated Absence Balance Transfers:	No liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.
Adjustments from Valuation Date:	One year's interest is added to the calculated deposit to reflect ordinance provision. For purposes of minimum City contributions as specified by State Division of Retirement (Exhibit 18), additional interest discount is included to reflect monthly contributions.
Sources of Data:	Asset data is from unaudited financial statements and includes an appraised value for the real estate to be used for Market Value. Membership data was furnished by Administrator. Member compensation used is final bi-weekly pay in the year, annualized, with estimated reductions for each active member as of October 1, 2011 based on approach summarized in Tables 2 and 3 in September 24, 2011 Actuarial Impact Statement.
Changes Since Prior Valuation:	**Administrative expense assumption changed from $2.2 million to $2,044,488 for 2012/2013 fiscal year.**

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Information Under Florida Statutes

I. Comparison of Salary Increases

Year Ending	Actual -%-	Assumed -%-
9/30/11	7.14	7.48
9/30/10	(9.33)	7.51
9/30/09	6.35	7.26
9/30/08	18.20	7.17
9/30/07	18.19*	5.81
9/30/06	2.84	5.79
9/30/05	8.15	5.77
9/30/04	10.20	5.78
9/30/03	5.38	4.00
9/30/02	2.43	2.00
9/30/01	4.79	2.00
9/30/00	7.12	2.00
9/30/99	0.52	2.75
9/30/98	(1.35)	2.75
9/30/97	(1.07)	2.75
9/30/96	0.76	2.75
9/30/95	5.50	2.75
9/30/94	2.86	3.00
9/30/93	6.37	6.80
9/30/92	3.48	6.80
9/30/91	2.65	6.80
9/30/90	2.79	7.00
9/30/89	8.64	7.00
9/30/88	6.05	7.00
9/30/87	7.45	7.50
9/30/86	7.49	7.50
9/30/85	14.28	7.50
9/30/84	11.53	7.50

* Including impact of change in valuation pay definition.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Information Under Florida Statutes

II. Comparison of Investment Returns

Year Ending	Actual MV	Actual AAV*	Assumed
-%-	-%-	-%-	-%-
9/30/11	3.6	3.98	7.50
9/30/10	9.8	4.48	7.75
9/30/09	(0.3)	(1.31)	7.75
9/30/08	(14.3)	3.65	7.75
9/30/07	14.2	8.27	7.75
9/30/06	9.1	7.57	7.75
9/30/05 (Revised)	15.6	7.83	7.75
9/30/05 (Prior)	15.6	8.43	7.75
9/30/04	12.9	4.29	7.75
9/30/03	15.7	3.26	7.75
9/30/02	(5.5)	(3.93)	7.75
9/30/01	(10.6)	(1.29)	7.75
9/30/00	12.7	16.01	7.75
9/30/99	13.8	13.40	7.75
9/30/98	6.9	19.45	7.75
9/30/97	28.3	26.34	8.00
9/30/96	13.2	11.27	8.00
9/30/95	21.0	12.86	7.75
9/30/94	(1.7)	5.18	7.75
9/30/93	15.8	13.73	7.75
9/30/92	9.9	12.48	7.75
9/30/91	25.9	20.93	7.75
9/30/90	0.4	1.89	7.50
9/30/89	N.A.	16.09	7.50
9/30/88	N.A.	0.08	7.50
9/30/87	N.A.	22.64	7.00
9/30/86	N.A.	21.66	7.00

* Based on mean actuarial asset values for periods ending 9/30. Rates of return on AAV prior to 9/30/05 are based on prior asset valuation methods, with COLA transfers treated as cash flow.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Information Under Florida Statutes
(Continued)

III. Comparison of Payroll Growth

Year Ending	Actual	Assumed
	-%-	-%-
9/30/11	2.5	N.A.
9/30/10	(34.4)	N.A.
9/30/09	(5.5)	N.A.
9/30/08	24.8	N.A.
9/30/07	14.7	N.A.
9/30/06	(1.3)	N.A.
9/30/05	2.6	N.A.
9/30/04	(9.9)	N.A.
9/30/03	2.1	N.A.
9/30/02	8.1	N.A.
9/30/01	6.3	N.A.
9/30/00	8.5	N.A.
9/30/99	4.6	N.A.
9/30/98	6.8	N.A.
9/30/97	(4.5)	N.A.
9/30/96	1.9	N.A.
9/30/95	(1.9)	N.A.
9/30/94	1.1	N.A.
9/30/93	7.5	N.A.
9/30/92	2.1	N.A.
9/30/91	(7.6)	5.00
9/30/90	(0.8)	5.00
9/30/89	9.5	5.00
9/30/88	3.4	5.00
9/30/87	5.9	5.00
9/30/86	5.8	5.00
9/30/85	7.8	5.00
9/30/84	9.7	5.00

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 25
(Excluding COLA Fund)

I. Funding Status and Progress as of September 30, 2011 and 2010

Entry Age Accrued Liability: $(Millions)

	Sept. 30, 2011	Sept. 30, 2010
	-$-	-$-
- Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	1,377.6	1,360.3
- Current employees - Accumulated employee contributions including interest	66.9	64.6
Employer - financed vested	91.0	89.8
Employer - financed nonvested	54.9	177.3
Total Actuarial Accrued Liability	1,590.5	1,568.3
Net assets available for benefits (market value)	987.1	1,027.7
Unfunded Actuarial Accrued Liability	603.4	540.6

The actuarial accrued liability was determined as part of actuarial valuations at September 30, 2011 and September 30, 2010. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.50 percent per year compounded annually, (b) projected salary increases of 3.25 percent per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.0 percent to 5.0 percent per year, attributable to seniority/merit and (d) 1.5% for promotions and other increases.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 25
(Excluding COLA Fund)

II. Contributions Required and Contributions Made

The funding policy provides for periodic employer contributions at actuarially determined rates that are sufficient to pay benefits when due. Contributions for normal costs are determined using the aggregate actuarial cost method. This cost method does not provide for an unfunded actuarial accrued liability.

Contributions totaling $47,196,715 ($40,058,891 employer and $7,137,824 employee) were made for the year ending September 30, 2011. These contributions consisted of (a) $47,196,175 normal cost, (b) $0 amortization of the unfunded actuarial accrued liability, and (c) $0 noninvestment expenses.

Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the standardized measure of the pension obligation as of the beginning of the preceding year.

III. Analysis of Funding Progress ($ Millions)

Fiscal Year	(1) Actuarial Asset Value ($)	(2) Entry Age Reserve ($)	(3) Percent Funded (%)	(4) Unfunded EAR (2)-(1) ($)	(5) Annual Covered Payroll ($)	(4)/(5) (%)
1992	476.6	483.7	99	7.1	67.1	11
1993	523.0	513.4	102	(9.6)	72.0	(13)
1994	540.3	587.5	92	47.2	72.9	65
1995	585.6	614.4	95	28.8	71.5	40
1996	626.0	650.0	96	24.0	72.9	33
1997	750.9	727.1	103	(23.8)	69.6	(34)
1998	850.7	800.7	106	(50.0)	74.3	(67)
1999	911.7	843.2	108	(68.5)	77.7	(88)
2000	988.8	863.4	115	(125.4)	84.3	(149)
2001	941.8	932.7	101	(9.1)	89.7	(10)
2002	865.5	999.8	87	134.3	96.9	139
2003	865.8	1,067.9	81	202.1	98.9	204
2004	894.6	1,152.8	78	258.2	89.2	289
2005	1,064.9	1,221.6	87	156.7	91.5	171
2006	1,133.0	1,260.5	90	127.5	90.4	141
2007	1,208.8	1,318.4	92	109.6	103.6	106
2008	1,219.6	1,452.5	85	222.9	129.4	172
2009	1,165.0	1,539.3	76	374.4	122.2	306
2010	1,180.6	1,568.3	75	387.7	80.2	483
2011	1,150.3	1,590.5	72	440.2	82.2	536

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

IV. Revenues and Expenses

	Revenues by Source			
Fiscal Year ($)	Employee Contributions ($)	Employer Contributions ($)	Investment Income ($)	Total
1992	6,115,655	10,029,747	44,569,353	60,714,755
1993	6,455,623	10,442,881	50,309,468	67,207,972
1994	7,435,034	9,296,175	36,915,202	53,646,411
1995	8,318,833	10,880,346	38,919,229	58,118,408
1996	7,852,469	16,547,235	55,421,603	79,821,307
1997	7,664,034	14,377,032	83,180,597	105,221,663
1998	7,692,571	14,155,472	96,007,011	117,855,054
1999	8,556,140	10,376,473	66,039,984	84,972,597
2000	6,257,588	5,400,784	129,752,337	141,410,709
2001	6,336,918	5,481,599	17,717,791	29,536,308
2002	6,721,236	5,400,784	(27,704,711)	(15,582,691)
2003	7,193,936	15,024,366	30,466,098	52,684,400
2004	24,415,150	32,959,003	53,963,150	111,337,303
2005	18,607,681	45,545,130	71,904,910	136,057,721
2006	7,698,594	50,635,213	71,669,124	130,002,931
2007	14,702,629	40,542,078	82,937,630	138,182,337
2008	9,719,896	36,040,251	62,728,078	108,488,225
2009	9,769,139	36,993,395	(58,111,291)	(11,348,757)
2010	10,436,367	54,342,926	62,459,916	127,239,209
2011	7,137,824	40,058,891	83,951,919	131,148,634

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

IV. Revenues and Expenses (Continued)

Fiscal Year	Expenses by Type			
	Benefits ($)	Administrative Expenses ($)	Refunds ($)	Total ($)
1992	22,345,166	1,137,047	751,088	24,233,301
1993	22,735,888	1,314,925	672,376	24,723,189
1994	23,787,091	1,420,693	510,074	25,717,858
1995	25,846,564	1,567,841	703,269	28,117,674
1996	29,506,924	1,870,188	822,497	32,199,609
1997	33,841,809	2,079,183	1,225,239	37,146,231
1998	35,593,108	2,543,855	391,524	38,537,297
1999	36,900,501	2,689,079	258,383	39,847,963
2000	41,237,423	2,710,752	258,804	44,206,979
2001	41,386,774	2,933,939	481,746	44,802,459
2002	42,766,860	2,825,903	364,256	45,957,019
2003	46,083,206	2,922,537	429,225	49,434,968
2004	53,249,450	3,334,460	301,580	56,885,490
2005	66,518,783	3,865,995	257,859	70,642,637
2006	69,825,105	4,687,601	573,228	75,085,934
2007	72,378,966	5,143,290	307,545	77,829,801
2008	77,794,816	5,469,431	664,235	83,928,482
2009	85,094,354	3,898,278	336,755	89,329,387
2010	101,438,423	3,900,819	174,358	105,513,600
2011	123,360,907	4,328,130	225,732	127,914,769

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

V. Schedule of Employer Contributions

Fiscal Year	Annual Pension Cost (APC) ($)	Amount Contributed ($)	Percentage Contributed (%)	Net Pension Obligation ($)
1994	9,296,175		100	0
1995	10,880,346		100	0
1996	16,547,235		100	0
1997	14,377,032		100	0
1998	14,155,472		100	0
1999	10,376,473		100	0
2000	5,400,784		100	0
2001	4,003,892		100	0
2002	1,051,629		100	0
2003	18,163,588		100	0
2004	36,341,515		100	0
2005	45,545,130		100	0
2006	50,635,213		100	0
2007	40,542,078		100	0
2008	36,040,251		100	0
2009	36,993,395		100	0
2010	55,095,791	54,342,926	99	752,865
2011	42,287,046*	40,058,891	95	3,037,485
2012	42,353,775			

*After 9/30/2010 Impact Statement Changes

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

I. COLA Increases by Duration Since Retirement

Years Retired	No.	FIPO Benefits -$-	COLA Benefits -$-	%
0 - 5	610	4,588,383	387	0.0
5 -10	454	2,576,264	44,787	1.7
10-15	198	820,040	93,253	11.4
15-20	254	962,204	191,735	19.9
20-25	244	759,982	295,024	38.8
25-30	139	261,360	201,733	77.2
30-35	198	194,265	305,830	157.4
35-40	124	84,141	194,555	231.2
40-45	28	15,475	53,728	347.2
45-50	17	8,564	36,026	420.6
50+	1	565	2,624	464.1
Total	2,267	10,271,243	1,419,682	13.8

II. COLA Increases by Attained Age (2012 Table)

Age	No.	FIPO Benefits -$-	COLA Benefits -$-	%
<45	45	252,993	1,041	0.4
45-50	246	1,658,754	341	0.0
50-54	441	2,866,986	21,200	0.7
55-59	331	2,008,755	58,138	2.9
60-64	317	1,421,982	151,478	10.7
65-69	258	960,436	222,270	23.1
70-74	177	457,349	197,006	43.1
75-79	161	311,278	242,629	77.9
80-84	181	231,379	314,484	135.9
85-89	91	86,718	168,772	194.6
>90	19	14,613	42,323	289.6
Total	2,267	10,271,243	1,419,682	13.8

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

III. COLA Increases vs. CPI)

Years Retired	No.	COLA -%-	CPI -%-	COLA/CPI %
0 - 5	610	0.0	4.3	0.2
5 -10	454	1.7	17.8	9.8
10-15	198	11.4	34.3	33.1
15-20	254	19.9	47.4	42.1
20-25	244	38.8	71.0	54.7
25-30	139	77.2	112.9	68.4
30-35	198	157.4	196.2	80.2
35-40	124	231.2	337.6	68.5
40-45	28	347.2	511.0	67.9
45-50	17	420.6	616.7	68.2
50+	1	464.1	654.7	70.9
Total	2,267	13.8	29.5	46.9

IV. Consumer Price Index (CPI-U)

Year	December Index	Annual %	Year	December Index	Annual %
1956	27.600	2.9	1981	94.000	8.9
1957	28.400	3.0	1982	97.600	3.9
1958	28.900	1.8	1983	101.300	3.8
1959	29.400	1.5	1984	105.300	4.0
1960	29.800	1.5	1985	109.300	3.8
1961	30.000	0.7	1986	110.500	1.1
1962	30.400	1.2	1987	115.400	4.4
1963	30.900	1.6	1988	120.500	4.4
1964	31.200	1.2	1989	126.100	4.6
1965	31.800	1.9	1990	133.800	6.2
1966	32.900	3.4	1991	137.900	3.0
1967	33.900	3.0	1992	141.900	2.9
1968	35.500	4.7	1993	145.800	2.7
1969	37.700	6.1	1994	149.700	2.7
1970	39.800	5.5	1995	153.500	2.5
1971	41.100	3.4	1996	158.600	3.3
1972	42.500	3.4	1997	161.300	1.7
1973	46.200	8.7	1998	163.900	1.6
1974	51.900	12.2	1999	168.300	2.7
1975	55.500	7.0	2000	174.000	3.4
1976	58.200	4.8	2001	176.700	1.6
1977	62.100	6.8	2002	180.900	2.4
1978	67.700	9.0	2003	184.300	1.9
1979	76.700	13.3	2004	190.300	3.3
1980	86.300	12.4	2005	196.800	3.4
			2006	201.800	2.5
			2007	210.036	4.1
			2008	210.228	0.1
			2009	215.949	2.7
			2010	219.179	1.5
			2011	226.421*	

*October 2011

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

I. Summary of Assets Available for Benefits at October 1, 2011

	-$-
A. COLA Accounts (Exhibit 2)	
1. COLA I Account at 9/30/2011	40,447,252
2. COLA II Account at 9/30/2011	269,586,716
B. Transfers of Excess Investment Income	
1. $0 due on 1/1/2012	0
2. $0 due on 1/1/2013	0
C. Minimum City Contributions [1] $5,477,808 beginning 1/1/2014 permanent, discounted	62,069,250
D. City Contribution	
1. Contribution of $5,064,541 due on 1/1/2012, discounted	4,973,796
2. Contribution of $5,267,123 due on 1/1/2013, discounted	4,811,859
E. Assets Available for COLA Benefits	381,888,873

II. COLA Fund Liabilities for Benefits at October 1, 2010 [3]

A. Present Value of Existing COLA Benefits for inactives	
1. Frozen COLA I benefits	1,285,953
2. COLA II benefits	272,916,617
3. Total inactive COLA benefits	274,202,570
B. Present Value of Projected COLA Benefits for Actives	
1. Reserve for current actives	30,082,887
2. Reserve for future actives (15% of B1)	4,512,433
3. Total	34,595,320
C. Total Liability Allocated (A3+B4)	308,797,890
D. Contingency Reserve [20% of I(E)-I(B)(2)]	76,377,775
E. Unallocated Reserve[2]	(3,286,792)
F. Total Liability for COLA Benefits	381,888,873

Notes: (1) $(1/1.0750)^{2.25}$ $\ddot{a}_{\overline{\infty}|}$ = 11.3310379
(2) For $1,312 Table, II(D)+II(E) = $31,268,690
(3) Service for COLA excludes 457 buyback service.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

III. Derivation of Increase in Table as of January 1, 2012

		-$-
A.	Liability based on current $1,312 table	
1.	Inactive COLA II Benefits	272,916,617
2.	Present Value of Projected COLA benefits for current actives	30,082,887
3.	Reserve for future actives [15% of (2)]	4,512,433
4.	Total	307,511,937
B.	Assets available to increase table	
1.	Total assets available for COLA Benefits	381,888,873
2.	Total Liability Allocated (current $1,312 table)	308,797,890
3.	Contingency Reserve II(D)	76,377,775
4.	Available Assets [(1)-(2)-(3)]	(3,286,792)
5.	$0 due on 1/1/2012, discounted	0
6.	Net Available Assets [(4)-(5)]	(3,286,792)
7.	Increase ratio [(B6)/ (A4)]	0
8.	Table increase [$1,312x (7)]	0
9.	New table amount [$1,312+ (8)]	1,312
10.	Actual new table amount	**1,312**

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Cumulative Experience Position Net of Asset Transfers

		-$-
I.	Calculation of Expected Unfunded Actuarial Accrued Liability at 10/1/2011	
A.	Expected Unfunded Actuarial Accrued Liability at 10/1/2010	293,212,567
B.	Entry Age Normal Cost for 2010/2011 Year Paid or Payable by Employer	9,520,156
C.	Interest on (A) and (B) at 7.50%	22,704,954
D.	Contributions for 2010/2011Year Paid or Payable by Employer (Required)	40,058,891
E.	Interest on (D) at 7.50%	3,004,417
F.	Expected Unfunded Actuarial Accrued Liability at 9/30/2011	282,374,369
G.	Additional Unfunded Actuarial Accrued Liability due to	
	1. Assumption Changes	0
	2. Plan Amendment	34,439
H.	Final Expected Unfunded Actuarial Accrued Liability at 9/30/2011	282,408,808
II.	Determination of Net Cumulative Experience Position at 10/1/2011(Preliminary)	
A.	Expected Unfunded Actuarial Liability as of September 30, 2011	282,408,808
B.	Entry Age Reserve - Actives	212,866,008
	- Inactives	1,377,616,763
	- Total	1,590,482,771
C.	Actuarial Asset Value	1,150,323,527
D.	Actual Unfunded Actuarial Liability (B)-(C)	440,159,244
E.	Cumulative Experience Gain (Loss) (A)-(D)	(157,750,436)
III.	Future Transfers of Excess Investment Income at 10/1/2011	
A.	$0 due on 1/1/2012, discounted	0
B.	$0 due on 1/1/2013, discounted	5,702,977*
C.	Total Future Transfers at 10/1/2011 (A)+(B)	5,702,977

*No transfer permitted unless cumulative experience is positive at the valuation date preceding transfer

EXHIBIT 15

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

Summary of Principal COLA Provisions

Effective Date:	January 1, 1994, amended January 1, 1995.
Eligibility:	All inactive members in Miami Fire Fighters' and Police Officers' Retirement Trust.
Prior COLA:	Benefits granted through 1993 continue to be paid, in addition to benefits to be granted in the future.
Available Assets:	Existing COLA assets as of January 1, 1995; beginning with the 1991/92 fiscal year, a percentage of excess investment return on FIPO assets (75% of first 2.5%, 50% of next 2.5%, 25% of next 2.5%), subject to a minimum City contribution of $2.5 million, increasing 4% annually.
Allocated Assets:	Current COLA assets as of September 30, 2009, plus present value of $2.5 million minimum guarantee. The 4% future annual increases is not pre-allocated. A contingency reserve of 9% has been established for adverse experience.
COLA Benefits:	In addition to prior COLA, benefits are based on attached table, with $1,312 monthly benefit for 25 years of creditable service and 22 completed years of retirement (after age 46). The $1,312 amount is reduced by 5% for each year of retirement less than 22 and each year of creditable service less than 25 and increased similarly for years of retirement greater than 22 and years of creditable service greater than 25. Benefits are based on the FIPO option elected. Tabular amounts are adjusted, based on the FIPO adjustments at the time of FIPO benefit commencement, for options other than Option 8 (Joint & 40%). Surviving spouses receive the percentage of the table amount determined under the FIPO election. Service-incurred and accidental disabilities and deaths receive benefits based on the greater of 25 years or actual creditable service.
Changes from Prior Year Valuation:	None.

Miami Firefighters' and Police Officers' Retirement Trust

2012 Monthly Retirement Supplements ($1312 Table)

		Completed Years of Retirement (after age 46)																								
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
	10	0	0	0	33	49	66	82	98	115	131	148	164	180	197	213	230	246	262	279	295	312	328	344	361	377
	11	0	0	0	39	59	79	98	118	138	157	177	197	216	236	256	276	295	315	335	354	374	394	413	433	453
	12	0	0	0	46	69	92	115	138	161	184	207	230	253	276	298	321	344	367	390	413	436	459	482	505	528
	13	0	0	0	52	79	105	131	157	184	210	236	262	289	315	341	367	394	420	446	472	499	525	551	577	604
	14	0	0	0	59	89	118	148	177	207	236	266	295	325	354	384	413	443	472	502	531	561	590	620	649	679
	15	0	0	0	66	98	131	164	197	230	262	295	328	361	394	426	459	492	525	558	590	623	656	689	722	754
	16	0	0	0	72	108	144	180	216	253	289	325	361	397	433	469	505	541	577	613	649	686	722	758	794	830
Y	17	0	0	0	79	118	157	197	236	276	315	354	394	433	472	512	551	590	630	669	708	748	787	827	866	905
E	18	0	0	0	85	128	171	213	256	298	341	384	426	469	512	554	597	640	682	725	768	810	853	895	938	981
A	19	0	0	0	92	138	184	230	276	321	367	413	459	505	551	597	643	689	735	781	827	872	918	964	1010	1056
R	20	0	0	0	98	148	197	246	295	344	394	443	492	541	590	640	689	738	787	836	886	935	984	1033	1082	1132
S	21	0	0	0	105	157	210	262	315	367	420	472	525	577	630	682	735	787	840	892	945	997	1050	1102	1155	1207
	22	0	0	0	112	167	223	279	335	390	446	502	558	613	669	725	781	836	892	948	1004	1059	1115	1171	1227	1282
O	23	0	0	0	118	177	236	295	354	413	472	531	590	649	708	768	827	886	945	1004	1063	1122	1181	1240	1299	1358
F	24	0	0	0	125	187	249	312	374	436	499	561	623	686	748	810	872	935	997	1059	1122	1184	1246	1309	1371	1433
	25	0	0	0	131	197	262	328	394	459	525	590	656	722	787	853	918	984	1050	1115	1181	1246	1312	1378	1443	1509
C	26	0	0	0	138	207	276	344	413	482	551	620	689	758	827	895	964	1033	1102	1171	1240	1309	1378	1446	1515	1584
R	27	0	0	0	144	216	289	361	433	505	577	649	722	794	866	938	1010	1082	1155	1227	1299	1371	1443	1515	1588	1660
E	28	0	0	0	151	226	302	377	453	528	604	679	754	830	905	981	1056	1132	1207	1282	1358	1433	1509	1584	1660	1735
D	29	0	0	0	157	236	315	394	472	551	630	708	787	866	945	1023	1102	1181	1260	1338	1417	1496	1574	1653	1732	1811
I	30	0	0	0	164	246	328	410	492	574	656	738	820	902	984	1066	1148	1230	1312	1394	1476	1558	1640	1722	1804	1886
T	31	0	0	0	171	256	341	426	512	597	682	768	853	938	1023	1109	1194	1279	1364	1450	1535	1620	1706	1791	1876	1961
A	32	0	0	0	177	266	354	443	531	620	708	797	886	974	1063	1151	1240	1328	1417	1506	1594	1683	1771	1860	1948	2037
B	33	0	0	0	184	276	367	459	551	643	735	827	918	1010	1102	1194	1286	1378	1469	1561	1653	1745	1837	1929	2020	2112
L	34	0	0	0	190	285	380	476	571	666	761	856	951	1046	1141	1237	1332	1427	1522	1617	1712	1807	1902	1998	2093	2188
E	35	0	0	0	197	295	394	492	590	689	787	886	984	1082	1181	1279	1378	1476	1574	1673	1771	1870	1968	2066	2165	2263
	36	0	0	0	203	305	407	508	610	712	813	915	1017	1118	1220	1322	1424	1525	1627	1729	1830	1932	2034	2135	2237	2339
S	37	0	0	0	210	315	420	525	630	735	840	945	1050	1155	1260	1364	1469	1574	1679	1784	1889	1994	2099	2204	2309	2414
E	38	0	0	0	216	325	433	541	649	758	866	974	1082	1191	1299	1407	1515	1624	1732	1840	1948	2057	2165	2273	2381	2490
R	39	0	0	0	223	335	446	558	669	781	892	1004	1115	1227	1338	1450	1561	1673	1784	1896	2007	2119	2230	2342	2453	2565
V	40	0	0	0	230	344	459	574	689	804	918	1033	1148	1263	1378	1492	1607	1722	1837	1952	2066	2181	2296	2411	2526	2640
I	41	0	0	0	236	354	472	590	708	827	945	1063	1181	1299	1417	1535	1653	1771	1889	2007	2125	2244	2362	2480	2598	2716
C	42	0	0	0	243	364	485	607	728	850	971	1092	1214	1335	1456	1578	1699	1820	1942	2063	2184	2306	2427	2549	2670	2791
E	43	0	0	0	249	374	499	623	748	872	997	1122	1246	1371	1496	1620	1745	1870	1994	2119	2244	2368	2493	2617	2742	2867
	44	0	0	0	256	384	512	640	768	895	1023	1151	1279	1407	1535	1663	1791	1919	2047	2175	2303	2430	2558	2686	2814	2942
	45	0	0	0	262	394	525	656	787	918	1050	1181	1312	1443	1574	1706	1837	1968	2099	2230	2362	2493	2624	2755	2886	3018
	46	0	0	0	269	403	538	672	807	941	1076	1210	1345	1479	1614	1748	1883	2017	2152	2286	2421	2555	2690	2824	2959	3093
	47	0	0	0	276	413	551	689	827	964	1102	1240	1378	1515	1653	1791	1929	2066	2204	2342	2480	2617	2755	2893	3031	3168
	48	0	0	0	282	423	564	705	846	987	1128	1269	1410	1551	1692	1834	1975	2116	2257	2398	2539	2680	2821	2962	3103	3244
	49	0	0	0	289	433	577	722	866	1010	1155	1299	1443	1588	1732	1876	2020	2165	2309	2453	2598	2742	2886	3031	3175	3319
	50	0	0	0	295	443	590	738	886	1033	1181	1328	1476	1624	1771	1919	2066	2214	2362	2509	2657	2804	2952	3100	3247	3395

Miami Firefighters' and Police Officers' Retirement Trust

2012 Monthly Retirement Supplements ($1312 Table)

Completed Years of Retirement (after age 46)

Years of Service	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50
10	394	410	426	443	459	476	492	508	525	541	558	574	590	607	623	640	656	672	689	705	722	738	754	771	787
11	472	492	512	531	551	571	590	610	630	649	669	689	708	728	748	768	787	807	827	846	866	886	905	925	945
12	551	574	597	620	643	666	689	712	735	758	781	804	827	850	872	895	918	941	964	987	1010	1033	1056	1079	1102
13	630	656	682	708	735	761	787	813	840	866	892	918	945	971	997	1023	1050	1076	1102	1128	1155	1181	1207	1233	1260
14	708	738	768	797	827	856	886	915	945	974	1004	1033	1063	1092	1122	1151	1181	1210	1240	1269	1299	1328	1358	1387	1417
15	787	820	853	886	918	951	984	1017	1050	1082	1115	1148	1181	1214	1246	1279	1312	1345	1378	1410	1443	1476	1509	1542	1574
16	866	902	938	974	1010	1046	1082	1118	1155	1191	1227	1263	1299	1335	1371	1407	1443	1479	1515	1551	1588	1624	1660	1696	1732
17	945	984	1023	1063	1102	1141	1181	1220	1260	1299	1338	1378	1417	1456	1496	1535	1574	1614	1653	1692	1732	1771	1811	1850	1889
18	1023	1066	1109	1151	1194	1237	1279	1322	1364	1407	1450	1492	1535	1578	1620	1663	1706	1748	1791	1834	1876	1919	1961	2004	2047
19	1102	1148	1194	1240	1286	1332	1378	1424	1469	1515	1561	1607	1653	1699	1745	1791	1837	1883	1929	1975	2020	2066	2112	2158	2204
20	1181	1230	1279	1328	1378	1427	1476	1525	1574	1624	1673	1722	1771	1820	1870	1919	1968	2017	2066	2116	2165	2214	2263	2312	2362
21	1260	1312	1364	1417	1469	1522	1574	1627	1679	1732	1784	1837	1889	1942	1994	2047	2099	2152	2204	2257	2309	2362	2414	2467	2519
22	1338	1394	1450	1506	1561	1617	1673	1729	1784	1840	1896	1952	2007	2063	2119	2175	2230	2286	2342	2398	2453	2509	2565	2621	2676
23	1417	1476	1535	1594	1653	1712	1771	1830	1889	1948	2007	2066	2125	2184	2244	2303	2362	2421	2480	2539	2598	2657	2716	2775	2834
24	1496	1558	1620	1683	1745	1807	1870	1932	1994	2057	2119	2181	2244	2306	2368	2430	2493	2555	2617	2680	2742	2804	2867	2929	2991
25	1574	1640	1706	1771	1837	1902	1968	2034	2099	2165	2230	2296	2362	2427	2493	2558	2624	2690	2755	2821	2886	2952	3018	3083	3149
26	1653	1722	1791	1860	1929	1998	2066	2135	2204	2273	2342	2411	2480	2549	2617	2686	2755	2824	2893	2962	3031	3100	3168	3237	3306
27	1732	1804	1876	1948	2020	2093	2165	2237	2309	2381	2453	2526	2598	2670	2742	2814	2886	2959	3031	3103	3175	3247	3319	3392	3464
28	1811	1886	1961	2037	2112	2188	2263	2339	2414	2490	2565	2640	2716	2791	2867	2942	3018	3093	3168	3244	3319	3395	3470	3546	3621
29	1889	1968	2047	2125	2204	2283	2362	2440	2519	2598	2676	2755	2834	2913	2991	3070	3149	3228	3306	3385	3464	3542	3621	3700	3779
30	1968	2050	2132	2214	2296	2378	2460	2542	2624	2706	2788	2870	2952	3034	3116	3198	3280	3362	3444	3526	3608	3690	3772	3854	3936
31	2047	2132	2217	2303	2388	2473	2558	2644	2729	2814	2900	2985	3070	3155	3241	3326	3411	3496	3582	3667	3752	3838	3923	4008	4093
32	2125	2214	2303	2391	2480	2568	2657	2745	2834	2922	3011	3100	3188	3277	3365	3454	3542	3631	3720	3808	3897	3985	4074	4162	4251
33	2204	2296	2388	2480	2572	2663	2755	2847	2939	3031	3123	3214	3306	3398	3490	3582	3674	3765	3857	3949	4041	4133	4225	4316	4408
34	2283	2378	2473	2568	2663	2758	2854	2949	3044	3139	3234	3329	3424	3519	3615	3710	3805	3900	3995	4090	4185	4280	4376	4471	4566
35	2362	2460	2558	2657	2755	2854	2952	3050	3149	3247	3346	3444	3542	3641	3739	3838	3936	4034	4133	4231	4330	4428	4526	4625	4723
36	2440	2542	2644	2745	2847	2949	3050	3152	3254	3355	3457	3559	3660	3762	3864	3966	4067	4169	4271	4372	4474	4576	4677	4779	4881
37	2519	2624	2729	2834	2939	3044	3149	3254	3359	3464	3569	3674	3779	3884	3988	4093	4198	4303	4408	4513	4618	4723	4828	4933	5038
38	2598	2706	2814	2922	3031	3139	3247	3355	3464	3572	3680	3788	3897	4005	4113	4221	4330	4438	4546	4654	4763	4871	4979	5087	5196
39	2676	2788	2900	3011	3123	3234	3346	3457	3569	3680	3792	3903	4015	4126	4238	4349	4461	4572	4684	4795	4907	5018	5130	5241	5353
40	2755	2870	2985	3100	3214	3329	3444	3559	3674	3788	3903	4018	4133	4248	4362	4477	4592	4707	4822	4936	5051	5166	5281	5396	5510
41	2834	2952	3070	3188	3306	3424	3542	3660	3779	3897	4015	4133	4251	4369	4487	4605	4723	4841	4959	5077	5196	5314	5432	5550	5668
42	2913	3034	3155	3277	3398	3519	3641	3762	3884	4005	4126	4248	4369	4490	4612	4733	4854	4976	5097	5218	5340	5461	5583	5704	5825
43	2991	3116	3241	3365	3490	3615	3739	3864	3988	4113	4238	4362	4487	4612	4736	4861	4986	5110	5235	5360	5484	5609	5733	5858	5983
44	3070	3198	3326	3454	3582	3710	3838	3966	4093	4221	4349	4477	4605	4733	4861	4989	5117	5245	5373	5501	5628	5756	5884	6012	6140
45	3149	3280	3411	3542	3674	3805	3936	4067	4198	4330	4461	4592	4723	4854	4986	5117	5248	5379	5510	5642	5773	5904	6035	6166	6298
46	3228	3362	3496	3631	3765	3900	4034	4169	4303	4438	4572	4707	4841	4976	5110	5245	5379	5514	5648	5783	5917	6052	6186	6321	6455
47	3306	3444	3582	3720	3857	3995	4133	4271	4408	4546	4684	4822	4959	5097	5235	5373	5510	5648	5786	5924	6061	6199	6337	6475	6612
48	3385	3526	3667	3808	3949	4090	4231	4372	4513	4654	4795	4936	5077	5218	5360	5501	5642	5783	5924	6065	6206	6347	6488	6629	6770
49	3464	3608	3752	3897	4041	4185	4330	4474	4618	4763	4907	5051	5196	5340	5484	5628	5773	5917	6061	6206	6350	6494	6639	6783	6927
50	3542	3690	3838	3985	4133	4280	4428	4576	4723	4871	5018	5166	5314	5461	5609	5756	5904	6052	6199	6347	6494	6642	6790	6937	7085

Years of Service

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

Summary of Actuarial Basis

Valuation Date: January 1, 2012.

Valuation Method: Accrued Benefit Cost Method, based on benefits granted to date.

Asset Valuation Method: Market Value, plus present value of future minimum City contributions.

Actuarial Assumptions:

Investment Return: 7.50%, compounded annually.

Mortality: RP 2000 Mortality Table, Employees and Annuitants Combined, projected by scale AA to 2020, producing following specimen rates:

Age	Male	Female
20	.0235%	.0138%
30	.0402%	.0216%
40	.0919%	.0522%
50	.1487%	.1189%
60	.4887%	.4573%
70	1.6413%	1.5145%
80	5.7647%	3.9866%

Disabled Mortality: RP 2000 Disabled Mortality Table projected by scale AA to 2020, producing following specimen rates:

Age	Male	Female
20	1.5696%	.5287%
30	2.0418%	.6093%
40	1.9221%	.5507%
50	2.0149%	.8186%
60	3.0450%	1.9756%
70	4.6257%	3.4045%
80	8.9456%	6.2834%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Summary of Actuarial Basis
(Continued)

Age	Disability	Turnover	
		<5	5+
20	.00085	.0240	.0192
21	.00095	.0240	.0192
22	.00105	.0240	.0192
23	.00110	.0240	.0192
24	.00125	.0240	.0192
25	.00130	.0240	.0192
26	.00140	.0240	.0192
27	.00150	.0240	.0192
28	.00160	.0240	.0192
29	.00170	.0240	.0192
30	.00180	.0240	.0192
31	.00200	.0240	.0192
32	.00220	.0240	.0192
33	.00245	.0240	.0192
34	.00265	.0240	.0192
35	.00285	.0240	.0192
36	.00305	.0228	.0182
37	.00325	.0216	.0173
38	.00345	.0204	.0163
39	.00370	.0192	.0154
40	.00390	.0180	.0144
41	.00470	.0168	.0134
42	.00555	.0156	.0125
43	.00635	.0144	.0115
44	.00720	.0132	.0106
45	.00800	.0120	.0096
46	.00880	.0096	.0077
47	.00965	.0072	.0057
48	.01045	.0048	.0038
49	.01130	.0024	.0019
50	.01210	.0000	.0000

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Summary of Actuarial Basis
(Continued)

Age	Disability	Turnover	
		< 5	5+
51	.01295	.0000	.0000
52	.01375	.0000	.0000
53	.01455	.0000	.0000
54	.01540	.0000	.0000
55	.01620	.0000	.0000
56	.01785	.0000	.0000
57	.01870	.0000	.0000
58	.01950	.0000	.0000
59	.02030	.0000	.0000
60	.00000	.0000	.0000
61	.00000	.0000	.0000
62	.00000	.0000	.0000
63	.00000	.0000	.0000
64	.00000	.0000	.0000
65	.00000	.0000	.0000

Retirement: Fire Fighters who have attained 64 points by September 30, 2010 and all Police Officers are subject to the Rule of 64; the rest of the Fire Fighters are subject to the Rule of 68. If eligible for Retirement, the following decrements apply, based on service.

Years of Service	Police %	Fire %
<20	0	0
20-24	40	5
25-29	50	25
30-31	100	25
32	0	100

There is no explicit assumption on the percentage of retirements expected to enter the DROP. No distinction is necessary, since funding is calculated to expected retirement or expected DROP entry.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

Summary of Actuarial Basis
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Martial Status:	All employees are assumed to be married.
Investment Expenses:	Not provided for.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Adjustments from Valuation Date:	Liabilities are discounted for 3 months at the Investment Return assumption.
Sources of Data:	Asset data is from unaudited financial statements. Membership data was furnished by Administrator.
Changes from Prior Year Valuation:	None.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)
(Based on 01/01/2011 $1,312 Table)

I. Funding Status and Progress as of September 30, 2011 and 2010

Pension benefit obligation:	$(Millions) 2011	2010
- Retirees and beneficiaries currently receiving prior COLA benefits	1.3	1.5
- Retirees and beneficiaries receiving COLA tabular benefits (beginning January 1) and terminated employees not yet receiving tabular benefits	267.8	279.7
- Current Employees Accumulated employee contributions including interest	0.2	0.3
Employer - financed vested	0.0	0.0
Employer - financed non-vested	34.3	34.1
- Total pension benefit obligation	303.6	315.6
Net assets available for benefits	310.0	311.8
Unfunded pension benefit (obligation)/asset	6.4	(3.8)

The pension benefit obligations were determined as part of actuarial valuations at January 1, 2012 and January 1, 2011, based on data and asset information at September 30, 2011 and September 30, 2010. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.50% per year compounded annually, (b) post retirement COLA benefits based on the table in effect at January 1, 2011 and January 1, 2010.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)
(Based on 01/01/2011 $1,312 Table)

II. Contributions Required and Contributions Made

The funding policy provides for annual employer contributions for 25 years from January 1, 1994. The amount of the contribution was $2.5 million, beginning January 1, 1994, increasing 4% per year each year thereafter, and reduced (but not below zero) by any excess investment income transfer due on the same date.

The excess investment income transfer consists of a portion of gains due to investment return exceeding the 7.50 percent assumption.

III. Analysis of funding Progress ($ Millions)

Fiscal Year	(1) Net Assets Available for Benefits* ($)	(2) Pension Benefit Obligation** ($)	(3) Percent Funded (%)	(4) Unfunded PBO (2)-(1) ($)	(5) Annual Covered Payroll ($)	(4)/(5) (%)
1993	40.8	32.5	126	(8.3)	72.0	(12)
1994	42.6	51.5	83	8.9	72.9	12
1995	63.8	52.0	123	(11.8)	71.5	(17)
1996	83.9	65.7	128	(18.1)	72.9	(25)
1997	117.7	70.8	166	(46.9)	69.6	(67)
1998	144.2	90.9	159	(53.3)	74.3	(72)
1999	180.7	116.3	155	(64.4)	77.7	(83)
2000	220.5	137.0	161	(83.5)	84.3	(99)
2001	195.0	158.4	123	(36.6)	89.7	(41)
2002	174.1	164.5	106	(9.6)	96.9	(10)
2003	194.8	165.1	118	(29.7)	98.9	(30)
2004	210.3	185.7	113	(24.7)	89.2	(28)
2005	231.6	195.0	119	(36.6)	91.5	(40)
2006	249.0	216.8	115	(32.2)	90.4	(36)
2007	300.2	242.9	124	(57.3)	103.6	(55)
2008	305.8	279.4	109	(26.4)	129.4	(20)
2009	296.3	290.0	102	(6.3)	122.2	(5)
2010	311.8	315.6	99	3.8	80.2	5
2011	310.0	303.6	102	(6.4)	82.2	(8)

* Excluding future City minimum contributions.
** Excluding new increment, contingency reserves, and reserves for future actives.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)

IV. Revenues and Expenses

Fiscal Year	Revenues by Source: Employee Contributions ($)	Employer Contributions ($)	Investment Income ($)	Total ($)
1987	1,246,688	298,682	871,969	2,417,339
1988	1,272,000	0	393,935	1,665,935
1989	1,381,407	0	686,477	2,067,884
1990	1,457,451	0	694,749	2,152,200
1991	1,505,015	0	1,024,972	2,529,987
1992	1,422,192	0	1,031,806	2,453,998
1993	1,493,735	0	1,151,821	2,645,556
1994	474,233	9,481,546	1,313,750	11,269,529
1995	506	16,818,431	3,754,787	20,573,724
1996	0	2,622,149	3,795,508	6,417,657
1997	4,226	12,736,609	7,724,214	20,465,049
1998	1,094	14,344,834	10,325,730	24,671,658
1999	11,792	17,020,337	9,278,121	26,310,250
2000	293	23,437,048	18,932,095	42,369,436
2001	0	28,380,385	6,709,796	35,090,181
2002	0	32,080,031	571,271	32,651,302
2003	0	3,558,280	6,649,841	10,208,121
2004	0	3,700,611	9,923,222	13,623,833
2005	0	3,848,635	12,516,741	16,365,377
2006	0	0	25,340,983	25,340,983
2007	0	0	47,781,293	47,781,293
2008	0	0	44,539,016	44,539,016
2009	0	0	44,696,486	44,696,486
2010	0	4,682,453	18,493,888	23,176,341
2011	0	4,869,751	25,484,227	30,353,978

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)
(Continued)

IV. Revenues and Expenses (Continued)

Fiscal Year	Expenses by Type: Benefits ($)	Administrative Expenses ($)	Refunds ($)	Total ($)
1987	183,548	7,301	36,679	227,528
1988	321,908	387	68,950	391,245
1989	430,185	0	46,021	476,206
1990	534,058	0	85,067	619,125
1991	578,758	0	76,730	655,488
1992	628,793	20,956	78,054	727,803
1993	665,938	27,288	84,945	778,171
1994	1,657,947	7,430	72,595	1,737,972
1995	2,706,830	0	101,814	2,808,644
1996	3,051,315	0	84,143	3,135,458
1997	3,676,801	0	124,925	3,801,726
1998	4,695,927	0	30,136	4,726,063
1999	5,765,042	295,708	17,974	6,078,724
2000	7,016,378	334,588	13,932	7,364,898
2001	8,225,910	445,723	16,796	8,688,429
2002	8,943,616	437,703	11,101	9,392,420
2003	9,332,318	590,842	9,806	9,932,966
2004	9,916,255	609,251	6,313	10,531,819
2005	10,614,510	672,938	1,182	11,288,630
2006	11,760,071	807,594	1,934	12,569,599
2007	13,304,749	944,477	388	14,249,614
2008	15,666,175	1,053,599	14,154	16,733,928
2009	16,925,422	867,083	0	17,795,505
2010	17,236,918	1,164,379	0	18,401,297
2011	17,363,841	1,321,324	0	18,685,165

The City of Miami
Fire Fighters' and Police Officers'
Retirement Trust

74th ANNUAL REPORT
SEPTEMBER 30, 2013

The City of Miami
Fire Fighters' and Police Officers' Retirement Trust

74th ANNUAL REPORT
SEPTEMBER 30, 2013

1895 SW 3rd Avenue, Miami, Florida 33129-1456
Tel: 305-858-6006 Fax: 305-858-9008
www.miamifipo.org

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I

INTRODUCTORY

SECTION

BOARD OF TRUSTEES

AND

PERSONNEL OF THE RETIREMENT TRUST

AS OF SEPTEMBER 30, 2013

Thomas Gabriel - Chairman
Fire Captain
Elected by the Fire Fighters

Jesse Diner
Appointed by the City Commission

Nelson Enriquez
Fire Captain
Elected by the Fire Fighters

Ornel Cotera
Appointed by the City Commission

Sergio Diez
Sergeant Of Police
Elected by the Police Officers

Thomas Roell
Appointed by the City Commission

Monica Fernandez
Appointed by the City Commission

Annette Rotolo
Sergeant of Police
Elected by the Police Officers

Robert Moskovitz
Appointed by City Manager

Administrator
Robert H. Nagle

Assistant Administrator
Dania L. Orta

Legal Advisor
Stephen H. Cypen, Esq.

Medical Advisor
Cornell Lupu, MD

Consulting Actuary
Nyhart

Certified Public Accountants
Goldstein Schechter Koch

Investment Managers

Adams Street
Alliance Bernstein
Ambassador Investments
AXA Investments
Black Rock Invest. Managers
Barrow, Hanley, et al
Catalyst Investment
Champlain Asset Management
Coller Capital
Delaware Asset Management
Dodge & Cox Investment Management
Eagle Asset Management
J. P. Morgan Invest. Mangmt.
Lexington Partners
Munder Capital Management
First Eagle
Pantheon
RCM
Robeco Boston Partners
S L Capital
State Street Global Advisors
Urdang
Wellington Investment Manager
Wentworth Hauser Violich

Consultant
William Cottle, CFA, Milliman, Inc.

Custodian
Northern Trust Company

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

74th ANNUAL REPORT

On September 30, 2013, the City of Miami Fire Fighters' and Police Officers' Retirement Trust completed its seventy fourth year of operation.

Retirement benefits granted during the year represent annual benefits of $2,269,287.00 and are as follows:

25	DROP Service Retirements with annual benefits of	1,415,519.00
1	Vested Rights Retirement with annual benefits of	52,157.00

During the year, 37 pensioners of the Retirement Trust died. Of these, 31 had selected a pension which terminated at their death and 16 had selected an option that will continue to a beneficiary representing yearly benefits of $155,095.00.

During the year ending September 30, 2013, the pension payroll totaled $124,985,394.00 which is an increase of 0.53% when compared to the previous year's total payroll, and is broken down as follows:

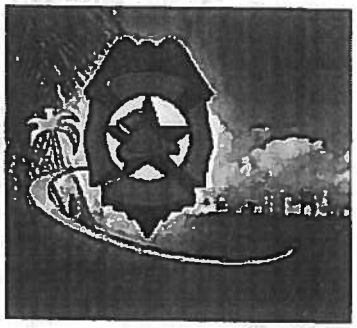
		ANNUAL BENEFITS
1,281	Service Retirements	74,730,484.00
474	DROP Service Retirements	42,163,777.00
58	Early Service Retirements	743,046.00
44	Vested Right Retirements	933,201.00
9	Ordinary Disability Retirements	106,427.00
152	Service/Accidental Disability Retirements	3,353,626.00
7	Accidental Death Retirements	142,527.00
4	Ordinary Death Early	92,899.00
239	Continuances	2,719,407.00
		124,985,394.00
	Securities' gains and losses, Miscellaneous Income	81,385,391.00

The various statements and schedules, which follow, reflect the activities of the system from the beginning as well as for the current year. An outline showing benefits and working procedures is also included.

II

FINANCIAL

SECTION



City of Miami
Fire Fighters' and Police Officers' Retirement Trust

Financial Statements
Years Ended September 30, 2013 and 2012

GSK

Goldstein Schechter Koch
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

GSK Goldstein Schechter Koch
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Independent Auditors' Report

Board of Trustees
City of Miami Fire Fighters' and Police Officers' Retirement Trust
Miami, Florida

We have audited the accompanying financial statements of the City of Miami Fire Fighters' and Police Officers' Retirement Trust (the "Trust"), which comprise the statement of plan net position as of September 30, 2013 and 2012, and the related statements of changes in plan net position for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of September 30, 2013 and 2012, and the related statements of changes in plan net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

2121 Ponce de Leon Blvd. - 11th Floor • Coral Gables, FL 33134
(305) 442-2200 • Fax (305) 444-0880
info@gskcpas.com • www.gskcpas.com

Independent Auditors' Report
(continued)

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and required supplementary information as listed in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

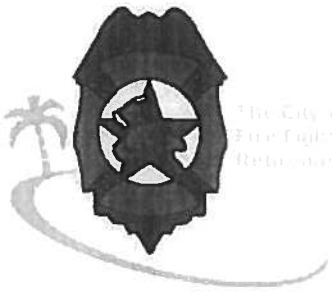
Our audits were conducted the purpose or forming an opinion on the basic financial statements of the Trust. The accompanying supplemental schedules of investment expenses and administrative expenses (other supplemental schedules) as listed in the accompanying table of contents is presented for purposes or additional analysis and is not a required part or the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States or America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January xx, 2014 on our consideration of the Trust's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Trust's internal control over financial reporting and compliance.

Goldstein Schechter Koch, P.A.

Hollywood, Florida
January 15, 2014



ADMINISTRATOR
Robert H. Nagle

ASSISTANT
ADMINISTRATOR
Dania L. Orta

TRUSTEES

Ornel Cotera
Sergio Diez
Monica Fernandez
Raul Fernandez
Tom Gabriel
Robert Moskovitz
Thomas Roell
Annette Rotolo

Management's Discussion and Analysis
(Required Supplementary Information - Unaudited)
September 30, 2013 and 2012

Our discussion and analysis of the City of Miami Fire Fighters' and Police Officers' Retirement Trust (the "Trust") financial performance provides an overview of the Trust's financial activities for the fiscal years ended September 30, 2013 and 2012. Please read it in conjunction with the Trust's financial statements which follow this discussion.

Financial Highlights

- The Trust assets exceeded its liabilities at the close of fiscal years ended 2013 and 2012 by $1,499.8 and $1,425.3 million, respectively (reported as net position held in trust for pension benefits). The Trust's net position is held in trust to meet future benefit payments. The increase of $74.5 million and of $128.2 million in net position, of the respective years, has resulted primarily from the changes in the fair value of the Trust's investments due to volatile financial markets.

- The Trust's funded ratio, a comparison of the actuarial value of assets to the actuarial accrued pension benefit liability, changed from 72% as of the October 1, 2011 valuation to 73% as of the October 1, 2012 valuation.

- For the fiscal year ended September 30, 2013 the Trust's total additions were $221.9 million which were comprised of contributions of $55.7 million and net investment income of $166.2 million.

  For the fiscal year ended September 30, 2012 the Trust's total additions were $273.3 million which were comprised of contributions of $55.8 million and net investment income of $217.5 million.

- For the fiscal year ended September 30, 2013 the Trust's deductions increased over the prior year from $145.2 million to $147.4 or 1.5%. Most of this increase is attributable to increased pension benefits paid and distributions to retirees.

  For the fiscal year ended September 30, 2012 the Trust's deductions increased over the prior year from $143.2 million to $145.2 or 1.4%. Most of this increase is attributable to increased pension benefits paid.

Plan Highlights

For the year ending September 30, 2013, the total return of the portfolio was 12.5%. Actual net investment income was $166.2 million in 2013 compared with $217.5 million in 2012.

For the year ending September 30, 2012, the total return of the portfolio was 17.9%. Actual net investment income was $217.5 million in 2012 compared with $46.5 million in 2011.

Overview of the Financial Statements

The basic financial statements include the Statements of Plan Net Position and Statements of Changes in Plan Net position and Notes to the Financial Statements. The Trust also includes in this report additional information to supplement the financial statements.

The Trust presents two types of required supplementary schedules, which provide historical trend information about the Trust's funding. The two types of schedules include a schedule of funding progress and a schedule of employer contributions.

The Trust prepares its financial statements on the accrual basis of accounting and in accordance with generally accepted accounting principles in the United States of America. These statements provide information about the Trust's overall financial status.

Description of the Financial Statements

The *Statements of Plan Net Position* presents information that includes all of the Trust's assets and liabilities, with the balance representing the Net Position Held in Trust for Pension Benefits. It is a snapshot of the financial position of the Trust at that specific point in time and reflects the resources available to pay members, retirees and beneficiaries at that point in time.

The *Statements of Changes in Plan Net Position* reports how the Trust's net position changed during the fiscal year. The additions and deductions to net position are summarized in these statements. The additions include contributions to the retirement plan from employers (City) and members and net investment income, which include interest, dividends, investment expenses, and the net appreciation or depreciation in the fair value of investments. The deductions include benefit payments, refunds of member contributions, and administrative expenses.

The *Notes to the Financial Statements* are presented to provide the information necessary for a full understanding of the financial statements. They include additional information not readily evident in the statements themselves such as a description of the Trust, contributions, significant accounting policies, funding policy, and investment risk disclosure.

There are also two *Required Supplementary Schedules* included in this report as required by the Governmental Accounting Standards Board. The *Schedule of Funding Progress* presents historical trend information about the actuarially determined funded status of the Trust from a long-term, ongoing plan perspective, and the progress made in accumulating sufficient assets to fund benefit payments as they become due. The *Schedule of Contributions by Employer* presents historical trend information about the annual required contributions of employers and percentage of such contributions in relation to actuarially determined requirements for the years presented.

Description of the Financial Statements - continued

Additional information is presented as part of *Other Supplementary Schedules*. This section is not required but management has chosen to include it. It includes *Schedules of Investment Expenses and Administrative Expenses.* The *Schedule of Investment Expenses* presents the expenses incurred in managing and monitoring the investments of the Trust and include financial management, consultant, and custodial fees. The *Schedule of Administrative Expenses* presents the expenses incurred in the administration of the Trust.

Financial Analysis

- Trust's total assets as of September 30, 2013, were $2,025.3 million and were mostly comprised of cash and cash equivalents, investments, property and equipment, and receivables related to investments. Total assets increased $140.6 million or 7.5%.

  Trust's total assets as of September 30, 2012, were $1,884.8 million and were mostly comprised of cash and cash equivalents, investments, property and equipment, and receivables related to investments. Total assets increased $218.5 million or 13.1%.

- Total liabilities as of September 30, 2013 were $525.5 million and were mostly comprised of obligations under securities lending, payable for securities purchased and deferred retirement option plan payable. Total liabilities increased $66.1 million or 14.4% from the prior year primarily due to an increase in deferred retirement option plan and payable for securities purchased.

  Total liabilities as of September 30, 2012 were $459.4 million and were mostly comprised of obligations under securities lending, payable for securities purchased and deferred retirement option plan payable. Total liabilities increased $90.4 million or 24.5% from the prior year primarily due to an increase in deferred retirement option plan and obligations under securities lending.

- Trust assets exceeded its liabilities at the close of fiscal year ended September 30, 2013 by $1,499.8 million. Total net position held in trust for pension benefits increased $74.5 million or 5.2% from the previous year.

  Trust assets exceeded its liabilities at the close of fiscal year ended September 30, 2012 by $1,425.3 million. Total net position held in trust for pension benefits increased $128.2 million or 9.9% from the previous year.

Description of the Financial Statements – continued

Financial Analysis - continued

Table 1 - Condensed Statements of Plan Net Position
September 30,
(Dollar Amounts in Thousands)

	2013	2012	Increase (Decrease) Amount	Total Percentage Change
Assets:				
Cash and cash equivalents	$ 59,729	$ 52,745	$ 6,984	13.2%
Receivables	44,251	18,195	26,056	143.2
Investments	1,632,665	1,535,004	97,661	6.4
Security lending collateral – invested	286,709	276,817	9,892	3.6
Property and equipment, net	1,957	2,000	(43)	(2.2)
Total assets	2,025,311	1,884,761	140,550	7.5
Liabilities:				
Payables for securities purchased	38,240	13,735	24,505	178.4%
Accounts payable and other	403	608	(205)	(33.7)
Deferred Retirement Option Plan	200,182	168,279	31,903	19.0
Obligations under securities lending	286,709	276,817	9,892	3.6
Total liabilities	525,534	459,439	66,095	14.4
Net position held in trust for pension benefits	$ 1,499,777	$ 1,425,322	$ 74,455	5.2%

Description of the Financial Statements – continued

Financial Analysis - continued

Table 1 - Condensed Summary of Plan Net Position
September 30,
(Dollar Amounts in Thousands)

	2012	2011	Increase (Decrease) Amount	Total Percentage Change
Assets:				
Cash and cash equivalents	$ 52,745	$ 68,533	$ (15,788)	(23.0)%
Receivables	18,195	9,529	8,666	90.9
Investments	1,535,004	1,352,827	182,177	13.5
Security lending collateral – invested	276,817	233,291	43,526	18.7
Property and equipment, net	2,000	2,043	(43)	(2.1)
Total assets	1,884,761	1,666,223	218,538	13.1
Liabilities:				
Payables for securities purchased	13,735	9,526	4,209	44.2
Accounts payable and other	608	374	234	62.7
Deferred Retirement Option Plan	168,279	125,863	42,416	33.7
Obligations under securities lending	276,817	233,291	43,526	18.7
Total liabilities	459,439	369,054	90,385	24.5
Net position held in trust for pension benefits	$ 1,425,322	$ 1,297,169	$ 128,153	9.9%

Additions to Plan Net Position

The reserves needed to finance retirement benefits are accumulated through the collection of contributions from members and the City and through earnings on investments. Contributions and net investment income for fiscal years 2013 and 2012 totaled $221.9 and $273.3 million, respectively.

For the fiscal year ended September 30, 2013 total additions to plan net position decreased by $51.5 million or 18.8% from those of the prior year, due primarily to a decrease in net appreciation in fair value of investments.

Actual results were:

- City contributions decreased from the previous year by $1.2 million or 2.5%. This decrease is primarily due to changes imposed by City management on the Trust which decreased the City's actuarially computed minimum required contribution.
- Member contributions increased from the previous year by $1.2 million or 12.3%. This increase is primarily due to an increase in purchase of additional service years by members and transfers of contributions from the general employee's pension plan.
- Net investment income decreased from the previous year by $51.3 million or 23.6%.

Description of the Financial Statements – continued

Additions to Plan Net Position- continued

For the fiscal year ended September 30, 2012 total additions to plan net position increased $172.5 million or 171.1% from those of the prior year, due primarily to an increase in net appreciation in fair value of investments.

Actual results were:

- City contributions increased from the previous year by $0.3 million or 0.6%. This increase is primarily due to changes imposed by City management on the Trust which increased the City's actuarially computed minimum required contribution.
- Member contributions increased from the previous year by $1.3 million or 17.6%. This increase is primarily due to a change in contribution rate for police officers from 7% to 10% during the fiscal year.
- Net investment income increased from the previous year by $171.0 million or 367.4%.

Additions in Plan Net position
Years Ended September 30,
(Dollar Amounts in Thousands)

	2013	2012	Increase (Decrease) Amount	Total Percentage Change
City contribution	**$ 46,227**	**$ 47,418**	**$ (1,191)**	**(2.5)%**
Member contributions	**9,427**	**8,391**	**1,036**	**12.3**
Net investment income	**166,223**	**217,517**	**(51,294)**	**(23.6)**
Total additions	**$ 221,877**	**$ 273,326**	**$ (51,449)**	**(18.8)%**

Additions in Plan Net position
Years Ended September 30,
(Dollar Amounts in Thousands)

	2012	2011	Increase (Decrease) Amount	Total Percentage Change
City contribution	$ 47,418	$ 47,157	$ 261	0.6%
Member contributions	8,391	7,138	1,253	17.6
Net investment income	217,517	46,535	170,982	367.4
Total additions	$ 273,326	$ 100,830	$ 172,496	171.1%

Description of the Financial Statements – continued

Deductions from Plan Net Position

The primary expenses of the Trust include the payment of pension benefits to members and beneficiaries, refund of contributions to former members, distributions to retirees, and administrative expenses. Total deductions for fiscal years ended 2013 and 2012 were $147.4 and $145.2 million, an increase of 1.5% and 1.4%, over years 2013 and 2012 expenditures, respectively.

For the fiscal years ended September 30, 2013 and 2012, the payment of pension benefits to retirees increased by $.7 and $1.0 million or .5% and 0.8%, respectively, from the previous year. The increase in pension benefit expenditures resulted from an increase in number of retirees and an increase in benefit payments to retirees.

For the fiscal years ended September 30, 2013 and 2012, administrative expense decreased by $0.2 and increased $0.1 million or (8.6%) and 5.4%, respectively, from the previous year.

Deductions from Plan Net position
Years Ended September 30,
(In Thousands)

	2013	2012	Increase (Decrease) Amount	Total Percentage Change
Pension benefits paid	**$ 124,985**	**$ 124,321**	**$ 664**	**.5%**
Refund of contributions	**773**	**766**	**7**	**.9**
Distributions to retirees	**19,522**	**17,748**	**1,774**	**10.0**
Administrative expenses	**2,143**	**2,339**	**(196)**	**(8.6)**
Total deductions	**$ 147,423**	**$ 145,174**	**$ 2,249**	**1.5%**

Deductions from Plan Net position
Years Ended September 30,
(In Thousands)

	2012	2011	Increase (Decrease) Amount	Total Percentage Change
Pension benefits paid	$ 124,321	$ 123,313	$ 1,008	0.8%
Refund of contributions	766	274	492	180.0
Distributions to retirees	17,748	17,364	384	2.2
Administrative expenses	2,339	2,220	119	5.4
Total deductions	$ 145,174	$ 143,171	$ 2,003	1.4%

Capital Assets

As of September 30, 2013 and 2012, the Trust's investment in capital assets totaled $1.96 and $2.0 million, respectively (net of accumulated depreciation). This investment in capital assets includes land and building for administrative use. The appraised value is $2,200,000 and $2,000,000 at September 30, 2013 and 2012, respectively.

Retirement System as a Whole

The Trust's net position has increased from that of fiscal years ended 2012 and 2011. Management believes, and actuarial studies concur, that the Trust is in a financial position to meet its current obligations.

Contacting the Trust's Financial Management

This financial report is designed to provide the Retirement Board, our membership, taxpayers, investors, and creditors with a general overview of the Trust's finances and to demonstrate the Trust's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City of Miami Fire Fighters' and Police Officers' Retirement Trust Fund, 1895 SW-3 Avenue, Miami FL, 33129.

City of Miami Fire Fighters' and Police Officers' Retirement Trust

Statements of Plan Net Position
September 30, 2013 and 2012

	2013				2012			
	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total
Assets:								
Cash and cash equivalents	$ 44,139,572	$ 2,101,011	$ 13,488,352	$ 59,728,935	$ 39,329,356	$ 1,749,196	$ 11,666,836	$ 52,745,388
Investments, at fair value:								
Debt securities, domestic	356,544,394	16,971,249	108,954,304	482,469,947	368,170,143	16,374,549	109,215,604	493,760,296
Debt securities, international	24,633,627	1,172,542	7,527,645	33,333,814	23,575,368	1,048,526	6,993,501	31,617,395
Equity investments, domestic	356,478,449	16,968,110	108,934,152	482,380,711	335,071,112	14,902,454	99,396,963	449,370,529
Equity investments, international	195,106,052	9,286,903	59,621,311	264,014,266	166,254,186	7,394,237	49,318,370	222,966,793
Private equity	39,227,092	1,867,181	11,987,176	53,081,449	32,734,411	1,455,879	9,710,479	43,900,769
Real estate	86,612,935	4,122,712	26,467,537	117,203,184	93,287,248	4,148,997	27,673,138	125,109,383
Mutual funds - Deferred Retirement Option Plan	200,181,768	-	-	200,181,768	168,278,569	-	-	168,278,569
Total investments	1,258,784,317	50,388,697	323,492,125	1,632,665,139	1,187,371,037	45,324,642	302,308,055	1,535,003,734
Security lending cash collateral - invested	211,877,764	10,085,224	64,746,480	286,709,468	206,407,607	9,180,080	61,229,657	276,817,344
Receivables:								
Proceeds from securities sold	35,252,091	-	-	35,252,091	12,296,591	-	-	12,296,591
City contributions	3,380,875	-	-	3,380,875	-	-	-	-
Accrued interest	5,617,527	-	-	5,617,527	5,898,115	-	-	5,898,115
Total receivables	44,250,493	-	-	44,250,493	18,194,706	-	-	18,194,706
Property and equipment, net	1,446,358	68,845	441,984	1,957,187	1,491,226	66,323	442,364	1,999,913
Total assets	1,560,498,504	62,643,777	402,168,941	2,025,311,222	1,452,793,932	56,320,241	375,646,912	1,884,761,085
Liabilities:								
Payable for securities purchased	38,239,651	-	-	38,239,651	13,735,005	-	-	13,735,005
Accounts payable and other liabilities	403,297	-	-	403,297	608,290	-	-	608,290
Obligations under securities lending	211,877,764	10,085,224	64,746,480	286,709,468	206,407,607	9,180,080	61,229,657	276,817,344
Deferred Retirement Option Plan	200,181,768	-	-	200,181,768	168,278,569	-	-	168,278,569
Total liabilities	450,702,480	10,085,224	64,746,480	525,534,184	389,029,471	9,180,080	61,229,657	459,439,208
Net position held in trust for pension benefits (a schedule of funding progress is presented on page 34)	$ 1,109,796,024	$ 52,558,553	$ 337,422,461	$ 1,499,777,038	$ 1,063,764,461	$ 47,140,161	$ 314,417,255	$ 1,425,321,877

The accompanying notes are an integral part of these financial statements.

City of Miami Fire Fighters' and Police Officers' Retirement Trust

Statements of Changes in Plan Net Position
For the Years Endad September 30, 2013 and 2012

	2013				2012			
	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total
Additions:								
Contributions:								
City	$ 40,949,327	$ -	$ 5,277,946	$ 46,227,273	$ 42,353,775	$ -	$ 5,064,541	$ 47,418,316
Members	9,427,186	-		9,427,186	8,390,922	-	-	8,390,922
Total contributions	50,376,513	-	5,277,946	55,654,459	50,744,697	-	5,064,541	55,809,238
Investment income:								
Net appreciation in fair value of investments	99,540,124	4,520,948	29,635,757	133,696,829	138,705,017	5,812,772	39,775,652	184,293,441
Interest	18,852,814	854,563	5,624,257	25,331,634	20,266,175	854,252	5,830,210	26,950,637
Dividends	9,153,647	415,944	2,735,417	12,305,008	8,330,508	352,589	2,402,714	11,085,811
Other	257,884	11,825	77,392	347,101	196,468	8,223	56,374	261,065
	127,804,469	5,803,280	38,072,823	171,680,572	167,498,168	7,027,836	48,064,950	222,590,954
Less investment expense	4,554,939	206,557	1,359,603	6,121,099	4,301,904	181,346	1,235,726	5,718,976
Net investment income from investing activities	123,249,530	5,596,723	36,713,220	165,559,473	163,196,264	6,846,490	46,829,224	216,871,978
Security lending activities:								
Security lending income	658,290	29,946	196,749	884,985	646,206	27,333	186,300	859,839
Security lending fees and rebates	164,479	7,482	49,159	221,120	161,459	6,829	46,548	214,836
Net income from security lending activities	493,811	22,464	147,590	663,865	484,747	20,504	139,752	645,003
Total net, investment income	123,743,341	5,619,187	36,860,810	166,223,338	163,681,011	6,866,994	46,968,976	217,516,981
Total additions	174,119,854	5,619,187	42,138,756	221,877,797	214,425,708	6,866,994	52,033,517	273,326,219
Deductions:								
Pension benefits paid	124,985,394	-	-	124,985,394	124,321,444	-	-	124,321,444
Refund of contributions	772,557	-	-	772,557	765,520	421	-	765,941
Distributions to retirees	-	225,814	19,296,457	19,522,271	-	223,556	17,523,925	17,747,481
Depreciation expense	31,631	1,489	9,605	42,725	31,932	1,402	9,392	42,726
Administrative expenses	2,099,689	-	-	2,099,689	2,296,021	-	-	2,296,021
Total deductions	127,889,271	227,303	19,306,062	147,422,636	127,414,917	225,379	17,533,317	145,173,613
Net increase	46,230,583	5,391,884	22,832,694	74,455,161	87,010,791	6,641,615	34,500,200	128,152,606
Net position held in trust for pension benefits:								
Beginning of year	1,063,764,461	47,140,161	314,417,255	1,425,321,877	976,753,670	40,498,546	279,917,055	1,297,169,271
End of year	$ 1,109,995,044	$ 52,532,045	$ 337,249,949	$ 1,499,777,038	$ 1,063,764,461	$ 47,140,161	$ 314,417,255	$ 1,425,321,877

The accompanying notes are an integral part of these financial statements.

Note 1 - Description of the Plan

Organization

The City of Miami Fire Fighters' and Police Officers' Retirement Trust (the Trust) is a single employer defined benefit pension plan established by the City of Miami, Florida (the City) pursuant to the provisions and requirements of Ordinance No. 10002 as amended. Since the Trust is sponsored by the City, the Trust is included as a pension trust fund in the City's comprehensive financial report as part of the City's financial reporting entity.

The following brief description of the Trust is provided for general information purposes only. Participants should refer to the Trust document for more detailed and comprehensive information.

Membership

Participants are contributing police officers and firefighters with full-time status in the Police and Fire Department of the City of Miami, Florida.

Membership in the Trust consisted of the following as of October 1:

	2013	2012
Retirees and beneficiaries currently receiving benefits and terminated members entitled to benefits but not yet receiving them	2,293	2,285
Current members:		
Vested	556	521
Nonvested	717	715
	1,273	1,236

Member Contributions

Members contribute a percentage of their base salaries on a bi-weekly basis. Police Officers' member contribution is 10% (7% prior to October 1, 2012) and Firefighters' member contribution is 10% (9% prior to October 1, 2009), of compensation or equal to the City's contribution, whichever is less. Prior to the agreement dated January 9, 1994, members contributed 10.5%, of which 2% was designated as a contribution to the Cost-of-Living Adjustment I Account (COLA I account). Effective January 9, 1994, the Trust entered into an agreement with the City whereby this percentage was decreased to 10% and a new Cost-of-Living Adjustment II Account (COLA II account) was created and funded by an actuarially determined percentage of the excess investment return (from other than COLA I account assets).

Note 1 - Description of the Plan - continued

Member Contributions- continued

Should the member contribution be less than 7% for Police Officers and 10% (9% prior to October 1, 2010) for Firefighters, due to the City contribution, the difference between the percentage contributed and the actual contribution shall be deducted from the member's paycheck and placed into an individual contribution account (ICA), as part of the retirement system. Interest on ICA's shall be determined in the same manner as the COLA transfer methodology. Interest shall be credited periodically to the ICA's as determined by the retirement system board's actuary. Member contributions and earnings in ICA's shall be deemed 100% vested upon deposit. Upon the member's separation, ICA balances shall be disbursed as provided under the IRS Code. As of September 30, 2013 and 2012 it was not necessary to create an ICA.

During the years ended September 30, 2013 and 2012, approximately $523,000 and $299,900 respectively, is included as member contributions for the purchase of additional service years by members as provided for by the Trust.

Effective the first full pay period following October 1, 2012, the member contributions for police officer's hired prior to October 1, 2012 is 10% of earnable compensation. Effective September 30, 2014, the member contribution for police officers hired prior to October 1, 2012 shall be 7% of earnable compensation. The member contribution for police officers hired on or after October 1, 2012 is 3% of earnable compensation greater than the member contribution for police officer members hired prior to October 1, 2012.

Effective the first full pay period following October 1, 2012, the member contribution for firefighters shall be ten percent of earnable compensation. On September 30, 2014, the member contribution for firefighters shall be 7% of earnable compensation. The member contribution for firefighters hired on or after October 1, 2014, shall be ten percent of earnable compensation.

Funding Requirements

The City is to contribute such amounts as are necessary to maintain the actuarial soundness of the Trust and to provide the Trust with assets sufficient to meet the benefits to be paid to the participants. Contributions to the Trust are authorized, pursuant to City of Miami Code Section 40.196 (a) and (b). Contributions to the COLA accounts are authorized pursuant to Section 40.204 of the City of Miami Code. The City's contributions to the Trust provide for non-investment expenses and normal costs of the Trust. The yield (interest, dividends, and net realized gains and losses) on investments of the Trust serves to reduce/increase future contributions that would otherwise be required to provide for the defined level of benefits under the Trust.

Note 1 - Description of the Plan - continued

Pension Benefits

Members may elect to retire after 10 or more years of creditable service upon attainment of normal retirement age. Normal retirement pursuant to Section 40-203 of the City of Miami code shall be determined as follows:

Plan A
"For members employed on September 30, 2010, who as of that date have attained age 50 with ten or more years of creditable service or eligibility for rule of 64 retirement for police officer members, or eligibility for rule of 68 retirement for firefighter members, the normal retirement age shall be 50 years of age with ten or more years of creditable service, or rule of 64 retirement for police officer members, or rule of 68 for firefighter members."

Plan B
"For members employed on September 30, 2010, who as of that date have not attained age 50 with ten or more years of creditable service, or rule of 64 retirement for police officer members, or rule of 68 retirement for firefighter members, and member hired on or after October 1, 2010 shall be rule of 70 retirement with a minimum age of 50 and ten or more years of creditable service."

Rule of 64, 68 and 70 shall mean a computation consisting of the sum of a member's age and length of creditable service, which sum shall permit normal service retirement upon the member's combined age and creditable service equaling at least 64, 68 and 70, respectively.

A member entitled to a normal retirement benefit shall receive a retirement allowance equal to 3% of the member's average final compensation (as defined in the city code section 40-191), multiplied by years of creditable service for the first 15 years of such creditable service, plus a retirement allowance equal to 3% (3½% for members who retired prior to October 1, 2010) of member's average final compensation multiplied by the years of creditable service in excess of 15 years, paid in monthly installments.

The maximum benefit for members who retire after September 30, 2010 is 100% of average final compensation or $100,000 per year, whichever is less, as of retirement or DROP entry date.

Early retirement, disability, death and other benefits are also provided.

Note 1 - Description of the Plan - continued

Investments

The Trust's investment policy is determined by the Board of Trustees and is implemented by investment managers. In addition, the Trust utilizes an investment advisor who monitors the investing activities. The investment policy of the Trust stipulates that the trustees shall, in acquiring, investing, reinvesting, exchanging, retaining, selling and maintaining property for the benefit of the Trust, exercise the judgment and care under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital. The trustees are authorized to acquire and retain various kinds of property, real, personal or mixed, and various types of investments specifically including, but not by way of limitation, bonds, debentures and other corporate obligations, and stocks, preferred or common, which persons of prudence, discretion and intelligence acquire or retain for their own account. The investment of funds shall be in a manner that is consistent with the applicable sections of the City Code as well as State and Federal laws within the allocation percentages established in the Trust's investment policy guidelines.

The investments are considered held by the Membership and Benefit Account and a share of the value of this account is allocated to each account based on a weighted average calculation performed each month to reflect each account's membership and benefit, COLA I and COLA II activity.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The Trust's financial statements are prepared using the accrual basis of accounting. Member contributions are recognized as revenues in the period in which contributions are due. City contributions are recognized as revenues when due pursuant to actuarial valuations. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investment purchases and sales are recorded on a trade-date basis. Interest and other income are recorded as earned and dividend income is recorded as of the ex-dividend date.

Cash equivalents

The Trust considers all highly liquid investments with short maturities, typically less than three months but no more than one year when purchased, to be cash equivalents.

Note 2 - Summary of Significant Accounting Policies - continued

Investments

Investments are recorded at fair value in the Statement of Plan Net position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The diversity of the investment types in which the Trust has entered into requires a range of techniques to determine fair value. The overall valuation processes and information sources by major investment classification are as follows:

- Debt securities: Debt securities consist primarily of negotiable obligations of the U.S. government and U.S. government-sponsored agencies, corporations, securitized offerings backed by residential and commercial mortgages, TIPS and foreign debt securities. These securities can typically be valued using the close or last traded price on a specific date (quoted prices in active markets). When quoted prices are not available, fair value is determined based on valuation models that use inputs that include market observable inputs. These inputs included recent trades, yields, price quotes, cash flows, maturity, credit ratings, and other assumptions based upon the specifics of the investment's type.

- Equity securities: These include domestic and international equities. Domestic securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year. Securities traded in the over-the counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price. International equities are valued based upon quoted foreign market prices and translated into U.S. dollars at the exchange rate in effect at September 30, 2013 and 2012. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on yields currently available on comparable securities of issuers with similar credit ratings.

- Alternative investments: These investments include private equity, private debt, venture capital and equity real estate investments where no readily ascertainable market value exists. To value these investments, management, in consultation with the general partner and investment advisors, determines the fair values for the individual investments based upon the partnership's or limited liability company's most recent available financial information adjusted for cash flow activities through September 30, 2013 and 2012. The estimated fair value of these investments may differ from values that would have been used had a ready market existed.

Unrealized gains and losses are presented as net appreciation in fair value of investments on the statement of changes in plan net position along with gains and losses realized on sales of investments. Purchases and sales of securities are reflected on a trade-date basis. Interest income is recognized as earned and dividend income is recorded as of the ex-dividend date. Realized gains and losses on the sale of investments are based on average cost identification method.

Given the inherent nature of investments it is reasonably possible that changes in the value of those investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of plan net position.

Note 2 - Summary of Significant Accounting Policies - continued

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

Property and equipment are stated at cost and depreciated using the straight-line method over the estimated lives of the assets.

Income Tax Status

The Trust is tax-exempt under the Internal Revenue Code and, therefore, has recorded no income tax liability or expense.

Risk and Uncertainties

Contributions to the Trust and the actuarial information included in the required supplementary information (RSI) are reported based on certain assumptions pertaining to the interest rates, inflation rates and member compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to the uncertainties inherent in settling assumptions, that the effect of such changes could be material to the financial statements.

Recently Adopted Accounting Pronouncements

The Plan has adopted Governmental Accounting Standards Board ("GASB") Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position (GASB Statement No. 63). The adoption of this Statement resulted in a change in the presentation of the Statement of Plan Net Assets to what is now referred to as the Statement of Plan Net Position and the term "net assets" is changed to "net position" throughout the financial statements.

Subsequent Events

Management has evaluated subsequent events through January 15, 2014, the date which the financial statements were available for issue.

Note 3 - Funded Status and Funding Progress

The funded status of the Trust as of October 1, 2012, the most recent actuarial valuation date, is as follows, (dollar amounts in millions):

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
10/01/12	$ 1,143.6	$ 1,573	$ 429.4	73%	$82.2	522%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

The Trust is funded in accordance with the Aggregate Cost Method. In accordance with GASB 50, the AAL above has been calculated in accordance with the Entry Age Normal Cost Method, for purposes of calculating and disclosing the funded ratio. The information presented here is intended to serve as a surrogate for the funded status of the plan.

Additional information as of the latest actuarial valuation follows:

Valuation Date:	October 1, 2012
Actuarial Cost Method:	Aggregate Cost Method. Percentage of actual payroll, if greater than calculated dollar City contributions, if greater than dollar amount calculated under the provision of Gates.
Amortization Method:	N/A
Asset Valuation Method:	20% Write-Up Method: Expected value is based on the Interest Discount/Investment Return rate applied to the actuarial asset value as of the previous valuation date and cash flow during the year. 20% of the difference between the Expected Value and the Market Value (net of pending transfers to the COLA Fund) is added to the Expected Value. The result cannot be greater than 120% of market value or less than 80% of market value (net of pending COLA transfers).
Actuarial assumptions:	
Investment rate of return	7.5%, compounded annually
Salary increases:	
Inflation	3.25%, compounded annually, attributable to inflation
Seniority/merit	5% to 0% reducing by attained age
Promotion/other	1.5%
Mortality table	RP 2000 mortality table projected to 2020
Disabled mortality	RP 2000 disabled mortality table projected to 2020

Note 4 - Deposit and Investment Risk Disclosures

Cash and cash equivalents

Deposits are carried at cost and are included in cash and cash equivalents in the statement of plan net position. Cash and cash equivalents include demand accounts and short-term investment funds (STIF). The cash is invested through daily sweeps of excess cash by the Trust's custodial bank into the custodial short-term (money market) commingled fund or invested in certificates of deposit, commercial paper, U.S. Treasury bills and repurchase agreements. Cash and cash equivalents at September 30 consists of the following:

	2013	2012
Deposits – managed overdraft	$ (423,874)	$ (177,680)
Invested cash and currency	39,158,002	23,427,131
Short-term investment	20,994,807	29,495,937
Total	$ 59,728,935	$ 52,745,388

Investment Authorization

The Board of Trustees holds the fiduciary responsibility for the Trust, and has adopted a policy to invest in several institutionally acceptable asset classes. Thus, the Trustees have set a reasonably diversified asset allocation in accordance to state statutes (including minimum and maximum allocations), which is expected to appropriately fund the Trust's liabilities and meet its basic investment objectives. The basis for such a target asset allocation is a study of the Trust's pension liabilities and reasonable, alternative investment portfolios.

These asset classes are domestic equity (large, mid and small capitalization), international equity (developed and emerging markets), domestic real estate (institutional quality properties either individually or in open-ended commingled funds, or in REIT securities portfolios), private equity funds, domestic fixed income, and short-term investments. Other asset classes may be added by the Trustees to its investment policy.

Investment in domestic equity securities shall be limited to those listed on a major U.S. stock exchange and limited to no more than 34% (at market) of the Trust's total asset value. Investments in stocks of foreign companies shall be limited to 23% of the value of the Trust's portfolio.

Investments in domestic fixed income securities shall be limited to 55% (at maturity) of the Trusts' total portfolio. The domestic fixed income portfolio shall be comprised of securities rated "BBB" or higher by nationally recognized rating agencies, preferably by Moodys' or Standard & Poors rating services. Investment in TIPS has also been authorized by the Trust. The goal of the TIPS allocation is to protect against inflation. Proper diversification of TIPS portfolios is required, such that reasonable risk/reward expectations are maintained. Performance attribution is required, as is the case of domestic fixed income managers.

Note 4 - Deposit and Investment Risk Disclosures - continued

Investment Authorization - continued

The Trust invests in various funds and investment vehicles which employ specific strategies and co-investments often outside the traditional asset classes. The most common investment categories for these funds include domestic and international real estate and private equity funds. The structure of these investments is generally a limited partnership or limited liability company and tend to be long term and illiquid in nature. Real estate investments and private equity funds shall be limited to 10% and 8%, respectively, of the value of the portfolio.

No single security can represent more than 5% of the market value of a portfolio at the time of purchase, and no single industry (based on Global Industry Classification System codes) can represent more than 15% of the market value of the account. These single security and single industry restrictions do not apply to U.S. Government and Agency bond holdings.

Types of Investments

Florida statutes and Trust investment policy authorize the Trustees to invest funds in various investments. The current target and actual allocation of these investments at market, per the performance analysis report, is as follows as of September 30:

	2013		2012	
Authorized Investments	**Target % of Portfolio**	**Actual % of Portfolio**	Target % of Portfolio	Actual of Portfolio
Cash and cash equivalents	**0.0%**	**4.0%**	0.0%	3.7%
Domestic equities	**28.0**	**32.3**	28.0	30.1
Core fixed income	**41.0**	**34.6**	41.0	35.2
International equities	**18.0**	**17.7**	18.0	14.9
Real estate	**8.0**	**7.9**	8.0	8.4
Private equity	**5.0**	**3.6**	5.0	2.9

Note 4 - Deposit and Investment Risk Disclosures - continued

Investments

The table below shows the Trust's investments by type as of September 30:

	2013	2012
Debt securities, domestic:		
U.S. treasuries	$ 81,228,149	$ 67,283,289
U.S. agencies	112,219,609	105,875,001
TIPS	39,268,676	71,534,033
Corporate bonds	207,424,105	215,817,111
Asset backed securities	22,694,332	13,847,934
Mortgage backed securities	15,501,957	18,866,371
Guaranteed fixed income	4,133,119	536,557
	482,469,947	493,760,296
Debt securities, international:		
International government bonds	6,460,508	5,651,807
Corporate bonds	26,873,306	25,965,588
	33,333,814	31,617,395
Equity securities, domestic	482,380,711	449,370,529
Equity securities, international	264,014,266	222,966,793
Private equity	53,081,449	43,900,769
Real estate equity	117,203,184	125,109,383
Mutual funds - DROP	200,181,768	168,278,569
Total	$ 1,632,665,139	$ 1,535,003,734

Note 4 - Deposit and Investment Risk Disclosures - continued

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to interest rate risk, the Trust diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities.

Information about the sensitivity of the fair values of the Trust's investments to market interest rate fluctuations is provided by the following tables that show the distribution of the Trust's investments by maturity at September 30:

2013

		Investment Maturities (in years)			
Investment Type	**Fair Value**	**Less than 1**	**1 to 5**	**6 to 10**	**More than 10**
U.S. treasuries	$ 120,496,825	$ 8,004,797	$ 45,129,545	$ 54,199,527	$ 13,162,956
U.S. agencies	112,219,609	15,309	5,493,519	6,222,559	100,488,222
Domestic Fixed Income	249,753,513	4,045,119	98,603,407	105,644,814	41,460,173
International Fixed Income	33,333,814	551,446	13,554,103	13,629,939	5,598,326
	$ 515,803,761	$ 12,616,671	$ 162,780,574	$ 179,696,839	$ 160,709,677
% of fixed income portfolio	100.0%	2.4%	31.6%	34.8%	31.2%

2012

		Investment Maturities (in years)			
Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. treasuries	$ 138,817,322	$ 16,763,020	$ 55,518,116	$ 45,663,030	$ 20,873,156
U.S. agencies	105,875,001	1,061,402	2,655,008	2,934,425	99,224,166
Domestic Fixed Income	249,067,973	5,032,892	84,572,118	114,788,417	44,674,546
International Fixed Income	31,617,395	1,570,479	12,398,088	13,116,685	4,532,143
	$ 525,377,691	$24,427,793	$ 155,143,330	$ 176,502,557	$ 169,304,011
% of fixed income portfolio	100.0%	4.7%	29.5%	33.6%	32.2%

Credit Risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Trust's investment policy utilizes portfolio diversification in order to control this risk.

Note 4 - Deposit and Investment Risk Disclosures - continued

Credit Risk - continued

The following tables disclose credit ratings by investment type, at September 30, as applicable:

	2013	
	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	$ 232,716,434	45.12%
Credit risk debt securities:		
AAA	14,796,543	2.87
AA+	11,609,401	2.25
AA	6,747,238	1.31
AA-	4,453,949	0.86
A+	14,001,756	2.72
A	18,392,668	3.57
A-	36,196,978	7.02
BBB+	22,250,511	4.31
BBB	29,520,672	5.72
BBB-	19,101,666	3.70
BB+ and lower	88,636,469	17.18
Not rated	17,379,476	3.37
Total credit risk debt securities	283,087,327	54.88
Total fixed income securities	$ 515,803,761	100.00%

	2012	
	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	$ 244,692,323	46.57%
Credit risk debt securities:		
AAA	9,659,787	1.84
AA+	13,359,080	2.54
AA	6,018,794	1.15
AA-	7,144,105	1.36
A+	16,230,876	3.09
A	20,892,150	3.98
A-	35,563,605	6.77
BBB+	23,059,329	4.39
BBB	36,684,491	6.98
BBB-	11,509,255	2.19
BB+ and lower	83,790,353	15.95
Not rated	16,773,543	3.19
Total credit risk debt securities	280,685,368	53.43
Total fixed income securities	$ 525,377,691	100.00%

*Obligations of the U.S. government or obligations explicitly or implicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

Note 4 - Deposit and Investment Risk Disclosures - continued

Concentration of Credit Risk

The investment policy of the Trust contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of plan net position at September 30, 2013 and 2012.

Custodial Credit Risk

Deposits are exposed to custodial risk if they are uninsured and uncollateralized. Custodial risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Trust will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Trust's deposits are covered by depository insurance or are collateralized by securities held with a financial institution in the Trust's name. The Trust is only exposed to custodial credit risk for uncollateralized cash and cash equivalents that are not covered by federal depository insurance.

Custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Trust will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the Trust, and are held either by the counterparty or the counterparty's trust department or agent but not in the Trust's name.

Consistent with the Trust's investment policy, the investments are held by Trust's custodial bank and registered in the Trust's name. All of the Trust's deposits are insured and or collateralized by a financial institution separate from the Trust's depository financial institution.

The Trust participates in securities lending transactions, as lender, and the securities loaned in those circumstances are exposed to some degree of custodial credit risk. The trust does require that its custodian maintain insurance to help protect against losses due to negligence, theft, and certain other events.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of the investment or a deposit. The Trust may have exposure to foreign currency risk to the extent its investments contain non-U.S. dollar denominated holdings in foreign countries. All asset classes may hold non-U.S. securities, depending on portfolio guidelines. There is no requirement that this exposure to foreign currency be hedged through forward currency contracts, although the manager uses them in many cases.

Note 4 - Deposit and Investment Risk Disclosures - continued

Foreign Currency Risk - continued

The Trust has exposure to foreign currency fluctuation at September 30, as follows:

2013					
Currency	Cash and cash equivalents	Equity	Fixed Income	Real Estate	Total
Australian Dollar	$ -	$ 964,130	$ -	$ -	$ 964,130
British Pound Sterling	35,100	4,994,864	-	-	5,029,964
Canadian Dollar	-	2,238,745	-	-	2,238,745
Euro	22,611	13,790,016	-	3,283,386	17,096,013
Hong Kong Dollar	1,357	1,594,356	-	-	1,595,713
Japanese Yen	-	15,491,496	-	-	15,491,496
Mexican Peso	-	526,707	-	-	526,707
Norwegian Krone	-	557,135	-	-	557,135
Singapore Dollar	-	3,229,234	-	-	3,229,234
South Korean Won	-	2,473,635	-	-	2,473,635
Swedish Krona	-	1,045,370	-	-	1,045,370
Swiss Franc	-	4,063,640	-	-	4,063,640
Other	-	1,909,118	-	-	1,909,118
Total	$ 59,068	$ 52,878,446	$ -	$ 3,283,386	$ 56,220,900

2012					
Currency	Cash and cash equivalents	Equity	Fixed Income	Real Estate	Total
Australian Dollar	$ -	$ 798,244	$ -	$ -	$ 798,244
British Pound Sterling	76,063	5,055,247	-	-	5,131,310
Canadian Dollar	6,464	1,629,607	-	-	1,636,071
Euro	187,628	11,439,464	-	3,017,893	14,644,985
Hong Kong Dollar	-	861,720	266,468	-	1,128,188
Japanese Yen	-	15,184,705	-	-	15,184,705
Mexican Peso	-	1,006,805	-	-	1,006,805
Norwegian Krone	-	462,105	-	-	462,105
Singapore Dollar	-	3,276,878	61,998	-	3,338,876
South Korean Won	-	2,319,209	-	-	2,319,209
Swedish Krona	-	757,524	-	-	757,524
Swiss Franc	109,045	6,632,742	-	-	6,741,787
Other	-	2,074,092	-	-	2,074,092
Total	$ 379,200	$ 51,498,342	$ 328,466	$ 3,017,893	$ 55,223,901

Note 4 - Deposit and Investment Risk Disclosures - continued

Derivatives

Derivatives are financial instruments whose value is derived from underlying asset or data. All of the Trust derivatives are considered investments. Derivatives generally take the form of contracts in which two parties agree to make payments at a later date based on the value of specific assets or indices. The Trust may invest in various derivative financial instruments such as financial futures; forward foreign currency contracts and currency options; interest rate swaps, interest-only and principal only CMOs; and mortgage CMOs to enhance the performance and reduce volatility.

In past years, the primary reasons for the use of derivative contracts have pertained to their ability to facilitate changes to the asset allocation of the total plan and for their low cost of implementation. The acceptable investment purposes for the use of derivatives are as follows:

a. Appropriate to use futures, options and forward currency contracts to assist investment managers in mitigating portfolio risk.
b. Useful substitute for an existing, traditional investment. In certain circumstances it may be cheaper, quicker or easier to invest in a derivative instrument or security rather than transacting in the cash or traditional security market.
c. Provides investment value to the portfolio, while being consistent with the Retirement Trust's overall and specific investment policies.
d. Obtains investment exposure that is appropriate with the mangers' investment strategy and the Retirement Trust's investment guidelines, but could not be made through traditional investment securities.

Futures are contractual obligations that require the buyer (seller) to buy (sell) assets at a predetermined date at a predetermined price. These contracts are standardized and traded on an organized exchange with gains and losses settled daily thereby minimizing credit and default risk. Gains and losses are included in net appreciation in the fair value of investments total of the Statement of Changes in Plan Net Position.

As of September 30, 2013 and 2012, the Trust did not have any derivatives.

Securities Lending Transactions

A retirement system is authorized by state statutes and board of trustees' policies to lend its investment securities. The lending is managed by the Trust's custodial bank. All loans can be terminated on demand by either the Trust or the borrowers, although the average term of loans is approximately 154 and 128 days, respectively, as of September 30, 2013 and 2012. The custodial bank and its affiliates are prohibited from borrowing the Trust's securities.

Note 4 - Deposit and Investment Risk Disclosures - continued

Securities Lending Transactions - continued

The agent lends the Trust's U.S. government and agency securities and domestic corporate fixed-income and equity securities for securities or cash collateral at least 102 percent of the market value of the securities plus any accrued interest and international securities at least 105 percent of the market value of the securities plus any accrued interest. The securities lending contracts do not allow the Trust to pledge or sell any collateral securities unless the borrower defaults. Cash collateral is invested in the agent's collateral investment pool, whose share values are based on the amortized cost of the pool's investments. Investments are restricted to issuers with a credit rating A3 or A- or higher by Moody's or Standard & Poor's. At September 30, 2013 and 2012, the pool had a weighted average term to maturity of 38 and 34 days, respectively.

The relationship between the maturities of the investment pool and the Trust's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Trust cannot determine. There are policy restrictions by the custodial bank that limit the amount of securities that can be lent at one time or to one borrower.

Loaned securities continue to be classified as investment assets on the statement of plan net position. Off balance sheet cash collateral is recorded as an asset with a corresponding liability. For lending agreements collateralized by securities, no accompanying asset or liability is recorded, since the Trust is not permitted to sell or re-pledge the associated collateral.

The following represents the balances relating to securities lending transactions at September 30:

	2013		
Securities Lent:	**Market Value of Securities on Loan for Cash**	**Fair Value of Cash Collateral Invested**	**Fair Value of Liabilities to Borrowers**
U.S. government and agency obligations	**$ 109,339,936**	**$ 111,792,750**	**$ 111,792,750**
International equities	**4,626,418**	**4,921,402**	**4,921,402**
Domestic corporate stocks	**122,942,214**	**126,117,471**	**126,117,471**
Domestic corporate bonds	**42,777,675**	**43,877,845**	**43,877,845**
Total securities lent	**$ 279,686,243**	**$ 286,709,468**	**$ 286,709,468**

	2012		
Securities Lent:	Market Value of Securities on Loan for Cash	Fair Value of Cash Collateral Invested	Fair Value of Liabilities to Borrowers
U.S. government and agency obligations	$ 116,409,970	$ 119,119,277	$ 119,119,277
International equities	4,116,641	4,364,203	4,364,203
Domestic corporate stocks	112,192,082	115,325,992	115,325,992
Domestic corporate bonds	37,028,822	38,007,872	38,007,872
Total securities lent	$ 269,747,515	$ 276,817,344	$ 276,817,344

Note 4 - Deposit and Investment Risk Disclosures - continued

The contract with the Trust's custodian requires the custodian to indemnify the Trust if the borrower fails to return the securities, due to the insolvency of a borrower, and the custodian has failed to live up to its contractual responsibilities relating to the lending of those securities. At year end, the Trust has no credit risk exposure to borrowers because the amounts of collateral held by the Trust exceed the amounts the borrowers owe the Trust. There are no significant violations of legal or contractual provisions, no borrowers or lending agent default losses, and no recoveries of prior period losses during the year. There is no income distributions owing on securities lent.

Note 5 - COLA Accounts

Effective January 9, 1994, the Trust entered into an agreement with the City of Miami with regards to the funding methods, member benefits, member contributions and retiree COLA. As of January 9, 1994, members no longer contribute to the original COLA account (COLA I), and a new COLA account (COLA II) was established.

The agreement included the following provisions:

- The funding method was changed to an aggregate cost method.
- Combining all accounts for investment purposes (membership and benefit, COLA I and COLA II).
- Retirees receive additional COLA benefits.
- Active members no longer contribute 2% of pretax earnings to fund the original retiree COLA account (COLA I account).

The COLA II account is funded annually by a percentage of the excess investment returns from other than COLA I account assets. The excess earnings contributed to the COLA II account will be used to fund a minimum annual payment of $2.5 million, increasing by 4% compounded annually. To the extent necessary, the City will fund the portion of the minimum annual payment not funded by annual excess earnings no later than January 1 of the following year. During the years ended September 30, 2013 and 2012, approximately $5,278,000 and $5,065,000, respectively, was funded by the City. Benefits payable from the COLA accounts are computed in accordance with an actuarially based formula as defined in Section 40.204 of the City of Miami Code.

Note 6 - Deferred Retirement Option Plan (DROP)

Members who are eligible for service retirement or Rule of 64 or Rule 68 after September 1998 may elect to enter the Deferred Retirement Option Plan ("DROP"). Maximum participation in the DROP for firefighters shall be 54 full months and for police officers shall be 84 full months. A member's creditable service, accrued benefit and compensation calculation shall be frozen.

Upon commencement of participation in the DROP, the participant's contribution and the City's contribution to the Trust for that participant cease as the participant will not earn further creditable service for pension purposes.

Effective July 24, 2008, firefighter DROP participants may continue City employment for up to a maximum of 54 full months and police officers who elect DROP on May 8, 2008, or thereafter, may continue City employment for up to a maximum of 84 full months. No payment is made to or for the benefit of a DROP participant beyond that period. For persons electing participation in the DROP, an individual DROP account shall be created. Payment shall be made by the retirement trust into the member's DROP account in an amount equal to the regular monthly retirement benefit which the participant would have received had the participant separated from service and commenced receipt of pension benefits. Payments received by the participant in the DROP account are tax deferred. A series of investment vehicles which are established by the board of trustees are made available to DROP participants to choose from. Any losses, charges, or expenses incurred by the participant in their DROP account are not made up by the City or the Trust, but shall be borne by the participant.

Upon termination of employment, a member may receive distribution from the DROP account in the following manner:

- Lump sum distribution
- Periodic payments
- Annuity
- Roll over of the balance to another qualified retirement plan

Any member may defer distribution until the latest date authorized by Section 401(a)(9) of the Internal Revenue Code.

A DROP participant shall not be entitled to receive an ordinary or service disability retirement and in the event of death of a DROP participant, there shall be no accidental death benefit for pension purposes. DROP participation does not affect any other death or disability benefit provided to a member under federal law, state law, City ordinance, or any rights or benefits under any applicable collective bargaining agreement. At September 30, 2013 and 2012, there were 474 and 497 DROP participants, respectively.

The DROP of the Trust also consists of a Benefit Actuarially Calculated DROP ("BACDROP"). A member may elect to BACDROP to a date no further back than the date of their retirement eligibility date. Effective October 1, 2001, the BACDROP period must be in 12 month increments, beginning at the start of a pay period, not to exceed 48 full months for firefighters and 12 full months for police officers who elect DROP on October 1, 2003. Participation in the BACDROP does not preclude participation in the Forward DROP.

Note 6 - Deferred Retirement Option Plan (DROP) - continued

Any participant who is employed and not participating in the DROP on September 30, 2010 shall be eligible to elect the DROP for benefits accrued prior to that date.

A Backdrop benefit option shall be implemented on January 1, 2013 to replace the existing DROP program. Employees who have not attained normal retirement eligibility as of January 1, 2013 or were not vested by October 1, 2010, and all employees hired on or after January 1, 2013, will be eligible for the Backdrop option, but will not be eligible for the DROP. Anyone eligible for the forward DROP as of January 1, 2013 remains eligible for the forward DROP as it presently exists and anyone eligible for the forward DROP as of January 1, 2013, who chooses not to enter the forward DROP remains eligible for the Backdrop.

- An eligible employee who elects the Backdrop option shall receive a monthly benefit payable on the employee's actual retirement date based on the benefit the employee would have received if he/she had left City employment and retired on an earlier date after attaining normal retirement eligibility. In addition, an eligible employee who elects the Backdrop option will receive a lump sum payment equal to the accumulation of monthly retirement benefit payments he/she would have received during the period following the Backdrop date through the actual retirement date plus interest at the rate of 3% per year, compounded annually.

- Employees are eligible to elect the Backdrop option after completing one year of creditable service following the normal retirement date. The maximum Backdrop period is seven years.

- Employees will be able to revoke their Backdrop election one time, but within one month of their election.

Note 7 - Property and Equipment

Property and equipment consist of the following at September 30:

	Estimated Useful Life	2013	2012
Land	N/A	$ 760,865	$ 760,865
Building	39 years	1,666,305	1,666,305
Total cost		2,427,170	2,427,170
Less: accumulated depreciation		469,983	427,257
Net		$ 1,957,187	$ 1,999,913

Depreciation expense for the years ended September 30, 2013 and 2012 was $42,725 and $42,726, respectively.

Note 8 - Administrative Expenses Reimbursement

For the fiscal years ended September 30, 2013 and 2012 administrative costs (in the amounts of $2,044,488 and $2,200,00, respectively) of the Trust are funded by the City of Miami and are accounted for as a part of the actuarially determined minimum required contributions from the City and are reflected in contributions from the City in the attached statement of changes in plan net position.

Note 9 - Off-Balance-Sheet Financing

The Trust, in the normal course of business, enters into commitments with off-balance-sheet risk. The Trust adheres to the same credit policies, financial and administrative controls, and risk limiting and monitoring procedures for commitments as for on-balance-sheet investments.

The future financial commitments outstanding for private equity investments at September 30, 2013 and 2012 were, respectively, approximately $57,297,000 and $37,952,000.

Note 10 - Retirement Plan for Staff

The employees of the Trust participate in a separate plan sponsored by the City of Miami Fire Fighters' and Police Officers' Retirement Trust, which is a single employer defined benefit pension plan for the staff of the Trust. The quarterly contribution to the plan is based on a specified percentage of the eligible employees' compensation. The employees' contribution is 7% of compensation for all employees. The Trust is to contribute such amounts as necessary to provide the Plan with assets sufficient to meet the benefits to be paid to the participants. Retirement contributions for the fiscal years ended September 30, 2013 and 2012 were $115,793 and $193,263, respectively.

The Trust's contributions to the Plan for the calendar years ending December 31, 2013, 2012 and 2011 were actuarially determined by the January 1, 2013, 2012, and 2011 valuations to be $54,486, $143,996, and $162,930, respectively.

Note 11 – Legal Matters

The Trust may be party to legal proceedings, investigations, and claims in the ordinary course of operations. The Trust records accruals for outstanding legal matters when it believes it is probable that a loss will be incurred and the amount can be reasonably estimated. The Trust evaluates, along with legal counsel, developments in legal matters that could affect the amount of any accrual and developments that would make a loss contingency both probable and reasonably estimable. If a loss contingency is not both probable and estimable, the Trust does not establish an accrued liability. In the opinion of management, the ultimate outcome of the claim and litigation, if any, will not have a material effect on the Trust's financial position.

City Of Miami Fire Fighters' And Police Officers' Retirement Trust

Required Supplementary Information - Unaudited
September 30, 2013

Schedule "1" - Schedule of Funding Progress – Revised*
(dollars in millions)

Valuation Date	Actuarial Value of Assets *	Actuarial Accrued Liability AAL	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
10/01/07	1,208.80	1,318.40	109.60	92	103.60	106
10/01/08	1,219.60	1,452.50	232.90	85	129.40	172
10/01/09	1,165.00	1,539.30	374.40	76	122.20	306
10/01/10	1,180.60	1,568.30	387.70	75	80.20	483
10/01/11	1,150.30	1,590.50	440.20	72	82.20	536
10/01/12	1,143.60	1,573.00	429.40	73	82.20	522

* Revised in fiscal year 2012 by actuary to demonstrate the percent funded based on the (ACTUARIAL ASSET VALUE) in place of the (NET POSITION AVAILABLE FOR BENEFITS).

Schedule "2" - Schedule of Contributions by Employer

Year Ended September 30,	Annual Required Contribution	Percentage Contributed
2007	$ 40,542,078	100%
2008	36,040,251	100
2009	36,993,395	100
2010	59,025,379	100
2011	47,156,797	100
2012	47,418,316	100
2013	45,412,248	100

The information presented in the required Supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Since the Trust uses the Aggregate Cost Method, a schedule of Funding Progress is not required as that method does not separately identify or separately amortize unfunded actuarial liabilities. As the Trust believes the above information is useful to users of the financial statements, the above Schedule "1" was prepared excluding COLA accounts using the Entry Age Normal Actuarial Accrued Liability.

City of Miami Fire Fighters' and Police Officers' Retirement Trust

Other Supplementary Schedules of Investment Expenses

For the Years Ended September 30, 2013 and 2012

	2013	2012
Financial management expenses		
Equities		
Barrow Hanley	$ 388,493	$ 374,891
BGI/Black Rock	69,370	65,226
Boston Partners	319,476	271,616
Champlain Investments	537,823	551,245
Delaware Investment	488,579	332,962
RCM Capital	42,318	282,371
Eagle Asset Management	235,633	223,480
First Eagle	714,069	648,629
Urdang & Associates	464,104	419,557
Wentworth Hauser & Violich	764,991	581,322
Total	4,024,856	3,751,299
Fixed Income		
Ambassador Capital	162,258	158,420
AXA High Yield	427,691	371,894
Barrow Hanley	267,750	261,925
Dodge & Cox	218,795	210,701
Munder Capital	129,053	137,865
Wellington TIPS	86,241	110,488
Total	1,291,788	1,251,293
Real Estate		
Certified Appraisal Services of South Florida, Inc.	1,000	1,000
J.P. Morgan	792,693	715,384
Total	793,693	716,384
Other	10,762	-
Total	10,762	-
Total investment expenses	$ 6,121,099	$ 5,718,976

City of Miami Fire Fighters' and Police Officers' Retirement Trust

Other Supplementary Schedules of Administrative Expenses

For the Years Ended September 30, 2013 and 2012

	2013	2012
Personnel services		
Salaries and payroll taxes	$ 520,139	$ 512,946
Fringe benefits	95,425	156,010
Total personnel services	615,564	668,956
Professional services		
Actuarial	281,417	144,214
Audit	38,000	38,500
Consultant and custodial	484,835	461,063
Legal	80,325	136,020
Total professional services	884,577	779,797
Other		
Education and travel	36,352	24,167
Insurance	76,837	74,437
Office expense	202,334	501,750
Repair and maintenance	131,373	24,312
Retirement contribution	115,793	193,263
Utilities	36,859	29,339
Total other	599,548	847,268
Total administrative expenses	$ 2,099,689	$ 2,296,021

Goldstein Schechter Koch
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
City of Miami Fire Fighters' and Police Officers' Retirement Trust
Miami, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* Issued by the Comptroller General of the United States, the financial statements of the City of Miami Fire Fighters' and Police Officers' Retirement Trust (the "Trust"), which comprise the statement of plan net position as of September 30, 2013, and the related statement of changes in plan net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 15, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness the Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency is* a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

2121 Ponce de Leon Blvd. - 11th Floor • Coral Gables, FL 33134
Phone (305) 442-2200 • Fax (305) 444-0880
info@gskcpas.com • www.gskcpas.com

III

INVESTMENT

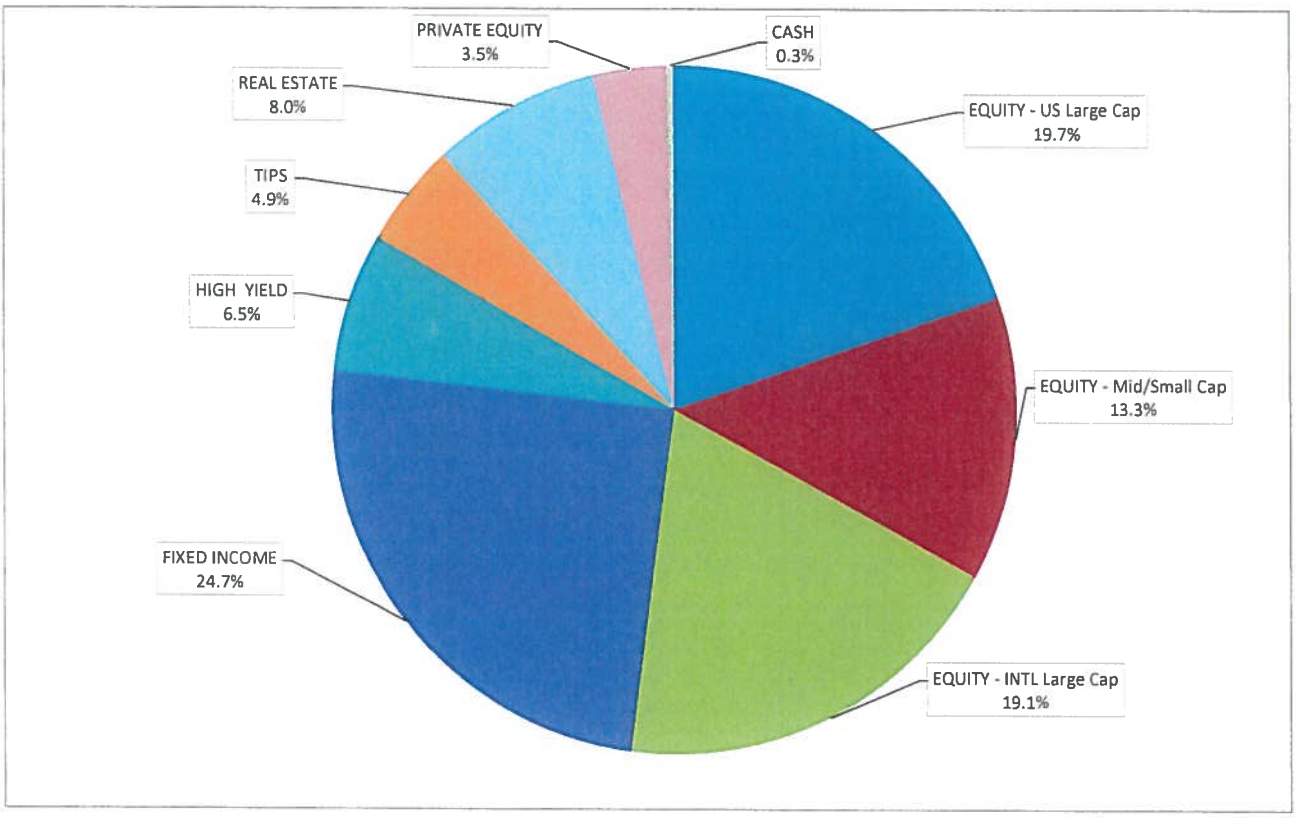
SECTION

INVESTMENT ANALYSIS
YEAR ENDED SEPTEMBER 30, 2013

	GENERAL FUND		COLA I		COLA II	
BALANCE AS OF 10/01/2012		1,005,171,569		47,140,158		314,417,253
Additions: Purchases						
Short Term Investment	100,010					
Other Liabilities	234,004					
Mutual Funds	22,320,144					
Private Equity	10,746,873					
Private Equity International	2,603,942					
Commercial Paper	8,535,949					
Commodity Ex Traded Fund International	600,740					
US Treasury Bills	16,009,686					
US Treasury Bonds	58,028,023					
US Treasury Bonds International	6,468,850					
US Treasury Notes	32,667,768					
Corporate Bonds	45,047,921					
Corporate Bonds International	26,970,600					
Domestic Equity	120,941,475					
International Equity	159,542,318					
Share of Assets Transferred	0		5,644,208		42,301,666	
Share of Assets Transferred COLA I	0		0		0	
Share of Assets Transferred COLA II	0					
		510,818,304		5,644,208		42,301,666
Deductions: Redemptions & Sale						
Short Term Investment	100,000					
Other Liabilities	234,004					
Mutual Funds	30,226,342					
Private Equity	3,606,642					
Private Equity International	563,494					
Commercial Paper	10,009,583					
Commodity Ex Traded Fund International	2,153,951					
US Treasury Bills	20,392,348					
US Treasury Bonds	66,483,754					
US Treasury Bonds International	336,808					
US Treasury Notes	37,128,605					
Corporate Bonds	68,852,340					
Corporate Bonds International	99,289					
Domestic Equity	87,931,293					
International Equity	116,941,634					
Share of Securities Tranferred To COLA I	5,418,394			225,814		
Share of Securities Tranferred To COLA II	23,005,209					19,296,457
		473,483,691				
BALANCE AS OF 09/30/2013		1,042,506,183		52,558,552		337,422,462

ASSET ALLOCATION

as of 9/30/2013

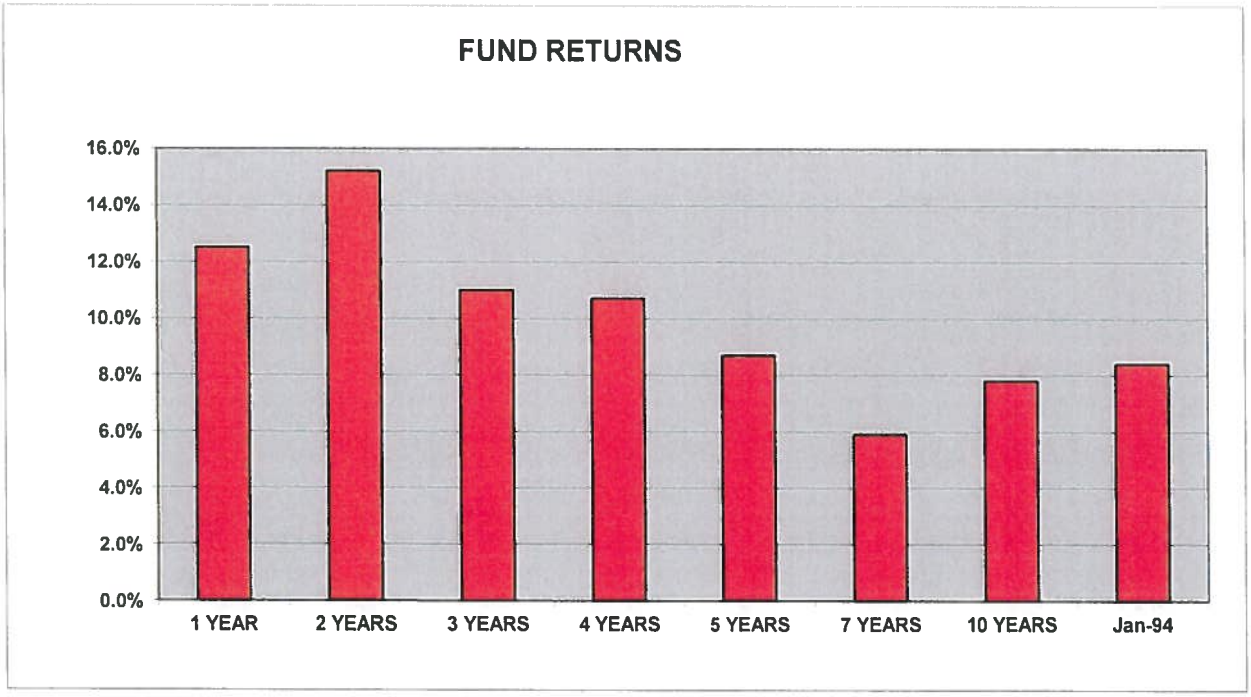


Asset Class	Current	Target
EQUITY - US Large Cap	19.7%	17%
EQUITY - Mid/Small Cap	13.3%	11%
EQUITY - INTL Large Cap	19.1%	18%
FIXED INCOME	24.7%	31%
HIGH YIELD	6.5%	5%
TIPS	4.9%	5%
REAL ESTATE	8.0%	8%
PRIVATE EQUITY	3.5%	5%
CASH	0.3%	0%
TOTAL	100%	100%

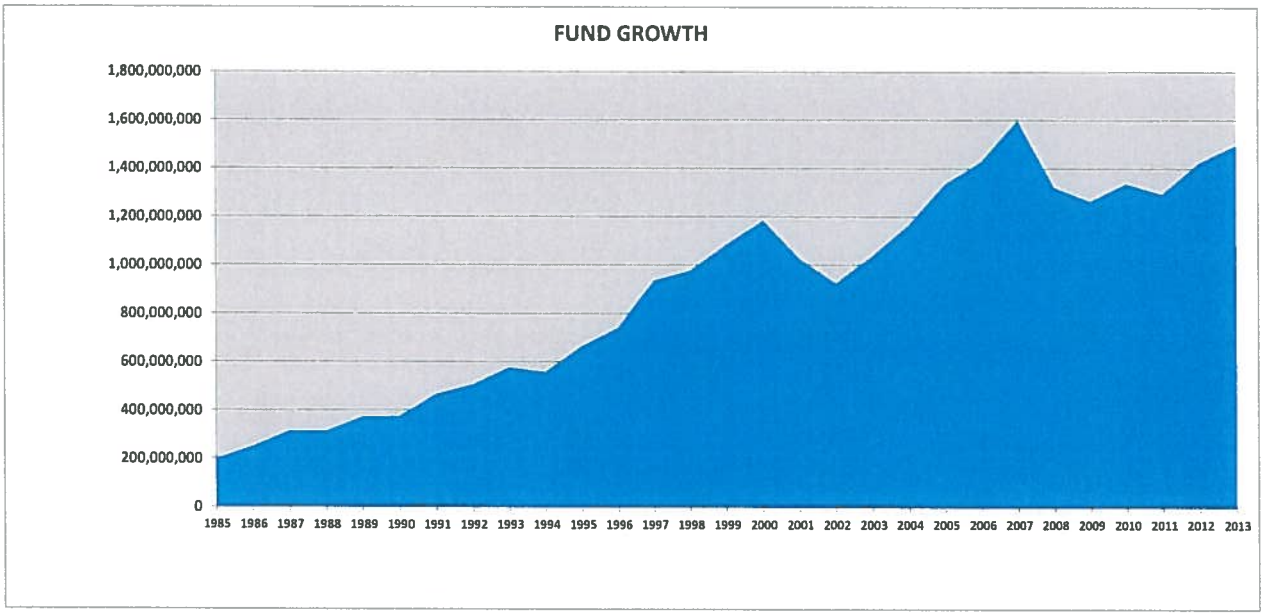
TOTAL FUND RETURNS

as of 9/30/13

	LAST 1 YEAR	LAST 2 YEARS	LAST 3 YEARS	LAST 4 YEARS	LAST 5 YEARS	LAST 7 YEARS	LAST 10 YEARS	SINCE Jan-94
FUND RETURNS	12.5%	15.2%	11.0%	10.7%	8.7%	5.9%	7.8%	8.4%



GROWTH OF THE FUND
(Fiscal Year End)



FISCAL YEAR	MARKET VALUE
1985	199,345,728
1986	250,500,507
1987	314,887,130
1988	314,756,341
1989	372,898,432
1990	375,600,000
1991	467,717,640
1992	507,233,089
1993	577,531,203
1994	559,130,104
1995	665,309,481
1996	742,938,069
1997	938,525,274
1998	978,062,036
1999	1,086,034,187
2000	1,186,001,037
2001	1,025,439,757
2002	926,355,174
2003	1,038,797,014
2004	1,168,244,034
2005	1,336,399,433
2006	1,429,556,438
2007	1,600,810,429
2008	1,324,750,244
2009	1,267,128,720
2010	1,339,510,475
2011	1,297,169,271
2012	1,425,321,877
2013	1,499,777,038

CITY OF MIAMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2013

Account name	Asset description	Country	Shares/Par value	Book cost value	Market value
	SHORT TERM FUNDS				
FIRST EAGLE	Australian dollar - Cash	Australia	56.96	56.96	56.96
FIRST EAGLE	British pound sterling - Cash	UK	26,049.86	26,049.86	26,049.86
FIRST EAGLE	Canadian dollar - Cash	Canada	8.57	8.57	8.57
FIRST EAGLE	Euro - Cash	Euro	22,611.04	22,611.04	22,611.04
FIRST EAGLE	Hong Kong dollar - Cash	Hong Kong	3.44	3.44	3.44
FIRST EAGLE	New Israeli shekel - Cash	Israel	5.31	5.31	5.31
FIRST EAGLE	Norwegian krone - Cash	Norway	1.70	1.70	1.70
FIRST EAGLE	Swedish krona - Cash	Sweden	0.87	0.87	0.87
WHV	British pound sterling - Cash	UK	9,050.62	9,050.62	9,050.62
WHV	Hong Kong dollar - Cash	Hong Kong	1,353.94	1,353.94	1,353.94
AMBASSADOR	NTGI COLTV GOVT STIF REGI STERED	USA	3,429,864.06	3,429,864.06	3,429,864.06
AXA HIGH YIELD	NTGI COLTV GOVT STIF REGI STERED	USA	3,075,550.17	3,075,550.17	3,075,550.17
BARROW HANLEY BOND	NTGI COLTV GOVT STIF REGI STERED	USA	1,776,651.95	1,776,651.95	1,776,651.95
BARROW HANLEY EQUITY	NTGI COLTV GOVT STIF REGI STERED	USA	944,319.37	944,319.37	944,319.37
BLACKROCK S&P INDEX	CASH HELD ELSEWHERE AT BLACKROCK	USA	0.97	0.97	0.97
BLACKROCK S&P INDEX	CF BLACKROCK MONEY MARKET FD	USA	46.00	46.00	46.00
CENTERSQUARE	NTGI COLTV GOVT STIF REGI STERED	USA	2,577.41	2,577.41	2,577.41
CHAMPLAIN MIDCAP	NTGI COLTV GOVT STIF REGI STERED	USA	826,225.93	826,225.93	826,225.93
CHAMPLAIN SMALLCAP	NTGI COLTV GOVT STIF REGI STERED	USA	6,000,402.68	6,000,402.68	6,000,402.68
DELAWARE	NTGI COLTV GOVT STIF REGI STERED	USA	747,210.49	747,210.49	747,210.49
DODGE & COX	NTGI COLTV GOVT STIF REGI STERED	USA	1,844,992.44	1,844,992.44	1,844,992.44
EAGLE	NTGI COLTV GOVT STIF REGI STERED	USA	1,210,949.50	1,210,949.50	1,210,949.50
JP MORGAN REAL ESTATE	CF JPMCB LIQUIDITY FD CV OVER 1 BIL	USA	3,778.43	3,778.43	3,778.43
MAIN ACCOUNT	NTGI COLTV GOVT STIF REGI STERED	USA	5,230,670.87	5,230,670.87	5,230,670.87
MUNDER	NTGI COLTV GOVT STIF REGI STERED	USA	9,789,067.37	9,789,067.37	9,789,067.37
ROBECO BOSTON PARTNERS	NTGI COLTV GOVT STIF REGI STERED	USA	2,414,282.22	2,414,282.22	2,414,282.22
WELLINGTON TIPS	NTGI COLTV GOVT STIF REGI STERED	USA	1,861,413.42	1,861,413.42	1,861,413.42
FIRST EAGLE	United States dollar - Invested cash	USA	20,388,338.57	20,388,338.57	20,388,338.57
WHV	United States dollar - Invested cash	USA	123,450.44	123,450.44	123,450.44
	TOTAL SHORT TERM FUNDS		**59,728,934.60**	**59,728,934.60**	**59,728,934.60**
	OTHER CASH & EQUIVALENTS				
MAIN ACCOUNT	SECURITIES LENDING CORE USA CASH COLLATERAL	USA		286,709,468.00	286,709,468.00
	TOTAL OTHER CASH & EQUIVALENTS			**286,709,468.00**	**286,709,468.00**

CITY OF MIAMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2013

Account name	Asset description	Country	Shares/Par value	Book cost value	Market value
	COMMON STOCK				
BARROW HANLEY EQUITY	#REORG/NOBLE STOCK MERGER NOBLE CO 2R1JA21 EFF 11-20-2013	Switzerland	45,100.00	1,752,378.24	1,703,427.00
BARROW HANLEY EQUITY	ADR BP P L C SPONSORED ADR	UK	84,000.00	3,860,323.62	3,530,520.00
BARROW HANLEY EQUITY	ADR CRH PLC ADR	Ireland	121,700.00	2,737,983.39	2,941,489.00
BARROW HANLEY EQUITY	ADR TEVA PHARMACEUTICAL INDS	Israel	38,800.00	1,768,696.96	1,465,864.00
BARROW HANLEY EQUITY	ALTRIA GROUP INC COM	USA	80,000.00	1,312,216.21	2,748,000.00
BARROW HANLEY EQUITY	AMERICAN EXPRESS CO	USA	45,600.00	2,358,885.17	3,443,712.00
BARROW HANLEY EQUITY	AMERICAN INTERNATIONAL GROUP INC COM	USA	58,000.00	2,368,162.55	2,820,540.00
BARROW HANLEY EQUITY	AT&T INC COM	USA	61,000.00	1,944,696.72	2,063,020.00
BARROW HANLEY EQUITY	BANK OF AMERICA CORP	USA	213,165.00	4,182,606.82	2,941,677.00
BARROW HANLEY EQUITY	BAXTER INTL INC COM	USA	21,200.00	797,695.80	1,392,628.00
BARROW HANLEY EQUITY	CAP 1 FNCL COM	USA	57,500.00	2,249,420.01	3,952,550.00
BARROW HANLEY EQUITY	CARDINAL HLTH INC	USA	37,000.00	1,660,578.55	1,929,550.00
BARROW HANLEY EQUITY	CARNIVAL CORP COM PAIRED	Panama	88,500.00	3,074,674.62	2,888,640.00
BARROW HANLEY EQUITY	CITIGROUP INC COM NEW COM NEW	USA	77,890.00	3,337,878.70	3,778,443.90
BARROW HANLEY EQUITY	CONOCOPHILLIPS COM	USA	56,100.00	2,593,585.99	3,899,511.00
BARROW HANLEY EQUITY	CVS CAREMARK CORP COM STK	USA	32,000.00	971,689.13	1,816,000.00
BARROW HANLEY EQUITY	DELPHI AUTOMOTIVE PLC	Jersey, Channel Is.	58,700.00	2,689,923.76	3,429,254.00
BARROW HANLEY EQUITY	DU PONT E I DE NEMOURS & CO COM STK	USA	25,100.00	1,192,112.69	1,469,856.00
BARROW HANLEY EQUITY	EMERSON ELECTRIC CO COM	USA	42,400.00	1,528,774.86	2,743,280.00
BARROW HANLEY EQUITY	ENTERGY CORP NEW COM	USA	17,800.00	1,277,931.42	1,124,782.00
BARROW HANLEY EQUITY	GEN MTRS CO COM	USA	45,800.00	1,494,812.80	1,647,426.00
BARROW HANLEY EQUITY	GENERAL DYNAMICS CORP COM	USA	26,400.00	2,048,417.35	2,310,528.00
BARROW HANLEY EQUITY	HONEYWELL INTL INC COM STK	USA	24,900.00	816,126.07	2,067,696.00
BARROW HANLEY EQUITY	ILL TOOL WKS INC COM	USA	37,800.00	1,443,999.44	2,883,006.00
BARROW HANLEY EQUITY	JOHNSON & JOHNSON COM USD1	USA	33,100.00	2,115,185.53	2,869,439.00
BARROW HANLEY EQUITY	JPMORGAN CHASE & CO COM	USA	77,200.00	3,084,606.31	3,990,468.00
BARROW HANLEY EQUITY	MARATHON OIL CORP COM	USA	97,200.00	2,125,217.97	3,390,336.00
BARROW HANLEY EQUITY	MEDTRONIC INC COM	USA	71,500.00	2,615,035.63	3,807,375.00
BARROW HANLEY EQUITY	MERCK & CO INC NEW COM	USA	51,400.00	2,335,601.41	2,447,154.00
BARROW HANLEY EQUITY	MICROSOFT CORP COM	USA	89,600.00	1,929,338.42	2,984,576.00

CITY OF MIAMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2013

Account name	Asset description	Country	Shares/Par value	Book cost value	Market value
BARROW HANLEY EQUITY	NATIONAL OILWELL VARCO COM STK	USA	26,200.00	1,915,151.16	2,046,482.00
BARROW HANLEY EQUITY	OCCIDENTAL PETROLEUM CORP	USA	44,700.00	1,655,984.80	4,181,238.00
BARROW HANLEY EQUITY	PENTAIR LTD SHS	Switzerland	24,657.00	1,059,807.12	1,601,225.58
BARROW HANLEY EQUITY	PFIZER INC COM	USA	124,741.00	2,947,128.49	3,581,314.11
BARROW HANLEY EQUITY	PHILIP MORRIS INTL COM STK NPV	USA	34,100.00	781,543.30	2,952,719.00
BARROW HANLEY EQUITY	PNC FINANCIAL SERVICES GROUP COM STK	USA	41,400.00	2,160,433.87	2,999,430.00
BARROW HANLEY EQUITY	RAYTHEON CO USD0.01	USA	41,500.00	1,962,153.10	3,198,405.00
BARROW HANLEY EQUITY	SANOFI SPONSORED ADR	France	37,400.00	1,420,118.70	1,893,562.00
BARROW HANLEY EQUITY	SLM CORP COM	USA	160,100.00	3,579,987.71	3,986,490.00
BARROW HANLEY EQUITY	STANLEY BLACK & DECKER INC COM	USA	40,000.00	1,406,940.49	3,622,800.00
BARROW HANLEY EQUITY	STATE STR CORP COM	USA	38,700.00	1,761,540.67	2,544,525.00
BARROW HANLEY EQUITY	TARGET CORP COM STK	USA	41,400.00	2,138,617.36	2,648,772.00
BARROW HANLEY EQUITY	TEXAS INSTRUMENTS INC COM	USA	83,300.00	2,029,079.37	3,354,491.00
BARROW HANLEY EQUITY	TYCO INTERNATIONAL LTD(SWITZERLAND) COM USD0.80	Switzerland	38,100.00	952,511.45	1,332,738.00
BARROW HANLEY EQUITY	UNITEDHEALTH GROUP INC COM	USA	56,900.00	2,304,118.97	4,074,609.00
BARROW HANLEY EQUITY	VERIZON COMMUNICATIONS COM	USA	41,802.00	1,441,971.85	1,950,481.32
BARROW HANLEY EQUITY	WALGREEN CO COM	USA	27,400.00	927,003.13	1,474,120.00
BARROW HANLEY EQUITY	WELLPOINT INC COM	USA	40,000.00	1,770,791.74	3,344,400.00
BARROW HANLEY EQUITY	WELLS FARGO & CO NEW COM STK	USA	89,200.00	2,504,511.46	3,685,744.00
BARROW HANLEY EQUITY	XL GROUP PLC ORD USD0.01	Ireland	43,300.00	1,071,064.14	1,334,506.00

CITY OF MIAMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2013

Account name	Asset description	Country	Shares/Par value	Book cost value	Market value
CHAMPLAIN MIDCAP	ACTUANT CORP CL A NEW	USA	10,700.00	316,922.85	415,588.00
CHAMPLAIN MIDCAP	ADT CORP COM	USA	6,700.00	279,863.32	272,422.00
CHAMPLAIN MIDCAP	ADVANCE AUTO PTS INC COM	USA	4,550.00	334,546.18	376,194.00
CHAMPLAIN MIDCAP	ALLIED WORLD ASSURANCE COMPANYHOLDINGS AG COMMON STOCK	Switzerland	3,650.00	219,229.19	362,773.50
CHAMPLAIN MIDCAP	ALTERA CORP COM	USA	12,100.00	408,816.05	449,636.00
CHAMPLAIN MIDCAP	AMETEK INC NEW COM	USA	2,300.00	43,159.54	105,846.00
CHAMPLAIN MIDCAP	APTARGROUP INC COM	USA	7,200.00	308,161.76	432,936.00
CHAMPLAIN MIDCAP	ARCOS DORADOS HOLDINGS INC COM NPV CL 'A'	British Virgin Is.	8,800.00	163,291.31	104,280.00
CHAMPLAIN MIDCAP	BEAM INC	USA	3,800.00	221,428.67	245,670.00
CHAMPLAIN MIDCAP	BED BATH BEYOND INC COM	USA	4,200.00	240,840.60	324,912.00
CHAMPLAIN MIDCAP	BIO RAD LABS INC CL A	USA	3,050.00	278,265.97	358,558.00
CHAMPLAIN MIDCAP	C R BARD	USA	3,000.00	240,920.03	345,600.00
CHAMPLAIN MIDCAP	CAREFUSION CORP COM	USA	12,000.00	310,325.20	442,800.00
CHAMPLAIN MIDCAP	CEPHEID INC COM	USA	7,600.00	270,578.42	296,704.00
CHAMPLAIN MIDCAP	CHURCH & DWIGHT INC COM	USA	1,700.00	91,541.09	102,085.00
CHAMPLAIN MIDCAP	CLARCOR INC COM	USA	2,400.00	119,122.26	133,272.00
CHAMPLAIN MIDCAP	CLOROX CO COM	USA	3,100.00	177,510.84	253,332.00
CHAMPLAIN MIDCAP	CONCHO RES INC COM STK	USA	3,100.00	268,792.43	337,311.00
CHAMPLAIN MIDCAP	CST BRANDS INC COM USD0.01	USA	10,800.00	345,254.61	321,840.00
CHAMPLAIN MIDCAP	CULLEN / FROST BANKERS INC COM	USA	3,750.00	228,830.56	264,562.50
CHAMPLAIN MIDCAP	DENBURY RES INC HLDG CO COM NEW	USA	24,400.00	408,650.88	449,204.00
CHAMPLAIN MIDCAP	DOVER CORP COM	USA	5,700.00	338,586.04	512,031.00
CHAMPLAIN MIDCAP	EDWARDS LIFESCIENCES CORP COM	USA	3,300.00	212,764.78	229,779.00
CHAMPLAIN MIDCAP	ENDURANCE SPECIALTY HOLDINGS LTD COM USD1	Bermuda	3,000.00	128,632.12	161,160.00
CHAMPLAIN MIDCAP	ENERGIZER HLDGS INC COM	USA	2,250.00	132,162.54	205,087.50
CHAMPLAIN MIDCAP	ESTERLINE TECHNOLOGIES CORP COM STK	USA	3,100.00	205,542.29	247,659.00
CHAMPLAIN MIDCAP	FORUM ENERGY TECH COM USD0.01	USA	3,000.00	89,746.38	81,030.00
CHAMPLAIN MIDCAP	FRANKS INTERNATIONAL NVRY5H0 EUR0.01	Netherlands	3,300.00	83,142.40	98,769.00
CHAMPLAIN MIDCAP	GALLAGHER ARTHUR J & CO COM	USA	9,100.00	334,704.88	397,215.00
CHAMPLAIN MIDCAP	GUIDEWIRE SOFTWARE INC COM USD0.0001	USA	2,400.00	82,731.57	113,064.00
CHAMPLAIN MIDCAP	IDEX CORP COM	USA	5,100.00	144,208.98	332,775.00
CHAMPLAIN MIDCAP	IHS INC COM CL A COM CL A	USA	2,100.00	144,630.40	239,778.00
CHAMPLAIN MIDCAP	ILLUMINA INC COM	USA	2,400.00	101,680.49	193,992.00
CHAMPLAIN MIDCAP	INFORMATICA CORP COM	USA	2,100.00	81,652.51	81,837.00
CHAMPLAIN MIDCAP	INTUIT COM	USA	8,700.00	384,033.91	576,897.00
CHAMPLAIN MIDCAP	KELLOGG CO COM USD0.25	USA	3,050.00	147,024.28	179,126.50
CHAMPLAIN MIDCAP	MEAD JOHNSON NUTRITION COM USD0.01	USA	2,000.00	140,025.57	148,520.00
CHAMPLAIN MIDCAP	MICROS SYS INC COM	USA	9,800.00	455,403.54	489,412.00
CHAMPLAIN MIDCAP	MOLSON COORS BREWING CO CL B CL B	USA	6,500.00	287,067.85	325,845.00
CHAMPLAIN MIDCAP	NATIONAL INSTRS CORP COM	USA	8,600.00	176,298.75	265,998.00
CHAMPLAIN MIDCAP	NORTHERN TR CORP COM	USA	7,500.00	374,877.42	407,925.00

CITY OF MIAMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2013

Account name	Asset description	Country	Shares/Par value	Book cost value	Market value
CHAMPLAIN MIDCAP	PALL CORP COM	USA	1,500.00	70,835.81	115,560.00
CHAMPLAIN MIDCAP	PARKER-HANNIFIN CORP COM	USA	4,900.00	413,972.37	532,728.00
CHAMPLAIN MIDCAP	PENTAIR LTD SHS	Switzerland	3,000.00	127,440.00	194,820.00
CHAMPLAIN MIDCAP	PETSMART INC COM	USA	3,400.00	222,754.00	259,284.00
CHAMPLAIN MIDCAP	PROSPERITY BANCSHARES INC COM	USA	4,600.00	207,866.63	284,464.00
CHAMPLAIN MIDCAP	QIAGEN N V COM	Netherlands	8,500.00	141,661.61	181,900.00
CHAMPLAIN MIDCAP	RED HAT INC COM	USA	6,800.00	327,000.13	313,752.00
CHAMPLAIN MIDCAP	ROCKWELL AUTOMATION	USA	3,000.00	258,640.51	320,820.00
CHAMPLAIN MIDCAP	SIGMA-ALDRICH CORP COM	USA	2,250.00	173,298.66	191,925.00
CHAMPLAIN MIDCAP	SOLARWINDS INC COM	USA	4,600.00	197,235.01	161,276.00
CHAMPLAIN MIDCAP	SOLERA HLDGS INC COM	USA	6,600.00	337,017.18	348,942.00
CHAMPLAIN MIDCAP	ST JUDE MED INC COM	USA	9,200.00	367,456.83	493,488.00
CHAMPLAIN MIDCAP	SVB FINL GROUP COM	USA	1,200.00	99,063.36	103,644.00
CHAMPLAIN MIDCAP	T ROWE PRICE GROUP INC	USA	2,700.00	135,574.62	194,211.00
CHAMPLAIN MIDCAP	TELEFLEX INC COM	USA	2,400.00	187,862.88	197,472.00
CHAMPLAIN MIDCAP	TIBCO SOFTWARE INC COM	USA	14,400.00	343,253.06	368,496.00
CHAMPLAIN MIDCAP	TUPPERWARE BRANDS CORPORATION	USA	1,950.00	92,604.87	168,421.50
CHAMPLAIN MIDCAP	WEST PHARMACEUTICAL SVCS INC COM	USA	3,000.00	52,883.08	123,450.00
CHAMPLAIN MIDCAP	WEX INC	USA	1,500.00	104,080.60	131,625.00
CHAMPLAIN MIDCAP	WHITING PETE CORP COM STK	USA	8,000.00	270,199.85	478,800.00
CHAMPLAIN MIDCAP	WILEY JOHN & SONS INC CL A	USA	4,700.00	211,387.88	224,143.00
CHAMPLAIN MIDCAP	WILLIS GROUP HOLDINGS COM USD0.000115 (NEW)	Ireland	10,600.00	310,924.17	459,298.00
CHAMPLAIN MIDCAP	ZIMMER HLDGS INC COM	USA	2,900.00	147,426.59	238,206.00
CHAMPLAIN MIDCAP	ZOETIS INC COM USD0.01 CL 'A'	USA	9,100.00	271,991.23	283,192.00

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CHAMPLAIN SMALLCAP	#REORG/HARRIS TEETER SUPERMARKETS CASH MERGER EFF 01-29-2014	USA	35,000.00	1,064,140.06	1,721,650.00
CHAMPLAIN SMALLCAP	#REORG/KAYDON CORP CASH MERGER 10/16/2013	USA	16,500.00	353,201.92	586,080.00
CHAMPLAIN SMALLCAP	ACTUANT CORP CL A NEW	USA	50,000.00	1,487,409.39	1,942,000.00
CHAMPLAIN SMALLCAP	ADR NICE SYS LTD SPONSORED ADR	Israel	20,000.00	687,032.65	827,400.00
CHAMPLAIN SMALLCAP	ALLIED WORLD ASSURANCE COMPANYHOLDINGS AG COMMON STOCK	Switzerland	15,000.00	657,915.06	1,490,850.00
CHAMPLAIN SMALLCAP	AMTRUST FINL SVCS INC COM	USA	10,000.00	181,022.64	390,600.00
CHAMPLAIN SMALLCAP	APPROACH RES INC COM STK	USA	50,000.00	1,509,423.17	1,314,000.00
CHAMPLAIN SMALLCAP	APTARGROUP INC COM	USA	16,000.00	441,133.90	962,080.00
CHAMPLAIN SMALLCAP	ARGO GROUP INTERNATIONAL HOLDINGS COM STK	Bermuda	25,000.00	726,826.09	1,072,000.00
CHAMPLAIN SMALLCAP	ASPEN INSURANCE HLDGS COM	Bermuda	30,000.00	886,722.21	1,088,700.00
CHAMPLAIN SMALLCAP	BIO RAD LABS INC CL A	USA	10,000.00	827,470.72	1,175,600.00
CHAMPLAIN SMALLCAP	BJS RESTAURANTS INC COM	USA	15,000.00	494,331.05	430,800.00
CHAMPLAIN SMALLCAP	BOTTOMLINE TECHNOLOGIES DE INC COM	USA	40,000.00	781,830.40	1,115,200.00
CHAMPLAIN SMALLCAP	BRADY CORP CL A	USA	25,000.00	788,719.84	762,500.00
CHAMPLAIN SMALLCAP	BRYN MAWR BK CORP COM STK	USA	18,000.00	361,198.45	485,460.00
CHAMPLAIN SMALLCAP	CARDTRONICS INC COM STK	USA	40,000.00	980,545.00	1,484,000.00
CHAMPLAIN SMALLCAP	CASEYS GEN STORES INC COM	USA	23,000.00	1,273,126.84	1,690,500.00
CHAMPLAIN SMALLCAP	CEPHEID INC COM	USA	30,000.00	1,068,356.54	1,171,200.00
CHAMPLAIN SMALLCAP	CLARCOR INC COM	USA	26,000.00	1,033,107.10	1,443,780.00
CHAMPLAIN SMALLCAP	COMMUNITY BK SYS INC COM	USA	21,000.00	561,928.84	716,520.00
CHAMPLAIN SMALLCAP	CST BRANDS INC COM USD0.01	USA	45,000.00	1,429,833.77	1,341,000.00
CHAMPLAIN SMALLCAP	CVB FINL CORP COM	USA	32,000.00	425,114.36	432,640.00
CHAMPLAIN SMALLCAP	ELIZABETH ARDEN INC COM	USA	20,000.00	779,948.57	738,400.00
CHAMPLAIN SMALLCAP	ENDURANCE SPECIALTY HOLDINGS LTD COM USD1	Bermuda	27,500.00	1,088,652.23	1,477,300.00
CHAMPLAIN SMALLCAP	ENPRO INDS INC COM	USA	19,000.00	727,993.91	1,143,990.00
CHAMPLAIN SMALLCAP	ESTERLINE TECHNOLOGIES CORP COM STK	USA	12,500.00	840,707.35	998,625.00
CHAMPLAIN SMALLCAP	FLEETMATICS GROUP PLC COM EUR0.015	Ireland	7,500.00	243,979.82	281,625.00
CHAMPLAIN SMALLCAP	FLOTEK INDS INC DEL COM	USA	12,500.00	177,636.72	287,500.00
CHAMPLAIN SMALLCAP	FORUM ENERGY TECH COM USD0.01	USA	15,000.00	440,936.44	405,150.00
CHAMPLAIN SMALLCAP	FRESH MKT INC COM	USA	11,000.00	529,781.49	520,410.00
CHAMPLAIN SMALLCAP	GENOMIC HEALTH INC COM	USA	22,500.00	543,476.60	688,050.00
CHAMPLAIN SMALLCAP	GLOBUS MED INC CL A NEW COM STK	USA	21,000.00	358,582.14	366,660.00
CHAMPLAIN SMALLCAP	GUIDEWIRE SOFTWARE INC COM USD0.0001	USA	20,000.00	633,224.63	942,200.00
CHAMPLAIN SMALLCAP	HAEMONETICS CORP MASS COM	USA	22,500.00	944,660.66	897,300.00
CHAMPLAIN SMALLCAP	HUB GROUP INC CL A	USA	20,000.00	636,846.87	784,600.00
CHAMPLAIN SMALLCAP	IDEX CORP COM	USA	15,000.00	452,777.25	978,750.00
CHAMPLAIN SMALLCAP	INDEPENDENT BK CORP MASS COM	USA	11,000.00	308,680.77	392,700.00
CHAMPLAIN SMALLCAP	INTEGRA LIFESCIENCES HLDG CORP COM DESP	USA	30,000.00	1,016,794.55	1,207,500.00
CHAMPLAIN SMALLCAP	KEY ENERGY SVCS INC	USA	53,000.00	785,221.58	386,370.00
CHAMPLAIN SMALLCAP	KODIAK OIL & GAS CORP COM	Canada	21,000.00	165,343.59	253,260.00

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CHAMPLAIN SMALLCAP	LANCASTER COLONY CORP COM	USA	16,000.00	865,202.80	1,252,640.00
CHAMPLAIN SMALLCAP	LANDSTAR SYS INC COM	USA	15,000.00	755,730.59	839,700.00
CHAMPLAIN SMALLCAP	LOGMEIN INC COM	USA	29,400.00	880,408.93	912,870.00
CHAMPLAIN SMALLCAP	LUMINEX CORP DEL COM	USA	35,000.00	532,718.44	700,000.00
CHAMPLAIN SMALLCAP	MASIMO CORP COM STK	USA	45,500.00	1,041,551.61	1,212,120.00
CHAMPLAIN SMALLCAP	MEASUREMENT SPECIALTIES INC COM	USA	17,500.00	531,450.07	949,200.00
CHAMPLAIN SMALLCAP	MISTRAS GROUP INC COM	USA	21,500.00	443,730.06	365,500.00
CHAMPLAIN SMALLCAP	NATIONAL INSTRS CORP COM	USA	35,000.00	774,092.65	1,082,550.00
CHAMPLAIN SMALLCAP	NAVIGATORS GROUP INC COM	USA	12,500.00	572,736.14	722,125.00
CHAMPLAIN SMALLCAP	NORTHERN OIL & GAS INC NEV COM STK	USA	40,000.00	921,618.59	577,200.00
CHAMPLAIN SMALLCAP	NUVASIVE INC COM	USA	40,500.00	971,598.10	991,845.00
CHAMPLAIN SMALLCAP	OMNICELL INC COM	USA	2,300.00	50,489.43	54,464.00
CHAMPLAIN SMALLCAP	OWENS & MINOR INC NEW COM	USA	11,500.00	321,298.83	397,785.00
CHAMPLAIN SMALLCAP	PROS HLDGS INC COM	USA	15,500.00	257,932.44	529,945.00
CHAMPLAIN SMALLCAP	PROSPERITY BANCSHARES INC COM	USA	15,000.00	665,652.13	927,600.00
CHAMPLAIN SMALLCAP	PROTO LABS INC COM	USA	1,300.00	42,891.23	99,307.00
CHAMPLAIN SMALLCAP	QLIK TECHNOLOGIES INC COM STK	USA	25,000.00	624,814.58	856,000.00
CHAMPLAIN SMALLCAP	QUALYS INC COM USD0.001	USA	2,000.00	43,037.09	42,780.00
CHAMPLAIN SMALLCAP	RAVEN INDS INC COM STK	USA	40,000.00	1,092,390.64	1,308,400.00
CHAMPLAIN SMALLCAP	RBC BEARINGS INC COM	USA	10,000.00	505,567.02	658,900.00
CHAMPLAIN SMALLCAP	REALPAGE INC COM STK	USA	58,000.00	1,210,510.50	1,343,280.00
CHAMPLAIN SMALLCAP	RESOLUTE ENERGY CORP COM	USA	75,000.00	878,787.78	627,000.00
CHAMPLAIN SMALLCAP	RITCHIE BROS AUCTIONEERS INC COM	Canada	39,200.00	788,168.10	791,056.00
CHAMPLAIN SMALLCAP	SENSIENT TECHNOLOGIES CORP COM	USA	40,000.00	1,209,601.51	1,915,600.00
CHAMPLAIN SMALLCAP	SILGAN HLDGS INC COM	USA	20,500.00	578,980.78	963,500.00
CHAMPLAIN SMALLCAP	SNYDERS-LANCE INC COM	USA	35,000.00	700,617.05	1,009,750.00
CHAMPLAIN SMALLCAP	STANDEX INTL CORP COM	USA	5,000.00	266,097.40	297,000.00
CHAMPLAIN SMALLCAP	STERIS CORP COM	USA	25,000.00	774,041.40	1,074,000.00
CHAMPLAIN SMALLCAP	TECHNE CORP COM	USA	5,000.00	312,056.41	400,300.00
CHAMPLAIN SMALLCAP	TELEFLEX INC COM	USA	13,500.00	750,435.37	1,110,780.00
CHAMPLAIN SMALLCAP	TETRA TECHNOLOGIES INC DEL COM	USA	50,000.00	573,938.46	626,500.00
CHAMPLAIN SMALLCAP	TREEHOUSE FOODS INC COM	USA	25,000.00	1,251,922.04	1,670,750.00
CHAMPLAIN SMALLCAP	TRIMAS CORP COM NEW COM NEW	USA	50,000.00	1,080,843.44	1,865,000.00
CHAMPLAIN SMALLCAP	UMB FINL CORP COM STK	USA	35,000.00	1,376,873.96	1,901,900.00
CHAMPLAIN SMALLCAP	UTI WORLDWIDE INC ORD NPV	British Virgin Is.	4,000.00	72,698.50	60,440.00
CHAMPLAIN SMALLCAP	VCA ANTECH INC COM STK	USA	25,000.00	622,494.19	686,500.00
CHAMPLAIN SMALLCAP	VOLCANO CORP COM STK	USA	52,900.00	1,182,811.99	1,265,368.00
CHAMPLAIN SMALLCAP	WASHINGTON TR BANCORP INC COM	USA	18,500.00	437,987.19	581,455.00
CHAMPLAIN SMALLCAP	WEST PHARMACEUTICAL SVCS INC COM	USA	25,000.00	497,575.11	1,028,750.00
CHAMPLAIN SMALLCAP	WEX INC	USA	14,500.00	637,948.24	1,272,375.00
CHAMPLAIN SMALLCAP	WILEY JOHN & SONS INC CL A	USA	25,000.00	875,827.24	1,192,250.00
CHAMPLAIN SMALLCAP	WOLVERINE WORLD WIDE INC COM	USA	20,000.00	738,780.36	1,164,600.00
CHAMPLAIN SMALLCAP	WOODWARD INC COM	USA	20,000.00	725,116.64	816,600.00

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DELAWARE	#REORG/INTERCONTINEN NAME CHANGE INTERCONTI 2R1HAZ1 EFF 11-13-2013	USA	21,975.00	2,392,282.32	3,986,704.50
DELAWARE	#REORG/PERRIGO CASH AND STK MERGER PERRIGO CO LTD 0002T1WAN1 12-19-2013	USA	18,500.00	1,368,225.24	2,282,530.00
DELAWARE	ADOBE SYS INC COM	USA	112,125.00	3,503,992.84	5,823,772.50
DELAWARE	ADR NOVO-NORDISK A S ADR	Denmark	18,100.00	1,491,662.86	3,062,882.00
DELAWARE	ADR SYNGENTA AG SPONSORED ADR	Switzerland	32,575.00	1,681,197.79	2,648,347.50
DELAWARE	ALLERGAN INC COM	USA	48,485.00	2,693,345.70	4,385,468.25
DELAWARE	APPLE INC COM STK	USA	5,814.00	802,477.76	2,771,824.50
DELAWARE	CELGENE CORP COM	USA	41,025.00	3,492,766.80	6,314,978.25
DELAWARE	CME GROUP INC COM STK	USA	38,125.00	2,221,972.57	2,816,675.00
DELAWARE	CROWN CASTLE INTL CORP COM STK	USA	80,100.00	3,293,134.46	5,849,703.00
DELAWARE	EBAY INC COM USD0.001	USA	69,225.00	3,841,721.08	3,862,062.75
DELAWARE	EOG RESOURCES INC COM	USA	46,675.00	4,908,266.03	7,901,144.00
DELAWARE	GOOGLE INC CL A CL A	USA	5,250.00	2,404,214.90	4,598,527.50
DELAWARE	INTUIT COM	USA	56,000.00	1,972,522.02	3,713,360.00
DELAWARE	KINDER MORGAN INC DEL COM	USA	143,505.00	4,986,647.43	5,104,472.85
DELAWARE	L BRANDS INC COM	USA	69,250.00	3,617,257.28	4,231,175.00
DELAWARE	LIBERTY INTERACTIVE CORP INTERACTIVE COMSER A	USA	217,875.00	3,980,656.74	5,113,526.25
DELAWARE	MASTERCARD INC CL A	USA	10,275.00	2,723,444.67	6,912,814.50
DELAWARE	MICROSOFT CORP COM	USA	121,175.00	4,292,620.01	4,036,339.25
DELAWARE	NIKE INC CL B	USA	40,800.00	1,245,665.74	2,963,712.00
DELAWARE	PRICELINE COM INC COM NEW STK	USA	5,260.00	1,524,596.51	5,317,597.00
DELAWARE	PROGRESSIVE CORP OH COM	USA	139,600.00	2,968,193.30	3,801,308.00
DELAWARE	QUALCOMM INC COM	USA	85,350.00	3,352,099.03	5,749,176.00
DELAWARE	SALLY BEAUTY HLDGS INC COM STK	USA	59,925.00	1,533,300.27	1,567,638.00
DELAWARE	TERADATA CORP DEL COM STK	USA	53,100.00	2,530,010.75	2,943,864.00
DELAWARE	VERIFONE SYSTEMS INC COM	USA	41,825.00	1,252,064.44	956,119.50
DELAWARE	VERISIGN INC COM	USA	53,925.00	1,934,472.21	2,744,243.25
DELAWARE	VISA INC COM CL A STK	USA	38,695.00	2,552,615.90	7,394,614.50
DELAWARE	WALGREEN CO COM	USA	98,300.00	3,641,690.62	5,288,540.00

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EAGLE	#REORG/INERGY LP NAME CHNG WITH CUSIP CRESTWOOD EQTY PARTNRS 2R1NAX1 10-08-13	USA	22,791.00	427,524.30	313,832.07
EAGLE	#REORG/VIROPHARMA INC CASH MERGER 01-27-2014	USA	6,847.00	188,089.81	269,087.10
EAGLE	AEGERION PHARMACEUTICALS INC COM	USA	1,535.00	109,692.76	131,564.85
EAGLE	ALNYLAM PHARMACEUTICALS INC COM	USA	2,069.00	113,746.36	132,436.69
EAGLE	AMERIS BANCORP COM	USA	6,582.00	84,351.83	120,977.16
EAGLE	AMTRUST FINL SVCS INC COM	USA	12,343.00	433,747.24	482,117.58
EAGLE	APOGEE ENTERPRISES INC COM	USA	12,068.00	320,941.07	358,178.24
EAGLE	ARRIS GROUP INC NEW COM USD0.01	USA	16,129.00	271,110.79	275,160.74
EAGLE	ASPEN TECHNOLOGY INC COM	USA	14,531.00	305,333.81	502,046.05
EAGLE	ATHLON ENERGY INC COM	USA	5,708.00	139,969.48	186,651.60
EAGLE	ATWOOD OCEANICS INC COM	USA	6,421.00	287,123.08	353,411.84
EAGLE	AVIS BUDGET GROUP INC COM STK	USA	13,443.00	385,812.96	387,561.69
EAGLE	BANKRATE INC DEL COM	USA	8,930.00	144,320.76	183,690.10
EAGLE	BARNES GROUP INC COM	USA	15,891.00	457,894.43	554,913.72
EAGLE	BERRY PLASTICS GROUP INC COM	USA	22,227.00	470,176.94	443,873.19
EAGLE	CABOT MICROELECTRONICS CORP COM	USA	5,192.00	192,215.06	199,995.84
EAGLE	CANTEL MEDICAL CORP COM	USA	15,823.00	282,271.58	503,962.55
EAGLE	CARDINAL FINL CORP COM	USA	19,975.00	246,221.97	330,186.75
EAGLE	CARRIAGE SERVICES INC COM	USA	6,193.00	116,465.99	120,144.20
EAGLE	CENTENE CORP DEL COM	USA	3,698.00	174,605.26	236,524.08
EAGLE	CEPHEID INC COM	USA	3,281.00	112,850.64	128,090.24
EAGLE	CHURCHILL DOWNS INC COM	USA	4,843.00	326,655.97	419,016.36
EAGLE	CINEMARK HLDGS INC COM	USA	11,945.00	240,427.33	379,134.30
EAGLE	CLUBCORP HLDGS INC COM	USA	6,795.00	95,130.00	104,167.35
EAGLE	CNO FINL GROUP INC COM	USA	32,713.00	413,883.85	471,067.20
EAGLE	COGENT COMMUNICATIONS GROUP INC COM NEW	USA	12,796.00	286,041.81	412,671.00
EAGLE	COHERENT INC COM	USA	5,802.00	302,758.59	356,532.90
EAGLE	COLUMBUS MCKINNON CORP N Y COM	USA	4,811.00	111,854.63	115,608.33
EAGLE	COMFORT SYS USA INC COM	USA	25,443.00	385,028.64	427,696.83
EAGLE	CRANE CO COM	USA	8,910.00	493,463.38	549,479.70
EAGLE	CUBESMART	USA	21,845.00	317,805.26	389,714.80
EAGLE	CUBIST PHARMACEUTICALS INC COM	USA	8,054.00	328,483.42	511,831.70
EAGLE	CUSTOMERS BANCORP INC COM	USA	10,910.00	182,238.29	175,651.00
EAGLE	CYBERONICS INC COM	USA	4,418.00	154,672.39	224,169.32
EAGLE	DANA HLDG CORP COM	USA	26,098.00	559,514.83	596,078.32
EAGLE	DELEK US HLDGS INC COM STK	USA	9,544.00	266,792.86	201,282.96
EAGLE	DELTIC TIMBER CORP COM	USA	3,145.00	201,171.31	204,865.30
EAGLE	DESTINATION MATERNITY CORP COM STK	USA	5,054.00	130,655.91	160,717.20
EAGLE	DIAMONDBACK ENERGY INC COM	USA	4,493.00	95,989.90	191,581.52
EAGLE	DIODES INC COM	USA	7,224.00	180,245.54	176,988.00

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EAGLE	ECHOSTAR CORPORATION	USA	14,412.00	484,328.23	633,263.28
EAGLE	ENERSYS COM	USA	7,532.00	311,290.53	456,665.16
EAGLE	ENSIGN GROUP INC COM STK	USA	10,033.00	313,550.48	412,456.63
EAGLE	ENTEGRIS INC COM	USA	23,330.00	220,786.46	236,799.50
EAGLE	EXPRESS INC COM	USA	8,153.00	193,923.66	192,329.27
EAGLE	FAIR ISAAC CORPORATION COM	USA	7,140.00	370,621.41	394,699.20
EAGLE	FEDERAL AGRIC MTG CORP CL C	USA	5,738.00	193,586.62	191,534.44
EAGLE	FLIR SYS INC COM	USA	6,940.00	181,793.83	217,916.00
EAGLE	FOREST CY ENTERPRISES INC CL A	USA	20,161.00	283,582.27	381,849.34
EAGLE	FOX FACTORY HLDG CORP COM	USA	4,797.00	79,017.03	92,438.19
EAGLE	FXCM INC	USA	23,999.00	430,253.64	473,980.25
EAGLE	GENWORTH FINL INC COM CL A COM CL A	USA	31,684.00	349,690.88	405,238.36
EAGLE	GLATFELTER	USA	7,012.00	116,153.04	189,814.84
EAGLE	GORMAN RUPP CO COM	USA	1,942.00	76,135.46	77,913.04
EAGLE	GRAHAM CORP COM STK	USA	3,483.00	113,859.20	125,840.79
EAGLE	GRAPHIC PACKAGING HLDG CO COM STK	USA	40,581.00	271,223.81	347,373.36
EAGLE	H & E EQUIP SVCS INC COM	USA	4,458.00	108,891.51	118,404.48
EAGLE	HARBINGER GROUP INC COM	USA	45,474.00	387,856.21	471,565.38
EAGLE	HEARTLAND PMT SYS INC COM STK	USA	14,069.00	508,857.05	558,820.68
EAGLE	HELIX ENERGY SOLUTIONS GROUP INC COM STK	USA	14,313.00	382,236.95	363,120.81
EAGLE	HEXCEL CORP NEW COM	USA	10,677.00	251,922.43	414,267.60
EAGLE	ICU MED INC COM	USA	3,238.00	139,206.68	219,957.34
EAGLE	INNOSPEC INC COM STK	USA	7,624.00	313,370.52	355,735.84
EAGLE	INTER PARFUMS INC COM	USA	10,870.00	277,784.76	325,991.30
EAGLE	INTRALINKS HLDGS INC COMMON STOCK	USA	11,713.00	97,951.90	103,074.40
EAGLE	ISIS PHARMACEUTICALS CALIF COM	USA	3,995.00	154,119.11	149,972.30
EAGLE	ISTAR FINL INC COM	USA	21,134.00	185,194.95	254,453.36
EAGLE	J & J SNACK FOODS CORP COM STK NPV	USA	2,423.00	187,471.64	195,584.56
EAGLE	J2 GLOBAL INC COM	USA	9,953.00	368,460.81	492,872.56
EAGLE	KADANT INC COM	USA	3,270.00	103,223.79	109,839.30
EAGLE	KBR INC COM	USA	14,037.00	455,610.47	458,167.68
EAGLE	KKR FINL HLDGS LLC COM STK	USA	45,280.00	443,153.25	467,742.40
EAGLE	LIBERTY INTERACTIVE CORP LIBERTY VENTURES COM SER A	USA	4,702.00	262,204.49	414,575.34
EAGLE	LIGAND PHARMACEUTICALS INCORPORATED CL BCOMMON STOCK	USA	5,212.00	235,173.79	225,575.36
EAGLE	LIVE NATION ENTERTAINMENT INC	USA	32,688.00	451,016.76	606,362.40
EAGLE	LYON WILLIAM HOMES CL A NEW COM USD0.01 CL'A'(POST REV SPLIT)	USA	5,194.00	106,743.91	105,542.08
EAGLE	MADDEN STEVEN LTD COM	USA	7,440.00	376,433.81	400,495.20
EAGLE	MEDASSETS INC COM STK	USA	16,200.00	298,955.65	411,804.00
EAGLE	MINE SAFETY APPLIANCES CO COM	USA	5,241.00	256,011.43	270,488.01
EAGLE	MKS INSTRS INC COM	USA	6,669.00	173,206.35	177,328.71
EAGLE	MLP CEDAR FAIR L P DEPOSITARY UNIT	USA	10,702.00	406,810.02	466,607.20
EAGLE	MLP OCH-ZIFF CAP MGMT GROUP CL A SHS CL A	USA	30,877.00	261,002.91	339,338.23
EAGLE	MONOTYPE IMAGING HLDGS INC COM STK	USA	16,810.00	226,967.48	481,774.60

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Account name	Asset description	Country	Shares/Par value	Book cost value	Market value
EAGLE	MOVE INC COM NEW COM NEW	USA	13,852.00	192,945.29	234,791.40
EAGLE	MTS SYS CORP COM	USA	3,978.00	223,508.79	255,984.30
EAGLE	NEENAH PAPER INC COM	USA	2,940.00	106,160.24	115,571.40
EAGLE	NEW RESIDENTIAL INVT CORP COM	USA	64,630.00	429,150.49	427,850.60
EAGLE	NEWCASTLE INVT CORP NEW COM	USA	66,173.00	349,799.15	371,892.26
EAGLE	OM GROUP INC COM	USA	11,935.00	377,754.89	403,164.30
EAGLE	PAC PREMIER BANCORP COM	USA	15,074.00	190,921.11	202,594.56
EAGLE	PACIRA PHARMACEUTICALS INC COM	USA	3,672.00	111,694.74	176,586.48
EAGLE	PENSKE AUTOMOTIVE GROUP INC COM STK	USA	9,120.00	382,208.12	389,697.60
EAGLE	PERKINELMER INC COM	USA	10,251.00	321,680.06	386,975.25
EAGLE	PHH CORP COM NEW COM NEW	USA	15,480.00	295,430.22	367,495.20
EAGLE	PLANTRONICS INC NEW COM	USA	12,868.00	555,370.76	592,571.40
EAGLE	POLYONE CORP COM	USA	9,143.00	268,391.99	280,781.53
EAGLE	POST HLDGS INC COM STK	USA	6,085.00	238,717.32	245,651.45
EAGLE	PPDC ENERGY INC COM	USA	3,265.00	133,209.84	194,398.10
EAGLE	PROASSURANCE CORP COM	USA	11,735.00	525,828.19	528,779.10
EAGLE	PTC INC COM	USA	16,758.00	373,327.89	476,429.94
EAGLE	QUIDEL CORP COM	USA	7,462.00	183,129.14	211,920.80
EAGLE	RADIAN GROUP INC COM	USA	29,704.00	342,020.38	413,776.72
EAGLE	RESOURCE CAP CORP COM	USA	68,993.00	434,728.66	409,818.42
EAGLE	RUDOPLH TECHNOLOGIES INC COM	USA	14,905.00	191,482.85	169,917.00
EAGLE	SAFEGUARD SCIENTIFICS INC COM NEW COM NEW	USA	12,144.00	193,027.36	190,539.36
EAGLE	SALLY BEAUTY HLDGS INC COM STK	USA	16,120.00	419,950.83	421,699.20
EAGLE	SEMGROUP CORP CL A CL A	USA	7,745.00	272,841.03	441,619.90
EAGLE	SEMTECH CORP COM	USA	6,257.00	189,612.09	187,647.43
EAGLE	STANDARD MTR PRODS INC COM	USA	4,865.00	150,790.21	156,458.40
EAGLE	STEWART INFORMATION SVCS CORP COM	USA	12,414.00	365,293.80	397,123.86
EAGLE	SYMETRA FINL CORP COM	USA	26,219.00	402,700.31	467,222.58
EAGLE	SYNOVUS FINL CORP COM	USA	56,434.00	134,786.04	186,232.20
EAGLE	TEAM HEALTH HLDGS INC COM	USA	8,269.00	197,972.37	313,725.86
EAGLE	TERADYNE INC COM	USA	26,048.00	415,689.51	430,312.96
EAGLE	THE MADISON SQUARE GARDEN COMPANY	USA	7,244.00	356,928.83	420,659.08
EAGLE	THERAVANCE INC COM STK	USA	2,586.00	83,582.88	105,741.54
EAGLE	TRIMAS CORP COM NEW COM NEW	USA	14,606.00	475,309.12	544,803.80
EAGLE	U S SILICA HLDGS INC	USA	7,646.00	150,336.21	190,385.40
EAGLE	VAIL RESORTS INC COM	USA	5,385.00	334,981.72	373,611.30
EAGLE	WALKER & DUNLOP INC COM .	USA	13,681.00	265,479.41	217,664.71
EAGLE	WESTAR ENERGY INC COM	USA	12,710.00	395,164.08	389,561.50
EAGLE	1 800 FLOWERS COM INC CL A COM STK	USA	12,907.00	70,535.23	63,631.51
EAGLE	1ST HORIZON NATL CORP COM	USA	2.00	0.00	21.98

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FIRST EAGLE	ADR ANGLOGOLD ASHANTI LTD	South Africa	39,977.00	641,624.44	530,894.56
FIRST EAGLE	ADR GOLD FIELDS LTD NEW SPONSORED ADR	South Africa	93,416.00	1,090,400.98	426,911.12
FIRST EAGLE	ADR GRUPO TELEVISA SA DE CV SPONSORED ADR REPSTG ORD PARTN SPONS ADR	Mexico	73,991.00	1,701,157.81	2,068,048.45
FIRST EAGLE	ADR HARMONY GOLD MNG LTD SPONSORED ADR	South Africa	33,044.00	413,543.12	111,688.72
FIRST EAGLE	ADR SIBANYE GOLD LTD SPON ADR	South Africa	12,453.00	109,709.86	64,880.13
FIRST EAGLE	AGNICO EAGLE MINES COM NPV	Canada	25,429.00	854,393.47	674,874.13
FIRST EAGLE	ANGLO AMERICAN USD0.54945	UK	15,694.00	620,943.17	385,797.60
FIRST EAGLE	AS ONE CORPORATION NPV	Japan	10,800.00	237,596.45	222,878.98
FIRST EAGLE	ASTELLAS PHARMA NPV	Japan	22,600.00	859,455.07	1,151,592.36
FIRST EAGLE	AUTONEUM HLDG AG CHF0.05	Switzerland	2,333.00	227,342.76	280,192.20
FIRST EAGLE	BANGKOK BANK THB10 (NVDR)	Thailand	112,800.00	579,223.78	706,803.07
FIRST EAGLE	BERKLEY GP HOLDINGS	UK	27,213.00	475,886.49	913,104.07
FIRST EAGLE	BIOMERIEUX NPV	France	1,240.00	96,036.98	120,182.46
FIRST EAGLE	BOUYGUES EUR1	France	40,352.00	1,487,693.40	1,473,441.52
FIRST EAGLE	CARREFOUR EUR2.50	France	35,138.00	705,463.04	1,206,950.55
FIRST EAGLE	CATALYST PAPER CORP COM	Canada	195.00	87,987.50	214.50
FIRST EAGLE	CDN NATURAL RESOURCES COMMON STOCK	Canada	49,660.00	1,432,351.57	1,563,862.44
FIRST EAGLE	CENOVUS ENERGY INC COM	Canada	37,526.00	1,214,343.87	1,120,151.10
FIRST EAGLE	CHOFU SEISAKUSHO NPV	Japan	16,600.00	399,813.87	380,298.60
FIRST EAGLE	CIE DE ST-GOBAIN EUR4	France	19,873.00	832,072.00	984,714.27
FIRST EAGLE	COMFORTDELGRO CORP LTD	Singapore	577,970.00	671,495.47	907,432.48
FIRST EAGLE	CRH PLC EQUITY	Ireland	39,061.00	680,581.48	934,914.50
FIRST EAGLE	DAIICHIKOSHO CO NPV	Japan	28,800.00	490,574.05	786,295.03
FIRST EAGLE	DAIMLER AG COM	Germany	10,270.00	637,831.37	801,032.40
FIRST EAGLE	DEUTSCHE WOHNEN AG EUR1 (BR)	Germany	52,214.00	767,784.09	934,736.13
FIRST EAGLE	ENCANA CORP COM NPV	Canada	12,314.00	384,594.22	213,401.62
FIRST EAGLE	FANUC CORP NPV	Japan	11,600.00	1,775,493.47	1,916,290.45
FIRST EAGLE	FFP EUR1.00	France	4,384.00	322,186.38	262,893.99
FIRST EAGLE	FRAPORT (FRANKFURT AIRPORT SERVICES) NPV	Germany	3,451.00	259,444.87	242,354.63
FIRST EAGLE	FRESNILLO PLC ORD USD0.50	UK	42,403.00	738,495.80	668,133.93
FIRST EAGLE	FURSYS KRW1000	Korea	2,010.00	44,187.92	57,045.15

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FIRST EAGLE	GAUMONT EUR8	France	511.00	23,192.83	26,181.42
FIRST EAGLE	GENTING MALAYSIA B MYR0.10	Malaysia	374,070.00	434,813.84	484,299.86
FIRST EAGLE	GLAXOSMITHKLINE ORD GBP0.25	UK	35,907.00	714,262.15	905,651.87
FIRST EAGLE	GOLDCORP INC NEW COM	Canada	41,301.00	1,248,920.31	1,074,239.01
FIRST EAGLE	GPE BRUXELLES LAM NPV	Belgium	12,459.00	1,040,821.92	1,060,310.43
FIRST EAGLE	GREAT EAGLE HLDGS HKD0.50	Bermuda	49,617.00	159,245.85	177,222.99
FIRST EAGLE	GUOCO GROUP USD0.50	Bermuda	66,000.00	716,461.15	804,239.76
FIRST EAGLE	HAL TRUST UNITS NPV	Bermuda	5,047.00	687,709.25	657,157.72
FIRST EAGLE	HAMBURGER HAFEN NPV (REGD) 'A'	Germany	23,562.00	739,944.55	579,845.67
FIRST EAGLE	HAW PAR CORP LTD NPV	Singapore	216,700.00	955,575.88	1,278,007.57
FIRST EAGLE	HEIDELBERGCEMENT NPV	Germany	22,410.00	1,432,124.31	1,729,415.25
FIRST EAGLE	HIROSE ELECTRIC NPV	Japan	7,900.00	822,765.68	1,212,473.89
FIRST EAGLE	HISCOX LTD ORD GBP0	Bermuda	9,004.00	79,844.15	94,558.28
FIRST EAGLE	HOPEWELL HOLDINGS COMSTK	Hong Kong	183,163.00	585,832.99	612,893.35
FIRST EAGLE	HOYA CORP NPV	Japan	56,500.00	1,214,330.03	1,335,271.34
FIRST EAGLE	ICL-ISRAEL CHEM ILS1	Israel	56,540.00	565,525.31	476,885.88
FIRST EAGLE	INDUSTRIAS PENOLES NPV	Mexico	18,015.00	650,819.31	526,706.53
FIRST EAGLE	INVESTOR AB SER'A'NPV	Sweden	23,564.00	472,507.20	695,206.05
FIRST EAGLE	INVESTOR AB SER'B'NPV	Sweden	11,534.00	217,678.85	350,162.69
FIRST EAGLE	ITALCEMENTI EUR1	Italy	30,270.00	261,349.34	230,894.04
FIRST EAGLE	ITALMOBILIARE EUR2.60	Italy	3,914.00	141,268.87	98,546.26
FIRST EAGLE	JAPAN WOOL TEXTILE NPV	Japan	51,500.00	415,890.83	406,751.59
FIRST EAGLE	JARDINE MATHESON HLDGS USD0.25(SING QUOTE)	Bermuda	10,500.00	521,269.53	576,450.00
FIRST EAGLE	JUMBO SA EUR1.19	Greece	74,884.00	458,704.06	933,587.55
FIRST EAGLE	KANSAI PAINT CO NPV	Japan	54,300.00	477,610.24	720,495.29
FIRST EAGLE	KDDI CORP NPV	Japan	31,400.00	1,054,619.47	1,612,800.00
FIRST EAGLE	KEYENCE CORP NPV	Japan	5,520.00	1,334,572.15	2,095,490.45
FIRST EAGLE	KINROSS GOLD CORP COM NPV NEW	Canada	91,953.00	472,476.10	464,362.65
FIRST EAGLE	KOBAYASHI PHARMACEUTICALS NPV	Japan	1,580.00	72,794.06	90,492.74
FIRST EAGLE	KT&G CORPORATION KRW5000	Korea	15,718.00	907,549.80	1,126,187.92
FIRST EAGLE	KUEHNE&NAGEL INTL CHF1.00 (REGD)	Switzerland	1,149.00	165,839.49	150,573.96
FIRST EAGLE	LAURENT-PERRIER EUR3.80	France	4,171.00	518,439.67	374,108.87
FIRST EAGLE	LEGRAND SA EUR4	France	5,236.00	174,985.30	290,702.48
FIRST EAGLE	LINDT & SPRUENGLI CHF100.00 (REGD)	Switzerland	1.00	32,987.08	47,553.22
FIRST EAGLE	LOTTE CONFECT KRW5000	Korea	291.00	426,562.56	461,679.11
FIRST EAGLE	MAEZAWA KASEI IND NPV	Japan	8,700.00	87,502.12	93,450.19
FIRST EAGLE	MISUMI GROUP INC NPV	Japan	23,400.00	592,475.72	678,450.96
FIRST EAGLE	MITSUBISHI ESTATE CO LTD	Japan	38,700.00	718,242.80	1,142,167.64
FIRST EAGLE	MS&AD INSURANCE GROUP HOLDINGS, INC. NPV	Japan	59,300.00	1,372,424.23	1,547,087.90

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FIRST EAGLE	NAGAILEBEN CO NPV	Japan	18,600.00	248,844.35	301,959.75
FIRST EAGLE	NAMYANG DAIRY PROD KRW5000	Korea	233.00	155,550.04	191,442.99
FIRST EAGLE	NEOPOST EUR1	France	7,279.00	627,403.64	530,398.74
FIRST EAGLE	NESTLE SA CHF0.10(REGD)	Switzerland	23,427.00	1,402,316.19	1,638,659.39
FIRST EAGLE	NEWCREST MINING LTD NPV	Australia	88,123.00	2,039,703.71	964,073.13
FIRST EAGLE	NEWMONT MINING CORP NEW COM	USA	10,774.00	573,240.76	302,749.40
FIRST EAGLE	NISSIN FOODS HOLDINGS CO LTD NPV	Japan	17,500.00	639,827.99	718,726.11
FIRST EAGLE	NKSJ HOLDINGS INC NPV	Japan	55,925.00	1,415,797.45	1,436,809.43
FIRST EAGLE	NOMURA RESEARCH INSTITUTE NPV	Japan	21,400.00	451,747.58	743,684.08
FIRST EAGLE	NONG SHIM CO KRW5000	Korea	1,625.00	358,508.91	387,849.82
FIRST EAGLE	OMV AG NPV(VAR)	Austria	11,325.00	467,406.59	559,548.15
FIRST EAGLE	ONO PHARMACEUTICAL NPV	Japan	9,400.00	490,220.70	577,650.96
FIRST EAGLE	ORKLA ASA NOK1.25	Norway	76,501.00	559,818.65	557,134.11
FIRST EAGLE	PARGESA HLDGS SA CHF20.00 (BR)	Switzerland	22,249.00	2,024,266.27	1,669,443.90
FIRST EAGLE	PENN WEST PETROLEUM LTD COM STK	Canada	67,807.00	1,133,580.62	754,691.91
FIRST EAGLE	POTASH CORP SASK INC COM	Canada	32,737.00	1,261,871.45	1,024,013.36
FIRST EAGLE	RANK GROUP PLC ORD GBP0.1388888	UK	17,770.00	43,391.80	44,316.17
FIRST EAGLE	RECORDATI EUR0.125	Italy	11,400.00	75,652.36	137,032.70
FIRST EAGLE	RED ELECTRICA CORP EUR2	Spain	13,930.00	783,181.81	793,286.41
FIRST EAGLE	RIETER HLDG AG CHF5.00 (REGD)	Switzerland	1,347.00	349,211.49	277,220.57
FIRST EAGLE	SANOFI EUR2	France	12,685.00	919,766.69	1,287,313.63
FIRST EAGLE	SATS LTD NPV	Singapore	129,400.00	266,540.92	336,197.65
FIRST EAGLE	SECOM CO NPV	Japan	32,000.00	1,552,428.99	2,002,343.95
FIRST EAGLE	SEIKAGAKU CORP NPV	Japan	19,600.00	214,357.29	265,061.91
FIRST EAGLE	SHIMANO INC NPV	Japan	17,400.00	892,535.58	1,555,138.85
FIRST EAGLE	SHIN-ETSU CHEMICAL NPV	Japan	3,700.00	174,150.72	226,242.04
FIRST EAGLE	SK KAKEN CO LTD NPV	Japan	2,000.00	77,912.29	119,235.67
FIRST EAGLE	SMC CORP NPV	Japan	8,900.00	1,509,017.57	2,116,952.87
FIRST EAGLE	SODEXHO EUR4	France	12,224.00	889,188.61	1,141,247.80
FIRST EAGLE	SOFINA NPV	Belgium	1,031.00	89,672.13	101,405.25
FIRST EAGLE	T.HASEGAWA CO NPV	Japan	13,600.00	208,996.44	199,027.77
FIRST EAGLE	TF1 - TV FRANCAISE EUR0.20	France	50,680.00	797,610.36	882,577.36
FIRST EAGLE	THAI BEVERAGE PLC THB1	Thailand	1,614,300.00	366,076.11	707,603.11
FIRST EAGLE	TNT EXPRESS NV, AMSTERDAM SHS	Netherlands	44,078.00	468,573.28	402,627.41
FIRST EAGLE	TOTAL EUR2.5	France	33,278.00	1,629,825.15	1,932,280.97
FIRST EAGLE	WENDEL EUR4	France	4,232.00	461,529.18	574,010.41
FIRST EAGLE	WIENERBERGER AG NPV	Austria	49,140.00	794,872.63	863,408.32
FIRST EAGLE	WM MORRISON SUPERMARKETS ORD GBP0.10	UK	236,946.00	1,049,588.24	1,074,388.92
FIRST EAGLE	YAZICILAR HOLDING CLASS'A' TRY1	Turkey	24,822.00	152,084.47	241,121.34
FIRST EAGLE	YOMEISHU SEIZO CO NPV	Japan	10,000.00	93,531.90	82,853.50

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ROBECO BOSTON PARTNERS	#REORG/LENDER CASH & STK MERGER FIDELITY NATIONAL 2016925 01-02-2014	USA	9,710.00	283,432.95	323,051.70
ROBECO BOSTON PARTNERS	#REORG/NV ENERGY INC CASH MERGER 12-20-2013	USA	20,250.00	198,131.22	478,102.50
ROBECO BOSTON PARTNERS	ACTIVISION BLIZZARD INC COM STK	USA	15,665.00	245,266.58	261,135.55
ROBECO BOSTON PARTNERS	AES CORP COM	USA	17,025.00	190,239.24	226,262.25
ROBECO BOSTON PARTNERS	AGCO CORP COM	USA	5,685.00	265,468.36	343,487.70
ROBECO BOSTON PARTNERS	ALLEGHANY CORP DEL COM	USA	1,503.00	491,698.66	615,703.95
ROBECO BOSTON PARTNERS	ALLIANCE DATA SYS CORP COM	USA	1,745.00	155,770.15	369,015.15
ROBECO BOSTON PARTNERS	ALLIANT ENERGY CORP COM	USA	7,595.00	253,151.12	376,332.25
ROBECO BOSTON PARTNERS	AMDOCS ORD GBP0.01	Guernsey, Channel Is.	15,310.00	481,880.85	560,958.40
ROBECO BOSTON PARTNERS	AMER ELEC PWR CO INC COM	USA	9,270.00	400,574.91	401,854.50
ROBECO BOSTON PARTNERS	AMEREN CORP COM	USA	9,140.00	250,571.52	318,437.60
ROBECO BOSTON PARTNERS	AMERICAN ASSETS TR INC COM	USA	6,025.00	131,537.68	183,822.75
ROBECO BOSTON PARTNERS	AMERISOURCEBERGEN CORP COM	USA	13,510.00	537,510.92	825,461.00
ROBECO BOSTON PARTNERS	ANALOG DEVICES INC COM	USA	12,835.00	458,691.17	603,886.75
ROBECO BOSTON PARTNERS	ARCH CAPITAL GROUP COM STK	Bermuda	4,470.00	171,521.55	241,961.10
ROBECO BOSTON PARTNERS	ARROW ELECTR INC COM	USA	13,305.00	451,876.07	645,691.65
ROBECO BOSTON PARTNERS	AVNET INC COM	USA	16,210.00	479,326.35	676,119.10
ROBECO BOSTON PARTNERS	AXIS CAPITAL HOLDINGS LTD COM USD0.0125	Bermuda	11,300.00	420,630.65	489,403.00
ROBECO BOSTON PARTNERS	BALL CORP COM	USA	4,585.00	152,817.63	205,774.80
ROBECO BOSTON PARTNERS	BB&T CORP COM	USA	22,360.00	654,701.27	754,650.00
ROBECO BOSTON PARTNERS	BRE PPTYS INC COM CL A	USA	8,660.00	431,163.76	439,581.60
ROBECO BOSTON PARTNERS	BROCADE COMMUNICATIONS SYS INC COM NEW STK	USA	42,755.00	254,382.07	344,177.75
ROBECO BOSTON PARTNERS	BRUNSWICK CORP COM	USA	12,415.00	284,795.38	495,482.65
ROBECO BOSTON PARTNERS	BSTN PPTYS INC	USA	6,545.00	696,091.03	699,660.50
ROBECO BOSTON PARTNERS	CAMERON INTL CORP COM STK	USA	5,500.00	307,866.52	321,035.00
ROBECO BOSTON PARTNERS	CAREFUSION CORP COM	USA	19,765.00	500,252.71	729,328.50
ROBECO BOSTON PARTNERS	CARLISLE COMPANIES INC COM	USA	3,220.00	218,364.14	226,333.80
ROBECO BOSTON PARTNERS	CBS CORP NEW CL B	USA	17,965.00	401,916.77	990,949.40
ROBECO BOSTON PARTNERS	CHEMED CORP NEW COM	USA	4,715.00	286,940.10	337,122.50
ROBECO BOSTON PARTNERS	CIGNA CORPORATION	USA	10,300.00	529,531.53	791,658.00
ROBECO BOSTON PARTNERS	COCA-COLA ENTERPRISES INC NEW COM	USA	6,610.00	177,205.52	265,788.10
ROBECO BOSTON PARTNERS	COMERICA INC COM	USA	11,510.00	419,265.39	452,458.10
ROBECO BOSTON PARTNERS	CONSTELLATION BRANDS INC CL A CL A	USA	13,575.00	434,212.15	779,205.00
ROBECO BOSTON PARTNERS	CROWN HLDGS INC COM	USA	18,955.00	561,964.51	801,417.40
ROBECO BOSTON PARTNERS	CUBIC CORP COM	USA	3,585.00	182,580.93	192,442.80
ROBECO BOSTON PARTNERS	CURTISS WRIGHT CORP COM	USA	13,910.00	465,972.27	653,213.60
ROBECO BOSTON PARTNERS	DAVITA HEALTHCARE PARTNERS INC COM	USA	3,810.00	119,997.84	216,789.00
ROBECO BOSTON PARTNERS	DISCOVER FINL SVCS COM STK	USA	15,982.00	200,531.51	807,730.28
ROBECO BOSTON PARTNERS	DOVER CORP COM	USA	8,365.00	532,976.34	751,427.95
ROBECO BOSTON PARTNERS	DR PEPPER SNAPPLE GROUP INC COM STK	USA	4,310.00	108,880.59	193,174.20

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Account name	Asset description	Country	Shares/Par value	Book cost value	Market value
ROBECO BOSTON PARTNERS	EAST WEST BANCORP INC COM	USA	25,275.00	385,252.43	807,536.25
ROBECO BOSTON PARTNERS	EDISON INTL COM	USA	9,280.00	470,518.85	427,436.80
ROBECO BOSTON PARTNERS	ENERGEN CORP COM	USA	6,465.00	365,820.60	493,861.35
ROBECO BOSTON PARTNERS	ENSCO PLC SHS CLASS A COM	UK	5,460.00	291,774.30	293,475.00
ROBECO BOSTON PARTNERS	EQT CORP COM	USA	5,515.00	278,029.19	489,290.80
ROBECO BOSTON PARTNERS	EQTY RESDNTL EFF 5/15/02	USA	12,790.00	518,428.42	685,160.30
ROBECO BOSTON PARTNERS	EQUIFAX INC COM	USA	6,770.00	250,158.90	405,184.50
ROBECO BOSTON PARTNERS	FLEXTRONICS INTL LTD COM STK	Singapore	70,720.00	486,387.34	642,844.80
ROBECO BOSTON PARTNERS	FLOWSERVE CORP COM	USA	14,500.00	562,038.05	904,655.00
ROBECO BOSTON PARTNERS	FLUOR CORP NEW COM	USA	7,140.00	406,198.54	506,654.40
ROBECO BOSTON PARTNERS	FOOT LOCKER INC COM	USA	10,370.00	345,656.20	351,957.80
ROBECO BOSTON PARTNERS	FTI CONSULTING INC COM	USA	9,500.00	354,744.73	359,100.00
ROBECO BOSTON PARTNERS	FULLER H B CO COM	USA	10,370.00	327,354.76	468,620.30
ROBECO BOSTON PARTNERS	GLOBAL PMTS INC COM	USA	1,570.00	79,335.31	80,195.60
ROBECO BOSTON PARTNERS	GRAPHIC PACKAGING HLDG CO COM STK	USA	78,395.00	471,560.85	671,061.20
ROBECO BOSTON PARTNERS	GREAT PLAINS ENERGY INC COM	USA	9,825.00	202,386.90	218,115.00
ROBECO BOSTON PARTNERS	HARRIS CORP COM	USA	5,160.00	225,561.78	305,988.00
ROBECO BOSTON PARTNERS	HUBBELL INC CL B COM	USA	3,440.00	298,464.03	360,305.60
ROBECO BOSTON PARTNERS	HUMANA INC COM	USA	55.00	4,008.13	5,133.15
ROBECO BOSTON PARTNERS	HUNTINGTON BANCSHARES INC COM	USA	51,230.00	271,708.47	423,159.80
ROBECO BOSTON PARTNERS	HUNTINGTON INGALLS INDS INC COM	USA	10,610.00	475,993.28	715,114.00
ROBECO BOSTON PARTNERS	IAC / INTERACTIVECORP COM PAR $.001 STK	USA	6,905.00	313,838.81	377,496.35
ROBECO BOSTON PARTNERS	ICON PLC COM	Ireland	9,000.00	267,109.98	368,370.00
ROBECO BOSTON PARTNERS	INTL PAPER CO COM	USA	9,505.00	377,854.26	425,824.00
ROBECO BOSTON PARTNERS	KIMCO RLTY CORP COM	USA	17,445.00	309,804.13	352,040.10
ROBECO BOSTON PARTNERS	KOSMOS ENERGY LTD	Bermuda	19,685.00	215,909.69	202,361.80
ROBECO BOSTON PARTNERS	LEAR CORP COM NEW COM NEW	USA	15,870.00	758,148.20	1,135,815.90
ROBECO BOSTON PARTNERS	LOEWS CORP COM	USA	9,895.00	393,571.29	462,492.30
ROBECO BOSTON PARTNERS	LORILLARD INC COM STK	USA	6,735.00	158,698.10	301,593.30
ROBECO BOSTON PARTNERS	LSI CORP COM STK	USA	76,445.00	540,243.07	597,799.90
ROBECO BOSTON PARTNERS	MACYS INC COM STK	USA	14,795.00	500,588.45	640,179.65
ROBECO BOSTON PARTNERS	MANPOWERGROUP INC	USA	8,815.00	434,519.04	641,203.10
ROBECO BOSTON PARTNERS	MARATHON OIL CORP COM	USA	10,460.00	344,638.30	364,844.80
ROBECO BOSTON PARTNERS	MARATHON PETE CORP COM	USA	3,525.00	284,071.98	226,728.00
ROBECO BOSTON PARTNERS	MARSH & MCLENNAN CO'S INC COM	USA	18,185.00	492,125.99	791,956.75
ROBECO BOSTON PARTNERS	MASCO CORP COM	USA	16,470.00	223,952.44	350,481.60
ROBECO BOSTON PARTNERS	MCGRAW HILL FINANCIAL INC	USA	5,965.00	252,227.15	391,244.35
ROBECO BOSTON PARTNERS	MCKESSON CORP	USA	7,615.00	567,551.29	977,004.50
ROBECO BOSTON PARTNERS	MINERALS TECHNOLOGIES INC COM	USA	5,475.00	169,237.22	270,300.75
ROBECO BOSTON PARTNERS	MOODYS CORP COM	USA	3,665.00	113,274.72	257,759.45
ROBECO BOSTON PARTNERS	NETAPP INC COM STK	USA	6,080.00	247,624.14	259,129.60
ROBECO BOSTON PARTNERS	NEWELL RUBBERMAID INC COM	USA	21,650.00	470,125.20	595,375.00
ROBECO BOSTON PARTNERS	NOBLE ENERGY INC COM	USA	5,795.00	203,261.06	388,322.95
ROBECO BOSTON PARTNERS	NORDSTROM INC COM	USA	5,820.00	289,139.50	327,084.00

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ROBECO BOSTON PARTNERS	OMNICARE INC COM	USA	19,860.00	557,081.39	1,102,230.00
ROBECO BOSTON PARTNERS	OMNICOM GROUP INC COM	USA	5,955.00	290,433.53	377,785.20
ROBECO BOSTON PARTNERS	ON SEMICONDUCTOR CORP COM	USA	53,510.00	390,484.28	390,623.00
ROBECO BOSTON PARTNERS	OWENS ILL INC COM NEW	USA	16,910.00	393,843.35	507,638.20
ROBECO BOSTON PARTNERS	PARKER-HANNIFIN CORP COM	USA	6,685.00	587,302.98	726,793.20
ROBECO BOSTON PARTNERS	RAYMOND JAMES FNCL INC COM STK	USA	15,870.00	453,407.92	661,302.90
ROBECO BOSTON PARTNERS	REGENCY CTRS CORP COM	USA	8,270.00	317,506.62	399,854.50
ROBECO BOSTON PARTNERS	REINSURANCE GROUP AMER INC COM NEW STK	USA	7,400.00	394,117.72	495,726.00
ROBECO BOSTON PARTNERS	ROBERT HALF INTL INC COM	USA	19,730.00	498,370.01	770,061.90
ROBECO BOSTON PARTNERS	ROCK-TENN CO CL A CL A	USA	2,335.00	142,753.85	236,465.45
ROBECO BOSTON PARTNERS	ROSETTA RES INC COM	USA	8,175.00	284,631.53	445,210.50
ROBECO BOSTON PARTNERS	SCHWAB CHARLES CORP COM NEW	USA	13,825.00	189,050.12	292,260.50
ROBECO BOSTON PARTNERS	SEAGATE TECHNOLOGY PLC COM USD0.00001	Ireland	12,425.00	342,343.16	543,469.50
ROBECO BOSTON PARTNERS	SEI INVTS CO COM	USA	13,130.00	250,555.17	405,848.30
ROBECO BOSTON PARTNERS	SL GREEN RLTY CORP COM STK	USA	5,145.00	458,444.75	457,081.80
ROBECO BOSTON PARTNERS	SLM CORP COM	USA	17,450.00	193,437.98	434,505.00
ROBECO BOSTON PARTNERS	SM ENERGY CO COM	USA	2,235.00	116,211.49	172,519.65
ROBECO BOSTON PARTNERS	SOUTHWESTERN ENERGY CO COM	USA	6,495.00	222,936.75	236,288.10
ROBECO BOSTON PARTNERS	STANLEY BLACK & DECKER INC COM	USA	4,250.00	256,596.29	384,061.40
ROBECO BOSTON PARTNERS	STAPLES INC COM	USA	20,655.00	272,518.93	302,595.96
ROBECO BOSTON PARTNERS	STATE STR CORP COM	USA	5,675.00	337,462.89	373,131.25
ROBECO BOSTON PARTNERS	SUN TR BANKS INC COM	USA	15,510.00	403,179.28	502,834.20
ROBECO BOSTON PARTNERS	SYMANTEC CORP COM	USA	29,570.00	579,840.71	731,857.50
ROBECO BOSTON PARTNERS	SYMETRA FINL CORP COM	USA	13,565.00	168,004.88	241,728.30
ROBECO BOSTON PARTNERS	TAUBMAN CTRS INC COM	USA	6,925.00	384,392.26	466,121.75
ROBECO BOSTON PARTNERS	TD AMERITRADE HLDG CORP COM STK	USA	32,735.00	554,322.77	857,002.30
ROBECO BOSTON PARTNERS	TE CONNECTIVITY LTD	Switzerland	5,130.00	166,776.00	265,631.40
ROBECO BOSTON PARTNERS	TESORO CORP	USA	2,925.00	164,293.44	128,641.50
ROBECO BOSTON PARTNERS	TIMKEN CO COM	USA	4,245.00	235,399.18	256,398.00
ROBECO BOSTON PARTNERS	TORCHMARK CORP COM	USA	12,925.00	645,476.88	935,123.75
ROBECO BOSTON PARTNERS	TOWERS WATSON & CO CL A COM STK	USA	9,805.00	455,433.02	1,048,742.80
ROBECO BOSTON PARTNERS	TRW AUTOMOTIVE HLDGS CORP COM	USA	8,185.00	467,832.81	583,672.35
ROBECO BOSTON PARTNERS	TYSON FOODS INC CL A COM (DELAWARE)	USA	9,960.00	238,833.23	281,668.80
ROBECO BOSTON PARTNERS	VENTAS INC REIT	USA	6,955.00	342,727.94	427,732.50
ROBECO BOSTON PARTNERS	WESCO INTL INC COM	USA	7,190.00	241,909.21	550,250.70
ROBECO BOSTON PARTNERS	WESTAR ENERGY INC COM	USA	8,075.00	179,119.95	247,498.75
ROBECO BOSTON PARTNERS	WESTN DIGITAL CORP COM	USA	10,900.00	379,998.67	691,060.00
ROBECO BOSTON PARTNERS	WILLIAMS SONOMA INC COM	USA	5,465.00	174,214.66	307,133.00
ROBECO BOSTON PARTNERS	STH 3RD BANCORP COM	USA	35,215.00	476,878.02	635,278.60
	TOTAL COMMON STOCK		**16,362,939.00**	**396,555,705.48**	**529,093,919.25**

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	STOCK FUNDS				
BLACKROCK INTL EAFE	CF BLACKROCK EAFE SUDAN FREE EQUITY INDEX FUND	USA	14,551,792.46	160,657,633.94	180,268,623.62
BLACKROCK S&P INDEX	CF BLACKROCK EQUITY GROWTH FUND A	USA	58,261.46	22,247,409.71	32,048,812.67
FIRST EAGLE	MFC SPDR GOLD TR GOLD SHS	USA	35,421.00	5,109,423.39	4,539,909.57
	TOTAL STOCK FUNDS		**14,645,474.92**	**188,014,467.04**	**216,857,345.86**
	PREFERRED STOCK				
FIRST EAGLE	SAMSUNG ELECTRONIC PFD KRW5000	Korea	306.00	160,464.37	249,429.83
	TOTAL PREFERRED STOCK		**306.00**	**160,464.37**	**249,429.83**
	RIGHTS/WARRANTS				
DELAWARE	KINDER MORGAN INC 05/25/2017 WTS KINDER MORGAN	USA	39,091.00	74,468.35	194,282.27
	TOTAL RIGHTS/WARRANTS		**39,091.00**	**74,468.35**	**194,282.27**
	TOTAL EQUITY		**31,047,810.92**	**584,805,105.24**	**746,394,977.21**

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Account name	Asset description	Country	Shares/Par value	Book cost value	Market value
	CORPORATE ASSET BACKED SECURITIES				
AMBASSADOR	AMERICREDIT 1.19000005722% DUE 05-08-2018	USA	1,400,000.00	1,382,062.50	1,490,267.20
AMBASSADOR	CARMAX AUTO OWNER .97 DUE 11-15-2016 SER-2013-3 CL-A3	USA	405,000.00	404,902.03	405,960.66
AMBASSADOR	CARMAX AUTO OWNER TR SER 2013-3 1.91 CL B DUE 03-15-2018 BEO	USA	270,000.00	269,995.92	271,315.17
AMBASSADOR	CARMAX AUTO OWNER TR 2013-2 CL A2 .66 DUE 06-15-2016	USA	275,000.00	274,992.08	275,039.05
AMBASSADOR	CARMAX AUTO OWNER TR 2013-2 CL B 1.21 DUE 01-15-2019 REG	USA	275,000.00	274,925.89	270,049.45
AMBASSADOR	FIFTH THIRD AUTO TR 2013-1 CL A-3 1.17 DUE 08-15-2017 REG	USA	685,000.00	684,877.73	686,899.50
AMBASSADOR	FIRSTENERGY OH 1.726% DUE 01-18-2022	USA	250,000.00	249,988.50	246,735.50
AMBASSADOR	HUNTINGTON AUTO TR .38% DUE 09-15-2015	USA	387,313.32	387,292.21	387,132.05
AMBASSADOR	HYUNDAI AUTO RECEIVABLES TR 2013-C AUTO RECEIVABLES NT CL C 2.48 DUE 03-15-2019	USA	700,000.00	699,778.73	708,164.80
AMBASSADOR	HYUNDAI AUTO 3.15000009537% DUE 03-15-2016	USA	348,104.72	352,184.09	349,185.58
AMBASSADOR	JCP&L TRANSITION 5.81% DUE 12-05-2015	USA	32,799.58	34,280.69	33,193.76
AMBASSADOR	MERCEDES-BENZ AUTO SER 2013-1 CL A-4 1.13 DUE 11-15-2019	USA	725,000.00	724,880.52	726,100.55
AMBASSADOR	PVTPL ASG RESECURITIZATION TR 2009-2 VAR144A VAR RT DUE 05-24-2036	USA	189,872.67	173,699.66	194,067.14
AMBASSADOR	PVTPL MASTER CR CARD TR II SER 2013-3 CLA FLTG RT 01-22-2018	Canada	950,000.00	950,000.00	950,000.00
AMBASSADOR	PVTPL WESTGATE RESORTS SER 2012-2A CL A 3 DUE 01-20-2025 BEO	USA	525,310.31	525,310.31	526,459.68
AMBASSADOR	PVTPL WESTGATE RESORTS 2013-1 LLC 2.25 DUE 08-20-2025 BEO	USA	429,935.24	429,935.24	427,382.71
AMBASSADOR	SANTANDER DR AUTO 4.01000022888% DUE 02-15-2017	USA	1,300,000.00	1,356,875.00	1,446,507.50
AMBASSADOR	SPECIALTY UNDERWRITING & RESIDENTIAL FIN2004-BC2 CTF A-2 05-25-2035 REG	USA	29,932.48	29,960.86	27,065.12
AMBASSADOR	TERWIN MTG TR 2003-8HE ASSET BKD CTF CL A 12-25-2034 REG	USA	29,410.17	29,469.90	28,318.08
AMBASSADOR	WORLD OMNI AUTO RECEIVABLES 2013-A CL A4.87 07-15-2019	USA	600,000.00	599,902.80	692,648.80
BARROW HANLEY BOND	CITIBANK CR CARD ISSUANCE TR SER 2013-A3 CL A3 .91 07-23-2018	USA	935,000.00	934,811.41	938,139.73
BARROW HANLEY BOND	CNH EQUIP TR 2.04% DUE 10-17-2016	USA	305,000.00	312,291.41	309,706.15
BARROW HANLEY BOND	CNH EQUIP TR 2012-A NT CL A3 .94 DUE 05-15-2017	USA	355,384.33	355,357.96	356,344.22
BARROW HANLEY BOND	FORD CR AUTO LEASE TR 2013-A CL A3 .6 DUE 03-15-2016	USA	255,000.00	254,974.96	254,906.92
BARROW HANLEY BOND	HYUNDAI AUTO 3.15000009537% DUE 03-15-2016	USA	50,509.30	50,500.73	50,666.13
BARROW HANLEY BOND	NISSAN AUTO LEASE .58% DUE 11-16-2015	USA	559,999.99	559,973.90	559,413.11

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DODGE & COX	BURL NORTHN SANTA FE RY CO PASS THRU TR SER 1999-2 MTG 7.57 1-2-21 BEO SF 7-2-00	USA	517,889.62	564,524.29	599,006.67
DODGE & COX	CHASESERIES 2012-8 NT CL A .54 DUE 10-16-2017	USA	960,000.00	960,159.07	957,850.56
DODGE & COX	PVTPL SLM PRIVATE ED LN TR 2012-B CL A-2 3.75 DUE 12-16-2030	USA	675,000.00	674,930.68	707,442.52
DODGE & COX	SLM STUD LN TR 2007-2 CL A-2 FLT RT 07-25-2017 REG	USA	270,192.15	268,756.76	269,419.94
DODGE & COX	SLM STUDENT LN TR 2007-7 STUDENT LN-BKD NT CL A-2 FLTG 01-25-2016 REG	USA	285,000.39	285,000.39	284,807.73
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF DEB SER 1999-20 F 6.8 DUE 06-01-2019 REG	USA	96,905.44	100,070.01	105,555.22
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF SER 2006-20A CL 1 5.21 DUE 1-1-26 REG	USA	276,995.21	276,995.21	299,307.17
MUNDER	AMERICREDIT .96% DUE 04-09-2018	USA	185,000.00	184,984.26	185,368.33
MUNDER	AMERICREDIT AUTOMOBILE RECEIVABLES TR 2012-2 CL C 2.64 DUE 10-10-2017	USA	350,000.00	361,593.75	357,280.35
MUNDER	AMERICREDIT 3.34% DUE 04-08-2016	USA	300,000.00	309,011.72	306,369.90
MUNDER	AMERICREDIT 4.08% DUE 09-08-2017	USA	625,000.00	624,974.81	649,815.62
MUNDER	CAP 1 MULTI-ASSET 4.9% DUE 12-15-2017	USA	535,000.00	581,561.72	563,251.74
MUNDER	CAPITAL AUTO RECEIVABLES ASSET TR SER 2013-1 CL A-3 0.79 06-20-2017	USA	670,000.00	669,858.97	667,924.34
MUNDER	CARMAX AUTO OWNER 3.75% DUE 12-15-2015	USA	450,000.00	470,250.00	455,376.60
MUNDER	CARMAX AUTO OWNER 4.650000009537% DUE 08-17-2015	USA	375,000.00	374,963.59	379,482.37
MUNDER	FORD CR AUTO OWNER TR 2013-C CL C 1.91 DUE 03-15-2019	USA	180,000.00	179,990.64	180,462.24
MUNDER	FORD CR AUTO OWNER 2.27% DUE 01-15-2017	USA	800,000.00	799,992.88	821,386.40
MUNDER	HUNTINGTON AUTO TR 1.37% DUE 05-15-2018	USA	524,999.99	524,998.37	522,159.21
MUNDER	HYUNDAI AUTO 2.1% DUE 06-15-2017	USA	800,000.00	799,855.28	814,415.20
MUNDER	PARK PL SECS INC 2005-WCH1 ASSET BACKED CTF M-2 VAR 02-25-2035 REG	USA	143,468.03	132,775.17	142,499.90
MUNDER	SANTANDER DR AUTO 3.28% DUE 06-15-2016	USA	1,059,999.99	1,059,868.98	1,181,633.53
MUNDER	WORLD FINL NETWORK 1.61000001431% DUE 12-15-2021	USA	1,000,000.00	999,972.10	981,848.00
	TOTAL CORPORATE ASSET BACKED SECURITIES		**23,349,022.93**	**23,508,313.68**	**24,044,332.10**

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Account name	Asset description	Country	Shares/Par value	Book cost value	Market value
	COMMERCIAL MORTGAGE BACKED SECURITIES				
AMBASSADOR	CMO BANC AMER COML MTG INC CL A-3 5.45 01-15-49 REG	USA	767,912.25	816,764.33	771,328.69
AMBASSADOR	CMO CREDIT SUISSE FIRST BOSTON MTG SECS CORP 2004-C1 CL A-4 DUE 01-16-2037 REG	USA	938,791.71	962,616.21	941,010.07
AMBASSADOR	CMO GE COML MTG CORP VAR 2005-C3 A-7B DUE 07-10-2045 REG	USA	340,000.00	375,434.38	360,519.34
AMBASSADOR	CMO GMAC COML MTG SECS INC 2004-C2 MTG PASSTHRU CTF CL A-3 5.134 DUE 08-10-2038	USA	55,204.19	57,136.34	55,233.28
AMBASSADOR	CMO GS MTG SECS CORP II 2005-GG4 CL A-4A4.751% DUE 07-10-2039 REG	USA	1,360,000.00	1,445,390.63	1,520,020.88
AMBASSADOR	CMO LB-UBS COML MTG TR SR 2005-C5 CL A-4 4.954 DUE 09-15-2030 BEO	USA	500,000.00	538,437.50	527,981.00
AMBASSADOR	CMO MORGAN STANLEY CAP I INC 2004-TOP13 CL A-4 4.66% DUE 09-13-2045 REG	USA	345,082.99	357,400.05	345,307.63
BARROW HANLEY BOND	CMO BEAR STEARNS COML MTG SECS TR 2006-PWR13 CL-A4 5.54 DUE 09-11-2041 REG	USA	679,999.99	657,662.02	745,615.22
BARROW HANLEY BOND	CMO BEAR STEARNS COML MTG SECS 2004-PWR5CL A-4 4.831 DUE 07-11-2042 REG	USA	91,239.51	91,737.51	91,211.22
BARROW HANLEY BOND	CMO BEAR STEARNS COML MTG SECURIT CL A4 FLT RT DUE 12-11-2038 BEO	USA	460,000.00	420,612.50	505,517.92
BARROW HANLEY BOND	CMO J P MORGAN CHASE COML MTG SECS CORP SER 2005-LDP1 CL A-2 4.625 3-15-2046 REG	USA	36,891.82	37,074.95	36,924.21
BARROW HANLEY BOND	CMO JPMBB COML MTG SECS TR 2013-C12 COMLMTG PASS CTF CL A-SB 3.157 DUE 7-15-45	USA	475,000.00	490,539.46	475,933.85
MUNDER	CITIGROUP COML MTG 1.81299996376% DUE 09-10-2045	USA	414,999.99	425,366.53	415,558.58
MUNDER	CMO BEAR STEARNS COML MTG SECS INC 2005-PWR10 CL A-4 DUE 12-11-2040 REG	USA	215,000.00	236,567.19	229,624.30
MUNDER	CMO COMM 2007-C9 MTG TR CL A-4 FLT RT DUE 12-10-2049 BEO	USA	305,000.00	363,533.79	346,965.56
MUNDER	CMO COMM 2012-LC4 MTG TR CTF CL B DUE 12-10-2044 REG	USA	149,999.99	170,707.03	157,672.18
MUNDER	CMO COMM 2013-LC6 MTG TR COML MTG PASSTHRU CTF CL B 3.739 1-10-46 REG	USA	254,999.99	262,630.52	242,508.30
MUNDER	CMO CR SUISSE 1ST BSTN MTG SECS CORP SER1997-C2 CL F 7.46 DUE 01-17-2035 REG	USA	119,333.62	131,304.28	119,892.45
MUNDER	CMO GS MTG SECS TR 2007 GG10 MTG PASS THRU CTF CL A-4 DUE 08-10-2045 REG	USA	739,999.99	846,664.84	820,811.68
MUNDER	CMO GS MTG SECS TR 2011-GC5 MTG PASS THRU CTF CL A-2 2.999 DUE 08-10-2044 BEO	USA	1,139,999.99	1,164,193.27	1,289,725.65
MUNDER	CMO J P MORGAN CHASE COML MTG SECS CORP 2005-LDP3 CL DUE 08-15-2042 REG	USA	400,000.00	433,000.00	423,570.80
MUNDER	CMO ML-CFC COML MTG TR 2007-7 MTG PASSTHRU CTF CL A-4 DUE 06-12-2050 REG	USA	380,000.00	435,575.00	424,319.02
MUNDER	CMO MORGAN STANLEY CAP I TR 2011-C3 SER 2011-C3 CL A-2 3.224 DUE 07-15-2049 REG	USA	450,000.00	470,812.50	470,827.80
MUNDER	CMO WFRBS COML MTG TR 2012-C6 COML MTG PASSTHRU CTF CL A-S 3.835 04-15-2045	USA	790,000.00	794,415.28	791,335.10
MUNDER	CMO WFRBS COML MTG TR 2012-C7 COML MTG PASSTHRU CL B VAR RT DUE 06-15-2045 REG	USA	230,000.00	258,175.00	238,344.86
MUNDER	CMO WFRBS COML MTG TR 2012-C9 CTF CL A-S3.388 11-15-2045 REG	USA	355,000.00	363,861.51	339,433.60
MUNDER	COMM 2012-CCRE5 1.6779999733% DUE 12-10-2045	USA	285,000.00	281,214.84	281,367.10
MUNDER	GS MTG SECS TR 1.762% DUE 11-10-2045	USA	595,000.00	590,700.20	592,380.21
MUNDER	MORGAN STANLEY CAP 2.111 DUE 03-15-2045	USA	470,000.00	478,959.38	476,521.25
MUNDER	WFRBS COML MTG TR 1.82899999619% DUE 11-17-2045	USA	560,000.00	558,271.88	556,739.68
MUNDER	WFRBS COML MTG TR 2012-C10 COML MTG PASSTHRU CTF A-S 3.241 DUE 12-15-2045	USA	120,000.01	122,994.97	112,711.92
	TOTAL COMMERCIAL MORTGAGE BACKED SECURITIES		**14,024,456.04**	**14,639,753.89**	**14,706,913.35**
	NON-GOVERNMENT BACKED CMOs				
AMBASSADOR	CMO BK AMER FDG CORP 2005-D MTG PASSTHRUCTF CL A-1 VAR RATE 05-25-2035 REG	USA	292,031.82	292,397.22	295,825.02
AMBASSADOR	I/O CMO GREENPOINT MTG FDG TR 2005-AR4 MTG PASSTHRU CTF CL X-1 10-25-2045 REG	USA	171,118.52	24,329.84	10,698.92
AMBASSADOR	P/O CMO HARBORVIEW MTG LN TR 2006-1 MTG PASSTHRU CTF CL PO-1 03-19-2037 REG	USA	3,538.15	1,442.17	294.97
AMBASSADOR	P/O CMO HARBORVIEW MTG LN TR 2006-5 CL PO-2 07-19-2047 REG	USA	33.97	0.38	0.09
AMBASSADOR	PVTPL CMO ASG RESECURITIZATION TR 2009-3REMIC NT CL A65 VAR RT 03-26-2037	USA	821,626.71	829,842.98	823,918.22
AMBASSADOR	PVTPL CMO ASG RESECURITIZATION TR 2010-3REMIC 144A VAR RT DUE 12-28-2045	USA	1,084,490.57	1,018,776.71	1,154,418.73
MUNDER	CMO THORNBURG MTG SECS TR 2004-1 CL II-1A VAR 1.68565% DUE 03-25-2044 REG	USA	10,366.59	10,342.82	10,201.93
	TOTAL NON-GOVERNMENT BACKED CMOs		**2,383,206.33**	**2,177,132.12**	**2,295,357.88**

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	CORPORATE BONDS				
AMBASSADOR	AMER W AIRLS INC 7.09999990463% DUE 04-02-2021	USA	146,830.92	146,830.92	155,273.69
AMBASSADOR	ANHEUSER BUSCH GTD NT 5.375 DUE 01-15-2020	USA	821,000.00	856,424.87	943,666.43
AMBASSADOR	AT&T BROADBAND 9.455% DUE 11-15-2022	USA	530,000.00	709,887.20	747,154.25
AMBASSADOR	BK NEW YORK INC 2.95% DUE 06-18-2015	USA	935,000.00	985,144.05	972,045.63
AMBASSADOR	CME GROUP INC 5.75% DUE 02-15-2014	USA	850,000.00	929,662.00	866,234.15
AMBASSADOR	COCA-COLA HBC FIN 5.5% DUE 09-17-2015	Netherlands	880,000.00	972,388.00	949,801.60
AMBASSADOR	COMWLTH EDISON CO 3.4% DUE 09-01-2021	USA	675,000.00	718,497.00	685,908.00
AMBASSADOR	CONNECTICUT LT & PWR 2.5 DUE 01-15-2023	USA	750,000.00	743,092.50	698,494.50
AMBASSADOR	CSX CORP NT 7.375 DUE 02-01-2019 REG	USA	575,000.00	731,687.50	706,261.00
AMBASSADOR	CVS CAREMARK CORP 6.94299983978% DUE 01-10-2030	USA	623,712.42	695,988.22	725,500.41
AMBASSADOR	DOMINION RES INC 7% DUE 06-15-2038	USA	530,000.00	743,219.00	668,557.37
AMBASSADOR	ENERGY TRANSFER PARTNERS 5.2 2-1-2022	USA	660,000.00	743,839.80	693,855.36
AMBASSADOR	FLORIDA PWR CORP 6.4% DUE 06-15-2038	USA	560,000.00	746,418.40	682,101.28
AMBASSADOR	FLUOR CORP NEW 3.375% DUE 09-15-2021	USA	960,000.00	951,933.50	959,175.36
AMBASSADOR	GEN ELEC CAP CORP 5.5% DUE 01-08-2020	USA	900,000.00	1,019,295.00	1,320,032.10
AMBASSADOR	HOME DEPOT INC 5.25% DUE 12-16-2013	USA	650,000.00	722,267.00	656,427.20
AMBASSADOR	LUBRIZOL CORP 6.5% DUE 10-01-2034	USA	550,000.00	748,269.50	666,890.40
AMBASSADOR	MCDONALDS CORP MEDIUM TERM NTS BOOK ENTRY SR NT 6.3% DUE 03-01-2038	USA	700,000.00	617,746.36	870,808.40
AMBASSADOR	MERCK & CO INC 5.95 DUE 12-01-2028	USA	835,000.00	1,064,750.25	1,005,212.24
AMBASSADOR	MONDELEZ INTERNATIONAL INC 5.375 DUE 02-10-2020	USA	665,000.00	763,812.35	750,898.71
AMBASSADOR	NATL RURAL UTILS 3.05% DUE 02-15-2022	USA	720,000.00	747,763.20	708,613.20
AMBASSADOR	NOBLE ENERGY INC 4.15% DUE 12-15-2021	USA	735,000.00	743,540.70	765,189.39
AMBASSADOR	OHIO PWR CO 5.375% DUE 10-01-2021	USA	765,000.00	778,257.45	861,022.80
AMBASSADOR	ONCOR ELEC 7% DUE 09-01-2022	USA	610,000.00	695,320.70	753,902.05
AMBASSADOR	PLAINS ALL AMERN 3.65 DUE 06-01-2022	USA	750,000.00	738,030.00	740,795.25
AMBASSADOR	PVTPL ITC HLDGS CORP SR NT 144A 5.5% DUE01-15-2020 BEO	USA	785,000.00	855,894.65	867,362.20
AMBASSADOR	PVTPL TEXAS NEW MEX PWR CO 1ST MTG BD SER 2009A 144A 9.5% DUE 04-01-2019 BEO	USA	560,000.00	681,369.60	736,814.40
AMBASSADOR	REPUBLIC SVCS INC 5.5% DUE 09-15-2019	USA	700,000.00	774,097.75	791,053.20
AMBASSADOR	RIO TINTO FIN USA PLC 2.875 08-21-2022	UK	625,000.00	617,518.75	574,294.37
AMBASSADOR	SEMPRA ENERGY 8.9% DUE 11-15-2013	USA	735,000.00	860,803.85	742,056.00
AMBASSADOR	SMUCKER J M CO 3.5% DUE 10-15-2021	USA	740,000.00	746,423.20	733,991.94
AMBASSADOR	TRANSCANADA 7.25% DUE 08-15-2038	Canada	575,000.00	453,034.79	738,202.25
AMBASSADOR	US BANK NA FLTG RT DUE 04-29-2020	USA	920,000.00	959,587.60	958,962.92
AMBASSADOR	WASTE MGMT INC DEL 7.375% DUE 03-11-2019	USA	565,000.00	656,835.10	682,206.42

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AXA HIGH YIELD	ACTIVISION 6.125% DUE 09-15-2023	USA	306,000.00	307,868.75	307,530.00
AXA HIGH YIELD	ADVANCED MICRO 8.125% DUE 12-15-2017	USA	464,000.00	485,032.50	484,880.00
AXA HIGH YIELD	AERCAP AVIATION 6.375% DUE 05-30-2017	Netherlands	575,000.00	604,000.00	609,500.00
AXA HIGH YIELD	AES CORP 9.75% DUE 04-15-2016	USA	515,000.00	564,700.00	601,262.50
AXA HIGH YIELD	AIR LEASE CORP 5.625 DUE 04-01-2017 BEO	USA	415,000.00	428,487.50	441,975.00
AXA HIGH YIELD	AIRCASTLE LTD 9.75 DUE 08-01-2018	Bermuda	373,000.00	411,830.00	412,165.00
AXA HIGH YIELD	ALLY FINL INC 8% DUE 11-01-2031	USA	215,000.00	226,593.46	241,875.00
AXA HIGH YIELD	ALPHABET HLDG CO 7.75% DUE 11-01-2017	USA	224,000.00	231,840.00	230,160.00
AXA HIGH YIELD	ALTA MESA HLDGS LP / ALTA MESA FIN SVCS CORP SR NT SER B 9.625 10-15-2018	USA	235,000.00	235,000.00	247,925.00
AXA HIGH YIELD	AMC ENTMT INC NEW SR SUB NT 9.75 12-1-2020	USA	785,000.00	773,836.27	1,094,900.00
AXA HIGH YIELD	AMERN INTL GROUP 8.175 DUE 05-15-2068	USA	360,000.00	270,660.43	421,380.00
AXA HIGH YIELD	AMERN 10.5% DUE 12-15-2016	USA	150,000.00	156,375.00	156,750.00
AXA HIGH YIELD	ANTERO RES FIN 6% DUE 12-01-2020	USA	47,000.00	47,470.00	47,470.00
AXA HIGH YIELD	ARCELORMITTAL SA STEP CPN 7.5% DUE 10-15-2039	Luxembourg	455,000.00	418,338.75	431,112.50
AXA HIGH YIELD	ARCELORMITTAL 6.25 DUE 02-25-2022	Luxembourg	211,000.00	211,042.50	222,077.50
AXA HIGH YIELD	ARD FIN S A SECD PIK NT 144A 11.125% DUE06-01-2018/05-18-2011 BEO	Luxembourg	453,234.00	368,515.00	480,428.04
AXA HIGH YIELD	ASHLAND INC NEW 6.875% DUE 05-15-2043	USA	295,000.00	279,217.50	283,200.00
AXA HIGH YIELD	ASPECT SOFTWARE INC SR SECD LIEN NT 10.625 DUE 05-15-2017	USA	395,000.00	422,650.00	494,012.50
AXA HIGH YIELD	ATLAS RES ESCR 9.25% DUE 08-15-2021	USA	319,000.00	316,757.43	322,190.00
AXA HIGH YIELD	ATWOOD OCEANICS INC 6.5 DUE 02-01-2020	USA	449,000.00	468,082.50	470,327.50
AXA HIGH YIELD	AVIS BUDGET CAR 9.75% DUE 03-15-2020	USA	210,000.00	213,675.00	242,025.00
AXA HIGH YIELD	BI-LO HLDG FIN LLC / BI-LO HLDG FIN SR PIK TOGGLE NT 144A 8.625 09-15-2018	USA	443,000.00	438,570.00	449,645.00
AXA HIGH YIELD	BI-LO LLC / BI-LO 9.25% DUE 02-15-2019	USA	309,000.00	328,640.00	341,445.00
AXA HIGH YIELD	BOE MERGER CORP 144A 9.5 DUE 11-01-2017	USA	275,000.00	275,000.00	286,000.00
AXA HIGH YIELD	BOMBARDIER INC 6.125% DUE 01-15-2023	Canada	278,000.00	281,253.51	278,000.00
AXA HIGH YIELD	BROOKFIELD 6.125 DUE 07-01-2022	Canada	351,000.00	351,000.00	343,980.00
AXA HIGH YIELD	CABLEVISION SYS 8.625% DUE 09-15-2017	USA	450,000.00	536,625.00	516,375.00
AXA HIGH YIELD	CALUMET SPECIALTY 9.625 DUE 08-01-2020	USA	447,000.00	496,170.00	493,935.00
AXA HIGH YIELD	CARRIZO OIL & GAS 8.625 DUE 10-15-2018	USA	232,000.00	252,880.00	252,880.00
AXA HIGH YIELD	CARROLS RESTAURANT GROUP INC 11.25 DUE 05-15-2018 REG	USA	228,000.00	255,035.00	256,500.00
AXA HIGH YIELD	CASE NEW HOLLAND INC SR NT 7.875 12-1-2017	USA	190,000.00	167,675.00	220,875.00
AXA HIGH YIELD	CASTLE A M & CO SR SECD NT 12.75 DUE 12-15-2016	USA	200,000.00	214,375.00	229,500.00
AXA HIGH YIELD	CATALENT PHARMA 7.875 DUE 10-15-2018	USA	435,000.00	435,000.00	438,262.50
AXA HIGH YIELD	CDW LLC / CDW FIN 12.535% DUE 10-12-2017	USA	196,000.00	212,366.00	203,840.00
AXA HIGH YIELD	CDW LLC / CDW FIN 8.5 DUE 04-01-2019	USA	265,000.00	293,156.25	292,825.00
AXA HIGH YIELD	CHAPARRAL ENERGY INC SR NT 9.875 10-1-2020	USA	270,000.00	299,025.00	303,750.00
AXA HIGH YIELD	CHASSIX INC 9.25% DUE 08-01-2018	USA	336,000.00	336,000.00	355,320.00
AXA HIGH YIELD	CHES ENERGY CORP SR NT DTD 01/09 9.5 DUE02-15-2015 REG	USA	310,000.00	342,229.31	341,387.50
AXA HIGH YIELD	CHES ENERGY CORP 5.75% DUE 03-15-2023	USA	285,000.00	285,925.00	285,712.50
AXA HIGH YIELD	CHOICE HOTELS INTL 5.75% DUE 07-01-2022	USA	199,000.00	199,000.00	205,965.00
AXA HIGH YIELD	CIN BELL SR SUB NT 8.75 DUE 03-15-2018	USA	310,000.00	301,493.90	327,437.50
AXA HIGH YIELD	CIT GROUP INC 5% DUE 08-01-2023	USA	384,000.00	380,279.04	371,777.28
AXA HIGH YIELD	CLAIRES STORES INC 10.5% DUE 06-01-2017	USA	232,000.00	191,678.75	238,380.00
AXA HIGH YIELD	CLAIRES STORES INC 8.875 SNR NT 15/03/19USD	USA	670,000.00	687,388.75	716,900.00
AXA HIGH YIELD	CLUBCORP CLUB OPERATIONS INC SR NT 10 12-1-2018	USA	474,000.00	493,295.00	524,955.00
AXA HIGH YIELD	CNH CAP LLC NT 6.25 DUE 11-01-2016	USA	280,000.00	305,900.00	308,000.00
AXA HIGH YIELD	COLEMAN CABLE INC 9 DUE 02-15-2018	USA	260,000.00	257,400.00	276,250.00
AXA HIGH YIELD	CONCHO RES INC 7% DUE 01-15-2021	USA	355,000.00	386,487.50	388,725.00
AXA HIGH YIELD	CONSOL ENERGY INC 8 DUE 04-01-2017	USA	200,000.00	217,000.00	212,500.00
AXA HIGH YIELD	CONSTELLATION 4.25% DUE 05-01-2023	USA	258,000.00	258,000.00	236,715.00
AXA HIGH YIELD	CONTL RES INC 4.5 DUE 04-15-2023	USA	655,000.00	652,543.75	642,718.75
AXA HIGH YIELD	CONTL RES INC 7.125% DUE 04-01-2021	USA	250,000.00	282,887.50	279,375.00
AXA HIGH YIELD	CONTL RES INC 7.375% DUE 10-01-2020	USA	257,000.00	282,700.00	285,270.00
AXA HIGH YIELD	CPI INTL INC 8% DUE 02-15-2018	USA	266,000.00	239,400.00	273,980.00
AXA HIGH YIELD	CR ACCEP CORP MICH 9.125% DUE 02-01-2017	USA	275,000.00	275,000.00	291,500.00

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AXA HIGH YIELD	DAVE & BUSTERS INC 11% DUE 06-01-2018	USA	658,000.00	672,333.75	727,090.00
AXA HIGH YIELD	DENBURY RES INC 8.25% DUE 02-15-2020	USA	250,000.00	281,562.50	274,375.00
AXA HIGH YIELD	DISH DBS CORP 5.875% DUE 07-15-2022	USA	370,000.00	378,668.75	364,450.00
AXA HIGH YIELD	DYNACAST INTL LLC & DYNACAST FIN SR SECD2ND LIEN NT 9.25 DUE 07-15-2019	USA	240,000.00	244,950.00	262,800.00
AXA HIGH YIELD	DYNCORP INTL INC 10.375% DUE 07-01-2017	USA	905,000.00	820,232.78	932,150.00
AXA HIGH YIELD	EL PASO ENERGY CORP MEDIUM TERM NTS BOOK TR 4 7.8 8-1-31	USA	390,000.00	380,250.00	396,646.77
AXA HIGH YIELD	ENERGY XXI GULF 9.25% DUE 12-15-2017	USA	280,000.00	294,787.50	310,800.00
AXA HIGH YIELD	ENERGYSOLUTIONS INC / ENERGYSOLUTIONS LLC SR NT 10.75 8-15-2018	USA	367,000.00	383,685.00	389,937.50
AXA HIGH YIELD	EQUINIX INC 7% DUE 07-15-2021	USA	515,000.00	570,843.75	548,475.00
AXA HIGH YIELD	EVEREST ACQUISITION LLC / EVEREST ACQUIS9.375 05-01-2020 BEO	USA	180,000.00	197,568.00	202,500.00
AXA HIGH YIELD	EXOPACK HLDG CORP 10% DUE 06-01-2018	USA	415,000.00	420,187.50	437,825.00
AXA HIGH YIELD	FELCOR LODGING LTD 10% DUE 10-01-2014	USA	206,000.00	211,390.33	221,707.50
AXA HIGH YIELD	FIESTA RESTAURANT GROUP INC 8.875 DUE 08-15-2016 REG	USA	250,000.00	250,000.00	266,250.00
AXA HIGH YIELD	FORD MTR CR CO LLC 12% DUE 05-15-2015	USA	320,000.00	360,000.00	373,826.24
AXA HIGH YIELD	FRONTIER 8.75% DUE 04-15-2022	USA	230,000.00	223,675.00	251,275.00
AXA HIGH YIELD	FRONTIER 9 DUE 08-15-2031	USA	305,000.00	314,412.50	398,900.00
AXA HIGH YIELD	GARDA WORLD SEC 9.75% DUE 03-15-2017	Canada	250,000.00	264,375.00	265,000.00
AXA HIGH YIELD	GENERAL MOTORS CO 4.875 NTS 144A DUE 10-02-23 USD1000 BEO	USA	578,000.00	578,000.00	564,995.00
AXA HIGH YIELD	GENESIS ENERGY L P 5.75% DUE 02-15-2021	USA	222,000.00	217,760.00	217,560.00
AXA HIGH YIELD	GENON ESCR CORP 9.875 DUE 10-15-2020	USA	430,000.00	468,074.80	474,075.00
AXA HIGH YIELD	GLOBAL BRASS & 9.5 DUE 06-01-2019	USA	404,000.00	405,170.00	444,400.00
AXA HIGH YIELD	GXS WORLDWIDE INC 9.75% DUE 06-15-2015	USA	566,000.00	565,658.75	581,565.00
AXA HIGH YIELD	HALCON RES CORP 9.75% DUE 07-15-2020	USA	255,000.00	267,112.50	269,662.50
AXA HIGH YIELD	HCA HLDGS INC 7.75% DUE 05-15-2021	USA	445,000.00	490,937.50	473,368.75
AXA HIGH YIELD	HCA INC SR NT 7.5 DUE 02-15-2022	USA	442,000.00	485,825.00	485,095.00
AXA HIGH YIELD	HCA INC 8.5% DUE 04-15-2019	USA	300,000.00	332,050.00	322,500.00
AXA HIGH YIELD	HD SUPPLY INC 11.5% DUE 07-15-2020	USA	535,000.00	629,150.00	637,987.50
AXA HIGH YIELD	HEXION U S FIN CORP / HEXION NOVA SCOTIAFIN ULC 9 11-15-2020	USA	245,000.00	244,117.50	239,487.50
AXA HIGH YIELD	HOCKEY MERGER SUB 7.875% DUE 10-01-2021	USA	372,000.00	372,000.00	372,465.00
AXA HIGH YIELD	HOLOGIC INC 6.25 DUE 08-01-2020 REG	USA	181,000.00	191,860.00	188,466.25
AXA HIGH YIELD	HOT TOPIC INC 9.25% DUE 06-15-2021	USA	202,000.00	204,877.81	207,555.00
AXA HIGH YIELD	HUBER J M CORP 9.875 144A DUE 11-01-2019BEO	USA	310,000.00	324,790.25	351,850.00
AXA HIGH YIELD	IGATE CORP 9% DUE 05-01-2016	USA	475,000.00	514,893.75	509,437.50
AXA HIGH YIELD	INFOR US INC 11.5 DUE 07-15-2018	USA	290,000.00	337,025.00	334,950.00
AXA HIGH YIELD	INFOR US INC 9.375 DUE 04-01-2019	USA	436,000.00	491,232.50	487,230.00
AXA HIGH YIELD	INTERFACE INC SR NT SER B 7.625 DUE 12-01-2018	USA	215,000.00	215,000.00	233,275.00
AXA HIGH YIELD	INTERLINE BRANDS INC 10 DUE 11-15-2018 REG	USA	183,000.00	183,000.00	299,927.50
AXA HIGH YIELD	INTL LEASE FIN 8.625% DUE 01-15-2022	USA	455,000.00	560,330.00	524,387.50
AXA HIGH YIELD	IPAYMENT INC 10.25 DUE 05-15-2018	USA	437,000.00	362,596.02	310,270.00
AXA HIGH YIELD	ISTAR FINL INC 4.875% DUE 07-01-2018	USA	387,000.00	387,000.00	375,390.00
AXA HIGH YIELD	JBS FIN II LTD 8.25% DUE 01-29-2018	Cayman Is.	325,000.00	321,732.30	329,875.00
AXA HIGH YIELD	JONES GROUP INC / 6.875% DUE 03-15-2019	USA	457,000.00	469,190.00	467,282.50
AXA HIGH YIELD	J2 GLOBAL INC 8 DUE 08-01-2020	USA	135,000.00	138,712.50	145,125.00
AXA HIGH YIELD	KENNEDY WILSON INC 8.75 DUE 04-01-2019	USA	220,000.00	222,200.00	237,600.00
AXA HIGH YIELD	KODIAK OIL & GAS 8.125 DUE 12-01-2019	Canada	291,000.00	319,118.75	317,917.50
AXA HIGH YIELD	LENNAR CORP 12.25% DUE 06-01-2017	USA	245,000.00	295,225.00	312,375.00
AXA HIGH YIELD	LINN ENERGY LLC / 7.75% DUE 02-01-2021	USA	245,000.00	247,450.00	246,225.00

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AXA HIGH YIELD	MEM PRODTN PARTNERS LP 7.625 DUE 05-01-2021	USA	265,000.00	257,712.50	256,387.50
AXA HIGH YIELD	MGM RESORTS INTERNATIONAL 11.375 DUE 03-01-2018	USA	662,000.00	780,007.50	842,395.00
AXA HIGH YIELD	MGM RESORTS INTL 10% DUE 11-01-2016	USA	199,000.00	229,351.25	236,810.00
AXA HIGH YIELD	MICHAELS STORES 11.375% DUE 11-01-2016	USA	448,000.00	447,342.22	459,764.48
AXA HIGH YIELD	MUSTANG MERGER 8.5% DUE 08-15-2021	USA	355,000.00	355,500.00	351,450.00
AXA HIGH YIELD	NEOVIA LOGISTICS INTER HLDGS LLC / NEOVISR PIK TOGGLE NT 144A 10 2-15-18	USA	370,000.00	370,000.00	366,300.00
AXA HIGH YIELD	NEW ACADEMY FIN CO LLC 144A 8 06-15-2018	USA	419,000.00	423,573.75	429,475.00
AXA HIGH YIELD	NEXEO SOLUTIONS 8.375% DUE 03-01-2018	USA	260,000.00	247,656.25	258,700.00
AXA HIGH YIELD	NORD ANGLIA ED INC SR NT 144A 8.5% DUE 02-15-2018/02-08-2013 BEO	Cayman Is.	416,000.00	407,680.00	420,160.00
AXA HIGH YIELD	NORTEK INC 8.5% DUE 04-15-2021	USA	225,000.00	213,750.00	244,687.50
AXA HIGH YIELD	ORION ENGINEERED CARBONS FIN 9.25 144A 08-01-2019 BEO	Luxembourg	400,000.00	396,000.00	408,000.00
AXA HIGH YIELD	PAETEC HLDG CORP 9.875% DUE 12-01-2018	USA	175,000.00	183,312.50	194,687.50
AXA HIGH YIELD	PC NEXTCO HLDGS LLC/PC NEXTCO FIN 144A 8.75 15/08/2019	USA	373,000.00	369,627.50	373,000.00
AXA HIGH YIELD	PENN VA CORP 8.5 DUE 05-01-2020	USA	261,000.00	263,610.00	264,915.00
AXA HIGH YIELD	PENN VA RES 8.375% DUE 06-01-2020	USA	486,000.00	515,277.50	560,102.00
AXA HIGH YIELD	PHH CORP 6.375% DUE 08-15-2021	USA	471,000.00	471,000.00	455,692.50
AXA HIGH YIELD	PINNACLE ENTMT INC 8.75% DUE 05-15-2020	USA	152,000.00	164,725.00	166,440.00
AXA HIGH YIELD	PIONEER DRILLING 9.875% DUE 03-15-2018	USA	275,000.00	288,750.00	397,000.00
AXA HIGH YIELD	PK OH INDS INC OH 8.125% DUE 04-01-2021	USA	355,000.00	351,450.00	386,950.00
AXA HIGH YIELD	PLAINS EXPL & 6.625% DUE 05-01-2021	USA	339,000.00	340,458.75	363,655.47
AXA HIGH YIELD	PRODTN RES GROUP 8.875% DUE 05-01-2019	USA	370,000.00	275,833.22	281,200.00
AXA HIGH YIELD	PROSPECT HLDG CO L 10.25% DUE 10-01-2018	USA	365,000.00	354,641.30	354,962.50
AXA HIGH YIELD	PULTE HOMES INC 7.875 DUE 06-15-2032 BEO	USA	260,000.00	235,950.00	262,600.00
AXA HIGH YIELD	PVTPL ACE CASH EXPRESS INC SR SECD NT 144A 11% DUE 02-01-2019/02-10-2011 BEO	USA	914,000.00	876,263.75	968,300.00
AXA HIGH YIELD	PVTPL AHERN RENTALS INC 2ND PRTY SR SECDNT 9.5 DUE 06-15-2018 BEO	USA	755,000.00	755,000.00	794,637.50
AXA HIGH YIELD	PVTPL ALLEGION US HLDG CO INC SR NT 144A5.75% DUE 10-01-2021/10-04-2013 BEO	USA	124,000.00	124,000.00	124,000.00
AXA HIGH YIELD	PVTPL AUDATEX N AMER INC SR NT 6 DUE 06-15-2021	USA	280,000.00	280,000.00	285,600.00
AXA HIGH YIELD	PVTPL BANKRATE INC DEL SR NT 144A 6.125%DUE 08-15-2018/08-07-2013 BEO	USA	252,000.00	249,683.01	251,370.00
AXA HIGH YIELD	PVTPL BARMINCO FIN PTY LTD SR NT 9 DUE 06-01-2018 BEO	Australia	767,000.00	767,000.00	699,887.50
AXA HIGH YIELD	PVTPL BMC SOFTWARE FIN INC SR NT 144A 8.125% DUE 07-15-2021/08-21-2013 BEO	USA	584,000.00	585,293.75	605,900.00
AXA HIGH YIELD	PVTPL BOE INTER HLDG CORP SR PIK NT 144A9.1% DUE 11-01-2017/05-13-2013 BEO	USA	440,000.00	434,700.00	459,800.00
AXA HIGH YIELD	PVTPL BRICKMAN GROUP HLDGS INC SR NT 144A 9.125 DUE 11-01-2018/11-01-2013 BEO	USA	220,000.00	209,937.50	235,400.00
AXA HIGH YIELD	PVTPL BURLINGTON HLDGS LLC / BURLINGTON HLDGS FIN INC SR NT 9 2-15-2018	USA	228,000.00	223,440.00	234,270.00
AXA HIGH YIELD	PVTPL CLAIRES STORES INC SR NT 144A 7.75% DUE 06-01-2020/05-14-2013 BEO	USA	473,000.00	478,652.66	462,357.50
AXA HIGH YIELD	PVTPL COEUR D ALENE MINES CORP IDAHO SR NT 7.875 DUE 02-01-2021	USA	290,000.00	290,000.00	292,900.00
AXA HIGH YIELD	PVTPL COINSTAR INC 6 DUE 03-15-2019	USA	272,000.00	272,000.00	265,200.00
AXA HIGH YIELD	PVTPL COMMSCOPE INC SR NT 144A 8.25% DUE01-15-2019/01-14-2011 BEO	USA	220,000.00	222,975.00	240,350.00
AXA HIGH YIELD	PVTPL CONS CONTAINER CO LLC / CONS CON SR NT 10.125 DUE 07-15-2020 BEO	USA	195,000.00	195,000.00	208,650.00
AXA HIGH YIELD	PVTPL COOPER-STD HLDGS INC SR PIK NT 144A 7.375 DUE 04-01-2018/04-03-2013 BEO	USA	270,000.00	270,263.75	271,350.00
AXA HIGH YIELD	PVTPL CREDITCORP SR SECD NT 12 DUE 07-15-2018	Australia	435,000.00	430,998.00	426,300.00
AXA HIGH YIELD	PVTPL CRESCENT RES LLC / CRSCNT VENTURESINC SR SECD NT 144A 10.25 DUE 8-15-2017	USA	264,000.00	264,000.00	283,800.00
AXA HIGH YIELD	PVTPL FLEXI VAN LEASING INC SR NT 7.875 DUE 08-15-2018	USA	280,000.00	278,566.40	389,800.00
AXA HIGH YIELD	PVTPL FMG RES AUGUST 2006 PTY LTD SR NT 8.25 DUE 11-01-2019	Australia	954,000.00	992,576.25	1,327,935.00
AXA HIGH YIELD	PVTPL GA GULF CORP SR NT 4.875 DUE 05-15-2023	USA	304,000.00	304,000.00	288,040.00
AXA HIGH YIELD	PVTPL HEALTHCARE TECHNOLOGY INTER INC SRPIK TOGGLE NT 7.375 DUE 09-01-2018	USA	441,000.00	441,000.00	450,371.25
AXA HIGH YIELD	PVTPL HECLA MNG CO 6.875 05-01-2021	USA	263,000.00	263,000.00	248,535.00
AXA HIGH YIELD	PVTPL HOWARD HUGHES CORP SR NT 144A 6.875% DUE 10-01-2021/10-02-2013 BEO	USA	375,000.00	375,000.00	375,937.50
AXA HIGH YIELD	PVTPL HUDBAY MINERALS INC 9.5 10-01-2020	Canada	457,000.00	466,140.00	458,142.50

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Account name	Asset description	Country	Shares/Par value	Book cost value	Market value
AXA HIGH YIELD	PVTPL IGLOO HLDGS CORP SR PIK TOGGLE NT 144A 8.25% DUE 12-15-2017/12-15-2013 BEO	USA	333,000.00	332,208.85	341,458.20
AXA HIGH YIELD	PVTPL INEOS FIN PLC SR SECD NT USD 144A 7.5% DUE 05-01-2020/05-04-2012 BEO	UK	162,000.00	162,000.00	173,745.00
AXA HIGH YIELD	PVTPL INNOVATION VENTURES LLC /INNOVATION VEN SR SECD 9.5 08-15-2019	USA	254,000.00	219,447.50	232,727.50
AXA HIGH YIELD	PVTPL INTELSAT JACKSON HLDGS S A SR NT 144A 5.5% DUE 08-01-2023/06-05-2013 BEO	Luxembourg	458,000.00	434,115.00	428,230.00
AXA HIGH YIELD	PVTPL INTERNATIONAL WIRE GROUP INC 8.5 DUE 10-15-2017 BEO	USA	555,000.00	555,000.00	582,750.00
AXA HIGH YIELD	PVTPL JBS USA LLC / JBS USA FIN INC 8.25DUE 02-01-2020/01-30-2012 BEO	USA	205,000.00	204,980.64	215,762.50
AXA HIGH YIELD	PVTPL JEFFERIES FIN LLC/JFIN SR NT 144A 7.375 DUE 04-01-2020 BEO	USA	217,000.00	217,000.00	214,830.00
AXA HIGH YIELD	PVTPL JEFFERIES LN CORE LLC / JLC FIN CORP 6.875 DUE 06-01-2020	USA	200,000.00	200,000.00	196,000.00
AXA HIGH YIELD	PVTPL JMC STL GROUP INC SR NT 144A 8.25%DUE 03-15-2018/03-11-2011 BEO	USA	285,000.00	288,928.93	278,587.50
AXA HIGH YIELD	PVTPL KENAN ADVANTAGE GROUP INC 8.375 DUE 12-15-2018	USA	362,000.00	364,000.00	379,647.50
AXA HIGH YIELD	PVTPL LIVE NATION ENTMT INC SR NT 7 09-01-2020	USA	222,000.00	231,990.00	231,712.50
AXA HIGH YIELD	PVTPL MAGNACHIP SEMICONDUCTOR CORP NEW SR NT 6.625 DUE 07-15-2021	USA	302,000.00	300,490.00	298,225.00
AXA HIGH YIELD	PVTPL MAGNUM HUNTER RES CORP DEL SR NT 144A 9.75% DUE 05-15-2020/05-16-2012 BEO	USA	207,000.00	206,874.22	214,245.00
AXA HIGH YIELD	PVTPL MATTAMY GROUP CORP USD SR NT 6.5 DUE 11-15-2020	Canada	228,000.00	228,000.00	224,010.00
AXA HIGH YIELD	PVTPL MCGRAW-HILL GLOBAL ED HLDGS LLC 9.75 DUE 04-01-2021/03-22-2013 BEO	USA	663,000.00	653,963.31	702,780.00
AXA HIGH YIELD	PVTPL METROPCS WIRELESS INC SR NT 144A 6.625 DUE 04-01-2023/03-19-2013 BEO	USA	190,000.00	190,000.00	190,475.00
AXA HIGH YIELD	PVTPL MICHAELS FINCO HLDGS LLC / MICHAELS FINC 7.5 DUE 08-01-2018	USA	637,000.00	637,000.00	644,962.50
AXA HIGH YIELD	PVTPL MILACRON LLC / MCRON FIN CORP 8.375 DUE 05-15-2019/04-30-2012 BEO	USA	220,000.00	220,000.00	240,350.00
AXA HIGH YIELD	PVTPL MMI INTL LTD SR SECD NT 144A 8% DUE 03-01-2017/02-27-2012 BEO	Malaysia	386,000.00	392,491.25	386,000.00
AXA HIGH YIELD	PVTPL MURPHY OIL USA INC 6 08-15-2023	USA	317,000.00	317,000.00	315,415.00
AXA HIGH YIELD	PVTPL MURRAY ENERGY CORP SR SECD NT 144A8.625 DUE 06-15-2021	USA	197,000.00	197,000.00	197,492.50
AXA HIGH YIELD	PVTPL NATIONSTAR MTG LLC CORP 8.375 DUE 08-01-2018 BEO	USA	455,000.00	455,000.00	566,090.62
AXA HIGH YIELD	PVTPL NEFF RENT LLC / NEFF FIN CORP SR 05-15-2016/05-13-2011 BEO	USA	270,000.00	271,037.50	287,550.00
AXA HIGH YIELD	PVTPL NESCO LLC / NESCO HLDGS CORP SR SECD NT 11.75 DUE 04-15-2017	USA	485,000.00	484,195.10	540,775.00
AXA HIGH YIELD	PVTPL NEW LOOK BONDCO I PLC 8.375 DUE 05-14-2018 BEO	UK	320,000.00	320,000.00	320,800.00
AXA HIGH YIELD	PVTPL NEXSTAR BROADCASTING INC 6.875 DUE 11-15-2020	USA	394,000.00	394,407.50	400,895.00
AXA HIGH YIELD	PVTPL NORD ANGLIA ED GTD SR SECD NT 10.25 DUE 04-01-2017	UK	450,000.00	478,350.00	599,500.00
AXA HIGH YIELD	PVTPL NUFARM AUSTRALIA LTD SR NT 6.375 DUE 10-15-2019	Australia	290,000.00	296,387.40	288,550.00
AXA HIGH YIELD	PVTPL OASIS PETE INC NEW SR NT 144A 6.875% DUE 03-15-2022/09-24-2013 BEO	USA	250,000.00	250,000.00	263,750.00
AXA HIGH YIELD	PVTPL OPTIMA SPECIALTY STL INC 12.5 12-15-16	USA	275,000.00	264,000.00	297,687.50
AXA HIGH YIELD	PVTPL PACKAGING DYNAMICS CORP SR SECD NT144A 8.75 DUE 02-01-2016/02-01-2011	USA	290,000.00	290,000.00	300,150.00
AXA HIGH YIELD	PVTPL PARTY CY HLDGS INC SR NT 144A 8.875 DUE 08-01-2020	USA	135,000.00	135,000.00	145,125.00
AXA HIGH YIELD	PVTPL PETCO HLDGS INC SR PIK TOGGLE NT 144A 8.5% DUE 10-15-2017/10-15-2013 BEO	USA	314,000.00	313,530.00	318,710.00
AXA HIGH YIELD	PVTPL PITT GLASS WKS LLC SR SECD NT 144A8.5 DUE 04-15-2016/04-15-2013 BEO	USA	277,000.00	275,492.50	284,617.50
AXA HIGH YIELD	PVTPL PRINCE MINERAL HLDG CORP 11.5 DUE 12-15-2019	USA	442,000.00	455,442.02	470,730.00
AXA HIGH YIELD	PVTPL PROV FDG AS LP / PFG FIN CP SR NT 144A 10.125 DUE 02-15-19/02-15-11 BEO	USA	70,000.00	70,252.54	77,350.00
AXA HIGH YIELD	PVTPL REALOGY CORP SR SECD NT 144A 7.875% DUE 02-15-2019/02-03-2011 BEO	USA	176,000.00	190,430.00	192,280.00
AXA HIGH YIELD	PVTPL RENTECH NITROGEN PARTNERS L P/RENTECH NITROGEN FIN 6.5 04-15-2021	USA	118,000.00	118,000.00	115,640.00
AXA HIGH YIELD	PVTPL ROOFING SUP GROUP LLC SR NT 10 DUE 06-01-2020 BEO	USA	289,000.00	289,000.00	322,235.00
AXA HIGH YIELD	PVTPL RSI HOME PRODS INC 6.875 DUE 03-01-2018 BEO	USA	501,000.00	505,557.50	517,282.50
AXA HIGH YIELD	PVTPL SCHAEFFLER FIN B V SR SECD NT 144A8.5% DUE 02-15-2019/02-09-2012 BEO	Netherlands	130,000.00	131,690.00	144,950.00
AXA HIGH YIELD	PVTPL SEQUA CORP SR NT 144A 7% DUE 12-15-2017/12-19-2012 BEO	USA	314,000.00	309,290.00	314,000.00
AXA HIGH YIELD	PVTPL SOPHIA L P / SOPHIA FIN INC SR NT 9.75 DUE 01-15-2019	USA	310,000.00	320,450.00	336,350.00
AXA HIGH YIELD	PVTPL SPRINT CORP BNDS 7.875 DUE 09-15-2023 BEO	USA	379,000.00	379,000.00	386,580.00
AXA HIGH YIELD	PVTPL SR NT 144A 4.25% DUE 05-15-2023 BEO	USA	554,000.00	539,787.50	506,217.50
AXA HIGH YIELD	PVTPL STEARNS HLDGS INC SR SECD NT 144A 9.375 DUE 08-15-2020 BEO	USA	405,000.00	407,625.00	413,100.00
AXA HIGH YIELD	PVTPL STONERIDGE INC SR SECD NT 9.5% DUE10-15-2017/10-04-2010 BEO	USA	370,000.00	370,000.00	396,825.00
AXA HIGH YIELD	PVTPL SUN PRODS CORP SR NT 144A 7.75% DUE 03-15-2021/03-22-2013 BEO	USA	540,000.00	523,925.00	596,800.00
AXA HIGH YIELD	PVTPL SYMETRA FINL CORP CAP EFFICIENT NT144A 8.3% DUE 10-15-2067/10-15-2017 BEO	USA	365,000.00	323,412.50	372,300.00

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Account name	Asset description	Country	Shares/Par value	Book cost value	Market value
AXA HIGH YIELD	PVTPL TAYLOR MORRISON CMNTYS INC / MONARCH CMNTYS INC 5.25 DUE 04-15-2021	USA	262,000.00	262,000.00	244,315.00
AXA HIGH YIELD	PVTPL TITAN INTL INC SR NT 7.875 DUE 10-01-2017	USA	243,000.00	260,447.50	258,673.50
AXA HIGH YIELD	PVTPL UNIFRAX I LLC / UNIFRAX HLDG CO 7.5 DUE 02-15-2019	USA	264,000.00	264,000.00	264,000.00
AXA HIGH YIELD	PVTPL VANTAGE ONCOLOGY LLC 9.5 DUE 06-15-2017	USA	290,000.00	290,000.00	292,175.00
AXA HIGH YIELD	PVTPL VPII ESCR CORP SR NT 7.5 DUE 07-15-2021	Canada	439,000.00	439,000.00	573,022.50
AXA HIGH YIELD	PVTPL WOK ACQSTN CORP 10.25 DUE 06-30-2020/06-29-2012 BEO	USA	260,000.00	282,100.00	282,750.00
AXA HIGH YIELD	PVTPL WYLE SVCS CORP SR SUB NT 144A 10.5% DUE 04-01-2018/03-26-2010 BEO	USA	385,000.00	385,993.55	384,037.50
AXA HIGH YIELD	QEP RES INC 5.375 DUE 10-01-2022 REG	USA	298,000.00	293,650.00	284,590.00
AXA HIGH YIELD	RANGE RES CORP 6.75% DUE 08-01-2020	USA	375,000.00	408,125.00	404,062.50
AXA HIGH YIELD	REALOGY CORP 9% DUE 01-15-2020	USA	224,000.00	255,275.00	258,720.00
AXA HIGH YIELD	REGAL ENTMT GROUP 9.125% DUE 08-15-2018	USA	189,000.00	199,983.80	208,845.00
AXA HIGH YIELD	RES-CARE INC SR NT 10.75 DUE 01-15-2019	USA	355,000.00	368,225.00	396,712.50
AXA HIGH YIELD	REYNOLDS GROUP ISSUER INC/ REYNOLDS GROU9.875 DUE 08-15-2019	USA	660,000.00	693,467.21	716,100.00
AXA HIGH YIELD	ROYAL CARIBBEAN CRUISES LTD SR NT 11.875% DUE 07-15-2015	Liberia	475,000.00	581,225.00	656,937.50
AXA HIGH YIELD	ROYAL CARIBBEAN 5.25% DUE 11-15-2022	Liberia	358,000.00	357,270.00	347,260.00
AXA HIGH YIELD	SAFWAY GROUP HLDG 7% DUE 05-15-2018	USA	342,000.00	344,935.00	347,130.00
AXA HIGH YIELD	SALLY HLDGS LLC 6.875 DUE 11-15-2019	USA	275,000.00	295,281.25	301,125.00
AXA HIGH YIELD	SANDRIDGE ENERGY INC 7.5 DUE 02-15-2023 REG	USA	370,000.00	380,859.00	366,300.00
AXA HIGH YIELD	SCIENTIFIC GAMES 9.25% DUE 06-15-2019	USA	438,000.00	485,188.75	471,945.00
AXA HIGH YIELD	SEAGATE HDD CAYMAN 7% DUE 11-01-2021	Cayman Is.	440,000.00	466,935.00	488,400.00
AXA HIGH YIELD	SERVICEMASTER CO 8 DUE 02-15-2020	USA	265,000.00	268,312.50	262,350.00
AXA HIGH YIELD	SESI L L C 7.125 DUE 12-15-2021	USA	275,000.00	305,250.00	300,437.50
AXA HIGH YIELD	SEVERSTAL COLBS 10.25 DUE 02-15-2018	USA	501,000.00	531,130.00	532,312.50
AXA HIGH YIELD	SITEL LLC / SITEL FIN CORP 11.5 DUE 04-01-2018 REG	USA	1,122,000.00	802,915.00	1,064,920.00
AXA HIGH YIELD	SPEEDY CASH INTER 10.75% DUE 05-15-2018	USA	481,000.00	497,100.00	506,252.50
AXA HIGH YIELD	SPEEDY GROUP HLDG 12% DUE 11-15-2017	USA	460,000.00	461,900.00	478,400.00
AXA HIGH YIELD	SPRINT CAP CORP 6.9% DUE 05-01-2019	USA	270,000.00	280,732.50	277,425.00
AXA HIGH YIELD	SPRINT CAP CORP 8.75% DUE 03-15-2032	USA	285,000.00	310,654.00	289,631.25
AXA HIGH YIELD	SPRINT NEXTEL CORP 6 DUE 11-15-2022	USA	380,000.00	380,000.00	349,600.00
AXA HIGH YIELD	SRA INTL INC 11 DUE 10-01-2019	USA	655,000.00	660,825.00	681,200.00
AXA HIGH YIELD	STD PAC CORP NEW 10.75% DUE 09-15-2016	USA	440,000.00	473,625.00	525,800.00
AXA HIGH YIELD	STD PAC CORP NEW 8.375% DUE 01-15-2021	USA	365,000.00	365,000.00	410,625.00
AXA HIGH YIELD	STEWART 6.5% DUE 04-15-2019	USA	330,000.00	331,237.50	349,800.00
AXA HIGH YIELD	SUMMIT MATERIALS LLC/FIN 10.5 01-31-2020	USA	400,000.00	400,000.00	422,000.00
AXA HIGH YIELD	SUMMIT MIDSTREAM 7.5% DUE 07-01-2021	USA	249,000.00	249,000.00	257,092.50
AXA HIGH YIELD	SUNSTATE EQUIP CO LLC / SUNSTATE EQUIP 06-15-2016/06-09-2011 BEO	USA	480,000.00	483,612.50	518,400.00
AXA HIGH YIELD	SWIFT ENERGY CO 8.875% DUE 01-15-2020	USA	249,000.00	259,040.00	256,470.00
AXA HIGH YIELD	SYNCREON GLOBAL 9.5% DUE 05-01-2018	USA	275,000.00	276,400.00	298,375.00
AXA HIGH YIELD	TEKNI-PLEX INC 9.75 BDS 144A 9.75 DUE 06-01-2019	USA	285,000.00	281,454.60	320,625.00
AXA HIGH YIELD	TENET HEALTHCARE 6.75% DUE 02-01-2020	USA	250,000.00	248,437.50	349,375.00
AXA HIGH YIELD	TESORO LOGISTICS 6.125 DUE 10-15-2021	USA	320,000.00	317,600.00	321,600.00
AXA HIGH YIELD	TMX FIN LLC / 8.5% DUE 09-15-2018	USA	670,000.00	670,000.00	700,150.00
AXA HIGH YIELD	TOMKINS LLC / 9 DUE 10-01-2018	USA	202,000.00	221,906.77	220,180.00
AXA HIGH YIELD	TOYS R US INC 10.375 DUE 08-15-2017 REG	USA	543,000.00	557,447.68	622,637.50
AXA HIGH YIELD	TRANSUNION HLDG CO INC 9.625 DUE 06-15-2018 REG	USA	350,000.00	382,375.00	378,875.00
AXA HIGH YIELD	TRANSUNION HLDG CO 8.125 DUE 06-15-2018	USA	306,000.00	323,977.50	324,360.00
AXA HIGH YIELD	TUTOR PERINI CORP 7.625 DUE 11-01-2018	USA	494,000.00	486,803.75	518,700.00
AXA HIGH YIELD	UNISYS CORP 6.25% DUE 08-15-2017	USA	173,000.00	173,000.00	183,380.00
AXA HIGH YIELD	VALASSIS 6.625 DUE 02-01-2021	USA	275,000.00	269,373.50	271,562.50
AXA HIGH YIELD	WATCO COS LLC / WATCO FINANCE CORP 6.375 BDS DUE 04-01-2023 USD1000 144A	USA	197,000.00	197,000.00	195,030.00
AXA HIGH YIELD	WHITING PETE CORP 5.75% DUE 03-15-2021	USA	679,000.00	684,250.00	697,672.50
AXA HIGH YIELD	WIRECO WORLDGROUP 9.5 DUE 05-15-2017	USA	550,000.00	571,075.00	669,250.00
AXA HIGH YIELD	YCC HLDGS LLC / 10.25% DUE 02-15-2016	USA	404,000.00	375,053.99	414,100.00
AXA HIGH YIELD	99 CENTS ONLY STORES 11 DUE 12-15-2019 REG	USA	253,000.00	278,033.75	283,360.00

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BARROW HANLEY BOND	ABB FIN USA INC 2.875% DUE 05-08-2022	USA	190,000.00	185,882.70	183,479.39
BARROW HANLEY BOND	ABBVIE INC 1.2% DUE 11-06-2015	USA	280,000.00	281,078.14	281,013.04
BARROW HANLEY BOND	ABBVIE INC 2.9% DUE 11-06-2022	USA	160,000.00	151,541.85	149,633.60
BARROW HANLEY BOND	ALTERA CORP 1.75% DUE 05-15-2017	USA	130,000.00	129,726.10	128,917.23
BARROW HANLEY BOND	AMERICAN EXPRESS CR CORP MEDIUM TERM NTS1.75 06-12-2015	USA	660,000.00	660,280.50	672,028.50
BARROW HANLEY BOND	AMERICAN EXPRESS CREDIT 1.3 DUE 07-29-2016	USA	285,000.00	284,938.35	286,706.58
BARROW HANLEY BOND	AMERN EXPRESS CO 4.05% DUE 12-03-2042	USA	280,000.00	272,188.10	242,394.04
BARROW HANLEY BOND	ANALOG DEVICES INC 3% DUE 04-15-2016	USA	275,000.00	278,905.00	286,655.60
BARROW HANLEY BOND	APPLE INC 2.4% DUE 05-03-2023	USA	560,000.00	556,978.00	506,901.36
BARROW HANLEY BOND	APPLIED MATLS INC 2.65% DUE 06-15-2016	USA	310,000.00	314,468.03	322,628.78
BARROW HANLEY BOND	AT&T INC .8% DUE 12-01-2015	USA	395,000.00	394,821.55	393,864.37
BARROW HANLEY BOND	AT&T INC 5.35% DUE 09-01-2040	USA	199,000.00	188,928.61	193,139.45
BARROW HANLEY BOND	BANK AMER CORP 7.625% DUE 06-01-2019	USA	285,000.00	361,561.75	349,484.95
BARROW HANLEY BOND	BAXTER INTL INC 1.85% DUE 01-15-2017	USA	190,000.00	189,887.90	193,410.69
BARROW HANLEY BOND	BB&T BRH BKG & TR 1.45 10-03-2016	USA	415,000.00	414,850.60	417,455.55
BARROW HANLEY BOND	BEAR STEARNS COS 7.25% DUE 02-01-2018	USA	1,045,000.00	1,224,891.26	1,651,649.79
BARROW HANLEY BOND	BECTON DICKINSON & 3.25% DUE 11-12-2020	USA	295,000.00	294,855.65	299,925.32
BARROW HANLEY BOND	BHP BILLITON FIN 1.625% DUE 02-24-2017	Australia	235,000.00	239,645.95	236,435.85
BARROW HANLEY BOND	BK NOVA SCOTIA B C .75% DUE 10-09-2015	Canada	140,000.00	139,978.70	139,986.98
BARROW HANLEY BOND	BK NY INC MEDIUM TERM SR NTS BOO TRANCHE# TR 00046 2.3 DUE 07-28-2016	USA	495,000.00	512,924.25	612,227.98
BARROW HANLEY BOND	BP CAP MKTS P L C 2.5% DUE 11-06-2022	UK	405,000.00	400,484.70	366,376.36
BARROW HANLEY BOND	BP CAP MKTS P L C 4.5% DUE 10-01-2020	UK	295,000.00	342,151.70	318,724.49
BARROW HANLEY BOND	BSTN PPTYS LTD 3.125% DUE 09-01-2023	USA	215,000.00	212,668.75	196,952.47
BARROW HANLEY BOND	BURL NORTHN SANTA 7.95% DUE 08-15-2030	USA	185,000.00	235,871.45	242,853.01
BARROW HANLEY BOND	CA INC 4.5 DUE 08-15-2023	USA	300,000.00	298,407.50	300,288.00
BARROW HANLEY BOND	CAMERON INTL CORP 6.375% DUE 07-15-2018	USA	125,000.00	124,873.75	147,076.25
BARROW HANLEY BOND	CANADIAN NAT RES LTD 3.45 DUE 11-15-2021	Canada	340,000.00	338,326.65	338,626.74
BARROW HANLEY BOND	CAP 1 FINL CORP 2.15% DUE 03-23-2015	USA	560,000.00	571,855.20	569,019.36
BARROW HANLEY BOND	CARDINAL HLTH INC 3.2% DUE 03-15-2023	USA	300,000.00	298,501.80	279,751.50
BARROW HANLEY BOND	CATERPILLAR FINANCIAL SERVICES CORP 1.1 MTN DUE 05-29-2015	USA	270,000.00	270,569.12	272,199.42
BARROW HANLEY BOND	CATERPILLAR FINL SVCS CORP MEDIUM TERM NTS 1.625 DUE 06-01-2017	USA	355,000.00	357,925.45	355,947.85
BARROW HANLEY BOND	CDN IMPERIAL BK 2.35% DUE 12-11-2015	Canada	390,000.00	409,730.10	402,273.69
BARROW HANLEY BOND	CELGENE CORP 5.25% DUE 08-15-2043	USA	145,000.00	143,598.95	143,649.47
BARROW HANLEY BOND	CITIGROUP INC 1.7% DUE 07-25-2016	USA	285,000.00	284,857.35	286,295.89
BARROW HANLEY BOND	CITIGROUP INC 8.5% DUE 05-22-2019	USA	505,000.00	679,195.03	645,007.21
BARROW HANLEY BOND	CNA FINL CORP 7.35% DUE 11-15-2019	USA	295,000.00	329,346.94	359,036.83
BARROW HANLEY BOND	COMCAST CORP NEW 5.875% DUE 02-15-2018	USA	505,000.00	563,119.47	689,193.60
BARROW HANLEY BOND	CONAGRA FOODS INC 3.2% DUE 01-25-2023	USA	210,000.00	208,616.80	196,458.78
BARROW HANLEY BOND	COOPER U S INC 3.875% DUE 12-15-2020	USA	285,000.00	290,383.65	295,837.12
BARROW HANLEY BOND	COVIDIEN INTL FIN SA DTD 06-28-2010 2.8 DUE 06-15-2015	Luxembourg	210,000.00	210,953.90	216,806.52
BARROW HANLEY BOND	CUMMINS INC 3.65% DUE 10-01-2023	USA	340,000.00	339,157.25	342,304.18

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BARROW HANLEY BOND	DEERE JOHN CAP CORP BOOK ENTRY TRANCHE #TR 00386 1.3 03-12-2018	USA	340,000.00	338,755.30	333,350.62
BARROW HANLEY BOND	DEERE JOHN CAP CORP MEDIUM TERM NTS-BOOKENTRY TRANCHE # TR 00377 .95 06-29-2015	USA	125,000.00	124,994.65	125,810.50
BARROW HANLEY BOND	DIAGEO CAP PLC 1.5% DUE 05-11-2017	UK	670,000.00	668,265.35	670,240.53
BARROW HANLEY BOND	DIRECTV HLDGS LLC 3.8% DUE 03-15-2022	USA	340,000.00	327,856.20	317,338.66
BARROW HANLEY BOND	DIRECTV HLDGS LLC 6.35% DUE 03-15-2040	USA	120,000.00	121,805.64	118,153.32
BARROW HANLEY BOND	DOW CHEM CO 4.25% DUE 11-15-2020	USA	275,000.00	273,667.55	287,228.15
BARROW HANLEY BOND	DUKE CAP LLC 5.668% DUE 08-15-2014	USA	205,000.00	217,097.05	213,515.70
BARROW HANLEY BOND	EATON CORP 5.6% DUE 05-15-2018	USA	235,000.00	236,481.60	268,116.90
BARROW HANLEY BOND	EBAY INC NT 1.35 DUE 07-15-2017 REG	USA	255,000.00	254,854.65	253,228.00
BARROW HANLEY BOND	EMC CORP 1.875% DUE 06-01-2018	USA	395,000.00	394,500.95	393,514.40
BARROW HANLEY BOND	ENERGY TRANSFER SR NT 9 DUE 04-15-2019	USA	190,000.00	205,744.70	239,970.95
BARROW HANLEY BOND	ENERGY TRANSFER 8.5% DUE 04-15-2014	USA	333,000.00	370,133.83	345,818.83
BARROW HANLEY BOND	ENTERPRISE PRODS 6.125% DUE 10-15-2039	USA	225,000.00	224,558.70	248,939.32
BARROW HANLEY BOND	ERP OPER LTD PARTNERSHIP 3 DUE 04-15-2023	USA	150,000.00	148,198.25	137,899.80
BARROW HANLEY BOND	GEN ELEC CAP CORP 5.3% DUE 02-11-2021	USA	150,000.00	149,832.80	163,136.70
BARROW HANLEY BOND	GEN ELEC CAP CORP 5.875% DUE 01-14-2038	USA	215,000.00	169,658.91	237,333.34
BARROW HANLEY BOND	GENERAL ELEC CAP CORP 3.15% DUE 09-07-2022	USA	465,000.00	438,869.40	439,676.56
BARROW HANLEY BOND	GENZYME CORP 5% DUE 06-15-2020	USA	150,000.00	163,445.05	168,106.50
BARROW HANLEY BOND	GILEAD SCIENCES 2.4% DUE 12-01-2014	USA	315,000.00	316,286.25	321,532.47
BARROW HANLEY BOND	GLAXOSMITHKLINE 1.5 DUE 05-08-2017	UK	420,000.00	420,805.78	422,356.62
BARROW HANLEY BOND	GOLDMAN SACHS GROUP INC 5.95 DUE 01-18-2018	USA	405,000.00	435,098.00	457,814.02
BARROW HANLEY BOND	HALLIBURTON CO 3.25% DUE 11-15-2021	USA	400,000.00	400,397.45	400,352.80
BARROW HANLEY BOND	HCP INC 5.375% DUE 02-01-2021	USA	315,000.00	314,115.95	342,737.32
BARROW HANLEY BOND	HLTH CARE REIT INC 5.25% DUE 01-15-2022	USA	210,000.00	209,164.70	224,410.83
BARROW HANLEY BOND	HLTH CARE REIT 4.125 DUE 04-01-2019	USA	185,000.00	202,213.05	194,849.77
BARROW HANLEY BOND	HOME DEPOT INC 2.7 DUE 04-01-2023	USA	140,000.00	139,371.50	131,373.20
BARROW HANLEY BOND	HUMANA INC 3.15 DUE 12-01-2022	USA	365,000.00	359,948.23	339,594.90
BARROW HANLEY BOND	HUSKY ENERGY INC 3.95 DUE 04-15-2022 REG	Canada	345,000.00	343,711.35	346,306.86
BARROW HANLEY BOND	HUSKY ENERGY INC 5.9% DUE 06-15-2014	Canada	195,000.00	213,266.45	202,042.03
BARROW HANLEY BOND	INTEL CORP 1.35% DUE 12-15-2017	USA	400,000.00	397,698.30	394,832.40
BARROW HANLEY BOND	INTEL CORP 3.3 DUE 10-01-2021	USA	205,000.00	204,300.60	204,040.80
BARROW HANLEY BOND	KEYCORP MEDIUM TERM SR NTS BOOK ENTRY MTN 5.1% DUE 03-24-2021	USA	165,000.00	165,259.05	181,692.06
BARROW HANLEY BOND	KONINKLIJKE 5.75% DUE 03-11-2018	Netherlands	270,000.00	288,097.59	311,215.50
BARROW HANLEY BOND	KRAFT FOODS GROUP 1.625% DUE 06-04-2015	USA	135,000.00	137,495.34	137,103.30

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BARROW HANLEY BOND	LOEWS CORP 5.25% DUE 03-15-2016	USA	690,000.00	761,194.20	759,489.21
BARROW HANLEY BOND	LOWES COS INC 3.875% DUE 09-15-2023	USA	610,000.00	606,346.10	617,782.38
BARROW HANLEY BOND	LYB INTL FIN B V 4% DUE 07-15-2023	Netherlands	155,000.00	154,869.55	153,664.52
BARROW HANLEY BOND	MARATHON OIL CORP 6% DUE 10-01-2017	USA	255,000.00	262,951.80	293,023.05
BARROW HANLEY BOND	MERRILL LYNCH & CO INC MEDIUM TERM NTS BOOK ENTRY MTN 6.4% DUE 08-28-2017	USA	535,000.00	553,474.33	615,217.90
BARROW HANLEY BOND	MERRILL LYNCH & CO 6.5% DUE 07-15-2018	USA	375,000.00	398,178.75	437,797.12
BARROW HANLEY BOND	MORGAN STANLEY 1.75 DUE 02-25-2016	USA	295,000.00	294,443.95	296,422.49
BARROW HANLEY BOND	MORGAN STANLEY 3.75% DUE 02-25-2023	USA	295,000.00	293,294.65	284,390.03
BARROW HANLEY BOND	NATL RURAL UTILS 5.45% DUE 04-10-2017	USA	310,000.00	360,103.60	350,802.82
BARROW HANLEY BOND	NOVARTIS CAP CORP 2.9% DUE 04-24-2015	USA	200,000.00	203,192.00	207,776.60
BARROW HANLEY BOND	ORACLE CORP 1.2% DUE 10-15-2017	USA	340,000.00	338,978.90	333,927.26
BARROW HANLEY BOND	ORANGE 4.375% DUE 07-08-2014	France	210,000.00	209,378.30	215,604.90
BARROW HANLEY BOND	PACCAR FINL CORP 1.15% DUE 08-16-2016	USA	290,000.00	289,718.70	290,621.47
BARROW HANLEY BOND	PEPSICO INC 1.25% DUE 08-13-2017	USA	415,000.00	409,966.05	408,972.12
BARROW HANLEY BOND	PETROBRAS INTL FIN CO 6.875 DUE 01-20-2040 REG	Cayman Is.	80,000.00	78,761.60	78,587.36
BARROW HANLEY BOND	PETROBRAS INTL FIN GLOBAL NT 3.5 DUE 02-06-2017	Cayman Is.	125,000.00	125,689.75	126,931.37
BARROW HANLEY BOND	PHILLIPS PETE CO 6.65% DUE 07-15-2018	USA	465,000.00	585,429.25	560,563.08
BARROW HANLEY BOND	PHILLIPS 66 1.95 BDS DUE 03-05-2015 REG USD100	USA	165,000.00	168,465.00	167,502.06
BARROW HANLEY BOND	PHILLIPS 66 4.3% DUE 04-01-2022	USA	265,000.00	292,767.78	270,156.10
BARROW HANLEY BOND	PNC FDG CORP 3.3 DUE 03-08-2022 REG	USA	320,000.00	317,883.80	312,674.56
BARROW HANLEY BOND	PNC FDG CORP 4.25% DUE 09-21-2015	USA	290,000.00	297,827.10	308,750.53
BARROW HANLEY BOND	PRECISION .7% DUE 12-20-2015	USA	200,000.00	199,940.00	199,410.20
BARROW HANLEY BOND	PRIDE INTL INC DEL 6.875% DUE 08-15-2020	USA	185,000.00	220,765.50	220,477.45
BARROW HANLEY BOND	PSI ENERGY INC 6.05% DUE 06-15-2016	USA	340,000.00	339,843.60	382,667.28
BARROW HANLEY BOND	PVTPL LIBERTY MUT GROUP INC GTD SR NT 144A 5% DUE 06-01-2021 BEO	USA	255,000.00	249,591.45	370,508.59
BARROW HANLEY BOND	PVTPL TURLOCK CORP SR NT 144A 2.75% DUE 11-02-2022 BEO	USA	155,000.00	143,261.85	144,443.26
BARROW HANLEY BOND	RABOBANK NEDERLAND NT 2.125% DUE 10-13-2015	Netherlands	140,000.00	139,783.75	143,425.10
BARROW HANLEY BOND	RIO TINTO FIN USA 2.5% DUE 05-20-2016	Australia	305,000.00	303,787.10	314,001.77
BARROW HANLEY BOND	ROYAL BK CDA .625% DUE 12-04-2015	Canada	490,000.00	489,620.10	588,845.56
BARROW HANLEY BOND	ROYAL BK CDA GLOBAL MEDIUM TERM SR BK NTTRANCHE # TR 1.15 DUE 03-13-2015	Canada	180,000.00	179,977.70	181,539.54
BARROW HANLEY BOND	SANOFI S A 1.25% DUE 04-10-2018	France	450,000.00	447,503.55	439,310.25
BARROW HANLEY BOND	SANOFI-AVENTIS 4% DUE 03-29-2021	France	320,000.00	317,244.40	339,395.84
BARROW HANLEY BOND	SEMPRA ENERGY 6.5% DUE 06-01-2016	USA	210,000.00	210,876.50	238,503.30
BARROW HANLEY BOND	SHELL INTL FIN B V .625% DUE 12-04-2015	Netherlands	450,000.00	449,869.50	450,003.15
BARROW HANLEY BOND	SIERRA PAC PWR CO 3.375% DUE 08-15-2023	USA	145,000.00	144,558.30	143,647.15
BARROW HANLEY BOND	SIMON PPTY GROUP L 6.125% DUE 05-30-2018	USA	405,000.00	479,583.00	475,009.92
BARROW HANLEY BOND	SPECTRA ENERGY CAP 5.65% DUE 03-01-2020	USA	295,000.00	309,732.95	322,672.47
BARROW HANLEY BOND	SPECTRA ENERGY 4.6% DUE 06-15-2021	USA	165,000.00	164,992.90	170,311.68
BARROW HANLEY BOND	ST JUDE MED INC 2.5% DUE 01-15-2016	USA	320,000.00	332,288.00	328,799.36
BARROW HANLEY BOND	STATE STR CORP 2.875% DUE 03-07-2016	USA	540,000.00	553,723.20	565,101.90
BARROW HANLEY BOND	SUNTRUST BKS INC 3.5% DUE 01-20-2017	USA	320,000.00	323,893.88	338,392.00

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BARROW HANLEY BOND	TECK RESOURCES LTD 6% DUE 08-15-2040	Canada	80,000.00	79,856.80	74,350.64
BARROW HANLEY BOND	TEVA 3% DUE 06-15-2015	Netherlands Antilles	340,000.00	348,400.94	351,871.78
BARROW HANLEY BOND	TIME WARNER CABLE 6.75% DUE 07-01-2018	USA	270,000.00	303,485.10	301,533.84
BARROW HANLEY BOND	TOYOTA MTR CR CORP MEDIUM TERM NTS BOOK TRANCHE # TR 00857 2.05 DUE 01-12-2017	USA	285,000.00	284,529.75	291,547.02
BARROW HANLEY BOND	TRANSCANADA 7.625% DUE 01-15-2039	Canada	290,000.00	287,529.20	384,179.24
BARROW HANLEY BOND	TRINITY ACQSTN PLC 4.625% DUE 08-15-2023	UK	215,000.00	213,483.45	212,271.65
BARROW HANLEY BOND	TYCO ELECTRONICS 1.6% DUE 02-03-2015	Luxembourg	150,000.00	149,694.00	151,119.45
BARROW HANLEY BOND	TYCO ELECTRONICS 6.55% DUE 10-01-2017	Luxembourg	215,000.00	214,279.75	247,909.19
BARROW HANLEY BOND	U S BANCORP MEDIUM TERM NTS 1.65 DUE 05-15-2017	USA	350,000.00	349,345.50	352,045.05
BARROW HANLEY BOND	UNION ELEC CO 6.7% DUE 02-01-2019	USA	315,000.00	326,022.15	379,905.12
BARROW HANLEY BOND	UNITEDHEALTH GROUP 1.625% DUE 03-15-2019	USA	260,000.00	251,056.00	250,543.54
BARROW HANLEY BOND	UNITEDHEALTH GROUP 3.95 DUE 10-15-2042	USA	145,000.00	141,014.20	124,342.28
BARROW HANLEY BOND	UTD PARCEL SVC INC 1.125% DUE 10-01-2017	USA	130,000.00	129,785.50	128,118.64
BARROW HANLEY BOND	UTD TECHNOLOGIES 1.8% DUE 06-01-2017	USA	610,000.00	616,871.93	620,655.48
BARROW HANLEY BOND	VALERO ENERGY CORP 9.375% DUE 03-15-2019	USA	110,000.00	111,236.10	142,509.07
BARROW HANLEY BOND	VENTAS RLTY LTD 5.7% DUE 09-30-2043	USA	140,000.00	139,479.20	141,562.12
BARROW HANLEY BOND	VERIZON COMMUNICATIONS 5.15 BDS DUE 09-15-2023 USD2000 REG	USA	135,000.00	134,562.60	144,691.11
BARROW HANLEY BOND	VERIZON COMMUNICATIONS 6.4 NTS DUE 09-15-2033 USD REG	USA	285,000.00	284,715.00	316,496.20
BARROW HANLEY BOND	VERIZON WIRELESS 8.5% DUE 11-15-2018	USA	350,000.00	372,114.40	448,520.10
BARROW HANLEY BOND	VERIZON 3.5% DUE 11-01-2021	USA	135,000.00	133,930.80	132,781.81
BARROW HANLEY BOND	VODAFONE GROUP PLC 1.625% DUE 03-20-2017	UK	395,000.00	392,638.20	492,824.73
BARROW HANLEY BOND	WACHOVIA CORP 5.75% DUE 02-01-2018	USA	395,000.00	454,463.19	456,288.99
BARROW HANLEY BOND	WALGREEN CO 3.1 BDS 09/15/2022 USD1000	USA	145,000.00	144,457.30	136,438.91
BARROW HANLEY BOND	WELLPOINT INC NT 4.35 DUE 08-15-2020	USA	435,000.00	482,935.05	562,096.15
BARROW HANLEY BOND	WESTAR ENERGY INC 6% DUE 07-01-2014	USA	130,000.00	129,153.25	135,171.14
BARROW HANLEY BOND	WILLIAMS COS INC 3.7% DUE 01-15-2023	USA	140,000.00	139,058.45	126,439.18
BARROW HANLEY BOND	XCEL ENERGY INC 5.613% DUE 04-01-2017	USA	705,000.00	705,000.00	887,026.75

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DODGE & COX	AMERN INTL GROUP 4.25% DUE 09-15-2014	USA	125,000.00	124,310.00	129,091.37
DODGE & COX	AMERN INTL GROUP 8.25% DUE 08-15-2018	USA	475,000.00	475,000.00	592,244.25
DODGE & COX	AOL TIME WARNER 7.7% DUE 05-01-2032	USA	1,050,000.00	1,074,704.12	1,522,070.75
DODGE & COX	AT&T CORP USD SR NT VAR RATE DUE 11-15-2031/11-14-2031 BEO	USA	185,000.00	230,397.85	252,188.48
DODGE & COX	BANK AMER CORP 7.625% DUE 06-01-2019	USA	1,405,000.00	1,516,367.61	1,922,899.51
DODGE & COX	BK AMER N A CHARLOTTE N C MEDIUM TERM TRANCHE # TR 00229 5.3 DUE 03-15-2017	USA	650,000.00	649,395.50	716,365.65
DODGE & COX	BOSTON PPTYS LTD PARTNERSHIP 3.7 15 NOV 2018	USA	325,000.00	324,914.00	341,555.17
DODGE & COX	BSTN PPTYS LTD 3.125% DUE 09-01-2023	USA	225,000.00	228,966.75	206,113.05
DODGE & COX	BSTN PPTYS LTD 3.8% DUE 02-01-2024	USA	150,000.00	149,541.00	144,181.05
DODGE & COX	BSTN PPTYS LTD 3.85% DUE 02-01-2023	USA	350,000.00	349,226.50	340,947.25
DODGE & COX	BSTN PPTYS LTD 5.625% DUE 04-15-2015	USA	225,000.00	224,770.50	240,956.77
DODGE & COX	BSTN SCIENTIFIC 6.4% DUE 06-15-2016	USA	225,000.00	260,205.75	252,633.15
DODGE & COX	BSTN SCIENTIFIC 6% DUE 01-15-2020	USA	600,000.00	708,180.00	786,196.00
DODGE & COX	BURL NORTHN SANTA 4.1% DUE 06-01-2021	USA	225,000.00	251,199.00	236,820.60
DODGE & COX	BURLINGTON NORTH SANTA FE 3.85 09-01-2023	USA	400,000.00	398,644.00	401,046.80
DODGE & COX	CAP 1 FINL CORP 3.5% DUE 06-15-2023	USA	602,000.00	567,606.53	568,805.11
DODGE & COX	CAP 1 FINL CORP 4.75% DUE 07-15-2021	USA	375,000.00	378,291.75	496,787.87
DODGE & COX	CDN NATL RY CO 6.712% DUE 07-15-2036	Canada	450,000.00	481,401.00	571,905.00
DODGE & COX	CIGNA CORP 4 DUE 02-15-2022	USA	125,000.00	123,802.50	127,632.75
DODGE & COX	CIGNA CORP 5.375% DUE 02-15-2042	USA	100,000.00	101,040.00	104,950.30
DODGE & COX	CIGNA CORP 7.65 DUE 03-01-2023	USA	75,000.00	85,032.75	93,042.45
DODGE & COX	CIGNA CORP 7.875 DEB DUE 05-15-2027	USA	650,000.00	703,329.25	807,428.70
DODGE & COX	CITIGROUP INC GLOBAL SR NT FLTG RATE DUE05-15-2018 REG	USA	700,000.00	700,000.00	726,782.00
DODGE & COX	CITIGROUP INC 4.05% DUE 07-30-2022	USA	1,225,000.00	1,208,022.50	1,389,738.37
DODGE & COX	COMCAST CORP NEW 5.9% DUE 03-15-2016	USA	225,000.00	224,689.50	251,477.10
DODGE & COX	COMCAST CORP NEW 6.3% DUE 11-15-2017	USA	250,000.00	220,525.00	394,552.75
DODGE & COX	COMCAST CORP NEW 6.5 DUE 15-01-2017	USA	275,000.00	276,885.47	319,271.70
DODGE & COX	COMCAST CORP NEW 6.95% DUE 08-15-2037	USA	175,000.00	205,906.75	220,178.35
DODGE & COX	COX COMMUNICATIONS 2.95% DUE 06-30-2023	USA	175,000.00	174,230.00	151,050.37
DODGE & COX	COX COMMUNICATIONS 5.45% DUE 12-15-2014	USA	16,000.00	16,040.70	16,901.52
DODGE & COX	COX COMMUNICATIONS 5.5% DUE 10-01-2015	USA	400,000.00	354,605.00	431,038.00
DODGE & COX	CSX TRANSN INC 9.75% DUE 06-15-2020	USA	315,000.00	386,923.95	425,643.75
DODGE & COX	DOW CHEM CO NT 9.4 DUE 05-15-2039	USA	225,000.00	224,014.50	328,275.00
DODGE & COX	DOW CHEM CO 7.375% DUE 11-01-2029	USA	350,000.00	429,085.75	540,098.40
DODGE & COX	DOW CHEM CO 8.55 DUE 05-15-2019	USA	449,000.00	474,918.31	572,642.92
DODGE & COX	ENEL FINANCE INTL NV NT 144A 6 10-07-2039/10-07-2009 BEO	Netherlands	550,000.00	527,377.00	500,835.50
DODGE & COX	ERP OPER LTD 4.75% DUE 07-15-2020	USA	425,000.00	421,757.25	559,292.82
DODGE & COX	FED EXPRESS CORP 6.72% DUE 07-15-2023	USA	496,922.78	511,880.16	577,672.73
DODGE & COX	FEDEX CORP 7.375% DUE 01-15-2014	USA	125,000.00	125,000.00	127,386.87
DODGE & COX	FEDT RETAIL HLDGS 6.375% DUE 03-15-2037	USA	125,000.00	100,315.50	138,395.62
DODGE & COX	FORD MTR CR CO LLC 3.984 DUE 06-15-2016	USA	300,000.00	310,752.00	316,991.40
DODGE & COX	FORD MTR CR CO LLC 4.207% DUE 04-15-2016	USA	1,025,000.00	1,071,241.85	1,386,247.85
DODGE & COX	GEN ELEC CAP CORP 4.625 DUE 01-07-2021 REG	USA	175,000.00	182,771.75	187,782.87
DODGE & COX	GEN ELEC CAP CORP 5.5% DUE 01-08-2020	USA	850,000.00	917,632.40	963,363.65

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DODGE & COX	HEWLETT PACKARD CO 3.3% DUE 12-09-2016	USA	350,000.00	349,265.00	364,136.15
DODGE & COX	HEWLETT PACKARD CO 5.5% DUE 03-01-2018	USA	225,000.00	254,310.75	251,230.05
DODGE & COX	HSBC HLDGS PLC 6.5% DUE 05-02-2036	UK	465,000.00	464,622.85	526,519.03
DODGE & COX	HSBC HLDGS PLC 6.5% DUE 09-15-2037	UK	477,000.00	473,348.61	540,617.96
DODGE & COX	HSBC HOLDINGS PLC 5.1 DUE 04-05-2021	UK	175,000.00	174,620.25	192,768.27
DODGE & COX	JPMORGAN CHASE & 3.375% DUE 05-01-2023	USA	500,000.00	497,739.00	453,432.00
DODGE & COX	LAFARGE S A 6.5% DUE 07-15-2016	France	570,000.00	569,626.90	619,875.00
DODGE & COX	LEGG MASON INC SR NT 5.5 05-21-2019	USA	475,000.00	475,000.00	517,349.57
DODGE & COX	LLOYDS BK PLC 6.5 DUE 09-14-2020	UK	225,000.00	238,718.25	248,379.52
DODGE & COX	MACY'S INC. 6.9% DUE 04-01-2029	USA	450,000.00	500,529.00	515,029.05
DODGE & COX	MACYS RETAIL HLDGS 7% DUE 02-15-2028	USA	450,000.00	526,900.50	515,563.20
DODGE & COX	MAY DEPT STORES CO 6.7% DUE 07-15-2034	USA	175,000.00	139,809.25	197,937.25
DODGE & COX	NEWS AMER HLDGS 6.4% DUE 12-15-2035	USA	175,000.00	204,860.25	293,074.00
DODGE & COX	NEWS AMER INC 6.65% DUE 11-15-2037	USA	200,000.00	214,098.00	227,241.00
DODGE & COX	NORDSTROM INC 6.95% DUE 03-15-2028	USA	750,000.00	714,536.37	926,671.50
DODGE & COX	NORFOLK SOUTHN RY 9.75% DUE 06-15-2020	USA	435,000.00	534,323.55	697,109.27
DODGE & COX	PITNEY BOWES INC 6.25% DUE 03-15-2019	USA	675,000.00	673,791.75	750,103.87
DODGE & COX	PVTPL COX COMM INC NEW /TS/COXENTCOX COMM INC 5.875 DUE 12-01-2016	USA	250,000.00	250,300.75	278,111.00
DODGE & COX	PVTPL COX COMMUNICATIONS INC NEW NT 144A3.25% DUE 12-15-2022 BEO	USA	250,000.00	222,670.00	222,003.25
DODGE & COX	PVTPL COX COMMUNICATIONS INC NT 144A 9.375% DUE 01-15-2019/12-15-2008 BEO	USA	325,000.00	322,377.25	415,626.90
DODGE & COX	PVTPL LAFARGE S A 5.5 DUE 07-09-2015	France	225,000.00	224,806.50	237,937.50
DODGE & COX	PVTPL TURLOCK CORP SR NT 144A 2.75% DUE 11-02-2022 BEO	USA	225,000.00	224,244.00	209,675.70
DODGE & COX	PVTPL TURLOCK CORP 1.5 DUE 11-02-2017 BEO	USA	75,000.00	74,918.25	73,944.52
DODGE & COX	PVTPL ZOETIS INC SR NT 144A 1.875% DUE 02-01-2018 BEO	USA	150,000.00	149,914.50	148,488.75
DODGE & COX	PVTPL ZOETIS INC SR NT 144A 3.25% DUE 02-01-2023/11-01-2022 BEO	USA	325,000.00	324,642.50	409,404.87
DODGE & COX	REED ELSEVIER CAP INC 3.125 DUE 10-15-2022	USA	541,000.00	492,250.49	500,840.48
DODGE & COX	REED ELSEVIER CAP 8.625% DUE 01-15-2019	USA	120,000.00	125,637.55	152,814.24
DODGE & COX	ROYAL BK SCOTLAND 4.375% DUE 03-16-2016	UK	225,000.00	224,561.25	240,216.75
DODGE & COX	ROYAL BK SCOTLAND 6.125% DUE 01-11-2021	UK	850,000.00	872,550.17	958,527.15
DODGE & COX	SLM CORP MEDIUM 8.45% DUE 06-15-2018	USA	400,000.00	392,120.00	451,000.00
DODGE & COX	ST PAUL TRAVELERS COS INC BD 5.5 DUE 12-01-2015 BEO	USA	250,000.00	239,597.88	275,323.25
DODGE & COX	TELECOM ITALIA CAP 6.175% DUE 06-18-2014	Luxembourg	130,000.00	134,550.00	133,800.29
DODGE & COX	TELECOM ITALIA CAP 6.999% DUE 06-04-2018	Luxembourg	375,000.00	411,885.75	511,730.87
DODGE & COX	TI CAPITAL 7.175% DUE 06-18-2019	Luxembourg	700,000.00	787,100.44	769,640.90
DODGE & COX	TIME WARNER CABLE INC 8.25 DUE 04-01-2019 REG	USA	325,000.00	368,361.75	376,220.65
DODGE & COX	TIME WARNER CABLE 4.125% DUE 02-15-2021	USA	150,000.00	141,559.50	141,657.60
DODGE & COX	TIME WARNER CABLE 6.75% DUE 06-15-2039	USA	250,000.00	238,372.50	232,967.50
DODGE & COX	TIME WARNER CABLE 7.3% DUE 07-01-2038	USA	225,000.00	230,143.13	223,894.12
DODGE & COX	TIME WARNER CABLE 8.75% DUE 02-14-2019	USA	775,000.00	872,581.75	911,792.15
DODGE & COX	UN PAC RR CO PASS THRU TR CTF SER 1998-C6.33 01-02-2020 BEO SF 01-02-2009	USA	108,808.06	107,699.68	122,177.30
DODGE & COX	UN PAC RR CO 2002-1 PASS THRU TR MTG PASSTHRU CTF 2002-1 6.061 1-17-23 BEO	USA	742,702.68	742,702.68	838,890.10
DODGE & COX	VERIZON COMMUNICATIONS 5.15 BDS DUE 09-15-2023 USD2000 REG	USA	950,000.00	946,922.00	1,118,196.70
DODGE & COX	VERIZON COMMUNICATIONS 6.55 BDS DUE 09-15-2043 USD2000 BEO	USA	700,000.00	710,632.25	790,255.90
DODGE & COX	WELLPOINT INC 5.25% DUE 01-15-2016	USA	800,000.00	779,895.78	873,432.00
DODGE & COX	WELLPOINT INC 5.875% DUE 06-15-2017	USA	250,000.00	296,885.00	384,091.75
DODGE & COX	WHIRLPOOL CORP 6.5% DUE 06-15-2016	USA	250,000.00	251,097.50	281,007.50
DODGE & COX	XEROX CORP 6.4% DUE 03-15-2016	USA	600,000.00	536,778.12	667,324.80
DODGE & COX	XEROX CORP 6.75% DUE 02-01-2017	USA	700,000.00	736,841.00	799,948.80

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FIRST EAGLE	ANGLOGOLD ASHANTI HOLDINGS PLC 8.5 BDS DUE 07-30-2020	Isle of Man	553,000.00	555,342.50	568,207.50
MUNDER	AGILENT 3.875% DUE 07-15-2023	USA	330,000.00	328,495.20	320,480.82
MUNDER	AGILENT 6.5% DUE 11-01-2017	USA	350,000.00	405,408.50	409,284.05
MUNDER	ALLEGHANY CORP DEL 4.95% DUE 06-27-2022	USA	525,000.00	569,403.95	554,794.27
MUNDER	ALLEGHENY TECHNOLOGIES INC 5.95 DUE 01-15-2021	USA	395,000.00	435,376.90	414,755.53
MUNDER	ALLERGAN INC 3.375% DUE 09-15-2020	USA	160,000.00	172,621.39	164,068.48
MUNDER	AMGEN INC 6.9% DUE 06-01-2038	USA	175,000.00	215,412.75	208,323.15
MUNDER	ANHEUSER BUSCH COS 5.95% DUE 01-15-2033	USA	170,000.00	223,349.40	296,222.50
MUNDER	ARROW ELECTRS INC 3% DUE 03-01-2018	USA	425,000.00	425,918.00	428,680.50
MUNDER	AT&T INC 1.7% DUE 06-01-2017	USA	760,000.00	778,916.40	857,590.80
MUNDER	AXIS SPECIALTY FIN 5.875% DUE 06-01-2020	USA	685,000.00	660,990.75	759,108.09
MUNDER	BANK AMER CORP 3.875% DUE 03-22-2017	USA	380,000.00	382,720.80	404,164.58
MUNDER	BANK OF AMERICA CORP FRNS DUE 03-22-2018	USA	685,000.00	685,000.00	687,128.98
MUNDER	BEAR STEARNS COS 7.25% DUE 02-01-2018	USA	775,000.00	930,088.75	928,257.02
MUNDER	BHP FIN USA LTD 7.25% DUE 03-01-2016	Australia	515,000.00	593,856.80	588,336.00
MUNDER	BRISTOL MYERS 6.125% DUE 05-01-2038	USA	165,000.00	216,855.45	297,637.16
MUNDER	CA INC 2.875% DUE 08-15-2018	USA	400,000.00	399,244.00	403,536.80
MUNDER	CAMERON INTL CORP 6.375% DUE 07-15-2018	USA	520,000.00	626,475.20	611,837.20
MUNDER	CAP 1 FINL CORP 4.75% DUE 07-15-2021	USA	500,000.00	531,805.00	529,050.50
MUNDER	CARPENTER TECH 4.45% DUE 03-01-2023	USA	355,000.00	363,587.45	347,843.20
MUNDER	CELGENE CORP 1.9% DUE 08-15-2017	USA	795,000.00	794,963.05	897,665.63
MUNDER	CF INDS INC 3.45% DUE 06-01-2023	USA	130,000.00	129,879.10	120,482.96
MUNDER	CF INDS INC 6.875% DUE 05-01-2018	USA	235,000.00	283,899.15	276,094.92
MUNDER	CITIGROUP INC 3.953% DUE 06-15-2016	USA	560,000.00	578,724.21	596,146.32
MUNDER	COMCAST CORP NEW 6.4% DUE 05-15-2038	USA	240,000.00	222,844.80	284,512.32
MUNDER	CONS EDISON CO N Y 6.3% DUE 08-15-2037	USA	145,000.00	202,043.00	275,181.46
MUNDER	CRH AMER INC 6 DUE 09-30-2016 BEO	USA	630,000.00	690,733.00	808,812.37
MUNDER	DEVON ENERGY CORP 1.875% DUE 05-15-2017	USA	840,000.00	855,548.40	941,869.84
MUNDER	DOMTAR CORP 10.75% DUE 06-01-2017	USA	415,000.00	539,500.00	520,932.90
MUNDER	DOMTAR CORP 6.25% DUE 09-01-2042	USA	280,000.00	278,826.80	373,330.40
MUNDER	EQUITABLE RES INC 6.5% DUE 04-01-2018	USA	580,000.00	674,096.50	657,203.80
MUNDER	EXELON GENERATION SR NT 6.25 DUE 10-01-2039	USA	185,000.00	217,611.80	190,507.26

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MUNDER	GEN ELEC CAP CORP MEDIUM TERM NTS BO TRANCHE # TR 00849 4.65 DUE 10-17-2021	USA	200,000.00	207,646.00	213,144.60
MUNDER	GEN ELEC CAP CORP 5.3% DUE 02-11-2021	USA	520,000.00	521,760.99	565,540.56
MUNDER	GENERAL ELEC CAP CORP MEDIUM TERM NTS BOVAR RT DUE 07-12-2016	USA	70,000.00	70,000.00	70,249.97
MUNDER	GENERAL ELEC CAP CORP TRANCHE # TR 005286.75% DUE 03-15-2032/03-20-2002	USA	175,000.00	213,251.50	208,740.00
MUNDER	GEORGIA PWR CO 4.3% DUE 03-15-2043	USA	250,000.00	248,372.50	224,875.00
MUNDER	GOLDMAN SACHS GROUP INC SR NT 2.375 01-22-2018	USA	440,000.00	440,536.10	436,879.96
MUNDER	GOLDMAN SACHS 6.15% DUE 04-01-2018	USA	280,000.00	298,947.60	320,250.00
MUNDER	HLTH CARE REIT INC 4.7% DUE 09-15-2017	USA	355,000.00	359,022.15	386,295.73
MUNDER	HLTH CARE REIT INC 5.25% DUE 01-15-2022	USA	280,000.00	278,149.20	299,214.44
MUNDER	HUNTINGTON 7% DUE 12-15-2020	USA	290,000.00	324,568.00	343,595.19
MUNDER	INTEL CORP 4.8% DUE 10-01-2041	USA	295,000.00	292,811.10	282,649.82
MUNDER	KEYCORP MEDIUM TERM SR NTS BOOK ENTRY MTN 5.1% DUE 03-24-2021	USA	290,000.00	290,168.72	319,337.56
MUNDER	KILROY RLTY L P 4.8% DUE 07-15-2018	USA	330,000.00	327,973.80	353,521.41
MUNDER	KLA-TENCOR CORP 6.9% DUE 05-01-2018	USA	725,000.00	871,918.80	953,921.67
MUNDER	LIBERTY PPTY LTD 5.65% DUE 08-15-2014	USA	585,000.00	641,066.40	607,709.70
MUNDER	LORILLARD TOB CO 2.3% DUE 08-21-2017	USA	470,000.00	473,365.20	465,854.13
MUNDER	LORILLARD TOB CO 8.125% DUE 06-23-2019	USA	305,000.00	365,390.00	469,801.21
MUNDER	MATTEL INC NT 1.7 DUE 03-15-2018	USA	245,000.00	244,941.20	240,552.76
MUNDER	METLIFE INC 6.817% DUE 08-15-2018	USA	395,000.00	456,649.41	477,913.66
MUNDER	MORGAN STANLEY SR NT FLTG RATE DUE 02-25-2016 REG	USA	375,000.00	375,000.00	378,295.50
MUNDER	NATIONAL FUEL GAS CO N J 3.75 DUE 03-01-2023	USA	335,000.00	334,741.35	321,926.62
MUNDER	NEWMONT MNG CORP 3.5 DUE 03-15-2022 REG	USA	435,000.00	430,997.29	380,388.36
MUNDER	NEWS AMER INC 7.85% DUE 03-01-2039	USA	275,000.00	335,597.30	345,900.77
MUNDER	O REILLY 4.625% DUE 09-15-2021	USA	205,000.00	230,356.45	215,264.35
MUNDER	PLAINS EXPL & 6.75% DUE 02-01-2022	USA	350,000.00	378,000.00	374,600.80
MUNDER	PNC FDG CORP 5.625% DUE 02-01-2017	USA	540,000.00	598,023.00	601,969.32
MUNDER	PUB SVC ELEC GAS CO SECD 3.95 DUE 05-01-2042 REG	USA	230,000.00	228,521.10	209,008.82
MUNDER	RELIANCE STL & 4.5% DUE 04-15-2023	USA	445,000.00	446,975.00	434,302.20
MUNDER	REYNOLDS AMERN INC 6.15% DUE 09-15-2043	USA	145,000.00	144,351.85	151,701.61
MUNDER	SBC COMMUNICATIONS 6.15% DUE 09-15-2034	USA	225,000.00	281,988.00	240,953.62
MUNDER	SIMON PPTY GROUP L 10.35% DUE 04-01-2019	USA	370,000.00	501,046.60	603,251.06
MUNDER	TJX COS INC NEW 6.95% DUE 04-15-2019	USA	516,000.00	614,179.32	625,362.07
MUNDER	TORCHMARK CORP 9.25% DUE 06-15-2019	USA	305,000.00	415,803.45	398,387.95
MUNDER	TUPPERWARE BRANDS 4.75% DUE 06-01-2021	USA	590,000.00	621,166.60	598,562.08
MUNDER	UNITEDHEALTH GROUP 5.8% DUE 03-15-2036	USA	260,000.00	317,668.00	287,418.82
MUNDER	VALERO ENERGY CORP 10.5% DUE 03-15-2039	USA	245,000.00	330,333.50	360,313.17
MUNDER	VERIZON COMMUNICATIONS 2.5 NTS DUE 09-15-2016 USD REG	USA	235,000.00	234,819.05	242,211.21
MUNDER	VERIZON COMMUNICATIONS 6.4 NTS DUE 09-15-2033 USD REG	USA	200,000.00	214,488.00	222,102.60
MUNDER	WACHOVIA CORP NEW SR NT FLTG DTD 06/08/2007 DUE 06-15-2017 REG	USA	1,330,000.00	1,294,998.72	1,412,672.76
MUNDER	WAL-MART STORES 5.625% DUE 04-01-2040	USA	180,000.00	178,479.00	202,368.24
MUNDER	WESTN GAS PARTNERS 2.6% DUE 08-15-2018	USA	485,000.00	484,413.15	584,891.36
MUNDER	WILLIAMS COS INC 8.75% DUE 03-15-2032	USA	170,000.00	235,376.90	207,163.02
MUNDER	YUM BRANDS INC 6.875% DUE 11-15-2037	USA	220,000.00	285,190.40	255,174.92
	TOTAL CORPORATE BONDS		**220,617,210.86**	**229,086,852.54**	**242,040,724.11**
	TOTAL CORPORATE BONDS		**260,373,896.16**	**269,412,052.23**	**283,087,327.44**

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	U.S. GOVERNMENT BONDS				
AMBASSADOR	AID-ISRAEL ST ZERO COUPON DUE 02-15-2020REG	Israel	3,800,000.00	3,091,794.00	3,090,306.00
AMBASSADOR	UNITED STATES GOV NATL TREAS BD STRIPPEDPRIN PMT 4.375 05-15-2040	USA	5,230,000.00	1,283,494.30	1,867,198.91
AMBASSADOR	UNITED STATES TREAS BDS BDS 3% DUE 05-15-2042 REG	USA	800,000.00	829,750.00	701,000.00
AMBASSADOR	UNITED STATES TREAS BDS DTD 02/15/2012 3.125% DUE 02-15-2042 REG	USA	2,790,000.00	3,045,292.19	2,511,870.48
AMBASSADOR	UNITED STATES TREAS BDS 2.875 DUE DUE 05-15-2043	USA	2,700,000.00	2,475,140.63	2,291,625.00
AMBASSADOR	UNITED STATES TREAS NTS DTD 02/15/2013 2% DUE 02-15-2023 REG	USA	285,000.00	284,465.63	271,440.27
AMBASSADOR	UNITED STATES TREAS NTS DTD 02/28/2013 .25% DUE 02-28-2015 REG	USA	315,000.00	315,098.44	315,209.16
AMBASSADOR	UNITED STATES TREAS NTS DTD 05/15/2013 1.75% DUE 05-15-2023 REG	USA	3,400,000.00	3,106,750.00	3,150,579.40
BARROW HANLEY BOND	UNITED STATES TREAS BDS .. 3.125% DUE 11-15-2041 REG	USA	2,660,000.00	2,655,216.04	2,300,600.57
BARROW HANLEY BOND	UNITED STATES TREAS NTS 2 DUE 02-15-2022	USA	5,190,000.00	5,192,884.29	5,045,245.71
BARROW HANLEY BOND	UNITED STATES TREAS NTS 2 DUE 11-15-2021	USA	2,385,000.00	2,373,841.60	2,331,337.50
BARROW HANLEY BOND	US TREAS NTS .875 DUE 01-31-2017 REG	USA	3,555,000.00	3,582,001.57	3,563,610.21
BARROW HANLEY BOND	UTD STATES TREAS .375% DUE 03-15-2015	USA	815,000.00	816,591.79	816,942.14
BARROW HANLEY BOND	UTD STATES TREAS 2% DUE 04-30-2016	USA	2,190,000.00	2,294,282.23	2,074,691.68
DODGE & COX	SPAIN KINGDOM 144A TNOTE 4 DUE 03-06-2018 REG	Spain	500,000.00	498,415.00	508,150.00
DODGE & COX	UNITED STATES TREAS NTS .25 DUE 06-30-2014 REG	USA	2,000,000.00	2,002,037.95	2,002,266.00
DODGE & COX	UNITED STATES TREAS NTS DTD 01/31/2012 .25% DUE 01-31-2014 REG	USA	1,200,000.00	1,200,941.52	1,200,843.60
DODGE & COX	US TREAS NTS .50 DUE 11-15-2013 REG	USA	2,400,000.00	2,406,383.04	2,101,312.80
DODGE & COX	US TREAS NTS DTD 00314 0.5 DUE 10-15-2013 REG	USA	2,400,000.00	2,408,327.59	2,400,374.40
DODGE & COX	UTD STATES TREAS .25% DUE 01-31-2015	USA	2,625,000.00	2,624,906.25	2,227,462.25
MUNDER	UNITED STATES TREAS BDS BD DTD 11/16/1998 5.25% DUE 11-15-2028 REG	USA	343,000.00	430,122.41	428,857.01
MUNDER	UNITED STATES TREAS BDS BD 3.75% DUE 08-15-2041 REG	USA	315,000.00	356,181.17	320,217.03
MUNDER	UNITED STATES TREAS BDS DTD 08/15/1995 6.875% DUE 08-15-2025 REG	USA	414,000.00	660,186.11	583,416.66
MUNDER	UNITED STATES TREAS BDS 00205 4.375% DUE02-15-2038 REG	USA	417,000.00	541,436.52	472,187.44
MUNDER	UNITED STATES TREAS BDS 2.875 DUE DUE 05-15-2043	USA	1,871,000.00	1,584,007.73	1,588,011.25
MUNDER	UNITED STATES TREAS NTS DTD 00471 1.375%DUE 07-31-2018 REG	USA	1,091,000.00	1,081,240.66	1,092,960.52
MUNDER	UNITED STATES TREAS NTS DTD 05/15/2013 1.75% DUE 05-15-2023 REG	USA	5,914,000.00	5,434,083.37	5,180,154.57
	TOTAL U.S. GOVERNMENT BONDS		**57,605,000.00**	**52,574,872.03**	**50,437,870.56**
	U.S. INDEX LINKED GOVERNMENT BONDS				
WELLINGTON TIPS	UNITED STATES OF AMER TREAS NOTES INFLATION INDEXED 0.125 04-15-2018	USA	3,875,000.00	4,187,823.33	4,033,848.80
WELLINGTON TIPS	UNITED STATES OF AMER TREAS NOTES 1.375 NTS TIPS 1/15/2020	USA	2,110,000.00	2,404,442.05	2,200,067.91
WELLINGTON TIPS	UNITED STATES TREAS NTS DTD 00399 04-15-2017	USA	9,325,000.00	10,110,373.88	9,889,244.93
WELLINGTON TIPS	UNITED STATES TREAS NTS DTD 01/15/2013 TIPS 01-15-2023	USA	4,825,000.00	4,893,488.86	4,750,143.69
WELLINGTON TIPS	UNITED STATES TREAS NTS INDEX LINKED 2.375 DUE 01-15-2017 REG	USA	4,250,000.00	5,304,405.89	5,460,145.85
WELLINGTON TIPS	UNITED STATES TREAS NTS TIPS .375 07-15-2023	USA	2,050,000.00	2,024,894.52	2,047,098.45
WELLINGTON TIPS	UNITED STATES TREAS NTS 1.25% TIPS 15/04/20 USD1000 07-15-2020	USA	3,650,000.00	3,860,866.89	3,877,291.70
WELLINGTON TIPS	US TREAS NTS INDEX LINKED NOTE .125 DUE 01-15-2022 REG	USA	4,800,000.00	5,176,867.81	4,891,625.37
WELLINGTON TIPS	US TREAS NTS INDEX LINKED NOTES 1.625 DUE 01-15-2015 REG	USA	810,000.00	984,544.23	1,024,047.66
WELLINGTON TIPS	US TREAS NTS INDEX LINKED 1.875 DUE 07-15-2019 REG	USA	1,325,000.00	1,726,965.44	1,642,097.64
WELLINGTON TIPS	US TREAS NTS INDEX LINKED 2.00 DUE 01-15-2016 REG	USA	1,150,000.00	1,492,247.15	1,347,459.71
WELLINGTON TIPS	US TREAS NTS INDEX LINKED 2.125 01-15-2019 REG	USA	2,025,000.00	2,398,959.58	2,500,632.00
WELLINGTON TIPS	US TREAS NTS INFLATION LINKED 2.50 DUE 07-15-2016 REG	USA	1,725,000.00	2,270,584.35	2,201,176.38
WELLINGTON TIPS	US TREAS NTS TIPS DTD 07-15-2011 07-15-2021	USA	4,775,000.00	5,178,883.30	4,851,112.80
WELLINGTON TIPS	US TREAS NTS TIPS 07-15-2022	USA	4,190,000.00	4,593,303.92	4,192,276.42
WELLINGTON TIPS	USA TREASURY NTS TIPS DTD 00340 04-15-2016	USA	8,130,000.00	8,846,749.90	8,529,666.58
WELLINGTON TIPS	USA TREASURY NTS 0.5% TIPS 15/04/15 USD1000 04-15-2015	USA	1,410,000.00	1,514,754.86	1,552,595.35
WELLINGTON TIPS	USA TREASURY NTS 1.125% TIPS 15/1/21 USD1000 01-15-2021	USA	5,191,000.00	5,841,107.59	5,068,422.90
	TOTAL U.S. INDEX LINKED GOVERNMENT BONDS		**65,616,000.00**	**72,811,263.55**	**70,058,954.14**
	TOTAL U.S. BONDS & BILLS		**123,221,000.00**	**125,386,135.58**	**120,496,824.70**

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Account name	Asset description	Country	Shares/Par value	Book cost value	Market value
	U.S. GOVERNMENT MORTGAGE BACKED SECURITIES				
AMBASSADOR	FNMA 1.0738 11-25-2016	USA	1,000,000.00	1,012,031.25	995,044.00
AMBASSADOR	FEDERAL HOME LN MTG CORP POOL #G08540 3%08-01-2043 BEO	USA	1,246,869.88	1,200,112.26	1,114,680.68
AMBASSADOR	FEDERAL HOME LN MTG CORP POOL #G1-4552 5% 06-01-2026 BEO	USA	570,536.58	620,458.53	615,911.35
AMBASSADOR	FEDERAL HOME LN MTG CORP REMIC SER 3653 CL EL 3.5 DUE 07-15-2024	USA	242,863.69	251,048.46	250,361.37
AMBASSADOR	FEDERAL HOME LN MTG CORP SER REMIC 2975 CL OG DUE 5.5 04-15-2033	USA	36,223.71	37,582.10	36,294.45
AMBASSADOR	FEDERAL HOME LN MTG CORP SER 3542 CL LE 3.5 01-15-2024	USA	205,426.24	213,258.11	214,092.55
AMBASSADOR	FEDERAL HOME LN MTG CORP SER 3621 CL QL 4 DUE 07-15-2023	USA	296,829.20	305,548.57	306,083.14
AMBASSADOR	FEDERAL HOME LN MTG CORP SER 3829 CL AK 4 DUE 03-15-2037	USA	450,862.24	458,752.33	459,745.57
AMBASSADOR	FEDERAL HOME LN MTG CORP 3 04-01-2028	USA	2,306,131.39	2,398,376.65	2,259,702.82
AMBASSADOR	FEDERAL NATL MTG ASSN GTD MTG POOL #AK3402 4% 02-01-2042 BEO	USA	602,027.65	629,024.84	631,960.46
AMBASSADOR	FHLMC GOLD C5-5607 6.5 08-01-2031	USA	384.92	387.86	425.99
AMBASSADOR	FHLMC GOLD C5-6693 6.5 08-01-2031	USA	17,357.61	17,489.82	19,209.66
AMBASSADOR	FHLMC GOLD E0-1127 6.5 02-01-2017	USA	203,526.61	223,624.86	216,619.47
AMBASSADOR	FHLMC GOLD G0-3323 6 08-01-2037	USA	57,643.69	58,238.14	62,946.50
AMBASSADOR	FHLMC GOLD POOL C24908 6.5 04-01-2029	USA	37,611.69	39,127.94	41,697.44
AMBASSADOR	FHLMC MULTICLASS PREASSIGN 00487 5 08-15-2016/02-15-2014	USA	295,821.49	309,688.12	297,277.22
AMBASSADOR	FHLMC MULTICLASS SER 2716 CL UN 4.5 12-15-2023	USA	547,379.73	528,981.96	586,123.26
AMBASSADOR	FHLMC MULTICLASS SER 2984 CL ND 5.5 06-15-2033/12-15-2013	USA	100,064.17	105,692.78	100,790.63
AMBASSADOR	FHLMC MULTICLASS SER 3687 CL JA 4.5 08-15-2039	USA	420,034.72	431,716.95	424,457.26
AMBASSADOR	FHLMC MULTICLASS SER 3829 CL CA 4 08-15-2024	USA	771,000.69	797,021.97	797,825.34
AMBASSADOR	FHLMC MULTICLASS SER 3986 CL P 4 03-15-2039	USA	228,408.98	234,975.73	234,470.49
AMBASSADOR	FHLMC MULTICLASS SER 3996 CL BA 1.5 02-15-2027	USA	689,016.28	687,186.08	669,758.27
AMBASSADOR	FHLMC MULTICLFHLMC MULTICLASS SER 3798 CL DK 3.5 DUE 11-15-2025 REG	USA	552,846.40	578,761.08	579,292.91
AMBASSADOR	FHLMC POOL #1B7323 ADJ RT 01-01-2037	USA	104,006.01	104,867.31	111,079.45
AMBASSADOR	FHLMC POOL #1N-1434 ADJ RT 04-01-2037	USA	30,005.36	30,313.61	31,519.43
AMBASSADOR	FNMA POOL #AS0232 4% 08-01-2043 BEO	USA	1,744,254.28	1,793,856.51	1,730,961.16
AMBASSADOR	FNMA POOL #MA0504 3.5% 08-01-2020 BEO	USA	627,310.56	665,929.36	665,538.86
AMBASSADOR	FNMA POOL #MA0876 3.5% 10-01-2021 BEO	USA	432,956.34	461,369.11	459,267.09
AMBASSADOR	FNMA POOL #MA1543 3.5% 08-01-2033 BEO	USA	2,876,434.72	2,917,721.47	2,774,943.98
AMBASSADOR	FNMA POOL #252982 8% DUE 01-01-2030 REG	USA	3,569.18	3,696.34	4,242.93
AMBASSADOR	FNMA POOL #253517 8.5% DUE 11-01-2030 REG	USA	3,653.35	3,784.62	4,339.74
AMBASSADOR	FNMA POOL #330286 7 GTD MTG PASS THRU CTF DUE 11-01-2025 REG	USA	7,216.93	7,593.01	8,078.27
AMBASSADOR	FNMA POOL #387608 4.8% 09-01-2015 BEO	USA	828,768.41	903,357.56	878,245.88
AMBASSADOR	FNMA POOL #446371 6.5% 09-01-2028 BEO	USA	4,933.70	5,180.00	5,474.18
AMBASSADOR	FNMA POOL #450809 6.5% 11-01-2028 BEO	USA	11,792.19	12,380.89	13,032.96
AMBASSADOR	FNMA POOL #466020 3.31% DUE 03-01-2018 BEO	USA	625,191.49	681,165.67	660,364.76
AMBASSADOR	FNMA POOL #470070 2.24% 01-01-2017 BEO	USA	969,750.05	987,932.87	971,059.21
AMBASSADOR	FNMA POOL #527756 8% DUE 02-01-2030 REG	USA	10,170.31	10,707.41	10,488.13
AMBASSADOR	FNMA POOL #528319 7% DUE 07-01-2015 REG	USA	3,230.08	3,385.55	3,239.77
AMBASSADOR	FNMA POOL #535801 7% DUE 03-01-2016 REG	USA	1,366.26	1,431.98	1,425.54
AMBASSADOR	FNMA POOL #535951 8% DUE 03-01-2031 REG	USA	3,372.07	3,528.01	3,922.79
AMBASSADOR	FNMA POOL #544397 8.5% DUE 08-01-2030 REG	USA	3,367.86	3,488.89	3,756.78
AMBASSADOR	FNMA POOL #545369 7% DUE 09-01-2016 REG	USA	11,201.14	11,740.18	11,675.84
AMBASSADOR	FNMA POOL #548965 8.5% DUE 07-01-2030 REG	USA	5,285.63	5,475.58	6,219.97
AMBASSADOR	FNMA POOL #557184 8% DUE 11-01-2030 REG	USA	12,039.34	12,622.49	13,062.44
AMBASSADOR	FNMA POOL #562055 8.5% DUE 12-01-2030 REG	USA	10,512.16	10,889.93	11,119.65
AMBASSADOR	FNMA POOL #568386 7% DUE 12-01-2015 REG	USA	36,034.94	37,769.14	37,486.78
AMBASSADOR	FNMA POOL #576022 8% DUE 12-01-2029 REG	USA	249.56	262.73	250.48
AMBASSADOR	FNMA POOL #593020 6.5% DUE 09-01-2031 REG	USA	2,299.55	2,302.08	2,541.50

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Account name	Asset description	Country	Shares/Par value	Book cost value	Market value
AMBASSADOR	FNMA POOL #607695 6.5% DUE 11-01-2031 REG	USA	13,574.96	14,253.72	15,003.31
AMBASSADOR	FNMA POOL #634232 7% 04-01-2032 BEO	USA	5,376.36	5,656.53	5,819.64
AMBASSADOR	FNMA POOL #667021 6.5% 11-01-2032 BEO	USA	3,900.61	4,095.34	4,350.77
AMBASSADOR	FNMA POOL #745428 5.5% 01-01-2036 BEO	USA	4,238.15	4,166.95	4,618.74
AMBASSADOR	FNMA POOL #745516 5.5% 05-01-2036 BEO	USA	3,221.70	3,167.59	3,511.13
AMBASSADOR	FNMA POOL #745586 5.5% 06-01-2036 BEO	USA	4,672.25	4,593.78	5,091.11
AMBASSADOR	FNMA POOL #745886 5.5% 04-01-2036 BEO	USA	399,900.74	439,216.34	435,611.87
AMBASSADOR	FNMA POOL #816231 5.5% 03-01-2035 BEO	USA	6,035.29	5,933.91	6,585.10
AMBASSADOR	FNMA POOL #822148 2.818% 11-01-2035 BEO	USA	80,054.90	79,882.91	84,979.87
AMBASSADOR	FNMA POOL #833575 7% 08-01-2035 BEO	USA	13,424.60	13,987.81	15,452.92
AMBASSADOR	FNMA POOL #842001 5.5% 10-01-2035 BEO	USA	65,233.97	64,138.24	71,104.37
AMBASSADOR	FNMA POOL #845556 5.5% 01-01-2036 BEO	USA	727.62	715.40	791.63
AMBASSADOR	FNMA POOL #846874 5.5% 11-01-2035 BEO	USA	37,100.37	36,477.20	40,551.07
AMBASSADOR	FNMA POOL #863096 5.5% 11-01-2035 BEO	USA	13,073.02	12,853.43	14,223.18
AMBASSADOR	FNMA POOL #867066 5.5% 02-01-2036 BEO	USA	39,797.83	39,129.36	43,353.36
AMBASSADOR	FNMA POOL #886034 2.685% 07-01-2036 BEO	USA	38,563.50	39,772.23	41,194.68
AMBASSADOR	FNMA POOL #886574 2.657% 08-01-2036 BEO	USA	48,080.25	49,496.17	50,488.59
AMBASSADOR	FNMA POOL #914653 2.492% 04-01-2037 BEO	USA	49,148.17	49,823.92	52,106.89
AMBASSADOR	FNMA POOL #914854 ADJ RT DUE 04-01-2037 BEO	USA	61,105.50	61,936.15	64,758.99
AMBASSADOR	FNMA POOL #933131 5.5% 10-01-2037 BEO	USA	773,144.16	757,077.26	741,165.38
AMBASSADOR	FNMA POOL #983077 5% 05-01-2038 BEO	USA	344,558.80	325,015.86	373,005.57
AMBASSADOR	FNMA PREASSIGN 00164 5 12-25-2032	USA	392,769.55	425,055.23	412,776.05
AMBASSADOR	FNMA REMIC SER 009-65 CL GA 4.5 11-25-2023	USA	275,352.45	287,399.11	284,996.11
AMBASSADOR	FNMA REMIC SER 2002-T12 CL A3 7.5 05-25-2042	USA	468,163.43	484,549.18	567,221.66
AMBASSADOR	FNMA REMIC SER 2003-W3 CL 1A2 7 08-25-2042	USA	369,909.69	375,458.35	417,153.81
AMBASSADOR	FNMA REMIC TR 1992-205 CL-Z 7 11-25-2022	USA	329,873.97	377,602.61	372,237.70
AMBASSADOR	FNMA REMIC TR 2011-36 CL-LA 4.5 01-25-2030	USA	290,210.15	303,541.68	299,105.67
AMBASSADOR	FNMA REMIC TR 2011-42 CL-BJ 3 DUE 08-25-2025 REG	USA	439,048.92	453,866.83	454,220.69
AMBASSADOR	FNMA REMIC TR 2013-72 CL-HG 3 DUE 04-25-2033	USA	774,757.36	788,315.62	787,026.41
AMBASSADOR	FNMA REMIC TRUST 2004 31 VB 4.5 09-25-2027	USA	51,190.70	52,790.41	51,491.44
AMBASSADOR	FNMA SER 2011-144 CL CE 1.25 06-25-2035	USA	473,200.33	472,608.83	474,484.12
AMBASSADOR	FNMA SER 2011-96 CL DA 3.5 06-25-2026 BEO	USA	250,912.12	257,733.80	258,614.87
AMBASSADOR	FNMA 2011-118 CL NA 3 11-25-2041	USA	638,776.72	670,715.56	666,887.36
AMBASSADOR	FNMA-DEB-PRIN-STRIPS PRIN PMT ON 0.00 DEB 2037 DUE 07-15-2037 REG	USA	2,295,000.00	782,920.65	794,070.00
AMBASSADOR	GNMA POOL #004260 6% 10-20-2038 BEO	USA	203,754.57	219,646.16	213,375.86
AMBASSADOR	GNMA POOL #004285 6% 11-20-2038 BEO	USA	863,207.51	927,276.14	903,994.06
AMBASSADOR	GNMA POOL #004974 3.5% 03-20-2026 BEO	USA	1,409,468.61	1,489,191.68	1,297,264.41
AMBASSADOR	GNMA POOL #404669 7.00 DUE 12-15-2025 REG	USA	8,514.76	8,448.24	9,739.43
AMBASSADOR	GNMA POOL #504549 SER 2029 7% DUE 09-15-2029 REG	USA	20,693.95	20,082.83	23,848.32
AMBASSADOR	GNMA POOL #583960 SER 2032 6.5% DUE 06-15-2032 REG	USA	36,700.61	37,027.49	41,139.54
AMBASSADOR	GNMA POOL #617401 SER 2037 6% DUE 02-15-2037 REG	USA	4,913.31	5,011.18	5,426.11
AMBASSADOR	GNMA POOL #674444 6% 09-15-2037 BEO	USA	2,710.23	2,764.22	2,992.63
AMBASSADOR	GNMA POOL #677514 6% 10-15-2037 BEO	USA	4,735.73	4,830.09	5,229.57
AMBASSADOR	GNMA POOL #683735 6% 03-15-2038 BEO	USA	2,409.07	2,457.06	2,659.13
AMBASSADOR	GNMA POOL #686680 6% 05-15-2038 BEO	USA	85,068.14	86,762.87	93,956.91
AMBASSADOR	GNMA POOL #748531 4% 09-15-2025 BEO	USA	647,891.98	695,572.77	688,709.17
AMBASSADOR	GNMA POOL #782169 6% 06-15-2037 BEO	USA	111,026.03	113,237.88	122,724.84
AMBASSADOR	GNMA POOL #782184 SER 2037 6% DUE 09-15-2037 REG	USA	4,257.00	4,341.84	4,704.96
AMBASSADOR	GNMAII POOL #004310 SER 2038 6% DUE 12-20-2038 REG	USA	448,333.79	486,168.55	469,504.11
AMBASSADOR	I/O GNMA REMIC TR 1999 27 CL SE INVERSE FLTG 08-16-2027	USA	44,331.94	20,448.64	10,729.79
AMBASSADOR	I/O GNMA REMIC TR 1999-30 CL SA INV INT ONLY 04-16-2029	USA	9,864.79	0.00	532.58
AMBASSADOR	I/O GNMA 2001-46 REMIC TR CL SA VAR RT 09-16-2031	USA	10,642.99	12,541.90	2,425.49

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Account name	Asset description	Country	Shares/Par value	Book cost value	Market value
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #A8-9148 4% 10-01-2039 BEO	USA	9,438.41	9,908.86	9,867.95
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #C0-3815 3.5% 03-01-2042 BEO	USA	402,877.05	418,110.87	409,331.14
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #C0-3830 4% 03-01-2042 BEO	USA	2,640.00	2,796.75	2,760.78
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #G0-5707 5.5% 10-01-2039 BEO	USA	260,532.99	276,979.15	282,443.81
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #J2-5557 3.5% 09-01-2028 BEO	USA	189,236.40	198,727.79	200,007.73
BARROW HANLEY BOND	FEDERAL HOME LN MTG CORP POOL #J2-5769 3.5% 09-01-2028 BEO	USA	761,713.64	802,417.72	805,062.76
BARROW HANLEY BOND	FEDERAL NATL MTG ASSN GTD MTG POOL #AH5574 4% 02-01-2041 BEO	USA	463,412.17	504,023.12	486,972.04
BARROW HANLEY BOND	FEDERAL NATL MTG ASSN GTD MTG POOL #AH6301 4% 05-01-2026 BEO	USA	696,748.57	725,707.20	739,737.95
BARROW HANLEY BOND	FEDERAL NATL MTG ASSN GTD MTG POOL #AH8854 4.5% 04-01-2041 BEO	USA	559,799.77	598,373.47	501,368.09
BARROW HANLEY BOND	FEDERAL NATL MTG ASSN GTD MTG POOL #AI1856 4.5% 05-01-2041 BEO	USA	391,277.89	418,300.52	420,545.47
BARROW HANLEY BOND	FEDERAL NATL MTG ASSN GTD MTG POOL #AI4868 4% 06-01-2026 BEO	USA	1,101,650.69	1,178,938.38	1,077,973.05
BARROW HANLEY BOND	FEDERAL NATL MTG ASSN GTD MTG POOL #AJ2212 4.5% 10-01-2041 BEO	USA	577,496.70	620,357.78	619,786.78
BARROW HANLEY BOND	FEDERAL NATL MTG ASSN GTD MTG POOL #AK9382 4% 04-01-2042 BEO	USA	6,835.79	7,492.67	7,189.88
BARROW HANLEY BOND	FEDERAL NATL MTG ASSN GTD MTG POOL #AL0208 4.5% 05-01-2041 BEO	USA	810,049.38	846,754.75	867,789.70
BARROW HANLEY BOND	FEDERAL NATL MTG ASSN GTD MTG POOL #AL0215 4.5% 04-01-2041 BEO	USA	480,841.15	510,217.54	515,029.91
BARROW HANLEY BOND	FEDERAL NATL MTG ASSN GTD MTG POOL #AL0247 4% 04-01-2041 BEO	USA	1,172,646.58	1,222,850.52	1,136,462.00
BARROW HANLEY BOND	FEDERAL NATL MTG ASSN GTD MTG POOL #AL2877 3.5% 01-01-2028 BEO	USA	153,129.28	164,159.40	161,713.70
BARROW HANLEY BOND	FEDERAL NATL MTG ASSN GTD MTG POOL #AL3896 4.5% 01-01-2043 BEO	USA	600,820.01	641,563.12	642,534.94
BARROW HANLEY BOND	FHLMC GOLD Q09530 3.5 07-01-2042	USA	1,012,237.99	1,072,814.12	1,028,180.73
BARROW HANLEY BOND	FHLMC GOLD Q09949 3.0% DUE 08-01-2042	USA	1,734,734.87	1,791,384.82	1,289,950.95
BARROW HANLEY BOND	FNMA POOL #AB1231 5% 07-01-2040 BEO	USA	790,846.46	839,780.09	864,869.68
BARROW HANLEY BOND	FNMA POOL #AB2265 4% 02-01-2041 BEO	USA	913,313.52	950,844.99	962,824.24
BARROW HANLEY BOND	FNMA POOL #AB2537 5% 03-01-2041 BEO	USA	751,496.63	812,438.32	818,424.92
BARROW HANLEY BOND	FNMA POOL #AB3395 4.5% 08-01-2041 BEO	USA	929,499.88	992,676.84	995,745.33
BARROW HANLEY BOND	FNMA POOL #AB3509 4% 09-01-2041 BEO	USA	340.89	355.27	358.12
BARROW HANLEY BOND	FNMA POOL #AB3691 4% 10-01-2041 BEO	USA	554,694.40	601,496.74	582,063.02
BARROW HANLEY BOND	FNMA POOL #AB3876 4% 11-01-2041 BEO	USA	519,271.19	542,841.23	544,917.99
BARROW HANLEY BOND	FNMA POOL #AB4438 3.5% 02-01-2042 BEO	USA	2,136.24	2,221.02	2,176.93
BARROW HANLEY BOND	FNMA POOL #AB5372 3.5% 06-01-2042 BEO	USA	110,952.54	116,968.25	113,031.79
BARROW HANLEY BOND	FNMA POOL #AB5907 3% 08-01-2027 BEO	USA	464,129.96	487,191.42	481,093.91
BARROW HANLEY BOND	FNMA POOL #AB6228 3.5 DUE 09-01-2042 BEO	USA	228,943.47	245,577.65	233,671.15
BARROW HANLEY BOND	FNMA POOL #AD9311 4.5% 08-01-2040 BEO	USA	315,938.13	332,179.34	337,576.73
BARROW HANLEY BOND	FNMA POOL #AQ0505 4% 11-01-2042 BEO	USA	378,232.94	412,628.51	396,955.47
BARROW HANLEY BOND	FNMA POOL #AQ5095 3% 11-01-2027 BEO	USA	1,136,080.98	1,215,429.14	1,178,343.19
BARROW HANLEY BOND	FNMA POOL #MA1510 4% 07-01-2043 BEO	USA	1,114,556.72	1,149,560.77	1,161,334.66
BARROW HANLEY BOND	FNMA POOL #930300 5% DUE 12-01-2023 BEO	USA	59,181.38	61,465.41	63,497.47
BARROW HANLEY BOND	GNMA POOL #AD8801 3.5 DUE 03-15-2043 REG	USA	839,568.45	916,834.99	864,579.19
BARROW HANLEY BOND	GNMA POOL #688021 6% 10-15-2038 BEO	USA	454,355.00	511,504.32	501,544.31
BARROW HANLEY BOND	GNMA POOL #698214 5% 06-15-2039 BEO	USA	507,404.66	544,112.23	565,096.57
BARROW HANLEY BOND	GNMA POOL #719262 5% 08-15-2040 BEO	USA	485,923.39	516,445.45	535,655.70
BARROW HANLEY BOND	GNMA POOL #723248 5% 10-15-2039 BEO	USA	594,045.59	637,021.06	660,798.49
BARROW HANLEY BOND	GNMA POOL #726382 5% 10-15-2039 BEO	USA	1,001,145.80	1,073,572.44	1,114,335.34
BARROW HANLEY BOND	GNMA POOL #752599 4% 10-20-2040 BEO	USA	128,486.28	141,415.22	136,224.10
BARROW HANLEY BOND	GNMA POOL #752631 4.5% 10-20-2040 BEO	USA	714,603.34	746,425.52	781,433.04
BARROW HANLEY BOND	GNMA POOL #782916 SER 2040 5.5% DUE 02-15-2040 REG	USA	411,338.80	438,268.64	450,963.06
BARROW HANLEY BOND	GNMAII POOL #MA0093 6 DUE 05-20-2042 REG	USA	72,661.56	81,585.31	81,015.09

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DODGE & COX	FEDERAL HOME LN MTG CORP POOL #A6-4639 6.5% 08-01-2037 BEO	USA	180,007.78	192,495.82	199,118.66
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #C9-1402 4% 10-01-2031 BEO	USA	780,342.22	820,090.91	823,247.77
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #E9-0593 6% 07-01-2017 BEO	USA	64,097.28	66,671.18	68,055.28
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G0-1749 5.5% 01-01-2035 BEO	USA	174,663.06	189,836.92	189,805.82
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G0-1767 6.5% 12-01-2032 BEO	USA	170,561.37	174,092.65	189,184.96
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G0-3268 6% 09-01-2037 BEO	USA	480,409.66	531,903.57	523,233.37
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G0-3362 6% 09-01-2037 BEO	USA	83,436.01	91,623.15	90,829.77
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G0-4585 5.5% 02-01-2038 BEO	USA	1,235,036.90	1,331,138.22	1,235,562.72
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G0-4772 7% 08-01-2038 BEO	USA	246,140.35	264,600.88	269,479.87
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G0-5979 5.5% 10-01-2038 BEO	USA	437,299.58	472,761.84	472,893.57
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G0-6020 5.5% 12-01-2039 BEO	USA	442,106.04	479,546.89	478,091.26
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G0-7491 4.5% 03-01-2042 BEO	USA	1,335,635.82	1,423,913.00	1,322,461.32
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #G1-1623 6% 03-01-2019 BEO	USA	60,428.40	63,478.16	64,206.38
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #H0-9069 6.5% 09-01-2037 BEO	USA	135,207.28	137,172.02	146,909.33
DODGE & COX	FEDERAL HOME LN MTG CORP POOL #1Q1008 4.908% 04-01-2040 BEO	USA	1,155,655.70	1,230,773.32	1,236,956.07
DODGE & COX	FEDERAL NATL MTG ASSN GTD MTG POOL #AL0778 6.5% 01-01-2049 BEO	USA	90,868.99	100,750.99	97,559.67
DODGE & COX	FEDERAL NATL MTG ASSN GTD MTG POOL #AL0901 6% 07-01-2038 BEO	USA	192,914.25	210,939.68	207,212.09
DODGE & COX	FEDERAL NATL MTG ASSN GTD MTG POOL #AL2617 6% 10-01-2040 BEO	USA	319,829.50	348,164.40	349,034.73
DODGE & COX	FEDERAL NATL MTG ASSN GTD MTG POOL #AL3272 5% 02-01-2025 BEO	USA	811,692.68	885,062.09	882,482.83
DODGE & COX	FEDERAL NATL MTG ASSN GTD MTG POOL #AL3365 6% DUE 05-01-2041 BEO	USA	18,694.60	20,435.54	20,401.69
DODGE & COX	FEDERAL NATL MTG ASSN GTD MTG POOL #AL3442 6% 11-01-2038 BEO	USA	1,380,351.45	1,498,328.37	1,382,538.86
DODGE & COX	FEDERAL NATL MTG ASSN GTD MTG POOL #AL4147 4.5% 01-01-2025 BEO	USA	600,590.00	637,657.66	638,212.15
DODGE & COX	FHLMC GOLD . G0-7074 5.5 01-01-2040	USA	994,792.83	1,100,489.56	1,084,035.69
DODGE & COX	FHLMC GOLD C0-0647 6.5 09-01-2028	USA	185,394.60	190,116.38	205,778.18
DODGE & COX	FHLMC GOLD E0-2359 6 07-01-2022	USA	194,506.56	195,539.88	212,467.29
DODGE & COX	FHLMC GOLD G0-6832 6 03-01-2040	USA	294,365.68	321,778.47	320,825.62
DODGE & COX	FHLMC GOLD G0-6945 5.5 02-01-2040	USA	93,829.82	102,421.12	101,467.09
DODGE & COX	FHLMC GOLD G06571 6 11-01-2037	USA	254,260.80	279,885.52	276,714.06
DODGE & COX	FHLMC GOLD G1-1707 6 03-01-2020	USA	258,813.89	262,453.46	279,066.07
DODGE & COX	FHLMC GOLD G1-4593 4 05-01-2027	USA	1,231,418.67	1,309,440.58	1,203,899.97
DODGE & COX	FHLMC GOLD G3-0242 6.5 10-01-2022	USA	135,313.83	141,762.38	149,911.48
DODGE & COX	FHLMC MULTICLASS PREASSIGN 00890 6.5 09-25-2043	USA	483,946.67	506,480.43	558,593.02
DODGE & COX	FHLMC POOL #1G0959 ADJ RT 05-01-2036	USA	215,944.66	215,472.28	227,819.45
DODGE & COX	FHLMC POOL #1N1433 ADJ RT 02-01-2037	USA	279,372.43	278,623.17	296,431.19
DODGE & COX	FHLMC POOL #1Q1467 ADJ RT 11-01-2039	USA	775,786.00	836,394.28	836,478.06

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DODGE & COX	FNMA FN 12-03 CL-CD 7 02-25-2042	USA	789,262.56	886,933.80	873,637.09
DODGE & COX	FNMA POOL #AB1763 4% 11-01-2030 BEO	USA	586,301.53	624,411.12	625,446.53
DODGE & COX	FNMA POOL #AB3301 4% 07-01-2026 BEO	USA	468,837.11	502,827.80	497,770.92
DODGE & COX	FNMA POOL #AD0128 6.5% 10-01-2038 BEO	USA	510,473.80	546,924.82	564,185.85
DODGE & COX	FNMA POOL #AD0636 6% 08-01-2037 BEO	USA	932,721.27	1,031,239.95	1,032,391.86
DODGE & COX	FNMA POOL #AE0338 ADJ RT DUE 04-01-2038 BEO	USA	552,587.74	586,088.39	585,195.94
DODGE & COX	FNMA POOL #AE0616 6% DUE 03-01-2040 BEO	USA	102,812.54	112,692.21	112,217.83
DODGE & COX	FNMA POOL #AE0825 6% 10-01-2039 BEO	USA	638,194.54	696,429.79	696,505.73
DODGE & COX	FNMA POOL #252640 6.5% DUE 08-01-2014 REG	USA	6,989.21	7,239.84	7,084.82
DODGE & COX	FNMA POOL #256901 6.5% 09-01-2037 BEO	USA	75,370.14	75,982.51	81,374.87
DODGE & COX	FNMA POOL #257007 6% DUE 12-01-2027 REG	USA	167,457.67	172,219.75	184,636.98
DODGE & COX	FNMA POOL #323818 6.5% DUE 07-01-2014 REG	USA	8,126.55	8,417.97	8,223.91
DODGE & COX	FNMA POOL #535574 7.5% 11-01-2013 BEO	USA	0.59	0.63	0.58
DODGE & COX	FNMA POOL #555285 6% 03-01-2033 BEO	USA	90,877.61	91,189.99	100,621.87
DODGE & COX	FNMA POOL #555424 5.5% 05-01-2033 BEO	USA	288,566.45	311,651.78	315,205.46
DODGE & COX	FNMA POOL #555531 5.5% 06-01-2033 BEO	USA	1,022,031.83	1,088,788.56	1,022,355.49
DODGE & COX	FNMA POOL #725135 6% 05-01-2018 BEO	USA	60,685.47	63,729.24	63,950.77
DODGE & COX	FNMA POOL #725194 6% 12-01-2018 BEO	USA	35,525.10	37,340.21	37,519.12
DODGE & COX	FNMA POOL #725416 6% 01-01-2019 BEO	USA	150,426.66	158,418.06	159,041.59
DODGE & COX	FNMA POOL #725510 6.5% 07-01-2017 BEO	USA	12,259.23	12,923.91	12,447.87
DODGE & COX	FNMA POOL #735067 6% 01-01-2019 BEO	USA	241,974.95	253,846.85	256,491.02
DODGE & COX	FNMA POOL #735417 6.5% 03-01-2035 BEO	USA	301,971.34	310,582.25	340,630.01
DODGE & COX	FNMA POOL #888366 7% 04-01-2037 BEO	USA	374,639.12	403,322.44	416,142.39
DODGE & COX	FNMA POOL #888367 7% 03-01-2037 BEO	USA	411,125.14	465,856.18	461,025.04
DODGE & COX	FNMA POOL #888381 5.507% DUE 04-01-2017 BEO	USA	264,786.60	270,351.22	290,430.65
DODGE & COX	FNMA POOL #888673 6% 04-01-2035 BEO	USA	58,116.23	57,952.78	64,332.34
DODGE & COX	FNMA POOL #889324 6.5% 03-01-2038 BEO	USA	320,363.30	329,723.91	345,854.28
DODGE & COX	FNMA POOL #889527 5.5% 05-01-2023 BEO	USA	650,110.98	701,611.97	706,768.15
DODGE & COX	FNMA POOL #889984 6.5% DUE 10-01-2038 BEO	USA	182,591.03	202,476.34	201,803.80
DODGE & COX	FNMA POOL #890341 6% 06-01-2040 BEO	USA	85,601.19	94,066.02	93,417.86
DODGE & COX	FNMA POOL #968066 6% 10-01-2022 BEO	USA	559,143.25	570,850.29	614,973.14
DODGE & COX	FNMA POOL #984262 6% 06-01-2023 BEO	USA	811,761.27	828,503.84	912,630.72
DODGE & COX	FNMA POOL #993724 6% 08-01-2038 BEO	USA	507,013.91	555,655.56	553,794.05
DODGE & COX	FNMA PREASSIGN 00276 7 03-25-2045	USA	294,765.46	302,226.74	348,614.98
DODGE & COX	FNMA REMIC SER 2003-W2 CL 1-A1 6.5 07-25-2042	USA	170,746.99	180,765.02	196,819.20
DODGE & COX	FNMA REMIC SER 2012-128 CL FK FLTG RT DUE 11-25-2042	USA	1,242,900.94	1,243,095.14	1,159,108.36
DODGE & COX	FNMA REMIC TR 2013-106 CL-MA 4 02-25-2042	USA	411,000.00	430,522.50	433,243.32
DODGE & COX	FNMA SER 2012-134 CL-FD FLT RT DUE 12-25-2042	USA	1,050,860.88	1,050,696.68	1,042,650.50
DODGE & COX	FNMA 08-25-2047	USA	464,082.03	468,533.54	529,469.33
DODGE & COX	GOLD POOL #G14668 4 12-01-2026	USA	392,728.42	416,598.95	415,708.92

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MUNDER	FEDERAL HOME LN MTG CORP POOL #A4-8131 6.5% 12-01-2035 BEO	USA	96,334.05	99,118.72	107,143.69
MUNDER	FEDERAL NATL MTG ASSN GTD MTG POOL #AI1937 5% 05-01-2041 BEO	USA	1,299,196.40	1,409,628.10	1,316,695.72
MUNDER	FEDERAL NATL MTG ASSN GTD MTG POOL #AL2069 5% 08-01-2041 BEO	USA	475,052.82	518,846.75	515,745.84
MUNDER	FEDERAL NATL MTG ASSN GTD MTG POOL #AL2834 3.5% 06-01-2027 BEO	USA	1,193,133.80	1,283,364.54	1,260,963.45
MUNDER	FHLMC GOLD C6-7999 7 06-01-2032	USA	1,755.48	1,830.79	2,092.51
MUNDER	FHLMC GOLD C6-8162 7 06-01-2032	USA	421.43	439.51	478.13
MUNDER	FHLMC GOLD G0-6727 5.5 01-01-2037	USA	592,034.79	643,930.34	642,249.99
MUNDER	FHLMC MULTICLASS SER 3162 CL OH 6 DUE 05-15-2036	USA	533,533.57	620,232.77	595,417.06
MUNDER	FNMA POOL #AU5787 4.5% 09-01-2043 BEO	USA	892,784.36	949,280.87	964,349.95
MUNDER	FNMA POOL #AU5974 4 DUE 08-01-2043 REG	USA	1,547,863.71	1,594,299.62	1,424,808.01
MUNDER	FNMA POOL #MA1446 3.5% 05-01-2033 BEO	USA	471,031.99	506,065.00	487,923.19
MUNDER	FNMA POOL #190354 5.5% 12-01-2034 BEO	USA	127,631.81	138,799.61	139,301.18
MUNDER	FNMA POOL #684968 5% 09-01-2033 BEO	USA	200,732.37	193,173.54	218,248.27
MUNDER	FNMA POOL #932638 5 DUE 03-01-2040 BEO	USA	1,596,694.08	1,736,654.30	1,647,299.05
MUNDER	FNMA POOL #995112 5.5% DUE 07-01-2036 REG	USA	1,269,060.05	1,386,646.39	1,285,279.30
MUNDER	FNMA REMIC SER 1993-203 CL PL 6.5 DUE 10-25-2023 BEO	USA	107,594.37	99,818.99	119,700.45
MUNDER	FNMA REMIC TR 2002-48 CL-GH 6.5 08-25-2032	USA	345,085.17	356,030.83	392,137.53
MUNDER	FNMA SINGLE FAMILY MORTGAGE 4.5% 30 YEARS SETTLES NOVEMBER	USA	2,504,000.00	2,616,288.75	2,468,760.00
MUNDER	FNMA SINGLE FAMILY MORTGAGE 4% 30 YEARS SETTLES OCTOBER	USA	-3,852,000.00	-4,039,183.13	-4,040,385.91
MUNDER	GNMA POOL #538257 SER 2031 7% DUE 10-15-2031 REG	USA	3,582.01	3,693.82	4,054.18
	TOTAL U.S. GOVERNMENT MORTGAGE BACKED SECURITIES		**97,582,757.96**	**101,268,258.34**	**99,341,308.29**
	U.S. GOVERNMENT AGENCIES				
AMBASSADOR	CORPORACION ANDINA DE FOMENTO NT 8.125% DUE 06-04-2019 REG	Multi-National Region	745,000.00	916,454.30	910,035.38
AMBASSADOR	ISRAEL(STATE OF) GTD NT CL 2 DTD 12/04/2003 5.5% DUE 12-04-2023 REG	Israel	710,000.00	908,892.30	842,812.60
DODGE & COX	SBA GTD DEV PARTN CTF SER 2003-20-D PARTN CTF 4.76 DUE 04-01-23 REG	USA	260,419.77	260,419.77	281,897.37
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF DEB SER 1997-20 C 7.15	USA	22,478.27	23,808.54	24,064.33
DODGE & COX	SMALL BUSINESS ADMIN GTD DEV PARTN CTF 2007-20C PARTN CTF VAR RT 3-1-27 REG	USA	359,730.31	359,730.31	392,998.16
	TOTAL U.S. GOVERNMENT AGENCIES		**2,097,628.35**	**2,469,305.22**	**2,451,807.84**

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	MUNICIPAL & INTERNATIONAL GOVERNMENT BONDS				
AMBASSADOR	CINCINNATI OHIO CITY SCH DIST 5.25% 12-01-2023 BEO	USA	650,000.00	748,527.00	774,137.00
AMBASSADOR	LA LOC GOV ENVMNTL FACS & TAX ELL A-1 1.11 2/1/16 OID 1.116 @99.967	USA	377,362.25	378,770.79	374,765.99
AMBASSADOR	NEW YORK N Y 5.047% 10-01-2024 BEO TAXABLE	USA	800,000.00	860,544.00	878,448.00
AMBASSADOR	NEW YORK ST DORM AUTH ST PERS INCOME TAXREV 3.3% 02-15-2023 BEO TAXABLE	USA	500,000.00	495,600.00	496,000.00
AMBASSADOR	QUEBEC PROV CDA DEB DTD 02/09/1994 7.125% DUE 02-09-2024 REG	Canada	710,000.00	966,388.10	809,203.99
AMBASSADOR	WA ST TAXABLE-SER F-BUILD AMER 4.669 DUE08-01-2024	USA	500,000.00	552,385.00	549,945.00
DODGE & COX	CALIFORNIA ST 7.3% 10-01-2039 BEO TAXABLE	USA	150,000.00	145,112.44	117,655.49
DODGE & COX	CALIFORNIA ST 7.5% 04-01-2034 BEO TAXABLE	USA	625,000.00	610,109.75	692,912.50
DODGE & COX	CALIFORNIA ST 7.625% 03-01-2040 BEO TAXABLE	USA	325,000.00	388,393.00	325,009.00
DODGE & COX	CALIFORNIA STATE 7.55 MUN BDS DUE 04-01-2039 USD5000	USA	925,000.00	949,803.75	900,196.75
DODGE & COX	ILLINOIS ST 5.665 MUN BD DUE 03-01-2018	USA	525,000.00	547,049.25	572,097.75
DODGE & COX	ILLINOIS ST 4.961% 03-01-2016 BEO TAXABLE	USA	425,000.00	447,989.50	451,528.50
DODGE & COX	ILLINOIS ST 5.365% 03-01-2017 BEO TAXABLE	USA	525,000.00	525,000.00	558,783.75
DODGE & COX	LOS ANGELES CALIF UNI SCH DIST 6.758% DUE 07-01-2034 BEO TAXABLE	USA	550,000.00	592,546.00	572,386.00
DODGE & COX	NEW JERSEY ST TPK AUTH TPK REV 7.102% 01-01-2041 BEO TAXABLE	USA	750,000.00	848,304.00	742,780.00
MUNDER	NEW YORK N Y 5.676% 10-01-2034 BEO TAXABLE	USA	595,000.00	595,000.00	625,386.65
MUNDER	OREGON ST DEPT TRANSN HWY USER TAX REV 5.784% 11-15-2030 BEO TAXABLE	USA	250,000.00	316,075.00	288,027.50
MUNDER	PENNSYLVANIA ST 5.35% 05-01-2030 BEO TAXABLE	USA	420,000.00	422,957.20	448,770.00
MUNDER	TEXAS ST 4.681% 04-01-2040 BEO TAXABLE	USA	245,000.00	286,353.55	248,459.40
	TOTAL MUNICIPAL & INTERNATIONAL GOVERNMENT BONDS		**9,847,362.25**	**10,676,908.33**	**10,426,493.27**
	TOTAL FEDERAL AGENCY GUARANTEED SECURITIES		**109,527,748.56**	**114,414,471.89**	**112,219,609.40**

CITY OF MIAMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2013

Account name	Asset description	Country	Shares/Par value	Book cost value	Market value
	PRIVATE EQUITY PARTNERSHIPS				
ADAMS STREET PARTNERS	ADAMS STREET 2012 GLOBAL FUND LP	USA	1,594,600.00	1,594,600.00	1,495,486.00
BLACKROCK NTR RENEW PWR	BLACKROCK NTR RENEWABLE POWER FUND (FEEDER B) LP	Cayman Is.	5,933,563.00	5,933,563.00	5,373,563.00
CATALYST INVESTORS	CATALYST INVESTORS QP III LP	USA	1,536,801.47	1,536,801.47	1,452,821.00
COLLER CAPITAL INTL V-B	COLLER INTERNATIONAL PARTNERS V-B, LP	Cayman Is.	5,974,990.00	5,974,990.00	8,795,121.00
COLLER CAPITAL INTL VI	COLLER INTERNATIONAL PARTNERS VI LP	Cayman Is.	3,498,532.51	3,498,532.51	4,502,383.00
JP MORGAN PVT EQ III	JP MORGAN DIRECT VENTURE CAPITAL FINANCE INSTITUTIONAL INVESTORS III, LLC	USA	52,685.00	52,685.00	7,083.00
JP MORGAN PVT EQ III	JP MORGAN EUROPEAN DIRECT CORPORATE FINANCE INSTITUTIONAL INVESTORS III, LLC	USA	184,316.00	184,316.00	39,664.00
JP MORGAN PVT EQ III	JP MORGAN EUROPEAN POOLED CORPORATE FINANCE INSTITUTIONAL INVESTORS III, LLC	USA	2,564,342.00	2,564,342.00	2,551,206.00
JP MORGAN PVT EQ III	JP MORGAN POOLED VENTURE CAPITAL INSTITUTIONAL INVESTORS III, LLC	USA	3,056,925.00	3,056,925.00	3,010,230.00
JP MORGAN PVT EQ III	JP MORGAN US DIRECT CORPORATE FINANCE INSTITUTIONAL INVESTORS III, LLC	USA	648,722.00	648,722.00	515,214.00
JP MORGAN PVT EQ III	JP MORGAN US POOLED CORPORATE FINANCE INSTITUTIONAL INVESTORS III, LLC	USA	4,792,996.00	4,792,996.00	5,084,900.00
LEXINGTON PARTNERS VI	LEXINGTON CAPITAL PARTNERS VI-B (OFFSHORE), LP	USA	10,371,589.66	10,371,589.66	8,561,244.00
PANTHEON EURO V-B	PANTHEON EUROPE FD LP	UK	1,722,099.00	2,398,463.46	2,694,285.78
PANTHEON US VII	PANTHEON USA FUND VII, LP	USA	6,565,041.00	6,565,041.00	8,409,147.00
SL CAPITAL PARTNERS	SL CAPITAL ESF I LP	UK	654,500.00	845,155.81	589,100.76
	TOTAL PRIVATE EQUITY PARTNERSHIPS		**49,151,702.64**	**50,018,722.91**	**53,081,448.54**
	REAL ESTATE FUNDS				
CENTERSQUARE	CENTERSQUARE GLOBAL REAL ESTATE SECURITIES FUND LP	USA	38,024,409.02	38,024,409.02	38,517,697.00
JP MORGAN REAL ESTATE	CF JPMCB SPECIAL SITUATION PROPERTY FUND	USA	9,716.46	12,854,356.60	15,842,649.16
JP MORGAN REAL ESTATE	CF JPMCB STRATEGIC PROPERTY FUND	USA	29,938.89	50,597,964.29	62,842,837.84
	TOTAL REAL ESTATE FUNDS		**38,064,064.37**	**101,476,729.91**	**117,203,184.00**

CITY OF MIAMI FIRE FIGHTERS' and POLICE OFFICERS' RETIREMENT TRUST
as of SEPTEMBER 30, 2013

Account name	Asset description	Country	Shares/Par value	Book cost value	Market value
	DROP MUTUAL FUNDS				
VANGUARD	DROP MUTUAL FUNDS	USA		200,181,768.00	200,181,768.00
	TOTAL DROP MUTUAL FUNDS			**200,181,768.00**	**200,181,768.00**
	REAL ESTATE PROPERTY & EQUIPMENT				
FIPO	1895 SW 3RD AVENUE, MIAMI, FLORIDA 33129	USA		1,957,187.00	1,957,187.00
	TOTAL REAL ESTATE PROPERTY & EQUIPMENT			**1,957,187.00**	**1,957,187.00**

IV

ACTUARIAL

SECTION

nyhart

July 3, 2013

Board of Trustees
City of Miami Fire Fighters' and
Police Officers' Retirement Trust
1895 SW 3 Avenue
Miami, FL 33129-1456

October 1, 2012 Actuarial Report

Dear Board Members:

Enclosed is our report on the actuarial valuation of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2012, for the fiscal year beginning October 1, 2013.

The report is based upon the terms of Ordinance No. 10002 and the Amended Final Judgment in the matter of Gates v. City of Miami, as well as Ordinance 13344 (excluding any change to the Entry Age Cost Method).

The City contribution requirement for the 2013/2014 fiscal year is $41,827,871, compared to $40,145,125 for the 2012/2013 fiscal year. This report reflects the impact of the increase in contributions for police officers as well as the replacement of DROP by Back DROP, effective October 1, 2012.

When expressed as a percentage of total payroll (for active members and members in forward DROP), the City contribution rate decreased from 33.70% as of October 1, 2011 to 33.53% as of October 1, 2012. The percentages of total payroll reflect the hypothetical impact on funding if there were no forward DROP, since members who are presently in DROP could well be more likely to be retired and replaced with active members. The ordinance and State law do not permit funding after members enter a forward DROP.

GASB Statement No. 67 is effective for the fiscal year starting 10/1/2013. Once guidance is received from GASB on various aspects of the required disclosure, we will follow up with a supplemental report reflecting GASB 67.

Respectfully submitted,

THE NYHART COMPANY, INC.

Randall L. Stanley

Randall L. Stanley, FSA, FCA, MAAA, EA
Actuary

David D. Harris

David D. Harris, ASA, FCA, MAAA, EA
Actuary

Heath W Merlak

Heath W. Merlak, FSA, MAAA, EA
Actuary

Enclosures: Electronic (dana@miamifipo.org)
Bound (10 copies)

RLS/DDH/HWM/di
MIAM501801/701

2000 RiverEdge Parkway
Suite 540
Atlanta, GA 30328
(p) 770-933-1933
(f) 770-933-8918
www.nyhart.com

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

City Contribution Requirement for 2013/2014 Fiscal Year

	2013/2014	2012/2013	
		March 2013 Actuarial Impact Stmt.	Valuation Report
	-$-	-$-	-$-
I. Unfunded Actuarial Accrued Liability	N/A	N/A	N/A
II. Normal Cost			
A. Present Value of Future Benefits			
1. Active Members			
a. Retirement	341,843,203	335,320,411	349,219,159
b. Disability	44,965,635	45,561,455	42,626,676
c. Death	6,261,069	6,214,228	3,601,943
d. Turnover	22,373,923	23,106,720	23,242,860
e. Return of Contributions	1,805,399	1,803,932	2,199,182
f. Total	417,249,229	412,006,746	420,889,820
2. Retired Members and Beneficiaries			
a. Service Retirements and Beneficiaries	1,347,162,561	1,341,405,561	1,341,422,264
b. Disability Retirements	31,219,352	32,341,301	32,338,742
c. Terminated Vested Members	3,082,011	3,861,118	3,855,757
d. Total	1,381,463,924	1,377,607,980	1,377,616,763
3. Total	1,798,713,153	1,789,614,726	1,798,506,583

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

City Contribution Requirement for 2013/2014 Fiscal Year

	2013/2014	2012/2013	
		March 2013 Actuarial Impact Stmt.	Valuation Report
	-$-	-$-	-$-
II. Normal Cost (Cont'd)			
A. Total Present Value of Future Benefits	1,798,713,153	1,789,614,726	1,798,506,583
B. Present Value of Future Member Contributions	98,090,159	100,400,650	106,522,468
C. Actuarial Asset Value	1,143,606,948	1,150,323,527	1,150,323,527
D. Unfunded Actuarial Accrued Liability	0	0	0
E. Present Value of Future Normal Costs (A-B-C-D)	557,016,046	538,890,549	541,660,588
F. Present Value of Future Payrolls	1,243,531,237	1,254,333,389	1,104,448,459
G. Administrative Expense	2,087,114	2,044,488	2,044,488
H. Current Payroll for those under Expected Retirement Age	82,205,838	82,164,617	82,164,617
I. Interest Rate	7.5%	7.5%	7.5%
J. Current Normal Cost - Payable 10/1/2013 ([(E)x(H) / (F)] + (G)) (1+(I))	41,827,871	40,145,125	45,516,491
K. Covered Payroll	82,205,838	82,164,617	82,164,617
L. Normal Cost as Percentage of Covered Payroll (J)/ (K)	50.88%	48.86%	55.40%
III. Quarterly City Contribution Schedule			
A. Past Service Cost	0	0	0
B. Normal Cost	41,827,871	40,145,125	45,516,491
C. Payment Timing	0	0	0
D. Total	41,827,871	40,145,125	45,516,491

EXHIBIT 2A

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Actuarial Asset Value – 20% Write Up Method

I. Determination of Actuarial Asset Value as of October 1, 2012

	-$-
A. Actuarial Value of Assets as of 10/01/2011	1,150,323,527
B. City Contributions	42,353,775
C. Member Contributions	8,390,922
D. Benefits Paid	124,321,444
E. Contributions Refunded	765,520
F. Expected Return *	84,762,464
G. Expected Actuarial Value of Assets (A+B+C-D-E+F)	1,160,743,724
H. Market Value of Assets at 9/30/2012	1,075,059,845
I. Present Value of 01/01/13 COLA Transfer	0
J. Present Value of 01/01/14 COLA Transfer	0
K. Difference (H-I-J-G)	(85,683,879)
L. 20% of Difference	(17,136,776)
M. Preliminary Actuarial Asset Value (G+L)	1,143,606,948
N. Maximum Actuarial Asset Value (120% of H-I-J)	1,290,071,814
O. Minimum Actuarial Asset Value (80% of H-I-J)	860,047,876
P. Actuarial Asset Value at 10/1/2012	1,143,606,948
Q. Contribution Surplus Account Balance	0
R. Final Actuarial Value at 10/01/2012 (P – Q)	**1,143,606,948**

II. Rate of Return on Actuarial Asset Value

	-$-
A. Actuarial Asset Value at 10/01/2011	1,150,323,527
B. Contributions	
1. City Contribution	42,353,775
2. Members	8,390,922
3. Total	50,744,697
C. Benefits and Refunds	125,086,964
D. Contribution Surplus	0
E. Actuarial Asset Value at 10/01/2012	1,143,606,948
F. Net Return on Investment [E+D+C-B-A]	67,625,688
G. Rate of Return (II F/I F) (.075)	5.98%

*[1,150,323,527 + 42,353,775 + (8,390,922) (2.5/4) – (124,321,444 + 765,520) (13/24)] (.075)

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

I. Development of Actuarial Asset Value (3 Years, for COLA Transfer Purposes)

		9/30/2012	9/30/2011	9/30/2010
		-$-	-$-	-$-
A.	Book Value	982,006,300	995,657,667	992,423,802
B.	Market Value	1,075,059,845	987,084,959	1,027,739,486
C.	B/A	1.0947586	0.9913899	1.0355853
D.	1/3 ∑ (C)		1.0405779	
E.	Adjusted Market Value at 9/30/2012 D x $982,006,300		1,021,854,053	
F.	Contribution Surplus at 9/30/2012		0	
G.	1. 80% of (Market Value – (F))		860,047,876	
	2. 120% of (Market Value – (F))		1,290,071,814	
H.	Preliminary Actuarial Asset Value (E – F)		1,021,854,053	
I.	Present Value of 1/1/2014 COLA Transfer, discounted at 7.50%		0	
J.	Actuarial Asset Value		1,021,854,053	

II. Rate of Return on Actuarial Asset Value

		-$-
A.	Actuarial Asset Value at 10/01/2011	1,004,675,155
B.	Contributions	
	1. City Contribution	42,353,775
	2. Members	8,390,922
	3. Total	50,744,697
C.	Benefits and Refunds	125,086,964
D.	Present Value of 1/1/2014 COLA Transfer	0
E.	Contribution Surplus	0
F.	Actuarial Asset Value at 10/01/2012	1,021,854,053
G.	Net Return on Investment [F+E+D+C-B-A]	91,521,165
H.	Rate of Return [2 x G/ (A+F-G)]	9.46%

EXHIBIT 3

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Asset Transactions for Year Ending September 30, 2012 *

	Membership and Benefits Accounts	COLA I Account	COLA II Account
	-$-	-$-	-$-
A. Market Value as of October 1, 2011	987,084,959	40,447,252	269,586,716
B. Book Value as of October 1, 2011	995,657,667	40,798,531	271,928,042
C. Income During Year			
1. City Contributions	42,353,775	0	5,064,541
2. Member Contributions	8,390,922	0	0
3. Other Member Contributions	0	0	0
4. Interest	20,480,487	854,428	5,615,722
5. Dividends	8,418,467	352,769	2,314,575
6. Net Realized Gains (Losses)	37,754,550	1,589,215	10,403,097
7. Securities Lending Income	653,027	27,346	179,466
8. Rental and Other Income	198,541	8,221	54,303
9. Income Transfer	0	0	0
	118,249,769	2,831,979	23,631,704
D. Disbursements During Years			
1. Benefit Payments	124,321,444	223,556	17,523,925
2. Contribution Refunds	765,520	421	0
3. Custodial and Investment Expenses	4,418,741	184,354	1,209,613
4. Other Expense	2,200,000	0	0
5. Securities Lending Fees	163,163	6,833	44,841
6. Building Depreciation	32,268	1,406	9,051
	131,901,136	416,570	18,787,430
E. Book Value as of September 30, 2012 (B)+(C)-(D)	982,006,300	43,213,940	276,772,316
F. Net Change in Unrealized Gains (Losses)	101,626,253	4,446,171	28,567,884
G. Market Value as of September 30, 2012 (A)+(C)-(D)+(F)	1,075,059,845	47,308,832	302,998,874
H. January 1, 2013 Allocation to COLA II (discounted)	0	N/A	0
I. Net Market Value as of September 30, 2012	1,075,059,845	47,308,832	302,998,874

* Based on unaudited financial statements.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Distribution of Assets as of September 30, 2012 [1]

Membership and Benefits and Cost-of-Living Adjustment Accounts

Description	Market	Book
	-$-	-$-
Bills, Bonds, Notes	508,402,098	480,422,088
Domestic Stocks	449,370,529	361,426,840
International Stocks	216,873,673	217,030,548
Private Equity	43,900,769	41,891,141
Money Market Funds and Time Deposits	23,072,526	21,490,439
Mutual Funds	125,109,383	121,092,927
Real Estate[2]	1,999,913	1,999,913
Securities Lending Adjustment	0	0
A: Sub-Total	**1,368,728,891**	**1,245,353,896**
B: Cash	**52,741,573**	**52,741,573**
Receivables:		
City Contributions	13	13
Accounts Receivable	2,551	2,551
Member Contributions	0	0
Accrued Interest	4,681,425	4,681,425
Accrued Dividends	1,214,126	1,214,126
Securities Sold	12,296,591	12,296,591
C: Sub-Total	**18,194,706**	**18,194,706**
Payables:		
Budget Advance	(45,675)	(45,675)
Transfer	0	0
Tax Withheld	(675)	(675)
Accounts Payable	608,964	608,964
Securities Purchased	13,735,005	13,735,005
D: Sub-Total	**14,297,619**	**14,297,619**
E. Total (A+B+C-D)	**1,425,367,551**	**1,301,992,556**
Accounts:		
COLA I Account	**47,308,832**	**43,213,940**
COLA II Account	**302,998,874**	**276,772,316**
COLA II Transfer (1/1/2013)	**0**	**0**
F: Membership & Benefits Account	**1,075,059,845**	**982,006,300**

[1] Based on unaudited financial statements.
[2] Reflects accumulated depreciation of $427,258.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Investment Results

Yield on Mean Values for 12-Month Period Ending September 30, 2012

	-$-	Market -%-	Book -%-
Membership and Benefits Accounts*			
Interest	20,480,487	2.2	2.1
Dividends	8,418,467	0.9	0.9
Rental and Other Income, less Depreciation	166,273	0.0	0.0
Realized Gains	37,754,550	4.0	3.9
Securities Lending (Net)	489,864	0.1	0.1
Increase in Unrealized Gains	101,626,253	10.7	--
Custodial and Investment Expenses	(4,418,741)	(0.5)	(0.5)
	164,517,153	17.4	6.5
COLA I Account			
Interest	854,428	2.1	2.1
Dividends	352,769	0.9	0.9
Rental and Other Income, less Depreciation	6,815	0.0	0.0
Realized Gains	1,589,215	3.9	3.9
Securities Lending (Net)	20,513	0.1	0.1
Increase in Unrealized Gains	4,446,171	11.0	--
Custodial and Investment Expenses	(184,354)	(0.5)	(0.5)
	7,085,557	17.5	6.5
COLA II Account			
Interest	5,615,722	2.1	2.1
Dividends	2,314,575	0.9	0.9
Rental and Other Income, less Depreciation	45,252	0.0	0.0
Realized Gains	10,403,097	4.0	3.9
Securities Lending (Net)	134,625	0.1	0.1
Increase in Unrealized Gains	28,567,884	10.8	--
Custodial and Investment Expenses	(1,209,613)	(0.5)	(0.5)
	45,871,542	17.4	6.5

*Before 1/1/2014 COLA transfer, if any

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Accounting Information
As of October 1

		2012		2011
		-$-	-$-	-$-
I.	Present Value of Vested Accrued Benefits			
		(FRS 7.75%)		
	A. Service Retirements and Beneficiaries	1,318,007,212	1,347,162,561	1,341,422,264
	B. Disability Retirements	30,658,179	31,219,352	32,338,742
	C. Vested Terminated Members	2,966,382	3,082,011	3,855,757
	D. Active Members	144,665,341	151,491,635	157,940,269
	E. Total	1,496,297,114	1,532,955,559	1,535,577,032
II.	Present Value of Non-Vested Accrued Benefits	5,798,899	6,221,643	32,766,078
III.	Present Value of Accrued Benefits	1,502,096,013	1,539,177,202	1,568,323,110

IV. The values of accumulated plan benefits were determined in accordance with the Academy of Actuaries Interpretations and FASB Statement No. 35, Accounting and Reporting by Defined Benefit Pension Plans.

V. Statement of Changes in Accrued Benefits

A.	Present Value of Accrued Benefits at Beginning of Year	1,568,323,110
B.	Increase (Decrease) During the Year Attributable to:	
1.	Benefits Accumulated	20,599,751
2.	Benefits Paid and Contributions Refunded	(125,086,964)
3.	Plan Amendment (Back Drop)	(37,592,167)
4.	Assumption/Method Changes (included in Plan Amendment)	0
5.	Increase Due to Decrease in Discount Period	112,933,472
6.	Net Increase	(29,145,908)
C.	Present Value of Accrued Benefits at End of Year	1,539,177,202

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparison of Funding Progress
($000)

		10/1/2012 -$-	10/1/2011 -$-	10/1/2010 -$-
I.	Assets			
	A. Book Value	982,006	995,683	992,424
	B. Market Value	1,075,060	987,111	1,027,740
II.	Liabilities			
	A. Retired and Vested	1,381,464	1,377,617	1,360,342
	B. Active			
	Employee Contributions	72,203	66,927	64,629
	Other Vested	79,288	91,013	89,805
	Non-Vested Accrued	6,222	32,766	29,770
	C. Total Accrued	1,539,177	1,568,323	1,544,546
III.	Ratios	%	%	%
	IA/IIC	63.8	63.5	64.3
	IB/IIC	69.8	62.9	66.5

Note: Item II amounts are present values of accrued benefits.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Member Statistics

I. Active Members

	10/1/2012	10/1/2011	10/1/2010
Number of			
Males	1,064	1,023	1,039
Females	172	173	188
Total	1,236	1,196	1,227
Averages			
Current Age	36.6	36.4	36.0
Past Service	9.6	9.5	9.1
Credited Past Service	9.6	9.5	9.1
Annual Earnings	$66,510	$68,700	$65,324

II. Inactive Members

A. Retirees and Beneficiaries			
Number	2,101	2,089	2,062
Average Annual Benefit	$57,617	$57,253	$56,870
Average Age	62.8	62.4	62.1
B. Disabled			
Number	170	178	186
Average Annual Benefit	$20,958	$20,523	$20,372
Average Age	69.2	68.6	68.2
C. Vested Terminated			
Number	14	18	160
Average Deferred Benefit	$28,460	$26,681	$25,276
Average Age	43.2	43.9	43.6

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Age-Service Distribution

	Completed Years of Service										Earnings	
Age	0-1	2-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total	Total -$-	Average -$-
15-24	21	6	1	0	0	0	0	0	0	28	1,358,515	48,518
25-29	28	138	85	0	0	0	0	0	0	251	13,790,359	54,583
30-34	4	87	123	35	1	0	0	0	0	250	15,140,280	60,561
35-39	2	54	65	119	33	2	0	0	0	275	18,884,026	68,669
40-44	1	17	50	91	87	30	0	0	0	276	20,804,047	75,377
45-49	0	14	13	41	40	17	1	0	0	126	9,735,529	77,266
50-54	0	0	4	2	6	7	3	0	0	22	1,973,098	89,686
55-59	0	0	2	1	3	2	0	0	0	8	609,918	76,247
60-64	0	0	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	56	316	343	289	170	58	4	0	0	1,236	82,205,838	66,510

Average Age: 36.6 Average Service: 9.6

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Reconciliation of Participant Counts

	Actives	Retirees & Beneficiaries	Disableds	Vested Terminated
10/1/2011	1,196	2,089	178	18
Changes due to:				
Retirement	-35	+39		-4
Withdrawal	-8			
Disability				
Death		-52	-8	
New Beneficiary		+25		
New Hires	+83			
Data Changes				
10/1/2012	1,236	2,101	170	14

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Principal System Provisions – Prior Provisions

(Based on Ordinance No. 10002, as Amended through Ordinance No. 13202)

Effective Date:	January 1, 1940, as restated effective May 23, 1985, and amended through September 30, 2011.
Fiscal Year:	October 1 - September 30.
Membership:	Police officers and fire fighters.
Covered Compensation:	An employee's base salary, including pick-up contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death-in-family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.
Contributions:	Members: 10% of Compensation for Police Officers, 10% for Fire Fighters. City: Balance, as actuarially determined.
Creditable Service:	Service credited under Retirement System; military service (maximum of four years) during wartime for which Member makes contributions; maternity leave (maximum of 180 days for each leave) for which Member makes contributions; up to 5 years, without member contributions, if member was an employee before period of military service.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions – Prior Provisions
(continued)

Average Final Compensation:	For members who retire or terminate employment with ten or more years of creditable service prior to October 1, 2010, the annual earnable compensation of a member during either the last one year or the highest year of membership service, whichever is greater. Effective September 30, 2010, for members who retire on or after October 1, 2010, average final compensation shall mean the average of the highest 5 years of service, to be phased in over the next 4 years as follows: for members who retire on or after October 1, 2010 and on or before September 30, 2011, the average of the highest 2 years of membership service; for members who retire on or after October 1, 2011 and on or before September 30, 2012, the average of the highest 3 years of membership service; for members who retire on or after October 1, 2012 and on or before September 30, 2013, the average of the highest 4 years of membership service; and for members who retire on or after October 1, 2013, the average of the highest 5 years of membership service. Provided, in no event shall the average final compensation of any member who was employed as a police officer or firefighter on September 30, 2010 and retires on or after October 1, 2010, be less than the highest year of membership service prior to September 30, 2010.
Normal Service Age:	Age 50

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Actuarial Basis – Prior Basis

Valuation Date: October 1, 2012 for Fiscal Year beginning October 1, 2013.

Valuation Method: Aggregate Cost Method.

Asset Valuation Method: 20% Write-Up Method: Expected value is based on the Interest Discount/Investment Return rate applied to the actuarial asset value as of previous valuation date and cash flow during the year. 20% of the difference between the Expected Value and the Market Value (net of pending transfers to the COLA Fund) is added to the Expected Value.

The result cannot be greater than 120% of market value or less than 80% of market value (net of pending COLA transfers).

Actuarial Assumptions:

Interest Discount/ Investment Return: 7.50%, compounded annually.

Inflation: 3.25%, compounded annually.

Mortality: RP 2000 Mortality Table, Employees and Annuitants Combined, projected by scale AA to 2020, producing following specimen rates:

Age	Male	Female
20	.0235%	.0138%
30	.0402%	.0216%
40	.0919%	.0522%
50	.1487%	.1189%
60	.4887%	.4573%
70	1.6413%	1.5145%
80	5.7647%	3.9866%

Disabled Mortality: RP 2000 Disabled Mortality Table projected by scale AA to 2020, producing following specimen rates:

Age	Male	Female
20	1.5696%	.5287%
30	2.0418%	.6093%
40	1.9221%	.5507%
50	2.0149%	.8186%
60	3.0450%	1.9756%
70	4.6257%	3.4045%
80	8.9456%	6.2834%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis – Prior Basis
(Continued)

Age	Disability	Turnover	
		<5	5+
31	.00200	.0240	.0192
32	.00220	.0240	.0192
33	.00245	.0240	.0192
34	.00265	.0240	.0192
35	.00285	.0240	.0192
36	.00305	.0228	.0182
37	.00325	.0216	.0173
38	.00345	.0204	.0163
39	.00370	.0192	.0154
40	.00390	.0180	.0144
41	.00470	.0168	.0134
42	.00555	.0156	.0125
43	.00635	.0144	.0115
44	.00720	.0132	.0106
45	.00800	.0120	.0096
46	.00880	.0096	.0077
47	.00965	.0072	.0057
48	.01045	.0048	.0038
49	.01130	.0024	.0019
50	.01210	.0000	.0000
51	.01295	.0000	.0000
52	.01375	.0000	.0000
53	.01455	.0000	.0000
54	.01540	.0000	.0000
55	.01620	.0000	.0000
56	.01785	.0000	.0000
57	.01870	.0000	.0000
58	.01950	.0000	.0000
59	.02030	.0000	.0000
60	.00000	.0000	.0000

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis – Prior Basis
(Continued)

Retirement: Fire Fighters who had attained 64 points by September 30, 2009 and Police Officers who had attained 64 points by September 30, 2010 are subject to the Rule of 64; Fire Fighters who had attained 68 points by September 30, 2010 are subject to the Rule of 68; all others are subject to the Rule of 70. If eligible for Retirement, the following decrements apply, based on service:

Years of Service	Police %	Fire %
<20	0	0
20-24	40	5
25-29	50	25
30-31	100	25
32		100

Members eligible for Normal Retirement are assumed to retire in accordance with these probabilities. There is no explicit assumption as to the percentage of retirements expected to enter the DROP. No distinction is necessary, since funding is calculated to expect retirement or expected DROP entry.

Salary Merit Scale:

Service	Police	Fire
0	.0500	.0500
1	.0500	.0500
2	.0500	.0500
3	.0500	.0500
4	.0500	.0500
5	.0500	.0500
6	.0500	.0500
7	.0250	.0500
8	.0500	.0500
9	.0500	.0500
10	.0100	.0000
11	.0100	.0000
12	.0100	.0000
13	.0100	.0000
14	.0100	.0000
15	.0125	.0250
16	.0125	.0250
17	.0100	.0100
18	.0100	.0100
19	.0100	.0100
20	.0100	.0100
21	.0100	.0100
22 +	.0000	.0000

Salary Merit Scale is combined with 3.25% inflation and 1.5% for promotions and other increases. There is no additional increase at retirement.

Projected Total Payroll: Covered Payroll plus $42,524,730 in payroll for members in forward DROP during 2011/2012 year.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis – Prior Basis
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employees are assumed to be married. For Members currently receiving benefits, actual spouse's information is provided.
Investment Expenses:	The investment return assumption of 7.5% is net of investment expenses.
Administration Expenses:	Equal to amount from previous fiscal year ($2,044,488).
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Compensated Absence Balance Transfers:	No liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.
Adjustments from Valuation Date:	One year's interest is added to the calculated deposit to reflect ordinance provision.
Sources of Data:	Asset data is from unaudited financial statements and includes an appraised value for the real estate to be used for Market Value. Membership data was furnished by Administrator. Member compensation used is final bi-weekly pay in the year, annualized, with estimated reductions for each active member as of October 1, 2011 based on approach summarized in Tables 2 and 3 in September 24, 2011 Actuarial Impact Statement.
Changes Since Prior Valuation:	None.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Actuarial Basis – Revised Basis

Valuation Date: October 1, 2012 for Fiscal Year beginning October 1, 2013.

Valuation Method: Aggregate Cost Method.

Asset Valuation Method: 20% Write-Up Method: Expected value is based on the Interest Discount/Investment Return rate applied to the actuarial asset value as of previous valuation date and cash flow during the year. 20% of the difference between the Expected Value and the Market Value (net of pending transfers to the COLA Fund) is added to the Expected Value.

The result cannot be greater than 120% of market value or less than 80% of market value (net of pending COLA transfers).

Actuarial Assumptions:

Interest Discount/ Investment Return: 7.50%, compounded annually.

Inflation: 3.25%, compounded annually.

Mortality: RP 2000 Mortality Table, Employees and Annuitants Combined, projected by scale AA to 2020, producing following specimen rates:

Age	Male	Female
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Disabled Mortality: RP 2000 Disabled Mortality Table projected by scale AA to 2020, producing following specimen rates:

Age	Male	Female
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30	2.0418%	.6093%
40	1.9221%	.5507%
50	2.0149%	.8186%
60	3.0450%	1.9756%
70	4.6257%	3.4045%
80	8.9456%	6.2834%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis – Revised Basis
(Continued)

Age	Disability	Turnover	
		<5	5+
31	.00200	.0240	.0192
32	.00220	.0240	.0192
33	.00245	.0240	.0192
34	.00265	.0240	.0192
35	.00285	.0240	.0192
36	.00305	.0228	.0182
37	.00325	.0216	.0173
38	.00345	.0204	.0163
39	.00370	.0192	.0154
40	.00390	.0180	.0144
41	.00470	.0168	.0134
42	.00555	.0156	.0125
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44	.00720	.0132	.0106
45	.00800	.0120	.0096
46	.00880	.0096	.0077
47	.00965	.0072	.0057
48	.01045	.0048	.0038
49	.01130	.0024	.0019
50	.01210	.0000	.0000
51	.01295	.0000	.0000
52	.01375	.0000	.0000
53	.01455	.0000	.0000
54	.01540	.0000	.0000
55	.01620	.0000	.0000
56	.01785	.0000	.0000
57	.01870	.0000	.0000
58	.01950	.0000	.0000
59	.02030	.0000	.0000
60	.00000	.0000	.0000

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis – Revised Basis
(Continued)

Retirement: Fire Fighters who had attained 64 points by September 30, 2009 and Police Officers who had attained 64 points by September 30, 2010 are subject to the Rule of 64; Fire Fighters who had attained 68 points by September 30, 2010 are subject to the Rule of 68; all others are subject to the Rule of 70. If eligible for Retirement, the following decrements apply, based on service:

Years of Service	Police %	Fire %
<20	0	0
20	10	10
21-24	3	3
25-29	40	5
30-34	50	25
35	100	25
36		25
37		100

All Members retire in accordance with the probabilities above. All Members are assumed to elect a five-year BackDROP when they reach five years following first retirement eligibility.

Salary Merit Scale:

Service	Police	Fire
0	.0500	.0500
1	.0500	.0500
2	.0500	.0500
3	.0500	.0500
4	.0500	.0500
5	.0500	.0500
6	.0500	.0500
7	.0250	.0500
8	.0500	.0500
9	.0500	.0500
10	.0100	.0000
11	.0100	.0000
12	.0100	.0000
13	.0100	.0000
14	.0100	.0000
15	.0125	.0250
16	.0125	.0250
17	.0100	.0100
18	.0100	.0100
19	.0100	.0100
20	.0100	.0100
21	.0100	.0100
22 +	.0000	.0000

Salary Merit Scale is combined with 3.25% inflation and 1.5% for promotions and other increases. There is no additional increase at retirement.

Projected Total Payroll: Covered Payroll plus $42,524,730 in payroll for members in forward DROP during 2011/2012 year.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis – Revised Basis
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employees are assumed to be married. For Members currently receiving benefits, actual spouse's information is provided.
Investment Expenses:	The investment return assumption of 7.5% is net of investment expenses.
Administration Expenses:	**$2,087,114**
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Compensated Absence Balance Transfers:	No liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.
Adjustments from Valuation Date:	One year's interest is added to the calculated deposit to reflect ordinance provision. For purposes of minimum City contributions as specified by State Division of Retirement (Exhibit 18), additional interest discount is included to reflect monthly contributions.
Sources of Data:	Asset data is from unaudited financial statements and includes an appraised value for the real estate to be used for Market Value. Membership data was furnished by Administrator. Member compensation used is final bi-weekly pay in the year, annualized, with estimated reductions for each active member as of October 1, 2011 based on approach summarized in Tables 2 and 3 in September 24, 2011 Actuarial Impact Statement.
Changes Since Prior Valuation:	**Retirement assumptions changed to reflect assumed impact of BackDROP implementation; forward DROP discontinuation for members not eligible for Normal Retirement on January 1, 2013 or vested on September 30, 2010.** **Administrative expense assumption increased $42,626 (from $2,044,488 to $2,087,114).**

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 25
(Excluding COLA Fund)

I. Funding Status and Progress as of September 30, 2012 and 2011

Entry Age Accrued Liability: $(Millions)

	Sept. 30, 2012	Sept. 30, 2011
	-$-	-$-
- Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	1,381.5	1,377.6
- Current employees - Accumulated employee contributions including interest	72.2	66.9
Employer - financed vested	79.3	91.0
Employer - financed nonvested	40.0	54.9
Total Actuarial Accrued Liability	1,573.0	1,590.4
Net assets available for benefits (market value)	1,075.1	987.1
Unfunded Actuarial Accrued Liability	497.9	603.3

The actuarial accrued liability was determined as part of actuarial valuations at September 30, 2012 and September 30, 2011. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.50 percent per year compounded annually, (b) projected salary increases of 3.25 percent per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.0 percent to 5.0 percent per year, attributable to seniority/merit and (d) 1.5% for promotions and other increases.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 25
(Excluding COLA Fund)

II. Contributions Required and Contributions Made

The funding policy provides for periodic employer contributions at actuarially determined rates that are sufficient to pay benefits when due. Contributions for normal costs are determined using the aggregate actuarial cost method. This cost method does not provide for an unfunded actuarial accrued liability.

Contributions totaling $50,744,697 ($42,353,775 employer and $8,390,922 employee) were made for the year ending September 30, 2012. These contributions consisted of (a) $50,744,697 normal cost, (b) $0 amortization of the unfunded actuarial accrued liability, and (c) $0 noninvestment expenses.

Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the standardized measure of the pension obligation as of the beginning of the preceding year.

III. Analysis of Funding Progress ($ Millions)

Fiscal Year	(1) Actuarial Asset Value ($)	(2) Entry Age Reserve ($)	(3) Percent Funded (%)	(4) Unfunded EAR (2)-(1) ($)	(5) Annual Covered Payroll ($)	(4)/(5) (%)
1992	476.6	483.7	99	7.1	67.1	11
1993	523.0	513.4	102	(9.6)	72.0	(13)
1994	540.3	587.5	92	47.2	72.9	65
1995	585.6	614.4	95	28.8	71.5	40
1996	626.0	650.0	96	24.0	72.9	33
1997	750.9	727.1	103	(23.8)	69.6	(34)
1998	850.7	800.7	106	(50.0)	74.3	(67)
1999	911.7	843.2	108	(68.5)	77.7	(88)
2000	988.8	863.4	115	(125.4)	84.3	(149)
2001	941.8	932.7	101	(9.1)	89.7	(10)
2002	865.5	999.8	87	134.3	96.9	139
2003	865.8	1,067.9	81	202.1	98.9	204
2004	894.6	1,152.8	78	258.2	89.2	289
2005	1,064.9	1,221.6	87	156.7	91.5	171
2006	1,133.0	1,260.5	90	127.5	90.4	141
2007	1,208.8	1,318.4	92	109.6	103.6	106
2008	1,219.6	1,452.5	85	222.9	129.4	172
2009	1,165.0	1,539.3	76	374.4	122.2	306
2010	1,180.6	1,568.3	75	387.7	80.2	483
2011	1,150.3	1,590.5	72	440.2	82.2	536
2012	1,143.6	1,573.0	73	429.4	82.2	522

V

STATISTICAL

SECTION

STATISTICAL DATA OF VARIOUS ACCOUNTS

THROUGH SEPTEMBER 30, 2013

	GENERAL FUND		COLA I		COLA II	
MEMERSHIP ACCOUNT						
ADD:						
Members' Contributions						
After Tax	67,189,737		0		0	
Pre Tax	232,327,347		11,814,941		0	
After Tax from G & S	17,210		0		0	
Interest						
From Benefit Acct	103,015,451		0		0	
From Withdrawals	385,365		0		0	
Transfers from G & S	59,869		0		0	
		402,994,979		11,814,941		0
DEDUCT:						
Refunds -						
Leaving Service	18,893,966		944,800		0	
Additional Contributions	171,226		0		0	
Accidental Death	441,596		22,039		0	
Accidental Disability	1,982,443		0		0	
Option 6A	571,614		0		0	
Ordinary Death	1,760,097		62,320		0	
Transfers -						
After Tax from G & S	4,412,189		0		0	
Benefit Account	291,885,609		10,458,969		0	
Transfers to Acct Payable	480,131		0		0	
Interest withheld	321,957		0		0	
Interest	1,925,475		0		0	
		322,846,303		11,488,127		0
BALANCE AS OF 9/30/12		80,148,676		326,814		0
BENEFIT ACCOUNT:						
ADD:						
Contributions -						
City of Miami	770,448,432		2,042,899		33,069,553	
Police Relief & Pension Fund	52,342		0		0	
Fire Relief & Pension Fund	28,473		0		0	
Members	697,822		0		0	
Transfers from Membership Acct	291,896,533		10,458,969		0	
Amortization of Discounts	10,319,476		249,134		0	
Dividends Received	220,914,111		3,839,094		23,535,338	
Securities Lending Income	7,856,118		246,857		1,527,072	
Excess Interest Transfer	0		0		288,194,062	
Interest Income	609,504,072		14,309,776		56,419,957	
Other Income	2,550,342		37,952		200,430	
Corporate Action	2,923,107		87,099		566,043	
Commission Recapture	524,184		15,680		98,479	
Profit on Sale of Investments	994,260,484		25,309,020		124,090,229	
Unrealized Profit on Sales of Inv	154,566,429		8,765,578		40,867,978	
Unrealized Profit on Sec Lending Collateral	1,960,433		71,299		525,304	
Rental Income	1,406,873		38,357		261,447	
Share of Earnings Income	0		1,170,581		0	
		3,069,909,230		66,642,293		569,355,891
DEDUCT:						
Pensions Paid						
Fire	796,628,284		0		0	
Police	687,584,910		0		0	
General	7,034,700		0		0	
Former Gen assumed by Trust	276,624		0		0	
Pension Payments Prior 1966	989,022		0		0	
Distributions	0		11,652,509		196,819,151	
Lump Sum Payments to Beneficiaries	128,540		0		0	
Death Benefits	1,054,272		0		0	
Amortization of Premium	4,876,744		0		0	
Corrections to Control	17,117,379		0		0	
Income Expenses	70,515,608		1,780,669		10,645,244	
Building Depreciation	378,390		12,623		81,970	
Administrative Expense	6,527,843		0		0	
Stiff Short Term Investment Fee	153,622		6,594		44,609	
Securities Lending Fees	2,162,661		66,982		411,760	
Other Expenses	0		45,256		0	
Loss on Sale of Investments	41,652,910		1,068,210		7,163,861	
Unrealized Profit on Sales of Inv	0		0		16,766,834	
Vested Rights Withdrawals	954,289		0		0	
Transfers -						
Excess Interest Earnings	288,194,062		0		0	
G & S Benefit Account	5,378,420		0		0	
G & S Share of Earnings	5,251,212		0		0	
Interest to Membership Acct	103,080,439		0		0	
Interest on VR Withdrawals	275,509		0		0	
Overpayments (uncollectible)	769		0			
		2,040,216,209		14,632,844		231,933,429
BALANCE AS OF 9/30/13		1,029,693,021		52,009,448		337,422,462
BENEFIT ACCOUNT - SPECIAL						
ADD:						
Contributions - City of Miami	1,001,273					
Members	9,945					
		1,011,218				
DEDUCT:						
Pension Paid	1,011,218					
		1,011,218				
BALANCE AS OF 9/30/13		0				
RESERVE ACCOUNT						
ADD:						
Transfers -						
Benefit Account	961,029					
BA Share of Earnings	222,289					
BALANCE AS OF 9/30/12		1,183,318				

SUMMARY OF RETIREMENTS

JANUARY 1, 1940 THROUGH SEPTEMBER 30, 2013

DESCRIPTION	SERVICE	ORDINARY DISABILITY	SERVICE ACCIDENTAL DISABILITY	ACCIDENTAL DEATH	ORDINARY DEATH	EARLY SERVICE	DROP PLAN	VESTED RIGHTS	CONTINUANCES	TOTAL BENEFITS GRANTED
BENEFITS GRANTED	2,350	53	460	38	4	106	1129	91	344	4,575
ASSUMED BY G.E.S.E. FUND	-184	-3	-19	0	0	0	0	0	0	-206
TERMINATED BY DEATH	-880	-37	-286	-22	0	-48	-2	-8	-105	-1,388
TERMINATED DROP PLAN	0	0	0	0	0	0	-653	0	0	-653
TERMINATED BY MARRIAGE	0	0	0	-2	0	0	0	0	0	-2
RETURNED TO SERVICE	-2	-3	-1	0	0	0	0	0	0	-6
MINORS ATTAINING AGE 18	0	-1	0	-7	0	0	0	0	0	-8
PAYMENT SUSPENDED	-3	0	0	0	0	0	0	0	0	-3
UNMATURED VESTED RIGHTS	0	0	0	0	0	0	0	-12	0	-12
WITHDRAWN VESTED RIGHTS	0	0	-2	0	0	0	0	-27	0	-29
INACTIVE PARTICIPANTS:	1,281	9	152	7	4	58	474	44	239	2,268

OUTLINE OF PRINCIPAL BENEFIT PROVISIONS OF THE CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

ORIGINAL ORDINANCE NO. 10002 ADOPTED JUNE 13, 1985

EARNABLE COMPENSATION:

Earnable compensation, shall mean an employee's base salary including pickup contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death in the family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.

COVERED GROUP:

All fire fighters or police officers presently employed by the City as a fire fighter or police officer whether in the classified or unclassified service of the City.

EMPLOYEE CONTRIBUTIONS:

Effective the first full pay period following October 1, 1999, it shall be 7% of pre tax earnable compensation. Effective the first full pay period following October 1, 2000, it shall be 7% of pre tax earnable compensation or a percent equal to the City's contribution, whichever is less. Effective the first full pay period following October 1, 2008, for fire fighter members it will change from 7% to 8% of pre tax earnable compensation. Effective the first full pay period following October 1, 2009, for fire fighter members it will change from 8% to 9% of pre tax earnable compensation. Effective the first full pay period following October 1, 2010, for fire fighter members it will change from 9% to 10% of pre tax earnable compensation. Effective the first full pay period following October 1, 2011, for police officer members who were hired prior to October 1, 2011, it will change from 7% to 10%. For police officer members who were hired on or after October 1, 2011 it will be 13%.

EMPLOYER CONTRIBUTIONS:

The City's annual fiscal contribution to the retirement system shall provide for the following (1) non-investment expenses of the retirement system, (2) normal costs of the retirement system.

NORMAL RETIREMENT AGE:

Age 50

SERVICE RETIREMENT:

The annual normal service retirement allowance, payable on a 40% Joint and Survivor basis for members eligible to retire as of September 30, 2010 will equal 3.0% of average final compensation per year of creditable service for the first 15 years of such creditable service and 3.5% of the average one year compensation per year of creditable service after 15 years.

For members not eligible to retire as of September 30, 2010, benefit will consist of two parts, Part A and Part B. Part A will consist of average one year compensation of the sum of creditable years of service under 15 years at 3% per year plus creditable years of service over 15 years at 3.5% per year for service up to September 30, 2010. Part B will consist of the average one year compensation of the sum of creditable years of service from October 1, 2010, to the date of retirement at 3% per year.

RULE OF 64 RULE OF 68 RETIREMENT RULE OF 70 RETIREMENT:

A member, in service, who has not withdrawn from active membership in the retirement system may elect service retirement on the basis of his or her combined age and creditable service equaling 64 or more. A fire fighter member, in service, who has not withdrawn from active membership in the retirement system and had not attained his/her 64 points as of October 1, 2009, may elect service retirement on the basis of his or her combined age and creditable service equaling 68 or more. As of October 1, 2010 a member in service who has not withdrawn from active membership in the retirement system may also elect service retirement on the basis of his or her combined age and creditable service equaling 70 or more.

Election to retire under Rule of 64, Rule of 68 or Rule of 70 shall be made by written application to the board. Application shall be executed not less than 10 nor more than 90 days subsequent to the date the member desires to be retired.

EARLY SERVICE RETIREMENT:

After 20 years of creditable service, accrued benefit actuarially adjusted.

DEFERRED RETIREMENT OPTION PROGRAM: (DROP)

A member who is eligible to retire under either Rule of 64, Rule of 68, Rule of 70 or Service retirement can elect to participate in the Deferred Retirement Option Program (DROP). The program allows the member to defer receipt of his retirement benefit into a "DROP" account while he/she continues to be employed by the Department. A police officer member can be in the DROP for a maximum of 7 years (84 months). A fire fighter member can be in the DROP for a maximum of 4 ½ years (54 months). Employees who had not attained normal retirement eligibility as of 1/1/2013 or were not vested as of 10/01/2010, and all employees hired on or after 1/1/2013 will not be eligible for the DROP.

BACK DEFERRED RETIREMENT OPTION PROGRAM:

Employees who had not attained normal retirement eligibility as of 1/1/2013 or were not vested as of 10/01/2010, and all employees hired on or after 1/1/2013, will be eligible for the backdrop option. Members who elect the backdrop shall receive a monthly benefit payable on the employee's actual retirement date based on the benefit the employee would have received if he/she had left city employment and retired on an earlier date. An eligible employee who elects the backdrop option will receive a lump sum payment equal to the accumulation of monthly retirement benefit payments he/she would have received during the period plus interest at the rate of 3% per year, compounded annually. An eligible employee may elect a minimum backdrop period of one year and a maximum backdrop period of up to seven years.

AVERAGE FINAL COMPENSATION:

Shall mean the annual earnable compensation of a member during either the last one (1) year or the highest one (1) year of membership service, whichever is greater.

CREDITABLE SERVICE:

Membership credit upon which a member's eligibility to receive benefits under the retirement system is based or upon which the amount of such benefits is determined.

LIMITATIONS ON BENEFITS:

A member's retirement allowances shall not exceed one hundred percent (100%) of the member's final average compensation for members retiring under Service retirement Rule of 64 Retirement or Rule of 68 Retirement. Exceptions are, (1) members whose retirement allowances, prior to October 1, 1998, had already earned one hundred percent or greater, these members may continue to accrue pension benefits; (2) members whose retirement allowance exceeds one hundred percent as of October 1, 1998 due to the multiplier change, these members shall be capped at the new percentage. Monthly retirement allowance for members not eligible for Rule of 64 or Rule of 68 Retirement as of October 1, 2010, shall not exceed $100,000.00 per year.

OPTIONAL ALLOWANCES:

Normal form (Option 6C) is joint and 40% contingent survivor. Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of member. Option 6A is withdrawal of employee contributions with credited interest; monthly benefit is half of normal level. Option 6B is an additional 5% with no survivor benefit.

DISABILITY RETIREMENTS:

A. Ordinary Disability

After 10 years of creditable service, if not otherwise eligible for normal retirement, and incurred while not in line of duty, a benefit payable for life consisting of the benefit rate times 90% of average final compensation times years of creditable service, if such retirement allowance exceeds 30% of average final compensation. Otherwise, a benefit of 30% of the member's average final compensation.

B. Accidental Disability

Prior to age 60, incurred in line of duty. A benefit payable on a 40% joint and survivor basis of 66 2/3% of average or final compensation, whichever is larger.

DEATH BENEFIT:

A. Ordinary Death Benefit

After 3 years of service, provided death is not accidentally incurred in line of duty, a lump sum payment f 50% of annual compensation received in year prior to death plus an additional lump sum payment of member's accumulated contributions with interest to date of death. Or in lieu thereof; if eligible for Early or Service retirement, and with 3 years of membership, automatic Option 6C, payable to spouse, as through retirement had occurred on date of death (40% payable)

B. Accidental Death Benefit

Incurred in line of duty (or presumed to be in the line, i.e. heart), annual pension of 50% of average final compensation to spouse until death or remarriage or to children under 18, or to dependent parents for life. If none of such beneficiaries exist, the ordinary death benefit will be paid. Also a lump sum payment of member's accumulated contributions with interest to date of death is paid in addition to the above payments.

VESTED RIGHTS BENEFIT:

After completion of 10 years of service, provided accumulated contributions are not withdrawn. A benefit based on service and average final compensation when employment is terminated. Benefit is deferred to minimum retirement age.

C.O.L.A. ACCOUNT:

The COLA I benefit was determined from available monies from an initial city contribution made from the trust funds excess interest earnings. These monies were allocated to the retiree population, according to unit values and distributed to each member according to his/her actuarial life expectancy, in level monthly lifetime payments. In addition to the above initial benefit, a yearly COLA I increase was financed by 2% of the active member's pension contributions.

This yearly increase was determined on the basis as the initial benefit and added to the monthly lifetime payments. As of January 9, 1994, the active employees ceased making the 2% pension contribution to the COLA I account, and the COLA I benefits were frozen as of that date. Beginning with 1994, in addition to the frozen COLA I benefit, a COLA II benefit was paid. The COLA II benefit is funded from the pension fund's annual excess investment return (other than COLA account assets). The methodology for determining the excess investment return and amounts available for the COLA II benefit are described in detail in Section 40-213 of the City of Miami Code. An actuarial table is developed yearly identifying the benefits due. This table is based upon full years of creditable

service at retirement and full years retired as of April of the current year. For accidental death and accidental disability, years of service are defined as twenty five (25) years, or actual creditable service if greater. Receipt of the COLA II benefit is based on the retiree reaching at least four (4) full years of retirement and fifty years of age. In case of accidental death, the beneficiary will be entitled to the COLA benefit on April 1st following the fiftieth anniversary of the employee's birth and the fourth anniversary of the employee's death. COLA benefits for a vested right retiree are based upon such retiree reaching at least four (4) full years of retirement after fifty (50) years of age. COLA benefits reflect the option selected at the time of retirement.

In addition, funding for COLA benefits for future employees hired during the remaining term of the amended final judgement, Gates vs. City of Miami, Circuit Court Case No. 77-9491 CA04, shall be defined and allocated through the remaining term of such final judgement.

ORDINANCES ADOPTED DURING FISCAL YEAR 2012/2013

DATE	ORDINANCE NUMBER
	None

EMPLOYEES' RETIREMENT SYSTEM

of the County of Milwaukee

2013 Annual Report of the Pension Board

as of and for the Years Ended December 31, 2013 and 2012

CITIZEN MEMBERS

John M. Maier, J.D., Chairman

Dr. B. Daugherty, Vice Chairman

Dean Muller

Dr. Sarah W. Peck

Patricia Van Kampen

RETIREE MEMBER

Marilyn Mayr, CPA

EMPLOYEE MEMBERS

Laurie Braun

Norb Gedemer

Vera Westphal

Aimee Funck

ERS MANAGER

Marian Ninneman

901 North 9th Street, Room 210-C

Milwaukee, Wisconsin 53233

Telephone: (414) 278-4207

ers@milwaukecountywi.gov

Employees' Retirement System of the County of Milwaukee

2013 Annual Report of the Pension Board

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EMPLOYEES' RETIREMENT SYSTEM (ERS)

Milwaukee County

Pension Board

John M. Maier, J.D.
Chairperson

Dr. Brian Daugherty
Vice Chairperson

Laurie Braun
Aimee Funck
Norb Gedemer
Marilyn Mayr
Dean Muller
Dr. Sarah W. Peck
Patricia VanKampen
Vera Westphal

Marian Ninneman
ERS Manager

ERS Members:

We are pleased to present the 2013 Annual Report of your Pension Board. The Employees' Retirement System ("ERS") experienced a positive investment return for the year of 15.2%. Net plan position held in trust for pension benefits increased $110.8 million. This increase was mainly due to investments gains and a reduction in pension benefit payments. Total net position at the end of the year was $1.88 billion. The management discussion and analysis, the financial statements, and the footnotes provide detailed information regarding ERS performance.

The description of ERS included in this report highlights major plan provisions. County Ordinances, labor agreements, Pension Board Rules, and Governmental Accounting Standards Board pronouncements prevail over the contents of this report. If you have any questions, please call (414) 278-4145.

Members who retire or otherwise leave County service have several options available with respect to pension benefits. To make informed decisions before terminating employment, members should fully understand and carefully consider the various options available.

Members considering retirement within the next few years are reminded to watch for announcements from the County for retirement information programs. Please call the Retirement office at (414) 278-4207 for further information regarding these programs. If you would like to meet with a Retirement Specialist to discuss retirement, please schedule an appointment by calling (414) 278-4207.

Remember to keep your beneficiary designations current by informing the Retirement office of any changes. Retired members should notify the Retirement office in writing of any address changes to insure benefit payments and year-end Form 1099-R statements are properly mailed.

Respectfully,

The Pension Board

BAKER TILLY

Baker Tilly Virchow Krause, LLP
777 E Wisconsin Ave, 32nd Floor
Milwaukee, WI 53202-5313
tel 414 777 5500
fax 414 777 5555
bakertilly.com

INDEPENDENT AUDITORS' REPORT

To the Members of the Pension
Board of the Employees' Retirement
System of the County of Milwaukee

Report on the Financial Statements

We have audited the accompanying statement of plan net position of the Employees' Retirement System of the County of Milwaukee (the "Retirement System"), as of December 31, 2013 and 2012, the statement of changes in plan net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Retirement System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to the Retirement System's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Retirement System's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net position of the Retirement System as of December 31, 2013 and 2012, and the changes in the plan net position of the Retirement System for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and the Schedule of Funding Progress and Employer Contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise of the Retirement System's basic financial statements. The Letter from the Pension Board, Ten-year Historical Trend, and related information on pages 23 through 26 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
July 7, 2014

Management's Discussion & Analysis
(Unaudited)
(In Thousands of Dollars)

Management is pleased to provide this overview and analysis of the financial activities of the Employees' Retirement System of the County of Milwaukee ("ERS", or the "Retirement System") for the year ended December 31, 2013. Readers are encouraged to consider the information presented in conjunction with the Financial Statements.

FINANCIAL HIGHLIGHTS

PLAN NET POSITION

- Plan net position for ERS increased $110,795 as of 12/31/13 vs. 12/31/12 following an increase of $26,328 as of 12/31/12 vs. 12/31/11. Domestic and International Equities, Long/Short, Real Estate, Infrastructure, and Private Equity experienced positive returns in 2013. Fixed Income securities experienced negative returns in 2013. For the year, the pension fund experienced a positive return of 15.2%.
- The rate of return on total assets of the pension fund, net of fees, was 15.2%, 11.0%, and 0.2% for the years ended December 31, 2013, 2012, and 2011, respectively.
- Receivables increased $20,041 as of 12/31/13 vs. 12/31/12 due primarily to an increase in receivables from sales of investments and a higher pension contribution from the County of Milwaukee. Receivables decreased ($18,510) as of 12/31/12 vs. 12/31/11, due primarily to a decrease in receivables from sales of investments and a lower pension contribution from the County of Milwaukee.
- Other assets increased $28,086 as of 12/31/13 vs. 12/31/12 and decreased ($41,416) as of 12/31/12 vs. 12/31/11 due largely to changes in securities lending – collateral of $28,658 and ($38,479), respectively.
- Liabilities increased $26,418 from 2013 to 2012. This increase was due to an increase in securities lending – collateral. Liabilities decreased ($37,379) from 2012 to 2011.
- ERS buys and sells financial futures contracts to improve the performance of the fund. ERS purchases contracts that approximate the amount of cash held by US equity managers and cash used to pay benefits and expenses.

ADDITIONS AND DEDUCTIONS TO PLAN NET POSITION

- Total additions increased $78,601 in 2013 vs. 2012 and also increased $170,722 in 2012 vs. 2011. The 2013 and 2012 increases were primarily the result of increases in investment income.
- Benefits payments decreased ($5,973) in 2013 and decreased ($8,903) in 2011. The decrease in 2013 was mostly due to a decrease in lump sum payments of $9.5 million and an increase in monthly benefits of $3.5 million. The increase in 2012 was due to an increase in monthly benefits of $8.2 million and an decrease of $17.1 million in lump sum payments.
- 2013 saw a 6.3% decrease in retirements from 2012. The slight decrease compared to 2012 was a result of the benefit changes made in 2012 and 2011.
- As of December 31, 2013, 2012, and 2011, the funding ratio (actuarial value of the assets divided by the actuarial accrued liability) for the plan was 85.7%, 87.3%, and 89.2%, respectively. The funding ratio gives an indication of how well the liabilities of the pension plan are funded. The higher the funding ratio, the better the plan is funded. The ratio increases due to investment gains and pension contributions, and declines due to investment losses, increases in the plan benefits, large pension payouts, and underpayment of pension annual required contributions.

The Board of Trustees of ERS ("The Board") has the responsibility for the overall performance of the Retirement System. The Board's principal means to achieve this goal is by (a) determining an asset allocation policy which is expected to provide the long-term rate of return sufficient to fund benefits while minimizing the risk of loss through diversification, (b) selecting an appropriate number of investment managers to manage the assets within an asset class and monitoring the performance of such investment managers relative to specified benchmarks, and (c) implementing cost containment measures intended to reduce the investment fees and costs associated with investing the Retirement System's assets. The Board is the fiduciary of the Retirement System and is responsible for carrying out the investment functions solely in the interest of the members and benefit recipients.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Retirement System's financial statements. The financial section is comprised of four components: (1) financial statements, (2) notes to the financial statements, (3) required supplementary information, and (4) other supplementary schedules.

Financial Statements – There are two financial statements presented for the plan. The Statement of Plan Net Position as of December 31, 2013 and 2012 indicates the plan net position available to pay future benefits and gives a snapshot of the financial assets available for pension benefits at a particular point in time. The Statement of Changes in Plan Net Position for the years ended December 31, 2013 and 2012 provides a view of the additions and deductions to the plan for the years presented.

Notes to financial statements – The notes provide additional information that is essential for a full understanding of the data provided in the financial statements.

Required supplementary information – The required supplementary information consists of a Schedule of Funding Progress and a Schedule of Employer and Other Contributions and related notes concerning the funding status of the plan. These schedules provide historical trend information, that contribute to understanding the changes in the funded status of the plan over time.

(See independent auditors' report)

Other supplementary schedules – The additional schedules (Ten-Year Historical Trend Information, Plan Net Position at Fair Value, Actual County and Participant Contributions, Active Membership Statistics, Retirements and Survivors Statistics) are presented for the purpose of additional analysis.

COMPARATIVE FINANCIAL STATEMENTS

Retirement System's Plan Net Position	12/31/2013	12/31/2012	12/31/2011	Difference	% Change
Assets					
Cash and cash equivalents	$81,248	$56,934	$84,108	($2,860)	(3.4%)
Receivables	43,883	23,842	42,352	$1,531	3.6%
Investments, at fair value	1,756,467	1,691,695	1,618,148	$138,319	8.5%
Other assets	53,659	25,573	64,488	($10,829)	(16.8%)
Total Assets	1,935,257	1,798,044	1,809,096	126,161	7.0%
Liabilities					
Security lending obligations	48,678	20,020	58,499	(9,821)	(16.8%)
Other liabilities	7,349	9,589	8,490	(1,141)	(13.4%)
Total Liabilities	56,027	29,609	66,989	(10,962)	(16.4%)
Plan net position held in trust for pension benefits	$1,879,230	$1,768,435	$1,742,107	$137,123	7.9%

Retirement System's Changes in Plan Net Position	2013	2012	2011	Difference	% Change
Additions					
Employer contributions	$21,998	$18,411	$28,276	($6,278)	(22.2%)
Member contributions	8,955	9,041	3,314	5,641	170.2%
Investment income	257,341	182,241	7,381	249,960	3386.5%
Total Additions	288,294	209,693	38,971	249,323	639.8%
Deductions					
Benefit payments	(172,584)	(178,557)	(187,460)	14,876	(7.9%)
Administrative expenses	(4,470)	(4,596)	(4,501)	31	(0.7%)
Withdrawals	(445)	(212)	(70)	(375)	535.7%
Total Deductions	(177,499)	(183,365)	(192,031)	14,532	(7.6%)
Changes in plan net position available for benefits	110,795	26,328	(153,060)	263,855	(172.4%)
Plan net position held in trust for pension benefits:					
Beginning of year	1,768,435	1,742,107	1,895,167	(126,732)	(6.7%)
End of year	$1,879,230	$1,768,435	$1,742,107	$137,123	7.9%

Requests for financial information:

The financial report is designed to provide the Board, our membership, taxpayers, investment managers, and creditors with a general overview of ERS' finances and to demonstrate ERS' accountability for the funds under its stewardship. Please address any questions about this report or requests for additional financial information to:

Milwaukee County ERS
901 N. 9th Street Room 210C
Milwaukee, WI 53233

Email: ers@milwaukeecountywi.gov

(See Independent auditors' report)

EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE
STATEMENT OF PLAN NET POSITION
AS OF:

	December 31, 2013	December 31, 2012
ASSETS:		
CASH AND CASH EQUIVALENTS	$ 81,248,096	$ 56,933,710
RECEIVABLES		
Due from sale of investments	18,510,535	1,330,034
Accrued interest and dividends	2,062,966	2,284,805
County of Milwaukee	22,707,938	19,647,505
Miscellaneous receivables	601,970	579,386
TOTAL RECEIVABLES	43,883,409	23,841,729
INVESTMENTS AT FAIR VALUE		
Domestic common and preferred stocks	638,670,311	408,643,021
Long/Short hedge funds	193,376,665	181,417,205
Fixed income	368,539,958	445,499,443
International common and preferred stocks	206,675,087	348,646,991
Real estate and REIT's	166,037,664	127,429,416
Infrastructure	134,856,078	130,214,951
Private equity	48,311,010	49,843,970
TOTAL INVESTMENTS	1,756,466,773	1,691,694,997
OTHER ASSETS		
Software development costs, net (See Note 2)	4,980,643	5,552,525
Securities lending - collateral (See Note 5)	48,678,274	20,020,522
TOTAL OTHER ASSETS	53,658,918	25,573,047
TOTAL ASSETS	1,935,257,196	1,798,043,483
LIABILITIES		
Securities lending - collateral (see Note 5)	48,678,274	20,020,522
Miscellaneous payables	4,920,171	3,689,753
Payable for securities purchased	836,523	4,267,276
Payable to OBRA retirement plan	1,592,289	1,631,303
TOTAL LIABILITIES	56,027,258	29,608,855
PLAN NET POSITION HELD IN TRUST FOR PENSION BENEFITS	$ 1,879,229,938	$ 1,768,434,628

(A schedule of funding progress is presented on page 20)

The accompanying notes are an integral part of these financial statements

EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE
STATEMENT OF CHANGES IN PLAN NET POSITION
FOR THE YEARS ENDED:

	December 31, 2013	December 31, 2012
ADDITIONS:		
CONTRIBUTIONS		
County of Milwaukee	$ 21,998,256	$ 18,410,496
Plan participants	8,954,525	9,040,652
TOTAL CONTRIBUTIONS	30,952,781	27,451,148
INVESTMENT INCOME		
Net appreciation (depreciation) in fair value	230,755,950	155,309,701
Interest and dividends	20,841,409	22,147,022
Securities lending income	67,692	70,904
Other income	9,146,139	8,513,437
Total investment income	260,811,190	186,041,063
Securities lending rebates and fees, net	23,575	50,314
Less: Investment expense	(3,493,638)	(3,849,959)
Net investment income	257,341,127	182,241,418
TOTAL ADDITIONS	288,293,908	209,692,566
DEDUCTIONS:		
Benefits paid to retirees & beneficiaries	(172,583,835)	(178,557,030)
Administrative expenses	(4,469,915)	(4,595,550)
Withdrawal of membership accounts	(444,848)	(212,245)
TOTAL DEDUCTIONS	(177,498,598)	(183,364,825)
NET CHANGE IN PLAN POSITION	110,795,310	26,327,741
PLAN NET POSITION HELD IN TRUST FOR PENSION BENEFITS		
Beginning of year	1,768,434,628	1,742,106,887
End of year	$ 1,879,229,938	$ 1,768,434,628

The accompanying notes are an integral part of these financial statements

(1) Description of Retirement System –

The following brief description of the provisions of the Employees' Retirement System of the County of Milwaukee ("ERS" or the "Retirement System") is provided for financial statement purposes only. Members should refer to Section 201.24 of the General Ordinances of Milwaukee County and their respective bargaining agreements for more complete information.

The Retirement System is a single-employer defined benefit plan that was created to encourage qualified personnel to enter and remain in the service of the County of Milwaukee (the "County") by providing for a system of retirement, disability and death benefits to or on behalf of its employees. Under Chapter 201 of the Laws of Wisconsin for 1937, the County was mandated to create the Retirement System as a separate legal entity. The County did so by passing Section 201.24 of the General Ordinances of Milwaukee County. The authority to manage and control the Retirement System is vested in the Pension Board of ERS (the "Board"). The Board consists of ten members – three members appointed by the County Executive (subject to confirmation by the County Board of Supervisors), three employee members elected by active employee members, two members appointed by the County Board chairperson, one employee member appointed by the Milwaukee Deputy Sheriffs' Association, and one retiree member elected by retirees.

The Board created two (2) committees to assist in the administration of the Board's duties. The Investment Committee reviews the investment portfolio on a monthly basis, endorses strategies, and submits investment recommendations to the full Board. The Audit Committee reviews legal issues, Ordinance adherence, and submits recommendations to the full Board regarding the annual audit and the Annual Report of the Pension Board.

	As of December 31	
Members -	**2013**	**2012**
Retiree and beneficiaries currently receiving benefits	**7,940**	**7,867**
Vested and terminated employees not yet receiving benefits	**1,411**	**1,196**
Current employees	**3,911**	**3,934**
Total participants	**13,262**	**12,997**

Contributions –

The Retirement System had been substantially noncontributory. However, starting in 2011, certain members began making mandatory contributions. Most full-time, regularly-appointed employees were required to make contributions in 2012. The employee contributions varied from 4.4% of compensation to 6.59% for 2013. In 2014, the employee contribution percentages will range from 5.1% to 5.2% of compensation. These percentages may change from year to year based on an analysis performed by the Retirement System's actuary.

Employees who terminate County employment and are not eligible for an immediate pension payment may request a refund of all accumulated contributions made, with simple interest at 5% per annum. Effective December 19,2013, employees who terminate employment with the County, must be request a refund of accumulated contributions within one hundred eighty (180) days of terminating County employment. Prior to December 19, 2013, terminated employees had sixty (60) to request a refund of their contributions. The Retirement System will send an employee who terminates a written notice of the refund option. Any employee receiving this refund will forfeit his or her service credit and will no longer be a member of ERS.

Contributions due from the County to the Retirement System consist of amounts sufficient to fund the annual normal cost and interest on and amortization of the unfunded or overfunded actuarial accrued liability less the expected contributions from the participants. A substantial portion of the current year's contribution is paid to the Retirement System in the following year.

In 2012, the County of Milwaukee started receiving contributions from the State of Wisconsin for members who were transferred from Milwaukee County to the State of Wisconsin for future service. As a result of the agreement between the State and the County, non-vested members of the Retirement System were able to continue to accrue pension benefits with ERS, while they were employed with the State. Once the member is vested, they are transferred to the state retirement plan. The state employees were required to contribute 4.4% and 4.7% of their wages to ERS in 2013 and 2012, respectively, and the state contributed the same percentages to the County for 2013 and 2012, respectively.

The County makes contributions to the Retirement System based upon the Annual Required Contribution ("ARC") and legal requirements, at the discretion of the County Board. An actuary hired by the Pension Board establishes the ARC. Data used in the determination of the ARC is based upon the prior fiscal year's demographics. The actual contribution made to the pension plan is set during the County's budget process and may differ from the ARC as a result of changes in plan provisions implemented subsequent to establishment of the ARC and budgetary restraints. During the year, the Retirement System accrues those contributions that the County has included in its current year's budget. The County contribution recorded by the Retirement System was $2,682,736 and $2,575,955 more than the Funding Contribution Amount for 2013 and 2012, respectively.

The Actual Funding Contribution is calculated by the Retirement System's actuary using census data, following plan guidelines, and compared to current net assets. The object is to calculate a contribution that allows the Retirement System to fulfill its obligations to its members.

Benefits -

The normal retirement benefit is a monthly pension for the life of the member beginning at normal retirement age. The pension amount is determined by the following formula:

Multiplier x Creditable Service x Final Average Salary

For most members, the normal retirement age is either 60 or 64 depending on ERS enrollment date and collective bargaining agreement. A few labor agreements also require a minimum of 5 years creditable service in addition to the age requirement. For deputy sheriff members, the normal retirement age is 57 or age 55 with 15 years of creditable service. Depending on enrollment date and collective bargaining agreement, some active members are eligible to retire when their age added to their years of creditable service equals 75 (the "Rule of 75"). The multiplier is determined by Ordinance, collective bargaining agreements, and ERS enrollment date. At this time, the multiplier percentage can be 1.5%, 1.6%, 2% or 2.5%. A member's three or five consecutive years of highest earnings are used to calculate their final average salary as defined by the Ordinance and labor agreement. Annually after retirement, the monthly benefit is increased by 2% of the benefit paid for the first full month of retirement subject to IRS limits. By Ordinance, the maximum benefit (excluding post-retirement increases) payable to a member cannot exceed the sum of 80% of the member's final average monthly salary.

For some members, depending on enrollment date and collective bargaining agreement, the member may elect to receive a backdrop benefit. This benefit permits an employee to receive a lump-sum payment plus a monthly pension benefit upon retirement. The lump-sum payment is the total of the monthly pension amounts, adjusted for post retirement increases that a member would be entitled to from a prior date ("backdrop date") to the date that the member terminates employment plus compounded interest. The backdrop date must be at least one calendar year prior to the termination date and the member must have been eligible to retire as of that date. The member will be entitled to a post retirement increase based on the backdrop date once the member terminates employment.

In 2012, the County Board passed an ordinance limiting the amount of backdrop benefit for most eligible employees who choose a backdrop date after April 1, 2013. If the member chooses a backdrop date after April 1, 2013, then the monthly drop benefit is calculated using the member's final average salary, service credit, and applicable multipliers as of April 1, 2013. This plan change does not apply to Elected Officials, Skilled Trades, Machinists, Federated Nurses, and Firefighters.

A member who meets the requirements for an accidental or ordinary disability retirement benefit is entitled to an amount computed in the same manner as a normal pension but not less than 60% of the member's final average salary for accidental disability (75% for a represented deputy sheriff). The ordinary disability pension will not be less than 25% of the member's final average salary. A total of 15 years of creditable service is required to apply for ordinary disability.

Most members are immediately vested upon attaining age 60 or 64. A vested member is eligible for a deferred pension beginning as of the member's normal retirement date.

A member who is 55 years of age and has 15 years of credited service may elect to receive early reduced retirement benefits. The member would be entitled to a benefit equal to the normal retirement benefit with a lifetime reduction of 5% for each year prior to the normal retirement date.

Upon the death of a member (generally after 1 year of service and depending on collective bargaining agreements), a spouse with a dependent child as defined by Ordinance will receive 40% of the deceased member's salary, reduced by Social Security benefits payable to the spouse. An additional 10% of salary, reduced by Social Security benefits, is paid for each dependent child. Generally, the total benefit, including Social Security benefits, cannot exceed 90% of the prior salary level of the member. At age 60, the spouse will receive 50% of the normal retirement benefit based on the member's projected service to age 60. If there is no spouse or child, the death benefit payable to a designated beneficiary is equal to 50% of the deceased member's final average salary, but not to exceed $2,000.

A member who becomes eligible for normal retirement, but continues to work may elect a Protective Survivorship Option ("PSO") designating a person to receive a pension (100% or 50% option) in the event of their death while in active service. The PSO election must be filed in writing on an approved form. In the absence of an election, a surviving spouse will be paid a 100% survivorship pension.

Currently, members may choose among several benefit payment options when retiring. The available pension options are:

-Maximum Option

Benefit payable for the member's lifetime and ceases upon member's death.

-Option 1 – Membership Account Refund

This option is an actuarially reduced benefit that ceases upon member's death. This option guarantees that the member will receive the total Membership Account balance as of the retirement date. The Membership Account balance is reduced monthly by an actuarially determined amount. Any balance remaining upon the member's death will be paid to the member's beneficiary.

-Option 2 – 50%

This option is an actuarially reduced pension benefit that is payable over the life of the member. Upon the member's death, 50% of the pension benefit is payable over the life of a named beneficiary, if living;

-Option 3 – 100%

This option is an actuarially reduced pension benefit that is payable over the life of the member. Upon the member's death, 100% of the pension benefit is payable over the life of a named beneficiary, if living;

-Option 4 – 25%

This option is an actuarially reduced pension benefit that is payable over the life of the member. Upon the member's death, 25% of the pension benefit is payable over the life of a named beneficiary, if living;

-Option 5 - 75%

This option is an actuarially reduced pension benefit that is payable over the life of the member. Upon the member's death, 75% of the pension benefit is payable over the life of a named beneficiary, if living;

-Option 6 - 10 Year Certain

This option is an actuarially reduced pension benefit payable over the member's life but is guaranteed for a period of 10 years. In the event the member should die within 10 years after the retirement date, the benefit continues to the named beneficiary for the balance of the 10 years.

-Option 7 - Board Discretion

This option is at the Pension Board's discretion and is a payment of a benefit in a form other than those set forth above. The payment in other form must be the actuarial equivalent of the benefit otherwise payable. A member requesting this option is responsible for all expenses incurred in the application for and calculation of the benefit.

Benefits of $172.6 million and $178.6 million were paid in 2013 and 2012, respectively, including periodic pension payments of $160.9 million and $156.9 million, respectively, and backdrop lump sum pension payments of $11.7 million and $21.7 million in 2013 and 2012, respectively.

(2) Summary of Significant Accounting Policies

GASB Statement No. 50

The Retirement System follows the provisions of Governmental Accounting Standards Board ("GASB") 50. GASB 50 requires that information about the funded status of the pension plan as of the most recent actuarial valuation be disclosed in notes to the financial statements. Additionally, GASB 50 requires disclosure of information about actuarial methods and assumptions used in valuations on which reported information about the ARC and the funded status and progress are based. The required schedules of funding progress immediately following the notes to the financial statements present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Basis of Accounting –

The accompanying financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed and expenses are recorded when the corresponding liabilities are incurred. Benefits payments to members are recognized in the period in which the payment was due to the member.

Investments –

Investments, primarily stocks, bonds, certain government loans and mortgage-backed certificates, are stated at quoted fair value. Temporary cash investments are valued at cost, which approximates fair value. Investments in venture capital partnerships, real estate, long/short hedge and infrastructure are valued at estimated fair value, as provided by the Retirement System's investment managers. Investment transactions are recorded on the trade date. Realized gains and losses are computed based on the average cost method. Unrealized gains and losses in the fair value of investments represent the net change in the fair value of the investments held during the period.

A summary of investments at cost is as follows:

	As of December 31,	
	2013	2012
Fixed income	$ 351,637,187	$ 402,014,596
Domestic common and preferred stocks	492,205,445	325,997,725
International common and preferred stocks	154,272,329	330,485,161
Long/Short hedge funds	163,733,085	168,928,375
Infrastructure	105,179,128	106,272,807
Real estate and REIT's	132,788,941	107,788,941
Private equity	47,188,112	50,130,065
Cash & cash equivalents	81,248,096	56,933,710
Total investments at cost	$ 1,528,252,323	$ 1,548,551,381

Valuation of International Securities –

Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts on the date of valuation. Purchases and sales of securities and income items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

Software Development Costs –

Capitalized software development costs represent direct costs related to the development and implementation of software programs utilized in the Retirement System. The amounts are being amortized over ten years using the straight-line method. Amortization expense is included in Administrative Expenses in the accompanying Statement of Changes in Plan Net Position.

	As of December 31, (in thousands of dollars)	
	2013	2012
Software development costs		
Beginning balance	$ 8,211	$ 7,853
Acquisitions	252	358
Ending Balance	$ 8,463	$ 8,211
Accumulated amortization		
Beginning balance	$ 2,659	$ 1,864
Amortization expense	823	795
Ending Balance	$ 3,482	$ 2,659
Software development costs, net	$ 4,981	$ 5,552

Expenses –

Administrative expenses incurred by the County related to the Retirement System are payable by the Retirement System to the County. Such expenses totaled $1,291,253 and $1,187,236 in 2013 and 2012, respectively.

Use of Estimates –

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Standards –

In June 2012, the GASB approved GASB Statement No. 67 ("GASB 67"), "Financial Reporting for Pension Plans", which revises existing guidance for the financial reports of most pension plans.

GASB 67 replaces the requirements of GASB Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans", and GASB Statement No. 50, "Pension Disclosures", as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. GASB 67 builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. GASB 67 enhances note disclosures and required supplementary information for both defined benefit and defined contribution pension plans. GASB 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year required supplementary information schedules. The provisions in GASB 67 are effective for financial reporting for periods beginning after June 15, 2013. The Board will implement the provisions of GASB 67 for the fiscal year ending December 31, 2014.

(3) Income Taxes –

Management has submitted to the Internal Revenue Service, as part of a Voluntary Compliance Program, any compliance issues that have been discovered through a self-administered review where the provisions contained in the Internal Revenue Code, the County Pension Ordinances or Pension Rules differ from actual practice. Management is waiting for a response from the Internal Revenue Service regarding what action will be required to bring the pension system into compliance in all of its practices in order to maintain its tax-qualified status.

(4) Contributions Required and Contributions Made –

The Retirement System's funding policy provides for periodic County contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Payroll contribution rates are determined using the Aggregate Entry Age Normal method of funding. The Retirement System also uses the level percentage of payroll method to amortize the unfunded liability over a 30 year period. The significant actuarial assumptions used to compute the contribution requirements are the same as those used to compute the pension benefit obligation.

County contributions totaling $21,998,256 and $18,410,496 were recorded in 2013 and 2012, respectively. The 2013 and 2012 contributions were $2,682,736 and $2,575,955 above the Funding Contribution Amount ("FCA"), respectively. The County contributions do not include contributions made by the members. Member contributions were $8,954,525 for the year ended December 31, 2013 and $9,040,652 for the year ended December 31, 2012. The small decrease was caused by the reduction of the employee contribution percentages from 4.7% of pensionable compensation in 2012 to 4.4% in 2013. See the Schedule of Employer and Other Contributions in the Required Supplementary Information.

The 2013 and 2012 contributions reflected in the accompanying statements were actuarially determined as of January 1, 2012 and 2011. These amounts were included in the County's 2013 and 2012 budgets. The Retirement System's financial statements as of December 31, 2013 and 2012 reflected the unpaid portion of the 2014 and 2013 contributions as a contribution receivable.

Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 8.0%, compounded annually in 2013 and 2012, (b) projected payroll growth increases averaging 3.5% per year compounded annually in 2013 and 2012, attributed to inflation, seniority and merit, and (c) post-retirement benefit increases of 2.0% per year for both 2013 and 2012.

(5) Deposit and Investment Risk Disclosure –

As provided by state legislative act and County Ordinance, the Board has exclusive control and management responsibility of the Retirement System's funds and full power to invest the funds. In exercising its fiduciary responsibility, the Board is governed by the "prudent person" rule in establishing investment policy. The "prudent person" rule, requires the exercise of that degree of judgment, skill and care under the circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to permanent disposition of their funds, considering the probable income as well as the probable safety of the principal. The Board has adopted a Statement of Investment Policy to formally document investment objectives and responsibilities. This policy establishes guidelines for permissible investments of the Retirement System. The Retirement System's investments are subject to various risks. Among them are credit risk, concentration of credit risk, custodial credit risk, interest rate risk, and foreign currency risk. Each of these risks is discussed in more detail below.

Concentration of Credit Risk –

Concentration of credit risk is a risk of loss that may be attributed to the magnitude of the Retirement System's investment in a single issuer, generally investments in any one issuer that represents five (5) percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this definition. The Retirement System has no investments in one issuer other than U.S. Government securities and mutual funds that exceed five (5) percent of the total investments.

Credit Risk –

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's Investors Services ("Moody's"), Standard and Poor's ("S & P") and Fitch Ratings ("Fitch's"). With the exception of the Mellon Capital Management Aggregate Bond portfolio, bonds purchased and owned in each portfolio must have a minimum quality rating of "Baa3" (Moody's) or "BBB-"(S & P or Fitch's). The average quality of each portfolio must be "A" or better. The fixed income securities for the Mellon Capital Management Aggregate Bond portfolio should have a minimum quality rating of "A", with the exception of 15% of the portfolio which may have a minimum quality rating of "BBB". Of the $14.6 million not rated by Moody's as of December 31, 2013, $12.8 million is rated by S & P as investment grade ("BBB-" or higher). Moody's quality rating of "BAA3" or above is considered investment grade. As of December 31, 2013, $1.5 million was not rated by S & P or Moody's. Of the $17.0 million not rated by Moody's as of December 31, 2012, $14.1 million was rated by S & P as investment grade. $2.6 million was also not rated by S & P as of December 31, 2012. The credit quality ratings of investments in fixed income securities by Moody's as of December 31, 2013, and 2012, are as follows: (amounts are in thousands of dollars)

Moody's Quality Ratings	12/31/2013 Fair Value	12/31/2012 Fair Value
AAA	$130,668	$143,959
AA1	824	1,161
AA2	4,326	5,049
AA3	4,216	5,571
A1	7,886	9,390
A2	8,346	11,619
A3	10,086	12,335
BAA1	11,354	13,321
BAA2	13,533	13,841
BAA3	5,144	5,172
BA1	1,408	527
BA2	1,746	1,427
BA3	437	654
B1	1,020	1,212
B3	440	504
CAA1	83	128
CAA2	201	311
CAA3	168	193
CA	474	532
NR	14,634	17,022
Total Credit Risk Fixed Income Securities	**$216,994**	**$243,928**
U.S. Government and Agencies	77,442	86,928
Units of Participation (Not Rated)	74,104	114,643
Total Investment in Fixed Income	**$368,540**	**$445,499**

Custodial Credit Risk – Deposits and Investments –

Custodial credit risk is the risk that, in the event a financial institution or counterparty fails, the Retirement System will not be able to recover the value of its deposits, investments or securities. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the Retirement System's name and are held by the counterparty.

No formal policy exists on custodial risk. However, substantially all assets of the Retirement System are held in its name. The Retirement System did not own any repurchase agreements as of December 31, 2013 or December 31, 2012.

As of December 31, 2013 and 2012, all deposits with banks are fully insured by the Federal Depository Insurance Corporation or the State Deposit Guarantee Fund.

The following table presents the Retirement System's total cash, deposits and cash equivalents as of December 31, 2013 and December 31, 2012: (amounts are in thousands of dollars)

Schedule of Cash and Cash Equivalent Investments

	12/31/13		12/31/12	
	Carrying Value	Bank Balance	Carrying Value	Bank Balance
Cash held by various investment managers..	$79,642	$81,132	$55,239	$55,237
Deposits with banks.....	1,606	2,549	1,695	2,433
Total Deposits.....	**$81,248**	**$83,681**	**$56,934**	**$57,670**

The difference between the carrying value and bank balances are due to outstanding checks and deposits not yet processed by the bank.

Foreign Currency Risk –

Foreign currency risk is the risk that changes in currency exchange rates will adversely affect the fair value of an investment or deposit.

This footnote is a required disclosure when the Retirement System directly owns investments denominated in a foreign currency. As of December 31, 2013, and 2012, the Retirement System directly owned less than $500 and $2,000 in investments denominated in foreign currencies, respectively.

Interest Rate Risk –

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Duration is a measure of an investment's sensitivity to changes in interest rates. The higher the duration, the greater the changes in fair value when interest rates change. The Option-Adjusted Duration for a security is the percentage price sensitivity to interest rates changes of 100 basis points (or 1.0%), as of December 31, 2013 and 2012. For example, an Option-Adjusted Duration of 5.20 means that the price of the security should fall approximately 5.20% for a 1.0% rise in the level of interest rates. Conversely, the price of a security should rise approximately 5.20% for a 1.0% fall in the level of interest rates. Interest rate changes will affect securities with negative durations in the opposite direction. The Option-Adjusted Duration method of measuring duration takes into effect the embedded options on cash flows.

The Retirement System does not have a formal investment policy that limits investment maturities as a means of managing exposure to losses arising from increasing interest rates with the exception of the cash equivalent portfolio. The investment policy limits the duration of individual securities held in the cash equivalent portfolio to 2.5 years. In addition, the duration of the entire cash equivalent portfolio should be between 1 and 2 years.

As of December 31, 2013 and 2012, the Retirement System had the following Option-Adjusted Durations for the fixed income investments: (amounts are in thousands of dollars)

	12/31/13		12/31/12	
Fixed Income Sector	**Fair Value***	**Option Adjusted Duration**	**Fair Value***	**Option Adjusted Duration**
ABS-Car Loan	$ 6,266	0.79	$ 4,903	1.28
ABS-Equipment	286	0.09	553	0.46
ABS-Home Equity	953	(0.01)	2,016	0.12
Aerospace & Defense	234	5.89	187	5.18
Automobiles & Components	360	8.16	222	6.22
Banking & Finance	20,485	4.00	24,691	4.14
Canadian Government Bonds	240	3.62	597	3.21
Capital Goods	70	6.66	77	7.46
Chemicals	1,368	7.33	1,524	7.82
CMBS - Conduit	11,625	1.87	12,565	2.62
CMO-U.S. Agencies	10,483	3.87	10,041	3.66
Commercial Services & Supp.	118	7.27	0	0.00
FHLMC Multiclass	26,942	1.96	35,637	1.89
FHLMC Pools	10,654	3.07	9,448	2.20
FNMA Pools	34,996	4.10	27,038	3.08
FNMA REMIC	30,872	1.57	39,587	2.28
Food Beverage & Tobacco	1,041	5.01	1,114	5.86
Food Products	619	7.94	1,474	5.97
GNMA Multi Family Pools	1,238	2.52	1,888	2.03
GNMA Single Family Pools	613	1.21	856	1.30
Health Care	1,029	8.92	683	11.21
Household Products	98	3.51	109	4.00
Industrial	494	4.99	533	5.74
Insurance	1,259	5.90	1,760	5.28
MBS PO - Principal Only (US Agencies)	220	17.24	259	18.42
Materials	39	2.54	39	3.36
Mining	938	4.30	896	4.88
News/Media	2,681	6.34	2,912	6.83
Non-US Government Bonds	420	10.44	172	17.84
Oil & Gas	4,542	6.31	4,458	6.90
Other Corporate Bonds	192	5.51	363	3.71
Principal Only US Agencies	926	4.77	0	0.00
Private Placements - ABS	550	0.61	1,383	0.47
Private Placements - MBS	2,538	2.19	2,914	2.88
Pvt Placements-More than 1 yr	8,491	4.74	10,977	4.61
PVT Placements-Interest Only	246	3.13	0	0.00
Retail	982	9.70	1,127	10.48
Supranational Issues	193	1.94	196	2.84
Taxable Municipals	797	14.80	942	17.06
Technology	2,300	5.39	2,632	5.87
Transportation	1,559	6.82	2,071	7.35
U.S. Agencies	8,748	5.01	9,818	6.27
U.S. Governments	41,903	7.16	48,921	5.92
U.S. Governments Interest Only	26,791	5.87	27,929	6.91
Utility-Electric	4,472	6.94	5,614	6.77
Utility-Gas	751	6.63	801	6.89
Utility-Telephone	3,789	7.83	4,249	7.64
Whole Loan - CMO	11,695	0.11	16,544	0.70
Whole Loan - Re-securitization	463	0.02	863	0.04
Yankee Bonds	1,756	6.92	1,776	6.69
Other*	78,215		118,929	
Total	**$ 368,540**		**$ 498,917**	

* For 2013, this represents $74,104 units of participation, $2,541 in FHLMC Multiclass, $358 in Private Placements, $80 in Transportation, $405 in Utility - Electric, and $727 in Whole Loans. For 2012, this represents $114,643 units of participation, $1,763 in FNMA Pools, $1,602 in FHLMC Multiclass, $728 in Private Placements, and $193 in Whole Loans.

Securities Lending –

Section 201.24 (9.1) of the General Ordinances of Milwaukee County and Board policies permit ERS to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. ERS participates in such a securities lending program through its custodian, the Bank of New York Mellon, acting as ERS's securities lending agent. ERS requires collateral from the borrower in the form of cash or securities. Collateral for domestic issues is set at 102% of the fair value of the securities loaned at the time of the initial transaction. If the value falls to 100% of the fair value of the securities loaned, additional collateral is obtained to reestablish collateral at 102% of the fair value of securities loaned. Collateral for international securities is maintained at a level of 105% of the fair value of securities loaned at all times. The securities lending program guidelines attempt to preserve capital while earning a moderate rate of return. Earnings from securities lending, after all fees are paid, are split on a percentage basis with the custodian. For 2013 and 2012, the net investment income realized from security lending was $91,267 and $121,217 respectively.

ERS also invested in several commingled funds managed by Mellon Capital Management that participated in securities lending programs. The earnings and losses attributable to the commingled funds' securities lending programs are combined with the commingled funds' performance and are not reported separately in ERS's financial statements.

Securities loaned and the collateral held were as follows: (amounts are in thousands of dollars)

	As of December 31			
	2013		2012	
Securities Lent for Cash Collateral	Securities Lent	Collateral	Securities Lent	Collateral
Fixed income	$ 20,893	$ 21,350	$ 8,582	$ 8,783
Domestic stocks	26,727	27,328	11,127	11,238
Subtotal	47,620	48,678	19,709	20,021
Securities Lent for Securities Collateral				
Fixed income	7,366	7,516	32,233	32,938
Domestic stocks	1,011	1,031	2,646	2,652
Subtotal	8,377	8,547	34,879	35,590
Grand Total	$ 55,997	$ 57,225	$ 54,588	$ 55,611
Percent Collateral to Securities Loaned		102.19%		101.87%

The collateral received from securities lending transactions are recorded as assets at quoted fair value of the financial statement date. The Retirement System records an identical amount as a liability, representing the obligation of the Retirement System to return the collateral at the time the borrower of the Retirement System's securities return those securities.

The collateral received from securities lending transactions includes cash of $48,678 and $20,021 , and U.S. Treasury securities, Domestic stocks, and REIT's of $8,547 and $35,590 for the years ended December 31, 2013 and 2012, respectively. Under the terms of the securities lending agreement, the Retirement System has the right to sell or pledge the cash collateral. The non-cash collateral in the amounts of $8,547 and $35,590 for the years ended December 31, 2013 and 2012, respectively, is controlled by the custodian and, correspondingly, not reflected in the Statement of Plan Net Position.

At year-end, the Retirement System has no credit risk exposure to borrowers because the amounts the Retirement System owes the borrowers exceed the amounts the borrowers owe the Retirement System. The contract with the Retirement System's custodian requires it to indemnify the Retirement System if a borrower fails to return the securities (and if the collateral is inadequate to replace the securities lent) or fails to pay the Retirement System for income distributions by the securities' issuers while the securities are on loan.

(6) Financial Instruments with Off-Balance Sheet Risks –

A currency forward is a contractual agreement between two parties to pay or receive amounts of foreign currency at a future date in exchange for another currency at an agreed-upon exchange rate. Forward commitments are entered into with the foreign exchange department of a bank located in a major money market. These transactions are entered into in order to hedge risks from exposure to foreign currency rate fluctuations. Recognition of realized gain or loss depends on whether the

currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the Retirement System records the amount receivable or payable at fair value, with the unrealized gain or loss reported as a component of net appreciation in fair value. All contracts are short-term in duration and mature within 90 days.

The Retirement System did not hold any financial instruments with off-balance sheet risk as of December 31, 2013 and December 31, 2012.

ERS invests in financial futures contracts in order to improve the performance of the fund. The Retirement System purchases contracts that approximate the amount of cash held by US equity investment managers and cash used to pay benefits and expenses. Financial futures contracts are agreements to buy or sell a specified amount at a specified delivery or maturity date for an agreed upon price.

The market values of the futures contracts vary from the original contract price. A gain or loss is recognized and paid to or received from the clearinghouse. Financial futures represent an off balance sheet obligation, as there are no balance sheet assets or liabilities associated with those contracts. The cash or securities to meet these obligations are held in the investment portfolio. All contracts are short-term in duration and mature within 90 days.

ERS is subject to credit risk in the event of non-performance by counter parties to financial futures and forward contracts. ERS generally only enters into transactions with credit-worthy institutions. The Retirement System is exposed to market risk, the risk that future changes in market conditions may make an instrument less valuable. Exposure to market risk is managed in accordance with risk limits set by ERS management and by buying or selling futures or forward contracts. The cash or securities to meet these obligations are held in the investment portfolio.

The futures contracts held by the Retirement System are as follows: (amounts are in thousands of dollars)

	As of December 31			As of December 31	
	2013	2012		2013	2012
			Cash Used to Pay Benefits		
US Equity Managers			**and Expenses**		
Cash Held			Cash Held	$ 21,376	$ 17,750
US Equity Investment Managers	$ 22,528	$ 14,131			
			Futures Purchased		
			Barclays AGG (Fixed Income)	6,089	7,813
Futures Purchased			S&P 500 (US Equity)	5,523	6,745
S&P 500(US Equity)	19,332	14,343	MSCI EAFE (International Equity)	2,589	3,160
Futures Above\(Below) Cash	(3,196)	212	TotalFutures Purchased	14,201	17,718
			Futures Above\(Below) Cash	(7,175)	(32)
Market Value	$ 638	$ 68	Market Value	234	14
			Total Market Value	$ 872	$ 82

(7) Commitments and Contingencies –

The Retirement System is involved in litigation and certain other disputes arising during the normal course of operations. Management does not believe the settlement of such matters will have a material impact on the Retirement System's financial statements.

(8) OBRA 1990 Retirement System of the County of Milwaukee –

The County established the OBRA 1990 Retirement System of the County of Milwaukee ("OBRA") to cover seasonal and certain temporary employees who are not enrolled in the Retirement System. Assets of the OBRA system are commingled for investment purposes with the assets of the Retirement System. The assets of the Retirement System are legally available to pay benefits of either the ERS or OBRA and all assets have been commingled. The Retirement System and OBRA are considered a single plan for financial reporting purposes.

Net assets identified for OBRA benefits as of December 31, 2013 and 2012, were as follows:

Statement of Plan Net Position		
	(Unaudited)	
Assets	**2013**	**2012**
Cash	$ 2,622	$ 682
Assets held by Retirement System	1,592,289	1,631,303
Other Assets	8,083	29,621
Total assets	1,602,994	1,661,606
Net position held in trust for pension benefits	$ 1,602,994	$ 1,661,606

Changes in plan net position available for benefits for OBRA for the years ended December 31, 2013 and 2012, were as follows:

Statement of Change in Plan Net Position		
	(Unaudited)	
	2013	**2012**
Contributions from the County	$ 360,000	$ 880,000
Investment income (loss)	223,162	150,023
Investment and administrative expenses	(507,799)	(504,825)
Benefits paid	(133,976)	(395,170)
Net increase (decrease) in net position available for benefits	$ (58,613)	$ 130,028

As of December 31, 2013 and 2012, respectively, there were 4,799 and 3,280 participants with vested benefits in OBRA. The actuarial accrued liability of OBRA at December 31, 2013 and 2012, was $3,410,663 and $2,868,585, respectively, leaving net assets available less than the actuarial accrued liability of ($1,807,669) and ($1,206,978), respectively. These amounts are not reflected in the required supplementary information tables that follow the notes to the financial statements.

(9) Funded Status and Actuarial Information

The Retirement System engages an independent actuarial firm to perform an annual actuarial valuation. The funded status of the Retirement System as of January 1, 2014, the most recent actuarial valuation date, is as follows: (dollar amounts in thousands)

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
$1,772,750	$2,069,547	$296,797	85.7%	$188,605	157.4%

The schedule of funding progress, presented as required supplementary information (RSI) immediately following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of the plan assets are increasing or decreasing over time relative to the Actuarial Accrued Liability (AAL) for benefits.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates about the future. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. These calculations reflect long-term perspectives and use techniques that are designed to reduce short-term volatility.

Following is a listing of the actuarial method and significant assumptions used to determine the Annual Required Contribution (ARC) for the current year:

Valuation date	1/1/2014
Actuarial cost method	Aggregate Entry Age Normal
Asset valuation method	10-year smoothed market
Amortization methods:	
Contribution variance	Level dollar, closed
Administrative expenses	Level dollar, closed
All other unfunded liability	Level percent of payroll, closed
Remaining amortization periods:	
Contribution variance	5 years
Administrative expenses	10 years
All other unfunded liability	30 years
Actuarial Assumptions:	
Investment rate of return	8.00%
Projected salary increases	3.50%
Post-retirement benefit increases	2%, simple

(10) Subsequent Events

The Retirement System has evaluated subsequent events occurring through July 7, 2014, the date the financial statements were available to be issued for events requiring recording or disclosure in the Retirement System's financial statements. Management feels that no material events occurred that would require disclosure.

Required Supplementary Information
Schedule of Funding Progress
(in thousands of dollars)

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liabililty-AAL (b)	Funded Ratio (a/b)	(Overfunded) Unfunded AAL - (UAAL) (b-a)	Covered Payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
12/31/2013	$1,772,750	$2,069,547	85.7%	$ 296,797	$ 188,605	157.4%
12/31/2012	1,768,435	2,025,319	87.3%	256,884	189,132	135.8%
12/31/2011	1,836,543	2,059,554	89.2%	223,011	190,748	116.9%
12/31/2010	1,929,428	2,091,927	92.2%	162,499	221,647	73.3%
12/31/2009	1,956,444	2,097,332	93.3%	140,888	237,040	59.4%
12/31/2008 *	1,968,518	2,057,377	95.7%	88,859	233,820	38.0%

*Includes the anticipated impact from the $397.8 million in pension obligation bonds that was actually received by the plan during plan year 2009.

Analysis of the dollar amounts of plan net position, actuarial accrued liability, and unfunded (overfunded) actuarial accrued liability in isolation can be misleading. Expressing plan net position as a percentage of the actuarial accrued liability provides one indication of the Retirement System's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the Retirement System is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Retirement System. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids the analysis of the Retirement System's progress in accumulating sufficient assets to pay benefits when due. Generally speaking, the smaller this percentage, (or the larger the percentage if negative), the stronger the Retirement System.

Schedule of Employer and Other Contributions for the Year Ended December 31,

Fiscal Year	Employees Contribution	County Contribution	Annual Required Contribution (ARC)	Percentage Contributed
2013	$8,954,525	$21,998,256	$32,136,934	96.3%
2012	9,040,652	18,410,496	28,406,232	96.6%
2011	3,313,807	28,275,594	29,621,216	106.3%
2010	75,584	32,893,562	29,529,322	106.0%
2009	131,766	457,789,154	30,355,535	1,508.1%*
2008	140,209	34,840,886	53,063,610	65.7%

*Actual contribution includes $397.8 million in pension obligation bonds and $29.0 million from a lawsuit settlement.

(See independent auditors' report)

Notes to Required Supplementary Information

(1) Description –

The historical trend information is presented as required supplementary information. This information is intended to help users assess the Retirement System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

(2) Actuarial Assumptions and Methods –

The information presented in the required supplementary schedules was determined as part of the actuarial valuations as of January 1, 2014, for the plan year ending December 31, 2013. The actuarial valuations consider the changes effective January 1, 2014. Additional information as of the latest actuarial valuation follows:

Valuation date	1/1/2014
Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level percent of payroll, closed
Asset Valuation Method	10 year smoothing of difference between total expected return versus actual return
Actuarial Assumptions:	
Post retirement benefit increase (COLA)	2% of original pension benefits
Investment rate of return*	8.0%
Projected payroll growth*	3.5%
Mortality	Sex-distinct UP—1994 Mortality Table with projection scale AA to 2012 then fully generational thereafter using Scale AA (70% of the rates application to healthy pensioners)

*includes inflation at 3.0%

(3) Significant Factors Affecting Trends in Actuarial Information –

The changes regarding the increases in the Annual Compensation limit and the Annual benefit limit for years 2010-2014 are subject to the passage of the Ordinance Amendments by the County Board.

2014 Changes in Plan Provisions or Actuarial Assumptions since Prior Year –

- Non-active Members can request a refund of their accumulated pension contributions within 180 days of receiving notice from the Retirement System.

2013 Changes in Plan Provisions or Actuarial Assumptions since Prior Year –

- Effective with backdrop dates on or after April 1, 2013, the monthly drop benefit shall be based on the salary, service, and multipliers as of April 1, 2013, except for Elected Officials, Building and Trades, Machinists, Federated Nurses, and Firefighters.
- The asset method used by the actuary was changed from a five-year moving market average to a ten-year moving market, with the actuarial value set to market as of 1/1/13.
- The disability assumption used for represented employees was changed to 50% Ordinary and 50% Accidental. The disability assumption for non-represented employees was changed to 100% Ordinary and 0% Accidental.
- The individual salary increase for general employees was changed to an average of 3.3% per annum, for elected officials the individual salary increase was changed to 3.0% per annum and for deputy sheriffs the individual salary increase was changed to 4.3% per annum.
- Members have up to one hundred eighty (180) days after termination of county employment to request refunds of their pension contributions. Members had sixty (60) days to request refunds of pension contributions, previously.
- Sheriffs are eligible for a deferred vested pension after the employee's completion of five (5) years of service.

(See independent auditors' report)

2012 Changes in Plan Provisions or Actuarial Assumptions since Prior Year –

- During 2012, the retirement age for Building and Trades and Nurses members for new hires was increased from 60 to 64.
- During 2012, the multiplier was reduced from 2.0% to 1.6% for Building and Trades, and Nurses.
- During 2011, the retirement age for DC 48 members for new hires was increased from 60 to 64.
- During 2011, the multiplier was reduced from 2.0% to 1.6% for DC 48 members.
- Increased annual compensation limit to $250,000.
- Increased annual benefit limit to $200,000.

2011 Changes in Plan Provisions or Actuarial Assumptions since Prior Year -

- During 2010, the multiplier was reduced from 2.0% to 1.6% for Elected Officials, Attorneys, Machinists, and TEAMCO members.
- During 2010, the retirement age for attorneys, Machinists and TEAMCO members for new hires was increased from 60 to 64.

2010 Changes in Plan Provisions or Actuarial Assumptions since Prior Year -

- Multiplier was reduced from 2.0% to 1.6% for non-represented employees, except Elected Officials and Deputy Sheriffs.
- Retirement age for non-represented new hires was increased from 60 to 64.

(See independent auditors' report)

TEN-YEAR HISTORICAL TREND INFORMATION

REVENUES BY SOURCE AND EXPENSES BY TYPE

(UNAUDITED)

Revenues by Source

Fiscal Year	Participant Contributions(1a)	County Contributions (1b)	Investment Income (Loss)(2)	Total
2013	$8,954,525	$21,998,256	$260,834,765	$291,787,546
2012	9,040,652	18,410,496	186,091,377	213,542,525
2011	3,313,807	28,275,594	11,186,780	42,776,181
2010	75,584	32,893,562	210,905,464	243,874,610
2009	131,766	457,789,154	319,997,171	777,918,091
2008	140,209	34,840,886	(352,108,625)	(317,127,530)
2007	344,782	49,291,072	106,442,068	156,077,922
2006	545,258	27,435,154	207,804,929	235,785,341
2005	360,283	35,415,185	128,528,748	164,304,216
2004	711,322	35,143,178	188,633,703	224,488,203

Expenses by Type

Fiscal Year	Benefits(3)	Investment and Administrative Expenses (4)	Withdrawals	Total
2013	$172,583,835	$7,963,552	$444,848	$180,992,235
2012	178,557,030	8,445,509	212,245	187,214,784
2011	187,460,030	8,305,984	70,123	195,836,137
2010	162,664,454	8,445,062	138,136	171,247,652
2009	145,306,937	7,846,655	38,583	153,192,175
2008	144,160,665	7,385,443	23,557	151,569,665
2007	139,990,962	7,715,976	56,626	147,763,564
2006	130,730,539	6,622,923	13,571	137,367,033
2005	148,307,335	6,294,816	36,963	154,639,114
2004	161,368,700	6,302,951	154,522	167,826,173

FOOTNOTES ARE IN THOUSANDS OF DOLLARS

(1a) Participant contributions are calculated by the actuary and are a percentage of the employees' pensionable compensation.

(1b) County contributions are set during the County's budget process and are made at the discretion of the County Board.

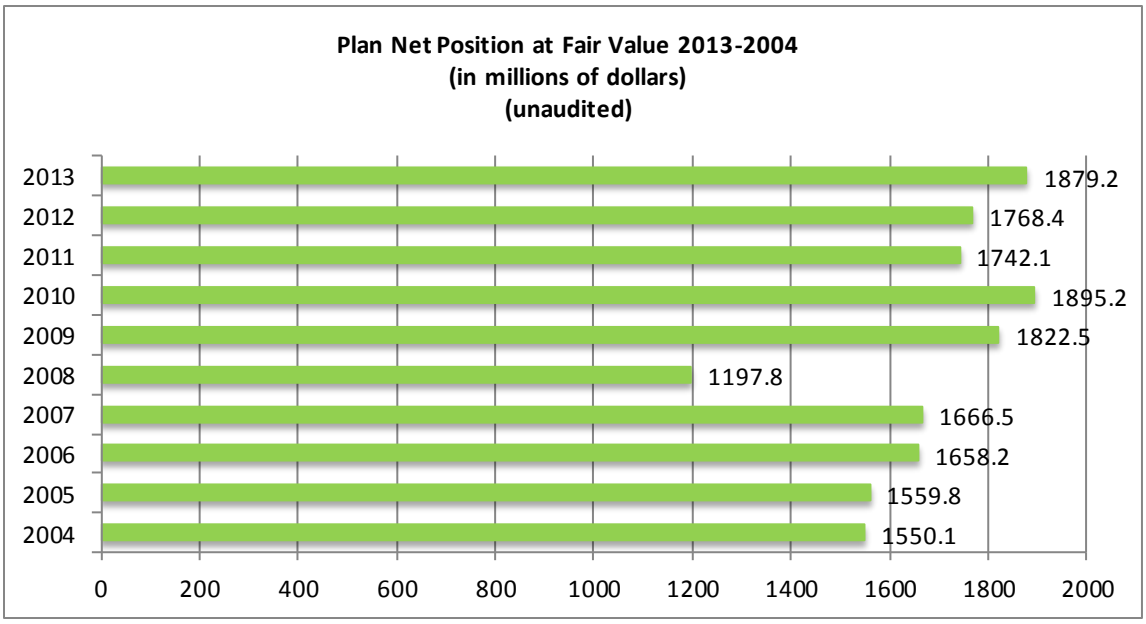
(2) Includes interest and dividends, net appreciation (depreciation) of fair value, net security lending income and other income.

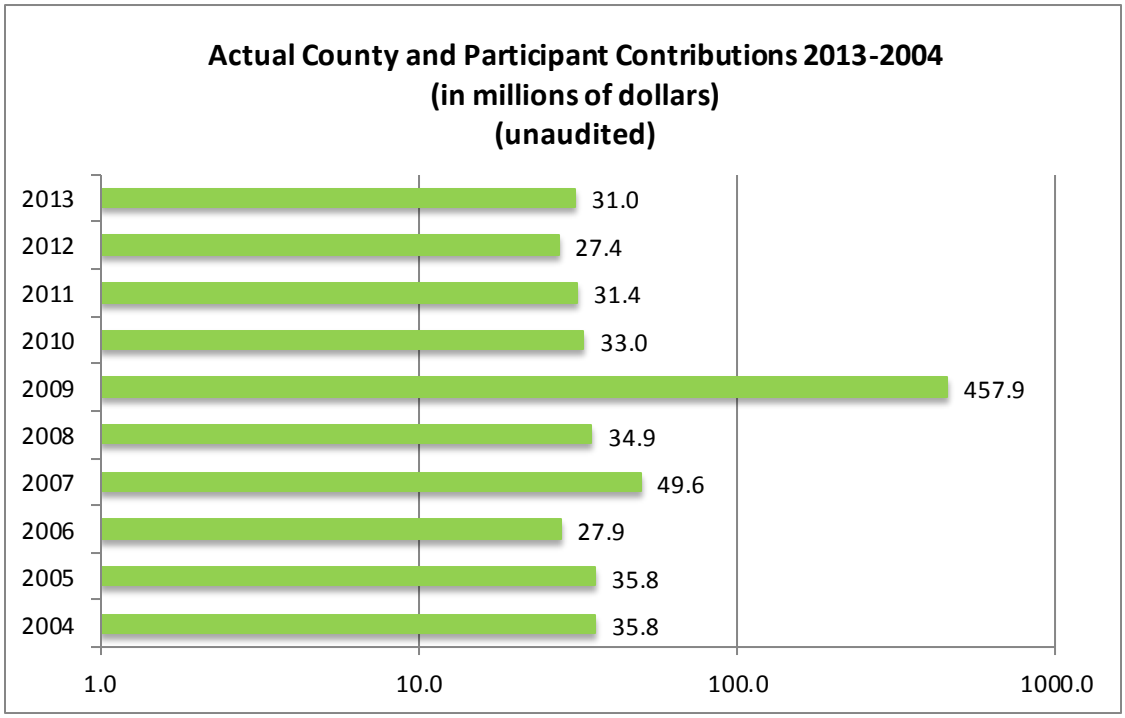
(3) Included in the benefits for 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006, 2005, and 2004 are back drop lump-sum payments of $11.7, $21.7, $38.8, $20.3, $8.7, $11.2, $10.5, $5.5, $25.7, and $55.1 million, respectively.

(4) The increase in investment and administrative expenses of $1,660 in the past ten years was due to increases in the following expenses:

- outside consultants of $657, with most of this increase occurring in 2008 and 2009;
- outside legal fees of $589, due to buyback/buyin issues, RFP preparation, tax issues, and various other legal matters;
- salaries and wages of $428 due primarily to the increase in benefits and staff;
- computer system expenses of $1,227. The plan started using its new computer system as of 1/1/09. Amortization of $823 and hosting expenses of $295, and maintence costs of $275 caused most of this increase.

(See independent auditors' report)





(See independent auditors' report)

ACTIVE MEMBERSHIP STATISTICS

(unaudited)

	2013		2012
Members as of January 1	5,130	*	5,313
Changes During the Year:			
New enrollments	420		355
Rehires	0		0
Nonvested terminations	(262)		(287)
Retirements	(238)		(254)
Deaths in active service	(1)		(6)
New deferred beneficiaries	0		0
Data adjustments	273		9
Members as of December 31	5,322	*	5,130

* The total includes vested inactive members of 1,196 and 1,411 as of beginning of the year and end of the year, respectively.

RETIREMENTS AND SURVIVORS STATISTICS (unaudited)

	Retirements Granted								Survivors & Benefic-iaries	Total
		Option								
	Maximum Pension	Refund	100%	75%	50%	25%	10-yr.	Other		
January 1, 2013	3,211	398	1,383	241	1,077	443	197	49	868	7,867
Changes During the Year:										
Adjustments (actuary)*	10	-	-	-	-	2	-	-	-	12
Retirements	190	-	58	13	22	20	19	-	-	322
Pensioner deaths	(127)	(32)	(23)	(2)	(47)	-	(3)	-	(27)	(261)
December 31, 2013	3,284	366	1,418	252	1,052	465	213	49	841	7,940

*Adjustments as a result of reclassifications made to beginning balances by the actuary

(See independent auditors' report)

CONSULTANTS

as of December 31, 2013

Legal Advisors

Milwaukee County
Corporation Counsel
Paul Bargren

Reinhart, Boerner, Van Deuren S.C.
Steven D. Huff, Secretary of the Pension Board
Milwaukee, Wisconsin

Actuary

Buck Consultants
Chicago, Illinois

Disbursing Agent

County Treasurer

Custodian/Securities Agent

BNY Mellon Asset Servicing
Pittsburgh, Pennsylvania

Medical Board

Columbia St. Mary's
Milwaukee, Wisconsin

Investment Consultant

Marquette Associates, Inc.
Chicago, Illinois

Cash Equitization Manager

BNY Mellon BETA Management
San Francisco, California

Private Equity Managers

Adams Street Partners
Chicago, Illinois

Progress Investment Management Company
San Francisco, California

Siguler Guff & Company, LLC
New York, New York

Long/Short Managers

ABS Investment Management
Greenwich, Connecticut

K2 Advisors
Stamford, Connecticut

Fixed-Income Investment Managers

JP Morgan Investment Management
Columbus, Ohio

Mellon Capital Management
Pittsburgh, Pennsylvania

U.S. Equity Investment Managers

Artisan Partners
Milwaukee, Wisconsin

Fiduciary Management Associates, LLC
Chicago, Illinois

Geneva Capital Management Ltd.
Milwaukee, Wisconsin

Robeco Investment Management
Boston, Massachusetts

Silvercrest Asset Management Group
New York, New York

Mellon Capital Management
Pittsburgh, Pennsylvania

International Investment Managers

Grantham, Mayo, Van Otterloo & Co.
Boston, Massachusetts

Northern Trust Investments
Chicago, Illinois

OFI Global Asset Management
New York, New York

Vontobel Asset Management
New York, New York

Real Estate Investment Managers

American Realty Advisors
Glendale, California

Morgan Stanley Real Estate
New York, New York

UBS Realty Investors, LLC
Hartford, Connecticut

Infrastructure Managers

IFM Investment Advisor
New York, New York

JP Morgan Investment Management
New York, New York

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A Xerox Company

Employees' Retirement System of the County of Milwaukee

Actuarial Valuation Report

January 1, 2013

June, 2013

buckconsultants

A Xerox Company

DRAFT

June 12, 2013

The Retirement Board
Employees' Retirement System of the
County of Milwaukee
901 N. 9th St.
Milwaukee, WI 53233

Ladies and Gentlemen:

This report presents the results of the annual actuarial valuation of the Employees' Retirement System of the County of Milwaukee as of January 1, 2013. The valuation takes into account all of the promised benefits to which members are entitled as of January 1, 2013, including pension and survivor benefits; and as required by the Retirement Code is the basis for the Budget Contribution for fiscal year 2014.

The valuation was based on the actuarial assumptions and methods as adopted by the Board of Trustees, including a valuation interest rate of 8% per annum compounded annually. Based on our recommendations in November 2012, the Board adopted revised actuarial assumptions effective with the January 1, 2013 valuation. A Plan amendment has been reflected in the valuation since the January 1, 2012 valuation report. Effective with backdrop dates on or after April 1, 2013, the monthly drop benefit shall be based on the salary, service and multipliers as of April 1, 2013, except for Elected Officials, Skilled Trades, Machinists, Federated Nurses and Firefighters.

In our opinion, the actuarial assumptions used are reasonable, taking into account the experience of the Plan and reasonable long-term expectations, and represent our best estimate of the anticipated long-term experience under the Plan. The actuary performs an analysis of Plan experience periodically and recommends changes if, in the opinion of the actuary, assumption changes are needed to more accurately reflect expected future experience. The Experience Study for the period January 1, 2007 to December 31, 2011 was prepared by Buck Consultants and approved by the Board for use beginning with the January 1, 2013 actuarial valuation and will remain in effect for valuation purposes until such time as the Board adopts revised assumptions. The next Experience Study will be based on the period from January 1, 2012 to December 31, 2016 and upon approval by the Board will be the basis of valuations performed from January 1, 2018 through January 1, 2022. A summary of the actuarial assumptions and methods used in this actuarial valuation are shown in Table 15.

Assets and Membership Data

The Retirement System reported the individual data for members of the System as of the valuation date to the actuary. For 2013 we received the data in multiple files. Missing information was updated with either supplemental information sent or by using assumptions based on the prior year's data. While we did not verify the data at their source, we did perform tests for internal consistency and reasonableness. The amount of assets in the trust fund taken into account in the valuation was based on statements prepared for us by the Retirement System.

123 North Wacker Drive, Suite 1000 • Chicago, IL 60606
312.846.3000 • 312.846.3999 (fax)

Funding Adequacy

The 2012 valuation performed last year resulted in an Actual Funding Contribution of $24,875,193 against which $18,410,496 (adjusted for interest shown on Table 11) and $9,040,652 member contributions were actually contributed. The excess of $2,575,955 will be amortized over five years.

The Actual Funding Contribution for 2013, based on the results of this valuation, is $28,270,045. It is expected that $30,582,000 ($30,582,000 in expected contribution plus $0 interest) will be contributed during 2014 on behalf of the 2013 plan year. The excess contribution of $2,311,955 will be amortized over five years.

Budget Contribution

The 2014 Budget Contribution, expected to be contributed in 2015, is $29,062,000.

Financial Results and Membership Data

Detailed summaries of the financial results of the valuation and membership data used in preparing the valuation are shown in the valuation report. The actuary prepared supporting schedules and required supplementary information included in the County of Milwaukee Annual Report of the Pension Board.

Qualified actuaries completed the valuation in accordance with accepted actuarial procedures as prescribed by the Actuarial Standards Board. The qualified actuaries are members of the American Academy of Actuaries and are experienced in performing actuarial valuations of public employee retirement systems. To the best of our knowledge, this report is complete and accurate and has been prepared in accordance with generally accepted actuarial principles and practice. The undersigned with actuarial designations are qualified to render the opinions contained in this report.

Respectfully submitted,

Larry Langer, ASA, EA, MAAA
Principal, Consulting Actuary

Emily Urbaniak
Senior Consultant, Retirement

LL/EU:pl

EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE
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Executive Summary

This report presents the actuarial valuation as of January 1, 2013 for the Employees' Retirement System of the County of Milwaukee. The principal valuation results include:

- The Actual Funding Contribution for fiscal year 2013, which is $28,270,045.
- The Annual Required Contribution for fiscal year 2013 in accordance with GASB requirements, which is $32,136,934. GASB requires that the unfunded liability be amortized over a period of not more than thirty years. Typically the Annual Required Contribution and the Actual Funding Contribution are the same. Because the effective amortization period of the Actual Funding Contribution is over thirty years, the Annual Required Contribution cannot be the same as the Actual Funding Contribution. We have independently calculated the Annual Required Contribution as the normal cost plus interest plus a thirty year amortization of the unfunded liability.
- The Budget Contribution for fiscal year 2014, which is $29,062,000.
- The total funded ratio of the plan determined as of January 1, 2013, which is 87.3% based on the accrued liability and the actuarial value of assets. On a market value basis, the plan is 87.3% funded.
- The determination of the actuarial gain or loss as of January 1, 2013, which is a gain of $46,383,350.
- Annual disclosure as of January 1, 2013 as required by Statement No. 25 of the Governmental Accounting Standards Board.

The valuation was based on membership and financial data submitted by the Retirement System.

Changes Since Last Year

Legislative and Administrative Changes

No legislative or administrative changes have been adopted since the previous valuation, other than those that are listed below:

- Effective with backdrop dates on or after April 1, 2013, the monthly drop benefit shall be based on the salary, service and multipliers as of April 1, 2013, except for Elected Officials, Skilled Trades, Machinists, Federated Nurses and Firefighters. The plan change results in a decrease of the unfunded accrued liability in the amount of $10,251,366.

Note that for purposes of the contribution rates shown in the report, these amounts are gross contribution amounts. It is our understanding that County staff will net out the amount of employee contributions that are collected to arrive at a net County contribution. The benefit and contribution provisions are outlined in Table 16.

Actuarial Assumptions and Methods

The actuary recently recommended that the Board adopt new assumptions based upon the five-year experience review of the actuarial assumptions. The Board concurred with the actuary's recommendation and adopted a number of assumption changes that were used to calculate the actual 2013 contribution and the 2014 budget contribution. The asset method was changed from a five-year moving market to a ten-year moving market, with the actuarial value set to market as of January 1, 2013, resulting in a decrease of the unfunded accrued liability in the amount of $16,737,554. The disability assumption for represented employees was changed from assuming that 10% of disabilities are Ordinary and 90% are Accidental to 50% Ordinary and 50% Accidental. The disability assumption for non-represented employees was changed from assuming that 95% of disabilities are Ordinary and 5% are Accidental to 100% Ordinary and 0% Accidental. In addition, the rates of retirement, disability, termination and mortality were modified to better reflect actual and expected experience. The individual salary increase for general employees was changed to an average of 3.3% per annum, for elected officials the individual salary increase was changed to 3.0% per annum and for deputy sheriffs the individual salary increase was changed to 4.3% per annum. The assumption changes resulted in an increase in the unfunded accrued liability in the amount of $101,180,610.

The actuarial assumptions and methods are outlined in Table 15.

Contribution Amounts

The results of the valuation as of January 1, 2013 determine the Actual Funding Contribution and Annual Required Contribution for fiscal year 2013 and the Budget Contribution for fiscal year 2014. The Actual Funding Contribution for fiscal year 2013 is $28,270,045. The Annual Required Contribution for GASB 25 disclosure for fiscal year 2013 is $32,136,934. The Budget Contribution for fiscal year 2014 is $29,062,000. The actual 2013 contribution and budgeted 2014 contribution were based on assumptions and methods as adopted by the Board and participant data as of January 1, 2013.

Reasons for Change in Budget Contribution Calculated by the Actuary

The Budget Contribution calculated by the actuary decreased from $30,582,000 for fiscal year 2013 to $29,062,000 for fiscal year 2014. A reconciliation of the decrease of $1,520,000 is shown in the following table:

Item		Amount
1. 2013 Budget Contribution		$ 30,582,000
2. Increase / (Decrease) during 2012 due to		
a. Unanticipated liability loss (gain)	$ (6,045,000)	
b. Asset experience other than expected	(576,000)	
c. 2012 reimbursable expenses other than assumed	(39,000)	
d. 2012 contribution variance other than assumed	(11,000)	
e. Full recognition of bases other than assumed	(153,000)	
f. Increase due to assumption/method/plan changes	4,512,000	
g. Total		(2,312,000)
3. 2013 Actual Contribution (1 + 2)		$ 28,270,000
4. Expected Increase / (Decrease) during 2013 due to		
a. Normal cost and existing amortization schedule	$ 1,311,000	
b. Phase-in of deferred asset (gains) losses	-	
c. Amortization of 2013 reimbursable expenses	217,000	
d. Expected contribution variance for 2013	(579,000)	
e. Full recognition of 2004 reimbursable expenses	(157,000)	
f. Increase due to plan changes	-	
g. Total		792,000
5. 2014 Budget Contribution (3 + 4)		$ 29,062,000

Summary of Principal Results

Summarized below are the principal financial results for the Employees' Retirement System of the County of Milwaukee based upon the actuarial valuation as of January 1, 2013. Comparable results from the January 1, 2012 valuation are also shown.

Item	January 1, 2013	January 1, 2012
Demographics		
Active Members		
• Number	3,934	3,972
• Average Annual Pay	$ 48,076	$ 48,023
Inactive Members		
• Members Receiving Benefits		
• Number	7,867	7,747
• Average Annual Benefit Payment	$ 20,089	$ 19,212
• Members With Deferred Benefits		
• Number	1,196	1,341
• Average Annual Benefit Payment	$ 6,980	$ 7,114
Actual Funding Contribution	**(Fiscal Year 2013)**	**(Fiscal Year 2012)**
• Normal Cost with Interest	$ 16,105,425	$ 14,488,711
• Net Amortization Payments	12,164,620	10,386,482
• Total Contribution	$ 28,270,045	$ 24,875,193
Actuarial Funded Status		
• Accrued Liability	$ 2,025,319,368	$ 2,059,553,667
• Actuarial Value of Assets	1,768,434,628	1,836,542,926
• Unfunded Accrued Liability	$ 256,884,740	$ 223,010,741
• Funded Ratio	87.3 %	89.2 %

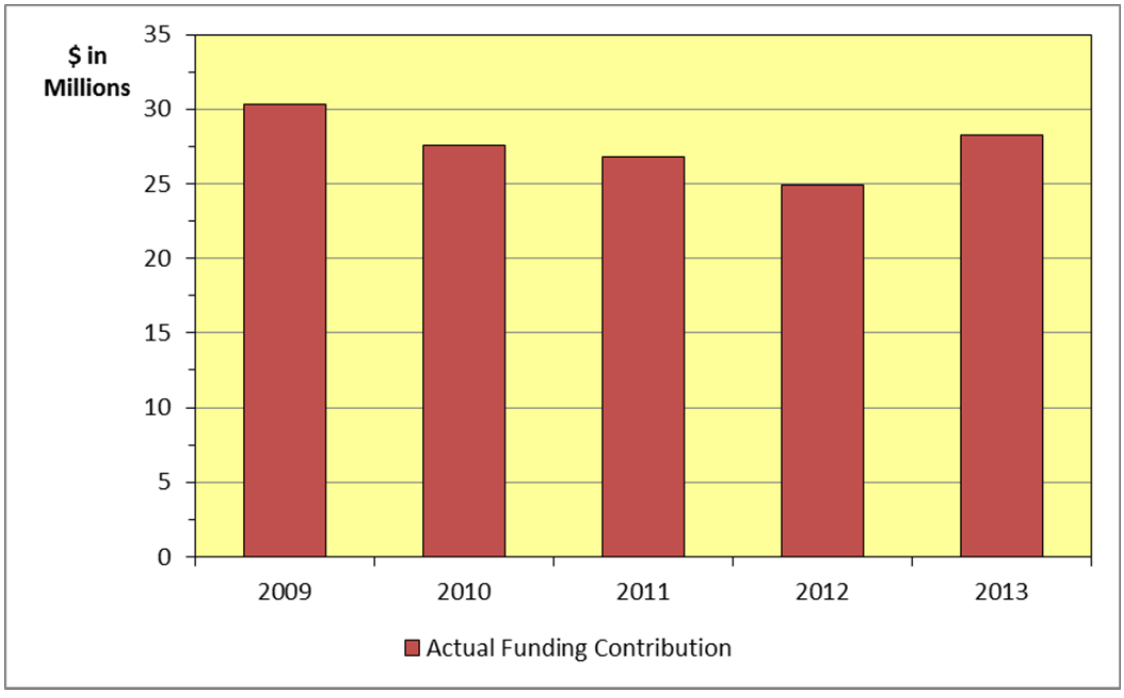
Five-Year History of Principal Financial Results

Five-Year History of Contribution Amounts

Valuation as of January 1	Actual Funding Contributions		
	Normal Cost with Interest	Net Amortization Payments	Total
2013	$16,105,425	$ 12,164,620	$ 28,270,045
2012	14,488,711	10,386,482	24,875,193
2011	19,480,089	7,327,948	26,808,037
2010	20,736,844	6,813,146	27,549,990
2009	21,395,539	8,959,996	30,355,535

The following chart shows a five-year history of employer contribution amounts:

Five-Year History of Actual Funding Contributions



Funded Ratio

The financing objective of the System is to:

- Fully fund all current costs based on the normal contribution rate determined under the funding method; and
- Liquidate the unfunded accrued liability based on the amortization schedules as required by the retirement code, i.e., a schedule of 5, 10, or 30 years for each change in the unfunded accrued liability according to Section 3.1.

The total Actual Funding Contribution of $28,270,045, when taken together with the contributions payable by the members and asset returns, is the amount sufficient to achieve the financing objective for 2013.

The System's total funded ratio on the funding basis is measured by comparing the actuarial value of assets (based on a 10-year moving average market value) with the accrued liability. The accrued liability for pensions is the present value of benefits accumulated to date under the System's funding method and reflects future pay increases for active employees.

On this basis, the System's funded ratio is 87.3% as of January 1, 2013. This funded ratio is based on an actuarial value of assets of $1,768,434,628 and an accrued liability of $2,025,319,368.

Reasons for Change in the Total Funded Ratio

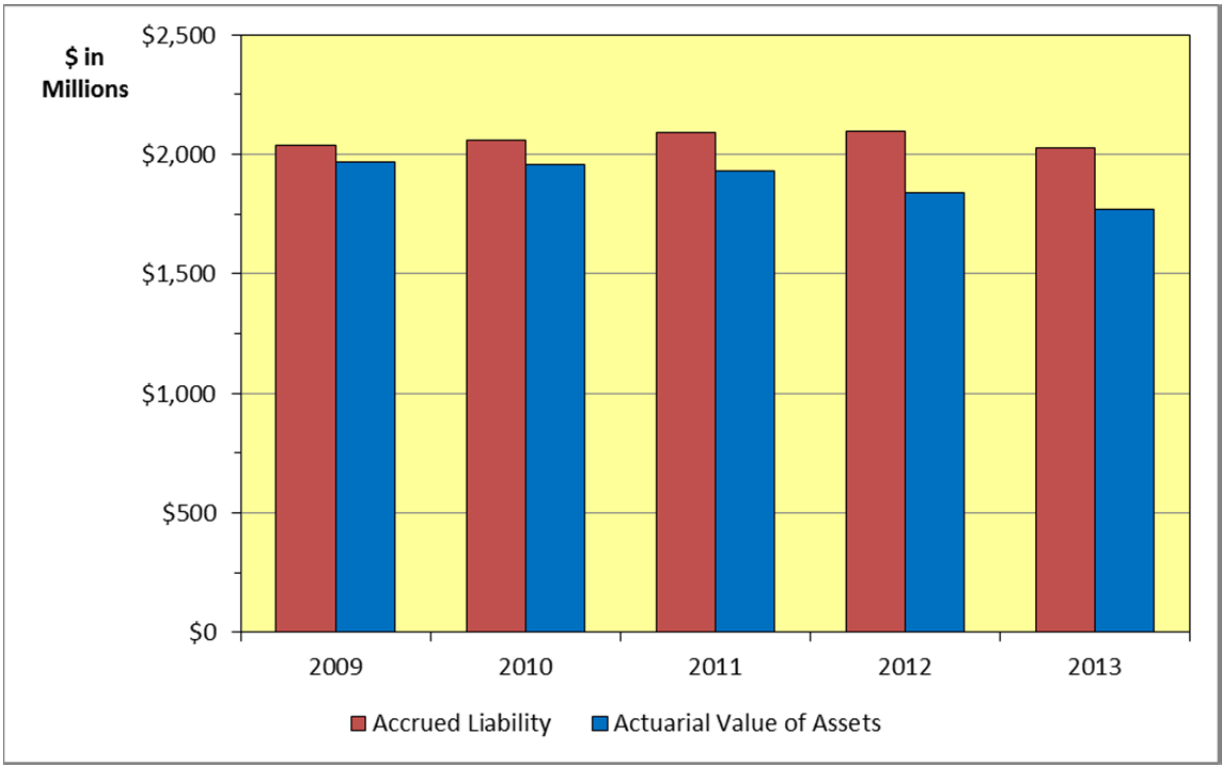
The total funded ratio decreased from 89.2% as of January 1, 2012 to 87.3% as of January 1, 2013. The decrease is due to net recognition of asset losses from calendar year 2008. Returns from 2012 were better than the expected return assumption of 8.0%. Overall liability experience was somewhat better than expected, which helped offset some of the decrease caused by asset experience.

Five-Year History of Total Funded Ratio
($ Amounts in Thousands)

Valuation as of January 1	Accrued Liability	Actuarial Value of Assets	Unfunded Accrued Liability	Funded Ratio
2013	$ 2,025,319	$ 1,768,435	$ 256,884	87.3%
2012	2,059,554	1,836,543	223,011	89.2
2011	2,091,927	1,929,428	162,499	92.2
2010	2,097,332	1,956,444	140,888	93.3
2009	2,057,377	1,968,518	88,859	95.7

The following chart shows a five-year history of the accrued liability and the actuarial value of assets:

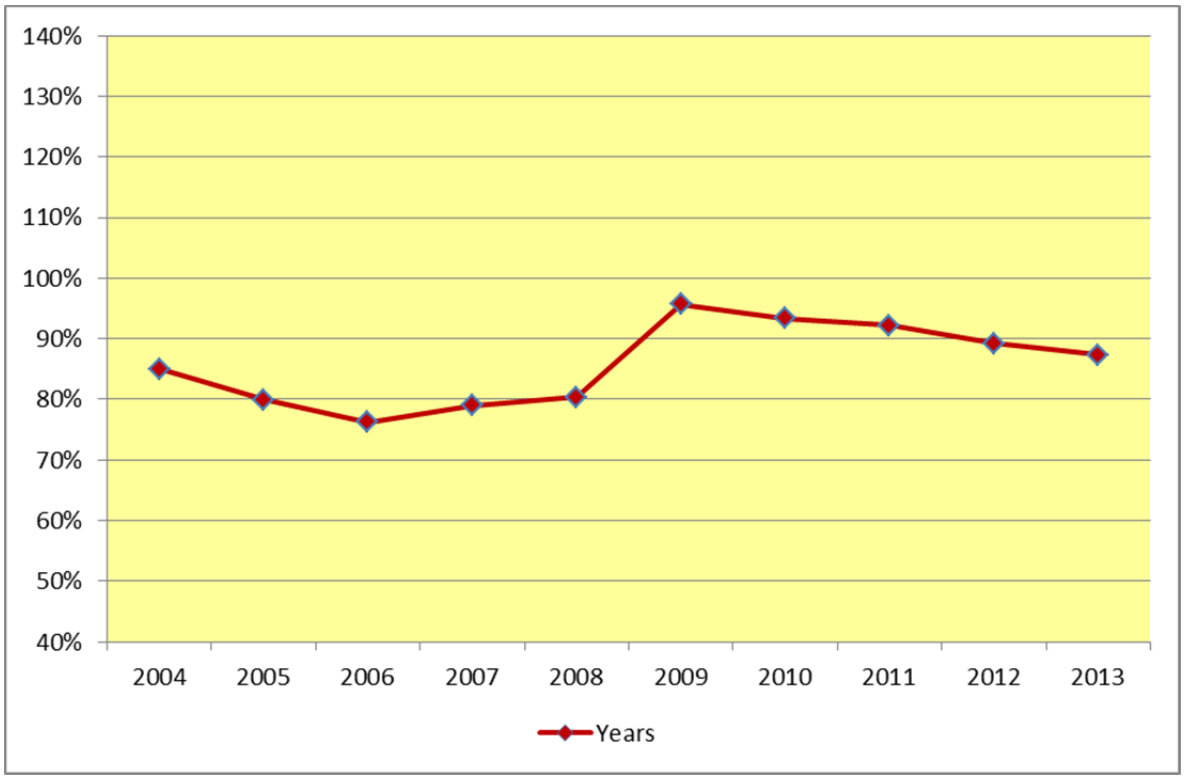
Five-Year History of Accrued Liability and Actuarial Value of Assets



The following chart shows a ten-year history of the total funded ratio:

Ten-Year History of Total Funded Ratio

(2004 - 2013)



GASB No. 25 Disclosure

Statement No. 25 of the Governmental Accounting Standards Board established reporting standards for the annual financial reports of defined benefit pension plans. The System complied with Statement No. 25 beginning with the January 1, 1997 valuation. The statement requires disclosure of the "schedule of funding progress" and the "schedule of employer contributions" in the System's financial statements.

The "schedule of funding progress" shows historical trend information about the System's actuarial value of assets, the actuarial accrued liability and the unfunded actuarial accrued liability. The actuarial funded ratio is measured by comparing the actuarial value of assets (based on a 10-year moving average market value) with the accrued liability. The accrued liability is the present value of benefits accumulated to date under the System's funding method and reflects future pay increases for active employees. On this basis, the System's funded ratio is 87.3% as of January 1, 2013. This funded ratio is based on an actuarial value of assets of $1,768,434,628 and an accrued liability of $2,025,319,368.

The "schedule of employer contributions" shows historical trend information about the annual required contribution (ARC) for pensions of the employer and the percentage of the ARC contributed to the System. The ARC is equal to the normal cost for pensions plus amortization of the unfunded actuarial accrued liability for pensions. The maximum period of amortizing the unfunded actuarial accrued liability permitted by GASB No. 25 is 30 years. The maximum amortization period decreased from 40 years to 30 years in 2007. The employer contributions to the System are equal to the normal cost plus a payment towards each change in the unfunded accrued liability, which are amortized over 5, 10 or 30-year periods, depending on the source of the changes. In 2012 and 2013, the ARC was set at the normal cost plus interest plus a thirty year amortization of the unfunded liability. Please refer to page one of this report for more details. The ARC and the actual employer percentage contributed for the five fiscal years ending December 31, 2013 are shown in Table 14.

Rate of Return

The investment return of the trust fund (i.e. total return including both realized and unrealized gains and losses) for fiscal years 2008 through 2012 is shown in the table below. The return based on the actuarial value of assets used for determining annual contribution rates is also shown.

The rate of return on market value reflects the investment earnings on the market value of assets from the beginning of the fiscal year to the end of the fiscal year. The actuarial assets are the assets recognized for valuation purposes. Actuarial assets are based on a smoothed market value that spreads the difference between the actual and expected return over a period of ten years. The rate of return on the actuarial value of assets is a measure of the increase in the actuarial value of assets from the beginning of the fiscal year to the end of the fiscal year. The rates of return shown below have been developed by the actuary for illustrative purposes only. They are based on simplifying assumptions and as such, likely will not exactly match the returns presented by your investment consultants. The reader is encouraged to use the returns developed by the investment consultants.

Five Year History of Asset Returns

As of	Asset Values		Estimated Rates of Return		
12/31	Market	Actuarial	Market	Actuarial	Assumed
2012	$1,768,434,628	$1,768,434,628	10.8%	4.8%	8.0%
2011	1,742,106,887	$1,836,542,926	0.2%	3.5%	8.0%
2010	1,895,166,843	1,929,427,864	11.7%	5.5%	8.0%
2009	1,822,539,885	1,956,443,729	20.4%	3.9%	8.0%
2008	1,595,610,970	1,968,518,479	(22.5%)	3.4%	8.0%
	Compound Rate of Return (five years):		2.9%	4.2%	

TABLE 1

SUMMARY OF RESULTS OF ACTUARIAL VALUATION

Item	January 1, 2013	January 1, 2012
Participant Data		
1. Number of Participants		
a) Active Participants	3,934	3,972
b) Participants with Deferred Benefits	1,196	1,341
c) Participants Receiving Benefits	7,867	7,747
d) Total	12,997	13,060
2. Annualized Salaries	$ 189,131,711	$ 190,747,973
3. Annual Annuities	$ 158,040,281	$ 148,838,576
Valuation Results		
4. Present Value of Future Benefits		
a) Active Participants	$ 631,414,550	$ 634,010,949
b) Participants with Deferred Benefits	53,055,044	64,746,242
c) Participants Receiving Benefits	1,450,921,437	1,457,267,062
d) Total	$ 2,135,391,031	$ 2,156,024,253
5. Present Value of Future Normal Cost	$ 110,071,663	$ 96,470,586
6. Actuarial Accrued Liability: (4 - 5)	$ 2,025,319,368	$ 2,059,553,667
7. Actuarial Value of Assets	$ 1,768,434,628	$ 1,836,542,926
8. Funded Status: (7 / 6)	87.3 %	89.2 %
9. Unfunded Actuarial Accrued Liability: (6 - 7)	$ 256,884,740	$ 223,010,741
10. Normal Cost Rate	8.194 %	7.309 %
11. Normal Cost for the Plan Year	$ 15,497,452	$ 13,941,769
Actual Funding Contribution and Annual Required Contribution for Fiscal Year *		
12. Actual Funding Contribution Calculated by Actuary		
a) Normal Cost with Interest	$ 16,105,425	$ 14,488,711
b) Net Annual Amortization Payments	12,164,620	10,386,482
c) Total Contribution: ((a + b), not less than zero)	$ 28,270,045	$ 24,875,193

* Effective January 1, 2011 Elected Officials and Non-Represented employees contributed 2% of compensation. For all Non-Represented employees (other than elected officials), the contribution rate increased to 4% of compensation effective December 11, 2011. During 2011, State mandated contributions were implemented. The amounts shown above are gross of member contributions.

TABLE 2

SECURITY OF PROMISED BENEFITS
UNFUNDED ACTUARIAL ACCRUED LIABILITY
FUNDED STATUS

Item	January 1, 2013	January 1, 2012
1. Actuarial Accrued Liability		
a. Active Participants		
Retirement Benefits	$ 482,086,893	$ 500,987,742
Withdrawal Benefits	31,247,071	26,372,313
Disability Benefits	3,155,488	4,111,707
Death Benefits	4,853,435	6,068,601
Total Active	521,342,887	537,540,363
b. Participants with Deferred Benefits	53,055,044	64,746,242
c. Participants Receiving Benefits	1,450,921,437	1,457,267,062
d. Total All Participants	2,025,319,368	2,059,553,667
2. Actuarial Value of Assets	1,768,434,628	1,836,542,926
3. Unfunded Actuarial Accrued Liability (1d - 2)	256,884,740	223,010,741
4. Funded Status (2 / 1d)	87.3%	89.2%

The interest rate used as of January 1,2013 and January 1, 2012 was 8.00%

TABLE 3

ACTUARIAL GAIN/(LOSS) FOR PLAN YEAR ENDING

Item	December 31, 2012	December 31, 2011
1. Actuarial Accrued Liability at the Beginning of the Year	$ 2,059,553,667	$ 2,091,926,651
2. Increases/(Decreases) During the Year		
a. Normal Cost for the Year	13,941,769	18,744,724
b. Member Contributions	-	-
c. Benefit Payments and Refunds	(178,769,275)	(187,530,154)
d. Assumed Interest to End of Year	158,652,700	160,862,600
e. Plan and Assumption Changes	90,929,244	(275,129)
f. Total: (a + b + c + d + e)	84,754,438	(8,197,959)
3. Expected Liability at the End of the Year: (1 + 2)	2,144,308,105	2,083,728,692
4. Actuarial Accrued Liability at the End of the Year	2,025,319,368	2,059,553,667
5. Liability Gain/(Loss): (3 - 4)	**$ 118,988,737**	**$ 24,175,025**
6. Actuarial Value of Assets at the Beginning of the Year	$ 1,836,542,926	$ 1,929,427,864
7. Increases/(Decreases) During the Year		
a. County Contributions	18,410,496	28,275,594
b. Member Contributions for Service Purchases	9,040,652	3,313,807
c. Pension Obligation Bond Proceeds	-	-
d. Benefit Payments and Refunds	(178,769,275)	(187,530,154)
e. Administrative Expenses payable to the County	(1,187,236)	(1,548,921)
f. Assumed Interest to End of Year	140,264,898	147,127,362
g. Total: (a + b + c + d + e + f)	(12,240,465)	(10,362,312)
8. Expected Actuarial Assets at the End of the Year (6 + 7)	1,824,302,461	1,919,065,552
9. Actuarial Value of Assets at the End of the Year *	1,751,697,074	1,836,542,926
10. Actuarial Asset Gain/(Loss): (9 - 8)	**$ (72,605,387)**	**$ (82,522,626)**
11. Total Gain/(Loss): (5 + 10)	**$ 46,383,350**	**$ (58,347,601)**

* Actuarial value prior to the method change

Effective January 1, 2012, the normal retirement age was increased to age 64 for future hires only for DC48, Building Trades and FNHP. The multiplier was decreased from 2.0% to 1.6% for current members' future service and future hires' total service for the DC48, Building Trades and FNHP effective August 1, 2011, January 1, 2012 and January 1, 2012, respectively.

Note that for purposes of the contribution rates shown in the report, these amounts are gross contribution amounts. It is our understanding that County staff will net out the amount of employee contributions that are collected to arrive at a net County contribution.

TABLE 4

AMORTIZATION SCHEDULE FOR ACTUAL FUNDING CONTRIBUTION FOR 2013 PLAN YEAR

Type of Payment	Amortization Period: Date Created	Initial Years	Remaining Years	Last Payment	Balances: Initial	Outstanding	Payment
1. Charges							
Expense	1/1/2004	10	1	2013	$ 1,052,422	$ 145,742	$ 157,401
Reestablished unfunded	1/1/2004	30	21	2033	257,960,162	300,131,466	22,857,209
Expense	1/1/2005	10	2	2014	1,053,714	280,522	157,308
Loss	1/1/2005	30	22	2034	88,729,863	101,181,525	7,489,643
Expense	1/1/2006	10	3	2015	972,805	373,615	144,977
Assumption Change	1/1/2006	30	23	2035	95,861,177	106,924,608	7,707,638
Expense	1/1/2007	10	4	2016	988,048	487,708	147,248
Expense	1/1/2008	10	5	2017	915,868	544,972	136,491
Method Change	1/1/2008	30	25	2037	48,020,858	51,801,949	3,559,326
Expense	1/1/2009	10	6	2018	1,031,291	710,501	153,693
Loss	1/1/2009	30	26	2038	70,007,095	74,567,434	5,013,484
Expense	1/1/2010	10	7	2019	1,312,156	1,018,105	195,550
Loss	1/1/2010	30	27	2039	84,943,001	89,216,368	5,877,393
Expense	1/1/2011	10	8	2020	1,310,356	1,122,212	195,282
Loss	1/1/2011	30	28	2040	21,412,971	22,149,756	1,431,507
Expense	1/1/2012	10	9	2021	1,548,921	1,442,000	230,835
Loss	1/1/2012	30	29	2041	58,347,601	59,374,087	3,768,768
Expense	1/1/2013	10	10	2022	1,187,236	1,187,236	176,933
Assumption Change	1/1/2013	30	30	2042	101,180,610	101,180,610	6,314,419
Total Charges						$ 913,840,416	$ 65,715,105
2. Credits							
Gain	1/1/2006	30	23	2035	$ 12,975,497	$ 14,473,009	$ 1,043,284
Gain	1/1/2007	30	24	2036	55,348,557	60,380,687	4,246,044
Assumption Change	1/1/2007	30	24	2036	26,558,457	28,973,077	2,037,421
Gain	1/1/2008	30	25	2037	61,342,303	66,172,304	4,546,717
Pension Obligation Bond Proceeds	1/1/2009	30	26	2038	363,950,833	387,659,006	26,063,949
Variance	1/1/2010	5	2	2014	30,784,078	13,749,098	7,710,071
Plan Change	1/1/2010	30	27	2039	1,589,892	1,669,877	110,008
Variance	1/1/2011	5	3	2015	5,343,718	3,449,105	1,338,369
Plan Change	1/1/2011	30	28	2040	227,128	234,944	15,183
Variance	1/1/2012	5	4	2016	4,781,394	3,966,375	1,197,531
Plan Change	1/1/2012	30	29	2041	275,129	279,969	17,771
Variance	1/1/2013	5	5	2017	2,575,955	2,575,955	645,165
Gain	1/1/2013	30	30	2042	46,383,350	46,383,350	2,894,664
Method Change	1/1/2013	30	30	2042	16,737,554	16,737,554	1,044,547
Plan Change	1/1/2013	30	30	2042	10,251,366	10,251,366	639,761
Total Credits						$ 656,955,676	$ 53,550,485
3. Net Amount (1 - 2)						$ 256,884,740	$ 12,164,620

Annual amortization payments of the reestablished unfunded actuarial accrued liability (UAAL), and changes to the UAAL arising from plan changes, assumption changes, and actuarial gains/losses are amortized as a level percentage of payroll, assuming payroll growth of 3.5% per year over a 30-year period.

Administrative expenses incurred by the County related to the System are payable by the System to the County. The County then reimburses the System for this payment on a level dollar basis over 10 years.

The variance between the amount contributed to the System for a plan year, and the actual contribution requirement for that year is amortized on a level dollar basis over 5 years. As the result of the sale of $397,797,000 in Pension Obligation Bonds, all existing bases at January 1, 2009 arising from variances between amounts contributed to the System and actual contribution requirements were considered fully recognized. This reduced the net outstanding balance of amortizations by $33,846,167.

The recognized balances have been offset against the proceeds of the sale of the Pension Obligation Bonds. The remaining amount of $363,950,833 has been amortized as a level percent of payroll over a period of 30 years.

TABLE 5

DEVELOPMENT OF NORMAL COST
FOR CURRENT AND PRIOR PLAN YEAR ACTUAL FUNDING CALCULATIONS

Item	January 1, 2013	January 1, 2012
1. Present Value of Projected Benefits		
a. Active Participants		
Retirement Benefits	$ 569,036,237	$ 573,360,812
Withdrawal Benefits	45,914,783	38,699,612
Disability Benefits	9,903,960	13,984,607
Death Benefits	6,559,570	7,965,918
Total Active	631,414,550	634,010,949
b. Participants with Deferred Benefits	53,055,044	64,746,242
c. Participants Receiving Benefits	1,450,921,437	1,457,267,062
d. Total All Participants	2,135,391,031	2,156,024,253
2. Actuarial Value of Assets	1,768,434,628	1,836,542,926
3. Unfunded Actuarial Accrued Liability	256,884,740	223,010,741
4. Present Value of Future Normal Costs (1d - 2 - 3)	110,071,663	96,470,586
5. Present Value of Future Salaries	1,343,305,928	1,319,892,855
6. Normal Cost Rate (4 / 5)	8.194%	7.309%
7. Expected Salaries for the Plan Year*	189,131,711	190,747,973
8. **Normal Cost for the Plan Year** (6 x 7)	**15,497,452**	**13,941,769**

* Prior-year earnings increased by the salary assumption and limited by the IRS compensation limit for those under the mandatory retirement age.

TABLE 6

COUNTY AND MEMBERS CONTRIBUTION REQUIREMENTS

COUNTY CONTRIBUTION REQUIREMENTS

Item	2014 Budget	2013 Actual	2013 Budget
1. Normal Cost with Interest	$ 16,669,000	$ 16,105,425	$ 14,996,000
2. Net Annual Amortizations	12,393,000	12,164,620	15,586,000
3. Total Contribution (1 + 2, not less than zero)	$ 29,062,000	$ 28,270,045	$ 30,582,000

Note that for purposes of the contribution rates shown in the report, these amounts are gross contribution amounts. It is our understanding that County staff will net out the amount of employee contributions that are collected to arrive at a net County contribution.

STATE MANDATED MEMBER CONTRIBUTIONS

Item	Results Based on Current Contributions			
	Non-Contributors	Public Safety	General	All Members
Valuation Results as of January 1, 2013				
1. Present Value of Future Benefits				
a) Active Participants *	$ -	$ 85,477,434	$ 545,937,116	$ 631,414,550
b) Participants with Deferred Benefits	53,055,044	-	-	53,055,044
c) Participants Receiving Benefits	1,450,921,437	-	-	1,450,921,437
d) Total	$ 1,503,976,481	$ 85,477,434	$ 545,937,116	$ 2,135,391,031
2. Present Value of Future Normal Cost	$ -	$ 10,951,749	$ 99,119,914	$ 110,071,663
3. Actuarial Accrued Liability: (1 - 2)	$ 1,503,976,481	$ 74,525,685	$ 446,817,202	$ 2,025,319,368
4. Actuarial Value of Assets	$ 1,313,217,131	$ 65,073,096	$ 390,144,401	$ 1,768,434,628
5. Funded Status: (4 / 3)	87.3%	87.3%	87.3%	87.3%
6. Unfunded Actuarial Accrued Liability: (3 - 4)	$ 190,759,350	$ 9,452,589	$ 56,672,801	$ 256,884,740
7. Normal Cost Rate	0.000%	7.827%	8.237%	8.194%
8. Total Normal Cost for the Plan Year	$ -	$ 1,508,892	$ 13,988,560	$ 15,497,452
Projected Employee Contribution for 2014				
1. Actual Contribution for 2013				
a) Normal Cost with Interest	$ -	$ 1,568,087	$ 14,537,338	$ 16,105,425
b) Net Annual Amortization Payments **	9,033,292	447,622	2,683,706	12,164,620
c) Total Contribution: ((a + b), not less than zero)	$ 9,033,292	$ 2,015,709	$ 17,221,044	$ 28,270,045
2. Employee Contribution (50% of 1c for Contributors)	N/A	$ 1,007,855	$ 8,610,522	N/A
3. Expected Salaries in 2014	0	19,278,756	169,852,955	189,131,711
4. Employee Contribution Rate (2÷3)	N/A	5.2%	5.1%	N/A

* The actives in the Public Safety group include 320 members comprised of Represented Firefighters and Sheriffs and Non-Represented Firefighters and Sheriffs.

** The Net Annual Amortization Payments for the Contributors was prorated based on the contributors' actuarial accrued liability compared to total actuarial accrued laibility of the Retirement System. These payments include amortization payments for administrative expenses.

TABLE 7

SUMMARY STATEMENT OF MARKET VALUE OF PLAN ASSETS

Asset Category	December 31, 2012	December 31, 2011
1. Cash and Cash Equivalents	$ 56,933,710	$ 84,107,639
2. Investments at Fair Value		
a. Domestic common and preferred stocks	$ 408,643,021	$ 387,653,669
b. Futures Contracts	-	1,104,141
c. Corporate bonds	445,499,443	249,379,922
d. International common and preferred stocks	348,646,991	306,112,944
e. Federal agency and mortgage-backed certificates	-	133,475,643
f. International fixed income	-	14,673,730
g. U.S. Government and state obligations	-	75,427,923
h. Real estate investment trusts	127,429,416	114,522,432
i. Long/Short Hedge Funds	181,417,205	174,104,924
j. Infrastructure	130,214,951	134,188,424
k. Venture capital	-	27,604,723
l. Total Investments	1,641,851,027	1,618,248,475
3. Contributions Receivable for OBRA and ERS	19,290,496	29,524,818
4. (Payable) to OBRA Pension Plan	(1,631,303)	(1,543,452)
6. Net All Other Receivables (Liabilities)	51,990,698	11,769,407
7. Net Assets Held in Trust for ERS Pension Benefits (1 + 2l + 3 + 4 + 5 + 6)	$ 1,768,434,628	$ 1,742,106,887

TABLE 8

SUMMARY RECONCILIATION OF MARKET VALUE OF PLAN ASSETS

Item	For Year Ending December 31, 2012	For Year Ending December 31, 2011
1. Market Value of Assets at the Beginning of the Year	$ 1,742,106,887	$ 1,895,166,843
2. Contributions for Plan Year		
a. County	$ 18,410,496	$ 28,275,594
b. Member	9,040,652	3,313,807
c. Total	27,451,148	31,589,401
3. Disbursements for Plan Year		
a. Benefit payments and refunds	$ 178,769,275	$ 187,530,154
b. Administrative expenses payable to County	1,187,236	1,548,921
c. Total	179,956,511	189,079,075
4. Proceeds of Pension Obligation Bonds	-	-
5. Market Value of Assets at the End of the Year	1,768,434,628	1,742,106,887
6. Net Investment Income * (5 - 1 - 2c + 3c - 4)	178,833,104	4,429,718
7. Expected Net Investment Income (8.00% per annum)	132,710,015	144,386,480
8. Gain (Loss) on Market Value of Assets (6 - 7)	46,123,089	(139,956,762)
9. Estimated Rate of Return	10.8%	0.2%

* Net Investment Income is the change in the value of assets for reasons other than contributions and disbursements.

TABLE 9

DERIVATION OF ACTUARIAL VALUE OF PLAN ASSETS AS OF DECEMBER 31, 2012

1. Market Value of Assets as of December 31, 2012				$ 1,768,434,628
2. Determination of Deferred Gain (Loss)				
Year	Gain/(Loss)	Percentage Deferred	Amount Deferred	
2012	$ 46,123,089			
2011	(139,956,762)			
2010	64,351,281			
2009	190,363,140			
2008	(486,133,267)			
2007	(27,533,110)			
2006	82,494,242			
2005	(2,393,630)			
2004	63,554,640			
2003	213,416,041		-	
Total				-
3. Actuarial Value of Assets (1 - 2)				$ 1,768,434,628

TABLE 10

SUMMARY RECONCILIATION OF ACTUARIAL VALUE OF PLAN ASSETS AS OF DECEMBER 31, 2012

Item	For Year Ending December 31, 2012	For Year Ending December 31, 2011
1. Actuarial Value of Assets at the Beginning of the year	$ 1,836,542,926	$ 1,929,427,864
2. Contributions for Plan Year		
a. County	$ 18,410,496	$ 28,275,594
b. Member	9,040,652	3,313,807
c. Total	27,451,148	31,589,401
3. Disbursements for Plan Year		
a. Benefit payments and refunds	$ 178,769,275	$ 187,530,154
b. Administrative expenses payable to County	1,187,236	1,548,921
c. Total	179,956,511	189,079,075
4. Proceeds of Pension Obligation Bonds	-	-
5. Actuarial Value of Assets at the End of the Year	1,768,434,628	1,836,542,926
6. Net Investment Income * (5 - 1 - 2c + 3c - 4)	84,397,065	64,604,736
7. Expected Net Investment Income (8.00% per annum)	140,264,898	147,127,362
8. Gain (Loss) on Actuarial Value of Assets (6 - 7)	(55,867,833)	(82,522,626)
9. Estimated Rate of Return	4.8%	3.5%

* Net Investment Income is the change in the value of assets for reasons other than contributioins and disbursements.

TABLE 11

CONTRIBUTIONS FOR 2012 PLAN YEAR AND VARIANCE FROM THE FUNDING CALCULATION CONTRIBUTION

Item				Amount
1. Total Funding Calculation, End-of-Year Basis, for 2012 Plan Year (from January 1, 2012 actuarial valuation report)				$ 24,875,193
2. Total Employer Contributions Made, End-of-Year Basis				
Contribution Made	Fraction of a Year Invested	Contribution Amount	Interest to Year End*	End of Year Amount
Bi-weekly	50.0%	$ -	$ -	$ -
3/15/2013	0.0%	2,200,000	-	2,200,000
4/15/2013	0.0%	3,000,000	-	3,000,000
5/15/2013	0.0%	3,000,000	-	3,000,000
6/15/2013	0.0%	3,000,000	-	3,000,000
7/15/2013	0.0%	5,000,000	-	5,000,000
8/15/2013	0.0%	2,210,496	-	2,210,496
Total		$ 18,410,496	$ -	$ 18,410,496
3. Total Member Contributions				$ 9,040,652
4. Variance from Funding Calculation Amount** (2 + 3 - 1)				$ 2,575,955

* Interest to 12/31/2012 at 8.00% per annum

** Variance will be amortized on a level dollar basis over five years.

Note that for purposes of the contribution rates shown in the report, these amounts are gross contribution amounts. It is our understanding that County staff will net out the amount of employee contributions that are collected to arrive at a net County contribution.

TABLE 12

GASB NOS. 25 AND 27 DISCLOSURE INFORMATION FOR CURRENT AND PRIOR PLAN YEAR

Equivalent Single Amortization Period

Item	January 1, 2013	January 1, 2012
1. Covered Payroll	$ 189,131,711	$ 190,747,973
2. Unfunded Amount	256,884,740	223,010,741
3. Amortization Payment	12,164,620	10,386,482
4. Payment as a Level Percentage of Payroll (3 / 1)	6.43%	5.45%
5. Weighted Average Amortization Period (2 / 3)	21.12	21.47
6. Equivalent Single Amortization Period (Nearest Whole Year)	71	80

Net Pension Obligation

Item	January 1, 2013	January 1, 2012
1. Annual Required Contribution (ARC)	$ 32,136,934	$ 28,406,232
2. Interest on Net Pension Obligation	(33,566,974)	(33,065,169)
3. Adjustment to ARC	26,185,346	25,793,892
4. Annual Pension Cost (APC)	24,755,306	21,134,955
5. Contributions made*	(30,582,000)	(27,407,519)
6. Increase (Decrease) in Net Pension Obligation	(5,826,694)	(6,272,564)
7. Net Pension Obligation at Beginning of Year	(419,587,178)	(413,314,614)
8. Net Pension Obligation at End of Year**	(425,413,872)	(419,587,178)
9. Percent of APC Contributed	123.54%	129.68%

* Contributions for 2013 are estimated based on the County budget

** NPO at December 31, 2013 is estimated based on expected contributions to be made for the year

TABLE 13

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
($ Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Funded Ratio (a/b)	Unfunded Actuarial Accrued Liability (b - a)	Covered Payroll (c)	Unfunded as a Percentage of Covered Payoll [(b - a)/c]
12/31/2012	$ 1,768,435	$ 2,025,319	87.3%	$ 256,884	$ 189,132	135.8%
12/31/2011	1,836,543	2,059,554	89.2%	223,011	190,748	116.9%
12/31/2010	1,929,428	2,091,927	92.2%	162,499	221,647	73.3%
12/31/2009	1,956,444	2,097,332	93.3%	140,888	237,040	59.4%
12/31/2008	1,968,518	2,057,377	95.7%	88,859	233,820	38.0%

TABLE 14

SCHEDULE OF EMPLOYER CONTRIBUTIONS
GASB STATEMENT NO. 25 DISCLOSURE

Fiscal Year Ended December 31	Annual Required Cost	Percentage Contributed
2013	$ 32,136,934	95.2 % *
2012	28,406,232	96.5
2011	29,621,216	106.3
2010	29,529,322	106.0
2009	30,355,535	1508.1

* Contributions for 2013 are estimated based on the County budget

The information presented above was determined as part of the actuarial valuation as of the dates indicated (i.e., the contribution determined by the valuation completed as of January 1, 2012 was contributed in the fiscal year ending December 31, 2012).

Additional information as of the latest actuarial valuation follows:

Valuation Date:	01/01/2013
Actuarial Cost Method:	Aggregate Entry Age Normal
Amortization Method:	Level percent of payroll, closed
Remaining Amortization Period:	5-30 Years
Asset Valuation Method:	10-year smoothed market
Actuarial Assumptions:	
- Investment Rate of Return	8.00%
-Payroll Growth	3.50%

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS

ASSUMPTIONS

Interest Rate: 8.0% per annum, compounded annually. The components are 3.0% for inflation and 5.0% for the real rate of return.

Separation From Service: Illustrative rates of assumed separation from service are shown in the following tables.

Annual Rates per 100 Participants

Mortality*				
Attained Age	Healthy Pensioners		Disabled Pensioners	
	Males	Females	Males	Females
45	0.09	0.05	2.26	0.75
50	0.14	0.08	2.90	1.15
55	0.23	0.15	3.54	1.65
60	0.44	0.30	4.20	2.18
65	0.84	0.59	5.02	2.80
70	1.34	0.94	6.26	3.76
75	2.14	1.47	8.21	5.22
80	3.86	2.59	10.94	7.23
85	6.40	4.55	14.16	10.02

* Healthy pensioners: The sex-distinct UP-1994 Mortality Table with projection scale AA to 2012 and then fully generational thereafter using scale AA.

Active members: 70% of the rates applicable to healthy pensioners.

Disabled pensioners: RP2000 Disabled Mortality Table.

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

Annual Rates per 100 Participants

Attained Age	Withdrawal – Ultimate			Disability
	General Employees	Elected Officials*	Deputy Sheriffs	
20	20.00	2.00	20.00	0.00
25	18.10	2.00	18.10	0.04
30	8.10	2.00	8.10	0.05
35	5.20	2.00	5.20	0.07
40	4.00	2.00	4.00	0.12
45	3.70	2.00	3.70	0.16
50	3.70	2.00	3.70	0.16
55	1.00	2.00	1.00	0.16
60	0.00	0.00	0.00	0.16
65	0.00	0.00	0.00	0.16

* Select rates for elected officials assume no turnover for first four years.

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

Annual Rates per 100 Participants

Retirement Rates				
Attained Age	**General Employees** (backdrop eligible)	**General Employees** (not backdrop eligible)	**Elected Officials**	**Deputy Sheriffs**
45-49	14.0	0.0	0.0	15.0
50-54	14.0	14.0	0.0	30.0
55	14.0	14.0	19.8	30.0
56	15.0	15.0	19.8	30.0
57	16.0	16.0	23.0	30.0
58	17.0	17.0	20.4	30.0
59	17.0	17.0	24.8	30.0
60	17.0	17.0	19.4	30.0
61	25.0	25.0	22.5	50.0
62	30.0	30.0	28.4	50.0
63	30.0	30.0	26.6	50.0
64	30.0	30.0	24.3	50.0
65	40.0	40.0	30.4	100.0
66	40.0	40.0	22.5	100.0
67	40.0	40.0	25.7	100.0
68	40.0	40.0	34.2	100.0
69	40.0	40.0	36.0	100.0
70	100.0	100.0	100.0	100.0

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

Salary Increase: Effective average of 3.5% per annum, compounded annually. Representative values are as follows:

Annual Rate of Salary Increase

Age	General Employees	Elected Officials	Deputy Sheriffs
20	9.5%	3.0%	9.5%
25	5.0	3.0	8.0
30	4.0	3.0	6.1
35	3.7	3.0	4.6
40	3.5	3.0	3.7
45	3.0	3.0	3.3
50	3.0	3.0	3.0
55	3.0	3.0	3.0
60	3.0	3.0	3.0
Average	3.3	3.0	4.3

Payroll Growth: 3.5% per annum.

MISCELLANEOUS

Percentage Married/Age Difference: Male 80%, female 80%. Beneficiaries are assumed to be the same age as the participant.

Percentage Married with at Least One Dependent Child: 21.6% for General Employees, 43.2% for Deputy Sheriffs and Elected Officials. For those who die prior to age 60, it is assumed at least one child will remain a dependent until the member would have turned age 60.

Backdrop Rate: 75% of eligible retirees are assumed to elect a backdrop. Of those electing, 75% are assumed to take the maximum period available to them and 25% take half the maximum period available based on eligibility for an unreduced retirement benefit.

Assumed Type of Disability: For represented employees the assumption is 50% Ordinary and 50% Accidental and for non-represented employees, the assumption is 100% Ordinary and 0% Accidental.

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

METHODS

Calculations: The actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system, and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System.

Actuarial Cost Method: Liabilities and contributions shown in this report are computed using the Aggregate Entry Age Normal Cost Method. The outstanding balance of the unfunded actuarial accrued liability (UAAL) as of January 1, 2004 and any changes to the UAAL arising from plan changes, assumption changes, and actuarial gains/losses are amortized as a level percentage of payroll over a 30-year period.

Administrative expenses incurred by the County related to the System are payable by the System to the County. The County then reimburses the System for this payment on a level dollar basis over 10 years.

The variance between the amount contributed to the System for a plan year, and the actual contribution requirement for that year is amortized on a level dollar basis over 5 years. POB proceeds were not subject to the contribution variance requirements.

Asset Valuation Method: A ten-year moving market average value of assets that recognizes the actuarial expected investment return immediately and spreads the difference between the actual and expected return over a period of ten years. Assets were re-established at market value on January 1, 2013.

DATA

Census and Assets: The valuation was based on members of the System as of January 1, 2013 and does not take into account future members. All census data was supplied by the System and was subject to reasonable consistency checks. Asset data was supplied by the System.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS

MEMBERSHIP

Any person regularly employed by the County at an annual wage or salary, including any person employed by the State of Wisconsin, but receiving part of his compensation from the County.

VESTING SERVICE

Service during period of employment in the County or in any department in any town, village, city or metropolitan sewerage commission in the County, which department has by consolidation or merger been absorbed by the County.

Creditable service shall consist of "prior service", "military service", and "membership service", for which service credit is allowable under Section 4, Chapter 201, Laws of 1937, as well as service under Executive Order 11231, July 8, 1965, for Vietnam. Additional credit for periods of military service will be earned in accordance with the following chart:

Years of Service with Milwaukee County	Maximum Years of Military Service Granted
0-4	0
5-9	1
10-14	2
15-19	3
20+	4

BENEFIT SERVICE

Same as vesting service except service prior to becoming a participant does not count.

EARNINGS

Earnable compensation is the full rate of compensation payable to member if he worked the full normal working time for his position, including authorized overtime payments and the compensation rate assumed to have been received while the member is on authorized leave of absence. In cases where compensation includes maintenance, the Pension Board shall fix the value of that part of the compensation not payable in

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

	money. Compensation shall not exceed $255,000 in the pension calculation as indexed for changes in the cost of living. For all members except certain deputy sheriffs hired on or after January 1, 1982, the final average salary means the average annual salary for the highest three (3) consecutive years of service. For deputy sheriffs hired on or after January 1, 1982, excluding DA Investigators and non-represented deputy sheriffs, the final average salary means the average annual salary for the highest five (5) consecutive years of service. For DA Investigators and non-represented deputy sheriffs hired before July 1, 1995 and all non-deputy sheriff members hired before January 1, 1982, the final average salary is increased 7.5% for each year worked after January 1, 2001 to a maximum of 25%.
VOLUNTARY EMPLOYEE CONTRIBUTION	Up to 10% of earnings, provided that the employee was contributing on January 1, 1971.
MANDATORY EMPLOYEE CONTRIBUTION	Effective January 1, 2011 Elected Officials and Non-Represented employees contributed 2% of compensation. For all Non-Represented employees (other than elected officials), the contribution rate increased to 4% of compensation effective December 11, 2011.
BENEFITS	
Normal Retirement	
Eligibility	Elected Officials: Age 60, or age 55 with 30 years of service. For elected officials hired before January 1, 2006, the combination of age and service adding up to 75 (Rule of 75) also applies. General Employees:

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

For firefighters, Federated Nurses, and Machinists:

Age 60 with 5 years of service, or age 55 with 30 years of service. For firefighters hired before December 1, 1996, Federated Nurses hired before January 1, 1997, and Machinists hired before January 1, 1994, Rule of 75 also applies. For Federated Nurses and Machinists hired after January 1, 2012, age 64 or age 55 with 30 years of service.

For Attorneys, Skilled Trades, non-represented employees, DC48, and Teamco:

Age 60, or age 55 with 30 years of service. For attorneys, Skilled Trades, and non-represented employees hired before January 1, 2006 and DC48 and Teamco hired before January 1, 1994, Rule of 75 also applies.

For attorneys, Skilled Trades, non-represented employees, and TEAMCO hired after January 1, 2010, age 64 or age 55 with 30 years of service.

For DC48 hired after August 1, 2011, age 64 or age 55 with 30 years of service.

For non-represented employees (excluding Elected Officials, Deputy Sheriffs), attorneys, machinists and TEAMCO hired after January 1, 2010, retirement age is 64.

Deputy Sheriffs:

Age 57, or age 55 with 15 years of service. For deputy sheriffs, DA Investigators, and non-represented deputy sheriffs hired before January 1, 1994, Rule of 75 also applies.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

Amount	Elected Officials: For elected officials hired before March 15, 2002, 2.5% of final average salary per year of service before October 14, 2010 and 1.6% of final average salary per year of service thereafter, not greater than 80%. For elected officials hired on or after March 15, 2002, 2.0% of final average salary per year of service before October 14, 2010 and 1.6% of final average salary per year of service thereafter, not greater than 80%. General Employees: 2.0% of final average salary per year of service, not greater than 80%. For non-represented employees (excluding Elected Officials and Deputy Sheriffs), 1.6% of final average salary per year of service from January 1, 2010; for attorneys and TEAMCO, the 1.6% provision is effective May 1, 2010; for machinists, June 1, 2010; for DC48, effective August 1, 2011; for building trades and FNHP, effective January 1, 2012. Deputy Sheriffs: For deputy sheriffs hired before July 1, 1995 and DA Investigators and non-represented deputy sheriffs, 2.5% of final average salary per year of service, not greater than 80%. For deputy sheriffs hired on or after July 1, 1995, 2.0% of final average salary per year of service, not greater than 80%. For all members, 1.6% of final average salary per year of service after 80% of final average salary has been reached. In addition to the pension portion, the benefit includes any voluntary contribution balance. Benefits should not be less than under previous system.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

Early Retirement

Eligibility	Age 55 with 15 years of service.
Amount	Benefits reduced by 5/12 of 1% for each month by which commencement of payments precedes Normal Retirement Age. For deputy sheriffs, DA Investigators, and non-represented deputy sheriffs, benefit reduction does not apply.

Ordinary Disability Benefit

Eligibility	After 15 years of service.
Amount	Benefits calculated as for normal retirement benefits. Minimum benefit is 25% of final average salary.

Accidental Disability Benefit

Eligibility	Immediate.
Amount	Benefits are the same as normal retirement benefits if the employee has attained the minimum Normal Retirement Age. If less than Normal Retirement Age at time of disability, the benefit is computed the same as for normal retirement but is not less than 75% or 60% of final average salary.

Elected Officials

For elected officials hired before February 19, 1987, the benefit is not less than 75% of final average salary. For all other elected officials, the benefit is not less than 60% of final average salary.

General Employees

For non-represented employees hired before February 19, 1987, attorneys hired on or after January 1, 1987, Skilled Trades hired before October 30, 1987, Federated Nurses hired before January 1, 1987, Machinists hired before May 18, 1988, DC48 hired before July 24, 1987, and Teamco hired before January 12, 1988, the benefit is not less than 75% of final

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

average salary. For all other general employees, the benefit is not less than 60% of final average salary.

Deputy Sheriffs

For all deputy sheriffs, the benefit is not less than 75% of final average salary. For DA Investigators and non-represented deputy sheriffs hired on or after February 19, 1987, the benefit is not less than 60% of final average salary.

Ordinary Death Benefit

Upon the death of a deputy sheriff in active service for any cause other than accidental, the surviving spouse or child shall be entitled to receive the benefit under the provision of survivor benefits if the deceased member has completed at least one (1) year of service and is not eligible for normal retirement.

Accidental Death Benefit

Upon the death of a deputy sheriff caused by an accident in active duty, a survivorship benefit equal to fifty (50) percent of final average salary shall be granted to the following members:

1) A surviving spouse for life or until remarriage, or
2) If there is no spouse or spouse dies or remarries before the youngest child has attained age 18, the benefit is payable to his child(ren) under age 18 until the youngest child attains said age, or
3) If there is no spouse or child(ren) under age 18, the benefit is payable to his dependent father or mother to continue for life.

The monthly benefit aforementioned shall not be less than the benefit under ordinary death benefit section if death had not occurred in performance of duty.

Lump Sum Benefit Upon Death

Upon a death of members, a lump sum benefit of one-half the final average salary of the deceased member, not greater than two thousand dollars ($2,000) shall be paid to designated beneficiary if such member has completed one (1) year of service and no survivors' benefits payable under any other survivorship benefits.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

Deferred Vested Benefit

Upon termination of employment, a member who does not elect to withdraw any part of his membership account shall be eligible for a deferred vested benefit if:

1) The accrued benefit at age 60 is at least $10 per month
2) 5 years of service

The benefit is computed the same as for a normal retirement benefit considering earnings and service prior to date of termination.

Survivor Benefit

Upon the death of a member prior to age 60 and after completing at least one (1) year of service, a monthly benefit equal to 40% of the member's salary for the year of his death less monthly survivor benefits payable under the Social Security law shall be payable to his surviving spouse if she has at least one dependent child and was married to the member at least one (1) year prior to his death. Upon attainment of age 60 the dependent spouse shall be paid a benefit equal to 50% of the normal pension which the member would have received assuming service had continued to accrue to age 60 and the final average salary determined at death. In addition, a monthly benefit equal to 10% of the member's monthly salary less the benefits payable to child under Social Security law shall be payable to each eligible children until he attains age 18 or marries, or until attainment of age 22 if he is a student and not married.

Any member eligible for normal retirement may elect the protective survivorship option by selecting option 2 or 3 under the Optional Benefit section. This survivorship option shall become effective at the death of the member. If any member eligible to elect an option shall die in active service, without selecting an option, his surviving spouse shall be paid a survivorship benefit equal to the amount that would have been payable if such member had retired under option 3 immediately prior to his death.

Optional Benefit

In lieu of the full retirement benefit, any member at retirement may elect to receive an actuarial equivalent reduced retirement benefit in accordance with the following options:

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

Option 1. In case of death before benefits attributable to his mandatory account have equaled the amount of his membership account at the date of retirement, the balance shall be paid to a designated beneficiary or to his estate; or
Option 2. At the death of the member, one-half of the reduced benefit shall be continued throughout the life of designated beneficiary; or
Option 3. At the death of the member, the same reduced benefit shall be continued throughout the life of designated beneficiary.

Other Benefits

Simple COLA	2% of original benefit increase per year to retired employees (surviving beneficiary receives proportionate amount based on survivorship percentage).
Contribution Refund	Refund of employee voluntary contribution upon severance.
Backdrop Benefit	Employee may opt to receive a monthly benefit earned as of a specific date in the past (backdrop date). The backdrop date may not be prior to the earliest date that the member was eligible to retire and shall not be less than one (1) year prior to the date the member leaves active County service. Employee receives a cash payment equal to monthly benefits that would have been paid between backdrop date and actual retirement date plus interested earned. Effective with backdrop dates on or after April 1, 2013, the monthly drop benefit shall be based on the salary, service and multipliers as of April 1, 2013, except for Elected Officials, Skilled Trades, Machinists, Federated Nurses and Firefighters. Members not eligible for backdrop benefits are Elected Officials, non-represented employees and deputy sheriffs hired on or after March 15, 2002, Machinists and Teamco hired on or after November 4, 2005, Attorneys hired on or after January 1, 2006, Federated Nurses hired on or after December 15, 2005, Firefighters hired on or after June 19, 2007 and DC48 hired on or after February 1, 2007.

TABLE 17

SUMMARY OF MEMBERSHIP DATA
AS OF JANUARY 1, 2013

Active Participants

Item	General Employees	Deputy Sheriffs *	Elected Officials	Total
Number of Participants	3,621	293	20	3,934
Average Annual Salaries **	$ 47,081	$ 61,908	$ 63,992	$ 48,076
Average Age	45.8	44.8	50.4	45.8
Average Service	11.2	17.6	10.0	11.7

* Includes 8 non-represented deputy sheriffs.

** The salaries shown in the table above represent a rate of pay increased by the salary assumption.

Inactive Participants

Item	Number	Annual Annuities	Average Annuities	Average Age
Participants with Deferred Benefits	1,196	$ 8,348,075	$ 6,980	52.1
Retired Participants	6,745	140,351,579	20,808	70.8
Beneficiaries	868	12,502,130	14,403	77.1
Disability Retirees	254	5,186,572	20,420	63.7
Total	9,063	$ 166,388,356	$ 18,359	68.7

TABLE 18

ACTIVE MEMBERSHIP STATISTICS (UNAUDITED)

	2012
Members as of January 1	5,313 *
Changes during the year:	
New enrollments	355
Nonvested terminations	(287)
Retirements	(254)
Deaths in active service	(6)
New deferred beneficiaries	0
Data Adjustment	9
Members as of December 31	5,130 *

*This total includes vested inactive members.

RETIREMENTS AND SURVIVORS (UNAUDITED)

	Retirements granted								Survivors & Benefi-ciaries	Total
	Maxi-mum Pension	Options								
		Refund	100%	75%	50%	25%	10-yr	Other		
January 1, 2012	3,125	398	1,345	228	1,089	418	180	50	914	7,747
Changes during the year:										
Adjustments (actuary) *	38	-	-	-	-	7	3	-	-	48
Retirements	207	-	66	13	27	18	14	-	19	364
Pensioner deaths	(159)	-	(28)	-	(39)	-	-	(1)	(65)	(292)
December 31, 2012	3,211	398	1,383	241	1,077	443	197	49	868	7,867

* Adjustments as a result of reclassifications made to beginning balances by the actuary:

EXHIBIT I

ACTIVE MEMBERSHIP DATA – ALL EMPLOYEES

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2013

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	62 $21,749									62 $21,749
25-29	233 $31,372	18								251 $32,217
30-34	242 $34,968	95 $47,232	24 $50,005	1						362 $39,282
35-39	198 $40,839	95 $47,976	122 $49,118	18						433 $45,623
40-44	178 $38,443	104 $53,103	160 $51,597	113 $60,741	35 $55,540	1				591 $49,882
45-49	113 $39,888	76 $50,423	135 $48,661	125 $55,921	156 $55,900	28 $59,652	2			635 $50,990
50-54	100 $34,397	94 $51,056	117 $46,928	106 $53,886	200 $54,276	78 $59,617	11			706 $50,368
55-59	84 $44,232	51 $45,518	94 $50,179	87 $55,922	143 $60,103	73 $63,285	26 $62,227	5		563 $54,602
60-64	36 $43,689	53 $52,979	50 $49,947	38 $52,753	47 $62,761	24 $62,557	12	8		268 $56,042
Over 64	8	10	16	12	7	7	2	1		63 $ 56,778
Total	1,254 $36,393	596 $49,822	718 $49,454	500 $56,639	588 $56,856	211 $62,156	53 $65,535	14		3,934 $48,076

* Compensation in cells with fewer than 20 records has been suppressed.

EXHIBIT II

ACTIVE MEMBERSHIP DATA – GENERAL EMPLOYEES

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2013

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	62 $21,749									62 $21,749
25-29	232 $31,364	18								250 $32,213
30-34	241 $34,329	93 $46,977	18	1						353 $38,445
35-39	193 $40,686	94 $48,012	95 $46,426	11						393 $44,417
40-44	178 $38,443	100 $53,961	133 $49,628	48 $55,059	23 $52,068	1				483 $47,063
45-49	112 $39,046	74 $51,184	121 $47,929	95 $53,136	122 $53,804	24 $55,009	2			550 $49,058
50-54	99 $34,410	94 $51,056	112 $46,263	90 $52,468	178 $53,046	74 $59,005	11			658 $49,439
55-59	84 $44,232	51 $45,518	93 $49,246	85 $55,088	136 $60,129	70 $62,864	26 $62,227	5		550 $54,154
60-64	36 $43,689	52 $52,330	50 $49,947	37 $52,502	47 $62,761	21 $62,955	12	8		263 $55,860
Over 64	8	9	14	12	7	6	2	1		59 $ 56,491
Total	1,245 $36,156	585 $49,951	636 $48,126	379 $54,046	513 $55,942	196 $61,203	53 $65,535	14		3,621 $47,081

* Compensation in cells with fewer than 20 records has been suppressed.
Eight non-represented deputy sheriffs are included with Deputy Sheriffs exhibit.

EXHIBIT III

ACTIVE MEMBERSHIP DATA – DEPUTY SHERIFFS

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2013

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25										
25-29										
30-34	1	1	6							8
35-39	1	1	27 $58,591	7						36 $59,098
40-44		3	27 $61,293	65 $64,937	12					107 $62,582
45-49		2	13	30 $64,740	34 $63,420	4				83 $62,777
50-54			5	16	22 $64,229	4				47 $63,738
55-59				1	5	3				9
60-64				1		2				3
Over 64										
Total	2	7	78 $59,043	120 $64,369	73 $63,397	13				293 $61,908

* Compensation in cells with fewer than 20 records has been suppressed.
Includes 8 non-represented deputy sheriffs.

EXHIBIT IV

ACTIVE MEMBERSHIP DATA – ELECTED OFFICIALS

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2013

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25										
25-29	1									1
30-34		1								1
35-39	4									4
40-44		1								1
45-49	1		1							2
50-54	1									1
55-59			1	1	2					4
60-64		1				1				2
Over 64		1	2			1				4
Total	7	4	4	1	2	2				20 $63,992

* Compensation in cells with fewer than 20 records has been suppressed.

EXHIBIT V

ACTIVE AND DEFERRED VESTED MEMBERS OBTAINING RETIREMENT ELIGIBILITY OVER NEXT FIVE CALENDAR YEARS

Actives Reaching Retirement Eligibility

Year	General Employees	Elected Officials	Deputy Sheriffs	Total
Eligible at Valuation Date	530	9	12	551
2013	120	0	2	122
2014	138	0	4	142
2015	127	0	5	132
2016	163	1	13	177
2017	134	0	8	142
Total Over Next 5 Years	682	1	32	715
Grand Total Eligible	1,212	10	44	1,266

Deferred Vesteds Reaching Retirement Age

Year	Total
2013	93
2014	77
2015	70
2016	63
2017	66
Total Over Next 5 Years	369

EXHIBIT VI

RETIREE AND BENEFICIARY MEMBERSHIP DATA
AS OF JANUARY 1, 2013

NUMBER AND AVERAGE ANNUAL BENEFIT

Age Last Birthday	Number	Annual Benefit	Average Annual Benefit
Retired Participants			
Under 60	776	$ 21,663,041	$ 27,916
60 - 64	1,518	33,216,299	21,882
65 - 69	1,367	29,680,517	21,712
70 - 74	913	18,982,770	20,792
75 - 79	755	15,295,716	20,259
Over 79	1,416	21,513,236	15,193
Total	6,745	$ 140,351,579	$ 20,808
Beneficiary Participants			
Under 60	82	$ 1,189,120	$ 14,501
60 - 64	61	1,061,423	17,400
65 - 69	75	1,305,131	17,402
70 - 74	82	1,374,892	16,767
75 - 79	119	1,763,091	14,816
Over 79	449	5,808,473	12,936
Total	868	$ 12,502,130	$ 14,403
Disabled Participants			
Under 60	105	$ 2,456,629	$ 23,396
60 - 64	41	865,565	21,111
65 - 69	31	562,730	18,153
70 - 74	25	473,321	18,933
75 - 79	22	361,882	16,449
Over 79	30	466,445	15,548
Total	254	$ 5,186,572	$ 20,420
Grand Total	7,867	$ 158,040,281	$ 20,089

EXHIBIT VII

5-YEAR HISTORY OF MEMBERSHIP DATA

Active Participants

Valuation as of January 1	Number of Active Participants	Percentage Change in Membership	Total Annual Payroll	Percentage Change in Payroll
2013	3,934	(0.96)%	$ 189,131,711	(0.85)%
2012	3,972	(10.70)%	190,747,973	(13.94)%
2011	4,448	(7.49)%	221,647,443	(6.49)%
2010	4,808	(0.60)%	237,040,117	1.38 %
2009	4,837	0.48 %	233,820,179	2.84 %

Retired, Disabled, and Beneficiary Participants

Valuation as of January 1	Number on roll	Additions	Deletions	Percentage Change in Membership	Annual Annuities	Percentage Change in Annuities
2013	7,867	412	292	1.55 %	158,040,281	6.18 %
2012	7,747	576	270	4.11 %	148,838,576	3.95 %
2011	7,441	368	219	2.04 %	143,188,151	4.23 %
2010	7,292	283	299	(0.22)%	137,374,794	2.24 %
2009	7,308	222	235		134,363,234	

EXHIBIT VIII

DETAILED TABULATIONS OF THE DATA

TABLE VIII-A

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2013 ALL EMPLOYEES
(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
21	1		3	
22	4		4	
23	10		6	
24	13		20	$ 412,028
25	18		20	480,638
26	29	$ 1,024,502	27	761,299
27	27	1,026,923	20	554,195
28	25	866,359	30	900,731
29	32	1,184,484	23	583,810
30	29	1,122,006	44	1,486,511
31	30	1,064,518	28	913,999
32	35	1,561,874	36	1,426,209
33	40	1,727,152	37	1,350,123
34	30	1,113,208	54	2,313,330
35	41	2,032,297	36	1,283,680
36	38	1,669,923	47	1,950,139
37	55	2,913,271	51	2,048,211
38	43	2,262,108	45	2,235,596
39	30	1,349,592	47	1,797,109
40	51	2,542,974	55	2,513,331
41	57	2,755,282	55	2,317,227
42	59	3,265,665	62	3,068,708
43	72	3,918,628	80	3,717,147
44	44	2,243,252	56	2,848,468
45	58	3,166,121	70	3,254,450
46	64	3,497,493	81	3,812,206
47	55	2,834,304	67	3,143,507
48	50	2,643,581	66	3,154,899
49	49	2,823,938	75	3,796,623

TABLE VIII-A

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2013 ALL EMPLOYEES
(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
50	69	$ 3,521,249	77	$ 3,830,366
51	47	2,488,980	65	2,854,465
52	67	3,814,703	92	4,515,075
53	58	3,319,595	83	3,968,959
54	60	3,118,407	88	4,060,474
55	53	3,045,268	71	3,623,807
56	55	3,157,111	75	3,767,424
57	56	3,723,559	60	2,774,661
58	47	2,922,008	48	2,295,409
59	49	2,781,614	49	2,661,345
60	23	1,178,350	43	2,030,048
61	39	2,628,714	32	1,469,888
62	28	1,912,586	25	1,167,954
63	18		26	1,432,524
64	19		15	
65	8		12	
66	14		8	
67			2	
68	1		2	
69	1		3	
70	2		3	
71	2			
72				
73				
74			3	
75				
76	1			
77				
78			1	
Total	1,806	$ 93,806,814	2,128	$ 95,324,897

TABLE VIII-B

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2013 ALL EMPLOYEES
(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
0	175	$ 3,704,513	225	$ 4,136,461
1	139	6,283,831	182	7,389,718
2	73	3,342,749	84	3,293,625
3	69	3,427,489	89	3,902,120
4	103	4,825,533	115	5,158,637
5	50	2,512,809	71	3,358,931
6	61	3,209,437	58	2,722,762
7	64	3,277,041	101	5,018,664
8	45	2,498,013	52	2,383,761
9	38	1,859,545	56	2,618,397
10	62	3,137,889	47	1,818,683
11	82	4,353,747	75	3,237,798
12	81	4,279,641	96	4,369,400
13	81	4,250,921	85	4,263,669
14	53	2,882,922	56	2,653,239
15	55	3,138,556	51	2,769,514
16	50	3,214,461	56	2,866,494
17	50	3,217,403	26	1,384,126
18	58	3,362,822	58	2,962,401
19	46	2,558,655	50	2,641,672
20	69	4,445,440	77	3,876,308
21	61	3,776,219	65	3,431,984
22	49	2,998,807	55	2,577,568
23	35	2,034,658	84	4,522,182
24	36	2,284,244	57	3,350,886
25	25	1,959,534	31	1,676,831
26	21	1,569,486	29	1,568,039
27	23	1,504,198	30	1,631,509
28	10		21	1,215,836
29	10		11	
30	7		4	
31	4		13	
32	7		6	
33	4		4	
34	2		2	
35	2		4	
36	2		1	
37	3		1	
38	1			
Total	1,806	$ 93,806,814	2,128	$ 95,324,897

TABLE VIII-C

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2013 GENERAL EMPLOYEES
(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
21	1		3	
22	4		4	
23	10		5	
24	13		20	$ 412,028
25	18		20	480,638
26	28	$ 990,371	27	761,299
27	27	1,026,923	20	554,195
28	25	866,359	30	900,731
29	32	1,184,484	23	583,810
30	29	1,122,006	44	1,486,511
31	30	1,064,518	28	913,999
32	34	1,511,445	35	1,360,046
33	38	1,622,160	37	1,350,123
34	27	984,228	52	2,073,952
35	39	1,910,161	35	1,226,290
36	35	1,484,734	46	1,889,246
37	41	2,156,884	49	1,917,454
38	35	1,815,378	42	2,049,748
39	26	1,145,909	46	1,734,517
40	40	1,846,376	54	2,446,947
41	40	1,786,402	49	1,938,455
42	41	2,129,493	58	2,818,159
43	51	2,630,704	77	3,556,678
44	24	1,008,591	50	2,475,710
45	45	2,373,222	64	2,872,211
46	46	2,358,359	79	3,689,412
47	43	2,088,197	61	2,746,701
48	42	2,144,005	62	2,960,937
49	38	2,097,130	70	3,453,808

TABLE VIII-C

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2013 GENERAL EMPLOYEES
(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
50	55	$ 2,625,819	73	$ 3,576,638
51	40	2,061,944	65	2,854,465
52	58	3,313,715	87	4,161,168
53	51	2,901,274	83	3,968,959
54	57	2,934,880	88	4,060,474
55	50	2,841,172	71	3,623,807
56	51	2,774,943	75	3,767,424
57	54	3,609,310	59	2,712,596
58	46	2,854,285	48	2,295,409
59	47	2,657,515	49	2,661,345
60	23	1,178,350	43	2,030,048
61	38	2,566,664	32	1,469,888
62	25	1,733,513	25	1,167,954
63	17		26	1,432,524
64	19		15	
65	8		11	
66	12		8	
67			2	
68	1		2	
69			3	
70	2		3	
71	2			
72				
73				
74			3	
75				
76	1			
77				
78			1	
Total	1,559	$ 78,952,481	2,062	$ 91,529,321

TABLE VIII-D

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2013 GENERAL EMPLOYEES
(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
0	171	$ 3,446,886	225	$ 4,019,692
1	137	6,167,825	182	7,474,282
2	73	3,381,430	83	3,141,607
3	69	3,470,042	89	3,940,482
4	101	4,764,878	115	5,206,966
5	50	2,541,420	70	3,335,160
6	61	3,237,614	58	2,743,052
7	63	3,285,352	101	5,058,314
8	43	2,439,890	50	2,279,102
9	33	1,667,584	56	2,633,695
10	54	2,741,832	46	1,808,720
11	74	3,888,265	72	3,103,477
12	67	3,503,113	90	4,024,986
13	62	3,107,126	81	4,035,025
14	41	2,174,362	49	2,221,093
15	34	1,841,242	47	2,547,554
16	34	2,190,213	52	2,623,669
17	27	1,729,464	20	1,003,904
18	36	1,932,863	55	2,776,361
19	29	1,500,131	45	2,337,847
20	41	2,690,157	68	3,353,107
21	50	3,100,834	63	3,319,344
22	42	2,580,644	55	2,587,520
23	29	1,661,683	81	4,322,241
24	30	1,906,721	54	3,176,168
25	22	1,773,313	30	1,586,301
26	17		28	1,489,958
27	19		30	1,634,960
28	9		21	1,218,175
29	9		11	
30	7		4	
31	4		13	
32	7		6	
33	4		4	
34	2		2	
35	2		4	
36	2		1	
37	3		1	
38	1			
Total	1,559	$ 78,952,481	2,062	$ 91,529,321

TABLE VIII-E

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2013 DEPUTY SHERIFFS
(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
31				
32	1			
33	2			
34	3		2	
35	2		2	
36	3		1	
37	10		2	
38	8		3	
39	4		1	
40	11		1	
41	17		6	
42	19		3	
43	21	$ 1,287,924	3	
44	20	1,234,661	6	
45	13		6	
46	16		2	
47	12		6	
48	8		4	
49	11		5	
50	14		4	
51	7			
52	8		5	
53	6			
54	3			
55	2			
56	2			
57	1		1	
58	1			
59	2			
60				
61	1			
62	2			
Total	230	$ 14,108,288	63	$ 4,030,805

TABLE VIII-F

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2013 DEPUTY SHERIFFS
(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
1				
2				
3			1	
4				
5	1			
6				
7				
8	1			
9	2			
10	4			
11	6		1	
12	8		3	
13	13		6	
14	19		4	
15	11		7	
16	21	$ 1,307,208	4	
17	16		4	
18	22	1,382,433	6	
19	22	1,437,846	3	
20	17		5	
21	26	1,658,926	9	
22	11		2	
23	7			
24	6		3	
25	6		3	
26	2		1	
27	3		1	
28	4			
29	1			
30	1			
31				
32				
Total	230	$ 14,108,288	63	$ 4,030,805

TABLE VIII-G

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2013 ELECTED OFFICIALS
(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
26	1			
32			1	
37	4			
42			1	
46	2			
53	1			
55	1			
56	2			
57	1			
62	1			
63	1			
65			1	
66	2			
69	1			
Total	17		3	

TABLE VIII-H

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2013 ELECTED OFFICIALS
(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
0	4			
1	2			
2				
3				
4	1			
5			1	
6				
7				
8			2	
9	1			
10	2			
11				
12	1			
13				
14	1			
15				
16				
17	1			
18				
19				
20	2			
21				
22				
23				
24				
25	1			
26	1			
27				
Total	17		3	

TABLE VIII-I

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO ALL MEMBERS RECEIVING BENEFITS AS OF JANUARY 1, 2013

Age	Men		Women	
	Number	Annuities	Number	Annuities
13	1	$ 4,344		
14	1	3,995		
16	1	3,997		
18	1	4,001		
19	1	5,540		
22			2	$ 10,211
23	3	28,445		
24	1	2,779	1	6,705
30	1	21,304		
32	1	19,277	1	9,413
34			1	11,739
35	1	33,012	1	31,087
36			2	41,172
37	2	28,074	1	16,702
38	1	7,278		
39	2	11,396		
40			1	9,413
41	4	119,170	3	57,941
42	4	135,315		
43	5	129,376		
44	2	49,947		
45	3	105,312	2	33,375
46				
47	2	51,414	3	71,119
48	7	273,841	11	273,978
49	2	60,986	13	297,088
50	6	145,539	5	187,161
51	11	348,956	17	418,167
52	7	189,482	23	612,882
53	18	654,786	31	858,438
54	27	947,947	31	851,750
55	34	946,585	69	1,778,671
56	48	1,380,555	68	1,513,004
57	69	1,831,878	79	1,851,306
58	68	2,004,150	77	1,937,203
59	86	2,542,983	101	2,338,601
60	112	3,289,307	149	2,768,311
61	123	3,128,056	177	3,550,202
62	166	4,105,843	182	3,030,182
63	166	4,125,559	203	3,543,121
64	156	4,270,433	186	3,332,273
65	180	4,279,547	216	3,932,289

TABLE VIII-I

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO ALL MEMBERS RECEIVING BENEFITS AS OF JANUARY 1, 2013

Age	Men		Women	
	Number	Annuities	Number	Annuities
66	145	$ 3,967,429	191	$ 3,966,165
67	119	2,770,198	135	2,478,874
68	106	2,562,878	137	2,524,040
69	99	2,563,375	145	2,503,583
70	107	2,952,720	139	2,370,865
71	77	1,842,936	118	2,054,219
72	85	2,181,500	102	1,696,532
73	84	2,012,543	118	1,965,064
74	69	1,628,969	121	2,125,635
75	79	1,831,037	116	1,704,516
76	79	2,009,370	113	1,829,174
77	57	1,482,680	125	2,119,954
78	64	1,710,215	107	1,725,674
79	57	1,543,630	99	1,464,439
80	71	1,537,802	113	1,746,546
81	74	1,745,697	99	1,652,456
82	53	1,100,546	134	1,861,133
83	44	834,887	123	1,639,425
84	53	1,073,078	104	1,433,665
85	56	1,179,364	126	1,592,323
86	32	681,401	97	1,209,008
87	40	790,612	82	953,813
88	35	617,564	77	928,869
89	24	495,269	76	836,478
90	26	421,288	66	672,351
91	22	359,583	52	482,527
92	15	200,253	41	389,615
93	10	109,436	34	261,983
94	6	86,382	42	325,264
95	5	84,205	15	80,641
96	3	50,394	14	127,739
97			10	77,763
98	1	5,924	11	92,261
99	1	15,435	2	5,310
100			3	15,025
101			1	563
102			1	5,839
103			1	8,437
Total	3,121	$ 77,739,009	4,746	$ 80,301,272

TABLE VIII-J

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO RETIRED MEMBERS AS OF JANUARY 1, 2013

Age	Men		Women	
	Number	Annuities	Number	Annuities
42	1	$ 42,876		
43	1	43,103		
44				
45				
46				
47			1	$ 49,490
48	4	165,746	2	66,005
49	2	60,986	5	130,949
50	3	101,887	5	187,161
51	9	315,930	11	320,230
52	7	189,482	19	576,212
53	15	540,377	26	746,411
54	22	863,802	29	822,969
55	29	857,466	56	1,533,854
56	40	1,193,523	61	1,412,915
57	64	1,747,193	66	1,596,528
58	64	1,931,174	65	1,719,783
59	78	2,311,788	91	2,135,201
60	104	3,078,276	138	2,568,547
61	118	3,086,610	163	3,272,005
62	160	3,984,953	169	2,745,859
63	159	4,009,860	191	3,317,934
64	149	4,149,300	167	3,002,955
65	177	4,243,243	198	3,589,399
66	141	3,850,354	176	3,672,484
67	111	2,684,675	124	2,236,621
68	99	2,472,778	123	2,278,799
69	93	2,468,295	125	2,183,869
70	100	2,835,528	119	2,033,043
71	75	1,796,963	105	1,772,635
72	80	2,094,460	83	1,408,103
73	82	1,991,542	107	1,806,271
74	64	1,585,763	98	1,658,462
75	69	1,708,622	98	1,399,591
76	71	1,898,761	89	1,433,271
77	56	1,471,350	102	1,725,059
78	62	1,684,845	82	1,362,479
79	54	1,497,708	72	1,114,030
80	66	1,514,425	81	1,071,928
81	66	1,621,470	70	1,086,615
82	48	1,058,308	94	1,343,964
83	39	810,808	82	1,073,161
84	52	1,069,586	70	890,444

TABLE VIII-J

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO RETIRED MEMBERS AS OF JANUARY 1, 2013

Age	Men		Women	
	Number	Annuities	Number	Annuities
85	53	$ 1,131,073	78	$ 935,611
86	31	659,711	63	699,178
87	35	753,089	55	664,123
88	27	560,229	49	544,519
89	24	495,269	52	542,795
90	23	395,471	45	467,953
91	20	346,770	32	243,680
92	13	180,613	30	260,766
93	9	106,835	27	209,930
94	6	86,382	29	238,878
95	3	74,172	10	55,172
96	3	50,394	12	98,621
97			6	57,202
98	1	5,924	8	75,460
99	1	15,435	1	3,554
100			1	5,281
101				
102				
103			1	8,437
Total	2,883	$ 73,895,183	3,862	$ 66,456,396

TABLE VIII-K

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO BENEFICIARY MEMBERS AS OF JANUARY 1, 2013

Age	Men		Women	
	Number	Annuities	Number	Annuities
13	1	$ 4,344		
14	1	3,995		
16	1	3,997		
18	1	4,001		
19	1	5,540		
22			2	$ 10,211
23	3	28,445		
24	1	2,779	1	6,705
30	1	21,304		
32			1	9,413
34			1	11,739
35			1	31,087
36			2	41,172
37	1	4,859	1	16,702
38	1	7,278		
39	2	11,396		
40			1	9,413
41	1	6,266	2	26,600
43	2	19,374		
44	1	6,138		
45			1	5,207
47			1	8,017
48			2	11,844
49			3	93,824
50	1	7,997		
51			1	25,434
52			3	18,713
53			2	35,331
54			2	28,781
55			5	71,907
56	2	57,934	2	22,659
57			10	184,608
58			9	165,281
59			8	158,825
60			9	165,478
61	1	980	8	121,029

TABLE VIII-K

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO BENEFICIARY MEMBERS AS OF JANUARY 1, 2013

Age	Men		Women	
	Number	Annuities	Number	Annuities
62	3	$ 55,780	10	$ 228,525
63	3	17,831	8	148,370
64	4	50,027	15	273,403
65	2	4,382	14	279,423
66	1	23,191	14	284,357
67	3	37,124	9	183,615
68	3	16,346	8	168,377
69	4	42,612	17	265,704
70	4	48,808	14	243,568
71			9	203,625
72	2	30,855	16	234,043
73	1	3,851	10	138,964
74	4	18,256	22	452,922
75	7	62,899	16	266,998
76	5	45,692	22	372,428
77	1	11,330	22	373,163
78	1	17,226	20	301,420
79	1	9,995	24	301,940
80	5	23,377	27	591,773
81	5	40,187	26	530,276
82	5	42,238	38	476,442
83	5	24,079	36	502,013
84	1	3,492	31	502,748
85	3	48,291	47	643,718
86			33	496,804
87	5	37,523	26	277,693
88	7	47,036	27	365,497
89			23	278,480
90	3	25,817	20	195,800
91	2	12,813	20	238,847
92	2	19,640	11	128,849
93	1	2,601	7	52,053
94			13	86,386
95	2	10,033	5	25,469
96			1	23,234
97			4	20,561
98			3	16,801
99			1	1,756
100			2	9,744
101			1	563
102			1	5,839
Total	117	$ 1,029,959	751	$ 11,472,171

TABLE VIII-L

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO DISABLED MEMBERS AS OF JANUARY 1, 2013

Age	Men		Women	
	Number	Annuities	Number	Annuities
32	1	$ 19,277		
33				
34				
35	1	33,012		
36				
37	1	23,215		
38				
39				
40				
41	3	112,904	1	$ 31,341
42	3	92,439		
43	2	66,899		
44	1	43,809		
45	3	105,312	1	28,168
46				
47	2	51,414	1	13,612
48	3	108,095	7	196,129
49			5	72,315
50	2	35,655		
51	2	33,026	5	72,503
52			1	17,957
53	3	114,409	3	76,696
54	5	84,145		
55	5	89,119	8	172,910
56	6	129,098	5	77,430
57	5	84,685	3	70,170
58	4	72,976	3	52,139
59	8	231,195	2	44,575
60	8	211,031	2	34,286
61	4	40,466	6	157,168
62	3	65,110	3	55,798
63	4	97,868	4	76,817

TABLE VIII-L

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO DISABLED MEMBERS AS OF JANUARY 1, 2013

Age	Men		Women	
	Number	Annuities	Number	Annuities
64	3	$ 71,106	4	$ 55,915
65	1	31,922	4	63,467
66	3	93,884	1	9,324
67	5	48,399	2	58,638
68	4	73,754	6	76,864
69	2	52,468	3	54,010
70	3	68,384	6	94,254
71	2	45,973	4	77,959
72	3	56,185	3	54,386
73	1	17,150	1	19,829
74	1	24,950	1	14,251
75	3	59,516	2	37,927
76	3	64,917	2	23,475
77			1	21,732
78	1	8,144	5	61,775
79	2	35,927	3	48,469
80			5	82,845
81	3	84,040	3	35,565
82			2	40,727
83			5	64,251
84			3	40,473
85			1	12,994
86	1	21,690	1	13,026
87			1	11,997
88	1	10,299	1	18,853
89			1	15,203
90			1	8,598
91				
92				
93				
94				
95				
96				
97				
96			1	5,884
Total	121	$ 2,813,867	133	$ 2,372,705

EXHIBIT IX

GLOSSARY

Accrued Liability	The difference between (a) the present value of future plan benefits, and (b) the present value of future normal cost. It is the portion of the present value of future plan benefits attributable to service accrued as of the valuation date. Sometimes referred to as "actuarial accrued liability."
Accrued Service	The service credited under the plan, which was rendered before the date of the actuarial valuation.
Actual Funding Contribution	The Actual Funding Contribution for a plan year is calculated using census and asset information as of the first day of the plan year, and includes Normal Cost, with interest to the end of the plan year, and a net amortization payment.
Actuarial Assumptions	Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.
Actuarial Cost Method	A mathematical budgeting procedure for allocating the dollar amount of the "present value of future plan benefits" between the present value of future normal cost and the accrued liability. Sometimes referred to as the "actuarial funding method."
Actuarial Equivalent	A series of payments is called an actuarial equivalent of another series of payments if the two series have the same actuarial present value.
Actuarial Value of Assets	The value of current plan assets recognized for valuation purposes. Based on a smoothed market value that recognizes investment gains and losses over a period of ten years.
Amortization	Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

EXHIBIT IX

GLOSSARY
(Continued)

Annual Required Contribution	The Annual Required Contribution, or ARC, is the amount determined in accordance with Governmental Accounting Standards Board Statements Nos. 25 and 27.
Budget Contribution	The Budget Contribution for a year is based on census and asset information as of the first day of the PRIOR plan year, rolled forward to the next plan year based on all actuarial assumptions being met. For example, the Budget Contribution for 2012 is based on census and asset information as of January 1, 2010, rolled forward to January 1, 2011.
Contribution Variance	The difference between the Actual Contribution and the Budget Contribution for a plan year is referred to as the Contribution Variance. A Contribution Variance resulting from an overpayment is amortized over 5 years as a level dollar credit. A Contribution Variance resulting from an underpayment is amortized over 5 years as a level dollar charge.
Experience Gain (Loss)	A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.
Normal Cost	The annual cost assumed, under the actuarial funding method, for current and subsequent plan years. Sometimes referred to as "current service cost."
Present Value	The amount of funds presently required to provide a payment or series of payments in the future. The present value is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.
Unfunded Accrued Liability	The difference between the actuarial accrued liability and valuation assets.

buckconsultants

A Xerox Company

June 12, 2013

Mr. Daniel Gopalan
Fiscal Officer
Employees' Retirement System of the
County of Milwaukee
901 N. 9th St.
Milwaukee, WI 53233

Dear Dan:

We are enclosing 30 copies of our report on the annual actuarial valuation of the Employees' Retirement System of the County of Milwaukee as of January 1, 2013.

Please contact me with any questions.

Sincerely,

Larry Langer, ASA, EA, MAAA
Principal, Consulting Actuary

LL:pl
C7915RET01-2013-Val-ERS.doc.docx

Enc.

123 North Wacker Drive, Suite 1000 • Chicago, IL 60606
312.846.3000 • 312.846.3999 (fax)

Montgomery County Employee Retirement Plans

Comprehensive Annual Financial Report

Employees' Retirement System
Retirement Savings Plan
Deferred Compensation Plan

(Trust Funds of Montgomery County, Maryland)

Fiscal Year 2013
July 1, 2012 – June 30, 2013

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

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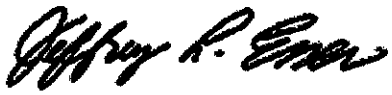
Montgomery County
Employee Retirement Plans
Maryland

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012



Executive Director/CEO

Montgomery County Employee Retirement Plans

Comprehensive Annual Financial Report

Employees' Retirement System
Retirement Savings Plan
Deferred Compensation Plan

(*Trust Funds of Montgomery County, Maryland*)

Fiscal Year 2013
July 1, 2012 – June 30, 2013

Prepared by Montgomery County Employee Retirement Plans
101 Monroe Street, 15th Floor
Rockville, Maryland 20850

MONTGOMERY COUNTY
17 76
CARDEZ BIEN
MARYLAND

MONTGOMERY COUNTY, MARYLAND
EMPLOYEE RETIREMENT PLANS
Fiscal Year Ended June 30, 2013
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MONTGOMERY COUNTY
17
76
GARDEZ BIEN
MARYLAND

INTRODUCTION SECTION

OFFICES OF THE COUNTY EXECUTIVE

Isiah Leggett
County Executive

Timothy L. Firestine
Chief Administrative Officer

December 2, 2013

Honorable County Executive and
Members of the Montgomery County Council

I am pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Montgomery County, Maryland (County) Employee Retirement Plans (Plans) for the fiscal year ended June 30, 2013. This annual report is designed to assist you in understanding the structure and current status of the Plans.

FORMAL TRANSMITTAL OF THE CAFR

This report was prepared pursuant to the provisions of Section 33-51(b) of the Montgomery County Code, 2004, as amended (Code), and includes the independent auditors' report, issued by the County Council's appointed independent public accounting firm. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation including all disclosures rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the plan net assets and the changes in plan net assets and financial position of the Plans; and that all disclosures necessary to enable the reader to gain the maximum understanding of the financial affairs of the Plans have been included.

PROFILE OF THE RETIREMENT PLANS

History

The Employees' Retirement System (System) was established in 1965, as a cost-sharing multiple-employer defined benefit pension plan providing benefits to the employees of the County and other agencies or political subdivisions who elect to participate. Participating agencies and subdivisions include the: Montgomery County Revenue Authority, Housing Opportunities Commission of Montgomery County, Town of Chevy Chase, Strathmore Hall Foundation, Inc., Washington Suburban Transit Commission, Montgomery County Employees Federal Credit Union, and certain employees of the State Department of Assessments and Taxation and the District Court of Maryland. The System is closed to employees hired on or after October 1, 1994, except public safety bargaining unit employees and Guaranteed Retirement Income Plan (GRIP) participants. The Montgomery County Council passed legislation in FY 2009 enabling the County to establish and maintain a GRIP, a cash balance plan that is part of the System, for employees. During FY 2010 eligible County employees who were members of the Retirement Savings Plan (RSP) were granted the option to elect to participate in the GRIP and to transfer their RSP member account balance to the GRIP and cease being a member of the RSP. There were 5,606 active members, including 1,202 in the GRIP, and 5,961 retirees and beneficiaries participating in the System as of June 30, 2013.

The RSP was established in 1994, as a cost-sharing multiple-employer defined contribution plan providing benefits to all non-public safety and certain public safety employees hired on or after October 1, 1994. Employees covered by the System may make an irrevocable decision to transfer to the RSP. At June 30, 2013, there were 3,470 active plan members.

The Deferred Compensation Plan (DCP) was established pursuant to Section 457 of the Internal Revenue Code, as amended. During Fiscal Year (FY) 1999, in accordance with Federal legislation, the assets of the County Plan were placed in trust for the sole benefit of participants and their beneficiaries.

Benefit Provisions

The benefit provisions of the System are established by the Code. The System provides for normal service retirement and early service retirement benefits for members who attain age and service requirements. The System also provides options for disability and death benefits to eligible participants. Members are vested after five years of service.

The RSP provides for immediate vesting of employee contributions, and employer contributions are vested after three years of service or upon death, disability or reaching retirement age.

Major Initiatives

During FY 2013, the Board continued to implement portfolio adjustments which will result in further diversification of the investment portfolio and better management of the System's risk. Toward this effort, the Board approved new investments in the following sectors: public equities, private equity, private real assets, commodities and global real estate securities. The Board also approved a structural change to the asset allocation that will result in the addition of private debt and additional opportunistic investments to the portfolio.

In addition, the Board consolidated the recordkeeping functions for the RSP, DCP, GRIP, and the Deferred Retirement Option Plans, with one recordkeeper resulting in lower costs for participants, improved service levels, and the streamlining of operations.

INFORMATION USEFUL IN ASSESSING THE RETIREMENT PLANS' ECONOMIC CONDITION

Financial Information

Accounting System and Reports

The Plans' financial statements have been prepared under the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due. Benefits, refunds and distributions are recognized when due in accordance with the terms of the Plans.

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A), which can be found on pages 15 to 19 of this report, provides a brief analysis of the financial performance of the Plans and an introduction to the financial statements of the Plans for the year ended June 30, 2013.

Investments

Montgomery County has established a Board to be responsible for the investment management of the Plans' assets for the exclusive benefit of the members and participants. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

In overseeing the management of the assets of the Plans, the Board has developed sound and prudent investment policies. The Board believes an appropriate balance must be struck between risks taken and returns

sought to ensure the long term health of the defined benefit plan. The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long term increases in the value of assets. To achieve this objective, System assets are allocated to a broad array of investment sectors as follows: domestic equities 24.3 percent, private equity 7.5 percent, international equities 16.1 percent, global equities 2.0 percent, fixed income 25.5 percent, inflation indexed bonds 9.0 percent, commodities 4.3 percent, opportunistic 3.8 percent, private real assets 5.7 percent, and global REITs 1.8 percent. For the twelve months ended June 30, 2013, the total return achieved by the System's investments was a gain of 10.85 percent, compared to the gain recorded by the System's benchmark index of 8.48 percent and the actuarial assumed rate of return of 7.5 percent.

Section 33-125 of the Montgomery County Code authorizes the Board to establish, for members of the RSP, a diversified slate of mutual and commingled investment funds from which participants may select options. The Board has developed an investment policy outlining its oversight of the investment products offered.

The Board has also established a diversified slate of mutual and commingled funds for the County Plan which offers a range of options from which participants may select. The Board has constructed an investment policy stipulating investment objectives and oversight by the Board.

Funding

The System's actuary uses a five-year smoothed market-related value to determine the actuarial value of assets. The smoothing prevents extreme volatility in employer contribution rates due to short-term fluctuations in the investment markets. For the June 30, 2013 valuation, the actuarial value of assets was $3.0 billion and the aggregate actuarial liability was $3.8 billion, resulting in a funded status ratio of 78.8%. The Schedule of Funding Progress, included as Required Supplementary Information in the Financial Section, expresses the System's actuarial value of assets as a percentage of the actuarial accrued liability, providing one indication of the System's funding status on a going-concern basis. The actuary has determined that the present net asset base, expected future contributions and investment earnings thereon, are sufficient to provide for full payment of future benefits under the projected unit credit actuarial cost method.

Internal Control Structure and Budgetary Controls

The Plans' management is responsible for maintaining internal accounting controls to provide reasonable assurance that transactions are properly authorized and recorded as necessary to permit preparation of financial statements in conformity with U.S. generally accepted accounting principles. We believe the internal controls in effect during the fiscal year ended June 30, 2013 adequately safeguard the Plans' assets and provide reasonable assurance regarding the proper recording of financial transactions. In addition, the Board, in conjunction with the Chief Administrative Officer, approves and actively monitors the annual budgets for each plan. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement.

Independent Audit and Actuarial Certification

An independent auditors' report and actuarial certification are included in this report.

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Montgomery County Employee Retirement Plans for its comprehensive annual financial report for the fiscal year ended June 30, 2012. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Montgomery County Employee Retirement Plans have received the Certificate of Achievement for the last thirteen consecutive years. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements and we are submitting it to the GFOA.

Acknowledgements

The Plans' CAFR was prepared by the Montgomery County Employee Retirement Plans' staff in conjunction with staff support from the County's Department of Finance. I would like to express my appreciation to the employees who have worked hard throughout the year to ensure the successful operation of the Plans.

Respectfully submitted,

Timothy L. Firestine
Chief Administrative Officer
Plan Administrator

BOARD OF INVESTMENT TRUSTEES

George Willie
Chair
Public Representative
Term Expires March 2014

Sunil Pandya
Vice Chair
Montgomery County
Department of Liquor Control
Non-Bargaining Unit Representative
Term Expires March 2014

Jennifer E. Barrett
Secretary
Retired Employees Representative
Term Expires March 2015

Joseph Adler
Montgomery County Director
Of Human Resources
Ex-Officio Member

Arjan Berkelaar
Montgomery County Council Representative
Term Expires March 2015

Joseph F. Beach
Montgomery County Director of Finance
Ex-Officio Member

Stephen B. Farber
Montgomery County Council Administrator
Ex-Officio Member

Jeffrey D. Buddle
Fire & Rescue Bargaining Unit Designee

David J. Locke
Montgomery County Council Representative
Term Expires March 2014

Kelda J.C. Simpson
Police Bargaining Unit Designee

Jennifer A. Hughes
Montgomery County Director of
Management and Budget
Ex-Officio Member

Gino Renne
OPT/SLT Bargaining Unit Designee

Vacant
Public Representative

ADMINISTRATIVE ORGANIZATION

Professional Services

Actuary

Gabriel Roeder Smith & Company
Chicago, IL

Auditor

CliftonLarsonAllen LLP
Timonium, MD

Custodial Bank

The Northern Trust Company
Chicago, IL

Investment Consultants

Wilshire Associates
Pittsburgh, PA

Albourne America, LLC
Norwalk, CT

Franklin Park
Philadelphia, PA

FLAG Capital Management
Stamford, CT

Investment Managers-Employees' Retirement System

Aberdeen Asset Management Inc.
United Kingdom

Adams Street Partners
Chicago, IL

AEW Partners
Boston, MA

Altaris Health Partners
New York, NY

Altus Capital Partners
Westport, CT

BlackRock Financial Management
New York, NY

Bridgewater Associates
Westport, CT

Carmel Partners
San Francisco, CA

CoreCommodity Management
Stamford, CT

DW Healthcare Partners
Park City, UT

Eagle Asset Management
St. Petersburg, FL

E.I.I. Capital Management
New York, NY

EnerVest
Houston, TX

First Quadrant L.P.
Pasadena, CA

FLAG Capital Management
Stamford, CT

Franklin Park
Philadelphia, PA

GMO, LLC
Boston, MA

Grosvenor Capital Management
Chicago, IL

Gryphon International Investment
Toronto, Canada

Hampshire Companies
Morristown, NJ

HarbourVest Partners
Boston, MA

Jennison Associates
Boston, MA

JP Morgan Investment Management
New York, NY

KPS Capital Partners, LP
New York, NY

Landmark Partners Inc.
Simsbury, CT

LBA Realty
Irvine, CA

Lime Rock Resources
Houston, TX

Loomis Sayles & Co.
Boston, MA

Los Angeles Capital Management
Los Angeles, CA

Marathon London
United Kingdom

Mason Wells
Milwaukee, WI

Mondrian Investment Partners Ltd.
United Kingdom

Nomura Asset Management
New York, NY

Odyssey Investment Partners
New York, NY

Pearlmark Real Estate Partners
Chicago, IL

Pomona Capital
New York, NY

RhumbLine Advisors
Boston, MA

Riverside Partners
Boston, MA

Sands Capital Management
Arlington, VA

Schroder Investment Management
New York, NY

Systematic Financial Management
Teaneck, NJ

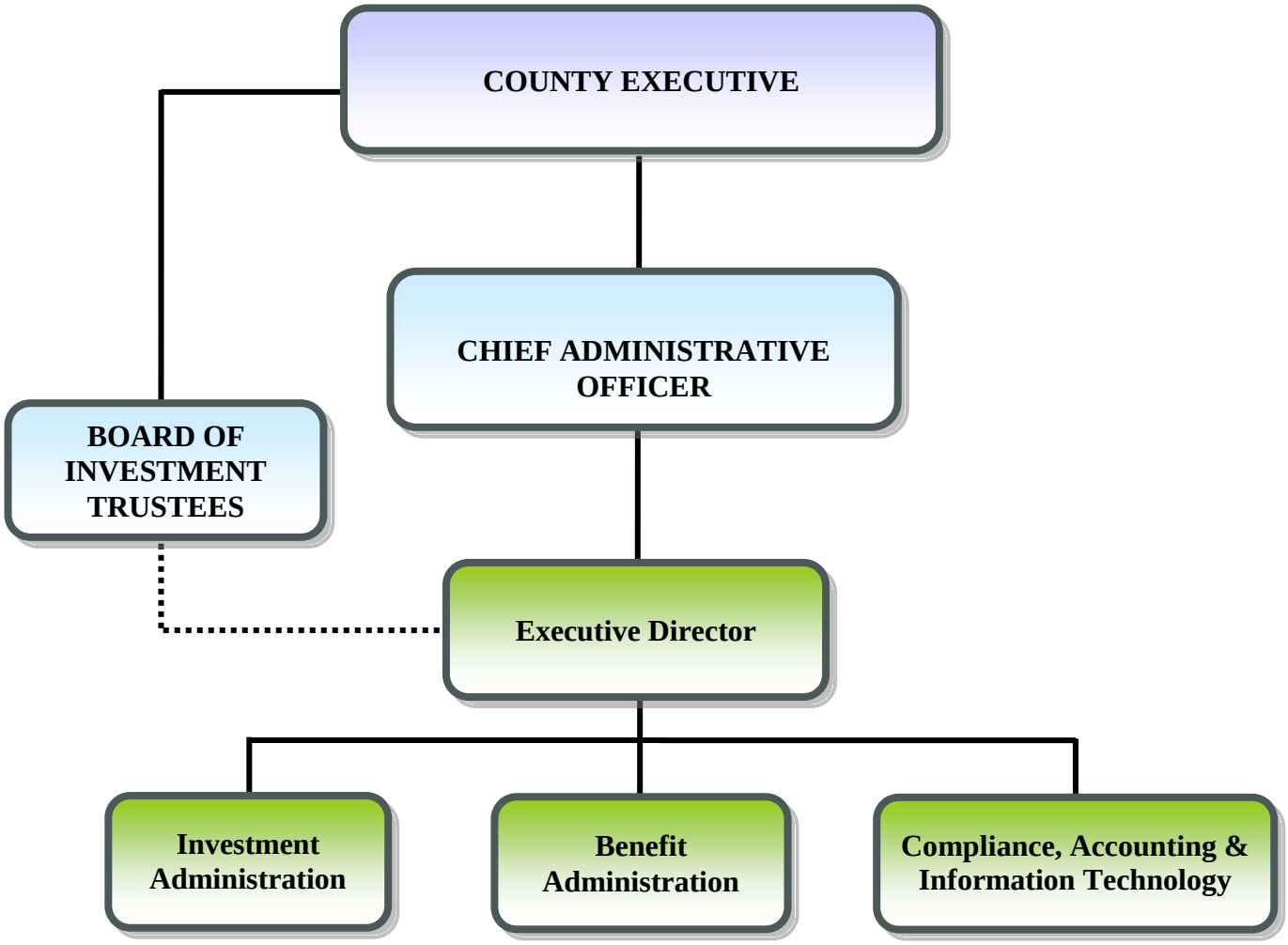
TA Associates
Boston, MA

TA Associates Realty LLC
Boston, MA

Wellington Management
Boston, MA

Wicks Group
New York, NY

Montgomery County Employee Retirement Plans
Administrative Organization Chart



FINANCIAL SECTION

CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

INDEPENDENT AUDITORS' REPORT

The Honorable County Council of Montgomery County, Maryland
Board of Investment Trustees
Montgomery County Employee Retirement Plans

Report on the Financial Statements

We have audited the accompanying financial statements of plan net position of the Montgomery County Employee Retirement Plans (the Plans), as of and for the year ended June 30, 2013, and the related changes in plan net position for the year then ended and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net position of the Plans as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the schedules of funding progress and employer contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plan's basic financial statements. The introduction section, supplementary information, investment section, actuarial section, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The information in the introduction, investment, actuarial, and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2013 on our consideration of the Plans' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plans' internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
December 2, 2013

MONTGOMERY COUNTY
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MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The following Management's Discussion and Analysis (MD&A) of the Montgomery County Employee Retirement Plans (Plans) financial performance provides an introduction to the financial statements of the Plans as of and for the year ended June 30, 2013. Since the MD&A is designed to focus on current activities, resulting changes and current known facts, it should be read in conjunction with the transmittal letter in the Introduction Section on page 4, and the financial statements, required supplementary information, and other supplementary information which follow this discussion.

REQUIRED FINANCIAL STATEMENTS

The financial statements for the Plans have been prepared under the accrual basis of accounting in conformity with U.S. generally accepted accounting principles, promulgated by the Governmental Accounting Standards Board. The Statements of Plan Net Position comprise the Plans' assets and liabilities and provide information about the nature and amount of investments, as well as the liabilities. The Statements of Changes in Plan Net Position report the changes of the Plans' net position, measured by the additions by major sources and deductions by type. Comparative financial statements of the three plans are presented in the latter part of the financial section.

FINANCIAL ANALYSIS OF THE MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS

Shown below is a condensed presentation of the Net Position of the Employees' Retirement System (ERS), Retirement Savings Plan (RSP), and Deferred Compensation Plan (DCP) at June 30:

Net Position
(Millions)

	ERS		RSP		DCP	
	2013	2012	2013	2012	2013	2012
Assets:						
Cash and investments	$ 3,461.1	$ 3,233.9	$ 235.2	$ 197.4	$ 303.3	$ 270.9
Receivables	21.1	11.2	0.9	0.8	0.6	0.5
Total assets	3,482.2	3,245.1	236.1	198.2	303.9	271.4
Liabilities	298.0	308.3	-	0.1	-	-
Total net position	$ 3,184.2	$ 2,936.8	$ 236.1	$ 198.1	$ 303.9	$ 271.4

Shown below is a condensed summary of the Changes in Net Position of the ERS, RSP, and DCP for the years ended June 30:

Changes in Net Position
(Millions)

	ERS		RSP		DCP	
	2013	2012	2013	2012	2013	2012
Additions:						
Employer contributions	$ 127.9	$ 107.9	$ 15.6	$ 11.8	$ -	$ -
Member contributions	24.8	22.8	8.3	8.4	18.2	15.0
Net investment income	307.9	117.7	23.7	0.1	34.1	0.3
Total additions	460.6	248.4	47.6	20.3	52.3	15.3
Deductions:						
Benefits	208.9	202.8	-	-	-	-
Refunds and distributions	1.9	2.5	9.4	6.9	19.8	17.7
Administrative expenses	2.4	3.5	0.2	0.3	-	-
Total deductions	213.2	208.8	9.6	7.2	19.8	17.7
Total change in net position	$ 247.4	$ 39.6	$ 38.0	$ 13.1	$ 32.5	$ (2.4)

The following schedules provide a comparative summary and an analysis of each Plans' assets, liabilities and net position, at June 30:

Employees' Retirement System
Net Position
(Millions)

	2013	2012	Percentage Change
Assets:			
Cash and investments	$ 3,461.1	$ 3,233.9	7.0 %
Receivables	21.1	11.2	88.4
Total assets	3,482.2	3,245.1	7.3
Liabilities:			
Benefits payable and other liabilities	6.5	4.4	47.7
Obligations under securities lending agreements	291.5	303.9	(4.1)
Total liabilities	298.0	308.3	(3.4)
Total plan net position	$ 3,184.2	$ 2,936.8	8.4 %

The table shown above reflects an increase in the ERS' net position of $247.4 million or 8.4 percent during fiscal year (FY) 2013. The increase in total assets was attributable to the strong financial markets.

Retirement Savings Plan Net Position (Millions)			
	2013	2012	Percentage Change
Assets:			
Cash and investments	$ 235.2	$ 197.4	19.1 %
Receivables	0.9	0.8	12.5
Total assets	236.1	198.2	19.1
Liabilities	-	0.1	(100.0)
Total plan net position	$ 236.1	$ 198.1	19.2 %

During FY 2013, net position increased 19.2 percent to $236.1 million. The increase is due to strong investment markets during FY 2013.

Deferred Compensation Plan Net Position (Millions)			
	2013	2012	Percentage Change
Assets:			
Investments	$ 303.3	$ 270.9	12.0 %
Receivables	0.6	0.5	20.0
Total plan net position	$ 303.9	$ 271.4	12.0 %

Net assets of the DCP increased 12.0 percent to $303.9 million during FY 2013. The increase is attributable to strong investment markets during FY 2013.

ADDITIONS

The primary sources of additions for the Plans include member and employer (where applicable) contributions and investment income. The following tables compare the source and amount of additions for each Plan during FY 2013 and FY 2012.

Employees' Retirement System Contributions and Investment Income (Millions)			
	2013	2012	Percentage Change
Employer contributions	$ 127.9	$ 107.9	18.5 %
Member contributions	24.8	22.8	8.8
Net investment income	307.9	117.7	161.6
	$ 460.6	$ 248.4	85.4 %

Investment income increased by 161.6 percent during FY 2013 due to the strong investment returns.

The net investment income for the ERS totaled $307.9 million for FY 2013, comprised of $249.3 million in net appreciation in fair value of investments, $74.8 million in dividends and interest, $1.5 million from securities lending activities, and $17.7 million related to investment expenses. This is compared to net investment income of $117.7 million in FY 2012. The increase in earnings compared to the previous fiscal year is due to the stronger financial markets in FY 2013.

Retirement Savings Plan
Contributions and Investment Income
(Millions)

	2013	2012	Percentage Change
Employer contributions	$ 15.6	$ 11.8	32.2 %
Member contributions	8.3	8.4	(1.2)
Net investment income	23.7	0.1	23,600.0
	$ 47.6	$ 20.3	134.5 %

Employer contributions to the RSP were $15.6 million in FY 2013, an increase of 32.2 percent from FY 2012 due to a 2 percent increase in the employer contribution rate. The higher investment income in FY 2013 is primarily attributable to the strength of the financial markets.

Deferred Compensation Plan
Contributions and Investment Income
(Millions)

	2013	2012	Percentage Change
Member contributions	$ 18.2	$ 15.0	21.3 %
Net investment income	34.1	0.3	11,266.7
	$ 52.3	$ 15.3	241.8 %

Member contributions to the DCP were $18.2 million for FY 2013, an increase of 21.3 percent from the FY 2012 level due to an increase in rollover contributions.

Net investment income for the DCP was $34.1 million, compared to $0.3 million in the previous fiscal year. The higher level in FY 2013 is primarily due to strong returns from the financial markets during the fiscal year.

DEDUCTIONS

The primary sources of deductions from the Plans include the payment of retiree and survivor benefits, participant refunds and distributions, and administrative expenses. The following tables show the use and amount of deductions for each plan during FY 2013 and 2012.

Employees' Retirement System
Deductions by Type
(Millions)

	2013	2012	Percentage Change
Benefits	$ 208.9	$ 202.8	3.0 %
Refunds	1.9	2.5	(24.0)
Administrative expenses	2.4	3.5	(31.4)
	$ 213.2	$ 208.8	2.1 %

During FY 2013, benefits increased due to slight increase in the number of retirements during the year as well as annual cost of living adjustment. Administrative expenses decreased primarily due to the insourcing of retiree payroll.

Retirement Savings Plan
Deductions by Type
(Millions)

	2013	2012	Percentage Change
Distributions	$ 9.4	$ 6.9	36.2 %
Administrative expenses	0.2	0.3	(33.0)
	$ 9.6	$ 7.2	33.3 %

The expenses related to the RSP are comprised of distributions and administrative costs. The 36.2 percent increase in distributions is due to employee turnover.

Deferred Compensation Plan
Deductions by Type
(Millions)

	2013	2012	Percentage Change
Distributions	$ 19.8	$ 17.7	11.9 %

During FY 2013, distributions paid from the DCP increased by 11.9 percent over the FY 2012 level due to an increase in employee terminations and retiree withdrawals.

For additional information regarding this report, please contact the Board of Investment Trustees at 240-777-8220.

MONTGOMERY COUNTY, MARYLAND
STATEMENTS OF PLAN NET POSITION
JUNE 30, 2013

	Employees' Retirement System	Retirement Savings Plan	Deferred Compensation Plan
ASSETS			
Equity in County's pooled cash and investments	$ 1,108,905	$ 556,797	$ -
Investments:			
Government and agency obligations	282,344,930	-	-
Municipal/Provincial obligations	22,924,377	-	-
Asset-backed securities	3,212,480	-	-
Corporate bonds	582,765,510	-	-
Collateralized mortgage obligations	25,117	-	-
Common and preferred stock	1,356,684,162	-	-
Mutual and commingled funds	369,851,201	234,672,571	303,302,906
Short-term investments	75,697,933	-	-
Cash collateral received under securities lending agreements	291,568,717	-	-
Real assets	235,951,453	-	-
Private equity	238,964,221	-	-
Total investments	3,459,990,101	234,672,571	303,302,906
Dividend, interest, and other receivables	14,762,968	-	-
Contributions receivable	6,423,088	938,299	609,861
Total assets	3,482,285,062	236,167,667	303,912,767
LIABILITIES			
Payable for collateral received under securities lending agreements	291,568,717	-	-
Benefits payable and other liabilities	6,471,134	25,734	-
Total liabilities	298,039,851	25,734	-
Net position restricted for pensions	$ 3,184,245,211	$ 236,141,933	$ 303,912,767

See accompanying notes to financial statements.

MONTGOMERY COUNTY, MARYLAND
STATEMENTS OF CHANGES IN PLAN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

	Employees' Retirement System	Retirement Savings Plan	Deferred Compensation Plan
ADDITIONS			
Contributions:			
Employer	$ 127,887,620	$ 15,628,750	$ -
Members	24,854,331	8,273,565	18,228,940
Total contributions	152,741,951	23,902,315	18,228,940
Investment income	324,135,736	23,724,012	34,096,559
Less investment expenses	17,748,344	7,780	
Net gain from investment activities	306,387,392	23,716,232	34,096,559
Income from securities lending	1,186,186	-	-
Less securities lending expenses	(285,825)	-	-
Net income from securities lending	1,472,011	-	-
Total additions	460,601,354	47,618,547	52,325,499
DEDUCTIONS			
Retiree benefits	153,566,262	-	-
Disability benefits	46,635,541	-	-
Survivor benefits	8,601,914	-	-
Refunds and distributions	1,925,124	9,388,909	19,847,470
Administrative expenses	2,400,996	201,052	-
Total deductions	213,129,837	9,589,961	19,847,470
Increase in net position	247,471,517	38,028,586	32,478,029
Net position restricted for pensions			
Beginning of year	2,936,773,694	198,113,347	271,434,738
End of year	$ 3,184,245,211	$ 236,141,933	$ 303,912,767

See accompanying notes to financial statements.

MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

INTRODUCTION

The Montgomery County Employee Retirement Plans (Plans) are offered to Montgomery County (County) employees whose eligibility to participate is based on employment status and other factors. Each of the Plans described below was established under a separate section of the Montgomery County Code (Code). The accompanying notes summarize the significant accounting policies and plan provisions for each of the Plans, including the Employees' Retirement System, a defined benefit pension plan; the Retirement Savings Plan, a defined contribution plan; and the Deferred Compensation Plan, a plan established pursuant to Section 457 of the Internal Revenue Code.

EMPLOYEES' RETIREMENT SYSTEM - Defined Benefit Pension Plan

The Montgomery County Employees' Retirement System (System or Plan) is considered part of the County's financial reporting entity and is included in the County's basic financial statements as a pension and other employee benefit trust fund. The accompanying financial statements present only the operations of the System in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to public employee retirement systems. They are not intended to present fairly the financial position and results of operations of the entire County.

The Montgomery County Council passed legislation in FY 2009 enabling the County to establish and maintain a Guaranteed Retirement Income Plan (GRIP), a cash balance plan that is part of the Plan, for employees. During FY 2010 eligible County employees who were members of the Retirement Savings Plan (RSP) were granted the option to elect to participate in the GRIP and to transfer their RSP member account balance to the GRIP and cease being a member of the RSP.

A. Plan Description and Contribution Information

Membership. At June 30, 2013, the date of the latest actuarial valuation, membership in the System consisted of:

Retirees and beneficiaries receiving benefits	5,961
Terminated plan members entitled to but not yet receiving benefits	358
Active plan members	5,606

Plan Description. The System, a cost-sharing multiple-employer defined benefit pension plan, was established in 1965 and is sponsored by the County. Eight other agencies and political subdivisions have elected to participate. The System is closed to employees hired on or after October 1, 1994, except public safety bargaining unit employees and GRIP participants. All covered full-time employees of the County and participating agencies must become members of the System as a condition of employment. All covered career part-time employees of the County and participating agencies may become members on an individual basis.

Contributions. The System is a contributory plan with employees contributing a percentage of their base annual salary. Contribution rates range from 3 percent to 11.25 percent of regular earnings annually based on group classification and contributions earn interest at the rate of 4 percent per annum as specified under Section 33-39(b) of the Code. The County and each participating agency are required to contribute the remaining amounts necessary to fund the System using the actuarial basis as specified in Section 33-40 of the Code.

The GRIP, as defined in Section 33-35 of the Code, requires non-public safety employees to contribute 4 percent of regular earnings up to the Social Security wage base and 8 percent above the Social Security

wage base. Public safety employees are required to contribute 3 percent of regular earnings up to the Social Security wage base and 6 percent above the Social Security wage base. Section 33-40 of the Code requires the County and each participating agency to contribute 8 percent and 10 percent of regular earnings for non-public safety and public safety employees, respectively.

Benefit Provisions. Benefit provisions are established under the Code beginning with Section 33-35. All benefits vest at five years of service. There are different retirement groups within the System. Members enrolled before July 1, 1978, belong to either the optional non-integrated group or the optional integrated group. Members enrolled on or after July 1, 1978, belong to the mandatory integrated group. Within the groups are different retirement membership classes. The retirement group assigned depends upon the job classification of the member (i.e., non public safety, police, fire, sheriffs and correctional staff). Normal and early retirement eligibility, the formula for determining the amount of benefit, and the cost of living adjustment varies depending upon the retirement group and retirement membership class. Normal retirement is a percentage of earnings multiplied by years of credited service. Earnings for optional non-integrated group members and optional integrated group members is defined as the high 12 months and for mandatory integrated plan members, the high 36 months. The percentage of earnings, the maximum years of credited service and the cost of living adjustment varies depending upon the retirement membership class and group. Members who retire early receive normal retirement benefits reduced by a minimum of 2 percent to a maximum of 60 percent depending on the number of years early retirement precedes normal retirement. The System provides options for disability and death benefits to eligible participants. Annual cost-of-living adjustments are provided to retirees and beneficiaries based on the percentage change in the Consumer Price Index.

Legislation enacted by the Montgomery County Council in November 1999 required the Chief Administrative Officer of the County to establish Deferred Retirement Option Plans, or DROP Plans, allowing any employee who is a member of a specified membership group or bargaining unit, and who meets certain eligibility requirements, to elect to "retire" but continue to work for a specified time period, during which pension payments are deferred. When the member's participation in the DROP Plan ends, the member must stop working for the County, draw a pension benefit based on the member's credited service and earnings as of the date that the member began to participate in the DROP Plan, and receive the value of the DROP Plan payoff.

For members of the GRIP, employee contributions vest immediately and employer contributions are vested after three years of service or upon death, disability, or reaching retirement age. Members are fully vested upon reaching normal retirement (age 62) regardless of years of service. At separation, a participant's benefit is determined based upon the account balance which includes contributions and earnings.

B. Summary of Significant Accounting Policies

Basis of Accounting. The System's financial statements have been prepared under the accrual basis of accounting. Member and employer contributions are recognized in the period in which the contributions are required to be made as specified under the County Code. Benefits and refunds are recognized when due in accordance with the terms of the Plan. The cost of administering the Plan is paid by the System.

Method Used to Value Investments. Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2013. Fair value for private investment funds, including private equity, private real estate, and private real assets, is determined using unit values supplied by the fund managers, which are based upon the fund managers' appraisals of the funds' underlying holdings. Such values involve subjective judgment and may differ from amounts which would be realized if such holdings were actually sold. The fair value of limited partnership investments are based on valuations of the underlying assets of the limited partnerships as reported by the general partner. Cash received as collateral on securities lending transactions and investments made with such cash are reported as assets along with a related liability for collateral received.

Equity in County's Pooled Cash and Investments. The System maintains its cash with the County, which invests cash and allocates interest earned, on a quarterly basis to the System based on the System's average daily balance of its equity in pooled cash. The County's policy is to fully collateralize the cash maintained in the pool.

Accounting Changes. The System adopted GASB Statement No. 63, *Financial Reporting of Deferred outflows of Resources, Deferred inflows of Resources, and Net Position*, which was issued to provide guidance to state and local governments on how to account for transactions that result in the acquisition or consumption of net assets that are applicable to future periods. This statement requires the title of the "Statement of Net Assets" to be titled the "Statement of Net Position". Net position is defined as the residual of all other elements presented in a statement of financial position. The statement of net position should report the residual amount as *Net Position*, rather than net assets.

C. Funded Status and Funding Progress

The funded status of the System as of June 30, 2013, the most recent actuarial valuation date, is as follows:

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
$3,012,547,244	$3,821,380,732	$808,833,488	78.8%	$395,988,026	204.3%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Additional information as of the latest actuarial valuation is as follows:

Valuation date	June 30, 2013
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of payroll assuming 4% annual payroll growth.
Amortization period	Closed amortization approach. The period was reset to 18 years as of June 30, 2010. Amortization bases created in the future will be amortized over 20 years.
Asset valuation method	5-Year phase-in of market gains/losses
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases depending on age	4% - 9.25%
Inflation rate assumption	3.00%
Cost-of-living assumption	3% on credited service earned prior to June 30, 2011 2.3% on credited service earned thereafter, reflecting the 2.5% cap.
Post-retirement Increases	Consumer Price Index - by Group
Mortality rates after retirement	RP 2000 projected 30 years, separate tables for males and females

D. Trustees of the Plan

The County established a Board of Investment Trustees (Board) for the System to be responsible for the investment management of the System's assets for the exclusive benefit of the members. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

E. Investments

Section 33-61C of the Code, authorizes the Board to act with the care, skill, prudence and diligence under the circumstances that a prudent person acting in a similar capacity and familiar with the same matters would use to conduct a similar enterprise with similar purposes. The Code also requires that such investments be diversified so as to minimize the risk of large losses unless it is clearly not prudent to diversify under the circumstances. The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long term

increases in the value of assets. The overall investment policies do not address specific levels of credit risk, interest rate risk or foreign currency risk. The Board believes that risks can be managed, but not eliminated, by establishing constraints on the investment portfolios and by monitoring the financial markets, the System's asset allocation and the investment managers hired by the System. Each investment manager has a specific benchmark and investment guidelines appropriate for the type of investments they are managing. Section 33-60 of the Code prohibits the Board from investing in any bonds, notes, or debt instruments issued by Montgomery County, any political subdivision within Montgomery County, any agency supported or financed wholly or partly by taxes levied by the Montgomery County Council, or any agency supported by bond issues underwritten by Montgomery County.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. The Board's investment policies and guidelines manage interest rate risk by establishing duration constraints on each fixed income manager's portfolio based on the duration of each manager's respective benchmark. Duration is a measure of interest rate risk based on a bond price's sensitivity to a 100-basis point change in interest rates. The greater the duration of a bond, or a portfolio of bonds, the greater its price volatility will be in response to a change in interest rates and vice-versa. Duration of eight would mean that, given a 100-basis point change up/down in rates, a bond's price would move down/up by 8 percent. As of June 30, 2013, the System's fixed income portfolio had the following sensitivity to changes in interest rates:

Type of Investment	Effective Duration in Years	Fair Value	Percentage of Portfolio
U.S. Government Obligations	15.70	$ 79,437,489	8.03%
Foreign Government Obligations	1.72	18,315,824	1.85%
Asset-Backed Securities	13.81	3,212,480	0.32%
Collateralized Mortgage Obligations	3.97	25,117	0.00%
Municipal/Provincial Obligations	15.53	22,924,377	2.32%
Corporate Bonds	8.44	515,285,123	52.07%
Fixed Income Pooled Funds	N/A	275,800,459	27.87%
Short-term Investments and others	N/A	74,571,534	7.54%
Total Fixed Income Securities		$ 989,572,403	100.00%

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Board's International Investing Policy's objective is to achieve long-term capital appreciation and current income by investing in diversified portfolios of non-U.S. equities and bonds. The System has indirect exposure to foreign currency risk as follows:

International Securities	Equity	Fixed Income	Short-term and Other	Total Non-U.S. Dollar
Euro	$ 136,868,124	$ 7,848,238	$ 102,869,688	$ 247,586,050
British pound sterling	66,222,859	-	46,142,487	112,365,346
Japanese yen	112,789,888	-	(4,373,507)	108,416,381
Hong Kong dollar	15,599,744	-	4	15,599,748
Norwegian krone	2,552,418	-	10,829,229	13,381,647
Danish krone	8,732,325	-	-	8,732,325
Mexican peso	-	5,007,271	-	5,007,271
South Korean won	4,911,741	-	(55,996)	4,855,745
Philippine peso	544,058	2,219,499	-	2,763,557
Brazilian real	-	2,119,539	-	2,119,539
Other Currencies	54,806,423	2,268,497	(212,510,474)	(155,435,554)
Total International Securities	$ 403,027,580	$ 19,463,044	$ (57,098,569)	$ 365,392,055

Credit Risk/Concentration of Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Board's investment policies and guidelines limit the

percentage of the total fund and individual manager's account which can be invested in fixed income securities rated below investment grade. In addition, the Board's investment policies and guidelines, for the majority of public fund managers, limit the percentage of each investment manager's account that may be allocated to any one security, position, issuer or affiliated issuer, to less than 5 percent of the fair value of the investment manager's account. The System does not have investments (other than those issued or explicitly guaranteed by the U.S. Government or pooled investments) in any one company that represents 5 percent or more of net assets held in trust for pension benefits.

The quality ratings of investments in fixed income securities as described by nationally recognized rating organizations as of June 30, 2013 are as follows:

Type of Investment	Quality Rating	Fair Value	Percentage of Portfolio
U.S. Government Obligations*	AAA	$ 79,437,489	8.03%
Foreign Government Obligations	AAA	1,646,938	0.16%
	AA	347,468	0.04%
	A	7,226,770	0.73%
	BBB	5,909,844	0.60%
	BB	1,949,738	0.20%
	Unrated	1,235,066	0.12%
Asset-Backed Securities	AAA	3,212,480	0.32%
Collateralized Mortgage Obligations	B	25,117	0.00%
Municipal/Provincial Bonds	AAA	5,456,529	0.55%
	AA	10,074,437	1.02%
	A	7,393,411	0.75%
Corporate Bonds	AAA	3,330,563	0.34%
	AA	29,345,558	2.96%
	A	147,530,472	14.91%
	BBB	92,810,428	9.38%
	BB	61,195,343	6.18%
	B	92,892,719	9.39%
	CCC	58,932,444	5.95%
	CC	1,588,733	0.16%
	C	149,625	0.02%
	D	209,125	0.02%
	Unrated	27,300,113	2.76%
Fixed Income Pooled Funds	Unrated	275,800,459	27.87%
Short-term Investments and others	Unrated	74,571,534	7.54%
Total Fixed Income Securities		$ 989,572,403	100.00%

*Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

Derivatives. In accordance with the Board's Statement of Investment Policy and Objectives, the System regularly invests in derivative financial instruments in the normal course of its investing activities to manage exposure to certain risks within the fund. During FY 2013, the System invested directly in various derivatives including exchange-traded futures contracts, forward currency contracts, and swaps. Investment managers are prohibited from purchasing securities on margin or using leverage unless specifically permitted within the investment manager's guidelines. These investments generally contain market risk resulting from fluctuations in interest and currency rates. The credit risk of these investments is associated with the creditworthiness of the related parties to the contracts. The System could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. The Board's Statement of Investment Policy and Objectives seeks to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring procedures. In addition, the System has indirect exposure to market and credit risk through its ownership interests in certain mutual and

commingled funds which may hold derivative financial instruments. The System is not a dealer, but an end-user of these instruments.

The notional or contractual amounts of derivatives indicate the extent of the System's involvement in the various types of derivative financial instruments and do not measure the System's exposure to credit or market risk and do not necessarily represent amounts exchanged by the parties. The amounts exchanged are determined by reference to the notional amounts and the other terms of the derivatives.

As permitted by the Board's policies, the System holds off-financial statement derivatives in the form of exchange-traded financial futures, and foreign currency exchange contracts.

Futures contracts are contracts in which the buyer agrees to purchase and the seller agrees to make delivery of a specified financial instrument at a predetermined date and price. Gains and losses on futures contracts are settled daily. Futures contracts are standardized and are traded on exchanges. The exchange assumes the risk that a counterparty will not pay. As of June 30, 2013, the System held 143 long US Treasury futures contracts with a fair value of $20,366,094 and 559 short US Treasury futures contracts with a fair value of ($79,338,453).

Foreign exchange contracts involve an agreement to exchange the currency of one country for the currency of another country at an agreed-upon price and settlement date. Foreign exchange contracts contain market risk resulting from fluctuations in currency rates. The credit risk is associated with the creditworthiness of the related parties to the contracts. As of June 30, 2013, the System held $216,526,562 buy foreign exchange contracts and ($290,955,095) sell foreign exchange contracts. The unrealized gain on the System's contracts was $919,827.

Securities Lending. Board policy permits the System to lend its securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The System's custodian is the agent in lending the System's securities for collateral of 102 percent for domestic and 105 percent for international securities. The custodian receives cash, securities or irrevocable bank letters of credit as collateral. All securities loans can be terminated on demand by either the System or the borrower. Cash collateral received from the borrower is invested by the lending agent, as an agent for the System, in a short-term investment pool in the name of the System, with guidelines approved by the Board. Such investments are considered a collateralized investment pool. The relationship between the maturities of the investment pool and the System's loans is affected by the maturities of securities loans made by other plan entities that invest cash collateral in the investment pool, which the System cannot determine. The System records a liability for the return of the cash collateral shown as collateral held for securities lending in the statement of net position. The agent indemnifies the System by agreeing to purchase replacement securities, or return the cash collateral thereof, in the event a borrower fails to return loaned securities or pay distributions thereon. There were no such failures by any borrower during the fiscal year, nor were there any losses during the period resulting from a default of the borrower or lending agent.

As of June 30, 2013, the fair value of securities on loan was $297,121,590. Cash received as collateral and the related liability of $291,568,717 as of June 30, 2013, is shown on the Statement of Plan Net Position. Securities received as collateral are not reported as assets since the System does not have the ability to pledge or sell the collateral securities absent borrower default. Securities lending revenues and expenses amounting to $1,186,186 and ($285,825), respectively, have been classified with investment income and investment expenses, respectively, in the accompanying financial statements.

The following represents the balances relating to the securities lending transactions at June 30, 2013:

Securities Lent	Underlying Securities	Non-Cash Collateral Value	Cash Collateral Investment Value
Lent for Cash Collateral:			
U.S. Government Obligations	$ 62,106,649	$ -	$ 63,236,757
Corporate Bonds	79,125,445	-	81,140,442
Equities	142,347,171	-	147,191,518
Lent for Non-Cash Collateral:			
U.S. Government Obligations	10,201,154	10,445,843	-
Corporate Bonds	625,718	658,993	-
Equities	2,715,453	2,874,110	-
Total	$ 297,121,590	$ 13,978,946	$ 291,568,717

At year-end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceeded the amounts the borrowers owe the System. The System is fully indemnified by its custodial bank against any losses incurred as a result of borrower default.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2013, there were no funds held by a counterparty that was acting as the System's agent in securities lending transactions.

F. Allocated Insurance Contract

On August 1, 1986, the County entered into an agreement with Aetna Life Insurance Company (Aetna) wherein Aetna accepted future responsibility for monthly payments to all members retired prior to January 1, 1986, in exchange for a lump sum payment. The County is liable for cost of living increases effective January 1, 1986, and later. Monthly payments made under this agreement have not been recognized in the System's financial statements.

G. Income Taxes

The Internal Revenue Service issued a determination letter in September 2013, which stated that the System and its underlying trust qualify under the applicable provisions of the Internal Revenue Code and are exempt from federal income taxes. In the opinion of the plan administrator, the System and its underlying trust have operated within the terms of the System and are qualified under the applicable provisions of the Internal Revenue Code.

RETIREMENT SAVINGS PLAN - Defined Contribution Pension Plan

The Montgomery County Retirement Savings Plan (Plan) is considered part of the County's financial reporting entity and is included in the County's basic financial statements as a pension and other employee benefit trust fund. The accompanying financial statements present only the operations of the Plan in conformity with GAAP. They are not intended to present fairly the financial position and results of operations of the entire County.

The Montgomery County Council passed legislation in FY 2009 enabling the County to establish and maintain a Guaranteed Retirement Income Plan (GRIP), a cash balance plan that is part of the Employees' Retirement System, for employees. During FY 2010 eligible County employees who were members of the Retirement Savings Plan (Plan) were granted the option to elect to participate in the GRIP and to transfer their Plan member account balance to the GRIP and cease being a member of the Plan.

A. Plan Description and Contribution Information

Membership. At June 30, 2013 membership in the Plan consisted of:

Active plan members	3,470
Inactive plan members	866

Plan Description. The Plan, a cost-sharing multiple-employer defined contribution plan, was established in 1994 and is sponsored by the County. Eight other agencies or political subdivisions have elected to participate. All non-public safety and certain public safety employees not represented by a collective bargaining agreement and hired on or after October 1, 1994 are covered by the Plan unless they elect to participate in the GRIP. Eligible employees covered by the Montgomery County Employees' Retirement System may make an irrevocable decision to transfer to this Plan.

Contributions. For fiscal year 2013, under Section 33-116 of the Code, the Plan required non-public safety employees to contribute 4 percent of regular earnings up to the Social Security wage base and 8 percent above the Social Security wage base. Public safety employees are required to contribute 3 percent of regular earnings up to the Social Security wage base and 6 percent above the Social Security wage base. Section 33-117 of the Code requires the County and each participating agency to contribute 8 percent and 10 percent of regular earnings for non-public safety and public safety employees, respectively.

Benefit Provisions. Employee contributions and earnings thereon vest immediately and employer contributions and earnings thereon are vested after three years of service or upon death, disability, or reaching retirement age. Members are fully vested upon reaching normal retirement (age 62) regardless of years of service. At separation, a participant's benefit is determined based upon the account balance which includes contributions and investment earnings.

B. Summary of Significant Accounting Policies

Basis of Accounting. The Plan's financial statements have been prepared under the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are required to be made as specified in the County Code. Benefits, refunds and distributions are recognized when due in accordance with the terms of the Plan. The cost of administering the Plan is paid by the County and participating agencies.

Method Used to Value Investments. Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2013.

Equity in County's Pooled Cash and Investments. The Plan maintains its cash with the County, which invests cash and allocates interest earned, on a quarterly basis to the Plan based on the Plan's average daily balance of its equity in pooled cash. The County's policy is to fully collateralize the cash maintained in the pool.

C. Trustees of the Plan

The County established a Board of Investment Trustees (Board) for the RSP to oversee the investment program. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

D. Investments

Section 33-125 of the Code authorizes the Board to establish a diversified slate of mutual and commingled investment funds from which participants may select an option. The Board exercises the Standard of Care as delineated in Section 33-61 of the Code. As of June 30, 2013, the fair value of the mutual and commingled investment funds was $234,672,571, of which $45,999,788 was invested in international mutual funds.

E. Income Taxes

The Internal Revenue Service issued a determination letter in December 2010, which stated that the Plan and its underlying trust qualify under the applicable provisions of the Internal Revenue Code and are exempt from federal income taxes. In the opinion of the plan administrator, the Plan and its underlying trust have operated within the terms of the Plan and are qualified under the applicable provisions of the Internal Revenue Code.

DEFERRED COMPENSATION PLAN

During FY 2005, the Montgomery County Council passed legislation enabling the County to establish and maintain one or more additional deferred compensation plans for employees covered by a collective bargaining agreement. All County non-represented employees, those County represented employees who elected to participate, and employees who were retired at the time of transfer, continue to participate in the Montgomery County Deferred Compensation Plan administered by the County (the County Plan). County represented employees who elected and all represented employees hired after March 1, 2005 participate in the newly created Montgomery County Union Employees Deferred Compensation Plan (the Union Plan) administered by the bargaining units. The purpose of these Plans is to extend to employees deferred compensation plans pursuant to Section 457 of the Internal Revenue Code of 1986, as amended.

The accompanying financial statements present only the operations of the County Plan in conformity with GAAP. They are not intended to present fairly the financial position and results of operations of the entire County. The assets of the Union Plan are not included in the accompanying financial statements since neither the County nor the Board of Investment Trustees (Board) have fiduciary or other responsibility for the Union Plan except as required by federal law, including any regulation, ruling, or other guidance issued under law.

A. Plan Description and Contribution Information

Plan Description. During 1999, in accordance with Federal legislation, the assets were placed in Trust for the sole benefit of participants and their beneficiaries. Trust responsibilities for the County Plan are assigned to the Board. The Board has a third-party administrator contract to provide investment vehicles and administrative services to plan participants. Under the County Plan, contributions are sent to the providers for different types of investments as selected by the participants. A separate account, which reflects the monies deferred, investment of the monies, and related investment earnings is maintained for each participant by the third-party administrator. Withdrawals are made upon retirement, termination of employment, death, and/or in unforeseeable emergencies.

Plan Contributions. Under Section 33-11 of the Code, all employees hired after July 1, 2008 are automatically enrolled in the Plan with a 1% contributions unless they elect out within 60 days from the date of hire. All eligible participants are automatically enrolled in the Plan as of the date of hire. If they do not opt out of the Plan within 60 days from the date of hire, they begin making a contribution equivalent to 1% of their salary.

B. Summary of Significant Accounting Policies

Basis of Accounting. The County Plan's financial statements have been prepared under the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are made. Distributions are recognized when paid in accordance with the terms of the County Plan, and administrative costs are recognized as incurred.

Method Used to Value Investments. Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2013.

C. Trustees of the Plan

The County established a Board to oversee the investment program of the County Plan. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

D. Investments

The Board is required to establish a diversified slate of mutual and commingled funds from which participants may select investment options. The Board exercises the Standard of Care as delineated in Section 33-61 of the Code. As of June 30, 2013, the fair value of the mutual and commingled investment funds was $303,302,906, of which $42,187,291 was invested in international mutual funds.

MONTGOMERY COUNTY
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GARDEZ BIEN
MARYLAND

REQUIRED SUPPLEMENTARY INFORMATION

Historical trend information about the Employees' Retirement System (System) defined benefit pension plan is presented below as required supplementary information. This information is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/08	$ 2,701,119,470	$ 3,341,549,425	$ 640,429,955	80.8 %	$ 372,214,906	172.1 %
6/30/09	2,736,010,044	3,489,057,559	753,047,515	78.4	376,895,171	199.8
6/30/10	2,791,144,974	3,645,576,341	854,431,367	76.6	431,226,155	198.1
6/30/11	2,869,422,276	3,744,713,474	875,291,198	76.6	405,336,529	215.9
6/30/12	2,891,435,563	3,768,745,962	877,310,399	76.7	398,460,248	220.2
6/30/13	3,012,547,244	3,821,380,732	808,833,488	78.8	395,988,026	204.3

Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing the assets as a percentage of the actuarial accrued liability provides one indication of the System's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the system. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the system's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the system.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2008	$ 117,686,375	100 %
2009	109,567,014	100
2010	113,957,784	100
2011	109,343,933	100
2012	107,855,595	100
2013	127,887,620	100

SCHEDULE OF ADMINISTRATIVE EXPENSES
EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2013

Personnel Services:	
Salaries and wages	$ 1,226,528
Retirement contributions	81,715
Insurance	108,587
Social security	84,333
Total personnel services	1,501,163
Professional Services:	
Actuarial	212,630
Independent public accountants	29,376
Outside legal	11,164
Computer technical support	3,046
Other professional services	62,516
Temporary	14,027
Total professional services	332,759
Benefit Processing:	
Disbursement services	41,525
Recordkeeping services	80,716
Disability management	315,840
Total benefit processing	438,081
Due diligence and continuing education	28,695
Office Management:	
Office equipment and supplies	99,466
Miscellaneous	832
Total office management	100,298
Total administrative expenses	$ 2,400,996

SCHEDULE OF INVESTMENT EXPENSES
EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2013

Investment Management Expenses:	
Aetna Life Insurance Company	$ 3,425
Aberdeen Asset Management Inc	41,461
BlackRock Financial Management	63,854
Bridgewater Associates	3,450,038
CoreCommodity Management LLC	190,481
Eagle Asset Management	569,684
E.I.I. Capital Management	130,686
First Quadrant L.P.	1,800,000
FX Concepts	726,370
GMO, LLC	340,046
Gryphon International Investment	946,778
Jennison Associates LLC	511,147
JP Morgan Investment Management	331,738
Los Angeles Capital Management	425,539
Loomis Sayles	880,878
Marathon London	1,266,843
Mondrian Investment Partners Ltd.	664,122
Nomura Asset Management	811,992
RhumbLine Advisors	19,436
Sands Capital Management	709,104
Schroder Investment Management	757,540
STW	411,444
Systematic Financial Management	406,292
Wellington Management	630,114
The Northern Trust Company	394,729
Albourne America LLC	95,556
Bloomberg Financial Systems	14,243
Flag Capital Management LLC	337,500
Institutional Shareholders Services Inc	8,625
Wilshire Associates	285,700
Abel/Noser Corp.	5,000
Franklin Park	517,979
Total investment management expenses	17,748,344
Securities lending borrower rebates	(653,621)
Securities lending agent fees	367,796
Total securities lending expenses	(285,825)
Total investment expenses	$ 17,462,519

EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF PLAN NET POSITION
JUNE 30, 2013 AND 2012

	2013	2012
ASSETS		
Equity in County's pooled cash and investments	$ 1,108,905	$ 814,725
Investments:		
Government and agency obligations	282,344,930	303,907,668
Municipal/Provincial bonds	22,924,377	28,647,969
Asset-backed securities	3,212,480	2,966,713
Corporate bonds	582,765,510	572,946,146
Collateralized mortgage obligations	25,117	2,547,786
Commercial mortgage-backed securities	-	1,196,517
Common and preferred stock	1,356,684,162	1,266,564,139
Mutual and commingled funds	369,851,201	288,967,738
Short-term investments	75,697,933	82,364,316
Cash collateral received under securities lending agreements	291,568,717	303,900,721
Real assets	235,951,453	150,047,987
Private equity	238,964,221	229,073,503
Total investments	3,459,990,101	3,233,131,203
Dividend, interest, and other receivables	14,762,968	6,132,660
Contributions receivable	6,423,088	5,053,707
Total assets	3,482,285,062	3,245,132,295
LIABILITIES		
Payable for collateral received under securities lending agreements	291,568,717	303,900,721
Benefits payable and other liabilities	6,471,134	4,457,880
Total liabilities	298,039,851	308,358,601
Net position held in trust for pension benefits	$ 3,184,245,211	$ 2,936,773,694

EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF CHANGES IN PLAN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
ADDITIONS		
Contributions:		
Employer	$ 127,887,620	$ 107,855,595
Members	24,854,331	22,833,310
Total contributions	152,741,951	130,688,905
Investment Income:		
Net appreciation in fair value of investments	249,328,076	58,860,076
Dividends and interest	74,807,660	75,243,141
Total income from investment activities	324,135,736	134,103,217
Less investment expenses	17,748,344	17,585,825
Net income from investment activities	306,387,392	116,517,392
Income from securities lending	1,186,186	787,831
Less securities lending expenses	(285,825)	(386,458)
Net income from securities lending	1,472,011	1,174,289
Total additions	460,601,354	248,380,586
DEDUCTIONS		
Retiree benefits	153,566,262	150,413,170
Disability benefits	46,635,541	44,127,146
Survivor benefits	8,601,914	8,233,185
Refunds	1,925,124	2,495,447
Administrative expenses	2,400,996	3,545,654
Total deductions	213,129,837	208,814,602
Net increase	247,471,517	39,565,984
Net position - beginning of year	2,936,773,694	2,897,207,710
Net position - end of year	$3,184,245,211	$2,936,773,694

RETIREMENT SAVINGS PLAN
STATEMENTS OF PLAN NET POSITION
JUNE 30, 2013 AND 2012

	2013	2012
ASSETS		
Equity in County's pooled cash and investments	$ 556,797	$ 424,839
Investments	234,672,571	196,978,242
Contributions receivable	938,299	794,149
Total assets	236,167,667	198,197,230
LIABILITIES		
Accrued expenses	25,734	83,883
Net position held in trust for pension benefits	$ 236,141,933	$ 198,113,347

RETIREMENT SAVINGS PLAN
STATEMENTS OF CHANGES IN PLAN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
ADDITIONS		
Contributions:		
Employers	$ 15,628,750	$ 11,791,545
Members	8,273,565	8,434,872
Total contributions	23,902,315	20,226,417
Investment income (loss)	23,370,612	(101,271)
Other income	353,400	252,634
Net investment income	23,724,012	151,363
Less investment expenses	7,780	8,370
Total additions	47,618,547	20,369,410
DEDUCTIONS		
Distributions	9,388,909	6,949,898
Administrative expenses	201,052	304,836
Total deductions	9,589,961	7,254,734
Net increase	38,028,586	13,114,676
Net position - beginning of year	198,113,347	184,998,671
Net position - end of year	$ 236,141,933	$ 198,113,347

DEFERRED COMPENSATION PLAN
STATEMENTS OF PLAN NET POSITION
JUNE 30, 2013 AND 2012

	2013	2012
ASSETS		
Investments	$ 303,302,906	$ 270,887,077
Contributions receivable	609,861	547,661
Total position and net position held in trust for pension benefits	$ 303,912,767	$ 271,434,738

DEFERRED COMPENSATION PLAN
STATEMENTS OF CHANGES IN PLAN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
ADDITIONS		
Contributions - members	$ 18,228,940	$ 14,974,202
Investment income	34,096,559	285,595
Total additions	52,325,499	15,259,797
DEDUCTIONS		
Distributions	19,847,470	17,687,767
Total deductions	19,847,470	17,687,767
Net increase (decrease)	32,478,029	(2,427,970)
Net position - beginning of year	271,434,738	273,862,708
Net position - end of year	$ 303,912,767	$ 271,434,738

INVESTMENT SECTION

Employees' Retirement System

EMPLOYEES' RETIREMENT SYSTEM

INVESTMENT PERFORMANCE, POLICY, STATISTICS AND ACTIVITY

The Board of Investment Trustees (Board), and the investment staff, are responsible for managing the $3.2 billion Employees' Retirement System (the System), invested solely in the interests of its beneficiaries. It is a significant responsibility due to the majority of the average retiree's benefit coming from investment earnings on contributions from members, the County, and participating agencies. According to Wilshire Associates, a national consulting firm, the median return among U.S. public pension plans over $1 billion in size in FY 2013 was a gain of 12.57%, gross of fees. The System's return for the fiscal year was a gain of 10.85% gross of fees, ranking in the bottom quartile of this universe of comparable pension funds due to the lower public equity allocation of the ERS versus its peers. The public domestic equity markets produced the strongest returns of all financial markets in FY13. The same study ranked the System's three-year gain of 12.44% and its five-year return of 6.49% in the top quartile of this universe. The gross returns for the one-year period exceeded the performance benchmark established by the Board by 237 basis points, with returns for the three-year and five-year periods exceeding the performance benchmarks by 130 basis points and 84 basis points, respectively. Returns for the System are calculated on a time weighted basis (except where noted on page 44). The key drivers of the performance for the twelve month period ending June 30, 2013 were the System's U.S. and non-U.S. public equity holdings.

In the investment of public funds, adequate funding of employee retirement benefits at a reasonable and affordable cost is a paramount concern. An appropriate balance must be struck between risks taken and returns sought to ensure the long term health of the System. The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long term increases in the value of assets.

Specific investment objectives include:

- To realize the actuarial assumed rate of return of 7.5 percent.
- To manage portfolio risk so as to limit potential downside fluctuations in the value of the total System assets.
- To realize as high a rate of total return as possible consistent with the above.

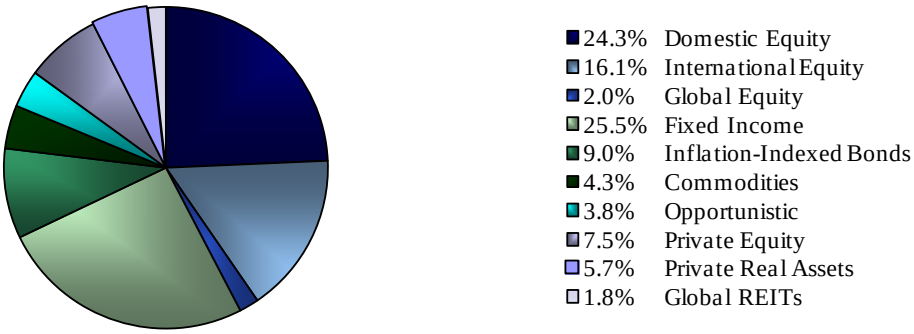
To achieve these objectives, the following investment policies are employed:

- Allocate System assets to a broad array of investment sectors and strategies.
- Maintain the asset allocation in compliance with the Board's rebalancing policy (+/- 5% for major asset classes and +/- 1.5% to 3% for sub-asset classes).
- Monitor the individual investment managers' market value to ensure compliance with the Board's Manager Funding Policy.
- Evaluate the performance of all investment managers against their specific performance and style objectives, assigned risk, and the returns achieved by other similar managers.
- Evaluate the System's overall risk exposure and modify investments through rebalancing when necessary.

During FY 2013, the Board continued to implement portfolio adjustments which will result in further diversification of the investment portfolio and better management of the System's risk. Toward this effort, the Board approved new investments in the following sectors: public equities, private equity, private real assets, commodities and global real estate securities. The Board also approved a structural change to the asset allocation that will result in the addition of private debt and additional opportunistic investments to the portfolio.

The following pages reflect comments on the investment portfolio and were prepared by the Board.

ASSET ALLOCATION – JUNE 30, 2013



INVESTMENT PERFORMANCE SUMMARY

ANNUALIZED DATA FOR PERIOD ENDING JUNE 30, 2013

	1 Year	3 Year	5 Year
Total Fund Time-Weighted Returns			
MCERS	10.85[A] %	12.44[A] %	6.49[A] %
Policy Benchmark	8.48[A]	11.14[A]	5.65[A]
Total Domestic Equities Return			
MCERS	23.29	19.10	7.45
Russell 3000	21.46	18.63	7.25
Total Private Equities Return			
MCERS	9.85[B]	11.87[B]	5.79[B]
Russell 3000 + 300 Bpts	24.51[B]	21.69[B]	11.69[B]
Total International Equities			
MCERS	17.96	10.61	3.61
MSCI All Country World X US	13.63	7.99	(0.80)
Total Private Real Assets			
MCERS	9.32[B]	9.24[B]	(0.76)[B]
CPI + 500 Bpts	6.77[C]	7.24[C]	6.61[C]
Total Fixed Income			
MCERS	3.83	9.33	9.22
Custom Fixed Income Benchmark	1.28	7.86	8.53
Total Opportunistic			
MCERS	10.43[D]	5.47[D]	N/A
HFRI Fund of Funds Composite	7.21	2.98	N/A
Total Commodities			
MCERS	(7.74)	0.84	N/A
DJ UBS Commodities Index	(8.01)	(0.26)	N/A
Total Global Inflation Indexed Bonds			
MCERS	(2.28)	15.97	12.16
Custom IIB Benchmark	(4.36)	8.56	7.06

Return data for the System was calculated on a time weighted basis (except where noted). Returns shown are provided by the System's custodian bank, The Northern Trust Company. Valuations are based on published national securities exchange prices, where available, and all valuations are reconciled between the various investment managers and the custodian bank. Returns are gross of fees paid to investment managers except where noted.

A: Total fund returns utilize lagged valuations for private equity and private real assets investments.
B: Returns computed on dollar-weighted basis and are net of investment management fees.
C: Benchmark comparison is not meaningful at this time due to the short investment history of the System private real assets program.
D: Returns computed net of investment management fees.

PORTFOLIO HIGHLIGHTS

PUBLIC EQUITY

The market value of the total Public Equity Portfolio as of June 30, 2013 represented approximately 42.4% of the total fund, split between Domestic Equity at 24.3%, International Equity at 16.1%, and Global Equity at 2%. The Domestic Equity Portfolio outperformed the Russell 3000 Benchmark by 1.83% for the one year ending June 30, 2013. The U.S. equity markets rallied throughout the fiscal year. Due to strides made towards improving the sovereign debt situation in Europe and additional monetary stimulus, markets recuperated almost all of their losses since falling from the previous highs reached in 2007. The markets posted modest gains during the mid-year, despite investor concerns over the pending tax hikes and spending cuts. Domestic equity indices continued to post strong results during the latter half of the fiscal year as better-than-expected economic data and sustained monetary stimulus boosted investor confidence.

As of June 30, 2013, the International Equity Portfolio was allocated as follows: 82.0% active EAFE and 18.0% active emerging markets. The International Equity Portfolio outperformed the MSCI ACWI ex U.S. benchmark by 4.33% for the fiscal year ending June 30, 2013. International markets trailed their domestic counterparts during the fiscal year, being impacted by Europe's weak performance. Both developed and emerging markets started the fiscal year on a strong note, driven by stimulus from central banks and improving conditions in Europe. The rally continued towards the mid-year as the European Central Bank intervention was welcomed by investors. However, solvency problems in Cyprus pulled down developed market returns during the second half of the fiscal year. Emerging markets were further impacted by fears over a tapering of U.S. monetary policy and a slowdown in overall global growth, particularly in China.

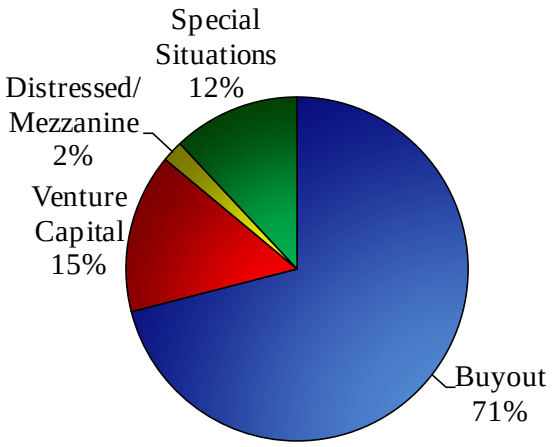
Equity: Top 15 Holdings

The top 15 holdings in the Public Equity Portfolio comprised 8.87% of ERS assets at June 30, 2013. In comparison to the top 15 holdings of last year, Visa, Amazon, Google, Novartis, Fresenius, Salesforce, Inditex, Gemalto, Seven & I Holdings, and BNP Paribas remained and ING Groep, Total, Priceline, and Barclays were added.

Equity	Shares		Value
Google	13,070	$	11,506,436
Visa	60,540		11,063,685
Amazon	36,140		10,035,717
Novartis	128,056		9,081,602
Fresenius	73,408		9,037,171
BNP Paribas	143,497		7,829,369
Salesforce	187,432		7,156,154
Seven & I Holdings	187,500		6,842,377
ING Groep	701,293		6,381,030
Total	129,178		6,297,541
Priceline	7,201		5,956,163
Gemalto	64,013		5,787,900
Barclays	1,323,545		5,589,663
Inditex	44,373		5,470,205
Ericsson	474,358		5,337,841

PRIVATE EQUITY

The System began investing in private equity in 2003 to achieve returns greater than those available in the public equity markets and to gain exposure to diversified alpha sources. At June 30, 2013, the Private Equity Portfolio comprised 7.5% of total fund assets, and approximately 69% of the dollars committed had been called. On a long-term basis, the Private Equity program seeks to outperform the Russell 3000 Index by 3%. System returns are calculated on a dollar-weighted or internal rate-of-return basis, and the annualized return since inception (2003) through June 30, 2013 was 6.82%. By comparison, the dollar-weighted return for the Russell 3000 Index plus 3% for the same period was 9.98%.

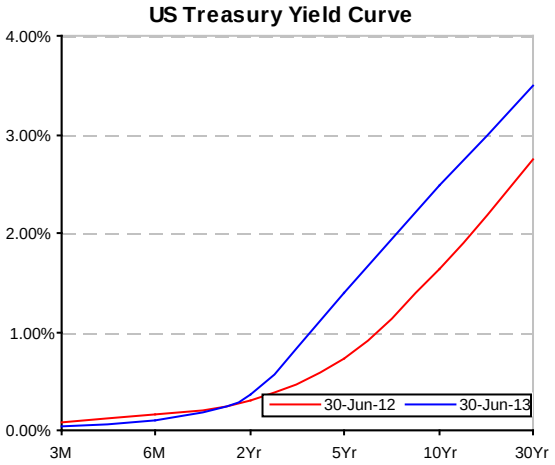


As compared to the prior fiscal year, private equity investment activity was down slightly. Exits from private equity deals saw mixed results, with the number of initial public offerings increasing significantly and the number of corporate acquisitions declining. Purchase valuations were down slightly versus the prior fiscal year.

PORTFOLIO HIGHLIGHTS

FIXED INCOME

The System invests a portion of its portfolio in fixed income securities to reduce total fund volatility, produce income and provide a measure of protection in the event of a slowing economic environment, where these lower volatility assets should provide downside protection. The market value of the Fixed Income Portfolio as of June 30, 2013 represented approximately 25.5% of the total fund. The Fixed Income Portfolio returned 3.83%, outperforming the benchmark return of 1.28% during the fiscal year. Treasury rates rose during the year and interest rate sensitive sectors were poor performers. Positive performance was driven by the high yield allocation, representing approximately 10.0% of total fund assets.



During the fiscal year ending June 30, 2013, the fixed income markets were impacted by signs of economic growth and the potential tapering of quantitative easing. The Federal Reserve kept the Fed Funds Rate at a target range of 0% to 0.25% throughout the year. Federal Reserve Chairman Bernanke, for the first time, tied the Fed's monetary policy to specific economic indicators by announcing the Fed would keep interest rates at its target range until the U.S. unemployment rate fell below 6.5% and the inflation rate exceeded 2.5%. The Fed also continued quantitative easing measures to keep longer interest rates low in an effort to stimulate the economic recovery but signaled they may begin to taper the purchases later this year which resulted in a sharp rise in Treasury rates. The steepening in the U.S. Treasury Yield Curve (see above) reflects signs of an economic recovery and the potential tapering of quantitative easing measures.

Fixed Income: Top 15 Holdings

Fifteen Largest Fixed Income Holdings	Interest Rate	Maturity Date	Fair Value
United States Treasury Bonds	3.125 %	February 15, 2042	$ 28,344,969
United States Treasury Bonds	3.125	November 15, 2041	22,720,313
United States Treasury Bonds	2.750	August 15, 2042	7,120,781
Wachovia Bank	6.600	January 15, 2038	6,690,111
HSBC Bank	7.000	January 15, 2039	6,143,266
JP Morgan Chase	5.600	July 15, 2041	5,531,432
Citigroup Inc	8.125	July 15, 2039	5,127,109
General Electric Capital Corp	6.875	January 10, 2039	4,972,738
Altria Group Inc	9.950	November 10, 2038	4,845,559
United States Treasury Bonds	7.625	February 15, 2025	4,722,412
Metlife	5.875	February 6, 2041	4,678,791
United Mexican States	10.000	May 12, 2024	4,365,836
Bank of America	6.000	October 15, 2036	4,360,007
ConocoPhillips	6.500	February 15, 2039	4,302,370
Caterpillar	3.803	August 15, 2042	3,836,669

A complete list of the portfolio holdings can be obtained by contacting the Board of Investment Trustees office.

PORTFOLIO HIGHLIGHTS

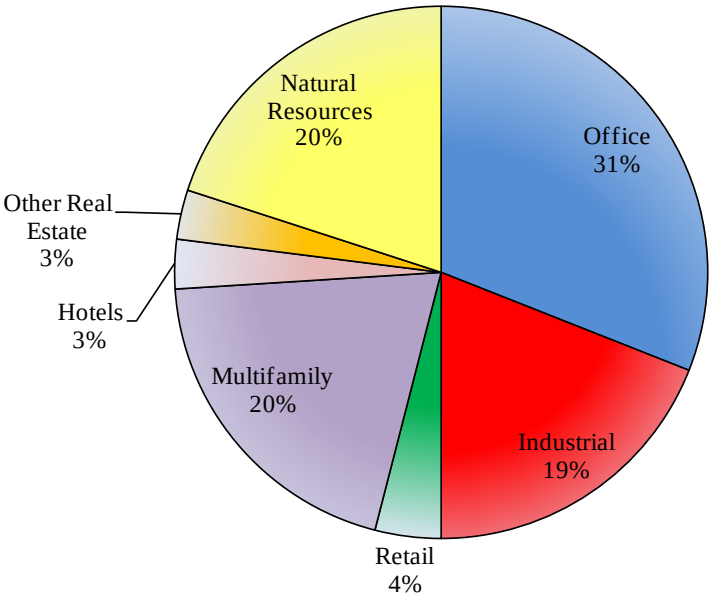
OPPORTUNISTIC

The System invests a portion of its portfolio in absolute return strategies (hedge funds) to enhance returns and reduce total fund volatility. The market value of the Opportunistic Portfolio as of June 30, 2013 represented approximately 3.8% of the total fund. The Portfolio returned 10.43%, outperforming the benchmark return of 7.21% during the fiscal year.

Hedge fund performance was positive during the fiscal year driven primarily by equity long/short and event driven strategies. Directional equity long/short strategies performed well as equity markets rallied. Event driven strategies were strong due to increased corporate transactions and shareholder activist pressures. Global Macro was the worst performing strategy, ending flat for the fiscal year.

PRIVATE REAL ASSETS

The System began investing in value-added and opportunistic private real estate and natural resources in 2006 to attain real returns less correlated with the broad securities markets. Returns are computed on a dollar-weighted or internal rate-of-return basis, and from inception (2006) to June 30, 2013 the investments generated an annualized loss of 0.01%. By comparison, the dollar-weighted return for the benchmark CPI + 5% for the same period was a gain of 6.94%. The Private Real Assets Portfolio comprised 5.7% of the ERS portfolio at June 30, 2013 with approximately 79% of the total capital committed to private real assets being contributed.



During the fiscal year, real estate transaction activity increased significantly versus the prior year, as Europe, Asia, and the Americas all experienced higher deal volume. Energy investment markets saw a slight decrease in the number and dollar volume of transactions, though year-over-year oil and gas price increases were strong.

PUBLIC REAL ASSETS

Global Real Estate Securities

The System began investing in global real estate securities in November 2012 to attain liquid public market exposure to real estate. As of June 30, 2013, the Global Real Estate Securities Portfolio represented 1.8% of the total fund. Since its inception, the portfolio has returned 5.86%, underperforming the benchmark by 1.01%.

During the fiscal year, returns for global real estate securities were strong, driven primarily by Asian and European markets. Within Asian markets, real estate securities were lifted by announcements of stimulative monetary policy in Japan. During May, the asset class in aggregate fell precipitously on the Federal Reserve's announcement that it may taper its quantitative easing programs, though gains early in the fiscal year were more than sufficient to offset this loss.

PORTFOLIO HIGHLIGHTS

(PUBLIC REAL ASSETS – CONTINUED)

Global Inflation-Indexed Bonds

The System allocates a portion of Fund assets to inflation-indexed bonds which provide protection against inflation risk as well as providing a diversified return stream to manage volatility. The Inflation-Indexed Bond Portfolio represented 9.0% of the total fund at June 30, 2013. The Portfolio, which also includes an absolute return fund, declined 2.28% during the fiscal year, outperforming the benchmark by 2.08%.

The returns on global inflation-indexed bonds were negative during the fiscal year as real yields rose. Performance of the total portfolio benefited from the opportunistic allocations made by the absolute return fund to developed market currencies, U.S. equities, nominal bonds and certain commodity positions.

Inflation-Indexed Bonds - Country Exposures		
United States	40.3	%
Euroland	30.0	
United Kingdom	14.7	
Sweden	5.0	
Canada	10.0	

Commodities

The System began investing in commodities in January 2009 to further diversify the portfolio to reduce risk and to provide a hedge against unexpected inflation. The Commodities Portfolio represented 4.3% of the total fund as of June 30, 2013. The Portfolio declined by 7.74%, outperforming the benchmark by 0.27% for the year ended June 30, 2013.

The commodities markets posted negative results for the fiscal year. Supply concerns within the grains sector, demand from China and India, and potential oil supply interruptions in the Middle East gave commodities markets a strong start. However, at mid-year the commodities outlook changed on improving supply related to better-than-expected weather conditions and suppressed demand due to a lack of policy clarity in China. In addition, the commodities markets declined due to economic concerns in Europe and China, and on indications that central banks could begin tapering monetary stimulus programs.

INVESTMENT MANAGERS

The diversified investment structure as of June 30, 2013 is reflected in the following table, which lists System managers by asset class and style.

Public Equity	Investment Style
Domestic Equity	
BlackRock Financial Mgt.*	Russell 1000 Index
Eagle Asset Management	Small Cap Growth
JP Morgan Investment Mgt.*	Large Cap Core Plus
Los Angeles Capital Management*	Large Cap Alpha
RhumbLine Advisors	Russell 1000 Index
Sands Capital Management	Large Cap Growth
Systematic Financial Mgt.	Large Cap Value
Wellington Management	Small Cap Value
International Equity	
Gryphon	EAFE
Marathon	EAFE
Mondrian*	Emerging Markets
Global Equity	
Aberdeen Asset Management*	ACWI

Fixed Income	Investment Style
BlackRock Financial Mgt.*	BC US Aggregate Index
Loomis Sayles	High Yield
Jennison Associates	Long Duration
Nomura Asset Management	High Yield
Schroder Investment Mgt.	Long Duration

Inflation-Indexed Bonds	Investment Style
Bridgewater*	Inflation Indexed Bonds

Foreign Currency	Investment Style
First Quadrant*	Foreign Currency

Global REIT	Investment Style
E.I.I. Capital Management*	Global Active
BlackRock Financial Mgt.*	FTSE EPRA/NAREIT Dev

Commodities	Investment Style
CoreCommodity Mgt.*	Active
Schroder Investment Mgt.*	Active
Wellington Management*	Active

Opportunistic	Investment Style
GMO*	Global Macro
Grosvenor*	Fund-of-Funds

Private Equity	Investment Style
Adams Street*	Fund-of-Funds
Altus Capital Partners*	Buyouts
Altaris Health Partners*	Buyouts
DW Healthcare Partners*	Buyouts
Franklin Park*	Fund-of-Funds
HarbourVest*	Fund-of-Funds
KPS Capital Partners*	Turnaround
Landmark*	Fund-of-Funds
Mason Wells*	Buyouts
Odyssey Inv. Partners.*	Buyouts
Pomona Capital*	Fund-of-Funds
Riverside Partners*	Buyouts
TA Associates*	Growth Equity
Wicks Group*	Buyouts

Private Real Assets	Investment Style
AEW Capital*	Opportunistic
Carmel Partners*	Value-Added
EnerVest*	Energy
FLAG Capital Mgt.*	Fund-of-Funds
Hampshire Companies*	Value-Added
LBA Realty*	Value-Added
Lime Rock Resources*	Energy
Pearlmark Real Estate Ptrs*	Value-Added
TA Associates Realty*	Value-Added

* Pooled Funds

PORTFOLIO HIGHLIGHTS

PUBLIC EQUITY COMMISSIONS

January 1, 2012 THROUGH December 31, 2012

Brokers	Commissions (thousands)
Investment Technology Group	$ 26
Deutsche Bank Securities	23
Merrill Lynch Pierce Fenner & Smith	18
Liquidnet Inc.	17
Bernstein, Stanford & Co.	15
Instinet	14
Credit Suisse First Boston Corporation	13
Goldman Executing & Clearing	13
Society Generale	13
Nomura Securities	13
Other Brokers (129 brokers)	196
Total	**$ 361**

INVESTMENT SUMMARY

	2013 Fair Value	Percent of Total Value	2012 Fair Value	Percent of Total Value
Government and agency obligations	$ 282,344,930	8.16 %	$ 303,907,668	9.40 %
Municipal/Provincial obligations	22,924,377	0.66	28,647,969	0.89
Asset-backed securities	3,212,480	0.09	2,966,713	0.09
Corporate bonds	582,765,510	16.84	572,946,146	17.72
Collateralized mortgage obligations	25,117	0.00	2,547,786	0.08
Commerical mortgage-backed securities	-	0.00	1,196,517	0.04
Common and preferred stock	1,356,684,162	39.21	1,266,564,139	39.17
Mutual and commingled funds	369,851,201	10.69	288,967,738	2.43
Short-term investments	75,697,933	2.19	82,364,316	9.05
Cash collateral received under securities lending agreements	291,568,717	8.43	303,900,721	9.40
Real assets	235,951,453	6.82	150,047,987	4.64
Private equity	238,964,221	6.91	229,073,503	7.09
Total	$ 3,459,990,101	100.00 %	$ 3,233,131,203	100.00 %

MONTGOMERY COUNTY
17 76
CARDEZ BIEN
MARYLAND

ACTUARIAL SECTION

Employees' Retirement System

GRS
Gabriel Roeder Smith & Company
Consultants & Actuaries
20 North Clark Street
Suite 2400
Chicago, IL 60602-5111
312.456.9800 phone
312.456.9801 fax
www.gabrielroeder.com

November 12, 2013

Ms. Linda Herman
Executive Director
Montgomery County Employee Retirement Plans
101 Monroe Street, 15th Floor
Rockville, MD 20850

Dear Linda:

At your request, we have performed an actuarial valuation of the Montgomery County Employees' Retirement System ("System") as of July 1, 2013. The purpose of this actuarial valuation, which is performed annually, is to determine the funding status and annual contribution requirements of the System. The actuarial valuation was performed specifically at the request of the Executive Director of the Montgomery County Employees' Retirement System and is intended for use by the System and Montgomery County ("County") and those designated by the System and the County. This report may be provided to parties other than the System and County only in its entirety and only with the permission of the System and County. GRS is not responsible for reliance upon this valuation for any other purpose, or by any other party.

Funding Objective
The funding objective for the System is to collect employer and employee contributions sufficient to pay the benefits of the Montgomery County Employees' Retirement System when due and to achieve a funded ratio of 100 percent at the end of the amortization period under the level percentage of pay funding policy with 20-year closed period amortization bases established at each valuation. The total contribution rate is equal to the normal cost rate plus amortization of the unfunded liability as a level percentage of payroll. The unfunded liability as of July 1, 2010, was amortized over an initial closed period of 18 years (15 years remaining at the valuation as of July 1, 2013). The additional unfunded liability from each subsequent valuation is amortized over a 20-year closed period. This funding policy is consistent with generally accepted actuarial standards for the funding of retirement systems. The total contribution rate minus the average employee contribution rate equals the County contribution rate. The valuation as of July 1, 2013, establishes the County contribution rate for fiscal year beginning July 1, 2014.

Actuarial Assumptions and Methods
The actuarial assumptions and the actuarial cost method used in this valuation are the same as those used in the prior actuarial valuation. The actuarial method utilized by the System for Guaranteed Retirement Income Plan ("GRIP") members is the Traditional Unit Credit Cost Method. The actuarial method utilized by the System for non-GRIP members is the Projected Unit Credit Cost Method. The objective of these methods is to finance the benefits of the System as such benefits accrue to each member. The Projected Unit Credit Method reflects future pay increases whereas the Traditional Unit Credit Method does not. Any Unfunded Actuarial

Accrued Liability (UAAL) under this method is separately financed. All actuarial gains and losses under this method are reflected in the UAAL.

The actuarial assumptions and methods used, including the economic and demographic assumptions, the actuarial cost method and asset method, are in accordance with paragraph 36 of GASB Statement Number 25 and are set by the County.

Benefit Provisions
There have been no new plan changes reflected in the valuation as of July 1, 2013, since the actuarial valuation at July 1, 2012.

Participant Data
A total of 5,606 active members (including DRSP and DROP) were included in the valuation as of July 1, 2013. Between the 2012 and 2013 valuations, the number of active employees increased by 52 members, or 0.9 percent. The average annual valuation pay (including DRSP and DROP) decreased by 1.5 percent, from $71,743 to $70,636 between the 2012 and 2013 valuation. The number of benefit recipients increased from 5,824 to 5,961, or 2.4 percent, since the last valuation. The average monthly benefit increased by 1.1 percent, from $2,915 to $2,946.

Aetna Contract
There is a group of retirees that have benefits that are insured by Aetna. The total benefit amounts reported for these members in the valuation report include the insured benefit amount. The actuarial liabilities calculated in the valuation report exclude the value of the insured benefits. The liabilities for these members that are included in the actuarial valuation are for the cost of living adjustments provided and are paid by the Montgomery County Employees' Retirement System.

Valuation Assets
On a market value basis, the Plan assets had an investment return of approximately 10.3 percent (net of investment expenses). Final recognition of the fiscal year end 2009 investment loss and continued recognition of the fiscal year end 2012 investment loss, which was partially offset by recognition of investment gains during fiscal years ending 2010, 2011 and 2013, resulted in an estimated net asset rate of return of 6.34 percent on an actuarial basis which compares to the assumed rate of return of 7.50 percent.

Reliance on Others
The valuation was based upon information furnished by the County Staff, concerning benefits provided by the Montgomery County Employees' Retirement System, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the County Staff.

The trend data in the Financial Section and the schedules and other data in this Section are prepared by County Staff with our input.

Ms. Linda Herman
Montgomery County Employee Retirement Plans
November 12, 2013

Certification

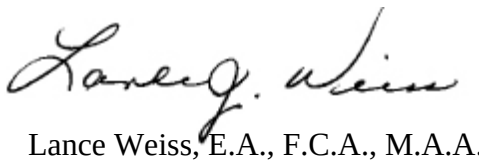
To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Montgomery County Employees' Retirement System as of the valuation date as of July 1, 2013, based on the data and actuarial techniques described above and applicable statutes. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements in this report.

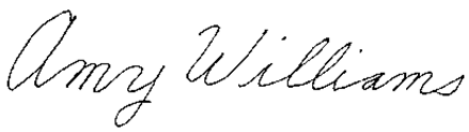
This report should not be relied on for any purpose other than the purpose stated.

The signing actuaries are independent of the plan sponsor.

Respectfully submitted,
Gabriel, Roeder, Smith & Company



Lance Weiss, E.A., F.C.A., M.A.A.A.
Senior Consultant



Amy Williams, A.S.A., M.A.A.A.
Consultant

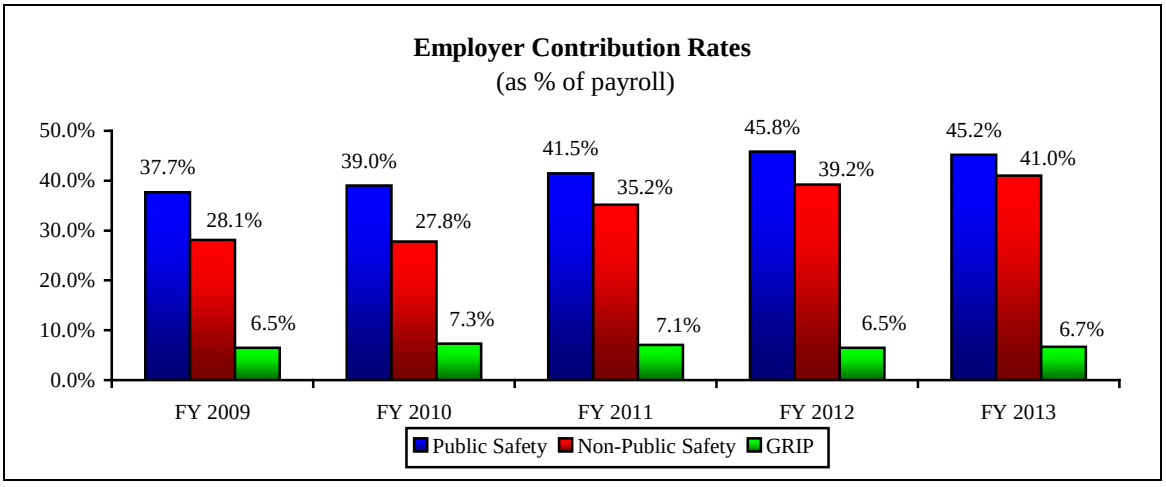
AW:rg

SUMMARY OF VALUATION RESULTS
EMPLOYEES' RETIREMENT SYSTEM

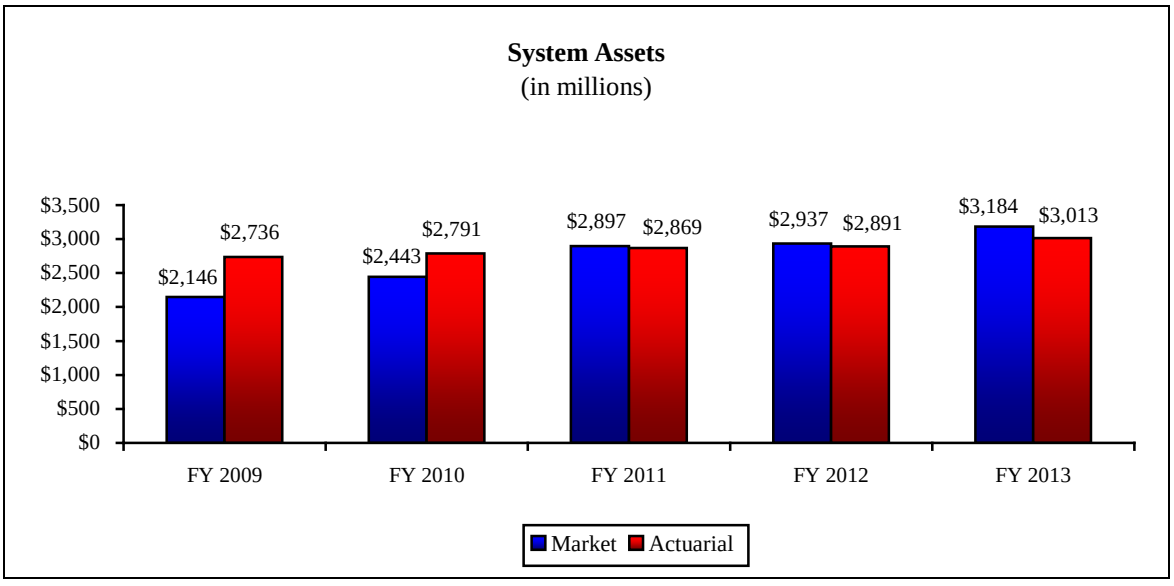
A. Overview

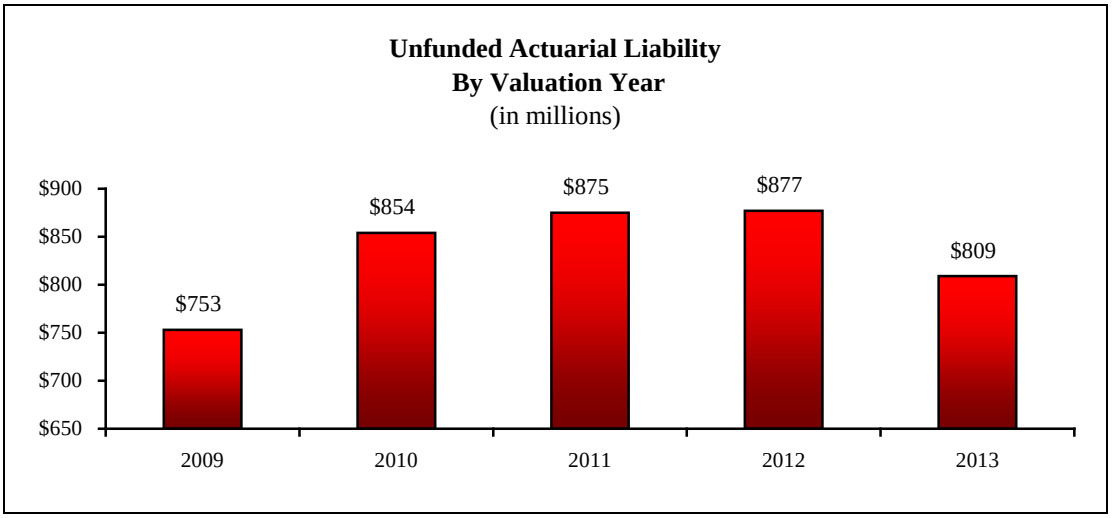
This report presents the results of our June 30, 2013 actuarial valuation of the Montgomery County Employees' Retirement System.

The major findings of the valuation are summarized in the following charts:

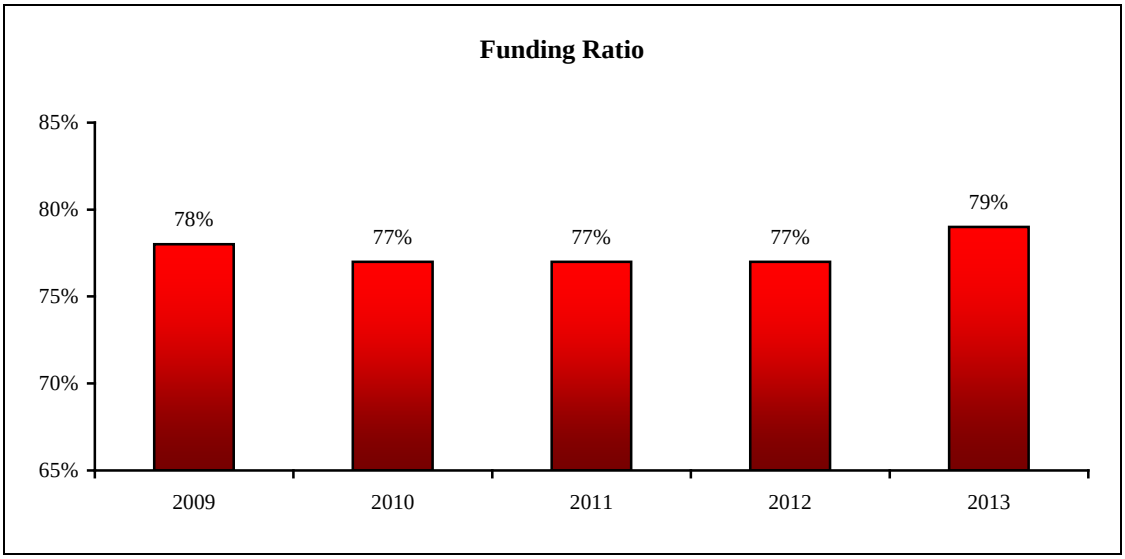


The change in the employer contribution rate in FY 2013 was due to actual System experience versus actuarial assumptions.





The unfunded actuarial liability decreased in FY 2013 primarily due to lower than expected salary increases for active members, lower than expected cost of living increases for retired members, and demographic experience.



The ratio of actuarial assets to the actuarial accrued liability has improved primarily due to the factors noted above.

B. Summary of Results

	July 1, 2012	July 1, 2013
Actuarial Liability		
a. Active Members	$ 1,506,769,849	$ 1,477,910,259
b. Retired Members and Beneficiaries	2,244,507,703	2,321,751,935
c. Vested Former Members	17,468,410	21,718,538
d. Total	$ 3,768,745,962	$ 3,821,380,732
Valuation Assets	$ 2,891,435,563	$ 3,012,547,244
Unfunded Actuarial Liability	$ 877,310,399	$ 808,833,488
Normal Cost		
a. Gross Normal Cost	$ 77,517,343	$ 76,901,082
b. Anticipated Employee Contributions	$ 21,456,899	$ 20,971,463
c. County Normal Cost (a -b)	$ 56,060,444	$ 55,929,619
Amortization Payment	$ 69,161,593	$ 67,898,374
County Contribution Required at Date Shown	$ 125,222,037	$ 123,827,993
County FY 2014/FY 2015 Contribution (as a % of covered payroll)		
Public Safety Employee	45.84%	45.17%
Non-Public Safety Employees	39.17%	41.04%
Guaranteed Retirement Income Plan	6.45%	6.72%

C. Valuation Highlights

1. System Assets

As of June 30, 2013, the System had assets, valued at market, of $3.184 billion, as compared to $2.937 billion at June 30, 2012. The increase of $247 million was attributable to the following:

a. An increase of $152 million from employer and employee contributions;
b. An increase of $308 million from investment gain;
c. A decrease of $213 million due to the payment of benefits to System participants and administrative expenses.

When measured on an actuarial basis, System assets were $3.013 billion at June 30, 2013, and $2.891 billion at June 30, 2012. The asset valuation method smoothes the fluctuations generated by intermittent market gains and losses. This method phases-in investment gains and losses arising during and after the 1994 fiscal year over a five-year period from the date established. Effective July 1, 1997, the calculation of the actuarial value of assets was changed to exclude the present value of estimated accrued contributions.

2. System Liabilities

The Unfunded Actuarial Liability decreased $68 million, from $877 million at July 1, 2012, to $809 million at July 1, 2013, as follows:

Unfunded Actuarial Liability at beginning of year	$	877,310,399
Unfunded Actuarial Liability at end of year		808,833,488
Decrease in Unfunded Actuarial Liability	$	68,476,911

The decrease in Unfunded Actuarial Liability for the year ended June 30, 2013, is comprised of the following:

Increase due to loss on actuarial value of assets	$	(33,134,494)
Decrease due to demographic gain and other factors		88,959,005
Decrease due to amortization payment and contributions		12,652,400
Increase/decrease due to plan changes		0
Decrease in Unfunded Actuarial Liability	$	68,476,911

3. System Contributions

Contributions to the System include a "normal cost" rate which covers the portion of projected liabilities related to service of members. In addition, an amortization payment is made to fund the unfunded liability related to changes made to benefits in previous years which are being funded over a specific period of time.

The increase/decrease in the employer contribution rate is attributable to the following:

	Public Safety (non-GRIP)		Non-Public Safety (non-GRIP)		GRIP	
Employer contribution rate - June 30, 2012	45.84	%	39.17	%	6.45	%
Increase/decrease due to loss on actuarial value of assets	0.78		1.02		(0.08)	
Increase/decrease due to actuarial gains & losses	(1.45)		0.85		0.35	
Increase/decrease due to plan changes	0.00		0.00		0.00	
Increase/decrease due to assumption and method changes	0.00		0.00		0.00	
Employer contribution rate - June 30, 2013	45.17	%	41.04	%	6.72	%

4. Membership

The active membership of the System increased from 5,554 at June 30, 2012 to 5,606 at June 30, 2013. The System was closed to all new employees hired after October 1, 1994, except public safety, bargaining unit employees and GRIP participants. Inactive members, including retirees and beneficiaries, increased from 5,824 at June 30, 2012 to 5,961 at June 30, 2013 and the number of former members with vested rights decreased from 413 to 358.

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
EMPLOYEES' RETIREMENT SYSTEM

A. Funding Method

The funding method used for the System's valuation is the "Projected Unit Credit" actuarial cost method. The objective of this method is to allocate the total pension benefit to which each participant is expected to become entitled at retirement to the participant's past and future service. The allocation is accomplished by applying the plan's accrual formula to projected final salary at retirement. An *actuarial liability* is calculated at the valuation date as the present value of benefits allocated to service prior to that date. The *Unfunded Actuarial Liability* at the valuation date is the excess of the actuarial liability over the assets of the System.

B. Actuarial Value of Assets

The actuarial value of assets is used for purposes of determing the County's contribution to the System. The asset adjustment method dampens the volatility of asset values that could occur because of short term fluctuations in market conditions. Use of an asset smoothing method is consistent with the long term nature of the actuarial valuation process. Assets are valued at market value but with a phase-in of investment gains and losses arising after July 1, 1994, over a 5-year period. The gains and losses are net of expenses. Effective July 1, 1997, the calculation of the actuarial value of assets does not include the present value of accrued contributions.

ACTUARIAL ASSUMPTIONS AND METHODS
EMPLOYEES' RETIREMENT SYSTEM

A. Demographic Assumptions

1. Mortality

RP2000 projected 30 years, separate tables for males and females
Annual Deaths per 1,000 Members

Age	Male Deaths	Female Deaths	Age	Male Deaths	Female Deaths
20	0	0	65	8	8
25	0	0	70	14	14
30	0	0	75	25	22
35	1	0	80	48	37
40	1	0	85	90	65
45	1	1	90	163	120
50	1	1	95	252	183
55	2	2	100	334	230
60	4	4	105	398	293

2. Termination of Employment (prior to retirement eligibility)

Annual Terminations per 1,000 Members (non-GRIP)

Years of Service	Non-Public Safety	Public Safety
0 – 4	52	80 – 35
5 – 9	43	31 – 22
10 – 14	33	20 – 10
15 – 19	31 – 20	9 – 6
20 – 25	17 – 9	6
26+	9	NA

It is assumed that 25% of all vested participants who terminate elect to receive a refund of their contributions with interest instead of a deferred benefit regardless of their age at termination.

Annual Terminations per 1,000 Members (GRIP)

Years of Service	Non-Public Safety
0 – 1	95
2 – 3	60
4	50
5	43
6 – 7	30
8+	25

3. Disability

Annual Disabilities per 1,000 Members

	Non-Public Safety Employees		Public Safety Employees					
			Group E		Group F		Group G	
Age	Male	Female	Male	Female	Male	Female	Male	Female
20	1	0	1	1	1	1	1	2
25	2	1	2	2	3	3	2	4
30	2	2	4	5	6	8	4	11
35	3	3	5	7	8	12	5	16
40	3	3	6	10	10	16	7	23
45	6	3	11	13	19	44	13	31
50	7	5	19	18	40	59	22	41
55	5	6	23	19	48	62	27	43
60	9	6	28	19	59	63	47	44

4. Deaths

	Annual Deaths per 1,000 Disabled Members	
Age	Male	Female
25	0	0
30	1	0
35	1	1
40	1	1
45	2	1
50	3	3
55	6	5
60	11	9
65	19	16

5. Retirement

Age	Non-Public Safety Employees	Public Safety Employees		
		Group E	Group F	Group G
Under 40	0%	3.5%	15%	20%
41	0%	3.5%	15%	20%
42	0%	3.5%	15%	20%
43	0%	3.5%	15%	20%
44	0%	3.5%	15%	20%
45	0%	3.5%	15%	20%
46	0%	15%	15%	20%
47	0%	15%	15%	20%
48	0%	15%	15%	20%
49	0%	15%	15%	20%
50	0%	20%	15%	20%
51	0%	20%	15%	20%
52	0%	20%	15%	30%
53	0%	20%	15%	30%
54	0%	20%	15%	30%
55	20%	50%	45%	40%
56	20%	50%	45%	40%
57	20%	50%	45%	40%
58	20%	50%	45%	40%
59	20%	50%	45%	40%
60	15%	100%	100%	100%
61	15%	100%	100%	100%
62	15%	100%	100%	100%
63	15%	100%	100%	100%
64	15%	100%	100%	100%
65	50%	100%	100%	100%
66	50%	100%	100%	100%
67	75%	100%	100%	100%
68	100%	100%	100%	100%
69	100%	100%	100%	100%
70	100%	100%	100%	100%

6. Sick Leave Credit

Service credit is increased by 2% for non public safety employees, 2.4% for Group E employees, 4.5% for Group F employees and 3.2% for Group G employees to account for additional credit from unused sick leave. Sick leave is capped at 2 years.

7. Marital assumption

80% of active participants are assumed to be married. Women are assumed to be three years younger than their spouses.

B. Economic Assumptions

1. Investment Return: 7.5% compound per annum

2. Cost-of-Living Increases: 3% on credited service earned prior to June 30, 2011
2.3% on credited service thereafter, reflecting the 2.5% cap

3. Increase in Social Security Wage Base: 4.0% compound per annum

4. Expense load: Anticipated administrative expense equal to the average of the prior three years of administrative expenses. For FY 2015 this figure is $3,008,701.

5. Salary Increase: Merit and promotional increases assumed to be based on service as shown below:

Service	Non Public Safety *	Public Safety
0 – 4	6.00%	9.25%
5 – 9	6.00%	8.25%
10 – 14	6.00%	6.25%
15 – 19	6.00%	5.50%
20 – 24	4.25%	5.00%
25 – 29	4.00%	4.50%
30+	4.00%	4.25%

** Includes GRIP*

ANALYSIS OF FINANCIAL EXPERIENCE

Gains and Loss in Accrued Liability During Years Ended June 30
Resulting from Differences Between Assumed Experience and Actual Experience

Type of Activity	2010	2011	2012	2013
Investment loss	$ (155,831,291)	$ (73,632,309)	$ (110,314,254)	$ (33,134,494)
Combined liability experience	84,758,321	2,351,277	102,955,793	93,060,972
Loss during year	$ (71,072,970)	$ (71,281,032)	$ (7,358,461)	$ 59,926,478

SOLVENCY TEST

Aggregate Accrued Liability

Valuation Date	(1) Active Members Contributions	(2) Retirees, Vested Terms, Beneficiaries	(3) Active Members (Employer Financed Portion)	Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets (1)	(2)	(3)
6/30/2006	177,391,695	1,578,703,590	1,162,240,788	2,222,724,295	100	100	40
6/30/2007	187,104,227	1,661,692,386	1,251,841,110	2,469,933,200	100	100	50
6/30/2008	186,171,030	1,847,516,034	1,307,862,361	2,701,119,470	100	100	51
6/30/2009	200,669,572	1,892,331,796	1,396,056,191	2,736,010,044	100	100	46
6/30/2010	213,191,851	2,054,949,883	1,377,434,607	2,791,144,974	100	100	38
6/30/2011	236,934,960	2,181,816,842	1,325,970,792	2,869,422,276	100	100	34
6/30/2012	210,537,737	2,465,714,392	1,092,493,833	2,891,435,563	100	100	20
6/30/2013	248,331,006	2,526,844,154	1,046,205,572	3,012,547,244	100	100	23

SCHEDULE OF RETIREES AND SURVIVORS
During Years Ended June 30

	New Retirees and Disableds	Survivors	Total
July 1, 2006	**4,483**	**365**	**4,848**
New retirements & disabilities	242	0	242
Deaths with beneficiaries	(22)	22	0
Deaths/benefits ended	(67)	(26)	(93)
July 1, 2007	**4,636**	**361**	**4,997**
New retirements & disabilities	382	0	382
Deaths with beneficiaries	(28)	28	0
Deaths/benefits ended	(64)	(9)	(73)
July 1, 2008	**4,926**	**380**	**5,306**
New retirements & disabilities	186	0	186
Deaths with beneficiaries	(24)	24	0
Deaths/benefits ended	(95)	(18)	(113)
July 1, 2009	**4,993**	**386**	**5,379**
New retirements & disabilities	328	0	328
Deaths with beneficiaries	(22)	22	0
Deaths/benefits ended	(88)	(28)	(116)
July 1, 2010	**5,211**	**380**	**5,591**
New retirements & disabilities	282	0	282
Deaths with beneficiaries	(20)	20	0
Deaths/benefits ended	(154)	(7)	(161)
July 1, 2011	**5,319**	**393**	**5,712**
New retirements & disabilities	201	0	201
Deaths with beneficiaries	(47)	47	0
Deaths/benefits ended	(87)	(2)	(89)
July 1, 2012	**5,386**	**438**	**5,824**
New retirements & disabilities	269	0	269
Deaths with beneficiaries	(38)	38	0
Deaths/benefits ended	(104)	(28)	(132)
July 1, 2013	**5,513**	**448**	**5,961**

SCHEDULE OF ANNUAL ALLOWANCE
During Years Ended June 30

	New Retirees and Disableds	Survivors	Total
July 2006	**$ 136,369,467**	**$ 5,331,363**	**$ 141,700,830**
Average Annual Allowance	30,419	14,606	29,229
Annual Allowances Added to the Rolls	10,498,059	580,630	11,078,089
Annual Allowances Removed From the Rolls	(2,335,705)	(478,216)	(2,813,321)
July 2007	**$ 144,531,821**	**$ 5,433,777**	**$ 149,965,598**
Average Annual Allowance	31,176	15,052	30,011
Annual Allowances Added to the Rolls	20,518,024	1,056,444	21,574,468
Annual Allowances Removed From the Rolls	(2,344,133)	(422,864)	(2,766,997)
July 2008	**$ 162,705,712**	**$ 6,067,357**	**$ 168,773,069**
Average Annual Allowance	33,030	15,467	31,808
Annual Allowances Added to the Rolls	4,887,240	453,616	5,340,856
Annual Allowances Removed From the Rolls	(3,242,232)	(370,344)	(3,612,576)
July 2009	**$ 164,350,720**	**$ 6,150,629**	**$ 170,501,349**
Average Annual Allowance	32,916	15,934	31,698
Annual Allowances Added to the Rolls	13,218,960	304,035	13,522,995
Annual Allowances Removed From the Rolls	(1,306,672)	(419,291)	(1,725,963)
July 2010	**$ 176,263,008**	**$ 6,035,373**	**$ 182,298,381**
Average Annual Allowance	33,825	15,883	32,606
Annual Allowances Added to the Rolls	14,287,432	580,328	14,867,760
Annual Allowances Removed From the Rolls	(868,937)	(103,095)	(972,032)
July 2011	**$ 189,681,503**	**$ 6,512,606**	**$ 196,194,109**
Average Annual Allowance	35,661	16,572	34,348
Annual Allowances Added to the Rolls	8,947,253	1,102,270	10,049,523
Annual Allowances Removed From the Rolls	(2,498,388)	(34,529)	(2,532,917)
July 2012	**$ 196,130,368**	**$ 7,580,347**	**$ 203,710,715**
Average Annual Allowance	36,415	17,307	34,978
Annual Allowances Added to the Rolls	11,709,284	867,622	12,576,906
Annual Allowances Removed From the Rolls	(5,027,794)	(572,950)	(5,600,744)
July 2013	**$ 202,811,859**	**$ 7,875,019**	**$ 210,686,878**
Average Annual Allowance	**36,788**	**17,578**	**35,344**

Schedule of Active Member Valuation Data

Valuation Date	Number	Annual Payroll	Annual Average Pay	% Increase in Average Pay
July 1, 2006	5,362	$357,361,131	$66,647	5.63%
July 1, 2007	5,294	$374,792,608	$70,796	6.23%
July 1, 2008	5,060	$376,002,333	$74,309	4.96%
July 1, 2009	5,012	$376,014,994	$75,023	0.96%
July 1, 2010	5,786	$431,226,155	$74,529	-0.66%
July 1, 2011	5,515	$405,336,529	$73,497	-1.38%
July 1, 2012	5,554	$398,460,248	$71,743	-2.39%
July 1, 2013	5,606	$395,988,026	$70,636	-1.54%

STATISTICAL SECTION

Employee Retirement Plans

STATISTICAL SECTION

The Statistical Section presents detailed information in the areas shown below, as a context for understanding what the information in the Financial Section says about the overall financial health of the Employee Retirement Plans:

The schedules beginning on page 72 are designed to show financial trend information to assist users in understanding and assessing how the Employee Retirement Plans' financial position has changed over the past ten years. The financial trend schedules presented are:

- Changes in Net Position – Information to help the reader understand the Plans' historical contributions, earnings, and expenses.

- Benefit, Refund and Distribution Deductions from Net Position – Information to help the reader understand the historical benefits, refund, and distribution deductions.

The schedules beginning on page 78 display demographic, economic, and operating information. The demographic and economic information is intended to assist users in understanding the environment in which the Employee Retirement Plans operate. The operating information is intended to provide contextual information about the Employee Retirement Plans' operations to assist readers in using financial statement information. The demographic and economic information and the operating information presented include:

- Principal Participating Employers
- Retired Members by Benefit Type
- Average Benefit Amounts
- Retired Members by Type of Retirement
- Average Benefit Payments and Average Final Valuation Pay
- Schedule of Participating Agencies and Political Subdivisions

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CHANGE IN NET POSITION
JUNE 30, 2013
LAST TEN FISCAL YEARS
(dollars in thousands)

	2004	2005	2006	2007	2008
Additions					
Member contributions	$ 14,762	$ 15,326	$ 16,085	$ 16,362	$ 18,851
Employer contributions	61,927	74,655	88,184	109,436	117,686
Transfer of member account asset balances	-	-	-	-	-
Investment income (loss) (net of expenses)	286,895	197,433	187,004	420,847	(81,746)
Total additions	363,584	287,414	291,273	546,645	54,791
Deductions					
Benefit payments	111,646	115,635	125,818	136,833	147,027
Refunds	796	762	635	793	673
Administrative expenses	2,066	1,857	1,920	2,431	2,557
Total deductions	114,508	118,254	128,373	140,057	150,257
Change in net position	$ 249,076	$ 169,160	$ 162,900	$ 406,588	$ (95,466)

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF BENEFIT AND REFUND DEDUCTIONS FROM NET POSITION BY TYPE
JUNE 30, 2013
LAST TEN FISCAL YEARS
(dollars in thousands)

	2004	2005	2006	2007*	2008
Type of Benefit					
Service benefits:					
Retirees	$ 87,123	$ 102,641	$ 112,210	$ 98,653	$ 105,369
Survivors	5,032	2,087	1,483	5,952	6,723
Disability	19,491	10,907	12,125	32,228	34,935
Total benefits	$ 111,646	$ 115,635	$ 125,818	$ 136,833	$ 147,027
Refund of Contributions	$ 796	$ 762	$ 635	$ 793	$ 673

*Allocation method used in FY 2007 was changed to reflect the actual classification of benefits.

2009	2010	2011	2012	2013
$ 18,245	$ 20,431	$ 18,592	$ 22,833	$ 24,854
109,567	113,958	109,344	107,855	127,888
-	31,530	-	-	-
(428,525)	304,185	510,018	117,692	307,859
(300,713)	470,104	637,954	248,380	460,601
168,618	169,089	178,792	202,773	208,804
668	1,415	1,568	2,495	1,925
2,803	2,907	3,079	3,546	2,401
172,089	173,411	183,439	208,814	213,130
$ (472,802)	$ 296,693	$ 454,515	$ 39,566	$ 247,471

2009	2010	2011	2012	2013
$ 123,560	$ 122,861	$ 129,941	$ 150,413	$ 153,566
7,333	7,620	7,944	8,233	8,602
37,725	38,608	40,907	44,127	46,636
$ 168,618	$ 169,089	$ 178,792	$ 202,773	$ 208,804
$ 668	$ 1,415	$ 1,568	$ 2,495	$ 1,925

MONTGOMERY COUNTY, MARYLAND
RETIREMENT SAVINGS PLAN
SCHEDULE OF CHANGE IN NET POSITION
JUNE 30, 2013
LAST TEN FISCAL YEARS
(dollars in thousands)

	2004	2005	2006	2007	2008
Additions					
Member contributions	$ 4,208	$ 4,820	$ 5,860	$ 6,798	$ 8,118
Employer contributions	6,468	8,758	9,437	11,227	13,583
Transfer of member account asset balances	-	-	-	-	-
Investment income (loss) (net of expenses)	6,354	4,668	8,237	17,174	(8,383)
Total additions	17,030	18,246	23,534	35,199	13,318
Deductions					
Distributions	1,382	2,441	4,306	4,455	5,216
Administrative expenses	247	231	243	293	258
Total deductions	1,629	2,672	4,549	4,748	5,474
Change in net position	$ 15,401	$ 15,574	$ 18,985	$ 30,451	$ 7,844

MONTGOMERY COUNTY, MARYLAND
RETIREMENT SAVINGS PLAN
SCHEDULE OF DISTRIBUTION DEDUCTIONS FROM NET POSITION
JUNE 30, 2013
LAST TEN FISCAL YEARS
(dollars in thousands)

	2004	2005	2006	2007	2008
Distributions	$ 1,382	$ 2,441	$ 4,306	$ 4,455	$ 5,216

2009	2010	2011	2012	2013
$ 11,263	$ 8,871	$ 8,686	$ 8,435	$ 8,274
20,625	16,401	16,072	11,792	15,629
-	(31,530)	-	-	-
(26,722)	14,191	32,877	143	23,716
5,166	7,933	57,635	20,370	47,619
3,669	3,902	5,854	6,950	9,389
300	237	244	305	201
3,969	4,139	6,098	7,255	9,590
$ 1,197	$ 3,794	$ 51,537	$ 13,115	$ 38,029

2009	2010	2011	2012	2013
$ 3,669	$ 3,902	$ 5,854	$ 6,950	$ 9,389

MONTGOMERY COUNTY, MARYLAND
DEFERRED COMPENSATION PLAN
SCHEDULE OF CHANGE IN NET POSITION
JUNE 30, 2013
LAST TEN FISCAL YEARS
(dollars in thousands)

	2004	2005	2006	2007	2008
Additions					
Member contributions	$ 21,610	$ 19,929	$ 16,562	$ 16,649	$ 17,294
Investment income (loss) (net of expenses)	29,456	14,587	20,486	32,394	(9,378)
Total additions	51,066	34,516	37,048	49,043	7,915
Deductions					
Distributions	9,634	10,216	11,226	12,410	15,714
Administrative expenses	6	16	-	-	-
Total deductions	9,640	10,232	11,226	12,410	15,714
Change in net position	$ 41,426	$ 24,284	$ 25,822	$ 36,633	$ (7,799)

MONTGOMERY COUNTY, MARYLAND
DEFERRED COMPENSATION PLAN
SCHEDULE OF DISTRIBUTION DEDUCTIONS FROM NET POSITION
JUNE 30, 2013
LAST TEN FISCAL YEARS
(dollars in thousands)

	2004	2005	2006	2007	2008
Distributions	$ 9,634	$ 10,216	$ 11,226	$ 12,410	$ 15,714

2009	2010	2011	2012	2013
$ 18,058	$ 17,029	$ 17,029	$ 14,974	$ 18,229
(44,479)	19,411	42,988	286	34,096
(26,421)	36,440	60,017	15,260	52,325
13,391	8,723	16,178	17,688	19,847
-	-	-	-	-
13,391	8,723	16,178	17,688	19,847
$ (39,812)	$ 27,717	$ 43,839	$ (2,428)	$ 32,478

2009	2010	2011	2012	2013
$ 15,714	$ 8,723	$ 16,178	$ 17,688	$ 19,847

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
PRINCIPAL PARTICIPATING EMPLOYERS
CURRENT YEAR AND EIGHT YEARS AGO
JUNE 30, 2013

	2013*		2005**	
Participating Government	**Covered Employees**	**Percentage of Total System**	**Covered Employees**	**Percentage of Total System**
Montgomery County***	5,437	97.0%	5,419	96.3%
Town of Chevy Chase	3	0.1%	5	0.1%
Strathmore Hall	7	0.1%	7	0.1%
Housing Opportunities Commission	141	2.5%	159	2.8%
Revenue Authority	6	0.1%	17	0.3%
Washington Suburban Transit Commission	-	-	2	0.0%
Montgomery County Employees Federal Credit Union	9	0.2%	8	0.2%
State Department of Assessment and Taxation	2	0.0%	6	0.1%
District Court	1	0.0%	5	0.1%
Total	5,606	100%	5,628	100%

* Includes GRIP participants
**The information for principal participating employers is not available for 2004 and prior.
***Includes Independent Fire/Rescue Corporations

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF RETIRED MEMBERS BY BENEFIT TYPE
JUNE 30, 2013

Fiscal Year	Retiree	Disability	Survivor	Total
2004	3,348	851	360	4,559
2005	3,443	853	369	4,665
2006	3,564	919	365	4,848
2007*	3,661	975	361	4,997
2008	3,905	1,021	380	5,306
2009	3,957	1,036	386	5,379
2010	4,132	1,079	380	5,591
2011	4,245	1,074	393	5,712
2012	4,309	1,077	438	5,824
2013	4,412	1,101	448	5,961

*Allocation method used in FY 2007 was changed to reflect the actual classification of benefits.

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF AVERAGE BENEFIT AMOUNTS
JUNE 30, 2013

Fiscal Year	Retiree	Disability	Survivor	Total
2004	$ 26,022	$ 22,904	$ 13,978	$ 24,489
2005	29,812	12,786	5,655	24,788
2006	31,484	13,193	4,063	25,953
2007*	26,947	33,055	16,487	27,383
2008	26,983	34,216	17,692	27,710
2009	31,226	36,414	18,997	31,347
2010	29,734	35,781	20,052	30,243
2011	30,610	38,088	20,214	31,301
2012	34,907	40,972	18,797	34,817
2013	34,807	42,357	19,201	35,028

*Allocation method used in FY 2007 was changed to reflect the actual classification of benefits.

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF RETIRED MEMBERS BY TYPE OF RETIREMENT
AS OF JUNE 30, 2013

Amount of Monthly Benefit	Number of Retired Members	Type of Retirement [a]			Option Selected [b]						
		1	2	3	1	2	3	4	5	6	7
Deferred	358										
$ 1 – $ 250	193	169	23	1	89	50	11	2	16	4	21
251 – 500	301	246	50	5	158	62	15	6	22	14	24
501 – 750	297	223	67	7	124	62	25	10	20	18	38
751 – 1,000	300	230	57	13	128	67	12	8	25	26	34
1,001 – 1,250	329	244	47	38	124	80	11	9	25	20	60
1,251 – 1,500	302	213	49	40	108	76	22	10	15	24	47
1,501 – 1,750	279	202	35	42	97	63	12	18	14	22	53
1,751 – 2,000	263	196	21	46	104	56	13	16	6	17	51
Over 2,000	3,697	2,689	99	909	1,178	976	50	201	122	474	696
Total	6,319	4,412	448	1,101	2,110	1,492	171	280	265	619	1,024

Notes:

[a] Type of retirement:
1—Retiree
2—Beneficiary
3—Disabled Retiree

[b] Option selected:
Option 1—Modified Cash Refund
Option 2—Certain and Continuous
Option 3—Life Annuity
Option 4—Joint and Survivor 50%
Option 5—Joint and Survivor 100%
Option 6—Other Joint and Survivor Options
Option 7—Social Security Adjustment Options

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF AVERAGE BENEFIT PAYMENTS AND AVERAGE FINAL VALUATION PAY
LAST EIGHT FISCAL YEARS

	Years Credited Service						
Retirement Effective Dates	**0 – 5**	**5 – 10**	**10 – 15**	**15 – 20**	**20 – 25**	**25 – 30**	**30 +**
Period 7/1/2005 to 6/30/2006							
Average monthly benefit*	$ 2,491	$ 2,801	$ 1,752	$ 2,356	$ 2,928	$ 3,649	$ 4,594
Average final valuation pay**	$ 43,375	$ 55,641	$ 55,619	$ 67,299	$ 68,683	$ 73,731	$ 77,143
Number of retired members***	2	6	28	58	49	55	50
Period 7/1/2006 to 6/30/2007							
Average monthly benefit*	$ 2,760	$ 2,115	$ 2,163	$ 2,425	$ 3,100	$ 3,744	$ 4,438
Average final valuation pay**	$ 48,664	$ 58,211	$ 72,411	$ 74,925	$ 80,599	$ 79,607	$ 76,689
Number of retired members***	1	4	18	40	27	37	39
Period 7/1/2007 to 6/30/2008							
Average monthly benefit*	$ 2,994	$ 3,061	$ 1,180	$ 2,287	$ 2,927	$ 3,466	$ 4,330
Average final valuation pay**	$ 50,803	$ 66,024	$ 62,986	$ 73,335	$ 78,696	$ 74,908	$ 74,647
Number of retired members***	1	8	18	58	60	57	87
Period 7/1/2008 to 6/30/2009							
Average monthly benefit*	$ -	$ -	$ 2,821	$ 2,760	$ 3,560	$ 4,309	$ 5,425
Average final valuation pay**	$ -	$ -	$ 77,385	$ 77,304	$ 88,521	$ 87,167	$ 98,906
Number of retired members***	-	-	5	20	21	16	12
Period 7/1/2009 to 6/30/2010							
Average monthly benefit*	$ -	$ 3,212	$ 2,747	$ 2,815	$ 3,548	$ 4,008	$ 5,289
Average final valuation pay**	$ -	$ 63,839	$ 82,064	$ 83,152	$ 85,524	$ 83,495	$ 86,947
Number of retired members***	-	6	6	43	49	39	68
Period 7/1/2010 to 6/30/2011							
Average monthly benefit*	$ 1,965	$ 3,412	$ 2,674	$ 3,091	$ 3,303	$ 4,136	$ 5,079
Average final valuation pay**	$ 46,807	$ 65,268	$ 65,263	$ 85,031	$ 82,627	$ 88,067	$ 84,544
Number of retired members***	1	4	5	37	80	50	57
Period 7/1/2011 to 6/30/2012							
Average monthly benefit*	$ -	$ -	$ 1,738	$ 1,840	$ 3,020	$ 5,064	$ 5,546
Average final valuation pay**	$ -	$ -	$ 56,551	$ 61,633	$ 80,696	$ 98,400	$ 90,742
Number of retired members***	-	-	3	14	30	34	57
Period 7/1/2012 to 6/30/2013							
Average monthly benefit*	$ -	$ 331	$ 1,595	$ 2,147	$ 3,063	$ 4,641	$ 5,845
Average final valuation pay**	$ -	$ 50,497	$ 56,936	$ 72,901	$ 76,904	$ 90,509	$ 94,904
Number of retired members***	-	1	5	17	46	38	69

* Based on current benefits only. Does not take into account any future benefits.

** Pay used for last valuation (when member was an active employee).

*** Only includes participants who changed from active to retiree status.

Beginning with periods after 7/1/2011, counts include members that were in DRSP or DROP in the previous valuation and were retired in the current valuation.

SCHEDULE OF PARTICIPATING AGENCIES AND POLITICAL SUBDIVISIONS EMPLOYEES' RETIREMENT SYSTEM RETIREMENT SAVINGS PLAN

Town of Chevy Chase
Strathmore Hall Foundation, Inc.
Housing Opportunities Commission of Montgomery County
Montgomery County Revenue Authority
Washington Suburban Transit Commission
Montgomery County Employees Federal Credit Union

Certain employees of the:
- State Department of Assessments and Taxation
- District Court of Maryland

Prepared by:
Montgomery County Employee Retirement Plans
101 Monroe Street, 15th Floor
Rockville, Maryland 20850
240-777-8220

Cavanaugh Macdonald
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The City of Omaha
Police & Fire Retirement System

Actuarial Valuation as of
January 1, 2013

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CONSULTING, LLC
The experience and dedication you deserve

September 9, 2013

Board of Trustees
City of Omaha Police and Fire Retirement System
1819 Farnam Street
Omaha, NE 68183

RE: January 1, 2013 Actuarial Valuation

Members of the Board:

In accordance with your request, we have completed an Actuarial Valuation of the City of Omaha Police and Fire Retirement System as of January 1, 2013 for the plan year ending December 31, 2013. The major findings of the valuation are contained in this report.

Significant changes to the benefit structure for fire members are first reflected in this valuation. The labor agreement with the fire bargaining group approved in November 2012 provided for increases to the future contribution to the System as well as significant reductions to the benefit provisions for current and future fire members which lowered the cost of the System. The actuarial assumptions reflected in this report are unchanged from last year's report other than changes necessary as a result of the changes to the benefit structure for fire members.

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by the City's staff. This information includes, but is not limited to, statutory provisions, employee data, and financial information. We found this information to be reasonably consistent and comparable with information provided in prior years. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete, our calculations may need to be revised.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: experience differing from that anticipated by the economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the System's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts. Actuarial computations presented in this report under GASB Statements No. 25 and 27 are for purposes of fulfilling financial accounting requirements for the City. The computations prepared for these two purposes may differ as disclosed in our report. The calculations in the enclosed report have been made on a basis consistent with our understanding

of the City's funding requirements and goals. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

The consultants who worked on this assignment are pension actuaries. CMC's advice is not intended to be a substitute for qualified legal or accounting counsel.

This is to certify that the independent consulting actuaries are members of the American Academy of Actuaries, have experience in performing valuations for public retirement plans, and meet the qualification standards of the American Academy of Actuaries to render the actuarial opinion contained herein. The valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board and the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement plan and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System. The Board of Trustees has the final decision regarding the appropriateness of the assumptions and adopted them as indicated in Appendix B.

We respectfully submit the following report and look forward to discussing it with you.

Sincerely,

Patrice A. Beckham, FSA, EA, FCA, MAAA
Principal and Consulting Actuary

Brent A. Banister, PhD, FSA, EA, FCA, MAAA
Chief Pension Actuary

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EXECUTIVE SUMMARY

This report presents the results of the January 1, 2013 actuarial valuation of the City of Omaha Police and Fire Retirement System. The primary purposes of performing the valuation are:

- to estimate the liabilities for the future benefits expected to be paid by the System;
- to determine the actuarial contribution rate, based on the System's funding policy;
- to measure and disclose various asset and liability measures;
- to monitor any deviation between actual plan experience and experience predicted by the actuarial assumptions so that recommendations for assumption changes can be made when appropriate;
- to analyze and report on any significant trends in contributions, assets and liabilities over the past several years.

The actuarial valuation results provide a "snapshot" view of the System's financial condition on January 1, 2013. The unfunded actuarial liability (UAL) in the current valuation is $613 million, an increase of $3 million over last year's UAL. The net change of $3 million is the impact of both actual experience during 2012 and changes in the pension provisions for fire members. There was no change in the actuarial assumptions and methods used in the valuation.

The contract with Local 385 (fire union group) included significant increases to the future contributions to the System as well as significant reduction to the benefit provisions for current and future fire members. These included:

(1) Increase in the employee contribution rate to 17.15% of pay
(2) Increase in the city contribution rate to 32.965% of pay
(3) Final average compensation is based on the thirty-six highest months of compensation
(4) Elimination of lump sum payments in the determination of final average compensation. Instead, the member's career average overtime (COTA) is used to adjust
(5) Changes to the benefit formula for current active members with less than 15 years of service that will require 30 years of service to reach the maximum benefit of 75% of final pay
(6) Changes to the benefit formula for future hires that provide a benefit of 65% of final pay after 30 years of service
(7) Retirement before age 55 with less than 30 years of service will result in an early retirement reduction of 7% per year.

These changes, which are first reflected in this valuation report, resulted in a decrease in the unfunded actuarial liability of $25 million and a decrease in the normal cost rate of 4.528% (for fire members only). The total effect of these changes results in a decrease in cost of 8.668% of fire payroll. The contribution shortfall (difference between the actuarial contribution rate and the contribution rates set in the contracts) for the System as a whole is 11.067%, down from 20.534% last year, a dramatic improvement. The changes in the fire contract, along with the changes in the last police contract, are expected to produce a significant improvement in the sustainability of the System over the long term. The full impact of the provisions of the fire contract are not reflected in this valuation because certain benefit changes are effective only for fire employees hired after January 1, 2013, and thus will unfold over time as new hires replace the current active members. The benefit structure for police members reflected in this valuation was unchanged from last year's report. Based on prior projections prepared during negotiations the changes in the fire contract are expected to help the System reach a fully funded position in 2055 if all actuarial assumptions are met in the future.

EXECUTIVE SUMMARY

The valuation results reflect net unfavorable experience for the past plan year, after reflecting the decrease in the UAL from the plan changes. This is demonstrated by an unfunded actuarial liability that was lower than expected based on the actuarial assumptions used in the January 1, 2012 actuarial valuation. Unfavorable experience on the actuarial value of assets resulted in a loss of $3.0 million and unfavorable experience on liabilities produced an actuarial loss of $1.6 million. Net experience was an actuarial loss of $4.6 million. There was also a $4.4 million increase in the UAL as a result of clarification of the member data provided for the valuation.

The System uses an asset smoothing method in the valuation process. As a result, the System's funded status and the recommended contribution rate are based on the actuarial (smoothed) value of assets – not the pure market value. The investment return on the market value of assets during 2012 was about 12.6%, higher than the assumed rate of 8.0%. Despite this fact, the rate of return on the actuarial value of assets was 7.4% due to recognition of some of the deferred asset loss. Actual returns over the next few years will determine the rate at which the deferred investment loss of $6.0 million is recognized. For example, a return of about 9% on the market value of assets in 2013 would result in a return of 8.0% on the actuarial value of assets.

ASSETS

As of January 1, 2013, the System had total funds of $489.8 million, when measured on a market value basis. This was an increase of $49.4 million from the prior year and represents an approximate rate of return of 12.6%.

The market value of assets is not used directly in the actuarial calculation of the System's funded status and the recommended contribution rate. An asset valuation method is used to smooth the effects of market fluctuations. The actuarial value of assets is equal to the expected asset value (based on last year's actuarial value of assets, net cash flows and a rate of return equal to the actuarial assumed rate of 8.0%) plus 1/3 of the difference between the actual market value and the expected asset value. See Exhibit 2 for the detailed development of the actuarial value of assets as of January 1, 2013. The rate of return on the actuarial value of assets was 7.4%. The portion of deferred asset loss recognized during the calculation of the January 1, 2013 actuarial value of assets resulted in an actuarial loss of $3.0 million.

The components of the change in the market value and actuarial value of assets are shown below:

	Market Value ($M)	Actuarial Value ($M)
Net Assets, January 1, 2012	**$** 440.4	**$** 467.4
• City and Member Contributions	+ 54.9	+ 54.9
• Benefit Payments and Refunds	– 60.6	– 60.6
• Investment Gain/(Loss)	+ 55.1	+ 34.1
Net Assets, January 1, 2013	489.8	495.8
Estimated Net Rate of Return	12.6%	7.4%

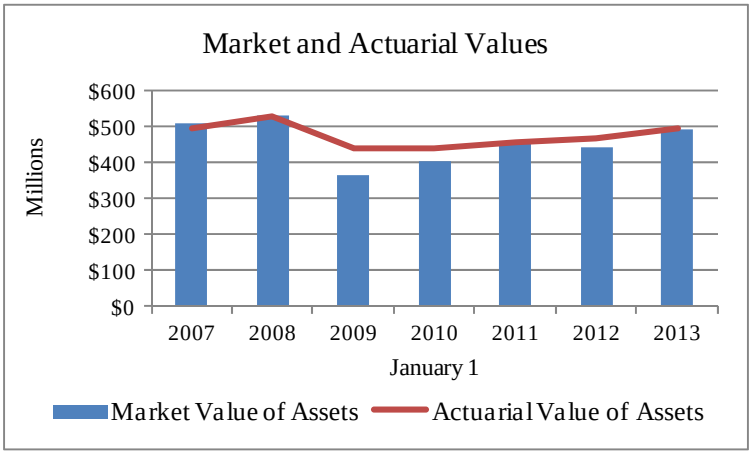
EXECUTIVE SUMMARY

The total investment loss that is not recognized as of January 1, 2013 is $6.0 million, down significantly from $27.0 million in last year's valuation. These unrecognized losses will be reflected in the determination of the actuarial value of assets for funding purposes in the next few years, to the extent they are not offset by the recognition of gains derived from future experience. This means that earning the assumed rate of investment return of 8.0% per year (net of investment expenses) on a market value basis will result in a small actuarial loss on the actuarial value of assets in the next few years.

The unrecognized investment loss is now only about 1.2% of the market value of assets at January 1, 2013, much lower than the comparable amounts shown in the valuation reports over the last few years. However, it should be noted that unless the deferred losses are offset by future investment gains or other favorable experience, the recognition of the loss is expected to increase the future unfunded actuarial liability and the actuarial contribution requirement. If the deferred losses were recognized immediately in the actuarial value of assets, the unfunded actuarial liability would increase by $6.0 million to $606.9 million, the funded percentage would decrease from 45% to 44% and the actuarially determined contribution rate would increase from 62.272% to 62.651%.

A comparison of asset values on both a market and actuarial basis for the last five years is shown below.

	January 1 ($M)				
	2013	2012	2011	2010	2009
Market Value of Assets	$490	$440	$453	$405	$366
Actuarial Value of Assets	$496	$467	$456	$440	$439
Actuarial Value/Market Value	101%	106%	101%	109%	120%



An asset smoothing method is used to mitigate the volatility in the market value of assets. By using a smoothing method, the actuarial (or smoothed) value can be either above or below the pure market value. The significant investment losses in 2008 resulted in the actuarial value of assets being above the market value for the last five years.

LIABILITIES

The first step in determining the contribution level for the System is to calculate the liabilities for all expected future benefit payments. These liabilities represent the present value of future benefits (PVFB) expected to be earned by the current members, assuming that all actuarial assumptions are realized. Thus, the PVFB reflects service and salary increases that are expected to occur in the future before a benefit becomes payable. The PVFB components can be found in the liabilities portion of the valuation balance sheet (see Exhibit 3).

The other critical measurement of System liabilities in the valuation process is the actuarial liability (AL). This is the portion of the PVFB that will not be paid by the future normal costs (i.e. it is the portion of the PVFB that is allocated to past service).

The following chart compares the Actuarial Liability (AL) and assets for the current and prior valuation.

	As of January 1	
	2013	**2012**
Actuarial Liability (AL)	$1,108,874,778	$1,077,607,299
Assets at Actuarial Value	$495,847,234	$467,375,458
Unfunded Actuarial Liability (AVA)	$613,027,544	$610,231,841
Funded Ratio (Actuarial Value)	45%	43%
Assets at Market Value	$489,800,140	$440,429,392
Unfunded Actuarial Liability (MVA)	$619,074,638	$637,177,907
Funded Ratio (Market Value)	44%	41%

EXPERIENCE FOR THE 2012 PLAN YEAR

The difference between the actuarial liability and the actuarial value of assets at the same date is referred to as the unfunded actuarial liability (UAL). Benefit improvements, experience gains/losses, changes in the actuarial assumptions or methods, and actual contributions made will impact the amount of the unfunded actuarial liability.

Actuarial gains (or losses) result from actual experience that is more (or less) favorable than anticipated based on the actuarial assumptions. These “experience” (or actuarial) gains or losses are reflected in the unfunded actuarial liability and are measured as the difference between the expected unfunded actuarial liability and the actual unfunded actuarial liability, taking into account any changes due to assumption or benefit provision changes. The experience for 2012, in total, was unfavorable (a higher unfunded actuarial liability than expected, after adjusting for the decrease due to the fire contract). There was an actuarial loss of around $3.0 million on the actuarial value of assets and an actuarial loss of about $1.6 million on liabilities.

EXECUTIVE SUMMARY

The change in the unfunded actuarial liability between January 1, 2012 and 2013 is shown below (in millions):

Unfunded Actuarial Liability, January 1, 2012	$610
• Expected change in UAL	4
• Contribution shortfall in 2012	17
• Investment experience	3
• Demographic experience	2
• Other experience	(2)
• Changes in plan provisions (Fire)	(25)
• Data adjustments	4
Unfunded Actuarial Liability, January 1, 2013	$613

CONTRIBUTION LEVELS

The annual contribution to the System is composed of two parts:

(1) The normal cost (which is the allocation of costs attributed to the current year's membership service) and,
(2) The amortization payment on the Unfunded Actuarial Liability.

The normal cost rate is independent of the System's funded status and represents the cost, as a percent of payroll, of the benefits provided by the System which is allocated to the current year of service. The total normal cost for the System is 23.525% of pay, or about $27 million this year. When offset by the expected employee contributions, the employer portion of the normal cost is 6.830% of pay, or about $8 million. The normal cost represents the long-term cost of the benefit structure in the System, given the actuarial assumptions and plan membership.

The System's total actuarially determined contribution rate (payable as a percent of member payroll) decreased by 2.985% of total pay to 62.272% on January 1, 2013, from 65.257% on January 1, 2012. The primary components of this change are as follows:

	Rate	
Total Actuarial Contribution Rate, January 1, 2012	65.257	%
• Actuarial (Gain) / Loss - Investment Experience	0.189	
• Actuarial (Gain) / Loss - Demographic Experience	0.100	
• Other Experience	(0.875)	
• Contributions Less Than Actuarial Rate	1.470	
• Change in Normal Cost Rate	(0.088)	
• Change in Fire Provisions	(3.781)	
Total Actuarial Contribution Rate, January 1, 2013	62.272	%

EXECUTIVE SUMMARY

As the result of actual plan experience during 2012 and the terms of the fire contract, the System has an unfunded actuarial liability of $613 million (actuarial liability is greater than actuarial assets). The City makes scheduled payments of $1,327,600 annually through the year 2028. The present value of these future contributions was applied to the Unfunded Actuarial Liability (UAL) to determine the amount of the UAL to be funded as a percent of payroll (through contribution rates). The adjusted unfunded actuarial liability to be financed by payroll contributions is funded over a closed 30-year period that began January 1, 2003. Twenty years remain as of the valuation data. The resulting payment is 38.747% of pay. As a result, the total contribution rate for 2013 is 62.272% of pay (23.525% + 38.747%). The scheduled contributions for the year are 51.205%. The resulting contribution shortfall is 11.067% of pay.

COMMENTS

The System's long term funding has been a grave concern for the past several years and a significant amount of time and effort has been expended to address the issue. Both the benefit structure and the contributions are determined as part of contract negotiations. The contract signed with the police union in September 2010 provided for significant increases to the future contributions to the System as well as significant reductions to the benefit provisions for both current and future police members. The changes in the plan provisions for police members, which lowered the cost of the System, were first reflected in the January 1, 2011 valuation and resulted in a significant reduction in the contribution shortfall. The fire contract signed in 2012 also increased the contributions to the system and reduced the benefits for both current and future fire members. These changes are first reflected in the January 1, 2013 valuation. For both police and fire members, some of the benefit changes are effective only for new hires (for police hired after January 1, 2010 and for fire, hired after January 1, 2013). As a result, the cost impact of future hires will unfold over time as current active members leave employment and are replaced by new hires. Together with the benefit changes for current members and contribution increases, the system is expected to reach full funding in 2055 (based on prior projections performed during contract negotiations).

On January 1, 2013, the actuarial value of assets was $496 million and the market value of assets was $490 million, the difference of $6 million is down from a difference of $27 million in 2012. The recognition of past investment losses resulted in an asset loss, but there was a liability gain during 2012 that offset the investment loss. The funded ratio of the system remains very low, but increased from 41% on a market value basis in the 2012 valuation to 44% in the 2013 actuarial valuation.

The actual contributions to the System for 2012 of 44.723% of pay were significantly below the actuarial contribution rate of 65.257% of pay. This shortfall in the contribution rate of 20.534% of pay, or about $17 million, resulted in an increase in the unfunded actuarial liability. The contribution shortfall in the 2013 valuation is down significantly to 11.067% of pay or about $13 million which will result in an increase in the UAL in the 2014 valuation. While the actuarial contribution rate is expected to remain above the fixed contribution rate for a number of years, the benefit reductions and increased contributions included in the last union contracts for police and fire will eventually bring the actuarial contribution rate down to the fixed contribution rates. As a result of the contract changes, the System's funding is expected to increase over time and eventually reach fully funded status around 2055.

As mentioned earlier in this report, the System uses an asset smoothing method in the actuarial valuation. While this is a very common practice for public retirement systems, it is important to be aware of the potential impact of the unrecognized investment experience. The key valuation results from the 2013 valuation are shown below using both the actuarial and market value of assets to provide full disclosure of the impact of asset smoothing on the funding of the System. Because the actuarial and market value of assets are not significantly different, neither are the actuarial contribution rates.

	$ Millions	
	Using Actuarial Value of Assets	**Using Market Value of Assets**
Actuarial Liability	$1,108.9	$1,108.9
Asset Value	495.8	489.8
Unfunded Actuarial Liability	613.1	619.1
Present Value of Prior Service Payments	12.2	12.2
Unfunded Actuarial Liability for Funding	$600.9	$606.9
Funded Ratio	44.7%	44.2%
Normal Cost Rate	23.525%	23.525%
UAL Contribution Rate	38.747%	39.126%
Actuarial Contribution Rate	62.272%	62.651%

THE CITY OF OMAHA POLICE AND FIRE RETIREMENT SYSTEM

PRINCIPAL VALUATION RESULTS

	January 1, 2013	January 1, 2012	% Chg
MEMBERSHIP			
1. Active Membership			
- Number of Members	1,411	1,392	1.4
- Projected Payroll for Upcoming Fiscal Year	$116,056,740	$110,027,537	5.5
- Average Projected Payroll	$82,251	$79,043	4.1
- Average Attained Age	39.8	39.5	0.7
- Average Entry Age	28.5	28.4	0.1
2. Inactive Membership			
- Number of Retirees / Beneficiaries	1,241	1,213	2.3
- Number of Disabilities	237	240	(1.3)
- Number of Deferred Vesteds	12	8	50.0
- Average Annual Benefit	$42,088	$40,891	2.9
ASSETS AND LIABILITIES			
1. Net Assets			
- Market Value	$489,800,140	$440,429,392	11.2
- Actuarial Value	$495,847,234	$467,375,458	6.1
2. Projected Liabilities			
- Retired Members and Beneficiaries	$638,192,530	$610,830,468	4.5
- Disabled Members	80,017,372	79,738,228	0.4
- Other Inactive Members	5,244,065	2,281,200	129.9
- Active Members	644,289,243	661,650,761	(2.6)
- Total Liability	$1,367,743,210	$1,354,500,657	1.0
3. Actuarial Liability	$1,108,874,778	$1,077,607,299	2.9
4. Unfunded Actuarial Liability	$613,027,544	$610,231,841	0.5
5. Funded Ratios			
Actuarial Value Assets / Actuarial Liability	44.72%	43.37%	3.1
Market Value Assets / Actuarial Liability	44.17%	40.87%	8.1
CONTRIBUTIONS			
1. Normal Cost Rate	23.525%	25.851%	(9.0)
2. UAL Rate	38.747%	39.406%	(1.7)
3. Total Contribution Rate (1) + (2)	62.272%	65.257%	(4.6)
4. Less Employee Contribution Rate	(16.695%)	(15.896%)	5.0
5. Less City Contribution Per Ordinance	(33.366%)	(27.620%)	20.8
6. Less City Prior Service Payment	(1.144%)	(1.207%)	(5.2)
7. Contribution Shortfall	11.067%	20.534%	(46.1)

EXHIBIT 1

SUMMARY OF FUND ACTIVITY

(Market Value Basis)

For Year Ended December 31, 2012

Assets at January 1, 2012	$	440,429,392
Receipts:		
City Contributions		35,302,037
Employee Contributions		19,641,660
Investment Earnings		57,532,230
Total Receipts		112,475,927
Disbursements:		
Benefits Payments		60,030,027
Refund of Contributions		585,861
Investment Fees		2,489,291
Total Disbursements		63,105,179
Assets as of December 31, 2012	$	489,800,140
Annualized Yield		
- Gross		13.2%
- Net of Expenses		12.6%

EXHIBIT 2

DETERMINATION OF ACTUARIAL VALUE OF ASSETS

The actuarial value of assets is used to minimize the impact of annual fluctuations in the market value of investments on the contribution rate. The current asset valuation method is called the "Expected +33% Method."

The "expected value" of assets is determined by applying the investment return assumption to last year's actuarial value of assets and the net difference of receipts and disbursements for the year. The actual market value is compared to the expected value and 33% of the difference (positive or negative) is added to the expected value to arrive at the actuarial value of assets for the current year.

1.	Actuarial Value of Assets as of January 1, 2012	$	467,375,458
2.	Actual Receipts / Disbursements		
	a. Total Contributions		54,943,697
	b. Benefit Payments/Other		(60,615,888)
	c. Net Change		(5,672,191)
3.	Expected Actuarial Value of Assets as of January 1, 2013 { (1) * 1.08} + {(2c) * $1.08^{½}$}		498,870,781
4.	Market Value of Assets as of January 1, 2013		489,800,140
5.	Excess of Market Value over Expected Actuarial Value as of January 1, 2013		(9,070,641)
6.	Preliminary Actuarial Value of Assets as of January 1, 2013 [(3) + 1/3 of (5)]		495,847,234
7.	Calculation of 20% Corridor		
	a. 80% of (4)		391,840,112
	b. 120% of (4)		587,760,168
8.	Final Actuarial Value of Assets as of January 1, 2013 (6), but not < (7a), nor > (7b)	$	495,847,234
9.	Rate of Return on Actuarial Value of Assets		7.4%

EXHIBIT 2 (continued)

A historical comparison of the market and actuarial value of assets is shown below:

Date	Market Value of Assets (MVA)	Actuarial Value of Assets (AVA)	AVA / MVA
1/1/2007	$507,608,781	$494,753,150	97.5%
1/1/2008	529,923,390	530,493,413	100.1%
1/1/2009	365,923,877	439,108,652	120.0%
1/1/2010	405,390,038	440,478,409	108.7%
1/1/2011	452,640,303	456,158,774	100.8%
1/1/2012	440,429,392	467,375,458	106.1%
1/1/2013	489,800,140	495,847,234	101.2%

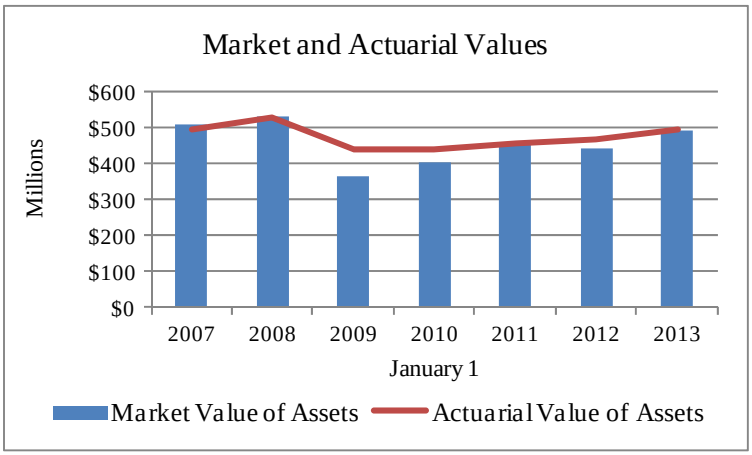


EXHIBIT 3

ACTUARIAL BALANCE SHEET

An actuarial statement of the status of the plan in balance sheet form as of January 1, 2013 is as follows:

Assets

Current assets (actuarial value)		$ 495,847,234
Present value of future normal costs		258,868,432
Present value of future contributions to fund unfunded actuarial liability		613,027,544
Total Assets		$ 1,367,743,210

Liabilities

Present value of future retirement benefits for:

Active employees	$ 631,250,649	
Retired employees, contingent annuitants and spouses receiving benefits	638,192,530	
Estimated DROP balances	1,041,598	
Deferred vested employees	4,150,225	
Inactive employees due refunds	52,242	
Inactive employees – disabled	80,017,372	
Total		$ 1,354,704,616
Present value of future death benefits payable upon death of active members		7,781,209
Present value of future benefits payable upon termination of active members		5,257,385
Total Liabilities		$ 1,367,743,210

EXHIBIT 4

UNFUNDED ACTUARIAL LIABILITY

As of January 1, 2013

The actuarial liability is the portion of the present value of future benefits which will not be paid by future normal costs. The actuarial value of assets is subtracted from the actuarial liability to determine the unfunded actuarial liability.

The City makes scheduled payments of $1,327,600 annually through the year 2028. The present value of these contributions was applied to the Unfunded Actuarial Liability (UAL) to determine the amount of the UAL to be funded as a percent of payroll (contribution rates).

1.	Present Value of Future Benefits	$ 1,367,743,210
2.	Present Value of Future Normal Costs	258,868,432
3.	Actuarial Liability (1) – (2)	1,108,874,778
4.	Actuarial Value of Assets	495,847,234
5.	Unfunded Actuarial Liability (3) – (4)	613,027,544
6.	Present Value of Prior Service Payments	12,212,078
7.	Adjusted Unfunded Actuarial Liability (Payable from Payroll Related Contributions) (5) – (6)	$ 600,815,466

EXHIBIT 5

CALCULATION OF ACTUARIAL GAIN / (LOSS)
For Plan Year Ending December 31, 2012

Liabilities		
1. Actuarial liability less prior service payments as of January 1, 2012	$	1,065,022,336
2. Normal cost for 2012 (mid-year)		27,638,436
3. Interest at 8.00% on (1) and (2) to December 31, 2012		86,286,056
4. Benefit payments during 2012		60,615,888
5. Interest on benefit payments		2,377,991
6. Change due to Fire agreement		(25,282,823)
7. Data adjustment		4,399,574
8. Expected actuarial liability as of December 31, 2012 (1) + (2) + (3) - (4) - (5) + (6) + (7)	$	1,095,069,700
9. Actuarial liability less prior service payments as of December 31, 2012	$	1,096,662,700
Assets		
10. Actuarial value of assets as of January 1, 2012	$	467,375,458
11. Contributions during 2012		54,943,697
12. Benefit payments during 2012		60,615,888
13. Interest on items (10), (11) and (12)		37,167,514
14. Expected actuarial value of assets as of December 31, 2012 (10) + (11) - (12) + (13)	$	498,870,781
15. Actual actuarial value of assets as of December 31, 2012	$	495,847,234
(Gain) / Loss		
16. Expected unfunded actuarial liability / (surplus) (8) – (14)	$	596,198,919
17. Actual unfunded actuarial liability / (surplus) (9) – (15)	$	600,815,466
18. Actuarial Gain / (Loss) (16) – (17)	$	(4,616,547)
19. Actuarial Gain / (Loss) on Actuarial Assets (14) – (15)	$	(3,023,547)
20. Actuarial Gain / (Loss) on Actuarial Liability (8) – (9)	$	(1,593,000)

EXHIBIT 6

ANALYSIS OF EXPERIENCE

The purpose of conducting an actuarial valuation of a retirement plan is to estimate the costs and liabilities for the benefits expected to be paid from the plan, to determine the annual level of contribution for the current plan year that should be made to support these benefits and, finally, to analyze the plan's experience. The costs and liabilities of this retirement plan depend not only upon the benefit formula and plan provisions but also upon factors such as the investment return on the Fund, mortality rates among active and retired members, withdrawal and retirement rates among active members, rates at which salaries increase and the rate at which the cost of living increases.

The actuarial assumptions employed as to these and other contingencies in the current valuation are set forth in Appendix B of this report.

Since the overall results of the valuation will reflect the choice of assumptions made, periodic studies of the various components of the plan's experience are conducted in which the experience for each component is analyzed in relation to the assumption used for that component (called an experience study). This summary is not intended to be an actual "experience study" but rather an analysis of sources of gain and loss in the past plan year.

Gain/(Loss) By Source

The System experienced a net actuarial gain on liabilities of $10.0 million during the plan year ended December 31, 2012, and an actuarial loss on assets of $3.0 million. The net actuarial gain was $7.0 million. The major components of this net actuarial experience gain are shown below:

Liability Sources		**Gain/(Loss)**
Salary Increases	$	4,723,000
Mortality		(4,727,000)
Terminations		23,000
Retirements		(1,171,000)
Disability		555,000
New Entrants/Rehires		(453,000)
Miscellaneous		(543,000)
Total Liability Gain/(Loss)	$	(1,593,000)
Asset Gain/(Loss)	$	(3,023,000)
Net Actuarial Gain/(Loss)	$	(4,616,000)

EXHIBIT 7

DEVELOPMENT OF 2013 ACTUARIAL CONTRIBUTION RATE

The actuarial cost method used to determine the required level of annual contributions to support the expected benefits is the Entry Age Normal Cost Method. Under this method, the total cost is comprised of the normal cost rate and the unfunded actuarial liability (UAL) payment. The System is financed by contributions from the employees and the City.

1.	(a)	Normal Cost	$	26,403,410
	(b)	Expected Payroll in 2013 for Current Actives	$	112,234,952
	(c)	Normal Cost Rate (a) / (b)		23.525%
2.		Unfunded Actuarial Liability Payable from Payroll Related Contributions	$	600,815,466
3.		Amortization Factor Level Percent of Payroll over 20 Years*		14.30726
4.		Unfunded Actuarial Liability (UAL) Payment [(2) / (3)] x $1.08^{½}$	$	43,641,183
5.		Prior Service Payment		1,327,600
6.		Total Projected Payroll for the Year	$	116,056,740
7.		UAL and Prior Service Payments as Percent of Pay [(4) + (5)] / (6)		38.747%
8.		Total Contribution Rate (1c) + (7)		62.272%
9.		Employee Contribution Rate		16.695%
10.		City Ordinance Contribution Rate		33.366%
11.		City Prior Service Contribution Rate		1.144%
12.		Contribution Shortfall (8) – (9) – (10) – (11)		11.067%

*This assumes all actuarial assumptions are met in the future, including a 4% increase in total covered payroll.

SECTION II

SYSTEM ACCOUNTING INFORMATION

In an effort to enhance the understandability and usefulness of the pension information that is included in the financial reports of pension plans for state and local governments, the Governmental Accounting Standards Board (GASB) has issued Statement No. 25 – Financial Reporting for Defined Benefit Pension Plans and Statement No. 27 – Accounting for Pension by State and Local Governmental Employers.

GASB Statement No. 25 establishes a financial reporting framework for defined benefit plans. In addition to two required statements regarding plan assets, the statement requires two schedules and accompanying notes disclosing information relative to the funded status of the plan and historical contribution patterns.

- The Schedule of Funding Progress provides historical information about the funded status of the plan and the progress being made in accumulating sufficient assets to pay benefits when due.
- The Schedule of Employer Contributions provides historical information about the annual required contribution (ARC) and the percentage of the ARC that was actually contributed.

GASB Statement No. 27 establishes standards for the measurement, recognition, and display of pension expense and related liabilities. Annual pension cost is measured and disclosed on the accrual basis of accounting. In general, the annual pension cost is equal to the ARC with adjustments for past under-contributions or over-contributions. These adjustments are based on the net pension obligation (NPO) that represents the cumulative difference since 1987 between the annual pension cost and the actual contributions to the plan. The first adjustment is equal to interest on the NPO which is added to the ARC. The second adjustment is an amortization of the NPO which is deducted from the ARC. Effective January 1, 2003, the System uses the Entry Age Normal method to determine the ARC and the unfunded actuarial liability (or surplus) is amortized as a level percentage of payroll.

In July 2012, GASB issued new statements that will significantly change the accounting for pension benefits provided by governmental employers. The new statements, Numbers 67 and 68, will not be effective for the City of Omaha until fiscal years beginning in 2014 and 2015 respectively. The new Statements have no impact on the accounting information provided in this report, but are mentioned here because of their significance and applicability in future years.

EXHIBIT 8

SCHEDULE OF EMPLOYER CONTRIBUTIONS

In accordance with Statement No. 25 of the Governmental Accounting Standards Board

Fiscal Year Ending	Annual Required Contribution* (a)	Total Employer Contribution* (b)	Percentage of ARC Contributed (b/a)
12/31/2007	$ 34,842,280	$ 20,699,211	59.41%
12/31/2008	38,073,021	21,700,806	57.00%
12/31/2009	50,507,561	22,701,608	44.95%
12/31/2010	55,488,062	24,183,493	43.58%
12/31/2011	49,945,979	30,775,568	61.62%
12/31/2012	54,310,693	35,302,037	65.00%

*Information prior to 2011 was provided by the prior actuary and has not been reviewed or verified by Cavanaugh Macdonald Consulting.

Notes to the Required Schedules:

1. The traditional Entry Age Normal cost method is used.

2. The actuarial value of assets is determined based on a method that smoothes the effects of short term volatility in the market value investments. The actuarial value is equal to the expected value, based on the assumed rate of return, plus 1/3 of the difference between market and expected values. A corridor of 80% to 120% of market value is also applied.

3. Economic assumptions are as follows:
   - Investment return rate: 8.00%
   - Salary increase rates: from 6.5% at 1 year of service to 4% at 30 years of service
   - Inflation rate: 3.5%
   - Payroll growth: 4.00%
   - Post-retirement benefit increases: the lesser of 3% or $50 ($65 for Fire retirements after June 30, 2007). The increase will be made annually, beginning in the 13th month of retirement.

4. The amortization method is a closed 30 year period, level percentage of payroll (the unfunded actuarial liability is amortized over 20 years as of January 1, 2013).

EXHIBIT 9

DEVELOPMENT OF THE NET PENSION OBLIGATION IN ACCORDANCE WITH GASB STATEMENT NO. 27

Fiscal Year End:	12/31/2006	12/31/2007	12/31/2008	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013
Assumptions and Methods								
Interest Rate	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Payroll Growth	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Amortization Period (years)	30	30	30	30	30	22	21	20
Cost Method	EA Normal	EA Normal	EA Normal	EA Normal	EA Normal	EA Normal	EA Normal	EA Normal
Annual Pension Cost								
Annual Required Contribution (ARC)	$31,102,053	$34,842,280	$38,073,021	$50,507,561	$55,488,062	$49,945,979	$54,310,693	$52,895,180
Interest on NPO	1,670,728	2,530,416	3,639,524	4,917,174	7,098,244	9,539,950	11,185,815	12,814,721
Adjustment to ARC	(1,855,081)	(2,809,629)	(4,041,120)	(5,459,749)	(7,881,485)	(8,137,044)	(9,833,151)	(11,635,221)
Annual Pension Cost	$30,917,700	$34,563,067	$37,671,425	$49,964,986	$54,704,821	$51,348,885	$55,663,357	$54,074,680
Contribution for the Year	$20,171,610	$20,699,211	$21,700,806	$22,701,608	$24,183,493	$30,775,568	$35,302,037	TBD
Net Pension Obligation (NPO)								
NPO at beginning of year	$20,884,105	$31,630,195	$45,494,051	$61,464,670	$88,728,048	$119,249,376	$139,822,693	$160,184,013
Annual Pension Cost for Year	30,917,700	34,563,067	37,671,425	49,964,986	54,704,821	51,348,885	55,663,357	54,074,680
Contributions for year	(20,171,610)	(20,699,211)	(21,700,806)	(22,701,608)	(24,183,493)	(30,775,568)	(35,302,037)	TBD
NPO at end of year	$31,630,195	$45,494,051	$61,464,670	$88,728,048	$119,249,376	$139,822,693	$160,184,013	TBD

Note: All information prior to 2011 in this exhibit was provided by the prior actuary and has not been reviewed or verified by Cavanaugh Macdonald Consulting, LLC.

EXHIBIT 10

SCHEDULE OF FUNDING PROGRESS

In Accordance with Statement No. 25 of the Governmental Accounting Standards Board

Actuarial Valuation Date[1]	Market Value of Assets[2] (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL)[3] (b-a)	Funded Ratio (a / b)	Covered Payroll (P / R) (c)	UAAL as a Percentage of Covered P / R [(b-a) / c]
12/31/2007	$530,800,000	$ 882,700,000	$351,900,000	60.1%	$ 99,600,000	353.3%
12/31/2008	365,900,000	947,600,000	581,700,000	38.6%	99,500,000	584.6%
12/31/2009	405,400,000	1,026,200,000	620,800,000	39.5%	103,900,000	597.5%
12/31/2010	452,600,000	1,093,300,000	640,700,000	41.4%	111,200,000	576.2%
1/1/2011	456,158,774	1,028,866,353	572,707,579	44.3%	105,025,610	545.3%
1/1/2012	467,375,458	1,077,607,299	610,231,841	43.4%	110,027,537	554.6%
1/1/2013	495,847,234	1,108,874,778	613,027,544	44.7%	116,056,740	528.2%

1. Results prior to 2011 were provided by the prior actuary and were reported at the end of the year rather than the valuation date. All information prior to 2011 in this exhibit was provided by the prior actuary and has not been reviewed or verified by Cavanaugh Macdonald Consulting, LLC

2. The prior actuary reported the market value of assets in column (a). Our understanding of GASB 25/27 is that the valuation methodology should be used for GASB calculations to the extent it complies with GASB 25 parameters. Information reported as of 1/1/2011 and later reflects the valuation methodology, including the actuarial value of assets.

3. As of 1/1/2011 the Unfunded AAL is not reduced by the Present Value of Prior Service Payments. For the calculation of the Unfunded AAL used for funding purposes, please refer to Exhibit 4 of this report.

EXHIBIT 11

THREE-YEAR TREND INFORMATION

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2010	$54,704,821	44%	$ 119,249,376
12/31/2011	51,348,885	60%	139,822,693
12/31/2012	55,663,357	63%	160,184,013

*All information prior to 2011 in this exhibit was provided by the prior actuary and has not been reviewed or verified by Cavanaugh Macdonald Consulting, LLC.

APPENDIX A

SUMMARY OF PLAN PROVISIONS

Average Final Monthly Compensation: Section 22 - 63	Fire: For members who were age 45 and had at least 25 years of service or age 50 with at least 20 years of service, highest average monthly compensation during any consecutive twenty-six (26) pay periods out of the last five years of service as a member of the system for which service credit had been earned. All others use the highest seventy-eight (78) pay periods with the final 130 pay periods of service. Police: Pensionable pay excludes certain overtime pay. For those hired before January 1, 2010, an adjustment is made to include a career average of overtime pay. For those who were age 45 and had at least twenty years of service as of January 1, 2010, highest average monthly compensation is calculated using the highest consecutive twenty-six (26) pay periods out of the last five years of service as a member of the system for which service credit had been earned. All others use the highest seventy-eight (78) pay periods with the final 130 pay periods of service.
Career Overtime Average (COTA):	Police only: Each hour an employee earns for overtime is computed back to their date of hire or 1991 (whichever is later) and divided by the number of years the employee worked after December 31, 1990. This amount shall be included in the member's pension calculation.
Member Contributions: Section 22 – 73(a) Section 22 - 68	Rates effective January 1, 2013 Police: 16.35% of total monthly salary for police, scheduled to reduce to 15.35% on January 1, 2014 Fire: 17.15% of total monthly salary for fire.
City of Omaha Contributions: Section 22 – 73(b)	Rates effective January 1, 2013 Police: 33.17% of each members total monthly salary for police, increasing to 33.67% in 2012. Fire: 32.965% of each members total monthly salary for fire. In addition, the City shall make contributions of $1,327,600 annually through the year 2028.
Service Retirement Eligibility Section 22 - 75	Police: After age 55 and 10 years of service or age 45 and 20 years of service. Members hired after January 1, 2010 must be 50 rather than 45. If retiring with less than 30 years of service a 7% reduction is applied for each year prior to age 55. Fire: Age 55 and 10 years of service or age 50 and 20 years of service. Members hired before 1/1/2013 can also retire at age 45 if they have at least 25 years of service.

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

Service Retirement Pension
Section 22 - 76

For Police with at least 20 years of service as of latest contract effective date **and Fire members with at least 15 years of service** as of latest contract effective date, the following schedule applies.

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	45**	55%*
25 years	45	75%

*55% at 20 years of service, plus 2% for each additional six months of service after 20 years and before 25 years.

** The minimum retirement age with less than 25 years is 50 for Fire.

For Police who did not have 20 years of service and Fire who did not have 15 years of service as of the latest contract effective date, the following schedule applies:

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	45***	50%*
25 but less than 30	45	70%**
30 years	45	75%

*50% at 20 years of service, plus 2% for each additional six months of service after 20 years and before 25 years.

**70% at 25 years of service, plus 1% for each additional six months of service after 25 years and before 27 years, with an additional 0.5% 29 and 30 years, for a maximum of 75%.

*** The minimum retirement age with less than 25 years is 50 for Fire.

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

For police hired after January 1, 2010, the following schedule applies:

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	50	50%*
25 but less than 30	50	65%**
30 years	50	75%

*50% at 20 years of service, plus 1.5% for each additional six months of service after 20 years and before 25 years. Early retirement reduction applies if less than 30 years of service.

**65% at 25 years of service, plus 1% for each additional six months of service after 25 years and before 30 years. Early retirement reduction applies if less than 30 years of service.

For Fire hired after January 1, 2013, the following schedule applies:

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	50	45%
25 but less than 30	50	55%*
30 years	50	65%

*55% at 25 years of service, plus 2% for each additional year of service after 25 years and before 30 years. Early retirement reduction applies if under age 55, unless the member has 30 years of service.

Cost of Living Adjustment (COLA): The monthly pension shall be increased by the lesser of 3% or $50 ($65 for Fire retirements after June 30, 2007). The increase will be made annually, beginning in the 13th month of retirement.

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

Deferred Retirement Option Program (DROP):

Police only: A DROP program was instituted with the last contract. After three years, this will be reviewed to determine if it is cost neutral before continuing it. Members may participate in the DROP for three to five years once they reach retirement eligibility with a minimum of 25 years of service (certain current members have a service threshold of 22.5 years). Members continue to make contributions to the system during the DROP period. During the DROP period, the member is credited with the benefits that would have been paid if the member had retired at the start of the DROP period, along with interest at the end of the year. At the end of the DROP period, the member ends employment, receives the DROP account balance, and begins to receive payments as though retirement had occurred at the beginning of the DROP period.

Disability Retirement

1. In Line of Duty
Section 22 - 78

A member shall become entitled to the following benefits while permanently disabled.

Years of Service	
Less than 20	
20 or more	

* 55% for Fire members who were age 45 and had at least 25 years of service or age 50 with at least 20 years of service as of latest contract effective date.

2. Not in Line of Duty
Section 22 - 79

A member shall become entitled to the following benefits while permanently disabled.

Years of Service	
Up to 10 years	
10 but less than 15	
15 but less than 20	
20 or more	

Not payable while full salary continues

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

Spouse's pension:

1. Death of Active member in Line of Duty:

A monthly pension equal to 49% (52% Fire members who were age 45 and had at least 25 years of service or age 50 with at least 20 years of service as of most recent contract date) of the member's average final monthly compensation is paid to the surviving spouse if death occurs while the active member has less than 25 years of service. A monthly pension equal to 69% (72% Fire members who were age 45 and had at least 25 years of service or age 50 with at least 20 years of service as of most recent contract date) of the member's average final monthly compensation is paid to the surviving spouse if death occurs after the active member has 25 years or more of service.

2. Death of Active member Not in Line of Duty:

The following monthly pension is paid to the surviving spouse.

Years of Service at Death
0-3
3-10
11
12
13
14
15
16
17
18
19
20-25
25+

* add 3% to each number for Fire members who were age 45 and had at least 25 years of service or age 50 with at least 20 years of service as of most recent contract date

Benefit terminates upon remarriage of spouse.

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

3. Death of Member Eligible for Retirement or Death of Retired Member:
Section 22 - 82

75% (90% for Fire) of the pension the member was receiving or was eligible to receive at the time of death. 50% of the pension the member was receiving for Police members hired after January 1, 2010 and Fire members hired after January 1, 2013. Upon spouse's remarriage, all benefits cease.

Children's Pension
Section 22 - 82

Upon the death of an active or retired member, the following benefit will be paid to the surviving children until age 18.

Number of Dependent Children	Percentage of Average Final Monthly Compensation
1	15%
2	30%
3	45%
4 or more	50%

Lump Sum Death Benefits

1. Active Member without Eligible Dependents:
Section 22 – 84(a)

Accumulated member's contributions, or $500 if greater.

2. Retired Member without Eligible Dependents:
Section 22 – 84(b)

Accumulated member's contributions, less previous pension payments made, or $500 if greater.

3. Active Member with Eligible Dependents:
Section 22 – 84(c)

An amount payable immediately, equal to one year's salary computed on the basis of the maximum monthly rate for patrolmen and firefighters, plus the decreased member's accumulated contributions less pension payments to his dependents, payable to the dependent who last ceases to receive pension benefits.

4. Retired Member with Eligible Dependents:
Section 22 – 84(c)

$1,000 ($5,000 for Fire retirements after June 30, 2005) payable immediately, plus the excess over $1,000 ($5,000 for Fire retirements after June 30, 2005) if any, of the deceased member's accumulated contributions less pension payments to the member and his dependents, payable to the dependent who last ceases to receive pension benefits.

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

Vesting:

Section 22 - 86

Upon severance of employment by a member with less than 10 years of service and prior to obtaining eligibility under Section 22 – 75, a refund of such member's accumulated contributions.

Section 22 - 86

Upon severance of employment by a member before age 45 with more than 10 years of service and prior to obtaining eligibility under Section 22 – 75, the member may elect, in lieu of receiving a refund of contributions, to receive a monthly pension, according to the table below, commencing at age 55. Such deferred pension shall be based on service credited to the date of severance.

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	50	55%
25 or more	45	75%

For Police members and Fire members with less than 15 years of service as of the latest effective contract date, the schedules shown under service retirement apply as appropriate.

APPENDIX B

ACTUARIAL METHOD AND ASSUMPTIONS

Actuarial Method

Valuations of the plan use the *"entry age-normal"* cost method. Under this actuarial method, the value of future costs attributable to future employment of participants is determined. This is called present value of future normal costs. The following steps indicate how this is determined for benefits expected to be paid upon normal retirement.

1. The expected pension benefit at normal retirement is determined for each participant.

2. A normal cost, as a level percent of pay, is determined for each participant assuming that such level percent is paid from the employee's entry age into employment to his normal retirement. This normal cost is determined so that its accumulated value at normal retirement is sufficient to provide the expected pension benefits.

3. The sum of the normal costs for all participants for one year determines the total normal cost of the plan for one year.

4. The value of future payments of normal cost in future years is determined for each participant based on his years of service to normal retirement age.

5. The sum of the value of future payments of normal cost for all participants determines the present value of future normal costs.

The value of future costs attributable to past employment of participants, which is called the actuarial liability, is equal to the present value of benefits less the present value of future normal costs. The unfunded actuarial liability is equal to the excess of the actuarial liability over assets. The unfunded actuarial liability is funded as a level percent of payroll over a 30 year closed period that began January 1, 2003.

As experience develops with the plan, actuarial gains and actuarial losses result. These actuarial gains and losses indicate the extent to which actual experience is deviating from that expected on the basis of the actuarial assumptions. In each year, as they occur, actuarial gains and losses are recognized in the unfunded actuarial liability as of the valuation date.

APPENDIX B

ACTUARIAL METHOD AND ASSUMPTIONS (continued)

Interest:	8.00% per year, (net of investment expenses).
Salary Increases:	Merit increases based on service plus a general wage increase.
Service Retirement Age:	Graduated rates based on service.
Mortality:	
Active Members	RP-2000 Employee Table with generational improvements, set forward one year
Service Pensioners and Beneficiaries	RP-2000 Healthy Annuitant Table with generational improvements, set forward one year
Disabled	RP-2000 Disabled Retiree Mortality Table with generational improvements
Disability:	Graduated Rates by age. See table on next page
Percent of Disabilities in Line of Duty:	85%
Medical Expenses for Disabilities in Line of Duty:	5% load on liability for current and future disabled members.
Percent Married at Death or Retirement:	75%
Turnover	Graduated rates by age. See table on next page
Assets:	Actuarial value of assets equal to 1/3 of market value, plus 2/3 of expected value. Actuarial value of assets cannot exceed 120% of Market value of assets.
Load on Active Member liability to reflect final wage adjustments	10% for Fire members who were age 45 and had at least 25 years of service or age 50 with at least 20 years of service as of most recent contract date, 0% for all other Fire members and Police members
COTA Adjustment	Members are assumed to retire with their current COTA
Increase in total annual payroll	4.0%
Assumed annual rate of inflation	3.5%

APPENDIX B

ACTUARIAL METHOD AND ASSUMPTIONS (continued)

SAMPLE RATES

Annual Rates

Age on 1/1/2010	Mortality		Disability	Turnover
	Males	Females		
20	.03%	.02%	.26%	1.41%
30	.05	.03	.30	1.69
40	.10	.07	.52	.63
50	.19	.15	.95	.00
60	.46	.41	1.45	.00

Salary Progression

Years of Service	Inflation	Productivity	Merit & Longevity	Total Increase
1	3.5%	0.5%	2.5%	6.5%
5	3.5%	0.5%	2.5	6.5
10	3.5%	0.5%	2.0	6.0
15	3.5%	0.5%	1.0	5.0
20	3.5%	0.5%	0.5	4.5
25	3.5%	0.5%	0.0	4.0
30	3.5%	0.5%	0.0	4.0

Service Requirements

Assumed retirement rates are based on the number of years of credited service as follows:

Years of Service	Distribution	Annual Rate
Less than 25	0.0%	0.0%
25	100.0	100.0

If a member was hired after age 37, then it is assumed that member would retire at the later of age 62 or 10 years of service.

MEMBERSHIP DATA FOR VALUATION

The summary of employee characteristics presented below covers the employee group as of January 1, 2013. The schedules at the end of the report show the distribution of the various employee groups by present age along with other pertinent data.

Total number of employees in valuation:*

(a) Active employees	1,411
(b) Deferred vested employees	12
(c) Disabled employees	237
(d) Retired employees, spouses and children receiving benefits	1,241
(e) Total employees in valuation	2,901

Average age of employees in valuation:

(a) Active employees	
Attained Age	39.8
Hire Age	28.5
(b) Deferred vested employees	47.9
(c) Disabled employees	66.5
(d) Retired employees	63.6
(e) Spouses and children receiving benefits	68.1

Active employees eligible for vested benefits as of January 1, 2013:

(a) Employees eligible for deferred vested benefits	679
(b) Employees eligible for early or normal retirement benefits	112
(c) Employees eligible for refund of contributions only	620
(d) Total	1,411

*12 DROP members included in retiree counts

MEMBERSHIP DATA RECONCILIATION

January 1, 2012 to January 1, 2013

The number of members included in the valuation, as summarized in the table below, is in accordance with the data submitted by the City for eligible employees as of the valuation date.

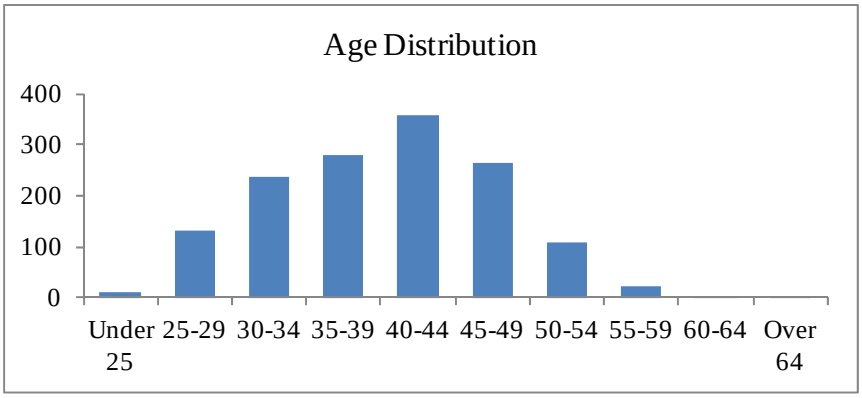
	Active Members	Deferred Vested	Disabled	Retirees*	Beneficiaries	Total
Members as of 1/1/2012	1,392	8	240	942	271	2,853
New Members	59	0	0	0	0	59
Terminations						
Rehired	2	(1)	0	0	0	1
Refunded	(6)	0	0	0	0	(6)
Deferred Vested	(6)	6	0	0	0	0
Disabled	(1)	0	1	0	0	0
Data Corrections (and Benefits Expired)	0	0	0	0	(3)	(3)
Retirements	(27)	(1)	0	28	0	0
Alternate Payees (QDRO)	0	0	0	0	4	4
Deaths						
With Beneficiary	(2)	0	(4)	(5)	20	9
Without Beneficiary	0	0	0	(7)	(9)	(16)
Total Members 1/1/2013	1,411	12	237	958	283	2,901

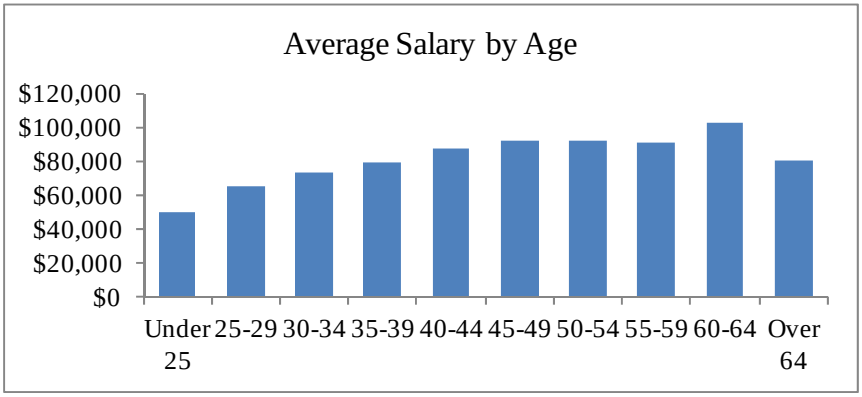
*12 DROP members included in retiree counts

SCHEDULE I

ACTIVE MEMBERS AS OF JANUARY 1, 2013
Total

	Count of Members			Valuation Salaries of Members		
Age	Males	Females	Total	Males	Females	Total
Under 25	9	2	11	453,814	90,197	544,011
25-29	119	13	132	7,814,847	851,168	8,666,015
30-34	209	29	238	15,312,506	2,195,451	17,507,957
35-39	239	41	280	18,856,197	3,241,543	22,097,739
40-44	311	45	356	26,769,982	4,205,968	30,975,950
45-49	229	33	262	21,046,343	3,117,059	24,163,403
50-54	93	13	106	8,508,802	1,247,456	9,756,258
55-59	21	2	23	1,882,071	200,804	2,082,875
60-64	1	0	1	102,910	0	102,910
Over 64	1	1	2	79,812	79,810	159,623
Total	1,232	179	1,411	100,827,284	15,229,456	116,056,740

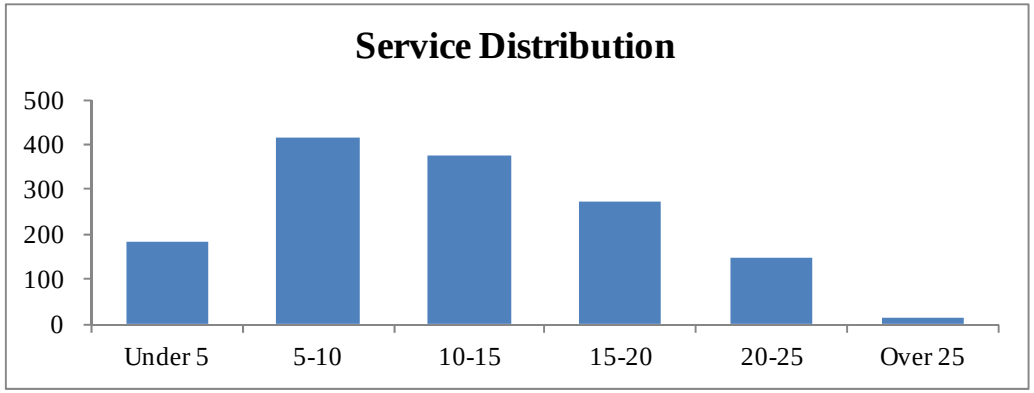




SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2013
Total

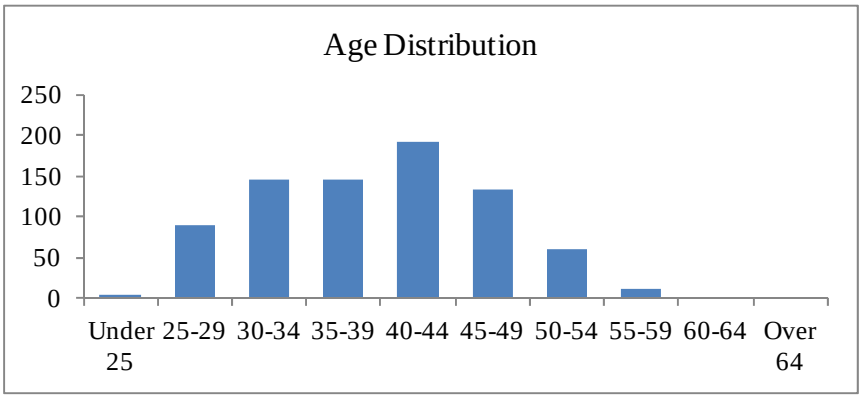
Age	Service: Under 5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	Total
Under 25	11	0	0	0	0	0	0	0	0	11
25-29	76	56	0	0	0	0	0	0	0	132
30-34	55	167	16	0	0	0	0	0	0	238
35-39	30	103	129	18	0	0	0	0	0	280
40-44	12	60	151	117	16	0	0	0	0	356
45-49	1	22	58	92	85	4	0	0	0	262
50-54	0	7	19	37	34	9	0	0	0	106
55-59	0	2	1	9	10	1	0	0	0	23
60-64	0	0	0	0	1	0	0	0	0	1
Over 64	0	0	0	2	0	0	0	0	0	2
Total	185	417	374	275	146	14	0	0	0	1,411

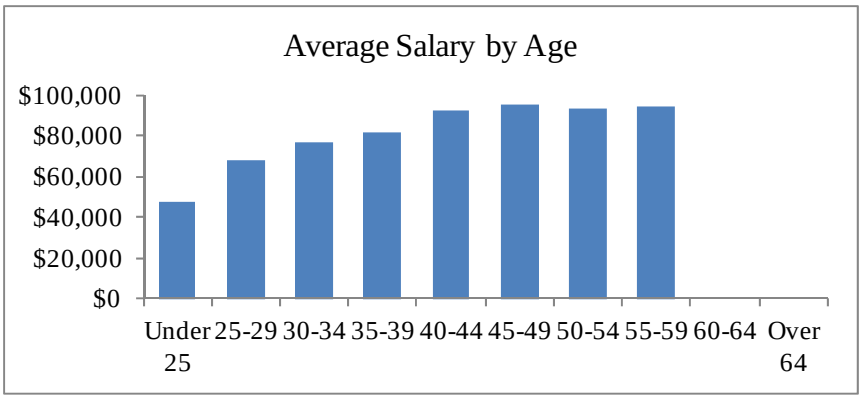


SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2013
Police

	Count of Members			Valuation Salaries of Members		
Age	Males	Females	Total	Males	Females	Total
Under 25	2	1	3	99,790	41,086	140,876
25-29	79	11	90	5,357,908	732,966	6,090,874
30-34	121	24	145	9,321,279	1,825,281	11,146,560
35-39	112	33	145	9,206,069	2,676,787	11,882,857
40-44	154	38	192	14,082,586	3,569,718	17,652,304
45-49	107	26	133	10,152,187	2,468,958	12,621,145
50-54	47	12	59	4,336,746	1,153,544	5,490,290
55-59	9	2	11	832,591	200,804	1,033,394
60-64	0	0	0	0	0	0
Over 64	0	0	0	0	0	0
Total	631	147	778	53,389,156	12,669,144	66,058,300

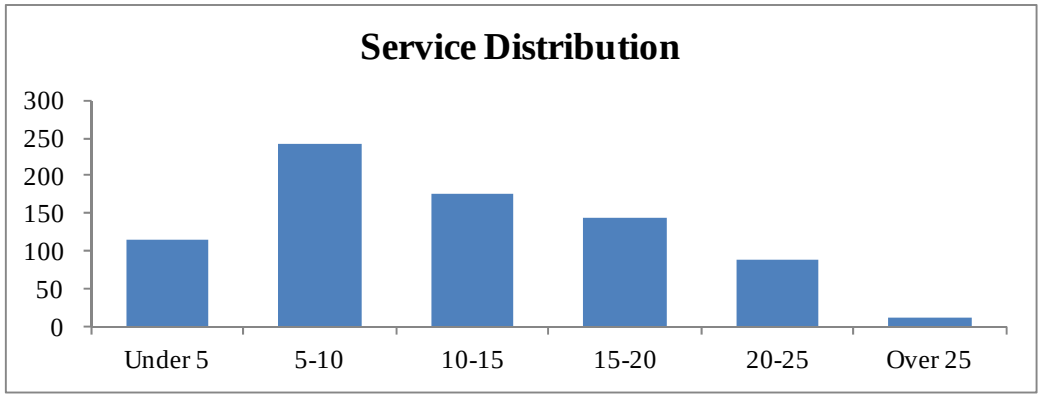




SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2013
Police

	Service									
Age	Under 5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	Total
Under 25	3	0	0	0	0	0	0	0	0	3
25-29	52	38	0	0	0	0	0	0	0	90
30-34	33	102	10	0	0	0	0	0	0	145
35-39	21	57	59	8	0	0	0	0	0	145
40-44	6	31	71	76	8	0	0	0	0	192
45-49	1	9	26	43	51	3	0	0	0	133
50-54	0	5	10	14	23	7	0	0	0	59
55-59	0	1	0	3	6	1	0	0	0	11
60-64	0	0	0	0	0	0	0	0	0	0
Over 64	0	0	0	0	0	0	0	0	0	0
Total	116	243	176	144	88	11	0	0	0	778

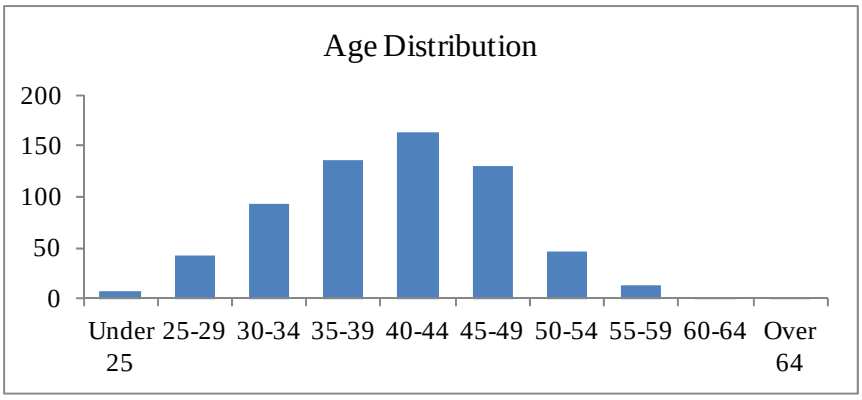


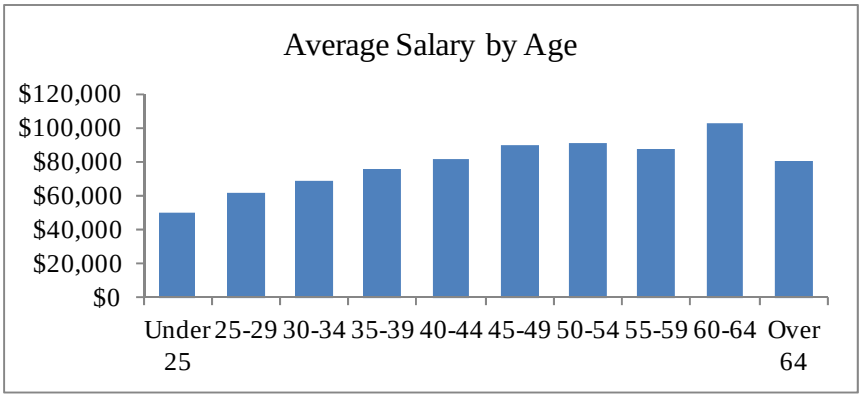
SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2013
Fire

	Count of Members			Valuation Salaries of Members*		
Age	Males	Females	Total	Males	Females	Total
Under 25	7	1	8	354,025	49,111	403,135
25-29	40	2	42	2,456,938	118,202	2,575,140
30-34	88	5	93	5,991,227	370,170	6,361,397
35-39	127	8	135	9,650,127	564,755	10,214,883
40-44	157	7	164	12,687,396	636,250	13,323,646
45-49	122	7	129	10,894,156	648,102	11,542,257
50-54	46	1	47	4,172,056	93,913	4,265,969
55-59	12	0	12	1,049,481	0	1,049,481
60-64	1	0	1	102,910	0	102,910
Over 64	1	1	2	79,812	79,810	159,623
Total	601	32	633	47,438,128	2,560,313	49,998,440

*Estimated since a contract was not in place

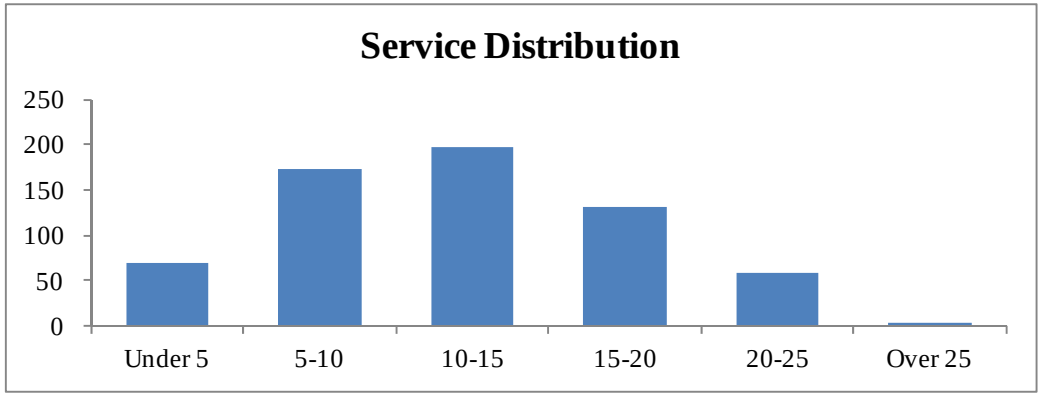




SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2013
Fire

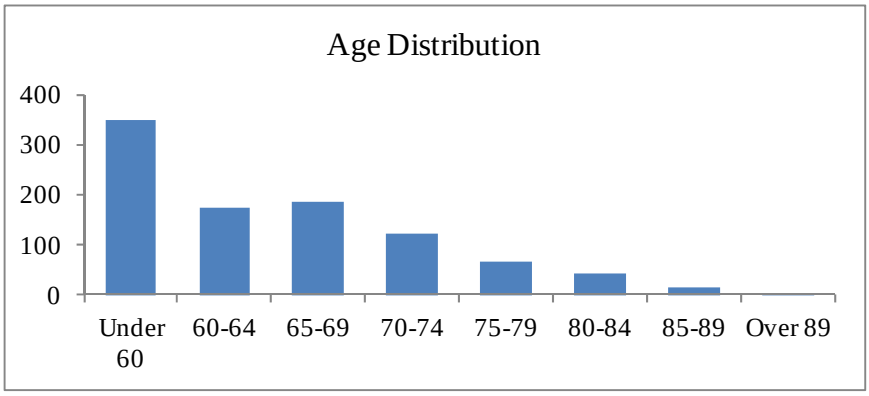
	Service									
Age	Under 5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	Total
Under 25	8	0	0	0	0	0	0	0	0	8
25-29	24	18	0	0	0	0	0	0	0	42
30-34	22	65	6	0	0	0	0	0	0	93
35-39	9	46	70	10	0	0	0	0	0	135
40-44	6	29	80	41	8	0	0	0	0	164
45-49	0	13	32	49	34	1	0	0	0	129
50-54	0	2	9	23	11	2	0	0	0	47
55-59	0	1	1	6	4	0	0	0	0	12
60-64	0	0	0	0	1	0	0	0	0	1
Over 64	0	0	0	2	0	0	0	0	0	2
Total	69	174	198	131	58	3	0	0	0	633

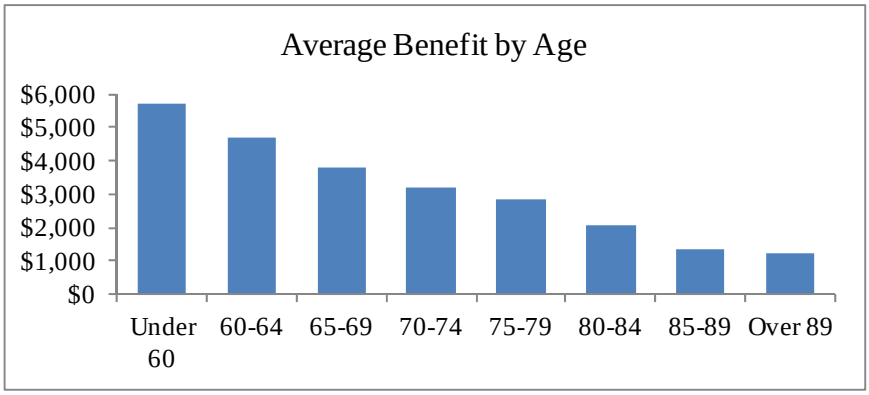


SCHEDULE II

RETIRED MEMBERS* AS OF JANUARY 1, 2013

	Count of Retirees			Current Monthly Benefits		
Age	Males	Females	Total	Males	Females	Total
Under 60	316	34	350	$1,819,620	$171,131	$1,990,751
60-64	167	8	175	790,894	34,858	825,753
65-69	181	3	184	681,262	12,525	693,786
70-74	120	1	121	386,585	3,029	389,614
75-79	66	0	66	185,989	0	185,989
80-84	43	0	43	88,810	0	88,810
85-89	15	0	15	20,270	0	20,270
Over 89	4	0	4	4,964	0	4,964
Total	912	46	958	$3,978,393	$221,543	$4,199,936



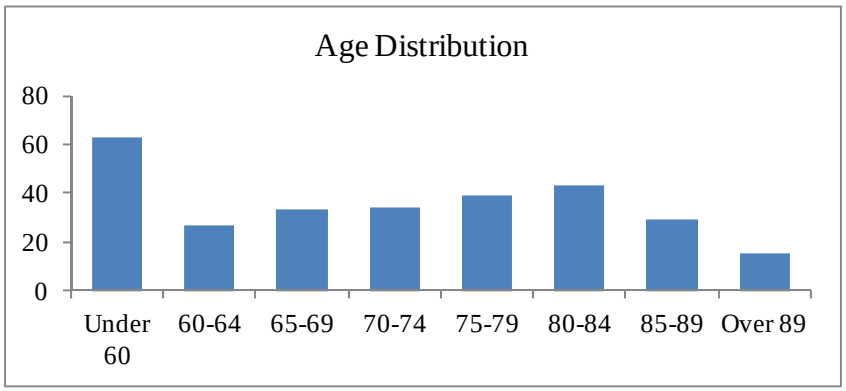


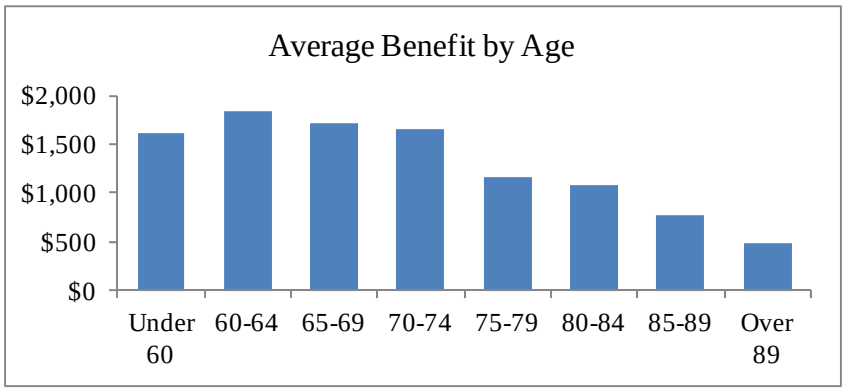
*12 DROP members included in retiree counts

SCHEDULE III

BENEFICIARIES RECEIVING BENEFITS AS OF JANUARY 1, 2013

	Count of Beneficiaries			Current Monthly Benefits		
Age	Males	Females	Total	Males	Females	Total
Under 60	10	53	63	$10,851	$ 90,581	$ 101,432
60-64	0	27	27	0	49,692	49,692
65-69	0	33	33	0	56,856	56,856
70-74	0	34	34	0	56,459	56,459
75-79	0	39	39	0	44,984	44,984
80-84	0	43	43	0	46,595	46,595
85-89	0	29	29	0	22,129	22,129
Over 89	0	15	15	0	7,428	7,428
Total	10	273	283	$10,851	$374,724	$385,575





SCHEDULE IV

DEFERRED VESTED FORMER MEMBERS AS OF JANUARY 1, 2013

	Count of Members			Expected Monthly Benefit		
Age	Males	Females	Total	Males	Females	Total
Under 25	0	0	0	$ 0	$ 0	$ 0
25-29	0	0	0	0	0	0
30-34	0	0	0	0	0	0
35-39	1	0	1	2,091	0	2,091
40-44	0	0	0	0	0	0
45-49	5	1	6	15,921	4,855	20,776
50-54	4	1	5	8,509	843	9,353
55-59	0	0	0	0	0	0
Over 59	0	0	0	0	0	0
Total	10	2	12	$26,521	$5,698	$32,219

SCHEDULE V

DISABLED MEMBERS AS OF JANUARY 1, 2013

	Count of Members			Current Monthly Benefits		
Age	Males	Females	Total	Males	Females	Total
Under 30	0	0	0	$ 0	$ 0	$ 0
30-34	0	0	0	0	0	0
35-39	2	2	4	6,457	5,355	11,811
40-44	6	1	7	17,396	2,811	20,207
45-49	12	4	16	39,848	9,659	49,507
50-54	10	5	15	30,482	13,023	43,505
55-59	13	4	17	41,667	9,145	50,812
60-64	19	0	19	68,859	0	68,859
65-69	64	0	64	167,394	0	167,394
70-74	37	0	37	90,055	0	90,055
75-79	26	0	26	59,336	0	59,336
80-84	23	0	23	35,555	0	35,555
85-89	9	0	9	11,114	0	11,114
Over 89	0	0	0	0	0	0
Total	221	16	237	$568,164	$39,992	$608,156

KPMG

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Financial Statements and Supplemental Schedules

June 30, 2013 and 2012

(With Independent Auditors' Report Thereon)

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

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KPMG LLP
Suite 2000
303 Peachtree Street, N.E.
Atlanta, GA 30308-3210

Independent Auditors' Report

The Board of Trustees
City of Atlanta, Georgia
Police Officers' Pension Plan:

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Atlanta, Georgia Police Officers' Pension Plan (the Plan), which comprise the statements of plan net position as of June 30, 2013 and 2012, and the statements of changes in plan net position for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG LLP is a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative ("KPMG International"), a Swiss entity.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the City of Atlanta, Georgia Police Officers' Pension Plan as of June 30, 2013 and 2012, and the changes in plan net position for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis and Required Supplementary Information sections be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2013 on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

KPMG LLP

Atlanta, Georgia
October 31, 2013

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Management's Discussion and Analysis (Unaudited)

June 30, 2013 and 2012

As management we offer readers of the Police Officers' Pension Plan (the Plan) financial statements this narrative overview and analysis of the financial activities of the Plan for the years ended June 30, 2013 and 2012. This overview compares the years ended June 30, 2013 and 2012. Readers are encouraged to read the notes to the financial statements in conjunction with the financial statements presented following this narrative.

The Plan is administered as a single employer plan by the Board of Trustees (the Board) which includes an appointee of the Mayor, the City's Chief Financial Officer, a member of City Council, two representatives elected by the retired membership and three representatives elected by active City membership.

The objective of the Plan is to meet long-term benefit obligations through member and employer contributions and investment earnings. As a measure of progress against being able to provide for these future obligations, readers should consider the Plan's funded ratio. The funded ratio is the actuarially determined assets against liabilities. The Plan's funded ratio as of the July 1, 2012 actuary report is 69.24%.

Financial Highlights

- At June 30, 2013, the assets of the Plan exceeded its liabilities by $828.8 million. At June 30, 2012, the assets of the Plan exceeded its liabilities by $733.5 million. This amount represents the Plan's net position.
- The Plan's total net position increased in 2013 by $95.3 million or 13% as compared with net position at June 30, 2012. The Plan's total net position decreased in 2012 by $1.9 million or 0.3% as compared with net position at June 30, 2011.
- Net investment income increased in 2013 by $105.5 million compared to fiscal year 2012. Net investment income declined in 2012 by $118.7 million compared to fiscal year 2011.
- Contributions received from employer and employees totaled $37.7 million in 2013 as compared to $43.3 million and $45.9 million in fiscal years 2012 and 2011, respectively.
- Benefit payments in 2013 totaled $51.3 million, an increase of $2.6 million or 5.2% when compared with fiscal year 2012. Benefit payments in 2012 totaled $48.7 million, an increase of $3.6 million or 7.9% when compared with fiscal year 2011.

Fiduciary Funds. The Plan is considered a fiduciary fund of the City of Atlanta, Georgia (City) and its financial statements are included in the City's Comprehensive Annual Financial Report (CAFR) as part of the Pension Trust Fund. The City's most recent CAFR for the year ended June 30, 2013 should be read in conjunction with these financial statements.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government, but over which the government maintains a meaningful degree of ongoing responsibility. The financial statements of fiduciary funds are presented using the economic resources measurement focus, or full accrual basis of accounting, similar to private sector businesses.

Directly following this discussion are the *basic financial statements*. The basic financial statements and required disclosures are prepared in accordance with accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board (GASB).

Basic Financial Statements are Comprised of

The *Statements of Plan Net Position* presents information on the assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Plan is improving or deteriorating.

The *Statements of Changes in Plan Net Position* presents information showing how the Plan's net position changed during the most recent fiscal year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Changes would include investment income, employee and employer contributions to the plan, benefit payments to members, and administrative expenses.

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the Plan's financial statements. The notes can be found following the financial statements in this report.

Required Supplementary Information. In addition to the basic financial statements, this report also presents certain *required supplementary information* concerning the Plan's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found following the notes the financial statements in this report.

Financial Analysis

Financial Analysis as of June 30, 2013 Compared to June 30, 2012

As noted earlier, net position may serve over time as a useful indicator of financial stability. In the case of the Plan, assets exceeded liabilities by $828.8 million at the close of the year ended June 30, 2013. Table 1 summarizes the major categories of assets, liabilities and net position. Table 2 summarizes the changes in the Plan's net position for the years ended June 30, 2013 and 2012.

Table 1. Police Officers' Pension Plan Net Position, Years ended June 30, 2013 and June 30, 2012 (in thousands):

	Years ended June 30			
	2013	2012	Change	Percentage change
Assets:				
Cash and cash equivalents	$ 75,996	58,912	17,084	29.0%
Investments	754,949	672,949	82,000	12.2
Due from brokers for securities sold	2,627	3,345	(718)	(21.5)
Receivables	3,240	3,938	(698)	(17.7)
Total assets	836,812	739,144	97,668	13.2
Liabilities:				
Due to other funds	229	202	27	13.4
Due to brokers for securities purchased	7,768	5,396	2,372	44.0
Total liabilities	7,997	5,598	2,399	42.9
Net position held in trust for pension benefits	$ 828,815	733,546	95,269	13.0%

The net position of the Plan increased by $95.3 million or 13.0% when compared to 2012. This is mainly attributable to the increase in net investment income resulting from improved market conditions during fiscal year 2013. Total assets for the Plan increased by $97.7 million or 13.2% compared to 2012. Total cash and investments increased by $99.1 million offset by a $0.7 million decrease in amounts due from brokers for securities sold. Cash and investments represent 99.3% of total assets as of June 30, 2013 compared to 99.0% as of June 30, 2012. The Plan liabilities do not include future benefits payable to plan participants, but an actuarially determined estimate of this amount is in the Required Supplementary Information of this report.

(Continued)

Table 2. Police Officers' Pension Plan Changes in Net Position, Years ended June 30, 2013 and June 30, 2012 (in thousands):

	Years ended June 30			Percentage
	2013	2012	Change	change
Additions to plan net position:				
Investment income:				
Net appreciation (depreciation) in fair value of investments	$ 96,713	(6,450)	103,163	1,599.4%
Interest and dividends	15,319	13,407	1,912	14.3
Less:				
Investment expenses	(2,819)	(3,244)	425	13.1
Net investment income	109,213	3,713	105,500	2,841.4
Employee contributions	11,157	9,541	1,616	16.9
Employer contributions	26,525	33,748	(7,223)	(21.4)
Other income	—	12	(12)	(100.0)
Total additions	146,895	47,014	99,881	212.4
Deductions from plan net position:				
Benefit payments	51,299	48,746	2,553	5.2
Administrative fees, management fees, and other expenses	327	192	135	70.3
Total deductions	51,626	48,938	2,688	5.5
Increase (decrease) in net position held in trust for pension benefits	$ 95,269	(1,924)	97,193	5,051.6%
Net position held in trust for pension benefits:				
Beginning of year	$ 733,546	735,470		
Increase (decrease)	95,269	(1,924)		
End of year	$ 828,815	733,546		

Total additions to the Plan net position increased by $99.9 million or 212.4% compared to fiscal 2012. As mentioned earlier, this increase is primarily attributed to the increase in net investment income. Net investment income was $109.2 million for 2013, an increase of $105.5 million compared to fiscal 2012. The investment portfolio is comprised of 78% equities and 22% fixed income investments as of June 30, 2013, compared to 74% equities and 26% fixed income investments at June 30, 2012. The overall portfolio returned 15.26% for the 12 months ended June 30, 2013, compared with 1.30% for the same time period in 2012. The S&P 500 index rose 20.60% and 5.44%, respectively, during the same time periods.

(Continued)

Employee contributions to the Plan increased by $1.6 million or 16.9% to $11.2 million mainly as a result of increases plan membership. Employer contributions decreased by $7.2 million or 21.4% to $26.5 million due to a lower actuarially determined required contribution (ARC) for fiscal 2013. Benefit payments increased by $2.6 million or 5.2% to $51.3 million. The increase in benefit payments is primarily the results of the increase in members receiving benefits (see note 1(c)).

Table 3. Membership Data:

	June 30, 2013		
	Total	**Change**	**Percentage change**
Members:			
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	$ 1,402	1	0.1%
Current active employees:			
Fully vested	726	22	3.1
Partially vested	429	75	21.2
Nonvested	715	134	23.1
Total membership	$ 3,272	232	7.6%

	June 30, 2012		
	Total	**Change**	**Percentage change**
Members:			
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	$ 1,401	108	8.4%
Current active employees:			
Fully vested	704	(44)	(5.9)
Partially vested	354	(31)	(8.1)
Nonvested	581	137	30.9
Total membership	$ 3,040	170	5.9%

(Continued)

Financial Analysis as of June 30, 2012 compared to June 30, 2011

As noted earlier, net position may serve over time as a useful indicator of financial stability. In the case of the Plan, assets exceeded liabilities by $733.5 million at the close of the year ended June 30, 2012. Table 1 summarizes the major categories of assets, liabilities and net position. Table 2 summarizes the changes in the Plan's net position for the years ended June 30, 2012 and 2011.

Table 1. Police Officers' Pension Plan Net Position, Years ended June 30, 2012 and June 30, 2011 (in thousands):

	Years ended June 30			
	2012	**2011**	**Change**	**Percentage change**
Assets:				
Cash and cash equivalents	$ 58,912	103,021	(44,109)	(42.8)%
Investments	672,949	653,089	19,860	3.0
Due from brokers for securities sold	3,345	1,740	1,605	92.2
Receivables	3,938	4,102	(164)	(4.0)
Total assets	739,144	761,952	(22,808)	(3.0)
Liabilities:				
Due to other funds	202	174	28	16.1
Due to brokers for securities purchased	5,396	24,334	(18,938)	(77.8)
Deferred revenue	—	1,974	(1,974)	(100.0)
Total liabilities	5,598	26,482	(20,884)	(78.9)
Net position held in trust for pension benefits	$ 733,546	735,470	(1,924)	(0.3)%

The net position of the Plan decreased by $1.9 million or 0.3% when compared to 2011. This is mainly attributable to the decline in net investment income resulting from unfavorable market conditions during fiscal year 2012. Total assets for the Plan declined by $22.8 million or 3.0% compared to 2011. Total cash and investments decreased by $24.2 million offset by a $1.6 million increase in amounts due from brokers for securities sold. Cash and investments represent 99.0% of total assets as of June 30, 2012 compared to 99.2% as of June 30, 2011. The Plan liabilities do not include future benefits payable to plan participants, but an actuarially determined estimate of this amount is in the Required Supplementary Information of this report.

(Continued)

Table 2. Police Officers' Pension Plan Changes in Net Position, Years ended June 30, 2012 and June 30, 2011 (in thousands):

	Years ended June 30			
	2012	**2011**	**Change**	**Percentage change**
Additions to plan net position:				
Investment income:				
Net (depreciation) appreciation in fair value of investments	$ (6,450)	114,434	(120,884)	(105.6)%
Interest and dividends	13,407	10,725	2,682	25.0
Securities lending income	—	94	(94)	(100.0)
Less:				
Investment expenses	(3,244)	(2,885)	(359)	(12.4)
Net investment income	3,713	122,368	(118,655)	(97.0)
Employee contributions	9,541	6,733	2,808	41.7
Employer contributions	33,748	39,135	(5,387)	(13.8)
Other income	12	846	(834)	(98.6)
Total additions	47,014	169,082	(122,068)	(72.2)
Deductions from plan net position:				
Benefit payments	48,746	45,176	3,570	7.9
Administrative fees, management fees, and other expenses	192	81	111	137.0
Total deductions	48,938	45,257	3,681	8.1
Increase (decrease) in net position held in trust for pension benefits	$ (1,924)	123,825	(125,749)	(101.6)%
Net position held in trust for pension benefits:				
Beginning of year	$ 735,470	611,645		
Increase (decrease)	(1,924)	123,825		
End of year	$ 733,546	735,470		

(Continued)

Total additions to the Plan net position declined by $122.1 million or 72.2% compared to 2011. As mentioned earlier, this decrease is primarily attributed to the decrease in net investment income. Net investment income was $3.7 million for 2012, a decline of $118.7 million compared to 2011. The investment portfolio is comprised of 74% equities and 26% fixed income investments as of June 30, 2012, which remains largely the same as the investment mix in 2011. The overall portfolio returned 1.30% for the 12 months ended June 30, 2012, compared with 21.29% for the same time period in 2011. The S&P 500 index rose 5.44% and 30.70%, respectively, during the same time periods.

Employee contributions to the Plan increased by $2.8 million or 41.7% to $9.5 million mainly as a result of plan changes enacted during 2011 which required participants to contribute an additional 5% of pay to the Plan each year. Employer contributions decreased by $5.4 million or 13.8% to $33.7 million due to a lower actuarially determined required contribution (ARC) for fiscal 2012. Benefit payments increased by $3.6 million or 7.9% to $48.7 million. The increase in benefit payments is primarily the result of the increase in members receiving benefits.

Requests for Information

This financial report is designed to provide a general overview of the Plan's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Chief Financial Officer, 11100 City Hall Tower, 68 Mitchell St., SW, Atlanta, Georgia 30303.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Statements of Plan Net Position

June 30, 2013 and 2012

(In thousands)

Assets		**2013**	**2012**
Cash and cash equivalents	$	75,996	58,912
Receivables:			
Contributions receivable from employer		1,198	1,792
Contributions receivable from employees		424	522
Accrued interest receivable		1,618	1,624
Due from brokers for securities sold		2,627	3,345
Total receivables		5,867	7,283
Investments:			
Equities		389,763	320,212
Commingled funds - equities		200,738	175,198
U.S. government and agency obligations		69,575	82,214
Corporate bonds		48,634	56,304
Other investments		46,239	39,021
Total investments		754,949	672,949
Total assets		836,812	739,144
Liabilities			
Due to brokers for securities purchased		7,768	5,396
Due to City of Atlanta		229	202
Total liabilities		7,997	5,598
Net position held in trust for pension benefits (see schedule of funding progress on page 22)	$	828,815	733,546

See accompanying notes to financial statements.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Statements of Changes in Plan Net Position

Years ended June 30, 2013 and 2012

(In thousands)

	2013	2012
Additions to plan net position:		
Contributions:		
Employee	$ 11,157	9,541
Employer	26,525	33,748
Total contributions	37,682	43,289
Investment income:		
Net appreciation (depreciation) in fair value of investments	96,713	(6,450)
Interest and dividends	15,319	13,407
Less:		
Investment expenses	(2,819)	(3,244)
Net investment income	109,213	3,713
Other income	—	12
Total additions	146,895	47,014
Deductions from plan net position:		
Benefit payments	51,299	48,746
Administrative fees, management fees, and other expenses	327	192
Total deductions	51,626	48,938
Net increase (decrease)	95,269	(1,924)
Net position held in trust for pension benefits:		
Beginning of year	733,546	735,470
End of year	$ 828,815	733,546

See accompanying notes to financial statements.

(1) Plan Description

The following brief description of the Plan is provided for general information purposes only. Participants should refer to the Atlanta, Georgia, Code of Ordinances, Section 6 (Plan agreement) for more complete information.

(a) Overview of Plan and Related Government

The City of Atlanta, Georgia Police Officers' Pension Plan (the Plan), a single employer defined benefit pension plan, was established by a 1924 Act of the State of Georgia Legislature to provide retirement benefits for sworn personnel of the City of Atlanta (the City) Police Department. Until 1983, the Georgia Legislature established all requirements and policies of the Plan. By a constitutional amendment, effective July 1983, control over the Plan transferred to the City under the principle of Home Rule.

The funding methods and determination of benefits payable were established by the legislative acts creating the Plan, as amended, and in general, provide that funds are to be accumulated from employee contributions, City contributions, and income from the investment of accumulated funds.

The Plan is considered a fiduciary fund of the City and its financial statements are included in the City of Atlanta, Georgia's Comprehensive Annual Financial Report (CAFR) as part of the Pension Trust Fund. The City's most recent CAFR for the year ended June 30, 2013 should be read in conjunction with these financial statements.

(b) Amendments

In June 2011, the City Council approved changes for the City's three defined benefit plans, effective on September 1, 2011 for new hires and November 1, 2011 for existing employees. Currently sworn personnel employed by the Atlanta Police Department are required to contribute to the Police Pension Plan (the Plan).

Prior to the change approved in June 2011, the Plan provided monthly retirement benefits that initially represent 3% for each year of credited service times the participants' final average three-year earnings (limited to 80% of the average). Retirement benefits were adjusted annually based on the change in the consumer price index, limited to 3% per year. Upon the death of a vested participant who has beneficiary coverage, his or her eligible beneficiary(ies) would be entitled to three fourths of the amount the deceased participant was receiving or would have been entitled to receive.

On November 1, 2011, Police Department employees participating in the Plan and hired before September 1, 2011, or after January 1, 1984, had an increase of 5% in their mandatory contributions into the Plan. The contribution is such that the new contribution is 12% of salary (without a designated beneficiary) or 13% of salary (with a designated beneficiary). Where an Actuarial Valuation anticipates that the City's annual required contribution (ARC) for the next fiscal year will exceed 35% of the total payroll, contributions may be increased, by no more than 5% of compensation, in order to fund the overage.

Employees hired on or after September 1, 2011 who are sworn members of the Police Department are required to participate in a hybrid defined benefit plan with a mandatory defined contribution component (see discussion below regarding Amendments to the Defined Contribution Plan). The defined benefit portion of this plan includes a 1% multiplier. The retirement age is increased to age 57 for participants in the Plan. Early Retirement Age is changed from any age (as long as vested) with penalty to age 52 for hires after September 1, 2011. Upon retirement, these participants will receive an annually calculated cost of living increase to their pension benefit that may not exceed 1% and is based upon the Consumer Price Index. Sick and vacation leave are no longer applied to retirement benefits for hires after September 1, 2011.

Amendments to Defined Contribution Plan

Employees hired on or after September 1, 2011 who are either sworn members of the police department or fire department are required to participate in the mandatory defined contribution component which includes a mandatory employee contribution of 3.75% of salary which is matched 100% by the City. Additionally, these employees may voluntarily contribute up to an additional 4.25% of salary which is also matched 100% by the City. Employees vest in the amount of the City's contributions at a rate of 20% per year and become fully vested in the City's contribution after 5 years of participation.

(c) Membership

The following schedule reflects membership for the Plan at July 1, 2012 (fiscal year 2013) and July 1, 2011 (fiscal year 2012), the dates of the recent actuarial valuations:

		2013	2012
Members:			
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	$	1,402	1,401
Current active employees:			
Fully vested		726	704
Partially vested		429	354
Nonvested		715	581
Total membership	$	3,272	3,040

(d) Administration of the Plan

The Plan is administered as a single-employer defined-benefit plan by the Board of Trustees (the Board) which includes an appointee of The Mayor or his designee, the City's Chief Financial Officer, a member of City Council, two active employee representatives and one retired employee representative. All modifications to the plan must be supported by actuarial analysis and receive the recommendations of the City Attorney, the Chief Financial Officer, and the Board of Trustees. Each pension law modification must be adopted by at least two thirds vote of the City Council and approved by the Mayor.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements are prepared on the accrual basis of accounting. Employee and employer contributions are recognized as additions to plan net position in the period in which withheld from the employees' salary and paid by the employer. Benefits and refunds are recognized as deductions from plan net position when due and payable.

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25*. This Statement improves financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement will be effective for the Plan in fiscal year 2014. Management of the Plan is evaluating the impact on the Plan's financial statements.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement will be effective for the Plan in fiscal year 2015. Management of the Plan is evaluating the impact on the Plan's financial statements.

(b) Cash and Cash Equivalents

The Plan considers all highly liquid debt securities with an original maturity of three months or less when purchased to be cash equivalents.

(c) Investments

State of Georgia and City statutes authorize the Plan to invest in U.S. government obligations, U.S. government agency obligations, State of Georgia obligations, obligations of a corporation of the U.S. government and the Georgia Fund 1 (a government investment pool maintained by the State of Georgia). Additionally, the Plan is authorized to invest in common stock provided that the cost basis of such investments do not exceed 55% of the net position of the Plan. The Plan invests in repurchase agreements only when they are collateralized by U.S. government or agency obligations. The Plan is also authorized to invest in collateralized mortgage obligations (CMOs) to maximize yields. These securities are based on cash flows from interest payments on underlying mortgages. CMOs are sensitive to prepayment by mortgagees, which may result from a decline in interest rates. For example, if interest rates decline and mortgagees refinance their mortgages, thereby prepaying the mortgages underlying these securities, the cash flows from interest payments are reduced and the value of these securities declines. Likewise, if mortgagees pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated.

The Plan's investments are stated at fair value. Quoted market prices are used to value all investments in equities based on closing prices on the U.S. national securities exchange. Securities traded on the open market for which no sale was reported on that date are valued at the most recent quoted bid price.

Estimated fair values provided by third party vendors are used to value U.S. government notes, corporate bonds, mutual funds, and U.S. government and agency guaranteed bonds, if not traded in an active market. Partnership investments are valued based on the net asset value of the partnership, without further adjustment. Net asset value is based upon the fair value of the underlying investments. Information provided by partnerships regarding the methods they use to value the underlying investments of the partnership and any restrictions on or illiquidity of the interests of partnerships are considered in determining fair value.

The net appreciation (depreciation) in the fair value of investments held by the Plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of the statement of plan net position date. Investment income is recognized on the accrual basis as earned by the Plan.

(d) Use of Estimates

Management of the Plan has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosures of contingent assets and liabilities and the additions to and deletions from net position to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

(3) Deposits and Investments

The Board is responsible for making all decisions with regard to the administration of the Plan, including the management of Plan assets, and for carrying out the investment policy on behalf of the Plan.

The Plan's investments are managed by various investment managers under contracts with the Plan who have discretionary authority over the assets managed by them, within the Plan's investment guidelines, established by the Board. The investments are held in trust by the Plan's custodian in the Plan's name. These assets are held exclusively for the purpose of providing benefits to members of the Plan and their beneficiaries.

Identified below are the investment types that are authorized by the Board for the Plan. The investment policy also identifies certain provisions that address interest rate risk, credit risk, custodial credit risk, concentration of credit risk, and foreign currency risk.

The Plan maintains cash to meet its immediate liquidity needs. Cash not immediately needed is invested in either short-term or long-term investment securities as directed by management. The Plan, by policy, is to invest their funds in domestic and international equities, domestic and international fixed income securities, and cash equivalents. These instruments consist of common and preferred stock, obligations of the U.S. government and agencies (GNMA, FHLMC, and FNMA securities and CMO's), corporate bonds, and certificates of deposit. The Plan invests in commingled funds with underlying investments represented

by publicly traded equity securities. The Plan has strict limitations on the amounts managers are allowed to invest in any one issuer in all classes of securities. The Plan also invests in repurchase agreements which must be fully collateralized by U.S. government or agency guaranteed securities.

In 2013, the Board authorized the Plan to invest in alternative investments, not to exceed 5% of total investments.

(a) Investment Risk Disclosures

Interest Rate Risk. Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Additionally, the fair values of the investments may be highly sensitive to interest rate fluctuations. The Plan has no specific policy to address interest rate risk.

Credit Risk. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating to each investment by a nationally recognized statistical rating organization. The Plan has no specific policy to address credit risk.

As of June 30, 2013 and 2012, the Plan had the following fixed income investments (in thousands), with the corresponding credit ratings and maturities.

		June 30, 2013					
		Maturity					
Type of investments	Credit rating	Under 1 year	1 – 3 years	3 – 5 years	5 – 10 years	Over 10 years	Fair value
U.S. government agencies	AAA	$ 633	3,751	3,417	21,669	36,756	66,226
Corporate bonds	AA/A-	4,656	4,468	6,392	14,521	4,608	34,645
Corporate bonds	B+/BBB	1,304	1,693	158	9,404	1,430	13,989
Asset backed securities	AAA	—	6,040	6,128	5,270	—	17,438
Asset backed securities	AA/AA+	—	669	816	147	—	1,632
Asset backed securities	NR	500	2,627	3,706	2,966	—	9,799
CMO's	AAA/A	—	—	—	—	7,480	7,480
CMO's	NR	—	—	—	—	1,904	1,904
State and local obligations	AAA/A	—	453	—	325	2,386	3,164
State and local obligations	AA	—	—	—	185	—	185
		$ 7,093	19,701	20,617	54,487	54,564	156,462

(Continued)

		June 30, 2012					
		Maturity					
Type of investments	Credit rating	Under 1 year	1 – 3 years	3 – 5 years	5 – 10 years	Over 10 years	Fair value
U.S. government agencies	AA+	$ 1,268	2,483	656	25,705	47,362	77,474
Corporate bonds	AA/A-	454	9,905	978	19,686	7,776	38,799
Corporate bonds	B+/BBB	782	1,863	1,294	11,526	2,040	17,505
Asset backed securities	AAA	—	10,770	6,360	3,130	—	20,260
Asset backed securities	AA+	—	456	—	—	—	456
Asset backed securities	NR	615	2,105	4,150	231	—	7,101
CMO's	AAA/A	—	—	—	—	8,147	8,147
CMO's	NR	—	—	—	—	3,057	3,057
State and local obligations	AAA/A	—	—	637	190	3,313	4,140
State and local obligations	NR	600	—	—	—	—	600
		$ 3,719	27,582	14,075	60,468	71,695	177,539

Custodial Credit Risk. Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the Plan will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Custodial credit risks for *investments*, is the risk that in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The City requires that uninsured collected balances held in trust by the City for the Plan plus accrued interest in depository accounts be collateralized and that the market value of collateralized pledged securities must be at least 110% of the deposit balances, and 102% of collateral value for repurchase agreements. As a result, the Plan had no deposits or investments with custodial risks as of June 30, 2013 and 2012.

All investments of the Plan are either held by the Plan or by the counterparty in the Plan's name; therefore, the Plan's investments had no custodial risks as of June 30, 2013 and 2012.

Concentration of Credit Risk. There were no investments in any one issuer representing 5% or more of the net position held in trust for pension benefits at June 30, 2013 and 2012, respectively.

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates could adversely affect an investment's or deposits fair value. During fiscal year 2013, the Plan's investment policies were revised to allow domestic equities, domestic fixed income, cash equivalents and foreign equity securities.

Although all of the foreign equity securities are American Depository Receipts (ADR's), this does not eliminate the foreign currency risk involved in purchasing foreign securities.

(Continued)

The following table provides the value in U.S. dollars by foreign currency denominations and investment type for the Plan investments denominated in foreign currencies as of June 30, 2013 and 2012 (in thousands):

Currency	June 30, 2013 Debt	Equity	Total
Netherlands	$ 594	2,549	3,143
Canada	1,968	—	1,968
Greece	—	1,291	1,291
Israel	—	2,373	2,373
United Kingdom	913	—	913
Germany	—	261	261
Ireland	—	359	359
Peru	—	864	864
Total securities subject to foreign currency risk	$ 3,475	7,697	11,172

Currency	June 30, 2012 Debt	Equity	Total
Netherlands	$ 595	2,217	2,812
Canada	1,197	1,260	2,457
Greece	—	1,001	1,001
Israel	—	1,040	1,040
United Kingdom	593	—	593
Australia	595	—	595
Total securities subject to foreign currency risk	$ 2,980	5,518	8,498

(b) Securities Lending

State statutes and Board of Trustees policies permit the Plan to lend its securities to broker dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. As of June 30, 2013 and 2012, the Plan has no credit risk exposure to securities lending.

(c) Alternative Investments

As mentioned earlier, in 2013, the Board authorized the Plan to invest in alternative investments. During 2013, the Plan made a capital commitment of $21 million to a limited partnership. As of June 30, 2013, the Plan had an alternative investment in a limited partnership totaling $7,986,000. As part of the partnership agreement, the Plan may not voluntarily withdraw from the partnership prior to its dissolution, and no limited partnership interest is redeemable or repurchasable by the partnership at the option of the Plan.

(4) Funding Policy

The City's funding policy is to contribute a percentage of the Plan's covered employee payroll as developed in the actuarial valuation for the Plan. Active participants are required to contribute 12% of base pay (or 13% if participant has covered beneficiary). The City's contribution percentage is the actuarially determined amount necessary to fund plan benefits after consideration of employee contributions.

The actuarially determined annual required contribution amount is the sum of the annual normal cost (determined under the entry age normal cost method) and the amortization of the unfunded actuarial accrued liability (UAAL) as a level percentage of future payrolls. The actuarial cost method used for funding purposes and to calculate the actuarial accrued liability (AAL) is the Entry Age Normal Cost Method. This method is one of the approved methods for such plans in Georgia, and provides for contributions estimated to be a level percentage of future payrolls. Effective July 2, 2011, the amortization period for the unfunded actuarial accrued liability changed from a 30-year open period to a 30-year closed period.

(5) Contributions Required and Contributions Made

The required contribution percentages developed in the most recent actuarial valuation for the Plan for the years ended June 30, 2013 and 2012 and the actual contributions made are as follows (in thousands):

		2013	2012
Normal cost		23.48%	24.80%
Amortization of the unfunded actuarial accrued liability		19.23	21.69
Total required contributions as a percentage of covered payroll		42.71%	46.49%
Actual employee contributions:			
Dollar amount	$	11,157	9,541
Percent of covered payroll		12.64%	12.95%
Actual employer contributions:			
Dollar amount	$	26,525	33,748
Percent of covered payroll		30.04%	45.80%

The annual covered payroll for the City Police was $88,297,000 and $73,688,000 as of June 30, 2013 and 2012, respectively. The actual employer contributions shown above include amounts used to fund retiree supplemental cost of living increases and other minimum benefits. These amounts are components of the City's contributions for purposes of meeting actuarially determined funding requirements. The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

(6) Contributions Receivable

(a) Employer

Employer contribution receivable represents Annual Required Contributions owed but not yet remitted to the Plan by the City. Total contributions receivable from the employer were $1,198,000 and $1,792,000 as of June 30, 2013 and 2012, respectively.

(b) Employees

Employees may receive credit for years of service from employment with certain state and local governmental agencies as well as prior employment with the City, upon payment to the Plan of an amount, as defined in the 1927 Act, as amended, representing contributions applicable to such service period. These contributions may be paid over a future period, even after retirement. In addition, 1962 and 1978 amendments to the Plan increased pension benefits and the related employee contribution rates. Active employees may retroactively increase their contribution rates from the date of employment in order to receive the maximum increased benefits available under the 1962 and 1978 amendments. These "back contributions" may also be paid over a future period. Contributions from employees include amounts withheld from employees' pay but not yet remitted to the Plan. Total contributions receivable from employees were $424,000 and $522,000 as of June 30, 2013 and 2012, respectively.

(7) Tax Status

The Plan and its trust are intended to be qualified under Sections 401(a) and 501(c) of the Internal Revenue Code (IRC) such that they are not subject to tax under federal income tax laws. The Internal Revenue Service (IRS) issued a favorable determination letter on February 11, 2013 with respect to the Plan, in which the IRS stated that the Plan, as then designed, was in compliance with the applicable requirements of the IRC. The Plan sponsor in conjunction with consultation with external legal counsel is in the process of filing a request for relief under the IRS Voluntary Correction Program for certain untimely amendments to the Plan documents and tax compliance issues involving interest calculations to Plan participants. The Plan sponsor anticipates these filings will be completed shortly to ensure continued qualification for tax exemption.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

(See Accompanying Independent Auditors' Report)

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Required Supplementary Information

Schedule of Funding Progress

June 30, 2013

(Unaudited)

(In thousands)

Actuarial valuation date	Actuarial valuation assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll (b-a)/c)
January 1, 2008	$ 596,457	909,410	312,953	65.59%	$ 84,016	372.49%
January 1, 2009	571,768	986,376	414,608	57.97	82,030	505.43
January 1, 2010	591,981	990,600	398,619	59.76	78,520	507.67
January 1, 2011	697,668	1,056,240	358,572	66.05	83,551	429.17
July 1, 2011	735,470	1,036,001	300,531	70.99	73,688	407.84
July 1, 2012	733,546	1,059,362	325,816	69.24	88,297	369.00

See accompanying notes to required supplementary schedules and accompanying independent auditors' report.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Required Supplementary Information

Schedule of Employer Contributions

June 30, 2013

(Unaudited)

(In thousands)

Year	Annual required contribution	Actual employer contribution	Percentage contributed
2008	$ 45,730	45,730	100.00%
2009	44,810	44,810	100.00
2010	41,712	41,712	100.00
2011	39,135	39,135	100.00
2012	33,748	33,748	100.00
2013	26,525	26,525	100.00

See accompanying notes to required supplementary schedules and accompanying independent auditors' report.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Required Supplementary Information

Notes to Schedule of Funding Progress and Schedule of Employer Contributions

June 30, 2013

(Unaudited)

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated.

The actuarial accrued liability is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

Accumulated plan benefits are those future periodic payments, including lump sum distributions that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits under the Plan are based on employee compensation. The accumulated plan benefits for active employees are based on their average compensation and credited service ending on the date as of which the benefit information is presented (the valuation date). Benefits payable under all circumstances – retirement, death, disability, and termination of employment – are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

Additional information from the actuarial valuations for the most recent two-year period is as follows:

Valuation date	July 1, 2012	July 1, 2011
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percentage, closed	Level percentage, closed
Remaining amortization period	29 years	30 years
Asset valuation period	Market value	Market value
Investment rate of return	7.75%	7.75%
Projected salary increases	4.00	4.00
Postretirement benefit increases	3.00	3.00

The Employee Retirement System of the City of Providence

Actuarial Valuation and Review as of
July 1, 2013

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Segal Consulting
116 Huntington Ave., 8th Floor Boston, MA 02116
T 617.424.7300 www.segalco.com

January 31, 2014

Retirement Board
The Employee Retirement System of the City of Providence
City Hall
Providence, RI 02903

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of July 1, 2013. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2014 and later years and analyzes the preceding two years' experience.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist in administering the Retirement System. The census information and financial information on which our calculations were based was prepared by the staff of the System. That assistance is gratefully acknowledged.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in plan provisions or applicable law.

The actuarial calculations were directed under the supervision of Kathleen A. Riley, FSA, MAAA, EA. She is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of her knowledge, the information supplied in the actuarial valuation is complete and accurate. Further, in her opinion, the assumptions as approved by the Board are reasonably related to the experience of and the expectations for the Plan.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

Segal Consulting, a Member of The Segal Group, Inc.

By: _____

Kathleen A. Riley, FSA, MAAA, EA
Senior Vice President and Actuary

_____

William J. Connolly, FCA, MAAA, EA
Consulting Actuary

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Purpose

This report has been prepared by Segal Consulting to present a valuation of The Employee Retirement System of the City of Providence as of July 1, 2013. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of The Employee Retirement System of the City of Providence, as administered by the Board;
- The characteristics of covered active participants, inactive participants, and retired participants and beneficiaries as of July 1, 2013;
- The assets of the System as of June 30, 2013;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

Significant Issues in Valuation Year

The following key findings were the result of this actuarial valuation:

1. The actuarial valuation report as of July 1, 2013 is based on financial information as of that date. Changes in the value of assets subsequent to that date are not reflected.
2. During the years ended June 30, 2012 and 2013, the market value rates of return were 1.49% and 11.35%, respectively, compared to the assumed rate of return of 8.25%. Because the actuarial value of assets gradually recognizes market value fluctuations at 20% per year over a five-year period, the actuarial rate of return for the years ended 2012 and 2013 were 0.97% and 5.70%, respectively. The actuarial value of assets as of June 30, 2013 was $380.5 million, or 96.8% of the market value of assets of $393.1 million. Assets include discounted contributions from the City for the following year of $57.3 million.

3. As in prior valuations, the actuarial value of assets and the market value of assets include the discounted contribution paid by the City in the following year. We recommend that future valuations exclude discounted contributions from reported assets. This does not affect the determination of the contribution requirement which is based on projected liabilities and assets.
4. This valuation reflects the plan changes outlined in the Critical Status Emergence Plan dated November 9, 2012. Changing these provisions resulted in a net decrease in the unfunded actuarial accrued liability of $186.4 million and a net decrease in the employer normal cost of $2.3 million.
5. The actuarial assumptions used in this report reflect the assumptions proposed in the Experience Investigation for the Five Year Period Ending June 30, 2011 submitted to the Board on April 2, 2012, with the following exception:

   - The retirement rate for Class B participants is 100% at age 60. In the experience study, rates extended to age 65, however, the oldest Class B participant is 61.

   We have not performed a detailed review of the assumptions in the Experience Investigation because we did not complete a valuation as of June 30, 2012. However, we have no reason to doubt the reasonableness of the assumptions. Changing these assumptions resulted in a net increase in the unfunded actuarial accrued liability of $2.4 million and a net decrease in the employer normal cost of $0.4 million.
6. The unfunded liability has decreased by $69.5 million from $901.0 million as of July 1, 2011 to $831.5 million as of July 1, 2013. The unfunded liability was expected to increase to $964.7 million. The difference between the expected unfunded liability of $964.7 million and the actual unfunded liability of $831.5 million is attributable to the $186.4 million decrease in liabilities due to the changes in plan provisions offset by the $2.4 million increase in liabilities due to assumption changes, an investment loss on an actuarial basis of $35.5 million and an experience loss of $15.3 million.
7. The annual contribution required to fund the System is comprised of an employer normal cost payment and a payment on the unfunded actuarial accrued liability. To determine the unfunded liability as of the beginning of the next fiscal year, the liabilities are rolled forward using standard actuarial techniques and the actuarial value of assets are projected based on an anticipated employer contribution for the following year and assuming that the market value of assets return 8.25% net of investment and administrative expenses.

Although the new accounting standards no longer require the determination of an Annual Required Contribution (ARC), we have maintained the same funding period and method used for the determination of the ARC in the prior valuation. The unfunded liability, less the liability associated with the 1995 Deferral, is amortized through June 30, 2040. As of July 1, 2014, there are 26 years remaining on this schedule. The amortization payments are calculated to increase 3.5% per year. The 1995 Deferral liability is amortized through June 30, 2031 in level payments.

The cost for the fiscal year beginning July 1, 2013 of $60,206,511 was determined by the prior actuary based on the June 30, 2011 valuation and the Critical Status Emergence Plan and has been increased to $61,614,784 to include interest to the expected payment date of October 15, 2014. The results of this valuation will first be reflected for the year beginning July 1, 2014.

Because a 2012 actuarial valuation was not completed and the contribution would have increased by more than 15% due to the final recognition of the 2009 investment loss and the change in the interest adjustment included in the contribution, the results of this valuation will be phased-in over two fiscal years. The fiscal 2015 contribution of $66,543,967 is 8% higher than the fiscal 2014 contribution and the estimated fiscal 2016 contribution of $71,638,013 is 7.66% higher than fiscal 2015. The actual amount of the fiscal 2016 contribution will be based on the 2014 actuarial valuation.

8. The funded ratio has decreased from 31.94% as of July 1, 2011 to 31.39% as of July 1, 2013 on an actuarial value basis. On a market value basis, the funded ratio has increased from 31.44% to 32.43%.

Summary of Key Valuation Results

	2013	2011
Contributions:		
Recommended for fiscal 2015 and 2013	$66,543,967	$58,144,514
Recommended for fiscal 2016 and 2014	71,638,013	60,206,511
Funding elements for plan year beginning July 1:		
Total normal cost, without interest	$17,408,238	$18,880,940
Market value of assets	393,059,827	361,837,203
Actuarial value of assets	380,484,015	422,839,189
Actuarial accrued liability	1,212,007,656	1,323,824,102
Unfunded actuarial accrued liability	831,523,641	900,984,913
GASB information for plan year beginning July 1:		
Annual required contributions (ARC)	$61,614,784	$58,929,000
Actual contributions	62,000,000	48,454,000
Percentage of ARC contributed	100.6%	82.22%
Funded ratio	31.39%	31.94%
Covered payroll	$139,893,426	$135,474,000
Demographic data for plan year ending June 30:		
Number of retired participants and beneficiaries	3,094	2,999
Number of inactive participants entitled to a return of employee contributions	407	435
Number of active participants	2,998	2,987
Total compensation	$134,863,923	$135,473,709
Average compensation	44,985	45,354

Notes: 2011 results are based on the June 30, 2011 valuation report prepared by Buck Consultants, LLC.
Fiscal 2014 Annual Required Contribution was determined by the prior actuary based on the June 30, 2011 valuation and the Critical Status Emergence Plan and has been adjusted to include interest to the expected payment date of October 15, 2014.
Fiscal 2014 actual contribution will be revised if actual contribution differs from amount shown.
Fiscal 2016 contribution will be recalculated with the 2014 actuarial valuation.
Assets include the discounted contributions from the City for the following year.

A. PARTICIPANT DATA

The Actuarial Valuation and Review considers the number and demographic characteristics of covered participants, including active participants, inactive participants, retired participants and beneficiaries.

This section presents a summary of significant statistical data on these participant groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A through H.

A historical perspective of how the participant population has changed over the past six valuations can be seen in this chart.

CHART 1

Participant Population: 2007 – 2013

Year Ended June 30	Active Participants	Inactive Participants	Retired Participants and Beneficiaries	Ratio of Non-Actives to Actives
2007	3,083	179	2,821	0.97
2008	3,008	237	2,875	1.03
2009	2,955	455	2,883	1.13
2010	2,998	432	2,929	1.12
2011	2,987	435	2,999	1.15
2013	2,998	407	3,094	1.17

Note: Members who retired prior to June 30, 2013 but were not in pay status were included as active participants.

Active Participants
Plan costs are affected by the age, years of service and compensation of active participants. In this year's valuation, there were 2,998 active participants with an average age of 46.6, average years of service of 12.7 years and average compensation of $44,985. The 2,987 active participants in the prior valuation had an average compensation of $45,354.

Among the active participants, there were none with unknown age and/or service information.

Inactive Participants
In this year's valuation, there were 407 participants entitled to a return of their employee contributions.

These graphs show a distribution of active participants by age and by years of service.

CHART 2

Distribution of Active Participants by Age as of June 30, 2013

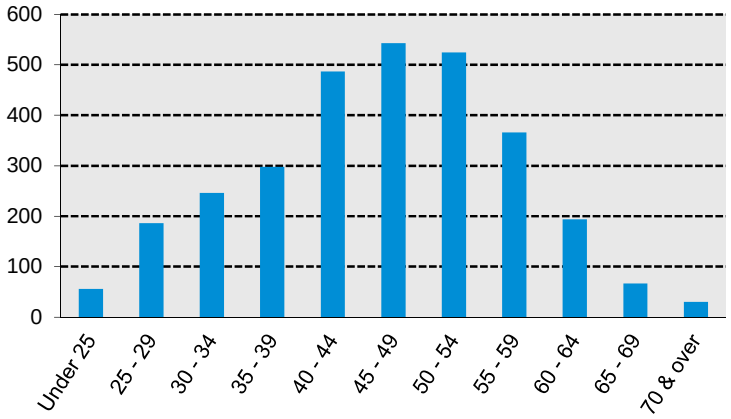
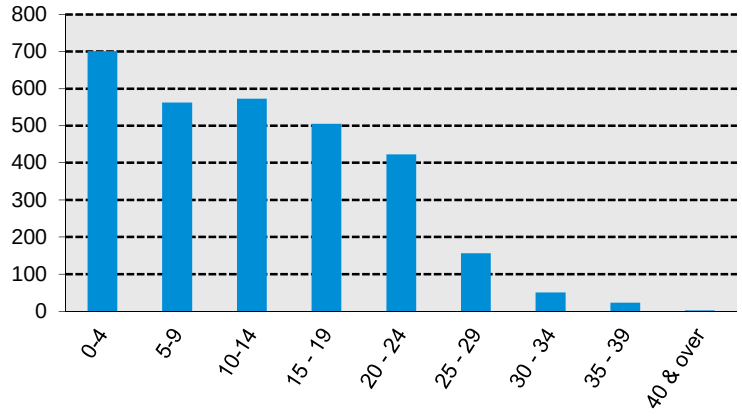


CHART 3

Distribution of Active Participants by Years of Service as of June 30, 2013



Retired Participants and Beneficiaries

As of June 30, 2013, 2,546 retired participants and 548 beneficiaries were receiving total monthly benefits of $7,473,957. For comparison, in the previous valuation, there were 2,459 retired participants and 509 beneficiaries receiving monthly benefits of $6,921,670.

Additional information on the retired participants and beneficiaries can be found in Section 3, Exhibits E through H.

These graphs show a distribution of the current retired participants based on their monthly amount and age, by type of pension.

CHART 4

Distribution of Retired Participants by Type and by Monthly Amount as of June 30, 2013

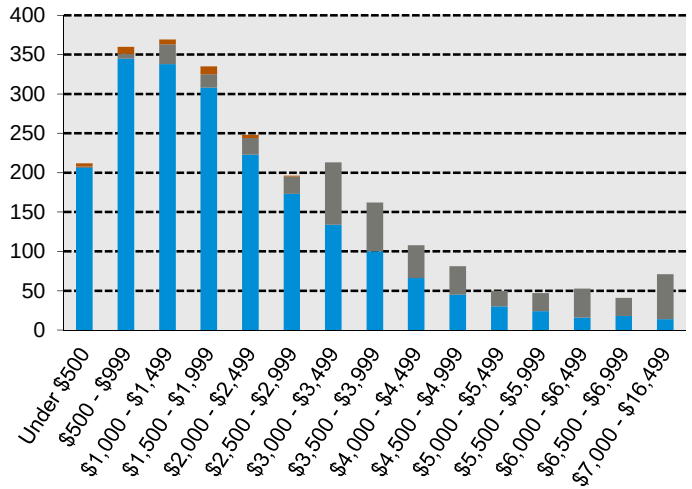
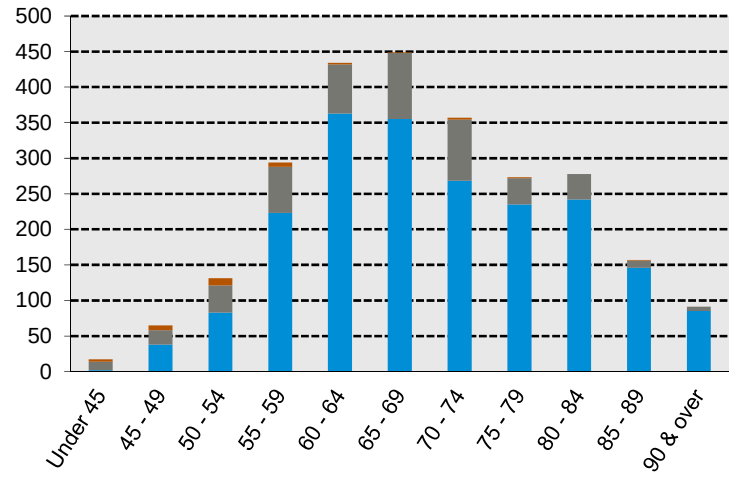


CHART 5

Distribution of Retired Participants by Type and by Age as of June 30, 2013



B. FINANCIAL INFORMATION

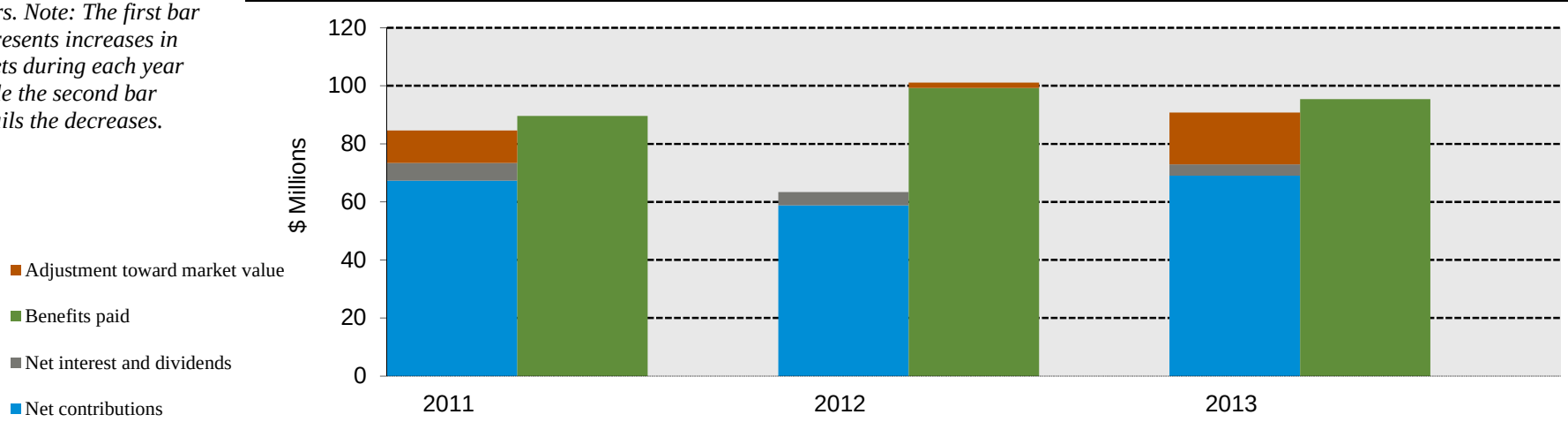
Retirement plan funding anticipates that, over the long term, both net contributions and net investment earnings (less investment fees and administrative expenses) will be needed to cover benefit payments.

Retirement plan assets change as a result of the net impact of these income and expense components. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits I and J.

The chart depicts the components of changes in the actuarial value of assets over the last three years. Note: The first bar represents increases in assets during each year while the second bar details the decreases.

CHART 6

Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 2011 – 2013



It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

The chart shows the determination of the actuarial value of assets as of the valuation date.

CHART 7

Determination of Actuarial Value of Assets

		Year Ended	
		June 30, 2013	June 30, 2012
1. Market value of assets, end of year		$335,785,000	$326,539,000
	Original	Unrecognized	Unrecognized
2. Calculation of unrecognized return*	Amount	Return	Return
(a) Year ended June 30, 2013	$9,709,109	$7,767,288	N/A
(b) Year ended June 30, 2012	-23,084,313	-13,850,588	-$18,467,451
(c) Year ended June 30, 2011	39,320,798	15,728,319	23,592,479
(d) Year ended June 30, 2010	14,653,966	2,930,793	5,861,586
(e) Year ended June 30, 2009	-79,206,250	0	-15,841,250
(f) Total unrecognized return		$12,575,812	-$4,854,636
3. Preliminary actuarial value: (1) - (2f)		323,209,188	331,393,636
4. Increase for discounted contributions		57,274,827	53,713,177
5. Final actuarial value of assets, end of year: (3) + (4)		$380,484,015	$385,106,813
6. Market value of assets, end of year, plus discounted contributions: (1) + (4)		393,059,827	380,252,177
7. Actuarial value as a percentage of market value: (5) ÷ (6)		96.8%	101.3%
8. Amount deferred for future recognition: (6) - (5)		$12,575,812	-$4,854,636

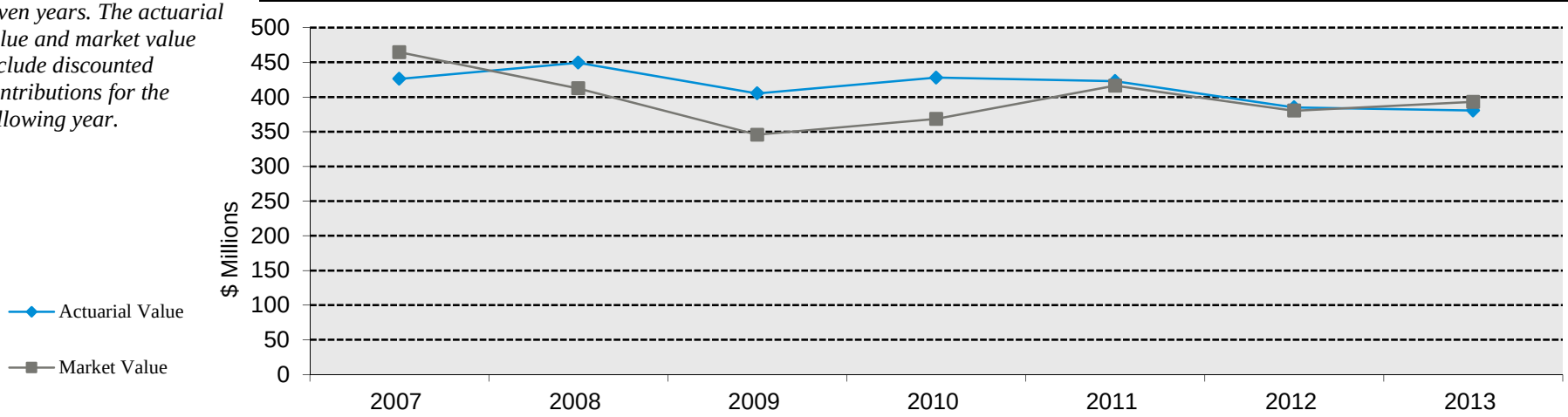
* *Unrecognized return is the difference between the total return and the expected return on a market value basis and is recognized at 20% per year over a five-year period.*

Both the actuarial value and market value of assets are representations of the System's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The actuarial asset value is significant because the System's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

This chart shows the change in the actuarial value of assets versus the market value over the past seven years. The actuarial value and market value include discounted contributions for the following year.

CHART 8

Actuarial Value of Assets vs. Market Value of Assets as of June 30, 2007 – 2013



C. ACTUARIAL EXPERIENCE

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The net experience loss for the two-year period is $50,814,805. A discussion of the major components of the actuarial experience is on the following pages.

The net loss from non-investment experience is primarily due to the change in the treatment of discounted contributions receivable.

This chart provides a summary of the actuarial experience over the past two years.

CHART 9

Actuarial Experience for Two-Year Period Ended June 30, 2013

1.	Net loss from investments*	-$35,547,419
2.	Net loss from other experience	-15,267,386
3.	Net experience loss: (1) + (2)	-$50,814,805

* *Details in Chart 10.*

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the System's investment policy. For valuation purposes, the assumed rate of return on the actuarial value of assets was 8.25% for the two years ended June 30, 2012 and 2013. The actual rates of return on an actuarial basis for the 2013 and 2012 plan years were 5.70% and 0.97%, respectively.

Since the actual return for the two-year period was less than the assumed return, the System experienced an actuarial loss of $35,547,419, including an adjustment for interest, during the two-year period ending June 30, 2013 with regard to its investments.

This chart shows the gain/(loss) due to investment experience.

CHART 10

Actuarial Value Investment Experience

	Year Ended June 30, 2013	Year Ended June 30, 2012
1. Actual return	$18,132,553	$3,391,253
2. Average value of assets	318,235,136	348,201,883
3. Actual rate of return: (1) ÷ (2)	5.70%	0.97%
4. Assumed rate of return	8.25%	8.25%
5. Expected return: (2) x (4)	$26,254,399	$28,726,656
6. Actuarial gain/(loss): (1) – (5)	-$8,121,846	-$25,335,403

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial basis compared to the market value investment return for the last three years.

As indicated below, the experience in the past few years has shown both higher and lower rates of return than the long-term assumption. Interest rates have declined substantially in the current economic environment, resulting in lower expected returns on the System's assets. We will continue to monitor the System's investment returns and asset allocation and review the assumption with the Board.

CHART 11

Investment Return – Actuarial Value vs. Market Value: 2011 - 2013

Year Ended June 30	Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent	Amount	Percent
2011	N/A	3.42%	N/A	21.33%
2012	$3,391,254	0.97	$5,100,797	1.49
2013	18,132,553	5.70	35,563,000	11.35
Total	$21,523,806		$40,663,797	

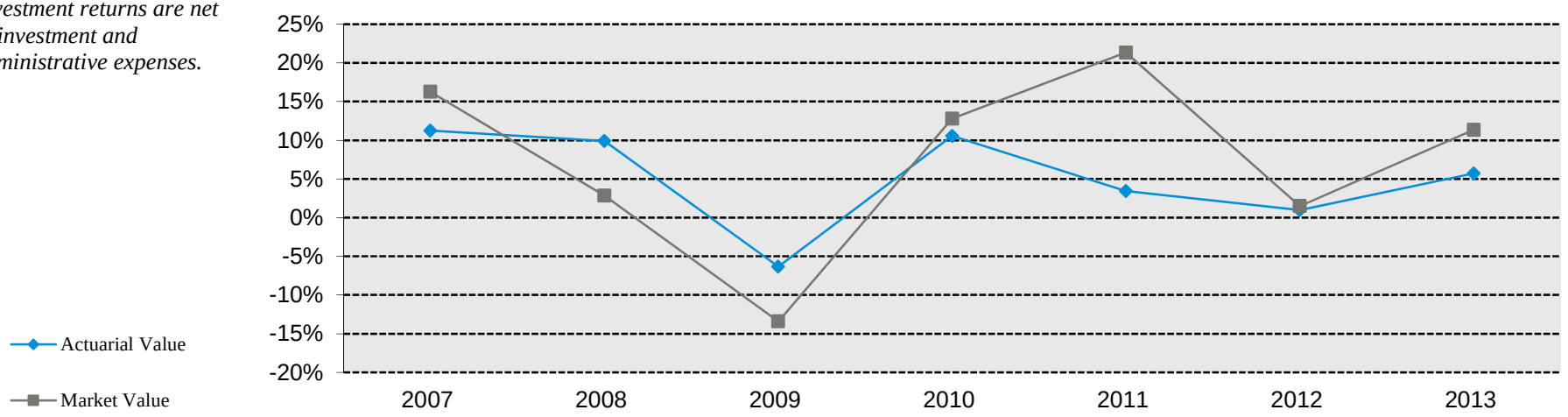
Note: Investment returns are net of investment and administrative expenses.

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

This chart illustrates how this leveling effect has actually worked over the years 2007 - 2013. Note: Investment returns are net of investment and administrative expenses.

CHART 12

Market and Actuarial Rates of Return for Years Ended June 30, 2007 - 2013



Other Experience

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

The net loss from this other experience for the two-year period ending June 30, 2013 amounted to $15,267,386 which is 1.3% of the actuarial accrued liability.

This valuation reflects the plan changes outlined in the Critical Status Emergence Plan dated November 9, 2012. The summary in Exhibit VII of Section 4 includes these changes.

The actuarial assumptions used in this report reflect the assumptions proposed in the Experience Investigation for the Five Year Period Ending June 30, 2011 submitted to the Board on April 2, 2012, with the following exception:

- The retirement rate for Class B participants is 100% at age 60. In the experience study, rates extended to age 65, however, the oldest Class B participant is 61.

We have not performed a detailed review of the assumptions in the Experience Investigation because we did not complete a valuation as of June 30, 2012. However, we have no reason to doubt the reasonableness of the assumptions.

The unfunded liability has decreased by $69.5 million from $901.0 million as of July 1, 2011 to $831.5 million as of July 1, 2013. The unfunded liability was expected to increase to $964.7 million. The difference between the expected unfunded liability of $964.7 million and the actual unfunded liability of $831.5 million is attributable to the $186.4 million decrease in liabilities due to the changes in plan provisions offset by the $2.4 million increase in liabilities due to assumption changes, an investment loss on an actuarial basis of $35.5 million and an experience loss of $15.3 million.

CHART 13

Development of Unfunded Actuarial Accrued Liability and (Gain)/Loss

	Year Ended June 30, 2013		Year Ended June 30, 2012	
1. Unfunded actuarial accrued liability at beginning of year		$936,497,227		$900,984,913
2. Normal cost at beginning of year		18,880,940		18,880,940
3. Employer contributions		-58,145,000		-48,583,000
4. Employee contributions		-10,940,000		-10,291,000
5. Interest				
(a) For whole year on (1) + (2)	$78,818,699		$75,888,933	
(b) For half year on (4)	-407,748		-383,559	
(c) Total interest		78,410,951		75,505,374
6. Expected unfunded actuarial accrued liability		$964,704,118		$936,497,227
7. Changes due to:				
(a) Investment loss	$35,547,419			
(b) Other experience loss	15,267,386		- -	
(c) Plan provisions	-186,441,302		- -	
(d) Assumptions	2,446,020		- -	
(e) Total changes		-133,180,477		- -
8. Unfunded actuarial accrued liability at end of year		$831,523,641		- -

D. CONTRIBUTION FOR FISCAL YEAR BEGINNING JULY 1, 2014

The annual contribution required to fund the System is comprised of an employer normal cost payment and a payment on the unfunded actuarial accrued liability.

To determine the unfunded liability as of the beginning of the next fiscal year, the liabilities are rolled forward using standard actuarial techniques and the actuarial value of assets are projected based on an anticipated employer contribution for the following year and assuming that the market value of assets return 8.25% net of investment and administrative expenses.

Although the new accounting standards no longer require the determination of an Annual Required Contribution (ARC), we have maintained the same funding period and method used for the determination of the ARC in the prior valuation. The unfunded liability, less the liability associated with the 1995 Deferral, is amortized through June 30, 2040. As of July 1, 2014, there are 26 years remaining on this schedule. The amortization payments are calculated to increase 3.5% per year. The 1995 Deferral liability is amortized through June 30, 2031 in level payments.

The chart compares this valuation's results with the prior valuation.

CHART 14

Contribution Determination

	Year Beginning July 1			
	2013		2011	
	Amount	% of Pay	Amount	% of Pay
1. Total normal cost	$17,408,238	12.44%	$18,880,940	13.94%
2. Expected employee contributions	-10,954,488	-7.83%	-8,659,588	-6.39%
3. Employer normal cost: (1) + (2)	$6,453,750	4.61%	$10,221,352	7.55%
4. Actuarial accrued liability	1,212,007,656		1,323,824,102	
5. Actuarial value of assets	380,484,015		422,839,189	
6. Unfunded actuarial accrued liability: (4) - (5)	$831,523,641		$900,984,913	
7. Employer normal cost projected to the following fiscal year, adjusted for timing	7,230,700	4.99%	11,511,985	8.50%
8. Payment on projected unfunded actuarial accrued liability, adjusted for timing	58,841,600	40.64%	52,799,469	38.97%
9. Amortization of 1995 Deferral, adjusted for timing	471,667	0.33%	471,667	0.35%
10. Total contribution: (7) + (8) + (9), adjusted for timing	$66,543,967	45.96%	$64,783,121	47.82%
11. Projected compensation	$144,789,696		$135,473,709	

Notes: Contribution is assumed to be paid at the end of the fiscal year.
Actuarial value of assets includes the discounted contributions from the City for the following year.

The cost for the fiscal year beginning July 1, 2013 of $60,206,511 was determined by the prior actuary based on the June 30, 2011 valuation and the Critical Status Emergence Plan and has been increased to $61,614,784 to include interest to the expected payment date of October 15, 2014. The results of this valuation will first be reflected for the year beginning July 1, 2014.

Because a 2012 actuarial valuation was not completed and the contribution would have increased by more than 15% due to the final recognition of the 2009 investment loss and the change in the interest adjustment included in the contribution, the results of this valuation will be phased-in over two fiscal years. The fiscal 2015 contribution of $66,543,967 is 8% higher than the fiscal 2014 contribution and the estimated fiscal 2016 contribution of $71,638,013 is 7.66% higher than fiscal 2015. The actual amount of the fiscal 2016 contribution will be based on the 2014 actuarial valuation.

Chart 17 shows the appropriation through June 30, 2040.

Chart 15 shows the contribution for the fiscal year beginning July 1, 2014 for Class A and Class B.

The contribution requirements as of July 1, 2014 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

CHART 15

Contribution by Class and Department

		Year Beginning July 1							
		Class A		Class B - Police		Class B - Fire		Class B - Total	
		Amount	% of Pay	Amount	% of Pay	Amount	% of Pay	Amount	% of Pay
1.	Total normal cost	$8,476,171	9.76%	$4,719,150	17.57%	$4,212,917	16.06%	$8,932,067	16.82%
2.	Expected employee contributions	-6,920,159	-7.97%	-2,056,841	-7.66%	-1,977,488	-7.54%	-4,034,329	-7.60%
3.	Employer normal cost: (1) + (2)	$1,556,012	1.79%	$2,662,309	9.91%	$2,235,429	8.52%	$4,897,738	9.23%
4.	Actuarial accrued liability	427,939,476		365,869,860		418,198,320		784,068,180	
5.	Actuarial value of assets	134,342,493		114,857,058		131,284,464		246,141,522	
6.	Unfunded actuarial accrued liability: (4) - (5)	$293,596,983		$251,012,802		$286,913,856		$537,926,658	
7.	Employer normal cost projected to the following fiscal year, adjusted for timing	1,743,336	1.94%	2,982,817	10.73%	2,504,547	9.23%	5,487,364	9.99%
8.	Payment on projected unfunded actuarial accrued liability, adjusted for timing	20,775,977	23.13%	17,762,568	63.90%	20,303,055	74.78%	38,065,623	69.28%
9.	Amortization of 1995 Deferral, adjusted for timing	145,834	0.16%	152,435	0.55%	173,398	0.64%	325,833	0.59%
10.	Total contribution: (7) + (8) + (9), adjusted for timing	$22,665,147	25.23%	$20,897,820	75.18%	$22,981,000	84.65%	$43,878,820	79.86%
11.	Projected compensation	$89,843,464		$27,797,934		$27,148,298		54,946,232	

Notes: Contribution is assumed to be paid at the end of the fiscal year.
Actuarial value of assets includes the discounted contributions from the City for the following year.
Class A includes Elected Officials.

Chart 16 shows the contribution for the fiscal year beginning July 1, 2014 for the departments of Class A.

CHART 16

Class A Contribution by Department

	Total Contribution	Projected Compensation
General	$8,872,339	$35,169,490
School	8,780,124	34,803,957
School Crossing Guards	184,711	732,183
Water	3,212,354	12,733,605
Workforce Development (JTPA)	239,512	949,414
Fire Civilians	326,692	1,294,989
Police Civilians	1,049,415	4,159,826
Total	$22,665,147	$89,843,464

CHART 17

Funding Schedule

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of Deferral Liability	(4) Amortization of Remaining Unfunded Liability	(5) Total Plan Cost: (2) + (3) + (4)	(6) Increase	(7) Payroll	(8) Contributions as a % of Payroll: (5) / (7)
2014	- -	- -	- -	- -	- -	$139,893,426	- -
2015	$7,230,700	$471,667	$58,841,600	$66,543,967	8.00%	144,789,696	45.96%
2016	7,483,775	471,667	63,682,571	71,638,013	7.66%	149,857,335	47.80%
2017	7,745,707	471,667	66,144,091	74,361,465	3.80%	155,102,342	47.94%
2018	8,016,807	471,667	68,341,728	76,830,202	3.32%	160,530,924	47.86%
2019	8,297,395	471,667	70,733,689	79,502,751	3.48%	166,149,506	47.85%
2020	8,587,804	471,667	73,209,368	82,268,839	3.48%	171,964,739	47.84%
2021	8,888,377	471,667	75,771,696	85,131,739	3.48%	177,983,505	47.83%
2022	9,199,470	471,667	78,423,705	88,094,842	3.48%	184,212,928	47.82%
2023	9,521,451	471,667	81,168,535	91,161,652	3.48%	190,660,380	47.81%
2024	9,854,702	471,667	84,009,433	94,335,802	3.48%	197,333,493	47.81%
2025	10,199,617	471,667	86,949,763	97,621,047	3.48%	204,240,166	47.80%
2026	10,556,604	471,667	89,993,005	101,021,276	3.48%	211,388,571	47.79%
2027	10,926,085	471,667	93,142,760	104,540,512	3.48%	218,787,171	47.78%
2028	11,308,498	471,667	96,402,757	108,182,922	3.48%	226,444,722	47.77%
2029	11,704,295	471,667	99,776,853	111,952,815	3.48%	234,370,288	47.77%
2030	12,113,945	471,667	103,269,043	115,854,655	3.49%	242,573,248	47.76%
2031	12,537,933	471,667	106,883,460	119,893,060	3.49%	251,063,311	47.75%
2032	12,976,761	- -	110,624,381	123,601,142	3.09%	259,850,527	47.57%
2033	13,430,948	- -	114,496,234	127,927,182	3.50%	268,945,296	47.57%
2034	13,901,031	- -	118,503,603	132,404,634	3.50%	278,358,381	47.57%
2035	14,387,567	- -	122,651,229	137,038,796	3.50%	288,100,924	47.57%
2036	14,891,132	- -	126,944,022	141,835,154	3.50%	298,184,457	47.57%
2037	15,412,322	- -	131,387,062	146,799,384	3.50%	308,620,913	47.57%
2038	15,951,753	- -	135,985,610	151,937,363	3.50%	319,422,645	47.57%
2039	16,510,064	- -	140,745,106	157,255,170	3.50%	330,602,437	47.57%
2040	17,087,916	- -	145,671,185	162,759,101	3.50%	342,173,523	47.57%
2041	17,685,993	- -	- -	17,685,993	- -	354,149,596	4.99%

Notes: Contribution is assumed to be paid at the end of the fiscal year.
Normal cost and amortization payments of remaining unfunded liability increase at 3.5% per year.
Schedule reflects deferred investment gains.
Fiscal 2014 cost of $60,206,511 was determined by the prior actuary based on the June 30, 2011 valuation and the Critical Status Emergence Plan and has been adjusted to $61,614,784 to include interest to the expected payment date of October 15, 2014.
Actuarial value of assets includes the discounted contributions from the City for the following year.

E. INFORMATION REQUIRED BY THE GASB

Governmental Accounting Standards Board (GASB) reporting information provides standardized information for comparative purposes of governmental pension plans. This information allows a reader of the financial statements to compare the funding status of one governmental plan to another on relatively equal terms.

Critical information to the GASB is the historical comparison of the GASB required contribution to the actual contributions. This comparison demonstrates whether a plan is being funded within the range of the GASB reporting requirements. Chart 18 below presents a graphical representation of this information for the Plan.

The other critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the actuarial value of assets to the actuarial accrued liabilities of the Plan as calculated under the GASB Standards. High ratios indicate a well-funded plan with assets sufficient to cover the plan's actuarial accrued liabilities. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other factors.

Although the GASB requires that the actuarial value of assets be used to determine the funded ratio, Chart 19 shows the funded ratio calculated using both the actuarial value of assets (31.39%) and the market value of assets (32.43%).

The details regarding the calculations of these values and other GASB numbers may be found in Section 4, Exhibits II, III, and IV.

These graphs show key GASB factors.

CHART 18

Required Versus Actual Contributions

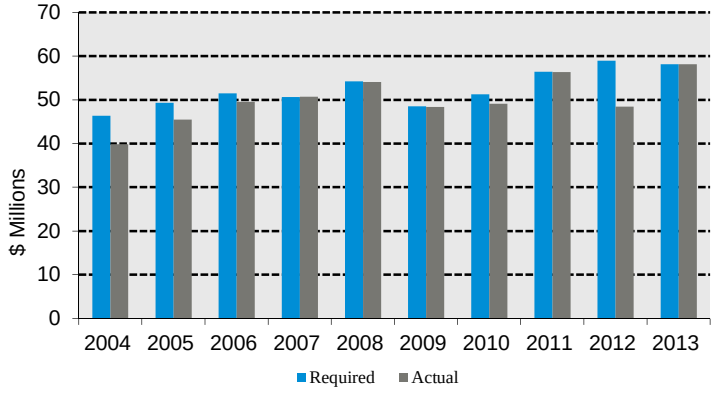


CHART 19

Funded Ratio

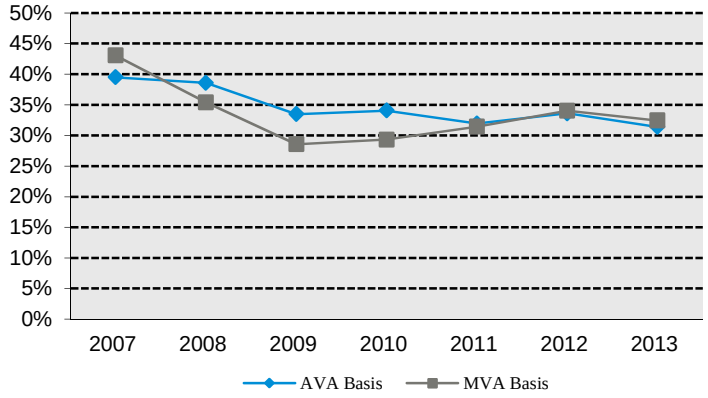


EXHIBIT A

Table of Plan Coverage – Class A

Category	Year Ended June 30 2013	2011	Change From Prior Year
Active participants in valuation:			
Number	2,164	2,125	1.8%
Average age	47.7	N/A	N/A
Average years of service	11.3	N/A	N/A
Total compensation	$83,718,661	$81,940,753	5.9%
Average compensation	38,687	38,560	4.0%
Member contributions	87,424,116	N/A	N/A
Inactive participants entitled to a refund of employee contributions	380	N/A	-12.6%
Retired participants:*			
Number in pay status	1,453	1,396	4.1%
Average age	72.0	N/A	N/A
Average monthly benefit	$1,521	$1,418	7.3%
Disabled participants:			
Number in pay status	88	84	4.8%
Average age	66.8	N/A	N/A
Average monthly benefit	$1,557	$1,514	2.8%
Beneficiaries in pay status:			
Number in pay status	210	209	0.5%
Average age	78.5	N/A	N/A
Average monthly benefit	$1,072	$993	8.0%

Note: 2011 results are based on the June 30, 2011 valuation report prepared by Buck Consultants, LLC.

* *Includes elected officials.*

EXHIBIT B

Table of Plan Coverage – Class B

Category	Year Ended June 30 2013	2011	Change From Prior Year
Active participants in valuation:			
Number	834	862	-3.2%
Average age	43.7	N/A	N/A
Average years of service	16.2	N/A	N/A
Total compensation	$51,145,262	$53,532,953	-0.8%
Average compensation	61,325	62,103	2.5%
Member contributions	88,064,660	N/A	N/A
Inactive participants entitled to a refund of employee contributions	27	N/A	N/A
Retired participants:			
Number in pay status	587	580	1.2%
Average age	65.3	N/A	N/A
Average monthly benefit	$3,376	$3,232	4.5%
Disabled participants:			
Number in pay status	418	430	-2.8%
Average age	64.8	N/A	N/A
Average monthly benefit	$4,919	$4,721	4.2%
Beneficiaries in pay status:			
Number in pay status	338	300	12.7%
Average age	74	N/A	N/A
Average monthly benefit	$2,559	$2,381	7.5%

Note: 2011 results are based on the June 30, 2011 valuation report prepared by Buck Consultants, LLC.

EXHIBIT C

Participants in Active Service as of June 30, 2013 – Class A
By Age, Years of Service, and Average Compensation

	Years of Service									
Age	**Total**	**0-4**	**5-9**	**10-14**	**15 - 19**	**20 - 24**	**25 - 29**	**30 - 34**	**35 - 39**	**40 & over**
Under 25	41	41	- -	- -	- -	- -	- -	- -	- -	- -
	$26,131	$26,131	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	128	105	23	- -	- -	- -	- -	- -	- -	- -
	$32,432	$32,014	$34,343	- -	- -	- -	- -	- -	- -	- -
30 - 34	149	76	43	28	2	- -	- -	- -	- -	- -
	$35,888	$32,407	$39,345	$39,923	$37,402	- -	- -	- -	- -	- -
35 - 39	209	63	53	55	37	1	- -	- -	- -	- -
	$37,425	$32,586	$37,913	$42,699	$35,885	$83,286	- -	- -	- -	- -
40 - 44	317	88	51	73	75	29	1	- -	- -	- -
	$39,672	$37,856	$38,189	$36,904	$41,147	$49,930	$69,112	- -	- -	- -
45 - 49	361	84	58	80	69	56	14	- -	- -	- -
	$39,806	$32,029	$33,535	$36,619	$42,093	$57,013	$50,564	- -	- -	- -
50 - 54	373	81	62	95	60	52	15	7	1	- -
	$39,151	$31,071	$39,752	$35,150	$37,374	$50,171	$59,688	$69,802	$47,453	- -
55 - 59	303	50	49	52	79	48	13	5	7	- -
	$40,100	$35,035	$34,628	$35,926	$40,773	$43,027	$59,863	$57,664	$68,691	- -
60 - 64	186	24	31	47	35	32	9	3	4	1
	$41,068	$33,564	$40,521	$41,953	$36,898	$44,618	$45,817	$62,344	$61,490	$40,560
65 - 69	67	7	14	12	14	7	4	3	4	2
	$42,564	$36,995	$36,995	$45,224	$47,167	$37,091	$56,698	$42,845	$38,358	$51,735
70 & over	30	3	7	8	5	4	2	- -	1	- -
	$37,889	$32,381	$35,088	$28,042	$33,961	$57,224	$60,655	- -	$49,547	- -
Total	2,164	622	391	450	376	229	58	18	17	3
	$38,687	$32,798	$37,250	$37,858	$39,835	$49,408	$55,362	$60,695	$57,484	$48,010

EXHIBIT D

Participants in Active Service as of June 30, 2013 – Class B
By Age, Years of Service, and Average Compensation

		Years of Service							
Age	Total	0-4	5-9	10-14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39
Under 25	15	15	- -	- -	- -	- -	- -	- -	- -
	$39,433	$39,433	- -	- -	- -	- -	- -	- -	- -
25 - 29	58	36	22	- -	- -	- -	- -	- -	- -
	$50,221	$45,419	$58,079	- -	- -	- -	- -	- -	- -
30 - 34	97	18	62	17	- -	- -	- -	- -	- -
	$55,905	$44,016	$57,965	$60,979	- -	- -	- -	- -	- -
35 - 39	89	5	42	34	8	- -	- -	- -	- -
	$58,358	$47,439	$57,707	$60,413	$59,870	- -	- -	- -	- -
40 - 44	170	4	32	49	52	33	- -	- -	- -
	$61,831	$43,613	$59,335	$60,188	$64,274	$65,050	- -	- -	- -
45 - 49	182	1	11	12	47	84	27	- -	- -
	$63,611	$61,816	$58,240	$60,230	$63,455	$63,993	$66,451	- -	- -
50 - 54	152	- -	3	11	16	62	52	7	1
	$65,115	- -	$60,678	$59,567	$61,492	$62,342	$68,559	$78,142	$99,150
55 - 59	63	- -	- -	- -	5	15	17	24	2
	$71,113	- -	- -	- -	$60,646	$63,115	$71,452	$76,283	$92,342
60 - 64	8	- -	- -	- -	1	- -	2	2	3
	$69,781	- -	- -	- -	$72,597	- -	$68,159	$61,872	$75,198
Total	834	79	172	123	129	194	98	33	6
	$61,325	$44,207	$58,236	$60,308	$63,281	$63,577	$68,472	$75,804	$84,904

EXHIBIT E

Service Retirees as of June 30, 2013

	Class A		Class B		Total	
Age	Number	Amount	Number	Amount	Number	Amount
40-44	- -	- -	3	$72,275	3	$72,275
45-49	2	$60,283	39	1,231,189	41	1,291,472
50-54	21	573,489	69	2,424,236	90	2,997,725
55-59	152	3,776,579	99	3,933,623	251	7,710,201
60-64	253	5,546,091	103	4,316,850	356	9,862,941
65-69	246	4,435,171	103	4,790,564	349	9,225,735
70-74	228	3,482,492	43	1,962,237	271	5,444,730
75-79	184	2,574,137	45	1,913,005	229	4,487,141
80-84	192	3,415,206	46	1,720,757	238	5,135,963
85-89	110	1,799,007	25	940,580	135	2,739,588
90-94	47	627,643	11	444,474	58	1,072,117
95-99	15	181,666	1	29,592	16	211,258
100 & over	3	40,007	- -	- -	3	40,007
Total	1,453	$26,511,771	587	$23,779,382	2,040	$50,291,153

EXHIBIT F

Class A Disabled Retirees as of June 30, 2013

	Ordinary		Accidental		Total	
Age	Number	Amount	Number	Amount	Number	Amount
45-49	3	$47,472	3	$83,730	6	$131,202
50-54	7	92,146	3	73,603	10	165,749
55-59	4	33,079	5	126,590	9	159,669
60-64	1	16,362	10	211,722	11	228,084
65-69	1	4,087	12	279,084	13	283,171
70-74	3	37,280	19	334,620	22	371,900
75-79	1	11,230	8	141,417	9	152,647
80-84	- -	- -	5	115,810	5	115,810
85-89	- -	- -	1	6,328	1	6,328
90-94	- -	- -	2	29,275	2	29,275
Total	20	$241,656	68	$1,402,179	88	$1,643,835

EXHIBIT G

Class B Disabled Retirees as of June 30, 2013

	Ordinary		Accidental		Total	
Age	Number	Amount	Number	Amount	Number	Amount
25-29	- -	- -	1	$36,028	1	$36,028
30-34	- -	- -	- -	- -	- -	- -
35-39	- -	- -	2	78,982	2	78,982
40-44	3	$57,512	10	409,107	13	466,619
45-49	4	89,160	21	821,401	25	910,561
50-54	4	95,326	36	1,695,235	40	1,790,561
55-59	2	30,333	59	2,921,208	61	2,951,541
60-64	- -	- -	60	3,479,465	60	3,479,465
65-69	- -	- -	86	5,543,509	86	5,543,509
70-74	- -	- -	61	4,295,163	61	4,295,163
75-79	- -	- -	30	2,369,562	30	2,369,562
80-84	- -	- -	26	1,967,182	26	1,967,182
85-89	1	19,104	9	676,155	10	695,259
90-94	- -	- -	2	49,543	2	49,543
95-99	- -	- -	1	38,951	1	38,951
Total	14	$291,435	404	$24,381,491	418	$24,672,926

EXHIBIT H

Beneficiaries as of June 30, 2013

	Class A		Class B		Total	
Age	Number	Amount	Number	Amount	Number	Amount
Under 20	- -	- -	3	$36,965	3	$36,965
20-24	- -	- -	- -	- -	- -	- -
25-29	- -	- -	- -	- -	- -	- -
30-34	- -	- -	- -	- -	- -	- -
35-39	- -	- -	- -	- -	- -	- -
40-44	2	$12,748	2	63,291	4	76,039
45-49	1	3,218	7	103,053	8	106,271
50-54	5	52,061	11	357,956	16	410,017
55-59	13	150,641	25	660,850	38	811,491
60-64	14	263,605	36	974,539	50	1,238,143
65-69	13	149,048	44	1,455,807	57	1,604,855
70-74	22	375,047	33	1,423,161	55	1,798,209
75-79	29	331,481	39	1,298,677	68	1,630,158
80-84	38	490,060	60	2,081,106	98	2,571,166
85-89	42	557,703	49	1,234,879	91	1,792,581
90-94	18	200,454	23	576,273	41	776,727
95-99	10	88,126	4	73,191	14	161,318
100 & over	3	26,868	2	38,759	5	65,627
Total	210	$2,701,060	338	$10,378,507	548	$13,079,567

EXHIBIT I

Summary Statement of Income and Expenses on an Actuarial Value Basis

	Year Ended June 30, 2013		Year Ended June 30, 2012	
Actuarial value of assets at the beginning of the year:				
Net assets, including discounted contribution		$385,106,813		$422,839,189
Discounted contribution for current year		-53,713,177		-54,437,806
Net assets, without discounted contribution		$331,393,636		$368,401,383
Contribution income:				
Employer contributions	$58,145,000		$48,583,000	
Employee contributions	10,940,000		10,291,000	
Net contribution income		69,085,000		58,874,000
Net investment income		18,132,552		3,391,253
Total income available for benefits		$87,217,552		$62,265,253
Less benefit payments		-$95,402,000		-$99,273,000
Change in reserve for future benefits		-$8,184,448		-$37,007,747
Actuarial value of assets at the end of the year				
Net assets, without discounted contribution		$323,209,188		$331,393,636
Discounted contribution for following year		57,274,827		53,713,177
Net assets, including discounted contribution		$380,484,015		$385,106,813

Note: Investment income is net of operating and administrative expenses.

EXHIBIT J

Development of the Fund Through June 30, 2013

Year Ended June 30	Employer Contributions	Employee Contributions	Net Investment Return	Benefit Payments	Actuarial Value of Assets at End of Year
2011	$56,654,000	$10,708,000	$17,222,288	$89,636,000	$422,839,189
2012	48,583,000	10,291,000	3,391,253	99,273,000	385,106,813
2013	58,145,000	10,940,000	18,132,552	95,402,000	380,484,015

Notes: Net investment return is net of investment expenses for 2011 and of investment and administrative expenses for 2012 and 2013.
Assets include the discounted contributions from the City for the following year.
Figures do not add due to the inclusion of discounted contributions.

EXHIBIT K

Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or actuarial assumptions: The estimates on which the cost of the Plan is calculated including:

(a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;

(b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;

(c) Retirement rates — the rate or probability of retirement at a given age;

(d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal cost: The amount of contributions required to fund the benefit allocated to the current year of service.

Actuarial accrued liability for actives: The equivalent of the accumulated normal costs allocated to the years before the valuation date.

Actuarial accrued liability for pensioners: The single sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

Unfunded actuarial accrued liability: The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan. There are many approaches to paying off the unfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

Amortization of the unfunded actuarial accrued liability:	Payments made over a period of years equal in value to the Plan's unfunded actuarial accrued liability.
Investment return:	The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.

EXHIBIT I

Summary of Actuarial Valuation Results

The valuation was made with respect to the following data supplied to us:			
1.	Retired participants as of the valuation date (including 548 beneficiaries in pay status)		3,094
2.	Participants active during the year ended June 30, 2013		2,998
3.	Inactive participants with a right to a return of their employee contributions as of June 30, 2013		407
The actuarial factors as of the valuation date are as follows:			
1.	Normal cost		$17,408,238
2.	Expected employee contributions		-10,954,488
3.	Employer normal cost: (1) + (2)		$6,453,750
4.	Actuarial accrued liability		1,212,007,656
	Retired participants and beneficiaries	$828,872,751	
	Inactive participants	8,435,224	
	Active participants	374,699,681	
5.	Actuarial value of assets ($393,059,827 at market value)		380,484,015
6.	Unfunded actuarial accrued liability: (4) – (5)		831,523,641

Note: Assets include discounted contributions from the City for the following year.

EXHIBIT I (continued)

Summary of Actuarial Valuation Results

The actuarial factors projected to July 1, 2014 are as follows:

1.	Employer normal cost, adjusted for timing	$7,230,700
2.	Payment on projected unfunded actuarial accrued liability, adjusted for timing	58,841,600
3.	Payment on 1995 Deferral, adjusted for timing	471,667
4.	Total recommended fiscal 2015 contribution: (1) + (2) + (3)	66,543,967
5.	Projected compensation	144,789,696
6.	Total recommended contribution as a percentage of projected compensation: (4) ÷ (5)	45.96%

Note: Contribution is assumed to be paid on at the end of the fiscal year.

EXHIBIT II

Supplementary Information Required by the GASB – Schedule of Employer Contributions

Plan Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
2005	49,329,000	45,455,000	92.1%
2006	51,454,000	49,510,000	96.2%
2007	50,584,000	50,686,000	100.2%
2008	54,200,000	54,120,000	100.0%
2009	48,509,000	48,410,000	99.8%
2010	51,299,000	49,123,000	97.7%
2011	56,380,000	56,333,000	99.9%
2012	58,929,000	48,454,000	82.2%
2013	58,145,000	58,145,000	100.0%
2014	61,614,784	62,000,000	100.6%

Notes: Historical information based on City's financial statements.
Fiscal 2014 Annual Required Contribution was determined by the prior actuary based on the June 30, 2011 valuation and the Critical Status Emergence Plan and has been adjusted to include interest to the expected payment date of October 15, 2014.
Fiscal 2014 actual contribution will be revised if actual contribution differs from amount shown.

EXHIBIT III

Supplementary Information Required by the GASB – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
07/01/2004	$372,128,000	$1,025,345,000	$653,217,000	36.29%	$115,548,000	565.32%
07/01/2005	376,690,000	993,029,000	616,339,000	37.93%	118,600,000	519.68%
07/01/2006	393,768,000	1,052,805,000	659,036,000	37.40%	126,458,000	521.15%
07/01/2007	426,055,000	1,079,017,000	652,962,000	39.49%	132,719,000	491.99%
07/01/2008	449,464,000	1,165,183,000	715,719,000	38.57%	133,008,000	538.10%
07/01/2009	405,217,000	1,210,018,000	804,801,000	33.49%	135,516,000	593.85%
07/01/2010	427,891,000	1,256,375,000	828,484,000	34.06%	137,355,000	603.17%
07/01/2011	421,963,000	1,325,274,000	903,311,000	31.84%	135,474,000	666.78%
07/01/2012	383,881,000	1,142,494,000	758,613,000	33.60%	131,946,000	574.94%
07/01/2013	380,484,015	1,212,007,656	831,523,641	31.39%	139,893,426	594.40%

Notes: Historical information based on City's financial statements.
Actuarial value of assets includes discounted contribution from the City for the following year.

EXHIBIT IV

Development of the Net Pension Obligation (NPO) and the Annual Pension Cost

Plan Year Ended June 30	Employer Annual Required Contribution (a)	Employer Amount Contributed (b)	Interest on NPO (h) x 8.25%* (c)	ARC Adjustment (d)	Pension Cost (a) + (c) – (d) (e)	Change in NPO (e) – (b) (f)	NPO Balance NPO + (f) (g)
2011	$56,380,000	$56,333,000	$11,200,000	$7,899,000	$59,681,000	$3,348,000	$136,115,292
2012	58,929,000	48,454,000	11,229,000	8,341,000	61,817,000	13,363,000	149,478,292
2013	58,145,000	58,145,000	12,332,000	9,926,000	60,551,000	2,406,000	151,884,292
2014	61,614,784	62,000,000	12,530,454	9,490,304	64,654,934	2,654,934	154,539,226

Notes: Historical information based on City's financial statements.
Fiscal 2014 Annual Required Contribution was determined by the prior actuary based on the June 30, 2011 valuation and the Critical Status Emergence Plan and has been adjusted to include interest to the expected payment date of October 15, 2014.
Fiscal 2014 actual contribution will be revised if actual contribution differs from amount shown.

** 8.50% for fiscal year 2011.*

EXHIBIT V

Supplementary Information Required by the GASB

Valuation date	July 1, 2013
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level dollar for the 1995 deferral liability and increasing 3.5% per year for the remaining unfunded liability
Remaining amortization period	27 years remaining as of July 1, 2013 (18 years remaining for the 1995 deferral)
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years plus the discounted contribution paid by the City in the following year. Unrecognized return is equal to the difference between the actual market return and the expected return on the actuarial value, and is recognized over a five - year period at 20% per year, further adjusted, if necessary, to be within 20% of the market value.
Actuarial assumptions:	
Investment rate of return	8.25%
Inflation rate	3.50%
Projected salary increases	3.50% before reflecting increases due to longevity compensation
Cost of living adjustments	10-year freeze as of January 1, 2013, and 3% thereafter
Plan membership:	
Retired participants and beneficiaries receiving benefits	3,094
Inactive participants entitled to a return of their employee contributions	407
Active participants	2,998
Total	6,499

EXHIBIT VI

Actuarial Assumptions and Actuarial Cost Method

Mortality Rates:

Class A Healthy:	RP-2000 Combined Healthy Mortality Table projected 21 years with Scale AA
Class B Healthy:	RP-2000 Combined Healthy Blue Collar Mortality Table projected 21 years with Scale AA
Disabled Retiree:	RP-2000 Combined Healthy Mortality Table set forward 3 years
	The above mortality assumptions were determined to contain provisions appropriate to reasonably reflect future mortality improvement, based on a review of mortality experience of the plan.

Termination Rates before Retirement:

	Class A – Rate (%)		
	Mortality		
Age	Male	Female	Disability
20	0.02	0.01	0.02
25	0.03	0.02	0.03
30	0.04	0.02	0.05
35	0.07	0.04	0.08
40	0.09	0.05	0.10
45	0.11	0.08	0.18
50	0.15	0.12	0.22
55	0.24	0.23	0.28
60	0.48	0.46	0.36

Notes: 33.33% of the disability rates shown represent accidental disability.
40.00% of the death rates shown represent accidental death.

	Class B – Rate (%)		
	Mortality		
Age	Male	Female	Disability
20	0.02	0.01	0.08
25	0.03	0.02	0.13
30	0.07	0.02	0.19
35	0.10	0.04	0.25
40	0.12	0.06	0.37
45	0.14	0.10	0.66
50	0.16	0.14	1.14
55	0.28	0.24	1.64
60	0.59	0.45	2.28

Notes: 90% of the disability rates shown represent accidental disability.
50% of the death rates shown represent accidental death.

Withdrawal Rates:

	Rate per year (%)		
Age	Class A	Age	Class B
20	14.00	20	2.50
25	11.50	25	1.90
30	9.00	30	1.40
35	6.50	35	0.90
40	5.00	40	0.55
45	3.75	45	0.35
50	2.50	50	0.15
55	1.25	55	0.00
60	0.00	60	0.00

Retirement Rates:

Age	Rate per year (%) Class A		Class B
	Fewer than 10 Years of Service	10 Years of Service or More	
40	2.00	4.50	5.50
41	2.25	5.00	5.50
42	2.50	5.50	5.50
43	2.75	6.00	5.50
44	3.00	6.50	5.50
45	3.25	7.00	5.75
46	3.50	7.50	6.00
47	3.75	8.00	6.25
48	4.00	8.50	6.50
49	4.25	9.00	6.75
50	4.50	9.50	7.00
51	5.00	10.00	7.25
52	5.50	10.50	7.50
53	6.00	11.00	7.75
54	6.50	11.50	8.00
55	7.00	12.00	10.00
56	7.00	12.00	12.50
57	7.00	12.00	15.00
58	7.00	12.00	17.50
59	7.00	12.00	25.00
60	10.00	12.50	100.00
61	11.00	13.50	- -
62	12.00	14.50	- -

Retirement Rates:

Age	Rate per year (%) Class A		Class B
	Fewer than 10 Years of Service	10 Years of Service or More	
63	13.00	16.00	- -
64	14.00	17.50	- -
65	15.00	20.00	- -
66 – 74	15.00	20.00	- -
75	100.00	100.00	- -

Retirement Age for Vested Former Participants:	Previously terminated participants and participants who terminate in the future, with the exception of vested participants who terminate at age 45 or older, are assumed to take an immediate refund of their employee contributions. Vested participants who terminate at age 45 or older are assumed to retire at their minimum age for a Normal Service Retirement, except participants in the Fire department who terminate with 20 or more years of service, who are assumed to retire on their 25th anniversary of employment.
Unknown Data for Participants:	Same as those exhibited by participants with similar known characteristics. The beneficiary of a Class B retiree is assumed to be the spouse.
Percent Married:	80%.
Age of Spouse:	Females three years younger than males for Class A. Females and males the same age for Class B.
Benefit Election:	All participants are assumed to elect the Maximum Retirement Option.
Net Investment Return:	8.25%
Interest on Employee Contributions:	4.00%, compounded weekly. No interest for inactive members after five years.

Salary Increases:

3.5% per year, before reflecting longevity.

Base wages are increased by the following percentages to reflect longevity compensation:

	Rate of base wage increase (%)
Class A	
Years of Service	**Hired on or before October 23, 1999**
5 - 10	4%
10 - 15	5%
15 - 20	6%
20+	7%
Years of Service	**Hired after October 23, 1999**
7 – 12	3%
12 – 17	4%
17 - 20	5%
20+	6%

	Rate of base wage increase (%)
Class B – Fire	
Years of Service	**Hired on or before June 30, 1996**
5 - 10	8%
10 - 15	9%
15 - 20	10%
20+	11%
Years of Service	**Hired after June 30, 1996**
5 - 10	7%
10 - 15	8%
15 - 20	9%
20+	10%

	Rate of base wage increase (%)
Class B - Police	
Years of Service	**Hired on or before June 30, 1998**
6 – 11	8%
11 - 16	9%
16 – 21	10%
21+	11%
Years of Service	**Hired after June 30, 1998**
6 – 11	7%
11 - 16	8%
16 – 21	9%
21+	10%

Total Service:	Total service is based on date of hire provided in the data. In addition, 1.0 and 0.5 years of service were added to the service totals for participants of the Police and Fire departments, respectively, to estimate the impact of Purchased Service.
2013 Salary:	Salaries for the year ending June 30, 2013 are equal to the total of pensionable wages earned during the plan year as provided in the data, except for participants who were hired during the plan year, those who were in transition from active to retiree status as of July 1, 2013 and participants receiving worker's compensation, for whom current rate of pay was used, if available.
COLA:	COLAs commence on January 1, 2023, except for participants identified by the City who opted out of the Consent Judgments agreed to by the City. For these participants, COLAs will commence on January 1, 2033 and will not exceed 3% per year.
Actuarial Value of Assets:	Market value of assets as reported in the City's Financial Statement less unrecognized returns in each of the last five years plus the discounted contribution paid by the City in the following year. Unrecognized return is equal to the difference between the actual market return and the expected market return, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.

Actuarial Cost Method:	Entry Age Normal Actuarial Cost Method. Entry Age is the age of the participant at date of hire. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by salary. Normal Cost is determined by using the plan of benefits applicable to each participant.
Changes in Assumptions:	The actuarial assumptions used in this report reflect the assumptions proposed in the Experience Investigation for the Five Year Period Ending June 30, 2011 submitted to the Board on April 2, 2012, with the following exception: ➢ The retirement rate for Class B participants is 100% at age 60. We have not performed a detailed review of the assumptions in the Experience Investigation because we did not complete a valuation as of June 30, 2012. However, we have no reason to doubt the reasonableness of the assumptions.

EXHIBIT VII

Summary of Plan Provisions

This exhibit summarizes the major provisions of the Plan included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Plan Year:	July 1 through June 30
Normal Service Retirement	
Age and Service Requirements:	The minimum age for normal service retirement is: Class A members hired prior to July 1, 1995: Age 55 or the age at which 25 years of service are completed, if earlier. Class A members hired between July 1, 1995 and June 30, 2004: Age 55 or the age at which 30 years of service are completed, if earlier. Class A members hired between July 1, 2004 and June 30, 2009: Age 60 or the age at which 30 years of service are completed, if earlier. Class A members hired on or after July 1, 2009: Age 62 with 10 years of service or the age at which 30 years of service are completed, if earlier. Class B members hired prior to July 1, 2004: Age 55 or the age at which 20 years of service are completed, if earlier. Class B members of the Police Department hired between July 1, 2004 and June 30, 2011 and Class B members of the Fire Department hired between July 1, 2004 and June 30, 2012: Age 55 or the age at which 23 years of service are completed, if earlier. Class B members of the Police Department hired on or after July 1, 2011 and Class B members of the Fire Department hired on or after July 1, 2012: Age 55 or the age at which 25 years of service are completed, if earlier.

Amount:

Annuity Based on Member Contributions: An annuity which is the actuarial equivalent of his or her accumulated contributions at the time of his or her retirement.

Pension Based on City Contributions:

Class A members hired prior to July 1, 1996:

A pension which, when added to the annuity, exclusive of any excess annuity, will give a total retirement allowance of 2.5% of final compensation for each year of total service credited not in excess of 20 years, plus 2% of final compensation for each year of total service credited in excess of 20 years, limited to 100% of final compensation.

Class A members hired on or after July 1, 1996:

A pension which, when added to the annuity, exclusive of any excess annuity, will give a total retirement allowance of 2% of final compensation for each year of total service credited, limited to 100% of final compensation.

Fire hired prior to July 1, 1996:

A pension which, when added to the annuity, exclusive of any excess annuity, will give a total retirement allowance of 2.5% of final compensation for each year of total service credited not in excess of 20 years, plus 2% of final compensation for each year of total service credited in excess of 20 years, limited to 75% of final compensation.

Fire hired on or after July 1, 1996:

A pension which, when added to the annuity, exclusive of any excess annuity, will give a total retirement allowance of 2% of final compensation for each year of total service credited, limited to 75% of final compensation.

Police:

A pension which, when added to the annuity, exclusive of any excess annuity, equals:

Members hired prior to September 1, 2001:

Years of Service	Percentage of Final Compensation	Years of Service	Percentage of Final Compensation
Prior to 20	2.5% per year	26	62%
20	50%	27	64%
21	52%	28	66%
22	54%	29	68%
23	56%	30	75%
24	58%	31	72%
25	65%	32	80%

Members hired on or after September 1, 2001 and prior to July 1, 2011:

Years of Service	Percentage of Final Compensation	Years of Service	Percentage of Final Compensation
Prior to 20	2.5% per year	26	62%
20	50%	27	64%
21	52%	28	66%
22	54%	29	68%
23	56%	30	70%
24	58%	31	72%
25	60%	32	75%

Members hired on or after July 1, 2011:

Years of Service	Percentage of Final Compensation	Years of Service	Percentage of Final Compensation
Prior to 25	2.0% per year	30	62.5%
25	50.0%	31	65.0%
26	52.5%	32	67.5%
27	55.0%	33	70.0%
28	57.5%	34	72.5%
29	60.0%	35	75.0%

	For Non-Union members of the Police Department, the same benefits as described above, but with a maximum benefit of 75% of compensation. Final compensation is the average of the highest four years of base compensation including longevity pay earned by a member during his total service as an employee.
Early Retirement:	
Age Requirement:	Age 55 for Class A members hired on or after July 1, 2004. Other members will not receive early retirement benefits.
Service Requirement:	10 years of service.
Amount:	<u>Class A members hired between July 1, 2004 and June 30, 2009:</u> The member's Normal Service Retirement benefit reduced by 5/12% per month for each month between retirement commencement and age 60. <u>Class A members hired on or after July 1, 2009:</u> The member's Normal Service Retirement benefit reduced by 5/12% per month for each month between retirement commencement and age 62.
Deferred Retirement:	
Age Requirement:	Minimum age for Normal Service Retirement.
Service Requirement:	10 years of service.
Amount:	Same as Normal Service Retirement. Any member who withdraws from employment is eligible to receive a refund of his or her accumulated contributions at withdrawal, in lieu of a Deferred Retirement benefit.

Ordinary Disability Retirement:

Age Requirement: None.

Service Requirement: For members of the Police Department, 10 years of service, but fewer than 20. For all others, 10 years of service.

Amount:

Annuity Based on Member Contributions: An annuity which is the actuarial equivalent of his or her accumulated contributions at the time of his retirement.

Pension Based on City Contributions:

Class A members:

A pension which, when added to the annuity, exclusive of any excess annuity, will give a total retirement allowance of 90% of 2% of final compensation for each year of total service which would have been credited had the member continued in service to the minimum age for a Normal Service Retirement. Such retirement allowance, exclusive of any excess annuity, is not to exceed 45% of final compensation.

Police:

A pension which, when added to the annuity, will give a total retirement allowance equal to a percentage of final compensation, as described in the following table:

Years of Service	Percentage of Final Compensation	Years of Service	Percentage of Final Compensation
10	22.50%	15	33.75%
11	24.75%	16	36.00%
12	27.00%	17	38.25%
13	29.25%	18	40.50%
14	31.50%	19	42.75%

Fire:

A pension which, when added to the annuity, exclusive of any excess annuity, will give a total retirement allowance of 90% of 2.5% of final compensation for each year of total service which would have been credited had the member continued in service to the minimum age for a Normal Service Retirement. Such retirement allowance, exclusive of any excess annuity, is not to exceed 45% of the member's final compensation.

Accidental Disability Retirement:

Age Requirement: None.

Service Requirement: None.

Amount:

Annuity Based on Member Contributions:

Non-Police:

An annuity that is the actuarial equivalent of his or her accumulated contributions at the time of his or her retirement.

Police:

The only annuity payable is the actuarial equivalent of any excess contributions at the time of retirement.

Pension Based on City Contributions:

A pension of 66-2/3% of final compensation, but not less than the Normal Service Retirement allowance. Upon the death of a member within 5 years after accidental disability retirement as a result of an accident while in the performance of duty, a pension of one-half of the member's final compensation is paid to his or her widow until he or she dies or remarries, at which point the pension is paid to his or her child or children until they attain age 19. Upon the death of a Class B member beyond 5 years, 67.5% of his or her monthly benefit will be paid to his or her surviving spouse.

Accidental Death Benefit:	
Age Requirement:	None.
Service Requirement:	None.
Amount:	If a member dies due to an accident in the performance of duty, a pension of one-half of the member's final compensation is paid to his or her surviving spouse until he or she dies or remarries, at which point the pension is payable to his or her child or children until they attain age 19. If there are no other dependents, the pension is payable to his or her dependent parents. In addition, a lump sum payment of the member's accumulated contributions is made.
Ordinary Death Benefit:	Should a member die before retirement, his or her estate or beneficiary is entitled to a refund of the member's accumulated contributions. If the member has attained minimum retirement age, has not made an optional election as described below and is survived by a spouse, such spouse is entitled, in lieu of the return of the member's accumulated contributions, to a benefit equal to that which would have been payable to such spouse upon the death of the member had the member retired on the day of his or her death and elected to receive a benefit under the provisions of Option 2, as described below, and nominated such spouse as his or her designated beneficiary. For a Class B member, the benefit to the spouse shall not be less than 67½% of the benefit that would have been paid to such retired member without reduction.
Benefit upon Death after Retirement:	
Class A:	Benefits under any option as described below.
Class B:	Upon the death of a Class B pensioner, 67½% of his or her retirement allowance is paid to his or her surviving spouse until he or she dies or remarries, at which point the benefit is paid to any dependent children until they attain age 18.
Minimum Benefits:	The minimum monthly retirement allowance is $618 for Class A and $630 for Class B, prorated for members whose total service at retirement is less than 25.

Options at Retirement:

Maximum Retirement Option:	An unreduced retirement allowance payable during the retired member's life, where no monthly payments will continue to the member's beneficiary, but where, upon the member's death, any unpaid portion of his or her accumulated contributions will be paid to his or her beneficiary.
Option 1:	A reduced retirement allowance payable during the retired member's life, where no monthly payments will continue to the member's beneficiary, but where, upon the member's death, any amount that payments made are less than the present value of his or her retirement allowance at his or her date of retirement will be paid to his or her beneficiary.
Option 2:	A reduced retirement allowance payable during the retired member's life, where upon the member's death, the entire monthly benefit will continue to be paid to his or her beneficiary for the remainder of his or her life.
Option 3:	A reduced retirement allowance payable during the retired member's life, where upon the member's death, 50% of the monthly benefit will continue to be paid to his or her beneficiary for the remainder of his or her life.
Option 4:	An unreduced retirement allowance payable during the retired member's life, where the member's accumulated contributions are paid immediately as a lump sum payment, with the pension portion of his or her benefit payable during the retired member's life, where no monthly payments will continue to the member's beneficiary. Members of the Police Department who retire on an Accidental Disability Retirement may not elect Option 4. Class B members may not elect Options 2 or 3. Married Class B members may not elect Option 1.

Cost of Living Adjustment	A ten-year freeze period was implemented effective January 1, 2013 and no COLAs will be granted during this period. COLAs will resume on January 1, 2023. Once COLAs resume, they will be paid in the amount of the lesser of 3% compounded or the percentage the member received prior to the freeze, provided that their total benefit is lower than 150% of the Rhode Island state median income and is lower than the base compensation of a current employee holding the same rank that the retiree held at the time of retirement. If the member's benefit is above either of these amounts, no COLA will be granted. 150% of the state median income as reported by the City was approximately $80,000 as of the valuation date. It is assumed that the median income will increase by 3.5% per year.
Class A:	3% compounded for members who retired prior to December 18, 1991 and were not members of Local 1033. 3% simple on first $12,000 of annual benefit for members of Local 1033 who retired prior to December 18, 1991. None for members who retired after December 18, 1991.
Police:	5% compounded for members who retired prior to January 1, 1990; 6% compounded for members who retired between January 1, 1990 and December 18, 1991; 5% compounded for members who retired between December 19, 1991 and December 31, 1992; 3% simple on first $12,000 of annual benefit for Non-Union Police who retired January 1, 1993 and later; 3% compounded for other retired members who retired January 1, 1993 and later; 5% compounded for special court awarded members; for all members hired on or after July 1, 2012, the COLA will be based on the Consumer Price Index for the Northeast Region but shall not be less than 1% and shall not exceed 3% simple and 150% of the Rhode Island state median income.
Fire:	5% compounded for members who retired prior to January 1, 1990; 6% compounded for members who retired between January 1, 1990 and December 18, 1991; 5% compounded for members who retired between December 19, 1991 and June 30, 1992; 6% compounded for members who retired between July 1, 1992 and June 30, 1995; 3% simple on first $12,000 of annual benefit for members who retired between July 1, 1995 and March 16, 2006; 3% compounded for members who retired March 17, 2006 or later; 5% compounded for special court awarded members; for all members hired on or after July 1, 2012, the COLA will be based on the Consumer Price Index for the Northeast Region but shall not exceed 3% simple.

	The initial COLA payment is deferred until the January 1 that occurs three years after the member's retirement date.
Provisions for Elected Officials	Any person who has served as Mayor or City Councilman for at least eight full legislative years is entitled to a retirement allowance on the basis of such service as an elected official upon attainment of age 52 or the completion of 20 consecutive years as an elected official, whichever is earlier, or the occurrence of total and permanent disability prior thereto. Such retirement allowance is currently $350 for each year of service, provided that no more than 20 years of such service are to be used in determining the allowance. Upon the death of any such elected official, benefits are payable in accordance with the Class A provisions of the act. An elected official may elect to withdraw his accumulated contributions in lieu of his rights to the allowance based on service as an elected official.
Contributions:	
Class A:	8% of compensation.
Police:	8% of compensation
Firefighters hired before July 1, 2011:	8% of compensation.
Firefighters hired on or after July 1, 2011:	9% of compensation.
Elected Officials:	$350 per year.
	Class B member contributions may cease after 32.5 years of service.

GRS Gabriel Roeder Smith & Company
Consultants & Actuaries

MONTGOMERY COUNTY EMPLOYEES' RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF JULY 1, 2013

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GRS
Gabriel Roeder Smith & Company
Consultants & Actuaries
20 North Clark Street
Suite 2400
Chicago, IL 60602-5111
312.456.9800 phone
312.456.9801 fax
www.gabrielroeder.com

November 12, 2013

Ms. Linda Herman
Executive Director
Montgomery County Employee Retirement Plans
101 Monroe Street, 15th Floor
Rockville, MD 20850

Dear Ms. Herman:

We are pleased to provide our formal annual Actuarial Valuation Report as of July 1, 2013, for the Montgomery County Employees' Retirement System ("System"). The actuarial valuation was performed at the request of the Executive Director of the Montgomery County Employees' Retirement System and is intended for use by the System and Montgomery County ("County") and those designated by the System and the County. This report may be provided to parties other than the System and the County only in its entirety and only with the permission of the System and the County.

This report provides, among other things, the recommended annual contribution of the Plan for the Plan Year commencing July 1, 2014, and ending on June 30, 2015. The actuarial assumptions and the actuarial cost method used in this valuation are the same as those used in the prior actuarial valuation. There have been no additional changes in plan provisions since the actuarial valuation as of July 1, 2012.

To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Montgomery County Employees' Retirement System as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.

This report should not be relied on for any purpose other than the purpose stated.

The signing actuaries are independent of the plan sponsor.

The valuation was based upon information furnished by the County Staff, concerning benefits provided by the Montgomery County Employees' Retirement System, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the County Staff.

We will be pleased to review this report with you at your convenience.

Respectfully submitted,
Gabriel, Roeder, Smith & Company

Lance Weiss, E.A., M.A.A.A., F.C.A.
Senior Consultant

Amy Williams, A.S.A., M.A.A.A., F.C.A.
Consultant

AW:rg

SECTION A

VALUATION RESULTS

COMMENTS ON THE VALUATION

At your request, we have performed an actuarial valuation of the Montgomery County Employees' Retirement System as of July 1, 2013.

The purposes of this actuarial valuation are as follows:

- To determine the funding status of the Plan as of the valuation date;
- To determine the recommended contribution for the fiscal year beginning July 1, 2014; and
- To provide accounting and other data required by the System.

We received the data from the Montgomery County Employees' Retirement System Staff. We performed certain checks for reasonableness and found the data to be complete and reliable for valuation purposes. However, we did not audit the data.

A total of 5,606 active members (including DRSP and DROP) were included in the valuation as of July 1, 2013. Between the 2012 and 2013 valuations, the number of active employees increased by 52 members, or 0.9 percent. The average annual valuation pay (including DRSP and DROP) decreased by 1.5 percent, from $71,743 to $70,636 between the 2012 and 2013 valuation. The number of benefit recipients increased from 5,824 to 5,961, or 2.4 percent, since the last valuation. The average monthly benefit increased by 1.1 percent, from $2,915 to $2,946. Section C summarizes the membership data.

There is a group of retirees that have benefits that are insured by Aetna. The total benefit amounts reported for these members in the valuation report include the insured benefit amount. The actuarial liabilities calculated in the valuation report exclude the value of the insured benefits. The liabilities for these members that are included in the actuarial valuation are for the cost of living adjustments provided and are paid by the Montgomery County Employees' Retirement System.

Section E outlines the principal benefit provisions of the System. There have been no new plan changes reflected in the valuation as of July 1, 2013, since the actuarial valuation at July 1, 2012.

Section D outlines the actuarial assumptions and methods used in the valuation. The actuarial cost method and other assumptions used in this valuation are the same as those used in the actuarial valuation at July 1, 2012. The assumption for administrative expenses is equal to the average of the prior three years administrative expenses. This amount has decreased from $3,177,300 to $3,008,700.

During the plan year ending July 1, 2013, the unfunded actuarial accrued liability (“UAAL”) decreased from $877,310,399 as of July 1, 2012, to $808,833,488 as of July 1, 2013, which is a decrease of $68,476,911. The key factors contributing to the decrease in the UAAL were lower than expected salary increases for active members, lower than expected cost of living (COLA) increases for retired members, and demographic experience. (The COLA increase was 1.167 percent compared to an assumed COLA increase of 3.00 percent for benefits attributable to service prior to July 1, 2011, and an assumed COLA increase of 2.30 percent for benefits attributable to service on or after July 1, 2011. For members that receive an increase based on 60 percent of CPI the actual increase was 0.70 percent compared to an assumption of 1.80 percent.) These gains were partially offset by recognition of prior years’ actuarial investment losses in the actuarial value of assets.

On a market value basis, the Plan assets had an investment return of approximately 10.3[1] percent (net of investment expenses). Final recognition of the fiscal year end 2009 investment loss and continued recognition of the fiscal year end 2012 investment loss, which was partially offset by recognition of investment gains during fiscal years ending 2010, 2011 and 2013, resulted in an estimated net asset rate of return of 6.34 percent on an actuarial basis which compares to the assumed rate of return of 7.50 percent.

Recommended County Contributions

The total contribution rate is equal to the normal cost rate plus amortization of the unfunded liability as a level percentage of payroll. The unfunded liability as of July 1, 2010, was amortized over an initial closed period of 18 years (15 years remaining at the valuation as of July 1, 2013). The additional unfunded liability from each subsequent valuation is amortized over a 20-year closed period. The total contribution rate minus the average employee contribution rate equals the County contribution rate. The valuation as of July 1, 2012, establishes the County contribution rate for fiscal year beginning July 1, 2014.

Non-GRIP

The amortization payments for non-GRIP members are allocated between Groups A, E, F, G, and H. The allocations between the groups for the bases established in the 2010 and 2011 valuations are based on the allocation established by the prior actuary. The allocation of the amortization payments from the bases established after the 2011 valuation are based on the sum of the active liability and the liability for new retirees and terminated vested members by group. This method is consistent with that used by the prior actuary. This is one of many reasonable methods that can be used. Other methods could result in a significantly different allocation of the amortization payments by group. The amortization bases for GRIP are separately tracked.

The County contribution rate for fiscal year 2015 decreased for Public Safety and increased for non-Public Safety (non-GRIP) members from the fiscal year 2014 rate. Both Public Safety and non-Public Safety Groups experienced favorable experience during fiscal year 2013, including lower salary increases and retiree COLA increases than expected under the actuarial assumptions, and fewer retirements and more terminations than expected under the actuarial assumptions. This favorable experience was partially offset by the loss on the actuarial value of assets compared to the assumption of 7.50 percent and data changes, in particular, for terminated vested members. Despite the overall favorable experience, the contribution rate increased for the non-Public Safety group because this is a closed group that is not enrolling new active members. The level percentage of pay amortization policy results in amortization payments that increase as a dollar amount by 4.0 percent each year. If total payroll increases by a rate of less than 4.0 percent, the amortization payment calculated as a percentage of pay will increase.

The actuarial value of assets is currently 95 percent of the market value of assets. There is $171,697,967 in net asset gains currently being deferred that will be phased into the actuarial value of assets over the next four years. Beginning with the fiscal year 2016 contribution, there is projected to be a decrease in the recommended County contribution as the remaining gains are recognized.

[1] *As provided by Montgomery County ERS.*

GRIP

The County contribution rate for fiscal year 2015 increased for GRIP members from the fiscal year 2014 rate. The increase in the County contribution rate is mainly attributable to a decrease in the expected average total employee contribution rate.

The actuarial value of assets is currently 96 percent of the market value of assets. There is $3,489,201 in net gains currently being deferred that will be phased into the actuarial value of assets over the next four years. This will decrease the recommended County contribution rate beginning in fiscal year 2016 as these deferred gains are recognized.

SUMMARY OF ACTUARIAL VALUATION RESULTS

		July 1, 2012 Results	July 1, 2013 Results
Membership Data	Active Members	5,364	5,435
	DRSP/DROP	190	171
	Deferred Vested	413	358
	Retirees and Beneficiaries	5,824	5,961
	TOTAL	11,791	11,925
Plan Liabilities	Actuarial Accrued Liability:		
	Active Members	$ 1,303,031,570	$ 1,294,536,578
	DRSP/DROP	203,738,279	183,373,681
	Deferred Vested	17,468,410	21,718,538
	Retirees and Beneficiaries	2,244,507,703	2,321,751,935
	TOTAL	$ 3,768,745,962	$ 3,821,380,732
	Actuarial Value of Assets at Valuation Date	$ 2,891,435,563	$ 3,012,547,244
	Unfunded (Overfunded) Actuarial Accrued Liability	$ 877,310,399	$ 808,833,488
	Funded Position of Plan's Actuarial Accrued Liability [1]	76.7 %	78.8 %

		Fiscal Year 2014	Fiscal Year 2015
Recommended Annual Contribution Requirements [2]	Annual Normal Cost as of Valuation Date	$ 74,340,043	$ 73,892,381
	Normal Cost Expense Load	3,177,300	3,008,701
	Amortization Payment	69,161,593	67,898,374
	Total Annual Required Contribution	146,678,936	144,799,456
	Expected Employee Contributions	21,456,899	20,971,463
	County Contribution Requirement	$ 125,222,037	$ 123,827,993
	Contribution Basis Payroll	$ 342,536,983	$ 340,690,660
	County Contribution % of Payroll		
	Public Safety	45.84%	45.17%
	Non-Public Safety	39.17%	41.04%
	GRIP	6.45%	6.72%

[1] *Equals the ratio of the actuarial value of assets to the total actuarial accrued liability.*
[2] *Includes the Retirement Incentive cost.*

CONTRIBUTION RATE SUMMARY
ALL PLANS

	Valuation as of July 1, 2013									July 1, 2012
	Non-Public Safety			Public Safety						
	Group A	Group H	Total Non PS	Group E	Group F	Group G	Total PS	GRIP	Total	Total
County Contribution Requirement ($) (Includes Retirement Incentive)[1]										
Mandatory Integrated Plan	$ 15,948,918	$ 17,996,653	$ 33,945,571	$ 13,616,687	$ 32,198,772	$ 33,303,351	$ 79,118,810	$ -	$ 113,064,381	$ 111,922,292
Optional Integrated Plan	2,053,861	1,611,023	3,664,884	-	-	-	-	-	3,664,884	6,516,659
Optional Non-Integrated Plan	604,179	975,361	1,579,540	-	-	951,741	951,741	-	2,531,281	2,709,408
GRIP	-	-	-	-	-	-	-	4,567,447	4,567,447	4,073,678
Total All Plans	18,606,958	20,583,037	39,189,995	13,616,687	32,198,772	34,255,092	80,070,551	4,567,447	123,827,993	125,222,037
County Contribution Requirement (% of Payroll) (Excludes Retirement Incentive)[1]										
Mandatory Integrated Plan	35.68%	34.49%	35.04%	37.41%	43.27%	49.98%	44.60%		41.33%	40.12%
Optional Integrated Plan	127.68%	188.40%	148.71%	0.00%	0.00%	0.00%	0.00%		148.71%	209.20%
Optional Non-Integrated Plan	129.67%	130.99%	130.48%	0.00%	0.00%	1712.49%	1712.49%		203.47%	158.16%
GRIP								6.72%	6.72%	6.45%
Total All Plans	39.75%	38.26%	38.96%	37.41%	43.27%	51.37%	45.12%	6.72%	35.74%	35.97%
County Contribution Requirement (% of Payroll) (Includes Retirement Incentive)[1]										
Mandatory Integrated Plan	37.32%	36.52%	36.89%	37.66%	43.27%	49.98%	44.65%		42.00%	40.75%
Optional Integrated Plan	135.10%	199.99%	157.58%	0.00%	0.00%	0.00%	0.00%		157.58%	215.76%
Optional Non-Integrated Plan	135.23%	138.90%	137.47%	0.00%	0.00%	1712.49%	1712.49%		210.14%	162.81%
GRIP								6.72%	6.72%	6.45%
Total All Plans	41.63%	40.53%	41.04%	37.66%	43.27%	51.37%	45.17%	6.72%	36.35%	36.56%

[1]*Amortization payments for Optional Non-Integrated and Optional Integrated plans have been reallocated to the Mandatory Integrated plan for each group when contribution basis payroll is $0 and new entrants are not expected in the coming year.*

ACTUARIAL VALUATION RESULTS
ALL PLANS

	Valuation as of July 1, 2013								July 1, 2012	
	Non-Public Safety		Public Safety							
	Group A	Group H	Group E	Group F	Group G	GRIP	Total	% of Payroll	Total	% of Payroll
Total All Plans										
Active Members										
Number	576	884	619	1,101	1,053	1,202	5,435		5,364	
Average Age	56.3	56.2	43.5	38.5	37.9	49.4	46.1		46.3	
Average Service	25.8	23.9	12.2	13.2	12.2	8.5	14.9		15.0	
Total Base Payroll	$ 52,169,701	$ 59,235,390	$ 40,996,829	$ 80,387,753	$ 71,798,132	$ 74,797,959	$ 379,385,763		$ 379,772,487	
Contribution Basis Payroll	44,698,766	50,789,970	36,154,764	74,410,216	66,683,416	67,953,529	340,690,660		342,536,983	
DRSP/DROP Members										
Number				68	103		171		190	
Total Base Payroll			$ 6,649,533	$ 9,952,730			$ 16,602,263		$ 18,687,761	
Total Benefits				4,783,402	6,325,902		$ 11,109,304		12,753,685	
Terminated Vested Members										
Number	63	82	20	34	17	142	358		413	
Total Benefits	$ 675,255	$ 635,023	$ 193,353	$ 366,393	$ 117,331		$ 1,987,355		2,910,410	
Retired Members and Beneficiaries										
Number						1	5,961		5,824	
Total Benefits						5,024	210,686,878		203,710,715	
Total Membership							11,925		11,791	
Actuarial Accrued Liability										
Active Members	$ 225,728,332	$ 227,976,475	$ 153,056,818	$ 338,977,005	$ 281,625,888	$ 67,172,060	$ 1,294,536,578		$ 1,303,031,570	
DRSP/DROP Members				76,708,288	106,665,394		183,373,681		203,738,279	
Terminated Vested Members	5,095,944	4,631,962	1,653,461	3,278,174	1,128,637	5,930,360	21,718,538		17,468,410	
Retired Members and Beneficiaries						44,523	2,321,751,935		2,244,507,703	
Total						73,146,943	3,821,380,732		3,768,745,962	
Actuarial Value of Assets						79,738,860	3,012,547,244		2,891,435,563	
Unfunded Actuarial Accrued Liability						(6,591,917)	808,833,488		877,310,399	
Funded Ratio (Actuarial Value of Assets)						109.0%	78.8%		76.7%	
Annual Gross Normal Cost										
Benefits	$ 7,570,748	$ 8,095,952	$ 10,021,832	$ 21,978,685	$ 18,555,743	$ 7,669,421	$ 73,892,381	(21.69%)	$ 74,340,043	(21.70%)
Expenses of Administration	537,690	534,628	334,211	783,927	664,816	153,429	3,008,701	(0.88%)	3,177,300	(0.93%)
Total	8,108,438	8,630,580	10,356,043	22,762,612	19,220,559	7,822,850	76,901,082	(22.57%)	77,517,343	(22.63%)
					Excluding Retirement Incentive					
Amortization of Unfunded Liability	$ 12,383,943	$ 13,865,523	$ 5,612,829	$ 14,474,699	$ 19,972,978	$ (488,586)	$ 65,821,386	(19.32%)	$ 67,164,489	(19.61%)
Annual Contribution Requirement:										
County Portion	$ 17,769,267	$ 19,434,661	$ 13,525,766	$ 32,198,772	$ 34,255,092	$ 4,567,447	$ 121,751,005	(35.74%)	$ 123,224,933	(35.97%)
Employee Portion	2,723,114	3,061,442	2,443,106	5,038,539	4,938,445	2,766,817	20,971,463	(6.15%)	21,456,899	(6.27%)
Total	20,492,381	22,496,103	15,968,872	37,237,311	39,193,537	7,334,264	142,722,468	(41.89%)	144,681,832	(42.24%)
Non-Public Safety/Public Safety/GRIP		$ 37,203,928			$ 79,979,630	$ 4,567,447				
					Including Retirement Incentive					
Amortization of Unfunded Liability	$ 13,221,634	$ 15,013,899	$ 5,703,750	$ 14,474,699	$ 19,972,978	$ (488,586)	$ 67,898,374	(19.93%)	$ 69,161,593	(20.19%)
Annual Contribution Requirement:										
County Portion	$ 18,606,958	$ 20,583,037	$ 13,616,687	$ 32,198,772	$ 34,255,092	$ 4,567,447	$ 123,827,993	(36.35%)	$ 125,222,037	(36.56%)
Employee Portion	2,723,114	3,061,442	2,443,106	5,038,539	4,938,445	2,766,817	20,971,463	(6.15%)	21,456,899	(6.26%)
Total	21,330,072	23,644,479	16,059,793	37,237,311	39,193,537	7,334,264	144,799,456	(42.50%)	146,678,936	(42.82%)
Non-Public Safety/Public Safety/GRIP		$ 39,189,995			$ 80,070,551	$ 4,567,447				

ACTUARIAL VALUATION RESULTS
ALL PLANS (EXCLUDING GRIP)

	Valuation as of July 1, 2013								July 1, 2012	
	Non-Public Safety		Public Safety							
	Group A	Group H	Group E	Group F	Group G	GRIP	Total	% of Payroll	Total	% of Payroll
Mandatory Integrated Plan										
Number	549	854	619	1,101	1,051		4,174		4,188	
Total Base Payroll	$ 49,810,925	$ 57,105,820	$ 40,996,829	$ 80,387,753	$ 71,570,698		$ 299,872,024		$ 304,421,231	
Contribution Basis Payroll	42,731,746	49,282,242	36,154,764	74,410,216	66,627,840		269,206,806		274,662,607	
Active Actuarial Accrued Liability	211,139,445	214,088,028	153,056,818	338,977,005	279,463,835		1,196,725,131		1,205,468,678	
Annual Gross Normal Cost										
Benefits	$ 7,228,470	$ 7,825,479	$ 10,021,832	$ 21,978,685	$ 18,540,462		$ 65,594,928	(24.37%)	$ 66,322,589	(24.15%)
Expenses of Administration	498,964	500,439	334,211	783,927	662,715		2,780,256	(1.03%)	2,865,424	(1.04%)
Total	7,727,434	8,325,918	10,356,043	22,762,612	19,203,177		68,375,184	(25.40%)	69,188,013	(25.19%)
					Excluding Retirement Incentive					
Amortization of Unfunded Liability	$ 10,117,207	$ 11,628,294	$ 5,612,829	$ 14,474,699	$ 19,032,783		$ 60,865,812	(22.61%)	$ 59,319,750	(21.60%)
Annual Contribution Requirement:										
County Portion	$ 15,248,821	$ 16,997,278	$ 13,525,767	$ 32,198,772	$ 33,303,351		$ 111,273,989	(41.33%)	$ 110,200,761	(40.12%)
Employee Portion	2,595,820	2,956,934	2,443,105	5,038,539	4,932,609		17,967,007	(6.68%)	18,307,002	(6.67%)
Total	17,844,641	19,954,212	15,968,872	37,237,311	38,235,960		129,240,996	(48.01%)	128,507,763	(46.79%)
Non-Public Safety/Public Safety/GRIP		$ 32,246,099			$ 79,027,890					
Optional Integrated Plan										
Number	21	16	-	-	1		38		47	
Total Base Payroll	$ 1,826,782	$ 1,004,197	$ -	$ -	$ 129,429		$ 2,960,407		$ 3,897,229	
Contribution Basis Payroll	1,520,227	805,549	-	-	-		2,325,776		3,020,315	
Active Actuarial Accrued Liability	10,591,160	5,260,707	-	-	1,160,916		17,012,783		23,977,390	
Annual Gross Normal Cost										
Benefits	$ 246,568	$ 118,121	$ -	$ -	$ -		$ 364,689	(15.68%)	$ 504,861	(16.72%)
Expenses of Administration	30,335	16,081	-	-	-		46,416	(2.00%)	95,595	(3.16%)
Total	276,903	134,202	-	-	-		411,105	(17.68%)	600,456	(19.88%)
					Excluding Retirement Incentive					
Amortization of Unfunded Liability[1]	$ 1,755,726	$ 1,431,754	$ -	$ -	$ -		$ 3,187,480	(137.05%)	$ 5,902,994	(195.44%)
Annual Contribution Requirement:										
County Portion	$ 1,941,076	$ 1,517,623	$ -	$ -	$ -		$ 3,458,699	(148.71%)	$ 6,318,404	(209.20%)
Employee Portion	91,553	48,333	-	-	-		139,886	(6.02%)	185,046	(6.12%)
Total	2,032,629	1,565,956	-	-	-		3,598,585	(154.73%)	6,503,450	(215.32%)
Non-Public Safety/Public Safety/GRIP		$ 3,458,699			$ -					
Optional Non-Integrated Plan										
Number	6	14	-	-	1		21		27	
Total Base Payroll	$ 531,995	$ 1,125,373	$ -	$ -	$ 98,005		$ 1,755,373		$ 2,199,026	
Contribution Basis Payroll	446,793	702,180	-	-	55,576		1,204,549		1,664,184	
Active Actuarial Accrued Liability	3,997,727	8,627,740	-	-	1,001,137		13,626,604		17,224,607	
Annual Gross Normal Cost										
Benefits	$ 95,710	$ 152,352	$ -	$ -	$ 15,281		$ 263,343	(21.86%)	$ 374,657	(22.51%)
Expenses of Administration	8,391	18,108	-	-	2,101		28,600	(2.38%)	80,286	(4.83%)
Total	104,101	170,460	-	-	17,382		291,943	(24.24%)	454,943	(27.34%)
					Excluding Retirement Incentive					
Amortization of Unfunded Liability[1]	$ 511,011	$ 805,475	$ -	$ -	$ 940,195		$ 2,256,681	(187.35%)	$ 2,314,610	(139.08%)
Annual Contribution Requirement:										
County Portion	$ 579,369	$ 919,761	$ -	$ -	$ 951,741		$ 2,450,871	(203.47%)	$ 2,632,091	(158.16%)
Employee Portion	35,743	56,174	-	-	5,836		97,753	(8.11%)	137,462	(8.26%)
Total	615,112	975,935	-	-	957,577		2,548,624	(211.58%)	2,769,553	(166.42%)
Non-Public Safety/Public Safety/GRIP		$ 1,499,130			$ 951,741					

[1]Amortization payments for Optional Non-Integrated and Optional Integrated plans have been reallocated to the Mandatory Integrated plan for each group when contribution basis payroll is $0 and new entrants are not expected in the coming year.

ACTUARIAL VALUATION RESULTS
GUARANTEED RETIREMENT INCOME PLAN (GRIP)

	Valuation as of July 1, 2013							July 1, 2012	
	Agency								
	CC	CM	CN	CP	CZ	Total GRIP		Total	
Total All Plans									
Active Members									
Number	3	806	383	3	7	1,202		1,102	
Average Age	54.6	49.0	49.8	58.7	54.4	49.4		49.3	
Average Service	9.8	8.6	8.3	11.9	8.5	8.5		8.0	
Total Base Payroll	$ 122,306	$ 42,514,945	$ 30,860,934	$ 561,216	$ 738,557	$ 74,797,959		$ 69,255,000	
Contribution Basis Payroll	111,480	38,917,424	27,798,898	459,434	666,292	67,953,529		63,189,877	
Actuarial Accrued Liability									
Active Members	$ 128,835	$ 36,858,442	$ 28,411,039	$ 1,136,243	$ 637,501	$ 67,172,060		$ 56,360,895	
Terminated Vested Members	37,755	2,800,667	3,091,938	-	-	5,930,360		4,878,350	
Retired Members and Beneficiaries	-	44,523	-	-	-	44,523		-	
Total	166,590	39,703,632	31,502,977	1,136,243	637,501	73,146,943		61,239,245	
Actuarial Value of Assets	181,603	43,281,677	34,341,988	1,238,640	694,952	79,738,860		66,349,577	
Unfunded Actuarial Accrued Liability	(15,013)	(3,578,045)	(2,839,011)	(102,397)	(57,451)	(6,591,917)		(5,110,332)	
Funded Ratio (Actuarial Value of Assets)	109.0%	109.0%	109.0%	109.0%	109.0%	109.0%		108.3%	
Annual Gross Normal Cost									
Benefits	$ 12,675	$ 4,362,339	$ 3,156,707	$ 61,910	$ 75,790	$ 7,669,421	(11.29%)	$ 7,137,936	(11.30%)
Expenses of Administration	349	83,280	66,079	2,383	1,337	153,429	(0.22%)	135,995	(0.22%)
Total	13,025	4,445,619	3,222,786	64,293	77,127	7,822,850	(11.51%)	7,273,931	(11.51%)
Amortization of Unfunded Liability	$ (1,113)	$ (265,201)	$ (210,425)	$ (7,590)	$ (4,258)	$ (488,586)	-(0.72%)	$ (372,864)	-(0.59%)
Annual Contribution Requirement:									
County Portion	$ 7,453	$ 2,623,721	$ 1,852,399	$ 37,684	$ 46,190	$ 4,567,447	(6.72%)	$ 4,073,678	(6.45%)
Employee Portion	4,459	1,556,697	1,159,963	19,019	26,679	2,766,817	(4.07%)	2,827,389	(4.47%)
Total	11,912	4,180,418	3,012,362	56,703	72,869	7,334,264	(10.79%)	6,901,067	(10.92%)

ACTUARIAL VALUATION RESULTS
AMORTIZATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

Base Year	Description	Unfunded Liability Base Non-GRIP	Unfunded Liability Base GRIP	Unfunded Liability Base Total	Remaining Financing Period	Amortization Factor	Dollar Contribution Non-GRIP	Dollar Contribution GRIP	Dollar Contribution Total
2010*	Retirement Incentive	$ 24,964,968	$ -	$ 24,964,968	15 yrs.	12.019799	$ 2,076,987	$ -	$ 2,076,987
2010*	Plan Changes	199,921,917	(2,229,366)	197,692,551	15	12.019799	16,632,717	(185,474)	16,447,243
2010*	Plan Experience	615,104,560	163,925	615,268,485	15	12.019799	51,174,280	13,638	51,187,918
2011	Plan Changes	(48,012,763)	0	(48,012,763)	18	13.786967	(3,482,475)	0	(3,482,475)
2011	Plan Experience	73,198,708	(1,722,516)	71,476,192	18	13.786967	5,309,268	(124,938)	5,184,330
2012	Plan Experience	8,675,354	(1,304,821)	7,370,533	19	14.338089	605,057	(91,004)	514,053
2013	Plan Experience	(58,427,340)	(1,499,138)	(59,926,478)	20	14.871268	(3,928,874)	(100,808)	(4,029,682)
Unfunded Liability		$ 815,425,405	$ (6,591,917)	$ 808,833,488	14.8	11.912413	$ 68,386,960	$(488,586)	$ 67,898,374

**Amortization bases were recombined as of July 1, 2010, into a single amortization base equal to the total unfunded liability as of July 1, 2010. The amounts shown for retirement incentive, plan changes and plan experience for the base year 2010 represent the portion of the unfunded liability remaining at July 1, 2013, that were attributable to each of those items for periods before July 1, 2010.*

ACTUARIAL VALUATION RESULTS
AMORTIZATION PAYMENTS BY GROUP

Optional Non-Integrated		Group					
Base Year	Description	A	E	F	G	H	Total
2010*	Retirement Incentive	$ 24,810	$ -	$ -	$ -	$ 55,600	**$ 80,409**
2010*	Plan Changes	213,833	0	0	781,715	257,697	1,253,245
2010*	Plan Experience	277,245	0	0	143,363	516,498	937,107
2011	Plan Changes	(2,630)	0	0	(1,308)	(2,567)	(6,505)
2011	Plan Experience	28,764	0	0	14,874	53,586	97,224
2012	Plan Experience	5,343	0	0	4,442	5,174	14,958
2013	Plan Experience	(11,544)	0	0	(2,891)	(24,913)	(39,348)
Total		**535,821**	**0**	**0**	**940,195**	**861,074**	**2,337,090**
Excluding Retirement Incentive		**511,011**	**0**	**0**	**940,195**	**805,475**	**2,256,681**

Optional Integrated		Group					
Base Year	Description	A	E	F	G	H	Total
2010*	Retirement Incentive	$ 112,785	$ -	$ -	$ -	$ 93,400	**$ 206,185**
2010*	Plan Changes	822,645	0	0	0	915,227	1,737,873
2010*	Plan Experience	880,794	0	0	0	487,228	1,368,022
2011	Plan Changes	(6,121)	0	0	0	(4,413)	(10,534)
2011	Plan Experience	91,381	0	0	0	50,549	141,931
2012	Plan Experience	8,761	0	0	0	5,288	14,048
2013	Plan Experience	(41,735)	0	0	0	(22,125)	(63,860)
Total		**1,868,511**	**0**	**0**	**0**	**1,525,155**	**3,393,666**
Excluding Retirement Incentive		**1,755,726**	**0**	**0**	**0**	**1,431,754**	**3,187,480**

Mandatory Integrated		Group					
Base Year	Description	A	E	F	G	H	Total
2010*	Retirement Incentive	$ 700,097	$ 90,920	$ -	$ -	$ 999,375	**$ 1,790,392**
2010*	Plan Changes	1,893,651	967,603	1,984,319	6,019,801	2,776,224	13,641,599
2010*	Plan Experience	8,195,109	5,078,681	13,782,988	13,021,370	8,791,003	48,869,151
2011	Plan Changes	(237,014)	(571,573)	(1,809,049)	(579,829)	(267,971)	(3,465,436)
2011	Plan Experience	850,232	526,907	1,429,968	1,350,951	912,056	5,070,114
2012	Plan Experience	101,977	71,123	165,006	132,259	105,685	576,050
2013	Plan Experience	(686,749)	(459,912)	(1,078,533)	(911,769)	(688,702)	(3,825,666)
Total		**10,817,303**	**5,703,750**	**14,474,699**	**19,032,783**	**12,627,670**	**62,656,205**
Excluding Retirement Incentive		**10,117,207**	**5,612,829**	**14,474,699**	**19,032,783**	**11,628,294**	**60,865,812**

Total All Plans		Group					
Base Year	Description	A	E	F	G	H	Total
2010*	Retirement Incentive	$ 837,691	$ 90,920	$ -	$ -	$ 1,148,375	**$ 2,076,987**
2010*	Plan Changes	2,930,130	967,603	1,984,319	6,801,517	3,949,148	16,632,717
2010*	Plan Experience	9,353,149	5,078,681	13,782,988	13,164,733	9,794,729	51,174,280
2011	Plan Changes	(245,765)	(571,573)	(1,809,049)	(581,137)	(274,951)	(3,482,475)
2011	Plan Experience	970,378	526,907	1,429,968	1,365,825	1,016,191	5,309,268
2012	Plan Experience	116,081	71,123	165,006	136,700	116,146	605,057
2013	Plan Experience	(740,028)	(459,912)	(1,078,533)	(914,660)	(735,740)	(3,928,874)
Total		**13,221,635**	**5,703,750**	**14,474,699**	**19,972,978**	**15,013,899**	**68,386,960**
Excluding Retirement Incentive		**12,383,943**	**5,612,829**	**14,474,699**	**19,972,978**	**13,865,523**	**66,309,973**

**Amortization bases were recombined as of July 1, 2010, into a single amortization base equal to the total unfunded liability as of July 1, 2010. The amounts shown for retirement incentive, plan changes and plan experience for the base year 2010 represent the portion of the unfunded liability remaining at July 1, 2013, that were attributable to each of those items for periods before July 1, 2010.*

Amortization payments for Optional Non-Integrated and Optional Integrated plans have been reallocated to the Mandatory Integrated plan for each group when contribution basis payroll is $0 and new entrants are not expected in the coming year.

ACTUARIAL VALUATION RESULTS
GAIN/LOSS ANALYSIS

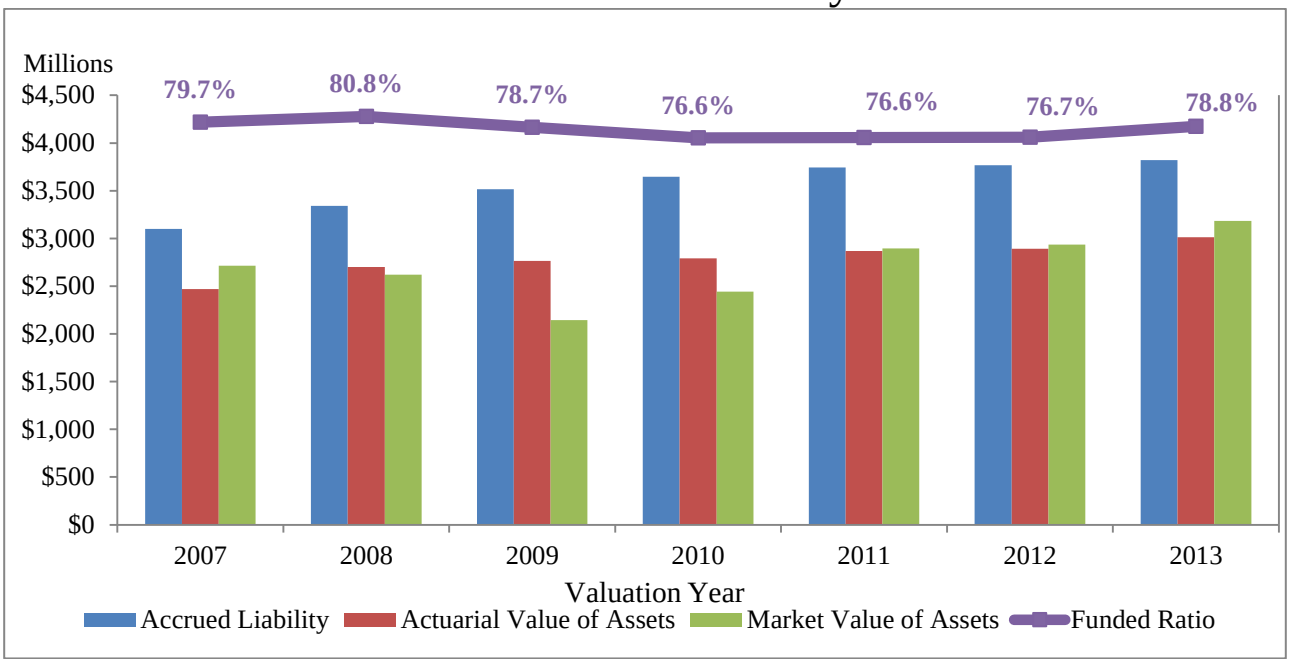
	Non-GRIP	GRIP	Total
Unfunded liability at previous valuation	$882,420,731	($5,110,332)	$877,310,399
Expected unfunded liability at current valuation			
Normal cost for plan year	67,202,107	7,137,936	74,340,043
Interest on unfunded liability and normal cost	71,221,713	152,070	71,373,783
Contributions with interest to current valuation date	146,991,806	7,272,453	154,264,259
Total expected change in unfunded liability at current valuation	(8,567,986)	17,553	(8,550,433)
Total expected unfunded liability at current valuation	873,852,745	(5,092,779)	868,759,966
Change due to:			
Recognition of asset (gains)/losses	35,080,834	(1,946,340)	33,134,494
Salary increases	(44,952,980)	0	(44,952,980)
COLA increases	(44,328,694)	0	(44,328,694)
Amount and timing of contributions	(2,977,875)	(1,124,092)	(4,101,967)
Demographic Experience and Other	(1,248,625)	1,571,294	322,669
Change in actuarial assumptions	0	0	0
Plan improvements	0	0	0
Measurement improvements	0	0	0
Total change	(58,427,340)	(1,499,138)	(59,926,478)
Unfunded liability at current valuation	815,425,405	(6,591,917)	808,833,488

	Public Safety	Non-Public Safety	GRIP
FY 2014 County Contribution	45.84%	39.17%	6.45%
Expected FY 2015 County Contribution	45.64%	39.30%	6.49%
Change due to:			
Recognition of asset (gains)/losses	0.78%	1.02%	-0.08%
Salary increases	-0.11%	-0.01%	-0.03%
COLA increases	-0.99%	-1.29%	0.00%
Amount and timing of contributions	-0.07%	-0.09%	-0.05%
Demographic Experience and Other	-0.08%	2.11%	0.39%
Change in actuarial assumptions	0.00%	0.00%	0.00%
Plan improvements	0.00%	0.00%	0.00%
Measurement improvements	0.00%	0.00%	0.00%
Total change	-0.47%	1.74%	0.23%
FY 2015 County Contribution	45.17%	41.04%	6.72%

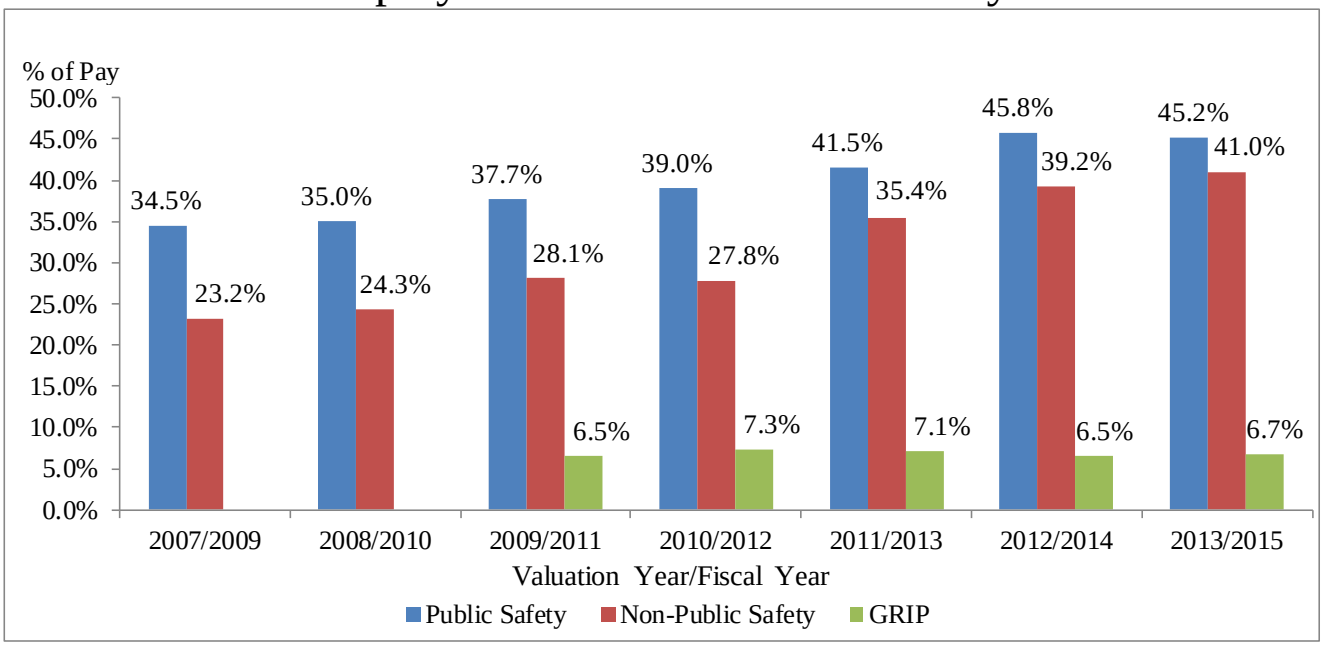
Demographic Experience and Other includes changes due to retirement, mortality, disability and termination experience that varied from the actuarial assumptions, and data changes.

HISTORICAL TRENDS OF FUNDED RATIO AND EMPLOYER CONTRIBUTIONS

Funded Ratio History



Employer Contribution Rate History



ACTUARIAL VALUATION RESULTS
SOLVENCY TEST

Valuation Date 6/30	Total Actuarial Accrued Liability	(1) Active Member Contributions	(2) Retirees, Term Vested and Beneficiaries	(3) Active Members (Employer Financed Portion)	Actuarial Value of Assets	Portion (%) of Present Value Covered By Assets (1)	(2)	(3)
1998	$1,660,034,038	$121,197,443	$899,019,607	$639,816,988	$1,496,651,390	100%	100%	74%
1999	1,818,990,623	124,544,357	943,551,243	750,895,023	1,707,450,187	100%	100%	85%
2000	1,931,914,313	136,181,427	1,014,314,792	781,418,094	1,911,114,401	100%	100%	97%
2001	2,111,946,453	143,356,036	1,029,982,653	938,607,764	1,990,882,017	100%	100%	87%
2002	2,273,179,216	146,500,545	1,125,070,362	1,001,608,309	2,036,100,709	100%	100%	76%
2003	2,411,492,724	155,686,014	1,247,359,872	1,008,446,838	2,029,314,438	100%	100%	62%
2004	2,561,328,232	160,523,789	1,354,272,329	1,046,532,114	2,045,098,796	100%	100%	51%
2005	2,775,047,412	166,078,802	1,426,030,001	1,182,938,609	2,100,532,623	100%	100%	43%
2006	2,918,336,073	177,391,695	1,578,703,590	1,162,240,788	2,222,724,295	100%	100%	40%
2007	3,100,637,723	187,104,227	1,661,692,386	1,251,841,110	2,469,933,200	100%	100%	50%
2008	3,341,549,425	186,171,030	1,847,516,034	1,307,862,361	2,701,119,470	100%	100%	51%
2009	3,516,824,342	210,385,653	1,892,331,796	1,414,106,893	2,766,230,073	100%	100%	47%
2010	3,645,576,341	213,191,851	2,054,949,883	1,377,434,607	2,791,144,974	100%	100%	38%
2011	3,744,713,474	237,074,023	2,181,816,842	1,325,822,609	2,869,422,276	100%	100%	34%
2012	3,768,745,962	210,537,737	2,465,714,392	1,092,493,833	2,891,435,563	100%	100%	20%
2013	3,821,380,732	248,331,006	2,526,844,154	1,046,205,572	3,012,547,244	100%	100%	23%

DRSP and DROP member liability included in item (2) with retirees beginning in 2012.

Results in 2009 and 2011 are measured as of July 1, and differ from the Comprehensive Annual Financial Report (CAFR). Results in the CAFR are as of June 30, and do not reflect the transfer of members effective July 1 of those years.

STATEMENT OF NET PLAN ASSETS

	Fiscal Year Ending	
	June 30, 2012	**June 30, 2013**
Assets		
Equity in County's pooled cash and investments	$ 814,725	$ 1,108,905
Investments :		
Government and agency obligations	303,907,668	282,344,930
Municipal/Provincial obligations	28,647,969	22,924,377
Asset-backed securities	2,966,713	3,212,480
Corporate bonds	572,946,146	582,765,510
Collateralized mortgage obligations	2,547,786	25,117
Commercial mortgage-backed securities	1,196,517	-
Common and preferred stock	1,266,564,139	1,356,684,162
Mutual and commingled funds	78,696,158	150,413,530
Short-term investments	292,635,896	295,135,604
Cash collateral received under securities lending agreements	303,900,721	291,568,717
Real estate	150,047,987	235,951,453
Private equity	229,073,503	238,964,221
Total Investments	3,233,131,203	3,459,990,101
Dividend, interest, and other receivables	6,132,660	14,762,968
Contributions receivable	5,053,707	6,423,088
Total assets	3,245,132,295	3,482,285,062
Liabilities		
Payable for collateral received under securities lending agreements	303,900,721	291,568,717
Benefit payable and other liabilities	4,457,880	6,471,134
Total liabilities	308,358,601	298,039,851
Net assets held in trust for pension benefits, end of year	$ 2,936,773,694	$ 3,184,245,211

RECONCILIATION OF MARKET VALUE OF ASSETS
TOTAL EMPLOYEES' RETIREMENT SYSTEM (ERS)

	Fiscal Year Ending	
	June 30, 2012	**June 30, 2013**
Additions:		
Contributions:		
Employer	$ 107,855,595	$ 127,887,620
Members	22,833,310	24,854,331
Total contributions	130,688,905	152,741,951
Investment income	134,103,217	324,135,736
Less investment expense	17,585,825	17,748,344
Net gain from investment activities	116,517,392	306,387,392
Income from securities lending	787,831	1,186,186
Less securities lending expenses	(386,458)	(285,825)
Net income from securities lending	1,174,289	1,472,011
Total additions	248,380,586	460,601,354
Deductions:		
Retiree benefits	150,413,170	153,566,262
Disability benefits	44,127,146	46,635,541
Survivor benefits	8,233,185	8,601,914
Refunds and distributions	2,495,447	1,925,124
Administrative expenses	3,545,654	2,400,996
Total deductions	208,814,602	213,129,837
Net increase (decrease)	39,565,984	247,471,517
Net assets held in trust for pension benefits, beginning of yea	2,897,207,710	2,936,773,694
Net assets held in trust for pension benefits, end of year	$ 2,936,773,694	$ 3,184,245,211

RECONCILIATION OF MARKET VALUE OF ASSETS
ALLOCATION BETWEEN GRIP AND NON-GRIP ASSETS

	Fiscal Year Ending June 30, 2012	Fiscal Year Ending June 30, 2013		
	Total	Non-GRIP	GRIP	Total
Additions:				
Contributions:				
Employer	$ 107,855,595	$ 122,751,957	$ 5,135,663	$ 127,887,620
Members	22,833,310	21,891,647	2,962,684	24,854,331
Total contributions	130,688,905	144,643,604	8,098,347	152,741,951
Net Investment income	117,691,681	300,194,516	7,664,887	307,859,403
Total additions	248,380,586	444,838,120	15,763,234	460,601,354
Deductions:				
Benefit Payments and distributions	205,268,948	209,003,552	1,725,289	210,728,841
Administrative expenses	3,545,654	2,265,001	135,995	2,400,996
Total deductions	208,814,602	211,268,553	1,861,284	213,129,837
Net increase (decrease)	39,565,984	233,569,567	13,901,950	247,471,517
Net assets held in trust for pension benefits (beginning of year)	2,897,207,710	2,867,447,583	69,326,111	2,936,773,694
Net assets held in trust for pension benefits (end of year)	$ 2,936,773,694	$ 3,101,017,150	$ 83,228,061	$ 3,184,245,211

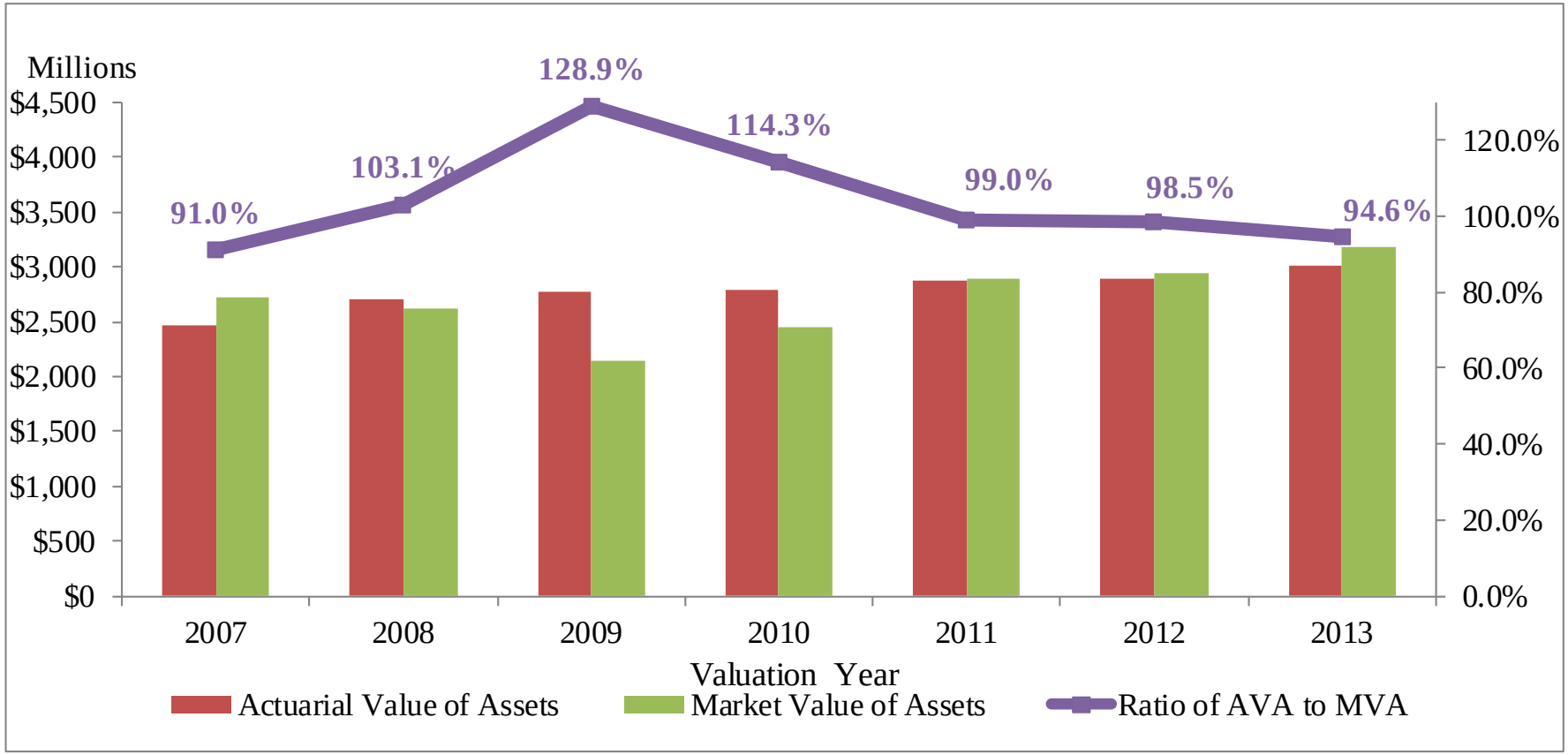
DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS (TOTAL ERS)

Fiscal Year Ending	2013	2014	2015	2016	2017
Beginning of Year:					
(1) Market Value of Assets	$ 2,936,773,694				
(2) Actuarial Value of Assets	2,891,435,563				
End of Year:					
(3) Market Value of Assets	3,184,245,211				
(4a) Contributions	152,741,951				
(4b) Net Disbursements	213,129,837				
(5) Total Investment Income					
=(3)-(1)-(4a)+(4b)	307,859,403				
(6) Projected Rate of Return	7.50%				
(7) Projected Investment Income					
=(1)x(6)-([1+(6)]^.5-1)x(4a-4b)	218,034,420				
(8) Asset Adjustment	0				
(9) Investment Income in					
Excess of Projected Income	89,824,983				
(10) Excess Investment Income Recognized					
This Year (5 year recognition)					
(10a) From This Year	17,964,997				
(10b) From One Year Ago	(19,346,169)	$ 17,964,997			
(10c) From Two Years Ago	65,778,647	(19,346,169)	$ 17,964,997		
(10d) From Three Years Ago	26,319,195	65,778,647	(19,346,169)	$ 17,964,997	
(10e) From Four Years Ago	(127,251,523)	26,319,196	65,778,645	(19,346,169)	$ 17,964,995
(10f) Total Recognized Investment Gain/(Loss)	(36,534,853)	90,716,671	64,397,473	(1,381,172)	17,964,995
(11) Change in Actuarial Value of Assets					
=(4a)-(4b)+(7)+(8)+(10f)	121,111,681				
End of Year:					
(3) Market Value of Assets	**3,184,245,211**				
(12) Final Actuarial Value of Assets as of 6/30 = (2)+(11)	**3,012,547,244**				
(13) Difference Between Market & Actuarial Values	171,697,967				
(14) Estimated Market Value Rate of Return on Total Plan Assets	10.59%				
(15) Estimated Market Value Return on Invested Plan Assets	10.34%				
(16) Actuarial Value Rate of Return	6.34%				
(17) Ratio of Actuarial Value to Market Value	95%				

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS
(ASSETS ALLOCATED TO GRIP)

Fiscal Year Ending	2013	2014	2015	2016	2017
Beginning of Year:					
(1) Market Value of Assets	$ 69,326,111				
(2) Actuarial Value of Assets	66,349,577				
End of Year:					
(3) Market Value of Assets	83,228,061				
(4a) Contributions	8,098,347				
(4b) Net Disbursements	1,861,284				
(5) Total Investment Income =(3)-(1)-(4a)+(4b)	7,664,887				
(6) Projected Rate of Return	7.50%				
(7) Projected Investment Income =(1)x(6)-([1+(6)]^.5-1)x(4a-4b)	5,429,120				
(8) Asset Adjustment	0				
(9) Investment Income in Excess of Projected Income	2,235,767				
(10) Excess Investment Income Recognized This Year (5 year recognition)					
(10a) From This Year	447,153				
(10b) From One Year Ago	(430,854)	$ 447,153			
(10c) From Two Years Ago	1,286,347	(430,854)	$ 447,153		
(10d) From Three Years Ago	420,454	1,286,347	(430,854)	$ 447,153	
(10e) From Four Years Ago	0	420,454	1,286,347	(430,853)	$ 447,155
(10f) Total Recognized Investment Gain/(Loss)	1,723,100	1,723,100	1,302,646	16,300	447,155
(11) Change in Actuarial Value of Assets =(4a)-(4b)+(7)+(8)+(10f)	13,389,283				
End of Year:					
(3) Market Value of Assets	**83,228,061**				
(12) Final Actuarial Value of Assets as of 6/30 = (2)+(11)	**79,738,860**				
(13) Difference Between Market & Actuarial Values	3,489,201				
(14) Estimated Market Value Rate of Return on Total Plan Assets	10.58%				
(15) Estimated Market Value Return on Invested Plan Assets	10.34%				
(16) Actuarial Value Rate of Return	10.30%				
(17) Ratio of Actuarial Value to Market Value	96%				

HISTORICAL COMPARISON OF ACTUARIAL VALUE OF ASSETS TO MARKET VALUE OF ASSETS (TOTAL ERS)



SECTION B

GASB STATEMENTS NOS. 25 AND 27

This information is presented in draft form for review by the Plan's auditor. Please let us know if there are any changes so that we may maintain consistency with the Plan's financial statements.

SCHEDULE OF FUNDING PROGRESS FOR GASB #25

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b – a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Payroll [(b – a)/c]
7/1/2008	$ 2,701,119,470	$ 3,341,549,425	$ 640,429,955	80.8 %	$ 376,002,333	170.3 %
7/1/2009	2,766,230,073	3,516,824,342	750,594,269	78.7	440,745,776	170.3
7/1/2010	2,791,144,974	3,645,576,341	854,431,367	76.6	431,226,155	198.1
7/1/2011	2,869,422,276	3,744,713,474	875,291,198	76.6	405,336,529	215.9
7/1/2012	2,891,435,563	3,768,745,962	877,310,399	76.7	398,460,248	220.2
7/1/2013	3,012,547,244	3,821,380,732	808,833,488	78.8	395,988,026	204.3

Amounts prior to 2012 as shown in prior actuary's report.
Total payroll includes DRSP and DROP payroll.

SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR GASB #25

Fiscal Year Ended	Annual Required Contribution (a)	Total Employer Contribution (b)	Percentage Contributed (b / a)
6/30/2008	$ 117,686,375	$ 117,686,375	100.0 %
6/30/2009	109,567,014	109,567,014	100.0
6/30/2010	113,957,784	113,957,784	100.0
6/30/2011	109,343,933	109,343,933	100.0
6/30/2012	107,855,595	107,855,595	100.0
6/30/2013	127,887,620	127,887,620	100.0

Amounts prior to 2012 as shown in prior actuary's report.

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

The information requested in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	July 1, 2013
Actuarial Cost Method	Projected Unit Credit (non-GRIP) Traditional Unit Credit (GRIP)
Actuarial Value of Assets	5-year smoothed market
Amortization Method	Level percentage of pay, separate closed period bases
Amortization Period	Initial amortization period of 18 years for the base established July 1, 2010 Initial amortization period of 20 years for subsequent bases Average amortization period of 15 years

Actuarial Assumptions:

Investment Rate of Return	7.50% per year
Projected Salary Increases	Wage inflation of 4.0% per year plus additional service-based increases of up to 5.25%
Cost of Living Increases	3.0% for portion of benefit attributable to pre July 1, 2011 service 2.3% for portion of benefit attributable to service on or after July 1, 2011 where the increase is capped at 2.5% 1.8% for members that receive COLA equal to 60% of the change in CPI

SECTION C

VALUATION DATA

SUMMARY OF PARTICIPANT DATA
(JULY 1, 2013 AND JULY 1, 2012)

	Valuation as of July 1, 2013						
	Non-Public Safety		Public Safety				
	Group A	Group H	Group E	Group F	Group G	GRIP	Total
Total All Plans							
Active Members							
Number	576	884	619	1,101	1,053	1,202	5,435
Average Age	56.3	56.2	43.5	38.5	37.9	49.4	46.1
Average Service	25.8	23.9	12.2	13.2	12.2	8.5	14.9
Total Base Payroll	$ 52,169,701	$ 59,235,390	$ 40,996,829	$ 80,387,753	$ 71,798,132	$ 74,797,959	$ 379,385,763
Contribution Basis Payroll	44,698,766	50,789,970	36,154,764	74,410,216	66,683,416	67,953,529	340,690,660
DRSP/DROP Members							
Number				68	103		171
Total Base Payroll				$ 6,649,533	$ 9,952,730		$ 16,602,263
Total Benefits				4,783,402	6,325,902		
Terminated Vested Members							
Number	63	82	20	34	17	142	358
Total Benefits	$ 675,255	$ 635,023	$ 193,353	$ 366,393	$ 117,331		$ 1,987,355
Retired Members and Beneficiaries							
Number						1	5,961
Total Benefits						$ 5,024	$ 210,686,878
Total Membership							11,925

	Valuation as of July 1, 2012						
	Non-Public Safety		Public Safety				
	Group A	Group H	Group E	Group F	Group G	GRIP	Total
Total All Plans							
Active Members							
Number	609	963	614	1,040	1,036	1,102	5,364
Average Age	55.8	55.5	43.4	38.7	38.0	49.3	46.3
Average Service	25.3	23.1	12.1	13.5	12.3	8.0	15.0
Total Base Payroll	$ 55,278,025	$ 64,285,054	$ 41,165,673	$ 77,946,056	$ 71,842,678	$ 69,255,000	$ 379,772,487
Contribution Basis Payroll	47,681,140	55,807,312	36,461,856	72,524,767	66,872,031	63,189,877	342,536,983
DRSP/DROP Members							
Number				85	105		190
Total Base Payroll				$ 8,370,461	$ 10,317,300		$ 18,687,761
Total Benefits				6,145,388	6,608,297		12,753,685
Terminated Vested Members							
Number	89	109	27	41	20	127	413
Total Benefits	$ 1,011,052	$ 845,997	$ 303,181	$ 598,299	$ 151,881		$ 2,910,410
Retired Members and Beneficiaries							
Number							5,824
Total Benefits							$ 203,710,715
Total Membership							11,791

SUMMARY OF ACTIVE PARTICIPANT DATA
BY PLAN

Valuation as of July 1, 2013 Including DROP/DRSP Actives

	Non-Public Safety		Public Safety				
	Group A	Group H	Group E	Group F	Group G	GRIP	Total
Optional Non-Integrated							
Number	6	14	-	1	1		22
Total Base Payroll	$ 531,995	$ 1,125,373	$ -	$ 115,253	$ 98,005		$ 1,870,626
Optional Integrated							
Number	21	16		3	5		45
Total Base Payroll	$ 1,826,782	$ 1,004,197		$ 315,242	$ 573,433		$ 3,719,653
Mandatory Integrated							
Number	549	854	619	1,165	1,150		4,337
Total Base Payroll	$ 49,810,925	$ 57,105,820	$ 40,996,829	$ 86,606,791	$ 81,079,424		$ 315,599,789
GRIP							
Number						1,202	1,202
Total Base Payroll						$ 74,797,959	$ 74,797,959
Total All Plans							
Number	576	884	619	1,169	1,156	1,202	5,606
Total Base Payroll	$ 52,169,701	$ 59,235,390	$ 40,996,829	$ 87,037,286	$ 81,750,862	$ 74,797,959	$ 395,988,026

Valuation as of July 1, 2013 Excluding DROP/DRSP Actives

	Non-Public Safety		Public Safety				
	Group A	Group H	Group E	Group F	Group G	GRIP	Total
Optional Non-Integrated							
Number	6	14	-		1		21
Total Base Payroll	$ 531,995	$ 1,125,373	$ -		$ 98,005		$ 1,755,373
Optional Integrated							
Number	21	16			1		38
Total Base Payroll	$ 1,826,782	$ 1,004,197			$ 129,429		$ 2,960,407
Mandatory Integrated							
Number	549	854	619	1,101	1,051		4,174
Total Base Payroll	$ 49,810,925	$ 57,105,820	$ 40,996,829	$ 80,387,753	$ 71,570,698		$ 299,872,024
GRIP							
Number						1,202	1,202
Total Base Payroll						$ 74,797,959	$ 74,797,959
Total All Plans							
Number	576	884	619	1,101	1,053	1,202	5,435
Total Base Payroll	$ 52,169,701	$ 59,235,390	$ 40,996,829	$ 80,387,753	$ 71,798,132	$ 74,797,959	$ 379,385,763

AGE/SERVICE BY GROUP AS OF JULY 1, 2013

Group A

Current Age	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 and Over	Totals	Valuation Payroll
Under 25	-	-	-	-	-	-	-	-	-	**0**	$ -
25-29	-	-	-	-	-	-	-	-	-	**0**	-
30-34	1	1	-	-	-	-	-	-	-	**2**	**106,024**
35-39	-	3	2	2	-	-	-	-	-	**7**	**455,465**
40-44	-	1	1	5	13	3	-	-	-	**23**	**1,596,043**
45-49	-	-	2	9	44	17	3	-	-	**75**	**6,143,727**
50-54	-	-	-	10	52	52	11	3	-	**128**	**11,907,944**
55-59	-	2	3	6	47	68	18	17	-	**161**	**15,168,361**
60-64	-	1	1	9	27	55	16	16	3	**128**	**11,962,475**
65-69	-	-	1	1	4	17	10	6	-	**39**	**3,686,858**
70-74	-	-	-	-	6	2	-	-	1	**9**	**848,319**
75 and Over	-	-	-	-	-	2	2	-	-	**4**	**294,486**
Total	**1**	**8**	**10**	**42**	**193**	**216**	**60**	**42**	**4**	**576**	**$ 52,169,702**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Current Valuation		Previous Valuation	
Average Age:	56.3	Average Age:	55.8
Average Service:	25.8	Average Service:	25.3
Average Annual Pay:	$90,572	Average Annual Pay:	$90,769
Vested Participants	575	Vested Participants	608
Nonvested Participants	1	Nonvested Participants	1

Group H

Current Age	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 and Over	Totals	Valuation Payroll
Under 25	-	-	-	-	-	-	-	-	-	**0**	$ -
25-29	-	3	-	-	-	-	-	-	-	**3**	**139,898**
30-34	-	4	2	-	-	-	-	-	-	**6**	**316,576**
35-39	1	1	1	-	-	-	-	-	-	**3**	**200,223**
40-44	2	2	2	17	18	5	-	-	-	**46**	**2,962,552**
45-49	-	2	14	28	52	22	-	-	-	**118**	**7,587,457**
50-54	-	1	6	29	88	60	15	1	-	**200**	**13,560,505**
55-59	-	1	7	36	74	83	22	11	1	**235**	**15,885,453**
60-64	1	1	5	28	55	46	30	13	4	**183**	**12,669,450**
65-69	-	-	1	10	24	18	7	3	3	**66**	**4,453,929**
70-74	-	1	-	3	9	4	1	2	1	**21**	**1,278,411**
75 and Over	-	-	-	1	-	2	-	-	-	**3**	**180,937**
Total	**4**	**16**	**38**	**152**	**320**	**240**	**75**	**30**	**9**	**884**	**$ 59,235,391**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Current Valuation		Previous Valuation	
Average Age:	56.2	Average Age:	55.5
Average Service:	23.9	Average Service:	23.1
Average Annual Pay:	$67,008	Average Annual Pay:	$66,755
Vested Participants	880	Vested Participants	956
Nonvested Participants	4	Nonvested Participants	7

AGE/SERVICE BY GROUP AS OF JULY 1, 2013

Group E

Current Age	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 and Over	Totals	Valuation Payroll
Under 25	13	-	-	-	-	-	-	-	-	**13**	**$ 557,783**
25-29	28	11	-	-	-	-	-	-	-	**39**	**1,767,411**
30-34	22	38	11	-	-	-	-	-	-	**71**	**3,735,756**
35-39	12	29	46	10	-	-	-	-	-	**97**	**5,912,868**
40-44	6	31	28	36	4	-	-	-	-	**105**	**7,065,916**
45-49	6	25	32	30	31	11	-	-	-	**135**	**9,912,445**
50-54	3	14	30	10	13	15	2	-	-	**87**	**6,603,582**
55-59	5	4	15	9	11	5	3	-	-	**52**	**3,887,121**
60-64	-	2	4	1	4	2	1	-	-	**14**	**1,099,631**
65-69	1	-	3	-	1	1	-	-	-	**6**	**454,316**
70-74	-	-	-	-	-	-	-	-	-	**0**	**-**
75 and Over	-	-	-	-	-	-	-	-	-	**0**	**-**
Total	**96**	**154**	**169**	**96**	**64**	**34**	**6**	**-**	**-**	**619**	**$ 40,996,829**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Current Valuation		Previous Valuation	
Average Age:	43.5	Average Age:	43.4
Average Service:	12.2	Average Service:	12.1
Average Annual Pay:	$66,231	Average Annual Pay:	$67,045
Vested Participants	523	Vested Participants	507
Nonvested Participants	96	Nonvested Participants	107

Group F

Current Age	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 and Over	Totals	Valuation Payroll
Under 25	42	-	-	-	-	-	-	-	-	**42**	**$ 1,978,545**
25-29	114	56	-	-	-	-	-	-	-	**170**	**8,952,178**
30-34	26	141	35	-	-	-	-	-	-	**202**	**12,503,232**
35-39	9	53	95	25	-	-	-	-	-	**182**	**12,995,671**
40-44	6	23	56	138	34	1	-	-	-	**258**	**21,400,645**
45-49	-	12	14	51	58	35	1	-	-	**171**	**15,541,040**
50-54	-	1	1	10	19	49	18	-	-	**98**	**9,492,265**
55-59	3	1	1	2	2	9	16	3	-	**37**	**3,318,113**
60-64	-	-	-	1	1	-	3	2	1	**8**	**768,823**
65-69	-	-	-	-	-	1	-	-	-	**1**	**86,773**
70-74	-	-	-	-	-	-	-	-	-	**0**	**-**
75 and Over	-	-	-	-	-	-	-	-	-	**0**	**-**
Total	**200**	**287**	**202**	**227**	**114**	**95**	**38**	**5**	**1**	**1,169**	**$ 87,037,285**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Current Valuation		Previous Valuation	
Average Age:	39.4	Average Age:	39.9
Average Service:	14.6	Average Service:	14.7
Average Annual Pay:	$74,454	Average Annual Pay:	$76,726
Vested Participants	969	Vested Participants	1,013
Nonvested Participants	200	Nonvested Participants	112

Data includes DRSP members.

AGE/SERVICE BY GROUP AS OF JULY 1, 2013

Group G

Current Age	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 and Over	Totals	Valuation Payroll
Under 25	69	6	-	-	-	-	-	-	-	**75**	**$ 3,291,336**
25-29	62	96	1	-	-	-	-	-	-	**159**	**7,702,559**
30-34	22	121	41	2	-	-	-	-	-	**186**	**10,563,873**
35-39	12	67	54	42	-	-	-	-	-	**175**	**11,615,144**
40-44	1	37	64	53	53	8	-	-	-	**216**	**17,218,276**
45-49	2	11	18	33	49	64	-	-	-	**177**	**15,601,808**
50-54	1	6	2	3	21	49	24	1	-	**107**	**9,958,874**
55-59	-	3	1	2	5	19	18	6	-	**54**	**5,088,588**
60-64	-	1	-	-	-	2	-	1	1	**5**	**456,804**
65-69	-	-	-	-	-	1	-	-	1	**2**	**253,602**
70-74	-	-	-	-	-	-	-	-	-	**0**	**-**
75 and Over	-	-	-	-	-	-	-	-	-	**0**	**-**
Total	**169**	**348**	**181**	**135**	**128**	**143**	**42**	**8**	**2**	**1,156**	**$ 81,750,864**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Current Valuation		Previous Valuation	
Average Age:	39.3	Average Age:	39.3
Average Service:	13.6	Average Service:	13.8
Average Annual Pay:	$70,719	Average Annual Pay:	$72,007
Vested Participants	987	Vested Participants	957
Nonvested Participants	169	Nonvested Participants	184

Data includes DROP members.

Group GRIP

Current Age	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 and Over	Totals	Valuation Payroll
Under 25	5	1	-	-	-	-	-	-	-	**6**	**$ 235,082**
25-29	50	4	1	-	-	-	-	-	-	**55**	**2,509,777**
30-34	52	27	5	-	-	-	-	-	-	**84**	**3,899,874**
35-39	38	37	29	6	-	-	-	-	-	**110**	**6,483,350**
40-44	38	56	38	13	-	-	-	-	-	**145**	**8,950,120**
45-49	48	63	45	16	2	2	-	-	-	**176**	**10,838,216**
50-54	50	76	72	19	4	1	-	-	-	**222**	**14,209,348**
55-59	41	65	64	37	2	-	-	-	-	**209**	**13,728,577**
60-64	27	39	47	16	1	1	-	-	-	**131**	**9,337,708**
65-69	2	13	21	11	-	-	-	-	-	**47**	**3,476,007**
70-74	1	1	9	3	-	-	-	-	-	**14**	**917,271**
75 and Over	-	1	1	1	-	-	-	-	-	**3**	**212,631**
Total	**352**	**383**	**332**	**122**	**9**	**4**	**-**	**-**	**-**	**1,202**	**$ 74,797,961**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Current Valuation		Previous Valuation	
Average Age:	49.4	Average Age:	49.3
Average Service:	8.5	Average Service:	8
Average Annual Pay:	$62,228	Average Annual Pay:	$62,845
Vested Participants	996	Vested Participants	896
Nonvested Participants	206	Nonvested Participants	206

AGE/SERVICE BY GROUP AS OF JULY 1, 2013

Total All Groups

Current Age	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 and Over	Totals	Valuation Payroll
Under 25	129	7	-	-	-	-	-	-	-	**136**	**$ 6,062,746**
25-29	254	170	2	-	-	-	-	-	-	**426**	**21,071,823**
30-34	123	332	94	2	-	-	-	-	-	**551**	**31,125,335**
35-39	72	190	227	85	-	-	-	-	-	**574**	**37,662,721**
40-44	53	150	189	262	122	17	-	-	-	**793**	**59,193,552**
45-49	56	113	125	167	236	151	4	-	-	**852**	**65,624,693**
50-54	54	98	111	81	197	226	70	5	-	**842**	**65,732,518**
55-59	49	76	91	92	141	184	77	37	1	**748**	**57,076,213**
60-64	28	44	57	55	88	106	50	32	9	**469**	**36,294,891**
65-69	3	13	26	22	29	38	17	9	4	**161**	**12,411,485**
70-74	1	2	9	6	15	6	1	2	2	**44**	**3,044,001**
75 and Over	-	1	1	2	-	4	2	-	-	**10**	**688,054**
Total	**822**	**1,196**	**932**	**774**	**828**	**732**	**221**	**85**	**16**	**5,606**	**$ 395,988,032**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Current Valuation		Previous Valuation	
Average Age:	46.1	Average Age:	46.3
Average Service:	14.9	Average Service:	15.0
Average Annual Pay:	$70,636	Average Annual Pay:	$71,743
Vested Participants	4,930	Vested Participants	4,937
Nonvested Participants	676	Nonvested Participants	617

Data includes DRSP and DROP members.

SCHEDULE OF ACTIVE MEMBER DATA AS OF JULY 1, 2013

Valuation Date 7/1	Number	Annual Payroll	Average Annual Pay	% Increase in Avg Pay
2002	5,983	$333,449,862	$55,733	5.33%
2003	5,876	336,019,788	57,185	2.61%
2004	5,670	341,629,327	60,252	5.36%
2005	5,628	355,105,993	63,096	4.72%
2006	5,362	357,361,131	66,647	5.63%
2007	5,294	374,792,608	70,796	6.23%
2008	5,060	376,002,333	74,309	4.96%
2009	5,012	376,014,994	75,023	0.96%
2010	5,786	431,226,155	74,529	-0.66%
2011	5,515	405,336,529	73,497	-1.38%
2012	5,554	398,460,248	71,743	-2.39%
2013	5,606	395,988,026	70,636	-1.54%

Counts and payroll include DRSP and DROP members.

SCHEDULE OF MEMBERS IN PAY STATUS AS OF JULY 1, 2013

Valuation Date 7/1	Annuitants	Survivors	Disableds	Total Number	Total Annual Benefits	Total Average Annual Benefit
2002	3,002	330	783	4,115		$24,259
2003	3,203	350	817	4,370		25,204
2004	3,348	360	851	4,559		26,276
2005	3,443	369	853	4,665		27,591
2006	3,564	365	919	4,848		29,229
2007	3,661	361	975	4,997		30,011
2008	3,905	380	1,021	5,306		31,808
2009	3,957	386	1,036	5,379		31,698
2010	4,132	380	1,079	5,591		32,606
2011	4,245	393	1,074	5,712		34,348
2012	4,309	438	1,077	5,824	$203,710,715	34,978
2013	4,412	448	1,101	5,961	210,686,878	35,344

Total Annual Benefits first shown in actuarial valuation report in 2012. Amounts in prior years are not readily available.

SECTION D

VALUATION PROCEDURES

ACTUARIAL COST METHOD

Normal cost and the allocation of benefit values between service rendered before and after the valuation date for **non-GRIP** was determined using the ***Projected Unit Credit*** *actuarial cost method* having the following characteristics:

- The normal cost for each individual active member equals the portion of the actuarial present value of projected benefits allocated to service during the current year; and
- The actuarial accrued liability for each individual active member equals the portion of the actuarial present value of projected benefits allocated to service earned during prior plan years and includes the value of future salary increases. The actuarial accrued liability for retired and inactive members equals the present value of benefits.

Normal cost and the allocation of benefit values between service rendered before and after the valuation date for **GRIP** was determined using the ***Traditional Unit Credit*** *actuarial cost method* having the following characteristics:

- The normal cost for each individual active member equals the portion of the actuarial present value of projected benefits allocated to service during the current year; and
- The actuarial accrued liability for each individual active member equals the portion of the actuarial present value of projected benefits allocated to service earned during prior plan years and excludes the value of future salary increases. The actuarial accrued liability for retired and inactive members equals the present value of benefits.

Financing of Unfunded Actuarial Accrued Liabilities. The unfunded actuarial accrued liability is amortized using a level-percentage of pay amortization of closed-period separate amortization bases. The initial amortization period for the base established on July 1, 2010, was 18 years, and the initial amortization period for bases established thereafter is 20 years.

Actuarial Value of Pension Plan Assets. The asset value is the actuarial value of assets which is calculated by recognizing 20% of the investment gain or loss (the difference between the actual investment return and the expected investment return, which is 7.50%) on the market value of assets for each of the five following fiscal years.

ACTUARIAL ASSUMPTIONS IN THE VALUATION PROCESS

The contribution and benefit values of the System are calculated by applying actuarial assumptions to the benefit provisions and census information furnished, using the actuarial cost method described on the previous page.

The principal areas of financial risk which require assumptions about future experiences are:

- Long-term rates of investment return to be generated by the assets of the Plan;
- Patterns of pay increases to members;
- Rates of mortality among members, retirees and beneficiaries;
- Rates of withdrawal of active members;
- Rates of disability among members; and
- The age patterns of actual retirement.

In a valuation, the monetary effect of each assumption is calculated for as long as a present covered person survives; a period of time which can be as long as a century.

Actual experience of the Plan will not coincide exactly with assumed experience. Each valuation provides a complete recalculation of assumed future experience and takes into account all past differences between assumed and actual experience. The result is a continual series of adjustments (usually small) to the computed contribution rate.

From time to time it becomes appropriate to modify one or more of the assumptions, to reflect experience trends (but not random year-to-year fluctuations). We recommend that an experience analysis be completed in the coming year to make certain that the assumptions continue to reflect current experience and expected future trends.

The assumed rate of price inflation is 3.00%.

The assumed COLA is as follows:

	Assumed COLA
100% of CPI, benefit attributable to pre 7/1/2011 service	3.00%
60% of CPI, benefit attributable to pre 7/1/2011 service	1.80%
100% of CPI*, benefit attributable to service on or after 7/1/2011	2.30%

**Capped at 2.5%.*

The following groups have a COLA equal to 60% of the increase in CPI:

Unrepresented Non-Public Safety Enrolled 7/1/78 & after-retired before 11/1/01
Certain Sheriffs and Inspectors Enrolled 7/1/78 & after-retired prior to 11/1/01
Represented Non-Public Safety Enrolled 7/1/78 & after-retired prior to 11/1/01
Sheriffs/Corrections Enrolled 7/1/78 & after-retired prior to 11/1/01
Fire Enrolled 7/1/78 & after-retired prior to 3/1/00
Police Enrolled 7/1/78 & after-retired prior to 3/1/00

The assumed rate of investment return used was 7.50%, net of expenses, annually.

The rates of annual salary increase used for individual members are in accordance with the following table. This assumption is used to project a member's current salary to the salaries upon which benefit amounts will be based.

Salary Increases

Service	Public Safety	Non-Public Safety*
0	9.25%	6.00%
5	8.25%	6.00%
10	6.25%	6.00%
15	5.50%	6.00%
20	5.00%	4.25%
25	4.50%	4.00%
30	4.25%	4.00%

**Includes GRIP.*

The assumed rate of total payroll growth used in amortizing the unfunded liability as a level percentage of pay is 4.00%.

The assumed increase in the Social Security Taxable Wage Base is 4.00%.

The mortality table used to measure retirement mortality was based on the RP2000 Mortality Table, sex-distinct, projected to the year 2030 for healthy mortality and projected to the year 2010 for disabled mortality. Rates are set forward five years for the disabled mortality assumption. The healthy mortality assumption is used to measure the probabilities of members dying before retirement and the probabilities of each benefit payment being made after retirement. We expect that because the mortality table is projected to the year 2030, this provides a margin for future mortality improvement.

	Healthy Mortality			
	Mortality Rate		Future Life Expectancy (years)	
Age	Men	Women	Men	Women
20	0.0194%	0.0118%	62.87	64.68
25	0.0278%	0.0136%	57.94	59.71
30	0.0382%	0.0195%	53.03	54.76
35	0.0665%	0.0341%	48.15	49.83
40	0.0848%	0.0449%	43.33	44.91
45	0.1018%	0.0693%	38.51	40.03
50	0.1240%	0.1002%	33.71	35.18
55	0.2038%	0.2135%	28.94	30.40
60	0.4159%	0.4349%	24.32	25.81
65	0.8344%	0.8351%	19.94	21.49
70	1.4111%	1.4405%	15.89	17.51
75	2.4785%	2.2088%	12.11	13.86
80	4.7613%	3.7161%	8.79	10.54
85	8.9712%	6.4653%	6.17	7.64
90	16.2629%	12.0332%	4.22	5.48
95	25.1898%	18.3171%	3.02	4.15
100	33.4368%	23.0445%	2.32	3.36
105	39.7886%	29.3116%	2.05	2.66

	Disabled Mortality			
	Mortality Rate		Future Life Expectancy (years)	
Age	Men	Women	Men	Women
20	0.0340%	0.0180%	55.97	58.56
25	0.0422%	0.0239%	51.06	53.61
30	0.0735%	0.0425%	46.19	48.69
35	0.0996%	0.0607%	41.38	43.81
40	0.1323%	0.0957%	36.59	38.96
45	0.1783%	0.1412%	31.85	34.16
50	0.2991%	0.2507%	27.17	29.44
55	0.5742%	0.4808%	22.66	24.89
60	1.1062%	0.9231%	18.44	20.61
65	1.9091%	1.5923%	14.60	16.69
70	3.2859%	2.5937%	11.12	13.15
75	5.8213%	4.2767%	8.13	10.00
80	10.3244%	7.2923%	5.75	7.31
85	17.6202%	12.7784%	4.00	5.29
90	26.2189%	19.0654%	2.93	4.06
95	34.1126%	23.5103%	2.30	3.34
100	39.7886%	29.3116%	2.05	2.66
105	40.0000%	36.4617%	2.03	2.18

100% of pre-retirement deaths for Groups A, E, and H are assumed to be non-service connected.
For Groups F and G, 100% of deaths corresponding to the healthy mortality rates shown above are assumed to be non-service connected. An additional 15% of the rates shown above are assumed to be service connected.

VALUATION ASSUMPTIONS (CONTINUED)

Rates of separation from active membership are represented by the following table (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members terminating employment.

Service	Groups A and H (Non Public Safety)	Groups E, F, G (Public Safety)	GRIP
0	5.200%	8.000%	9.500%
1	5.200%	8.000%	9.500%
2	5.200%	6.000%	6.000%
3	5.200%	4.000%	6.000%
4	5.200%	3.500%	5.000%
5	4.250%	3.100%	4.250%
6	4.250%	2.875%	3.000%
7	4.250%	2.650%	3.000%
8	4.250%	2.425%	2.500%
9	4.250%	2.200%	2.500%
10	3.250%	2.000%	2.500%
11	3.250%	1.750%	2.500%
12	3.250%	1.500%	2.500%
13	3.250%	1.250%	2.500%
14	3.250%	1.000%	2.500%
15	3.100%	0.900%	2.500%
16	2.825%	0.825%	2.500%
17	2.550%	0.750%	2.500%
18	2.275%	0.675%	2.500%
19	2.000%	0.600%	2.500%
20	1.700%	0.600%	2.500%
21	1.500%	0.600%	2.500%
22	1.300%	0.600%	2.500%
23	1.100%	0.600%	2.500%
24	0.900%	0.600%	2.500%
25	0.900%	0.600%	2.500%
26	0.900%	NA	2.500%

25% of vested participants that terminate are assumed to elect a refund of their accumulated contributions with interest instead of a deferred benefit.

Rates of disability were as follows:

	Non-Public Safety		Public Safety					
	Groups A and H		Group E		Group F		Group G	
Age	Male	Female	Male	Female	Male	Female	Male	Female
20	0.0975%	0.0375%	0.0882%	0.0675%	0.1470%	0.1125%	0.1029%	0.1575%
25	0.1800%	0.0975%	0.1806%	0.1800%	0.3010%	0.3000%	0.2107%	0.4200%
30	0.2475%	0.1800%	0.3696%	0.4800%	0.6160%	0.8000%	0.4312%	1.1200%
35	0.2925%	0.2550%	0.4536%	0.7050%	0.7560%	1.1750%	0.5292%	1.6450%
40	0.3300%	0.3150%	0.6006%	0.9825%	1.0010%	1.6375%	0.7007%	2.2925%
45	0.5880%	0.3375%	1.1424%	1.3155%	1.9040%	4.3850%	1.3328%	3.0695%
50	0.7080%	0.5100%	1.8984%	1.7685%	3.9550%	5.8950%	2.2148%	4.1265%
55	0.5400%	0.5800%	2.3184%	1.8585%	4.8300%	6.1950%	2.7048%	4.3365%
60	0.8625%	0.5625%	2.8434%	1.9035%	5.9238%	6.3450%	4.7390%	4.4415%

The assumed split of service-connected and non-service connected disabilities is as follows:

	Total	Total	Service Connected Disability		
	Non-Service	Service	Total Incapacity	Partial Incapacity	Alternate Position
Group	Connected	Connected	70% Benefit	52.5% Benefit	5% Pay Increase
A	60%	40%	20%	20%	NA
H	60%	40%	20%	20%	NA
E	15%	85%	25%	60%	NA
F	7%	93%	28%	65%	NA
G	7%	93%	26%	62%	5%

VALUATION ASSUMPTIONS (CONTINUED)

Rates of retirement for members eligible to retire during the next year were as follows:

	Groups A and H (Non Public Safety)			Group E		Group F				Group G		GRIP
	1st Elig. for Normal Ret			1st Elig. For	Ultimate	Before	1st Elig. For	Ultimate	30 through	1st Elig. For	Ultimate	
Age	PT/SLT	Non-PT/SLT	Ultimate Rate	Normal Ret	Rate	1st Elig.	Normal Ret	Rate	35 Years	Normal Ret	Rate	Rate
Under 45	0.00%	0.00%	2.00%	3.50%	3.50%	3.75%	15.00%	5.00%	5.00%	20.00%	3.00%	0.00%
45	0.00%	0.00%	2.00%	3.50%	3.50%	3.75%	15.00%	5.00%	5.00%	20.00%	3.00%	0.00%
46	0.00%	0.00%	2.00%	15.00%	8.00%	7.50%	15.00%	9.00%	5.00%	20.00%	7.00%	0.00%
47	0.00%	0.00%	2.00%	15.00%	8.00%	7.50%	15.00%	9.00%	5.00%	20.00%	7.00%	0.00%
48	0.00%	0.00%	2.00%	15.00%	8.00%	7.50%	15.00%	9.00%	5.00%	20.00%	7.00%	0.00%
49	0.00%	0.00%	2.00%	15.00%	8.00%	7.50%	15.00%	9.00%	5.00%	20.00%	7.00%	0.00%
50	16.00%	0.00%	6.00%	20.00%	10.00%	15.00%	15.00%	15.00%	7.00%	20.00%	10.00%	0.00%
51	16.00%	0.00%	6.00%	20.00%	10.00%	15.00%	15.00%	15.00%	7.00%	20.00%	10.00%	0.00%
52	16.00%	0.00%	6.00%	20.00%	18.00%	20.00%	15.00%	15.00%	17.00%	30.00%	15.00%	0.00%
53	16.00%	0.00%	6.00%	20.00%	18.00%	20.00%	15.00%	15.00%	17.00%	30.00%	15.00%	0.00%
54	16.00%	0.00%	6.00%	20.00%	18.00%	20.00%	15.00%	15.00%	17.00%	30.00%	15.00%	0.00%
55	20.00%	20.00%	9.00%	50.00%	50.00%	50.00%	45.00%	40.00%	45.00%	40.00%	40.00%	0.00%
56	20.00%	20.00%	9.00%	50.00%	50.00%	50.00%	45.00%	40.00%	45.00%	40.00%	40.00%	0.00%
57	20.00%	20.00%	9.00%	50.00%	50.00%	50.00%	45.00%	40.00%	45.00%	40.00%	40.00%	0.00%
58	20.00%	20.00%	9.00%	50.00%	50.00%	50.00%	45.00%	40.00%	45.00%	40.00%	40.00%	0.00%
59	20.00%	20.00%	9.00%	50.00%	50.00%	50.00%	45.00%	40.00%	45.00%	40.00%	40.00%	0.00%
60	20.00%	15.00%	16.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	5.00%
61	20.00%	15.00%	16.00%									5.00%
62	20.00%	15.00%	16.00%									15.00%
63	20.00%	15.00%	16.00%									15.00%
64	20.00%	15.00%	16.00%									15.00%
65	50.00%	50.00%	30.00%									40.00%
66	50.00%	50.00%	30.00%									40.00%
67	75.00%	75.00%	30.00%									40.00%
68	100.00%	100.00%	30.00%									40.00%
69	100.00%	100.00%	30.00%									40.00%
70	100.00%	100.00%	100.00%									100.00%

Assumption for DRSP and DROP eligible members are as follows:

	Group F (DRSP)	Group G (DROP)
Percent Assumed to Participate	70%	70%
Average Years of Participation	3 years	3 years

Assumed Additional Sick Leave Credit: Members are assumed to have additional service credit at termination or retirement for unused sick leave credit up to a maximum of 2 years.

Group	Years of Sick Leave Per Year of Credited Service
A	0.020
E	0.024
F	0.045
G	0.032
H	0.020

Marital Status: It is assumed that 80% of active participants have an eligible spouse. The male spouse is assumed to be three years older than the female spouse.

Form of Payment:

Plan	Normal Form	Assumed in Valuation
Mandatory Integrated	Life Annuity, guaranteed returned employee contributions with interest	3 Year Certain and Continuous Annuity
Optional Integrated	Life Annuity with 120 monthly payments guaranteed	10 Year Certain and Continuous Annuity
Optional Non-Integrated	Life Annuity with 120 monthly payments guaranteed	10 Year Certain and Continuous Annuity
GRIP	Lump Sum	Lump Sum at Termination or Retirement

Benefit Service: Exact fractional years of service are used to determine the amount of benefit payable.

Decrement Timing: All decrements are assumed to occur at the beginning of the year.

Decrement Operation: Turnover decrements do not operate after the member reaches retirement eligibility.

Eligibility Testing: Eligibility for benefits is determined based upon the age nearest birthday and service on the date the decrement is assumed to occur.

Pay Increase Timing: End of (fiscal) year.

Expenses:

Assumed administrative expenses were added to the Normal Cost and are based on the average of the administrative expenses over the past 3 years. The assumed amount added to the Normal Cost is:

Valuation Year	Assumed Expenses Added to Normal Cost
2011	$2,940,000
2012	$3,177,300
2013	$3,008,700

Assumptions for Missing or Incomplete Data:

Active members:
If payroll was not provided, the current year payroll was set equal to the prior year payroll. For new hires, the current year payroll was set equal to the average payroll for new hires in the same group (A, E, F, G, H, GRIP).

Vesting service and credited service were calculated for GRIP members based on date of hire and the valuation date.

Retired members:
If a beneficiary date of birth was not provided for members with a joint and survivor option, it was assumed that there was a beneficiary and males are three years older than their female spouses.

SECTION E

BENEFIT PROVISIONS

BRIEF SUMMARY OF PLAN PROVISIONS AS OF JULY 1, 2013

Following is a summary of the major plan provisions used in the valuation summarized in this report. Montgomery County is solely responsible for the validity, accuracy and comprehensiveness of this information. If any of the plan provisions shown below are not accurate and complete, the valuation results may differ significantly from those shown in this report and may require a revision of this report. Moreover, these plan provisions may be susceptible to different interpretations, each of which could be reasonable, and the different interpretations could lead to different valuation results.

1. Effective Date of the Plan

   August 15, 1965. Latest changes to the plan were made for group A, group E, group F, group G, group H, and GRIP members in FY11 and were reflected in the 2011 actuarial valuation. Some of the changes were effective July 1, 2011, while others were effective July 1, 2012.

2. Employee Eligibility Requirements

   A. Optional non-integrated retirement plan: Employees enrolled prior to July 1, 1978, who do not elect to join the integrated retirement plan.

   B. Optional integrated plan: Employees enrolled prior to July 1, 1978, who elect to join the integrated retirement plan.

   C. Mandatory integrated retirement plan: Employees enrolled on or after July 1, 1978. The Plan is closed to Non-Public Safety employees hired or rehired after September 30, 1994.

3. Membership Groups and Eligibility

   - Group A: Any employee who is not eligible for coverage under another membership group.

   - Group B: Any correctional officer, fire prevention officer, or deputy sheriff appointed or promoted to the position on or before June 30, 1978 who has not elected to transfer to another membership group.

   - Group D: Any full-time police officer appointed on or before August 15, 1965, who has been continuously employed as a police officer and has not elected to transfer to any other membership group.

   - Group E: The chief administrative officer, the director of the council staff, the hearing examiners, the county attorney, and each head of a principal department, office or agency of the county government, if appointed before July 30, 1978, or a member having held such position on or before October 1, 1972. Any sworn deputy sheriff and such correctional staff as designated by the chief administrative officer.

   - Group F: Any sworn police officer who is not eligible for coverage under another membership group.

- Group G: Any paid firefighter, paid fire officer, or paid rescue service personnel not eligible for coverage under another membership group.

- Group H: Any member, including any probationary employee, who holds a bargaining unit position, unless the member is eligible for membership in Groups B, D, E, F or G.

4. Member Contributions as a Percent of Regular Base Earnings

Effective July 1, 1989, member contributions are pre-tax and interest shall be credited annually on each member's accumulated contributions at a 4.0% annual rate.

A. Optional non-integrated plan:

	Prior to 7/1/2001	Effective 7/1/2001	Effective 7/1/2011	Effective 7/1/2012 and After
Group A	6%	6%	7%	8%
Group B*	7%	n/a	n/a	n/a
Group D**	n/a	n/a	n/a	n/a
Group E	7½%	8½%	9½%	10½%
Group F	7½%	8½%	9½%	10½%
Group G	7½%	8½%	9½%	10½%
Group H	6%	6%	7%	8%

* The last Group B member retired August 1, 1998

** The last Group D member retired November 1, 1992

B. Optional integrated plan:

	Prior to 7/1/2001*		Effective 7/1/2001*		Effective 7/1/2011		Effective 7/1/2012 and After	
	Up to SSTWB	In excess of SSTWB	Up to SSTWB	In excess of SSTWB	Up to SSTWB	In excess of SSTWB	Up to SSTWB	In excess of SSTWB
Group A	3%	6%	4%	6%	5%	7%	6%	8%
Group B**	3½%	7%	4½%	7%	n/a	n/a	n/a	n/a
Group D	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Group E	3¾%	7½%	4¾%	8½%	5¾%	9½%	6¾%	10½%
Group F	4%	8%	4¾%	8½%	5¾%	9½%	6¾%	10½%
Group G with less than 25 years of service								
	4¾%	8½%	5½%	9¼%	6½%	10¼%	7½%	11¼%
Group G with at least 25 years of service								
	4¾%	8½%	4¾%	8½%	5¾%	9½%	6¾%	10½%
Group H	3%	6%	4%	6%	5%	7%	6%	8%

* 7/1/2007 for Group G

** The last Group B member retired February 1, 2008

SSTWB means Social Security Taxable Wage Base.

C. Mandatory integrated plan:

	Prior to 7/1/2001*		Effective 7/1/2001*		Effective 7/1/2011		Effective 7/1/2012 and After	
	Up to SSTWB	In excess of SSTWB	Up to SSTWB	In excess of SSTWB	Up to SSTWB	In excess of SSTWB	Up to SSTWB	In excess of SSTWB
Group A	3%	6%	4%	6%	5%	7%	6%	8%
Group B	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Group D	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Group E	3¾%	7½%	4¾%	8½%	5¾%	9½%	6¾%	10½%
Group F	4%	8%	4¾%	8½%	5¾%	9½%	6¾%	10½%
Group G with less than 25 years of service								
	4¾%	8½%	5½%	9¼%	6½%	10¼%	7½%	11¼%
Group G with at least 25 years of service								
	4¾%	8½%	4¾%	8½%	5¾%	9½%	6¾%	10½%
Group H	3%	6%	4%	6%	5%	7%	6%	8%

* 7/1/2007 for Group G

5. Credited Service

A member's credited service is the total service rendered under the Employees' Retirement System of Montgomery County, plus credited service earned under State of Maryland and/or Montgomery County Police Relief and Retirement Fund Law or any other Maryland Public Plan, plus any purchased prior service or granted.

A. Full-time: Full-time members receive one year of credited service for rendering the full normal working time in a 12-month period.

B. Part-time: Part-time members working less than the normal scheduled workweek for full-time employees on a continuing basis shall receive one year of credited service for each 12-month period.

C. Combined part-time and full-time: Combined part-time and full-time employees will receive one month of credited service for 176 hours worked each fiscal year. Accumulated hours of 88 to 176 or 15 days or more in any calendar month will equal one month of credited service.

D. Sick Leave: Any employee whose retirement is effective on or after May 1, 1970, will have 176 hours of accumulated sick leave equivalent to one month of credited service up to a maximum of 4,224 hours. Accumulated sick leave of less than 11 days shall not be credited; 11 to 22 days shall be credited as one month for retirement purposes. Any member who vests on or after October 1, 1971, may have sick leave credited for vesting purposes on the same basis.

6. Average Final Earnings

For members enrolled on or before June 30, 1978, average final earnings are equal to the

regular earnings for the 12-month period immediately preceding retirement, or any consecutive 12-month period, if greater.

For members enrolled on or after July 1, 1978, average final earnings are equal to the average of regular annual earnings for the 36-month period immediately preceding retirement, or any consecutive 36-month period, if greater.

7. Social Security Wage Base

For any particular year, the maximum amount of earnings creditable for benefit computation purposes under the Old Age, Survivors, and Disabilities Insurance Program established by the Federal Social Security Act

Year	Social Security Taxable Wage Base
2011	$106,800
2012	$110,100
2013	$113,700

8. Social Security Maximum Compensation Level

The maximum dollar amount of earnings upon which Social Security benefits are based, assuming: (1) an employee's annual compensation is at least as great as the taxable wage base each year, for a 35-year period through the year in which the employee attains Social Security Retirement Age, (2) the employee remained in covered employment during each calendar year, (3) the taxable wage base stays level from date of retirement to Social Security Retirement Age.

9. Social Security Retirement Age

- Age 65 for employees born prior to January 1, 1938.
- Age 66 for employees born on or after January 1, 1938, and prior to January 1, 1955.
- Age 67 for employees born on or after January 1, 1955.

10. Regular Earnings

Gross pay for actual hours worked, excluding overtime.

Imputed Compensation for FY2010 only (effective July 1, 2009):

- Regular earnings for a Group A, E, or H member who is employed on July 1, 2009, includes amounts as if the member had received an increase of 4.5% in the member's gross pay as of July 1, 2009, except for the purpose of calculating a member's contribution.

- Regular earnings for a Group F member who is employed on July 1, 2009, includes amounts as if the member had received an increase of 4.25% in the member's gross pay as of July 1, 2009, except for the purpose of calculating a member's contribution.

- Regular earnings for a Group G member who is employed on July 1, 2009, includes amounts as if the member had received an increase of 4.00% in the member's gross pay as of July 1, 2009, except for the purpose of calculating a member's contribution.

11. Benefits

A. Normal Retirement Date:

Age and Service Requirement:

- Group A: Age 60 and five years of credited service, or age 55 and 30 years of credited service *(after June 30, 2002, age 60 and five years of credited service, or age 50 and 30 years of credited service for members who are Police Telecommunicators).*

- Group B: Age 55 and 15 years of credited service, or age 51 and 30 years of credited service.

- Group D: The requirements contained in the police relief and retirement fund law of the county.

- Group E: Age 55 and 15 years of credited service, or age 46 and 25 years of credited service.

- Group F: Age 55 and 15 years of credited service, or 25 years of credited service (effective July 1, 2008; previously, age 55 and 15 years of credited service, or age 46 and 25 years of credited service).

- Group G: Age 55 and 15 years of credited service, or any age with 20 years of credited service (effective July 1, 2007; previously age 55 and 15 years of credited service, or any age with 25 years of credited service).

- Group H: Age 60 and five years of credited service, or age 55 and 30 years of credited service (after June 30, 2002, age 60 and five years of credited service, or age 50 and 30 years of credited service for members who are Police Telecommunicators or members of the Service, Labor, and Trades (SLT) bargaining unit).

B. Benefit Amount:

1. Optional non-integrated plan: All groups other than Group E, F, or G – 2% of average final earnings multiplied by years of credited service, up to a maximum of 36 years, plus sick leave credits.

    - Group E: 2.4% of average final earnings for each of the first 25 years of credited service, plus 2% of average final earnings for each year of credited service after 25 years up to a maximum of 31 years, plus sick leave credits. Sick leave credit in excess of 25 years is credited at 2% of average final earnings.

- Group F: 2.4% of average final earnings for each year of credited service, up to a maximum of 36 years, plus sick leave credits.

- Group G: 2.5% of average final earnings for each of the first 20 years of credited service, plus 2% of average final earnings for each year of credited service after 20 years up to a maximum of 31 years, plus sick leave credits (effective July 1, 2007; previously 2% of average final earnings for each of the first 20 years of credited service, plus 3% of average final earnings for each year of credited service from 21st year through 24th year, plus 8% of average final earnings for the 25th year of credited service, plus 2% of average final earnings for each year of credited service after 25 years up to a maximum of 31 years, plus sick leave credits).

2. Integrated plans:

   a. From date of retirement to Social Security Retirement Age:

      - For groups other than Groups E, F or G: 2% of average final earnings multiplied by years of credited service, up to a maximum of 36 years, plus sick leave credits.

      - Group E: 2.4% of average final earnings for each of the first 25 years of credited service, plus 2% of average final earnings for each year of credited service more than 25 years up to a maximum of 31 years, plus sick leave credits.

      - Group F: 2.4% of average final earnings multiplied by years of credited service, up to a maximum of 36 years of service including sick leave credits. (Effective 7/1/2008; previously 2.4% of average final earnings for each year of credited service, up to a maximum of 30 years, plus sick leave credits. Sick leave credit in excess of 30 years is credited at 2% of average final earnings).

      - Group G: 2.5% of average final earnings for each of the first 20 years of credited service, plus 2% of average final earnings for each year of credited service after 20 years up to a maximum of 31 years, plus sick leave credits (effective 7/1/2007; previously 2% of average final earnings for each of the first 20 years of credited service, plus 3% of average final earnings for each year of credited service from 21st year through 24th year, plus 8% of average final earnings for the 25th year of credited service, plus 2% of average final earnings for each year of credited service after 25 years up to a maximum of 31 years, plus sick leave credits).

   b. From attainment of Social Security Retirement Age:

      - For Groups A, B or H: 1.25% of average final earnings up to Social Security maximum covered compensation plus 2% of average final earnings above

Social Security maximum covered compensation, multiplied by years of credited service up to 36 years, plus sick leave credits.

- Group D: 1% of average final earnings up to Social Security maximum covered compensation plus 2% of average final earnings above Social Security maximum covered compensation, multiplied by years of credited service up to 36 years, plus sick leave credits.

- Group E: 1.25% (effective 7/1/2009: 1.65%) of average final earnings up to Social Security maximum covered compensation for each year of credited service up to a maximum of 31 years plus sick leave credits, plus 2.4% of average final earnings above Social Security maximum covered compensation for each of the first 25 years, and 2% of average final earnings above Social Security maximum covered compensation for each year of credited service after 25 years up to a maximum of 31 years, plus sick leave credits. Sick leave credits used for years in excess of 25 years is credited at 2% of average final earnings above Social Security maximum covered compensation.

- Group F: 1.65% of average final earnings up to Social Security maximum covered compensation for each year of credited service up to a maximum of 36 years including sick leave credits and 2.4% of average final earnings above Social Security maximum covered compensation for each year of credited service up to a maximum of 36 years including sick leave credits. (Effective 7/1/2008; previously 1.65% of average final earnings up to Social Security maximum covered compensation for each year of credited service up to a maximum of 30 years, plus 1.25% of average final earnings up to Social Security maximum covered compensation for each year of credited service in excess of 30 years, plus sick leave credits, and 2.4% of average final earnings above Social Security maximum covered compensation for each year of credited service up to a maximum of 30 years, plus sick leave credits. Sick leave credits used for years in excess of 30 years is credited at 2% of average final earnings above Social Security maximum covered compensation).

Group G: 1.71875% of average final earnings for each of the first 20 years of credited service, plus 1.375% of average final earnings for each year of credited service after 20 years up to a maximum of 31 years, plus sick leave credits.

12. Early Pension

A. Age and service requirements:

- Group A: Age 50 and 15 years of credited service, or age 45 and 20 years of credited service.

- Group B: Age 45 and 15 years of credited service.

- Group D: Not applicable.
- Group E: Age 45 and 15 years of credited service, or age 41 and 20 years of credited service.
- Group F: Age 45 and 15 years of credited service, or age 41 and 20 years of credited service.
- Group G: Only normal retirement is allowed (effective 7/1/2007, previously age 45 and 15 years of credited service, or age 41 and 20 years of credited service).
- Group H: Age 50 with 15 years of credited service, or age 45 and 20 years of credited service.

B. Benefit amount: Regular pension accrued, reduced by the following schedule:

MONTHS EARLY \ YEARS EARLY	0	1	2	3	4	5	6	7	8	9	10
0	100.00%	98.00%	95.00%	91.00%	86.00%	80.00%	72.00%	64.00%	56.00%	48.00%	40.00%
1	99.83%	97.75%	94.67%	90.58%	85.50%	79.33%	71.33%	63.33%	55.33%	47.33%	
2	99.67%	97.50%	94.33%	90.17%	85.00%	78.67%	70.67%	62.67%	54.67%	46.67%	
3	99.50%	97.25%	94.00%	89.75%	84.50%	78.00%	70.00%	62.00%	54.00%	46.00%	
4	99.33%	97.00%	93.67%	89.33%	84.00%	77.33%	69.33%	61.33%	53.33%	45.33%	
5	99.17%	96.75%	93.33%	88.92%	83.50%	76.67%	68.67%	60.67%	52.67%	44.67%	
6	99.00%	96.50%	93.00%	88.50%	83.00%	76.00%	68.00%	60.00%	52.00%	44.00%	
7	98.83%	96.25%	92.67%	88.08%	82.50%	75.33%	67.33%	59.33%	51.33%	43.33%	
8	98.67%	96.00%	92.33%	87.67%	82.00%	74.67%	66.67%	58.67%	50.67%	42.67%	
9	98.50%	95.75%	92.00%	87.25%	81.50%	74.00%	66.00%	58.00%	50.00%	42.00%	
10	98.33%	95.50%	91.67%	86.83%	81.00%	73.33%	65.33%	57.33%	49.33%	41.33%	
11	98.17%	95.25%	91.33%	86.42%	80.50%	72.67%	64.67%	56.67%	48.67%	40.67%	

Unreduced early retirement benefits are available if the member's age and service equals 85 with at least 35 years of credited service.

13. Disability Pension

A. Non-service-connected disability retirement:

Age and service requirement: Five years of credited service.

Amount: The greater of the accrued benefit under 11(B) or 33⅓% of final earnings.

B. Service-connected disability retirement:

Age and service requirement: None

Benefit amount:

1. For total incapacity: The greater of the accrued benefit under 11(B) or 66⅔% of final earnings.
2. For Group G members: Benefits described in (1.) above are modified as follows:

   - The minimum benefit is 70% of final earnings if the member meets the definition of Social Security disability.

   - The minimum benefit is 52½% of final earnings if the member is disabled but does not qualify for the 70% minimum benefit above. The Chief Administrative Officer of the County may offer a disabled member an alternative position with the County with a 5% pay increase in lieu of this disability benefit.

   - Certain causes of disability are automatically deemed to be service-connected.

Effective July 1, 2012 the service-connected benefit amount is modified as follows:

- Total incapacity: the minimum benefit is 70% of final earnings if the Disability Review Panel approves. If the member has been granted Social Security disability benefits, the Disability Review Panel must recommend total incapacity status if the Social Security award is based primarily on the impairment for which plan benefits are paid.

- Partial incapacity: the minimum benefit is 52½% of final earnings if the member is disabled but does not qualify for the 70% minimum benefit above.

- Group G: The Chief Administrative Officer of the County may offer a disabled member an alternative position with the County with a 5% pay increase in lieu of this disability benefit. This does not apply to Group F.
-

14. Termination of Employment

A. Vesting provision:

Service requirement: Effective July 1, 1989, all employees who render five or more years of credited service become fully vested. Previously, vesting was based on a five to 10-year graded vesting schedule. Elected officials become vested after five years of service with a minimum monthly benefit of $150.

Benefit amount: The monthly vested pension payable at normal retirement date is the benefit determined according to the normal retirement pension provisions based on credited service to the date of termination.

Effective July 1, 2010, unreduced benefit commencement date provision clarification for future terminated vested members: The unreduced benefit commencement date for groups A

and H is age 60. The comparable date for groups E, F, and G members is age 70 ½ for members who are not 55 years old with 15 years of service at their termination date.

B. Return of employee contributions:

A member's contributions plus interest will be refunded if:

- A member's service with the county terminates before the member becomes eligible to vest.
- A member eligible to vest terminates service and voluntarily elects to withdraw.

15. Discontinued Service Pension

Applies if employment ends because of an administrative action and participant has 10 or more years of continuous service. Discontinued service pension begins at early retirement date but no reductions are made for early retirement. A participant may not receive a discontinued service pension if the participant was terminated for cause or resigned.

A. Groups A, E, F, G and H

1. Optional Non-Integrated plan members and Optional Non-Integrated plan members who elected to transfer to the Optional Integrated plan on or before September 26, 1983.

   Eligibility: 10 or more years of continuous or credited service, and not an elected or appointed member.

   Benefit amount: The amount of pension that the participant would receive for a regular retirement modified as follows:

   - Substitute final earnings for average final earnings
   - Add 5% of final earnings
   - No reduction at Social Security Normal Retirement Age

2. Optional Non-Integrated plan members who transferred to the Optional Integrated plan after September 26, 1983.

   Eligibility: 10 or more years of credited or continuous service, and not an elected or appointed member.

   Benefit amount: The amount of pension that the participant would receive for a regular retirement modified as follows:
   - Substitute final earnings for average final earnings
   - Add 5% of final earnings

3. Mandatory Integrated plan:

   Eligibility: 10 or more years of continuous service and not an elected or appointed member.
   Benefit amount: The amount of pension that the participant would receive for a regular retirement without any reduction for early retirement.

B. Elected and appointed members:

On or before September 26, 1983

Eligibility: 10 or more years of credited service and enrolled or re-enrolled *on or before* September 26, 1983, or submits an application to transfer from the optional plan to the integrated plan *before* September 26, 1983.

Benefit amount: Regular pension accrued under 11(B) except that "final earnings" replaces "average final earnings" in the calculation, minimum $300.00 monthly.

After September 26, 1983

Eligibility: 10 or more years of credited service and enrolled or re-enrolled after September 26, 1983, or submits an application to transfer from the optional plan to the integrated plan after September 26, 1983.

Benefit amount: Regular pension accrued under 11(B) except that "final earnings" replaces "average final earnings" in the calculation, minimum $300.00 monthly.

C. Notwithstanding the above provisions, any member covered by this plan on April 1, 1970, who has reached early retirement date with 20 years of continuous or credited service is eligible to receive a pension commencing immediately in an amount not less than 50% of final earnings.

16. Death Benefits

A. Non service-connected:

Eligibility: None.

Benefit amount:

1. Return of member contributions with interest;
   plus
2. 50% of average final earnings if the member was a member of the Employees' Retirement System on or before December 31, 1966, and was a Maryland State plan member on August 15, 1965.
   or

3. Alternate death benefits listed under (C.) below.

B. Service-connected:

Eligibility requirement: None

Benefit amount:

1. The spouse* will receive a benefit equal to 25% of the member's final earnings, with a minimum of $250.00 per month. The child will receive a benefit equal to 5% of the member's final earnings with a minimum of $50.00 per month to age 21 or life if disabled;

plus

2. 50% of average final earnings if the member was a member of the Employees' Retirement System on or before December 31, 1966, and was a Maryland State plan member on August 15, 1965;

or

3. Alternate death benefits listed under (C.) below.

4. For Group F and Group G members: if the member dies while performing duties for the County, the plan will pay death benefits to the spouse or domestic partner and child as if they were receiving a service-connected disability at the 70% minimum benefit level at the time of death and had elected the 100% joint and survivor option.

C. Alternative death benefits:

Eligibility: Member was eligible for vesting or retirement.

Benefit amount:

1. Spouse* or child may elect to receive the amount that would have been paid had the member elected to receive a 100% joint and survivor pension; plus

2. 50% of average final earnings if the member was a member of the Employees' Retirement System on or before December 31, 1966, and was a Maryland State plan member at August 15, 1965.

** Domestic partners who meet the requirements for domestic partnership are also eligible.*

17. Forms of Payment

A. Normal form:

1. Optional non-integrated plan: Lifetime benefit, with first 120 monthly payments guaranteed.

2. Optional integrated plan: Lifetime benefit, with first 120 monthly payments guaranteed.

3. Mandatory integrated plan: Lifetime benefit with refund of remaining contributions and interest.

B. Optional forms: A member may elect an optional form of pension actuarially equivalent to the normal form of retirement, otherwise payable, excluding members who qualified for a non-service-connected disability retirement before reaching early retirement date.

Available forms of payment are:

Modified Cash Refund Annuity	Lifetime benefit with return of employee contributions with interest guaranteed
10-Year Certain and Continuous Annuity	Lifetime benefit with 120 monthly payments guaranteed
Social Security Adjustment Option Combined with either Modified Cash Refund Annuity or a 10-Year Certain and Continuous Annuity	Provides a nearly level total income, from the Plan and Social Security, from date of retirement to date of death. At death, payment will continue to the beneficiary if the guarantee provided under the normal form of payment has not been exhausted.
Joint and Survivor Annuity	Provides a lifetime benefit and a continuation of a percentage of the retiree benefit upon death to the beneficiary. The minimum percentage is 10%. A guaranteed payment of employee contributions with interest is provided for the mandatory plan and 120 monthly payments from date of retirement for the optional plans.
Joint and Survivor Annuity with Pop-Up	Provides a lifetime benefit and a continuation of a percentage of the retiree benefit upon death to the beneficiary. The minimum percentage is 10%. If the beneficiary predeceases or divorces from the retiree, the monthly benefit pops up to the amount it would have been under the Modified Cash Refund option. A guaranteed payment of employee contributions with interest is provided.
Social Security Adjustment Option Combined with Joint and Survivor Annuity Option	Provides a nearly level total income, from the Plan and Social Security, from date of retirement to date of death and a continuation of a percentage of the retiree benefit upon death to the beneficiary. The minimum percentage is 10%.
Social Security Adjustment Option Combined with Joint and Survivor Annuity Pop-Up Option	Provides a nearly level total income, from the Plan and Social Security, from date of retirement to date of death and a continuation of a percentage of the retiree benefit upon death to the beneficiary. The minimum percentage is 10%. If the beneficiary predeceases or divorces from the retiree, the monthly benefit pops up to the amount it would have been under the Modified Cash Refund option. A guaranteed payment of employee contributions with interest is provided.

18. Post-Retirement Increases

Optional non-integrated plan: Annual adjustment to the benefit equal to 100% of the change in Consumer Price Index for the Washington Metro Area for years and months of credited service before July 1, 2011. For years and months of credited service after June 30, 2011, any adjustment will not exceed 2.5%.

Optional integrated plan: Annual adjustment to the benefit equal to 100% of the change in Consumer Price Index for the Washington Metro Area for years and months of credited service before July 1, 2011. For years and months of credited service after June 30, 2011, any adjustment will not exceed 2.5%.

Mandatory integrated plan:

- Participants who enrolled on or after July 1, 1978, and retired before November 1, 2001 – Annual adjustment to the benefit equal to 60% of CPI increase, limited to 5%. However, if over age 65 or disabled, then the maximum limit of 5% does not apply.

- Participants who enrolled on or after July 1, 1978, and retired on or after November 1, 2001 – Annual adjustment to the benefit equal to 100% of the change in Consumer Price Index for the Washington Metro Area up to 3%, plus 60% of any change in Consumer Price Index greater than 3%, not to exceed a total of 7.5% for years and months of credited service before July 1, 2011. The maximum 7.5% does not apply to disability retirees or retirees over age 65 for years of service before July 1, 2011. For years and months of credited service after June 30, 2011, any adjustment will not exceed 2.5%.

Disability Benefits:

For a disability occurring after June 30, 2011, as determined by the Disability Review Panel, any postretirement adjustment of the disability retirement benefit will not exceed 2.5%.

Sick Leave:

For purposes of applying any post-retirement adjustment, any sick leave will be credited as years and months of service as of the date of retirement. For participants who retire after July 1, 2011, any post-retirement adjustment will not exceed 2.5% on any sick leave credited as years and months of service.

DRSP Participants:

Effective July 1, 2011, any additional sick leave credited as years and months of service at DRSP exit is subject to the 2.5% post-retirement adjustment limit.

DROP Participants:

Effective July 1, 2011, any additional sick leave credited as years and months of service at DROP exit is subject to the 2.5% post-retirement adjustment limit.

Transferred Service:

For purposes of applying any post-retirement adjustment, any transferred service will be credited as years and months of service as of the date a properly completed application is filed with the Benefits Team. For applications to transfer service credit filed after June 30, 2011, any post-retirement adjustment will not exceed 2.5% on the transferred service.

Purchased Service:

For purposes of applying any post-retirement adjustment, any purchased service will be credited as years and months of service as of the date a properly completed application is filed with the Benefits Team. For applications to purchase service credit filed after June 30, 2011, any post-retirement adjustment will not exceed 2.5% on the purchased service.

19. Discontinued Retirement Service Program (DRSP) for Group F *(effective 7/1/2008)*

A. Eligibility for DRSP entry:

Any group F member who has attained age 46 and 25 years of credited service may participate in the DRSP plan.

B. Exit from DRSP:

The first day of any month not to exceed 36 months.

C. The DRSP account is:

- A member-directed account outside the System's usual investment
- Credited with the investment gains and losses of the chosen investments
- Credited with the monthly benefits that the member would have received if the member had retired at DRSP entry.

Upon exit from DRSP, the member can receive the DRSP account as a lump sum payment or as actuarially equivalent monthly benefits.

D. Post-DRSP monthly benefit:

The amount the participant would have received at DRSP entry with post-retirement increases for the period in DRSP.

E. Disability while in DRSP:

Non-Service Connected: The member will receive a pension benefit calculated as if they retired with a non-service connected disability on the date they exited DRSP and their DRSP account.

Service Connected Disability: The member can elect (i) their DRSP account and the post-DRSP monthly benefit or (ii) a disability benefit calculated as if the member had never entered DRSP.

F. Death while in DRSP:

The beneficiary will receive the greater of (i) the death benefit that the beneficiary would have received if the member had died at DRSP entry with post-retirement increases plus the

DRSP account or (ii) the death benefit calculated as if the member had never entered DRSP.

G. Member Contributions:

Members do not contribute while in DRSP.

20. Deferred Retirement Option Plan (DROP) for Group G

A. Eligibility for DROP entry:

Any group G member who has met the age and service requirements for a normal retirement may participate in the DROP plan *(effective 7/1/2007; previously only Group G members with at least 25 years of credited service).*

B. Exit from DROP:

The first day of any month not to exceed 36 months.

C. The DROP account collects:

- The member's contributions while in DROP
- The monthly benefits that the member would have received if the member had retired at DROP entry
- 8.25% interest on the amount in the account.

Upon exit from DROP, the member can receive the DROP account as a lump sum payment or as actuarially equivalent monthly benefits.

D. Post-DROP monthly benefit:

The amount the participant would have received at DROP entry with post-retirement increases for the period in DROP.

E. Disability while in DROP:

Non-Service Connected: The member will receive a pension benefit calculated as if they retired with a non-service connected disability on the date they entered DROP and their DROP account.

Service Connected Disability: The member can elect (i) their DROP account and the post-DROP monthly benefit or (ii) a disability benefit calculated as if the member had never entered DROP.

F. Death while in DROP:

The beneficiary will receive the greater of (i) the death benefit that the beneficiary would

have received if the member had died at DROP entry with post-retirement increases plus the DROP account or (ii) the death benefit calculated as if the member had never entered DROP.

21. Guaranteed Retirement Income Plan *(effective 7/1/2009)*

A. Eligibility for GRIP entry:

- Full-time Non-Public Safety employees hired on or after July 1, 2009 who do not participate in the retirement savings plan may make a one-time irrevocable election to participate in the GRIP within the first 150 days of full time employment.
- Part-time or temporary Non-Public Safety employees hired on or after October 1, 1994 who do not participate in the retirement savings plan may make a one-time irrevocable election to participate in the GRIP after at least 150 days of employment.

B. The GRIP account collects:

- Member contributions (pre-tax unless noted otherwise)
  a. Non-public safety employees: 4% of regular base earnings up to the maximum Social Security wage base plus 8% of the excess.

  b. Public safety employees: 3% of regular base earnings up to the maximum Social Security wage base plus 6% of the excess.

  c. Effective July 1, 2011, members may contribute an additional 2% of regular earnings for service between June 30, 2011 and July 1, 2012, on an after-tax basis by making an election in writing on or before September 1, 2011.

- Employer contributions

  a. Non-public safety employees: 8% of regular base earnings. Effective July 1, 2011, the employer contribution is 6% of regular base earnings for service between June 30, 2011, and July 1, 2012.

  b. Public safety employees: 10% of regular base earnings. Effective July 1, 2011, the employer contribution is 8% of regular base earnings for service between June 30, 2011, and July 1, 2012.

- 7.25% interest credited from the date of contribution.

C. Vesting Schedule:

- Employees are 100% vested in employee contributions at all times.
- County contributions are 0% vested from 0-3 years of credited service and 100% vested at 3 or more years of credited service.
- Participants become 100% vested at death or disability.

D. Normal Form of Payment – Lump sum

E. Optional Forms of Payment:

- Direct rollover
- Life annuity purchased from MCERP

F. Eligible Agencies:

- CC – credit union employees (outside agency)
- CM – union employees (represented)
- CN – non-bargaining employees (non-represented)
- CP – public safety employees
- CZ – elected officials who transferred from the EOP

22. Retirement Incentive Program *(effective 6/1/2010)*

The Retirement Incentive Program provided enhanced benefits to 64 group A, group H, and group E participants. Each retiree received up to a $35,000 lump sum payment. The early retirement reductions that would normally apply were reduced for some participants and eliminated for others.

23. Elected Officials' Plan (EOP)

The Elected Officials' Plan is a defined contribution plan within the Employees' Retirement System.

A. Participant and Eligibility:

- Elected officials are eligible to participate in the EOP. An elected official is the sheriff, the state's attorney, a County Council member, the County Executive and any County official elected for a fixed term as specifically provided in the Charter.
- Unless an elected official was an active member of a County retirement plan before becoming an elected official, which includes being on leave without pay, an elected official must participate in the EOP upon becoming an elected official. An elected official who chooses to continue to participate in another County retirement plan may become a member of the EOP at any time while an elected official after terminating participation in the other plan.

B. Transfer to the Guaranteed Retirement Income Plan (GRIP):

- An individual who is an elected official after December 6, 2010, may make a one-time irrevocable decision to terminate participation in the EOP and participate in the GRIP. An elected official must elect to participate in the GRIP during the first 150 days after becoming an elected official. Participation will begin on the first pay period after the elected official has been in office for 180 days. The elected official will have his or

her EOP account transferred to the GRIP and the amount transferred into the GRIP will become the elected official's beginning GRIP account balance.
- An elected official who does not elect to participate in the GRIP must continue to participate in the EOP.

C. EOP Contributions:

- Employee contributions: 4% of pay (regular earnings) on a before-tax basis. Members may make an additional voluntary after tax contributions into the account of up to 7% of bi-weekly gross pay.
- Employer contributions: 8% of pay (regular earnings before taxes).

24. Changes in plan provisions

There were no additional changes in plan provisions since the actuarial valuation as of July 1, 2012.

SECTION F

GLOSSARY OF TERMS

GLOSSARY OF TERMS

Actuarial Accrued Liability (AAL). The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as "accrued liability" or "past service liability."

Actuarial Assumptions. Estimates of future plan experience such as investment return, expected lifetimes and the likelihood of receiving a pension from the Pension Plan. Demographic, or "people" assumptions, include rates of mortality, retirement and separation. Economic, or "money" assumptions, include expected investment return, inflation and salary increases.

Actuarial Cost Method. A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future plan benefits" between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the "actuarial funding method."

Actuarial Present Value of Future Plan Benefits. The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

Actuarial Value of Assets (AVA). Smoothed value of assets that recognizes the difference between the expected investment return using the valuation assumption of 7.50 percent and the actual investment return over a five-year period. Dampens volatility of asset value over time.

Amortization. Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

Annual Required Contribution. The sum of the normal cost and amortization of the unfunded actuarial accrued liability.

Asset Return. The net investment return for the asset divided by the mean asset value. Example: if $1.00 is invested and yields $1.08 after a year, the asset return is 8.00 percent.

Funded Ratio. The actuarial value of assets divided by the actuarial accrued liability. Measures the portion of the actuarial accrued liability that is currently funded.

Market Value of Assets (MVA). The value of assets currently held in the trust available to pay for benefits of the Pension Plan. Each of the investments in the trust is valued at market price which is the price at which buyers and sellers trade similar items in the open market

Normal Cost (NC). The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as "current service cost." Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

Unfunded Actuarial Accrued Liability (UAAL). The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as "unfunded accrued liability."

City of Atlanta
Police Officers' Pension Fund

Actuarial Valuation
As of July 1, 2014

Determines the Contribution
For the 2015/16 Fiscal Year

SOUTHERN
ACTUARIAL
SERVICES

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April 12,2015

Introduction

This report presents the results of the July 1, 2014 actuarial valuation of the City of Atlanta Police Officers' Pension Fund. This valuation is based upon the participant data provided as of July 1, 2014 by the City and plan administrator and asset information provided as of June 30, 2014 by the plan auditor. Except for a cursory review for reasonableness, we have not attempted to verify the accuracy of this information.

The primary purpose of this report is to provide a summary of the funded status of the plan as of July 1, 2014 and to determine the minimum required contribution under Georgia Code Section 47-20-10 for the City's 2015/16 fiscal year. In addition, this report provides a projection of the long-term funding requirements of the plan, accounting disclosures pursuant to Governmental Accounting Standards Board Statement Nos. 25 and 27 (GASB 25/27), statistical information concerning the assets held in the trust, statistical information concerning the participant population, and a summary of any recent plan changes.

The liabilities and cost presented in this report are based on numerous assumptions concerning the cost of benefits to be provided in the future, long-term investment returns, and the future demographic experience of the current participants. Anyone referring to this report should remember that the cost developed herein is only an *estimate* of the true cost of providing post-employment pension benefits. No one can predict with certainty whether the true cost will be higher or lower than the cost presented in this report. The calculated cost is entirely dependent upon the assumptions that are described in Table V-A. If any of the assumptions is changed, then the cost shown in this report will change accordingly. Likewise, if any of the assumptions is not completely realized, then the cost shown in this report will change in the future.

Certain assumptions play a bigger role than others in determining the cost of the post-employment pension benefits. In some cases, relatively small changes in a particular assumption can have a dramatic impact on the anticipated cost of benefits. Although a thorough analysis of the impact of such changes is beyond the scope of this report, Table I-B illustrates the impact that alternative long-term investment returns would have on the minimum required contribution rate.

Minimum Required Contribution

Table I-A shows the development of the minimum required contribution for the City's 2015/16 fiscal year. The minimum required contribution rate is 26.07% of covered payroll, which represents a decrease of 8.01% of payroll from the prior valuation.

Table I-C provides a breakdown of the sources of change in the contribution rate. Significantly, the rate decreased by 7.32% of payroll due to investment gains, decreased by another 0.96% of payroll due to demographic experience, and increased by 0.27% of payroll due to the assumption change that is described below. The market value of assets

earned 20.81% during the 2013/14 plan year, whereas a 7.50% annual investment return was required to maintain a stable contribution rate.

Georgia Code Section 47-20-10 sets forth many of the rules concerning the minimum required contribution for public pension plans within the state. Essentially, the City will meet the minimum funding requirement if the employer contributions are at least equal to the annual required contribution under GASB 25/27. In addition, Georgia Code Section 47-20-13 exempts public plan sponsors from the minimum funding requirements if the plan's actuarial value of assets exceeds 150% of the present value of accumulated retirement system benefits.

Based on the current assets, participant data, and actuarial assumptions and methods that are used to value the plan, the present-day value of the total long-term funding requirement is $1,380,211,518. As illustrated in Table I-A, current assets are sufficient to cover $987,507,000 of this amount, the employer's expected contribution for the 2014/15 plan year will cover $31,979,422 of this amount, the employer's expected contribution for the 2015/16 plan year will cover $25,440,989 of this amount, and future employee contributions will cover $85,096,190 of this amount, leaving $250,187,917 to be covered by future employer funding. Again, demographic and investment experience that differs from that assumed will either increase or decrease the future employer funding requirement.

Contents of the Report

Tables I-D through I-G provide a detailed breakdown of various liability amounts by type of benefit and by participant group. Tables II-A through II-C provide information needed by both the plan's and the employer's accountants in order to prepare the relevant financial statements that cover the period July 1, 2013 through June 30, 2014. Tables III-A through III-F provide information concerning the assets of the trust fund. Specifically, Table III-A shows the development of the actuarial value of assets, which is based on the market value. Tables IV-A through IV-F provide statistical information concerning the plan's participant population. In particular, Table IV-F gives a 10-year projection of the cash that is expected to be required from the trust fund in order to pay benefits to the current group of participants. Finally, Tables V-A through VI-B provide a summary of the actuarial assumptions and methods that are used to value the plan's benefits and of the relevant plan provisions as of July 1, 2014, as well as a summary of the changes that have occurred since the previous valuation report was prepared.

Assumption Change

Since the previous valuation report was prepared, the administrative expense assumption has been increased from 0.50% of future payroll to 0.75% of future payroll.

Certification

This actuarial valuation was prepared by me or under my direct supervision and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate and, in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Georgia Code Section 47-20-10. There is

no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material change in plan costs or required contribution rates have been taken into account in the valuation.

For the firm,

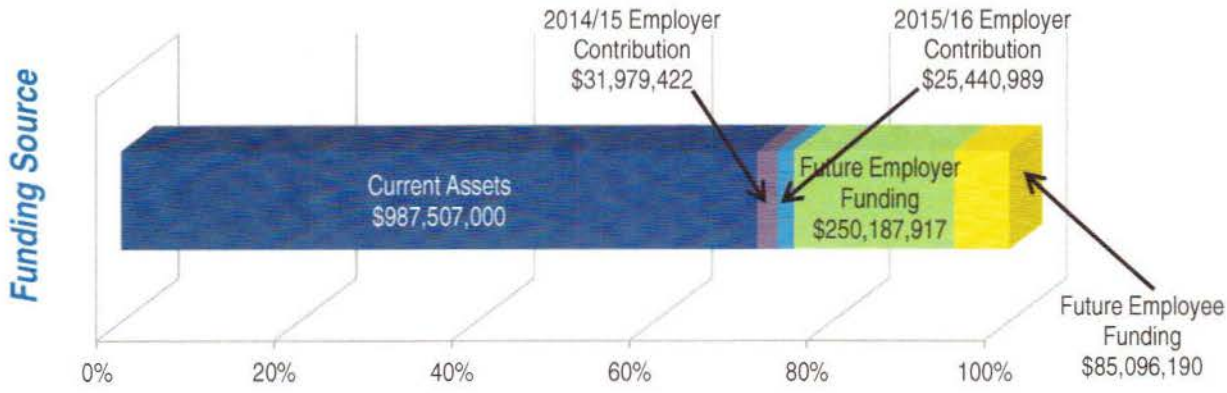
Charles T. Carr
Consulting Actuary
Southern Actuarial Services Company, Inc.

Enrolled Actuary No. 14-04927

The individual above is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Minimum Required Contribution

Table I-A



	For the 2015/16 Fiscal Year
Entry Age Normal Cost for the 2014/15 Plan Year	$21,886,075
Unfunded Liability Amortization Payment for the 2014/15 Plan Year	$13,033,987
Expense Allowance for the 2014/15 Plan Year	$703,772
Expected Employee Contribution for the 2014/15 Plan Year	($10,678,575)
Adjustment to Reflect Semi-Monthly Employer Contributions	$951,900
	$25,897,159
Expected Employer Contribution for the 2014/15 Plan Year	($31,979,422)
Remaining Contribution Due/(Credit) for the 2014/15 Plan Year	($6,082,263)
	x 0.075
One Year's Interest Charge/(Credit) on the Remaining Contribution	($456,170)
Preliminary Employer Contribution for the 2015/16 Fiscal Year	$25,440,989
Expected Payroll for the 2015/16 Fiscal Year	*÷ $97,589,786*
Minimum Required Contribution Rate	**26.07%**

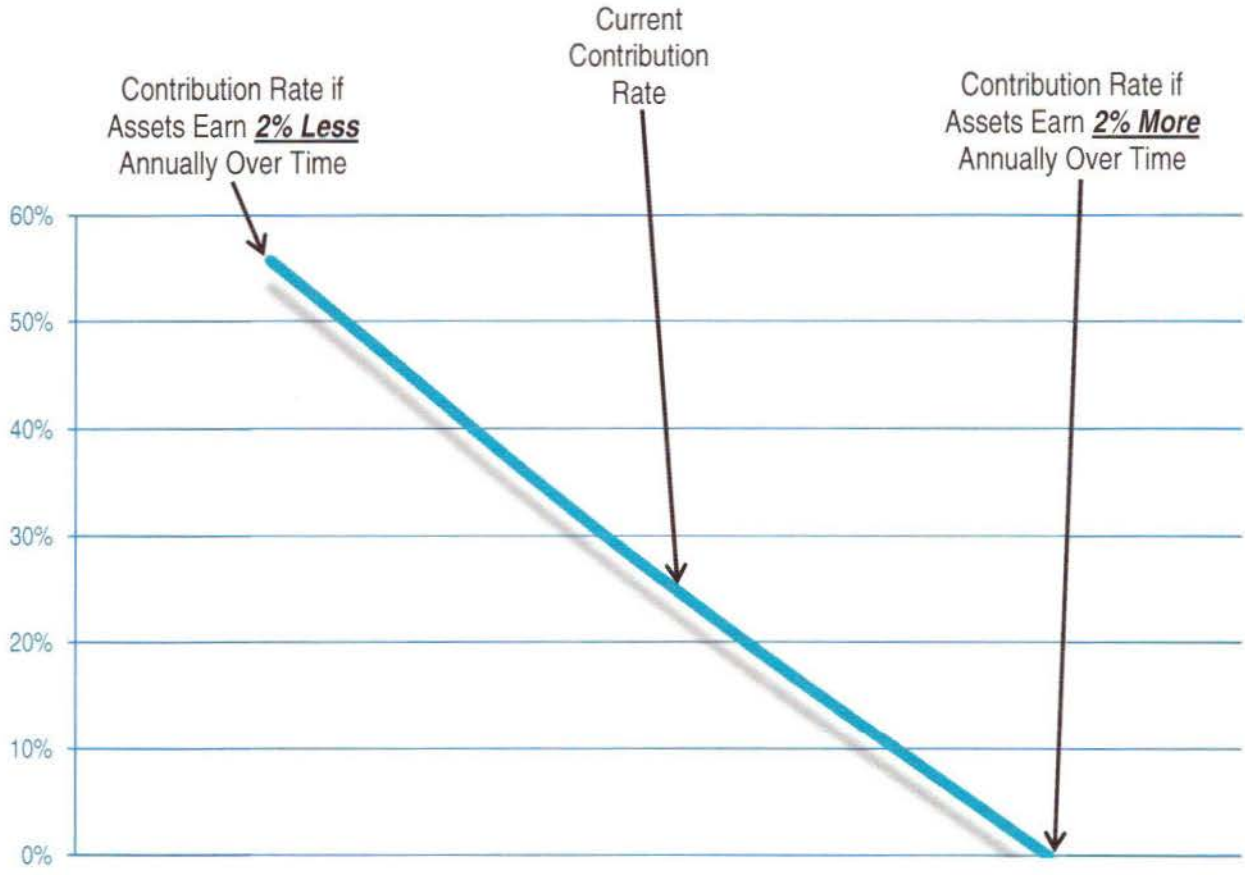
(The actual contribution should be based on the minimum required contribution rate multiplied by the actual payroll for the fiscal year.)

Additional Disclosures

Present Value of Future Compensation	$747,764,800
Present Value of Future Employer Contributions	$307,608,328
Present Value of Future Employee Contributions	$85,096,190

Sensitivity Analysis

Table I-B



The line above illustrates the sensitivity of the contribution rate to changes in the long-term investment return.

Gain and Loss Analysis

Table I-C

Source of Change in the Contribution Rate

Previous minimum required contribution rate	34.08%
Increase (decrease) due to investment gains and losses	-7.32%
Increase (decrease) due to demographic experience	-0.96%
Increase (decrease) due to plan amendments	0.00%
Increase (decrease) due to actuarial assumption changes	0.27%
Increase (decrease) due to actuarial method changes	0.00%
Current minimum required contribution rate	26.07%

Source of Change in the Unfunded Liability

Previous unfunded liability	$341,599,332
Increase due to interest	$25,619,950
Decrease due to amortization payments	($17,002,669)
Increase (decrease) due to plan experience	($113,677,751)
Increase (decrease) due to plan amendments	$0
Increase (decrease) due to actuarial assumption changes	$0
Increase (decrease) due to actuarial method changes	$0
Current unfunded liability	$236,538,862

Present Value of Future Benefits

Table I-D

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$525,365,660	$525,365,660	$525,365,660
Termination benefits	$26,745,664	$26,745,664	$26,745,664
Disability benefits	$27,323,586	$27,323,586	$27,323,586
Death benefits	$8,797,402	$8,797,402	$8,797,402
Refund of employee contributions	$1,572,931	$1,572,931	$1,572,931
Sub-total	**$589,805,243**	**$589,805,243**	**$589,805,243**
Deferred Vested Participants			
Retirement benefits	$2,081,650	$2,081,650	$2,081,650
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$2,081,650**	**$2,081,650**	**$2,081,650**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$671,988,989	$671,988,989	$671,988,989
Disability retirements	$55,878,468	$55,878,468	$55,878,468
Beneficiaries receiving	$54,848,932	$54,848,932	$54,848,932
DROP participants	$0	$0	$0
Sub-total	**$782,716,389**	**$782,716,389**	**$782,716,389**
Grand Total	**$1,374,603,282**	**$1,374,603,282**	**$1,374,603,282**

Present Value of Accrued Benefits

Table I-E

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$307,652,909	$307,652,909	$307,652,909
Termination benefits	$14,495,051	$14,495,051	$14,495,051
Disability benefits	$21,234,263	$21,234,263	$21,234,263
Death benefits	$5,682,024	$5,682,024	$5,682,024
Refund of employee contributions	$948,524	$948,524	$948,524
Sub-total	**$350,012,771**	**$350,012,771**	**$350,012,771**
Deferred Vested Participants			
Retirement benefits	$2,081,650	$2,081,650	$2,081,650
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$2,081,650**	**$2,081,650**	**$2,081,650**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$671,988,989	$671,988,989	$671,988,989
Disability retirements	$55,878,468	$55,878,468	$55,878,468
Beneficiaries receiving	$54,848,932	$54,848,932	$54,848,932
DROP participants	$0	$0	$0
Sub-total	**$782,716,389**	**$782,716,389**	**$782,716,389**
Grand Total	**$1,134,810,810**	**$1,134,810,810**	**$1,134,810,810**

Present Value of Vested Benefits

Table I-F

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$277,972,158	$277,972,158	$277,972,158
Termination benefits	$12,265,158	$12,265,158	$12,265,158
Disability benefits	$21,234,263	$21,234,263	$21,234,263
Death benefits	$5,579,842	$5,579,842	$5,579,842
Refund of employee contributions	$2,943,176	$2,943,176	$2,943,176
Sub-total	**$319,994,597**	**$319,994,597**	**$319,994,597**
Deferred Vested Participants			
Retirement benefits	$2,081,650	$2,081,650	$2,081,650
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$2,081,650**	**$2,081,650**	**$2,081,650**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$671,988,989	$671,988,989	$671,988,989
Disability retirements	$55,878,468	$55,878,468	$55,878,468
Beneficiaries receiving	$54,848,932	$54,848,932	$54,848,932
DROP participants	$0	$0	$0
Sub-total	**$782,716,389**	**$782,716,389**	**$782,716,389**
Grand Total	**$1,104,792,636**	**$1,104,792,636**	**$1,104,792,636**

Entry Age Normal Accrued Liability

Table I-G

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$395,263,652	$395,263,652	$395,263,652
Termination benefits	$18,197,235	$18,197,235	$18,197,235
Disability benefits	$18,383,205	$18,383,205	$18,383,205
Death benefits	$6,388,140	$6,388,140	$6,388,140
Refund of employee contributions	$1,015,591	$1,015,591	$1,015,591
Sub-total	**$439,247,823**	**$439,247,823**	**$439,247,823**
Deferred Vested Participants			
Retirement benefits	$2,081,650	$2,081,650	$2,081,650
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$2,081,650**	**$2,081,650**	**$2,081,650**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$671,988,989	$671,988,989	$671,988,989
Disability retirements	$55,878,468	$55,878,468	$55,878,468
Beneficiaries receiving	$54,848,932	$54,848,932	$54,848,932
DROP participants	$0	$0	$0
Sub-total	**$782,716,389**	**$782,716,389**	**$782,716,389**
Grand Total	**$1,224,045,862**	**$1,224,045,862**	**$1,224,045,862**
less Actuarial Value of Assets	*($987,507,000)*	*($987,507,000)*	*($987,507,000)*
Unfunded Accrued Liability	**$236,538,862**	**$236,538,862**	**$236,538,862**

Entry Age Normal Cost

Table I-H

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$17,510,529	$17,510,529	$17,510,529
Termination benefits	$1,729,145	$1,729,145	$1,729,145
Disability benefits	$1,935,342	$1,935,342	$1,935,342
Death benefits	$402,182	$402,182	$402,182
Refund of employee contributions	$308,877	$308,877	$308,877
Sub-total	**$21,886,075**	**$21,886,075**	**$21,886,075**
Deferred Vested Participants			
Retirement benefits	$0	$0	$0
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$0**	**$0**	**$0**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$0	$0	$0
Disability retirements	$0	$0	$0
Beneficiaries receiving	$0	$0	$0
DROP participants	$0	$0	$0
Sub-total	**$0**	**$0**	**$0**
Grand Total	**$21,886,075**	**$21,886,075**	**$21,886,075**

GASB 25/27 Results

Table II-A

Development of the Net Pension Obligation (Asset)

Net Pension Obligation (Asset) as of July 1, 2013	$0
Annual Pension Cost for the 2013/14 Plan Year	$30,197,000
Employer Contributions for the 2013/14 Plan Year	($30,197,000)
Net Increase (Decrease) in NPO	$0
Net Pension Obligation (Asset) as of July 1, 2014	**$0**

GASB 25/27 Disclosures

Table II-B

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	% Contrib.	Annual Pension Cost	% Contrib.
2009	$44,810,000	100%	$44,810,000	100%
2010	$41,712,000	100%	$41,712,000	100%
2011	$39,135,000	100%	$39,135,000	100%
2012	$33,748,000	100%	$33,748,000	100%
2013	$26,525,000	100%	$26,525,000	100%
2014	$30,197,000	100%	$30,197,000	100%

Schedule of Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) – (1)	(4) Funded Ratio (1) ÷ (2)	(5) Covered Payroll	(6) UAAL as % of Covered Payroll (3) ÷ (5)
January 1, 2010	$591,980,609	$990,600,036	$398,619,427	59.76%	$78,519,495	507.67%
January 1, 2011	$697,667,506	$1,056,240,007	$358,572,501	66.05%	$83,550,807	429.17%
July 1, 2011	$735,470,000	$1,036,001,393	$300,531,393	70.99%	$73,688,100	407.84%
July 1, 2012	$733,546,000	$1,059,361,784	$325,815,784	69.24%	$88,296,903	369.00%
July 1, 2013	$828,815,000	$1,170,414,332	$341,599,332	70.81%	$92,245,466	370.32%
July 1, 2014	$987,507,000	$1,224,045,862	$236,538,862	80.68%	$93,836,333	252.08%

Additional Information

Valuation Date ***July 1, 2014***

Actuarial Cost Method ***Entry age normal***

Amortization Method ***Level percentage, closed***

Remaining Amortization Period ***27 years***

Asset Valuation Method ***Market value***

Discount Rate ***7.50%***

Salary Increase Rate ***4.00%***

SFAS 35 Disclosures

Table II-C

Actuarial Present Value of Accrued Benefits

	As of July 1, 2013	As of July 1, 2014
Vested Benefits		
Participants currently receiving benefits	$734,960,042	$782,716,389
Other participants	$310,251,602	$322,076,247
Sub-total	$1,045,211,644	$1,104,792,636
Non-Vested Benefits	$28,672,065	$30,018,174
Total Benefits	**$1,073,883,709**	**$1,134,810,810**
Funded Percentage (based on the market value of assets)	77.18%	87.02%

Statement of Change in Actuarial Present Value of Accrued Benefits

Actuarial Present Value as of July 1, 2013	**$1,073,883,709**
Increase (Decrease) Due To:	
Interest	$80,541,278
Benefits accumulated	$33,664,823
Benefits paid	($53,279,000)
Plan amendments	$0
Changes in actuarial methods and assumptions	$0
Net increase (decrease)	**$60,927,101**
Actuarial Present Value as of July 1, 2014	**$1,134,810,810**

Actuarial Value of Assets

Table III-A

Market Value of Assets as of July 1, 2014	$987,507,000
Minus advance employer contributions	$0
Actuarial Value of Assets as of July 1, 2014	**$987,507,000**

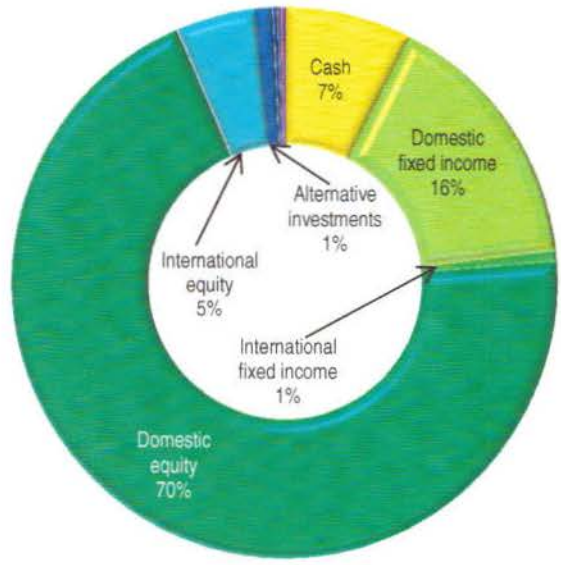
Historical Actuarial Value of Assets

January 1, 2006	N/A
January 1, 2007	N/A
January 1, 2008	$596,457,000
January 1, 2009	$571,768,000
January 1, 2010	$591,980,609
January 1, 2011	$697,667,506
July 1, 2011	$735,470,000
July 1, 2012	$733,546,000
July 1, 2013	$828,815,000
July 1, 2014	$987,507,000

Market Value of Assets

Table III-B

	As of July 1, 2014
Market Value of Assets	**$987,507,000**
Cash	$74,523,000
Domestic fixed income	$155,139,000
International fixed income	$6,073,000
Domestic equity	$693,253,000
International equity	$47,325,000
Alternative investments	$9,898,000
Income receivable	$2,353,000
Employer contribution receivable	$1,654,000
Employee contribution receivable	$438,000
Due to brokers	($2,238,000)
Net accounts payable	($911,000)

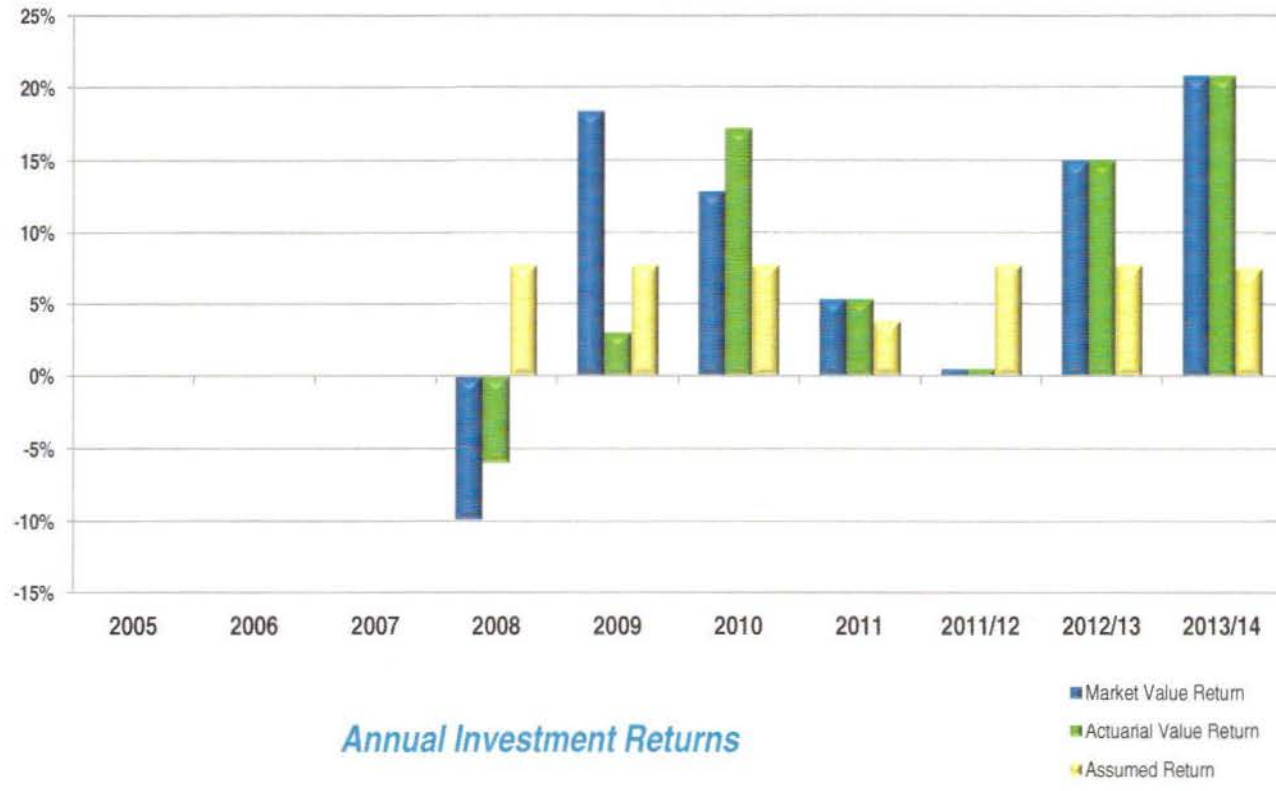


Historical Market Value of Assets

January 1, 2006	N/A
January 1, 2007	N/A
January 1, 2008	$561,226,686
January 1, 2009	$516,308,590
January 1, 2010	$614,490,006
January 1, 2011	$697,667,506
July 1, 2011	$735,470,000
July 1, 2012	$733,546,000
July 1, 2013	$828,815,000
July 1, 2014	$987,507,000

Investment Return

Table III-C



Annual Investment Returns

Plan Year	Market Value Return	Actuarial Value Return	Assumed Return
2005	N/A	N/A	N/A
2006	N/A	N/A	N/A
2007	N/A	N/A	N/A
2008	-9.85%	-5.92%	7.75%
2009	18.40%	3.02%	7.75%
2010	12.93%	17.21%	7.75%
2011	5.37%	5.37%	3.80%
2011/12	0.51%	0.51%	7.75%
2012/13	15.03%	15.03%	7.75%
2013/14	20.81%	20.81%	7.50%
6.5yr. Avg.	9.22%	8.23%	7.71%

Asset Reconciliation

Table III-D

	Market Value	Actuarial Value
As of July 1, 2013	**$828,815,000**	**$828,815,000**
Increases Due To:		
Employer Contributions	$30,197,000	$30,197,000
Employee Contributions	$11,232,000	$11,232,000
Total Contributions	$41,429,000	$41,429,000
Interest and Dividends	$18,045,000	
Gains (Losses)	$156,987,000	
Total Investment Income	$175,032,000	$171,195,000
Other Income	$3,000	
Total Income	**$216,464,000**	**$212,624,000**
Decreases Due To:		
Benefit Payments	($53,279,000)	($53,279,000)
Total Benefit Payments	($53,279,000)	($53,279,000)
Investment Expenses	($3,840,000)	
Administrative Expenses	($653,000)	($653,000)
Advance Employer Contribution		$0
Total Expenses	**($57,772,000)**	**($53,932,000)**
As of July 1, 2014	**$987,507,000**	**$987,507,000**

Historical Trust Fund Detail

Table III-E

Income

Plan Year	Employer Contribs.	Employee Contribs.	Interest / Dividends	Gains / Losses	Other Income
2005	N/A	N/A	N/A	N/A	N/A
2006	N/A	N/A	N/A	N/A	N/A
2007	N/A	N/A	N/A	N/A	N/A
2008	$44,433,944	$5,632,058	$19,659,840	-$73,068,655	$306,310
2009	$41,213,384	$7,428,867	$10,062,495	$86,832,237	$412,899
2010	$40,422,017	$6,522,505	$10,973,135	$71,141,601	$110,624
2011	$19,567,500	$3,366,500	$5,409,500	$33,529,994	$0
2011/12	$33,748,000	$9,541,000	$13,407,000	-$6,450,000	$12,000
2012/13	$26,525,000	$11,157,000	$15,319,000	$96,713,000	$0
2013/14	$30,197,000	$11,232,000	$18,045,000	$156,987,000	$3,000

Expenses

Plan Year	Benefit Payments	Admin. Expenses	Invest. Expenses
2005	N/A	N/A	N/A
2006	N/A	N/A	N/A
2007	N/A	N/A	N/A
2008	$38,530,904	$607,811	$2,742,878
2009	$44,024,211	$1,692,242	$2,052,013
2010	$43,378,646	$54,705	$2,559,031
2011	$22,588,000	$40,500	$1,442,500
2011/12	$48,746,000	$192,000	$3,244,000
2012/13	$51,299,000	$327,000	$2,819,000
2013/14	$53,279,000	$653,000	$3,840,000

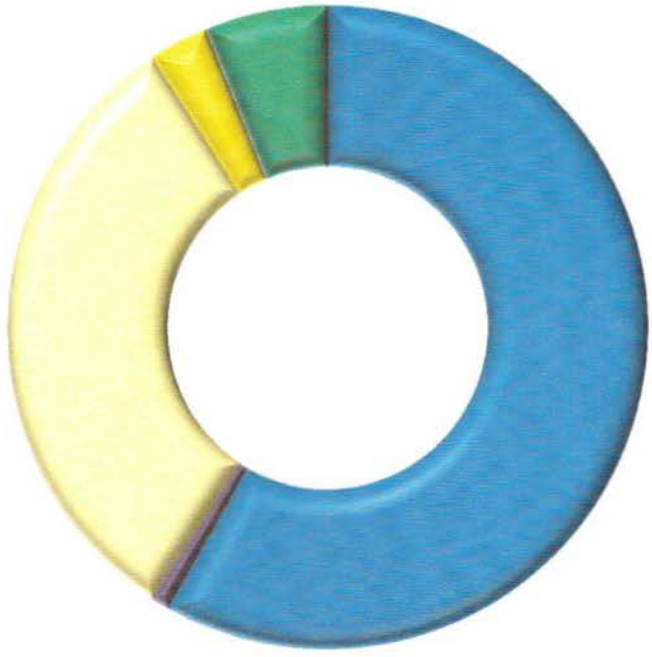
Other Actuarial Adjustments

Advance Employer Contribs.
N/A
N/A
N/A
$0
$0
$0
$0
$0
$0
$0

Note: Amounts shown for the 2011 short plan year are estimated.

Summary of Participant Data

Table IV-A



Participant Distribution by Status

As of July 1, 2014

Actively Employed Participants	
Active Participants	2,025
DROP Participants	0
Inactive Participants	
Deferred Vested Participants	35
Due a Refund of Contributions	0
Deferred Beneficiaries	0
Participants Receiving a Benefit	
Service Retirements	1,100
Disability Retirements	105
Beneficiaries Receiving	215
Total Participants	**3,480**

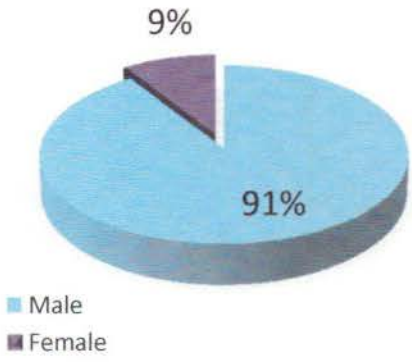
Number of Participants Included in Prior Valuations

	Active	*DROP*	*Inactive*	*Retired*	*Total*
January 1, 2006	1,775	0	0	1,115	2,890
January 1, 2007	1,735	0	0	1,204	2,939
January 1, 2008	1,811	0	0	1,272	3,083
January 1, 2009	1,639	0	0	1,355	2,994
January 1, 2010	1,574	0	3	1,293	2,870
January 1, 2011	1,554	0	18	1,345	2,917
July 1, 2011	1,639	0	29	1,401	3,069
July 1, 2012	1,870	0	29	1,402	3,301
July 1, 2013	2,021	0	30	1,405	3,456
July 1, 2014	2,025	0	35	1,420	3,480

Active Participant Data

Table IV-B

Gender Mix



As of July 1, 2014

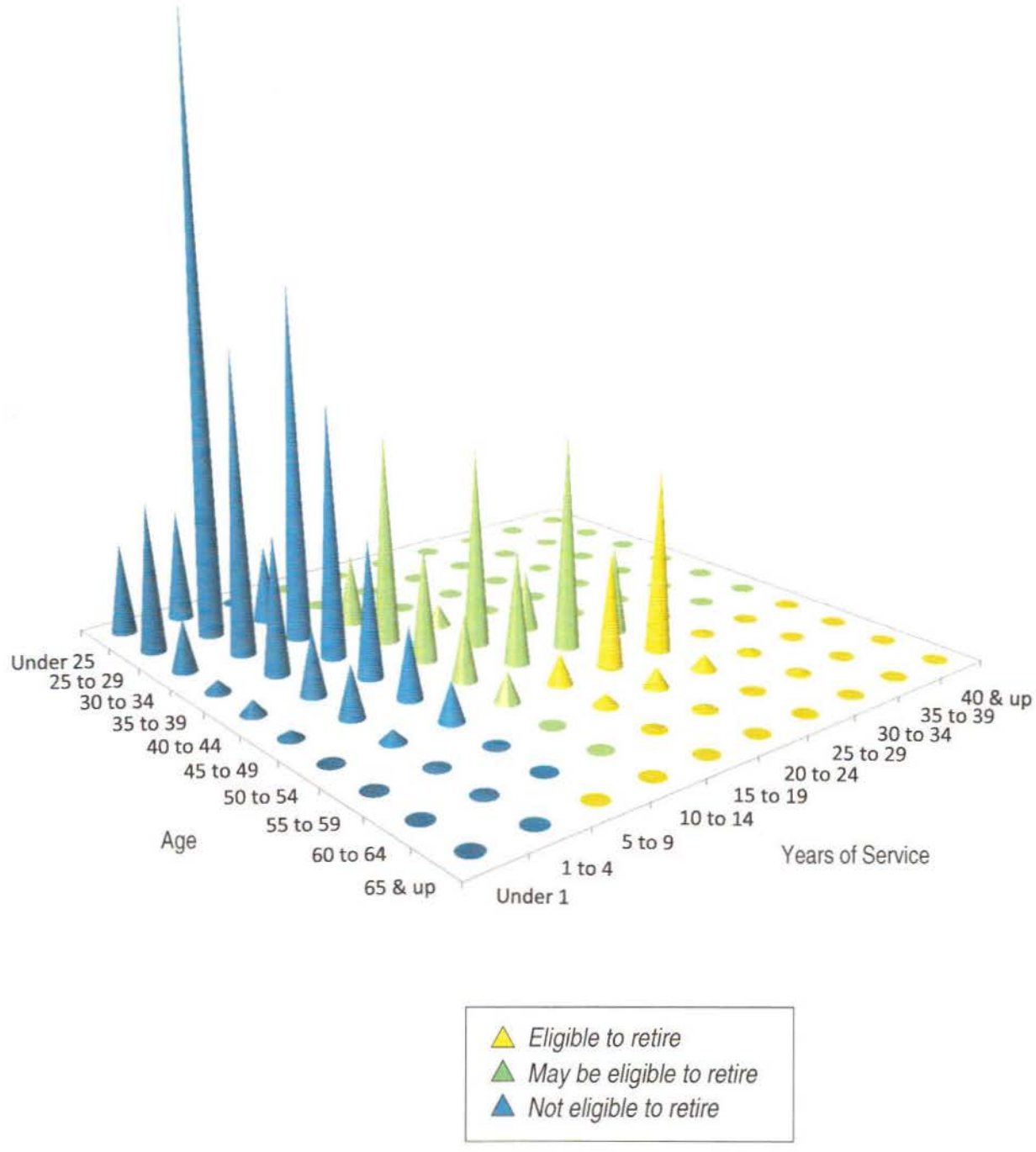
Average Age	37.3 years
Average Service	9.4 years
Total Annualized Compensation for the Prior Year	$93,747,596
Total Expected Compensation for the Current Year	$93,836,333
Average Increase in Compensation for the Prior Year	N/A
Expected Increase in Compensation for the Current Year	4.00%
Accumulated Contributions for Active Employees	$88,786,527

Active Participant Statistics From Prior Valuations

	Average Age	*Average Service*	*Average Salary*	*Average Expected Salary Increase*	*Average Actual Salary Increase*
January 1, 2006	38.1	11.6	$44,442	4.50%	3.63%
January 1, 2007	37.5	10.8	$46,305	4.00%	5.19%
January 1, 2008	37.5	10.4	$48,199	4.00%	3.44%
January 1, 2009	37.9	11.0	$51,008	4.00%	3.69%
January 1, 2010	38.9	10.8	$50,854	4.00%	2.06%
January 1, 2011	39.3	11.0	$55,477	4.00%	8.14%
July 1, 2011	37.9	10.0	$46,046	1.98%	N/A
July 1, 2012	37.4	9.5	$48,806	4.00%	N/A
July 1, 2013	37.1	9.2	$45,098	4.00%	N/A
July 1, 2014	37.3	9.4	$46,295	4.00%	N/A

Active Age-Service Distribution

Table IV-C



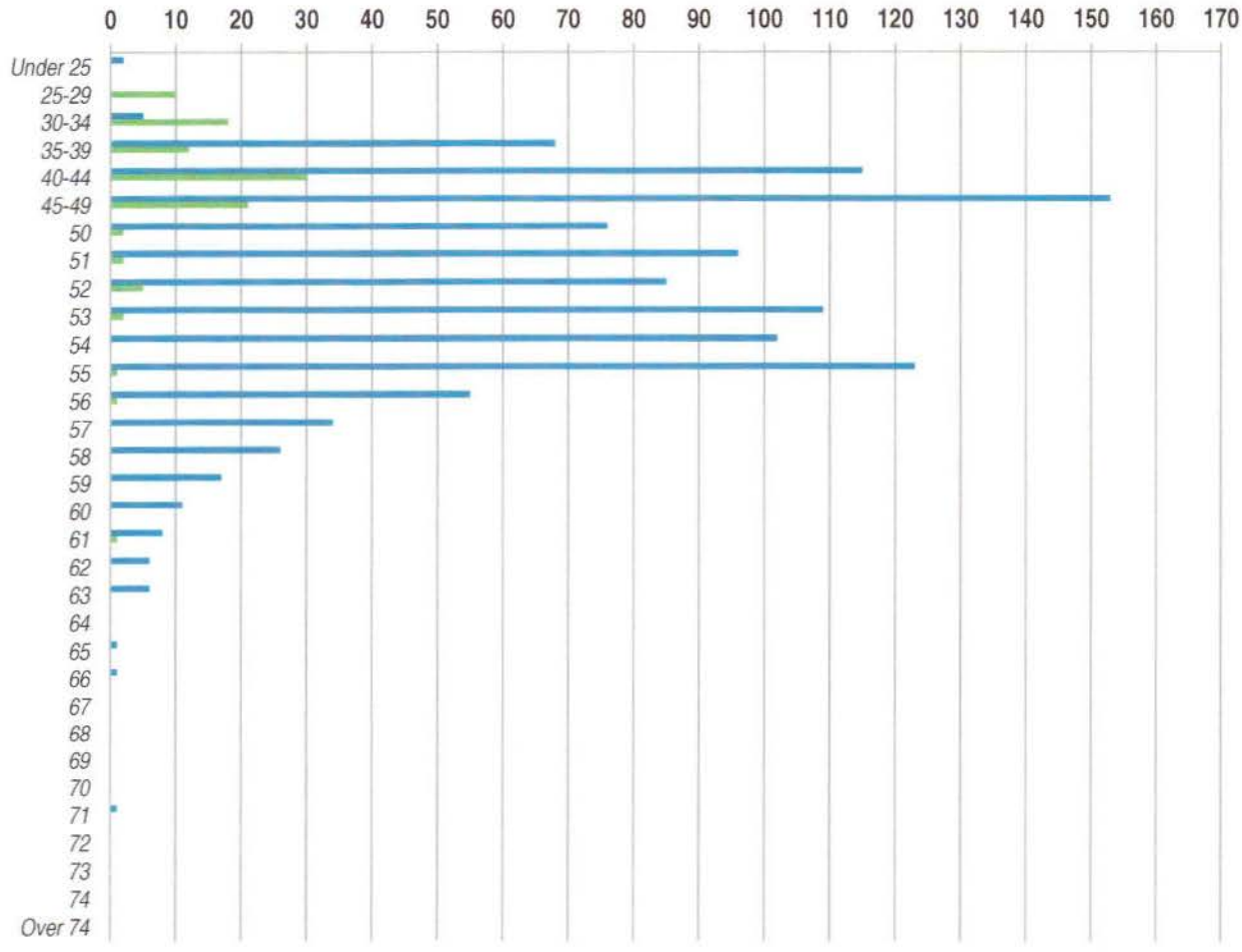
Active Age-Service-Salary Table

Table IV-D

Attained Age	Completed Years of Service										
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25	45	56	0	0	0	0	0	0	0	0	101
Avg.Pay	24,123	37,751	0	0	0	0	0	0	0	0	31,679
25 to 29	74	297	38	0	0	0	0	0	0	0	409
Avg.Pay	24,930	39,075	40,207	0	0	0	0	0	0	0	36,621
30 to 34	25	147	175	35	0	0	0	0	0	0	382
Avg.Pay	21,845	38,894	43,101	43,254	0	0	0	0	0	0	40,105
35 to 39	6	67	123	104	11	0	0	0	0	0	311
Avg.Pay	24,711	39,953	44,929	49,110	51,782	0	0	0	0	0	45,107
40 to 44	7	31	66	56	98	29	0	0	0	0	287
Avg.Pay	20,903	37,662	45,150	48,715	56,053	57,802	0	0	0	0	49,447
45 to 49	4	25	34	32	56	105	43	0	0	0	299
Avg.Pay	46,515	40,494	45,378	48,569	57,809	63,826	69,860	0	0	0	57,654
50 to 54	0	6	19	15	15	56	90	1	0	0	202
Avg.Pay	0	37,149	45,120	49,233	55,201	62,383	68,474	72,169	0	0	61,262
55 to 59	0	1	1	0	6	10	8	2	0	0	28
Avg.Pay	0	42,563	41,113	0	59,069	69,084	71,584	182,091	0	0	73,778
60 to 64	0	1	0	0	1	2	0	2	0	0	6
Avg.Pay	0	44,046	0	0	48,835	60,532	0	68,592	0	0	58,522
65 & up	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
Total	161	631	456	242	187	202	141	5	0	0	2,025
Avg.Pay	24,579	38,990	43,899	48,108	56,317	62,789	69,073	114,707	0	0	46,295

Inactive Participant Data

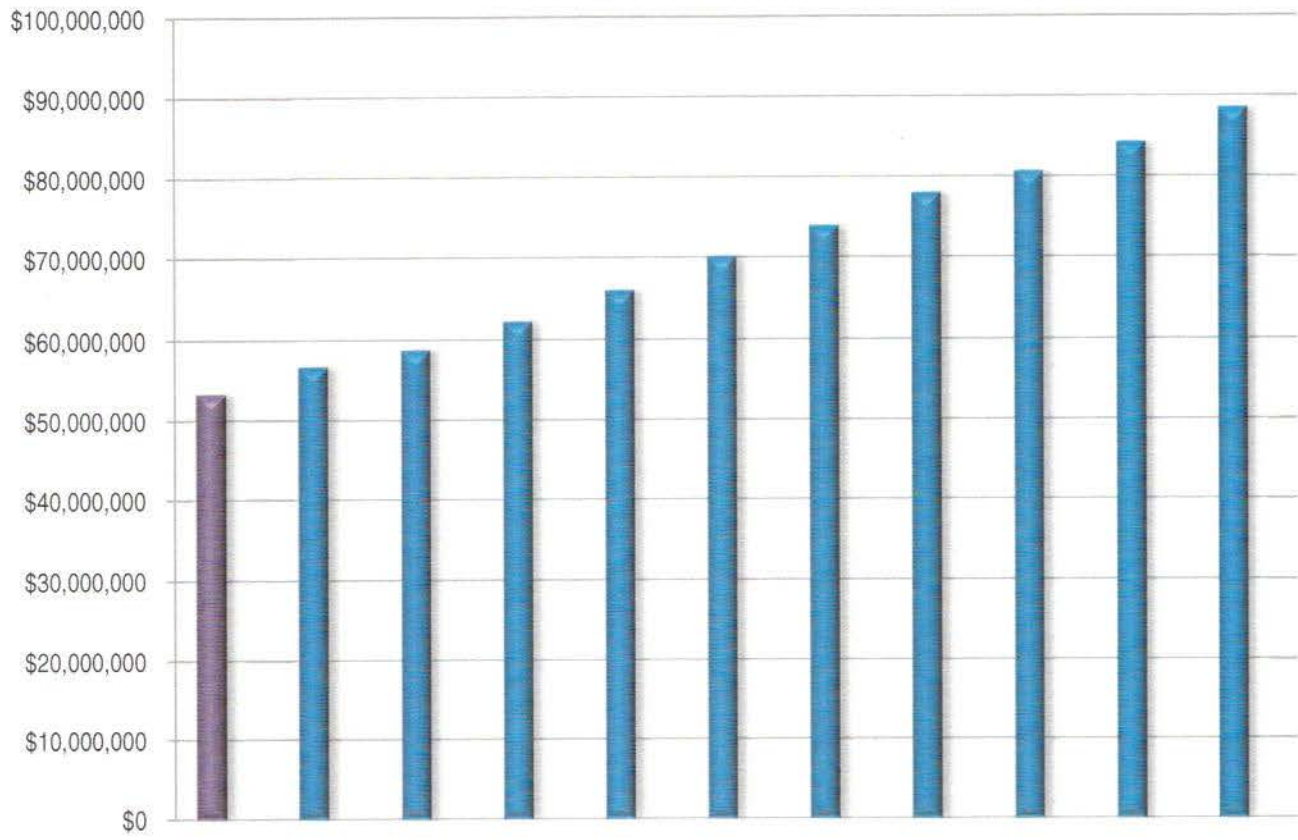
Table IV-E



	Average Monthly Benefit
Service Retirements	*$3,502.71*
Disability Retirements	*$2,981.66*
Beneficiaries Receiving	*$1,908.52*
DROP Participants	*Not applicable*
Deferred Vested Participants	*$724.95*
Deferred Beneficiaries	*Not applicable*

Projected Benefit Payments

Table IV-F



Actual	
For the period July 1, 2013 through June 30, 2014	$53,279,000
Projected	
For the period July 1, 2014 through June 30, 2015	$56,749,613
For the period July 1, 2015 through June 30, 2016	$58,775,285
For the period July 1, 2016 through June 30, 2017	$62,335,486
For the period July 1, 2017 through June 30, 2018	$66,064,478
For the period July 1, 2018 through June 30, 2019	$70,233,589
For the period July 1, 2019 through June 30, 2020	$73,975,221
For the period July 1, 2020 through June 30, 2021	$78,048,111
For the period July 1, 2021 through June 30, 2022	$80,720,867
For the period July 1, 2022 through June 30, 2023	$84,340,250
For the period July 1, 2023 through June 30, 2024	$88,548,032

Summary of Actuarial Methods and Assumptions — Table V-A

1. Actuarial Cost Method

Individual entry age normal cost method. Under this actuarial cost method, a level funding cost is developed with respect to each benefit for each participant. The level funding cost for each benefit applies to the period beginning when the participant's service commences and ending when the participant is assumed to cease active participation due to each respective decrement. The actuarial accrued liability is equal to the accumulated level funding cost to the valuation date for all participants. The normal cost is equal to the level funding cost for the year immediately following the valuation date for all active participants.

2. Asset Method

The actuarial value of assets is equal to the market value of assets.

3. Interest (or Discount) Rate

7.50% per annum

4. Salary Increases

Plan compensation is assumed to increase at the rate of 4.00% per annum, unless actual plan compensation is known for a prior plan year.

5. Decrements

- Pre-retirement mortality: Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; deaths prior to retirement are assumed not to be service-connected; future generational improvements in mortality have not been reflected.

- Post-retirement mortality: Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; future generational improvements in mortality have not been reflected.

- Disability: Sex-distinct rates set forth in the Wyatt 1985 Disability Study (Class 4); 75% of disabilities are assumed to be service-connected.

Summary of Actuarial Methods and Assumptions — Table V-A

(continued)

- Termination: Withdrawal rates were derived from a study of actual plan experience covering the period 1982 through 1986. A sample of the withdrawal rates is set forth in the following table:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	15.0%	30	7.8%	40	2.30%	50	0.956%
25	11.4%	35	4.9%	45	1.35%	55	0.000%

- Retirement: Retirement is assumed to occur at normal retirement age.

6. Unused Vacation

All participants are assumed to have accumulated 30 days of unused vacation upon termination of employment, retirement, or death.

7. Payroll Increase and Amortization Period

Total payroll has been assumed to grow at the rate of 4.00% per year for purposes of amortizing the unfunded actuarial accrued liability as a level percentage of payroll; the amortization period is established by City ordinance as a closed 30-year period beginning July 1, 2011.

8. Expenses

Administrative expenses are assumed to be 0.75% of future payroll. In addition, the interest rate set forth in item 3. above is assumed to be net of investment expenses and commissions.

9. Cost-of-Living Adjustment

We have assumed that all eligible retirees will receive an automatic cost-of-living adjustment equal to 3.00% per annum.

10. Surviving Beneficiaries

Those active participants who are making the additional 1% employee contribution to provide a survivor benefit to their eligible beneficiaries are assumed to have only one surviving beneficiary of the opposite gender of the employee. Males are assumed to be three years older than females for this purpose.

Changes in Actuarial Methods and Assumptions

Table V-B

Since the previous valuation was completed, the following assumption has been changed:

The administrative expense assumption was increased from 0.50% of future payroll to 0.75% of future payroll.

Summary of Plan Provisions

Table VI-A

1. Monthly Accrued Benefit

For participants who are hired after August 31, 2011:
1% of Average Monthly Earnings multiplied by up to 80 years of Creditable Service
For participants who are hired during the period July 1, 2010 through August 31, 2011:
2% of Average Monthly Earnings multiplied by up to 50 years of Creditable Service
For all other participants:
3% of Average Monthly Earnings multiplied by up to 26.667 years of Creditable Service

2. Normal Retirement Age and Benefit

- **Age**
  Any age with at least 30 years of Creditable Service *(only for participants who are covered by the '05 Amendment)*; or
  Age 55 with at least 10 years of Creditable Service *(only for participants who are hired prior to July 1, 2010)*; or
  Age 55 with at least 15 years of Creditable Service *(only for participants who are hired prior to September 1, 2011)*; or
  Age 57 with at least 15 years of Creditable Service; or
  Age 65 with at least 5 years of Creditable Service
- **Amount**
  Monthly Accrued Benefit
- **Form of Payment**
  Life annuity *(for those participants without an eligible beneficiary)*; or
  75% joint and contingent annuity *(for those participants with an eligible beneficiary; benefits continue in equal shares to the participant's dependent children upon the death of the participant's spouse or domestic partner or, for participants not covered by the '86 Amendment, upon the remarriage of the participant's spouse or domestic partner; survivor benefits are actuarially adjusted with respect to participants who are hired after August 31, 2011)*

  Note: All annuity forms of payment include an automatic cost-of-living adjustment effective each January 1 based on the increase in the Consumer Price Index as of the preceding November 1 and limited to 3% *(limited to 1% with respect to participants who are hired after August 31, 2011)*. All annuity forms of payment also provide a minimum payout equal to the employee's accumulated contributions, with interest credited after 1985 at the rate of 5% per year (or less than 5% with respect to any year during which the trust fund earns less than 5% on its investments).

Summary of Plan Provisions

Table VI-A

(continued)

3. Early Retirement Age and Benefit

- **Age**
  Any age with at least 10 years of Creditable Service Service *(15 years of Creditable Service for participants who are hired after June 30, 2010; minimum age of 47 for participants who are hired after August 31, 2011)*
- **Amount**
  Monthly Accrued Benefit *(payable at Normal Retirement Age)*; or
  Monthly Accrued Benefit reduced by ½% for each of the first 60 months and by ¼% for each additional month by which the participant's Early Retirement Age precedes Normal Retirement Age *(payable at Early Retirement Age and applicable only to those participants who are hired prior to September 1, 2011)*; or
  Monthly Accrued Benefit reduced by ½% for each month by which the participant's Early Retirement Age precedes Normal Retirement Age *(payable at Early Retirement Age and applicable only to those participants who are hired after August 31, 2011)*; or
  Monthly Accrued Benefit reduced by ¼% for each month by which the participant's Early Retirement Age precedes age 55 *(payable at Early Retirement Age and only applicable if the participant was hired prior to April 1, 1978 and has earned at least 25 years of Creditable Service)*
- **Form of Payment**
  Same as for Normal Retirement

4. Delayed Retirement Age and Benefit

- **Age**
  After Normal Retirement Age
- **Amount**
  Monthly Accrued Benefit
- **Form of Payment**
  Same as for Normal Retirement

Summary of Plan Provisions

Table VI-A

(continued)

5. Disability Retirement Eligibility and Benefit

- **Eligibility**
  All active participants are eligible if the disability is service-connected;
  At least five years of Creditable Service is required otherwise.
- **Condition**
  The participant must become "totally and permanently disabled" and must remain so disabled until age 55. "Totally and permanently disabled" means the participant is in a continuous state of incapacity due to illness or injury, is prevented from performing his regular assigned or comparable duties during the first 12 months of his disability, and is thereafter prevented from engaging in any occupation for which he is or becomes reasonably qualified by education, training, or experience. With respect to participants who are not covered by the '86 Amendment, the participant must only be prevented from performing his regular assigned or comparable duties during the entire period of his disability.

- **Amount**
  For participants who incur a catastrophic injury in the line of duty:
    100% of the top salary for the grade and position occupied by the participant at the time of disability
  For all other participants who are covered by the '86 Amendment:
    Greater of 50% of Average Monthly Earnings at the time of disability or Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 75% of the participant's salary at the time of disability *(payable until the earlier of recovery from disability or Normal Retirement Age)*; and
    Monthly Accrued Benefit based on Average Monthly Earnings at the time of disability and Creditable Service including the period during which the participant was disabled, but excluding any cost-of-living adjustments that were previously applied to the participant's disability payments *(payable at Normal Retirement Age)*
  For all other participants with a service-connected disability:
    Greater of 70% of the top salary for the grade and position occupied by the participant at the time of disability or Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 100% of the participant's salary at the time of disability
  For all other participants:
    Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 100% of the participant's salary at the time of disability
- **Form of Payment**
  Same as for Normal Retirement

Summary of Plan Provisions

Table VI-A

(continued)

6. Deferred Vested Benefit

- **Age**
  Any age with at least five years of Creditable Service
- **Amount**
  Monthly Accrued Benefit multiplied by the participant's Vested Percentage and payable at age 60
- **Form of Payment**
  Same as for Normal Retirement

7. Pre-Retirement Death Benefit

For participants who die in the line of duty and who are covered by the '86 Amendment:

100% of the participant's base salary at the time of his death, offset by worker's compensation or other payments received for line of duty injuries prior to the participant's death *(payable for the first two years after the participant's death)*; and

75% of the Monthly Accrued Benefit *(payable thereafter)*

For all other participants who die in the line of duty:

100% of the participant's base salary at the time of his death, offset by worker's compensation or other payments received for line of duty injuries prior to the participant's death *(payable for the first two years after the participant's death)*; and

75% of the greater of: (a) the Monthly Accrued Benefit, or (b) 70% of the top salary for the grade and position occupied by the participant at his death *(payable thereafter)*

For all other participants:

75% of the Monthly Accrued Benefit

Summary of Plan Provisions

Table VI-A

(continued)

8. Vested Percentage

Retirement benefits with respect to those participants who are hired prior to July 1, 2010 become vested in accordance with the following schedule:

Years of Creditable Service	Vested Percentage
Less than five	0%
At least five, but less than six	25%
At least six, but less than seven	30%
At least seven, but less than eight	35%
At least eight, but less than nine	40%
At least nine, but less than 10	45%
At least 10	100%

Retirement benefits with respect to those participants who are hired after June 30, 2010 become vested in accordance with the following schedule:

Years of Creditable Service	Vested Percentage
Less than five	0%
At least five, but less than six	25%
At least six, but less than seven	30%
At least seven, but less than eight	35%
At least eight, but less than nine	40%
At least nine, but less than 10	45%
At least 10, but less than 11	50%
At least 11, but less than 12	55%
At least 12, but less than 13	60%
At least 13, but less than 14	65%
At least 14, but less than 15	70%
At least 15	100%

Summary of Plan Provisions

Table VI-A

(continued)

9. Average Monthly Earnings

The participant's Average Monthly Earnings is equal to: (a) the average of the participant's Base Salary for the highest 36 consecutive months during his period of Creditable Service; plus (b) the difference between the highest and lowest daily rate of pay during such 36-month period multiplied by the days of unused sick leave and divided by 36; plus (c) a credit based on accumulated unused vacation. *(The averaging period is 120 months with respect to participants who are hired after August 31, 2011 and average monthly earnings does not include unused sick leave for these participants.)*

10. Base Salary

The employee's basic salary excluding overtime pay and other special compensation; pursuant to Internal Revenue Code (IRC) section 401(a)(17), total annual plan compensation is limited to $200,000 as indexed.

11. Employee Contribution

All participating employees must make the required pre-tax contribution to the plan. The required contribution for participants who were hired prior to 1984 is 8% of basic salary for those participants who have an eligible beneficiary and 7% of basic salary for those participants who do not have an eligible beneficiary. The required contribution for participants who were hired during the period 1984 through August 31, 2011 is 13% of basic salary (8% prior to November 1, 2011) for those participants who have an eligible beneficiary and 12% of basic salary (7% prior to November 1, 2011) for those participants who do not have an eligible beneficiary. The required contribution for participants who are hired after August 31, 2011 is 8% of basic salary. An eligible beneficiary is the participant's legal spouse, registered domestic partner, or unmarried child under the age of 18. The participant must have been married or registered to his legal spouse or domestic partner for at least one year prior to his death in order for such individual to be an eligible beneficiary. *(During the period March, 1994 through June, 2009, the required contribution was 1% lower for all participants; prior to March, 1994, the contribution was made on an after-tax basis.)*

Summary of Plan Provisions

Table VI-A

(continued)

12. Creditable Service

Creditable Service includes "base creditable service" *(plus an "unused sick leave service credit" for those participants who were hired prior to September 1, 2011)* plus military service as required by federal law. Base creditable service is granted for all periods of full-time employment as a firefighter with the City of Atlanta provided that the employee has made the required contribution for such period of service. With respect to eligible participants, an unused sick leave service credit is granted by dividing the participant's days of unused sick leave by the number of work days set forth in the following chart:

Years of Base Creditable Service	Work Days
Less than five	239
At least five, but less than 10	236
At least 10, but less than 15	233
At least 15, but less than 20	230
At least 20	226

Creditable Service also includes other service with the City of Atlanta if the relevant contributions are transferred into this plan and may include prior service with the State of Georgia, Fulton County, Dekalb County, or as a teacher in a public school system or private college or university within the State of Georgia if the required contribution is made to the plan.

13. Participation Requirement

All full-time police officers employed by the City of Atlanta are eligible to participate in the plan.

14. Plan Effective Date

April 1, 1978

Summary of Plan Amendments

Table VI-B

No plan changes have been adopted since the previous valuation was completed.

City of Birmingham Retirement and Relief System

Actuarial Valuation and Review as of
July 1, 2014

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Segal Consulting
2018 Powers Ferry Road, Suite 850 Atlanta, GA 30339-7200
T 678.306.3100 www.segalco.com

October 2, 2015

Board of Managers
City of Birmingham Retirement and Relief System
710 North 20th Street, GA 100 City Hall
Birmingham, Alabama 35203-2216

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of July 1, 2014. It summarizes the actuarial data used in the valuation, analyzes the preceding year's experience, and establishes the funding requirements for the 2014-2015 fiscal year.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist in administering the Retirement System. The census information on which our calculations were based was prepared by the City and the financial information was provided by the City's Finance Department. That assistance is gratefully acknowledged. Segal Consulting does not audit the data provided; the accuracy and comprehensiveness of the data is the responsibility of those supplying it. To the extent we can, however, Segal Consulting does review the data for reasonableness and consistency. Based on our review of the data, we have no reason to doubt the substantial accuracy of the information on which we have based this report and we have no reason to believe there are facts or circumstances that would affect the validity of these results.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the smoothing of investment gains and losses); and changes in plan provisions or applicable law.

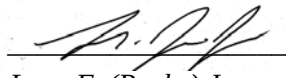
The actuarial calculations were directed under the supervision of Deborah K. Brigham, FCA, ASA, MAAA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards to render the

actuarial opinion herein. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board of Managers are reasonably related to the experience of and the expectations for the System.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

Segal Consulting, a Member of The Segal Group, Inc.

By: 

Leon F. (Rocky) Joyner, Jr., FCA, ASA, MAAA, EA
Vice President and Consulting Actuary

Deborah K. Brigham, FCA, ASA, MAAA, EA
Vice President and Actuary

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Purpose

This report has been prepared by Segal Consulting to present a valuation of the City of Birmingham Retirement and Relief System as of July 1, 2014. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Pension Plan, as administered by the Board of Managers;
- The characteristics of covered active participants, inactive vested participants, and retired participants and beneficiaries as of July 1, 2014, provided by the City;
- The assets of the Plan as of June 30, 2014, provided by the City's Finance Department;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

Significant Issues in Valuation Year

1. The recommended contribution for the upcoming year is $42,832,673, an increase of $407,739 from last year. The contribution as a percentage of payroll decreased from 23.23% of pay to 22.39% of pay, based on a 30-year level percent-of-pay amortization of the unfunded actuarial accrued liability. This decrease in percentage occurred because the actual payroll grew by more than the 3% that was assumed.
2. For the plan year beginning July 1, 2015, both the City and members will begin increased contributions of 7.00% of pay each, up from 6.50%. The combined total of 14.00% of payroll results in an annual deficit of 8.39% when compared to the recommended contribution of 22.39%. The City is ultimately responsible for Plan funding. If employee contributions remain at their current level, the City’s share is 15.39% of pay.
3. The normal cost, for benefits and expenses allocated to the current year, is 12.45% of pay, which is fully covered by the 14.00% ultimate contribution rate. However, the unfunded liability is not being amortized by the remaining 1.55% of pay. **The unfunded liability will continue to grow unless the contribution rates are increased, plan provisions are changed, or there are significant gains from investments or other sources.**

4. The Schedule of Funding Progress, provided in Exhibit III of Section 4, shows that the funded ratio is 74.80% as of July 1, 2014. A decade ago the System was over 95% funded.

5. The investment rate of return on an actuarial basis for the year ended June 30, 2014 was 12.02%. Since the rate of return was greater than the assumed rate of 7.00% per year, there was an actuarial investment gain amounting to $43,484,694. The rate of return on a market basis was 15.85%. As of the valuation date, the smoothed actuarial value of assets is equal to 91.5% of market value, and there are deferred gains amounting to over $87.5 million that will be recognized over the next four years. For informational purposes, if the deferred gains were recognized immediately and the recommended contribution was calculated using market value, the contribution would be 19.79% of pay rather than 22.39%. The funded ratio on a market value basis is 81.73%.

6. The actuarial valuation report as of July 1, 2014 is based on financial information as of June 30, 2014. Changes in the value of assets subsequent to that date are not reflected. Unfavorable asset experience will increase the actuarial cost of the Plan, while favorable experience will decrease the actuarial cost of the Plan.

7. This valuation report is being released much later in the year than normal, because the City transitioned to a new payroll and data system and had difficulty providing the participant information required for Segal to complete our calculations. Segal actuaries invested a significant amount of time working with City staff to obtain all of the necessary data. Based on our review, we have no reason to doubt the substantial accuracy of the information on which we have based this report. However, we note that nearly 40% of active employees in the System had salaries that differed from the prior year by more than 10%. This was reviewed for accuracy with City staff.

8. GASB has released two new statements, Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68, *Accounting and Financial Reporting for Pensions*. On September 18, 2015, Segal released the required disclosures as of June 30, 2015 for the City. Copies are included as Section 5 of this valuation.

9. There have been no assumption or plan changes since last year. The System is due for another five-year experience study prior to the completion of the next valuation. The most recent study covered the period July 1, 2005 through June 30, 2010.

Summary of Key Valuation Results

	2014	2013
Contributions for plan year beginning July 1:		
Recommended	$42,832,673	$42,424,934
Recommended contribution as a percentage of payroll	22.39%	23.23%
Actual contributions (employer and employee)	--	26,023,855
Funding elements for plan year beginning July 1:		
Normal cost, including administrative expenses	$23,823,180	$22,878,193
Market value of assets	1,032,760,391	935,111,258*
Actuarial value of assets	945,245,264	888,209,730
Actuarial accrued liability	1,263,665,128	1,216,684,458
Unfunded actuarial accrued liability	318,419,864	328,474,728
Funded ratio – Actuarial basis	74.80%	73.00%
Funded ratio – Market basis	81.73%	76.86%
Demographic data for plan year beginning July 1:		
Number of retired participants and beneficiaries	2,897	2,834
Number of vested former participants**	303	283
Number of active participants	3,889	3,901
Total payroll	$191,299,778	$182,634,179
Average payroll	49,190	46,817

**As of June 30, 2013, there was a contribution balance of $888,918 for active fire and police employees with more than 30 years of service, which was understood to be a pending transfer from the Supplemental System. Segal Consulting adjusted the market value of assets to account for this pending transfer. This adjustment was reversed as of June 30, 2014, as the transfer was within the Supplemental System accounts, and not to the Retirement and Relief System.*

***Includes future pensioners currently receiving benefits from the Supplemental System.*

A. PARTICIPANT DATA

The Actuarial Valuation and Review considers the number and demographic characteristics of covered participants, including active participants, vested terminated participants, retired participants and beneficiaries.

This section presents a summary of significant statistical data on these participant groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B, and C.

A historical perspective of how the participant population has changed over the past ten valuations can be seen in this chart.

CHART 1

Participant Population: 2005 – 2014

Year Ended June 30	Active Participants	Vested Terminated Participants*	Retired Participants and Beneficiaries	Ratio of Non-Actives to Actives
2005	3,802	231	2,239	0.65
2006	3,782	204	2,255	0.65
2007	3,760	211	2,352	0.68
2008	3,782	205	2,464	0.71
2009	4,017	211	2,516	0.68
2010	4,073	232	2,555	0.68
2011	3,807	246	2,803	0.80
2012	3,907	250	2,802	0.78
2013	3,901	283	2,834	0.80
2014	3,889	303	2,897	0.82

**Includes future pensioners currently receiving benefits from the Supplemental System.*

Active Participants

Plan costs are affected by the age, years of service and payroll of active participants. In this year's valuation, there were 3,889 active participants with an average age of 45.0, average years of service of 11.9 years and average payroll of $49,190. The 3,901 active participants in the prior valuation had an average age of 45.0, average service of 12.0 years and average payroll of $46,817.

Inactive Participants

In this year's valuation, there were 303 participants with a vested right to a deferred or immediate vested benefit. This includes 277 individuals currently receiving benefits from the Firemen's and Policemen's Supplemental Pension System.

These graphs show a distribution of active participants by age and by years of service.

CHART 2

Distribution of Active Participants by Age as of June 30, 2014

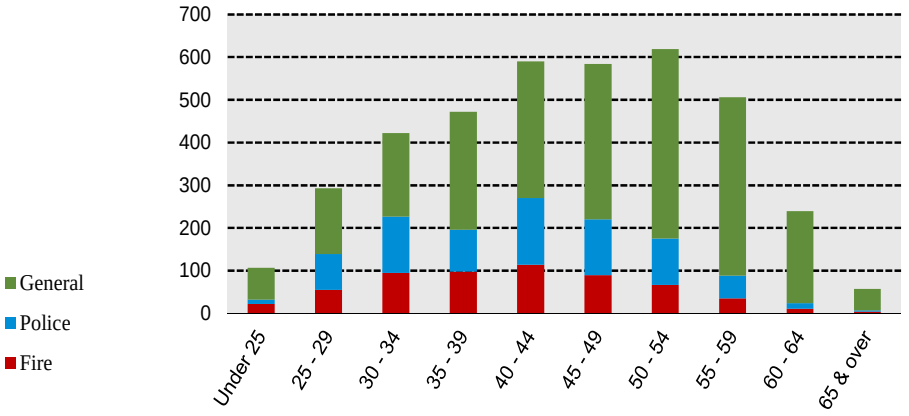
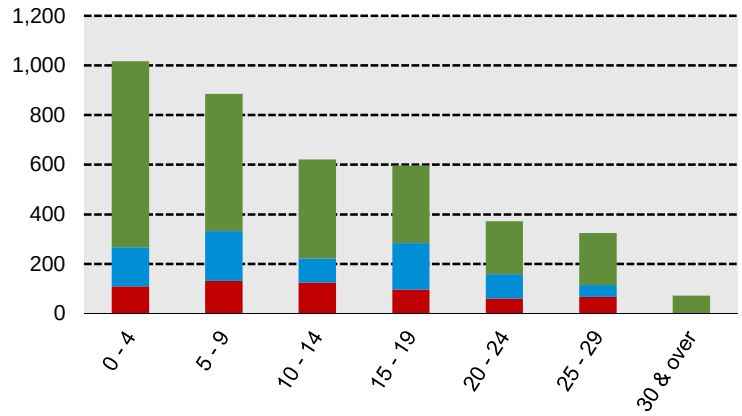


CHART 3

Distribution of Active Participants by Years of Service as of June 30, 2014



Retired Participants and Beneficiaries

As of June 30, 2014, 2,394 retired participants and 503 beneficiaries were receiving total monthly benefits of $5,862,354. For comparison, in the previous valuation, there were 2,339 retired participants and 495 beneficiaries receiving monthly benefits of $5,599,079.

These graphs show a distribution of the current retired participants and beneficiaries based on their monthly amount and age, by type of pension.

CHART 4

Distribution of Retired Participants and Beneficiaries by Type and by Monthly Amount as of June 30, 2014

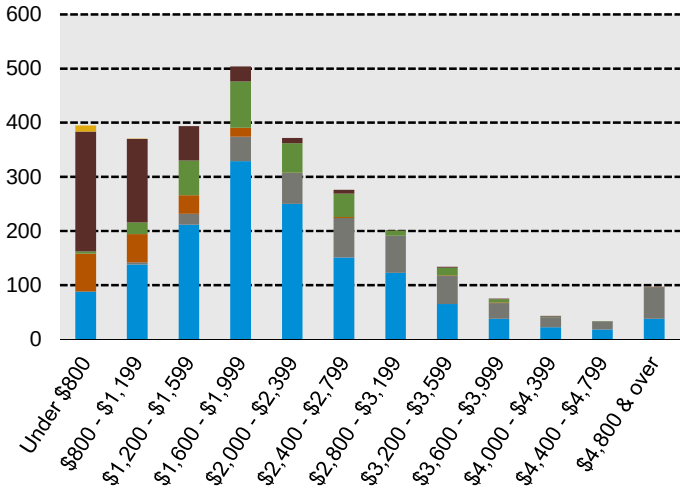
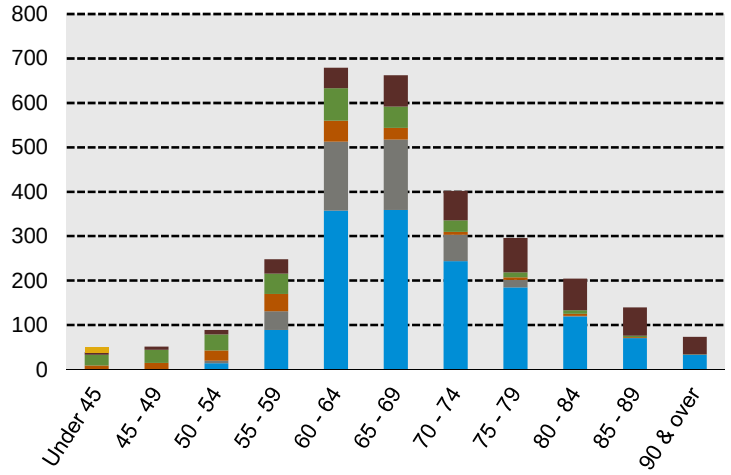


CHART 5

Distribution of Retired Participants and Beneficiaries by Type and by Age as of June 30, 2014



B. FINANCIAL INFORMATION

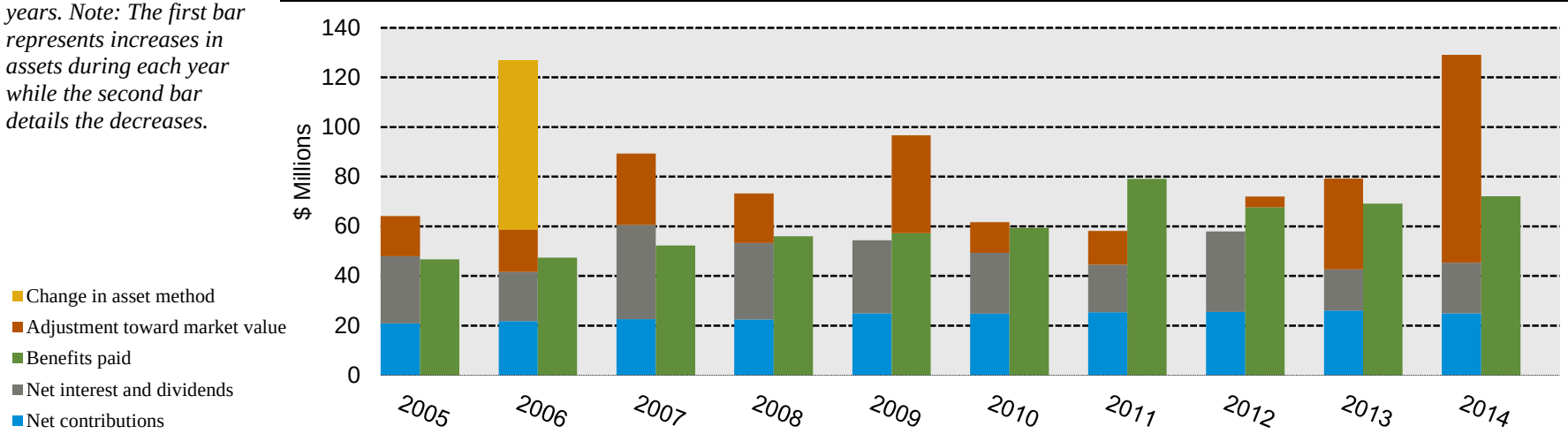
Retirement plan funding anticipates that, over the long term, both contributions (less administrative expenses) and net investment earnings (less investment fees) will be needed to cover benefit payments.

Retirement plan assets change as a result of the net impact of these income and expense components. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits D, E and F.

The chart depicts the components of changes in the actuarial value of assets over the last ten years. Note: The first bar represents increases in assets during each year while the second bar details the decreases.

CHART 6

Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 2005 – 2014



It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board of Managers has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

The chart shows the determination of the actuarial value of assets as of the valuation date.

CHART 7

Determination of Actuarial Value of Assets for Year Ended June 30, 2014

1. Market value of assets, June 30, 2014			$1,032,760,391
2. Calculation of unrecognized return	Original Amount*	Unrecognized Return**	
(a) Year ended June 30, 2014	$80,815,186	$64,652,149	
(b) Year ended June 30, 2013	30,483,738	18,290,243	
(c) Year ended June 30, 2012	-32,071,454	-12,828,582	
(d) Year ended June 30, 2011	87,006,584	17,401,317	
(e) Year ended June 30, 2010	34,773,881	0	
(f) Total unrecognized return			87,515,127
3. Preliminary actuarial value: (1) - (2f)			945,245,264
4. Adjustment to be within 20% corridor			0
5. Final actuarial value of assets as of June 30, 2014: (3) + (4)			$945,245,264
6. Actuarial value as a percentage of market value: (5) ÷ (1)			91.5%
7. Amount deferred for future recognition: (1) - (5)***			$87,515,127

**Total return minus expected return on a market value basis*

***Recognition at 20% per year over five years*

****Deferred return as of June 30, 2014 recognized in each of the next four years:*

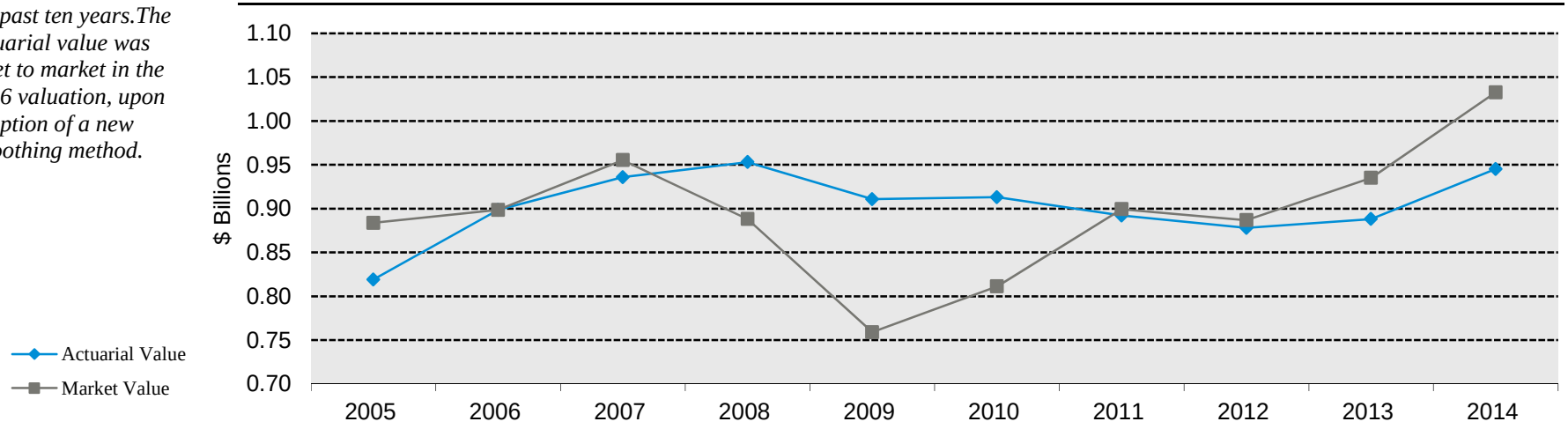
(a) Amount recognized on June 30, 2015	*$33,246,811*	*(c) Amount recognized on June 30, 2017*	*$22,259,785*
(b) Amount recognized on June 30, 2016	*15,845,494*	*(d) Amount recognized on June 30, 2018*	*16,163,037*

Both the actuarial value and market value of assets are representations of the System's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The actuarial asset value is significant because the System's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

This chart shows the change in the actuarial value of assets versus the market value over the past ten years.The actuarial value was reset to market in the 2006 valuation, upon adoption of a new smoothing method.

CHART 8

Actuarial Value of Assets vs. Market Value of Assets as of June 30, 2005 – 2014



C. ACTUARIAL EXPERIENCE

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total gain is $31,586,411, including a gain of $43,484,694 from investments that was partially offset by a net loss of $11,898,283 from all other sources. The net experience variation from individual sources other than investments was 0.9% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

This chart provides a summary of the actuarial experience during the past year.

CHART 9

Actuarial Experience for Year Ended June 30, 2014

1.	Net gain from investments*	$43,484,694
2.	Net gain from administrative expenses	27,942
3.	Net loss from other experience	-11,926,225
4.	Net experience gain: (1) + (2) + (3)	$31,586,411

** Details in Chart 10*

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the System's investment policy. For valuation purposes, the assumed rate of return on the actuarial value of assets is 7.00%. The actual rate of return on an actuarial basis for the 2013-2014 plan year was 12.02%.

Since the actual return for the year was greater than the assumed return, the System experienced an actuarial gain during the year ended June 30, 2014 with regard to its investments.

This chart shows the gain due to investment experience.

CHART 10

Actuarial Value Investment Experience for Year Ended June 30, 2014

1.	Actual return	$104,147,855
2.	Average value of assets	866,616,583
3.	Actual rate of return: (1) ÷ (2)	12.02%
4.	Assumed rate of return	7.00%
5.	Expected return: (2) x (4)	$60,663,161
6.	Actuarial gain: (1) – (5)	$43,484,694

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial basis compared to the market value investment return for the last ten years, including five-year and ten-year averages.

We have maintained the assumed rate of return of 7.00%. The Trustees' investment allocations have targets of 65% equity and 35% fixed income, according to information received from Morgan Stanley. Based on this investment policy and current capital market assumptions, 7.00% is a reasonable long-term assumption. Segal will continue to monitor the System's performance.

CHART 11

Investment Return – Actuarial Value vs. Market Value: 2005 - 2014

Year Ended June 30	Net Interest and Dividend Income		Recognition of Capital Appreciation		Change in Asset Method		Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
2005	$27,114,712	3.43%	$16,148,066	2.04%	- -	- -	$43,262,778	5.48%	$50,973,808	6.02%
2006	19,901,991	2.46	17,031,771	2.11	$68,127,085	8.44%	105,060,847	13.01	40,468,583	4.64
2007	38,017,026	4.30	28,826,146	3.25	- -	- -	66,843,172	7.55	86,398,586	9.76
2008	30,863,174	3.35	19,934,936	2.17	- -	- -	50,798,110	5.52	-33,654,898	-3.58
2009	29,426,568	3.14	-39,403,205	-4.20	- -	- -	-9,976,637	-1.06	-96,873,908	-11.09
2010	24,452,410	2.73	12,425,399	1.39	- -	- -	36,877,809	4.12	86,792,989	11.68
2011	19,155,247	2.16	13,654,863	1.54	- -	- -	32,810,110	3.69	142,064,641	18.06
2012	32,400,056	3.71	-4,339,151	-0.49	- -	- -	28,060,905	3.22	29,540,542	3.36
2013	16,556,971	1.93	36,583,999	4.26	- -	- -	53,140,970	6.19	91,188,014	10.52
2014	20,310,562	2.34	83,837,293	9.67	- -	- -	104,147,855	12.02	144,761,454	15.85
Total	$258,198,717		$184,700,117		$68,127,085		$511,025,919		$541,659,811	
						Five-year average return		5.82%		11.80%
						Ten-year average return		5.86%		6.29%

Note: Each year's yield is weighted by the average asset value in that year.

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

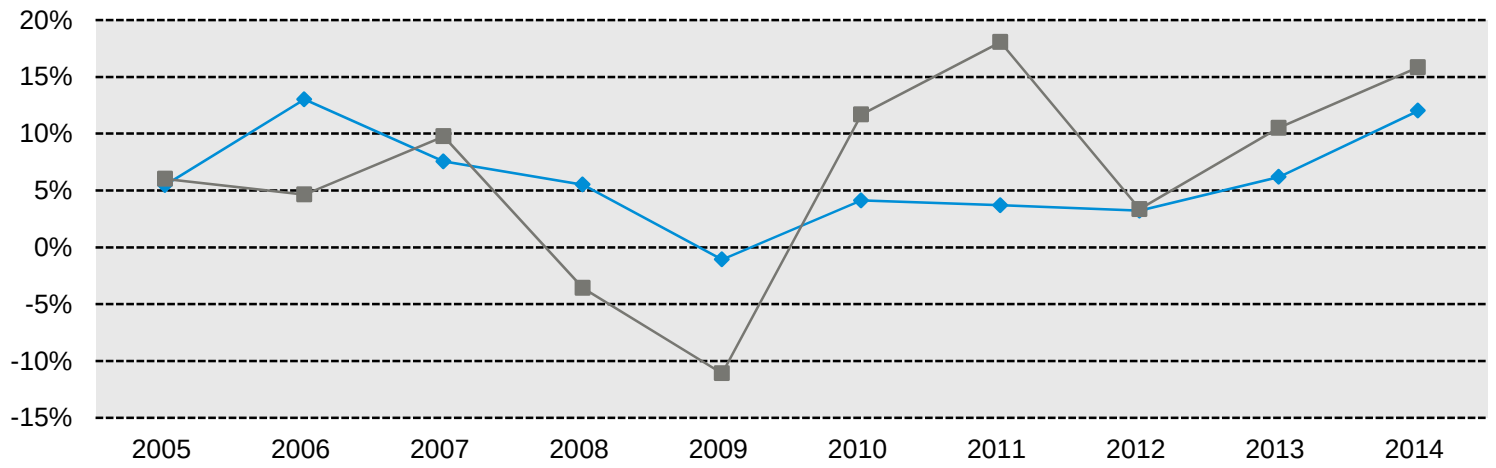
Administrative Expenses

Administrative expenses for the year ended June 30, 2014 totaled $122,916 compared to the assumption of $150.000. This resulted in a gain of $27,942 for the year. We have maintained the assumption of $150,000 for the current year.

This chart illustrates how this leveling effect has actually worked over the years 2005 - 2014.The actuarial return for the year ended June 30, 2006 reflects a change in asset method.

CHART 12

Market and Actuarial Rates of Return for Years Ended June 30, 2005 - 2014



Other Experience
There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

The net loss from this other experience for the year ended June 30, 2014 amounted to $11,926,225, which is 0.9% of the actuarial accrued liability.

Actuarial Assumptions
The System undergoes an in-depth study every five years to compare the actuarial assumptions to actual experience. The assumptions are then updated as appropriate. The last experience review was completed for the five-year period ended June 30, 2010, and therefore an updated study is anticipated for the period ended June 30, 2015.

D. RECOMMENDED CONTRIBUTION

The amount of annual contribution required to fund the Plan is comprised of a normal cost payment and a payment on the unfunded actuarial accrued liability. This total amount is then divided by the total payroll for active members to determine the funding rate of 22.39% of payroll.

The recommended contribution is based on a rolling 30-year amortization of the unfunded actuarial accrued liability as a level percent of pay, assuming a payroll growth of 3.00%. For the plan year beginning July 1, 2015, both the City and members will begin increased contributions of 7.00% of pay each, up from 6.50%. The combined total of 14.00% of payroll results in an annual deficit of 8.39% when compared to the recommended contribution of 22.39%. A higher contribution will be required to fund this System on an ongoing basis and meet accepted principles and practices. The unfunded actuarial accrued liability is not being amortized by the current contribution levels.

The chart compares this valuation's recommended contribution with the prior valuation.

CHART 13

Recommended Contribution

	Year Beginning July 1			
	2014		2013	
	Amount	% of Payroll	Amount	% of Payroll
1. Normal cost*	$23,678,550	12.38%	$22,733,563	12.45%
2. Administrative expenses	144,630	0.07%	144,630	0.08%
3. Employer normal cost: (1) + (2)	$23,823,180	12.45%	$22,878,193	12.53%
4. Actuarial accrued liability	1,263,665,128		1,216,684,458	
5. Actuarial value of assets	945,245,264		888,209,730	
6. Unfunded actuarial accrued liability: (4) - (5)	$318,419,864		$328,474,728	
7. Payment on unfunded actuarial accrued liability	17,475,981	9.14%	18,027,826	9.87%
8. Total recommended contribution: (3) + (7), adjusted for timing**	$42,832,673	22.39%	$42,424,934	23.23%
9. Total payroll	$191,299,778		$182,634,179	

**Includes net obligations from the Supplemental System of -$2,277,164 for July 1, 2014 and -$2,064,879 for July 1, 2013 (-$2,361,719 and -$2,141,552 adjusted for timing).*

***Recommended contributions are assumed to be paid at the beginning of every month.*

The recommended contribution requirements as of July 1, 2014 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Contribution

The chart below details the changes in the recommended contribution from the prior valuation to the current year's valuation.

The chart reconciles the contribution from the prior valuation to the amount determined in this valuation.

CHART 14

Reconciliation of Recommended Contribution from July 1, 2013 to July 1, 2014

Recommended Contribution as of July 1, 2013	$42,424,934
Effect of investment gain	-2,521,041
Effect of other gains and losses on accrued liability	689,807
Effect of contributions less than recommended contribution	980,401
Effect of expected change in amortization payment due to payroll growth	560,917
Effect of maintaining a 30-year rolling amortization period	-336,321
Effect of net other changes	1,033,976
Total change	$407,739
Recommended Contribution as of July 1, 2014	$42,832,673

EXHIBIT A

Table of Plan Coverage

Category	Year Ended June 30 2014	2013	Change From Prior Year
Active participants in valuation:			
Number	3,889	3,901	-0.3%
Average age	45.0	45.0	N/A
Average years of service	11.9	12.0	N/A
Total payroll	$191,299,778	$182,634,179	4.7%
Average payroll	49,190	46,817	5.1%
Account balances	124,406,629	115,772,255	7.5%
Total active vested participants	2,872	2,770	3.7%
Vested terminated participants*	303	283	7.1%
Retired participants:			
Number in pay status	1,911	1,852	3.2%
Average age	69.3	69.0	N/A
Average monthly benefit	$2,395	$2,344	2.2%
Disabled participants:			
Number in pay status	483	487	-0.8%
Average age	60.3	60.0	N/A
Average monthly benefit	$1,659	$1,633	1.6%
Beneficiaries in pay status:			
Number in pay status	503	495	1.6%
Average age	73.5	73.3	N/A
Average monthly benefit	$962	$934	3.0%

**Includes future pensioners currently receiving benefits from the Supplemental System.*

EXHIBIT B

Participants in Active Service as of June 30, 2014
By Age, Years of Service, and Average Payroll

		Years of Service								
Age	**Total**	**0 - 4**	**5 - 9**	**10 - 14**	**15 - 19**	**20 - 24**	**25 - 29**	**30 - 34**	**35 - 39**	**40 & over**
Under 25	107	106	- -	1	- -	- -	- -	- -	- -	- -
	$36,098	$36,197	- -	$25,631	- -	- -	- -	- -	- -	- -
25 - 29	293	195	97	1	- -	- -	- -	- -	- -	- -
	39,271	38,766	$40,085	58,885	- -	- -	- -	- -	- -	- -
30 - 34	422	186	189	46	1	- -	- -	- -	- -	- -
	43,011	39,799	44,497	50,044	$36,012	- -	- -	- -	- -	- -
35 - 39	472	129	172	120	51	- -	- -	- -	- -	- -
	45,109	41,693	40,834	51,432	53,292	- -	- -	- -	- -	- -
40 - 44	590	122	134	132	167	35	- -	- -	- -	- -
	51,628	44,138	44,970	54,605	58,995	$56,848	- -	- -	- -	- -
45 - 49	584	87	101	116	152	94	34	- -	- -	- -
	51,546	41,419	43,774	49,310	55,754	62,472	$59,158	- -	- -	- -
50 - 54	619	84	79	85	109	114	139	9	- -	- -
	53,620	42,863	42,891	49,593	53,861	59,097	63,465	$61,907	- -	- -
55 - 59	506	60	68	79	77	89	99	32	2	- -
	50,889	44,409	43,629	48,605	49,533	56,184	54,918	59,546	$60,949	- -
60 - 64	239	37	30	35	34	33	47	17	4	2
	55,431	53,475	46,561	51,745	54,536	56,739	60,874	62,323	70,040	$67,134
65 - 69	43	7	10	5	4	5	6	3	2	1
	66,517	62,939	46,860	53,844	42,539	66,273	67,800	80,643	240,456	50,661
70 & over	14	4	5	1	1	3	- -	- -	- -	- -
	62,584	89,003	35,058	64,585	61,456	72,947	- -	- -	- -	- -
Total	3,889	1,017	885	621	596	373	325	61	8	3
	$49,190	$41,500	$43,124	$51,024	$55,120	$59,041	$60,116	$61,706	$110,371	$61,643

EXHIBIT C

Reconciliation of Participant Data

	Active Participants	Vested Former Participants	Fire and Police Retirees	Disableds	Retired Participants	Beneficiaries	Total
Number as of July 1, 2013	3,901	19	264	487	1,852	495	7,018
New participants	263	N/A	0	N/A	N/A	N/A	263
Terminations – with vested rights	-9	9	0	0	0	0	0
Retirements	-122	-2	40	N/A	84	N/A	0
New disabilities	-17	0	0	17	N/A	N/A	0
Return to work	2	0	0	-1	-1	N/A	0
Deceased	-9	0	0	-21	-52	-34	-116
New beneficiaries	0	0	0	0	0	45	45
Lump sum payoffs	-126	0	0	0	0	0	-126
Rehire	7	0	0	N/A	0	N/A	7
Certain period expired	N/A	N/A	0	0	0	-3	-3
Data adjustments	-1	0	0	1	1	0	1
Retirees transferring from Supplemental Plan	0	0	-27	0	27	0	0
Number as of July 1, 2014	3,889	26	277	483	1,911	503	7,089

EXHIBIT D

Summary Statement of Income and Expenses on an Actuarial Value Basis

	Year Ended June 30, 2014		Year Ended June 30, 2013	
Net assets at actuarial value at the beginning of the year		$888,209,730		$878,048,507
Contribution income:				
Employer contributions	$14,039,103		$13,591,846	
Employee contributions	11,984,752		11,786,408	
F&P contribution transfer adjustment*	-888,918		888,918	
Less administrative expenses	-122,916		-138,933	
Net contribution income		25,012,021		26,128,239
Other income		0		2,000
Investment income:				
Interest and dividends	$24,093,753		$19,709,739	
Recognition of capital appreciation	83,837,293		36,583,999	
Less investment fees	-3,783,191		-3,152,768	
Net investment income		104,147,855		53,140,970
Total income available for benefits		$129,159,876		$79,271,209
Less benefit payments:				
Benefits	-$68,165,067		-$66,536,834	
Refunds	-1,682,976		-1,607,208	
DROP payments	-2,276,299		-966,294	
Pension reimbursements	0		350	
Net benefit payments		-$72,124,342		-$69,109,986
Change in reserve for future benefits		$57,035,534		$10,161,224
Net assets at actuarial value at the end of the year		$945,245,264		$888,209,730

**As of June 30, 2013, there was a contribution balance of $888,918 for active fire and police employees with more than 30 years of service, which was understood to be a pending transfer from the Supplemental System. Segal Consulting adjusted the market value of assets to account for this pending transfer. This adjustment was reversed as of June 30, 2014, as the transfer was within the Supplemental System accounts, and not to the Retirement and Relief System.*

Note: A portion of the Retirement and Relief System's assets is allocated to the Health Department. The above summary excludes the Health Department portion.

EXHIBIT E

Summary Statement of Income and Expenses on a Market Value Basis

	Year Ended June 30, 2014		Year Ended June 30, 2013	
Net assets at market value at the beginning of the year		$935,111,258		$886,902,991
Contribution income:				
Employer contributions	$14,039,103		$13,591,846	
Employee contributions	11,984,752		11,786,408	
F&P contribution transfer adjustment*	-888,918		888,918	
Less administrative expenses	-122,916		-138,933	
Net contribution income		25,012,021		26,128,239
Other income		0		2,000
Investment income:				
Interest and dividends	$24,093,753		$19,709,739	
Asset appreciation	124,450,892		74,631,043	
Less investment and administrative fees	-3,783,191		-3,152,768	
Net investment income		144,761,454		91,188,014
Total income available for benefits		$169,773,475		$117,318,253
Less benefit payments:				
Benefits	-$68,165,067		-$66,536,834	
Refunds	-1,682,976		-1,607,208	
DROP payments	-2,276,299		-966,294	
Pension reimbursements	0		350	
Net benefit payments		-$72,124,342		-$69,109,986
Change in reserve for future benefits		$97,649,133		$48,208,267
Net assets at market value at the end of the year		$1,032,760,391		$935,111,258

**As of June 30, 2013, there was a contribution balance of $888,918 for active fire and police employees with more than 30 years of service, which was understood to be a pending transfer from the Supplemental System. Segal Consulting adjusted the market value of assets to account for this pending transfer. This adjustment was reversed as of June 30, 2014, as the transfer was within the Supplemental System accounts, and not to the Retirement and Relief System.*

Note: A portion of the Retirement and Relief System's assets is allocated to the Health Department. The above summary excludes the Health Department portion.

EXHIBIT F

Summary Statement of Plan Assets

	Year Ended June 30, 2014		Year Ended June 30, 2013	
Cash equivalents		$34,955,625		$16,340,739
Accounts receivable:				
Employee contributions	$0		$60,083	
Employee loans	10,348,970		11,538,984	
Accrued interest and dividends	2,288,933		4,276,762	
F&P contributions transfer adjustment	0		888,918	
Total accounts receivable		12,637,903		16,764,747
Investments:				
Corporate stock	$758,171,586		$554,422,815	
Domestic corporate bonds	137,300,768		195,602,276	
U.S. Government obligations	90,585,406		153,524,137	
Total investments at market value		986,057,760		903,549,228
Total assets		$1,033,651,288		$936,654,714
Less accounts payable:		-$890,897		-$1,543,456
Net assets at market value		$1,032,760,391		$935,111,258
Net assets at actuarial value		$945,245,264		$888,209,730

EXHIBIT G

Development of the Fund Through June 30, 2014

Year Ended June 30	Employer Contributions	Employee Contributions	Other Income	Net Investment Return*	Administrative Expenses	Benefit Payments	Actuarial Value of Assets at End of Year
2005	$10,881,632	$10,210,996	$79,000	$43,262,778	$211,000	$46,668,936	$819,166,736
2006	11,398,732	10,522,586	36,000	105,060,847**	160,000	47,353,888	898,671,013
2007	12,006,508	10,707,106	16,000	66,843,172	180,000	52,242,705	935,821,094
2008	12,061,584	10,604,722	1,000	50,798,110	183,375	56,023,465	953,079,670
2009	12,770,110	12,433,019	11,000	-9,976,637	245,261	57,302,709	910,769,192
2010	13,224,808	11,896,839	17,000	36,877,809	263,250	59,444,574	913,077,824
2011	13,772,490	11,881,396	8,000	32,810,110	273,817	79,179,627	892,096,375
2012	13,676,554	12,027,821	12,000	28,060,904	145,619	67,679,529	878,048,507
2013	13,591,846	11,786,408	890,918***	53,140,970	138,933	69,109,986	888,209,730
2014	14,039,103	11,984,752	-888,918***	104,147,855	122,916	72,124,342	945,245,264

**Net of investment fees*

***Includes effect of change in asset method*

****As of June 30, 2013, there was a contribution balance of $888,918 for active fire and police employees with more than 30 years of service, which was understood to be a pending transfer from the Supplemental System. Segal Consulting adjusted the market value of assets to account for this pending transfer. This adjustment was reversed as of June 30, 2014, as the transfer was within the Supplemental System accounts, and not to the Retirement and Relief System.*

EXHIBIT H

Development of Unfunded Actuarial Accrued Liability for Year Ended June 30, 2014

1. Unfunded actuarial accrued liability at beginning of year		$328,474,728
2. Normal cost at beginning of year		22,878,193
3. Total contributions		-25,134,937*
4. Interest		
(a) For whole year on (1) + (2)	$24,594,704	
(b) Monthly on (3)	-806,413	
(c) Total interest		23,788,291
5. Expected unfunded actuarial accrued liability		$350,006,275
6. Changes due to net experience gain		-31,586,411
7. Unfunded actuarial accrued liability at end of year		$318,419,864

** Includes Supplemental Plan transfer adjustment of $888,918.*

EXHIBIT I

Section 415 Limitations

Section 415 of the Internal Revenue Code (IRC) specifies the maximum benefits that may be paid to an individual from a defined benefit plan and the maximum amounts that may be allocated each year to an individual's account in a defined contribution plan.

A qualified pension plan may not pay benefits in excess of the Section 415 limits. The ultimate penalty for non-compliance is disqualification: active participants could be taxed on their vested benefits and the IRS may seek to tax the income earned on the plan's assets.

In particular, Section 415(b) of the IRC limits the maximum annual benefit payable at the Normal Retirement Age to a dollar limit of $160,000 indexed for inflation. That limit is $210,000 for both 2014 and 2015. Normal Retirement Age for these purposes is age 62. These are the limits in simplified terms. They must be adjusted based on each participant's circumstances, for such things as age at retirement, form of benefits chosen and after tax contributions. (There is no retirement age adjustment for public safety.)

Benefits in excess of the limits may be paid through a qualified governmental excess plan that meets the requirements of Section 415(m).

Legal Counsel's review and interpretation of the law and regulations should be sought on any questions in this regard.

EXHIBIT J

Comparative Summary of Principal Valuation Results

	Year Ended June 30, 2014	Year Ended June 30, 2013
Participant data		
Active members	3,889	3,901
Total annual payroll	$191,299,778	$182,634,179
Retired members and beneficiaries	2,897	2,834
Total annualized benefit	$70,348,257	$67,188,941
Terminated vested members	26	19
Total annualized benefit	$313,329	$253,677
Future pensioners currently receiving benefits from Supplemental System	277	264
Total annualized benefit	$11,292,345	$10,607,058
Actuarial value of assets	$945,245,264	$888,209,730
Actuarial accrued liability:		
Active members	$496,425,267	$489,133,640
Terminated vested members	2,636,660	2,282,342
Retired members and beneficiaries	666,716,108	636,099,487
Future pensioners currently receiving benefits from Supplemental System	97,887,093	89,168,989
Total	$1,263,665,128	$1,216,684,458
Unfunded actuarial accrued liability	$318,419,864	$328,474,728

EXHIBIT K

Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial Assumptions: The estimates on which the cost of the Plan is calculated including:

(a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;

(b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;

(c) Retirement rates — the rate or probability of retirement at a given age;

(d) Withdrawal rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal Cost: The amount of contributions required to fund the benefit allocated to the current year of service.

Actuarial Accrued Liability For Actives: The value of all projected benefit payments for current members less the portion that will be paid by future normal costs.

Actuarial Accrued Liability For Pensioners: The single-sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

Unfunded Actuarial Accrued Liability: The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan. There is a wide range of approaches to paying off the unfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

Amortization of the Unfunded Actuarial Accrued Liability: Payments made over a period of years equal in value to the Plan's unfunded actuarial accrued liability.

Investment Return: The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.

EXHIBIT I

Summary of Actuarial Valuation Results as of July 1, 2014

The valuation was made with respect to the following data supplied to us:			
1.	Retired participants as of the valuation date (including 503 beneficiaries in pay status)		2,897
2.	Participants inactive during year ended June 30, 2014 with vested rights (including 277 future pensioners currently receiving benefits from the Supplemental System)		303
3.	Participants active during the year ended June 30, 2014		3,889
	Fully vested	2,872	
	Not vested	1,017	
The actuarial factors as of the valuation date are as follows:			
1.	Normal cost, including administrative expenses		$23,823,180
2.	Actuarial accrued liability		1,263,665,128
	Retired participants and beneficiaries	$666,716,108	
	Inactive participants with vested rights*	100,523,753	
	Active participants	496,425,267	
3.	Actuarial value of assets ($1,032,760,391 at market value as reported by the City)		945,245,264
4.	Unfunded actuarial accrued liability		$318,419,864
The determination of the recommended contribution is as follows:			
1.	Normal cost		$23,678,550
2.	Administrative expenses		144,630
3.	Employer normal cost: (1) + (2)		$23,823,180
4.	Payment on unfunded actuarial accrued liability		17,475,981
5.	Total recommended contribution: (3) + (4), adjusted for timing		$42,832,673
6.	Total payroll		$191,299,778
7.	Total recommended contribution as a percentage of projected payroll: (5) ÷ (6)		22.39%

** Includes liability for deterred benefits from the Retirement and Relief System payable to pensioners currently receiving benefits from the Supplemental System.*

EXHIBIT II

History of Employer Contributions

Plan Year Ended June 30	Actuarially Determined Employer Contributions (ADEC)*	Actual Contributions	Percentage Contributed
2009	$17,050,689	$12,770,110	74.9%
2010	21,118,910	13,224,808	62.6%
2011	18,147,790	13,772,490	75.9%
2012	18,904,668	13,676,554	72.3%
2013	20,516,938	13,591,846	66.2%
2014	30,553,712	14,039,103	45.9%
2015	30,398,187	--	--

** Prior to July 1, 2013, this amount was the Annual Required Contribution (ARC) and was calculated presuming that the employees would be responsible for an equal share of the cost of the System. However, if employee contribution rates were insufficient to cover half of the cost, the City was ultimately responsible for the funding of the Plan. Beginning July 1, 2013, the Actuarially Determined Employer Contribution is equal to the total calculated contribution in the most recent actuarial valuation, minus the portion expected to be covered by employee contributions.*

EXHIBIT III

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
07/01/2009	$910,769,192	$1,083,256,135	$172,486,943	84.08%	$186,523,480	92.47%
07/01/2010	913,077,824	1,113,441,433	200,363,609	82.01%	193,229,880	103.69%
07/01/2011	892,096,375	1,158,070,396	265,974,021	77.03%	177,977,161	149.44%
07/01/2012	878,048,507	1,181,090,260	303,041,753	74.34%	181,406,586	167.05%
07/01/2013	888,209,730	1,216,684,458	328,474,728	73.00%	182,634,179	179.85%
07/01/2014	945,245,264	1,263,665,128	318,419,864	74.80%	191,299,778	166.45%

EXHIBIT IV

Funded Ratio

A critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the actuarial value of assets to the actuarial accrued liabilities of the Plan as calculated. High ratios indicate a well-funded plan with assets sufficient to cover the plan's actuarial accrued liabilities. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other factors.

The chart below depicts a history of the funded ratios for this plan, on both an actuarial value (AVA) and a market value (MVA) basis.

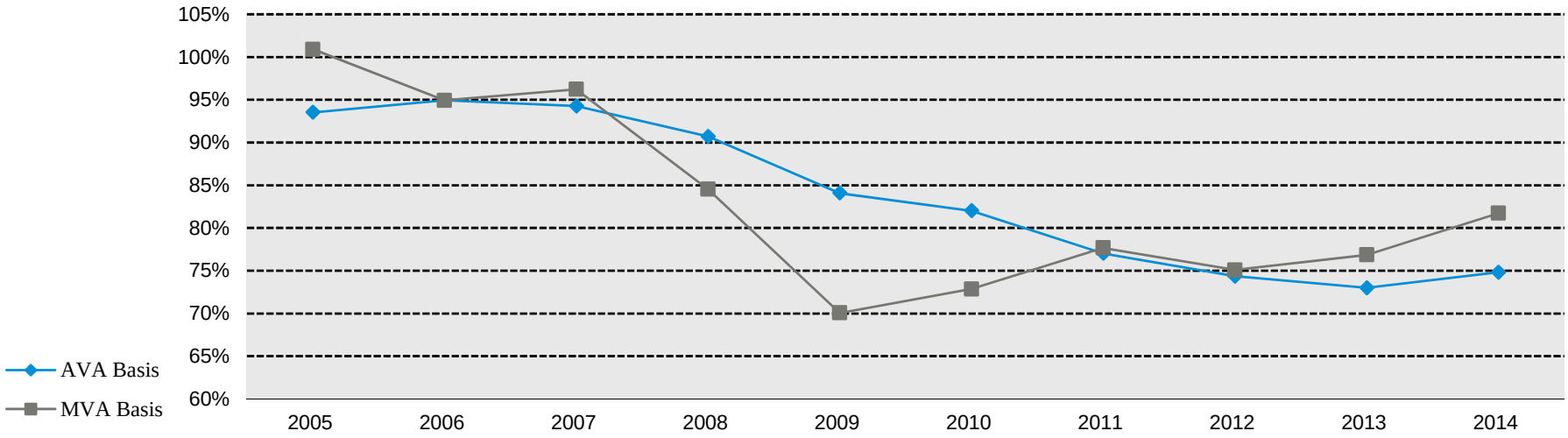


EXHIBIT V

Actuarial Assumptions and Actuarial Cost Method

Rationale for Demographic and Noneconomic Assumptions:	The information and analysis used in selecting each demographic assumption that has a significant effect on this actuarial valuation is shown in the Experience Study Report for the five-year period ended June 30, 2010. Based on the results of that study as well as professional judgment, no additional demographic assumption changes are warranted at this time and will be assessed again in the next five-year review.
Mortality Rates:	
Healthy:	RP-2000 Combined Healthy Mortality Table, set forward two years for both males and females
Disabled:	RP-2000 Disabled Retiree Mortality Table, multiplied by 70%
	RP-2000 Combined Healthy Annuitant Mortality Table and the RP-2000 Disabled Retiree Mortality Table, adjusted as shown above, reasonably reflect the mortality experience of the Retirement System as of the measurement date.
	Based on a five-year review of mortality experience for the 2005-2010 period, these mortality tables were determined to contain a margin of 8% to anticipate future mortality improvement. An analysis of recent experience indicates that this margin has eroded over time. The mortality assumptions will be assessed again in an updated five-year review before the next valuation is completed. New mortality rates will be set as appropriate, with allowance for improvements in life expectancy.

Termination Rates Before Retirement:

	Rate (%)							
	Mortality		Disability			Withdrawal		
Age	Male	Female	General	Fire	Police	General*	Fire**	Police***
20	0.04	0.02	0.08	0.12	0.06	4.89	3.79	6.65
25	0.04	0.02	0.11	0.17	0.09	4.76	2.69	4.73
30	0.06	0.04	0.14	0.22	0.11	4.56	2.07	3.63
35	0.09	0.06	0.19	0.29	0.15	4.23	1.59	2.80
40	0.12	0.09	0.29	0.44	0.22	3.77	1.20	2.11
45	0.17	0.13	0.47	0.72	0.36	3.18	0.82	1.43
50	0.27	0.20	0.79	1.21	0.61	2.23	0.40	0.70
55	0.47	0.35	1.31	2.02	1.01	0.85	0.00	0.00
60	0.88	0.67	2.12	3.25	1.63	0.08	0.00	0.00

* *Withdrawal rates shown for General Employees are multiplied by 2.50 during the first five years of employment.*

** *Withdrawal rates shown for Firefighters are multiplied by 1.75 during the first five years of employment.*

*** *Withdrawal rates shown for Police Officers are multiplied by 1.70 during the first five years of employment.*

Retirement Rates: Fire and Police employees are assumed to retire in accordance with the following rates. Benefits are payable from the Firemen's and Policemen's Supplemental Pension System until the participant reaches their Normal Retirement Age under the Retirement and Relief System.

Fire		Police	
Years of Service*	Rate	Years of Service*	Rate
20	10%	20	45%
21-25	5	21	20
26	25	22-25	5
27-28	8	26	15
29	60	27	20
30	10	28	15
31-32	0	29	50
33	40	30	30
34	20	31-32	0
35	100	33	45
		34	25
		35	100

** Retirement is assumed to occur no later than age 65*

General employees are assumed to retire, after meeting the service requirements, in accordance with the following rates:

Age	Rate**
Under 50	0%
50-54	15
55-59	8
60	15
61	20
62	40
63-64	20
65	40
66-74	25
Over 74	100

*** General Employee rates are decreased to 0% at 30 years and decreased by 75% when employee has 31-32 years of service. The rate is increased by 150% of the rate shown when employee reaches 33 years of service.*

Retirement Age for Inactive Vested Participants:	60
Unknown Data for Participants:	Same as those exhibited by Participants with similar known characteristics. If not specified, Participants are assumed to be male.
Percent Married:	80%
Age of Spouse:	Females three years younger than males
On the Job Disability:	
General	50%
Fire and Police	100%
On the Job Death:	
General	5%
Fire and Police	15%
Net Investment Return:	7.00%
	The net investment return assumption was chosen by the Retirement System's Board of Trustees, with input from the actuary. This assumption is a long-term estimate derived from historical data, current and recent market expectations, and professional judgment. As part of the analysis, a building block approach was used that reflects inflation expectations and anticipated risk premiums for each of the portfolio's asset classes, as well as the System's target asset allocation.

Salary Scale:

	Annual Increase Rate (%)	
Age	**General**	**Fire and Police**
20	7.50	9.50
25	6.75	7.60
30	6.00	6.20
35	5.50	5.10
40	5.00	4.50
45	4.50	4.00
50	4.00	4.00
55	3.50	4.00
60	3.00	4.00

Includes allowance for inflation of 3.00% per year.

The salary scale assumption is based on the City's pay plan, along with analysis completed in conjunction with an Experience Study Report for the five-year period ended June 30, 2010.

Interest on DROP Accounts:	5.00%
Administrative Expenses:	$150,000, payable monthly, equivalent to $144,630 at the beginning of the year.
Actuarial Value of Assets:	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Actuarial Cost Method:	Entry Age Normal Actuarial Cost Method. Entry Age is the age at the time the participant would have commenced employment if the plan had always been in existence. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by service, with Normal Cost determined as if the current benefit accrual rate had always been in effect. Actuarial Liability is allocated by salary.
Change in Assumptions:	There have been no changes in actuarial assumptions since the last valuation.

EXHIBIT VI

Summary of Plan Provisions

This exhibit summarizes the major provisions of the System included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Plan Year:	July 1 through June 30
Plan Status:	Ongoing
Normal Pension:	
Eligibility	A participant may retire at (a) age 60 if he has completed 5 years of credited service, or (b) any age if he has completed 30 years of credited service.
Amount:	2.50% of final average salary for each year of credited service. This amount cannot be greater than 75.0% of the final average salary nor less than $400 per month. Service credit used to determine the benefit amount may be increased by credit granted for unused sick leave (on a percent of possible total basis). Final average salary is defined as the highest average compensation over any 36-month period of the employee's last ten years of participation.
Early Retirement Pension:	
Eligibility	A City participant may retire at age 55 if he has completed 25 years of credited service.
Amount	1.85% of final average salary for each year of credited service.

Disability:	
Ordinary	
Service Requirement	5 years credited service.
Amount	2.00% of final average salary at disability for each year of credited service, payable immediately. This amount cannot be greater than 60% of final average salary nor less than $400.
Extraordinary	
Service Requirement	None
Amount	70% of final monthly salary at disability, offset by the maximum Worker's Compensation benefit, payable immediately.
Termination:	To a participant terminating before becoming eligible for a vested deferred pension from the plan, a lump sum of his or her own contributions without interest is payable. Participants terminating after 5 years of actual service who leave their contributions in the System Fund have a non-forfeitable right to a monthly pension beginning at age 60. The form and amount of the pension are the same as the normal pension.
Death Benefits:	If a participant dies prior to his or her attainment of eligibility for retirement, a lump sum of his or her own contributions without interest is payable to his or her beneficiary. If an active participant who is eligible to retire or a retired participant dies, 60% of the accrued pension benefit is payable to the surviving spouse, if any, during his or her remaining lifetime. If an active participant (other than a participant of the Firemen and Policemen Supplemental System) who is not eligible to retire, but who has completed 5 years of service dies, a portion of 60% of the accrued pension benefit is payable to the spouse during her remaining lifetime. This portion is defined as follows:

Number of Years of Service	Portion of Entitled Benefit
5	50%
6	60
7	70
8	80
9	90
10 or more	100

This benefit is payable at the earlier of (a) the date that the deceased participant would have attained age 60 or (b) the date the deceased participant would have completed 20 years of service. In lieu of the above, for all participants, an annuity of 60% of salary is payable to the surviving spouse and 10% is payable to a minor child if death is service connected; the maximum for spouse and children is 75% and the maximum for children if no spouse is 60%. The minimum spouse benefit is $320 per month.

Back-DROP:	An employee with 33 years of service or who is at least age 63 with 23 years of service may elect up to a 36-month Back-DROP. The employee's monthly benefit will be calculated using service and final average salary as of the Back-DROP date and the employee will receive a lump sum equal to the number of months dropped back times the retirement benefit, accumulated with interest.
Participation:	All qualified employees of the Retirement and Relief System are required to participate.
Contributions:	
Employees	6.50% of compensation, increasing to 7.00% effective July 1, 2015
City	6.50% of compensation, increasing to 7.00% effective July 1, 2015
Changes in Plan Provisions:	There have been no changes in plan provisions since the last valuation.

EXHIBIT 1

General Information – "Financial Statements", Note Disclosures and Required Supplementary Information for a Single Employer Pension Plan

Plan membership: All qualified employees of the Retirement and Relief System. At June 30, 2014, pension plan membership consisted of the following:

Retirees or beneficiaries currently receiving benefits	2,897
Inactive members entitled to but not yet receiving benefits, including 277 future pensioners currently receiving benefits from the Supplemental System	303
Active employees	3,889
Total	7,089

The census data as of June 30, 2015 was not available at the time of this disclosure. It is assumed that the population remains constant.

Benefits provided: See Section 4, Exhibit VI for a summary of plan provisions.

EXHIBIT 2

Net Pension Liability

The components of the net pension liability of the Retirement System at June 30, 2015 were as follows:	
Total pension liability	$1,574,826,589
Plan fiduciary net position	1,026,521,284
Association's net pension liability	548,305,305
Plan fiduciary net position as a percentage of the total pension liability	65.18%

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement, with the results rolled forward to June 30, 2015:

Inflation	3.00%
Salary increases	3.00%, plus age-related salary scale based on participant group
Investment rate of return	7.00%, including inflation, net of pension plan investment expense

Healthy mortality rates were based on the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years for both males and females. Disabled mortality rates were based on the sex-distinct RP-2000 Disabled Retiree Mortality Table, multiplied by 70%. The current tables were determined to contain a margin of 8% to anticipate future mortality improvement based on the review of mortality experience for the 2005-2010 period.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an experience study for the period July 1, 2005 to June 30, 2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	60%	6.7%
Fixed income	25%	1.6%
Hedge funds	15%	3.6%
Total	100%	

Discount rate: The blended discount rate used to measure the total pension liability is 5.24%. The projection of cash flows used to determine the discount rate assumed contributions will continue to be made at 6.50% of compensation from plan members and 6.50% of compensation from the City. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are excluded, as are projected employee contributions from future plan members. Based on these assumptions, the System's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the System's investments was applied to the first 26 periods of projected benefit payments and a 3.80% municipal bond rate was applied to all periods thereafter to determine the total pension liability. The 3.80% municipal bond rate was based on the S&P Municipal Bond 20-Year High Grade Rate Index as of June 25, 2015.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the System, calculated using the discount rate of 5.24%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.24%) or one percentage point higher (6.24%) than the current rate:

	1% Decrease (4.24%)	Current Discount Rate (5.24%)	1% Increase (6.24%)
Net pension liability	$745,357,055	$548,305,305	$382,732,627

EXHIBIT 3

Schedules of Changes in Retirement System's Net Pension Liability – Last Ten Fiscal Years

	2015	2014	2013	2012	2011
Total pension liability					
			(Historical information prior to implementation of GASB 67/68 is not required.)		
Service cost	$36,945,277	$35,473,452			
Interest	80,340,821	78,078,837			
Change of benefit terms	0	0			
Differences between expected and actual experience	11,335,035	0			
Changes of assumptions	89,619,076	0			
Benefit payments, including refunds of employee contributions	-76,439,094	-72,124,342			
Net change in total pension liability	$141,801,115	$41,427,947			
Total pension liability – beginning	$1,433,025,474	1,391,597,527			
Total pension liability – ending (a)	$1,574,826,589	$1,433,025,474			
Plan fiduciary net position					
Contributions – employer	$14,464,552	$14,039,103			
Contributions – employee	12,227,545	11,984,752			
Net investment income	43,686,697	143,936,432			
Benefit payments, including refunds of employee contributions	-76,439,094	-72,124,342			
Administrative expense	-178,807	-186,812			
Other	0	0			
Net change in plan fiduciary net position	-$6,239,107	$97,649,133			
Plan fiduciary net position – beginning	1,032,760,391	935,111,258			
Plan fiduciary net position – ending (b)	$1,026,521,284	$1,032,760,391			
City's net pension liability – ending (a) – (b)	$548,305,305	$400,265,083			
Plan fiduciary net position as a percentage of the total pension liability	65.18%	72.07%			
Estimated covered-employee payroll	$188,116,077	$184,380,800			
City's net pension liability as percentage of covered employee payroll	291.47%	217.09%			

Notes to Schedule:
Benefit changes: There have been no changes in benefit provisions since GASB 67 implementation.
Change of assumptions: Other than the change in blended discount rate, there have been no assumption changes since GASB 67 implementation.

EXHIBIT 4

Schedule of City of Birmingham's Contributions to the Retirement and Relief System – Last Ten Fiscal Years

Year Ended June 30	Actuarially Determined Contribution*	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Estimated Covered-Employee Payroll**	Contributions as a Percentage of Covered-Employee Payroll
2006	(Historical information prior to implementation of GASB 67/68 is not required.)				
2007					
2008					
2009					
2010					
2011					
2012					
2013					
2014	$30,553,712	$14,039,103	$16,514,609	$184,380,800	7.61%
2015	30,398,187	14,464,552	15,933,635	188,116,077	7.69%

** The Actuarially Determined Contribution is equal to the total calculated contribution in the most recent actuarial valuation, minus the portion expected to be covered by employee contributions.*

***Payroll is estimated based on the actual employee contributions received and a 6.50% contribution rate. The City's contributions as a percentage of covered-employee payroll are greater than 6.50% since they reflect contributions made by the City on behalf of retired members in the Firemen's and Policemen's Supplemental Pension Plan, as well as transfers from the Supplemental Plan.*

EXHIBIT 5

Notes to Required Supplementary Information

Valuation date	Actuarially determined contribution is calculated using a July valuation date as of the beginning of the fiscal year in which contributions are reported
Methods and used assumptions to determine contribution rates:	
Actuarial cost method	Entry age
Amortization method	Level percent of payroll, using 3.0% annual increases
Remaining amortization period	Rolling 30 years
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Actuarial assumptions:	
Investment rate of return	7.00%, including inflation, net of pension plan investment expense
Inflation rate	3.00%
Projected salary increases	3.00%, plus age-related salary scale based on participant group
Retirement rates:	
General Employees	Rates vary from age 50 to 74. (Note: rates are decreased to 0% at 30 years and decreased by 75% when employee has 31-32 years of service. The rate is increased by 150% when the employee reaches 33 years of service.)
Fire and Police	Group specific rates based on years of service ranging from 20 to 35 years, with 100% retirement at age 65.
	See the July 1, 2014 actuarial valuation report for full detailed retirement rates.
Mortality:	
Healthy	RP-2000 Combined Healthy Mortality Table, set forward two years for both males and females.
Disabled	RP-2000 Disabled Retiree Mortality Table, multiplied by 70%.
Other information:	See Exhibit 3 for the history of changes to plan provisions and assumptions, if any.

EXHIBIT 6

Summary of Net Pension Liability and Pension Expense Allocations

	2015			
	Pay in July 1, 2014 Actuarial Valuation Data	Proportion of Net Pension Liability	Proportionate Share of Net Pension Liability	Proportionate Share of Pension Expense
City of Birmingham (without Airport)	$185,800,414	97.13%	$532,542,974	$55,140,492
Airport Authority	5,499,364	2.87%	15,762,331	1,632,061
Total	$191,299,778	100.00%	$548,305,305	$56,772,553

EXHIBIT 7

GASB 68 information Drafted for Inclusion in a June 30, 2015 CAFR for the City of Birmingham

Net pension liability. The City of Birmingham is allocated a proportional share of 97.13% of the net pension liability of the City of Birmingham Retirement and Relief System, with the allocation based on July 1, 2014 valuation pay. This basis is intended to measure the proportion of each employer's long-term funding requirements. The City of Birmingham's allocated share of the net pension liability is $532,542,974.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the City of Birmingham's proportional share of the net pension liability of the Birmingham Retirement and Relief System, calculated using the discount rate of 5.24%, as well as what the proportional share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (4.24%) or one percentage-point higher (6.24%) than the current rate:

	1% Decrease (4.24%)	Current Discount (5.24%)	1% Increase (6.24%)
City of Birmingham's proportional share of net pension liability	$723,930,006	$532,542,974	$371,730,074

For the year ended June 30, 2015, the City of Birmingham's recognized pension expense is $55,140,492. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$9,174,319	- -
Changes of assumptions	72,535,637	- -
Net difference between projected and actual earnings on pension plan investments	20,982,743	- -
Total	$102,692,699	- -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	Recognition of deferred outflows/(inflows)
September 30, 2016	$21,587,677
September 30, 2017	21,587,677
September 30, 2018	21,587,677
September 30, 2019	21,587,676
September 30, 2020	16,341,992
Thereafter	- -

Schedules of Changes in City of Birmingham's Proportional Share of Net Pension Liability – Last Ten Fiscal Years*

	2015	2014	2013	2012	2011
Proportional share percentage	97.13%				
Net pension liability	$532,542,974				
Estimated covered-employee payroll	182,708,236				
Net pension liability as percentage of covered employee payroll	291.47%				

**All information is on a measurement year basis.*

EXHIBIT 8

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions – City of Birmingham

Projected recognition of deferred outflows/(inflows)

	Year Established	Initial Balance	Amount Recognized During FYE June 30, 2015	Outstanding Balance at June 30, 2015	Deferred Outflows/(Inflows) Recognized in Future Years				
					FYE June 30, 2016	FYE June 30, 2017	FYE June 30, 2018	FYE June 30, 2019	FYE June 30, 2020
Fiscal Year Outflows									
Liability loss	2015	$11,009,183	$1,834,864	$9,174,319	$1,834,864	$1,834,864	$1,834,864	$1,834,864	$1,834,863
Investment loss	2015	26,228,429	5,245,686	20,982,743	5,245,686	5,245,686	5,245,686	5,245,685	- -
Assumption change	2015	87,042,764	14,507,127	72,535,637	14,507,127	14,507,127	14,507,127	14,507,127	14,507,129
Total Outflows		**$124,280,376**	**$21,587,677**	**$102,692,699**	**$21,587,677**	**$$21,587,677**	**$21,587,677**	**$21,587,676**	**$16,341,992**
Fiscal Year Inflows	- -	- -	- -	- -	- -	- -	- -	- -	- -
Total		**$124,280,376**	**$21,587,677**	**$102,692,699**	**$21,587,677**	**$21,587,677**	**$21,587,677**	**$21,587,676**	**$16,341,992**

EXHIBIT 9

GASB 68 information Drafted for Inclusion in a June 30, 2015 CAFR for City of Birmingham Airport Authority

Net pension liability. The Airport Authority is allocated a proportional share of 2.87% of the net pension liability of the City Birmingham Retirement and Relief System, with the allocation based on July 1, 2014 valuation pay. This basis is intended to measure the proportion of each employer's long-term funding requirements. The Airport Authority's allocated share of the net pension liability is $15,762,331.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the Airport Authority's proportional share of the net pension liability of the Birmingham Retirement and Relief System, calculated using the discount rate of 5.24%, as well as what the proportional share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (4.24%) or one percentage-point higher (6.24%) than the current rate:

	1% Decrease (4.24%)	Current Discount (5.24%)	1% Increase (6.24%)
City of Birmingham's proportional share of net pension liability	$21,427,049	$15,762,331	$11,002,553

For the year ended June 30, 2015, the Airport Authority's recognized pension expense is $1,632,061. At June 30, 2015, the Airport Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$271,543	- -
Changes of assumptions	2,146,927	- -
Net difference between projected and actual earnings on pension plan investments	621,052	- -
Total	$3,039,522	- -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	Recognition of deferred outflows/(inflows)
September 30, 2016	$638,957
September 30, 2017	638,957
September 30, 2018	638,957
September 30, 2019	638,957
September 30, 2020	483,694
Thereafter	- -

Schedules of Changes in City of Birmingham Airport Authority's Proportional Share of Net Pension Liability – Last Ten Fiscal Years*

	2015	2014	2013	2012	2011
Proportional share percentage	2.87%				
Net pension liability	$15,762,331				
Estimated covered-employee payroll	5,407,841				
Net pension liability as percentage of covered employee payroll	291.47%				

**All information is on a measurement year basis.*

EXHIBIT 10

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions – Airport Authority

Projected recognition of deferred outflows/(inflows)

	Year Established	Initial Balance	Amount Recognized During FYE June 30, 2015	Outstanding Balance at June 30, 2015	Deferred Outflows/(Inflows) Recognized in Future Years				
					FYE June 30, 2016	FYE June 30, 2017	FYE June 30, 2018	FYE June 30, 2019	FYE June 30, 2020
Fiscal Year Outflows									
Liability loss	2015	$325,852	$54,309	$271,543	$54,309	$54,309	$54,309	$54,309	$54,307
Investment loss	2015	776,315	155,263	621,052	155,263	155,263	155,263	155,263	- -
Assumption change	2015	2,576,312	429,385	2,146,927	429,385	429,385	429,385	429,385	$429,387
Total Outflows		**$3,678,439**	**$638,957**	**$3,039,522**	**$638,957**	**$638,957**	**$638,957**	**$638,957**	**$483,694**
Fiscal Year Inflows		- -	- -	- -	- -	- -	- -	- -	- -
Total		**$3,678,479**	**$638,957**	**$3,039,522**	**$638,957**	**$638,957**	**$638,957**	**$638,957**	**$483,694**

EXHIBIT 11

Detailed Development of Pension Expense for the Year Ended June 30, 2015

Service cost	$36,945,277	
Interest on Total Pension Liability	80,340,821	
Employee contributions	-12,227,545	
Administrative expenses	178,807	
Expected return on assets	-70,691,441	
Expensed portion of current year period differences between expected and actual experience in Total Pension Liability	1,889,173	
Expensed portion of current year period assumption changes	14,936,512	
Current year plan changes	- -	
Expensed portion of current year period differences between projected and actual investment earnings	5,400,949	
Current year recognition of deferred inflows and outflows established in prior years	- -	
Total expense		$56,772,553

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Pension Plan of the General Retirement System of the City of Detroit

Financial Report
with Supplemental Information
June 30, 2014

Pension Plan of the General Retirement System of the City of Detroit

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plante moran

Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Independent Auditor's Report

To the Board of Trustees
Pension Plan of the General Retirement
System of the City of Detroit

Report on the Financial Statements

We have audited the accompanying financial statements of the Pension Plan of the General Retirement System of the City of Detroit (the "Plan") as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

To the Board of Trustees
Pension Plan of the General Retirement
System of the City of Detroit

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Pension Plan of the General Retirement System of the City of Detroit as of June 30, 2014 and 2013 and the changes in its fiduciary net position for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As explained in Note 1, the financial statements include investments valued at approximately $642,000,000 (32 percent of net position) at June 30, 2014 and at approximately $702,000,000 (33 percent of net position) at June 30, 2013, whose fair values have been estimated by management in the absence of readily determinable market values. Management's estimates are based on information provided by investment managers, general partners, real estate advisors, and other means. Our opinion has not been modified with respect to this matter.

Effective July 1, 2013, the System adopted the provisions of GASB 67, *Financial Reporting for Pensions*, as discussed in Note 1. Adopting this new accounting standard resulted in significant changes to the defined benefit related footnote disclosures and Required Supplementary Information schedules. The City's bankruptcy, which was confirmed after year-end, had a significant impact on the implementation of this new standard, which is disclosed in Note 9. Our opinion has not been modified with respect to this matter.

As described in Note 1 to the financial statements, the City of Detroit had previously filed for Chapter 9 bankruptcy which, as of June 30, 2013, called into question the collectability of approximately $36,000,000 of contributions receivable that were due from the City of Detroit to the System. As a result of the risk associated with the City's inability to make the required payments, the System did not reflect the contribution revenue or associated receivable balances in the financial statements as of June 30, 2013. During fiscal year 2014, the City did not make the full annual required contribution for the year ended June 30, 2014 or any late payments related to fiscal year 2013. Under the bankruptcy, the City will not be making payments directly attributable to these potential receivables and will instead be following a revised payment schedule for contributions on a go-forward basis. In addition, GASB 67 does not allow for reporting revenue unless it is received or receivable pursuant to legal requirements. Therefore, as of June 30, 2014, no revenue or receivables have been reflected in the financial statements for the balance of 2013 and 2014 fiscal year required contributions. Our opinion has not been modifid with respect to this matter.

To the Board of Trustees
Pension Plan of the General Retirement
System of the City of Detroit

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

These financial statements exclude the Schedule of Funding Progress required by GASB 25 and accounting principles generally accepted in the United States of America in periods prior to June 30, 2014 and necessary for a complete comparative financial statement presentation. The disclosures in this schedule have become obsolete given the adoption of GASB 67 in the current year. Such omitted information, although not a part of the basic financial statements, was previously required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Plante & Moran, PLLC

May 5, 2015

Using this Annual Report

This annual report consists of three parts: (1) management's discussion and analysis (this section), (2) the basic financial statements, and (3) the required supplemental information. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by sections of required and other supplemental information that further explain and support the information in the financial statements.

Condensed Financial Information

The table below compares key financial information in a condensed format between the current year and the two prior years:

	Fiscal Year Ended		
	June 30, 2014	June 30, 2013	June 30, 2012
Total assets	$ 2,081,881,976	$ 2,244,235,124	$ 2,319,275,903
Total liabilities	66,674,097	145,213,170	160,438,055
Net position - held in trust for pension benefits	**$ 2,015,207,879**	**$ 2,099,021,954**	**$ 2,158,837,848**
Net investment income	$ 291,929,959	$ 270,348,063	$ 49,023,470
Contributions:			
Employer	25,126,131	26,515,782	64,218,880
Employee	10,241,761	13,395,701	16,585,232
Total contributions	35,367,892	39,911,483	80,804,112
Other income	7,604,277	11,861,477	1,604,294
Benefits paid to members and retirees:			
Retirees' pension and annuity benefits	253,683,194	246,617,947	230,915,545
Member annuity refunds and withdrawals	144,050,613	126,498,794	156,865,860
Total benefits paid	397,733,807	373,116,741	387,781,405
Benefits paid in excess of contributions	(362,365,915)	(333,205,258)	(306,977,293)
Ratio of contributions to benefits paid	8.89%	10.70%	20.84%
Other expenses	(20,982,396)	(8,820,176)	(6,379,579)
Net decrease in net position	**$ (83,814,075)**	**$ (59,815,894)**	**$ (262,729,108)**

Fund Overview, Membership, and Governance

The General Retirement System of the City of Detroit ("DGRS" or the "System") is a defined benefit pension plan and defined contribution plan which, as discussed in greater detail below, at the conclusion of the 2014 fiscal year was frozen by the City of Detroit. This legacy plan (the "Legacy Plan"), as it is now called, is being reported within these financial statements. A new, hybrid plan (the "Hybrid Plan") was created by the City on July 1, 2014 and is not included within these financial statements.

DGRS exists to pay benefits to its members. Members of the System include active employees, retirees, and beneficiaries. Active members earn service credit that entitles them to receive benefits in the future. Both the employer and municipal plan sponsor for the System, the City of Detroit (the "City"), and active members have historically contributed to the System (the employee contributions were voluntary). Retirees, their beneficiaries, and disabled members are those currently receiving benefits.

DGRS is a relatively mature plan in that there are more members receiving current benefits than active members. As of June 30, 2013, there were 5,364 active members, with 12,089 members receiving benefits, and 2,395 terminated plan members entitled to, but not yet receiving, benefits. On June 30, 2014, the Emergency Manager of the City of Detroit issued Order #30, which froze the existing pension plan, the Legacy Plan. As of June 30, 2014, no new employees were allowed to participate in the Legacy Plan and benefit accruals for members with respect to service rendered prior to July 1, 2014, were frozen based on the member's years of service, average final compensation and the pension multiplier formula as of the freeze date. Employees working after July 1, 2014, are now earning service credit in a new pension plan, the Hybrid Plan.

DGRS is governed by a 10-member board of trustees (the "Board"). Five members of the Board are elected by the active membership to serve six-year terms. One member is elected by the retiree membership to serve a two-year term. One member is appointed by the mayor of the City of Detroit from the citizens of the City of Detroit to serve a six-year term. Three members serve ex-officio, these members being the mayor of the City of Detroit (or designee), the city treasurer, and one representative from the Detroit City Council. Expirations of terms of elected trustees are staggered. As is discussed in more detail below, an Investment Committee was established in December 2014 by DGRS to meet governance requirements related to the consensual resolution of the City's bankruptcy case.

The City of Detroit's Chapter 9 Bankruptcy Case

In March 2013, after the City had endured years of financial difficulty, the Governor appointed an Emergency Manager (the "EM") for the City pursuant to Michigan Public Act 436 of 2012, which is a law that includes the ability for an EM to file a bankruptcy proceeding. In anticipation of that possibility, DGRS had assembled a restructuring team of professional legal, financial, actuarial, and other advisors to assist the System's on-staff professionals with meeting the challenges that could arise if the City filed for bankruptcy protection.

On July 18, 2013, the City filed a petition in the United States Bankruptcy Court for the Eastern District of Michigan (the "Bankruptcy Court") seeking protection from its creditors under Chapter 9 of the United States Bankruptcy Code (the "Chapter 9 Case"). DGRS objected to the City's request for Chapter 9 relief on the basis that Article IX, section 24 of the Michigan Constitution of 1963 prevented the City from diminishing accrued pension benefits, even in bankruptcy. On December 5, 2013, after a hearing lasting several weeks, the Bankruptcy Court entered an order determining that the City was eligible for Chapter 9 relief, and holding that accrued pension benefits could be decreased in bankruptcy despite the language of the Michigan Constitution. DGRS immediately filed an appeal with the United States Court of Appeals for the Sixth Circuit.

The Bankruptcy Court also ordered DGRS and other creditors to mediate their disputes with the City, a process which gained momentum in early 2014. As a result of that mediation, a proposed settlement of pension claims of DGRS members was included as part of the City's Fourth Amended Plan for the Adjustment of Debts of the City of Detroit, filed on May 5, 2014 along with an accompanying Fourth Amended Disclosure Statement (the "Pension Settlement"). The Pension Settlement proposed a compromise of pension claims reached with the City with funding support from the State of Michigan, the Detroit Institute of Arts, and certain charitable foundations. On May 12, 2014, the City issued ballots to all DGRS members as claim holders in Class 11 under the City's classification system for its creditors, seeking their approval of the Pension Settlement.

For DGRS, with respect to benefit adjustments, the Pension Settlement, for which benefit levels were and are contingent on other factors, including receipt of outside contributions, provided for a loss of cost of living adjustments, or 'escalators' ("COLAs") paid after July 1, 2014; a 4.5% cut to the remaining accrued pension benefit after the COLA loss; and, for DGRS members who participated in the Annuity Savings Fund plan between 2003 and 2013, recoupment of certain amounts of interest deemed by the City to be in 'excess' of that which should have been credited to individual ASF accounts, referred to as ASF Recoupment. ASF Recoupment, like other provisions of the Pension Settlement, is not optional. Most members will be required to pay their ASF Recoupment by a monthly deduction from their future pension benefits for a set term of months, including interest calculated at 6.75 percent. All such members were offered a lump sum cash option, which was limited in the aggregate to $30 million in member recoupment. The Pension Settlement also included the possibility of restoration of certain pension benefit cuts, based on a program for the most financially vulnerable pensioners and beneficiaries through the State of Michigan Treasury Department as well as a new feature of the Legacy Plan allowing restoration depending on the System's funding level over time.

On June 11, 2014, the Board adopted a resolution supporting treatment of the Class 11 claim holders as part of the Pension Settlement. DGRS thereafter issued correspondence to its membership in support of the treatment of Class 11 claims. Also in June, the Michigan legislature adopted legislation, which the Governor signed, conditionally approving the State's contribution of $194.8 million, split between DGRS and the Police and Fire System, to the resolution of the Chapter 9 Case.

In a balloting process that closed on July 11, 2014, the pension claim holders, including DGRS members, were deemed by the Bankruptcy Court to have supported the City's treatment of pension claims in the Pension Settlement. The treatment of DGRS member claims was carried forward to the City's (final) Eighth Amended Plan for the Adjustment of Debts, filed October 22, 2014 (the "Plan of Adjustment").

On November 12, 2014, after a confirmation hearing lasting several weeks, the Bankruptcy Court entered an order confirming the Plan of Adjustment. The effective date of the Plan of Adjustment occurred on December 10, 2014. Effective that same day, pursuant to the Plan of Adjustment, implementation of the Pension Settlement officially began with establishment by DGRS of a seven member Investment Committee, though contingency planning for all of the pension adjustments had been underway for months. The Investment Committee is comprised of five independent members, one retiree, and one active employee. The Investment Committee has responsibility for guiding the Board's investment decisions, among other things.

Other components of implementation of the Plan of Adjustment proceeded between December 2014 and March 2015. The process of implementing the Plan of Adjustment is expected to continue well into 2015 and beyond, with monitoring, compliance, and other activity by DGRS, its Board of Trustees, and its Investment Committee. On December 1, 2014, DGRS provided its retirees and beneficiary members with applications for the Income Stabilization Program (the "ISF Program") established as part of the State Contribution Agreement, one component of the Pension Settlement. The ISF Program, supported by City funds arising from an unlimited tax general obligation bonds settlement, is intended to ensure that the most financially vulnerable retirees and beneficiaries do not fall below the poverty line as a result of bankruptcy-related pension changes. The ISF Program was implemented March 1, 2015, along with other bankruptcy-related pension benefit changes.

Contributions to the System

Historically, both the City and active employees have made regular contributions to the System, though employee contributions were optional before July 1, 2014. Basic pension and disability benefits have been funded through employer contributions plus investment earnings on those contributions. The required employer contributions have been determined by the System's actuaries using the entry age normal cost method. Assumptions used by the actuaries are subject to experience testing every five years. Effective December 10, 2014, as part of the resolution of the Chapter 9 case, the investment return assumption and discount rate used by the System's actuary for purposes of determining the System's assets and liabilities for funding purposes was fixed at 6.75 percent through the period ending June 30, 2023.

Prior to the filing of the Chapter 9 case, the City's General Fund stopped making payments related to unsecured funded debt and legacy liabilities, including payments to the System on behalf of most of DGRS's members. Notably, for some segments of DGRS's member population, such as those employees and retirees from the Detroit Library Commission, the Detroit Water and Sewerage Department, and the COBO Authority, employer contributions continued to be remitted to DGRS even after the Chapter 9 case was filed. These situations led to disputes in the Bankruptcy Court which were eventually resolved by the Plan of Adjustment.

When the City filed the Chapter 9 case, obligations owed by the City became potentially subject to compromise in the bankruptcy process. The pension claims of DGRS members were determined by the Bankruptcy Court to be included as unsecured obligations. The City's last General Fund employer contribution before the Chapter 9 case on behalf of employee and retiree groups not listed above was made on November 30, 2012. During fiscal year 2014, the City did not make any contributions to the System from the General Fund, but the Library, DWSD, and COBO Authority did remit payments. In the Chapter 9 case, DGRS filed a claim against the City for $66.6 million as of July 18, 2013, reflecting past due employer contributions with interest for fiscal years 2012 and 2013. This amount did not reflect the full unfunded actuarial accrued liability of the System.

Going forward, the obligations for contributions to the System through 2023 are determined as fixed amounts by the provisions in the Plan of Adjustment. Pursuant to the Plan of Adjustment, the System is expected to receive contributions of a total of $718.6 million through fiscal year 2023. The Plan of Adjustment calls for the System to receive $98.8 million from the State of Michigan, $428.5 million from DWSD; $31.7 from UTGO settlement proceeds; $45 million from the DIA and its foundation donors; and $114.6 million from the other City-related employer contribution sources, such as the General Fund, Library, and COBO Authority, over a 10-year period covering fiscal year 2014 through fiscal year 2023. The City, and various other employer constituents such as the Library, DWSD, and COBO Authority, will retain responsibility for the full funding obligations of the System after 2023, consistent with Michigan law.

Impact of City of Detroit Collective Bargaining and Bankruptcy Pension Adjustments

The following changes became effective pursuant to Emergency Manager Order No. 30:

- The existing Legacy Plan defined contribution plan and defined benefit plan were frozen, preventing any future accruals or new members in the Legacy Plan effective June 30, 2014;
- The following additional changes became effective July 1, 2014:
    - A new Hybrid Plan defined benefit plan commenced with mandatory contributions of 4 percent of base pay. The City contributes 5 percent of employee base pay.
    - A new Hybrid Plan defined contribution plan for the Annuity Savings Fund. Employees may make voluntary Annuity Savings Fund contributions up to 7 percent of total after-tax pay. Interest will be credited at the actual net investment rate of return of DGRS, but will, in no event, be lower than 0 percent or higher than 5.25 percent; and
    - Elimination of the COLAs (also known as pension improvement factor or escalator) for all benefits paid after the effective date on the Legacy Plan, with the possibility for variable COLAs under certain circumstances.
    - Hybrid Plan provides that future duty disability and non-duty disability retirement allowances for members who become disabled after July 1, 2014, moves to a commercial insurance program through the City.

In the Legacy Plan, frozen as of June 30, 2014, active employees were allowed to voluntarily contribute 0 percent, 3 percent, 5 percent, or 7 percent of gross pay to the defined contribution plan (also referred to as the Annuity Savings Fund). [1] Those employee contributions are maintained in separate accounts in the defined contribution plan (Annuity Savings Fund) solely for the benefit of the contributing employee. After 25 years of service, an active employee may elect to withdraw their accumulated contributions plus investment earnings. Upon retirement, an employee may elect to annuitize some of their Annuity Savings Fund balance, resulting in a greater monthly retirement benefit. Any portion of an employee's Annuity Savings Fund balance which is not annuitized upon retirement is refunded in a lump sum.

As of June 30, 2014, due to the plan freeze, no additional benefit accruals are being earned in the Legacy Plan.

Additionally, as noted above, as a result of the Chapter 9 case, there will be a 4.5 percent reduction to monthly pension payments and the elimination of cost of living adjustments (COLA) made to pension benefits payable annually after July 1, 2014. DGRS members, retirees, and former employees who participated in the Annuity Savings Fund any time during July 1, 2003 and June 30, 2013 are subject to ASF Recoupment.

Beginning March 1, 2015, certain DPFRS members received benefit pension cut restoration under the Income Stabilization Fund program administered by DPFRS pursuant to the State Contribution Agreement based on eligibility and benefit payments calculated by the State of Michigan.

Note 9 in the footnotes to the financial statements discusses, in further detail, the changes resulting from the Plan of Adjustment.

Benefit Payments

The System exists to pay the benefits which its members have earned pursuant to benefits promised by the City, subject to the Chapter 9 case benefit adjustments in the Legacy Plan and the new promises in the Hybrid Plan. Benefits are paid monthly. In fiscal year 2014, DGRS paid out $398 million in benefits, consisting of $254 million in benefits to retirees and beneficiaries plus $144 million in refunds of Annuity Savings Fund balances. This represents approximately 20 percent of the net asset position of the System at year end. Employer and employee contributions were $35 million or 1.7 percent of the net position of the System. The excess of benefits over contributions ($362 million) is funded through investment income. The public capital markets represent the primary source of opportunities to earn investment income.

[1] Effected in EM Order No. 30, the City prepared and first published on July 1, 2014, a document called "Component II" of the Combined Plan for DGRS, intended to reflect the provisions of the frozen Legacy Plan as they existed on June 30, 2014. A "Component I" document set forth the provisions of the Hybrid Plan under which active employees began to accrue benefits as of July 1.

As of June 30, 2014, due to the freeze of the Legacy Plan, no additional benefit accruals are being earned in the Legacy Plan. The ASF Recoupment will be transferred to the pension accumulation fund (or "PAF") and used to fund the accrued benefits of the GRS Legacy Plan.

GASB 67 Adoption

As of July 1, 2013, the Plan was required to adopt Governmental Accounting Standards Board Statement No, 67, Financial Reporting for Pension Plans, which significantly revises existing guidance for the financial reports of most governmental pension plans.

GASB Statement No. 67 introduces significant changes to the timing and manner in which the actuarial valuation is performed, including changes to how the discount rate is calculated for accounting purposes. In addition, significant new footnote disclosures and required supplementary information schedules are now required.

Asset Allocation

The Board believes that the principal determinant of total fund investment performance over long periods of time is asset allocation. The DGRS asset allocation is built upon the foundation that the obligations of the System to pay the benefits promised to its members are very long-term obligations. Accordingly, the Board must make investment decisions that it believes will be the most beneficial to the System over many years, not just one or two years. The Board must

also balance the desire to achieve long-term gains with the requirements of having to raise the cash to fund significant benefit payments every month.

Michigan law imposes limitations on what fraction of the total assets of the System may be invested in assets other than government bonds, investment grade bonds, and certain mortgages. Additional restrictions are imposed on what fraction of the total assets of the System may be invested in foreign securities. The Board's asset allocation policies comply with applicable state statutes.

The Board has established asset allocation policies which are expected to deliver more than enough investment income over a very long period of time to satisfy the obligations to pay the benefits promised to the members of the System. The following is a summary of the DGRS asset allocation policy as of June 30, 2014:

Domestic equity	23%
International equity	22
Domestic fixed	16
International fixed	3
Hedge	5
Private equity	6
Real estate	8
Global asset allocation/risk parity	12
Commodities	5

Investment Results

Returns presented herein have been determined using the AIMR-compliant, time-weighted, GIPS method unless explicitly stated to the contrary. All returns for periods of one year or greater have been annualized.

Total Fund Composite

DGRS's total fund composite for the year was 14.5 percent, net of fees and expenses. The five year total fund (net) composite return was 9.9 percent, annualized. DGRS returns over the one- and five-year periods are well above the Fund's pre-Chapter 9 Case target return of 7.9 percent, the long-term return assumption previously used to meet current and future benefit obligations. As part of the resolution of the Chapter 9 Case, the discount rate assumption has been set at 6.75 percent through the period ending June 30, 2023. This discount rate assumption provided in the Chapter 9 case does not establish an investment return assumption or discount rate for purposes of, or in accordance with generally accepted accounting principles.

Returns across many market segments were unusually strong given the current investment landscape. All asset classes had positive returns during the fiscal year, with domestic equities (24.6 percent) and developed market equities (23.1 percent) posting the highest returns. Global equities (domestic, developed, and emerging) represent approximately 42 percent of total plan assets as of June 30, 2014.

Total plan returns, net of fees and expenses, for the recent prior fiscal years ended June 30 are shown below:

2013	11.7%
2012	0.1
2011	19.7
2010	4.5

Money Weighted Rate of Return

In 2012, the Governmental Accounting Standards Board ("GASB") released new accounting standards for public pension plans. One of the new GASB Statement No. 67 disclosure requirements is the annual money weighted rate of return. A money-weighted rate of return (as opposed to the time-weighted rate of return discussed in the previous section) considers both the size and timing of cash flows over the course of the year to determine an internal rate of return (sometimes referred to as "IRR"). This return is calculated net of expenses and uses cash flows determined on a monthly basis. The DGRS money-weighted rate of return for the year using end-of-the-month cash flows was 16.3 percent.

Contacting the General Retirement System's Management

This financial report is intended to provide a general overview of the System's finances and investment results in relation to actuarial projections. It shows the System's accountability for the money it receives from employer and employee contributions. If you have questions about this report or need additional information, we welcome you to contact the System's office or visit their website at www.rscd.org.

Pension Plan of the General Retirement System of the City of Detroit

Statement of Fiduciary Net Position

	June 30, 2014	June 30, 2013
Assets		
Cash and cash equivalents (Note 3)	$ 25,742,786	$ 16,852,995
Investments - At fair value (Note 3):		
Short-term investments	74,423,479	37,680,539
Stocks	1,058,090,820	1,054,606,782
Commingled equity funds and hedge funds	84,643,123	135,823,322
Bonds	116,409,457	144,296,396
Mortgage-backed securities	21,970,772	27,285,952
Pooled investments	7,870,265	7,839,000
Equity interest in real estate	211,811,951	223,433,016
Private placements	322,419,977	361,144,405
Mortgage and construction loans	99,652,517	109,134,461
Receivables:		
Accrued investment income	3,220,916	3,459,158
Receivables from investment sales	13,646,430	31,990,292
Other accounts receivable	47,647	41,610
Notes receivable from participants	9,649,208	11,877,740
Cash and investments held as collateral for securities lending (Note 3):		
Asset-backed securities	5,073,258	6,063,906
Repurchase agreements	25,876,225	69,623,876
Corporate floating rate	-	1,803,044
Capital assets (Note 1)	1,333,145	1,278,630
Total assets	2,081,881,976	2,244,235,124
Liabilities		
Claims payable to retirees and beneficiaries	11,692,026	7,381,391
Payables for investment purchases	15,593,379	37,771,258
Due to the City of Detroit	1,156,317	1,394,434
Amounts due broker under securities lending arrangements	35,241,386	96,535,642
Other liabilities	2,990,989	2,130,445
Total liabilities	66,674,097	145,213,170
Net Position - Restricted for pensions	**$ 2,015,207,879**	**$ 2,099,021,954**

The Notes to Financial Statements are an Integral Part of this Statement.

Pension Plan of the General Retirement System of the City of Detroit

Statement of Changes in Fiduciary Net Position

	Year Ended June 30, 2014	Year Ended June 30, 2013
Additions		
Investment income:		
Interest and dividend income	$ 21,065,114	$ 34,809,221
Net appreciation in fair value of investments	269,067,717	241,561,967
Less investment expense	(8,947,895)	(11,696,933)
Net investment income	281,184,936	264,674,255
Securities lending income:		
Interest and dividends	161,964	434,418
Net unrealized gain on collateralized securities	838,430	5,239,390
Net securities lending income	1,000,394	5,673,808
Contributions:		
Employer	25,126,131	26,515,782
Employee	10,241,761	13,395,701
Total contributions	35,367,892	39,911,483
Other income	7,604,277	11,861,477
Total additions	325,157,499	322,121,023
Deductions		
Retirees' pension and annuity benefits	253,683,194	246,617,947
Member refunds and withdrawals	144,050,613	126,498,794
General and administrative expenses	11,131,076	8,745,727
Depreciation expense	106,691	74,449
Total deductions	408,971,574	381,936,917
Net Decrease in Net Position Held in Trust	(83,814,075)	(59,815,894)
Fiduciary Net Position Restricted for Pensions - Beginning of year	2,099,021,954	2,158,837,848
Fiduciary Net Position Restricted for Pensions - End of year	**$ 2,015,207,879**	**$ 2,099,021,954**

The Notes to Financial Statements are an Integral Part of this Statement.

Note 1 - Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies used by the Pension Plan of the General Retirement System of the City of Detroit:

Reporting Entity

The City of Detroit (the "City") sponsors the Pension Plan of the General Retirement System of the City of Detroit (the "Plan"), which is a contributory single-employer retirement plan. The Plan, which is administered by the Plan's board of trustees, is a defined benefit plan comprised of a defined benefit component and a second component that operates similar to a defined contribution plan. The plans provide retirement, disability and survivor benefits to plan members and beneficiaries.

The Plan is a separate and independent trust qualified under applicable provisions of the Internal Revenue Code and is an independent entity (separate and distinct from the employer/plan sponsor) as required by (1) state law and (2) Internal Revenue Code provisions setting forth qualified plan status. The trustees of the plan have a fiduciary obligation and legal liability for any violations of fiduciary duties as independent trustees.

The financial statements for the System are also reported in the combined financial statements of the City of Detroit as a pension trust funds. The assets of the pension trust fund includes no securities of or loans to the City or any other related party.

On June 30, 2014, as a result of negotiations between the City and the Official Committee for Retirees of the City of Detroit and public employee unions, the existing plan benefit formulas were frozen and no new employees were allowed to earn benefits under the existing plans. The Emergency Manager issued Order #30 (General Retirement System of the City of Detroit) on June 30, 2014 which put these changes into effect. This plan in existence as of June 30, 2014 is known as the "legacy plan". These financial statements represent this legacy plan only.

As of July 1, 2014, all current and future employees now participate in the new hybrid pension plans. Active City employees who participated in the legacy plan will receive the benefits they have earned under the Retirement System through June 30, 2014 plus an additional benefit under the new hybrid plan formula, assuming all vesting requirements are met.

Note 1 - Summary of Significant Accounting Policies (Continued)

Plan Sponsor Financial Condition - Impact on Plan

Over the last several years, the City of Detroit (the plan sponsor) has been experiencing significant financial difficulty and liquidity concerns. In February 2013, a financial review team appointed by the Governor of the State of Michigan determined that a local government financial emergency existed in the City. In March 2013, the Governor appointed an emergency manager under PA 72 of 1990. In July 2013, the City filed a voluntary petition under Chapter 9 of the Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of Michigan, the eligibility for which was approved in federal court in December 2013. Part of the federal court's ruling in December 2013 indicated that the bankruptcy status usurped whatever protections may be offered governmental pensions under the Michigan Constitution.

As of June 2013, the City had defaulted on approximately $36 million of pension contributions due to the Plan. The City's June 30, 2013 financial statements disclosed that a "substantial doubt about the City's ability to continue as a going concern" existed. During fiscal year 2014, the City only paid $25 million in employer contributions into the Plan, despite the fact that there were actuarially required contributions of approximately $73 million.

The bankruptcy proceedings continued through November 2014. On November 12, 2014, the United States Bankruptcy Court for the Eastern District of Michigan entered an order confirming the Eighth Amended Plan for the Adjustment of Debts of the City of Detroit. The effective date of the Plan occurred on December 10, 2014 and the City exited bankruptcy at that time. The emergency manager was then released from his role at the City. See Note 9, Subsequent Events, for additional information on the impact of the Eighth Amended Plan for the Adjustment of Debts of the City of Detroit.

Accounting and Reporting Principles

The System follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Government Accounting Standards Board.

Basis of Accounting

The Plan uses the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due pursuant to legal requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Note 1 - Summary of Significant Accounting Policies (Continued)

Specific Balances and Transactions

Cash and Cash Equivalents - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Investments - Investments are reported at fair value or estimated fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments. The fair value of real estate is based on periodic appraisals as well as the judgment of independent real estate advisors and management. Investments that do not have an established market value are reported at estimated fair value as determined by the System's management.

Approximately $642,000,000 or 32 percent of the Plan's net position as of June 30, 2014 and approximately $702,000,000 or 33 percent of the Plan's net position as of June 30, 2013 are not publicly traded and therefore do not always have a readily determinable market value. Of the alternatives held at June 30, 2014, the Plan classifies approximately 50% as real estate related investments, 15% as mortgage and construction loans and the remainder is classified either as private placements or pooled investments. As of June 30, 2013, the Plan classifies approximately 51% of these alternatives as real estate investments, 16% as mortgage and construction loans and the remainder is classified as either private placements or pooled investments.

Management's estimates of these values are based on information provided by investment managers, general partners, real estate advisors and other means. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ significantly from the values that would have been used had a ready market for these securities existed. The difference could be material.

Notes Receivable from Participants - Any active general employee who is or has been a participant in the 1973 defined contribution plan (annuity savings fund) may be eligible for the employee loan program. The minimum amount of the loan was established at $1,000. The maximum loan is the lesser of 50 percent of the member's account balance in the annuity saving fund or $10,000. Members can borrow as either a general purpose loan payable in one to five years or a residential loan payable in one to fifteen years. A member can have only two outstanding loans. The balance of these loans for the years ended June 30, 2014 and 2013 was $9,649,208 and $11,877,740, respectively, measured at the unpaid principal balance plus any accrued but unpaid interest. Participant notes receivable are written off when deemed uncollectible.

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets - Capital assets for the Plan include land, office equipment, and furniture. Depreciation expense is calculated by allocating the net cost of the assets over their estimated useful lives.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Comparative Data/Reclassifications - Comparative data for the prior year has been reclassified in order to be consistent with the current year's presentation.

Reporting Change - During the year, the Plan adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The statement establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. The statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources. The statement did not impact the Plan.

The Plan also adopted GASB Statement No. 67, *Financial Reporting for Pension Plans,* during the year. The statement establishes standards for financial reporting that outline the basic framework for separately issued pension plan financial reports and specifies the required approach to measuring the liability of employer and certain nonemployer contributing entities, about which information is required to be disclosed. As a result of the implementation of GASB 67, the System's financial statements now include new disclosures and required supplementary information focused on the System's total and net pension liability.

Upcoming Accounting Change - In February 2015, the Governmental Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The System is currently evaluating the impact this standard will have on the financial statements when adopted, during the System's 2016 fiscal year.

Note 2 - Pension Plan Description

Plan Administration - The Plan's board of trustees administers the Pension Plan of the General Retirement System of the City of Detroit - a single employer defined benefit and defined contribution pension plan that provides retirement benefits, as well as survivor and disability benefits, for plan members and beneficiaries. Plan members include active employees, retirees, and beneficiaries from various departments within the City of Detroit. Benefit terms have been established by contractual agreements between the City and the employees' collective bargaining units; amendments are subject to the same process. The obligation to contribute to and maintain the Plan was established by City Charter and negotiation with the employees' collective bargaining units.

The board of trustees consists of ten members - five elected employee members, one elected retired member, one mayor appointed citizen, and three ex-officio members.

Plan Membership - At June 30, 2013, the Plan's membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	12,089
Inactive plan members entitled to but not yet receiving benefits	2,395
Active plan members	5,364
Total	19,848

As of June 30, 2014, the Plan has been frozen. As of that date, no new participants were allowed to enter the plan and no new benefit accruals were allowed for existing participants.

Benefits Provided - The Plan provides retirement, disability, and death benefits. Benefit terms are established by negotiations between the City Council and the employees' collective bargaining unit and may be amended by the City Council.

Note 2 - Pension Plan Description (Continued)

Contributions - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the Plan retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the board of trustees in accordance with the City Charter, union contracts, and plan provisions. For the year ended June 30, 2014, and June 30, 2013, the average active member contribution rate was between 0 percent and 7 percent, as the Plan allows the employees to elect to contribute (a) 0 percent, (b) 3 percent of annual compensation up to the Social Security wage base and 5 percent of any excess over that, (c) 5 percent, or (d) 7 percent toward annuity savings.

For fiscal year 2014, the City's average required contribution rate, as determined by the June 30, 2012 actuarial valaution, was 30.05 percent of covered payroll. For 2013, this rate was 23.09 percent as determined per the actuarial valuation as of June 30, 2011. The City contributed only $25,126,131 and $26,515,782 of the annual required contribution of $72,643,307 and $62,297,432 in fiscal years 2014 and 2013, respectively. In fiscal year 2014, only Water, Sewer, Library, and COBO made employer contributions.

The City filed for bankruptcy in 2013 and on November 12, 2014 the United States Bankruptcy Court for the Eastern District of Michigan entered an order confirming the Eighth Amended Plan for the Adjustment of Debts of the City of Detroit. Going forward the obligation for the City to contribute to the System will be determined by the provisions in the Eighth Amended Plan for the Adjustment of Debts of the City of Detroit.

Note 3 - Deposits and Investments

The Plan is authorized by Michigan Public Act 347 of 2012 to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investments according to Michigan Public Act 347. The Plan's deposits and investment policies are in accordance with statutory authority.

Note 3 - Deposits and Investments (Continued)

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate risks, market, credit risks, and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported on the statement of changes in plan net position.

The Plan's cash and investments are subject to various risks, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Plan's deposits may not be returned to it. The Plan does not have a deposit policy for custodial credit risk. Approximately $15.4 million and $15.0 million of the Plan's checking account balances were uninsured and uncollateralized at June 30, 2014 and 2013, respectively. The Plan believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Plan evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Plan's investment policy does not restrict investment maturities.

At June 30, 2014, the average maturities of debt investments broken down by year are as follows:

Investment Type	Fair Value (in thousands)	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Government	$ 37,579	$ 1,521	$ 5,121	$ 8,683	$ 22,254
Mortgage backed	3,829	617	-	272	2,940
Treasuries	31,262	18,463	4,346	4,218	4,235
Corporate	19,000	2,155	10,043	4,816	1,986
Private placement	20,855	5,449	3,773	2,676	8,957
State and local obligations	441	-	-	-	441
Commingled bond funds*	31,452	31,452	-	-	-
Commercial mortgages	920	153	-	-	767
Mortgages	98,467	70,918	27,549	-	-
Construction loans	1,186	-	1,186	-	-
Term loans	2,974	922	191	1,861	-
Total	$ 247,965	$ 131,650	$ 52,209	$ 22,526	$ 41,580

* Not all pooled and mutual funds and commingled funds are subject to interest rate risk.

Note 3 - Deposits and Investments (Continued)

At June 30, 2013, the average maturities of debt investments broken down by year are as follows:

Investment Type	Fair Value (in thousands)	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Government	$ 29,880	$ 3,430	$ 7,007	$ 6,145	$ 13,298
Mortgage backed	7,522	2,335	1,460	261	3,466
Treasuries	19,085	2,715	5,412	5,680	5,278
Corporate	46,774	3,774	17,808	18,789	6,403
Other fixed income	5	-	5	-	-
Convertible stocks	400	400	-	-	-
Convertible bonds	400	-	348	5	47
Private placement	44,918	4,387	13,438	16,887	10,206
State and local obligations	228	-	-	-	228
Commingled bond funds*	17,952	17,952	-	-	-
Commercial mortgages	8,262	2	-	-	8,260
Mortgages	105,179	73,979	31,200	-	-
Construction loans	3,931	3,831	100	-	-
Term loans	5,272	-	2,344	2,928	-
Total	$ 289,808	$ 112,805	$ 79,122	$ 50,695	$ 47,186

* Not all pooled and mutual funds and commingled funds are subject to interest rate risk.

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Plan has no investment policy that would further limit its investment choices.

As of June 30, 2014, the credit quality ratings of debt securities (other than those guaranteed by the U.S. government) as rated by S&P are as follows:

Investment Type and Fair Value ($000)	AAA	AA	A	BAA	BA	B	CAA	NR
U.S. government	$ 35,317	$ 181	$ 260	$ -	$ -	$ -	$ -	$ 3,236
Corporate	5,347	8,148	9,025	15,452	2,846	623	866	43,941
Other fixed income	3,655	1,188	3,608	2,634	795	215	31	6,499
Treasuries, including futures	3,401	-	-	-	-	-	-	-
Mortgages	-	-	-	-	-	-	-	98,467
Commingled bond funds	-	-	-	-	-	-	-	78,435
Preferred securities	-	-	364	658	191	-	-	-
Construction loans	-	-	-	-	-	-	-	1,186
Total	$ 47,720	$ 9,517	$ 13,257	$ 18,744	$ 3,832	$ 838	$ 897	$ 231,764

Note 3 - Deposits and Investments (Continued)

As of June 30, 2013, the credit quality ratings of debt securities (other than those guaranteed by the U.S. government) as rated by S&P are as follows:

Investment Type and Fair Value ($000)	AAA	AA	A	BAA	BA	B	CAA	NR
U.S. government	$ 22,736	$ -	$ 228	$ -	$ -	$ -	$ -	$ 3,680
Treasuries, including futures	2,715	-	-	-	-	-	-	-
Corporate	10,090	6,015	8,233	20,043	9,386	9,811	9,728	32,318
Other fixed income	3,959	1,511	3,640	3,378	4,547	12,147	5,318	10,416
Convertible stocks	-	-	-	-	-	-	-	400
Convertible bonds	-	-	-	-	47	5	-	348
Mortgages	-	-	-	-	-	-	-	105,179
Commingled bond funds	-	-	-	-	-	-	-	38,885
Preferred securities	-	-	-	167	-	592	-	-
Construction loans	-	-	-	-	-	-	-	3,931
Total	$ 39,500	$ 7,526	$ 12,101	$ 23,588	$ 13,980	$ 22,555	$ 15,046	$ 195,157

Foreign Currency Risk - Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. The Plan does not restrict the amount of investments in foreign currency.

Note 3 - Deposits and Investments (Continued)

At June 30, 2014, the following deposits and securities are subject to foreign currency risk (in thousands):

	Fixed Income	Equity	Cash	Forward Contracts (Including Payable/ Receivable)
Australian dollar	$ 2,811	$ -	$ 7	$ (1,365)
Brazilian real	617	-	-	472
British pound sterling	1,248	-	565	(214)
Canadian dollar	107	-	1	(107)
Chilean peso	-	-	-	2,147
Euro currency	4,022	-	(103)	(3,874)
Hungarian forint	1,072	-	-	-
Indian rupee	-	-	-	1,117
Malaysian ringgit	561	-	-	-
Mexican nuevo peso	3,382	-	-	-
New Turkish lira	-	-	-	362
New Zealand dollar	773	-	-	(704)
Polish zloty	1,277	-	15	(1,108)
South African rand	740	-	-	-
South Korean won	1,233	-	-	-
Total	$ 17,843	$ -	$ 485	$ (3,274)

Note 3 - Deposits and Investments (Continued)

At June 30, 2013, the following deposits and securities are subject to foreign currency risk (in thousands):

	Fixed Income	Equity	Cash	Forward Contracts (Including Payable/ Receivable)
Australian dollar	$ 2,269	$ -	$ 8	$ (2,245)
Brazilian real	1,138	-	-	241
British pound sterling	3,062	-	21	(37)
Canadian dollar	992	-	3	(973)
Chilean peso	-	-	-	773
Euro currency	7,209	-	68	(7,031)
Ghanain cedi	-	-	101	(101)
Hungarian forint	1,023	-	-	-
Indian rupee	-	-	-	1,124
Indonesian rupiah	-	-	2	-
Malaysian ringgit	1,022	-	-	-
Mexican nuevo peso	4,016	-	-	-
New Turkish lira	689	-	-	-
New Zealand dollar	703	-	-	(676)
Norwegian krone	-	-	-	(603)
Polish zloty	1,073	-	14	-
South African rand	816	-	-	-
South Korean won	1,081	-	(1,045)	-
Ukraine hryvnia	-	2	-	-
Total	$ 25,093	$ 2	$ (828)	$ (9,528)

Note 3 - Deposits and Investments (Continued)

As permitted by state statutes and under the provisions of a securities lending authorization agreement, the Plan lends securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The Plan's custodial bank manages the securities lending program and receives cash, government securities, or irrevocable bank letters of credit as collateral. The custodial bank does not have the ability to pledge or sell collateral securities unless the borrower defaults. Borrowers are required to deliver collateral for each loan equal to not less than 102 percent of the market value of the loaned securities. At June 30, 2014, the collateral provided was 102 percent of the market value of the loaned securities. As of June 30, 2013, the collateral provided was 103 percent of the market value of the loaned securities

The Plan did not impose any restrictions during the fiscal year on the amount of loans made on its behalf by the custodial bank. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or custodial bank.

The Plan and the borrower maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in a separate account with the cash collateral of other lenders in an investment pool. The average duration of this investment pool as of June 30, 2014 was five days. Because the loans are terminable on demand, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2014, the Plan had no credit risk exposure to borrowers. The collateral received (at cost) and the fair market value of the underlying securities on loan for the Plan as of June 30, 2014 were $35,241,386 and $34,458,938, respectively.

Securities Lent	Underlying Securities
U.S. governments	$ 5,327,272
U.S. equities	28,037,373
Non-U.S. fixed income	444,409
Non-U.S. equities	649,884
Total	$ 34,458,938

Note 3 - Deposits and Investments (Continued)

The fair market value of collateral of the securities lending pool at June 30, 2014 was $30,949,483. The investments were in asset-backed securities, repurchase agreements, and U.S. corporate securities (floating rate). Approximately 84 percent of these securities had a duration less than a year and 16 percent had a duration over 15 years.

The credit ratings of the securities lending collateral pool held at June 30, 2014 as rated by S&P are as follows:

Ratings	Amount
CCC	$ 3,579,610
D	1,496,155
NR	25,873,718
Total	$ 30,949,483

At June 30, 2013, the collateral received (at cost) and the fair market value of the underlying securities on loan for the Plan were $96,535,642 and $93,336,968, respectively.

Securities Lent	Underlying Securities
U.S. governments	$ 4,358,872
U.S. corporates	4,810,302
U.S. equities	80,674,153
Non - U.S. fixed income	2,199,369
Non - U.S. equities	1,294,272
Total	$ 93,336,968

The fair market value of collateral of the securities lending at June 30, 2013 was $77,490,826. The investments were in asset-backed securities, repurchase agreements, U.S. agencies, and U.S. corporate securities (floating rate). Approximately 94 percent of these securities had a duration less than a year and 6 percent had a duration over 15 years.

Note 3 - Deposits and Investments (Continued)

The credit ratings of the securities lending collateral pool held at June 30, 2013 as rated by S&P are as follows:

Ratings		Amount
AAA		$ 1,203,128
AA		1,403,016
A		400,029
CCC		3,512,711
D		1,351,737
NR		69,620,205
	Total	$ 77,490,826

Note 4 - Pension Plan Investments - Policy and Rate of Return

Investment Policy - The Plan's policy in regard to the allocation of invested assets is established and may be amended by the board of trustees by a majority vote of its members. It is the policy of the board of trustees to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the board of trustees' adopted asset allocation policy as of June 30:

Asset Class	Target Allocation
Domestic equity	23%
International equity	22
Domestic fixed income	16
International fixed	3
Hedge	5
Private equity	6
Real estate	8
Global asset allocation/risk parity	12
Commodities	5

Rate of Return - For the year ended June 30, 2014, the annual money-weighted rate of return on the Plan's investments, net of investment expense, was 16.3 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 5 - Pension Plan Reserves

In accordance with State law, the following reserves are required to be segregated within the pension plan:

The retiree reserve is made up of two reserves - Annuity Reserve Fund and Pension Reserve Fund. The annuity reserve fund is an accumulation of transfers that are made from the annuity savings fund, when an employee retires, becomes disabled, or if a surviving spouse elects an annuity rather than a lump-sum payout of accumulated employee contributions. The pension reserve fund represents funded pension benefits available for retired members and is funded by actuarially determined transfers from the pension accumulation fund.

The employee reserve (Annuity Savings Fund or "ASF") is credited as employee contributions are received throughout the year; the Plan maintains a record of the amount contributed by each employee, and credits interest annually at a rate approved by the Board. The City Council adopted an Ordinance limiting the interest rate to the Plan's net investment rate of return, with a cap of 7.9 percent and a floor of 0 percent. During fiscal year 2014, the Board approved the interest rate at 0 percent. Members are eligible to withdraw if they left the City for any reason (retire, laid-off, quit, disability, death), have 25 years of service. Eligible active members may elect to withdraw their accumulated (annuity) contributions plus investment earnings. Upon retirement a member can elect to annuitize or receive a lump sum of their accumulated contribution and interest earnings. When an employee retires, becomes disabled, or if a surviving spouse elects an annuity rather than a lump-sum payout of accumulated employee contributions, the balance is transferred to the annuity reserve fund. See Note 9 for disclosure of significant changes to the ASF going forward.

The balances of the reserve accounts as of June 30, 2014 and 2013 are included in the table below. The reserve balances as of June 30, 2014 shown below do not include the current year transfer amount related to fiscal year 2014 retirements for which amounts are transferred from the employee reserve to the retiree reserve. These transfers are pending as of June 30, 2014. The reserve amounts are more than the pension plan's net position as of both June 30, 2014 and June 30, 2013.

	2014	2013
Reserved for employee contributions	$ 267,783,724	$ 401,592,576
Reserved for retired employees	2,350,833,869	2,413,853,602

Note 6 - Net Pension Liability of the City

The net pension liability of the City has been measured as of June 30, 2014 based on benefits in force as of that date and is composed of the following:

Total pension liability	$ 3,801,649,071
Plan fiduciary net position	2,015,207,879
City's net pension liability	$ 1,786,441,192
Plan fiduciary net position as a percentage of the total pension liability	53.0 %

Significant changes occurred subsequent to June 30, 2014 due to the provisions in the City's Plan of Adjustment. See footnote 9 to these financial statements for more information about those changes and how the changes impact both the City's total pension liability as well as it's net pension liability.

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of June 30, 2013, which used update procedures to roll forward the estimated liability to June 30, 2014. The valuation used the following actuarial assumptions, which were different between the beginning of year (July 1, 2013) and the end of the year (June 30, 2014) due to the plan freeze and changing assumptions.

To calculate the beginning of year total pension liability, the following significant assumptions were made:

Wage Inflation	4.0 %	
Salary increases	4.0 - 8.9	average, including inflation
Investment rate of return	7.9	net of pension plan investment expense, including inflation

Mortality rates were based on 110% of the RP-2000 Combined Table for males and 110 percent of the RP-2000 Combined Table set back two years for females.

To calculate the end of year total pension liability, the following significant assumptions were made:

Due to the plan freeze, pay was not assumed to increase in the future and no inflation assumption was utilized. The investment rate of return (net of pension plan investment expense, including inflation) applied to the end of year total pension liability was 7.2 percent.

Note 6 - Net Pension Liability of the City (Continued)

To calculate the total pension liability as of June 30, 2014, the mortality assumption was changed to the RP-2014 Blue Collar Mortality Tables, Employees and Health Annuitants, set forward one year for males and one year for females with fully generational mortality projections using the two-dimensional Mortality Improvement Scale MP-2014.

The actuarial assumptions used in the June 30, 2013 valuation, to calculate the total pension liability as of June 30, 2014, were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2013.

Cost of living adjustments: For both the beginning and end of year calculations of the total pension liability, for certain active members, depending upon bargaining group, benefits are increased annually by 2.25 percent of the original pension amounts at retirement.

Attribution period: As addressed more fully in Note 9, as of June 30, 2014 the plan was frozen such that no new benefit accruals were allowed and no new members could join. Starting July 1, 2014, the participants in this legacy plan will now be earning benefits under a newly created defined benefit plan. GASB 67 requires that the service costs of all pensions be attributed through all assumed exit ages, through retirement. Neither GASB 67 nor any other GASB standard has set forth guidance specifically related to frozen plans with successor plans in place. Absent any guidance to the contrary, due to the status as a frozen plan combined with the fact that individuals are now earning service in a new defined benefit pension plan, the retirement date for purposes of attribution was assumed to be June 30, 2014 for all members. Therefore, the total pension liability at June 30, 2014 is equal to the present value of projected benefit payments.

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2014 was 7.2 percent; however, the single discount rate used at the beginning of the year was 5.88 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Note 6 - Net Pension Liability of the City (Continued)

Projected Cash Flows

For purposes of the calculation of the total pension liability at the beginning of the year, based on the above beginning of year assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate incorporates a municipal bond rate which was 4.27 percent as of June 30, 2013. The source of that bond rate was the federal reserve. The long-term expected rate of return was applied to projected benefit payments from 2015 through 2035 and the municipal bond rate was applied to the remaining periods.

However, as of June 30, 2014, due primarily to the plan freeze which lowered the future benefit payments, based on the above end of year assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of June 30, 2014 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table.

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	5.01%
International equity	6.13
Domestic fixed income	1.88
International fixed	3.87
Hedge	4.15
Private equity	6.83
Real estate	3.90
Global asset allocation/risk parity	4.62
Commodities	3.17

Note 6 - Net Pension Liability of the City (Continued)

Sensitivity of the Net Pension Liability at June 30, 2014 to Changes in the Discount Rate - The following presents the net pension liability of the City, calculated using the discount rate of 7.2 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.2 percent) or 1-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
Net pension liability of the Plan	$ 2,170,235,520	$ 1,786,441,192	$ 1,466,150,791

Note 7 - Pension Obligation Certificates

In June 2005, the City of Detroit issued $1,440,000,000 of pension obligation certificates to provide funding for the unfunded actuarially accrued liability (UAAL) of both the General Retirement Plan of the City of Detroit and the Police and Fire Retirement Plan of the City of Detroit. The pension obligation certificate proceeds were used to fund the combined liability of both plans that existed at June 30, 2003. Any future UAAL that may arise will continue to be paid by the City, as well as the annual normal cost. The proceeds of the pension obligation certificates were deposited into the Plan and are accounted for in the Accrued Liability Reserve Fund (pension obligation certificate). Approximately $740,000,000 was deposited into the General Retirement Plan of the City of Detroit and approximately $630,000,000 was deposited into the Police and Fire Retirement Plan of the City of Detroit, net of issuance costs and premiums. On an annual basis, funds will be transferred from the Accrued Liability Reserve Fund to the pension accumulation reserve based on a computation performed by the City of Detroit. The Accrued Liability Reserve Fund was credited with investment earnings commensurate with the overall earnings of the Plan.

Note 8 - Credit Enhancement Agreements and Funding Commitments

The Plan has credit enhancement agreements totaling $2,850,000 during 2014 and 2013. In exchange for the credit enhancement, the Plan receives fees from the companies to which the enhancement agreements have been given.

When the Plan enters into various investments, it may not completely fund the entire investment at the beginning. Rather, it enters into commitments to fund remaining capital amounts at certain points in time. At June 30, 2014 and 2013, the remaining capital funding commitment for the Plan is approximately $41 million and $24 million, respectively.

Note 9 - City of Detroit Bankruptcy and Significant Events Occurring Subsequent to June 30, 2014

Background on the City of Detroit's Chapter 9 Bankruptcy Case

On March 14, 2013, an Emergency Financial Manager, Kevyn Orr, was appointed for the City of Detroit (the "City") by the Michigan Treasury Department pursuant to Public Act 72 of 1990. On March 28, 2013, Michigan Governor Richard Snyder re-appointed Mr. Orr as Emergency Manager for the City under 2012 Public Act 436, the Local Financial Stability and Choice Act, the successor statute to P.A. 72 ("PA 436"). PA 436 provided, under certain circumstances, the mechanism for a municipality under emergency management to obtain authorization from the State to initiate bankruptcy proceedings under the municipal debt adjustment provisions of Chapter 9, Title XI, of the United States Code (the "Bankruptcy Code"). On July 18, 2013, pursuant to authorization from the Governer, the Emergency Manager, through counsel, initiated a Chapter 9 bankruptcy proceeding for the City in the United States District Court for the Eastern District of Michigan, Case No. 13-53846 (the "Chapter 9 Case").

The General Retirement System ("DGRS") and Police and Fire Retirement System ("DPFRS") are the two pension systems of the City of Detroit ("Systems") and were two of the City's creditors. Under the Public Employee Retirement System Investment Act, 1965 Public Act 314, as amended ("Act 314" or "PERSIA"), DGRS and DPFRS have responsibility to pursue collection of employer contributions from the City, their municipal plan sponsor. As of July 18, 2013, the City had past-due employer contributions due to both DGRS and DPFRS, as well as ultimate responsibility for unfunded actuarial accrued liability ("UAAL") for pension obligations to each Retirement System. The Michigan Constitution of 1963, under Art. IX, sec. 24, provides that "[t]he accrued financial benefits of each pension plan and retirement system of the state and its political subdivisions shall be a contractual obligation thereof which shall not be diminished or impaired thereby" (the "Pension Clause"). At the time of the filing of the Chapter 9 Case, there was uncertainty regarding how the Bankruptcy Court might treat the constitutional protections afforded by the Pension Clause to Detroit's pension obligations.

Note 9 - City of Detroit Bankruptcy and Significant Events Occurring Subsequent to June 30, 2014 (Continued)

The Systems objected to the City's eligibility to be a debtor under Chapter 9 of the Bankruptcy Code on various grounds, including that the City was not specifically authorized by state law to be a Chapter 9 debtor as required by Section 109(c)(2) of the Bankruptcy Code. RSCD argued, in part, that the Pension Clause prohibited impairment of accrued financial benefits and that the bankruptcy authorization was not valid under state law because it did not prohibit the impairment of accrued financial benefits. On December 5, 2013, after an eligibility hearing lasting several weeks, the Bankruptcy Court determined that the City was eligible to be a debtor under Chapter 9, and found that pension obligations were subject to impairment in the Chapter 9 case notwithstanding the protections of the Pension Clause. The Systems and others representing creditor interests immediately sought and obtained permission from the Bankruptcy Court for direct appeal of that eligibility determination in the United States Court of Appeals for the Sixth Circuit.

Mediation and the Pension Settlement

In early 2014, the Chapter 9 Case proceeded while appeals of the eligibility dtermination were prosecuted. The proceedings included Court-ordered mediation, wherein the Systems and other creditors were required to mediate their disputes with the City.

On May 5, 2014, the City filed its Fourth Amended Plan for the Adjustment of Debts of the City of Detroit and the Fourth Amended Disclosure Statement with Respect to the Fourth Amended Plan for the Adjustment of Debts of the City of Detroit (the "Disclosure Statement"), which memorialized the terms of proposed treatment of pension claims as part of a mediated resolution of those claims for DGRS and DPFRS claim holders in unsecured creditor claim Classes 11 and 10, respectively (the "Pension Settlement"). The Pension Settlement's terms were carried forward, with finalized terms of certain exhibits with related agreements, in the City's Eighth Amended Plan for the Adjustment of Debts of the City of Detroit (the "Plan") (See Case No. 13-5486, Docket No. 8045, filed October 22, 2014).

Note 9 - City of Detroit Bankruptcy and Significant Events Occurring Subsequent to June 30, 2014 (Continued)

As described further below, the Pension Settlement offered two different levels of pension claim treatment, depending on whether or not the individual pension claimants representing the obligations administered by DGRS and DPFRS voted as classes to accept the Pension Settlement, as described in both the Plan as well as the Disclosure Statement. The City's classification system for its unsecured creditors placed DGRS claim holders in Class 11 and DPFRS claim holders in Class 10. If both of these classes voted in favor of the more favorable treatments being offered to them under the Plan, and funding is received from the DIA Settlement and the State Contribution Agreement, then both DGRS and DPFRS claim holders would potentially enjoy that more favorable treatment, subject to certain conditional future events, such as monies contributed by the State of Michigan. If either Class 10 or Class 11 did not vote as a class to support the Plan, then both classes would have been subject to less favorable treatment, as described in the Disclosure Statement.

The Pension Settlement also required the eventual stipulated dismissal of certain litigation, including the Systems' appeal of the Bankruptcy Court's eligibility determination. That appeal was dismissed in early 2015 after the effective date of the Plan.

Pension Settlement Ballot Support and Confirmation of the Plan

On May 12, 2014, the City issued ballots to individual pension claim holders in Classes 10 and 11 as part of a packetof information explaining the terms of the Pension Settlement and soliciting support for the Plan. On June 11 and 19, 2014, the DGRS and DPFRS Boards respectively adopted resolutions expressing support for the Pension Settlement and thereafter issued correspondence in support of the Plan to their membership, who were the Class 10 and 11 claim holders who received ballots. The balloting process closed on July 11, 2014, and, as later certified on July 21, 2014 by the City's balloting agent, Kurtzman Carson Consultants, LLC, Classes 10 and 11 voted to support the Plan.

Following a confirmation hearing lasting almost two months and marked by settlements with other significant creditor groups, the Bankruptcy Court entered an order confirming the Plan of Adjustment (Eighth amended) on November 12, 2014. The Effective Date of the Plan occurred on December 10, 2014. The Retirement Systems had been preparing for that likelihood for over two months, and as a result, implementation of the Plan and its pension-related benefit adjustments were well underway by the close of 2014.

Note 9 - City of Detroit Bankruptcy and Significant Events Occurring Subsequent to June 30, 2014 (Continued)

For DGRS claim holders in Class 11, the treatment of claims, defined in the Plan under "GRS Adjusted Pension Amount" and further described in the Disclosure Statement, was elimination of the right to COLAs to be paid after July 1, 2014, plus an additional 4.5 percent reduction in the member's current accrued pension amount, plus annuity savings fund recoupment unless the member is the surviving beneficiary of a retiree who died before June 30, 2014 ("ASF Recoupment," described in more detail below).

ASF Recoupment

For DGRS members who participated as active in the DGRS defined contribution-style program, referred to as the annuity savings fund, between July 1, 2003 and June 30, 2013, "ASF Recoupment" refers to a method by which the City, in its Plan, seeks to recoup amounts that the City calculated were 'excess interest' credited to individual annuity savings fund accounts because those excess interest amounts exceeded DGRS's actual return on investment assets in a given year ("ASF Excess Interest"). Initially, the City mandated ASF Recoupment be repaid by all ASF Distribution Recipients on a monthly basis over a set term of months calculated using and requiring that interest at a rate of 6.75 percent be repaid along with the principal amount of ASF Excess Interest. The City later offered a limited lump sum repayment option. For ASF Current Participants, the ASF Excess Interest is calculated and deducted from such participant's Annuity Savings Fund Account.

The City identified, as part of its Plan, certain DGRS members who received ASF Excess Amounts and who are subject to ASF Recoupment because they are current participants in the Annuity Savings Fund, or are ASF Distribution Recipients. The City calculated the ASF Excess Amount using two caps. The first is a cap based on 20 percent of an individual's highest ASF account balance. The second cap, for individuals who were retirees as of June 30, 2014, is described in the Plan as a Current GRS Retiree Adjustment Cap, meaning if the funding from the State Contribution Agreement and the DIA Settlement is received, an ASF/GRS Reduction in an individual's pension payment cannot exceed 20 percent of the individual's Current Accrued Annual Pension, including an interest component of 6.75 percent on the ASF Recoupment amount. This retiree cap limits the pension reduction based on monthly pension reduction for ASF Recoupment to 15.5 percent of the member's current accrued annual pension.

Note 9 - City of Detroit Bankruptcy and Significant Events Occurring Subsequent to June 30, 2014 (Continued)

For DGRS members subject to ASF Recoupment, repayment is not optional. Effective January 2, 2015, DGRS effected recoupment for any member who had an annuity savings fund balance available, which resulted in direct recoupment of approximately $55.4 million. For any member who did not have a balance available, or for whom the balance was insufficient to meet the recoupment amount, the member's recoupment would be effected by monthly reduction of their future pension payments over a fixed term of months, calculated using a 6.75 percent interest rate, unless the member successfully elected the lump sum cash payment option offered by the City (the "Cash Option"). The Cash Option was a method by which DGRS members with a remaining balance after direct recoupment could elect to repay their ASF Recoupment in a single payment, limited in the aggregate to $30 million. The election period closed in January 2015.

For DGRS retirees and beneficiaries presently receiving benefits, the pension benefit payment adjustments required by the Plan, including the loss of COLA, the 4.5 percent pension benefit cut, and, the up to 15.5 percent further pension benefit cuts for those retiree ASF Distribution Recipients who did not elect the Cash Option, were implemented with the pension check payment dated March 1, 2015. Active employees and terminated vested members who are ASF Distribution Recipients and who did not elect the Cash Option will have their monthly pension benefits reduced over a fixed term when their monthly pension benefit in the Legacy Plan is calculated at the time they apply for retirement benefits.

Note 9 - City of Detroit Bankruptcy and Significant Events Occurring Subsequent to June 30, 2014 (Continued)

The Grand Bargain

The Pension Settlement was one component of a larger and conditional framework of agreements reached in mediation and memorialized in the Plan and certain of its exhibits, as later amended, finalized, and confirmed. This mediated resolution was designed to provide financial support for the City's pension obligations through 2023 while committing the art assets of the Detroit Institute of Arts, operated by the non-profit DIA Corp. (the "DIA") to a trust to prevent their liquidation by creditors. This framework of agreements draws on support from both the State of Michigan as well as from the DIA through the DIA settlement, which relies on contributions over time from certain DIA funders and charitable foundations (the "DIA Funding Parties") whose support was organized by the DIA (the "DIA Settlement"). This framework includes a release of claims related to pension obligations and dismissal of certain related litigation, as well as certain governance changes by the Systems, additional reporting obligations, and establishment of income stabilization programs by DGRS and DPFRS to reduce the financial impact of the pension cuts in the Chapter 9 Case felt by the City's most vulnerable retirees and beneficiaries. This larger framework of agreements became publicly referred to as "The Grand Bargain."

Contributions to the System through 2023

As set forth in the Plan and its exhibits, the "Grand Bargain" calls for an aggregate value contribution to DGRS and DPFRS, through 2023, in the amount of $816 million collectively, by the State of Michigan and the DIA Funding Parties through the DIA Settlement. The Plan, in its attached Exhibits II.B.3.r.ii.A, sets forth the schedule of anticipated contributions to DGRS supporting legacy pension benefits for the ten-year period ending June 30, 2023, reflecting total contributions in that time, of $718.6 million. DGRS's funding sources over time include $98.8 million from the State of Michigan in fiscal year 2015, $428.5 million from DWSD, $31.7 million in assigned UTGO bond settlement proceeds, $45 million from the DIA Settlement, and $114.6 from other sources, including the City's General Fund, the Detroit Library Commission ("Library"), the Detroit Regional Convention Facility Authority ("COBO Authority"), and other non-DWSD City-related constituent employer entities with DGRS participants. The Plan fixes City-related contributions through 2023, after which time the City's General Fund and City-related constituent employer entities will retain the obligation for their allocable share of any UAAL, consistent with Michigan law.

Note 9 - City of Detroit Bankruptcy and Significant Events Occurring Subsequent to June 30, 2014 (Continued)

Pursuant to the State Contribution Agreement, exhibit I.A.332 to the Plan, the "Grand Bargain" requires the State of Michigan to commit the net present value of $350 million to the Systems, the present value of which was determined to be $194.8 million, allocated respectively between DGRS and DPFRS in the amount of $98.8 million and $96.0 million. The Michigan Legislature allocated the necessary funds as part of a package of legislation adopted and executed by the Governor in June 2014 (the "Plan Legislation"). The State's funding obligations were fulfilled by wire transfers from the Michigan Treasury to DGRS and DPFRS on February 9, 2015.

As set forth in the Principal Terms of the DIA Settlement, Exhibit I.A.126 to the Plan, the DIA and its funders are obligated to contribute $100 million over time, which the DIA has guaranteed. The foundations contributing to the settlement are required to fund a commitment of $366 million over time. On December 10, 2014, DGRS received its first $5 million installment payment from the DIA Settlement.

Actuarial Assumption, Governance, and Income Stabilization Funds

The requirements of the Plan, the State Contribution Agreement, and the Plan Legislation also include a fixing of the Systems assumed investment rate of return and discount rate; certain governance changes to the Systems, including creation of nvestment ommittees and additional reporting obligations; and creation of the income stabilization funds or programs within each Retirement System ("ISFs").

First, the Plan requires that the investment return assumption and discount rate adopted by the Board of Trustees for purposes of determining the value of each Retirement System's assets and liabilities be fixed at 6.75 percent through the period ending June 30, 2023. The Plan does not purport to establish an investment return assumption or a discount rate for purposes of, or in accordance with, Generally Accepted Accounting Principles.

Note 9 - City of Detroit Bankruptcy and Significant Events Occurring Subsequent to June 30, 2014 (Continued)

Second, DGRS established an Investment Committee, as required by the Plan, the State Contribution Agreement - particularly, Exhibit A to the State Contribution Agreement, the term sheets for DGRS Investment Committee Governance – and the Plan Legislation, as of the effective date of the Plan, December 10, 2014. The DGRS Investment Committee is comprised of seven members, who are appointed independent of the Retirement System trustee members. The Investment Committee has fiduciary responsibility for guiding investment decisions, monitoring and assisting the Board of Trustees with administration of the DGRS plan benefit provisions, supporting annual certifications related to the same, and meeting certain other obligations as required by the State Contribution Agreement, the DGRS Governance Term Sheets, and the DIA Settlement. The Investment Committee also bears responsibility for making recommendations to the DGRS Board of Trustees regarding matters of "Investment Management," which is a term defined in the DGRS Governance Term Sheets incorporated in the State Contribution Agreement. For the System, "Investment Management" with respect to assets means:

1. Developing an investment policy statement with sound and consistent investment goals, objectives and performance measurement standards which are consistent with the needs of the Plan.

2. Within 120 days after the effective date of the Plan of Adjustment, all of the plan assets not already under qualified management, if any, must be managed by qualified managers selected by the Investment Committee.

3. Evaluating, retaining, terminating, and selecting qualified managers to invest and manage the plan assets.

4. Reviewing and affirming or rejecting the correctness of any and all calculations, actuarial assumptions and/or assessments used by the Retirement System actuary including, but not limited to, (i) those underlying the restoration of pension benefits, funding levels and amortization thereof, all in accordance with the pension restoration program attached to the City's Plan of Adjustment, (ii) those underlying the determination of annual funding levels and amortization thereof, and (iii) on or after fiscal year 2024 the recommended annual contributions to GRS in accordance with applicable law.

Note 9 - City of Detroit Bankruptcy and Significant Events Occurring Subsequent to June 30, 2014 (Continued)

5. In accordance with approved actuarial work as provided in the immediate preceding paragraph and based on the annual actuarial valuation reports and any other projections or reports as applicable from the Retirement System actuary or other professional advisors, the determination of the extent of restoration of pension benefits, including but not limited to the payment of a portion of the 4.5 percent reduction in base monthly pension amounts and the payment of lost COLA payments, all in conformance to the pension restoration program between the City and the Board attached to the Plan of Adjustment.
6. Communicating the investment goals, objectives, and standards to the investment managers; including any material changes that may subsequently occur.
7. Determining and approving the Retirement System's investment and asset allocation guidelines, taking into account the appropriate liquidity needs of the Retirement System.
8. Any interpretation of Retirement System documents, existing law, the Plan of Adjustment or other financial determination that could affect funding or benefit levels.
9. Taking whatever corrective action is deemed prudent and appropriate when an investment manager fails to perform as expected.
10. Complying with the provisions of pertinent federal, state, and local laws and regulations, specifically Public Act 314 and plan investment guidelines.
11. Reviewing and approving, prior to final issuance, the annual audit and all financial reports prepared on behalf of the Retirement System and meet and confer with the Retirement System's outside auditor or other professional advisors as necessary prior to approving the annual audit or other financial reports.
12. Causing an asset/liability valuation study to be performed for the Retirement System every three years, or as requested by the Investment Committee or Board.

The special reporting obligations of the Investment Committee include:

- Assisting the Board of Trustees with annual certification to the State Treasurer that eligibility and payment of benefits with respect to eligible pensioners has been properly administered.

Note 9 - City of Detroit Bankruptcy and Significant Events Occurring Subsequent to June 30, 2014 (Continued)

- Providing semi-annual compliance reports and at such times as the Treasurer may request that certifies that the Investment Committee is not aware of any defaults, or if the Investment Committee is aware of a default, specifically identifying the facts of such default. If the Investment Committee receives a notice of default from the Treasurer, the Investment Committee is responsible for remedying the default and certifying its cure to the Treasurer.
- Providing to the City evidence reasonably necessary to show that the internal controls governing the investment of the respective Retirement System are in compliance with the applicable provisions of the Plan.
- Beginning in 2015, no later than December 31, providing the DIA "Supporting Organization, defined in the Omnibus Transaction Agreement, Exhibit I.A.127 to the Plan, as the Foundation for Detroit's Future (the "FDF"), with a copy of the audited annual financial statement of its Retirement System and the corresponding management letter, for the fiscal period ending June 30 of that year containing a non-qualified opinion of an independent external auditor.
- Providing certification to the FDF as of the date of the Annual Report by the Chair of the Investment Committee that the City is current in its obligation to support the Legacy Plans consistent with the Plan, the operation of the Investment Committee is consistent with the applicable Governance Terms, and the City is complying with the covenants in section 5.2(a) of the Omnibus Transaction Agreement, Exhibit I.A.127 to the Plan.
- Providing to the FDF copies of documentation provided to the State Treasurer under paragraph 6 of the State Contribution Agreement, including any compliance report, certificate of compliance, notice of default, cure certification.
- Beginning in 2016, before May 15 each year, providing the Chief Financial Officer of the City with a copy of information required of DGRS in paragraph 2.4(c) of the Omnibus Transaction Agreement, which is Ex. I.A.127 to the Plan.
- Beginning in 2016, by May 15 each year, confirmation to the Chief Financial Officer of the City that as of the date of the Chief Financial Officer's interim reaffirmation required in paragraph 2.4(c) of the Omnibus Transaction Agreement, which is Ex. I.A.127 to the Plan, there has been no impairment or modification of the information in the most recent pension certificates provided to the FDF by the Investment Committees since the date of the pension certificates, as well as copies of the most recent unaudited financial statements for DGRS.

Note 9 - City of Detroit Bankruptcy and Significant Events Occurring Subsequent to June 30, 2014 (Continued)

- Providing the FDF with any additional information that may be reasonably requested by the DIA "Supporting Organization" from time to time.

Third, the State Contribution Agreement and the Plan required DGRS and DPFRS to each create an Income Stabilization Fund ("ISF") as a segregated account within each Retirement System, using $20 million in funding to be received over a fourteen year period assigned by the City from its settlement involving the Unlimited Tax General Obligation Bonds, from which to fund certain supplemental benefit payments to certain Eligible Pensioners under the ISF programs. The ISF program benefit payments are intended to reduce the impact of the pension reductions on the most financially vulnerable System retirees and beneficiaries. Eligibility for the ISF programs and benefit payments is based on age, 2013 adjusted gross income, and a formula derived by the State Treasury based on the terms of the State Contribution Agreement. Through 2028, the $20 million in assigned funding from the UTGO settlement to support the ISF program benefits is allocated to DGRS in the amount of $14,993,377.63 with the remainder allocated to DPFRS. Initial payments supporting the ISF program assigned by the City from UTGO proceeds were received by DGRS by wire on December 10, 2014, in the amount of $297,220.21. These amounts track the schedule of assigned "Aggregate Payments to Plan Assignees" allocated to DGRS for the first ISF payments after confirmation of the Plan, found attached to the Plan in Exhibit I.A.360, "Payments to Plan Assignees," Exhibit F, under "Aggregate Payments to Plan Assignees." The Systems, working with the State Treasury Department, successfully implemented the ISF program effective March 1, 2015, to coincide with the pension reductions required by the Plan.

Legacy Plan Freeze and New Hybrid Plan Creation - The Combined Plan Documents

Emergency Manager Order 30

Effective June 30, 2014, the Emergency Manager executed Emergency Manager ("EM") Order 30, which included certain ordinance and charter amendments affecting the pension benefits of DGRS members.

Note 9 - City of Detroit Bankruptcy and Significant Events Occurring Subsequent to June 30, 2014 (Continued)

Based on EM Order 30, effective June 30, 2014, the then-existing DGRS pension plan (the "Legacy Plan") was frozen such that no new benefit accruals were allowed and no new members could join. At the same time, the Emergency Manager adopted a "Combined Plan" document for each Retirement System which included a "Component II," intended to compile and document the terms and provisions of the Legacy Plan as they existed on June 30, 2014. This document was submitted to the City Clerk's office on July 1, 2014. By the same EM Order, effective July 1, 2014, the Emergency Manager created an entirely new active employee pension plan within the Retirement System, with a defined contribution and defined benefit plan (the "Hybrid Plan"), based on terms either negotiated through collective bargaining agreements with most of the City's unions, or imposed by the Emergency Manager. These financial statements purport to represent only the Legacy Plan, as it existed as of June 30, 2014.

Participation by active employees in the defined benefit provisions of the Hybrid Plan is mandatory. Another significant mandate is the requirement that employees contribute toward defined benefit pension accruals in the Hybrid Plan, which was not required of employees in the Legacy Plan. The new Hybrid Plan was memorialized in a document entitled "Component I" of the "Combined Plan" for each Retirement System, intended to reflect the terms of pension plans being offered to those active employees employed on or after July 1, 2014. The terms of the Combined Plans were effected well before the conclusion of the City's Chapter 9 Case, and in large measure did not rely on the power of the Bankruptcy Court to implement them.

The Combined Plan documents were later amended and restated in October 2014 and attached to the Plan before confirmation, incorporating and restating various provisions of other exhibits related to the Pension Settlement, including Governance Term Sheets, pension adjustments, and restoration terms. Also attached to the Plan were Exhibits: I.A.250.b, which set forth the Principal Terms of the DGRS Hybrid Plan (or "New GRS Active Pension Plan"); and I.A.254.b.

Note 9 - City of Detroit Bankruptcy and Significant Events Occurring Subsequent to June 30, 2014 (Continued)

DGRS Combined Plan Components I and II

Component I - Hybrid Plan

The new Hybrid Plan, for active employees only, requires mandatory contributions to support defined benefit pension obligations by employees as well as employer contributions by the City and related entities with employees participating in DGRS. The mandatory employee contribution feature is notable because Legacy Plan did not provide for employee contributions to support defined benefit obligations. Though the Hybrid Plan was published and made "effective" as of July 1, 2014, it was in effect the creation of a new pension plan, with both defined benefit and defined contribution-style offerings. As such, the City was not able to make the necessary technical payroll adjustments to transition immediately from the Legacy to the Hybrid Plan. Those adjustments took several weeks to complete, and required significant support from System administrative, accounting, and technical staff resources.

Membership in DGRS's Hybrid Plan includes all City of Detroit employees except those who are members of DPFRS, and those who are members of any other public employee retirement system of the State of Michigan, other than the Michigan National Guard, or by any other political subdivision of the State. Liabilities shall be determined by the actuary using the entry-age normal cost method of actuarial valuation.

DGRS Retirement Allowance

For defined benefit retirement allowance under the Hybrid Plan, the City makes contributions of 5 percent of the member's base compensation each plan year, with a portion credited to the newly-created Rate Stabilization Fund and the remainder credited to the Pension Accumulation Fund. The Rate Stabilization Fund is the Fund to which all City contributions in excess of the amount of the City's required contribution, which is credited to the, Pension Accumulation Fund will be credited. Base compensation for purposes of the employer contribution means a member's base salary or wages actually paid for services rendered, excluding bonuses, overtime, unused accrued sick leave, longevity pay, unused accrued vacation, cost or value of fringe benefits, termination or severance pay, reimbursement of expenses, or other pay of any kind. The Hybrid Plan requires that employees contribute a mandatory 4 percent of base compensation each plan year, beginning in August 2014 (because of the transition time required, as noted above).

Note 9 - City of Detroit Bankruptcy and Significant Events Occurring Subsequent to June 30, 2014 (Continued)

The retirement allowance shall be calculated at one and one-half percent (1.5 percent) of the member's average final compensation over the last 10 consecutive years of employment multiplied by the members years of credited service earned after June 30, 2014. A month of credited service is accrued when a member works 140 or more hours of service in a month. A year of credited service is equal to twelve such months. For vesting purposes, a year is credited when a member performs 1,000 or more hours of service in each plan year after July 1, 2014, and their total vesting service shall be the sum of their prior service credit earned under the Legacy Plan governed by Component II.

Ten years of service is required in the Hybrid Plan for vesting. Deferred vested members may have benefits payable at age 62 with 10 years of service.

Normal retirement age in the Hybrid Plan is 62, with a transition period for active employees as of June 30, 2014:

Age as of July 1, 2014	Normal Retirement Age
61 years	60 years
60	60
59	60.3
58	60.6
57	60.9
56	61.0
55	61.3
54	61.6
53	61.9
52	62

Members are eligible for early retirement at age 55 with 30 years of service, with true actuarial reduction factors applied. No pension payments are allowed before 55 years of age, and terminated employees must wait until age 62 to receive pension payments.

Beginning July 1, 2018, and each plan year thereafter, the Board of Trustees may determine that if a retiree has reached age 62 and has been receiving a retirement allowance for not less than twelve months before the beginning of the plan year, the retiree's annual retirement allowance shall be increased by a factor of two percent (2.0 percent) based on the amount of their original retirement allowance (the "Variable Pension Improvement Factor," or 'escalator' (also known as a COLA)). The Variable Pension Improvement Factor shall not be compounded.

Note 9 - City of Detroit Bankruptcy and Significant Events Occurring Subsequent to June 30, 2014 (Continued)

DGRS Voluntary Contribution Account

In the Hybrid Plan, as in the Legacy defined contribution plan, or Annuity Savings Fund plan, DGRS active members may choose to contribute 3 percent, 5 percent, or 7 percent of their compensation for any plan year to an individual account. These amounts are 100 percent vested at all times. Earnings on voluntary employee contributions under the Hybrid Plan will be credited not less than zero (0 percent) or not greater than five and one-quarter percent (5.25 percent), at a rate equal to the actual net investment rate of return on DGRS assets for the second plan year immediately preceding the plan year in which the earnings are credited. As with the Legacy Plan, members who terminate may choose to take distributions of their accumulated voluntary contributions, members who retire may elect to have their contributions converted by actuarial equivalent value and added to their retirement allowance, and members may choose a beneficiary to receive their accumulated contributions if they decease while employed or before receiving their distribution. A loan program is included in the voluntary employee contribution program, though a member may not have more than two loans outstanding, one from the Hybrid Plan and one from the Legacy Plan.

DGRS Fiscal Responsibility

To protect the long-term actuarial and financial integrity of DGRS, in the event the funding level of Component I projected over a five-year period drops below the 100 percent or 80 percent funding thresholds (using a 3-year smoothed look-back for investment returns), there are a series of mandatory risk-shifting levers that the Board will implement in the order provided for in Component I. Those measures include elimination of previous or future Variable Pension Improvement Factors, transfer of moneys from the Rate Stabilization Fund to the Pension Accumulation Fund, increasing mandatory member contributions by one percent (1 percent) increments to as much as six percent (6 percent), and reduction of the retirement allowance multiplier to one percent (1 percent) from one and one-half percent (1.5 percent).

Segregated Funds

The Combined Plan requires that the Board of Trustees maintain separate funds between the Component I Hybrid Plan and the Component II Legacy Plan, and shall not commingle those funds for purposes of funding benefits accrued by members under one Component using funds contributed for benefits in the other Component. However, the assets of Component I and II may be commingled for investment purposes. In addition to fund the transition liability of the Hybrid Plan under Component I, the plans allow certain transfers from the legacy plan to the new Hybrid Plan in accordance with Component II, section E-16(c).

Note 9 - City of Detroit Bankruptcy and Significant Events Occurring Subsequent to June 30, 2014 (Continued)

Required Reserves and Hybrid Plan Transition Financing

The Pension Accumulation Fund is the fund that accumulates reserves for retirement allowances and other benefits payable from that portion of the Employer's annual contribution that is not credited to the Rate Stabilization Fund and amounts transferred to Component I as provided in Section E-16(c) of Component II, and from which shall be paid Retirement Allowances and other benefits on account of Members.

As described in Section E-16(c) of Component II, in any plan year during the period beginning on or after July 1, 2014 and ending June 30, 2023, in which the annual rate of return credited to the accounts of members investing in the Annuity Savings Fund is less than the actual rate of return net of expenses of DGRS's invested assets for the second plan year immediately preceding the year in which the annual rate of return is credited ("ASF Return Excess"), an amount equal to the value of the ASF Return Excess shall be transferred to the Pension Accumulation Fund maintained under Component I of the Combined Plan and shall be used to fund the transition, or start-up, cost relating to Component I.

Retiree Medical Account

In Article 16, Component I establishes a medical benefits account from which the Board shall pay the cost, otherwise borne by the employer(s) of DGRS retirees, for certain medical and related benefits provided under plans maintained by the employers. This account is intended to comply with the provisions of Section 401(h) of the Internal Revenue Service Code. The City intends to make contributions to this account from time to time.

<u>Component II - Legacy Plan</u>

As noted above, the Component II document, first published July 1, 2014, was intended to capture the terms of the DGRS pension plan as they existed when benefit accruals were frozen on June 30, 2014. An express statement to this effect appeared on the cover page of that first publishing by the City.

This Component II of the Combined Plan For the General Retirement System of the City of Detroit, Michigan is intended to memorialize the documentation for the General Retirement System of the City of Detroit as it existed on June 30, 2014.

Note 9 - City of Detroit Bankruptcy and Significant Events Occurring Subsequent to June 30, 2014 (Continued)

It was later amended and restated in October 2014 when the Emergency Manager executed EM Order No. 43, again effective July 1, 2014, though there were significant differences in the amended and restated Component II owing mostly to inclusion of provisions intended to reflect the terms of the "Grand Bargain" which were anticipated to take effect if the Plan were confirmed by the Bankruptcy Court. In addition to the benefit changes in Component II due to the Chapter 9 Case, which are described elsewhere above and below in this footnote, a notable change was that Component II eliminated the 1998 Defined Contribution Plan of DGRS, which was never implemented by the City of Detroit.

Legacy Plan Freeze, Funding, and Governance

Benefit accruals in the Legacy Plan ceased as of June 30, 2014. After the transition period that ended with pay periods beginning before August 1, 2014, no further employer or employee contributions were made to the DGRS Legacy Plan, other than those associated with the Plan, the "Grand Bargain," and the Pension Settlement.

The anticipated sources of funding required by the Plan for contributions toward DGRS Legacy Plan obligations through 2023 include fixed contributions from the General Fund of the City of Detroit as well as City-related employer constituents such as DWSD, the Detroit Library Commission, and the COBO Authority. After 2023, the General Fund and other City-related employer constituents with participants in DGRS will retain their responsibility for funding employer contributions to meet DGRS Legacy Plan defined benefit plan obligations, including any UAAL, consistent with Michigan law.

As of the Effective Date of the Plan, governance, investment management, and actuarial assumptions of the Legacy Plan are shared with the Hybrid Plan. The Component II document reflects these changes by incorporating those and related provisions into the Legacy Plan by reference in a "Common Provisions" section. The segregation of funds required by the Component I Hybrid Plan explicitly applies to Component II Legacy Plan.

Legacy Plan Membership and Benefits

Membership in the DGRS Legacy Plan consists of all full-time employees of the City or any of its related entities that participate in DGRS, except for DPFRS members, any employees of the City or its related entities that are hired or rehired after July 1, 2014, and those who are members of any other public employee retirement system of the State of Michigan, other than the Michigan National Guard, or by any other political subdivision of the State. There are no new members in the Legacy Plan after June 30, 2014.

Note 9 - City of Detroit Bankruptcy and Significant Events Occurring Subsequent to June 30, 2014 (Continued)

Other than the benefits adjustments and other changes required of DGRS by the Plan, the "Grand Bargain," and the Pension Settlement, the accrued financial benefit provisions of the DGRS Legacy Plan as of June 30, 2014, are frozen and intended to continue as they did effective that date. Whether a member is a retiree, beneficiary, terminated vested, or active member with service credit accrued in the Legacy Plan, that individual's benefits accrued as of June 30, 2014 have been fixed, or will be calculated as of that date when they apply for retirement benefits, subject to the Plan. As such, most of the benefit provisions outlined here have not changed since the date of the freeze, June 30, 2014, other than affected as described elsewhere by the Plan, the "Grand Bargain," and the Pension Settlement.

DGRS ASF Interest Credits and Hybrid Plan Transition Liability Financing

Beginning after July 1, 2013, the annual rate of return credited to ASF accounts shall be no less than zero and no greater than the lesser of (i) 5.25 percent or (ii) the actual investment return net of expenses of DGRS's invested reserves for the second plan year immediately preceding the plan year in which the annual return is credited. As noted above, the transition liability for the Component I Hybrid Plan will be funded from excess returns earned over and above the 5.25 percent maximum that can be credited to ASF individual member accounts.

Special Unused Sick Leave Election

Following the freeze of the Legacy Plan, the City allowed a special election period for any member who, as of June 30, 2014, would have been eligible to elect to use a portion of the unused accrued sick leave that he could have been received in cash upon retirement to increase his average final compensation if the member had been eligible to retire and had elected to retire as of June 30, 2014. This one-time election allowed a member to choose to have the value of twenty-five percent (25 percent) of the member's cashable sick leave as of June 30, 2014 included in the computation of their average final compensation.

Note 9 - City of Detroit Bankruptcy and Significant Events Occurring Subsequent to June 30, 2014 (Continued)

Benefit Restoration

Restoration tied to future actuarial funding targets

Restoration of adjusted pension benefits outside the ISF program is governed by a term sheet attached as Exhibit to the Plan, the "Terms of GRS Pension Restoration," Exhibit II.B.3.r.ii.C. The pension restoration process provides for the possibility that cuts to accrued pension benefits in the Chapter 9 case might be restored, including COLAs, during the thirty (30) year period following entry of the order confirming the Plan. The DGRS Investment Committees shall respectively supervise and undertake restoration decisions in accordance with the pension governance provisions in the State Contribution Agreement.

The restoration program operates under certain time periods and is subject to target actuarial funding levels of the System. The time periods are: (i) through June 30, 2023; (ii) July 1, 2023 through June 30, 2033; and (iii) July 1, 2033 through June 30, 2043. If projected funding levels are above targets, assets are transferred to the restoration reserve. If the assets in the reserve are sufficient to fund a restoration increment for the actuarial life expectancy to a Waterfall Class, restoration is provided in increments in accordance with a schedule. If projected funding levels fall below the applicable funding target, assets are transferred from the restoration reserve account to the pension plan, and future restoration benefits may be suspended, diminished, or terminated. Restored benefits might also be permanently restored if certain funding target levels are achieved over time. For restoration, each Retirement System's membership is divided into three 'waterfall' classes:

Waterfall Class 1: retirees in benefit pay status as of June 30, 2014, and their surviving spouses and beneficiaries;

Waterfall Class 2: retirees who enter benefit pay status after June 30, 2014, and their surviving spouses and beneficiaries, and who are in pay status as of the end of the Fiscal Year prior to the year in which the restoration decision is made; and

Waterfall Class 3: all other participants who as of June 30, 2014 are not in benefit pay status.

Note 9 - City of Detroit Bankruptcy and Significant Events Occurring Subsequent to June 30, 2014 (Continued)

For DGRS, the funding targets are as follows: The 2033 and 2043 funding targets shall be equal to the actual 2023 funded level rounded to the nearest 10th decimal. The restoration target shall be 3.0 percent higher than the funding target but not less than 73 percent. The permanent restoration targets shall be 75 percent in 2028, and 1 percent higher than the Restoration Targets in 2033 and 2024, but not less than 75 percent. The restoration reserve suspension trigger will be set 1 percent higher than the projected funding target for all time periods.

2023 Funded Level	2033 Projected Funding Target	Restoration Target 2043 Projected Funding Target/Restoration Target
75 percent	75 percent/78 percent	75 percent/78 percent
74 percent	74 percent/77 percent	74 percent/77 percent
73 percent	73 percent/76 percent	73 percent/76 percent
72 percent	72 percent/75 percent	72 percent/75 percent
71 percent	71 percent/74 percent	71 percent/74 percent
70	70 percent/73 percent	70 percent/73 percent
69 percent or lower	the percent = to 2023 Funded Level percent/73 percent	the percent = to 2023 Funded Level percent/73 percent
	2033 Permanent Restoration Target	2043 Permanent Restoration Target
	Same as 2033 Restoration Target	Same as 2043 Restoration Target

Special Restoration related to a future qualifying DWSD transaction

The Plan also establishes, pursuant to Exhibit I.A.292, a *City of Detroit Pension Restoration Trust* to hold a single series of contingent value right certificates, or "DWSD CVR" as defined in the Plan, representing the right to receive 50 percent of the Net DWSD Transaction Proceeds received by the City's General Fund as a result of a Qualifying DWSD Transaction within the first seven (7) years following the Effective Date of the Plan. (Capitalized terms are those defined in the Plan.) Any special restoration provided to DGRS or DPFRS members pursuant to this trust arrangement will follow the priorities set forth in the Waterfall Classes described above. If no such Qualifying DWSD transaction occurs within the proscribed time period, the trust will terminate and expire.

Note 9 - City of Detroit Bankruptcy and Significant Events Occurring Subsequent to June 30, 2014 (Continued)

Impact of Bankruptcy on the City's Total Pension Liability and the Net Pension Liability

Based on the terms of the agreement in the City of Detroit's Bankruptcy approved on December 10, 2014, as explained above, future cost of living adjustments were eliminated, pension benefits were reduced by 4.5 percent for members of the System and reductions were further reduced due to the Annuity Savings Fund clawbacks. The impact on the Total Pension Liability as of June 30, 2014 of these changes is a decrease of $786,592,176. As a result, on a post-bankruptcy basis, the City's total pension liability is estimated to be $3,015,056,895 and the net pension liability is estimated to be $999,849,016. The same assumptions utilized in the calculations of the total pension liability as of June 30, 2014 on a pre-bankruptcy basis as disclosed in Note 6 were utilized to determine these post-bankruptcy amounts. The pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments (7.2 percent) was applied to all periods of projected benefit payments to determine the total pension liability.

Required Supplemental Information

Pension Plan of the General Retirement System of the City of Detroit

Required Supplemental Information
Schedule of Changes in the Plan Net Pension Liability and Related Ratios
Last Fiscal Year

(Schedule is built prospectively upon implementation of GASB 67)

	2014
Total pension liability	
Service cost	$ 32,736,019
Interest	242,611,073
Changes in benefit terms	(113,311,571)
Differences between expected and actual experience	-
Changes in assumptions	(271,190,194)
Benefit payments, including refunds	(397,733,807)
Net change in total pension liability	(506,888,480)
Total pension liability - Beginning of year	4,308,537,551
Total pension liability - End of year	**$ 3,801,649,071**
Plan fiduciary net position	
Contributions - Employer	$ 25,126,131
Contributions - Employee	10,241,761
Net investment income	299,534,236
Administrative expenses	(20,982,396)
Benefit payments, including refunds	(397,733,807)
Other	-
Net change in plan fiduciary net position	(83,814,075)
Plan fiduciary net position - Beginning of year	2,099,021,954
Plan fiduciary net position - End of year	**$ 2,015,207,879**
Plan's net pension liability - Ending	**$ 1,786,441,192**
Plan fiduciary net position as a % of total pension liability	53.01 %
Covered employee payroll	$ 238,669,871
Plan's net pension liability as a % of covered employee payroll	748.5 %

Pension Plan of the General Retirement System of the City of Detroit

Required Supplemental Information
Schedule of City Contributions
Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	$ 72,643,307	$ 62,297,432	$ 64,065,214	$ 55,138,044	$ 37,338,960	$ 41,395,719	$ 43,168,448	$ 41,444,808	$ 42,799,581	$ 41,689,528
Contributions in relation to the actuarially determined contribution	25,126,131	26,515,782	64,065,214	55,138,044	37,338,960	41,395,719	43,168,448	41,444,808	58,162,088	41,689,528
Contribution deficiency (excess)	**$ 47,517,176**	**$ 35,781,650**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ (15,362,507)**	**$ -**
Covered employee payroll	$ 238,669,871	$ 213,291,083	$ 257,992,240	$ 303,379,482	$ 334,343,506	$ 357,072,833	$ 368,470,990	$ 361,701,481	$ 361,151,456	$ 390,593,600
Contributions as a percentage of covered employee payroll	10.5 %	12.4 %	24.8 %	18.2 %	11.1 %	11.6 %	11.7 %	11.5 %	16.1 %	10.7 %

Notes to Schedule of Plan Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation Date	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported. Contributions for the 2014 FY were determined based on the actuarial valuation as of 6/30/2012. The most recent actuarial valuation was 6/30/2013.
Methods and assumptions used to determine contribution rates	
Actuarial cost method	Entry age
Amortization method	Level percent
Remaining amortization period	30 years
Asset valuation method	7-year smoothed market, 30% corridor
Inflation	4.0%
Salary increases	4.0% - 8.9%
Investment rate of return	7.9%
Retirement age	Experience-based table of rates are specific to the type of eligibility condition.
Mortality	110% of the RP-2000 Combined Table for males and 110% of the RP-2000 Combined Table set back 2 years for females
Other information	Cost of living adjustments are 2.25% of original pension amounts at retirement.

Pension Plan of the General Retirement System of the City of Detroit

Required Supplemental Information
Schedule of Investment Returns
Last Ten Fiscal Years

	2014
Annual money-weighted rate of return, net of investment expense	16.3 %

* GASB Statement No. 67 was implemented June 30, 2014 and does not require retroactive implementation. Data will be added as information is available until 10 years of such information is available.

Pension Plan of the General Retirement System of the City of Detroit

Notes to Required Supplemental Information Schedules
Year Ended June 30, 2014

Benefit Changes

As of June 30, 2014, the pension plan is frozen. No new employees are allowed to participate in the plan. All benefits for actives are frozen as of June 30, 2014 based on service and average final compensation accrued as of that date.

Changes in Assumptions

The discount rate used to calculate the June 30, 2014 Total Pension Liability was 7.2%. The discount rate used to calculate the Total Pension Liability as of June 30, 2013 was 5.88%.

For June 30, 2014, the mortality assumption was changed to RP-2014 Blue Collar Mortality Tables, Employees and Health Annuitants, set forward one year for males and one year for females with fully generational mortality projections using the 2-dimensional Mortality Improvement Scale MP-2014. For June 30, 2013, mortality rates were based on 110% of the RP-2000 Combined Table for males and 110% of the RP-2000 Combined Table set back two years for females.

As of June 30, 2014, adjustments for longevity, and unused sick leave were eliminated.

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hooker & holcombe

City of Hartford
MERF Valuation Review

Timothy A. Ryor, FSPA, FCA, EA, MAAA
Senior Vice President & Consulting Actuary

Ellen A. Kucenski, FSA, EA, MAAA
Consulting Actuary

Brianne Fayed
Senior Pension Analyst

February 27, 2015

Presentation Overview

hooker & holcombe

- Review of Asset Performance Relative to Assumption (7.75%)
- Gains / Losses Relative to Non-Investment Assumptions
- July 1, 2014 Valuation Results – Before Mortality Change
- Assumption Change – Mortality Table Update
- July 1, 2014 Valuation Results – After Change
- Next Steps
- Questions & Answers

Asset Gain / Loss

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Summary of Fund Activity	Market Value	Actuarial Value
1. Beginning value 7/1/2013		
a. Trust assets	$ 969,867,917	$ 963,269,168
b. Accrued contribution	0	0
c. Benefits payable	0	0
d. Administrative expenses payable	0	0
e. Net: (a)+(b)-(c)-(d)	969,867,917	963,269,168
2. Contributions		
a. Employer contributions during year	42,710,088	42,710,088
b. Employee contributions during year	12,816,246	12,816,246
c. Change in accrued contribution	0	0
d. Total for plan year	55,526,334	55,526,334
3. Disbursements		
a. Benefit payments during year	93,682,709	93,682,709
b. Administrative expenses during year	2,774,099	2,774,099
c. Change in benefits payable	0	0
d. Change in administrative expenses payab	0	0
e. Total for plan year	96,456,808	96,456,808
4. Net investment return		
a. Interest and dividends	16,222,423	N/A
b. Change in accrued income	0	N/A
c. Realized gain (loss)	60,447,581	N/A
d. Unrealized gain (loss)	61,530,272	N/A
e. Expected return	N/A	73,621,333
f. Recognized gain (loss)	N/A	22,957,223
i. Investment-related expenses	(4,586,499)	N/A
j. Total	133,613,777	96,578,556
5. Ending value 7/1/2014		
a. Trust assets: (1a)+(2a)-(3a)-(3b)+(4j)	1,062,551,220	1,018,917,250
b. Accrued contribution	0	0
c. Benefits payable	0	0
d. Administrative expenses payable	0	0
e. Net: (a)+(b)-(c)-(d)	1,062,551,220	1,018,917,250
6. Approximate rate of return 2013-2014	14.1%	10.2%

Asset Gain / Loss

hooker & holcombe

- Asset gain / loss is relative to the assumed return of **7.75%**
- Actual return for 13-14 was 14.1% which produced a **$60 million** gain (column a)
- "Smoothing" method only recognized about **$12 million** (column c)
- Gain reduces contribution compared to expectation by about **$1.3 million**
- **$43.6 million** in gains remain at 7/1/2014 (column e)
- Gains not recognized will lead to lower contributions in the future

Recognition of Gain / (Loss) in Actuarial Value

Year	(a) Gain / (loss)	(b) Recognized as of 7/1/2013	(c) Recognized in current year: 20% of (a)	(d) Total recognized as of 7/1/2014: (b)+(c)	(e) Not recognized as of 7/1/2014: (a)–(d)
2009-2010	$ 26,022,852	$ 20,818,280	$ 5,204,572	$ 26,022,852	$ 0
2010-2011	83,151,652	49,890,990	16,630,330	66,521,320	16,630,332
2011-2012	(58,190,952)	(23,276,380)	(11,638,190)	(34,914,570)	(23,276,382)
2012-2013	3,810,109	762,022	762,022	1,524,044	2,286,065
2013-2014	59,992,444	0	11,998,489	11,998,489	47,993,955
Total	114,786,105		22,957,223		43,633,970

Liability Gains / Losses

hooker & holcombe

- Liability gains and losses occur when actual experience does not perfectly match the expectation in the assumptions. For example, pay is lower than expected or there are more/fewer deaths or terminations than anticipated.
- For the July 1, 2014 valuation, there was little gain or loss on the liability overall. The expected liability was $1.31 billion while the actual was $1.30. As a percentage, the actual liability was only 0.7% lower than expected.
- In 2011, an "Actuarial Experience Study" was conducted. H&H analyzed actual demographic changes over a 5-year period and recommended changes to the assumptions accordingly.
- The fact that there is very little gain or loss on the liability shows that the assumption changes are consistent with actual experience.
- We evaluate experience relative to the assumption with every valuation. Changes in assumptions require additional analysis, usually completed with an experience study.
- Experience studies are generally completed every 5 years so the next study would occur after the data for the 2016 valuation is collected.

Active Data Reconciliation

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Active Participant Counts at July 1, 2014

	Police	Fire	BoE	Muni	Library	Total
July 1, 2013	479	382	973	419	71	2,324
Terminations	-11	-12	-66	-28	-5	-122
Retirements	-27	-4	-17	-10	-1	-59
Disabled	-3	-2	0	0	0	-5
Deaths	0	0	-1	-2	-1	-4
Transfers	-3	+1	+7	-1	0	+4
New Entrants	+4	0	+154	+32	+9	+199
July 1, 2014	439	365	1,050	410	73	2,337

Contribution Calculation

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- Actuarially Determined Employer Contribution (ADEC) is the sum of two components: 1) Amortization of Unfunded Liability + 2) Normal Cost.
- The unfunded liability as of July 1, 2013 was amortized over a fixed 25 year period. Future gains or losses are amortized over 15 years on a rolling basis.
- The 25-year fixed payment is $27.7 million with a $321.1 million outstanding balance.
- Unfunded liability was $286.9 million. There was a $34.2 million gain to be amortized over 15 years.
- Since there were gains the new payment is a credit of $3.6 million.
- The portion of the contribution attributable to the unfunded liability is **$24.1 million**

Contribution Calculation

hooker & holcombe

- The **Normal Cost** represents the value of benefits that are allocated to the upcoming fiscal year under the actuarial cost method.
- The expected Normal Cost as of July 1, 2014 was $13.66 million. The actual Normal Cost was only **$12.14 million** leading to a reduction in contribution of $1.52 million.
- The decrease was due to a decrease in the active population (except BOE) and less than expected salary increases.
- The Net City Contribution after offsets is calculated as follows:

Payment on the Unfunded Liability	$24.10 million
Normal Cost	$12.14 million
Load for Plan Expenses	$ 2.60 million
Adjustment for Interest & Offsets	$ 1.44 million
Total Net City Contribution	**$40.28 million**

Estimated Net City Contribution – Before Changes

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	Police	Fire	BOE	Muni Svcs	Library	Total
Estimated Net City Contribution $ for Fiscal Year*						
2014-2015 (7/1/2013 Valuation)	$17,197,000	$10,253,000	$4,485,000	$11,523,000	$1,119,000	$44,577,000
2015-2016 (*7/1/2014 Valuation*)	**$16,512,000**	**$9,457,000**	**$3,411,000**	**$10,079,000**	**$823,000**	**$40,282,000**
Increase/(Decrease)	($685,000)	($796,000)	($1,074,000)	($1,444,000)	($296,000)	($4,295,000)
City Contribution % of Payroll						
2014-2015 (7/1/2013 Valuation)	41.31%	28.88%	9.85%	43.98%	21.94%	28.69%
2015-2016 (*7/1/2014 Valuation*)	**43.01%**	**29.53%**	**7.59%**	**39.62%**	**18.42%**	**27.29%**
Estimated Payroll for Fiscal Year						
2014-2015	$41,856,000	$35,659,000	$48,786,000	$27,394,000	$5,101,000	$158,796,000
2015-2016	$38,580,000	$32,160,000	$49,205,000	$26,769,000	$4,466,000	$151,180,000

**The actual $ amount of contribution payable by the City will be based on the applicable contribution % and actual payroll for the fiscal year.*

Updated Mortality Table

hooker & holcombe

- In October 2014, the Society of Actuaries released an updated base mortality table (RP-2014) and mortality scale for projecting future mortality improvements (MP-2014)
- The Society's analysis did not include data from public plans, and therefore the message from the Society has been that it is not necessarily appropriate for use in municipal valuations, but may be – each plan needs analysis by actuary to determine applicability of new table on individual plans.
- The next full assumption review is not due until 2016, however, an interim mortality study was done this year in light of the new tables being released.
- Improvement scale is not an assumption we can validate so we recommend the use of the new MP-2014 improvement scale in place of the current Scale AA.
- Interim study looked at actual deaths over the last 10 years compared to expected deaths using the current assumption ***(864 expected deaths vs. 961 actual***). Results indicate the current assumption somewhat overestimated deaths but the group size is not large enough to be fully credible.
- Data supports using the MP-2014 projection scale with the RP-2000 mortality table (collar adjusted as appropriate) set forward 1 year ***(895 expected deaths vs. 961 actual).*** This is consistent with the current table while using the new projection scale prospectively.

Estimated Net City Contribution – *After* Changes

hooker & holcombe

- Mortality table change impact increased liabilities 1.5% or $19.5 million.
- Increase in liability added $2.1 million to the amortization of unfunded liability
- New table also increased normal cost by $0.15 million
- Net impact on the contribution was $2.33 million (including adjustment for interest)
- Lower than prior year's projection because asset & liability gain more than offset the impact of the mortality.

	Projected July 1, 2014	Actual July 1, 2014 Before Change	Actual July 1, 2014 After Change
1. Market Value of Assets	$1,000,075,000	$1,062,551,000	$1,062,551,000
2. Smoothed Value of Assets (Actuarial Value)	$1,004,435,000	$1,018,917,000	$1,018,917,000
3. Actuarial Liability	$1,315,354,000	$1,305,781,000	$1,325,282,000
4. Unfunded Liability (3. - 2.)	$310,919,000	$286,864,000	$306,365,000
5. Funded Ratio (2. / 3.)	76.36%	78.03%	76.88%
6. Amortization Payment	$26,457,000	$24,061,000	$26,143,000
7. Normal Cost	$13,659,000	$12,138,000	$12,290,000
8. Net City Contribution (ADEC)	**$44,364,000**	**$40,282,000**	**$42,612,000**

Estimated Net City Contribution – *After* Changes

hooker & holcombe

	Police	Fire	BOE	Muni Svcs	Library	Total
Estimated Net City Contribution $ for Fiscal Year*						
2015-2016 (Baseline)	**$16,512,000**	**$9,457,000**	**$3,411,000**	**$10,079,000**	**$823,000**	**$40,282,000**
2015-2016 (*New Mortality*)	**$16,720,000**	**$9,805,000**	**$4,224,000**	**$10,954,000**	**$909,000**	**$42,612,000**
Increase/(Decrease)	$208,000	$348,000	$813,000	$875,000	$86,000	$2,330,000
City Contribution % of Payroll						
2015-2016 (Baseline)	**43.01%**	**29.53%**	**7.59%**	**39.62%**	**18.42%**	**27.29%**
2015-2016 (*New Mortality*)	**43.55%**	**30.62%**	**9.24%**	**42.89%**	**20.35%**	**28.83%**
Estimated Payroll for Fiscal Year						
2015-2016	$38,580,000	$32,160,000	$49,205,000	$26,769,000	$4,466,000	$151,180,000

Funded Percent

hooker & holcombe

	Police	Fire	BOE	Muni Svcs	Library	Total
Market Value Asset Basis						
7/1/2013 Valuation	72.5%	79.6%	83.3%	70.4%	67.8%	75.2%
7/1/2014 (Before Mortality Change)	78.0%	85.1%	91.7%	76.5%	79.2%	81.4%
7/1/2014 (New Mortality)	**77.6%**	**84.3%**	**88.7%**	**74.8%**	**77.0%**	**80.2%**
Smoothed Asset Value Basis						
7/1/2013 Valuation	72.0%	79.1%	82.8%	70.0%	67.4%	74.7%
7/1/2014 (Before Mortality Change)	74.8%	81.6%	87.9%	73.3%	76.0%	78.0%
7/1/2014 (New Mortality)	**74.4%**	**80.8%**	**85.0%**	**71.8%**	**73.8%**	**76.9%**

Next Steps

hooker & holcombe

- Decision with regard to mortality table assumption change
- Finalize 7/1/2014 Valuation Report
- Finalize Fiscal Year 2015-2016 Contribution (ADEC)
- Update Funding Projection for Fiscal 2016-2017

Questions & Answers

hooker & holcombe

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

October 1, 2014 Actuarial Report

(UPDATED FOR EXPENSE ASSUMPTION)

For the Fiscal and Plan Year
October 1, 2015
through
September 30, 2016

Prepared By:

The Nyhart Company, Inc.
2000 RiverEdge Parkway/ Suite 900
Atlanta, GA 30328

(770) 933-1933

July 10, 2015

nyhart

July 10, 2015

Board of Trustees
City of Miami Fire Fighters' and
Police Officers' Retirement Trust
1895 SW 3 Avenue
Miami, FL 33129-1456

October 1, 2014 Actuarial Report

Dear Board Members:

Enclosed is our report on the actuarial valuation of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2014, for the fiscal year beginning October 1, 2015.

The report is based upon the terms of Ordinance No. 10002 and the Amended Final Judgment in the matter of Gates v. City of Miami, as well as Ordinance 13344.

The City contribution requirement for the 2015/2016 fiscal year is $43,964,153, compared to $43,995,049 for the 2014/2015 fiscal year.

When expressed as a percentage of total payroll (for active members and members in forward DROP), the City contribution rate decreased from 35.32% as of October 1, 2013 to 34.40% as of October 1, 2014. The percentages of total payroll reflect the hypothetical impact on funding if there were no forward DROP, since members who are presently in DROP could well be more likely to be retired and replaced with active members. The ordinance and State law do not permit funding after members enter a forward DROP.

Respectfully submitted,

THE NYHART COMPANY, INC.

David D. Harris, ASA, FCA, MAAA, EA
Actuary

Heath W. Merlak, FSA, MAAA, EA
Actuary

Randall L. Stanley, FSA, MAAA, EA
Actuary

Enclosures: Electronic (dania@miamifipo.org)
Bound (10 copies)

DDH/HWM/RLS/di
MIAM501801/701

2000 RiverEdge Parkway
Suite 900
Atlanta, GA 30328
(p) 770-933-1933
(p) 800-428-7106
(f) 888-398-7366
www.nyhart.com

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

OCTOBER 1, 2014 ACTUARIAL REPORT

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

OCTOBER 1, 2014 ACTUARIAL REPORT

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CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results - Regular Fund

		Actuarial Valuation Prepared as of 10/1/2014	10/1/2013
A. Participant Data (Ex.7)			
Active Members		1,482	1,273
Covered Payroll		$93,705,765	$85,222,842
Members in Forward DROP		401	474
DROP Payroll		$34,080,879	$39,340,208
Projected Total Payroll		$127,786,644	$124,563,050
Retired Members and Beneficiaries		2,098	2,119
Total Annualized Benefits		$122,009,571	$122,124,656
Disabled Members		149	161
Total Annualized Benefits		$3,297,718	$3,438,990
Terminated Vested Members		12	13
Total Annualized Benefits		$319,796	$391,669
B. Assets		-$-	-$-
Actuarial Value (Ex. 2A)		1,151,016,531	1,145,461,866
Market Value (Ex. 4)		1,136,462,242	1,121,166,552
C. Liabilities (Excl. COLA)			
Present Value of Projected Benefits (Ex. 1)			
Active Members -	Retirement	406,475,370	355,226,122
	Vesting	25,029,798	22,199,983
	Disability	51,259,582	45,613,622
	Death	7,307,646	6,437,282
	Return of Contributions	2,235,295	1,777,650
	Total	492,307,691	431,254,659
Inactive Members -	Retired and Beneficiaries	1,338,709,196	1,344,589,383
	Disabled	28,692,260	29,878,873
	Terminated Vested	2,307,321	2,847,867
	Total	1,369,708,777	1,377,316,123
Total		1,862,016,468	1,808,570,782
Actuarial Accrued Liability		N/A	N/A
Unfunded Actuarial Accrued Liability		N/A	N/A

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results - Regular Fund
(Continued)

	Actuarial Valuation Prepared as of 10/1/2014	10/1/2013
D. Present Value of Accrued Benefits (Exhibit 5)	-$-	-$-
Vested Accrued Benefits		
Inactive Members and Beneficiaries	1,369,708,777	1,377,316,123
Active Members	208,780,651	172,853,328
Total	1,578,489,428	1,550,169,451
Non-Vested Accrued Benefits	11,128,196	6,592,056
Total	1,589,617,624	1,556,761,507
E. Pension Cost (Exhibit 1)		
Normal Cost	52,045,324	52,517,333
Payment to Amortize Unfunded Liability	N/A	N/A
Expected Plan Sponsor Contribution	43,964,153	43,995,049
As % of Covered Payroll	46.92%	51.62%
As % of Total Payroll	34.40%	35.32%
Expected Member Contribution	8,081,171	8,522,284
As % of Payroll	8.62%	10.00%
	Year Ending 9/30/2014	Year Ending 9/30/2013
F. Past Contributions	-$-	-$-
Required Plan Sponsor Contribution	42,057,691	40,977,546
Required Member Contributions	9,462,569	9,427,186
Actual Contributions		
Plan Sponsor	42,057,691	40,977,546
Members	9,462,569	9,417,186
G. Net Actuarial Gain (Loss)	N/A	N/A
H. Other Disclosures		
Active Members:		
Present Value Future Salaries (at attained age)	1,441,538,742	1,271,916,984
Present Value Future Contributions (at attained age)	112,603,159	85,481,072

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparative Summary of Principal Valuation Results – COLA Fund

		Actuarial Valuation Prepared as of 10/1/2014	10/1/2013
A. Participant Data			
Retired Members and Beneficiaries		2,098	2,118
Total Annualized Benefits		$22,606,546	$21,919,475
Disabled Members		149	161
Total Annualized Benefits		$3,135,330	$3,290,932
Table		$1,670	$1,629
B. Assets		-$-	-$-
Actuarial Value (Ex. 13)		476,271,814	456,457,838
Market Value (Ex. 3)		394,567,656	378,739,577
C. Liabilities (COLA Only)			
Present Value of Allocated Benefits (Ex. 13)			
Active Members -	Reserve for Current Actives	41,302,497	31,689,347
	Reserve for Contribution Refunds	N/A	N/A
Reserve for Future Actives		6,195,375	4,753,402
Total (excl. 457 Service)		47,497,872	36,442,749
Inactive Members -	Frozen COLA I Benefits	856,184	1,000,098
	COLA II Benefits	326,413,125	282,539,187
	Total	327,269,309	283,539,285
Total		374,767,181	319,982,034

Comparative Summary of Total Assets - Combined

Market Value (Ex. 4)		1,531,029,898	1,499,906,129

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

REVIEW OF COSTS

Summary Discussion

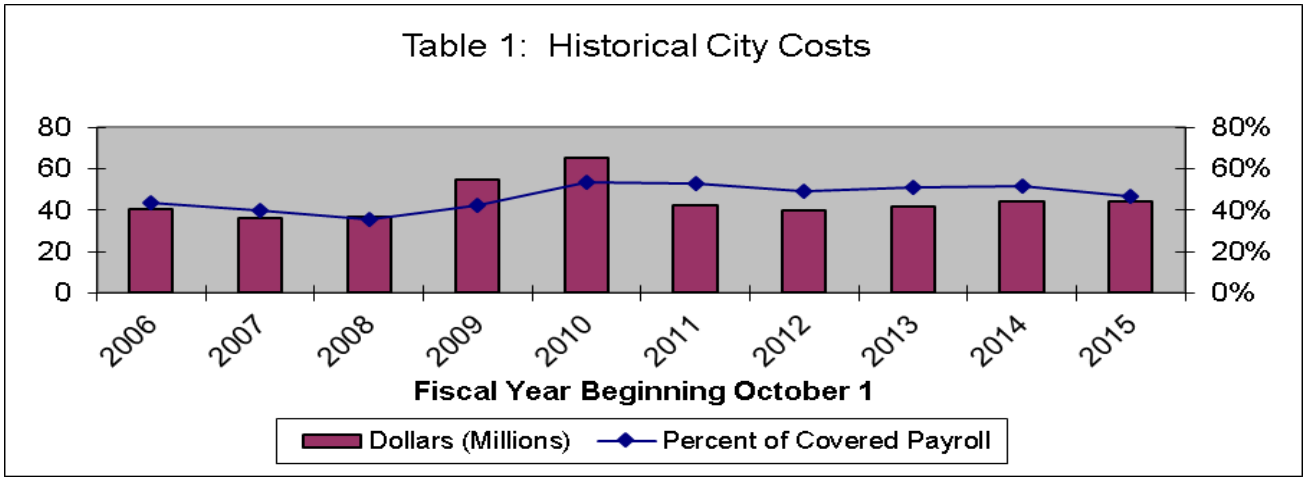
This is the actuarial report for the fiscal year beginning October 1, 2015 for the City of Miami Fire Fighters' and Police Officers' Retirement Trust. This is the thirty-first annual actuarial report prepared by The Nyhart Company. This report is intended to reflect the provisions and requirements of Ordinance No. 10002, as well as Ordinance 13344.

Comparison of Deposit Requirements

The City contribution requirements, and the results calculated for the 2015/2016 fiscal year, are as follows:

	2015/2016 (new assumptions)	2015/2016 (prior assumptions)	2014/2015
	-$-	-$-	-$-
Past Service Cost	N/A	N/A	N/A
Normal Cost	43,964,153	43,085,410	43,995,049
Payment Timing	0	0	0
	43,964,153	43,085,410	43,995,049
Percentage of Covered Payroll	46.92%	45.98%	51.62%
Percentage of Total Payroll	34.40%	33.72%	35.32%

The 2015/2016 deposit amount of $43,964,153 is $30,896 less than the $43,995,049 for the prior year and $878,743 more than the amount under the prior assumptions.



Analysis of Cost Changes

The Normal Cost element of FIPO costs is expected to remain level as a percentage of covered payroll, if the actual Plan experience is the same as the actuarial assumptions and there are no Plan or assumption changes. In the absence of Plan or assumption changes, an increase in the Normal Cost rate indicates that experience in the previous year has been less favorable than assumed, while a decrease indicates more favorable experience.

Quantification of the reasons for the changes is as follows:

Table 2 – Gain/Loss Analysis of Cost Changes from October 1, 2013 to October 1, 2014 Valuations

	Normal Cost	
	-$-	-%-
2013/2014 Normal Cost (Valuation Report)	43,995,049	51.62[1]
2014/2015 Normal Cost Expected (for continuing participants)	43,907,730	49.68[1]
Element of Experience		
Salary Increases	(2,675,342)	(5.66)
Turnover	(67,954)	(0.08)
Mortality	(444,226)	(0.50)
Retirement	263,230	0.30
New Participants	1,501,255	1.60
Disability	(93,552)	(0.11)
Investment Return	256,021	0.27
Other, Data	438,248	0.48
Assumption Change	878,743	0.94
Total	56,423	(2.76)
2014/2015 Normal Cost	43,964,153	46.92[1] 34.40[2]

(1) Percentage of Covered Payroll

(2) Percentage of Total Payroll
Projected Total Payroll of $127,786,644 is equal to 100% of Covered Payroll of $93,705,765 plus $34,080,879 payroll for members in DROP.

Following is a more detailed description of the elements of experience:

Salary Increases - During the period October 1, 2013 through September 30, 2014, covered payroll for the continuing actives increased less than expected. This resulted in a decrease of $2,675,342 in the Normal Cost. Covered payroll for continuing active participants at September 30, 2014 increased 1.38% compared to an expected 7.72% increase.

Mortality - For active members there were 2 deaths, as compared to 1 expected; for inactive members there were 71 deaths, as compared to 52 expected. This decreased the normal cost by $444,226.

Disability - During the past year there were no disabilities, as compared to 5 expected. This decreased the normal cost by $93,552.

Turnover - From October 1, 2013 to September 30, 2014, there were 31 employee terminations, as compared to 19 predicted by the actuarial assumptions. This decreased the normal cost by $67,954.

Retirement - There were 16 retirements during the period, as compared to 1 expected. This large number of retirements caused an increase in costs of $263,230.

Investment Return - The rate of return for the year ending September 30, 2014 was 7.18% on actuarial asset value (Exhibit 2A).

As shown in Exhibit 2C, there is no COLA transfer as of January 1, 2015; there could be a transfer on January 1, 2016 of $34,111,625 only if there were a favorable cumulative experience position as of September 30, 2015. The city minimum COLA contributions without the transfer is $5,696,920 on January 1, 2015 and $5,924,797 on January 1, 2016 to the COLA fund.

New Members - During the year there were 255 new members, who increased the City contribution by $1,501,255. Last year, 99 new members increased the cost by $581,328.

Administrative Expense - The prior year's assumed administrative cost was $2,222,561. This decreased to $2,029,168 for the current year, decreasing the City contribution (with interest) by $207,897.

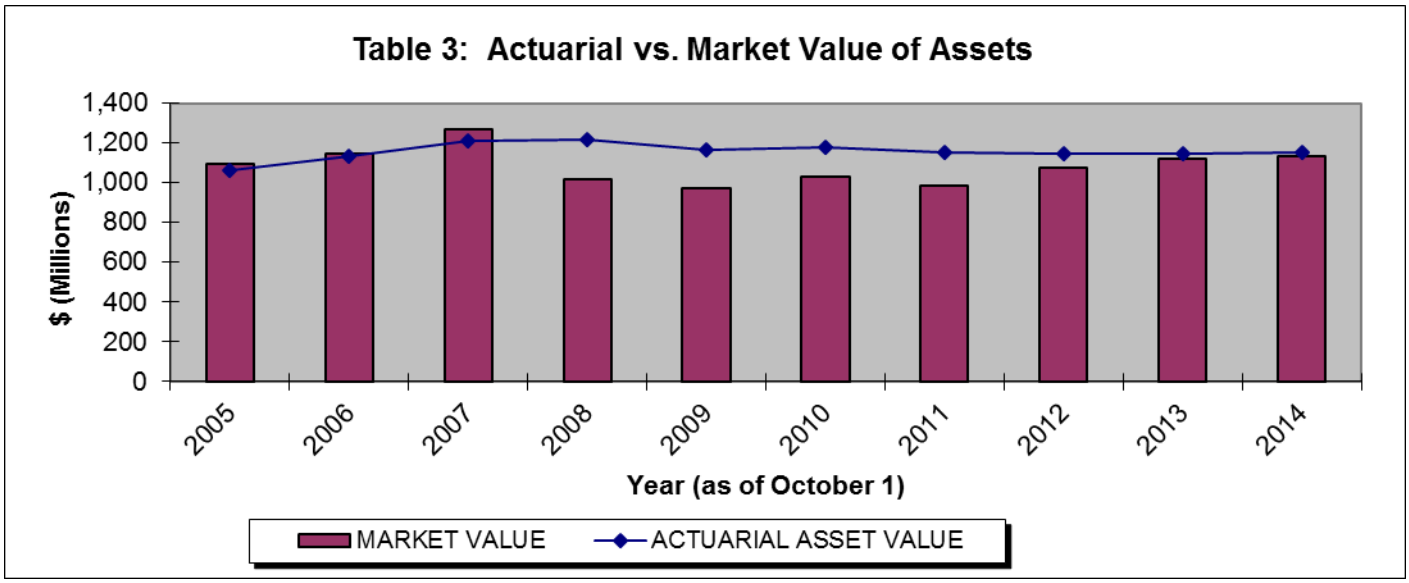
Assumption Change - The interest rate was decreased to 7.42% from 7.50%. This increased the City contribution by $878,743.

Plan Assets

Exhibits 3 and 4 show the asset transactions and investment results during the year. The rate of return on mean market value for the period ending September 30, 2014 was 8.6%; net of investment expenses.

The asset valuation method results in an actuarial asset value of $1.151 billion as of October 1, 2014 (Exhibit 2A), 101% of the market value of $1.136 billion, as compared to 102% in the previous year. The rate of return on Actuarial Asset Value was 7.18%, as compared to the 7.5% assumption for the fiscal year ending September 30, 2014 (Exhibit 2A).

Table 3 illustrates the effect of using the current asset smoothing methodology. The volatility of the market value of assets can be seen in the columns, while the actuarial value is illustrated by the line. The actuarial asset value line reflects the 20% Write-Up Method from September 30, 2005.



For COLA transfer purposes, the actuarial asset valuation method utilizes a 3-year moving average (Exhibit 2B). Under this method, the rate of return for the year ending September 30, 2014 was 13.39%. This would result in a transfer of $34,111,625 from the Regular Fund to the COLA Fund on January 1, 2016 (Exhibit 2C), if there were a favorable cumulative experience position. However, the cumulative experience position is unfavorable – a cumulative net loss of $233 million as of October 1, 2014 (Exhibit 14).

Expected Ongoing Cost Levels

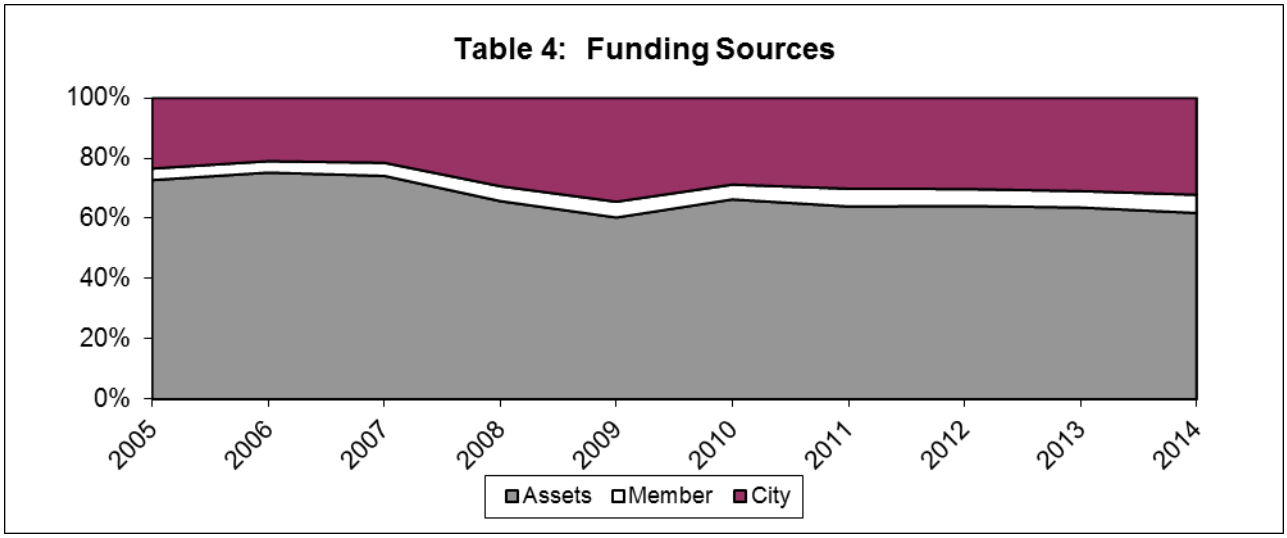
System costs have varied dramatically over the past several years, due to asset performance, payroll practices, and benefit changes. Since the City's contribution requirement is the primary variable, it has been significantly impacted.

Nevertheless, it is important to distinguish between individual annual costs (which may be somewhat erratic) and expected ongoing annual costs. The following table compares the City contribution requirement as a percentage of payroll to the theoretical entry age normal City contribution percentages:

Valuation Date	Contribution %	EAN %
10/1/2014	47	18
10/1/2013	52	18
10/1/2012	51	17
10/1/2011	56	16
10/1/2010	53	18
10/1/2009	54	21
10/1/2008	43	21
10/1/2007	36	22
10/1/2006	40	23
10/1/2005 (Revised AAV)	44	23
10/1/2005 (Prior AAV)	60	23

Sources of Benefit Funding

Table 4 compares the sources of benefit funding for the past 10 years. The present value of benefits is equal to 100% in the Table. The present value of benefits is provided by three sources; the actuarial value of assets, the present value of member contributions, and the present value of future normal costs (city).



As seen in the table, the city portion of future benefit responsibility decreased as asset values climbed during the late nineties. When asset values started to decline, the city portion increased. As of October 1, 2014, the actuarial value of assets equals 62% of the present value of projected benefits, the present value of member contributions equals 6%, and the present value of future City normal costs equal 32% of the present value of future benefits.

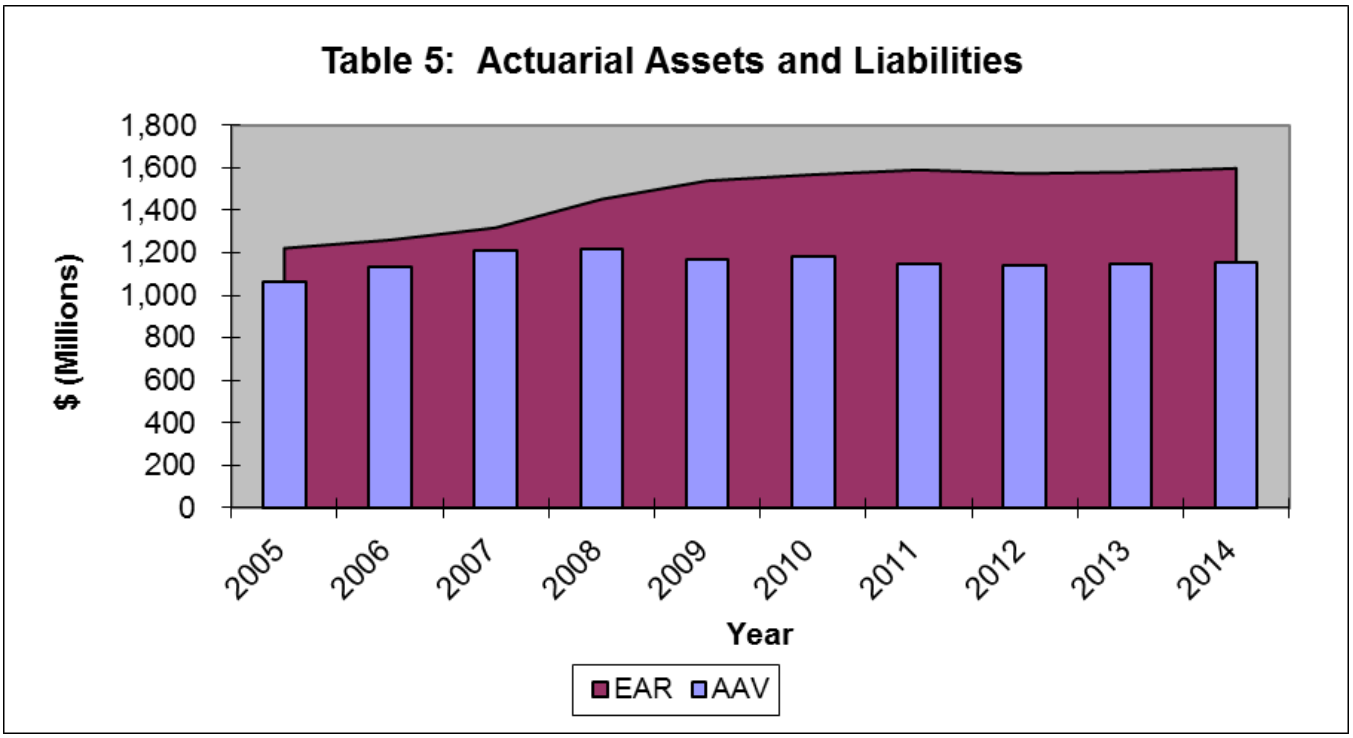
Funding Progress

The comparison of the present values of vested and accrued benefits to FIPO assets from one year to the next, or over a period of time, is a measure of interim funding progress and the degree of benefit security.

Exhibit 6 contains the result of this comparison for the past three years. The market value of assets on October 1, 2014 is $1,136,462,242, as compared to the value of accrued benefits of $1,589,671,624 for a ratio of 71.5%. The ratio as of October 1, 2013 was 72.0%.

A ratio in excess of 80% typically is one indication of a well-funded program.

As of October 1, 2014 the entry age reserve is $1,597.8 million. This compares to an Actuarial Asset Value of $1,151.0 million, for a funded ratio of 72%. Last year the funded ratio was also 72%. These amounts, together with other disclosures, are contained in Exhibit 11 and illustrated in the following Table 5:



Governmental Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued Statement No. 67 to replace GASB Statement No. 25 ("Financial Reporting for Pension Plans") and Statement No. 68 to replace Statement No. 27 ("Financial Reporting for Pensions").

A separate report, dated December 22, 2014, provides the necessary disclosures under GASB 67 and 68 for the plan year ending September 30, 2014.

As was the case for GASB 25 and GASB 27, the new standards are not meant to be used as a funding basis.

Allocated Contribution Requirements

The Division of Retirement is now requiring that plans covering both police and firefighters disclose the costs separately for the two groups. Since assets have not been separately maintained, this necessitates a hypothetical asset allocation. Exhibit 11 shows this allocation, based on the Entry Age Accrued Liabilities, calculated separately for the two groups.

As shown in Exhibit 11, the asset and resulting Unfunded allocation approach based on the Actuarial Accrued Liability results in allocated amounts for these two cost components that are equal to the total components.

Florida SB 534 Disclosures

The State of Florida now requires that plans report their funded ratio, recommended contribution, and asset duration under a standard set of assumptions, using both the funding rate and a rate 200 basis points lower. The required mortality table is RP 2000 with generational projection using Scale AA. Exhibit 10 provides this information. For balance, we also have calculated and shown results using a rate 200 basis points higher than the current funding rate.

COLA Fund

Calculations were made based on the information provided as of 10/1/2014. The calculations reflect the approach adopted with the Amended Final Judgment in the matter of Gates vs. City of Miami.

Exhibit 12, parts I and II, illustrate the general impact of the COLA increases which have been provided thus far (under the $1,629 table as of 1/1/2015), by duration since retirement and by age, respectively.

As discussed in earlier reports, there is probably no completely acceptable index for measuring the impact of inflation on retirees' benefits. Although the CPI is the most widely used inflation index, it is generally considered to distort inflation for retirees, since it includes components which are not typically germane to them, such as home purchases. In the absence of a suitable alternative, a percentage of the CPI is often used as a target. If the cumulative CPI were used as a target, the current COLA averages 58% of the target. A comparison of COLA increases to the CPI is shown in Exhibit 12, part III. Historical data on the CPI is shown in Exhibit 12, part IV.

Cumulative Experience Position

Ordinance Section 40-204(C) (4) provides that transfers of excess investment return from the Regular Fund to the COLA Fund may be made only if the System remains in a net positive experience position on a cumulative basis from October 1, 1982. This result is the same as that for the previous year - a potential transfer eliminated due to the experience position. Since the aggregate cost method is used for determining funding requirements, the determination of the experience position is measured under the entry age normal method.

The cumulative experience loss increased from $219,095,159 as of October 1, 2013, to a cumulative loss of $232,905,953 as of October 1, 2014 (Exhibit 14).

COLA Transfer Calculations

Exhibit 2C shows the transfer calculations as of this valuation. As will be noted, the excess return transfer as of January 1, 2015 is scheduled to be $0 and the excess return transfer as of January 1, 2016 is $0. Therefore, a City contribution to the COLA fund of $5,696,920 was due as of January 1, 2015.

The excess return on the COLA Funds resulted in a $41 increase in the COLA Table, from $1,629 to $1,670 (Exhibit 13).

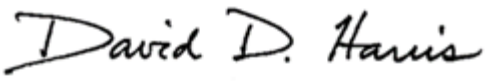
Enrolled Actuary's Statement

This report has been prepared in accordance with standards established by the American Academy of Actuaries. To the best of our knowledge, it reflects the actuarial condition of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2014 for the Retirement Fund and for the COLA Fund.

All costs and cost components are calculated on the basis of actuarial assumptions which reasonably reflect the experience of the Trust.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

With respect to reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1), F.S., the actuarial disclosures required under this section were prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, meet the requirements of Section 112.664 (1), Florida Statutes, and Rule 60T-1.0035, Florida Administrative Code.



July 10, 2015

David D. Harris
Enrolled Actuary No. 14-5609

Date

Copies of this Report are to be furnished to the Division of Retirement within 60 days of receipt from the actuary at the following addresses:

Ms. Sarah Carr
Benefits Administrator
Municipal Police Officers' &
Firefighters' Trust Funds
Division of Retirement
Post Office Box 3010
Tallahassee, FL 32315-3010

Mr. Keith Brinkman
Bureau & Chief
Local Retirement Systems
Division of Retirement
Department of Management Services
P. O. Box 9000
Tallahassee, FL 32315-9000

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

City Contribution Requirement for 2015/2016 Fiscal Year

	2015/2016 -$-	2014/2015 -$-
I. Unfunded Actuarial Accrued Liability	N/A	N/A
II. Normal Cost		
A. Present Value of Future Benefits		
1. Active Members		
a. Retirement	406,475,370	355,226,122
b. Disability	51,259,582	45,613,622
c. Death	7,307,646	6,437,282
d. Turnover	25,029,798	22,199,983
e. Return of Contributions	2,235,295	1,777,650
f. Total	492,307,691	431,254,659
2. Retired Members and Beneficiaries		
a. Service Retirements and Beneficiaries	1,338,709,196	1,344,589,383
b. Disability Retirements	28,692,260	29,878,873
c. Terminated Vested Members	2,307,321	2,847,867
d. Total	1,369,708,777	1,377,316,123
3. Total	1,862,016,468	1,808,570,782

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

City Contribution Requirement for 2015/2016 Fiscal Year

	2015/2016 -$-	2014/2015 -$-
II. Normal Cost (Cont'd)		
A. Total Present Value of Future Benefits	1,862,016,468	1,808,570,782
B. Present Value of Future Member Contributions	112,603,159	85,481,072
C. Actuarial Asset Value	1,151,016,531	1,145,461,866
D. Unfunded Actuarial Accrued Liability	0	0
E. Present Value of Future Normal Costs (A-B-C-D)	598,396,778	577,627,844
F. Present Value of Future Payrolls	1,441,538,742	1,271,916,984
G. Administrative Expense	2,029,168	2,222,561
H. Current Payroll for those under Expected Retirement Age	93,705,765	85,222,842
I. Interest Rate	7.42%	7.50%
J. Current Normal Cost - Payable 10/1/2014 ([(E)x(H) / (F)] + (G)) (1+(I))	43,964,153	43,995,049
K. Covered Payroll	93,705,765	85,222,842
L. Normal Cost as Percentage of Covered Payroll (J)/ (K)	46.92%	51.62%
III. Quarterly City Contribution Schedule		
A. Past Service Cost	0	0
B. Normal Cost	43,964,153	43,995,049
C. Payment Timing	0	0
D. Total	43,964,153	43,995,049

EXHIBIT 2A

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Actuarial Asset Value – 20% Write Up Method

I. Determination of Actuarial Asset Value as of October 1, 2014

	-$-
A. Actuarial Value of Assets as of 10/01/2013	1,145,461,866
B. City Contributions	42,057,691
C. Member Contributions	9,462,569
D. Benefits Paid	125,502,361
E. Contributions Refunded	950,026
F. Expected Return [(1)]	84,125,364
G. Expected Actuarial Value of Assets (A+B+C-D-E+F)	1,154,655,103
H. Market Value of Assets at 9/30/2014	1,136,462,242
I. Present Value of 01/01/15 COLA Transfer	0
J. Present Value of 01/01/16 COLA Transfer	0
K. Difference (H-I-J-G)	(18,192,861)
L. 20% of Difference	(3,638,572)
M. Preliminary Actuarial Asset Value (G+L)	1,151,016,531
N. Maximum Actuarial Asset Value (120% of H-I-J)	1,363,754,690
O. Minimum Actuarial Asset Value (80% of H-I-J)	909,169,794
P. Actuarial Asset Value at 10/1/2014	1,151,016,531
Q. Contribution Surplus Account Balance	0
R. Final Actuarial Value at 10/01/2014 (P – Q)	**1,151,016,531**

II. Rate of Return on Actuarial Asset Value

	-$-
A. Actuarial Asset Value at 10/01/2013	1,145,461,866
B. Contributions	
1. City (Including amount from Contribution Surplus Account)	42,057,691
2. Members	9,462,569
3. Total	51,520,260
C. Benefits and Refunds	126,452,387
D. Contribution Surplus	0
E. Actuarial Asset Value at 10/01/2014	1,151,016,531
F. Net Return on Investment [E+D+C-B-A]	80,486,792
G. Rate of Return (II F/I F) (.075)	7.18%

[(1)] [1,145,461,866 + 9,462,569 (2.5/4) - (125,502,361 + 950,026) (13/24)] (.075) + $2,909,294

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

I. Development of Actuarial Asset Value (3 Years, for COLA Transfer Purposes)

		9/30/2014	9/30/2013	9/30/2012
		-$-	-$-	-$-
A.	Book Value	990,924,999	981,432,150	982,006,300
B.	Market Value	1,136,462,242	1,121,166,552	1,075,059,845
C.	B/A	1.1468701	1.1423781	1.0947586
D.	1/3 ∑ (C)		1.1280023	
E.	Adjusted Market Value at 9/30/2014 D x $990,924,999		1,117,765,678	
F.	Contribution Surplus at 9/30/2014		0	
G.	1. 80% of (Market Value – (F)) 2. 120% of (Market Value – (F))		909,169,794 1,363,754,690	
H.	Preliminary Actuarial Asset Value (E – F)		1,117,765,678	
I.	Present Value of 1/1/2016 COLA Transfer, discounted at 7.50%		0	
J.	Actuarial Asset Value		1,117,765,678	

II. Rate of Return on Actuarial Asset Value

		-$-
A.	Actuarial Asset Value at 10/01/2013	1,056,251,304
B.	Contributions	
	1. City (Including amount from Contribution Surplus Account)	42,057,691
	2. Members	9,462,569
	3. Total	51,520,260
C.	Benefits and Refunds	126,452,387
D.	Present Value of 1/1/2016 COLA Transfer	0
E.	Contribution Surplus	0
F.	Actuarial Asset Value at 10/01/2014	1,117,765,678
G.	Net Return on Investment [F+E+D+C-B-A]	136,446,501
H.	Rate of Return [2 x G/ (A+F-G)]	13.39%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Calculation of Excess Investment Return
On Membership and Benefits Accounts for 2013/2014 Fiscal Year
2016 COLA Transfer

I.	**Net Actual Return on Actuarial Asset Value**	-$-
	A. Preliminary Actuarial Asset Value as of 10/1/2014	1,117,765,678
	B. Benefits Paid During Plan Year	125,502,361
	C. Contributions Refunded During Plan Year	950,026
	D. City Contributions During Plan Year (Required)	42,057,691
	E. Member Contributions During Plan Year	9,462,569
	F. Actuarial Asset Value as of 10/1/2013	1,056,251,304
	G. Total Actual Return During Plan year (A)+(B)+(C)-(D)-(E)-(F)	136,446,501

II.	**Net Expected Return on Actuarial Asset Value**	
	A. Actuarial Asset Value as of 10/1/2013	1,056,251,304
	B. Benefits Paid During Plan Year	125,502,361
	C. Contributions Refunded During Plan Year	950,026
	D. City Contributions During Plan Year (Required)	42,057,691
	E. Member Contributions During Plan Year	9,462,569
	F. Expected Rate of Return	7.50%
	G. Expected Return During Plan Year	77,434,572 (1)
	H. Base Amount for Expected Return (G)/.075	1,032,460,960
	I. Excess Return on Assets (I(G) - II(G))	59,011,929
	J. Excess Return as % of II(H)	5.715657%(2)

III. Amount to be Transferred to COLA Fund

A.	Excess Return		COLA Transfer	
	%	$	%	-$-
First	2.5	25,811,524	75	19,358,643
Next	2.5	25,811,524	50	12,905,762
Next	2.5	7,388,881	25	1,847,220
			--	--
B.	Total Transfer Amount at 1/1/2016			34,111,625 (3)

(1) Assumes Uniform Quarterly Contributions and Monthly Benefits
[1,056,251,304 + (9,462,569) (2.5/4) - (125,502,361 +950,026) (13/24)](.075) + 2,909,294 = 77,434,572

(2) Before 1/1/2016 COLA Transfer
(3) Limited to favorable cumulative experience position

EXHIBIT 3

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Asset Transactions for Year Ending September 30, 2014 [1]

	Membership and Benefits Accounts	COLA I Account	COLA II Account
	-$-	-$-	-$-
A. Market Value as of October 1, 2013	1,121,166,552	53,148,851	325,590,726
B. Book Value as of October 1, 2013	981,432,150	46,508,512	284,911,896
C. Income During Year			
1. City Contributions	42,057,691	0	5,477,808
2. Member Contributions	9,462,569	0	0
3. Other Contributions	0	0	0
4. Interest	16,928,376	824,233	5,023,799
5. Dividends	9,581,173	461,789	2,776,954
6. Net Realized Gains (Losses)	63,534,335	3,052,730	18,365,703
7. Securities Lending Income	684,999	32,966	198,236
8. Rental and Other Income	226,132	10,897	65,315
9. Income Transfer	0	0	0
	142,475,275	4,382,615	31,907,815
D. Disbursements during Years			
1. Benefit Payments	125,502,361	185,354	22,003,055
2. Contribution Refunds	950,026	0	0
3. Custodial and Investment Expenses	4,188,007	201,417	1,211,047
4. Administrative Expense	2,131,915	0	0
5. Other Expense	38,918	1,889	11,359
6. Securities Lending Fees	139,449	6,782	40,292
7. Building Depreciation	31,750	1,603	9,373
	132,982,426	397,045	23,275,126
E. Book Value as of September 30, 2014 (B)+(C)-(D)	990,924,999	50,494,082	293,544,585
F. Net Change in Unrealized Gains (Losses)	5,802,841	775,731	2,434,089
G. Unrealized Gains (Losses)	145,537,243	7,416,070	43,112,919
H. Market Value as of September 30, 2014 (A)+(C)-(D)+(F)	1,136,462,242	57,910,152	336,657,504
I. January 1, 2015 Allocation to COLA II (discounted)	0	N/A	0
J. Net Market Value as of September 30, 2014	1,136,462,242	57,910,152	336,657,504

[1] Based on unaudited financial statements.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Distribution of Assets as of September 30, 2014 [1]

Membership and Benefits and Cost-of-Living Adjustment Accounts

Description	Market -$-	Book -$-
Bills, Bonds, Notes	557,707,119	551,597,651
Domestic Stocks	440,474,162	314,336,011
International Stocks	240,748,408	208,671,851
Private Equity	89,928,665	81,676,149
Money Market Funds and Time Deposits	20,142,818	21,324,999
Mutual Funds	130,082,977	105,411,256
Real Estate [2]	1,914,461	1,914,461
Securities Lending Adjustment	0	0
A: Sub-Total	**1,480,998,610**	**1,284,932,378**
B: Cash	**54,502,218**	**54,502,218**
Receivables:		
City Contributions	0	0
Accounts Receivable	5,768	5,768
Member Contributions	0	0
Accrued Interest	2,777,229	2,777,229
Accrued Dividends	1,031,602	1,031,602
Securities Sold	8,518,663	8,518,663
C: Sub-Total	**12,333,262**	**12,333,262**
Payables:		
Budget Advance	0	0
Accrual Expense	131,123	131,123
Transfer	0	0
Tax Withheld	0	0
Accounts Payable	352,554	352,554
Securities Purchased	16,320,515	16,320,515
D: Sub-Total	**16,804,192**	**16,804,192**
E. Total (A+B+C-D)	**1,531,029,898**	**1,334,963,666**
Accounts:		
COLA I Account	**57,910,152**	**50,494,082**
COLA II Account	**336,657,504**	**293,544,585**
COLA II Transfer (1/1/2015)	**0**	**0**
F: Membership & Benefits Account	**1,136,462,242**	**990,924,999**

[1] Based on unaudited financial statements.
[2] Reflects accumulated depreciation of $512,709.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Investment Results

Yield on Mean Values for 12-Month Period Ending September 30, 2014[(1)]

	-$-	Market -%-	Book -%-
Membership and Benefits Accounts			
Interest	16,928,376	1.6	1.8
Dividends	9,581,173	0.9	1.0
Rental and Other Income, less Depreciation	194,382	0.0	0.0
Realized Gains	63,534,335	5.9	6.7
Securities Lending (Net)	545,550	0.1	0.1
Increase in Unrealized Gains	5,802,841	0.5	--
Custodial and Investment Expenses	(4,188,007)	(0.4)	(0.4)
	92,398,650	8.6	9.2
COLA I Account			
Interest	824,233	1.6	1.8
Dividends	461,789	0.9	1.0
Rental and Other Income, less Depreciation	9,294	0.0	0.0
Realized Gains	3,052,730	5.8	6.6
Securities Lending (Net)	26,184	0.0	0.1
Increase in Unrealized Gains	775,731	1.5	--
Custodial and Investment Expenses	(201,417)	(0.4)	(0.4)
	4,948,544	9.4	9.1
COLA II Account			
Interest	5,023,799	1.6	1.8
Dividends	2,776,954	0.9	1.0
Rental and Other Income, less Depreciation	55,942	0.0	0.0
Realized Gains	18,365,703	5.8	6.6
Securities Lending (Net)	157,944	0.0	0.1
Increase in Unrealized Gains	2,434,089	0.8	--
Custodial and Investment Expenses	(1,211,047)	(0.4)	(0.4)
	27,603,384	8.7	9.1

(1) Before 1/1/2016 COLA transfer, if any

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Accounting Information
As of October 1

		2014 -$-	2013 -$-
I.	Present Value of Vested Accrued Benefits		
	A. Service Retirements and Beneficiaries	1,338,709,196	1,344,589,383
	B. Disability Retirements	28,692,260	29,878,873
	C. Vested Terminated Members	2,307,321	2,847,867
	D. Active Members	208,780,651	172,853,328
	E. Total	1,578,489,428	1,550,169,451
II.	Present Value of Non-Vested Accrued Benefits	11,128,196	6,592,056
III.	Present Value of Accrued Benefits	1,589,617,624	1,556,761,507
IV.	The values of accumulated plan benefits were determined in accordance with the Academy of Actuaries Interpretations and ASC 960 (formerly FASB Statement No. 35, Accounting and Reporting by Defined Benefit Pension Plans.)		
V.	Statement of Changes in Accrued Benefits		
	A. Present Value of Accrued Benefits at Beginning of Year		1,556,761,507
	B. Increase (Decrease) During the Year Attributable to:		
	1. Benefits Accumulated		34,913,897
	2. Benefits Paid and Contributions Refunded		(126,452,387)
	3. Plan Amendment		0
	4. Assumption/Method Changes		12,379,458
	5. Increase Due to Decrease in Discount Period		112,015,149
	6. Net Increase		32,856,117
	C. Present Value of Accrued Benefits at End of Year		1,589,617,624

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparison of Funding Progress
($000)

		10/1/2014 -$-	10/1/2013 -$-	10/1/2012 -$-
I.	Assets			
A.	Book Value	990,925	981,516	982,006
B.	Market Value	1,136,462	1,121,167	1,075,060
II.	Liabilities [1]			
A.	Retired and Vested	1,369,709	1,377,316	1,381,464
B.	Active			
	Employee Contributions	87,602	79,175	72,203
	Other Vested	121,179	93,679	79,288
	Non-Vested Accrued	11,128	6,592	6,222
C.	Total Accrued	1,589,618	1,556,762	1,539,177
III.	Ratios	%	%	%
	IA/IIC	62.3	63.0	63.8
	IB/IIC	71.5	72.0	69.8

[1] Item II amounts are present values of accrued benefits.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Member Statistics

I. Active Members

	10/1/2014	10/1/2013	10/1/2012
Number of			
Males	1,280	1,097	1,064
Females	202	176	172
Total	1,482	1,273	1,236
Averages			
Current Age	36.0	36.8	36.6
Past Service	9.1	9.8	9.6
Credited Past Service	9.1	9.8	9.6
Annual Earnings	$63,229	$66,946	$66,510

II. Inactive Members

A. Retirees and Beneficiaries			
Number	2,098	2,119	2,101
Average Annual Benefit	$58,155	$57,633	$57,617
Average Age	63.9	63.5	62.8
B. Disabled			
Number	149	161	170
Average Annual Benefit	$22,132	$21,360	$20,958
Average Age	69.8	69.7	69.2
C. Vested Terminated			
Number	12	13	14
Average Deferred Benefit	$26,650	$30,128	$28,460
Average Age	41.7	42.7	43.2

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Age-Service Distribution

	Completed Years of Service										Earnings	
Age	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total	Total -$-	Average -$-
15-24	73	31	2	0	0	0	0	0	0	106	4,440,340	41,890
25-29	72	126	86	2	0	0	0	0	0	286	14,167,010	49,535
30-34	40	53	182	47	0	0	0	0	0	322	18,321,800	56,900
35-39	4	21	98	86	59	0	0	0	0	268	18,433,040	68,780
40-44	2	11	57	52	103	48	1	0	0	274	20,405,794	74,473
45-49	4	3	33	26	64	39	7	0	0	176	13,636,128	77,478
50-54	0	2	5	7	9	15	2	1	0	41	3,570,690	87,090
55-59	0	0	1	2	1	3	1	0	0	8	653,376	81,672
60-64	0	0	0	0	0	1	0	0	0	1	77,587	77,587
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	195	247	464	222	236	106	11	1	0	1482	93,705,765	63,229

Average Age: 36.0 Average Service: 9.1

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Reconciliation of Participant Counts

	Actives	Retirees & Beneficiaries	Disableds	Vested Terminated
10/1/2013	1,273	2,119	161	13
Changes due to:				
Retirement	-16	+18		-2
Terminated				
Non-Vested	-12			
Cash Out	-17			-1
Vested	-2			+2
Terminated	-2			+2
Disability				
Death	-2	-59	-12	
New Beneficiary		+19		
New Hires	+258			
Data Changes		+1		
10/1/2014	1,482	2,098	149	12

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Principal System Provisions

(Based on Ordinance No. 10002, as Amended)

Effective Date:	January 1, 1940, as restated effective May 23, 1985, and amended through September 30, 2014.
Fiscal Year:	October 1 - September 30.
Membership:	Police officers and fire fighters.
Covered Compensation:	An employee's base salary, including pick-up contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death-in-family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.
Contributions:	For Police Officers: 10% For Fire Fighters hired prior to October 1, 2014: Effective 10/1/2012: 10% Effective 9/30/2014: 7% For Fire Fighters hired on or after October 1, 2014, 10% City: Balance, as actuarially determined.
Creditable Service:	Service credited under Retirement System; military service (maximum of four years) during wartime for which Member makes contributions; maternity leave (maximum of 180 days for each leave) for which Member makes contributions; up to 5 years, without member contributions, if member was an employee before period of military service.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(continued)

Average Final Compensation:	For members who retire or terminate employment with ten or more years of creditable service prior to October 1, 2010, the annual earnable compensation of a member during either the last one year or the highest year of membership service, whichever is greater. Effective September 30, 2010, for members who retire on or after October 1, 2010, average final compensation shall mean the average of the highest 5 years of service, to be phased in over the next 4 years as follows: for members who retire on or after October 1, 2010 and on or before September 30, 2011, the average of the highest 2 years of membership service; for members who retire on or after October 1, 2011 and on or before September 30, 2012, the average of the highest 3 years of membership service; for members who retire on or after October 1, 2012 and on or before September 30, 2013, the average of the highest 4 years of membership service; and for members who retire on or after October 1, 2013, the average of the highest 5 years of membership service. Provided, in no event shall the average final compensation of any member who was employed as a police officer or firefighter on September 30, 2010 and retires on or after October 1, 2010, be less than the highest year of membership service prior to September 30, 2010.
Normal Service Age:	Age 50

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Service Retirement:	For Police Officers who have reached Rule of 64 by September 30, 2010, for Fire Fighters who had reached Rule of 64 by September 30, 2009, and for Fire Fighters who have reached Rule of 68 by September 30, 2010: 3% of Average Final Compensation for each of the first fifteen years of Creditable Service plus 3.5% of Average Final Compensation for each year of Creditable Service after the fifteenth year; maximum of 100% of Average Final Compensation. For all others, for service prior to October 1, 2010: 3% of Average Final Compensation for each of the first fifteen years of Creditable Service plus 3.5% of Average Final Compensation for each of Creditable Service after the fifteenth year; for service after September 30, 2010: 3% of Average Final Compensation for each year of Creditable Service; The combined percentage for service before October 1, 2010 and service after September 30, 2010 may not exceed 100% of Average Final Compensation. The final benefit may not exceed the larger of the September 30, 2010 accrued benefit and $100,000.
Early Service Retirement:	After 20 years of Creditable Service. Benefits are based on Average Final Compensation and Creditable Service at retirement date. Actuarial equivalence for early commencement.
Rule of 64 Retirement:	Service retirement on the basis of combined age and Creditable Service equaling 64 or more. Rule of 64 applies to Fire Fighters who had obtained 64 points by September 30, 2009 and Police Officers who had 64 points by September 30, 2010. Rule of 64 also applies to the accrued benefit as of September 30, 2010 of Police Officers who were active members as of September 29, 2010.
Rule of 68 Retirement:	Service retirement on the basis of combined age and Creditable Service equaling 68 or more. Rule of 68 applies to Fire Fighters who had not attained 64 points by September 30, 2009 and had attained 68 points by September 30, 2010. Rule of 68 also applies to the accrued benefit as of September 30, 2010 of Fire Fighters who were active members as of September 29, 2010.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Rule of 70 Retirement:	Service retirement on the basis of combined age and Creditable Service equaling 70 or more, after attainment of age 50 and completion of 10 years of Creditable Service. Rule of 70 applies to all new members hired on or after October 1, 2010, as well as to all benefits accrued after September 30, 2010 by Fire Fighters who had not attained 68 points on September 30, 2010 and Police Officers who had not attained 64 points on September 30, 2010.
Disability:	Ordinary Disability: After 10 or more years of Creditable Service, and not eligible for service retirement. Not incurred as accident in performance of duties. 90% of benefit rate times Average Final Compensation times Creditable Service, with a minimum benefit of 30% of Average Final Compensation; 10 years' certain and life normal form. Accidental Disability: Incurred as accident in performance of duties. 66 2/3% of Average Final Compensation, or 66 2/3% of Final Compensation, whichever is greater. 40% joint & survivor normal form, with a minimum of 10 years' certain and life.
Deferred Retirement Option Plan:	Effective January 1, 2013, members may elect the BackDROP option (maximum of 7 years), to receive: (a) monthly benefit based on earlier retirement date (b) lump sum of past payments compounded at 3%/year Election must be made within 10 years after eligibility for normal retirement. Members eligible for forward DROP as of January 1, 2013 or vested as of January 1, 2010 remain eligible for forward DROP.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Death:	Ordinary Death: (a) Between 3 and 10 years of Creditable Service, and death not accidentally incurred in performance of duties: Lump sum benefit equal to 50% of Compensation received in year preceding death. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferred period or 10 years' certain period. (c) If eligible for Service, Early Service, or Rule of 64 retirement, considered to have retired on the date of death. Surviving spouse would receive 40% of the member's monthly retirement allowance. Accidental Death: Incurred in performance of duties. (a) Pension of 50% of Average Final compensation to spouse until death or remarriage. If there is no spouse, or if spouse dies or remarries before youngest child is 18, payable until attainment of age 18. If no spouse or no children under 18, benefit is payable to dependent parents. (b) After 10 years of Creditable Service. Beneficiary does not have to survive deferral period or 10 years' certain period.
Employment Termination:	After 10 years of Creditable Service, based on Creditable Service and Average Final Compensation at termination date. If Member contributions are withdrawn, benefit is forfeited. Benefits are deferred to Normal Retirement Age.
Optional Allowances:	Normal Form: For Police Officers who have reached Rule of 64 by September 30, 2010, for Fire Fighters who had reached Rule of 64 by September 30, 2009, and for Fire Fighters who have reached Rule of 68 by September 30, 2010: Normal Form is joint and 40% contingent survivor, with a minimum of 10 years' certain and life.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Principal System Provisions
(Continued)

Optional Allowances: (Continued)	For all others, for benefits based on service prior to October 1, 2010: Normal Form is joint and 40% contingent survivor, with a minimum of 10 years' certain and life; for benefits based on service after September 30, 2010, Normal Form is 10 years' certain and life. Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of Member. Option 6 is withdrawal of member contributions with credited interest; monthly benefit is ½ of normal level.
Transfer of Compensated Leave Balances:	Accumulated leave balances may be transferred into system immediately prior to retirement to purchase additional Creditable Service, on an actuarially equivalent basis.
Transfer of 457 Balances:	457 balances of Firefighters may be transferred into System at retirement to purchase additional Service for multiplier purposes.
Changes Since Prior Valuation:	Police Officers hired prior to October 1, 2012 will continue to contribute 10%.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis

Valuation Date: October 1, 2014 for Fiscal Year beginning October 1, 2015.

Valuation Method: Aggregate Cost Method.

Asset Valuation Method: 20% Write-Up Method: Expected value is based on the Interest Discount/Investment Return rate applied to the actuarial asset value as of previous valuation date and cash flow during the year. 20% of the difference between the Expected Value and the Market Value (net of pending transfers to the COLA Fund) is added to the Expected Value.

The result cannot be greater than 120% of market value or less than 80% of market value (net of pending COLA transfers).

Actuarial Assumptions:

Interest Discount/
Investment Return: 7.42%, compounded annually.
Inflation: 3.25%, compounded annually.

Mortality: RP 2000 Mortality Table, Employees and Annuitants Combined, projected by scale AA to 2020, producing following specimen rates:

Age	Male	Female
20	.0235%	.0138%
30	.0402%	.0216%
40	.0919%	.0522%
50	.1487%	.1189%
60	.4887%	.4573%
70	1.6413%	1.5145%
80	5.2647%	3.9866%

Disabled Mortality: RP 2000 Disabled Mortality Table projected by scale AA to 2020, producing following specimen rates:

Age	Male	Female
20	1.5696%	.5287%
30	2.0418%	.6093%
40	1.9221%	.5507%
50	2.0149%	.8186%
60	3.0450%	1.9756%
70	4.6257%	3.4045%
80	8.9456%	6.2834%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis
(Continued)

Age	Disability	Turnover	
		<5	5+
25	.00130	.0240	.0192
30	.00180	.0240	.0192
35	.00285	.0240	.0192
40	.00390	.0180	.0144
45	.00800	.0120	.0096
50	.01210	.0000	.0000
55	.01620	.0000	.0000
60	.00000	.0000	.0000

Retirement: Fire Fighters who had attained 64 points by September 30, 2009 and Police Officers who had attained 64 points by September 30, 2010 are subject to the Rule of 64; Fire Fighters who had attained 68 points by September 30, 2010 are subject to the Rule of 68; all others are subject to the Rule of 70. If eligible for Retirement, the following decrements apply, based on service:

Years of Service	Police %	Fire %
<20	0	0
20	10	10
21-24	3	3
25-29	40	5
30-34	50	25
35	100	25
36		25
37		100

All Members retire in accordance with the probabilities above. All Members are assumed to elect a five-year BackDROP when they reach five years following first retirement eligibility.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis
(Continued)

Salary Merit Scale:

Service	Police	Fire
0	.0500	.0500
1	.0500	.0500
2	.0500	.0500
3	.0500	.0500
4	.0500	.0500
5	.0500	.0500
6	.0500	.0500
7	.0250	.0500
8	.0500	.0500
9	.0500	.0500
10	.0100	.0000
11	.0100	.0000
12	.0100	.0000
13	.0100	.0000
14	.0100	.0000
15	.0125	.0250
16	.0125	.0250
17	.0100	.0100
18	.0100	.0100
19	.0100	.0100
20	.0100	.0100
21	.0100	.0100
22 +	.0000	.0000

Salary Merit Scale is combined with 3.25% inflation and 1.5% for promotions and other increases. There is no additional increase at retirement.

Projected Total Payroll: Covered Payroll plus $34,080,879 in payroll for members in forward DROP during 2013/2014 year.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Female spouses are assumed to be 3 years younger than male spouses.
Marital Status:	All employees are assumed to be married. For Members currently receiving benefits, actual spouse's information is provided.
Investment Expenses:	The investment return assumption of 7.42% is net of investment expenses.
Administration Expenses:	Budget for fiscal year ending 9/30/16 ($2,029,168) as provided by plan administrator.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Compensated Absence Balance Transfers:	No liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.
Adjustments from Valuation Date:	One year's interest is added to the calculated deposit to reflect ordinance provision. For purposes of minimum City contributions as specified by State Division of Retirement (Exhibit 18), additional interest discount is included to reflect monthly contributions.
Sources of Data:	Asset data is from unaudited financial statements and includes an appraised value for the real estate to be used for Market Value. Membership data was furnished by Administrator. Member compensation used is final bi-weekly pay in the year, annualized, with estimated reductions for each active member as of October 1, 2012 based on approach summarized in Tables 2 and 3 in September 24, 2012 Actuarial Impact Statement.
Changes Since Prior Valuation:	Interest discount decreased to 7.42% from 7.50%. Administration expenses have been decreased to $2,029,168 from $2,222,561.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Information Under Florida Statutes

I. Comparison of Salary Increases

Year Ending	Actual	Assumed
	-%-	-%-
9/30/14	1.38	7.72
9/30/13	3.64	7.77
9/30/12	(0.75)	7.92
9/30/11	7.14	7.48
9/30/10	(9.33)[1]	7.51
9/30/09	6.35	7.26
9/30/08	18.20	7.17
9/30/07	18.19[1]	5.81
9/30/06	2.84	5.79
9/30/05	8.15	5.77

[1] Including impact of change in valuation pay definition.

II. Comparison of Investment Returns

Year Ending	Actual MV	Actual AAV[2]	Assumed
-%-	-%-	-%-	-%-
9/30/14	8.6	7.18	7.50
9/30/13	11.2	6.95	7.50
9/30/12	17.4	5.98	7.50
9/30/11	3.6	3.98	7.50
9/30/10	9.8	4.48	7.75
9/30/09	(0.3)	(1.31)	7.75
9/30/08	(14.3)	3.65	7.75
9/30/07	14.2	8.27	7.75
9/30/06	9.1	7.57	7.75
9/30/05 (Revised)	15.6	7.83	7.75
9/30/05 (Prior)	15.6	8.43	7.75

[2] Based on mean actuarial asset values for periods ending 9/30.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Information Under Florida Statutes
(Continued)

III. Comparison of Payroll Growth

Year Ending	Actual	Assumed
	-%-	-%-
9/30/14	10.0	N.A.
9/30/13	3.7	N.A.
9/30/12	0.1	N.A.
9/30/11	2.5	N.A.
9/30/10	(34.4)	N.A.
9/30/09	(5.5)	N.A.
9/30/08	24.8	N.A.
9/30/07	14.7	N.A.
9/30/06	(1.3)	N.A.
9/30/05	2.6	N.A.
Average (10 years)	1.7	N.A.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Information to Comply with Florida SB 534 (as interpreted)

	Valuation[1] 7.42%	- 200 bp[2] 5.42%	Funding Rate[2] 7.42%	+ 200 bp[2] 9.42%
I. Total Pension Liability				
Service Cost	17,233,272	17,233,272	17,233,272	17,233,272
Interest	155,338,970	155,338,970	155,338,970	155,338,970
Benefit changes	0	0	0	0
Difference between expected and actuarial experience	(6,638,755)	(6,638,755)	(6,638,755)	(6,638,755)
Changes in assumptions	11,080,277	499,297,941	31,635,033	(300,067,490)
Benefit payments	(138,869,919)	(138,869,919)	(138,869,919)	(138,869,919)
Contribution refunds	(990,357)	(990,357)	(990,357)	(990,357)
Net change in pension liability	**37,153,488**	**525,371,152**	**57,708,244**	**(273,994,279)**
Total pension liability – beginning of year	**2,123,883,136**	**2,123,883,136**	**2,123,883,136**	**2,123,883,136**
Total pension liability – end of year	**2,161,036,624**	**2,649,254,288**	**2,181,591,380**	**1,849,888,857**
II. Plan fiduciary net position				
Contributions – Employer	47,535,499	47,535,499	47,535,499	47,535,499
Contributions – State	0	0	0	0
Contributions – Member	9,462,569	9,462,569	9,462,569	9,462,569
Net investment income	133,426,360	133,426,360	133,426,360	133,426,360
Benefit payments	(138,869,919)	(138,869,919)	(138,869,919)	(138,869,919)
Contribution refunds	(990,357)	(990,357)	(990,357)	(990,357)
Administrative expense	(2,086,240)	(2,086,240)	(2,086,240)	(2,086,240)
Other	259,616	259,616	259,616	259,616
Net change in plan fiduciary net position	**48,737,528**	**48,737,528**	**48,737,528**	**48,737,528**
Plan fiduciary net position – beginning of year	**1,699,958,806**	**1,699,958,806**	**1,699,958,806**	**1,699,958,806**
Plan fiduciary net position – end of year	**1,748,696,334**	**1,748,696,334**	**1,748,696,334**	**1,748,696,334**
III. Net Pension Liability	**(412,340,290)**	**(900,557,954)**	**(432,895,046)**	**(101,192,523)**
IV. Funded Ratio	**80.92%**	**66.01%**	**80.16%**	**94.53%**
V. Years that Assets support expected benefit payments	**16**	**13**	**16**	**21**
VI. Estimated City Contribution				
- Annual Dollar Value	43,964,153	69,695,411	45,390,616	23,729,232
- Percentage of Payroll	46.92%	74.38%	48.44%	25.32%

(1) This information is based on the assumptions noted in Exhibit 8.

(2) This information is based on the assumptions noted in Exhibit 8 except for the interest rate as noted above and the mortality table of RP 2000 with generational projection using Scale AA.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Sustainment of Expected Benefit Payments

Mortality: Valuation
Interest: 7.42%

Year	Market Value of Assets -$-	Investment Return -$-	Benefit Payments -$-
1	1,748,696,334[(1)]	116,976,685	350,656,277[(1)]
2	1,515,016,742	106,912,712	150,990,770
3	1,470,938,684	103,609,156	151,895,483
4	1,422,652,357	100,003,778	152,513,894
5	1,370,142,241	96,092,318	152,931,325
6	1,313,303,234	91,809,385	154,728,392
7	1,250,384,227	87,078,426	156,440,114
8	1,181,022,539	81,840,121	158,955,947
9	1,103,906,713	76,003,048	162,114,330
10	1,017,795,431	69,501,850	165,181,063
11	922,116,218	62,319,294	167,463,378
12	816,972,134	54,350,063	172,061,561
13	699,260,636	45,512,187	174,907,143
14	569,865,680	35,824,350	177,287,513
15	428,402,517	25,171,828	181,567,747
16	272,006,598	13,458,837	184,543,189
17	100,922,246		188,105,149

[(1)] Benefit Payments Include the DROP balance at 9/30/2014

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Sustainment of Expected Benefit Payments

Mortality: SB534
Interest: 5.42%

Year	Market Value of Assets -$-	Investment Return -$-	Benefit Payments -$-
1	1,748,696,334[(1)]	85,403,292	350,605,850[(1)]
2	1,483,493,776	76,371,639	150,836,128
3	1,409,029,287	72,313,731	151,656,296
4	1,329,686,722	67,998,510	152,211,738
5	1,245,473,494	63,424,062	152,589,061
6	1,156,308,495	58,543,720	154,368,998
7	1,060,483,217	53,304,000	156,088,737
8	957,698,480	47,664,894	158,637,984
9	846,725,390	41,564,091	161,856,155
10	726,433,326	34,959,916	165,010,110
11	596,383,132	27,847,055	167,408,587
12	456,821,600	20,155,965	172,152,176
13	304,825,389	11,836,957	175,174,091
14	141,488,255		177,762,553

[(1)] Benefit Payments Include the DROP balance at 9/30/2014

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Sustainment of Expected Benefit Payments

Mortality: SB534
Interest: 7.42%

Year	Market Value of Assets -$-	Investment Return -$-	Benefit Payments -$-
1	1,748,696,334[(1)]	116,978,523	350,605,850[(1)]
2	1,515,069,007	106,922,225	150,836,128
3	1,471,155,104	103,633,929	151,656,296
4	1,423,132,737	100,050,432	152,211,738
5	1,370,971,431	96,166,314	152,589,061
6	1,314,548,684	91,914,892	154,368,998
7	1,252,094,578	87,218,137	156,088,737
8	1,183,223,978	82,015,054	158,637,984
9	1,106,601,048	76,212,374	161,856,155
10	1,020,957,267	69,742,688	165,010,110
11	925,689,845	62,586,453	167,408,587
12	820,867,711	54,635,813	172,152,176
13	703,351,348	45,805,992	175,174,091
14	573,983,249	36,112,565	177,762,553
15	432,333,261	25,437,281	182,287,020
16	275,483,522	13,680,423	185,542,244
17	103,621,701		189,423,934

(1) Benefit Payments Include the DROP balance at 9/30/2014

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Sustainment of Expected Benefit Payments

Mortality: SB534
Interest: 9.42%

Year	Market Value of Assets -$-	Investment Return -$-	Benefit Payments -$-
1	1,748,696,334[(1)]	148,585,248	350,605,850[(1)]
2	1,546,675,732	138,752,336	150,836,128
3	1,534,591,940	137,576,282	151,656,296
4	1,520,511,926	136,224,372	152,211,738
5	1,504,524,560	134,700,990	152,589,061
6	1,486,636,489	132,933,985	154,368,998
7	1,465,201,476	130,835,630	156,088,737
8	1,439,948,369	128,339,419	158,637,984
9	1,409,649,804	125,337,130	161,856,155
10	1,373,130,779	121,751,829	165,010,110
11	1,329,872,498	117,566,472	167,408,587
12	1,280,030,383	112,652,950	172,152,176
13	1,220,531,157	106,908,993	175,174,091
14	1,152,266,059	100,359,248	177,762,553
15	1,074,862,754	92,859,549	182,287,020
16	985,435,283	84,285,611	185,542,244
17	884,178,650	74,568,522	189,423,934
18	769,323,238	63,556,605	193,605,879
19	639,273,964	51,250,893	194,802,016
20	495,722,841	37,567,515	198,295,979
21	334,994,377	22,255,177	202,025,696
22	155,223,858		203,984,458

[(1)] Benefit Payments Include the DROP balance at 9/30/2014

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Hypothetical City Contribution Requirement for 2015/2016 Fiscal Year

	2014/2015		
	Total	Police	Fire
	-$-	-$-	-$-
I. Unfunded Actuarial Accrued Liability	N/A	N/A	N/A
3. Normal Cost			
3. Present Value of Future Benefits			
1. Active Members			
a. Retirement	406,475,370	230,859,495	175,615,875
b. Disability	51,259,582	29,306,289	21,953,293
c. Death	7,307,646	3,636,175	3,671,471
d. Turnover	25,029,798	13,174,743	11,855,055
e. Return of Contributions	2,235,295	1,330,921	904,374
f. Total	492,307,691	278,307,623	214,000,068
2. Retired Members and Beneficiaries			
3. Service Retirements + Beneficiaries	1,338,709,196	733,883,135	604,826,061
b. Disability Retirements	28,692,260	24,912,273	3,779,987
c. Terminated Vested Members	2,307,321	2,006,817	300,504
d. Total	1,369,708,777	760,802,225	608,906,552
3. Total	1,862,016,468	1,039,109,848	822,906,620
Entry Age Reserve			
1. Active	228,069,868	126,530,973	101,538,895
2. Inactive	1,369,708,777	760,802,225	608,906,552
3. Total	1,597,778,645	887,333,198	710,445,447
Actuarial Asset Value[(1)]	1,151,016,531	639,221,949	511,794,582

[(1)] Allocated based on Entry Age Reserve

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Hypothetical City Contribution Requirement for 2015/2016 Fiscal Year

	2014/2015		
	Total -$-	Police -$-	Fire -$-
II. Normal Cost (Cont'd)			
A. Total Present Value of Future Benefits	1,862,016,468	1,039,109,848	822,906,620
B. Present Value of Future Member Contributions	112,603,159	67,956,109	44,647,050
C. Actuarial Asset Value[1]	1,151,016,531	639,221,949	511,794,582
D. Unfunded Actuarial Accrued Liability	0	0	0
E. Present Value of Future Normal Costs (A-B-C-D)	598,396,778	331,931,790	266,464,988
F. Present Value of Future Payrolls	1,441,538,742	747,887,187	693,651,555
G. Administrative Expense[1]	2,029,168	1,127,000	902,168
H. Current Payroll for those under Expected Retirement Age	93,705,765	50,725,581	42,980,183
I. Interest Rate	7.42%	7.42%	7.42%
J. Current Normal Cost - Payable 10/1/2013 ([(E)x(H) / (F)] + (G)) (1+(I))	43,964,153	25,394,445	18,704,967
K. Covered Payroll	93,705,765	50,725,581	42,980,184
L. Normal Cost as Percentage of Covered Payroll (J)/ (K)	46.92%	50.06%	43.52%
III. Quarterly City Contribution Schedule			
A. Past Service Cost	0	0	0
B. Normal Cost	43,964,153	25,394,445	18,704,967
C. Payment Timing	0	0	0
D. Total	43,964,153[2]	25,394,445	18,704,967

[1] Allocated based on Entry Age Reserve
[2] Hypothetical Total: $44,099,412

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

I. COLA Increases by Duration Since Retirement

Years Retired	No.	FIPO Benefits -$-	COLA Benefits -$-	%
0 - 5	722	5,210,262	0	0.0
5 -10	343	1,946,817	112,715	5.8
10-15	218	953,897	149,055	15.6
15-20	269	987,698	284,673	28.8
20-25	208	689,545	330,741	48.0
25-30	149	332,275	273,783	82.4
30-35	126	168,700	258,871	153.5
35-40	157	122,166	317,173	259.6
40-45	48	27,739	106,339	383.4
45-50	6	2,805	18,771	669.2
50+	1	370	3,445	931.1
Total	2,247	10,442,274	1,855,566	17.8

II. COLA Increases by Attained Age (2014 Table)

Age	No.	FIPO Benefits -$-	COLA Benefits -$-	%
<45	17	76,213	736	1.0
45-50	156	916,016	1,603	0.2
50-54	398	2,596,149	30,788	1.2
55-59	411	2,614,647	94,012	3.6
60-64	321	1,719,847	187,060	10.9
65-69	269	1,074,860	277,180	25.8
70-74	215	694,018	305,741	44.1
75-79	154	351,235	264,849	75.4
80-84	152	243,229	338,940	139.4
85-89	116	126,867	264,496	208.5
>90	38	29,193	90,161	308.8
Total	2,247	10,442,274	1,855,566	17.8

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

III. COLA Increases vs. CPI

Years Retired	No.	COLA -%-	CPI -%-	COLA/CPI %
0 - 5	722	0.0	8.4	0.0
5 -10	343	5.8	21.3	27.2
10-15	218	15.6	33.7	46.4
15-20	269	28.8	50.5	57.1
20-25	208	48.0	70.6	68.0
25-30	149	82.4	105.6	78.0
30-35	126	153.5	146.3	104.9
35-40	157	259.6	262.3	99.0
40-45	48	383.4	406.1	94.4
45-50	6	669.2	640.5	104.5
50+	1	931.1	652.6	142.8
Total	2,247	17.8	30.7	57.8

IV. Consumer Price Index (CPI-U)

Year	December Index	Annual %
2006	201.800	2.5
2007	210.036	4.1
2008	210.228	0.1
2009	215.949	2.7
2010	219.179	1.5
2011	225.672	3.0
2012	229.601	1.7
2013	233.049	1.5
2014	234.812	0.8

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

I. Summary of Assets Available for Benefits at October 1, 2014

	Revised Assumptions -$-	Prior Assumptions -$-
A. COLA Accounts (Exhibit 4)		
1. COLA I Account at 9/30/2014	57,910,152	57,910,152
2. COLA II Account at 9/30/2014	336,657,504	336,657,504
B. Transfers of Excess Investment Income		
1. $0 due on 1/1/2015	0	0
2. $0 due on 1/1/2016	0	0
C. Minimum City Contributions [1]		
$6,161,789 beginning 1/1/2017 permanent, discounted	70,690,546	69,819,465
D. City Contribution		
1. Contribution of $5,696,920 due on 1/1/2015, discounted	5,595,886	5,594,844
2. Contribution of $5,924,797 due on 1/1/2016, discounted	5,417,726	5,412,687
E. Assets Available for COLA Benefits	476,271,814	475,394,652

II. COLA Fund Liabilities for Benefits at October 1, 2014 [2]

A. Present Value of Existing COLA Benefits for Inactives		
1. Frozen COLA I benefits	856,184	853,165
2. COLA II benefits	326,413,125	323,718,347
3. Total inactive COLA benefits	327,269,309	324,571,512
B. Present Value of Projected COLA Benefits for Actives		
1. Reserve for current actives	41,302,497	40,337,051
2. Reserve for future actives (15% of B(1))	6,195,375	6,050,558
3. Total	47,497,872	46,387,609
C. Total Liability Allocated (A(3) + (B3))	374,767,181	370,959,121
D. Contingency Reserve [20% of I(E)-I(B)(2)]		95,078,930
E. Contingency Reserve [19.3276% of I(E)-I(B)(2)]	92,051,789	
F. Unallocated Reserve[3]	9,452,844	9,356,601
G. Total Liability for COLA Benefits	476,271,814	475,394,652

Notes: [1] Revised: $(1/1.0742)^{2.25} \times (\ddot{a}_{\infty}) = 11.4724061$
Prior: $(1/1.0750)^{2.25} \times (\ddot{a}_{\infty}) = 11.3310379$

[2] Service for COLA excludes 457 buyback service.

[3] For $1,629 Table, II(D)+II(E) = $101,504,633 (Revised) or $104,435,531 (Prior)

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

III. Derivation of Increase in Table as of January 1, 2015

		Revised Assumptions -$-	Prior Assumptions -$-
A.	Liability based on current $1,629 table		
1.	Inactive COLA II Benefits	326,413,125	323,718,347
2.	Present Value of Projected COLA benefits for current actives	41,302,497	40,337,051
3.	Reserve for future actives [15% of (2)]	6,195,375	6,050,558
4.	Total	373,910,997	370,105,956
B.	Assets available to increase table		
1.	Total assets available for COLA Benefits	476,271,814	475,394,652
2.	Total Liability Allocated (current $1,629 table)	374,767,181	370,959,121
3.	Contingency Reserve II(D)	92,051,789	95,078,930
4.	Available Assets [(1)-(2)-(3)]	9,452,844	9,356,601
5.	$0 due on 1/1/2016, discounted	0	0
6.	Net Available Assets [(4)-(5)]	9,452,844	9,356,601
7.	Increase ratio [(B6)/ (A4)]	0.025281	0.025281
8.	Potential table increase [$1,629x (7)]	41	41
9.	Potential table amount [$1,629+ (8)]	1,670	1,670
10.	Actual new table amount	1,670	1,670

EXHIBIT 14

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

Cumulative Experience Position Net of Asset Transfers

		Revised Assumptions -$-	Prior Assumptions -$-
I.	Calculation of Expected Unfunded Actuarial Accrued Liability at 10/1/2014		
A.	Expected Unfunded Actuarial Liability at 10/1/2013	222,498,240	222,498,240
B.	Entry Age Normal Cost for 2012/2014 Year Paid or Payable by Employer	7,225,630	7,225,630
C.	Interest on (A) and (B) at 7.50%	17,229,290	17,229,290
D.	Contributions for 2013/2014Year Paid or Payable by Employer (Required)	42,057,691	42,057,691
E.	Interest on (D) at 7.50%	2,909,294	2,909,294
F.	Expected Unfunded Actuarial Liability at 9/30/2014	201,986,175	201,986,175
G.	Additional Unfunded Actuarial Liability due to		
	1. Assumption Changes	11,869,986	0
	2. Plan Amendment	0	0
H.	Final Expected Unfunded Actuarial Liability at 9/30/2014	213,856,161	201,986,175
II.	Determination of Net Cumulative Experience Position at 10/1/2014		
A.	Expected Unfunded Actuarial Liability at 9/30/2014	213,856,161	201,986,175
B.	Entry Age Reserve		
	1. Actives	228,069,868	225,611,274
	2. Inactives	1,369,708,777	1,360,297,385
	2. Total	1,597,778,645	1,585,908,659
C.	Actuarial Asset Value	1,151,016,531	1,151,016,531
D.	Actual Unfunded Actuarial Liability (B)-(C)	446,762,114	434,892,128
E.	Cumulative Experience Gain (Loss) (A)-(D)	(232,905,953)	(232,905,953)
III.	Future Transfers of Excess Investment Income at 10/1/2014		
A.	$0 due on 1/1/2015, discounted	0	0
B.	$34,111,625 due on 1/1/2016, discounted [(1)]	0	0
C.	Total Future Transfers at 10/1/2014 (A)+(B)	0	0

[(1)] No transfer permitted unless cumulative experience is positive at the valuation date preceding transfer

EXHIBIT 15

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

Summary of Principal COLA Provisions

Effective Date:	January 1, 1994, amended January 1, 1995.
Eligibility:	All inactive members in Miami Fire Fighters' and Police Officers' Retirement Trust.
Prior COLA:	Benefits granted through 1993 continue to be paid, in addition to benefits to be granted in the future.
Available Assets:	Existing COLA assets as of January 1, 1995; beginning with the 1991/92 fiscal year, a percentage of excess investment return on FIPO assets (75% of first 2.5%, 50% of next 2.5%, 25% of next 2.5%), subject to a minimum City contribution of $2.5 million, increasing 4% annually.
Allocated Assets:	Current COLA assets as of September 30, 2014, plus present value of $2.5 million minimum guarantee. The 4% future annual increases is not pre-allocated. A contingency reserve of 20% has been established for adverse experience.
COLA Benefits:	In addition to prior COLA, benefits are based on attached table, with $1,670 monthly benefit for 25 years of creditable service and 22 completed years of retirement (after age 46). The $1,670 amount is reduced by 5% for each year of retirement less than 22 and each year of creditable service less than 25 and increased similarly for years of retirement greater than 22 and years of creditable service greater than 25. Benefits are based on the FIPO option elected. Tabular amounts are adjusted, based on the FIPO adjustments at the time of FIPO benefit commencement, for options other than Option 8 (Joint & 40%). Surviving spouses receive the percentage of the table amount determined under the FIPO election. Service-incurred and accidental disabilities and deaths receive benefits based on the greater of 25 years or actual creditable service.
Changes from Prior Year Valuation:	**The radix of the COLA table was increased from $1,629 to $1,670.**

Miami Firefighters' and Police Officers' Retirement Trust
2015 Monthly Retirement Supplements ($1670 Table)

Completed Years of Retirement (after age 46)

Years of Credited Service	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
10	0	0	0	42	63	84	104	125	146	167	188	209	230	251	271	292	313	334	355	376	397	418	438	459	480
11	0	0	0	50	75	100	125	150	175	200	225	251	276	301	326	351	376	401	426	451	476	501	526	551	576
12	0	0	0	58	88	117	146	175	205	234	263	292	321	351	380	409	438	468	497	526	555	585	614	643	672
13	0	0	0	67	100	134	167	200	234	267	301	334	367	401	434	468	501	534	568	601	635	668	701	735	768
14	0	0	0	75	113	150	188	225	263	301	338	376	413	451	488	526	564	601	639	676	714	752	789	827	864
15	0	0	0	84	125	167	209	251	292	334	376	418	459	501	543	585	626	668	710	752	793	835	877	919	960
16	0	0	0	92	138	184	230	276	321	367	413	459	505	551	597	643	689	735	781	827	873	919	964	1010	1056
17	0	0	0	100	150	200	251	301	351	401	451	501	551	601	651	701	752	802	852	902	952	1002	1052	1102	1152
18	0	0	0	109	163	217	271	326	380	434	488	543	597	651	706	760	814	868	923	977	1031	1086	1140	1194	1248
19	0	0	0	117	175	234	292	351	409	468	526	585	643	701	760	818	877	935	994	1052	1111	1169	1227	1286	1344
20	0	0	0	125	188	251	313	376	438	501	564	626	689	752	814	877	939	1002	1065	1127	1190	1253	1315	1378	1440
21	0	0	0	134	200	267	334	401	468	534	601	668	735	802	868	935	1002	1069	1136	1202	1269	1336	1403	1470	1536
22	0	0	0	142	213	284	355	426	497	568	639	710	781	852	923	994	1065	1136	1207	1278	1349	1420	1490	1561	1632
23	0	0	0	150	225	301	376	451	526	601	676	752	827	902	977	1052	1127	1202	1278	1353	1428	1503	1578	1653	1728
24	0	0	0	159	238	317	397	476	555	635	714	793	873	952	1031	1111	1190	1269	1349	1428	1507	1587	1666	1745	1824
25	0	0	0	167	251	334	418	501	585	668	752	835	919	1002	1086	1169	1253	1336	1420	1503	1587	1670	1754	1837	1921
26	0	0	0	175	263	351	438	526	614	701	789	877	964	1052	1140	1227	1315	1403	1490	1578	1666	1754	1841	1929	2017
27	0	0	0	184	276	367	459	551	643	735	827	919	1010	1102	1194	1286	1378	1470	1561	1653	1745	1837	1929	2021	2113
28	0	0	0	192	288	384	480	576	672	768	864	960	1056	1152	1248	1344	1440	1536	1632	1728	1824	1921	2017	2113	2209
29	0	0	0	200	301	401	501	601	701	802	902	1002	1102	1202	1303	1403	1503	1603	1703	1804	1904	2004	2104	2204	2305
30	0	0	0	209	313	418	522	626	731	835	939	1044	1148	1253	1357	1461	1566	1670	1774	1879	1983	2088	2192	2296	2401
31	0	0	0	217	326	434	543	651	760	868	977	1086	1194	1303	1411	1520	1628	1737	1845	1954	2062	2171	2280	2388	2497
32	0	0	0	225	338	451	564	676	789	902	1015	1127	1240	1353	1465	1578	1691	1804	1916	2029	2142	2255	2367	2480	2593
33	0	0	0	234	351	468	584	701	818	935	1052	1169	1286	1403	1520	1637	1754	1870	1987	2104	2221	2338	2455	2572	2689
34	0	0	0	242	363	484	605	726	848	969	1090	1211	1332	1453	1574	1695	1816	1937	2058	2179	2300	2422	2543	2664	2785
35	0	0	0	251	376	501	626	752	877	1002	1127	1253	1378	1503	1628	1754	1879	2004	2129	2255	2380	2505	2630	2756	2881
36	0	0	0	259	388	518	647	777	906	1035	1165	1294	1424	1553	1683	1812	1941	2071	2200	2330	2459	2589	2718	2847	2977
37	0	0	0	267	401	534	668	802	935	1069	1202	1336	1470	1603	1737	1870	2004	2138	2271	2405	2538	2672	2806	2939	3073
38	0	0	0	276	413	551	689	827	964	1102	1240	1378	1516	1653	1791	1929	2067	2204	2342	2480	2618	2756	2893	3031	3169
39	0	0	0	284	426	568	710	852	994	1136	1278	1420	1561	1703	1845	1987	2129	2271	2413	2555	2697	2839	2981	3123	3265
40	0	0	0	292	438	585	731	877	1023	1169	1315	1461	1607	1754	1900	2046	2192	2338	2484	2630	2776	2923	3069	3215	3361
41	0	0	0	301	451	601	751	902	1052	1202	1353	1503	1653	1804	1954	2104	2255	2405	2555	2705	2856	3006	3156	3307	3457
42	0	0	0	309	463	618	772	927	1081	1236	1390	1545	1699	1854	2008	2163	2317	2472	2626	2781	2935	3090	3244	3398	3553
43	0	0	0	317	476	635	793	952	1111	1269	1428	1587	1745	1904	2062	2221	2380	2538	2697	2856	3014	3173	3332	3490	3649
44	0	0	0	326	488	651	814	977	1140	1303	1465	1628	1791	1954	2117	2280	2442	2605	2768	2931	3094	3257	3419	3582	3745
45	0	0	0	334	501	668	835	1002	1169	1336	1503	1670	1837	2004	2171	2338	2505	2672	2839	3006	3173	3340	3507	3674	3841
46	0	0	0	342	514	685	856	1027	1198	1369	1541	1712	1883	2054	2225	2396	2568	2739	2910	3081	3252	3424	3595	3766	3937
47	0	0	0	351	526	701	877	1052	1227	1403	1578	1754	1929	2104	2280	2455	2630	2806	2981	3156	3332	3507	3682	3858	4033
48	0	0	0	359	539	718	898	1077	1257	1436	1616	1795	1975	2154	2334	2513	2693	2872	3052	3231	3411	3591	3770	3950	4129
49	0	0	0	367	551	735	919	1102	1286	1470	1653	1837	2021	2204	2388	2572	2756	2939	3123	3307	3490	3674	3858	4041	4225
50	0	0	0	376	564	752	939	1127	1315	1503	1691	1879	2067	2255	2442	2630	2818	3006	3194	3382	3570	3758	3945	4133	4321

Miami Firefighters' and Police Officers' Retirement Trust
2015 Monthly Retirement Supplements ($1670 Table)

Completed Years of Retirement (after age 46)

Years of Credited Service	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50
10	501	522	543	564	585	605	626	647	668	689	710	731	752	772	793	814	835	856	877	898	919	939	960	981	1002
11	601	626	651	676	701	726	752	777	802	827	852	877	902	927	952	977	1002	1027	1052	1077	1102	1127	1152	1177	1202
12	701	731	760	789	818	848	877	906	935	964	994	1023	1052	1081	1111	1140	1169	1198	1227	1257	1286	1315	1344	1374	1403
13	802	835	868	902	935	969	1002	1035	1069	1102	1136	1169	1202	1236	1269	1303	1336	1369	1403	1436	1470	1503	1536	1570	1603
14	902	939	977	1015	1052	1090	1127	1165	1202	1240	1278	1315	1353	1390	1428	1465	1503	1541	1578	1616	1653	1691	1728	1766	1804
15	1002	1044	1086	1127	1169	1211	1253	1294	1336	1378	1420	1461	1503	1545	1587	1628	1670	1712	1754	1795	1837	1879	1921	1962	2004
16	1102	1148	1194	1240	1286	1332	1378	1424	1470	1516	1561	1607	1653	1699	1745	1791	1837	1883	1929	1975	2021	2067	2113	2158	2204
17	1202	1253	1303	1353	1403	1453	1503	1553	1603	1653	1703	1754	1804	1854	1904	1954	2004	2054	2104	2154	2204	2255	2305	2355	2405
18	1303	1357	1411	1465	1520	1574	1628	1683	1737	1791	1845	1900	1954	2008	2062	2117	2171	2225	2280	2334	2388	2442	2497	2551	2605
19	1403	1461	1520	1578	1637	1695	1754	1812	1870	1929	1987	2046	2104	2163	2221	2280	2338	2396	2455	2513	2572	2630	2689	2747	2806
20	1503	1566	1628	1691	1754	1816	1879	1941	2004	2067	2129	2192	2255	2317	2380	2442	2505	2568	2630	2693	2756	2818	2881	2943	3006
21	1603	1670	1737	1804	1870	1937	2004	2071	2138	2204	2271	2338	2405	2472	2538	2605	2672	2739	2806	2872	2939	3006	3073	3140	3206
22	1703	1774	1845	1916	1987	2058	2129	2200	2271	2342	2413	2484	2555	2626	2697	2768	2839	2910	2981	3052	3123	3194	3265	3336	3407
23	1804	1879	1954	2029	2104	2179	2255	2330	2405	2480	2555	2630	2705	2781	2856	2931	3006	3081	3156	3231	3307	3382	3457	3532	3607
24	1904	1983	2062	2142	2221	2300	2380	2459	2538	2618	2697	2776	2856	2935	3014	3094	3173	3252	3332	3411	3490	3570	3649	3728	3808
25	2004	2088	2171	2255	2338	2422	2505	2589	2672	2756	2839	2923	3006	3090	3173	3257	3340	3424	3507	3591	3674	3758	3841	3925	4008
26	2104	2192	2280	2367	2455	2543	2630	2718	2806	2893	2981	3069	3156	3244	3332	3419	3507	3595	3682	3770	3858	3945	4033	4121	4208
27	2204	2296	2388	2480	2572	2664	2756	2847	2939	3031	3123	3215	3307	3398	3490	3582	3674	3766	3858	3950	4041	4133	4225	4317	4409
28	2305	2401	2497	2593	2689	2785	2881	2977	3073	3169	3265	3361	3457	3553	3649	3745	3841	3937	4033	4129	4225	4321	4417	4513	4609
29	2405	2505	2605	2705	2806	2906	3006	3106	3206	3307	3407	3507	3607	3707	3808	3908	4008	4108	4208	4309	4409	4509	4609	4709	4810
30	2505	2609	2714	2818	2923	3027	3131	3236	3340	3444	3549	3653	3758	3862	3966	4071	4175	4279	4384	4488	4593	4697	4801	4906	5010
31	2605	2714	2822	2931	3039	3148	3257	3365	3474	3582	3691	3799	3908	4016	4125	4233	4342	4451	4559	4668	4776	4885	4993	5102	5210
32	2705	2818	2931	3044	3156	3269	3382	3494	3607	3720	3833	3945	4058	4171	4284	4396	4509	4622	4734	4847	4960	5073	5185	5298	5411
33	2806	2923	3039	3156	3273	3390	3507	3624	3741	3858	3975	4092	4208	4325	4442	4559	4676	4793	4910	5027	5144	5261	5377	5494	5611
34	2906	3027	3148	3269	3390	3511	3632	3753	3874	3995	4117	4238	4359	4480	4601	4722	4843	4964	5085	5206	5327	5448	5569	5691	5812
35	3006	3131	3257	3382	3507	3632	3758	3883	4008	4133	4259	4384	4509	4634	4760	4885	5010	5135	5261	5386	5511	5636	5762	5887	6012
36	3106	3236	3365	3494	3624	3753	3883	4012	4142	4271	4400	4530	4659	4789	4918	5048	5177	5306	5436	5565	5695	5824	5954	6083	6212
37	3206	3340	3474	3607	3741	3874	4008	4142	4275	4409	4542	4676	4810	4943	5077	5210	5344	5478	5611	5745	5878	6012	6146	6279	6413
38	3307	3444	3582	3720	3858	3995	4133	4271	4409	4547	4684	4822	4960	5098	5235	5373	5511	5649	5787	5924	6062	6200	6338	6475	6613
39	3407	3549	3691	3833	3975	4117	4259	4400	4542	4684	4826	4968	5110	5252	5394	5536	5678	5820	5962	6104	6246	6388	6530	6672	6814
40	3507	3653	3799	3945	4092	4238	4384	4530	4676	4822	4968	5114	5261	5407	5553	5699	5845	5991	6137	6283	6430	6576	6722	6868	7014
41	3607	3758	3908	4058	4208	4359	4509	4659	4810	4960	5110	5261	5411	5561	5711	5862	6012	6162	6313	6463	6613	6764	6914	7064	7214
42	3707	3862	4016	4171	4325	4480	4634	4789	4943	5098	5252	5407	5561	5716	5870	6025	6179	6333	6488	6642	6797	6951	7106	7260	7415
43	3808	3966	4125	4284	4442	4601	4760	4918	5077	5235	5394	5553	5711	5870	6029	6187	6346	6505	6663	6822	6981	7139	7298	7457	7615
44	3908	4071	4233	4396	4559	4722	4885	5048	5210	5373	5536	5699	5862	6025	6187	6350	6513	6676	6839	7001	7164	7327	7490	7653	7816
45	4008	4175	4342	4509	4676	4843	5010	5177	5344	5511	5678	5845	6012	6179	6346	6513	6680	6847	7014	7181	7348	7515	7682	7849	8016
46	4108	4279	4451	4622	4793	4964	5135	5306	5478	5649	5820	5991	6162	6333	6505	6676	6847	7018	7189	7361	7532	7703	7874	8045	8216
47	4208	4384	4559	4734	4910	5085	5261	5436	5611	5787	5962	6137	6313	6488	6663	6839	7014	7189	7365	7540	7715	7891	8066	8241	8417
48	4309	4488	4668	4847	5027	5206	5386	5565	5745	5924	6104	6283	6463	6642	6822	7001	7181	7361	7540	7720	7899	8079	8258	8438	8617
49	4409	4593	4776	4960	5144	5327	5511	5695	5878	6062	6246	6430	6613	6797	6981	7164	7348	7532	7715	7899	8083	8267	8450	8634	8818
50	4509	4697	4885	5073	5261	5448	5636	5824	6012	6200	6388	6576	6764	6951	7139	7327	7515	7703	7891	8079	8267	8454	8642	8830	9018

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

Summary of Actuarial Basis

Valuation Date: January 1, 2015.

Valuation Method: Accrued Benefit Cost Method, based on benefits granted to date.

Asset Valuation Method: Market Value, plus present value of future minimum City contributions.

Actuarial Assumptions:

Interest Discount/ Investment Return: 7.42%, compounded annually.

Mortality: RP 2000 Mortality Table, Employees and Annuitants Combined, projected by scale AA to 2020, producing following specimen rates:

Age	Male	Female
20	.0235%	.0138%
30	.0402%	.0216%
40	.0919%	.0522%
50	.1487%	.1189%
60	.4887%	.4573%
70	1.6413%	1.5145%
80	5.2647%	3.9866%

Disabled Mortality: RP 2000 Disabled Mortality Table projected by scale AA to 2020, producing following specimen rates:

Age	Male	Female
20	1.5696%	.5287%
30	2.0418%	.6093%
40	1.9221%	.5507%
50	2.0149%	.8186%
60	3.0450%	1.9756%
70	4.6257%	3.4045%
80	8.9456%	6.2834%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)

Summary of Actuarial Basis
(Continued)

Age	Disability	Turnover	
		<5	5+
20	.00085	.0240	.0192
25	.00130	.0240	.0192
30	.00180	.0240	.0192
35	.00285	.0240	.0192
40	.00390	.0180	.0144
45	.00800	.0120	.0096
50	.01210	.0000	.0000
55	.01620	.0000	.0000
60	.00000	.0000	.0000

Retirement: Fire Fighters who had attained 64 points by September 30, 2009 and Police Officers who had attained 64 points by September 30, 2010 are subject to the Rule of 64; Fire Fighters who had attained 68 points by September 30, 2010 are subject to the Rule of 68; all others are subject to the Rule of 70. If eligible for Retirement, the following decrements apply, based on service.

Years of Service	Police %	Fire %
<20	0	0
20	10	10
21-24	3	3
25-29	40	5
30-34	50	25
35	100	25
36		25
37		100

There is no explicit assumption on the percentage of retirements expected to enter the DROP. No distinction is necessary, since funding is calculated to expected retirement or expected DROP entry.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(COLA Fund)

Summary of Actuarial Basis
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Female spouses are assumed to be 3 years younger than male spouses.
Martial Status:	All employees are assumed to be married.
Investment Expenses:	Not provided for.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Adjustments from Valuation Date:	Liabilities are discounted for 3 months at the Investment Return assumption.
Sources of Data:	Asset data is from unaudited financial statements. Membership data was furnished by Administrator.
Changes from Prior Year Valuation:	Interest discount decreased to 7.42% from 7.50%.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)

I. Funding Status and Progress as of September 30, 2014 and 2013

Pension benefit obligation:	$(Millions)	
	2014 ($1,629 Table)	2013 ($1,427 Table)
- Retirees and beneficiaries currently receiving prior COLA benefits	0.9	1.0
- Retirees and beneficiaries receiving COLA tabular benefits (beginning January 1) and terminated employees not yet receiving tabular benefits	323.7	282.5
- Current Employees Accumulated employee contributions including interest	0.2	0.2
Employer - financed vested	0.0	0.0
Employer - financed non-vested	46.2	36.3
- Total pension benefit obligation	371.0	320.0
Net assets available for benefits	394.6	378.7
Unfunded pension benefit (obligation)/asset	23.6	58.7

The pension benefit obligations were determined as part of actuarial valuations at January 1, 2015 and January 1, 2014, based on data and asset information at September 30, 2014 and September 30, 2013. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.50% per year compounded annually, (b) post retirement COLA benefits based on the table in effect at January 1, 2014 and January 1, 2013.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)
(Based on 01/01/2014 $1,629 Table)

II. Contributions Required and Contributions Made

The funding policy provides for annual employer contributions from January 1, 1994. The amount of the contribution was $2.5 million, beginning January 1, 1994, increasing 4% per year each year thereafter, and reduced (but not below zero) by any excess investment income transfer due on the same date.

The excess investment income transfer consists of a portion of gains due to investment return exceeding the 7.50 percent assumption.

III. Analysis of funding Progress ($ Millions)

Fiscal Year	(1) Net Assets Available for Benefits[1] ($)	(2) Pension Benefit Obligation[2] ($)	(3) Percent Funded (%)	(4) Unfunded PBO (2)-(1) ($)	(5) Annual Covered Payroll ($)	(4)/(5) (%)
2005	231.6	195.0	119	(36.6)	91.5	(40)
2006	249.0	216.8	115	(32.2)	90.4	(36)
2007	300.2	242.9	124	(57.3)	103.6	(55)
2008	305.8	279.4	109	(26.4)	129.4	(20)
2009	296.3	290.0	102	(6.3)	122.2	(5)
2010	311.8	315.6	99	3.8	80.2	5
2011	310.0	303.6	102	(6.4)	82.2	(8)
2012	350.3	312.6	112	(37.7)	82.2	(46)
2013	378.7	320.0	118	(58.7)	85.2	(69)
2014	394.6	370.1	107	(24.5)	93.7	(26)

[1] Excluding future City minimum contributions.
[2] Excluding new increment and contingency reserves

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 5
(COLA Fund)

IV. Revenues and Expenses

Fiscal Year	Revenues by Source: Employee Contributions ($)	Employer Contributions ($)	Investment Income ($)	Total ($)
2005	0	3,848,635	12,516,741	16,365,377
2006	0	0	25,340,983	25,340,983
2007	0	0	47,781,293	47,781,293
2008	0	0	44,539,016	44,539,016
2009	0	0	44,696,486	44,696,486
2010	0	4,682,453	18,493,888	23,176,341
2011	0	4,869,751	25,484,227	30,353,978
2012	0	5,064,541	21,399,142	26,463,683
2013	0	5,267,123	27,293,996	32,561,119
2014	0	5,477,808	30,812,622	36,290,430

Fiscal Year	Expenses by Type: Benefits ($)	Administrative Expenses ($)	Refunds ($)	Total ($)
2005	10,614,510	672,938	1,182	11,288,630
2006	11,760,071	807,594	1,934	12,569,599
2007	13,304,749	944,477	388	14,249,614
2008	15,666,175	1,053,599	14,154	16,733,928
2009	16,925,422	867,083	0	17,795,505
2010	17,236,918	1,164,379	0	18,401,297
2011	17,363,841	1,321,324	0	18,685,165
2012	17,747,481	1,456,098	421	19,204,000
2013	19,522,271	1,604,698	0	21,126,969
2014	22,188,409	1,483,762	0	23,672,171

The City of Miami
Fire Fighters' and Police Officers'
Retirement Trust

75TH ANNUAL REPORT
SEPTEMBER 30, 2014

The City of Miami
Fire Fighters' and Police Officers'
Retirement Trust

ADMINISTRATOR
Dania L. Orta

TRUSTEES
Ornel Cotera
Jesse Diner
Nelson Enriquez
Monica Fernandez
Tom Gabriel
Sean MacDonald
Robert Moskovitz
Thomas Roell
Annette Rotolo

March 18, 2015

We hereby provide the Comprehensive Annual Financial Report for the City of Miami Fire Fighters' and Police Officers' Retirement Trust (FIPO) for fiscal year ended September 30, 2014.

Administration assumes full responsibility for the accuracy and reliability of the information including the completeness and fairness of the presentation. To provide a reasonable basis for these representations, Administration has established a comprehensive internal control framework that is designed to provide reasonable assurance of the safeguarding of assets against loss from unauthorized use or disposition and the adequate reliability of accounting records. Monitoring and evaluation of internal controls is a function that is maintained on an ongoing basis.

FIPO's financial statements have been audited by a firm of licensed certified public accountants in the State of Florida as required by State Statute. The goal of the Financial Audit was to provide reasonable assurance that the financial statements are free of material misstatement. The audit was conducted in accordance with US generally accepted auditing standards and the standards applicable to financial audits in Government Auditing Standards issued by the Comptroller of the United States. Our independent accounting firm, Goldstein Schechter Koch, concluded that there was a reasonable basis for rendering an unqualified opinion that the financial statements for the fiscal year ended September 30, 2014, were fairly stated in conformity with US generally accepted accounting principles.

Sincerely,

Dania L. Orta
Administrator

1895 SW 3rd Avenue, Miami, Florida 33129-1456
Tel: 305-858-6006 Fax: 305-858-9008 www.miamifipo.org

75th ANNUAL REPORT
SEPTEMBER 30, 2014

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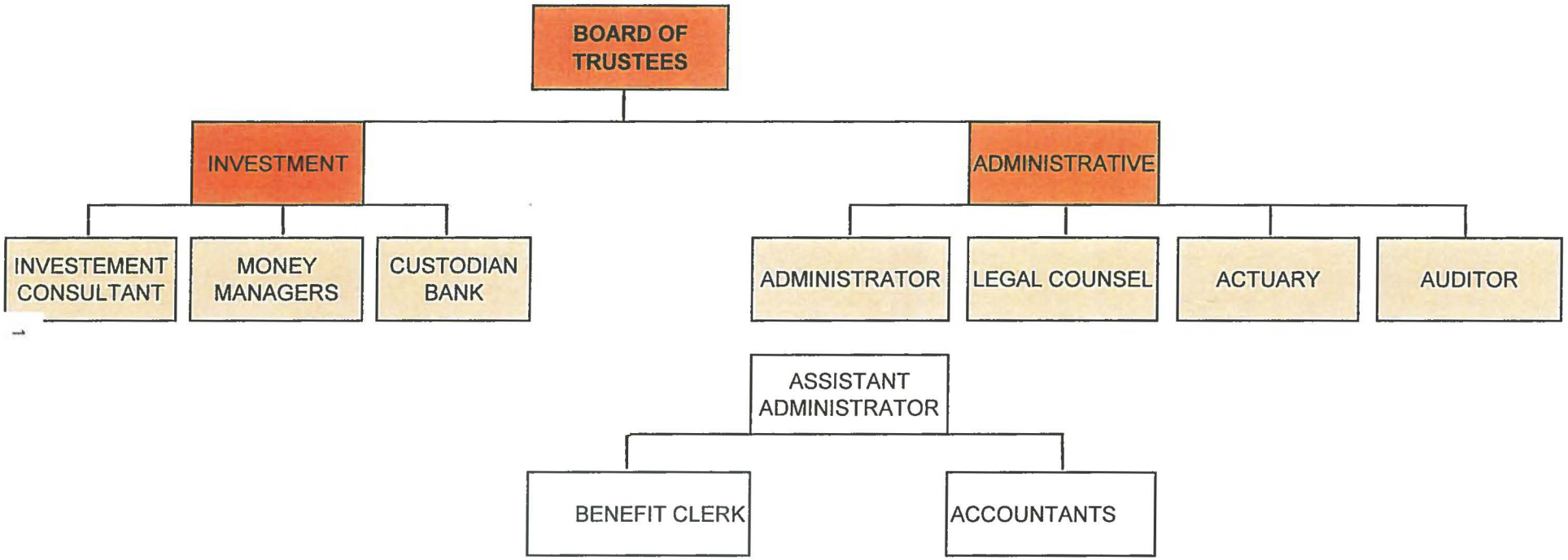
I

INTRODUCTORY

SECTION

ORGANIZATIONAL CHART

SEPTEMBER 30, 2014



BOARD OF TRUSTEES

AND

PERSONNEL OF THE RETIREMENT TRUST

AS OF SEPTEMBER 30, 2014

Thomas Gabriel - Chairman
Fire Captain
Elected by the Fire Fighters

Jesse Diner
Appointed by the City Commission

Nelson Enriquez
Fire Captain
Elected by the Fire Fighters

Ornel Cotera
Appointed by the City Commission

Sean Mac Donald
Police Lieutenant
Elected by the Police Officers

Thomas Roell
Appointed by the City Commission

Monica Fernandez
Appointed by the City Commission

Annette Rotolo
Police Sergeant
Elected by the Police Officers

Robert Moskovitz
Appointed by City Manager

Administrator
Robert H. Nagle

Assistant Administrator
Dania L. Orta

Legal Advisor
Stephen H. Cypen, Esq.

Medical Advisor
Cornell Lupu, MD

Consulting Actuary
Nyhart

Certified Public Accountants
Goldstein Schechter Koch

Investment Managers

Adams Street
Alliance Bernstein
Ambassador Investments
AXA Investments
Black Rock Invest. Managers
Barrow, Hanley, et al
Catalyst Investment
Champlain Asset Management
Coller Capital
Delaware Asset Management
Dodge & Cox Investment Management
Eagle Asset Management
J. P. Morgan Invest. Mangmt.
Lexington Partners
Munder Capital Management
First Eagle
Pantheon
RCM
Robeco Boston Partners
S L Capital
State Street Global Advisors
Urdang
Wellington Investment Manager
Wentworth Hauser Violich

Consultant
William Cottle, CFA, Milliman, Inc.

Custodian
Northern Trust Company

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

75th ANNUAL REPORT

On September 30, 2014, the City of Miami Fire Fighters' and Police Officers' Retirement Trust completed its seventy fourth year of operation.

Retirement benefits granted during the year represent annual benefits of $1,167,861.00 and are as follows:

2	Service Retirements with annual benefits of	61,796.00
14	DROP Service Retirements with annual benefits of	1,036,254.00
1	Vested Rights Retirement with annual benefits of	21,745.00
1	Ordinary Death (Early Retirement) with annual benefits of	48,067.00

In addition, one beneficiary received an Ordinary Death benefit of one half of a year's salary toaling $40,331.00.

During the year, 57 pensioners of the Retirement Trust died. Of these, 40 had selected a pension which terminated at their death and 17 had selected an option that will continue to a beneficiary representing yearly benefits of $282,781.00.

During the year ending September 30, 2014, the pension payroll totaled $125,462,030.00 which is an increase of 0.38% when compared to the previous year's total payroll, and is broken down as follows:

		ANNUAL BENEFITS
1,335	Service Retirements	83,393,215.00
401	DROP Service Retirements	33,718,397.00
57	Early Service Retirements	735,131.00
49	Vested Right Retirements	1,018,648.00
8	Ordinary Disability Retirements	99,332.00
143	Service/Accidental Disability Retirements	3,235,800.00
8	Accidental Death Retirements	203,303.00
5	Ordinary Death Early	140,966.00
243	Continuances	2,917,237.00
		125,462,030.00
	Securities' gains and losses, Miscellaneous Income	89,770,316.00

The various statements and schedules, which follow, reflect the activities of the system from the beginning as well as for the current year. An outline showing benefits and working procedures is also included.

II

FINANCIAL

SECTION

Independent Auditors' Report

Board of Trustees
City of Miami Fire Fighters' and Police Officers' Retirement Trust
Miami, Florida

We have audited the accompanying financial statements of the City of Miami Fire Fighters' and Police Officers' Retirement Trust (the "Trust"), which comprise the statements of fiduciary net position as of September 30, 2014 and 2013, and the related changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of September 30, 2014 and 2013, and the related statements of changes in its fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2014, the Trust adopted Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25. The financial statements as of and for the year ended September 30, 2013 were restated due to the implementation of GASB Statement No. 67. Our opinion is not modified with respect to this matter.

Independent Auditors' Report
(continued)

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and required supplementary information as listed in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the Trust. The accompanying supplemental schedules of investment expenses and administrative expenses as listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part or the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States or America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 15, 2015 on our consideration of the Trust's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Trust's internal control over financial reporting and compliance.

Goldstein Schechter Koch, P.A.

Hollywood, Florida
January 15, 2015
Goldstein Schechter Koch

ADMINISTRATOR
Dania L. Orta

TRUSTEES
Ornel Cotera
Jesse Diner
Nelson Enriquez
Monica Fernandez
Tom Gabriel
Sean MacDonald
Robert Moskovitz
Thomas Roell
Annette Rotolo

Management's Discussion and Analysis
(Required Supplementary Information - Unaudited)
September 30, 2014 and 2013

Our discussion and analysis of the City of Miami Fire Fighters' and Police Officers' Retirement Trust (the "Trust") financial performance provides an overview of the Trust's financial activities for the fiscal years ended September 30, 2014 and 2013. Please read it in conjunction with the Trust's financial statements which follow this discussion.

Financial Highlights

- The Trust assets exceeded its liabilities at the close of fiscal years ended 2014 and 2013 by $1,748.7 and $1,699.9 million, respectively (reported as net position held restricted for pensions). The Trust's net position is held in trust to meet future benefit payments. The increase of $48.7 million and of $106.4 million in fiduciary net position, of the respective years, has resulted primarily from the changes in the fair value of the Trust's investments due to volatile financial markets.

- For the fiscal year ended September 30, 2014 the Trust's total additions were $190.7 million which were comprised of contributions of $57.1 million and net investment income of $133.6 million.

  For the fiscal year ended September 30, 2013 the Trust's total additions were $232.3 million which were comprised of contributions of $55.7 million and net investment income of $176.7 million.

- For the fiscal year ended September 30, 2014 the Trust's deductions increased over the prior year from $125.9 million to $141.9 or 12.7%. Most of this increase is attributable to increased pension benefits paid and distributions to retirees.

  For the fiscal year ended September 30, 2013 the Trust's deductions increased over the prior year from $113.4 million to $125.9 or 11.1%. Most of this increase is attributable to increased pension benefits paid and distributions to retirees.

Plan Highlights

For the year ending September 30, 2014, the total return of the portfolio was 8.8%. Actual net investment income was $133.6 million in 2014 compared with $176.7 million in 2013.

For the year ending September 30, 2013, the total return of the portfolio was 12.5%. Actual net investment income was $176.7 million in 2013 compared with $228.1 million in 2012.

Overview of the Financial Statements

The basic financial statements include the Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position and Notes to the Financial Statements. The Trust also includes in this report additional information to supplement the financial statements.

The Trust presents required supplementary schedules, which provide historical trend information about the Trust.

The Trust prepares its financial statements on the accrual basis of accounting and in accordance with generally accepted accounting principles in the United States of America. These statements provide information about the Trust's overall financial status.

The Trust implemented the requirements of Governmental Accounting Standards Board ("GASB") Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25 as approved by the Governmental Accounting Standards Board in June 2012 in the financial statements for the fiscal year ended September 30, 2014. The financial statements, notes to the financial statements, and required supplementary information reflect changes as required by this statement.

Description of the Financial Statements

The S*tatements of Fiduciary Net Position* presents information that includes all of the Trust's assets and liabilities, with the balance representing the net position restricted for pensions. It is a snapshot of the financial position of the Trust at that specific point in time and reflects the resources available to pay members, retirees and beneficiaries at that point in time.

The *Statements of Changes in Fiduciary Net Position* reports how the Trust's net position changed during the fiscal year. The additions and deductions to net position are summarized in these statements. The additions include contributions to the retirement plan from employers (City) and members and net investment income, which include interest, dividends, investment expenses, and the net appreciation or depreciation in the fair value of investments. The deductions include benefit payments, refunds of member contributions, and administrative expenses.

The *Notes to the Financial Statements* are presented to provide the information necessary for a full understanding of the financial statements. They include additional information not readily evident in the statements themselves such as a description of the Trust, contributions, significant accounting policies, funding policy, and investment risk disclosure.

Description of the Financial Statements

There is also *Required Supplementary Information* included in this report as required by the Governmental Accounting Standards Board. These schedules consist of the Plan's actuarial methods and assumptions and provide data on changes in the City's net pension liability, the City's contributions, and the Trust's investment returns.

Additional information is presented as part of *Other Supplemental Schedules*. This section is not required but management has chosen to include it. It includes *Schedules of Investment Expenses and Administrative Expenses*. The *Schedule of Investment Expenses* presents the expenses incurred in managing and monitoring the investments of the Trust and include financial management, consultant, and custodial fees. The *Schedule of Administrative Expenses* presents the expenses incurred in the administration of the Trust.

Financial Analysis

- Trust's total assets as of September 30, 2014, were $2,001.2 million and were mostly comprised of cash and cash equivalents, investments, property and equipment, and receivables related to investments. Total assets decreased $24.1 million or 1.2%.

  Trust's total assets as of September 30, 2013, were $2,025.3 million and were mostly comprised of cash and cash equivalents, investments, property and equipment, and receivables related to investments. Total assets decreased $140.6 million or 7.5%.

- Total liabilities as of September 30, 2014 were $252.5 million and were mostly comprised of obligations under securities lending and payable for securities purchased. Total liabilities decreased $72.8 million or 22.4% from the prior year primarily due to a decrease in payable for securities purchased.

  Total liabilities as of September 30, 2013 were $325.4 million and were mostly comprised of obligations under securities lending and payable for securities purchased. Total liabilities increased $34.2 million or 11.7% from the prior year primarily due to an increase in deferred retirement option plan and payable for securities purchased.

- Trust assets exceeded its liabilities at the close of fiscal year ended September 30, 2014 by $1,748.7 million. Total fiduciary net position held in trust for pension benefits increased $48.7 million or 2.9% from the previous year.

  Trust assets exceeded its liabilities at the close of fiscal year ended September 30, 2013 by $1,699.9 million. Total fiduciary net position held in trust for pension benefits increased $106.4 million or 6.7% from the previous year.

Description of the Financial Statements – continued

Financial Analysis- continued

Table 1 - Condensed Statements of Fiduciary Net Position
September 30,
(Dollar Amounts in Thousands)

	2014	2013 (Restated)	Increase (Decrease) Amount	Total Percentage Change
Assets:				
Cash and cash equivalents	$ 61,295	$ 59,729	$ 1,566	2.6%
Receivables	12,333	44,251	(31,918)	(72.1)
Investments	1,689,979	1,632,665	57,314	3.5
Security lending collateral – invested	235,712	286,709	(50,997)	(17.8)
Property and equipment, net	1,914	1,957	(43)	(2.2)
Total assets	2,001,233	2,025,311	(24,078)	(1.2)
Liabilities:				
Payables for securities purchased	16,320	38,240	(21,920)	(57.3)
Accounts payable and other	505	403	102	25.3
Obligations under securities lending	235,712	286,709	(50,997)	(17.8)
Total liabilities	252,537	325,352	(72,813)	(22.4)
Fiduciary net position held in trust for pension benefits	$ 1,748,696	$ 1,699,959	$ 48,737	2.9%

Description of the Financial Statements – continued

Financial Analysis - continued

Table 1 - Condensed Statements of Fiduciary Net Position
September 30,
(Dollar Amounts in Thousands)

	2013 (Restated)	2012 (Restated)	Increase (Decrease) Amount	Total Percentage Change
Assets:				
Cash and cash equivalents	$ 59,729	$ 52,745	$ 6,984	13.2%
Receivables	44,251	18,195	26,056	143.2
Investments	1,632,665	1,535,004	97,661	6.4
Security lending collateral – invested	286,709	276,817	9,892	3.6
Property and equipment, net	1,957	2,000	(43)	(2.2)
Total assets	2,025,311	1,884,761	140,550	7.5
Liabilities:				
Payables for securities purchased	38,240	13,735	24,505	178.4%
Accounts payable and other	403	608	(205)	(33.7)
Obligations under securities lending	286,709	276,817	9,892	3.6
Total liabilities	325,352	291,160	34,192	11.7
Fiduciary net position held in trust for pension benefits	$ 1,699,959	$ 1,593,601	$ 106,358	6.7%

Additions to Fiduciary Net Position

The reserves needed to finance retirement benefits are accumulated through the collection of contributions from members and the City and through earnings on investments. Contributions and net investment income for fiscal years 2014 and 2013 totaled $190,727 and $232,308 million, respectively.

For the fiscal year ended September 30, 2014 total additions to plan fiduciary net position decreased by $41,581 million or 17.9% from those of the prior year, due primarily to a decrease in net appreciation in fair value of investments.

Actual results were:

- City contributions increased from the previous year by $1.4 million or 3.1% based on the actuarial valuation.
- Member contributions increased from the previous year by $.4 million or .4%. This increase is primarily due to an increase in the number of active members.
- Net investment income decreased from the previous year by $43.0 million or 24.4%.

Description of the Financial Statements – continued

Additions to Fiduciary Net Position - continued

For the fiscal year ended September 30, 2013 total additions to plan fiduciary net position decreased by $51.6 million or 18.2% from those of the prior year, due primarily to a decrease in net appreciation in fair value of investments.

Actual results were:

- City contributions decreased from the previous year by $1.2 million or 2.5% based on the actuarial valuation.
- Member contributions increased from the previous year by $1.0 million or 12.3%. This increase is primarily due to an increase in the number of active members.
- Net investment income decreased from the previous year by $51.6 million or 22.6%.

Additions in Fiduciary Net Position
Years Ended September 30,
(Dollar Amounts in Thousands)

	2014	2013 (Restated)	Increase (Decrease) Amount	Total Percentage Change
City contribution	**$ 47,655**	**$ 46,227**	**$ 1,428**	**3.1%**
Member contributions	**9,463**	**9,427**	**36**	**0.4**
Net investment income	**133,609**	**176,655**	**(43,046)**	**(24.4)**
Total additions	**$ 190,727**	**$ 232,309**	**$ (41,582)**	**(17.9)%**

Additions in Fiduciary Net Position
Years Ended September 30,
(Dollar Amounts in Thousands)

	2013 (Restated)	2012 (Restated)	Increase (Decrease) Amount	Total Percentage Change
City contribution	$ 46,227	$ 47,418	$ (1,191)	(2.5)%
Member contributions	9,427	8,391	1,036	12.3
Net investment income	176,654	228,112	(51,458)	(22.6)
Total additions	$ 232,308	$ 283,921	$ (51,613)	(18.2)%

Description of the Financial Statements – continued

Deductions From Fiduciary Net Position

The primary expenses of the Trust include the payment of pension benefits to members and beneficiaries, refund of contributions to former members, distributions to retirees, and administrative expenses. Total deductions for fiscal years ended 2014 and 2013 were $142.0 and $126.0 million, an increase of 12.7% and 11.1%, over years 2014 and 2013 expenditures, respectively.

For the fiscal years ended September 30, 2014 and 2013, the payment of pension benefits to retirees increased by $13.2 and $11.0 million or 12.7% and 11.9%, respectively, from the previous year. The increase in pension benefits paid resulted from an increase in number of retirees and an increase in cost of living adjustments.

For the fiscal years ended September 30, 2014 and 2013, administrative expenses decreased by $.01 million and decreased $0.2 million or (.7%) and (8.4%), respectively, from the previous year.

Deductions from Fiduciary Net Position
Years Ended September 30,
(In Thousands)

	2014	2013 (Restated)	Increase (Decrease) Amount	Total Percentage Change
Pension benefits paid	**$ 116,682**	**$ 103,513**	**$ 13,169**	**12.7%**
Refund of contributions	**990**	**773**	**217**	**28.1**
Distributions to retirees	**22,189**	**19,522**	**2,667**	**13.7**
Administrative expenses	**2,129**	**2,143**	**(14)**	**(0.7)**
Total deductions	**$ 141,990**	**$ 125,951**	**$ 16,039**	**12.7%**

Deductions from Plan Fiduciary Net Position
Years Ended September 30,
(In Thousands)

	2013 (Restated)	2012 (Restated)	Increase (Decrease) Amount	Total Percentage Change
Pension benefits paid	$ 103,513	$ 92,501	$ 11,012	10.6%
Refund of contributions	773	766	7	0.9
Distributions to retirees	19,522	17,748	1,774	9.1
Administrative expenses	2,143	2,339	(196)	(9.1)
Total deductions	$ 125,951	$ 113,354	$ 12,597	11.1%

Description of the Financial Statements – continued

Capital Assets

As of September 30, 2014 and 2013, the Trust's investment in capital assets totaled $1.91 and $1.96 million, respectively (net of accumulated depreciation). This investment in capital assets includes land and building for administrative use. The appraised value is $2,400,000 and $2,200,000 at September 30, 2014 and 2013, respectively.

Retirement System as a Whole

The Trust's fiduciary net position has increased from that of fiscal years ended 2013 and 2012. Management believes, and actuarial studies concur, that the Trust is in a financial position to meet its current obligations.

Contacting the Trust's Financial Management

This financial report is designed to provide the Retirement Board, our membership, taxpayers, investors, and creditors with a general overview of the Trust's finances and to demonstrate the Trust's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City of Miami Fire Fighters' and Police Officers' Retirement Trust Fund, 1895 SW 3 Avenue, Miami FL, 33129.

City of Miami Fire Fighters' and Police Officers' Retirement Trust

Statements of Fiduciary Net Position
September 30, 2014 and 2013

	2014				2013 Restated			
	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total
Assets:								
Cash and cash equivalents	$ 45,498,276	$ 2,318,433	$ 13,478,086	$ 61,294,795	$ 44,139,572	$ 2,101,011	$ 13,488,352	$ 59,728,935
Investments, at fair value:								
Debt securities, domestic	400,298,516	20,397,816	118,581,590	539,277,922	356,544,394	16,971,249	108,954,304	482,469,947
Debt securities, international	19,687,738	1,003,218	5,832,156	26,523,112	24,633,627	1,172,542	7,527,645	33,333,814
Equity investments, domestic	326,972,110	16,661,358	96,859,896	440,493,364	356,478,449	16,968,110	108,934,152	482,380,711
Equity investments, international	182,607,429	9,305,037	54,094,328	246,006,794	195,106,052	9,286,903	59,621,311	264,014,266
Private equity	66,752,800	3,401,490	19,774,375	89,928,665	39,227,092	1,867,181	11,987,176	53,081,449
Real estate	96,558,788	4,920,299	28,603,890	130,082,977	86,612,935	4,122,712	26,467,537	117,203,184
Mutual funds - Deferred Retirement Option Plan	217,666,435	-	-	217,666,435	200,181,768	-	-	200,181,768
Total investments	1,310,543,816	55,689,218	323,746,235	1,689,979,269	1,258,784,317	50,388,697	323,492,125	1,632,665,139
Security lending cash collateral - invested	174,965,668	8,915,640	51,830,587	235,711,895	211,877,764	10,085,224	64,746,480	286,709,468
Receivables:								
Proceeds from securities sold	8,518,663	-	-	8,518,663	35,252,091	-	-	35,252,091
City contributions	-	-	-	-	3,380,875	-	-	3,380,875
Accrued interest	3,814,598	-	-	3,814,598	5,617,527	-	-	5,617,527
Total receivables	12,333,261	-	-	12,333,261	44,250,493	-	-	44,250,493
Property and equipment, net	1,421,078	72,413	420,970	1,914,461	1,446,358	68,845	441,984	1,957,187
Total assets	1,544,762,099	66,995,704	389,475,878	2,001,233,681	1,560,498,504	62,643,777	402,168,941	2,025,311,222
Liabilities:								
Payable for securities purchased	16,320,515	-	-	16,320,515	38,239,651	-	-	38,239,651
Accounts payable and other liabilities	504,937	-	-	504,937	403,297	-	-	403,297
Obligations under securities lending	184,634,629	10,359,254	40,718,012	235,711,895	211,678,744	10,111,732	64,918,992	286,709,468
Total liabilities, as restated	201,460,081	10,359,254	40,718,012	252,537,347	250,321,692	10,111,732	64,918,992	325,352,416
Net position restricted for pensions, as restated in 2013	$ 1,343,302,018	$ 56,636,450	$ 348,757,866	$ 1,748,696,334	$ 1,310,176,812	$ 52,532,045	$ 337,249,949	$ 1,699,958,806

The accompanying notes are an integral part of these financial statements.

City of Miami Fire Fighters' and Police Officers' Retirement Trust

Statements of Changes in Fiduciary Net Position
For the Years Ended September 30, 2014 and 2013

	2014				2013 Restated			
	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total
Additions:								
Contributions:								
City	$ 42,176,949	$ -	$ 5,477,808	$ 47,654,757	$ 40,949,327	$ -	$ 5,277,946	$ 46,227,273
Members	9,462,569	-	-	9,462,569	9,427,186	-	-	9,427,186
Total contributions	51,639,518	-	5,477,808	57,117,326	50,376,513	-	5,277,946	55,654,459
Investment income:								
Net appreciation in fair value of investments	78,556,680	3,186,277	20,982,136	102,725,093	109,971,254	4,520,948	29,635,757	144,127,959
Interest	16,633,450	812,908	5,210,792	22,657,150	18,852,814	854,563	5,624,257	25,331,634
Dividends	9,484,569	455,035	2,880,312	12,819,916	9,153,647	415,944	2,735,417	12,305,008
Other	223,825	10,740	67,779	302,344	257,884	11,825	77,392	347,101
	104,898,524	4,464,960	29,141,019	138,504,503	138,235,599	5,803,280	38,072,823	182,111,702
Less investment expense	4,163,317	199,515	1,261,982	5,624,814	4,554,939	206,557	1,359,603	6,121,099
Net investment income from investing activities	100,735,207	4,265,445	27,879,037	132,879,689	133,680,660	5,596,723	36,713,220	175,990,603
Security lending activities:								
Security lending income	678,060	32,493	205,648	916,201	658,290	29,946	196,749	884,985
Unrealized gain	138,028	6,610	41,808	186,446	164,479	7,482	49,159	221,120
Net income from security lending activities	540,032	25,883	163,840	729,755	493,811	22,464	147,590	663,865
Total net investment income	101,275,239	4,291,328	28,042,877	133,609,444	134,174,471	5,619,187	36,860,810	176,654,468
Total additions	152,914,757	4,291,328	33,520,685	190,726,770	184,550,984	5,619,187	42,138,756	232,308,927
Deductions:								
Pension benefits paid	116,681,509	-	-	116,681,509	103,513,325	-	-	103,513,325
Refund of contributions	990,358	-	-	990,358	772,557	-	-	772,557
Distributions to retirees	-	185,354	22,003,055	22,188,409	-	225,814	19,296,457	19,522,271
Depreciation expense	31,444	1,569	9,713	42,726	31,631	1,489	9,605	42,725
Administrative expenses	2,086,240	-	-	2,086,240	2,099,689	-	-	2,099,689
Total deductions	119,789,551	186,923	22,012,768	141,989,242	106,417,202	227,303	19,306,062	125,950,567
Net increase	33,125,206	4,104,405	11,507,917	48,737,528	78,133,782	5,391,884	22,832,694	106,358,360
Net position restricted for pensions, as restated in 2013								
Beginning of year	1,310,176,812	52,532,045	337,249,949	1,699,958,806	1,232,043,030	47,140,161	314,417,255	1,593,600,446
End of year	$ 1,343,302,018	$ 56,636,450	$ 348,757,866	$ 1,748,696,334	$ 1,310,176,812	$ 52,532,045	$ 337,249,949	$ 1,699,958,806

The accompanying notes are an integral part of these financial statements.

Note 1 - Description of the Plan

Organization

The City of Miami Fire Fighters' and Police Officers' Retirement Trust (the Trust) is a single employer defined benefit pension plan established by the City of Miami, Florida (the City) pursuant to the provisions and requirements of Ordinance No. 10002 as amended. Since the Trust is sponsored by the City, the Trust is included as a pension trust fund in the City's comprehensive financial report as part of the City's financial reporting entity.

The Trust's governing board is made up of a Board of Trustees consisting of nine members:

- Four are elected by the City's commission and of that 2 are retired members
- Four are elected by the Trust's members and of that one is a retired member and three are active participants
- One is appointed by the City manager

The following brief description of the Trust is provided for general information purposes only. Participants should refer to the Trust document for more detailed and comprehensive information.

Membership

Participants are contributing police officers and firefighters with full-time status in the Police and Fire Department of the City of Miami, Florida.

Membership in the Trust consisted of the following as of October 1:

	2014	2013
Retirees and beneficiaries currently receiving benefits and terminated members entitled to benefits but not yet receiving them	2,260	2,293
Current members:		
Vested	576	556
Nonvested	906	717
	1,482	1,273

Member Contributions

Members contribute a percentage of their base salaries on a bi-weekly basis. Police Officers' member contribution is 10% (7% prior to October 1, 2012) and Firefighters' member contribution is 10% (9% prior to October 1, 2009), of compensation or equal to the City's contribution, whichever is less. Prior to the agreement dated January 9, 1994, members contributed 10.5%, of which 2% was designated as a contribution to the Cost-of-Living Adjustment I Account (COLA I account). Effective January 9, 1994, the Trust entered into an agreement with the City whereby this percentage was decreased to 10% and a new Cost-of-Living Adjustment II Account (COLA II account) was created and funded by an actuarially determined percentage of the excess investment return (from other than COLA I account assets).

Note 1 - Description of the Plan - continued

Member Contributions- continued

Should the member contribution be less than 7% for Police Officers and 10% (9% prior to October 1, 2010) for Firefighters, due to the City contribution, the difference between the percentage contributed and the actual contribution shall be deducted from the member's paycheck and placed into an individual contribution account (ICA), as part of the retirement system. Interest on ICA's shall be determined in the same manner as the COLA transfer methodology. Interest shall be credited periodically to the ICA's as determined by the retirement system board's actuary. Member contributions and earnings in ICA's shall be deemed 100% vested upon deposit. Upon the member's separation, ICA balances shall be disbursed as provided under the IRS Code. As of September 30, 2014 and 2013 it was not necessary to create an ICA.

During the years ended September 30, 2014 and 2013, approximately $52,000 and $523,000 respectively, is included as member contributions for the purchase of additional service years by members as provided for by the Trust.

Effective the first full pay period following October 1, 2012, the member contributions for police officer's hired prior to October 1, 2012 is 10% of earnable compensation. Effective September 30, 2014, the member contribution for police officers hired prior to October 1, 2012 shall be 7% of earnable compensation. The member contribution for police officers hired on or after October 1, 2012 is 3% of earnable compensation greater than the member contribution for police officer members hired prior to October 1, 2012.

Effective the first full pay period following October 1, 2012, the member contribution for firefighters shall be ten percent of earnable compensation. On September 30, 2014, the member contribution for firefighters shall be 7% of earnable compensation. The member contribution for firefighters hired on or after October 1, 2014, shall be ten percent of earnable compensation.

Funding Requirements

The City is to contribute such amounts as are necessary to maintain the actuarial soundness of the Trust and to provide the Trust with assets sufficient to meet the benefits to be paid to the participants. Contributions to the Trust are authorized, pursuant to City of Miami Code Section 40.196 (a) and (b). Contributions to the COLA accounts are authorized pursuant to Section 40.204 of the City of Miami Code. The City's contributions to the Trust provide for non-investment expenses and normal costs of the Trust. The yield (interest, dividends, and net realized gains and losses) on investments of the Trust serves to reduce/increase future contributions that would otherwise be required to provide for the defined level of benefits under the Trust.

The City of Miami entered into a collective bargaining agreement with the International Association of Firefighters for fiscal years 2012-2013 and 2013-2014. Under the terms of the agreement, the parties agreed to transfer certain premium tax revenues by the City of Miami in 2013 and 2014 pursuant to Chapter 175, Florida Statutes. The premium tax revenues are transferred from the Miami Fire Fighter's Relief and Pension Fund to the City's Trust to reduce the City's annual required contribution to the Trust for the 2012-2013 and 2013-2014 plan years. Therefore, effective October 24, 2013, the City shall contribute to the Trust an amount equal to the amount it received under the provisions of Chapter 175, Florida Statutes. to the Trust. During the fiscal years ended September 30, 2014 and 2013, the City contributed approximately $3,382.000 each year, of Chapter 175 premium tax revenues to the Trust and are included in City contributions in the accompanying statements of changes in fiduciary net position.

Note 1 - Description of the Plan - continued

Pension Benefits

Members may elect to retire after 10 or more years of creditable service upon attainment of normal retirement age. Normal retirement pursuant to Section 40-203 of the City of Miami code shall be determined as follows:

Plan A
"For members employed on September 30, 2010, who as of that date have attained age 50 with ten or more years of creditable service or eligibility for rule of 64 retirement for police officer members, or eligibility for rule of 68 retirement for firefighter members, the normal retirement age shall be 50 years of age with ten or more years of creditable service, or rule of 64 retirement for police officer members, or rule of 68 for firefighter members."

Plan B
"For members employed on September 30, 2010, who as of that date have not attained age 50 with ten or more years of creditable service, or rule of 64 retirement for police officer members, or rule of 68 retirement for firefighter members, and member hired on or after October 1, 2010 shall be rule of 70 retirement with a minimum age of 50 and ten or more years of creditable service."

Rule of 64, 68 and 70 shall mean a computation consisting of the sum of a member's age and length of creditable service, which sum shall permit normal service retirement upon the member's combined age and creditable service equaling at least 64, 68 and 70, respectively.

A member entitled to a normal retirement benefit shall receive a retirement allowance equal to 3% of the member's average final compensation (as defined in the city code section 40-191), multiplied by years of creditable service for the first 15 years of such creditable service, plus a retirement allowance equal to 3% (3½% for members who retired prior to October 1, 2010) of member's average final compensation multiplied by the years of creditable service in excess of 15 years, paid in monthly installments.

The maximum benefit for members who retire after September 30, 2010 is 100% of average final compensation or $100,000 per year, whichever is less, as of retirement or DROP entry date.

Early retirement, disability, death and other benefits are also provided.

Note 1 - Description of the Plan - continued

Investments

The Trust's investment policy is determined by the Board of Trustees and is implemented by investment managers. In addition, the Trust utilizes an investment advisor who monitors the investing activities. The investment policy of the Trust stipulates that the trustees shall, in acquiring, investing, reinvesting, exchanging, retaining, selling and maintaining property for the benefit of the Trust, exercise the judgment and care under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital. The trustees are authorized to acquire and retain various kinds of property, real, personal or mixed, and various types of investments specifically including, but not by way of limitation, bonds, debentures and other corporate obligations, and stocks, preferred or common, which persons of prudence, discretion and intelligence acquire or retain for their own account. The investment of funds shall be in a manner that is consistent with the applicable sections of the City Code as well as State and Federal laws within the allocation percentages established in the Trust's investment policy guidelines.

The investments are considered held by the Membership and Benefit Account and a share of the value of this account is allocated to each account based on a weighted average calculation performed each month to reflect each account's membership and benefit, COLA I and COLA II activity.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The Trust's financial statements are prepared using the accrual basis of accounting. Member contributions are recognized as revenues in the period in which contributions are due. City contributions are recognized as revenues when due pursuant to actuarial valuations. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investment purchases and sales are recorded on a trade-date basis. Interest and other income are recorded as earned and dividend income is recorded as of the ex-dividend date.

Cash equivalents

The Trust considers all highly liquid investments with short maturities, typically less than three months but no more than one year when purchased, to be cash equivalents.

Note 2 - Summary of Significant Accounting Policies - continued

Investments

Investments are recorded at fair value in the statement of fiduciary net position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The diversity of the investment types in which the Trust has entered into requires a range of techniques to determine fair value. The overall valuation processes and information sources by major investment classification are as follows:

- Debt securities: Debt securities consist primarily of negotiable obligations of the U.S. government and U.S. government-sponsored agencies, corporations, securitized offerings backed by residential and commercial mortgages, TIPS and foreign debt securities. These securities can typically be valued using the close or last traded price on a specific date (quoted prices in active markets). When quoted prices are not available, fair value is determined based on valuation models that use inputs that include market observable inputs. These inputs included recent trades, yields, price quotes, cash flows, maturity, credit ratings, and other assumptions based upon the specifics of the investment's type.

- Equity securities: These include domestic and international equities. Domestic securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year. Securities traded in the over-the counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price. International equities are valued based upon quoted foreign market prices and translated into U.S. dollars at the exchange rate in effect at September 30, 2014 and 2013. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on yields currently available on comparable securities of issuers with similar credit ratings.

- Alternative investments: These investments include private equity, private debt, venture capital and equity real estate investments where no readily ascertainable market value exists. To value these investments, management, in consultation with the general partner and investment advisors, determines the fair values for the individual investments based upon the partnership's or limited liability company's most recent available financial information adjusted for cash flow activities through September 30, 2014 and 2013. The estimated fair value of these investments may differ from values that would have been used had a ready market existed.

Unrealized gains and losses are presented as net appreciation in fair value of investments on the statement of changes in fiduciary net position along with gains and losses realized on sales of investments. Purchases and sales of securities are reflected on a trade-date basis. Interest income is recognized as earned and dividend income is recorded as of the ex-dividend date. Realized gains and losses on the sale of investments are based on average cost identification method.

Given the inherent nature of investments it is reasonably possible that changes in the value of those investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of fiduciary net position.

Note 2 - Summary of Significant Accounting Policies - continued

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

Property and equipment are stated at cost and depreciated using the straight-line method over the estimated lives of the assets.

Income Tax Status

The Trust is tax-exempt under the Internal Revenue Code and, therefore, has recorded no income tax liability or expense.

Risk and Uncertainties

Contributions to the Trust and the actuarial information included in the required supplementary information (RSI) are reported based on certain assumptions pertaining to the interest rates, inflation rates and member compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to the uncertainties inherent in settling assumptions, that the effect of such changes could be material to the financial statements.

Recently Adopted Accounting Pronouncements

The Trust adopted Governmental Accounting Standards Board ("GASB") Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25* (GASB Statement No. 67). GASB Statement No. 67 applies to pension plans that administer pension benefits for governments through a trust or equivalent arrangement that meets certain specified criteria. GASB Statement No. 67 establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the net pension liability of employers for benefits provided through the pension plan. The adoption changed various reporting terminology, footnote disclosures, and required supplementary information to be disclosed. The adoption of GASB 67 also required a restatement of prior years' liabilities in accordance with GASB 67. See Note 7.

Subsequent Events

Management has evaluated subsequent events through January 15, 2015, the date which the financial statements were available for issue.

Note 3 - Deposit and Investment Risk Disclosures

Cash and cash equivalents

Deposits are carried at cost and are included in cash and cash equivalents in the statement of fiduciary net position. Cash and cash equivalents include demand accounts and short-term investment funds (STIF). The cash is invested through daily sweeps of excess cash by the Trust's custodial bank into the custodial short-term (money market) commingled fund or invested in certificates of deposit, commercial paper, U.S. Treasury bills and repurchase agreements. Cash and cash equivalents at September 30 consists of the following:

	2014	2013
Deposits – managed overdraft	$ (47,908)	$ (423,874)
Invested cash and currency	27,848,707	39,158,002
Short-term investment	33,493,996	20,994,807
Total	$ 61,294,795	$ 59,728,935

Investment Authorization

The Board of Trustees holds the fiduciary responsibility for the Trust, and has adopted a policy to invest in several institutionally acceptable asset classes. Thus, the Trustees have set a reasonably diversified asset allocation in accordance to state statutes (including minimum and maximum allocations), which is expected to appropriately fund the Trust's liabilities and meet its basic investment objectives. The basis for such a target asset allocation is a study of the Trust's pension liabilities and reasonable, alternative investment portfolios.

These asset classes are domestic equity (large, mid and small capitalization), international equity (developed and emerging markets), domestic real estate (institutional quality properties either individually or in open-ended commingled funds, or in REIT securities portfolios), private equity funds, domestic fixed income, and short-term investments. Other asset classes may be added by the Trustees to its investment policy.

Investment in domestic equity securities shall be limited to those listed on a major U.S. stock exchange and limited to no more than 34% (at market) of the Trust's total asset value. Investments in stocks of foreign companies shall be limited to 23% of the value of the Trust's portfolio.

Investments in domestic fixed income securities shall be limited to 55% (at maturity) of the Trusts' total portfolio. The domestic fixed income portfolio shall be comprised of securities rated "BBB" or higher by nationally recognized rating agencies, preferably by Moodys' or Standard & Poors rating services. Investment in TIPS has also been authorized by the Trust. The goal of the TIPS allocation is to protect against inflation. Proper diversification of TIPS portfolios is required, such that reasonable risk/reward expectations are maintained. Performance attribution is required, as is the case of domestic fixed income managers.

Note 3 - Deposit and Investment Risk Disclosures - continued

Investment Authorization - continued

The Trust invests in various funds and investment vehicles which employ specific strategies and co-investments often outside the traditional asset classes. The most common investment categories for these funds include domestic and international real estate and private equity funds. The structure of these investments is generally a limited partnership or limited liability company and tend to be long term and illiquid in nature. Real estate investments and private equity funds shall be limited to 10% and 8%, respectively, of the value of the portfolio.

No single security can represent more than 5% of the market value of a portfolio at the time of purchase, and no single industry (based on Global Industry Classification System codes) can represent more than 15% of the market value of the account. These single security and single industry restrictions do not apply to U.S. Government and Agency bond holdings.

Types of Investments

Florida statutes and Trust investment policy authorize the Trustees to invest funds in various investments. The current target and actual allocation of these investments at market, per the performance analysis report, is as follows as of September 30:

	2014		2013	
Authorized Investments	**Target % of Portfolio**	**Actual % of Portfolio**	Target % of Portfolio	Actual of Portfolio
Cash and cash equivalents	**0.0%**	**4.0%**	0.0%	4.0%
Domestic equities	**28.0**	**28.7**	28.0	32.3
Core fixed income	**41.0**	**36.9**	41.0	34.6
International equities	**18.0**	**16.0**	18.0	17.7
Real estate	**8.0**	**8.5**	8.0	7.9
Private equity	**5.0**	**5.9**	5.0	3.5
				100%

Rate of Return

For the years ended September 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.60%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 3 - Deposit and Investment Risk Disclosures - continued

Investments

The table below shows the Trust's investments by type as of September 30:

	2014	2013
Debt securities, domestic:		
U.S. treasuries	$ 55,702,133	$ 81,228,149
U.S. agencies	86,996,366	112,219,609
TIPS	67,348,981	39,268,676
Corporate bonds	275,695,184	207,424,105
Asset backed securities	20,602,623	22,694,332
Mortgage backed securities	16,390,770	15,501,957
Guaranteed fixed income	16,541,865	4,133,119
	539,277,922	482,469,947
Debt securities, international:		
International government bonds	3,260,070	6,460,508
Asset backed securities	951,734	-
Corporate bonds	22,311,308	26,873,306
	26,523,112	33,333,814
Equity securities, domestic	440,493,364	482,380,711
Equity securities, international	246,006,794	264,014,266
Private equity	89,928,665	53,081,449
Real estate equity	130,082,977	117,203,184
Mutual funds - DROP	217,666,435	200,181,768
Total	$ 1,689,979,269	$ 1,632,665,139

Note 3 - Deposit and Investment Risk Disclosures - continued

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to interest rate risk, the Trust diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities.

Information about the sensitivity of the fair values of the Trust's investments to market interest rate fluctuations is provided by the following tables that show the distribution of the Trust's investments by maturity at September 30:

2014

		Investment Maturities (in years)			
Investment Type	**Fair Value**	**Less than 1**	**1 to 5**	**6 to 10**	**More than 10**
U.S. treasuries	$ 123,051,114	$ 9,227,974	$ 37,602,891	$ 68,723,543	$ 7,496,706
U.S. agencies	86,996,366	823,693	2,395,310	9,925,339	73,852,024
Domestic Fixed Income	329,230,442	1,199,195	84,186,097	196,256,606	47,588,544
International Fixed Income	26,523,112	1,147,941	12,454,257	9,567,040	3,353,874
	$ 565,801,034	$ 12,398,803	$ 136,638,555	$284,472,528	$132,291,148
% of fixed income portfolio	100.0%	2.19%	24.15%	50.28%	23.38%

2013

		Investment Maturities (in years)			
Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. treasuries	$ 120,496,825	$ 8,004,797	$ 45,129,545	$ 54,199,527	$ 13,162,956
U.S. agencies	112,219,609	15,309	5,493,519	6,222,559	100,488,222
Domestic Fixed Income	249,753,513	4,045,119	98,603,407	105,644,814	41,460,173
International Fixed Income	33,333,814	551,446	13,554,103	13,629,939	5,598,326
	$ 515,803,761	$ 12,616,671	$ 162,780,574	$ 179,696,839	$ 160,709,677
% of fixed income portfolio	100.0%	2.4%	31.6%	34.8%	31.2%

Credit Risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Trust's investment policy utilizes portfolio diversification in order to control this risk.

Note 3 - Deposit and Investment Risk Disclosures - continued

Credit Risk - continued

The following tables disclose credit ratings by investment type, at September 30, as applicable:

	2014	
	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	$ 210,047,479	37.12%
Credit risk debt securities:		
AAA	16,444,891	2.91
AA+	7,410,425	1.31
AA	7,532,062	1.33
AA-	5,718,609	1.01
A+	16,748,987	2.96
A	26,541,096	4.69
A-	39,127,317	6.92
BBB+	35,576,074	6.29
BBB	38,532,247	6.81
BBB-	18,716,536	3.31
BB+ and lower	121,367,396	21.45
Not rated	22,037,915	3.89
Total credit risk debt securities	355,753,555	62.88
Total fixed income securities	$ 565,801,034	100.00%

	2013	
	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	$ 232,716,434	45.12%
Credit risk debt securities:		
AAA	14,796,543	2.87
AA+	11,609,401	2.25
AA	6,747,238	1.31
AA-	4,453,949	0.86
A+	14,001,756	2.71
A	18,392,668	3.57
A-	36,196,978	7.02
BBB+	22,250,511	4.31
BBB	29,520,672	5.72
BBB-	19,101,666	3.70
BB+ and lower	88,636,469	17.18
Not rated	17,379,476	3.37
Total credit risk debt securities	283,087,327	54.88
Total fixed income securities	$ 515,803,761	100.00%

*Obligations of the U.S. government or obligations explicitly or implicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

Note 3 - Deposit and Investment Risk Disclosures - continued

Concentration of Credit Risk

The investment policy of the Trust contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of fiduciary net position at September 30, 2014 and 2013.

Custodial Credit Risk

Deposits are exposed to custodial risk if they are uninsured and uncollateralized. Custodial risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Trust will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Trust's deposits are covered by depository insurance or are collateralized by securities held with a financial institution in the Trust's name. The Trust is only exposed to custodial credit risk for uncollateralized cash and cash equivalents that are not covered by federal depository insurance.

Custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Trust will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the Trust, and are held either by the counterparty or the counterparty's trust department or agent but not in the Trust's name.

Consistent with the Trust's investment policy, the investments are held by Trust's custodial bank and registered in the Trust's name. All of the Trust's deposits are insured and or collateralized by a financial institution separate from the Trust's depository financial institution.

The Trust participates in securities lending transactions, as lender, and the securities loaned in those circumstances are exposed to some degree of custodial credit risk. The trust does require that its custodian maintain insurance to help protect against losses due to negligence, theft, and certain other events.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of the investment or a deposit. The Trust may have exposure to foreign currency risk to the extent its investments contain non-U.S. dollar denominated holdings in foreign countries. All asset classes may hold non-U.S. securities, depending on portfolio guidelines. There is no requirement that this exposure to foreign currency be hedged through forward currency contracts, although the manager uses them in many cases.

Note 3 - Deposit and Investment Risk Disclosures - continued

Foreign Currency Risk - continued

The Trust has exposure to foreign currency fluctuation at September 30, as follows:

2014					
Currency	Cash and cash equivalents	Equity	Fixed Income	Real Estate	Total
Australian Dollar	$ -	$ 813,639	$ -	$ -	$ 813,639
British Pound Sterling	-	4,610,494	-	-	4,610,494
Canadian Dollar	-	2,452,855	-	-	2,452,855
Euro	110,614	14,921,908	-	4,634,518	19,667,040
Hong Kong Dollar	-	2,301,238	-	-	2,301,238
Japanese Yen	-	19,194,881	-	-	19,194,881
Mexican Peso	-	412,017	-	-	412,017
Norwegian Krone	-	773,442	-	-	773,442
Singapore Dollar	-	3,117,824	279,582	-	3,397,406
South Korean Won	-	3,156,903	-	-	3,156,903
Swedish Krona	-	1,225,255	-	-	1,225,255
Swiss Franc	-	3,905,098	-	-	3,905,098
Other	-	1,777,992	-	-	1,777,992
Total	$ 110,614	$ 58,663,546	$ 279,582	$ 4,634,518	$ 63,688,260

2013					
Currency	Cash and cash equivalents	Equity	Fixed Income	Real Estate	Total
Australian Dollar	$ -	$ 964,130	$ -	$ -	$ 964,130
British Pound Sterling	35,100	4,994,864	-	-	5,029,964
Canadian Dollar	-	2,238,745	-	-	2,238,745
Euro	22,611	13,790,016	-	3,283,386	17,096,013
Hong Kong Dollar	1,357	1,594,356	-	-	1,595,713
Japanese Yen	-	15,491,496	-	-	15,491,496
Mexican Peso	-	526,707	-	-	526,707
Norwegian Krone	-	557,135	-	-	557,135
Singapore Dollar	-	3,229,234	-	-	3,229,234
South Korean Won	-	2,473,635	-	-	2,473,635
Swedish Krona	-	1,045,370	-	-	1,045,370
Swiss Franc	-	4,063,640	-	-	4,063,640
Other	-	1,909,118	-	-	1,909,118
Total	$ 59,068	$ 52,878,446	$ -	$ 3,283,386	$ 56,220,900

Note 3 - Deposit and Investment Risk Disclosures - continued

Derivatives

Derivatives are financial instruments whose value is derived from underlying asset or data. All of the Trust derivatives are considered investments. Derivatives generally take the form of contracts in which two parties agree to make payments at a later date based on the value of specific assets or indices. The Trust may invest in various derivative financial instruments such as financial futures; forward foreign currency contracts and currency options; interest rate swaps, interest-only and principal only CMOs; and mortgage CMOs to enhance the performance and reduce volatility.

In past years, the primary reasons for the use of derivative contracts have pertained to their ability to facilitate changes to the asset allocation of the total Trust and for their low cost of implementation. The acceptable investment purposes for the use of derivatives are as follows:

a. Appropriate to use futures, options and forward currency contracts to assist investment managers in mitigating portfolio risk.
b. Useful substitute for an existing, traditional investment. In certain circumstances it may be cheaper, quicker or easier to invest in a derivative instrument or security rather than transacting in the cash or traditional security market.
c. Provides investment value to the portfolio, while being consistent with the Retirement Trust's overall and specific investment policies.
d. Obtains investment exposure that is appropriate with the mangers' investment strategy and the Retirement Trust's investment guidelines, but could not be made through traditional investment securities.

Futures are contractual obligations that require the buyer (seller) to buy (sell) assets at a predetermined date at a predetermined price. These contracts are standardized and traded on an organized exchange with gains and losses settled daily thereby minimizing credit and default risk. Gains and losses are included in net appreciation in the fair value of investments total of the statement of changes in the fiduciary net position.

As of September 30, 2014 and 2013, the Trust did not have any derivatives.

Securities Lending Transactions

A retirement system is authorized by state statutes and board of trustees' policies to lend its investment securities. The lending is managed by the Trust's custodial bank. All loans can be terminated on demand by either the Trust or the borrowers, although the average term of loans is approximately 199 and 154 days, respectively, as of September 30, 2014 and 2013. The custodial bank and its affiliates are prohibited from borrowing the Trust's securities.

Note 3 - Deposit and Investment Risk Disclosures - continued

Securities Lending Transactions - continued

The agent lends the Trust's U.S. government and agency securities and domestic corporate fixed-income and equity securities for securities or cash collateral at least 102 percent of the market value of the securities plus any accrued interest and international securities at least 105 percent of the market value of the securities plus any accrued interest. The securities lending contracts do not allow the Trust to pledge or sell any collateral securities unless the borrower defaults. Cash collateral is invested in the agent's collateral investment pool, whose share values are based on the amortized cost of the pool's investments. Investments are restricted to issuers with a credit rating A3 or A- or higher by Moody's or Standard & Poor's. At September 30, 2014 and 2013, the pool had a weighted average term to maturity of 45 and 38 days, respectively.

The relationship between the maturities of the investment pool and the Trust's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Trust cannot determine. There are policy restrictions by the custodial bank that limit the amount of securities that can be lent at one time or to one borrower.

Loaned securities continue to be classified as investment assets on the statement of fiduciary net position. Off balance sheet cash collateral is recorded as an asset with a corresponding liability. For lending agreements collateralized by securities, no accompanying asset or liability is recorded, since the Trust is not permitted to sell or re-pledge the associated collateral.

The following represents the balances relating to securities lending transactions at September 30:

	2014		
Securities Lent:	**Market Value of Securities on Loan for Cash**	**Fair Value of Cash Collateral Invested**	**Fair Value of Liabilities to Borrowers**
U.S. government and agency obligations	**$ 105,086,247**	**$ 107,639,830**	**$ 107,639,830**
International equities	**2,974,847**	**3,116,345**	**3,116,345**
Domestic corporate stocks	**101,188,917**	**104,147,008**	**104,147,008**
Domestic corporate bonds	**20,245,538**	**20,808,712**	**20,808,712**
Total securities lent	**$ 229,495,549**	**$ 235,711,895**	**$ 235,711,895**

	2013		
Securities Lent:	Market Value of Securities on Loan for Cash	Fair Value of Cash Collateral Invested	Fair Value of Liabilities to Borrowers
U.S. government and agency obligations	$ 109,339,936	$ 111,792,750	$ 111,792,750
International equities	4,626,418	4,921,402	4,921,402
Domestic corporate stocks	122,942,214	126,117,471	126,117,471
Domestic corporate bonds	42,777,675	43,877,845	43,877,845
Total securities lent	$ 279,686,243	$ 286,709,468	$ 286,709,468

Note 3 - Deposit and Investment Risk Disclosures - continued

The contract with the Trust's custodian requires the custodian to indemnify the Trust if the borrower fails to return the securities, due to the insolvency of a borrower, and the custodian has failed to live up to its contractual responsibilities relating to the lending of those securities. At year end, the Trust has no credit risk exposure to borrowers because the amounts of collateral held by the Trust exceed the amounts the borrowers owe the Trust. There are no significant violations of legal or contractual provisions, no borrowers or lending agent default losses, and no recoveries of prior period losses during the year. There is no income distributions owing on securities lent.

Note 4 - COLA Accounts

Effective January 9, 1994, the Trust entered into an agreement with the City of Miami with regards to the funding methods, member benefits, member contributions and retiree COLA. As of January 9, 1994, members no longer contribute to the original COLA account (COLA I), and a new COLA account (COLA II) was established.

The agreement included the following provisions:

- The funding method was changed to an aggregate cost method.
- Combining all accounts for investment purposes (membership and benefit, COLA I and COLA II).
- Retirees receive additional COLA benefits.
- Active members no longer contribute 2% of pretax earnings to fund the original retiree COLA account (COLA I account).

The COLA II account is funded annually by a percentage of the excess investment returns from other than COLA I account assets. The excess earnings contributed to the COLA II account will be used to fund a minimum annual payment of $2.5 million, increasing by 4% compounded annually. To the extent necessary, the City will fund the portion of the minimum annual payment not funded by annual excess earnings no later than January 1 of the following year. During the years ended September 30, 2014 and 2013, approximately $5,478,000 and $5,278,000, respectively, was funded by the City. Benefits payable from the COLA accounts are computed in accordance with an actuarially based formula as defined in Section 40.204 of the City of Miami Code.

Note 5 - Deferred Retirement Option Plan (DROP)

Members who are eligible for service retirement or Rule of 64 or Rule 68 after September 1998 may elect to enter the Deferred Retirement Option Plan ("DROP"). Maximum participation in the DROP for firefighters shall be 54 full months and for police officers shall be 84 full months. A member's creditable service, accrued benefit and compensation calculation shall be frozen.

Upon commencement of participation in the DROP, the participant's contribution and the City's contribution to the Trust for that participant cease as the participant will not earn further creditable service for pension purposes.

Effective July 24, 2008, firefighter DROP participants may continue City employment for up to a maximum of 54 full months and police officers who elect DROP on May 8, 2008, or thereafter, may continue City employment for up to a maximum of 84 full months. No payment is made to or for the benefit of a DROP participant beyond that period. For persons electing participation in the DROP, an individual DROP account shall be created. Payment shall be made by the retirement trust into the member's DROP account in an amount equal to the regular monthly retirement benefit which the participant would have received had the participant separated from service and commenced receipt of pension benefits. Payments received by the participant in the DROP account are tax deferred. A series of investment vehicles which are established by the board of trustees are made available to DROP participants to choose from. Any losses, charges, or expenses incurred by the participant in their DROP account are not made up by the City or the Trust, but shall be borne by the participant.

Upon termination of employment, a member may receive distribution from the DROP account in the following manner:

- Lump sum distribution
- Periodic payments
- Annuity
- Roll over of the balance to another qualified retirement plan

Any member may defer distribution until the latest date authorized by Section 401(a)(9) of the Internal Revenue Code.

A DROP participant shall not be entitled to receive an ordinary or service disability retirement and in the event of death of a DROP participant, there shall be no accidental death benefit for pension purposes. DROP participation does not affect any other death or disability benefit provided to a member under federal law, state law, City ordinance, or any rights or benefits under any applicable collective bargaining agreement. At September 30, 2014 and 2013, there were 396 and 474 DROP participants, respectively.

The DROP of the Trust also consists of a Benefit Actuarially Calculated DROP ("BACDROP"). A member may elect to BACDROP to a date no further back than the date of their retirement eligibility date. Effective October 1, 2001, the BACDROP period must be in 12 month increments, beginning at the start of a pay period, not to exceed 48 full months for firefighters and 12 full months for police officers who elect DROP on October 1, 2003. Participation in the BACDROP does not preclude participation in the Forward DROP.

Note 5 - Deferred Retirement Option Plan (DROP) - continued

Any participant who is employed and not participating in the DROP on September 30, 2010 shall be eligible to elect the DROP for benefits accrued prior to that date.

A backdrop benefit option shall be implemented on January 1, 2013 to replace the existing DROP program. Employees who have not attained normal retirement eligibility as of January 1, 2013 or were not vested by October 1, 2010, and all employees hired on or after January 1, 2013, will be eligible for the Backdrop option, but will not be eligible for the DROP. Anyone eligible for the forward DROP as of January 1, 2013 remains eligible for the forward DROP as it presently exists and anyone eligible for the forward DROP as of January 1, 2013, who chooses not to enter the forward DROP remains eligible for the Backdrop.

- An eligible employee who elects the Backdrop option shall receive a monthly benefit payable on the employee's actual retirement date based on the benefit the employee would have received if he/she had left City employment and retired on an earlier date after attaining normal retirement eligibility. In addition, an eligible employee who elects the Backdrop option will receive a lump sum payment equal to the accumulation of monthly retirement benefit payments he/she would have received during the period following the Backdrop date through the actual retirement date plus interest at the rate of 3% per year, compounded annually.

- Employees are eligible to elect the Backdrop option after completing one year of creditable service following the normal retirement date. The maximum Backdrop period is seven years.

- Employees will be able to revoke their Backdrop election one time, but within one month of their election.

A summary of the changes in the DROP balance as of September 30 is as follows:

	2014	2013
Beginning balance	**$ 200,181,768**	$ 168,278,569
Additions	**37,390,395**	43,764,083
Distributions	**28,609,875**	22,292,014
Interest	**8,704,147**	10,431,130
Ending balance	**$ 217,666,435**	$ 200,181,768

Note 6 – Net Pension Liability of the City

The components of the net pension liability of the City at September 30, 2014 were as follows:

	2014
Total pension liability	**$ 2,149,956,347**
Plan fiduciary net position	**(1,748,696,334)**
City net pension liability	**$ 401,260,013**

Plan fiduciary net position as a percentage of total pension liability 81.34%

Note 6 – Net Pension Liability of the City - continued

Actuarial Assumptions

The total pension liability at September 30, 2014 was determined using an actuarial valuation as of October 1, 2014, with update procedures used to roll forward the total pension liability to September 30, 2014. The actuarial valuation used the following actuarial assumptions:

Inflation	3.25%
Projected salary increases	3.25%-9.75%, average, including inflation
Projected COLAs	Amount varies annually with the adjustment on January 1st
Investment rate of return	7.5% compounded annually, net of pension plan investment expense, including inflation.

Mortality rates are calculated with the RP 2000 Mortality Table projected to 2020 using Scale AA for all healthy retirees. Disabled Mortality rates are calculated based on the RP 2000 Disabled Mortality Table projected to 2020 using Scale AA.

The actuarial assumptions used in the October 1, 2014 valuations was based on the results of an actuarial experience study for the period October 1, 2008 to September 30, 2011.

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The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations.* ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension Trust investment expense and inflation) for each major asset class as well as historical investment data and Trust performance.

Best estimates of arithmetic real rates of return for each major asset class included in the Trust's target asset allocation as of the valuation date of October 1, 2014 (see the discussion of the Trust's investment policy) are summarized in the following table:

Note 6 – Net Pension Liability of the City - continued

Asset Class	Long-Term Expected Real Rate of Return* 2014
Domestic Fixed Income	1%
Foreign Fixed Income	0%
Domestic Equities	5.8%
International Equities	6.5%
Real Estate	4.7%
Private Equity	9.0%
Cash	0%

• Real rates of return are net of the long-term inflation assumption of 7.50% for 2014.

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that Trust member contributions will be made at the current contribution rates and that contributions from the City will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Trust's fiduciary net position was projected to be available to make all projected future benefic payments of current Trust members. Therefore, the long term expected rate of return on pension Trust investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability To Changes In The Discount Rate

The following presents the net pension liability of the City using the discount rate of 7.5%, as well as what the employer net pension liability would if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 Percent) than the current rate:

	City Net Pension Liability		
	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
September 30, 2014	$ 603,189,825	$ 401,260,013	$ 230,207,720

Note 7 – Restatement of Financial Statements

In accordance with U.S. GAAP and paragraph 49 of GASB 67, certain changes in accounting principle were retrospectively applied, and therefore, comparative financial statements include a restatement of all prior periods presented for the following changes made to comply with the requirements of GASB 67.

Note 7 – Restatement of Financial Statements - continued

The Trust administers a DROP (see Note 5). During the DROP participation period, each member's monthly retirement benefit accrues and the balance accumulates within the DROP account. Upon termination of employment at the end of the DROP period, each retired member's funds are immediately due and payable. Monthly accruals of benefits were previously expensed and accordingly recorded as a deduction on the Statement of Changes in Plan Net Position. Similarly, the total amount of deferred retirement benefits that had accumulated but not yet been distributed at fiscal year-end were previously classified as a liability on the Statement of Plan Net position. According to paragraph 98 of GASB 67, "DROP balances, similar to other benefit payments, should be recognized as a pension plan liability only when ultimately due to the plan member". Further clarification is provided by question 37 in the GASB 67 implementation guide which states that "benefits generally would be considered due and payable only when they are required to be distributed to the plan member from the DROP account."

As a result of the preceding, financial statements have been restated to report a liability only for benefits due but not yet distributed to members who had ended their participation in the DROP program at September 30. Likewise, deductions have been restated to include only DROP amounts actually distributed to participants as well as amounts due but not yet distributed. Additions have also been restated to add back those that relate to the DROP for investment income earned by the DROP account. The cumulative effect of the restatement is as follows:

Statement of Fiduciary Net Position

Total liabilities, previously reported	$ 525,534,184
Impact of restatement	(200,181,768)
Total liabilities, as restated	$ 325,352,416
Net position restricted for pensions, previously reported	$ 1,499,777,038
Impact of restatement	200,181,768
Total net position restricted for pensions, as restated	$ 1,699,958,806

Statement of Changes in Fiduciary Net Position

Total additions, previously reported	$ 221,877,797
Impact of restatement	10,431,130
Total additions, as restated	$ 232,308,927
Total deductions, previously reported	$ 147,422,636
Impact of restatement	(21,472,069)
Total deductions, as restated	$ 125,950,567

Note 8 - Property and Equipment

Property and equipment consist of the following at September 30:

	Estimated Useful Life	2014	2013
Land	N/A	$ 760,865	$ 760,865
Building	39 years	1,666,305	1,666,305
Total cost		2,427,170	2,427,170
Less: accumulated depreciation		512,709	469,983
Net		$ 1,914,461	$ 1,957,187

Depreciation expense for the years ended September 30, 2014 and 2013 was $42,726 and $42,725, respectively.

Note 9 - Administrative Expenses Reimbursement

For the fiscal years ended September 30, 2014 and 2013 administrative costs (in the amounts of $2,087,114 and $2,044,488, respectively) of the Trust are funded by the City of Miami and are accounted for as a part of the actuarially determined minimum required contributions from the City and are reflected in contributions from the City in the attached statement of changes in fiduciary net position.

Note 10 - Off-Balance-Sheet Financing

The Trust, in the normal course of business, enters into commitments with off-balance-sheet risk. The Trust adheres to the same credit policies, financial and administrative controls, and risk limiting and monitoring procedures for commitments as for on-balance-sheet investments.

The future financial commitments outstanding for private equity investments at September 30, 2014 and 2013 were, respectively, approximately $57,329,000 and $57,297,000.

Note 11 - Retirement Plan for Staff

The employees of the Trust participate in a separate plan sponsored by the City of Miami Fire Fighters' and Police Officers' Retirement Trust, which is a single employer defined benefit pension plan for the staff of the Trust. The quarterly contribution to the plan is based on a specified percentage of the eligible employees' compensation. The employees' contribution is 7% of compensation for all employees. The Trust is to contribute such amounts as necessary to provide the Plan with assets sufficient to meet the benefits to be paid to the participants. Retirement contributions for the fiscal years ended September 30, 2014 and 2013 were $36,324 and $115,793, respectively.

The Trust's contributions to the Plan for the calendar years ending December 31, 2014, 2013 and 2012 were actuarially determined by the January 1, 2014, 2013, and 2012 valuations to be $50,637, $54,486, and $143,996, respectively.

Note 12 – Legal Matters

The Trust may be party to legal proceedings, investigations, and claims in the ordinary course of operations. The Trust records accruals for outstanding legal matters when it believes it is probable that a loss will be incurred and the amount can be reasonably estimated. The Trust evaluates, along with legal counsel, developments in legal matters that could affect the amount of any accrual and developments that would make a loss contingency both probable and reasonably estimable. If a loss contingency is not both probable and estimable, the Trust does not establish an accrued liability. In the opinion of management, the ultimate outcome of the claim and litigation, if any, will not have a material effect on the Trust's financial position.

City of Miami Fire Fighters' and Police Officers' Retirement Trust

Required Supplementary Information

Schedule of Changes in the City's Net Pension Liability (Unaudited)

Last Fiscal Year

Total pension liability		
Service cost	$	17,233,272
Interest		155,338,970
Changes of benefit terms		-
Differences between expected and actual experience		(6,638,755)
Changes of assumptions		-
Benefit payments. including refunds of member contributions		(139,860,276)
Net change in total pension liability		26,073,211
Total pension liability- beginning		2,123,883,136
Total pension liability- ending		2,149,956,347
Plan fiduciary net position		
Contributions - employer		47,654,757
Contributions - member		9,462,569
Net investment income		133,609,444
Benefit payments, including refunds of member contributions		(139,860,276)
Administrative expenses		(2,086,240)
Depreciation expense		(42,726)
Net change in plan fiduciary net position		48,737,528
Plan fiduciary net position – beginning		1,699,958,806
Plan fiduciary net position - ending	$	1,748,696,334
City's net pension liability	$	401,260,013

* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report and notes to required supplementary information.

City of Miami Fire Fighters' and Police Officers' Retirement Trust

Required Supplementary Information

Schedule of Changes in the City's Net Pension Liability (Unaudited) - continued

Last Fiscal Year

Total pension liability	$	2,149,956,347
Plan fiduciary net position		(1,748,696,334)
City's net pension liability	$	401,260,013
Plan fiduciary net position as a percentage of the total pension liability		81.34%
Covered – employee payroll	$	85,222,842
City's net pension liability as a percentage of covered – employee payroll		470.84%
Total employee payroll including DROP	$	127,786,644

* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report and notes to required supplementary information.

City of Miami Fire Fighters' and Police Officers' Retirement Trust

Required Supplementary Information
Schedule of Contributions by Employer (Unaudited)
Last 10 Fiscal Years

	2014	2013	2012	2011	2010
Actuarially determined contribution	$ 47,305,679	$ 45,412,248	$ 47,418,316	$ 47,156,797	$ 59,025,379
Contributions in relation to the actuarially determined contribution	47,305,679	45,412,248	47,418,316	44,928,642	59,025,379
Contribution deficiency (excess)	$ -	$ -	$ -	$ 2,228,155	$ -
Covered-employee payroll	$ 93,705,765	$ 85,222,842	$ 82,205,838	$ 82,164,617	$ 80,152,355
Contributions as a percentage of covered-employee payroll	50.48%	53.29%	57.68%	54.68%	73.65%

	2009	2008	2007	2006	2005
Actuarially determined contribution	$ 36,993,395	$ 36,040,251	$ 40,542,078	$ 50,635,213	$ 49,393,765
Contributions in relation to the actuarially determined contribution	36,993,395	36,040,251	40,542,078	50,635,213	49,393,765
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 122,212,346	$ 129,369,531	$ 103,630,392	$ 90,363,952	$ 91,514,713
Contributions as a percentage of covered-employee payroll	30.27%	27.86%	39.12%	56.03%	53.97%

See accompanying independent auditors' report and notes to required supplementary information.

City of Miami Fire Fighters' and Police Officers' Retirement Trust

Required Supplementary Information
Schedule of Investment Returns (Unaudited)
For the Year Ended September 30, 2014

	2014
Annual money-weighted rate of return, net of investment expense	8.60%

* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report and notes to required supplementary information.

City of Miami Fire Fighters' and Police Officers' Retirement Trust

Required Supplementary Information
Notes to Required Supplementary Information (Unaudited)
Last Ten Fiscal Years

Method and assumptions used in calculations of the City's actuarially determined contributions. The actuarially determined contribution rates in the schedule of the City's contributions are calculated as of October 1, one year prior to the end of the fiscal year in which contributions are reported. Unless otherwise noted above, the following actuarial methods and assumptions were used to determine contribution rates reported in the Schedule of the City's contributions.

Actuarial cost method	Aggregate Cost Method
Asset valuation method	20% Write-Up Method: Expected actuarial value of assets, adjusted by 20% of the difference between expected actuarial value and actual market value (net of pending transfers to the COLA Fund).
Interest Rates	7.50% net of investment expenses
Inflation	3.25%
Projected salary increases	1.5-5% for promotions and other increase plus salary merit
Expense and or Contingency Loading	$ 2,222,561
Mortality Rates:	
Healthy	RP 2000 Mortality Table Projected to 2020 using Scale AA
Disabled	RP 2000 Disabled Mortality Table Projected to 2020 using Scale AA
	100% of the assumed deaths are expected to be ordinary deaths

See accompanying independent auditors' report.

Retirement Rates: If eligible for retirement, the following decrements apply, based on service.

Years of Service	Police %	Fire %
<20	0	0
20	10	10
21-24	3	3
25-29	40	5
30-34	50	25
35	100	25
36		25
37		100

All Members are assumed to elect a 5-year BackDROP when they reach five years following first retirement eligibility.

Disability Rates: 100% of the disabilities are expected to be accidental with the following probabilities. No recovery is assumed

Age	Rates
35	0.285%
40	0.390%
45	0.800%
50	1.210%

Withdrawal Rates:

Age	<5	5+
30	2.40%	1.92%
35	2.40%	1.92%
40	1.80%	1.44%
45	1.20%	0.96%
50	0.00%	0.00%

Marital Status and Ages:

100% of Members are assumed to be married.
Female spouses assumed to be 3 years younger than male spouses.

Compensated Absence Balance Transfers:

No liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.

Withdrawal of Employee Contributions:

It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.

See accompanying independent auditors' report.

City of Miami Fire Fighters' and Police Officers' Retirement Trust

Other Supplemental Schedules of Investment Expenses

For the Years Ended September 30, 2014 and 2013

	2014	2013
Financial management expenses		
Equities		
Barrow Hanley	$ 380,004	$ 388,493
BGI/Black Rock	125,998	69,370
Boston Partners	396,089	319,476
Champlain Investments	533,242	537,823
Delaware Investment	541,191	488,579
RCM Capital	-	42,318
Eagle Asset Management	262,570	235,633
First Eagle	817,596	714,069
Urdang & Associates	315,056	464,104
Wentworth Hauser & Violich	-	764,991
Total	3,371,746	4,024,856
Fixed Income		
Ambassador Capital	169,920	162,258
AXA High Yield	433,039	427,691
Barrow Hanley	265,910	267,750
Dodge & Cox	222,440	218,795
Munder Capital	131,620	129,053
Wellington TIPS	109,752	86,241
Total	1,332,681	1,291,788
Real Estate		
Certified Appraisal Services of South Florida, Inc.	1,000	1,000
J.P. Morgan	919,302	792,693
Total	920,302	793,693
Other	85	10,762
Total	85	10,762
Total investment expenses	$ 5,624,814	$ 6,121,099

City of Miami Fire Fighters' and Police Officers' Retirement Trust

Other Supplemental Schedules of Administrative Expenses

For the Years Ended September 30, 2014 and 2013

	2014	2013
Personnel services		
Salaries and payroll taxes	$ 520,606	$ 520,139
Fringe benefits	208,782	95,425
Total personnel services	729,388	615,564
Professional services		
Actuarial	80,111	281,417
Audit	38,000	38,000
Consultant and custodial	512,472	484,835
Legal	219,334	80,325
Total professional services	849,917	884,577
Other		
Education and travel	34,498	36,352
Insurance	81,293	76,837
Office expense	220,130	202,334
Repair and maintenance	87,558	131,373
Retirement contribution	54,486	115,793
Utilities	28,970	36,859
Total other	506,935	599,548
Total administrative expenses	$ 2,086,240	$ 2,099,689

Goldstein Schechter Koch
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
City of Miami Fire Fighters' and Police Officers' Retirement Trust
Miami, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* Issued by the Comptroller General of the United States, the financial statements of the City of Miami Fire Fighters' and Police Officers' Retirement Trust (the "Trust"), which comprise the statement of fiduciary net position as of September 30, 2014, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 15, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness the Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* (continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust's internal control or on compliance. This report is an integral of an audit performed in accordance with *Government Auditing Standards* in considering the Trust's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Goldstein Schechter Koch, P.A.

Hollywood, Florida
January 15, 2015

III

INVESTMENT

SECTION

INVESTMENT ANALYSIS
YEAR ENDED SEPTEMBER 30, 2014

	GENERAL FUND		COLA I		COLA II	
BALANCE AS OF 10/01/2013		1,242,886,976		52,532,042		337,249,947
Additions: Purchases						
Short Term Investment	100,010					
Other Money Market	3,520,702					
Other Liabilities	4,895,182					
Mutual Funds	143,441,006					
Private Equity	45,297,363					
Private Equity International	4,600,517					
Commercial Paper	14,757,668					
Commodity Ex Traded Fund International	2,041,278					
US Treasury Bills	19,817,534					
US Treasury Bonds	73,202,487					
US Treasury Bonds International	1,856,317					
US Treasury Notes	75,701,754					
Corporate Bonds	230,185,535					
Corporate Bonds International	11,583,986					
Domestic Equity	178,831,057					
International Equity	35,322,035					
DROP Assets	17,484,666					
Share of Assets Transferred	0		4,289,758		33,510,974	
		862,639,097		4,289,758		33,510,974
Deductions: Redemptions & Sale						
Short Term Investment	100,000					
Other Money Market	3,501,501					
Other Liabilities	4,916,442					
Mutual Funds	130,561,212					
Private Equity	11,566,367					
Private Equity International	1,484,296					
Commercial Paper	15,376,969					
Commodity Ex Traded Fund International	1,322,801					
US Treasury Bills	13,028,792					
US Treasury Bonds	90,524,614					
US Treasury Bonds International	5,056,755					
US Treasury Notes	64,458,251					
Corporate Bonds	166,679,635					
Corporate Bonds International	15,194,250					
Domestic Equity	220,737,607					
International Equity	54,047,985					
Share of Securities Tranferred To COLA I	4,104,404			185,354		
Share of Securities Tranferred To COLA II	11,507,919					22,003,055
		814,169,800				
BALANCE AS OF 09/30/2014		1,291,356,273		56,636,445		348,757,865

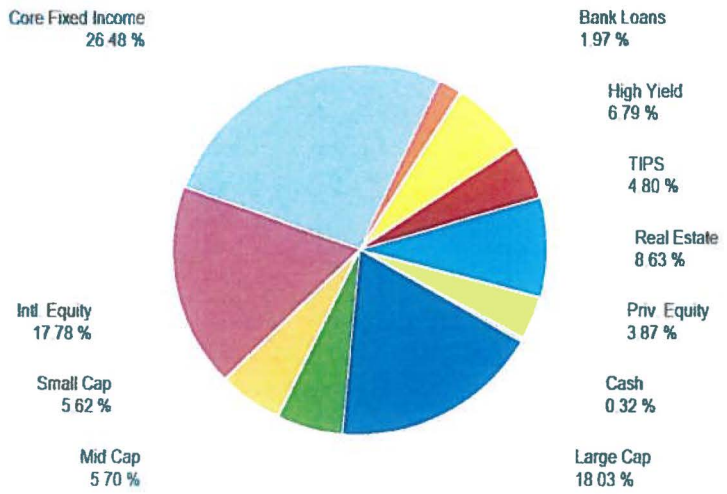
Asset Allocation by Manager

As Of September 30, 2014

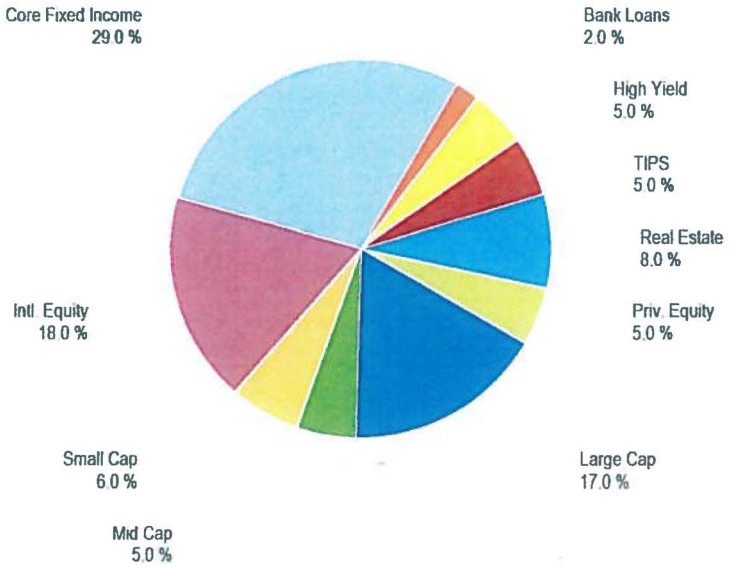
	Total Market Value	% of Portfolio	US Equity	Non-US Equity	US Fixed Income	Alternatives	Real Estate	Cash
Total Fund								
Domestic Equity								
Large Cap Equity								
BlackRock S&P Index Fund	$30,271,728	2.0%	$30,271,728					
Jackson Square Partners	$120,209,819	7.8%	$120,209,819					
Barrow Hanley Large Value	$125,794,834	8.2%	$125,794,834					
Mid Capitalization Equity								
Champlain Mid Cap	$21,586,977	1.4%	$21,586,977					
Boston Partners	$65,714,057	4.3%	$65,714,057					
Small Capitalization Equity								
Champlain Small Cap	$60,571,573	4.0%	$60,571,573					
Eagle Asset Management	$25,517,218	1.7%	$25,517,218					
International Equity								
BlackRock EAFE Index Fund	$160,633,151	10.5%		$160,633,151				
First Eagle	$111,599,518	7.3%		$111,599,518				
Legacy WHV	$175,463	0.0%		$175,463				
Core Fixed Income								
Ambassador Capital	$113,446,748	7.4%			$113,446,748			
Munder Capital	$94,157,057	6.1%			$94,157,057			
Dodge & Cox	$102,351,470	6.7%			$102,351,470			
Barrow Hanley Opportunistic Credit	$95,725,782	6.2%			$95,725,782			
Bank Loans								
Pacific Asset Management	$30,214,107	2.0%			$30,214,107			
High Yield								
AXA High Yield	$104,039,783	6.8%			$104,039,783			
TIPS								
Wellington TIPS	$73,610,847	4.8%			$73,610,847			
Real Estate								
JP Morgan Real Estate								
JP Morgan SPF	$70,467,073	4.6%					$70,467,073	
JP Morgan SSPF	$18,425,765	1.2%					$18,425,765	
Centersquare	$41,193,904	2.7%					$41,193,904	
Retirement Office	$2,200,000	0.1%					$2,200,000	

	Total Market Value	% of Portfolio	US Equity	Non-US Equity	US Fixed Income	Alternatives	Real Estate	Cash
Private Equity								
Adams Street	$2,647,394	0.2%				$2,647,394		
BlackRock NTR	$4,740,090	0.3%				$4,740,090		
Catalyst	$1,663,208	0.1%				$1,663,208		
Coller Fund V	$7,693,908	0.5%				$7,693,908		
Coller Fund VI	$6,606,458	0.4%				$6,606,458		
JP Morgan Private Equity	$11,526,403	0.8%				$11,526,403		
JP Morgan Global Fund V	$1,917,435	0.1%				$1,917,435		
Lexington Capital Partners	$8,730,520	0.6%				$8,730,520		
Pantheon Global	$12,247,721	0.8%				$12,247,721		
SL Capital	$1,574,178	0.1%				$1,574,178		
Cash & Cash Alternatives								
BlackRock Liquid Policy Portfolio	$609,024	0.0%						$609,024
Main Account	$4,230,963	0.3%						$4,230,963
Transition Account	$342	0.0%						$342
Total	**$1,532,094,518**	**100.0%**	**$449,666,207**	**$272,408,132**	**$613,545,794**	**$59,347,314**	**$132,286,742**	**$4,840,329**
Percent of Total			29.3%	17.8%	40.0%	3.9%	8.6%	0.3%

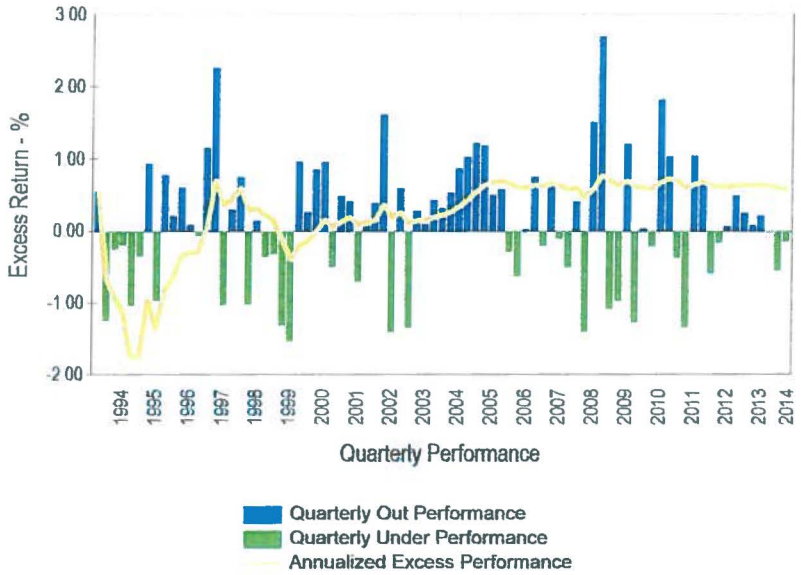
Current Allocation



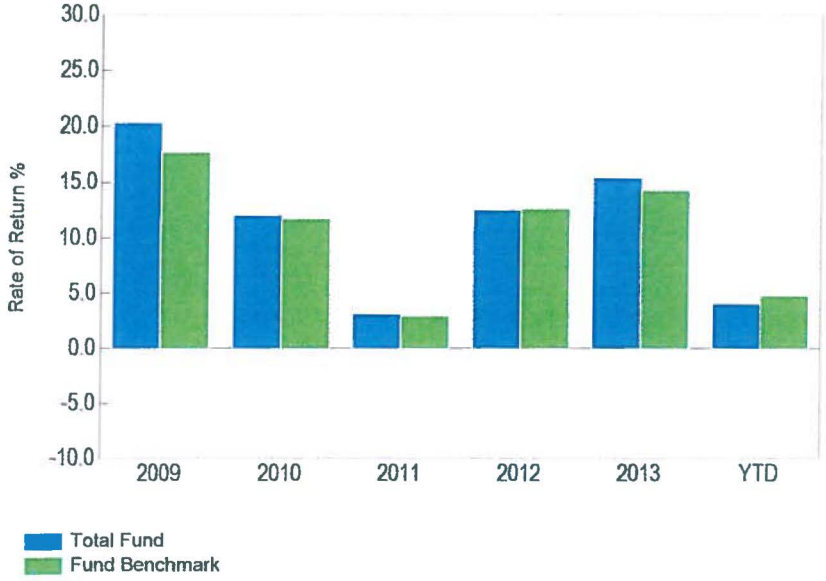
Target Allocation



Annualized Excess Performance



Return Summary
Ending September 30, 2014



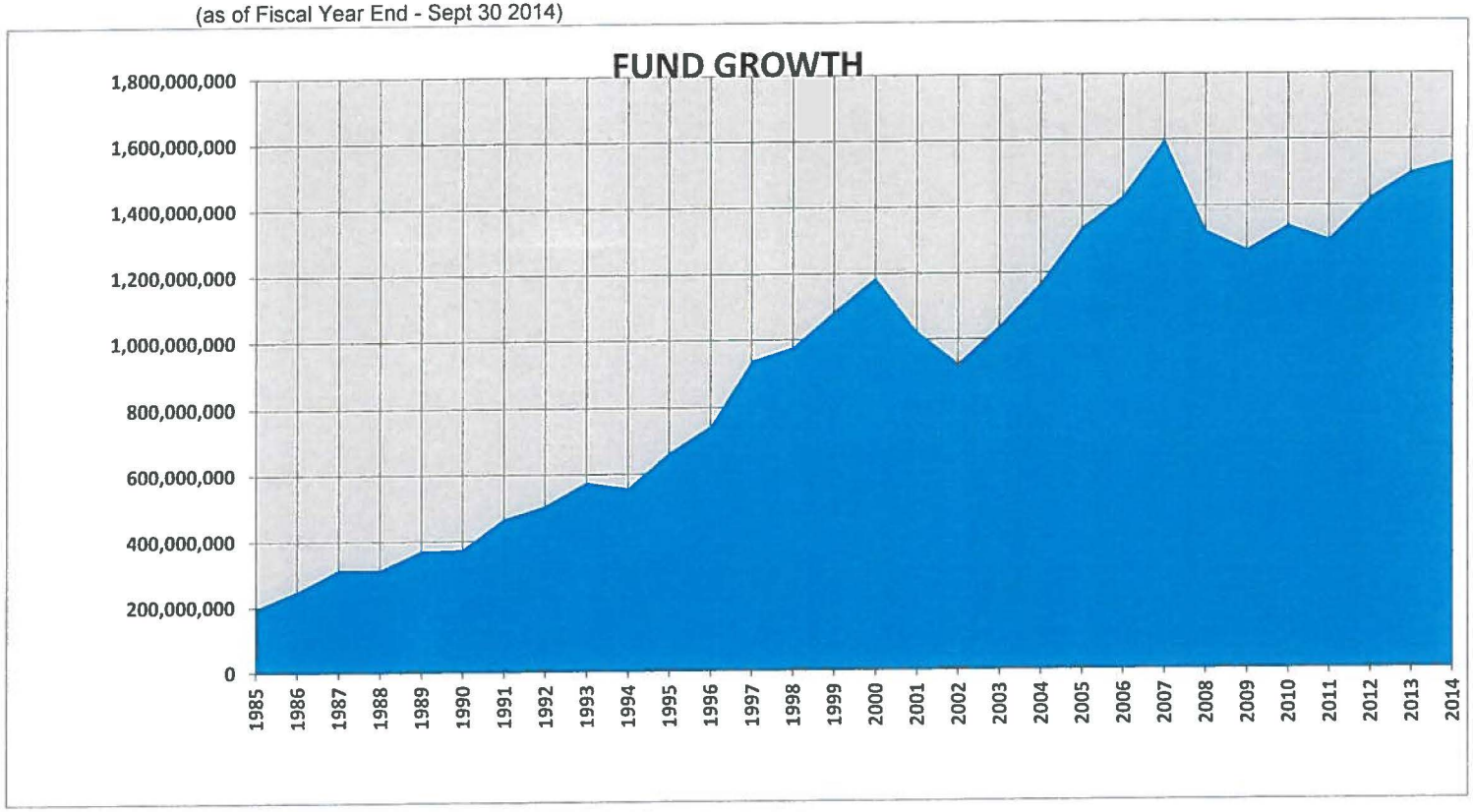
	Ending September 30, 2014																		Inception	
	3 Mo	Rank	Fiscal YTD	Rank	1 Yr	Rank	2 Yrs	Rank	3 Yrs	Rank	4 Yrs	Rank	5 Yrs	Rank	7 Yrs	Rank	10 Yrs	Rank	Return	Since
Total Fund	**-1.3%**	**64**	**8.8%**	**67**	**8.8%**	**67**	**10.6%**	**45**	**13.0%**	**36**	**10.4%**	**27**	**10.3%**	**29**	**5.1%**	**41**	**7.4%**	**20**	**8.4%**	**Jan-94**
Fund Benchmark	*-1.2%*	*55*	*9.3%*	*54*	*9.3%*	*54*	*10.4%*	*49*	*12.5%*	*47*	*9.8%*	*38*	*9.9%*	*42*	*4.7%*	*57*	*6.5%*	*62*	*7.9%*	*Jan-94*

	YTD	Rank	2013	Rank	2012	Rank	2011	Rank	2010	Rank	2009	Rank	2008	Rank	2007	Rank	2006	Rank	2005	Rank
Total Fund	**4.0%**	**56**	**15.5%**	**45**	**12.6%**	**47**	**3.1%**	**30**	**12.1%**	**65**	**20.4%**	**41**	**-23.8%**	**50**	**7.3%**	**61**	**12.6%**	**48**	**9.5%**	**10**
Fund Benchmark	*4.8%*	*31*	*14.3%*	*54*	*12.7%*	*45*	*3.0%*	*31*	*11.7%*	*70*	*17.8%*	*55*	*-23.9%*	*51*	*6.2%*	*81*	*13.0%*	*42*	*5.4%*	*77*

GROWTH OF THE FUND

(as of Fiscal Year End - Sept 30 2014)

FISCAL YEAR	MARKET VALUE
1985	199,345,728
1986	250,500,507
1987	314,887,130
1988	314,756,341
1989	372,898,432
1990	375,600,000
1991	467,717,640
1992	507,233,089
1993	577,531,203
1994	559,130,104
1995	665,309,481
1996	742,938,069
1997	938,525,274
1998	978,062,036
1999	1,086,034,187
2000	1,186,001,037
2001	1,025,439,757
2002	926,355,174
2003	1,038,797,014
2004	1,168,244,034
2005	1,336,399,433
2006	1,429,556,438
2007	1,600,810,429
2008	1,324,750,244
2009	1,267,128,720
2010	1,339,510,475
2011	1,297,169,271
2012	1,423,736,735
2013	1,499,777,038
2014	1,532,094,518



IV

ACTUARIAL

SECTION

nyhart

July 3, 2013

Board of Trustees
City of Miami Fire Fighters' and
Police Officers' Retirement Trust
1895 SW 3 Avenue
Miami, FL 33129-1456

October 1, 2012 Actuarial Report

Dear Board Members:

Enclosed is our report on the actuarial valuation of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2012, for the fiscal year beginning October 1, 2013.

The report is based upon the terms of Ordinance No. 10002 and the Amended Final Judgment in the matter of Gates v. City of Miami, as well as Ordinance 13344 (excluding any change to the Entry Age Cost Method).

The City contribution requirement for the 2013/2014 fiscal year is $41,827,871, compared to $40,145,125 for the 2012/2013 fiscal year. This report reflects the impact of the increase in contributions for police officers as well as the replacement of DROP by Back DROP, effective October 1, 2012.

When expressed as a percentage of total payroll (for active members and members in forward DROP), the City contribution rate decreased from 33.70% as of October 1, 2011 to 33.53% as of October 1, 2012. The percentages of total payroll reflect the hypothetical impact on funding if there were no forward DROP, since members who are presently in DROP could well be more likely to be retired and replaced with active members. The ordinance and State law do not permit funding after members enter a forward DROP.

GASB Statement No. 67 is effective for the fiscal year starting 10/1/2013. Once guidance is received from GASB on various aspects of the required disclosure, we will follow up with a supplemental report reflecting GASB 67.

Respectfully submitted,

THE NYHART COMPANY, INC.

Randall L. Stanley

Randall L. Stanley, FSA, FCA, MAAA, EA
Actuary

David D. Harris

David D. Harris, ASA, FCA, MAAA, EA
Actuary

Heath W Merlak

Heath W. Merlak, FSA, MAAA, EA
Actuary

Enclosures: Electronic (dana@miamifipo.org)
Bound (10 copies)

RLS/DDH/HWM/di
MIAM501801/701

2000 RiverEdge Parkway
Suite 540
Atlanta, GA 30328
(p) 770-933-1933
(f) 770-933-8918
www.nyhart.com

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

City Contribution Requirement for 2013/2014 Fiscal Year

	2013/2014	2012/2013	
		March 2013 Actuarial Impact Stmt.	Valuation Report
	-$-	-$-	-$-
I. Unfunded Actuarial Accrued Liability	N/A	N/A	N/A
II. Normal Cost			
A. Present Value of Future Benefits			
1. Active Members			
a. Retirement	341,843,203	335,320,411	349,219,159
b. Disability	44,965,635	45,561,455	42,626,676
c. Death	6,261,069	6,214,228	3,601,943
d. Turnover	22,373,923	23,106,720	23,242,860
e. Return of Contributions	1,805,399	1,803,932	2,199,182
f. Total	417,249,229	412,006,746	420,889,820
2. Retired Members and Beneficiaries			
a. Service Retirements and Beneficiaries	1,347,162,561	1,341,405,561	1,341,422,264
b. Disability Retirements	31,219,352	32,341,301	32,338,742
c. Terminated Vested Members	3,082,011	3,861,118	3,855,757
d. Total	1,381,463,924	1,377,607,980	1,377,616,763
3. Total	1,798,713,153	1,789,614,726	1,798,506,583

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

City Contribution Requirement for 2013/2014 Fiscal Year

	2013/2014	2012/2013	
		March 2013 Actuarial Impact Stmt.	Valuation Report
	-$-	-$-	-$-
II. Normal Cost (Cont'd)			
A. Total Present Value of Future Benefits	1,798,713,153	1,789,614,726	1,798,506,583
B. Present Value of Future Member Contributions	98,090,159	100,400,650	106,522,468
C. Actuarial Asset Value	1,143,606,948	1,150,323,527	1,150,323,527
D. Unfunded Actuarial Accrued Liability	0	0	0
E. Present Value of Future Normal Costs (A-B-C-D)	557,016,046	538,890,549	541,660,588
F. Present Value of Future Payrolls	1,243,531,237	1,254,333,389	1,104,448,459
G. Administrative Expense	2,087,114	2,044,488	2,044,488
H. Current Payroll for those under Expected Retirement Age	82,205,838	82,164,617	82,164,617
I. Interest Rate	7.5%	7.5%	7.5%
J. Current Normal Cost - Payable 10/1/2013 ([(E)x(H) / (F)] + (G)) (1+(I))	41,827,871	40,145,125	45,516,491
K. Covered Payroll	82,205,838	82,164,617	82,164,617
L. Normal Cost as Percentage of Covered Payroll (J)/ (K)	50.88%	48.86%	55.40%
III. Quarterly City Contribution Schedule			
A. Past Service Cost	0	0	0
B. Normal Cost	41,827,871	40,145,125	45,516,491
C. Payment Timing	0	0	0
D. Total	41,827,871	40,145,125	45,516,491

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Actuarial Asset Value – 20% Write Up Method

I. Determination of Actuarial Asset Value as of October 1, 2012

	-$-
A. Actuarial Value of Assets as of 10/01/2011	1,150,323,527
B. City Contributions	42,353,775
C. Member Contributions	8,390,922
D. Benefits Paid	124,321,444
E. Contributions Refunded	765,520
F. Expected Return *	84,762,464
G. Expected Actuarial Value of Assets (A+B+C-D-E+F)	1,160,743,724
H. Market Value of Assets at 9/30/2012	1,075,059,845
I. Present Value of 01/01/13 COLA Transfer	0
J. Present Value of 01/01/14 COLA Transfer	0
K. Difference (H-I-J-G)	(85,683,879)
L. 20% of Difference	(17,136,776)
M. Preliminary Actuarial Asset Value (G+L)	1,143,606,948
N. Maximum Actuarial Asset Value (120% of H-I-J)	1,290,071,814
O. Minimum Actuarial Asset Value (80% of H-I-J)	860,047,876
P. Actuarial Asset Value at 10/1/2012	1,143,606,948
Q. Contribution Surplus Account Balance	0
R. Final Actuarial Value at 10/01/2012 (P – Q)	**1,143,606,948**

II. Rate of Return on Actuarial Asset Value

	-$-
A. Actuarial Asset Value at 10/01/2011	1,150,323,527
B. Contributions	
1. City Contribution	42,353,775
2. Members	8,390,922
3. Total	50,744,697
C. Benefits and Refunds	125,086,964
D. Contribution Surplus	0
E. Actuarial Asset Value at 10/01/2012	1,143,606,948
F. Net Return on Investment [E+D+C-B-A]	67,625,688
G. Rate of Return (II F/I F) (.075)	5.98%

*[1,150,323,527 + 42,353,775 + (8,390,922) (2.5/4) – (124,321,444 + 765,520) (13/24)] (.075)

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

I. Development of Actuarial Asset Value (3 Years, for COLA Transfer Purposes)

		9/30/2012	9/30/2011	9/30/2010
		-$-	-$-	-$-
A.	Book Value	982,006,300	995,657,667	992,423,802
B.	Market Value	1,075,059,845	987,084,959	1,027,739,486
C.	B/A	1.0947586	0.9913899	1.0355853
D.	1/3 ∑ (C)		1.0405779	
E.	Adjusted Market Value at 9/30/2012 D x $982,006,300		1,021,854,053	
F.	Contribution Surplus at 9/30/2012		0	
G.	1. 80% of (Market Value – (F)) 2. 120% of (Market Value – (F))		860,047,876 1,290,071,814	
H.	Preliminary Actuarial Asset Value (E – F)		1,021,854,053	
I.	Present Value of 1/1/2014 COLA Transfer, discounted at 7.50%		0	
J.	Actuarial Asset Value		1,021,854,053	

II. Rate of Return on Actuarial Asset Value

		-$-
A.	Actuarial Asset Value at 10/01/2011	1,004,675,155
B.	Contributions	
	1. City Contribution	42,353,775
	2. Members	8,390,922
	3. Total	50,744,697
C.	Benefits and Refunds	125,086,964
D.	Present Value of 1/1/2014 COLA Transfer	0
E.	Contribution Surplus	0
F.	Actuarial Asset Value at 10/01/2012	1,021,854,053
G.	Net Return on Investment [F+E+D+C-B-A]	91,521,165
H.	Rate of Return [2 x G/ (A+F-G)]	9.46%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Asset Transactions for Year Ending September 30, 2012 *

	Membership and Benefits Accounts	COLA I Account	COLA II Account
	-$-	-$-	-$-
A. Market Value as of October 1, 2011	987,084,959	40,447,252	269,586,716
B. Book Value as of October 1, 2011	995,657,667	40,798,531	271,928,042
C. Income During Year			
1. City Contributions	42,353,775	0	5,064,541
2. Member Contributions	8,390,922	0	0
3. Other Member Contributions	0	0	0
4. Interest	20,480,487	854,428	5,615,722
5. Dividends	8,418,467	352,769	2,314,575
6. Net Realized Gains (Losses)	37,754,550	1,589,215	10,403,097
7. Securities Lending Income	653,027	27,346	179,466
8. Rental and Other Income	198,541	8,221	54,303
9. Income Transfer	0	0	0
	118,249,769	2,831,979	23,631,704
D. Disbursements During Years			
1. Benefit Payments	124,321,444	223,556	17,523,925
2. Contribution Refunds	765,520	421	0
3. Custodial and Investment Expenses	4,418,741	184,354	1,209,613
4. Other Expense	2,200,000	0	0
5. Securities Lending Fees	163,163	6,833	44,841
6. Building Depreciation	32,268	1,406	9,051
	131,901,136	416,570	18,787,430
E. Book Value as of September 30, 2012 (B)+(C)-(D)	982,006,300	43,213,940	276,772,316
F. Net Change in Unrealized Gains (Losses)	101,626,253	4,446,171	28,567,884
G. Market Value as of September 30, 2012 (A)+(C)-(D)+(F)	1,075,059,845	47,308,832	302,998,874
H. January 1, 2013 Allocation to COLA II (discounted)	0	N/A	0
I. Net Market Value as of September 30, 2012	1,075,059,845	47,308,832	302,998,874

* Based on unaudited financial statements.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Distribution of Assets as of September 30, 2012 [1]

Membership and Benefits and Cost-of-Living Adjustment Accounts

Description	Market -$-	Book -$-
Bills, Bonds, Notes	508,402,098	480,422,088
Domestic Stocks	449,370,529	361,426,840
International Stocks	216,873,673	217,030,548
Private Equity	43,900,769	41,891,141
Money Market Funds and Time Deposits	23,072,526	21,490,439
Mutual Funds	125,109,383	121,092,927
Real Estate[2]	1,999,913	1,999,913
Securities Lending Adjustment	0	0
A: Sub-Total	**1,368,728,891**	**1,245,353,896**
B: Cash	**52,741,573**	**52,741,573**
Receivables:		
City Contributions	13	13
Accounts Receivable	2,551	2,551
Member Contributions	0	0
Accrued Interest	4,681,425	4,681,425
Accrued Dividends	1,214,126	1,214,126
Securities Sold	12,296,591	12,296,591
C: Sub-Total	**18,194,706**	**18,194,706**
Payables:		
Budget Advance	(45,675)	(45,675)
Transfer	0	0
Tax Withheld	(675)	(675)
Accounts Payable	608,964	608,964
Securities Purchased	13,735,005	13,735,005
D: Sub-Total	**14,297,619**	**14,297,619**
E. Total (A+B+C-D)	**1,425,367,551**	**1,301,992,556**
Accounts:		
COLA I Account	**47,308,832**	**43,213,940**
COLA II Account	**302,998,874**	**276,772,316**
COLA II Transfer (1/1/2013)	**0**	**0**
F: Membership & Benefits Account	**1,075,059,845**	**982,006,300**

[1] Based on unaudited financial statements.
[2] Reflects accumulated depreciation of $427,258.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Investment Results

Yield on Mean Values for 12-Month Period Ending September 30, 2012

	-$-	Market -%-	Book -%-
Membership and Benefits Accounts*			
Interest	20,480,487	2.2	2.1
Dividends	8,418,467	0.9	0.9
Rental and Other Income, less Depreciation	166,273	0.0	0.0
Realized Gains	37,754,550	4.0	3.9
Securities Lending (Net)	489,864	0.1	0.1
Increase in Unrealized Gains	101,626,253	10.7	--
Custodial and Investment Expenses	(4,418,741)	(0.5)	(0.5)
	164,517,153	17.4	6.5
COLA I Account			
Interest	854,428	2.1	2.1
Dividends	352,769	0.9	0.9
Rental and Other Income, less Depreciation	6,815	0.0	0.0
Realized Gains	1,589,215	3.9	3.9
Securities Lending (Net)	20,513	0.1	0.1
Increase in Unrealized Gains	4,446,171	11.0	--
Custodial and Investment Expenses	(184,354)	(0.5)	(0.5)
	7,085,557	17.5	6.5
COLA II Account			
Interest	5,615,722	2.1	2.1
Dividends	2,314,575	0.9	0.9
Rental and Other Income, less Depreciation	45,252	0.0	0.0
Realized Gains	10,403,097	4.0	3.9
Securities Lending (Net)	134,625	0.1	0.1
Increase in Unrealized Gains	28,567,884	10.8	--
Custodial and Investment Expenses	(1,209,613)	(0.5)	(0.5)
	45,871,542	17.4	6.5

*Before 1/1/2014 COLA transfer, if any

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Accounting Information
As of October 1

		2012		2011
		-$-	-$-	-$-
I.	Present Value of Vested Accrued Benefits			
		(FRS 7.75%)		
	A. Service Retirements and Beneficiaries	1,318,007,212	1,347,162,561	1,341,422,264
	B. Disability Retirements	30,658,179	31,219,352	32,338,742
	C. Vested Terminated Members	2,966,382	3,082,011	3,855,757
	D. Active Members	144,665,341	151,491,635	157,940,269
	E. Total	1,496,297,114	1,532,955,559	1,535,577,032
II.	Present Value of Non-Vested Accrued Benefits	5,798,899	6,221,643	32,766,078
III.	Present Value of Accrued Benefits	1,502,096,013	1,539,177,202	1,568,323,110

IV. The values of accumulated plan benefits were determined in accordance with the Academy of Actuaries Interpretations and FASB Statement No. 35, Accounting and Reporting by Defined Benefit Pension Plans.

V. Statement of Changes in Accrued Benefits

A.	Present Value of Accrued Benefits at Beginning of Year	1,568,323,110
B.	Increase (Decrease) During the Year Attributable to:	
	1. Benefits Accumulated	20,599,751
	2. Benefits Paid and Contributions Refunded	(125,086,964)
	3. Plan Amendment (Back Drop)	(37,592,167)
	4. Assumption/Method Changes (included in Plan Amendment)	0
	5. Increase Due to Decrease in Discount Period	112,933,472
	6. Net Increase	(29,145,908)
C.	Present Value of Accrued Benefits at End of Year	1,539,177,202

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Comparison of Funding Progress
($000)

		10/1/2012 -$-	10/1/2011 -$-	10/1/2010 -$-
I.	Assets			
	A. Book Value	982,006	995,683	992,424
	B. Market Value	1,075,060	987,111	1,027,740
II.	Liabilities			
	A. Retired and Vested	1,381,464	1,377,617	1,360,342
	B. Active			
	Employee Contributions	72,203	66,927	64,629
	Other Vested	79,288	91,013	89,805
	Non-Vested Accrued	6,222	32,766	29,770
	C. Total Accrued	1,539,177	1,568,323	1,544,546
III.	Ratios	%	%	%
	IA/IIC	63.8	63.5	64.3
	IB/IIC	69.8	62.9	66.5

Note: Item II amounts are present values of accrued benefits.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Actuarial Basis – Prior Basis

Valuation Date: October 1, 2012 for Fiscal Year beginning October 1, 2013.

Valuation Method: Aggregate Cost Method.

Asset Valuation Method: 20% Write-Up Method: Expected value is based on the Interest Discount/Investment Return rate applied to the actuarial asset value as of previous valuation date and cash flow during the year. 20% of the difference between the Expected Value and the Market Value (net of pending transfers to the COLA Fund) is added to the Expected Value.

The result cannot be greater than 120% of market value or less than 80% of market value (net of pending COLA transfers).

Actuarial Assumptions:

Interest Discount/ Investment Return: 7.50%, compounded annually.

Inflation: 3.25%, compounded annually.

Mortality: RP 2000 Mortality Table, Employees and Annuitants Combined, projected by scale AA to 2020, producing following specimen rates:

Age	Male	Female
20	.0235%	.0138%
30	.0402%	.0216%
40	.0919%	.0522%
50	.1487%	.1189%
60	.4887%	.4573%
70	1.6413%	1.5145%
80	5.7647%	3.9866%

Disabled Mortality: RP 2000 Disabled Mortality Table projected by scale AA to 2020, producing following specimen rates:

Age	Male	Female
20	1.5696%	.5287%
30	2.0418%	.6093%
40	1.9221%	.5507%
50	2.0149%	.8186%
60	3.0450%	1.9756%
70	4.6257%	3.4045%
80	8.9456%	6.2834%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis – Prior Basis
(Continued)

Age	Disability	Turnover	
		<5	5+
31	.00200	.0240	.0192
32	.00220	.0240	.0192
33	.00245	.0240	.0192
34	.00265	.0240	.0192
35	.00285	.0240	.0192
36	.00305	.0228	.0182
37	.00325	.0216	.0173
38	.00345	.0204	.0163
39	.00370	.0192	.0154
40	.00390	.0180	.0144
41	.00470	.0168	.0134
42	.00555	.0156	.0125
43	.00635	.0144	.0115
44	.00720	.0132	.0106
45	.00800	.0120	.0096
46	.00880	.0096	.0077
47	.00965	.0072	.0057
48	.01045	.0048	.0038
49	.01130	.0024	.0019
50	.01210	.0000	.0000
51	.01295	.0000	.0000
52	.01375	.0000	.0000
53	.01455	.0000	.0000
54	.01540	.0000	.0000
55	.01620	.0000	.0000
56	.01785	.0000	.0000
57	.01870	.0000	.0000
58	.01950	.0000	.0000
59	.02030	.0000	.0000
60	.00000	.0000	.0000

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis – Prior Basis
(Continued)

Retirement: Fire Fighters who had attained 64 points by September 30, 2009 and Police Officers who had attained 64 points by September 30, 2010 are subject to the Rule of 64; Fire Fighters who had attained 68 points by September 30, 2010 are subject to the Rule of 68; all others are subject to the Rule of 70. If eligible for Retirement, the following decrements apply, based on service:

Years of Service	Police %	Fire %
<20	0	0
20-24	40	5
25-29	50	25
30-31	100	25
32		100

Members eligible for Normal Retirement are assumed to retire in accordance with these probabilities. There is no explicit assumption as to the percentage of retirements expected to enter the DROP. No distinction is necessary, since funding is calculated to expect retirement or expected DROP entry.

Salary Merit Scale:

Service	Police	Fire
0	.0500	.0500
1	.0500	.0500
2	.0500	.0500
3	.0500	.0500
4	.0500	.0500
5	.0500	.0500
6	.0500	.0500
7	.0250	.0500
8	.0500	.0500
9	.0500	.0500
10	.0100	.0000
11	.0100	.0000
12	.0100	.0000
13	.0100	.0000
14	.0100	.0000
15	.0125	.0250
16	.0125	.0250
17	.0100	.0100
18	.0100	.0100
19	.0100	.0100
20	.0100	.0100
21	.0100	.0100
22 +	.0000	.0000

Salary Merit Scale is combined with 3.25% inflation and 1.5% for promotions and other increases. There is no additional increase at retirement.

Projected Total Payroll: Covered Payroll plus $42,524,730 in payroll for members in forward DROP during 2011/2012 year.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis – Prior Basis
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employees are assumed to be married. For Members currently receiving benefits, actual spouse's information is provided.
Investment Expenses:	The investment return assumption of 7.5% is net of investment expenses.
Administration Expenses:	Equal to amount from previous fiscal year ($2,044,488).
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Compensated Absence Balance Transfers:	No liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.
Adjustments from Valuation Date:	One year's interest is added to the calculated deposit to reflect ordinance provision.
Sources of Data:	Asset data is from unaudited financial statements and includes an appraised value for the real estate to be used for Market Value. Membership data was furnished by Administrator. Member compensation used is final bi-weekly pay in the year, annualized, with estimated reductions for each active member as of October 1, 2011 based on approach summarized in Tables 2 and 3 in September 24, 2011 Actuarial Impact Statement.
Changes Since Prior Valuation:	None.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

Summary of Actuarial Basis – Revised Basis

Valuation Date: October 1, 2012 for Fiscal Year beginning October 1, 2013.

Valuation Method: Aggregate Cost Method.

Asset Valuation Method: 20% Write-Up Method: Expected value is based on the Interest Discount/Investment Return rate applied to the actuarial asset value as of previous valuation date and cash flow during the year. 20% of the difference between the Expected Value and the Market Value (net of pending transfers to the COLA Fund) is added to the Expected Value.

The result cannot be greater than 120% of market value or less than 80% of market value (net of pending COLA transfers).

Actuarial Assumptions:

Interest Discount/ Investment Return: 7.50%, compounded annually.

Inflation: 3.25%, compounded annually.

Mortality: RP 2000 Mortality Table, Employees and Annuitants Combined, projected by scale AA to 2020, producing following specimen rates:

Age	Male	Female
20	.0235%	.0138%
30	.0402%	.0216%
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60	.4887%	.4573%
70	1.6413%	1.5145%
80	5.7647%	3.9866%

Disabled Mortality: RP 2000 Disabled Mortality Table projected by scale AA to 2020, producing following specimen rates:

Age	Male	Female
20	1.5696%	.5287%
30	2.0418%	.6093%
40	1.9221%	.5507%
50	2.0149%	.8186%
60	3.0450%	1.9756%
70	4.6257%	3.4045%
80	8.9456%	6.2834%

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis – Revised Basis
(Continued)

Age	Disability	Turnover	
		<5	5+
31	.00200	.0240	.0192
32	.00220	.0240	.0192
33	.00245	.0240	.0192
34	.00265	.0240	.0192
35	.00285	.0240	.0192
36	.00305	.0228	.0182
37	.00325	.0216	.0173
38	.00345	.0204	.0163
39	.00370	.0192	.0154
40	.00390	.0180	.0144
41	.00470	.0168	.0134
42	.00555	.0156	.0125
43	.00635	.0144	.0115
44	.00720	.0132	.0106
45	.00800	.0120	.0096
46	.00880	.0096	.0077
47	.00965	.0072	.0057
48	.01045	.0048	.0038
49	.01130	.0024	.0019
50	.01210	.0000	.0000
51	.01295	.0000	.0000
52	.01375	.0000	.0000
53	.01455	.0000	.0000
54	.01540	.0000	.0000
55	.01620	.0000	.0000
56	.01785	.0000	.0000
57	.01870	.0000	.0000
58	.01950	.0000	.0000
59	.02030	.0000	.0000
60	.00000	.0000	.0000

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis – Revised Basis
(Continued)

Retirement: Fire Fighters who had attained 64 points by September 30, 2009 and Police Officers who had attained 64 points by September 30, 2010 are subject to the Rule of 64; Fire Fighters who had attained 68 points by September 30, 2010 are subject to the Rule of 68; all others are subject to the Rule of 70. If eligible for Retirement, the following decrements apply, based on service:

Years of Service	Police %	Fire %
<20	0	0
20	10	10
21-24	3	3
25-29	40	5
30-34	50	25
35	100	25
36		25
37		100

All Members retire in accordance with the probabilities above. All Members are assumed to elect a five-year BackDROP when they reach five years following first retirement eligibility.

Salary Merit Scale:

Service	Police	Fire
0	.0500	.0500
1	.0500	.0500
2	.0500	.0500
3	.0500	.0500
4	.0500	.0500
5	.0500	.0500
6	.0500	.0500
7	.0250	.0500
8	.0500	.0500
9	.0500	.0500
10	.0100	.0000
11	.0100	.0000
12	.0100	.0000
13	.0100	.0000
14	.0100	.0000
15	.0125	.0250
16	.0125	.0250
17	.0100	.0100
18	.0100	.0100
19	.0100	.0100
20	.0100	.0100
21	.0100	.0100
22 +	.0000	.0000

Salary Merit Scale is combined with 3.25% inflation and 1.5% for promotions and other increases. There is no additional increase at retirement.

Projected Total Payroll: Covered Payroll plus $42,524,730 in payroll for members in forward DROP during 2011/2012 year.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Summary of Actuarial Basis – Revised Basis
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employees are assumed to be married. For Members currently receiving benefits, actual spouse's information is provided.
Investment Expenses:	The investment return assumption of 7.5% is net of investment expenses.
Administration Expenses:	**$2,087,114**
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Compensated Absence Balance Transfers:	No liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.
Adjustments from Valuation Date:	One year's interest is added to the calculated deposit to reflect ordinance provision. For purposes of minimum City contributions as specified by State Division of Retirement (Exhibit 18), additional interest discount is included to reflect monthly contributions.
Sources of Data:	Asset data is from unaudited financial statements and includes an appraised value for the real estate to be used for Market Value. Membership data was furnished by Administrator. Member compensation used is final bi-weekly pay in the year, annualized, with estimated reductions for each active member as of October 1, 2011 based on approach summarized in Tables 2 and 3 in September 24, 2011 Actuarial Impact Statement.
Changes Since Prior Valuation:	**Retirement assumptions changed to reflect assumed impact of BackDROP implementation; forward DROP discontinuation for members not eligible for Normal Retirement on January 1, 2013 or vested on September 30, 2010.** **Administrative expense assumption increased $42,626 (from $2,044,488 to $2,087,114).**

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 25
(Excluding COLA Fund)

I. Funding Status and Progress as of September 30, 2012 and 2011

Entry Age Accrued Liability: $(Millions)

	Sept. 30, 2012	Sept. 30, 2011
	-$-	-$-
- Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	1,381.5	1,377.6
- Current employees - Accumulated employee contributions including interest	72.2	66.9
Employer - financed vested	79.3	91.0
Employer - financed nonvested	40.0	54.9
Total Actuarial Accrued Liability	1,573.0	1,590.4
Net assets available for benefits (market value)	1,075.1	987.1
Unfunded Actuarial Accrued Liability	497.9	603.3

The actuarial accrued liability was determined as part of actuarial valuations at September 30, 2012 and September 30, 2011. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.50 percent per year compounded annually, (b) projected salary increases of 3.25 percent per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.0 percent to 5.0 percent per year, attributable to seniority/merit and (d) 1.5% for promotions and other increases.

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Disclosure Information Under GASB 25
(Excluding COLA Fund)

II. Contributions Required and Contributions Made

The funding policy provides for periodic employer contributions at actuarially determined rates that are sufficient to pay benefits when due. Contributions for normal costs are determined using the aggregate actuarial cost method. This cost method does not provide for an unfunded actuarial accrued liability.

Contributions totaling $50,744,697 ($42,353,775 employer and $8,390,922 employee) were made for the year ending September 30, 2012. These contributions consisted of (a) $50,744,697 normal cost, (b) $0 amortization of the unfunded actuarial accrued liability, and (c) $0 noninvestment expenses.

Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the standardized measure of the pension obligation as of the beginning of the preceding year.

III. Analysis of Funding Progress ($ Millions)

Fiscal Year	(1) Actuarial Asset Value ($)	(2) Entry Age Reserve ($)	(3) Percent Funded (%)	(4) Unfunded EAR (2)-(1) ($)	(5) Annual Covered Payroll ($)	(4)/(5) (%)
1992	476.6	483.7	99	7.1	67.1	11
1993	523.0	513.4	102	(9.6)	72.0	(13)
1994	540.3	587.5	92	47.2	72.9	65
1995	585.6	614.4	95	28.8	71.5	40
1996	626.0	650.0	96	24.0	72.9	33
1997	750.9	727.1	103	(23.8)	69.6	(34)
1998	850.7	800.7	106	(50.0)	74.3	(67)
1999	911.7	843.2	108	(68.5)	77.7	(88)
2000	988.8	863.4	115	(125.4)	84.3	(149)
2001	941.8	932.7	101	(9.1)	89.7	(10)
2002	865.5	999.8	87	134.3	96.9	139
2003	865.8	1,067.9	81	202.1	98.9	204
2004	894.6	1,152.8	78	258.2	89.2	289
2005	1,064.9	1,221.6	87	156.7	91.5	171
2006	1,133.0	1,260.5	90	127.5	90.4	141
2007	1,208.8	1,318.4	92	109.6	103.6	106
2008	1,219.6	1,452.5	85	222.9	129.4	172
2009	1,165.0	1,539.3	76	374.4	122.2	306
2010	1,180.6	1,568.3	75	387.7	80.2	483
2011	1,150.3	1,590.5	72	440.2	82.2	536
2012	1,143.6	1,573.0	73	429.4	82.2	522

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

IV. Revenues and Expenses

	Revenues by Source			
Fiscal Year ($)	Employee Contributions ($)	Employer Contributions ($)	Investment Income ($)	Total
1992	6,115,655	10,029,747	44,569,353	60,714,755
1993	6,455,623	10,442,881	50,309,468	67,207,972
1994	7,435,034	9,296,175	36,915,202	53,646,411
1995	8,318,833	10,880,346	38,919,229	58,118,408
1996	7,852,469	16,547,235	55,421,603	79,821,307
1997	7,664,034	14,377,032	83,180,597	105,221,663
1998	7,692,571	14,155,472	96,007,011	117,855,054
1999	8,556,140	10,376,473	66,039,984	84,972,597
2000	6,257,588	5,400,784	129,752,337	141,410,709
2001	6,336,918	5,481,599	17,717,791	29,536,308
2002	6,721,236	5,400,784	(27,704,711)	(15,582,691)
2003	7,193,936	15,024,366	30,466,098	52,684,400
2004	24,415,150	32,959,003	53,963,150	111,337,303
2005	18,607,681	45,545,130	71,904,910	136,057,721
2006	7,698,594	50,635,213	71,669,124	130,002,931
2007	14,702,629	40,542,078	82,937,630	138,182,337
2008	9,719,896	36,040,251	62,728,078	108,488,225
2009	9,769,139	36,993,395	(58,111,291)	(11,348,757)
2010	10,436,367	54,342,926	62,459,916	127,239,209
2011	7,137,824	40,058,891	83,951,919	131,148,634
2012	8,390,922	42,353,775	67,505,092	118,249,769

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

IV. Revenues and Expenses (Continued)

Fiscal Year	Expenses by Type			
	Benefits ($)	Administrative Expenses ($)	Refunds ($)	Total ($)
1992	22,345,166	1,137,047	751,088	24,233,301
1993	22,735,888	1,314,925	672,376	24,723,189
1994	23,787,091	1,420,693	510,074	25,717,858
1995	25,846,564	1,567,841	703,269	28,117,674
1996	29,506,924	1,870,188	822,497	32,199,609
1997	33,841,809	2,079,183	1,225,239	37,146,231
1998	35,593,108	2,543,855	391,524	38,537,297
1999	36,900,501	2,689,079	258,383	39,847,963
2000	41,237,423	2,710,752	258,804	44,206,979
2001	41,386,774	2,933,939	481,746	44,802,459
2002	42,766,860	2,825,903	364,256	45,957,019
2003	46,083,206	2,922,537	429,225	49,434,968
2004	53,249,450	3,334,460	301,580	56,885,490
2005	66,518,783	3,865,995	257,859	70,642,637
2006	69,825,105	4,687,601	573,228	75,085,934
2007	72,378,966	5,143,290	307,545	77,829,801
2008	77,794,816	5,469,431	664,235	83,928,482
2009	85,094,354	3,898,278	336,755	89,329,387
2010	101,438,423	3,900,819	174,358	105,513,600
2011	123,360,907	4,328,130	225,732	127,914,769
2012	124,321,444	6,814,172	765,520	131,901,136

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

(Excluding COLA Fund)

V. Schedule of Employer Contributions

Fiscal Year	Annual Pension Cost (APC) ($)	Amount Contributed ($)	Percentage Contributed (%)	Net Pension Obligation ($)
1994	9,296,175		100	0
1995	10,880,346		100	0
1996	16,547,235		100	0
1997	14,377,032		100	0
1998	14,155,472		100	0
1999	10,376,473		100	0
2000	5,400,784		100	0
2001	4,003,892		100	0
2002	1,051,629		100	0
2003	18,163,588		100	0
2004	36,341,515		100	0
2005	45,545,130		100	0
2006	50,635,213		100	0
2007	40,542,078		100	0
2008	36,040,251		100	0
2009	36,993,395		100	0
2010	54,342,926	54,342,926	100	0
2011	42,287,046*	40,058,891	95	2,228,155
2012	42,353,775	42,353,775	100	2,395,267
2013	40,145,125			

*After 9/30/2010 Impact Statement Changes

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Hypothetical City Contribution Requirement for 2013/2014 Fiscal Year

	2013/2014		
	Total	Police	Fire
	-$-	-$-	-$-
I. Unfunded Actuarial Accrued Liability	N/A	N/A	N/A
II. Normal Cost			
A. Present Value of Future Benefits			
1. Active Members			
a. Retirement	341,843,203	202,583,470	139,259,733
b. Disability	44,965,635	26,648,807	18,316,828
c. Death	6,261,069	3,175,556	3,085,513
d. Turnover	22,373,923	12,130,416	10,243,507
e. Return of Contributions	1,805,309	979,704	825,695
f. Total	417,249,229	245,517,953	171,731,276
2. Retired Members and Beneficiaries			
a. Service Retirements + Beneficiaries	1,347,162,561	732,538,914	614,623,647
b. Disability Retirements	31,219,352	26,842,124	4,377,228
c. Terminated Vested Members	3,082,011	2,509,294	572,717
d. Total	1,381,463,924	761,890,332	619,573,592
3. Total	1,798,713,153	1,007,408,285	791,304,868
Entry Age Reserve			
1. Active	191,576,351	110,968,456	80,607,895
2. Inactive	1,381,463,924	761,890,332	619,573,592
3. Total	1,573,040,275	872,858,788	700,181,487
Actuarial Asset Value*	1,143,606,948	634,572,039	509,034,909

*Allocated based on Entry Age Reserve

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Hypothetical City Contribution Requirement for 2013/2014 Fiscal Year

	2013/2014		
	Total -$-	Police -$-	Fire -$-
II. Normal Cost (Cont'd)			
A. Total Present Value of Future Benefits	1,798,713,153	1,007,408,285	791,304,868
B. Present Value of Future Member Contributions	98,090,159	44,821,694	53,268,465
C. Actuarial Asset Value*	1,143,606,948	634,572,039	509,034,909
D. Unfunded Actuarial Accrued Liability	0	0	0
E. Present Value of Future Normal Costs (A-B-C-D)	557,016,046	328,014,552	229,001,494
F. Present Value of Future Payrolls	1,243,531,237	664,310,434	579,220,803
G. Administrative Expense*	2,087,114	1,158,112	929,002
H. Current Payroll for those under Expected Retirement Age	82,205,838	45,740,549	36,465,289
I. Interest Rate	7.5%	7.5%	7.5%
J. Current Normal Cost - Payable 10/1/2013 ([(E)x(H) / (F)] + (G)) (1+(I))	41,827,871	25,524,031	16,496,914
K. Covered Payroll	82,205,838	45,740,549	36,465,289
L. Normal Cost as Percentage of Covered Payroll (J)/ (K)	50.88%	55.80%	45.24%
III. Quarterly City Contribution Schedule			
A. Past Service Cost	0	0	0
B. Normal Cost	41,827,871	25,524,031	16,496,914
C. Payment Timing	0	0	0
D. Total	41,827,871	25,524,031	16,496,914

*Allocated based on Entry Age Reserve

V

STATISTICAL

SECTION

STATISTICAL DATA OF VARIOUS ACCOUNTS

THROUGH SEPTEMBER 30, 2014

	GENERAL FUND		COLA I		COLA II	
MEMERSHIP ACCOUNT						
ADD:						
Members' Contributions						
After Tax	67,189,816		0		0	
Pre Tax	241,774,107		11,814,941		0	
After Tax from G & S	17,210		0		0	
Interest						
From Benefit Acct	105,944,611		0		0	
From Withdrawals	385,365		0		0	
Transfers from G & S	75,600		0		0	
		415,386,708		11,814,941		0
DEDUCT:						
Refunds -						
Leaving Service	19,581,481		944,800		0	
Additional Contributions	171,226		0		0	
Accidental Death	546,075		22,039		0	
Accidental Disability	1,982,443		0		0	
Option 6A	571,614		0		0	
Ordinary Death	1,760,097		62,320		0	
Transfers -						
After Tax from G & S	4,412,189		0		0	
Benefit Account	294,550,936		10,472,704		0	
Transfers to Acct Payable	480,131		0		0	
Interest withheld	328,950		0		0	
Interest	2,083,508		0		0	
		326,468,651		11,501,863		0
BALANCE AS OF 9/30/12		88,918,058		313,078		0
BENEFIT ACCOUNT:						
ADD:						
Contributions -						
City of Miami	813,395,388		2,042,899		38,558,184	
Police Relief & Pension Fund	52,342		0		0	
Fire Relief & Pension Fund	28,473		0		0	
Members	697,822		0		0	
Transfers from Membership Acct	294,561,860		10,472,704		0	
Amortization of Discounts	10,319,476		249,134		0	
Corrections to Control	168,232,895		0		0	
Dividends Received	230,398,681		4,294,128		26,415,650	
Securities Lending Income	8,534,178		279,350		1,732,720	
Excess Interest Transfer	0		0		288,194,062	
Interest Income	625,566,540		15,096,174		61,447,411	
Other Income	2,557,335		37,952		200,430	
Corporate Action	3,017,580		91,621		594,551	
Commission Recapture	552,606		17,049		107,127	
Profit on Sale of Investments	1,057,169,580		28,219,574		143,151,290	
Unrealized Profit/Loss DROP	19,135,277		0		0	
Unrealized Profit on Sales of Inv	161,530,521		9,042,291		42,795,309	
Unrealized Profit on Sec Lending Collateral	1,960,433		71,299		525,304	
Rental Income	1,507,801		43,205		292,070	
Share of Earnings Income	0		1,170,581		0	
		3,399,218,789		71,127,961		604,014,108
DEDUCT:						
Pensions Paid						
Fire	819,708,378		0		0	
Police	708,812,358		0		0	
DROP Benefit Expense	50,901,889		0		0	
General	7,034,700		0		0	
Former Gen assumed by Trust	276,624		0		0	
Pension Payments Prior 1966	989,022		0		0	
Distributions	0		11,837,863		218,822,206	
Lump Sum Payments to Beneficiaries	128,540		0		0	
Death Benefits	1,094,603		0		0	
Amortization of Premium	4,876,744		0		0	
Corrections to Control	17,117,379		0		0	
Income Expenses	74,678,924		1,980,184		11,907,226	
Building Depreciation	409,834		14,193		91,683	
Administrative Expense	8,614,083		0		0	
Stiff Short Term Investment Fee	174,278		7,584		50,865	
Securities Lending Fees	2,300,689		73,593		453,567	
Other Expenses	0		45,256		0	
Loss on Sale of Investments	41,652,910		1,068,210		7,163,861	
Unrealized Profit on Sales of Inv	0		0		16,766,834	
Vested Rights Withdrawals	954,289		0		0	
Transfers -						
Excess Interest Earnings	288,194,062		0		0	
G & S Benefit Account	5,378,420		0		0	
G & S Share of Earnings	5,251,212		0		0	
Interest to Membership Acct	106,009,599		0		0	
Interest on VR Withdrawals	275,509		0		0	
Overpayments (uncollectible)	769		0			
		2,144,834,816		15,026,883		255,256,243
BALANCE AS OF 9/30/14		1,254,383,973		56,101,077		348,757,865
BENEFIT ACCOUNT - SPECIAL						
ADD:						
Contributions - City of Miami	1,001,273					
Members	9,945					
		1,011,218				
DEDUCT:						
Pension Paid	1,011,218					
		1,011,218				
BALANCE AS OF 9/30/14		0				

SUMMARY OF RETIREMENTS

JANUARY 1, 1940 THROUGH SEPTEMBER 30, 2014

DESCRIPTION	SERVICE	ORDINARY DISABILITY	SERVICE ACCIDENTAL DISABILITY	ACCIDENTAL DEATH	ORDINARY DEATH	EARLY SERVICE	DROP PLAN	VESTED RIGHTS	CONTINUANCES	TOTAL BENEFITS GRANTED
BENEFITS GRANTED	2,436	53	460	39	5	106	1143	94	361	4,697
ASSUMED BY G.E.S.E. FUND	-184	-3	-19	0	0	0	0	0	0	-206
TERMINATED BY DEATH	-912	-38	-295	-22	0	-49	-3	-8	-118	-1,445
TERMINATED DROP PLAN	0	0	0	0	0	0	-739	0	0	-739
TERMINATED BY MARRIAGE	0	0	0	-2	0	0	0	0	0	-2
RETURNED TO SERVICE	-2	-3	-1	0	0	0	0	0	0	-6
MINORS ATTAINING AGE 18	0	-1	0	-7	0	0	0	0	0	-8
PAYMENT SUSPENDED	-3	0	0	0	0	0	0	0	0	-3
UNMATURED VESTED RIGHTS	0	0	0	0	0	0	0	-10	0	-10
WITHDRAWN VESTED RIGHTS	0	0	-2	0	0	0	0	-27	0	-29
INACTIVE PARTICIPANTS:	1,335	8	143	8	5	57	401	49	243	2,249

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Member Statistics

I. Active Members

	10/1/2012	10/1/2011	10/1/2010
Number of			
Males	1,064	1,023	1,039
Females	172	173	188
Total	1,236	1,196	1,227
Averages			
Current Age	36.6	36.4	36.0
Past Service	9.6	9.5	9.1
Credited Past Service	9.6	9.5	9.1
Annual Earnings	$66,510	$68,700	$65,324

II. Inactive Members

A. Retirees and Beneficiaries			
Number	2,101	2,089	2,062
Average Annual Benefit	$57,617	$57,253	$56,870
Average Age	62.8	62.4	62.1
B. Disabled			
Number	170	178	186
Average Annual Benefit	$20,958	$20,523	$20,372
Average Age	69.2	68.6	68.2
C. Vested Terminated			
Number	14	18	160
Average Deferred Benefit	$28,460	$26,681	$25,276
Average Age	43.2	43.9	43.6

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Age-Service Distribution

	Completed Years of Service										Earnings	
Age	0-1	2-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total	Total -$-	Average -$-
15-24	21	6	1	0	0	0	0	0	0	28	1,358,515	48,518
25-29	28	138	85	0	0	0	0	0	0	251	13,790,359	54,583
30-34	4	87	123	35	1	0	0	0	0	250	15,140,280	60,561
35-39	2	54	65	119	33	2	0	0	0	275	18,884,026	68,669
40-44	1	17	50	91	87	30	0	0	0	276	20,804,047	75,377
45-49	0	14	13	41	40	17	1	0	0	126	9,735,529	77,266
50-54	0	0	4	2	6	7	3	0	0	22	1,973,098	89,686
55-59	0	0	2	1	3	2	0	0	0	8	609,918	76,247
60-64	0	0	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	56	316	343	289	170	58	4	0	0	1,236	82,205,838	66,510

Average Age: 36.6 Average Service: 9.6

CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST

Reconciliation of Participant Counts

	Actives	Retirees & Beneficiaries	Disableds	Vested Terminated
10/1/2011	1,196	2,089	178	18
Changes due to:				
Retirement	-35	+39		-4
Withdrawal	-8			
Disability				
Death		-52	-8	
New Beneficiary		+25		
New Hires	+83			
Data Changes				
10/1/2012	1,236	2,101	170	14

OUTLINE OF PRINCIPAL BENEFIT PROVISIONS OF THE CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

ORIGINAL ORDINANCE NO. 10002 ADOPTED JUNE 13, 1985

EARNABLE COMPENSATION:

Earnable compensation, shall mean an employee's base salary including pickup contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death in the family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.

COVERED GROUP:

All fire fighters or police officers presently employed by the City as a fire fighter or police officer whether in the classified or unclassified service of the City.

EMPLOYEE CONTRIBUTIONS:

Effective the first full pay period following October 1, 1999, it shall be 7% of pre tax earnable compensation. Effective the first full pay period following October 1, 2000, it shall be 7% of pre tax earnable compensation or a percent equal to the City's contribution, whichever is less. Effective the first full pay period following October 1, 2008, for fire fighter members it will change from 7% to 8% of pre tax earnable compensation. Effective the first full pay period following October 1, 2009, for fire fighter members it will change from 8% to 9% of pre tax earnable compensation. Effective the first full pay period following October 1, 2010, for fire fighter members it will change from 9% to 10% of pre tax earnable compensation. Effective the first full pay period following October 1, 2011, for police officer members who were hired prior to October 1, 2011, it will change from 7% to 10%. For police officer members who were hired on or after October 1, 2011 it will be 13%.

EMPLOYER CONTRIBUTIONS:

The City's annual fiscal contribution to the retirement system shall provide for the following (1) non-investment expenses of the retirement system, (2) normal costs of the retirement system.

NORMAL RETIREMENT AGE:

Age 50

SERVICE RETIREMENT:

The annual normal service retirement allowance, payable on a 40% Joint and Survivor basis for members eligible to retire as of September 30, 2010 will equal 3.0% of average final compensation per year of creditable service for the first 15 years of such creditable service and 3.5% of the average one year compensation per year of creditable service after 15 years.

For members not eligible to retire as of September 30, 2010, benefit will consist of two parts, Part A and Part B. Part A will consist of average one year compensation of the sum of creditable years of service under 15 years at 3% per year plus creditable years of service over 15 years at 3.5% per year for service up to September 30, 2010. Part B will consist of the average one year compensation of the sum of creditable years of service from October 1, 2010, to the date of retirement at 3% per year.

RULE OF 64 RULE OF 68 RETIREMENT RULE OF 70 RETIREMENT:

A member, in service, who has not withdrawn from active membership in the retirement system may elect service retirement on the basis of his or her combined age and creditable service equaling 64 or more. A fire fighter member, in service, who has not withdrawn from active membership in the retirement system and had not attained his/her 64 points as of October 1, 2009, may elect service retirement on the basis of his or her combined age and creditable service equaling 68 or more. As of October 1, 2010 a member in service who has not withdrawn from active membership in the retirement system may also elect service retirement on the basis of his or her combined age and creditable service equaling 70 or more.

Election to retire under Rule of 64, Rule of 68 or Rule of 70 shall be made by written application to the board. Application shall be executed not less than 10 nor more than 90 days subsequent to the date the member desires to be retired.

EARLY SERVICE RETIREMENT:

After 20 years of creditable service, accrued benefit actuarially adjusted.

DEFERRED RETIREMENT OPTION PROGRAM: (DROP)

A member who is eligible to retire under either Rule of 64, Rule of 68, Rule of 70 or Service retirement can elect to participate in the Deferred Retirement Option Program (DROP). The program allows the member to defer receipt of his retirement benefit into a "DROP" account while he/she continues to be employed by the Department. A police officer member can be in the DROP for a maximum of 7 years (84 months). A fire fighter member can be in the DROP for a maximum of 4 ½ years (54 months). Employees who had not attained normal retirement eligibility as of 1/1/2013 or were not vested as of 10/01/2010, and all employees hired on or after 1/1/2013 will not be eligible for the DROP.

BACK DEFERRED RETIREMENT OPTION PROGRAM:

Employees who had not attained normal retirement eligibility as of 1/1/2013 or were not vested as of 10/01/2010, and all employees hired on or after 1/1/2013, will be eligible for the backdrop option. Members who elect the backdrop shall receive a monthly benefit payable on the employee's actual retirement date based on the benefit the employee would have received if he/she had left city employment and retired on an earlier date. An eligible employee who elects the backdrop option will receive a lump sum payment equal to the accumulation of monthly retirement benefit payments he/she would have received during the period plus interest at the rate of 3% per year, compounded annually. An eligible employee may elect a minimum backdrop period of one year and a maximum backdrop period of up to seven years.

AVERAGE FINAL COMPENSATION:

Shall mean the annual earnable compensation of a member during either the last one (1) year or the highest one (1) year of membership service, whichever is greater.

CREDITABLE SERVICE:

Membership credit upon which a member's eligibility to receive benefits under the retirement system is based or upon which the amount of such benefits is determined.

LIMITATIONS ON BENEFITS:

A member's retirement allowances shall not exceed one hundred percent (100%) of the member's final average compensation for members retiring under Service retirement Rule of 64 Retirement or Rule of 68 Retirement. Exceptions are, (1) members whose retirement allowances, prior to October 1, 1998, had already earned one hundred percent or greater, these members may continue to accrue pension benefits; (2) members whose retirement allowance exceeds one hundred percent as of October 1, 1998 due to the multiplier change, these members shall be capped at the new percentage. Monthly retirement allowance for members not eligible for Rule of 64 or Rule of 68 Retirement as of October 1, 2010, shall not exceed $100,000.00 per year.

OPTIONAL ALLOWANCES:

Normal form (Option 6C) is joint and 40% contingent survivor. Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of member. Option 6A is withdrawal of employee contributions with credited interest; monthly benefit is half of normal level. Option 6B is an additional 5% with no survivor benefit.

DISABILITY RETIREMENTS:

A. Ordinary Disability

After 10 years of creditable service, if not otherwise eligible for normal retirement, and incurred while not in line of duty, a benefit payable for life consisting of the benefit rate times 90% of average final compensation times years of creditable service, if such retirement allowance exceeds 30% of average final compensation. Otherwise, a benefit of 30% of the member's average final compensation.

B. Accidental Disability

Prior to age 60, incurred in line of duty. A benefit payable on a 40% joint and survivor basis of 66 2/3% of average or final compensation, whichever is larger.

DEATH BENEFIT:

A. Ordinary Death Benefit

After 3 years of service, provided death is not accidentally incurred in line of duty, a lump sum payment f 50% of annual compensation received in year prior to death plus an additional lump sum payment of member's accumulated contributions with interest to date of death. Or in lieu thereof; if eligible for Early or Service retirement, and with 3 years of membership, automatic Option 6C, payable to spouse, as through retirement had occurred on date of death (40% payable)

B. Accidental Death Benefit

Incurred in line of duty (or presumed to be in the line, i.e. heart), annual pension of 50% of average final compensation to spouse until death or remarriage or to children under 18, or to dependent parents for life. If none of such beneficiaries exist, the ordinary death benefit will be paid. Also a lump sum payment of member's accumulated contributions with interest to date of death is paid in addition to the above payments.

VESTED RIGHTS BENEFIT:

After completion of 10 years of service, provided accumulated contributions are not withdrawn. A benefit based on service and average final compensation when employment is terminated. Benefit is deferred to minimum retirement age.

C.O.L.A. ACCOUNT:

The COLA I benefit was determined from available monies from an initial city contribution made from the trust funds excess interest earnings. These monies were allocated to the retiree population, according to unit values and distributed to each member according to his/her actuarial life expectancy, in level monthly lifetime payments. In addition to the above initial benefit, a yearly COLA I increase was financed by 2% of the active member's pension contributions.

This yearly increase was determined on the basis as the initial benefit and added to the monthly lifetime payments. As of January 9, 1994, the active employees ceased making the 2% pension contribution to the COLA I account, and the COLA I benefits were frozen as of that date. Beginning with 1994, in addition to the frozen COLA I benefit, a COLA II benefit was paid. The COLA II benefit is funded from the pension fund's annual excess investment return (other than COLA account assets). The methodology for determining the excess investment return and amounts available for the COLA II benefit are described in detail in Section 40-213 of the City of Miami Code. An actuarial table is developed yearly identifying the benefits due. This table is based upon full years of creditable

service at retirement and full years retired as of April of the current year. For accidental death and accidental disability, years of service are defined as twenty five (25) years, or actual creditable service if greater. Receipt of the COLA II benefit is based on the retiree reaching at least four (4) full years of retirement and fifty years of age. In case of accidental death, the beneficiary will be entitled to the COLA benefit on April 1st following the fiftieth anniversary of the employee's birth and the fourth anniversary of the employee's death. COLA benefits for a vested right retiree are based upon such retiree reaching at least four (4) full years of retirement after fifty (50) years of age. COLA benefits reflect the option selected at the time of retirement.

In addition, funding for COLA benefits for future employees hired during the remaining term of the amended final judgement, Gates vs. City of Miami, Circuit Court Case No. 77-9491 CA04, shall be defined and allocated through the remaining term of such final judgment.

ORDINANCES ADOPTED DURING FISCAL YEAR 2013/2014

DATE	ORDINANCE NUMBER
	None

EMPLOYEES' RETIREMENT SYSTEM

of the County of Milwaukee

2014 Annual Report of the Pension Board

as of and for the Years Ended December 31, 2014 and 2013

CITIZEN MEMBERS

Dr. Brian Daugherty, Chairman
Gregory A. Smith
Patricia Van Kampen

RETIREE MEMBER

D. A. Leonard

EMPLOYEE MEMBERS

Laurie Braun, Vice Chairman
Norb Gedemer
Vera Westphal
Aimee Funck

Director, Retirement Plan Services
Marian Ninneman
901 North 9th Street, Room 210-C
Milwaukee, Wisconsin 53233
Telephone: (414) 278-4207
ers@milwaukecountywi.gov

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EMPLOYEES' RETIREMENT SYSTEM (ERS)

Milwaukee County

Pension Board

Dr. Brian Daugherty
Chairperson

Laurie Braun
Vice Chairperson

Aimee Funck
Norb Gedemer
Gregory A. Smith
Patricia Van Kampen
Vera Westphal
D. A. Leonard

Marian Ninneman
Director, Retirement Plan Services

ERS Members:

We are pleased to present the 2014 Annual Report of your Pension Board. The Employees' Retirement System ("ERS") experienced a positive investment return for the year of 5.5%. Net plan position held in trust for pension benefits decreased $56.6 million. This decrease was mainly due to unrealized investment losses and an increase in pension benefit payments. Total net position at the end of the year was $1.82 billion. The management discussion and analysis, the financial statements, and the footnotes provide detailed information regarding ERS performance. The description of ERS included in this report highlights major plan provisions. County Ordinances, labor agreements, Pension Board Rules, and Governmental Accounting Standards Board pronouncements prevail over the contents of this report. If you have any questions, please call (414) 278-4145.

Members who retire or otherwise leave County service have several options available with respect to pension benefits. To make informed decisions before terminating employment, members should fully understand and carefully consider the various options available.

Members considering retirement within the next few years are reminded to watch for announcements from the County for retirement information programs. Please call the Retirement office at (414) 278-4207 for further information regarding these programs. If you would like to meet with a Retirement Specialist to discuss retirement, please schedule an appointment by calling (414) 278-4207.

Remember to keep your beneficiary designations current by informing the Retirement office of any changes. Retired members should notify the Retirement office in writing of any address changes to insure benefit payments and year-end Form 1099-R statements are properly mailed.

Respectfully,

The Pension Board

COURTHOUSE, ROOM 210-C • 901 NORTH 9th STREET • MILWAUKEE, WI 53233 • (414) 278-4207 • (877) 652-6377

BAKER TILLY

Baker Tilly Virchow Krause, LLP
777 E Wisconsin Ave, 32nd Floor
Milwaukee, WI 53202-5313
tel 414 777 5500
fax 414 777 5555
bakertilly.com

INDEPENDENT AUDITORS' REPORT

To the Members of the Pension
Board of the Employees' Retirement System of the County of Milwaukee
Milwaukee, Wisconsin

Report on the Financial Statements

We have audited the accompanying statements of fiduciary net position of the Employees' Retirement System of the County of Milwaukee (the "Retirement System"), as of December 31, 2014 and 2013, the statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Retirement System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to the Retirement System's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Retirement System's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Retirement System as of December 31, 2014 and 2013, and the changes in fiduciary net position of the Retirement System for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, the Plan adopted the accounting and reporting requirements of Governmental Accounting Standards Board Statement No. 67, Financial Reporting for Pension Plans. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedules of Changes in Net Pension Liability and Related Ratios, Contributions, and Investment Returns, and the notes to the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Retirement System's basic financial statements. The Letter from the Pension Board, Ten-year Historical Trend and related information on pages 26 through 29 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
July 30, 2015

Management is pleased to provide this overview and analysis of the financial activities of the Employees' Retirement System of the County of Milwaukee ("ERS", or the "Retirement System") for the year ended December 31, 2014. Readers are encouraged to consider the information presented in conjunction with the Financial Statements.

FINANCIAL HIGHLIGHTS

FIDUCIARY NET POSITION

- Fiduciary net position for ERS decreased ($56,650) as of 12/31/14 vs. 12/31/13 following an increase of $110,795 as of 12/31/13 vs. 12/31/12. Fixed Income, Domestic Equity, Long-Short, Real Estate, Infrastructure, and Private Equity all have experienced positive returns in 2014, with Private Equity leading the way. International Equity experienced a negative return in 2014. For the year, the pension fund experienced a positive return of 5.5%.
- The rate of return on total assets of the pension fund, net of fees, was 5.5%, 15.2%, and 11.0% for the years ended December 31, 2014, 2013, and 2012, respectively.
- Receivables decreased by ($11,345) as of 12/31/14 vs. 12/31/13 due primarily to a decrease in receivables from sales of investments, as well as lower pension contributions from the County of Milwaukee due to higher employee contributions. Receivables increased $20,041 as of 12/31/13 vs. 12/31/12, due primarily to an increase in receivables from sales of investments and a higher pension contribution from the County of Milwaukee.
- Other assets increased $505 as of 12/31/14 vs. 12/31/13 and increased $28,086 as of 12/31/13 vs. 12/31/12 due largely to changes in securities lending – collateral of $1,322 and $28,658, respectively.
- Liabilities decreased ($171) from 2014 to 2013. This decrease was due to a slight decrease in payables. Liabilities increased $26,418 from 2013 to 2012, due to an increase in securities lending—collateral.
- ERS buys and sells financial futures contracts to improve the performance of the fund. ERS purchases contracts that approximate the amount of cash held by US equity managers and cash used to pay benefits and expenses.

ADDITIONS AND DEDUCTIONS TO FIDUCIARY NET POSITION

- Total additions decreased ($162,511) in 2014 vs. 2013 and also increased $78,601 in 2013 vs. 2012. The 2014 decrease is primarily the result of decreases in investment income. The 2013 increase was primarily the result of increases in investment income, as well as a decrease in pension expense.
- Benefits payments increased $3,680 in 2014 and decreased ($5,973) in 2013. The increase in 2014 was due to an increase in monthly benefits of $2,745 and an increase of $935 in lump sum payments. The decrease in 2013 was mostly due to a decrease in lump sum payments of $9,513 and an increase in monthly benefits of $3,540.
- 2014 saw a 7.3% decrease in retirements from 2013. As no significant changes to benefits were proposed in 2014, we saw a decrease in the rate of retirements. 2013 saw a 6.3% decrease in retirements from 2012.
- Pursuant to Governmental Accounting Standards Board Statement No. 67, as of December 31, 2014, the ERS funded ratio was 81.37%. The funding ratio gives an indication of how well the liabilities of the pension plan are funded. The higher the funding ratio, the better the plan is funded. The ratio increases due to investment gains and pension contributions, and declines due to investment losses, increases in plan benefits, large pension payouts, and underpayment by the County of pension annual required contributions.

The Board of Trustees of ERS ("The Board") has the responsibility for the overall performance of the Retirement System. The Board's principal means to achieve this goal is by (a) determining an asset allocation policy which is expected to provide the long-term rate of return sufficient to fund benefits while minimizing the risk of loss through diversification, (b) selecting an appropriate number of investment managers to manage the assets within an asset class and monitoring the performance of such investment managers relative to specified benchmarks, and (c) implementing cost containment measures intended to reduce the investment fees and costs associated with investing the Retirement System's assets. The Board is the fiduciary of the Retirement System and is responsible for carrying out the investment functions solely in the interest of the members and benefit recipients.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Retirement System's financial statements. The financial section is comprised of four components: (1) financial statements, (2) notes to the financial statements, (3) required supplementary information, and (4) other supplementary schedules.

Financial Statements – There are two financial statements presented for the plan. The Statement of Fiduciary Net Position as of December 31, 2014 and 2013 indicates the fiduciary net position available to pay future benefits and gives a snapshot of the financial assets available for pension benefits at a particular point in time. The Statement of Changes in Fiduciary Net Position for the years ended December 31, 2014 and 2013 provides a view of the additions and deductions to the plan for the years presented.

Notes to financial statements – The notes provide additional information that is essential for a full understanding of the data provided in the financial statements.

Required supplementary information – The required supplementary information consists of a Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of Employer Contributions, Schedule of Investment Returns, and related notes concerning the funding status of the plan. These schedules provide historical trend information, that contribute to understanding the changes in the funded status of the plan over time.

(See independent auditors' report)

Other supplementary schedules – The additional schedules (Ten-Year Historical Trend Information, Fiduciary Net Position at Fair Value, Actual County and Participant Contributions, Active Membership Statistics, Retirements and Survivors Statistics) are presented for the purpose of additional analysis.

COMPARATIVE FINANCIAL STATEMENTS

Retirement System's Fiduciary Net Position	12/31/2014	12/31/2013	12/31/2012	Difference	% Change
Assets					
Cash and cash equivalents	$76,430	$81,248	$56,934	$19,496	34.2%
Receivables	32,538	43,883	23,842	8,696	36.5%
Investments, at fair value	1,715,304	1,756,467	1,691,695	23,609	1.4%
Other assets	54,164	53,659	25,573	28,591	111.8%
Total Assets	**1,878,436**	**1,935,257**	**1,798,044**	**80,392**	**4.5%**
Liabilities					
Security lending obligations	50,000	48,678	20,020	29,980	149.8%
Other liabilities	5,856	7,349	9,589	(3,733)	(38.9%)
Total Liabilities	55,856	56,027	29,609	26,247	88.6%
Net position restricted for Pensions	**$1,822,580**	**$1,879,230**	**$1,768,435**	**$54,145**	**3.1%**

Retirement System's Changes in Fiduciary Net Position	2014	2013	2012	Difference	%
Additions					
Employer contributions	$19,005	$21,998	$18,411	$595	3.2%
Member contributions	10,052	8,955	9,041	1,011	11.2%
Investment income	96,726	257,341	182,241	(85,515)	(46.9%)
Total Additions	**125,783**	**288,294**	**209,693**	**(83,910)**	**(40.0%)**
Deductions					
Benefit payments	(176,264)	(172,584)	(178,557)	$2,293	(1.3%)
Administrative expenses	(5,067)	(4,470)	(4,596)	($471)	10.2%
Withdrawals	(1,102)	(445)	(212)	($890)	420.1%
Total Deductions	**(182,433)**	**(177,499)**	**(183,365)**	**932**	**(0.5%)**
Net (decrease) increase in net pension	(56,650)	110,795	26,328	(82,978)	(315.2%)
Net position restricted for pensions:					
Beginning of year	**1,879,230**	**1,768,435**	**1,742,107**	**137,123**	**7.9%**
End of year	**$1,822,580**	**$1,879,230**	**$1,768,435**	**$54,145**	**3.1%**

Requests for financial information:

The financial report is designed to provide the Board, our membership, taxpayers, investment managers, and creditors with a general overview of ERS' finances and to demonstrate ERS' accountability for the funds under its stewardship. Please address any questions about this report or requests for additional financial information to:

Milwaukee County ERS
901 N. 9th Street Room 210C
Milwaukee, WI 53233

Email: ers@milwaukeecountywi.gov

(See Independent auditors' report)

EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE
STATEMENTS OF FIDUCIARY NET POSITION
AS OF:

	December 31, 2014	December 31, 2013
ASSETS		
CASH AND CASH EQUIVALENTS	**$ 76,430,193**	**$ 81,248,096**
RECEIVABLES		
Due from sale of investments	9,763,459	18,510,535
Accrued interest and dividends	1,774,308	2,062,966
County of Milwaukee	20,209,996	22,707,938
Miscellaneous receivables	790,721	601,970
TOTAL RECEIVABLES	**32,538,484**	**43,883,409**
INVESTMENTS AT FAIR VALUE		
Domestic common and preferred stocks	635,015,427	638,670,311
Long/Short hedge funds	186,478,839	193,376,665
Fixed income	331,429,377	368,539,958
International common and preferred stocks	156,474,024	206,675,087
Real estate and REIT's	180,379,035	166,037,664
Infrastructure	151,805,271	134,856,078
Private equity	73,703,610	48,311,010
TOTAL INVESTMENTS	**1,715,303,583**	**1,756,466,773**
OTHER ASSETS		
Software development costs, net (See Note 2)	4,163,589	4,980,643
Securities lending - collateral (See Note 5)	50,000,490	48,678,274
TOTAL OTHER ASSETS	**54,164,079**	**53,658,918**
TOTAL ASSETS	**$ 1,878,436,339**	**$ 1,935,257,196**
LIABILITIES		
Securities lending - collateral (See Note 5)	50,000,490	48,678,274
Miscellaneous payables	4,002,944	4,920,171
Payable for securities purchased	291,752	836,523
Payable to OBRA retirement plan	1,561,458	1,592,289
TOTAL LIABILITIES	**55,856,644**	**56,027,258**
NET POSITION RESTRICTED FOR PENSIONS	**$ 1,822,579,695**	**$ 1,879,229,938**

The accompanying notes are an integral part of these financial statements

EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED:

	December 31, 2014	December 31, 2013
ADDITIONS:		
CONTRIBUTIONS		
County of Milwaukee	$ 19,005,395	$ 21,998,256
Plan participants	10,051,605	8,954,525
TOTAL CONTRIBUTIONS	**29,057,000**	**30,952,781**
INVESTMENT INCOME		
Net appreciation (depreciation) in Fair Value	69,266,948	230,755,950
Interest and dividends	18,768,372	20,841,409
Securities lending income	99,956	67,692
Other income	11,542,209	9,146,139
TOTAL INVESTMENT INCOME	99,677,485	260,811,190
Less: Securities lending rebates and fees, net	(21,530)	23,575
Investment expense	(2,930,118)	(3,493,638)
Net investment income	96,725,837	257,341,127
TOTAL ADDITIONS	**$ 125,782,837**	**$ 288,293,908**
DEDUCTIONS:		
Benefits paid to retirees & beneficiaries	(176,263,605)	(172,583,835)
Administrative expenses	(5,066,955)	(4,469,915)
Withdrawal of membership accounts	(1,102,520)	(444,848)
TOTAL DEDUCTIONS	**(182,433,080)**	**(177,498,598)**
NET CHANGE IN FIDUCIARY POSITION	**(56,650,243)**	**110,795,310**
FIDUCIARY NET POSITION RESTRICTED FOR PENSION BENEFITS		
Beginning of year	**1,879,229,938**	**1,768,434,628**
End of year	**$ 1,822,579,695**	**$ 1,879,229,938**

The accompanying notes are an integral part of these financial statements

(1) Description of Retirement System –

The following brief description of the provisions of the Employees' Retirement System of the County of Milwaukee ("ERS" or the "Retirement System") is provided for financial statement purposes only. Members should refer to Section 201.24 of the General Ordinances of Milwaukee County and their respective bargaining agreements for more complete information.

The Retirement System is a single-employer defined benefit plan that was created to encourage qualified personnel to enter and remain in the service of the County of Milwaukee (the "County") by providing for a system of retirement, disability and death benefits to or on behalf of its employees. Under Chapter 201 of the Laws of Wisconsin for 1937, the County was mandated to create the Retirement System as a separate legal entity. The County did so by passing Section 201.24 of the General Ordinances of Milwaukee County. The authority to manage and control the Retirement System is vested in the Pension Board of ERS (the "Board"). The Board consists of a maximum of ten members – three members appointed by the County Executive (subject to confirmation by the County Board of Supervisors), three employee members elected by active employee members, two members appointed by the County Board chairperson, one employee member appointed by the Milwaukee Deputy Sheriffs' Association, and one retiree member elected by retirees.

The Board created two (2) committees to assist in the administration of the Board's duties. The Investment Committee reviews the investment portfolio on a periodic basis, endorses strategies, and submits investment recommendations to the full Board. The Audit Committee reviews legal issues, Ordinance adherence, and submits recommendations to the full Board regarding the annual audit and the Annual Report of the Pension Board. The Pension Board, with the assistance of its actuarial professionals, determines and recommends how much the County should contribute to ERS based on what the Pension Board believes is necessary to properly fund the current and future payment of benefits. The Pension Board oversees the tax qualification of ERS and oversees the administration of ERS in accordance with adopted County Ordinances (the "Ordinances"), any amendments to the Ordinances, and ERS Rules. The Pension Board oversees the benefit payment process from ERS to determine whether these payments are made in accordance with the Ordinances and ERS Rules.

Pension Plan membership, which is open to new members, consisted of the following:

	As of December 31
Members -	**2014**
Inactive plan members currently receiving benefits.....	7,940
Inactive plan members entitled to but not yet receiving benefits	1,411
Current employees	3,911
Total participants	**13,262**

Membership data above is as of January 1, 2014, the date of the actuary report used to determine the total pension liability for each year, and reasonably approximates membership data through December 31, 2014.

Contributions –

The Retirement System had been substantially noncontributory. However, starting in 2011, certain members began making mandatory contributions. Most full-time, regularly-appointed employees were required to make contributions starting in 2012. The employee contributions varied from 5.1% of compensation to 5.2% for 2014. In 2015, the employee contribution percentages will range from 5.0% to 5.3% of compensation. These percentages may change from year to year based on an analysis performed by the Retirement System's actuary.

Employees who terminate County employment and are not eligible for an immediate pension payment may request a refund of all accumulated contributions made, with simple interest at 5% per annum. Effective December 19, 2013, employees, who terminate employment with the County, must request a refund of accumulated contributions within one hundred eighty (180) days of terminating County employment. Prior to December 19, 2013, terminated employees had sixty (60) days to request a refund of their contributions. The Retirement System will send an employee who terminates a written notice of the refund option. Any employee receiving this refund will forfeit his or her service credit and will no longer be a member of ERS.

Contributions due from the County to the Retirement System consist of actuarially determined amounts sufficient to fund the annual service cost and interest on and amortization of the net pension liability less the expected contributions from the participants. A substantial portion of the current year's contribution is historically paid to the Retirement System in the following year.

In 2012, the County of Milwaukee started receiving contributions from the State of Wisconsin for members who were transferred from Milwaukee County to the State of Wisconsin for future service. As a result of the agreement between the State and the County, non-vested members of the Retirement System were able to continue to accrue pension benefits with ERS, while they were employed with the State. Once the member is vested, they are transferred to the state retirement plan. The state employees were required to contribute 5.1% and 4.4% of their wages to ERS in 2014 and 2013, respectively, and the state contributed the same percentages to the County for 2014 and 2013, respectively.

The County makes contributions to the Retirement System based upon Actuarially Determined Contributions and legal requirements, at the discretion of the County Board. Data used in the determination of the contribution is based upon the prior fiscal year's demographics. The actual contribution made to the pension plan is set during the County's budget process and may differ from the Actuarially Determined Contribution as a result of changes in plan provisions implemented subsequent to establishment of the Actuarially Determined Contribution and budgetary restraints. During the year, the Retirement System accrues those contributions that the County has included in its current year's budget. The County contribution recorded by the Retirement System was $507,925 less than, and $2,682,736 more than, the Actuarially Determined Contribution for 2014 and 2013, respectively.

The Actuarially Determined Contribution is calculated by the Retirement System's actuary, hired by the Pension Board, using census data, following plan guidelines, and compared to current net assets. The objective is to calculate a contribution that allows the Retirement System to fulfill its obligations to its members.

Benefits -

The normal retirement benefit is a monthly pension for the life of the member beginning at normal retirement age. The pension amount is determined by the following formula:

Multiplier x Creditable Service x Final Average Salary

For most members, the normal retirement age is either 60 or 64 depending on ERS enrollment date and collective bargaining agreement. A few labor agreements also require a minimum of 5 years creditable service in addition to the age requirement. For deputy sheriff members, the normal retirement age is 57 or age 55 with 15 years of creditable service. Depending on enrollment date and collective bargaining agreement, some active members are eligible to retire when their age added to their years of creditable service equals 75 (the "Rule of 75"). The multiplier is determined by Ordinance, collective bargaining agreements, and ERS enrollment date. At this time, the multiplier percentage can be 1.5%, 1.6%, 2% or 2.5%. A member's three or five consecutive years of highest earnings are used to calculate their final average salary as defined by the Ordinance and labor agreements. Annually after retirement, the monthly benefit is increased by 2% of the benefit paid for the first full month of retirement, subject to IRS limits. By Ordinance, the maximum benefit (excluding post-retirement increases) payable to a member cannot exceed the sum of 80% of the member's final average monthly salary.

For some members, depending on enrollment date and collective bargaining agreement, the member may elect to receive a backdrop benefit. This benefit permits an employee to receive a lump-sum payment plus a monthly pension benefit upon retirement. The lump-sum payment is the total of the monthly pension amounts, adjusted for post retirement increases that a member would be entitled to from a prior date ("backdrop date") to the date that the member terminates employment plus compounded interest. The backdrop date must be at least one calendar year prior to the termination date and the member must have been eligible to retire as of that date. The member will be entitled to a post retirement increase based on the backdrop date once the member terminates employment.

In 2012, the County Board passed an ordinance limiting the amount of backdrop benefit for most eligible employees who choose a backdrop date after April 1, 2013. If the member chooses a backdrop date after April 1, 2013, then the monthly backdrop benefit is calculated using the member's final average salary, service credit, and applicable multipliers as of April 1, 2013. This plan change does not apply to Elected Officials, Skilled Trades, Machinists, Federated Nurses, and Firefighters.

A member who meets the requirements for an accidental disability retirement benefit is entitled to an amount computed in the same manner as a normal pension but not less than 60% of the member's final average salary for accidental disability (75% for a represented deputy sheriff). The ordinary disability pension will not be less than 25% of the member's final average salary. A total of 15 years of creditable service is required to apply for ordinary disability.

Most members are immediately vested upon attaining age 60 or 64. A vested member is eligible for a deferred pension beginning as of the member's normal retirement date.

A member who is 55 years of age and has 15 years of credited service may elect to receive early reduced retirement benefits. The member would be entitled to a benefit equal to the normal retirement benefit with a lifetime reduction of 5% for each year prior to the normal retirement date.

Upon the death of a member (generally after 1 year of service and depending on collective bargaining agreements), a spouse with a dependent child as defined by Ordinance will receive 40% of the deceased member's salary, reduced by Social Security benefits payable to the spouse. An additional 10% of salary, reduced by Social Security benefits, is paid for each dependent child. Generally, the total benefit, including Social Security benefits, cannot exceed 90% of the prior salary level of the member. At age 60, the spouse will receive 50% of the normal retirement benefit based on the member's projected service to age 60. If there is no spouse or child, the death benefit payable to a designated beneficiary is equal to 50% of the deceased member's final average salary, but not to exceed $2,000.

A member who becomes eligible for normal retirement, but continues to work may elect a Protective Survivorship Option ("PSO") designating a person to receive a pension (100% or 50% option) in the event of their death while in active service. The PSO election must be filed in writing on an approved form. In the absence of an election, a surviving spouse will be paid a 100% survivorship pension.

Currently, members may choose among several benefit payment options when retiring. The available pension options are:

-Maximum Option

Benefit payable for the member's lifetime and ceases upon member's death.

-Option 1 – Membership Account Refund

This option is an actuarially reduced benefit that ceases upon member's death. This option guarantees that the member will receive the total Membership Account balance as of the retirement date. The Membership Account balance is reduced monthly by an actuarially determined amount. Any balance remaining upon the member's death will be paid to the member's beneficiary.

-Option 2 – 50%

This option is an actuarially reduced pension benefit that is payable over the life of the member. Upon the member's death, 50% of the pension benefit is payable over the life of a named beneficiary, if living;

-Option 3 – 100%

This option is an actuarially reduced pension benefit that is payable over the life of the member. Upon the member's death, 100% of the pension benefit is payable over the life of a named beneficiary, if living;

-Option 4 – 25%

This option is an actuarially reduced pension benefit that is payable over the life of the member. Upon the member's death, 25% of the pension benefit is payable over the life of a named beneficiary, if living;

-Option 5 - 75%

This option is an actuarially reduced pension benefit that is payable over the life of the member. Upon the member's death, 75% of the pension benefit is payable over the life of a named beneficiary, if living;

-Option 6 - 10 Year Certain

This option is an actuarially reduced pension benefit payable over the member's life but is guaranteed for a period of 10 years. In the event the member should die within 10 years after the retirement date, the benefit continues to the named beneficiary for the balance of the 10 years.

-Option 7 - Board Discretion

This option is at the Pension Board's discretion and is a payment of a benefit in a form other than those set forth above. The payment in other form must be the actuarial equivalent of the benefit otherwise payable. A member requesting this option is responsible for all expenses incurred in the application for and calculation of the benefit.

Benefits of $176.3 million and $172.6 million were paid in 2014 and 2013, respectively, including periodic pension payments of $163.7 million and $160.9 million, respectively, and backdrop lump sum pension payments of $12.6 million and $11.7 million in 2014 and 2013, respectively.

(2) Summary of Significant Accounting Policies

Basis of Accounting –

The accompanying financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed and expenses are recorded when the corresponding liabilities are incurred. Benefits payments to members are recognized in the period in which the payment was due to the member.

Reporting Entity –

As defined by accounting standards generally accepted in the United States of America ("U.S. GAAP"), the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Based upon required criteria, the Retirement System has no component units and is not a component unit of any other government. These basic financial statements cover all of the defined benefits and operations administered by the Board for the ERS and the OBRA 1990 Retirement System of the County of Milwaukee.

Contributions –

The Retirement System records employee contributions as earned. Contributions earned but not yet received from the County are reflected as contributions receivable.

Investments –

Investments, primarily stocks, bonds, certain government loans and mortgage-backed certificates, are stated at quoted fair value. Temporary cash investments are valued at cost, which approximates fair value. Investments in venture capital partnerships, real estate, long/short hedge and infrastructure are valued at estimated fair value, as provided by the Retirement System's investment managers. Investment transactions are recorded on the trade date. Dividends and interest are recorded as earned. Realized gains and losses are computed based on the average cost method. Unrealized gains and losses in the fair value of investments represent the net change in the fair value of the investments held during the period.

Investment securities, in general, are exposed to various risks, such as interest, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect amounts reported in the Statements of Fiduciary Net Position.

A summary of cash and investments at cost is as follows:

	As of December 31,	
	2014	**2013**
Fixed income	$ 306,552,949	$ 351,637,187
Domestic common and preferred stocks	490,347,318	492,205,445
International common and preferred stocks	141,242,429	154,272,329
Long/Short hedge funds	144,258,558	163,733,085
Infrastructure	129,487,638	105,179,128
Real estate and REIT's	132,788,941	132,788,941
Private equity	69,891,637	47,188,112
Cash & cash equivalents	76,430,193	81,248,096
Total cash and investments at cost	**$ 1,490,999,663**	**$ 1,528,252,323**

Valuation of International Securities –

Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts on the date of valuation. Purchases and sales of securities and income items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

Software Development Costs –

Capitalized software development costs represent direct costs related to the development and implementation of software programs utilized in the Retirement System. The amounts are being amortized over ten years using the straight-line method. Amortization expense is included in Administrative Expenses in the accompanying Statements of Changes in Fiduciary Net Position.

	As of December 31, (in thousands of dollars)	
	2014	**2013**
Software development costs		
Beginning balance	$ 8,463	$ 8,211
Acquisitions	7	252
Ending Balance	**$ 8,470**	**$ 8,463**
Accumulated amortization		
Beginning balance	$ 3,482	$ 2,659
Amortization expense	824	823
Ending Balance	**$ 4,306**	**$ 3,482**
Software development costs, net	**$ 4,164**	**$ 4,981**

Expenses –

Administrative expenses incurred by the County related to the Retirement System are payable by the Retirement System to the County. Such expenses totaled $1,329,904 and $1,291,253 in 2014 and 2013, respectively.

Rate of Return –

For the year ended December 31, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.5 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Use of Estimates –

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contingencies –

Claims and judgments are recorded as liabilities if all conditions of Governmental Accounting Standards Board ("GASB") pronouncements are met. Claims and judgments are recorded as expenses when the related liabilities are incurred.

New Accounting Standards –

In June 2012, GASB issued Statement No. 67 ("GASB 67"), "Financial Reporting for Pension Plans", which revises existing guidance for the financial reports of most pension plans.

GASB 67 replaces the requirements of GASB Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans", and GASB Statement No. 50, "Pension Disclosures", as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. GASB 67 builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. GASB 67 enhances note disclosures and required supplementary information for both defined benefit and defined contribution pension plans. GASB 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year required supplementary information schedules. This standard was implemented effective January 1, 2014.

(3) Income Taxes –

Management has submitted to the Internal Revenue Service, as part of a Voluntary Compliance Program, any compliance issues that have been discovered through a self-administered review where the provisions contained in the Internal Revenue Code, the County Pension Ordinances or Pension Rules differ from actual practice. Management is waiting for a response from the Internal Revenue Service regarding what action will be required to bring the pension system into compliance in all of its practices in order to maintain its tax-qualified status.

(4) Contributions Required and Contributions Made –

The Retirement System's funding policy provides for periodic County contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Payroll contribution rates are determined using the Aggregate Entry Age Normal method of funding. The Retirement System also uses the level percentage of payroll method to amortize the unfunded liability over a 30 year period. The significant actuarial assumptions used to compute the contribution requirements are the same as those used to compute the pension benefit obligation.

County contributions totaling $19,005,395 and $21,998,256 were recorded in 2014 and 2013, respectively. The 2014 and 2013 contributions were $507,925 below and $2,682,736 above the Funding Contribution Amount ("FCA"), respectively. The County contributions do not include contributions made by the members. Member contributions were $10,051,605 for the year ended December 31, 2014 and $8,954,525 for the year ended December 31, 2013. The small increase was caused by the increase of the employee contribution percentages from 4.4% of pensionable compensation in 2013 to 5.1% in 2014. See the Schedule of Contributions in the Required Supplementary Information.

The 2014 and 2013 contributions reflected in the accompanying statements were actuarially determined as of January 1, 2013 and 2012. These amounts were included in the County's 2014 and 2013 budgets. The Retirement System's financial statements as of December 31, 2014 and 2013 reflect the unpaid portion of the 2015 and 2014 contributions as a contribution receivable.

(5) Deposit and Investment Risk Disclosure –

As provided by state legislative act and County Ordinance, the Board has exclusive control and management responsibility of the Retirement System's funds and full power to invest the funds. In exercising its fiduciary responsibility, the Board is governed by the "prudent person" rule in establishing investment policy. The "prudent person" rule, requires the exercise of that degree of judgment, skill and care under the circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to permanent disposition of their funds, considering the probable income as well as the probable safety of the principal. The Board has adopted a Statement of Investment Policy to formally document investment objectives and responsibilities. This policy establishes guidelines for permissible investments of the Retirement System. The Retirement System's investments are subject to various risks. Among them are credit risk, concentration of credit risk, custodial credit risk, interest rate risk, and foreign currency risk. Each of these risks is discussed in more detail below.

Concentration of Credit Risk –

Concentration of credit risk is a risk of loss that may be attributed to the magnitude of the Retirement System's investment in a single issuer, generally investments in any one issuer that represents five (5) percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this definition. The Retirement System has no investments in one issuer other than U.S. Government securities and mutual funds that exceed five (5) percent of the total investments.

Credit Risk –

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's Investors Services ("Moody's"), Standard and Poor's ("S & P") and Fitch Ratings ("Fitch's"). With the exception of the Mellon Capital Management Aggregate Bond portfolio, bonds purchased and owned in each portfolio must have a minimum quality rating of "Baa3" (Moody's) or "BBB-"(S & P or Fitch's). The average quality of each portfolio must be "A" or better. The fixed income securities for the Mellon Capital Management Aggregate Bond portfolio should have a minimum quality rating of "A", with the exception of 15% of the portfolio which may have a minimum quality rating of "BBB". Of the $9.1 million not rated by Moody's as of December 31, 2014, $6.7 million is rated by S & P as investment grade ("BBB-" or higher). Moody's quality rating of "BAA3" or above is considered investment grade. As of December 31, 2014, $1.9 million was not rated by S & P or Moody's. Of the $14.6 million not rated by Moody's as of December 31, 2013, $12.8 million was rated by S & P as investment grade. $1.5 million was also not rated by S & P as of December 31, 2013. The credit quality ratings of investments in fixed income securities by Moody's as of December 31, 2014, and 2013, are as follows: (amounts are in thousands of dollars)

Moody's Quality Ratings	12/31/2014 Fair Value	12/31/2013 Fair Value
AAA	$122,040	$130,668
AA1	1,273	824
AA2	3,680	4,326
AA3	3,903	4,216
A1	6,576	7,886
A2	6,978	8,346
A3	9,078	10,086
BAA1	11,000	11,354
BAA2	11,186	13,533
BAA3	4,456	5,144
BA1	1,339	1,408
BA2	1,192	1,746
BA3	819	437
B1	869	1,020
B2	60	-
B3	278	440
CAA1	65	83
CAA2	181	201
CAA3	160	168
CA	424	474
NR	9,061	14,634
Total Credit Risk Fixed Income Securities	**$194,618**	**$216,994**
U.S. Government and Agencies	68,223	77,442
Units of Participation (Not Rated)	68,588	74,104
Total Investment in Fixed Income	**$331,429**	**$368,540**

Custodial Credit Risk – Deposits and Investments –

Custodial credit risk is the risk that, in the event a financial institution or counterparty fails, the Retirement System will not be able to recover the value of its deposits, investments or securities. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the Retirement System's name and are held by the counterparty.

No formal policy exists on custodial risk. However, substantially all assets of the Retirement System are held in its name. The Retirement System did not own any repurchase agreements as of December 31, 2014 or December 31, 2013.

As of December 31, 2014 and 2013, all deposits with banks are fully insured by the Federal Depository Insurance Corporation or the State Deposit Guarantee Fund.

The following table presents the Retirement System's total cash, deposits and cash equivalents as of December 31, 2014 and December 31, 2013: (amounts are in thousands of dollars)

Schedule of Cash and Cash Equivalent Investments

	12/31/14		12/31/13	
	Carrying Value	Bank Balance	Carrying Value	Bank Balance
Cash held by various investment managers.....	$63,677	$63,677	$79,642	$81,132
Deposits with banks.....	12,753	13,629	1,606	2,549
Total Deposits.....	**$76,430**	**$77,306**	**$81,248**	**$83,681**

The difference between the carrying value and bank balances are due to outstanding checks and deposits not yet processed by the bank.

Foreign Currency Risk –

Foreign currency risk is the risk that changes in currency exchange rates will adversely affect the fair value of an Investment or deposit.

This footnote is a required disclosure when the Retirement System directly owns investments denominated in a foreign currency. As of December 31, 2014, and 2013, the Retirement System directly owned less than $400 and $500 in investments denominated in foreign currencies, respectively.

Interest Rate Risk –

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Duration is a measure of an investment's sensitivity to changes in interest rates. The higher the duration, the greater the changes in fair value when interest rates change. The Option-Adjusted Duration for a security is the percentage price sensitivity to interest rates changes of 100 basis points (or 1.0%), as of December 31, 2014 and 2013. For example, an Option -Adjusted Duration of 5.20 means that the price of the security should fall approximately 5.20% for a 1.0% rise in the level of interest rates. Conversely, the price of a security should rise approximately 5.20% for a 1.0% fall in the level of interest rates. Interest rate changes will affect securities with negative durations in the opposite direction. The Option-Adjusted Duration method of measuring duration takes into effect the embedded options on cash flows.

The Retirement System does not have a formal investment policy that limits investment maturities as a means of managing exposure to losses arising from increasing interest rates with the exception of the cash equivalent portfolio. The investment policy limits the duration of individual securities held in the cash equivalent portfolio to 2.5 years. In addition, the duration of the entire cash equivalent portfolio should be between 1 and 2 years.

As of December 31, 2014 and 2013, the Retirement System had the following Option-Adjusted Durations for the fixed income investments: (amounts are in thousands of dollars)

	12/31/14		12/31/13	
Fixed Income Sector	**Fair Value***	**Option Adjusted Duration**	**Fair Value***	**Option Adjusted Duration**
ABS-Car Loan	$ 2,465	0.73	$ 6,266	0.79
ABS-Credit Cards	576	3.18	0	0.00
ABS-Equipment	0	0.00	286	0.09
ABS-Home Equity	380	0.04	953	(0.01)
Aerospace & Defense	63	10.26	234	5.89
Agency for Int'l. Devel. Backed Debt	335	9.95	0	0.00
Automobiles & Components	371	7.68	360	8.16
Banking & Finance	15,804	4.44	20,485	4.00
Canadian Government Bonds	-	0.00	240	3.62
Capital Goods	90	8.17	70	6.66
Chemicals	1,322	7.83	1,368	7.33
CMBS - Conduit	6,985	1.42	11,625	1.87
CMO-U.S. Agencies	-	0.00	10,483	3.87
Commercial Services & Supp.	115	6.38	118	7.27
Communications	2,472	7.78	0	0.00
FHLMC Multiclass	20,132	2.37	26,942	1.96
FHLMC Pools	8,927	2.16	10,654	3.07
FNMA Pools	40,791	3.82	34,996	4.10
FNMA REMIC	28,663	1.67	30,872	1.57
Food Beverage & Tobacco	551	4.59	1,041	5.01
Food Products	655	7.71	619	7.94
GNMA Multi Family Pools	949	1.55	1,238	2.52
GNMA REMIC	8,556	1.98	0	0.00
GNMA Single Family Pools	2,027	2.35	613	1.21
Health Care	1,096	9.82	1,029	8.92
Household Products	87	2.99	98	3.51
Industrial	493	4.24	494	4.99
Insurance	1,125	6.33	1,259	5.90
Interest Only US Agencies	319	6.91	0	0.00
MBS PO - Principal Only (US Agencies)	-	0.00	220	17.24
Materials	38	1.66	39	2.54
Mining	684	5.54	938	4.30
News/Media	-	0.00	2,681	6.34
Non-US Government Bonds	819	8.66	420	10.44
Oil & Gas	4,850	7.08	4,542	6.31
Other Corporate Bonds	-	0.00	192	5.51
Principal Only US Agencies	4,984	6.05	926	4.77
Private Placements - ABS	299	0.24	550	0.61
Private Placements - Banking & Finance - Covered	392	0.79	0	0.00
Private Placements - MBS	2,045	1.89	2,538	2.19
Pvt Placements-More than 1 yr	5,827	6.21	8,491	4.74
PVT Placements-Interest Only	189	1.78	246	3.13
REITS	805	4.82	0	0.00
Retail	975	10.00	982	9.70
Supranational Issues	191	1.01	193	1.94
Taxable Municipals	948	16.55	797	14.80
Technology	1,886	5.08	2,300	5.39
Transportation	1,702	8.14	1,559	6.82
U.S. Agencies	983	14.75	8,748	5.01
U.S. Governments Interest Only	31,694	6.78	26,791	5.87
U.S. Governments	35,183	6.50	41,903	7.16
Utility-Electric	4,924	6.91	4,472	6.94
Utility-Gas	660	4.61	751	6.63
Utility-Telephone	2,866	9.75	3,789	7.83
Whole Loan - CMO	8,395	0.09	11,695	0.11
Whole Loan - Re-securitization	416	0.01	463	0.02
Yankee Bonds	2,024	7.47	1,756	6.92
Other*	72,301		78,215	
Total	**$ 331,429**		**$ 368,540**	

* For 2014, this represents $68,588 in units of participation, $2,340 in FHLMC Multiclass, $162 in FNMA REMIC, $316 in Private Placements, $74 in REITS, and $820 in Whole Loans. For 2013, this represents $74,104 units of participation, $2,541 in FHLMC Multiclass, $358 in Private Placements, $80 in Transportation, $405 in Utility - Electric, and $727 in Whole Loans.

Securities Lending –

Section 201.24 (9.1) of the General Ordinances of Milwaukee County and Board policies permit ERS to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. ERS participates in such a securities lending program through its custodian, the Bank of New York Mellon, acting as ERS's securities lending agent. ERS requires collateral from the borrower in the form of cash or securities. Collateral for domestic issues is set at 102% of the fair value of the securities loaned at the time of the initial transaction. If the value falls to 100% of the fair value of the securities loaned, additional collateral is obtained to reestablish collateral at 102% of the fair value of securities loaned. Collateral for international securities is maintained at a level of 105% of the fair value of securities loaned at all times. The securities lending program guidelines attempt to preserve capital while earning a moderate rate of return. Earnings from securities lending, after all fees are paid, are split on a percentage basis with the custodian. For 2014 and 2013, the net investment income realized from security lending was $78,427 and $91,267 respectively.

ERS also invested in several commingled funds managed by Mellon Capital Management that participated in securities lending programs. The earnings and losses attributable to the commingled funds' securities lending programs are combined with the commingled funds' performance and are not reported separately in ERS's financial statements.

Securities loaned and the collateral held were as follows: (amounts are in thousands of dollars)

	As of December 31			
	2014		2013	
Securities Lent for Cash Collateral	**Securities Lent**	**Collateral**	**Securities Lent**	**Collateral**
Fixed income	$ 16,516	$ 16,863	$ 20,893	$ 21,350
Domestic stocks	32,395	33,137	26,727	27,328
Subtotal	**48,911**	**50,000**	**47,620**	**48,678**
Securities Lent for Securities Collateral				
Fixed income	4,751	4,848	7,366	7,516
Domestic stocks	2,049	2,090	1,011	1,031
Subtotal	**6,800**	**6,938**	**8,377**	**8,547**
Grand Total	**$ 55,711**	**$ 56,938**	**$ 55,997**	**$ 57,225**
Percent Collateral to Securities Loaned		**102.20%**		**102.19%**

The collateral received from securities lending transactions are recorded as assets at quoted fair value as of the financial statement date. The Retirement System records an identical amount as a liability, representing the obligation of the Retirement System to return the collateral at the time the borrower of the Retirement System's securities return those securities.

The collateral received from securities lending transactions includes cash of approximately $50,000,000 and $48,678,000 and U.S. Treasury securities, Domestic stocks, and REIT's of approximately $6,938,000 and $8,547,000 for the years ended December 31, 2014 and 2013, respectively. Under the terms of the securities lending agreement, the Retirement System has the right to sell or pledge the cash collateral. The non-cash collateral in the amounts of approximately $6,938,000 and $8,547,000 for the years ended December 31, 2014 and 2013, respectively, is controlled by the custodian and, correspondingly, not reflected in the Statement of Fiduciary Net Position.

At year-end, the Retirement System has no credit risk exposure to borrowers because the amounts the Retirement System owes the borrowers exceed the amounts the borrowers owe the Retirement System. The contract with the Retirement System's custodian requires it to indemnify the Retirement System if a borrower fails to return the securities (and if the collateral is inadequate to replace the securities lent) or fails to pay the Retirement System for income distributions by the securities' issuers while the securities are on loan.

(6) Financial Instruments with Off-Balance Sheet Risks –

A currency forward is a contractual agreement between two parties to pay or receive amounts of foreign currency at a future date in exchange for another currency at an agreed-upon exchange rate. Forward commitments are entered into with the foreign exchange department of a bank located in a major money market. These transactions are entered into in order to hedge risks from exposure to foreign currency rate fluctuations. Recognition of realized gain or loss depends on whether the

currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the Retirement System records the amount receivable or payable at fair value, with the unrealized gain or loss reported as a component of net appreciation in fair value. All contracts are short-term in duration and mature within 90 days.

The Retirement System did not hold any financial instruments with off-balance sheet risk as of December 31, 2014 and December 31, 2013.

ERS invests in financial futures contracts in order to improve the performance of the fund. The Retirement System purchases contracts that approximate the amount of cash held by US equity investment managers and cash used to pay benefits and expenses. Financial futures contracts are agreements to buy or sell a specified amount at a specified delivery or maturity date for an agreed upon price.

The market values of the futures contracts vary from the original contract price. A gain or loss is recognized and paid to or received from the clearinghouse. Financial futures represent an off balance sheet obligation, as there are no balance sheet assets or liabilities associated with those contracts. The cash or securities to meet these obligations are held in the investment portfolio. All contracts are short-term in duration and mature within 90 days.

ERS is subject to credit risk in the event of non-performance by counter parties to financial futures and forward contracts. ERS generally only enters into transactions with credit-worthy institutions. The Retirement System is exposed to market risk, the risk that future changes in market conditions may make an instrument less valuable. Exposure to market risk is managed in accordance with risk limits set by ERS management and by buying or selling futures or forward contracts. The cash or securities to meet these obligations are held in the investment portfolio.

The futures contracts held by the Retirement System are as follows: (amounts are in thousands of dollars)

	As of December 31			As of December 31	
	2014	2013		2014	2013
			Cash Used to Pay Benefits		
US Equity Managers			**and Expenses**		
Cash Held			Cash Held	$ 35,535	$ 21,376
US Equity Investment Managers	$ 28,119	$ 22,528			
			Futures Purchased		
			Barclays AGG (Fixed Income)	19,984	6,089
Futures Purchased			S&P 500 (US Equity)	14,162	5,523
S&P 500 (US Equity)	23,808	19,332	MSCI EAFE (International Equity)	8,350	2,589
Futures Above\(Below) Cash	(4,311)	(3,196)	TotalFutures Purchased	42,496	14,201
			Futures Above\(Below) Cash	6,961	(7,175)
Market Value	$ 1,518	$ 638	Market Value	-	234
			Total Market Value	$ 1,518	$ 872

(7) Commitments and Contingencies –

The Retirement System is involved in litigation and certain other disputes arising during the normal course of operations. Management does not believe the settlement of such matters will have a material impact on the Retirement System's financial statements.

(8) OBRA 1990 Retirement System of the County of Milwaukee –

The County established the OBRA 1990 Retirement System of the County of Milwaukee ("OBRA") to cover seasonal and certain temporary employees who are not enrolled in the Retirement System. Assets of the OBRA system are commingled for investment purposes with the assets of the Retirement System. The assets of the Retirement System are legally available to pay benefits of either the ERS or OBRA and all assets have been commingled. The Retirement System and OBRA are considered a single plan for financial reporting purposes.

Net assets identified for OBRA benefits as of December 31, 2014 and 2013, were as follows:

Statement of Fiduciary Net Position	(Unaudited)	
Assets	**2014**	**2013**
Cash	$ (9,149)	$ 2,622
Assets held by Retirement System	1,561,458	1,592,289
Other Assets	8,083	8,083
Total assets	**1,560,392**	**1,602,994**
Liabilities		
Taxes Payable	(3,135)	-
Net position restricted for pension benefits	**$ 1,563,527**	**$ 1,602,994**

Changes in plan net position available for benefits for OBRA for the years ended December 31, 2014 and 2013, were as follows:

Statements of Change in Fiduciary Net Position	(Unaudited)	
	2014	**2013**
Contributions from the County	$ 440,000	$ 360,000
Investment income	101,921	223,162
Investment and administrative expenses	(454,751)	(507,799)
Benefits paid	(126,636)	(133,976)
Net decrease in net position restricted for pensions	**$ (39,466)**	**$ (58,613)**

As of December 31, 2014 and 2013, respectively, there were 5,224 and 4,799 participants with vested benefits in OBRA. The total pension liability of OBRA at December 31, 2014 and 2013, was $3,483,712 and $3,410,663, respectively, leaving net assets available less than the total pension liability of ($1,641,336) and ($1,807,669), respectively. These amounts are not reflected in the required supplementary information tables that follow the notes to the financial statements.

(9) Net Pension Liability

The components of the net pension liability of the Retirement System and OBRA at December 31, 2014 were as follows:

	ERS	**OBRA**
Total pension liability	$ 2,239,951,560	$ 3,954,736
Plan fiduciary net position	(1,822,579,695)	(1,560,392)
Net pension liability	**$ 417,371,865**	**$ 2,394,344**
Plan fiduciary net pension as a percentage of the total pension liability	**81.37%**	**39.46%**

Actuarial assumptions—The last actuarial valuation was performed as of January 1, 2014, and the amounts were used to roll-forward the total pension liability to the plan's year-end December 31, 2014, and was determined using the following actuarial assumptions, applied to all prior periods included in the measurement:

Valuation date	1/1/2014
Actuarial cost method	Entry Age Normal—Level Percentage of Pay
Asset valuation method	10-year smoothed market
Amortization methods	For pension expense; the difference between expected and actual liability experience and changes of assumptions are amortized over the average of the expected remaining service lives of all members. The difference between projected and actual earnings is amortized over a closed period of five years.
Inflation Assumption	3.00%
Mortality Table	Healthy pensioners: The sex-distinct UP-1994 Mortality Table with Projection scale AA to 2012 and then fully generational thereafter using scale AA. Active members: 70% of the rates applicable to healthy pensioners.
Experience study	The actuarial assumptions used for ERS were based on the results of an actuarial experience study for the period January 1, 2007 through December 31, 2011. The actuarial assumptions used for OBRA were based on the results of an actuarial experience study for the period January 1, 2006 through December 31, 2011.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of position plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2014 are summarized in the following table:

Asset Class	Policy	Long-term Expected Rate of Return
Fixed income	**22.0%**	**2.4%**
Domestic common and preferred stocks	**25.0%**	**7.3%**
International common and preferred stocks	**20.0%**	**8.0%**
Long/Short hedge funds	**10.0%**	**5.8%**
Infrastructure	**8.5%**	**8.1%**
Real estate and REIT's	**8.5%**	**8.3%**
Private equity	**6.0%**	**13.3%**
Cash & cash equivalents	**0.0%**	**0.2%**
	100.0%	

Discount rate — The discount rate used to measure the total pension liability was 8.0 percent. The projection of cash flows used to determine the discount rate assumed that the Retirement System's contributions will continue to follow the current funding policy. Based on those assumptions, the Retirement System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Sensitivity of the net pension liability to changes in the discount rate — The following presents the net pension liability of the Retirement System, calculated using the discount rate of 8.0 percent, as well as what the Retirement System and OBRA's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.0 percent) or 1-percentage-point higher (9.0 percent) than the current rate:

	1% Decrease (7.0%)	Current Discount (8.0%)	1% Increase (9.0%)
ERS' net pension liability.....	$ 638,609,811	$ 417,371,865	$ 229,353,095
OBRA's net pension liability.....	$ 3,231,215	$ 2,394,344	$ 1,769,404

10) Subsequent Events

The Retirement System has evaluated subsequent events occurring through July 30, 2015, the date the financial statements were available to be issued for events requiring recording or disclosure in the Retirement System's financial statements. Management feels that no material events occurred that would require disclosure, except for the following.

In April 2015, the Pension Board adopted the following changes:

- Immediately recognize expected administrative expenses for the coming year, rather than amortizing them over 10 years.
- Reduce future increases in amortization payments from the current policy (3.50% for ERS and 3.00% for OBRA) to 1.75% annually, in order to better align with expected revenue growth.
- Update the actuarial cost method from aggregate Entry Age Normal to Individual Entry Age Normal (applies to ERS only).

The Pension Board further recommended that the County Board reduce the current 30-year amortization period for the Unfunded Actuarial Accrued Liability ("UAAL") to 20 years.

Subsequent to the Pension Board's April 2015 adoption of the funding policy changes, the actuary reported in June of 2015 that it had failed to include in its 1/1/13 and 1/1/14 valuation reports all of the previously included liabilities for cost of living adjustments for certain ERS members ("COLA liabilities"). For the valuation report for this year, 1/1/15, the actuary has re-included those existing COLA liabilities. As noted above, as a result of the effect of the Pension Board's adoption of the funding policy changes in April, the 2016 contribution increased by approximately $4.3M. The subsequent re-inclusion of those COLA liabilities in the total ERS liabilities resulted in a further increase in the 2016 contribution by approximately an additional $16.7 million.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

As of December 31, 2014

	ERS	OBRA
Total pension liability		
Service cost	$ 15,299,451	$ 97,190
Interest	172,040,282	297,724
Changes in benefit terms	-	-
Differences between expected and actual experience	-	-
Changes in assumptions	-	-
Benefit payments including refunds of member contributions	(177,366,124)	(126,636)
Net change in total pension liability	9,973,609	268,278
Total pension liability—beginning	2,229,977,951	3,686,458
Total pension liability—ending	$ 2,239,951,560	$ 3,954,736
Plan fiduciary net position		
Contributions—employer	$ 19,005,395	$ 440,000
Contributions—member	10,051,605	-
Net investment income	96,725,837	98,786
Benefit payments, including refunds of member contributions	(177,366,124)	(126,636)
Administrative expenses	(5,066,956)	(454,752)
Other	-	-
Net change in plan fiduciary net pension	(56,650,243)	(42,602)
Total plan fiduciary net position—beginning	1,879,229,938	1,602,994
Total plan fiduciary net position—ending	$ 1,822,579,695	$ 1,560,392
Net pension liability—ending	$ 417,371,865	$ 2,394,344
Plan fiduciary net position as a percentage of total pension liability	81.37%	39.46%
Covered-employee payroll	$188,605,492	$3,477,968
Net pension liability as a percentage of covered-employee payroll	15.41%	12.65%

The plan implemented GASB Statement No. 67 in the fiscal year 2014. Information calculated utilizing GASB 67 prior to fiscal year 2014 is not available.

* The OBRA amounts are also included in the ERS numbers disclosed above.

(See independent auditor's report and notes to required supplemental information)

SCHEDULE OF COUNTY CONTRIBUTIONS
Last 10 Fiscal Years

ERS

FYE December 31	2014	2013	2012	2011	2010
Actuarially Determined Contribution (ADC)	$ 29,564,925	$ 32,136,934	$ 28,406,232	$ 29,621,216	$ 29,529,322
Contributions related to ADC	29,057,000	30,952,781	27,407,519	31,494,090	31,290,863
Contribution deficiency/(excess)	507,925	1,184,153	998,713	(1,872,874)	(1,761,541)
Covered Employee Payroll	188,605,492	189,131,711	190,747,973	221,647,443	237,040,117
Contributions as a percentage of Covered Employee Payroll	15.41%	16.37%	14.37%	14.21%	13.20%

FYE December 31	2009	2008	2007	2006	2005
Actuarially Determined Contribution (ADC)	$ 30,355,535	$ 53,063,610	$ 52,395,263	$ 52,638,196	$37,607,940
Contributions related to ADC	457,789,154	34,840,886	49,291,072	27,435,154	35,415,185
Contribution deficiency/(excess)	(427,433,619)	18,222,724	3,104,191	25,203,042	2,192,755
Covered Employee Payroll	233,820,179	227,364,398	223,005,093	225,721,691	209,795,576
Contributions as a percentage of Covered Employee Payroll	195.79%	15.32%	22.10%	12.15%	16.88%

OBRA

FYE December 31	2014	2013	2012	2011	2010
Actuarially Determined Contribution (ADC)	$ 373,500	$ 388,625	$ 446,452	$ 807,028	$ 716,439
Contributions related to ADC	440,000	360,000	880,000	2,022,000	786,000
Contribution deficiency/(excess)	(66,500)	28,625	(433,548)	(1,214,972)	(69,561)
Covered Employee Payroll	3,477,968	7,735,644	8,939,076	8,936,146	6,901,021
Contributions as a percentage of Covered Employee Payroll	12.65%	4.65%	9.84%	22.63%	11.39%

FYE December 31	2009	2008	2007	2006	2005
Actuarially Determined Contribution (ADC)	$ 660,925	$ 557,813	$ 485,553	$ 499,137	$ 386,222
Contributions related to ADC	660,925	522,000	529,000	462,000	365,000
Contribution deficiency/(excess)	-	35,815	(43,447)	37,137	21,222
Covered Employee Payroll	8,498,484	8,284,312	7,057,342	8,352,834	8,405,836
Contributions as a percentage of Covered Employee Payroll	7.78%	6.30%	7.50%	5.53%	4.34%

Notes to Schedules

Valuation date: Actuarially Determined Contributions (ADC) are calculated as of the January 1 of the fiscal year in which the contribution is made. That is, the contribution calculated for fiscal year ending December 31, 2014 is from the January 1, 2014 actuarial valuation. The contributions related to the ADC are a combination of employee contributions made during the fiscal year and the lump sum employer contribution made for the year.

The methods and assumptions used to calculate the Actuarially Determined Contributions are in the respective January 1 actuarial valuation reports. Prior to fiscal year ending December 31, 2014 the ADC shown is calculated based upon GASB No 25.

(See independent auditor's report and notes to required supplemental information)

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
As of December 31, 2014

Fiscal Year	Total Investment Plan Assets	Annual Money-Weighted Rate of Return, Net of Investment Expense
2014	$ 1,715,303,583	5.3% *

* Calculated by Marquette Associates, Inc.
The plan implemented GASB Statement No. 67 in the fiscal year 2014. Information calculated utilizing GASB 67 prior to fiscal year 2014 is not available.

(See independent auditors' report and notes to required supplementary information)

1. This information presented is the required supplementary schedules, for pension funding purposes, was based on the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation is as follows:

Valuation date	1/1/2014
Actuarial cost method	Aggregate Entry Age Normal
Asset valuation method	10-year smoothed market
Amortization methods:	
Contribution variance	Level dollar, closed
Administrative expenses	Level dollar, closed
All other unfunded liability	Level percent of payroll, closed
Remaining amortization periods:	
Contribution variance	5 years
Administrative expenses	10 years
All other unfunded liability	30 years
Actuarial Assumptions:	
Investment rate of return	8.00%
Projected salary increases	3.50%
Post-retirement benefit increases	2%, simple

2. The total pension liability contained in the Schedule of Net Pension Liability and Related Ratios was provided by the Retirement System and OBRA's actuary, Buck Consultants. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the Retirement System and OBRA.

3. The required employer contributions and percent of those contributions actually made are presented in the Schedule of Contributions.

TEN-YEAR HISTORICAL TREND INFORMATION

REVENUES BY SOURCE AND EXPENSES BY TYPE

(UNAUDITED)

Revenues by Source

Fiscal Year	Participant Contributions(1a)	County Contributions (1b)	Investment Income (Loss)(2)	Total
2014	$10,051,605	$19,005,395	$99,655,955	$128,712,955
2013	8,954,525	21,998,256	260,834,765	291,787,546
2012	9,040,652	18,410,496	186,091,377	213,542,525
2011	3,313,807	28,275,594	11,186,780	42,776,181
2010	75,584	32,893,562	210,905,464	243,874,610
2009	131,766	457,789,154	319,997,171	777,918,091
2008	140,209	34,840,886	(352,108,625)	(317,127,530)
2007	344,782	49,291,072	106,442,068	156,077,922
2006	545,258	27,435,154	207,804,929	235,785,341
2005	360,283	35,415,185	128,528,748	164,304,216

Expenses by Type

Fiscal Year	Benefits(3)	Investment and Administrative Expenses (4)	Withdrawals	Total
2014	$176,263,605	$7,997,073	$1,102,520	$185,363,198
2013	172,583,835	7,963,552	444,848	180,992,235
2012	178,557,030	8,445,509	212,245	187,214,784
2011	187,460,030	8,305,984	70,123	195,836,137
2010	162,664,454	8,445,062	138,136	171,247,652
2009	145,306,937	7,846,655	38,583	153,192,175
2008	144,160,665	7,385,443	23,557	151,569,665
2007	139,990,962	7,715,976	56,626	147,763,564
2006	130,730,539	6,622,923	13,571	137,367,033
2005	148,307,335	6,294,816	36,963	154,639,114

FOOTNOTES ARE IN THOUSANDS OF DOLLARS

(1a) Participant contributions are calculated by the actuary and are a percentage of the employees' pensionable compensation.

(1b) County contributions are set during the County's budget process and are made at the discretion of the County Board.

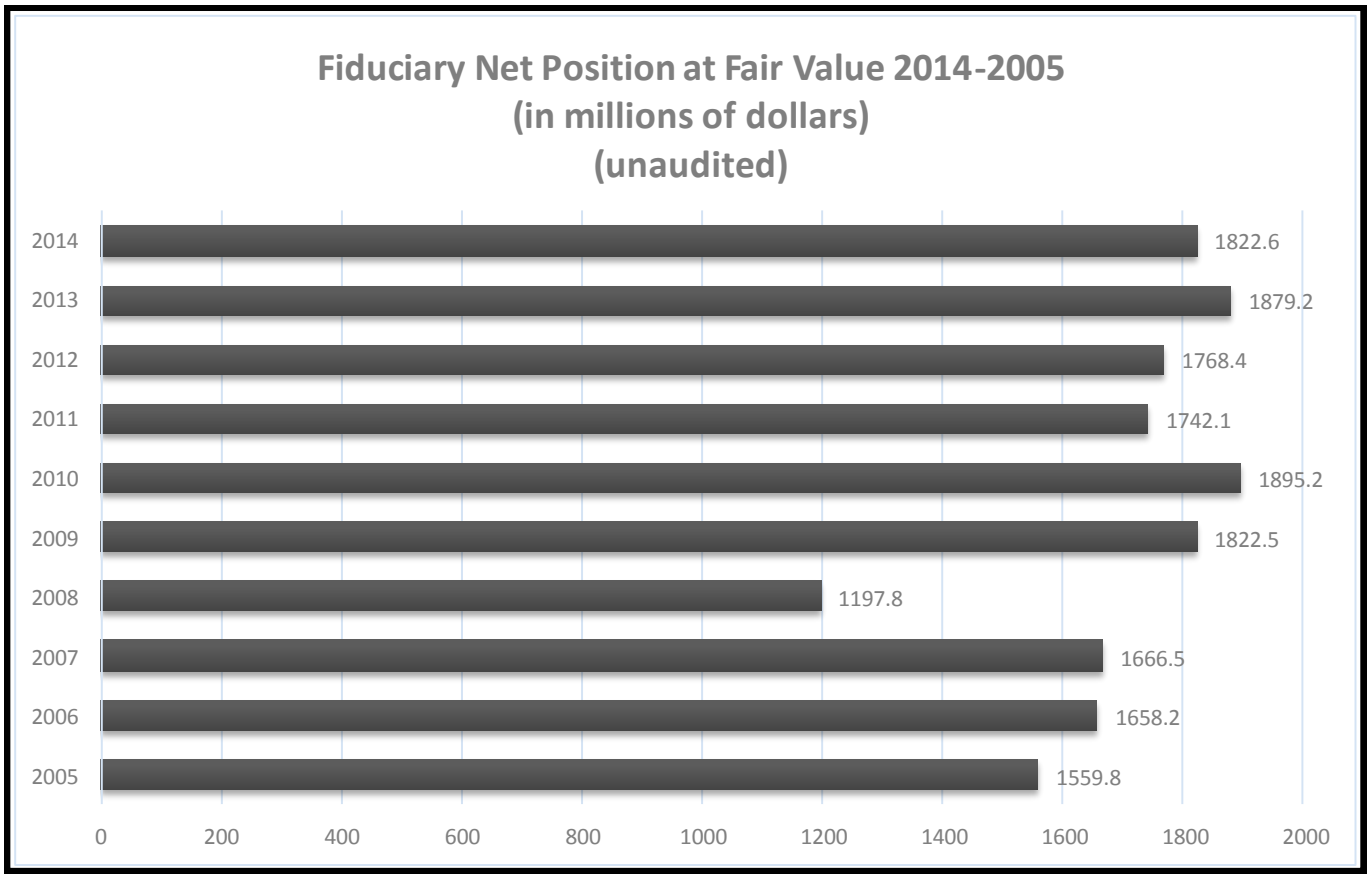
(2) Includes interest and dividends, net appreciation (depreciation) of fair value, net security lending income and other income.

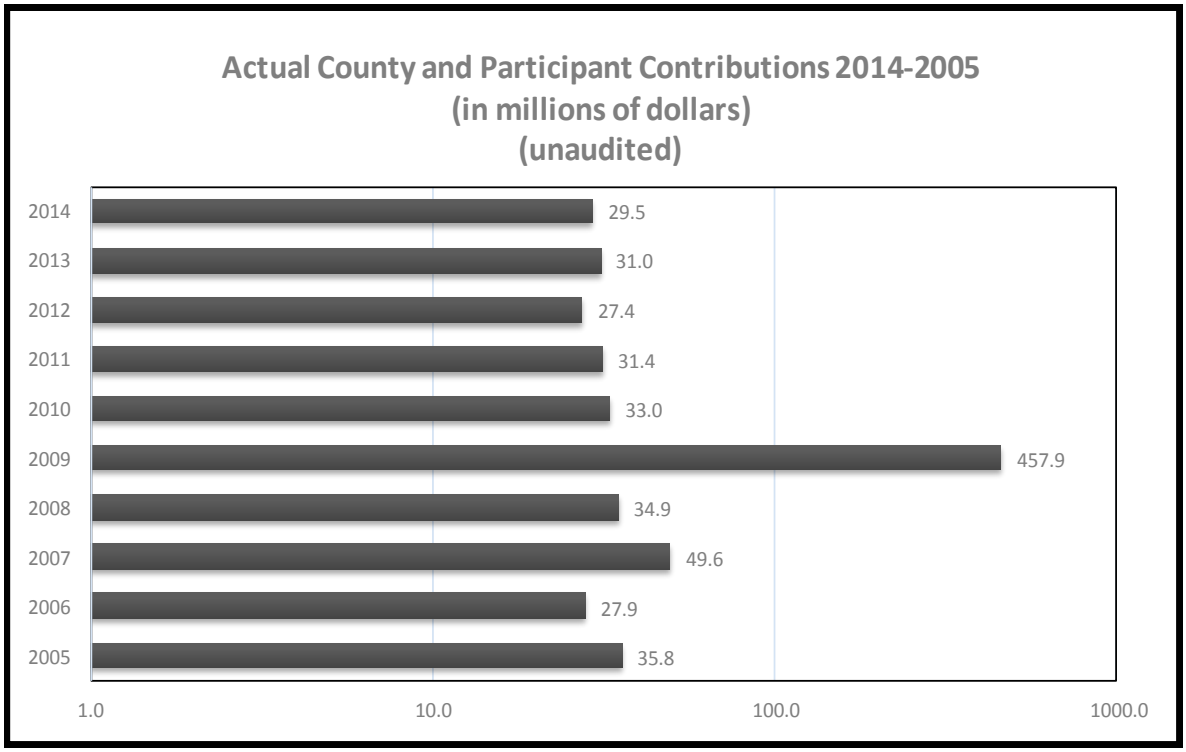
(3) Included in the benefits for 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006, and 2005 are back drop lump-sum payments of $12.6, $11.7, $21.7, $38.8, $20.3, $8.7, $11.2, $10.5, $5.5, and $25.7 million, respectively.

(4) The increase in investment and administrative expenses of $1,702 in the past ten years was due to increases in the following expenses:

- outside consultants of $747, with most of this increase occurring in 2008 and 2009, to support retirement systems;
- outside legal fees of $689, due to buyback/buyin issues, RFP preparation, tax issues, and various other legal matters;
- salaries and wages of $466 due primarily to the increase in benefits and staff;
- computer system expenses of $1,261. The plan started using its new computer system as of 1/1/09. Amortization of $824 and hosting expenses of $295, and maintenance costs of $295 caused most of this increase.

(See independent auditor's report and notes to required supplemental information)





(See independent auditor's report)

ACTIVE MEMBERSHIP STATISTICS

(unaudited)

	2014	2013
Members as of January 1	5,322 *	5,130 *
Changes During the Year:		
New enrollments.....	350	420
Rehires.....	0	0
Non-vested terminations.....	(365)	(262)
Retirements.....	(235)	(238)
Deaths in active service.....	(4)	(1)
New deferred beneficiaries.....	0	0
Data adjustments.....	(18)	273
Members as of December 31.....	**5,050 ***	**5,322 ***

* The total includes vested inactive members of 1,411 and 1,370 as of beginning of the year and end of the year, respectively.

RETIREMENTS AND SURVIVORS STATISTICS (unaudited)

	Retirements Granted									
		Option								
	Maximum Pension	Refund	100%	75%	50%	25%	10-yr.	Other	Survivors & Benefic-iaries	Total
January 1, 2014	3,284	366	1,418	252	1,052	465	213	49	841	7,940
Changes During the Year:										
Adjustments (actuary)*	12	-	2	-	1	1	1	-	-	17
Retirements	130	-	46	8	18	18	15	-	93	328
Pensioner deaths	(123)	(33)	(30)	(2)	(59)	(6)	(2)	(4)	(47)	(306)
December 31, 2014	**3,303**	**333**	**1,436**	**258**	**1,012**	**478**	**227**	**45**	**887**	**7,979**

*Adjustments as a result of reclassifications made to beginning balances by the actuary

(See independent auditor's report and notes to required supplemental information)

CONSULTANTS
as of December 31, 2014

Legal Advisors
Milwaukee County
Corporation Counsel
Paul Bargren

Reinhart, Boerner, Van Deuren S.C.
Steven D. Huff, Secretary of the Pension Board
Milwaukee, Wisconsin

Actuary
Buck Consultants
Chicago, Illinois

Disbursing Agent
County Treasurer

Custodian/Securities Agent
BNY Mellon Asset Servicing
Pittsburgh, Pennsylvania

Medical Board
Columbia St. Mary's
Milwaukee, Wisconsin

Investment Consultant
Marquette Associates, Inc.
Chicago, Illinois

Cash Equitization Manager
BNY Mellon BETA Management
San Francisco, California

Infrastructure Managers
IFM Investment Advisor
New York, New York

JP Morgan Investment Management
New York, New York

Long/Short Managers
ABS Investment Management
Greenwich, Connecticut

K2 Advisors
Stamford, Connecticut

Fixed-Income Investment Managers
JP Morgan Investment Management
Columbus, Ohio

Mellon Capital Management
Pittsburgh, Pennsylvania

U.S. Equity Investment Managers
Artisan Partners
Milwaukee, Wisconsin

Fiduciary Management Associates, LLC
Chicago, Illinois

Geneva Capital Management Ltd.
Milwaukee, Wisconsin

Robeco Investment Management
Boston, Massachusetts

Silvercrest Asset Management Group
New York, New York

Mellon Capital Management
Pittsburgh, Pennsylvania

State Street Global Advidors
Boston, Massachusetts

International Investment Managers
Grantham, Mayo, Van Otterloo & Co.
Boston, Massachusetts

Northern Trust Investments
Chicago, Illinois

OFI Global Asset Management
New York, New York

Vontobel Asset Management
New York, New York

Real Estate Investment Managers
American Realty Advisors
Glendale, California

Morgan Stanley Real Estate
New York, New York

UBS Realty Investors, LLC
Hartford, Connecticut

Private Equity Managers
Adams Street Partners
Chicago, Illinois

Progress Investment Management Company
San Francisco, California

Siguler Guff & Company, LLC
New York, New York

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A Xerox Company

Employees' Retirement System of the County of Milwaukee

Actuarial Valuation Report

January 1, 2014

May 2014

buckconsultants

A Xerox Company

May 6, 2014

The Retirement Board
Employees' Retirement System of the
County of Milwaukee
901 N. 9th St.
Milwaukee, WI 53233

Ladies and Gentlemen:

This report presents the results of the annual actuarial valuation of the Employees' Retirement System of the County of Milwaukee as of January 1, 2014. The valuation takes into account all of the promised benefits to which members are entitled as of January 1, 2014, including pension and survivor benefits; and as required by the Retirement Code is the basis for the Budget Contribution for fiscal year 2015.

The valuation was based on the actuarial assumptions and methods as adopted by the Board of Trustees, including a valuation interest rate of 8% per annum compounded annually. Based on our recommendations in November 2012, the Board adopted revised actuarial assumptions effective with the January 1, 2013 valuation.

Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the economic and demographic assumptions, changes expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions, applicable law or regulations. Because of limited scope, Buck performed no analysis of the potential range of such future differences.

In our opinion, the actuarial assumptions used are reasonable, taking into account the experience of the Plan and reasonable long-term expectations, and represent our best estimate of the anticipated long-term experience under the Plan. The actuary performs an analysis of Plan experience periodically and recommends changes if, in the opinion of the actuary, assumption changes are needed to more accurately reflect expected future experience. The Experience Study for the period January 1, 2007 to December 31, 2011 was prepared by Buck Consultants and approved by the Board for use beginning with the January 1, 2013 actuarial valuation and will remain in effect for valuation purposes until such time as the Board adopts revised assumptions. The next Experience Study will be based on the period from January 1, 2012 to December 31, 2016 and upon approval by the Board will be the basis of valuations performed from January 1, 2018 through January 1, 2022. A summary of the actuarial assumptions and methods used in this actuarial valuation are shown in Table 15.

Assets and Membership Data

The Retirement System reported the individual data for members of the System as of the valuation date to the actuary. For 2014 we received the data in multiple files. Missing information was updated with either supplemental information sent or by using assumptions based on the prior year's data. While we did not verify the data at their source, we did perform tests for internal consistency and reasonableness. The amount of assets in the trust fund taken into account in the valuation was based on statements prepared for us by the Retirement System.

123 North Wacker Drive, Suite 1000 • Chicago, IL 60606
312.846.3000 • 312.846.3999 (fax)

Funding Adequacy

The 2013 valuation performed last year resulted in an Actual Funding Contribution of $28,270,045 against which $21,998,256 (adjusted for interest shown on Table 11) and $8,954,525 member contributions were actually contributed. The excess of $2,682,736 will be amortized over five years.

The Actual Funding Contribution for 2014, based on the results of this valuation, is $29,564,925. It is expected that $29,057,000 ($29,057,000 in expected contribution plus $0 interest) will be contributed during 2015 on behalf of the 2014 plan year. The excess contribution of $(507,925) will be amortized over five years.

Budget Contribution

The 2015 Budget Contribution, expected to be contributed in 2016, is $38,305,000.

Financial Results and Membership Data

Detailed summaries of the financial results of the valuation and membership data used in preparing the valuation are shown in the valuation report. The actuary prepared supporting schedules and required supplementary information included in the County of Milwaukee Annual Report of the Pension Board.

Qualifications

Qualified actuaries completed the valuation in accordance with accepted actuarial procedures as prescribed by the Actuarial Standards Board. The qualified actuaries are members of the American Academy of Actuaries and are experienced in performing actuarial valuations of public employee retirement systems. To the best of our knowledge, this report is complete and accurate and has been prepared in accordance with generally accepted actuarial principles and practice. The undersigned with actuarial designations are qualified to render the opinions contained in this report.

Respectfully submitted,

Larry Langer, ASA, EA, MAAA
Principal, Consulting Actuary

Emily Urbaniak
Senior Consultant, Retirement

A
Consultant, Retirement Actuary

LL/EU:pl

EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE
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Executive Summary

This report presents the actuarial valuation as of January 1, 2014 for the Employees' Retirement System of the County of Milwaukee. The principal valuation results include:

- The Actual Funding Contribution for fiscal year 2014, which is $29,564,925.
- The Actuarially Required Contribution for fiscal year 2014 in accordance with GASB requirements, which is $33,757,773. GASB requires that the unfunded liability be amortized over a period of not more than thirty years. Typically the Actuarially Required Contribution and the Actual Funding Contribution are the same. Because the effective amortization period of the Actual Funding Contribution is over thirty years, the Actuarially Required Contribution cannot be the same as the Actual Funding Contribution. We have independently calculated the Actuarially Required Contribution as the normal cost plus interest plus a thirty year amortization of the unfunded liability.
- The Budget Contribution for fiscal year 2015, which is $38,305,000.
- The total funded ratio of the plan determined as of January 1, 2014, which is 85.7% based on the accrued liability and the actuarial value of assets. On a market value basis, the plan is 90.8% funded.
- The determination of the actuarial gain or loss as of January 1, 2014, which is a loss of $32,919,613.
- Annual disclosure as of January 1, 2014 as required by Statement No. 25 of the Governmental Accounting Standards Board – only to be used for comparison of relevant Statement No. 27 and 67 information.

The valuation was based on membership and financial data submitted by the Retirement System.

Changes Since Last Year

Legislative and Administrative Changes

No legislative or administrative changes have been adopted since the previous valuation.

Note that for purposes of the contribution rates shown in the report, these amounts are gross contribution amounts. It is our understanding that County staff will net out the amount of employee contributions that are collected to arrive at a net County contribution. The benefit and contribution provisions are outlined in Table 16.

Actuarial Assumptions and Methods

No actuarial assumptions or methods have changed since the previous valuation. The actuarial assumptions and methods are outlined in Table 15.

Contribution Amounts

The results of the valuation as of January 1, 2014 determine the Actual Funding Contribution and Actuarially Required Contribution for fiscal year 2014 and the Budget Contribution for fiscal year 2015. The Actual Funding Contribution for fiscal year 2014 is $29,564,925. The Actuarially Required Contribution for GASB purposes for fiscal year 2014 is $33,757,773. The Budget Contribution for fiscal year 2015 is $38,305,000. The actual 2014 contribution and budgeted 2015 contribution were based on assumptions and methods as adopted by the Board and participant data as of January 1, 2014.

Reasons for Change in Budget Contribution Calculated by the Actuary

The Budget Contribution calculated by the actuary increased from $29,062,000 for fiscal year 2014 to $38,305,000 for fiscal year 2015. A reconciliation of the increase of $9,243,000 is shown in the following table:

Item	Amount	
1. 2014 Budget Contribution		$ 29,062,000
2. Increase / (Decrease) during 2013 due to		
a. Unanticipated liability loss (gain)	$ 1,359,000	
b. Asset experience other than expected	(738,000)	
c. 2013 reimbursable expenses other than assumed	(25,000)	
d. 2013 contribution variance other than assumed	(93,000)	
e. Full recognition of bases	-	
f. Increase due to assumption/method/plan changes	-	
g. Total		503,000
3. 2014 Actual Contribution (1 + 2)		$ 29,565,000
4. Expected Increase / (Decrease) during 2014 due to		
a. Normal cost and existing amortization schedule	$ 1,379,000	
b. Phase-in of deferred asset (gains) losses	(532,000)	
c. Amortization of 2014 reimbursable expenses	213,000	
d. Expected contribution variance for 2014	127,000	
e. Full recognition of bases	7,553,000	
f. Increase due to plan changes	-	
g. Total		8,740,000
5. 2015 Budget Contribution (3 + 4)		$ 38,305,000

Summary of Principal Results

Summarized below are the principal financial results for the Employees' Retirement System of the County of Milwaukee based upon the actuarial valuation as of January 1, 2014. Comparable results from the January 1, 2013 valuation are also shown.

Item	January 1, 2014	January 1, 2013
Demographics		
Active Members		
• Number	3,911	3,934
• Average Annual Pay	$ 48,224	$ 48,076
Inactive Members		
• Members Receiving Benefits		
• Number	7,940	7,867
• Average Annual Benefit Payment	$ 20,440	$ 20,089
• Members With Deferred Benefits		
• Number	1,411	1,196
• Average Annual Benefit Payment	$ 7,742	$ 6,980
Actual Funding Contribution	**(Fiscal Year 2014)**	**(Fiscal Year 2013)**
• Normal Cost with Interest	$ 15,235,436	$ 16,105,425
• Net Amortization Payments	14,329,489	12,164,620
• Total Contribution	$ 29,564,925	$ 28,270,045
Actuarial Funded Status		
• Accrued Liability	$ 2,069,546,764	$ 2,025,319,368
• Actuarial Value of Assets	1,772,749,644	1,768,434,628
• Unfunded Accrued Liability	$ 296,797,120	$ 256,884,740
• Funded Ratio	85.7 %	87.3 %

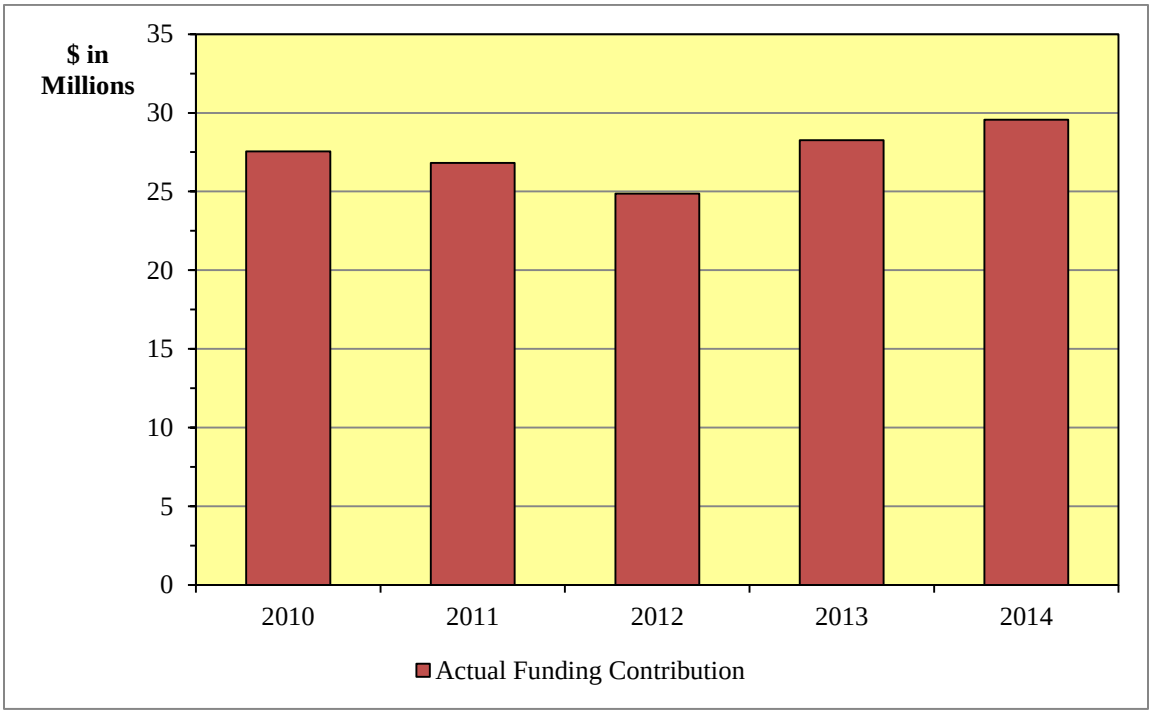
Five-Year History of Principal Financial Results

Five-Year History of Contribution Amounts

Valuation as of January 1	Actual Funding Contributions		
	Normal Cost with Interest	Net Amortization Payments	Total
2014	$ 15,235,436	$ 14,329,489	$ 29,564,925
2013	16,105,425	12,164,620	28,270,045
2012	14,488,711	10,386,482	24,875,193
2011	19,480,089	7,327,948	26,808,037
2010	20,736,844	6,813,146	27,549,990

The following chart shows a five-year history of employer contribution amounts:

Five-Year History of Actual Funding Contributions



Funded Ratio

The financing objective of the System is to:

- Fully fund all current costs based on the normal contribution rate determined under the funding method; and
- Liquidate the unfunded accrued liability based on the amortization schedules as required by the retirement code, i.e., a schedule of 5, 10, or 30 years for each change in the unfunded accrued liability according to Section 3.1.

The total Actual Funding Contribution of $29,564,925, when taken together with the contributions payable by the members and asset returns, is the amount sufficient to achieve the financing objective for 2014.

The System's total funded ratio on the funding basis is measured by comparing the actuarial value of assets (based on a 10-year moving average market value) with the accrued liability. The accrued liability for pensions is the present value of benefits accumulated to date under the System's funding method and reflects future pay increases for active employees.

On this basis, the System's funded ratio is 85.7% as of January 1, 2014. This funded ratio is based on an actuarial value of assets of $1,772,749,644 and an accrued liability of $2,069,546,764.

Reasons for Change in the Total Funded Ratio

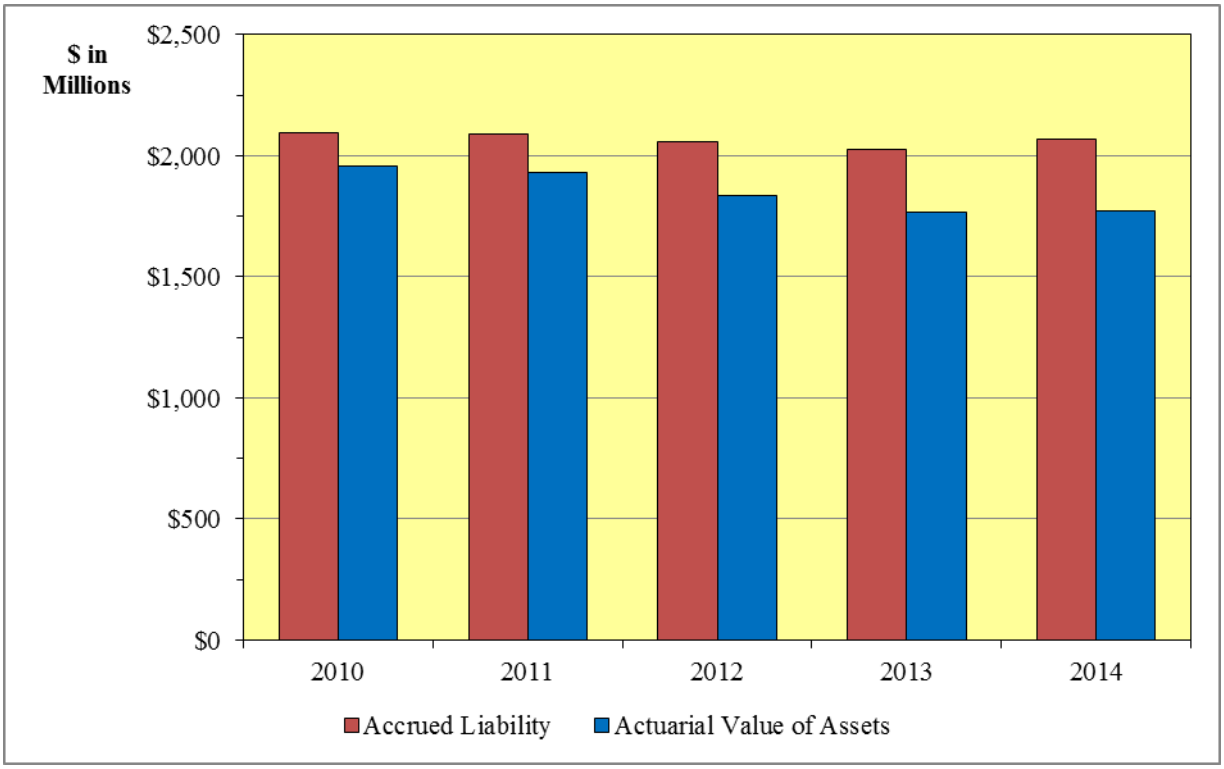
The total funded ratio decreased from 87.3% as of January 1, 2013 to 85.7% as of January 1, 2014. Returns from 2013 were better than the expected return assumption of 8.0%. Overall liability experience was worse than expected, which was offset by favorable asset experience.

Five-Year History of Total Funded Ratio
($ Amounts in Thousands)

Valuation as of January 1	Accrued Liability	Actuarial Value of Assets	Unfunded Accrued Liability	Funded Ratio
2014	$ 2,069,547	$ 1,772,750	$ 296,797	85.7%
2013	2,025,319	1,768,435	256,884	87.3
2012	2,059,554	1,836,543	223,011	89.2
2011	2,091,927	1,929,428	162,499	92.2
2010	2,097,332	1,956,444	140,888	93.3

The following chart shows a five-year history of the accrued liability and the actuarial value of assets:

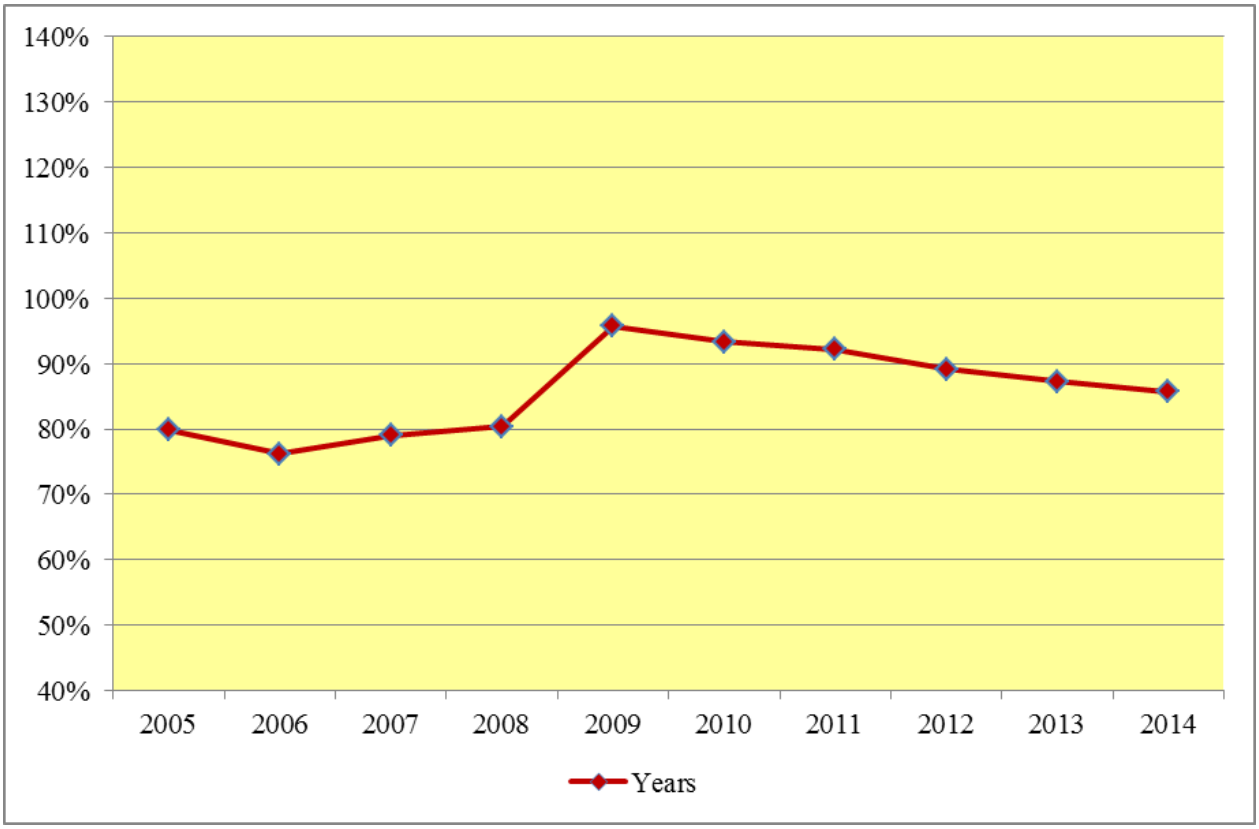
Five-Year History of Accrued Liability and Actuarial Value of Assets



The following chart shows a ten-year history of the total funded ratio:

Ten-Year History of Total Funded Ratio

(2005 - 2014)



GASB No. 25 Disclosure

Statement No. 25 of the Governmental Accounting Standards Board established reporting standards for the annual financial reports of defined benefit pension plans. The System complied with Statement No. 25 beginning with the January 1, 1997 valuation. The statement requires disclosure of the "schedule of funding progress" and the "schedule of employer contributions" in the System's financial statements. Statement No. 25 is no longer applicable beginning with the January 1, 2014 valuation and will be replaced by Statement No. 67. Any results displayed throughout this report with reference to Statement No. 25 are strictly for comparison purposes for any relevant Statement No. 27 or Statement No. 67 results.

The "schedule of funding progress" shows historical trend information about the System's actuarial value of assets, the actuarial accrued liability and the unfunded actuarial accrued liability. The actuarial funded ratio is measured by comparing the actuarial value of assets (based on a 10-year moving average market value) with the accrued liability. The accrued liability is the present value of benefits accumulated to date under the System's funding method and reflects future pay increases for active employees. On this basis, the System's funded ratio is 85.7% as of January 1, 2014. This funded ratio is based on an actuarial value of assets of $1,772,749,644 and an accrued liability of $2,069,546,764.

The "schedule of employer contributions" shows historical trend information about the annual required contribution (ARC) for pensions of the employer and the percentage of the ARC contributed to the System. The ARC is equal to the normal cost for pensions plus amortization of the unfunded actuarial accrued liability for pensions. The maximum period of amortizing the unfunded actuarial accrued liability permitted by GASB No. 25 is 30 years. The maximum amortization period decreased from 40 years to 30 years in 2007. The employer contributions to the System are equal to the normal cost plus a payment towards each change in the unfunded accrued liability, which are amortized over 5, 10 or 30-year periods, depending on the source of the changes. In 2013 and 2014, the ARC was set at the normal cost plus interest plus a thirty year amortization of the unfunded liability. Please refer to page one of this report for more details. The ARC and the actual employer percentage contributed for the five fiscal years ending December 31, 2014 are shown in Table 14.

Rate of Return

The investment return of the trust fund (i.e. total return including both realized and unrealized gains and losses) for fiscal years 2009 through 2013 is shown in the table below. The return based on the actuarial value of assets used for determining annual contribution rates is also shown.

The rate of return on market value reflects the investment earnings on the market value of assets from the beginning of the fiscal year to the end of the fiscal year. The actuarial assets are the assets recognized for valuation purposes. Actuarial assets are based on a smoothed market value that spreads the difference between the actual and expected return over a period of ten years. The rate of return on the actuarial value of assets is a measure of the increase in the actuarial value of assets from the beginning of the fiscal year to the end of the fiscal year. The rates of return shown below have been developed by the actuary for illustrative purposes only. They are based on simplifying assumptions and as such, likely will not exactly match the returns presented by your investment consultants. The reader is encouraged to use the returns developed by the investment consultants.

Five Year History of Asset Returns

As of	Asset Values		Estimated Rates of Return		
12/31	Market	Actuarial	Market	Actuarial	Assumed
2013	$1,879,234,430	$1,772,749,644	15.0%	8.7%	8.0%
2012	1,768,434,628	1,768,434,628	10.8%	4.8%	8.0%
2011	1,742,106,887	1,836,542,926	0.2%	3.5%	8.0%
2010	1,895,166,843	1,929,427,864	11.7%	5.5%	8.0%
2009	1,822,539,885	1,956,443,729	20.4%	3.9%	8.0%
	Compound Rate of Return (five years):		11.4%	5.3%	

TABLE 1

SUMMARY OF RESULTS OF ACTUARIAL VALUATION

Item	January 1, 2014	January 1, 2013
Participant Data		
1. Number of Participants		
a) Active Participants	3,911	3,934
b) Participants with Deferred Benefits	1,411	1,196
c) Participants Receiving Benefits	7,940	7,867
d) Total	13,262	12,997
2. Annualized Salaries	$ 188,605,492	$ 189,131,711
3. Annual Annuities	$ 162,296,676	$ 158,040,281
Valuation Results		
4. Present Value of Future Benefits		
a) Active Participants	$ 625,424,284	$ 631,414,550
b) Participants with Deferred Benefits	62,251,854	53,055,044
c) Participants Receiving Benefits	1,485,465,588	1,450,921,437
d) Total	$ 2,173,141,726	$ 2,135,391,031
5. Present Value of Future Normal Cost	$ 103,594,962	$ 110,071,663
6. Actuarial Accrued Liability: (4 - 5)	$ 2,069,546,764	$ 2,025,319,368
7. Actuarial Value of Assets	$ 1,772,749,644	$ 1,768,434,628
8. Funded Status: (7 / 6)	85.7 %	87.3 %
9. Unfunded Actuarial Accrued Liability: (6 - 7)	$ 296,797,120	$ 256,884,740
10. Normal Cost Rate	7.773 %	8.194 %
11. Normal Cost for the Plan Year	$ 14,660,305	$ 15,497,452
Actual Funding Contribution and Annual Required Contribution for Fiscal Year *		
12. Actual Funding Contribution Calculated by Actuary		
a) Normal Cost with Interest	$ 15,235,436	$ 16,105,425
b) Net Annual Amortization Payments	14,329,489	12,164,620
c) Total Contribution: ((a + b), not less than zero)	$ 29,564,925	$ 28,270,045

* Effective January 1, 2011 Elected Officials and Non-Represented employees contributed 2% of compensation. For all Non-Represented employees (other than elected officials), the contribution rate increased to 4% of compensation effective December 11, 2011. During 2011, State mandated contributions were implemented. The amounts shown above are gross of member contributions.

TABLE 2

SECURITY OF PROMISED BENEFITS
UNFUNDED ACTUARIAL ACCRUED LIABILITY
FUNDED STATUS

Item	January 1, 2014	January 1, 2013
1. Actuarial Accrued Liability		
a. Active Participants		
Retirement Benefits	$ 485,283,111	$ 482,086,893
Withdrawal Benefits	28,152,806	31,247,071
Disability Benefits	4,963,594	3,155,488
Death Benefits	3,429,811	4,853,435
Total Active	521,829,322	521,342,887
b. Participants with Deferred Benefits	62,251,854	53,055,044
c. Participants Receiving Benefits	1,485,465,588	1,450,921,437
d. Total All Participants	$2,069,546,764	$2,025,319,368
2. Actuarial Value of Assets	1,772,749,644	1,768,434,628
3. Unfunded Actuarial Accrued Liability (1d - 2)	$ 296,797,120	$ 256,884,740
4. Funded Status: (2 / 1d)	85.7%	87.3%

The interest rate used as of January 1, 2014 and January 1, 2013 was 8.00%

TABLE 3

ACTUARIAL GAIN/(LOSS) FOR PLAN YEAR ENDING

Item	December 31, 2013	December 31, 2012
1. Actuarial Accrued Liability at the Beginning of the Year	$ 2,025,319,368	$ 2,059,553,667
2. Increases/(Decreases) During the Year		
a. Normal Cost for the Year	15,497,452	13,941,769
b. Member Contributions	-	-
c. Benefit Payments and Refunds	(172,248,723)	(178,769,275)
d. Assumed Interest to End of Year	156,227,411	158,652,700
e. Plan and Assumption Changes	-	90,929,244
f. Total: (a + b + c + d + e)	(523,860)	84,754,438
3. Expected Liability at the End of the Year: (1 + 2)	2,024,795,508	2,144,308,105
4. Actuarial Accrued Liability at the End of the Year	2,069,546,764	2,025,319,368
5. Liability Gain/(Loss): (3 - 4)	**$ (44,751,256)**	**$ 118,988,737**
6. Actuarial Value of Assets at the Beginning of the Year	$ 1,768,434,628	$ 1,836,542,926
7. Increases/(Decreases) During the Year		
a. County Contributions	21,998,256	18,410,496
b. Member Contributions for Service Purchases	8,954,525	9,040,652
c. Pension Obligation Bond Proceeds	-	-
d. Benefit Payments and Refunds	(172,248,723)	(178,769,275)
e. Administrative Expenses payable to the County	(1,289,344)	(1,187,236)
f. Assumed Interest to End of Year	135,068,659	140,264,898
g. Total: (a + b + c + d + e + f)	(7,516,627)	(12,240,465)
8. Expected Actuarial Assets at the End of the Year (6 + 7)	1,760,918,001	1,824,302,461
9. Actuarial Value of Assets at the End of the Year	1,772,749,644	1,751,697,074*
10. Actuarial Asset Gain/(Loss): (9 - 8)	**$ 11,831,643**	**$ (72,605,387)**
11. Total Gain/(Loss): (5 + 10)	**$ (32,919,613)**	**$ 46,383,350**

* Actuarial value prior to the method change

Effective January 1, 2012, the normal retirement age was increased to age 64 for future hires only for DC48, Building Trades and FNHP. The multiplier was decreased from 2.0% to 1.6% for current members' future service and future hires' total service for the DC48, Building Trades and FNHP effective August 1, 2011, January 1, 2012 and January 1, 2012, respectively.

Note that for purposes of the contribution rates shown in the report, these amounts are gross contribution amounts. It is our understanding that County staff will net out the amount of employee contributions that are collected to arrive at a net County contribution.

TABLE 4

AMORTIZATION SCHEDULE FOR ACTUAL FUNDING CONTRIBUTION FOR 2014 PLAN YEAR

Type of Payment	Amortization Period: Date Created	Initial Years	Remaining Years	Last Payment	Balances: Initial	Outstanding	Payment
1. Charges							
Reestablished unfunded	1/1/2004	30	20	2033	$ 257,960,162	$ 301,284,774	$ 23,657,211
Expense	1/1/2005	10	1	2014	1,053,714	145,656	157,308
Loss	1/1/2005	30	21	2034	88,729,863	101,786,404	7,751,781
Expense	1/1/2006	10	2	2015	972,805	258,527	144,977
Assumption Change	1/1/2006	30	22	2035	95,861,177	107,770,939	7,977,405
Expense	1/1/2007	10	3	2016	988,048	379,477	147,248
Expense	1/1/2008	10	4	2017	915,868	452,079	136,491
Method Change	1/1/2008	30	24	2037	48,020,858	52,386,779	3,683,902
Expense	1/1/2009	10	5	2018	1,031,291	613,648	153,693
Loss	1/1/2009	30	25	2038	70,007,095	75,519,345	5,188,956
Expense	1/1/2010	10	6	2019	1,312,156	904,003	195,550
Loss	1/1/2010	30	26	2039	84,943,001	90,476,284	6,083,102
Expense	1/1/2011	10	7	2020	1,310,356	1,016,707	195,282
Loss	1/1/2011	30	27	2040	21,412,971	22,490,229	1,481,610
Expense	1/1/2012	10	8	2021	1,548,921	1,326,525	230,835
Loss	1/1/2012	30	28	2041	58,347,601	60,355,246	3,900,675
Expense	1/1/2013	10	9	2022	1,187,236	1,105,282	176,933
Assumption Change	1/1/2013	30	29	2042	101,180,610	102,960,640	6,535,424
Expense	1/1/2014	10	10	2023	1,289,344	1,289,344	192,150
Loss	1/1/2014	30	30	2043	32,919,613	32,919,613	2,054,427
Total Charges						$ 955,441,501	70,044,960
2. Credits							
Gain	1/1/2006	30	22	2035	$ 12,975,497	$ 14,587,566	$ 1,079,799
Gain	1/1/2007	30	23	2036	55,348,557	60,965,098	4,394,656
Assumption Change	1/1/2007	30	23	2036	26,558,457	29,253,502	2,108,731
Gain	1/1/2008	30	24	2037	61,342,303	66,919,371	4,705,852
Pension Obligation Bond Proceeds	1/1/2009	30	25	2038	363,950,833	392,607,778	26,976,187
Variance	1/1/2010	5	1	2014	30,784,078	7,138,955	7,710,071
Plan Change	1/1/2010	30	26	2039	1,589,892	1,693,459	113,858
Variance	1/1/2011	5	2	2015	5,343,718	2,386,664	1,338,369
Plan Change	1/1/2011	30	27	2040	227,128	238,557	15,714
Variance	1/1/2012	5	3	2016	4,781,394	3,086,154	1,197,531
Plan Change	1/1/2012	30	28	2041	275,129	284,596	18,393
Variance	1/1/2013	5	4	2017	2,575,955	2,136,866	645,165
Gain	1/1/2013	30	29	2042	46,383,350	47,199,354	2,995,977
Method Change	1/1/2013	30	29	2042	16,737,554	17,032,011	1,081,106
Plan Change	1/1/2013	30	29	2042	10,251,366	10,431,714	662,153
Variance	1/1/2014	5	5	2018	2,682,736	2,682,736	671,909
Total Credits						$ 658,644,381	$ 55,715,471
3. Net Amount (1 - 2)						$ 296,797,120	$ 14,329,489

Annual amortization payments of the reestablished unfunded actuarial accrued liability (UAAL), and changes to the UAAL arising from plan changes, assumption changes, and actuarial gains/losses are amortized as a level percentage of payroll, assuming payroll growth of 3.5% per year over a 30-year period.

Administrative expenses incurred by the County related to the System are payable by the System to the County. The County then reimburses the System for this payment on a level dollar basis over 10 years.

The variance between the amount contributed to the System for a plan year, and the actual contribution requirement for that year is amortized on a level dollar basis over 5 years. As the result of the sale of $397,797,000 in Pension Obligation Bonds, all existing bases at January 1, 2009 arising from variances between amounts contributed to the System and actual contribution requirements were considered fully recognized. This reduced the net outstanding balance of amortizations by $33,846,167.

The recognized balances have been offset against the proceeds of the sale of the Pension Obligation Bonds. The remaining amount of $363,950,833 has been amortized as a level percent of payroll over a period of 30 years.

TABLE 5

DEVELOPMENT OF NORMAL COST
FOR CURRENT AND PRIOR PLAN YEAR ACTUAL FUNDING CALCULATIONS

Item	January 1, 2014	January 1, 2013
1. Present Value of Projected Benefits		
a. Active Participants		
Retirement Benefits	$ 570,309,896	$ 569,036,237
Withdrawal Benefits	40,616,108	45,914,783
Disability Benefits	6,767,529	9,903,960
Death Benefits	7,730,751	6,559,570
Total Active	625,424,284	631,414,550
b. Participants with Deferred Benefits	62,251,854	53,055,044
c. Participants Receiving Benefits	1,485,465,588	1,450,921,437
d. Total All Participants	2,173,141,726	2,135,391,031
2. Actuarial Value of Assets	1,772,749,644	1,768,434,628
3. Unfunded Actuarial Accrued Liability	296,797,120	256,884,740
4. Present Value of Future Normal Costs (1d - 2 - 3)	103,594,962	110,071,663
5. Present Value of Future Salaries	1,332,747,651	1,343,305,928
6. Normal Cost Rate (4 / 5)	7.773%	8.194%
7. Expected Salaries for the Plan Year*	188,605,492	189,131,711
8. Normal Cost for the Plan Year **(6 x 7)**	**14,660,305**	**15,497,452**

* Prior-year earnings increased by the salary assumption and limited by the IRS compensation limit for those under the mandatory retirement age.

TABLE 6

COUNTY AND MEMBERS CONTRIBUTION REQUIREMENTS

COUNTY CONTRIBUTION REQUIREMENTS

Item	2015 Budget	2014 Actual	2014 Budget
1. Normal Cost with Interest	$ 15,769,000	$ 15,235,436	$ 16,669,000
2. Net Annual Amortizations	22,536,000	14,329,489	12,393,000
3. Total Contribution (1 + 2, not less than zero)	$ 38,305,000	$ 29,564,925	$ 29,062,000

Note that for purposes of the contribution rates shown in the report, these amounts are gross contribution amounts. It is our understanding that County staff will net out the amount of employee contributions that are collected to arrive at a net County contribution.

STATE MANDATED MEMBER CONTRIBUTIONS

Item	Results Based on Current Contributions: Non-Contributors	Public Safety	General	All Members
Valuation Results as of January 1, 2014				
1. Present Value of Future Benefits				
a) Active Participants *	$ -	$ 89,565,363	$ 535,858,921	$ 625,424,284
b) Participants with Deferred Benefits	62,251,854	-	-	62,251,854
c) Participants Receiving Benefits	1,485,465,588	-	-	1,485,465,588
d) Total	$ 1,547,717,442	$ 89,565,363	$ 535,858,921	$ 2,173,141,726
2. Present Value of Future Normal Cost	$ -	$ 10,127,148	$ 93,467,814	$ 103,594,962
3. Actuarial Accrued Liability: (1 - 2)	$ 1,547,717,442	$ 79,438,215	$ 442,391,107	$ 2,069,546,764
4. Actuarial Value of Assets	$ 1,325,756,727	$ 68,045,850	$ 378,947,067	$ 1,772,749,644
5. Funded Status: (4 / 3)	85.7%	85.7%	85.7%	85.7%
6. Unfunded Actuarial Accrued Liability: (3 - 4)	$ 221,960,715	$ 11,392,365	$ 63,444,040	$ 296,797,120
7. Normal Cost Rate	0.000%	7.424%	7.813%	7.773%
8. Total Normal Cost for the Plan Year	$ -	$ 1,447,029	$ 13,213,276	$ 14,660,305
Projected Employee Contribution for 2015				
1. Actual Contribution for 2014				
a) Normal Cost with Interest	$ -	$ 1,503,797	$ 13,731,639	$ 15,235,436
b) Net Annual Amortization Payments **	10,716,356	550,028	3,063,105	14,329,489
c) Total Contribution: ((a + b), not less than zero)	$ 10,716,356	$ 2,053,825	$ 16,794,744	$ 29,564,925
2. Employee Contribution (50% of 1c for Contributors)	N/A	$ 1,026,913	$ 8,397,372	N/A
3. Expected Salaries in 2015	0	19,491,607	169,113,885	188,605,492
4. Employee Contribution Rate (2÷3)	N/A	5.3%	5.0%	N/A

* The actives in the Public Safety group include 293 members comprised of Represented Firefighters and Sheriffs and Non-Represented Firefighters and Sheriffs.

** The Net Annual Amortization Payments for the Contributors was prorated based on the contributors' actuarial accrued liability compared to total actuarial accrued laibility of the Retirement System. These payments include amortization payments for administrative expenses.

TABLE 7

SUMMARY STATEMENT OF MARKET VALUE OF PLAN ASSETS

Asset Category	December 31, 2013	December 31, 2012
1. Cash and Cash Equivalents	$ 81,248,096	$ 56,933,710
2. Investments at Fair Value		
a. Domestic common and preferred stocks	638,670,311	408,643,021
b. Futures Contracts	-	-
c. Corporate bonds	368,539,958	445,499,443
d. International common and preferred stocks	206,675,087	348,646,991
e. Federal agency and mortgage-backed certificates	-	-
f. International fixed income	-	-
g. U.S. Government and state obligations	-	-
h. Real estate investment trusts	166,037,665	127,429,416
i. Long/Short Hedge Funds	193,376,665	181,417,205
j. Infrastructure	134,856,078	130,214,951
k. Private Equity	48,311,010	49,843,970
l. Total Investments	$ 1,756,466,774	$ 1,691,694,997
3. Contributions Receivable for OBRA and ERS	22,358,256	19,290,496
4. (Payable) to OBRA Pension Plan	(1,592,289)	(1,631,303)
5. Net All Other Receivables (Liabilities)	20,753,593	2,146,728
6. Net Assets Held in Trust for ERS Pension Benefits (1 + 2l + 3 + 4 + 5)	$ 1,879,234,430	$ 1,768,434,628

TABLE 8

SUMMARY RECONCILIATION OF MARKET VALUE OF PLAN ASSETS

Item	For Year Ending December 31, 2013	For Year Ending December 31, 2012
1. Market Value of Assets at the Beginning of the Year	$ 1,768,434,628	$ 1,742,106,887
2. Contributions for Plan Year		
a. County	$ 21,998,256	$ 18,410,496
b. Member	8,954,525	9,040,652
c. Total	30,952,781	27,451,148
3. Disbursements for Plan Year		
a. Benefit payments and refunds	$ 172,248,723	$ 178,769,275
b. Administrative expenses payable to County	1,289,344	1,187,236
c. Total	173,538,067	179,956,511
4. Proceeds of Pension Obligation Bonds	-	-
5. Market Value of Assets at the End of the Year	1,879,234,430	1,768,434,628
6. Net Investment Income * (5 - 1 - 2c + 3c - 4)	253,385,088	178,833,104
7. Expected Net Investment Income (8.00% per annum)	135,068,659	132,710,015
8. Gain (Loss) on Market Value of Assets (6 - 7)	118,316,429	46,123,089
9. Estimated Rate of Return	15.0%	10.8%

* Net Investment Income is the change in the value of assets for reasons other than contributions and disbursements.

TABLE 9

DERIVATION OF ACTUARIAL VALUE OF PLAN ASSETS AS OF DECEMBER 31, 2013

1. Market Value of Assets as of December 31, 2013				$ 1,879,234,430
2. Determination of Deferred Gain (Loss)				
Year	Gain/(Loss)	Percentage Deferred	Amount Deferred	
2013	$ 118,316,429	90%	$ 106,484,786	
2012	-	80%	-	
2011	-	70%	-	
2010	-	60%	-	
2009	-	50%	-	
2008	-	40%	-	
2007	-	30%	-	
2006	-	20%	-	
2005	-	10%	-	
2004	-	0%	-	
Total				106,484,786
3. Actuarial Value of Assets (1 - 2)				$ 1,772,749,644

Assets were re-established at market value on January 1, 2013, so actual Gain/(Loss) amounts prior to 2013 are not applicable.

TABLE 10

SUMMARY RECONCILIATION OF ACTUARIAL VALUE OF PLAN ASSETS AS OF DECEMBER 31, 2013

Item	For Year Ending December 31, 2013	For Year Ending December 31, 2012
1. Actuarial Value of Assets at the Beginning of the year	$ 1,768,434,628	$ 1,836,542,926
2. Contributions for Plan Year		
a. County	$ 21,998,256	$ 18,410,496
b. Member	8,954,525	9,040,652
c. Total	30,952,781	27,451,148
3. Disbursements for Plan Year		
a. Benefit payments and refunds	$ 172,248,723	$ 178,769,275
b. Administrative expenses payable to County	1,289,344	1,187,236
c. Total	173,538,067	179,956,511
4. Proceeds of Pension Obligation Bonds	-	-
5. Actuarial Value of Assets at the End of the Year	1,772,749,644	1,768,434,628
6. Net Investment Income * (5 - 1 - 2c + 3c - 4)	146,900,302	84,397,065
7. Expected Net Investment Income (8.00% per annum)	135,068,659	140,264,898
8. Gain (Loss) on Actuarial Value of Assets (6 - 7)	11,831,643	(55,867,833)
9. Estimated Rate of Return	8.7%	4.8%

* Net Investment Income is the change in the value of assets for reasons other than contributioins and disbursements.

TABLE 11

CONTRIBUTIONS FOR 2013 PLAN YEAR AND VARIANCE FROM THE FUNDING CALCULATION CONTRIBUTION

Item				Amount
1. Total Funding Calculation, End-of-Year Basis, for 2013 Plan Year (from January 1, 2013 actuarial valuation report)				$ 28,270,045
2. Total Employer Contributions Made, End-of-Year Basis				
Contribution Made	Fraction of a Year Invested	Contribution Amount	Interest to Year End*	End of Year Amount
Bi-weekly	50.0%	$ -	$ -	$ -
2/15/2014	0.0%	3,000,000	-	3,000,000
3/15/2014	0.0%	3,000,000	-	3,000,000
4/15/2014	0.0%	3,000,000	-	3,000,000
5/15/2014	0.0%	3,000,000	-	3,000,000
6/15/2014	0.0%	6,000,000	-	6,000,000
7/15/2014	0.0%	3,998,256	-	3,998,256
Total		$ 21,998,256	$ -	$ 21,998,256
3. Total Member Contributions				$ 8,954,525
4. Variance from Funding Calculation Amount** (2 + 3 - 1)				$ 2,682,736

* Interest to 12/31/2013 at 8.00% per annum

** Variance will be amortized on a level dollar basis over five years.

Note that for purposes of the contribution rates shown in the report, these amounts are gross contribution amounts. It is our understanding that County staff will net out the amount of employee contributions that are collected to arrive at a net County contribution.

TABLE 12

GASB NOS. 25 AND 27 DISCLOSURE INFORMATION FOR CURRENT AND PRIOR PLAN YEAR

Equivalent Single Amortization Period

Item	January 1, 2014	January 1, 2013
1. Covered Payroll	$ 188,605,492	$ 189,131,711
2. Unfunded Amount	296,797,120	256,884,740
3. Amortization Payment	14,329,489	12,164,620
4. Payment as a Level Percentage of Payroll (3 / 1)	7.60%	6.43%
5. Weighted Average Amortization Period (2 / 3)	20.71	21.12
6. Equivalent Single Amortization Period (Nearest Whole Year)	63	71

Net Pension Obligation

Item	January 1, 2014	January 1, 2013
1. Annual Required Contribution (ARC)	$ 33,757,773	$ 32,136,934
2. Interest on Net Pension Obligation	(34,062,772)	(33,566,974)
3. Adjustment to ARC	26,572,114	26,185,346
4. Annual Pension Cost (APC)	26,267,115	24,755,306
5. Contributions made*	(29,057,000)	(30,952,781)
6. Increase (Decrease) in Net Pension Obligation	(2,789,885)	(6,197,475)
7. Net Pension Obligation at Beginning of Year	(425,784,653)	(419,587,178)
8. Net Pension Obligation at End of Year**	(428,574,538)	(425,784,653)
9. Percent of APC Contributed	110.62%	125.03%

* Contributions for 2014 are estimated based on the County budget

** NPO at December 31, 2014 is estimated based on expected contributions to be made for the year

TABLE 13

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
($ Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Funded Ratio (a / b)	(Overfunded) Unfunded Actuarial Accrued Liability (b - a)	Covered Payroll (c)	(Overfunded) Unfunded as a Percentage of Covered Payoll [(b - a) / c]
1/1/2014	$ 1,772,750	$ 2,069,547	85.7%	$ 296,797	$ 188,605	157.4%
1/1/2013	1,768,435	2,025,319	87.3%	256,884	189,132	135.8%
1/1/2012	1,836,543	2,059,554	89.2%	223,011	190,748	116.9%
1/1/2011	1,929,428	2,091,927	92.2%	162,499	221,647	73.3%
1/1/2010	1,956,444	2,097,332	93.3%	140,888	237,040	59.4%

TABLE 14

SCHEDULE OF EMPLOYER CONTRIBUTIONS
GASB STATEMENT NO. 25 DISCLOSURE

Fiscal Year Ended December 31	Annual Required Contribution	Percentage Contributed
2014	$ 33,757,773	86.1 % *
2013	32,136,934	96.3
2012	28,406,232	96.5
2011	29,621,216	106.3
2010	29,529,322	106.0

* Contributions for 2014 are estimated based on the County budget

The information presented above was determined as part of the actuarial valuation as of the dates indicated (i.e., the contribution determined by the valuation completed as of January 1, 2014 was contributed in the fiscal year ending December 31, 2013).
Additional information as of the latest actuarial valuation follows:

Valuation Date:	01/01/2014
Actuarial Cost Method:	Aggregate Entry Age Normal
Amortization Method:	Level percent of payroll, closed
Remaining Amortization Period:	5-30 Years
Asset Valuation Method:	10-year smoothed market

Actuarial Assumptions:

- Investment Rate of Return	8.00%
-Payroll Growth	3.50%

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS

ASSUMPTIONS

Interest Rate: 8.0% per annum, compounded annually. The components are 3.0% for inflation and 5.0% for the real rate of return.

Separation From Service: Illustrative rates of assumed separation from service are shown in the following tables.

Annual Rates per 100 Participants

Mortality*				
Attained Age	Healthy Pensioners		Disabled Pensioners	
	Males	Females	Males	Females
45	0.09	0.05	2.26	0.75
50	0.14	0.08	2.90	1.15
55	0.23	0.15	3.54	1.65
60	0.44	0.30	4.20	2.18
65	0.84	0.59	5.02	2.80
70	1.34	0.94	6.26	3.76
75	2.14	1.47	8.21	5.22
80	3.86	2.59	10.94	7.23
85	6.40	4.55	14.16	10.02

* Healthy pensioners: The sex-distinct UP-1994 Mortality Table with projection scale AA to 2012 and then fully generational thereafter using scale AA.

Active members: 70% of the rates applicable to healthy pensioners.

Disabled pensioners: RP2000 Disabled Mortality Table.

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

Annual Rates per 100 Participants

Attained Age	Withdrawal – Ultimate			Disability
	General Employees	Elected Officials*	Deputy Sheriffs	
20	20.00	2.00	20.00	0.00
25	18.10	2.00	18.10	0.04
30	8.10	2.00	8.10	0.05
35	5.20	2.00	5.20	0.07
40	4.00	2.00	4.00	0.12
45	3.70	2.00	3.70	0.16
50	3.70	2.00	3.70	0.16
55	1.00	2.00	1.00	0.16
60	0.00	0.00	0.00	0.16
65	0.00	0.00	0.00	0.16

* Select rates for elected officials assume no turnover for first four years.

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

Annual Rates per 100 Participants

Retirement Rates				
Attained Age	**General Employees** (backdrop eligible)	**General Employees** (not backdrop eligible)	**Elected Officials**	**Deputy Sheriffs**
45-49	14.0	0.0	0.0	15.0
50-54	14.0	14.0	0.0	30.0
55	14.0	14.0	19.8	30.0
56	15.0	15.0	19.8	30.0
57	16.0	16.0	23.0	30.0
58	17.0	17.0	20.4	30.0
59	17.0	17.0	24.8	30.0
60	17.0	17.0	19.4	30.0
61	25.0	25.0	22.5	50.0
62	30.0	30.0	28.4	50.0
63	30.0	30.0	26.6	50.0
64	30.0	30.0	24.3	50.0
65	40.0	40.0	30.4	100.0
66	40.0	40.0	22.5	100.0
67	40.0	40.0	25.7	100.0
68	40.0	40.0	34.2	100.0
69	40.0	40.0	36.0	100.0
70	100.0	100.0	100.0	100.0

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

Salary Increase: Effective average of 3.5% per annum, compounded annually. Representative values are as follows:

Annual Rate of Salary Increase

Age	General Employees	Elected Officials	Deputy Sheriffs
20	9.5%	3.0%	9.5%
25	5.0	3.0	8.0
30	4.0	3.0	6.1
35	3.7	3.0	4.6
40	3.5	3.0	3.7
45	3.0	3.0	3.3
50	3.0	3.0	3.0
55	3.0	3.0	3.0
60	3.0	3.0	3.0
Average	3.3	3.0	4.3

Payroll Growth: 3.5% per annum.

MISCELLANEOUS

Percentage Married/Age Difference: Male 80%, female 80%. Beneficiaries are assumed to be the same age as the participant.

Percentage Married with at Least One Dependent Child: 21.6% for General Employees, 43.2% for Deputy Sheriffs and Elected Officials. For those who die prior to age 60, it is assumed at least one child will remain a dependent until the member would have turned age 60.

Backdrop Rate: 75% of eligible retirees are assumed to elect a backdrop. Of those electing, 75% are assumed to take the maximum period available to them and 25% take half the maximum period available based on eligibility for an unreduced retirement benefit.

Assumed Type of Disability: For represented employees the assumption is 50% Ordinary and 50% Accidental and for non-represented employees, the assumption is 100% Ordinary and 0% Accidental.

TABLE 15

DESCRIPTION OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

METHODS

Calculations: The actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system, and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System.

Actuarial Cost Method: Liabilities and contributions shown in this report are computed using the Aggregate Entry Age Normal Cost Method. The outstanding balance of the unfunded actuarial accrued liability (UAAL) as of January 1, 2004 and any changes to the UAAL arising from plan changes, assumption changes, and actuarial gains/losses are amortized as a level percentage of payroll over a 30-year period.

Administrative expenses incurred by the County related to the System are payable by the System to the County. The County then reimburses the System for this payment on a level dollar basis over 10 years.

The variance between the amount contributed to the System for a plan year, and the actual contribution requirement for that year is amortized on a level dollar basis over 5 years. POB proceeds were not subject to the contribution variance requirements.

Asset Valuation Method: A ten-year moving market average value of assets that recognizes the actuarial expected investment return immediately and spreads the difference between the actual and expected return over a period of ten years. Assets were re-established at market value on January 1, 2013.

DATA

Census and Assets: The valuation was based on members of the System as of January 1, 2014 and does not take into account future members. All census data was supplied by the System and was subject to reasonable consistency checks. Asset data was supplied by the System.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS

MEMBERSHIP

Any person regularly employed by the County at an annual wage or salary, including any person employed by the State of Wisconsin, but receiving part of his compensation from the County.

VESTING SERVICE

Service during period of employment in the County or in any department in any town, village, city or metropolitan sewerage commission in the County, which department has by consolidation or merger been absorbed by the County.

Creditable service shall consist of "prior service", "military service", and "membership service", for which service credit is allowable under Section 4, Chapter 201, Laws of 1937, as well as service under Executive Order 11231, July 8, 1965, for Vietnam. Additional credit for periods of military service will be earned in accordance with the following chart:

Years of Service with Milwaukee County	Maximum Years of Military Service Granted
0-4	0
5-9	1
10-14	2
15-19	3
20+	4

BENEFIT SERVICE

Same as vesting service except service prior to becoming a participant does not count.

EARNINGS

Earnable compensation is the full rate of compensation payable to member if he worked the full normal working time for his position, including authorized overtime payments and the compensation rate assumed to have been received while the member is on authorized leave of absence. In cases where compensation includes maintenance, the Pension Board shall fix the value of that part of the compensation not payable in

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

	money. Compensation shall not exceed $260,000 in the pension calculation as indexed for changes in the cost of living. For all members except certain deputy sheriffs hired on or after January 1, 1982, the final average salary means the average annual salary for the highest three (3) consecutive years of service. For deputy sheriffs hired on or after January 1, 1982, excluding DA Investigators and non-represented deputy sheriffs, the final average salary means the average annual salary for the highest five (5) consecutive years of service. For DA Investigators and non-represented deputy sheriffs hired before July 1, 1995 and all non-deputy sheriff members hired before January 1, 1982, the final average salary is increased 7.5% for each year worked after January 1, 2001 to a maximum of 25%.
VOLUNTARY EMPLOYEE CONTRIBUTION	Up to 10% of earnings, provided that the employee was contributing on January 1, 1971.
MANDATORY EMPLOYEE CONTRIBUTION	Effective January 1, 2011 Elected Officials and Non-Represented employees contributed 2% of compensation. For all Non-Represented employees (other than elected officials), the contribution rate increased to 4% of compensation effective December 11, 2011.
BENEFITS	
Normal Retirement	
Eligibility	Elected Officials: Age 60, or age 55 with 30 years of service. For elected officials hired before January 1, 2006, the combination of age and service adding up to 75 (Rule of 75) also applies.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

General Employees:

For firefighters, Federated Nurses, and Machinists:

Age 60 with 5 years of service, or age 55 with 30 years of service. For firefighters hired before December 1, 1996, Federated Nurses hired before January 1, 1997, and Machinists hired before January 1, 1994, Rule of 75 also applies. For Federated Nurses and Machinists hired after January 1, 2012, age 64 or age 55 with 30 years of service.

For Attorneys, Skilled Trades, non-represented employees, DC48, and Teamco:

Age 60, or age 55 with 30 years of service. For attorneys, Skilled Trades, and non-represented employees hired before January 1, 2006 and DC48 and Teamco hired before January 1, 1994, Rule of 75 also applies.

For attorneys, Skilled Trades, non-represented employees, and TEAMCO hired after January 1, 2010, age 64 or age 55 with 30 years of service.

For DC48 hired after August 1, 2011, age 64 or age 55 with 30 years of service.

For non-represented employees (excluding Elected Officials, Deputy Sheriffs), attorneys, machinists and TEAMCO hired after January 1, 2010, retirement age is 64.

Deputy Sheriffs:

Age 57, or age 55 with 15 years of service. For deputy sheriffs, DA Investigators, and non-represented deputy sheriffs hired before January 1, 1994, Rule of 75 also applies.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

Amount	Elected Officials: For elected officials hired before March 15, 2002, 2.5% of final average salary per year of service before October 14, 2010 and 1.6% of final average salary per year of service thereafter, not greater than 80%. For elected officials hired on or after March 15, 2002, 2.0% of final average salary per year of service before October 14, 2010 and 1.6% of final average salary per year of service thereafter, not greater than 80%. General Employees: 2.0% of final average salary per year of service, not greater than 80%. For non-represented employees (excluding Elected Officials and Deputy Sheriffs), 1.6% of final average salary per year of service from January 1, 2010; for attorneys and TEAMCO, the 1.6% provision is effective May 1, 2010; for machinists, June 1, 2010; for DC48, effective August 1, 2011; for building trades and FNHP, effective January 1, 2012. Deputy Sheriffs: For deputy sheriffs hired before July 1, 1995 and DA Investigators and non-represented deputy sheriffs, 2.5% of final average salary per year of service, not greater than 80%. For deputy sheriffs hired on or after July 1, 1995, 2.0% of final average salary per year of service, not greater than 80%. For all members, 1.6% of final average salary per year of service after 80% of final average salary has been reached. In addition to the pension portion, the benefit includes any voluntary contribution balance. Benefits should not be less than under previous system.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

Early Retirement

Eligibility	Age 55 with 15 years of service.
Amount	Benefits reduced by 5/12 of 1% for each month by which commencement of payments precedes Normal Retirement Age. For deputy sheriffs, DA Investigators, and non-represented deputy sheriffs, benefit reduction does not apply.

Ordinary Disability Benefit

Eligibility	After 15 years of service.
Amount	Benefits calculated as for normal retirement benefits. Minimum benefit is 25% of final average salary.

Accidental Disability Benefit

Eligibility	Immediate.
Amount	Benefits are the same as normal retirement benefits if the employee has attained the minimum Normal Retirement Age. If less than Normal Retirement Age at time of disability, the benefit is computed the same as for normal retirement but is not less than 75% or 60% of final average salary.

Elected Officials

For elected officials hired before February 19, 1987, the benefit is not less than 75% of final average salary. For all other elected officials, the benefit is not less than 60% of final average salary.

General Employees

For non-represented employees hired before February 19, 1987, attorneys hired on or after January 1, 1987, Skilled Trades hired before October 30, 1987, Federated Nurses hired before January 1, 1987, Machinists hired before May 18, 1988, DC48 hired before July 24, 1987, and Teamco hired before January 12, 1988, the benefit is not less than 75% of final

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

average salary. For all other general employees, the benefit is not less than 60% of final average salary.

Deputy Sheriffs

For all deputy sheriffs, the benefit is not less than 75% of final average salary. For DA Investigators and non-represented deputy sheriffs hired on or after February 19, 1987, the benefit is not less than 60% of final average salary.

Ordinary Death Benefit

Upon the death of a deputy sheriff in active service for any cause other than accidental, the surviving spouse or child shall be entitled to receive the benefit under the provision of survivor benefits if the deceased member has completed at least one (1) year of service and is not eligible for normal retirement.

Accidental Death Benefit

Upon the death of a deputy sheriff caused by an accident in active duty, a survivorship benefit equal to fifty (50) percent of final average salary shall be granted to the following members:

1) A surviving spouse for life or until remarriage, or
2) If there is no spouse or spouse dies or remarries before the youngest child has attained age 18, the benefit is payable to his child(ren) under age 18 until the youngest child attains said age, or
3) If there is no spouse or child(ren) under age 18, the benefit is payable to his dependent father or mother to continue for life.

The monthly benefit aforementioned shall not be less than the benefit under ordinary death benefit section if death had not occurred in performance of duty.

Lump Sum Benefit Upon Death

Upon a death of members, a lump sum benefit of one-half the final average salary of the deceased member, not greater than two thousand dollars ($2,000) shall be paid to designated beneficiary if such member has completed one (1) year of service and no survivors' benefits payable under any other survivorship benefits.

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

Deferred Vested Benefit

Upon termination of employment, a member who does not elect to withdraw any part of his membership account shall be eligible for a deferred vested benefit if:

1) The accrued benefit at age 60 is at least $10 per month
2) 5 years of service

The benefit is computed the same as for a normal retirement benefit considering earnings and service prior to date of termination.

Survivor Benefit

Upon the death of a member prior to age 60 and after completing at least one (1) year of service, a monthly benefit equal to 40% of the member's salary for the year of his death less monthly survivor benefits payable under the Social Security law shall be payable to his surviving spouse if she has at least one dependent child and was married to the member at least one (1) year prior to his death. Upon attainment of age 60 the dependent spouse shall be paid a benefit equal to 50% of the normal pension which the member would have received assuming service had continued to accrue to age 60 and the final average salary determined at death. In addition, a monthly benefit equal to 10% of the member's monthly salary less the benefits payable to child under Social Security law shall be payable to each eligible children until he attains age 18 or marries, or until attainment of age 22 if he is a student and not married.

Any member eligible for normal retirement may elect the protective survivorship option by selecting option 2 or 3 under the Optional Benefit section. This survivorship option shall become effective at the death of the member. If any member eligible to elect an option shall die in active service, without selecting an option, his surviving spouse shall be paid a survivorship benefit equal to the amount that would have been payable if such member had retired under option 3 immediately prior to his death.

Optional Benefit

In lieu of the full retirement benefit, any member at retirement may elect to receive an actuarial equivalent reduced retirement benefit in accordance with the following options:

TABLE 16

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS
(Continued)

Option 1. In case of death before benefits attributable to his mandatory account have equaled the amount of his membership account at the date of retirement, the balance shall be paid to a designated beneficiary or to his estate; or
Option 2. At the death of the member, one-half of the reduced benefit shall be continued throughout the life of designated beneficiary; or
Option 3. At the death of the member, the same reduced benefit shall be continued throughout the life of designated beneficiary.

Other Benefits

Simple COLA	2% of original benefit increase per year to retired employees (surviving beneficiary receives proportionate amount based on survivorship percentage).
Contribution Refund	Refund of employee voluntary contribution upon severance.
Backdrop Benefit	Employee may opt to receive a monthly benefit earned as of a specific date in the past (backdrop date). The backdrop date may not be prior to the earliest date that the member was eligible to retire and shall not be less than one (1) year prior to the date the member leaves active County service. Employee receives a cash payment equal to monthly benefits that would have been paid between backdrop date and actual retirement date plus interested earned. Effective with backdrop dates on or after April 1, 2013, the monthly drop benefit shall be based on the salary, service and multipliers as of April 1, 2013, except for Elected Officials, Skilled Trades, Machinists, Federated Nurses and Firefighters. Members not eligible for backdrop benefits are Elected Officials, non-represented employees and deputy sheriffs hired on or after March 15, 2002, Machinists and Teamco hired on or after November 4, 2005, Attorneys hired on or after January 1, 2006, Federated Nurses hired on or after December 15, 2005, Firefighters hired on or after June 19, 2007 and DC48 hired on or after February 1, 2007.

TABLE 17

SUMMARY OF MEMBERSHIP DATA
AS OF JANUARY 1, 2014

Active Participants

Item	General Employees	Deputy Sheriffs *	Elected Officials	Total
Number of Participants	3,616	275	20	3,911
Average Annual Salaries **	$ 46,669	$ 66,850	$ 67,897	$ 48,224
Average Age	45.9	45.6	51.4	46.0
Average Service	11.1	18.5	11.2	11.6

* Includes 5 non-represented deputy sheriffs.

** The salaries shown in the table above represent a rate of pay increased by the salary assumption.

Inactive Participants

Item	Number	Annual Annuities	Average Annuities	Average Age
Participants with Deferred Benefits	1,411	$ 10,923,962	$ 7,742	50.6
Retired Participants	6,830	143,876,961	21,065	70.9
Beneficiaries	841	12,672,628	15,069	76.9
Disability Retirees	269	5,747,087	21,365	64.3
Total	9,351	$ 173,220,638	$ 18,524	68.2

TABLE 18

ACTIVE MEMBERSHIP STATISTICS (UNAUDITED)

	2013
Members as of January 1	5,130 *
Changes during the year:	
New enrollments	420
Nonvested terminations	(262)
Retirements	(238)
Deaths in active service	(1)
New deferred beneficiaries	0
Data Adjustment	273
Members as of December 31	5,322 *

*This total includes vested inactive members.

RETIREMENTS AND SURVIVORS (UNAUDITED)

	Retirements granted								Survivors & Benefi-ciaries	Total
	Maxi-mum Pension	Options								
		Refund	100%	75%	50%	25%	10-yr	Other		
January 1, 2013	3,211	398	1,383	241	1,077	443	197	49	868	7,867
Changes during the year:										
Adjustments (actuary) *	10	-	-	-	-	2	-	-	-	12
Retirements	190	-	58	13	22	20	19	-	-	322
Pensioner deaths	(127)	(32)	(23)	(2)	(47)	-	(3)	-	(27)	(261)
December 31, 2013	3,284	366	1,418	252	1,052	465	213	49	841	7,940

* Adjustments as a result of reclassifications made to beginning balances by the actuary:

EXHIBIT I

ACTIVE MEMBERSHIP DATA – ALL EMPLOYEES

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2014

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	60 $18,584									60 $18,584
25-29	232 $28,514	32 $40,536								264 $29,971
30-34	218 $33,236	104 $45,643	18							340 $37,899
35-39	223 $42,808	109 $48,235	115 $49,178	21 $61,284						468 $46,466
40-44	166 $38,029	120 $51,458	140 $50,632	115 $59,511	27 $56,963					568 $49,222
45-49	117 $37,595	80 $49,776	122 $48,350	116 $56,544	144 $57,804	30 $57,516	2			611 $50,818
50-54	88 $39,308	80 $53,177	110 $50,160	93 $54,671	183 $54,118	88 $59,586	9			651 $52,065
55-59	94 $41,061	70 $53,546	89 $49,442	75 $54,173	119 $55,231	88 $62,700	32 $58,140	3		570 $52,942
60-64	37 $50,503	43 $53,172	50 $50,297	46 $56,620	55 $54,983	42 $65,070	15	9		297 $57,662
Over 64	9	18	16	11	12	9	5	2		82 $ 56,497
Total	1,244 $35,840	656 $49,974	660 $49,685	477 $56,700	540 $56,046	257 $61,883	63 $65,532	14		3,911 $48,224

* Compensation in cells with fewer than 20 records has been suppressed.

EXHIBIT II

ACTIVE MEMBERSHIP DATA – GENERAL EMPLOYEES

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2014

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	60									60
	$18,584									$18,584
25-29	231	32								263
	$28,411	$40,536								$29,887
30-34	218	102	16							336
	$33,236	$45,246								$37,577
35-39	219	107	95	11						432
	$42,018	$48,030	$46,361							$44,867
40-44	166	118	120	62	17					483
	$38,029	$51,384	$48,511	$53,181						$46,333
45-49	116	79	107	82	106	26	2			518
	$36,769	$49,692	$46,331	$52,699	$54,287	$54,575				$47,886
50-54	87	80	108	78	154	79	9			595
	$39,159	$53,177	$49,873	$52,506	$51,873	$57,359				$50,579
55-59	94	70	88	72	115	86	31	3		559
	$41,061	$53,546	$48,455	$52,942	$55,083	$62,662	$56,560			$52,443
60-64	37	43	49	46	54	39	15	9		292
	$50,503	$53,172	$49,563	$56,620	$54,785	$65,308				$57,493
Over 64	9	17	15	10	12	8	5	2		78
										$ 56,280
Total	1,237	648	598	361	458	238	62	14		3,616
	$35,572	$49,865	$48,157	$53,515	$54,198	$60,859	$64,861			$46,669

* Compensation in cells with fewer than 20 records has been suppressed.
Five non-represented deputy sheriffs are included with Deputy Sheriffs exhibit.

EXHIBIT III

ACTIVE MEMBERSHIP DATA – DEPUTY SHERIFFS

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2014

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25										
25-29										
30-34		1	2							3
35-39	1	1	20 $62,558	10						32 $67,342
40-44		1	20 $63,354	53 $66,915	10					84 $65,798
45-49		1	14	34 $65,820	38 $67,615	4				91 $66,584
50-54			2	15	29 $66,042	9				55 $68,139
55-59				2	2	2	1			7
60-64					1	2				3
Over 64										
Total	1	4	58 $63,219	114 $66,346	80 $66,722	17	1			275 $66,850

* Compensation in cells with fewer than 20 records has been suppressed.
Includes 5 non-represented deputy sheriffs.

EXHIBIT IV

ACTIVE MEMBERSHIP DATA – ELECTED OFFICIALS

NUMBER AND AVERAGE ANNUAL SALARY*
AS OF JANUARY 1, 2014

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25										
25-29	1									1
30-34		1								1
35-39	3	1								4
40-44		1								1
45-49	1		1							2
50-54	1									1
55-59			1	1	2					4
60-64			1			1				2
Over 64		1	1	1		1				4
Total	6	4	4	2	2	2				20 $67,897

* Compensation in cells with fewer than 20 records has been suppressed.

EXHIBIT V

ACTIVE AND DEFERRED VESTED MEMBERS OBTAINING RETIREMENT ELIGIBILITY OVER NEXT FIVE CALENDAR YEARS

Actives Reaching Retirement Eligibility

Year	General Employees	Elected Officials	Deputy Sheriffs	Total
Eligible at Valuation Date	568	9	10	587
2014	121	0	3	124
2015	112	0	5	117
2016	163	1	13	177
2017	131	0	6	137
2018	148	0	16	164
Total Over Next 5 Years	675	1	43	719
Grand Total Eligible	1,243	10	53	1,306

Deferred Vesteds Reaching Retirement Age

Year	Total
2014	81
2015	71
2016	70
2017	73
2018	76
Total Over Next 5 Years	371

EXHIBIT VI

RETIREE AND BENEFICIARY MEMBERSHIP DATA
AS OF JANUARY 1, 2014

NUMBER AND AVERAGE ANNUAL BENEFIT

Age Last Birthday	Number	Annual Benefit	Average Annual Benefit
Retired Participants			
Under 60	693	$ 19,848,847	$ 28,642
60 - 64	1,537	32,891,607	21,400
65 - 69	1,482	32,937,938	22,225
70 - 74	955	20,412,377	21,374
75 - 79	763	15,466,557	20,271
Over 79	1,400	22,319,635	15,943
Total	6,830	$ 143,876,961	$ 21,065
Beneficiary Participants			
Under 60	83	$ 1,215,680	$ 14,647
60 - 64	57	947,125	16,616
65 - 69	81	1,569,788	19,380
70 - 74	73	1,151,016	15,767
75 - 79	121	1,962,344	16,218
Over 79	426	5,826,675	13,678
Total	841	$ 12,672,628	$ 15,069
Disabled Participants			
Under 60	108	$ 2,663,521	$ 24,662
60 - 64	42	1,001,841	23,853
65 - 69	33	586,891	17,785
70 - 74	28	556,307	19,868
75 - 79	20	322,861	16,143
Over 79	38	615,666	16,202
Total	269	$ 5,747,087	$ 21,365
Grand Total	7,940	$ 162,296,676	$ 20,440

EXHIBIT VII

5-YEAR HISTORY OF MEMBERSHIP DATA

Active Participants

Valuation as of January 1	Number of Active Participants	Percentage Change in Membership	Total Annual Payroll	Percentage Change in Payroll
2014	3,911	(0.58)%	$ 188,605,492	(0.28)%
2013	3,934	(0.96)%	189,131,711	(0.85)%
2012	3,972	(10.70)%	190,747,973	(13.94)%
2011	4,448	(7.49)%	221,647,443	(6.49)%
2010	4,808	(0.60)%	237,040,117	1.38 %

Retired, Disabled, and Beneficiary Participants

Valuation as of January 1	Number on roll	Additions	Deletions	Percentage Change in Membership	Annual Annuities	Percentage Change in Annuities
2014	7,940	319	246	0.93 %	162,296,676	2.69 %
2013	7,867	412	292	1.55 %	158,040,281	6.18 %
2012	7,747	576	270	4.11 %	148,838,576	3.95 %
2011	7,441	368	219	2.04 %	143,188,151	4.23 %
2010	7,292	283	299	(0.22)%	137,374,794	2.24 %

EXHIBIT VIII

DETAILED TABULATIONS OF THE DATA

TABLE VIII-A

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2014 ALL EMPLOYEES

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
19	1			
20			1	
21	1			
22	6		11	
23	9		7	
24	15		9	
25	16		26	$ 556,281
26	19		25	645,560
27	33	$ 1,097,610	30	803,981
28	28	974,873	22	540,495
29	31	1,081,235	34	978,021
30	27	1,105,127	31	706,162
31	32	1,162,719	41	1,524,314
32	31	1,254,326	34	1,033,006
33	33	1,582,970	36	1,401,116
34	39	1,697,015	36	1,419,024
35	31	1,186,123	54	2,356,523
36	46	2,220,918	41	1,711,282
37	41	1,944,333	51	2,289,561
38	58	3,285,547	46	1,995,344
39	46	2,388,541	54	2,367,993
40	30	1,491,733	46	1,770,487
41	54	2,644,702	52	2,467,466
42	56	2,892,508	57	2,392,109
43	59	3,452,796	67	3,237,703
44	69	3,828,284	78	3,780,117
45	45	2,442,071	59	2,857,417
46	56	3,262,620	69	3,215,833
47	65	3,646,339	77	3,727,824
48	57	3,070,594	67	3,015,425
49	47	2,633,374	69	3,178,257

TABLE VIII-A

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2014 ALL EMPLOYEES
(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
50	46	$ 2,759,351	76	$ 3,835,428
51	69	3,554,563	75	3,580,722
52	44	2,345,394	60	3,092,252
53	63	3,610,694	88	4,281,680
54	57	3,368,138	73	3,574,850
55	54	2,693,426	78	3,733,928
56	54	2,853,226	65	3,358,160
57	53	3,252,034	65	3,072,807
58	61	3,829,745	59	2,695,842
59	44	2,766,529	37	1,921,229
60	46	2,789,415	44	2,411,032
61	21	1,204,277	43	2,203,227
62	34	2,352,713	28	1,297,501
63	23	1,677,978	21	1,032,026
64	13		24	1,378,554
65	17		13	
66	5		11	
67	12		4	
68			1	
69	2		1	
70	1		2	
71	1		4	
72	2			
75			4	
77	1			
79			1	
Total	1,804	$ 94,720,380	2,107	$ 93,885,112

TABLE VIII-B

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2014 ALL EMPLOYEES
(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
0	167	$ 3,461,037	258	$ 4,399,305
1	130	6,027,000	172	6,829,211
2	117	5,702,761	129	5,427,647
3	63	2,951,165	65	2,890,782
4	63	3,162,969	80	3,733,063
5	96	4,537,727	103	4,601,093
6	43	2,296,713	60	2,895,053
7	58	3,240,263	55	2,842,736
8	56	2,946,741	92	4,583,077
9	45	2,571,870	48	2,267,395
10	33	1,659,942	53	2,584,283
11	60	3,138,594	43	1,800,538
12	82	4,297,539	70	3,039,937
13	75	4,054,048	90	4,236,722
14	74	4,007,081	80	4,081,970
15	51	2,798,117	52	2,529,866
16	54	3,143,870	45	2,530,553
17	50	3,208,112	50	2,634,427
18	46	3,015,675	25	1,310,862
19	53	3,154,471	51	2,719,896
20	42	2,399,699	48	2,548,181
21	64	4,092,301	70	3,543,387
22	59	3,742,406	56	2,917,701
23	45	2,791,056	46	2,107,624
24	35	2,026,021	75	4,096,451
25	32	2,048,010	51	2,931,623
26	23	1,811,399	29	1,644,894
27	17		25	1,414,090
28	24	1,551,169	27	1,477,081
29	9		20	1,202,521
30	9		10	
31	7		4	
32	4		12	
33	5		5	
34	4		3	
35	2		1	
36	2		2	
37	2		1	
38	2		1	
39	1			
Total	1,804	$ 94,720,380	2,107	$ 93,885,112

TABLE VIII-C

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2014 GENERAL EMPLOYEES

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
19	1			
20			1	
21	1			
22	6		11	
23	9		7	
24	15		9	$
25	16		26	556,281
26	19	$	25	645,560
27	32	1,045,411	30	803,981
28	28	974,873	22	540,495
29	31	1,081,235	34	978,021
30	27	1,105,127	31	706,162
31	32	1,162,719	41	1,524,314
32	31	1,254,326	34	1,033,006
33	32	1,524,759	35	1,327,562
34	37	1,568,853	36	1,419,024
35	28	1,038,835	52	2,104,903
36	44	2,088,666	40	1,648,685
37	38	1,745,669	50	2,223,909
38	45	2,482,411	44	1,868,863
39	40	1,996,371	51	2,184,096
40	26	1,233,568	45	1,704,232
41	43	1,910,501	51	2,394,866
42	40	1,893,786	51	1,990,082
43	39	2,112,066	63	2,984,124
44	50	2,573,279	75	3,582,210
45	25	1,134,543	53	2,462,730
46	43	2,403,146	63	2,819,536
47	47	2,376,131	75	3,595,948
48	45	2,263,492	62	2,683,512
49	39	2,081,566	66	2,984,278

TABLE VIII-C

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2014 GENERAL EMPLOYEES
(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
50	37	$ 2,138,470	71	$ 3,465,118
51	56	2,665,416	71	3,319,591
52	39	2,023,340	60	2,983,441
53	55	3,084,215	83	3,938,561
54	50	2,901,442	73	3,574,850
55	52	2,559,989	78	3,733,928
56	51	2,627,748	65	3,358,160
57	49	2,864,456	65	3,072,807
58	60	3,777,546	59	2,695,842
59	43	2,704,057	37	1,921,229
60	44	2,657,892	44	2,411,032
61	21	1,204,277	43	2,203,227
62	34	2,352,713	28	1,297,501
63	21	1,557,887	21	1,032,026
64	12		24	1,378,554
65	17		13	
66	5		10	
67	10		4	
68			1	
69	2		1	
70			2	
71	1		4	
72	2			
75			4	
77	1			
79			1	
Total	1,571	$ 79,210,340	2,045	$ 89,544,620

TABLE VIII-D

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2014 GENERAL EMPLOYEES
(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
0	167	$ 3,461,037	258	$ 4,399,305
1	126	5,818,202	172	6,829,211
2	115	5,517,063	129	5,427,647
3	63	2,951,165	64	2,703,282
4	63	3,162,969	80	3,733,063
5	94	4,419,342	103	4,601,093
6	43	2,296,713	59	2,842,853
7	58	3,240,263	55	2,842,736
8	55	2,890,353	92	4,583,077
9	43	2,454,176	46	2,141,641
10	29	1,447,425	53	2,584,283
11	53	2,634,424	42	1,629,129
12	74	3,818,590	68	2,915,704
13	63	3,284,635	84	3,859,188
14	56	2,806,884	76	3,817,905
15	39	2,034,023	45	2,068,080
16	33	1,745,895	41	2,266,301
17	33	2,071,232	46	2,372,588
18	26	1,652,119	19	
19	31	1,648,045	48	2,510,944
20	27	1,412,078	43	2,225,614
21	37	2,283,086	63	3,076,298
22	47	2,949,560	55	2,851,508
23	39	2,405,522	45	2,027,969
24	29	1,626,283	73	3,964,745
25	27	1,710,948	48	2,755,003
26	21	1,696,727	28	1,517,070
27	15		24	1,305,878
28	20	1,216,091	27	1,477,081
29	8		20	1,202,521
30	8		10	
31	7		4	
32	4		12	
33	5		5	
34	4		3	
35	2		1	
36	2		2	
37	2		1	
38	2		1	
39	1			
Total	1,571	$ 79,210,340	2,045	$ 89,544,620

TABLE VIII-E

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2014 DEPUTY SHERIFFS
(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
33	1			
34	2			
35	3		2	
36	2		1	
37	3		1	
38	9		2	
39	6		3	
40	4		1	
41	11		1	
42	16		6	
43	20	$ 1,340,730	3	
44	19		3	
45	20	1,307,529	6	
46	13		6	
47	16		2	
48	12		5	
49	8		3	
50	9		5	
51	13		4	
52	5			
53	8		5	
54	6			
55	2			
56	2			
57	2			
59	1			
60	2			
63	1			
Total	216	$ 14,330,058	59	$ 4,053,728

TABLE VIII-F

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2014 DEPUTY SHERIFFS
(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
4			1	
6	1			
9	1			
10	2			
11	3			
12	5		1	
13	8		2	
14	11		6	
15	18		4	
16	11	$	7	
17	21	1,397,975	4	
18	17		4	
19	19		6	
20	22	1,506,425	3	
21	15		5	
22	25	1,704,817	7	
23	12		1	
24	6		1	
25	6		2	
26	5		3	
27	1		1	
28	1		1	
29	4			
30	1			
31	1			
Total	216	$ 14,330,058	59	$ 4,053,728

TABLE VIII-G

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY AGE AS OF JANUARY 1, 2014 ELECTED OFFICIALS
(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
27	1			
33			1	
38	4			
43			1	
47	2			
54	1			
56	1			
57	2			
58	1			
63	1			
64	1			
66			1	
67	2			
70	1			
Total	17		3	

TABLE VIII-H

THE NUMBER AND ANNUAL SALARIES OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY YEARS OF CREDITED SERVICE AS OF JANUARY 1, 2014 ELECTED OFFICIALS
(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
1	4			
2	2			
5	1			
6			1	
9			2	
10	1			
11	2			
13	1			
15	1			
18	1			
21	2			
26	1			
27	1			
Total	17		3	

TABLE VIII-I

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO ALL MEMBERS RECEIVING BENEFITS AS OF JANUARY 1, 2014

Age	Men		Women	
	Number	Annuities	Number	Annuities
15	2	$ 8,409		
17	1	3,997		
19	1	4,001		
20	1			
24	1	21,678		
25			1	$ 6,827
30			1	
31	1	21,678		
33	1	19,663	1	9,578
35	1	2,283	1	15,747
36	1	33,623	1	32,124
37			2	41,901
38	2	28,781	1	16,702
39	1	7,880		
40	2	11,594		
41			1	9,578
42	5	134,929	3	65,343
43	4	137,892		
44	6	159,132		
45	2	50,902		
46	3	107,298	3	44,366
47			2	64,636
48	2	52,316	4	116,864
49	9	364,495	13	339,883
50	2	62,196	17	389,893
51	9	290,291	6	220,219
52	11	356,383	24	625,409
53	13	325,539	33	828,903
54	21	693,041	39	1,045,732
55	31	1,131,995	40	1,122,978
56	36	1,015,095	79	2,074,523
57	54	1,518,523	77	1,773,184
58	71	1,975,211	83	1,949,596
59	72	2,195,039	86	2,200,198
60	113	2,795,632	153	2,715,440
61	124	3,531,274	175	3,106,138
62	133	3,388,643	192	3,700,135
63	181	4,607,464	187	3,091,426
64	170	4,269,741	208	3,634,680
65	155	4,328,176	191	3,493,436

TABLE VIII-I

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO ALL MEMBERS RECEIVING BENEFITS AS OF JANUARY 1, 2014

Age	Men		Women	
	Number	Annuities	Number	Annuities
66	183	$ 4,347,405	222	$ 4,161,796
67	149	4,073,417	194	4,043,573
68	119	2,845,302	137	2,578,197
69	104	2,528,275	142	2,695,040
70	99	2,601,394	144	2,483,392
71	103	2,855,765	140	2,471,078
72	75	1,812,016	115	1,991,536
73	86	2,270,417	101	1,688,434
74	82	1,984,756	111	1,960,912
75	68	1,587,193	118	2,106,012
76	76	1,820,590	114	1,601,711
77	76	1,901,223	115	1,903,608
78	53	1,357,375	123	2,165,062
79	59	1,627,571	102	1,681,417
80	55	1,518,208	91	1,403,295
81	71	1,527,303	102	1,653,775
82	72	1,721,013	95	1,595,367
83	50	1,060,984	133	1,933,766
84	40	770,353	115	1,537,260
85	49	1,020,972	103	1,421,152
86	52	1,091,299	116	1,440,647
87	28	609,245	91	1,154,473
88	37	754,893	71	861,215
89	27	495,713	72	925,189
90	19	331,163	65	730,164
91	18	293,096	54	588,692
92	18	274,555	45	430,325
93	12	129,045	37	349,304
94	10	110,797	30	246,147
95	5	80,703	34	285,468
96	1	43,121	12	61,210
97	2	50,482	13	105,785
98			7	66,142
99	1	5,993	6	48,934
100	1	15,616	1	3,594
101			1	6,415
102			1	569
104			1	8,534
Total	3,142	$ 79,172,047	4,798	$ 83,124,629

TABLE VIII-J

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO RETIRED MEMBERS AS OF JANUARY 1, 2014

Age	Men		Women	
	Number	Annuities	Number	Annuities
43	1	$ 43,733		
47			1	$ 21,081
48			1	50,460
49	5	212,582	1	21,301
50	2	62,196	8	205,684
51	4	156,398	6	220,219
52	9	322,753	16	490,168
53	8	269,884	27	744,684
54	16	548,682	34	931,002
55	26	1,046,390	37	1,072,656
56	31	924,411	66	1,823,824
57	46	1,325,935	70	1,671,364
58	67	1,903,947	70	1,717,980
59	67	2,109,643	74	1,951,870
60	105	2,575,916	144	2,541,807
61	116	3,317,457	164	2,901,211
62	128	3,346,553	176	3,398,791
63	174	4,453,853	172	2,800,005
64	164	4,165,043	194	3,390,971
65	149	4,230,803	171	3,132,577
66	180	4,305,030	200	3,723,904
67	145	3,954,622	179	3,749,463
68	111	2,758,490	123	2,249,835
69	97	2,436,916	127	2,396,298
70	93	2,504,904	123	2,164,489
71	97	2,754,162	120	2,113,500
72	73	1,765,350	101	1,722,672
73	81	2,182,063	82	1,395,900
74	80	1,963,460	105	1,845,877
75	63	1,542,972	95	1,610,431
76	67	1,699,110	95	1,357,985
77	68	1,789,051	89	1,454,602
78	52	1,345,883	98	1,719,042
79	58	1,619,317	78	1,328,164
80	52	1,471,642	68	1,077,539
81	65	1,500,095	73	1,016,008
82	64	1,600,108	67	1,048,932
83	47	1,029,820	89	1,309,505
84	36	750,019	78	1,032,303

TABLE VIII-J

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO RETIRED MEMBERS AS OF JANUARY 1, 2014

Age	Men		Women	
	Number	Annuities	Number	Annuities
85	48	$ 1,017,432	67	$ 841,591
86	49	1,051,282	73	870,918
87	27	587,274	56	625,873
88	33	723,752	48	599,796
89	20	446,316	45	500,359
90	18	327,190	43	435,966
91	16	269,413	35	393,511
92	16	261,583	30	219,839
93	10	109,147	26	235,254
94	9	108,166	25	196,492
95	5	80,703	25	213,148
96	1	43,121	8	42,390
97	2	50,482	12	99,835
98			5	53,502
99	1	5,993	5	45,592
100	1	15,616	1	3,594
104			1	8,534
Total	2,903	$ 75,086,663	3,927	$ 68,790,298

TABLE VIII-K

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO BENEFICIARY MEMBERS AS OF JANUARY 1, 2014

Age	Men		Women	
	Number	Annuities	Number	Annuities
15	2	$ 8,409		
17	1	3,997		
19	1	4,001		
20	1			
24	1	21,678		
25			1	$ 6,827
30			1	
31	1	21,678		
33			1	9,578
35	1	2,283	1	15,747
36			1	32,124
37			2	41,901
38	1	5,120	1	16,702
39	1	7,880		
40	2	11,594		
41			1	9,578
42	2	19,793	2	33,443
44	2	19,664		
45	1	6,234		
46			1	5,304
48			1	8,017
49			3	32,071
50			3	95,393
51	1	8,139		
52			3	61,422
53	5	55,655	5	65,935
54			2	36,685
55			2	29,289
56			5	74,705
57	2	61,219	2	22,962
58			10	160,195
59	1	5,137	9	195,321
60	1		7	128,335
61			9	170,076
62	1	992	10	141,618
63	4	87,450	12	234,773

TABLE VIII-K

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO BENEFICIARY MEMBERS AS OF JANUARY 1, 2014

Age	Men		Women	
	Number	Annuities	Number	Annuities
64	3	$ 18,102	10	$ 165,779
65	3	25,212	17	317,733
66	2	10,033	18	373,528
67	1	23,527	14	284,631
68	2	29,049	12	268,832
69	3	16,527	9	220,716
70	4	43,278	18	264,118
71	3	32,223	14	262,131
72			10	181,737
73	2	31,356	16	237,341
74	1	3,914	5	94,918
75	4	18,909	22	481,158
76	5	59,238	17	205,297
77	5	46,356	24	425,215
78	1	11,492	24	423,969
79			19	290,710
80	1	10,137	19	268,386
81	6	27,208	24	553,745
82	5	35,789	25	510,422
83	3	31,164	41	539,781
84	4	20,334	32	439,888
85	1	3,540	32	532,295
86	3	40,017	42	556,580
87			34	515,423
88	4	31,141	22	249,268
89	6	38,974	26	405,736
90	1	3,973	21	278,810
91	2	23,683	18	186,583
92	2	12,972	15	210,486
93	2	19,898	11	114,050
94	1	2,631	5	49,655
95			9	72,320
96			4	18,820
98			2	12,640
99			1	3,342
101			1	6,415
102			1	569
Total	112	$ 1,021,600	729	$ 11,651,028

TABLE VIII-L

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO DISABLED MEMBERS AS OF JANUARY 1, 2014

Age	Men		Women	
	Number	Annuities	Number	Annuities
36	1	$ 33,623		
38	1	23,661		
42	3	115,136	1	$ 31,900
43	3	94,159		
44	4	139,468		
45	1	44,668		
46	3	107,298	2	39,062
47			1	43,555
48	2	52,316	2	58,387
49	4	151,913	9	286,511
50			6	88,816
51	4	125,754		
52	2	33,630	5	73,819
53			1	18,284
54	5	144,359	3	78,045
55	5	85,605	1	21,033
56	5	90,684	8	175,994
57	6	131,369	5	78,858
58	4	71,264	3	71,421
59	4	80,259	3	53,007
60	7	219,716	2	45,298
61	8	213,817	2	34,851
62	4	41,098	6	159,726
63	3	66,161	3	56,648

TABLE VIII-L

THE NUMBER AND ANNUAL BENEFITS PAYABLE TO DISABLED MEMBERS AS OF JANUARY 1, 2014

Age	Men		Women	
	Number	Annuities	Number	Annuities
64	3	$ 86,596	4	$ 77,930
65	3	72,161	3	43,126
66	1	32,342	4	64,364
67	3	95,268	1	9,479
68	6	57,763	2	59,530
69	4	74,832	6	78,026
70	2	53,212	3	54,785
71	3	69,380	6	95,447
72	2	46,666	4	87,127
73	3	56,998	3	55,193
74	1	17,382	1	20,117
75	1	25,312	1	14,423
76	4	62,242	2	38,429
77	3	65,816	2	23,791
78			1	22,051
79	1	8,254	5	62,543
80	2	36,429	4	57,370
81			5	84,022
82	3	85,116	3	36,013
83			3	84,480
84			5	65,069
85			4	47,266
86			1	13,149
87	1	21,971	1	13,177
88			1	12,151
89	1	10,423	1	19,094
90			1	15,388
91			1	8,598
97			1	5,950
Total	127	$ 3,063,784	142	$ 2,683,303

EXHIBIT IX

GLOSSARY

Accrued Liability	The difference between (a) the present value of future plan benefits, and (b) the present value of future normal cost. It is the portion of the present value of future plan benefits attributable to service accrued as of the valuation date. Sometimes referred to as "actuarial accrued liability."
Accrued Service	The service credited under the plan, which was rendered before the date of the actuarial valuation.
Actual Funding Contribution	The Actual Funding Contribution for a plan year is calculated using census and asset information as of the first day of the plan year, and includes Normal Cost, with interest to the end of the plan year, and a net amortization payment.
Actuarial Assumptions	Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.
Actuarial Cost Method	A mathematical budgeting procedure for allocating the dollar amount of the "present value of future plan benefits" between the present value of future normal cost and the accrued liability. Sometimes referred to as the "actuarial funding method."
Actuarial Equivalent	A series of payments is called an actuarial equivalent of another series of payments if the two series have the same actuarial present value.
Actuarial Value of Assets	The value of current plan assets recognized for valuation purposes. Based on a smoothed market value that recognizes investment gains and losses over a period of ten years.
Amortization	Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

EXHIBIT IX

GLOSSARY
(Continued)

Annual Required Contribution	The Annual Required Contribution, or ARC, is the amount determined in accordance with Governmental Accounting Standards Board Statements Nos. 25 and 27.
Budget Contribution	The Budget Contribution for a year is based on census and asset information as of the first day of the PRIOR plan year, rolled forward to the next plan year based on all actuarial assumptions being met. For example, the Budget Contribution for 2012 is based on census and asset information as of January 1, 2010, rolled forward to January 1, 2011.
Contribution Variance	The difference between the Actual Contribution and the Budget Contribution for a plan year is referred to as the Contribution Variance. A Contribution Variance resulting from an overpayment is amortized over 5 years as a level dollar credit. A Contribution Variance resulting from an underpayment is amortized over 5 years as a level dollar charge.
Experience Gain (Loss)	A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.
Normal Cost	The annual cost assumed, under the actuarial funding method, for current and subsequent plan years. Sometimes referred to as "current service cost."
Present Value	The amount of funds presently required to provide a payment or series of payments in the future. The present value is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.
Unfunded Accrued Liability	The difference between the actuarial accrued liability and valuation assets.

Montgomery County Employee Retirement Plans

Comprehensive Annual Financial Report

Employees' Retirement System
Retirement Savings Plan
Deferred Compensation Plan

(Trust Funds of Montgomery County, Maryland)

Fiscal Year 2014
July 1, 2013 – June 30, 2014

Government Finance Officers Association

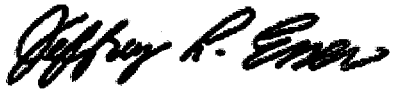
Certificate of Achievement for Excellence in Financial Reporting

Presented to

Montgomery County
Employee Retirement Plans
Maryland

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013



Executive Director/CEO

Montgomery County Employee Retirement Plans

Comprehensive Annual Financial Report

Employees' Retirement System
Retirement Savings Plan
Deferred Compensation Plan

(*Trust Funds of Montgomery County, Maryland*)

Fiscal Year 2014
July 1, 2013 – June 30, 2014

Prepared by Montgomery County Employee Retirement Plans
101 Monroe Street, 15th Floor
Rockville, Maryland 20850

MONTGOMERY COUNTY
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CARDEZ BIEN
MARYLAND

MONTGOMERY COUNTY, MARYLAND
EMPLOYEE RETIREMENT PLANS
Fiscal Year Ended June 30, 2014
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MONTGOMERY COUNTY
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GARDEZ BIEN
MARYLAND

INTRODUCTION SECTION

OFFICES OF THE COUNTY EXECUTIVE

Isiah Leggett
County Executive

Timothy L. Firestine
Chief Administrative Officer

December 4, 2014

Honorable County Executive and
Members of the Montgomery County Council

I am pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Montgomery County, Maryland (County) Employee Retirement Plans (Plans) for the fiscal year ended June 30, 2014. This annual report is designed to assist you in understanding the structure and current status of the Plans.

FORMAL TRANSMITTAL OF THE CAFR

This report was prepared pursuant to the provisions of Section 33-51(b) of the Montgomery County Code, 2004, as amended (Code), and includes the independent auditors' report, issued by the County Council's appointed independent public accounting firm. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation including all disclosures rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the plan net assets and the changes in plan net assets and financial position of the Plans; and that all disclosures necessary to enable the reader to gain the maximum understanding of the financial affairs of the Plans have been included.

PROFILE OF THE RETIREMENT PLANS

History

The Employees' Retirement System (System) was established in 1965, as a cost-sharing multiple-employer defined benefit pension plan providing benefits to the employees of the County and other agencies or political subdivisions who elect to participate. Participating agencies and subdivisions include the: Montgomery County Revenue Authority, Housing Opportunities Commission of Montgomery County, Town of Chevy Chase, Strathmore Hall Foundation, Inc., Washington Suburban Transit Commission, Montgomery County Employees Federal Credit Union, and certain employees of the State Department of Assessments and Taxation and the District Court of Maryland. The System is closed to employees hired on or after October 1, 1994, except public safety bargaining unit employees and Guaranteed Retirement Income Plan (GRIP) participants. The Montgomery County Council passed legislation in FY 2009 enabling the County to establish and maintain a GRIP, a cash balance plan that is part of the System, for employees. During FY 2010 eligible County employees who were members of the Retirement Savings Plan (RSP) were granted the option to elect to participate in the GRIP and to transfer their RSP member account balance to the GRIP and cease being a member of the RSP. There were 5,535 active members, including 1,263 in the GRIP, and 6,242 retirees and beneficiaries participating in the System as of June 30, 2014.

The RSP was established in 1994, as a cost-sharing multiple-employer defined contribution plan providing benefits to all non-public safety and certain public safety employees hired on or after October 1, 1994. Employees covered by the System may make an irrevocable decision to transfer to the RSP. At June 30, 2014, there were 3,585 active plan members.

The Deferred Compensation Plan (DCP) was established pursuant to Section 457 of the Internal Revenue Code, as amended. During Fiscal Year (FY) 1999, in accordance with Federal legislation, the assets of the County Plan were placed in trust for the sole benefit of participants and their beneficiaries.

Benefit Provisions

The benefit provisions of the System are established by the Code. The System provides for normal service retirement and early service retirement benefits for members who attain age and service requirements. The System also provides options for disability and death benefits to eligible participants. Members are vested after five years of service.

The RSP provides for immediate vesting of employee contributions, and employer contributions are vested after three years of service or upon death, disability or reaching retirement age.

Major Initiatives

During FY 2014, the Board continued to implement portfolio adjustments which will result in further diversification of the investment portfolio and better management of the System's risk. Toward this effort, the Board approved new investments in the following sectors: private equity, private real assets, commodities, and opportunistic. The Board also approved a structural change to expand investments in the real assets section to include master limited partnerships.

INFORMATION USEFUL IN ASSESSING THE RETIREMENT PLANS' ECONOMIC CONDITION

Financial Information

Accounting System and Reports

The Plans' financial statements have been prepared under the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due. Benefits, refunds and distributions are recognized when due in accordance with the terms of the Plans.

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A), which can be found on pages 15 to 19 of this report, provides a brief analysis of the financial performance of the Plans and an introduction to the financial statements of the Plans for the year ended June 30, 2014.

Investments

Montgomery County has established a Board to be responsible for the investment management of the Plans' assets for the exclusive benefit of the members and participants. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

In overseeing the management of the assets of the Plans, the Board has developed sound and prudent investment policies. The Board believes an appropriate balance must be struck between risks taken and returns sought to ensure the long term health of the defined benefit plan. The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long term increases in the value of assets. To achieve this objective, System assets are allocated to a broad array of investment sectors as follows: domestic equities 18.1 percent, private equity/debt 7.1 percent, international equities 16.4 percent, global equities 4.0 percent, fixed income 24.7 percent, inflation indexed bonds 10.0 percent,

commodities 5.5 percent, opportunistic 3.5 percent, private real assets 5.1 percent, and global REITs 5.6 percent. For the twelve months ended June 30, 2014, the total return achieved by the System's investments was a gain of 17.66 percent, compared to the gain recorded by the System's benchmark index of 16.08 percent and the actuarial assumed rate of return of 7.5 percent.

Section 33-125 of the Montgomery County Code authorizes the Board to establish, for members of the RSP, a diversified slate of mutual and commingled investment funds from which participants may select options. The Board has developed an investment policy outlining its oversight of the investment products offered.

The Board has also established a diversified slate of mutual and commingled funds for the County Plan which offers a range of options from which participants may select. The Board has constructed an investment policy stipulating investment objectives and oversight by the Board.

Funding

The System's actuary uses a five-year smoothed market-related value to determine the actuarial value of assets. The smoothing prevents extreme volatility in employer contribution rates due to short-term fluctuations in the investment markets. For the June 30, 2014 valuation, the actuarial value of assets was $3.3 billion and the aggregate actuarial liability was $4.0 billion, resulting in a funded status ratio of 84.2%.

The Schedule of Changes in the Employers' net pension liability and related ratios, included as Required Supplementary Information in the Financial Section, expresses the System's actuarial value of assets as a percentage of the total pension liability, providing one indication of the System's funding status on a going-concern basis. The actuary has determined that the present net asset base, expected future contributions and investment earnings thereon, are sufficient to provide for full payment of future benefits under the entry-age normal actuarial cost method.

Internal Control Structure and Budgetary Controls

The Plans' management is responsible for maintaining internal accounting controls to provide reasonable assurance that transactions are properly authorized and recorded as necessary to permit preparation of financial statements in conformity with U.S. generally accepted accounting principles. We believe the internal controls in effect during the fiscal year ended June 30, 2014 adequately safeguard the Plans' assets and provide reasonable assurance regarding the proper recording of financial transactions. In addition, the Board, in conjunction with the Chief Administrative Officer, approves and actively monitors the annual budgets for each plan. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement.

Independent Audit and Actuarial Certification

An independent auditors' report and actuarial certification are included in this report.

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Montgomery County Employee Retirement Plans for its comprehensive annual financial report for the fiscal year ended June 30, 2013. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose

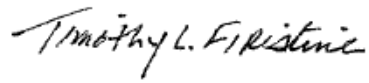
contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Montgomery County Employee Retirement Plans have received the Certificate of Achievement for the last fourteen consecutive years. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements and we are submitting it to the GFOA.

Acknowledgements

The Plans' CAFR was prepared by the Montgomery County Employee Retirement Plans' staff in conjunction with staff support from the County's Department of Finance. I would like to express my appreciation to the employees who have worked hard throughout the year to ensure the successful operation of the Plans.

Respectfully submitted,



Timothy L. Firestine
Chief Administrative Officer
Plan Administrator

BOARD OF INVESTMENT TRUSTEES

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Chair
Retired Employees Representative
Term Expires March 2015

Gino Renne
Vice Chair
OPT/SLT Bargaining Unit Designee

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Montgomery County Director of Finance
Ex-Officio Member

Joseph Adler
Montgomery County Director
Of Human Resources
Ex-Officio Member

Arjan Berkelaar
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Term Expires March 2015

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Fire & Rescue Bargaining Unit Designee

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Term Expires March 2017

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Term Expires March 2017

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Police Bargaining Unit Designee

George Willie
Public Representative
Term Expires March 2017

Diane Wurdeman
Non-Bargaining Unit Representative
Term Expires March 2017

ADMINISTRATIVE ORGANIZATION

Professional Services

Actuary	Auditor	Custodial Bank
Gabriel Roeder Smith & Company	CliftonLarsonAllen LLP	The Northern Trust Company

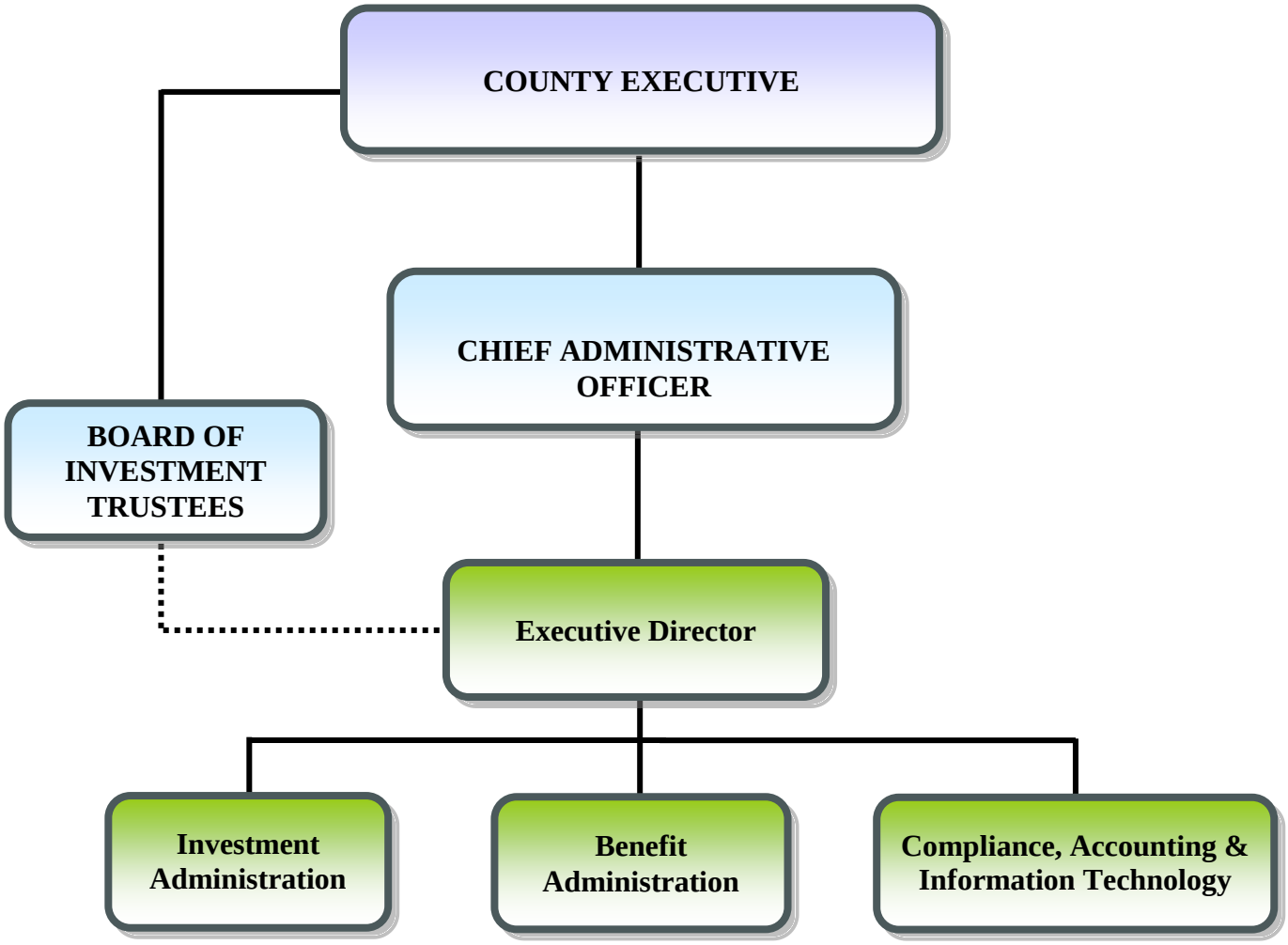
Investment Consultants

Wilshire Associates	Albourne America, LLC
Franklin Park	FLAG Capital Management

Investment Managers-Employees' Retirement System

Aberdeen Asset Management Inc.	Adams Street Partners	AEW Partners
Altaris Capital Partners	Altus Capital Partners	Atlas Capital Resources
BlackRock Financial Management	Bridgewater Associates	Carmel Partners
Castlelake	CoreCommodity Management	DW Healthcare Partners
Eagle Asset Management	E.I.I. Capital Management	EnerVest
First Quadrant L.P.	FLAG Capital Management	Franklin Park
GMO, LLC	Grosvenor Capital Management	Gryphon International Investment
Hampshire Companies	HarbourVest Partners	Jennison Associates
JP Morgan Investment Management	KPS Capital Partners, LP	Landmark Partners Inc.
LBA Realty	Levine Leichtman Capital Partners	Lime Rock Resources
Loomis Sayles & Co.	Los Angeles Capital Management	Luxor Capital Partners
Marathon London	Mason Wells	MKP Opportunity Partners
Mondrian Investment Partners Ltd.	Nomura Asset Management	Och-Ziff Capital Management
Odyssey Investment Partners	Pearlmark Real Estate Partners	Pomona Capital
RhumbLine Advisors	Riverside Partners	Sands Capital Management
Schroder Investment Management	Systematic Financial Management	TA Associates
TA Associates Realty LLC	Thoma Bravo	Wellington Management
	Wicks Group	

Montgomery County Employee Retirement Plans
Administrative Organization Chart



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

The Honorable County Council of Montgomery County, Maryland
Board of Investment Trustees
Montgomery County Employee Retirement Plans

Report on the Financial Statements

We have audited the accompanying financial statements of the Montgomery County Employee Retirement Plans (the Plans), which comprise the statements of fiduciary net position as of June 30, 2014, and the related statements of changes in fiduciary net position for the year then ended and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plans as of June 30, 2014, and the respective changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the schedules of changes in the employers' net pension liability and related ratios, employer contributions and investment returns and related notes, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plan's financial statements. The schedules of administrative expenses and investment expenses and the statements of fiduciary net position and changes in fiduciary net position for the employees retirement system, retirement savings plan and the deferred compensation plan (supplementary information), as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The introduction, investment, actuarial, and statistical sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2014 on our consideration of the Plans' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plans' internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Baltimore, Maryland
December 4, 2014

MONTGOMERY COUNTY
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MARYLAND

INTRODUCTION

The following Management's Discussion and Analysis (MD&A) of the Montgomery County Employee Retirement Plans (Plans) financial performance provides an introduction to the financial statements of the Plans as of and for the year ended June 30, 2014. Since the MD&A is designed to focus on current activities, resulting changes and current known facts, it should be read in conjunction with the transmittal letter in the Introduction Section on page 4, and the financial statements, required supplementary information, and other supplementary information which follow this discussion.

REQUIRED FINANCIAL STATEMENTS

The financial statements for the Plans have been prepared under the accrual basis of accounting in conformity with U.S. generally accepted accounting principles, promulgated by the Governmental Accounting Standards Board. The Statements of Fiduciary Net Position comprise the Plans' assets and liabilities and provide information about the nature and amount of investments, as well as the liabilities. The Statements of Changes in Fiduciary Net Position report the changes of the Plans' net position, measured by the additions by major sources and deductions by type. Comparative financial statements of the three plans are presented in the latter part of the financial section.

FINANCIAL ANALYSIS OF THE MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS

Shown below is a condensed presentation of the net position of the Employees' Retirement System (ERS), Retirement Savings Plan (RSP), and Deferred Compensation Plan (DCP) at June 30:

Net Position
(Millions)

	ERS		RSP		DCP	
	2014	2013	2014	2013	2014	2013
Assets:						
Cash and investments	$ 3,882.8	$ 3,461.1	$ 291.3	$ 235.2	$ 343.7	$ 303.3
Receivables	11.5	21.1	1.2	0.9	0.6	0.6
Capital assets	0.9	-	-	-	-	-
Total assets	3,895.2	3,482.2	292.5	236.1	344.3	303.9
Liabilities	242.4	298.0	-	-	-	-
Total net position	$ 3,652.8	$ 3,184.2	$ 292.5	$ 236.1	$ 344.3	$ 303.9

Shown below is a condensed summary of the changes in net position of the ERS, RSP, and DCP for the years ended June 30:

Changes in Net Position
(Millions)

	ERS		RSP		DCP	
	2014	2013	2014	2013	2014	2013
Additions:						
Employer contributions	$ 144.7	$ 127.9	$ 17.1	$ 15.6	$ -	$ -
Member contributions	26.5	24.8	8.7	8.3	17.0	18.2
Net investment income	534.4	307.9	42.4	23.7	48.9	34.1
Total additions	705.6	460.6	68.2	47.6	65.9	52.3
Deductions:						
Benefits	229.7	208.9	-	-	-	-
Refunds and distributions	4.3	1.9	11.6	9.4	25.5	19.8
Administrative expenses	3.0	2.4	0.2	0.2	-	-
Total deductions	237.0	213.2	11.8	9.6	25.5	19.8
Total change in net position	$ 468.6	$ 247.4	$ 56.4	$ 38.0	$ 40.4	$ 32.5

The following schedules provide a comparative summary and an analysis of each Plan's assets, liabilities and net position, at June 30:

Employees' Retirement System
Net Position
(Millions)

	2014	2013	Percentage Change
Assets:			
Cash and investments	$ 3,882.8	$ 3,461.1	12.2 %
Receivables	11.5	21.1	(45.5)
Capital assets	0.9	-	100.0
Total assets	3,895.2	3,482.2	11.9
Liabilities:			
Benefits payable and other liabilities	9.0	6.5	38.5
Obligations under securities lending agreements	233.4	291.5	(19.9)
Total liabilities	242.4	298.0	(18.6)
Total plan net position	$ 3,652.8	$ 3,184.2	14.7 %

The table shown above reflects an increase in the ERS' net position of $468.6 million or 14.7 percent during fiscal year (FY) 2014. The increase in total assets was attributable to the strong financial markets. The increase in capital assets is due to the purchase of a computer software system. The decrease in total liabilities was due to lower demand for securities lending during FY 2014.

Retirement Savings Plan Net Position (Millions)			
	2014	2013	Percentage Change
Assets:			
Cash and investments	$ 291.3	$ 235.2	23.9 %
Receivables	1.2	0.9	33.3
Total assets	292.5	236.1	23.9
Liabilities	-	-	-
Total plan net position	$ 292.5	$ 236.1	23.9 %

During FY 2014, net position increased 23.9 percent to $292.5 million. The increase is primarily due to strong investment markets during FY 2014.

Deferred Compensation Plan Fiduciary Net Position (Millions)			
	2014	2013	Percentage Change
Assets:			
Investments	$ 343.7	$ 303.3	13.3 %
Receivables	0.6	0.6	-
Total plan net position	$ 344.3	$ 303.9	13.3 %

Net assets of the DCP increased 13.3 percent to $344.3 million during FY 2014. The increase is attributable to strong investment markets during FY 2014.

ADDITIONS

The primary sources of additions for the Plans include member and employer (where applicable) contributions and investment income. The following tables compare the source and amount of additions for each Plan during FY 2014 and FY 2013.

Employees' Retirement System Contributions and Investment Income (Millions)			
	2014	2013	Percentage Change
Employer contributions	$ 144.7	$ 127.9	13.1 %
Member contributions	26.5	24.8	6.9
Net investment income	534.4	307.9	73.6
	$ 705.6	$ 460.6	53.2 %

Investment income increased by 73.6 percent during FY 2014 due to the strength of the investment markets and the returns achieved by the ERS managers.

The net investment income for the ERS totaled $534.4 million for FY 2014, comprised of $483.2 million in net appreciation in fair value of investments, $70.4 million in dividends and interest, $1.2 million from securities lending activities, and $20.4 million related to investment expenses. This is compared to net investment income of $307.9 million in FY 2013. The increase in earnings compared to the previous fiscal year is due to the strong financial markets in FY 2014.

Retirement Savings Plan
Contributions and Investment Income
(Millions)

	2014	2013	Percentage Change
Employer contributions	$ 17.1	$ 15.6	9.6 %
Member contributions	8.7	8.3	4.8
Net investment income	42.4	23.7	78.9
	$ 68.2	$ 47.6	43.3 %

Employer contributions to the RSP were $17.1 million in FY 2014, an increase of 9.6 percent from FY 2014 due to salary increases and new employees. The higher investment income in FY 2014 is primarily attributable to the strength of the financial markets.

Deferred Compensation Plan
Contributions and Investment Income
(Millions)

	2014	2013	Percentage Change
Member contributions	$ 17.0	$ 18.2	(6.6) %
Net investment income	48.9	34.1	43.4
	$ 65.9	$ 52.3	26.0 %

Member contributions to the DCP were $17.0 million for FY 2014, a decrease of 6.6 percent from the FY 2013 level due to lower rollover contributions.

Net investment income for the DCP was $48.9 million, compared to $34.1 million in the previous fiscal year. The higher level in FY 2014 is primarily due to strong returns from the financial markets during the fiscal year.

DEDUCTIONS

The primary sources of deductions from the Plans include the payment of retiree and survivor benefits, participant refunds and distributions, and administrative expenses. The following tables show the use and amount of deductions for each plan during FY 2014 and 2013.

Employees' Retirement System
Deductions by Type
(Millions)

	2014	2013	Percentage Change	
Benefits	$ 229.7	$ 208.9	10.0	%
Refunds	4.3	1.9	126.3	
Administrative expenses	3.0	2.4	25.0	
	$ 237.0	$ 213.2	11.2	%

During FY 2014, benefits increased due to additional retirements during the year as well as the annual cost of living adjustment. The increase in refunds was due to the increase in the number of distributions during the year to DROP members. Administrative expenses increased primarily due to the purchase of the computer software system.

Retirement Savings Plan
Deductions by Type
(Millions)

	2014	2013	Percentage Change	
Distributions	$ 11.6	$ 9.4	23.4	%
Administrative expenses	0.2	0.2	-	
	$ 11.8	$ 9.6	22.9	%

The expenses related to the RSP are comprised of distributions and administrative costs. The 23.4 percent increase in distributions is due to employee turnover.

Deferred Compensation Plan
Deductions by Type
(Millions)

	2014	2013	Percentage Change	
Distributions	$ 25.5	$ 19.8	28.8	%

During FY 2014, distributions paid from the DCP increased by 28.8 percent over the FY 2013 level due to an increase in employee terminations and retiree withdrawals.

For additional information regarding this report, please contact the Board of Investment Trustees at 240-777-8220.

MONTGOMERY COUNTY, MARYLAND
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2014

	Employees' Retirement System	Retirement Savings Plan	Deferred Compensation Plan
ASSETS			
Equity in County's pooled cash and investments	$ 971,114	$ 586,404	$ -
Investments:			
Government and agency obligations	359,793,807	-	-
Municipal/Provincial obligations	58,203,905	-	-
Asset-backed securities	3,345,101	-	-
Corporate bonds	632,632,391	-	-
Collateralized mortgage obligations	419,500	-	-
Common and preferred stock	1,391,796,570	-	-
Mutual and commingled funds	453,648,456	290,735,529	343,639,371
Short-term investments	99,565,286	-	-
Cash collateral received under securities lending agreements	233,431,419	-	-
Real assets	391,199,845	-	-
Private equity/debt	257,774,913	-	-
Total investments	3,881,811,193	290,735,529	343,639,371
Dividend, interest, and other receivables	3,875,781	-	-
Contributions receivable	7,717,664	1,215,635	642,341
Capital assets	900,043	-	-
Total assets	3,895,275,795	292,537,568	344,281,712
LIABILITIES			
Payable for collateral received under securities lending agreements	233,431,419	-	-
Benefits payable and other liabilities	8,977,279	30,663	-
Total liabilities	242,408,698	30,663	-
Net position restricted for pensions	$ 3,652,867,097	$ 292,506,905	$ 344,281,712

See accompanying notes to financial statements.

MONTGOMERY COUNTY, MARYLAND
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

	Employees' Retirement System	Retirement Savings Plan	Deferred Compensation Plan
ADDITIONS			
Contributions:			
Employer	$144,709,675	$ 17,117,342	$ -
Members	26,462,839	8,694,887	17,011,184
Total contributions	171,172,514	25,812,229	17,011,184
Investment income	553,599,474	42,436,981	48,863,366
Less investment expenses	20,357,819	4,800	-
Net gain from investment activities	533,241,655	42,432,181	48,863,366
Income from securities lending	1,077,992	-	-
Less securities lending expenses	(78,086)	-	-
Net income from securities lending	1,156,078	-	-
Total additions	705,570,247	68,244,410	65,874,550
DEDUCTIONS			
Retiree benefits	172,472,289	-	-
Disability benefits	48,606,540	-	-
Survivor benefits	8,585,891	-	-
Refunds and distributions	4,329,834	11,681,985	25,505,605
Administrative expenses	2,953,807	197,453	-
Total deductions	236,948,361	11,879,438	25,505,605
Increase in net position	468,621,886	56,364,972	40,368,945
Net position restricted for pensions			
Beginning of year	3,184,245,211	236,141,933	303,912,767
End of year	$ 3,652,867,097	$ 292,506,905	$ 344,281,712

See accompanying notes to financial statements.

MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

INTRODUCTION

The Montgomery County Employee Retirement Plans (Plans) are offered to Montgomery County (County) employees whose eligibility to participate is based on employment status and other factors. Each of the Plans described below was established under a separate section of the Montgomery County Code (Code). The accompanying notes summarize the significant accounting policies and plan provisions for each of the Plans, including the Employees' Retirement System, a defined benefit pension plan; the Retirement Savings Plan, a defined contribution plan; and the Deferred Compensation Plan, a plan established pursuant to Section 457 of the Internal Revenue Code.

EMPLOYEES' RETIREMENT SYSTEM - Defined Benefit Pension Plan

The Montgomery County Employees' Retirement System (System or Plan) is considered part of the County's financial reporting entity and is included in the County's basic financial statements as a pension and other employee benefit trust fund. The accompanying financial statements present only the operations of the System in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to public employee retirement systems. They are not intended to present fairly the financial position and results of operations of the entire County.

The Montgomery County Council passed legislation in FY 2009 enabling the County to establish and maintain a Guaranteed Retirement Income Plan (GRIP), a cash balance plan that is part of the Plan, for employees. During FY 2010 eligible County employees who were members of the Retirement Savings Plan (RSP) were granted the option to elect to participate in the GRIP and to transfer their RSP member account balance to the GRIP and cease being a member of the RSP.

A. Plan Description and Contribution Information

Plan Membership. At June 30, 2014, the date of the latest actuarial valuation, membership in the System consisted of:

Retirees and beneficiaries receiving benefits	6,242
Terminated plan members entitled to but not yet receiving benefits	403
Active plan members	5,535

Plan Administration. The System, a cost-sharing multiple-employer defined benefit pension plan, was established in 1965 and is sponsored by the County. Eight other agencies and political subdivisions have elected to participate. The System is closed to employees hired on or after October 1, 1994, except public safety bargaining unit employees and GRIP participants. All covered full-time employees of the County and participating agencies must become members of the System as a condition of employment. All covered career part-time employees of the County and participating agencies may become members on an individual basis.

Contributions. The System is a contributory plan with employees contributing a percentage of their base annual salary. Contribution rates range from 4 percent to 11.25 percent of regular earnings annually based on group classification and contributions earn interest at the rate of 4 percent per annum as specified under Section 33-39(b) of the Code. The County and each participating agency are required to contribute the remaining amounts necessary to fund the System using the actuarial basis as specified in Section 33-40 of the Code.

The GRIP, as defined in Section 33-35 of the Code, requires non-public safety employees to contribute 4 percent of regular earnings up to the Social Security wage base and 8 percent above the Social Security

wage base. Public safety employees are required to contribute 3 percent of regular earnings up to the Social Security wage base and 6 percent above the Social Security wage base. Section 33-40 of the Code requires the County and each participating agency to contribute 8 percent and 10 percent of regular earnings for non-public safety and public safety employees, respectively.

Benefit Provisions. Benefit provisions are established under the Code beginning with Section 33-35. All benefits vest at five years of service. There are different retirement groups within the System. Members enrolled before July 1, 1978, belong to either the optional non-integrated group or the optional integrated group. Members enrolled on or after July 1, 1978, belong to the mandatory integrated group. Within the groups are different retirement membership classes. The retirement group assigned depends upon the job classification of the member (i.e., non public safety, police, fire, sheriffs and correctional staff). Normal and early retirement eligibility, the formula for determining the amount of benefit, and the cost of living adjustment varies depending upon the retirement group and retirement membership class. Normal retirement is a percentage of earnings multiplied by years of credited service. Earnings for optional non-integrated group members and optional integrated group members is defined as the high 12 months and for mandatory integrated plan members, the high 36 months. The percentage of earnings, the maximum years of credited service and the cost of living adjustment varies depending upon the retirement membership class and group. Members who retire early receive normal retirement benefits reduced by a minimum of 2 percent to a maximum of 60 percent depending on the number of years early retirement precedes normal retirement. The System provides options for disability and death benefits to eligible participants. Annual cost-of-living adjustments are provided to retirees and beneficiaries based on the percentage change in the Consumer Price Index.

Deferred Retirement Option Plans (DROP). Legislation enacted by the Montgomery County Council in November 1999 required the Chief Administrative Officer of the County to establish Deferred Retirement Option Plans, or DROP Plans, allowing any employee who is a member of a specified membership group or bargaining unit, and who meets certain eligibility requirements, to elect to "retire" but continue to work for a specified time period, during which pension payments are deferred. When the member's participation in the DROP Plan ends, the member must stop working for the County, draw a pension benefit based on the member's credited service and earnings as of the date that the member began to participate in the DROP Plan, and receive the value of the DROP Plan payoff. The balance of amounts held by the System pursuant to DROP Plans at June 30, 2014 was $10,608,529.

For members of the GRIP, employee contributions vest immediately and employer contributions are vested after three years of service or upon death, disability, or reaching retirement age. Members are fully vested upon reaching normal retirement (age 62) regardless of years of service. At separation, a participant's benefit is determined based upon the account balance which includes contributions and earnings.

B. Summary of Significant Accounting Policies

Basis of Accounting. The System's financial statements have been prepared under the accrual basis of accounting. Member and employer contributions are recognized in the period in which the contributions are required to be made as specified under the County Code. Benefits and refunds are recognized when due in accordance with the terms of the Plan. The cost of administering the Plan is paid by the System.

Method Used to Value Investments. Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2014. Fair value for private investments funds, including private equity, private real estate, and private real assets, is determined using unit values supplied by the fund managers, which are based upon the fund managers' appraisals of the funds' underlying holdings. Such values involve subjective judgment and may differ from amounts which would be realized if such holdings were actually sold. The fair value of limited partnership investments are based on valuations of the underlying assets of the limited partnerships as reported by the general partner. Cash received as collateral on securities lending transactions and investments made with such cash are reported as assets along with a related liability for collateral received.

Equity in County's Pooled Cash and Investments. The System maintains its cash with the County, which invests cash and allocates interest earned, on a quarterly basis to the System based on the System's average daily balance of its equity in pooled cash. The County's policy is to fully collateralize the cash maintained in the pool.

Capital Assets. The System reports capital assets, which include computer software, in the Statements of Fiduciary Net Position. The System defines capital assets as assets with an initial, individual cost of $10,000 or more, and an estimated useful life in excess of one year. Such assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. An asset's cost basis may be adjusted after acquisition due to improvements or impairments to the asset. However, the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Accounting Changes. The System adopted GASB Statement No. 67, *Financial Reporting for Pension Plans; an amendment of GASB Statement No. 25*, which was issued to improve financial reporting by state and local governmental pension plans.

C. Net Pension Liability

The components of the net pension liability of the System as of June 30, 2014, were as follows:

Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)	Plan Fiduciary Net Position as a % of Total Pension Liability (b/a)
$3,958,369,317	$3,652,867,097	$305,502,220	92.28%

Additional information as of the latest actuarial valuation is as follows.

Valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method for funding	Level percentage of payroll assuming 4% annual payroll growth.
Amortization period for funding	Closed amortization approach. The period was reset to 18 years as of June 30, 2010. Amortization bases created in the future will be amortized over 20 years.
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases depending on service	4.00% - 9.25%
Cost-of-living (inflation rate) adjustments	3% on the benefit attributable to credited service earned prior to June 30, 2011. 2.3% on the benefit attribution to credited service earned thereafter, reflecting the 2.5% cap.
Post-retirement Increases	Consumer Price Index - by Group
Mortality rates after retirement	RP 2000 Mortality Table, sex-distinct, projected to the year 2030 for healthy mortality and projected to the year 2010 for disabled mortality. Rates are set forward five years for the disabled mortality assumption.

The last experience study covered the period from July 1, 2005 to July 1, 2009 and was performed in November 2010. An actuarial experience study is conducted every five years.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset

allocation as of June 30, 2014 (see the discussion of the System's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Long Duration Fixed Income	1.45 %
High Yield Fixed Income	2.35
Credit Opportunities	5.30
TIPS	1.05
Domestic Equity	4.40
International Equity	4.40
Emerging Equity	4.40
Global Equity	4.60
Private Markets	7.30
Global REITs	3.05
Commodities	2.00
Master Limited Partnerships	6.45
Cash	0.00
Hedge Funds	3.85

Discount Rate. The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and contributions from the County and other participating agencies will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the System calculated using the discount rate of 7.5%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net pension liability	$735,752,621	$305,502,220	($57,871,401)

D. Trustees of the Plan

The County established a Board of Investment Trustees (Board) for the System to be responsible for the investment management of the System's assets for the exclusive benefit of the members. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

E. Investments

Section 33-61C of the Code, authorizes the Board to act with the care, skill, prudence and diligence under the circumstances that a prudent person acting in a similar capacity and familiar with the same matters would use to conduct a similar enterprise with similar purposes. The Code also requires that such investments be diversified so as to minimize the risk of large losses unless it is clearly not prudent to diversify under the circumstances. The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long term increases in the value of assets. The overall investment policies do not address specific levels of credit risk, interest rate risk or foreign currency risk. The Board believes that risks can be managed, but not eliminated, by establishing constraints on the investment portfolios and by monitoring the financial markets, the

System's asset allocation and the investment managers hired by the System. Each investment manager has a specific benchmark and investment guidelines appropriate for the type of investments they are managing.

The following was the Board's adopted asset allocation policy as of June 30, 2014:

Asset Class	Target Allocation	
Long Duration Fixed Income	12.50	%
High Yield Fixed Income	10.00	
Credit Opportunities	2.00	
TIPS	8.00	
Domestic Equity	15.75	
International Equity	12.50	
Emerging Equity	3.25	
Global Equity	3.50	
Private Markets	18.00	
Global REITs	2.50	
Commodities	4.00	
Master Limited Partnerships	2.00	
Cash	1.00	
Hedge Funds	5.00	
Total	100.00	%

Rate of Return. The annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, for FY 2014 was 17.63%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. The Board's investment policies and guidelines manage interest rate risk by establishing duration constraints on each fixed income manager's portfolio based on the duration of each manager's respective benchmark. Duration is a measure of interest rate risk based on a bond price's sensitivity to a 100-basis point change in interest rates. The greater the duration of a bond, or a portfolio of bonds, the greater its price volatility will be in response to a change in interest rates and vice-versa. Duration of eight would mean that, given a 100-basis point change up/down in rates, a bond's price would move down/up by 8 percent. As of June 30, 2014, the System's fixed income portfolio had the following sensitivity to changes in interest rates:

Type of Investment	Effective Duration in Years	Fair Value	Percentage of Portfolio	
U.S. Government Obligations	17.80	$ 105,041,957	9.11	%
Foreign Government Obligations	5.77	12,986,227	1.12	
Asset-Backed Securities	13.44	3,345,101	0.29	
Collateralized Mortgage Obligations	2.26	419,500	0.04	
Municipal/Provincial Obligations	14.73	58,203,905	5.05	
Corporate Bonds	8.63	539,942,220	46.83	
Fixed Income Pooled Funds	N/A	334,455,794	29.01	
Short-term Investments and others	N/A	98,521,920	8.55	
Total Fixed Income Securities		$ 1,152,916,624	100.00	%

Credit Risk/Concentration of Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Board's investment policies and guidelines limit the percentage of the total fund and individual manager's account which can be invested in fixed income securities rated below investment grade. In addition, the Board's investment policies and guidelines, for the majority of public fund managers, limit the percentage of each investment manager's account that may be allocated to any one security, position, issuer or affiliated issuer, to less than 5 percent of the fair value of the investment manager's account. The System does not have investments (other than those issued or

explicitly guaranteed by the U.S. Government or pooled investments) in any one company that represents 5 percent or more of net assets.

The quality ratings of investments in fixed income securities as described by nationally recognized rating organizations as of June 30, 2014 are as follows:

Type of Investment	Quality Rating	Fair Value	Percentaage of Portfolio
U.S. Government Obligations*	AAA	$ 105,041,957	9.11 %
Foreign Government Obligations	AA	373,547	0.03
	A	6,084,876	0.53
	BBB	2,939,490	0.25
	Unrated	3,588,314	0.31
Asset-Backed Securities	AAA	3,345,101	0.29
Collateralized Mortgage Obligations	B	419,500	0.04
Municipal/Provincial Bonds	AAA	12,676,161	1.10
	AA	25,312,453	2.20
	A	20,215,291	1.75
Corporate Bonds	AAA	2,660,356	0.23
	AA	31,916,012	2.77
	A	142,852,028	12.39
	BBB	94,660,186	8.21
	BB	84,347,026	7.32
	B	106,378,376	9.23
	CCC	46,323,083	4.02
	CC	141,463	0.01
	C	57,500	0.00
	D	855,062	0.07
	Unrated	29,751,128	2.58
Fixed Income Pooled Funds	Unrated	334,455,794	29.01
Short-term Investments and others	Unrated	98,521,920	8.55
Total Fixed Income Securities		$ 1,152,916,624	100.00 %

*Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Board's International Investing Policy's objective is to achieve long-term capital appreciation and current income by investing in diversified portfolios of non-U.S. equities and bonds. The System has indirect exposure to foreign currency risk as follows:

International Securities	Equity	Fixed Income	Short-term and Other	Total Non-U.S. Dollar
Japanese yen	$ 127,815,261	$ -	$ 102,396,462	$ 230,211,723
Euro	160,884,853	2,237,003	(18,493,816)	144,628,040
British pound sterling	77,770,025	-	37,868,738	115,638,763
Norwegian krone	3,033,649	-	48,157,605	51,191,254
Hong Kong dollar	16,496,469	-	27,604	16,524,073
Danish krone	14,921,402	-	66,645	14,988,047
Australian dollar	5,305,466	1,504,904	1,866,100	8,676,470
Mexican peso	-	5,024,878	-	5,024,878
South Korean won	3,745,822	-	-	3,745,822
Philippine peso	585,636	2,209,097	-	2,794,733
Other Currencies	50,388,915	2,427,379	(222,933,764)	(170,117,470)
Total International Securities	$ 460,947,498	$ 13,403,261	$ (51,044,426)	$ 423,306,333

Derivatives. In accordance with the Board's Statement of Investment Policy and Objectives, the System regularly invests in derivative financial instruments in the normal course of its investing activities to manage exposure to certain risks within the fund. During FY 2014, the System invested directly in various derivatives including exchange-traded futures contracts, forward currency contracts, and swaps. Investment managers are prohibited from purchasing securities on margin or using leverage unless specifically permitted within the investment manager's guidelines. These investments generally contain market risk resulting from fluctuations in interest and currency rates. The credit risk of these investments is associated with the creditworthiness of the related parties to the contracts. The System could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. The Board's Statement of Investment Policy and Objectives seeks to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring procedures. In addition, the System has indirect exposure to market and credit risk through its ownership interests in certain mutual and commingled funds which may hold derivative financial instruments. The System is not a dealer, but an end-user of these instruments.

The notional or contractual amounts of derivatives indicate the extent of the System's involvement in the various types of derivative financial instruments and do not measure the System's exposure to credit or market risk and do not necessarily represent amounts exchanged by the parties. The amounts exchanged are determined by reference to the notional amounts and the other terms of the derivatives.

As permitted by the Board's policies, the System holds off-financial statement derivatives in the form of exchange-traded financial futures, and foreign currency exchange contracts.

Futures contracts are contracts in which the buyer agrees to purchase and the seller agrees to make delivery of a specified financial instrument at a predetermined date and price. Gains and losses on futures contracts are settled daily. Futures contracts are standardized and are traded on exchanges. The exchange assumes the risk that a counterparty will not pay. As of June 30, 2014, the System held 157 long US Treasury futures contracts with a fair value of $20,457,117 and 485 short US Treasury futures contracts with a fair value of ($100,673,578).

Foreign exchange contracts involve an agreement to exchange the currency of one country for the currency of another country at an agreed-upon price and settlement date. Foreign exchange contracts contain market risk resulting from fluctuations in currency rates. The credit risk is associated with the creditworthiness of the related parties to the contracts. As of June 30, 2014, the System held $484,182,730 buy foreign exchange contracts and ($556,299,589) sell foreign exchange contracts. The unrealized loss on the System's contracts was $1,216,441.

Securities Lending. Board policy permits the System to lend its securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The System's custodian is the agent in lending the System's securities for collateral of 102 percent for domestic and 105 percent for international securities. The custodian receives cash, securities or irrevocable bank letters of credit as collateral. All securities loans can be terminated on demand by either the System or the borrower. Cash collateral received from the borrower is invested by the lending agent, as an agent for the System, in a short-term investment pool in the name of the System, with guidelines approved by the Board. Such investments are considered a collateralized investment pool. The relationship between the maturities of the investment pool and the System's loans is affected by the maturities of securities loans made by other plan entities that invest cash collateral in the investment pool, which the System cannot determine. The System records a liability for the return of the cash collateral shown as collateral held for securities lending in the statement of fiduciary net position. The agent indemnifies the System by agreeing to purchase replacement securities, or return the cash collateral thereof, in the event a borrower fails to return loaned securities or pay distributions thereon. There were no such failures by any borrower during the fiscal year, nor were there any losses during the period resulting from a default of the borrower or lending agent.

As of June 30, 2014, the fair value of securities on loan was $339,938,314. Cash received as collateral and the related liability of $233,431,419 as of June 30, 2014, is shown on the Statement of Fiduciary Net Position. Securities received as collateral are not reported as assets since the System does not have the ability to pledge or sell the collateral securities absent borrower default. Securities lending revenues and expenses amounting to $1,077,992 and ($78,086), respectively, have been classified with investment income and investment expenses, respectively, in the accompanying financial statements.

The following represents the balances relating to the securities lending transactions at June 30, 2014:

Securities Lent	Underlying Securities	Non-Cash Collateral Value	Cash Collateral Investment Value
Lent for Cash Collateral:			
U.S. Government Obligations	$ 58,673,325	$ -	$ 59,831,941
Corporate Bonds	84,814,085	-	86,665,331
Equities	84,914,497	-	86,934,147
Lent for Non-Cash Collateral:			
U.S. Government Obligations	14,581,469	14,870,773	-
Corporate Bonds	749,786	764,905	-
Equities	96,205,152	102,693,697	-
Total	$ 339,938,314	$ 118,329,375	$ 233,431,419

At year-end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceeded the amounts the borrowers owe the System. The System is fully indemnified by its custodial bank against any losses incurred as a result of borrower default.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2014, there were no funds held by a counterparty that was acting as the System's agent in securities lending transactions.

F. Capital Assets

On June 30, 2014, the Employees' Retirement System purchased a computer software system, as shown below:

	Balance 6/30/2013	Increases	Decreases	Balance 6/30/2014
Depreciable Capital Assets:				
Capital Assets	$ -	$ 900,043	$ -	$ 900,043

G. Allocated Insurance Contract

On August 1, 1986, the County entered into an agreement with Aetna Life Insurance Company (Aetna) wherein Aetna accepted future responsibility for monthly payments to all members retired prior to January 1, 1986, in exchange for a lump sum payment. The County is liable for cost of living increases effective January 1, 1986, and later. Monthly payments made under this agreement have not been recognized in the System's financial statements.

H. Income Taxes

The Internal Revenue Service issued a determination letter in September 2013, which stated that the System and its underlying trust qualify under the applicable provisions of the Internal Revenue Code and are exempt from federal income taxes. In the opinion of the plan administrator, the System and its underlying trust have operated within the terms of the System and are qualified under the applicable provisions of the Internal Revenue Code.

RETIREMENT SAVINGS PLAN - Defined Contribution Pension Plan

The Montgomery County Retirement Savings Plan (Plan) is considered part of the County's financial reporting entity and is included in the County's basic financial statements as a pension and other employee benefit trust fund. The accompanying financial statements present only the operations of the Plan in conformity with GAAP. They are not intended to present fairly the financial position and results of operations of the entire County.

The Montgomery County Council passed legislation in FY 2009 enabling the County to establish and maintain a Guaranteed Retirement Income Plan (GRIP), a cash balance plan that is part of the Employees' Retirement System, for employees. During FY 2010 eligible County employees who were members of the Retirement Savings Plan (Plan) were granted the option to elect to participate in the GRIP and to transfer their Plan member account balance to the GRIP and cease being a member of the Plan.

A. Plan Description and Contribution Information

Membership. At June 30, 2014 membership in the Plan consisted of:

Active plan members	3,585
Inactive plan members	877

Plan Description. The Plan, a cost-sharing multiple-employer defined contribution plan, was established in 1994 and is sponsored by the County. Eight other agencies or political subdivisions have elected to participate. All non-public safety and certain public safety employees not represented by a collective bargaining agreement and hired on or after October 1, 1994 are covered by the Plan unless they elect to participate in the GRIP. Eligible employees covered by the Montgomery County Employees' Retirement System may make an irrevocable decision to transfer to this Plan.

Contributions. For fiscal year 2014, under Section 33-116 of the Code, the Plan required non-public safety employees to contribute 4 percent of regular earnings up to the Social Security wage base and 8 percent above the Social Security wage base. Public safety employees are required to contribute 3 percent of regular earnings up to the Social Security wage base and 6 percent above the Social Security wage base. Section 33-117 of the Code requires the County and each participating agency to contribute 8 percent and 10 percent of regular earnings for non-public safety and public safety employees, respectively.

Benefit Provisions. Employee contributions and earnings thereon vest immediately and employer contributions and earnings thereon are vested after three years of service or upon death, disability, or reaching retirement age. Members are fully vested upon reaching normal retirement (age 62) regardless of years of service. At separation, a participant's benefit is determined based upon the account balance which includes contributions and investment earnings.

B. Summary of Significant Accounting Policies

Basis of Accounting. The Plan's financial statements have been prepared under the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are required to be made as specified in the County Code. Benefits, refunds and distributions are recognized when due in accordance with the terms of the Plan. The cost of administering the Plan is paid by the County and participating agencies.

Method Used to Value Investments. Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2014.

Equity in County's Pooled Cash and Investments. The Plan maintains its cash with the County, which invests cash and allocates interest earned, on a quarterly basis to the Plan based on the Plan's average daily balance of its equity in pooled cash. The County's policy is to fully collateralize the cash maintained in the pool.

C. Trustees of the Plan

The County established a Board of Investment Trustees (Board) for the RSP to oversee the investment program. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

D. Investments

Section 33-125 of the Code authorizes the Board to establish a diversified slate of mutual and commingled investment funds from which participants may select an option. The Board exercises the Standard of Care as delineated in Section 33-61 of the Code. As of June 30, 2014, the fair value of the mutual and commingled investment funds was $290,735,529, of which $64,232,511 was invested in international mutual funds.

E. Income Taxes

The Internal Revenue Service issued a determination letter in December 2010, which stated that the Plan and its underlying trust qualify under the applicable provisions of the Internal Revenue Code and are exempt from federal income taxes. In the opinion of the plan administrator, the Plan and its underlying trust have operated within the terms of the Plan and are qualified under the applicable provisions of the Internal Revenue Code.

DEFERRED COMPENSATION PLAN

During FY 2005, the Montgomery County Council passed legislation enabling the County to establish and maintain one or more additional deferred compensation plans for employees covered by a collective bargaining agreement. All County non-represented employees, those County represented employees who elected to participate, and employees who were retired at the time of transfer, continue to participate in the Montgomery County Deferred Compensation Plan administered by the County (the County Plan). County represented employees who elected and all represented employees hired after March 1, 2005 participate in the newly created Montgomery County Union Employees Deferred Compensation Plan (the Union Plan) administered by the bargaining units. The purpose of these Plans is to extend to employees deferred compensation plans pursuant to Section 457 of the Internal Revenue Code of 1986, as amended.

The accompanying financial statements present only the operations of the County Plan in conformity with GAAP. They are not intended to present fairly the financial position and results of operations of the entire County. The assets of the Union Plan are not included in the accompanying financial statements since neither the County nor the Board of Investment Trustees (Board) have fiduciary or other responsibility for the Union Plan except as required by federal law, including any regulation, ruling, or other guidance issued under law.

A. Plan Description and Contribution Information

Plan Description. During 1999, in accordance with Federal legislation, the assets were placed in Trust for the sole benefit of participants and their beneficiaries. Trust responsibilities for the County Plan are assigned to the Board. The Board has a third-party administrator contract to provide investment vehicles and administrative services to plan participants. Under the County Plan, contributions are sent to the providers for different types of investments as selected by the participants. A separate account, which reflects the monies deferred, investment of the monies, and related investment earnings is maintained for each participant by the third-party administrator. Withdrawals are made upon retirement, termination of employment, death, and/or in unforeseeable emergencies.

Plan Contributions. In accordance with Section 457 of the IRC, the Plan limits the amount of an employee's annual contributions to an amount not to exceed the lesser of $17,500 in 2013 and in 2014 or 100% of the employee's eligible compensation. The Plan also provides certain catch-up contribution provisions for participants age 50 or older and for participants within three years of their normal retirement age. Amounts contributed by employees are deferred for federal and state income tax purposes until benefits are paid to the employees. Under Section 33-11 of the County Code, all eligible employees hired after July 1, 2008 are automatically enrolled in the Plan with a 1% contribution unless they elect out within 60 days from the date of hire. If they do not opt out of the Plan within 60 days from the date of hire, they begin making a contribution equivalent to 1% of their salary.

B. Summary of Significant Accounting Policies

Basis of Accounting. The County Plan's financial statements have been prepared under the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are made. Distributions are recognized when paid in accordance with the terms of the County Plan, and administrative costs are recognized as incurred.

Method Used to Value Investments. Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2014.

C. Trustees of the Plan

The County established a Board to oversee the investment program of the County Plan. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

D. Investments

The Board is required to establish a diversified slate of mutual and commingled funds from which participants may select investment options. The Board exercises the Standard of Care as delineated in Section 33-61 of the Code. As of June 30, 2014, the fair value of the mutual and commingled investment funds was $343,639,371, of which $43,540,499 was invested in international mutual funds.

REQUIRED SUPPLEMENTARY INFORMATION

Historical trend information about the Employees' Retirement System (System) defined benefit pension plan is presented below as required supplementary information. This information is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

SCHEDULE OF CHANGES IN THE EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS

Fiscal year ending June 30,		2014
Total Pension Liability		
Service Cost	$	70,019,055
Interest on the Total Pension Liability		281,988,785
Benefit Changes		-
Difference between Expected and Actual Experience		-
Assumption Changes		-
Benefit Payments		(229,664,720)
Refunds		(4,329,834)
Net Change in Total Pension Liability		118,013,286
Total Pension Liability - Beginning		3,840,356,031
Total Pension Liability - Ending (a)	$	3,958,369,317
Plan Fiduciary Net Position		
Employer Contributions	$	144,709,675
Member Contributions		26,462,839
Pension Plan Net Investment Income		534,397,733
Benefit Payments		(229,664,720)
Refunds		(4,329,834)
Pension Plan Administrative Expense		(2,953,807)
Other		-
Net Change in Plan Fiduciary Net Position		468,621,886
Plan Fiduciary Net Position - Beginning		3,184,245,211
Plan Fiduciary Net Position - Ending (b)	$	3,652,867,097
Net Pension Liability - Ending (a) - (b)	$	305,502,220
Plan Fiduciary Net Position as a Percentage of Total Pension Liability		92.28%
Covered Employee Payroll	$	402,899,096
Net Pension Liability as a Percentage of Covered Employee Payroll		75.83%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2005	$ 74,655,371	$ 74,655,371	$ -	$ 328,459,150	22.73 %
2006	88,184,159	88,184,159	-	340,333,414	25.91
2007	109,436,001	109,436,001	-	352,636,518	31.03
2008	117,686,375	117,686,375	-	372,214,906	31.62
2009	109,567,014	109,567,014	-	376,895,171	29.07
2010	113,957,784	113,957,784	-	431,226,155	26.43
2011	109,343,933	109,343,933	-	405,336,529	26.98
2012	107,855,595	107,855,595	-	398,460,248	27.07
2013	127,887,620	127,887,620	-	395,988,026	32.30
2014	144,709,675	144,709,675	-	402,899,096	35.92

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

Valuation Date:	July 1, 2013
Notes	Actuarially determined contribution rates are calculated as of July 1, 2012 which is 24 months prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Projected Unit Credit (non-GRIP), Traditional Unit Credit (GRIP)
Amortization Method	Level percentage of pay, separate closed period bases.
Remaining Amortization Period	Initial amortization period of 18 years for the base established July 1, 2010. Initial amortization period of 20 years for subsequent bases. Average amortization period of 15 years.
Asset Valuation Method	5-year smoothed market
Inflation	3.00% per year
Salary Increases	4.00% - 9.25% per year
Investment Rate of Return	7.50% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition and years of service. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-2009.
Mortality	RP2000 Mortality Table, sex-distinct, projected to the year 2030 for healthy mortality and projected to the year 2010 for disabled mortality. Rates are set forward five years for the disabled mortality assumption.

Other Information:

Notes	There were no benefit changes reflected in the valuation.

SCHEDULE OF INVESTMENT RETURNS

Fiscal year ending June 30

	2014
Annual money weighted rate of return, net of investment expense	17.63%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SCHEDULE OF ADMINISTRATIVE EXPENSES
EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2014

Personnel Services:	
Salaries and wages	$ 1,080,907
Retirement contributions	79,860
Insurance	107,595
Social security	75,015
Total personnel services	1,343,377
Professional Services:	
Actuarial	179,199
Independent public accountants	25,014
Outside legal	3,389
Computer technical support	408,430
Other professional services	333,886
Temporary	26,791
Total professional services	976,709
Benefit Processing:	
Disbursement services	40,353
Recordkeeping services	71,668
Disability management	396,164
Total benefit processing	508,185
Due diligence and continuing education	34,253
Office Management:	
Office equipment and supplies	90,883
Miscellaneous	400
Total office management	91,283
Total administrative expenses	$ 2,953,807

SCHEDULE OF INVESTMENT EXPENSES
EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2014

Investment Management Expenses:		
Aberdeen Asset Management Inc	$	888,847
BlackRock Financial Management		79,359
Bridgewater Associates		6,374,101
CoreCommodity Management LLC		204,676
Eagle Asset Management		527,053
E.I.I. Capital Management		602,291
First Quadrant L.P.		382,472
GMO, LLC		17,515
Gryphon International Investment		1,006,594
Jennison Associates LLC		505,026
JP Morgan Investment Management		651,163
Los Angeles Capital Management		403,511
Loomis Sayles		840,994
Marathon London		1,277,486
Mondrian Investment Partners Ltd.		734,458
Nomura Asset Management		805,970
RhumbLine Advisors		15,172
Sands Capital Management		705,658
Schroder Investment Management		955,875
Systematic Financial Management		393,288
Wellington Management		607,288
Wellington Trust Company		361,301
The Northern Trust Company		391,839
State Street Bank and Trust Company		2,500
Albourne America LLC		400,000
Flag Capital Management LLC		362,500
Franklin Park		525,000
Wilshire Associates		295,300
Abel Noser Corp.		5,000
Aetna Life Insurance Company		3,287
Bloomberg Financial Systems		17,400
Institutional Shareholders Services Inc		8,884
RiskMetrics		6,011
Total investment management expenses		20,357,819
Securities lending borrower rebates		(366,866)
Securities lending agent fees		288,780
Total securities lending expenses		(78,086)
Total investment expenses	$	20,279,733

EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2014 AND 2013

	2014	2013
ASSETS		
Equity in County's pooled cash and investments	$ 971,114	$ 1,108,905
Investments:		
Government and agency obligations	359,793,807	282,344,930
Municipal/Provincial bonds	58,203,905	22,924,377
Asset-backed securities	3,345,101	3,212,480
Corporate bonds	632,632,391	606,493,965
Collateralized mortgage obligations	419,500	25,117
Common and preferred stock	1,391,796,570	1,332,955,707
Mutual and commingled funds	453,648,456	369,851,201
Short-term investments	99,565,286	75,697,933
Cash collateral received under securities lending agreements	233,431,419	291,568,717
Real assets	391,199,845	235,951,453
Private equity/debt	257,774,913	238,964,221
Total investments	3,881,811,193	3,459,990,101
Dividend, interest, and other receivables	3,875,781	14,762,968
Contributions receivable	7,717,664	6,423,088
Capital assets	900,043	-
Total assets	3,895,275,795	3,482,285,062
LIABILITIES		
Payable for collateral received under securities lending agreements	233,431,419	291,568,717
Benefits payable and other liabilities	8,977,279	6,471,134
Total liabilities	242,408,698	298,039,851
Net Position restricted for pensions	$ 3,652,867,097	$ 3,184,245,211

EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
ADDITIONS		
Contributions:		
Employer	$ 144,709,675	$ 127,887,620
Members	26,462,839	24,854,331
Total contributions	171,172,514	152,741,951
Investment Income:		
Net appreciation in fair value of investments	483,192,812	249,328,076
Dividends and interest	70,406,663	74,807,660
Total income from investment activities	553,599,474	324,135,736
Less investment expenses	20,357,819	17,748,344
Net income from investment activities	533,241,655	306,387,392
Income from securities lending	1,077,992	1,186,186
Less securities lending expenses	(78,086)	(285,825)
Net income from securities lending	1,156,078	1,472,011
Total additions	705,570,247	460,601,354
DEDUCTIONS		
Retiree benefits	172,472,289	153,566,262
Disability benefits	48,606,540	46,635,541
Survivor benefits	8,585,891	8,601,914
Refunds and distributions	4,329,834	1,925,124
Administrative expenses	2,953,807	2,400,996
Total deductions	236,948,361	213,129,837
Net increase in net position	468,621,886	247,471,517
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of year	3,184,245,211	2,936,773,694
Ending of year	$3,652,867,097	$3,184,245,211

RETIREMENT SAVINGS PLAN
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2014 AND 2013

	2014	2013
ASSETS		
Equity in County's pooled cash and investments	$ 586,404	$ 556,797
Investments	290,735,529	234,672,571
Contributions receivable	1,215,635	938,299
Total assets	292,537,568	236,167,667
LIABILITIES		
Accrued expenses	30,663	25,734
Net position held in trust for pension benefits	$ 292,506,905	$ 236,141,933

RETIREMENT SAVINGS PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
ADDITIONS		
Contributions:		
Employers	$ 17,117,342	$ 15,628,750
Members	8,694,887	8,273,565
Total contributions	25,812,229	23,902,315
Investment income (loss)	42,040,389	23,370,612
Other income	396,592	353,400
Net investment income	42,436,981	23,724,012
Less investment expenses	4,800	7,780
Total additions	68,244,410	47,618,547
DEDUCTIONS		
Distributions	11,681,985	9,388,909
Administrative expenses	197,453	201,052
Total deductions	11,879,438	9,589,961
Net increase	56,364,972	38,028,586
Net position - beginning of year	236,141,933	198,113,347
Net position - end of year	$ 292,506,905	$ 236,141,933

DEFERRED COMPENSATION PLAN
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2014 AND 2013

	2014	2013
ASSETS		
Investments	$ 343,639,371	$ 303,302,906
Contributions receivable	642,341	609,861
Total position and net position held in trust for pension benefits	$ 344,281,712	$ 303,912,767

DEFERRED COMPENSATION PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
ADDITIONS		
Contributions - members	$ 17,011,184	$ 18,228,940
Investment income	48,863,366	34,096,559
Total additions	65,874,550	52,325,499
DEDUCTIONS		
Distributions	25,505,605	19,847,470
Total deductions	25,505,605	19,847,470
Net increase (decrease)	40,368,945	32,478,029
Net position - beginning of year	303,912,767	271,434,738
Net position - end of year	$ 344,281,712	$ 303,912,767

INVESTMENT SECTION

Employees' Retirement System

EMPLOYEES' RETIREMENT SYSTEM

INVESTMENT PERFORMANCE, POLICY, STATISTICS AND ACTIVITY

The Board of Investment Trustees (Board), and the investment staff, are responsible for managing the $3.6 billion Employees' Retirement System (the System), invested solely in the interests of its beneficiaries. It is a significant responsibility due to the majority of the average retiree's benefit coming from investment earnings on contributions from members, the County, and participating agencies. According to Wilshire Associates, a national consulting firm, the median return among U.S. public pension plans over $1 billion in size in FY 2014 was a gain of 17.44%, gross of fees. The System's return for the fiscal year was a gain of 17.66% gross of fees, ranking above median in the universe. The public domestic equity markets produced the strongest returns of all financial markets in FY14. The same study ranked the System's three-year gain of 11.16% and its five-year return of 13.87% in the top quartile of this universe. The gross returns for the one-year period exceeded the performance benchmark established by the Board by 158 basis points, with returns for the three-year and five-year periods exceeding the performance benchmarks by 123 basis points and 127 basis points, respectively. Returns for the System are calculated on a time weighted basis (except where noted on page 46). The key drivers of the performance for the twelve month period ending June 30, 2014 were the System's public equities, and both private equity and private real assets holdings.

In the investment of public funds, adequate funding of employee retirement benefits at a reasonable and affordable cost is a paramount concern. An appropriate balance must be struck between risks taken and returns sought to ensure the long term health of the System. The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long term increases in the value of assets.

Specific investment objectives include:

- To realize the actuarial assumed rate of return of 7.5 percent.
- To manage portfolio risk so as to limit potential downside fluctuations in the value of the total System assets.
- To realize as high a rate of total return as possible consistent with the above.

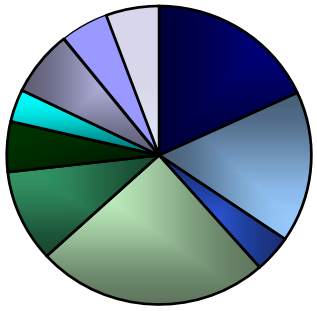
To achieve these objectives, the following investment policies are employed:

- Allocate System assets to a broad array of investment sectors and strategies.
- Maintain the asset allocation in compliance with the Board's rebalancing policy (+/- 5% for major asset classes and +/- 1.5% to 3% for sub-asset classes).
- Monitor the individual investment managers' market value to ensure compliance with the Board's Manager Funding Policy.
- Evaluate the performance of all investment managers against their specific performance and style objectives, assigned risk, and the returns achieved by other similar managers.
- Evaluate the System's overall risk exposure and modify investments through rebalancing when necessary.

During FY 2014, the Board continued to implement portfolio adjustments which will result in further diversification of the investment portfolio and better management of the System's risk. Toward this effort, the Board approved new investments in the following sectors: private equity, private real assets, commodities, and opportunistic. The Board also approved a structural change to expand investments in the real assets section to include master limited partnerships.

The following pages reflect comments on the investment portfolio and were prepared by the Board.

ASSET ALLOCATION – JUNE 30, 2014



18.1% Domestic Equity
16.4% International Equity
4.0% Global Equity
24.7% Fixed Income
10.0% Inflation-Indexed Bonds
5.5% Commodities
3.5% Opportunistic
7.1% Private Equity/Debt
5.1% Private Real Assets
5.6% Global REITs

INVESTMENT PERFORMANCE SUMMARY

ANNUALIZED DATA FOR PERIOD ENDING JUNE 30, 2014

	1 Year	3 Year	5 Year
Total Fund Time-Weighted Returns			
MCERS	17.66[A] %	11.16[A] %	13.87[A] %
Policy Benchmark	16.08[A]	9.93[A]	12.60[A]
Total Domestic Equities Return			
MCERS	26.23	16.88	19.96
Russell 3000	25.22	16.46	19.33
Total Private Equities Return			
MCERS	19.75[B]	10.80[B]	13.35[B]
Russell 3000 + 300 Bpts	27.68[B]	18.85[B]	22.00[B]
Total International Equities			
MCERS	20.23	8.06	13.37
MSCI All Country World X US	21.75	5.73	11.11
Total Global Equities			
MCERS	19.94	N/A	N/A
MSCI All Country World	22.95	N/A	N/A
Total Private Real Assets			
MCERS	16.64[B]	11.60[B]	6.31[B]
CPI + 500 Bpts	7.04[C]	6.83[C]	7.05[C]
Total Fixed Income			
MCERS	12.77	10.23	11.89
Custom Fixed Income Benchmark	10.67	8.90	9.84
Total Opportunistic			
MCERS	6.73[D]	5.11[D]	N/A
HFRI Fund of Funds Composite	7.55	3.28	N/A
Total Commodities			
MCERS	7.37	(4.67)	2.45
DJ UBS Commodities Index	8.21	(5.17)	1.99
Total Global Inflation Indexed Bonds			
MCERS	16.32	12.96	15.82
Custom IIB Benchmark	8.98	7.89	8.59

Return data for the System was calculated on a time weighted basis (except where noted). Returns shown are provided by the System's custodian bank, The Northern Trust Company. Valuations are based on published national securities exchange prices, where available, and all valuations are reconciled between the various investment managers and the custodian bank. Returns are gross of fees paid to investment managers except where noted.

A: Total Fund returns utilize lagged valuations for private equity and private real assets investments.

B: Returns computed on dollar-weighted basis and are net of investment management fees.

C: Benchmark comparison is not meaningful at this time due to the short investment history of the System's private real assets program.

D: Returns computed net of investment management fees.

PORTFOLIO HIGHLIGHTS

PUBLIC EQUITY

The market value of the total Public Equity Portfolio as of June 30, 2014 represented approximately 38.5% of the total Fund, split between Domestic Equity at 18.1%, International Equity at 16.4%, and Global Equity at 4.0%. The Domestic Equity Portfolio outperformed the Russell 3000 Benchmark by 1.01% for the one year ending June 30, 2014. The U.S. equity markets rallied throughout the fiscal year on signs of a strong economic outlook and the Federal Reserve's measured reaction of monetary stimulus. Despite experiencing some lows during the mid year on geopolitical concerns, the markets finished the fiscal year on a strong note after investors welcomed the additional stimulus announcement by the European Central Bank.

As of June 30, 2014, the International Equity Portfolio was allocated as follows: 80.0% active EAFE and 20.0% active emerging markets. The International Equity Portfolio underperformed the MSCI ACWI ex U.S. benchmark by 1.52% for the fiscal year ending June 30, 2014. International markets started the fiscal year with a rally after economic data from the Eurozone and Japan continued to look promising. Investor confidence was further bolstered by the accommodative monetary policy from central banks around the globe. After dealing with concerns over economic and political uncertainty during the first half of 2014, international developed markets advanced on stronger economic growth and European Central Bank's monetary policy easing efforts. Emerging Markets were impacted by geopolitical concerns and slowing growth in China. Despite a strong rally towards the end of the fiscal year, Emerging Markets underperformed both the U.S. and international developed markets.

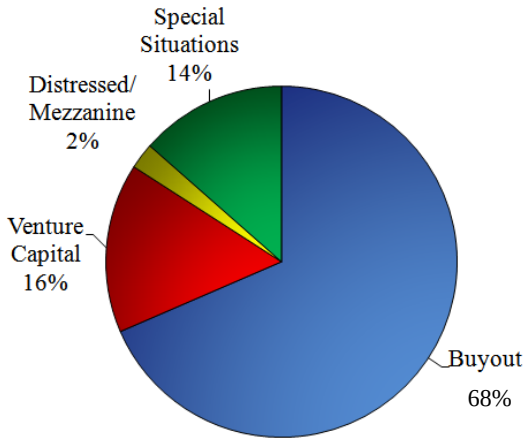
Equity: Top 15 Holdings

The top 15 holdings in the Public Equity Portfolio comprised 7.84% of ERS assets at June 30, 2014. In comparison to the top 15 holdings of last year, Visa, Amazon, Novartis, Fresenius, BNP Paribas, Seven & I Holdings, ING Groep, Total, Inditex, and Ericsson remained and Toyota, Heineken, Baidu, Hitachi, and Airbus were added.

Equity	Shares	Value
Novartis	123,732	$ 11,203,969
Fresenius	64,850	9,669,163
BNP Paribas	139,846	9,486,388
Total	128,966	9,319,565
ING Groep	638,373	8,967,531
VISA Inc	35,994	7,584,296
Toyota Motor	123,500	7,416,949
Heineken	101,882	7,313,552
Baidu	38,859	7,259,250
Hitachi	987,000	7,229,199
Seven & I Holdings	165,700	6,980,974
Inditex	43,141	6,639,074
Airbus	95,554	6,402,710
Amazon	19,469	6,323,142
Ericsson	520,579	6,287,891

PRIVATE EQUITY

The System began investing in private equity in 2003 to achieve returns greater than those available in the public equity markets and to gain exposure to diversified alpha sources. At June 30, 2014, the Private Equity Portfolio comprised 7.0% of total Fund assets, and approximately 68% of the dollars committed had been called. On a long-term basis, the Private Equity program seeks to outperform the Russell 3000 Index by 3%. System returns are calculated on a dollar-weighted or internal rate-of-return basis, and the annualized return since inception (2003) through June 30, 2014 was 8.4%. By comparison, the dollar-weighted return for the Russell 3000 Index plus 3% for the same period was 12.21%.



As compared to the prior fiscal year, private equity investment activity related to buyout deals saw a decline. Conversely, venture capital deals raised more capital than the previous fiscal year. The exit environment of both buyout and venture investments increased. Purchase valuations were up versus the prior fiscal year.

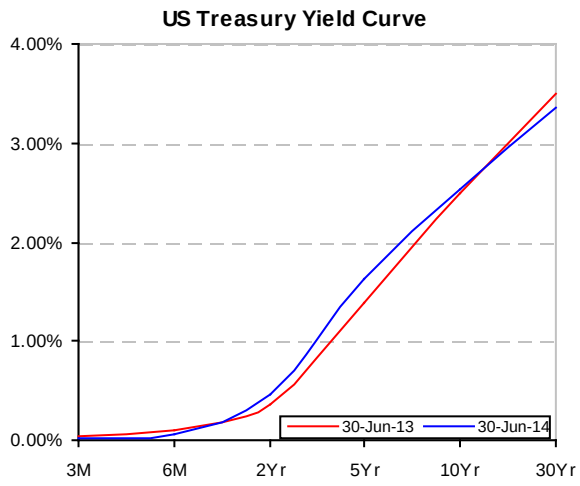
PORTFOLIO HIGHLIGHTS

PRIVATE DEBT

The System began investing a portion of its portfolio in Private Debt in FY14 to enhance returns and further diversify the portfolio. The market value of the Private Debt Portfolio as of June 30, 2014 represented approximately 0.1% of the total Fund.

FIXED INCOME

The System invests a portion of its portfolio in fixed income securities to reduce total Fund volatility, produce income and provide a measure of protection in the event of a slowing economic environment, in which these lower volatility assets should provide downside protection. The market value of the Fixed Income Portfolio as of June 30, 2014 represented approximately 24.7% of the total Fund. The Fixed Income Portfolio returned 12.77%, outperforming the benchmark return of 10.67% during the fiscal year. Positive performance was driven by the high yield and long duration investments, representing approximately 10.0% and 12.0%, of total Fund assets, respectively.



During the fiscal year, economic data continued to point to an environment of slow, steady growth that is not so fast as to raise concerns that the Federal Reserve Board, under the new leadership of Janet Yellen, will begin raising short-term interest rates. The Fed kept the Fed Funds Rate at a target range of 0% to 0.25% throughout the year and began tapering its monthly bond buying by $10 million a month but stressed that short term rates would remain low for an extended period. The flattening in the U.S. Treasury Yield Curve (see chart above) reflects a rise in short rates in anticipation of rate hikes while the drop in long rates suggests a nod of confidence in the Fed's ability and willingness to control inflation over the long haul.

Fixed Income: Top 15 Holdings

Fifteen Largest Fixed Income Holdings	Interest Rate	Maturity Date	Fair Value
United States Treasury Bonds	3.750 %	November 15, 2043	$ 28,073,844
United States Treasury Bonds	3.125	February 15, 2042	26,253,113
United States Treasury Bonds	2.875	May 15, 2043	25,004,769
HSBC Bank	7.000	January 15, 2039	7,693,591
United States Treasury Bonds	0.000	August 15, 2042	7,285,675
Verizon	6.550	September 15, 2043	6,391,622
Citigroup Inc	8.125	July 15, 2039	6,254,579
Wells Fargo	5.606	January 15, 2044	6,063,957
JP Morgan Chase	5.600	July 15, 2041	6,028,259
Bank of America	6.000	October 15, 2036	5,816,757
United States Treasury Bonds	3.625	February 15, 2044	5,791,552
Standard Charter	5.700	March 26, 2044	5,652,738
Grand Parkway Transportation	5.250	October 1, 2051	5,520,239
General Electric	6.875	January 10, 2039	5,124,606
Cooperatieve Centrale	5.750	December 1, 2043	4,580,587

PORTFOLIO HIGHLIGHTS

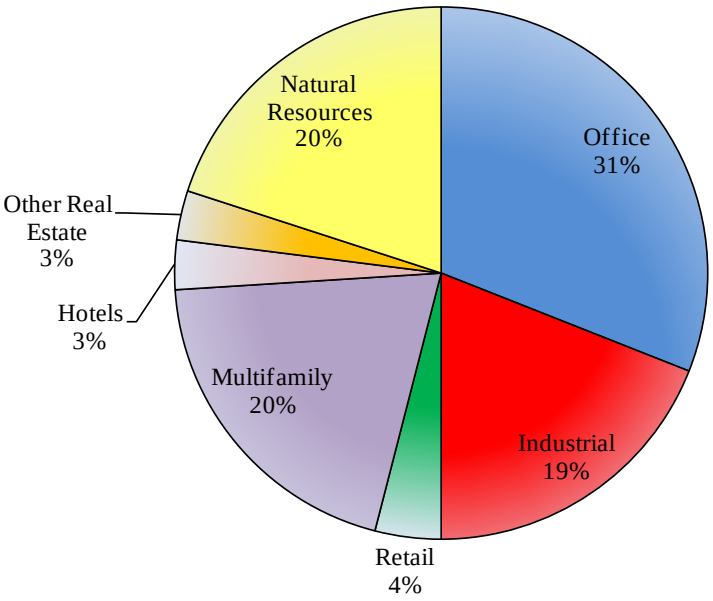
OPPORTUNISTIC

The System invests a portion of its portfolio in absolute return strategies (hedge funds) to enhance returns and reduce total fund volatility. The market value of the Opportunistic Portfolio as of June 30, 2014 represented approximately 3.5% of the total Fund. The Portfolio returned 6.73%, underperforming the benchmark return of 7.55% during the fiscal year.

Within the hedge fund universe, performance was driven primarily by equity long/short, up 12.60%, and event driven strategies, up 11.24%. Directional equity long/short strategies performed well, primarily energy and technology sector focused funds. Event driven strategies were strong due to increased corporate stock buybacks and restructurings. Global Macro was the worst performing strategy, with a return of 1.40% for the fiscal year.

PRIVATE REAL ASSETS

The System began investing in value-added and opportunistic private real estate and natural resources in 2006 to attain real returns less correlated with the broad securities markets. Returns are computed on a dollar-weighted or internal rate-of-return basis, and from inception (2006) to June 30, 2014 the investments generated an annualized gain of 3.0%. By comparison, the dollar-weighted return for the benchmark CPI + 5% for the same period was a gain of 6.9%. The Private Real Assets Portfolio comprised 5.1% of the Fund at June 30, 2014 with approximately 82% of the dollars committed called.



During the first half of the fiscal year, real estate transaction activity increased significantly though it slightly slowed down during the later part of the year. Domestic energy investments increased in order to facilitate the ongoing oil and gas development drilling programs in recently discovered basins across the U.S.

PUBLIC REAL ASSETS

Global Real Estate Securities

The System began investing in global real estate securities in November 2012 to attain liquid public market exposure to real estate. As of June 30, 2014, the Global Real Estate Securities Portfolio represented 5.6% of the total Fund. For the fiscal year, the portfolio has returned 14.05%, outperforming the benchmark by 0.5%.

Over the first half of the fiscal year, the timing of the tapering of the U.S. Federal Reserve Bank's quantitative easing program weighed heavily on interest-rate sensitive sectors, such as global listed real estate securities. Listed real estate security prices recovered in early 2014 as economic growth remained mixed and central bank monetary policies continued to be accommodative. Helped by declining bond yields, REITs continued to attract flows as income-seeking investors turned to higher-yielding alternatives.

PORTFOLIO HIGHLIGHTS

Global Inflation-Indexed Bonds

The System allocates a portion of Fund assets to inflation-indexed bonds which provide protection against inflation risk as well as providing a diversified return stream to manage volatility. The Inflation-Indexed Bond Portfolio represented 10.0% of the total Fund at June 30, 2014. The Portfolio, which also includes an absolute return fund, returned 16.32% during the fiscal year, outperforming the benchmark by 7.34%.

The returns on global inflation-indexed bonds were positive during the fiscal year as real yields declined. Performance of the total portfolio benefited from the opportunistic allocations made by the absolute return fund to nominal bonds, developed market equities, currencies, and corporate credit.

Inflation-Indexed Bonds - Country Exposures		
United States	44.9	%
Euroland	17.1	
United Kingdom	19.9	
Sweden	5.2	
Australia	2.8	
Canada	10.1	

Commodities

The System began investing in commodities in January 2009 to further diversify the portfolio to reduce risk and to provide a hedge against unexpected inflation. The Commodities Portfolio represented 5.5% of the total Fund as of June 30, 2014. The Portfolio underperformed the benchmark by 0.84% for the year ended June 30, 2014.

The commodities markets advanced during the fiscal year. The energy sector rallied on geopolitical concerns in the Middle East while natural gas prices soured after extreme weather conditions caused supplies to fall to the lowest level in over a decade. The precious metals sector rose as a result of the European Central Bank's accommodative monetary policy. Industrial metals rallied after a considerable decline in the previous fiscal year on supportive global economic data and declining warehouse inventories. Livestock traded to record high prices as U.S. cattle supply reached its lowest level in over 60 years and lean hogs continued to be impacted by the spread of a deadly virus. Agriculture was the only sector which declined during the fiscal year as favorable weather conditions allowed for the accelerated planting of a record crop.

INVESTMENT MANAGERS

The diversified investment structure as of June 30, 2014 is reflected in the following table, which lists System managers by asset class and style.

Public Equity	Investment Style
Domestic Equity	
Eagle Asset Management	Small Cap Growth
JP Morgan Investment Mgt.*	Large Cap Core Plus
Los Angeles Capital Management*	Large Cap Alpha
RhumbLine Advisors	Russell 1000 Index
Sands Capital Management	Large Cap Growth
Systematic Financial Mgt.	Large Cap Value
Wellington Management	Small Cap Value
International Equity	
Gryphon	EAFE
Marathon	EAFE
Mondrian*	Emerging Markets
Global Equity	
Aberdeen Asset Management*	ACWI

Fixed Income	Investment Style
BlackRock Financial Mgt.*	BC US Aggregate Index
Loomis Sayles	High Yield
Jennison Associates	Long Duration
Nomura Asset Management	High Yield
Schroder Investment Mgt.	Long Duration

Inflation-Indexed Bonds	Investment Style
Bridgewater*	Inflation Indexed Bonds

Foreign Currency	Investment Style
First Quadrant*	Foreign Currency

Global REIT	Investment Style
E.I.I. Capital Management*	Global Active
BlackRock Financial Mgt.*	FTSE EPRA/NAREIT Dev

Commodities	Investment Style
BlackRock Financial Mgt.*	Passive
CoreCommodity Mgt.*	Active
Wellington Management*	Active

Opportunistic	Investment Style
GMO*	Global Macro
Grosvenor*	Fund-of-Funds
Luxor*	Event Driven
MKP*	Global Macro
Och-Ziff Capital Mgt*	Multi-Strategy

Private Equity	Investment Style
Adams Street*	Fund-of-Funds
Altus Capital Partners*	Buyouts
Altaris Capital Partners*	Buyouts
Atlas*	Turnaround
DW Healthcare Partners*	Buyouts
Franklin Park*	Fund-of-Funds
HarbourVest*	Fund-of-Funds
KPS Capital Partners*	Turnaround
Landmark*	Fund-of-Funds
Mason Wells*	Buyouts
Odyssey Inv. Partners.*	Buyouts
Pomona Capital*	Fund-of-Funds
Riverside Partners*	Buyouts
TA Associates*	Growth Equity
Thoma Bravo*	Buyouts
Wicks Group*	Buyouts

Private Debt	Investment Style
Castlelake*	Distressed
Levine Leichtman*	Structured Equity

Private Real Assets	Investment Style
AEW Capital*	Opportunistic
Carmel Partners*	Value-Added
EnerVest*	Energy
FLAG Capital Mgt.*	Fund-of-Funds
Hampshire Companies*	Value-Added
LBA Realty*	Value-Added
Lime Rock Resources*	Energy
Pearlmark Real Estate Ptrs*	Value-Added
TA Associates Realty*	Value-Added

* Pooled Funds

PUBLIC EQUITY COMMISSIONS

January 1, 2013 THROUGH December 31, 2013

Brokers	Commissions (thousands)
Deutsche Bank	$ 28
Investment Technology Group	26
Instinet	25
BNY	24
Liquidnet	24
Lynch Jones & Ryan	22
Citigroup	21
Merrill Lynch Pierce Fenner & Smith	18
UBS	16
Credit Suisse	12
Other Brokers (87 brokers)	207
Total	**$ 423**

INVESTMENT SUMMARY

	2014 Fair Value	Percent of Total Value	2013 Fair Value	Percent of Total Value
Government and agency obligations	$ 359,793,807	9.86 %	$ 282,344,930	8.91 %
Municipal/Provincial obligations	58,203,905	1.60	22,924,377	0.73
Asset-backed securities	3,345,101	0.09	3,212,480	0.10
Corporate bonds	632,632,391	17.34	606,493,965	19.14
Collateralized mortgage obligations	419,500	0.01	25,117	0.00
Common and preferred stock	1,391,796,570	38.15	1,332,955,707	42.07
Mutual and commingled funds	453,648,456	12.43	369,851,201	11.67
Short-term investments	99,565,286	2.73	75,697,933	2.39
Real assets	391,199,845	10.72	235,951,453	7.45
Private equity/debt	257,774,913	7.07	238,964,221	7.54
Total	$ 3,648,379,774	100.00 %	$ 3,168,421,384	100.00 %

Cash collateral received under securities lending agreements is not included in the investment summary shown above.

ACTUARIAL SECTION

Employees' Retirement System

GRS
Gabriel Roeder Smith & Company
Consultants & Actuaries
20 North Clark Street
Suite 2400
Chicago, IL 60602-5111
312.456.9800 phone
312.456.9801 fax
www.gabrielroeder.com

November 12, 2014

Ms. Linda Herman
Executive Director
Montgomery County Employee Retirement Plans
101 Monroe Street, 15th Floor
Rockville, MD 20850

Dear Linda:

At your request, we have performed an actuarial valuation of the Montgomery County Employees' Retirement System ("System") as of July 1, 2014. The purpose of this actuarial valuation, which is performed annually, is to determine the funding status and annual contribution requirements of the System. The actuarial valuation was performed specifically at the request of the Executive Director of the Montgomery County Employees' Retirement System and is intended for use by the System and Montgomery County ("County") and those designated by the System and the County. This report may be provided to parties other than the System and County only in its entirety and only with the permission of the System and County. GRS is not responsible for reliance upon this valuation for any other purpose, or by any other party.

Funding Objective
The funding objective for the System is to collect employer and employee contributions sufficient to pay the benefits of the Montgomery County Employees' Retirement System when due and to achieve a funded ratio of 100 percent at the end of the amortization period under the level percentage of pay funding policy with 20-year closed period amortization bases established at each valuation. The total contribution rate is equal to the normal cost rate plus amortization of the unfunded liability as a level percentage of payroll. The unfunded liability as of July 1, 2010, was amortized over an initial closed period of 18 years (14 years remaining as of the July 1, 2014 valuation). The additional unfunded liability from each subsequent valuation is amortized over a 20-year closed period. The equivalent single amortization period is 13 years as of the July 1, 2014 valuation. This funding policy is consistent with generally accepted actuarial standards for the funding of retirement systems. The total contribution rate minus the average employee contribution rate equals the County contribution rate. The valuation as of July 1, 2014, establishes the County contribution rate for fiscal year beginning July 1, 2015.

Actuarial Assumptions and Methods
Beginning with this valuation as of July 1, 2014, the actuarial cost method was changed from Traditional Unit Credit for Guaranteed Retirement Income Plan ("GRIP") members and Projected Unit Credit for non-GRIP members, to individual Entry-Age Normal for both non-GRIP and GRIP members. The objective of this method is to finance the benefits of the System as a level percentage of payroll over the members' careers. Any Unfunded Actuarial Accrued Liability (UAAL) under this method is separately financed. All actuarial gains and losses under

this method are reflected in the UAAL. In addition, the payroll basis used for calculating the contribution rates was changed in order to reflect both the lag in the application of the calculated County contribution rates and the fact that the non-public safety groups are closed to new members. The other actuarial assumptions and methods used in this valuation are the same as those used in the prior actuarial valuation.

The actuarial assumptions and methods used, including the economic and demographic assumptions, the actuarial cost method and asset method, are in conformity with the Actuarial Standards of Practice issued by the Actuarial Standards Board for the funding of public sector pension plans and with paragraph 10 of GASB Statement Number 27 and are set by the County. Assumptions and methods required by GASB Statement 67 were used in the preparation of the accounting disclosures and schedules required by GASB 67.

Benefit Provisions
There have been no new plan changes reflected in the valuation as of July 1, 2014, since the actuarial valuation at July 1, 2013.

Participant Data
A total of 5,535 active members (excluding DRSP and DROP) were included in the valuation as of July 1, 2014. Between the 2013 and 2014 valuations, the number of active employees increased by 100 members, or 1.8 percent. The average annual valuation pay (excluding DRSP and DROP) increased by 4.3 percent, from $69,804 to $72,791 between the 2013 and 2014 valuation. The number of benefit recipients increased from 6,132 to 6,242, or 1.8 percent, since the last valuation. The average monthly benefit increased by 1.7 percent, from $3,014 to $3,065.

Aetna Contract
There is a group of retirees that have benefits that are insured by Aetna. The total benefit amounts reported for these members in the valuation report include the insured benefit amount. The actuarial liabilities calculated in the valuation report exclude the value of the insured benefits. The liabilities for these members that are included in the actuarial valuation are for the cost of living adjustments provided and are paid by the Montgomery County Employees' Retirement System.

Valuation Assets
On a market value basis, the Plan assets had an investment return of approximately 17.7 percent (net of investment expenses). Continued recognition of the fiscal year end 2012 investment loss, which was offset by recognition of investment gains during fiscal years ending 2010, 2011, 2013 and 2014 resulted in an estimated net asset rate of return of 12.98 percent on an actuarial value of assets basis which compares to the assumed rate of return of 7.50 percent.

Reliance on Others
The valuation was based upon information furnished by the County Staff, concerning benefits provided by the Montgomery County Employees' Retirement System, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for

internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the County Staff.

The trend data in the Financial Section and the schedules and other data in this Section are prepared by County Staff with our input.

Accounting Schedules Under GASB Statement 67
The total pension liability (actuarial accrued liability) is based on a measurement date of July 1, 2013, with results projected to July 1, 2014, assuming no liability gains and losses, under the Entry Age Normal actuarial cost method. A single discount rate of 7.50 percent, which is the same rate that is used in the funding valuation, was used to measure the total pension liability. All other assumptions and methods used in the funding valuation for calculation of the actuarial accrued liabilities were used in the GASB 67 valuation for calculation of the total pension liability.

The net pension liability is measured as the total pension liability, less the amount of the pension plan's fiduciary net position (market value of assets) as of June 30, 2014.

Certification
To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Montgomery County Employees' Retirement System as of the valuation date as of July 1, 2014, based on the data and actuarial techniques described above and applicable statutes. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. Lance Weiss and Amy Williams are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

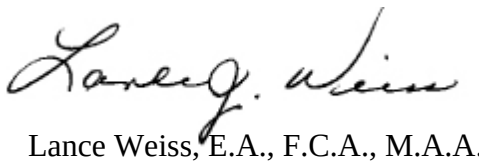
Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements in this report.

This report should not be relied on for any purpose other than the purpose stated.

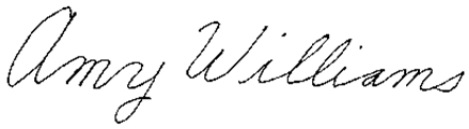
The signing actuaries are independent of the plan sponsor.

Ms. Linda Herman
Montgomery County Employee Retirement Plans
November 12, 2014

Respectfully submitted,
Gabriel, Roeder, Smith & Company



Lance Weiss, E.A., F.C.A., M.A.A.A.
Senior Consultant



Amy Williams, A.S.A., M.A.A.A.
Consultant

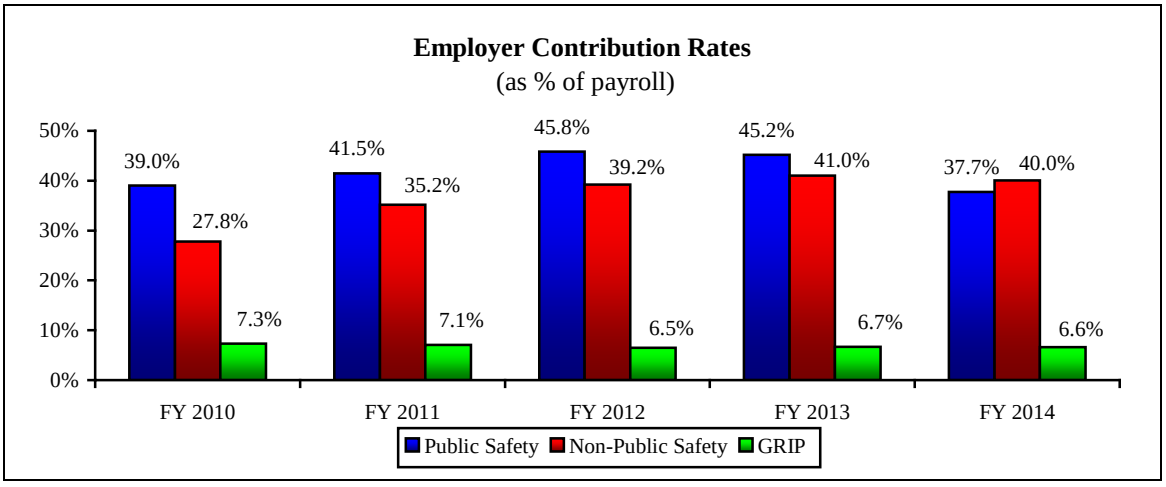
AW:rg

SUMMARY OF VALUATION RESULTS
EMPLOYEES' RETIREMENT SYSTEM

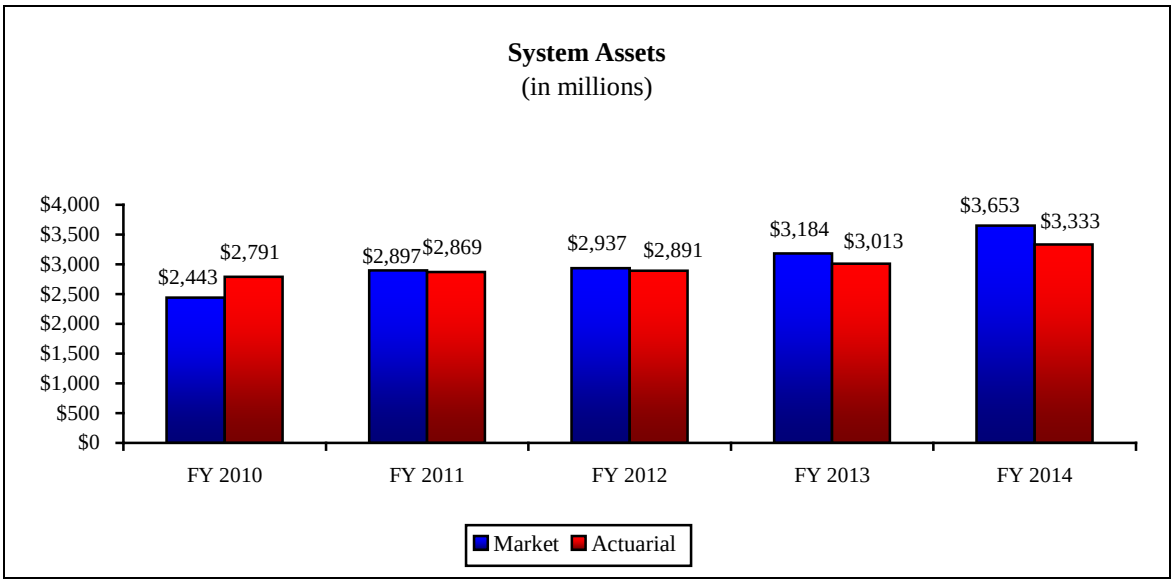
A. Overview

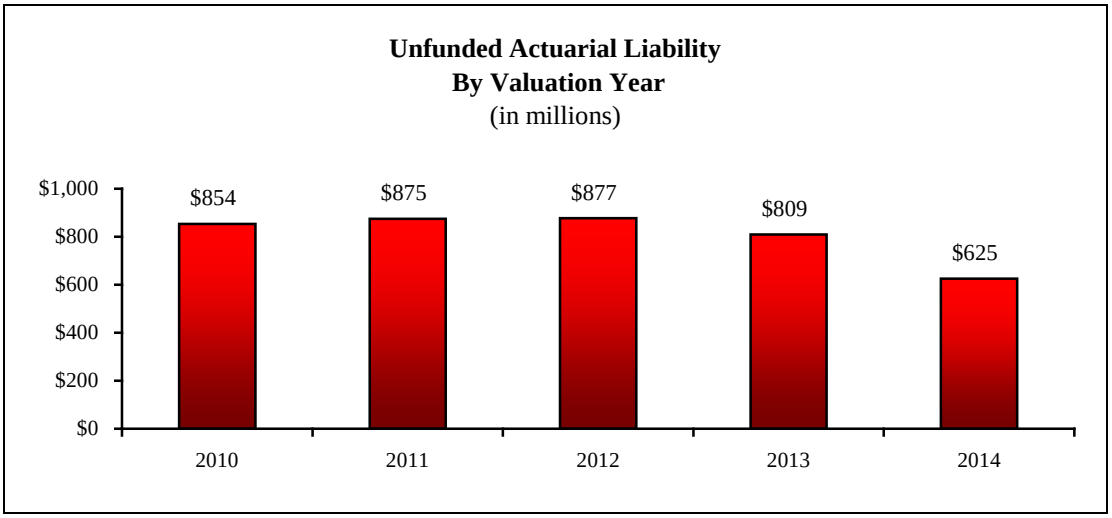
This report presents the results of our June 30, 2014 actuarial valuation of the Montgomery County Employees' Retirement System.

The major findings of the valuation are summarized in the following charts:

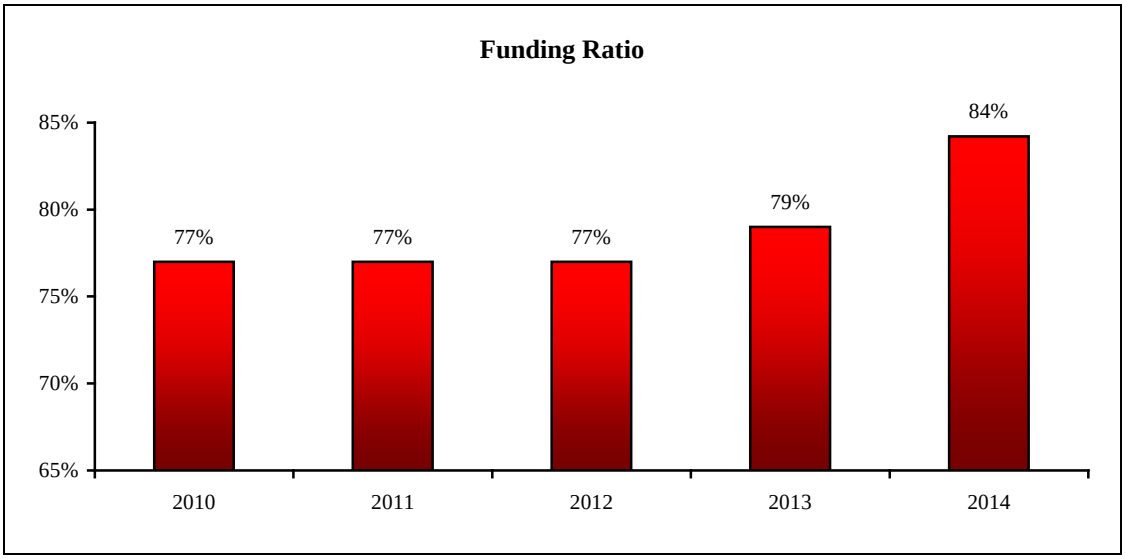


The change in the employer contribution rate in FY 2014 was due to actual System experience versus actuarial assumptions.





The unfunded actuarial liability decreased in FY 2014 primarily due to deferred asset gains, higher contributions than expected, lower than expected cost of living increases for retired members, and demographic experience.



The ratio of actuarial assets to the actuarial accrued liability has improved primarily due to the factors noted above.

B. Summary of Results

	July 1, 2013	July 1, 2014
Actuarial Liability		
a. Active Members	$1,294,536,578	$1,373,483,134
b. Retired Members and Beneficiaries	2,505,125,616	2,558,985,389
c. Vested Former Members	21,718,538	26,461,195
d. Total	$3,821,380,732	$3,958,929,718
Valuation Assets	$3,012,547,244	$3,333,484,724
Unfunded Actuarial Liability	$808,833,488	$625,444,994
Normal Cost		
a. Gross Normal Cost	$76,901,082	$77,951,170
b. Anticipated Employee Contributions	$20,971,463	$22,235,192
c. County Normal Cost (a -b)	$55,929,619	$55,715,978
Amortization Payment	$67,898,374	$59,111,574
County Contribution Required at Date Shown	$123,827,993	$114,827,552
County FY 2015/FY 2016 Contribution		
(as a % of covered payroll)		
Public Safety Employee	45.17%	37.73%
Non-Public Safety Employees	41.04%	40.02%
Guaranteed Retirement Income Plan	6.72%	6.61%

C. Valuation Highlights

1. System Assets

As of June 30, 2014, the System had assets, valued at market, of $3.653 billion, as compared to $3.184 billion at June 30, 2013. The increase of $469 million was attributable to the following:

a. An increase of $171 million from employer and employee contributions;
b. An increase of $535 million from investment gain;
c. A decrease of $237 million due to the payment of benefits to System participants and administrative expenses.

When measured on an actuarial basis, System assets were $3.333 billion at June 30, 2014, and $3.013 billion at June 30, 2013. The asset valuation method smoothes the fluctuations generated by intermittent market gains and losses. This method phases-in investment gains and losses arising during and after the 1994 fiscal year over a five-year period from the date established. Effective July 1, 1997, the calculation of the actuarial value of assets was changed to exclude the present value of estimated accrued contributions.

2. System Liabilities

The Unfunded Actuarial Liability decreased $183 million, from $809 million at July 1, 2013, to $625 million at July 1, 2014, as follows:

Unfunded Actuarial Liability at beginning of year	$	808,833,488
Unfunded Actuarial Liability at end of year		625,444,994
Decrease in Unfunded Actuarial Liability	$	183,388,494

The decrease in Unfunded Actuarial Liability for the year ended June 30, 2014, is comprised of the following:

Decrease due to gain on actuarial value of assets	$	163,194,287
Increase due to demographic loss and other factors		(16,253,081)
Decrease due to amortization payment and contributions		36,447,288
Increase/decrease due to plan changes		0
Decrease in Unfunded Actuarial Liability	$	183,388,494

3. System Contributions

Contributions to the System include a "normal cost" rate which covers the portion of projected liabilities related to service of members. In addition, an amortization payment is made to fund the unfunded liability related to changes made to benefits in previous years which are being funded over a specific period of time.

The increase/decrease in the employer contribution rate is attributable to the following:

	Public Safety (non-GRIP)		Non-Public Safety (non-GRIP)		GRIP	
Employer contribution rate - June 30, 2013	45.17	%	41.04	%	6.72	%
Decrease due to gain on actuarial value of assets	(3.12)		(5.13)		(0.14)	
Increase/decrease due to actuarial gains & losses	(2.73)		1.21		(0.04)	
Increase/decrease due to plan changes	0.00		0.00		0.00	
Increase/decrease due to assumption and method changes	(1.59)		2.90		0.07	
Employer contribution rate - June 30, 2014	37.73	%	40.02	%	6.61	%

4. Membership

The active membership of the System increased from 5,435 at June 30, 2013 to 5,535 at June 30, 2014. The System was closed to all new employees hired after October 1, 1994, except public safety, bargaining unit employees and GRIP participants. Inactive members, including retirees and beneficiaries, increased from 6,132 at June 30, 2013 to 6,242 at June 30, 2014 and the number of former members with vested rights increased from 358 to 403.

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
EMPLOYEES' RETIREMENT SYSTEM

A. Funding Method

The funding method used for the System's valuation is the "Individual Entry-Age Normal" actuarial cost method. The objective of this method is to finance the benefits of the System as a level percentage of payroll over the members' careers. The normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement. Each annual normal cost is a constant percentage of the member's year by year projected covered pay. An *actuarial liability* is calculated at the valuation date as the present value of benefits allocated to service prior to that date. The *Unfunded Actuarial Liability* at the valuation date is the excess of the actuarial liability over the assets of the System.

B. Actuarial Value of Assets

The actuarial value of assets is used for purposes of determining the County's contribution to the System. The asset adjustment method dampens the volatility of asset values that could occur because of short term fluctuations in market conditions. Use of an asset smoothing method is consistent with the long term nature of the actuarial valuation process. Assets are valued at market value but with a phase-in of investment gains and losses arising after July 1, 1994, over a 5-year period. The gains and losses are net of expenses. Effective July 1, 1997, the calculation of the actuarial value of assets does not include the present value of accrued contributions.

ACTUARIAL ASSUMPTIONS AND METHODS
EMPLOYEES' RETIREMENT SYSTEM

A. Demographic Assumptions

1. Mortality

RP2000 projected 30 years, separate tables for males and females
Annual Deaths per 1,000 Members

Age	Male Deaths	Female Deaths	Age	Male Deaths	Female Deaths
20	0	0	65	8	8
25	0	0	70	14	14
30	0	0	75	25	22
35	1	0	80	48	37
40	1	0	85	90	65
45	1	1	90	163	120
50	1	1	95	252	183
55	2	2	100	334	230
60	4	4	105	398	293

2. Termination of Employment (prior to retirement eligibility)

Annual Terminations per 1,000 Members (non-GRIP)

Years of Service	Non-Public Safety	Public Safety
0 – 4	52	80 – 35
5 – 9	43	31 – 22
10 – 14	33	20 – 10
15 – 19	31 – 20	9 – 6
20 – 25	17 – 9	6
26+	9	NA

It is assumed that 25% of all vested participants who terminate elect to receive a refund of their contributions with interest instead of a deferred benefit regardless of their age at termination.

Annual Terminations per 1,000 Members (GRIP)

Years of Service	Non-Public Safety
0 – 1	95
2 – 3	60
4	50
5	43
6 – 7	30
8+	25

3. Disability

Annual Disabilities per 1,000 Members

	Non-Public Safety Employees		Public Safety Employees					
			Group E		Group F		Group G	
Age	Male	Female	Male	Female	Male	Female	Male	Female
20	1	0	1	1	1	1	1	2
25	2	1	2	2	3	3	2	4
30	2	2	4	5	6	8	4	11
35	3	3	5	7	8	12	5	16
40	3	3	6	10	10	16	7	23
45	6	3	11	13	19	44	13	31
50	7	5	19	18	40	59	22	41
55	5	6	23	19	48	62	27	43
60	9	6	28	19	59	63	47	44

4. Deaths

	Annual Deaths per 1,000 Disabled Members	
Age	Male	Female
25	0	0
30	1	0
35	1	1
40	1	1
45	2	1
50	3	3
55	6	5
60	11	9
65	19	16

5. Retirement

Age	Non-Public Safety Employees	Public Safety Employees		
		Group E	Group F	Group G
Under 40	0%	3.5%	15%	20%
41	0%	3.5%	15%	20%
42	0%	3.5%	15%	20%
43	0%	3.5%	15%	20%
44	0%	3.5%	15%	20%
45	0%	3.5%	15%	20%
46	0%	15%	15%	20%
47	0%	15%	15%	20%
48	0%	15%	15%	20%
49	0%	15%	15%	20%
50	0%	20%	15%	20%
51	0%	20%	15%	20%
52	0%	20%	15%	30%
53	0%	20%	15%	30%
54	0%	20%	15%	30%
55	20%	50%	45%	40%
56	20%	50%	45%	40%
57	20%	50%	45%	40%
58	20%	50%	45%	40%
59	20%	50%	45%	40%
60	15%	100%	100%	100%
61	15%	100%	100%	100%
62	15%	100%	100%	100%
63	15%	100%	100%	100%
64	15%	100%	100%	100%
65	50%	100%	100%	100%
66	50%	100%	100%	100%
67	75%	100%	100%	100%
68	100%	100%	100%	100%
69	100%	100%	100%	100%
70	100%	100%	100%	100%

6. Sick Leave Credit

Service credit is increased by 2% for non public safety employees, 2.4% for Group E employees, 4.5% for Group F employees and 3.2% for Group G employees to account for additional credit from unused sick leave. Sick leave is capped at 2 years.

7. Marital assumption

80% of active participants are assumed to be married. Women are assumed to be three years younger than their spouses.

B. Economic Assumptions

1. Investment Return: 7.5% compound per annum

2. Cost-of-Living Increases: 3% on credited service earned prior to June 30, 2011
2.3% on credited service thereafter, reflecting the 2.5% cap

3. Increase in Social Security Wage Base: 4.0% compound per annum

4. Expense load: Anticipated administrative expense equal to the average of the prior three years of administrative expenses. For FY 2016 this figure is $2,966,800.

5. Salary Increase: Merit and promotional increases assumed to be based on service as shown below:

Service	Non Public Safety *	Public Safety
0 – 4	6.00%	9.25%
5 – 9	6.00%	8.25%
10 – 14	6.00%	6.25%
15 – 19	6.00%	5.50%
20 – 24	4.25%	5.00%
25 – 29	4.00%	4.50%
30+	4.00%	4.25%

** Includes GRIP*

ANALYSIS OF FINANCIAL EXPERIENCE

Gains and Loss in Accrued Liability During Years Ended June 30
Resulting from Differences Between Assumed Experience and Actual Experience

Type of Activity	2011	2012	2013	2014
Investment gain/loss	$ (73,632,309)	$ (110,314,254)	$ (33,134,494)	$ 163,194,287
Combined liability experience	2,351,277	102,955,793	93,060,972	7,865,965
Gain/loss during year	$ (71,281,032)	$ (7,358,461)	$ 59,926,478	$ 171,060,252

SOLVENCY TEST

Aggregate Accrued Liability

Valuation Date	(1) Active Members Contributions	(2) Retirees, Vested Terms, Beneficiaries	(3) Active Members (Employer Financed Portion)	Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets (1)	(2)	(3)
6/30/2007	187,104,227	1,661,692,386	1,251,841,110	2,469,933,200	100	100	50
6/30/2008	186,171,030	1,847,516,034	1,307,862,361	2,701,119,470	100	100	51
6/30/2009	200,669,572	1,892,331,796	1,396,056,191	2,736,010,044	100	100	46
6/30/2010	213,191,851	2,054,949,883	1,377,434,607	2,791,144,974	100	100	38
6/30/2011	236,934,960	2,181,816,842	1,325,970,792	2,869,422,276	100	100	34
6/30/2012	210,537,737	2,465,714,392	1,092,493,833	2,891,435,563	100	100	20
6/30/2013	248,331,006	2,526,844,154	1,046,205,572	3,012,547,244	100	100	23
6/30/2014	265,055,643	2,585,446,584	1,108,427,491	3,333,484,724	100	100	44

SCHEDULE OF RETIREES AND SURVIVORS
During Years Ended June 30

	New Retirees and Disableds	Survivors	Total
July 1, 2007	**4,636**	**361**	**4,997**
New retirements & disabilities	382	0	382
Deaths with beneficiaries	(28)	28	0
Deaths/benefits ended	(64)	(9)	(73)
July 1, 2008	**4,926**	**380**	**5,306**
New retirements & disabilities	186	0	186
Deaths with beneficiaries	(24)	24	0
Deaths/benefits ended	(95)	(18)	(113)
July 1, 2009	**4,993**	**386**	**5,379**
New retirements & disabilities	328	0	328
Deaths with beneficiaries	(22)	22	0
Deaths/benefits ended	(88)	(28)	(116)
July 1, 2010	**5,211**	**380**	**5,591**
New retirements & disabilities	282	0	282
Deaths with beneficiaries	(20)	20	0
Deaths/benefits ended	(154)	(7)	(161)
July 1, 2011	**5,319**	**393**	**5,712**
New retirements & disabilities	201	0	201
Deaths with beneficiaries	(47)	47	0
Deaths/benefits ended	(87)	(2)	(89)
July 1, 2012	**5,386**	**438**	**5,824**
New retirements & disabilities	269	0	269
Deaths with beneficiaries	(38)	38	0
Deaths/benefits ended	(104)	(28)	(132)
July 1, 2013	**5,513**	**448**	**5,961**
New retirements & disabilities	400	0	400
Deaths with beneficiaries	(23)	23	0
Deaths/benefits ended	(100)	(19)	(119)
July 1, 2014	**5,790**	**452**	**6,242**

SCHEDULE OF ANNUAL ALLOWANCE
During Years Ended June 30

	New Retirees and Disableds	Survivors	Total
July 2007	**$ 144,531,821**	**$ 5,433,777**	**$ 149,965,598**
Average Annual Allowance	31,176	15,052	30,011
Annual Allowances Added to the Rolls	20,518,024	1,056,444	21,574,468
Annual Allowances Removed From the Rolls	(2,344,133)	(422,864)	(2,766,997)
July 2008	**$ 162,705,712**	**$ 6,067,357**	**$ 168,773,069**
Average Annual Allowance	33,030	15,467	31,808
Annual Allowances Added to the Rolls	4,887,240	453,616	5,340,856
Annual Allowances Removed From the Rolls	(3,242,232)	(370,344)	(3,612,576)
July 2009	**$ 164,350,720**	**$ 6,150,629**	**$ 170,501,349**
Average Annual Allowance	32,916	15,934	31,698
Annual Allowances Added to the Rolls	13,218,960	304,035	13,522,995
Annual Allowances Removed From the Rolls	(1,306,672)	(419,291)	(1,725,963)
July 2010	**$ 176,263,008**	**$ 6,035,373**	**$ 182,298,381**
Average Annual Allowance	33,825	15,883	32,606
Annual Allowances Added to the Rolls	14,287,432	580,328	14,867,760
Annual Allowances Removed From the Rolls	(868,937)	(103,095)	(972,032)
July 2011	**$ 189,681,503**	**$ 6,512,606**	**$ 196,194,109**
Average Annual Allowance	35,661	16,572	34,348
Annual Allowances Added to the Rolls	8,947,253	1,102,270	10,049,523
Annual Allowances Removed From the Rolls	(2,498,388)	(34,529)	(2,532,917)
July 2012	**$ 196,130,368**	**$ 7,580,347**	**$ 203,710,715**
Average Annual Allowance	36,415	17,307	34,978
Annual Allowances Added to the Rolls	11,709,284	867,622	12,576,906
Annual Allowances Removed From the Rolls	(5,027,794)	(572,950)	(5,600,744)
July 2013	**$ 202,811,858**	**$ 7,875,019**	**$ 210,686,877**
Average Annual Allowance	36,788	17,578	35,344
Annual Allowances Added to the Rolls	21,907,364	699,388	22,606,753
Annual Allowances Removed From the Rolls	(3,506,950)	(217,824)	(3,724,774)
July 2014	**$ 221,212,272**	**$ 8,356,583**	**$ 229,568,856**
Average Annual Allowance	**38,206**	**18,488**	**36,778**

Schedule of Active Member Valuation Data

Valuation Date	Number	Annual Payroll	Annual Average Pay	% Increase in Average Pay
July 1, 2007	5,294	$374,792,608	$70,796	6.23%
July 1, 2008	5,060	$376,002,333	$74,309	4.96%
July 1, 2009	5,012	$376,014,994	$75,023	0.96%
July 1, 2010	5,786	$431,226,155	$74,529	-0.66%
July 1, 2011	5,515	$405,336,529	$73,497	-1.38%
July 1, 2012	5,554	$398,460,248	$71,743	-2.39%
July 1, 2013	5,606	$395,988,026	$70,636	-1.54%
July 1, 2014	5,535	$402,899,096	$72,791	3.05%

STATISTICAL SECTION

Employee Retirement Plans

STATISTICAL SECTION

The Statistical Section presents detailed information in the areas shown below, as a context for understanding what the information in the Financial Section says about the overall financial health of the Employee Retirement Plans:

The schedules beginning on page 74 are designed to show financial trend information to assist users in understanding and assessing how the Employee Retirement Plans' financial position has changed over the past ten years. The financial trend schedules presented are:

- Changes in Fiduciary Net Position – Information to help the reader understand the Plans' historical contributions, earnings, and expenses.

- Benefit, Refund and Distribution Deductions from Fiduciary Net Position – Information to help the reader understand the historical benefits, refund, and distribution deductions.

The schedules beginning on page 80 display demographic, economic, and operating information. The demographic and economic information is intended to assist users in understanding the environment in which the Employee Retirement Plans operate. The operating information is intended to provide contextual information about the Employee Retirement Plans' operations to assist readers in using financial statement information. The demographic and economic information and the operating information presented include:

- Principal Participating Employers
- Retired Members by Benefit Type
- Average Benefit Amounts
- Retired Members by Type of Retirement
- Average Benefit Payments and Average Final Valuation Pay
- Schedule of Participating Agencies and Political Subdivisions

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CHANGE IN FIDUCIARY NET POSITION
JUNE 30, 2014
LAST TEN FISCAL YEARS
(dollars in thousands)

	2005	2006	2007	2008	2009
Additions					
Member contributions	$ 15,326	$ 16,085	$ 16,362	$ 18,851	$ 18,245
Employer contributions	74,655	88,184	109,436	117,686	109,567
Transfer of member account asset balances	-	-	-	-	-
Investment income (loss) (net of expenses)	197,433	187,004	420,847	(81,746)	(428,525)
Total additions	287,414	291,273	546,645	54,791	(300,713)
Deductions					
Benefit payments	115,635	125,818	136,833	147,027	168,618
Refunds	762	635	793	673	668
Administrative expenses	1,857	1,920	2,431	2,557	2,803
Total deductions	118,254	128,373	140,057	150,257	172,089
Change in net position	$ 169,160	$ 162,900	$ 406,588	$ (95,466)	$ (472,802)

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF BENEFIT AND REFUND DEDUCTIONS FROM FIDUCIARY NET POSITION BY TYPE
JUNE 30, 2014
LAST TEN FISCAL YEARS
(dollars in thousands)

	2005	2006	2007*	2008	2009
Type of Benefit					
Service benefits:					
Retirees	$ 102,641	$ 112,210	$ 98,653	$ 105,369	$ 123,560
Survivors	2,087	1,483	5,952	6,723	7,333
Disability	10,907	12,125	32,228	34,935	37,725
Total benefits	$ 115,635	$ 125,818	$ 136,833	$ 147,027	$ 168,618
Refund of Contributions	$ 762	$ 635	$ 793	$ 673	$ 668

*Allocation method used in FY 2007 was changed to reflect the actual classification of benefits.

2010	2011	2012	2013	2014
$ 20,431	$ 18,592	$ 22,833	$ 24,854	$ 26,463
113,958	109,344	107,855	127,888	144,710
31,530	-	-	-	-
304,185	510,018	117,692	307,859	534,397
470,104	637,954	248,380	460,601	705,570
169,089	178,792	202,773	208,804	229,664
1,415	1,568	2,495	1,925	4,330
2,907	3,079	3,546	2,401	2,954
173,411	183,439	208,814	213,130	236,948
$ 296,693	$ 454,515	$ 39,566	$ 247,471	$ 468,622

2010	2011	2012	2013	2014
$ 122,861	$ 129,941	$ 150,413	$ 153,566	$ 172,472
7,620	7,944	8,233	8,602	48,606
38,608	40,907	44,127	46,636	8,586
$ 169,089	$ 178,792	$ 202,773	$ 208,804	$ 229,664
$ 1,415	$ 1,568	$ 2,495	$ 1,925	$ 4,330

MONTGOMERY COUNTY, MARYLAND
RETIREMENT SAVINGS PLAN
SCHEDULE OF CHANGE IN FIDUCIARY NET POSITION
JUNE 30, 2014
LAST TEN FISCAL YEARS
(dollars in thousands)

	2005	2006	2007	2008	2009
Additions					
Member contributions	$ 4,820	$ 5,860	$ 6,798	$ 8,118	$ 11,263
Employer contributions	8,758	9,437	11,227	13,583	20,625
Transfer of member account asset balances	-	-	-	-	-
Investment income (loss) (net of expenses)	4,668	8,237	17,174	(8,383)	(26,722)
Total additions	18,246	23,534	35,199	13,318	5,166
Deductions					
Distributions	2,441	4,306	4,455	5,216	3,669
Administrative expenses	231	243	293	258	300
Total deductions	2,672	4,549	4,748	5,474	3,969
Change in net position	$ 15,574	$ 18,985	$ 30,451	$ 7,844	$ 1,197

MONTGOMERY COUNTY, MARYLAND
RETIREMENT SAVINGS PLAN
SCHEDULE OF DISTRIBUTION DEDUCTIONS FROM FIDUCIARY NET POSITION
JUNE 30, 2014
LAST TEN FISCAL YEARS
(dollars in thousands)

	2005	2006	2007	2008	2009
Distributions	$ 2,441	$ 4,306	$ 4,455	$ 5,216	$ 3,669

2010	2011	2012	2013	2014
$ 8,871	$ 8,686	$ 8,435	$ 8,274	$ 8,695
16,401	16,072	11,792	15,629	17,117
(31,530)	-	-	-	-
14,191	32,877	143	23,716	42,432
7,933	57,635	20,370	47,619	68,244
3,902	5,854	6,950	9,389	11,682
237	244	305	201	197
4,139	6,098	7,255	9,590	11,879
$ 3,794	$ 51,537	$ 13,115	$ 38,029	$ 56,365

2010	2011	2012	2013	2014
$ 3,902	$ 5,854	$ 6,950	$ 9,389	$ 11,682

MONTGOMERY COUNTY, MARYLAND
DEFERRED COMPENSATION PLAN
SCHEDULE OF CHANGE IN FIDUCIARY NET POSITION
JUNE 30, 2014
LAST TEN FISCAL YEARS
(dollars in thousands)

	2005	2006	2007	2008	2009
Additions					
Member contributions	$ 19,929	$ 16,562	$ 16,649	$ 17,294	$ 18,058
Investment income (loss) (net of expenses)	14,587	20,486	32,394	(9,378)	(44,479)
Total additions	34,516	37,048	49,043	7,915	(26,421)
Deductions					
Distributions	10,216	11,226	12,410	15,714	13,391
Administrative expenses	16	-	-	-	-
Total deductions	10,232	11,226	12,410	15,714	13,391
Change in net position	$ 24,284	$ 25,822	$ 36,633	$ (7,799)	$ (39,812)

MONTGOMERY COUNTY, MARYLAND
DEFERRED COMPENSATION PLAN
SCHEDULE OF DISTRIBUTION DEDUCTIONS FROM FIDUCIARY NET POSITION
JUNE 30, 2014
LAST TEN FISCAL YEARS
(dollars in thousands)

	2005	2006	2007	2008	2009
Distributions	$ 10,216	$ 11,226	$ 12,410	$ 15,714	$ 13,391

2010	2011	2012	2013	2014
$ 17,029	$ 17,029	$ 14,974	$ 18,229	$ 17,011
19,411	42,988	286	34,096	48,864
36,440	60,017	15,260	52,325	65,875
8,723	16,178	17,688	19,847	25,506
-	-	-	-	-
8,723	16,178	17,688	19,847	25,506
$ 27,717	$ 43,839	$ (2,428)	$ 32,478	$ 40,369

2010	2011	2012	2013	2014
$ 8,723	$ 16,178	$ 17,688	$ 19,847	$ 25,506

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
PRINCIPAL PARTICIPATING EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
JUNE 30, 2014

	2014*		2005	
Participating Government	**Covered Employees**	**Percentage of Total System**	**Covered Employees**	**Percentage of Total System**
Montgomery County	5,398	97.5%	5,419	96.3%
Town of Chevy Chase	3	0.1%	5	0.1%
Strathmore Hall	6	0.1%	7	0.1%
Housing Opportunities Commission	116	2.1%	159	2.8%
Revenue Authority	5	0.1%	17	0.3%
Washington Suburban Transit Commission	-	-	2	0.0%
Montgomery County Employees Federal Credit Union	5	0.1%	8	0.2%
State Department of Assessment and Taxation	1	0.0%	6	0.1%
District Court	1	0.0%	5	0.1%
Total	5,535	100%	5,628	100%

* Includes GRIP participants

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF RETIRED MEMBERS BY BENEFIT TYPE
JUNE 30, 2014

Fiscal Year	Retiree	Disability	Survivor	Total
2005	3,443	853	369	4,665
2006	3,564	919	365	4,848
2007*	3,661	975	361	4,997
2008	3,905	1,021	380	5,306
2009	3,957	1,036	386	5,379
2010	4,132	1,079	380	5,591
2011	4,245	1,074	393	5,712
2012	4,309	1,077	438	5,824
2013	4,412	1,101	448	5,961
2014	4,669	1,121	452	6,242

*Allocation method used in FY 2007 was changed to reflect the actual classification of benefits.

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF AVERAGE BENEFIT AMOUNTS
JUNE 30, 2014

Fiscal Year	Retiree	Disability	Survivor	Total
2005	$ 29,812	$ 12,786	$ 5,655	$ 24,788
2006	31,484	13,193	4,063	25,953
2007*	26,947	33,055	16,487	27,383
2008	26,983	34,216	17,692	27,710
2009	31,226	36,414	18,997	31,347
2010	29,734	35,781	20,052	30,243
2011	30,610	38,088	20,214	31,301
2012	34,907	40,972	18,797	34,817
2013	34,807	42,357	19,201	35,028
2014	36,940	43,360	18,995	36,793

*Allocation method used in FY 2007 was changed to reflect the actual classification of benefits.

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF RETIRED MEMBERS BY TYPE OF RETIREMENT
AS OF JUNE 30, 2014

Amount of Monthly Benefit	Number of Retired Members	Type of Retirement [a]			Option Selected [b]						
		1	2	3	1	2	3	4	5	6	7
Deferred	403										
$ 1 – $ 500	479	409	64	6	242	110	19	9	38	16	45
501 – 1,000	585	446	119	20	248	128	36	18	44	41	70
1,001 – 1,500	641	468	100	73	247	152	31	22	44	39	106
1,501 – 2,000	559	412	57	90	214	122	22	30	20	50	101
2,001 – 2,500	543	390	44	109	188	128	19	27	26	46	109
2,501 – 3,000	543	390	20	133	164	134	11	31	25	62	116
3,001 – 3,500	491	342	16	133	147	121	7	29	20	60	107
3,501 – 4,000	443	315	10	118	145	111	5	21	13	56	92
Over 4,000	1,958	1,497	22	439	725	481	9	105	53	293	292
Total	6,645	4,669	452	1,121	2,320	1,487	159	292	283	663	1,038

Notes:

[a] Type of retirement:
1—Retiree
2—Beneficiary
3—Disabled Retiree

[b] Option selected:
Option 1—Modified Cash Refund
Option 2—Certain and Continuous
Option 3—Life Annuity
Option 4—Joint and Survivor 50%
Option 5—Joint and Survivor 100%
Option 6—Other Joint and Survivor Options
Option 7—Social Security Adjustment Options

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF AVERAGE BENEFIT PAYMENTS AND AVERAGE FINAL VALUATION PAY
LAST EIGHT FISCAL YEARS

	Years Credited Service						
Retirement Effective Dates	**0 – 5**	**5 – 10**	**10 – 15**	**15 – 20**	**20 – 25**	**25 – 30**	**30 +**
Period 7/1/2006 to 6/30/2007							
Average monthly benefit*	$ 2,760	$ 2,115	$ 2,163	$ 2,425	$ 3,100	$ 3,744	$ 4,438
Average final valuation pay**	$ 48,664	$ 58,211	$ 72,411	$ 74,925	$ 80,599	$ 79,607	$ 76,689
Number of retired members***	1	4	18	40	27	37	39
Period 7/1/2007 to 6/30/2008							
Average monthly benefit*	$ 2,994	$ 3,061	$ 1,180	$ 2,287	$ 2,927	$ 3,466	$ 4,330
Average final valuation pay**	$ 50,803	$ 66,024	$ 62,986	$ 73,335	$ 78,696	$ 74,908	$ 74,647
Number of retired members***	1	8	18	58	60	57	87
Period 7/1/2008 to 6/30/2009							
Average monthly benefit*	$ -	$ -	$ 2,821	$ 2,760	$ 3,560	$ 4,309	$ 5,425
Average final valuation pay**	$ -	$ -	$ 77,385	$ 77,304	$ 88,521	$ 87,167	$ 98,906
Number of retired members***	-	-	5	20	21	16	12
Period 7/1/2009 to 6/30/2010							
Average monthly benefit*	$ -	$ 3,212	$ 2,747	$ 2,815	$ 3,548	$ 4,008	$ 5,289
Average final valuation pay**	$ -	$ 63,839	$ 82,064	$ 83,152	$ 85,524	$ 83,495	$ 86,947
Number of retired members***	-	6	6	43	49	39	68
Period 7/1/2010 to 6/30/2011							
Average monthly benefit*	$ 1,965	$ 3,412	$ 2,674	$ 3,091	$ 3,303	$ 4,136	$ 5,079
Average final valuation pay**	$ 46,807	$ 65,268	$ 65,263	$ 85,031	$ 82,627	$ 88,067	$ 84,544
Number of retired members***	1	4	5	37	80	50	57
Period 7/1/2011 to 6/30/2012							
Average monthly benefit*	$ -	$ -	$ 1,738	$ 1,840	$ 3,020	$ 5,064	$ 5,546
Average final valuation pay**	$ -	$ -	$ 56,551	$ 61,633	$ 80,696	$ 98,400	$ 90,742
Number of retired members***	-	-	3	14	30	34	57
Period 7/1/2012 to 6/30/2013							
Average monthly benefit*	$ -	$ 331	$ 1,595	$ 2,147	$ 3,063	$ 4,641	$ 5,845
Average final valuation pay**	$ -	$ 50,497	$ 56,936	$ 72,901	$ 76,904	$ 90,509	$ 94,904
Number of retired members***	-	1	5	17	46	38	69
Period 7/1/2013 to 6/30/2014							
Average monthly benefit*	$ -	$ -	$ -	$ 2,636	$ 2,941	$ 4,552	$ 5,790
Average final valuation pay**	$ -	$ -	$ -	$ 71,521	$ 75,097	$ 90,425	$ 92,772
Number of retired members***	-	-	-	17	53	98	71

* Based on current benefits only. Does not take into account any future benefits.

** Pay used for last valuation (when member was an active employee).

*** Only includes participants who changed from active to retiree status.

Beginning with periods after 7/1/2011, counts include members that were in DRSP or DROP in the previous valuation and were retired in the current valuation.

SCHEDULE OF PARTICIPATING AGENCIES AND POLITICAL SUBDIVISIONS EMPLOYEES' RETIREMENT SYSTEM RETIREMENT SAVINGS PLAN

Town of Chevy Chase
Strathmore Hall Foundation, Inc.
Housing Opportunities Commission of Montgomery County
Montgomery County Revenue Authority
Washington Suburban Transit Commission
Montgomery County Employees Federal Credit Union

Certain employees of the:
- State Department of Assessments and Taxation
- District Court of Maryland

Prepared by:
Montgomery County Employee Retirement Plans
101 Monroe Street, 15th Floor
Rockville, Maryland 20850
240-777-8220

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The City of Omaha
Police & Fire Retirement System

Actuarial Valuation as of
January 1, 2014

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July 10, 2014

Board of Trustees
City of Omaha Police and Fire Retirement System
1819 Farnam Street
Omaha, NE 68183

RE: January 1, 2014 Actuarial Valuation

Members of the Board:

In accordance with your request, we have completed an Actuarial Valuation of the City of Omaha Police and Fire Retirement System as of January 1, 2014 for the plan year ending December 31, 2014. The major findings of the valuation are contained in this report. While there have been no changes to the plan provisions, there have been changes to the actuarial assumptions and methods used in this report as a result of the experience study that was performed in 2013.

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by the City's staff. This information includes, but is not limited to, statutory provisions, employee data, and financial information. We found this information to be reasonably consistent and comparable with information provided in prior years. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete, our calculations may need to be revised.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: experience differing from that anticipated by the economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the System's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts. Actuarial computations presented in this report under GASB Statements No. 25 and 27 are for purposes of fulfilling financial accounting requirements for the City. The computations prepared for these two purposes may differ as disclosed in our report. The calculations in the enclosed report have been made on a basis consistent with our understanding

of the City's funding requirements and goals. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

The consultants who worked on this assignment are pension actuaries. CMC's advice is not intended to be a substitute for qualified legal or accounting counsel.

This is to certify that the independent consulting actuaries are members of the American Academy of Actuaries, have experience in performing valuations for public retirement plans, and meet the qualification standards of the American Academy of Actuaries to render the actuarial opinion contained herein. The valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board and the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement plan and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System. The Board of Trustees has the final decision regarding the appropriateness of the assumptions and adopted them as indicated in Appendix B.

We respectfully submit the following report and look forward to discussing it with you.

Sincerely,

Patrice Beckham

Brent A. Banister

Patrice A. Beckham, FSA, EA, FCA, MAAA
Principal and Consulting Actuary

Brent A. Banister, PhD, FSA, EA, FCA, MAAA
Chief Pension Actuary

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EXECUTIVE SUMMARY

This report presents the results of the January 1, 2014 actuarial valuation of the City of Omaha Police and Fire Retirement System. The primary purposes of performing the valuation are:

- to estimate the liabilities for the future benefits expected to be paid by the System;
- to determine the actuarial contribution rate, based on the System's funding policy;
- to measure and disclose various asset and liability measures;
- to monitor any deviation between actual plan experience and experience predicted by the actuarial assumptions so that recommendations for assumption changes can be made when appropriate;
- to analyze and report on any significant trends in contributions, assets and liabilities over the past several years.

The plan provisions reflected in this report are unchanged from last year's report. However, the employee contribution rate for Police members declined from 16.35% to 15.35%, as scheduled in the current bargaining agreement. A number of actuarial assumptions and methods have changed from last year's report, including:

- changing the actuarial assumptions by reducing disability rates, decreasing mortality for disabled retirees (longer life expectancy), introducing new, separate salary increase assumptions for Police and Fire members;
- modifying the current asset smoothing method to reflect more smoothing by recognizing 25% of the difference between the actual market value and expected value instead of 33% (current);
- resetting the amortization period to a closed 30 year period beginning January 1, 2014.

The actuarial valuation results provide a "snapshot" view of the System's financial condition on January 1, 2014. The unfunded actuarial liability (UAL) in the current valuation is $623 million, an increase of $10 million over last year's UAL of $613 million. The net change of $10 million includes the impact of both actual experience during 2013 and changes in the actuarial assumptions and methods that are first reflected in the current valuation.

The valuation results reflect net unfavorable experience for the past plan year as is demonstrated by an unfunded actuarial liability that was higher than expected based on the actuarial assumptions used in the January 1, 2013 actuarial valuation. Favorable experience on the actuarial value of assets resulted in a gain of $14 million, however unfavorable experience on demographic experience produced an actuarial loss of $18 million. Changes in the actuarial assumptions resulted in a $5 million decrease in the UAL, while the modification to the asset smoothing method increased the UAL by $3 million. The shortfall in the contributions for 2013 also increased the UAL by $7 million. Overall, the UAL increased by $10 million.

The System uses an asset smoothing method in the valuation process. As a result, the System's funded status and the recommended contribution rate are based on the actuarial (smoothed) value of assets – not the pure market value. The investment return on the market value of assets during 2013 was nearly 18%, much higher than the assumed rate of 8.0%. Due to this investment experience, the rate of return on the actuarial value of assets for the 2013 plan year was 10% (after reflecting the modification to the asset smoothing method). The System now has a deferred gain (market value of assets exceeds actuarial value). Actual returns over the next few years will determine the rate at which the deferred investment gain of $31 million is recognized. With the current deferred gains, a return of 2% on the market value of assets in 2014 would still result in an 8.0% return on the actuarial value of assets.

The following table summarizes the impact of the various changes. Please note that the relative impact of the various changes by component is dependent on the order in which they are evaluated.

	Normal Cost	Unfunded Actuarial Liability	Actuarial Contribution Rate
1/1/13 valuation	23.525%	$613.0M	62.272%
1/1/14 valuation before changes	(0.327%)	10.8	0.145%
Change in asset valuation method	0.000%	3.5	0.215%
Change in actuarial assumptions	(0.095%)	(4.7)	(0.483%)
Change in amortization period to 30 years	0.000%	0.0	(9.288%)
Inclusion of DROP Payroll	0.000%	0.0	(0.723%)
1/1/14 valuation	23.103%	$622.6M	52.138%

ASSETS

As of January 1, 2014, the System had total funds of $579.5 million, when measured on a market value basis. This was an increase of $89.7 million from the prior year and represents an approximate rate of return of 17.8%.

The market value of assets is not used directly in the actuarial calculation of the System's funded status and the actuarial contribution rate. An asset valuation method is used to smooth the effects of market fluctuations. In the prior valuation, the actuarial value of assets was equal to the expected asset value (based on last year's actuarial value of assets, net cash flows and a rate of return equal to the actuarial assumed rate of 8.0%) plus 1/3 of the difference between the actual market value and the expected asset value. The method was modified in the current valuation to recognize 1/4 of the difference between the actual market and expected asset values, a change which results in more smoothing of investment experience. The modified method produced an actuarial value of assets that was $3.5 million lower than what the prior method would have produced. See Exhibit 2 for the detailed development of the actuarial value of assets as of January 1, 2014. The rate of return on the actuarial value of assets, after reflecting the modification to the smoothing method, was 10.1%.

EXECUTIVE SUMMARY

The components of the change in the market value and actuarial value of assets are shown below:

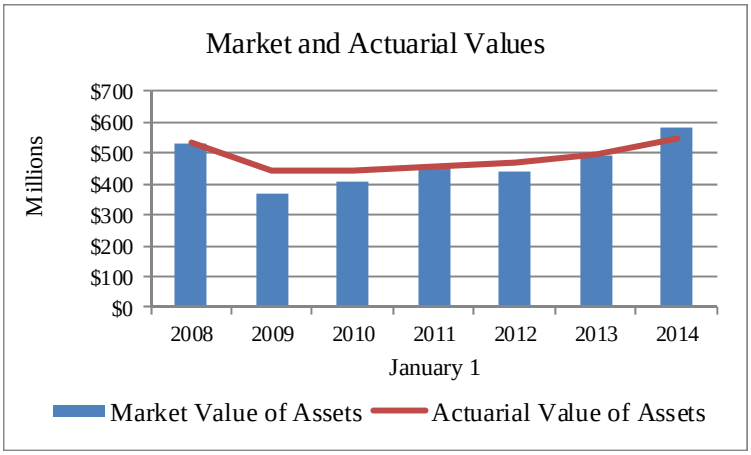
	Market Value ($M)		Actuarial Value ($M)	
Net Assets, January 1, 2013	**$**	489.8	**$**	495.8
• City and Member Contributions	+	65.5	+	65.5
• Benefit Payments and Refunds	–	63.1	–	63.1
• Investment Gain/(Loss)	+	87.3	+	53.7
• Change in Asset Valuation Method	+	N/A	+	(3.5)
Net Assets, January 1, 2014		579.5		548.4
Estimated Net Rate of Return		17.8%		10.1%

The total investment gain that is not recognized as of January 1, 2014 is $31.1 million, a significant change from the $3.0 million deferred loss in last year's valuation. The unrecognized gains will be reflected in the determination of the actuarial value of assets for funding purposes in the next few years, to the extent they are not offset by the recognition of losses derived from future experience. This means that earning the assumed rate of investment return of 8.0% per year (net of investment expenses) on a market value basis will result in an actuarial gain on the actuarial value of assets in the next few years.

The unrecognized investment gain is 5.7% of the market value of assets at January 1, 2014. If the deferred gains were recognized immediately in the actuarial value of assets, the unfunded actuarial liability would decrease by $31.1 million to $591.5 million, the funded percentage would increase from 47% to 49%, the actuarially determined contribution rate would decrease from 52.138% to 51.400%, and the contribution shortfall would decrease from 1.544% to 0.806%.

A comparison of asset values on both a market and actuarial basis for the last six years is shown below.

	January 1 ($M)					
	2014	2013	2012	2011	2010	2009
Market Value of Assets	$579	$490	$440	$453	$405	$366
Actuarial Value of Assets	$548	$496	$467	$456	$440	$439
Actuarial Value/Market Value	95%	101%	106%	101%	109%	120%



An asset smoothing method is used to mitigate the volatility in the market value of assets. By using a smoothing method, the actuarial (or smoothed) value can be either above or below the pure market value. The significant investment losses in 2008 resulted in the actuarial value of assets being above the market value for the five years after the drop. In the current valuation, the actuarial value of assets is less than the market value.

LIABILITIES

The first step in determining the contribution level for the System is to calculate the liabilities for all expected future benefit payments. These liabilities represent the present value of future benefits (PVFB) expected to be earned by the current members, assuming that all actuarial assumptions are realized. Thus, the PVFB reflects service and salary increases that are expected to occur in the future before a benefit becomes payable. The PVFB components can be found in the liabilities portion of the valuation balance sheet (see Exhibit 3).

The other critical measurement of System liabilities in the valuation process is the actuarial liability (AL). This is the portion of the PVFB that will not be paid by the future normal costs (i.e. it is the portion of the PVFB that is allocated to past service).

The following chart compares the Actuarial Liability (AL) and assets for the current and prior valuation.

	As of January 1	
	2014	2013
Actuarial Liability (AL)	$ 1,170,967,753	$ 1,108,874,778
Assets at Actuarial Value	$ 548,360,223	$ 495,847,234
Unfunded Actuarial Liability (AVA)	$ 622,607,530	$ 613,027,544
Funded Ratio (Actuarial Value)	47%	45%
Assets at Market Value	$ 579,494,652	$ 489,800,140
Unfunded Actuarial Liability (MVA)	$ 591,473,101	$ 619,074,638
Funded Ratio (Market Value)	49%	44%

EXPERIENCE FOR THE 2013 PLAN YEAR

The difference between the actuarial liability and the actuarial value of assets at the same date is referred to as the unfunded actuarial liability (UAL). Benefit improvements, experience gains/losses, changes in the actuarial assumptions or methods, and actual contributions made will impact the amount of the unfunded actuarial liability.

Actuarial gains (or losses) result from actual experience that is more (or less) favorable than anticipated based on the actuarial assumptions. These “experience” (or actuarial) gains or losses are reflected in the unfunded actuarial liability and are measured as the difference between the expected unfunded actuarial liability and the actual unfunded actuarial liability, taking into account any changes due to assumptions, methods or benefit provision changes. The experience for 2013, in total, was unfavorable (a higher unfunded actuarial liability than expected). There was an actuarial gain of around $14 million on the actuarial value of assets and an actuarial loss of about $18 million on liabilities.

EXECUTIVE SUMMARY

The change in the unfunded actuarial liability between January 1, 2013 and 2014 is shown below (in millions):

Unfunded Actuarial Liability, January 1, 2013	$613
• Expected change in UAL	2
• Contribution shortfall in 2013	7
• Investment experience	(14)
• Demographic experience	18
• Other experience	(1)
• Changes in actuarial assumptions	(5)
• Change in asset valuation method	3
Unfunded Actuarial Liability, January 1, 2014	$623

The amortization period was reset to 30 years in the 2014 valuation. This change was made as part of the 2013 experience study to better reflect the long term financing structure in place to eliminate the unfunded actuarial liability.

CONTRIBUTION LEVELS

The annual contribution to the System is composed of two parts:

(1) The normal cost (which is the allocation of costs attributed to the current year's membership service) and,
(2) The amortization payment on the Unfunded Actuarial Liability (UAL).

The normal cost rate is independent of the System's funded status and represents the cost, as a percent of payroll, of the benefits provided by the System which is allocated to the current year of service. The UAL payment is intended to fund the UAL over the amortization period set in the funding policy. As mentioned earlier, the amortization period was reset to a closed 30 year period in the current valuation.

		January 1, 2014	January 1, 2013	% Chg
1.	Normal Cost Rate	23.103%	23.525%	(1.8)
2.	UAL Contribution Rate	29.035%	38.747%	(25.1)
3.	Total Contribution Rate (1) + (2)	52.138%	62.272%	(16.3)
4.	Less Employee Contribution Rate	(16.179%)	(16.695%)	(3.1)
5.	Less City Contribution Per Ordinance	(33.345%)	(33.366%)	(0.1)
6.	Less City Prior Service Payment	(1.070%)	(1.144%)	(6.5)
7.	Contribution Shortfall	1.544%	11.067%	(86.0)

The total normal cost for the System is 23.103% of pay, or about $27 million this year. When offset by the expected employee contributions, the employer portion of the normal cost is 6.924% of pay, or

about $8 million. The normal cost represents the long-term cost of the benefit structure in the System, given the current actuarial assumptions and plan membership.

The UAL contribution rate declined due to resetting the amortization period to 30 years. Due to the number of members now in the DROP, their covered payroll was included in the expected payroll for 2014 resulting in a smaller UAL contribution rate. We believe this is a better reflection of the System's financing as both members and the city contribute while members are in DROP.

As scheduled in the current bargaining agreement, the employee contribution rate for Police members declined from 16.35% to 15.35% effective January 1, 2014. There was no change for Fire members. As a result, the overall employee contribution rate decreased by 0.516% of total payroll.

The System's total actuarial contribution rate (payable as a percent of member payroll) decreased by 10.134% of total pay, from 62.272% on January 1, 2013 to 52.138% on January 1, 2014. The contribution shortfall decreased from 11.067% in last year's valuation to 1.544% in the current valuation. The primary components of the change in the total actuarial contribution rate are as follows:

	Rate	
Total Actuarial Contribution Rate, January 1, 2013	62.272	%
• Actuarial (Gain) / Loss - Investment Experience	(0.649)	
• Actuarial (Gain) / Loss - Demographic Experience	0.824	
• Other Experience	(1.052)	
• Contributions Less Than Actuarial Rate	0.626	
• Change in Normal Cost Rate	(0.327)	
• Change in Asset Valuation Method	0.215	
• Change in Amortization Method	(9.288)	
• Change in Actuarial Assumptions	(0.483)	
Total Actuarial Contribution Rate, January 1, 2014	52.138	%

As a result of actual plan experience during 2013 and the changes to assumptions and methods, the System has an unfunded actuarial liability of $623 million (actuarial liability is greater than actuarial assets). Effective January 1, 2014, the unfunded actuarial liability is being funded over a closed 30-year period that begins on January 1, 2014. This change, which is more reflective of the financing plan for the UAL, extends the number of years over which the unfunded actuarial liability is paid, resulting in yearly payments that are lower. As the table above shows, this change is the most significant factor in the reduction of the actuarial contribution rate. The resulting UAL payment is 29.035% of pay. As a result, the total contribution rate for 2014 is 52.138% of pay (23.103% + 29.035%). The scheduled contributions for the year are 50.621%. The resulting contribution shortfall is 1.544%.

COMMENTS

On January 1, 2014, the actuarial value of assets was $548 million and the market value of assets was $579 million. The $3 million in deferred losses that existed in the prior valuation has been eliminated and there is now $31 million in deferred gains. The investment return of nearly 18% resulted in a gain on actuarial assets, despite the deferred losses, but there was a liability loss during 2013 that more than offset the investment gain. The funded ratio of the system remains low, but increased from 44% on a market value basis in the 2013 valuation to 49% in the 2014 actuarial valuation.

The contribution shortfall in the 2014 valuation decreased significantly to 1.544% of pay (about $2 million) due to the combined impact of actual experience in 2013 and the change in actuarial assumptions and methods, the most significant which was resetting the amortization period to a closed 30 year period. However, the shortfall of 1.544% is based on the actuarial valuation performed on January 1, 2014 which is a snapshot measurement on that date assuming no change in either the normal cost rate or the UAL contribution rate. It also assumes that all actuarial assumptions will be met in all future years. Given the benefit structure for the System, and new hires in particular, an evaluation of the System based solely on the actuarial valuation prepared as of January 1, 2014 does not accurately portray the long term financial health of the System. As new hires in the future become members of the system, replacing current active members, the normal cost rate is expected to decline, reflecting the lower cost benefit structure for new hires. As a result, the portion of the total contribution rate available to pay off the UAL is expected to increase each year in the future until all current active members have been replaced by new members under the lower cost benefit structure. While the System's financial health is expected to improve in future years, it is impossible to anticipate the long term funding progress without performing an open group projection of future valuation results. This actuarial analysis is beyond the scope of the regular valuation services provided to the System under the fixed fee in our current contract. However, we strongly recommend the Board consider adding a projection model to the current valuation services in order to assist them and other interested parties in better understanding the long term funding of the System.

As mentioned earlier in this report, the System uses an asset smoothing method in the actuarial valuation. While this is a very common practice for public retirement systems, it is important to be aware of the potential impact of the unrecognized investment experience. The key valuation results from the 2014 valuation, using both the actuarial and market value of assets, are shown in the following table to provide full disclosure of the impact of asset smoothing on the funding of the System. Because the actuarial and market value of assets are significantly different, so are the actuarial contribution rates.

	$ Millions	
	Using Actuarial Value of Assets	**Using Market Value of Assets**
Actuarial Liability	$1,171.0	$1,171.0
Asset Value	548.4	579.5
Unfunded Actuarial Liability	622.6	591.5
Present Value of Prior Service Payments	11.8	11.8
Unfunded Actuarial Liability for Funding	$610.8	$579.7
Funded Ratio	46.8%	49.5%
Normal Cost Rate	23.103%	23.103%
UAL Contribution Rate	29.035%	28.297%
Actuarial Contribution Rate	52.138%	51.400%
Employee Contribution Rate	(16.179%)	(16.179%)
City Contribution Rate	(34.415%)	(34.415%)
Contribution Shortfall	1.544%	0.806%

THE CITY OF OMAHA POLICE AND FIRE RETIREMENT SYSTEM

PRINCIPAL VALUATION RESULTS

		January 1, 2014	January 1, 2013	% Chg
MEMBERSHIP				
1.	Active Membership			
	- Number of Members	1,391	1,411	(1.4)
	- Projected Payroll for Upcoming Fiscal Year	$121,040,325	$116,056,740	4.3
	- Average Projected Payroll	$87,017	$82,251	5.8
	- Average Attained Age	40.0	39.8	0.5
	- Average Entry Age	28.4	28.5	(0.1)
2.	Inactive Membership			
	- Number of Retirees / Beneficiaries*	1,284	1,241	3.5
	- Number of Disabilities	232	237	(2.1)
	- Number of Deferred Vesteds	13	12	8.3
	- Average Annual Benefit	$43,879	$42,088	4.3
ASSETS AND LIABILITIES				
1.	Net Assets			
	- Market Value	$579,494,652	$489,800,140	18.3
	- Actuarial Value	$548,360,223	$495,847,234	10.6
2.	Projected Liabilities			
	- Retired Members and Beneficiaries*	$683,345,301	$638,192,530	7.1
	- Disabled Members	81,770,787	80,017,372	2.2
	- DROP Balances	2,669,360	1,041,598	156.3
	- Other Inactive Members	6,969,352	4,202,467	65.8
	- Active Members	660,720,852	644,289,243	2.6
	- Total Liability	$1,435,475,652	$1,367,743,210	5.0
3.	Actuarial Liability	$1,170,967,753	$1,108,874,778	5.6
4.	Unfunded Actuarial Liability	$622,607,530	$613,027,544	1.6
5.	Funded Ratios			
	Actuarial Value Assets / Actuarial Liability	46.83%	44.72%	4.7
	Market Value Assets / Actuarial Liability	49.49%	44.17%	12.0
CONTRIBUTIONS				
1.	Normal Cost Rate	23.103%	23.525%	(1.8)
2.	UAL Rate	29.035%	38.747%	(25.1)
3.	Total Contribution Rate (1) + (2)	52.138%	62.272%	(16.3)
4.	Less Employee Contribution Rate	(16.179%)	(16.695%)	(3.1)
5.	Less City Contribution Per Ordinance	(33.345%)	(33.366%)	(0.1)
6.	Less City Prior Service Payment	(1.070%)	(1.144%)	(6.5)
7.	Contribution Shortfall	1.544%	11.067%	(86.0)

* Includes 34 DROP participants in the 2014 valuation and 12 in the 2013 valuation

EXHIBIT 1
SUMMARY OF FUND ACTIVITY

(Market Value Basis)

For Year Ended December 31, 2013

Assets at January 1, 2013	$	489,800,140
Receipts:		
City Contributions		43,838,750
Employee Contributions		21,659,947
Investment Earnings		90,564,700
Total Receipts		156,063,397
Disbursements:		
Benefits Payments		62,564,780
Refund of Contributions		559,981
Investment Fees		3,244,124
Total Disbursements		66,368,885
Assets as of December 31, 2013	$	579,494,652
Annualized Yield		
- Gross		18.5%
- Net of Expenses		17.8%

EXHIBIT 2

DETERMINATION OF ACTUARIAL VALUE OF ASSETS

The actuarial value of assets is used to minimize the impact of annual fluctuations in the market value of investments on the contribution rate. The current asset valuation method is called the "Expected +25% Method." This has been changes from prior years, where the "Expected + 33% Method" was used.

The "expected value" of assets is determined by applying the investment return assumption to last year's actuarial value of assets and the net difference of receipts and disbursements for the year. The actual market value is compared to the expected value and 25% of the difference (positive or negative) is added to the expected value to arrive at the actuarial value of assets for the current year.

1.	Actuarial Value of Assets as of January 1, 2013	$	495,847,234
2.	Actual Receipts / Disbursements		
	a. Total Contributions		65,498,698
	b. Benefit Payments/Other		(63,124,761)
	c. Net Change		2,373,937
3.	Expected Actuarial Value of Assets as of January 1, 2014 { (1) * 1.08} + {(2c) * $1.08^{½}$}		537,982,080
4.	Market Value of Assets as of January 1, 2014		579,494,652
5.	Excess of Market Value over Expected Actuarial Value as of January 1, 2014		41,512,572
6.	Preliminary Actuarial Value of Assets as of January 1, 2014 [(3) + 1/4 of (5)]		548,360,223
7.	Calculation of 20% Corridor		
	a. 80% of (4)		463,595,722
	b. 120% of (4)		695,393,582
8.	Final Actuarial Value of Assets as of January 1, 2014 (6), but not < (7a), nor > (7b)	$	548,360,223
9.	Rate of Return on Actuarial Value of Assets		10.1%

EXHIBIT 2 (continued)

A historical comparison of the market and actuarial value of assets is shown below:

Date	Market Value of Assets (MVA)	Actuarial Value of Assets (AVA)	AVA / MVA
1/1/2008	$529,923,390	$530,493,413	100.1%
1/1/2009	365,923,877	439,108,652	120.0%
1/1/2010	405,390,038	440,478,409	108.7%
1/1/2011	452,640,303	456,158,774	100.8%
1/1/2012	440,429,392	467,375,458	106.1%
1/1/2013	489,800,140	495,847,234	101.2%
1/1/2014	579,494,652	548,360,223	94.6%

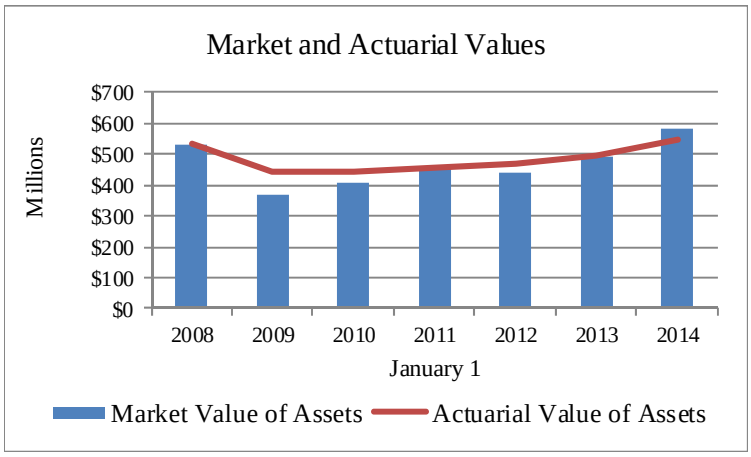


EXHIBIT 3

ACTUARIAL BALANCE SHEET

An actuarial statement of the status of the plan in balance sheet form as of January 1, 2014 is as follows:

Assets

Current assets (actuarial value)		$ 548,360,223
Present value of future normal costs		264,507,899
Present value of future contributions to fund unfunded actuarial liability		622,607,530
Total Assets		$ 1,435,475,652

Liabilities

Present value of future retirement benefits for:

Active employees	$ 647,554,982	
Retired employees, contingent annuitants and spouses receiving benefits	683,345,301	
Estimated DROP balances	2,669,360	
Deferred vested employees	6,787,971	
Inactive employees due refunds	181,381	
Inactive employees – disabled	81,770,787	
Total		$ 1,422,309,782
Present value of future death benefits payable upon death of active members		8,082,425
Present value of future benefits payable upon termination of active members		5,083,445
Total Liabilities		$ 1,435,475,652

EXHIBIT 4

UNFUNDED ACTUARIAL LIABILITY

As of January 1, 2014

The actuarial liability is the portion of the present value of future benefits which will not be paid by future normal costs. The actuarial value of assets is subtracted from the actuarial liability to determine the unfunded actuarial liability.

The City makes scheduled payments of $1,327,600 annually through the year 2028. The present value of these contributions was applied to the Unfunded Actuarial Liability (UAL) to determine the amount of the UAL to be funded as a percent of payroll (contribution rates).

1.	Present Value of Future Benefits	$ 1,435,475,652
2.	Present Value of Future Normal Costs	264,507,899
3.	Actuarial Liability (1) – (2)	1,170,967,753
4.	Actuarial Value of Assets	548,360,223
5.	Unfunded Actuarial Liability (3) – (4)	622,607,530
6.	Present Value of Prior Service Payments	11,809,362
7.	Adjusted Unfunded Actuarial Liability (Payable from Payroll Related Contributions) (5) – (6)	$ 610,798,168

EXHIBIT 5

CALCULATION OF ACTUARIAL GAIN / (LOSS)
For Plan Year Ending December 31, 2013

Liabilities		
1. Actuarial liability less prior service payments as of January 1, 2013	$	1,096,662,700
2. Normal cost for 2013 (mid-year)		26,403,410
3. Interest at 8.00% on (1) and (2) to December 31, 2013		88,768,835
4. Benefit payments during 2013		63,124,761
5. Interest on benefit payments		2,476,415
6. Assumption changes		(4,634,436)
7. Expected actuarial liability as of December 31, 2013 (1) + (2) + (3) - (4) - (5) + (6)	$	1,141,599,333
8. Actuarial liability less prior service payments as of December 31, 2013	$	1,159,158,391
Assets		
9. Actuarial value of assets as of January 1, 2013	$	495,847,234
10. Contributions during 2013		65,498,698
11. Benefit payments during 2013		63,124,761
12. Interest on items (9), (10) and (11)		39,760,909
13. Change in asset valuation method		(3,459,381)
14. Expected actuarial value of assets as of December 31, 2013 (9) + (10) - (11) + (12) + (13)	$	534,522,699
15. Actual actuarial value of assets as of December 31, 2013	$	548,360,223
(Gain) / Loss		
16. Expected unfunded actuarial liability / (surplus) (7) – (14)	$	607,076,635
17. Actual unfunded actuarial liability / (surplus) (8) – (15)	$	610,798,168
18. Actuarial Gain / (Loss) (16) – (17)	$	(3,721,534)
19. Actuarial Gain / (Loss) on Actuarial Assets (14) – (15)	$	13,837,524
20. Actuarial Gain / (Loss) on Actuarial Liability (7) – (8)	$	(17,559,058)

EXHIBIT 6

ANALYSIS OF EXPERIENCE

The purpose of conducting an actuarial valuation of a retirement plan is to estimate the costs and liabilities for the benefits expected to be paid from the plan, to determine the annual level of contribution for the current plan year that should be made to support these benefits and, finally, to analyze the plan's experience. The costs and liabilities of this retirement plan depend not only upon the benefit formula and plan provisions but also upon factors such as the investment return on the Fund, mortality rates among active and retired members, withdrawal and retirement rates among active members, rates at which salaries increase and the rate at which the cost of living increases.

The actuarial assumptions employed as to these and other contingencies in the current valuation are set forth in Appendix B of this report.

Since the overall results of the valuation will reflect the choice of assumptions made, periodic studies of the various components of the plan's experience are conducted in which the experience for each component is analyzed in relation to the assumption used for that component (called an experience study). This summary is not intended to be an actual "experience study" but rather an analysis of sources of gain and loss in the past plan year.

Gain/(Loss) By Source

The System experienced a net actuarial loss on liabilities of $17.6 million during the plan year ended December 31, 2013, and an actuarial gain on assets of $13.8 million. The net actuarial loss was $3.7 million. The major components of this net actuarial experience loss are shown below:

Liability Sources	**Gain/(Loss)**
Salary Increases	$ (5,593,000)*
Mortality	(4,548,000)
Terminations	(615,000)
Retirements	(4,111,000)
Disability	1,134,000
New Entrants/Rehires	(523,000)
Retiree Benefit Adjustments	(2,749,000)*
Miscellaneous	(554,000)
Total Liability Gain/(Loss)	$ (17,559,000)
Asset Gain/(Loss)	$ 13,839,000
Net Actuarial Gain/(Loss)	$ (3,720,000)

* Results from the delay in the implementation of Fire pay scales as a result of ongoing negotiations and litigation from 2008 to 2012.

EXHIBIT 7

DEVELOPMENT OF 2014 ACTUARIAL CONTRIBUTION RATE

The actuarial cost method used to determine the required level of annual contributions to support the expected benefits is the Entry Age Normal Cost Method. Under this method, the total cost is comprised of the normal cost rate and the unfunded actuarial liability (UAL) payment. The System is financed by contributions from the employees and the City.

1.	(a)	Normal Cost	$	27,285,957
	(b)	Expected Payroll in 2014 for Current Actives	$	118,106,703
	(c)	Normal Cost Rate (a) / (b)		23.103%
2.		Unfunded Actuarial Liability Payable from Payroll Related Contributions	$	610,798,168
3.		Amortization Factor Level Percent of Payroll over 30 Years*		18.29735
4.		Unfunded Actuarial Liability (UAL) Payment [(2) / (3)] x $1.08^{½}$	$	34,691,367
5.		Prior Service Payment		1,327,600
6.		Total Projected Payroll for the Year, Including DROP Members	$	124,051,668
7.		UAL and Prior Service Payments as Percent of Pay [(4) + (5)] / (6)		29.035%
8.		Total Contribution Rate (1c) + (7)		52.138%
9.		Employee Contribution Rate		16.179%
10.		City Ordinance Contribution Rate		33.345%
11.		City Prior Service Contribution Rate		1.070%
12.		Contribution Shortfall (8) – (9) – (10) – (11)		1.544%

*This assumes all actuarial assumptions are met in the future, including a 4% increase in total covered payroll.

SECTION II

SYSTEM ACCOUNTING INFORMATION

In an effort to enhance the understandability and usefulness of the pension information that is included in the financial reports of pension plans for state and local governments, the Governmental Accounting Standards Board (GASB) has issued Statement No. 25 – Financial Reporting for Defined Benefit Pension Plans and Statement No. 27 – Accounting for Pension by State and Local Governmental Employers.

GASB Statement No. 25 establishes a financial reporting framework for defined benefit plans. In addition to two required statements regarding plan assets, the statement requires two schedules and accompanying notes disclosing information relative to the funded status of the plan and historical contribution patterns.

- The Schedule of Funding Progress provides historical information about the funded status of the plan and the progress being made in accumulating sufficient assets to pay benefits when due.
- The Schedule of Employer Contributions provides historical information about the annual required contribution (ARC) and the percentage of the ARC that was actually contributed.

GASB Statement No. 27 establishes standards for the measurement, recognition, and display of pension expense and related liabilities. Annual pension cost is measured and disclosed on the accrual basis of accounting. In general, the annual pension cost is equal to the ARC with adjustments for past under-contributions or over-contributions. These adjustments are based on the net pension obligation (NPO) that represents the cumulative difference since 1987 between the annual pension cost and the actual contributions to the plan. The first adjustment is equal to interest on the NPO which is added to the ARC. The second adjustment is an amortization of the NPO which is deducted from the ARC. Effective January 1, 2003, the System uses the Entry Age Normal method to determine the ARC and the unfunded actuarial liability (or surplus) is amortized as a level percentage of payroll.

In July 2012, GASB issued new statements that will significantly change the accounting for pension benefits provided by governmental employers. The new statements, Numbers 67 and 68, will not be effective for the City of Omaha until fiscal years beginning in 2014 and 2015 respectively. The new Statements have no impact on the accounting information provided in this report, but are mentioned here because of their significance and applicability in future years.

EXHIBIT 8

SCHEDULE OF EMPLOYER CONTRIBUTIONS

In accordance with Statement No. 25 of the Governmental Accounting Standards Board

Fiscal Year Ending	Annual Required Contribution* (a)	Total Employer Contribution* (b)	Percentage of ARC Contributed (b) / (a)
12/31/2008	$ 38,073,021	21,700,806	57.00%
12/31/2009	50,507,561	22,701,608	44.95%
12/31/2010	55,488,062	24,183,493	43.58%
12/31/2011	49,945,979	30,775,568	61.62%
12/31/2012	54,310,693	35,302,037	65.00%
12/31/2013	52,895,180	43,838,750	82.88%

*Information prior to 2011 was provided by the prior actuary and has not been reviewed or verified by Cavanaugh Macdonald Consulting.

Notes to the Required Schedules:

1. The traditional Entry Age Normal cost method is used.

2. The actuarial value of assets is determined based on a method that smoothes the effects of short term volatility in the market value investments. The actuarial value is equal to the expected value, based on the assumed rate of return, plus 1/4 of the difference between market and expected values. A corridor of 80% to 120% of market value is also applied.

3. Economic assumptions are as follows:
   - Investment return rate: 8.00%
   - Salary increase rates: Vary based on Police or Fire decrease to 4% at 20 or 25 years of service
   - Inflation rate: 3.25%
   - Payroll growth: 4.00%
   - Post-retirement benefit increases: the lesser of 3% or $50 ($65 for Fire retirements after June 30, 2007). The increase will be made annually, beginning in the 13th month of retirement.

4. The amortization method is a closed 30-year period, level percentage of payroll, starting January 1, 2014.

EXHIBIT 9

DEVELOPMENT OF THE NET PENSION OBLIGATION IN ACCORDANCE WITH GASB STATEMENT NO. 27

Fiscal Year End:	12/31/2007	12/31/2008	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014
Assumptions and Methods								
Interest Rate	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Payroll Growth	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Amortization Period (years)	30	30	30	30	22	21	20	30
Cost Method	EA Normal	EA Normal	EA Normal	EA Normal	EA Normal	EA Normal	EA Normal	EA Normal
Annual Pension Cost								
Annual Required Contribution (ARC)	$34,842,280	$38,073,021	$50,507,561	$55,488,062	$49,945,979	$54,310,693	$52,895,180	$43,524,890
Interest on NPO	2,530,416	3,639,524	4,917,174	7,098,244	9,539,950	11,185,515	12,814,721	13,633,595
Adjustment to ARC	(2,809,629)	(4,041,120)	(5,459,749)	(7,881,485)	(8,137,044)	(9,833,151)	(11,635,221)	(9,679,301)
Annual Pension Cost	$34,563,067	$37,671,425	$49,964,986	$54,704,821	$51,348,885	$55,663,357	$54,074,680	$47,479,184
Contribution for the Year	$20,699,211	$21,700,806	$22,701,608	$24,183,493	$30,775,568	$35,302,037	$43,838,750	TBD
Net Pension Obligation (NPO)								
NPO at beginning of year	$31,630,195	$45,494,051	$61,464,670	$88,728,048	$119,249,376	$139,822,693	$160,184,013	$170,419,943
Annual Pension Cost for Year	34,563,067	37,671,425	49,964,986	54,704,821	51,348,885	55,663,357	54,074,680	47,479,184
Contributions for year	(20,699,211)	(21,700,806)	(22,701,608)	(24,183,493)	(30,775,568)	(35,302,037)	(43,838,750)	TBD
NPO at end of year	$45,494,051	$61,464,670	$88,728,048	$119,249,376	$139,822,693	$160,184,013	$170,419,943	TBD

Note: All information prior to 2011 in this exhibit was provided by the prior actuary and has not been reviewed or verified by Cavanaugh Macdonald Consulting, LLC.

EXHIBIT 10

SCHEDULE OF FUNDING PROGRESS

In Accordance with Statement No. 25 of the Governmental Accounting Standards Board

Actuarial Valuation Date[1]	Market Value of Assets[2] (a)	Actuarial Liability (AL) (b)	Unfunded AL (UAL)[3] (b-a)	Funded Ratio (a / b)	Covered Payroll (P / R) (c)	UAL as a Percentage of Covered P / R [(b-a) / c]
12/31/2008	$365,900,000	$ 947,600,000	$581,700,000	38.6%	$ 99,500,000	584.6%
12/31/2009	405,400,000	1,026,200,000	620,800,000	39.5%	103,900,000	597.5%
12/31/2010	452,600,000	1,093,300,000	640,700,000	41.4%	111,200,000	576.2%
1/1/2011	456,158,774	1,028,866,353	572,707,579	44.3%	105,025,610	545.3%
1/1/2012	467,375,458	1,077,607,299	610,231,841	43.4%	110,027,537	554.6%
1/1/2013	495,847,234	1,108,874,778	613,027,544	44.7%	116,056,740	528.2%
1/1/2014	548,360,223	1,170,967,753	622,607,530	46.8%	121,040,325	514.4%

1. Results prior to 2011 were provided by the prior actuary and were reported at the end of the year rather than the valuation date. All information prior to 2011 in this exhibit was provided by the prior actuary and has not been reviewed or verified by Cavanaugh Macdonald Consulting, LLC

2. The prior actuary reported the market value of assets in column (a). Our understanding of GASB 25/27 is that the valuation methodology should be used for GASB calculations to the extent it complies with GASB 25 parameters. Information reported as of 1/1/2011 and later reflects the valuation methodology, including the actuarial value of assets.

3. As of 1/1/2011 the Unfunded AL is not reduced by the Present Value of Prior Service Payments. For the calculation of the Unfunded AL used for funding purposes, please refer to Exhibit 4 of this report.

EXHIBIT 11

THREE-YEAR TREND INFORMATION

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2011	$51,348,885	60%	$ 139,822,693
12/31/2012	55,663,357	63%	160,184,013
12/31/2013	54,074,680	81%	170,419,943

APPENDIX A

SUMMARY OF PLAN PROVISIONS

Average Final Monthly Compensation: Section 22 - 63	Fire: For members who were age 45 and had at least 25 years of service or age 50 with at least 20 years of service as of January 1, 2013, highest average monthly compensation during any consecutive twenty-six (26) pay periods out of the last five years of service as a member of the system for which service credit had been earned. All others use the highest seventy-eight (78) pay periods with the final 130 pay periods of service. Police: Pensionable pay excludes certain overtime pay. For those hired before January 1, 2010, an adjustment is made to include a career average of overtime pay. For those who were age 45 and had at least twenty years of service as of January 1, 2010, highest average monthly compensation is calculated using the highest consecutive twenty-six (26) pay periods out of the last five years of service as a member of the system for which service credit had been earned. All others use the highest seventy-eight (78) pay periods with the final 130 pay periods of service.
Career Overtime Average (COTA):	All Members: Each hour an employee earns for overtime is computed back to their date of hire or 1991 (whichever is later) and divided by the number of years the employee worked after December 31, 1990. This amount shall be included in the member's pension calculation. COTA is excluded for all Police members hired on or after January 1, 2010 and Fire members hired on or after January 1, 2013.
Member Contributions: Section 22 – 73(a) Section 22 - 68	Rates effective January 1, 2014 Police: 15.35% of total monthly salary for police, Fire: 17.15% of total monthly salary for fire.
City of Omaha Contributions: Section 22 – 73(b)	Rates effective January 1, 2013 Police: 20.17% of each member's pensionable earnings Fire: 32.965% of each member's pensionable earnings In addition, the City shall make contributions of $1,327,600 annually through the year 2028.
Service Retirement Eligibility Section 22 - 75	Police: After age 55 and 10 years of service or age 45 and 20 years of service. Members hired after January 1, 2010 must be 50 rather than 45. If retiring with less than 30 years of service a 7% reduction is applied for each year prior to age 55. Fire: Age 55 and 10 years of service or age 50 and 20 years of service. Members hired before 1/1/2013 can also retire at age 45 if they have at least 25 years of service.

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

Service Retirement Pension
Section 22 - 76

For Police with at least 20 years of service as of latest contract effective date **and Fire members with at least 15 years of service** as of latest contract effective date, the following schedule applies.

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	45**	55%*
25 years	45	75%

*55% at 20 years of service, plus 2% for each additional six months of service after 20 years and before 25 years.

** The minimum retirement age with less than 25 years is 50 for Fire.

For Police who did not have 20 years of service and Fire who did not have 15 years of service as of the latest contract effective date, the following schedule applies:

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	45***	50%*
25 but less than 30	45	70%**
30 years	45	75%

*50% at 20 years of service, plus 2% for each additional six months of service after 20 years and before 25 years.

**70% at 25 years of service, plus 1% for each additional six months of service after 25 years and before 27 years, with an additional 0.5% 29 and 30 years, for a maximum of 75%.

*** The minimum retirement age with less than 25 years is 50 for Fire.

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

For police hired after January 1, 2010, the following schedule applies:

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	50	50%*
25 but less than 30	50	65%**
30 years	50	75%

*50% at 20 years of service, plus 1.5% for each additional six months of service after 20 years and before 25 years. Early retirement reduction applies if less than 30 years of service.

**65% at 25 years of service, plus 1% for each additional six months of service after 25 years and before 30 years. Early retirement reduction applies if less than 30 years of service.

For Fire hired after January 1, 2013, the following schedule applies:

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	50	45%
25 but less than 30	50	55%*
30 years	50	65%

*55% at 25 years of service, plus 2% for each additional year of service after 25 years and before 30 years. Early retirement reduction applies if under age 55, unless the member has 30 years of service.

Cost of Living Adjustment (COLA):

The monthly pension shall be increased by the lesser of 3% or $50 ($65 for Fire retirements after June 30, 2007). The increase will be made annually, beginning in the 13th month of retirement.

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

Deferred Retirement Option Program (DROP):

Police: A DROP program was instituted with the last contract. After three years, this will be reviewed to determine if it is cost neutral before continuing it. Members may participate in the DROP for three to five years once they reach retirement eligibility with a minimum of 25 years of service (certain current members have a service threshold of 22.5 years). Members continue to make contributions to the system during the DROP period. During the DROP period, the member is credited with the benefits that would have been paid if the member had retired at the start of the DROP period, along with interest at the end of the year. At the end of the DROP period, the member ends employment, receives the DROP account balance, and begins to receive payments as though retirement had occurred at the beginning of the DROP period.

Fire: A DROP program was instituted with the last contract. After three years, this will be reviewed to determine if it is cost neutral before continuing it. Members may participate in the DROP for three to five years once they reach retirement eligibility. Current members who, as of January 1, 2013, are age 50 or older with at least 20 years of service or age 45 with at least 25 years of service are eligible to participate in DROP. All other members will be required to have 25 years of service for eligibility. Members continue to make contributions to the system during the DROP period. During the DROP period, the member is credited with the benefits that would have been paid if the member had retired at the start of the DROP period, along with interest at the end of the year. At the end of the DROP period, the member ends employment, receives the DROP account balance, and begins to receive payments as though retirement had occurred at the beginning of the DROP period.

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

Disability Retirement

1. In Line of Duty
Section 22 - 78

A member shall become entitled to the following benefits while permanently disabled.

Years of Service	
Less than 20	
20 or more	

* 55% for Fire members who were age 45 and had at least 25 years of service or age 50 with at least 20 years of service as of latest contract effective date.

2. Not in Line of Duty
Section 22 - 79

A member shall become entitled to the following benefits while permanently disabled.

Years of Service	
Up to 10 years	
10 but less than 15	
15 but less than 20	
20 or more	

Not payable while full salary continues

Spouse's pension:

1. Death of Active member in Line of Duty:

A monthly pension equal to 49% (52% Fire members who were age 45 and had at least 25 years of service or age 50 with at least 20 years of service as of most recent contract date) of the member's average final monthly compensation is paid to the surviving spouse if death occurs while the active member has less than 25 years of service. A monthly pension equal to 69% (72% Fire members who were age 45 and had at least 25 years of service or age 50 with at least 20 years of service as of most recent contract date) of the member's average final monthly compensation is paid to the surviving spouse if death occurs after the active member has 25 years or more of service.

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

2. Death of Active member Not in Line of Duty:

The following monthly pension is paid to the surviving spouse.

Years of Service at Death
0-3
3-10
11
12
13
14
15
16
17
18
19
20-25
25+

* add 3% to each number for Fire members who were age 45 and had at least 25 years of service or age 50 with at least 20 years of service as of most recent contract date

Benefit terminates upon remarriage of spouse.

3. Death of Member Eligible for Retirement or Death of Retired Member:
Section 22 - 82

75% (90% for Fire) of the pension the member was receiving or was eligible to receive at the time of death. 50% of the pension the member was receiving for Police members hired after January 1, 2010 and Fire members hired after January 1, 2013. Upon spouse's remarriage, all benefits cease.

Children's Pension
Section 22 - 82

Upon the death of an active or retired member, the following benefit will be paid to the surviving children until age 18.

Number of Dependent Children	Percentage of Average Final Monthly Compensation
1	15%
2	30%
3	45%
4 or more	50%

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

Lump Sum Death Benefits

1.	**Active Member without Eligible Dependents:** Section 22 – 84(a)	Accumulated member's contributions, or $500 if greater.
2.	**Retired Member without Eligible Dependents:** Section 22 – 84(b)	Accumulated member's contributions, less previous pension payments made, or $500 if greater.
3.	**Active Member with Eligible Dependents:** Section 22 – 84(c)	An amount payable immediately, equal to one year's salary computed on the basis of the maximum monthly rate for patrolmen and firefighters, plus the decreased member's accumulated contributions less pension payments to his dependents, payable to the dependent who last ceases to receive pension benefits.
4.	**Retired Member with Eligible Dependents:** Section 22 – 84(c)	$1,000 ($5,000 for Fire retirements after June 30, 2005) payable immediately, plus the excess over $1,000 ($5,000 for Fire retirements after June 30, 2005) if any, of the deceased member's accumulated contributions less pension payments to the member and his dependents, payable to the dependent who last ceases to receive pension benefits.

Vesting:

Section 22 - 86

Upon severance of employment by a member with less than 10 years of service and prior to obtaining eligibility under Section 22 – 75, a refund of such member's accumulated contributions.

Section 22 - 86

Upon severance of employment by a member before age 45 with more than 10 years of service and prior to obtaining eligibility under Section 22 – 75, the member may elect, in lieu of receiving a refund of contributions, to receive a monthly pension, according to the table below, commencing at age 55. Such deferred pension shall be based on service credited to the date of severance.

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	50	55%
25 or more	45	75%

For Police members and Fire members with less than 15 years of service as of the latest effective contract date, the schedules shown under service retirement apply as appropriate.

APPENDIX B

ACTUARIAL METHOD AND ASSUMPTIONS

Actuarial Method

Valuations of the plan use the *"entry age-normal"* cost method. Under this actuarial method, the value of future costs attributable to future employment of participants is determined. This is called present value of future normal costs. The following steps indicate how this is determined for benefits expected to be paid upon normal retirement.

1. The expected pension benefit at normal retirement is determined for each participant.

2. A normal cost, as a level percent of pay, is determined for each participant assuming that such level percent is paid from the employee's entry age into employment to his normal retirement. This normal cost is determined so that its accumulated value at normal retirement is sufficient to provide the expected pension benefits.

3. The sum of the normal costs for all participants for one year determines the total normal cost of the plan for one year.

4. The value of future payments of normal cost in future years is determined for each participant based on his years of service to normal retirement age.

5. The sum of the value of future payments of normal cost for all participants determines the present value of future normal costs.

The value of future costs attributable to past employment of participants, which is called the actuarial liability, is equal to the present value of benefits less the present value of future normal costs. The unfunded actuarial liability is equal to the excess of the actuarial liability over assets. The unfunded actuarial liability is funded as a level percent of payroll over a 30-year closed period that began January 1, 2014.

As experience develops with the plan, actuarial gains and actuarial losses result. These actuarial gains and losses indicate the extent to which actual experience is deviating from that expected on the basis of the actuarial assumptions. In each year, as they occur, actuarial gains and losses are recognized in the unfunded actuarial liability as of the valuation date.

APPENDIX B

ACTUARIAL METHOD AND ASSUMPTIONS (continued)

Interest:	8.00% per year, (net of investment expenses).
Salary Increases:	Merit increases based on service plus a general wage increase.
Service Retirement Age:	Graduated rates based on service.
Mortality:	
Active Members	RP-2000 Employee Table with generational improvements, set forward one year
Service Pensioners and Beneficiaries	RP-2000 Healthy Annuitant Table with generational improvements, set forward five years
Disabled	RP-2000 Disabled Retiree Mortality Table with generational improvements
Disability:	Graduated Rates by age. See table on next page
Percent of Disabilities in Line of Duty:	85%
Medical Expenses for Disabilities in Line of Duty:	5% load on liability for current and future disabled members.
Percent Married at Death or Retirement:	75%
Turnover	Graduated rates by age. See table on next page
Assets:	Actuarial value of assets equal to 1/3 of market value, plus 2/3 of expected value. Actuarial value of assets cannot exceed 120% of Market value of assets.
Load on Active Member liability to reflect final wage adjustments	10% for Fire members who were age 45 and had at least 25 years of service or age 50 with at least 20 years of service as of most recent contract date, 0% for all other Fire members and Police members
COTA Adjustment	Members are assumed to retire with their current COTA
Increase in total annual payroll	4.0%
Assumed annual rate of inflation	3.25%

APPENDIX B

ACTUARIAL METHOD AND ASSUMPTIONS (continued)

SAMPLE RATES

Age on 1/1/2010	Annual Rates			
	Mortality		Disability	Turnover
	Males	Females		
20	.03%	.02%	.21%	1.41%
30	.05	.03	.24	1.69
40	.10	.07	.42	.63
50	.19	.15	.76	.00
60	.46	.41	1.16	.00

Salary Progression - Police

Years of Service	Inflation	Productivity	Merit & Longevity	Total Increase
1	3.25%	0.75%	9.0%	13.0%
5	3.25%	0.75%	2.2	6.2
10	3.25%	0.75%	2.0	6.0
15	3.25%	0.75%	1.0	5.0
20	3.25%	0.75%	0.5	4.5
25	3.25%	0.75%	0.0	4.0

Salary Progression – Fire

Years of Service	Inflation	Productivity	Merit & Longevity	Total Increase
1	3.25%	0.75%	5.0%	9.0%
5	3.25%	0.75%	4.5	8.5
10	3.25%	0.75%	1.0	5.0
15	3.25%	0.75%	1.0	5.0
20	3.25%	0.75%	0.0	4.0

Service Requirements

Assumed retirement rates are based on the number of years of credited service as follows:

Years of Service	Distribution	Annual Rate
Less than 25	0.0%	0.0%
25	100.0	100.0

If a member was hired after age 37, then it is assumed that member would retire at the later of age 62 or 10 years of service.

MEMBERSHIP DATA FOR VALUATION

The summary of employee characteristics presented below covers the employee group as of January 1, 2014. The schedules at the end of the report show the distribution of the various employee groups by present age along with other pertinent data.

Total number of employees in valuation:*

(a) Active employees	1,391
(b) Deferred vested employees	13
(c) Disabled employees	232
(d) Retired employees, spouses and children receiving benefits	1,284
(e) Total employees in valuation	2,920

Average age of employees in valuation:

(a) Active employees	
Attained Age	40.0
Hire Age	28.4
(b) Deferred vested employees	48.5
(c) Disabled employees	67.0
(d) Retired employees	63.7
(e) Spouses and children receiving benefits	68.3

Active employees eligible for vested benefits as of January 1, 2014:

(a) Employees eligible for deferred vested benefits	703
(b) Employees eligible for early or normal retirement benefits	120
(c) Employees eligible for refund of contributions only	568
(d) Total	1,391

*34 DROP members included in retiree counts

MEMBERSHIP DATA RECONCILIATION

January 1, 2013 to January 1, 2014

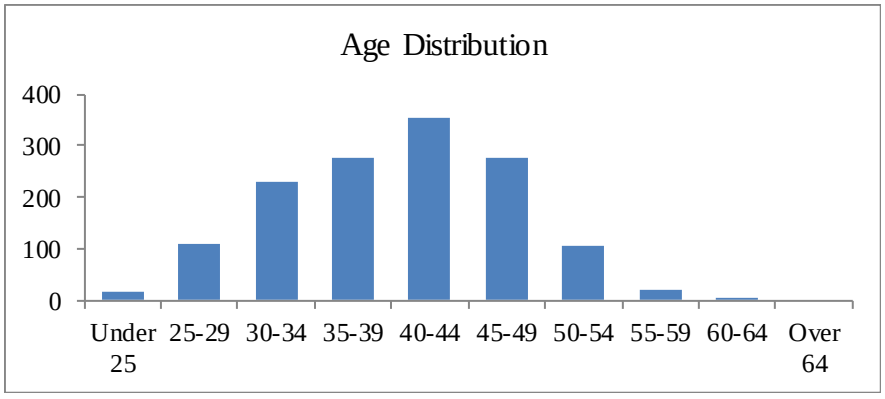
The number of members included in the valuation, as summarized in the table below, is in accordance with the data submitted by the City for eligible employees as of the valuation date.

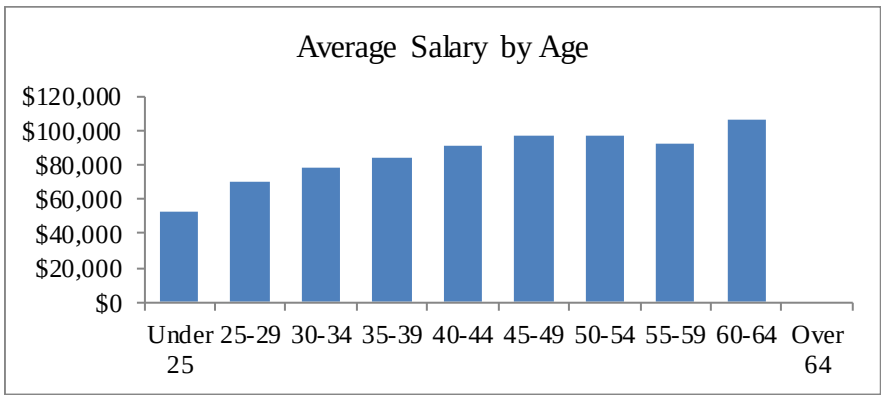
	Active Members	Deferred Vested	Disabled	DROP Participants	Retirees	Beneficiaries	Total
Members as of 1/1/2013	1,411	12	237	12	946	283	2,901
New Members	44	0	0	0	0	0	44
Terminations							
Rehired	1	0	0	0	0	0	1
Refunded	(10)	0	0	0	0	0	(10)
Deferred Vested	(3)	3	0	0	0	0	0
Disabled	(1)	0	1	0	0	0	0
Data Corrections (and Benefits Expired)	0	0	0	0	0	(1)	(1)
Retirements	(28)	(2)	0	0	30	0	0
Alternate Payees (QDRO)	0	0	0	0	0	0	0
Participating in DROP	(22)	0	0	22	0	0	0
Deaths							
With Beneficiary	(1)	0	(2)	0	(8)	16	5
Without Beneficiary	0	0	(4)	0	(7)	(9)	(20)
Total Members 1/1/2014	1,391	13	232	34	961	289	2,920

SCHEDULE I

ACTIVE MEMBERS AS OF JANUARY 1, 2014
Total

	Count of Members			Valuation Salaries of Members		
Age	Males	Females	Total	Males	Females	Total
Under 25	17	1	18	$ 897,621	$ 58,241	$ 955,861
25-29	95	13	108	6,657,469	927,933	7,585,402
30-34	205	26	231	16,054,242	2,002,814	18,057,056
35-39	239	39	278	20,146,347	3,243,895	23,390,242
40-44	308	44	352	27,809,071	4,192,799	32,001,870
45-49	242	36	278	23,492,616	3,479,695	26,972,310
50-54	89	16	105	8,499,766	1,620,916	10,120,682
55-59	19	1	20	1,733,699	116,774	1,850,472
60-64	1	0	1	106,429	0	106,429
Over 64	0	0	0	0	0	0
Total	1,215	176	1,391	$105,397,258	$15,643,066	$121,040,325

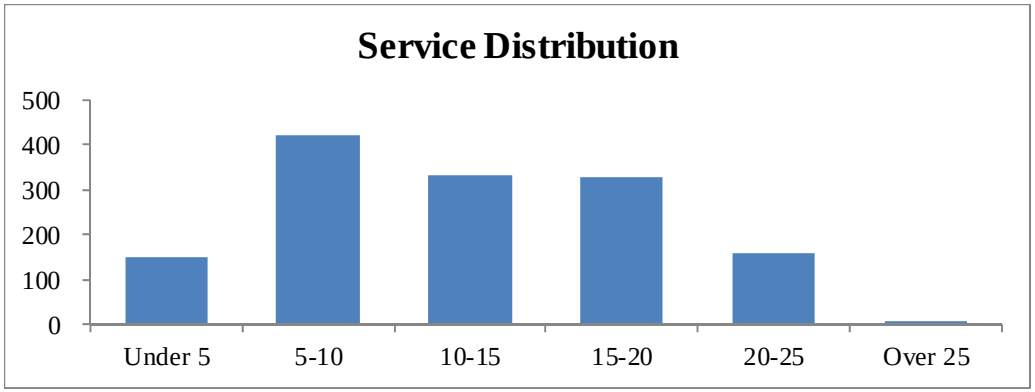




SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2014
Total

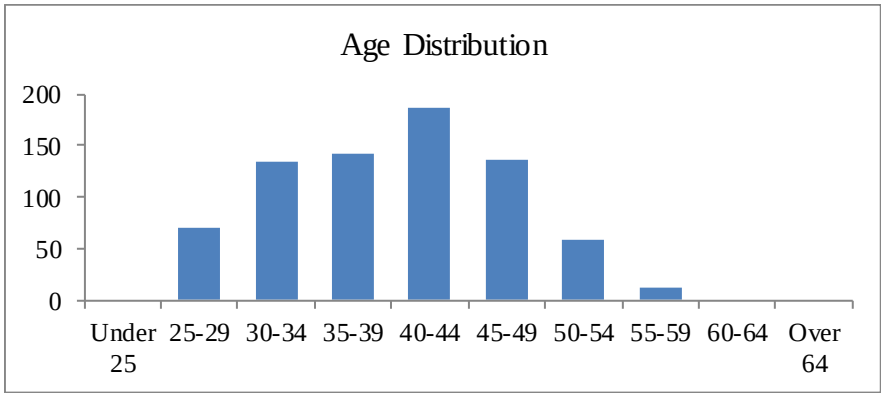
	Service									
Age	Under 5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	Total
Under 25	18	0	0	0	0	0	0	0	0	18
25-29	50	58	0	0	0	0	0	0	0	108
30-34	43	173	15	0	0	0	0	0	0	231
35-39	27	106	111	34	0	0	0	0	0	278
40-44	10	60	127	132	23	0	0	0	0	352
45-49	1	13	62	107	93	2	0	0	0	278
50-54	0	6	14	43	37	5	0	0	0	105
55-59	0	3	1	10	5	1	0	0	0	20
60-64	0	0	0	0	1	0	0	0	0	1
Over 64	0	0	0	0	0	0	0	0	0	0
Total	149	419	330	326	159	8	0	0	0	1,391

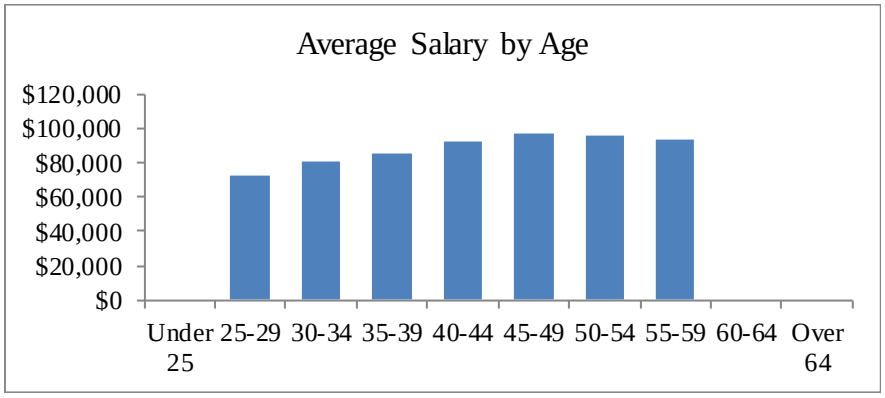


SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2014
Police

	Count of Members			Valuation Salaries of Members		
Age	Males	Females	Total	Males	Females	Total
Under 25	0	0	0	$ 0	$ 0	$ 0
25-29	59	11	70	4,320,528	786,773	5,107,301
30-34	114	20	134	9,205,981	1,565,926	10,771,907
35-39	110	32	142	9,363,226	2,683,906	12,047,132
40-44	150	37	187	13,799,552	3,475,847	17,275,398
45-49	108	29	137	10,398,940	2,843,616	13,242,556
50-54	46	13	59	4,359,387	1,252,484	5,611,871
55-59	12	1	13	1,091,957	116,774	1,208,731
60-64	0	0	0	0	0	0
Over 64	0	0	0	0	0	0
Total	599	143	742	$52,539,570	$12,725,326	$65,264,896

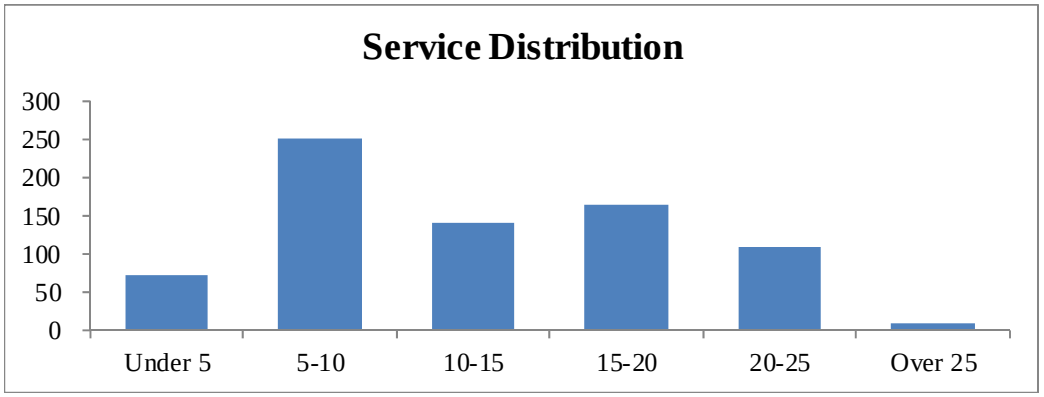




SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2014
Police

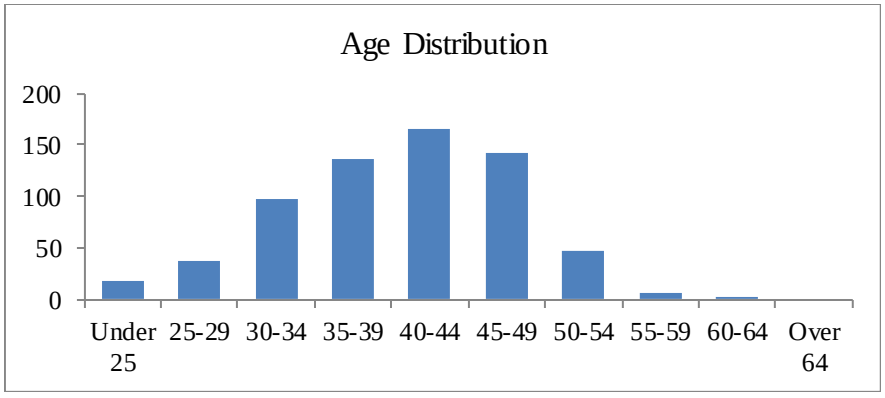
	Service									
Age	Under 5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	Total
Under 25	0	0	0	0	0	0	0	0	0	0
25-29	29	41	0	0	0	0	0	0	0	70
30-34	19	106	9	0	0	0	0	0	0	134
35-39	18	57	44	23	0	0	0	0	0	142
40-44	5	34	58	71	19	0	0	0	0	187
45-49	1	7	20	49	58	2	0	0	0	137
50-54	0	3	7	17	27	5	0	0	0	59
55-59	0	2	1	4	5	1	0	0	0	13
60-64	0	0	0	0	0	0	0	0	0	0
Over 64	0	0	0	0	0	0	0	0	0	0
Total	72	250	139	164	109	8	0	0	0	742

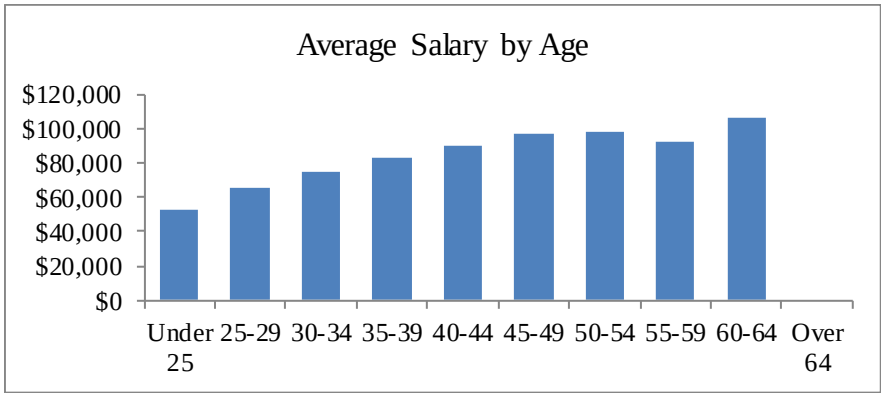


SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2014
Fire

	Count of Members			Valuation Salaries of Members		
Age	Males	Females	Total	Males	Females	Total
Under 25	17	1	18	$ 897,621	$ 58,241	$ 955,861
25-29	36	2	38	2,336,941	141,160	2,478,100
30-34	91	6	97	6,848,261	436,888	7,285,149
35-39	129	7	136	10,783,121	559,989	11,343,110
40-44	158	7	165	14,009,519	716,952	14,726,471
45-49	134	7	141	13,093,676	636,079	13,729,755
50-54	43	3	46	4,140,380	368,432	4,508,811
55-59	7	0	7	641,742	0	641,742
60-64	1	0	1	106,429	0	106,429
Over 64	0	0	0	0	0	0
Total	616	33	649	$52,857,688	$2,917,740	$55,775,429

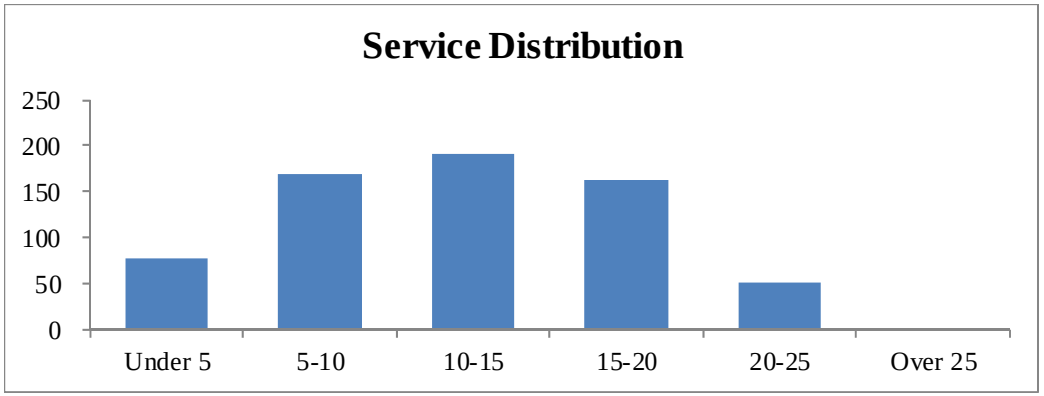




SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2014
Fire

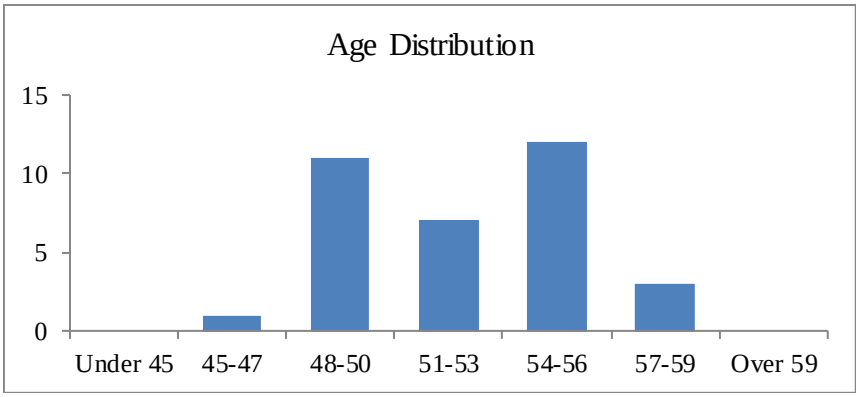
	Service									
Age	Under 5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	Total
Under 25	18	0	0	0	0	0	0	0	0	18
25-29	21	17	0	0	0	0	0	0	0	38
30-34	24	67	6	0	0	0	0	0	0	97
35-39	9	49	67	11	0	0	0	0	0	136
40-44	5	26	69	61	4	0	0	0	0	165
45-49	0	6	42	58	35	0	0	0	0	141
50-54	0	3	7	26	10	0	0	0	0	46
55-59	0	1	0	6	0	0	0	0	0	7
60-64	0	0	0	0	1	0	0	0	0	1
Over 64	0	0	0	0	0	0	0	0	0	0
Total	77	169	191	162	50	0	0	0	0	649

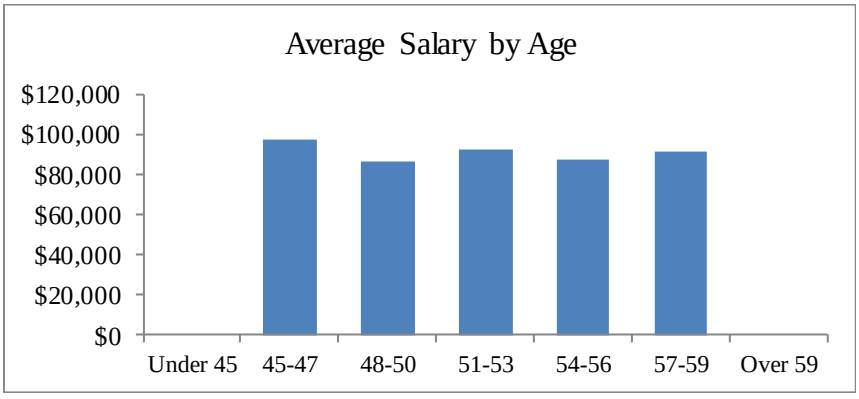


SCHEDULE II

DROP PARTICIPANTS AS OF JANUARY 1, 2014

	Count of Members			Valuation Salaries of Members		
Age	Males	Females	Total	Males	Females	Total
Under 45	0	0	0	$ 0	$ 0	$ 0
45-47	1	0	1	96,929	0	96,929
48-50	11	0	11	945,352	0	945,352
51-53	6	1	7	564,912	78,158	643,070
54-56	11	1	12	973,835	78,141	1,051,976
57-59	3	0	3	274,016	0	274,016
Over 59	0	0	0	0	0	0
Total	32	2	34	$2,855,044	$156,299	$3,011,343

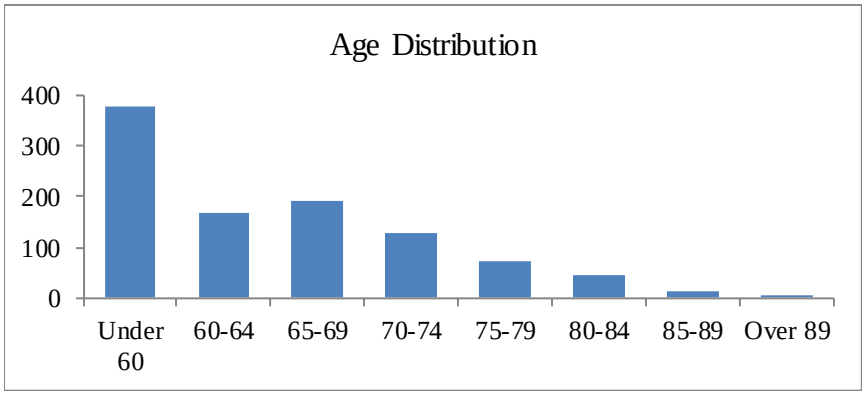


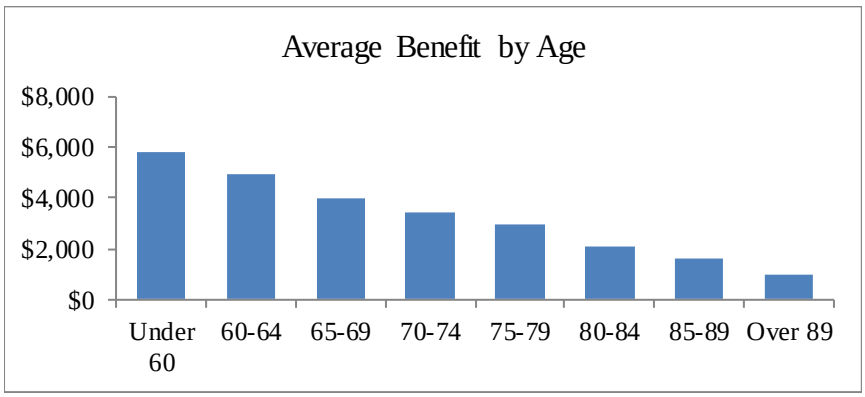


SCHEDULE III

RETIRED MEMBERS AS OF JANUARY 1, 2014

	Count of Retirees			Current Monthly Benefits		
Age	Males	Females	Total	Males	Females	Total
Under 60	336	39	375	$1,986,906	$191,488	$2,178,393
60-64	162	6	168	791,816	28,889	820,704
65-69	186	5	191	742,442	17,413	759,855
70-74	126	1	127	427,085	4,415	431,501
75-79	72	0	72	211,299	0	211,299
80-84	46	0	46	95,953	0	95,953
85-89	12	0	12	18,826	0	18,826
Over 89	4	0	4	4,020	0	4,020
Total	944	51	995	$4,278,347	$242,204	$4,520,551

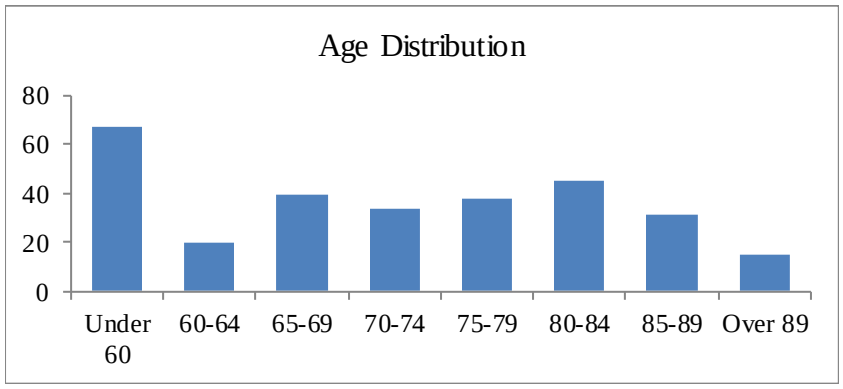


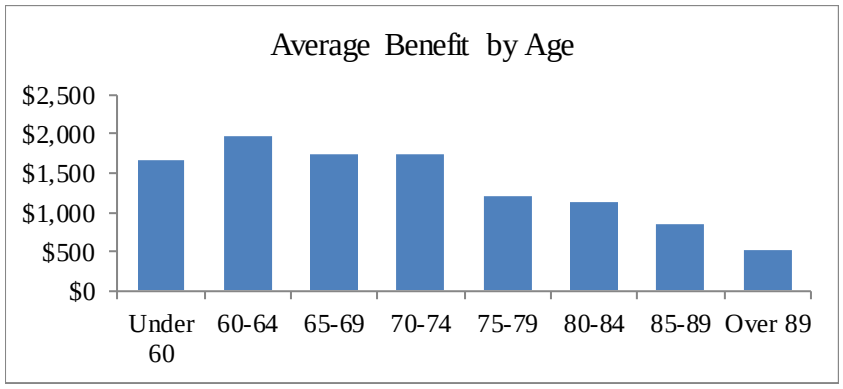


SCHEDULE IV

BENEFICIARIES RECEIVING BENEFITS AS OF JANUARY 1, 2014

	Count of Beneficiaries			Current Monthly Benefits		
Age	Males	Females	Total	Males	Females	Total
Under 60	10	57	67	$11,220	$ 100,759	$ 111,979
60-64	0	20	20	0	39,542	39,542
65-69	0	39	39	0	68,278	68,278
70-74	0	34	34	0	58,936	58,936
75-79	0	38	38	0	46,072	46,072
80-84	0	45	45	0	50,820	50,820
85-89	0	31	31	0	26,664	26,664
Over 89	0	15	15	0	7,814	7,814
Total	10	279	289	$11,220	$398,883	$410,103





SCHEDULE V

DEFERRED VESTED FORMER MEMBERS AS OF JANUARY 1, 2014

	Count of Members			Expected Monthly Benefit		
Age	Males	Females	Total	Males	Females	Total
Under 25	0	0	0	$ 0	$ 0	$ 0
25-29	0	0	0	0	0	0
30-34	0	0	0	0	0	0
35-39	1	0	1	2,091	0	2,091
40-44	0	0	0	0	0	0
45-49	5	1	6	16,310	5,262	21,573
50-54	6	0	6	23,478	0	23,478
55-59	0	0	0	0	0	0
Over 59	0	0	0	0	0	0
Total	12	1	13	$41,879	$5,262	$47,141

SCHEDULE VI

DISABLED MEMBERS AS OF JANUARY 1, 2014

	Count of Members			Current Monthly Benefits		
Age	Males	Females	Total	Males	Females	Total
Under 30	0	0	0	$ 0	$ 0	$ 0
30-34	0	0	0	0	0	0
35-39	2	1	3	6,120	2,605	8,725
40-44	5	2	7	18,100	5,710	23,810
45-49	12	3	15	36,284	7,156	43,440
50-54	11	5	16	36,236	13,242	49,478
55-59	12	5	17	37,025	12,081	49,106
60-64	14	0	14	56,457	0	56,457
65-69	59	0	59	167,435	0	167,435
70-74	45	0	45	109,369	0	109,369
75-79	23	0	23	52,118	0	52,118
80-84	22	0	22	39,905	0	39,905
85-89	10	0	10	12,012	0	12,012
Over 89	1	0	1	1,251	0	1,251
Total	216	16	232	$572,312	$40,794	$613,106

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Financial Statements and Supplemental Schedules

June 30, 2014

(With Independent Auditors' Report)

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

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KPMG LLP
Suite 2000
303 Peachtree Street, N.E.
Atlanta, GA 30308-3210

Independent Auditors' Report

The Board of Trustees
City of Atlanta, Georgia
Police Officers' Pension Plan:

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Atlanta, Georgia Police Officers' Pension Plan (the Plan), which comprise the statement of fiduciary net position as of June 30, 2014, and the statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG LLP is a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative ("KPMG International"), a Swiss entity.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the City of Atlanta, Georgia Police Officers' Pension Plan as of June 30, 2014, and the changes in fiduciary net position for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in note 2(a) to the basic financial statements, the Plan adopted, in 2014, Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*, an amendment of GASB Statement No. 25. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 3–6 and Required Supplementary Information on pages 22–26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2014 on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

KPMG LLP

Atlanta, GA
November 21, 2014

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Management's Discussion and Analysis

June 30, 2014

(Unaudited)

As management we offer readers of the Police Officers' Pension Plan (the Plan) financial statements this narrative overview and analysis of the financial activities of the Plan for the year ended June 30, 2014. This overview compares the year ended June 30, 2014 with the year ended June 30, 2013. Readers are encouraged to read the notes to the financial statements in conjunction with the financial statements presented following this narrative.

The Plan is administered as a single employer plan by the Board of Trustees (the Board) which includes an appointee of the Mayor, the City's Chief Financial Officer, a member of City Council, two representatives elected by the retired membership and three representatives elected by active City membership.

Financial Highlights

- The assets of the Plan exceeded its liabilities at the close of 2014 by $987.5 million. This amount represents the Plan's net position.
- The Plan's total net position increased by $158.7 million or 19.1% over the net position at the beginning of the year.
- Net investment income increased by $62.0 million compared to fiscal year 2013.
- Contributions received from employer and employees totaled $41.4 million in 2014 as compared to $37.7 million in fiscal year 2013.
- Benefit payments totaled $53.3 million, an increase of $2.0 million or 3.9% when compared with fiscal year 2013.

Fiduciary funds. The Plan is considered a fiduciary fund of the City of Atlanta, Georgia (City) and its financial statements are included in the City's Comprehensive Annual Financial Report (CAFR) as part of the Pension Trust Funds. The City's most recent CAFR for the year ended June 30, 2014 should be read in conjunction with these financial statements.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government, but over which the government maintains a meaningful degree of ongoing responsibility. The financial statements of fiduciary funds are presented using the economic resources measurement focus, or full accrual basis of accounting, similar to private sector businesses.

Directly following this discussion are the *basic financial statements*. The basic financial statements and required disclosures are prepared in accordance with accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board (GASB).

Basic financial statements are comprised of:

The *Statement of Fiduciary Net Position* presents information on the assets and liabilities, with the difference between the two reported as net position. The investments of the Plan in this statement are presented at fair value.

The *Statement of Changes in Fiduciary Net Position* presents information showing how the Plan's net position changed during the most recent fiscal year. All changes in the net position are reported as soon as the underlying

event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Changes would include investment income, employee and employer contributions to the plan, benefit payments to members, and administrative expenses.

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the Plan's financial statements. The notes can be found following the financial statements in this report.

Required Supplementary Information. In addition to the basic financial statements, this report also presents certain *required supplementary information* concerning the changes in net pension liability, net pension liability, employer contributions, and the Plan's money-weighted rate of return. Required supplementary information can be found following the notes to the financial statements in this report.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial stability. In the case of the Plan, assets exceeded liabilities by $987.5 million at the close of the year ended June 30, 2014. Table 1 summarizes the major categories of assets, liabilities and net position. Table 2 summarizes the changes in the Plan's net position for the years ended June 30, 2014 and 2013.

Table 1. Police Officers' Pension Plan Net Position, as of June 30, 2014 and June 30, 2013 (dollars in thousands):

	June 30		Amount change	Percentage change
	2014	2013		
Assets				
Cash and deposits	$ 74,523	75,996	(1,473)	(1.9)%
Receivables	6,199	5,867	332	5.7
Investments	911,688	754,949	156,739	20.8
Total assets	992,410	836,812	155,598	18.6
Liabilities				
Due to brokers for investments purchased	3,925	7,768	(3,843)	(49.5)
Other	978	229	749	327.1
Total liabilities	4,903	7,997	(3,094)	(38.7)
Net position restricted for pensions	$ 987,507	828,815	158,692	19.1%

The net position of the Plan increased by $158.7 million or 19.1% when compared to 2013. This is mainly attributable to the increase in net investment income resulting from improved market conditions during fiscal year 2014. Total assets for the Plan increased by $155.6 million or 18.6% compared to 2013. Total cash and investments increased by $155.3 million offset by a $.7 million decrease in amounts due from brokers for securities sold. Investments represent 91.9% of total assets as of June 30, 2014 compared to 90.2% as of June 30,

2013. The Plan liabilities do not include future benefits payable to plan participants, but an actuarially determined estimate of this amount is included in the Required Supplementary Information section of this report.

Table 2. Police Officers' Pension Plan Changes in Net Position, Year ended June 30, 2014 and June 30, 2013 (dollars in thousands):

	June 30		Amount	Percentage
	2014	2013	change	change
Additions to plan net position:				
Investment income:				
Net appreciation in fair value of investments	$ 156,987	96,713	60,274	62.3%
Interest and dividends	18,045	15,319	2,726	17.8
Less investment expenses	(3,840)	(2,819)	(1,021)	36.2
Net investment income	171,192	109,213	61,979	56.8
Employee contributions	11,232	11,157	75	0.7
Employer contributions	30,197	26,525	3,672	13.8
Other income	3	—	3	100.0
Total additions	212,624	146,895	65,729	44.7
Deductions from plan net position:				
Benefit payments	53,279	51,299	1,980	3.9
Administrative fees, management fees, and other expenses	653	327	326	99.7
Total deductions	53,932	51,626	2,306	4.5
Increase in net position restricted for pensions	$ 158,692	95,269	63,423	66.6%
Net position restricted for pensions				
Beginning of year	$ 828,815	733,546		
Increase	158,692	95,269		
End of year	$ 987,507	828,815		

(Continued)

Total additions to the Plan net position increased by $65.7 million, or 44.7%, compared to fiscal 2013. As mentioned earlier, this increase is primarily attributed to the increase in net investment income. Net investment income was $171.2 million for 2014, an increase of $62.0 million compared to fiscal 2013. The investment portfolio is comprised of 81% equities, 18% fixed income, and 1% alternative investments as of June 30, 2014, compared to 74% equities and 26% fixed income investments at June 30, 2013. The overall portfolio returned 20.85% for the fiscal year ended June 30, 2014, compared with 15.26% for the same time period in 2013. The S&P 500 index rose 24.62% and 20.60%, respectively during the same time periods.

Employee contributions to the Plan remained relatively flat, increasing only 0.7% to $11.2 million during 2014. Employer contributions increased by $3.7 million, or 13.8%, to $30.2 million due to a higher actuarially determined required contribution (ARC) for fiscal 2014. Benefit payments increased by $2.0 million, or 3.9%, to $53.3 million. The increase in benefit payments is primarily the result of increased payments to members.

Requests for Information

This financial report is designed to provide a general overview of the Plan's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Chief Financial Officer, 11100 City Hall Tower, 68 Mitchell St., SW, Atlanta, Georgia 30303.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Statement of Fiduciary Net Position

June 30, 2014

(Dollars in thousands)

Assets:		
Cash and deposits	$	74,523
Receivables:		
Contributions receivable from employer		1,654
Contributions receivable from employees		438
Due from brokers for investments sold		1,687
Investment income		2,353
Other		67
Total receivables		6,199
Investments:		
Domestic fixed income securities		155,139
Domestic equities		693,253
International fixed income securities		6,073
International equities		47,325
Alternative investments		9,898
Total investments		911,688
Total assets		992,410
Liabilities:		
Due to brokers for investments purchased		3,925
Other		978
Total liabilities		4,903
Net position restricted for pensions	$	987,507

See accompanying notes to financial statements.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Statement of Changes in Fiduciary Net Position

June 30, 2014

(Dollars in thousands)

Additions:		
Contributions:		
Employer	$	30,197
Employee		11,232
Total contributions		41,429
Investment income:		
Net appreciation in fair value of investments		156,987
Interest and dividends		18,045
Less investment expenses		(3,840)
Net investment income		171,192
Other		3
Total additions		212,624
Deductions:		
Benefit payments, including refunds of member contributions		53,279
Administrative expense		653
Total deductions		53,932
Net increase in net position		158,692
Net position restricted for pensions:		
Beginning of year		828,815
End of year	$	987,507

See accompanying notes to financial statements.

(1) Plan Description

City of Atlanta, Georgia Police Officers' Pension Plan (the Plan) was established by a 1924 Act of the State of Georgia Legislature to provide retirement benefits for full-time sworn police officers of the City of Atlanta (the City) Police Department. Until 1983, the Georgia Legislature established all requirements and policies of the Plan. By a constitutional amendment, effective July 1983, control over all aspects of the Plan transferred to the City under the principle of Home Rule. The types of benefits offered by the Plan are: retirement, disability, and pre-retirement death benefits. The Plan is a single employer defined benefit pension plan. Participants should refer to the Atlanta, Georgia, Code of Ordinances, Section 6 (Plan agreement) for more complete information. Under the principle of Home Rule and the Atlanta Code of Ordinances, Section 6, the Board has the authority to establish and amend benefit terms and contributions.

(a) Administration of the Plan

The Plan is administered as a single-employer defined-benefit plan by the Board of Trustees of the City of Atlanta, Georgia Police Officers' Pension Board (the Board) which includes an appointee of The Mayor or his designee, the City's Chief Financial Officer, a member of City Council, two active employee representatives and one retired employee representative. All modifications to the plan must be supported by actuarial analysis and receive the recommendations of the City Attorney, the Chief Financial Officer, and the Board of Trustees. Each pension law modification must be adopted by at least two thirds vote of the City Council and approved by the Mayor.

(b) Contribution Requirements

Under the Georgia Legislature principle of Home Rule and the Atlanta Code of Ordinances, Section 6, the Pension Board has the authority to administer the Plan including establishing and amending contribution requirements. The funding methods and determination of benefits payable were established by the Atlanta Code of Ordinances, Section 6 legislative acts creating the Plan, as amended, and in general, provide that funds are to be accumulated from employee contributions, City contributions, and income from the investment of accumulated funds.

Sworn personnel employed by the Atlanta Police Department are required to contribute to the Plan. Employees must contribute either 8% of base pay, if hired after August 31, 2011, 12% of base pay if hired before September 1, 2011 without an eligible beneficiary, or 13% of base pay if hired before September 1, 2011 with an eligible beneficiary. Contribution requirements may be amended by City ordinance, but the employer contribution requirement is subject to State minimums.

On November 1, 2011, the sworn personnel of the Police Department participating in the Plan and hired before September 1, 2011, or after January 1, 1984, had an increase of 5% in their mandatory contributions into the Plan. The contribution is such that the new contribution is 12% of salary (without a designated beneficiary) or 13% of salary (with a designated beneficiary). Where an Actuarial Valuation anticipates that the City's annual required contribution (ARC) for the next fiscal year will exceed 35% of the total payroll, contributions may be increased, by no more than 5% of compensation, in order to fund the overage.

(Continued)

Employees hired on or after September 1, 2011 who are sworn members of the Police Department are required to participate in a hybrid defined benefit plan with a mandatory defined contribution component (see discussion below regarding Amendments to the Defined Contribution Plan). The defined benefit portions of this plan include a 1% multiplier. The retirement age is increased to age 57 for participants in the Plan. Early Retirement Age is changed from any age (as long as vested) with penalty to age 52 for hires after September 1, 2011. Upon retirement, these participants will receive an annually calculated cost of living increase to their pension benefit that may not exceed 1% and is based upon the Consumer Price Index. Sick and vacation leave are no longer applied to retirement benefits for hires after September 1, 2011.

(c) Description of the Benefit Terms

In June 2011, the City Council approved changes for the City's three defined benefit plans, effective on September 1, 2011 for new hires, and November 1, 2011 for existing employees. Currently sworn personnel employed by the Atlanta Police Department are required to contribute to the Plan.

Prior to the change approved in June 2011, the Plan provided monthly retirement benefits that initially represent 3% for each year of credited service times the participants' final average three-year earnings (limited to 80% of the average). Retirement benefits were adjusted annually based on the change in the consumer price index, limited to 3% per year. Upon the death of a vested participant who has beneficiary coverage, his or her eligible beneficiary(ies) would be entitled to three fourths of the amount the deceased participant was receiving or would have been entitled to receive. Below are the terms the Plan has established to receive benefits.

Normal retirement age:	Age 65 with at least five years of service
	Age 57 with at least 15 years of service
	Age 55 with at least 15 years of service (hired before September 1, 2011)
	Age 55 with at least 10 years of service (hired before July 1, 2010)
	Any age with at least 30 years of service

For early retirement there is an adjustment of the retirement benefit being reduced by .5% for each month by which the participant's early retirement age precedes normal retirement age (for employees hired after August 31, 2011). The retirement benefit is reduced by 0.5% for each of the first 60 months and by 0.25% for each additional month by which the participant's early retirement age precedes the normal retirement age (for employees hired before September 1, 2011).

Early retirement age:	Age 47 with at least 15 years of service (hired after August 31, 2011) Any age with at least 15 years of service (hired during the period July 1, 2010 through August 31, 2011) Any age with at least 10 years of service (hired before July 1, 2010)

For participants who incur a catastrophic injury in the line of duty, the basic pension formula is 100% of the top salary for the grade and position occupied by the participant at the time of disability.

For a service-connected disability for participants hired before 1986, the basic pension formula is the greater of 70% of the top salary for the employee's grade and position occupied by the participant at the time of disability or basic pension formula, offset by worker's compensation payments such that the combination of payments does not exceed 100% of the participant's salary at the time of disability.

For participants hired on or after January 1, 1986, the basic pension formula is the greater of 50% of average monthly earnings at the time of disability or basic pension formula, offset by worker's compensation payments such that the combination of payments does not exceed 75% of the participant's salary at the time of disability (payable until the earlier of recovery from disability or normal retirement age).

Pre-retirement death benefit:	75% of the basic pension formula (payable to the eligible beneficiary upon death not in the line-of-duty). 100% of base pay offset by worker's compensation or other payments (payable to the eligible beneficiary for first two years after death in the line-of-duty). 75% of the larger of the basic pension formula or 70% of top salary for the employee's grade (payable to the eligible beneficiary beginning two years after death in the line-of-duty). 75% of the basic pension formula (payable to the eligible beneficiary beginning two years after death in the line-of-duty if the employee was covered by the 1986 amendment).

The Plan is considered a fiduciary fund of the City and its financial statements are included in the City of Atlanta, Georgia's Comprehensive Annual Financial Report (CAFR) as part of the Pension Trust Funds. The City's most recent CAFR for the year ended June 30, 2014 should be read in conjunction with these financial statements.

Amendments to Defined Contribution Plan

Employees hired on or after September 1, 2011 who are either sworn members of the police department or fire department are required to participate in the mandatory defined contribution component which includes a mandatory employee contribution of 3.75% of salary which is matched 100% by the City. Additionally, these employees may voluntarily contribute up to an additional 4.25% of salary which is also matched 100% by the City. Employees vest in the amount of the City's contributions at a rate of 20% per year and become fully vested in the City's contribution after 5 years of participation.

(d) Plan Membership

As of June 30, 2014, participation in the Plan was as follows:

Inactive plan members or beneficiaries currently receiving benefits	1,405
Inactive plan members entitled to, but not yet receiving benefits	30
Active plan members	2,021
	3,456

(Continued)

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements are prepared on the accrual basis of accounting. Employee and employer contributions are recognized as additions to plan net position in the period in which withheld from the employees' salary and paid by the employer. Benefits and refunds are recognized as deductions from plan net position when due and payable.

Effective during fiscal year 2014, GASB Statement No. 67, *Financial Reporting for Pension Plans*, an amendment of GASB Statement No. 25 was implemented. This Statement establishes new financial reporting standards for state and local governmental pension plans that are administered through a trust or similar arrangement. This statement resulted in changes to the actuarial calculation of total and net pension liability and the related note disclosures and required supplementary information. The implementation did not impact the recorded amounts in the financial statements.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement No. 27. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement will be effective for the Plan sponsor in fiscal year 2015.

(b) Cash and Cash Equivalents

The Plan considers all highly liquid debt securities with an original maturity of three months or less when purchased to be cash equivalents.

(c) Investments

The Plan's investments are stated at fair value. Quoted market prices are used to value all investments in equities based on closing prices on the U.S. national securities exchange. Securities traded on the open market for which no sale was reported on that date are valued at the most recent quoted bid price.

Estimated fair values provided by third party vendors are used to value U.S. government notes, corporate bonds, mutual funds and U.S. government and agency guaranteed bonds, if not traded in an active market. Partnership investments are valued based on the net asset value of the partnership, without further adjustment. Net asset value is based upon the fair value of the underlying investments. Information provided by partnerships regarding the methods they use to value the underlying investments of the partnership and any restrictions on or illiquidity of the interests of partnerships are considered in determining fair value.

The net appreciation (depreciation) in the fair value of investments held by the Plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of the balance sheet date. Investment income is recognized on the accrual basis as earned by the Plan.

(d) Use of Estimates

Management of the Plan has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosures of contingent assets and liabilities and the additions to and deductions from net position to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

(3) Pension Plan Investments

The Plan investments are made within the Public Retirement Systems Investment Authority Law of the Georgia Code (O.C.G.A. 47-20-80). The Board has been granted the authority by City Ordinance to establish and amend the Plan investment policy. The Board is responsible for making all decisions with regard to the administration of the Plan, including the management of Plan assets, and for carrying out the investment policy on behalf of the Plan.

The Plan's investments are managed by various investment managers under contracts with the Plan who have discretionary authority over the assets managed by them and within the Plan's investment guidelines, established by the Board. The investments are held in trust by the Plan's custodian in the Plan's name. These assets are held exclusively for the purpose of providing benefits to members of the plan and their beneficiaries.

State of Georgia and City statutes authorize the Plan to invest in U.S. government obligations, U.S. government agency obligations, State of Georgia obligations, obligations of a corporation of the U.S. government and the Georgia Fund 1 (a government investment pool maintained by the State of Georgia), and alternative investments. The Plan invests in repurchase agreements only when they are collateralized by U.S. government or agency obligations. The Plan is also authorized to invest in collateralized mortgage obligations (CMOs) to maximize yields. These securities are based on cash flows from interest payments on underlying mortgages. CMOs are sensitive to prepayment by mortgagees, which may result from a decline in interest rates. For example, if interest rates decline and mortgagees refinance their mortgages, thereby prepaying the mortgages underlying these securities, the cash flows from interest payments are reduced and the value of these securities declines. Likewise, if mortgagees pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated.

In the development of a current asset allocation plan, the Board reviews the long-term performance and risk characteristics of various asset classes, balancing the risks and rewards of market behavior, and reviewing state legislation regarding investments options. The below asset classes were selected to achieve the plan objectives: Domestic Equities, International Equities, Domestic Fixed Income, Alternative Investments, and cash equivalents.

The Police Officers' Pension Fund Investment Policy was revised during the fiscal year. The policy may be amended by the Board by a majority vote of its members. The recent change added alternative investments as an investment option. Below is the asset allocation target assets mix.

	Minimum	Target	Maximum
Domestic equity:			
All/Flex Cap	5%	7%	10%
Large Cap	25	30	35
Mid Cap	10	15	20
Small Cap	4	9	14
International equity	4	9	14
Total equity	48%	70%	93%
Alternative investments	—%	5%	5%
Total alternative investments	—%	5%	5%
Fixed income:			
Core	10%	14%	19%
Intermediate	5	10	15
Cash equivalents	—	1	2
Total fixed income and cash equivalents	15%	25%	36%

Identified below are the investment types that are authorized by the Board for the Plan. The investment policy also identifies certain provisions that address interest rate risk, credit risk, custodial credit risk, concentration of credit risk, and foreign currency risk.

The Plan, by policy, is to invest the Plan funds in domestic equities, domestic fixed income securities, international equities, international fixed income, alternative investments, and cash equivalents. These instruments consist of common and preferred stock, obligations of the U.S. government and agencies (GNMA, FHLMC, and FNMA securities and CMO's), corporate bonds, and certificates of deposit. The Plan has strict limitations on the amounts managers are allowed to invest in any one issuer in all classes of securities. The Plan also invests in repurchase agreements which must be fully collateralized by U.S. government or agency guaranteed securities.

The Plan maintains cash to meet its immediate liquidity needs. Cash not immediately needed is invested in either short-term or long-term investment securities as directed by management.

(Continued)

For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 21.37%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

(a) Investment Risk Disclosures

Interest Rate Risk. Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Additionally, the fair values of the investments may be highly sensitive to interest rate fluctuations. The Plan has no specific policy to address interest rate risk.

Credit Risk. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating to each investment by a nationally recognized statistical rating organization. The Plan has no specific policy to address credit risk.

As of June 30, 2014, the Plan had the following fixed income investments (dollars in thousands), with the corresponding credit ratings and maturities.

		June 30, 2014					
		Maturity					
Type of Investments	Credit Rating	Under 1 year	1 – 3 years	3 – 5 years	5 – 10 years	Over 10 years	Fair value
U.S. government agencies	AA/A+	$ —	8,394	—	6,138	546	15,078
U.S. government agencies	AA-	—	2,088	2,239	—	—	4,327
U.S. government agencies	NR	—	—	—	643	238	881
U.S. government agencies	NR-AGY	—	1,820	1,841	7,295	41,429	52,385
Corporate bonds	AA/A0	3,286	7,956	12,800	17,034	3,203	44,279
Corporate bonds	B+/BBB	229	1,122	2,006	6,830	4,218	14,405
Asset backed securities	AAA	—	2,755	1,044	1,695	—	5,494
Asset backed securities	AA/AA+	—	—	1,588	—	—	1,588
Asset backed securities	NR	—	1,506	1,653	594	—	3,753
CMO's	AAA/A	—	—	—	—	5,819	5,819
CMO's	NR	—	—	—	—	2,643	2,643
State and local obligations	AAA/A	—	—	2,687	—	4,557	7,244
State and local obligations	AA	—	141	681	—	—	822
State and local obligations	NR	—	625	—	—	—	625
Other fixed income	NR	—	642	983	244	—	1,869
		$ 3,515	27,049	27,522	40,473	62,653	161,212

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Plan will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Custodial credit risks for investments, is the risk that in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The City requires that uninsured collected balances held in trust by the City for the Plan plus accrued interest in depository accounts be collateralized and that the market value of collateralized pledged securities must be at least 110% of the deposit balances, and 102% of collateral value for repurchase agreements. The Plan had no deposits or investments with custodial risks as of June 30, 2014.

All investments of the Plan are either held by the Plan or by the counterparty in the Plan's name; therefore, the Plan's investments had no custodial risks as of June 30, 2014.

Concentration Credit Risk. Investments in any one organization representing 5% or more of the net position restricted for pensions at June 30, 2014 are as follows (dollars in thousands):

Issuer	Investment type	Fair value
Collective	Equity index fund	$ 164,220
Artisan Partners	Equities	42,949

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates could adversely affect an investment's or deposits fair value. During fiscal year 2014, the Plan's investment policies were revised to allow domestic equities, domestic fixed income, cash equivalents, alternative investments, and foreign equity securities.

Although all of the foreign equity securities are American Depository Receipts (ADR's), this does not eliminate the foreign currency risk involved in purchasing foreign securities.

The following table provides the value in U.S. dollars by foreign currency denominations and investment type for the Plan investments denominated in foreign currencies as of June 30, 2014 (dollars in thousands):

Currency	June 30, 2014		
	Fixed income	Equities	Total
Australia	$ 170	—	170
Canada	2,651	—	2,651
China	—	1,713	1,713
France	277	—	277
Israel	—	2,381	2,381
Netherlands	729	—	729
Peru	—	283	283
United Kingdom	996	—	996
	$ 4,823	4,377	9,200

(Continued)

(b) Securities Lending

State statutes and Board of Trustees policies permit the Plan to lend its securities to broker dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. As of June 30, 2014, the Plan has no credit risk exposure to securities lending.

(c) Alternative Investments

The Board has authorized the Plan to invest in alternative investments. During fiscal year 2013, the Plan made a capital commitment of $15 million to a limited partnership. As of June 30, 2014, the Plan had an alternative investment in a limited partnership totaling $9,898,000. As part of the partnership agreement, the Plan may not voluntarily withdraw from the partnership prior to its dissolution, and no limited partnership interest is redeemable or repurchasable by the partnership at the option of the Plan.

(4) Contributions Required and Contributions Made

The required contribution percentages developed in the most recent actuarial valuation for the Plan for the year ended June 30, 2014 and the actual contributions made are as follows (dollars in thousands):

Service cost		24.29%
Amortization of the unfunded actuarial accrued liability		19.19
Total required contributions as a percentage of covered payroll		43.48%
Actual employee contributions:		
Dollar amount	$	11,232
Percent of covered payroll		12.23%
Actual employer contributions:		
Dollar amount	$	30,197
Percent of covered payroll		32.88%

The annual covered payroll for the City Police was $91,840,000 as of June 30, 2014. The actual employer contributions shown above include amounts used to fund retiree supplemental cost of living increases and other minimum benefits. These amounts are components of the City's contributions for purposes of meeting actuarially determined funding requirements.

(5) Contributions Receivable

(a) Employer

Employer contributions receivable represents Annual Required Contributions owed but not yet remitted to the Plan by the City. Total contributions receivable from the employer was $1,654,000 as of June 30, 2014.

(b) Employees

Employees may receive credit for years of service from employment with certain state and local governmental agencies as well as prior employment with the City, upon payment to the Plan of an amount, as defined in the 1927 Act, as amended, representing contributions applicable to such service period. These contributions may be paid over a future period, even after retirement. In addition, 1962 and 1978 amendments to the Plan increased pension benefits and the related employee contribution rates. Active employees may retroactively increase their contribution rates from the date of employment in order to receive the maximum increased benefits available under the 1962 and 1978 amendments. These "back contributions" may also be paid over a future period. Contributions from employees include amounts withheld from employees' pay but not yet remitted to the Plan. Total contributions receivable from employees were $438,000 as of June 30, 2014.

(6) Tax Status

The Plan and its trust are intended to be qualified under Sections 401(a) and 501(c) of the Internal Revenue Code (IRC) such that they are not subject to tax under federal income tax laws. The Internal Revenue Service (IRS) issued a favorable determination letter on February 11, 2013 with respect to the Plan, in which the IRS stated that the Plan, as then designed, was in compliance with the applicable requirements of the IRC. The Plan sponsor in conjunction with consultation with external legal counsel, on May 15, 2014, filed a request for relief under the IRS Voluntary Correction Program for certain untimely amendments to the Plan documents and tax compliance issues involving interest calculations to Plan participants. The Plan sponsor anticipates review of these filings will be favorable for continued qualification for tax exemption.

(7) Net Pension Liability of the City

The components of the net pension liability at June 30, 2014 were as follows:

Total pension liability	$	1,270,494
Fiduciary net position		987,507
Net pension liability	$	282,987
Fiduciary net position as a percentage of total pension liability		77.73%

(a) Actuarial assumptions

The total pension liability was determined by the actuarial valuation as of July 1, 2013, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.25%
Salary increases	4%
Investment rate of return	7.41%, net of pension plan investment expense, including inflation

(Continued)

Mortality rates were based on the sex-distinct rates set forth in the RP-2000 Mortality Table projected to 2015 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) Section 430; future generational improvements in mortality have not been reflected.

The Plan provides for an annual cost-of-living adjustment based on the CPI limited to 1% per year for employees hired after August 31, 2011, or 3% per year for employees hired before September 1, 2011.

There were no actuarial assumptions made based on an experience study.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of real rates of return for each major asset class included in the Plan's target asset allocation as of June 30, 2014, are summarized in the following table:

Asset class	Target allocation	Expected long-term real rate
Domestic equity	7%	6.01%
Domestic large-cap equity	30	6.91
Domestic mid-cap equity	15	8.91
Domestic small-cap equity	9	5.01
International equity	9	3.31
Fixed income and cash equivalents	25	0.81
Alternative investments	5	7.51
	100%	

(b) Discount Rate

A discount rate of 7.5% was applied in the measurement of the total pension liability as of June 30, 2013. The prior year discount rate was 7.75%. In the Plan's roll-forward from July 1, 2013 to the end of fiscal year 2014, the discount rate was further reduced to 7.41%. The rate reflects rates closer to current economic conditions. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and the employer contributions will be made at the rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(c) Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.41%, as well as what the Plan net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.41%) or 1-percentage-point higher (8.41%) than the current rate (dollars in thousands):

		1% Decrease (6.41)%	**Current discount rate** (7.41)%	**1% Increase** (8.41)%
Total pension liability	$	1,448,432	1,270,494	1,125,745
Less fiduciary net position		987,507	987,507	987,507
Net pension liability	$	460,925	282,987	138,238

(d) Actual Valuation Date

The total pension liability is based on July 1, 2013 actuarial valuation. An expected total pension liability is determined as of June 30, 2014 using standard roll-forward techniques. The roll forward calculation adds the annual normal cost (also called service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
(See Accompanying Independent Auditor's Report)

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Required Supplementary Information

Schedule of Changes in Net Pension Liability

June 30, 2014

(Unaudited)

(Dollars in thousands)

Total pension liability:		
Service cost	$	23,302
Interest		170,229
Changes of benefit terms		—
Differences between expected and actual experiences		—
Changes of assumptions		(40,172)
Benefit payments, including refunds of member contributions		(53,279)
Net change in total pension liability		100,080
Total pension liability – beginning		1,170,414
Total pension liability – ending		1,270,494
Plan fiduciary net position:		
Contributions – employer		30,197
Contributions – employee		11,232
Net investment income		171,192
Other income		3
Benefit payments, including member refunds		(53,279)
Administrative expenses		(653)
Net change in plan fiduciary net position		158,692
Plan fiduciary net position – beginning		828,815
Plan fiduciary net position – ending		987,507
Plan net pension liability – ending	$	282,987

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information and accompanying independent auditors' report.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Required Supplementary Information

Schedule of Net Pension Liability

June 30, 2014

(Unaudited)

(Dollars in thousands)

Total pension liability	$	1,270,494
Plan fiduciary net position		987,507
Net pension liability	$	282,987
Plan fiduciary net position as a percentage of the total pension liability		77.73%
Covered-employee payroll	$	91,840
Net pension liability as a percentage of covered-employee payroll		308.13%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information and accompanying independent auditors' report.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Required Supplementary Information

Schedule of Employer Contributions

Year ended June 30, 2014

(Unaudited)

(Dollars in thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	*12/31/2005
Actuarially determined contribution	$ 30,197	26,525	33,748	19,568	40,422	41,213	44,434	45,229	15,687	25,271
Contributions in relation to the actuarially determined contribution	30,197	26,525	33,748	19,568	40,422	41,213	44,434	45,229	15,687	25,271
Contribution deficiency (excess)	$ —	—	—	—	—	—	—	—	—	—
Covered-employee payroll	$ 91,840	88,297	73,688	83,551	78,519	82,030	84,015	77,168	73,515	70,973
Contributions as a percentage of covered-employee payroll	32.88%	30.04%	45.80%	23.42%	51.48%	50.24%	52.89%	58.61%	21.34%	35.61%

Notes to schedule
* Represents a change in fiscal year from December 31 to June 30, thus a six month timeframe.

See accompanying notes to required supplementary information and accompanying independent auditors' report.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Required Supplementary Information

Schedule of Investment Returns

Year ended June 30, 2014

(Unaudited)

	2014	2013	2012	2011	2010	2009
Annual money-weighted rate of return, net of investment expense	21.37%	15.73%	0.99%	21.30%	12.07%	(13.15)%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information and accompanying independent auditors' report.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Notes to Required Supplementary Information

Year ended June 30, 2014

(Unaudited)

(1) Schedule of Changes in Net Pension Liability

The total pension liability contained in this schedule was provided by the Plan's actuary, Southern Actuarial Services. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the Plan.

(2) Schedule of Employer Contributions

The actuarially determined contributions and comparison to those contributions actually made are presented in the schedule.

(3) Actuarial Methods and Assumptions

Changes of assumptions: The assumed interest (or discount) rate was decreased from 7.75% per annum to 7.41% per annum. The mortality basis was changed from the RP-2000 Mortality Table, projected to 2007 by Scale AA, to the RP 2000 Mortality Table, projected to 2015 by Scale AA.

Method and assumptions used in calculations of actuarially determined contributions: The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Valuation date	July 1, 2013
Actuarial cost method	Entry age
Amortization method	Level percentage, closed
Remaining amortization period	28 years
Asset valuation method	Market value
Inflation rate	2.25%
Salary increases	4.00%
Investment rate of return	7.41%

The Employee Retirement System of the City of Providence

Actuarial Valuation and Review as of
July 1, 2014

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Segal Consulting
116 Huntington Ave., 8th Floor Boston, MA 02116
T 617.424.7300 www.segalco.com

April 24, 2015

Retirement Board
The Employee Retirement System of the City of Providence
City Hall
Providence, RI 02903

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of July 1, 2014. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2015 and later years and analyzes the preceding year's experience.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist in administering the Retirement System. The census information and financial information on which our calculations were based was prepared by the staff of the System. That assistance is gratefully acknowledged.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in plan provisions or applicable law.

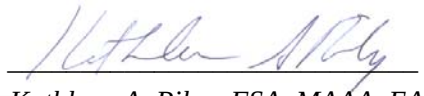
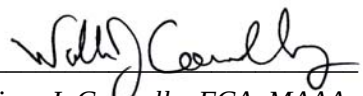
The actuarial calculations were directed under the supervision of Kathleen A. Riley, FSA, MAAA, EA. She is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of her knowledge, the information supplied in the actuarial valuation is complete and accurate. Further, in her opinion, the assumptions as approved by the Board are reasonably related to the experience of and the expectations for the Plan.

We look forward to reviewing this report at your next meeting and to answering any questions.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

Segal Consulting, a Member of The Segal Group, Inc.

By:  

Kathleen A. Riley, FSA, MAAA, EA
Senior Vice President and Actuary

William J. Connolly, FCA, MAAA, EA
Consulting Actuary

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SECTION 1: Valuation Summary for The Employee Retirement System of the City of Providence

Purpose

This report has been prepared by Segal Consulting to present a valuation of The Employee Retirement System of the City of Providence as of July 1, 2014. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of The Employee Retirement System of the City of Providence, as administered by the Board;
- The characteristics of covered active participants, inactive participants, and retired participants and beneficiaries as of July 1, 2014;
- The assets of the Plan as of June 30, 2014;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

Significant Issues in Valuation Year

The following key findings were the result of this actuarial valuation:

1. The actuarial valuation report as of July 1, 2014 is based on financial information as of that date. Changes in the value of assets subsequent to that date are not reflected.
2. During the year ended June 30, 2014, the market value rate of return was 14.04%, compared to the assumed rate of return of 8.25%. Because the actuarial value of assets gradually recognizes market value fluctuations at 20% per year over a five-year period, the actuarial rate of return for the year ended June 30, 2014 was 12.39%. The actuarial value of assets as of June 30, 2014 was $338.3 million, or 94.6% of the market value of assets of $357.7 million.
3. The total unrecognized investment gain as of July 1, 2014 is $19,458,671. This investment gain will be recognized in the determination of the actuarial value of assets in the next few years, to the extent it is not offset by recognition of investment losses derived from future experience. This implies that earning the assumed rate of investment return (net of investment expenses) on a market value basis will result in investment gains on the actuarial value of assets in the next few years. The funding schedule shown in Section 2, Chart 18 reflects the deferred investment gains.

4. In prior valuations, the actuarial value of assets and the market value of assets included the discounted contribution expected to be paid by the City for the fiscal year following the valuation date. This valuation excludes such discounted contributions from reported assets. This did not affect the determination of the contribution requirement, which is based on projected liabilities and assets.
5. This valuation reflects the following changes in actuarial assumptions and methods:
   - The calculation of the actuarial value of assets and the market value of assets has been changed to no longer include the discounted contribution expected to be paid by the City for the fiscal year following the valuation date.
   - The liability for inactive vested participants who were active in the prior valuation (*i.e.*, for whom final compensation can be estimated) is the greater of the employee's contribution balance or the present value of a deferred annuity. For all other inactive vested participants, the liability is equal to the employee's contribution balance.
   - Based on additional information provided with this valuation, we have assumed that any Class B retired participant whose total benefit is greater than the base compensation of a current employee holding the same rank that the retiree held at the time of retirement will not receive a COLA in any year until this is no longer true. We have assumed that average compensation for all ranks will increase by 3.5% per year.
   - Participants identified by the City who opted out of the Consent Judgments agreed to by the City regarding the resumption of retiree COLAs are assumed to have their COLAs commence on January 1, 2036, when the Plan was projected to be greater than 70% funded with the prior valuation. Previously, their COLAs were assumed to commence on January 1, 2033.

   The change in the asset method increased the unfunded liability by $61.5 million and the change in assumptions increased the unfunded liability by $776,797 for a total increase of $62.2 million.
6. The unfunded liability has increased by $62.8 million from $831.5 million as of July 1, 2013 to $894.3 million as of July 1, 2014. The unfunded liability was expected to increase to $845.6 million. The difference between the expected unfunded liability of $845.6 million and the actual unfunded liability of $894.3 million is attributable to the $61.5 million increase in liabilities due to the asset method change and the $0.8 million increase in liabilities due to assumption changes, offset by an investment gain on an actuarial basis of $12.9 million and an experience gain of $0.6 million.

7. The annual contribution required to fund the System is comprised of an employer normal cost payment and a payment on the unfunded actuarial accrued liability. To determine the unfunded liability as of July 1, 2015, the liabilities are rolled forward using standard actuarial techniques and the actuarial value of assets are projected based on an anticipated employer contribution of $66,543,967 for fiscal 2015 and assuming that the market value of assets return 8.25% net of investment expenses.

8. Because the fiscal 2015 appropriation has already been budgeted at $66,543,967, the results of this valuation will first be reflected in the fiscal 2016 appropriation of $70,858,867. The funding schedule in Chart 18 fully funds the System by June 30, 2040. The unfunded liability, less the liability associated with the 1995 Deferral, is amortized through June 30, 2040. As of July 1, 2015, there are 25 years remaining on this schedule. The amortization payments are calculated to increase 3.5% per year. The 1995 deferral liability is amortized through June 30, 2031 in level payments. Recommended contributions are assumed to be paid on June 30. If the contribution is made after June 30, Segal will calculate the additional interest charge based on the actual date of payment.

   Chart 18 in Section 2 shows the detail of the funding schedule.

9. On a market value basis, the funded ratio has decreased from 32.4% as of July 1, 2013 to 29.0% as of July 1, 2014. On an actuarial basis, the funded ratio has decreased from 31.4% as of July 1, 2013 to 27.4% as of July 1, 2014. The decrease is due to the change in asset valuation method.

10. Section 5 shows the disclosure information required by GASB Statement No. 67 for the fiscal year ended June 30, 2014. The disclosure information required by GASB Statements No. 67 and 68 for the fiscal year ended June 30, 2015 will be provided when June 30, 2015 financial information is available.

Summary of Key Valuation Results

	2014	2013
Contributions for plan year beginning July 1:		
Recommended for fiscal 2015 and 2014	$66,543,967	$61,614,784
Recommended for fiscal 2016 and 2015	70,858,867	66,543,967
Actual contribution for fiscal 2014	- -	62,140,000
Funding elements for plan year beginning July 1:		
Total normal cost, without interest	$17,782,678	$17,408,238
Market value of assets	357,712,000	393,059,827
Actuarial value of assets	338,253,329	380,484,015
Actuarial accrued liability	1,232,590,168	1,212,007,656
Unfunded actuarial accrued liability	894,336,839	831,523,641
Funded ratio based on market value of assets	29.0%	32.4%
Funded ratio based on actuarial value of assets	27.4%	31.4%
Demographic data for plan year ending June 30:		
Number of retired participants and beneficiaries	3,108	3,094
Number of inactive participants entitled to a return of employee contributions	393	407
Number of inactive participants with a vested right to a deferred or immediate benefit	35	N/A*
Number of active participants	2,986	2,998
Total compensation	$137,504,822	$134,863,923
Average compensation	46,050	44,985

Notes: Recommended contribution for fiscal 2014 was determined by the prior actuary based on the June 30, 2011 valuation and the Critical Status Emergence Plan and has been adjusted to include interest to the expected payment date of October 15, 2014.
Assets as of July 1, 2013 include the discounted contribution expected to be paid by the City for the fiscal year following the valuation date.
Recommended contributions are assumed to be paid on June 30. If the contribution is made after June 30, Segal will calculate the additional interest charge based on the date of payment.

* *Included with inactive participants entitled to a return of their employee contributions.*

A. PARTICIPANT DATA

The Actuarial Valuation and Review considers the number and demographic characteristics of covered participants, including active participants, inactive participants, retired participants and beneficiaries.

This section presents a summary of significant statistical data on these participant groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A through H.

A historical perspective of how the participant population has changed over the past seven valuations can be seen in this chart.

CHART 1

Participant Population: 2007 – 2014

Year Ended June 30	Active Participants	Inactive Participants	Retired Participants and Beneficiaries	Ratio of Non-Actives to Actives
2007	3,083	179	2,821	0.97
2008	3,008	237	2,875	1.03
2009	2,955	455	2,883	1.13
2010	2,998	432	2,929	1.12
2011	2,987	435	2,999	1.15
2013	2,998	407	3,094	1.17
2014	2,986	428	3,108	1.18

Note: Participants who retired prior to June 30, but were not in pay status, were included as active participants.

Active Participants
Plan costs are affected by the age, years of service and compensation of active participants. In this year's valuation, there were 2,986 active participants with an average age of 46.8, average years of service of 12.9 years and average compensation of $46,050. The 2,998 active participants in the prior valuation had an average age of 46.6, average service of 12.7 years and average compensation of $44,985.

Among the active participants, there were none with unknown age and/or service information.

Inactive Participants
In this year's valuation, there were 35 participants with a vested right to a deferred or immediate vested benefit and 393 participants entitled to a return of their employee contributions.

These graphs show a distribution of active participants by age and by years of service.

CHART 2

Distribution of Active Participants by Age as of June 30, 2014

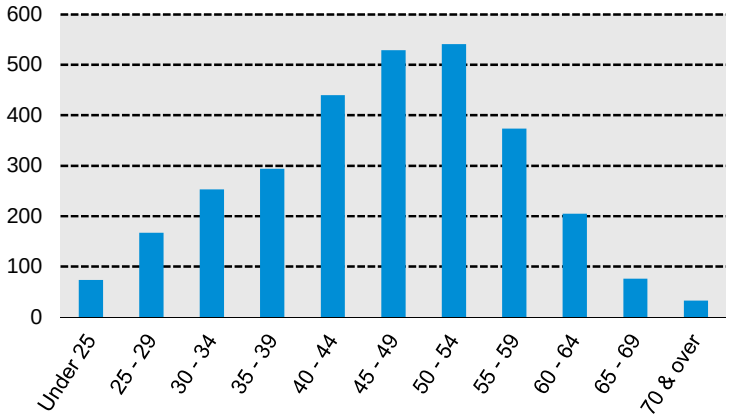
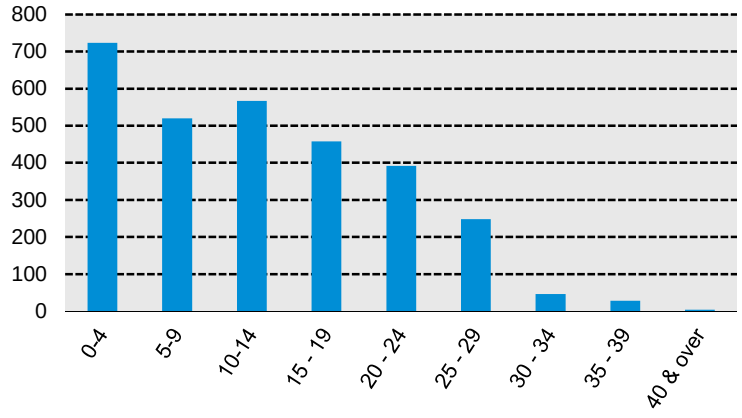


CHART 3

Distribution of Active Participants by Years of Service as of June 30, 2014



Retired Participants and Beneficiaries

As of June 30, 2014, 2,562 retired participants and 546 beneficiaries were receiving total monthly benefits of $7,490,244. For comparison, in the previous valuation, there were 2,546 retired participants and 548 beneficiaries receiving monthly benefits of $7,473,957. In addition, there was one retired participant in suspended status this year and none in the prior valuation.

These graphs show a distribution of the current retired participants based on their monthly amount and age, by type of pension.

CHART 4

Distribution of Retired Participants by Type and by Monthly Amount as of June 30, 2014

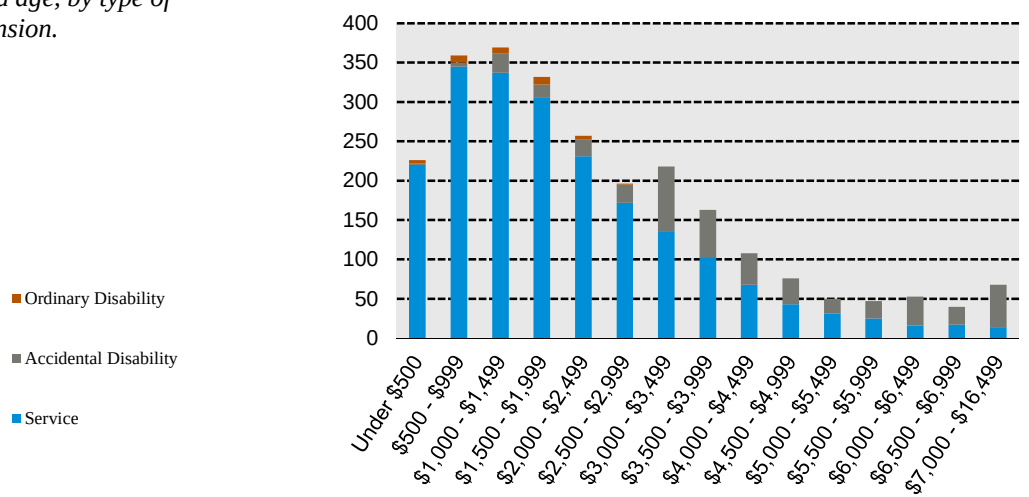
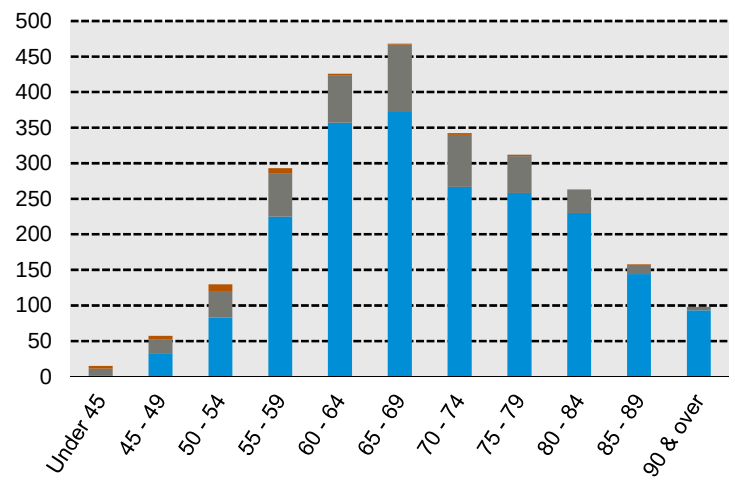


CHART 5

Distribution of Retired Participants by Type and by Age as of June 30, 2014



B. FINANCIAL INFORMATION

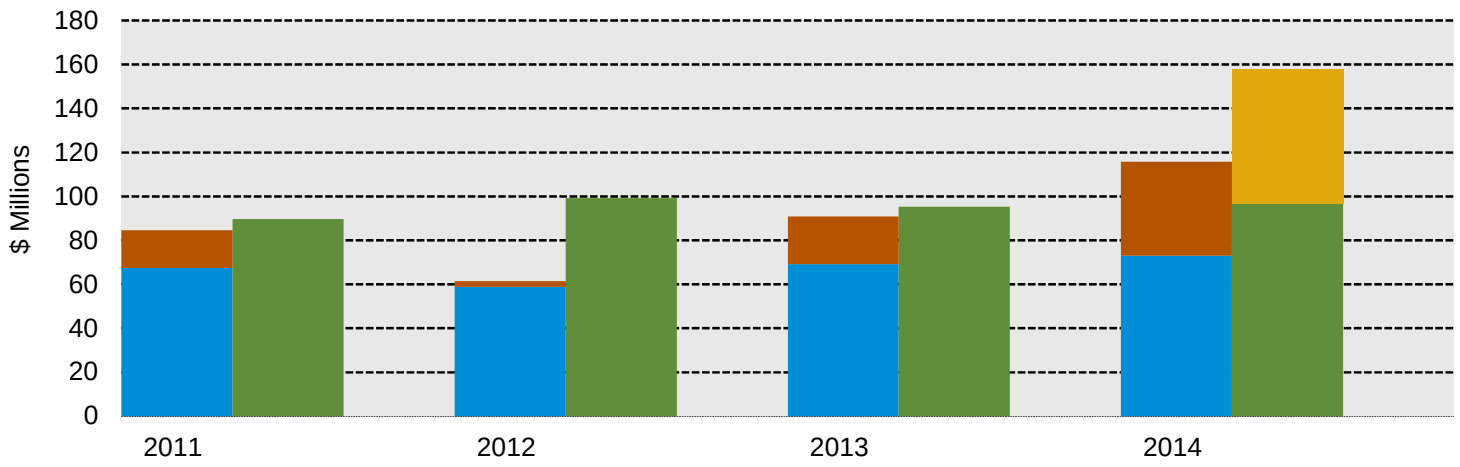
Retirement plan funding anticipates that, over the long term, both contributions and net investment earnings (less investment fees) will be needed to cover benefit payments.

Retirement plan assets change as a result of the net impact of these income and expense components. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits I and J.

The chart depicts the components of changes in the actuarial value of assets over the last four years. Assets as of July 1, 2014 no longer include the discounted contribution expected to be paid by the City for the fiscal year following the valuation date. Note: The first bar represents increases in assets during each year while the second bar details the decreases.

CHART 6

Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 2011 – 2014



It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

The chart shows the determination of the actuarial value of assets as of the valuation date.

CHART 7

Determination of Actuarial Value of Assets for Year Ended June 30, 2014

1. Market value of assets, June 30, 2014			$357,712,000
	Original	Unrecognized	
2. Calculation of unrecognized return*	Amount	Return	
(a) Year ended June 30, 2014	$18,753,464	$15,002,771	
(b) Year ended June 30, 2013	9,709,109	5,825,465	
(c) Year ended June 30, 2012	-23,084,313	-9,233,725	
(d) Year ended June 30, 2011	39,320,798	7,864,160	
(e) Year ended June 30, 2010	14,653,966	0	
(f) Total unrecognized return			19,458,671
3. Preliminary actuarial value: (1) - (2f)			338,253,329
4. Adjustment to be within 20% corridor			0
5. Final actuarial value of assets as of June 30, 2014: (3) + (4)			$338,253,329
6. Actuarial value as a percentage of market value: (5) ÷ (1)			94.6%

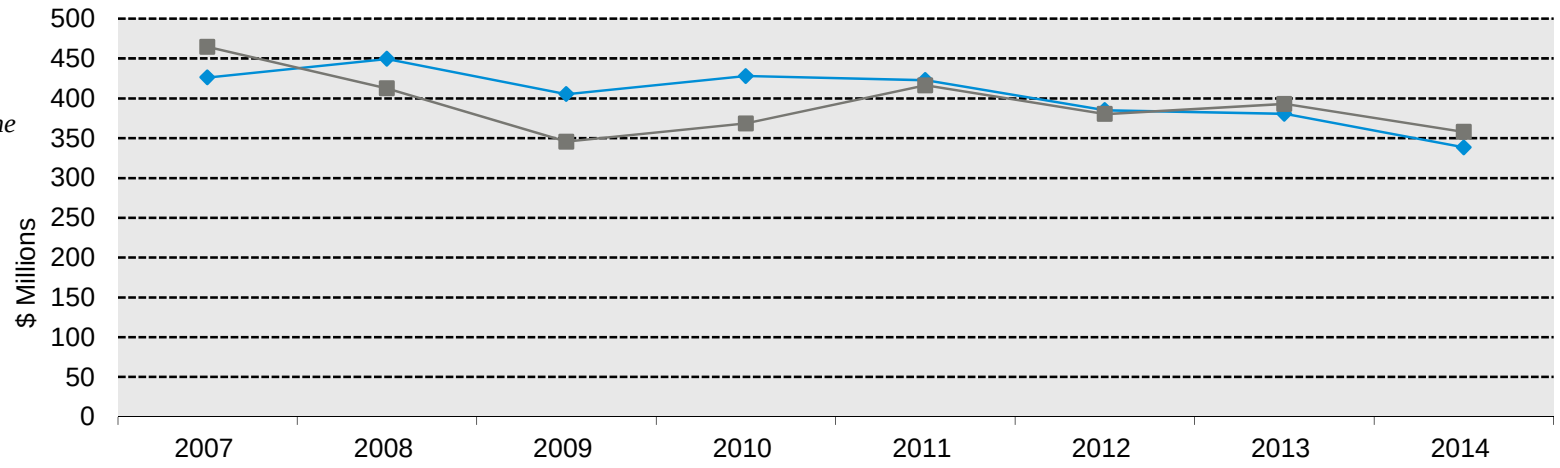
* *Unrecognized return is the difference between the total return and the expected return on a market value basis and is recognized at 20% per year over a five-year period.*

Both the actuarial value and market value of assets are representations of the System's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The actuarial asset value is significant because the System's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

CHART 8

Actuarial Value of Assets vs. Market Value of Assets as of June 30, 2007 – 2014

This chart shows the change in the actuarial value of assets versus the market value over the past eight years. Assets as of July 1, 2013 and earlier years include the discounted contribution expected to be paid by the City for the fiscal year following the valuation date.



C. ACTUARIAL EXPERIENCE

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The net experience gain is $13,462,953. A discussion of the major components of the actuarial experience is on the following pages.

This chart provides a summary of the actuarial experience during the past year.

CHART 9

Actuarial Experience for Year Ended June 30, 2014

1.	Net gain from investments*	$12,908,109
2.	Net gain from other experience**	554,844
3.	Net experience gain: (1) + (2)	$13,462,953

* *Details in Chart 10*

** *Details in Chart 13*

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the System's investment policy. For valuation purposes, the assumed rate of return on the actuarial value of assets is 8.25%. The actual rate of return on an actuarial basis for the 2014 plan year was 12.39%.

Since the actual return for the year was greater than the assumed return, the System experienced an actuarial gain of $12,908,109 during the year ended June 30, 2014 with regard to its investments.

This chart shows the gain/(loss) due to investment experience.

CHART 10

Actuarial Value Investment Experience for Year Ended June 30, 2014

1.	Actual return	$38,601,141
2.	Average value of assets	311,430,688
3.	Actual rate of return: (1) ÷ (2)	12.39%
4.	Assumed rate of return	8.25%
5.	Expected return: (2) x (4)	$25,693,032
6.	Actuarial gain: (1) – (5)	$12,908,109

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial basis compared to the market value investment return for the last four years.

As indicated below, the experience in the past few years has shown both higher and lower rates of return than the long-term assumption of 8.25%. Interest rates have declined substantially in the current economic environment, resulting in lower expected returns on the System's assets. We will continue to monitor the System's investment returns and asset allocation and review the assumption with the Board.

CHART 11

Investment Return – Actuarial Value vs. Market Value: 2011 - 2014

Year Ended June 30	Change in Asset Method		Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent
2011	- -	- -	N/A	3.42%	N/A	21.33%
2012	- -	- -	$3,391,254	0.97	$5,100,797	1.49
2013	- -	- -	18,132,553	5.70	35,563,000	11.35
2014	-$61,472,487	-19.74%	38,601,141	12.39	45,484,000	14.04
Total	-$61,472,487		$60,124,948		$86,147,797	

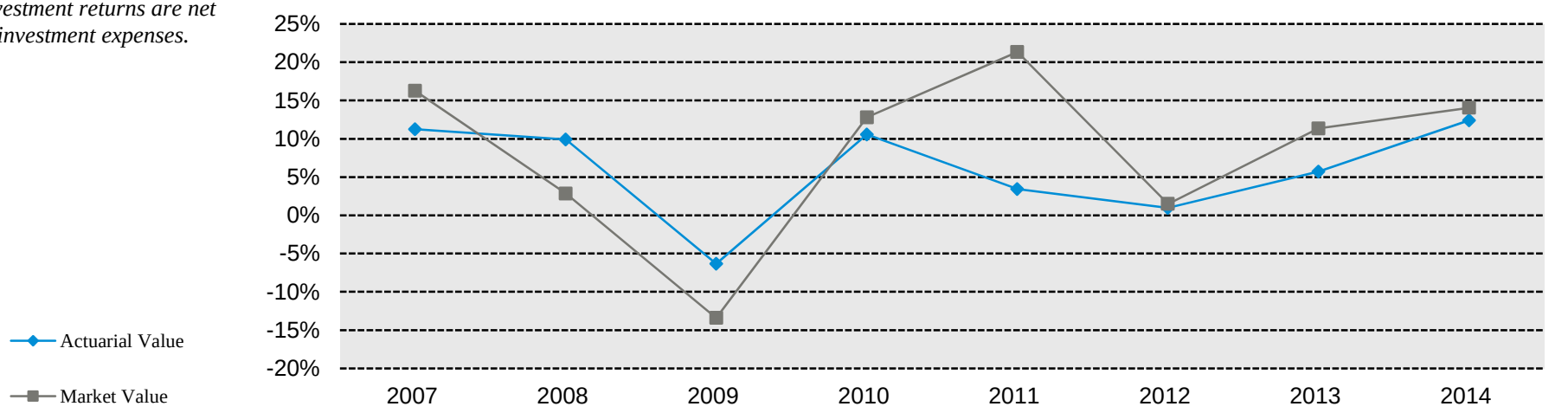
Note: Investment returns are net of investment expenses.

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

This chart illustrates how this leveling effect has actually worked over the years 2007 - 2014. Note: Investment returns are net of investment expenses.

CHART 12

Market and Actuarial Rates of Return for Years Ended June 30, 2007 - 2014



Other Experience

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

The net gain from this other experience for the year ended June 30, 2014 amounted to $554,844, which is 0.05% of the actuarial accrued liability.

A brief summary of the demographic gain/(loss) experience of the System for the year ended June 30, 2014 is shown in the chart below.

This valuation reflects the following changes in actuarial assumptions and methods:

- The calculation of the actuarial value of assets and the market value of assets has been changed to no longer include the discounted contribution expected to be paid by the City for the fiscal year following the valuation date.
- The liability for inactive vested participants who were active in the prior valuation (*i.e.*, for whom final compensation can be estimated) is the greater of the employee's contribution balance or the present value of a deferred annuity. For all other inactive vested participants, the liability is equal to the employee's contribution balance.
- Based on additional information provided with this valuation, we have assumed that any Class B retired participant whose total benefit is greater than the base compensation of a current employee holding the same rank that the retiree held at the time of retirement will not receive a COLA in any year until this is no longer true. We have assumed that average compensation for all ranks will increase by 3.5% per year.

The chart shows elements of the experience gain/(loss) for the most recent year.

CHART 13

Experience Due to Changes in Demographics for Year Ended June 30, 2014

1.	More deaths than expected amongst retired members and beneficiaries	$1,125,750
2.	Salary increases greater than expected for continuing actives	-1,349,036
3.	Miscellaneous gain	778,130
4.	Net experience gain	$554,844

- Participants identified by the City who opted out of the Consent Judgments agreed to by the City regarding the resumption of retiree COLAs are assumed to have their COLAs commence on January 1, 2036, when the Plan was projected to be greater than 70% funded with the prior valuation. Previously, their COLAs were assumed to commence on January 1, 2033.

The change in the asset method increased the unfunded liability by $61.5 million and the change in assumptions increased the unfunded liability by $62.1 million.

The unfunded liability has increased by $62.8 million from $831.5 million as of July 1, 2013 to $894.3 million as of July 1, 2014. The unfunded liability was expected to increase to $845.6 million. The difference between the expected unfunded liability of $845.6 million and the actual unfunded liability of $894.3 million is attributable to the $61.5 million increase in liabilities due to the asset method change and the $0.8 million increase in liabilities due to assumption changes, offset by an investment gain on an actuarial basis of $12.9 million and an experience gain of $0.6 million.

CHART 14

Development of Unfunded Actuarial Accrued Liability and (Gain)/Loss for Year Ended June 30, 2014

1.	Unfunded actuarial accrued liability at beginning of year		$831,523,641
2.	Normal cost at beginning of year		17,408,238
3.	Employer contributions		-62,140,000
4.	Employee contributions		-10,873,000
5.	Interest		
	(a) For whole year on (1) + (2)	$70,036,880	
	(b) For half year on (4)	-405,251	
	(c) Total interest		69,631,629
6.	Expected unfunded actuarial accrued liability		$845,550,508
7.	Changes due to:		
	(a) Investment gain	-$12,908,109	
	(b) Other experience gain	-554,844	
	(c) Asset method change	61,472,487	
	(d) Assumptions	776,797	
	(e) Total changes		48,786,331
8.	Unfunded actuarial accrued liability at end of year		$894,336,839

D. CONTRIBUTION FOR FISCAL YEAR BEGINNING JULY 1, 2015

The annual contribution required to fund the System is comprised of an employer normal cost payment and a payment on the unfunded actuarial accrued liability.

The contribution requirements as of July 1, 2015 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Because the 2015 appropriation has already been budgeted at $66,543,967, the results of this valuation will first be reflected in the 2016 appropriation.

To determine the unfunded liability as of July 1, 2015, the liabilities are rolled forward using standard actuarial techniques and the actuarial value of assets are projected based on an anticipated employer contribution of $66,543,967 for fiscal 2015 and assuming that the market value of assets return 8.25% net of investment expenses.

The chart compares this valuation's recommended contribution with the prior valuation.

CHART 15

Recommended Contribution

	Year Beginning July 1 2014		Year Beginning July 1 2013	
	Amount	% of Pay	Amount	% of Pay
1. Total normal cost	$17,782,678	12.48%	$17,408,238	12.44%
2. Expected employee contributions	-11,200,356	-7.86%	-10,954,488	-7.83%
3. Employer normal cost: (1) + (2)	$6,582,322	4.62%	$6,453,750	4.61%
4. Actuarial accrued liability	1,232,590,168		1,212,007,656	
5. Actuarial value of assets	338,253,329		380,484,015	
6. Unfunded actuarial accrued liability: (4) - (5)	$894,336,839		$831,523,641	
7. Employer normal cost projected to July 1, 2015 and July 1, 2014, adjusted for timing	7,374,752	5.00%	7,230,700	4.99%
8. Unfunded actuarial accrued liability projected to July 1, 2015 and July 1, 2014	898,627,043		836,941,449	
9. Amortization of 1995 Deferral, adjusted for timing	471,667	0.32%	471,667	0.33%
10. Payment on remaining unfunded actuarial accrued liability as of July 1, 2015 and July 1, 2014, adjusted for timing	63,012,448	42.72%	58,841,600	40.64%
11. Total fiscal 2016 and 2015 contribution: (7) + (9) + (10), adjusted for timing	$70,858,867	48.04%	$66,543,967	45.96%
12. Projected compensation as of July 1, 2015 and July 1, 2014	$147,491,458		$144,789,696	

Notes: Recommended contributions are assumed to be paid on June 30. If the contribution is made after June 30, Segal will calculate the additional interest charge based on the date of payment.
Assets as of July 1, 2013 include the discounted contribution expected to be paid by the City for the fiscal year following the valuation date.

The unfunded liability, less the liability associated with the 1995 Deferral, is amortized through June 30, 2040. As of July 1, 2015, there are 25 years remaining on this schedule. The amortization payments are calculated to increase 3.5% per year. The 1995 Deferral liability is amortized through June 30, 2031 in level payments.

Chart 16 shows the appropriation through June 30, 2041.

CHART 16
Funding Schedule

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of Deferral Liability	(4) Amortization of Remaining Unfunded Liability	(5) Total Plan Cost: (2) + (3) + (4)	(6) Increase	(7) Payroll	(8) Contributions as a % of Payroll: (5) / (7)	As of Beginning of Fiscal Year (9) Actuarial Accrued Liability	(10) Actuarial Value of Assets	(11) Total Unfunded Accrued Liability	(12) Funded Ratio
2015	$7,125,364	$471,667	$58,946,936	$66,543,967	- -	$142,503,824	46.70%	$1,232,590,168	$338,253,329	$894,336,839	27.44%
2016	7,374,752	471,667	63,012,448	70,858,867	6.48%	147,491,458	48.04%	1,247,645,496	349,018,453	898,627,043	27.97%
2017	7,632,868	471,667	65,113,008	73,217,543	3.33%	152,653,659	47.96%	1,270,651,256	362,827,394	907,823,862	28.55%
2018	7,900,018	471,667	66,951,673	75,323,358	2.88%	157,996,537	47.67%	1,294,535,584	383,367,778	911,167,806	29.61%
2019	8,176,519	471,667	69,027,132	77,675,318	3.12%	163,526,416	47.50%	1,319,430,313	404,052,232	915,378,080	30.62%
2020	8,462,697	471,667	71,443,081	80,377,445	3.48%	169,249,840	47.49%	1,345,118,038	423,720,065	921,397,973	31.50%
2021	8,758,891	471,667	73,943,589	83,174,147	3.48%	175,173,585	47.48%	1,372,195,660	446,697,103	925,498,557	32.55%
2022	9,065,452	471,667	76,531,615	86,068,734	3.48%	181,304,660	47.47%	1,400,748,057	473,311,125	927,436,932	33.79%
2023	9,382,743	471,667	79,210,221	89,064,631	3.48%	187,650,323	47.46%	1,431,131,690	504,184,493	926,947,197	35.23%
2024	9,711,139	471,667	81,982,579	92,165,385	3.48%	194,218,085	47.45%	1,462,485,865	538,747,413	923,738,452	36.84%
2025	10,051,029	471,667	84,851,969	95,374,665	3.48%	201,015,718	47.45%	1,494,202,907	576,710,279	917,492,628	38.60%
2026	10,402,815	471,667	87,821,788	98,696,270	3.48%	208,051,268	47.44%	1,526,485,441	618,623,308	907,862,133	40.53%
2027	10,766,914	471,667	90,895,551	102,134,132	3.48%	215,333,062	47.43%	1,559,589,130	665,121,826	894,467,304	42.65%
2028	11,143,756	471,667	94,076,895	105,692,318	3.48%	222,869,719	47.42%	1,593,896,062	717,002,423	876,893,639	44.98%
2029	11,533,787	471,667	97,369,586	109,375,040	3.48%	230,670,159	47.42%	1,629,545,770	774,856,968	854,688,802	47.55%
2030	11,937,470	471,667	100,777,522	113,186,659	3.48%	238,743,615	47.41%	1,666,973,682	839,614,307	827,359,375	50.37%
2031	12,355,281	471,667	104,304,735	117,131,683	3.49%	247,099,641	47.40%	1,706,361,019	911,993,685	794,367,334	53.45%
2032	12,787,716	- -	107,955,401	120,743,117	3.08%	255,748,129	47.21%	1,748,191,956	993,065,718	755,126,238	56.81%
2033	13,235,286	- -	111,733,840	124,969,126	3.50%	264,699,313	47.21%	1,793,202,183	1,083,733,431	709,468,752	60.44%
2034	13,698,521	- -	115,644,524	129,343,045	3.50%	273,963,789	47.21%	1,841,888,926	1,185,622,842	656,266,084	64.37%
2035	14,177,969	- -	119,692,083	133,870,052	3.50%	283,552,522	47.21%	1,895,064,122	1,300,300,610	594,763,512	68.62%
2036	14,674,198	- -	123,881,306	138,555,504	3.50%	293,476,860	47.21%	1,953,315,631	1,429,176,212	524,139,419	73.17%
2037	15,187,795	- -	128,217,151	143,404,946	3.50%	303,748,550	47.21%	2,017,444,866	1,573,945,251	443,499,615	78.02%
2038	15,719,368	- -	132,704,752	148,424,120	3.50%	314,379,750	47.21%	2,088,082,561	1,736,211,379	351,871,182	83.15%
2039	16,269,546	- -	137,349,418	153,618,964	3.50%	325,383,041	47.21%	2,166,307,945	1,918,112,142	248,195,803	88.54%
2040	16,838,980	- -	142,156,648	158,995,628	3.50%	336,771,447	47.21%	2,252,701,735	2,121,379,196	131,322,539	94.17%
2041	17,428,344	- -	- -	17,428,344	-89.04%	348,558,448	5.00%	2,348,330,975	2,348,330,975	- -	100.00%

Notes: Recommended contributions are assumed to be paid on June 30. If the contribution is made after June 30, Segal will calculate the additional interest charge based on the date of payment.
Normal cost and amortization payments of remaining unfunded liability increase at 3.5% per year.
Assumes contribution of budgeted amount for fiscal year 2015.
Schedule reflects deferred investment gains.

Chart 17 shows the contribution for the fiscal year beginning July 1, 2015 for Class A and Class B.

CHART 17
Contribution by Class and Department

	Class A		Class B - Police		Class B - Fire		Class B - Total	
	Amount	% of Pay	Amount	% of Pay	Amount	% of Pay	Amount	% of Pay
1. Total normal cost	$8,326,609	9.68%	$4,784,419	17.63%	$4,671,650	15.94%	$9,456,069	16.75%
2. Expected employee contributions	-6,862,664	-7.97%	-2,084,293	-7.68%	-2,253,399	-7.69%	-4,337,692	-7.69%
3. Employer normal cost: (1) + (2)	$1,463,945	1.70%	$2,700,126	9.95%	$2,418,251	8.25%	$5,118,377	9.07%
4. Actuarial accrued liability	435,721,078		373,339,766		423,529,324		796,869,090	
5. Actuarial value of assets	119,572,676		102,453,696		116,226,957		218,680,653	
6. Unfunded actuarial accrued liability: (4) - (5)	$316,148,402		$270,886,070		$307,302,367		$578,188,437	
7. Employer normal cost projected to July 1, 2015, adjusted for timing	1,640,186	1.84%	3,025,187	10.77%	2,709,379	8.93%	5,734,566	9.82%
8. Unfunded actuarial accrued liability projected to July 1, 2015	317,664,990		272,185,533		308,776,520		580,962,053	
9. Amortization of 1995 Deferral, adjusted for timing	145,834	0.16%	152,435	0.54%	173,398	0.57%	325,833	0.56%
10. Payment on remaining unfunded actuarial accrued liability as of July 1, 2015, adjusted for timing	22,274,924	25.01%	19,085,867	67.97%	21,651,657	71.37%	40,737,524	69.73%
11. Total fiscal 2016 contribution: (7) + (9) + (10), adjusted for timing	$24,060,944	27.01%	$22,263,489	79.28%	$24,534,434	80.87%	$46,797,923	80.11%
12. Projected compensation as of July 1, 2015	$89,072,983		$28,080,496		$30,337,979		58,418,475	

Notes: Recommended contributions are assumed to be paid on June 30. If the contribution is made after June 30, Segal will calculate the additional interest charge based on the date of payment.
July 1, 2014 actuarial value of assets allocated in proportion to July 1, 2014 actuarial accrued liability.
July 1, 2015 unfunded actuarial accrued liability allocated in proportion to July 1, 2014 unfunded actuarial accrued liability.
Class A includes Elected Officials.

Chart 18 shows the contribution for the fiscal year beginning July 1, 2015 for the departments of Class A.

CHART 18

Class A Contribution by Department

	Total Contribution	Projected Compensation
General	$9,250,314	$34,244,420
School	9,136,265	33,822,212
School Crossing Guards	237,985	881,016
Water	3,615,102	13,383,013
Workforce Development (JTPA)	283,265	1,048,639
Fire Civilians	369,382	1,367,441
Police Civilians	1,168,631	4,326,242
Total	$24,060,944	$89,072,983

Note: Contribution is allocated in proportion to projected compensation.

EXHIBIT A

Table of Plan Coverage – Class A

Category	Year Ended June 30 2014	2013	Change From Prior Year
Active participants in valuation:			
Number	2,123	2,164	-1.9%
Average age	48.1	47.7	N/A
Average years of service	11.7	11.3	N/A
Total compensation	$83,059,219	$83,718,661	-0.8%
Average compensation	39,124	38,687	1.1%
Participant contributions	90,412,996	87,424,116	3.4%
Inactive participants entitled to a refund of employee contributions	368	380	N/A
Inactive participants with a vested right to a deferred or immediate benefit	35	N/A*	N/A
Retired participants:			
Number in pay status	1,472	1,453	1.3%
Average age	72.1	72.0	N/A
Average monthly benefit	$1,513	$1,521	-0.5%
Number in suspended status	1	0	N/A
Disabled participants:			
Number in pay status	89	88	1.1%
Average age	67.1	66.8	N/A
Average monthly benefit	$1,591	$1,557	2.2%
Number in suspended status	0	0	N/A
Beneficiaries in pay status:			
Number in pay status	207	210	-1.4%
Average age	78	78	N/A
Average monthly benefit	$1,124	$1,072	4.9%

* *Included with inactive participants entitled to a return of their employee contributions.*

Note: Includes elected officials.

EXHIBIT B

Table of Plan Coverage – Class B

Category	Year Ended June 30 2014	2013	Change From Prior Year
Active participants in valuation:			
Number	863	834	3.5%
Average age	43.5	43.7	N/A
Average years of service	16.0	16.2	N/A
Total compensation	$54,445,603	$51,145,262	6.5%
Average compensation	63,089	61,325	2.9%
Participant contributions	90,983,797	88,064,660	3.3%
Inactive participants entitled to a refund of employee contributions	25	27	-7.4%
Inactive participants with a vested right to a deferred or immediate benefit	0	0	N/A
Retired participants:			
Number in pay status	591	587	0.7%
Average age	65.6	65.3	N/A
Average monthly benefit	$3,378	$3,376	0.1%
Disabled participants:			
Number in pay status	410	418	-1.9%
Average age	65.2	64.8	N/A
Average monthly benefit	$4,883	$4,919	-0.7%
Beneficiaries in pay status:			
Number in pay status	339	338	0.3%
Average age	74	74	N/A
Average monthly benefit	$2,627	$2,559	2.7%

EXHIBIT C

Participants in Active Service as of June 30, 2014 – Class A
By Age, Years of Service, and Average Compensation

	Years of Service									
Age	**Total**	**0-4**	**5-9**	**10-14**	**15 - 19**	**20 - 24**	**25 - 29**	**30 - 34**	**35 - 39**	**40 & over**
Under 25	48	48	- -	- -	- -	- -	- -	- -	- -	- -
	$25,736	$25,736	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	102	81	21	- -	- -	- -	- -	- -	- -	- -
	$31,850	$31,666	$32,562	- -	- -	- -	- -	- -	- -	- -
30 - 34	155	80	51	24	- -	- -	- -	- -	- -	- -
	$35,387	$33,125	$37,207	$39,059	- -	- -	- -	- -	- -	- -
35 - 39	196	67	47	47	34	1	- -	- -	- -	- -
	$37,876	$32,606	$41,371	$38,059	$41,757	$86,184	- -	- -	- -	- -
40 - 44	295	71	52	69	72	27	4	- -	- -	- -
	$40,067	$40,146	$33,141	$40,230	$42,337	$44,761	$53,385	- -	- -	- -
45 - 49	349	81	54	73	70	55	16	- -	- -	- -
	$40,795	$31,437	$33,831	$38,989	$42,879	$56,761	$55,905	- -	- -	- -
50 - 54	371	71	65	82	75	48	26	3	1	- -
	$39,551	$31,374	$36,225	$37,382	$38,399	$48,971	$57,930	$76,819	$58,804	- -
55 - 59	300	54	45	49	67	55	19	4	7	- -
	$40,817	$34,167	$37,284	$37,527	$36,089	$46,511	$62,755	$54,550	$70,973	- -
60 - 64	198	27	32	42	46	27	16	5	2	1
	$42,278	$43,663	$34,629	$45,800	$37,808	$42,730	$46,207	$55,956	$86,322	$75,887
65 - 69	76	11	13	13	13	8	7	3	5	3
	$41,177	$31,099	$37,054	$30,044	$56,113	$48,953	$44,162	$41,816	$49,460	$37,370
70 & over	33	2	5	11	7	4	3	- -	1	- -
	$36,071	$32,415	$23,346	$36,916	$34,075	$41,848	$48,539	- -	$51,173	- -
Total	2,123	593	385	410	384	225	91	15	16	4
	$39,124	$33,204	$35,883	$38,957	$40,298	$49,058	$54,952	$56,926	$64,171	$47,000

EXHIBIT D

Participants in Active Service as of June 30, 2014 – Class B
By Age, Years of Service, and Average Compensation

		Years of Service							
Age	**Total**	**0-4**	**5-9**	**10-14**	**15 - 19**	**20 - 24**	**25 - 29**	**30 - 34**	**35 - 39**
Under 25	26	26	- -	- -	- -	- -	- -	- -	- -
	$43,306	$43,306	- -	- -	- -	- -	- -	- -	- -
25 - 29	65	52	13	- -	- -	- -	- -	- -	- -
	$48,712	$45,352	$62,154	- -	- -	- -	- -	- -	- -
30 - 34	98	34	55	9	- -	- -	- -	- -	- -
	$56,525	$45,175	$62,239	$64,493	- -	- -	- -	- -	- -
35 - 39	98	9	34	50	5	- -	- -	- -	- -
	$61,561	$48,458	$61,902	$63,413	$64,307	- -	- -	- -	- -
40 - 44	145	9	22	54	27	33	- -	- -	- -
	$63,636	$47,236	$63,085	$62,487	$66,265	$68,206	- -	- -	- -
45 - 49	180	- -	10	27	28	71	44	- -	- -
	$65,798	- -	$62,812	$62,315	$66,619	$66,334	$67,225	- -	- -
50 - 54	170	- -	1	16	8	50	83	10	2
	$67,908	- -	$61,335	$64,048	$64,363	$64,810	$69,262	$80,570	$74,221
55 - 59	74	- -	- -	1	6	12	27	21	7
	$74,316	- -	- -	$56,659	$59,636	$65,255	$72,601	$79,792	$95,138
60 - 64	7	- -	- -	- -	- -	1	3	- -	3
	$66,614	- -	- -	- -	- -	$70,320	$66,761	- -	$65,231
Total	863	130	135	157	74	167	157	31	12
	$63,089	$45,242	$62,319	$62,989	$65,524	$66,194	$69,218	$80,043	$84,175

EXHIBIT E

Service Retirees as of June 30, 2014

	Class A		Class B		Total	
Age	Number	Amount	Number	Amount	Number	Amount
40-44	1	$24,492	1	$25,248	2	$49,740
45-49	1	33,636	31	996,456	32	1,030,092
50-54	16	437,436	67	2,208,060	83	2,645,496
55-59	134	3,326,688	91	3,626,148	225	6,952,836
60-64	246	5,338,272	111	4,647,528	357	9,985,800
65-69	264	5,004,108	108	4,894,140	372	9,898,248
70-74	216	3,398,640	51	2,301,348	267	5,699,988
75-79	210	2,873,712	48	2,135,796	258	5,009,508
80-84	187	3,083,688	43	1,641,924	230	4,725,612
85-89	120	2,075,088	24	992,244	144	3,067,332
90-94	57	834,852	15	458,004	72	1,292,856
95-99	18	258,048	1	29,592	19	287,640
100 & over	2	34,368	- -	- -	2	34,368
Total	1,472	$26,723,028	591	$23,956,488	2,063	$50,679,516

EXHIBIT F

Class A Disabled Retirees as of June 30, 2014

	Ordinary		Accidental		Total	
Age	Number	Amount	Number	Amount	Number	Amount
40-44	- -	- -	1	$33,660	1	$33,660
45-49	2	$41,040	2	59,964	4	101,004
50-54	7	85,668	2	52,536	9	138,204
55-59	4	41,160	5	138,516	9	179,676
60-64	2	21,192	11	239,664	13	260,856
65-69	1	4,092	11	263,424	12	267,516
70-74	2	26,556	15	255,036	17	281,592
75-79	2	21,948	13	229,788	15	251,736
80-84	- -	- -	5	102,732	5	102,732
85-89	- -	- -	3	58,968	3	58,968
90-94	- -	- -	1	23,232	1	23,232
Total	20	$241,656	69	$1,457,520	89	$1,699,176

EXHIBIT G

Class B Disabled Retirees as of June 30, 2014

	Ordinary		Accidental		Total	
Age	Number	Amount	Number	Amount	Number	Amount
25-29	- -	- -	1	$36,024	1	$36,024
30-34	- -	- -	- -	- -	- -	- -
35-39	- -	- -	- -	- -	- -	- -
40-44	4	$78,132	7	279,324	11	357,456
45-49	3	61,392	18	737,844	21	799,236
50-54	4	93,084	34	1,476,060	38	1,569,144
55-59	3	69,612	56	2,709,240	59	2,778,852
60-64	1	10,044	55	3,139,344	56	3,149,388
65-69	- -	- -	84	5,095,464	84	5,095,464
70-74	- -	- -	58	3,986,640	58	3,986,640
75-79	- -	- -	39	3,104,232	39	3,104,232
80-84	- -	- -	28	2,157,624	28	2,157,624
85-89	1	19,104	10	853,608	11	872,712
90-94	- -	- -	3	79,092	3	79,092
95-99	- -	- -	1	38,952	1	38,952
Total	16	$331,368	394	$23,693,448	410	$24,024,816

EXHIBIT H

Beneficiaries as of June 30, 2014

	Class A		Class B		Total	
Age	Number	Amount	Number	Amount	Number	Amount
Under 20	- -	- -	3	$36,960	3	$36,960
20-24	- -	- -	- -	- -	- -	- -
25-29	- -	- -	- -	- -	- -	- -
30-34	- -	- -	- -	- -	- -	- -
35-39	- -	- -	- -	- -	- -	- -
40-44	2	$12,744	1	30,144	3	42,888
45-49	2	56,004	5	106,908	7	162,912
50-54	5	43,908	9	204,096	14	248,004
55-59	12	150,804	18	442,428	30	593,232
60-64	15	266,460	38	1,162,884	53	1,429,344
65-69	13	174,552	52	1,674,348	65	1,848,900
70-74	21	306,252	31	1,117,944	52	1,424,196
75-79	27	329,988	41	1,669,068	68	1,999,056
80-84	34	461,400	55	1,995,732	89	2,457,132
85-89	41	595,596	55	1,545,744	96	2,141,340
90-94	20	246,936	24	567,468	44	814,404
95-99	12	122,064	5	95,220	17	217,284
100 & over	3	25,008	2	38,760	5	63,768
Total	207	$2,791,716	339	$10,687,704	546	$13,479,420

EXHIBIT I

Summary Statement of Income and Expenses on an Actuarial Value Basis

	Year Ended June 30, 2014		Year Ended June 30, 2013	
Actuarial value of assets at the beginning of the year				
Net assets, including discounted contribution		$380,484,015		$385,106,813
Discounted contribution		-57,274,827		-53,713,177
Net assets, without discounted contribution		$323,209,188		$331,393,636
Contribution income:				
Employer contributions	$62,140,000		$58,145,000	
Employee contributions	10,873,000		10,940,000	
Net contribution income		73,013,000		69,085,000
Net investment income		38,601,141		18,132,552
Total income available for benefits		$111,614,141		$87,217,552
Less benefit payments		-$96,570,000		-$95,402,000
Change in reserve for future benefits		$15,044,141		-$8,184,448
Actuarial value of assets at the end of the year				
Net assets, including discounted contribution		$338,253,329		$323,209,188
Discounted contribution		0		57,274,827
Net assets, without discounted contribution		$338,253,329		$380,484,015

Notes: Investment income is net of investment expenses.
The asset method as of June 30, 2014 has been changed to no longer include the discounted contribution expected to be paid by the City for the fiscal year following the valuation date.

EXHIBIT J

Development of the Fund Through June 30, 2014

Year Ended June 30	Employer Contributions	Employee Contributions	Net Investment Return	Benefit Payments	Actuarial Value of Assets at End of Year
2011	$56,654,000	$10,708,000	$17,222,288	$89,636,000	$422,839,189
2012	48,583,000	10,291,000	3,391,253	99,273,000	385,106,813
2013	58,145,000	10,940,000	18,132,552	95,402,000	380,484,015
2014	62,140,000	10,873,000	38,601,141	96,570,000	338,253,329

Notes: Net investment return is net of investment expenses.
Assets as of July 1, 2013 and earlier years include the discounted contribution expected to be paid by the City for the fiscal year following the valuation date.
Figures do not add due to the inclusion of discounted contributions in 2013 and earlier years.

EXHIBIT K

Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or actuarial assumptions: The estimates on which the cost of the Plan is calculated including:

(a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;

(b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;

(c) Retirement rates — the rate or probability of retirement at a given age;

(d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal cost: The amount of contributions required to fund the benefit allocated to the current year of service.

Actuarial accrued liability for actives: The equivalent of the accumulated normal costs allocated to the years before the valuation date.

Actuarial accrued liability for pensioners: The single sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

Unfunded actuarial accrued liability: The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan. There are many approaches to paying off the unfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

Amortization of the unfunded actuarial accrued liability:	Payments made over a period of years equal in value to the Plan's unfunded actuarial accrued liability.
Investment return:	The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.

EXHIBIT I

Summary of Actuarial Valuation Results

The valuation was made with respect to the following data supplied to us:			
1.	Retired participants as of the valuation date (including 546 beneficiaries in pay status and 1 retired participant in suspended status)		3,109
2.	Participants active during the year ended June 30, 2014		2,986
3.	Inactive participants with a right to a return of their employee contributions as of June 30, 2014		393
4.	Inactive participants with a vested right to a deferred or immediate benefit as of June 30, 2014		35
The actuarial factors as of the valuation date are as follows:			
1.	Total normal cost		$17,782,678
2.	Expected employee contributions		-11,200,356
3.	Employer normal cost: (1) + (2)		$6,582,322
4.	Actuarial accrued liability		1,232,590,168
	Retired participants and beneficiaries	$829,137,951	
	Inactive participants	10,661,654	
	Active participants	392,790,563	
5.	Actuarial value of assets ($357,712,000 at market value)		338,253,329
6.	Unfunded actuarial accrued liability: (4) – (5)		894,336,839

EXHIBIT I (continued)

Summary of Actuarial Valuation Results

The actuarial factors projected to July 1, 2015 are as follows:

1.	Employer normal cost, adjusted for timing	$7,374,752
2.	Unfunded actuarial accrued liability	898,627,043
3.	Payment on 1995 deferral, adjusted for timing	471,667
4.	Payment on remaining unfunded actuarial accrued liability, adjusted for timing	63,012,448
5.	Total recommended fiscal 2016 contribution: (1) + (3) + (4)	$70,858,867
6.	Projected compensation	$147,491,458
7.	Total recommended contribution as a percentage of projected compensation: (5) ÷ (6)	48.04%

Notes: Recommended contributions are assumed to be paid on June 30. If the contribution is made after June 30, Segal will calculate the additional interest charge based on the date of payment.
Assumes contribution of budgeted amount for fiscal year 2015.

EXHIBIT II

Funded Ratio

A critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the actuarial value of assets to the actuarial accrued liabilities of the Plan as calculated. High ratios indicate a well-funded plan with assets sufficient to cover the plan's actuarial accrued liabilities. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other factors.

The chart below depicts a history of the funded ratios for this plan. On a market value basis, the funded ratio has decreased from 32.4% as of July 1, 2013 to 29.0% as of July 1, 2104. On an actuarial basis, the funded ratio has decreased from 31.4% as of July 1, 2013 to 27.4% as of July 1, 2014. These decreases are due to the change in the asset method.

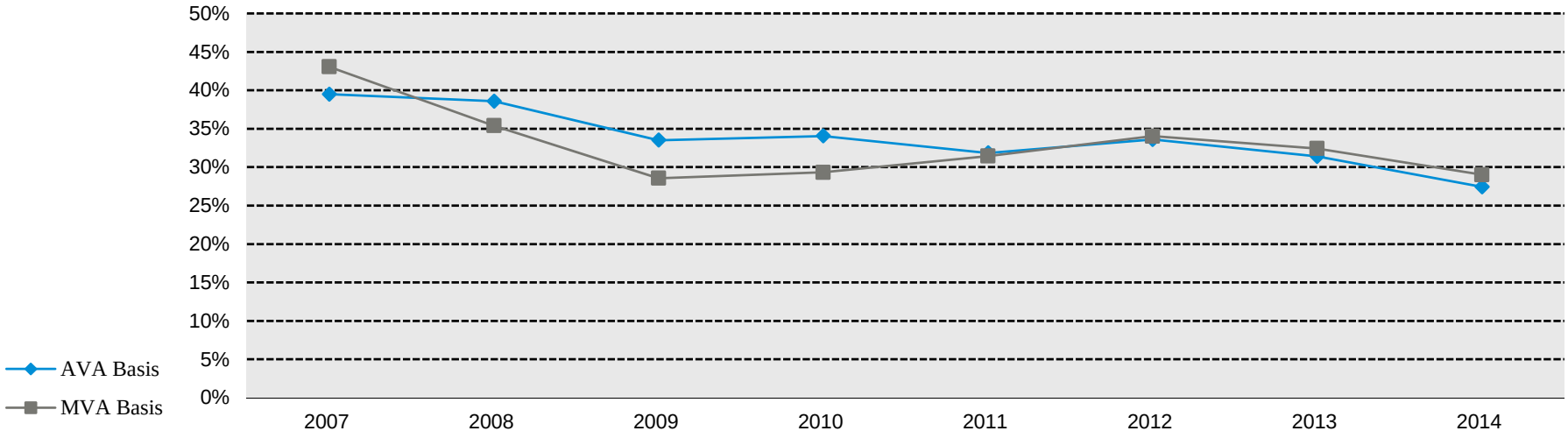


EXHIBIT III

Actuarial Assumptions and Actuarial Cost Method

Mortality Rates:

Class A Healthy:	RP-2000 Combined Healthy Mortality Table projected 21 years with Scale AA
Class B Healthy:	RP-2000 Combined Healthy Blue Collar Mortality Table projected 21 years with Scale AA
Disabled Retiree:	RP-2000 Combined Healthy Mortality Table set forward 3 years
	The above mortality assumptions were determined to contain provisions appropriate to reasonably reflect future mortality improvement, based on a review of mortality experience of the plan.

Termination Rates before Retirement:

	Class A – Rate (%)		
	Mortality		
Age	Male	Female	Disability
20	0.02	0.01	0.02
25	0.03	0.02	0.03
30	0.04	0.02	0.05
35	0.07	0.04	0.08
40	0.09	0.05	0.10
45	0.11	0.08	0.18
50	0.15	0.12	0.22
55	0.24	0.23	0.28
60	0.48	0.46	0.36

Notes: 33.33% of the disability rates shown represent accidental disability.
40.00% of the death rates shown represent accidental death.

	Class B – Rate (%)		
	Mortality		
Age	Male	Female	Disability
20	0.02	0.01	0.08
25	0.03	0.02	0.13
30	0.07	0.02	0.19
35	0.10	0.04	0.25
40	0.12	0.06	0.37
45	0.14	0.10	0.66
50	0.16	0.14	1.14
55	0.28	0.24	1.64
60	0.59	0.45	2.28

Notes: 90% of the disability rates shown represent accidental disability.
50% of the death rates shown represent accidental death.

Withdrawal Rates:

	Rate per year (%)		
Age	Class A	Age	Class B
20	14.00	20	2.50
25	11.50	25	1.90
30	9.00	30	1.40
35	6.50	35	0.90
40	5.00	40	0.55
45	3.75	45	0.35
50	2.50	50	0.15
55	1.25	55	0.00
60	0.00	60	0.00

Retirement Rates:

Age	Rate per year (%) Class A		Class B
	Fewer than 10 Years of Service	10 Years of Service or More	
40	2.00	4.50	5.50
41	2.25	5.00	5.50
42	2.50	5.50	5.50
43	2.75	6.00	5.50
44	3.00	6.50	5.50
45	3.25	7.00	5.75
46	3.50	7.50	6.00
47	3.75	8.00	6.25
48	4.00	8.50	6.50
49	4.25	9.00	6.75
50	4.50	9.50	7.00
51	5.00	10.00	7.25
52	5.50	10.50	7.50
53	6.00	11.00	7.75
54	6.50	11.50	8.00
55	7.00	12.00	10.00
56	7.00	12.00	12.50
57	7.00	12.00	15.00
58	7.00	12.00	17.50
59	7.00	12.00	25.00
60	10.00	12.50	100.00
61	11.00	13.50	- -
62	12.00	14.50	- -

Retirement Rates:

Age	Rate per year (%) Class A		Class B
	Fewer than 10 Years of Service	10 Years of Service or More	
63	13.00	16.00	- -
64	14.00	17.50	- -
65	15.00	20.00	- -
66 – 74	15.00	20.00	- -
75	100.00	100.00	- -

Retirement Age for Vested Former Participants:

Vested former participants who terminated after June 30, 2013
Assumed to retire at minimum age for a Normal Service Retirement.

Vested participants who terminated prior to June 30, 2013
Assumed to take an immediate refund of their employee contributions.

Current active participants who terminate after valuation date
Participants in the Fire department who terminate with 20 or more years of service are assumed to retire on their 25th anniversary of employment and who terminate with less than 20 years of service are assumed to take an immediate refund of their employee contributions. Other participants who terminate at age 45 or older and are vested are assumed to retire at their minimum age for a Normal Service Retirement and who terminate prior to age 45 or without vesting are assumed to take an immediate refund of their employee contributions.

Unknown Data for Participants:

Same as those exhibited by participants with similar known characteristics. For retirees missing beneficiary information, Class A members who elected Option 2 or 3 are assumed to have a beneficiary of the opposite sex with males three years older than females. Class B members who did not elect Option 1 are assumed to be married to someone the same age.

Percent Married:

80%.

Age of Spouse:	Females three years younger than males for Class A. Females and males the same age for Class B.
Benefit Election:	All participants are assumed to elect the Maximum Retirement Option.
Net Investment Return:	8.25%
Interest on Employee Contributions:	4.00%, compounded weekly. No interest for inactive members after five years.
Salary Increases:	3.5% per year, before reflecting longevity.

Base wages are increased by the following percentages to reflect longevity compensation:

	Rate of base wage increase (%)
Class A	
Years of Service	**Hired on or before October 23, 1999**
5 - 10	4%
10 - 15	5%
15 - 20	6%
20+	7%
Years of Service	**Hired after October 23, 1999**
7 – 12	3%
12 – 17	4%
17 - 20	5%
20+	6%

	Rate of base wage increase (%)
Class B – Fire	
Years of Service	**Hired on or before June 30, 1996**
5 - 10	8%
10 - 15	9%
15 - 20	10%
20+	11%
Years of Service	**Hired after June 30, 1996**
5 - 10	7%
10 - 15	8%
15 - 20	9%
20+	10%

	Rate of base wage increase (%)
Class B - Police	
Years of Service	**Hired on or before June 30, 1998**
6 – 11	8%
11 - 16	9%
16 – 21	10%
21+	11%
Years of Service	**Hired after June 30, 1998**
6 – 11	7%
11 - 16	8%
16 – 21	9%
21+	10%

Total Service: Total service is based on date of hire provided in the data. In addition, 1.0 and 0.5 years of service were added to the service totals for participants of the Police and Fire departments, respectively, to estimate the impact of Purchased Service.

2014 Salary: Salaries for the year ending June 30, 2014 are equal to the total of pensionable wages earned during the plan year as provided in the data, except for participants who were hired during the plan year, those who were in transition from active to retiree status as of July 1, 2014 and participants receiving worker's compensation, for whom current rate of pay was used, if available.

COLA: COLAs commence on January 1, 2023, except for participants identified by the City who opted out of the Consent Judgments agreed to by the City. For these participants, COLA's will commence on January 1, 2036, when the Plan was projected to be greater than 70% funded with the prior valuation. Previously, their COLAs were assumed to commence on January 1, 2033. Any Class B retired participant whose total benefit is greater than the base of compensation of a current employee holding the same rank that the retiree held at the time of retirement will not receive a COLA in any year until this is no longer true. We have assumed that Class B average compensation for all ranks will increase by 3.5% per year. Future COLAs will not exceed 3% per year.

Actuarial Value of Assets:	Market value of assets as reported in the City's Financial Statement less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected market return, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value. (Previously, the actuarial value of assets included the discounted contribution expected to be paid by the City for the fiscal year following the valuation date.)
Actuarial Cost Method:	Entry Age Normal Actuarial Cost Method. Entry Age is the age of the participant at date of hire. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by salary. Normal Cost is determined by using the plan of benefits applicable to each participant.
Changes in Assumptions:	This valuation reflects the following changes in actuarial assumptions and methods: ➢ The calculation of the actuarial value of assets and the market value of assets has been changed to no longer include the discounted contribution expected to be paid by the City for the fiscal year following the valuation date. ➢ The liability for inactive vested participants who were active in the prior valuation (i.e., for whom final compensation can be estimated) is the greater of the employee's contribution balance or the present value of a deferred annuity. For all other inactive vested participants, the liability is equal to the employee's contribution balance. ➢ Based on additional information provided with this valuation, we have assumed that any Class B retired participant whose total benefit is greater than the base compensation of a current employee holding the same rank that the retiree held at the time of retirement will not receive a COLA in any year until this is no longer true. We have assumed that average compensation for all ranks will increase by 3.5% per year. ➢ Participants identified by the City who opted out of the Consent Judgments agreed to by the City regarding the resumption of retiree COLAs are assumed to have their COLAs commence on January 1, 2036, when the Plan was projected to be greater than 70% funded with the prior valuation. Previously, their COLAs were assumed to commence on January 1, 2033.

EXHIBIT IV

Summary of Plan Provisions

This exhibit summarizes the major provisions of the Plan included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Plan Year:	July 1 through June 30
Normal Service Retirement	
Age and Service Requirements:	The minimum age for normal service retirement is: Class A members hired prior to July 1, 1995: Age 55 or the age at which 25 years of service are completed, if earlier. Class A members hired between July 1, 1995 and June 30, 2004: Age 55 or the age at which 30 years of service are completed, if earlier. Class A members hired between July 1, 2004 and June 30, 2009: Age 60 or the age at which 30 years of service are completed, if earlier. Class A members hired on or after July 1, 2009: Age 62 with 10 years of service or the age at which 30 years of service are completed, if earlier. Class B members hired prior to July 1, 2004: Age 55 or the age at which 20 years of service are completed, if earlier. Class B members of the Police Department hired between July 1, 2004 and June 30, 2011 and Class B members of the Fire Department hired between July 1, 2004 and June 30, 2012: Age 55 or the age at which 23 years of service are completed, if earlier. Class B members of the Police Department hired on or after July 1, 2011 and Class B members of the Fire Department hired on or after July 1, 2012: Age 55 or the age at which 25 years of service are completed, if earlier.

Amount:

Annuity Based on Member Contributions: An annuity which is the actuarial equivalent of his or her accumulated contributions at the time of his or her retirement.

Pension Based on City Contributions:

Class A members hired prior to July 1, 1996:

A pension which, when added to the annuity, exclusive of any excess annuity, will give a total retirement allowance of 2.5% of final compensation for each year of total service credited not in excess of 20 years, plus 2% of final compensation for each year of total service credited in excess of 20 years, limited to 100% of final compensation.

Class A members hired on or after July 1, 1996:

A pension which, when added to the annuity, exclusive of any excess annuity, will give a total retirement allowance of 2% of final compensation for each year of total service credited, limited to 100% of final compensation.

Fire hired prior to July 1, 1996:

A pension which, when added to the annuity, exclusive of any excess annuity, will give a total retirement allowance of 2.5% of final compensation for each year of total service credited not in excess of 20 years, plus 2% of final compensation for each year of total service credited in excess of 20 years, limited to 75% of final compensation.

Fire hired on or after July 1, 1996:

A pension which, when added to the annuity, exclusive of any excess annuity, will give a total retirement allowance of 2% of final compensation for each year of total service credited, limited to 75% of final compensation.

Police:

A pension which, when added to the annuity, exclusive of any excess annuity, equals:

Members hired prior to September 1, 2001:

Years of Service	Percentage of Final Compensation	Years of Service	Percentage of Final Compensation
Prior to 20	2.5% per year	26	62%
20	50%	27	64%
21	52%	28	66%
22	54%	29	68%
23	56%	30	75%
24	58%	31	72%
25	65%	32	80%

Members hired on or after September 1, 2001 and prior to July 1, 2011:

Years of Service	Percentage of Final Compensation	Years of Service	Percentage of Final Compensation
Prior to 20	2.5% per year	26	62%
20	50%	27	64%
21	52%	28	66%
22	54%	29	68%
23	56%	30	70%
24	58%	31	72%
25	60%	32	75%

Members hired on or after July 1, 2011:

Years of Service	Percentage of Final Compensation	Years of Service	Percentage of Final Compensation
Prior to 25	2.0% per year	30	62.5%
25	50.0%	31	65.0%
26	52.5%	32	67.5%
27	55.0%	33	70.0%
28	57.5%	34	72.5%
29	60.0%	35	75.0%

	For Non-Union members of the Police Department, the same benefits as described above, but with a maximum benefit of 75% of compensation. Final compensation is the average of the highest four years of base compensation including longevity pay earned by a member during his total service as an employee.
Early Retirement:	
Age Requirement:	Age 55 for Class A members hired on or after July 1, 2004. Other members will not receive early retirement benefits.
Service Requirement:	10 years of service.
Amount:	
	Class A members hired between July 1, 2004 and June 30, 2009: The member's Normal Service Retirement benefit reduced by 5/12% per month for each month between retirement commencement and age 60. Class A members hired on or after July 1, 2009: The member's Normal Service Retirement benefit reduced by 5/12% per month for each month between retirement commencement and age 62.
Deferred Retirement:	
Age Requirement:	Minimum age for Normal Service Retirement.
Service Requirement:	10 years of service.
Amount:	Same as Normal Service Retirement. Any member who withdraws from employment is eligible to receive a refund of his or her accumulated contributions at withdrawal, in lieu of a Deferred Retirement benefit.

Ordinary Disability Retirement:

Age Requirement: None.

Service Requirement: For members of the Police Department, 10 years of service, but fewer than 20. For all others, 10 years of service.

Amount:

Annuity Based on Member Contributions: An annuity which is the actuarial equivalent of his or her accumulated contributions at the time of his retirement.

Pension Based on City Contributions:

Class A members:

A pension which, when added to the annuity, exclusive of any excess annuity, will give a total retirement allowance of 90% of 2% of final compensation for each year of total service which would have been credited had the member continued in service to the minimum age for a Normal Service Retirement. Such retirement allowance, exclusive of any excess annuity, is not to exceed 45% of final compensation.

Police:

A pension which, when added to the annuity, will give a total retirement allowance equal to a percentage of final compensation, as described in the following table:

Years of Service	Percentage of Final Compensation	Years of Service	Percentage of Final Compensation
10	22.50%	15	33.75%
11	24.75%	16	36.00%
12	27.00%	17	38.25%
13	29.25%	18	40.50%
14	31.50%	19	42.75%

Fire:

A pension which, when added to the annuity, exclusive of any excess annuity, will give a total retirement allowance of 90% of 2.5% of final compensation for each year of total service which would have been credited had the member continued in service to the minimum age for a Normal Service Retirement. Such retirement allowance, exclusive of any excess annuity, is not to exceed 45% of the member's final compensation.

Accidental Disability Retirement:

Age Requirement: None.

Service Requirement: None.

Amount:

Annuity Based on Member Contributions:

An annuity that is the actuarial equivalent of his or her accumulated contributions at the time of his or her retirement.

Pension Based on City Contributions:

A pension of 66-2/3% of final compensation, but not less than the Normal Service Retirement allowance. Upon the death of a member within 5 years after accidental disability retirement as a result of an accident while in the performance of duty, a pension of one-half of the member's final compensation is paid to his or her widow until he or she dies or remarries, at which point the pension is paid to his or her child or children until they attain age 19. Upon the death of a Class B member beyond 5 years, 67.5% of his or her monthly benefit will be paid to his or her surviving spouse.

Accidental Death Benefit:	
Age Requirement:	None.
Service Requirement:	None.
Amount:	If a member dies due to an accident in the performance of duty, a pension of one-half of the member's final compensation is paid to his or her surviving spouse until he or she dies or remarries, at which point the pension is payable to his or her child or children until they attain age 19. If there are no other dependents, the pension is payable to his or her dependent parents. In addition, a lump sum payment of the member's accumulated contributions is made.
Ordinary Death Benefit:	Should a member die before retirement, his or her estate or beneficiary is entitled to a refund of the member's accumulated contributions. If the member has attained minimum retirement age, has not made an optional election as described below and is survived by a spouse, such spouse is entitled, in lieu of the return of the member's accumulated contributions, to a benefit equal to that which would have been payable to such spouse upon the death of the member had the member retired on the day of his or her death and elected to receive a benefit under the provisions of Option 2, as described below, and nominated such spouse as his or her designated beneficiary. For a Class B member, the benefit to the spouse shall not be less than 67½% of the benefit that would have been paid to such retired member without reduction.
Benefit upon Death after Retirement:	
Class A:	Benefits under any option as described below.
Class B:	Upon the death of a Class B pensioner, 67½% of his or her retirement allowance is paid to his or her surviving spouse until he or she dies or remarries, at which point the benefit is paid to any dependent children until they attain age 18.
Options at Retirement:	
Maximum Retirement Option:	An unreduced retirement allowance payable during the retired member's life, where no monthly payments will continue to the member's beneficiary, but where, upon the member's death, any unpaid portion of his or her accumulated contributions will be paid to his or her beneficiary.

Option 1:	A reduced retirement allowance payable during the retired member's life, where no monthly payments will continue to the member's beneficiary, but where, upon the member's death, any amount that payments made are less than the present value of his or her retirement allowance at his or her date of retirement will be paid to his or her beneficiary.
Option 2:	A reduced retirement allowance payable during the retired member's life, where upon the member's death, the entire monthly benefit will continue to be paid to his or her beneficiary for the remainder of his or her life.
Option 3:	A reduced retirement allowance payable during the retired member's life, where upon the member's death, 50% of the monthly benefit will continue to be paid to his or her beneficiary for the remainder of his or her life.
Option 4:	An unreduced retirement allowance payable during the retired member's life, where the member's accumulated contributions are paid immediately as a lump sum payment, with the pension portion of his or her benefit payable during the retired member's life, where no monthly payments will continue to the member's beneficiary. Members of the Police Department who retire on an Accidental Disability Retirement may not elect Option 4. Class B members may not elect Options 2 or 3. Married Class B members may not elect Option 1.
Cost of Living Adjustment	A ten-year freeze period was implemented effective January 1, 2013 and no COLAs will be granted during this period. COLAs will resume on January 1, 2023. Once COLAs resume, they will be paid in the amount of the lesser of 3% compounded or the percentage the member received prior to the freeze, provided that their total benefit is lower than 150% of the Rhode Island state median income and is lower than the base compensation of a current employee holding the same rank that the retiree held at the time of retirement. If the member's benefit is above either of these amounts, no COLA will be granted. 150% of the state median income as reported by the City was approximately $80,000 as of the valuation date. It is assumed that the median income will increase by 3.5% per year.

Class A:	3% compounded for members who retired prior to December 18, 1991 and were not members of Local 1033. 3% simple on first $12,000 of annual benefit for members of Local 1033 who retired prior to December 18, 1991. None for members who retired after December 18, 1991.
Police:	5% compounded for members who retired prior to January 1, 1990; 6% compounded for members who retired between January 1, 1990 and December 18, 1991; 5% compounded for members who retired between December 19, 1991 and December 31, 1992; 3% simple on first $12,000 of annual benefit for Non-Union Police who retired January 1, 1993 and later; 3% compounded for other retired members who retired January 1, 1993 and later; 5% compounded for special court awarded members; for all members hired on or after July 1, 2012, the COLA will be based on the Consumer Price Index for the Northeast Region but shall not be less than 1% and shall not exceed 3% simple and 150% of the Rhode Island state median income.
Fire:	5% compounded for members who retired prior to January 1, 1990; 6% compounded for members who retired between January 1, 1990 and December 18, 1991; 5% compounded for members who retired between December 19, 1991 and June 30, 1992; 6% compounded for members who retired between July 1, 1992 and June 30, 1995; 3% simple on first $12,000 of annual benefit for members who retired between July 1, 1995 and March 16, 2006; 3% compounded for members who retired March 17, 2006 or later; 5% compounded for special court awarded members; for all members hired on or after July 1, 2012, the COLA will be based on the Consumer Price Index for the Northeast Region but shall not exceed 3% simple. The initial COLA payment is deferred until the January 1 that occurs three years after the member's retirement date.
Provisions for Elected Officials	Any person who has served as Mayor or City Councilman for at least eight full legislative years is entitled to an additional retirement allowance on the basis of such service as an elected official upon attainment of age 52 or the completion of 20 consecutive years as an elected official, whichever is earlier, or the occurrence of total and permanent disability prior thereto. Such retirement allowance is currently $350 for each year of service, provided that no more than 20 years of such service are to be used in determining the allowance.

	Upon the death of any such elected official, benefits are payable in accordance with the Class A provisions of the act. An elected official may elect to withdraw his accumulated contributions in lieu of his rights to the allowance based on service as an elected official.
Contributions:	
Class A:	8% of compensation.
Police:	8% of compensation
Firefighters hired before July 1, 2011:	8% of compensation.
Firefighters hired on or after July 1, 2011:	9% of compensation.
Elected Officials:	$350 per year. Class B member contributions may cease after 32.5 years of service.
Changes in Plan Provisions	There have been no changes in the plan of benefits since our prior valuation.

EXHIBIT 1

General Information – "Financial Statements", Note Disclosures and Required Supplementary Information for a Single Employer Pension Plan

Plan membership. At June 30, 2013, pension plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	3,094
Inactive employees entitled to but not yet receiving benefits	407
Active employees	2,998
Total	6,499

EXHIBIT 2

Net Pension Liability

The components of the net pension liability of the Retirement System at June 30, 2014 were as follows:

Total pension liability	$1,230,289,193
Plan fiduciary net position	357,712,000
Association's net pension liability	872,577,193
Plan fiduciary net position as a percentage of the total pension liability	29.08%

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of July 1, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5%
Salary increases	3.5% per year, before reflecting increases due to longevity
Investment rate of return	8.25%, net of pension plan investment and administrative expenses, including inflation

Mortality rates for healthy retirees were based on RP-2000 Combined Healthy Mortality Table projected 21 years with Scale AA from 2000 for Class A employees and RP-2000 Combined Healthy Blue Collar Mortality Table projected 21 years with Scale AA from 2000 for Class B employees. Disabled retiree mortality rates were based on RP-2000 Combined Healthy Mortality Table set forward 3 years.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	6.60%
Core fixed income	2.20%
High yield fixed income	4.70%
Short-term governmental money market	1.80%

Discount rate: The discount rate used to measure the total pension liability was 8.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the City of Providence's contributions will be made at the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Retirement System, calculated using the discount rate of 8.25%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.25%) or 1-percentage-point higher (9.25%) than the current rate:

	1% Decrease (7.25%)	Current Discount (8.25%)	1% Increase (9.25%)
Net pension liability	$1,001,927,281	$872,577,193	$763,950,705

EXHIBIT 3

Schedules of Changes in the Retirement System's Net Pension Liability – Last Ten Fiscal Years

	2014	2013	2012	2011	2010
Total pension liability					
Service cost	$18,844,418	(Historical information prior to implementation of GASB 67/68 is not required)			
Interest	96,007,119				
Changes of benefit terms	0				
Differences between expected and actual experience	0				
Changes of assumptions	0				
Benefit payments, including refunds of employee contributions	-96,570,000				
Net change in total pension liability	$18,281,537				
Total pension liability – beginning	1,212,007,656				
Total pension liability – ending (a)	$1,230,289,193				
Plan fiduciary net position					
Contributions – employer	$62,140,000				
Contributions – employee	10,873,000				
Net investment income	47,003,000				
Benefit payments, including refunds of employee contributions	-96,570,000				
Administrative expense	-1,519,000				
Net change in plan fiduciary net position	$21,927,000				
Plan fiduciary net position – beginning	335,785,000				
Plan fiduciary net position – ending (b)	$357,712,000				
City's net pension liability – ending (a) – (b)	$872,577,193				
Plan fiduciary net position as a percentage of the total pension liability	29.08%				
Covered employee payroll	$139,893,426				
City's net pension liability as percentage of covered employee payroll	623.74%				

EXHIBIT 4

Schedule of City of Providence's Contributions to the Retirement System – Last Ten Fiscal Years

Year Ended June 30	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2005	(Historical information prior to implementation of GASB 67/68 is not required)				
2006					
2007					
2008					
2009					
2010					
2011					
2012					
2013					
2014	$61,614,784	$62,140,000	$(525,216)	$139,893,426	44.42%

EXHIBIT 5

Notes to Required Supplementary Information

Valuation date	Actuarial determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.
Methods and used assumptions to determine contribution rates:	
Actuarial cost method	Entry age
Amortization method	Level dollar for the 1995 deferral liability and increasing 3.5% per year for the remaining unfunded liability
Remaining amortization period	27 years remaining for fiscal year ending June 30, 2014 contribution (18 years remaining for the 1995 deferral)
Asset valuation method	Market value of assets as reported by the City less unrecognized returns in each of the last five years plus the discounted contribution paid by the City in the following year. Unrecognized return is equal to the difference between the actual market return and the expected market return and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Actuarial assumptions:	
Investment rate of return	8.25%, net of pension plan investment and administrative expenses, including inflation
Inflation rate	3.5%
Projected salary increases	3.5% per year before reflecting increases due to longevity compensation
Cost of living adjustments	10-year freeze as of January 1, 2013 and 3% thereafter.
Benefit changes:	There have been no changes in benefit provisions since GASB 67/68 implementation
Assumption changes:	The actuarial assumptions used in this report reflect the assumptions proposed in the Experience Investigation for the Five Year Period Ending June 30, 2011 submitted to the Board on April 2, 2012, with the following exceptions: › The retirement rate for Class B participants is 100% at age 60.

GRS Gabriel Roeder Smith & Company
Consultants & Actuaries

MONTGOMERY COUNTY EMPLOYEES' RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF JULY 1, 2014

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GRS
Gabriel Roeder Smith & Company
Consultants & Actuaries
20 North Clark Street
Suite 2400
Chicago, IL 60602-5111
312.456.9800 phone
312.456.9801 fax
www.gabrielroeder.com

November 4, 2014

Ms. Linda Herman
Executive Director
Montgomery County Employee Retirement Plans
101 Monroe Street, 15th Floor
Rockville, MD 20850

Dear Linda:

We are pleased to provide our formal annual Actuarial Valuation Report as of July 1, 2014, for the Montgomery County Employees' Retirement System ("System"). The actuarial valuation was performed at the request of Montgomery County ("County") and is intended for use by the County and the System and those designated by the County and the System. This report may be provided to parties other than the County and System only in its entirety and only with the permission of the County and System.

This report provides, among other things, the recommended annual contribution of the Plan for the Plan Year commencing July 1, 2015, and ending on June 30, 2016. Beginning with this valuation, the actuarial cost method was changed from Projected Unit Credit for non-GRIP and Traditional Unit Credit for GRIP to individual Entry-Age Normal for both non-GRIP and GRIP. In addition, the payroll basis used for calculating the contribution rates was changed. The other actuarial assumptions and methods used in this valuation are the same as those used in the prior actuarial valuation. There have been no changes in plan provisions since the last actuarial valuation as of July 1, 2013.

To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Montgomery County Employees' Retirement System as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. Lance Weiss and Amy Williams are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.

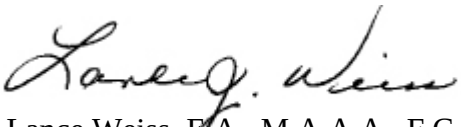
This report should not be relied on for any purpose other than the purpose stated.

The signing actuaries are independent of the plan sponsor.

The valuation was based upon information furnished by the County Staff, concerning benefits provided by the Montgomery County Employees' Retirement System, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the County Staff.

We will be pleased to review this report with you at your convenience.

Respectfully submitted,
Gabriel, Roeder, Smith & Company



Lance Weiss, F.A., M.A.A.A., F.C.A.
Senior Consultant

Amy Williams, A.S.A., M.A.A.A., F.C.A.
Consultant

AW:rg

SECTION A

VALUATION RESULTS

COMMENTS ON THE VALUATION

At your request, we have performed an actuarial valuation of the Montgomery County Employees' Retirement System as of July 1, 2014.

The purposes of this actuarial valuation are as follows:

- To determine the funding status of the Plan as of the valuation date;
- To determine the recommended contribution for the fiscal year beginning July 1, 2015; and
- To provide accounting and other data required by the System.
    - This report includes information required under GASB Statement No. 27. Information required under GASB Statement No. 67 has been provided in a separate report.

We received the data from the Montgomery County Employees' Retirement System Staff. We performed certain checks for reasonableness and found the data to be complete and reliable for valuation purposes. However, we did not audit the data.

A total of 5,535 active members (excluding DRSP and DROP) were included in the valuation as of July 1, 2014. Between the 2013 and 2014 valuations, the number of active employees increased by 100 members, or 1.8 percent. The average annual valuation pay (excluding DRSP and DROP) increased by 4.3 percent, from $69,804 to $72,791 between the 2013 and 2014 valuation. The number of benefit recipients increased from 6,132 to 6,242, or 1.8 percent, since the last valuation. The average monthly benefit increased by 1.7 percent, from $3,014 to $3,065. Section C summarizes the membership data.

There is a group of retirees that have benefits that are insured by Aetna. The total benefit amounts reported for these members in the valuation report include the insured benefit amount. The actuarial liabilities calculated in the valuation report exclude the value of the insured benefits. The liabilities for these members that are included in the actuarial valuation are for the cost of living adjustments provided and are paid by the Montgomery County Employees' Retirement System.

Section E outlines the principal benefit provisions of the System. There have been no new plan changes reflected in the valuation as of July 1, 2014, since the last actuarial valuation at July 1, 2013.

Section D outlines the actuarial assumptions and methods used in the valuation. Beginning with the July 1, 2014, actuarial valuation, the actuarial cost method was changed from Projected Unit Credit for non-GRIP and Traditional Unit Credit for GRIP to individual Entry-Age Normal for both non-GRIP and GRIP. The other actuarial assumptions used in this valuation are the same as those used in the actuarial valuation at July 1, 2013. The assumption for administrative expenses is equal to the average of the prior three years administrative expenses. This amount has decreased from $3,008,700 to $2,966,800.

During the plan year ending July 1, 2014, the unfunded actuarial accrued liability ("UAAL") decreased from $808,833,488 as of July 1, 2013, to $625,444,994 as of July 1, 2014, which is a decrease of $183,388,494. The key factors contributing to the decrease in the UAAL were recognition of deferred asset gains in fiscal years 2010, 2011, 2013 and 2014, higher contributions than expected, and lower than expected cost of living (COLA) increases for retired members. (The COLA increase was 2.166 percent compared to an assumed COLA increase of 3.00 percent for benefits attributable to service prior to July 1, 2011, and an assumed COLA increase of 2.30 percent for benefits attributable to service on or after July 1, 2011. For members that receive an increase based on 60 percent of CPI, the actual increase was 1.30 percent compared to an assumption of 1.80 percent.) These gains were partially offset by the change in the actuarial cost method and

demographic experience.

On a market value basis, the Plan assets had an investment return of approximately 17.7[1] percent (net of investment expenses). Continued recognition of the fiscal year end 2012 investment loss, which was offset by recognition of investment gains during fiscal years ending 2010, 2011, 2013 and 2014 resulted in an estimated net asset rate of return of 12.98 percent on an actuarial value of assets basis which compares to the assumed rate of return of 7.50 percent.

The funded ratio (ratio of assets to liabilities) is 84.2 percent on an actuarial value of assets basis and 92.3 percent on a market value of assets basis.

[1] *As provided by Montgomery County ERS.*

Recommended County Contributions

The total contribution rate is equal to the normal cost rate plus amortization of the unfunded liability as a level percentage of payroll. The unfunded liability as of July 1, 2010, was amortized over an initial closed period of 18 years (14 years remaining at the valuation as of July 1, 2014). The additional unfunded liability from each subsequent valuation is amortized over a 20-year closed period. The total contribution rate minus the average employee contribution rate equals the County contribution rate. The valuation as of July 1, 2013, established the County contribution rate for fiscal year beginning July 1, 2014 and ending June 30, 2015. The valuation as of July 1, 2014, establishes the county contribution rate for fiscal year beginning July 1, 2015, and ending June 30, 2016.

The payroll basis used for calculating the contribution rates was changed from the prior valuation. Beginning with the actuarial valuation as of July 1, 2014, the unfunded liability contribution rate is calculated as a percentage of payroll equal to the total base payroll for the open groups (groups that are enrolling new members) and projected payroll for the period July 1, 2015, through June 30, 2016, for the closed groups (groups that are closed to new members). Groups A and H are closed and the remaining groups are open.

Non-GRIP

The amortization payments for non-GRIP members are allocated between Groups A, E, F, G and H. The allocations between the groups for the bases established in the 2010 and 2011 valuations are based on the allocation established by the prior actuary. The allocation of the amortization payments from the bases established after the 2011 valuation are based on the sum of the active liability and the liability for new retirees and terminated vested members by group. This method is consistent with that used by the prior actuary. This is one of many reasonable methods that can be used. Other methods could result in a significantly different allocation of the amortization payments by group. The amortization bases for GRIP are separately tracked. The allocation of the amortization payments due to the change in the unfunded liability from the change in actuarial cost method was based on the increase in the active liability for each group and plan.

The County contribution rate for fiscal year 2016 decreased for both Public Safety and non-Public Safety (non-GRIP) members from the fiscal year 2015 rate. Both Public Safety and non-Public Safety Groups experienced favorable experience during fiscal year 2014, including lower retiree COLA increases than expected under the actuarial assumptions, and fewer retirements and more terminations than expected

under the actuarial assumptions. This favorable experience was partially offset by larger salary increases than expected under the actuarial assumptions and the change in the actuarial cost favorable experience and the recognition of deferred asset gains led to the decrease in the County contribution rates for Public Safety and non-Public Safety.

The actuarial value of assets is currently 91 percent of the market value of assets. There is $311,092,362 in net asset gains currently being deferred ($319,382,373 in total for GRIP and non-GRIP) that will be phased into the actuarial value of assets over the next four years. Assuming all future assumptions are realized, there is projected to be a decrease in the recommended County contribution as the remaining deferred asset gains are recognized.

GRIP

The County contribution rate for fiscal year 2016 decreased for GRIP members from the fiscal year 2015 rate. The decrease in the County contribution rate is mainly attributable to the favorable investment experience and recognition of deferred gains.

The actuarial value of GRIP assets is currently 92 percent of the market value of assets. There is $8,290,011 in net gains currently being deferred that will be phased into the actuarial value of assets over the next four years. Assuming all future assumptions are realized, the recommended County contribution is projected to decrease in future years as the remaining deferred asset gains are recognized.

SUMMARY OF ACTUARIAL VALUATION RESULTS

		July 1, 2013 Results	July 1, 2014 Results
Membership Data	Active Members	5,435	5,535
	DRSP/DROP	171	99
	Deferred Vested	358	403
	Retirees and Beneficiaries	5,961	6,143
	TOTAL	11,925	12,180
Plan Liabilities	Actuarial Accrued Liability:		
	Active Members	$ 1,294,536,578	$ 1,373,483,134
	DRSP/DROP	183,373,681	99,437,744
	Deferred Vested	21,718,538	26,461,195
	Retirees and Beneficiaries	2,321,751,935	2,459,547,645
	TOTAL	$ 3,821,380,732	$ 3,958,929,718
	Actuarial Value of Assets at Valuation Date	$ 3,012,547,244	$ 3,333,484,724
	Unfunded (Overfunded) Actuarial Accrued Liability	$ 808,833,488	$ 625,444,994
	Funded Position of Plan's Actuarial Accrued Liability [1]	78.8 %	84.2 %

		Fiscal Year 2015	Fiscal Year 2016
Recommended Annual Contribution Requirements [2]	Annual Normal Cost as of Valuation Date	$ 73,892,382	$ 74,984,370
	Normal Cost Expense Load	3,008,700	2,966,800
	Amortization Payment	67,898,374	59,111,574
	Total Annual Required Contribution	144,799,456	137,062,744
	Expected Employee Contributions	20,971,463	22,235,192
	County Contribution Requirement	$ 123,827,993	$ 114,827,552
	Contribution Basis Payroll:		
	For Normal Cost	$ 340,690,660	$ 360,825,073
	For Amortization of Unfunded Liability	340,690,660	378,030,049
	County Contribution % of Payroll		
	Public Safety	45.17%	37.73%
	Non-Public Safety	41.04%	40.02%
	GRIP	6.72%	6.61%

[1] *Equals the ratio of the actuarial value of assets to the total actuarial accrued liability.*
[2] *Includes the Retirement Incentive cost.*

CONTRIBUTION RATE SUMMARY
ALL PLANS

	Valuation as of July 1, 2014									July 1, 2013
	Non-Public Safety			Public Safety						
	Group A	Group H	Total Non PS	Group E	Group F	Group G	Total PS	GRIP	Total	Total
County Contribution Requirement ($) (Includes Retirement Incentive)[1]										
Mandatory Integrated Plan	$ 13,099,584	$ 15,437,679	$ 28,537,263	$ 12,587,119	$ 30,448,176	$ 32,335,457	$ 75,370,752	$ -	$ 103,908,015	$ 113,064,381
Optional Integrated Plan	1,949,942	1,598,742	3,548,684	-	-	-	-	-	3,548,684	3,664,884
Optional Non-Integrated Plan	568,446	891,687	1,460,133	-	-	980,712	980,712	-	2,440,845	2,531,281
GRIP	-	-	-	-	-	-	-	4,930,008	4,930,008	4,567,447
Total All Plans	15,617,972	17,928,108	33,546,080	12,587,119	30,448,176	33,316,169	76,351,464	4,930,008	114,827,552	123,827,993
County Normal Cost Contribution Requirement (% of Payroll)										
Mandatory Integrated Plan	8.40%	8.56%	8.48%	21.57%	23.04%	20.65%	21.84%		17.69%	18.72%
Optional Integrated Plan	8.10%	8.49%	8.25%	0.00%	0.00%	0.00%	0.00%		8.25%	11.66%
Optional Non-Integrated Plan	9.24%	10.18%	9.75%	0.00%	0.00%	20.42%	20.42%		10.38%	16.12%
GRIP								7.27%	7.27%	7.44%
Total All Plans	8.40%	8.58%	8.49%	21.57%	23.04%	20.65%	21.84%	7.27%	15.44%	16.42%
County Contribution Requirement (% of Payroll) (Excludes Retirement Incentive)[1]										
Mandatory Integrated Plan	31.98%	33.42%	32.73%	31.76%	35.97%	41.56%	37.24%		35.50%	41.33%
Optional Integrated Plan	185.54%	248.85%	209.58%	0.00%	0.00%	0.00%	0.00%		209.58%	148.71%
Optional Non-Integrated Plan	153.60%	203.26%	180.30%	0.00%	0.00%	983.25%	983.25%		274.10%	203.47%
GRIP								6.61%	6.61%	6.72%
Total All Plans	36.92%	38.03%	37.50%	31.76%	35.97%	42.75%	37.69%	6.61%	30.51%	35.74%
County Contribution Requirement (% of Payroll) (Includes Retirement Incentive)[1]										
Mandatory Integrated Plan	33.91%	35.90%	34.95%	31.98%	35.97%	41.56%	37.28%		36.14%	42.00%
Optional Integrated Plan	197.52%	265.05%	223.16%	0.00%	0.00%	0.00%	0.00%		223.16%	157.58%
Optional Non-Integrated Plan	160.99%	217.51%	191.37%	0.00%	0.00%	983.25%	983.25%		283.87%	210.14%
GRIP								6.61%	6.61%	6.72%
Total All Plans	39.15%	40.81%	40.02%	31.98%	35.97%	42.75%	37.73%	6.61%	31.08%	36.35%

[1]Amortization payments for Optional Non-Integrated and Optional Integrated plans have been reallocated to the Mandatory Integrated plan for each group when contribution basis payroll is $0 and new entrants are not expected in the coming year.

ACTUARIAL VALUATION RESULTS
ALL PLANS

	Valuation as of July 1, 2014								July 1, 2013	
	Non-Public Safety		Public Safety							
	Group A	Group H	Group E	Group F	Group G	GRIP	Total	% of Payroll	Total	% of Payroll
Total All Plans										
Active Members										
Number	527	799	626	1,190	1,130	1,263	5,535		5,435	
Average Age	56.7	56.8	43.5	38.1	37.5	49.5	45.7		46.1	
Average Service	26.7	24.6	12.4	12.9	11.7	8.3	14.5		14.9	
Total Base Payroll	$ 50,976,638	$ 55,866,352	$ 42,951,126	$ 89,215,131	$ 80,663,980	$ 83,225,868	$ 402,899,096		$ 379,385,763	
Contribution Basis Payroll:										
For Normal Cost	$ 43,189,541	$ 47,460,110	$ 37,611,162	$ 82,124,733	$ 75,043,449	$ 75,396,078	$ 360,825,073		$ 340,690,660	
For Amortization of Unfunded Liability	38,979,842	42,994,102	42,951,126	89,215,131	80,663,980	83,225,868	378,030,049		340,690,660	
DRSP/DROP Members										
Number				39	60		99		171	
Total Base Payroll				$ 3,740,247	$ 5,944,122		$ 9,684,369		$ 16,602,263	
Total Benefits				2,523,134	3,626,704		6,149,838		11,109,304	
Terminated Vested Members										
Number	68	88	26	35	19	167	403		358	
Total Benefits	$ 751,726	$ 740,739	$ 334,743	$ 411,385	$ 121,662		$ 2,360,255		1,987,355	
Retired Members and Beneficiaries										
Number						1	6,143		5,961	
Total Benefits						5,024	223,419,018		210,686,878	
Total Membership							12,180		11,925	
Actuarial Accrued Liability										
Active Members	$ 231,957,468	$ 223,270,720	$ 162,527,468	$ 370,110,020	$ 304,977,074	$ 80,640,384	$ 1,373,483,134		$ 1,294,536,578	
DRSP/DROP Members				40,220,589	59,217,155		99,437,744		183,373,681	
Terminated Vested Members	5,705,103	5,770,770	3,084,308	3,567,202	804,484	7,529,328	26,461,195		21,718,538	
Retired Members and Beneficiaries						43,394	2,459,547,645		2,321,751,935	
Total						88,213,106	3,958,929,718		3,821,380,732	
Actuarial Value of Assets						95,461,457	3,333,484,724		3,012,547,244	
Unfunded Actuarial Accrued Liability						(7,248,351)	625,444,994		808,833,488	
Funded Ratio (Actuarial Value of Assets)						108.2%	84.2%		78.8%	
Annual Gross Normal Cost										
Benefits	$ 5,761,406	$ 6,448,080	$ 10,324,699	$ 23,688,943	$ 20,369,041	$ 8,392,201	$ 74,984,370	(20.78%)	$ 73,892,382	(21.69%)
Expenses of Administration	505,440	479,476	327,921	799,471	685,359	169,133	2,966,800	(0.82%)	3,008,700	(0.88%)
Total	6,266,846	6,927,556	10,652,620	24,488,414	21,054,400	8,561,334	77,951,170	(21.60%)	76,901,082	(22.57%)
					Excluding Retirement Incentive					
Amortization of Unfunded Liability	$ 11,118,846	$ 12,663,707	$ 4,381,570	$ 11,523,011	$ 17,818,719	$ (554,344)	$ 56,951,509	(15.07%)	$ 65,821,386	(19.32%)
Annual Contribution Requirement:										
County Portion	$ 14,746,774	$ 16,733,798	$ 12,492,562	$ 30,448,176	$ 33,316,169	$ 4,930,008	$ 112,667,487	(30.51%)	$ 121,751,005	(35.74%)
Employee Portion	2,638,918	2,857,465	2,541,628	5,563,249	5,556,950	3,076,982	22,235,192	(6.16%)	20,971,463	(6.15%)
Total	17,385,692	19,591,263	15,034,190	36,011,425	38,873,119	8,006,990	134,902,679	(36.67%)	142,722,468	(41.89%)
Non-Public Safety/Public Safety/GRIP		$ 31,480,572			$ 76,256,907	$ 4,930,008				
					Including Retirement Incentive					
Amortization of Unfunded Liability	$ 11,990,044	$ 13,858,017	$ 4,476,127	$ 11,523,011	$ 17,818,719	$ (554,344)	$ 59,111,574	(15.64%)	$ 67,898,374	(19.93%)
Annual Contribution Requirement:										
County Portion	$ 15,617,972	$ 17,928,108	$ 12,587,119	$ 30,448,176	$ 33,316,169	$ 4,930,008	$ 114,827,552	(31.08%)	$ 123,827,993	(36.35%)
Employee Portion	2,638,918	2,857,465	2,541,628	5,563,249	5,556,950	3,076,982	22,235,192	(6.16%)	20,971,463	(6.15%)
Total	18,256,890	20,785,573	15,128,747	36,011,425	38,873,119	8,006,990	137,062,744	(37.24%)	144,799,456	(42.50%)
Non-Public Safety/Public Safety/GRIP		$ 33,546,080			$ 76,351,464	$ 4,930,008				

ACTUARIAL VALUATION RESULTS
ALL PLANS (EXCLUDING GRIP)

	Valuation as of July 1, 2014							July 1, 2013	
	Non-Public Safety		Public Safety						
	Group A	Group H	Group E	Group F	Group G	GRIP	Total	% of Payroll	Total	% of Payroll
Mandatory Integrated Plan										
Number	505	774	626	1,190	1,128		4,223		4,174	
Total Base Payroll	$ 48,930,444	$ 54,073,556	$ 42,951,126	$ 89,215,131	$ 80,430,468		$ 315,600,725		$ 299,872,024	
Contribution Basis Payroll:										
For Normal Cost	$ 41,604,901	$ 46,252,534	$ 37,611,162	$ 82,124,733	$ 74,986,538		$ 282,579,867		$ 269,206,806	
For Amortization of Unfunded Liability	37,651,087	41,988,724	42,951,126	89,215,131	80,563,330		292,369,398		269,206,806	
Active Actuarial Accrued Liability	219,138,319	211,765,787	162,527,468	370,110,020	302,831,926		1,266,373,520		1,196,725,131	
Annual Gross Normal Cost										
Benefits	$ 5,553,219	$ 6,278,920	$ 10,324,699	$ 23,688,943	$ 20,353,406		$ 66,199,187	(23.43%)	$ 65,594,928	(24.37%)
Expenses of Administration	476,428	455,474	327,921	799,471	683,397		2,742,691	(0.97%)	2,780,256	(1.03%)
Total	6,029,647	6,734,394	10,652,620	24,488,414	21,036,803		68,941,878	(24.40%)	68,375,184	(25.40%)
					Excluding Retirement Incentive					
Amortization of Unfunded Liability	$ 8,876,659	$ 10,439,087	$ 4,381,570	$ 11,523,011	$ 16,849,627		$ 52,069,954	(17.81%)	$ 60,865,812	(22.61%)
Annual Contribution Requirement:										
County Portion	$ 12,371,483	$ 14,398,329	$ 12,492,562	$ 30,448,176	$ 32,335,457		$ 102,046,007	(35.50%)	$ 111,273,989	(41.33%)
Employee Portion	2,534,823	2,775,152	2,541,628	5,563,249	5,550,973		18,965,825	(6.71%)	17,967,007	(6.68%)
Total	14,906,306	17,173,481	15,034,190	36,011,425	37,886,430		121,011,832	(42.21%)	129,240,996	(48.01%)
Non-Public Safety/Public Safety		$ 26,769,812			$ 75,276,195					
Optional Integrated Plan										
Number	17	14	-	-	1		32		38	
Total Base Payroll	$ 1,552,828	$ 914,277	$ -	$ -	$ 132,862		$ 2,599,967		$ 2,960,407	
Contribution Basis Payroll:										
For Normal Cost	$ 1,169,320	$ 714,650	$ -	$ -	$ -		$ 1,883,970		$ 2,325,776	
For Amortization of Unfunded Liability	979,462	599,474	-	-	-		1,578,935		2,325,776	
Active Actuarial Accrued Liability	9,050,472	4,713,446	-	-	1,122,105		14,886,023		17,012,783	
Annual Gross Normal Cost										
Benefits	$ 143,796	$ 92,594	$ -	$ -	$ -		$ 236,390	(12.55%)	$ 364,689	(15.68%)
Expenses of Administration	21,783	10,974	-	-	-		32,757	(1.74%)	46,416	(2.00%)
Total	165,579	103,568	-	-	-		269,147	(14.29%)	411,105	(17.68%)
					Excluding Retirement Incentive					
Amortization of Unfunded Liability[1]	$ 1,737,936	$ 1,440,917	$ -	$ -	$ -		$ 3,178,853	(201.33%)	$ 3,187,480	(137.05%)
Annual Contribution Requirement:										
County Portion	$ 1,832,646	$ 1,501,606	$ -	$ -	$ -		$ 3,334,252	(209.58%)	$ 3,458,699	(148.71%)
Employee Portion	70,869	42,879	-	-	-		113,748	(6.04%)	139,886	(6.02%)
Total	1,903,515	1,544,485	-	-	-		3,448,000	(215.62%)	3,598,585	(154.73%)
Non-Public Safety/Public Safety		$ 3,334,252			$ -					
Optional Non-Integrated Plan										
Number	5	11	-	-	1		17		21	
Total Base Payroll	$ 493,366	$ 878,520	$ -	$ -	$ 100,650		$ 1,472,536		$ 1,755,373	
Contribution Basis Payroll:										
For Normal Cost	$ 415,320	$ 492,926	$ -	$ -	$ 56,911		$ 965,158		$ 1,204,549	
For Amortization of Unfunded Liability	349,293	405,904	-	-	100,650		855,848		1,204,549	
Active Actuarial Accrued Liability	3,768,677	6,791,487	-	-	1,023,043		11,583,207		13,626,604	
Annual Gross Normal Cost										
Benefits	$ 64,391	$ 76,566	$ -	$ -	$ 15,635		$ 156,592	(16.22%)	$ 263,343	(21.86%)
Expenses of Administration	7,229	13,028	-	-	1,962		22,219	(2.31%)	28,600	(2.38%)
Total	71,620	89,594	-	-	17,597		178,811	(18.53%)	291,943	(24.24%)
					Excluding Retirement Incentive					
Amortization of Unfunded Liability[1]	$ 504,250	$ 783,703	$ -	$ -	$ 969,091		$ 2,257,044	(263.72%)	$ 2,256,681	(187.35%)
Annual Contribution Requirement:										
County Portion	$ 542,644	$ 833,863	$ -	$ -	$ 980,712		$ 2,357,219	(274.10%)	$ 2,450,871	(203.47%)
Employee Portion	33,226	39,434	-	-	5,976		78,636	(8.15%)	97,753	(8.11%)
Total	575,870	873,297	-	-	986,688		2,435,855	(282.25%)	2,548,624	(211.58%)
Non-Public Safety/Public Safety		$ 1,376,507			$ 980,712					

[1]Amortization payments for Optional Non-Integrated and Optional Integrated plans have been reallocated to the Mandatory Integrated plan for each group when contribution basis payroll is $0 and new entrants are not expected in the coming year.

ACTUARIAL VALUATION RESULTS
GUARANTEED RETIREMENT INCOME PLAN (GRIP)

	Valuation as of July 1, 2014							July 1, 2013	
	Agency								
	CC	CM	CN	CP	CZ	Total GRIP		Total	
Total All Plans									
Active Members									
Number	2	833	418	3	7	1,263		1,202	
Average Age	51.6	49.3	49.8	59.7	55.4	49.5		49.4	
Average Service	9.1	8.3	8.2	12.9	8.9	8.3		8.5	
Total Base Payroll	$ 76,980	$ 46,449,598	$ 35,366,257	$ 582,660	$ 750,373	$ 83,225,868		$ 74,797,959	
Contribution Basis Payroll:									
For Normal Cost	$ 73,649	$ 42,314,598	$ 31,885,352	$ 470,408	$ 652,071	$ 75,396,078		$ 67,953,529	
For Amortization of Unfunded Liability	76,980	46,449,598	35,366,257	582,660	750,373	83,225,868		67,953,529	
Terminated Members									
Number	1	89	77			167		142	
Retired Members and Beneficiaries									
Number	-	1	-	-	-	1		1	
Total Benefits		5,024				5,024		5,024	
Total Membership	3	923	495	3	7	1,431		1,345	
Actuarial Accrued Liability									
Active Members	$ 81,416	$ 43,428,222	$ 34,998,419	$ 1,333,232	$ 799,095	$ 80,640,384		$ 67,172,060	
Terminated Vested Members	72,674	3,033,961	4,422,693	-	-	7,529,328		5,930,360	
Retired Members and Beneficiaries	-	43,394	-	-	-	43,394		44,523	
Total	154,090	46,505,577	39,421,112	1,333,232	799,095	88,213,106		73,146,943	
Actuarial Value of Assets	166,752	50,326,877	42,660,291	1,442,782	864,756	95,461,457		79,738,860	
Unfunded Actuarial Accrued Liability	(12,662)	(3,821,300)	(3,239,179)	(109,550)	(65,661)	(7,248,351)		(6,591,917)	
Funded Ratio (Actuarial Value of Assets)	108.2%	108.2%	108.2%	108.2%	108.2%	108.2%		109.0%	
Annual Gross Normal Cost									
Benefits	$ 8,202	$ 4,695,619	$ 3,558,454	$ 57,280	$ 72,646	$ 8,392,201	(11.13%)	$ 7,669,421	(11.29%)
Expenses of Administration	295	89,166	75,583	2,556	1,532	169,133	(0.23%)	153,429	(0.22%)
Total	8,497	4,784,785	3,634,037	59,836	74,178	8,561,334	(11.36%)	7,822,850	(11.51%)
Amortization of Unfunded Liability	$ (968)	$ (292,248)	$ (247,728)	$ (8,378)	$ (5,022)	$ (554,344)	-(0.67%)	$ (488,586)	-(0.72%)
Annual Contribution Requirement:									
County Portion	$ 4,583	$ 2,799,953	$ 2,050,470	$ 31,928	$ 43,073	$ 4,930,008	(6.61%)	$ 4,567,447	(6.72%)
Employee Portion	2,946	1,692,584	1,335,839	19,530	26,083	3,076,982	(4.08%)	2,766,817	(4.07%)
Total	7,529	4,492,537	3,386,309	51,458	69,156	8,006,990	(10.69%)	7,334,264	(10.79%)
Non-Public Safety County Portion						4,898,080	(6.61%)		
Public Safety County Portion						31,928	(7.13%)		

ACTUARIAL VALUATION RESULTS
AMORTIZATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

Base Year	Description	Unfunded Liability Base Non-GRIP	Unfunded Liability Base GRIP	Unfunded Liability Base Total	Remaining Financing Period	Amortization Factor	Non-GRIP	GRIP	Dollar Contribution
2010*	Retirement Incentive	$ 24,604,580	$ -	$ 24,604,580	14 yrs.	11.390658	$ 2,160,067	$ -	$ 2,160,067
2010*	Plan Changes	197,035,890	(2,197,183)	194,838,707	14	11.390658	17,298,026	(192,893)	17,105,132
2010*	Plan Experience	606,225,051	161,558	606,386,610	14	11.390658	53,221,251	14,183	53,235,435
2011	Plan Changes	(47,870,060)	-	(47,870,060)	17	13.217298	(3,621,774)	-	(3,621,774)
2011	Plan Experience	72,981,148	(1,717,397)	71,263,751	17	13.217298	5,521,639	(129,936)	5,391,704
2012	Plan Experience	8,675,570	(1,304,854)	7,370,716	18	13.786967	629,259	(94,644)	534,615
2013	Plan Experience	(58,585,851)	(1,503,205)	(60,089,056)	19	14.338089	(4,086,029)	(104,840)	(4,190,869)
2014	Plan Experience	(185,317,859)	(2,954,380)	(188,272,239)	20	14.871268	(12,461,470)	(198,664)	(12,660,134)
2014	Cost Method Change	14,944,876	2,267,109	17,211,985	20	14.871268	1,004,950	152,449	1,157,399
Unfunded Liability		$ 632,693,345	$ (7,248,351)	$ 625,444,994	12.8	10.580754	$ 59,665,918	$ (554,344)	$ 59,111,574

**Amortization bases were recombined as of July 1, 2010, into a single amortization base equal to the total unfunded liability as of July 1, 2010. The amounts shown for retirement incentive, plan changes and plan experience for the base year 2010 represent the portion of the unfunded liability remaining at July 1, 2014, that were attributable to each of those items for periods before July 1, 2010.*

ACTUARIAL VALUATION RESULTS
AMORTIZATION PAYMENTS BY GROUP

Optional Non-Integrated		Group					
Base Year	Description	A	E	F	G	H	Total
2010*	Retirement Incentive	$ 25,802	$ -	$ -	$ -	$ 57,824	$ 83,626
2010*	Plan Changes	222,386	-	-	812,984	268,005	1,303,375
2010*	Plan Experience	288,335	-	-	149,098	537,158	974,591
2011	Plan Changes	(2,735)	-	-	(1,360)	(2,670)	(6,766)
2011	Plan Experience	29,914	-	-	15,469	55,730	101,113
2012	Plan Experience	5,556	-	-	4,619	5,381	15,557
2013	Plan Experience	(12,005)	-	-	(3,007)	(25,910)	(40,922)
2014	Plan Experience	(32,100)	-	-	(8,714)	(59,662)	(100,476)
2014	Cost Method Change	4,898	-	-	3	5,671	10,572
Total		**530,052**	-	-	**969,091**	**841,526**	**2,340,670**
Excluding Retirement Incentive		**504,250**	-	-	**969,091**	**783,703**	**2,257,045**

Optional Integrated		Group					
Base Year	Description	A	E	F	G	H	Total
2010*	Retirement Incentive	$ 117,296	$ -	$ -	$ -	$ 97,136	$ 214,433
2010*	Plan Changes	855,551	-	-	-	951,836	1,807,388
2010*	Plan Experience	916,026	-	-	-	506,717	1,422,743
2011	Plan Changes	(6,366)	-	-	-	(4,589)	(10,955)
2011	Plan Experience	95,037	-	-	-	52,571	147,608
2012	Plan Experience	9,111	-	-	-	5,499	14,610
2013	Plan Experience	(43,406)	-	-	-	(23,008)	(66,414)
2014	Plan Experience	(96,722)	-	-	-	(49,306)	(146,028)
2014	Cost Method Change	8,705	-	-	-	1,196	9,901
Total		**1,855,232**	-	-	-	**1,538,053**	**3,393,285**
Excluding Retirement Incentive		**1,737,936**	-	-	-	**1,440,917**	**3,178,853**

Mandatory Integrated		Group					
Base Year	Description	A	E	F	G	H	Total
2010*	Retirement Incentive	$ 728,101	$ 94,557	$ -	$ -	$ 1,039,350	$ 1,862,008
2010*	Plan Changes	1,969,398	1,006,308	2,063,692	6,260,593	2,887,273	14,187,263
2010*	Plan Experience	8,522,913	5,281,828	14,334,308	13,542,225	9,142,643	50,823,917
2011	Plan Changes	(246,495)	(594,436)	(1,881,411)	(603,023)	(278,689)	(3,604,053)
2011	Plan Experience	884,242	547,983	1,487,167	1,404,989	948,538	5,272,919
2012	Plan Experience	106,057	73,968	171,606	137,549	109,912	599,092
2013	Plan Experience	(714,217)	(478,311)	(1,121,676)	(948,241)	(716,248)	(3,978,693)
2014	Plan Experience	(2,125,068)	(1,469,921)	(3,554,561)	(3,034,789)	(2,030,627)	(12,214,966)
2014	Cost Method Change	479,830	14,150	23,887	90,323	376,286	984,477
Total		**9,604,760**	**4,476,127**	**11,523,011**	**16,849,627**	**11,478,438**	**53,931,963**
Excluding Retirement Incentive		**8,876,659**	**4,381,570**	**11,523,011**	**16,849,627**	**10,439,087**	**52,069,954**

Total All Plans		Group					
Base Year	Description	A	E	F	G	H	Total
2010*	Retirement Incentive	$ 871,199	$ 94,557	$ -	$ -	$ 1,194,310	$ 2,160,067
2010*	Plan Changes	3,047,335	1,006,308	2,063,692	7,073,577	4,107,114	17,298,026
2010*	Plan Experience	9,727,275	5,281,828	14,334,308	13,691,322	10,186,518	53,221,251
2011	Plan Changes	(255,596)	(594,436)	(1,881,411)	(604,383)	(285,949)	(3,621,774)
2011	Plan Experience	1,009,193	547,983	1,487,167	1,420,458	1,056,839	5,521,639
2012	Plan Experience	120,724	73,968	171,606	142,168	120,792	629,259
2013	Plan Experience	(769,628)	(478,311)	(1,121,676)	(951,248)	(765,166)	(4,086,029)
2014	Plan Experience	(2,253,890)	(1,469,921)	(3,554,561)	(3,043,503)	(2,139,595)	(12,461,470)
2014	Cost Method Change	493,433	14,150	23,887	90,326	383,154	1,004,950
Total		**11,990,045**	**4,476,127**	**11,523,011**	**17,818,719**	**13,858,017**	**59,665,918**
Excluding Retirement Incentive		**11,118,846**	**4,381,570**	**11,523,011**	**17,818,719**	**12,663,707**	**57,505,852**

**Amortization bases were recombined as of July 1, 2010, into a single amortization base equal to the total unfunded liability as of July 1, 2010. The amounts shown for retirement incentive, plan changes and plan experience for the base year 2010 represent the portion of the unfunded liability remaining at July 1, 2014, that were attributable to each of those items for periods before July 1, 2010.*

Amortization payments for Optional Non-Integrated and Optional Integrated plans have been reallocated to the Mandatory Integrated plan for each group when contribution basis payroll is $0 and new entrants are not expected in the coming year.

ACTUARIAL VALUATION RESULTS
GAIN/LOSS ANALYSIS

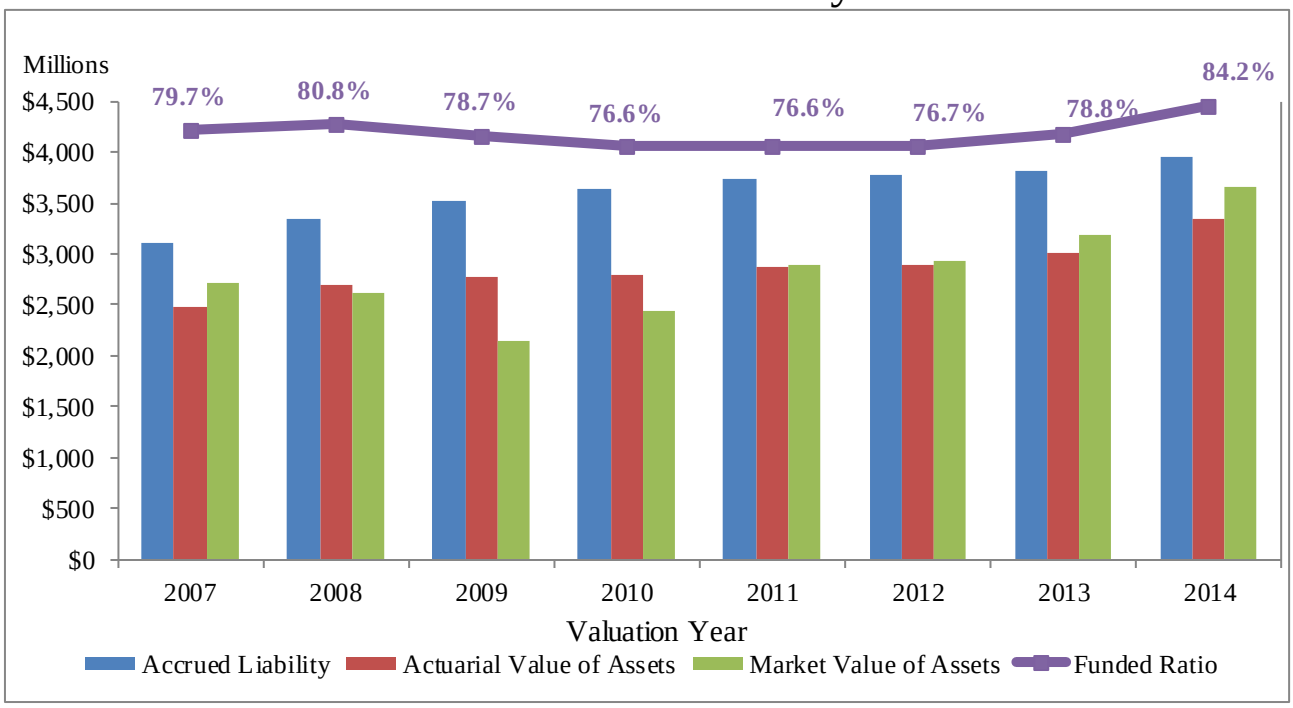
	Non-GRIP	GRIP	Total
Unfunded liability at previous valuation	$815,425,405	($6,591,917)	$808,833,488
Expected unfunded liability at current valuation			
Normal cost for plan year	66,222,961	7,669,421	73,892,382
Interest on unfunded liability and normal cost	66,123,627	80,813	66,204,440
Contributions with interest to current valuation date	144,705,666	7,719,398	152,425,064
Total expected change in unfunded liability at current valuation	(12,359,078)	30,836	(12,328,242)
Total expected unfunded liability at current valuation	803,066,327	(6,561,081)	796,505,246
Change due to:			
Recognition of asset (gains)/losses	(159,578,520)	(3,615,767)	(163,194,287)
Salary increases	13,239,455	0	13,239,455
COLA increases	(18,281,295)	0	(18,281,295)
Amount and timing of contributions	(23,985,014)	(134,032)	(24,119,046)
Demographic experience and other	3,287,516	795,420	4,082,936
Change in actuarial assumptions and cost method	14,944,876	2,267,109	17,211,985
Plan improvements	0	0	0
Measurement improvements	0	0	0
Total change	(170,372,982)	(687,270)	(171,060,252)
Unfunded liability at current valuation	632,693,345	(7,248,351)	625,444,994

	Public Safety	Non-Public Safety	GRIP
FY 2015 County Contribution	45.17%	41.04%	6.72%
Expected FY 2016 County Contribution	44.24%	44.29%	6.70%
Change due to:			
Recognition of asset (gains)/losses	-3.12%	-5.13%	-0.14%
Salary increases	-0.02%	0.00%	0.06%
COLA increases	-0.36%	-0.59%	0.00%
Amount and timing of contributions	-0.47%	-0.77%	-0.01%
Demographic experience and other	-1.40%	1.16%	0.02%
Change in actuarial assumptions and cost method	0.45%	-1.84%	-0.09%
Plan improvements	0.00%	0.00%	0.00%
Measurement improvements and Contribution Rate Calculation Method	-1.59%	2.90%	0.07%
Total change	-6.51%	-4.27%	-0.09%
FY 2016 County Contribution	37.73%	40.02%	6.61%

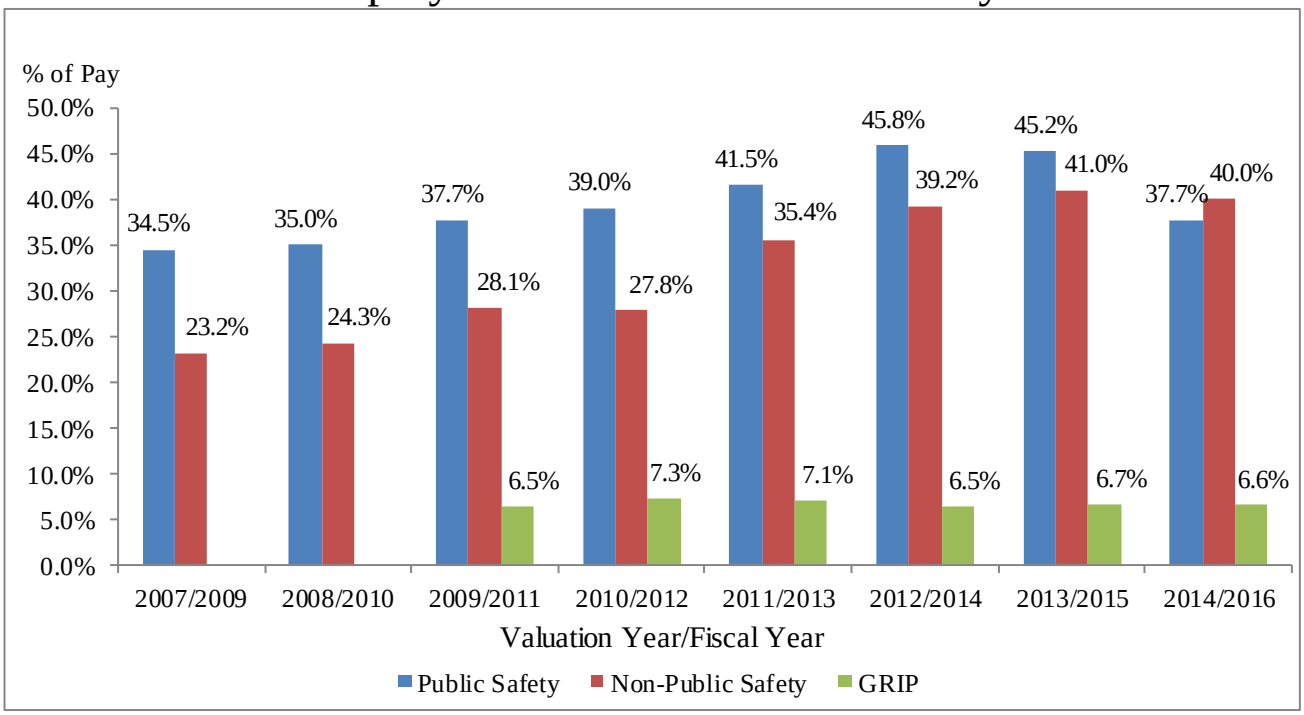
Demographic Experience and Other includes changes due to retirement, mortality, disability and termination experience that varied from the actuarial assumptions, and data changes.

HISTORICAL TRENDS OF FUNDED RATIO AND EMPLOYER CONTRIBUTIONS

Funded Ratio History



Employer Contribution Rate History



ACTUARIAL VALUATION RESULTS
SOLVENCY TEST

Valuation Date 6/30	Total Actuarial Accrued Liability	(1) Active Member Contributions	(2) Retirees, Term Vested and Beneficiaries	(3) Active Members (Employer Financed Portion)	Actuarial Value of Assets	Portion (%) of Present Value Covered By Assets (1)	(2)	(3)
1998	$1,660,034,038	$121,197,443	$899,019,607	$639,816,988	$1,496,651,390	100%	100%	74%
1999	1,818,990,623	124,544,357	943,551,243	750,895,023	1,707,450,187	100%	100%	85%
2000	1,931,914,313	136,181,427	1,014,314,792	781,418,094	1,911,114,401	100%	100%	97%
2001	2,111,946,453	143,356,036	1,029,982,653	938,607,764	1,990,882,017	100%	100%	87%
2002	2,273,179,216	146,500,545	1,125,070,362	1,001,608,309	2,036,100,709	100%	100%	76%
2003	2,411,492,724	155,686,014	1,247,359,872	1,008,446,838	2,029,314,438	100%	100%	62%
2004	2,561,328,232	160,523,789	1,354,272,329	1,046,532,114	2,045,098,796	100%	100%	51%
2005	2,775,047,412	166,078,802	1,426,030,001	1,182,938,609	2,100,532,623	100%	100%	43%
2006	2,918,336,073	177,391,695	1,578,703,590	1,162,240,788	2,222,724,295	100%	100%	40%
2007	3,100,637,723	187,104,227	1,661,692,386	1,251,841,110	2,469,933,200	100%	100%	50%
2008	3,341,549,425	186,171,030	1,847,516,034	1,307,862,361	2,701,119,470	100%	100%	51%
2009	3,516,824,342	210,385,653	1,892,331,796	1,414,106,893	2,766,230,073	100%	100%	47%
2010	3,645,576,341	213,191,851	2,054,949,883	1,377,434,607	2,791,144,974	100%	100%	38%
2011	3,744,713,474	237,074,023	2,181,816,842	1,325,822,609	2,869,422,276	100%	100%	34%
2012	3,768,745,962	210,537,737	2,465,714,392	1,092,493,833	2,891,435,563	100%	100%	20%
2013	3,821,380,732	248,331,006	2,526,844,154	1,046,205,572	3,012,547,244	100%	100%	23%
2014	3,958,929,718	265,055,643	2,585,446,584	1,108,427,491	3,333,484,724	100%	100%	44%

DRSP and DROP member liability included in item (2) with retirees beginning in 2012.

Results in 2009 and 2011 are measured as of July 1, and differ from the Comprehensive Annual Financial Report (CAFR). Results in the CAFR are as of June 30, and do not reflect the transfer of members effective July 1 of those years.

STATEMENT OF FIDUCIARY NET POSITION

	Fiscal Year Ending	
Assets	**June 30, 2013**	**June 30, 2014**
Equity in County's pooled cash and investments	$ 1,108,905	$ 971,114
Investments :		
Government and agency obligations	282,344,930	359,793,807
Municipal/Provincial obligations	22,924,377	58,203,905
Asset-backed securities	3,212,480	3,345,101
Corporate bonds	582,765,510	632,632,391
Collateralized mortgage obligations	25,117	419,500
Commercial mortgage-backed securities	-	-
Common and preferred stock	1,356,684,162	1,391,796,570
Mutual and commingled funds	150,413,530	453,648,456
Short-term investments	295,135,604	99,565,286
Cash collateral received under securities lending agreements	291,568,717	233,431,419
Real estate	235,951,453	391,199,845
Private equity	238,964,221	257,774,913
Total Investments	3,459,990,101	3,881,811,193
Dividend, interest, and other receivables	14,762,968	3,875,781
Contributions receivable	6,423,088	7,717,664
Capital Assets	-	900,043
Total assets	3,482,285,062	3,895,275,795
Liabilities		
Payable for collateral received under securities lending agreements	291,568,717	233,431,419
Benefit payable and other liabilities	6,471,134	8,977,279
Total liabilities	298,039,851	242,408,698
Net position restricted for pensions	$ 3,184,245,211	$ 3,652,867,097

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
TOTAL EMPLOYEES' RETIREMENT SYSTEM (ERS)

	Fiscal Year Ending	
	June 30, 2013	**June 30, 2014**
Additions:		
Contributions:		
Employer	$ 127,887,620	$ 144,709,675
Members	24,854,331	26,462,839
Total contributions	152,741,951	171,172,514
Investment income	324,135,736	553,599,474
Less investment expense	17,748,344	20,357,819
Net gain from investment activities	306,387,392	533,241,655
Income from securities lending	1,186,186	1,077,992
Less securities lending expenses	(285,825)	(78,086)
Net income from securities lending	1,472,011	1,156,078
Total additions	460,601,354	705,570,247
Deductions:		
Retiree benefits	153,566,262	172,472,289
Disability benefits	46,635,541	48,606,540
Survivor benefits	8,601,914	8,585,891
Refunds and distributions	1,925,124	4,329,834
Administrative expenses	2,400,996	2,953,807
Total deductions	213,129,837	236,948,361
Increase in net position	247,471,517	468,621,886
Net position restricted for pensions		
Beginning of year	2,936,773,694	3,184,245,211
End of year	$ 3,184,245,211	$ 3,652,867,097

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
ALLOCATION BETWEEN GRIP AND NON-GRIP ASSETS

	Fiscal Year Ending June 30, 2013	Fiscal Year Ending June 30, 2014		
	Total	Non-GRIP	GRIP	Total
Additions:				
Contributions:				
Employer	$ 127,887,620	$ 139,500,735	$ 5,208,940	$ 144,709,675
Members	24,854,331	23,199,004	3,263,835	26,462,839
Total contributions	152,741,951	162,699,739	8,472,775	171,172,514
Net Investment income	307,859,403	519,783,166	14,614,567	534,397,733
Total additions	460,601,354	682,482,904	23,087,343	705,570,247
Deductions:				
Benefit Payments and distributions	210,728,841	231,584,048	2,410,506	233,994,554
Administrative expenses	2,400,996	2,800,378	153,429	2,953,807
Total deductions	213,129,837	234,384,426	2,563,935	236,948,361
Increase in net position	247,471,517	448,098,479	20,523,407	468,621,886
Net position restricted for pensions				
Beginning of year	2,936,773,694	3,101,017,150	83,228,061	3,184,245,211
End of year	$3,184,245,211	$3,549,115,629	$ 103,751,468	$3,652,867,097

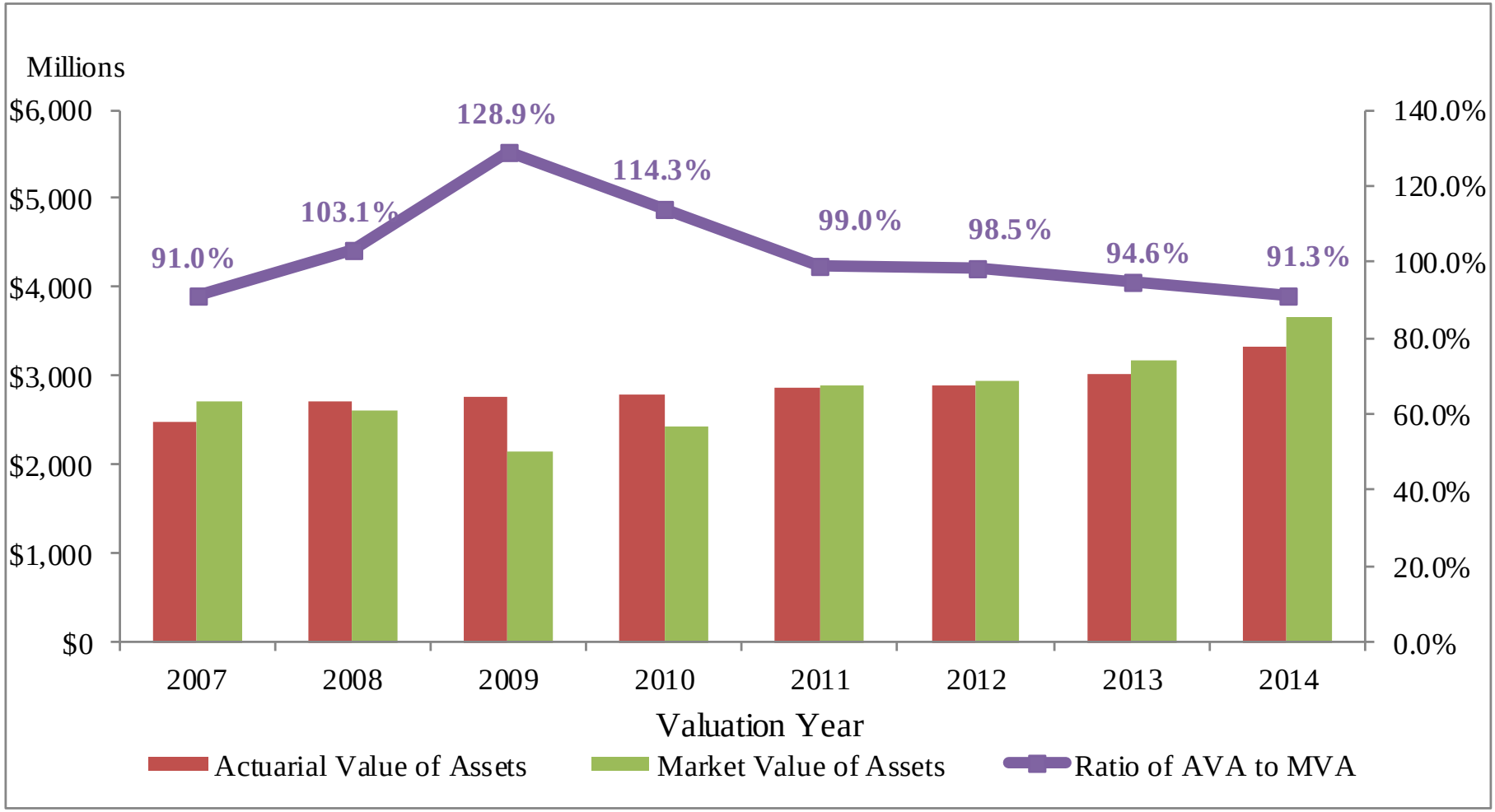
DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS (TOTAL ERS)

Fiscal Year Ending	2014	2015	2016	2017	2018
Beginning of Year:					
(1) Market Value of Assets	$ 3,184,245,211				
(2) Actuarial Value of Assets	3,012,547,244				
End of Year:					
(3) Market Value of Assets	3,652,867,097				
(4a) Contributions	171,172,514				
(4b) Net Disbursements	236,948,361				
(5) Total Investment Income					
=(3)-(1)-(4a)+(4b)	534,397,733				
(6) Projected Rate of Return	7.50%				
(7) Projected Investment Income					
=(1)x(6)-([1+(6)]^.5-1)x(4a-4b)	236,396,388				
(8) Asset Adjustment	-				
(9) Investment Income in					
Excess of Projected Income	298,001,345				
(10) Excess Investment Income Recognized					
This Year (5 year recognition)					
(10a) From This Year	59,600,269				
(10b) From One Year Ago	17,964,997	$ 59,600,269			
(10c) From Two Years Ago	(19,346,169)	17,964,997	$ 59,600,269		
(10d) From Three Years Ago	65,778,647	(19,346,169)	17,964,997	$ 59,600,269	
(10e) From Four Years Ago	26,319,195	65,778,645	(19,346,169)	17,964,996	$ 59,600,269
(10f) Total Recognized Investment Gain/(Loss)	150,316,939	123,997,742	58,219,097	77,565,265	59,600,269
(11) Change in Actuarial Value of Assets					
=(4a)-(4b)+(7)+(8)+(10f)	320,937,480				
End of Year:					
(3) Market Value of Assets	**3,652,867,097**				
(12) Final Actuarial Value of Assets as of 6/30 = (2)+(11)	**3,333,484,724**				
(13) Difference Between Market & Actuarial Values	319,382,373				
(14) Estimated Market Value Rate of Return on Total Plan Assets	16.96%				
(15) Estimated Market Value Return on Invested Plan Assets	17.66%				
(16) Actuarial Value Rate of Return	12.98%				
(17) Ratio of Actuarial Value to Market Value	91%				

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS
(ASSETS ALLOCATED TO GRIP)

Fiscal Year Ending	2014	2015	2016	2017	2018
Beginning of Year:					
(1) Market Value of Assets	$ 83,228,061				
(2) Actuarial Value of Assets	79,738,860				
End of Year:					
(3) Market Value of Assets	103,751,468				
(4a) Contributions	8,472,775				
(4b) Net Disbursements	2,563,935				
(5) Total Investment Income					
=(3)-(1)-(4a)+(4b)	14,614,567				
(6) Projected Rate of Return	7.50%				
(7) Projected Investment Income					
=(1)x(6)-([1+(6)]^.5-1)x(4a-4b)	6,459,680				
(8) Asset Adjustment	-				
(9) Investment Income in					
Excess of Projected Income	8,154,887				
(10) Excess Investment Income Recognized					
This Year (5 year recognition)					
(10a) From This Year	1,630,977				
(10b) From One Year Ago	447,153	$ 1,630,977			
(10c) From Two Years Ago	(430,854)	447,153	$ 1,630,977		
(10d) From Three Years Ago	1,286,347	(430,854)	447,153	$ 1,630,977	
(10e) From Four Years Ago	420,454	1,286,347	(430,853)	447,155	$ 1,630,979
(10f) Total Recognized Investment Gain/(Loss)	3,354,077	2,933,623	1,647,277	2,078,132	1,630,979
(11) Change in Actuarial Value of Assets					
=(4a)-(4b)+(7)+(8)+(10f)	15,722,597				
End of Year:					
(3) Market Value of Assets	**103,751,468**				
(12) Final Actuarial Value of Assets as of 6/30 = (2)+(11)	**95,461,457**				
(13) Difference Between Market & Actuarial Values	8,290,011				
(14) Estimated Market Value Rate of Return on Total Plan Assets	16.96%				
(15) Estimated Market Value Return on Invested Plan Assets	17.66%				
(16) Actuarial Value Rate of Return	11.87%				
(17) Ratio of Actuarial Value to Market Value	92%				

HISTORICAL COMPARISON OF ACTUARIAL VALUE OF ASSETS TO MARKET VALUE OF ASSETS (TOTAL ERS)



SECTION B

ACCOUNTING DISCLOSURES

This information is presented in draft form for review by the Plan's auditor. Please let us know if there are any changes so that we may maintain consistency with the Plan's financial statements.

The measurements required under GASB Statement No. 67 are provided in a separate report.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b – a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Payroll [(b – a)/c]
7/1/2009	$ 2,766,230,073	$ 3,516,824,342	$ 750,594,269	78.7 %	$ 440,745,776	170.3 %
7/1/2010	2,791,144,974	3,645,576,341	854,431,367	76.6	431,226,155	198.1
7/1/2011	2,869,422,276	3,744,713,474	875,291,198	76.6	405,336,529	215.9
7/1/2012	2,891,435,563	3,768,745,962	877,310,399	76.7	398,460,248	220.2
7/1/2013	3,012,547,244	3,821,380,732	808,833,488	78.8	395,988,026	204.3
7/1/2014	3,333,484,724	3,958,929,718	625,444,994	84.2	402,899,096	155.2

Amounts prior to 2012 as shown in prior actuary's report.
Prior to the July 1, 2014, valuation, total payroll includes DRSP and DROP payroll.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended	Annual Required Contribution (a)	Total Employer Contribution (b)	Percentage Contributed (b / a)
6/30/2009	$ 109,567,014	$ 109,567,014	100.0 %
6/30/2010	113,957,784	113,957,784	100.0
6/30/2011	109,343,933	109,343,933	100.0
6/30/2012	107,855,595	107,855,595	100.0
6/30/2013	127,887,620	127,887,620	100.0
6/30/2014	144,709,675	144,709,675	100.0

Amounts prior to 2012 as shown in prior actuary's report.

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

The information requested in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	July 1, 2014
Actuarial Cost Method	Individual Entry Age Normal (non-GRIP) Individual Entry Age Normal (GRIP)
Actuarial Value of Assets	5-year smoothed market
Amortization Method	Level percentage of pay, separate closed period bases
Amortization Period	Initial amortization period of 18 years for the base established July 1, 2010 Initial amortization period of 20 years for subsequent bases Average amortization period of 13 years

Actuarial Assumptions:

Investment Rate of Return	7.50% per year
Projected Salary Increases	Wage inflation of 4.0% per year plus additional service-based increases of up to 5.25%. Total increases of 4.0%-9.25%.
Cost of Living Increases	3.0% for portion of benefit attributable to pre July 1, 2011, service 2.3% for portion of benefit attributable to service on or after July 1, 2011, where the increase is capped at 2.5% 1.8% for members that receive COLA equal to 60% of the change in CPI

SECTION C

VALUATION DATA

SUMMARY OF PARTICIPANT DATA
(JULY 1, 2014 AND JULY 1, 2013)

	Valuation as of July 1, 2014						
	Non-Public Safety		Public Safety				
	Group A	Group H	Group E	Group F	Group G	GRIP	Total
Total All Plans							
Active Members							
Number	527	799	626	1,190	1,130	1,263	5,535
Average Age	56.7	56.8	43.5	38.1	37.5	49.5	45.7
Average Service	26.7	24.6	12.4	12.9	11.7	8.3	14.5
Total Base Payroll	$ 50,976,638	$ 55,866,352	$ 42,951,126	$ 89,215,131	$ 80,663,980	$ 83,225,868	$ 402,899,096
Contribution Basis Payroll:							
For Normal Cost	$ 43,189,541	$ 47,460,110	$ 37,611,162	$ 82,124,733	$ 75,043,449	$ 75,396,078	$ 360,825,073
For Amortization of Unfunded Liability	38,979,842	42,994,102	42,951,126	89,215,131	80,663,980	83,225,868	378,030,049
DRSP/DROP Members							
Number				39	60		99
Total Base Payroll				3,740,247	5,944,122		$ 9,684,369
Total Benefits				2,523,134	3,626,704		6,149,838
Terminated Vested Members							
Number	68	88	26	35	19	167	403
Total Benefits	$ 751,726	$ 740,739	$ 334,743	$ 411,385	$ 121,662		$ 2,360,255
Retired Members and Beneficiaries							
Number						1	6,143
Total Benefits						$ 5,024	$ 223,419,018
Total Membership							12,180

	Valuation as of July 1, 2013						
	Non-Public Safety		Public Safety				
	Group A	Group H	Group E	Group F	Group G	GRIP	Total
Total All Plans							
Active Members							
Number	576	884	619	1,101	1,053	1,202	5,435
Average Age	56.3	56.2	43.5	38.5	37.9	49.4	46.1
Average Service	25.8	23.9	12.2	13.2	12.2	8.5	14.9
Total Base Payroll	$ 52,169,701	$ 59,235,390	$ 40,996,829	$ 80,387,753	$ 71,798,132	$ 74,797,959	$ 379,385,763
Contribution Basis Payroll:							
For Normal Cost	$ 44,698,766	$ 50,789,970	$ 36,154,764	$ 74,410,216	$ 66,683,416	$ 67,953,529	$ 340,690,660
For Amortization of Unfunded Liability	40,388,748	46,504,003	40,996,829	80,387,753	71,798,132	74,797,959	354,873,423
DRSP/DROP Members							
Number				68	103		171
Total Base Payroll				$ 6,649,533	$ 9,952,730		$ 16,602,263
Total Benefits				4,783,402	6,325,902		
Terminated Vested Members							
Number	63	82	20	34	17	142	358
Total Benefits	$ 675,255	$ 635,023	$ 193,353	$ 366,393	$ 117,331		$ 1,987,355
Retired Members and Beneficiaries							
Number						1	5,961
Total Benefits						5,024	$ 210,686,878
Total Membership							11,925

SUMMARY OF ACTIVE PARTICIPANT DATA
BY PLAN

Valuation as of July 1, 2014 Including DROP/DRSP Actives

	Non-Public Safety		Public Safety				
	Group A	Group H	Group E	Group F	Group G	GRIP	Total
Optional Non-Integrated							
Number	5	11	-	-	1		17
Total Base Payroll	$ 493,366	$ 878,520	$ -	$ -	$ 100,650		$ 1,472,536
Optional Integrated							
Number	17	14		1	2		34
Total Base Payroll	$ 1,552,828	$ 914,277		$ 93,025	$ 224,525		$ 2,784,654
Mandatory Integrated							
Number	505	774	626	1,228	1,187		4,320
Total Base Payroll	$ 48,930,444	$ 54,073,556	$ 42,951,126	$ 92,862,353	$ 86,282,927		$ 325,100,406
GRIP							
Number						1,263	1,263
Total Base Payroll						$ 83,225,868	$ 83,225,868
Total All Plans							
Number	527	799	626	1,229	1,190	1,263	5,634
Total Base Payroll	$ 50,976,638	$ 55,866,352	$ 42,951,126	$ 92,955,378	$ 86,608,103	$ 83,225,868	$ 412,583,465

Valuation as of July 1, 2014 Excluding DROP/DRSP Actives

	Non-Public Safety		Public Safety				
	Group A	Group H	Group E	Group F	Group G	GRIP	Total
Optional Non-Integrated							
Number	5	11	-		1		17
Total Base Payroll	$ 493,366	$ 878,520	$ -		$ 100,650		$ 1,472,536
Optional Integrated							
Number	17	14			1		32
Total Base Payroll	$ 1,552,828	$ 914,277			$ 132,862		$ 2,599,967
Mandatory Integrated							
Number	505	774	626	1,190	1,128		4,223
Total Base Payroll	$ 48,930,444	$ 54,073,556	$ 42,951,126	$ 89,215,131	$ 80,430,468		$ 315,600,725
GRIP							
Number						1,263	1,263
Total Base Payroll						$ 83,225,868	$ 83,225,868
Total All Plans							
Number	527	799	626	1,190	1,130	1,263	5,535
Total Base Payroll	$ 50,976,638	$ 55,866,352	$ 42,951,126	$ 89,215,131	$ 80,663,980	$ 83,225,868	$ 402,899,096

AGE/SERVICE BY GROUP AS OF JULY 1, 2014

Group A

Current Age	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 and Over	Totals	Valuation Payroll
Under 25	-	-	-	-	-	-	-	-	-	**0**	**$ -**
25-29	-	-	-	-	-	-	-	-	-	**0**	**-**
30-34	-	1	-	-	-	-	-	-	-	**1**	**56,966**
35-39	-	2	2	-	-	-	-	-	-	**4**	**274,578**
40-44	-	-	1	5	8	3	-	-	-	**17**	**1,182,040**
45-49	-	-	3	4	36	22	3	-	-	**68**	**5,670,505**
50-54	-	-	-	3	40	50	19	3	-	**115**	**11,323,797**
55-59	-	2	2	4	31	73	19	16	2	**149**	**14,898,538**
60-64	-	1	2	2	31	40	24	13	5	**118**	**11,968,617**
65-69	-	-	1	2	5	16	6	8	2	**40**	**4,083,750**
70-74	-	-	-	-	5	3	2	1	1	**12**	**1,272,907**
75 and Over	-	-	-	-	1	1	1	-	-	**3**	**244,940**
Total	**-**	**6**	**11**	**20**	**157**	**208**	**74**	**41**	**10**	**527**	**$ 50,976,638**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Current Valuation		Previous Valuation	
Average Age:	56.7	Average Age:	56.3
Average Service:	26.7	Average Service:	25.8
Average Annual Pay:	$96,730	Average Annual Pay:	$90,572
Vested Participants	527	Vested Participants	575
Nonvested Participants	-	Nonvested Participants	1

Group H

Current Age	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 and Over	Totals	Valuation Payroll
Under 25	-	-	-	-	-	-	-	-	-	**0**	**$ -**
25-29	-	1	-	-	-	-	-	-	-	**1**	**54,030**
30-34	-	2	2	-	-	-	-	-	-	**4**	**212,380**
35-39	-	2	2	1	-	-	-	-	-	**5**	**300,929**
40-44	-	3	4	8	11	5	-	-	-	**31**	**2,104,297**
45-49	-	1	8	14	45	31	1	-	-	**100**	**6,809,264**
50-54	-	-	9	16	67	63	9	2	-	**166**	**11,829,903**
55-59	-	2	4	22	71	86	24	12	2	**223**	**15,613,184**
60-64	-	1	5	17	49	58	25	18	6	**179**	**12,825,221**
65-69	-	-	2	6	26	14	7	8	1	**64**	**4,345,301**
70-74	-	1	-	-	7	5	2	2	2	**19**	**1,332,689**
75 and Over	-	-	-	2	1	3	1	-	-	**7**	**439,154**
Total	**-**	**13**	**36**	**86**	**277**	**265**	**69**	**42**	**11**	**799**	**$ 55,866,352**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Current Valuation		Previous Valuation	
Average Age:	56.8	Average Age:	56.2
Average Service:	24.6	Average Service:	23.9
Average Annual Pay:	$69,920	Average Annual Pay:	$67,008
Vested Participants	799	Vested Participants	880
Nonvested Participants	-	Nonvested Participants	4

AGE/SERVICE BY GROUP AS OF JULY 1, 2014

Group E

Current Age	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 and Over	Totals	Valuation Payroll
Under 25	21	-	-	-	-	-	-	-	-	**21**	**$ 916,516**
25-29	29	13	-	-	-	-	-	-	-	**42**	**1,995,827**
30-34	29	35	12	-	-	-	-	-	-	**76**	**4,106,368**
35-39	13	19	44	9	1	-	-	-	-	**86**	**5,541,579**
40-44	6	29	33	34	8	1	-	-	-	**111**	**7,782,225**
45-49	7	24	24	24	29	14	-	-	-	**122**	**9,474,134**
50-54	4	8	41	14	11	13	4	-	-	**95**	**7,354,729**
55-59	1	6	14	4	6	11	6	-	-	**48**	**3,881,906**
60-64	2	2	6	3	3	3	1	-	-	**20**	**1,514,428**
65-69	1	-	2	-	1	1	-	-	-	**5**	**383,414**
70-74	-	-	-	-	-	-	-	-	-	**0**	**-**
75 and Over	-	-	-	-	-	-	-	-	-	**0**	**-**
Total	**113**	**136**	**176**	**88**	**59**	**43**	**11**	**-**	**-**	**626**	**$ 42,951,126**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Current Valuation		Previous Valuation	
Average Age:	43.5	Average Age:	43.5
Average Service:	12.4	Average Service:	12.2
Average Annual Pay:	$68,612	Average Annual Pay:	$66,231
Vested Participants	513	Vested Participants	523
Nonvested Participants	113	Nonvested Participants	96

Group F

Current Age	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 and Over	Totals	Valuation Payroll
Under 25	82	-	-	-	-	-	-	-	-	**82**	**$ 4,003,527**
25-29	133	48	-	-	-	-	-	-	-	**181**	**9,741,388**
30-34	32	129	54	-	-	-	-	-	-	**215**	**13,830,960**
35-39	11	45	106	24	-	-	-	-	-	**186**	**13,923,637**
40-44	6	19	58	112	39	1	-	-	-	**235**	**20,188,798**
45-49	-	9	22	52	79	26	1	-	-	**189**	**17,576,400**
50-54	-	2	1	7	22	34	9	-	-	**75**	**7,479,183**
55-59	2	2	1	2	4	5	7	1	-	**24**	**2,192,035**
60-64	-	-	-	1	1	-	-	-	-	**2**	**190,607**
65-69	-	-	-	-	-	-	1	-	-	**1**	**88,596**
70-74	-	-	-	-	-	-	-	-	-	**0**	**-**
75 and Over	-	-	-	-	-	-	-	-	-	**0**	**-**
Total	**266**	**254**	**242**	**198**	**145**	**66**	**18**	**1**	**-**	**1,190**	**$ 89,215,131**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Current Valuation		Previous Valuation	
Average Age:	38.1	Average Age:	39.4
Average Service:	12.9	Average Service:	14.6
Average Annual Pay:	$74,971	Average Annual Pay:	$74,454
Vested Participants	924	Vested Participants	969
Nonvested Participants	266	Nonvested Participants	200

AGE/SERVICE BY GROUP AS OF JULY 1, 2014

Group G

Current Age	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 and Over	Totals	Valuation Payroll
Under 25	90	3	-	-	-	-	-	-	-	**93**	**$ 4,227,700**
25-29	105	72	2	-	-	-	-	-	-	**179**	**9,081,633**
30-34	37	121	50	1	-	-	-	-	-	**209**	**12,811,408**
35-39	18	66	61	41	-	-	-	-	-	**186**	**13,374,686**
40-44	6	37	56	47	37	14	-	-	-	**197**	**16,496,147**
45-49	2	14	14	33	56	45	-	-	-	**164**	**15,167,519**
50-54	2	7	3	7	12	36	10	-	-	**77**	**7,169,367**
55-59	-	3	1	2	-	10	3	3	-	**22**	**2,031,734**
60-64	-	1	-	-	-	-	-	-	1	**2**	**188,054**
65-69	-	-	-	-	-	1	-	-	-	**1**	**115,732**
70-74	-	-	-	-	-	-	-	-	-	**0**	**-**
75 and Over	-	-	-	-	-	-	-	-	-	**0**	**-**
Total	**260**	**324**	**187**	**131**	**105**	**106**	**13**	**3**	**1**	**1,130**	**$ 80,663,980**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Current Valuation		Previous Valuation	
Average Age:	37.5	Average Age:	39.3
Average Service:	11.7	Average Service:	13.6
Average Annual Pay:	$71,384	Average Annual Pay:	$70,719
Vested Participants	870	Vested Participants	987
Nonvested Participants	260	Nonvested Participants	169

Group GRIP

Current Age	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 and Over	Totals	Valuation Payroll
Under 25	6	-	-	-	-	-	-	-	-	**6**	**$ 252,015**
25-29	58	7	-	-	-	-	-	-	-	**65**	**3,157,928**
30-34	65	17	3	-	-	-	-	-	-	**85**	**4,381,197**
35-39	49	36	20	-	-	-	-	-	-	**105**	**6,591,020**
40-44	50	46	37	19	-	-	-	-	-	**152**	**10,051,566**
45-49	66	60	47	19	-	-	-	-	-	**192**	**12,271,430**
50-54	57	68	57	26	1	1	-	-	-	**210**	**13,869,864**
55-59	49	64	72	43	-	-	-	-	-	**228**	**16,246,755**
60-64	33	44	31	33	-	1	1	-	-	**143**	**10,609,265**
65-69	3	16	28	14	-	-	-	-	-	**61**	**4,663,109**
70-74	1	-	7	5	-	-	-	-	-	**13**	**904,494**
75 and Over	1	1	-	1	-	-	-	-	-	**3**	**227,225**
Total	**438**	**359**	**302**	**160**	**1**	**2**	**1**	**-**	**-**	**1,263**	**$ 83,225,868**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Current Valuation		Previous Valuation	
Average Age:	49.5	Average Age:	49.4
Average Service:	8.3	Average Service:	8.5
Average Annual Pay:	$65,895	Average Annual Pay:	$62,228
Vested Participants	961	Vested Participants	996
Nonvested Participants	302	Nonvested Participants	206

AGE/SERVICE BY GROUP AS OF JULY 1, 2014

Total All Groups

Current Age	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 and Over	Totals	Valuation Payroll
Under 25	199	3	-	-	-	-	-	-	-	**202**	**$ 9,399,758**
25-29	325	141	2	-	-	-	-	-	-	**468**	**24,030,806**
30-34	163	305	121	1	-	-	-	-	-	**590**	**35,399,279**
35-39	91	170	235	75	1	-	-	-	-	**572**	**40,006,429**
40-44	68	134	189	225	103	24	-	-	-	**743**	**57,805,073**
45-49	75	108	118	146	245	138	5	-	-	**835**	**66,969,253**
50-54	63	85	111	73	153	197	51	5	-	**738**	**59,026,843**
55-59	52	79	94	77	112	185	59	32	4	**694**	**54,864,152**
60-64	35	49	44	56	84	102	51	31	12	**464**	**37,296,192**
65-69	4	16	33	22	32	32	14	16	3	**172**	**13,679,902**
70-74	1	1	7	5	12	8	4	3	3	**44**	**3,510,090**
75 and Over	1	1	-	3	2	4	2	-	-	**13**	**911,319**
Total	**1,077**	**1,092**	**954**	**683**	**744**	**690**	**186**	**87**	**22**	**5,535**	**$ 402,899,096**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Current Valuation		Previous Valuation	
Average Age:	45.7	Average Age:	46.1
Average Service:	14.5	Average Service:	14.9
Average Annual Pay:	$72,791	Average Annual Pay:	$70,636
Vested Participants	4,594	Vested Participants	4,930
Nonvested Participants	941	Nonvested Participants	676

SCHEDULE OF ACTIVE MEMBER DATA AS OF JULY 1, 2014

Valuation Date 7/1	Number	Annual Payroll	Average Annual Pay	% Increase in Avg Pay
2002	5,983	$333,449,862	$55,733	5.33%
2003	5,876	336,019,788	57,185	2.61%
2004	5,670	341,629,327	60,252	5.36%
2005	5,628	355,105,993	63,096	4.72%
2006	5,362	357,361,131	66,647	5.63%
2007	5,294	374,792,608	70,796	6.23%
2008	5,060	376,002,333	74,309	4.96%
2009	5,012	376,014,994	75,023	0.96%
2010	5,786	431,226,155	74,529	-0.66%
2011	5,515	405,336,529	73,497	-1.38%
2012	5,554	398,460,248	71,743	-2.39%
2013	5,606	395,988,026	70,636	-1.54%
2014	5,535	402,899,096	72,791	3.05%

Prior to the July 1, 2014, valuation, counts and payroll include DRSP and DROP members.

SCHEDULE OF MEMBERS IN PAY STATUS AS OF JULY 1, 2014

Valuation Date 7/1	Annuitants	Survivors	Disableds	Total Number	Total Annual Benefits	Total Average Annual Benefit
2002	3,002	330	783	4,115		$24,259
2003	3,203	350	817	4,370		25,204
2004	3,348	360	851	4,559		26,276
2005	3,443	369	853	4,665		27,591
2006	3,564	365	919	4,848		29,229
2007	3,661	361	975	4,997		30,011
2008	3,905	380	1,021	5,306		31,808
2009	3,957	386	1,036	5,379		31,698
2010	4,132	380	1,079	5,591		32,606
2011	4,245	393	1,074	5,712		34,348
2012	4,309	438	1,077	5,824	$203,710,715	34,978
2013	4,412	448	1,101	5,961	210,686,878	35,344
2014	4,669	452	1,121	6,242	229,568,856	36,778

Total Annual Benefits first shown in actuarial valuation report in 2012. Amounts in prior years are not readily available. Beginning with the July 1, 2014, valuation, counts for annuitants and annual benefit amounts include DRSP and DROP members.

SECTION D

VALUATION PROCEDURES

ACTUARIAL COST METHOD

Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using the ***Individual Entry-Age Normal*** *actuarial cost method* having the following characteristics:

- The normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement; and
- Each annual normal cost is a constant percentage of the member's year by year projected covered pay.

Financing of Unfunded Actuarial Accrued Liabilities. The unfunded actuarial accrued liability is amortized using a level-percentage of pay amortization of closed-period separate amortization bases. The initial amortization period for the base established on July 1, 2010, was 18 years, and the initial amortization period for bases established thereafter is 20 years.

Actuarial Value of Pension Plan Assets. The asset value is the actuarial value of assets which is calculated by recognizing 20% of the investment gain or loss (the difference between the actual investment return and the expected investment return, which is 7.50%) on the market value of assets for each of the five following fiscal years.

Contribution Basis Payroll. The payroll for each member that is active at the valuation date is called the Base Payroll. For purposes of calculating the contribution rates based on the dollar contributions determined, different payroll amounts are used.

Contribution Basis Payroll for Normal Cost is the expected payroll for current active members payable in the upcoming year and reflects that a percentage of members will exit the active population due to retirement, termination, death or disability. This payroll is on a consistent basis with the normal cost dollars shown in the report.

Contribution Basis Payroll for Amortization of Unfunded Liability is equal to the total base payroll for the open groups (groups that are enrolling new members) and projected payroll for the period July 1, 2015, through June 30, 2016, for the closed groups (groups that are closed to new members). The projected payroll for the closed groups reflects that a percentage of members will exit the active population due to retirement, termination, death or disability and no additional employees will be hired into those groups. Groups A and H are closed and the remaining groups are open.

ACTUARIAL ASSUMPTIONS IN THE VALUATION PROCESS

The contribution and benefit values of the System are calculated by applying actuarial assumptions to the benefit provisions and census information furnished, using the actuarial cost method described on the previous page.

The principal areas of financial risk which require assumptions about future experiences are:

- Long-term rates of investment return to be generated by the assets of the Plan;
- Patterns of pay increases to members;
- Rates of mortality among members, retirees and beneficiaries;
- Rates of withdrawal of active members;
- Rates of disability among members; and
- The age patterns of actual retirement.

In a valuation, the monetary effect of each assumption is calculated for as long as a present covered person survives; a period of time which can be as long as a century.

Actual experience of the Plan will not coincide exactly with assumed experience. Each valuation provides a complete recalculation of assumed future experience and takes into account all past differences between assumed and actual experience. The result is a continual series of adjustments (usually small) to the computed contribution rate.

From time to time it becomes appropriate to modify one or more of the assumptions, to reflect experience trends (but not random year-to-year fluctuations). We recommend that an experience analysis be completed in the coming year to make certain that the assumptions continue to reflect current experience and expected future trends.

The assumed rate of price inflation is 3.00%.

The assumed COLA is as follows:

	Assumed COLA
100% of CPI, benefit attributable to pre 7/1/2011 service	3.00%
60% of CPI, benefit attributable to pre 7/1/2011 service	1.80%
100% of CPI*, benefit attributable to service on or after 7/1/2011	2.30%

**Capped at 2.5%.*

The following groups have a COLA equal to 60% of the increase in CPI:

- Unrepresented Non-Public Safety Enrolled 7/1/78 & after-retired before 11/1/01
- Certain Sheriffs and Inspectors Enrolled 7/1/78 & after-retired prior to 11/1/01
- Represented Non-Public Safety Enrolled 7/1/78 & after-retired prior to 11/1/01
- Sheriffs/Corrections Enrolled 7/1/78 & after-retired prior to 11/1/01
- Fire Enrolled 7/1/78 & after-retired prior to 3/1/00
- Police Enrolled 7/1/78 & after-retired prior to 3/1/00

The assumed rate of investment return used was 7.50%, net of expenses, annually.

The rates of annual salary increase used for individual members are in accordance with the following table. This assumption is used to project a member's current salary to the salaries upon which benefit amounts will be based.

Salary Increases

Service	Public Safety	Non-Public Safety*
0	9.25%	6.00%
5	8.25%	6.00%
10	6.25%	6.00%
15	5.50%	6.00%
20	5.00%	4.25%
25	4.50%	4.00%
30	4.25%	4.00%

**Includes GRIP.*

The assumed rate of total payroll growth used in amortizing the unfunded liability as a level percentage of pay is 4.00%.

The assumed increase in the Social Security Taxable Wage Base is 4.00%.

VALUATION ASSUMPTIONS (CONTINUED)

The mortality table used to measure retirement mortality was based on the RP2000 Mortality Table, sex-distinct, projected to the year 2030 for healthy mortality and projected to the year 2010 for disabled mortality. Rates are set forward five years for the disabled mortality assumption. The healthy mortality assumption is used to measure the probabilities of members dying before retirement and the probabilities of each benefit payment being made after retirement. We expect that because the mortality table is projected to the year 2030, this provides a margin for future mortality improvement.

Healthy Mortality

	Mortality Rate		Future Life Expectancy (years)	
Age	Men	Women	Men	Women
20	0.0194%	0.0118%	62.87	64.68
25	0.0278%	0.0136%	57.94	59.71
30	0.0382%	0.0195%	53.03	54.76
35	0.0665%	0.0341%	48.15	49.83
40	0.0848%	0.0449%	43.33	44.91
45	0.1018%	0.0693%	38.51	40.03
50	0.1240%	0.1002%	33.71	35.18
55	0.2038%	0.2135%	28.94	30.40
60	0.4159%	0.4349%	24.32	25.81
65	0.8344%	0.8351%	19.94	21.49
70	1.4111%	1.4405%	15.89	17.51
75	2.4785%	2.2088%	12.11	13.86
80	4.7613%	3.7161%	8.79	10.54
85	8.9712%	6.4653%	6.17	7.64
90	16.2629%	12.0332%	4.22	5.48
95	25.1898%	18.3171%	3.02	4.15
100	33.4368%	23.0445%	2.32	3.36
105	39.7886%	29.3116%	2.05	2.66

Disabled Mortality

	Mortality Rate		Future Life Expectancy (years)	
Age	Men	Women	Men	Women
20	0.0340%	0.0180%	55.97	58.56
25	0.0422%	0.0239%	51.06	53.61
30	0.0735%	0.0425%	46.19	48.69
35	0.0996%	0.0607%	41.38	43.81
40	0.1323%	0.0957%	36.59	38.96
45	0.1783%	0.1412%	31.85	34.16
50	0.2991%	0.2507%	27.17	29.44
55	0.5742%	0.4808%	22.66	24.89
60	1.1062%	0.9231%	18.44	20.61
65	1.9091%	1.5923%	14.60	16.69
70	3.2859%	2.5937%	11.12	13.15
75	5.8213%	4.2767%	8.13	10.00
80	10.3244%	7.2923%	5.75	7.31
85	17.6202%	12.7784%	4.00	5.29
90	26.2189%	19.0654%	2.93	4.06
95	34.1126%	23.5103%	2.30	3.34
100	39.7886%	29.3116%	2.05	2.66
105	40.0000%	36.4617%	2.03	2.18

100% of pre-retirement deaths for Groups A, E, and H are assumed to be non-service connected.
For Groups F and G, 100% of deaths corresponding to the healthy mortality rates shown above are assumed to be non-service connected. An additional 15% of the rates shown above are assumed to be service connected.

Rates of separation from active membership are represented by the following table (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members terminating employment.

Service	Groups A and H (Non Public Safety)	Groups E, F, G (Public Safety)	GRIP
0	5.200%	8.000%	9.500%
1	5.200%	8.000%	9.500%
2	5.200%	6.000%	6.000%
3	5.200%	4.000%	6.000%
4	5.200%	3.500%	5.000%
5	4.250%	3.100%	4.250%
6	4.250%	2.875%	3.000%
7	4.250%	2.650%	3.000%
8	4.250%	2.425%	2.500%
9	4.250%	2.200%	2.500%
10	3.250%	2.000%	2.500%
11	3.250%	1.750%	2.500%
12	3.250%	1.500%	2.500%
13	3.250%	1.250%	2.500%
14	3.250%	1.000%	2.500%
15	3.100%	0.900%	2.500%
16	2.825%	0.825%	2.500%
17	2.550%	0.750%	2.500%
18	2.275%	0.675%	2.500%
19	2.000%	0.600%	2.500%
20	1.700%	0.600%	2.500%
21	1.500%	0.600%	2.500%
22	1.300%	0.600%	2.500%
23	1.100%	0.600%	2.500%
24	0.900%	0.600%	2.500%
25	0.900%	0.600%	2.500%
26	0.900%	NA	2.500%

25% of vested participants that terminate are assumed to elect a refund of their accumulated contributions with interest instead of a deferred benefit.

Rates of disability were as follows:

	Non-Public Safety		Public Safety					
	Groups A and H		Group E		Group F		Group G	
Age	Male	Female	Male	Female	Male	Female	Male	Female
20	0.0975%	0.0375%	0.0882%	0.0675%	0.1470%	0.1125%	0.1029%	0.1575%
25	0.1800%	0.0975%	0.1806%	0.1800%	0.3010%	0.3000%	0.2107%	0.4200%
30	0.2475%	0.1800%	0.3696%	0.4800%	0.6160%	0.8000%	0.4312%	1.1200%
35	0.2925%	0.2550%	0.4536%	0.7050%	0.7560%	1.1750%	0.5292%	1.6450%
40	0.3300%	0.3150%	0.6006%	0.9825%	1.0010%	1.6375%	0.7007%	2.2925%
45	0.5880%	0.3375%	1.1424%	1.3155%	1.9040%	4.3850%	1.3328%	3.0695%
50	0.7080%	0.5100%	1.8984%	1.7685%	3.9550%	5.8950%	2.2148%	4.1265%
55	0.5400%	0.5800%	2.3184%	1.8585%	4.8300%	6.1950%	2.7048%	4.3365%
60	0.8625%	0.5625%	2.8434%	1.9035%	5.9238%	6.3450%	4.7390%	4.4415%

The assumed split of service-connected and non-service connected disabilities is as follows:

	Total	Total	Service Connected Disability		
	Non-Service	Service	Total Incapacity	Partial Incapacity	Alternate Position
Group	Connected	Connected	70% Benefit	52.5% Benefit	5% Pay Increase
A	60%	40%	20%	20%	NA
H	60%	40%	20%	20%	NA
E	15%	85%	25%	60%	NA
F	7%	93%	28%	65%	NA
G	7%	93%	26%	62%	5%

VALUATION ASSUMPTIONS (CONTINUED)

Rates of retirement for members eligible to retire during the next year were as follows:

	Groups A and H (Non Public Safety)			Group E		Group F				Group G		GRIP
	1st Elig. for Normal Ret			1st Elig. For	Ultimate	Before	1st Elig. For	Ultimate	30 through	1st Elig. For	Ultimate	
Age	PT/SLT	Non-PT/SLT	Ultimate Rate	Normal Ret	Rate	1st Elig.	Normal Ret	Rate	35 Years	Normal Ret	Rate	Rate
Under 45	0.00%	0.00%	2.00%	3.50%	3.50%	3.75%	15.00%	5.00%	5.00%	20.00%	3.00%	0.00%
45	0.00%	0.00%	2.00%	3.50%	3.50%	3.75%	15.00%	5.00%	5.00%	20.00%	3.00%	0.00%
46	0.00%	0.00%	2.00%	15.00%	8.00%	7.50%	15.00%	9.00%	5.00%	20.00%	7.00%	0.00%
47	0.00%	0.00%	2.00%	15.00%	8.00%	7.50%	15.00%	9.00%	5.00%	20.00%	7.00%	0.00%
48	0.00%	0.00%	2.00%	15.00%	8.00%	7.50%	15.00%	9.00%	5.00%	20.00%	7.00%	0.00%
49	0.00%	0.00%	2.00%	15.00%	8.00%	7.50%	15.00%	9.00%	5.00%	20.00%	7.00%	0.00%
50	16.00%	0.00%	6.00%	20.00%	10.00%	15.00%	15.00%	15.00%	7.00%	20.00%	10.00%	0.00%
51	16.00%	0.00%	6.00%	20.00%	10.00%	15.00%	15.00%	15.00%	7.00%	20.00%	10.00%	0.00%
52	16.00%	0.00%	6.00%	20.00%	18.00%	20.00%	15.00%	15.00%	17.00%	30.00%	15.00%	0.00%
53	16.00%	0.00%	6.00%	20.00%	18.00%	20.00%	15.00%	15.00%	17.00%	30.00%	15.00%	0.00%
54	16.00%	0.00%	6.00%	20.00%	18.00%	20.00%	15.00%	15.00%	17.00%	30.00%	15.00%	0.00%
55	20.00%	20.00%	9.00%	50.00%	50.00%	50.00%	45.00%	40.00%	45.00%	40.00%	40.00%	0.00%
56	20.00%	20.00%	9.00%	50.00%	50.00%	50.00%	45.00%	40.00%	45.00%	40.00%	40.00%	0.00%
57	20.00%	20.00%	9.00%	50.00%	50.00%	50.00%	45.00%	40.00%	45.00%	40.00%	40.00%	0.00%
58	20.00%	20.00%	9.00%	50.00%	50.00%	50.00%	45.00%	40.00%	45.00%	40.00%	40.00%	0.00%
59	20.00%	20.00%	9.00%	50.00%	50.00%	50.00%	45.00%	40.00%	45.00%	40.00%	40.00%	0.00%
60	20.00%	15.00%	16.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	5.00%
61	20.00%	15.00%	16.00%									5.00%
62	20.00%	15.00%	16.00%									15.00%
63	20.00%	15.00%	16.00%									15.00%
64	20.00%	15.00%	16.00%									15.00%
65	50.00%	50.00%	30.00%									40.00%
66	50.00%	50.00%	30.00%									40.00%
67	75.00%	75.00%	30.00%									40.00%
68	100.00%	100.00%	30.00%									40.00%
69	100.00%	100.00%	30.00%									40.00%
70	100.00%	100.00%	100.00%									100.00%

Assumption for DRSP and DROP eligible members are as follows:

	Group F (DRSP)	Group G (DROP)
Percent Assumed to Participate	70%	70%
Average Years of Participation	3 years	3 years

Assumed Additional Sick Leave Credit: Members are assumed to have additional service credit at termination or retirement for unused sick leave credit up to a maximum of 2 years.

Group	Years of Sick Leave Per Year of Credited Service
A	0.020
E	0.024
F	0.045
G	0.032
H	0.020

Marital Status: It is assumed that 80% of active participants have an eligible spouse. The male spouse is assumed to be three years older than the female spouse.

Form of Payment:

Plan	Normal Form	Assumed in Valuation
Mandatory Integrated	Life Annuity, guaranteed returned employee contributions with interest	3 Year Certain and Continuous Annuity
Optional Integrated	Life Annuity with 120 monthly payments guaranteed	10 Year Certain and Continuous Annuity
Optional Non-Integrated	Life Annuity with 120 monthly payments guaranteed	10 Year Certain and Continuous Annuity
GRIP	Lump Sum	Lump Sum at Termination or Retirement

Benefit Service: Exact fractional years of service are used to determine the amount of benefit payable.

Decrement Timing: All decrements are assumed to occur at the beginning of the year.

Decrement Operation: Turnover decrements do not operate after the member reaches retirement eligibility.

Eligibility Testing: Eligibility for benefits is determined based upon the age nearest birthday and service on the date the decrement is assumed to occur.

Pay Increase Timing: End of (fiscal) year.

Expenses: Assumed administrative expenses were added to the Normal Cost and are based on the average of the administrative expenses over the past 3 years. The assumed amount added to the Normal Cost is:

Valuation Year	Actual Administrative Expenses 3 Years Prior	2 Years Prior	1 Year Prior	3 Year Average	Assumed Expenses Added to Normal
2012	$ 2,906,988	$ 3,079,377	$ 3,545,654	$ 3,177,340	$ 3,177,300
2013	3,079,377	3,545,654	2,400,996	3,008,676	3,008,700
2014	3,545,654	2,400,996	2,953,807	2,966,819	2,966,800

Assumptions for Missing or Incomplete Data:

Active members:
If payroll was not provided, the current year payroll was set equal to the prior year payroll. For new hires, the current year payroll was set equal to the average payroll for new hires in the same group (A, E, F, G, H, GRIP).

Vesting service and credited service were calculated for GRIP members based on date of hire and the valuation date.

Retired members:
If a beneficiary date of birth was not provided for members with a joint and survivor option, it was assumed that there was a beneficiary and males are three years older than their female spouses.

SECTION E

BENEFIT PROVISIONS

BRIEF SUMMARY OF PLAN PROVISIONS AS OF JULY 1, 2014

Following is a summary of the major plan provisions used in the valuation summarized in this report. Montgomery County is solely responsible for the validity, accuracy and comprehensiveness of this information. If any of the plan provisions shown below are not accurate and complete, the valuation results may differ significantly from those shown in this report and may require a revision of this report. Moreover, these plan provisions may be susceptible to different interpretations, each of which could be reasonable, and the different interpretations could lead to different valuation results.

1. Effective Date of the Plan

   August 15, 1965. Latest changes to the plan were made for group A, group E, group F, group G, group H and GRIP members in FY11 and were reflected in the 2011 actuarial valuation. Some of the changes were effective July 1, 2011, while others were effective July 1, 2012.

2. Employee Eligibility Requirements

   A. Optional non-integrated retirement plan: Employees enrolled prior to July 1, 1978, who do not elect to join the integrated retirement plan.

   B. Optional integrated plan: Employees enrolled prior to July 1, 1978, who elect to join the integrated retirement plan.

   C. Mandatory integrated retirement plan: Employees enrolled on or after July 1, 1978. The Plan is closed to Non-Public Safety employees hired or rehired after September 30, 1994.

3. Membership Groups and Eligibility

   - Group A: Any employee who is not eligible for coverage under another membership group.

   - Group B: Any correctional officer, fire prevention officer, or deputy sheriff appointed or promoted to the position on or before June 30, 1978 who has not elected to transfer to another membership group.

   - Group D: Any full-time police officer appointed on or before August 15, 1965, who has been continuously employed as a police officer and has not elected to transfer to any other membership group.

   - Group E: The chief administrative officer, the director of the council staff, the hearing examiners, the county attorney, and each head of a principal department, office or agency of the county government, if appointed before July 30, 1978, or a member having held such position on or before October 1, 1972. Any sworn deputy sheriff and such correctional staff as designated by the chief administrative officer.

   - Group F: Any sworn police officer who is not eligible for coverage under another membership group.

- Group G: Any paid firefighter, paid fire officer, or paid rescue service personnel not eligible for coverage under another membership group.

- Group H: Any member, including any probationary employee, who holds a bargaining unit position, unless the member is eligible for membership in Groups B, D, E, F or G.

4. Member Contributions as a Percent of Regular Base Earnings

Effective July 1, 1989, member contributions are pre-tax and interest shall be credited annually on each member's accumulated contributions at a 4.0% annual rate.

A. Optional non-integrated plan:

	Prior to 7/1/2001	Effective 7/1/2001	Effective 7/1/2011	Effective 7/1/2012 and After
Group A	6%	6%	7%	8%
Group B*	7%	n/a	n/a	n/a
Group D**	n/a	n/a	n/a	n/a
Group E	7½%	8½%	9½%	10½%
Group F	7½%	8½%	9½%	10½%
Group G	7½%	8½%	9½%	10½%
Group H	6%	6%	7%	8%

* The last Group B member retired August 1, 1998
** The last Group D member retired November 1, 1992

B. Optional integrated plan:

	Prior to 7/1/2001*		Effective 7/1/2001*		Effective 7/1/2011		Effective 7/1/2012 and After	
	Up to SSTWB	In excess of SSTWB	Up to SSTWB	In excess of SSTWB	Up to SSTWB	In excess of SSTWB	Up to SSTWB	In excess of SSTWB
Group A	3%	6%	4%	6%	5%	7%	6%	8%
Group B**	3½%	7%	4½%	7%	n/a	n/a	n/a	n/a
Group D	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Group E	3¾%	7½%	4¾%	8½%	5¾%	9½%	6¾%	10½%
Group F	4%	8%	4¾%	8½%	5¾%	9½%	6¾%	10½%
Group G with less than 25 years of service								
	4¾%	8½%	5½%	9¼%	6½%	10¼%	7½%	11¼%
Group G with at least 25 years of service								
	4¾%	8½%	4¾%	8½%	5¾%	9½%	6¾%	10½%
Group H	3%	6%	4%	6%	5%	7%	6%	8%

* 7/1/2007 for Group G
** The last Group B member retired February 1, 2008

SSTWB means Social Security Taxable Wage Base.

C. Mandatory integrated plan:

	Prior to 7/1/2001*		Effective 7/1/2001*		Effective 7/1/2011		Effective 7/1/2012 and After	
	Up to SSTWB	In excess of SSTWB	Up to SSTWB	In excess of SSTWB	Up to SSTWB	In excess of SSTWB	Up to SSTWB	In excess of SSTWB
Group A	3%	6%	4%	6%	5%	7%	6%	8%
Group B	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Group D	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Group E	3¾%	7½%	4¾%	8½%	5¾%	9½%	6¾%	10½%
Group F	4%	8%	4¾%	8½%	5¾%	9½%	6¾%	10½%
Group G with less than 25 years of service								
	4¾%	8½%	5½%	9¼%	6½%	10¼%	7½%	11¼%
Group G with at least 25 years of service								
	4¾%	8½%	4¾%	8½%	5¾%	9½%	6¾%	10½%
Group H	3%	6%	4%	6%	5%	7%	6%	8%

* 7/1/2007 for Group G

5. Credited Service

A member's credited service is the total service rendered under the Employees' Retirement System of Montgomery County, plus credited service earned under State of Maryland and/or Montgomery County Police Relief and Retirement Fund Law or any other Maryland Public Plan, plus any purchased prior service or granted.

A. Full-time: Full-time members receive one year of credited service for rendering the full normal working time in a 12-month period.

B. Part-time: Part-time members working less than the normal scheduled workweek for full-time employees on a continuing basis shall receive one year of credited service for each 12-month period.

C. Combined part-time and full-time: Combined part-time and full-time employees will receive one month of credited service for 176 hours worked each fiscal year. Accumulated hours of 88 to 176 or 15 days or more in any calendar month will equal one month of credited service.

D. Sick Leave: Any employee whose retirement is effective on or after May 1, 1970, will have 176 hours of accumulated sick leave equivalent to one month of credited service up to a maximum of 4,224 hours. Accumulated sick leave of less than 11 days shall not be credited; 11 to 22 days shall be credited as one month for retirement purposes. Any member who vests on or after October 1, 1971, may have sick leave credited for vesting purposes on the same basis.

6. Average Final Earnings

For members enrolled on or before June 30, 1978, average final earnings are equal to the

regular earnings for the 12-month period immediately preceding retirement, or any consecutive 12-month period, if greater.

For members enrolled on or after July 1, 1978, average final earnings are equal to the average of regular annual earnings for the 36-month period immediately preceding retirement, or any consecutive 36-month period, if greater.

7. Social Security Wage Base

For any particular year, the maximum amount of earnings creditable for benefit computation purposes under the Old Age, Survivors and Disabilities Insurance Program established by the Federal Social Security Act.

Year	Social Security Taxable Wage Base
2011	$106,800
2012	$110,100
2013	$113,700
2014	$117,000

8. Social Security Maximum Compensation Level

The maximum dollar amount of earnings upon which Social Security benefits are based, assuming: (1) an employee's annual compensation is at least as great as the taxable wage base each year, for a 35-year period through the year in which the employee attains Social Security Retirement Age, (2) the employee remained in covered employment during each calendar year, (3) the taxable wage base stays level from date of retirement to Social Security Retirement Age.

9. Social Security Retirement Age

- Age 65 for employees born prior to January 1, 1938.
- Age 66 for employees born on or after January 1, 1938, and prior to January 1, 1955.
- Age 67 for employees born on or after January 1, 1955.

10. Regular Earnings

Gross pay for actual hours worked, excluding overtime.

Imputed Compensation for FY2010 only (effective July 1, 2009):

- Regular earnings for a Group A, E or H member who is employed on July 1, 2009, includes amounts as if the member had received an increase of 4.5% in the member's gross pay as of July 1, 2009, except for the purpose of calculating a member's contribution.

- Regular earnings for a Group F member who is employed on July 1, 2009, includes amounts as if the member had received an increase of 4.25% in the member's gross pay as of July 1, 2009, except for the purpose of calculating a member's contribution.
- Regular earnings for a Group G member who is employed on July 1, 2009, includes amounts as if the member had received an increase of 4.00% in the member's gross pay as of July 1, 2009, except for the purpose of calculating a member's contribution.

11. Benefits

A. Normal Retirement Date:

Age and Service Requirement:

- Group A: Age 60 and five years of credited service, or age 55 and 30 years of credited service *(after June 30, 2002, age 60 and five years of credited service, or age 50 and 30 years of credited service for members who are Police Telecommunicators).*
- Group B: Age 55 and 15 years of credited service, or age 51 and 30 years of credited service.
- Group D: The requirements contained in the police relief and retirement fund law of the county.
- Group E: Age 55 and 15 years of credited service, or age 46 and 25 years of credited service.
- Group F: Age 55 and 15 years of credited service, or 25 years of credited service (effective July 1, 2008; previously, age 55 and 15 years of credited service, or age 46 and 25 years of credited service).
- Group G: Age 55 and 15 years of credited service, or any age with 20 years of credited service (effective July 1, 2007; previously age 55 and 15 years of credited service, or any age with 25 years of credited service).
- Group H: Age 60 and five years of credited service, or age 55 and 30 years of credited service (after June 30, 2002, age 60 and five years of credited service, or age 50 and 30 years of credited service for members who are Police Telecommunicators or members of the Service, Labor and Trades (SLT) bargaining unit).

B. Benefit Amount:

1. Optional non-integrated plan: All groups other than Group E, F or G – 2% of average final earnings multiplied by years of credited service, up to a maximum of 36 years, plus sick leave credits.

- Group E: 2.4% of average final earnings for each of the first 25 years of credited service, plus 2% of average final earnings for each year of credited service after 25 years up to a maximum of 31 years, plus sick leave credits. Sick leave credit in excess of 25 years is credited at 2% of average final earnings.

- Group F: 2.4% of average final earnings for each year of credited service, up to a maximum of 36 years, plus sick leave credits.

- Group G: 2.5% of average final earnings for each of the first 20 years of credited service, plus 2% of average final earnings for each year of credited service after 20 years up to a maximum of 31 years, plus sick leave credits (effective July 1, 2007; previously 2% of average final earnings for each of the first 20 years of credited service, plus 3% of average final earnings for each year of credited service from 21st year through 24th year, plus 8% of average final earnings for the 25th year of credited service, plus 2% of average final earnings for each year of credited service after 25 years up to a maximum of 31 years, plus sick leave credits).

2. Integrated plans:

   a. From date of retirement to Social Security Retirement Age:

      - For groups other than Groups E, F or G: 2% of average final earnings multiplied by years of credited service, up to a maximum of 36 years, plus sick leave credits.

      - Group E: 2.4% of average final earnings for each of the first 25 years of credited service, plus 2% of average final earnings for each year of credited service more than 25 years up to a maximum of 31 years, plus sick leave credits.

      - Group F: 2.4% of average final earnings multiplied by years of credited service, up to a maximum of 36 years of service including sick leave credits. (Effective 7/1/2008; previously 2.4% of average final earnings for each year of credited service, up to a maximum of 30 years, plus sick leave credits. Sick leave credit in excess of 30 years is credited at 2% of average final earnings).

      - Group G: 2.5% of average final earnings for each of the first 20 years of credited service, plus 2% of average final earnings for each year of credited service after 20 years up to a maximum of 31 years, plus sick leave credits (effective 7/1/2007; previously 2% of average final earnings for each of the first 20 years of credited service, plus 3% of average final earnings for each year of credited service from 21st year through 24th year, plus 8% of average final earnings for the 25th year of credited service, plus 2% of average final earnings for each year of credited service after 25 years up to a maximum of 31 years, plus sick leave credits).

b. From attainment of Social Security Retirement Age:

- For Groups A, B or H: 1.25% of average final earnings up to Social Security maximum covered compensation plus 2% of average final earnings above Social Security maximum covered compensation, multiplied by years of credited service up to 36 years, plus sick leave credits.

- Group D: 1% of average final earnings up to Social Security maximum covered compensation plus 2% of average final earnings above Social Security maximum covered compensation, multiplied by years of credited service up to 36 years, plus sick leave credits.

- Group E: 1.25% (effective 7/1/2009: 1.65%) of average final earnings up to Social Security maximum covered compensation for each year of credited service up to a maximum of 31 years plus sick leave credits, plus 2.4% of average final earnings above Social Security maximum covered compensation for each of the first 25 years, and 2% of average final earnings above Social Security maximum covered compensation for each year of credited service after 25 years up to a maximum of 31 years, plus sick leave credits. Sick leave credits used for years in excess of 25 years is credited at 2% of average final earnings above Social Security maximum covered compensation.

- Group F: 1.65% of average final earnings up to Social Security maximum covered compensation for each year of credited service up to a maximum of 36 years including sick leave credits and 2.4% of average final earnings above Social Security maximum covered compensation for each year of credited service up to a maximum of 36 years including sick leave credits. (Effective 7/1/2008; previously 1.65% of average final earnings up to Social Security maximum covered compensation for each year of credited service up to a maximum of 30 years, plus 1.25% of average final earnings up to Social Security maximum covered compensation for each year of credited service in excess of 30 years, plus sick leave credits, and 2.4% of average final earnings above Social Security maximum covered compensation for each year of credited service up to a maximum of 30 years, plus sick leave credits. Sick leave credits used for years in excess of 30 years is credited at 2% of average final earnings above Social Security maximum covered compensation).

- Group G: 1.71875% of average final earnings for each of the first 20 years of credited service, plus 1.375% of average final earnings for each year of credited service after 20 years up to a maximum of 31 years, plus sick leave credits.

12. Early Pension

A. Age and service requirements:

- Group A: Age 50 and 15 years of credited service, or age 45 and 20 years of credited service.
- Group B: Age 45 and 15 years of credited service.
- Group D: Not applicable.
- Group E: Age 45 and 15 years of credited service, or age 41 and 20 years of credited service.
- Group F: Age 45 and 15 years of credited service, or age 41 and 20 years of credited service.
- Group G: Only normal retirement is allowed (effective 7/1/2007, previously age 45 and 15 years of credited service, or age 41 and 20 years of credited service).
- Group H: Age 50 with 15 years of credited service, or age 45 and 20 years of credited service.

B. Benefit amount: Regular pension accrued, reduced by the following schedule:

MONTHS EARLY	YEARS EARLY 0	1	2	3	4	5	6	7	8	9	10
0	100.00%	98.00%	95.00%	91.00%	86.00%	80.00%	72.00%	64.00%	56.00%	48.00%	40.00%
1	99.83%	97.75%	94.67%	90.58%	85.50%	79.33%	71.33%	63.33%	55.33%	47.33%	
2	99.67%	97.50%	94.33%	90.17%	85.00%	78.67%	70.67%	62.67%	54.67%	46.67%	
3	99.50%	97.25%	94.00%	89.75%	84.50%	78.00%	70.00%	62.00%	54.00%	46.00%	
4	99.33%	97.00%	93.67%	89.33%	84.00%	77.33%	69.33%	61.33%	53.33%	45.33%	
5	99.17%	96.75%	93.33%	88.92%	83.50%	76.67%	68.67%	60.67%	52.67%	44.67%	
6	99.00%	96.50%	93.00%	88.50%	83.00%	76.00%	68.00%	60.00%	52.00%	44.00%	
7	98.83%	96.25%	92.67%	88.08%	82.50%	75.33%	67.33%	59.33%	51.33%	43.33%	
8	98.67%	96.00%	92.33%	87.67%	82.00%	74.67%	66.67%	58.67%	50.67%	42.67%	
9	98.50%	95.75%	92.00%	87.25%	81.50%	74.00%	66.00%	58.00%	50.00%	42.00%	
10	98.33%	95.50%	91.67%	86.83%	81.00%	73.33%	65.33%	57.33%	49.33%	41.33%	
11	98.17%	95.25%	91.33%	86.42%	80.50%	72.67%	64.67%	56.67%	48.67%	40.67%	

Unreduced early retirement benefits are available if the member's age and service equals 85 with at least 35 years of credited service.

13. Disability Pension

A. Non-service-connected disability retirement:

Age and service requirement: Five years of credited service.

Amount: The greater of the accrued benefit under 11(B) or 33⅓% of final earnings.

B. Service-connected disability retirement:

Age and service requirement: None

Benefit amount:

1. For total incapacity: The greater of the accrued benefit under 11(B) or 66⅔% of final earnings.

2. For Group G members: Benefits described in (1.) above are modified as follows:

   - The minimum benefit is 70% of final earnings if the member meets the definition of Social Security disability.

   - The minimum benefit is 52½% of final earnings if the member is disabled but does not qualify for the 70% minimum benefit above. The Chief Administrative Officer of the County may offer a disabled member an alternative position with the County with a 5% pay increase in lieu of this disability benefit.

   - Certain causes of disability are automatically deemed to be service-connected.

Effective July 1, 2012, the service-connected benefit amount is modified as follows:

- Total incapacity: the minimum benefit is 70% of final earnings if the Disability Review Panel approves. If the member has been granted Social Security disability benefits, the Disability Review Panel must recommend total incapacity status if the Social Security award is based primarily on the impairment for which plan benefits are paid.

- Partial incapacity: the minimum benefit is 52½% of final earnings if the member is disabled but does not qualify for the 70% minimum benefit above.

- Group G: The Chief Administrative Officer of the County may offer a disabled member an alternative position with the County with a 5% pay increase in lieu of this disability benefit. This does not apply to Group F.

14. Termination of Employment

A. Vesting provision:

Service requirement: Effective July 1, 1989, all employees who render five or more years of credited service become fully vested. Previously, vesting was based on a five to 10-year graded vesting schedule. Elected officials become vested after five years of service with a minimum monthly benefit of $150.

Benefit amount: The monthly vested pension payable at normal retirement date is the

benefit determined according to the normal retirement pension provisions based on credited service to the date of termination.

Effective July 1, 2010, unreduced benefit commencement date provision clarification for future terminated vested members: The unreduced benefit commencement date for groups A and H is age 60. The comparable date for groups E, F and G members is age 70 ½ for members who are not 55 years old with 15 years of service at their termination date.

B. Return of employee contributions:

A member's contributions plus interest will be refunded if:

- A member's service with the county terminates before the member becomes eligible to vest.
- A member eligible to vest terminates service and voluntarily elects to withdraw.

15. Discontinued Service Pension

Applies if employment ends because of an administrative action and participant has 10 or more years of continuous service. Discontinued service pension begins at early retirement date but no reductions are made for early retirement. A participant may not receive a discontinued service pension if the participant was terminated for cause or resigned.

A. Groups A, E, F, G and H

1. Optional Non-Integrated plan members and Optional Non-Integrated plan members who elected to transfer to the Optional Integrated plan on or before September 26, 1983.

   Eligibility: 10 or more years of continuous or credited service, and not an elected or appointed member.

   Benefit amount: The amount of pension that the participant would receive for a regular retirement modified as follows:

   - Substitute final earnings for average final earnings
   - Add 5% of final earnings
   - No reduction at Social Security Normal Retirement Age

2. Optional Non-Integrated plan members who transferred to the Optional Integrated plan after September 26, 1983.

   Eligibility: 10 or more years of credited or continuous service, and not an elected or appointed member.

Benefit amount: The amount of pension that the participant would receive for a regular retirement modified as follows:

- Substitute final earnings for average final earnings
- Add 5% of final earnings

3. Mandatory Integrated plan:

Eligibility: 10 or more years of continuous service and not an elected or appointed member.

Benefit amount: The amount of pension that the participant would receive for a regular retirement without any reduction for early retirement.

B. Elected and appointed members:

On or before September 26, 1983

Eligibility: 10 or more years of credited service and enrolled or re-enrolled *on or before* September 26, 1983, or submits an application to transfer from the optional plan to the integrated plan *before* September 26, 1983.

Benefit amount: Regular pension accrued under 11(B) except that "final earnings" replaces "average final earnings" in the calculation, minimum $300.00 monthly.

After September 26, 1983

Eligibility: 10 or more years of credited service and enrolled or re-enrolled after September 26, 1983, or submits an application to transfer from the optional plan to the integrated plan after September 26, 1983.

Benefit amount: Regular pension accrued under 11(B) except that "final earnings" replaces "average final earnings" in the calculation, minimum $300.00 monthly.

C. Notwithstanding the above provisions, any member covered by this plan on April 1, 1970, who has reached early retirement date with 20 years of continuous or credited service is eligible to receive a pension commencing immediately in an amount not less than 50% of final earnings.

16. Death Benefits

A. Non service-connected:

Eligibility: None.

Benefit amount:

1. Return of member contributions with interest;
   plus
2. 50% of average final earnings if the member was a member of the Employees' Retirement System on or before December 31, 1966, and was a Maryland State plan member on August 15, 1965.
   or
3. Alternate death benefits listed under (C.) below.

B. Service-connected:

Eligibility requirement: None

Benefit amount:

1. The spouse* will receive a benefit equal to 25% of the member's final earnings, with a minimum of $250.00 per month. The child will receive a benefit equal to 5% of the member's final earnings with a minimum of $50.00 per month to age 21 or life if disabled;
   plus
2. 50% of average final earnings if the member was a member of the Employees' Retirement System on or before December 31, 1966, and was a Maryland State plan member on August 15, 1965;
   or
3. Alternate death benefits listed under (C.) below.

4. For Group F and Group G members: if the member dies while performing duties for the County, the plan will pay death benefits to the spouse or domestic partner and child as if they were receiving a service-connected disability at the 70% minimum benefit level at the time of death and had elected the 100% joint and survivor option.

C. Alternative death benefits:

Eligibility: Member was eligible for vesting or retirement.

Benefit amount:

1. Spouse* or child may elect to receive the amount that would have been paid had the member elected to receive a 100% joint and survivor pension; plus

2. 50% of average final earnings if the member was a member of the Employees' Retirement System on or before December 31, 1966, and was a Maryland State plan member at August 15, 1965.

** Domestic partners who meet the requirements for domestic partnership are also eligible.*

17. Forms of Payment

A. Normal form:

1. Optional non-integrated plan: Lifetime benefit, with first 120 monthly payments guaranteed.
2. Optional integrated plan: Lifetime benefit, with first 120 monthly payments guaranteed.
3. Mandatory integrated plan: Lifetime benefit with refund of remaining contributions and interest.

B. Optional forms: A member may elect an optional form of pension actuarially equivalent to the normal form of retirement, otherwise payable, excluding members who qualified for a non-service-connected disability retirement before reaching early retirement date.

Available forms of payment are:

Modified Cash Refund Annuity	Lifetime benefit with return of employee contributions with interest guaranteed
10-Year Certain and Continuous Annuity	Lifetime benefit with 120 monthly payments guaranteed
Social Security Adjustment Option Combined with either Modified Cash Refund Annuity or a 10-Year Certain and Continuous Annuity	Provides a nearly level total income, from the Plan and Social Security, from date of retirement to date of death. At death, payment will continue to the beneficiary if the guarantee provided under the normal form of payment has not been exhausted.
Joint and Survivor Annuity	Provides a lifetime benefit and a continuation of a percentage of the retiree benefit upon death to the beneficiary. The minimum percentage is 10%. A guaranteed payment of employee contributions with interest is provided for the mandatory plan and 120 monthly payments from date of retirement for the optional plans.
Joint and Survivor Annuity with Pop-Up	Provides a lifetime benefit and a continuation of a percentage of the retiree benefit upon death to the beneficiary. The minimum percentage is 10%. If the beneficiary predeceases or divorces from the retiree, the monthly benefit pops up to the amount it would have been under the Modified Cash Refund option. A guaranteed payment of employee contributions with interest is provided.
Social Security Adjustment Option Combined with Joint and Survivor Annuity Option	Provides a nearly level total income, from the Plan and Social Security, from date of retirement to date of death and a continuation of a percentage of the retiree benefit upon death to the beneficiary. The minimum percentage is 10%.
Social Security Adjustment Option Combined with Joint and Survivor Annuity Pop-Up Option	Provides a nearly level total income, from the Plan and Social Security, from date of retirement to date of death and a continuation of a percentage of the retiree benefit upon death to the beneficiary. The minimum percentage is 10%. If the beneficiary predeceases or divorces from the retiree, the monthly benefit pops up to the amount it would have been under the Modified Cash Refund option. A guaranteed payment of employee contributions with interest is provided.

18. Post-Retirement Increases

Optional non-integrated plan: Annual adjustment to the benefit equal to 100% of the change in Consumer Price Index for the Washington Metro Area for years and months of credited service before July 1, 2011. For years and months of credited service after June 30, 2011, any adjustment will not exceed 2.5%.

Optional integrated plan: Annual adjustment to the benefit equal to 100% of the change in Consumer Price Index for the Washington Metro Area for years and months of credited service before July 1, 2011. For years and months of credited service after June 30, 2011, any adjustment will not exceed 2.5%.

Mandatory integrated plan:

- Participants who enrolled on or after July 1, 1978, and retired before November 1, 2001 – Annual adjustment to the benefit equal to 60% of CPI increase, limited to 5%. However, if over age 65 or disabled, then the maximum limit of 5% does not apply.

- Participants who enrolled on or after July 1, 1978, and retired on or after November 1, 2001 – Annual adjustment to the benefit equal to 100% of the change in Consumer Price Index for the Washington Metro Area up to 3%, plus 60% of any change in Consumer Price Index greater than 3%, not to exceed a total of 7.5% for years and months of credited service before July 1, 2011. The maximum 7.5% does not apply to disability retirees or retirees over age 65 for years of service before July 1, 2011. For years and months of credited service after June 30, 2011, any adjustment will not exceed 2.5%.

Disability Benefits:

For a disability occurring after June 30, 2011, as determined by the Disability Review Panel, any postretirement adjustment of the disability retirement benefit will not exceed 2.5%.

Sick Leave:

For purposes of applying any post-retirement adjustment, any sick leave will be credited as years and months of service as of the date of retirement. For participants who retire after July 1, 2011, any post-retirement adjustment will not exceed 2.5% on any sick leave credited as years and months of service.

DRSP Participants:

Effective July 1, 2011, any additional sick leave credited as years and months of service at DRSP exit is subject to the 2.5% post-retirement adjustment limit.

DROP Participants:

Effective July 1, 2011, any additional sick leave credited as years and months of service at DROP exit is subject to the 2.5% post-retirement adjustment limit.

Transferred Service:

For purposes of applying any post-retirement adjustment, any transferred service will be credited as years and months of service as of the date a properly completed application is filed with the Benefits Team. For applications to transfer service credit filed after June 30, 2011, any post-retirement adjustment will not exceed 2.5% on the transferred service.

Purchased Service:

For purposes of applying any post-retirement adjustment, any purchased service will be credited as years and months of service as of the date a properly completed application is filed with the Benefits Team. For applications to purchase service credit filed after June 30, 2011, any post-retirement adjustment will not exceed 2.5% on the purchased service.

19. Discontinued Retirement Service Program (DRSP) for Group F *(effective 7/1/2008)*

A. Eligibility for DRSP entry:

Any group F member who has attained age 46 and 25 years of credited service may participate in the DRSP plan.

B. Exit from DRSP:

The first day of any month not to exceed 36 months.

C. The DRSP account is:

- A member-directed account outside the System's usual investment.
- Credited with the investment gains and losses of the chosen investments.
- Credited with the monthly benefits that the member would have received if the member had retired at DRSP entry.

Upon exit from DRSP, the member can receive the DRSP account as a lump sum payment or as actuarially equivalent monthly benefits.

D. Post-DRSP monthly benefit:

The amount the participant would have received at DRSP entry with post-retirement increases for the period in DRSP.

E. Disability while in DRSP:

Non-Service Connected: The member will receive a pension benefit calculated as if they retired with a non-service connected disability on the date they exited DRSP and their DRSP account.

Service Connected Disability: The member can elect (i) their DRSP account and the post-DRSP monthly benefit or (ii) a disability benefit calculated as if the member had never entered DRSP.

F. Death while in DRSP:

The beneficiary will receive the greater of (i) the death benefit that the beneficiary would have received if the member had died at DRSP entry with post-retirement increases plus the DRSP account or (ii) the death benefit calculated as if the member had never entered DRSP.

G. Member Contributions:

Members do not contribute while in DRSP.

20. Deferred Retirement Option Plan (DROP) for Group G

A. Eligibility for DROP entry:

Any group G member who has met the age and service requirements for a normal retirement may participate in the DROP plan *(effective 7/1/2007; previously only Group G members with at least 25 years of credited service).*

B. Exit from DROP:

The first day of any month not to exceed 36 months.

C. The DROP account collects:

- The member's contributions while in DROP.
- The monthly benefits that the member would have received if the member had retired at DROP entry.
- 8.25% interest on the amount in the account.

Upon exit from DROP, the member can receive the DROP account as a lump sum payment or as actuarially equivalent monthly benefits.

D. Post-DROP monthly benefit:

The amount the participant would have received at DROP entry with post-retirement increases for the period in DROP.

E. Disability while in DROP:

Non-Service Connected: The member will receive a pension benefit calculated as if they retired with a non-service connected disability on the date they entered DROP and their DROP account.

Service Connected Disability: The member can elect (i) their DROP account and the post-DROP monthly benefit or (ii) a disability benefit calculated as if the member had never entered DROP.

F. Death while in DROP:

The beneficiary will receive the greater of (i) the death benefit that the beneficiary would have received if the member had died at DROP entry with post-retirement increases plus the DROP account or (ii) the death benefit calculated as if the member had never entered DROP.

21. Guaranteed Retirement Income Plan *(effective 7/1/2009)*

A. Eligibility for GRIP entry:

- Full-time Non-Public Safety employees hired on or after July 1, 2009 who do not participate in the retirement savings plan may make a one-time irrevocable election to participate in the GRIP within the first 150 days of full time employment. Participation in the plan begins 180 days after employment.
- Part-time or temporary Non-Public Safety employees hired on or after October 1, 1994 who do not participate in the retirement savings plan may make a one-time irrevocable election to participate in the GRIP after at least 150 days of employment. Participation in the plan begins 180 days after employment.

B. The GRIP account collects:

- Member contributions (pre-tax unless noted otherwise)
  a. Non-public safety employees: 4% of regular base earnings up to the maximum Social Security wage base plus 8% of the excess.

  b. Public safety employees: 3% of regular base earnings up to the maximum Social Security wage base plus 6% of the excess.

  c. Effective July 1, 2011, members had the option to contribute an additional 2% of regular earnings for service between June 30, 2011 and July 1, 2012, on an after-tax basis by making an election in writing on or before September 1, 2011.

- Employer contributions

  a. Non-public safety employees: 8% of regular base earnings. Effective July 1, 2011, the employer contribution was 6% of regular base earnings for service between June 30, 2011, and July 1, 2012.

  b. Public safety employees: 10% of regular base earnings. Effective July 1, 2011, the employer contribution was 8% of regular base earnings for service between June 30, 2011, and July 1, 2012.

- 7.25% interest credited from the date of contribution.

C. Vesting Schedule:

- Employees are 100% vested in employee contributions at all times.
- County contributions are 0% vested from 0-3 years of credited service and 100% vested at 3 or more years of credited service.
- Participants become 100% vested at death or disability.

D. Normal Form of Payment – Lump sum

E. Optional Forms of Payment:

- Direct rollover
- Life annuity purchased from MCERP

F. Eligible Agencies:

- CC – credit union employees (outside agency)
- CM – union employees (represented)
- CN – non-bargaining employees (non-represented)
- CP – public safety employees
- CZ – elected officials who transferred from the EOP

22. Retirement Incentive Program *(effective 6/1/2010 for one time election)*

The Retirement Incentive Program offered a one-time election in June 2010 and provided enhanced benefits to 64 group A, group H and group E participants. Each retiree received up to a $35,000 lump sum payment. The early retirement reductions that would normally apply were reduced for some participants and eliminated for others.

23. Elected Officials' Plan (EOP)

The Elected Officials' Plan is a defined contribution plan within the Employees' Retirement System.

A. Participant and Eligibility:

- Elected officials are eligible to participate in the EOP. An elected official is the sheriff, the state's attorney, a County Council member, the County Executive and any County official elected for a fixed term as specifically provided in the Charter.
- Unless an elected official was an active member of a County retirement plan before becoming an elected official, which includes being on leave without pay, an elected official must participate in the EOP upon becoming an elected official. An elected official who chooses to continue to participate in another County retirement plan may become a member of the EOP at any time while an elected official after terminating participation in the other plan.

B. Transfer to the Guaranteed Retirement Income Plan (GRIP):

- An individual who is an elected official after December 6, 2010, may make a one-time irrevocable decision to terminate participation in the EOP and participate in the GRIP. An elected official must elect to participate in the GRIP during the first 150 days after becoming an elected official. Participation will begin on the first pay period after the elected official has been in office for 180 days. The elected official will have his or her EOP account transferred to the GRIP and the amount transferred into the GRIP will become the elected official's beginning GRIP account balance.
- An elected official who does not elect to participate in the GRIP must continue to participate in the EOP.

C. EOP Contributions:

- Employee contributions: 4% of pay (regular earnings) on a before-tax basis. Members may make an additional voluntary after tax contributions into the account of up to 7% of bi-weekly gross pay.
- Employer contributions: 8% of pay (regular earnings before taxes).

24. Changes in plan provisions

There were no additional changes in plan provisions since the last actuarial valuation as of July 1, 2013.

SECTION F

GLOSSARY OF TERMS

GLOSSARY OF TERMS

Actuarial Accrued Liability (AAL). The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as "accrued liability" or "past service liability."

Actuarial Assumptions. Estimates of future plan experience such as investment return, expected lifetimes and the likelihood of receiving a pension from the Pension Plan. Demographic, or "people" assumptions, include rates of mortality, retirement and separation. Economic, or "money" assumptions, include expected investment return, inflation and salary increases.

Actuarial Cost Method. A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future plan benefits" between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the "actuarial funding method."

Actuarial Present Value of Future Plan Benefits. The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

Actuarial Value of Assets (AVA). Smoothed value of assets that recognizes the difference between the expected investment return using the valuation assumption of 7.50 percent and the actual investment return over a five-year period. Dampens volatility of asset value over time.

Amortization. Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

Annual Required Contribution. The sum of the normal cost and amortization of the unfunded actuarial accrued liability.

Asset Return. The net investment return for the asset divided by the mean asset value. Example: if $1.00 is invested and yields $1.075 after a year, the asset return is 7.50 percent.

Funded Ratio. The actuarial value of assets divided by the actuarial accrued liability. Measures the portion of the actuarial accrued liability that is currently funded.

Market Value of Assets (MVA). The value of assets currently held in the trust available to pay for benefits of the Pension Plan. Each of the investments in the trust is valued at market price which is the price at which buyers and sellers trade similar items in the open market

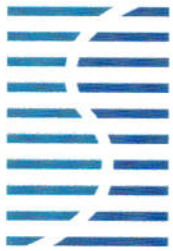
Normal Cost (NC). The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as "current service cost." Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

Unfunded Actuarial Accrued Liability (UAAL). The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as "unfunded accrued liability."

City of Atlanta
Police Officers' Pension Fund

Actuarial Valuation
As of July 1, 2015

Determines the Contribution
For the 2016/17 Fiscal Year



SOUTHERN
ACTUARIAL
SERVICES

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February 17, 2016

Introduction

This report presents the results of the July 1, 2015 actuarial valuation of the City of Atlanta Police Officers' Pension Fund. This valuation is based upon the participant data provided as of July 1, 2015 by the City and plan administrator and asset information provided as of June 30, 2015 by the plan auditor. Except for a cursory review for reasonableness, we have not attempted to verify the accuracy of this information.

The primary purpose of this report is to provide a summary of the funded status of the plan as of July 1, 2015 and to determine the minimum required contribution under Georgia Code Section 47-20-10 for the City's 2016/17 fiscal year. In addition, this report provides a projection of the long-term funding requirements of the plan, statistical information concerning the assets held in the trust, statistical information concerning the participant population, and a summary of any recent plan changes.

The liabilities and cost presented in this report are based on numerous assumptions concerning the cost of benefits to be provided in the future, long-term investment returns, and the future demographic experience of the current participants. Anyone referring to this report should remember that the cost developed herein is only an *estimate* of the true cost of providing post-employment pension benefits. No one can predict with certainty whether the true cost will be higher or lower than the cost presented in this report. The calculated cost is entirely dependent upon the assumptions that are described in Table IV-A. If any of the assumptions is changed, then the cost shown in this report will change accordingly. Likewise, if any of the assumptions is not completely realized, then the cost shown in this report will change in the future.

Certain assumptions play a bigger role than others in determining the cost of the post-employment pension benefits. In some cases, relatively small changes in a particular assumption can have a dramatic impact on the anticipated cost of benefits. Although a thorough analysis of the impact of such changes is beyond the scope of this report, Table I-B illustrates the impact that alternative long-term investment returns would have on the minimum required contribution rate.

Minimum Required Contribution

Table I-A shows the development of the minimum required contribution for the City's 2016/17 fiscal year. The minimum required contribution rate is 28.44% of covered payroll, which represents an increase of 2.37% of payroll from the prior valuation.

Table I-C provides a breakdown of the sources of change in the contribution rate. Significantly, the rate increased by 4.48% of payroll due to investment losses and decreased by 2.11% of payroll due to demographic experience. The market value of assets only earned 0.89% during the 2014/15 plan year, whereas a 7.50% annual investment return was required to maintain a stable contribution rate.

Georgia Code Section 47-20-10 sets forth many of the rules concerning the minimum required contribution for public pension plans within the state. Essentially, the City will meet the minimum funding requirement if the employer contributions are at least equal to the annual required contribution under GASB 25/27. In addition, Georgia Code Section 47-20-13 exempts public plan sponsors from the minimum funding requirements if the plan's actuarial value of assets exceeds 150% of the present value of accumulated retirement system benefits.

Based on the current assets, participant data, and actuarial assumptions and methods that are used to value the plan, the present-day value of the total long-term funding requirement is $1,394,456,305. As illustrated in Table I-A, current assets are sufficient to cover $983,385,000 of this amount, the employer's expected contribution for the 2015/16 plan year will cover $24,235,970 of this amount, the employer's expected contribution for the 2016/17 plan year will cover $27,492,851 of this amount, and future employee contributions will cover $81,689,939 of this amount, leaving $277,652,545 to be covered by future employer funding. Again, demographic and investment experience that differs from that assumed will either increase or decrease the future employer funding requirement.

Contents of the Report

Tables I-D through I-G provide a detailed breakdown of various liability amounts by type of benefit and by participant group. Tables II-A through II-F provide information concerning the assets of the trust fund. Specifically, Table II-A shows the development of the actuarial value of assets, which is based on the market value. Tables III-A through III-F provide statistical information concerning the plan's participant population. In particular, Table III-F gives a 10-year projection of the cash that is expected to be required from the trust fund in order to pay benefits to the current group of participants. Finally, Tables IV-A through V-B provide a summary of the actuarial assumptions and methods that are used to value the plan's benefits and of the relevant plan provisions as of July 1, 2015, as well as a summary of the changes that have occurred since the previous valuation report was prepared.

Certification

This actuarial valuation was prepared by me or under my direct supervision and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate and, in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Georgia Code Section 47-20-10. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material change in plan costs or required contribution rates have been taken into account in the valuation.

For the firm,

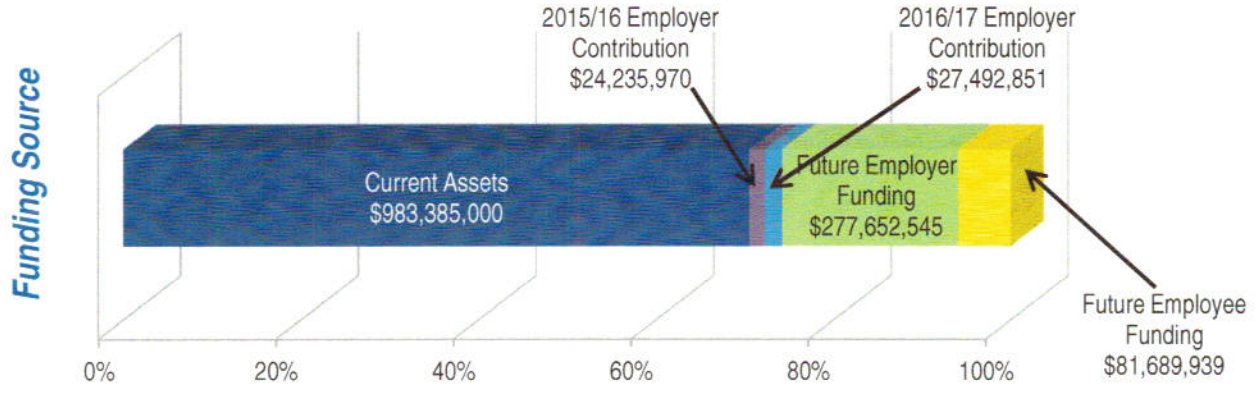
Charles T. Carr
Consulting Actuary
Southern Actuarial Services Company, Inc.

Enrolled Actuary No. 14-04927

The individual above is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Minimum Required Contribution

Table I-A



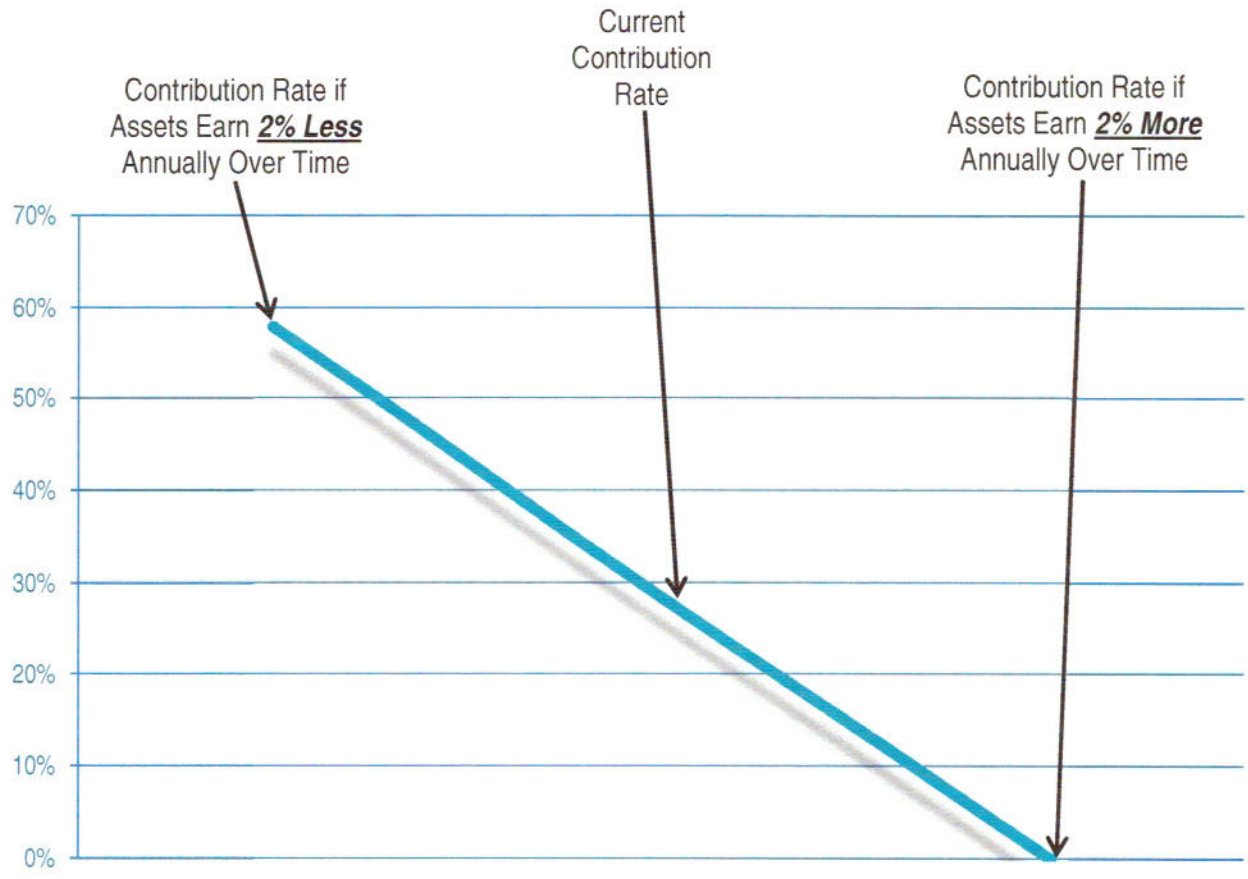
	For the 2016/17 Fiscal Year
Entry Age Normal Cost for the 2015/16 Plan Year	$21,089,181
Unfunded Liability Amortization Payment for the 2015/16 Plan Year	$14,898,383
Expense Allowance for the 2015/16 Plan Year	$697,237
Expected Employee Contribution for the 2015/16 Plan Year	($10,421,374)
Adjustment to Reflect Semi-Monthly Employer Contributions	$1,002,200
	$27,265,627
Expected Employer Contribution for the 2015/16 Plan Year	($24,235,970)
Remaining Contribution Due/(Credit) for the 2015/16 Plan Year	$3,029,657
	x 0.075
One Year's Interest Charge/(Credit) on the Remaining Contribution	$227,224
Preliminary Employer Contribution for the 2016/17 Fiscal Year	$27,492,851
Expected Payroll for the 2016/17 Fiscal Year	*÷ $96,683,577*
Minimum Required Contribution Rate	**28.44%**

(The actual contribution should be based on the minimum required contribution rate multiplied by the actual payroll for the fiscal year.)

Additional Disclosures	
Present Value of Future Compensation	$728,738,114
Present Value of Future Employer Contributions	$329,381,366
Present Value of Future Employee Contributions	$81,689,939

Sensitivity Analysis

Table I-B



The line above illustrates the sensitivity of the contribution rate to changes in the long-term investment return.

Gain and Loss Analysis

Table I-C

Source of Change in the Contribution Rate

Previous minimum required contribution rate	26.07%
Increase (decrease) due to investment gains and losses	4.48%
Increase (decrease) due to demographic experience	-2.11%
Increase (decrease) due to plan amendments	0.00%
Increase (decrease) due to actuarial assumption changes	0.00%
Increase (decrease) due to actuarial method changes	0.00%
Current minimum required contribution rate	28.44%

Source of Change in the Unfunded Liability

Previous unfunded liability	$236,538,862
Increase due to interest	$17,740,415
Decrease due to amortization payments	($13,033,987)
Increase (decrease) due to plan experience	$22,827,697
Increase (decrease) due to plan amendments	$0
Increase (decrease) due to actuarial assumption changes	$0
Increase (decrease) due to actuarial method changes	$0
Current unfunded liability	$264,072,987

Present Value of Future Benefits

Table I-D

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$531,115,232	$531,115,232	$531,115,232
Termination benefits	$26,065,259	$26,065,259	$26,065,259
Disability benefits	$26,202,013	$26,202,013	$26,202,013
Death benefits	$8,589,429	$8,589,429	$8,589,429
Refund of employee contributions	$1,520,741	$1,520,741	$1,520,741
Sub-total	**$593,492,674**	**$593,492,674**	**$593,492,674**
Deferred Vested Participants			
Retirement benefits	$2,942,050	$2,942,050	$2,942,050
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$2,942,050**	**$2,942,050**	**$2,942,050**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$684,127,635	$684,127,635	$684,127,635
Disability retirements	$56,444,800	$56,444,800	$56,444,800
Beneficiaries receiving	$51,983,610	$51,983,610	$51,983,610
DROP participants	$0	$0	$0
Sub-total	**$792,556,045**	**$792,556,045**	**$792,556,045**
Grand Total	**$1,388,990,769**	**$1,388,990,769**	**$1,388,990,769**

Present Value of Accrued Benefits

Table I-E

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$316,921,827	$316,921,827	$316,921,827
Termination benefits	$14,705,483	$14,705,483	$14,705,483
Disability benefits	$19,548,337	$19,548,337	$19,548,337
Death benefits	$5,533,753	$5,533,753	$5,533,753
Refund of employee contributions	$979,299	$979,299	$979,299
Sub-total	**$357,688,699**	**$357,688,699**	**$357,688,699**
Deferred Vested Participants			
Retirement benefits	$2,942,050	$2,942,050	$2,942,050
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$2,942,050**	**$2,942,050**	**$2,942,050**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$684,127,635	$684,127,635	$684,127,635
Disability retirements	$56,444,800	$56,444,800	$56,444,800
Beneficiaries receiving	$51,983,610	$51,983,610	$51,983,610
DROP participants	$0	$0	$0
Sub-total	**$792,556,045**	**$792,556,045**	**$792,556,045**
Grand Total	**$1,153,186,794**	**$1,153,186,794**	**$1,153,186,794**
Funded Percentage	85.28%	85.28%	85.28%

Present Value of Vested Benefits

Table I-F

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$289,006,909	$289,006,909	$289,006,909
Termination benefits	$12,707,726	$12,707,726	$12,707,726
Disability benefits	$19,548,337	$19,548,337	$19,548,337
Death benefits	$5,465,582	$5,465,582	$5,465,582
Refund of employee contributions	$2,868,854	$2,868,854	$2,868,854
Sub-total	**$329,597,408**	**$329,597,408**	**$329,597,408**
Deferred Vested Participants			
Retirement benefits	$2,942,050	$2,942,050	$2,942,050
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$2,942,050**	**$2,942,050**	**$2,942,050**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$684,127,635	$684,127,635	$684,127,635
Disability retirements	$56,444,800	$56,444,800	$56,444,800
Beneficiaries receiving	$51,983,610	$51,983,610	$51,983,610
DROP participants	$0	$0	$0
Sub-total	**$792,556,045**	**$792,556,045**	**$792,556,045**
Grand Total	**$1,125,095,503**	**$1,125,095,503**	**$1,125,095,503**

Entry Age Normal Accrued Liability

Table I-G

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$408,641,105	$408,641,105	$408,641,105
Termination benefits	$18,227,807	$18,227,807	$18,227,807
Disability benefits	$17,765,966	$17,765,966	$17,765,966
Death benefits	$6,326,782	$6,326,782	$6,326,782
Refund of employee contributions	$998,232	$998,232	$998,232
Sub-total	**$451,959,892**	**$451,959,892**	**$451,959,892**
Deferred Vested Participants			
Retirement benefits	$2,942,050	$2,942,050	$2,942,050
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$2,942,050**	**$2,942,050**	**$2,942,050**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$684,127,635	$684,127,635	$684,127,635
Disability retirements	$56,444,800	$56,444,800	$56,444,800
Beneficiaries receiving	$51,983,610	$51,983,610	$51,983,610
DROP participants	$0	$0	$0
Sub-total	**$792,556,045**	**$792,556,045**	**$792,556,045**
Grand Total	**$1,247,457,987**	**$1,247,457,987**	**$1,247,457,987**
less Actuarial Value of Assets	*($983,385,000)*	*($983,385,000)*	*($983,385,000)*
Unfunded Accrued Liability	**$264,072,987**	**$264,072,987**	**$264,072,987**

Entry Age Normal Cost

Table I-H

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$16,986,042	$16,986,042	$16,986,042
Termination benefits	$1,611,098	$1,611,098	$1,611,098
Disability benefits	$1,813,991	$1,813,991	$1,813,991
Death benefits	$379,827	$379,827	$379,827
Refund of employee contributions	$298,223	$298,223	$298,223
Sub-total	**$21,089,181**	**$21,089,181**	**$21,089,181**
Deferred Vested Participants			
Retirement benefits	$0	$0	$0
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$0**	**$0**	**$0**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$0	$0	$0
Disability retirements	$0	$0	$0
Beneficiaries receiving	$0	$0	$0
DROP participants	$0	$0	$0
Sub-total	**$0**	**$0**	**$0**
Grand Total	**$21,089,181**	**$21,089,181**	**$21,089,181**

Actuarial Value of Assets

Table II-A

Market Value of Assets as of July 1, 2015	$983,385,000
Minus advance employer contributions	$0
Actuarial Value of Assets as of July 1, 2015	**$983,385,000**

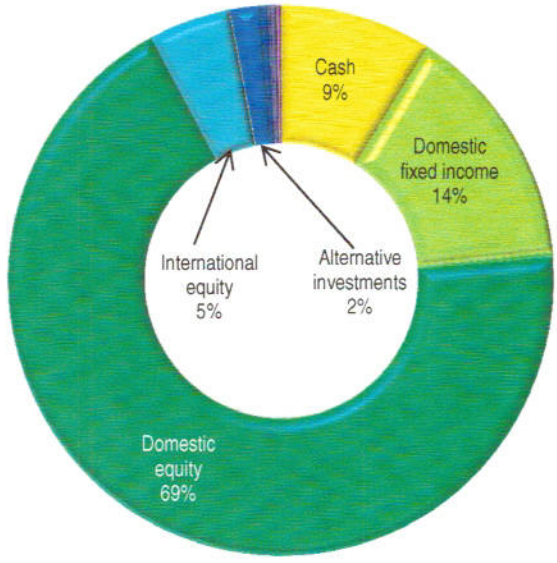
Historical Actuarial Value of Assets

January 1, 2007	N/A
January 1, 2008	$596,457,000
January 1, 2009	$571,768,000
January 1, 2010	$591,980,609
January 1, 2011	$697,667,506
July 1, 2011	$735,470,000
July 1, 2012	$733,546,000
July 1, 2013	$828,815,000
July 1, 2014	$987,507,000
July 1, 2015	$983,385,000

Market Value of Assets

Table II-B

	As of July 1, 2015
Market Value of Assets	**$983,385,000**
Cash	$88,822,000
Domestic fixed income	$142,441,000
International fixed income	$2,037,000
Domestic equity	$676,593,000
International equity	$47,633,000
Alternative investments	$18,093,000
Real estate	$4,324,000
Income receivable	$1,751,000
Employer contribution receivable	$3,440,000
Employee contribution receivable	$413,000
Net due to brokers	($1,802,000)
Net accounts payable	($360,000)

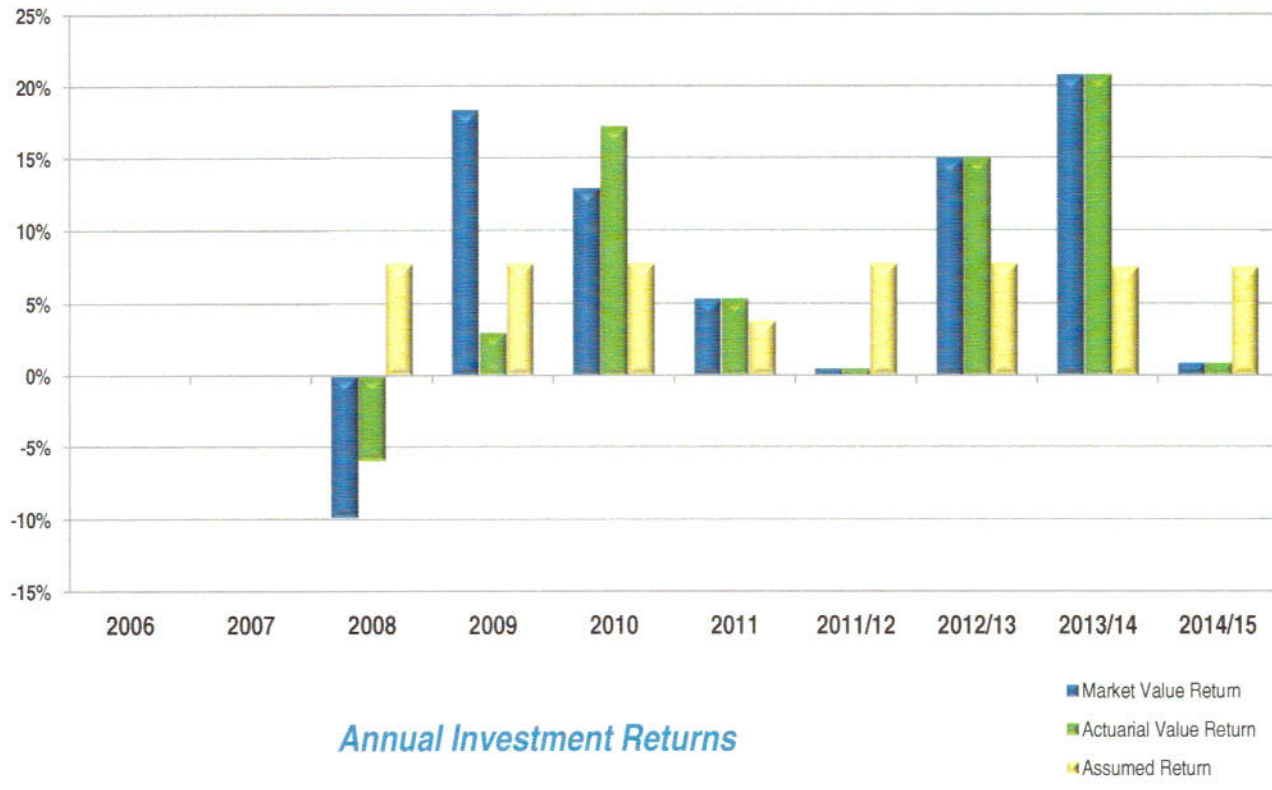


Historical Market Value of Assets

January 1, 2007	N/A
January 1, 2008	$561,226,686
January 1, 2009	$516,308,590
January 1, 2010	$614,490,006
January 1, 2011	$697,667,506
July 1, 2011	$735,470,000
July 1, 2012	$733,546,000
July 1, 2013	$828,815,000
July 1, 2014	$987,507,000
July 1, 2015	$983,385,000

Investment Return

Table II-C



Annual Investment Returns

Plan Year	Market Value Return	Actuarial Value Return	Assumed Return
2006	N/A	N/A	N/A
2007	N/A	N/A	N/A
2008	-9.85%	-5.92%	7.75%
2009	18.40%	3.02%	7.75%
2010	12.93%	17.21%	7.75%
2011	5.37%	5.37%	3.80%
2011/12	0.51%	0.51%	7.75%
2012/13	15.03%	15.03%	7.75%
2013/14	20.81%	20.81%	7.50%
2014/15	0.89%	0.89%	7.50%
7.5yr. Avg.	8.07%	7.22%	7.68%

Asset Reconciliation

Table II-D

	Market Value	Actuarial Value
As of July 1, 2014	**$987,507,000**	**$987,507,000**
Increases Due To:		
Employer Contributions	$32,693,000	$32,693,000
Employee Contributions	$11,224,000	$11,224,000
Total Contributions	$43,917,000	$43,917,000
Interest and Dividends	$17,346,000	
Gains (Losses)	($5,290,000)	
Total Investment Income	$12,056,000	$8,738,000
Other Income	$4,000	
Total Income	**$55,977,000**	**$52,655,000**
Decreases Due To:		
Benefit Payments	($56,253,000)	($56,253,000)
Total Benefit Payments	($56,253,000)	($56,253,000)
Investment Expenses	($3,322,000)	
Administrative Expenses	($524,000)	($524,000)
Advance Employer Contribution		$0
Total Expenses	**($60,099,000)**	**($56,777,000)**
As of July 1, 2015	**$983,385,000**	**$983,385,000**

Historical Trust Fund Detail

Table II-E

Income

Plan Year	Employer Contribs.	Employee Contribs.	Interest / Dividends	Gains / Losses	Other Income
2006	N/A	N/A	N/A	N/A	N/A
2007	N/A	N/A	N/A	N/A	N/A
2008	$44,433,944	$5,632,058	$19,659,840	-$73,068,655	$306,310
2009	$41,213,384	$7,428,867	$10,062,495	$86,832,237	$412,899
2010	$40,422,017	$6,522,505	$10,973,135	$71,141,601	$110,624
2011	$19,567,500	$3,366,500	$5,409,500	$33,529,994	$0
2011/12	$33,748,000	$9,541,000	$13,407,000	-$6,450,000	$12,000
2012/13	$26,525,000	$11,157,000	$15,319,000	$96,713,000	$0
2013/14	$30,197,000	$11,232,000	$18,045,000	$156,987,000	$3,000
2014/15	$32,693,000	$11,224,000	$17,346,000	-$5,290,000	$4,000

Expenses

Plan Year	Benefit Payments	Admin. Expenses	Invest. Expenses
2006	N/A	N/A	N/A
2007	N/A	N/A	N/A
2008	$38,530,904	$607,811	$2,742,878
2009	$44,024,211	$1,692,242	$2,052,013
2010	$43,378,646	$54,705	$2,559,031
2011	$22,588,000	$40,500	$1,442,500
2011/12	$48,746,000	$192,000	$3,244,000
2012/13	$51,299,000	$327,000	$2,819,000
2013/14	$53,279,000	$653,000	$3,840,000
2014/15	$56,253,000	$524,000	$3,322,000

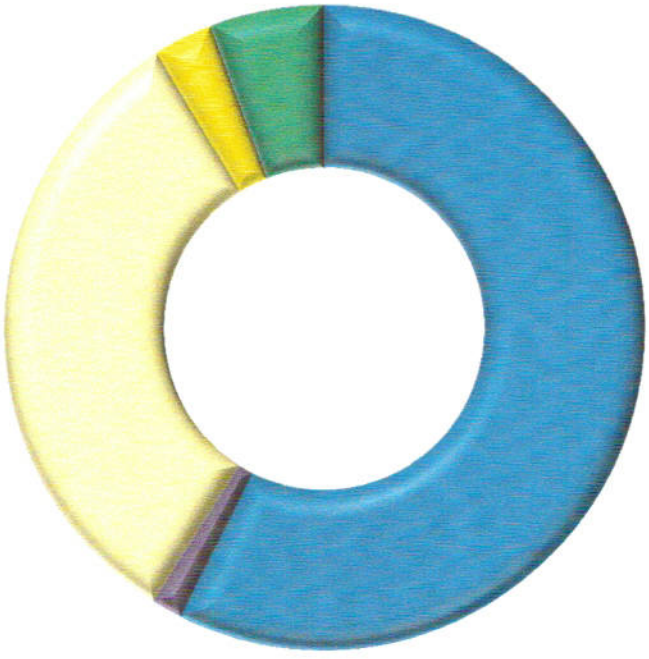
Other Actuarial Adjustments

Plan Year	Advance Employer Contribs.
2006	N/A
2007	N/A
2008	$0
2009	$0
2010	$0
2011	$0
2011/12	$0
2012/13	$0
2013/14	$0
2014/15	$0

Note: Amounts shown for the 2011 short plan year are estimated.

Summary of Participant Data

Table III-A



Participant Distribution by Status

As of July 1, 2015

Actively Employed Participants	
Active Participants	2,023
DROP Participants	0
Inactive Participants	
Deferred Vested Participants	55
Due a Refund of Contributions	0
Deferred Beneficiaries	0
Participants Receiving a Benefit	
Service Retirements	1,140
Disability Retirements	105
Beneficiaries Receiving	201
Total Participants	**3,524**

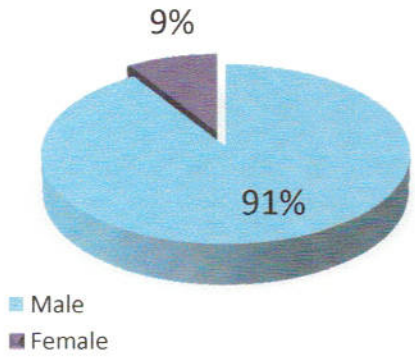
Number of Participants Included in Prior Valuations

	Active	*DROP*	*Inactive*	*Retired*	*Total*
January 1, 2007	1,735	0	0	1,204	2,939
January 1, 2008	1,811	0	0	1,272	3,083
January 1, 2009	1,639	0	0	1,355	2,994
January 1, 2010	1,574	0	3	1,293	2,870
January 1, 2011	1,554	0	18	1,345	2,917
July 1, 2011	1,639	0	29	1,401	3,069
July 1, 2012	1,870	0	29	1,402	3,301
July 1, 2013	2,021	0	30	1,405	3,456
July 1, 2014	2,025	0	35	1,420	3,480
July 1, 2015	2,023	0	55	1,446	3,524

Active Participant Data

Table III-B

Gender Mix



As of July 1, 2015

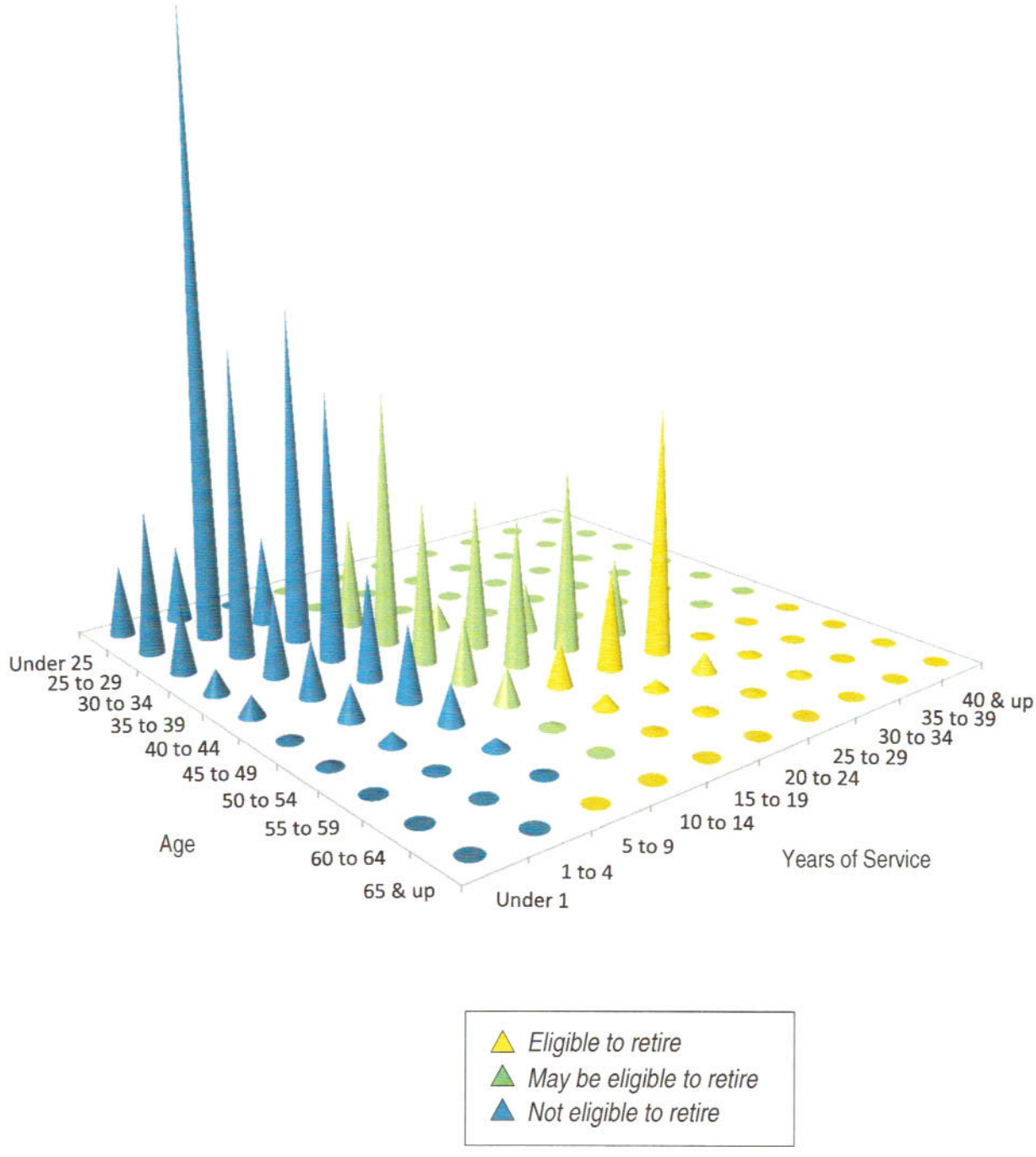
Average Age	37.7 years
Average Service	9.6 years
Total Annualized Compensation for the Prior Year	$93,077,319
Total Expected Compensation for the Current Year	$92,964,978
Average Increase in Compensation for the Prior Year	N/A
Expected Increase in Compensation for the Current Year	4.00%
Accumulated Contributions for Active Employees	$96,762,395

Active Participant Statistics From Prior Valuations

	Average Age	*Average Service*	*Average Salary*	*Average Expected Salary Increase*	*Average Actual Salary Increase*
January 1, 2007	37.5	10.8	$46,305	4.00%	5.19%
January 1, 2008	37.5	10.4	$48,199	4.00%	3.44%
January 1, 2009	37.9	11.0	$51,008	4.00%	3.69%
January 1, 2010	38.9	10.8	$50,854	4.00%	2.06%
January 1, 2011	39.3	11.0	$55,477	4.00%	8.14%
July 1, 2011	37.9	10.0	$46,046	1.98%	N/A
July 1, 2012	37.4	9.5	$48,806	4.00%	N/A
July 1, 2013	37.1	9.2	$45,098	4.00%	N/A
July 1, 2014	37.3	9.4	$46,295	4.00%	N/A
July 1, 2015	37.7	9.6	$46,010	4.00%	N/A

Active Age-Service Distribution

Table III-C



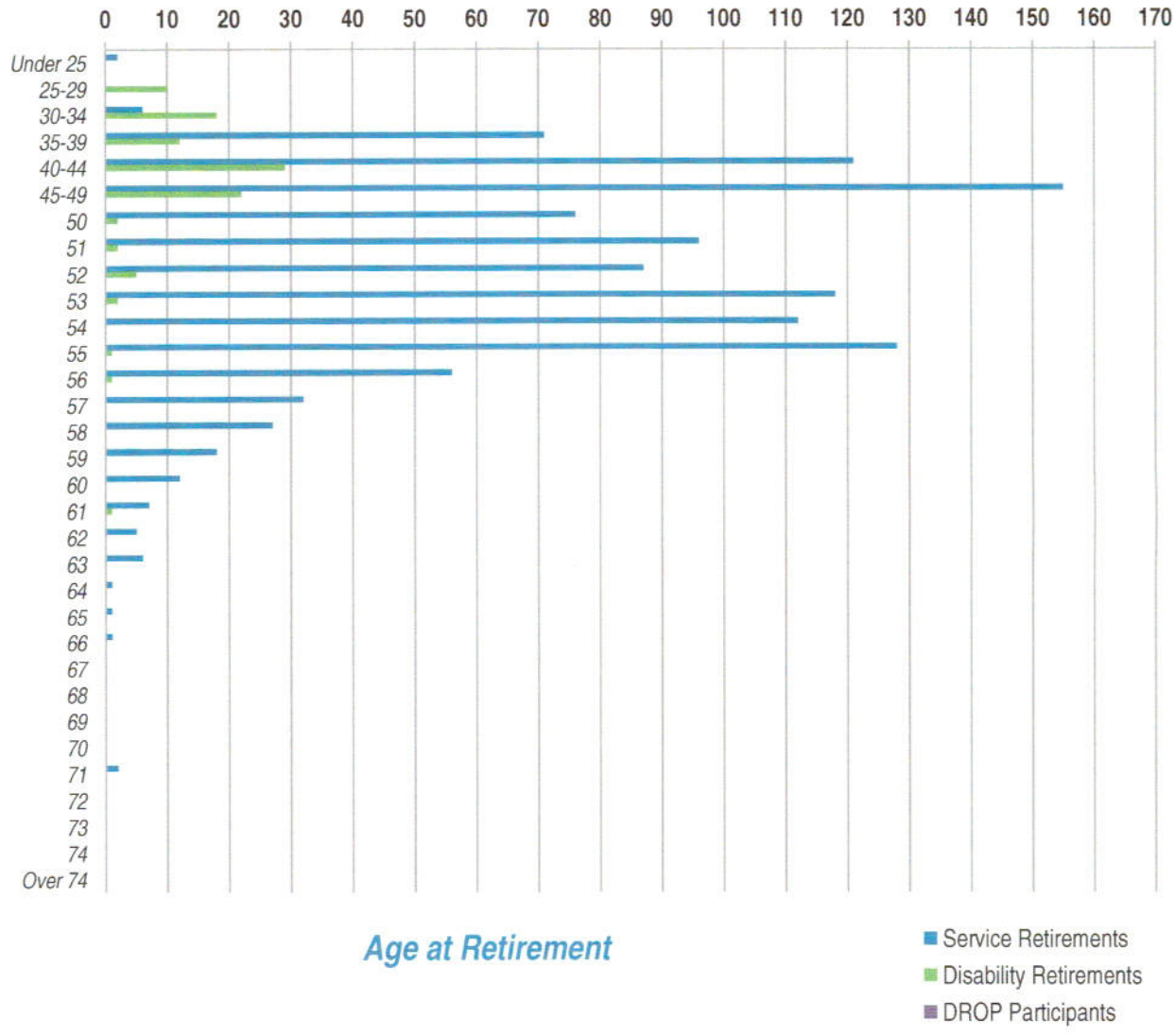
Active Age-Service-Salary Table

Table III-D

Attained Age	Completed Years of Service										
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25	**35**	**38**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**73**
Avg.Pay	17,988	35,016	0	0	0	0	0	0	0	0	26,852
25 to 29	**70**	**296**	**44**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**410**
Avg.Pay	17,454	39,170	42,518	0	0	0	0	0	0	0	35,822
30 to 34	**34**	**146**	**160**	**55**	**0**	**0**	**0**	**0**	**0**	**0**	**395**
Avg.Pay	18,880	39,377	42,008	47,357	0	0	0	0	0	0	39,789
35 to 39	**12**	**40**	**128**	**124**	**13**	**0**	**0**	**0**	**0**	**0**	**317**
Avg.Pay	18,267	35,886	43,423	49,485	51,921	0	0	0	0	0	44,239
40 to 44	**10**	**27**	**51**	**79**	**74**	**25**	**0**	**0**	**0**	**0**	**266**
Avg.Pay	18,220	39,591	43,972	48,764	55,816	60,588	0	0	0	0	48,839
45 to 49	**2**	**17**	**36**	**32**	**73**	**89**	**39**	**0**	**0**	**0**	**288**
Avg.Pay	17,357	38,763	44,300	48,746	57,209	64,069	69,843	0	0	0	57,120
50 to 54	**2**	**6**	**19**	**18**	**22**	**48**	**119**	**1**	**0**	**0**	**235**
Avg.Pay	15,814	42,487	47,101	45,852	56,981	62,660	69,882	70,290	0	0	62,359
55 to 59	**0**	**1**	**5**	**2**	**7**	**5**	**10**	**2**	**0**	**0**	**32**
Avg.Pay	0	11,456	46,297	45,428	64,110	66,796	74,131	149,988	0	0	67,432
60 to 64	**0**	**0**	**1**	**0**	**1**	**2**	**1**	**2**	**0**	**0**	**7**
Avg.Pay	0	0	47,345	0	49,167	61,414	70,385	72,909	0	0	62,220
65 & up	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
Total	**165**	**571**	**444**	**310**	**190**	**169**	**169**	**5**	**0**	**0**	**2,023**
Avg.Pay	17,946	38,711	43,156	48,610	56,490	63,203	70,127	103,217	0	0	46,010

Inactive Participant Data

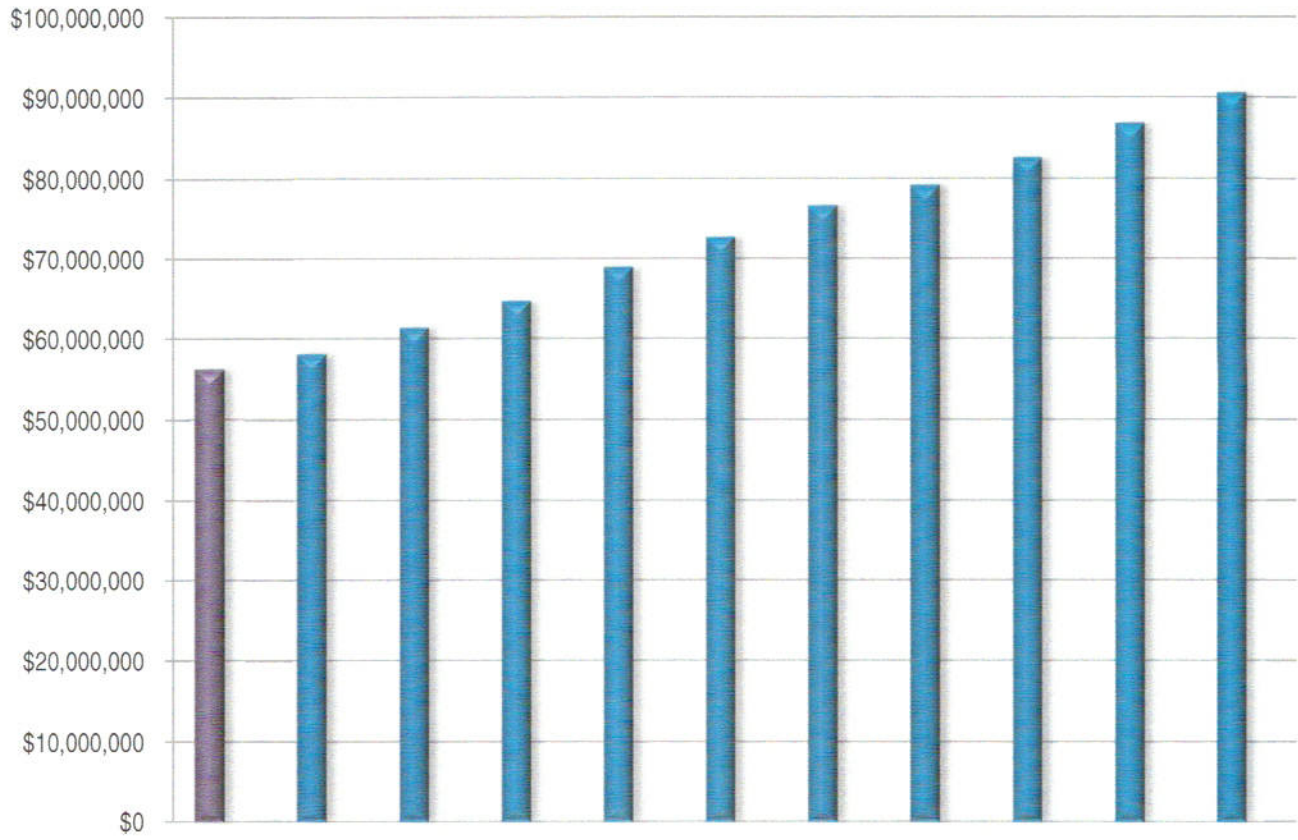
Table III-E



	Average Monthly Benefit
Service Retirements	*$3,491.22*
Disability Retirements	*$3,062.50*
Beneficiaries Receiving	*$1,989.41*
DROP Participants	*Not applicable*
Deferred Vested Participants	*$667.35*
Deferred Beneficiaries	*Not applicable*

Projected Benefit Payments

Table III-F



Actual	
For the period July 1, 2014 through June 30, 2015	$56,253,000
Projected	
For the period July 1, 2015 through June 30, 2016	$58,136,055
For the period July 1, 2016 through June 30, 2017	$61,415,606
For the period July 1, 2017 through June 30, 2018	$64,732,188
For the period July 1, 2018 through June 30, 2019	$69,016,475
For the period July 1, 2019 through June 30, 2020	$72,759,867
For the period July 1, 2020 through June 30, 2021	$76,691,085
For the period July 1, 2021 through June 30, 2022	$79,245,067
For the period July 1, 2022 through June 30, 2023	$82,712,901
For the period July 1, 2023 through June 30, 2024	$86,899,630
For the period July 1, 2024 through June 30, 2025	$90,624,120

Summary of Actuarial Methods and Assumptions — Table IV-A

1. Actuarial Cost Method

Individual entry age normal cost method. Under this actuarial cost method, a level funding cost is developed with respect to each benefit for each participant. The level funding cost for each benefit applies to the period beginning when the participant's service commences and ending when the participant is assumed to cease active participation due to each respective decrement. The actuarial accrued liability is equal to the accumulated level funding cost to the valuation date for all participants. The normal cost is equal to the level funding cost for the year immediately following the valuation date for all active participants.

2. Asset Method

The actuarial value of assets is equal to the market value of assets.

3. Interest (or Discount) Rate

7.50% per annum

4. Salary Increases

Plan compensation is assumed to increase at the rate of 4.00% per annum, unless actual plan compensation is known for a prior plan year.

5. Decrements

- Pre-retirement mortality: Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; deaths prior to retirement are assumed not to be service-connected; future generational improvements in mortality have not been reflected.
- Post-retirement mortality: Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; future generational improvements in mortality have not been reflected.
- Disability: Sex-distinct rates set forth in the Wyatt 1985 Disability Study (Class 4); 75% of disabilities are assumed to be service-connected.

Summary of Actuarial Methods and Assumptions — Table IV-A

(continued)

- Termination: Withdrawal rates were derived from a study of actual plan experience covering the period 1982 through 1986. A sample of the withdrawal rates is set forth in the following table:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	15.0%	30	7.8%	40	2.30%	50	0.956%
25	11.4%	35	4.9%	45	1.35%	55	0.000%

- Retirement: Retirement is assumed to occur at normal retirement age.

6. Unused Vacation

All participants are assumed to have accumulated 30 days of unused vacation upon termination of employment, retirement, or death.

7. Payroll Increase and Amortization Period

Total payroll has been assumed to grow at the rate of 4.00% per year for purposes of amortizing the unfunded actuarial accrued liability as a level percentage of payroll; the amortization period is established by City ordinance as a closed 30-year period beginning July 1, 2011.

8. Expenses

Administrative expenses are assumed to be 0.75% of future payroll. In addition, the interest rate set forth in item 3. above is assumed to be net of investment expenses and commissions.

9. Cost-of-Living Adjustment

We have assumed that all eligible retirees will receive an automatic cost-of-living adjustment equal to 3.00% per annum.

10. Surviving Beneficiaries

Those active participants who are making the additional 1% employee contribution to provide a survivor benefit to their eligible beneficiaries are assumed to have only one surviving beneficiary of the opposite gender of the employee. Males are assumed to be three years older than females for this purpose.

Changes in Actuarial Methods and Assumptions

Table IV-B

No assumptions or methods were changed since the previous valuation was completed.

Summary of Plan Provisions

Table V-A

1. Monthly Accrued Benefit

For participants who are hired after August 31, 2011:
1% of Average Monthly Earnings multiplied by up to 80 years of Creditable Service
For participants who are hired during the period July 1, 2010 through August 31, 2011:
2% of Average Monthly Earnings multiplied by up to 50 years of Creditable Service
For all other participants:
3% of Average Monthly Earnings multiplied by up to 26.667 years of Creditable Service

2. Normal Retirement Age and Benefit

- **Age**
  Any age with at least 30 years of Creditable Service *(only for participants who are covered by the '05 Amendment)*; or
  Age 55 with at least 10 years of Creditable Service *(only for participants who are hired prior to July 1, 2010)*; or
  Age 55 with at least 15 years of Creditable Service *(only for participants who are hired prior to September 1, 2011)*; or
  Age 57 with at least 15 years of Creditable Service; or
  Age 65 with at least 5 years of Creditable Service
- **Amount**
  Monthly Accrued Benefit
- **Form of Payment**
  Life annuity *(for those participants without an eligible beneficiary)*; or
  75% joint and contingent annuity *(for those participants with an eligible beneficiary; benefits continue in equal shares to the participant's dependent children upon the death of the participant's spouse or domestic partner or, for participants not covered by the '86 Amendment, upon the remarriage of the participant's spouse or domestic partner; survivor benefits are actuarially adjusted with respect to participants who are hired after August 31, 2011)*

  Note: All annuity forms of payment include an automatic cost-of-living adjustment effective each January 1 based on the increase in the Consumer Price Index as of the preceding November 1 and limited to 3% *(limited to 1% with respect to participants who are hired after August 31, 2011)*. All annuity forms of payment also provide a minimum payout equal to the employee's accumulated contributions, with interest credited after 1985 at the rate of 5% per year (or less than 5% with respect to any year during which the trust fund earns less than 5% on its investments).

Summary of Plan Provisions

Table V-A

(continued)

3. Early Retirement Age and Benefit

- **Age**
  Any age with at least 10 years of Creditable Service Service *(15 years of Creditable Service for participants who are hired after June 30, 2010; minimum age of 47 for participants who are hired after August 31, 2011)*
- **Amount**
  Monthly Accrued Benefit *(payable at Normal Retirement Age)*; or
  Monthly Accrued Benefit reduced by ½% for each of the first 60 months and by ¼% for each additional month by which the participant's Early Retirement Age precedes Normal Retirement Age *(payable at Early Retirement Age and applicable only to those participants who are hired prior to September 1, 2011)*; or
  Monthly Accrued Benefit reduced by ½% for each month by which the participant's Early Retirement Age precedes Normal Retirement Age *(payable at Early Retirement Age and applicable only to those participants who are hired after August 31, 2011)*; or
  Monthly Accrued Benefit reduced by ¼% for each month by which the participant's Early Retirement Age precedes age 55 *(payable at Early Retirement Age and only applicable if the participant was hired prior to April 1, 1978 and has earned at least 25 years of Creditable Service)*
- **Form of Payment**
  Same as for Normal Retirement

4. Delayed Retirement Age and Benefit

- **Age**
  After Normal Retirement Age
- **Amount**
  Monthly Accrued Benefit
- **Form of Payment**
  Same as for Normal Retirement

Summary of Plan Provisions

Table V-A

(continued)

5. Disability Retirement Eligibility and Benefit

- **Eligibility**
  All active participants are eligible if the disability is service-connected;
  At least five years of Creditable Service is required otherwise.
- **Condition**
  The participant must become "totally and permanently disabled" and must remain so disabled until age 55. "Totally and permanently disabled" means the participant is in a continuous state of incapacity due to illness or injury, is prevented from performing his regular assigned or comparable duties during the first 12 months of his disability, and is thereafter prevented from engaging in any occupation for which he is or becomes reasonably qualified by education, training, or experience. With respect to participants who are not covered by the '86 Amendment, the participant must only be prevented from performing his regular assigned or comparable duties during the entire period of his disability.

- **Amount**
  For participants who incur a catastrophic injury in the line of duty:
    100% of the top salary for the grade and position occupied by the participant at the time of disability
  For all other participants who are covered by the '86 Amendment:
    Greater of 50% of Average Monthly Earnings at the time of disability or Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 75% of the participant's salary at the time of disability *(payable until the earlier of recovery from disability or Normal Retirement Age)*; and
    Monthly Accrued Benefit based on Average Monthly Earnings at the time of disability and Creditable Service including the period during which the participant was disabled, but excluding any cost-of-living adjustments that were previously applied to the participant's disability payments *(payable at Normal Retirement Age)*
  For all other participants with a service-connected disability:
    Greater of 70% of the top salary for the grade and position occupied by the participant at the time of disability or Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 100% of the participant's salary at the time of disability
  For all other participants:
    Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 100% of the participant's salary at the time of disability
- **Form of Payment**
  Same as for Normal Retirement

Summary of Plan Provisions

Table V-A

(continued)

6. Deferred Vested Benefit

- **Age**
  Any age with at least five years of Creditable Service
- **Amount**
  Monthly Accrued Benefit multiplied by the participant's Vested Percentage and payable at age 60
- **Form of Payment**
  Same as for Normal Retirement

7. Pre-Retirement Death Benefit

For participants who die in the line of duty and who are covered by the '86 Amendment:

100% of the participant's base salary at the time of his death, offset by worker's compensation or other payments received for line of duty injuries prior to the participant's death *(payable for the first two years after the participant's death)*; and

75% of the Monthly Accrued Benefit *(payable thereafter)*

For all other participants who die in the line of duty:

100% of the participant's base salary at the time of his death, offset by worker's compensation or other payments received for line of duty injuries prior to the participant's death *(payable for the first two years after the participant's death)*; and

75% of the greater of: (a) the Monthly Accrued Benefit, or (b) 70% of the top salary for the grade and position occupied by the participant at his death *(payable thereafter)*

For all other participants:

75% of the Monthly Accrued Benefit

Summary of Plan Provisions

Table V-A

(continued)

8. Vested Percentage

Retirement benefits with respect to those participants who are hired prior to July 1, 2010 become vested in accordance with the following schedule:

Years of Creditable Service	Vested Percentage
Less than five	0%
At least five, but less than six	25%
At least six, but less than seven	30%
At least seven, but less than eight	35%
At least eight, but less than nine	40%
At least nine, but less than 10	45%
At least 10	100%

Retirement benefits with respect to those participants who are hired after June 30, 2010 become vested in accordance with the following schedule:

Years of Creditable Service	Vested Percentage
Less than five	0%
At least five, but less than six	25%
At least six, but less than seven	30%
At least seven, but less than eight	35%
At least eight, but less than nine	40%
At least nine, but less than 10	45%
At least 10, but less than 11	50%
At least 11, but less than 12	55%
At least 12, but less than 13	60%
At least 13, but less than 14	65%
At least 14, but less than 15	70%
At least 15	100%

Summary of Plan Provisions

Table V-A

(continued)

9. Average Monthly Earnings

The participant's Average Monthly Earnings is equal to: (a) the average of the participant's Base Salary for the highest 36 consecutive months during his period of Creditable Service; plus (b) the difference between the highest and lowest daily rate of pay during such 36-month period multiplied by the days of unused sick leave and divided by 36; plus (c) a credit based on accumulated unused vacation. *(The averaging period is 120 months with respect to participants who are hired after August 31, 2011 and average monthly earnings does not include unused sick leave for these participants.)*

10. Base Salary

The employee's basic salary excluding overtime pay and other special compensation; pursuant to Internal Revenue Code (IRC) section 401(a)(17), total annual plan compensation is limited to $200,000 as indexed.

11. Employee Contribution

All participating employees must make the required pre-tax contribution to the plan. The required contribution for participants who were hired prior to 1984 is 8% of basic salary for those participants who have an eligible beneficiary and 7% of basic salary for those participants who do not have an eligible beneficiary. The required contribution for participants who were hired during the period 1984 through August 31, 2011 is 13% of basic salary (8% prior to November 1, 2011) for those participants who have an eligible beneficiary and 12% of basic salary (7% prior to November 1, 2011) for those participants who do not have an eligible beneficiary. The required contribution for participants who are hired after August 31, 2011 is 8% of basic salary. An eligible beneficiary is the participant's legal spouse, registered domestic partner, or unmarried child under the age of 18. The participant must have been married or registered to his legal spouse or domestic partner for at least one year prior to his death in order for such individual to be an eligible beneficiary. *(During the period March, 1994 through June, 2009, the required contribution was 1% lower for all participants; prior to March, 1994, the contribution was made on an after-tax basis.)*

Summary of Plan Provisions

Table V-A

(continued)

12. Creditable Service

Creditable Service includes "base creditable service" *(plus an "unused sick leave service credit" for those participants who were hired prior to September 1, 2011)* plus military service as required by federal law. Base creditable service is granted for all periods of full-time employment as a firefighter with the City of Atlanta provided that the employee has made the required contribution for such period of service. With respect to eligible participants, an unused sick leave service credit is granted by dividing the participant's days of unused sick leave by the number of work days set forth in the following chart:

Years of Base Creditable Service	Work Days
Less than five	239
At least five, but less than 10	236
At least 10, but less than 15	233
At least 15, but less than 20	230
At least 20	226

Creditable Service also includes other service with the City of Atlanta if the relevant contributions are transferred into this plan and may include prior service with the State of Georgia, Fulton County, Dekalb County, or as a teacher in a public school system or private college or university within the State of Georgia if the required contribution is made to the plan.

13. Participation Requirement

All full-time police officers employed by the City of Atlanta are eligible to participate in the plan.

14. Plan Effective Date

April 1, 1978

Summary of Plan Amendments

Table V-B

No plan changes have been adopted since the previous valuation was completed.

City of Birmingham Retirement and Relief System

Actuarial Valuation and Review as of
July 1, 2015

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Segal Consulting
2018 Powers Ferry Road, Suite 850 Atlanta, GA 30339-7200
T 678.306.3100 www.segalco.com

June 6, 2016

Board of Managers
City of Birmingham Retirement and Relief System
710 North 20th Street, GA 100 City Hall
Birmingham, Alabama 35203-2216

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of July 1, 2015. It summarizes the actuarial data used in the valuation, analyzes the preceding year's experience, and establishes the funding requirements for the 2015-2016 fiscal year.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist in administering the Retirement System. The census information on which our calculations were based was prepared by the City and the financial information was provided by the City's Finance Department. That assistance is gratefully acknowledged. Segal Consulting does not audit the data provided; the accuracy and comprehensiveness of the data is the responsibility of those supplying it. To the extent we can, however, Segal Consulting does review the data for reasonableness and consistency. Based on our review of the data, we have no reason to doubt the substantial accuracy of the information on which we have based this report and we have no reason to believe there are facts or circumstances that would affect the validity of these results.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the smoothing of investment gains and losses); and changes in plan provisions or applicable law.

The actuarial calculations were directed under the supervision of Deborah K. Brigham, FCA, ASA, MAAA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards to render the actuarial opinion herein. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board of Managers are reasonably related to the experience of and the expectations for the System.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

Segal Consulting, a Member of The Segal Group, Inc.

By: _____ _____

Leon F. (Rocky) Joyner, Jr., FCA, ASA, MAAA, EA
Vice President and Consulting Actuary

Deborah K. Brigham, FCA, ASA, MAAA, EA
Vice President and Actuary

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Purpose

This report has been prepared by Segal Consulting to present a valuation of the City of Birmingham Retirement and Relief System as of July 1, 2015. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Pension Plan, as administered by the Board of Managers;
- The characteristics of covered active participants, inactive vested participants, and retired participants and beneficiaries as of July 1, 2015, provided by the City;
- The assets of the Plan as of June 30, 2015, provided by the City's Finance Department;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

The assumptions and methods used to value the Plan were approved by the Board of Managers based on a five-year experience study for the period ended June 30, 2015.

Significant Issues in Valuation Year

1. The recommended contribution for the upcoming year is $43,675,507, an increase of $842,834 from last year. The contribution as a percentage of payroll decreased from 22.39% of pay to 22.19% of pay, based on a 30-year level percent-of-pay amortization of the unfunded actuarial accrued liability.
2. Beginning July 1, 2015, both the City and members began contributing 7.00% of pay each, up from 6.50%. The combined total of 14.00% of payroll results in an annual deficit of 8.19% when compared to the recommended contribution of 22.19%. The City is ultimately responsible for Plan funding. If employee contributions remain at their current level, the City’s share is 15.19% of pay.
3. The normal cost, for benefits and expenses allocated to the current year, is 11.68% of pay after adjustment for timing and is fully covered by the 14.00% ultimate contribution rate. However, the unfunded liability is not being amortized by the remaining 2.32% of pay. **The unfunded liability will continue to grow unless the contribution rates are increased, plan provisions are changed, or there are significant gains from investments or other sources.**

4. The investment rate of return on an actuarial basis for the year ended June 30, 2015 was 10.68%. Since the rate of return was greater than the assumed rate of 7.00% per year, there was an actuarial investment gain amounting to $33,971,921. The rate of return on a market basis was 4.33%. As of the valuation date, the smoothed actuarial value of assets is equal to 96.8% of market value.

5. The Schedule of Funding Progress, provided in Exhibit III of Section 4, shows that the funded ratio on an actuarial basis is 75.33% as of July 1, 2015. On a market value basis, the funded ratio is 77.81%.

6. There are numerous changes in assumptions reflected in this year's valuation. In May 2016, following the completion of a comprehensive five-year experience study by Segal Consulting, the Board approved modifications that included updating the mortality tables and reflecting generational projection for the future, adjusting the retirement, turnover and disability rates, increasing the investment return assumption, lowering the assumed inflation and salary scale, and other changes. See Exhibit V in Section 4 of this report for a complete listing. The net impact of all of these new assumptions is an increase in this year's recommended contribution of $10,897 (0.00% of pay). The actuarial funded ratio decreased by 0.18%.

7. The only plan change reflected for the first time with this valuation was the increase in the Retirement and Relief contribution rate from 6.50% to 7.00%.

8. The actuarial valuation report as of July 1, 2015 is based on financial information as of June 30, 2015. Changes in the value of assets subsequent to that date are not reflected. Unfavorable asset experience will increase the actuarial cost of the Plan, while favorable experience will decrease the actuarial cost of the Plan.

9. The disclosures required for compliance with GASB Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68, *Accounting and Financial Reporting for Pensions* were released to the City's Finance Department on September 18, 2015.

Summary of Key Valuation Results

	2015	2014
Contributions for plan year beginning July 1:		
Recommended	$43,675,507	$42,832,673
Recommended contribution as a percentage of payroll	22.19%	22.39%
Actual contributions (employer and employee)	--	26,692,097
Funding elements for plan year beginning July 1:		
Normal cost, including administrative expenses	$22,101,375	$23,823,180
Market value of assets	1,026,521,284	1,032,760,391
Actuarial value of assets	993,856,763	945,245,264
Actuarial accrued liability	1,319,287,541	1,263,665,128
Unfunded actuarial accrued liability	325,430,778	318,419,864
Funded ratio – Actuarial basis	75.33%	74.80%
Funded ratio – Market basis	77.81%	81.73%
Demographic data for plan year beginning July 1:		
Number of retired participants and beneficiaries	2,924	2,897
Number of vested former participants*	351	303
Number of active participants	3,871	3,889
Total payroll	$196,808,411	$191,299,778
Average payroll	50,842	49,190

**Includes future pensioners currently receiving benefits from the Supplemental System and excludes terminated participants due a refund of contributions.*

Important Information About Actuarial Valuations

An actuarial valuation is a budgeting tool with respect to the financing of future projected obligations of a pension plan. It is an estimated forecast – the actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

In order to prepare a valuation, Segal Consulting ("Segal") relies on a number of input items. These include:

- **Plan of benefits** Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report to confirm that Segal has correctly interpreted the plan of benefits.
- **Participant data** An actuarial valuation for a plan is based on data provided to the actuary by the City. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
- **Assets** The valuation is based on the market value of assets as of the valuation date, as provided by the City's Finance Department which uses an "actuarial value of assets" that differs from market value to gradually reflect year-to-year changes in the market value of assets in determining the contribution requirements.
- **Actuarial assumptions** In preparing an actuarial valuation, Segal projects the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This projection requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year. In addition, the benefits projected to be paid for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments. The projected benefits are then discounted to a present value, based on the assumed rate of return that is expected to be achieved on the plan's assets. There is a reasonable range for each assumption used in the projection and the results may vary materially based on which assumptions are selected. It is important for any user of an actuarial valuation to understand this concept. Actuarial assumptions are periodically reviewed to ensure that future valuations reflect emerging plan experience. While future changes in actuarial assumptions may have a significant impact on the reported results, that does not mean that the previous assumptions were unreasonable.

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The actuarial valuation is prepared at the request of the City. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement of the plan's assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.
- If the City or Board is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. The Board of Managers should look to their other advisors for expertise in these areas.

As Segal Consulting has no discretionary authority with respect to the management or assets of the System, it is not a fiduciary in its capacity as actuaries and consultants with respect to the System.

A. PARTICIPANT DATA

The Actuarial Valuation and Review considers the number and demographic characteristics of covered participants, including active participants, vested terminated participants, retired participants and beneficiaries.

This section presents a summary of significant statistical data on these participant groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B, and C.

A historical perspective of how the participant population has changed over the past ten valuations can be seen in this chart.

CHART 1

Participant Population: 2006 – 2015

Year Ended June 30	Active Participants	Vested Terminated Participants*	Retired Participants and Beneficiaries	Ratio of Non-Actives to Actives
2006	3,782	204	2,255	0.65
2007	3,760	211	2,352	0.68
2008	3,782	205	2,464	0.71
2009	4,017	211	2,516	0.68
2010	4,073	232	2,555	0.68
2011	3,807	246	2,803	0.80
2012	3,907	250	2,802	0.78
2013	3,901	283	2,834	0.80
2014	3,889	303	2,897	0.82
2015	3,871	351	2,924	0.85

**Includes future pensioners currently receiving benefits from the Supplemental System and excludes terminated* participants *due a refund of employee contributions.*

Active Participants

Plan costs are affected by the age, years of service and payroll of active participants. In this year's valuation, there were 3,871 active participants with an average age of 45.3, average years of service of 12.1 years and average payroll of $50,842. The 3,889 active participants in the prior valuation had an average age of 45.0, average service of 11.9 years and average payroll of $49,190.

Inactive Participants

In this year's valuation, there were 351 participants with a vested right to a deferred or immediate vested benefit. This includes 307 individuals currently receiving benefits from the Firemen's and Policemen's Supplemental Pension System.

In addition, there were 33 participants entitled to a return of their employee contributions.

These graphs show a distribution of active participants by age and by years of service.

CHART 2

Distribution of Active Participants by Age as of June 30, 2015

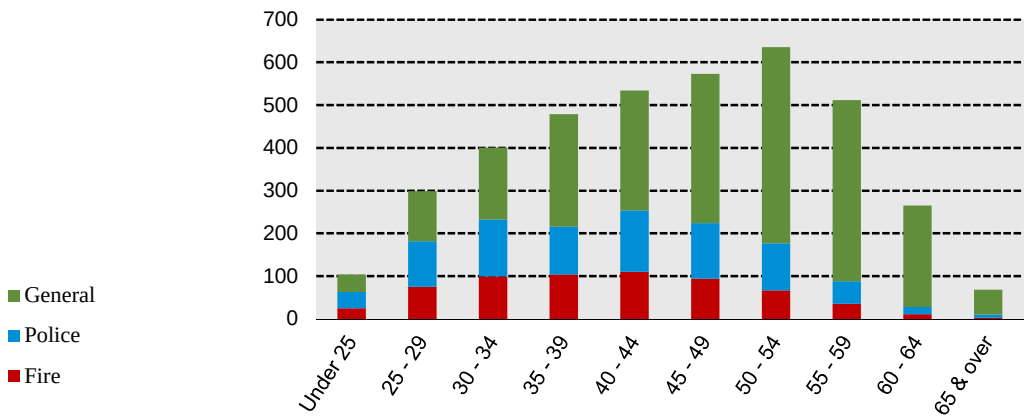
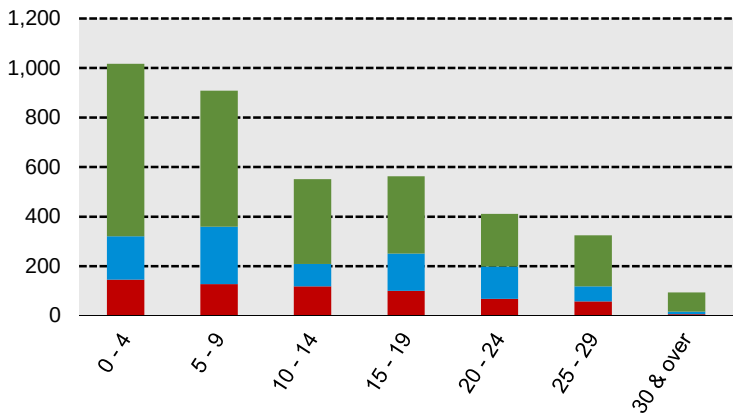


CHART 3

Distribution of Active Participants by Years of Service as of June 30, 2015



Retired Participants and Beneficiaries

As of June 30, 2015, 2,407 retired participants and 517 beneficiaries were receiving total monthly benefits of $5,989,129. For comparison, in the previous valuation, there were 2,394 retired participants and 503 beneficiaries receiving monthly benefits of $5,862,354.

These graphs show a distribution of the current retired participants and beneficiaries based on their monthly amount and age, by type of pension.

CHART 4

Distribution of Retired Participants and Beneficiaries by Type and by Monthly Amount as of June 30, 2015

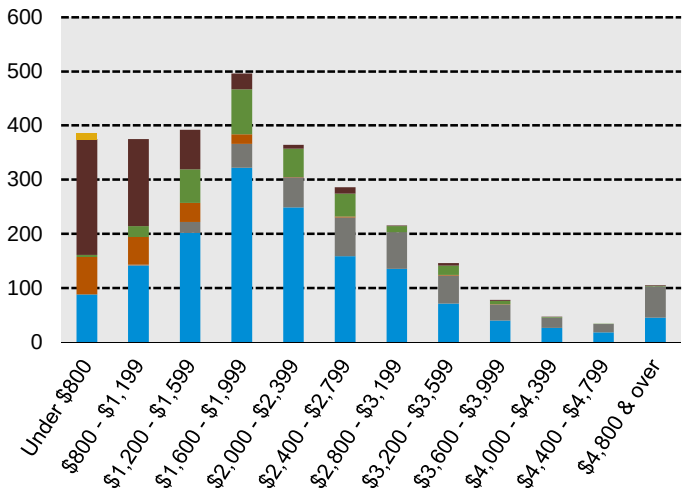
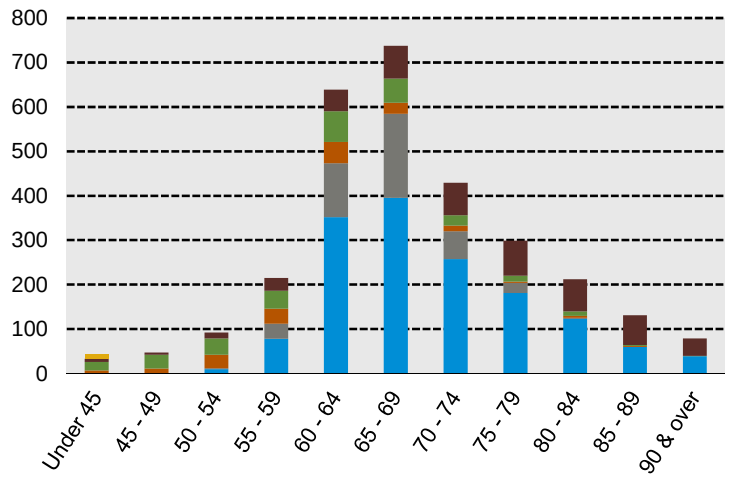


CHART 5

Distribution of Retired Participants and Beneficiaries by Type and by Age as of June 30, 2015



B. FINANCIAL INFORMATION

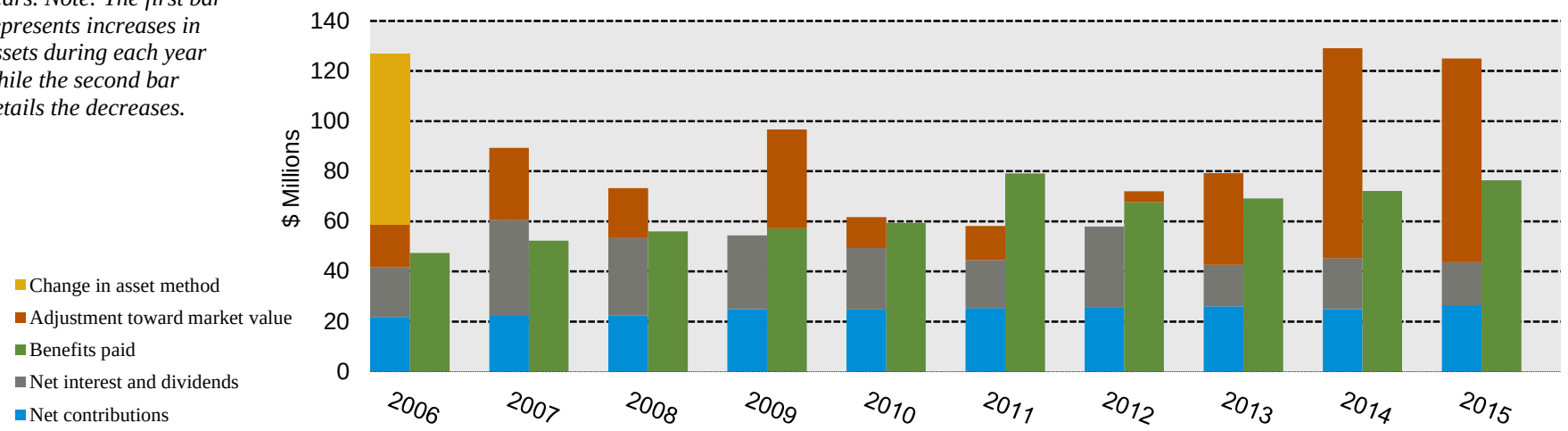
Retirement plan funding anticipates that, over the long term, both contributions (less administrative expenses) and net investment earnings (less investment fees) will be needed to cover benefit payments.

Retirement plan assets change as a result of the net impact of these income and expense components. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits D, E and F.

The chart depicts the components of changes in the actuarial value of assets over the last ten years. Note: The first bar represents increases in assets during each year while the second bar details the decreases.

CHART 6

Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 2006 – 2015



It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

The chart shows the determination of the actuarial value of assets as of the valuation date.

CHART 7

Determination of Actuarial Value of Assets for Year Ended June 30, 2015

1. Market value of assets, June 30, 2015			$1,026,521,284
2. Calculation of unrecognized return	Original Amount*	Unrecognized Return**	
(a) Year ended June 30, 2015	-$27,004,744	-$21,603,795	
(b) Year ended June 30, 2014	80,815,186	48,489,112	
(c) Year ended June 30, 2013	30,483,738	12,193,495	
(d) Year ended June 30, 2012	-32,071,454	-6,414,291	
(e) Year ended June 30, 2011	87,006,584	0	
(f) Total unrecognized return			32,664,521
3. Preliminary actuarial value: (1) - (2f)			993,856,763
4. Adjustment to be within 20% corridor			0
5. Final actuarial value of assets as of June 30, 2015: (3) + (4)			$993,856,763
6. Actuarial value as a percentage of market value: (5) ÷ (1)			96.8%
7. Amount deferred for future recognition: (1) - (5)***			$32,664,521

**Total return minus expected return on a market value basis*

***Recognition at 20% per year over five years*

****Deferred return as of June 30, 2015 recognized in each of the next four years:*

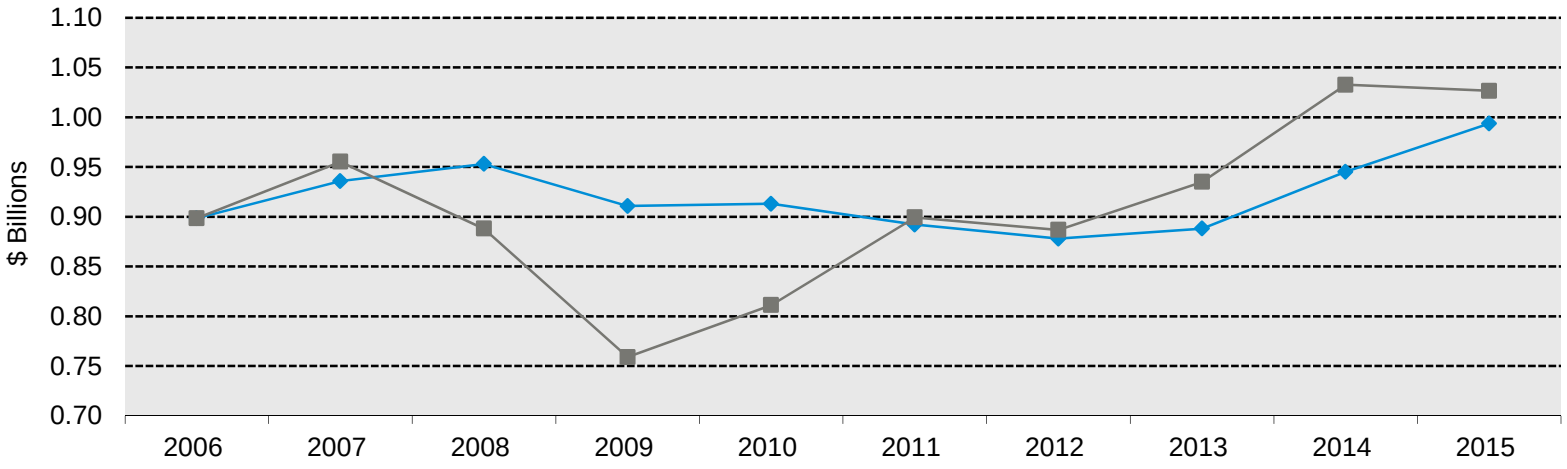
(a) Amount recognized on June 30, 2016	*$10,444,545*	*(c) Amount recognized on June 30, 2018*	*$10,762,088*
(b) Amount recognized on June 30, 2017	*16,858,836*	*(d) Amount recognized on June 30, 2019*	*-5,400,949*

Both the actuarial value and market value of assets are representations of the System's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The actuarial asset value is significant because the System's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

CHART 8

Actuarial Value of Assets vs. Market Value of Assets as of June 30, 2006 – 2015

This chart shows the change in the actuarial value of assets versus the market value over the past ten years. The actuarial value was reset to market in the 2006 valuation, upon adoption of a new smoothing method.



C. ACTUARIAL EXPERIENCE

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total gain is $15,931,906, including a gain of $33,971,921 from investments that was partially offset by a net loss of $18,040,015 from all other sources. The net experience variation from individual sources other than investments was 1.4% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

This chart provides a summary of the actuarial experience during the past year.

CHART 9

Actuarial Experience for Year Ended June 30, 2015

1.	Net gain from investments*	$33,971,921
2.	Net loss from administrative expenses	-29,720
3.	Net loss from other experience	-18,010,295
4.	Net experience gain: (1) + (2) + (3)	$15,931,906

** Details in Chart 10*

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the System's investment policy. For valuation purposes, the assumed rate of return on the actuarial value of assets is 7.50%, effective with this valuation. However, the experience is measured against the 7.00% assumption that was in place for last year. The actual rate of return on an actuarial basis for the 2014-2015 plan year was 10.68%.

Since the actual return for the year was greater than the assumed return, the System experienced an actuarial gain during the year ended June 30, 2015 with regard to its investments.

This chart shows the gain due to investment experience.

CHART 10

Actuarial Value Investment Experience for Year Ended June 30, 2015

1.	Actual return	$98,537,303
2.	Average value of assets	922,362,604
3.	Actual rate of return: (1) ÷ (2)	10.68%
4.	Assumed rate of return	7.00%
5.	Expected return: (2) x (4)	$64,565,382
6.	Actuarial gain: (1) – (5)	$33,971,921

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial basis compared to the market value investment return for the last ten years, including five-year and ten-year averages.

Based upon this experience and future expectations, the Board has changed the assumed rate of return from 7.00% to 7.50%.

CHART 11

Investment Return – Actuarial Value vs. Market Value: 2006 - 2015

Year Ended June 30	Net Interest and Dividend Income		Recognition of Capital Appreciation		Change in Asset Method		Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
2006	$19,901,991	2.46%	$17,031,771	2.11%	$68,127,085	8.44%	$105,060,847	13.01%	$40,468,583	4.64%
2007	38,017,026	4.30	28,826,146	3.25	- -	- -	66,843,172	7.55	86,398,586	9.76
2008	30,863,174	3.35	19,934,936	2.17	- -	- -	50,798,110	5.52	-33,654,898	-3.58
2009	29,426,568	3.14	-39,403,205	-4.20	- -	- -	-9,976,637	-1.06	-96,873,908	-11.09
2010	24,452,410	2.73	12,425,399	1.39	- -	- -	36,877,809	4.12	86,792,989	11.68
2011	19,155,247	2.16	13,654,863	1.54	- -	- -	32,810,110	3.69	142,064,641	18.06
2012	32,400,056	3.71	-4,339,151	-0.49	- -	- -	28,060,905	3.22	29,540,542	3.36
2013	16,556,971	1.93	36,583,999	4.26	- -	- -	53,140,970	6.19	91,188,014	10.52
2014	20,310,562	2.34	83,837,293	9.67	- -	- -	104,147,855	12.02	144,761,454	15.85
2015	17,160,468	1.86	81,376,835	8.82	- -	- -	98,537,303	10.68	43,686,697	4.33
Total	$248,244,473		$249,928,886		$68,127,085		$566,300,444		$534,372,700	
						Five-year average return		7.18%		10.12%
						Ten-year average return		6.40%		6.09%

Note: Each year's yield is weighted by the average asset value in that year.

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

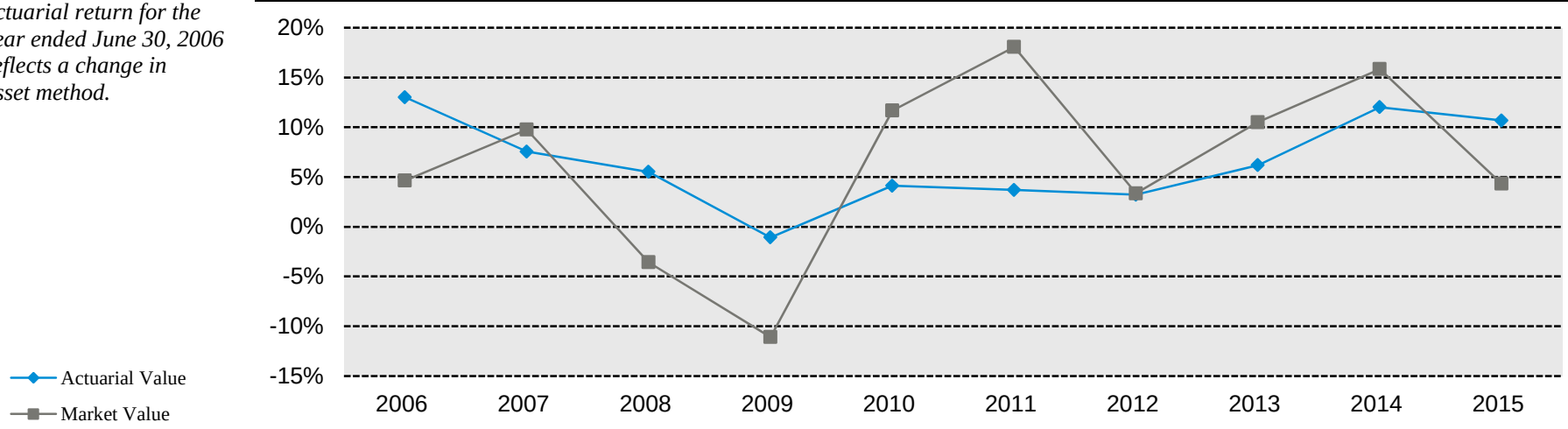
Administrative Expenses

Administrative expenses for the year ended June 30, 2015 totaled $178,807 compared to the assumption of $150,000. This resulted in a loss of $29,720 for the year. We have increased the assumption from $150,000 to $175,000 for the current year.

This chart illustrates how this leveling effect has actually worked over the years 2006 - 2015. The actuarial return for the year ended June 30, 2006 reflects a change in asset method.

CHART 12

Market and Actuarial Rates of Return for Years Ended June 30, 2006 - 2015



Other Experience
There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

The net loss from this other experience for the year ended June 30, 2015 amounted to $18,010,295, which is 1.4% of the actuarial accrued liability.

Assumption Changes
A comprehensive experience study was recently completed for the five-year period ending June 30, 2015. Based on observed experience, changes were made in the majority of assumptions, including investment return, inflation, payroll growth, salary, mortality, disability, turnover, retirement and other demographic assumptions. All changes are outlined in Exhibit V of Section 4.

D. RECOMMENDED CONTRIBUTION

The amount of annual contribution required to fund the Plan is comprised of a normal cost payment and a payment on the unfunded actuarial accrued liability. This total amount is then divided by the total payroll for active members to determine the funding rate of 22.19% of payroll.

The recommended contribution is based on a rolling 30-year amortization of the unfunded actuarial accrued liability as a level percent of pay, assuming a payroll growth of 2.50%. For the plan year beginning July 1, 2015, both the City and members began increased contributions of 7.00% of pay each, up from 6.50%. The combined total of 14.00% of payroll results in an annual deficit of 8.19% when compared to the recommended contribution of 22.19%. A higher contribution will be required to fund this System on an ongoing basis and meet accepted principles and practices. The unfunded actuarial accrued liability is not being amortized at the current contribution levels.

The chart compares this valuation's recommended contribution with the prior valuation.

CHART 13

Recommended Contribution

	Year Beginning July 1			
	2015		2014	
	Amount	% of Payroll	Amount	% of Payroll
1. Normal cost*	$21,933,061	11.14%	$23,678,550	12.38%
2. Administrative expenses	168,314	0.09%	144,630	0.07%
3. Employer normal cost: (1) + (2)	$22,101,375	11.23%	$23,823,180	12.45%
4. Actuarial accrued liability	1,319,287,541		1,263,665,128	
5. Actuarial value of assets	993,856,763		945,245,264	
6. Unfunded actuarial accrued liability: (4) - (5)	$325,430,778		$318,419,864	
7. Payment on unfunded actuarial accrued liability	19,905,370	10.11%	17,475,981	9.14%
8. Total recommended contribution: (3) + (7), adjusted for timing**	$43,675,507	22.19%	$42,832,673	22.39%
9. Total payroll	$196,808,411		$191,299,778	

**Includes net obligations from the Supplemental System of -$2,781,508 for July 1, 2015 and -$2,277,164 for July 1, 2014 (-$2,892,006 and -$2,361,719 adjusted for timing).*

***Recommended contributions are assumed to be paid at the beginning of every month.*

The contribution requirements as of July 1, 2015 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Contribution

The chart below details the changes in the recommended contribution from the prior valuation to the current year's valuation.

The chart reconciles the contribution from the prior valuation to the amount determined in this valuation.

CHART 14

Reconciliation of Recommended Contribution from July 1, 2014 to July 1, 2015

Recommended Contribution as of July 1, 2014	$42,832,673
Effect of investment gain	-1,969,534
Effect of other gains and losses on accrued liability	1,045,876
Effect of contributions less than recommended contribution	964,805
Effect of expected change in amortization payment due to payroll growth	543,746
Effect of change in amortization period	-340,142
Effect of increase in contribution rates, from 6.50% to 7.00% of payroll	-160,673
Effect of change in administrative expense assumption	25,000
Effect of changes in other actuarial assumptions	-14,103
Net effect of other changes	747,859
Total change	$842,834
Recommended Contribution as of July 1, 2015	$43,675,507

EXHIBIT A

Table of Plan Coverage

Category	Year Ended June 30 2015	2014	Change From Prior Year
Active participants in valuation:			
Number	3,871	3,889	-0.5%
Average age	45.3	45.0	N/A
Average years of service	12.1	11.9	N/A
Total payroll	$196,808,411	$191,299,778	2.9%
Average payroll	50,842	49,190	3.4%
Account balances	122,432,826	124,406,629	-1.6%
Total active vested participants	2,854	2,872	-0.6%
Vested terminated participants*	351	303	15.8%
Retired participants:			
Number in pay status	1,929	1,911	0.9%
Average age	69.6	69.3	N/A
Average monthly benefit	$2,430	$2,395	1.5%
Disabled participants:			
Number in pay status	478	483	-1.0%
Average age	60.9	60.3	N/A
Average monthly benefit	$1,673	$1,659	0.8%
Beneficiaries in pay status:			
Number in pay status	517	503	2.8%
Average age	73.6	73.5	N/A
Average monthly benefit	$972	$962	1.0%
Terminated participants due a refund of employee contributions	33	0	N/A

**Includes future pensioners currently receiving benefits from the Supplemental System.*

EXHIBIT B

Participants in Active Service as of June 30, 2015
By Age, Years of Service, and Average Payroll

	Years of Service									
Age	**Total**	**0 - 4**	**5 - 9**	**10 - 14**	**15 - 19**	**20 - 24**	**25 - 29**	**30 - 34**	**35 - 39**	**40 & over**
Under 25	104	103	- -	1	- -	- -	- -	- -	- -	- -
	$37,132	$37,224	- -	$27,703	- -	- -	- -	- -	- -	- -
25 - 29	299	216	83	- -	- -	- -	- -	- -	- -	- -
	40,594	39,690	$42,947	- -	- -	- -	- -	- -	- -	- -
30 - 34	401	164	193	44	- -	- -	- -	- -	- -	- -
	45,159	41,424	46,480	53,285	- -	- -	- -	- -	- -	- -
35 - 39	479	136	177	121	42	3	- -	- -	- -	- -
	46,595	41,221	44,599	52,808	$55,198	$36,944	- -	- -	- -	- -
40 - 44	534	102	129	121	144	37	1	- -	- -	- -
	52,963	45,268	46,635	56,552	59,618	58,929	$40,881	- -	- -	- -
45 - 49	573	86	104	83	144	127	29	- -	- -	- -
	53,886	44,746	44,210	51,313	57,073	64,273	61,752	- -	- -	- -
50 - 54	636	96	98	70	110	111	133	18	- -	- -
	54,480	45,234	47,910	50,475	53,344	56,829	66,642	$57,741	- -	- -
55 - 59	512	64	61	70	76	95	105	37	4	- -
	53,339	45,285	47,865	50,525	51,986	56,664	56,005	67,066	$64,716	- -
60 - 64	265	35	49	34	41	32	48	17	8	1
	55,715	45,945	45,686	55,976	56,129	53,344	63,496	72,176	81,349	$80,768
65 - 69	52	10	8	7	6	5	7	3	3	3
	68,588	57,879	72,025	52,515	49,255	57,768	73,517	76,149	69,192	169,648
70 & over	16	5	7	1	- -	1	2	- -	- -	- -
	58,243	77,887	37,148	57,540	- -	57,540	83,670	- -	- -	- -
Total	3,871	1,017	909	552	563	411	325	75	15	4
	$50,842	$42,369	$45,911	$53,011	$56,017	$58,877	$62,478	$66,350	$74,482	$147,428

EXHIBIT C

Reconciliation of Participant Data

	Active Participants	Vested Former Participants	Fire and Police Retirees	Disableds	Retired Participants	Beneficiaries	Total
Number as of July 1, 2014	3,889	26	277	483	1,911	503	7,089
New participants	240	N/A	0	N/A	N/A	N/A	240
Terminations – with vested rights	-21	21	0	0	0	0	0
Terminations – without vested rights	-28	N/A	0	N/A	N/A	N/A	-28
Retirements	-110	-2	37	N/A	75	N/A	0
New disabilities	-13	0	0	13	N/A	N/A	0
Return to work	1	-1	0	0	0	N/A	0
Deceased	-4	-1	0	-18	-67	-32	-122
New beneficiaries	0	0	0	0	0	47	47
Lump sum payoffs	-81	0	0	-1	0	0	-82
Rehire	1	0	0	N/A	0	N/A	1
Certain period expired	N/A	N/A	0	0	0	-1	-1
Data adjustments	-3	1	1	1	2	0	2
Retirees transferring from Supplemental Plan	0	0	-8	0	8	0	0
Number as of July 1, 2015	3,871	44	307	478	1,929	517	7,146

EXHIBIT D

Summary Statement of Income and Expenses on an Actuarial Value Basis

	Year Ended June 30, 2015		Year Ended June 30, 2014	
Net assets at actuarial value at the beginning of the year		$945,245,264		$888,209,730
Contribution income:				
Employer contributions	$14,464,552		$14,039,103	
Employee contributions	12,227,545		11,984,752	
F&P contribution transfer adjustment*	0		-888,918	
Less administrative expenses	-178,807		-122,916	
Net contribution income		26,513,290		25,012,021
Investment income:				
Interest, dividends and other income	$21,176,818		$24,093,753	
Recognition of capital appreciation	81,376,835		83,837,293	
Less investment fees	-4,016,350		-3,783,191	
Net investment income		98,537,303		104,147,855
Total income available for benefits		$125,050,593		$129,159,876
Less benefit payments:				
Benefits	-$70,471,935		-$68,165,067	
Refunds	-3,046,830		-1,682,976	
DROP payments	-2,920,329		-2,276,299	
Net benefit payments		-$76,439,094		-$72,124,342
Change in actuarial value of assets		$48,611,499		$57,035,534
Net assets at actuarial value at the end of the year		$993,856,763		$945,245,264

**As of June 30, 2013, there was a contribution balance of $888,918 for active fire and police employees with more than 30 years of service, which was understood to be a pending transfer from the Supplemental System. Segal Consulting adjusted the market value of assets to account for this pending transfer. This adjustment was reversed as of June 30, 2014, as the transfer was within the Supplemental System accounts, and not to the Retirement and Relief System.*

Note: A portion of the Retirement and Relief System's assets is allocated to the Health Department. The above summary excludes the Health Department portion.

EXHIBIT E

Summary Statement of Income and Expenses on a Market Value Basis

	Year Ended June 30, 2015		Year Ended June 30, 2014	
Net assets at market value at the beginning of the year		$1,032,760,391		$935,111,258
Contribution income:				
Employer contributions	$14,464,552		$14,039,103	
Employee contributions	12,227,545		11,984,752	
F&P contribution transfer adjustment*	0		-888,918	
Less administrative expenses	-178,807		-122,916	
Net contribution income		26,513,290		25,012,021
Investment income:				
Interest, dividends and other income	$21,176,818		$24,093,753	
Asset appreciation	26,526,229		124,450,892	
Less investment and administrative fees	-4,016,350		-3,783,191	
Net investment income		43,686,697		144,761,454
Total income available for benefits		$70,199,987		$169,773,475
Less benefit payments:				
Benefits	-$70,471,935		-$68,165,067	
Refunds	-3,046,830		-1,682,976	
DROP payments	-2,920,329		-2,276,299	
Net benefit payments		-$76,439,094		-$72,124,342
Change in market value of assets		-$6,239,107		$97,649,133
Net assets at market value at the end of the year		$1,026,521,284		$1,032,760,391

**As of June 30, 2013, there was a contribution balance of $888,918 for active fire and police employees with more than 30 years of service, which was understood to be a pending transfer from the Supplemental System. Segal Consulting adjusted the market value of assets to account for this pending transfer. This adjustment was reversed as of June 30, 2014, as the transfer was within the Supplemental System accounts, and not to the Retirement and Relief System.*

Note: A portion of the Retirement and Relief System's assets is allocated to the Health Department. The above summary excludes the Health Department portion.

EXHIBIT F

Summary Statement of Plan Assets

	Year Ended June 30, 2015		Year Ended June 30, 2014	
Cash equivalents		$37,281,660		$34,955,625
Accounts receivable:				
Employee loans	$10,393,818		$10,348,970	
Accrued interest and dividends	0		2,288,933	
Miscellaneous	34,119		0	
Total accounts receivable		10,427,937		12,637,903
Investments:				
Corporate stock	$648,334,725		$758,171,586	
Domestic corporate bonds	121,730,114		137,300,768	
U.S. Government obligations	112,251,045		90,585,406	
Alternative investments	97,408,915		0	
Total investments at market value		979,724,799		986,057,760
Total assets		$1,027,434,396		$1,033,651,288
Less accounts payable		-$913,112		-$890,897
Net assets at market value		$1,026,521,284		$1,032,760,391
Net assets at actuarial value		$993,856,763		$945,245,264

EXHIBIT G

Development of the Fund Through June 30, 2015

Year Ended June 30	Employer Contributions	Employee Contributions	Other Income	Net Investment Return[1]	Administrative Expenses	Benefit Payments	Actuarial Value of Assets at End of Year
2006	$11,398,732	$10,522,586	$36,000	$105,060,847[2]	$160,000	$47,353,888	$898,671,013
2007	12,006,508	10,707,106	16,000	66,843,172	180,000	52,242,705	935,821,094
2008	12,061,584	10,604,722	1,000	50,798,110	183,375	56,023,465	953,079,670
2009	12,770,110	12,433,019	11,000	-9,976,637	245,261	57,302,709	910,769,192
2010	13,224,808	11,896,839	17,000	36,877,809	263,250	59,444,574	913,077,824
2011	13,772,490	11,881,396	8,000	32,810,110	273,817	79,179,627	892,096,375
2012	13,676,554	12,027,821	12,000	28,060,904	145,619	67,679,529	878,048,507
2013	13,591,846	11,786,408	890,918[3]	53,140,970	138,933	69,109,986	888,209,730
2014	14,039,103	11,984,752	-888,918[3]	104,147,855	122,916	72,124,342	945,245,264
2015	14,464,552	12,227,545	0	98,537,303	178,807	76,439,094	993,856,763

[1] *Net of investment fees*

[2] *Includes effect of change in asset method*

[3] *As of June 30, 2013, there was a contribution balance of $888,918 for active fire and police employees with more than 30 years of service, which was understood to be a pending transfer from the Supplemental System. Segal Consulting adjusted the market value of assets to account for this pending transfer. This adjustment was reversed as of June 30, 2014, as the transfer was within the Supplemental System accounts, and not to the Retirement and Relief System.*

EXHIBIT H

Development of Unfunded Actuarial Accrued Liability for Year Ended June 30, 2015

1. Unfunded actuarial accrued liability at beginning of year		$318,419,864
2. Normal cost at beginning of year		23,823,180
3. Total contributions		-26,692,097
4. Interest		
(a) For whole year on (1) + (2)	$23,957,013	
(b) Monthly on (3)	-856,371	
(c) Total interest		23,100,642
5. Expected unfunded actuarial accrued liability		$338,651,589
6. Changes due to:		
(a) Net experience gain	-$15,931,906	
(b) Changes in assumptions	3,090,407	
(c) Change in plan provisions	-379,312	
(d) Total changes		-13,220,811
7. Unfunded actuarial accrued liability at end of year		$325,430,778

EXHIBIT I

Section 415 Limitations

Section 415 of the Internal Revenue Code (IRC) specifies the maximum benefits that may be paid to an individual from a defined benefit plan and the maximum amounts that may be allocated each year to an individual's account in a defined contribution plan.

A qualified pension plan may not pay benefits in excess of the Section 415 limits. The ultimate penalty for non-compliance is disqualification: active participants could be taxed on their vested benefits and the IRS may seek to tax the income earned on the plan's assets.

In particular, Section 415(b) of the IRC limits the maximum annual benefit payable at the Normal Retirement Age to a dollar limit of $160,000 indexed for inflation. That limit is $210,000 for both 2015 and 2016. Normal Retirement Age for these purposes is age 62. These are the limits in simplified terms. They must be adjusted based on each participant's circumstances, for such things as age at retirement, form of benefits chosen and after tax contributions.

Benefits in excess of the limits may be paid through a qualified governmental excess plan that meets the requirements of Section 415(m).

Legal Counsel's review and interpretation of the law and regulations should be sought on any questions in this regard.

EXHIBIT J

Comparative Summary of Principal Valuation Results

	Year Ended June 30, 2015			
	New Plan New Assumptions	New Plan Old Assumptions	Old Plan Old Assumptions	Year Ended June 30, 2014
Participant data				
Active members	3,871	3,871	3,871	3,889
Total annual payroll	$196,808,411	$196,808,411	$196,808,411	$191,299,778
Retired members and beneficiaries	2,924	2,924	2,924	2,897
Total annualized benefit	$71,869,548	$71,869,548	$71,869,548	$70,348,257
Terminated vested members	44	44	44	26
Total annualized benefit	$506,553	$506,553	$506,553	$313,329
Future pensioners currently receiving benefits from Supplemental System	307	307	307	277
Total annualized benefit	$12,701,662	$12,701,662	$12,701,662	$11,292,345
Terminated participants due a refund of contributions	33	33	33	--
Actuarial value of assets	$993,856,763	$993,856,763	$993,856,763	$945,245,264
Actuarial accrued liability:				
Active members:	$524,055,953	$523,428,135	$523,807,447	$496,425,267
Terminated vested members*	3,620,184	3,698,049	3,698,049	2,636,660
Retired members and beneficiaries	679,871,199	674,718,244	674,718,244	666,716,108
Future pensioners currently receiving benefits from Supplemental System	111,740,205	114,352,706	114,352,706	97,887,093
Total	$1,319,287,541	$1,316,197,134	$1,316,576,446	$1,263,665,128
Unfunded actuarial accrued liability	$325,430,778	$322,340,371	$322,719,683	$318,419,864

**Includes terminated participants due a refund of contributions*

EXHIBIT K

Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial Assumptions: The estimates on which the cost of the Plan is calculated including:

(a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;

(b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;

(c) Retirement rates — the rate or probability of retirement at a given age;

(d) Withdrawal rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal Cost: The amount of contributions required to fund the benefit allocated to the current year of service.

Actuarial Accrued Liability For Actives: The value of all projected benefit payments for current members less the portion that will be paid by future normal costs.

Actuarial Accrued Liability For Pensioners: The single-sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

Unfunded Actuarial Accrued Liability: The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan. There is a wide range of approaches to paying off the unfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

Amortization of the Unfunded Actuarial Accrued Liability: Payments made over a period of years equal in value to the Plan's unfunded actuarial accrued liability.

Investment Return: The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.

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EXHIBIT I

Summary of Actuarial Valuation Results

The valuation was made with respect to the following data supplied to us:			
1.	Retired participants as of the valuation date (including 517 beneficiaries in pay status)		2,924
2.	Participants inactive during year ended June 30, 2015 with vested rights (including 307 future pensioners currently receiving benefits from the Supplemental System)		351
3.	Participants active during the year ended June 30, 2015		3,871
	Fully vested	2,854	
	Not vested	1,017	
4.	Terminated participants due a refund of contributions		33
The actuarial factors as of the valuation date are as follows:			
1.	Normal cost, including administrative expenses		$22,101,375
2.	Actuarial accrued liability		1,319,287,541
	Retired participants and beneficiaries	$679,871,199	
	Inactive participants with vested rights*	115,085,101	
	Active participants	524,055,953	
	Terminated members due a refund of contributions	275,288	
3.	Actuarial value of assets ($1,026,521,284 at market value as reported by the City)		993,856,763
4.	Unfunded actuarial accrued liability		$325,430,778
The determination of the recommended contribution is as follows:			
1.	Normal cost		$21,933,061
2.	Administrative expenses		168,314
3.	Employer normal cost: (1) + (2)		$22,101,375
4.	Payment on unfunded actuarial accrued liability		19,905,370
5.	Total recommended contribution: (3) + (4), adjusted for timing		$43,675,507
6.	Total payroll		$196,808,411
7.	Total recommended contribution as a percentage of total payroll: (5) ÷ (6)		22.19%

**Includes liability for deterred benefits from the Retirement and Relief System payable to pensioners currently receiving benefits from the Supplemental System.*

EXHIBIT II

History of Employer Contributions

Plan Year Ended June 30	Actuarially Determined Employer Contributions (ADEC)*	Actual Contributions	Percentage Contributed
2010	$21,118,910	$13,224,808	62.6%
2011	18,147,790	13,772,490	75.9%
2012	18,904,668	13,676,554	72.3%
2013	20,516,938	13,591,846	66.2%
2014	30,553,712	14,039,103	45.9%
2015	30,398,187	14,464,552	47.6%
2016	29,898,918	--	--

**Prior to July 1, 2013, this amount was the Annual Required Contribution (ARC) and was calculated presuming that the employees would be responsible for an equal share of the cost of the System. However, if employee contribution rates were insufficient to cover half of the cost, the City was ultimately responsible for the funding of the Plan. Beginning July 1, 2013, the Actuarially Determined Employer Contribution (ADEC) is equal to the total calculated contribution in the most recent actuarial valuation, minus the portion expected to be covered by employee contributions.*

EXHIBIT III

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
07/01/2010	$913,077,824	$1,113,441,433	$200,363,609	82.01%	$193,229,880	103.69%
07/01/2011	892,096,375	1,158,070,396	265,974,021	77.03%	177,977,161	149.44%
07/01/2012	878,048,507	1,181,090,260	303,041,753	74.34%	181,406,586	167.05%
07/01/2013	888,209,730	1,216,684,458	328,474,728	73.00%	182,634,179	179.85%
07/01/2014	945,245,264	1,263,665,128	318,419,864	74.80%	191,299,778	166.45%
07/01/2015	993,856,763	1,319,287,541	325,430,778	75.33%	196,808,411	165.35%

EXHIBIT IV

Funded Ratio

A critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the actuarial value of assets to the actuarial accrued liabilities of the Plan as calculated. High ratios indicate a well-funded plan with assets sufficient to cover the plan's actuarial accrued liabilities. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other factors.

The chart below depicts a history of the funded ratios for this plan on both an actuarial value (AVA) and a market value (MVA) basis.

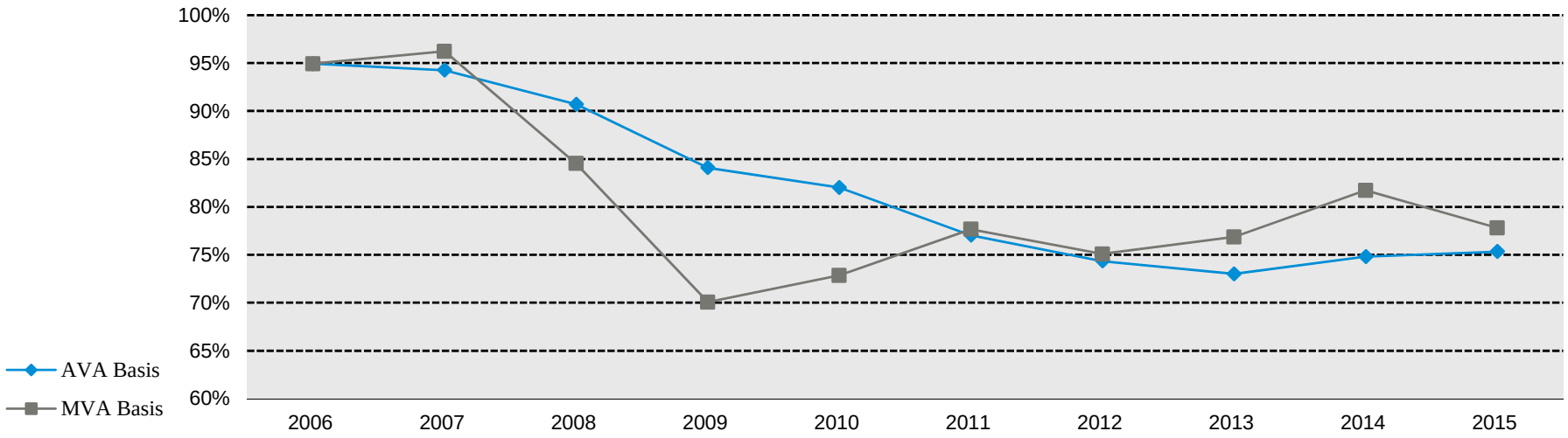

EXHIBIT V

Actuarial Assumptions and Actuarial Cost Method

Rationale for Assumptions:	The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation are shown in the Experience Study Report for the five-year period ended June 30, 2015. The new assumptions recommended in that study are implemented for the first time in this valuation. Changes from the prior year are listed at the end of this exhibit.
Mortality Rates:	
Pre-retirement:	RP-2014 Blue Collar Employee Mortality Table, set forward two years for males and four years for females, projected generationally using Scale MP-2015
Healthy annuitants:	RP-2014 Blue Collar Employee Healthy Annuitant Mortality Table, set forward two years for males and four years for females, projected generationally using Scale MP-2015
Disabled annuitants:	RP-2014 Disabled Retiree Mortality Table, projected generationally using Scale MP-2015
	The tables above, with adjustments as shown, reasonably reflect the mortality experience of the Fund as of the measurement date. The mortality tables were then generationally projected using Scale MP-2015 to reflect future mortality improvement.
On the Job Disability:	
General	50%
Fire	80%
Police	100%
On the Job Death:	
General	5%
Fire and Police	15%

Termination Rates Before Retirement:

	Rate (%)				
	Mortality*		Disability		
Age	Male	Female	General	Fire	Police
20	0.06	0.02	0.08	0.15	0.15
25	0.06	0.02	0.11	0.15	0.15
30	0.06	0.03	0.14	0.15	0.15
35	0.07	0.04	0.19	0.95	0.15
40	0.09	0.07	0.29	0.95	0.50
45	0.16	0.11	0.47	0.95	0.50
50	0.27	0.17	0.79	0.95	0.50
55	0.44	0.25	1.31	0.95	0.50
60	0.56	0.38	2.12	0.95	0.50

**Rates shown do not include generational projection.*

Termination Rates Before Retirement (continued):

Years of Service	Rate% Withdrawal General	Rate% Withdrawal Fire and Police
1	10.00	5.00
2	9.00	4.50
3	8.00	4.25
4	7.50	4.00
5	7.00	3.75
6	6.50	3.50
7	6.00	3.25
8	5.50	3.00
9	5.00	2.50
10	4.50	2.00
11	4.00	1.75
12	3.50	1.50
13	3.00	1.25
14	2.50	1.00
15	2.00	1.00
16	1.50	1.00
17-20	1.00	0.50
20-30	1.00	0.00

Retirement Rates: Fire and Police employees are assumed to retire in accordance with the following rates. Benefits are payable from the Firemen's and Policemen's Supplemental Pension System until the participant reaches their Normal Retirement Age under the Retirement and Relief System.

Fire		Police	
Years of Service*	Rate%	Years of Service*	Rate%
20	15.0	20	30.0
21	10.0	21	15.0
22-25	5.0	22	7.5
26-27	2.0	23-25	25.0
28	10.0	26	20.0
29	50.0	27-28	10.0
30-32	0.0	29	40.0
33	50.0	30-32	0.0
34	20.0	33	100.0
35	100.0		

**Retirement is assumed to occur no later than age 65*

General employees are assumed to retire, after meeting the service requirements, in accordance with the following rates:

Age	Rate%
Under 50	0.0
50-54	35.0
55-60	20.0
61	25.0
62	40.0
63-64	25.0
65-73	35.0
74 & Over	100.0

Retirement Age for Inactive Vested Participants:	60
Interest on DROP Accounts:	5.00%
Utilization of BackDROP:	40% of retiring General Employees are assumed to elect a three-year BackDROP. General Employees who retire prior to 33 years of service are not assumed to utilize the BackDROP provisions of the plan. 90% of retiring Firefighters are assumed to elect a three-year BackDROP. Firefighters who retire prior to 23 years of service are not assumed to utilize the BackDROP provisions of the plan. 70% of retiring Police Officers are assumed to elect a three-year BackDROP. Police Officers who retire prior to 23 years of service are not assumed to utilize the BackDROP provisions of the plan.
Unknown Data for Participants:	Same as those exhibited by Participants with similar known characteristics. If not specified, Participants are assumed to be male.
Percent Married:	75%
Age of Spouse:	Females three years younger than males
Net Investment Return:	7.50% The net investment return assumption was chosen by the Retirement System's Board of Trustees, with input from the actuary. This assumption is a long-term estimate derived from historical data, current and recent market expectations, and professional judgment. As part of the analysis, a building block approach was used that reflects inflation expectations and anticipated risk premiums for each of the portfolio's asset classes, as well as the System's target asset allocation.
Administrative Expenses:	$175,000, payable monthly, equivalent to $168,314 at the beginning of the year.

Salary Scale:

	Rate (%)		
Age	**General**	**Years of Service**	**Fire and Police**
20	7.00	0-1	6.75
25	6.25	1-2	6.50
30	5.50	2-3	6.25
35	4.75	3-4	6.00
40	4.00	4-5	5.75
45	3.50	5-6	5.50
50	3.00	6-7	5.25
55	2.75	7-8	5.00
60	2.50	8-9	4.75
65	2.50	9-10	4.50
70 & over	2.50	10-14	4.00
		15-19	3.50
		20-24	3.00
		25-29	2.75

The salary scale assumption includes an allowance for inflation of 2.50% per year. The assumption is based on the City's pay plan, along with analysis completed in conjunction with an Experience Study Report for the five-year period ended June 30, 2015.

Actuarial Value of Assets: Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.

Actuarial Cost Method: Entry Age Normal Actuarial Cost Method. Entry Age is the age at the time the participant would have commenced employment if the plan had always been in existence. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by service, with Normal Cost determined as if the current benefit accrual rate had always been in effect. Actuarial Liability is allocated by salary.

Change in Assumptions:

A comprehensive Actuarial Experience Review, covering the period July 1, 2010 through June 30, 2015, was completed in May 2016. As a result of that study, the following assumption changes were proposed by the actuary and subsequently were approved by the Board. These changes are reflected for the first time in this valuation.

- The investment return assumption was increased from 7.00% to 7.50%.
- The inflation assumption was lowered from 3.00% to 2.50%.
- The payroll growth rate assumption (used for determining the amortization of the unfunded actuarial accrued liability) was lowered from 3.00% to 2.50%.
- The age-based salary scale assumption for General Employees was maintained, with the individual rates lowered. The salary scale assumption for Fire and Police was restructured from an age-related to a service-related set of rates, to reflect actual plan experience.
- The administrative expense assumption was increased from $150,000 to $175,000.
- The pre-retirement mortality assumption was changed from the RP-2000 Combined Healthy Mortality Table, with rates set forward two years for both males and females, to the RP-2014 Blue Collar Employee Mortality Table with rates set forward two years for males and four years for females. This table is projected generationally with Scale MP-2015.
- The post-retirement mortality assumption for healthy annuitants was changed from the RP-2000 Combined Healthy Mortality Table, with rates set forward two years for both males and females, to the RP-2014 Blue Collar Healthy Annuitant Mortality Table with rates set forward two years for males and four years for females. This table is projected generationally with Scale MP-2015.
- The mortality assumption for disabled retirees was changed from the RP-2000 Disabled Retiree Mortality Table, multiplied by 70%, to the RP-2014 Disabled Retiree Mortality Table. This table is projected generationally with Scale MP-2015.
- Retirement rates were modified for all groups to better reflect actual experience and expected future patterns.
- The BackDROP utilization assumption was lowered from 100% for all groups to 40% for General Employees, 90% for Firefighters and 70% for Police Officers.

- The turnover assumption for all groups was modified from a five-year select-and-ultimate assumption based on age to an assumption based on years of service. The rates reflect higher rates during earlier periods of employment. The rates for General Employees are higher than the rates for Police and Fire. The ultimate rate was set to zero for Police and Fire employees with twenty or more years of service.
- The disability rates were modified for all groups to better reflect actual experience and expected future patterns. The on-the-job disability assumption was lowered from 100% to 80% of all disabilities for Firefighters only.
- The percent married assumption was lowered from 80% to 75%.

EXHIBIT VI

Summary of Plan Provisions

This exhibit summarizes the major provisions of the System included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Plan Year:	July 1 through June 30
Plan Status:	Ongoing
Normal Pension:	
Eligibility	A participant may retire at (a) age 60 if he has completed 5 years of credited service, or (b) any age if he has completed 30 years of credited service.
Amount:	2.50% of final average salary for each year of credited service. This amount cannot be greater than 75.0% of the final average salary nor less than $400 per month. Service credit used to determine the benefit amount may be increased by credit granted for unused sick leave (on a percent of possible total basis). Final average salary is defined as the highest average compensation over any 36-month period of the employee's last ten years of participation.
Early Retirement Pension:	
Eligibility	A City participant may retire at age 55 if he has completed 25 years of credited service.
Amount	1.85% of final average salary for each year of credited service.

Disability:	
Ordinary	
Service Requirement	5 years credited service.
Amount	2.00% of final average salary at disability for each year of credited service, payable immediately. This amount cannot be greater than 60% of final average salary nor less than $400.
Extraordinary	
Service Requirement	None
Amount	70% of final monthly salary at disability, offset by the maximum Worker's Compensation benefit, payable immediately.
Termination:	To a participant terminating before becoming eligible for a vested deferred pension from the plan, a lump sum of his or her own contributions without interest is payable. Participants terminating after 5 years of actual service who leave their contributions in the System Fund have a non-forfeitable right to a monthly pension beginning at age 60. The form and amount of the pension are the same as the normal pension.
Death Benefits:	If a participant dies prior to his or her attainment of eligibility for retirement, a lump sum of his or her own contributions without interest is payable to his or her beneficiary. If an active participant who is eligible to retire or a retired participant dies, 60% of the accrued pension benefit is payable to the surviving spouse, if any, during his or her remaining lifetime. If an active participant (other than a participant of the Firemen and Policemen Supplemental System) who is not eligible to retire, but who has completed 5 years of service dies, a portion of 60% of the accrued pension benefit is payable to the spouse during her remaining lifetime. This portion is defined as follows:

Number of Years of Service	Portion of Entitled Benefit
5	50%
6	60
7	70
8	80
9	90
10 or more	100

This benefit is payable at the earlier of (a) the date that the deceased participant would have attained age 60 or (b) the date the deceased participant would have completed 20 years of service. In lieu of the above, for all participants, an annuity of 60% of salary is payable to the surviving spouse and 10% is payable to a minor child if death is service connected; the maximum for spouse and children is 75% and the maximum for children if no spouse is 60%. The minimum spouse benefit is $320 per month.

Back-DROP:	An employee with 33 years of service or who is at least age 63 with 23 years of service may elect up to a 36-month Back-DROP. The employee's monthly benefit will be calculated using service and final average salary as of the Back-DROP date and the employee will receive a lump sum equal to the number of months dropped back times the retirement benefit, accumulated with interest.
Participation:	All qualified employees of the Retirement and Relief System are required to participate.
Contributions:	
Employees	6.50% of compensation, increasing to 7.00% effective July 1, 2015
City	6.50% of compensation, increasing to 7.00% effective July 1, 2015
Changes in Plan Provisions:	Since the last valuation date, the employee and City contribution rates increased from 6.50% of compensation to 7.00% of compensation.

CITY OF BIRMINGHAM

RETIREMENT & RELIEF PENSION SYSTEM

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015

OFFICE OF THE DIRECTOR OF FINANCE
J. Thomas Barnett, Jr.

BIRMINGHAMFORWARD
— MAYOR WILLIAM A. BELL, SR. —

THE CITY OF BIRMINGHAM
RETIREMENT AND RELIEF SYSTEM
RETIREMENT PLAN

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BANKS, FINLEY, WHITE & CO.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Pension Board of the
City of Birmingham Retirement and
Relief System Retirement Plan
Birmingham, Alabama

We have audited the accompanying financial statements of the City of Birmingham Retirement and Relief System Retirement Plan (the Plan), which comprise the statement of fiduciary net position as of June 30, 2015, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the City of Birmingham Retirement and Relief System Retirement Plan as of June 30, 2015, and the changes in its financial status for the year then ended in accordance with accounting principles generally accepted in the United States of America.

October 27, 2015

Banks, Finley, White & Co.

617 THIRTY-SEVENTH STREET SOUTH · BIRMINGHAM, AL 35222 · (205) 326-6660

THE CITY OF BIRMINGHAM
RETIREMENT AND RELIEF SYSTEM
RETIREMENT PLAN
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015

	2015
ASSETS:	
Cash and Cash Equivalents	$ 37,848,733
Total Cash and Cash Equivalents	37,848,733
Receivables	
Member contributions	34,638
Member loans	10,551,914
Interest and dividends	2,948,613
Total Receivables	13,535,165
Investments, at Market Value:	
U.S. Government Obligations	113,958,447
Domestic Corporate Bonds & Notes	123,581,698
Domestic Stocks	658,196,263
Alternative Investments	98,890,560
Total Investments	994,626,968
Total Assets	$ 1,046,010,866
LIABILITIES	
Accounts Payable	$ 927,001
Total Liabilities	927,001
Net Position Restricted for Pension Benefits	$ 1,045,083,865

The notes are an integral part of the financial statements.

THE CITY OF BIRMINGHAM
RETIREMENT AND RELIEF SYSTEM
RETIREMENT PLAN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	2015
Net Position Restricted For Pension Benefits, beginning of year (excluding accrued income) at market value	$ 1,048,514,549
Additions:	
Employer Contributions	14,478,440
Employee Contributions	12,262,101
Investment Income (net)	47,383,557
Total Additions	$ 74,124,098
Deductions:	
Distributions to Participants	74,245,736
Refunds of contributions	3,046,830
Administrative Expenses	262,216
Total Deductions	77,554,782
Net Increase in Net Position	(3,430,684)
Net Position Restricted for Pension Benefits End of the Year at Market Value	$ 1,045,083,865

The notes are an integral part of the financial statements.

THE CITY OF BIRMINGHAM
RETIREMENT AND RELIEF SYSTEM
RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS

1. PLAN DESCRIPTION

The *City of Birmingham Retirement and Relief System Retirement Plan* covers all eligible civil service employees, elected officials, and appointed employees. Membership is mandatory for covered employees and is effective upon employment. Appointed and elected employees have the option of participating in this plan or in an alternative retirement plan. The City and employees each contribute one-half of the required contribution payable as a percent of compensation for the year, exclusive of overtime and subject to statutory limits. The plan is funded by contributions from employees, the City, and income from the investment of accumulated funds. The plan was established by state law and is administered by a board of managers.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Estimates – The preparation of financial statements prepared in conformity with generally accepted accounting principles requires the Board to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Deposits & Investments – Cash and cash equivalents include cash on hand, demand deposits, savings accounts, and short-term investments with maturities of three months or less at the time of purchase.

The **Plan's** investments are stated at fair value. Quoted market prices are used to value investments. Investment transactions are recorded on the trade date. Realized gains and losses from sales of securities are determined using the average cost basis. In accordance with the provisions of the **Plan,** in order to state investments at market value, net unrealized appreciation or depreciation for the year is reflected in the statement of changes in pension net position.

Actuarial Present Value of Accumulated Plan Benefits – Accumulated plan benefits are those future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits under the Plan are based on employees' compensation during their last ten years of credited service. The accumulated plan benefits for active employees are based on their average compensation during the five years ending on the date as of which the benefit information is presented (the valuation date). Benefits payable under all circumstances – retirement, death, disability, and termination of employment – are included, to the extent they are deemed attributable to employee service rendered to the valuation date. Benefits to be provided via annuity contracts are excluded from Plan assets are excluded from accumulated plan benefits.

The actuarial present value of accumulated plan benefits is determined by an actuary from The Segal Group, Inc. and it is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuations as of July 1, 2014 were (a) life expectancy of participants (using the RP-2000 Mortality Table),

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) retirement age assumptions, and (c) investment return. The assumed average rate of return for the 2015 valuation was 7%. The actual rate of return, which excluded the employer contributions and benefit payments, was 12%. The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

3. FUNDING POLICY

The contribution requirements of the plan members are established and may be amended by the State Legislature. Plan members were required to contribute 6.5% of their annual covered salary in 2015. The CIty was required to contribute at a rate of 6.5% of the employees annual covered salary for 2015. For the Health Department employees, Plan members were required to contribute 6.00% of compensation and the employer contributes the additional required amount. All contributions made during 2015 were cash contributions. Administrative costs of the Plan are financed through investment earnings.

4. BENEFITS

A participant retiring at his normal retirement date is entitled to a benefit, payable in monthly installments equal to one-twelfth of the participant's accrued retirement income, which is calculated as 2.5% of final average salary multiplied by years of creditable service.

The **Plan** also provides adjusted benefits, in the case of early retirement and death or disability of a participant. Benefit provisions are established and may be amended by the State Legislature.

5. VESTING

Participants are at all times fully vested in their individual contributions to the **Plan**. Participants become fully vested in the retirement benefits attributable to them under the **Plan**, upon the completion of five years of creditable service with the City; however, benefits are not payable until the employee reaches age 60.

6. INVESTMENTS

The **Plan's** investments were held by Regions Bank, as custodian for the **Plan** during 2015. The fair value of the Plan's investments are as follows:

	2015	
	Market	Cost
Cash	$ 36,713,034	$ 36,713,034
U.S. Treasury Bonds & Notes	63,517,239	61,987,718
U.S. Government Agencies	50,441,209	50,590,279
Domestic Corporate Bonds & Notes	123,581,698	123,030,228
Accrued Interest & Dividends	2,948,613	2,948,613
Alternatives	98,890,560	94,000,000
Equities	658,196,263	565,386,622
Total	$ 1,034,288,616	$ 934,656,494

6. **INVESTMENTS (Continued)**

During 2015, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value as follows:

	2015
Equities	$ (91,241,319)
Fixed Income Investments	13,492,203
Other	76,333,346
	$ (1,415,670)

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration (period of time to maturity or redemption) is the primary measure of the sensitivity of investment risk. The Plan has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Board of Managers recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Plan's objectives. However, the investment managers are to make reasonable efforts to control risk, and will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.

Custodial Credit Risk is the risk that the party holding the funds might not be able to pay those funds to the Trust upon maturity or demand. Bank deposits are covered by federal depository insurance (FDIC) or are collateralized by a multiple financial institution collateral pool administered by the State Treasurer.

Concentration of Investments

The Plan did not hold investments in any one organization that represented 5 percent or more of the Pension Plan's fiduciary net position.

Fair Value of Investments

Investments are reported at fair value, based on quoted market prices.

7. **NET PENSION LIABILITY:**

The components of the net pension liability of the Plan at June 30, 2015 were as follows:

Total Pension Liability	$ 1,574,826,589
Plan Fiduciary Net Position	1,026,521,284
The Plan's Net Pension Liability	$ 548,305,305
Plan Fiduciary Net Position as a percentage of Total Pension Liability	65.18%
Health Department Employees	
Total Pension Liability	$ 11,124,212
Plan Fiduciary Net Position	15,613,969
The Plan's Net Pension Liability	$ (4,489,757)
Plan Fiduciary Net Position as a percentage of Total Pension Liability	140.36%

7. NET PENSION LIABILITY: (CONTINUED)

Actuarial Assumptions:
The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement, with the results rolled forward to June 30, 2015:

Inflation	3.00%
Salary increases	3.00%, plus age-related salary scale based on participant group
Investment rate of return	7.00%, including inflation, net of pension plan investment expense

Health Mortality rates were based on the sex distinct RP-2000 Combined Healthy Mortality Table, set forward two years for both males and females. Disabled Mortality rates were based on the sex distinct RP-2000 Disabled Retiree Mortality Table multiplied by 70%. The current tables were determined to contain a margin of 8% to anticipate future mortality improvement based on the review of mortality experience for the 2005-2010 period.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an experience study for the period July 1, 2005 to June 30, 2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	60%	6.7%
Core fixed income	25%	1.6%
Hedge funds	15%	3.6%
Total	100%	

Discount rate:
Retirement and Relief System: The blended discount rate used to measure the total pension liability was 5.24%. The projection of cash flows used to determine the discount rate assumed contributions will continue to be made at 6.50% of compensation from plan members and 6.50% of compensation from the City. For this purpose, only employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are included. Projected employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are excluded, as are projected employee contributions from future plan members. Based on these assumptions, the System's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the System's investments was applied to the first 26 periods of projected benefit payments and a 3.80% municipal bond rate was applied

to all periods thereafter to determine the total pension liability. The 3.80% municipal bond rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 25, 2015.

7. NET PENSION LIABILITY: (CONTINUED)

***Health Department Employees*:** The discount rate used to measure the total pension liability is 7.00%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at 6.00% of compensation from plan members and no contributions will be made from the County. Based on these assumptions, the Department's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Department's pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate:
Retirement and Relief System: The following presents the net pension liability of the County, calculated using the discount rate of 5.24%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (4.24%) or one-percentage-point higher (6.24%) than the current rate:

	1% Decrease (4.24%)	Current Discount (5.24%)	1% Increase (6.24%)
Net pension liability	$745,357,055	$548,305,305	$382,732,627

Health Department Employees
Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the County, calculated using the discount rate of 7.00%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00%) or one-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Net pension liability	$(3,478,252)	$(4,489,757)	$(5,366,855)

8. MEMBERSHIP INFORMATION

Membership of the **Plan** consisted of the following at July 1, 2014, the date of the latest actuarial valuation:

Active employees	3,889
Inactive Participants	303
Retired Participants and Beneficiaries	2,897
	7,089

Health Department Employees	
Active employees	11
Retired Participants and Beneficiaries	36
	47

10. DATE OF MANAGEMENT'S REVIEW

In preparing these financial statements, the **Plan** has evaluated events and transactions for potential recognition or disclosure through October 20, 2015, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

THE CITY OF BIRMINGHAM
RETIREMENT AND RELIEF SYSTEM
RETIREMENT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
FOR YEAR ENDED JUNE 30, 2015

Schedule of Changes in the Plan's Net Pension Liability and Related Ratios

	2015	2014
Total Pension Liability		
Service Cost	$ 36,945,277	$ 35,473,452
Interest	80,340,821	78,078,837
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	11,335,035	-
Changes of Assumptions	89,619,076	-
Benefit Payments, Including Refunds of Employee Contributions	(76,439,094)	(72,124,342)
Net Change in Total Pension Liability	141,801,115	41,427,947
Total Pension Liability – Beginning	1,433,025,474	1,391,597,527
Total Pension Liability - Ending (a)	$ 1,574,826,589	$ 1,433,025,474
Plan fiduciary net position		
Contributions – Employer	$ 14,464,552	$ 14,039,103
Contributions- Employee	12,227,545	11,984,752
Net Investment Income	43,686,697	143,936,432
Benefit Payments, Including Refunds of Employee Contributions	(76,439,094)	(72,124,342)
Administrative Expense	(178,807)	(186,812)
Other	-	-
Net Change in Plan Fiduciary Net Position	(6,239,107)	97,649,133
Plan Fiduciary Net Position – Beginning	1,032,760,391	935,111,258
Plan Fiduciary Net Position - Ending (b)	1,026,521,284	1,032,760,391
The Plan's Net Pension Liability - Ending (a) - (b)	$ 548,305,305	$ 400,265,083
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.18%	72.07%
Covered Employee Payroll	188,116,077	184,380,800
The Plan's Net Pension Liability as a Percentage of covered Employee Payroll	291.47%	217.09%
Schedule of Investment Returns		
Annual money-weighted rate of return, net of investment expense	4.68%	

Notes to the above schedule:
There have been no changes to benefits provisions since the implementation of GASB 67. Other than the change in blended discount rate, there have been no assumption changes since GASB 67 implementation. Historical information prior to the implementation of GASB 67/68 is not required.

Health Department Employees		2015		2014
Total Pension Liability				
Service Cost	$	64,181	$	62,675
Interest		764,708		765,878
Changes of Benefit Terms		-		-
Differences Between Expected and Actual Experience		(202,192)		-
Changes of Assumptions		-		-
Benefit Payments, Including Refunds of Employee Contributions		(853,769)		(836,771)
Net Change in Total Pension Liability		(227,072)		(8,218)
Total Pension Liability – Beginning		11,351,284		11,359,502
Total Pension Liability - Ending (a)	$	11,124,212	$	11,351,284
Plan fiduciary net position				
Contributions – Employer	$	13,888	$	14,707
Contributions- Employee		34,556		36,616
Net Investment Income		665,531		2,288,551
Benefit Payments, Including Refunds of Employee Contributions		(853,769)		(836,771)
Administrative Expense		-		-
Other		-		-
Net Change in Plan Fiduciary Net Position		(139,794)		1,503,103
Plan Fiduciary Net Position – Beginning		15,753,763		14,250,660
Plan Fiduciary Net Position - Ending (b)		15,613,969		15,753,763
The Plan's Net Pension Liability - Ending (a) - (b)	$	(4,489,757)	$	(4,402,479)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		140.36%		138.78%
Covered Employee Payroll		575,933		610,267
The Plan's Net Pension Liability as a Percentage of covered Employee Payroll		-779.56%		-721.40%

Notes to the above schedule:
There have been no changes to benefits provisions since the implementation of GASB 67. There have been no assumption changes since GASB 67 implementation. Historical information prior to the implementation of GASB 67/68 is not required.

THE CITY OF BIRMINGHAM
RETIREMENT AND RELIEF SYSTEM
RETIREMENT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
FOR YEAR ENDED JUNE 30, 2015

Schedule of the Employer's Contributions

	2015	2014
Actuarially Determined Contributions*	$ 30,398,187	$ 30,553,712
Contributions in Relation to the Actuarially Determined Contributions	14,464,552	14,039,103
Contribution Deficiency (Excess)	15,933,635	16,514,609
Covered Employee Payroll**	188,116,077	184,380,800
Contributions as a Percentage of Covered Employee Payroll	7.69%	7.61%

Schedule of the Employer's Contributions

Health Department Employees

	2015	2014
Actuarially Determined Contributions	$ -	$ -
Contributions in Relation to the Actuarially Determined Contributions	13,888	14,707
Contribution Deficiency (Excess)	$ (13,888)	$ (14,707)
Covered Employee Payroll***	575,933	610,267
Contributions as a Percentage of Covered Employee Payroll	2.41%	2.41%

Notes to Schedule:

*The actuarial determined contribution is equal to the total calculated contribution in the most recent actuarial valuation, minus the portion expected to be covered by employee contributions.
**Payroll is estimated based on the actual employee contributions received and a 6.5% contribution rate. The City's contributions as a percentage of covered-employee payroll are greater than 6.5% since they reflect contributions made by the City on behalf of required members in the Firemen's and Policemen's Supplemental Pension Plan, as well as transfers from the Supplemental Plan.
***Payroll is estimated based on the actual employee contributions received and a 6.00% contribution rate. Historical information prior to implementation of GASB 67/68 is not required.

THE CITY OF BIRMINGHAM
RETIREMENT AND RELIEF SYSTEM
RETIREMENT PLAN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	7/1/14
Actuarial cost method	Entry Age Normal Cost
Amortization method	Level percent of payroll, using 3.0% annual increases
Remaining amortization period	Rolling 30 years
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a 5 year period, further adjusted, if necessary, to be within 20% of the market value.

Actuarial assumptions:

Investment rate of return	7.00%, including inflation, net of pension plan investment expense
Projected salary increase	3.00%, plus age-related salary scale based on participant group
Inflation rate	3.00%
Cost of living adjustments	N/A

RSCD

Retirement System *City of Detroit*

GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT COMPONENT I and COMPONENT II

SUMMARY ANNUAL REPORT

For the Fiscal Year Ended

June 30, 2015

GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT

ALLY DETROIT CENTER

500 WOODARD AVENUE, SUITE 3000

DETROIT, MICHIGAN 48226

313-224-3362

800-339-8344

Web address www.rscd.org

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Westfield Capital Management

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Alcentra NY LLC
Ares Management
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Standard Pacific Capital, LLC
Superior Capital Partners, LLC
Syncom Venture Partners
TA Realty
The Lightstone Group
The Praedium Group, LLC
TIER REIT
Tricadia Capital Management
UBS
Valstone Partners, LLC
Walker & Dunlop Capital, LLC
Walton Street Capital
Wind Point Partners

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INTRODUCTORY SECTION

LETTER FROM THE EXECUTIVE DIRECTOR AND CHAIRPERSON

Active and Retired Members and Interested Individuals:

We are pleased to submit the annual report for Component I and Component II of the General Retirement System of the City of Detroit for the fiscal year ended June 30, 2015.

The General Retirement System of the City of Detroit ("System") consists of defined pension plans and defined contribution plans for the non-uniformed employees of the City of Detroit, comprised of Component I and Component II. These plans are memorialized in a document entitled *The Combined Plan for the General Retirement System of the City of Detroit* ("Plan of Adjustment"), effective July 1, 2014, as amended and restated December 8, 2014. The System exists to pay benefits to its members.

In the fiscal year 2014-2015 there were significant changes to the retirement plans of the General Retirement System.

As a part of the Plan of Adjustment, the original defined benefit plan, now known as Component II or the Legacy Plan, was frozen on June 30, 2014. All Component II benefits were frozen as of June 30, 2014 based on service and average final compensation accrued as of that date and the provisions of the General Retirement System as of June 30, 2014. Frozen benefits were reduced by 4.5% and all future cost-of-living adjustments were eliminated. Benefits resulting from the Annuity Savings Fund and benefits paid from the Annuity Reserve Fund were subject to a separate reduction described as a "Claw-back".

Component I (Hybrid Plan) was created during the bankruptcy proceedings for active non-uniformed employees of the City of Detroit for benefits earned on and after July 1, 2014. Active members employed with the City on and after July 1, 2014 will earn service credit that entitles them to receive benefits under the Component I plan. Pursuant to the Plan of Adjustment, the benefit terms presently in force under the Component I plan will remain unchanged through June 30, 2023.

Accounting System and Reports

The financial statements of the System are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and are subject to external review. The financial statements have been audited by the independent accounting firm of Plante & Moran, PLLC. The 2015 financial statements contain more detailed information and is available for review on the System's web site: www.rscd.org. Copies of the report can also be obtained by a written request to the System's office.

Funding and Reserves

The funds of the System consist of contributions and earnings that are accumulated by the System in order to fund current and future benefit obligations to the retirees and their beneficiaries. Contribution requirements for both Component plans are detailed in the actuarial and statistical sections of this report. Continuous improvement in the funding of the System is a primary objective of the Board of Trustees

Investments

The System invests available funds in order to maximize income. The primary objective of the System's investment policies are to ensure that the System meets their obligation to provide retirement benefits. The System's portfolio of investments is diversified to provide the highest possible total return on assets with the least exposure to risk.

Closing

The Board of Trustees and the Retirement System staff continually strive to provide the members of the System with quality customer service. The Board and staff welcome your suggestions regarding the System and encourage you to inform us how we might better serve you.

Respectfully Submitted

Thomas Sheehan

Thomas Sheehan
Chairperson
Board of Trustees

Cynthia A. Thomas

Cynthia A. Thomas
Executive Director

INTRODUCTORY SECTION

SUMMARY OF COMPONENT I PROVISIONS (Hybrid Plan)

Component I (Hybrid Plan) was created during the bankruptcy proceedings for active non-uniformed employees of the City of Detroit to earn pension benefits on and after July 1, 2014. Active members employed with the City on and after July 1, 2014 will earn service credit that entitles them to receive future benefits under the Component I plan. Pursuant to the Plan of Adjustment, the benefit terms presently in force will remain unchanged through June 30, 2023.

Funding requirements of Component I are:

- Mandatory Member Contributions of 4% of base pay
- City Contributions of 5% of employee base pay, not including overtime

Voluntary Employee Contributions – Employees may make voluntary contributions of 3%, 5% or 7% of annual compensation at the election of the member. Each year, accounts are credited with earnings at a rate equal to the net investment rate of return of Retirement System Assets for the second plan year immediately preceding the plan year in which earnings are to be credited. The earnings rate may not be less than 0% and may not exceed 5.25%.

Average Final Compensation

The average of the compensation received during the 10 consecutive years of credited service (including prior service) immediately preceding the date of the members last termination with the City. If the member has less than ten years of credited service (including prior service), the average final compensation is the average of the compensation received during all years of credited service.

Normal Retirement

Normal Retirement Age – The normal retirement age is 62. For individuals who were active employees and who had 10 or more years of vesting service as of June 30, 2014, the normal retirement age, solely for purposes of Component I, is reduced as follows:

Age as of July 1, 2014	Normal Retirement Age
52 years or younger	62 years
53 years	61 years and 9 months
54 years	61 years and 6 months
55 years	61 years and 3 months
56 years	61 years
57 years	60 years and 9 months
58 years	60 years and 6 months
59 years	60 years and 3 months
60 years	60 years
61 years	60 years

Normal Retirement Amount – 1.5% times average final compensation times credited service (after June 30, 2014) measured to the nearest month.

Early Retirement

Eligibility – Age 55 with 30 or more years of credited service plus prior service.

Early Retirement Amount – The same as normal retirement but actuarially **reduced.**

Deferred Retirement (Vested Benefits)

Eligibility – 10 years of vesting service.

Deferred Retirement Amount – The same as normal retirement but based on average final compensation and credited service at the time of termination, payable at age 62.

INTRODUCTORY SECTION

SUMMARY OF COMPONENT II PROVISIONS (Legacy Plan)

Component II (Legacy Plan), the original defined benefit plan, was frozen on June 30, 2014 because of the Plan of Adjustment that was created during the bankruptcy process. All Component II benefits were frozen as of June 30, 2014 based on service and average final compensation accrued as of that date and the provisions of the General Retirement System on June 30, 2014. Frozen benefits were reduced by 4.5% and all future cost-of-living adjustments were eliminated. Certain benefits provided by the Annuity Savings Fund and benefits paid from the Annuity Reserve Fund were subject to a separate reduction described as a "Claw-back".

Employer contribution requirements for the fiscal years 2015 to 2023 were set according to the Plan of Adjustment. Beginning with Fiscal Year 2024, employer contributions will be actuarially determined.

Benefits are payable after separation from service, determined by the eligibility conditions of the plan as it existed on June 30, 2014 as detailed below:

Normal Retirement

Eligibility – Any age (minimum age 55 for non-EMS members hired after 1995) with 30 years of service (25 for EMS members), or age 60 with 10 years of service, or age 65 with 8 years of service.

Annual Amount

- **EMS Members -** Sum of a) a basic pension of $12 for each of the first 10 years of service, plus b) a pension equal to 2.0% of average final compensation ("AFC") multiplied by years of service. Maximum benefit is 90% of AFC
- **Other Members –** Sum of a) a basic pension of $12 for each of the first 10 years of service, plus b) a pension equal to the first 10 years of service multiplied by 1.6% of AFC, plus 1.8% of AFC for each year of service greater than 10 years up to 20 years, plus 2.0% of AFC for each year of service greater than 20 years up to 25 years, plus 2.2% of AFC for each year of service greater than 25 years. Future benefit accruals for certain active members (depending on bargaining unit) were reduced to 1.5% of final average compensation per year of service

Calculation of Average Final Compensation (AFC)

- Pre July 1, 1992 – Highest 5 consecutive years out of the last 10, excluding longevity
- July 1, 1992 to June 30, 1998 – Highest 5 consecutive years out of the last 10, excluding longevity
- July 1, 1999 to June 30, 2014 – A one-time election to add the 25% of the value of the member's unused sick leave to the earnings used in computing AFC

Early Retirement

- Eligibility – Any age with 25 or more years of service (minimum age 55 for members hired after 1995)
- Early Retirement Amount – The same as normal retirement but actuarially **reduced**

Deferred Retirement (Vested Benefits)

- Eligibility – Hired prior to 7-1-80, age 40 with 8 years of service **or** hired on or after 7-1-80, any age, with 10 years of service
- Deferred Retirement Amount – The same as normal retirement but based on average final compensation and credited service at the time of termination
- Eligible to collect based on the individual Union Contract at time of separation

INVESTMENT SECTION

The State of Michigan charges the Board of Trustees under the Public Employee Retirement System Investment Act with the responsibility of investing the Retirement System's portfolio in a prudent manner. Specifically, the Public Employee Retirement System Investment Act requires the Board of Trustees and the other investment fiduciaries to discharge their duties solely in the interest of participants and beneficiaries and to act with the same care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims. The law also requires the Board of Trustees to prepare and maintain written objectives, policies, and strategies with clearly defined accountability and responsibility for implementing and executing the System's investments as well as monitor the investments of the System's assets with regard to the limitations of the law. The Act permits assets to be invested in a mix of fixed income, securities, real estate or other instruments in accordance with the percentages as detailed in the Act.

The Retirement System's portfolio distribution is continually monitored to ensure that it complies with the State of Michigan Public Employee Retirement System Investment Act. A summary of the System's asset allocation policy is as follows:

Asset Class	Target Allocation
Global Equity	43%
Global Multi-Sector Fixed	6%
Long Duration Fixed	2%
Absolute Return Fixed	4%
Private Equity	8%
Real Estate	10%
Hedge Funds	5%
GAA/Risk Parity/Real Estate (liquid)	21%
Cash	1%

Historical Asset Class Performance
By Calendar Year, As of 12/31/14
(Gross of Fees)

	1 Year	3 Years	5 Years
Total GRS Plan	5.1%	11.3%	8.0%
Domestic Equity	11.0%	20.1%	15.1%
International Developed Equity	-1.7%	10.6%	4.2%
International Emerging Market Equity	0.4%	7.1%	7.1%
Fixed Income	0.8%	4.5%	4.4%
Global Asset Allocation	5.1%	8.9%	8.8%
Alternatives	-0.4%	11.4%	11.4%
Private Equity	7.5%	11.6%	4.3%
Real Estate	11.5%	7.6%	5.4%

ACTUARIAL & STATISTICAL SECTION

COMPONENT I

The actuarial valuations are conducted and reported by Gabriel Roeder Smith & Company. Copies of the valuations are available on the Retirement System's website: www.rscd.org or at the Retirement System Office at 500 Woodward Avenue, Suite 3000, Detroit, MI 48226.

Assumptions, Methods and Additional Information

Actuarial Valuation Date	June 30, 2014
Pension Plan's Fiscal Year Ending Date	June 30, 2015
Single Discount Rate	7.61%
Long-term Expected Rate of Return	7.61%
Net Pension Liability	$4,490,923
Mortality Table Used	RP-2014 Blue Collar Annuitant Table
Service Credit Accruals	A member is credited with one month of Credited Service for each calendar month in which the individual performs 140 hours or more of service for the employer as an employee. Credited Service is recorded from the later of July 1, 2014 or the date of hire, whichever is later.
Unfunded Actuarial Accrued Liabilities	Actual employer contributions through June 30, 2023 are set by the Plan of Adjustment at 5% of pay. The amortization period and method after 2023 has not yet been established by the Board.

Sensitivity of Net Position Liability to the Single Discount Rate Assumption

The following presents the net pension liability of the City, calculated using the discount rate of 7.61 percent as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percent lower and 1 percentage point higher than the current rate:

1% Decrease 6.61%	Current Discount Rate 7.61%	1% Increase 8.61%
$7,551,424	$4,490,924	$1,940,584

Membership by the Numbers

Type	Number of Members
Retirees and Beneficiaries	-
Inactive, Non-retired Member	-
Active Members	4,881
Total	4,881

ACTUARIAL & STATISTICAL SECTION

COMPONENT I

Schedule of Contributions

Fiscal Year Ending	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	N/A	$8,811,369	N/A	$180,069,852	4.33%

Contribution Requirements

The employer contributions for Fiscal Years 2015 to 2023 were set by the Plan of Adjustment as follows:

- 5% of compensation commencing July 1, 2014 and ending June 30, 2023

Beginning with Fiscal Year 2024, the employer contributions will be actuarially determined.

ACTUARIAL & STATISTICAL SECTION

COMPONENT II

The actuarial valuations are conducted and reported by Gabriel Roeder Smith & Company. Copies of the valuations are available on the Retirement System's website: rscd.org or at the Retirement System Office at 500 Woodward Avenue, Suite 3000, Detroit, MI 48226.

Assumptions, Methods and Additional Information

Actuarial Valuation Date	June 30, 2014
Pension Plan's Fiscal Year Ending Date	June 30, 2015
Single Discount Rate	7.61%
Long-term Expected Rate of Return	7.61%
Net Pension Liability	$826,388,827
Mortality Table Used	RP-2014 Blue Collar Annuitant Table
Service Credit Accruals	Service accruals stopped as of June 30, 2014 - Due to the freezing of the plan, pay was not assumed to increase in the future and no inflation assumption was utilized.
Unfunded Actuarial Accrued Liabilities	Actual employer contributions through June 30, 2013 are set by the Plan of Adjustment. The amortization period and method after 2023 has not yet been established by the Board.

Sensitivity of Net Position Liability to the Single Discount Rate Assumption

The following presents the net pension liability of the City, calculated using the discount rate of 7.61 percent as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percent lower and 1 percentage point higher than the current rate:

1% Decrease 6.61%	Current Discount Rate 7.61%	1% Increase 8.61%
$1,087,645,854	$826,388,828	$605,720,872

Membership by the Numbers

Type	Number of Members
Retirees and Beneficiaries	12,026
Inactive, Non-retired Member	2,728
Active Members	4,881
Total	19,635

ACTUARIAL & STATISTICAL SECTION

COMPONENT II

Schedule of Contributions

Fiscal Year Ending	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	$80,627,791	$25,126,131	$55,501,660	$238,669,871	11.53%
2015	N/A	$189,282,094	N/A	$188,210,536	N/A

Contribution Requirements

The employer contributions for Fiscal Years 2015 to 2023 were set by the Plan of Adjustment as follows:

	For DWSD Liabilities		For Other Liabilities					
Fiscal Year	**DWSD**	**Transfers***	**Unlimited Tax General Obligation**	**State of Michigan**	**Foundation for Detroit's Future**	**Other**	***Transfers from DWSD**	**Total**
2015	$65,400,000	($22,500,000)	$4,400,000	$98,800,000	$5,000,000	$14,600,000	$22,500,000	$188,200,000
2016	45,400,000	(2,500,000)	4,000,000	-	5,000,000	22,500,000	2,500,000	76,900,000
2017	45,400,000	(2,500,000)	4,000,000	-	5,000,000	22,500,000	2,500,000	76,900,000
2018	45,400,000	(2,500,000)	3,900,000	-	5,000,000	22,500,000	2,500,000	76,800,000
2019	45,400,000	(2,500,000)	3,700,000	-	5,000,000	22,500,000	2,500,000	76,600,000
2020	45,400,000	(2,500,000)	3,700,000	-	5,000,000	2,500,000	2,500,000	56,600,000
2021	45,400,000	(2,500,000)	3,600,000	-	5,000,000	2,500,000	2,500,000	56,500,000
2022	45,400,000	(2,500,000)	2,300,000	-	5,000,000	2,500,000	2,500,000	55,200,000
2023	45,400,000	(2,500,000)	2,000,000	-	5,000,000	2,500,000	2,500,000	54,900,000
Total	**$428,600,000**	**($42,500,000)**	**$31,600,000**	**$98,800,000**	**$45,000,000**	**$114,600,000**	**$42,500,000**	**$718,600,000**

Beginning with Fiscal Year 2024, the employer contributions will be actuarially determined.

FINANCIAL SECTION

STATEMENT OF FIDUCIARY NET POSITON

COMPONENT I

	2015
Assets	
Cash and Cash Equivalents	$ 50,797,728
Investments - At Fair Value	13,191,495
Receivables	3,598
Total Assets	$ 63,992,821
Liabilities	
Due to Detroit Water and Sewerage Department	29,300,000
Due to Legacy Plan	14,514,334
Other Liabilities and Other	81,589
Total Liabilities	43,895,923
Net Position - Restricted for Pensions	$ 20,096,898

FINANCIAL SECTION

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

COMPONENT I

	2015
Additions	
Investment Income	
Interest	$ 20,690
Contributions:	
Employer	8,811,369
Employee	12,757,032
Total Additions	21,589,091
Deductions	
Retirees' Pension and Annuity Benefits	10,603
General and Administrative Expenses	1,481,590
Total Deductions	1,492,193
Net Increase in Net Position Held in Trust	20,096,898
Net Position Restricted for Pensions - Beginning of Year	-
Net Position Restricted for Pensions - End of Year	$ 20,096,898

FINANCIAL SECTION

STATEMENT OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

COMPONENT I

		2015
Total Pension Liability		
Service Cost	$	19,318,576
Interest		695,469
Assumption Changes		(1,202,108)
Voluntary Employee Contributions		5,775,885
Net Change in Total Pension Liability		24,587,822
Total Pension Liability- Beginning of Year		-
Total Pension Liability- End of Year	**$**	**24,587,822**
Plan Fiduciary Net Position		
Contributions - Employer	$	8,811,369
Contributions - Employee		6,970,544
Net Investment Income		20,690
Administrative Expenses		(1,481,590)
Voluntary Contributions		5,775,885
Net Change in Plan Fiduciary Net Position		20,096,898
Plan Fiduciary Net Position - Beginning of Year		-
Plan Fiduciary Net Position - End of Year	**$**	**20,096,898**
Net Pension Liability	**$**	**4,490,924**
Plan Fiduciary Net Position as a Percent of Total Pension Liability		81.74%
Covered Employee Payroll	$	180,069,852
Net Pension Liability as a Percent of Covered Employee Payroll		2.50%

FINANCIAL SECTION

GENERAL AND ADMINISTRATIVE EXPENDITURES

COMPONENT I

Special Legal Fees - Bankruptcy Litigation	$	404,555
IT Contractual Services		264,248
General Counsel		184,132
Actuarial		177,243
Wages - Retirement System Employees		147,456
Wages and Benefits- City of Detroit Employees		119,349
Restructuring Fees		91,285
Insurance Premium		32,757
Other Legal Fees		22,313
Miscellaneous		11,020
Repair & Maintenance - Software		4,799
Computer Supplies, Equipment & Service		4,200
Printing		2,892
Media Consulting		1,811
Imaging		1,752
Repair & Maintenance - Telephone		1,544
Repair & Maintenance - Office Equipment		1,487
Trustee Stipends		1,336
Parking Expense		1,303
Storage		1,114
Repair & Maintenance - Office Equipment		912
Travel		729
Subscription Fees		691
Trustee Election Expense		500
Office Equipment & Furniture		413
Postage and Mailing		381
Repair & Maintenance - Hardware		330
Training		306
Office Supplies		225
Trustee Expenses		223
Computer Supplies		148
Internet Service Provider		138
Total General and Administrative Expenditures	$	1,481,590

FINANCIAL SECTION

STATEMENT OF FIDUCIARY NET POSITION

COMPONENT II

	Defined Benefit Plan 2015	Income Stabilization Fund 2015*	Total	Defined Benefit Plan 2014
Assets				
Cash and Cash Equivalents	$ 8,062,041	$ 1,596,695	$ 9,658,736	$ 25,742,786
Investments - At Fair Value	1,964,477,247	-	1,964,477,247	1,997,292,361
Accrued Investment Income	2,695,631	-	2,695,631	3,220,916
Receivables From Investment Sales	18,153,918	-	18,153,918	13,646,430
ASF Recoupment Receivable	108,307,459	-	108,307,459	-
Due From Other Funds	14,514,334	-	14,514,334	-
Other Accounts Receivable	2,526,219	-	2,526,219	47,647
Notes Receivable from Participants	8,226,990	-	8,226,990	9,649,208
Cash Collateral Securities Lending	96,957,131	-	96,957,131	30,949,483
Restricted Assets	32,500,000	-	32,500,000	-
Capital Assets	1,330,740	-	1,330,740	1,333,145
Total Assets	$ 2,257,751,710	$ 1,596,695	$ 2,259,348,405	$ 2,081,881,976
Liabilities				
Payables for Investment Purchases	24,516,982	-	24,516,982	15,593,379
Claims Payable to Retirees and Beneficiaries	977,559	-	977,559	11,692,026
Amounts Due Brokers Under Securities Lending Arrangements	96,518,699	-	96,518,699	35,241,386
Due to City of Detroit	852,413	-	852,413	1,156,317
Other Liabilities	3,607,846	-	3,607,846	2,990,989
Total Liabilities	126,473,499	-	126,473,499	66,674,097
Net Position - Restricted for Pensions	$ 2,131,278,211	$ 1,596,695	$ 2,132,874,906	$ 2,015,207,879

* The Income Stabilization Fund was created as a part of the Eight Amended Plan for the Adjustment of Debts of the City of Detroit and was not present in 2014

FINANCIAL SECTION

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

COMPONENT II

	Defined Benefit Plan 2015	Income Stabilization Fund 2015*	Total	Defined Benefit Plan 2014
Additions				
Investment Income				
Interest and Dividends	$ 24,823,984	$ -	$ 24,823,984	$ 21,065,114
Net Appreciation in Fair Value of Investments	78,421,363	37,312	78,458,675	269,067,717
Less Investment Expense	(11,017,368)	-	(11,017,368)	(8,947,895)
Net Investment Income	92,227,979	37,312	92,265,291	281,184,936
Securities Lending Income				
Interest and Dividend	288,204	-	288,204	161,964
Net Unrealized gain on collateralized securities	538,795	-	538,795	838,430
Net Securities Lending Income	826,999	-	826,999	1,000,394
Contributions:				
Employer	85,482,095	1,864,326	87,346,421	25,126,131
Employee	609,073		609,073	10,241,761
State and Foundations	103,800,000	-	103,800,000	-
Total Contributions	189,891,168	1,864,326	191,755,494	35,367,892
ASF Recoupment	132,529,998	-	132,529,998	-
Other Income	5,690,000	-	5,690,000	7,604,277
Total Additions - Net	421,166,144	1,901,638	423,067,782	325,157,499
Deductions				
Retirees' Pension and Annuity Benefits	253,217,949	304,943	253,522,892	253,683,194
Member Refunds and Withdrawals	44,321,041	-	44,321,041	144,050,613
General and Administrative Expenses	7,442,152	-	7,442,152	11,131,076
Depreciation Expense	114,670	-	114,670	106,691
Total Deductions	305,095,812	304,943	305,400,755	408,971,574
Net Increase in Net Position Held in Trust	116,070,332	1,596,695	117,667,027	(83,814,075)
Net Position Restricted for Pensions - Beginning of Year	2,015,207,879	-	2,015,207,879	2,099,021,954

FINANCIAL SECTION

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

COMPONENT II

	2015	2014
Total Pension Liability		
Service Cost	$ -	$ 32,736,019
Interest	263,007,329	242,611,073
Changes in Benefit Terms	(732,535,007)	(113,311,571)
Difference Between Expected and Actual Experience	24,644,530	-
Assumption Changes	(101,559,893)	(271,190,194)
Benefit Payments, including refunds	(297,538,991)	(397,733,807)
Net Change in Total Pension Liability	(843,982,032)	(506,888,480)
Total Pension Liability- Beginning of Year	3,801,649,071	4,308,537,551
Total Pension Liability- End of Year	**$ 2,957,667,039**	**$ 3,801,649,071**
Plan Fiduciary Net Position		
Contributions - Employer	$ 85,482,095	$ 25,126,131
Contributions - State and Foundation	103,800,000	-
Contributions - Employee	609,073	10,241,761
Net Investment Income	93,054,981	289,789,607
Administrative Expenses	(4,617,194)	(11,237,767)
Benefit Payments, including refunds	(297,538,991)	(397,733,807)
Other additions - Includes ASF Recoupment	135,280,369	-
Net Change in Plan Fiduciary Net Position	116,070,333	(83,814,075)
Plan Fiduciary Net Position - Beginning of Year	2,015,207,879	2,099,021,954
Plan Fiduciary Net Position - End of Year	**$ 2,131,278,212**	**$ 2,015,207,879**
Net Pension Liability	**$ 826,388,827**	**$ 1,786,441,192**
Plan Fiduciary Net Position as a Percent of Total Pension Liability	72.06%	53.01%
Covered Employee Payroll	$ 188,210,536	$ 238,669,871
Net Pension Liability as a Percent of Covered Employee Payroll	439.10%	837.56%

FINANCIAL SECTION

GENERAL AND ADMINISTRATIVE EXPENDITURES

COMPONENT II

Restructuring Fees	$ 1,734,409
Special Legal Fees - Bankruptcy Litigation	943,963
General Counsel	847,264
Wages and Benefits - City of Detroit Employees	817,625
Insurance Premium	622,382
Wages - Retirement System Employees	441,321
IT Contractual Fees	433,198
Auditor Fees	329,818
Actuarial	265,865
Media Consulting	179,330
ADP Fees	103,863
Repair & Maintenance - Software	91,178
Computer Supplies, Equipment & Service	79,792
Travel	72,125
Bank Service Charges	67,738
Printing	54,945
Other Legal Fees	52,063
Postage and Mailing	37,767
Imaging	33,287
Repair & Maintenance - Telephone	29,335
Trustee Stipends	25,391
Parking Expense	24,752
Storage	21,157
Carrier Audit/EBP Expense	19,182
Repair & Maintenance - Office Equipment	45,591
Medical/Disability Exams	16,056
Office Equipment & Furniture	13,341
Subscription Fees	13,122
Office Supplies	11,042
Trustee Election Expense	9,496
Internet Service Provider	6,762
Repair & Maintenance - Hardware	6,277
Trustee Expenses	4,244
Computer Supplies	2,805
Training	2,754
Other Expenses	(17,085)
Total General and Administrative Expenditures	$ 7,442,152

FINANCIAL SECTION

BUDGET

COMPONENT I AND COMPONENT II

Salaries - Full Time	$	838,836
Salaries - Overtime		50,000
Employee Benefits - Pension		44,442
Employee Benefits - Hospitalization		152,880
Employee Benefits - Hospitalization		228,787
Employee Benefits - FICA		67,996
Employee Benefits-Unemployment		26,754
Worker's Comp.		43,820
Employee Benefits-Miscellaneous		1,245
Retirement Sick Leave		12,444
Other Computer-Supplies		1,956
Life Insurance		1,689
Eye Care Active		2,222
Eye Care Retired		1,689
Income Protection		11,377
Dental - Active		11,377
Dental - Retired		133,462
Actuarial		462,107
Medical - Other		50,000
Investment Consultant Fees		14,288,296
Contract Services-Other Misc.		1,565,839
Office Supplies		7,488
Repairs & Maintenance - Equip.		408,750
Printing		55,000
Rental - Building		186,094
Telecommunications		27,520
Purchased Computer. Services		209,582
Travel and Education		120,000
Office equipment		13,000
Total	$	19,024,649

OTHER INFORMATION SECTION

SERVICE PROVIDERS

COMPONENT I AND COMPONENT II

300 North Capital, LLC
500 Webward, LLC
Accuity
Accusoft Pegasus
ADP
Aegon USA Investment Management, LLC
Allegra
Alpha Partners, LLC
Ambassador Capital Management
American Arbitration Association
Arnold & Porter, LLP
Aronson & Johnson & Ortiz
Asysco
Bassett & Bassett
Brandywine Global Investment Management
Canon Solutions America, Inc.
Cintas Corporation
Clark Hill, PLC
Comcast
Commercial Carpet Care
Complete Quality Installation
Computer Support Technology
Core Technology Corporation
Couzens, Lansky, Fealk, Ellis, PC
Crain's Detroit Business
Datawatch
Detroit Legal News
Direct TV
Electronic Security Systems, Inc.
Emerson Network Power Liebert Services
Energy Opportunities Capital Management
F. Logan Davidson, PC
Fedex
Forms Trac Enterprises, Inc.
Fred Pryor Seminars
Gabriel, Roeder, Smith & Co.
GFG Asset Management
Graphic Sciences, Inc.
Green Meadows Landscape, Inc.
Greenhill & Co, LLC
Guggenheim Partners
Harland Technology Service
Hartford Insurance
Hudson & Muma, Inc.
IDM Computer Solutions, Inc.
Inland Press
Interior Environments
International Foundation of Employee Benefits
Iron Mountain Records Management, Inc.
Klausner & Kaufman
Lanier Parking Solutions
Laser Substrates, Inc.
Lawrence P. Walker, PC
Liberty Mutual
MAPERS
Melissa Data Corp.
Mercury Storage
Money-Media, Inc.
Moore Diversified Services, Inc.
MSCI, Inc.
NCPERS
Neopost
NEPC, LLC
Nickel & Saph, Inc.
Office Depot
One Detroit Center
Open Text
Peernet, Inc.
Pension Benefit Information
Pension Real Estate Association
Pepper Hamilton, LLP
Pillsbury, Winthrop, Shaw, Pittman, LLP
Plante & Moran
Preferred Data Systems, LLC
Prudential
Quill Corporation
Racine & Associates
Reams Asset Management
Reginald E. O'Neal
Reliable Office Supplies
Ricoh
Rochester Center for Behavioral Medicine
Russell Investments
Seizert Capital Partners
Smith Brothers Electric, Inc.
SMZ
Staples
Star Insurance Company
Stout Risius Ross, Inc.
Tape4backup.com
Telecomm Solutions, LLC
Telesystems
The Hartford
The Townsend Group
Union Heritage Capital Management
Universal System Technologies, Inc.
VanOverbeke, Michaud & Timmony, PC
Verizon Wireless
Wall Street Journal
Winzip Computing, LLC
Wycom Systems, Inc
Xerox

OTHER INFORMATION SECTION

TRAVEL SUMMARY REPORT

COMPONENT I AND COMPONENT II

Travel Summary July 01, 2014 - June 30, 2015													
NAME	REASON/CONFERENCE	LOCATION	Dates	COST									
				REGISTRATION	TRANSPORTATION & RELATED COSTS	LODGING	VEHICLE RENTAL	MEALS	MISC	TOTAL	HOTEL	LEASE AGENT	AUTO TYPE
Benson, Scott	Educational - International Investing	San Francisco, CA	7/27-7/31/14	$ 3,375	$ 845	$ 1,205	-	$ 375	$ 75	$ 5,875	Omni	-	-
Benson, Scott	Educational - IFEBP Conference	Boston, MA	10/10-10/15/1	$ 2,075	$ 510	$ 1,940	-	$ 450	$ 90	$ 5,065	Liberty Hotel	-	-
Benson, Scott	Educational - Portfolio Concepts and Manageme	Philadelphia, PA	4/27-4/30/15	$ 4,695	$ 1,024	$ 781	-	$ 320	$ 75	$ 6,895	Sheraton	-	-
Benson, Scott	Educational NASP Annual Conference	Chicago, IL	6/14-6/17/15	$ 850	$ 204	$ 1,393	-	$ 300	$ 60	$ 2,807	Drake	-	-
Bigelow, Ryan	Investment Due Diligence - Hedge Fund	New York, NY	12/11-12/14/1	$ -	$ 243	$ 630	-	$ 150	$ 30	$ 1,052	The Roger	-	-
Bigelow, Ryan	Investment Due Diligence - Rivers Casino	Pittsburgh, PA	12/16/2014	$ -	$ 24	$ -	-	$ 32	$ 8	$ 64	-	-	-
Bigelow, Ryan	Investment Due Diligence - Chicago	Chicago, IL	1/27/2015	$ -	$ 265	$ -	-	$ 38	$ 8	$ 310	-	-	-
Bigelow, Ryan	Investment Due Diligence - Huron, Ohio	Huron, OH	3/13/2015	$ -	$ 72	$ -	-	$ 32	$ 8	$ 112	-	-	-
Bigelow, Ryan	Investment Due Diligence - Walton Street	Chicago, IL	3/15-3/16/15	$ -	$ 164	$ -	-	$ 75	$ 15	$ 254	-	-	-
Cowan, Tasha	Educational - IFEBP Conference	Boston, MA	10/11-10/16/1	$ 1,315	$ 462	$ 1,524	-	$ 450	$ 90	$ 3,841	Sheraton	-	-
Cowan, Tasha	Educational-Klausner Annual Conference	Fort Lauderdale, F	3/14-3/19/15	$ -	$ 482	$ 1,082	-	$ 384	$ 90	$ 2,038	Hyatt	-	-
Cetlinski, Lori	Educational-Ares EIF Annual Meeting	Palm Beach, FL	5/15-5/21/15	$ -	$ 577	$ 271	$ 344	$ 384	$ 90	$ 1,666	PGA National	Budget	Equinox
Felicia, Johnson	Educational - IFEBP Conference	Boston, MA	10/10-10/16/1	$ 2,075	$ 384	$ 1,957	-	$ 525	$ 105	$ 5,046	Sheraton	-	-
Felicia, Johnson	Educational-Klausner Annual Conference	Fort Lauderdale, F	3/14-3/19/15	$ -	$ 459	$ 1,082	-	$ 384	$ 90	$ 2,015	Hyatt	-	-
Felicia, Johnson	Educational - Portfolio Concepts and Manageme	Philadelphia, PA	4/26-5/1/15	$ 4,695	$ 1,336	$ 999	-	$ 384	$ 90	$ 7,504	Sheraton	-	-
Nickleberry, Armell	Educational - IFEBP Conference	Boston, MA	10/10-10/15/1	$ 2,075	$ 423	$ 1,207	$ 225	$ 450	$ 90	$ 4,471	Holiday Inn	Alamo	Impala
Nickleberry, Armell	Educational-Klausner Annual Conference	Fort Lauderdale, F	3/15-3/19/15	$ -	$ 334	$ 972	-	$ 320	$ 75	$ 1,701	Hyatt	-	-
Nickleberry, Armell	Educational - NCPERS Annual Conference	New Orleans, LA	5/3-5/7/15	$ 1,000	$ 128	$ 1,303	-	$ 320	$ 75	$ 2,826	Hilton	-	-
Sheehan, Thomas	Educational-IMI Global Markets Forum	Quebec, Canada	7/6-7/8/14	$ -	$ 779	$ -	-	$ 270	$ 45	$ 1,094	Embassy Suites	-	-
Thomas, Cynthia	Bankruptcy Circuit Court	Cincinnati, OH	7/30/2014	$ -	$ 12	$ 243	$ 170	$ 128	$ 30	$ 583	Hyatt	Alamo	Spark
Thomas, Cynthia	Educational-Klausner Annual Conference	Fort Lauderdale, F	3/14-3/18/15	$ -	$ 449	$ 1,037	$ 181	$ 320	$ 75	$ 2,062	Hyatt	Alamo	Accent
Total				$ 22,155	$ 9,178	$17,626	$ 920	$ 6,091	$ 1,313	$ 57,282			

CITY OF HARTFORD

MUNICIPAL EMPLOYEES' RETIREMENT FUND (MERF)

Actuarial Valuation as of July 1, 2015

hooker & holcombe

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Report Prepared By:

Timothy A. Ryor
Sr. Vice President & Consulting Actuary
860.856.2102
tryor@hhconsultants.com

Ellen A. Kucenski
Consulting Actuary
860.856.2053
ekucenski@hhconsultants.com

Brianne Fayed
Senior Actuarial Analyst
860.856.2072
bfayed@hhconsultants.com

Section I

Valuation Report

A. Purpose of the Valuation

The purpose of the valuation is to determine the funded status of the plan as well as the recommended cash contribution for the plan year. The information found in Section II of the report has been developed for this purpose.

The ultimate cost of a pension plan is based primarily on the level of benefits promised by the plan. The pension fund's investment earnings serve to reduce the cost of plan benefits and expenses. Thus,

City's ultimate cost	=	*benefits paid*	+	*expenses incurred*	-	*investment return*	-	*employee contributions*

B. Contribution for 2016-2017 Fiscal Year

The City's recommended contribution for the 2016-2017 fiscal year, determined from the July 1, 2015 actuarial valuation, is shown below. We have shown the recommended contribution for the 2016-2017 fiscal year as a percentage of payroll, as well as an *estimated* dollar amount. Also shown are last year's figures for comparison.

	Recommended 2016-2017 Fiscal Year Net Contribution (July 1, 2015 Valuation)		Recommended 2015-2016 Fiscal Year Net Contribution (July 1, 2014 Valuation)	
	% of payroll	**$ in millions (est.)**	**% of payroll**	**$ in millions (est.)**
Police	39.08%	$15.92	43.01%	$16.51
Firefighters	30.58%	$9.97	29.53%	$9.46
Board of Education	8.01%	$3.91	7.59%	$3.41
Municipal Services	38.61%	$10.23	39.62%	$10.08
Library	18.58%	$0.82	18.42%	$0.82
Total		**$40.85**		$40.28

Please see Section II, Exhibit A for the development of these figures.

The recommended City contribution is expressed as a percentage of the payroll for each of the five groups of employees covered by the plan: Police, Firefighters, Board of Education, Municipal Services, and Library. Under the contribution procedure currently used by the MERF, the annual contribution is first developed as a flat dollar amount for each group and then converted to a percentage of payroll using an *estimated* payroll figure. Each of those percentages is then applied against the *actual* payroll for each group for the fiscal year, to yield the *actual* dollar amount of the cash contribution that will be paid to the fund.

The dollar amount shown above is an *estimate* of the cash contribution required. So, while the percentages of payroll will not change because they are set by the valuation, the dollar amount of the City's actual contribution will change -- upward or downward -- depending on whether *actual* payrolls in the fiscal year are more, or less, than currently estimated.

Section I

Valuation Report
(continued)

C. Funded Status

The funded status of the plan as of July 1, 2015 is summarized below. The figures are useful in accessing the health of the plan overall.

Specifically, the funded status is based on the smoothed (actuarial) value of assets used in the valuation, as well as a measure of the plan's liability known as the Actuarial Accrued Liability. The Actuarial Accrued Liability is the liability for benefits expected to be paid from the plan for inactive participants, as well as the liability for future expected benefit payments for active participants. For actives, the liability measure includes the impact of assumed future salary increases on projected benefits, but includes only that portion of their overall liability attributable to services rendered as of the valuation date.

	July 1, 2015
Actuarial Accrued Liability	$1,366,370,000
Actuarial Value of Assets	1,060,207,000
Unfunded Status	306,163,000
Funded Percentage	77.6%

During the 2014-2015 fiscal year, the plan's funded status increased from 76.9% as of July 1, 2014 to 77.6% as of July 1, 2015, as detailed above. This was mostly due to unrecognized gains on the actuarial value of assets.

Even with a funded status of less than 100%, the plan is still in a healthy position with the ability to pay benefits due at the current 77.6% level. It is not the intent of the plan's funding method to fully fund such shortfalls in just one year. Absent of other significant changes, such underfunding will be reduced over a period of years as it is spread into future contribution requirements.

Section I

Valuation Report

(continued)

D. Plan Experience During Period Under Review

The recommended City contribution for the 2016-2017 fiscal year has increased from last year by approximately $0.6 million based on estimates of payroll. This increase is the net impact of annual plan asset and liability experience.

The July 1, 2014 Valuation produced a net City contribution of $40.3 million for the 2015-2016 fiscal year. Based on July 1, 2015 participant data and assets, the 2016-2017 net City contribution is $40.9 million.

During 2014-2015, the market value of assets decreased from $1,062.6 million to $1.038.2 million, resulting in an asset return of approximately 2.0% over the period. In order to avoid dramatic fluctuations in contribution requirements with large swings in the market, a "smoothed" or "actuarial" value of assets is used to perform the valuation. This smoothed value recognizes the difference between the expected return on the market value of assets and the actual return over a 5-year period at 20% per year.

As of July 1, 2015, the actuarial value of assets used in the development of the contribution requirement was approximately $1,060.2 million, $22.0 million higher than the market value of assets of $1,038.2 million at such date. The return for the year on the actuarial value was 8.7%. Since 8.7% is greater than the MERF's 7.75% return assumption for the 2014-2015 plan year, asset gains were generated that decreased the fiscal year 2016-2017 contribution requirement. Specifically, these gains represented approximately a $1.1 million decrease in contribution.

Changes in the plan's population and the resulting impact on plan liabilities had the net effect of increasing the recommended City contribution by approximately $1.1 million. The small loss related to non-investment experience in total indicates that the assumptions, put in place after the 2011 experience study, are closely modeling actual plan experience. While actual experience is reviewed each year and compared to expected, a full experience study is generally recommended every five years. The next study is expected to take place in 2016.

The final change in contribution from last year to this year is the result of the change in mortality assumption with the July 1, 2014 valuation. Rather than recognize the $2.3 million increase to the City's net contribution all in one year, the Pension Commission voted to phase-in the impact of the new mortality assumption over a four year period. Twenty five percent of the increase will be recognized each year beginning in 2014. Under this phase-in method, $0.6 million of the $2.3 million increase is recognized with the July 1, 2015 valuation, increasing the City's contribution by $0.6 million versus last year.

Section I

Valuation Report

(continued)

E. Changes Since The Last Valuation

None.

F. Future Contribution Requirements

The use of a smoothed (actuarial) value of assets is meant to produce a more level funding pattern, given asset volatility. With a large decrease (increase) in the market, asset losses (gains) are spread over a five-year period, leveling out the recommended funding rather than providing for a spike (drop) in contribution requirements in one year. As of July 1, 2015, there were approximately $22.0 million in net unrecognized asset losses that eventually will be recognized in future City contribution requirements because of the use of this smoothing method. Due to these outstanding losses and the continued phase-in of the mortality assumption, the City's contribution is expected to increase for the 2017-2018 fiscal year, absent other significant changes.

To provide a sense of the level of expected future contributions, an estimate for the 2017-2018 fiscal year has been calculated. Specifically, the City's net estimated recommended contribution for that fiscal year is currently **$43.9 million**. This figure is based on a projected market value of assets at July 1, 2016 of $1,063 million, determined by projecting the market value of assets as of July 1, 2015 to June 30, 2016 assuming a 7.75% return. Projected plan liabilities inherent in this calculation were based on the results of the July 1, 2015 valuation, including the assumptions, methods, and census data as of such date.

The projected asset value and estimated contribution for the 2017-2018 fiscal year assume the City funds the recommended contribution for 2015-2016. If the City contributes an amount other than the annual recommended contribution, the estimated future contribution will vary from the amount shown here.

The final 2017-2018 recommended contribution will be based upon final liabilities, assets, and the investment return and other actuarial assumptions used in the July 1, 2016 Actuarial Valuation.

Section I

Valuation Report
(continued)

G. Certification

This report presents the results of the July 1, 2015 Actuarial Valuation for the City of Hartford Municipal Employees' Retirement Fund (MERF) (the Plan) for the purpose of estimating the funded status of the Plan and determining the Actuarial Determined Contribution (ADC) for the fiscal year ending June 30, 2017. This report is intended to satisfy the requirements of Connecticut General Statute 7-450a.

The valuation has been performed in accordance with generally accepted actuarial principles and practices. It is intended to comply with all applicable Actuarial Standards of Practice.

We certify that the actuarial assumptions and methods that were selected by us and represent our best estimate of anticipated actuarial experience under the Plan.

In preparing this valuation, we have relied on employee data and asset and contribution information provided by the Plan Sponsor. We have audited neither the employee data nor the financial information, although we have reviewed them for reasonableness.

The results in this valuation report are based on the Plan as summarized in the *Summary of Plan Provisions* section of this report and the actuarial assumptions and methods detailed in the *Description of Actuarial Methods and Assumptions* section of this report.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of this report, an analysis of the potential range of such future measurements has not been performed.

We are members of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.

Timothy A. Ryor, FSPA, FCA, MAAA
Enrolled Actuary 14-05126

Ellen A. Kucenski, FSA, MAAA
Enrolled Actuary 14-07674

March 21, 2016

Section II

Supporting Exhibits

A. Entry Age Normal Actuarial Accrued Liability as of July 1, 2015

	Police	Firefighters	Board Of Education	Municipal Services	Library	Total Membership
A. Covered Payroll						
Annual Payroll (000)	$38,891	$31,355	$50,347	$26,516	$4,196	$151,305
B. Actuarial Accrued Liability (AAL)						
Entry Age Normal AAL (000)						
1. Active Members						
a. Active Members' MERF Liability	$123,652	$108,049	$85,375	$56,967	$9,037	$383,080
b. Local 566 Payment Present Value	0	0	2,082	0	0	
c. Local 1716 Payment Present Value	0	0	0	971	0	
d. Total for Active Members	123,652	108,049	87,457	57,938	9,037	386,133
2. Terminated Non-Vested Members [allocated by (1d)]	370	324	256	171	27	1,148
3. Terminated Vested Members	1,080	6,408	9,046	6,154	375	23,063
4. Retired Members	325,073	242,483	102,040	269,371	16,545	955,512
5. Old Plans Cola 1987/1990/1997/1999/2001/2005/2007	278	174	55	9	0	516
6. Total	450,454	357,436	198,854	333,643	25,983	1,366,370
C. Valuation Assets (Adjusted Value)						
1. Amount prior to Recognizing Receivable (000)	$341,588	$287,851	$169,568	$241,273	$19,927	$1,060,207
2. Contribution Receivable (000)	0	0	0	0	0	0
3. Valuation Assets after Recognition of Receivable (000)	341,588	287,851	169,568	241,273	19,927	1,060,207
D. Unfunded Actuarial Accrued Liability (000)	$108,866	$69,585	$29,286	$92,370	$6,056	$306,163
E. Funded Percent (C. / B.)	75.8%	80.5%	85.3%	72.3%	76.7%	77.6%

Section II

Supporting Exhibits
(continued)

B. Cash Contributions

July 1, 2015 – June 30, 2016 Fiscal Year Contribution

	Police	Firefighters	Board Of Education	Municipal Services	Library	Total Membership
1. Development of Amortization						
a. Unfunded Actuarial Accrued Liability	$108,866,760	$69,585,717	$29,285,975	$92,369,598	$6,055,527	$306,163,577
b. Amortization of Unfunded AAL (23 year closed)	9,942,315	5,894,395	2,641,308	8,545,329	690,355	27,713,702
c. Amortization of Unfunded AAL (15 year open)	(483,896)	251,598	(89,679)	(544,078)	(194,166)	(1,060,221)
d. Total Amortization	9,458,419	6,145,993	2,551,629	8,001,251	496,189	26,653,481
2. Normal Cost Development						
a. Normal Cost Beginning of Year prior to Expense Load	$4,869,294	$2,853,244	$1,611,475	$2,189,331	$284,286	$11,807,630
b. Normal Cost Projected One Year prior to Expense Load	5,246,664	3,074,370	1,736,364	2,359,004	306,318	12,722,721
c. Expense Load (Allocated by AAL)	841,852	668,012	371,638	623,543	48,559	2,553,604
3. Fiscal Year Contribution for 07/01/2016 - 06/30/2017 Before Mortality Assumption Phase-In						
I. Gross City Contribution						
a. Total Contribution Due as of Beginning of Year (1d+2b+2c)	15,546,935	9,888,375	4,659,631	10,983,798	851,066	41,929,806
b. Total Interest Adjusted Gross City Contribution	16,138,138	10,264,400	4,836,823	11,401,479	883,430	43,524,270
II. Annual Adjusted Payroll as of 07/01/2015 w proj	40,894,354	32,708,596	52,739,562	27,832,707	4,406,412	158,581,631
III. Contribution as a % of Payroll prior to adjustments	39.46%	31.38%	9.17%	40.96%	20.05%	27.45%
IV. 07/01/2016 Payment for Local 566 (000)	0	0	303,918	0	0	303,918
V. 07/01/2016 Payment for Local 1716 (000)	0	0	0	509,126	0	509,126
VI. Old Plans COLA Annual Payment (000)	59,562	37,555	14,355	2,056	0	113,528
VII. Net City Contribution [(I.) - (IV.) - (V.) - (VI.)]	16,078,576	10,226,845	4,518,550	10,890,297	883,430	42,597,698
4. Fiscal Year Contribution for 07/01/2015 - 06/30/2016 Adjusted for Mortality Assumption Phase-In						
I. Portion of Net City City Contribution (3VII.) due to mortality assumption change	208,113	348,414	813,179	874,664	86,229	2,330,600
II. Percent of increase not recognized as of 07/01/2015 (recognize increase at 25% per year over 4-year period)	75%	75%	75%	75%	75%	75%
III. Dollar amount of increase not recognized as of 07/01/2015 (I. X II.)	156,085	261,311	609,884	655,998	64,672	1,747,950
IV. Reduction in Contribution as a % of Payroll (4III. / 3II.)	0.38%	0.80%	1.16%	2.36%	1.47%	1.10%
III. Contribution as a % of Payroll (3III. - 4IV.)	39.08%	30.58%	8.01%	38.61%	18.58%	26.34%
IV. Net City Contribution After Reflecting Phase-In [3VII. - 4III.]	15,922,491	9,965,534	3,908,666	10,234,299	818,758	40,849,748

	2016 - 2017 Contribution Sensitivity*					
	Police	Firefighters	Board of Education	Municipal Services	Library	Total
Estimated 2016-2017 Fiscal Year Payroll +5%	$42,939,072	$34,344,026	$55,376,540	$29,224,342	$4,626,733	$166,510,713
Net City Contribution Estimate for 2016-2017	16,721,027	10,464,848	4,117,388	10,772,336	859,647	42,935,246
Estimated 2016-2017 Fiscal Year Payroll -5%	38,849,636	31,073,166	50,102,584	26,441,072	4,186,091	150,652,549
Net City Contribution Estimate for 2016-2017	15,122,876	9,464,619	3,694,944	9,697,716	777,776	38,757,931

**Based on contribution policy of depositing a % of payroll using actual fiscal year payroll.*

Section II

Supporting Exhibits
(continued)

C. Actuarial Balance Sheet

	July 1, 2015	July 1, 2014
Actuarial Liabilities		
Present Value of Future Benefits for:		
Active Employees	$574,053,746	$570,245,217
Inactive Members		
• Regular Retirees	866,500,823	819,634,171
• Disability Retirees	65,530,128	64,529,438
• Survivors	23,481,467	24,923,912
• Terminated Non-Vesteds	1,147,476	553,450
• Terminated Vesteds	23,061,690	29,597,600
• Old Plans COLA	516,140	765,357
TOTAL	$1,554,291,470	$1,510,249,145
Source of Funds		
1. Actuarial Value of Assets	$1,060,206,696	$1,018,917,250
2. Present Value of Future Employee Contributions	89,923,326	82,570,127
3. Present Value of Future City Normal Cost Contributions	97,997,871	102,396,908
4. Unfunded Accrued Liability	306,163,577	306,364,860
5. TOTAL = (1) + (2) + (3) + (4)	$1,554,291,470	$1,510,249,145

Section II

Supporting Exhibits
(continued)

D. Value of Accrued Benefits as of July 1, 2015

	Police	Firefighters	Board Of Education	Municipal Services	Library	Total Membership
A. Covered Payroll						
Annual Payroll	$38,891	$31,355	$50,347	$26,516	$4,196	$151,305
B. Actuarial Accrued Liability (AAL)						
Unit Credit AAL						
1. Active Members						
a. Active Members' MERF Liability	$86,496	$85,105	$58,850	$45,561	$6,600	$282,612
b. Local 566 Payment Present Value	0	0	2,082	0	0	2,082
c. Local 1716 Payment Present Value	0	0	0	971	0	971
d. Total for Active Members	86,496	85,105	60,932	46,532	6,600	285,665
2. Terminated Non-Vested Members [allocated by (1d)]	370	324	256	171	27	1,148
3. Terminated Vested Members	1,080	6,408	9,046	6,154	375	23,063
4. Retired Members	325,073	242,483	102,040	269,371	16,545	955,512
5. Old Plans Cola 1987/1990/1997/1999/2001/2005/2007	278	174	55	9	0	516
6. Total	413,297	334,494	172,329	322,237	23,547	1,265,904

Section II

Supporting Exhibits

(continued)

E. Development of Asset Values

The Actuarial Value of assets is used in the determination of plan contributions. It phases in recognition of asset gains and losses. A method of smoothing is used because the Market Value can swing widely from one year to the next, resulting in undesirable fluctuations in pension contributions. The smoothing is accomplished by recognizing asset gains and losses over a five-year period at 20% per year.

Relationship of Actuarial Value to Market Value		
1. Market value 7/1/2015	$	1,038,194,319
2. Gain / (loss) not recognized in actuarial value 7/1/2015		(22,012,377)
3. Preliminary actuarial value 7/1/2015: (1)-(2)		1,060,206,696
4. Preliminary actuarial value as a percentage of market value: (3)÷(1)		102.1%
5. Gain / (loss) recognized for corridor min/max		N/A
6. Actuarial value 7/1/2015 after corridor min/max: (3)+(5)		1,060,206,696
7. Actuarial value as a percentage of market value: (6)÷(1)		102.1%

Development of Asset Gain / (Loss) for 2014-2015 Plan Year		
1. Market value 7/1/2014	$	1,062,551,220
2. Contributions		56,233,981
3. Benefit payments		98,654,382
4. Administrative expenses		2,715,106
5. Expected return at 7.75%		80,645,723
6. Expected value 7/1/2015: (1)+(2)-(3)-(4)+(5)		1,098,061,436
7. Market value 7/1/2015		1,038,194,319
8. Asset gain / (loss) for -1 Plan Year: (7)-(6)		(59,867,117)

Recognition of Gain / (Loss) in Actuarial Value

Year	(a) Gain / (loss)	(b) Recognized as of 7/1/2014	(c) Recognized in current year: 20% of (a)	(d) Total recognized as of 7/1/2015: (b)+(c)	(e) Not recognized as of 7/1/2015: (a)–(d)
2010-2011	$ 83,151,652	$ 66,521,320	$ 16,630,332	$ 83,151,652	$ 0
2011-2012	(58,190,952)	(34,914,570)	(11,638,190)	(46,552,760)	(11,638,192)
2012-2013	3,810,109	1,524,044	762,022	2,286,066	1,524,043
2013-2014	59,992,444	11,998,489	11,998,489	23,996,978	35,995,466
2014-2015	(59,867,117)	0	(11,973,423)	(11,973,423)	(47,893,694)
Total			5,779,230		(22,012,377)

Section II

Supporting Exhibits
(continued)

E. Development of Asset Values

Summary of Fund Activity		
	Market Value	**Actuarial Value**
1. Beginning value 7/1/2014		
a. Trust assets	$ 1,062,551,220	$ 1,018,917,250
b. Accrued contribution	0	0
c. Benefits payable	0	0
d. Administrative expenses payable	0	0
e. Net: (a)+(b)-(c)-(d)	1,062,551,220	1,018,917,250
2. Contributions		
a. Employer contributions during year	42,873,800	42,873,800
b. Employee contributions during year	13,360,181	13,360,181
c. Change in accrued contribution	0	0
d. Total for plan year	56,233,981	56,233,981
3. Disbursements		
a. Benefit payments during year	98,654,382	98,654,382
b. Administrative expenses during year	2,715,106	2,715,106
c. Change in benefits payable	0	0
d. Change in administrative expenses payable	0	0
e. Total for plan year	101,369,488	101,369,488
4. Net investment return		
a. Interest and dividends	17,084,648	N/A
b. Change in accrued income	0	N/A
c. Realized gain (loss)	79,379,683	N/A
d. Unrealized gain (loss)	(70,469,062)	N/A
e. Expected return	N/A	80,645,723
f. Recognized gain (loss)	N/A	5,779,230
g. Required adjustment due to corridor	N/A	0
h. Reversal of prior year required adjustment	N/A	0
i. Investment-related expenses	(5,216,663)	N/A
j. Total	20,778,606	86,424,953
5. Ending value 7/1/2015		
a. Trust assets: (1a)+(2a)-(3a)-(3b)+(4j)	1,038,194,319	1,060,206,696
b. Accrued contribution	0	0
c. Benefits payable	0	0
d. Administrative expenses payable	0	0
e. Net: (a)+(b)-(c)-(d)	1,038,194,319	1,060,206,696
6. Approximate rate of return 2014-2015	2.0%	8.7%

Section II

Supporting Exhibits
(continued)

E. Development of Asset Values

Rate of Return on Market Value of Assets				
	Average Annual Effective Rate of Return			
Period Ending June 30	1 Year	3 Years	5 Years	10 Years
2006	8.7%	10.8%	6.6%	8.7%
2007	15.6%	11.1%	10.4%	8.3%
2008	-1.9%	7.2%	9.0%	8.3%
2009	-15.0%	-1.2%	2.7%	6.3%
2010	11.1%	-2.5%	3.1%	3.7%
2011	17.7%	3.6%	4.7%	5.7%
2012	1.9%	10.0%	2.1%	6.2%
2013	8.4%	9.1%	4.2%	6.6%
2014	14.1%	8.0%	10.5%	6.5%
2015	2.0%	8.1%	8.6%	5.8%

Section II

Supporting Exhibits
(continued)

F. Membership Data

Summary – Active Members as of July 1, 2015

	Number	Payroll*	Average Annual Pay*
Police	446	$38,890,802	$87,199
Firefighters	341	31,355,468	91,952
Board of Education	1,096	50,347,161	45,937
Municipal Services	414	26,516,085	64,049
Library	73	4,195,509	57,473
Total	**2,370**	**$151,305,025**	**$63,842**

**Basic salary plus overtime.*

Summary – Pensioners as of July 1, 2015

	Service Pensions*		Disability Pensions		Survivor Benefits*		Total	
	Count	Total Monthly Annuities	Count	Total Monthly Annuities	Count	Total Monthly Annuities	Count	Total Monthly Annuities
Police	520	$2,346,025	71	$166,383	115	$76,485	706	$2,588,893
Firefighters	342	1,661,566	122	349,378	129	99,542	593	2,110,486
Board of Ed.	614	937,633	24	10,934	66	16,888	704	965,455
Municipal Svcs.	766	2,238,012	10	8,250	104	44,223	880	2,290,485
Library	77	153,893	2	1,867	4	930	83	156,690
Vested Deferred	173	237,214	--	--	--	--	173	237,214
TOTAL**	**2,492**	**$7,574,343**	**229**	**$536,812**	**418**	**$238,068**	**3,139**	**$8,349,223**

** 19 pensioners receiving benefits as retirees and as survivors are included in both groups.*

*** Additional monthly benefits for the July 1, 1987, July 1, 1990, July 1, 1997, July 1, 1999,July 1, 2001, July 1, 2005, and July 1, 2007 COLA's for the unfunded plans (PBF, FRF, and RAF) are also included in the total liabilities for MERF. Such participants are not included in the counts shown here.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Police

Participant Data				
	Active	**Terminated Vested**	**Pensioners**	**Total**
Total Participants 7/1/2014	**439**	**7**	**685**	**1,131**
Adjustments	-1	+1	+2	+2
Retirements	-19	-5	+24	0
Disabilities	-2	0	+2	0
Terminations				
Vested	-1	+1	N/A	0
Non-vested	-3	N/A	N/A	-3
Deaths	0	-1	-11	-12
New beneficiaries	N/A	0	+4	+4
Lump Sum Settlements	N/A	0	0	0
Transfer group	+2	0	0	+2
Rehires	0	0	0	0
New entrants	+31	N/A	N/A	+31
Total Participants 7/1/2015	**446**	**3**	**706**	**1,155**
Average Age				
7/1/2014	40.1			
7/1/2015	39.8			
Average Service				
7/1/2014	11.3			
7/1/2015	11.0			
Payroll**				
7/1/2014	$35,643,575			
7/1/2015	38,890,802			
Total monthly benefits*				
7/1/2014		$39,720	$2,417,179	
7/1/2015		8,626	2,588,893	

* *Excludes old plan COLA participants.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Firefighters

Participant Data				
	Active	**Terminated Vested**	**Pensioners**	**Total**
Total Participants 7/1/2014	**365**	**13**	**571**	**949**
Adjustments	0	+1	+4	+5
Retirements	-15	-11	+26	0
Disabilities	0	0	0	0
Terminations				
Vested	-8	+8	N/A	0
Non-vested	-1	N/A	N/A	-1
Deaths	-1	-2	-22	-25
New beneficiaries	N/A	0	+14	+14
Lump Sum Settlements	N/A	0	0	0
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	+1	N/A	N/A	+1
Total Participants 7/1/2015	**341**	**9**	**593**	**943**
Average Age				
7/1/2014	40.6			
7/1/2015	40.8			
Average Service				
7/1/2014	13.0			
7/1/2015	13.2			
Payroll**				
7/1/2014	$30,818,355			
7/1/2015	31,355,468			
Total monthly benefits*				
7/1/2014		$76,637	$1,942,164	
7/1/2015		47,443	2,110,486	

* *Excludes old plan COLA participants.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Board of Education

Participant Data				
	Active	**Terminated Vested**	**Pensioners**	**Total**
Total Participants 7/1/2014	**1,032**	**85**	**696**	**1,813**
Adjustments	+4	+5	+3	+12
Retirements	-10	-12	+22	0
Disabilities	0	-1	+1	0
Terminations				
Vested	-55	+55	N/A	0
Non-vested	-49	N/A	N/A	-49
Deaths	0	0	-21	-21
New beneficiaries	N/A	0	+3	+3
Lump Sum Settlements	N/A	-34	0	-34
Transfer group	-2	0	0	-2
Rehires	+4	-4	0	0
New entrants	+172	N/A	N/A	+172
Total Participants 7/1/2015	**1,096**	**94**	**704**	**1,894**
Average Age				
7/1/2014	46.5			
7/1/2015	46.6			
Average Service				
7/1/2014	9.9			
7/1/2015	9.9			
Payroll**				
7/1/2014	$46,974,844			
7/1/2015	50,347,161			
Total monthly benefits*				
7/1/2014		$83,756	$945,889	
7/1/2015		103,442	965,455	

* *Excludes old plan COLA participants.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Municipal Services

Participant Data				
	Active	**Terminated Vested**	**Pensioners**	**Total**
Total Participants 7/1/2014	**410**	**60**	**900**	**1,370**
Adjustments	-1	+3	-11	-9
Retirements	-9	-2	+11	0
Disabilities	-1	0	+1	0
Terminations				
Vested	-5	+5	N/A	0
Non-vested	-15	N/A	N/A	-15
Deaths	-2	-1	-27	-30
New beneficiaries	N/A	0	+7	+7
Lump Sum Settlements	N/A	-2	0	-2
Transfer group	0	0	0	0
Rehires	+2	-1	-1	0
New entrants	+35	N/A	N/A	+35
Total Participants 7/1/2015	**414**	**62**	**880**	**1,356**
Average Age				
7/1/2014	49.3			
7/1/2015	49.5			
Average Service				
7/1/2014	10.7			
7/1/2015	11.0			
Payroll**				
7/1/2014	$25,496,152			
7/1/2015	26,516,085			
Total monthly benefits*				
7/1/2014		$74,995	$2,345,970	
7/1/2015		72,628	2,290,485	

* *Excludes old plan COLA participants.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Library

Participant Data				
	Active	**Terminated Vested**	**Pensioners**	**Total**
Total Participants 7/1/2014	**73**	**3**	**72**	**148**
Adjustments	0	+1	+9	+10
Retirements	-2	0	+2	0
Disabilities	-1	0	+1	0
Terminations				
Vested	-1	+1	N/A	0
Non-vested	-5	N/A	N/A	-5
Deaths	0	0	-1	-1
New beneficiaries	N/A	0	0	0
Lump Sum Settlements	N/A	0	0	0
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	+9	N/A	N/A	+9
Total Participants 7/1/2015	**73**	**5**	**83**	**161**
Average Age				
7/1/2014	47.5			
7/1/2015	48.0			
Average Service				
7/1/2014	12.3			
7/1/2015	12.7			
Payroll**				
7/1/2014	$4,251,554			
7/1/2015	4,195,509			
Total monthly benefits*				
7/1/2014		$1,941	$140,980	
7/1/2015		5,075	156,690	

* *Excludes old plan COLA participants.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Total

Participant Data				
	Active	**Terminated Vested**	**Pensioners**	**Total**
Total Participants 7/1/2014	**2,319**	**168**	**2,924**	**5,411**
Adjustments	+2	+11	+7	+20
Retirements	-55	-30	+85	0
Disabilities	-4	-1	+5	0
Terminations				
Vested	-70	+70	N/A	0
Non-vested	-73	N/A	N/A	-73
Deaths	-3	-4	-82	-89
New beneficiaries	N/A	0	+28	+28
Lump Sum Settlements	N/A	-36	0	-36
Transfer group	0	0	0	0
Rehires	+6	-5	-1	0
New entrants	+248	N/A	N/A	+248
Total Participants 7/1/2015	**2,370**	**173**	**2,966**	**5,509**
Payroll				
7/1/2014	$143,184,480			
7/1/2015	151,305,025			
Total monthly benefits*				
7/1/2014		$276,891	$7,792,182	
7/1/2015		237,214	8,112,009	

* *Excludes old plan COLA participants.*

City of Hartford MERF - Police

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2015

	Completed Years of Credited Service																			
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	5	44,742	1	64,864	1	67,089															7	50,809
25 to 29	8	44,317	14	67,267	13	86,803	2	86,636													37	70,298
30 to 34	4	43,465	13	65,718	56	88,577	24	92,555													97	84,714
35 to 39	1	43,465	5	72,862	34	96,354	36	97,391	9	98,668											85	95,002
40 to 44	1	43,465	5	66,870	18	84,363	35	95,551	27	104,170	4	100,001									90	93,917
45 to 49			4	60,451	7	91,008	27	92,876	38	95,373	7	111,343	1	118,967							84	94,126
50 to 54			1	90,743	8	84,512	6	87,409	7	99,495	3	85,723	1	110,693	1	113,038					27	91,432
55 to 59			1	75,498			4	88,563	1	83,249	3	72,191	4	73,237							13	78,655
60 to 64									3	104,025					1	59,514					4	92,898
65 to 69																	1	71,680			1	71,680
70 & over															1	89,455					1	89,455
All ages	19	44,160	44	67,492	137	89,472	134	94,263	85	99,045	17	97,244	6	87,101	3	87,336	1	71,680			446	88,866

City of Hartford MERF - Fire

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2015

	Completed Years of Credited Service																	
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25			4	63,977																	4	63,977
25 to 29			35	66,062	18	83,004															53	71,816
30 to 34			21	66,832	19	83,044	4	89,226													44	75,869
35 to 39			11	65,378	19	82,573	16	86,409	8	83,852	3	89,794									57	80,891
40 to 44			5	69,391	10	82,479	10	88,940	16	87,224	17	93,635									58	87,044
45 to 49			2	62,263	2	85,361	8	89,692	15	89,585	23	96,720	10	94,418	1	88,191					61	92,024
50 to 54			1	60,893	1	84,664	4	89,090	13	88,744	14	97,020	9	100,036	2	84,664					44	92,807
55 to 59					1	89,398	1	81,323	5	87,194	5	92,985	1	84,664	2	90,716	2	122,275			17	93,074
60 to 64									1	81,323							1	81,323	1	145,651	3	102,766
65 to 69																						
70 & over																						
All ages			79	66,115	70	83,005	43	88,002	58	87,606	62	95,305	20	96,458	5	87,790	3	108,624	1	145,651	341	84,010

City of Hartford MERF - Board of Education

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2015

	Completed Years of Credited Service																	
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	20	30,646	13	34,916																	33	32,328
25 to 29	29	34,465	47	39,842	3	35,117															79	37,661
30 to 34	18	41,523	45	44,056	27	38,591	7	57,064	1	32,733											98	42,887
35 to 39	17	43,480	47	48,767	44	43,599	19	39,661	10	32,845											137	43,994
40 to 44	14	41,426	35	46,938	28	55,932	32	53,599	26	46,466	7	38,344			1	69,052					143	49,284
45 to 49	15	42,055	30	42,342	29	52,163	20	47,663	36	54,426	10	51,322	9	44,877							149	48,614
50 to 54	11	28,662	28	47,532	30	51,699	19	55,164	45	46,004	9	35,996	11	52,596			1	28,875			154	47,064
55 to 59	2	69,026	15	43,758	22	44,294	21	49,871	27	39,229	19	42,455	8	57,052	6	49,217	1	39,559	1	79,522	122	45,515
60 to 64	7	28,415	14	42,244	19	40,897	19	55,857	22	41,834	16	49,568	11	40,394	4	64,050	4	44,017	1	39,559	117	44,942
65 to 69	3	35,982	4	44,517	16	47,820	6	67,087	8	42,936	7	49,852	3	46,413	2	57,977	1	35,266	3	39,119	53	48,187
70 & over			1	28,875	2	32,204	6	57,054	1	32,463							1	33,865			11	45,630
All ages	136	37,279	279	44,073	220	46,726	149	51,820	176	45,190	68	44,916	42	48,153	13	56,654	8	39,204	5	47,287	1,096	45,330

City of Hartford MERF - Municipal Services

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2015

	Completed Years of Credited Service																	
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	11	25,286	2	42,517																	13	27,937
25 to 29	6	50,792	13	52,425	4	34,350															23	48,855
30 to 34	4	58,261	20	59,648	6	65,042	2	67,767													32	60,953
35 to 39	5	76,039	15	64,492	12	69,759	7	68,056	1	59,499	2	74,646									42	68,241
40 to 44	4	65,860	8	92,472	13	78,600	8	72,786	2	99,171	2	98,796									37	81,169
45 to 49	4	56,426	4	60,232	13	77,043	12	63,510	7	66,886	3	70,507	3	70,374			2	58,397	2	65,616	50	67,495
50 to 54	4	59,352	15	76,886	14	73,741	16	58,098	9	33,956	3	36,742	7	44,188	1	70,709	2	40,397	5	60,414	76	60,001
55 to 59	1	83,013	10	82,111	11	60,647	14	64,690	10	54,717	8	85,512	4	87,902	1	59,499					59	69,733
60 to 64	2	81,370	10	89,035	13	81,082	9	60,537	8	48,823	5	37,953	2	39,904	3	76,289					52	68,096
65 to 69			6	55,416	5	59,553	4	52,817	1	11,048	1	11,097					1	71,064	1	7,688	19	49,601
70 & over					2	85,620	4	11,085	3	11,081	1	11,097	1	63,129							11	29,368
All ages	41	52,889	103	68,923	93	71,173	76	60,485	41	49,114	25	62,587	17	59,705	5	71,815	5	53,730	8	55,124	414	63,214

City of Hartford MERF - Library

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2015

	Completed Years of Credited Service																	
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25																						
25 to 29	6	52,480	2	42,392																	8	49,598
30 to 34	1	46,536	3	61,737	2	44,801			1	42,392											7	51,963
35 to 39			2	72,389			1	45,739	2	47,095											5	56,941
40 to 44			1	44,443	1	42,983	1	45,739	1	49,854	1	42,392	1	55,872							6	46,881
45 to 49			4	54,482	1	56,748	4	54,268	1	84,644	2	45,739	3	46,243	1	50,449					16	53,565
50 to 54	1	21,070	1	126,674	1	56,748	3	55,825	2	89,970			2	45,739	2	54,021					12	62,619
55 to 59	1	77,618	1	46,737	3	85,103	1	45,739					1	44,394							7	67,114
60 to 64			1	48,451	1	157,501	4	63,121					1	45,739	2	47,679					9	66,615
65 to 69			1	52,967			1	42,392					1	89,178							3	61,512
70 & over																						
All ages	9	50,953	16	59,498	9	73,210	15	54,442	7	64,431	3	44,623	9	51,710	5	50,770					73	57,490

City of Hartford MERF - All Groups

Number of Persons/Average Salary of Persons in Processing Group by Age and Years of Service

July 1, 2015

	Completed Years of Credited Service																					
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	36	30,966	20	42,986	1	67,089															57	35,817
25 to 29	49	40,024	111	53,080	38	75,402	2	86,636													200	54,545
30 to 34	27	44,476	102	55,132	110	72,844	37	84,141	2	37,562											278	64,788
35 to 39	23	50,557	80	56,293	109	69,473	79	78,029	30	68,032	5	83,735									326	67,041
40 to 44	19	46,677	54	57,763	70	70,868	86	76,744	72	78,314	31	80,651	1	55,872	1	69,052					334	71,354
45 to 49	19	45,080	44	47,624	52	65,204	71	72,516	97	76,731	45	84,893	26	69,880	2	69,320	2	58,397	2	65,616	360	69,284
50 to 54	16	35,860	46	60,412	54	63,174	48	62,940	76	58,131	29	70,677	30	66,345	6	76,853	3	36,556	5	60,414	313	61,094
55 to 59	4	74,671	27	59,249	37	53,684	41	59,499	43	49,432	35	62,064	18	68,335	9	59,582	3	94,703	1	79,522	218	58,499
60 to 64	9	40,183	25	61,209	33	60,261	32	58,082	34	50,127	21	46,803	14	40,706	10	63,994	5	51,478	2	92,605	185	54,479
65 to 69	3	35,982	11	51,230	21	50,614	11	59,653	9	39,393	8	45,007	4	57,104	2	57,977	3	59,337	4	31,261	76	49,376
70 & over			1	28,875	4	58,912	10	38,666	4	16,426	1	11,097	1	63,129	1	89,455	1	33,865			23	39,758
All ages	205	41,593	521	54,895	529	67,146	417	70,835	367	64,947	175	70,371	94	63,347	31	66,142	17	57,637	14	58,791	2,370	62,519

Section II

Supporting Exhibits

(continued)

G. IRC Section 415(m) Valuation

The IRC Section 415(m) Fund* is an unfunded "excess benefit plan" to provide that portion of certain retirees' pension benefits that exceed the limits permitted under Section 415 of the Federal Internal Revenue Code (IRC).

		July 1, 2015	July 1, 2014
1.	Number of retirees and beneficiaries receiving benefits	9	9
2.	Annual benefits payable	$79,000	$80,000
3.	Present value of benefits	$299,000	$302,000

The “actives” are funded through MERF. The City provides contributions for the retirees’ benefits payable each year, as determined by the Pension Commission.

Actuarial Assumptions

The actuarial assumptions used in the 2015 Section 415(m) Fund valuation are as follows:

Mortality Basis

RP-2000 Healthy Annuitants Table set forward one year projected by Scale MP to valuation date with separate male and female rates.

Mortality Improvement

Projected to date of decrement using Scale MP (generational mortality).

Termination

N/A.

Salary Scale

N/A.

Investment Return

7.75% per year, net of investment expenses.

Assumed Retirement age

Immediate as all are retired.

Increases in dollar limit on benefits under IRC Section 415

3% per year.

This assumption is based on long term historical inflation numbers. While near term averages have been lower, we do not believe this trend will continue indefinitely and expect that there will be a reversion to the long term average.

Benefits

Retiree pension amounts in excess of IRC Section 415 limits. Benefits which do not exceed such amounts are payable from the City’s MERF Plan. IRC Section 415 limits are assumed to increase annually and thus decrease the benefits payable from this Plan and increase the portion of the benefits payable from the City’s MERF Plan.

**Section 415(m) Fund adopted by the Court of Common Council on March 24, 1997.*

Section III

Actuarial Cost Methods and Assumptions

A. Actuarial Cost Methods

Asset Valuation Method – Actuarial Value of Assets

In order to smooth the year-to-year fluctuations in asset values, the asset values are adjusted by phasing in recognition of gains and losses over a five-year period. (Phase-in started July 1, 2003). Gains and losses are defined as the difference between the actual and the expected return on assets.

The July 1, 2009 valuation reflected a change in the asset valuation method from the use of a four-year smoothing period for gains and losses to the use of a five-year period. In the year of implementation of the change, the five-year smoothing methodology was retroactively applied to the gains and losses for previous years.

The assets held by the insurance companies include the funds on deposit for future purchase of annuities, as well as the reserves and contingency reserves for annuities already purchased which are subject to experience rating.

Actuarial Funding Method

The "Entry Age Normal Actuarial Cost Method" is used to determine plan liabilities. The Unfunded Actuarial Accrued Liability developed with the July 1, 2013 valuation is amortized over 25 years using a level dollar, closed period. As of July 1, 2015, there are 23 years remaining. Future gains and losses after July 1, 2013 are amortized over a 15 year level dollar, open period.

The increase in contribution as a result of the change in mortality assumption adopted with the July 1, 2014 valuation will be phased-in over a 4-year period at 25% per year.

Since the MERF fund includes several classifications of members who have different provisions for benefits and contributions, it was necessary to apply this method by separate actuarial valuations for Police, Firefighters, Board of Education, Municipal Services, and Library participants.

Section III

Actuarial Cost Methods and Assumptions

(continued)

B. Actuarial Assumptions

The actuarial assumptions used in the 2015 MERF valuation are as follows:

Mortality Basis

For Police, Fire, Board of Education Corridor Supervisors and Building and Grounds Supervisors:

- Pre-retirement: RP2000 Employees Table – male and female rates, set forward one year, projected by Scale MP to valuation date with occupational (i.e., non-office worker, blue collar) adjustment.
- Post-retirement: RP2000 Healthy Annuitants Table – male and female rates, set forward one year, projected by Scale MP to valuation date with occupational (i.e., non-office worker, blue collar) adjustment. No adjustment reflected for assumed future beneficiaries.
- Disability: RP2000 Disabled Table – male and female rates.

For All Other Groups:

- Pre-retirement: RP2000 Employees Table – male and female rates, set forward one year, projected by Scale MP to valuation date with no adjustment.
- Post-retirement: RP2000 Healthy Annuitants Table – male and female rates, set forward one year, projected by Scale MP to valuation date with no adjustment.
- Disability: RP2000 Disabled Table – male and female rates.

Mortality Improvement

Pre and Post-retirement: Projected to date of decrement using Scale MP (generational mortality).

Disability: None.

We have selected a mortality table commonly used by public pension systems (such as the State of Connecticut). It is a recently published pension mortality study released by the Society of Actuaries. The plan has partially credible data, so actual experience was evaluated and reflected. We are using the MP-2014 mortality projection scale because it is based on the latest published pension mortality study.

Section III

Actuarial Cost Methods and Assumptions

(continued)

Termination

Yearly Rates of Employee Termination – Police and Fire

Age	Police	Fire
20-24	4.0%	1.0%
25-29	3.0%	1.0%
30-34	2.5%	1.0%
35-39	2.0%	1.0%
40-44	1.0%	0.5%
45+	0.0%	0.0%

Yearly Rates of Employee Termination – Bd of Ed

	Years of Service					
Age	<1	1	2	3	4	5+
20-29	30.0%	30.0%	28.0%	25.0%	20.0%	15.0%
30-39	25.0%	25.0%	20.0%	18.0%	15.0%	9.0%
40-49	20.0%	17.0%	15.0%	12.0%	10.0%	8.0%
50-54	17.0%	15.0%	12.0%	10.0%	8.0%	6.0%
55+	9.0%	8.0%	8.0%	7.0%	6.0%	5.0%

Yearly Rates of Employee Termination – Munic. Svc. & Lib.

	Years of Service					
Age	<1	1	2	3	4	5+
20-29	27.0%	25.0%	22.0%	19.0%	17.0%	15.0%
30-39	20.0%	17.0%	15.0%	12.0%	10.0%	6.0%
40-49	15.0%	10.0%	9.0%	7.0%	6.0%	5.0%
50+	8.0%	7.0%	6.0%	5.0%	4.0%	3.0%

The actuarial assumption in regards to rates of termination shown above is based on the results of an actuarial experience study for the period July 1, 2005 through June 30, 2010.

Section III

Actuarial Cost Methods and Assumptions

(continued)

Investment Return

7.75% per year, net of investment expenses.

This rate is supported by the City's target asset allocation and long term expected rates of return by asset class provided by the investment advisor.

Inflation

3.0%.

This assumption is based on long term historical inflation numbers. While near term averages have been lower, we do not believe this trend will continue indefinitely and expect that there will be a reversion to the long term average.

Salary Scale

3% for inflationary salary increases plus a percentage for promotion or merit increases as follows.

Yearly Rates of Increases for Promotion or Merit

Age	Police	Fire	Bd of Ed	Munic. Svc. & Lib.
25	6.60%	4.5%	4.40%	6.40%
30	4.80%	2.63%	3.70%	4.78%
35	2.65%	1.25%	3.35%	2.75%
40	1.45%	0.85%	2.50%	2.21%
45	1.10%	0.75%	1.40%	2.00%
50	1.00%	0.75%	0.85%	1.55%
55+	1.00%	0.75%	0.75%	1.25%

Salaries are adjusted for groups in negotiations by 3% per year for the period of each open contract, and non-bargaining groups by 3% per year for one full fiscal year from the measurement date. Any wage increases negotiated beyond the valuation date have been reflected in our projections.*

* The following groups have future salary increases that have been negotiated and are reflected in this valuation:
  Firefighters
  Police
  Corridor Supervisors
  CHPEA

For Police, final average pay is loaded by a percentage for assumed private duty and overtime as follows: Pre-7/1/1999 hires: 43%; Post 7/1/1999 hires: 19% for employees remaining in the pre 2013 plan; 25% for employees moving to the 7/1/2013 plan.

The salary scale assumptions above are based on the results of an actuarial experience study for the period July 1, 2005 through June 30, 2010.

Section III
Actuarial Cost Methods and Assumptions
(continued)

Assumed Retirement Age

Retirement Rates: Police

Service	Age <50	Age >50
20	50.0%	30.0%
21-24	40.0%	25.0%
25-29	30.0%	15.0%
30+	100.0%	100.0%

100% retire at age 65, regardless of service; must be age 40 to retire

Retirement Rates: Fire

	Years of Service	
Age	20-24	25-29
45-49	2.5%	5.0%
50-54	5.0%	20.0%
55-59	10.0%	30.0%
60-64	25.0%	40.0%
65+	100.0%	100.0%

100% retire at 30 years of service for all ages

Retirement Rates: Board of Education

Age	Rate
55	10.0%
56-57	5.0%
58-61	10.0%
62-64	15.0%
65	40.0%
66-69	15.0%
70	100%

Retirement Rates: Municipal Services and Library

Age	<20 yrs svc or over age 65	Service	+20 on yrs svc and under age 65
55	15.0%	20	15%
56-59	7.5%	21	20%
60-64	15.0%	22	15%
65	30.0%	23-25	10%
66-74	15.0%	26-27	15%
75	100%	28	20%
		29	10%
		30	25%
		31-34	10%
		35	100%

Post 65 rates above used for all years of service.

The actuarial assumption in regards to rates of retirement shown above is based on the results of an actuarial experience study for the period July 1, 2005 through June 30, 2010.

Section III

Actuarial Cost Methods and Assumptions

(continued)

Social Security

Future tax wage bases are developed by projecting the 2015 base of $118,500 forward at 4% per year.

Marital Status at Retirement

Non-Uniformed:

Males - 80% married, spouse 3 years younger.

Females - 60% married, spouse same age.

Uniformed: All - 80% married, spouse 2 years younger.

Disability

Disability benefits were explicitly valued using the DP85 Class 1 Male and Female Disability Incidence Rate Table increased 150% for the Police, 250% for Firefighter groups, 10% for the Board of Education groups, and 10% for the Municipal Services and Library groups.

DP85 Class 1 Disability Incidence Table: Sample male and female rates

Age	Male	Female
15	0.021%	0.023%
20	0.029%	0.030%
25	0.038%	0.047%
30	0.048%	0.080%
35	0.069%	0.136%
40	0.117%	0.211%
45	0.202%	0.323%
50	0.358%	0.533%
55	0.722%	0.952%
60	1.256%	1.159%
65	1.753%	1.358%

The actuarial assumption in regards to disability rates shown above is based on the results of an actuarial experience study for the period July 1, 2003 through June 30, 2010.

Expenses other than Investment Expenses

An explicit dollar amount was included in the development of the normal cost equal to an estimate of expenses (other than investment expenses) for the upcoming year. The estimate was developed based on an average of actual expenses over the last four years. For the 2015 valuation, $2,553,604 was used. Estimated expenses were then allocated to the various groups by the actuarial accrued liability.

Section III

Actuarial Cost Methods and Assumptions

(continued)

Sick Exchange

Four years are exchanged by all actives if provision available. For Firefighters hired prior to July 1, 2003, six years are exchanged.

Military and Prior Service

Buy-backs: When a decision to buy-back service occurs, date of hire is adjusted accordingly.

Additional Liabilities

COLAs: Included in this valuation is the liability for the Cost of Living Adjustments (COLAs) effective July 1, 1987, July 1, 1990, July 1, 1997, July 1, 1999, July 1, 2001, July 1, 2005, and July 1, 2007 for both the MERF and the unfunded "Old Plans" (PBF, FRF, and RAF).

Local 1716: Included in this valuation is the obligation for Local 1716 members who transferred to State MERF B on July 1, 1987.

29-year amortization payments (split between the City administration and the pension fund) commenced July 1, 1987 for this obligation. As of July 1, 2015, the City payment will be $509,126 ($509,000 on a present value basis) and the pension fund payment will be $462,336 ($462,000 on a present value basis).

Local 566: Included in this valuation is the obligation for Local 566 (included merged Local 1303) members who transferred to State MERF B on August 1, 1988.

30-year amortization payments (split between the City administration and the pension fund) commenced August 1, 1988 for this obligation. As of July 1, 2015, the City payment will be $303,918 ($1,091,000 on a present value basis) and the pension fund payment will be $276,288 ($991,000 on a present value basis).

Section IV
Hartford MERF - Summary of Principal Provisions of Pension Plan
July 1, 2015

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Retirement Pensions:	Firefighters hired before July 1, 2003: 2.80% of Final Average Pay (rate of weekly pay immediately preceding retirement times 52, plus for firefighters who work a 42 hour week, holiday pay) multiplied by years of service up to 25 plus 2.0% for years over 25. Firefighters hired after June 30, 2003: 2.5% of Final Average Pay (rate of weekly pay immediately preceding retirement times 52, plus for firefighters who work a 42 hour week, holiday pay) multiplied by years of service up to 20 plus 2% of Final Average Pay for years of service over 20. Sworn Police Officers hired before July 1, 1999: 2.65% of Final Average Pay for highest 3 of last 5 years multiplied by years of service up to 20 plus 3% for year 21 plus a decreasing percentage for years over 21. Final Average Pay includes a provision for over-time and private duty pay. Sworn Police Officers hired after June 30, 1999 not opting into 2013 plan: 2.5% of Final Average Pay for highest 3 of last 5 years times years of service up to 20 plus 2% for years of service-over 20. Final Average Pay includes a provision for over-time and private duty pay. Sworn Police Officers hired after the July 1, 2013 and officers hired after June 30, 1999 opting into new Plan: 2.8% of final rate of pay times years of service up to 25 years plus 2.5% for years of service over 25. Final Average Pay includes a provision for over-time.	2% (2.5% for HFSHP, HSSSA and HESP) of Final Average Pay for highest 5 of last 10 years times years of service, with maximum benefit of 70% of Final Average Pay. Final Average Pay for HFSHP, HESP, HSSSA, and Local 2221, Hartford Federation of Paraprofessionals are based on highest 3 out of last 5 years. Benefit for Local 2221 is 2.5% of Final Average Pay multiplied by years of service up to 20 plus 2% of Final Average Pay for years of service over 20 (maximum of 10 years). Effective July 1, 2008 for Local 818, employees hired prior to March 1, 2007 will get 2.5% of Final Average Pay (for each year of service) and employees hired after March 1, 2007 will get 2.0%. Final Average Pay is the highest 3 of the 7 years. Maximum benefit is 70% of pay. Nonunion employees hired after September 30, 2010 no longer participate in the MERF.	For Library and MLA hired on or after July 1, 2006, HMEA hired after July 1, 2003, CHPEA hired after June 23, 2003, 2% of Final Average Pay for highest 2 of last 5 years times years of service with a maximum benefit of 70% of Final Average Pay. For Library with 5-year option, Final Average Pay is highest 5 of last 10 years. For CHPEA hired on or before June 23, 2003, MLA hired before July 1, 2006, and Nonbargaining, 2.5% of Final Average Pay for highest 2 of last 5 years times years of service. Maximum benefit of 70% of Final Average Pay for CHPEA, 80% for Nonbargaining and MLA. For Nonbargaining with 5-year option, Final Average Pay is highest 5 of last 10 years. For Nonbargaining municipal employees hired after January 1, 2011 and MLA employees hired after November 26, 2013, retirement benefit multiplier is reduced to 1.75%. For HMEA hired before July 1, 2003, 2.75% of Final Average Pay for highest 2 of last 5 years times years of service with a maximum benefit of 75% (was 70%) of Final Average Pay. For SCGA, 2% of Final Average Pay for highest 5 of last 10 years reduced by 1% of average Social Security covered earnings for all years included in computation of Social Security primary benefits. Maximum benefit of 100% of Final Average Pay.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Retirement Pensions:	Non-Sworn Police Officers: 2.5% of Final Average Pay for highest 3 of last 5 years times years of service, with maximum benefit of 80% of Final Average Pay. Sworn Police Officers have a maximum benefit of 70% of Final Average Pay. For Sworn Police Officers hired before July 1, 1999 and after July 1, 2013 or hired between July 1, 1999 and June 30, 2013 opting into 2013 plan, increase maximum benefit to 80% of Final Average Pay with sick exchange provision for pre July 1, 1999 hires only. Firefighters have a maximum benefit of 80% of Final Average Pay (85% with sick exchange if hired prior to July 1, 2003). Assistant Police Chief, Police Chief, Assistant Fire Chief and Fire Chief: Same as Non-Bargaining.		
Normal Form of Benefit:	For unmarried members: life annuity. For married members: surviving spouse benefit of 25% of member's final year's earnings, if non-service connected death, and 50% of member's final year's earnings, if service connected death. Minimum of 50% of pension benefit for firefighters for non-service connected death. For married Non-Sworn Police Officers: life annuity with 50% to survivor.	For unmarried members: life annuity. For married members: life annuity with 50% to survivor.	For unmarried members: life annuity. For married members: life annuity with 50% to survivor.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Normal Retirement Age and Service Requirement:	Firefighters and Sworn Police Officers hired before July 1, 1999: Full benefits after 20 years of continuous service. Sworn Police Officers hired after June 30, 1999: Full benefits after 25 years of continuous service. Sworn Police Officers hired after June 30, 2013, full benefits after 25 years of continuous service and age 55. Non-Sworn Police Officers: Full benefits after 20 years of service, or age 60 plus 5 years of continuous service, or after 15 years of service, if contributions are left in the MERF until would have had 20 years of service.	Age 60 plus 10 (5 for non-bargaining – was 10) years of service (continuous service for Local 2221). Members are also eligible at age 55 with 25 years of service. Local 818 employees hired prior to March 1, 2007 may retire after 20 years of service, regardless of age. For HSSSA, age 55 and 5 (was 10) years of service.	For SCGA and MLA hired on or after July 1, 2006, earlier of (1) age 60 plus 5 years of continuous service or (2) age 55 with 25 years of continuous service. For Nonbargaining and MLA hired prior to July 1, 2006, earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of service, or (3) after 20 years of service if participant leaves after 15 years of service and contributions are left in the MERF until would have had 20 years of service. For CHPEA, earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of aggregate service if hired on or before June 23, 2003, age 55 with 25 years of aggregate service if hired after June 23, 2003. For HMEA earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of continuous service if hired before July 1, 2003, age 55 with 25 years of continuous service if hired after July 1, 2003. For Library non union, earlier of (1) age 60 plus 5 years of continuous service or (2) 25 years of continuous service. For Library union, (1) age 60 plus 10 years of continuous service or (2) 25 years of continuous service. For Nonbargaining municipal employees hired after January 1, 2011, earlier of age 55 with 20 years of service and age 62 with 5 years of service.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Optional Early Retirement:	Sworn Police Officers: Age 50 with 10 years of continuous service, actuarially reduced for years prior to Normal Retirement Age. Non-Sworn Police Officers: Age 55 with 5 years of continuous service, reduced at 4% per whole year prior to age 60. Firefighters: Age 50 with 5 years of continuous service, actuarially reduced or reduced at 2% per year (prorated for fractional years) prior to Normal Retirement Age.	At age 55 with 10 years (5 years for HESP) of service (continuous service for Local 2221), reduced at 4% per whole year prior to age 60. For Local 818, reduction is adjusted for partial years.	For Library union, age 55 with 10 years of continuous service. For all others, age 55 with 5 years of continuous service. Benefit reduced at 4% per whole year prior to age 60 (prorate for partial years for HMEA and CHPEA). For SCG members, reduction is 2% per whole year and fraction of a year prior to age 60. For Nonbargaining municipal employees hired after January 1, 2011, early retirement reduction is 4% per year prior to age 62.
Vesting of Earned Deferred Pension:	Sworn Police Officers: After 10 years of continuous service. Firefighters and Non-Sworn Police Officers: After 5 years of continuous service.	After 10 years (5 years for HESP, HSSSA and non-bargaining) of continuous service. Payments begin no earlier than age 55. (Was 10 years for HSSSA and non-bargaining).	For Library union, 10 years of continuous service. For all others, 5 years of continuous service. Payments begin no earlier than age 55.
Benefits to Survivors: (Death of Active Member Prior to Retirement)	Surviving Spouse: 25% of final year's earnings (50% if service connected death), payable until death or remarriage. Minimum of 50% of pension benefit for Firefighters for non-service connected death. Surviving Child: $100 per month for first child, $50 for each additional child (10% of final year's earnings if service connected death, or 15% if no surviving spouse). Total benefit, including Worker's Compensation, cannot exceed 100% of current pay rate for Member's rank. Non-Sworn Police Officers: Same as General Government members.	Member must meet qualifications for vesting. Surviving Spouse: 50% of pension which Member is receiving or would be entitled to when retired, payments beginning no earlier than date of Member's 55th birthday. Surviving Spouse benefits are payable until death or remarriage.	

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Refund of Contributions upon Discontinuance of Employment or at Death (Non-Vested Members): (May be taken in lieu of earned deferred pension by vested members)	Refund of total contributions, without interest. Non-Sworn Police Officers: Same as General Government members.	Termination: Refund of total contributions, with 3% interest compounded annually. Death: Refund of total contributions with interest preretirement and without interest postretirement.	
Pensions for Permanent, Total Disability - Service Requirements:	5 years of continuous service, but no requirement if disability is service connected as defined in Worker's Compensation Act. Non-Sworn Police Officers: Same as General Government members.	10 years of continuous service, except no requirement if disability is service connected as defined in Worker's Compensation Act.	
Amount of Total Disability Pension: (Payable as long as total disability continues.)	Retirement Pension with minimum of 25% of "final average pay." If disability is service connected, the pension equals 100% of the Member's final annual pay less Worker's Compensation benefits. Non-Sworn Police Officers: Same as General Government members.	Retirement Pension using Final Average Pay for last 10 years. If disability is service connected, amount not less than 50% of Member's final annual pay at time of disability. Maximum benefit of 2/3 of 10-year Final Average Pay less Social Security benefit. Minimum benefit of $30 per month. All service connected disability benefits are offset by benefits payable by Worker's Compensation (exception: no offset for $30 minimum). If non service connected, same as above, but no 50% Final Average Pay minimum and minimum benefit equals $10 per month instead of $30 per month.	
Pensions for Permanent Partial Disability: (Where earnings capacity is reduced by at least 10%.)	Ten years of continuous service, but no service requirement if disability is service connected. Same as retirement pension with reduction for less than 15 years of service. If non-service connected, retirement pension, subject to a minimum equal to 25% of Final Average Pay. This minimum is reduced by earnings if less than 15 years of service at time of disability. If service connected, pension equals 50% of final annual pay (regular 20 year pension for Firefighters) if 15 years of service, with reductions for earnings if less than 15 years of service. If at least 20 years of service, pension equals retirement pension. Non-Sworn Police Officers: Same as General Government members.	10 years of continuous service, except no requirement if disability is service connected as defined in Worker's Compensation Act. Retirement Pension using Final Average Pay for last 10 years (with offset for Worker's Compensation benefits if service-related disability), subject to a minimum pension of $10 monthly (non-service connected), or $30 (service connected). If the disability is service connected, benefit not less than 50% of the reduction in earnings with offset for Worker's Compensation benefits. For service connected disability, the maximum benefit is 2/3 of 10 year final average pay less Worker's Compensation and Social Security benefits. For non-service connected disability, the maximum is 2/3 of 10 year final average pay less Social Security benefits, or 1-^{2}/3% of the reduction in income times years of service.	

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Member's Contribution Rate of Total Earnings: (City pays full balance of costs to fund MERF benefits; also Members and City pay taxes for those covered by Social Security.)	Firefighters and Sworn Police Officers hired before July 1, 1999: 8%. Sworn Police Officers hired after June 30, 1999: 6.5%. If opt into 2013 plan, rate increases to 8.0% Sworn Police Officers hired after June 30, 2013, 9.5% Non-Sworn Police Officers: 4% on earnings taxed for Social Security and 7% on excess. Sworn and Non-Sworn Police Officers hired prior to July 1, 2013 had the option to elect retiree health insurance. If such election was made, the employee contribution rate increases by 1.5%. Assistant Police Chief, Police Chief, Assistant Fire Chief and Fire Chief: Same as Non-Bargaining.	4% on earnings taxed for Social Security and 7% on excess. For HESP, 9% and 12%, respectively. For HSSSA, 9.25% and 12.25%, respectively (was 8.75%/11.75%). For HFSHP 10.14% and 13.14%, respectively. For Non-bargaining 4.5% and 7.5%, respectively (was 4%/7%). For Local 818, 5.2% up to Social Security Wage Base and 8.2% of the excess. If hired on or after March 1, 2007, 7.1% and 10.1%, respectively.	For Nonbargaining, 5% on earnings taxed by Social Security and 8% on excess if 5 year Final Average Pay option elected (was 4%/7%). With 2 year option, 6% and 9%, respectively (was 5%/8). For Library, 4% on earnings taxed by Social Security and 7% on excess if 5 year Final Average Pay option elected. With 2 year option, 5% and 8%, respectively. For MLA, HMEA hired after July 1, 2003, and CHPEA hired after June 30, 2003, 5% on earnings taxed by Social Security and 8% on excess. For CHPEA hired on or before June 30, 2003, 6.5% and 9.5%, respectively. For HMEA hired before July 1, 2003, 7.8% on all earnings. For SCGA, 4% on earnings taxed by Social Security and 7% on excess (was 3%/6%).

Note 1 Any Member (other than a Police Officer or Firefighter) who was a Member before January 1, 1958 is guaranteed a minimum total benefit, including Social Security based on earnings from the City, equal to the pension the Member would have received under the terms of the MERF plan in existence prior to the enactment of the 1957 Special Act No. 347. Also, several active Members who transferred to MERF on or after July 1, 1968 from the City's Retirement Allowance Fund are entitled to a pension determined by the RAF provisions if it is greater than that based on the MERF provisions.

Note 2 Section 2-166 of the Municipal Code provides a minimum benefit of $155 monthly for all pensions granted by reason of service or for service-connected disability, and for joint annuitants under elected options, except members for whom Social Security taxes have been paid and anyone for whom more than half of the total pension is paid by the Metropolitan District.

Note 3 All members (other than SCG) may purchase up to 4 years of pension credit for military service. Pension credit is at the following rates of Final Average Pay per year purchased:

HMEA members hired before July 1, 2003	2.75%
Sworn Police Officers, Firefighters, CHPEA members hired on or before June 23, 2003, HFSHP, Local 818 hired prior to March 1, 2007, HSSSA, HESP, Non-bargaining (including Assistant Police Chief, Police Chief, Assistant Fire Chief, and Fire Chief), Non-Sworn Police Officers, and MLA hired prior to July 1, 2006	2.50%
Other (including CHPEA members hired after June 23, 2003, HMEA members hired prior to July 1, 2003, MLA hired on or after July 1, 2006, and Local 818 hired on or after March 1, 2007)	2.00%

Note 4 All members (other than Sworn Police Officers hired after July 1, 1999, all Board of Education members, CHPEA hired after June 23, 2003, HMEA hired on or after July 1, 2003, Library, SCG and MLA hired on or after July 1, 2006, Nonbargaining municipal members hired after January 1, 2011) may exchange accumulated sick leave upon retirement for up to 4 years (6 years for Firefighters hired prior to July 1, 2003) of pension service time. Additional pension service time may be purchased from accumulated sick leave at the rate of twenty days of accumulated sick leave for each year of pension service time.

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City of Miami

Fire Fighters' and Police Officers' Retirement Trust

October 1, 2015

Actuarial Valuation Report

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At the request of the plan sponsor, this report summarizes the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2015. The purpose of this report is to communicate the following results of the valuation:

- Determine Funded Status; and
- Determine Recommended Contribution for the fiscal year October 1, 2016 through September 30, 2017.

This report has been prepared in accordance with the applicable Federal and State laws. Consequently, it may not be appropriate for other purposes. Please contact Nyhart prior to disclosing this report to any other party or relying on its content for any purpose other than that explained above. Failure to do so may result in misrepresentation or misinterpretation of this report.

The results in this report were prepared using information provided to us by other parties. The census information has been provided to us by the plan administrator. Asset information has been provided to us by the plan administrator. We have reviewed the provided data for reasonableness when compared to prior information provided, but have not audited the data. Where relevant data may be missing, we have made assumptions we believe to be reasonable. We are not aware of any significant issues with and have relied on the data provided. Any errors in the data provided may result in a different result than those provided in this report. A summary of the data used in the valuation is included in this report.

The actuarial assumptions and methods were chosen by the Board. In our opinion, all actuarial assumptions and methods are individually reasonable and in combination represent our best estimate of anticipated experience of the plan. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:

- plan experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic assumptions;
- increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and
- changes in plan provisions or applicable law. We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement. This report has been prepared in accordance with generally accepted actuarial principles and practice.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

With respect to reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1), F.S., the actuarial disclosures required under this section were prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, meet the requirements of Section 112.664 (1), Florida Statutes, and Rule 60T-1.0035, Florida Administrative Code.

Neither Nyhart nor any of its employees have any relationship with the plan or its sponsor which could impair or appear to impair the objectivity of this report. To the extent that this report or any attachment concerns tax matters, it is not intended to be used and cannot be used by a taxpayer for the purpose of avoiding penalties that may be imposed by law.

The undersigned are compliant with the continuing education requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States and are available for any questions.

Nyhart

David D. Harris, ASA, EA, MAAA
Enrolled Actuary No. 14-5609

Heath W. Merlak, FSA, EA, MAAA
Enrolled Actuary No. 14-5967

May 23, 2016
Date

Copies of this Report are to be furnished to the Division of Retirement within 60 days of receipt from the actuary at the following addresses:

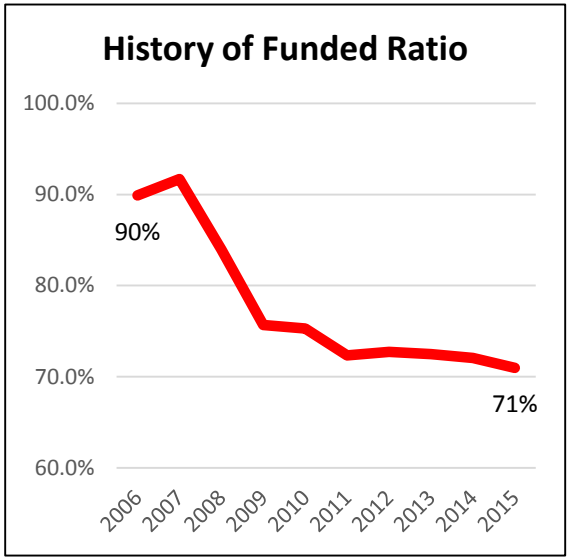
Ms. Sarah Carr
Benefits Administrator
Municipal Police Officers' &
Firefighters' Trust Funds
Division of Retirement
Post Office Box 3010
Tallahassee, FL 32315-3010

Mr. Keith Brinkman
Bureau Chief, Bureau of Local Retirement Systems
Florida Department of Management Services
Division of Retirement
Department of Management Services
P. O. Box 9000
Tallahassee, FL 32315-9000

Summary Results

The actuarial valuation's primary purpose is to produce a scorecard measure displaying the funding progress of the plan toward the ultimate goal of paying benefits at retirement. The accrued liability is based on an entry age level percentage of pay.

	October 1, 2014	October 1, 2015
Funded Status Measures		
Accrued Liability	$1,597,778,645	$1,616,131,503
Actuarial Value of Assets	1,151,016,531	1,147,334,950
Unfunded Accrued Liability	$446,762,114	$468,796,553
Funded Percentage (AVA)	72.0%	71.0%
Funded percentage (MVA)	71.1%	67.5%
Cost Measures		
Recommended Contribution For Next Fiscal Year	$43,964,153	$47,102,220
Recommended Contribution (as a percentage of payroll)	46.9%	44.3%
Asset Performance		
Market Value of Assets (MVA)	$1,136,462,242	$1,090,944,360
Actuarial Value of Assets (AVA)	$1,151,016,531	$1,147,334,950
Actuarial Value/Market Value	101.3%	105.2%
Participant Information		
Active Members	1,482	1,650
Terminated Vested Members	12	15
Retirees, Beneficiaries, and Disabled Members	1,846	1,952
DROP Participants	401	278
Total	3,741	3,895
Expected Payroll	$93,705,765	$106,278,378
Total Payroll	$127,786,644	$133,966,173



Changes Since Prior Valuation and Key Notes

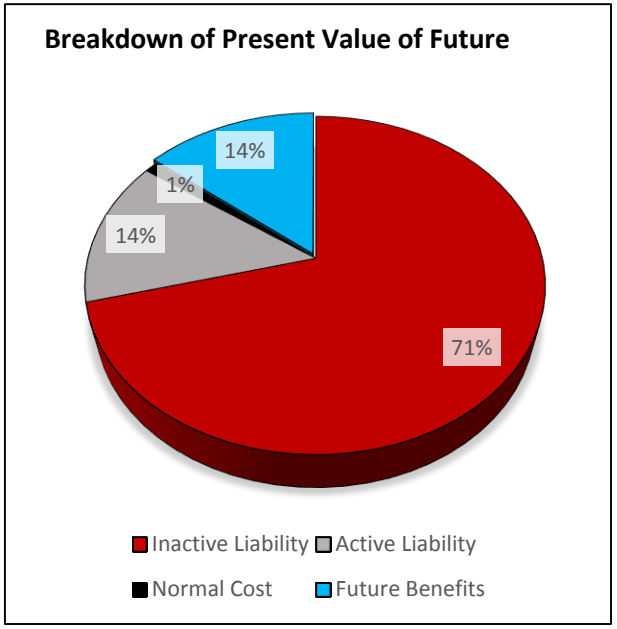
As of October 1, 2015 all Fire Fighters will contribute 10% of pay, and all Police hired prior to 10/1/2012 will contribute 7% of pay. The benefit for Fire Fighters who had not reached rule of 64 by 9/30/2009 or 68 by 9/30/2010 increased to 3% of Average Final Compensation for the first fifteen years of Creditable Service plus 3.5% of Average Final Compensation for each Creditable Service after the fifteenth year.

The administrative expense has increased to $2,058,798 from the prior year.

Present Value of Future Benefits

The Present Value of Future Benefits represents the current future benefits payable to the participant.

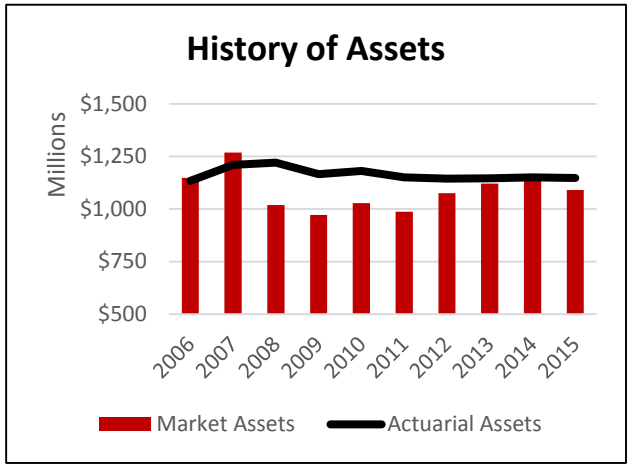
Present Value of Future Benefits	October 1, 2015
Active members	
Retirement	$455,877,149
Disability	56,071,742
Death	8,046,397
Termination	26,849,525
Refund of contributions	2,462,886
Total active	$549,307,699
Inactive members	
Retired members	$1,046,575,406
DROP members	244,492,504
Beneficiaries	28,706,393
Disabled members	28,037,791
Terminated vested members	2,715,494
Total inactive	$1,350,527,588
Total	$1,899,835,287
Present value of future payrolls	$1,585,673,300



Asset Information

The amount of assets backing the pension promise is the most significant driver of volatility and future costs within a pension plan. The investment performance of the assets directly offsets the ultimate cost.

	October 1, 2015
Market Value Reconciliation	
Market value of assets, beginning of prior year	$1,136,678,362
Employer contributions (incl. discounted accrued items)	42,919,757
Member contributions	9,317,231
Investment income, net expenses	30,555,177
Benefit payments and refunds	(126,153,910)
Administrative expenses	(2,222,561)
Other expenses	(149,696)
Market value of asset, beginning of current year	$1,090,944,360
Return on Market Value	2.8%
Actuarial value of assets	
Value at beginning of current year	$1,147,334,950



Asset Information (continued)

Plan Assets are used to develop funded percentages and contribution requirements.

	October 1, 2015
1. Expected actuarial value of assets	
(a) Actuarial value of assets – beginning of prior year	$1,151,016,531
(b) City Contributions	42,919,757
(c) Member Contributions	9,317,231
(d) Benefits payments and refunds	(126,153,910)
(e) Expected return	84,332,989
(f) Expected actuarial value of assets – beginning of current year	$1,161,432,598
2. Market value of assets – beginning of current year	$1,090,944,360
3. Present value of COLA transfers	
(a) Current year	$0
(b) Next year	0
(c) Total	$0
4. Market value net COLA transfer [(2)-(3)]	$1,090,944,360
5. Amount subject to phase in [(4)-(1f)]	$(70,488,238)
6. Phase in of asset gain loss [(5)x20%]	$(14,097,648)
7. Preliminary actuarial value of assets – beginning of current year [(1f)+(6)]	$1,147,334,950
8. 80% of Market value of assets	$872,755,488
9. 120% of Market value of assets	$1,309,133,232
10. Adjusted actuarial value of assets	$1,147,334,950
11. Contribution surplus account balance	$0
12. Final actuarial value of assets – beginning of current year [(10)-(11)]	$1,147,334,950
13. Return on actuarial value of assets	6.2%

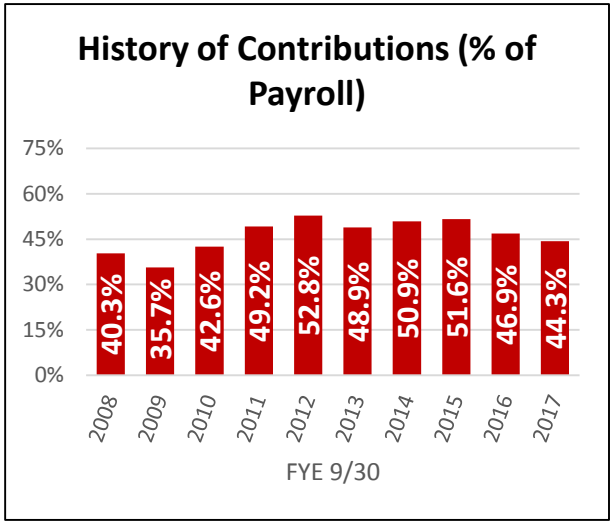
Reconciliation of Gain/Loss

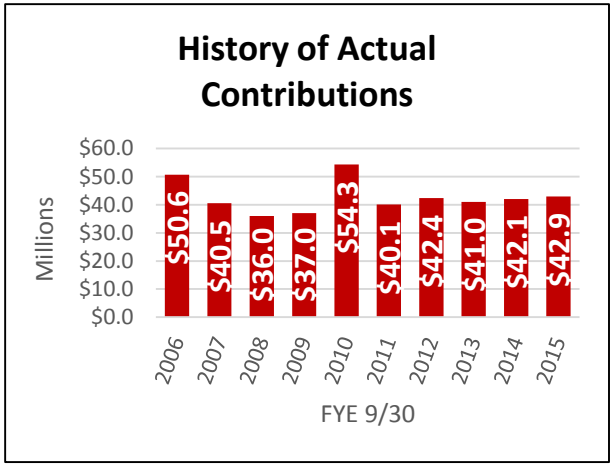
	October 1, 2015
Liability (gain)/loss	
Present value of future benefits	$1,862,016,468
Present value of employee contributions	(112,603,159)
Expected employee contribution	7,637,375
Benefit payments	(126,153,910)
Interest	125,776,393
Expected liability	$1,756,673,167
Plan Amendment	$(3,980,804)
Expected after changes	$1,752,692,363
Actual liability	$1,770,839,504
Liability (gain)/loss	$18,147,141
Asset (gain)/loss	
Actuarial value of assets, beginning of prior year	$1,151,016,531
Contributions	52,236,988
Benefit payments and expenses	(126,153,910)
Expected Investment return	84,332,989
Expected actuarial value of assets, beginning of current year	$1,161,432,598
Actual actuarial value of assets, beginning of current year	$1,147,334,950
Asset (gain)/loss	$14,097,648
Total (gain)/loss	$32,244,789

Development of Recommended Contribution

The actuarial determined contribution is the annual amount necessary to fund the plan according to funding policies and/or applicable laws.

	October 1, 2015
1. Present value of future benefits	$1,899,835,287
2. Actuarial value of assets	1,147,334,950
3. Present value of future member contributions	128,995,783
4. Present value of future normal Cost [(1)-(2)-(3)]	$623,504,554
5. Present value of future payroll	$1,585,673,300
6. Normal cost actual rate [(4)/(5)]	39.32%
7. Administrative expenses	$2,058,798
8. Expected payroll	$106,278,378
9. Applicable interest	7.42%
10. Normal cost [(6)x(8)+(7)]	$43,848,650
11. Interest to estimated payment date	$3,253,570
12. Total recommended contribution as of end of year [(10)+(11)]	$47,102,220
13. As a percentage of expected payroll	44.32%
14. As a percentage of total payroll	35.16%





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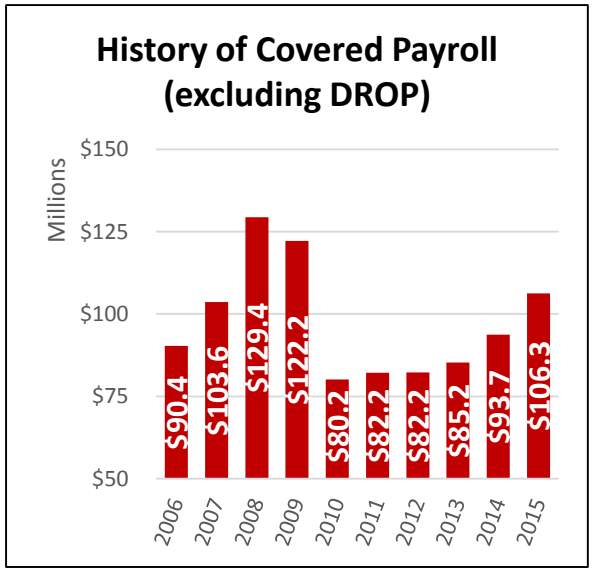
Demographic Information

The foundation of a reliable actuarial report is the member information provided by the plan sponsor. Monitoring trends in demographic information is crucial for long-term pension planning.

	October 1, 2015
Member Counts	
Active Members	1,650
Retired Members	1,546
Beneficiaries	259
Disabled Members	147
Terminated Vested Members	15
DROP Members	278
Total	3,895
Active Participant Demographics	
Average Age	35.98
Average Service	8.93
Average Compensation	$64,411
Covered Payroll	$106,278,378
Total Payroll	$133,966,173



Demographic Information (continued)

	October 1, 2015
Retired Member Statistics	
Average Age	64.91
Average Monthly Benefit	$5,295
Beneficiary Statistics	
Average Age	76.16
Average Monthly Benefit	$1,079
Disabled Member Statistics	
Average Age	76.35
Average Monthly Benefit	$1,854
Terminated Member Statistics	
Average Age	41.60
Average Monthly Benefit	$2,240
DROP Member Statistics	
Average Age	52.05
Average Monthly Benefit	$6,074
Payroll	$27,687,795

Participant Reconciliation

	Active	Terminated Vested	Disabled	Retired	Beneficiaries	Totals
Prior Year	1,482	12	149	1,842	256	3,741
Active						
To Terminated Vested	(4)	4				0
To Retired	(6)			6		0
To Refund	(28)					(28)
To Death	(3)					(3)
Terminated Vested						
To Retired		(1)		1		0
Disabled						
To Death			(2)			(2)
Retired						
To Death				(25)		(25)
Survivor						
To Death					(14)	(14)
Additions	209				17	226
Current Year	1,650	15	147	1,824	259	3,895

Active Participant Schedule

Active participant information grouped based on age and service.

Age Group	Years of Service										Total	Average Pay
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up		
Under 25	59	69	1								129	$33,838
25 to 29	68	200	45	4							317	46,329
30 to 34	43	91	180	53	1						368	57,421
35 to 39	14	32	93	100	55	1					295	71,525
40 to 44	7	10	45	63	111	43	4				283	79,992
45 to 49	1	3	29	31	74	43	9				190	84,570
50 to 54		2	8	10	13	15	6	2			56	93,230
55 to 59				3		4	1	1			9	92,951
60 to 64				1		1	1				3	77,667
65 to 69											0	0
70 & up											0	0
Total	192	407	401	265	254	107	21	3	0	0	1,650	$64,411

Plan Status

January 1, 1940, as restated effective May 23, 1985, and amended through September 30, 2012.

Eligibility for Participation

Police officers and fire fighters.

Accrual of Benefits

The accrued benefit is determined as follows:

For Police Officers who have reached Rule of 64 by 9/30/2010:
3% of Average Final Compensation for the first 15 years of Creditable Service plus 3.5% of Average Final Compensation after 15 years. Maximum of 100% of Average Final Compensation.

For other Police Officers:
For service prior to 10/1/2010: 3% of Average Final Compensation for the first 15 years of Creditable Service plus 3.5% of Average Final Compensation after 15 years.

For service after 9/30/2010: 3% of the Average Final Compensation for each year of Creditable Service.

The combined percentage for service may not exceed 100% of Average Final Compensation and the final benefit may not exceed the larger of the 9/30/2010 Accrued Benefit and $100,000.

For Firefighters who have reached Rule of 64 by 9/30/2009 or Rule of 68 by 9/30/2010:
3% of Average Final Compensation for the first 15 years of Creditable Service plus 3.5% of Average Final Compensation after 15 years. Maximum of 100% of Average Final Compensation.

For all other Fire Fighters:
3% of Average Final Compensation for the first 15 years of Creditable Service plus 3.5% of Average Final Compensation after 15 years. Maximum of 100% of Average Final Compensation and the final benefit may not exceed the larger of the 9/30/2010 accrued benefit and $100,000.

Benefits

Normal Retirement

Eligibility	Age plus Creditable Service equal to 64 (Rule of 64) on 9/30/2010 for police officers active 9/30/2010 and firefighters active 9/30/2009. Age plus Creditable Service equal to 68 (Rule of 68) on 9/30/2010 for fire fighters active 9/30/2010 and not eligible for Rule of 64 at 9/30/2009. Age plus Creditable Service equal to 70 (Rule of 70) with attainment of age 50 and 10 years of Creditable Service for all members hired on or after 10/1/2010 and police officers and fire fighters who were not eligible for the Rule of 64 or the Rule of 68 on the specified dates above.
Benefit	Unreduced Accrued Benefit payable immediately.

Early Retirement

Eligibility	Completion of 20 years of Creditable Service.
Benefit	Accrued Benefit adjusted with actuarial equivalence for early commencement.

Late Retirement

Eligibility	Participation continues after normal retirement date.
Benefit	Accrued Benefit

Ordinary Death before Retirement

Eligibility	Participant with 3 years of Creditable Service who dies off duty.
Benefit	Between 3 and 10 years of Creditable Service: Lump sum benefit equal to 50% of Compensation received in year preceding death. After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement: Accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferred period or 10 years' certain period. If eligible for Service, Early Service, or Rule of 64 retirement, considered to have retired on the date of death. Surviving spouse would receive 40% of the member's monthly retirement allowance.

Accidental Death before Retirement

Eligibility	Member who dies during performance of duties.
Benefit	Pension of 50% of Average Final Compensation to spouse until death or remarriage. If there is no spouse, or if spouse dies or remarries before youngest child is 18, payable to child until attainment of age 18. If no spouse or no children under 18, benefit is payable to dependent parents. After 10 years of Creditable Service - Beneficiary receives benefit otherwise payable to member at early or normal retirement for a period of 10 years.

Termination Benefit

Eligibility	Fully vested after completion of 10 years of Creditable Service.
Benefit	Accrued Benefit payable at the member's Early or Normal Retirement Date. If the member terminates prior to 10 years of Creditable Service a refund of accumulated contributions with interest will be issued.

Ordinary Disability Benefit

Eligibility	Completion of 10 years of Creditable Service.
Benefit	90% of benefit rate times Average Final Compensation times Creditable Service, with a minimum benefit of 30% of Average Final Compensation. The normal form is a 10 year certain and life normal form.

Accidental Disability Benefit

Eligibility	Immediately upon permanent disability
Benefit	66 2/3% of Average Final Compensation, or 66 2/3% of Final Compensation, whichever is greater. The normal form is a 40% joint & survivor annuity, with a minimum of 10 years' certain and life.

Compensation

Earnable Compensation
An employee's base salary, including pick-up contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death-in-family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.

Average Final Compensation
For members who retire or terminate employment with ten or more years of creditable service prior to 10/1/2010: the annual earnable compensation of a member during either the last one year or the highest year of membership service, whichever is greater.

For members who retire on or after 10/1/2010: the Average Final Compensation shall mean the average of the highest 5 years of service, to be phased in effective 9/30/2010 over the next 4 years as follows:

For members who retire between 10/1/2010 and 9/30/2011: the average of the highest 2 years of membership service

For members who retire between 10/1/2011 and 9/30/2012: the average of the highest 3 years of membership service

For members who retire between 10/1/2012 and 9/30/2013: the average of the highest 4 years of membership service

For members who retire on or after 10/1/2013: the average of the highest 5 years of membership service.

Provided, in no event shall the Average Final Compensation of any member who was employed as a police officer or fire fighter on 9/30/2010 and retires on or after 10/1/2010, be less than the highest year of membership service prior to 9/30/2010.

Creditable Service

For Vesting and Benefit Accrual
Service credited under Retirement System; military service (maximum of four years) during wartime for which Member makes contributions; maternity leave (maximum of 180 days for each leave) for which Member makes contributions; up to 5 years, without member contributions, if member was an employee before period of military service.

Accumulated leave balances may be transferred into system immediately prior to retirement to purchase up to 3 whole years of additional Creditable Service, on an actuarially equivalent basis.

457 balances of Firefighters may be transferred into System at retirement to purchase up to 3 whole years of additional Creditable Service for multiplier purposes.

Member Contributions

Police Officers:	7% (10% if hired on or after 10/1/2012)
Fire Fighters:	10%

DROP

Eligibility	Election must be made within 10 years after eligibility for normal retirement. Members eligible for forward DROP as of 1/1/2013 or vested as of 1/1/2010 remain eligible for forward DROP.
Benefit	Effective 1/1/2013 members may elect the BackDROP option (maximum of 7 years). Members receive a monthly benefit based on an earlier retirement date and a lump sum of past payments compounded at 3%/year.

COLA

Eligibility	Participant or Beneficiary
Benefit	Amount varies annually with the adjustment on January 1

Payment Forms

Normal Form
For Police Officers who have reached Rule of 64 by 9/30/2010 or Fire Fighters who reached Rule of 64 by 9/30/2009: Joint and 40% Contingent Survivor with a minimum 10 years Certain and Life

For Fire Fighters who have reached Rule of 68 by 9/30/2010: Joint and 40% Contingent Survivor with a minimum of 10 years Certain and Life

For all others:

Benefits based on service prior to 10/1/2010: Joint and 40% Contingent Survivor with minimum of 10 years Certain and Life

Benefits based on service after 9/30/2010: 10 years Certain and Life

Optional Forms
Option 1 – Cash refund annuity based on Present Value at retirement
Option 2 – Joint and 100% Contingent Annuity
Option 3 – Joint and 50% Contingent Annuity
Option 4 – Joint and Contingent Annuity approved by the Board
Option 5 – Determined by Board due to incapacity of member
Option 6 – Withdrawal of member contributions with interest and benefit that is ½ of normal level

Plan Provision Not Included

The COLA benefits and liabilities are not included in this report; these benefits are reported in a separate COLA report dated December 9, 2015. We are not aware of any other provisions not included in this report.

Adjustments Made for Subsequent Events

We are not aware of any event following the measurement date and prior to the date of this report that would materially impact the results.

Pension Stabilization Fund

Beginning October 1, 2008, any time the city's contributions to normal cost fall below 37% of valuation payroll, the difference will be deposited into the Pension Stabilization Fund to be used in subsequent years when the city's required contributions exceed 37%. No payment to this trust is required if the funded level of this trust exceeds 10% of the actuarial value of assets of the retirement system.

Changes Since Prior Report

Police officers hired prior to October 1, 2012 will contribute 7% of compensation. All fire fighters will contribute 10% of compensation. The benefit for fire fighters who had not reached rule of 64 by 9/30/2009 or rule of 68 by 9/30/2010 increased to a 3.5% from 3.0% accrual for service over 15 years.

Cost Method (CO)

Aggregate Cost Method

Asset Valuation Method (CO)

20% Write-Up Method: Expected actuarial value of assets, adjusted by 20% of the difference between expected actuarial value and actual market value (net of pending transfers to the COLA Fund).

The result cannot be greater than 120% of market value or less than 80% of market value (net of pending COLA transfers).

Interest Rates (CO)

7.42% net of investment expenses

Annual Pay Increases (FE)

3.25% inflation and 1.5% for promotions and other increases plus salary merit scale below.

Service	Police	Fire
0-6	5.0%	5.0%
7	2.5%	5.0%
8-9	5.0%	5.0%
10-14	1.0%	0.0%
15-16	1.25%	2.5%
17-21	1.0%	1.0%
22+	0.0%	0.0%

There is no additional increase at retirement.

Expense and/or Contingency Loading (FE)

$2,058,798

Mortality Rates (CO)

Healthy — RP 2000 Mortality Table projected to 2020 using Scale AA
Disabled — RP 2000 Disabled Mortality Table projected to 2020 using Scale AA

100% of the assumed deaths are expected to be ordinary deaths

Retirement Rates (FE)

If eligible for Retirement, the following decrements apply, based on service.

Years of Service	Police %	Fire %
<20	0	0
20	10	10
21-24	3	3
25-29	40	5
30-34	50	25
35	100	25
36		25
37		100

All Members are assumed to elect a 5-year BackDROP when they reach five years following first retirement eligibility.

Disability Rates (FE)

100% of the disabilities are expected to be accidental with the following probabilities. No recovery is assumed.

Age	Rates
35	0.285%
40	0.390%
45	0.800%
50	1.210%

Withdrawal Rates (FE)

Based on Years of Creditable Service using the rates below

Age	<5	5+
30	2.40%	1.92%
35	2.40%	1.92%
40	1.80%	1.44%
45	1.20%	0.96%
50	0.00%	0.00%

Marital Status and Ages

100% of Members are assumed to be married. Female spouses assumed to be 3 years younger than male spouses.

Compensated Absence Balance Transfers

No liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.

Withdrawal of Employee Contributions	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
COLA	COLA benefits are assumed to increase as indicated in the COLA table; these are documented in a separate COLA report. No increase to the table is assumed to occur.
Changes Since Prior Report	The administrative expense increased to $2,058,798.

FE indicates an assumption representing an estimate of future experience.
MO indicates an assumption representing an observation of estimates inherit to market data.
CO indicates an assumption representing a combination of an estimate of future experience and observations of market data.

The actuarial report also shows the necessary items required for plan reporting and the any state requirements.

- ✓ Market Value Reconciliation
- ✓ Membership and Benefits Cost-Of-Living Adjustment Account Summary
- ✓ Investment Results
- ✓ Florida State Requirements
  - Comparative Summary of Principal Valuation Results
  - Separation for Police & Fire
  - Comparison of payroll growth, salary increases and investment returns
  - Requirements under Florida Statute 112.664 and F.A.C. 60T-1.0035
- ✓ COLA GASB 5 information

Market Value Reconciliation

The amount of assets backing the pension promise is the most significant driver of volatility and future costs within a pension plan. The investment performance of the assets directly offsets the ultimate cost.

September 30, 2015

	Membership and Benefits Accounts	COLA I Account	COLA II Account
1. Market value – beginning of prior year	$1,136,678,362	$57,880,282	$336,471,254
2. Book value – beginning of prior year	$991,118,217	$50,467,336	$293,378,112
3. Income			
(a) City contributions	$42,919,757	$0	$5,696,920
(b) Member contributions	9,317,231	0	0
(c) Other contributions	0	0	0
(d) Interest and dividends	22,574,666	953,019	5,428,186
(e) Net realized gains (losses)	71,178,572	2,981,475	17,101,242
(f) Securities lending income	466,401	19,746	112,200
(g) Rental and other income	245,520	10,394	59,143
(h) Income transfer	0	0	0
(i) Total	$146,702,147	$3,964,634	$28,397,691
4. Disbursements			
(a) Benefit payments and refunds	$126,153,910	$164,707	$23,399,027
(b) Custodial and investment expenses	4,211,734	177,536	1,013,078
(c) Administrative expense	2,222,561	0	0
(d) Other expense	0	0	0
(e) Securities lending fees	116,494	4,932	28,024
(f) Building depreciation	33,202	1,458	8,065
(g) Total	$132,737,901	$348,633	$24,448,194
5. Book value – beginning of current year [(2)+(3i)-(4g)]	$1,005,082,463	$54,083,337	$297,327,609
6. Net change in unrealized gains (losses)	$(59,698,248)	$(2,791,286)	$(17,685,187)
7. Unrealized gains (losses)	$85,861,897	$4,621,660	$25,407,955
8. Market value – beginning of current year [(1)+(3i)-(4g)+6]	$1,090,944,360	$58,704,997	$322,735,564
9. Current year allocation to COLA II (discounted)	$0	N/A	$0
10. Net market value – beginning of current year	$1,090,944,360	$58,704,997	$322,735,564

Membership and Benefits Cost-Of-Living Adjustment Account Summary

		September 30, 2015	
		Market	Book
1.	Investments		
	(a) Bill, bonds, notes	$530,228,074	$536,960,245
	(b) Domestic stocks	387,709,723	320,180,881
	(c) International stocks	231,843,380	222,252,977
	(d) Private equity	119,680,233	109,160,298
	(e) Money market fund and time deposit	9,065,975	10,685,785
	(f) Mutual fund	146,332,060	109,727,747
	(g) Real estate	1,871,735	1,871,735
	(h) Securities lending adjustment	0	0
	(i) Total investment	$1,426,731,180	$1,310,839,668
2.	Cash	$44,746,653	$44,746,653
3.	Receivables		
	(a) City contributions	$349,061	$349,061
	(b) Member contributions	0	0
	(c) Accounts receivable	5,768	5,768
	(d) Accrued interest and dividend	3,539,126	3,539,126
	(e) Securities sold	8,728,226	8,728,226
	(f) Total receivables	$12,622,181	$12,622,181
4.	Payables:		
	(a) Budget advance	$0	$0
	(b) Accrual expense	160,006	160,006
	(c) Transfer	0	0
	(d) Tax withheld	13,628	13,628
	(e) Accounts payable	176,380	176,380
	(f) Securities purchased	11,365,079	11,365,079
	(g) Total payables	$11,715,093	$11,715,093
5.	Total [(1i)+(2)+(3f)-(4g)]	$1,472,384,921	$1,356,493,409
6.	COLA I account	$58,704,997	$54,083,337
7.	COLA II account	$322,735,564	$297,327,609
8.	Current year COLA II transfer	$0	$0
9.	Membership & benefits account [(5)-(6)-(7)-(8)]	$1,090,944,360	$1,005,082,463

Investment Results - Membership and Benefits Accounts

	September 30, 2015		
	Dollar Return	Market Return	Book Return
Interest	$13,745,436	1.3%	1.4%
Dividends	8,829,230	0.8%	0.9%
Rental and other income, less depreciation	212,318	0.0%	0.0%
Realized gains	71,178,572	6.5%	7.5%
Securities lending (net)	349,907	0.0%	0.0%
Increase in unrealized gains	(59,698,248)	(5.4)%	N/A
Custodial and investment expenses	(4,211,734)	(0.4)%	(0.4)%
Total return on investment	$30,405,481	2.8%	9.4%

Investment Results – COLA I and II Accounts

September 30, 2015

COLA I Account

	Dollar Return	Market Return	Book Return
Interest	$578,846	1.0%	1.2%
Dividends	374,173	0.6%	0.7%
Rental and other income, less depreciation	8,936	0.0%	0.0%
Realized gains	2,981,475	5.2%	5.9%
Securities lending (net)	14,814	0.0%	0.0%
Increase in unrealized gains	(2,791,286)	(4.8)%	N/A
Custodial and investment expenses	(177,536)	(0.3)%	(0.3)%
Total return on investment	$989,422	1.7%	7.5%

COLA II Account

	Dollar Return	Market Return	Book Return
Interest	$3,303,444	1.0%	1.2%
Dividends	2,124,742	0.7%	0.8%
Rental and other income, less depreciation	51,078	0.0%	0.0%
Realized gains	17,101,242	5.2%	6.0%
Securities lending (net)	84,176	0.0%	0.0%
Increase in unrealized gains	(17,685,187)	(5.4)%	N/A
Custodial and investment expenses	(1,013,078)	(0.3)%	(0.4)%
Total return on investment	$3,966,417	1.2%	7.6%

Information to Comply with Florida 60T–1.003(4)(i)

Comparative Summary of Principal Valuation Results

	10/1/2015 7.42% Plan Changes	10/1/2015 7.42%	10/1/2014 7.42%
Participant Data			
Active members	1,650	1,650	1,482
Total annual payroll	$106,278,378	$106,278,378	$93,705,765
Members in Forward DROP	278	278	401
DROP payroll	$27,687,795	$27,687,795	$34,080,879
Projected total payroll	$133,966,173	$133,966,173	$127,786,644
Retired members and beneficiaries	1,805	1,805	2,098
Total annualized benefit	$121,842,316	$121,842,316	$122,009,571
Disabled members receiving benefits	147	147	149
Total annualized benefit	$3,271,325	$3,271,325	$3,297,718
Terminated vested members	15	15	12
Total annualized benefit	$403,236	$403,236	$319,796
Assets			
Actuarial value of assets	$1,147,334,950	$1,147,334,950	$1,151,016,531
Market value of assets	$1,090,944,360	$1,090,944,360	$1,136,462,242

Information to Comply with Florida 60T–1.003(4)(i)

Comparative Summary of Principal Valuation Results (continued)

	10/1/2015 7.42% Plan Changes	10/1/2015 7.42%	10/1/2014 7.42%
Liabilities, present value of all future expected benefit payments			
Active members			
Retirement benefits	$455,877,149	$454,747,832	$406,475,370
Vesting benefits	26,849,525	26,548,401	25,029,798
Disability benefits	56,071,742	56,071,742	51,259,582
Death benefits	8,046,397	7,977,416	7,307,646
Return of contribution	2,462,886	2,315,426	2,235,295
Total	$549,307,699	$547,660,817	$492,307,691
Terminated vested members	$2,715,494	$2,715,494	$2,307,321
Retired members and beneficiaries	$1,319,774,303	$1,319,774,303	$1,338,709,196
Disabled members	$28,037,791	$28,037,791	$28,692,260
Total	$1,899,835,287	$1,898,188,405	$1,862,016,468
Liabilities due and unpaid	$0	$0	$0
Actuarial accrued liability	N/A	N/A	N/A
Unfunded actuarial accrued liability	N/A	N/A	N/A

Information to Comply with Florida 60T–1.003(4)(i)

Comparative Summary of Principal Valuation Results (continued)

	10/1/2015 7.42% Plan Changes	10/1/2015 7.42%	10/1/2014 7.42%
Actuarial present value of accrued benefits			
Statement of actuarial present value of all accrued benefits			
Vested accrued benefits			
Inactive members and beneficiaries	$1,350,527,588	$1,350,527,588	$1,369,708,777
Active members	241,943,732	240,107,472	208,780,651
Total value of all vested accrued benefits	$1,592,471,320	$1,590,635,060	$1,578,489,428
Non-vested accrued benefits	17,066,732	17,123,300	11,128,196
Total actuarial present value of all accrued benefits	$1,609,538,052	$1,607,758,360	$1,589,617,624
Statement of changes in total actuarial present value of all accrued benefits (ASC 960)			
Actuarial present value of accrued benefits, beginning of year	$1,589,617,624	$1,589,617,624	$1,556,761,507
Increase (decrease) during year			
Benefits accumulated	$30,941,588	$30,941,588	$34,913,897
Plan amendment	1,779,692	0	0
Changes in actuarial assumptions	0	0	12,379,458
Interest	113,353,058	113,353,058	112,015,149
Benefits paid	(126,153,910)	(126,153,910)	(126,452,387)
Other changes	0	0	0
Net increase (decrease)	$19,920,428	$18,140,736	$32,856,117
Actuarial present value of accrued benefits, end of year	$1,609,538,052	$1,607,758,360	$1,589,617,624

Information to Comply with Florida 60T–1.003(4)(i)

Comparative Summary of Principal Valuation Results (continued)

	10/1/2015 7.42% Plan Changes	10/1/2015 7.42%	10/1/2014 7.42%
Pension cost			
Normal Cost	$56,329,666	$56,521,332	$52,045,324
Member contributions	$9,227,446	$9,164,333	$8,081,171
Expected plan sponsor contribution	$47,102,220	$47,356,999	$43,964,153
As % of payroll	44.32%	44.56%	46.92%
As % of total payroll	35.16%	35.35%	34.40%
Member Contributions as % of payroll	8.68%	8.62%	8.62%
Past contributions		9/30/2015	9/30/2014
Required plan sponsor contribution		$42,919,757	$42,057,691
Required member contribution		$9,317,231	$9,462,569
Actual contributions made by:			
Plan's sponsor		$42,919,757	$42,057,691
Members		$9,317,231	$9,462,569
Other		$0	$0
Net actuarial gain (loss) (if applicable)	N/A	N/A	N/A
Other disclosures (where applicable)			
Present value of active member			
Future salaries at attained age	$1,585,673,300	$1,585,673,300	$1,441,538,742
Future contributions at attained age	$128,995,783	$123,368,097	$112,603,159

Information to Comply with Florida 60T–1.003(4)(i)

Hypothetical City Contribution Requirement for 2015/2016 Fiscal Year

	Police	Fire	Total
Unfunded actuarial accrued liability	$0	$0	$0
Liabilities, present value of all future expected benefit payments			
Active members			
Retirement benefits	$257,526,533	$198,350,616	$455,877,149
Vesting benefits	14,015,016	12,834,509	26,849,525
Disability benefits	31,879,084	24,192,658	56,071,742
Death benefits	3,931,972	4,114,425	8,046,397
Return of contribution	1,319,474	1,143,412	2,462,886
Total	$308,672,079	$240,635,620	$549,307,699
Terminated vested members	$2,352,919	$362,575	$2,715,494
Retired members and beneficiaries	$726,632,603	$593,141,700	$1,319,774,303
Disabled members	$24,467,983	$3,569,808	$28,037,791
Total	$1,062,125,584	$837,709,703	$1,899,835,287
Entry age reserve			
Active	$148,090,459	$117,513,456	$265,603,915
Inactive	753,453,505	597,074,083	1,350,527,588
Total	$901,543,964	$714,587,539	$1,616,131,503
Actuarial asset value[1]	$640,030,157	$507,304,793	$1,147,334,950

[1]Allocated based on Entry Age Reserve

Information to Comply with Florida 60T–1.003(4)(i)

Hypothetical City Contribution Requirement for 2015/2016 Fiscal Year

	Police	Fire	Total
Normal cost			
Total present value of future benefits	$1,062,125,584	$837,709,703	$1,899,835,287
Present value of future member contributions	(57,958,565)	(71,037,218)	(128,995,783)
Actuarial asset value	(640,030,157)	(507,304,793)	(1,147,334,950)
Unfunded actuarial accrued liability	$0	$0	$0
Present value of future normal costs	$364,136,862	$259,367,692	$623,504,554
Present value of future payrolls	$812,375,475	$773,297,824	$1,585,673,299
Administrative expense[1]	$1,148,481	$910,317	$2,058,798
Current payroll	$57,494,879	$48,783,499	$106,278,378
Interest rate	7.42%	7.42%	7.42%
Current normal cost at end of year	$28,917,272	$18,554,151	$47,102,220
As a percentage of payroll	50.30%	38.03%	44.32%
Hypothetical Total			47,471,423

[1]Allocated based on Entry Age Reserve

Information to Comply with Florida 60T–1.003(4) (i)

Historical Salary Increases and Asset Performance

Year Ending	Payroll Growth	Salary Growth	Expected Salary Growth	Asset Return (Market)	Asset Return (Actuarial)	Asset Return (Expected)
9/30/2015	13.42%	12.60%	7.79%	2.80%	6.18%	7.42%
9/30/2014	10.00%	1.38%	7.72%	8.60%	7.18%	7.50%
9/30/2013	3.70%	3.64%	7.77%	11.20%	6.95%	7.50%
9/30/2012	0.10%	(0.75%)	7.92%	17.40%	5.98%	7.50%
9/30/2011	2.50%	7.14%	7.48%	3.60%	3.98%	7.50%
9/30/2010	(34.40%)	(9.33%)[1]	7.51%	9.80%	4.48%	7.75%
9/30/2009	(5.50%)	6.35%	7.26%	(0.30%)	(1.31%)	7.75%
9/30/2008	24.80%	18.20%	7.17%	(14.30%)	3.65%	7.75%
9/30/2007	14.70%	18.19%[1]	5.81%	14.20%	8.27%	7.75%
9/30/2006	(1.30%)	2.84%	5.79%	9.10%	7.57%	7.75%
Averages						
3-year				7.48%	6.77%	
5-year				8.59%	6.05%	
10-year	2.80%			5.85%	5.26%	
20-year				7.79%	7.26%	

[1]Including impact of change in valuation pay definition

Information to Comply with Florida Statute 112.664 and Florida Administrative Code 60T-1.0035[1]

October 1, 2015

	Valuation	- 200 bp[2]	Funding Rate[2]	+ 200 bp[2]
	7.42%	5.42%	7.42%	9.42%
Total pension liability				
Service Cost	$19,610,906	$19,610,906	$19,610,906	$19,610,906
Interest	155,662,686	155,662,686	155,662,686	155,662,686
Benefit changes	1,019,168	1,019,168	1,019,168	1,019,168
Difference between expected and actual experience	15,989,154	15,989,154	15,989,154	15,989,154
Changes in assumptions	0	494,246,097	23,819,635	(311,110,932)
Benefit payments	(164,534,254)	(164,534,254)	(164,534,254)	(164,534,254)
Contribution refunds	(1,001,073)	(1,001,073)	(1,001,073)	(1,001,073)
Net change in pension liability	$26,746,587	$520,992,684	$50,566,222	($284,364,345)
Total pension liability, beginning of year	$2,161,036,624	$2,161,036,624	$2,161,036,624	$2,161,036,624
Total pension liability, end of year	$2,187,783,211	$2,682,029,308	$2,211,602,846	$1,876,672,279
Plan fiduciary net position				
Contributions - Employer	$48,616,677	$48,616,677	$48,616,677	$48,616,677
Contributions - State	0	0	0	0
Contributions - Member	9,317,231	9,317,231	9,317,231	9,317,231
Net investment income	35,529,492	35,529,492	35,529,492	35,529,492
Benefit payments	(164,534,254)	(164,534,254)	(164,534,254)	(164,534,254)
Contribution refunds	(1,001,073)	(1,001,073)	(1,001,073)	(1,001,073)
Administrative expense	(2,222,561)	(2,222,561)	(2,222,561)	(2,222,561)
Other	269,771	269,771	269,771	269,771
Net change in plan fiduciary net position	($74,024,717)	($74,024,717)	($74,024,717)	($74,024,717)
Plan fiduciary net position, beginning of year	$1,748,696,334	$1,748,696,334	$1,748,696,334	$1,748,696,334
Plan fiduciary net position, end of year	$1,674,671,617	$1,674,671,617	$1,674,671,617	$1,674,671,617
Net pension liability/(asset)	$513,111,594	$1,007,357,691	$536,931,229	$202,000,662
Funded ratio	76.55%	62.44%	75.72%	89.24%
Years that Assets support expected benefit payments	15	12	15	19
Estimated city contribution				
Annual dollar value	$47,102,220	$74,480,439	$48,779,839	$26,092,134
Percentage of payroll	44.32%	70.08%	45.90%	24.55%

[1]Includes COLA and DROP assets and liabilities
[2]Based on valuation assumption with the following changes
-interest rate (as noted)
-mortality table of RP 2000 with generational projection using Scale AA

Information to Comply with Florida Statute 112.664 and Florida Administrative Code 60T-1.0035[1]

October 1, 2015

Sustainment of Expected Benefit Payments

Mortality Valuation
Interest 7.42%

Year	Market Value of Assets	Investment Return	Benefit Payments
1	$1,674,671,617	$111,378,955	$353,540,678[1]
2	1,432,509,894	100,785,494	151,133,770
3	1,382,161,618	97,051,373	151,086,520
4	1,328,126,471	93,034,418	151,293,648
5	1,269,867,241	88,677,452	152,230,400
6	1,206,314,293	83,902,577	153,856,432
7	1,136,360,438	78,616,304	156,482,840
8	1,058,493,902	72,731,944	159,410,230
9	971,815,616	66,137,080	163,893,020
10	874,059,676	58,773,143	166,924,226
11	765,908,593	50,685,290	168,654,439
12	647,939,444	41,844,578	171,053,204
13	518,730,818	32,204,928	172,490,506
14	378,445,240	21,673,152	175,854,907
15	224,263,485	10,049,046	180,899,895
16	53,412,636		185,442,801

[1]Benefit payments include the DROP balance at 9/30/2015

Information to Comply with Florida Statute 112.664 and Florida Administrative Code 60T-1.0035[1]

October 1, 2015

Sustainment of Expected Benefit Payments

Mortality	RP 2000 Generational (Scale AA)
Interest	5.42%

Year	Market Value of Assets	Investment Return	Benefit Payments
1	$1,674,671,617	$81,313,825	$353,497,394[1]
2	1,402,488,048	71,976,669	151,002,905
3	1,323,461,812	67,696,483	150,889,369
4	1,240,268,926	63,183,065	151,052,537
5	1,152,399,454	58,396,034	151,968,889
6	1,058,826,599	53,280,791	153,599,061
7	958,508,329	47,772,520	156,254,773
8	850,026,076	41,812,995	159,238,304
9	732,600,767	35,326,433	163,804,499
10	604,122,701	28,278,846	166,948,403
11	465,453,144	20,712,871	168,821,260
12	317,344,755	12,616,630	171,392,681
13	158,568,704		173,033,791

[1]Benefit payments include the DROP balance at 9/30/2015

Information to Comply with Florida Statute 112.664 and Florida Administrative Code 60T-1.0035[1]

October 1, 2015

Sustainment of Expected Benefit Payments

Mortality RP 2000 Generational (Scale AA)
Interest 7.42%

Year	Market Value of Assets	Investment Return	Benefit Payments
1	$1,674,671,617	$111,380,532	$353,497,394[1]
2	1,432,554,755	100,793,591	151,002,905
3	1,382,345,441	97,072,196	150,889,369
4	1,328,528,268	93,073,017	151,052,537
5	1,270,548,748	88,737,548	151,968,889
6	1,207,317,407	83,986,385	153,599,061
7	1,137,704,731	78,724,361	156,254,773
8	1,060,174,319	72,862,896	159,238,304
9	973,798,911	66,287,465	163,804,499
10	876,281,877	58,937,150	166,948,403
11	768,270,624	50,854,475	168,821,260
12	650,303,839	42,007,647	171,392,681
13	520,918,805	32,347,481	173,033,791
14	380,232,495	21,777,241	176,637,789
15	225,371,947	10,092,716	181,958,675
16	53,505,988		186,819,967

[1]Benefit payments include the DROP balance at 9/30/2015

Information to Comply with Florida Statute 112.664 and Florida Administrative Code 60T-1.0035[1]

October 1, 2015

Sustainment of Expected Benefit Payments

Mortality RP 2000 Generational (Scale AA)
Interest 9.42%

Year	Market Value of Assets	Investment Return	Benefit Payments
1	$1,674,671,617	$141,478,993	$353,497,394[1]
2	1,462,653,216	130,829,736	151,002,905
3	1,442,480,047	128,934,651	150,889,369
4	1,420,525,329	126,859,004	151,052,537
5	1,396,331,796	124,537,784	151,968,889
6	1,368,900,691	121,878,721	153,599,061
7	1,337,180,351	118,768,396	156,254,773
8	1,299,693,974	115,099,817	159,238,304
9	1,255,555,487	110,731,743	163,804,499
10	1,202,482,731	105,587,543	166,948,403
11	1,141,121,871	99,721,124	168,821,260
12	1,072,021,735	93,093,502	171,392,681
13	993,722,556	85,642,163	173,033,791
14	906,330,928	77,243,943	176,637,789
15	806,937,082	67,636,068	181,958,675
16	692,614,475	56,643,064	186,819,967
17	562,437,572	44,214,625	190,420,618
18	416,231,579	30,283,745	193,858,391
19	252,656,933	14,515,243	201,672,658
20	65,499,518		204,452,125

[1]Benefit payments include the DROP balance at 9/30/2015

GASB 5 – COLA Fund

Funding Status and Progress as of September 30, 2015 and 2014	2014	2015
1. COLA Fund Table	$1,629	$1,670
2. Pension benefit obligation (in millions)		
a. Retirees and beneficiaries receiving COLA I benefits	$0.9	$0.8
b. Retirees and beneficiaries receiving benefits and terminated members not yet receiving	323.7	338.5
c. Current employees		
Accumulated employee contributions including interest	0.2	0.0
Employer-financed vested	0.0	0.0
Employer-financed nonvested	46.2	54.2
d. Total pension benefit obligation (a+b+c)	$371.0	$393.5
3. Net assets available for benefits	$394.6	$381.4
4. Unfunded pension benefit (obligation)/asset [(3)-(2)]	$23.6	$(12.2)

The pension benefit obligations were determined as part of actuarial valuations at January 1, 2016 and January 1, 2015, based on data and asset information at September 30, 2015 and September 30, 2014. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.42% per year compounded annually for 2015 and 7.50% for 2014, (b) post retirement COLA benefits based on the table in effect at January 1, 2015 and January 1, 2014. All plan provisions and other assumptions not listed above can be found in the January 1, 2016 COLA Fund Report.

GASB 5 – COLA Fund

Contributions required and contributions made

The funding policy provides for annual employer contributions from January 1, 1994. The amount of the contribution was $2.5 million, beginning January 1, 1994, increasing 4% per year each year thereafter, and reduced (but not below zero) by any excess investment income transfer due on the same date.

The excess investment income transfer consists of a portion of gains due to investment return exceeding the 7.42 percent assumption

Analysis of funding progress

Fiscal Year	(1) Net Assets Available for Benefits[1]	(2) Pension Benefit Obligation[2]	(3) Percent Funded	(4) Unfunded PBO (2)-(1)	(5) Annual Covered Payroll	(4)/(5)
	($)	($)	(%)	($)	($)	(%)
2006	249.0	216.8	115	(32.2)	90.4	(36)
2007	300.2	242.9	124	(57.3)	103.6	(55)
2008	305.8	279.4	109	(26.4)	129.4	(20)
2009	296.3	290.0	102	(6.3)	122.2	(5)
2010	311.8	315.6	99	3.8	80.2	5
2011	310.0	303.6	102	(6.4)	82.2	(8)
2012	350.3	312.6	112	(37.7)	82.2	(46)
2013	378.7	320.0	118	(58.7)	85.2	(69)
2014	394.6	371.0	106	(23.6)	93.7	(25)
2015	381.4	393.5	97	12.1	106.3	11

[1] Excluding future City minimum contributions
[2] Excluding new increment and contingency reserves

GASB 5 – COLA Fund

Revenues and Expenses

Fiscal Year	Revenues by Source: Employee Contributions ($)	Employer Contributions ($)	Investment Income ($)	Total ($)
2006	0	0	25,340,983	25,340,983
2007	0	0	47,781,293	47,781,293
2008	0	0	44,539,016	44,539,016
2009	0	0	44,696,486	44,969,486
2010	0	4,682,453	18,493,888	23,176,341
2011	0	4,869,751	25,484,227	30,353,978
2012	0	5,064,541	21,399,142	26,463,683
2013	0	5,267,123	27,293,996	32,561,119
2014	0	5,477,808	30,812,622	36,290,430
2015	0	5,696,920	26,665,405	32,362,325

Fiscal Year	Expenses by Type: Benefits ($)	Administrative Expenses ($)	Refunds ($)	Total ($)
2006	11,760,071	807,594	1,934	12,569,599
2007	13,304,749	944,477	388	14,249,614
2008	15,666,175	1,053,599	14,154	16,733,928
2009	16,925,422	867,083	0	17,795,505
2010	17,236,918	1,164,379	0	18,401,297
2011	17,363,841	1,321,324	0	18,685,165
2012	17,747,481	1,456,098	421	19,204,000
2013	19,522,271	1,604,698	0	21,126,969
2014	22,188,409	1,483,762	0	23,672,171
2015	23,563,734	1,190,614	0	24,754,348

EMPLOYEES' RETIREMENT SYSTEM

of the County of Milwaukee

2015 Annual Report of the Pension Board

as of and for the Years Ended December 31, 2015 and 2014

CITIZEN MEMBERS

Dr. Brian Daugherty, Chairman
Patricia Van Kampen
Linda Bedford
Michael Harper

RETIREE MEMBER

D. A. Leonard

EMPLOYEE MEMBERS

Laurie Braun, Vice Chairman
Norb Gedemer
Vera Westphal
Aimee Funck

Director, Retirement Plan Services
Marian Ninneman
901 North 9th Street, Room 210-C
Milwaukee, Wisconsin 53233
Telephone: (414) 278-4207
ers@milwaukecountywi.gov

Employees' Retirement System of the County of Milwaukee

2015 Annual Report of the Pension Board

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EMPLOYEES' RETIREMENT SYSTEM (ERS)

Milwaukee County

Pension Board

Dr. Brian Daugherty
Chairperson

Laurie Braun
Vice Chairperson

Linda Bedford
Aimee Eubck
Nork Gedemer
Michael Harper
D. A. Leonard
Patricia Van Kampen
Vera Westphal

Marian Ninneman
Director, Retirement Plan Services

ERS Members:

We are pleased to present the 2015 Annual Report of your Pension Board. The Employees' Retirement System ("ERS") experienced a positive investment return for the year of 2.4%. Net plan position held in trust for pension benefits decreased $106,428 million. This decrease was mainly due to unrealized investment losses and an increase in pension benefit payments. Total net position at the end of the year was $1.72 billion. The management discussion and analysis, the financial statements, and the footnotes provide detailed information regarding ERS performance. The description of ERS included in this report highlights major plan provisions. County Ordinances, labor agreements, Pension Board Rules, and Governmental Accounting Standards Board pronouncements prevail over the contents of this report. If you have any questions, please call (414) 278-4207.

Members who retire or otherwise leave County service have several options available with respect to pension benefits. To make informed decisions before terminating employment, members should fully understand and carefully consider the various options available.

Members considering retirement within the next few years are reminded to watch for announcements from the County for retirement information programs. Please call the Retirement office at (414) 278-4207 for further information regarding these programs. If you would like to meet with a Retirement Specialist to discuss retirement, please schedule an appointment by calling (414) 278-4207.

Remember to keep your beneficiary designations current by informing the Retirement office of any changes. Retired members should notify the Retirement office in writing of any address changes to insure benefit payments and year-end Form 1099-R statements are properly mailed.

Respectfully,

The Pension Board

COURTHOUSE, ROOM 210-C • 901 NORTH 9TH STREET • MILWAUKEE, WI 53233 • (414) 278-4207 • (877) 652-6377

BAKER TILLY

Baker Tilly Virchow Krause, LLP
777 E Wisconsin Ave, 32nd Floor
Milwaukee, WI 53202-5313
tel 414 777 5500
fax 414 777 5555
bakertilly.com

INDEPENDENT AUDITORS' REPORT

To the Members of the Pension
Board of the Employees' Retirement System of the County of Milwaukee
Milwaukee, Wisconsin

Report on the Financial Statements

We have audited the accompanying statements of fiduciary net position of the Employees' Retirement System of the County of Milwaukee (the "Retirement System"), as of December 31, 2015 and 2014, the statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Retirement System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to the Retirement System's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Retirement System's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Retirement System as of December 31, 2015 and 2014, and the changes in fiduciary net position of the Retirement System for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 9 to the financial statements, in 2015 the net pension liability was recalculated to include the December 31, 2014 actual results. Prior year disclosures have been revised to reflect the recalculation. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedules of Changes in Net Pension Liability and Related Ratios, Contributions, and Investment Returns, and the notes to the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Retirement System's basic financial statements. The Letter from the Pension Board, Ten-year Historical Trend and related information on pages 27 through 30 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
July 19, 2016

Management's Discussion & Analysis (Unaudited)
(In Thousands of Dollars)

Management is pleased to provide this overview and analysis of the financial activities of the Employees' Retirement System of the County of Milwaukee ("ERS", or the "Retirement System") for the year ended December 31, 2015. Readers are encouraged to consider the information presented in conjunction with the Financial Statements.

FINANCIAL HIGHLIGHTS

FIDUCIARY NET POSITION

- Fiduciary net position for ERS decreased ($106,428) as of 12/31/15 vs. 12/31/14 following an decrease of ($56,650) as of 12/31/14 vs. 12/31/13. Real Estate and Private Equity have experienced positive returns in 2015. Fixed Income, Domestic Equity, Long-Short, and International Equity experienced a negative return in 2015. For the year, the pension fund experienced an overall positive return of 2.4%.
- The rate of return on total assets of the pension fund, net of fees, was 2.4%, 5.5%, and 15.2%, for the years ended December 31, 2015, 2014, and 2013, respectively.
- Receivables decreased by ($24,172) as of 12/31/15 vs. 12/31/14 due primarily to the County of Milwaukee paying 2015 contributions in 2015 instead of 2016, as well as lower pending investment sales. Receivables decreased by ($11,345) as of 12/31/14 vs. 12/31/13 due primarily to a decrease in receivables from sales of investments, as well as lower pension contributions from the County of Milwaukee due to higher employee contributions.
- Other assets decreased ($11,963) as of 12/31/15 vs. 12/31/14 and increased $505 as of 12/31/14 vs. 12/31/13 due largely to changes in securities lending – collateral of ($11,142) and $1,322, respectively.
- Liabilities decreased ($10,605) from 2015 to 2014, due to an decrease in securities lending—collateral. Liabilities decreased ($171) from 2014 to 2013. This decrease was due to a slight decrease in payables.
- ERS buys and sells financial futures contracts to improve the performance of the fund. ERS purchases contracts that approximate the amount of cash held by US equity managers and cash used to pay benefits and expenses.

ADDITIONS AND DEDUCTIONS TO FIDUCIARY NET POSITION

- Total additions decreased ($37,926) in 2015 vs. 2014 and also decreased ($162,511) in 2014 vs. 2013. The 2015 decrease was primarily the result of decreases in investment income, which was partially offset by an increase in contributions from the County of Milwaukee. The 2014 decrease is primarily the result of decreases in investment income.
- Benefits payments increased $11,248 in 2015 and increased $3,680 in 2014. The increase in 2015 was mostly due to an increase in lump sum payments of $7,216 and an increase in monthly benefits of $4,032. The increase in 2014 was due to an increase in monthly benefits of $2,745 and an increase of $935 in lump sum payments.
- 2015 saw a 10.4% increase in retirements from 2014. 2014 saw a 7.3% decrease in retirements from 2013. There were no significant changes to benefits in 2015 that would explain this increase.
- Pursuant to Governmental Accounting Standards Board Statement No. 67, as of December 31, 2015, and December 31, 2014, the ERS funded ratio was 75.84% and 82.00% respectively. The funding ratio gives an indication of how well the liabilities of the pension plan are funded. The higher the funding ratio, the better the plan is funded. The ratio increases due to investment gains and pension contributions, and declines due to investment losses, increases in plan benefits, large pension payouts, and underpayment by the County of pension annual required contributions.

The Board of Trustees of ERS ("The Board") has the responsibility for the overall performance of the Retirement System. The Board's principal means to achieve this goal is by (a) determining an asset allocation policy which is expected to provide the long-term rate of return sufficient to fund benefits while minimizing the risk of loss through diversification, (b) selecting an appropriate number of investment managers to manage the assets within an asset class and monitoring the performance of such investment managers relative to specified benchmarks, and (c) implementing cost containment measures intended to reduce the investment fees and costs associated with investing the Retirement System's assets. The Board is the fiduciary of the Retirement System and is responsible for carrying out the investment functions solely in the interest of the members and benefit recipients.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Retirement System's financial statements. The financial section is comprised of four components: (1) financial statements, (2) notes to the financial statements, (3) required supplementary information, and (4) other supplementary schedules.

Financial Statements – There are two financial statements presented for the plan. The Statements of Fiduciary Net Position as of December 31, 2015 and 2014 indicates the fiduciary net position available to pay future benefits and gives a snapshot of the financial assets available for pension benefits at a particular point in time. The Statements of Changes in Fiduciary Net Position for the years ended December 31, 2015 and 2014 provides a view of the additions and deductions to the plan for the years presented.

Notes to financial statements – The notes provide additional information that is essential for a full understanding of the data provided in the financial statements.

Required supplementary information – The required supplementary information consists of a Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of Employer Contributions, Schedule of Investment Returns, and related notes concerning the funding status of the plan. These schedules provide historical trend information, that contribute to understanding the changes in the funded status of the plan over time.

(See independent auditors' report)

Other supplementary schedules – The additional schedules (Ten-Year Historical Trend Information, Fiduciary Net Position at Fair Value, Actual County and Participant Contributions, Active Membership Statistics, Retirements and Survivors Statistics) are presented for the purpose of additional analysis.

COMPARATIVE FINANCIAL STATEMENTS

				2015 vs. 2013	
Retirement System's Fiduciary Net Position	**12/31/2015**	**12/31/2014**	**12/31/2013**	**Difference**	**% Change**
Assets					
Cash and cash equivalents	$75,932	$76,430	$81,248	($5,316)	(6.5%)
Receivables	8,366	32,538	43,883	(35,517)	(80.9%)
Investments, at fair value	1,634,905	1,715,304	1,756,467	(121,562)	(6.9%)
Other assets	42,201	54,164	53,659	(11,458)	(21.4%)
Total Assets	1,761,404	1,878,436	1,935,257	(173,853)	(9.0%)
Liabilities					
Security lending obligations	38,859	50,000	48,678	(9,819)	(20.2%)
Other liabilities	6,393	5,856	7,349	(956)	(13.0%)
Total Liabilities	45,252	55,856	56,027	(10,775)	(19.2%)
Net position restricted for Pensions	$1,716,152	$1,822,580	$1,879,230	($163,078)	(8.7%)

				2015 vs. 2013	
Retirement System's Changes in Fiduciary Net Position	**2015**	**2014**	**2013**	**Difference**	**% Change**
Additions					
Employer contributions	$39,081	$19,005	$21,998	$17,083	77.7%
Member contributions	9,325	10,052	8,955	370	4.1%
Investment income	39,451	96,726	257,341	(217,890)	(84.7%)
Total Additions	87,857	125,783	288,294	(200,437)	(69.5%)
Deductions					
Benefit payments	(187,512)	(176,264)	(172,584)	(14,928)	8.6%
Administrative expenses	(5,465)	(5,067)	(4,470)	(995)	22.3%
Withdrawals	(1,308)	(1,102)	(445)	(863)	193.9%
Total Deductions	(194,285)	(182,433)	(177,499)	(16,786)	9.5%
Net increase (decrease) in net pension	(106,428)	(56,650)	110,795	(217,223)	(196.1%)
Net position restricted for pensions:					
Beginning of year	1,822,580	1,879,230	1,768,435	54,145	3.1%
End of year	$1,716,152	$1,822,580	$1,879,230	($163,078)	(8.7%)

Requests for financial information:

The financial report is designed to provide the Board, our membership, taxpayers, investment managers, and creditors with a general overview of ERS' finances and to demonstrate ERS' accountability for the funds under its stewardship. Please address any questions about this report or requests for additional financial information to:

Milwaukee County ERS
901 N. 9th Street Room 210C
Milwaukee, WI 53233

Email: ers@milwaukeecountywi.gov

(See Independent auditors' report)

EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE
STATEMENTS OF FIDUCIARY NET POSITION
AS OF:

	December 31, 2015	December 31, 2014
ASSETS		
CASH AND CASH EQUIVALENTS	**$ 75,932,273**	**$ 76,430,193**
RECEIVABLES		
Due from sale of investments	5,205,067	9,763,459
Accrued interest and dividends	1,681,293	1,774,308
County of Milwaukee	-	20,209,996
Miscellaneous receivables	1,479,736	790,721
TOTAL RECEIVABLES	**8,366,096**	**32,538,484**
INVESTMENTS AT FAIR VALUE		
Domestic common and preferred stocks	578,216,218	635,015,427
Long/Short hedge funds	177,426,363	186,478,839
Fixed income	291,782,236	331,429,377
International common and preferred stocks	146,364,857	156,474,024
Real estate and REIT's	198,099,895	180,379,035
Infrastructure	151,437,209	151,805,271
Private equity	91,577,424	73,703,610
TOTAL INVESTMENTS	**1,634,904,202**	**1,715,303,583**
OTHER ASSETS		
Software development costs, net (See Note 2)	3,342,468	4,163,589
Securities lending - collateral (See Note 5)	38,858,835	50,000,490
TOTAL OTHER ASSETS	**42,201,303**	**54,164,079**
TOTAL ASSETS	**$ 1,761,403,874**	**$ 1,878,436,339**
LIABILITIES		
Securities lending - collateral (See Note 5)	38,858,835	50,000,490
Miscellaneous payables	3,835,490	4,002,944
Payable for securities purchased	1,265,582	291,752
Payable to OBRA retirement plan	1,292,204	1,561,458
TOTAL LIABILITIES	**45,252,111**	**55,856,644**
NET POSITION RESTRICTED FOR PENSIONS	**$ 1,716,151,763**	**$ 1,822,579,695**

The accompanying notes are an integral part of these financial statements

EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED:

	December 31, 2015	December 31, 2014
ADDITIONS:		
CONTRIBUTIONS		
County of Milwaukee	$ 39,080,593	$ 19,005,395
Plan participants	9,324,866	10,051,605
TOTAL CONTRIBUTIONS	**48,405,459**	**29,057,000**
INVESTMENT INCOME		
Net appreciation in fair value	13,024,958	69,266,948
Interest and dividends	15,170,444	18,768,372
Securities lending income	118,464	99,956
Other income	14,626,993	11,542,209
TOTAL INVESTMENT INCOME	42,940,859	99,677,485
Less: Securities lending rebates and fees, net	(50,029)	(21,530)
Investment expense	(3,439,534)	(2,930,118)
Net investment income	39,451,296	96,725,837
TOTAL ADDITIONS	**87,856,755**	**125,782,837**
DEDUCTIONS:		
Benefits paid to retirees & beneficiaries	(187,512,204)	(176,263,605)
Administrative expenses	(5,465,123)	(5,066,955)
Withdrawal of membership accounts	(1,307,360)	(1,102,520)
TOTAL DEDUCTIONS	**(194,284,687)**	**(182,433,080)**
NET DECREASE IN NET POSITION	**(106,427,932)**	**(56,650,243)**
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of year	**1,822,579,695**	**1,879,229,938**
End of year	**$ 1,716,151,763**	**$ 1,822,579,695**

The accompanying notes are an integral part of these financial statements

(1) Description of Retirement System –

The following brief description of the provisions of the Employees' Retirement System of the County of Milwaukee ("ERS" or the "Retirement System") is provided for financial statement purposes only. Members should refer to Section 201.24 of the General Ordinances of Milwaukee County and their respective bargaining agreements for more complete information.

The Retirement System is a single-employer defined benefit plan that was created to encourage qualified personnel to enter and remain in the service of the County of Milwaukee (the "County") by providing for a system of retirement, disability and death benefits to or on behalf of its employees. Under Chapter 201 of the Laws of Wisconsin for 1937, the County was mandated to create the Retirement System as a separate legal entity. The County did so by passing Section 201.24 of the General Ordinances of Milwaukee County. The authority to manage and control the Retirement System is vested in the Pension Board of ERS (the "Board"). The Board consists of a maximum of ten members – three members appointed by the County Executive (subject to confirmation by the County Board of Supervisors), three employee members elected by active employee members, two members appointed by the County Board chairperson, one employee member appointed by the Milwaukee Deputy Sheriffs' Association, and one retiree member elected by retirees.

The Board created two (2) committees to assist in the administration of the Board's duties. The Investment Committee reviews the investment portfolio on a periodic basis, endorses strategies, and submits investment recommendations to the full Board. The Audit Committee reviews legal issues, Ordinance adherence, and submits recommendations to the full Board regarding the annual audit and the Annual Report of the Pension Board. The Pension Board, with the assistance of its actuarial professionals, determines and recommends how much the County should contribute to ERS based on what the Pension Board believes is necessary to properly fund the current and future payment of benefits. The Pension Board oversees the tax qualification of ERS and oversees the administration of ERS in accordance with adopted County Ordinances (the "Ordinances"), any amendments to the Ordinances, and ERS Rules. The Pension Board oversees the benefit payment process from ERS to determine whether these payments are made in accordance with the Ordinances and ERS Rules.

Pension Plan membership, which is open to new members, consisted of the following:

	As of December 31	
Members	**2015**	**2014**
Inactive plan members currently receiving benefits	**7,979**	**7,940**
Inactive plan members entitled to but not yet receiving benefits	**1,370**	**1,411**
Current employees	**3,680**	**3,911**
Total participants	**13,029**	**13,262**

Membership data above is as of January 1, 2015, the date of the actuary report used to determine the total pension liability for each year, and reasonably approximates membership data through December 31, 2015.

Contributions –

The Retirement System had been substantially noncontributory. However, starting in 2011, certain members began making mandatory contributions. Most full-time, regularly-appointed employees were required to make contributions starting in 2012. The employee contributions varied from 5.0% of compensation to 5.3% for 2015. In 2016, the employee contribution percentages will range from 6.5% to 7.4% of compensation. These percentages may change from year to year based on an analysis performed by the Retirement System's actuary.

Employees who terminate County employment and are not eligible for an immediate pension payment may request a refund of all accumulated contributions made, with simple interest at 5% per annum. Effective December 19, 2013, employees, who terminate employment with the County, must request a refund of accumulated contributions within one hundred eighty (180) days of terminating County employment. Prior to December 19, 2013, terminated employees had sixty (60) days to request a refund of their contributions. The Retirement System will send an employee who terminates a written notice of the refund option. Any employee receiving this refund will forfeit his or her service credit and will no longer be a member of ERS.

Contributions due from the County to the Retirement System consist of actuarially determined amounts sufficient to fund the annual service cost and interest on and amortization of the net pension liability less the expected contributions from the participants.

In 2012, the County of Milwaukee started receiving contributions from the State of Wisconsin for members who were transferred from Milwaukee County to the State of Wisconsin for future service. As a result of the agreement between the State and the County, non-vested members of the Retirement System were able to continue to accrue pension benefits with ERS, while they were employed with the State. Once the member is vested, they are transferred to the state retirement plan. The state employees were required to contribute 5.1% of their wages to ERS in 2015 and 2014, and the state contributed the same percentages to the County for 2015 and 2014.

The County makes contributions to the Retirement System based upon Actuarially Determined Contributions and legal requirements, at the discretion of the County Board. Data used in the determination of the contribution is based upon the prior fiscal year's demographics. The actual contribution made to the pension plan is set during the County's budget process and may differ from the Actuarially Determined Contribution as a result of changes in plan provisions implemented subsequent to establishment of the Actuarially Determined Contribution and budgetary restraints. During the year, the Retirement System accrues those contributions that the County has included in its current year's budget. The County contribution recorded by the Retirement System was $9,448,365 less than, and $507,925 less than, the Actuarially Determined Contribution for 2015 and 2014, respectively.

The Actuarially Determined Contribution is calculated by the Retirement System's actuary, hired by the Pension Board, using census data, following plan guidelines, and compared to current net assets. The objective is to calculate a contribution that allows the Retirement System to fulfill its obligations to its members.

Benefits -

The normal retirement benefit is a monthly pension for the life of the member beginning at normal retirement age. The pension amount is determined by the following formula:

Multiplier x Creditable Service x Final Average Salary

For most members, the normal retirement age is either 60 or 64 depending on ERS enrollment date and collective bargaining agreement. A few labor agreements also require a minimum of 5 years creditable service in addition to the age requirement. For deputy sheriff members, the normal retirement age is 57 or age 55 with 15 years of creditable service. Depending on enrollment date and collective bargaining agreement, some active members are eligible to retire when their age added to their years of creditable service equals 75 (the "Rule of 75"). The multiplier is determined by Ordinance, collective bargaining agreements, and ERS enrollment date. At this time, the multiplier percentage can be 1.5%, 1.6%, 2% or 2.5%. A member's three or five consecutive years of highest earnings are used to calculate their final average salary as defined by the Ordinance and labor agreements. Annually after retirement, the monthly benefit is increased by 2% of the benefit paid for the first full month of retirement, subject to IRS limits. By Ordinance, the maximum benefit (excluding post-retirement increases) payable to a member cannot exceed the sum of 80% of the member's final average monthly salary.

For some members, depending on enrollment date and collective bargaining agreement, the member may elect to receive a backdrop benefit. This benefit permits an employee to receive a lump-sum payment plus a monthly pension benefit upon retirement. The lump-sum payment is the total of the monthly pension amounts, adjusted for post retirement increases that a member would be entitled to from a prior date ("backdrop date") to the date that the member terminates employment plus compounded interest. The backdrop date must be at least one calendar year prior to the termination date and the member must have been eligible to retire as of that date. The member will be entitled to a post retirement increase based on the backdrop date once the member terminates employment.

In 2012, the County Board passed an ordinance limiting the amount of backdrop benefit for most eligible employees who choose a backdrop date after April 1, 2013. If the member chooses a backdrop date after April 1, 2013, then the monthly back-drop benefit is calculated using the member's final average salary, service credit, and applicable multipliers as of April 1, 2013. This plan change does not apply to Elected Officials, Skilled Trades, Machinists, Federated Nurses, and Firefighters.

A member who meets the requirements for an accidental disability retirement benefit is entitled to an amount computed in the same manner as a normal pension but not less than 60% of the member's final average salary for accidental disability (75% for a represented deputy sheriff). The ordinary disability pension will not be less than 25% of the member's final average salary. A total of 15 years of creditable service is required to apply for ordinary disability.

Most members are immediately vested upon attaining age 60 or 64. A vested member is eligible for a deferred pension beginning as of the member's normal retirement date.

A member who is 55 years of age and has 15 years of credited service may elect to receive early reduced retirement benefits. The member would be entitled to a benefit equal to the normal retirement benefit with a lifetime reduction of 5% for each year prior to the normal retirement date.

Upon the death of a member (generally after 1 year of service and depending on collective bargaining agreements), a spouse with a dependent child as defined by Ordinance will receive 40% of the deceased member's salary, reduced by Social Security benefits payable to the spouse. An additional 10% of salary, reduced by Social Security benefits, is paid for each dependent child. Generally, the total benefit, including Social Security benefits, cannot exceed 90% of the prior salary level of the member. At age 60, the spouse will receive 50% of the normal retirement benefit based on the member's projected service to age 60. If there is no spouse or child, the death benefit payable to a designated beneficiary is equal to 50% of the deceased member's final average salary, but not to exceed $2,000.

A member who becomes eligible for normal retirement, but continues to work may elect a Protective Survivorship Option ("PSO") designating a person to receive a pension (100% option) in the event of their death while in active service. Previously there had been a 50% option for PSOs; however, on December 17, 2015 the County Board of Supervisors amended Ordinance section 201.24(7.1) and removed that option. The PSO election must be filed in writing on an approved form. In the absence of an election, a surviving spouse will be paid a 100% survivorship pension.

Currently, members may choose among several benefit payment options when retiring. The available pension options are:

-Maximum Option

Benefit payable for the member's lifetime and ceases upon member's death.

-Option 1 – Membership Account Refund *

This option is an actuarially reduced benefit that ceases upon member's death. This option guarantees that the member will receive the total Membership Account balance as of the retirement date. The Membership Account balance is reduced monthly by an actuarially determined amount. Any balance remaining upon the member's death will be paid to the member's beneficiary.

-Option 2 – 50% (50% Joint & Survivor)

This option is an actuarially reduced pension benefit that is payable over the life of the member. Upon the member's death, 50% of the pension benefit is payable over the life of a named beneficiary, if living;

-Option 3 – 100% (100% Joint & Survivor)

This option is an actuarially reduced pension benefit that is payable over the life of the member. Upon the member's death, 100% of the pension benefit is payable over the life of a named beneficiary, if living;

-Option 4 – 25% (25% Joint & Survivor)

This option is an actuarially reduced pension benefit that is payable over the life of the member. Upon the member's death, 25% of the pension benefit is payable over the life of a named beneficiary, if living;

-Option 5 - 75% (75% Joint & Survivor)

This option is an actuarially reduced pension benefit that is payable over the life of the member. Upon the member's death, 75% of the pension benefit is payable over the life of a named beneficiary, if living;

-Option 6 - 10 Year Certain (10 Year Certain and Life)

This option is an actuarially reduced pension benefit payable over the member's life but is guaranteed for a period of 10 years. In the event the member should die within 10 years after the retirement date, the benefit continues to the named beneficiary for the balance of the 10 years.

-Option 7 - Board Discretion *

This option is at the Pension Board's discretion and is a payment of a benefit in a form other than those set forth above. The payment in other form must be the actuarial equivalent of the benefit otherwise payable. A member requesting this option is responsible for all expenses incurred in the application for and calculation of the benefit.

* The County Executive signed amendments to Ordinance sections 201.24(7.1) and (7.2) on December 23, 2015 after being adopted by the County Board of Supervisors on December 17, 2015. In 2016, the Pension Board adopted Rule amendments to change the Rules to conform with the Ordinance changes. These amendments eliminate Option 1 and Option 7, rename Options 2-5 as Joint & Survivor, and rename Option 6 as 10 Year Certain and Life.

Benefits of $187.5 million and $176.3 million were paid in 2015 and 2014, respectively, including periodic pension payments of $167.7 million and $163.7 million, respectively, and backdrop lump sum pension payments of $19.8 million and $12.6 million in 2015 and 2014, respectively.

(2) Summary of Significant Accounting Policies

Basis of Accounting –

The accompanying financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed and expenses are recorded when the corresponding liabilities are incurred. Benefits payments to members are recognized in the period in which the payment was due to the member.

Reporting Entity –

As defined by accounting standards generally accepted in the United States of America ("U.S. GAAP"), the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Based upon required criteria, the Retirement System has no component units and is not a component unit of any other government. These basic financial statements cover all of the defined benefits and operations administered by the Board for the ERS and the OBRA 1990 Retirement System of the County of Milwaukee.

Contributions –

The Retirement System records employee contributions as earned. Contributions earned but not yet received from the County are reflected as contributions receivable.

Investments –

Investments, primarily stocks, bonds, certain government loans and mortgage-backed certificates, are stated at quoted fair value. Temporary cash investments are valued at cost, which approximates fair value. Investments in venture capital partnerships, real estate, long/short hedge and infrastructure are valued at estimated fair value, as provided by the Retirement System's investment managers. Investment transactions are recorded on the trade date. Dividends and interest are recorded as earned. Realized gains and losses are computed based on the average cost method. Unrealized gains and losses in the fair value of investments represent the net change in the fair value of the investments held during the period.

Investment securities, in general, are exposed to various risks, such as interest, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect amounts reported in the Statements of Fiduciary Net Position.

A summary of cash and investments at cost is as follows:

	As of December 31,	
	2015	2014
Fixed income	$ 274,055,616	$ 306,552,949
Domestic common and preferred stocks	484,163,339	490,347,318
International common and preferred stocks	137,307,675	141,242,429
Long/Short hedge funds	149,382,663	144,258,558
Infrastructure	127,978,997	129,487,638
Real estate and REIT's	132,788,941	132,788,941
Private equity	88,515,515	69,891,637
Cash & cash equivalents	72,788,470	76,430,193
Total investments at cost	$ 1,466,981,217	$ 1,490,999,663

Valuation of International Securities –

Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts on the date of valuation. Purchases and sales of securities and income items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

Software Development Costs –

Capitalized software development costs represent direct costs related to the development and implementation of software programs utilized in the Retirement System. The amounts are being amortized over ten years using the straight-line method. Amortization expense is included in Administrative Expenses in the accompanying Statements of Changes in Fiduciary Net Position.

	As of December 31, (in thousands of dollars)	
	2015	2014
Software development costs		
Beginning balance	$ 8,470	$ 8,463
Acquisitions	3	7
Ending Balance	$ 8,473	$ 8,470
Accumulated amortization		
Beginning balance	$ 4,306	$ 3,482
Amortization expense	825	824
Ending Balance	$ 5,131	$ 4,306
Software development costs, net	$ 3,342	$ 4,164

Expenses –

Administrative expenses incurred by the County related to the Retirement System are payable by the Retirement System to the County. Such expenses totaled $1,204,226 and $1,329,904 in 2015 and 2014, respectively.

Rate of Return –

For the year ended December 31, 2015, and December 31, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.2 percent and 5.3 percent, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Use of Estimates –

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contingencies –

Claims and judgments are recorded as liabilities if all conditions of Governmental Accounting Standards Board ("GASB") pronouncements are met. Claims and judgments are recorded as expenses when the related liabilities are incurred.

New Accounting Standards –

In June 2012, GASB issued Statement No. 67 ("GASB 67"), "Financial Reporting for Pension Plans", which revises existing guidance for the financial reports of most pension plans.

GASB 67 replaces the requirements of GASB Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans", and GASB Statement No. 50, "Pension Disclosures", as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. GASB 67 builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. GASB 67 enhances note disclosures and required supplementary information for both defined benefit and defined contribution pension plans. GASB 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year required supplementary information schedules. This standard was implemented effective January 1, 2014.

GASB has approved GASB Statement No. 72, *Fair Value Measure and Application*, Statement No. 79, *Certain External Investment Pools and Pool Participants*, and Statement No. 82, *Pension Issues*. When they become effective, application of these standards may restate portion of these financial statements.

(3) Income Taxes –

Management has submitted to the Internal Revenue Service, as part of a Voluntary Compliance Program, any compliance issues that have been discovered through a self-administered review where the provisions contained in the Internal Revenue Code, the County Pension Ordinances or Pension Rules differ from actual practice. Management is waiting for a response from the Internal Revenue Service regarding what action will be required to bring the pension system into compliance in all of its practices in order to maintain its tax-qualified status.

(4) Contributions Required and Contributions Made –

The Retirement System's funding policy provides for periodic County contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Payroll contribution rates are determined using the Aggregate Entry Age Normal method of funding. The Retirement System also uses the level percentage of payroll method to amortize the unfunded liability over a 30 year period. The significant actuarial assumptions used to compute the contribution requirements are the same as those used to compute the pension benefit obligation.

County contributions totaling $39,080,593 and $19,005,395 were recorded in 2015 and 2014, respectively. The 2015 and 2014 contributions were $9,448,365 below and $507,925 below the Funding Contribution Amount ("FCA"), respectively. The County contributions do not include contributions made by the members. Member contributions were $9,324,866 for the year ended December 31, 2015 and $10,051,605 for the year ended December 31, 2014. The small decrease was caused by the decrease of pay periods—2014 was a 27 pay period year instead of the usual 26 pay periods. The decrease was offset slightly by the increase in the employee contribution percentages from 5.1% of pensionable compensation in 2014 to 5.3% in 2015. See the Schedule of Contributions in the Required Supplementary Information.

The 2015 and 2014 contributions reflected in the accompanying statements were actuarially determined as of January 1, 2014 and 2013. These amounts were included in the County's 2015 and 2014 budgets. The Retirement System's financial statements as of December 31, 2014 reflects the unpaid portion of the 2014 contributions as a contribution receivable. The 2015 contributions were paid in 2015, thus a contribution receivable is not recorded.

(5) Deposit and Investment Risk Disclosure –

As provided by state legislative act and County Ordinance, the Board has exclusive control and management responsibility of the Retirement System's funds and full power to invest the funds. In exercising its fiduciary responsibility, the Board is governed by the "prudent person" rule in establishing investment policy. The "prudent person" rule, requires the exercise of that degree of judgment, skill and care under the circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to permanent disposition of their funds, considering the probable income as well as the probable safety of the principal. The Board has adopted a Statement of Investment Policy to formally document investment objectives and responsibilities. This policy establishes guidelines for permissible investments of the Retirement System. The Retirement System's investments are subject to various risks. Among them are credit risk, concentration of credit risk, custodial credit risk, interest rate risk, and foreign currency risk. Each of these risks is discussed in more detail below.

Concentration of Credit Risk –

Concentration of credit risk is a risk of loss that may be attributed to the magnitude of the Retirement System's investment in a single issuer, generally investments in any one issuer that represents five (5) percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this definition. The Retirement System has no investments in one issuer other than U.S. Government securities and mutual funds that exceed five (5) percent of the total investments.

Credit Risk –

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's Investors Services ("Moody's"), Standard and Poor's ("S & P") and Fitch Ratings ("Fitch's"). With the exception of the Mellon Capital Management Aggregate Bond portfolio, bonds purchased and owned in each portfolio must have a minimum quality rating of "Baa3" (Moody's) or "BBB-"(S & P or Fitch's). The average quality of each portfolio must be "A" or better. The fixed income securities for the Mellon Capital Management Aggregate Bond portfolio should have a minimum quality rating of "A", with the exception of 15% of the portfolio which may have a minimum quality rating of "BBB". Of the $7.2 million not rated by Moody's as of December 31, 2015, $72.0 was cash or cash equivalent, and $5.9 million is rated by S & P as investment grade ("BBB-" or higher). Moody's quality rating of "BAA3" or above is considered investment grade. As of December 31, 2015, $1.1 million was not rated by S & P or Moody's. Of the $9.1 million not rated by Moody's as of December 31, 2014, $6.7 million was rated by S & P as investment grade. $1.9 million was also not rated by S & P as of December 31, 2014. The credit quality ratings of investments in fixed income securities by Moody's as of December 31, 2015, and 2014, are as follows: (amounts are in thousands of dollars)

Moody's Quality Ratings	12/31/2015 Fair Value	12/31/2014 Fair Value
AAA	$108,043	$122,040
AA1	1,265	1,273
AA2	3,592	3,680
AA3	2,429	3,903
A1	5,798	6,576
A2	7,562	6,978
A3	9,535	9,078
BAA1	11,287	11,000
BAA2	7,994	11,186
BAA3	4,260	4,456
BA1	509	1,339
BA2	845	1,192
BA3	359	819
B1	786	869
B2	686	60
B3	170	278
CAA1	49	65
CAA2	150	181
CAA3	135	160
CA	322	424
NR	7,195	9,061
Total Credit Risk Fixed Income Securities	**$172,971**	**$194,618**
U.S. Government and Agencies	66,882	68,223
Units of Participation (Not Rated)	51,929	68,588
Total Investment in Fixed Income	**$291,782**	**$331,429**

Custodial Credit Risk – Deposits and Investments –

Custodial credit risk is the risk that, in the event a financial institution or counterparty fails, the Retirement System will not be able to recover the value of its deposits, investments or securities. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the Retirement System's name and are held by the counterparty.

No formal policy exists on custodial risk. However, substantially all assets of the Retirement System are held in its name. The Retirement System did not own any repurchase agreements as of December 31, 2015 or December 31, 2014.

As of December 31, 2015 and 2014, all deposits with banks are fully insured by the Federal Depository Insurance Corporation or the State Deposit Guarantee Fund.

The following table presents the Retirement System's total cash, deposits and cash equivalents as of December 31, 2015 and December 31, 2014: (amounts are in thousands of dollars)

Schedule of Cash and Cash Equivalent Investments

	12/31/15		12/31/14	
	Carrying Value	Bank Balance	Carrying Value	Bank Balance
Cash held by various investment managers.....	$72,934	$72,934	$63,677	$63,677
Deposits with banks.....	2,998	3,609	12,753	13,629
Total Deposits.....	**$75,932**	**$76,543**	**$76,430**	**$77,306**

The difference between the carrying value and bank balances are due to outstanding checks and deposits not yet processed by the bank.

Foreign Currency Risk –

Foreign currency risk is the risk that changes in currency exchange rates will adversely affect the fair value of an investment or deposit.

This footnote is a required disclosure when the Retirement System directly owns investments denominated in a foreign currency. As of December 31, 2015, and 2014, the Retirement System directly owned less than $350 dollars and $400 dollars in investments denominated in foreign currencies, respectively.

Interest Rate Risk –

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Duration is a measure of an investment's sensitivity to changes in interest rates. The higher the duration, the greater the changes in fair value when interest rates change. The Option-Adjusted Duration for a security is the percentage price sensitivity to interest rates changes of 100 basis points (or 1.0%), as of December 31, 2015 and 2014. For example, an Option-Adjusted Duration of 5.20 means that the price of the security should fall approximately 5.20% for a 1.0% rise in the level of interest rates. Conversely, the price of a security should rise approximately 5.20% for a 1.0% fall in the level of interest rates. Interest rate changes will affect securities with negative durations in the opposite direction. The Option-Adjusted Duration method of measuring duration takes into effect the embedded options on cash flows.

The Retirement System does not have a formal investment policy that limits investment maturities as a means of managing exposure to losses arising from increasing interest rates with the exception of the cash equivalent portfolio. The investment policy limits the duration of individual securities held in the cash equivalent portfolio to 2.5 years. In addition, the duration of the entire cash equivalent portfolio should be between 1 and 2 years.

As of December 31, 2015 and 2014, the Retirement System had the following Option-Adjusted Durations for the fixed income investments: (amounts are in thousands of dollars)

Fixed Income Sector	12/31/15 Fair Value*	12/31/15 Option Adjusted Duration	12/31/14 Fair Value*	12/31/14 Option Adjusted Duration
ABS-Car Loan	$ 1,611	0.90	$ 2,465	0.73
ABS-Credit Cards	1,535	2.23	576	3.18
ABS-Home Equity	235	0.02	380	0.04
Aerospace & Defense	59	9.66	63	10.26
Agency for Int'l. Devel. Backed Debt	339	8.90	335	9.95
Automobiles & Components	356	6.96	371	7.68
Banking & Finance	14,211	4.34	15,804	4.44
Canadian Government Bonds	630	4.00	-	-
Capital Goods	892	8.22	90	8.17
Chemicals	1,156	7.46	1,322	7.83
CMBS - Conduit	4,061	0.89	6,985	1.42
Commercial Services & Supp.	121	5.66	115	6.38
Communications	2,497	7.31	2,472	7.78
FHLMC Multiclass	17,501	2.28	20,132	2.37
FHLMC Pools	7,424	2.22	8,927	2.16
FNMA Pools	38,941	3.64	40,791	3.82
FNMA REMIC	25,181	1.31	28,663	1.67
Food Beverage & Tobacco	418	4.63	551	4.59
Food Products	633	7.18	655	7.71
GNMA Multi Family Pools	756	2.39	949	1.55
GNMA REMIC	7,529	2.07	8,556	1.98
GNMA Single Family Pools	1,642	3.07	2,027	2.35
Health Care	1,683	9.11	1,096	9.82
Household Products	76	2.46	87	2.99
Industrial	454	3.47	493	4.24
Insurance	1,069	7.28	1,125	6.33
Interest Only US Agencies	-	-	319	6.91
Materials	-	-	38	1.66
Mining	511	4.41	684	5.54
Non-US Corporate Bonds	799	7.59	-	-
Non-US Government Bonds	-	-	819	8.66
Oil & Gas	5,241	6.22	4,850	7.08
Principal Only US Agencies	5,283	5.00	4,984	6.05
Private Placements - ABS	-	-	299	0.24
Private Placements - Banking & Finance - Covered	-	-	392	0.79
Private Placements - MBS	1,454	3.25	2,045	1.89
Pvt Placements-More than 1 yr	5,466	5.82	5,827	6.21
PVT Placements-Interest Only	386	2.35	189	1.78
REITS	1,023	4.72	805	4.82
Retail	901	9.33	975	10.00
Supranational Issues	186	0.04	191	1.01
Taxable Municipals	881	15.31	948	16.55
Technology	1,483	4.94	1,886	5.08
Transportation	1,697	7.46	1,702	8.14
U.S. Agencies	917	14.00	983	14.75
U.S. Governments Interest Only	32,737	5.83	31,694	6.78
U.S. Governments	32,877	6.56	35,183	6.50
Utility-Electric	4,660	6.23	4,924	6.91
Utility-Gas	633	3.80	660	4.61
Utility-Telephone	3,241	9.81	2,866	9.75
Whole Loan - CMO	6,850	2.70	8,395	0.09
Whole Loan - Re-securitization	359	0.01	416	0.01
Yankee Bonds	1,258	7.81	2,024	7.47
Other*	51,929		72,300	
Total	**$ 291,782**		**$ 331,429**	

* For 2015, this represents $50,340 units of participation, $207 in FHLMC Multiclass, $289 in Private Placements, $258 in Transportation, and $835 in Utility - Electric. For 2014, this represents $68,588 in units of participation, $2,340 in FHLMC Multiclass, $162 in FNMA REMIC, $316 in Private Placements, $74 in REITS, and $820 in Whole Loans.

Securities Lending –

Section 201.24 (9.1) of the General Ordinances of Milwaukee County and Board policies permit ERS to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. ERS participates in such a securities lending program through its custodian, the Bank of New York Mellon, acting as ERS's securities lending agent. ERS requires collateral from the borrower in the form of cash or securities. Collateral for domestic issues is set at 102% of the fair value of the securities loaned at the time of the initial transaction. If the value falls to 100% of the fair value of the securities loaned, additional collateral is obtained to reestablish collateral at 102% of the fair value of securities loaned. Collateral for international securities is maintained at a level of 105% of the fair value of securities loaned at all times. The securities lending program guidelines attempt to preserve capital while earning a moderate rate of return. Earnings from securities lending, after all fees are paid, are split on a percentage basis with the custodian. For 2015 and 2014, the net investment income realized from security lending was $68,435 and $78,427 respectively.

ERS also invested in several commingled funds managed by Mellon Capital Management that participated in securities lending programs. The earnings and losses attributable to the commingled funds' securities lending programs are combined with the commingled funds' performance and are not reported separately in ERS's financial statements.

Securities loaned and the collateral held were as follows: (amounts are in thousands of dollars)

	As of December 31			
	2015		2014	
Securities Lent for Cash Collateral	**Securities Lent**	**Collateral**	**Securities Lent**	**Collateral**
Fixed income	$ 12,556	$ 12,833	$ 16,516	$ 16,863
Domestic stocks	25,441	26,026	32,395	33,137
Subtotal	**37,997**	**38,859**	**48,911**	**50,000**
Securities Lent for Securities Collateral				
Fixed income	5,965	6,091	4,751	4,848
Domestic stocks	828	845	2,049	2,090
Subtotal	**6,793**	**6,936**	**6,800**	**6,938**
Grand Total	**$ 44,790**	**$ 45,795**	**$ 55,711**	**$ 56,938**
Percent Collateral to Securities Loaned		**102.24%**		**102.20%**

The collateral received from securities lending transactions are recorded as assets at quoted fair value as of the financial statement date. The Retirement System records an identical amount as a liability, representing the obligation of the Retirement System to return the collateral at the time the borrower of the Retirement System's securities return those securities.

The collateral received from securities lending transactions includes cash (in thousands) of approximately $38,859 and $50,000 and U.S. Treasury securities, Domestic stocks, and REIT's of approximately $6,936 and $6,938 for the years ended December 31, 2015 and 2014, respectively. Under the terms of the securities lending agreement, the Retirement System has the right to sell or pledge the cash collateral. The non-cash collateral in the amounts of approximately $6,936 and $6,938 for the years ended December 31, 2015 and 2014, respectively, is controlled by the custodian and, correspondingly, not reflected in the Statements of Fiduciary Net Position.

At year-end, the Retirement System has no credit risk exposure to borrowers because the amounts the Retirement System owes the borrowers exceed the amounts the borrowers owe the Retirement System. The contract with the Retirement System's custodian requires it to indemnify the Retirement System if a borrower fails to return the securities (and if the collateral is inadequate to replace the securities lent) or fails to pay the Retirement System for income distributions by the securities' issuers while the securities are on loan.

(6) Financial Instruments with Off-Balance Sheet Risks –

A currency forward is a contractual agreement between two parties to pay or receive amounts of foreign currency at a future date in exchange for another currency at an agreed-upon exchange rate. Forward commitments are entered into with the foreign exchange department of a bank located in a major money market. These transactions are entered into in order to hedge risks from exposure to foreign currency rate fluctuations. Recognition of realized gain or loss depends on whether the

currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the Retirement System records the amount receivable or payable at fair value, with the unrealized gain or loss reported as a component of net appreciation in fair value. All contracts are short-term in duration and mature within 90 days.

The Retirement System did not hold any financial instruments with off-balance sheet risk as of December 31, 2015 and December 31, 2014.

ERS invests in financial futures contracts in order to improve the performance of the fund. The Retirement System purchases contracts that approximate the amount of cash held by US equity investment managers and cash used to pay benefits and expenses. Financial futures contracts are agreements to buy or sell a specified amount at a specified delivery or maturity date for an agreed upon price.

The market values of the futures contracts vary from the original contract price. A gain or loss is recognized and paid to or received from the clearinghouse. Financial futures represent an off balance sheet obligation, as there are no balance sheet assets or liabilities associated with those contracts. The cash or securities to meet these obligations are held in the investment portfolio. All contracts are short-term in duration and mature within 90 days.

ERS is subject to credit risk in the event of non-performance by counter parties to financial futures and forward contracts. ERS generally only enters into transactions with credit-worthy institutions. The Retirement System is exposed to market risk, the risk that future changes in market conditions may make an instrument less valuable. Exposure to market risk is managed in accordance with risk limits set by ERS management and by buying or selling futures or forward contracts. The cash or securities to meet these obligations are held in the investment portfolio.

The futures contracts held by the Retirement System are as follows: (amounts are in thousands of dollars)

	As of December 31	
	2015	2014
US Equity Managers		
Cash Held		
US Equity Investment Managers	$ 19,797	$ 28,119
Futures Purchased		
S&P 500 (US Equity)	21,168	23,808
Futures Above\(Below) Cash	1,371	(4,311)
Market Value	$ 159	$ 1,518

	As of December 31	
	2015	2014
Cash Used to Pay Benefits and Expenses		
Cash Held	$ 52,419	$ 35,535
Futures Purchased		
Barclays AGG (Fixed Income)	20,309	19,984
S&P 500 (US Equity)	12,619	14,162
MSCI EAFE (International Equity)	10,274	8,350
Total Futures Purchased	43,202	42,496
Futures Above\(Below) Cash	(9,217)	6,961
Market Value	-	-
Total Market Value	$ 159	$ 1,518

(7) Commitments and Contingencies –

The Retirement System is involved in litigation and certain other disputes arising during the normal course of operations. Management does not believe the settlement of such matters will have a material impact on the Retirement System's financial statements.

(8) OBRA 1990 Retirement System of the County of Milwaukee –

The County established the OBRA 1990 Retirement System of the County of Milwaukee ("OBRA") to cover seasonal and certain temporary employees who are not enrolled in the Retirement System. Assets of the OBRA system are commingled for investment purposes with the assets of the Retirement System. The assets of the Retirement System are legally available to pay benefits of either the ERS or OBRA and all assets have been commingled. The Retirement System and OBRA are considered a single plan for financial reporting purposes.

Net assets identified for OBRA benefits as of December 31, 2015 and 2014, were as follows:

Statement of Fiduciary Net Position		
	(Unaudited)	
Assets	**2015**	**2014**
Cash	**$ 15,072**	**$ (9,149)**
Assets held by Retirement System	**1,292,204**	**1,561,458**
Other Assets	**8,083**	**8,083**
Total assets	**1,315,360**	**1,560,392**
Liabilities		
Taxes Payable	**(4,815)**	**-**
Net position held in trust for pension benefits	**$ 1,310,545**	**$ 1,560,392**

Changes in plan net position available for benefits for OBRA for the years ended December 31, 2015 and 2014, were as follows:

Statements of Change in Fiduciary Net Position		
	(Unaudited)	
	2015	**2014**
Contributions from the County	$ 440,000	$ 440,000
Investment income	34,314	101,921
Investment and administrative expenses	(520,844)	(454,751)
Benefits paid	(206,452)	(126,636)
Net decrease in net position restricted for pensions	**$ (252,983)**	**$ (39,466)**

As of December 31, 2015 and 2014, respectively, there were 5,507 and 5,224 participants with vested benefits in OBRA. The total pension liability of OBRA at December 31, 2015 and 2014, was $4,028,407 and $3,721,299, respectively, leaving net assets available less than the total pension liability of ($2,717,862) and ($2,160,907), respectively. These amounts are not

(9) Net Pension Liability

The components of the net pension liability of the Retirement System and OBRA at December 31, 2015 and December 31, 2014 were as follows:

ERS		
	2015	**2014**
Total pension liability	$ 2,262,851,177	$ 2,222,620,399
Plan fiduciary net position	(1,716,151,763)	(1,822,579,695)
Net pension liability	**$ 546,699,414**	**$ 400,040,704**
Plan fiduciary net pension as a percentage of the total pension liability	**75.84%**	**82.00%**

OBRA		
	2015	**2014**
Total pension liability	$ 4,028,407	$ 3,721,299
Plan fiduciary net position	(1,310,545)	(1,560,392)
Net pension liability	**$ 2,717,862**	**$ 2,160,907**
Plan fiduciary net pension as a percentage of the total pension liability	**32.53%**	**41.93%**

The 2014 net pension liability has changed based on the pension liability calculation for 2015, which has been recalculated to include the December 31, 2014 actual results.

Actuarial assumptions—The last actuarial valuation was performed as of December 31, 2015, and was determined using the following actuarial assumptions, applied to all prior periods included in the measurement:

Valuation date	12/31/2015
Actuarial cost method	Entry Age Normal—Level Percentage of Pay
Asset valuation method	10-year smoothed market
Amortization methods	For pension expense; the difference between expected and actual liability experience and changes of assumptions are amortized over the average of the expected remaining service lives of all members. The difference between projected and actual earnings is amortized over a closed period of five years.
Inflation Assumption	3.00%
Mortality Table	Healthy pensioners: The sex-distinct UP-1994 Mortality Table with Projection scale AA to 2012 and then fully generational thereafter using scale AA. Active members: 70% of the rates applicable to healthy pensioners.
Experience study	The actuarial assumptions used for ERS were based on the results of an actuarial experience study for the period January 1, 2007 through December 31, 2011. The actuarial assumptions used for OBRA were based on the results of an actuarial experience study for the period January 1, 2006 through December 31, 2011.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of position plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as

Asset Class	Policy	Long-term Expected Real Rate of Return *
Fixed income	**22.0%**	**1.84%**
Domestic common and preferred stocks	**25.0%**	**9.48%**
International common and preferred stocks	**20.0%**	**8.22%**
Long/Short hedge funds	**10.0%**	**4.72%**
Infrastructure	**8.5%**	**6.63%**
Real estate and REIT's	**8.5%**	**6.89%**
Private equity	**6.0%**	**12.45%**
Cash & cash equivalents	**0.0%**	**0.00%**
	100.0%	

* Provided by the actuary, Buck Consultants, and used in their calculations.

Discount rate — The discount rate used to measure the total pension liability was 8.0 percent. The projection of cash flows used to determine the discount rate assumed that the Retirement System's contributions will continue to follow the current funding policy. Based on those assumptions, the Retirement System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Sensitivity of the net pension liability to changes in the discount rate — The following presents the net pension liability of the Retirement System, calculated using the discount rate of 8.0 percent, as well as what the Retirement System and OBRA's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.0 percent) or 1-percentage-point higher (9.0 percent) than the current rate:

	1% Decrease (7.0%)	Current Discount (8.0%)	1% Increase (9.0%)
ERS' net pension liability……	$ 770,471,173	$ 546,699,414	$ 356,602,059
OBRA's net pension liability.....	$ 3,572,548	$ 2,717,862	$ 2,077,418

10) Subsequent Events

The Retirement System has evaluated subsequent events occurring through July 19, 2016, the date the financial statements were available to be issued for events requiring recording or disclosure in the Retirement System's financial statements. Management feels that no material events occurred that would require disclosure, except for the following.

In February 2016, the Pension Board adopted the following changes:

- The County Executive signed the amendments to Ordinance sections 201.24(7.1) and (7.2) on December 23, 2015 after being adopted by the County Board of Supervisors on December 17, 2015. The Pension Board adopted amended ERS Rules 1013, 1014, 1054 and 1056, and repealed ERS Rules 1021 and 1035, effective February 17, 2016.

In March 2016, the Pension Board adopted the following changes:

- Provide Vontobel 15-days' notice to terminate and liquidate ERS's investment in its international product and place the liquidated assets into ERS's index fund.
- To reduce the actuarial assumed rate of return to 7.5%, with implementation for the 2017 actuarial contribution calculations.

In May 2016, the Pension Board adopted the following changes:

- Under the request of the County Executive, the Pension Board revised the implementation of the reduction of actuarial assumed rate of return to gradually phase it in reducing the rate to 7.75% by 1/1/2018 and to 7.5% by 1/1/2020.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Last 2 Fiscal Years

ERS	2015	2014
Total pension liability		
Service cost	$ 15,740,283	$ 15,299,451
Interest	171,661,372	172,040,282
Changes in benefit terms	-	-
Differences between expected and actual experience	41,648,688	(17,331,161)
Changes in assumptions	-	-
Benefit payments including refunds of member contributions	(188,819,565)	(177,366,124)
Net change in total pension liability	40,230,778	(7,357,552)
Total pension liability—beginning	2,222,620,399	2,229,977,951
Total pension liability—ending	$ 2,262,851,177	$ 2,222,620,399
Plan fiduciary net position		
Contributions—employer	$ 39,080,593	$ 19,005,395
Contributions—member	9,324,866	10,051,605
Net investment income	39,451,296	96,725,837
Benefit payments, including refunds of member contributions	(188,819,564)	(177,366,124)
Administrative expenses	(5,465,123)	(5,066,956)
Other	-	-
Net change in plan fiduciary net pension	(106,427,932)	(56,650,243)
Total plan fiduciary net position—beginning	1,822,579,695	1,879,229,938
Total plan fiduciary net position—ending	$ 1,716,151,763	$ 1,822,579,695
Net pension liability—ending	$ 546,699,414	$ 400,040,704
Plan fiduciary net position as a percentage of total pension liability	75.84%	82.00%
Covered-employee payroll	$ 191,432,915	$188,605,492
Net pension liability as a percentage of covered-employee payroll	285.58%	212.10%

The plan implemented GASB Statement No. 67 in the fiscal year 2014. Information calculated utilizing GASB 67 prior to fiscal year 2014 is not available.

(See independent auditor's report and notes to required supplemental information)

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Last 2 Fiscal Years

OBRA	**2015**	**2014**
Total pension liability		
Service cost	$111,283	$ 97,190
Interest	298,507	297,724
Changes in benefit terms	-	-
Differences between expected and actual experience	103,770	(233,437)
Changes in assumptions	-	-
Benefit payments including refunds of member contributions	(206,452)	(126,636)
Net change in total pension liability	307,108	34,841
Total pension liability—beginning	3,721,299	3,686,458
Total pension liability—ending	$4,028,407	$ 3,721,299
Plan fiduciary net position		
Contributions—employer	$ 440,000	$ 440,000
Contributions—member	-	-
Net investment income	37,449	98,786
Benefit payments, including refunds of member contributions	(206,452)	(126,636)
Administrative expenses	(520,844)	(454,752)
Other	-	-
Net change in plan fiduciary net pension	(249,847)	(42,602)
Total plan fiduciary net position—beginning	1,560,392	1,602,994
Total plan fiduciary net position—ending	$ 1,310,545	$ 1,560,392
Net pension liability—ending	$ 2,717,862	$ 2,160,907
Plan fiduciary net position as a percentage of total pension liability	32.53%	41.93%
Covered-employee payroll	$ 3,925,214	$ 3,477,968
Net pension liability as a percentage of covered-employee payroll	69.24%	62.13%

The plan implemented GASB Statement No. 67 in the fiscal year 2014. Information calculated utilizing GASB 67 prior to fiscal year 2014 is not available.

(See independent auditor's report and notes to required supplemental information)

SCHEDULE OF COUNTY CONTRIBUTIONS
Last 10 Fiscal Years

ERS

FYE December 31	2015	2014	2013	2012	2011
Actuarially Determined Contribution (ADC)	$57,853,824	$ 29,564,925	$ 32,136,934	$ 28,406,232	$ 29,621,216
Contributions related to ADC	48,405,459	29,057,000	30,952,781	27,407,519	31,494,090
Contribution deficiency/(excess)	9,448,365	507,925	1,184,153	998,713	(1,872,874)
Covered Employee Payroll	191,432,915	188,605,492	189,131,711	190,747,973	221,647,443
Contributions as a percentage of Covered Employee Payroll	25.29%	15.41%	16.37%	14.37%	14.21%

FYE December 31	2010	2009	2008	2007	2006
Actuarially Determined Contribution (ADC)	$ 29,529,322	$ 30,355,535	$ 53,063,610	$ 52,395,263	$ 52,638,196
Contributions related to ADC	31,290,863	457,789,154	34,840,886	49,291,072	27,435,154
Contribution deficiency/(excess)	(1,761,541)	(427,433,619)	18,222,724	3,104,191	25,203,042
Covered Employee Payroll	237,040,117	233,820,179	227,364,398	223,005,093	225,721,691
Contributions as a percentage of Covered Employee Payroll	13.20%	195.79%	15.32%	22.10%	12.15%

OBRA

FYE December 31	2015	2014	2013	2012	2011
Actuarially Determined Contribution (ADC)	$770,384	$ 373,500	$ 388,625	$ 446,452	$ 807,028
Contributions related to ADC	440,000	440,000	360,000	880,000	2,022,000
Contribution deficiency/(excess)	330,384	(66,500)	28,625	(433,548)	(1,214,972)
Covered Employee Payroll	3,925,214	3,477,968	7,735,644	8,939,076	8,936,146
Contributions as a percentage of Covered Employee Payroll	11.21%	12.65%	4.65%	9.84%	22.63%

FYE December 31	2010	2009	2008	2007	2006
Actuarially Determined Contribution (ADC)	$ 716,439	$ 660,925	$ 557,813	$ 485,553	$ 499,137
Contributions related to ADC	786,000	660,925	522,000	529,000	462,000
Contribution deficiency/(excess)	(69,561)	-	35,815	(43,447)	37,137
Covered Employee Payroll	6,901,021	8,498,484	8,284,312	7,057,342	8,352,834
Contributions as a percentage of Covered Employee Payroll	11.39%	7.78%	6.30%	7.50%	5.53%

Notes to Schedules

Valuation date: Actuarially Determined Contributions (ADC) are calculated as of the January 1 of the fiscal year in which the contribution is made. That is, the contribution calculated for fiscal year ending December 31, 2015 is from the January 1, 2015 actuarial valuation. The contributions related to the ADC are a combination of employee contributions made during the fiscal year and the lump sum employer contribution made for the year.

The methods and assumptions used to calculate the Actuarially Determined Contributions are in the respective January 1 actuarial valuation reports. Prior to fiscal year ending December 31, 2014 the ADC shown is calculated based upon GASB No 25.

(See independent auditor's report and notes to required supplemental information)

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
Last 2 Fiscal Years

Fiscal Year	Total Investment Plan Assets	Annual Money-Weighted Net of Investment Expense
2015	$ 1,634,904,202	2.2% *
2014	$ 1,715,303,583	5.3% *

* Calculated by Marquette Associates, Inc.
The plan implemented GASB Statement No. 67 in the fiscal year 2014. Information calculated utilizing GASB 67 prior to fiscal year 2014 is not available.

(See independent auditors' report and notes to required supplementary information)

1. This information presented is the required supplementary schedules, for pension funding purposes, was based on the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation is as follows:

Valuation date	1/1/2015
Actuarial cost method	Aggregate Entry Age Normal
Asset valuation method	10-year smoothed market
Amortization methods:	
Contribution variance	Level dollar, closed
Administrative expenses	Level dollar, closed
All other unfunded liability	Level percent of payroll, closed
Remaining amortization periods:	
Contribution variance	5 years
Administrative expenses	10 years
All other unfunded liability	30 years
Actuarial Assumptions:	
Investment rate of return	8.00%
Projected salary increases	3.50%
Post-retirement benefit increases	2%, simple

2. The total pension liability contained in the Schedule of Net Pension Liability and Related Ratios was provided by the Retirement System and OBRA's actuary, Buck Consultants. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the Retirement System and OBRA.

3. The required employer contributions and percent of those contributions actually made are presented in the Schedule of Contributions.

TEN-YEAR HISTORICAL TREND INFORMATION

REVENUES BY SOURCE AND EXPENSES BY TYPE

(UNAUDITED)

Revenues by Source

Fiscal Year	Participant Contributions(1a)	County Contributions (1b)	Investment Income (Loss)(2)	Total
2015	$ 9,324,866	$ 39,080,593	$ 42,890,830	$ 91,296,289
2014	10,051,605	19,005,395	99,655,955	128,712,955
2013	8,954,525	21,998,256	260,834,765	291,787,546
2012	9,040,652	18,410,496	186,091,377	213,542,525
2011	3,313,807	28,275,594	11,186,780	42,776,181
2010	75,584	32,893,562	210,905,464	243,874,610
2009	131,766	457,789,154	319,997,171	777,918,091
2008	140,209	34,840,886	(352,108,625)	(317,127,530)
2007	344,782	49,291,072	106,442,068	156,077,922
2006	545,258	27,435,154	207,804,929	235,785,341

Expenses by Type

Fiscal Year	Benefits(3)	Investment and Administrative Expenses (4)	Withdrawals	Total
2015	$ 187,512,204	$ 8,904,657	$ 1,307,360	$ 197,724,221
2014	176,263,605	7,997,073	1,102,520	185,363,198
2013	172,583,835	7,963,552	444,848	180,992,235
2012	178,557,030	8,445,509	212,245	187,214,784
2011	187,460,030	8,305,984	70,123	195,836,137
2010	162,664,454	8,445,062	138,136	171,247,652
2009	145,306,937	7,846,655	38,583	153,192,175
2008	144,160,665	7,385,443	23,557	151,569,665
2007	139,990,962	7,715,976	56,626	147,763,564
2006	130,730,539	6,622,923	13,571	137,367,033

FOOTNOTES ARE IN THOUSANDS OF DOLLARS

(1a) Participant contributions are calculated by the actuary and are a percentage of the employees' pensionable compensation.

(1b) County contributions are set during the County's budget process and are made at the discretion of the County Board.

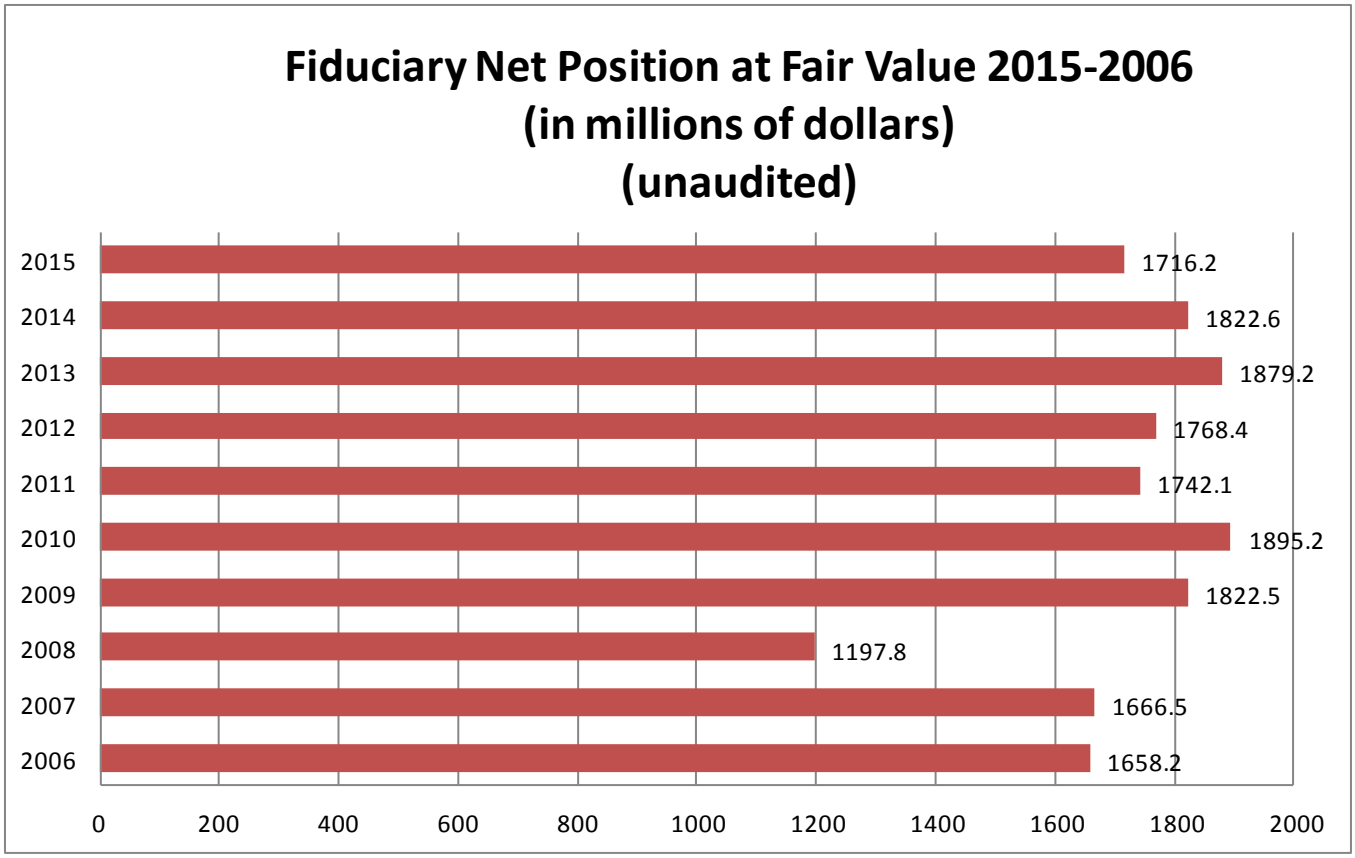
(2) Includes interest and dividends, net appreciation (depreciation) of fair value, net security lending income and other income.

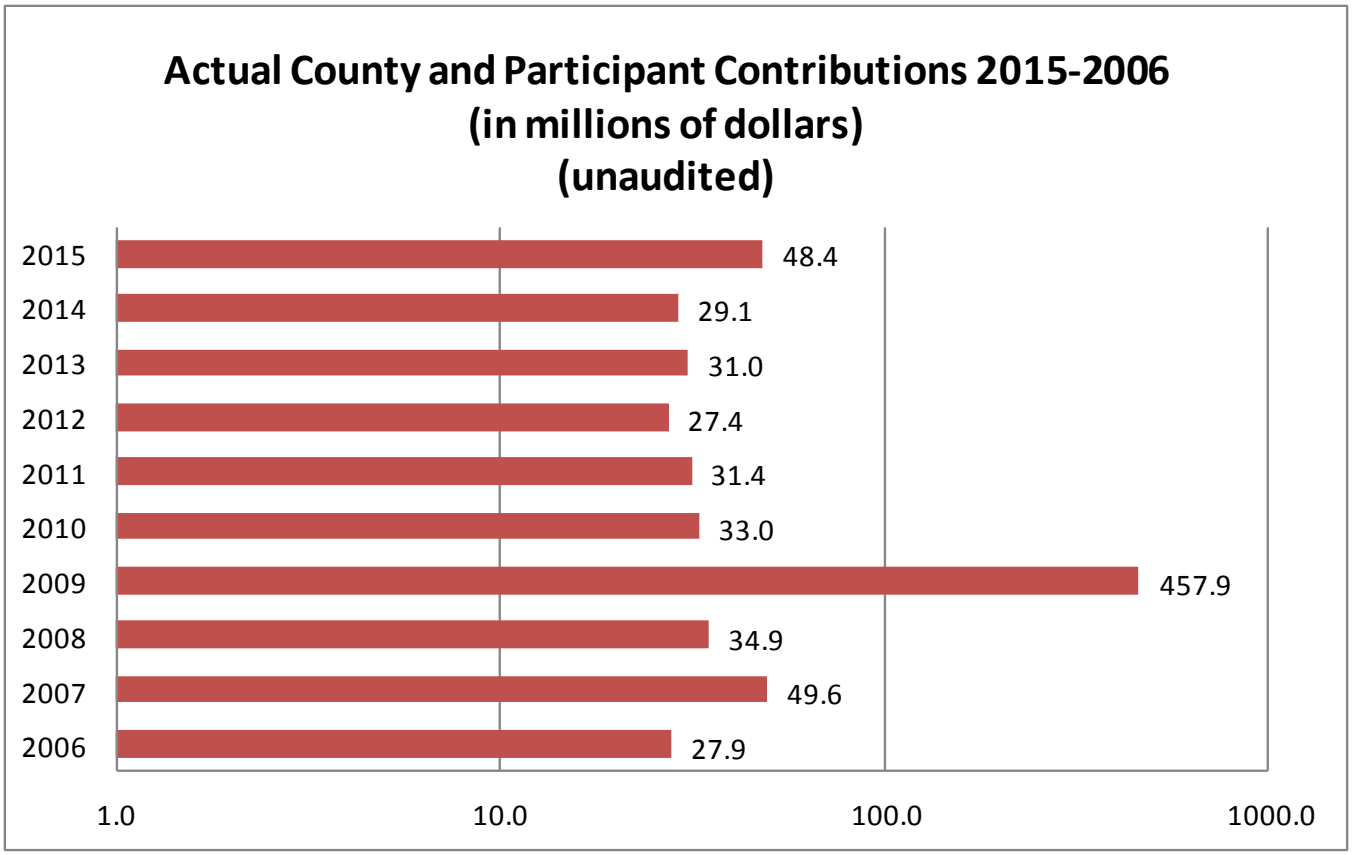
(3) Included in the benefits for 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, and 2006 are back drop lump-sum payments of $19.8, $12.6, $11.7, $21.7, $38.8, $20.3, $8.7, $11.2, $10.5, and $5.5 million, respectively.

(4) The increase in investment and administrative expenses of $2,282 in the past ten years was due to increases in the following expenses:

- outside consultants of $815, with most of this increase occurring in 2008, 2009, and 2015 to support retirement systems;
- outside legal fees of $646, due to buy-in/buy-back issues, RFP preparation, tax issues, and various other legal matters;
- salaries and wages of $143 due primarily to the increase in benefits and staff;
- computer system expenses of $1,428. The plan started using its new computer system as of 1/1/09. Amortization of $825 and hosting expenses of $295, and maintenance costs of $295 caused most of this increase.

(See independent auditors' report)





(See independent auditors' report)

ACTIVE MEMBERSHIP STATISTICS

(unaudited)

	2015	2014
Members as of January 1.....	5,050 *	5,322 *
Changes During the Year:		
New enrollments.....	477	350
Rehires.....	0	0
Nonvested terminations.....	(291)	(365)
Retirements.....	(235)	(235)
Deaths in active service.....	(13)	(4)
New deferred beneficiaries.....	0	0
Data adjustments.....	18	(18)
Members as of December 31.....	5,006 *	5,050 *

* The total includes vested inactive members of 1,387 and 1,411 as of beginning of the year and end of the year, respectively.

RETIREMENTS AND SURVIVORS STATISTICS (unaudited)

	Retirements Granted									
		Option								
	Maximum Pension	Refund	100%	75%	50%	25%	10-yr.	Other	Survivors & Beneficiaries	Total
January 1, 2015	3,303	333	1,436	258	1,012	478	227	45	887	7,979
Changes During the Year:										
Adjustments (actuary)*	-	-	-	-	-	-	-	-	-	-
Retirements	149	4	49	9	23	27	14	2	85	362
Pensioner deaths	(164)	(33)	(40)	(6)	(45)	(2)	(1)	(1)	(58)	(350)
December 31, 2015	**3,288**	**304**	**1,445**	**261**	**990**	**503**	**240**	**46**	**914**	**7,991**

*Adjustments as a result of reclassifications made to beginning balances by the actuary

(See independent auditors' report)

CONSULTANTS
as of December 31, 2015

Legal Advisors
Milwaukee County
Corporation Counsel
Paul Bargren

Reinhart, Boerner, Van Deuren S.C.
Steven D. Huff, Secretary of the Pension Board
Milwaukee, Wisconsin

Actuary
Buck Consultants
Chicago, Illinois

Disbursing Agent
County Treasurer

Custodian/Securities Agent
BNY Mellon Asset Servicing
Pittsburgh, Pennsylvania

Medical Board
Managed Medical Review Organization, Inc.
Novi, Michigan

Investment Consultant
Marquette Associates, Inc.
Chicago, Illinois

Cash Equitization Manager
BNY Mellon BETA Management
San Francisco, California

Infrastructure Managers
IFM Investment Advisor
New York, New York

JP Morgan Investment Management
New York, New York

Long/Short Managers
ABS Investment Management
Greenwich, Connecticut

Parametric
Minneapolis, Minnesota

Fixed-Income Investment Managers
JP Morgan Investment Management
Columbus, Ohio

Mellon Capital Management
Pittsburgh, Pennsylvania

U.S. Equity Investment Managers
Artisan Partners
Milwaukee, Wisconsin

Fiduciary Management Associates, LLC
Chicago, Illinois

Geneva Capital Management Ltd.
Milwaukee, Wisconsin

Robeco Investment Management
Boston, Massachusetts

Silvercrest Asset Management Group
New York, New York

Mellon Capital Management
Pittsburgh, Pennsylvania

Northern Trust Investments
Chicago, Illinois

International Investment Managers
Grantham, Mayo, Van Otterloo & Co.
Boston, Massachusetts

Northern Trust Investments
Chicago, Illinois

OFI Global Asset Management
New York, New York

Vontobel Asset Management
New York, New York

Real Estate Investment Managers
American Realty Advisors
Glendale, California

Morgan Stanley Real Estate
New York, New York

UBS Realty Investors, LLC
Hartford, Connecticut

Private Equity Managers
Adams Street Partners
Chicago, Illinois

Progress Investment Management Company
San Francisco, California

Siguler Guff & Company, LLC
New York, New York

(See independent auditors' report)

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Employees' Retirement System of the County of Milwaukee

Actuarial Valuation Report

Plan Year January 1, 2015 – December 31, 2015

August 2015

Larry Langer
Principal and
Consulting Actuary

Buck Consultants, LLC.
123 North Wacker Drive
Suite 1000
Chicago, IL 60606

larry.langer@xerox.com
tel 312.846.3669
fax 312.846.3502

August 2015

The Retirement Board
Employees' Retirement System of the County of Milwaukee
901 N. 9th St.
Milwaukee, WI 53233

Certification of Actuarial Valuation

Ladies and Gentlemen:

This report presents the results of the annual actuarial valuation of the Employees' Retirement System of the County of Milwaukee as of January 1, 2015. The valuation takes into account all of the promised benefits to which members are entitled as of January 1, 2015, including pension and survivor benefits; and as required by the Retirement Code is the basis for the Budget Contribution for fiscal year 2015.

The valuation was based on the actuarial assumptions and methods as adopted by the Board of Trustees, including a valuation interest rate of 8% per annum compounded annually. Based on our recommendations in November 2012, the Board adopted revised actuarial assumptions effective with the January 1, 2013 valuation.

Use of this report for any other purpose may not be appropriate and may result in mistaken conclusions due to failure to understand applicable assumptions, methodologies, or inapplicability of the report for that purpose. Because of the risk of misinterpretation of actuarial results, you should ask Buck to review any statement you wish to make on the results contained in this report. Buck will not accept any liability for any such statement made without prior review by Buck.

Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the economic and demographic assumptions, changes expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions, applicable law or regulations. Because of limited scope, Buck performed no analysis of the potential range of such future differences.

In our opinion, the actuarial assumptions used are reasonable, taking into account the experience of the Plan and reasonable long-term expectations, and represent our best estimate of the anticipated long-term experience under the Plan. The actuary performs an analysis of Plan experience periodically and recommends changes if, in the opinion of the actuary, assumption changes are needed to more accurately reflect expected future experience. The Experience Study for the period January 1, 2007 to December 31, 2011 was prepared by Buck Consultants and approved by the Board for use beginning with the January 1, 2013 actuarial valuation and will remain in effect for valuation purposes until such time as the Board adopts revised assumptions. The next Experience Study will be based on the period from January 1, 2012 to December 31, 2016 and upon approval by the Board will be the basis of valuations performed from January 1, 2018 through January 1, 2022. A summary of the actuarial assumptions and methods used in this actuarial valuation are shown in Table 18.

Assets and Membership Data

The Retirement System reported the individual data for members of the System as of the valuation date to the actuary. For 2015 we received the data in multiple files. Missing information was updated with either supplemental information sent or by using assumptions based on the prior year's data. While we did not verify the data at their source, we did perform tests for internal consistency and reasonableness. The amount of assets in the trust fund taken into account in the valuation was based on statements prepared for us by the Retirement System.

Funding Adequacy

The 2014 valuation performed last year resulted in an Actual Funding Contribution of $29,564,925 against which $19,005,395 in County contributions (adjusted for interest shown on Table 11) and $10,051,605 in member contributions were actually contributed. The difference is a deficiency of $507,925 that is included in the reestablished unfunded actuarial accrued liability amortization as of January 1, 2015.

The Actual Funding Contribution for 2015, based on the results of this valuation, is $57,853,824. It is expected that $38,305,000 ($38,305,000 in expected contribution plus $0 interest) will be contributed during 2015 on behalf of the 2015 plan year. The deficiency in contributions of $19,548,824 will be included in the change in unfunded actuarial accrued liability amortization as of January 1, 2016.

The reestablished amortization amount is amortized over 20 years from January 1, 2016, which is 21 years from January 1, 2015. Contribution variances prior to 2016 are included in the reestablished amortization amounts. Variances in contributions for 2016 and later years will be amortized over five years.

Budget Contribution

The 2016 Budget Contribution, expected to be contributed in 2017, is $59,436,000.

Financial Results and Membership Data

Detailed summaries of the financial results of the valuation and membership data used in preparing the valuation are shown in the valuation report. The actuary prepared supporting schedules and required supplementary information included in the County of Milwaukee Annual Report of the Pension Board.

Compliance with Actuarial Standards of Practice

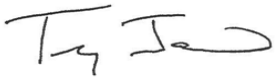
Except as specially noted otherwise, the work in this report was performed in accordance with all applicable Actuarial Standards of Practice.

Qualifications

The undersigned actuaries are members of the American Academy of Actuaries and are experienced in performing actuarial valuations of public employee retirement systems. To the best of our knowledge, this report is complete and accurate and has been prepared in accordance with generally accepted actuarial principles and practice. We are qualified to render the opinions set forth in this report.

Respectfully submitted,

Larry Langer, ASA, EA, MAAA
Principal, Consulting Actuary



Troy Jaros, FSA, EA, MAAA
Senior Consultant, Retirement Actuary

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Executive Summary

This report presents the actuarial valuation as of January 1, 2015 for the Employees' Retirement System of the County of Milwaukee. The principal valuation results include:

- The Actual Funding Contribution for fiscal year 2015, which is $57,853,824.
- The Budget Contribution for fiscal year 2016, which is $59,436,000.
- The total funded ratio of the plan determined as of January 1, 2015, which is 79.8% based on the accrued liability and the actuarial value of assets. On a market value basis, the plan is 82.0% funded.
- The determination of the unexpected change in the unfunded accrued liability (UAL) as of January 1, 2015, which is an increase in the UAL of $140,933,050.

The valuation was based on membership and financial data submitted by the Retirement System.

Changes Since Last Year

Legislative and Administrative Changes

No legislative or administrative changes have been adopted since the previous valuation.

Note that for purposes of the contribution rates shown in the report, these amounts are gross contribution amounts. It is our understanding that County staff will net out the amount of employee contributions that are collected to arrive at a net County contribution. The benefit and contribution provisions are outlined in Table 19.

Actuarial Assumptions and Methods

No actuarial assumptions have changed for 2015 since the previous valuation.

For 2015, the Retirement Board has adopted the following funding policy changes:

- Recommend reducing the current 30 year amortization period to 20 years
- Immediately reflect expected administrative expenses rather than amortizing over 10 years
- Reduce future increases in amortization payments from the current 3.50% policy to expected revenue growth, which is assumed to be 1.75% per year
- Update the actuarial cost method from Aggregate Entry Age Normal to Individual Entry Age Normal

For purposes of implementing these plan changes, we have financed all unfunded accrued liability (UAL) as of January 1, 2015 over 21 years assuming that future payments for UAAL increase by 1.75%. The 2016 Budget Contribution will be based on financing all UAL as of January 1, 2016 over 20 years. Beginning with the January 1, 2017 contribution, a base for unexpected UAL will be established over 20 years, and a contribution variance will be established and amortized over 5 years for the amount of budget contribution determined in this report that is not contributed during 2016.

The actuarial assumptions and methods are outlined in Table 18.

Contribution Amounts

The results of the valuation as of January 1, 2015 determine the Actual Funding Contribution for fiscal year 2015 and the Budget Contribution for fiscal year 2016. The Actual Funding Contribution for fiscal year 2015 is $57,853,824. The Budget Contribution for fiscal year 2016 is $59,436,000. These amounts are based on assumptions and methods as adopted by the Board and participant data as of January 1, 2015. Both amounts include the changes since last year listed above.

Reasons for Change in Budget Contribution Calculated by the Actuary

The Budget Contribution calculated by the actuary increased from $38,305,000 for fiscal year 2015 to $59,436,000 for fiscal year 2016. A reconciliation of the increase of $21,131,000 is shown in the following table:

Item	Amount	
1. 2015 Budget Contribution		$ 38,305,000
2. Increase / (Decrease) during 2014 due to		
a. Unanticipated liability loss (gain)	$ (2,226,000)	
b. Asset experience other than expected	317,000	
c. 2014 reimbursable expenses other than assumed	-	
d. 2014 contribution variance other than assumed	-	
e. COLA reinclusion	11,112,000	
f. Increase due to funding policy change		
i. Expected policy change	4,631,000	
ii. COLA reinclusion of the policy change	4,473,000	
iii. Updated assets and census	1,242,000	
g. Total		19,549,000
3. 2015 Actual Contribution (1 + 2)		$ 57,854,000
4. Expected Increase / (Decrease) during 2015 due to		
a. Normal cost and existing amortization base	$ 758,000	
b. Phase-in of deferred asset (gains) losses	(970,000)	
c. Increase in reimburseable expenses	27,000	
d. Expected contribution variance for 2015	1,767,000	
e. Full recognition of bases	-	
f. 2015 reimbursable expenses	-	
g. Total		1,582,000
5. 2016 Budget Contribution (3 + 4)		$ 59,436,000

Summary of Principal Results

Summarized below are the principal financial results for the Employees' Retirement System of the County of Milwaukee based upon the actuarial valuation as of January 1, 2015. Comparable results from the January 1, 2014 valuation are also shown.

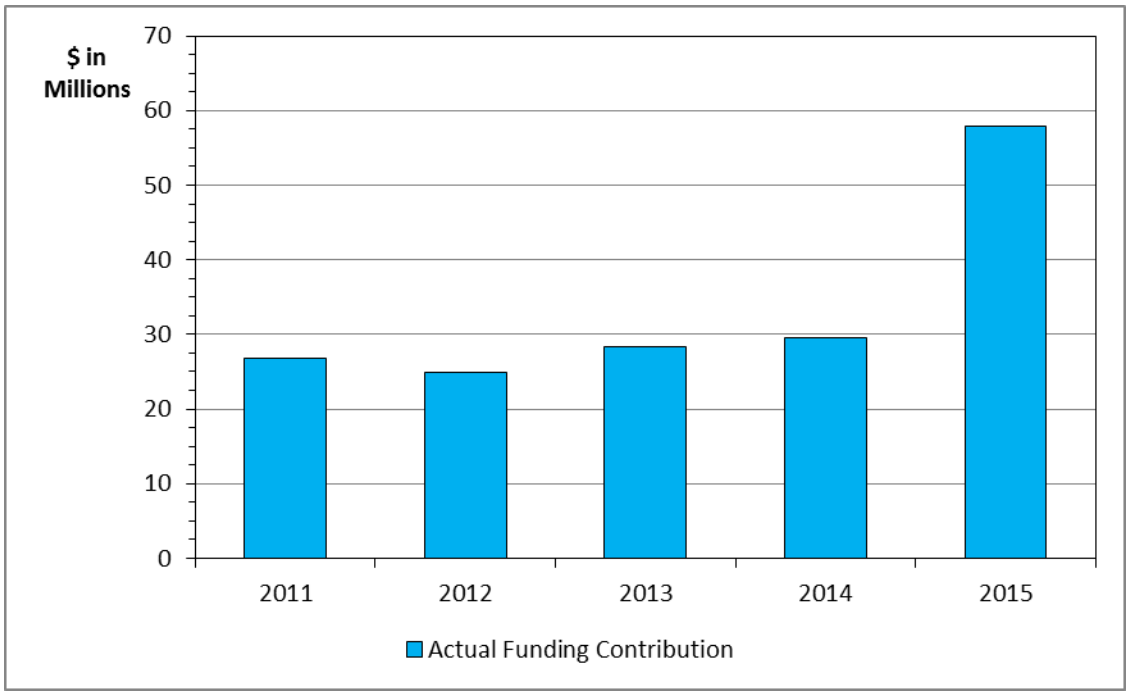
Item	January 1, 2015	January 1, 2014
Demographics		
Active Members		
• Number	3,680	3,911
• Average Annual Pay	$ 53,868	$ 48,224
Inactive Members		
• Members Receiving Benefits		
• Number	7,979	7,940
• Average Annual Benefit Payment	$ 20,687	$ 20,440
• Members With Deferred Benefits		
• Number	1,370	1,411
• Average Annual Benefit Payment	$ 7,723	$ 7,742
Actual Funding Contribution	**(Fiscal Year 2015)**	**(Fiscal Year 2014)**
• Normal Cost with Interest	$ 16,999,506	$ 15,235,436
• Net Amortization Payments	39,300,143	14,329,489
• Expense	1,554,175	N/A
• Total Contribution	$ 57,853,824	$ 29,564,925
Actuarial Funded Status		
• Accrued Liability	$ 2,222,620,399	$ 2,069,546,764
• Actuarial Value of Assets	1,773,638,120	1,772,749,644
• Unfunded Accrued Liability	$ 448,982,279	$ 296,797,120
• Funded Ratio	79.8%	85.7 %

Five-Year History of Principal Financial Results

Five-Year History of Contribution Amounts

Valuation as of January 1		Actual Funding Contributions		
	Normal Cost with Interest	Net Amortization Payments	Expenses	Total
2015	$ 16,999,506	$39,300,143	$ 1,554,175	$ 57,853,824
2014	15,235,436	14,329,489	N/A	29,564,925
2013	16,105,425	12,164,620	N/A	28,270,045
2012	14,488,711	10,386,482	N/A	24,875,193
2011	19,480,089	7,327,948	N/A	26,808,037

Chart of Five-Year History of Actual Funding Contributions



Funded Ratio

The financing objective of the System is to:

- Fully fund all current costs based on the normal contribution rate determined under the funding method; and
- Liquidate the unfunded accrued liability based on the amortization schedules as required by Section 3.1 of the retirement code, i.e., a schedule of 5 or 20 years for each change in the unfunded accrued liability.

The total Actual Funding Contribution of $57,853,824, when taken together with the contributions payable by the members and asset returns, is the amount sufficient to achieve the financing objective for 2015.

The System's total funded ratio on the funding basis is measured by comparing the actuarial value of assets (based on a 10-year moving average market value) with the accrued liability. The accrued liability is the present value of benefits accumulated to date under the System's funding method and reflects future pay increases for active employees.

On this basis, the System's funded ratio is 79.8% as of January 1, 2015. This funded ratio is based on an actuarial value of assets of $1,773,638,120 and an accrued liability of $2,222,620,399.

Reasons for Change in the Funded Ratio

The total funded ratio decreased from a *reported* 85.7% as of January 1, 2014 to 79.8% as of January 1, 2015. The majority of the difference is due to the re-inclusion of the COLA liabilities as of January 1, 2015; on a corrected basis, the 2014 total funded ratio was 79.0%. Returns on actuarial assets from 2014 were better than the expected return assumption of 8.0%. Overall liability experience was worse than expected, which was slightly offset by the favorable asset experience.

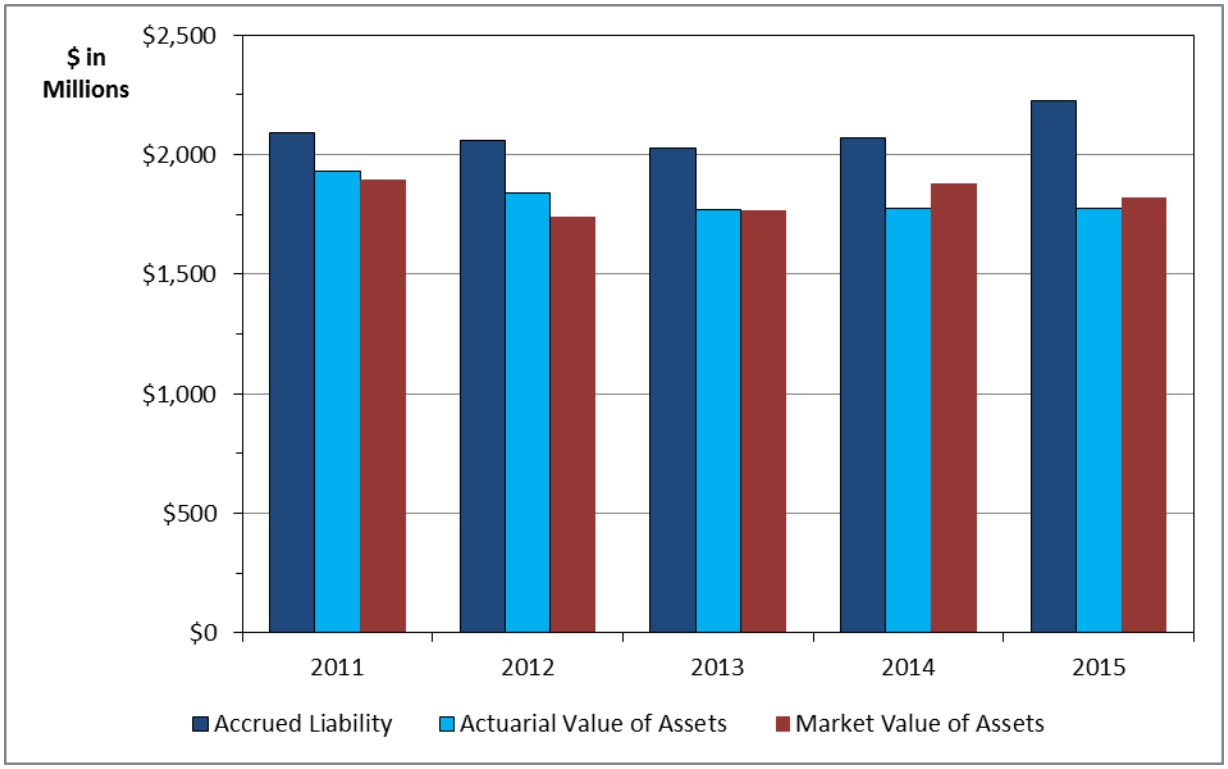
Five-Year History of Funded Ratio Based on Actuarial Value of Assets
($ Amounts in Thousands)

Valuation as of January 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability	Funded Ratio (a / b)	Unfunded Actuarial Accrued	Covered Payroll (c)	Unfunded as a Percentage of Covered Payoll
2015	$ 1,773,638	$ 2,222,620	79.8%	$ 448,982	$ 191,432	234.5%
2014	1,772,750	2,069,547	85.7%	296,797	188,605	157.4%
2013	1,768,435	2,025,319	87.3%	256,884	189,132	135.8%
2012	1,836,543	2,059,554	89.2%	223,011	190,748	116.9%
2011	1,929,428	2,091,927	92.2%	162,499	221,647	73.3%

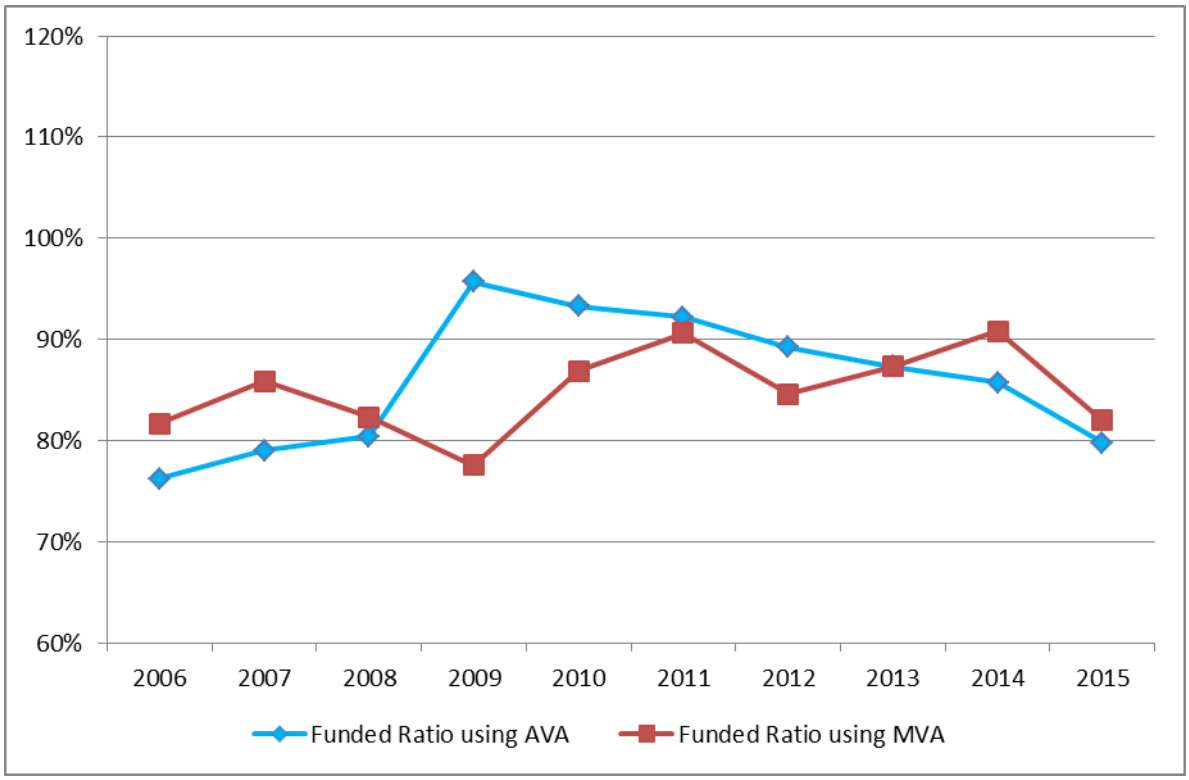
Five-Year History of Funded Ratio Based on Market Value of Assets
($ Amounts in Thousands)

Valuation as of January 1	Market Value of Assets (a)	Actuarial Accrued Liability	Funded Ratio (a / b)	Unfunded Actuarial Accrued	Covered Payroll (c)	Unfunded as a Percentage of Covered Payoll
2015	$ 1,822,579	$ 2,222,620	82.0%	$ 400,041	$ 191,432	209.0%
2014	1,879,234	2,069,547	90.8%	190,313	188,605	100.9%
2013	1,768,435	2,025,319	87.3%	256,884	189,132	135.8%
2012	1,742,107	2,059,554	84.6%	317,447	190,748	166.4%
2011	1,895,167	2,091,927	90.6%	196,760	221,647	88.8%

Chart of Five-Year History of Accrued Liability and Actuarial Value of Assets



Ten-Year History of Funded Ratio



Rate of Return

The investment return of the trust fund (i.e. total return including both realized and unrealized gains and losses) for fiscal years 2010 through 2014 is shown in the table below. The return based on the actuarial value of assets used for determining annual contribution rates is also shown.

The rate of return on market value reflects the investment earnings on the market value of assets from the beginning of the fiscal year to the end of the fiscal year. The actuarial assets are the assets recognized for valuation purposes. Actuarial assets are based on a smoothed market value that spreads the difference between the actual and expected return over a period of ten years. The rate of return on the actuarial value of assets is a measure of the increase in the actuarial value of assets from the beginning of the fiscal year to the end of the fiscal year. The rates of return shown below have been developed by the actuary for illustrative purposes only. They are based on simplifying assumptions and, as such, likely will not exactly match the returns presented by your investment consultants. The reader is encouraged to use the returns developed by the investment consultants.

Five-Year History of Asset Returns

As of	Asset Values		Rates of Return		
12/31	Market	Actuarial	Market	Actuarial	Assumed
2010	$ 1,895,166,843	$ 1,929,427,864	11.7%	5.5%	8.0%
2011	1,742,106,887	1,836,542,926	0.2%	3.5%	8.0%
2012	1,768,434,628	1,768,434,628	10.8%	4.8%	8.0%
2013	1,879,234,430	1,772,749,644	15.0%	8.7%	8.0%
2014	1,822,579,695	1,773,638,120	5.2%	8.9%	8.0%
	Compound Rate of Return (five years):		8.4%	6.3%	8.0%

GASB No. 67 and GASB No. 68 Disclosure

Please note that GASB Statement No. 25 (Financial Reporting for Defined Benefit Pension Plans) is applicable for fiscal years ending prior to 2014 and has been replaced by GASB Statement No. 67 (Financial Reporting for Pension Plans) for fiscal years ending 2014 and later. Similarly, GASB Statement No. 27 (Accounting for Pensions by State and Local Governmental Employers) is applicable for fiscal years ending prior to 2015 and has been replaced by GASB Statement No. 68 (Accounting and Financial Reporting for Pensions) for fiscal years ending 2015 and later.

The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumed that System contributions will continue to follow the current funding policy. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Net Pension Liability (Asset)		
	December 31, 2014	December 31, 2013
Total Pension Liability	$ 2,239,951,560	$ 2,229,977,951
Plan Fiduciary Net Position	1,822,579,695	1,879,234,430
Net Pension Liability (Asset)	$ 417,371,865	$ 350,743,521
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	81.37%	84.27%

Please see Tables 12 – 17 for a summary of all GASB 67 results.

TABLE 1 - Summary of Results of Actuarial Valuation

Item	January 1, 2015	January 1, 2014
Participant Data		
1. Number of Participants		
a) Active Participants	3,680	3,911
b) Participants with Deferred Benefits	1,370	1,411
c) Participants Receiving Benefits	7,979	7,940
d) Total	13,029	13,262
2. Annualized Salaries*	$ 191,432,915	$ 188,605,492
3. Annual Annuities	$ 165,058,644	$ 162,296,676
Valuation Results		
4. Present Value of Future Benefits		
a) Active Participants	$ 605,180,196	$ 625,424,284
b) Participants with Deferred Benefits	70,895,992	62,251,854
c) Participants Receiving Benefits	1,649,471,985	1,485,465,588
d) Total	$ 2,325,548,173	$ 2,173,141,726
5. Present Value of Future Normal Cost	$ 102,927,774	$ 103,594,962
6. Actuarial Accrued Liability: (4 - 5)	$ 2,222,620,399	$ 2,069,546,764
7. Actuarial Value of Assets	$ 1,773,638,120	$ 1,772,749,644
8. Funded Status: (7 / 6)	79.8 %	85.7 %
9. Unfunded Actuarial Accrued Liability: (6 - 7)	$ 448,982,279	$ 296,797,120
10. Normal Cost Rate	7.450 %	7.773 %
11. Normal Cost for the Plan Year	$ 15,740,283	$ 14,660,305
Actual Funding Contribution and Annual Required Contribution for Fiscal Year **		
12. Actual Funding Contribution Calculated by Actuary		
a) Normal Cost with Interest	$ 16,999,506	$ 15,235,436
b) Net Annual Amortization Payments	39,300,143	14,329,489
c) Expenses	1,554,175	N/A
d) Total Contribution: ((a + b + c), not less than zero)	$ 57,853,824	$ 29,564,925

* For 2015, the amount displayed has been adjusted to reflect that there were 27 pay periods in 2014 rather than the typical 26

** Effective January 1, 2011 Elected Officials and Non-Represented employees contributed 2% of compensation. For all Non-Represented employees (other than elected officials), the contribution rate increased to 4% of compensation effective December 11, 2011. During 2011, State mandated contributions were implemented. The amounts shown above are gross of member contributions.

TABLE 2 - Security of Promised Benefits - Unfunded Actuarial Accrued Liability - Funded Status

Item	January 1, 2015	January 1, 2014
1. Actuarial Accrued Liability		
a. Active Participants		
Retirement Benefits	$ 467,388,602	$ 485,283,111
Withdrawal Benefits	26,864,486	28,152,806
Disability Benefits	4,743,238	4,963,594
Death Benefits	3,256,096	3,429,811
Total Active	502,252,422	521,829,322
b. Participants with Deferred Benefits	70,895,992	62,251,854
c. Participants Receiving Benefits	1,649,471,985	1,485,465,588
d. Total All Participants	2,222,620,399	2,069,546,764
2. Actuarial Value of Assets	1,773,638,120	1,772,749,644
3. Unfunded Actuarial Accrued Liability (1d - 2)	448,982,279	296,797,120
4. Funded Status (2 / 1d)	79.8%	85.7%

The interest rate used as of January 1, 2015 and January 1, 2014 was 8.00%

TABLE 3 – Unexpected Change in Unfunded Actuarial Accrued Liability for Plan Year Ending

Item	December 31, 2014	December 31, 2013
1. Actuarial Accrued Liability at the Beginning of the Year	$ 2,069,546,764	$ 2,025,319,368
2. Increases/(Decreases) During the Year		
a. Normal Cost for the Year	14,660,305	15,497,452
b. Benefit Payments and Refunds	(177,366,124)	(172,248,723)
c. Assumed Interest to End of Year	159,575,042	156,227,411
d. Plan and Assumption Changes	-	-
e. Total: (a + b + c + d)	(3,130,777)	(523,860)
3. Expected Liability at the End of the Year: (1 + 2)	2,066,415,987	2,024,795,508
4. Impact of COLA reinclusion	178,053,780	N/A
5. Expected Accrued Liability at End of Year After COLA Reinclusion (3 + 4)	2,244,469,767	N/A
6. Actuarial Accrued Liability at the End of the Year	2,222,620,399	2,069,546,764
7. Other Unexpected Liability Changes at End of Year (6 - 5)	(21,849,368)	N/A
8. Liability Unexpected Change on UAL: (4 + 7) for 2014; (6 - 3) for 2013	**$ 156,204,412**	**$ 44,751,256**
9. Actuarial Value of Assets at the Beginning of the Year	$ 1,772,749,644	$ 1,768,434,628
10. Increases/(Decreases) During the Year		
a. County Contributions	19,005,395	21,998,256
b. Member Contributions	10,051,605	8,954,525
c. Benefit Payments and Refunds	(177,366,124)	(172,248,723)
d. Administrative Expenses Payable to the County	(1,329,904)	(1,289,344)
e. Assumed Interest to End of Year	135,256,142	135,068,659
f. Total: (a + b + c + d + e)	(14,382,886)	(7,516,627)
11. Expected Actuarial Assets at the End of the Year (9 + 10)	1,758,366,758	1,760,918,001
12. Actuarial Value of Assets at the End of the Year	1,773,638,120	1,772,749,644
13. Actuarial Asset Unexpected Change on UAL: (11 - 12)	**$ (15,271,362)**	**$ (11,831,643)**
14. Total Unexpected Change in UAL: (8 + 13)	**$ 140,933,050**	**$ 32,919,613**

The unexpected change in UAL for the plan year ending December 31, 2014 includes the effects of the re-inclusion of the COLA liabilities that were not included in the valuations for the plan year ending December 31, 2013 and December 31, 2012.

TABLE 4 - Amortization Schedule for Funding

For Actual Funding Contribution for 2015

Type of Payment	Amortization Period				Balances		Payment
	Date Created	Initial Years	Remaining Years	Last Payment	Initial	Outstanding	
1. Charges							
Reestablished unfunded	1/1/2015	21	21	2035	$ 448,982,279	$ 448,982,279	$ 39,300,143
Total Charges						$ 448,982,279	39,300,143
2. Credits							
3. Net Amount (1 - 2)						$ 448,982,279	$ 39,300,143

For Budget Contribution for 2016

Type of Payment	Amortization Period				Balances		Payment
	Date Created	Initial Years	Remaining Years	Last Payment	Initial	Outstanding	
1. Charges							
Reestablished unfunded	1/1/2015	21	20	2035	$ 448,982,279	$ 445,600,718	$ 39,987,896
Reestablished unfunded	1/1/2016	20	20	2035	8,880,918	8,880,918	$ 796,967
Total Charges						$ 454,481,636	40,784,863
2. Credits							
3. Net Amount (1 - 2)						$ 454,481,636	$ 40,784,863

TABLE 5 - Development of Normal Cost for Current and Prior Plan Year Actual Funding Calculations

Item	January 1, 2015	January 1, 2014
1. Present Value of Projected Benefits		
a. Active Participants		
Retirement Benefits	$ 551,900,428	$ 570,309,896
Withdrawal Benefits	39,095,107	40,616,108
Disability Benefits	6,596,585	6,767,529
Death Benefits	7,588,076	7,730,751
Total Active	605,180,196	625,424,284
b. Participants with Deferred Benefits	70,895,992	62,251,854
c. Participants Receiving Benefits	1,649,471,985	1,485,465,588
d. Total All Participants	2,325,548,173	2,173,141,726
2. Actuarial Value of Assets	1,773,638,120	1,772,749,644
3. Unfunded Actuarial Accrued Liability	448,982,279	296,797,120
4. Present Value of Future Normal Costs (1d - 2 - 3)	102,927,774	103,594,962
5. Present Value of Future Salaries	1,373,564,515	1,332,747,651
6. Aggregate Normal Cost Rate (4 / 5)	7.493%	7.773%
7. Expected Salaries for the Plan Year*	191,432,915	188,605,492
8. Aggregate Normal Cost (6 x 7)	N/A	14,660,305
9. Individual Normal Cost		
Retirement Benefits	$ 12,896,983	N/A
Withdrawal Benefits	1,956,427	N/A
Disability Benefits	600,195	N/A
Death Benefits	286,678	N/A
Total Individual Normal Cost	15,740,283	N/A
10. **Normal Cost for the Plan Year** (8) for 2014 & (9) for 2015	**15,740,283**	**14,660,305**

* Prior-year earnings increased by the salary assumption and limited by the IRS compensation limit for those under the mandatory retirement age.

TABLE 6 - Gross Contribution Requirements

Item	2016 Budget	2015 Actual	2015 Budget
1. Normal Cost with Interest	$ 17,070,000	$ 16,999,506	$ 15,769,000
2. Net Annual Amortizations	40,785,000	39,300,143	22,536,000
3. Expenses	1,581,000	1,554,175	N/A
4. Total Contribution (1 + 2 +3, not less than zero)	$ 59,436,000	$ 57,853,824	$ 38,305,000

The budgeted contributions shown above for the 2016 and 2015 plan years were estimated based on participant data as of January 1, 2015, and January 1, 2014, respectively.

The 2015 actual contribution and 2016 budget contribution reflects the following plan changes adopted by the Retirement Board:

- Recommend reducing the current 30 year amortization period to 20 years
- Immediately reflect expected administrative expenses rather than amortizing over 10 years
- Reduce future increases in payments from the current 3.50% policy to expected revenue growth, which is assumed to be 1.75% per year
- Update the actuarial cost method from Aggregate Entry Age Normal to Individual Entry Age Normal

For purposes of implementing these plan changes, we have financed all unfunded actuarial accrued liability (UAAL) as of January 1, 2015 over 21 years assuming that future payments for UAAL increase by 1.75%. The 2016 Budget Contribution will be based on financing all UAAL as of January 1, 2016 over 20 years. Beginning with the January 1, 2017 contribution, a base for unexpected UAAL will be established over 20 years, and a contribution variance will be established and amortized over 5 years for the amount of budget contribution determined in this report that is not contributed during 2016.

Note that for purposes of the contribution rates shown in the report, these amounts are gross contribution amounts. It is our understanding that County staff will net out the amount of employee contributions that are collected to arrive at a net County contribution.

STATE MANDATED MEMBER CONTRIBUTIONS

Item	Results Based on Current Contributions			
	Non-Contributors	Public Safety	General	All Members
Valuation Results as of January 1, 2015				
1. Present Value of Future Benefits				
a) Active Participants *	$ -	$ 89,261,127	$ 515,919,069	$ 605,180,196
b) Participants with Deferred Benefits	70,895,992	-	-	70,895,992
c) Participants Receiving Benefits	1,649,471,985	-	-	1,649,471,985
d) Total	$ 1,720,367,977	$ 89,261,127	$ 515,919,069	$ 2,325,548,173
2. Present Value of Future Normal Cost	$ -	$ 9,808,143	$ 93,119,631	$ 102,927,774
3. Actuarial Accrued Liability: (1 - 2)	$ 1,720,367,977	$ 79,452,984	$ 422,799,438	$ 2,222,620,399
4. Actuarial Value of Assets	$ 1,372,843,615	$ 63,403,018	$ 337,391,487	$ 1,773,638,120
5. Funded Status: (4 ÷ 3)	79.8%	79.8%	79.8%	79.8%
6. Unfunded Actuarial Accrued Liability: (3 - 4)	$ 347,524,362	$ 16,049,966	$ 85,407,951	$ 448,982,279
7. Total Normal Cost for the Plan Year	$ -	$ 1,499,915	$ 14,240,368	$ 15,740,283
Projected Employee Contribution for 2016				
1. Actual Contribution for 2015				
a) Normal Cost with Interest	$ -	$ 1,619,909	$ 15,379,597	$ 16,999,506
b) Net Annual Amortization Payments **	30,419,368	1,404,879	7,475,896	39,300,143
c) Expenses	1,202,973	55,558	295,644	1,554,175
d) Total Contribution: ((a + b + c), not less than zero)	$ 31,622,341	$ 3,080,346	$ 23,151,137	$ 57,853,824
2. Employee Contribution (50% of 1d for Contributors)	N/A	$ 1,540,173	$ 11,575,569	N/A
3. Expected Salaries in 2015	$ -	$ 18,870,924	$ 172,561,991	$ 191,432,915
4. Employee Contribution Rate ($2 \div 3 \div 1.08^{1/2}$)	N/A	7.9%	6.5%	N/A

* The actives in the Public Safety group include 278 members comprised of Represented Firefighters and Sheriffs and Non-Represented Firefighters and Sheriffs.

** The Net Annual Amortization Payments for the Contributors was prorated based on the contributors' actuarial accrued liability compared to total actuarial accrued liability of the Retirement System.

TABLE 7 - Summary Statement of Market Value of Plan Assets

Asset Category	Market Value as of December 31, 2014		Market Value as of December 31, 2013	
1. Cash and Cash Equivalents		$ 76,430,193		$ 81,248,096
2. Investments at Fair Value				
a. Domestic common and preferred stocks	$ 635,015,427		$ 638,670,311	
b. Futures contracts	-		-	
c. Corporate bonds	331,429,376		368,539,958	
d. International common and preferred stocks	156,474,024		206,675,087	
e. Federal agency and mortgage-backed certificates	-		-	
f. International fixed income	-		-	
g. Venture Capital	-		-	
h. Real estate investment trusts	180,397,035		166,037,665	
i. Long/Short hedge funds	186,478,839		193,376,665	
j. Infrastructure	151,805,271		134,856,078	
k. Private equity	73,703,610		48,311,010	
l. Total Investments		1,715,303,582		1,756,466,774
3. Contributions Receivable for OBRA and ERS		19,445,395		22,358,256
4. (Payable) to OBRA Pension Plan		(1,655,306)		(1,592,289)
5. Net All Other Receivables (Liabilities)		13,055,831		20,753,593
6. Net Assets Held in Trust for ERS Pension Benefits (1 + 2l + 3 + 4 + 5)		$ 1,822,579,695		$ 1,879,234,430

TABLE 8 - Summary Reconciliation of Market Value of Plan Assets

Item		Amount
1. Market Value of Assets as of December 31, 2013		$ 1,879,234,430
2. Contributions for Plan Year		
a. County	$ 19,005,395	
b. Member	10,051,605	
c. Total		29,057,000
3. Disbursements for Plan Year		
a. Benefit payments and refunds	$ 177,366,124	
b. Administrative expenses payable to County	1,329,904	
c. Total		178,696,028
4. Market Value of Assets as of December 31, 2014		1,822,579,695
5. Net Investment Income * (4 - 1 - 2c + 3c)		92,984,293
6. Expected Net Investment Income (8.00% per annum)		143,774,924
7. Unexpected Change of Market Value of Assets (5 - 6)		(50,790,631)
8. Estimated Rate of Return		5.2%

*Net Investment Income is the change in the value of assets for reasons other than contributions and disbursements.

TABLE 9 - Derivation of Actuarial Value of Plan Assets

1. Market Value of Assets as of December 31, 2014					$ 1,822,579,695
2. Determination of Unexpected Change in Assets					
Year	Unexpected Change		Percentage Deferred	Amount Deferred	
2014	$	(50,790,631)	90%	$ (45,711,568)	
2013	$	118,316,429	80%	$ 94,653,143	
2012	$	-	70%	$ -	
2011	$	-	60%	$ -	
2010	$	-	50%	$ -	
2009	$	-	40%	$ -	
2008	$	-	30%	$ -	
2007	$	-	20%	$ -	
2006	$	-	10%	$ -	
2005	$	-	%	$ -	
Total					48,941,575
3. Actuarial Value of Assets (1 - 2)					$ 1,773,638,120

Assets were re-established at market value on January 1, 2013, so actual Unexpected Changes prior to 2013 are not applicable

TABLE 10 - Summary Reconciliation of Actuarial Value of Plan Assets

Item	For Year Ending December 31, 2014	For Year Ending December 31, 2013
1. Actuarial Value of Assets at the Beginning of the year	$ 1,772,749,644	$ 1,768,434,628
2. Contributions for Plan Year		
a. County	$ 19,005,395	$ 21,998,256
b. Member	10,051,605	8,954,525
c. Total	29,057,000	30,952,781
3. Disbursements for Plan Year		
a. Benefit payments and refunds	$ 177,366,124	$ 172,248,723
b. Administrative expenses payable to County	1,329,904	1,289,344
c. Total	178,696,028	173,538,067
4. Proceeds of Pension Obligation Bonds	-	-
5. Actuarial Value of Assets at the End of the Year	1,773,638,120	1,772,749,644
6. Net Investment Income * (5 - 1 - 2c + 3c - 4)	150,527,504	146,900,302
7. Expected Net Investment Income (8.00% per annum)	135,256,142	135,068,659
8. Unexpected Change of Actuarial Value of Assets (6 - 7)	15,271,362	11,831,643
9. Estimated Rate of Return	8.9%	8.7%

* Net Investment Income is the change in the value of assets for reasons other than contributioins and disbursements.

TABLE 11 - Contributions for 2014 Plan Year and Variance from the Funding Calculation Contribution

Item				Amount
1. Total Funding Calculation, End-of-Year Basis, for 2014 Plan Year (from January 1, 2014 actuarial valuation report)				$ 29,564,925
2. Total Employer Contributions Made, End-of-Year Basis				
Contribution Made	Fraction of a Year Invested	Contribution Amount	Interest to Year End*	End of Year Amount
Bi-weekly	50.0%	$ -	$ -	$ -
2/15/2015	0.0%	4,000,000	-	4,000,000
3/15/2015	0.0%	4,000,000	-	4,000,000
4/15/2015	0.0%	3,000,000	-	3,000,000
5/15/2015	0.0%	3,000,000	-	3,000,000
6/15/2015	0.0%	3,000,000	-	3,000,000
7/15/2015	0.0%	2,005,395	-	2,005,395
Total		$ 19,005,395	$ -	$ 19,005,395
3. Total Member Contributions				$ 10,051,605
4. Variance from Funding Calculation Amount** (2 + 3 - 1)				$ (507,925)

* Interest to 12/31/2014 at 8.00% per annum

** Variance is included in the reestablished UAAL amortization

Note that for purposes of the contribution rates shown in the report, these amounts are gross contribution amounts. It is our understanding that County staff will net out the amount of employee contributions that are collected to arrive at a net County contribution.

TABLE 12 – Actuarial Methods and Assumptions for GASB 67/68 Disclosure Purposes

The total pension liability as of December 31, 2014 was determined by rolling forward the total pension liability as of January 1, 2014 to December 31, 2014 using the following actuarial methods and assumptions, applied to all periods included in the measurement. All other assumptions such as retirement rates, termination rates, and disability rates used to determine the total pension liability are set forth in Table 18 – Description of Actuarial Assumptions and Methods.

Valuation Date:	January 1, 2014
Actuarial Cost Method:	Entry Age Normal – Level Percentage of Pay
Amortization Method:	For pension expense; the difference between expected and actual liability experience and changes of assumptions are amortized over the average of the expected remaining service lives of all members. The difference between projected and actual earnings is amortized over a closed period of five years.
Mortality:	Healthy pensioners: The sex-distinct UP-1994 Mortality Table with Projection scale AA to 2012 and then fully generational thereafter using scale AA. Active members: 70% of the rates applicable to healthy pensioners.
Experience Study:	The actuarial assumptions used were based on the results of an actuarial experience study for the period January 1, 2007 through December 31, 2011.

TABLE 13 – GASB 67 Net Pension Liability as of December 31, 2014

Schedule of Changes in Net Pension Liability as of December 31, 2014	
Total Pension Liability	
Service Cost	$ 15,299,451
Interest	172,040,282
Changes of Benefit Terms	-
Difference between Expected and Actual Experience	-
Change of Assumptions	-
Benefit Payments, including Refund of Member Contributions	(177,366,124)
Net Change in Total Pension Liability	9,973,609
Total Pension Liability - Beginning of Year	$ 2,229,977,951
Total Pension Liability - End of Year	$ 2,239,951,560
Plan Fiduciary Net Position	
Employer Contributions	$ 19,005,395
Member Contributions	10,051,605
Net Investment Income	96,721,345
Benefit Payments, including Refund of Member Contributions	(177,366,124)
Administrative Expenses	(5,066,956)
Other	-
Net Change in Plan Fiduciary Net Position	(56,654,735)
Plan Fiduciary Net Position - Beginning of Year	$ 1,879,234,430
Plan Fiduciary Net Position - End of Year	$ 1,822,579,695

Net Pension Liability (Asset)	December 31, 2014	December 31, 2013
Total Pension Liability	$ 2,239,951,560	$ 2,229,977,951
Plan Fiduciary Net Position	1,822,579,695	1,879,234,430
Net Pension Liability (Asset)	$ 417,371,865	$ 350,743,521
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	81.37%	84.27%

TABLE 14 – Sensitivity of the Net Pension Liability as of December 31, 2014 to Changes in the Discount Rate

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
	1% Decrease	Current	1% Increase
Discount Rate	7.00%	8.00%	9.00%
Net Pension Liability (Asset)	638,609,811	417,371,865	229,353,095

TABLE 15 – Estimate of the Pension Expense for Year Ended December 31, 2015

Estimated Pension Expense for The Fiscal Year Ended December 31, 2015	
Service Cost	$ 16,523,407
Interest	172,737,448
Difference between Expected and Actual Experience	-
Change of Assumptions	-
Estimated Contributions Member	(9,424,285)
Projected Earnings on Plan Investments	(138,883,580)
Difference between Expected and Actual Earnings	-
Administrative Expense	4,731,447
Other	-
Changes of Benefit Terms	-
Total Pension Expense	45,684,437

TABLE 16 – Projection of Fiduciary Net Position

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fidiciary Net Position
2015	$ 1,822,579,695	$ 28,429,680	$ 181,157,539	$ 4,731,447	$ 152,434,120	$ 1,817,554,509
2016	1,817,554,509	38,305,000	184,849,943	4,433,449	162,361,966	1,828,938,083
2017	1,828,938,083	58,451,303	188,580,796	4,145,865	141,273,838	1,835,936,563
2018	1,835,936,563	56,977,262	191,179,573	3,870,876	141,671,207	1,839,534,583
2019	1,839,534,583	55,663,308	193,798,233	3,619,381	141,797,750	1,839,578,027
2020	1,839,578,027	54,492,167	195,439,108	3,385,397	141,664,897	1,836,910,586
2021	1,836,910,586	53,435,974	196,662,523	3,166,384	141,325,435	1,831,843,088
2022	1,831,843,088	52,476,263	197,571,879	2,961,093	140,812,239	1,824,598,618
2023	1,824,598,618	51,607,629	197,862,749	2,764,034	140,166,540	1,815,746,004
2024	1,815,746,004	50,840,019	198,279,090	2,577,607	140,472,974	1,806,202,300
2025	1,806,202,300	51,235,514	198,212,174	2,401,923	139,186,378	1,796,010,095
2026	1,796,010,095	51,234,866	198,084,458	2,234,489	138,274,013	1,785,200,027
2027	1,785,200,027	51,255,428	197,920,441	2,064,768	137,320,502	1,773,790,748
2028	1,773,790,748	51,305,348	197,867,898	1,891,438	136,330,396	1,761,667,156
2029	1,761,667,156	51,402,363	197,152,219	1,717,357	135,310,820	1,749,510,763
2030	1,749,510,763	51,548,027	196,337,230	1,551,424	134,337,914	1,737,508,050
2031	1,737,508,050	51,780,550	195,276,347	1,400,362	133,387,320	1,725,999,211
2032	1,725,999,211	52,088,313	193,703,394	1,256,971	132,493,988	1,715,621,147
2033	1,715,621,147	52,462,422	191,904,311	1,124,105	131,700,225	1,706,755,378
2034	1,706,755,378	52,894,563	189,453,958	1,000,462	131,056,499	1,700,252,020
2035	1,700,252,020	53,380,704	186,928,533	886,737	130,624,348	1,696,441,802
2036	1,696,441,802	53,932,280	183,902,486	783,130	76,811,757	1,642,500,223
2037	1,642,500,223	1,643,390	180,357,762	687,218	124,606,886	1,587,705,519
2038	1,587,705,519	1,399,937	176,490,145	599,216	120,328,188	1,532,344,283
2039	1,532,344,283	1,177,555	172,201,960	517,931	116,031,857	1,476,833,804
2040	1,476,833,804	982,116	167,637,357	444,032	111,738,725	1,421,473,256
2041	1,421,473,256	812,121	162,740,935	375,595	107,471,734	1,366,640,581
2042	1,366,640,581	664,370	157,554,649	314,879	103,261,748	1,312,697,171
2043	1,312,697,171	536,305	152,278,295	260,305	99,894,458	1,260,589,334
2044	1,260,589,334	1,180,931	146,585,974	212,289	94,470,535	1,209,442,537
2045	1,209,442,537	393,053	140,877,659	170,377	91,272,624	1,160,060,178
2046	1,160,060,178	307,146	134,982,755	134,507	87,540,618	1,112,790,680
2047	1,112,790,680	235,982	129,076,649	104,314	83,981,083	1,067,826,782
2048	1,067,826,782	178,196	123,094,849	79,469	80,611,607	1,025,442,267
2049	1,025,442,267	132,323	117,142,371	59,188	77,448,607	985,821,638
2050	985,821,638	96,142	111,199,322	43,170	74,508,308	949,183,596
2051	949,183,596	68,354	105,385,028	30,672	71,802,332	915,638,582
2052	915,638,582	47,044	99,671,434	21,225	69,341,621	885,334,588
2053	885,334,588	31,653	94,114,780	14,302	67,134,242	858,371,401
2054	858,371,401	20,470	88,674,607	9,272	65,190,423	834,898,415
2055	834,898,415	12,916	83,377,948	5,828	63,520,130	815,047,685
2056	815,047,685	7,727	78,270,793	3,511	62,132,650	798,913,758
2057	798,913,758	4,513	73,284,310	2,076	61,037,548	786,669,433
2058	786,669,433	2,376	68,463,788	1,095	60,247,337	778,454,263
2059	778,454,263	1,203	63,812,391	572	59,772,721	774,415,224
2060	774,415,224	545	59,319,151	268	59,625,992	774,722,342
2061	774,722,342	237	54,986,083	120	59,820,608	779,556,984
2062	779,556,984	98	50,814,671	51	60,371,036	789,113,396
2063	789,113,396	21	46,800,241	8	61,293,066	803,606,234
2064	803,606,234	5	42,942,480	4	62,603,845	823,267,600

TABLE 16 – Projection of Fiduciary Net Position - continued

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fidiciary Net Position
2065	$ 823,267,600	$ 3	$ 39,240,895	$ -	$ 64,321,966	$ 848,348,674
2066	848,348,674	-	35,699,325	-	66,467,392	879,116,741
2067	879,116,741	-	32,326,250	-	69,061,165	915,851,656
2068	915,851,656	-	29,121,646	-	72,125,676	958,855,686
2069	958,855,686	-	26,090,032	-	75,684,930	1,008,450,584
2070	1,008,450,584	-	23,242,305	-	79,764,240	1,064,972,519
2071	1,064,972,519	-	20,577,193	-	84,390,548	1,128,785,874
2072	1,128,785,874	-	18,096,675	-	89,592,929	1,200,282,128
2073	1,200,282,128	-	15,802,193	-	95,402,643	1,279,882,578
2074	1,279,882,578	-	13,693,690	-	101,853,396	1,368,042,284
2075	1,368,042,284	-	11,769,984	-	108,981,641	1,465,253,941
2076	1,465,253,941	-	10,026,254	-	116,826,980	1,572,054,667
2077	1,572,054,667	-	8,457,096	-	125,432,597	1,689,030,168
2078	1,689,030,168	-	7,060,241	-	134,845,437	1,816,815,364
2079	1,816,815,364	-	5,828,439	-	145,116,577	1,956,103,502
2080	1,956,103,502	-	4,753,874	-	156,301,783	2,107,651,411

TABLE 17 – Actuarial Present Values of Projected Benefit Payments

Year	Projected Beginning Fiduciarty Net Position	Projected Benefit Payments	Funded Portion of Projected Benefit Payments	Unfunded Portion of Projected Benefit Payments	Present Value of Funded Benefit Payments at 8.00%	Present Value of Unfunded Benefit Payments at 3.34%	Present Value of Benefit Payments Using Single Discount Rate of 8.00%
2015	$ 1,822,579,695	$ 181,157,539	$ 181,157,539	$ -	$ 181,157,539	$ -	181,157,539
2016	1,817,554,509	184,849,943	184,849,943	-	171,157,355	-	171,157,355
2017	1,828,938,083	188,580,796	188,580,796	-	161,677,637	-	161,677,637
2018	1,835,936,563	191,179,573	191,179,573	-	151,764,509	-	151,764,509
2019	1,839,534,583	193,798,233	193,798,233	-	142,447,487	-	142,447,487
2020	1,839,578,027	195,439,108	195,439,108	-	133,012,573	-	133,012,573
2021	1,836,910,586	196,662,523	196,662,523	-	123,930,749	-	123,930,749
2022	1,831,843,088	197,571,879	197,571,879	-	115,281,294	-	115,281,294
2023	1,824,598,618	197,862,749	197,862,749	-	106,899,087	-	106,899,087
2024	1,815,746,004	198,279,090	198,279,090	-	99,188,910	-	99,188,910
2025	1,806,202,300	198,212,174	198,212,174	-	91,810,588	-	91,810,588
2026	1,796,010,095	198,084,458	198,084,458	-	84,955,029	-	84,955,029
2027	1,785,200,027	197,920,441	197,920,441	-	78,596,930	-	78,596,930
2028	1,773,790,748	197,867,898	197,867,898	-	72,755,615	-	72,755,615
2029	1,761,667,156	197,152,219	197,152,219	-	67,122,650	-	67,122,650
2030	1,749,510,763	196,337,230	196,337,230	-	61,893,683	-	61,893,683
2031	1,737,508,050	195,276,347	195,276,347	-	56,999,304	-	56,999,304
2032	1,725,999,211	193,703,394	193,703,394	-	52,352,013	-	52,352,013
2033	1,715,621,147	191,904,311	191,904,311	-	48,023,868	-	48,023,868
2034	1,706,755,378	189,453,958	189,453,958	-	43,898,768	-	43,898,768
2035	1,700,252,020	186,928,533	186,928,533	-	40,105,182	-	40,105,182
2036	1,696,441,802	183,902,486	183,902,486	-	36,533,286	-	36,533,286
2037	1,642,500,223	180,357,762	180,357,762	-	33,175,098	-	33,175,098
2038	1,587,705,519	176,490,145	176,490,145	-	30,058,969	-	30,058,969
2039	1,532,344,283	172,201,960	172,201,960	-	27,156,135	-	27,156,135
2040	1,476,833,804	167,637,357	167,637,357	-	24,478,056	-	24,478,056
2041	1,421,473,256	162,740,935	162,740,935	-	22,002,861	-	22,002,861
2042	1,366,640,581	157,554,649	157,554,649	-	19,723,765	-	19,723,765
2043	1,312,697,171	152,278,295	152,278,295	-	17,651,144	-	17,651,144
2044	1,260,589,334	146,585,974	146,585,974	-	15,732,709	-	15,732,709
2045	1,209,442,537	140,877,659	140,877,659	-	14,000,046	-	14,000,046
2046	1,160,060,178	134,982,755	134,982,755	-	12,420,580	-	12,420,580
2047	1,112,790,680	129,076,649	129,076,649	-	10,997,336	-	10,997,336
2048	1,067,826,782	123,094,849	123,094,849	-	9,710,821	-	9,710,821
2049	1,025,442,267	117,142,371	117,142,371	-	8,556,700	-	8,556,700
2050	985,821,638	111,199,322	111,199,322	-	7,520,915	-	7,520,915
2051	949,183,596	105,385,028	105,385,028	-	6,599,693	-	6,599,693
2052	915,638,582	99,671,434	99,671,434	-	5,779,520	-	5,779,520
2053	885,334,588	94,114,780	94,114,780	-	5,053,068	-	5,053,068
2054	858,371,401	88,674,607	88,674,607	-	4,408,317	-	4,408,317
2055	834,898,415	83,377,948	83,377,948	-	3,837,965	-	3,837,965
2056	815,047,685	78,270,793	78,270,793	-	3,335,998	-	3,335,998
2057	798,913,758	73,284,310	73,284,310	-	2,892,100	-	2,892,100
2058	786,669,433	68,463,788	68,463,788	-	2,501,724	-	2,501,724
2059	778,454,263	63,812,391	63,812,391	-	2,159,035	-	2,159,035
2060	774,415,224	59,319,151	59,319,151	-	1,858,343	-	1,858,343
2061	774,722,342	54,986,083	54,986,083	-	1,594,998	-	1,594,998
2062	779,556,984	50,814,671	50,814,671	-	1,364,811	-	1,364,811
2063	789,113,396	46,800,241	46,800,241	-	1,163,879	-	1,163,879
2064	803,606,234	42,942,480	42,942,480	-	988,833	-	988,833

TABLE 17 – Actuarial Present Values of Projected Benefit Payments - continued

Year	Projected Beginning Fiduciarty Net Position	Projected Benefit Payments	Funded Portion of Projected Benefit Payments	Unfunded Portion of Projected Benefit Payments	Present Value of Funded Benefit Payments at 8.00%	Present Value of Unfunded Benefit Payments at 3.34%	Present Value of Benefit Payments Using Single Discount Rate of 8.00%
2065	$ 823,267,600	$ 39,240,895	$ 39,240,895	$ -	$ 836,664	$ -	$ 836,664
2066	848,348,674	35,699,325	35,699,325	-	704,772	-	704,772
2067	879,116,741	32,326,250	32,326,250	-	590,908	-	590,908
2068	915,851,656	29,121,646	29,121,646	-	492,898	-	492,898
2069	958,855,686	26,090,032	26,090,032	-	408,876	-	408,876
2070	1,008,450,584	23,242,305	23,242,305	-	337,266	-	337,266
2071	1,064,972,519	20,577,193	20,577,193	-	276,475	-	276,475
2072	1,128,785,874	18,096,675	18,096,675	-	225,136	-	225,136
2073	1,200,282,128	15,802,193	15,802,193	-	182,029	-	182,029
2074	1,279,882,578	13,693,690	13,693,690	-	146,056	-	146,056
2075	1,368,042,284	11,769,984	11,769,984	-	116,239	-	116,239
2076	1,465,253,941	10,026,254	10,026,254	-	91,683	-	91,683
2077	1,572,054,667	8,457,096	8,457,096	-	71,606	-	71,606
2078	1,689,030,168	7,060,241	7,060,241	-	55,351	-	55,351
2079	1,816,815,364	5,828,439	5,828,439	-	42,309	-	42,309
2080	1,956,103,502	4,753,874	4,753,874	-	31,952	-	31,952

TABLE 18 – Description of Actuarial Assumptions and Methods

ASSUMPTIONS

Interest Rate: 8.0% per annum, compounded annually. The components are 3.0% for inflation and 5.0% for the real rate of return.

Separation from Service: Illustrative rates of assumed separation from service are shown in the following tables.

Annual Rates per 100 Participants

Mortality*				
Attained Age	Healthy Pensioners		Disabled Pensioners	
	Males	Females	Males	Females
45	0.09	0.05	2.26	0.75
50	0.14	0.08	2.90	1.15
55	0.23	0.15	3.54	1.65
60	0.44	0.30	4.20	2.18
65	0.84	0.59	5.02	2.80
70	1.34	0.94	6.26	3.76
75	2.14	1.47	8.21	5.22
80	3.86	2.59	10.94	7.23
85	6.40	4.55	14.16	10.02

* Healthy pensioners: The sex-distinct UP-1994 Mortality Table with projection scale AA to 2012 and then fully generational thereafter using scale AA.

Active members: 70% of the rates applicable to healthy pensioners.

Disabled pensioners: RP2000 Disabled Mortality Table.

Annual Rates per 100 Participants

Attained Age	Withdrawal – Ultimate			Disability
	General Employees	Elected Officials*	Deputy Sheriffs	
20	20.00	2.00	20.00	0.00
25	18.10	2.00	18.10	0.04
30	8.10	2.00	8.10	0.05
35	5.20	2.00	5.20	0.07
40	4.00	2.00	4.00	0.12
45	3.70	2.00	3.70	0.16
50	3.70	2.00	3.70	0.16
55	1.00	2.00	1.00	0.16
60	0.00	0.00	0.00	0.16
65	0.00	0.00	0.00	0.16

* Select rates for elected officials assume no turnover for first four years.

Annual Rates per 100 Participants

Retirement Rates				
Attained Age	**General Employees** (backdrop eligible)	**General Employees** (not backdrop eligible)	**Elected Officials**	**Deputy Sheriffs**
45-49	14.0	0.0	0.0	15.0
50-54	14.0	14.0	0.0	30.0
55	14.0	14.0	19.8	30.0
56	15.0	15.0	19.8	30.0
57	16.0	16.0	23.0	30.0
58	17.0	17.0	20.4	30.0
59	17.0	17.0	24.8	30.0
60	17.0	17.0	19.4	30.0
61	25.0	25.0	22.5	50.0
62	30.0	30.0	28.4	50.0
63	30.0	30.0	26.6	50.0
64	30.0	30.0	24.3	50.0
65	40.0	40.0	30.4	100.0
66	40.0	40.0	22.5	100.0
67	40.0	40.0	25.7	100.0
68	40.0	40.0	34.2	100.0
69	40.0	40.0	36.0	100.0
70	100.0	100.0	100.0	100.0

Salary Increase: Effective average of 3.5% per annum, compounded annually. Representative values are as follows:

Annual Rate of Salary Increase

Age	General Employees	Elected Officials	Deputy Sheriffs
20	9.5%	3.0%	9.5%
25	5.0	3.0	8.0
30	4.0	3.0	6.1
35	3.7	3.0	4.6
40	3.5	3.0	3.7
45	3.0	3.0	3.3
50	3.0	3.0	3.0
55	3.0	3.0	3.0
60	3.0	3.0	3.0
Average	3.3	3.0	4.3

Payroll Growth: 3.5% per annum.

MISCELLANEOUS

Percentage Married/Age Difference: Male 80%, female 80%. Beneficiaries are assumed to be the same age as the participant.

Percentage Married with at Least One Dependent Child: 21.6% for General Employees, 43.2% for Deputy Sheriffs and Elected Officials. For those who die prior to age 60, it is assumed at least one child will remain a dependent until the member would have turned age 60.

Backdrop Rate: 75% of eligible retirees are assumed to elect a backdrop. Of those electing, 75% are assumed to take the maximum period available to them and 25% take half the maximum period available based on eligibility for an unreduced retirement benefit.

Assumed Type of Disability: For represented employees, the assumption is 50% Ordinary and 50% Accidental and for non-represented employees, the assumption is 100% Ordinary and 0% Accidental.

METHODS

Calculations: The actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system, and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System.

Actuarial Cost Method: Liabilities and contributions shown in this report are computed using the Individual Entry Age Normal Cost Method, effective for January 1, 2015. Prior results shown were computed using the Aggregate Entry Age Normal Cost Method. The outstanding balance of the unfunded actuarial accrued liability (UAAL) as of January 1, 2015 and any changes to the UAAL arising from plan changes, assumption changes, and unexpected changes in UAL are amortized as a level percentage of payroll over a 20-year period.

The full administrative expenses incurred by the County related to the System are payable by the System to the County. The County then reimburses the System for this payment in the annual contribution.
The variance between the amount contributed to the System for a plan year, and the actual contribution requirement for that year is amortized on a level dollar basis over 5 years. POB proceeds were not subject to the contribution variance requirements.

Asset Valuation Method: A ten-year moving market average value of assets that recognizes the actuarial expected investment return immediately and spreads the difference between the actual and expected return over a period of ten years. Assets were re-established at market value on January 1, 2013.

DATA

Census and Assets: The valuation was based on members of the System as of January 1, 2015 and does not take into account future members. All census data was supplied by the System and was subject to reasonable consistency checks. Asset data was supplied by the System.

TABLE 19 - Summary of Benefit and Contribution Provisions

MEMBERSHIP

Any person regularly employed by the County at an annual wage or salary, including any person employed by the State of Wisconsin, but receiving part of his compensation from the County.

VESTING SERVICE

Service during period of employment in the County or in any department in any town, village, city or metropolitan sewerage commission in the County, which department has by consolidation or merger been absorbed by the County.

Creditable service shall consist of “prior service”, “military service”, and “membership service”, for which service credit is allowable under Section 4, Chapter 201, Laws of 1937, as well as service under Executive Order 11231, July 8, 1965, for Vietnam. Additional credit for periods of military service will be earned in accordance with the following chart:

Years of Service with Milwaukee County	Maximum Years of Military Service Granted
0-4	0
5-9	1
10-14	2
15-19	3
20+	4

BENEFIT SERVICE

Same as vesting service except service prior to becoming a participant does not count.

EARNINGS

Earnable compensation is the full rate of compensation payable to member if he worked the full normal working time for his position, including authorized overtime payments and the compensation rate assumed to have been received while the member is on authorized leave of absence. In cases where compensation includes maintenance, the Pension Board shall fix the value of that part of the compensation not payable in money. Compensation shall not exceed $260,000 in the pension calculation as indexed for changes in the cost of living.

For all members except certain deputy sheriffs hired on or after January 1, 1982, the final average salary means the average annual salary for the highest three (3) consecutive years of service. For deputy sheriffs hired on or after January 1, 1982, excluding DA Investigators and non-represented deputy sheriffs, the final average salary means the average annual salary for

the highest five (5) consecutive years of service. For DA Investigators and non-represented deputy sheriffs hired before July 1, 1995 and all non-deputy sheriff members hired before January 1, 1982, the final average salary is increased 7.5% for each year worked after January 1, 2001 to a maximum of 25%.

VOLUNTARY EMPLOYEE CONTRIBUTION

Up to 10% of earnings, provided that the employee was contributing on January 1, 1971.

MANDATORY EMPLOYEE CONTRIBUTION

Effective January 1, 2011 Elected Officials and Non-Represented employees contributed 2% of compensation. For all Non-Represented employees (other than elected officials), the contribution rate increased to 4% of compensation effective December 11, 2011.

BENEFITS

Normal Retirement

Eligibility

Elected Officials:

Age 60, or age 55 with 30 years of service. For elected officials hired before January 1, 2006, the combination of age and service adding up to 75 (Rule of 75) also applies.

General Employees:

For firefighters, Federated Nurses, and Machinists:

Age 60 with 5 years of service, or age 55 with 30 years of service. For firefighters hired before December 1, 1996, Federated Nurses hired before January 1, 1997, and Machinists hired before January 1, 1994, Rule of 75 also applies. For Federated Nurses and Machinists hired after January 1, 2012, age 64 or age 55 with 30 years of service.

For Attorneys, Skilled Trades, non-represented employees, DC48, and Teamco:

Age 60, or age 55 with 30 years of service. For attorneys, Skilled Trades, and non-represented employees hired before January 1, 2006 and DC48 and Teamco hired before January 1, 1994, Rule of 75 also applies.

For attorneys, Skilled Trades, non-represented employees, and TEAMCO hired after January 1, 2010, age 64 or age 55 with 30 years of service.

For DC48 hired after August 1, 2011, age 64 or age 55 with 30 years of service.

For non-represented employees (excluding Elected Officials, Deputy Sheriffs), attorneys, machinists and TEAMCO hired after January 1, 2010, retirement age is 64.

Deputy Sheriffs:

Age 57, or age 55 with 15 years of service. For deputy sheriffs, DA Investigators, and non-represented deputy sheriffs hired before January 1, 1994, Rule of 75 also applies.

Amount

Elected Officials:

For elected officials hired before March 15, 2002, 2.5% of final average salary per year of service before October 14, 2010 and 1.6% of final average salary per year of service thereafter, not greater than 80%. For elected officials hired on or after March 15, 2002, 2.0% of final average salary per year of service before October 14, 2010 and 1.6% of final average salary per year of service thereafter, not greater than 80%.

General Employees:

2.0% of final average salary per year of service, not greater than 80%. For non-represented employees (excluding Elected Officials and Deputy Sheriffs), 1.6% of final average salary per year of service from January 1, 2010; for attorneys and TEAMCO, the 1.6% provision is effective May 1, 2010; for machinists, June 1, 2010; for DC48, effective August 1, 2011; for building trades and FNHP, effective January 1, 2012.

Deputy Sheriffs:

For deputy sheriffs hired before July 1, 1995 and DA Investigators and non-represented deputy sheriffs, 2.5% of final average salary per year of service, not greater than 80%. For deputy sheriffs hired on or after July 1, 1995, 2.0% of final average salary per year of service, not greater than 80%.

For all members, 1.6% of final average salary per year of service after 80% of final average salary has been reached.

In addition to the pension portion, the benefit includes any voluntary contribution balance. Benefits should not be less than under previous system.

Early Retirement

Eligibility	Age 55 with 15 years of service.
Amount	Benefits reduced by 5/12 of 1% for each month by which commencement of payments precedes Normal Retirement Age. For deputy sheriffs, DA Investigators, and non-represented deputy sheriffs, benefit reduction does not apply.

Ordinary Disability Benefit

Eligibility	After 15 years of service.
Amount	Benefits calculated as for normal retirement benefits. Minimum benefit is 25% of final average salary.

Accidental Disability Benefit

Eligibility	Immediate.
Amount	Benefits are the same as normal retirement benefits if the employee has attained the minimum Normal Retirement Age. If less than Normal Retirement Age at time of disability, the benefit is computed the same as for normal retirement but is not less than 75% or 60% of final average salary.

Elected Officials

For elected officials hired before February 19, 1987, the benefit is not less than 75% of final average salary. For all other elected officials, the benefit is not less than 60% of final average salary.

General Employees

For non-represented employees hired before February 19, 1987, attorneys hired on or after January 1, 1987, Skilled Trades hired before October 30, 1987, Federated Nurses hired before January 1, 1987, Machinists hired before May 18, 1988, DC48 hired before July 24, 1987, and Teamco hired before January 12, 1988, the benefit is not less than 75% of final average salary. For all other general employees, the benefit is not less than 60% of final average salary.

Deputy Sheriffs

For all deputy sheriffs, the benefit is not less than 75% of final average salary. For DA Investigators and non-represented deputy sheriffs hired on or after February 19, 1987, the benefit is not less than 60% of final average salary.

Ordinary Death Benefit

Upon the death of a deputy sheriff in active service for any cause other than accidental, the surviving spouse or child shall be entitled to receive the benefit under the provision of survivor benefits if the deceased member has completed at least one (1) year of service and is not eligible for normal retirement.

Accidental Death Benefit

Upon the death of a deputy sheriff caused by an accident in active duty, a survivorship benefit equal to fifty (50) percent of final average salary shall be granted to the following members:

1) A surviving spouse for life or until remarriage, or
2) If there is no spouse or spouse dies or remarries before the youngest child has attained age 18, the benefit is payable to his child(ren) under age 18 until the youngest child attains said age, or
3) If there is no spouse or child(ren) under age 18, the benefit is payable to his dependent father or mother to continue for life.

The monthly benefit aforementioned shall not be less than the benefit under ordinary death benefit section if death had not occurred in performance of duty.

Lump Sum Benefit upon Death

Upon a death of members, a lump sum benefit of one-half the final average salary of the deceased member, not greater than two thousand dollars ($2,000) shall be paid to designated beneficiary if such member has completed one (1) year of service and no survivors' benefits payable under any other survivorship benefits.

Deferred Vested Benefit

Upon termination of employment, a member who does not elect to withdraw any part of his membership account shall be eligible for a deferred vested benefit if:

1) The accrued benefit at age 60 is at least $10 per month
2) 5 years of service

The benefit is computed the same as for a normal retirement benefit considering earnings and service prior to date of termination.

Survivor Benefit

Upon the death of a member prior to age 60 and after completing at least one (1) year of service, a monthly benefit equal to 40% of the member's salary for the year of his death less monthly survivor benefits payable under the Social Security law shall be payable to his surviving spouse if she has at least one dependent child and was married to the member at least one (1) year prior to his death. Upon attainment of age 60 the dependent spouse shall be paid a benefit equal to 50% of the normal pension which the member would have received assuming service had continued to accrue to age 60 and the final average salary determined at death. In addition, a monthly benefit equal to 10% of the member's monthly salary less the benefits payable to child under Social Security law shall be payable to each eligible

children until he attains age 18 or marries, or until attainment of age 22 if he is a student and not married.

Any member eligible for normal retirement may elect the protective survivorship option by selecting option 2 or 3 under the Optional Benefit section. This survivorship option shall become effective at the death of the member. If any member eligible to elect an option shall die in active service, without selecting an option, his surviving spouse shall be paid a survivorship benefit equal to the amount that would have been payable if such member had retired under option 3 immediately prior to his death.

Optional Benefit

In lieu of the full retirement benefit, any member at retirement may elect to receive an actuarial equivalent reduced retirement benefit in accordance with the following options:

Option 1. In case of death before benefits attributable to his mandatory account have equaled the amount of his membership account at the date of retirement, the balance shall be paid to a designated beneficiary or to his estate; or

Option 2. At the death of the member, one-half of the reduced benefit shall be continued throughout the life of designated beneficiary; or

Option 3. At the death of the member, the same reduced benefit shall be continued throughout the life of designated beneficiary.

Other Benefits

Simple COLA	2% of original benefit increase per year to retired employees (surviving beneficiary receives proportionate amount based on survivorship percentage).
Contribution Refund	Refund of employee voluntary contribution upon severance.
Backdrop Benefit	Employee may opt to receive a monthly benefit earned as of a specific date in the past (backdrop date). The backdrop date may not be prior to the earliest date that the member was eligible to retire and shall not be less than one (1) year prior to the date the member leaves active County service. Employee receives a cash payment equal to monthly benefits that would have been paid between backdrop date and actual retirement date plus interested earned. Effective with backdrop dates on or after April 1, 2013, the monthly drop benefit shall be based on the salary, service and multipliers as of April 1, 2013, except for Elected Officials, Skilled Trades, Machinists, Federated Nurses and Firefighters.

Members not eligible for backdrop benefits are Elected Officials, non-represented employees and deputy sheriffs hired on or after March 15, 2002, Machinists and Teamco hired on or after November 4, 2005, Attorneys hired on or after January 1, 2006, Federated Nurses hired on or after December 15, 2005, Firefighters hired on or after June 19, 2007 and DC48 hired on or after February 1, 2007.

TABLE 20 - Summary of Membership Data as of January 1, 2015

Active Participants

Item	General Employees	Deputy Sheriffs *	Elected Officials	Total
Number of Participants	3,401	261	18	3,680
Average Annual Salaries **	$ 52,470	$ 69,989	$ 70,513	$ 53,868
Average Age	45.9	45.9	48.3	46.0
Average Service	11.2	18.7	9.5	11.7

* Includes 4 non-represented deputy sheriffs.

** The salaries shown in the table above represent a rate of pay increased by the salary assumption.

Inactive Participants

Item	Number	Annual Annuities	Average Annuities	Average Age
Participants with Deferred Benefits	1,370	$ 10,580,271	$ 7,723	50.7
Retired Participants	6,824	145,633,549	21,341	71.1
Beneficiaries	887	13,436,522	15,148	76.7
Disability Retirees	268	5,988,573	22,345	63.8
Total	9,349	$ 175,638,915	$ 18,787	68.4

TABLE 21 - Active Membership Statistics (Unaudited)

	2014
Members as of January 1	5,322 *
Changes during the year:	
New enrollments	350
Nonvested terminations	(365)
Retirements	(235)
Deaths in active service	(4)
New deferred beneficiaries	0
Data Adjustment	(18)
Members as of December 31	5,050 *

*This total includes vested inactive members.

RETIREMENTS AND SURVIVORS (UNAUDITED)

	Retirements granted								Survivors & Benefi-ciaries	Total
	Maxi-mum Pension	Options								
		Refund	100%	75%	50%	25%	10-yr	Other		
January 1, 2014	3,284	366	1,418	252	1,052	465	213	49	841	7,940
Changes during the year:										
Adjustments (actuary) *	12	-	2	-	1	1	1	-	-	17
Retirements	130	-	46	8	18	18	15	-	93	328
Pensioner deaths	(123)	(33)	(30)	(2)	(59)	(6)	(2)	(4)	(47)	(306)
December 31, 2014	3,303	333	1,436	258	1,012	478	227	45	887	7,979

* Adjustments as a result of reclassifications made to beginning balances by the actuary:

EXHIBIT I - Active Membership Data – All Employees

Number and Average Annual Salary*
as of January 1, 2015

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	61 $35,400									61 $35,400
25-29	221 $38,883	23 $45,958								244 $39,550
30-34	232 $42,645	90 $46,498	13							335 $44,267
35-39	205 $53,741	118 $52,274	85 $52,251	27 $57,620						435 $53,293
40-44	156 $48,658	99 $56,395	106 $53,043	111 $59,937	26 $65,043	1				499 $54,472
45-49	128 $51,119	85 $52,332	100 $55,757	134 $59,143	139 $62,307	30 $59,303	2			618 $56,816
50-54	92 $48,739	55 $57,393	95 $51,167	78 $57,290	153 $57,538	99 $62,685	14			586 $55,793
55-59	82 $46,042	70 $52,956	91 $52,364	79 $56,804	96 $59,141	89 $65,999	32 $62,466	6		545 $56,197
60-64	35 $65,294	35 $58,742	40 $55,366	42 $62,534	52 $59,136	51 $68,807	15	7	1	278 $63,829
Over 64	7	16	16	13	8	11	3	5		79 $ 63,162
Total	1,219 $46,357	591 $53,205	546 $53,434	484 $58,861	474 $60,020	281 $65,144	66 $66,999	18	1	3,680 $53,868

* Compensation in cells with fewer than 20 records has been suppressed.

EXHIBIT II - Active Membership Data – General Employees

Number and Average Annual Salary*
as of January 1, 2015

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	61 $35,400									61 $35,400
25-29	220 $38,814	23 $45,958								243 $39,490
30-34	232 $42,645	90 $46,498	11							333 $44,111
35-39	202 $53,008	116 $52,104	72 $49,668	16						406 $52,068
40-44	156 $48,658	99 $56,395	93 $51,977	66 $54,903	14	1				429 $52,499
45-49	127 $50,430	84 $52,232	88 $54,176	100 $56,062	92 $57,693	26 $57,685	2			519 $54,246
50-54	92 $48,739	55 $57,393	92 $50,902	67 $55,700	123 $54,384	89 $59,994	14			532 $54,134
55-59	81 $45,906	70 $52,956	90 $51,373	74 $55,231	90 $58,773	86 $65,620	31 $60,856	6		528 $55,487
60-64	35 $65,294	35 $58,742	40 $55,366	42 $62,534	52 $59,136	49 $68,867	14	7	1	275 $63,783
Over 64	7	15	14	12	8	11	3	5		75 $ 63,168
Total	1,213 $46,125	587 $53,160	500 $52,218	377 $56,247	379 $57,397	262 $64,101	64 $66,251	18	1	3,401 $52,486

* Compensation in cells with fewer than 20 records has been suppressed.
Five non-represented deputy sheriffs are included with Deputy Sheriffs exhibit.

EXHIBIT III - Active Membership Data – Deputy Sheriffs

Number and Average Annual Salary*
as of January 1, 2015

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25										
25-29										
30-34			1							1
35-39	1	1	13	11						26 $72,307
40-44			12	45 $67,322	12					69 $66,738
45-49		1	11	34 $68,205	47 $71,337	4				97 $69,751
50-54			3	11	30 $70,470	10				54 $72,129
55-59				4	4	3	1			12
60-64						1	1			2
Over 64										
Total	1	2	40 $64,891	105 $67,751	93 $70,833	18	2			261 $69,981

EXHIBIT IV - Active Membership Data – Elected Officials

Number and Average Annual Salary*
as of January 1, 2015

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25										
25-29	1									1
30-34			1							1
35-39	2	1								3
40-44			1							1
45-49	1		1							2
50-54										
55-59	1		1	1	2					5
60-64						1				1
Over 64		1	2	1						4
Total	5	2	6	2	2	1				18 $70,513

* Compensation in cells with fewer than 20 records has been suppressed.

EXHIBIT V - Active and Deferred Vested Members Obtaining Retirement Eligibility over Next Five Calendar Years

Actives Reaching Retirement Eligibility

Year	General Employees	Elected Officials	Deputy Sheriffs	Total
Eligible at Valuation Date	546	8	9	563
2015	102	0	5	107
2016	148	1	13	162
2017	114	0	6	120
2018	130	0	14	144
2019	117	0	12	129
Total Over Next 5 Years	611	1	50	662
Grand Total Eligible	1,157	9	95	1,225

Deferred Vesteds Reaching Retirement Age

Year	Total
2015	77
2016	70
2017	75
2018	77
2019	65
Total Over Next 5 Years	364

EXHIBIT VI - Retiree and Beneficiary Membership Data as of January 1, 2015

Number and Average Annual Benefit

Age Last Birthday	Number	Annual Benefit	Average Annual Benefit
Retired Participants			
Under 60	631	$ 17,890,060	$ 28,352
60 - 64	1,431	30,850,345	21,559
65 - 69	1,634	36,478,437	22,325
70 - 74	976	21,273,863	21,797
75 - 79	782	15,875,744	20,301
Over 79	1,370	23,265,100	16,982
Total	6,824	$ 145,633,549	$ 21,341
Beneficiary Participants			
Under 60	95	$ 1,360,720	$ 14,323
60 - 64	64	1,092,479	17,070
65 - 69	89	1,652,722	18,570
70 - 74	90	1,436,422	15,960
75 - 79	116	1,883,069	16,233
Over 79	433	6,011,110	13,882
Total	887	$ 13,436,522	$ 15,148
Disabled Participants			
Under 60	113	$ 2,931,840	$ 25,945
60 - 64	40	948,479	23,712
65 - 69	28	583,057	20,823
70 - 74	36	680,508	18,903
75 - 79	15	290,561	19,371
Over 79	36	554,128	15,392
Total	268	$ 5,988,573	$ 22,345
Grand Total	7,979	$ 165,058,644	$ 20,687

EXHIBIT VII - 5-Year History of Membership Data

Active Participants

Item	General Employees	Deputy Sheriffs*	Elected Officials	Total
Number of Participants	3,401	261	18	3,680
Average Annual Salaries **	$ 52,470	$ 69,989	$ 70,513	$ 53,868
Average Age	45.9	45.9	48.3	46.0
Average Service	11.2	18.7	9.5	11.7

* Includes 4 non-represented deputy sheriffs.

** The salaries shown in the table above represent a rate of pay increased by the salary assumption.

Inactive Participants

Item	Number	Annual Annuities	Average Annuities	Average Age
Participants with Deferred Benefits	1,370	$ 10,580,271	$ 7,723	50.7
Retired Participants	6,824	145,633,549	21,341	71.1
Beneficiaries	887	13,436,522	15,148	76.7
Disability Retirees	268	5,988,573	22,345	63.8
Total	9,349	$ 175,638,915	$ 18,787	68.4

EXHIBIT VIII - Detailed Tabulations of the Data

TABLE VIII-A

The Number and Annual Salaries of Members in Active Service Distributed by Age as of January 1, 2015 All Employees

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
17				
18				
19				
20	2		1	
21			2	
22	6		1	
23	10		18	
24	10		11	
25	16		14	
26	16		31	$ 1,156,697
27	23	$ 962,996	22	745,398
28	39	1,693,308	24	910,692
29	30	1,177,466	29	1,146,368
30	29	1,293,126	35	1,422,412
31	30	1,377,460	38	1,464,576
32	31	1,342,276	36	1,555,880
33	28	1,367,903	35	1,404,855
34	33	1,712,955	40	1,888,008
35	38	1,898,439	35	1,675,341
36	32	1,500,248	53	2,829,567
37	48	2,763,485	41	2,114,594
38	42	2,273,788	46	2,546,268
39	57	3,502,021	43	2,078,516
40	44	2,651,264	52	2,448,084
41	27	1,610,364	49	2,401,489
42	52	2,814,897	46	2,474,889
43	57	3,327,686	54	2,707,766
44	58	3,540,723	60	3,204,155
45	73	4,352,934	65	3,692,832
46	42	2,464,305	60	3,141,821
47	55	3,526,659	67	3,313,782
48	66	4,351,270	73	3,740,069
49	55	3,356,992	62	3,171,793

TABLE VIII-A

The Number and Annual Salaries of Members in Active Service Distributed by Age as of January 1, 2015 All Employees

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
50	45	$ 2,694,878	67	$ 3,384,523
51	47	2,953,662	65	3,721,418
52	62	3,511,910	66	3,445,091
53	42	2,490,223	49	2,556,891
54	63	3,969,561	80	4,030,825
55	53	3,097,987	61	3,059,008
56	51	2,831,799	70	3,555,916
57	47	2,832,767	49	2,704,696
58	53	3,402,679	60	3,011,104
59	53	3,649,740	48	2,481,563
60	42	2,875,704	35	1,956,965
61	43	2,812,429	33	2,097,426
62	16		33	1,964,071
63	27	2,160,961	20	1,108,784
64	15		14	
65	11		16	
66	10		6	
67	3		8	
68	6		4	
69			1	
70	1		1	
71	1		2	
72	1		3	
73	1			
74				
75				
76			2	
77				
78	1			
79				
80			1	
Total	1,743	$ 100,816,251	1,937	$ 97,419,529

TABLE VIII-B

The Number and Annual Salaries of Members in Active Service Distributed by Years of Credited Service as of January 1, 2015 All Employees

(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
0	144	$ 6,051,105	222	$ 9,543,489
1	121	6,286,841	193	8,357,570
2	109	5,609,356	120	5,139,988
3	106	5,563,900	92	4,188,716
4	55	2,806,276	57	2,961,892
5	53	2,880,627	68	3,223,486
6	78	4,140,051	72	3,577,987
7	42	2,340,744	50	2,680,635
8	48	2,743,518	45	2,645,420
9	55	3,063,069	80	4,148,757
10	42	2,648,028	45	2,338,956
11	30	1,733,204	45	2,264,517
12	56	3,149,279	28	1,260,654
13	77	4,358,638	65	3,007,484
14	75	4,336,765	83	4,141,765
15	67	3,833,184	72	3,920,246
16	51	3,014,102	45	2,429,076
17	50	3,111,863	45	2,682,778
18	46	3,068,573	45	2,422,126
19	44	2,960,991	19	
20	48	3,080,309	46	2,606,129
21	37	2,283,946	46	2,596,505
22	61	4,005,419	55	2,956,841
23	52	3,504,037	49	2,754,587
24	41	2,757,518	39	1,903,977
25	30	1,885,972	60	3,620,997
26	29	2,024,290	44	2,771,196
27	20	1,728,772	24	1,489,011
28	14		15	
29	23	1,604,591	22	1,260,519
30	8		15	
31	8		9	
32	5		3	
33	4		8	
34	2		4	
35	4		3	
36	2		1	
37	2		1	
38	1		1	
39	3		1	
Total	1,743	$ 100,816,252	1,937	$ 97,419,529

TABLE VIII-C

The Number and Annual Salaries of Members in Active Service Distributed by Age as of January 1, 2015 General Employees

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
17				
18				
19				
20	2		1	
21			2	
22	6		1	
23	10		18	
24	10		11	
25	16		14	
26	16		31	$ 1,156,697
27	23	$ 962,996	22	745,398
28	38	1,639,101	24	910,692
29	30	1,177,466	29	1,146,368
30	29	1,293,126	35	1,422,412
31	30	1,377,460	38	1,464,576
32	31	1,342,276	36	1,555,880
33	28	1,367,903	35	1,404,855
34	32	1,648,877	39	1,811,624
35	36	1,759,344	35	1,675,341
36	28	1,262,358	51	2,558,655
37	46	2,622,755	40	2,046,079
38	39	2,086,385	45	2,476,173
39	45	2,710,002	41	1,942,565
40	39	2,290,168	49	2,284,776
41	23	1,335,060	48	2,331,597
42	41	2,056,069	45	2,404,600
43	41	2,317,427	48	2,348,571
44	39	2,217,106	56	2,936,841
45	54	3,030,557	62	3,482,999
46	24	1,263,423	55	2,786,555
47	42	2,600,619	61	2,894,655
48	48	3,016,322	71	3,603,506
49	43	2,511,831	59	2,963,330

TABLE VIII-C

The Number and Annual Salaries of Members in Active Service Distributed by Age as of January 1, 2015 General Employees

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
50	37	$ 2,108,438	64	$ 3,205,847
51	38	2,278,646	62	3,443,478
52	52	2,769,036	62	3,162,850
53	37	2,145,328	49	2,492,414
54	55	3,413,657	76	3,779,821
55	46	2,602,443	61	3,059,008
56	49	2,693,077	70	3,555,916
57	44	2,596,048	49	2,704,696
58	49	2,997,926	60	3,011,104
59	52	3,595,533	48	2,481,563
60	41	2,795,261	35	1,956,965
61	42	2,742,941	33	2,097,426
62	16		33	1,964,071
63	27	2,160,961	20	1,108,784
64	14		14	
65	10		16	
66	10		6	
67	3		7	
68	5		4	
69			1	
70	1		1	
71			2	
72	1		3	
73	1			
74				
75				
76			2	
77				
78	1			
79				
80			1	
Total	1,520	$ 85,071,121	1,881	$ 93,380,692

TABLE VIII-D

The Number and Annual Salaries of Members in Active Service Distributed by Years of Credited Service as of January 1, 2015 General Employees

(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
0	144	$ 6,051,105	222	$ 9,543,489
1	121	6,286,841	193	8,357,570
2	106	5,443,850	120	5,139,988
3	104	5,371,060	92	4,188,716
4	55	2,806,276	56	2,761,087
5	53	2,880,627	68	3,223,486
6	76	4,015,749	72	3,577,987
7	42	2,340,744	49	2,626,427
8	48	2,743,518	45	2,645,420
9	54	3,002,357	80	4,148,757
10	39	2,500,225	43	2,208,365
11	26	1,429,767	45	2,200,041
12	48	2,590,345	27	1,192,139
13	70	3,868,095	63	2,900,662
14	62	3,470,711	77	3,748,713
15	50	2,664,887	68	3,644,303
16	40	2,261,817	38	1,964,366
17	30	1,719,353	41	2,429,721
18	30	1,984,648	41	2,145,980
19	24	1,567,707	15	
20	26	1,495,280	43	2,385,509
21	22	1,242,208	41	2,250,575
22	34	2,120,495	48	2,463,166
23	42	2,797,259	48	2,684,562
24	36	2,410,333	39	1,903,977
25	26	1,603,703	59	3,551,307
26	24	1,667,786	42	2,632,220
27	18		23	1,350,047
28	14		15	
29	19		22	1,260,519
30	7		15	
31	7		9	
32	5		3	
33	4		8	
34	2		4	
35	4		3	
36	2		1	
37	2		1	
38	1		1	
39	2		1	
40	1			
Total	1,520	$ 85,071,121	1,881	$ 93,380,692

TABLE VIII-E

The Number and Annual Salaries of Members in Active Service Distributed by Age as of January 1, 2015 Deputy Sheriffs

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
31				
32				
33				
34	1			
35	2			
36	4		2	
37	2		1	
38	3		1	
39	9		2	
40	5		3	
41	4		1	
42	11		1	
43	16		6	
44	19		3	
45	19		3	
46	18		5	
47	13		6	
48	16		2	
49	12		3	
50	8		3	
51	9		3	
52	10		4	
53	5			
54	8		4	
55	6			
56	2			
57	2			
58	2			
59				
60	1			
61	1			
62				
63				
Total	208	$ 14,526,730	53	$ 3,740,378

TABLE VIII-F

The Number and Annual Salaries of Members in Active Service Distributed by Years of Credited Service as of January 1, 2015 Deputy Sheriffs

(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
1				
2				
3				
4				
5			1	
6				
7	1			
8				
9				
10	1			
11	3			
12	3			
13	6		1	
14	7		2	
15	12		6	
16	17		4	
17	10		7	
18	20	$ 1,392,509	4	
19	16		4	
20	19		4	
21	22	1,585,029	3	
22	15		5	
23	25	1,776,510	7	
24	10		1	
25	5			
26	4		1	
27	5		2	
28	1		1	
29				
30	4			
31	1			
32	1			
Total	208	$ 14,526,730	53	$ 3,740,378

TABLE VIII-G

The Number and Annual Salaries of Members in Active Service Distributed by Age as of January 1, 2015 Elected Officials

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
28	1			
34			1	
39	3			
44			1	
48	2			
55	1			
57	1			
58	2			
59	1			
64	1			
65	1			
67			1	
68	1			
71	1			
Total	15		3	

TABLE VIII-H

The Number and Annual Salaries of Members in Active Service Distributed by Years of Credited Service as of January 1, 2015 Elected Officials

(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
1				
2	3			
3	2			
4				
5				
6	1			
7			1	
8				
9				
10			2	
11	1			
12	2			
13				
14	1			
15				
16	1			
17				
18				
19	1			
20				
21				
22	2			
23				
24				
25				
26				
27	1			
Total	15		3	

TABLE VIII-I

The Number and Annual Benefits Payable to All Members Receiving Benefits as of January 1, 2015

Age	Men		Women	
	Number	Annuities	Number	Annuities
15	1	$ 4,414		
16	1	3,995		
18	1	3,997		
20	1	4,001		
21	1		1	$ 7,643
25	1	21,678	1	7,643
26			1	6,949
32	1	21,678		
34	1	20,048	2	9,012
36	1	2,326	1	15,982
37	1	34,234		
38			1	36,152
39	2	29,228	1	16,702
40	2	50,322	1	45,189
41	1	5,313		
42			1	4,871
43	4	160,300	3	66,433
44	4	139,892		
45	7	206,006		
46	2	51,856		
47	3	109,283	3	45,228
48	1	13,555	5	217,925
49	2	52,963	5	137,721
50	9	370,640	17	426,923
51	3	78,360	21	531,855
52	19	478,386	33	686,340
53	14	420,019	28	741,701
54	10	350,893	38	960,552
55	27	821,978	53	1,313,497
56	32	1,167,217	46	1,295,195
57	40	1,087,240	89	2,308,070
58	56	1,626,554	77	1,808,825
59	72	2,027,761	91	2,128,075
60	89	2,224,015	134	2,658,828
61	122	2,874,783	160	2,923,477
62	131	3,707,909	187	3,260,527
63	143	3,632,893	199	3,879,772
64	180	4,585,852	190	3,143,247
65	173	4,359,655	219	3,811,367

TABLE VIII-I

The Number and Annual Benefits Payable to All Members Receiving Benefits as of January 1, 2015

Age	Men		Women	
	Number	Annuities	Number	Annuities
66	160	$ 4,563,824	192	$ 3,548,521
67	186	4,473,532	221	4,187,547
68	149	4,153,797	194	4,102,742
69	119	2,887,764	138	2,625,467
70	103	2,504,079	145	2,746,011
71	99	2,618,105	144	2,508,395
72	102	2,868,969	138	2,406,871
73	72	1,742,842	115	2,037,358
74	85	2,264,625	99	1,693,538
75	79	1,960,469	114	2,007,776
76	64	1,528,600	114	2,068,444
77	72	1,657,757	111	1,573,783
78	78	1,911,547	110	1,879,506
79	51	1,341,459	120	2,120,033
80	55	1,564,468	96	1,662,433
81	52	1,480,709	86	1,354,418
82	65	1,428,472	97	1,571,393
83	64	1,559,606	89	1,555,376
84	47	1,040,335	132	1,867,473
85	37	710,905	111	1,497,111
86	44	909,268	95	1,286,513
87	46	964,877	105	1,352,641
88	25	566,509	85	1,127,393
89	34	720,867	62	756,777
90	27	481,716	65	835,089
91	19	316,552	61	693,066
92	12	211,636	46	496,376
93	18	274,229	41	366,919
94	7	75,861	32	307,620
95	7	70,751	21	184,008
96	2	31,876	24	196,174
97	1	43,688	10	51,571
98	2	51,205	6	52,173
99			3	38,628
100	1	6,062	5	45,471
101	1	15,631		
102			1	6,492
Total	3,143	$ 79,751,836	4,836	$ 85,306,808

TABLE VIII-J

The Number and Annual Benefits Payable to Retired Members as of January 1, 2015

Age	Men		Women	
	Number	Annuities	Number	Annuities
42				
43	1	$ 43,733		
44				
45				
46				
47				
48			3	$ 127,554
49			2	70,155
50	5	216,728	5	102,284
51	2	63,588	10	285,872
52	8	252,606	12	399,156
53	12	385,786	21	613,211
54	10	350,893	31	884,180
55	22	674,257	46	1,158,207
56	27	1,080,713	43	1,243,845
57	34	976,868	74	2,003,994
58	48	1,431,648	71	1,723,509
59	69	1,971,722	75	1,829,551
60	83	2,131,552	120	2,405,686
61	113	2,637,298	151	2,755,265
62	121	3,428,511	175	3,049,417
63	137	3,578,495	181	3,562,034
64	174	4,463,512	176	2,838,575
65	168	4,257,276	204	3,555,546
66	153	4,438,360	171	3,169,679
67	183	4,430,577	199	3,766,024
68	144	4,006,504	179	3,804,485
69	111	2,799,839	122	2,250,147
70	95	2,404,741	126	2,383,761
71	92	2,498,379	122	2,188,114
72	96	2,765,881	118	2,066,922
73	70	1,695,482	100	1,735,514
74	79	2,170,789	78	1,364,280
75	77	1,938,879	107	1,886,638
76	59	1,484,076	91	1,567,571
77	63	1,535,042	91	1,307,810
78	67	1,773,283	84	1,411,015
79	50	1,329,805	93	1,641,625
80	54	1,556,104	71	1,249,511
81	49	1,433,640	62	1,023,147
82	60	1,406,332	69	968,580
83	57	1,441,421	60	974,910
84	43	990,764	85	1,265,295

TABLE VIII-J

The Number and Annual Benefits Payable to Retired Members as of January 1, 2015

Age	Men		Women	
	Number	Annuities	Number	Annuities
85	33	$ 690,375	74	$ 987,546
86	43	905,679	62	781,119
87	44	934,737	64	783,782
88	24	544,257	50	568,089
89	30	689,308	41	522,608
90	20	431,686	41	474,654
91	17	309,075	40	408,048
92	10	187,663	29	334,641
93	17	263,906	28	203,879
94	6	64,129	21	193,293
95	6	68,090	16	139,511
96	2	31,876	18	151,384
97	1	43,688	7	40,554
98	2	51,205	6	52,173
99			2	34,619
100	1	6,062	4	42,129
101	1	15,631		
102				
103				
104				
Total	2,893	$ 75,282,451	3,931	$ 70,351,098

TABLE VIII-K

The Number and Annual Benefits Payable to Beneficiary Members as of January 1, 2015

Age	Men		Women	
	Number	Annuities	Number	Annuities
15	1	$ 4,414		
16	1	3,995		
18	1	3,997		
20	1	4,001		
21	1		1	$ 7,643
25	1	21,678	1	7,643
26			1	6,949
32	1	21,678		
34			2	9,012
36	1	2,326	1	15,982
38			1	36,152
39	1	5,120	1	16,702
40	1	7,880		
41	1	5,313		
42			1	4,871
43			2	33,973
45	2	19,953		
46	1	6,329		
47			1	5,400
49			1	8,017
50			4	73,588
51			3	95,469
52	7	98,504	20	273,522
53			2	53,355
54			5	43,555
55			2	37,256
56			2	29,896
57			6	85,584
58	2	61,845	2	23,266
59			13	225,852
60	2	11,043	12	221,764
61	2	14,507	7	122,192
62	2	61,835	10	175,695
63	2	12,668	12	155,453
64	4	70,147	11	247,175
65	2	14,589	11	176,778

TABLE VIII-K

The Number and Annual Benefits Payable to Beneficiary Members as of January 1, 2015

Age	Men		Women	
	Number	Annuities	Number	Annuities
66	4	$ 52,248	18	$ 335,273
67	2	10,193	19	370,709
68	2	51,149	14	288,622
69	3	38,264	14	314,897
70	4	23,691	13	283,261
71	5	65,771	19	264,721
72	3	32,713	14	243,459
73			11	213,490
74	3	36,025	18	273,291
75	1	3,977	6	100,734
76	4	19,212	22	486,278
77	6	61,935	18	227,309
78	8	71,549	24	444,384
79	1	11,654	26	456,037
80			21	361,106
81	1	10,137	22	303,823
82	5	22,140	23	517,614
83	4	31,992	26	544,006
84	4	49,571	45	575,141
85	4	20,530	32	443,679
86	1	3,589	30	463,910
87	2	30,140	40	555,556
88			34	545,975
89	4	31,559	20	221,864
90	6	39,483	24	360,435
91	2	7,477	20	269,445
92	2	23,973	17	161,735
93	1	10,323	13	163,040
94	1	11,732	11	114,327
95	1	2,661	5	44,497
96			6	44,790
97			3	11,017
99			1	4,009
100			1	3,342
102			1	6,492
Total	121	$ 1,225,510	766	$ 12,211,012

TABLE VIII-L

The Number and Annual Benefits Payable to Disabled Members as of January 1, 2015

Age	Men		Women	
	Number	Annuities	Number	Annuities
34	1	$ 20,048		
37	1	34,234		
39	1	24,108		
40	1	42,442	1	$ 45,189
43	3	116,567	1	32,460
44	4	139,892		
45	5	186,053		
46	1	45,527		
47	3	109,283	2	39,828
48	1	13,555	2	90,371
49	2	52,963	2	59,549
50	4	153,912	8	251,051
51	1	14,772	8	150,514
52	4	127,276	1	13,662
53	2	34,233	5	75,135
54			2	32,817
55	5	147,721	5	118,034
56	5	86,504	1	21,454
57	6	110,372	9	218,492
58	6	133,061	4	62,050
59	3	56,039	3	72,672
60	4	81,420	2	31,378
61	7	222,978	2	46,020
62	8	217,563	2	35,415
63	4	41,730	6	162,285

TABLE VIII-L

The Number and Annual Benefits Payable to Disabled Members as of January 1, 2015

Age	Men		Women	
	Number	Annuities	Number	Annuities
64	2	$ 52,193	3	$ 57,497
65	3	87,790	4	79,043
66	3	73,216	3	43,569
67	1	32,762	3	50,814
68	3	96,144	1	9,635
69	5	49,661	2	60,423
70	4	75,647	6	78,989
71	2	53,955	3	55,560
72	3	70,375	6	96,490
73	2	47,360	4	88,354
74	3	57,811	3	55,967
75	1	17,613	1	20,404
76	1	25,312	1	14,595
77	3	60,780	2	38,664
78	3	66,715	2	24,107
79			1	22,371
80	1	8,364	4	51,816
81	2	36,932	2	27,448
82			5	85,199
83	3	86,193	3	36,460
84			2	27,037
85			5	65,886
86			3	41,484
87			1	13,303
88	1	22,252	1	13,329
89			1	12,305
90	1	10,547		
91			1	15,573
Total	129	$ 3,243,875	139	$ 2,744,698

EXHIBIT IX - Glossary

Accrued Liability	The difference between (a) the present value of future plan benefits, and (b) the present value of future normal cost. It is the portion of the present value of future plan benefits attributable to service accrued as of the valuation date. Sometimes referred to as "actuarial accrued liability."
Accrued Service	The service credited under the plan, which was rendered before the date of the actuarial valuation.
Actual Funding Contribution	The Actual Funding Contribution for a plan year is calculated using census and asset information as of the first day of the plan year, and includes Normal Cost, with interest to the end of the plan year, and a net amortization payment.
Actuarial Assumptions	Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.
Actuarial Cost Method	A mathematical budgeting procedure for allocating the dollar amount of the "present value of future plan benefits" between the present value of future normal cost and the accrued liability. Sometimes referred to as the "actuarial funding method."
Actuarial Equivalent	A series of payments is called an actuarial equivalent of another series of payments if the two series have the same actuarial present value.
Actuarial Value of Assets	The value of current plan assets recognized for valuation purposes. Based on a smoothed market value that recognizes Unexpected Changes in the market value over a period of ten years.
Amortization	Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

EXHIBIT IX - Glossary (cont'd)

Annual Required Contribution	The Annual Required Contribution, or ARC, is the amount determined in accordance with Governmental Accounting Standards Board Statements Nos. 25 and 27.
Budget Contribution	The Budget Contribution for a year is based on census and asset information as of the first day of the PRIOR plan year, rolled forward to the next plan year based on all actuarial assumptions being met. For example, the Budget Contribution for 2012 is based on census and asset information as of January 1, 2010, rolled forward to January 1, 2011.
Contribution Variance	The difference between the Actual Contribution and the Budget Contribution for a plan year is referred to as the Contribution Variance. A Contribution Variance resulting from an overpayment is amortized over 5 years as a level dollar credit. A Contribution Variance resulting from an underpayment is amortized over 5 years as a level dollar charge.
Unexpected Experience	A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.
Normal Cost	The annual cost assumed, under the actuarial funding method, for current and subsequent plan years. Sometimes referred to as "current service cost."
Present Value	The amount of funds presently required to provide a payment or series of payments in the future. The present value is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.
Unfunded Accrued Liability	The difference between the actuarial accrued liability and valuation assets.

Montgomery County Employee Retirement Plans

Comprehensive Annual Financial Report

Employees' Retirement System
Retirement Savings Plan
Deferred Compensation Plan

(Trust Funds of Montgomery County, Maryland)

Fiscal Year 2015
July 1, 2014 – June 30, 2015

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Montgomery County Employee Retirement Plans Maryland

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

Montgomery County Employee Retirement Plans

Comprehensive Annual Financial Report

Employees' Retirement System
Retirement Savings Plan
Deferred Compensation Plan

(*Trust Funds of Montgomery County, Maryland*)

Fiscal Year 2015
July 1, 2014 – June 30, 2015

Prepared by Montgomery County Employee Retirement Plans
101 Monroe Street, 15th Floor
Rockville, Maryland 20850

MONTGOMERY COUNTY
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CARDEZ BIEN
MARYLAND

MONTGOMERY COUNTY, MARYLAND
EMPLOYEE RETIREMENT PLANS
Fiscal Year Ended June 30, 2015
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MARYLAND

INTRODUCTION SECTION

OFFICES OF THE COUNTY EXECUTIVE

Isiah Leggett
County Executive

Timothy L. Firestine
Chief Administrative Officer

December 8, 2015

Honorable County Executive and
Members of the Montgomery County Council

I am pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Montgomery County, Maryland (County) Employee Retirement Plans (Plans) for the fiscal year ended June 30, 2015. This annual report is designed to assist you in understanding the structure and current status of the Plans.

FORMAL TRANSMITTAL OF THE CAFR

This report was prepared pursuant to the provisions of Section 33-51(b) of the Montgomery County Code, 2004, as amended (Code), and includes the independent auditors' report, issued by the County Council's appointed independent public accounting firm. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation including all disclosures rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the plan net assets and the changes in plan net assets and financial position of the Plans; and that all disclosures necessary to enable the reader to gain the maximum understanding of the financial affairs of the Plans have been included.

PROFILE OF THE RETIREMENT PLANS

History

The Employees' Retirement System (System) was established in 1965, as a cost-sharing multiple-employer defined benefit pension plan providing benefits to the employees of the County and other agencies or political subdivisions who elect to participate. Participating agencies and subdivisions include the: Montgomery County Revenue Authority, Housing Opportunities Commission of Montgomery County, Town of Chevy Chase, Strathmore Hall Foundation, Inc., Washington Suburban Transit Commission, Montgomery County Employees Federal Credit Union, and certain employees of the State Department of Assessments and Taxation and the District Court of Maryland. The System is closed to employees hired on or after October 1, 1994, except public safety bargaining unit employees and Guaranteed Retirement Income Plan (GRIP) participants. The Montgomery County Council passed legislation in FY 2009 enabling the County to establish and maintain a GRIP, a cash balance plan that is part of the System, for employees. During FY 2010 eligible County employees who were members of the Retirement Savings Plan (RSP) were granted the option to elect to participate in the GRIP and to transfer their RSP member account balance to the GRIP and cease being a member of the RSP. There were 5,541 active members, including 1,352 in the GRIP, and 6,380 retirees and beneficiaries participating in the System as of June 30, 2015.

The RSP was established in 1994, as a cost-sharing multiple-employer defined contribution plan providing benefits to all non-public safety and certain public safety employees hired on or after October 1, 1994. Employees covered by the System may make an irrevocable decision to transfer to the RSP. At June 30, 2015, there were 3,756 active plan members.

The Deferred Compensation Plan (DCP) was established pursuant to Section 457 of the Internal Revenue Code, as amended. During Fiscal Year (FY) 1999, in accordance with Federal legislation, the assets of the County Plan were placed in trust for the sole benefit of participants and their beneficiaries.

Benefit Provisions

The benefit provisions of the System are established by the Code. The System provides for normal service retirement and early service retirement benefits for members who attain age and service requirements. The System also provides options for disability and death benefits to eligible participants. Members are vested after five years of service.

The RSP provides for immediate vesting of employee contributions, and employer contributions are vested after three years of service or upon death, disability or reaching retirement age.

Major Initiatives

During FY 2015, the Board continued to implement portfolio adjustments which will result in further diversification of the investment portfolio and better management of the System's risk. Toward this effort, the Board approved new investments in the following sectors: public equities, private equity, private real assets, public real assets, and opportunistic.

INFORMATION USEFUL IN ASSESSING THE RETIREMENT PLANS' ECONOMIC CONDITION

Financial Information

Accounting System and Reports

The Plans' financial statements have been prepared under the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due. Benefits, refunds and distributions are recognized when due in accordance with the terms of the Plans.

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A), which can be found on pages 15 to 19 of this report, provides a brief analysis of the financial performance of the Plans and an introduction to the financial statements of the Plans for the year ended June 30, 2015.

Investments

Montgomery County has established a Board to be responsible for the investment management of the Plans' assets for the exclusive benefit of the members and participants. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

In overseeing the management of the assets of the Plans, the Board has developed sound and prudent investment policies. The Board believes an appropriate balance must be struck between risks taken and returns sought to ensure the long term health of the defined benefit plan. The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long term increases in the value of assets. To achieve this objective, System assets are allocated to a broad array of investment sectors as follows: domestic equities 19.8 percent, private equity/debt 7.1 percent, international equities 16.0 percent, global equities 3.7 percent, fixed income 25.0 percent, inflation indexed bonds 10.5 percent, commodities 3.2 percent, opportunistic 3.3 percent, private real assets 5.1 percent, global REITs 5.3 percent and public real assets 1.0 percent. For the twelve months ended June 30, 2015, the total return achieved by the System's investments was a gain of 2.82

percent, compared to the gain recorded by the System's benchmark index of 1.21 percent and the actuarial assumed rate of return of 7.5 percent.

Section 33-125 of the Montgomery County Code authorizes the Board to establish, for members of the RSP, a diversified slate of mutual and commingled investment funds from which participants may select options. The Board has developed an investment policy outlining its oversight of the investment products offered.

The Board has also established a diversified slate of mutual and commingled funds for the County Plan which offers a range of options from which participants may select. The Board has constructed an investment policy stipulating investment objectives and oversight by the Board.

Funding

The System's actuary uses a five-year smoothed market-related value to determine the actuarial value of assets. The smoothing prevents extreme volatility in employer contribution rates due to short-term fluctuations in the investment markets. For the June 30, 2015 valuation, the actuarial value of assets was $3.6 billion and the aggregate actuarial liability was $4.1 billion, resulting in a funded status ratio of 89.6%.

The Schedule of Changes in the Employers' Net Pension Liability and Related Ratios, included as Required Supplementary Information in the Financial Section, expresses the System's actuarial value of assets as a percentage of the total pension liability, providing one indication of the System's funding status on a going-concern basis. The actuary has determined that the present net asset base, expected future contributions and investment earnings thereon, are sufficient to provide for full payment of future benefits under the entry-age normal actuarial cost method.

Internal Control Structure and Budgetary Controls

The Plans' management is responsible for maintaining internal accounting controls to provide reasonable assurance that transactions are properly authorized and recorded as necessary to permit preparation of financial statements in conformity with U.S. generally accepted accounting principles. We believe the internal controls in effect during the fiscal year ended June 30, 2015 adequately safeguard the Plans' assets and provide reasonable assurance regarding the proper recording of financial transactions. In addition, the Board, in conjunction with the Chief Administrative Officer, approves and actively monitors the annual budgets for each plan. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement.

Independent Audit and Actuarial Certification

An independent auditors' report and actuarial certification are included in this report.

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Montgomery County Employee Retirement Plans for its comprehensive annual financial report for the fiscal year ended June 30, 2014. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Montgomery County Employee Retirement Plans have received the Certificate of Achievement for the last fourteen consecutive years. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements and we are submitting it to the GFOA.

Acknowledgements

The Plans' CAFR was prepared by the Montgomery County Employee Retirement Plans' staff in conjunction with staff support from the County's Department of Finance. I would like to express my appreciation to the employees who have worked hard throughout the year to ensure the successful operation of the Plans.

Respectfully submitted,

Timothy L. Firestine

Timothy L. Firestine
Chief Administrative Officer
Plan Administrator

BOARD OF INVESTMENT TRUSTEES

Jennifer E. Barrett
Chair
Retired Employees Representative
Term Expires March 2018

Gino Renne
Vice Chair
OPT/SLT Bargaining Unit Designee

Joseph F. Beach
Secretary
Montgomery County Director of Finance
Ex-Officio Member

Shawn Stokes
Montgomery County Director
Of Human Resources
Ex-Officio Member

Bradley Stelzer
Montgomery County Council Representative
Term Expires March 2018

Jeffrey D. Buddle
Fire & Rescue Bargaining Unit Designee

Stephen B. Farber
Montgomery County Council Administrator
Ex-Officio Member

Jennifer A. Hughes
Montgomery County Director of
Management and Budget
Ex-Officio Member

Jefferi K. Lee
Public Representative
Term Expires March 2017

David J. Locke
Montgomery County Council Representative
Term Expires March 2017

Kelda J.C. Simpson
Police Bargaining Unit Designee

George Willie
Public Representative
Term Expires March 2017

Diane Wurdeman
Non-Bargaining Unit Representative
Term Expires March 2017

ADMINISTRATIVE ORGANIZATION

Professional Services

Actuary	Auditor	Custodial Bank
Gabriel Roeder Smith & Company	CliftonLarsonAllen LLP	The Northern Trust Company

Investment Consultants

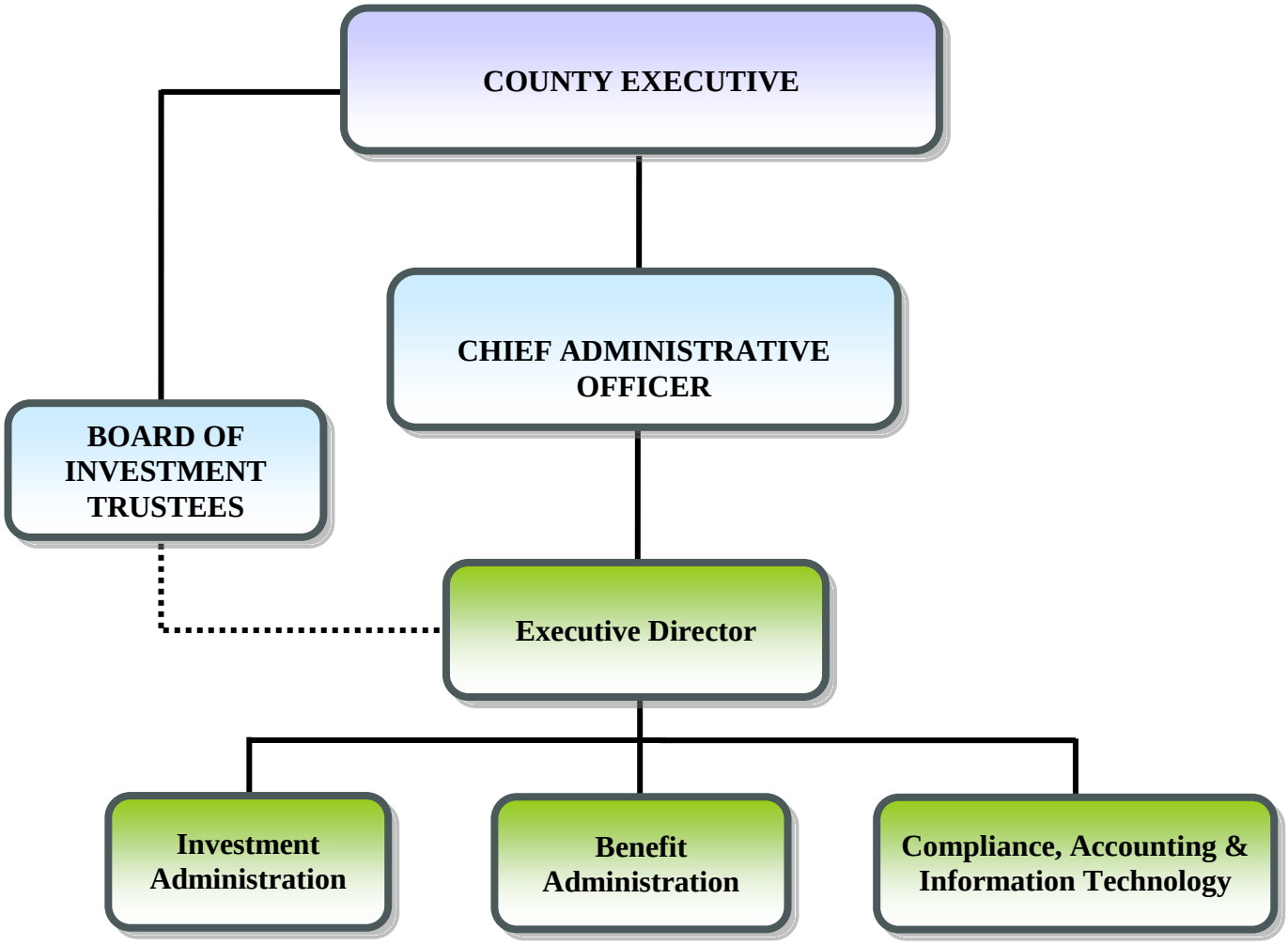
Wishire Associates	Albourne America, LLC
Franklin Park	FLAG Capital Management

Investment Managers-Employees' Retirement System

Aberdeen Asset Management, Inc.	Adams Street Partners	AEW Partners
Altaris Capital Partners	Altus Capital Partners	Atlas Capital Resources
Barrow, Hanley, Mewhinney & Strauss	Blackrock Financial Management	Bridgewater Associates
Carmel Partners	Castlelake	Chickasaw Capital Management
CoreCommodity Management	DW Healthcare Partners	Eagle Asset Management
EnerVest Ltd.	First Quadrant LP	FLAG Captial Management
Franklin Park	GMO, LLC	Grosvenor Capital Management
Gryphon International Investment Corporation	Hampshire Companies	HarbourVest Partners
Homestead Capital	Hudson Bay Capital Management LP	Jennison Associates
JP Morgan Investment Management	K1 Investment Management, LLC	KPS Capital Partners, LP
Landmark Partners Inc.	LBA Realty	Levine Leichtman Capital Partners
Lime Rock Resources	Loomis Sayles & Co.	Los Angeles Capital Management
Luxor Capital Partners	Lyme Timber Company	Marathon Asset Management LLP
Mason Wells	Meridian Realty Partners	MKP Opportunity Partners
Mondrian Investment Partners Ltd.	Nomura Asset Management	Och-Ziff Capital Management
Odyssey Investment Partners	Pearlmark Real Estate Partners	Pomona Capital
RhumbLine Advisors	Riverside Partners	Sands Capital Management
Schroder Investment Management	Siris Capital Group LLC	TA Associates
TA Associates Realty LLC	Thoma Bravo	Wellington Management
	Wicks Group	

* Public equity commission brokers are listed on page 52.

Montgomery County Employee Retirement Plans
Administrative Organization Chart



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

The Honorable County Council of Montgomery County, Maryland
Board of Investment Trustees
Montgomery County Employee Retirement Plans
Rockville, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the Montgomery County Employee Retirement Plans (the Plans), which comprise the statements of fiduciary net position as of June 30, 2015, and the related statements of changes in fiduciary net position for the year then ended and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plans as of June 30, 2015, and the respective changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the schedules of changes in the employers' net pension liability and related ratios, employer contributions and investment returns and related notes, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plan's financial statements. The schedules of administrative expenses and investment expenses and the statements of fiduciary net position and changes in fiduciary net position for the employees retirement system, retirement savings plan and the deferred compensation plan (supplementary information), as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The introduction, investment, actuarial, and statistical sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2015 on our consideration of the Plans' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plans' internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
December 8, 2015

MONTGOMERY COUNTY
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MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The following Management's Discussion and Analysis (MD&A) of the Montgomery County Employee Retirement Plans (Plans) financial performance provides an introduction to the financial statements of the Plans as of and for the year ended June 30, 2015. Since the MD&A is designed to focus on current activities, resulting changes and current known facts, it should be read in conjunction with the transmittal letter in the Introduction Section on page 4, and the financial statements, required supplementary information, and other supplementary information which follow this discussion.

REQUIRED FINANCIAL STATEMENTS

The financial statements for the Plans have been prepared under the accrual basis of accounting in conformity with U.S. generally accepted accounting principles, promulgated by the Governmental Accounting Standards Board. The Statements of Fiduciary Net Position comprise the Plans' assets and liabilities and provide information about the nature and amount of investments, as well as the liabilities. The Statements of Changes in Fiduciary Net Position report the changes of the Plans' net position, measured by the additions by major sources and deductions by type. Comparative financial statements of the three plans are presented in the latter part of the financial section.

FINANCIAL ANALYSIS OF THE MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS

Shown below is a condensed presentation of the net position of the Employees' Retirement System (ERS), Retirement Savings Plan (RSP), and Deferred Compensation Plan (DCP) at June 30:

Net Position
(Millions)

	ERS		RSP		DCP	
	2015	2014	2015	2014	2015	2014
Assets:						
Cash and investments	$ 3,925.6	$ 3,882.8	$ 313.8	$ 291.3	$ 351.9	$ 343.6
Receivables	15.1	11.6	1.5	1.2	0.7	0.6
Capital assets	0.6	0.9	-	-	-	-
Total assets	3,941.3	3,895.3	315.3	292.5	352.6	344.2
Liabilities	279.6	242.4	-	-	-	-
Total net position	$ 3,661.7	$ 3,652.9	$ 315.3	$ 292.5	$ 352.6	$ 344.2

Shown below is a condensed summary of the changes in net position of the ERS, RSP, and DCP for the years ended June 30:

Changes in Net Position
(Millions)

	ERS		RSP		DCP	
	2015	2014	2015	2014	2015	2014
Additions:						
Employer contributions	$ 151.3	$ 144.7	$ 18.5	$ 17.1	$ -	$ -
Member contributions	26.6	26.5	9.7	8.7	19.2	17.0
Net investment income	67.1	534.4	7.5	42.4	15.3	48.9
Total additions	245.0	705.6	35.7	68.2	34.5	65.9
Deductions:						
Benefits	230.6	229.7	-	-	-	-
Refunds and distributions	2.9	4.3	12.7	11.6	26.1	25.5
Administrative expenses	2.7	3.0	0.2	0.2	-	-
Total deductions	236.2	237.0	12.9	11.8	26.1	25.5
Total change in net position	$ 8.8	$ 468.6	$ 22.8	$ 56.4	$ 8.4	$ 40.4

The following schedules provide a comparative summary and an analysis of each Plan's assets, liabilities and net position, at June 30:

Employees' Retirement System
Net Position
(Millions)

	2015	2014	Percentage Change
Assets:			
Cash and investments	$ 3,925.6	$ 3,882.8	1.1 %
Receivables	15.1	11.6	30.2
Capital Assets	0.6	0.9	(33.3)
Total assets	3,941.3	3,895.3	1.2
Liabilities:			
Benefits payable and other liabilities	5.7	9.0	(36.7)
Obligations under securities lending agreements	273.9	233.4	17.4
Total liabilities	279.6	242.4	15.3
Total net position	$ 3,661.7	$ 3,652.9	0.2 %

The table shown above reflects a slight increase of $8.8 million, a 0.2 percent increase in ERS' net position during fiscal year (FY) 2015.

Retirement Savings Plan Net Position (Millions)			
	2015	2014	Percentage Change
Assets:			
Cash and investments	$ 313.8	$ 291.3	7.7 %
Receivables	1.5	1.2	25.0
Total net position	$ 315.3	$ 292.5	7.8 %

During FY 2015, net position increased 7.8 percent to $315.3 million. The change is primarily due to increased employee and employer contributions during FY 2015.

Deferred Compensation Plan Net Position (Millions)			
	2015	2014	Percentage Change
Assets:			
Investments	$ 351.9	$ 343.6	2.4 %
Receivables	0.7	0.6	16.7
Total net position	$ 352.6	$ 344.2	2.4 %

Net position of the DCP increased 2.4 percent to $352.6 million during FY 2015. The change is attributable to increased employee contributions during FY 2015.

ADDITIONS

The primary sources of additions for the Plans include member and employer (where applicable) contributions and investment income. The following tables compare the source and amount of additions for each Plan during FY 2015 and FY 2014.

Employees' Retirement System Contributions and Investment Income (Millions)			
	2015	2014	Percentage Change
Employer contributions	$ 151.3	$ 144.7	4.6 %
Member contributions	26.6	26.5	0.4
Net investment income	67.1	534.4	(87.4)
	$ 245.0	$ 705.6	(65.3) %

Investment income decreased by 87.4 percent during FY 2015 due to the weakness of the financial markets.

The net investment income for the ERS totaled $67.1 million for FY 2015, comprised of $22.8 million in net appreciation in fair value of investments, $65.7 million in dividends and interest, $1.1 million from securities lending activities, and $22.5 million

related to investment expenses. This is compared to net investment income of $534.4 million in FY 2014. The decrease in investment earnings compared to the previous fiscal year is due to the weaker financial markets in FY 2015.

Retirement Savings Plan
Contributions and Investment Income
(Millions)

	2015	2014	Percentage Change
Employer contributions	$ 18.5	$ 17.1	8.2 %
Member contributions	9.7	8.7	11.5
Net investment income	7.5	42.4	(82.3)
	$ 35.7	$ 68.2	(47.7) %

Employer contributions to the RSP were $18.5 million in FY 2015, an increase of 8.2 percent from FY 2014 due to salary increases and increased enrollment of employees. The lower investment income in FY 2015 is primarily attributable to the weakness of the financial markets.

Deferred Compensation Plan
Contributions and Investment Income
(Millions)

	2015	2014	Percentage Change
Member contributions	$ 19.2	$ 17.0	12.9 %
Net investment income	15.3	48.9	(68.7)
	$ 34.5	$ 65.9	(47.6) %

Member contributions to the DCP were $19.2 million for FY 2015, an increase of 12.9 percent from the FY 2014 level due to higher rollover contributions.

Net investment income for the DCP was $15.3 million compared to $48.9 million in the previous fiscal year. The lower level in FY 2015 is primarily due to weaker returns from the financial markets during the fiscal year.

DEDUCTIONS

The primary sources of deductions from the Plans include the payment of retiree and survivor benefits, participant refunds and distributions, and administrative expenses. The following tables show the use and amount of deductions for each plan during FY 2015 and 2014.

Employees' Retirement System
Deductions by Type
(Millions)

	2015	2014	Percentage Change
Benefits	$ 230.6	$ 229.7	0.4 %
Refunds	2.9	4.3	(32.6)
Administrative expenses	2.7	3.0	(10.0)
	$ 236.2	$ 237.0	(0.3) %

During FY 2015, refunds decreased by $1.4 million largely due to less DROP distributions during FY2015 compared to FY2014.

Retirement Savings Plan
Deductions by Type
(Millions)

	2015	2014	Percentage Change
Distributions	$ 12.7	$ 11.6	9.5 %
Administrative expenses	0.2	0.2	-
	$ 12.9	$ 11.8	9.3 %

The expenses related to the RSP are comprised of distributions and administrative costs. The 9.5 percent increase in distributions is due to employee turnover.

Deferred Compensation Plan
Deductions by Type
(Millions)

	2015	2014	Percentage Change
Distributions	$ 26.1	$ 25.5	2.4 %

During FY 2015, distributions paid from the DCP increased 2.4% over the FY 2014 level.

For additional information regarding this report, please contact the Board of Investment Trustees at 240-777-8220.

MONTGOMERY COUNTY, MARYLAND
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2015

	Employees' Retirement System	Retirement Savings Plan	Deferred Compensation Plan
ASSETS			
Equity in County's pooled cash and investments	$ 981,456	$ 671,139	$ -
Investments:			
Government and agency obligations	395,527,073	-	-
Municipal/Provincial obligations	12,358,783	-	-
Asset-backed securities	3,464,339	-	-
Corporate bonds	656,471,268	-	-
Common and preferred stock	1,455,833,853	-	-
Mutual and commingled funds	365,620,792	313,170,346	351,892,072
Short-term investments	119,853,979	-	-
Cash collateral received under securities lending agreements	273,912,882	-	-
Real assets	380,180,632	-	-
Private equity/debt	261,364,506	-	-
Total investments	3,924,588,107	313,170,346	351,892,072
Dividend, interest, and other receivables	6,640,354	-	-
Contributions receivable	8,443,224	1,483,331	754,780
Capital assets	900,043	-	-
Less depreciation	300,014	-	-
Net Capital assets	600,029	-	-
Total assets	3,941,253,170	315,324,816	352,646,852
LIABILITIES			
Payable for collateral received under securities lending agreements	273,912,882	-	-
Benefits payable and other liabilities	5,679,044	23,900	-
Total liabilities	279,591,926	23,900	-
Net position restricted for pensions	$ 3,661,661,244	$ 315,300,916	$ 352,646,852

See accompanying notes to financial statements.

MONTGOMERY COUNTY, MARYLAND
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	Employees' Retirement System	Retirement Savings Plan	Deferred Compensation Plan
ADDITIONS			
Contributions:			
Employer	$151,301,867	$ 18,502,353	$ -
Members	26,627,493	9,728,222	19,228,978
Total contributions	177,929,360	28,230,575	19,228,978
Investment income	88,488,213	7,498,168	15,258,958
Less investment expenses	22,506,400	5,437	-
Net gain from investment activities	65,981,813	7,492,731	15,258,958
Income from securities lending	1,156,632	-	-
Less securities lending expenses	68,012	-	-
Net income from securities lending	1,088,620	-	-
Total additions	244,999,793	35,723,306	34,487,936
DEDUCTIONS			
Retiree benefits	171,784,946	-	-
Disability benefits	49,879,651	-	-
Survivor benefits	8,982,132	-	-
Refunds and distributions	2,874,357	12,693,995	26,122,796
Administrative expenses	2,684,560	235,300	-
Total deductions	236,205,646	12,929,295	26,122,796
Increase in net position	8,794,147	22,794,011	8,365,140
Net position restricted for pensions			
Beginning of year	3,652,867,097	292,506,905	344,281,712
End of year	$ 3,661,661,244	$ 315,300,916	$ 352,646,852

See accompanying notes to financial statements.

MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

INTRODUCTION

The Montgomery County Employee Retirement Plans (Plans) are offered to Montgomery County (County) employees whose eligibility to participate is based on employment status and other factors. Each of the Plans described below was established under a separate section of the Montgomery County Code (Code). The accompanying notes summarize the significant accounting policies and plan provisions for each of the Plans, including the Employees' Retirement System, a defined benefit pension plan; the Retirement Savings Plan, a defined contribution plan; and the Deferred Compensation Plan, a plan established pursuant to Section 457 of the Internal Revenue Code.

EMPLOYEES' RETIREMENT SYSTEM - Defined Benefit Pension Plan

The Montgomery County Employees' Retirement System (System or Plan) is considered part of the County's financial reporting entity and is included in the County's basic financial statements as a pension and other employee benefit trust fund. The accompanying financial statements present only the operations of the System in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to public employee retirement systems. They are not intended to present fairly the financial position and results of operations of the entire County.

The Montgomery County Council passed legislation in FY 2009 enabling the County to establish and maintain a Guaranteed Retirement Income Plan (GRIP), a cash balance plan that is part of the Plan, for employees. During FY 2010 eligible County employees who were members of the Retirement Savings Plan (RSP) were granted the option to elect to participate in the GRIP and to transfer their RSP member account balance to the GRIP and cease being a member of the RSP.

A. Plan Description and Contribution Information

Plan Membership. At June 30, 2015, the date of the latest actuarial valuation, membership in the System consisted of:

Retirees and beneficiaries receiving benefits	6,380
Terminated plan members entitled to but not yet receiving benefits	402
Active plan members	5,541

Plan Administration. The System, a cost-sharing multiple-employer defined benefit pension plan, was established in 1965 and is sponsored by the County. Eight other agencies and political subdivisions have elected to participate. The System is closed to employees hired on or after October 1, 1994, except public safety bargaining unit employees and GRIP participants. All covered full-time employees of the County and participating agencies must become members of the System as a condition of employment. All covered career part-time employees of the County and participating agencies may become members on an individual basis.

Contributions. The System is a contributory plan with employees contributing a percentage of their base annual salary. Contribution rates range from 6 percent to 11.25 percent of regular earnings annually based on group classification and contributions earn interest at the rate of 4 percent per annum as specified under Section 33-39(b) of the Code. The County and each participating agency are required to contribute the remaining amounts necessary to fund the System using the actuarial basis as specified in Section 33-40 of the Code. Employee contributions for the Elected Officials' Plan are 4 percent of regular earnings.

The GRIP, as defined in Section 33-35 of the Code, requires non-public safety employees to contribute 4 percent of regular earnings up to the Social Security wage base and 8 percent above the Social Security wage base. Public safety employees are required to contribute 3 percent of regular earnings up to the Social

Security wage base and 6 percent above the Social Security wage base. Section 33-40 of the Code requires the County and each participating agency to contribute 8 percent and 10 percent of regular earnings for non-public safety and public safety employees, respectively.

Benefit Provisions. Benefit provisions are established under the Code beginning with Section 33-35. All benefits vest at five years of service. There are different retirement groups within the System. Members enrolled before July 1, 1978, belong to either the optional non-integrated group or the optional integrated group. Members enrolled on or after July 1, 1978, belong to the mandatory integrated group. Within the groups are different retirement membership classes. The retirement group assigned depends upon the job classification of the member (i.e., non-public safety, police, fire, sheriffs and correctional staff). Normal and early retirement eligibility, the formula for determining the amount of benefit, and the cost of living adjustment varies depending upon the retirement group and retirement membership class. Normal retirement is a percentage of earnings multiplied by years of credited service. Earnings for optional non-integrated group members and optional integrated group members is defined as the high 12 months and for mandatory integrated plan members, the high 36 months. The percentage of earnings, the maximum years of credited service and the cost of living adjustment varies depending upon the retirement membership class and group. Members who retire early receive normal retirement benefits reduced by a minimum of 2 percent to a maximum of 60 percent depending on the number of years early retirement precedes normal retirement. The System provides options for disability and death benefits to eligible participants. Annual cost-of-living adjustments are provided to retirees and beneficiaries based on the percentage change in the Consumer Price Index.

Deferred Retirement Option Plans (DROP). Legislation enacted by the Montgomery County Council in November 1999 required the Chief Administrative Officer of the County to establish Deferred Retirement Option Plans, or DROP Plans, allowing any employee who is a member of a specified membership group or bargaining unit, and who meets certain eligibility requirements, to elect to "retire" but continue to work for a specified time period, during which pension payments are deferred. When the member's participation in the DROP Plan ends, the member must stop working for the County, draw a pension benefit based on the member's credited service and earnings as of the date that the member began to participate in the DROP Plan, and receive the value of the DROP Plan payoff. The balance of amounts held by the System pursuant to DROP Plans at June 30, 2015 was $11,439,991.

For members of the GRIP, employee contributions and earnings thereon vest immediately and employer contributions and earnings thereon are vested after three years of service or upon death, disability, or reaching retirement age. At separation, a participant's benefit is determined based upon the account balance which includes contributions and earnings.

B. Summary of Significant Accounting Policies

Basis of Accounting. The System's financial statements have been prepared under the accrual basis of accounting. Member and employer contributions are recognized in the period in which the contributions are required to be made as specified under the County Code. Benefits and refunds are recognized when due in accordance with the terms of the Plan. The cost of administering the Plan is paid by the System.

Method Used to Value Investments. Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2015. Fair value for private investments funds, including private equity and private real assets, is determined using unit values supplied by the fund managers, which are based upon the fund managers' appraisals of the funds' underlying holdings. Such values involve subjective judgment and may differ from amounts which would be realized if such holdings were actually sold. The fair value of limited partnership investments are based on valuations of the underlying assets of the limited partnerships as reported by the general partner. Cash received as collateral on securities lending transactions and investments made with such cash are reported as assets along with a related liability for collateral received.

Equity in County's Pooled Cash and Investments. The System maintains its short-term cash with the County, which invests cash and allocates interest earned, on a quarterly basis to the System based on the System's average daily balance of its equity in pooled cash. The County's policy is to fully collateralize the cash maintained in the pool.

Capital Assets. The System reports capital assets, which include computer software, in the Statements of Fiduciary Net Position. The System defines capital assets as assets with an initial, individual cost of $10,000

or more, and an estimated useful life in excess of one year. Such assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. An asset's cost basis may be adjusted after acquisition due to improvements or impairments to the asset. However, the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Accounting Changes. GASB Statement No. 68, Accounting and Financial Reporting for Pensions, (GASB 68) is effective for fiscal years beginning after June 15, 2014. This Statement provides accounting and reporting guidance for employers participating in pension plans falling under the guidance of GASB 67. Participating employers will recognize their proportionate share of the collective pension amounts as of a measurement date no earlier than the end of the employer's prior fiscal year. The provisions of GASB 68 do not apply to the plan, however the plan issued a separate report as of June 30, 2015 to provide to its participating employers with the information needed to implement GASB 68 in their respective financial statements.

C. Net Pension Liability

The components of the net pension liability of the System as of June 30, 2015, were as follows:

Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)	Plan Fiduciary Net Position as a % of Total Pension Liability (b/a)
$4,082,394,812	$3,661,661,244	$420,733,568	89.69%

Additional information as of the latest actuarial valuation is as follows.

Valuation date	June 30, 2015
Actuarial cost method	Individual Entry Age Normal
Amortization method for funding	Level percentage of payroll, separate closed period bases for Public Safety and GRIP, single closed period amortization base for non-Public Safety.
Amortization period for funding	For Public Safety and GRIP: Initial amortization period of 20 years for the base established July 1, 2015. Initial amortization period of 20 years for subsequent bases. For non-Public Safety: Single closed amortization period of 9 years established July 1, 2015. Average amortization period of 11.7 years for total ERS.
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	7.50% per year
Projected salary increases depending on service	3.25%-9.50%
Cost-of-living (inflation rate) adjustments	2.75% on the benefit attributable to credited service earned prior to June 30, 2011. 2.3% on the benefit attribution to credited service earned on or after July 1, 2011, reflecting the 2.5% cap.
Post-retirement Increases	Consumer Price Index - by Group
Mortality rates after retirement	RP-2014 Healthy Annuitant Mortality Table, sex-distinct for healthy mortality. Rates are set forward six years for male disabled mortality and eight years for the female disabled mortality assumption. To provide a margin for future mortality improvements, generational mortality improvements from 2014 using projection scale MP-2014 was used.

An experience study was conducted for the period July 1, 2009 to July 1, 2014 in September 2015. The results of the experience study have been incorporated into the FY2015 financial statements where applicable. An actuarial experience study is conducted every five years.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 (see the discussion of the System's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Long Duration Fixed Income	2.10 %
High Yield Fixed Income	3.40
Credit Opportunities	5.40
TIPS	1.20
Domestic Equity	4.55
International Equity	4.55
Emerging Equity	4.55
Global Equity	4.75
Private Markets	7.20
Global REITs	3.60
Commodities	2.00
Master Limited Partnerships	7.50
Cash	0.00
Hedge Funds	4.35

Discount Rate. The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and contributions from the County and other participating agencies will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the System calculated using the discount rate of 7.5%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net pension liability	$888,145,312	$420,733,568	$29,532,075

D. Trustees of the Plan

The County established a Board of Investment Trustees (Board) for the System to be responsible for the investment management of the System's assets for the exclusive benefit of the members. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

E. Investments

Section 33-61C of the Code, authorizes the Board to act with the care, skill, prudence and diligence under the circumstances that a prudent person acting in a similar capacity and familiar with the same matters would use to conduct a similar enterprise with similar purposes. The Code also requires that such investments be diversified so as to minimize the risk of large losses unless it is clearly not prudent to diversify under the

circumstances. The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long term increases in the value of assets. The overall investment policies do not address specific levels of credit risk, interest rate risk or foreign currency risk. The Board believes that risks can be managed, but not eliminated, by establishing constraints on the investment portfolios and by monitoring the financial markets, the System's asset allocation and the investment managers hired by the System. Each investment manager has a specific benchmark and investment guidelines appropriate for the type of investments they are managing.

The following was the Board's adopted asset allocation policy as of June 30, 2015:

Asset Class	Target Allocation	
Long Duration Fixed Income	12.50	%
High Yield Fixed Income	8.00	
Credit Opportunities	2.00	
TIPS	10.00	
Domestic Equity	15.75	
International Equity	12.50	
Emerging Equity	3.25	
Global Equity	3.50	
Private Markets	18.00	
Global REITs	2.50	
Commodities	4.00	
Master Limited Partnerships	2.00	
Cash	1.00	
Hedge Funds	5.00	
Total	100.00	%

Rate of Return. The annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, for FY 2015 was 2.19%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. The Board's investment policies and guidelines manage interest rate risk by establishing duration constraints on each fixed income manager's portfolio based on the duration of each manager's respective benchmark. Duration is a measure of interest rate risk based on a bond price's sensitivity to a 100-basis point change in interest rates. The greater the duration of a bond, or a portfolio of bonds, the greater its price volatility will be in response to a change in interest rates and vice-versa. Duration of eight would mean that, given a 100-basis point change up/down in rates, a bond's price would move down/up by 8 percent. As of June 30, 2015, the System's fixed income portfolio had the following sensitivity to changes in interest rates:

Type of Investment	Effective Duration in Years	Fair Value	Percentage of Portfolio	
U.S. Government Obligations	16.10	$ 128,828,385	10.86	%
Foreign Government Obligations	3.35	10,536,018	0.89	
Asset-Backed Securities	12.98	3,464,339	0.29	
Municipal/Provincial Obligations	13.93	12,358,783	1.04	
Corporate Bonds	7.03	588,867,097	49.63	
Fixed Income Pooled Funds	N/A	323,766,841	27.28	
Short-term Investments and Others *	N/A	118,827,948	10.01	
Total Fixed Income Securities		$ 1,186,649,411	100.00	%

*Short-term investments consist of U.S. Treasury and government sponsored securities, money market funds, commercial paper, certificates of deposit, repurchase agreements, asset backed securities, notes and bonds issued by U.S. corporations, and other allowable instruments that meet short-term maturity or average life, diversification, and credit quality restrictions.

Credit Risk/Concentration of Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Board's investment policies and guidelines limit the percentage

of the total fund and individual manager's account which can be invested in fixed income securities rated below investment grade. In addition, the Board's investment policies and guidelines, for the majority of public fund managers, limit the percentage of each investment manager's account that may be allocated to any one security, position, issuer or affiliated issuer, to less than 5 percent of the fair value of the investment manager's account. The System does not have investments (other than those issued or explicitly guaranteed by the U.S. Government or pooled investments) in any one company that represents 5 percent or more of net assets.

The quality ratings of investments in fixed income securities as described by nationally recognized rating organizations as of June 30, 2015 are as follows:

Type of Investment	Quality Rating	Fair Value	Percentaage of Portfolio
U.S. Government Obligations*	AAA	$ 128,828,385	10.86 %
Foreign Government Obligations	AAA	783,288	0.07
	AA	398,286	0.03
	A	4,446,272	0.37
	BBB	1,833,805	0.15
	CCC	51,018	0.01
	Unrated	3,023,349	0.26
Asset-Backed Securities	AAA	3,464,339	0.29
Municipal/Provincial Bonds	AAA	1,665,080	0.14
	AA	9,383,201	0.79
	A	1,310,502	0.11
Corporate Bonds	AAA	5,801,132	0.49
	AA	34,339,675	2.89
	A	142,478,179	12.01
	BBB	133,990,218	11.29
	BB	96,243,298	8.11
	B	115,243,787	9.71
	CCC	41,528,208	3.50
	CC	128,500	0.01
	D	764,862	0.07
	Unrated	18,349,238	1.55
Fixed Income Pooled Funds	Unrated	323,766,841	27.28
Short-term Investments and others	Unrated	118,827,948	10.01
Total Fixed Income Securities		$ 1,186,649,411	100.00 %

*Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Board's International Investing Policy's objective is to achieve long-term capital appreciation and current income by investing in diversified portfolios of non-U.S. equities and bonds. The System has indirect exposure to foreign currency risk as follows:

International Securities	Equity	Fixed Income	Short-term and Other	Total Non-U.S. Dollar
Euro	$ 136,581,467	$ 1,247,131	$ 71,856,795	$ 209,685,393
Japanese yen	137,758,990	-	62,341,850	200,100,840
Norwegian krone	1,899,876	-	45,255,217	47,155,093
Australian dollar	3,035,321	1,190,470	34,703,717	38,929,508
Swiss franc	34,528,124	-	-	34,528,124
British pound sterling	91,823,952	-	(67,060,362)	24,763,590
Danish krone	14,882,743	-	-	14,882,743
Hong Kong dollar	13,431,089	-	462,787	13,893,876
Swedish krona	15,768,783	-	(9,415,951)	6,352,832
Mexican peso	-	4,056,504	-	4,056,504
Other Currencies	6,092,024	4,786,649	(142,773,148)	(131,894,475)
Total International Securities	$ 455,802,369	$ 11,280,754	$ (4,629,095)	$ 462,454,028

Derivatives. In accordance with the Board's Statement of Investment Policy and Objectives, the System regularly invests in derivative financial instruments in the normal course of its investing activities to manage exposure to certain risks within the fund. During FY 2015, the System invested directly in various derivatives including exchange-traded futures contracts, forward currency contracts, and swaps. Investment managers are prohibited from purchasing securities on margin or using leverage unless specifically permitted within the investment manager's guidelines. These investments generally contain market risk resulting from fluctuations in interest and currency rates. The credit risk of these investments is associated with the creditworthiness of the related parties to the contracts. The System could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. The Board's Statement of Investment Policy and Objectives seeks to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring procedures. In addition, the System has indirect exposure to market and credit risk through its ownership interests in certain mutual and commingled funds which may hold derivative financial instruments. The System is not a dealer, but an end-user of these instruments.

The notional or contractual amounts of derivatives indicate the extent of the System's involvement in the various types of derivative financial instruments and do not measure the System's exposure to credit or market risk and do not necessarily represent amounts exchanged by the parties. The amounts exchanged are determined by reference to the notional amounts and the other terms of the derivatives.

As permitted by the Board's policies, the System holds off-financial statement derivatives in the form of exchange-traded financial futures, and foreign currency exchange contracts.

Futures contracts are contracts in which the buyer agrees to purchase and the seller agrees to make delivery of a specified financial instrument at a predetermined date and price. Gains and losses on futures contracts are settled daily. Futures contracts are standardized and are traded on exchanges. The exchange assumes the risk that a counterparty will not pay. As of June 30, 2015, the System held 427 long US Treasury futures contracts with a fair value of $54,890,820 and 561 short US Treasury futures contracts with a fair value of ($110,485,125).

Foreign exchange contracts involve an agreement to exchange the currency of one country for the currency of another country at an agreed-upon price and settlement date. Foreign exchange contracts contain market risk resulting from fluctuations in currency rates. The credit risk is associated with the creditworthiness of the related parties to the contracts. As of June 30, 2015, the System held $653,090,415 buy foreign exchange contracts and ($673,033,045) sell foreign exchange contracts. The unrealized loss on the System's contracts was $1,534,370.

Securities Lending. Board policy permits the System to lend its securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The System's custodian is the agent in lending the System's securities for collateral of 102 percent for domestic and 105 percent for international securities. The custodian receives cash, securities or irrevocable bank letters of credit as collateral. All securities loans can be terminated on demand by either the System or the borrower. Cash collateral received from the borrower is invested by the lending agent, as an agent for the System, in a short-term investment pool in the name of the System, with guidelines approved by the Board. Such investments are considered a collateralized investment pool. The relationship between the maturities of the investment pool and the System's loans is affected by the maturities of securities loans made by other plan entities that invest cash collateral in the investment pool, which the System cannot determine. The System records a liability for the return of the cash collateral shown as collateral held for securities lending in the statement of fiduciary net position. The agent indemnifies the System by agreeing to purchase replacement securities, or return the cash collateral thereof, in the event a borrower fails to return loaned securities or pay distributions thereon. There were no such failures by any borrower during the fiscal year, nor were there any losses during the period resulting from a default of the borrower or lending agent.

As of June 30, 2015, the fair value of securities on loan was $390,940,192. Cash received as collateral and the related liability of $273,912,882 as of June 30, 2015, is shown on the Statement of Fiduciary Net Position. Securities received as collateral are not reported as assets since the System does not have the ability to pledge or sell the collateral securities absent borrower default. Securities lending revenues and expenses amounting to $1,156,632 and $68,012, respectively, have been classified with investment income and investment expenses, respectively, in the accompanying financial statements.

The following represents the balances relating to the securities lending transactions at June 30, 2015:

Securities Lent	Underlying Securities	Non-Cash Collateral Value	Cash Collateral Investment Value
Lent for Cash Collateral:			
U.S. Government Obligations	$ 87,710,859	$ -	$ 89,511,877
Corporate Bonds	80,386,134	-	82,053,823
Equities	100,063,899	-	102,347,182
Lent for Non-Cash Collateral:			
U.S. Government Obligations	2,199,242	2,243,149	-
Corporate Bonds	4,383,667	4,477,281	-
Equities	116,196,391	124,743,197	-
Total	$ 390,940,192	$ 131,463,627	$ 273,912,882

At year-end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceeded the amounts the borrowers owe the System. The System is fully indemnified by its custodial bank against any losses incurred as a result of borrower default.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2015, there were no funds held by a counterparty that was acting as the System's agent in securities lending transactions.

F. Capital Assets

On June 30, 2014, the Employees' Retirement System purchased a computer software system, which was depreciated during FY2015 as shown below:

	Balance 6/30/2014	Increases	Decreases	Balance 6/30/2015
Depreciable Capital Assets:				
Capital Assets	$ 900,043	$ -	$ 300,014	$ 600,029

G. Allocated Insurance Contract

On August 1, 1986, the County entered into an agreement with Aetna Life Insurance Company (Aetna) wherein Aetna accepted future responsibility for monthly payments to all members retired prior to January 1, 1986, in exchange for a lump sum payment. The County is liable for cost of living increases effective January 1, 1986, and later. Monthly payments made under this agreement have not been recognized in the System's financial statements.

H. Income Taxes

The Internal Revenue Service issued a determination letter in September 2013, which stated that the System and its underlying trust qualify under the applicable provisions of the Internal Revenue Code and are exempt from federal income taxes. In the opinion of the plan administrator, the System and its underlying trust have operated within the terms of the System and are qualified under the applicable provisions of the Internal Revenue Code.

RETIREMENT SAVINGS PLAN - Defined Contribution Pension Plan

The Montgomery County Retirement Savings Plan (Plan) is considered part of the County's financial reporting entity and is included in the County's basic financial statements as a pension and other employee benefit trust fund. The accompanying financial statements present only the operations of the Plan in conformity with GAAP. They are not intended to present fairly the financial position and results of operations of the entire County.

The Montgomery County Council passed legislation in FY 2009 enabling the County to establish and maintain a Guaranteed Retirement Income Plan (GRIP), a cash balance plan that is part of the Employees' Retirement System, for employees. During FY 2010 eligible County employees who were members of the Retirement Savings Plan (Plan) were granted the option to elect to participate in the GRIP and to transfer their Plan member account balance to the GRIP and cease being a member of the Plan.

A. Plan Description and Contribution Information

Membership. At June 30, 2015 membership in the Plan consisted of:

Active plan members	3,756
Inactive plan members	853

Plan Description. The Plan, a cost-sharing multiple-employer defined contribution plan, was established in 1994 and is sponsored by the County. Eight other agencies or political subdivisions have elected to participate. All non-public safety and certain public safety employees not represented by a collective bargaining agreement and hired on or after October 1, 1994 are covered by the Plan unless they elect to participate in the GRIP. Eligible employees covered by the Montgomery County Employees' Retirement System may make an irrevocable decision to transfer to this Plan.

Contributions. For fiscal year 2015, under Section 33-116 of the Code, the Plan required non-public safety employees to contribute 4 percent of regular earnings up to the Social Security wage base and 8 percent above the Social Security wage base. Public safety employees are required to contribute 3 percent of regular earnings up to the Social Security wage base and 6 percent above the Social Security wage base. Section 33-117 of the Code requires the County and each participating agency to contribute 8 percent and 10 percent of regular earnings for non-public safety and public safety employees, respectively.

Benefit Provisions. Employee contributions and earnings thereon vest immediately and employer contributions and earnings thereon are vested after three years of service or upon death, disability, or reaching retirement age. Members are fully vested upon reaching normal retirement (age 62) regardless of years of service. At separation, a participant's benefit is determined based upon the account balance which includes contributions and investment earnings.

B. Summary of Significant Accounting Policies

Basis of Accounting. The Plan's financial statements have been prepared under the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are required to be made as specified in the County Code. Benefits, refunds and distributions are recognized when due in accordance with the terms of the Plan. The cost of administering the Plan is paid by the County and participating agencies.

Method Used to Value Investments. Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2015.

Equity in County's Pooled Cash and Investments. The Plan maintains its short-term cash with the County, which invests cash and allocates interest earned, on a quarterly basis to the Plan based on the Plan's average daily balance of its equity in pooled cash. The County's policy is to fully collateralize the cash maintained in the pool.

C. Trustees of the Plan

The County established a Board of Investment Trustees (Board) for the RSP to oversee the investment program. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

D. Investments

Section 33-125 of the Code authorizes the Board to establish a diversified slate of mutual and commingled investment funds from which participants may select an option. The Board exercises the Standard of Care as delineated in Section 33-61 of the Code. As of June 30, 2015, the fair value of the mutual and commingled investment funds was $313,170,346, of which $75,654,256 was invested in international mutual funds.

E. Income Taxes

The Internal Revenue Service issued a determination letter in December 2010, which stated that the Plan and its underlying trust qualify under the applicable provisions of the Internal Revenue Code and are exempt from federal income taxes. In the opinion of the plan administrator, the Plan and its underlying trust have operated within the terms of the Plan and are qualified under the applicable provisions of the Internal Revenue Code.

DEFERRED COMPENSATION PLAN

During FY 2005, the Montgomery County Council passed legislation enabling the County to establish and maintain one or more additional deferred compensation plans for employees covered by a collective bargaining agreement. All County non-represented employees, those County represented employees who elected to participate, and employees who were retired at the time of transfer, continue to participate in the Montgomery County Deferred Compensation Plan administered by the County (the County Plan). County represented employees who elected and all represented employees hired after March 1, 2005 participate in the newly created Montgomery County Union Employees Deferred Compensation Plan (the Union Plan) administered by the bargaining units. The purpose of these Plans is to extend to employees deferred compensation plans pursuant to Section 457 of the Internal Revenue Code of 1986, as amended.

The accompanying financial statements present only the operations of the County Plan in conformity with GAAP. They are not intended to present fairly the financial position and results of operations of the entire County. The assets of the Union Plan are not included in the accompanying financial statements since neither the County nor the Board of Investment Trustees (Board) have fiduciary or other responsibility for the Union Plan except as required by federal law, including any regulation, ruling, or other guidance issued under law.

A. Plan Description and Contribution Information

Plan Description. During 1999, in accordance with Federal legislation, the assets were placed in Trust for the sole benefit of participants and their beneficiaries. Trust responsibilities for the County Plan are assigned to the Board. The Board has a third-party administrator contract to provide investment vehicles and administrative services to plan participants. Under the County Plan, contributions are sent to the providers for different types of investments as selected by the participants. A separate account, which reflects the monies deferred, investment of the monies, and related investment earnings is maintained for each participant by the third-party administrator. Withdrawals are made upon retirement, termination of employment, death, and/or in unforeseeable emergencies.

Plan Contributions. In accordance with Section 457 of the IRC, the Plan limits the amount of an employee's annual contributions to an amount not to exceed the lesser of $17,500 in 2014 and $18,000 in 2015 or 100% of the employee's eligible compensation. The Plan also provides certain catch-up contribution provisions for participants age 50 or older and for participants within three years of their normal retirement age. Amounts contributed by employees are deferred for federal and state income tax purposes until benefits are paid to the employees. Under Section 33-11 of the County Code, all eligible employees hired after July 1, 2008 are automatically enrolled in the Plan with a 1% contribution unless they elect out within 60 days from the date of hire. If they do not opt out of the Plan within 60 days from the date of hire, they begin making a contribution equivalent to 1% of their salary.

B. Summary of Significant Accounting Policies

Basis of Accounting. The County Plan's financial statements have been prepared under the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are made. Distributions are recognized when paid in accordance with the terms of the County Plan, and administrative costs are recognized as incurred.

Method Used to Value Investments. Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2015.

C. Trustees of the Plan

The County established a Board to oversee the investment program of the County Plan. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

D. Investments

The Board is required to establish a diversified slate of mutual and commingled funds from which participants may select investment options. The Board exercises the Standard of Care as delineated in Section 33-61 of the Code. As of June 30, 2015, the fair value of the mutual and commingled investment funds was $351,892,072, of which $43,773,219 was invested in international mutual funds.

REQUIRED SUPPLEMENTARY INFORMATION

Historical trend information about the Employees' Retirement System (System) defined benefit pension plan is presented below as required supplementary information. This information is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

SCHEDULE OF CHANGES IN THE EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS

Fiscal year ending June 30,	2015	2014
Total Pension Liability		
Service Cost	$ 74,984,370	$ 70,019,055
Interest on the Total Pension Liability	291,040,049	281,988,785
Benefit Changes	3,626,601	-
Difference between Expected and Actual Experience	602,431	-
Assumption Changes	(12,706,870)	-
Benefit Payments	(230,646,729)	(229,664,720)
Refunds	(2,874,357)	(4,329,834)
Net Change in Total Pension Liability	124,025,495	118,013,286
Total Pension Liability - Beginning	3,958,369,317	3,840,356,031
Total Pension Liability - Ending (a)	$ 4,082,394,812	$ 3,958,369,317
Plan Fiduciary Net Position		
Employer Contributions	$ 151,301,867	$ 144,709,675
Member Contributions	26,627,493	26,462,839
Pension Plan Net Investment Income	67,070,433	534,397,733
Benefit Payments	(230,646,729)	(229,664,720)
Refunds	(2,874,357)	(4,329,834)
Pension Plan Administrative Expense	(2,684,560)	(2,953,807)
Other	-	-
Net Change in Plan Fiduciary Net Position	8,794,147	468,621,886
Plan Fiduciary Net Position - Beginning	3,652,867,097	3,184,245,211
Plan Fiduciary Net Position - Ending (b)	$ 3,661,661,244	$ 3,652,867,097
Net Pension Liability - Ending (a) - (b)	$ 420,733,568	$ 305,502,220
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	89.69%	92.28%
Covered Employee Payroll	$ 418,728,584	$ 402,899,096
Net Pension Liability as a Percentage of Covered Employee Payroll	100.48%	75.83%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2006	$ 88,184,159	$ 88,184,159	-	$ 340,333,414	25.91 %
2007	109,436,001	109,436,001	-	352,636,518	31.03
2008	117,686,375	117,686,375	-	372,214,906	31.62
2009	109,567,014	109,567,014	-	376,895,171	29.07
2010	113,957,784	113,957,784	-	431,226,155	26.43
2011	109,343,933	109,343,933	-	405,336,529	26.98
2012	107,855,595	107,855,595	-	398,460,248	27.07
2013	127,887,620	127,887,620	-	395,988,026	32.30
2014	144,709,675	144,709,675	-	402,899,096	35.92
2015	151,301,867	151,301,867	-	418,728,584	36.13

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

Valuation Date:	July 1, 2014
Notes	Actuarially determined contribution rates are calculated as of July 1, 2013 which is 24 months prior to the end of the fiscal year in which contributions are reported. Assumptions were updated in the 2015 valuation, which first affects fiscal year 2017 contributions.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level percentage of pay, separate closed period bases
Remaining Amortization Period	Initial amortization period of 18 years for the base established July 1, 2010. Initial amortization period of 20 years for subsequent bases. Average amortization period of 13 years.
Asset Valuation Method	5-year smoothed market
Inflation	2.75% per year
Salary Increases	3.25%-9.50%
Investment Rate of Return	7.50% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition and years of service. Last updated for the 2015 valuation pursuant to an experience study of the period 2009-2014.
Mortality	RP-2014 Healthy Annuitant Mortality Table, sex-distinct for healthy mortality. Rates are set forward six years for the male disabled mortality and eight years for the female disabled mortality assumption. To provide a margin for future mortality improvements, generational mortality improvements from 2014 using projection scale MP-2014 was used.

Other Information:

Notes	Effective July 1, 2015, a DROP was implemented for eligible uniformed correctional officers and sworn deputy sheriffs participating in Group E. Effective July 1, 2015, updated actuarial assumptions were used in the valuation, which first affect fiscal year 2017 contributions and are summarized above.

SCHEDULE OF INVESTMENT RETURNS

Fiscal year ending June 30	2015	2014
Annual money weighted rate of return, net of investment expense	2.19%	16.95%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SCHEDULE OF ADMINISTRATIVE EXPENSES
EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2015

Personnel Services:	
Salaries and wages	$ 1,106,591
Retirement contributions	70,915
Insurance	107,645
Social security	73,763
Total personnel services	1,358,914
Professional Services:	
Actuarial	235,786
Independent public accountants	25,014
Outside legal	1,355
Computer technical support	152,235
Other professional services	571
Temporary	1,665
Total professional services	416,626
Benefit Processing:	
Disbursement services	48,590
Recordkeeping services	73,924
Disability management	363,069
Total benefit processing	485,583
Due diligence and continuing education	28,432
Office Management:	
Office equipment and supplies	92,910
Depreciation expense	300,014
Miscellaneous	2,081
Total office management	395,005
Total administrative expenses	$ 2,684,560

SCHEDULE OF INVESTMENT EXPENSES
EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2015

Investment Management Expenses:		
Aberdeen Asset Management Inc	$	1,131,841
Barrow Hanley Mewhinney & Straus LLC		492,140
BlackRock Financial Management		368,286
Bridgewater Associates		7,043,391
Chickasaw Capital Management LLC		48,917
CoreCommodity Management LLC		187,327
Eagle Asset Management		524,272
E.I.I. Capital Management		166,955
First Quadrant L.P.		939,409
Gryphon International Investment		901,097
Jennison Associates LLC		603,283
JP Morgan Investment Management		1,434,502
Los Angeles Capital Management		426,842
Loomis Sayles		877,070
Marathon London		1,263,582
Mondrian Investment Partners Ltd.		781,055
Nomura Asset Management		876,303
RhumbLine Advisors		14,925
Sands Capital Management		708,456
Schroder Investment Management		453,962
Systematic Financial Management		16,431
Wellington Management		611,413
Wellington Trust Company		424,446
The Northern Trust Company		419,657
Abel Noser Corp.		5,000
Aetna Life Insurance Company		3,145
Albourne America LLC		400,000
Bloomberg Financial Systems		21,263
Flag Capital Management LLC		525,000
Franklin Park		525,000
MSCI		8,105
Wilshire Associates		303,325
Total investment management expenses		22,506,400
Securities lending borrower rebates		(151,638)
Securities lending agent fees		219,650
Total securities lending expenses		68,012
Total investment expenses	$	22,574,412

EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2015 AND 2014

	2015	2014
ASSETS		
Equity in County's pooled cash and investments	$ 981,456	$ 971,114
Investments:		
Government and agency obligations	395,527,073	359,793,807
Municipal/Provincial bonds	12,358,783	58,203,905
Asset-backed securities	3,464,339	3,345,101
Corporate bonds	656,471,268	632,632,391
Collateralized mortgage obligations	-	419,500
Common and preferred stock	1,455,833,853	1,391,796,570
Mutual and commingled funds	365,620,792	453,648,456
Short-term investments	119,853,979	99,565,286
Cash collateral received under securities lending agreements	273,912,882	233,431,419
Real assets	380,180,632	391,199,845
Private equity/debt	261,364,506	257,774,913
Total investments	3,924,588,107	3,881,811,193
Dividend, interest, and other receivables	6,640,354	3,875,781
Contributions receivable	8,443,224	7,717,664
Capital assets	900,043	900,043
Less depreciation	300,014	-
Net Capital Assets	600,029	900,043
Total assets	3,941,253,170	3,895,275,795
LIABILITIES		
Payable for collateral received under securities lending agreements	273,912,882	233,431,419
Benefits payable and other liabilities	5,679,044	8,977,279
Total liabilities	279,591,926	242,408,698
Net Position restricted for pensions	$ 3,661,661,244	$ 3,652,867,097

EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
ADDITIONS		
Contributions:		
Employer	$ 151,301,867	$ 144,709,675
Members	26,627,493	26,462,839
Total contributions	177,929,360	171,172,514
Investment Income:		
Net appreciation in fair value of investments	22,807,866	483,192,812
Dividends and interest	65,680,347	70,406,663
Total income from investment activities	88,488,213	553,599,474
Less investment expenses	22,506,400	20,357,819
Net income from investment activities	65,981,813	533,241,655
Income from securities lending	1,156,632	1,077,992
Less securities lending expenses	68,012	(78,086)
Net income from securities lending	1,088,620	1,156,078
Total additions	244,999,793	705,570,247
DEDUCTIONS		
Retiree benefits	171,784,946	172,472,289
Disability benefits	49,879,651	48,606,540
Survivor benefits	8,982,132	8,585,891
Refunds and distributions	2,874,357	4,329,834
Administrative expenses	2,684,560	2,953,807
Total deductions	236,205,646	236,948,361
Net increase in net position	8,794,147	468,621,886
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of year	3,652,867,097	3,184,245,211
Ending of year	$ 3,661,661,244	$ 3,652,867,097

RETIREMENT SAVINGS PLAN
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2015 AND 2014

	2015	2014
ASSETS		
Equity in County's pooled cash and investments	$ 671,139	$ 586,404
Investments	313,170,346	290,735,529
Contributions receivable	1,483,331	1,215,635
Total assets	315,324,816	292,537,568
LIABILITIES		
Accrued expenses	23,900	30,663
Net position held in trust for pension benefits	$ 315,300,916	$ 292,506,905

RETIREMENT SAVINGS PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
ADDITIONS		
Contributions:		
Employers	$ 18,502,353	$ 17,117,342
Members	9,728,222	8,694,887
Total contributions	28,230,575	25,812,229
Investment income	7,050,419	42,040,389
Other income	447,749	396,592
Net investment income	7,498,168	42,436,981
Less investment expenses	5,437	4,800
Total additions	35,723,306	68,244,410
DEDUCTIONS		
Distributions	12,693,995	11,681,985
Administrative expenses	235,300	197,453
Total deductions	12,929,295	11,879,438
Net increase	22,794,011	56,364,972
Net position - beginning of year	292,506,905	236,141,933
Net position - end of year	$ 315,300,916	$ 292,506,905

DEFERRED COMPENSATION PLAN
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2015 AND 2014

	2015	2014
ASSETS		
Investments	$ 351,892,072	$ 343,639,371
Contributions receivable	754,780	642,341
Total position and net position held in trust for pension benefits	$ 352,646,852	$ 344,281,712

DEFERRED COMPENSATION PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
ADDITIONS		
Contributions - members	$ 19,228,978	$ 17,011,184
Investment income	15,258,958	48,863,366
Total additions	34,487,936	65,874,550
DEDUCTIONS		
Distributions	26,122,796	25,505,605
Total deductions	26,122,796	25,505,605
Net increase	8,365,140	40,368,945
Net position - beginning of year	344,281,712	303,912,767
Net position - end of year	$ 352,646,852	$ 344,281,712

INVESTMENT SECTION

Employees' Retirement System

EMPLOYEES' RETIREMENT SYSTEM

INVESTMENT PERFORMANCE, POLICY, STATISTICS AND ACTIVITY

The Board of Investment Trustees (Board), and the investment staff, are responsible for managing the $3.7 billion Employees' Retirement System (the System), invested solely in the interests of its beneficiaries. It is a significant responsibility due to the majority of the average retiree's benefit coming from investment earnings on contributions from members, the County, and participating agencies. According to Wilshire Associates, a national consulting firm, the median return among U.S. public pension plans over $1 billion in size in FY 2015 was a gain of 3.43%, gross of fees. The System's return for the fiscal year was a gain of 2.82% gross of fees, ranking below median in the universe. The private equity sector of the System's portfolio produced the strongest returns for FY15. The same study ranked the System's three-year gain of 10.28% and its five-year return of 11.45% in the top quartile of this universe. The gross returns for the one-year period exceeded the performance benchmark established by the Board by 161 basis points, with returns for the three-year and five-year periods exceeding the performance benchmarks by 186 basis points and 142 basis points, respectively. Returns for the System are calculated on a time weighted basis (except where noted on page 46). The key drivers of the performance for the twelve month period ending June 30, 2015 were the System's both private equity and private real assets, and public equities holdings.

In the investment of public funds, adequate funding of employee retirement benefits at a reasonable and affordable cost is a paramount concern. An appropriate balance must be struck between risks taken and returns sought to ensure the long term health of the System. The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long term increases in the value of assets.

Specific investment objectives include:

- To realize the actuarial assumed rate of return of 7.5 percent.
- To manage portfolio risk so as to limit potential downside fluctuations in the value of the total System assets.
- To realize as high a rate of total return as possible consistent with the above.

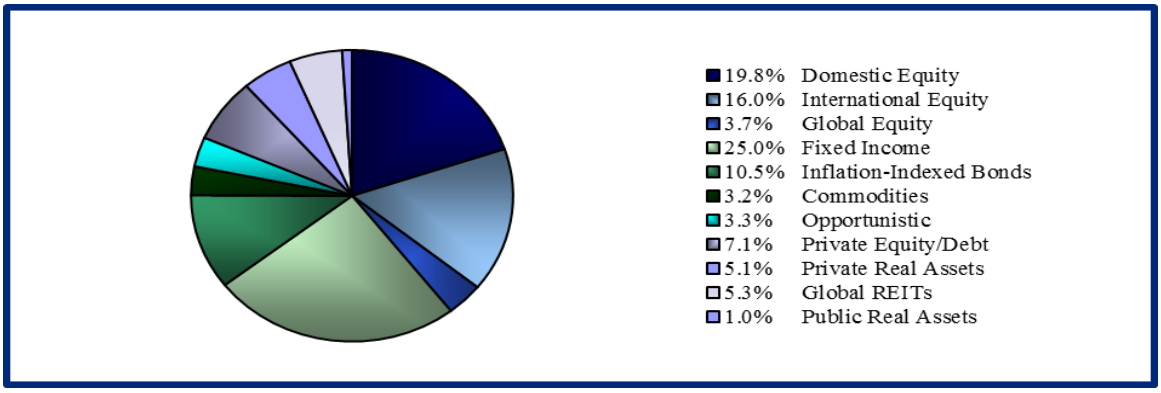
To achieve these objectives, the following investment policies are employed:

- Allocate System assets to a broad array of investment sectors and strategies.
- Maintain the asset allocation in compliance with the Board's rebalancing policy (+/- 5% for major asset classes and +/- 1.5% to 3% for sub-asset classes).
- Monitor the individual investment managers' market value to ensure compliance with the Board's Manager Funding Policy.
- Evaluate the performance of all investment managers against their specific performance and style objectives, assigned risk, and the returns achieved by other similar managers.
- Evaluate the System's overall risk exposure and modify investments through rebalancing when necessary.

During FY 2015, the Board continued to implement portfolio adjustments which will result in further diversification of the investment portfolio and better management of the System's risk. Toward this effort, the Board approved new investments in the following sectors: public equities, private equity, private real assets, public real assets, and opportunistic.

The following pages reflect comments on the investment portfolio and were prepared by the Board.

ASSET ALLOCATION – JUNE 30, 2015



INVESTMENT PERFORMANCE SUMMARY

ANNUALIZED DATA FOR PERIOD ENDING JUNE 30, 2015

	1 Year	3 Year	5 Year
Total Fund Time-Weighted Returns			
MCERS	2.82[A] %	10.28[A] %	11.45[A] %
Policy Benchmark	1.21[A]	8.42[A]	10.03[A]
Total Domestic Equities Return			
MCERS	9.67	19.51	18.52
Russell 3000	7.29	17.73	17.54
Total Private Equities Return			
MCERS	15.10[B]	14.60[B]	13.90[B]
Russell 3000 + 300 Bpts	9.70[B]	21.4[B]	20.90[B]
Total International Equities			
MCERS	(1.59)	11.75	9.87
MSCI All Country World X US	(5.26)	9.44	7.76
Total Global Equities			
MCERS	(7.90)	N/A	N/A
MSCI All Country World	0.71	N/A	N/A
Total Private Real Assets			
MCERS	11.40[B]	12.42[B]	11.26[B]
CPI + 500 Bpts	5.16[C]	6.35[C]	6.74[C]
Total Fixed Income			
MCERS	1.82	6.03	8.45
Custom Fixed Income Benchmark	1.07	4.24	7.02
Total Opportunistic			
MCERS	1.32[D]	6.09[D]	4.87[D]
HFRI Fund of Funds Composite	3.84	6.23	4.08
Total Commodities			
MCERS	(22.90)	(8.59)	(3.23)
DJ UBS Commodities Index	(23.71)	(8.76)	(3.91)
Total Global Inflation Indexed Bonds			
MCERS	9.13	7.45	14.63
Custom IIB Benchmark	5.33	3.16	7.99

Return data for the System was calculated on a time weighted basis (except where noted). Returns shown are provided by the System's custodian bank, The Northern Trust Company. Valuations are based on published national securities exchange prices, where available, and all valuations are reconciled between the various investment managers and the custodian bank. Returns are gross of fees paid to investment managers except where noted.

A: Total Fund returns utilize lagged valuations for private equity and private real assets investments.

B: Returns computed on dollar-weighted basis and are net of investment management fees.

C: Benchmark comparison is not meaningful at this time due to the short investment history of the System's private real assets program.

D: Returns computed net of investment management fees.

PORTFOLIO HIGHLIGHTS

PUBLIC EQUITY

The market value of the total Public Equity Portfolio as of June 30, 2015 represented approximately 39.5% of the total Fund, split between Domestic Equity at 19.8%, International Equity at 16.0%, and Global Equity at 3.7%. The Domestic Equity Portfolio outperformed the Russell 3000 Benchmark by 2.38% for the one year ending June 30, 2015. The U.S. equity markets rallied throughout the fiscal year on signs of stronger-than-expected economic reports while investors kept their eye on the timing of the Fed's interest rate hike. Despite the impacts of declining oil prices on the energy sector and a stronger dollar weighing on multi-national companies, the markets continued to perform strongly each quarter with the S&P 500 Index reaching an all time high during the fiscal year.

As of June 30, 2015, the International Equity Portfolio was allocated as follows: 81.6% active EAFE and 18.4% active emerging markets. The International Equity Portfolio outperformed the MSCI ACWI ex U.S. benchmark by 3.67% for the fiscal year ending June 30, 2015. International markets started the fiscal year on a negative note on growing concerns about geopolitical events in Ukraine and the Middle East. With the IMF cutting its global growth forecast and the ECB reducing forecast for growth in the European region, international markets continue to decline towards the mid-year. However, with the Eurozone showing signs of economic recovery and the European central banks easing globally, the markets started to advance strongly in the second half of the fiscal year. Emerging markets trailed both the U.S. and international developed markets on concerns over geopolitical events and China's growth trajectory.

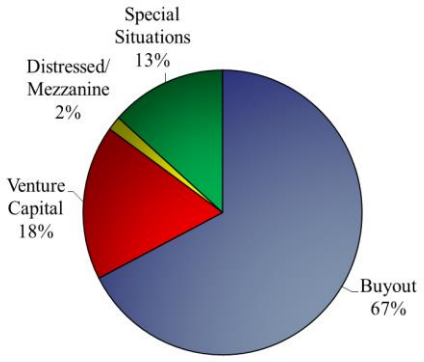
Equity: Top 15 Holdings

The top 15 holdings in the Public Equity Portfolio comprised 3.6% of ERS assets at June 30, 2015. In comparison to the top 15 holdings of last year, Novartis, Fresenius, BNP Paribas, ING Groep, VISA, Toyota, Seven & I Holdings, Inditex, and Ericsson remained and Adecco, Barclays, Facebook, Koninklijke Ahold, Salesforce.com, and Smith were added.

Equity	Shares	Value
Novartis	126,827	$ 12,505,600
Fresenius	173,810	11,145,082
ING Groep	666,815	11,003,316
Adecco	119,450	9,701,198
VISA Inc.	143,994	9,669,197
Toyota Motor Corp.	129,700	8,694,717
BNP Paribas	142,901	8,621,779
Barclays PLC	2,104,441	8,621,649
Seven & I Holdings	186,600	8,021,215
Facebook Inc.	93,010	7,977,003
Koninklijke Ahold	414,270	7,754,538
Salesforce Com Inc.	111,282	7,748,566
Ericsson	679,833	7,037,982
Inditex	215,705	6,323,142
Smith(DS)	1,144,215	6,946,097

PRIVATE EQUITY

The System began investing in private equity in 2003 to achieve returns greater than those available in the public equity markets and to gain exposure to diversified alpha sources. At June 30, 2015, the Private Equity Portfolio comprised 6.8% of total Fund assets, and approximately 69.5% of the dollars committed had been called. On a long-term basis, the Private Equity program seeks to outperform the Russell 3000 Index by 3%. System returns are calculated on a dollar-weighted or internal rate-of-return basis, and the annualized return since inception (2003) through June 30, 2015 was 9.1%. By comparison, the dollar-weighted return for the Russell 3000 Index plus 3% for the same period was 12.0%.



As compared to the prior fiscal year, private equity investment activity related to buyout deals saw a decline. Conversely, venture capital deals raised more capital than the previous fiscal year. The exit environment of both buyout and venture investments slowed after an active 2014. Purchase valuations were up versus the prior fiscal year while leverage fell slightly from previous year's peak.

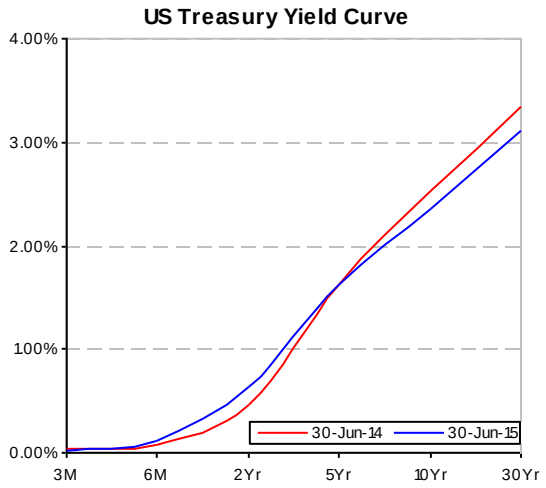
PORTFOLIO HIGHLIGHTS

PRIVATE DEBT

The System began investing a portion of its portfolio in Private Debt in FY14 to enhance returns and further diversify the portfolio. The market value of the Private Debt Portfolio as of June 30, 2015 represented approximately 0.3% of the total Fund. Bank loan issuances remained high relative to historical averages. Leverage on mid-market LBOs receded slightly from last year's post-crisis peak.

FIXED INCOME

The System invests a portion of its portfolio in fixed income securities to reduce total Fund volatility, produce income and provide a measure of protection in the event of a slowing economic environment, in which these lower volatility assets should provide downside protection. The market value of the Fixed Income Portfolio as of June 30, 2015 represented approximately 25.0% of the total Fund. The Fixed Income Portfolio returned 1.82%, outperforming the benchmark return of 1.07% during the fiscal year. Positive performance was driven by the high yield and long duration investments, representing approximately 9.6% and 12.3%, of total Fund assets, respectively.



During the fiscal year, the Federal Reserve officially concluded its latest round of bond purchases, designed to keep yields low and stimulate wealth by boosting other risk financial assets such as equities. Since that time, domestic economic data has pointed to an environment of moderate expansion, while global growth rates have been revised downwards due primarily to a slowdown in China, the world's second largest economy. As a result of unimpressive U.S. economic indicators and rising global growth concerns, the Fed has so far been reluctant to move the Fed Funds Rate off its 0% base. The flattening of the U.S. Treasury Yield Curve (see chart above) and a rise in short-term rates reflects investor's anticipation of looming Fed rate hikes, while a drop in the long end of the curve may signal retracted long-term inflation expectations.

Fixed Income: Top 15 Holdings

Fifteen Largest Fixed Income Holdings	Interest Rate	Maturity Date	Fair Value
United States Treasury Bonds	4.500 %	February 15, 2036	$ 29,634,341
United States Treasury Bonds	2.875	May 15, 2043	25,248,914
United States Treasury Bonds	3.750	November 15, 2043	13,610,950
United States Treasury Bonds	3.125	August 15, 2044	12,793,960
United States Treasury Bonds	2.500	February 15, 2045	10,912,992
United States Treasury Bonds	2.250	November 15, 2024	7,951,248
United States Treasury Bonds	3.625	February 15, 2044	7,839,320
HSBC	7.000	January 15, 2039	7,331,054
United States Treasury Bonds	3.000	November 15, 2044	6,028,665
Citigroup Inc.	8.125	July 15, 2039	5,981,153
Wells Fargo	5.606	January 15, 2044	5,813,249
Bank of America	6.000	October 15, 2036	5,698,094
United States Treasury Bonds	2.750	August 15, 2042	5,559,086
General Electric	6.875	January 10, 2039	5,122,301
Verizon Communications Inc	4.672	March 15, 2055	4,368,909

PORTFOLIO HIGHLIGHTS

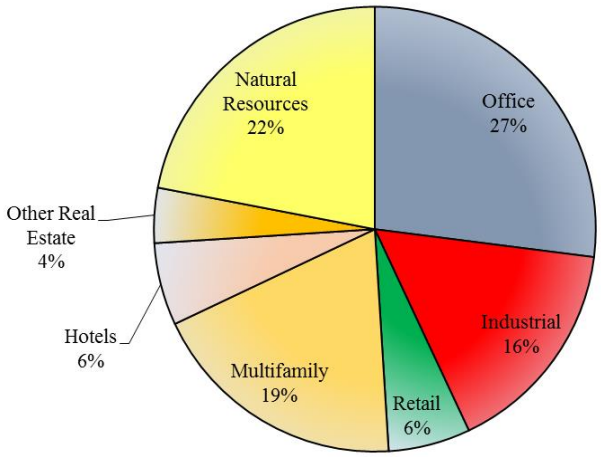
OPPORTUNISTIC

The System invests a portion of its portfolio in absolute return strategies (hedge funds) to enhance returns and reduce total fund volatility. The market value of the Opportunistic Portfolio as of June 30, 2015 represented approximately 3.3% of the total Fund. The Portfolio returned 1.32%, underperforming the benchmark return of 3.84% during the fiscal year.

Within the hedge fund universe, performance for most strategies was positive for the one year period ending June 30, 2015. The HFRI Activist Index returned 9.29% over the period and the HFRI Macro Systematic Diversified Index recorded an 8.68% return. On a regional basis, Asia performed strongly with both the HFRI Japan Index and the HFRI Emerging Markets Asia ex-Japan Index up 10.87% and 15.49%, respectively. Equity strategies were generally positive whereas Event Driven strategies were more mixed with weakness in the Distressed/Restructuring Index, which recorded a loss of 5.89% as credit suffered across most sectors, energy in particular. Most Relative Value strategies generated positive though modest returns over the period.

PRIVATE REAL ASSETS

The System began investing in value-added and opportunistic private real estate and natural resources in 2006 to attain real returns less correlated with the broad securities markets. Returns are computed on a dollar-weighted or internal rate-of-return basis, and from inception (2006) to June 30, 2015 the investments generated an annualized gain of 4.2%. By comparison, the dollar-weighted return for the benchmark CPI + 5% for the same period was a gain of 6.7%. The Private Real Assets Portfolio comprised 5.1% of the Fund at June 30, 2015 with approximately 84% of the dollars committed called.



During the fiscal year, real estate transaction activity increased significantly and capitalization rates declined across all major property types (multi-family, industrial, retail and office) in the United States. Domestic energy investments declined noticeably as many upstream oil and gas companies decreased capital expenditure programs due to lower energy prices.

PUBLIC REAL ASSETS

Global Real Estate Securities

The System began investing in global real estate securities in November 2012 to attain liquid public market exposure to real estate. As of June 30, 2015, the Global Real Estate Securities Portfolio represented 5.3% of the total Fund. For the fiscal year, the portfolio returned a loss of 0.92%, underperforming the benchmark by 0.56%.

Listed global real estate securities began the fiscal year under pressure due to rising interest rates in the U.S. and weak economic data out of Europe and Asia. Global REIT security prices generally recovered as dovish global monetary bank policies provided tailwinds to the sector and strong capital flows were prevalent from investors seeking higher yielding assets. Performance in Q2 2015 pushed REITs into the negative territory for the fiscal year due to the threat of rising U.S. interest rates weighing heavily on domestic security returns.

PORTFOLIO HIGHLIGHTS

Global Inflation-Indexed Bonds

The System allocates a portion of Fund assets to inflation-indexed bonds which provide protection against inflation risk as well as providing a diversified return stream to manage volatility. The Inflation-Indexed Bond Portfolio represented 10.5% of total Fund assets at June 30, 2015. The Portfolio, which also includes an absolute return fund, returned 9.13% during the fiscal year, outperforming the benchmark by 3.80%.

The returns on global inflation-indexed bonds were positive during the fiscal year as real yields declined primarily due to strong central bank stimulation in Europe and Japan. Performance of the total portfolio benefited from the opportunistic allocations made by the absolute return fund to nominal bonds, developed market equities, currencies, and corporate credit.

Inflation-Indexed Bonds - Country Exposures		
United States	45	%
United Kingdom	20	
Canada	10	
France	10	
Germany	7	
Sweden	5	
Australia	3	

Commodities

The System began investing in commodities in January 2009 to further diversify the portfolio to reduce risk and to provide a hedge against unexpected inflation. The Commodities Portfolio represented 3.2% of the total Fund as of June 30, 2015. The Portfolio outperformed the benchmark by 0.81% for the year ended June 30, 2015.

The commodities markets declined precipitously during the fiscal year. Weak global growth and demand, below average inflation, low interest rates and an appreciating dollar pushed commodity prices lower. Energy prices declined on crude oversupply concerns due to production growth from OPEC nations and US shale. US dollar appreciation hurt precious metals and industrial metals fell on weakening global industrial production. Agriculture prices declined as favorable weather conditions led to abundant production which created oversupply conditions.

INVESTMENT MANAGERS

The diversified investment structure as of June 30, 2015 is reflected in the following table, which lists System managers by asset class and style.

Public Equity	Investment Style
Domestic Equity	
Eagle Asset Management	Small Cap Growth
Barrow, Hanley, Mewhinney & Strauss	Large Cap Value
JP Morgan Investment Management*	Large Cap Core Plus
Los Angeles Capital Management*	Large Cap Alpha
RhumbLine Advisors	Russell 1000 Index
Sands Capital Management	Large Cap Growth
Wellington Management	Small Cap Value
International Equity	
Gryphon Int'l Investment Corp.	EAFE
Marathon Asset Management LLP	EAFE
Mondrian Investment Partners Ltd*	Emerging Markets
Global Equity	
Aberdeen Asset Management*	Global

Fixed Income	Investment Style
BlackRock Financial Mgt.*	Core
Loomis Sayles & Co.	High Yield
Jennison Associates	Long Duration
Nomura Asset Management	High Yield
Schroder Investment Mgt.	Long Duration

Inflation-Indexed Bonds	Investment Style
Bridgewater Associates*	Inflation Indexed Bonds

Foreign Currency	Investment Style
First Quadrant LP*	Foreign Currency

Global REIT	Investment Style
BlackRock Financial Mgt.*	Passive

Commodities	Investment Style
BlackRock Financial Mgt.*	Passive
CoreCommodity Mgt.*	Active
Wellington Management*	Active

Public Real Assets	Investment Style
Chickasaw Capital Management	Active

* Pooled Funds

Opportunistic	Investment Style
GMO, LLC*	Global Macro
Grosvenor Capital Management*	Fund-of-Funds
Hudson Bay Capital Mgmt*	Relative Value
Luxor Capital Partners*	Event Driven
MKP Opportunity Partners*	Global Macro
Och-Ziff Capital Mgt*	Multi-Strategy

Private Equity	Investment Style
Adams Street Partners*	Fund-of-Funds
Altus Capital Partners*	Buyout
Altaris Capital Partners*	Buyout
Atlas Capital Resources*	Turnaround
DW Healthcare Partners*	Buyout
Franklin Park*	Fund-of-Funds
HarbourVest Partners*	Fund-of-Funds
K1 Investment Mgmt. LLC*	Growth/Buyout
KPS Capital Partners*	Turnaround
Landmark Partners, Inc.*	Fund-of-Funds
Mason Wells*	Buyout
Odyssey Inv. Partners*	Buyout
Pomona Capital*	Fund-of-Funds
Riverside Partners*	Buyout
Siris Capital Group LLC*	Buyout
TA Associates*	Growth Equity
Thoma Bravo*	Buyout
Wicks Group*	Buyout

Private Debt	Investment Style
Castlelake*	Distressed
Levine Leichtman Capital Partners*	Structured Equity

Private Real Assets	Investment Style
AEW Partners*	Real Estate
Carmel Partners*	Real Estate
EnerVest, Ltd.*	Energy
FLAG Capital Mgt.*	Fund-of-Funds
Hampshire Companies*	Real Estate
Homestead Capital*	Agriculture
LBA Realty*	Real Estate
Lime Rock Resources*	Energy
Lyme Timber Company*	Timber
Meridian Realty Partners*	Real Estate
Pearlmark Real Estate Ptrs*	Real Estate
TA Associates Realty LLC*	Real Estate

PUBLIC EQUITY COMMISSIONS

January 1, 2014 Through December 31, 2014

Brokers	Commissions (thousands)
Lynch Jones & Ryan	$ 37
Society Generale	30
Deutsche Bank	29
Sanford Bernstein	13
Joh. Berenberg, Gossler	11
Exane S.A	11
Citigroup	9
Credit Suisse	8
Merrill Lynch Pierce Fenner & Smith	8
Instinet	6
UBS	6
Goldman Sachs	5
Other Brokers (81 brokers)	69
Total	**$ 242**

INVESTMENT SUMMARY

	2015 Fair Value	Percent of Total Value	2014 Fair Value	Percent of Total Value
Government and agency obligations	$ 395,527,073	10.84 %	$ 359,793,807	9.86 %
Municipal/Provincial obligations	12,358,783	0.34	58,203,905	1.60
Asset-backed securities	3,464,339	0.09	3,345,101	0.09
Corporate bonds	656,471,268	17.98	632,632,391	17.34
Collateralized mortgage obligations	0	0.00	419,500	0.01
Common and preferred stock	1,455,833,853	39.88	1,391,796,570	38.15
Mutual and commingled funds	365,620,792	10.02	453,648,456	12.43
Short-term investments	119,853,979	3.28	99,565,286	2.73
Real assets	380,180,632	10.41	391,199,845	10.72
Private equity/debt	261,364,506	7.16	257,774,913	7.07
Total	$ 3,650,675,225	100.00 %	$ 3,648,379,774	100.00 %

Cash collateral received under securities lending agreements is not included in the investment summary shown above.

ACTUARIAL SECTION

Employees' Retirement System

GRS
Gabriel Roeder Smith & Company
Consultants & Actuaries
20 North Clark Street
Suite 2400
Chicago, IL 60602-5111
312.456.9800 phone
312.456.9801 fax
www.gabrielroeder.com

December 8, 2015

Ms. Linda Herman
Executive Director
Montgomery County Employee Retirement Plans
101 Monroe Street, 15th Floor
Rockville, MD 20850

Dear Linda:

At your request, we have performed an actuarial valuation for funding purposes and a separate actuarial valuation for accounting purposes of the Montgomery County Employees' Retirement System ("System") as of July 1, 2015. The purpose of the funding actuarial valuation, which is performed annually, is to determine the funding status and annual contribution requirements of the System. The actuarial valuations were performed specifically at your request and are intended for use by the System and Montgomery County ("County") and those designated by the System and the County. This report may be provided to parties other than the System and County only in its entirety and only with the permission of the System and County. GRS is not responsible for reliance upon this valuation for any other purpose, or by any other party.

Funding Objective
The funding objective for the System is to collect employer and employee contributions sufficient to pay the benefits of the Montgomery County Employees' Retirement System when due and to achieve a funded ratio of 100 percent at the end of the amortization period. The total contribution rate is equal to the normal cost rate plus amortization of the unfunded liability as a level percentage of payroll. The unfunded liability as of July 1, 2015, was amortized over a single 9-year closed period for the non-Public Safety groups and single closed 20-year periods for the Public Safety groups and the Guaranteed Retirement Income Plan ("GRIP"). Any additional unfunded liability from subsequent actuarial valuations for the Public Safety groups and GRIP will be amortized over separate 20-year closed periods. The equivalent single amortization period for the total System is about 12 years as of the July 1, 2015 valuation. This funding policy is consistent with generally accepted actuarial standards for the funding of retirement systems. The total contribution rate minus the average employee contribution rate equals the County contribution rate. The valuation as of July 1, 2015, establishes the County contribution rate for fiscal year beginning July 1, 2016.

Actuarial Assumptions and Methods
The actuarial cost method used in this valuation is the same as the method used in the prior actuarial valuation. The actuarial method utilized by the System for both non-GRIP and GRIP members is the individual Entry-Age Normal method. The objective of this method is to finance the benefits of the System as a level percentage of payroll over the members' careers. Any Unfunded Actuarial Accrued Liability (UAAL) under this method is separately financed. All

actuarial gains and losses under this method are reflected in the UAAL. The actuarial assumptions have changed since the prior valuation and are based on an experience review for the five-year period ending July 1, 2014.

The actuarial assumptions and methods used, including the economic and demographic assumptions, the actuarial cost method and asset method, are in conformity with the Actuarial Standards of Practice issued by the Actuarial Standards Board for the funding of public sector pension plans and are set by the County. Assumptions and methods required by GASB Statement 67 and 68 were used in the preparation of the accounting disclosures and schedules required by GASB 67 and 68.

Benefit Provisions
Effective July 1, 2015, a DROP was implemented for eligible uniformed correctional officers and sworn deputy sheriffs participating in Group E. There have been no other plan changes reflected in the valuation as of July 1, 2015, since the actuarial valuation at July 1, 2014.

Participant Data
A total of 5,541 active members (excluding DRSP and DROP) were included in the valuation as of July 1, 2015. Between the 2014 and 2015 valuations, the number of active employees increased by six members, or 0.1 percent. The average annual valuation pay (excluding DRSP and DROP) increased by 3.8 percent, from $72,791 to $75,569 between the 2014 and 2015 valuation. The number of benefit recipients (including DRSP and DROP) increased from 6,242 to 6,380, or 2.2 percent, since the last valuation. The average monthly benefit increased by 0.4 percent, from $3,065 to $3,077.

Aetna Contract
There is a group of retirees that have benefits that are insured by Aetna. The total benefit amounts reported for these members in the valuation report include the insured benefit amount. The actuarial liabilities calculated in the valuation report exclude the value of the insured benefits. The liabilities for these members that are included in the actuarial valuation are for the cost of living adjustments provided and are paid by the Montgomery County Employees' Retirement System.

Valuation Assets
On a market value basis, the Plan assets had an investment return of approximately 2.82 percent (net of investment expenses). Partial recognition of investment gains during fiscal years ending 2011, 2013 and 2014 were partially offset by recognition of the fiscal year end 2012 and 2015 investment losses, which resulted in an estimated net asset rate of return of 10.74 percent on an actuarial value of assets basis, which compares to the assumed rate of return of 7.50 percent.

Reliance on Others
The valuation was based upon information furnished by the County Staff, concerning benefits provided by the Montgomery County Employees' Retirement System, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for

internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the County Staff.

The trend data in the Financial Section and the schedules and other data in this Section are prepared by County Staff with our input.

Accounting Schedules Under GASB Statement Nos. 67 and 68
The total pension liability (actuarial accrued liability) is based on a measurement date of July 1, 2014, with results projected to July 1, 2015, assuming no liability gains and losses, under the Entry Age Normal actuarial cost method. A single discount rate of 7.50 percent, which is the same rate that is used in the funding valuation, was used to measure the total pension liability. All other assumptions and methods used in the funding valuation for calculation of the actuarial accrued liabilities as of July 1, 2015, were used in the GASB 67/68 valuation for calculation of the total pension liability for fiscal year ending June 30, 2015.

The net pension liability is measured as the total pension liability, less the amount of the pension plan's fiduciary net position (market value of assets) as of June 30, 2015.

Certification
To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Montgomery County Employees' Retirement System as of the valuation date of July 1, 2015, based on the data and actuarial techniques described above and applicable statutes. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. Lance Weiss and Amy Williams are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

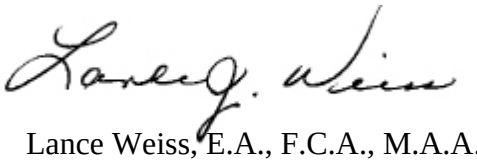
Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements in this report.

This report should not be relied on for any purpose other than the purpose stated.

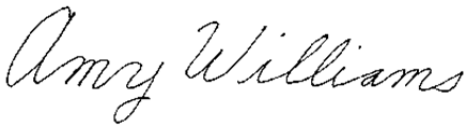
The signing actuaries are independent of the plan sponsor.

Ms. Linda Herman
Montgomery County Employee Retirement Plans
December 8, 2015

Respectfully submitted,
Gabriel, Roeder, Smith & Company



Lance Weiss, E.A., F.C.A., M.A.A.A.
Senior Consultant



Amy Williams, A.S.A., M.A.A.A.
Consultant

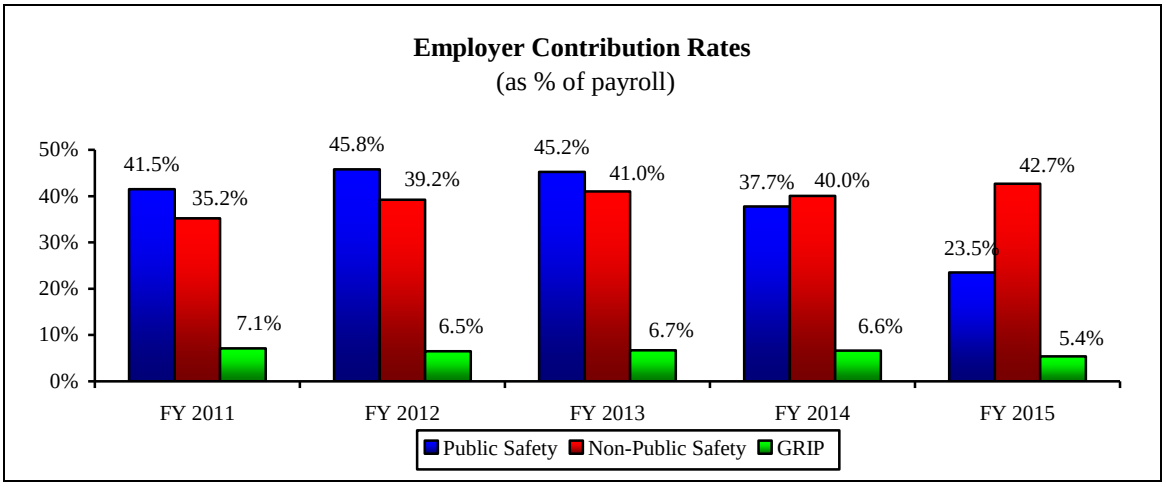
AW:rg

SUMMARY OF VALUATION RESULTS
EMPLOYEES' RETIREMENT SYSTEM

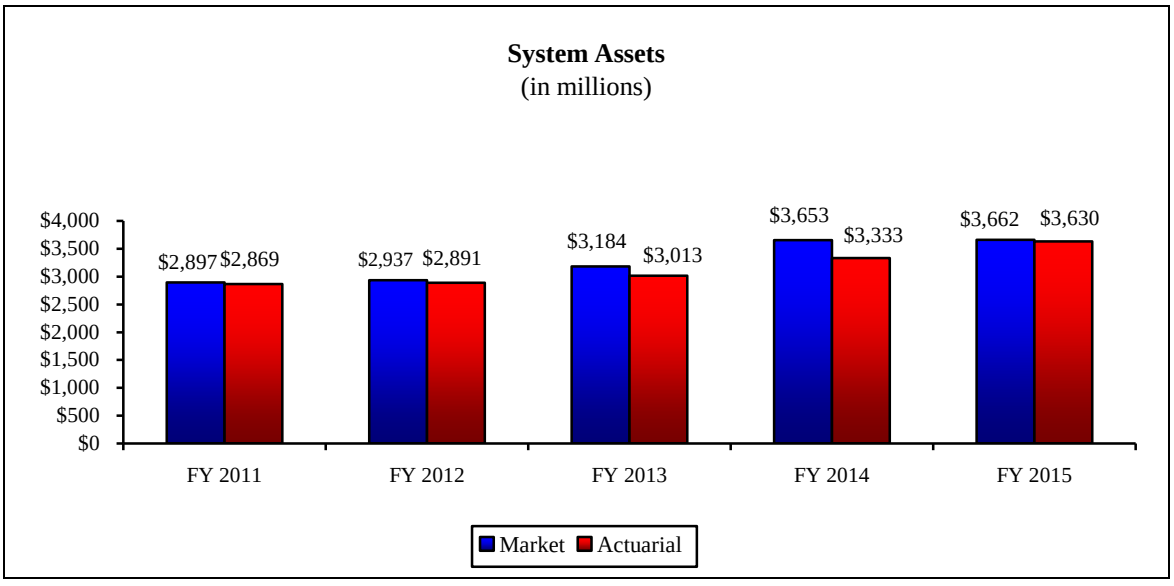
A. Overview

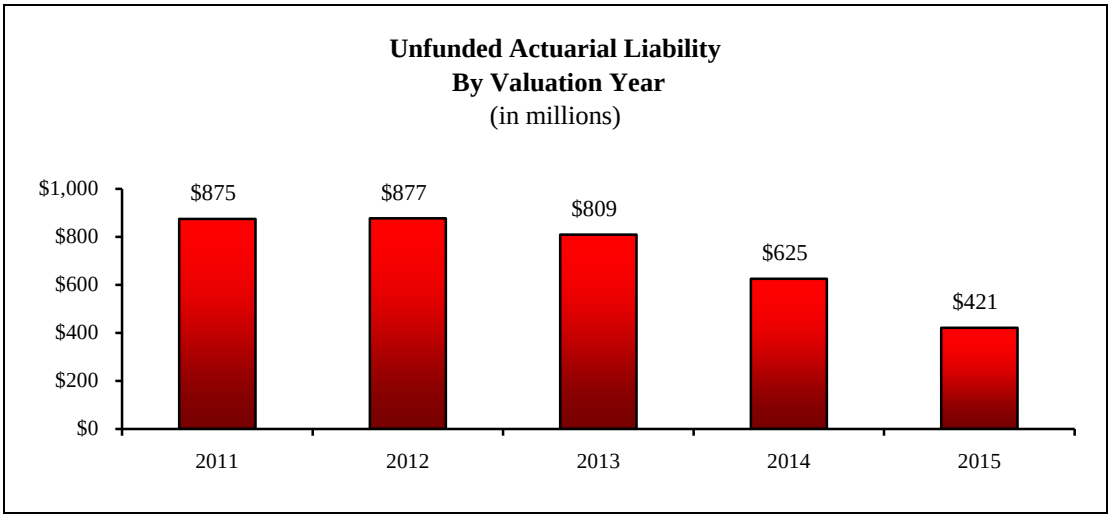
This report presents the results of our June 30, 2015 actuarial valuation of the Montgomery County Employees' Retirement System.

The major findings of the valuation are summarized in the following charts:

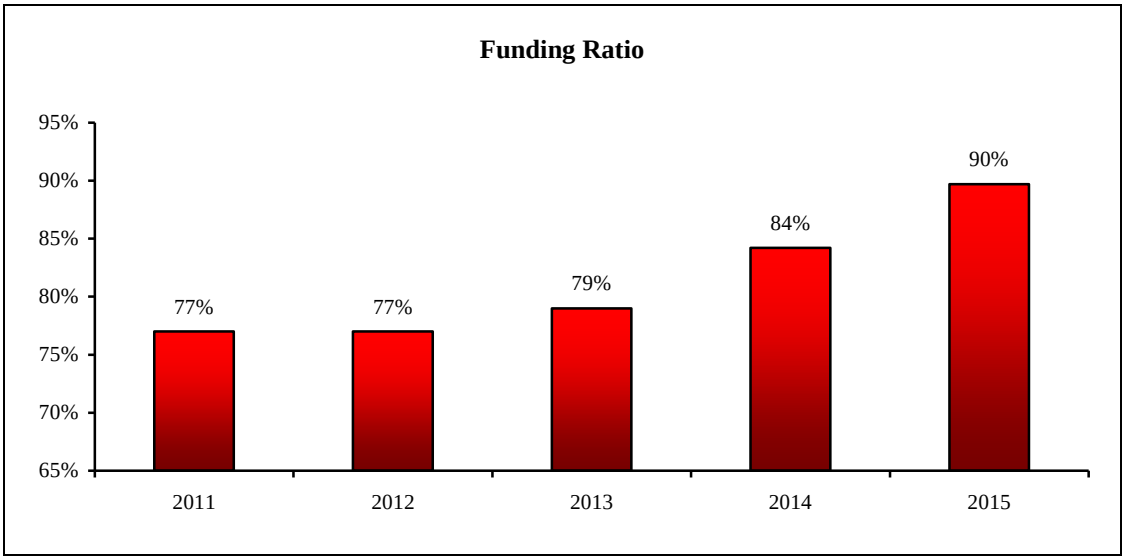


The change in the employer contribution rate in FY 2015 was due to actual System experience as well as changes in the actuarial assumptions related to the experience study.





The unfunded actuarial liability decreased in FY 2015 primarily due to deferred asset gains, higher contributions than expected, lower than expected cost of living increases for retired members, and demographic experience.



The ratio of actuarial assets to the actuarial accrued liability has improved primarily due to the factors noted above.

B. Summary of Results

	July 1, 2014	July 1, 2015
Actuarial Liability		
a. Active Members	$1,373,483,134	$1,352,696,130
b. Retired Members and Beneficiaries	2,558,985,389	2,671,003,607
c. Vested Former Members	26,461,195	27,037,115
d. Total	$3,958,929,718	$4,050,736,852
Valuation Assets	$3,333,484,724	$3,630,075,610
Unfunded Actuarial Accrued Liability	$625,444,994	$420,661,242
Normal Cost		
a. Gross Normal Cost	$77,951,170	$73,661,793
b. Anticipated Employee Contributions	$22,235,192	$24,551,555
c. County Normal Cost (a -b)	$55,715,978	$49,110,238
Amortization Payment	$59,111,574	$42,872,473
County Contribution Required at Date Shown	$114,827,552	$91,982,711
County FY 2015/FY 2016 Contribution (as a % of covered payroll)		
Public Safety Employees	37.73%	23.51%
Non-Public Safety Employees	40.02%	42.71%
Guaranteed Retirement Income Plan	6.61%	5.35%

C. Valuation Highlights

1. System Assets

As of June 30, 2015, the System had assets, valued at market, of $3.662 billion, as compared to $3.653 billion at June 30, 2014. The increase of $9 million was attributable to the following:

a. An increase of $178 million from employer and employee contributions;
b. An increase of $67 million from investment gain;
c. A decrease of $236 million due to the payment of benefits to System participants and administrative expenses.

When measured on an actuarial basis, System assets were $3.630 billion at June 30, 2015, and $3.333 billion at June 30, 2014. The asset valuation method smoothes the fluctuations generated by intermittent market gains and losses. This method phases-in investment gains and losses arising during and after the 1994 fiscal year over a five-year period from the date established. Effective July 1, 1997, the calculation of the actuarial value of assets was changed to exclude the present value of estimated accrued contributions.

2. System Liabilities

The Unfunded Actuarial Liability decreased $204 million, from $625 million at July 1, 2014, to $421 million at July 1, 2015, as follows:

Unfunded Actuarial Liability at beginning of year	$	625,444,994
Unfunded Actuarial Liability at end of year		420,661,242
Decrease in Unfunded Actuarial Liability	$	204,783,752

The decrease in Unfunded Actuarial Liability for the year ended June 30, 2015, is comprised of the following:

Decrease due to gain on actuarial value of assets	$	107,001,671
Decrease due to demographic gain and other factors		44,478,489
Decrease due to amortization payment and contributions		57,897,157
Increase due to plan changes		(4,593,565)
Decrease in Unfunded Actuarial Liability	$	204,783,752

3. System Contributions

Contributions to the System include a "normal cost" rate which covers the portion of projected liabilities related to service of members. In addition, an amortization payment is made to fund the unfunded liability related to changes made to benefits in previous years which are being funded over a specific period of time.

The increase/decrease in the employer contribution rate is attributable to the following:

	Non-Public Safety (non-GRIP)		Public Safety (non-GRIP)		GRIP	
Employer contribution rate - June 30, 2014	40.02	%	37.73	%	6.61	%
Decrease due to gain on actuarial value of assets	(3.57)		(1.82)		(0.17)	
Decrease due to actuarial gains	(2.19)		(2.08)		(1.09)	
Increase due to plan changes	0.00		0.17		0.00	
Increase/decrease due to assumption and method changes	8.45		(10.49)		0.00	
Employer contribution rate - June 30, 2015	42.71	%	23.51	%	5.35	%

4. Membership

The active membership of the System increased from 5,535 at June 30, 2014 to 5,541 at June 30, 2015. The System was closed to all new employees hired after October 1, 1994, except public safety, bargaining unit employees and GRIP participants. Inactive members, including retirees and beneficiaries, increased from 6,242 at June 30, 2014 to 6,380 at June 30, 2015 and the number of former members with vested rights decreased from 403 to 402.

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
EMPLOYEES' RETIREMENT SYSTEM

A. Funding Method

The funding method used for the System's valuation is the "Individual Entry-Age Normal" actuarial cost method. The objective of this method is to finance the benefits of the System as a level percentage of payroll over the members' careers. The normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement. Each annual normal cost is a constant percentage of the member's year by year projected covered pay. An *actuarial liability* is calculated at the valuation date as the present value of benefits allocated to service prior to that date. The *Unfunded Actuarial Liability* at the valuation date is the excess of the actuarial liability over the assets of the System.

B. Actuarial Value of Assets

The actuarial value of assets is used for purposes of determining the County's contribution to the System. The asset adjustment method dampens the volatility of asset values that could occur because of short term fluctuations in market conditions. Use of an asset smoothing method is consistent with the long term nature of the actuarial valuation process. Assets are valued at market value but with a phase-in of investment gains and losses arising after July 1, 1994, over a 5-year period. The gains and losses are net of expenses. Effective July 1, 1997, the calculation of the actuarial value of assets does not include the present value of accrued contributions.

ACTUARIAL ASSUMPTIONS AND METHODS
EMPLOYEES' RETIREMENT SYSTEM

A. Demographic Assumptions

1. Mortality

RP-2014 Employee and Healthy Annuitant (non-disabled)

	Pre-Retirement Future Life Expectancy (years) in 2015		Post-Retirement Future Life Expectancy (years) in 2015			Pre-Retirement Future Life Expectancy (years) in 2015		Post-Retirement Future Life Expectancy (years) in 2015	
Age	**Men**	**Women**	**Men**	**Women**	**Age**	**Men**	**Women**	**Men**	**Women**
20	69.11	73.41	66.75	69.71	65	22.53	26.52	21.72	23.83
25	63.79	68.08	61.34	64.28	70	18.15	21.72	17.56	19.45
30	58.45	62.75	55.98	58.89	75	14.09	17.11	13.69	15.37
35	53.12	57.44	50.68	53.59	80	10.43	12.74	10.23	11.68
40	47.79	52.14	45.47	48.38	85	7.29	8.82	7.30	8.47
45	42.48	46.86	40.37	43.26	90	5.00	5.95	5.02	5.90
50	37.25	41.64	35.42	38.23	95	3.48	4.06	3.48	4.06
55	32.15	36.51	30.67	33.28	100	2.49	2.84	2.49	2.84
60	27.21	31.47	26.10	28.46	105	1.88	2.09	1.88	2.09

2. Rates of Termination of Employment (prior to retirement eligibility)

Years of Service	Non-Public Safety and GRIP		Public Safety			
			Group E		Group F and G	
	Male	**Female**	**Male**	**Female**	**Male**	**Female**
0	11.50%	12.50%	12.00%	15.00%	6.00%	9.00%
1	9.50	10.50	10.00	12.00	5.00	7.00
2	8.00	9.50	6.00	7.00	4.00	5.00
3	6.00	6.50	5.00	6.50	3.00	4.50
4	4.50	4.50	4.00	4.00	2.50	3.50
5	4.00	4.25	3.90	3.90	2.25	3.00
6	4.00	4.25	3.80	3.80	2.00	2.75
7	4.00	4.25	3.70	3.70	1.75	2.50
8	4.00	4.25	3.60	3.60	1.50	2.00
9	4.00	4.25	3.50	3.50	1.25	1.75
10	3.25	2.75	2.00	2.00	1.00	1.50
11	3.25	2.75	1.50	1.50	0.75	1.25
12	3.25	2.75	1.00	1.00	0.50	1.00
13	3.25	2.75	1.00	1.00	0.50	0.75
14	3.25	2.75	1.00	1.00	0.50	0.50
15+	2.00	2.50	1.00	1.00	0.50	0.50

Vested participants that terminate are assumed to elect the option with the greater present value:

1) A refund of their accumulated contributions with interest or
2) A deferred benefit.

3. Disability

	Annual Disabilities per 1,000 Members							
	Non-Public Safety Employees		Public Safety Employees					
			Group E		Group F		Group G	
Age	Male	Female	Male	Female	Male	Female	Male	Female
20	0	0	1	0	1	1	1	1
25	1	0	1	1	2	3	2	3
30	1	0	2	2	4	8	4	8
35	1	1	3	3	5	12	5	12
40	2	1	4	5	7	16	9	16
45	3	3	7	12	13	44	16	44
50	6	4	11	17	22	59	26	59
55	7	4	14	17	27	62	35	62
60	8	4	14	17	27	62	35	62

4. Deaths

	Disabled Mortality Future Life Expectancy (years) in 2015	
Age	Men	Women
20	60.55	61.48
25	55.16	56.08
30	49.84	50.78
35	44.62	45.58
40	39.53	40.48
45	34.59	35.45
50	29.83	30.51
55	25.25	25.74
60	20.88	21.22
65	16.78	17.03
70	13.03	13.21
75	9.67	9.79
80	6.85	6.94

5. Rates of Retirement

Age	Non Public Safety		GRIP	
	Under 30 Years of Service	30 Years of Service & Over	Under 15 Years of Service	15 Years of Service & Over
45 - 49	2.0%	2.0%	0.0%	0.0%
50 - 54	3.0	15.0	0.0	0.0
55	6.0	15.0	3.0	3.0
56	6.0	15.0	3.0	3.0
57	6.0	15.0	6.0	6.0
58	8.0	15.0	6.0	6.0
59	8.0	15.0	6.0	6.0
60	13.0	18.0	6.0	10.0
61	13.0	18.0	6.0	10.0
62	13.0	18.0	8.0	25.0
63	13.0	18.0	8.0	25.0
64	13.0	18.0	8.0	25.0
65 - 69	20.0	25.0	20.0	30.0
70 - 74	40.0	40.0	50.0	50.0
75	100.0	100.0	100.0	100.0

Age	Public Safety							
	Group E		Group F			Group G		
	Under 25 Years of Service	25 Years of Service & Over	Under 25 Years of Service	25 Years of Service	26 Years of Service & Over	Under 20 or 21 - 24 Years of Service	20 Years of Service	25 Years of Service & Over
Under 42	3.5%	3.5%	2.5%	20.0%	2.5%	2.5%	10.0%	5.0%
42 - 44	3.5	3.5	2.5	20.0	2.5	5.0	10.0	5.0
45	3.5	8.0	2.5	20.0	2.5	7.5	10.0	10.0
46	3.5	8.0	3.5	20.0	3.5	7.5	10.0	10.0
47	3.5	8.0	4.5	20.0	4.5	7.5	10.0	10.0
48	3.5	8.0	5.5	20.0	5.5	7.5	10.0	10.0
49	3.5	8.0	6.5	20.0	6.5	7.5	10.0	10.0
50	10.0	10.0	10.0	20.0	20.0	10.0	15.0	17.5
51	10.0	10.0	10.0	20.0	20.0	10.0	15.0	17.5
52	10.0	12.0	10.0	20.0	20.0	12.5	20.0	25.0
53	10.0	12.0	15.0	25.0	25.0	12.5	20.0	25.0
54	10.0	12.0	15.0	25.0	25.0	12.5	20.0	25.0
55 - 59	15.0	30.0	15.0	40.0	40.0	20.0	40.0	35.0
60 - 64	25.0	50.0	25.0	70.0	70.0	40.0	40.0	40.0
65	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

6. Sick Leave Credit

Service credit is increased by 2.2% for Group A employees, 2.5% for Group E employees, 4.0% for Group F employees, 3.1% for Group G employees, and 1.6% for Group H employees to account for additional credit from unused sick leave. Sick leave is capped at 2 years.

7. Marital assumption

80% of active participants are assumed to be married. Women are assumed to be three years younger than their spouses.

B. Economic Assumptions

1. Investment Return: 7.5% compound per annum

2. Cost-of-Living Increases: 2.75% on credited service earned prior to June 30, 2011. 2.3% on credited service earned on or after July 1, 2011, reflecting the 2.5% cap

3. Increase in Social Security Wage Base: 3.25% compound per annum

4. Expense load: Assumed administrative expenses are based on 105% of the average of the administrative expenses over the past three years. For FY 2017 this figure is $2,813,800.

5. Salary Increase: Merit and promotional increases assumed to be based on service as shown below:

Service	Non-Public Safety*	Service	Group E	Service	Group F	Service	Group G
1	6.00%	1	9.50%	1 – 3	8.00%	1	9.50%
2	5.50	2	9.00	4	6.50	2	9.00
3	5.00	3	7.00	5	6.00	3	7.00
4	4.50	4	6.50	6	5.50	4	6.50
5 – 10	4.00	5	6.00	7	5.00	5 – 10	6.00
11+	3.25	6	5.50	8	4.50	11 – 15	4.50
		7	5.00	9 – 20	4.00	16 – 20	4.00
		8	4.50	21+	3.25	21+	3.25
		9 – 20	4.00				
		21+	3.25				

** Includes GRIP*

ANALYSIS OF FINANCIAL EXPERIENCE

Gains and Loss in Accrued Liability During Years Ended June 30
Resulting from Differences Between Assumed Experience and Actual Experience

Type of Activity	2012	2013	2014	2015
Investment gain/(loss)	$ (110,314,254)	$ (33,134,494)	$ 163,194,287	$ 107,001,671
Combined liability experience	102,995,793	93,060,972	7,865,965	81,145,514
Gain/(loss) during year	$ (7,358,461)	$ 59,926,478	$ 171,060,252	$ 188,147,185

SOLVENCY TEST

Aggregate Accrued Liability

Valuation Date	(1) Active Members Contributions	(2) Retirees, Vested Terms, Beneficiaries	(3) Active Members (Employer Financed Portion)	Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets (%) (1)	(2)	(3)
6/30/2008	$ 186,171,030	$ 1,847,516,034	$ 1,307,862,361	$ 2,701,119,470	100	100	51
6/30/2009	200,669,572	1,892,331,796	1,396,056,191	2,736,010,044	100	100	46
6/30/2010	213,191,851	2,054,949,883	1,377,434,607	2,791,144,974	100	100	38
6/30/2011	236,934,960	2,181,816,842	1,325,970,792	2,869,422,276	100	100	34
6/30/2012	210,537,737	2,465,714,392	1,092,493,833	2,891,435,563	100	100	20
6/30/2013	248,331,006	2,526,844,154	1,046,205,572	3,012,547,244	100	100	23
6/30/2014	265,055,643	2,585,446,584	1,108,427,491	3,333,484,724	100	100	44
6/30/2015	280,135,577	2,693,402,804	1,072,560,553	3,630,075,610	100	100	61

SCHEDULE OF RETIREES AND SURVIVORS
During Years Ended June 30

	New Retirees and Disableds	Survivors	Total
July 1, 2008	**4,926**	**380**	**5,306**
New retirements & disabilities	186	0	186
Deaths with beneficiaries	(24)	24	0
Deaths/benefits ended	(95)	(18)	(113)
July 1, 2009	**4,993**	**386**	**5,379**
New retirements & disabilities	328	0	328
Deaths with beneficiaries	(22)	22	0
Deaths/benefits ended	(88)	(28)	(116)
July 1, 2010	**5,211**	**380**	**5,591**
New retirements & disabilities	282	0	282
Deaths with beneficiaries	(20)	20	0
Deaths/benefits ended	(154)	(7)	(161)
July 1, 2011	**5,319**	**393**	**5,712**
New retirements & disabilities	201	0	201
Deaths with beneficiaries	(47)	47	0
Deaths/benefits ended	(87)	(2)	(89)
July 1, 2012	**5,386**	**438**	**5,824**
New retirements & disabilities	269	0	269
Deaths with beneficiaries	(38)	38	0
Deaths/benefits ended	(104)	(28)	(132)
July 1, 2013	**5,513**	**448**	**5,961**
New retirements & disabilities	400	0	400
Deaths with beneficiaries	(23)	23	0
Deaths/benefits ended	(100)	(19)	(119)
July 1, 2014	**5,790**	**452**	**6,242**
New retirements & disabilities	264	0	264
Deaths with beneficiaries	(24)	24	0
Deaths/benefits ended	(98)	(28)	(126)
July 1, 2015	**5,932**	**448**	**6,380**

SCHEDULE OF ANNUAL ALLOWANCE
During Years Ended June 30

	New Retirees and Disableds	Survivors	Total
July 2008	**$ 162,705,712**	**$ 6,067,357**	**$ 168,773,069**
Average Annual Allowance	33,030	15,467	31,808
Annual Allowances Added to the Rolls	4,887,240	453,616	5,340,856
Annual Allowances Removed From the Rolls	(3,242,232)	(370,344)	(3,612,576)
July 2009	**$ 164,350,720**	**$ 6,150,629**	**$ 170,501,349**
Average Annual Allowance	32,916	15,934	31,698
Annual Allowances Added to the Rolls	13,218,960	304,035	13,522,995
Annual Allowances Removed From the Rolls	(1,306,672)	(419,291)	(1,725,963)
July 2010	**$ 176,263,008**	**$ 6,035,373**	**$ 182,298,381**
Average Annual Allowance	33,825	15,883	32,606
Annual Allowances Added to the Rolls	14,287,432	580,328	14,867,760
Annual Allowances Removed From the Rolls	(868,937)	(103,095)	(972,032)
July 2011	**$ 189,681,503**	**$ 6,512,606**	**$ 196,194,109**
Average Annual Allowance	35,661	16,572	34,348
Annual Allowances Added to the Rolls	8,947,253	1,102,270	10,049,523
Annual Allowances Removed From the Rolls	(2,498,388)	(34,529)	(2,532,917)
July 2012	**$ 196,130,368**	**$ 7,580,347**	**$ 203,710,715**
Average Annual Allowance	36,415	17,307	34,978
Annual Allowances Added to the Rolls	11,709,284	867,622	12,576,906
Annual Allowances Removed From the Rolls	(5,027,794)	(572,950)	(5,600,744)
July 2013	**$ 202,811,858**	**$ 7,875,019**	**$ 210,686,877**
Average Annual Allowance	36,788	17,578	35,344
Annual Allowances Added to the Rolls	21,907,364	699,388	22,606,753
Annual Allowances Removed From the Rolls	(3,506,950)	(217,824)	(3,724,774)
July 2014	**$ 221,212,272**	**$ 8,356,583**	**$ 229,568,856**
Average Annual Allowance	38,206	18,488	36,778
Annual Allowances Added to the Rolls	8,938,666	612,732	9,551,398
Annual Allowances Removed From the Rolls	(3,140,736)	(366,643)	(3,507,379)
July 2015	**$ 227,010,202**	**$ 8,602,673**	**$ 235,612,875**
Average Annual Allowance	**38,269**	**19,202**	**36,930**

Schedule of Active Member Valuation Data

Valuation Date	Number	Annual Payroll	Annual Average Pay	% Increase in Average Pay
July 1, 2008	5,060	$376,002,333	$74,309	4.96%
July 1, 2009	5,012	376,014,994	75,023	0.96
July 1, 2010	5,786	431,226,155	74,529	-0.66
July 1, 2011	5,515	405,336,529	73,497	-1.38
July 1, 2012	5,554	398,460,248	71,743	-2.39
July 1, 2013	5,606	395,988,026	70,636	-1.54
July 1, 2014	5,535	402,899,096	72,791	3.05
July 1, 2015	5,541	418,728,584	75,569	3.82

STATISTICAL SECTION

Employee Retirement Plans

STATISTICAL SECTION

The Statistical Section presents detailed information in the areas shown below, as a context for understanding what the information in the Financial Section says about the overall financial health of the Employee Retirement Plans:

The schedules beginning on page 74 are designed to show financial trend information to assist users in understanding and assessing how the Employee Retirement Plans' financial position has changed over the past ten years. The financial trend schedules presented are:

- Changes in Fiduciary Net Position – Information to help the reader understand the Plans' historical contributions, earnings, and expenses.

- Benefit, Refund and Distribution Deductions from Fiduciary Net Position – Information to help the reader understand the historical benefits, refund, and distribution deductions.

The schedules beginning on page 80 display demographic, economic, and operating information. The demographic and economic information is intended to assist users in understanding the environment in which the Employee Retirement Plans operate. The operating information is intended to provide contextual information about the Employee Retirement Plans' operations to assist readers in using financial statement information. The demographic and economic information and the operating information presented include:

- Principal Participating Employers
- Retired Members by Benefit Type
- Average Benefit Amounts
- Retired Members by Type of Retirement
- Average Benefit Payments and Average Final Valuation Pay
- Schedule of Participating Agencies and Political Subdivisions

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CHANGE IN FIDUCIARY NET POSITION
JUNE 30, 2015
LAST TEN FISCAL YEARS
(dollars in thousands)

	2006	2007	2008	2009	2010
Additions					
Member contributions	$ 16,085	$ 16,362	$ 18,851	$ 18,245	$ 20,431
Employer contributions	88,184	109,436	117,686	109,567	113,958
Transfer of member account asset balances	-	-	-	-	31,530
Investment income (loss) (net of expenses)	187,004	420,847	(81,746)	(428,525)	304,185
Total additions	291,273	546,645	54,791	(300,713)	470,104
Deductions					
Benefit payments	125,818	136,833	147,027	168,618	169,089
Refunds	635	793	673	668	1,415
Administrative expenses	1,920	2,431	2,557	2,803	2,907
Total deductions	128,373	140,057	150,257	172,089	173,411
Change in net position	$ 162,900	$ 406,588	$ (95,466)	$ (472,802)	$ 296,693

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF BENEFIT AND REFUND DEDUCTIONS FROM FIDUCIARY NET POSITION BY TYPE
JUNE 30, 2015
LAST TEN FISCAL YEARS
(dollars in thousands)

	2006	2007*	2008	2009	2010
Type of Benefit					
Service benefits:					
Retirees	$ 112,210	$ 98,653	$ 105,369	$ 123,560	$ 122,861
Survivors	1,483	5,952	6,723	7,333	7,620
Disability	12,125	32,228	34,935	37,725	38,608
Total benefits	$ 125,818	$ 136,833	$ 147,027	$ 168,618	$ 169,089
Refund of Contributions	$ 635	$ 793	$ 673	$ 668	$ 1,415

*Allocation method used in FY 2007 was changed to reflect the actual classification of benefits.

2011	2012	2013	2014	2015
$ 18,592	$ 22,833	$ 24,854	$ 26,463	$ 26,627
109,344	107,855	127,888	144,710	151,302
-	-	-	-	-
510,018	117,692	307,859	534,397	67,071
637,954	248,380	460,601	705,570	245,000
178,792	202,773	208,804	229,664	230,647
1,568	2,495	1,925	4,330	2,874
3,079	3,546	2,401	2,954	2,685
183,439	208,814	213,130	236,948	236,206
$ 454,515	$ 39,566	$ 247,471	$ 468,622	$ 8,794

2011	2012	2013	2014	2015
$ 129,941	$ 150,413	$ 153,566	$ 172,472	$ 171,785
7,944	8,233	8,602	8,586	8,982
40,907	44,127	46,636	48,606	49,880
$ 178,792	$ 202,773	$ 208,804	$ 229,664	$ 230,647
$ 1,568	$ 2,495	$ 1,925	$ 4,330	$ 2,874

MONTGOMERY COUNTY, MARYLAND
RETIREMENT SAVINGS PLAN
SCHEDULE OF CHANGE IN FIDUCIARY NET POSITION
JUNE 30, 2015
LAST TEN FISCAL YEARS
(dollars in thousands)

	2006	2007	2008	2009	2010
Additions					
Member contributions	$ 5,860	$ 6,798	$ 8,118	$ 11,263	$ 8,871
Employer contributions	9,437	11,227	13,583	20,625	16,401
Transfer of member account asset balances	-	-	-	-	(31,530)
Investment income (loss) (net of expenses)	8,237	17,174	(8,383)	(26,722)	14,191
Total additions	23,534	35,199	13,318	5,166	7,933
Deductions					
Distributions	4,306	4,455	5,216	3,669	3,902
Administrative expenses	243	293	258	300	237
Total deductions	4,549	4,748	5,474	3,969	4,139
Change in net position	$ 18,985	$ 30,451	$ 7,844	$ 1,197	$ 3,794

MONTGOMERY COUNTY, MARYLAND
RETIREMENT SAVINGS PLAN
SCHEDULE OF DISTRIBUTION DEDUCTIONS FROM FIDUCIARY NET POSITION
JUNE 30, 2015
LAST TEN FISCAL YEARS
(dollars in thousands)

	2006	2007	2008	2009	2010
Distributions	$ 4,306	$ 4,455	$ 5,216	$ 3,669	$ 3,902

2011	2012	2013	2014	2015
$ 8,686	$ 8,435	$ 8,274	$ 8,695	$ 9,728
16,072	11,792	15,629	17,117	18,502
-	-	-	-	-
32,877	143	23,716	42,432	7,493
57,635	20,370	47,619	68,244	35,723
5,854	6,950	9,389	11,682	12,694
244	305	201	197	235
6,098	7,255	9,590	11,879	12,929
$ 51,537	$ 13,115	$ 38,029	$ 56,365	$ 22,794

2011	2012	2013	2014	2015
$ 5,854	$ 6,950	$ 9,389	$ 11,682	$ 12,694

MONTGOMERY COUNTY, MARYLAND
DEFERRED COMPENSATION PLAN
SCHEDULE OF CHANGE IN FIDUCIARY NET POSITION
JUNE 30, 2015
LAST TEN FISCAL YEARS
(dollars in thousands)

	2006	2007	2008	2009	2010
Additions					
Member contributions	$ 16,562	$ 16,649	$ 17,294	$ 18,058	$ 17,029
Investment income (loss) (net of expenses)	20,486	32,394	(9,378)	(44,479)	19,411
Total additions	37,048	49,043	7,915	(26,421)	36,440
Deductions					
Distributions	11,226	12,410	15,714	13,391	8,723
Administrative expenses	-	-	-	-	-
Total deductions	11,226	12,410	15,714	13,391	8,723
Change in net position	$ 25,822	$ 36,633	$ (7,799)	$ (39,812)	$ 27,717

MONTGOMERY COUNTY, MARYLAND
DEFERRED COMPENSATION PLAN
SCHEDULE OF DISTRIBUTION DEDUCTIONS FROM FIDUCIARY NET POSITION
JUNE 30, 2015
LAST TEN FISCAL YEARS
(dollars in thousands)

	2006	2007	2008	2009	2010
Distributions	$ 11,226	$ 12,410	$ 15,714	$ 13,391	$ 8,723

2011	2012	2013	2014	2015
$ 17,029	$ 14,974	$ 18,229	$ 17,011	$ 19,229
42,988	286	34,096	48,864	15,259
60,017	15,260	52,325	65,875	34,488
16,178	17,688	19,847	25,506	26,123
-	-	-	-	-
16,178	17,688	19,847	25,506	26,123
$ 43,839	$ (2,428)	$ 32,478	$ 40,369	$ 8,365

2011	2012	2013	2014	2015
$ 16,178	$ 17,688	$ 19,847	$ 25,506	$ 26,123

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
PRINCIPAL PARTICIPATING EMPLOYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO
JUNE 30, 2015

	2015*		2006	
Participating Government	**Covered Employees**	**Percentage of Total System**	**Covered Employees**	**Percentage of Total System**
Montgomery County	5,398	97.4%	5,185	96.2%
Town of Chevy Chase	2	0.0%	5	0.1%
Strathmore Hall	6	0.1%	7	0.1%
Housing Opportunities Commission	126	2.3%	157	2.9%
Revenue Authority	5	0.1%	17	0.3%
Washington Suburban Transit Commission	-	-	2	0.0%
Montgomery County Employees Federal Credit Union	3	0.1%	8	0.2%
State Department of Assessment and Taxation	-	-	5	0.1%
District Court	1	0.0%	5	0.1%
Total	5,541	100%	5,391	100%

* Includes GRIP participants

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF RETIRED MEMBERS BY BENEFIT TYPE
JUNE 30, 2015

Fiscal Year	Retiree	Disability	Survivor	Total
2006	3,564	919	365	4,848
2007*	3,661	975	361	4,997
2008	3,905	1,021	380	5,306
2009	3,957	1,036	386	5,379
2010	4,132	1,079	380	5,591
2011	4,245	1,074	393	5,712
2012	4,309	1,077	438	5,824
2013	4,412	1,101	448	5,961
2014	4,669	1,121	452	6,242
2015	4,807	1,125	448	6,380

*Allocation method used in FY 2007 was changed to reflect the actual classification of benefits.

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF AVERAGE BENEFIT AMOUNTS
JUNE 30, 2015

Fiscal Year	Retiree	Disability	Survivor	Total
2006	$ 31,484	$ 13,193	$ 4,063	$ 25,953
2007*	26,947	33,055	16,487	27,383
2008	26,983	34,216	17,692	27,710
2009	31,226	36,414	18,997	31,347
2010	29,734	35,781	20,052	30,243
2011	30,610	38,088	20,214	31,301
2012	34,907	40,972	18,797	34,817
2013	34,807	42,357	19,201	35,028
2014	36,940	43,360	18,995	36,793
2015	35,736	44,337	20,049	36,152

*Allocation method used in FY 2007 was changed to reflect the actual classification of benefits.

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF RETIRED MEMBERS BY TYPE OF RETIREMENT
AS OF JUNE 30, 2015

Amount of Monthly Benefit	Number of Retired Members	Type of Retirement [a]			Option Selected [b]						
		1	2	3	1	2	3	4	5	6	7
Deferred	402										
$ 1 – $ 500	476	411	59	6	244	110	14	8	38	16	46
501 – 1,000	593	450	121	22	250	132	36	17	48	41	69
1,001 – 1,500	645	481	92	72	261	151	27	23	43	36	104
1,501 – 2,000	580	437	52	91	226	130	22	29	20	50	103
2,001 – 2,500	570	414	47	109	203	134	19	30	25	50	109
2,501 – 3,000	541	393	23	125	168	134	12	28	27	61	111
3,001 – 3,500	506	344	18	144	158	119	8	27	20	69	105
3,501 – 4,000	459	335	11	113	149	110	6	23	16	59	96
Over 4,000	2,010	1,542	25	443	785	467	7	103	56	304	288
Total	6,782	4,807	448	1,125	2,444	1,487	151	288	293	686	1,031

Notes:

[a] Type of retirement:
1—Retiree
2—Beneficiary
3—Disabled Retiree

[b] Option selected:
Option 1—Modified Cash Refund
Option 2—Certain and Continuous
Option 3—Life Annuity
Option 4—Joint and Survivor 50%
Option 5—Joint and Survivor 100%
Option 6—Other Joint and Survivor Options
Option 7—Social Security Adjustment Options

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF AVERAGE BENEFIT PAYMENTS AND AVERAGE FINAL VALUATION PAY
LAST EIGHT FISCAL YEARS

	Years Credited Service						
Retirement Effective Dates	**0 – 5**	**5 – 10**	**10 – 15**	**15 – 20**	**20 – 25**	**25 – 30**	**30 +**
Period 7/1/2007 to 6/30/2008							
Average monthly benefit*	$ 2,994	$ 3,061	$ 1,180	$ 2,287	$ 2,927	$ 3,466	$ 4,330
Average final valuation pay**	$ 50,803	$ 66,024	$ 62,986	$ 73,335	$ 78,696	$ 74,908	$ 74,647
Number of retired members***	1	8	18	58	60	57	87
Period 7/1/2008 to 6/30/2009							
Average monthly benefit*	$ -	$ -	$ 2,821	$ 2,760	$ 3,560	$ 4,309	$ 5,425
Average final valuation pay**	$ -	$ -	$ 77,385	$ 77,304	$ 88,521	$ 87,167	$ 98,906
Number of retired members***	-	-	5	20	21	16	12
Period 7/1/2009 to 6/30/2010							
Average monthly benefit*	$ -	$ 3,212	$ 2,747	$ 2,815	$ 3,548	$ 4,008	$ 5,289
Average final valuation pay**	$ -	$ 63,839	$ 82,064	$ 83,152	$ 85,524	$ 83,495	$ 86,947
Number of retired members***	-	6	6	43	49	39	68
Period 7/1/2010 to 6/30/2011							
Average monthly benefit*	$ 1,965	$ 3,412	$ 2,674	$ 3,091	$ 3,303	$ 4,136	$ 5,079
Average final valuation pay**	$ 46,807	$ 65,268	$ 65,263	$ 85,031	$ 82,627	$ 88,067	$ 84,544
Number of retired members***	1	4	5	37	80	50	57
Period 7/1/2011 to 6/30/2012							
Average monthly benefit*	$ -	$ -	$ 1,738	$ 1,840	$ 3,020	$ 5,064	$ 5,546
Average final valuation pay**	$ -	$ -	$ 56,551	$ 61,633	$ 80,696	$ 98,400	$ 90,742
Number of retired members***	-	-	3	14	30	34	57
Period 7/1/2012 to 6/30/2013							
Average monthly benefit*	$ -	$ 331	$ 1,595	$ 2,147	$ 3,063	$ 4,641	$ 5,845
Average final valuation pay**	$ -	$ 50,497	$ 56,936	$ 72,901	$ 76,904	$ 90,509	$ 94,904
Number of retired members***	-	1	5	17	46	38	69
Period 7/1/2013 to 6/30/2014							
Average monthly benefit*	$ -	$ -	$ -	$ 2,636	$ 2,941	$ 4,552	$ 5,790
Average final valuation pay**	$ -	$ -	$ -	$ 71,521	$ 75,097	$ 90,425	$ 92,772
Number of retired members***	-	-	-	17	53	98	71
Period 7/1/2014 to 6/30/2015							
Average monthly benefit*	$ -	$ -	$ 2,231	$ 1,654	$ 3,273	$ 4,388	$ 5,062
Average final valuation pay**	$ -	$ -	$ 72,858	$ 62,439	$ 82,958	$ 90,297	$ 91,982
Number of retired members***	-	-	1	11	49	74	57

* Based on current benefits only. Does not take into account any future benefits.

** Pay used for last valuation (when member was an active employee).

*** Only includes participants who changed from active to retiree status.

Beginning with periods after 7/1/2011, counts include members that were in DRSP or DROP in the previous valuation and were retired in the current valuation.

SCHEDULE OF PARTICIPATING AGENCIES
AND POLITICAL SUBDIVISIONS
EMPLOYEES' RETIREMENT SYSTEM
RETIREMENT SAVINGS PLAN

Town of Chevy Chase
Strathmore Hall Foundation, Inc.
Housing Opportunities Commission of Montgomery County
Montgomery County Revenue Authority
Washington Suburban Transit Commission
Montgomery County Employees Federal Credit Union

Certain employees of the:
State Department of Assessments and Taxation
District Court of Maryland

Prepared by:
Montgomery County Employee Retirement Plans
101 Monroe Street, 15th Floor
Rockville, Maryland 20850
240-777-8220

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

The City of Omaha
Police & Fire Retirement System

Actuarial Valuation as of
January 1, 2015

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Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

August 10, 2015

Board of Trustees
City of Omaha Police and Fire Retirement System
1819 Farnam Street
Omaha, NE 68183

RE: January 1, 2015 Actuarial Valuation

Dear Members of the Board:

In accordance with your request, we have completed an actuarial valuation of the City of Omaha Police and Fire Retirement System as of January 1, 2015 for the plan year ending December 31, 2015. The major findings of the valuation are contained in this report. Based on our recommendation, the Actuarial Committee elected to change the valuation methodology for members who are currently participating in the Deferred Retirement Option Plan (DROP) or assumed to participate in the DROP in the future. Under the revised methodology, the Entry Age Normal Cost calculation spreads the costs of benefits over the member's entire career, ending on the date they are assumed to leave the DROP. Previously, the normal cost calculation spread the costs from entry age to the date the member was assumed to enter the DROP. There have been no changes to the plan provisions, actuarial assumptions, or other actuarial methods since the prior report.

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by the City's staff. This information includes, but is not limited to, statutory provisions, employee data, and financial information. We found this information to be reasonably consistent and comparable with information provided in prior years. However, the valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete, our calculations may need to be revised.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: experience differing from that anticipated by the economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the System's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

Actuarial computations presented in this report are for purposes of determining the actuarial contribution rates for funding the System based on the funding policy. The calculations in the enclosed report have been made on a basis consistent with our understanding of the System's funding requirements and goals. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes. For example, actuarial computations for purposes of fulfilling financial accounting requirements for the System under Governmental Accounting Standard No. 67 are provided in a separate report.

The consultants who worked on this assignment are pension actuaries. CMC's advice is not intended to be a substitute for qualified legal or accounting counsel.

This is to certify that the independent consulting actuaries are members of the American Academy of Actuaries, have experience in performing valuations for public retirement plans, and meet the qualification standards of the American Academy of Actuaries to render the actuarial opinion contained herein. The valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board and the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement plan and on actuarial assumptions that are internally consistent and reasonable based on the actual experience of the System and future expectations. However, the Board of Trustees has the final decision regarding the selection of the assumptions and adopted them as indicated in Appendix B.

We respectfully submit the following report and look forward to discussing it with you.

Sincerely,

Patrice A. Beckham, FSA, EA, FCA, MAAA
Principal and Consulting Actuary

Brent A. Banister, PhD, FSA, EA, FCA, MAAA
Chief Pension Actuary

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EXECUTIVE SUMMARY

This report presents the results of the January 1, 2015 actuarial valuation of the City of Omaha Police and Fire Retirement System. The primary purposes of performing the valuation are:

- to estimate the liabilities for the future benefits expected to be paid by the System;
- to determine the actuarial contribution rate, based on the System's funding policy;
- to measure and disclose various asset and liability measures;
- to monitor any deviation between actual plan experience and experience predicted by the actuarial assumptions so that recommendations for assumption changes can be made when appropriate;
- to analyze and report on any significant trends in contributions, assets and liabilities over the past several years.

The Deferred Retirement Option Plan (DROP) is a relatively new provision, added for Police members in September, 2010 and for Fire members in January, 2013. Initially there was no actual experience upon which to base assumptions regarding the utilization of the DROP so the valuation methodology for members currently in DROP or who might elect to participate in DROP in the future was to fund the member's benefit over a period beginning on the member's entry date into the Plan and ending on the date they were assumed to enter the DROP program. This approach essentially treated the members as if they retired upon entering DROP in spite of the fact that contributions by both the member and the city continue during DROP. The methodology was intended to provide some degree of conservatism in valuing the DROP in the initial years of its existence until there was sufficient experience to develop more explicit assumptions and methods. With the actual data that has unfolded on the use of the DROP over the last few years, we are comfortable with a different, more direct approach to reflecting the impact of the DROP in the valuation process.

Based on our recommendation, the Actuarial Committee elected to change the valuation methodology for members who are currently participating in the DROP or are expected to participate in the DROP in the future. Under the new methodology, the Entry Age Normal Cost calculation spreads the cost of benefits over the member's entire career, ending on the date they are assumed to leave the DROP. As part of the change in methodology, certain actuarial assumptions related to the DROP were developed. These include the percentage of eligible members assumed to elect to participate in the DROP, the DROP period, and the interest rate assumed to be credited to the DROP account. The revised methodology better reflects the fact that both the member and the employer continue to make contributions during the DROP period and its impact on System costs. Because the revised methodology extends the time period over which benefits are funded, the change decreased the actuarial liability by $32 million and the actuarial contribution rate by 2.242% (0.769% decrease in the normal cost rate and 1.473% decrease in the unfunded actuarial liability contribution rate). No other changes in the plan provisions, actuarial assumptions, or actuarial methods are reflected in this valuation.

The actuarial valuation results provide a "snapshot" view of the System's financial condition on January 1, 2015. The unfunded actuarial liability (UAL) in the current valuation is $599 million, a decrease of $24 million from last year's UAL of $623 million. The net change of $24 million was primarily due to the change to the valuation methodology for the DROP program.

The valuation results reflect net favorable experience for the past plan year as is demonstrated by an unfunded actuarial liability that was lower than expected, based on the actuarial assumptions used in the January 1, 2014 actuarial valuation. Favorable experience on the actuarial value of assets resulted in a gain of $3 million, and favorable demographic experience produced an actuarial gain on liabilities of $2 million. Based on the amortization methodology and period, the UAL was expected to increase by $12 million. In addition, the shortfall between the actuarial contribution rate and the actual contributions for 2014 increased the UAL by $2 million.

The System uses an asset smoothing method in the valuation process. As a result, the System's funded status and the actuarial contribution rate are based on the actuarial (smoothed) value of assets – not the pure market value. The investment return on the market value of assets during 2014, net of expenses, was 4.4%, lower than the assumed rate of 8.0%. However, due to deferred favorable investment experience from prior years, the rate of return on the actuarial value of assets for the 2014 plan year was 8.6%. The System's deferred gain (market value of assets greater than actuarial value) decreased from $31 million in last year's valuation to $10 million in the current valuation. Actual returns over the next few years will determine the rate at which the deferred investment gain of $10 million is recognized. With the current deferred gains, a return of 6% on the market value of assets in 2015 would still result in an 8.0% return on the actuarial value of assets.

ASSETS

As of January 1, 2015, the System had total funds of $599.9 million, when measured on a market value basis. This was an increase of $20.4 million from the prior year and represents an approximate rate of return, net of expenses, of 4.4%.

The market value of assets is not used directly in the actuarial calculation of the System's funded status and the actuarial contribution rate. An asset valuation method is used to smooth the effects of market fluctuations. The actuarial value of assets is equal to the expected asset value (based on last year's actuarial value of assets, net cash flows and a rate of return equal to the actuarial assumed rate of 8.0%) plus 1/4 of the difference between the actual market value and the expected asset value. See Exhibit 2 for the detailed development of the actuarial value of assets as of January 1, 2015. The rate of return on the actuarial value of assets was 8.6%.

The components of the change in the market value and actuarial value of assets are shown below:

	Market Value ($M)	Actuarial Value ($M)
Net Assets, January 1, 2014	**$** 579.5	**$** 548.4
• City and Member Contributions	+ 61.5	+ 61.5
• Benefit Payments and Refunds	– 66.6	– 66.6
• Investment Gain/(Loss)	+ 25.5	+ 46.9
Net Assets, January 1, 2015	**$** 599.9	**$** 590.2
Estimated Net Rate of Return	4.4%	8.6%

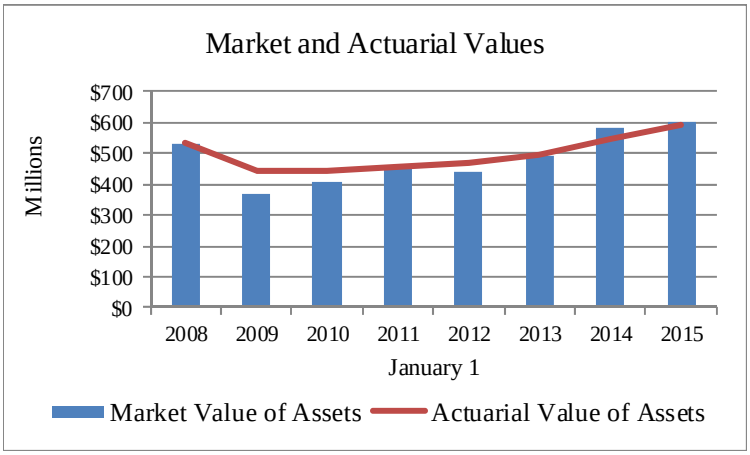
The total investment gain that is not recognized as of January 1, 2015 is $9.7 million, a $21.4 million decrease from the deferred gain of $31.1 million in last year's valuation. The unrecognized gains will be reflected in the determination of the actuarial value of assets for funding purposes in the next few years, to the extent there are not future losses to offset the deferred gains. This means that earning the assumed rate of investment return of 8.0% per year (net of investment expenses) on a market value basis will result in a small actuarial gain on the actuarial value of assets in the next few years.

The unrecognized investment gain is 1.6% of the market value of assets at January 1, 2015. If the deferred gains were recognized immediately in the actuarial value of assets, the unfunded actuarial liability would

decrease by $9.7 million to $577.7 million, the funded percentage would increase from 50% to 51%, the actuarially determined contribution rate would decrease from 50.031% to 49.587%, and the contribution margin would increase from 0.550% to 0.994%.

A comparison of asset values on both a market and actuarial basis for the last six years is shown below:

	January 1 ($M)					
	2015	2014	2013	2012	2011	2010
Actuarial Value of Assets	$590	$548	$496	$467	$456	$440
Market Value of Assets	$600	$579	$490	$440	$453	$405
Actuarial Value/Market Value	98%	95%	101%	106%	101%	109%



An asset smoothing method is used to mitigate the volatility in the market value of assets. By using a smoothing method, the actuarial (or smoothed) value is expected to be both above and below the pure market value at different points in time. The significant investment losses in 2008 resulted in the actuarial value of assets exceeding the market value from 2009 through 2013. In the current valuation, the actuarial value of assets is slightly less than the market value of assets.

LIABILITIES

The first step in determining the contribution level for the System is to calculate the liabilities for all expected future benefit payments. These liabilities represent the present value of future benefits (PVFB) expected to be earned by the current members, assuming that all actuarial assumptions are realized. Thus, the PVFB reflects service and salary increases that are expected to occur in the future before benefit payments commence. The various components of the PVFB can be found in the liabilities portion of the valuation balance sheet (see Exhibit 3).

The other critical measurement of System liabilities in the valuation process is the actuarial liability (AL). This is the portion of the PVFB that will not be paid by the future normal costs (i.e. it is the portion of the PVFB that is allocated to past service).

Based on our recommendation, the Actuarial Committee elected to change the valuation methodology for members who are currently participating in the DROP or are expected to participate in the DROP in the future (see full discussion on page 1). Under the new methodology, the Entry Age Normal Cost calculation spreads the cost of benefits over the member's entire career, ending on the date they are assumed to leave the DROP. As part of the change in methodology, certain actuarial assumptions related to the DROP were developed. These include the percentage of eligible members assumed to elect to participate in the DROP, the DROP period, and the interest rate assumed to be credited to the DROP account. This new methodology better aligns the costs of the benefits with the financing period of the benefits. The actuarial liability decreased by $32 million as a result of the change in methodology.

The following chart compares the Actuarial Liability (AL) and assets for the current and prior valuation.

	As of January 1	
	2015	2014
Actuarial Liability (AL)	$ 1,189,002,221	$ 1,170,967,753
Assets at Actuarial Value	590,191,585	548,360,223
Unfunded Actuarial Liability (Actuarial Value)	$ 598,810,636	$ 622,607,530
Funded Ratio (Actuarial Value)	50%	47%
Assets at Market Value	$ 599,927,168	$ 579,494,652
Unfunded Actuarial Liability (Market Value)	$ 589,075,053	$ 591,473,101
Funded Ratio (Market Value)	50%	49%

EXPERIENCE FOR THE 2014 PLAN YEAR

The difference between the actuarial liability and the actuarial value of assets at the same date is referred to as the unfunded actuarial liability (UAL). Benefit improvements, experience gains/losses, changes in the actuarial assumptions or methods, and actual contributions made will impact the amount of the unfunded actuarial liability.

Actuarial gains (or losses) result from actual experience that is more (or less) favorable than anticipated based on the actuarial assumptions. These "experience" (or actuarial) gains or losses are reflected in the unfunded actuarial liability and are measured as the difference between the expected unfunded actuarial liability and the actual unfunded actuarial liability, taking into account any changes due to assumptions, methods or benefit provision changes. The experience for 2014, in total, was favorable (a lower unfunded actuarial liability than expected). There was an actuarial gain of around $3 million on the actuarial value of assets and an actuarial gain of about $2 million on liabilities.

The change in the unfunded actuarial liability between January 1, 2014 and January 1, 2015 is shown below (in millions):

Unfunded Actuarial Liability, January 1, 2014	$623
• Expected change in UAL	12
• Contribution shortfall in 2014	2
• Investment experience	(3)
• Demographic experience	(2)
• Other experience	(1)
• Change in Valuation Methodology for DROP	(32)
Unfunded Actuarial Liability, January 1, 2015	$599

CONTRIBUTION LEVELS

The annual contribution to the System is composed of two parts:

(1) The normal cost (which is the allocation of costs attributed to the current year of service) and,
(2) The amortization payment on the Unfunded Actuarial Liability (UAL).

As discussed earlier, this valuation reflects a change to the valuation methodology for members who are participating in or assumed to participate in the DROP. This change decreased the actuarial contribution rate by 2.242% (0.769% decrease in the normal cost rate and 1.473% decrease in the unfunded actuarial liability contribution rate).

The normal cost rate is independent of the System's funded status and represents the cost, as a percent of payroll, of the benefits provided by the System which is allocated to the current year of service. The UAL payment is intended to fund the UAL over the amortization period set in the funding policy. The UAL is amortized over a closed 30-year period that began on January 1, 2014 of which 29 years remain in the current valuation.

		January 1, 2015	January 1, 2014	% Chg
1.	Normal Cost Rate	22.191%	23.103%	(3.9)
2.	UAL Contribution Rate	27.840%	29.035%	(4.1)
3.	Total Contribution Rate (1) + (2)	50.031%	52.138%	(4.0)
4.	Less Employee Contribution Rate	(16.195%)	(16.179%)	0.1
5.	Less City Contribution Per Ordinance	(33.339%)	(33.345%)	(0.0)
6.	Less City Prior Service Payment	(1.047%)	(1.070%)	(2.1)
7.	Contribution Shortfall/(Margin)	(0.550%)	1.544%	(135.6)

The total normal cost for the System is 22.191% of pay, or about $27 million this year. When offset by the expected employee contributions, the employer portion of the normal cost is 5.996% of pay, or about $7 million. The normal cost represents the long-term cost of the benefit structure in the System, given the current actuarial assumptions and plan membership. As new members who are covered by a different benefit structure enter the System in future years, the normal cost rate is expected to decline.

The System's total actuarial contribution rate (payable as a percent of member payroll) decreased by 2.107% of total pay, from 52.138% in the January 1, 2014 valuation to 50.031% in the January 1, 2015 valuation. As a result, there is a contribution margin of 0.550% in the current valuation. The primary components of the change in the total actuarial contribution rate are shown in the following table:

	Rate
Total Actuarial Contribution Rate, January 1, 2014	52.138 %
• Actuarial (Gain) / Loss - Investment Experience	(0.148)
• Actuarial (Gain) / Loss - Demographic Experience	(0.104)
• Other Experience	0.439
• Contributions Less Than Actuarial Rate	0.091
• Change in Normal Cost Rate	(0.143)
• Change in Valuation Methodology for DROP	(2.242)
Total Actuarial Contribution Rate, January 1, 2015	50.031 %

As the table above shows, the actuarial contribution rate decreased from 52.138% to 50.031%. The most significant factor for the decrease in the actuarial contribution rate was the change in the valuation methodology for DROP participation. The UAL as of January 1, 2015 is $599 million and the resulting UAL payment is 27.840% of pay. As a result, the total contribution rate for 2015 is 50.031% of pay (22.191% + 27.840%). The scheduled contributions for the year are 50.581%, resulting in a contribution margin of 0.550%.

COMMENTS

On January 1, 2015, the actuarial value of assets was $590 million and the market value of assets was $600 million. The $31 million in deferred investment gains that existed in the prior valuation decreased by $21 million to $10 million in current valuation. The deferred recognition of favorable investment experience in prior years resulted in a gain on actuarial assets, despite a return on market value of assets of 4.4%. There was a small liability gain during 2014, primarily due to actual salary increase that were smaller than expected based on the actuarial assumptions. The funded ratio of the system remains low, but increased from 47% as of January 1, 2014 to 50% as of January 1, 2015, based on the actuarial value of assets.

The Deferred Retirement Option Plan (DROP) is a relatively new provision. Initially there was no actual experience upon which to base assumptions regarding the utilization of the DROP so the valuation methodology for members currently in DROP or who might elect to participate in DROP in the future was to fund the member's benefit over a period beginning on the member's entry date into the Plan and ending on the date they were assumed to enter the DROP program. This approach essentially treated the members as if they retired upon entering DROP in spite of the fact that contributions by the member and the city continue during DROP. Based on our recommendation, the Actuarial Committee elected to change the valuation methodology for members who are currently participating in the DROP or are expected to participate in the DROP in the future. Under the new methodology, the Entry Age Normal Cost calculation spreads the cost of benefits over the member's entire career, ending on the date they are assumed to leave the DROP. The revised methodology better reflects the fact that both the member and the employer continue to make contributions during the DROP period and its impact on System costs. Because the revised methodology extends the time period over which benefits are funded, the change decreased the actuarial liability by $32 million and the actuarial contribution rate by 2.242% (0.769% decrease in the normal cost rate and 1.473% decrease in the unfunded actuarial liability contribution rate).

For the first time in many years, the scheduled contribution rates for the members and City exceed the actuarial contribution rate. However, the difference is only 0.550% of pay (about $1 million). Given the

volatility inherent in investment returns from year to year and the related impact it has on the actuarial contribution rate, the contribution margin this year could revert to a contribution shortfall in future years. Given that fact and the current funded status of the System, we firmly believe that no action should be taken to reduce contributions to the system at this time.

The contribution margin of 0.550% is based on the actuarial valuation performed on January 1, 2015 which is a snapshot measurement on that date which assumes no future change in either the normal cost rate or the UAL contribution rate. While the System's financial health is expected to improve in future years due to a decrease in the normal cost over time, it is impossible to anticipate the long-term funding progress without performing an open group projection of future valuation results. Such a model was prepared based on the 2014 valuation so the System has decided not to prepare an updated model using the current valuation. We continue to believe the addition of a projection model to the regular valuation services is a valuable tool in assessing and analyzing the long-term funding of the System. We encourage the Board to consider preparing such a projection model every year based on the current valuation results.

As mentioned earlier in this report, the System uses an asset smoothing method in the actuarial valuation. While this is a very common practice for public retirement systems, it is important to be aware of the potential impact of the unrecognized investment experience. The key valuation results from the 2015 valuation, using both the actuarial and market value of assets, are shown in the following table to provide full disclosure of the impact of asset smoothing on the funding of the System. Because the actuarial and market value of assets are only slightly different, so are the actuarial contribution rates.

	$ Millions	
	Using Actuarial Value of Assets	**Using Market Value of Assets**
Actuarial Liability	$1,189.0	$1,189.0
Asset Value	590.2	599.9
Unfunded Actuarial Liability	598.8	589.1
Funded Ratio	49.6%	50.5%
Normal Cost Rate	22.191%	22.191%
UAL Contribution Rate	27.840%	27.396%
Actuarial Contribution Rate	50.031%	49.587%
Employee Contribution Rate	(16.195%)	(16.195%)
City Contribution Rate	(34.386%)	(34.386%)
Contribution Shortfall/(Excess)	(0.550%)	(0.994%)

THE CITY OF OMAHA POLICE AND FIRE RETIREMENT SYSTEM

PRINCIPAL VALUATION RESULTS

		January 1, 2015	January 1, 2014	% Chg
MEMBERSHIP				
1.	Active Membership			
	- Number of Active Members	1,370	1,391	(1.5)
	- Number of DROP Participants	51	34	50.0
	- Total Employees	1,421	1,425	(0.3)
	- Projected Payroll for Upcoming Fiscal Year	$126,843,763	$124,051,668	2.3
	- Average Projected Payroll	$89,264	$87,054	2.5
	- Average Active Attained Age	40.4	40.0	1.0
	- Average Active Entry Age	28.5	28.4	0.4
2.	Inactive Membership			
	- Number of Retirees / Beneficiaries	1,278	1,250	2.2
	- Number of Disabilities	222	232	(4.3)
	- Number of Deferred Vesteds	10	13	(23.1)
	- Average Annual Benefit	$44,209	$43,324	2.0
ASSETS AND LIABILITIES				
1.	Net Assets			
	- Market Value	$599,927,168	$579,494,652	3.5
	- Actuarial Value	$590,191,585	$548,360,223	7.6
2.	Projected Liabilities			
	- Retired Members and Beneficiaries	$674,225,250	$653,485,685	3.2
	- Disabled Members	80,612,025	81,770,787	(1.4)
	- DROP Participants	53,772,291	32,528,976	65.3
	- Other Inactive Members	2,950,879	6,969,352	(57.7)
	- Active Members, Non-DROP	667,687,486	660,720,852	1.1
	- Total Liability	$1,479,247,931	$1,435,475,652	3.0
3.	Actuarial Liability	$1,189,002,221	$1,170,967,753	1.5
4.	Unfunded Actuarial Liability	$598,810,636	$622,607,530	(3.8)
5.	Funded Ratios			
	Actuarial Value Assets / Actuarial Liability	49.64%	46.83%	6.0
	Market Value Assets / Actuarial Liability	50.46%	49.49%	2.0
CONTRIBUTIONS				
1.	Normal Cost Rate	22.191%	23.103%	(3.9)
2.	UAL Rate	27.840%	29.035%	(4.1)
3.	Total Contribution Rate (1) + (2)	50.031%	52.138%	(4.0)
4.	Less Employee Contribution Rate	(16.195%)	(16.179%)	0.1
5.	Less City Contribution Per Ordinance	(33.339%)	(33.345%)	(0.0)
6.	Less City Prior Service Payment	(1.047%)	(1.070%)	(2.1)
7.	Contribution Shortfall/(Excess)	(0.550%)	1.544%	(135.6)

EXHIBIT 1
SUMMARY OF FUND ACTIVITY

(Market Value Basis)

For Year Ended December 31, 2014

Assets at January 1, 2014	$	579,494,652
Receipts:		
City Contributions		41,851,986
Employee Contributions		19,623,633
Investment Earnings, Net of Expenses		25,665,183
Total Receipts		87,140,802
Disbursements:		
Benefits Payments		65,384,258
Refund of Contributions		1,174,594
Administrative Expenses		149,434
Total Disbursements		66,708,286
Assets as of December 31, 2014	$	599,927,168
Annualized Net Yield		4.4%

EXHIBIT 2

DETERMINATION OF ACTUARIAL VALUE OF ASSETS

The actuarial value of assets is used to minimize the impact of annual fluctuations in the market value of investments on the contribution rate. The current asset valuation method is called the "Expected +25% Method."

The "expected value" of assets is determined by applying the investment return assumption to last year's actuarial value of assets and the net difference of receipts and disbursements for the year. The actual market value is compared to the expected value and 25% of the difference (positive or negative) is added to the expected value to arrive at the actuarial value of assets for the current year.

1.	Actuarial Value of Assets as of January 1, 2014	$	548,360,223
2.	Actual Receipts / Disbursements		
	a. Total Contributions		61,475,619
	b. Benefit Payments/Other		(66,558,852)
	c. Net Change		(5,083,233)
3.	Expected Actuarial Value of Assets as of January 1, 2015 [(1) * 1.08] + [(2c) * $1.08^{½}$]		586,946,390
4.	Market Value of Assets as of January 1, 2015		599,927,168
5.	Excess of Market Value over Expected Actuarial Value as of January 1, 2015		12,980,778
6.	Preliminary Actuarial Value of Assets as of January 1, 2015 [(3) + 25% of (5)]		590,191,585
7.	Calculation of 20% Corridor		
	a. 80% of (4)		479,941,734
	b. 120% of (4)		719,912,602
8.	Final Actuarial Value of Assets as of January 1, 2015 (6), but not < (7a), nor > (7b)	$	590,191,585
9.	Rate of Return on Actuarial Value of Assets		8.6%

EXHIBIT 2 (continued)

A historical comparison of the market and actuarial value of assets is shown below:

Date	Market Value of Assets (MVA)	Actuarial Value of Assets (AVA)	AVA / MVA
1/1/2008	$529,923,390	$530,493,413	100.1%
1/1/2009	365,923,877	439,108,652	120.0%
1/1/2010	405,390,038	440,478,409	108.7%
1/1/2011	452,640,303	456,158,774	100.8%
1/1/2012	440,429,392	467,375,458	106.1%
1/1/2013	489,800,140	495,847,234	101.2%
1/1/2014	579,494,652	548,360,223	94.6%
1/1/2015	599,927,168	590,191,585	98.4%

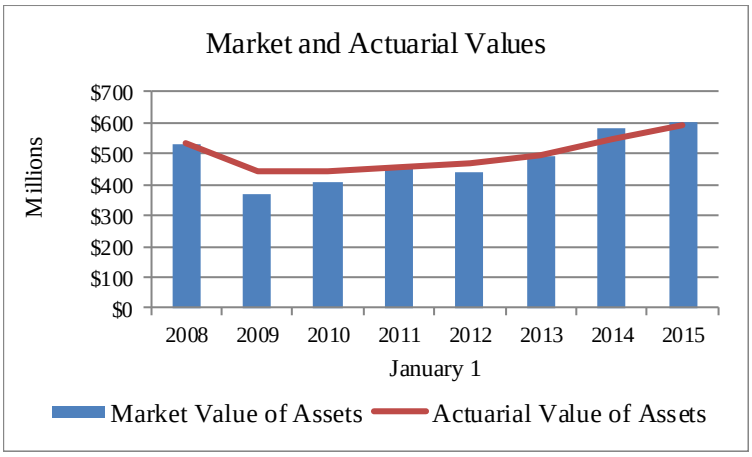


EXHIBIT 3

ACTUARIAL BALANCE SHEET

An actuarial statement of the status of the plan in balance sheet form as of January 1, 2015 is as follows:

Assets

Current assets (actuarial value)		$ 590,191,585
Present value of future normal costs		290,245,710
Present value of future contributions to fund unfunded actuarial liability		598,810,636
Total Assets		$ 1,479,247,931

Liabilities

Present value of future retirement benefits for:

Active employees	$ 652,177,706	
Retired employees, contingent annuitants and spouses receiving benefits	674,225,250	
DROP Participants	53,772,291	
Deferred vested employees	2,884,219	
Inactive employees due refunds	66,660	
Inactive employees – disabled	80,612,025	
Total		$ 1,463,738,151
Present value of future death benefits payable upon death of active members		10,590,099
Present value of future benefits payable upon termination of active members		4,919,681
Total Liabilities		$ 1,479,247,931

EXHIBIT 4

UNFUNDED ACTUARIAL LIABILITY

As of January 1, 2015

The actuarial liability is the portion of the present value of future benefits which will not be paid by future normal costs. The actuarial value of assets is subtracted from the actuarial liability to determine the unfunded actuarial liability.

The City makes scheduled payments of $1,327,600 annually through the year 2028 in addition to the payroll related contributions. The present value of these contributions was applied to the Unfunded Actuarial Liability (UAL) to determine the amount of the UAL to be funded as a percent of payroll (contribution rates).

1.	Present Value of Future Benefits	$ 1,479,247,931
2.	Present Value of Future Normal Costs	290,245,710
3.	Actuarial Liability (1) – (2)	1,189,002,221
4.	Actuarial Value of Assets	590,191,585
5.	Unfunded Actuarial Liability (3) – (4)	598,810,636
6.	Present Value of Prior Service Payments	11,374,429
7.	Adjusted Unfunded Actuarial Liability (Payable from Payroll Related Contributions) (5) – (6)	$ 587,436,207

EXHIBIT 5

CALCULATION OF ACTUARIAL GAIN / (LOSS)
For Plan Year Ending December 31, 2014

Liabilities		
1. Actuarial liability less prior service payments as of January 1, 2014	$	1,159,158,391
2. Normal cost for 2014		27,285,957
3. Interest at 8.00% on (1) and (2) to December 31, 2014		94,915,548
4. Benefit payments during 2014		66,558,852
5. Interest on benefit payments		2,611,136
6. Change in valuation methodology for DROP		(32,291,346)
7. Expected actuarial liability as of December 31, 2014 (1) + (2) + (3) - (4) - (5) + (6)	$	1,179,898,562
8. Actuarial liability less prior service payments as of December 31, 2014	$	1,177,627,792
Assets		
9. Actuarial value of assets as of January 1, 2014	$	548,360,223
10. Contributions during 2014		61,475,619
11. Benefit payments during 2014		66,558,852
12. Interest on items (9), (10) and (11)		43,669,400
13. Expected actuarial value of assets as of December 31, 2014 (9) + (10) - (11) + (12)	$	586,946,390
14. Actual actuarial value of assets as of December 31, 2014	$	590,191,585
(Gain) / Loss		
15. Expected unfunded actuarial liability (7) – (13)	$	592,952,172
16. Actual unfunded actuarial liability (8) – (14)	$	587,436,207
17. Actuarial Gain / (Loss) (15) – (16)	$	5,515,965
18. Actuarial Gain / (Loss) on Actuarial Assets (14) – (13)	$	3,245,195
19. Actuarial Gain / (Loss) on Actuarial Liability (7) – (8)	$	2,270,770

EXHIBIT 6

ANALYSIS OF EXPERIENCE

The purpose of conducting an actuarial valuation of a retirement plan is to estimate the costs and liabilities for the benefits expected to be paid from the plan, to determine the annual level of contribution for the current plan year that should be made to support these benefits and, finally, to analyze the plan's experience. The costs and liabilities of this retirement plan depend not only upon the benefit formula and plan provisions but also upon factors such as the investment return on the Fund, mortality rates among active and retired members, withdrawal and retirement rates among active members, rates at which salaries increase and the rate at which the cost of living increases.

The actuarial assumptions employed as to these and other contingencies in the current valuation are set forth in Appendix B of this report.

Since the overall results of the valuation will reflect the choice of assumptions made, periodic studies of the various components of the plan's experience are conducted in which the experience for each component is analyzed in relation to the assumption used for that component (called an experience study). This summary is not intended to be an actual "experience study" but rather an analysis of sources of gain and loss in the past plan year.

Gain/(Loss) By Source

The System experienced a net actuarial gain on liabilities of $2.3 million during the plan year ended December 31, 2014, and an actuarial gain on assets of $3.2 million. The total actuarial gain was $5.5 million. The major components of this net actuarial experience loss are shown below:

Liability Sources		**Gain/(Loss)**
Salary Increases	$	4,910,000
Mortality		(2,818,000)
Terminations		(112,000)
Retirements		(63,000)
Disability		1,359,000
New Entrants/Rehires		(270,000)
Miscellaneous		(735,000)
Total Liability Gain/(Loss)	$	2,271,000
Asset Gain/(Loss)	$	3,245,000
Net Actuarial Gain/(Loss)	$	5,516,000

EXHIBIT 7

DEVELOPMENT OF 2015 ACTUARIAL CONTRIBUTION RATE

The actuarial cost method used to determine the required level of annual contributions to support the expected benefits is the Entry Age Normal Cost Method. Under this method, the total cost is comprised of the normal cost rate and the unfunded actuarial liability (UAL) payment. The System is financed by contributions from the employees and the City.

1.	(a)	Normal Cost	$	26,946,719
	(b)	Expected Payroll in 2015 for Current Actives	$	121,431,947
	(c)	Normal Cost Rate (a) / (b)		22.191%
2.		Unfunded Actuarial Liability Payable from Payroll Related Contributions	$	587,436,207
3.		Amortization Factor Level Percent of Payroll over 29 Years*		17.96264
4.		Unfunded Actuarial Liability (UAL) Payment [(2) / (3)] x $1.08^{½}$	$	33,986,185
5.		Prior Service Payment		1,327,600
6.		Total Projected Payroll for the Year, Including DROP Members	$	126,843,763
7.		UAL and Prior Service Payments as Percent of Pay [(4) + (5)] / (6)		27.840%
8.		Total Contribution Rate (1c) + (7)		50.031%
9.		Employee Contribution Rate		16.195%
10.		City Ordinance Contribution Rate		33.339%
11.		City Prior Service Contribution Rate		1.047%
12.		Contribution Shortfall/(Margin) (8) – (9) – (10) – (11)		(0.550%)

* Assumes all actuarial assumptions are met in the future, including a 4% annual increase in covered payroll.

SECTION II

OTHER INFORMATION

The actuarial liability is a measure intended to help the reader assess (i) a retirement system's funded status on an ongoing concern basis and (ii) progress being made toward accumulating the assets needed to pay benefits as due. Allocation of the actuarial present value of projected benefits between past and future service was based on service using the Entry Age Normal actuarial cost method. Assumptions, including projected pay increases, were the same as used to determine the System's level percent of payroll annual required contribution between entry age and assumed exit age. Entry age was established by subtracting credited service from current age on the valuation date. The actuarial assumptions used in determining the actuarial liability as of January 1, 2015 can be found in Appendix B.

In the past, Governmental Accounting Standards Board (GASB) Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans*, and Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, applied to the preparation of financial reports of pension plans for state and local governments. GASB 67, which was effective for the plan year ended December 31, 2014, replaced GASB 25 and GASB 68 will replace GASB 27 for fiscal year end 2015.

GASB 67 separates accounting from funding by creating disclosure and reporting requirements that may or may not be consistent with the basis used for funding the System. A separate report that contains all of the information and exhibits of an actuarial nature that are necessary for the System's financial reporting under GASB 67 and the City's financial reporting under GASB 68 are prepared annually.

EXHIBIT 8

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending	Annual Required Contribution* (a)	Total Employer Contribution* (b)	Percentage of ARC Contributed (b) / (a)
12/31/1999	$ 10,943,105	$ 13,010,651	118.89%
12/31/2000	11,439,320	13,613,563	119.01%
12/31/2001	11,738,696	13,977,312	119.07%
12/31/2002	15,392,189	15,322,201	99.55%
12/31/2003	23,329,940	17,280,573	74.07%
12/31/2004	22,487,399	16,715,500	74.33%
12/31/2005	26,255,804	17,762,209	67.65%
12/31/2006	31,102,053	20,171,610	64.86%
12/31/2007	34,842,280	20,699,211	59.41%
12/31/2008	38,073,021	21,700,806	57.00%
12/31/2009	50,507,561	22,701,608	44.95%
12/31/2010	55,488,062	24,183,493	43.58%
12/31/2011	49,945,979	30,775,568	61.62%
12/31/2012	54,310,693	35,302,037	65.00%
12/31/2013	52,895,180	43,838,750	82.88%
12/31/2014	43,524,890	41,851,986	96.16%

*Information prior to 2011 was provided by the prior actuary and has not been reviewed or verified by Cavanaugh Macdonald Consulting.

EXHIBIT 9

DEVELOPMENT OF THE NET PENSION OBLIGATION
in accordance with GASB Statement No. 67

Fiscal Year End:	12/31/2008	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014
Assumptions and Methods							
Interest Rate	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Payroll Growth	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Amortization Period (years)	30	30	30	22	21	20	30
Cost Method	EA Normal	EA Normal	EA Normal	EA Normal	EA Normal	EA Normal	EA Normal
Annual Pension Cost							
Annual Required Contribution (ARC)	$38,073,021	$50,507,561	$55,488,062	$49,945,979	$54,310,693	$52,895,180	$43,524,890
Interest on NPO	3,639,524	4,917,174	7,098,244	9,539,950	11,185,515	12,814,721	13,633,595
Adjustment to ARC	(4,041,120)	(5,459,749)	(7,881,485)	(8,137,044)	(9,833,151)	(11,635,221)	(9,679,301)
Annual Pension Cost	$37,671,425	$49,964,986	$54,704,821	$51,348,885	$55,663,357	$54,074,680	$47,479,184
Contribution for the Year	$21,700,806	$22,701,608	$24,183,493	$30,775,568	$35,302,037	$43,838,750	$41,851,986
Net Pension Obligation (NPO)							
NPO at beginning of year	$45,494,051	$61,464,670	$88,728,048	$119,249,376	$139,822,693	$160,184,013	$170,419,943
Annual Pension Cost for Year	37,671,425	49,964,986	54,704,821	51,348,885	55,663,357	54,074,680	47,479,184
Contributions for year	(21,700,806)	(22,701,608)	(24,183,493)	(30,775,568)	(35,302,037)	(43,838,750)	(41,851,986)
NPO at end of year	$61,464,670	$88,728,048	$119,249,376	$139,822,693	$160,184,013	$170,419,943	$176,047,141

Note: All information prior to 2011 in this exhibit was provided by the prior actuary and has not been reviewed or verified by Cavanaugh Macdonald Consulting, LLC.

EXHIBIT 10

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date[1]	Actuarial Value of Assets (a)	Actuarial Liability (AL) (b)	Unfunded AL (UAL)[2] (b-a)	Funded Ratio (a / b)	Covered Payroll (P / R)[3] (c)	UAL as a Percentage of Covered P / R [(b-a) / c]
12/31/2008	$365,900,000	$ 947,600,000	$581,700,000	38.6%	$ 99,500,000	584.6%
12/31/2009	405,400,000	1,026,200,000	620,800,000	39.5%	103,900,000	597.5%
12/31/2010	452,600,000	1,093,300,000	640,700,000	41.4%	111,200,000	576.2%
1/1/2011	456,158,774	1,028,866,353	572,707,579	44.3%	105,025,610	545.3%
1/1/2012	467,375,458	1,077,607,299	610,231,841	43.4%	110,027,537	554.6%
1/1/2013	495,847,234	1,108,874,778	613,027,544	44.7%	116,056,740	528.2%
1/1/2014	548,360,223	1,170,967,753	622,607,530	46.8%	124,051,668	501.9%
1/1/2015	590,191,585	1,189,002,221	598,810,636	49.6%	126,843,763	472.1%

1. Results prior to 2011 were provided by the prior actuary and were reported at the end of the year rather than the valuation date. All information prior to 2011 in this exhibit was provided by the prior actuary and has not been reviewed or verified by Cavanaugh Macdonald Consulting, LLC

2. As of 1/1/2011, the Unfunded AL is not reduced by the Present Value of Prior Service Payments. For the calculation of the Unfunded AL used for funding purposes, please refer to Exhibit 4 of this report.

3. As of 1/1/2014, covered payroll includes DROP participants' pay.

APPENDIX A

SUMMARY OF PLAN PROVISIONS

Average Final Monthly Compensation:
Section 22 - 63

Police: Pensionable pay excludes certain overtime pay. For those hired before January 1, 2010, an adjustment is made to include a career average of overtime pay. For those who were age 45 and had at least twenty years of service as of January 1, 2010, highest average monthly compensation is calculated using the highest consecutive twenty-six (26) pay periods out of the last five years of service as a member of the system for which service credit had been earned. All others use the highest seventy-eight (78) pay periods with the final 130 pay periods of service.

Fire: For members who were age 45 and had at least 25 years of service or age 50 with at least 20 years of service as of January 1, 2013, highest average monthly compensation during any consecutive twenty-six (26) pay periods out of the last five years of service as a member of the system for which service credit had been earned. All others use the highest seventy-eight (78) pay periods with the final 130 pay periods of service.

Career Overtime Average (COTA):

All Members: Each hour an employee earns for overtime is computed back to their date of hire or 1991 (whichever is later) and divided by the number of years the employee worked after December 31, 1990. This amount shall be included in the member's pension calculation. COTA is excluded for all Police members hired on or after January 1, 2010 and Fire members hired on or after January 1, 2013.

Member Contributions:
Section 22 – 73(a)
Section 22 - 68

Rates effective January 1, 2014
Police: 15.35% of total monthly salary for police.
Fire: 17.15% of total monthly salary for fire.

City of Omaha Contributions:
Section 22 – 73(b)

Rates effective January 1, 2013
Police: 33.67% of each member's pensionable earnings
Fire: 32.965% of each member's pensionable earnings

In addition, the City shall make contributions of $1,327,600 annually through the year 2028.

Service Retirement Eligibility
Section 22 - 75

Police: After age 55 and 10 years of service or age 45 and 20 years of service. Members hired after January 1, 2010 must be 50 rather than 45. If retiring with less than 30 years of service a 7% reduction is applied for each year prior to age 55.

Fire: Age 55 and 10 years of service or age 50 and 20 years of service. Members hired before 1/1/2013 can also retire at age 45 if they have at least 25 years of service.

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

Service Retirement Pension
Section 22 - 76

For Police with at least 20 years of service as of latest contract effective date **and Fire members with at least 15 years of service** as of latest contract effective date, the following schedule applies.

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	45**	55%*
25 years	45	75%

*55% at 20 years of service, plus 2% for each additional six months of service after 20 years and before 25 years.

** The minimum retirement age with less than 25 years is 50 for Fire.

For Police who did not have 20 years of service and Fire who did not have 15 years of service as of the latest contract effective date, the following schedule applies:

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	45***	50%*
25 but less than 30	45	70%**
30 years	45	75%

*50% at 20 years of service, plus 2% for each additional six months of service after 20 years and before 25 years.

**70% at 25 years of service, plus 1% for each additional six months of service after 25 years and before 27 years, with an additional 0.5% 29 and 30 years, for a maximum of 75%.

*** The minimum retirement age with less than 25 years is 50 for Fire.

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

For police hired after January 1, 2010, the following schedule applies:

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	50	50%*
25 but less than 30	50	65%**
30 years	50	75%

*50% at 20 years of service, plus 1.5% for each additional six months of service after 20 years and before 25 years. Early retirement reduction applies if less than 30 years of service.

**65% at 25 years of service, plus 1% for each additional six months of service after 25 years and before 30 years. Early retirement reduction applies if less than 30 years of service.

For Fire hired after January 1, 2013, the following schedule applies:

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	50	45%
25 but less than 30	50	55%*
30 years	50	65%

*55% at 25 years of service, plus 2% for each additional year of service after 25 years and before 30 years. Early retirement reduction applies if under age 55, unless the member has 30 years of service.

Cost of Living Adjustment (COLA): The monthly pension shall be increased by the lesser of 3% or $50 ($65 for Fire retirements after June 30, 2007). The increase will be made annually, beginning in the 13th month of retirement.

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

Deferred Retirement Option Program (DROP):

Police: A DROP program was instituted with the last contract. After three years, this will be reviewed to determine if it is cost neutral before continuing it. Members may participate in the DROP for three to five years once they reach retirement eligibility with a minimum of 25 years of service (certain current members have a service threshold of 22.5 years). Members continue to make contributions to the system during the DROP period. During the DROP period, the member is credited with the benefits that would have been paid if the member had retired at the start of the DROP period, along with interest at the end of the year. At the end of the DROP period, the member ends employment, receives the DROP account balance, and begins to receive payments as though retirement had occurred at the beginning of the DROP period.

Fire: A DROP program was instituted with the last contract. After three years, this will be reviewed to determine if it is cost neutral before continuing it. Members may participate in the DROP for three to five years once they reach retirement eligibility. Current members who, as of January 1, 2013, are age 50 or older with at least 20 years of service or age 45 with at least 25 years of service are eligible to participate in DROP. All other members will be required to have 25 years of service for eligibility. Members continue to make contributions to the system during the DROP period. During the DROP period, the member is credited with the benefits that would have been paid if the member had retired at the start of the DROP period, along with interest at the end of the year. At the end of the DROP period, the member ends employment, receives the DROP account balance, and begins to receive payments as though retirement had occurred at the beginning of the DROP period.

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

Disability Retirement

1. In Line of Duty
Section 22 - 78

A member shall become entitled to the following benefits while permanently disabled.

Years of Service	Percentage of Average Final Monthly Compensation
Less than 20	50%*
20 or more	Same as Service Retirement Pension, without any reduction for early commencement

* 55% for Fire members who were age 45 and had at least 25 years of service or age 50 with at least 20 years of service as of latest contract effective date.

2. Not in Line of Duty
Section 22 - 79

A member shall become entitled to the following benefits while permanently disabled.

Years of Service	Percentage of Average Final Monthly Compensation
Up to 10 years	10%
10 but less than 15	20%
15 but less than 20	30%
20 or more	Greater of 45% or the Service Retirement Pension without any reduction for early commencement

Note: Not payable while full salary continues

Spouse's pension:

1. Death of Active member in Line of Duty:

A monthly pension equal to 49% (52% Fire members who were age 45 and had at least 25 years of service or age 50 with at least 20 years of service as of most recent contract date) of the member's average final monthly compensation is paid to the surviving spouse if death occurs while the active member has less than 25 years of service. A monthly pension equal to 69% (72% Fire members who were age 45 and had at least 25 years of service or age 50 with at least 20 years of service as of most recent contract date) of the member's average final monthly compensation is paid to the surviving spouse if death occurs after the active member has 25 years or more of service.

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

2. Death of Active member Not in Line of Duty:

The following monthly pension is paid to the surviving spouse.

Years of Service at Death	Percentage of Average Final Monthly Compensation*
0-3	0.0%
3-10	35.0%
11	36.4%
12	37.8%
13	39.2%
14	40.6%
15	42.0%
16	43.4%
17	44.8%
18	46.2%
19	47.6%
20-25	49.0%
25+	69.0%

* add 3% to each number for Fire members who were age 45 and had at least 25 years of service or age 50 with at least 20 years of service as of most recent contract date

Note: Benefit terminates upon remarriage of spouse.

3. Death of Member Eligible for Retirement or Death of Retired Member:
Section 22 - 82

Police: 75% of the pension the member was receiving or was eligible to receive at the time of death. 50% of the pension the member was receiving or was eligible to receive for Police members hired after January 1, 2010. Upon spouse's remarriage, all benefits cease.

Fire: 75% of the pension the member was receiving at the time of death for Fire members who began receiving benefits before July 1, 2007. 90% of the pension the member was receiving or was eligible to receive at the time of death for Fire members who were hired before January 1, 2013 and were not receiving benefits before July 1, 2007. 50% of the pension the member was receiving or was eligible to receive for Fire members hired after January 1, 2013. Upon spouse's remarriage, all benefits cease.

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

Children's Pension
Section 22 - 82

Upon the death of an active or retired member, the following benefit will be paid to the surviving children until age 18.

Number of Dependent Children	Percentage of Average Final Monthly Compensation
1	15%
2	30%
3	45%
4 or more	50%

Lump Sum Death Benefits

1. Active Member without Eligible Dependents:
Section 22 – 84(a)

Accumulated member's contributions, or $500 if greater.

2. Retired Member without Eligible Dependents:
Section 22 – 84(b)

Accumulated member's contributions, less previous pension payments made, or $500 if greater.

3. Active Member with Eligible Dependents:
Section 22 – 84(c)

An amount payable immediately, equal to one year's salary computed on the basis of the maximum monthly rate for patrolmen and firefighters, plus the decreased member's accumulated contributions less pension payments to his dependents, payable to the dependent who last ceases to receive pension benefits.

4. Retired Member with Eligible Dependents:
Section 22 – 84(c)

$1,000 ($5,000 for Fire retirements after June 30, 2005) payable immediately, plus the excess over $1,000 ($5,000 for Fire retirements after June 30, 2005) if any, of the deceased member's accumulated contributions less pension payments to the member and his dependents, payable to the dependent who last ceases to receive pension benefits.

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

Vesting:

Section 22 - 86

Upon severance of employment by a member with less than 10 years of service and prior to obtaining eligibility under Section 22 – 75, a refund of such member's accumulated contributions.

Section 22 - 86

Upon severance of employment by a member before age 45 with more than 10 years of service and prior to obtaining eligibility under Section 22 – 75, the member may elect, in lieu of receiving a refund of contributions, to receive a monthly pension, according to the table below, commencing at age 55. Such deferred pension shall be based on service credited to the date of severance.

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	50	55%
25 or more	45	75%

For Police members and Fire members with less than 15 years of service as of the latest effective contract date, the schedules shown under service retirement apply as appropriate.

APPENDIX B

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Cost Method

Valuations of the plan use the *"entry age-normal"* cost method. Under this actuarial method, the value of future costs attributable to future employment of participants is determined. This is called present value of future normal costs. The following steps indicate how this is determined for benefits expected to be paid upon normal retirement or the end of the Deferred Retirement Option Plan (DROP).

1. The expected pension benefit payable at the end of the employee's period in covered employment (later of normal retirement or the end of the DROP, is applicable) is determined for each participant.

2. A normal cost, as a level percent of pay, is determined for each participant assuming that such level percent is paid from the employee's entry age into employment to the end of his covered employment. This normal cost is determined so that its accumulated value at the end of covered employment is sufficient to provide the expected pension benefits.

3. The sum of the normal costs for all participants for one year determines the total normal cost of the plan for one year.

4. The value of future payments of normal cost in future years is determined for each participant based on his years of service to the end of covered employment.

5. The sum of the value of future payments of normal cost for all participants determines the present value of future normal costs.

The value of future costs attributable to past employment of participants, which is called the actuarial liability, is equal to the present value of benefits less the present value of future normal costs. The unfunded actuarial liability is equal to the excess of the actuarial liability over assets.

As experience develops with the plan, actuarial gains and actuarial losses result. These actuarial gains and losses indicate the extent to which actual experience is deviating from that expected on the basis of the actuarial assumptions. In each year, as they occur, actuarial gains and losses are recognized in the unfunded actuarial liability as of the valuation date.

Actuarial Value of Assets

The actuarial value of assets is equal to the expected asset value (based on last year's actuarial value of assets, net cash flows and a rate of return equal to the actuarial assumed rate of 8.0%) plus 1/4 of the difference between the actual market value and the expected asset value. The actuarial value of assets cannot exceed 120% or fall below 80% of the market value of assets.

Unfunded Actuarial Liability Amortization Method

The unfunded actuarial liability is amortized, as a level percentage of payroll, over a closed 30-year period that began on January 1, 2014.

APPENDIX B

ACTUARIAL METHODS AND ASSUMPTIONS (continued)

Interest:	8.00% per year, (net of investment expenses)
Salary Increases:	Merit increases based on service plus a general wage increase
Service Retirement Age:	Graduated rates based on service
Mortality:	
Active Members	RP-2000 Employee Table with generational improvements, set forward one year
Service Pensioners and Beneficiaries	RP-2000 Healthy Annuitant Table with generational improvements, set forward one year
Disabled	RP-2000 Healthy Annuitant Table with generational improvements, set forward five years
Disability:	Graduated Rates by age. See table on next page
Percent of Disabilities in Line of Duty:	85%
Medical Expenses for Disabilities in Line of Duty:	5% load on liability for current and future disabled members.
Percent Married at Death or Retirement:	75%
Spouse Age Difference:	Husbands assumed to be 3 years older than wives
Turnover:	Graduated rates by age. See table on next page
COTA Adjustment:	Members are assumed to retire with their current COTA
Increase in Total Annual Payroll:	4.0%
Assumed Annual Rate of Inflation:	3.25%
Decrement Timing:	Middle of year

APPENDIX B

ACTUARIAL METHODS AND ASSUMPTIONS (continued)

SAMPLE RATES

Age on 1/1/2010	Annual Mortality Rates		Current Age	Annual Disability Rates	Annual Turnover Rates
	Males	Females			
20	.03%	.02%	20	.21%	1.41%
30	.05	.03	30	.24	1.69
40	.10	.07	40	.42	.63
50	.19	.15	50	.76	.00
60	.46	.41	60	1.16	.00

Salary Progression - Police

Years of Service	Inflation	Productivity	Merit & Longevity	Total Increase
1	3.25%	0.75%	9.0%	13.0%
5	3.25%	0.75%	2.2	6.2
10	3.25%	0.75%	2.0	6.0
15	3.25%	0.75%	1.0	5.0
20	3.25%	0.75%	0.5	4.5
25	3.25%	0.75%	0.0	4.0

Salary Progression – Fire

Years of Service	Inflation	Productivity	Merit & Longevity	Total Increase
1	3.25%	0.75%	5.0%	9.0%
5	3.25%	0.75%	4.5	8.5
10	3.25%	0.75%	1.0	5.0
15	3.25%	0.75%	1.0	5.0
20	3.25%	0.75%	0.0	4.0

APPENDIX B

ACTUARIAL METHODS AND ASSUMPTIONS (continued)

Retirement Rates

Assumed retirement rates for Police members hired before January 1, 2010 and Fire members hired before January 1, 2013 are as follows:

Years of Service	Distribution	Annual Rate
Less than 25	0.0%	0.0%
25	100.0	100.0

If a member was hired after age 37, then it is assumed that member would retire at the later of age 62 or 10 years of service.

Assumed retirement rates for Police members hired after January 1, 2010 and Fire members hired after January 1, 2013 are as follows:

Years of Service	Distribution	Annual Rate
Less than 30	0.0%	0.0%
30	100.0	100.0

If a member was hired after age 30, then it is assumed that member would retire at the later of age 60 or 10 years of service.

DROP Participation Rate: 70% of retirement-eligible members are assumed to enter DROP

DROP Period: 5 years, but not beyond age 60

Interest Credited to DROP Accounts: 4% annually

MEMBERSHIP DATA FOR VALUATION

The summary of employee characteristics presented below covers the employee group as of January 1, 2015. The schedules at the end of the report show the distribution of the various employee groups by present age along with other pertinent data.

Total number of employees in valuation:

(a) Active employees	1,370
(b) DROP Participants	51
(c) Deferred vested employees	10
(d) Disabled employees	222
(e) Retired employees, spouses and children receiving benefits	1,278
(f) Total employees in valuation	2,931

Average age of employees in valuation:

(a) Active employees	
Attained Age	40.4
Hire Age	28.5
(b) DROP Participants	52.6
(c) Deferred vested employees	47.4
(d) Disabled employees	67.2
(e) Retired employees	64.6
(f) Spouses and children receiving benefits	67.3

Active employees eligible for vested benefits as of January 1, 2015:

(a) Employees eligible for deferred vested benefits	701
(b) Employees eligible for early or normal retirement benefits	140
(c) Employees eligible for refund of contributions only	529
(d) Total	1,370

MEMBERSHIP DATA RECONCILIATION

January 1, 2014 to January 1, 2015

The number of members included in the valuation, as summarized in the table below, is in accordance with the data submitted by the City for eligible employees as of the valuation date.

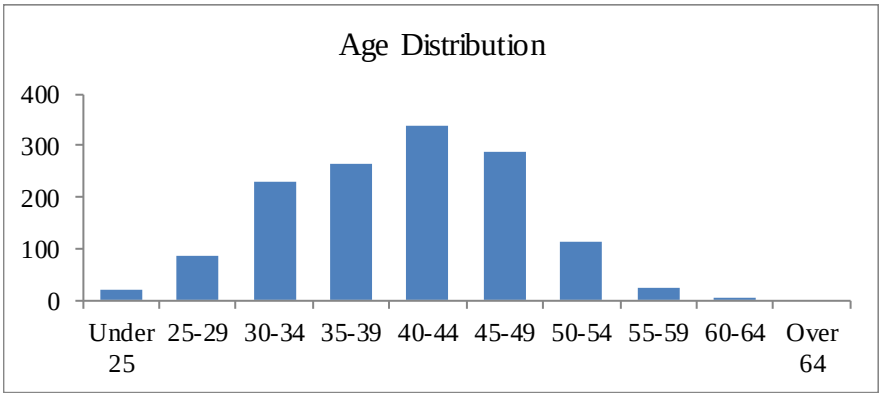
	Active Members	Deferred Vested	Disabled	DROP Participants	Retirees	Beneficiaries	Total
Members as of 1/1/2014	1,391	13	232	34	961	289	2,920
New Members	36	0	0	0	0	0	36
Terminations							
Rehired	0	0	0	0	0	0	0
Refunded: Paid	(9)	0	0	0	0	0	(9)
Refunded: Due	(1)	0	0	0	0	0	(1)
Deferred Vested	(2)	2	0	0	0	0	0
Disabled	(3)	0	3	0	0	0	0
Retirements	(19)	(5)	0	(2)	26	0	0
Alternate Payees (QDRO)	0	0	0	0	0	2	2
Participating in DROP	(19)	0	0	19	0	0	0
Benefit Payments Ended	0	0	0	0	0	(8)	(8)
Data Corrections	0	0	1	0	(1)	0	0
Deaths							
With Beneficiary	(3)	0	(10)	0	(9)	33	11
Without Beneficiary	(1)	0	(4)	0	(4)	(11)	(20)
Total Members 1/1/2015	1,370	10	222	51	973	305	2,931

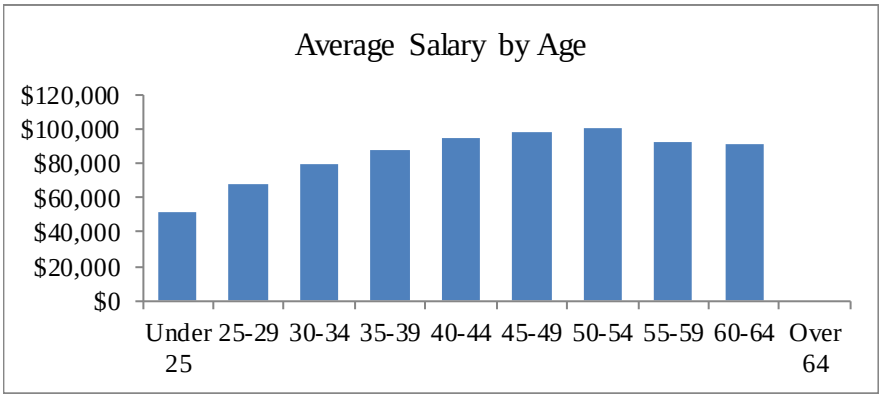
SCHEDULE I

ACTIVE MEMBERS AS OF JANUARY 1, 2015

Total

	Count of Members			Valuation Salaries of Members		
Age	Males	Females	Total	Males	Females	Total
Under 25	19	1	20	$ 966,109	$ 64,479	$ 1,030,588
25-29	75	12	87	5,156,981	695,514	5,852,495
30-34	207	23	230	16,558,846	1,773,937	18,332,783
35-39	229	35	264	20,068,237	2,880,855	22,949,092
40-44	296	44	340	27,927,201	4,098,640	32,025,841
45-49	252	34	286	24,629,418	3,336,463	27,965,881
50-54	95	20	115	9,508,634	2,005,463	11,514,097
55-59	23	2	25	2,121,003	193,687	2,314,690
60-64	3	0	3	273,150	0	273,150
Over 64	0	0	0	0	0	0
Total	1,199	171	1,370	$107,209,579	$15,049,038	$122,258,617



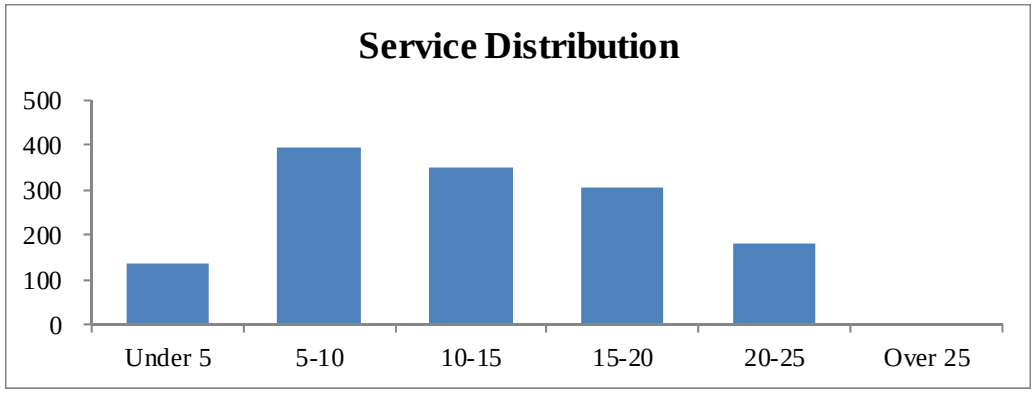


SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2015

Total

	Service									
Age	Under 5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	Total
Under 25	20	0	0	0	0	0	0	0	0	20
25-29	47	40	0	0	0	0	0	0	0	87
30-34	41	163	26	0	0	0	0	0	0	230
35-39	20	104	116	24	0	0	0	0	0	264
40-44	5	60	134	114	27	0	0	0	0	340
45-49	2	17	59	110	97	1	0	0	0	286
50-54	0	7	13	46	47	2	0	0	0	115
55-59	0	3	3	13	6	0	0	0	0	25
60-64	0	0	0	0	3	0	0	0	0	3
Over 64	0	0	0	0	0	0	0	0	0	0
Total	135	394	351	307	180	3	0	0	0	1,370

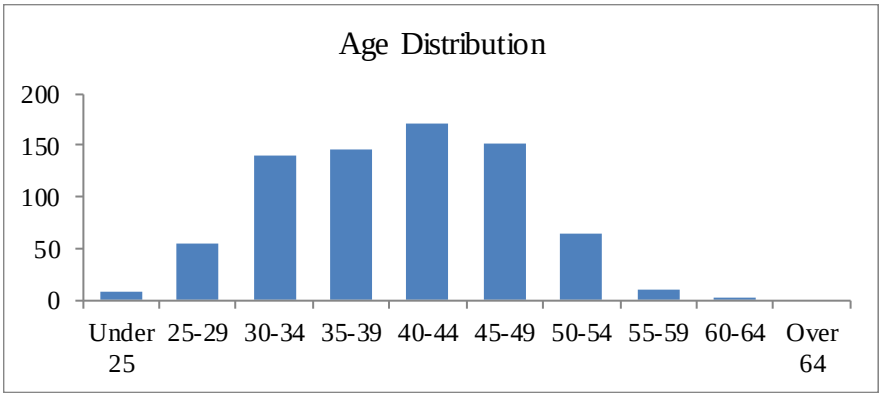


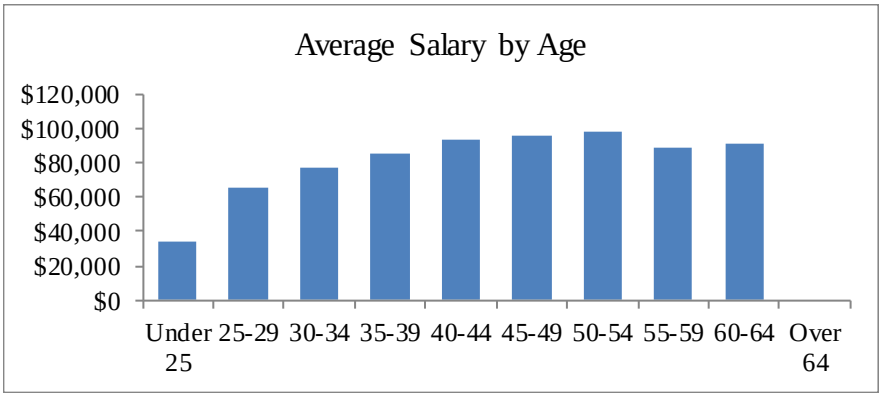
SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2015

All Police Members

	Count of Members			Valuation Salaries of Members		
Age	Males	Females	Total	Males	Females	Total
Under 25	8	0	8	$ 273,099	$ 0	$ 273,099
25-29	43	11	54	2,904,245	629,639	3,533,884
30-34	122	18	140	9,448,422	1,358,376	10,806,798
35-39	117	29	146	10,000,179	2,351,744	12,351,923
40-44	135	36	171	12,691,319	3,281,126	15,972,445
45-49	122	29	151	11,594,251	2,852,668	14,446,919
50-54	47	17	64	4,551,658	1,691,337	6,242,995
55-59	9	2	11	782,132	193,687	975,819
60-64	3	0	3	273,150	0	273,150
Over 64	0	0	0	0	0	0
Total	606	142	748	$52,518,455	$12,358,577	$64,877,032



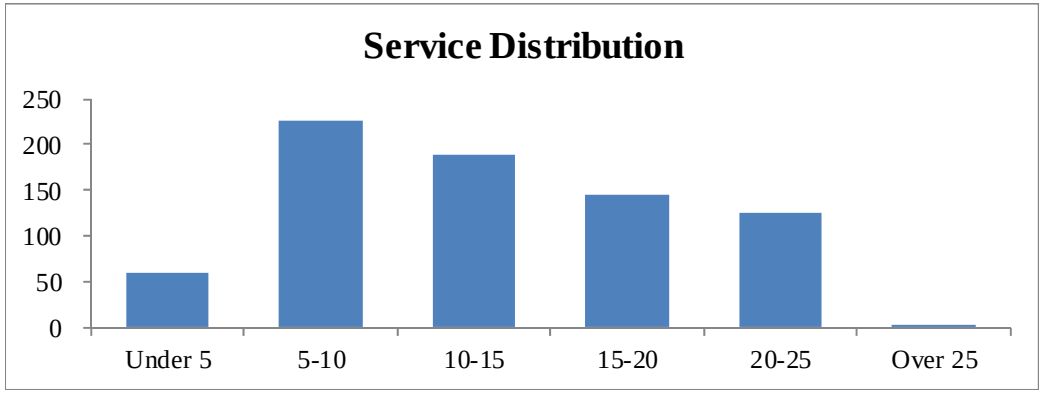


SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2015

All Police Members

	Service									
Age	Under 5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	Total
Under 25	8	0	0	0	0	0	0	0	0	8
25-29	22	32	0	0	0	0	0	0	0	54
30-34	17	97	26	0	0	0	0	0	0	140
35-39	11	55	69	11	0	0	0	0	0	146
40-44	0	28	62	61	20	0	0	0	0	171
45-49	1	10	24	51	65	0	0	0	0	151
50-54	0	3	7	19	33	2	0	0	0	64
55-59	0	2	2	2	5	0	0	0	0	11
60-64	0	0	0	0	3	0	0	0	0	3
Over 64	0	0	0	0	0	0	0	0	0	0
Total	59	227	190	144	126	2	0	0	0	748

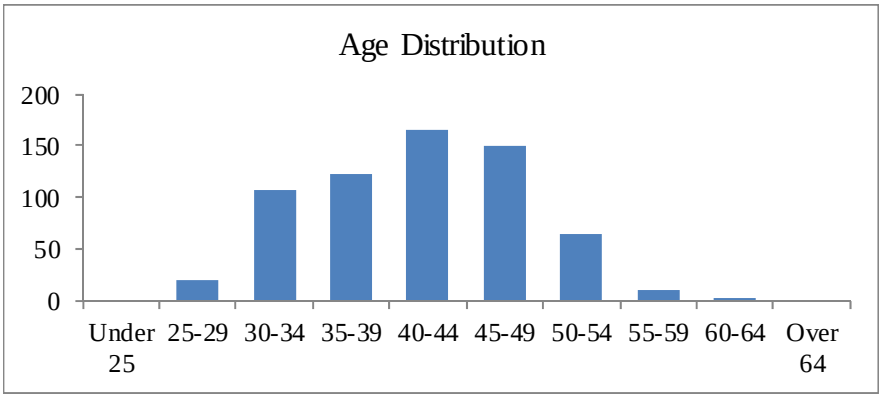


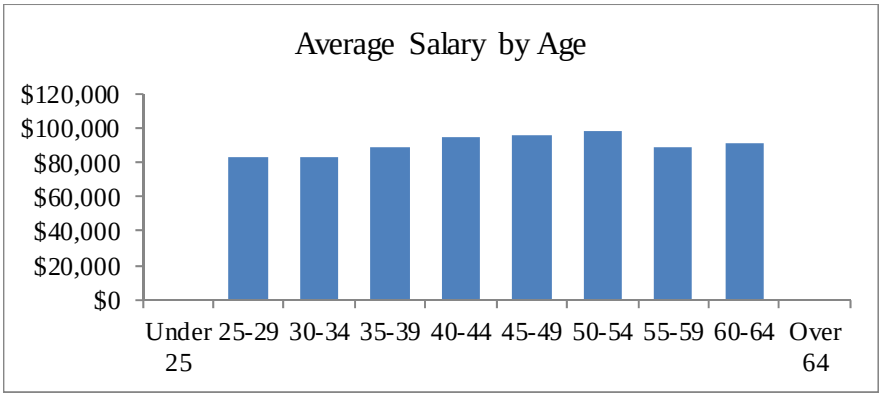
SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2015

Police Members Hired Before January 1, 2010

	Count of Members			Valuation Salaries of Members		
Age	Males	Females	Total	Males	Females	Total
Under 25	0	0	0	$ 0	$ 0	$ 0
25-29	18	2	20	1,492,482	172,622	1,665,104
30-34	93	14	107	7,774,592	1,117,376	8,891,968
35-39	96	27	123	8,698,705	2,247,242	10,945,947
40-44	130	36	166	12,339,418	3,281,126	15,620,544
45-49	120	29	149	11,461,808	2,852,668	14,314,476
50-54	47	17	64	4,551,658	1,691,337	6,242,995
55-59	9	2	11	782,132	193,687	975,819
60-64	3	0	3	273,150	0	273,150
Over 64	0	0	0	0	0	0
Total	516	127	643	$47,373,945	$11,556,058	$58,930,003



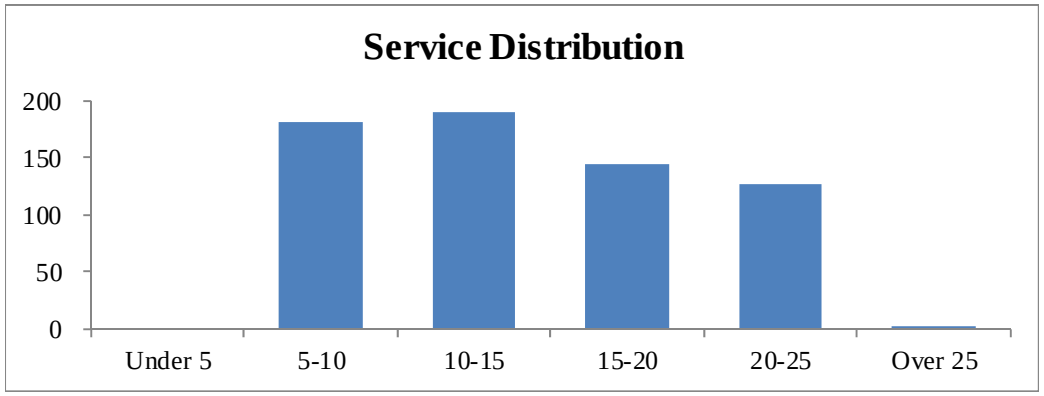


SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2015

Police Members Hired Before January 1, 2010

	Service									
Age	Under 5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	Total
Under 25	0	0	0	0	0	0	0	0	0	0
25-29	0	20	0	0	0	0	0	0	0	20
30-34	0	81	26	0	0	0	0	0	0	107
35-39	0	43	69	11	0	0	0	0	0	123
40-44	0	23	62	61	20	0	0	0	0	166
45-49	0	9	24	51	65	0	0	0	0	149
50-54	0	3	7	19	33	2	0	0	0	64
55-59	0	2	2	2	5	0	0	0	0	11
60-64	0	0	0	0	3	0	0	0	0	3
Over 64	0	0	0	0	0	0	0	0	0	0
Total	0	181	190	144	126	2	0	0	0	643

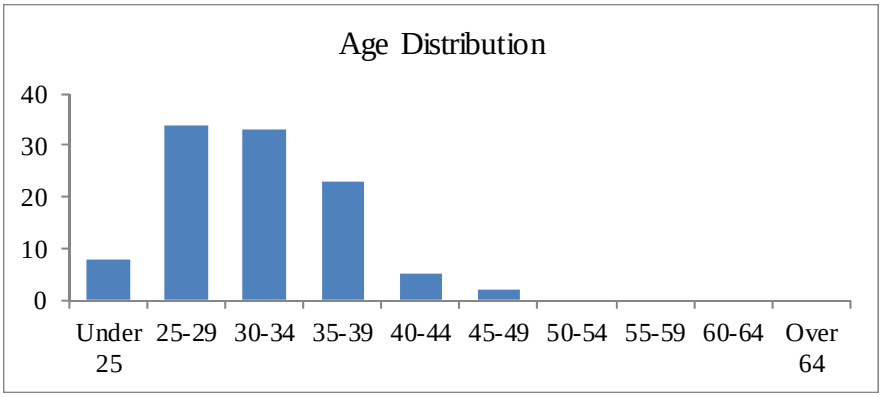


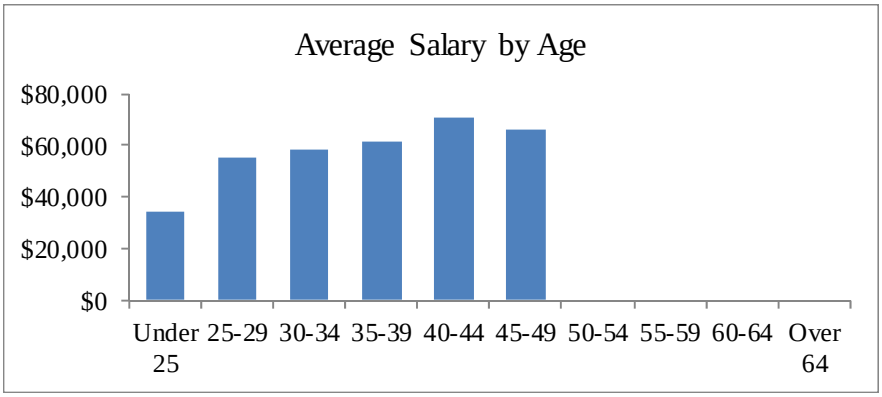
SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2015

Police Members Hired On or After January 1, 2010

	Count of Members			Valuation Salaries of Members		
Age	Males	Females	Total	Males	Females	Total
Under 25	8	0	8	$ 273,099	$ 0	$ 273,099
25-29	25	9	34	1,411,763	457,017	1,868,780
30-34	29	4	33	1,673,830	241,000	1,914,830
35-39	21	2	23	1,301,474	104,502	1,405,976
40-44	5	0	5	351,901	0	351,901
45-49	2	0	2	132,443	0	132,443
50-54	0	0	0	0	0	0
55-59	0	0	0	0	0	0
60-64	0	0	0	0	0	0
Over 64	0	0	0	0	0	0
Total	90	15	105	$5,144,510	$802,519	$5,947,029



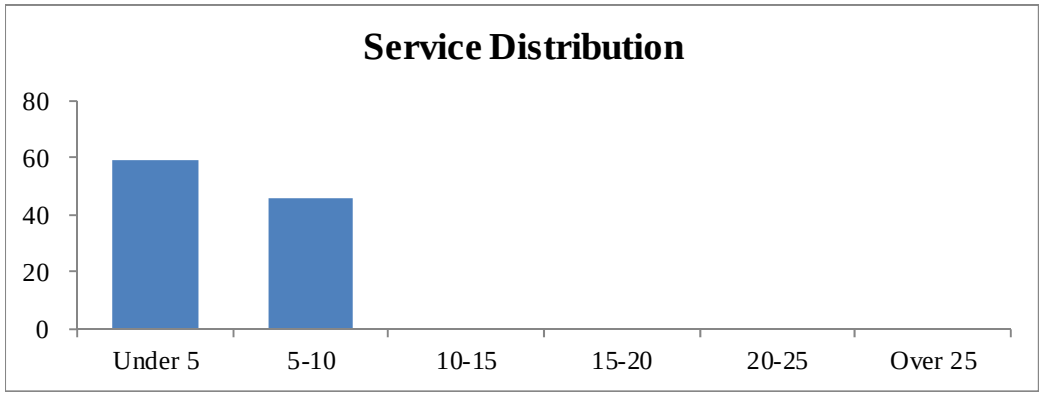


SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2015

Police Members Hired On or After January 1, 2010

	Service									
Age	Under 5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	Total
Under 25	8	0	0	0	0	0	0	0	0	8
25-29	22	12	0	0	0	0	0	0	0	34
30-34	17	16	0	0	0	0	0	0	0	33
35-39	11	12	0	0	0	0	0	0	0	23
40-44	0	5	0	0	0	0	0	0	0	5
45-49	1	1	0	0	0	0	0	0	0	2
50-54	0	0	0	0	0	0	0	0	0	0
55-59	0	0	0	0	0	0	0	0	0	0
60-64	0	0	0	0	0	0	0	0	0	0
Over 64	0	0	0	0	0	0	0	0	0	0
Total	59	46	0	0	0	0	0	0	0	105

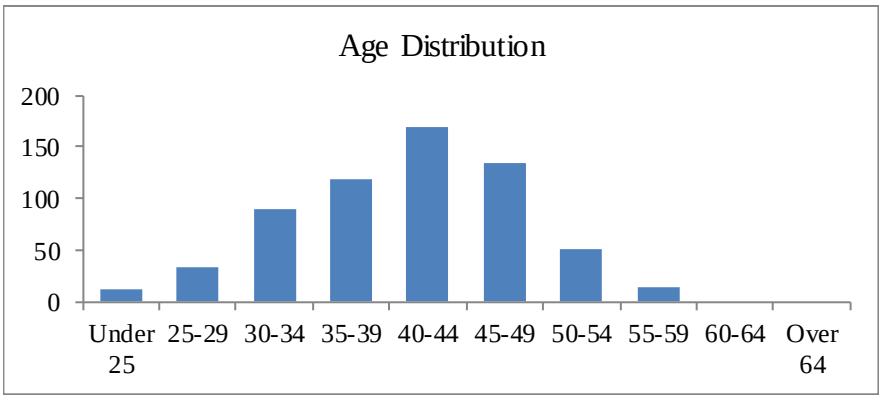


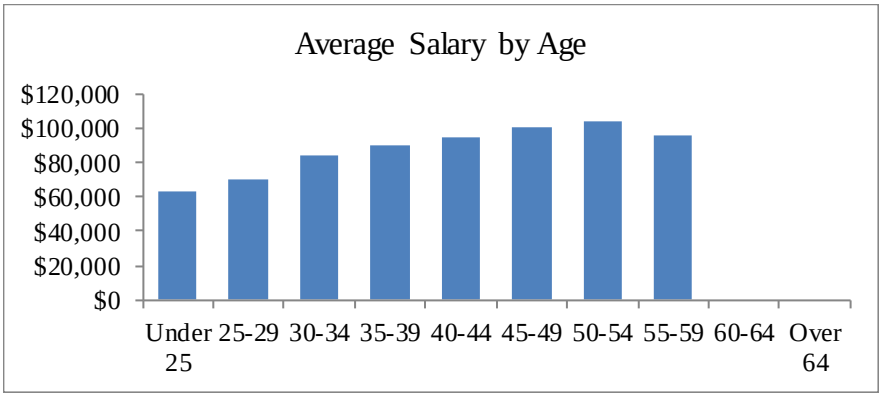
SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2015

All Fire Members

	Count of Members			Valuation Salaries of Members		
Age	Males	Females	Total	Males	Females	Total
Under 25	11	1	12	$ 693,010	$ 64,479	$ 757,489
25-29	32	1	33	2,252,736	65,875	2,318,611
30-34	85	5	90	7,110,424	415,561	7,525,985
35-39	112	6	118	10,068,058	529,111	10,597,169
40-44	161	8	169	15,235,882	817,514	16,053,396
45-49	130	5	135	13,035,167	483,795	13,518,962
50-54	48	3	51	4,956,976	314,126	5,271,102
55-59	14	0	14	1,338,871	0	1,338,871
60-64	0	0	0	0	0	0
Over 64	0	0	0	0	0	0
Total	593	29	622	$54,691,124	$2,690,461	$57,381,585



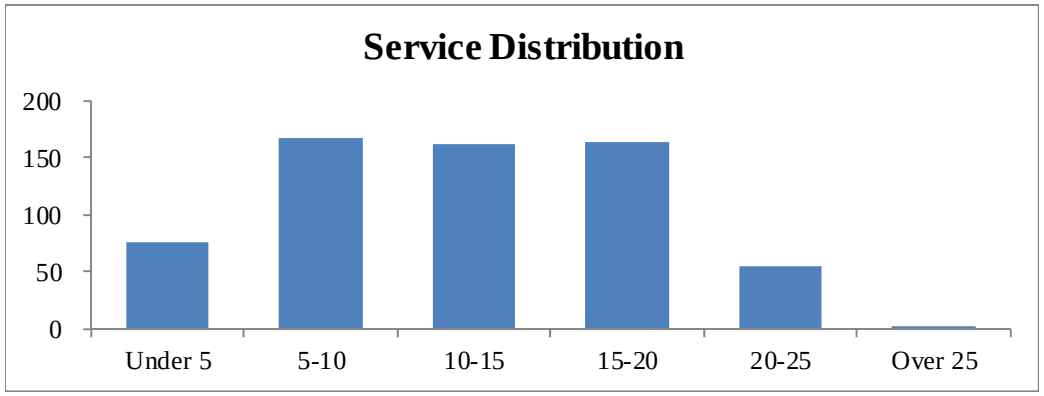


SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2015

All Fire Members

	Service									
Age	Under 5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	Total
Under 25	12	0	0	0	0	0	0	0	0	12
25-29	25	8	0	0	0	0	0	0	0	33
30-34	24	66	0	0	0	0	0	0	0	90
35-39	9	49	47	13	0	0	0	0	0	118
40-44	5	32	72	53	7	0	0	0	0	169
45-49	1	7	35	59	32	1	0	0	0	135
50-54	0	4	6	27	14	0	0	0	0	51
55-59	0	1	1	11	1	0	0	0	0	14
60-64	0	0	0	0	0	0	0	0	0	0
Over 64	0	0	0	0	0	0	0	0	0	0
Total	76	167	161	163	54	1	0	0	0	622

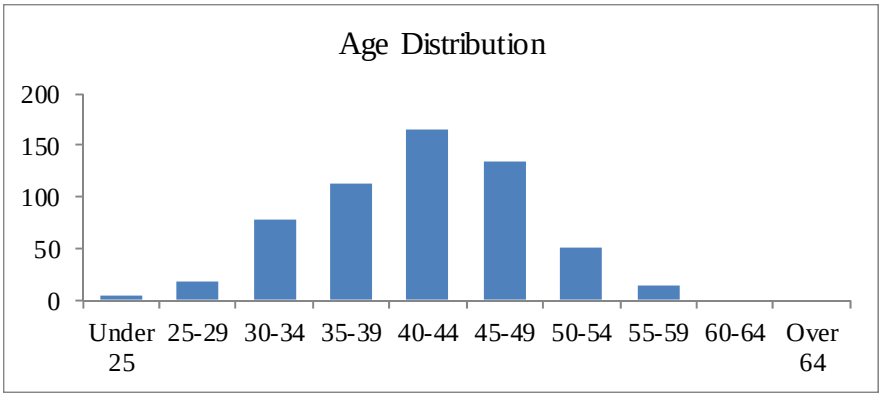


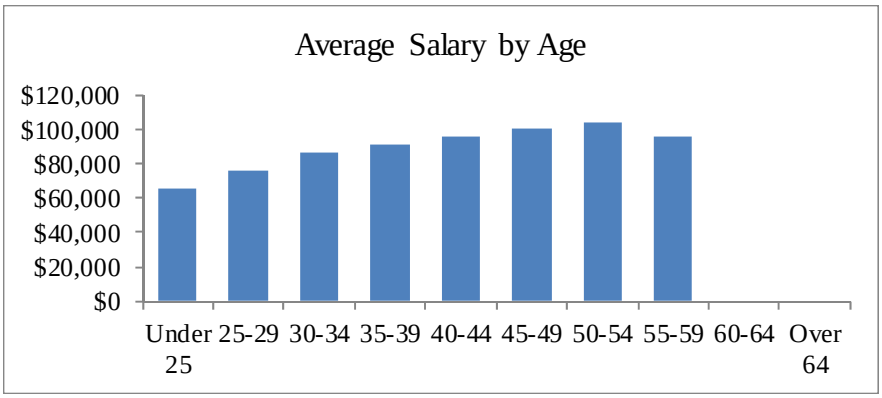
SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2015

Fire Members Hired Before January 1, 2013

	Count of Members			Valuation Salaries of Members		
Age	Males	Females	Total	Males	Females	Total
Under 25	4	1	5	$ 261,749	$ 64,479	$ 326,228
25-29	17	1	18	1,309,714	65,875	1,375,589
30-34	75	3	78	6,478,100	287,108	6,765,208
35-39	106	6	112	9,697,741	529,111	10,226,852
40-44	158	8	166	15,051,616	817,514	15,869,130
45-49	129	5	134	12,973,535	483,795	13,457,330
50-54	48	3	51	4,956,976	314,126	5,271,102
55-59	14	0	14	1,338,871	0	1,338,871
60-64	0	0	0	0	0	0
Over 64	0	0	0	0	0	0
Total	551	27	578	$52,068,302	$2,562,008	$54,630,310



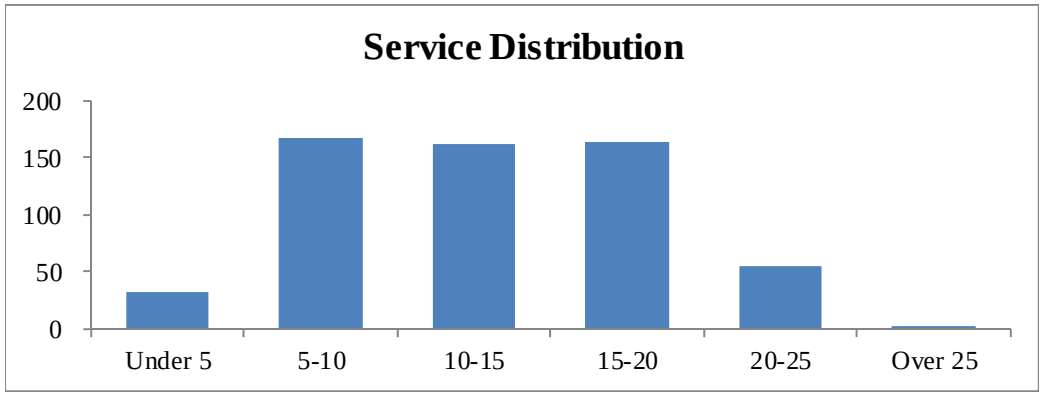


SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2015

Fire Members Hired Before January 1, 2013

	Service									
Age	Under 5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	Total
Under 25	5	0	0	0	0	0	0	0	0	5
25-29	10	8	0	0	0	0	0	0	0	18
30-34	12	66	0	0	0	0	0	0	0	78
35-39	3	49	47	13	0	0	0	0	0	112
40-44	2	32	72	53	7	0	0	0	0	166
45-49	0	7	35	59	32	1	0	0	0	134
50-54	0	4	6	27	14	0	0	0	0	51
55-59	0	1	1	11	1	0	0	0	0	14
60-64	0	0	0	0	0	0	0	0	0	0
Over 64	0	0	0	0	0	0	0	0	0	0
Total	32	167	161	163	54	1	0	0	0	578

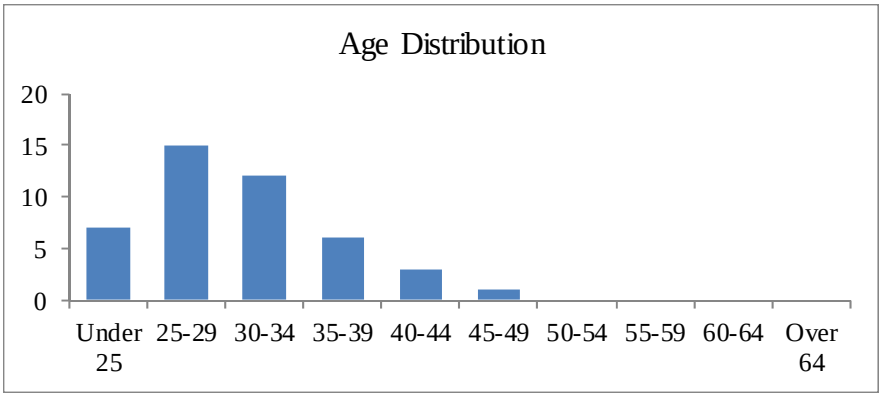


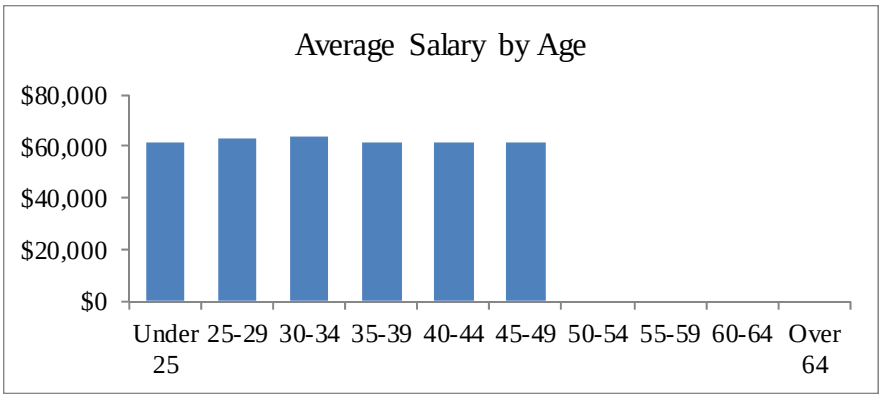
SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2015

Fire Members Hired On or After January 1, 2013

	Count of Members			Valuation Salaries of Members		
Age	Males	Females	Total	Males	Females	Total
Under 25	7	0	7	$ 431,261	$ 0	$ 431,261
25-29	15	0	15	943,022	0	943,022
30-34	10	2	12	632,324	128,453	760,777
35-39	6	0	6	370,317	0	370,317
40-44	3	0	3	184,266	0	184,266
45-49	1	0	1	61,632	0	61,632
50-54	0	0	0	0	0	0
55-59	0	0	0	0	0	0
60-64	0	0	0	0	0	0
Over 64	0	0	0	0	0	0
Total	42	2	44	$2,622,822	$128,453	$2,751,275



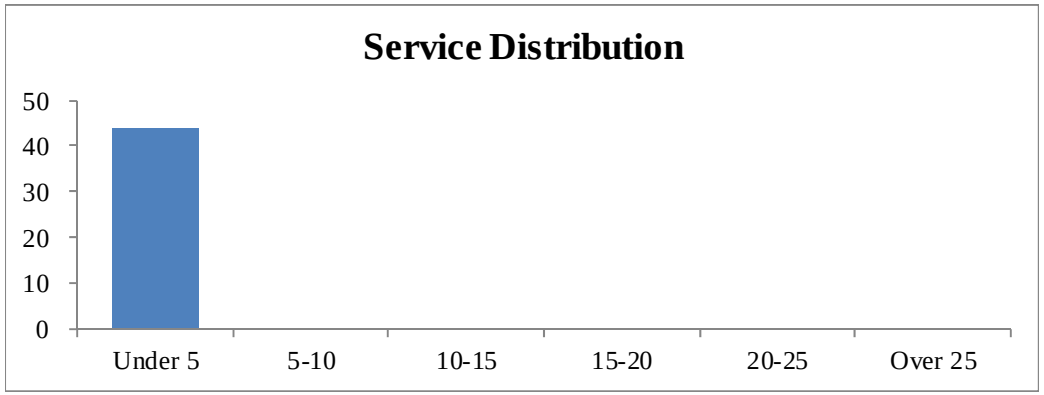


SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2015

Fire Members Hired On or After January 1, 2013

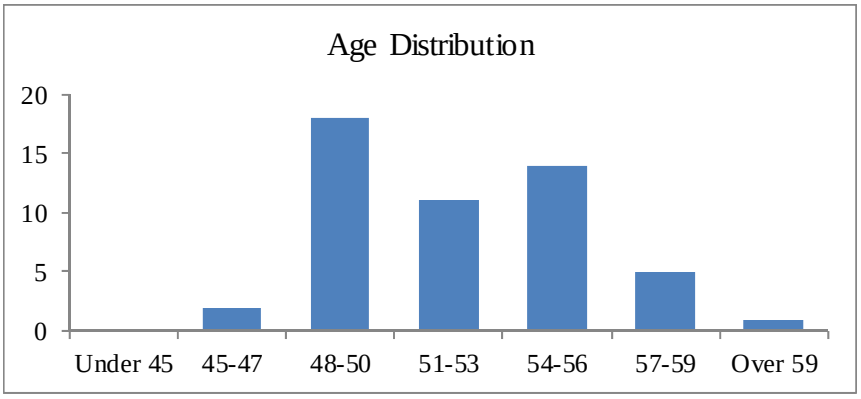
	Service									
Age	Under 5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	Total
Under 25	7	0	0	0	0	0	0	0	0	7
25-29	15	0	0	0	0	0	0	0	0	15
30-34	12	0	0	0	0	0	0	0	0	12
35-39	6	0	0	0	0	0	0	0	0	6
40-44	3	0	0	0	0	0	0	0	0	3
45-49	1	0	0	0	0	0	0	0	0	1
50-54	0	0	0	0	0	0	0	0	0	0
55-59	0	0	0	0	0	0	0	0	0	0
60-64	0	0	0	0	0	0	0	0	0	0
Over 64	0	0	0	0	0	0	0	0	0	0
Total	44	0	0	0	0	0	0	0	0	44

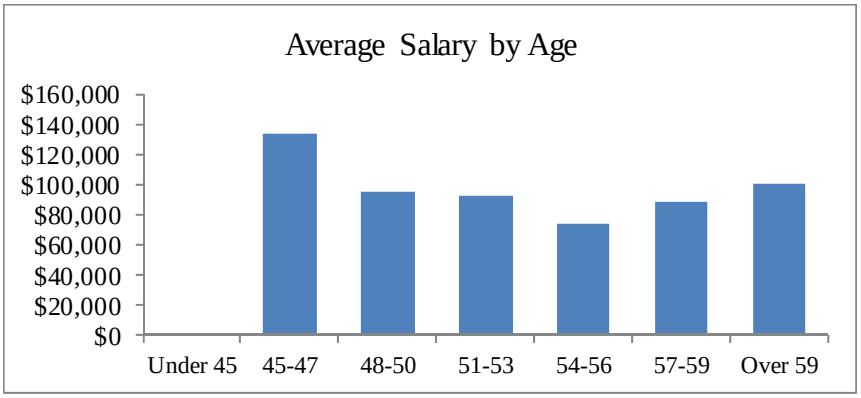


SCHEDULE II

DROP PARTICIPANTS AS OF JANUARY 1, 2015

	Count of Members			Valuation Salaries of Members		
Age	Males	Females	Total	Males	Females	Total
Under 45	0	0	0	$ 0	$ 0	$ 0
45-47	2	0	2	268,064	0	268,064
48-50	17	1	18	1,557,778	154,780	1,712,558
51-53	10	1	11	940,679	77,593	1,018,272
54-56	14	0	14	1,043,911	0	1,043,911
57-59	4	1	5	363,858	78,073	441,931
Over 59	1	0	1	100,410	0	100,410
Total	48	3	51	$4,274,700	$310,446	$4,585,146

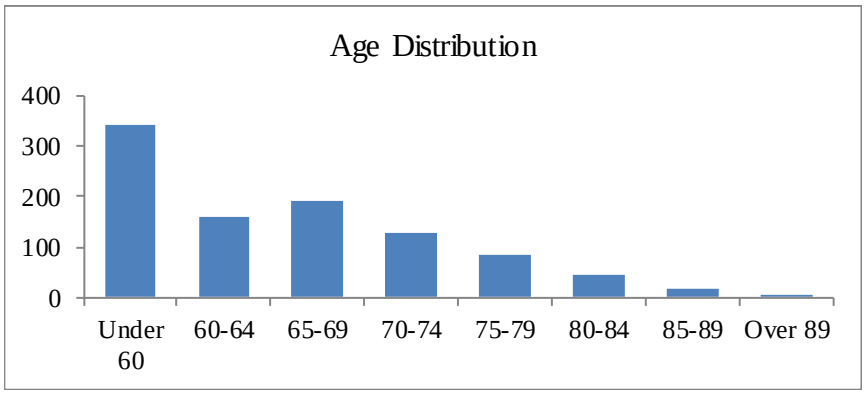


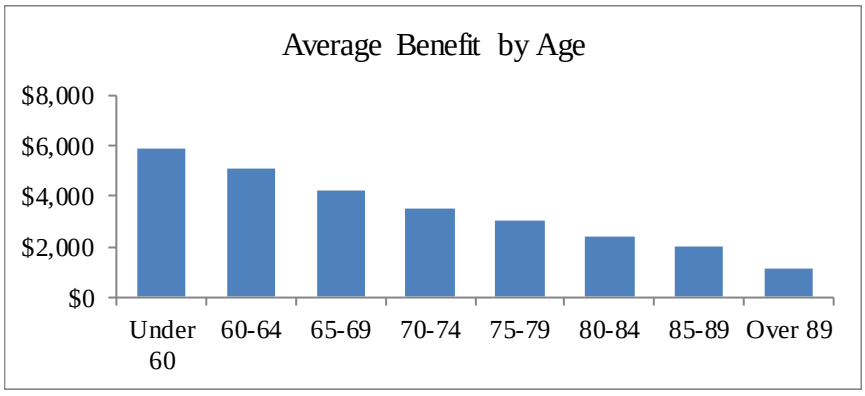


SCHEDULE III

RETIRED MEMBERS AS OF JANUARY 1, 2015

	Count of Retirees			Current Monthly Benefits		
Age	Males	Females	Total	Males	Females	Total
Under 60	300	42	342	$1,799,718	$211,674	$2,011,392
60-64	153	7	160	774,749	35,843	810,592
65-69	187	5	192	789,343	17,678	807,021
70-74	125	1	126	441,303	4,465	445,768
75-79	84	0	84	252,705	0	252,705
80-84	46	0	46	109,592	0	109,592
85-89	17	0	17	33,724	0	33,724
Over 89	6	0	6	6,852	0	6,852
Total	918	55	973	$4,207,986	$269,660	$4,477,646

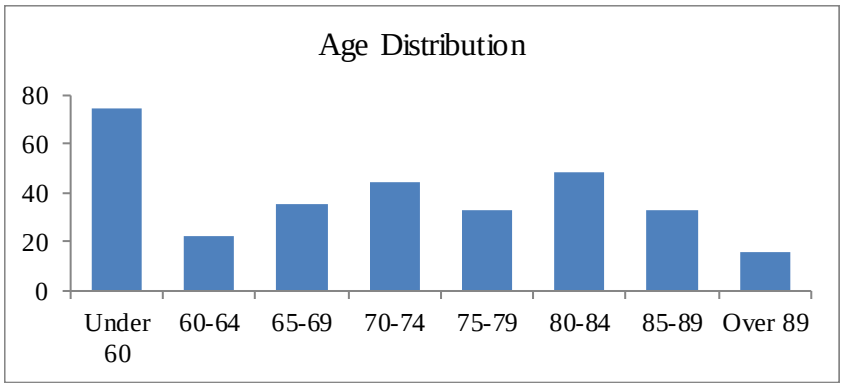


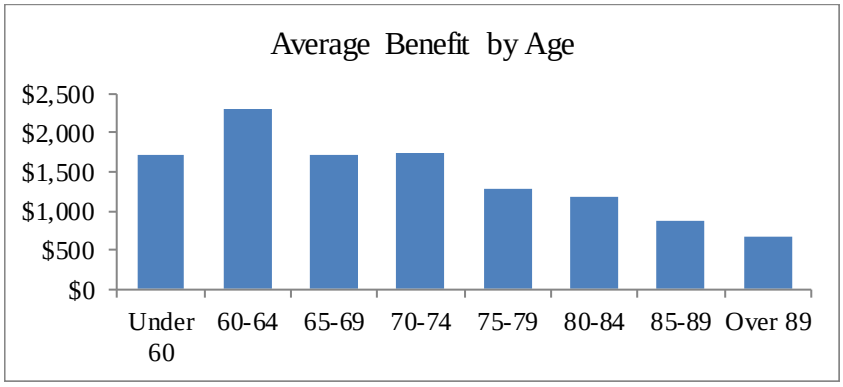


SCHEDULE IV

BENEFICIARIES RECEIVING BENEFITS AS OF JANUARY 1, 2015

	Count of Beneficiaries			Current Monthly Benefits		
Age	Males	Females	Total	Males	Females	Total
Under 60	12	62	74	$13,520	$ 113,323	$ 126,843
60-64	0	22	22	0	50,559	50,559
65-69	0	35	35	0	60,102	60,102
70-74	0	44	44	0	76,929	76,929
75-79	0	33	33	0	42,499	42,499
80-84	0	48	48	0	56,498	56,498
85-89	0	33	33	0	28,971	28,971
Over 89	0	16	16	0	10,884	10,884
Total	12	293	305	$13,520	$439,765	$453,285





SCHEDULE V

DEFERRED VESTED MEMBERS AS OF JANUARY 1, 2015

	Count of Members			Expected Monthly Benefit		
Age	Males	Females	Total	Males	Females	Total
Under 25	0	0	0	$ 0	$ 0	$ 0
25-29	0	0	0	0	0	0
30-34	0	1	1	0	1,349	1,349
35-39	1	0	1	2,091	0	2,091
40-44	0	0	0	0	0	0
45-49	1	1	2	1,268	4,430	5,698
50-54	6	0	6	13,088	0	13,088
55-59	0	0	0	0	0	0
Over 59	0	0	0	0	0	0
Total	8	2	10	$16,447	$5,779	$22,226

SCHEDULE VI

DISABLED MEMBERS AS OF JANUARY 1, 2015

	Count of Members			Current Monthly Benefits		
Age	Males	Females	Total	Males	Females	Total
Under 30	0	0	0	$ 0	$ 0	$ 0
30-34	0	0	0	0	0	0
35-39	1	0	1	2,772	0	2,772
40-44	5	3	8	17,630	8,466	26,096
45-49	8	2	10	25,210	5,452	30,662
50-54	15	5	20	50,399	13,826	64,225
55-59	11	6	17	34,462	16,347	50,809
60-64	11	1	12	39,611	1,285	40,896
65-69	49	0	49	154,997	0	154,997
70-74	49	0	49	124,426	0	124,426
75-79	25	0	25	63,382	0	63,382
80-84	23	0	23	40,740	0	40,740
85-89	7	0	7	9,496	0	9,496
Over 89	1	0	1	1,251	0	1,251
Total	205	17	222	$564,376	$45,376	$609,752

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Financial Statements and Supplemental Schedules

June 30, 2015 and 2014

(With Independent Auditors' Report Thereon)

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

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KPMG LLP
Suite 2000
303 Peachtree Street, N.E.
Atlanta, GA 30308-3210

Independent Auditors' Report

The Board of Trustees
City of Atlanta, Georgia
Police Officers' Pension Plan:

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Atlanta, Georgia Police Officers' Pension Plan (the Plan), which comprise the statements of fiduciary net positions as of June 30, 2015 and 2014, and the statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the City of Atlanta, Georgia Police Officers' Pension Plan as of June 30, 2015 and 2014, and the changes in fiduciary net position for the years then ended, in accordance with U.S. generally accepted accounting principles.

KPMG LLP is a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative ("KPMG International"), a Swiss entity.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 3–8 and Required Supplementary Information on pages 26–30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2015 on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

KPMG LLP

Atlanta, Georgia
November 6, 2015

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Management's Discussion and Analysis

June 30, 2015 and 2014

(Unaudited)

As management we offer readers of the Police Officers' Pension Plan (the Plan) financial statements, this narrative overview and analysis of the financial activities of the Plan for the year ended June 30, 2015. This overview compares the year ended June 30, 2015 with the years ended June 30, 2014 and 2015 and the year ended June 30, 2014 with the year ended June 30, 2013. Readers are encouraged to read the notes to the financial statements in conjunction with the financial statements presented following this narrative.

The Plan is administered as a single employer plan by the Board of Trustees (the Board), which includes an appointee of the Mayor, the City's Chief Financial Officer, a member of City Council, two representatives elected by the retired membership, and three representatives elected by active City membership.

Financial Highlights

- At June 30, 2015, the assets of the Plan exceeded its liabilities by $983.4 million. At June 30, 2014, the assets of the Plan exceeded its liabilities by $987.5 million. This amount represents the Plan's net position.
- The Plan's total net position decreased in fiscal year 2015 by $4.1 million or 0.42% as compared with net position at June 30, 2014. The Plan's total net position increased in fiscal year 2014 increased $158.7 million or 19.1% over the net position at the beginning of the year.
- Net investment income decreased by $162.5 million compared to fiscal year 2014. Net investment income increased in 2014 by $62.0 million compared to fiscal year 2013.
- Contributions received from employer and employees totaled $43.9 million in fiscal year 2015 compared to $41.4 million in fiscal year 2014.
- Benefit payments in fiscal year 2015 totaled $56.3 million, an increase of $3.0 million or 5.58% when compared with fiscal year 2014. Benefit payments in fiscal year 2014 totaled $53.3 million, an increase of $2.0 million or 3.9% when compared with fiscal year 2013.

Fiduciary funds. The Plan is considered a fiduciary fund of the City of Atlanta, Georgia (City) and its financial statements are included in the City's Comprehensive Annual Financial Report (CAFR) as part of the Pension Trust Funds. The City's most recent CAFR for the years ended June 30, 2015 and 2014 should be read in conjunction with these financial statements.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government, but over which the government maintains a meaningful degree of ongoing responsibility. The financial statements of fiduciary funds are presented using the economic resources measurement focus, or full accrual basis of accounting, similar to private sector businesses.

Directly following this discussion are the *basic financial statements*. The *basic financial statements* and required disclosures are prepared in accordance with accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board (GASB).

Basic financial statements comprise:

The *Statement of Fiduciary Net Position* presents information on the assets and liabilities, with the difference between the two reported as net position. The investments of the Plan in this statement are presented at fair value.

The *Statement of Changes in Fiduciary Net Position* presents information showing how the Plan's net position changed during the most recent fiscal year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Changes would include investment income, employee and employer contributions to the Plan, benefit payments to members, and administrative expenses.

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the Plan's financial statements. The notes can be found following the financial statements in this report.

Required Supplementary Information. In addition to the *basic financial statements*, this report also presents certain *required supplementary information* concerning the changes in net pension liability, net pension liability, employer contributions, and the Plan's money-weighted rate of return. Required supplementary information can be found following the notes to the financial statements in this report.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial stability. In the case of the Plan, assets exceeded liabilities by $983.4 and $987.5 million, respectively, at the close of the years ended June 30, 2015 and 2014. Table 1 summarizes the major categories of assets, liabilities, and net position. Table 2 summarizes the changes in the Plan's net position for the years ended June 30, 2015 and 2014.

Table 1. Police Officers' Pension Plan Net Position, as of June 30, 2015 and 2014 (dollars in thousands):

	June 30		Amount change	Percentage change
	2015	2014		
Assets:				
Cash and deposits	$ 88,822	74,523	14,299	19.2%
Receivables	6,040	6,199	(159)	(2.6)
Investments	891,121	911,688	(20,567)	(2.3)
Total assets	985,983	992,410	(6,427)	(0.6)
Liabilities:				
Due to brokers for investments purchased	2,067	3,925	(1,858)	(47.3)
Other	531	978	(447)	(45.7)
Total liabilities	2,598	4,903	(2,305)	(47.0)
Net position restricted for pensions	$ 983,385	987,507	(4,122)	(0.4)%

(Continued)

	June 30		Amount change	Percentage change
	2014	2013		
Assets:				
Cash and deposits	$ 74,523	75,996	(1,473)	(1.9)%
Receivables	6,199	5,867	332	5.7
Investments	911,688	754,949	156,739	20.8
Total assets	992,410	836,812	155,598	18.6
Liabilities:				
Due to brokers for investments purchased	2,067	3,925	(1,858)	(47.3)
Other	531	978	(447)	(45.7)
Total liabilities	2,598	4,903	(2,305)	(47.0)
Net position restricted for pensions	$ 989,812	831,909	157,903	19.0%

The net position of the Plan decreased by $4.1 million or 0.4% when compared to 2014. This is mainly attributable to the decrease in net investment income resulting from a down turn in market conditions during fiscal year 2015. Total assets for the Plan decreased by $6.4 million or 0.65% compared to 2014. Total cash and investments decreased by $6.3 million offset by $0.3 million decrease in amounts due from brokers for securities sold. Investments represent 90.6% of total assets as of June 30, 2015 compared to 91.9% as of June 30, 2014. The Plan's liabilities do not include future benefits payable to plan participants, but an actuarially determined estimate of this amount is included in the *Required Supplementary Information* section of this report.

Table 2. Police Officers' Pension Plan Changes in Net Position, years ended June 30, 2015 and June 30, 2014 (dollars in thousands):

	June 30		Amount change	Percentage change
	2015	2014		
Additions to plan net position:				
Investment income:				
Net (depreciation) appreciation in fair value of investments	$ (5,290)	156,987	(162,277)	(103.4)%
Interest and dividends	17,346	18,045	(699)	(3.9)
Less investment expenses	(3,322)	(3,840)	518	(13.5)
Net investment income	8,734	171,192	(162,458)	(94.9)
Employee contributions	11,224	11,232	(8)	(0.1)
Employer contributions	32,693	30,197	2,496	8.3
Other income	4	3	1	33.3
Total additions	52,655	212,624	(159,969)	(75.2)
Deductions from plan net position:				
Benefit payments	56,253	53,279	2,974	5.6
Administrative fees, management fees, and other expenses	524	653	(129)	(19.8)
Total deductions	56,777	53,932	2,845	5.3
(Decrease) increase in net position restricted for pensions	$ (4,122)	158,692	(162,814)	(102.6)%
Net position restricted for pensions				
Beginning of year	$ 987,507	828,815		
(Decrease) increase	(4,122)	158,692		
End of year	$ 983,385	987,507		

(Continued)

	June 30		Amount change	Percentage change
	2014	2013		
Additions to plan net position:				
Investment income:				
Net (depreciation) appreciation in fair value of investments	$ (5,290)	156,987	(162,277)	(103.4)%
Interest and dividends	17,346	18,045	(699)	(3.9)
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Total deductions	56,777	53,932	2,845	5.3
(Decrease) increase in net position restricted for pensions	$ (4,122)	158,692	(162,814)	(102.6)%
Net position restricted for pensions				
Beginning of year	$ 987,507	828,815		
(Decrease) increase	(4,122)	158,692		
End of year	$ 983,385	987,507		

Total additions to the Plan's net position decreased by $160.0 million, or 75.2%, compared to fiscal 2014. As mentioned earlier, this decrease is primarily attributed to the decrease in net investment income. Net investment income was $8.7 million for 2015, a decrease of $162.5 million compared to fiscal 2014. The investment portfolio comprises 76% equities, 22% fixed income, and 2% alternative investments as of June 30, 2015, compared to 81% equities, 18% fixed income, and 1% alternative investments at June 30, 2014. The overall portfolio returned 0.52%, net of fees, for the fiscal year ended June 30, 2015, compared with 20.85%, net of fees, for the fiscal year ended June 30, 2014. The S&P 500 index rose 7.42% and 24.62%, respectively, during the same time periods.

(Continued)

Employee contributions to the Plan remained relatively flat, increasing only 0.1% and 0.7%, respectively, during 2015 and 2014. Employer contributions increased by $2.5 million, or 8.3%, to $32.7 million due to a higher actuarially determined contribution (ADC) for fiscal 2015. Benefit payments increased by $3.0 million, or 5.6%, to $56.3 million. The increase in benefit payments is primarily the result of increased payments to members.

Financial Analysis of June 30, 2014 to June 30, 2013

As noted earlier, net position may serve over time as a useful indicator of financial stability. In the case of the Plan, assets exceeded liabilities by $987.5 million at the close of the year ended June 30, 2014. Table 1 summarizes the major categories of assets, liabilities, and net position. Table 2 summarizes the changes in the Plan's net position for the years ended June 30, 2014 and 2013.

The net position of Plan increased by $158.7 million or 19.1% when compared to 2013. This is mainly attributable to the increase in net investment income, which was related to investment market performance during fiscal year 2014. Total assets for the Plan increased by $155.6 million or 18.6% compared to 2013. Total cash and investments increased by $155.3 million offset by a $7 million decrease in amounts due from brokers for securities sold. Investments represent 91.9% of total assets as June 30, 2014, compared to 90.2% as of June 30, 2013. The Plan liabilities do not include future benefits payable to plan participants, but an actuarially determined estimate of this amount is in the Required Supplementary Information of this report.

Total additions to the Plan net position increased by $65.7 million or 44.7% compared to 2013. As mentioned earlier this increase is primarily attributed to the increase in net investment income. Net investment income was $171.2 million for 2014, an increase of $62.0 million compared to fiscal 2013. The investment portfolio comprised of 80% equities, 18% fixed income and 1% alternative investments as of June 30, 2014, compared to 74% equities and 26% fixed income investments in 2013. The overall portfolio returned 20.85% for the 12 months ended June 30, 2014, compared with 15.26% for the same time period in 2013. The S&P 500 index rose 24.62% and 20.60%, respectively during the same time periods.

Employee contributions to the Plan remained relatively flat, increasing only 0.7% to $11.2 million during 2014. Employer contributions increased by $3.7 million or 13.8% to $30.2 million due to a higher actuarially determined required contribution (ARC) for fiscal 2014. Benefit payments increased by $2.0 million, or 3.9% to $53.3 million. The increase in benefit payments is primarily the result of increased payments to members.

The latest experience study was through June 30, 2011. In preparing the latest actuarial valuation the results of the experience study are reviewed against the actuarial valuation results.

Requests for Information

This financial report is designed to provide a general overview of the Plan's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Chief Financial Officer, 11100 City Hall Tower, 68 Mitchell St., SW, Atlanta, Georgia 30303.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Statements of Fiduciary Net Position

June 30, 2015 and 2014

(Dollars in thousands)

	2015	2014
Assets:		
Cash and deposits	$ 88,822	74,523
Receivables:		
Contributions receivable from employer	3,440	1,654
Contributions receivable from employees	413	438
Due from brokers for investments sold	265	1,687
Investment income	1,751	2,353
Other	171	67
Total receivables	6,040	6,199
Investments:		
Domestic fixed income securities	142,441	155,139
Domestic equities	676,593	693,253
International fixed income securities	2,037	6,073
International equities	47,633	47,325
Real estate	4,324	—
Alternative investments	18,093	9,898
Total investments	891,121	911,688
Total assets	985,983	992,410
Liabilities:		
Due to brokers for investments purchased	2,067	3,925
Other	531	978
Total liabilities	2,598	4,903
Net position restricted for pensions	$ 983,385	987,507

See accompanying notes to financial statements.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Statements of Changes Fiduciary in Net Position

Years ended June 30, 2015 and 2014

(Dollars in thousands)

	2015	2014
Additions:		
Contributions:		
Employer	$ 32,693	30,197
Employee	11,224	11,232
Total contributions	43,917	41,429
Investment income:		
Net appreciation (depreciation) in fair value of investments	(5,290)	156,987
Interest and dividends	17,346	18,045
Less investment expenses	(3,322)	(3,840)
Net investment income	8,734	171,192
Other	4	3
Total additions	52,655	212,624
Deductions:		
Benefit payments, including refunds of member contributions	56,253	53,279
Administrative expense	524	653
Total deductions	56,777	53,932
Net increase (decrease) in net position	(4,122)	158,692
Net position restricted for pensions:		
Beginning of year	987,507	828,815
End of year	$ 983,385	987,507

See accompanying notes to financial statements.

(1) Plan Description

City of Atlanta, Georgia Police Officers' Pension Plan (the Plan) was established by a 1924 Act of the State of Georgia Legislature to provide retirement benefits for full-time sworn police officers of the City of Atlanta (the City) Police Department. Until 1983, the Georgia Legislature established all requirements and policies of the Plan. By a constitutional amendment, effective July 1983, control over all aspects of the Plan transferred to the City under the principle of Home Rule. The types of benefits offered by the Plan are retirement, disability, and preretirement death benefits. The Plan is a single-employer defined benefit pension plan. Participants should refer to the Atlanta, Georgia, Code of Ordinances, Section 6 (Plan agreement) for more complete information. Under the principle of Home Rule and the Atlanta Code of Ordinances, Section 6, the Board has the authority to establish and amend benefit terms and contributions.

The Plan is considered a fiduciary fund of the City and its financial statements are included in the City of Atlanta, Georgia's Comprehensive Annual Financial Report (CAFR) as part of the Pension Trust Funds. The City's most recent CAFR for the years ended June 30, 2015 and 2014 should be read in conjunction with these financial statements.

(a) Administration of the Plan

The Plan is administered as a single-employer defined-benefit plan by the Board of Trustees of the City of Atlanta, Georgia Police Officers' Pension Board (the Board), which includes an appointee of The Mayor or his designee, the City's Chief Financial Officer, a member of City Council, two active employee representatives and one retired employee representative. All modifications to the plan must be supported by actuarial analysis and receive the recommendations of the City Attorney, the Chief Financial Officer, and the Board of Trustees. Each pension law modification must be adopted by at least two-thirds vote of the City Council and approved by the Mayor.

(b) Contribution Requirements

Under the Georgia Legislature principle of Home Rule and the Atlanta Code of Ordinances, Section 6, the Pension Board has the authority to administer the Plan including establishing and amending contribution requirements. The funding methods and determination of benefits payable were established by the Atlanta Code of Ordinances, Section 6 legislative acts creating the Plan, as amended, and in general, provide that funds are to be accumulated from employee contributions, City contributions, and income from the investment of accumulated funds.

Sworn personnel employed by the Atlanta Police Department are required to contribute to the Plan. Employees must contribute either 8% of base pay, if hired after August 31, 2011, 12% of base pay, if hired before September 1, 2011 without an eligible beneficiary, or 13% of base pay, if hired before September 1, 2011 with an eligible beneficiary. Contribution requirements may be amended by City ordinance, but the employer contribution requirement is subject to State minimums.

On November 1, 2011, the sworn personnel of the Police Department participating in the Plan and hired before September 1, 2011, or after January 1, 1984, had an increase of 5% in their mandatory contributions into the Plan. The contribution is such that the new contribution is 12% of salary (without a designated beneficiary) or 13% of salary (with a designated beneficiary). Where an Actuarial

Valuation anticipates that the City's actuarially determined contribution (ADC) for the next fiscal year will exceed 35% of the total payroll, contributions may be increased, by no more than 5% of compensation, in order to fund the overage.

Employees hired on or after September 1, 2011 who are sworn members of the Police Department are required to participate in a hybrid defined benefit plan with a mandatory defined contribution component (see discussion below regarding Amendments to the Defined Contribution Plan). The defined benefit portions of this plan include a 1% multiplier. The retirement age is increased to age 57 for participants in the Plan. Early Retirement Age is changed from any age (as long as vested) with penalty to age 52 for hires after September 1, 2011. Upon retirement, these participants will receive an annually calculated cost of living increase to their pension benefit that may not exceed 1% and is based upon the Consumer Price Index. Sick and vacation leave are no longer applied to retirement benefits for hires after September 1, 2011.

(c) Description of the Benefit Terms

In June 2011, the City Council approved changes for the City's three defined benefit plans, effective on September 1, 2011 for new hires, and November 1, 2011 for existing employees. Currently sworn personnel employed by the Atlanta Police Department are required to contribute to the Plan.

Prior to the change approved in June 2011, the Plan provided monthly retirement benefits that initially represent 3% for each year of credited service times the participants' final average three-year earnings (limited to 80% of the average). Retirement benefits were adjusted annually based on the change in the consumer price index, limited to 3% per year. Upon the death of a vested participant who has beneficiary coverage, his or her eligible beneficiary(ies) would be entitled to three fourths of the amount the deceased participant was receiving or would have been entitled to receive. Below are the terms the Plan has established to receive benefits.

Normal retirement age:	Age 65 with at least five years of service
	Age 57 with at least 15 years of service
	Age 55 with at least 15 years of service (hired before September 1, 2011)
	Age 55 with at least 10 years of service (hired before July 1, 2010)
	Any age with at least 30 years of service

For early retirement there is an adjustment of the retirement benefit being reduced by 0.5% for each month by which the participant's early retirement age precedes normal retirement age (for employees hired after August 31, 2011). The retirement benefit is reduced by 0.5% for each of the first 60 months

and by 0.25% for each additional month by which the participant's early retirement age precedes the normal retirement age (for employees hired before September 1, 2011).

Early retirement age:	Age 47 with at least 15 years of service (hired after August 31, 2011) Any age with at least 15 years of service (hired during the through August 31, 2011) Any age with at least 10 years of service (hired before July 1, 2010)

For participants who incur a catastrophic injury in the line of duty, the basic pension formula is 100% of the top salary for the grade and position occupied by the participant at the time of disability.

For a service-connected disability for participants hired before 1986, the basic pension formula is the greater of 70% of the top salary for the employee's grade and position occupied by the participant at the time of disability or basic pension formula, offset by workers' compensation payments such that the combination of payments does not exceed 100% of the participant's salary at the time of disability.

For participants hired on or after January 1, 1986, the basic pension formula is the greater of 50% of average monthly earnings at the time of disability or basic pension formula, offset by workers' compensation payments such that the combination of payments does not exceed 75% of the participant's salary at the time of disability (payable until the earlier of recovery from disability or normal retirement age).

Preretirement death benefit:	75% of the basic pension formula (payable to the eligible beneficiary upon death not in the line-of-duty). 100% of base pay offset by worker's compensation or other payments (payable to the eligible beneficiary for first two years after death in the line-of-duty). 75% of the larger of the basic pension formula or 70% of top salary for the employee's grade (payable to the eligible beneficiary beginning two years after death in the line-of-duty). 75% of the basic pension formula (payable to the eligible beneficiary beginning two years after death in the line-of-duty if the employee was covered by the 1986 amendment).

Amendments to Defined Contribution Plan

Employees hired on or after September 1, 2011 who are either sworn members of the police department or fire department are required to participate in the mandatory defined contribution component, which includes a mandatory employee contribution of 3.75% of salary, which is matched 100% by the City. Additionally, these employees may voluntarily contribute up to an additional 4.25% of salary, which is also matched 100% by the City. Employees vest in the amount of the City's contributions at a rate of 20% per year and become fully vested in the City's contribution after 5 years of participation.

(d) Plan Membership

As of June 30, 2015 and 2014, participation in the Plan was as follows:

		2015	2014
Inactive plan members or beneficiaries currently receiving benefits	$	1,420	1,405
Inactive plan members entitled to, but not yet receiving benefits		35	30
Active plan members		2,025	2,021
	$	3,480	3,456

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements are prepared on the accrual basis of accounting. Employee and employer contributions are recognized as additions to plan net position in the period in which withheld from the employees' salary and paid by the employer. Benefits and refunds are recognized as deductions from plan net position when due and payable.

(b) Cash and Cash Equivalents

The Plan considers all highly liquid debt securities with an original maturity of three months or less when purchased to be cash equivalents.

(c) Investments

The Plan's investments are stated at fair value. Quoted market prices are used to value all investments in equities based on closing prices on the U.S. national securities exchange. Securities traded on the open market for which no sale was reported on that date are valued at the most recent quoted bid price.

Estimated fair values provided by third-party vendors are used to value U.S. government notes, corporate bonds, mutual funds, and U.S. government and agency guaranteed bonds, if not traded in an active market. Partnership investments are valued based on the net asset value of the partnership, without further adjustment. Net asset value is based upon the fair value of the underlying investments. Information provided by partnerships regarding the methods they use to value the underlying

investments of the partnership and any restrictions on or illiquidity of the interests of partnerships are considered in determining fair value.

The net appreciation (depreciation) in the fair value of investments held by the Plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of the balance sheet date. Investment income is recognized on the accrual basis as earned by the Plan.

(d) Use of Estimates

Management of the Plan has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosures of contingent assets and liabilities and the additions to and deductions from net position to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

(3) Pension Plan Investments

The Plan investments are made within the Public Retirement Systems Investment Authority Law of the Georgia Code (O.C.G.A. 47-20-80). The Board has been granted the authority by City Ordinance to establish and amend the Plan investment policy. The Board is responsible for making all decisions with regard to the administration of the Plan, including the management of Plan assets, and for carrying out the investment policy on behalf of the Plan.

The Plan's investments are managed by various investment managers under contracts with the Plan who have discretionary authority over the assets managed by them and within the Plan's investment guidelines, established by the Board. The investments are held in trust by the Plan's custodian in the Plan's name. These assets are held exclusively for the purpose of providing benefits to members of the Plan and their beneficiaries.

State of Georgia and City statutes authorize the Plan to invest in U.S. government obligations, U.S. government agency obligations, State of Georgia obligations, obligations of a corporation of the U.S. government and the Georgia Fund 1 (a government investment pool maintained by the State of Georgia), and alternative investments. The Plan invests in repurchase agreements only when they are collateralized by U.S. government or agency obligations. The Plan is also authorized to invest in collateralized mortgage obligations (CMOs) to maximize yields. These securities are based on cash flows from interest payments on underlying mortgages. CMOs are sensitive to prepayment by mortgagees, which may result from a decline in interest rates. For example, if interest rates decline and mortgagees refinance their mortgages, thereby prepaying the mortgages underlying these securities, the cash flows from interest payments are reduced and the value of these securities declines. Likewise, if mortgagees pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated.

In the development of a current asset allocation plan, the Board reviews the long-term performance and risk characteristics of various asset classes, balancing the risks and rewards of market behavior, and reviewing state legislation regarding investments options. The below asset classes were selected to achieve the plan objectives: Domestic Equities, International Equities, Domestic Fixed Income, Alternative Investments, and cash equivalents.

The Police Officers' Pension Fund Investment Policy did not change during the fiscal year. The policy may be amended by the Board by a majority vote of its members. The below asset allocation target assets mix implemented in fiscal year 2014 remain in effect during fiscal year 2015.

	Fiscal year's 2014 and 2015		
	Minimum	**Target**	**Maximum**
Domestic equity:			
All/Flex Cap	5%	7%	10%
Large Cap	25	30	35
Mid Cap	10	15	20
Small Cap	4	9	14
International equity	4	9	14
Total equity	48%	70%	93%
Alternative investments	—%	5%	5%
Total alternative investments	—%	5%	5%
Fixed income:			
Core	10%	14%	19%
Intermediate	5	10	15
Cash equivalents	—	1	2
Total fixed income and cash equivalents	15%	25%	36%

Identified below are the investment types that are authorized by the Board for the Plan. The investment policy also identifies certain provisions that address interest rate risk, credit risk, custodial credit risk, concentration of credit risk, and foreign currency risk.

The Plan, by policy, is to invest the Plan's funds in domestic equities, domestic fixed income securities, international equities, international fixed income, alternative investments, and cash equivalents. These instruments consist of common and preferred stock, obligations of the U.S. government and agencies (GNMA, FHLMC, and FNMA securities and CMO's), corporate bonds, and certificates of deposit. The Plan has strict limitations on the amounts managers are allowed to invest in any one issuer in all classes of securities. The Plan also invests in repurchase agreements, which must be fully collateralized by U.S. government or agency guaranteed securities.

The Plan maintains cash to meet its immediate liquidity needs. Cash not immediately needed is invested in either short-term or long-term investment securities as directed by management.

For the years ended June 30, 2015 and 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 1.22% and 21.37%, respectively. The

money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

(a) Investment Risk Disclosures

Interest Rate Risk

Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Additionally, the fair values of the investments may be highly sensitive to interest rate fluctuations. The Plan has no specific policy to address interest rate risk.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating to each investment by a nationally recognized statistical rating organization. The Plan has no specific policy to address credit risk.

As of June 30, 2015 and 2014, the Plan had the following fixed income investments (dollars in thousands), with the corresponding credit ratings and maturities.

		June 30, 2015					
		Maturity					
Type of investments	Credit rating	Under 1 year	1–3 Years	3–5 Years	5–10 Years	Over 10 years	Fair value
U.S. government agencies	AAA/AA+	$ —	869	4,351	7,446	3,483	16,149
U.S. government agencies	A/AA-	1,379	—	1,829	—	—	3,208
U.S. government agencies	NR-AGY		—	2,437	6,311	31,595	40,343
Corporate bonds	AAA/A-	867	12,736	9,996	16,757	5,029	45,385
Corporate bonds	BBB+/B+	694	808	4,700	5,804	5,302	17,308
Corporate bonds	NR	523	443	—	195	—	1,161
Asset-backed securities	AAA	457	960	2,786	412	—	4,615
Asset-backed securities	NR	—	647	2,477	—	—	3,124
Automotive Loan Receivable	NR	—	—	248	—	—	248
CMO's	AAA/A	—	—	—	—	5,625	5,625
CMO's	NR	—	—	—	—	1,746	1,746
State and local obligations	AAA/A	—	—	—	662	—	662
State and local obligations	AA/AA+	—	—	—	318	415	733
State and local obligations	AA-/A-	—	—	—	182	790	972
Other fixed income	NR	—	1,727	1,225	246	—	3,199
		$ 3,920	18,190	30,049	38,333	53,985	144,478

(Continued)

		June 30, 2014					
		Maturity					
Type of investments	Credit rating	Under 1 year	1–3 Years	3–5 Years	5–10 Years	Over 10 years	Fair value
U.S. government agencies	AA/A+	$ —	8,394	—	6,138	546	15,078
U.S. government agencies	AA-	—	2,088	2,239	—	—	4,327
U.S. government agencies	NR	—	—	—	643	238	881
U.S. government agencies	NR-AGY	—	1,820	1,841	7,295	41,429	52,385
Corporate bonds	AA/A0	3,286	7,956	12,800	17,034	3,203	44,279
Corporate bonds	B+/BBB	229	1,122	2,006	6,830	4,218	14,405
Asset-backed securities	AAA	—	2,755	1,044	1,695	—	5,494
Asset-backed securities	AA/AA+	—	—	1,588	—	—	1,588
Asset-backed securities	NR	—	1,506	1,653	594	—	3,753
CMO's	AAA/A	—	—	—	—	5,819	5,819
CMO's	NR	—	—	—	—	2,643	2,643
State and local obligations	AAA/A	—	—	2,687	—	4,557	7,244
State and local obligations	AA	—	141	681	—	—	822
State and local obligations	NR	—	625	—	—	—	625
Other fixed income	NR	—	642	983	244	—	1,869
		$ 3,515	27,049	27,522	40,473	62,653	161,212

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Plan will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Custodial credit risks for investments, is the risk that in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The City requires that uninsured collected balances held in trust by the City for the Plan plus accrued interest in depository accounts be collateralized and that the market value of collateralized pledged securities must be at least 110% of the deposit balances, and 102% of collateral value for repurchase agreements. The Plan had no deposits or investments with custodial risks as of June 30, 2015 and 2014.

All investments of the Plan are either held by the Plan or by the counterparty in the Plan's name; therefore, the Plan's investments had no custodial risks as of June 30, 2015 and 2014.

Concentration Credit Risk

Investments in any one organization representing 5% or more of the net position restricted for pensions at June 30, 2015 and 2014 are as follows (dollars in thousands):

Issuer	Investment type	Fair value 2015	2014
Collective	Bond Index Fund	$ 168,558	164,220
Black Rock, Inc.	Equities	72,890	—
Artisan Partners	Equities	—	42,949

(Continued)

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates could adversely affect an investment's or deposit's fair value.

Although all of the foreign equity securities are American Depository Receipts (ADR's), this does not eliminate the foreign currency risk involved in purchasing foreign securities.

The following tables provide the value in U.S. dollars by foreign currency denominations and investment type for the plan investments denominated in foreign currencies as of June 30, 2015 and 2014 (dollars in thousands):

	June 30, 2015			
	Short term	Fixed income	Equities	Total
Currency:				
Australia	$ —	168	—	168
Canada	—	710	736	1,446
China	247	—	2,352	2,599
France	—	235	—	235
Ireland	—	—	819	819
Israel	—	—	1,777	1,777
Netherlands	—	150	—	150
United Kingdom	—	774	—	774
	$ 247	2,037	5,684	7,968

	June 30, 2014		
	Fixed income	Equities	Total
Currency:			
Australia	$ 170	—	170
Canada	2,651	—	2,651
China	—	1,713	1,713
France	277	—	277
Israel	—	2,381	2,381
Netherlands	729	—	729
Peru	—	283	283
United Kingdom	996	—	996
	$ 4,823	4,377	9,200

(b) Securities Lending

State statutes and Board of Trustees policies permit the Plan to lend its securities to broker dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. As of June 30, 2015 and 2014, the Plan has no credit risk exposure to securities lending.

(c) Alternative Investments

The Board has authorized the Plan to invest in alternative investments. As of June 30, 2015 and 2014, a total of $18,093,000 and $9,898,000, respectively, are included in alternative investments as part of the partnership agreement. The Plan may not voluntarily withdraw from the partnership prior to its dissolution, and no limited partnership interest is redeemable or repurchasable by the partnership at the option of the Plan.

(4) Contributions Required and Contributions Made

The required contribution percentages developed in the most recent actuarial valuation for the Plan for the years ended June 30, 2015 and 2014 and the actual contributions made are as follows (dollars in thousands):

		2015
Service cost		23.86%
Amortization of the unfunded actuarial accrued liability		22.41
Total required contributions as a percentage of covered payroll		46.27%
Actual employee contributions:		
Dollar amount	$	11,224
Percent of covered payroll		11.96%
Actual employer contributions:		
Dollar amount	$	32,693
Percent of covered payroll		34.84%

		2014
Service cost		24.29%
Amortization of the unfunded actuarial accrued liability		19.19
Total required contributions as a percentage of covered payroll		43.48%
Actual employee contributions:		
Dollar amount	$	11,232
Percent of covered payroll		12.23%
Actual employer contributions:		
Dollar amount	$	30,197
Percent of covered payroll		32.88%

The annual covered payroll for the City Police was $93,836,000 and $91,840,000, respectively, for the years ended June 30, 2015 and 2014. The actual employer contributions shown above include amounts used to fund retiree supplemental cost of living increases and other minimum benefits. These amounts are components of the City's contributions for purposes of meeting actuarially determined funding requirements.

(5) Contributions Receivable

(a) Employer

Employer contributions receivable represents Annual Required Contributions owed, but not yet remitted to the Plan by the City. Total contributions receivable from the employer was $3,440,000 and $1,654,000, respectively, as of June 30, 2015 and 2014.

(b) Employees

Employees may receive credit for years of service from employment with certain state and local governmental agencies as well as prior employment with the City, upon payment to the Plan of an amount, as defined in the 1927 Act, as amended, representing contributions applicable to such service period. These contributions may be paid over a future period, even after retirement. In addition, 1962 and 1978 amendments to the Plan increased pension benefits and the related employee contribution rates. Active employees may retroactively increase their contribution rates from the date of employment in order to receive the maximum increased benefits available under the 1962 and 1978 amendments. These "back contributions" may also be paid over a future period. Contributions from employees include amounts withheld from employees' pay but not yet remitted to the Plan. Total contributions receivable from employees were $413,000 and $438,000, respectively, as of June 30, 2015 and 2014.

(6) Tax Status

The Plan and its trust are intended to be qualified under Sections 401(a) and 501(c) of the Internal Revenue Code (IRC) such that they are not subject to tax under federal income tax laws. The Internal Revenue Service (IRS) issued a favorable determination letter on February 11, 2013 with respect to the Plan, in which the IRS stated that the Plan, as then designed, was in compliance with the applicable requirements of the IRC. The Plan sponsor in conjunction with consultation with external legal counsel, on May 15, 2014, filed a request for relief under the IRS Voluntary Correction Program for certain untimely amendments to the Plan documents and tax compliance issues involving interest calculations to Plan participants The IRS responded on April 23, 2015 and indicated that the IRS agrees that the Plan's corrective methods and the revised administrative procedures are acceptable.

(7) Net Pension Liability of the Plan

The components of the net pension liability at June 30, 2015 and 2014 were as follows:

		2015	2014
Total pension liability	$	1,294,907	1,270,494
Fiduciary net position		983,385	987,507
Net pension liability	$	311,522	282,987
Fiduciary net position as a percentage of total pension liability		75.94%	75.36%

(Continued)

(a) Actuarial Assumptions

The total pension liability was determined by the actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.25%
Salary increases	4%
Investment rate of return	7.41%, net of pension plan investment expense, including inflation

Mortality rates were based on the sex-distinct rates set forth in the RP-2000 Mortality Table projected to 2015 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) Section 430; future generational improvements in mortality have not been reflected.

The Plan provides for an annual cost-of-living adjustment based on the CPI limited to 1% per year for employees hired after August 31, 2011, or 3% per year for employees hired before September 1, 2011.

The latest experience study was through June 30, 2011. In preparing the latest actuarial valuation the results of the experience study are reviewed against the actuarial valuation results.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of real rates of return for each major asset class included in the Plan's target asset allocation as of June 30, 2015 and 2014 are summarized in the following tables:

	2015	
Asset class	**Target allocation**	**Expected long-term real rate**
Domestic equity	7%	6.01%
Domestic large-cap equity	30	6.91
Domestic mid-cap equity	15	8.91
Domestic small-cap equity	9	5.01
International equity	9	3.31
Fixed income and cash equivalents	25	0.81
Alternative investments	5	7.51
	100%	

(Continued)

Asset class	2014 Target allocation	2014 Expected long-term real rate
Domestic equity	7%	6.01%
Domestic large-cap equity	30	6.91
Domestic mid-cap equity	15	8.91
Domestic small-cap equity	9	5.01
International equity	9	3.31
Fixed income and cash equivalents	25	0.81
Alternative investments	5	7.51
	100%	

(b) Discount Rate

A discount rate of 7.41% was applied in the measurement of the total pension liability as of June 30, 2015 and June 30, 2014. The rate reflects current economic conditions. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and the employer contributions will be made at the rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(c) Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.41%, as well as what the Plan net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.41%) or 1-percentage-point higher (8.41%) than the current rate (dollars in thousands):

	1% Decrease 6.41%	Current discount rate 7.41%	1% Increase 8.41%
Total pension liability	$ 1,474,145	1,294,907	1,148,919
Less fiduciary net position	983,385	983,385	983,385
Net pension liability	$ 490,760	311,522	165,534

(Continued)

(d) Actual Valuation Date

The total pension liability is based on July 1, 2014 actuarial valuation. An expected total pension liability is determined as of June 30, 2015 and 2014 using standard roll-forward techniques. The roll-forward calculation adds the annual normal cost (also called service cost), subtracts the actual benefit payments, and refunds for the plan year, and then applies the expected investment rate of return for the year.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
(See Accompanying Independent Auditors' Report)

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Required Supplementary Information

Schedule of Changes in Net Pension Liability

June 30, 2015

(Dollars in thousands)

(Unaudited)

	2015	2014
Total pension liability:		
Service cost	$ 22,387	23,302
Interest	91,326	170,229
Changes of benefit terms	—	—
Differences between expected and actual experiences	(33,047)	—
Changes of assumptions	—	(40,172)
Benefit payments, including refunds of member contributions	(56,253)	(53,279)
Net change in total pension liability	24,413	100,080
Total pension liability – beginning	1,270,494	1,170,414
Total pension liability – ending	1,294,907	1,270,494
Plan fiduciary net position:		
Contributions – employer	32,693	30,197
Contributions – employee	11,224	11,232
Net investment income	8,734	171,192
Other income	4	3
Benefit payments, including member refunds	(56,253)	(53,279)
Administrative expenses	(524)	(653)
Net change in plan fiduciary net position	(4,122)	158,692
Plan fiduciary net position – beginning	987,507	828,815
Plan fiduciary net position – ending	983,385	987,507
Plan net pension liability – ending	$ 311,522	282,987

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information and accompanying independent auditors' report.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Required Supplementary Information

Schedule of Net Pension Liability

June 30, 2015

(Dollars in thousands)

(Unaudited)

		2015	2014
Total pension liability	$	1,294,907	1,270,494
Plan fiduciary net position		983,385	987,507
Net pension liability	$	311,522	282,987
Plan fiduciary net position as a percentage of the total pension liability		75.94%	75.36%
Covered-employee payroll	$	93,836	91,840
Net pension liability as a percentage of covered-employee payroll		331.98%	308.13%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information and accompanying independent auditors' report.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Required Supplementary Information

Schedule of Employer Contributions

June 30, 2015

(Dollars in thousands)

(Unaudited)

		2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	$	32,693	30,197	26,525	33,748	19,568	40,422	41,213	44,434	45,229	15,687
Contributions in relation to the actuarially determined contribution		32,693	30,197	26,525	33,748	19,568	40,422	41,213	44,434	45,229	15,687
Contribution deficiency (excess)	$	—	—	—	—	—	—	—	—	—	—
Covered-employee payroll	$	93,836	91,840	88,297	73,688	83,551	78,519	82,030	84,015	77,168	73,515
Contributions as a percentage of covered-employee payroll		34.84%	32.88%	30.04%	45.80%	23.42%	51.48%	50.24%	52.89%	58.61%	21.34%

See accompanying notes to required supplementary information and accompanying independent auditors' report.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Required Supplementary Information

Schedule of Investment Returns

Year ended June 30, 2015

(Unaudited)

	2015	2014	2013	2012	2011	2010	2009
Annual money-weighted rate of return, net of net of investment expense	1.22%	21.37%	15.73%	0.99%	21.30%	12.07%	(13.15)%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information and accompanying independent auditors' report.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Notes to Required Supplementary Information

Year ended June 30, 2015

(Unaudited)

(1) Schedule of Changes in Net Pension Liability

The total pension liability contained in this schedule was provided by the Plan's actuary, Southern Actuarial Services. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the Plan.

(2) Schedule of Employer Contributions

The actuarially determined contributions and comparison to those contributions actually made are presented in the schedule.

(3) Actuarial Methods and Assumptions

Changes of assumptions: The assumed interest (or discount) rate was decreased from 7.5% per annum to 7.41% per annum.

Method and assumptions used in calculations of actuarially determined contributions: The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Valuation date	July 1, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percentage, closed
Remaining amortization period	27 years
Asset valuation method	Market value
Inflation rate	2.25%
Salary increases	4.00
Investment rate of return	7.41

The Employee Retirement System of the City of Providence

Actuarial Valuation and Review as of
July 1, 2015

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Segal Consulting
116 Huntington Ave., 8th Floor Boston, MA 02116
T 617.424.7300 www.segalco.com

September 8, 2016

Retirement Board
The Employee Retirement System of the City of Providence
City Hall
Providence, RI 02903

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of July 1, 2015. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2016 and later years and analyzes the preceding year's experience.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist in administering the Retirement System. The census information and financial information on which our calculations were based was prepared by the staff of the System. That assistance is gratefully acknowledged.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in plan provisions or applicable law.

An actuarial valuation is a measurement at a specific date – it is not a prediction of a plan's future financial condition. We have not been retained to perform an analysis of the potential range of financial measurements, except where otherwise noted.

The actuarial calculations were directed under the supervision of Kathleen A. Riley, FSA, MAAA, EA. She is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of her knowledge, the information supplied in the actuarial valuation is complete and accurate. Further, in her opinion, the assumptions as approved by the Board are reasonably related to the experience of and the expectations for the Plan.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

Segal Consulting, a Member of The Segal Group, Inc.

By: _____

Kathleen A. Riley, FSA, MAAA, EA
Senior Vice President and Actuary

_____

William J. Connolly, FCA, MAAA, EA
Consulting Actuary

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SECTION 1

VALUATION SUMMARY

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Purpose

This report has been prepared by Segal Consulting to present a valuation of The Employee Retirement System of the City of Providence as of July 1, 2015. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of The Employee Retirement System of the City of Providence, as administered by the Board;
- The characteristics of covered active participants, inactive participants, and retired participants and beneficiaries as of July 1, 2015;
- The assets of the Plan as of June 30, 2015;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

Certain disclosure information required by Governmental Accounting Standards Board Statements (GASB) Numbers 67 and 68 as of June 30, 2015 for The Employee Retirement System of the City of Providence is provided in a separate report.

Significant Issues in Valuation Year

The following key findings were the result of this actuarial valuation:

1. The actuarial valuation report as of July 1, 2015 is based on financial information as of that date. Changes in the value of assets subsequent to that date are not reflected.
2. During the year ended June 30, 2015, the market value rate of return was 3.59%, compared to the assumed rate of return of 8.25%. Because the actuarial value of assets gradually recognizes market value fluctuations at 20% per year over a five-year period, the actuarial rate of return for the year ended June 30, 2015 was 10.47%. The actuarial value of assets as of June 30, 2015 was $353.5 million, or 100.7% of the market value of assets of $351.1 million. As of June 30, 2014, the actuarial value of assets was 94.6% of the market value.
3. The total unrecognized investment loss as of July 1, 2015 is $2,452,549. This investment loss will be recognized in the determination of the actuarial value of assets in the next few years, to the extent it is not offset by recognition of investment gains derived from future experience. This implies that earning the assumed rate of investment return (net of investment expenses) on a market value basis will result in investment losses on the actuarial value of assets in the next few years. The funding schedule shown in Section 2, Chart 16 reflects the deferred investment losses.

4. The following actuarial assumptions were changed with this valuation:
   - The investment return assumption was lowered from 8.25% to 8.00%.
   - The mortality assumption for Class A non-disabled participants was changed from the RP-2000 Combined Healthy Mortality Table projected 21 years with Scale AA to the RP-2014 Employee and Healthy Annuitant Mortality Tables with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB2D, set forward 1 year post-retirement.
   - The mortality assumption for Class B non-disabled participants was changed from the RP-2000 Combined Healthy Blue Collar Mortality Table projected 21 years with Scale AA to the RP-2014 Blue Collar Employee and Healthy Annuitant Mortality Tables with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB2D, set forward 1 year post-retirement.
   - The mortality assumption for disabled participants was changed from the RP-2000 Healthy Annuitant Mortality Table set forward three years to the RP 2014 Blue Collar Healthy Annuitant Mortality Table with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB2D, set forward three years.

   The change in assumptions increased the unfunded liability by $57.3 million.
5. The unfunded liability has increased by $57.5 million from $894.3 million as of July 1, 2014 to $951.8 million as of July 1, 2015. The unfunded liability was expected to increase to $908.4 million. The difference between the expected unfunded liability of $908.4 million and the actual unfunded liability of $951.8 million is attributable to the $57.3 million increase in liabilities due to the change in assumptions changes, offset by an investment gain on an actuarial basis of $7.3 million and an experience gain of $6.6 million.
6. Because the fiscal 2016 appropriation has already been budgeted at $70,858,867 and the fiscal 2017 appropriation has already been budgeted at $73,217,543, the results of this valuation will be phased-in over two years beginning in fiscal 2018 with an appropriation of $78,123,118. The funding schedule in Chart 16 fully funds the System by June 30, 2040. The unfunded liability, less the liability associated with the 1995 Deferral, is amortized through June 30, 2040. As of July 1, 2016, there are 24 years remaining on this schedule. The amortization payments are initially calculated to increase 3.5% per year. The 1995 deferral liability is amortized through June 30, 2031 in level payments. Recommended contributions are assumed to be paid on June 30. If the contribution is made before or after June 30, Segal will calculate the change in interest charge based on the actual date of payment.

   Chart 16 in Section 2 shows the detail of the funding schedule.

7. On a market value basis, the funded ratio has decreased from 29.0% as of July 1, 2014 to 26.9% as of July 1, 2015. On an actuarial basis, the funded ratio has decreased from 27.4% as of July 1, 2014 to 27.1% as of July 1, 2015. The decrease is due to the change in investment return and mortality assumptions.

Summary of Key Valuation Results

	2015	2014
Contributions for plan year beginning July 1:		
Recommended for fiscal 2016 and 2015	$70,858,867	$66,543,967
Recommended for fiscal 2017 and 2016	73,217,543	70,858,867
Actual contribution for fiscal 2015	- -	66,876,000
Funding elements for plan year beginning July 1:		
Total normal cost, without interest	$19,533,554	$17,782,678
Market value of assets	351,068,000	357,712,000
Actuarial value of assets	353,520,549	338,253,329
Actuarial accrued liability	1,305,338,091	1,232,590,168
Unfunded actuarial accrued liability	951,817,542	894,336,839
Funded ratio based on market value of assets	26.9%	29.0%
Funded ratio based on actuarial value of assets	27.1%	27.4%
Demographic data for plan year ending June 30:		
Number of retired participants and beneficiaries	3,094	3,108
Number of inactive participants entitled to a return of employee contributions	390	393
Number of inactive participants with a vested right to a deferred or immediate benefit	42	35
Number of active participants	3,012	2,986
Total compensation	$140,908,879	$137,504,822
Average compensation	46,782	46,050

Note: Recommended contributions are assumed to be paid on June 30. If the contribution is made before or after June 30, Segal will calculate the change in interest charge based on the date of payment.

Important Information About Actuarial Valuations

An actuarial valuation is a budgeting tool with respect to the financing of future projected obligations of a pension plan. It is an estimated forecast – the actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

In order to prepare a valuation, Segal Consulting ("Segal") relies on a number of input items. These include:

- **Plan of benefits** Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report to confirm that Segal has correctly interpreted the plan of benefits.
- **Participant data** An actuarial valuation for a plan is based on data provided to the actuary by the System. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
- **Assets** The valuation is based on the market value of assets as of the valuation date, as provided by the System. The System uses an "actuarial value of assets" that differs from market value to gradually reflect year-to-year changes in the market value of assets in determining the contribution requirements.
- **Actuarial assumptions** In preparing an actuarial valuation, Segal projects the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This projection requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year. In addition, the benefits projected to be paid for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments. The projected benefits are then discounted to a present value, based on the assumed rate of return that is expected to be achieved on the plan's assets. There is a reasonable range for each assumption used in the projection and the results may vary materially based on which assumptions are selected. It is important for any user of an actuarial valuation to understand this concept. Actuarial assumptions are periodically reviewed to ensure that future valuations reflect emerging plan experience. While future changes in actuarial assumptions may have a significant impact on the reported results, that does not mean that the previous assumptions were unreasonable.

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The actuarial valuation is prepared at the request of the System. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement of the plan's assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.
- If the System is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. The System should look to their other advisors for expertise in these areas.

As Segal Consulting has no discretionary authority with respect to the management or assets of the Plan, it is not a fiduciary in its capacity as actuaries and consultants with respect to the Plan.

A. PARTICIPANT DATA

The Actuarial Valuation and Review considers the number and demographic characteristics of covered participants, including active participants, inactive participants, retired participants and beneficiaries.

This section presents a summary of significant statistical data on these participant groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, through H.

A historical perspective of how the participant population has changed over the past eight valuations can be seen in this chart.

CHART 1

Participant Population: 2007 – 2015

Year Ended June 30	Active Participants	Inactive Participants	Retired Participants and Beneficiaries	Ratio of Non-Actives to Actives
2007	3,083	179	2,821	0.97
2008	3,008	237	2,875	1.03
2009	2,955	455	2,883	1.13
2010	2,998	432	2,929	1.12
2011	2,987	435	2,999	1.15
2013	2,998	407	3,094	1.17
2014	2,986	428	3,108	1.18
2015	3,012	432	3,094	1.17

Note: Participants who retired on June 30, but were not in pay status, were included as active participants.

Active Participants
Plan costs are affected by the age, years of service and compensation of active participants. In this year's valuation, there were 3,012 active participants with an average age of 46.8, average years of service of 12.8 years and average compensation of $46,782. The 2,986 active participants in the prior valuation had an average age of 46.8, average service of 12.9 years and average compensation of $46,050.

Among the active participants, there were none with unknown age and/or service information.

Inactive Participants
In this year's valuation, there were 42 participants with a vested right to a deferred or immediate vested benefit and 390 participants entitled to a return of their employee contributions.

These graphs show a distribution of active participants by age and by years of service.

CHART 2

Distribution of Active Participants by Age as of June 30, 2015

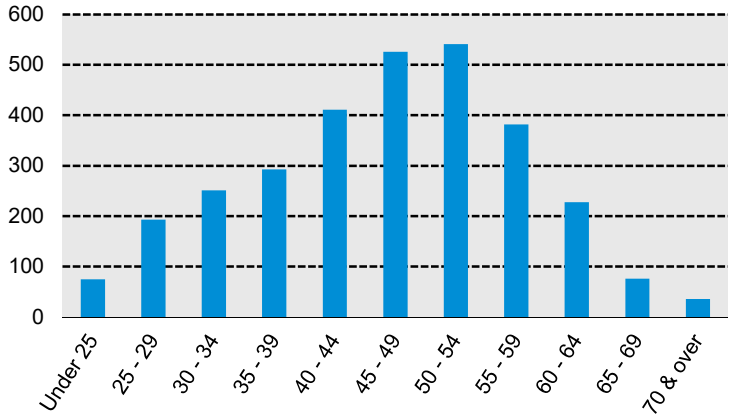
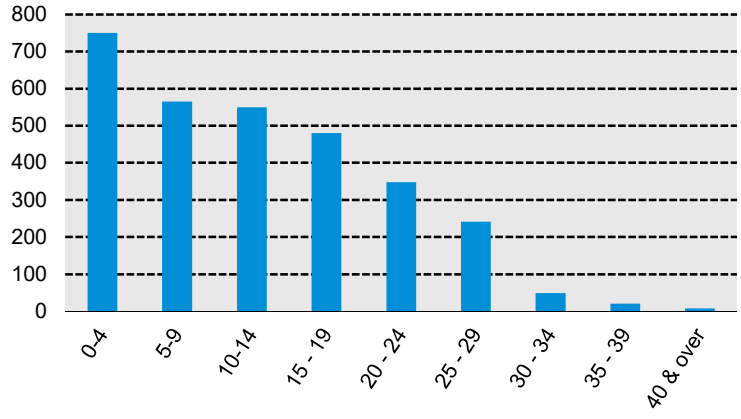


CHART 3

Distribution of Active Participants by Years of Service as of June 30, 2015



Retired Participants and Beneficiaries

As of June 30, 2015, 2,563 retired participants and 531 beneficiaries were receiving total monthly benefits of $7,530,395. For comparison, in the previous valuation, there were 2,562 retired participants and 546 beneficiaries receiving monthly benefits of $7,490,244. There were three retired participants in suspended status this year and one retired participants in the prior valuation.

These graphs show a distribution of the current retired participants based on their monthly amount and age, by type of pension.

CHART 4

Distribution of Retired Participants by Type and by Monthly Amount as of June 30, 2015

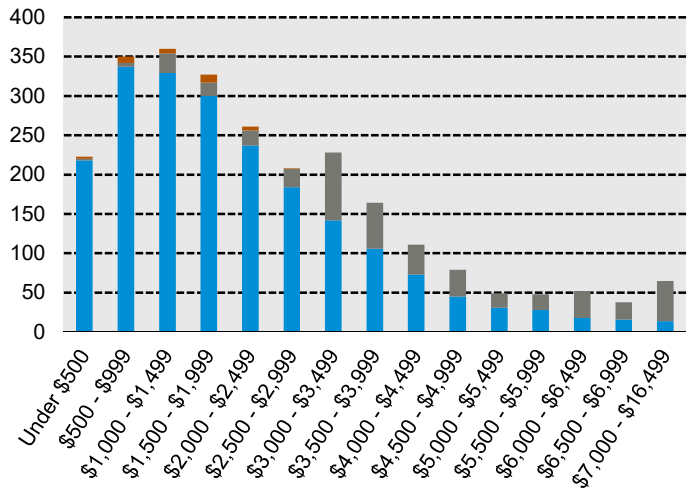
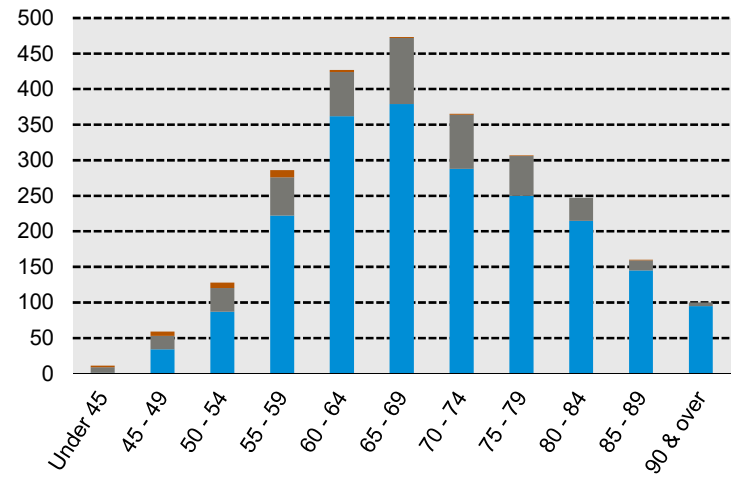


CHART 5

Distribution of Retired Participants by Type and by Age as of June 30, 2015



B. FINANCIAL INFORMATION

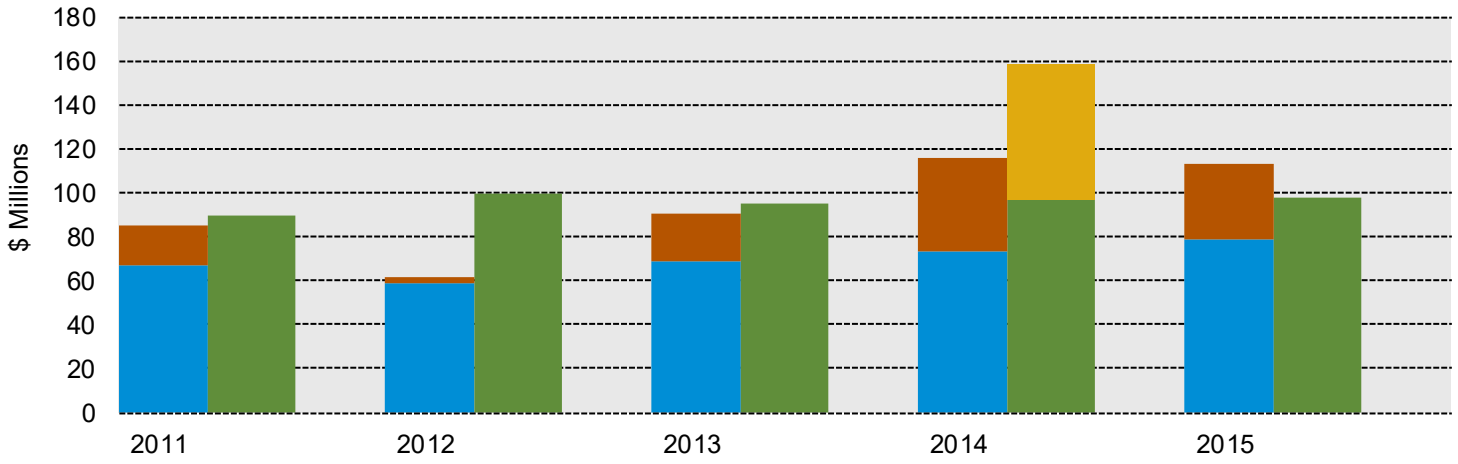
Retirement plan funding anticipates that, over the long term, both contributions and net investment earnings (less investment fees and administrative expenses) will be needed to cover benefit payments.

Retirement plan assets change as a result of the net impact of these income and expense components. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits I and J.

The chart depicts the components of changes in the actuarial value of assets over the last five years. Assets as of July 1, 2014 no longer include the discounted contribution expected to be paid by the City for the fiscal year following the valuation date. Note: The first bar represents increases in assets during each year while the second bar details the decreases.

CHART 6

Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 2011 – 2015



It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

The chart shows the determination of the actuarial value of assets as of the valuation date.

CHART 7

Determination of Actuarial Value of Assets for Year Ended June 30, 2015

1. Market value of assets, June 30, 2015			$351,068,000
	Original	Unrecognized	
2. Calculation of unrecognized return*	Amount	Return	
(a) Year ended June 30, 2015	-$16,214,261	-$12,971,409	
(b) Year ended June 30, 2014	18,753,464	11,252,078	
(c) Year ended June 30, 2013	9,709,109	3,883,644	
(d) Year ended June 30, 2012	-23,084,313	-4,616,862	
(e) Year ended June 30, 2011	39,320,798	0	
(f) Total unrecognized return			-2,452,549
3. Preliminary actuarial value: (1) - (2f)			353,520,549
4. Adjustment to be within 20% corridor			0
5. Final actuarial value of assets as of June 30, 2015: (3) + (4)			$353,520,549
6. Actuarial value as a percentage of market value: (5) ÷ (1)			100.7%

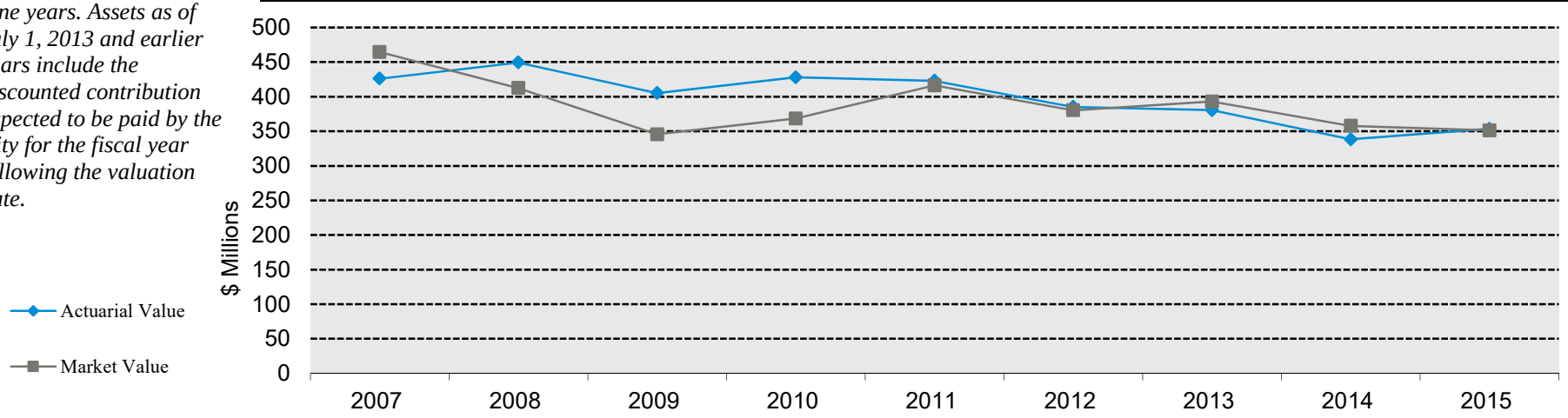
* *Unrecognized return is the difference between the total return and the expected return on a market value basis and is recognized at 20% per year over a five-year period.*

Both the actuarial value and market value of assets are representations of the System's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The actuarial asset value is significant because the System's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

This chart shows the change in the actuarial value of assets versus the market value over the past nine years. Assets as of July 1, 2013 and earlier years include the discounted contribution expected to be paid by the City for the fiscal year following the valuation date.

CHART 8

Actuarial Value of Assets vs. Market Value of Assets as of June 30, 2007 – 2015



C. ACTUARIAL EXPERIENCE

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The net experience gain is $13,966,093. A discussion of the major components of the actuarial experience is on the following pages.

This chart provides a summary of the actuarial experience during the past year.

CHART 9
Actuarial Experience for Year Ended June 30, 2015

1.	Net gain from investments*	$7,302,299
2.	Net gain from other experience**	6,663,794
3.	Net experience gain: (1) + (2)	$13,966,093

* *Details in Chart 10*

** *Details in Chart 13*

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the System's investment policy. For valuation purposes, the assumed rate of return on the actuarial value of assets for the year ended June 30, 2015 is 8.25%. The actual rate of return on an actuarial basis for the 2015 plan year was 10.47%.

Since the actual return for the year was greater than the assumed return, the System experienced an actuarial gain of $7,302,299 during the year ended June 30, 2015 with regard to its investments.

This chart shows the gain/(loss) due to investment experience.

CHART 10

Actuarial Value Investment Experience for Year Ended June 30, 2015

1.	Actual return	$34,418,220
2.	Average value of assets	328,677,829
3.	Actual rate of return: (1) ÷ (2)	10.47%
4.	Assumed rate of return	8.25%
5.	Expected return: (2) x (4)	$27,115,921
6.	Actuarial gain: (1) – (5)	$7,302,299

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial basis compared to the market value investment return for the last five years, including the five-year averages.

Based upon this experience and future expectations, we have changed the assumed rate of return to 8.00%. We will continue to monitor the System's assumed investment return.

CHART 11

Investment Return – Actuarial Value vs. Market Value: 2011 - 2015

Year Ended June 30	Change in Asset Method		Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent
2011	- -	- -	N/A	3.42%	N/A	21.33%
2012	- -	- -	$3,391,254	0.97	$5,100,797	1.49
2013	- -	- -	18,132,553	5.70	35,563,000	11.35
2014	-$61,472,487	-19.74%	38,601,141	12.39	45,484,000	14.04
2015	- -	- -	34,418,220	10.47	12,507,000	3.59
Total	-$61,472,487		$94,543,168		$98,654,797	
			Five-year average return	6.39%		10.12%

Note: Each year's yield is weighted by the average asset value in that year.

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

This chart illustrates how this leveling effect has actually worked over the years 2007 - 2015. Note: investment returns are net of investment expenses.

CHART 12

Market and Actuarial Rates of Return for Years Ended June 30, 2007 - 2015

Other Experience
There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

The net gain from this other experience for the year ended June 30, 2015 amounted to $6,663,794, which is 0.5% of the actuarial accrued liability.

A brief summary of the demographic gain/(loss) experience of the System for the year ended June 30, 2015 is shown in the chart below.

This valuation reflects the following changes in actuarial assumptions and methods:

- The investment return assumption was lowered from 8.25% to 8.00%.
- The mortality assumption for Class A non-disabled participants was changed from the RP-2000 Combined Healthy Mortality Table projected 21 years with Scale AA to the RP-2014 Employee and Healthy Annuitant Mortality Tables with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB2D, set forward 1 year post-retirement.
- The mortality assumption for Class B non-disabled participants was changed from the RP-2000 Combined Healthy Blue Collar Mortality Table projected 21 years with Scale AA to the RP-2014 Blue Collar Employee and Healthy Annuitant Mortality Tables with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB2D, set forward 1 year post-retirement.

The chart shows elements of the experience gain/(loss) for the most recent year.

CHART 13
Experience Due to Changes in Demographics for Year Ended June 30, 2015

1.	Gain due to Fewer retirements than expected amongst active members	$7,593,669
2.	Gain due to more deaths than expected amongst retired members and beneficiaries	6,684,570
3.	Loss due to turnover experience	-346,340
4.	Loss due to fewer disabled retirements than expected	-476,340
5.	Salary experience near expectations	-7,147
6.	Miscellaneous loss including previously unreported participants and other changes	-6,784,618
7.	Net experience gain	$6,663,794

- The mortality assumption for disabled participants was changed from the RP-2000 Healthy Annuitant Mortality Table set forward three years to the RP 2014 Blue Collar Healthy Annuitant Mortality Table with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB2D, set forward three years.

The change in assumptions increased the unfunded liability by $57.3 million.

The unfunded liability has increased by $57.5 million from $894.3 million as of July 1, 2014 to $951.8 million as of July 1, 2015. The unfunded liability was expected to increase to $908.4 million. The difference between the expected unfunded liability of $908.4 million and the actual unfunded liability of $951.8 million is attributable to $57.3 million increase in liabilities due to assumption changes, offset by an investment gain on an actuarial basis of $7.3 million and an experience gain of $6.6 million.

CHART 14

Development of Unfunded Actuarial Accrued Liability and (Gain)/Loss for Year Ended June 30, 2015

1.	Unfunded actuarial accrued liability at beginning of year		$894,336,839
2.	Normal cost at beginning of year		17,782,678
3.	Employer contributions		-66,876,000
4.	Employee contributions		-11,624,000
5.	Interest		
	(a) For whole year on (1) + (2)	$75,249,860	
	(b) For half year on (4)	-433,242	
	(c) Total interest		74,816,618
6.	Expected unfunded actuarial accrued liability		$908,436,135
7.	Changes due to:		
	(a) Investment gain	-$7,302,299	
	(b) Other experience gain	-6,663,794	
	(c) Assumptions	57,347,500	
	(d) Total changes		43,381,407
8.	Unfunded actuarial accrued liability at end of year		$951,817,542

D. CONTRIBUTION FOR FISCAL YEAR BEGINNING JULY 1, 2016

The annual contribution required to fund the System is comprised of an employer normal cost payment and a payment on the unfunded actuarial accrued liability.

The contribution requirements as of July 1, 2016 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Because the fiscal 2016 appropriation has already been budgeted at $70,858,867 and the fiscal 2017 appropriation has already been budgeted at $73,217,543, the results of this valuation will be phased-in over two years beginning in fiscal 2018.

To determine the unfunded liability as of July 1, 2016, the liabilities are rolled forward using standard actuarial techniques and the actuarial value of assets are projected based on an anticipated employer contribution of

The chart compares this valuation's recommended contribution with the prior valuation.

CHART 15
Recommended Contribution

	Year Beginning July 1			
	2015		2014	
	Amount	% of Pay	Amount	% of Pay
1. Total normal cost	$19,533,554	13.39%	$17,782,678	12.48%
2. Expected employee contributions	-11,501,902	-7.88%	-11,200,356	-7.86%
3. Employer normal cost: (1) + (2)	$8,031,652	5.51%	$6,582,322	4.62%
4. Actuarial accrued liability	1,305,338,091		1,232,590,168	
5. Actuarial value of assets	353,520,549		338,253,329	
6. Unfunded actuarial accrued liability (UAAL): (4) - (5)	$951,817,542		$894,336,839	
The actuarial factors projected to the following fiscal year are:				
7. Employer normal cost as of July 1, 2016 and July 1, 2015, adjusted for timing	9,010,533	5.97%	7,374,752	5.00%
8. Unfunded actuarial accrued liability as of July 1, 2016 and July 1, 2015	968,610,593		898,627,043	
9. Amortization of 1995 Deferral, adjusted for timing	464,222	0.31%	471,667	0.32%
10. Payment on remaining unfunded actuarial accrued liability as of July 1, 2016 and July 1, 2015, adjusted for timing	63,742,788	42.22%	63,012,448	42.72%
11. Total fiscal 2017 and 2016 contribution: (7) + (9) + (10)	$73,217,543	48.49%	$70,858,867	48.04%
12. Projected compensation as of July 1, 2016 and July 1, 2015	$150,980,061		$147,491,458	

Notes: Recommended contributions are assumed to be paid on June 30. If the contribution is made before or after June 30, Segal will calculate the change in interest charge based on the date of payment.

$70,858,867 for fiscal 2016 and assuming that the market value of assets return 8.00% net of investment expenses.

The unfunded liability, less the liability associated with the 1995 Deferral, is amortized through June 30, 2040. As of July 1, 2016, there are 24 years remaining on this schedule. The amortization payments are initially calculated to increase 3.5% per year. The 1995 Deferral liability is amortized through June 30, 2031 in level payments.

Chart 16 shows the appropriation through June 30, 2041.

Chart 16

Funding Schedule

(1) Fiscal Year Ended June 30:	(2) Employer Normal Cost	(3) Amortization of Deferral Liability	(4) Amortization of Remaining Unfunded Liability	(5) Total Plan Cost (2)+(3)+(4)	(6) Increase	(7) Payroll	(8) Contributions as a % of Payroll	(9) Actuarial Accrued Liability	(10) Actuarial Value of Assets	(11) Total Unfunded Actuarial Accrued Liability	(12) Funded Ratio
2016	$8,674,184	$464,222	$61,720,461	$70,858,867	- -	$145,874,455	48.58%	$1,305,338,091	$353,520,549	$951,817,542	27.08%
2017	9,010,533	464,222	63,742,788	73,217,543	3.33%	150,980,061	48.49%	1,325,731,690	357,121,097	968,610,593	26.94%
2018	9,359,850	464,222	68,299,046	78,123,118	6.70%	156,264,363	49.99%	1,353,222,135	373,271,201	979,950,934	27.58%
2019	9,722,635	464,222	73,170,510	83,357,367	6.70%	161,733,616	51.54%	1,381,946,768	392,149,741	989,797,027	28.38%
2020	10,099,404	464,222	75,842,782	86,406,408	3.66%	167,394,292	51.62%	1,412,300,495	412,932,251	999,368,244	29.24%
2021	10,490,692	464,222	78,497,280	89,452,194	3.52%	173,253,093	51.63%	1,443,800,316	440,789,616	1,003,010,700	30.53%
2022	10,897,059	464,222	81,244,685	92,605,965	3.53%	179,316,951	51.64%	1,477,067,398	472,777,344	1,004,290,054	32.01%
2023	11,319,079	464,222	84,088,249	95,871,550	3.53%	185,593,044	51.66%	1,512,396,178	509,471,825	1,002,924,353	33.69%
2024	11,757,356	464,222	87,031,337	99,252,915	3.53%	192,088,801	51.67%	1,549,092,807	550,486,975	998,605,832	35.54%
2025	12,212,511	464,222	90,077,434	102,754,167	3.53%	198,811,909	51.68%	1,586,399,315	595,400,575	990,998,740	37.53%
2026	12,685,193	464,222	93,230,144	106,379,559	3.53%	205,770,325	51.70%	1,624,614,269	644,877,286	979,736,983	39.69%
2027	13,176,072	464,222	96,493,199	110,133,493	3.53%	212,972,287	51.71%	1,663,902,246	699,480,670	964,421,576	42.04%
2028	13,685,847	464,222	99,870,461	114,020,531	3.53%	220,426,317	51.73%	1,704,582,781	759,964,899	944,617,882	44.58%
2029	14,215,240	464,222	103,365,927	118,045,389	3.53%	228,141,238	51.74%	1,746,762,027	826,909,398	919,852,629	47.34%
2030	14,765,004	464,222	106,983,735	122,212,961	3.53%	236,126,181	51.76%	1,790,870,769	901,260,079	889,610,690	50.33%
2031	15,335,919	464,222	110,728,166	126,528,306	3.53%	244,390,598	51.77%	1,837,014,721	983,683,132	853,331,589	53.55%
2032	15,928,795	- -	114,603,651	130,532,446	3.16%	252,944,269	51.61%	1,885,668,358	1,075,262,629	810,405,729	57.02%
2033	16,544,472	- -	118,614,779	135,159,252	3.54%	261,797,318	51.63%	1,937,536,701	1,176,902,165	760,634,536	60.74%
2034	17,183,825	- -	122,766,296	139,950,121	3.54%	270,960,224	51.65%	1,993,095,934	1,290,225,414	702,870,520	64.73%
2035	17,847,758	- -	127,063,117	144,910,875	3.54%	280,443,832	51.67%	2,053,143,073	1,416,809,208	636,333,865	69.01%
2036	18,537,215	- -	131,510,326	150,047,541	3.54%	290,259,366	51.69%	2,118,224,249	1,558,046,792	560,177,457	73.55%
2037	19,253,170	- -	136,113,187	155,366,357	3.54%	300,418,444	51.72%	2,189,092,903	1,715,611,575	473,481,328	78.37%
2038	19,996,637	- -	140,877,149	160,873,786	3.54%	310,933,089	51.74%	2,266,302,855	1,891,056,208	375,246,647	83.44%
2039	20,768,671	- -	145,807,849	166,576,520	3.54%	321,815,747	51.76%	2,350,894,725	2,086,505,495	264,389,230	88.75%
2040	21,570,364	- -	150,911,124	172,481,487	3.54%	333,079,299	51.78%	2,443,309,816	2,303,577,297	139,732,519	94.28%
2041	22,402,849	- -	- -	22,402,849	--87.01%	344,737,074	6.50%	2,544,408,839	2,544,408,839	- -	100.00%

Notes: Recommended contributions are assumed to paid on June 30. If the contribution is made after June 30, Segal will calculate the additional interest charge based on the date of payment.
Normal cost and amortization payments of remaining unfunded liability increase at 3.5% per year beginning with fiscal year 2019.
Assumes contribution of budgeted amount for fiscal year 2016 and fiscal year 2017.
Schedule reflects deferred investment gains or losses.
Normal cost is projected based on plan of benefits of current employees and does not reflect different benefits for new hires, if applicable.

Chart 17 shows the contribution for the fiscal year beginning July 1, 2016 for Class A and Class B.

CHART 17

Contribution by Class and Department

	Class A		Class B – Police		Class B – Fire		Class B – Total	
	Amount	% of Pay	Amount	% of Pay	Amount	% of Pay	Amount	% of Pay
1. Total normal cost	$8,929,451	10.08%	$5,512,678	18.84%	$5,091,425	18.16%	$10,604,103	18.51%
2. Expected employee contributions	-7,065,032	-7.98%	-2,258,094	-7.72%	-2,178,776	-7.77%	-4,436,870	-7.74%
3. Employer normal cost: (1) + (2)	$1,864,419	2.10%	$3,254,584	11.12%	$2,912,649	10.39%	$6,167,233	10.76%
4. Actuarial accrued liability	457,789,489		399,349,745		448,198,857		847,548,602	
5. Actuarial value of assets	123,981,666		108,154,617		121,384,266		229,538,883	
6. Unfunded actuarial accrued liability (UAAL): (4) - (5)	$333,807,823		$291,195,128		$326,814,591		$618,009,719	
The actuarial factors projected to the following fiscal year are:								
7. Employer normal cost as of July 1, 2016, adjusted for timing	2,099,020	2.29%	3,647,217	12.04%	3,264,296	11.25%	6,911,513	11.65%
8. Unfunded actuarial accrued liability as of July 1, 2016	339,697,241		296,332,725		332,580,627		628,913,352	
9. Amortization of 1995 Deferral, adjusted for timing	143,532	0.16%	150,029	0.50%	170,661	0.59%	320,690	0.54%
10. Payment on remaining unfunded actuarial accrued liability as of July 1, 2016, adjusted for timing	22,354,958	24.38%	19,501,205	64.38%	21,886,625	75.44%	41,387,830	69.79%
11. Total fiscal 2017 contribution: (7) + (9) + (10)	$24,597,510	26.83%	$23,298,451	76.92%	$25,321,582	87.28%	$48,620,033	81.99%
12. Projected compensation as of July 1, 2016	$91,677,575		$30,290,920		$29,011,566		59,302,486	

Notes: Recommended contributions are assumed to be paid on June 30. If the contribution is made before or after June 30, Segal will calculate the change in interest charge based on the date of payment.
July 1, 2015 actuarial value of assets allocated in proportion to July 1, 2015 actuarial accrued liability.
July 1, 2016 unfunded actuarial accrued liability allocated in proportion to July 1, 2015 unfunded actuarial accrued liability.
Class A includes Elected Officials.

Chart 18 shows the contribution for the fiscal year beginning July 1, 2016 for the departments of Class A.

CHART 18
Class A Contribution by Department

	Total Contribution	Projected Compensation
General	$9,614,351	$35,833,724
School	9,250,901	34,479,105
School Crossing Guards	252,505	941,114
Water	3,636,754	13,554,575
Workforce Development (JTPA)	289,749	1,079,925
Fire Civilians	393,251	1,465,691
Police Civilians	1,159,999	4,323,441
Total	$24,597,510	$91,677,575

Note: Contribution is allocated in proportion to projected compensation.

EXHIBIT A

Table of Plan Coverage – Class A

Category	Year Ended June 30 2015	2014	Change From Prior Year
Active participants in valuation:			
Number	2,158	2,123	1.6%
Average age	48.3	48.1	N/A
Average years of service	11.7	11.7	N/A
Total compensation	$85,583,048	$83,059,219	3.0%
Average compensation	39,659	39.125	1.4%
Participant contributions	92,506,889	90,412,996	2.3%
Inactive participants entitled to a refund of employee contributions	364	368	-1.1%
Inactive participants with a vested right to a deferred or immediate benefit	40	35	14.3%
Retired participants:			
Number in pay status	1,461	1,472	-0.7%
Average age	72.2	72.1	N/A
Average monthly benefit	$1,540	$1,513	1.8%
Number in suspended status	3	1	200.0%
Disabled participants:			
Number in pay status	86	89	-3.4%
Average age	68.0	67.1	N/A
Average monthly benefit	$1,619	$1,591	1.8%
Beneficiaries in pay status:			
Number in pay status	195	207	-5.8%
Average age	78.8	78	N/A
Average monthly benefit	$1,182	$1,124	5.2%

Note: Includes elected officials.

EXHIBIT B

Table of Plan Coverage – Class B

Category	Year Ended June 30 2015	2014	Change From Prior Year
Active participants in valuation:			
Number	854	863	-1.0%
Average age	43.0	43.5	N/A
Average years of service	15.5	16.0	N/A
Total compensation	$55,325,831	$54,445,603	1.6%
Average compensation	64,784	63,089	2.7%
Participant contributions	88,296,591	90,983,797	-3.0%
Inactive participants entitled to a refund of employee contributions	26	25	4.0%
Inactive participants with a vested right to a deferred or immediate benefit	2	0	N/A
Retired participants:			
Number in pay status	617	591	4.4%
Average age	65.3	65.6	N/A
Average monthly benefit	$3,373	$3,378	-0.1%
Disabled participants:			
Number in pay status	399	410	-2.7%
Average age	65.5	65.2	N/A
Average monthly benefit	$4,834	$4,883	-1.0%
Beneficiaries in pay status:			
Number in pay status	336	339	-0.9%
Average age	74.7	74	N/A
Average monthly benefit	$2,679	$2,627	2.0%

EXHIBIT C

Participants in Active Service as of June 30, 2015 – Class A
By Age, Years of Service, and Average Compensation

	Years of Service									
Age	**Total**	**0-4**	**5-9**	**10-14**	**15 - 19**	**20 - 24**	**25 - 29**	**30 - 34**	**35 - 39**	**40 & over**
Under 25	39	37	2	- -	- -	- -	- -	- -	- -	- -
	$29,872	$30,751	$13,601	- -	- -	- -	- -	- -	- -	- -
25 - 29	115	94	21	- -	- -	- -	- -	- -	- -	- -
	$33,976	$34,749	$30,518	- -	- -	- -	- -	- -	- -	- -
30 - 34	151	78	56	17	- -	- -	- -	- -	- -	- -
	$36,020	$34,775	$36,791	$39,193	- -	- -	- -	- -	- -	- -
35 - 39	195	63	58	41	33	- -	- -	- -	- -	- -
	$39,620	$41,749	$35,459	$42,396	$39,418	- -	- -	- -	- -	- -
40 - 44	290	74	58	62	70	22	4	- -	- -	- -
	$39,322	$39,155	$34,358	$39,274	$41,757	$44,719	$42,856	- -	- -	- -
45 - 49	349	86	60	64	70	49	20	- -	- -	- -
	$41,655	$33,226	$32,364	$42,108	$44,977	$56,785	$55,622	- -	- -	- -
50 - 54	379	73	68	75	83	48	28	3	1	- -
	$40,871	$33,749	$36,570	$35,907	$41,132	$53,133	$57,939	$66,533	$60,563	- -
55 - 59	311	51	54	55	73	43	25	7	3	- -
	$40,255	$33,174	$32,902	$37,117	$38,090	$49,912	$56,015	$69,482	$65,286	- -
60 - 64	217	30	40	35	50	33	18	3	6	2
	$41,297	$41,200	$32,616	$44,574	$38,980	$39,952	$49,677	$39,825	$73,207	$70,208
65 - 69	76	10	16	15	9	4	13	- -	3	6
	$41,976	$37,110	$38,766	$39,628	$48,587	$68,208	$37,914	- -	$37,965	$47,917
70 & over	36	2	6	12	9	4	2	1	- -	- -
	$34,548	$18,468	$29,648	$37,467	$34,433	$34,537	$39,374	$52,499	- -	- -
Total	2,158	598	439	376	397	203	110	14	13	8
	$39,659	$35,621	$34,364	$39,556	$40,965	$50,208	$52,476	$61,282	$62,274	$53,490

EXHIBIT D

Participants in Active Service as of June 30, 2015 – Class B
By Age, Years of Service, and Average Compensation

	Years of Service								
Age	Total	0-4	5-9	10-14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39
Under 25	36	36	- -	- -	- -	- -	- -	- -	- -
	$47,474	$47,474	- -	- -	- -	- -	- -	- -	- -
25 - 29	78	62	16	- -	- -	- -	- -	- -	- -
	$51,065	$48,785	$59,901	- -	- -	- -	- -	- -	- -
30 - 34	100	34	53	13	- -	- -	- -	- -	- -
	$59,924	$52,278	$63,354	$65,934	- -	- -	- -	- -	- -
35 - 39	98	13	31	53	1	- -	- -	- -	- -
	$61,997	$49,330	$61,447	$65,317	$67,731	- -	- -	- -	- -
40 - 44	121	6	17	56	27	15	- -	- -	- -
	$65,334	$49,748	$63,913	$64,490	$69,264	$69,254	- -	- -	- -
45 - 49	177	1	8	34	36	69	29	- -	- -
	$68,530	$61,909	$63,898	$64,812	$68,158	$70,107	$71,105	- -	- -
50 - 54	162	- -	1	14	12	52	70	12	1
	$70,644	- -	$62,714	$65,300	$69,817	$67,464	$71,192	$88,280	$78,595
55 - 59	71	- -	- -	4	5	8	30	19	5
	$73,341	- -	- -	$63,183	$60,296	$65,674	$69,881	$84,219	$86,201
60 - 64	11	- -	- -	- -	2	1	2	4	2
	$79,913	- -	- -	- -	$71,144	$65,746	$71,033	$92,311	$79,850
Total	854	152	126	174	83	145	131	35	8
	$64,784	$49,427	$62,551	$64,948	$68,351	$68,796	$70,870	$86,536	$83,662

EXHIBIT E

Service Retirees as of June 30, 2015

	Class A		Class B		Total	
Age	Number	Amount	Number	Amount	Number	Amount
40-44	0	$0	1	$25,248	1	$25,248
45-49	2	58,140	32	978,312	34	1,036,452
50-54	16	468,900	71	2,313,396	87	2,782,296
55-59	117	2,908,044	105	4,018,308	222	6,926,352
60-64	247	5,511,900	115	4,797,888	362	10,309,788
65-69	266	5,155,896	113	5,114,736	379	10,270,632
70-74	233	3,924,228	55	2,607,540	288	6,531,768
75-79	206	2,822,928	44	1,844,964	250	4,667,892
80-84	176	2,824,200	39	1,732,152	215	4,556,352
85-89	119	2,132,424	26	1,024,320	145	3,156,744
90-94	59	888,360	14	482,316	73	1,370,676
95-99	18	272,904	2	38,208	20	311,112
100 & over	2	34,368	0	0	2	34,368
Total	1,461	$27,002,292	617	$24,977,388	2,078	$51,979,680

EXHIBIT F

Class A Disabled Retirees as of June 30, 2015

	Ordinary		Accidental		Total	
Age	Number	Amount	Number	Amount	Number	Amount
40-44	0	$0	1	$33,660	1	$33,660
45-49	2	40,908	1	23,172	3	64,080
50-54	4	44,388	3	90,804	7	135,192
55-59	6	69,540	2	44,832	8	114,372
60-64	2	21,192	11	270,000	13	291,192
65-69	1	4,092	12	276,480	13	280,572
70-74	1	21,348	13	230,100	14	251,448
75-79	1	10,716	15	262,668	16	273,384
80-84	0	0	6	129,240	6	129,240
85-89	0	0	4	74,808	4	74,808
90-94	0	0	1	23,232	1	23,232
Total	17	$212,184	69	$1,458,996	86	$1,671,180

EXHIBIT G

Class B Disabled Retirees as of June 30, 2015

	Ordinary		Accidental		Total	
Age	Number	Amount	Number	Amount	Number	Amount
25-29	0	$0	1	$36,024	1	$36,024
30-34	0	0	0	0	0	0
35-39	0	0	0	0	0	0
40-44	2	35,232	6	235,788	8	271,020
45-49	4	84,948	18	741,480	22	826,428
50-54	4	87,432	30	1,217,616	34	1,305,048
55-59	4	94,620	52	2,533,980	56	2,628,600
60-64	1	10,044	51	2,733,048	52	2,743,092
65-69	0	0	81	4,913,616	81	4,913,616
70-74	0	0	63	4,197,036	63	4,197,036
75-79	0	0	41	3,206,844	41	3,206,844
80-84	0	0	26	2,017,560	26	2,017,560
85-89	1	19,104	10	756,084	11	775,188
90-94	0	0	3	185,952	3	185,952
95-99	0	0	0	0	0	0
100 & over	0	0	1	38,952	1	38,952
Total	16	$331,380	383	$22,813,980	399	$23,145,360

EXHIBIT H

Beneficiaries as of June 30, 2015

	Class A		Class B		Total	
Age	Number	Amount	Number	Amount	Number	Amount
Under 20	0	$0	2	$31,704	2	$31,704
20-24	0	0	0	0	0	0
25-29	0	0	0	0	0	0
30-34	0	0	0	0	0	0
35-39	0	0	0	0	0	0
40-44	1	7,944	0	0	1	7,944
45-49	2	56,004	4	97,836	6	153,840
50-54	2	14,652	9	246,516	11	261,168
55-59	11	153,504	17	397,500	28	551,004
60-64	16	282,408	36	1,145,448	52	1,427,856
65-69	14	233,652	48	1,458,132	62	1,691,784
70-74	22	328,968	41	1,479,492	63	1,808,460
75-79	21	286,164	40	1,685,532	61	1,971,696
80-84	33	462,060	55	2,025,504	88	2,487,564
85-89	40	580,476	55	1,614,960	95	2,195,436
90-94	18	206,568	27	585,780	45	792,348
95-99	10	106,560	1	14,712	11	121,272
100 & over	5	46,848	1	19,656	6	66,504
Total	195	$2,765,808	336	$10,802,772	531	$13,568,580

EXHIBIT I

Summary Statement of Income and Expenses on an Actuarial Value Basis

	Year Ended June 30, 2015		Year Ended June 30, 2014	
Actuarial value of assets at the beginning of the year				
Net assets, including discounted contribution		$338,253,329		$380,484,015
Discounted contribution		0		-57,274,827
Net assets, without discounted contribution		$338,253,329		$323,209,188
Contribution income:				
Employer contributions	$66,876,000		$62,140,000	
Employee contributions	11,624,000		10,873,000	
Net contribution income		78,500,000		73,013,000
Net investment income		34,418,220		38,601,141
Total income available for benefits		$112,918,220		$111,614,141
Less benefit payments		-$97,651,000		-$96,570,000
Change in reserve for future benefits		$15,267,220		$15,044,141
Actuarial value of assets at the end of the year		$353,520,549		$338,253,329

Note: Investment income is net of investment expenses.

EXHIBIT J

Development of the Fund Through June 30, 2015

Year Ended June 30	Employer Contributions	Employee Contributions	Net Investment Return*	Benefit Payments	Actuarial Value of Assets at End of Year
2011	$56,654,000	$10,708,000	$17,222,288	$89,636,000	$422,839,189
2012	48,583,000	10,291,000	3,391,253	99,273,000	385,106,813
2013	58,145,000	10,940,000	18,132,552	95,402,000	380,484,015
2014	62,140,000	10,873,000	38,601,141	96,570,000	338,253,329
2015	66,876,000	11,624,000	34,418,220	97,651,000	353,520,549

Notes: Net investment return is net of investment expenses.
Assets as of July 1, 2013 and earlier years include the discounted contribution expected to be paid by the City for the fiscal year following the valuation date.
Figures do not add due to the inclusion of discounted contributions in 2013 and earlier years.

EXHIBIT K
Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or actuarial assumptions: The estimates on which the cost of the Plan is calculated including:

(a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;

(b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;

(c) Retirement rates — the rate or probability of retirement at a given age;

(d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal cost: The amount of contributions required to fund the benefit allocated to the current year of service.

Actuarial accrued liability for actives: The equivalent of the accumulated normal costs allocated to the years before the valuation date.

Actuarial accrued liability for pensioners: The single sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

Unfunded actuarial accrued liability: The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan. There are many approaches to paying off the unfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

Amortization of the unfunded actuarial accrued liability:	Payments made over a period of years equal in value to the Plan's unfunded actuarial accrued liability.
Investment return:	The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.

EXHIBIT I

Summary of Actuarial Valuation Results

The valuation was made with respect to the following data supplied to us:

1.	Retired participants as of the valuation date (including 546 beneficiaries in pay status and 1 retired participant in suspended status)	3,097
2.	Participants active during the year ended June 30, 2015, with projected fiscal 2016 payroll of $145,874,455	3,012
3.	Inactive participants with a right to a return of their employee contributions as of June 30, 2015	42
4.	Inactive participants with a vested right to a deferred or immediate benefit as of June 30, 2015	390

The actuarial factors as of the valuation date are as follows:

1.	Total normal cost		$19,533,554
2.	Expected employee contributions		-11,501,902
3.	Employer normal cost: (1) + (2)		$8,031,652
4.	Actuarial accrued liability		1,305,338,091
	Retired participants and beneficiaries	$872,348,936	
	Inactive participants	11,393,712	
	Active participants	421,595,443	
5.	Actuarial value of assets ($351,068,000 at market value)		353,520,549
6.	Unfunded actuarial accrued liability: (4) – (5)		951,817,542

EXHIBIT I (continued)
Summary of Actuarial Valuation Results

The actuarial factors projected to July 1, 2016 are as follows:

1.	Employer normal cost, adjusted for timing	$9,010,553
2.	Unfunded actuarial accrued liability	968,610,593
3.	Payment on 1995 deferral, adjusted for timing	464,222
4.	Payment on remaining unfunded actuarial accrued liability, adjusted for timing	63,472,788
5.	Total recommended fiscal 2016 contribution: (1) + (3) + (4)	$73,217,543
6.	Projected compensation	$150,980,081
7.	Total recommended contribution as a percentage of projected compensation: (5) ÷ (6)	48.49%

Notes: Recommended contributions are assumed to be paid on June 30. If the contribution is made before or after June 30, Segal will calculate the change in interest charge based on the date of payment.
Assumes contribution of budgeted amount for fiscal year 2016.
Recommended fiscal 2017 contribution is budgeted amount from prior valuation.

EXHIBIT II
Funded Ratio

A critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the actuarial value of assets to the actuarial accrued liabilities of the Plan as calculated. High ratios indicate a well-funded plan with assets sufficient to cover the plan's actuarial accrued liabilities. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other factors.

These measurements are not necessarily appropriate for assessing the sufficiency of System assets to cover the estimated cost of settling the System's benefit obligation or the need for or the amount of future contributions.

On a market value basis, the funded ratio has decreased from 29.0% as of July 1, 2014 to 26.9% as of July 1, 2015. On an actuarial value basis, the funded ratio has decreased from 27.4% as of July 1, 2014 to 27.1% as of July 1, 2015.

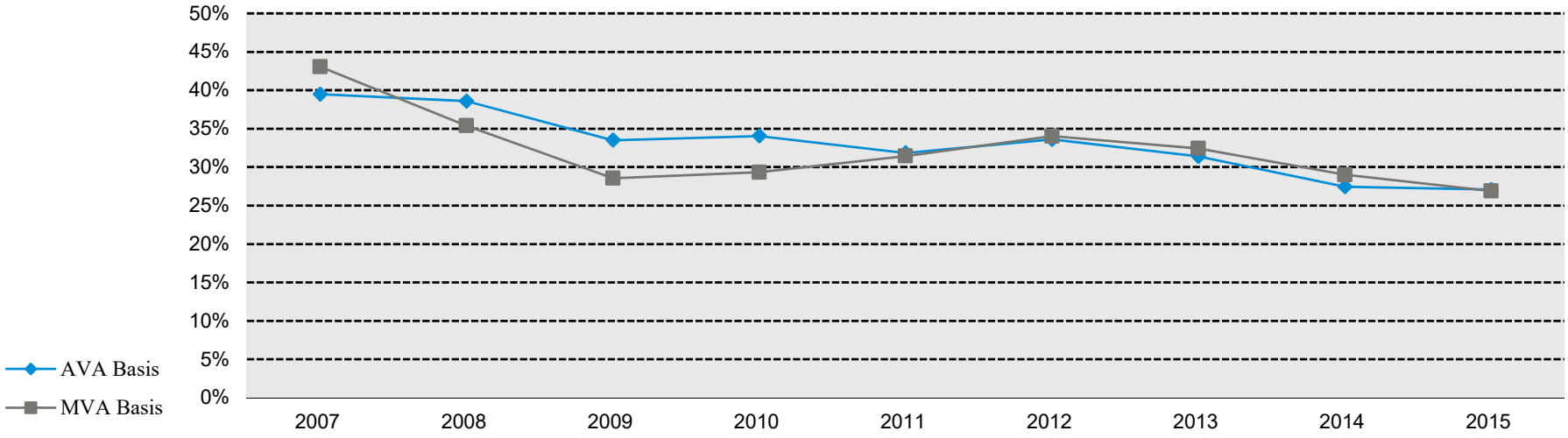


EXHIBIT III
Actuarial Assumptions and Actuarial Cost Method

Rationale for Demographic and Noneconomic Assumptions:	The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation is shown in the Actuarial Experience Review as of June 30, 2015, dated March 25, 2016.
Mortality Rates:	
Pre-Retirement	
Class A Healthy:	RP-2014 Employee Mortality Table with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB2D (previously, RP-2000 Combined Healthy Mortality Table projected 21 years with Scale AA)
Class B Healthy:	RP 2014 Blue Collar Employee Mortality Table with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB2D (previously, RP-2000 Combined Healthy Blue Collar Mortality Table projected 21 years with Scale AA)
Postretirement	
Class A Healthy:	RP-2014 Healthy Annuitant Mortality Table with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB2D, set forward one year (previously, RP-2000 Combined Healthy Mortality Table projected 21 years with Scale AA)
Class B Healthy:	RP-2014 Blue Collar Healthy Annuitant Mortality Table with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB2D, set forward one year (previously, RP-2000 Combined Healthy Blue Collar Mortality Table projected 21 years with Scale AA)
Class A and B Disabled Retirees:	RP 2014 Blue Collar Healthy Annuitant Mortality Table with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB2D, set forward three years (previously, RP-2000 Combined Healthy Mortality Table set forward 3 years)

Termination Rates before Retirement:

Class A – Rate (%)

	Mortality				
	Current		Previous		
Age	Male	Female	Male	Female	Disability
20	0.05	0.02	0.02	0.01	0.02
25	0.05	0.02	0.03	0.02	0.03
30	0.05	0.02	0.04	0.02	0.05
35	0.06	0.03	0.07	0.04	0.08
40	0.08	0.05	0.09	0.05	0.10
45	0.12	0.08	0.11	0.08	0.18
50	0.20	0.12	0.15	0.12	0.22
55	0.30	0.17	0.24	0.23	0.28
60	0.50	0.28	0.48	0.46	0.36

Notes: Mortality rates do not reflect generational projection.
33.33% of the disability rates shown represent accidental disability.
40.00% of the death rates shown represent accidental death.

	Class B – Rate (%)				
	Mortality				
	Current		Previous		
Age	Male	Female	Male	Female	Disability
20	0.07	0.02	0.02	0.01	0.08
25	0.07	0.02	0.03	0.02	0.13
30	0.06	0.02	0.07	0.02	0.19
35	0.07	0.03	0.10	0.04	0.25
40	0.10	0.05	0.12	0.06	0.37
45	0.16	0.09	0.14	0.10	0.66
50	0.26	0.13	0.16	0.14	1.14
55	0.38	0.19	0.28	0.24	1.64
60	0.64	0.31	0.59	0.45	2.28

Notes: Mortality rates do not reflect generational projection.
90% of the disability rates shown represent accidental disability.
50% of the death rates shown represent accidental death.

Withdrawal Rates:

	Rate per year (%)		
Age	Class A	Age	Class B
20	14.00	20	2.50
25	11.50	25	1.90
30	9.00	30	1.40
35	6.50	35	0.90
40	5.00	40	0.55
45	3.75	45	0.35
50	2.50	50	0.15
55	1.25	55	0.00
60	0.00	60	0.00

Retirement Rates:

Age	Rate per year (%) Class A		Class B
	Fewer than 10 Years of Service	10 Years of Service or More	
40	2.00	4.50	5.50
41	2.25	5.00	5.50
42	2.50	5.50	5.50
43	2.75	6.00	5.50
44	3.00	6.50	5.50
45	3.25	7.00	5.75
46	3.50	7.50	6.00
47	3.75	8.00	6.25
48	4.00	8.50	6.50
49	4.25	9.00	6.75
50	4.50	9.50	7.00
51	5.00	10.00	7.25
52	5.50	10.50	7.50
53	6.00	11.00	7.75
54	6.50	11.50	8.00
55	7.00	12.00	10.00
56	7.00	12.00	12.50
57	7.00	12.00	15.00
58	7.00	12.00	17.50
59	7.00	12.00	25.00
60	10.00	12.50	100.00
61	11.00	13.50	- -
62	12.00	14.50	- -

Retirement Rates (continued):

Age	Rate per year (%) Class A		Class B
	Fewer than 10 Years of Service	10 Years of Service or More	
63	13.00	16.00	- -
64	14.00	17.50	- -
65	15.00	20.00	- -
66 – 74	15.00	20.00	- -
75	100.00	100.00	- -

Retirement Age for Vested Former Participants:

Vested former participants who terminated after June 30, 2013
Assumed to retire at minimum age for a Normal Service Retirement.

Vested participants who terminated prior to June 30, 2013
Assumed to take an immediate refund of their employee contributions.

Current active participants who terminate after valuation date
Participants in the Fire department who terminate with 20 or more years of service are assumed to retire on their 25th anniversary of employment and who terminate with less than 20 years of service are assumed to take an immediate refund of their employee contributions. Other participants who terminate at age 45 or older and are vested are assumed to retire at their minimum age for a Normal Service Retirement and who terminate prior to age 45 or without vesting are assumed to take an immediate refund of their employee contributions.

The retirement age for inactive vested participants was based on historical and current demographic data, adjusted to reflect economic conditions of the area and estimated future experience and professional judgment.

Unknown Data for Participants:	Same as those exhibited by participants with similar known characteristics. For retirees missing beneficiary information, Class A members who elected Option 2 or 3 are assumed to have a beneficiary of the opposite sex with males three years older than females. Class B members who did not elect Option 1 are assumed to be married to someone the same age.
Percent Married:	80%.
Age of Spouse:	Females three years younger than males for Class A. Females and males the same age for Class B.
Benefit Election:	All participants are assumed to elect the Maximum Retirement Option.
Net Investment Return:	8.00% (previously, 8.25%)
Interest on Employee Contributions:	4.00%, compounded weekly. No interest for inactive members after five years.
Salary Increases:	3.5% per year, before reflecting longevity.

Base wages are increased by the following percentages to reflect longevity compensation:

Class A	Rate of base wage increase (%)
Years of Service	**Hired on or before October 23, 1999**
5 – 10	4%
10 – 15	5%
15 – 20	6%
20+	7%
Years of Service	**Hired after October 23, 1999**
7 – 12	3%
12 – 17	4%
17 – 20	5%
20+	6%

	Rate of base wage increase (%)
Class B – Fire	
Years of Service	**Hired on or before June 30, 1996**
5 – 10	8%
10 – 15	9%
15 – 20	10%
20+	11%
Years of Service	**Hired after June 30, 1996**
5 – 10	7%
10 – 15	8%
15 – 20	9%
20+	10%

	Rate of base wage increase (%)
Class B – Police	
Years of Service	**Hired on or before June 30, 1998**
6 – 11	8%
11 – 16	9%
16 – 21	10%
21+	11%
Years of Service	**Hired after June 30, 1998**
6 – 11	7%
11 – 16	8%
16 – 21	9%
21+	10%

Total Service: Total service is based on date of hire provided in the data. In addition, 1.0 and 0.5 years of service were added to the service totals for participants of the Police and Fire departments, respectively, to estimate the impact of Purchased Service.

2015 Salary: Salaries for the year ending June 30, 2015 are equal to the total of pensionable wages earned during the plan year as provided in the data, except for participants who were hired during the plan year, those who were in transition from active to retiree status as of July 1, 2015 and participants receiving worker's compensation, for whom current rate of pay was provided.

COLA:	COLAs commence on January 1, 2023, except for participants identified by the City who opted out of the Consent Judgments agreed to by the City. For these participants, COLA's will commence on January 1, 2036, when the Plan was projected to be greater than 70% funded with the prior valuation. Any Class B retired participant whose total benefit is greater than the base of compensation of a current employee holding the same rank that the retiree held at the time of retirement will not receive a COLA in any year until this is no longer true. We have assumed that Class B average compensation for all ranks will increase by 3.5% per year. Future COLAs will not exceed 3% per year.
Actuarial Value of Assets:	Market value of assets as reported in the City's Financial Statement less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected market return, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Actuarial Cost Method:	Entry Age Normal Actuarial Cost Method. Entry Age is the age of the participant at date of hire. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by salary. Normal Cost is determined by using the plan of benefits applicable to each participant.
Justification for Changes in Assumptions:	Based on past experience and future expectations, the following assumptions were changed: ➢ The investment return assumption was lowered from 8.25% to 8.00%. ➢ The mortality assumption for Class A non-disabled participants was changed from the RP-2000 Combined Healthy Mortality Table projected 21 years with Scale AA to the RP-2014 Employee and Healthy Annuitant Mortality Tables with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB2D, set forward 1 year post-retirement.

- The mortality assumption for Class B non-disabled participants was changed from the RP-2000 Combined Healthy Blue Collar Mortality Table projected 21 years with Scale AA to the RP-2014 Blue Collar Employee and Healthy Annuitant Mortality Tables with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB2D, set forward 1 year post-retirement.
- The mortality assumption for disabled participants was changed from the RP-2000 Healthy Annuitant Mortality Table set forward three years to the RP 2014 Blue Collar Healthy Annuitant Mortality Table with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB2D, set forward three years.

EXHIBIT IV
Summary of Plan Provisions

This exhibit summarizes the major provisions of the Plan included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Plan Year:	July 1 through June 30

Normal Service Retirement

Age and Service Requirements: The minimum age for normal service retirement is:

Class A members hired prior to July 1, 1995:

Age 55 or the age at which 25 years of service are completed, if earlier.

Class A members hired between July 1, 1995 and June 30, 2004:

Age 55 or the age at which 30 years of service are completed, if earlier.

Class A members hired between July 1, 2004 and June 30, 2009:

Age 60 or the age at which 30 years of service are completed, if earlier.

Class A members hired on or after July 1, 2009:

Age 62 with 10 years of service or the age at which 30 years of service are completed, if earlier.

Class B members hired prior to July 1, 2004:

Age 55 or the age at which 20 years of service are completed, if earlier.

Class B members of the Police Department hired between July 1, 2004 and June 30, 2011 and Class B members of the Fire Department hired between July 1, 2004 and June 30, 2012:

Age 55 or the age at which 23 years of service are completed, if earlier.

Class B members of the Police Department hired on or after July 1, 2011 and Class B members of the Fire Department hired on or after July 1, 2012:

Age 55 or the age at which 25 years of service are completed, if earlier.

Amount:

Annuity Based on Member Contributions: An annuity which is the actuarial equivalent of his or her accumulated contributions at the time of his or her retirement.

Pension Based on City Contributions:

Class A members hired prior to July 1, 1996:

A pension which, when added to the annuity, exclusive of any excess annuity, will give a total retirement allowance of 2.5% of final compensation for each year of total service credited not in excess of 20 years, plus 2% of final compensation for each year of total service credited in excess of 20 years, limited to 100% of final compensation.

Class A members hired on or after July 1, 1996:

A pension which, when added to the annuity, exclusive of any excess annuity, will give a total retirement allowance of 2% of final compensation for each year of total service credited, limited to 100% of final compensation.

Fire:

A pension which, when added to the annuity, exclusive of any excess annuity, will give a total retirement allowance of 2.5% of final compensation for each year of total service credited not in excess of 20 years, plus 2% of final compensation for each year of total service credited in excess of 20 years, limited to 75% of final compensation.

Police:

A pension which, when added to the annuity, exclusive of any excess annuity, equals:

Members hired prior to September 1, 2001:

Years of Service	Percentage of Final Compensation	Years of Service	Percentage of Final Compensation
Prior to 20	2.5% per year	26	62%
20	50%	27	64%
21	52%	28	66%
22	54%	29	68%
23	56%	30	75%
24	58%	31	72%
25	65%	32	80%

Members hired on or after September 1, 2001 and prior to July 1, 2011:

Years of Service	Percentage of Final Compensation	Years of Service	Percentage of Final Compensation
Prior to 20	2.5% per year	26	62%
20	50%	27	64%
21	52%	28	66%
22	54%	29	68%
23	56%	30	70%
24	58%	31	72%
25	60%	32	75%

Members hired on or after July 1, 2011:

Years of Service	Percentage of Final Compensation	Years of Service	Percentage of Final Compensation
Prior to 25	2.0% per year	30	62.5%
25	50.0%	31	65.0%
26	52.5%	32	67.5%
27	55.0%	33	70.0%
28	57.5%	34	72.5%
29	60.0%	35	75.0%

	For Non-Union members of the Police Department, the same benefits as described above, but with a maximum benefit of 75% of compensation. Final compensation is the average of the highest four years of base compensation including longevity pay earned by a member during his total service as an employee.
Early Retirement:	
Age Requirement:	Age 55 for Class A members hired on or after July 1, 2004. Other members will not receive early retirement benefits.
Service Requirement:	10 years of service.
Amount:	Class A members hired between July 1, 2004 and June 30, 2009: The member's Normal Service Retirement benefit reduced by 5/12% per month for each month between retirement commencement and age 60. Class A members hired on or after July 1, 2009: The member's Normal Service Retirement benefit reduced by 5/12% per month for each month between retirement commencement and age 62.
Deferred Retirement:	
Age Requirement:	Minimum age for Normal Service Retirement.
Service Requirement:	10 years of service.
Amount:	Same as Normal Service Retirement. Any member who withdraws from employment is eligible to receive a refund of his or her accumulated contributions at withdrawal, in lieu of a Deferred Retirement benefit.

Ordinary Disability Retirement:

Age Requirement: None.

Service Requirement: For members of the Police Department, 10 years of service, but fewer than 20. For all others, 10 years of service.

Amount:

Annuity Based on Member Contributions: An annuity which is the actuarial equivalent of his or her accumulated contributions at the time of his retirement.

Pension Based on City Contributions:

Class A members:

A pension which, when added to the annuity, exclusive of any excess annuity, will give a total retirement allowance of 90% of 2% of final compensation for each year of total service which would have been credited had the member continued in service to the minimum age for a Normal Service Retirement. Such retirement allowance, exclusive of any excess annuity, is not to exceed 45% of final compensation.

Police:

A pension which, when added to the annuity, will give a total retirement allowance equal to a percentage of final compensation, as described in the following table:

Years of Service	Percentage of Final Compensation	Years of Service	Percentage of Final Compensation
10	22.50%	15	33.75%
11	24.75%	16	36.00%
12	27.00%	17	38.25%
13	29.25%	18	40.50%
14	31.50%	19	42.75%

Fire:

A pension which, when added to the annuity, exclusive of any excess annuity, will give a total retirement allowance of 90% of 2.5% of final compensation for each year of total service which would have been credited had the member continued in service to the minimum age for a Normal Service Retirement. Such retirement allowance, exclusive of any excess annuity, is not to exceed 45% of the member's final compensation.

Accidental Disability Retirement:

Age Requirement: None.

Service Requirement: None.

Amount:

Annuity Based on Member Contributions:

An annuity that is the actuarial equivalent of his or her accumulated contributions at the time of his or her retirement.

Pension Based on City Contributions:

A pension of 66-2/3% of final compensation, but not less than the Normal Service Retirement allowance. Upon the death of a member within 5 years after accidental disability retirement as a result of an accident while in the performance of duty, a pension of one-half of the member's final compensation is paid to his or her widow until he or she dies or remarries, at which point the pension is paid to his or her child or children until they attain age 19. Upon the death of a Class B member beyond 5 years, 67.5% of his or her monthly benefit will be paid to his or her surviving spouse.

Accidental Death Benefit:	
Age Requirement:	None.
Service Requirement:	None.
Amount:	If a member dies due to an accident in the performance of duty, a pension of one-half of the member's final compensation is paid to his or her surviving spouse until he or she dies or remarries, at which point the pension is payable to his or her child or children until they attain age 19. If there are no other dependents, the pension is payable to his or her dependent parents. In addition, a lump sum payment of the member's accumulated contributions is made.
Ordinary Death Benefit:	Should a member die before retirement, his or her estate or beneficiary is entitled to a refund of the member's accumulated contributions. If the member has attained minimum retirement age, has not made an optional election as described below and is survived by a spouse, such spouse is entitled, in lieu of the return of the member's accumulated contributions, to a benefit equal to that which would have been payable to such spouse upon the death of the member had the member retired on the day of his or her death and elected to receive a benefit under the provisions of Option 2, as described below, and nominated such spouse as his or her designated beneficiary. For a Class B member, the benefit to the spouse shall not be less than 67½% of the benefit that would have been paid to such retired member without reduction.
Benefit upon Death after Retirement:	
Class A:	Benefits under any option as described below.
Class B:	Upon the death of a Class B pensioner, 67½% of his or her retirement allowance is paid to his or her surviving spouse until he or she dies or remarries, at which point the benefit is paid to any dependent children until they attain age 18.
Options at Retirement:	
Maximum Retirement Option:	An unreduced retirement allowance payable during the retired member's life, where no monthly payments will continue to the member's beneficiary, but where, upon the member's death, any unpaid portion of his or her accumulated contributions will be paid to his or her beneficiary.

Option 1:	A reduced retirement allowance payable during the retired member's life, where no monthly payments will continue to the member's beneficiary, but where, upon the member's death, any amount that payments made are less than the present value of his or her retirement allowance at his or her date of retirement will be paid to his or her beneficiary.
Option 2:	A reduced retirement allowance payable during the retired member's life, where upon the member's death, the entire monthly benefit will continue to be paid to his or her beneficiary for the remainder of his or her life.
Option 3:	A reduced retirement allowance payable during the retired member's life, where upon the member's death, 50% of the monthly benefit will continue to be paid to his or her beneficiary for the remainder of his or her life.
Option 4:	An unreduced retirement allowance payable during the retired member's life, where the member's accumulated contributions are paid immediately as a lump sum payment, with the pension portion of his or her benefit payable during the retired member's life, where no monthly payments will continue to the member's beneficiary. Class B members who retire on an Accidental Disability Retirement may not elect Option 4. Class B members may not elect Options 2 or 3. Married Class B members may not elect Option 1.
Cost of Living Adjustment	A ten-year freeze period was implemented effective January 1, 2013 and no COLAs will be granted during this period. COLAs will resume on January 1, 2023. Once COLAs resume, they will be paid in the amount of the lesser of 3% compounded or the percentage the member received prior to the freeze, provided that their total benefit is lower than 150% of the Rhode Island state median income and is lower than the base compensation of a current employee holding the same rank that the retiree held at the time of retirement. If the member's benefit is above either of these amounts, no COLA will be granted. 150% of the state median income as reported by the City was approximately $80,000 as of the valuation date. It is assumed that the median income will increase by 3.5% per year.

Class A:	3% compounded for certain eligible members who retired prior to December 18, 1991 and were not members of Local 1033. 3% simple on first $12,000 of annual benefit for members of Local 1033 who retired prior to December 18, 1991. None for members who retired after December 18, 1991.
Police:	5% compounded for members who retired prior to January 1, 1990; 6% compounded for members who retired between January 1, 1990 and December 18, 1991; 5% compounded for members who retired between December 19, 1991 and December 31, 1992; 3% simple on first $12,000 of annual benefit for Non-Union Police who retired January 1, 1993 and later; 3% compounded for other retired members who retired January 1, 1993 and later; 5% compounded for special court awarded members; for all members hired on or after July 1, 2012, the COLA will be based on the Consumer Price Index for the Northeast Region but shall not be less than 1% and shall not exceed 3% simple and 150% of the Rhode Island state median income.
Fire:	5% compounded for members who retired prior to January 1, 1990; 6% compounded for members who retired between January 1, 1990 and December 18, 1991; 5% compounded for members who retired between December 19, 1991 and June 30, 1992; 6% compounded for members who retired between July 1, 1992 and June 30, 1995; 3% simple on first $12,000 of annual benefit for members who retired between July 1, 1995 and March 16, 2006; 3% compounded for members who retired March 17, 2006 or later; 5% compounded for special court awarded members; for all members hired on or after July 1, 2012, the COLA will be based on the Consumer Price Index for the Northeast Region but shall not exceed 3% simple. The initial COLA payment is deferred until the January 1 that occurs three years after the member's retirement date.
Provisions for Elected Officials	Any person who has served as Mayor or City Councilman for at least eight full legislative years is entitled to an additional retirement allowance on the basis of such service as an elected official upon attainment of age 52 or the completion of 20 consecutive years as an elected official, whichever is earlier, or the occurrence of total and permanent disability prior thereto. Such retirement allowance is currently $350 for each year of service, provided that no more than 20 years of such service are to be used in determining the allowance.

	Upon the death of any such elected official, benefits are payable in accordance with the Class A provisions of the act. An elected official may elect to withdraw his accumulated contributions in lieu of his rights to the allowance based on service as an elected official.
Contributions:	
Class A:	8% of compensation.
Police:	8% of compensation
Firefighters hired before July 1, 2011:	8% of compensation.
Firefighters hired on or after July 1, 2011:	9% of compensation.
Elected Officials:	$350 per year. Class B member contributions may cease after 32.5 years of service.
Changes in Plan Provisions	There have been no changes in the plan of benefits since our prior valuation.

GRS Gabriel Roeder Smith & Company
Consultants & Actuaries

MONTGOMERY COUNTY EMPLOYEES' RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF JULY 1, 2015

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GRS
Gabriel Roeder Smith & Company
Consultants & Actuaries
20 North Clark Street
Suite 2400
Chicago, IL 60602-5111
312.456.9800 phone
312.456.9801 fax
www.gabrielroeder.com

November 24, 2015

Ms. Linda Herman
Executive Director
Montgomery County Employee Retirement Plans
101 Monroe Street, 15th Floor
Rockville, MD 20850

Dear Linda:

We are pleased to provide our formal annual Actuarial Valuation Report as of July 1, 2015, for the Montgomery County Employees' Retirement System ("System"). The actuarial valuation was performed at the request of Montgomery County ("County") and is intended for use by the County and the System and those designated by the County and the System. This report may be provided to parties other than the County and System only in its entirety and only with the permission of the County and System.

This report provides, among other things, the recommended annual contribution to the System for the Plan Year commencing July 1, 2016, and ending on June 30, 2017. This valuation also provides historical information through fiscal year 2014 as required by Governmental Accounting Standards Board ("GASB") Statement Nos. 25 and 27. Information required by GASB Statement Nos. 67 and 68 is provided in a separate report. This report should not be relied on for any purpose other than the purpose described.

The valuation was based upon information furnished by the County Staff, concerning benefits provided by the Montgomery County Employees' Retirement System, financial transactions, plan provisions and census data for active members, terminated members, retirees and beneficiaries as of July 1, 2015. We checked for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the County Staff.

The actuarial assumptions used were based on an experience review for the five-year period ending July 1, 2014, and were first adopted for use commencing with the July 1, 2015, valuation. The actuarial cost method used in this valuation is the same as the actuarial cost method used in the prior valuation. The amortization period used to calculate the unfunded liability portion of the contribution rate was changed to a single nine-year closed period for the Non-Public Safety groups and separate 20-year closed periods for the Public Safety groups and GRIP. The average County contribution requirement as a percentage of payroll calculated in this valuation is approximately 8 percent of pay lower than the County contribution requirement calculated in the last actuarial valuation. The current amortization periods are reasonable. However, because the System is less than 100 percent funded, we recommend that either a shorter amortization period be used for the unfunded liability as of July 1, 2015, or an additional contribution be made in fiscal year 2017, in addition to the amount calculated under the current amortization period.

Effective July 1, 2015, a DROP was implemented for eligible uniformed correctional officers and sworn deputy sheriffs participating in Group E. This provision change has been reflected in this valuation. All other plan provisions have remained unchanged since the last valuation, performed as of July 1, 2014.

To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Montgomery County Employees' Retirement System as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

Lance Weiss and Amy Williams are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

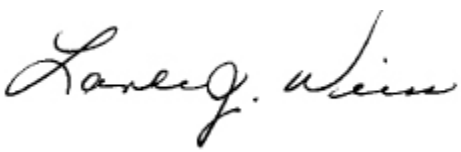
The signing actuaries are independent of the plan sponsor.

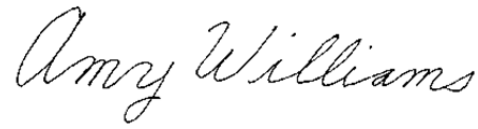
Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.

We will be pleased to review this report with you at your convenience.

Respectfully submitted,

Gabriel, Roeder, Smith & Company





Lance Weiss, E.A., M.A.A.A., F.C.A.
Senior Consultant

Amy Williams, A.S.A., M.A.A.A., F.C.A.
Consultant

AW:rg

SECTION A

VALUATION RESULTS

COMMENTS ON THE VALUATION

At your request, we have performed an actuarial valuation of the Montgomery County Employees' Retirement System as of July 1, 2015.

The purposes of this actuarial valuation are as follows:

- To determine the funding status of the System as of the valuation date;
- To determine the recommended contribution for the fiscal year beginning July 1, 2016; and
- To provide other data required by the System.

Pension plan financial reporting and employer financial reporting under GASB Statement Nos. 67 and 68 is provided in a separate report. Historical information through fiscal year ending June 30, 2014, required under GASB Statements Nos. 25 and 27 and additional background on the change in the accounting standards can be found in Section B.

We received the data from the Montgomery County Employees' Retirement System Staff. We performed certain checks for reasonableness and found the data to be complete and reliable for valuation purposes. However, we did not audit the data.

A total of 5,541 active members (excluding DRSP and DROP) were included in the valuation as of July 1, 2015. Between the 2014 and 2015 valuations, the number of active employees increased by six members, or 0.1 percent. The average annual valuation pay (excluding DRSP and DROP) increased by 3.8 percent, from $72,791 to $75,569 between the 2014 and 2015 valuation. The number of benefit recipients (including DRSP and DROP) increased from 6,242 to 6,380, or 2.2 percent, since the last valuation. The average monthly benefit increased by 0.4 percent, from $3,065 to $3,077. Section C summarizes the membership data.

There is a group of retirees that have benefits that are insured by Aetna. The total benefit amounts reported for these members in the valuation report include the insured benefit amount. The actuarial liabilities calculated in the valuation report exclude the value of the insured benefits. The liabilities for these members that are included in the actuarial valuation are for the cost of living adjustments provided and are paid by the Montgomery County Employees' Retirement System.

Section E outlines the principal benefit provisions of the System. Effective July 1, 2015, a DROP was implemented for eligible uniformed correctional officers and sworn deputy sheriffs participating in Group E. This plan change has been reflected in this actuarial valuation as of July 1, 2015. There were no other plan changes since the last actuarial valuation as of July 1, 2014.

Since the July 1, 2014, actuarial valuation, an experience review of the Montgomery County Employees' Retirement System for the period from July 1, 2009, to July 1, 2014, was performed. The primary purpose of the study was to compare the actual demographic and economic experience against the actuarial assumptions used in the valuations. The study was based on the information used to perform the annual actuarial valuations for the period from July 1, 2009, to July 1, 2014.

Following is a summary of the key findings and changes, as approved by the Directors:

- **Price Inflation:** Decrease the price inflation assumption from 3.00 percent to 2.75 percent. The price inflation assumption underlies all economic assumptions including: investment return, retiree COLA, payroll growth and salary increase.

COMMENTS ON THE VALUATION (CONTINUED)

- **Investment Return:** Maintain the investment return assumption of 7.50 percent, net of investment expenses, compounded annually. This reflects an underlying price inflation assumption of 2.75 percent.

- **Retiree COLA:** Decrease the retiree COLA assumption from 3.00 percent to 2.75 percent based on increases equal to 100 percent of the increase in the Consumer Price Index (CPI) and from 1.80 percent to 1.65 percent based on increases equal to 60 percent of the increase in CPI. Maintain the assumption of 2.30 percent for increases that are based on 100 percent of the increase in CPI and capped at 2.50 percent (increases for benefits attributable to service after July 1, 2011).

- **Payroll Growth Assumption**: Decrease the payroll growth assumption from 4.00 percent to 3.25 percent, which reflects a decrease in the underlying inflation assumption from 3.00 percent to 2.75 percent, and a decrease in the underlying productivity increase assumption from 1.00 percent to 0.50 percent.

- **Salary Increase**: Decrease the salary increase assumption to reflect 3.25 percent wage inflation (2.75 percent inflation plus 0.50 percent for productivity) increases plus a service-based component for merit and promotional increases.

- **Retirement Rates:** Modify the retirement rate structure from having different age-based rates that depend on whether a member has reached first retirement eligibility to age-based rates that differ based on the number of years of service that a member has completed. In addition, increase the age at which 100 percent retirement is assumed from age 70 to 75 for the non-public safety plans (including GRIP) and from 60 to 65 for the public safety plans.

- **Turnover Rates:** Modify the current service-based rates in order to recognize differences in turnover patterns between males and females and between the public safety groups.

- **Mortality Rates:** Update the mortality table from the RP 2000 Combined Mortality table, with a static projection to the year 2030 for healthy mortality and to 2010 for disabled mortality, to the RP-2014 Mortality tables with projected generational mortality improvements based on scale MP-2014.

- **Cost Method**: Maintain the entry age normal actuarial cost method.

- **Amortization Period**: The amortization period was changed from an 18-year closed period amortization of the base established on July 1, 2010, and 20-year closed period amortization of the bases established thereafter, to recombining all amortization bases established prior to July 1, 2015, into a single amortization base equal to the unfunded actuarial liability as of July 1, 2015. The single amortization base as of July 1, 2015, and subsequent unfunded liability arising in future valuations are amortized over a single nine-year closed period for Non-Public Safety groups and separate 20-year closed periods for Public Safety groups and GRIP beginning July 1, 2015.

- **Amortization Method:** Maintain level percentage of pay amortization method.

- **Asset Smoothing Method:** Maintain smoothing investment gains and losses over a five-year period at a rate of 20 percent per year.

- **Administrative Expenses:** Modify the current administrative expense assumption from 100 percent of the average of actual non-investment administrative expenses incurred in the last three fiscal years to 105 percent of the average of actual non-investment administrative expenses incurred in the last three fiscal years.

- **Dependent Assumptions:** Maintain the current dependent assumptions of 80 percent of members assumed to be married for purposes of valuing the death-in-service benefits and the assumption that males are three years older than their spouses.

- **Unused Leave Time:** Slightly modify the assumption for conversion of unused leave time to pension credit.

- **DROP Participation:** Slightly increase the DROP participation rates for Group F and G from 70 percent to 75 percent. The same DROP participation rate was used for Group E for the DROP implemented on July 1, 2015.

The cost impact of the assumption and method changes measured as of July 1, 2015, can be found on pages A-15.

Section D outlines the actuarial assumptions and methods used in the valuation. The assumption for administrative expenses is equal to 105 percent of the average of the prior three years' administrative expenses. This amount has decreased from $2,966,800 to $2,813,800.

During the plan year ending July 1, 2015, the unfunded actuarial accrued liability ("UAAL") decreased from $625,444,994 as of July 1, 2014, to $416,023,324 as of July 1, 2015, which is a decrease of $209,421,670. The key factors contributing to the decrease in the UAAL were changes in assumptions, recognition of deferred asset gains in fiscal years 2011, 2013 and 2014, higher contributions than expected and lower than expected cost of living (COLA) increases for retired members. (The COLA increase was 0.44 percent compared to an assumed COLA increase of 3.00 percent from last year's valuation for benefits attributable to service prior to July 1, 2011, and an assumed COLA increase of 2.30 percent for benefits attributable to service on or after July 1, 2011. For members that receive an increase based on 60 percent of CPI, the actual increase was 0.26 percent compared to an assumption of 1.80 percent from last year's valuation.) These gains were partially offset by salary increases greater than assumed, demographic experience and plan improvements for Group E (implementation of a DROP for eligible uniformed correctional officers and sworn deputy sheriffs).

On a market value basis, the Plan assets had an investment return of approximately 2.82[1] percent (net of investment expenses). Partial recognition of investment gains during fiscal years ending 2011, 2013 and 2014 were partially offset by recognition of the fiscal year end 2012 and 2015 investment losses, which resulted in an estimated net asset rate of return of 10.74 percent on an actuarial value of assets basis, which compares to the assumed rate of return of 7.50 percent.

[1] *As provided by Montgomery County ERS.*

The funded ratio (ratio of assets to liabilities) is 89.6 percent on an actuarial value of assets basis and 90.4 percent on a market value of assets basis.

The funded ratio and unfunded actuarial accrued liability are appropriate for assessing the need for and the amount of future unfunded liability contributions (excludes normal cost contributions). They are not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the System's benefit obligations.

Recommended County Contributions

The total contribution rate is equal to the normal cost rate plus amortization of the unfunded liability as a level percentage of payroll. The unfunded liability as of July 1, 2015, was amortized over a closed period of nine years for the non-public safety groups and 20 years for public safety groups and GRIP. The single equivalent amortization period for the System in total as of July 1, 2015, is 11.7 years. The current unfunded liability as of July 1, 2015, is expected to be fully paid off after nine years (at the end of fiscal year 2025) for the non-public safety groups and after 20 years (at the end of fiscal year 2036) for the public safety groups and GRIP.

The unfunded liability is amortized as a level percentage of payroll and assumes that total payroll will increase by 3.25 percent each year. Groups A and H are closed plans (no new members are entering), and payroll is expected to decrease as members retire or otherwise exit the active population. Based on the level percentage of payroll amortization method, the portion of the County contribution rate attributable to the unfunded liability is expected to increase significantly as a percentage of payroll, as payroll declines. However, if all assumptions are realized, the unfunded liability contribution will increase as a dollar amount by 3.25 percent each year. The payroll basis used in calculating the percentage of pay contribution for amortizing the unfunded liability for fiscal year 2017 reflects the assumption that payroll will decrease for the closed groups.

The total contribution rate minus the average employee contribution rate equals the County contribution rate. The valuation as of July 1, 2014, established the County contribution rate for fiscal year beginning July 1, 2015 and ending June 30, 2016. The valuation as of July 1, 2015, establishes the County contribution rate for fiscal year beginning July 1, 2016, and ending June 30, 2017.

Non-GRIP

The amortization payments for non-GRIP members are allocated between Groups A, E, F, G and H. The amortization payment schedule by group for the bases established in the 2010 and 2011 valuations is based on the allocation established by the prior actuary. The amortization payment schedule by group for the bases established beginning in the 2012 valuation is based on allocations calculated by GRS using a consistent method with the prior actuary.

The unfunded liability as of July 1, 2014, was calculated for each group based on the amortization payment amounts in that valuation and the remaining amortization period for each payment. Beginning with the July 1, 2015, valuation, changes in the unfunded liability will be separately calculated and reported for each group.

The actuarial value of assets by group as of July 1, 2014, was calculated as the difference between the actuarial accrued liability and the unfunded liability as of July 1, 2014. The non-GRIP actuarial value of

assets by group as of July 1, 2015 (and in future years) is calculated on page A-23 using the following methodology:

(1) Beginning of year actuarial value of assets for each benefit group (calculated in the prior year's valuation); plus
(2) Non-investment cash flows (allocated based on each group's projected non-investment cash flows from the prior valuation); plus
(3) Assumed investment return on the actuarial value of assets (rate of return equal to the rate of return on an actuarial value of assets basis for non-GRIP assets; approximately 10.7 percent for fiscal year 2015).

The unfunded liability by group as of July 1, 2015, was calculated as the difference between the actuarial accrued liability and the actuarial value of assets as of July 1, 2015. The unfunded liability as of July 1, 2015, is amortized over a single closed nine year period for non-Public Safety (Groups A and H) and over separate closed 20-year periods for Public Safety (Groups E, F and G) as a level percentage of payroll.

The amortization base for GRIP is separately tracked. In determining the unfunded actuarial accrued liability base and amortization of unfunded liability contribution rate for Group A, the non-GRIP outside agencies' unfunded liability was deducted along with excluding non-GRIP outside agencies' contribution basis payroll for amortization of the unfunded actuarial accrued liability.

The County contribution rate for fiscal year 2017 decreased for both Public Safety and non-Public Safety (non-GRIP) members from the fiscal year 2016 rate. Favorable demographic experience, changes in the actuarial assumptions, the amount and timing of contributions and the recognition of deferred asset gains led to the decrease in the County contribution rates for Public Safety and non-Public Safety groups. Both Public Safety and non-Public Safety groups experienced favorable experience during fiscal year 2015, including lower retiree COLA increases than expected under the actuarial assumptions, and fewer retirements and more terminations than expected under the actuarial assumptions used in the previous valuation. This favorable experience was partially offset by larger salary increases than expected under the actuarial assumptions and changes to the plan provisions (implementation of a DROP for certain Group E plan members).

The average County contribution requirement as a percentage of payroll calculated in this valuation is approximately 8 percent of pay lower than the County contribution requirement calculated in the last actuarial valuation. The current amortization periods are reasonable. However, because the System is less than 100 percent funded, we recommend that either a shorter amortization period be used for the unfunded liability as of July 1, 2015, or an additional contribution be made in fiscal year 2017, in addition to the amount calculated under the current amortization period.

The actuarial value of assets is currently 99 percent of the market value of assets. There is $31,063,960 in net asset gains currently being deferred ($31,585,634 in total for GRIP and non-GRIP) that will be phased into the actuarial value of assets over the next four years. Assuming all future assumptions are realized, there is projected to be a slight decrease in the recommended County contribution as the remaining deferred asset gains are recognized.

GRIP

Beginning with the July 1, 2015, valuation, amortization bases established prior to July 1, 2015, were recombined into a single amortization base equal to the unfunded liability as of July 1, 2015. The unfunded liability as of July 1, 2015, is amortized over separate closed 20-year periods for GRIP as a level percentage of payroll.

The County contribution rate for fiscal year 2017 decreased for GRIP members from the fiscal year 2016 rate. The decrease in the County contribution rate is mainly attributable to the change in the actuarial assumptions and the recognition of deferred asset gains.

The actuarial value of GRIP assets is approximately 100 percent of the market value of assets. There is $521,674 in net gains currently being deferred that will be phased into the actuarial value of assets over the next four years. Assuming all future assumptions are realized, the recommended County contribution is projected to decrease slightly in future years as the remaining deferred asset gains are recognized.

SUMMARY OF ACTUARIAL VALUATION RESULTS

		July 1, 2014 Results	July 1, 2015 Results
Membership Data	Active Members	5,535	5,541
	DRSP/DROP	99	95
	Deferred Vested	403	402
	Retirees and Beneficiaries	6,143	6,285
	TOTAL	12,180	12,323
Plan Liabilities	Actuarial Accrued Liability:		
	Active Members	$ 1,373,483,134	$ 1,352,696,130
	DRSP/DROP	99,437,744	94,230,847
	Deferred Vested	26,461,195	27,037,115
	Retirees and Beneficiaries	2,459,547,645	2,576,772,760
	TOTAL	$ 3,958,929,718	$ 4,050,736,852
	Actuarial Value of Assets at Valuation Date	$ 3,333,484,724	$ 3,630,075,610
	Unfunded (Overfunded) Actuarial Accrued Liability	$ 625,444,994	$ 420,661,242
	Funded Position of Plan's Actuarial Accrued Liability [1]	84.2 %	89.6 %

		Fiscal Year 2016	Fiscal Year 2017
Recommended Annual Contribution Requirements [2]	Annual Normal Cost as of Valuation Date	$ 74,984,370	$ 70,847,993
	Normal Cost Expense Load	2,966,800	2,813,800
	Amortization Payment	59,111,574	42,872,473
	Total Annual Required Contribution	137,062,744	116,534,266
	Expected Employee Contributions	22,235,192	24,551,555
	County Contribution Requirement	$ 114,827,552	$ 91,982,711
	Contribution Basis Payroll:		
	For Normal Cost	$ 360,825,073	$ 399,844,856
	For Amortization of Unfunded Liability	378,030,049	399,838,119
	County Contribution % of Payroll		
	Public Safety	37.73%	23.51%
	Non-Public Safety	40.02%	42.71%
	GRIP	6.61%	5.35%

[1] *Equals the ratio of the actuarial value of assets to the total actuarial accrued liability.*
[2] *Includes the Retirement Incentive cost. Excludes the non-GRIP outside agency unfunded liability contribution of $1,244,997 for fiscal year 2017.*

CONTRIBUTION RATE SUMMARY
ALL PLANS

	Valuation as of July 1, 2015									July 1, 2014
	Non-Public Safety			Public Safety						
	Group A	Group H	Total Non PS	Group E	Group F	Group G	Total PS	GRIP	Total	Total
County Contribution Requirement ($)										
Non-GRIP	$ 15,808,781	$ 20,193,086	$ 36,001,867	$ 7,124,759	$ 18,746,781	$ 25,414,118	$ 51,285,658	$ -	$ 87,287,525	$ 109,897,544
GRIP	-	-	-	-	-	-	-	4,695,186	4,695,186	4,930,008
Total All Plans	$ 15,808,781	$ 20,193,086	$ 36,001,867	$ 7,124,759	$ 18,746,781	$ 25,414,118	$ 51,285,658	$ 4,695,186	$ 91,982,711	$ 114,827,552
County Normal Cost Contribution Requirement (% of Payroll)										
Non-GRIP	5.63%	5.56%	5.60%	14.00%	17.93%	18.99%	17.56%		13.90%	17.60%
GRIP								6.61%	6.61%	7.27%
Total All Plans	5.63%	5.56%	5.60%	14.00%	17.93%	18.99%	17.56%	6.61%	12.28%	15.44%
County UAL Contribution Requirement (% of Payroll)										
Non-GRIP	34.23%	39.63%	37.11%	2.61%	2.47%	11.61%	5.95%		14.34%	20.24%
GRIP								-1.26%	-1.26%	-0.66%
Total All Plans	34.23%	39.63%	37.11%	2.61%	2.47%	11.61%	5.95%	-1.26%	10.72%	15.64%
Total County Contribution Requirement (% of Payroll)										
Non-GRIP	39.86%	45.19%	42.71%	16.61%	20.40%	30.60%	23.51%		28.24%	37.84%
GRIP								5.35%	5.35%	6.61%
Total All Plans	39.86%	45.19%	42.71%	16.61%	20.40%	30.60%	23.51%	5.35%	23.00%	31.08%

Non-GRIP outside agency unfunded liability contribution of $1,244,997 for fiscal year 2017 is not included in the amounts above.

The unfunded liability for the non-Public Safety groups was amortized over a nine year closed period and the unfunded liability for the Public Safety groups and GRIP was amortized over a 20-year closed period beginning July 1, 2015.

ACTUARIAL VALUATION RESULTS
ALL PLANS

	Valuation as of July 1, 2015								July 1, 2014	
	Non-Public Safety		Public Safety							
	Group A	Group H	Group E	Group F	Group G	GRIP	Total	% of Payroll	Total	% of Payroll
Total All Plans										
Active Members										
Number	483	719	630	1,232	1,125	1,352	5,541		5,535	
Average Age	57.1	57.2	43.6	38.1	37.9	49.5	45.6		45.7	
Average Service	26.5	24.8	12.2	12.3	11.6	8.4	14.0		14.5	
Total Base Payroll	$ 49,347,557	$ 52,217,370	$ 44,963,880	$ 94,711,068	$ 84,799,795	$ 92,688,914	$ 418,728,584		$ 402,899,096	
Contribution Basis Payroll:										
For Normal Cost	$ 46,199,907	$ 48,913,390	$ 42,488,047	$ 91,504,350	$ 81,984,821	$ 88,754,341	$ 399,844,856		$ 360,825,073	
For Amortization of Unfunded Liability*	38,579,217	44,095,246	44,963,880	94,711,068	84,799,795	92,688,914	399,838,119		378,030,049	
DRSP/DROP Members										
Number				39	56		95		99	
Total Base Payroll				$ 3,932,109	$ 5,863,262		$ 9,795,371		$ 9,684,369	
Total Benefits				2,506,780	3,543,896		6,050,676		6,149,838	
Terminated Vested Members										
Number	64	81	28	33	19	177	402		403	
Total Benefits	$ 685,941	$ 641,753	$ 355,828	$ 384,579	$ 126,296		$ 2,194,397		$ 2,360,255	
Retired Members and Beneficiaries										
Number						1	6,285		6,143	
Total Benefits						5,024	229,562,199		223,419,018	
Total Membership							12,323		12,180	
Actuarial Accrued Liability										
Active Members	$ 228,878,492	$ 211,818,244	$ 158,621,103	$ 362,111,678	$ 304,886,680	$ 86,379,933	$ 1,352,696,130		$ 1,373,483,134	
DRSP/DROP Members				39,129,042	55,101,805		94,230,847		99,437,744	
Terminated Vested Members	5,614,077	5,164,686	3,111,407	3,367,880	790,379	8,988,686	27,037,115		26,461,195	
Retired Members and Beneficiaries	728,048,962	523,060,053	253,083,953	598,998,199	473,537,062	44,531	2,576,772,760		2,459,547,645	
Total	962,541,531	740,042,983	414,816,463	1,003,606,799	834,315,926	95,413,150	4,050,736,852		3,958,929,718	
Actuarial Value of Assets	$ 847,202,948	$ 605,492,066	$ 398,313,672	$ 970,774,943	$ 696,466,564	$ 111,825,416	$ 3,630,075,610		$ 3,333,484,724	
Unfunded Actuarial Accrued Liability	$ 115,338,583	$ 134,550,917	$ 16,502,791	$ 32,831,855	$ 137,849,362	$ (16,412,266)	$ 420,661,242		$ 625,444,994	
Outside Agency Non-GRIP Unfunded Liability	13,644,019	-	-	-	-	-	13,644,019		-	
Net Unfunded Actuarial Accrued Liability	101,694,564	134,550,917	16,502,791	32,831,855	137,849,362	(16,412,266)	407,017,223		625,444,994	
Funded Ratio (Actuarial Value of Assets)	88.0%	81.8%	96.0%	96.7%	83.5%	117.2%	89.6%		84.2%	
Annual Gross Normal Cost										
Benefits	$ 4,956,877	$ 5,224,411	$ 8,487,581	$ 21,843,257	$ 21,018,884	$ 9,316,983	$ 70,847,993	(17.72%)	$ 74,984,370	(20.78%)
Expenses of Administration	476,100	440,610	329,954	753,244	634,208	179,684	2,813,800	(0.70%)	2,966,800	(0.82%)
Total	5,432,977	5,665,021	8,817,535	22,596,501	21,653,092	9,496,667	73,661,793	(18.42%)	77,951,170	(21.60%)
Amortization of Unfunded Liability [1]	$ 13,206,142	$ 17,472,896	$ 1,178,332	$ 2,344,258	$ 9,842,712	$ (1,171,867)	$ 42,872,473	(10.72%)	$ 59,111,574	(15.64%)
Annual Contribution Requirement:										
County Portion	$ 15,808,781	$ 20,193,086	$ 7,124,759	$ 18,746,781	$ 25,414,118	$ 4,695,186	$ 91,982,711	(23.00%)	$ 114,827,552	(31.08%)
Employee Portion	2,830,338	2,944,831	2,871,108	6,193,978	6,081,686	3,629,614	24,551,555	(6.14%)	22,235,192	(6.16%)
Total	18,639,119	23,137,917	9,995,867	24,940,759	31,495,804	8,324,800	116,534,266	(29.14%)	137,062,744	(37.24%)
Non-Public Safety/Public Safety/GRIP County Portion		$ 36,001,867			$ 51,285,658	$ 4,695,186				
*Excludes Non-GRIP Payroll from Outside Agencies										
Outside Agency UAL Payroll	$ 2,810,590									

[1] *Amortization bases established prior to the July 1, 2015, valuation were recombined into a single amortization base equal to the total unfunded liability as of July1, 2015. Beginning July 1, 2015, amortization of the current and future unfunded liability will occur over a single closed period of nine years for non-Public Safety groups and separate closed 20 year amortization periods for Public Safety groups and GRIP.*

ACTUARIAL VALUATION RESULTS
OUTSIDE AGENCIES (EXCLUDING GRIP)

Valuation as of July 1, 2015

	Assessment and Taxation	Circuit Court	CRU 92 Credit Union	District Court	Housing Opportunities Commission	Revenue Authority	Strathmore Hall	Town of Chevy Chase	Washington Suburban Transit Commission	Total Agency (Excluding GRIP)	Total Non-Agency (Excluding GRIP)	Total ERS (Excluding GRIP)
Actuarial Accrued Liability												
Active Members (Non-GRIP)	$ -	$ 600,041	$ 784,466	$ -	$ 12,126,301	$ 377,554	$ 734,811	$ 183,993	$ -	$ 14,807,166	$ 1,251,509,031	$ 1,266,316,197
DRSP/DROP Members	-	-	-	-	-	-	-	-	-	-	94,230,847	94,230,847
Terminated Vested Members	-	-	-	-	1,256,121	-	-	23,335	-	1,279,456	16,768,973	18,048,429
Retired Members and Beneficiaries	13,268,186	-	3,678,077	1,357,121	34,718,527	5,363,036	2,469,033	755,279	263,125	61,872,384	2,514,855,845	2,576,728,229
Total	$ 13,268,186	$ 600,041	$ 4,462,543	$ 1,357,121	$ 48,100,948	$ 5,740,590	$ 3,203,844	$ 962,608	$ 263,125	$ 77,959,006	$ 3,877,364,696	$ 3,955,323,702
Actuarial Accrued Liability by Group												
Group A	$ 13,268,186	$ 600,041	$ 4,462,543	$ 1,357,121	$ 48,100,948	$ 5,740,590	$ 3,203,844	$ 962,608	$ 263,125	$ 77,959,006		
Remaining unfunded Actuarial Accrued Liability												
Non-GRIP	$ 2,311,123	$ 84,548	$ 765,735	$ 405,657	$ 8,265,803	$ 1,007,149	$ 547,032	$ 142,582	$ 114,379	$ 13,644,008	$ 423,429,500	$ 437,073,508
20-Year Level Dollar Amortization of Unfunded Actuarial Accrued Liability												
Non-GRIP	$ 210,887	$ 7,715	$ 69,872	$ 37,016	$ 754,243	$ 91,901	$ 49,916	$ 13,010	$ 10,437	$ 1,244,997		

Beginning in fiscal year 2017 for non-GRIP members, outside agencies will make normal cost contributions for their active employees (based on payroll) plus the level dollar amortization payment shown above. The level dollar amortization payment will be made for 20 years and is not based on payroll. Contributions for GRIP members will continue to be made based on the contribution rates determined in the actuarial valuations and actual payroll.

ACTUARIAL VALUATION RESULTS
GUARANTEED RETIREMENT INCOME PLAN (GRIP)

	Valuation as of July 1, 2015							July 1, 2014	
	Agency								
	CC	CM	CN	CP	CZ	Total GRIP		Total	
Total All Plans									
Active Members									
Number	1	886	451	6	8	1,352		1,263	
Average Age	43.4	49.0	50.3	55.4	56.6	49.5		49.5	
Average Service	15.2	8.4	8.3	11.0	6.8	8.4		8.3	
Total Base Payroll	$ 42,738	$ 51,267,240	$ 39,724,889	$ 736,236	$ 917,811	$ 92,688,914		$ 83,225,868	
Contribution Basis Payroll:									
For Normal Cost	$ 42,202	$ 49,179,096	$ 37,962,348	$ 705,641	$ 865,054	$ 88,754,341		$ 75,396,078	
For Amortization of Unfunded Liability	42,738	51,267,240	39,724,889	736,236	917,811	92,688,914		83,225,868	
Terminated Members									
Number	2	102	73			177		167	
Retired Members and Beneficiaries									
Number	-	1	-	-	-	1		1	
Total Benefits		5,024				5,024		5,024	
Total Membership	3	989	524	6	8	1,530		1,431	
Actuarial Accrued Liability									
Active Members	$ 73,787	$ 46,445,810	$ 38,080,380	$ 1,093,146	$ 686,810	$ 86,379,933		$ 80,640,384	
Terminated Vested Members	97,956	4,021,659	4,869,071	-	-	8,988,686		7,529,328	
Retired Members and Beneficiaries	-	44,531	-	-	-	44,531		43,394	
Total	171,743	50,512,000	42,949,451	1,093,146	686,810	95,413,150		88,213,106	
Actuarial Value of Assets	$ 201,285	$ 59,200,701	$ 50,337,299	$ 1,281,181	$ 804,950	$ 111,825,416		$ 95,461,457	
Unfunded Actuarial Accrued Liability	$ (29,542)	$ (8,688,701)	$ (7,387,848)	$ (188,035)	$ (118,140)	$ (16,412,266)		$ (7,248,351)	
Funded Ratio (Actuarial Value of Assets)	117.2%	117.2%	117.2%	117.2%	117.2%	117.2%		108.2%	
Annual Gross Normal Cost									
Benefits	$ 4,373	$ 5,136,365	$ 4,002,538	$ 83,306	$ 90,401	$ 9,316,983	(10.50%)	$ 8,392,201	(11.13%)
Expenses of Administration	323	95,126	80,883	2,059	1,293	179,684	(0.20%)	169,133	(0.23%)
Total	4,696	5,231,491	4,083,421	85,365	91,694	9,496,667	(10.70%)	8,561,334	(11.36%)
Amortization of Unfunded Liability	$ (2,109)	$ (620,391)	$ (527,506)	$ (13,426)	$ (8,435)	$ (1,171,867)	-(1.26%)	$ (554,344)	-(0.67%)
Annual Contribution Requirement:									
County Portion	$ 899	$ 2,643,936	$ 1,956,752	$ 45,179	$ 48,420	$ 4,695,186	(5.35%)	$ 4,930,008	(6.61%)
Employee Portion	1,688	1,967,164	1,599,163	26,760	34,839	3,629,614	(4.09%)	3,076,982	(4.08%)
Total	2,587	4,611,100	3,555,915	71,939	83,259	8,324,800	(9.44%)	8,006,990	(10.69%)
Non-Public Safety County Portion						$ 4,650,007	(5.34%)	$ 4,898,080	(6.61%)
Public Safety County Portion						$ 45,179	(6.48%)	$ 31,928	(7.13%)

ACTUARIAL VALUATION RESULTS
AMORTIZATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY AND AMORTIZATION PAYMENTS BY GROUP

Non-Public Safety

Base Year	Description	Unfunded Liability Base Group A	Unfunded Liability Base Group H	Unfunded Liability Base Total	Remaining Financing Period	Amortization Factor	Amortization Payment Group A	Amortization Payment Group H	Amortization Payment Total
2015	Pre FY 2015 Retirement Incentive	$ 9,731,255	$ 13,340,397	$ 23,071,652	9 yrs.	7.700551	$ 1,263,709	$ 1,732,395	$ 2,996,104
2015	Pre FY 2015 Plan Experience	78,922,635	86,447,360	165,369,996	9	7.700551	10,248,960	11,226,127	21,475,087
2015	Pre FY 2015 Plan Changes	30,681,707	42,120,757	72,802,464	9	7.700551	3,984,352	5,469,837	9,454,189
2015	Pre FY 2015 Cost Method Changes	7,357,883	5,713,437	13,071,320	9	7.700551	955,501	741,952	1,697,453
2015	FY 2015 Plan Experience	(53,709,553)	(31,502,207)	(85,211,761)	9	7.700551	(6,974,768)	(4,090,903)	(11,065,671)
2015	FY 2015 Assumption and Method Changes	28,710,637	18,431,174	47,141,811	9	7.700551	3,728,388	2,393,488	6,121,876
2015	FY 2015 Plan Changes	-	-	-	9	7.700551	-	-	-
Unfunded Liability		$ 101,694,564	$ 134,550,917	$ 236,245,481	9.0 yrs.	7.700551	$ 13,206,142	$ 17,472,896	$ 30,679,038

Public Safety

Base Year	Description	Unfunded Liability Base Group E	Unfunded Liability Base Group F	Unfunded Liability Base Group G	Unfunded Liability Base Total	Remaining Financing Period	Amortization Factor	Amortization Payment Group E	Amortization Payment Group F	Amortization Payment Group G	Amortization Payment Total
2015	Pre FY 2015 Retirement Incentive	$ 1,056,199	$ -	$ -	$ 1,056,199	20 yrs.	14.005222	$ 75,415	$ -	$ -	$ 75,415
2015	Pre FY 2015 Plan Experience	38,434,418	112,917,009	114,518,493	265,869,920	20	14.005222	2,744,292	8,062,493	8,176,842	18,983,627
2015	Pre FY 2015 Plan Changes	3,433,334	(1,658,341)	71,073,839	72,848,832	20	14.005222	245,147	(118,409)	5,074,810	5,201,548
2015	Pre FY 2015 Cost Method Changes	211,003	356,194	1,346,904	1,914,101	20	14.005222	15,066	25,433	96,172	136,671
2015	FY 2015 Plan Experience	(23,099,388)	(60,202,554)	(40,853,785)	(124,155,727)	20	14.005222	(1,649,341)	(4,298,579)	(2,917,039)	(8,864,959)
2015	FY 2015 Assumption and Method Changes	(8,126,340)	(18,580,453)	(8,236,089)	(34,942,883)	20	14.005222	(580,236)	(1,326,680)	(588,073)	(2,494,989)
2015	FY 2015 Plan Changes	4,593,565	-	-	4,593,565	20	14.005222	327,989	-	-	327,989
Unfunded Liability		$ 16,502,791	$ 32,831,855	$ 137,849,362	$ 187,184,008	20.0 yrs.	14.005222	$ 1,178,332	$ 2,344,258	$ 9,842,712	$ 13,365,302

ACTUARIAL VALUATION RESULTS
AMORTIZATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY AND AMORTIZATION PAYMENTS BY GROUP (CONTINUED)

GRIP

Base Year	Description	Unfunded Liability Base GRIP	Unfunded Liability Base Total	Remaining Financing Period		Amortization Factor	Amortization Payment
2015	Pre FY 2015 Retirement Incentive	$ -	$ -	20	yrs.	14.005222	$ -
2015	Pre FY 2015 Plan Experience	(7,314,705)	(7,314,705)	20		14.005222	(522,284)
2015	Pre FY 2015 Plan Changes	(2,154,612)	(2,154,612)	20		14.005222	(153,843)
2015	Pre FY 2015 Cost Method Changes	2,273,260	2,273,260	20		14.005222	162,315
2015	FY 2015 Plan Experience	(3,470,977)	(3,470,977)	20		14.005222	(247,834)
2015	FY 2015 Assumption and Method Changes	(5,745,232)	(5,745,232)	20		14.005222	(410,221)
2015	FY 2015 Plan Changes	-	-	20		14.005222	-
Unfunded Liability		$ (16,412,266)	$ (16,412,266)	20.0	yrs.	14.005229	$ (1,171,867)

ACTUARIAL VALUATION RESULTS
AMORTIZATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY AND AMORTIZATION PAYMENTS BY GROUP (CONTINUED)

Total

Base Year	Description	Unfunded Liability Base Group A	Group H	Group E	Group F	Group G	GRIP	Total
2015	Pre FY 2015 Retirement Incentive	$ 9,731,255	$ 13,340,397	$ 1,056,199	$ -	$ -	$ -	$ 24,127,851
2015	Pre FY 2015 Plan Experience	78,922,635	86,447,360	38,434,418	112,917,009	114,518,493	(7,314,705)	423,925,210
2015	Pre FY 2015 Plan Changes	30,681,707	42,120,757	3,433,334	(1,658,341)	71,073,839	(2,154,612)	143,496,685
2015	Pre FY 2015 Cost Method Changes	7,357,883	5,713,437	211,003	356,194	1,346,904	2,273,260	17,258,680
2015	Plan Experience	(53,709,553)	(31,502,207)	(23,099,388)	(60,202,554)	(40,853,785)	(3,470,977)	(212,838,464)
2015	Assumption and Method Changes	28,710,637	18,431,174	(8,126,340)	(18,580,453)	(8,236,089)	(5,745,232)	6,453,696
2015	Plan Changes	-	-	4,593,565	-	-	-	4,593,565
Unfunded Liability		$ 101,694,564	$ 134,550,917	$ 16,502,791	$ 32,831,855	$ 137,849,362	$ (16,412,266)	$ 407,017,223

Base Year	Description	Remaining Financing Period	Amortization Factor	Amortization of Unfunded Liabilty Base Group A	Group H	Group E	Group F	Group G	GRIP	Dollar Contribution
2015	Pre FY 2015 Retirement Incentive	9.2 yrs.	7.855348	$ 1,263,709	$ 1,732,395	$ 75,415	$ -	$ -	$ -	$ 3,071,519
2015	Pre FY 2015 Plan Experience	13.5	10.615000	10,248,960	11,226,127	2,744,292	8,062,493	8,176,842	(522,284)	39,936,430
2015	Pre FY 2015 Plan Changes	12.3	9.895031	3,984,352	5,469,837	245,147	(118,409)	5,074,810	(153,843)	14,501,894
2015	Pre FY 2015 Cost Method Changes	10.4	8.644732	955,501	741,952	15,066	25,433	96,172	162,315	1,996,439
2015	Plan Experience	13.4	10.547803	(6,974,768)	(4,090,903)	(1,649,341)	(4,298,579)	(2,917,039)	(247,834)	(20,178,464)
2015	Assumption and Method Changes	2.0	2.006331	3,728,388	2,393,488	(580,236)	(1,326,680)	(588,073)	(410,221)	3,216,666
2015	Plan Changes	20.0	14.005241	-	-	327,989	-	-	-	327,989
Amortization Payments		11.7 yrs.	9.493673	$ 13,206,142	$ 17,472,896	$ 1,178,332	$ 2,344,258	$ 9,842,712	$ (1,171,867)	$ 42,872,473

ACTUARIAL VALUATION RESULTS
GAIN/LOSS ANALYSIS

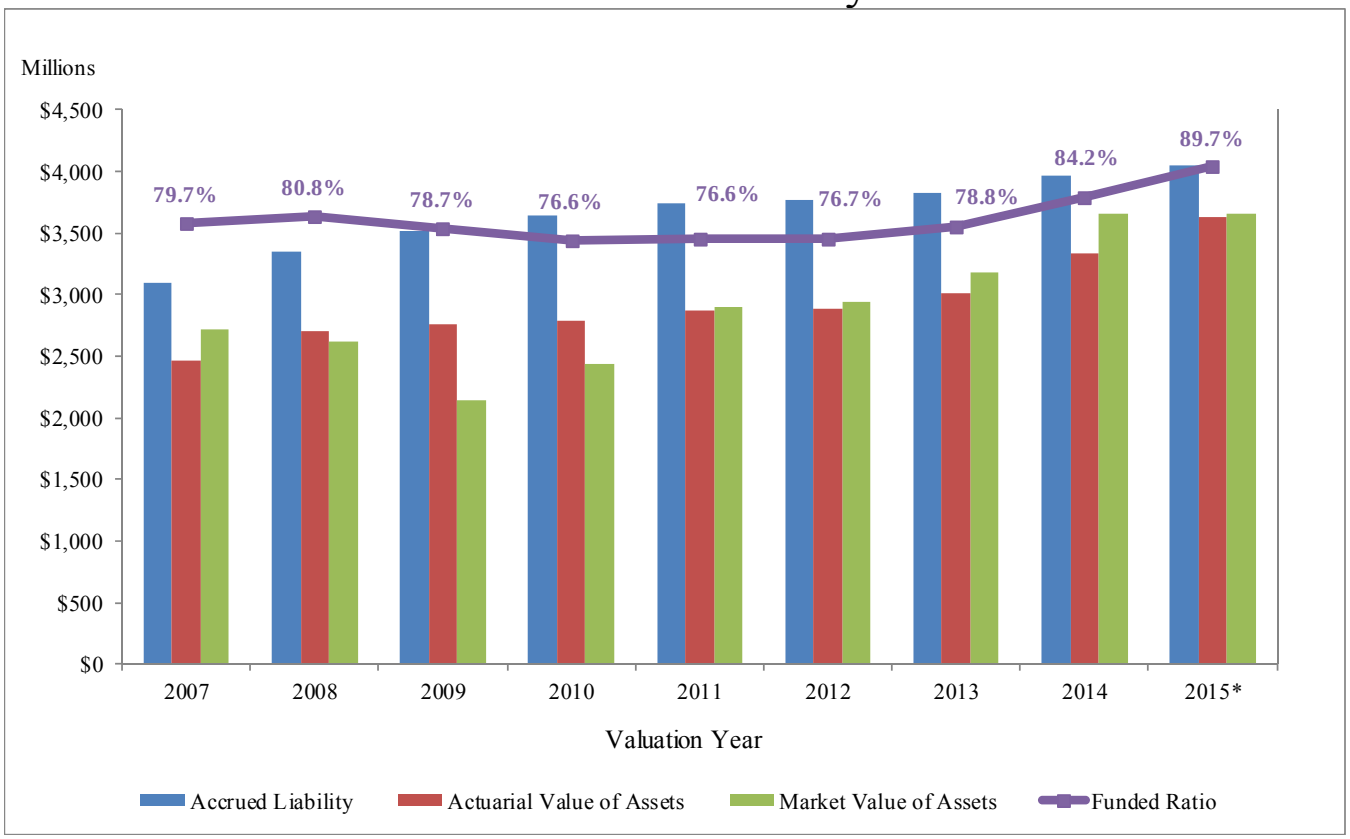
	Non-Public Safety	Public Safety	GRIP	Total
Unfunded liability at previous valuation	$ 281,025,207	$ 351,668,138	$ (7,248,351)	$ 625,444,994
Expected unfunded liability at current valuation				
Normal cost for plan year	12,209,486	54,382,683	8,392,201	74,984,370
Interest on unfunded liability and normal cost	21,526,469	28,377,593	(234,608)	49,669,454
Contributions with interest to current valuation date	40,445,731	92,739,361	8,105,299	141,290,391
Total expected change in unfunded liability at current valuation	(6,709,776)	(9,979,085)	52,294	(16,636,567)
Total expected unfunded liability at current valuation	274,315,431	341,689,053	(7,196,057)	608,808,427
Change due to:				
Recognition of asset (gains)/losses	(43,922,498)	(60,732,478)	(2,346,695)	(107,001,671)
Salary increases	3,721,471	2,437,273	-	6,158,744
COLA increases	(28,881,953)	(30,912,522)	-	(59,794,475)
Amount and timing of contributions	(7,971,558)	(33,289,032)	-	(41,260,590)
Demographic experience and other	5,486,796	(1,658,968)	(1,124,282)	2,703,546
Change in actuarial assumptions	47,141,811	(34,942,883)	(5,745,232)	6,453,696
Plan improvements	-	4,593,565	-	4,593,565
Measurement improvements	-	-	-	-
Total change	(24,425,931)	(154,505,045)	(9,216,209)	(188,147,185)
Unfunded liability at current valuation	$ 249,889,500	$ 187,184,008	$ (16,412,266)	$ 420,661,242

	Non-Public Safety	Public Safety	GRIP
FY 2016 County Contribution	40.02%	37.73%	6.61%
Expected FY 2017 County Contribution	40.06%	37.59%	6.97%
Change due to:			
Recognition of asset (gains)/losses	-3.57%	-1.82%	-0.17%
Salary increases	0.14%	-0.01%	0.00%
COLA increases	-2.35%	-0.93%	0.00%
Amount and timing of contributions	-0.65%	-1.00%	0.00%
Demographic experience and other	0.63%	0.00%	-1.45%
Measurement improvements	0.00%	0.00%	0.00%
Plan improvements	0.00%	0.17%	0.00%
Change in assumptions and amortization period	8.45%	-10.49%	0.00%
Total change	2.65%	-14.08%	-1.62%
FY 2017 County Contribution	42.71%	23.51%	5.35%

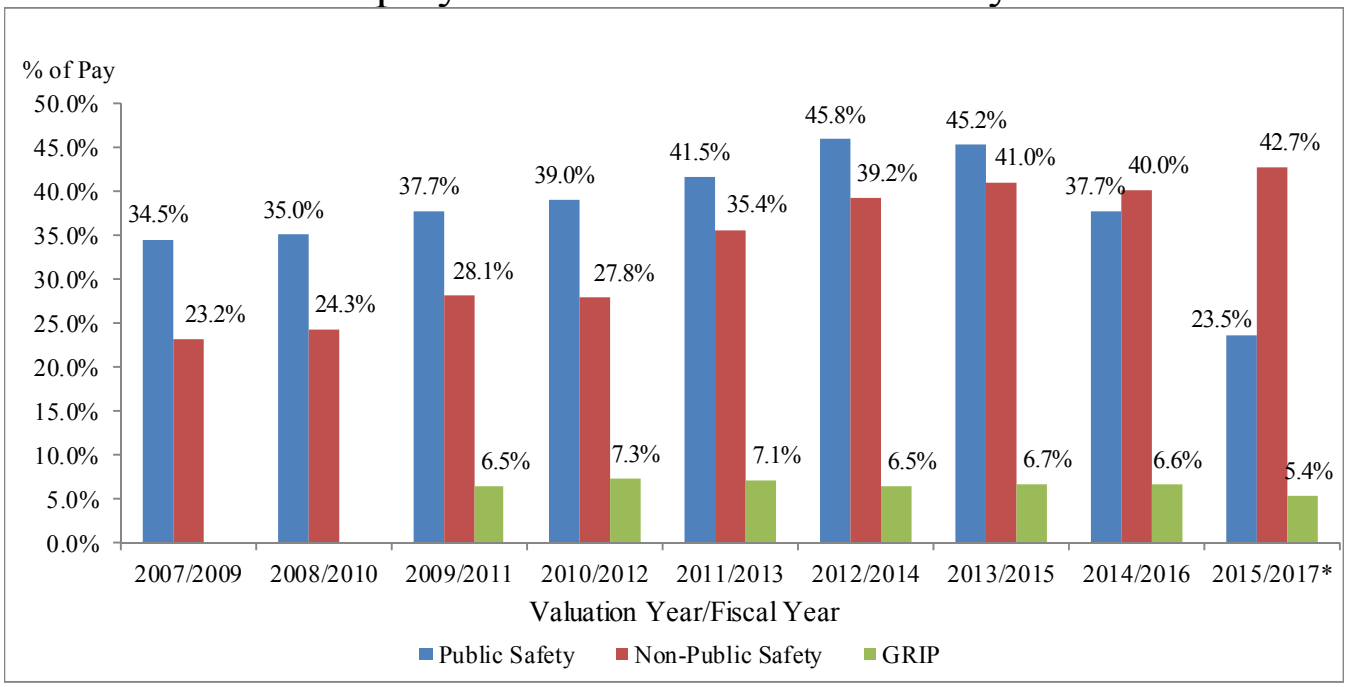
Demographic Experience and Other includes changes due to retirement, mortality, disability and termination experience that varied from the actuarial assumptions, and data changes.

HISTORICAL TRENDS OF FUNDED RATIO AND EMPLOYER CONTRIBUTIONS

Funded Ratio History



Employer Contribution Rate History



**Results beginning with the 2015 valuation (FY 2017) include changes to amortization periods used to finance the unfunded liability and changes to the actuarial assumptions used in the valuation, based on the key findings from an experience review of the System for the period from July 1, 2009, to July 1, 2014.*

ACTUARIAL VALUATION RESULTS
SOLVENCY TEST

Valuation Date 6/30	Total Actuarial Accrued Liability	(1) Active Member Contributions	(2) Retirees, Term Vested and Beneficiaries	(3) Active Members (Employer Financed Portion)	Actuarial Value of Assets	Portion (%) of Present Value Covered By Assets (1)	(2)	(3)
1998	$1,660,034,038	$121,197,443	$899,019,607	$639,816,988	$1,496,651,390	100%	100%	74%
1999	1,818,990,623	124,544,357	943,551,243	750,895,023	1,707,450,187	100%	100%	85%
2000	1,931,914,313	136,181,427	1,014,314,792	781,418,094	1,911,114,401	100%	100%	97%
2001	2,111,946,453	143,356,036	1,029,982,653	938,607,764	1,990,882,017	100%	100%	87%
2002	2,273,179,216	146,500,545	1,125,070,362	1,001,608,309	2,036,100,709	100%	100%	76%
2003	2,411,492,724	155,686,014	1,247,359,872	1,008,446,838	2,029,314,438	100%	100%	62%
2004	2,561,328,232	160,523,789	1,354,272,329	1,046,532,114	2,045,098,796	100%	100%	51%
2005	2,775,047,412	166,078,802	1,426,030,001	1,182,938,609	2,100,532,623	100%	100%	43%
2006	2,918,336,073	177,391,695	1,578,703,590	1,162,240,788	2,222,724,295	100%	100%	40%
2007	3,100,637,723	187,104,227	1,661,692,386	1,251,841,110	2,469,933,200	100%	100%	50%
2008	3,341,549,425	186,171,030	1,847,516,034	1,307,862,361	2,701,119,470	100%	100%	51%
2009	3,516,824,342	210,385,653	1,892,331,796	1,414,106,893	2,766,230,073	100%	100%	47%
2010	3,645,576,341	213,191,851	2,054,949,883	1,377,434,607	2,791,144,974	100%	100%	38%
2011	3,744,713,474	237,074,023	2,181,816,842	1,325,822,609	2,869,422,276	100%	100%	34%
2012	3,768,745,962	210,537,737	2,465,714,392	1,092,493,833	2,891,435,563	100%	100%	20%
2013	3,821,380,732	248,331,006	2,526,844,154	1,046,205,572	3,012,547,244	100%	100%	23%
2014	3,958,929,718	265,055,643	2,585,446,584	1,108,427,491	3,333,484,724	100%	100%	44%
2015	4,046,098,934	280,135,577	2,693,402,804	1,072,560,553	3,630,075,610	100%	100%	61%

DRSP and DROP member liability included in item (2) with retirees beginning in 2012.

Results in 2009 and 2011 are measured as of July 1, and differ from the Comprehensive Annual Financial Report (CAFR). Results in the CAFR are as of June 30, and do not reflect the transfer of members effective July 1 of those years.

STATEMENT OF FIDUCIARY NET POSITION

	Fiscal Year Ending	
Assets	**June 30, 2014**	**June 30, 2015**
Equity in County's pooled cash and investments	$ 971,114	$ 981,456
Investments :		
Government and agency obligations	359,793,807	395,527,073
Municipal/Provincial obligations	58,203,905	12,358,783
Asset-backed securities	3,345,101	3,464,339
Corporate bonds	632,632,391	656,471,268
Collateralized mortgage obligations	419,500	-
Commercial mortgage-backed securities	-	-
Common and preferred stock	1,391,796,570	1,455,833,853
Mutual and commingled funds	453,648,456	365,620,792
Short-term investments	99,565,286	119,853,979
Cash collateral received under securities lending agreements	233,431,419	273,912,882
Real estate	391,199,845	380,180,632
Private equity	257,774,913	261,364,506
Total Investments	3,881,811,193	3,924,588,107
Dividend, interest, and other receivables	3,875,781	6,640,354
Contributions receivable	7,717,664	8,443,224
Capital Assets	900,043	600,029
Total assets	3,895,275,795	3,941,253,170
Liabilities		
Payable for collateral received under securities lending agreements	233,431,419	273,912,882
Benefit payable and other liabilities	8,977,279	5,679,044
Total liabilities	242,408,698	279,591,926
Net position restricted for pensions	$ 3,652,867,097	$ 3,661,661,244

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
TOTAL EMPLOYEES' RETIREMENT SYSTEM (ERS)

	Fiscal Year Ending	
	June 30, 2014	**June 30, 2015**
Additions:		
Contributions:		
Employer	$ 144,709,675	$ 151,301,867
Members	26,462,839	26,627,493
Total contributions	171,172,514	177,929,360
Investment income	553,599,474	88,488,213
Less investment expense	20,357,819	22,506,400
Net gain from investment activities	533,241,655	65,981,813
Income from securities lending	1,077,992	1,156,632
Less securities lending expenses	(78,086)	68,012
Net income from securities lending	1,156,078	1,088,620
Total additions	705,570,247	244,999,793
Deductions:		
Retiree benefits	172,472,289	171,784,946
Disability benefits	48,606,540	49,879,651
Survivor benefits	8,585,891	8,982,132
Refunds and distributions	4,329,834	2,874,357
Administrative expenses	2,953,807	2,684,560
Total deductions	236,948,361	236,205,646
Increase in net position	468,621,886	8,794,147
Net position restricted for pensions		
Beginning of year	3,184,245,211	3,652,867,097
End of year	$ 3,652,867,097	$ 3,661,661,244

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
ALLOCATION BETWEEN GRIP AND NON-GRIP ASSETS

	Fiscal Year Ending June 30, 2014	Fiscal Year Ending June 30, 2015		
	Total	Non-GRIP	GRIP	Total
Additions:				
Contributions:				
Employer	$ 144,709,675	$ 145,252,909	$ 6,048,958	$ 151,301,867
Members	26,462,839	22,997,448	3,630,045	26,627,493
Total contributions	171,172,514	168,250,357	9,679,003	177,929,360
Net Investment income	534,397,733	65,088,921	1,981,512	67,070,433
Total additions	705,570,247	233,339,278	11,660,515	244,999,793
Deductions:				
Benefit Payments and distributions	233,994,554	230,625,326	2,895,760	233,521,086
Administrative expenses	2,953,807	2,515,427	169,133	2,684,560
Total deductions	236,948,361	233,140,753	3,064,893	236,205,646
Increase in net position	468,621,886	198,525	8,595,622	8,794,147
Net position restricted for pensions				
Beginning of year	3,184,245,211	3,549,115,629	103,751,468	3,652,867,097
End of year	$3,652,867,097	$3,549,314,154	$ 112,347,090	$3,661,661,244

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS (TOTAL ERS)

Fiscal Year Ending	2015	2016	2017	2018	2019
Beginning of Year:					
(1) Market Value of Assets	$ 3,652,867,097				
(2) Actuarial Value of Assets	3,333,484,724				
End of Year:					
(3) Market Value of Assets	3,661,661,244				
(4a) Contributions	177,929,360				
(4b) Net Disbursements	236,205,646				
(5) Total Investment Income =(3)-(1)-(4a)+(4b)	67,070,433				
(6) Projected Rate of Return	7.50%				
(7) Projected Investment Income =(1)x(6)+([1+(6)]^.5-1)x(4a-4b)	271,819,179				
(8) Asset Adjustment	-				
(9) Investment Income in Excess of Projected Income	(204,748,746)				
(10) Excess Investment Income Recognized This Year (5 year recognition)					
(10a) From This Year	$ (40,949,749)				
(10b) From One Year Ago	59,600,269	$ (40,949,749)			
(10c) From Two Years Ago	17,964,997	59,600,269	$ (40,949,749)		
(10d) From Three Years Ago	(19,346,169)	17,964,997	59,600,269	$ (40,949,749)	
(10e) From Four Years Ago	65,778,645	(19,346,169)	17,964,996	59,600,269	$ (40,949,750)
(10f) Total Recognized Investment Gain/(Loss)	83,047,993	17,269,348	36,615,516	18,650,520	(40,949,750)
(11) Change in Actuarial Value of Assets =(4a)-(4b)+(7)+(8)+(10f)	296,590,886				
End of Year:					
(3) Market Value of Assets	**$ 3,661,661,244**				
(12) Final Actuarial Value of Assets as of 6/30 = (2)+(11)	**$ 3,630,075,610**				
(13) Difference Between Market & Actuarial Values	31,585,634				
(14) Estimated Market Value Rate of Return on Total Plan Assets	1.85%				
(15) Estimated Market Value Return on Invested Plan Assets [1]	2.82%				
(16) Actuarial Value Rate of Return	10.74%				
(17) Ratio of Actuarial Value to Market Value	99.1%				

[1] *Rate calculated and provided by the County.*

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS
(ASSETS ALLOCATED TO GRIP)

Fiscal Year Ending	2015	2016	2017	2018	2019
Beginning of Year:					
(1) Market Value of Assets	$ 103,751,468				
(2) Actuarial Value of Assets	95,461,457				
End of Year:					
(3) Market Value of Assets	112,347,090				
(4a) Contributions	9,679,003				
(4b) Net Disbursements	3,064,893				
(5) Total Investment Income					
=(3)-(1)-(4a)+(4b)	1,981,512				
(6) Projected Rate of Return	7.50%				
(7) Projected Investment Income					
=(1)x(6)+([1+(6)]^.5-1)x(4a-4b)	8,024,905				
(8) Asset Adjustment	-				
(9) Investment Income in					
Excess of Projected Income	(6,043,393)				
(10) Excess Investment Income Recognized					
This Year (5 year recognition)					
(10a) From This Year	$ (1,208,679)				
(10b) From One Year Ago	1,630,977	$ (1,208,679)			
(10c) From Two Years Ago	447,153	1,630,977	$ (1,208,679)		
(10d) From Three Years Ago	(430,854)	447,153	1,630,977	$ (1,208,679)	
(10e) From Four Years Ago	1,286,347	(430,853)	447,155	1,630,979	$ (1,208,677)
(10f) Total Recognized Investment Gain/(Loss)	1,724,944	438,598	869,453	422,300	(1,208,677)
(11) Change in Actuarial Value of Assets					
=(4a)-(4b)+(7)+(8)+(10f)	16,363,959				
End of Year:					
(3) Market Value of Assets	**$ 112,347,090**				
(12) Final Actuarial Value of Assets as of 6/30 = (2)+(11)	**$ 111,825,416**				
(13) Difference Between Market & Actuarial Values	521,674				
(14) Estimated Market Value Rate of Return on Total Plan Assets	1.85%				
(15) Estimated Market Value Return on Invested Plan Assets [1]	2.82%				
(16) Actuarial Value Rate of Return	9.87%				
(17) Ratio of Actuarial Value to Market Value	100%				

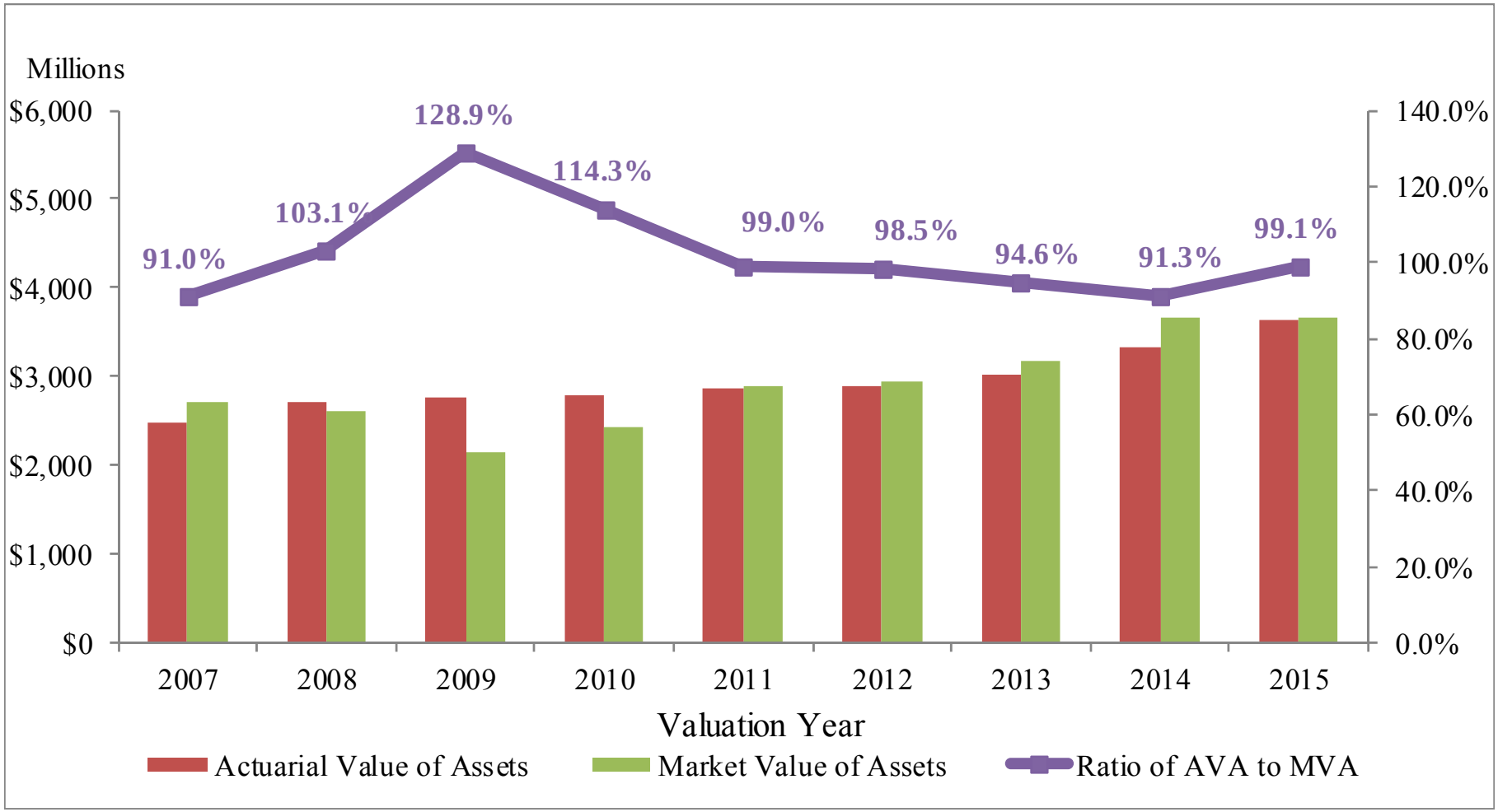
[1] *Rate calculated and provided by the County.*

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS
(ASSETS ALLOCATED TO ALL BENEFIT GROUPS)

	Valuation as of July 1, 2015						
	Non-Public Safety		Public Safety				
	Group A	Group H	Group E	Group F	Group G	GRIP	Total
Beginning of Year:							
(1) Actuarial Value of Assets [1]	$ 809,882,145	$ 570,958,357	$ 363,009,167	$ 878,480,714	$ 615,692,883	$ 95,461,457	$ 3,333,484,723
End of Year:							
(2a) County Contributions	$ 19,571,659	$ 20,937,722	$ 17,609,607	$ 42,025,652	$ 45,108,268	$ 6,048,958	$ 151,301,867
(2b) Employee Contributions	2,964,863	3,223,536	3,270,447	6,807,166	6,731,437	3,630,045	26,627,493
(2c) Total Contributions [2]	$ 22,536,522	$ 24,161,259	$ 20,880,054	$ 48,832,818	$ 51,839,704	$ 9,679,003	$ 177,929,360
(3a) Benefit Payments and Refunds	$ 69,488,821	$ 49,342,825	$ 24,143,800	$ 50,231,954	$ 37,417,926	$ 2,895,760	$ 233,521,086
(3b) Administrative Expenses	413,529	397,643	316,024	748,122	640,109	169,133	2,684,560
(3c) Total Deductions [3]	$ 69,902,350	$ 49,740,468	$ 24,459,824	$ 50,980,076	$ 38,058,035	$ 3,064,893	$ 236,205,646
(4) Investment Return (AVA Basis)	$ 84,686,631	$ 60,112,918	$ 38,884,275	$ 94,441,487	$ 66,992,013	$ 9,749,849	$ 354,867,173
(5) Actuarial Value of Assets	$ 847,202,948	$ 605,492,066	$ 398,313,672	$ 970,774,943	$ 696,466,564	$ 111,825,416	$ 3,630,075,610
(6) AVA Rate of Return	10.77%	10.77%	10.76%	10.76%	10.76%	9.87%	10.74%

[1] Actuarial value of assets by group based on the remaining unfunded liability bases and actuarial accrued liability by group from the actuarial valuation as of July 1, 2014.
[2] Contributions by group allocated based on fiscal year 2015 contribution rates and expected fiscal year 2015 payroll from the cost impact measured as of July 1, 2014, from the experience study report for the period July 1, 2009, through July 1, 2014.

HISTORICAL COMPARISON OF ACTUARIAL VALUE OF ASSETS TO MARKET VALUE OF ASSETS (TOTAL ERS)



SECTION B

HISTORICAL ACCOUNTING DISCLOSURES

The measurements required under GASB Statements Nos. 67 and 68 are provided in a separate report.

HISTORICAL SCHEDULE OF FUNDING PROGRESS

Prior to fiscal year ending June 30, 2014, the accounting policies of Montgomery County relative to its retirement systems were based on the terms of GASB Statements Nos. 25 and 27. Effective with fiscal year ending June 30, 2014, GASB Statement No. 67 replaced GASB Statement No. 25 for pension plan financial reporting. Effective with fiscal year ending June 30, 2015, GASB Statement No. 68 replaced GASB Statement No. 27 for employer financial reporting. A separate report containing the information required by GASB Statements Nos. 67 and 68 has been provided to the System. The following exhibits provided in this section provide historical GASB Statements Nos. 25 and 27 information. Historical information regarding GASB Statements Nos. 25 and 27 will no longer be provided in valuation reports subsequent to July 1, 2015.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b – a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Payroll [(b – a)/c]
7/1/2009	$ 2,766,230,073	$ 3,516,824,342	$ 750,594,269	78.7 %	$ 440,745,776	170.3 %
7/1/2010	2,791,144,974	3,645,576,341	854,431,367	76.6	431,226,155	198.1
7/1/2011	2,869,422,276	3,744,713,474	875,291,198	76.6	405,336,529	215.9
7/1/2012	2,891,435,563	3,768,745,962	877,310,399	76.7	398,460,248	220.2
7/1/2013	3,012,547,244	3,821,380,732	808,833,488	78.8	395,988,026	204.3
7/1/2014	3,333,484,724	3,958,929,718	625,444,994	84.2	402,899,096	155.2

Amounts prior to 2012 as shown in prior actuary's report.
Prior to the July 1, 2014, valuation, total payroll includes DRSP and DROP payroll.

HISTORICAL SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended	Annual Required Contribution (a)	Total Employer Contribution (b)	Percentage Contributed (b / a)
6/30/2009	$ 109,567,014	$ 109,567,014	100.0 %
6/30/2010	113,957,784	113,957,784	100.0
6/30/2011	109,343,933	109,343,933	100.0
6/30/2012	107,855,595	107,855,595	100.0
6/30/2013	127,887,620	127,887,620	100.0
6/30/2014	144,709,675	144,709,675	100.0

Amounts prior to 2012 as shown in prior actuary's report.

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

The information requested in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	July 1, 2015
Actuarial Cost Method	Individual Entry Age Normal (non-GRIP and GRIP)
Actuarial Value of Assets	5-year smoothed market for funding purposes Market value for accounting purposes under GASB 67 and 68
Amortization Method	Level percentage of pay, separate closed period amortization bases for Public Safety and GRIP, single closed period amortization base for non-Public Safety
Amortization Period	For Public Safety and GRIP: Initial amortization period of 20 years for the base established July 1, 2015 Initial amortization period of 20 years for subsequent bases For non-Public Safety: Single closed amortization period of nine years established July 1, 2015 Average amortization period of 11.7 years for the total ERS

Actuarial Assumptions:

Investment Rate of Return	7.50% per year
Projected Salary Increases	Wage inflation of 3.25 percent per year plus additional service-based increases of up to 6.25 percent. Total increases of 3.25 percent to 9.50 percent.
Cost of Living Increases	2.75 percent for the portion of the benefit attributable to pre July 1, 2011, service 2.3 percent for the portion of the benefit attributable to service on or after July 1, 2011, where the increase is capped at 2.5 percent 1.65 percent for members that receive a COLA equal to 60 percent of the change in CPI

SECTION C

VALUATION DATA

SUMMARY OF PARTICIPANT DATA
(JULY 1, 2015 AND JULY 1, 2014)

	Valuation as of July 1, 2015						
	Non-Public Safety		Public Safety				
	Group A	Group H	Group E	Group F	Group G	GRIP	Total
Total All Plans							
Active Members							
Number	483	719	630	1,232	1,125	1,352	5,541
Average Age	57.1	57.2	43.6	38.1	37.9	49.5	45.6
Average Service	26.5	24.8	12.2	12.3	11.6	8.4	14.0
Total Base Payroll	$ 49,347,557	$ 52,217,370	$ 44,963,880	$ 94,711,068	$ 84,799,795	$ 92,688,914	$ 418,728,584
Contribution Basis Payroll:							
For Normal Cost	$ 46,199,907	$ 48,913,390	$ 42,488,047	$ 91,504,350	$ 81,984,821	$ 88,754,341	$ 399,844,856
For Amortization of Unfunded Liability*	38,579,217	44,095,246	44,963,880	94,711,068	84,799,795	92,688,914	399,838,119
DRSP/DROP Members							
Number				39	56		95
Total Base Payroll				3,932,109	5,863,262		$ 9,795,371
Total Benefits				2,506,780	3,543,896		6,050,676
Terminated Vested Members							
Number	64	81	28	33	19	177	402
Total Benefits	$ 685,941	$ 641,753	$ 355,828	$ 384,579	$ 126,296		$ 2,194,397
Retired Members and Beneficiaries							
Number						1	6,285
Total Benefits						$ 5,024	$ 229,562,199
Total Membership							12,323

	Valuation as of July 1, 2014						
	Non-Public Safety		Public Safety				
	Group A	Group H	Group E	Group F	Group G	GRIP	Total
Total All Plans							
Active Members							
Number	527	799	626	1,190	1,130	1,263	5,535
Average Age	56.7	56.8	43.5	38.1	37.5	49.5	45.7
Average Service	26.7	24.6	12.4	12.9	11.7	8.3	14.5
Total Base Payroll	$ 50,976,638	$ 55,866,352	$ 42,951,126	$ 89,215,131	$ 80,663,980	$ 83,225,868	$ 402,899,096
Contribution Basis Payroll:							
For Normal Cost	$ 43,189,541	$ 47,460,110	$ 37,611,162	$ 82,124,733	$ 75,043,449	$ 75,396,078	$ 360,825,073
For Amortization of Unfunded Liability	38,979,842	42,994,102	42,951,126	89,215,131	80,663,980	83,225,868	378,030,049
DRSP/DROP Members							
Number				39	60		99
Total Base Payroll				$ 3,740,247	$ 5,944,122		$ 9,684,369
Total Benefits				2,523,134	3,626,704		6,149,838
Terminated Vested Members							
Number	68	88	26	35	19	167	403
Total Benefits	$ 751,726	$ 740,739	$ 334,743	$ 411,385	$ 121,662		$ 2,360,255
Retired Members and Beneficiaries							
Number						1	6,143
Total Benefits						5,024	$ 223,419,018
Total Membership							12,180

**Excludes Non-GRIP UAL Payroll from Outside Agencies. As of July 1, 2015, this amount is $2,810,590.*

SUMMARY OF ACTIVE PARTICIPANT DATA
BY PLAN

Valuation as of July 1, 2015 Including DROP/DRSP Actives

	Non-Public Safety		Public Safety				
	Group A	Group H	Group E	Group F	Group G	GRIP	Total
Optional Non-Integrated							
Number	3	7	-	-	1		11
Total Base Payroll	$ 316,704	$ 600,567	$ -	$ -	$ 103,568		$ 1,020,839
Optional Integrated							
Number	13	11		-	1		25
Total Base Payroll	$ 1,230,057	$ 758,505		$ -	$ 136,390		$ 2,124,952
Mandatory Integrated							
Number	467	701	630	1,271	1,179		4,248
Total Base Payroll	$ 47,800,796	$ 50,858,298	$ 44,963,880	$ 98,643,177	$ 90,423,099		$ 332,689,250
GRIP							
Number						1,352	1,352
Total Base Payroll						$ 92,688,914	$ 92,688,914
Total All Plans							
Number	483	719	630	1,271	1,181	1,352	5,636
Total Base Payroll	$ 49,347,557	$ 52,217,370	$ 44,963,880	$ 98,643,177	$ 90,663,057	$ 92,688,914	$ 428,523,955

Valuation as of July 1, 2015 Excluding DROP/DRSP Actives

	Non-Public Safety		Public Safety				
	Group A	Group H	Group E	Group F	Group G	GRIP	Total
Optional Non-Integrated							
Number	3	7	-		1		11
Total Base Payroll	$ 316,704	$ 600,567	$ -		$ 103,568		$ 1,020,839
Optional Integrated							
Number	13	11			1		25
Total Base Payroll	$ 1,230,057	$ 758,505			$ 136,390		$ 2,124,952
Mandatory Integrated							
Number	467	701	630	1,232	1,123		4,153
Total Base Payroll	$ 47,800,796	$ 50,858,298	$ 44,963,880	$ 94,711,068	$ 84,559,837		$ 322,893,879
GRIP							
Number						1,352	1,352
Total Base Payroll						$ 92,688,914	$ 92,688,914
Total All Plans							
Number	483	719	630	1,232	1,125	1,352	5,541
Total Base Payroll	$ 49,347,557	$ 52,217,370	$ 44,963,880	$ 94,711,068	$ 84,799,795	$ 92,688,914	$ 418,728,584

AGE/SERVICE BY GROUP AS OF JULY 1, 2015

Group A

Current Age	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 and Over	Totals	Valuation Payroll
Under 25	-	-	-	-	-	-	-	-	-	**0**	**$ -**
25-29	-	-	-	-	-	-	-	-	-	**0**	**-**
30-34	-	1	-	-	-	-	-	-	-	**1**	**66,964**
35-39	-	2	2	-	-	-	-	-	-	**4**	**279,154**
40-44	-	-	2	3	5	2	-	-	-	**12**	**813,956**
45-49	-	-	2	2	29	21	2	-	-	**56**	**4,921,809**
50-54	-	-	-	5	31	54	14	-	-	**104**	**10,380,696**
55-59	-	3	-	3	26	80	20	9	2	**143**	**15,360,051**
60-64	1	-	2	3	25	43	21	12	4	**111**	**11,977,324**
65-69	-	-	1	1	9	14	9	5	2	**41**	**4,277,498**
70-74	-	-	-	1	3	1	2	-	1	**8**	**1,011,526**
75 and Over	-	-	-	-	-	2	1	-	-	**3**	**258,579**
Total	**1**	**6**	**9**	**18**	**128**	**217**	**69**	**26**	**9**	**483**	**$ 49,347,557**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Current Valuation		Previous Valuation	
Average Age:	57.1	Average Age:	56.7
Average Service:	26.5	Average Service:	26.7
Average Annual Pay:	$ 102,169	Average Annual Pay:	$ 96,730
Vested Participants	482	Vested Participants	527
Nonvested Participants	1	Nonvested Participants	-

Group H

Current Age	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 and Over	Totals	Valuation Payroll
Under 25	-	-	-	-	-	-	-	-	-	**0**	**$ -**
25-29	-	1	-	-	-	-	-	-	-	**1**	**57,739**
30-34	2	2	1	-	-	-	-	-	-	**5**	**283,967**
35-39	-	2	3	-	-	-	-	-	-	**5**	**326,387**
40-44	-	2	2	5	7	-	-	-	-	**16**	**1,165,076**
45-49	-	1	6	16	36	32	1	-	-	**92**	**6,617,734**
50-54	-	2	7	14	52	60	9	4	-	**148**	**10,889,195**
55-59	-	3	3	10	63	88	18	7	1	**193**	**14,205,553**
60-64	-	1	8	10	45	63	25	16	3	**171**	**12,397,465**
65-69	-	-	1	6	19	20	9	6	1	**62**	**4,583,935**
70-74	-	1	1	-	6	4	2	2	2	**18**	**1,179,878**
75 and Over	-	-	-	-	2	4	1	-	1	**8**	**510,441**
Total	**2**	**15**	**32**	**61**	**230**	**271**	**65**	**35**	**8**	**719**	**$ 52,217,370**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Current Valuation		Previous Valuation	
Average Age:	57.2	Average Age:	56.8
Average Service:	24.8	Average Service:	24.6
Average Annual Pay:	$ 72,625	Average Annual Pay:	$ 69,920
Vested Participants	717	Vested Participants	799
Nonvested Participants	2	Nonvested Participants	-

AGE/SERVICE BY GROUP AS OF JULY 1, 2015

Group E

Current Age	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 and Over	Totals	Valuation Payroll
Under 25	20	-	-	-	-	-	-	-	-	**20**	**$ 908,498**
25-29	44	9	-	-	-	-	-	-	-	**53**	**2,638,706**
30-34	33	29	6	-	-	-	-	-	-	**68**	**3,806,139**
35-39	20	21	37	7	-	-	-	-	-	**85**	**5,599,918**
40-44	12	20	35	37	7	-	-	-	-	**111**	**8,064,886**
45-49	7	19	29	26	16	13	-	-	-	**110**	**8,934,033**
50-54	7	6	38	19	14	17	4	-	-	**105**	**8,503,309**
55-59	2	4	12	5	7	14	2	2	-	**48**	**4,144,997**
60-64	2	2	8	5	2	4	2	-	-	**25**	**2,003,196**
65-69	2	-	2	-	-	-	-	-	-	**4**	**264,683**
70-74	-	-	1	-	-	-	-	-	-	**1**	**95,515**
75 and Over	-	-	-	-	-	-	-	-	-	**0**	**-**
Total	**149**	**110**	**168**	**99**	**46**	**48**	**8**	**2**	**-**	**630**	**$ 44,963,880**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Current Valuation		Previous Valuation	
Average Age:	43.6	Average Age:	43.5
Average Service:	12.2	Average Service:	12.4
Average Annual Pay:	$ 71,371	Average Annual Pay:	$ 68,612
Vested Participants	481	Vested Participants	513
Nonvested Participants	149	Nonvested Participants	113

Group F

Current Age	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 and Over	Totals	Valuation Payroll
Under 25	78	-	-	-	-	-	-	-	-	**78**	**$ 3,934,831**
25-29	171	24	-	-	-	-	-	-	-	**195**	**10,649,345**
30-34	51	146	28	-	-	-	-	-	-	**225**	**14,867,598**
35-39	16	47	122	15	-	-	-	-	-	**200**	**15,551,316**
40-44	9	13	59	92	34	-	-	-	-	**207**	**18,194,681**
45-49	-	11	22	64	112	12	-	-	-	**221**	**21,066,151**
50-54	-	2	3	10	27	29	4	-	-	**75**	**7,428,462**
55-59	2	2	1	1	1	9	10	-	-	**26**	**2,557,213**
60-64	-	-	-	-	3	-	-	1	-	**4**	**370,985**
65-69	-	-	-	-	-	-	1	-	-	**1**	**90,485**
70-74	-	-	-	-	-	-	-	-	-	**0**	**-**
75 and Over	-	-	-	-	-	-	-	-	-	**0**	**-**
Total	**327**	**245**	**235**	**182**	**177**	**50**	**15**	**1**	**-**	**1,232**	**$ 94,711,067**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Current Valuation		Previous Valuation	
Average Age:	38.1	Average Age:	38.1
Average Service:	12.3	Average Service:	12.9
Average Annual Pay:	$ 76,876	Average Annual Pay:	$ 74,971
Vested Participants	905	Vested Participants	924
Nonvested Participants	327	Nonvested Participants	266

AGE/SERVICE BY GROUP AS OF JULY 1, 2015

Group G

Current Age	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 and Over	Totals	Valuation Payroll
Under 25	71	-	-	-	-	-	-	-	-	**71**	**$ 3,474,931**
25-29	133	55	2	-	-	-	-	-	-	**190**	**10,194,713**
30-34	52	103	54	2	-	-	-	-	-	**211**	**13,664,143**
35-39	22	59	82	26	2	-	-	-	-	**191**	**14,565,714**
40-44	9	27	53	60	33	2	-	-	-	**184**	**16,448,730**
45-49	4	16	20	32	55	54	-	-	-	**181**	**17,362,666**
50-54	2	7	4	8	11	31	4	-	-	**67**	**6,314,616**
55-59	-	2	2	3	1	12	3	2	-	**25**	**2,288,234**
60-64	-	2	-	-	-	-	-	1	1	**4**	**367,354**
65-69	-	-	-	-	-	1	-	-	-	**1**	**118,694**
70-74	-	-	-	-	-	-	-	-	-	**0**	**-**
75 and Over	-	-	-	-	-	-	-	-	-	**0**	**-**
Total	**293**	**271**	**217**	**131**	**102**	**100**	**7**	**3**	**1**	**1,125**	**$ 84,799,795**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Current Valuation		Previous Valuation	
Average Age:	37.9	Average Age:	37.5
Average Service:	11.6	Average Service:	11.7
Average Annual Pay:	$ 75,378	Average Annual Pay:	$ 71,384
Vested Participants	832	Vested Participants	870
Nonvested Participants	293	Nonvested Participants	260

Group GRIP

Current Age	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 and Over	Totals	Valuation Payroll
Under 25	6	-	-	-	-	-	-	-	-	**6**	**$ 237,544**
25-29	72	6	-	-	-	-	-	-	-	**78**	**3,729,042**
30-34	82	18	5	-	-	-	-	-	-	**105**	**5,694,047**
35-39	57	30	19	2	-	-	-	-	-	**108**	**6,952,934**
40-44	68	38	30	19	-	-	-	-	-	**155**	**11,074,435**
45-49	64	51	46	22	5	-	-	-	-	**188**	**12,678,525**
50-54	70	58	51	44	2	-	-	-	-	**225**	**15,372,603**
55-59	60	55	60	43	9	-	-	-	-	**227**	**16,737,010**
60-64	42	46	34	39	10	1	1	-	-	**173**	**13,334,729**
65-69	7	17	23	17	4	-	-	-	-	**68**	**5,492,518**
70-74	1	-	6	6	2	-	-	-	-	**15**	**1,093,600**
75 and Over	2	1	-	1	-	-	-	-	-	**4**	**291,927**
Total	**531**	**320**	**274**	**193**	**32**	**1**	**1**	**-**	**-**	**1,352**	**$ 92,688,914**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Current Valuation		Previous Valuation	
Average Age:	49.5	Average Age:	49.5
Average Service:	8.4	Average Service:	8.3
Average Annual Pay:	$ 68,557	Average Annual Pay:	$ 65,895
Vested Participants	1,050	Vested Participants	961
Nonvested Participants	302	Nonvested Participants	302

AGE/SERVICE BY GROUP AS OF JULY 1, 2015

Total All Groups

Current Age	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 and Over	Totals	Valuation Payroll
Under 25	175	-	-	-	-	-	-	-	-	**175**	**$ 8,555,804**
25-29	420	95	2	-	-	-	-	-	-	**517**	**27,269,545**
30-34	220	299	94	2	-	-	-	-	-	**615**	**38,382,858**
35-39	115	161	265	50	2	-	-	-	-	**593**	**43,275,423**
40-44	98	100	181	216	86	4	-	-	-	**685**	**55,761,764**
45-49	75	98	125	162	253	132	3	-	-	**848**	**71,580,919**
50-54	79	75	103	100	137	191	35	4	-	**724**	**58,888,881**
55-59	64	69	78	65	107	203	53	20	3	**662**	**55,293,058**
60-64	45	51	52	57	85	111	49	30	8	**488**	**40,451,053**
65-69	9	17	27	24	32	35	19	11	3	**177**	**14,827,813**
70-74	1	1	8	7	11	5	4	2	3	**42**	**3,380,519**
75 and Over	2	1	-	1	2	6	2	-	1	**15**	**1,060,947**
Total	**1,303**	**967**	**935**	**684**	**715**	**687**	**165**	**67**	**18**	**5,541**	**$ 418,728,584**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Current Valuation		Previous Valuation	
Average Age:	45.6	Average Age:	45.7
Average Service:	14.0	Average Service:	14.5
Average Annual Pay:	$ 75,569	Average Annual Pay:	$ 72,791
Vested Participants	4,467	Vested Participants	4,594
Nonvested Participants	1,074	Nonvested Participants	941

SCHEDULE OF ACTIVE MEMBER DATA AS OF JULY 1, 2015

Valuation Date 7/1	Number	Annual Payroll	Average Annual Pay	% Increase in Avg Pay
2002	5,983	$333,449,862	$55,733	5.33%
2003	5,876	336,019,788	57,185	2.61%
2004	5,670	341,629,327	60,252	5.36%
2005	5,628	355,105,993	63,096	4.72%
2006	5,362	357,361,131	66,647	5.63%
2007	5,294	374,792,608	70,796	6.23%
2008	5,060	376,002,333	74,309	4.96%
2009	5,012	376,014,994	75,023	0.96%
2010	5,786	431,226,155	74,529	-0.66%
2011	5,515	405,336,529	73,497	-1.38%
2012	5,554	398,460,248	71,743	-2.39%
2013	5,606	395,988,026	70,636	-1.54%
2014	5,535	402,899,096	72,791	3.05%
2015	5,541	418,728,584	75,569	3.82%

Prior to the July 1, 2014, valuation, counts and payroll include DRSP and DROP members.

SCHEDULE OF MEMBERS IN PAY STATUS AS OF JULY 1, 2015

Valuation Date 7/1	Annuitants	Survivors	Disableds	Total Number	Total Annual Benefits	Total Average Annual Benefit
2002	3,002	330	783	4,115		$24,259
2003	3,203	350	817	4,370		25,204
2004	3,348	360	851	4,559		26,276
2005	3,443	369	853	4,665		27,591
2006	3,564	365	919	4,848		29,229
2007	3,661	361	975	4,997		30,011
2008	3,905	380	1,021	5,306		31,808
2009	3,957	386	1,036	5,379		31,698
2010	4,132	380	1,079	5,591		32,606
2011	4,245	393	1,074	5,712		34,348
2012	4,309	438	1,077	5,824	$203,710,715	34,978
2013	4,412	448	1,101	5,961	210,686,878	35,344
2014	4,669	452	1,121	6,242	229,568,856	36,778
2015	4,807	448	1,125	6,380	235,612,875	36,930

Total Annual Benefits first shown in actuarial valuation report in 2012. Amounts in prior years are not readily available. Beginning with the July 1, 2014, valuation, counts for annuitants and annual benefit amounts include DRSP and DROP members.

RECONCILIATION OF PARTICIPANT DATA AS OF JULY 1, 2015

Non-Public Safety

	Actives	Deferred Vested	Retirees and Beneficiaries*	Total
Participants at 07/01/2014	1,326	156	-	1,482
New Entrants and Rehires	1	-	-	1
Transfers To DROP/DRSP	-	-	-	-
Non-Vested Terminations/ Refund of Contributions	(1)	(3)	-	(4)
Vested Terminations	-	-	-	-
Transfers to GRIP	-	-	-	-
Transfer to E, F, G	(3)	-	-	(3)
Transfer from E, F, G	6	-	-	6
Retirements	(125)	(9)	-	(134)
New Beneficiaries	-	-	-	-
Deaths	(2)	-	-	(2)
Benefit Terminations	-	-	-	-
Status Adjustments	-	1	-	1
Participants at 07/01/2015	1,202	145		1,347

Public Safety

	Actives	Deferred Vested	Retirees and Beneficiaries*	DRSP/DROP Members	Total
Participants at 07/01/2014	2,946	80	-	99	3,125
New Entrants and Rehires	175	-	-	-	175
Transfers To DROP/DRSP	(41)	-	-	41	-
Non-Vested Terminations/ Refund of Contributions	(38)	(2)	-	-	(40)
Vested Terminations	(6)	6	-	-	-
Transfers to GRIP	(2)	-	-	-	(2)
Transfer to A, H	(6)	-	-	-	(6)
Transfer from A, H	3	-	-	-	3
Retirements	(44)	(4)	-	(45)	(93)
New Beneficiaries	-	-	-	-	-
Deaths	(1)	-	-	-	(1)
Benefit Terminations	-	-	-	-	-
Status Adjustments	1	-	-	-	1
Participants at 07/01/2015	2,987	80	-	95	3,162

**Reconciliation of non-GRIP retirees and beneficiaries shown in total only.*

RECONCILIATION OF PARTICIPANT DATA AS OF JULY 1, 2015

GRIP

	Actives	Deferred Vested	Retirees and Beneficiaries	Total
Participants at 07/01/2014	1,263	167	1	1,431
New Entrants and Rehires	179	(4)	-	175
Transfers To DROP/DRSP	-	-	-	-
Non-Vested Terminations/ Refund of Contributions	(32)	(50)	-	(82)
Vested Terminations	(56)	56	-	-
Transfers	(1)	-	-	(1)
Retirement	-	-	-	-
Lump Sum Retirement	-	-	-	-
Deaths	(1)	-	-	(1)
Benefit Terminations	-	-	-	-
Status Adjustments	-	8	-	8
Participants at 07/01/2015	1,352	177	1	1,530

Total

	Actives	Deferred Vested	Retirees and Beneficiaries	DRSP/DROP Members	Total
Participants at 07/01/2014	5,535	403	6,143	99	12,180
New Entrants and Rehires	352	(4)	-	-	348
Transfers To DROP/DRSP	(41)	-	-	41	-
Non-Vested Terminations/ Refund of Contributions	(71)	(55)	-	-	(126)
Vested Terminations	(62)	62	-	-	-
Transfers	-	-	-	-	-
Retirements	(169)	(13)	227	(45)	-
New Beneficiaries	-	-	39	-	39
Deaths	(4)	-	(112)	-	(116)
Benefit Terminations	-	-	(14)	-	(14)
Adjustments	1	9	2	-	12
Participants at 07/01/2015	5,541	402	6,285	95	12,323

SECTION D

VALUATION PROCEDURES

ACTUARIAL COST METHOD

Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using the ***Individual Entry-Age Normal*** *actuarial cost method* having the following characteristics:

- The normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement; and
- Each annual normal cost is a constant percentage of the member's year by year projected covered pay.

Financing of Unfunded Actuarial Accrued Liabilities. The unfunded actuarial accrued liability is amortized using a level-percentage of pay amortization of a closed period amortization base. The amortization method was changed from an 18-year closed period amortization of the base established on July 1, 2010, and 20-year closed period amortization of the bases established thereafter, to recombining all amortization bases established prior to July 1, 2015, into a single amortization base equal to the unfunded actuarial liability as of July 1, 2015. The single amortization base as of July 1, 2015, and subsequent unfunded liability arising in future valuations are amortized over a single nine-year closed period for non-public safety groups and separate 20-year closed periods for public safety groups and GRIP beginning July 1, 2015.

Actuarial Value of Pension Plan Assets. The asset value is the actuarial value of assets which is calculated by recognizing 20 percent of the investment gain or loss (the difference between the actual investment return and the expected investment return, which is 7.50%) on the market value of assets for each of the five following fiscal years.

Contribution Basis Payroll. The payroll for each member that is active at the valuation date is called the Base Payroll. For purposes of calculating the contribution rates based on the dollar contributions determined, different payroll amounts are used.

Contribution Basis Payroll for Normal Cost is the expected payroll for current active members payable in the upcoming year and reflects that a percentage of members will exit the active population due to retirement, termination, death or disability. This payroll is on a consistent basis with the normal cost dollars shown in the report.

Contribution Basis Payroll for Amortization of Unfunded Liability is equal to the total base payroll for the open groups (groups that are enrolling new members) and projected payroll for the period July 1, 2016, through June 30, 2017, for the closed groups (groups that are closed to new members). The projected payroll for the closed groups reflects that a percentage of members will exit the active population due to retirement, termination, death or disability and no additional employees will be hired into those groups. The objective of using this payroll basis is to have the actual County contribution made in fiscal year 2017 for the amortization of the unfunded liability (which is based on a contribution rate and actual payroll during the year) be as close as possible to the dollar amount calculated in the 2015 valuation report.

Groups A and H are closed and the remaining groups are open.

ACTUARIAL ASSUMPTIONS IN THE VALUATION PROCESS

The contribution and benefit values of the System are calculated by applying actuarial assumptions to the benefit provisions and census information furnished, using the actuarial cost method described on the previous page.

The principal areas of financial risk which require assumptions about future experiences are:

- Long-term rates of investment return to be generated by the assets of the Plan;
- Patterns of pay increases to members;
- Rates of mortality among members, retirees and beneficiaries;
- Rates of withdrawal of active members;
- Rates of disability among members; and
- The age patterns of actual retirement.

In a valuation, the monetary effect of each assumption is calculated for as long as a present covered person survives; a period of time which can be as long as a century.

Actual experience of the Plan will not coincide exactly with assumed experience. Each valuation provides a complete recalculation of assumed future experience and takes into account all past differences between assumed and actual experience. The result is a continual series of adjustments (usually small) to the computed contribution rate.

From time to time it becomes appropriate to modify one or more of the assumptions, to reflect experience trends (but not random year-to-year fluctuations). Thus, an experience review of the Montgomery County Employees' Retirement System for the period July 1, 2009, to July 1, 2014, was performed to compare the demographic and economic experience against the actuarial assumptions used in the valuations. The actuarial assumptions described in this section were adopted by the Directors for use beginning with the July 1, 2015, valuation. Additional information regarding the rationale for the assumptions may be found in the 2015 experience review report. All actuarial assumptions are expectations of future experience, not current market measures.

The assumed rate of price inflation is 2.75 percent.

The assumed COLA is as follows:

	Assumed COLA
100% of CPI, benefit attributable to pre 7/1/2011 service	2.75%
60% of CPI, benefit attributable to pre 7/1/2011 service	1.65%
100% of CPI*, benefit attributable to service on or after 7/1/2011	2.30%

**Capped at 2.5 percent.*

The following groups have a COLA equal to 60 percent of the increase in CPI:

- Unrepresented Non-Public Safety Enrolled 7/1/78 & after-retired before 11/1/01
- Certain Sheriffs and Inspectors Enrolled 7/1/78 & after-retired prior to 11/1/01
- Represented Non-Public Safety Enrolled 7/1/78 & after-retired prior to 11/1/01
- Sheriffs/Corrections Enrolled 7/1/78 & after-retired prior to 11/1/01
- Fire Enrolled 7/1/78 & after-retired prior to 3/1/00
- Police Enrolled 7/1/78 & after-retired prior to 3/1/00

The assumed rate of investment return used was 7.50%, net of expenses, annually.

The rates of annual salary increase used for individual members are in accordance with the following table. This assumption is used to project a member's current salary to the salaries upon which benefit amounts will be based.

Service At Assumed Pay Increase	Group A, H and GRIP	Group E	Group F	Group G
1	6.00%	9.50%	8.00%	9.50%
2	5.50%	9.00%	8.00%	9.00%
3	5.00%	7.00%	8.00%	7.00%
4	4.50%	6.50%	6.50%	6.50%
5	4.00%	6.00%	6.00%	6.00%
6	4.00%	5.50%	5.50%	6.00%
7	4.00%	5.00%	5.00%	6.00%
8	4.00%	4.50%	4.50%	6.00%
9	4.00%	4.00%	4.00%	6.00%
10	4.00%	4.00%	4.00%	6.00%
11	3.25%	4.00%	4.00%	4.50%
12	3.25%	4.00%	4.00%	4.50%
13	3.25%	4.00%	4.00%	4.50%
14	3.25%	4.00%	4.00%	4.50%
15	3.25%	4.00%	4.00%	4.50%
16	3.25%	4.00%	4.00%	4.00%
17	3.25%	4.00%	4.00%	4.00%
18	3.25%	4.00%	4.00%	4.00%
19	3.25%	4.00%	4.00%	4.00%
20	3.25%	4.00%	4.00%	4.00%
21+	3.25%	3.25%	3.25%	3.25%

The assumed rate of total payroll growth used in amortizing the unfunded liability as a level percentage of pay is 3.25 percent.

The assumed increase in the Social Security Taxable Wage Base is 3.25 percent.

The mortality assumptions are as follows:

	Male Set Forward	Female Set Forward
RP-2014 Employee, sex distinct (pre-retirement, non-service connected)*	None	None
RP-2014 Healthy Annuitant, sex distinct (non-disabled post-retirement)	None	None
RP-2014 Healthy Annuitant, sex distinct (disabled post retirement)	6 years	8 years

*Rates multiplied by 15 percent were used for pre-retirement service connected mortality for Groups F and G.

To provide a margin for future mortality improvements, generational mortality improvements from 2014 using projection scale MP-2014 was used.

	Healthy Mortality				Disabled Mortality	
	Pre-Retirement Future Life Expectancy (years) in 2015		Post-Retirement Future Life Expectancy (years) in 2015		Future Life Expectancy (years) in 2015	
Age	Men	Women	Men	Women	Men	Women
20	69.11	73.41	66.75	69.71	60.55	61.48
25	63.79	68.08	61.34	64.28	55.16	56.08
30	58.45	62.75	55.98	58.89	49.84	50.78
35	53.12	57.44	50.68	53.59	44.62	45.58
40	47.79	52.14	45.47	48.38	39.53	40.48
45	42.48	46.86	40.37	43.26	34.59	35.45
50	37.25	41.64	35.42	38.23	29.83	30.51
55	32.15	36.51	30.67	33.28	25.25	25.74
60	27.21	31.47	26.10	28.46	20.88	21.22
65	22.53	26.52	21.72	23.83	16.78	17.03
70	18.15	21.72	17.56	19.45	13.03	13.21
75	14.09	17.11	13.69	15.37	9.67	9.79
80	10.43	12.74	10.23	11.68	6.85	6.94
85	7.29	8.82	7.30	8.47	4.71	4.79
90	5.00	5.95	5.02	5.90	3.29	3.33
95	3.48	4.06	3.48	4.06	2.37	2.39
100	2.49	2.84	2.49	2.84	1.82	1.82
105	1.88	2.09	1.88	2.09	1.57	1.56

Life expectancy based on non-service connected mortality rates only.

Rates of separation from active membership are represented by the following table (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members terminating employment.

Service Beginning of Year	Group A, H and GRIP		Group E		Group F and G	
	Male	Female	Male	Female	Male	Female
0	11.50%	12.50%	12.00%	15.00%	6.00%	9.00%
1	9.50%	10.50%	10.00%	12.00%	5.00%	7.00%
2	8.00%	9.50%	6.00%	7.00%	4.00%	5.00%
3	6.00%	6.50%	5.00%	6.50%	3.00%	4.50%
4	4.50%	4.50%	4.00%	4.00%	2.50%	3.50%
5	4.00%	4.25%	3.90%	3.90%	2.25%	3.00%
6	4.00%	4.25%	3.80%	3.80%	2.00%	2.75%
7	4.00%	4.25%	3.70%	3.70%	1.75%	2.50%
8	4.00%	4.25%	3.60%	3.60%	1.50%	2.00%
9	4.00%	4.25%	3.50%	3.50%	1.25%	1.75%
10	3.25%	2.75%	2.00%	2.00%	1.00%	1.50%
11	3.25%	2.75%	1.50%	1.50%	0.75%	1.25%
12	3.25%	2.75%	1.00%	1.00%	0.50%	1.00%
13	3.25%	2.75%	1.00%	1.00%	0.50%	0.75%
14	3.25%	2.75%	1.00%	1.00%	0.50%	0.50%
15	2.00%	2.50%	1.00%	1.00%	0.50%	0.50%
16	2.00%	2.50%	1.00%	1.00%	0.50%	0.50%
17	2.00%	2.50%	1.00%	1.00%	0.50%	0.50%
18	2.00%	2.50%	1.00%	1.00%	0.50%	0.50%
19	2.00%	2.50%	1.00%	1.00%	0.50%	0.50%
20+	2.00%	2.50%	1.00%	1.00%	0.50%	0.50%

Vested participants that terminate are assumed to elect the option with the greater present value:

1) *A refund of their accumulated contributions with interest or*
2) *A deferred benefit.*

Rates of disability were as follows:

	Non-Public Safety		Public Safety					
	Groups A and H		Group E		Group F		Group G	
Age	Male	Female	Male	Female	Male	Female	Male	Female
20	0.0257%	0.0068%	0.0515%	0.0315%	0.1029%	0.1125%	0.1029%	0.1125%
25	0.0527%	0.0180%	0.1054%	0.0840%	0.2107%	0.3000%	0.2107%	0.3000%
30	0.1078%	0.0480%	0.2156%	0.2240%	0.4312%	0.8000%	0.4312%	0.8000%
35	0.1323%	0.0705%	0.2646%	0.3290%	0.5292%	1.1750%	0.5292%	1.1750%
40	0.1752%	0.0983%	0.3504%	0.4585%	0.7007%	1.6375%	0.9109%	1.6375%
45	0.3332%	0.2631%	0.6664%	1.2278%	1.3328%	4.3850%	1.5994%	4.3850%
50	0.5537%	0.3537%	1.1074%	1.6506%	2.2148%	5.8950%	2.5692%	5.8950%
55	0.6762%	0.3717%	1.3524%	1.7346%	2.7048%	6.1950%	3.5162%	6.1950%
60	0.7987%	0.3789%	1.3524%	1.7346%	2.7048%	6.1950%	3.5162%	6.1950%

The assumed split of service-connected and non-service connected disabilities is as follows:

	Total	Total	Service Connected Disability	
	Non-Service	Service	Total Incapacity	Partial Incapacity
Group	Connected	Connected	70% Benefit	52.5% Benefit
A and H	65%	35%	17.5%	17.5%
E	40%	60%	20.0%	40.0%
F	5%	95%	30.0%	65.0%
G	5%	95%	30.0%	65.0%

VALUATION ASSUMPTIONS (CONTINUED)

Rates of retirement for members eligible to retire during the next year were as follows:

	Groups A and H (Non Public Safety)		Group E			Group F			Group G			GRIP	
Age	Under 30 Years of Service	30 Years of Service and Over	Under 25 Years of Service	25 Years of Service	26 Years of Service and Over	Under 25 Years of Service	25 Years of Service	26 Years of Service and Over	Under 20 or 21 - 24 Years of Service	20 Years of Service	25 Years of Service and Over	Under 15 Years of Service	15 Years of Service and Over
Under 42			3.50%	3.50%	3.50%	2.50%	20.00%	2.50%	2.50%	10.00%	5.00%		
42			3.50%	3.50%	3.50%	2.50%	20.00%	2.50%	5.00%	10.00%	5.00%		
43			3.50%	3.50%	3.50%	2.50%	20.00%	2.50%	5.00%	10.00%	5.00%		
44			3.50%	3.50%	3.50%	2.50%	20.00%	2.50%	5.00%	10.00%	5.00%		
45	2.00%	2.00%	3.50%	8.00%	8.00%	2.50%	20.00%	2.50%	7.50%	10.00%	10.00%		
46	2.00%	2.00%	3.50%	8.00%	8.00%	3.50%	20.00%	3.50%	7.50%	10.00%	10.00%		
47	2.00%	2.00%	3.50%	8.00%	8.00%	4.50%	20.00%	4.50%	7.50%	10.00%	10.00%		
48	2.00%	2.00%	3.50%	8.00%	8.00%	5.50%	20.00%	5.50%	7.50%	10.00%	10.00%		
49	2.00%	2.00%	3.50%	8.00%	8.00%	6.50%	20.00%	6.50%	7.50%	10.00%	10.00%		
50	3.00%	15.00%	10.00%	10.00%	10.00%	10.00%	20.00%	20.00%	10.00%	15.00%	17.50%		
51	3.00%	15.00%	10.00%	10.00%	10.00%	10.00%	20.00%	20.00%	10.00%	15.00%	17.50%		
52	3.00%	15.00%	10.00%	12.00%	12.00%	10.00%	20.00%	20.00%	12.50%	20.00%	25.00%		
53	3.00%	15.00%	10.00%	12.00%	12.00%	15.00%	25.00%	25.00%	12.50%	20.00%	25.00%		
54	3.00%	15.00%	10.00%	12.00%	12.00%	15.00%	25.00%	25.00%	12.50%	20.00%	25.00%		
55	6.00%	15.00%	15.00%	30.00%	30.00%	15.00%	40.00%	40.00%	20.00%	40.00%	35.00%	3.00%	3.00%
56	6.00%	15.00%	15.00%	30.00%	30.00%	15.00%	40.00%	40.00%	20.00%	40.00%	35.00%	3.00%	3.00%
57	6.00%	15.00%	15.00%	30.00%	30.00%	15.00%	40.00%	40.00%	20.00%	40.00%	35.00%	6.00%	6.00%
58	8.00%	15.00%	15.00%	30.00%	30.00%	15.00%	40.00%	40.00%	20.00%	40.00%	35.00%	6.00%	6.00%
59	8.00%	15.00%	15.00%	30.00%	30.00%	15.00%	40.00%	40.00%	20.00%	40.00%	35.00%	6.00%	6.00%
60	13.00%	18.00%	25.00%	50.00%	50.00%	25.00%	70.00%	70.00%	40.00%	40.00%	40.00%	6.00%	10.00%
61	13.00%	18.00%	25.00%	50.00%	50.00%	25.00%	70.00%	70.00%	40.00%	40.00%	40.00%	6.00%	10.00%
62	13.00%	18.00%	25.00%	50.00%	50.00%	25.00%	70.00%	70.00%	40.00%	40.00%	40.00%	8.00%	25.00%
63	13.00%	18.00%	25.00%	50.00%	50.00%	25.00%	70.00%	70.00%	40.00%	40.00%	40.00%	8.00%	25.00%
64	13.00%	18.00%	25.00%	50.00%	50.00%	25.00%	70.00%	70.00%	40.00%	40.00%	40.00%	8.00%	25.00%
65	20.00%	25.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	20.00%	30.00%
66	20.00%	25.00%										20.00%	30.00%
67	20.00%	25.00%										20.00%	30.00%
68	20.00%	25.00%										20.00%	30.00%
69	20.00%	25.00%										20.00%	30.00%
70	40.00%	40.00%										50.00%	50.00%
71	40.00%	40.00%										50.00%	50.00%
72	40.00%	40.00%										50.00%	50.00%
73	40.00%	40.00%										50.00%	50.00%
74	40.00%	40.00%										50.00%	50.00%
75	100.00%	100.00%										100.00%	100.00%

Assumption for DRSP and DROP eligible members are as follows:

	Group E (DROP)	Group F (DRSP)	Group G (DROP)
Percent Assumed to Participate	75%	75%	75%
Average Years of Participation	3 years	3 years	3 years

Assumed Additional Sick Leave Credit: Members are assumed to accumulate additional service credit at termination or retirement for unused sick leave credit up to a maximum of 2 years.

Group	Years of Sick Leave Per Year of Credited Service
A	0.022
E	0.025
F	0.040
G	0.031
H	0.016

Marital Status: It is assumed that 80 percent of active participants have an eligible spouse. The male spouse is assumed to be three years older than the female spouse.

Form of Payment:

Plan	Normal Form	Assumed in Valuation
Mandatory Integrated	Life Annuity, guaranteed returned employee contributions with interest	3 Year Certain and Continuous Annuity
Optional Integrated	Life Annuity with 120 monthly payments guaranteed	10 Year Certain and Continuous Annuity
Optional Non-Integrated	Life Annuity with 120 monthly payments guaranteed	10 Year Certain and Continuous Annuity
GRIP	Lump Sum	Lump Sum at Termination or Retirement

Benefit Service: Exact fractional years of service are used to determine the amount of benefit payable.

Decrement Timing: All decrements are assumed to occur at the middle of the year.

Decrement Operation: Turnover decrements do not operate after the member reaches retirement eligibility.

Eligibility Testing: Eligibility for benefits is determined based upon the age nearest birthday and service on the date the decrement is assumed to occur.

Pay Increase Timing: End of (fiscal) year.

Expenses: Assumed administrative expenses were added to the Normal Cost and are based on 105 percent of the average of the administrative expenses over the past 3 years. The assumed amount added to the Normal Cost is:

Valuation Year	Actual Administrative Expenses 3 Years Prior	2 Years Prior	1 Year Prior	3 Year Average	Assumed Expenses Added to Normal Cost
2013	$ 3,079,377	$ 3,545,654	$ 2,400,996	$ 3,008,676	$ 3,008,700
2014	3,545,654	2,400,996	2,953,807	2,966,819	2,966,800
2015	2,400,996	2,953,807	2,684,560	2,679,788	2,813,800

Assumptions for Missing or Incomplete Data:

Active members:
If payroll was not provided, the current year payroll was set equal to the prior year payroll. For new hires, the current year payroll was set equal to the average payroll for new hires in the same group (A, E, F, G, H, GRIP).

Vesting service and credited service were calculated for GRIP members based on date of hire and the valuation date.

Retired members:
If a beneficiary date of birth was not provided for members with a joint and survivor option, it was assumed that there was a beneficiary and males are three years older than their female spouses.

SECTION E

BENEFIT PROVISIONS

BRIEF SUMMARY OF PLAN PROVISIONS AS OF JULY 1, 2015

Following is a summary of the major plan provisions used in the valuation summarized in this report. Montgomery County is solely responsible for the validity, accuracy and comprehensiveness of this information. If any of the plan provisions shown below are not accurate and complete, the valuation results may differ significantly from those shown in this report and may require a revision of this report. Moreover, these plan provisions may be susceptible to different interpretations, each of which could be reasonable, and the different interpretations could lead to different valuation results.

1. Effective Date of the Plan

   August 15, 1965. Latest changes to the plan were made for group A, group E, group F, group G, group H and GRIP members in FY11 and were reflected in the 2011 actuarial valuation. Some of the changes were effective July 1, 2011, while others were effective July 1, 2012.

2. Employee Eligibility Requirements

   A. Optional non-integrated retirement plan: Employees enrolled prior to July 1, 1978, who do not elect to join the integrated retirement plan.

   B. Optional integrated plan: Employees enrolled prior to July 1, 1978, who elect to join the integrated retirement plan.

   C. Mandatory integrated retirement plan: Employees enrolled on or after July 1, 1978. The Plan is closed to Non-Public Safety employees hired or rehired after September 30, 1994.

3. Membership Groups and Eligibility

   - Group A: Any employee who is not eligible for coverage under another membership group.

   - Group B: Any correctional officer, fire prevention officer, or deputy sheriff appointed or promoted to the position on or before June 30, 1978 who has not elected to transfer to another membership group.

   - Group D: Any full-time police officer appointed on or before August 15, 1965, who has been continuously employed as a police officer and has not elected to transfer to any other membership group.

   - Group E: The chief administrative officer, the director of the council staff, the hearing examiners, the county attorney and each head of a principal department, office or agency of the county government, if appointed before July 30, 1978, or a member having held such position on or before October 1, 1972. Any sworn deputy sheriff and such correctional staff as designated by the chief administrative officer.

   - Group F: Any sworn police officer who is not eligible for coverage under another membership group.

- Group G: Any paid firefighter, paid fire officer or paid rescue service personnel not eligible for coverage under another membership group.

- Group H: Any member, including any probationary employee, who holds a bargaining unit position, unless the member is eligible for membership in Groups B, D, E, F or G.

4. Member Contributions as a Percent of Regular Base Earnings

Effective July 1, 1989, member contributions are pre-tax and interest shall be credited annually on each member's accumulated contributions at a 4.0 percent annual rate.

A. Optional non-integrated plan:

	Prior to 7/1/2001	Effective 7/1/2001	Effective 7/1/2011	Effective 7/1/2012 and After
Group A	6%	6%	7%	8%
Group B*	7%	n/a	n/a	n/a
Group D**	n/a	n/a	n/a	n/a
Group E	7½%	8½%	9½%	10½%
Group F	7½%	8½%	9½%	10½%
Group G	7½%	8½%	9½%	10½%
Group H	6%	6%	7%	8%

* The last Group B member retired August 1, 1998
** The last Group D member retired November 1, 1992

B. Optional integrated plan:

	Prior to 7/1/2001*		Effective 7/1/2001*		Effective 7/1/2011		Effective 7/1/2012 and After	
	Up to SSTWB	In excess of SSTWB	Up to SSTWB	In excess of SSTWB	Up to SSTWB	In excess of SSTWB	Up to SSTWB	In excess of SSTWB
Group A	3%	6%	4%	6%	5%	7%	6%	8%
Group B**	3½%	7%	4½%	7%	n/a	n/a	n/a	n/a
Group D	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Group E	3¾%	7½%	4¾%	8½%	5¾%	9½%	6¾%	10½%
Group F	4%	8%	4¾%	8½%	5¾%	9½%	6¾%	10½%
Group G with less than 25 years of service								
	4¾%	8½%	5½%	9¼%	6½%	10¼%	7½%	11¼%
Group G with at least 25 years of service								
	4¾%	8½%	4¾%	8½%	5¾%	9½%	6¾%	10½%
Group H	3%	6%	4%	6%	5%	7%	6%	8%

* 7/1/2007 for Group G
** The last Group B member retired February 1, 2008

SSTWB means Social Security Taxable Wage Base.

C. Mandatory integrated plan:

	Prior to 7/1/2001*		Effective 7/1/2001*		Effective 7/1/2011		Effective 7/1/2012 and After	
	Up to SSTWB	In excess of SSTWB	Up to SSTWB	In excess of SSTWB	Up to SSTWB	In excess of SSTWB	Up to SSTWB	In excess of SSTWB
Group A	3%	6%	4%	6%	5%	7%	6%	8%
Group B	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Group D	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Group E	3¾%	7½%	4¾%	8½%	5¾%	9½%	6¾%	10½%
Group F	4%	8%	4¾%	8½%	5¾%	9½%	6¾%	10½%
Group G with less than 25 years of service								
	4¾%	8½%	5½%	9¼%	6½%	10¼%	7½%	11¼%
Group G with at least 25 years of service								
	4¾%	8½%	4¾%	8½%	5¾%	9½%	6¾%	10½%
Group H	3%	6%	4%	6%	5%	7%	6%	8%

* 7/1/2007 for Group G

5. Credited Service

A member's credited service is the total service rendered under the Employees' Retirement System of Montgomery County, plus credited service earned under State of Maryland and/or Montgomery County Police Relief and Retirement Fund Law or any other Maryland Public Plan, plus any purchased prior service or granted.

A. Full-time: Full-time members receive one year of credited service for rendering the full normal working time in a 12-month period.

B. Part-time: Part-time members working less than the normal scheduled workweek for full-time employees on a continuing basis shall receive one year of credited service for each 12-month period.

C. Combined part-time and full-time: Combined part-time and full-time employees will receive one month of credited service for 176 hours worked each fiscal year. Accumulated hours of 88 to 176 or 15 days or more in any calendar month will equal one month of credited service.

D. Sick Leave: Any employee whose retirement is effective on or after May 1, 1970, will have 176 hours of accumulated sick leave equivalent to one month of credited service up to a maximum of 4,224 hours. Accumulated sick leave of less than 11 days shall not be credited; 11 to 22 days shall be credited as one month for retirement purposes. Any member who vests on or after October 1, 1971, may have sick leave credited for vesting purposes on the same basis.

6. Average Final Earnings

For members enrolled on or before June 30, 1978, average final earnings are equal to the

regular earnings for the 12-month period immediately preceding retirement, or any consecutive 12-month period, if greater.

For members enrolled on or after July 1, 1978, average final earnings are equal to the average of regular annual earnings for the 36-month period immediately preceding retirement, or any consecutive 36-month period, if greater.

7. Social Security Wage Base

For any particular year, the maximum amount of earnings creditable for benefit computation purposes under the Old Age, Survivors and Disabilities Insurance Program established by the Federal Social Security Act.

Year	Social Security Taxable Wage Base
2011	$106,800
2012	$110,100
2013	$113,700
2014	$117,000
2015	$118,500

8. Social Security Maximum Compensation Level

The maximum dollar amount of earnings upon which Social Security benefits are based, assuming: (1) an employee's annual compensation is at least as great as the taxable wage base each year, for a 35-year period through the year in which the employee attains Social Security Retirement Age, (2) the employee remained in covered employment during each calendar year, (3) the taxable wage base stays level from date of retirement to Social Security Retirement Age.

9. Social Security Retirement Age

- Age 65 for employees born prior to January 1, 1938.
- Age 66 for employees born on or after January 1, 1938, and prior to January 1, 1955.
- Age 67 for employees born on or after January 1, 1955.

10. Regular Earnings

Gross pay for actual hours worked, excluding overtime.

Imputed Compensation for FY2010 only (effective July 1, 2009):

- Regular earnings for a Group A, E or H member who is employed on July 1, 2009, includes amounts as if the member had received an increase of 4.5% in the member's gross pay as of July 1, 2009, except for the purpose of calculating a member's contribution.

- Regular earnings for a Group F member who is employed on July 1, 2009, includes amounts as if the member had received an increase of 4.25 percent in the member's gross pay as of July 1, 2009, except for the purpose of calculating a member's contribution.
- Regular earnings for a Group G member who is employed on July 1, 2009, includes amounts as if the member had received an increase of 4.00 percent in the member's gross pay as of July 1, 2009, except for the purpose of calculating a member's contribution.

11. Benefits

A. Normal Retirement Date:

Age and Service Requirement:

- Group A: Age 60 and five years of credited service, or age 55 and 30 years of credited service *(after June 30, 2002, age 60 and five years of credited service, or age 50 and 30 years of credited service for members who are Police Telecommunicators).*

- Group B: Age 55 and 15 years of credited service, or age 51 and 30 years of credited service.

- Group D: The requirements contained in the police relief and retirement fund law of the county.

- Group E: Age 55 and 15 years of credited service, or age 46 and 25 years of credited service.

- Group F: Age 55 and 15 years of credited service, or 25 years of credited service (effective July 1, 2008; previously, age 55 and 15 years of credited service, or age 46 and 25 years of credited service).

- Group G: Age 55 and 15 years of credited service, or any age with 20 years of credited service (effective July 1, 2007; previously age 55 and 15 years of credited service, or any age with 25 years of credited service).

- Group H: Age 60 and five years of credited service, or age 55 and 30 years of credited service (after June 30, 2002, age 60 and five years of credited service, or age 50 and 30 years of credited service for members who are Police Telecommunicators or members of the Service, Labor and Trades (SLT) bargaining unit).

B. Benefit Amount:

1. Optional non-integrated plan: All groups other than Group E, F or G – 2 percent of average final earnings multiplied by years of credited service, up to a maximum of 36 years, plus sick leave credits.

- Group E: 2.4 percent of average final earnings for each of the first 25 years of credited service, plus 2 percent of average final earnings for each year of credited service after 25 years up to a maximum of 31 years, plus sick leave credits. Sick leave credit in excess of 25 years is credited at 2 percent of average final earnings.

- Group F: 2.4 percent of average final earnings for each year of credited service, up to a maximum of 36 years, plus sick leave credits.

- Group G: 2.5 percent of average final earnings for each of the first 20 years of credited service, plus 2 percent of average final earnings for each year of credited service after 20 years up to a maximum of 31 years, plus sick leave credits (effective July 1, 2007; previously 2 percent of average final earnings for each of the first 20 years of credited service, plus 3 percent of average final earnings for each year of credited service from 21st year through 24th year, plus 8 percent of average final earnings for the 25th year of credited service, plus 2 percent of average final earnings for each year of credited service after 25 years up to a maximum of 31 years, plus sick leave credits).

2. Integrated plans:

   a. From date of retirement to Social Security Retirement Age:

      - For groups other than Groups E, F or G: 2 percent of average final earnings multiplied by years of credited service, up to a maximum of 36 years, plus sick leave credits.

      - Group E: 2.4 percent of average final earnings for each of the first 25 years of credited service, plus 2 percent of average final earnings for each year of credited service more than 25 years up to a maximum of 31 years, plus sick leave credits.

      - Group F: 2.4 percent of average final earnings multiplied by years of credited service, up to a maximum of 36 years of service including sick leave credits. (Effective 7/1/2008; previously 2.4 percent of average final earnings for each year of credited service, up to a maximum of 30 years, plus sick leave credits. Sick leave credit in excess of 30 years is credited at 2 percent of average final earnings).

      - Group G: 2.5 percent of average final earnings for each of the first 20 years of credited service, plus 2 percent of average final earnings for each year of credited service after 20 years up to a maximum of 31 years, plus sick leave credits (effective 7/1/2007; previously 2 percent of average final earnings for each of the first 20 years of credited service, plus 3 percent of average final earnings for each year of credited service from 21st year through 24th year, plus 8 percent of average final earnings for the 25th year of credited service, plus 2

percent of average final earnings for each year of credited service after 25 years up to a maximum of 31 years, plus sick leave credits).

b. From attainment of Social Security Retirement Age:

- For Groups A, B or H: 1.25 percent of average final earnings up to Social Security maximum covered compensation plus 2 percent of average final earnings above Social Security maximum covered compensation, multiplied by years of credited service up to 36 years, plus sick leave credits.

- Group D: 1 percent of average final earnings up to Social Security maximum covered compensation plus 2 percent of average final earnings above Social Security maximum covered compensation, multiplied by years of credited service up to 36 years, plus sick leave credits.

- Group E: 1.25 percent (effective 7/1/2009: 1.65 percent) of average final earnings up to Social Security maximum covered compensation for each year of credited service up to a maximum of 31 years plus sick leave credits, plus 2.4 percent of average final earnings above Social Security maximum covered compensation for each of the first 25 years, and 2 percent of average final earnings above Social Security maximum covered compensation for each year of credited service after 25 years up to a maximum of 31 years, plus sick leave credits. Sick leave credits used for years in excess of 25 years is credited at 2 percent of average final earnings above Social Security maximum covered compensation.

- Group F: 1.65 percent of average final earnings up to Social Security maximum covered compensation for each year of credited service up to a maximum of 36 years including sick leave credits and 2.4 percent of average final earnings above Social Security maximum covered compensation for each year of credited service up to a maximum of 36 years including sick leave credits. (Effective 7/1/2008; previously 1.65 percent of average final earnings up to Social Security maximum covered compensation for each year of credited service up to a maximum of 30 years, plus 1.25 percent of average final earnings up to Social Security maximum covered compensation for each year of credited service in excess of 30 years, plus sick leave credits, and 2.4 percent of average final earnings above Social Security maximum covered compensation for each year of credited service up to a maximum of 30 years, plus sick leave credits. Sick leave credits used for years in excess of 30 years is credited at 2 percent of average final earnings above Social Security maximum covered compensation).

- Group G: 1.71875 percent of average final earnings for each of the first 20 years of credited service, plus 1.375 percent of average final earnings for each year of credited service after 20 years up to a maximum of 31 years, plus sick leave credits.

12. Early Pension

A. Age and service requirements:

- Group A: Age 50 and 15 years of credited service, or age 45 and 20 years of credited service.
- Group B: Age 45 and 15 years of credited service.
- Group D: Not applicable.
- Group E: Age 45 and 15 years of credited service, or age 41 and 20 years of credited service.
- Group F: Age 45 and 15 years of credited service, or age 41 and 20 years of credited service.
- Group G: Only normal retirement is allowed (effective 7/1/2007, previously age 45 and 15 years of credited service, or age 41 and 20 years of credited service).
- Group H: Age 50 with 15 years of credited service, or age 45 and 20 years of credited service.

B. Benefit amount: Regular pension accrued, reduced by the following schedule:

MONTHS EARLY	YEARS EARLY 0	1	2	3	4	5	6	7	8	9	10
0	100.00%	98.00%	95.00%	91.00%	86.00%	80.00%	72.00%	64.00%	56.00%	48.00%	40.00%
1	99.83%	97.75%	94.67%	90.58%	85.50%	79.33%	71.33%	63.33%	55.33%	47.33%	
2	99.67%	97.50%	94.33%	90.17%	85.00%	78.67%	70.67%	62.67%	54.67%	46.67%	
3	99.50%	97.25%	94.00%	89.75%	84.50%	78.00%	70.00%	62.00%	54.00%	46.00%	
4	99.33%	97.00%	93.67%	89.33%	84.00%	77.33%	69.33%	61.33%	53.33%	45.33%	
5	99.17%	96.75%	93.33%	88.92%	83.50%	76.67%	68.67%	60.67%	52.67%	44.67%	
6	99.00%	96.50%	93.00%	88.50%	83.00%	76.00%	68.00%	60.00%	52.00%	44.00%	
7	98.83%	96.25%	92.67%	88.08%	82.50%	75.33%	67.33%	59.33%	51.33%	43.33%	
8	98.67%	96.00%	92.33%	87.67%	82.00%	74.67%	66.67%	58.67%	50.67%	42.67%	
9	98.50%	95.75%	92.00%	87.25%	81.50%	74.00%	66.00%	58.00%	50.00%	42.00%	
10	98.33%	95.50%	91.67%	86.83%	81.00%	73.33%	65.33%	57.33%	49.33%	41.33%	
11	98.17%	95.25%	91.33%	86.42%	80.50%	72.67%	64.67%	56.67%	48.67%	40.67%	

Unreduced early retirement benefits are available if the member's age and service equals 85 with at least 35 years of credited service.

13. Disability Pension

A. Non-service-connected disability retirement:

Age and service requirement: Five years of credited service.

Amount: The greater of the accrued benefit under 11(B) or 33⅓ percent of final earnings.

B. Service-connected disability retirement:

Age and service requirement: None

Benefit amount:

1. For total incapacity: The greater of the accrued benefit under 11(B) or 66⅔ percent of final earnings.

2. For Group G members: Benefits described in (1.) above are modified as follows:

   - The minimum benefit is 70 percent of final earnings if the member meets the definition of Social Security disability.

   - The minimum benefit is 52½ percent of final earnings if the member is disabled but does not qualify for the 70 percent minimum benefit above. The Chief Administrative Officer of the County may offer a disabled member an alternative position with the County with a 5 percent pay increase in lieu of this disability benefit.

   - Certain causes of disability are automatically deemed to be service-connected.

Effective July 1, 2012, the service-connected benefit amount is modified as follows:

- Total incapacity: the minimum benefit is 70 percent of final earnings if the Disability Review Panel approves. If the member has been granted Social Security disability benefits, the Disability Review Panel must recommend total incapacity status if the Social Security award is based primarily on the impairment for which plan benefits are paid.

- Partial incapacity: the minimum benefit is 52½ percent of final earnings if the member is disabled but does not qualify for the 70 percent minimum benefit above.

- Group G: The Chief Administrative Officer of the County may offer a disabled member an alternative position with the County with a 5 percent pay increase in lieu of this disability benefit. This does not apply to Group F.

14. Termination of Employment

A. Vesting provision:

Service requirement: Effective July 1, 1989, all employees who render five or more years of credited service become fully vested. Previously, vesting was based on a five to 10-year graded vesting schedule. Elected officials become vested after five years of service with a minimum monthly benefit of $150.

Benefit amount: The monthly vested pension payable at normal retirement date is the benefit determined according to the normal retirement pension provisions based on credited service to the date of termination.

Effective July 1, 2010, unreduced benefit commencement date provision clarification for future terminated vested members: The unreduced benefit commencement date for groups A and H is age 60. The comparable date for groups E, F and G members is age 70 ½ for members who are not 55 years old with 15 years of service at their termination date.

B. Return of employee contributions:

A member's contributions plus interest will be refunded if:

- A member's service with the county terminates before the member becomes eligible to vest.
- A member eligible to vest terminates service and voluntarily elects to withdraw.

15. Discontinued Service Pension

Applies if employment ends because of an administrative action and participant has 10 or more years of continuous service. Discontinued service pension begins at early retirement date but no reductions are made for early retirement. A participant may not receive a discontinued service pension if the participant was terminated for cause or resigned.

A. Groups A, E, F, G and H

1. Optional Non-Integrated plan members and Optional Non-Integrated plan members who elected to transfer to the Optional Integrated plan on or before September 26, 1983.

   Eligibility: 10 or more years of continuous or credited service, and not an elected or appointed member.

   Benefit amount: The amount of pension that the participant would receive for a regular retirement modified as follows:

   - Substitute final earnings for average final earnings
   - Add 5 percent of final earnings
   - No reduction at Social Security Normal Retirement Age

2. Optional Non-Integrated plan members who transferred to the Optional Integrated plan after September 26, 1983.

   Eligibility: 10 or more years of credited or continuous service, and not an elected or appointed member.

Benefit amount: The amount of pension that the participant would receive for a regular retirement modified as follows:

- Substitute final earnings for average final earnings
- Add 5 percent of final earnings

3. Mandatory Integrated plan:

   Eligibility: 10 or more years of continuous service and not an elected or appointed member.

   Benefit amount: The amount of pension that the participant would receive for a regular retirement without any reduction for early retirement.

B. Elected and appointed members:

On or before September 26, 1983

Eligibility: 10 or more years of credited service and enrolled or re-enrolled *on or before* September 26, 1983, or submits an application to transfer from the optional plan to the integrated plan *before* September 26, 1983.

Benefit amount: Regular pension accrued under 11(B) except that "final earnings" replaces "average final earnings" in the calculation, minimum $300.00 monthly.

After September 26, 1983

Eligibility: 10 or more years of credited service and enrolled or re-enrolled after September 26, 1983, or submits an application to transfer from the optional plan to the integrated plan after September 26, 1983.

Benefit amount: Regular pension accrued under 11(B) except that "final earnings" replaces "average final earnings" in the calculation, minimum $300.00 monthly.

C. Notwithstanding the above provisions, any member covered by this plan on April 1, 1970, who has reached early retirement date with 20 years of continuous or credited service is eligible to receive a pension commencing immediately in an amount not less than 50 percent of final earnings.

16. Death Benefits

A. Non service-connected:

Eligibility: None.

Benefit amount:

1. Return of member contributions with interest;
   plus
2. 50 percent of average final earnings if the member was a member of the Employees' Retirement System on or before December 31, 1966, and was a Maryland State plan member on August 15, 1965.
   or
3. Alternate death benefits listed under (C.) below.

B. Service-connected:

Eligibility requirement: None

Benefit amount:

1. The spouse* will receive a benefit equal to 25 percent of the member's final earnings, with a minimum of $250.00 per month. The child will receive a benefit equal to 5 percent of the member's final earnings with a minimum of $50.00 per month to age 21 or life if disabled;
   plus
2. 50 percent of average final earnings if the member was a member of the Employees' Retirement System on or before December 31, 1966, and was a Maryland State plan member on August 15, 1965;
   or
3. Alternate death benefits listed under (C.) below.

4. For Group F and Group G members: if the member dies while performing duties for the County, the plan will pay death benefits to the spouse or domestic partner and child as if they were receiving a service-connected disability at the 70 percent minimum benefit level at the time of death and had elected the 100 percent joint and survivor option.

C. Alternative death benefits:

Eligibility: Member was eligible for vesting or retirement.

Benefit amount:

1. Spouse* or child may elect to receive the amount that would have been paid had the member elected to receive a 100 percent joint and survivor pension; plus

2. 50 percent of average final earnings if the member was a member of the Employees' Retirement System on or before December 31, 1966, and was a Maryland State plan member at August 15, 1965.

** Domestic partners who meet the requirements for domestic partnership are also eligible.*

17. Forms of Payment

A. Normal form:

1. Optional non-integrated plan: Lifetime benefit, with first 120 monthly payments guaranteed.
2. Optional integrated plan: Lifetime benefit, with first 120 monthly payments guaranteed.
3. Mandatory integrated plan: Lifetime benefit with refund of remaining contributions and interest.

B. Optional forms: A member may elect an optional form of pension actuarially equivalent to the normal form of retirement, otherwise payable, excluding members who qualified for a non-service-connected disability retirement before reaching early retirement date.

Available forms of payment are:

Modified Cash Refund Annuity	Lifetime benefit with return of employee contributions with interest guaranteed
10-Year Certain and Continuous Annuity	Lifetime benefit with 120 monthly payments guaranteed
Social Security Adjustment Option Combined with either Modified Cash Refund Annuity or a 10-Year Certain and Continuous Annuity	Provides a nearly level total income, from the Plan and Social Security, from date of retirement to date of death. At death, payment will continue to the beneficiary if the guarantee provided under the normal form of payment has not been exhausted.
Joint and Survivor Annuity	Provides a lifetime benefit and a continuation of a percentage of the retiree benefit upon death to the beneficiary. The minimum percentage is 10 percent. A guaranteed payment of employee contributions with interest is provided for the mandatory plan and 120 monthly payments from date of retirement for the optional plans.
Joint and Survivor Annuity with Pop-Up	Provides a lifetime benefit and a continuation of a percentage of the retiree benefit upon death to the beneficiary. The minimum percentage is 10 percent. If the beneficiary predeceases or divorces from the retiree, the monthly benefit pops up to the amount it would have been under the Modified Cash Refund option. A guaranteed payment of employee contributions with interest is provided.
Social Security Adjustment Option Combined with Joint and Survivor Annuity Option	Provides a nearly level total income, from the Plan and Social Security, from date of retirement to date of death and a continuation of a percentage of the retiree benefit upon death to the beneficiary. The minimum percentage is 10 percent.
Social Security Adjustment Option Combined with Joint and Survivor Annuity Pop-Up Option	Provides a nearly level total income, from the Plan and Social Security, from date of retirement to date of death and a continuation of a percentage of the retiree benefit upon death to the beneficiary. The minimum percentage is 10 percent. If the beneficiary predeceases or divorces from the retiree, the monthly benefit pops up to the amount it would have been under the Modified Cash Refund option. A guaranteed payment of employee contributions with interest is provided.

18. Post-Retirement Increases

Optional non-integrated plan: Annual adjustment to the benefit equal to 100 percent of the change in Consumer Price Index for the Washington Metro Area for years and months of credited service before July 1, 2011. For years and months of credited service after June 30, 2011, any adjustment will not exceed 2.5 percent.

Optional integrated plan: Annual adjustment to the benefit equal to 100 percent of the change in Consumer Price Index for the Washington Metro Area for years and months of credited service before July 1, 2011. For years and months of credited service after June 30, 2011, any adjustment will not exceed 2.5 percent.

Mandatory integrated plan:

- Participants who enrolled on or after July 1, 1978, and retired before November 1, 2001 – Annual adjustment to the benefit equal to 60 percent of CPI increase, limited to 5 percent. However, if over age 65 or disabled, then the maximum limit of 5 percent does not apply.

- Participants who enrolled on or after July 1, 1978, and retired on or after November 1, 2001 – Annual adjustment to the benefit equal to 100 percent of the change in Consumer Price Index for the Washington Metro Area up to 3 percent, plus 60 percent of any change in Consumer Price Index greater than 3 percent, not to exceed a total of 7.5 percent for years and months of credited service before July 1, 2011. The maximum 7.5 percent does not apply to disability retirees or retirees over age 65 for years of service before July 1, 2011. For years and months of credited service after June 30, 2011, any adjustment will not exceed 2.5 percent.

Disability Benefits:

For a disability occurring after June 30, 2011, as determined by the Disability Review Panel, any postretirement adjustment of the disability retirement benefit will not exceed 2.5 percent.

Sick Leave:

For purposes of applying any post-retirement adjustment, any sick leave will be credited as years and months of service as of the date of retirement. For participants who retire after July 1, 2011, any post-retirement adjustment will not exceed 2.5 percent on any sick leave credited as years and months of service.

DRSP Participants:

Effective July 1, 2011, any additional sick leave credited as years and months of service at DRSP exit is subject to the 2.5 percent post-retirement adjustment limit.

DROP Participants:

Effective July 1, 2011, any additional sick leave credited as years and months of service at DROP exit is subject to the 2.5 percent post-retirement adjustment limit.

Transferred Service:

For purposes of applying any post-retirement adjustment, any transferred service will be credited as years and months of service as of the date a properly completed application is filed with the Benefits Team. For applications to transfer service credit filed after June 30, 2011, any post-retirement adjustment will not exceed 2.5 percent on the transferred service.

Purchased Service:

For purposes of applying any post-retirement adjustment, any purchased service will be credited as years and months of service as of the date a properly completed application is filed with the Benefits Team. For applications to purchase service credit filed after June 30, 2011, any post-retirement adjustment will not exceed 2.5 percent on the purchased service.

19. Deferred Retirement Option Plan (DROP) for Group E *(effective 7/1/2015)*

A. Eligibility for DROP entry:

Any group E uniformed correctional officers or sworn deputy sheriffs who are at least 55 years old and have at least 15 years of credited service or have attained age 46 and 25 years of credited service may participate in the DROP plan.

B. Exit from DROP:

The first day of any month not to exceed 36 months.

C. The DROP account is:

- A member-directed account outside the System's usual investment.
- Credited with the investment gains and losses of the chosen investments.
- Credited with the monthly benefits that the member would have received if the member had retired at DROP entry.

Upon exit from DROP, the member can receive the DROP account as a lump sum payment or as actuarially equivalent monthly benefits.

D. Post-DROP monthly benefit:

The amount the participant would have received at DROP entry with post-retirement increases for the period in DROP.

E. Disability while in DROP:

Non-Service Connected: The member will receive a pension benefit calculated as if they retired with a non-service connected disability on the date they exited DROP and their DROP account.

Service Connected Disability: The member can elect (i) their DROP account and the post-DROP monthly benefit or (ii) a disability benefit calculated as if the member had never entered DROP.

F. Death while in DROP:

The beneficiary will receive the greater of (i) the death benefit that the beneficiary would have received if the member had died at DROP entry with post-retirement increases plus the DROP account or (ii) the death benefit calculated as if the member had never entered DROP.

G. Member Contributions:

Members do not contribute while in DROP.

20. Discontinued Retirement Service Program (DRSP) for Group F *(effective 7/1/2008)*

H. Eligibility for DRSP entry:

Any group F member who has attained age 46 and 25 years of credited service may participate in the DRSP plan.

I. Exit from DRSP:

The first day of any month not to exceed 36 months.

J. The DRSP account is:

- A member-directed account outside the System's usual investment.
- Credited with the investment gains and losses of the chosen investments.
- Credited with the monthly benefits that the member would have received if the member had retired at DRSP entry.

Upon exit from DRSP, the member can receive the DRSP account as a lump sum payment or as actuarially equivalent monthly benefits.

K. Post-DRSP monthly benefit:

The amount the participant would have received at DRSP entry with post-retirement increases for the period in DRSP.

L. Disability while in DRSP:

Non-Service Connected: The member will receive a pension benefit calculated as if they retired with a non-service connected disability on the date they exited DRSP and their DRSP account.

Service Connected Disability: The member can elect (i) their DRSP account and the post-DRSP monthly benefit or (ii) a disability benefit calculated as if the member had never entered DRSP.

M. Death while in DRSP:

The beneficiary will receive the greater of (i) the death benefit that the beneficiary would have received if the member had died at DRSP entry with post-retirement increases plus the DRSP account or (ii) the death benefit calculated as if the member had never entered DRSP.

N. Member Contributions:

Members do not contribute while in DRSP.

21. Deferred Retirement Option Plan (DROP) for Group G

A. Eligibility for DROP entry:

Any group G member who has met the age and service requirements for a normal retirement may participate in the DROP plan *(effective 7/1/2007; previously only Group G members with at least 25 years of credited service).*

B. Exit from DROP:

The first day of any month not to exceed 36 months.

C. The DROP account collects:

- The member's contributions while in DROP.
- The monthly benefits that the member would have received if the member had retired at DROP entry.
- 8.25 percent interest on the amount in the account.

Upon exit from DROP, the member can receive the DROP account as a lump sum payment or as actuarially equivalent monthly benefits.

D. Post-DROP monthly benefit:

The amount the participant would have received at DROP entry with post-retirement increases for the period in DROP.

E. Disability while in DROP:

Non-Service Connected: The member will receive a pension benefit calculated as if they retired with a non-service connected disability on the date they entered DROP and their DROP account.

Service Connected Disability: The member can elect (i) their DROP account and the post-DROP monthly benefit or (ii) a disability benefit calculated as if the member had never entered DROP.

F. Death while in DROP:

The beneficiary will receive the greater of (i) the death benefit that the beneficiary would have received if the member had died at DROP entry with post-retirement increases plus the DROP account or (ii) the death benefit calculated as if the member had never entered DROP.

22. Guaranteed Retirement Income Plan *(effective 7/1/2009)*

A. Eligibility for GRIP entry:

- Full-time Non-Public Safety employees hired on or after July 1, 2009, who do not participate in the retirement savings plan may make a one-time irrevocable election to participate in the GRIP within the first 150 days of full time employment. Participation in the plan begins 180 days after employment.
- Part-time or temporary Non-Public Safety employees hired on or after October 1, 1994, who do not participate in the retirement savings plan may make a one-time irrevocable election to participate in the GRIP after at least 150 days of employment. Participation in the plan begins 180 days after employment.

B. The GRIP account collects:

- Member contributions (pre-tax unless noted otherwise)
  a. Non-public safety employees: 4 percent of regular base earnings up to the maximum Social Security wage base plus 8 percent of the excess.

  b. Public safety employees: 3 percent of regular base earnings up to the maximum Social Security wage base plus 6 percent of the excess.

  c. Effective July 1, 2011, members had the option to contribute an additional 2 percent of regular earnings for service between June 30, 2011 and July 1, 2012, on an after-tax basis by making an election in writing on or before September 1, 2011.

- Employer contributions

  a. Non-public safety employees: 8 percent of regular base earnings. Effective July 1, 2011, the employer contribution was 6 percent of regular base earnings for service between June 30, 2011, and July 1, 2012.

  b. Public safety employees: 10 percent of regular base earnings. Effective July 1, 2011, the employer contribution was 8 percent of regular base earnings for service between June 30, 2011, and July 1, 2012.

- 7.25 percent interest credited from the date of contribution.

C. Vesting Schedule:

- Employees are 100 percent vested in employee contributions at all times.
- County contributions are 0 percent vested from 0-3 years of credited service and 100 percent vested at 3 or more years of credited service.
- Participants become 100 percent vested at death or disability.

D. Normal Form of Payment – Lump sum

E. Optional Forms of Payment:

- Direct rollover
- Life annuity purchased from MCERP

F. Eligible Agencies:

- CC – credit union employees (outside agency)
- CM – union employees (represented)
- CN – non-bargaining employees (non-represented)
- CP – public safety employees
- CZ – elected officials who transferred from the EOP

23. Retirement Incentive Program *(effective 6/1/2010 for one time election)*

The Retirement Incentive Program offered a one-time election in June 2010 and provided enhanced benefits to 64 group A, group H and group E participants. Each retiree received up to a $35,000 lump sum payment. The early retirement reductions that would normally apply were reduced for some participants and eliminated for others.

24. Elected Officials' Plan (EOP)

The Elected Officials' Plan is a defined contribution plan within the Employees' Retirement System.

A. Participant and Eligibility:

- Elected officials are eligible to participate in the EOP. An elected official is the sheriff, the state's attorney, a County Council member, the County Executive and any County official elected for a fixed term as specifically provided in the Charter.
- Unless an elected official was an active member of a County retirement plan before becoming an elected official, which includes being on leave without pay, an elected official must participate in the EOP upon becoming an elected official. An elected official who chooses to continue to participate in another County retirement plan may become a member of the EOP at any time while an elected official after terminating participation in the other plan.

B. Transfer to the Guaranteed Retirement Income Plan (GRIP):

- An individual who is an elected official after December 6, 2010, may make a one-time irrevocable decision to terminate participation in the EOP and participate in the GRIP. An elected official must elect to participate in the GRIP during the first 150 days after becoming an elected official. Participation will begin on the first pay period after the elected official has been in office for 180 days. The elected official will have his or her EOP account transferred to the GRIP and the amount transferred into the GRIP will become the elected official's beginning GRIP account balance.
- An elected official who does not elect to participate in the GRIP must continue to participate in the EOP.

C. EOP Contributions:

- Employee contributions: 4 percent of pay (regular earnings) on a before-tax basis. Members may make an additional voluntary after tax contributions into the account of up to 7 percent of bi-weekly gross pay.
- Employer contributions: 8 percent of pay (regular earnings before taxes).

25. Changes in plan provisions

With the exception of the DROP implementation for Group E eligible uniformed correctional officers and sworn deputy sheriffs, there were no additional changes in plan provisions since the last actuarial valuation as of July 1, 2014.

SECTION F

GLOSSARY OF TERMS

GLOSSARY OF TERMS

Actuarial Accrued Liability (AAL). The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as "accrued liability" or "past service liability."

Actuarial Assumptions. Estimates of future plan experience such as investment return, expected lifetimes and the likelihood of receiving a pension from the Pension Plan. Demographic, or "people" assumptions, include rates of mortality, retirement and separation. Economic, or "money" assumptions, include expected investment return, inflation and salary increases.

Actuarial Cost Method. A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future plan benefits" between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the "actuarial funding method."

Actuarial Present Value of Future Plan Benefits. The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

Actuarial Value of Assets (AVA). Smoothed value of assets that recognizes the difference between the expected investment return using the valuation assumption of 7.50 percent and the actual investment return over a five-year period. Dampens volatility of asset value over time.

Amortization. Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

Annual Required Contribution. The sum of the normal cost and amortization of the unfunded actuarial accrued liability.

Asset Return. The net investment return for the asset divided by the mean asset value. Example: if $1.00 is invested and yields $1.075 after a year, the asset return is 7.50 percent.

Funded Ratio. The actuarial value of assets divided by the actuarial accrued liability. Measures the portion of the actuarial accrued liability that is currently funded.

Market Value of Assets (MVA). The value of assets currently held in the trust available to pay for benefits of the Pension Plan. Each of the investments in the trust is valued at market price which is the price at which buyers and sellers trade similar items in the open market

Normal Cost (NC). The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as "current service cost." Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

Unfunded Actuarial Accrued Liability (UAAL). The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as "unfunded accrued liability."

THE CITY OF BIRMINGHAM
RETIREMENT AND RELIEF SYSTEM
RETIREMENT PLAN
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

THE CITY OF BIRMINGHAM
RETIREMENT AND RELIEF SYSTEM
RETIREMENT PLAN

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BANKS, FINLEY, WHITE & CO.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Pension Board of the
City of Birmingham Retirement and
Relief System Retirement Plan
Birmingham, Alabama

We have audited the accompanying financial statements of the City of Birmingham Retirement and Relief System Retirement Plan (the Plan), which comprise the statement of fiduciary net position as of June 30, 2016, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the City of Birmingham Retirement and Relief System Retirement Plan as of June 30, 2016, and the changes in its financial status for the year then ended in accordance with accounting principles generally accepted in the United States of America.

December 8, 2016

Banks, Finley White & Co.

THE CITY OF BIRMINGHAM
RETIREMENT AND RELIEF SYSTEM
RETIREMENT PLAN
STATEMENT OF PENSION NET POSITION
JUNE 30, 2016

	2016
ASSETS:	
Cash and Cash Equivalents	$ 29,568,575
Total Cash and Cash Equivalents	29,568,575
Receivables	
Member contributions	-
Member loans	10,701,298
Interest and dividends	2,647,629
Total Receivables	13,348,927
Investments, at Market Value:	
U.S. Government Obligations	97,481,790
Domestic Corporate Bonds & Notes	118,335,295
Domestic Stocks	639,971,866
Alternative Investments	98,991,823
Total Investments	954,780,774
Total Assets	$ 997,698,276
LIABILITIES	
Accounts Payable	$ 812,228
Total Liabilities	812,228
Net Position Restricted for Pension Benefits	$ 996,886,048

The notes are an integral part of the financial statements.

THE CITY OF BIRMINGHAM
RETIREMENT AND RELIEF SYSTEM
RETIREMENT PLAN
STATEMENT OF CHANGES IN PENSION NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

	2016
Additions:	
Employer Contributions	13,849,535
Contributions from Plan members	13,874,144
Firemen & Police Supplemental	2,533,039
Total contributions	30,256,718
Investment Income:	
Interest	22,737,694
Investment Income	813,153
Gain/Loss on Sale of Investments	21,375,384
Net decrease in fair value of investments	(39,943,173)
Miscellaneous	481
Total Additions	$ 35,240,257
Deductions:	
Benefit payments to plan members:	
Regular Service	51,151,537
VRIP	7,758,420
Disability	9,409,890
Survivors	6,203,626
Drops	3,006,190
Refunds of contributions	2,062,507
Administrative Expenses:	
Professional fees	3,632,101
Salaries and benefits	182,458
Other Administrative Expenses	31,345
Total Deductions	83,438,074
Net Increase in Net Position	(48,197,817)
Net Position Restricted For Pension Benefits, beginning of year (excluding accrued income) at market value	$ 1,045,083,865
Net Position Restricted for Pension Benefits End of the Year at Market Value	$ 996,886,048

The notes are an integral part of the financial statements.

THE CITY OF BIRMINGHAM
RETIREMENT AND RELIEF SYSTEM
RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS

1. PLAN DESCRIPTION

The *City of Birmingham Retirement and Relief System Retirement Plan* covers all eligible civil service employees, elected officials, and appointed employees. Membership is mandatory for covered employees and is effective upon employment. Appointed and elected employees have the option of participating in this plan or in an alternative retirement plan. The City and employees each contribute one-half of the required contribution payable as a percent of compensation for the year, exclusive of overtime and subject to statutory limits. The plan is funded by contributions from employees, the City, and income from the investment of accumulated funds. The plan was established by state law and is administered by a board of managers.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The Plan implemented GASB 67 "Financial Reporting for Pension Plans" ("GASB 67") in 2014. GASB 67 replaces the requirements of GASB Statements No. 25 and No. 50 as they related to pension plans that are administered through trusts or equivalent arrangements. GASB #67 establishes standards of financial reporting for plans that issue separate financial reports and also those plans whose financial information is included solely in the financial report of another government as a pension trust fund. GASB 67 specifies the required approach for measuring the pension liability of employers and non-employer contributing entities for benefits provided through pension plans.

The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Estimates – The preparation of financial statements prepared in conformity with generally accepted accounting principles requires the Board to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Deposits & Investments – Cash and cash equivalents include cash on hand, demand deposits, savings accounts, and short-term investments with maturities of three months or less at the time of purchase.

The Plan's investments are stated at fair value. Quoted market prices are used to value investments. Investment transactions are recorded on the trade date. Realized gains and losses from sales of securities are determined using the average cost basis. In accordance with the provisions of the Plan**,** in order to state investments at market value, net unrealized appreciation or depreciation for the year is reflected in the statement of changes in pension net position.

Actuarial Present Value of Accumulated Plan Benefits – Accumulated plan benefits are those future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits under the Plan are based on employees' compensation during their last ten years of credited service. The accumulated plan benefits for active employees are based on their average compensation during the five years ending on the date as of which the benefit information is presented (the valuation date). Benefits payable under all circumstances – retirement, death, disability, and termination of employment – are included, to the extent they are deemed attributable to employee service rendered to the valuation date. Benefits to be provided via annuity contracts are excluded from Plan assets are excluded from accumulated plan benefits.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The actuarial present value of accumulated plan benefits is determined by an actuary from The Segal Group, Inc. and it is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuations as of July 1, 2015 were (a) life expectancy of participants (using the RP-2014 Blue Collar Employee Mortality Table), (b) retirement age assumptions, and (c) investment return.

The assumed average rate of return for the 2016 valuation was 7.5%. The actual rate of return, which excluded the employer contributions and benefit payments, was 10.68%. The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

3. FUNDING POLICY

The contribution requirements of the plan members are established and may be amended by the State Legislature. Plan members were required to contribute 7% of their annual covered salary in 2016. The City was required to contribute at a rate of 7% of the employees annual covered salary for 2016. For the Health Department employees, Plan members were required to contribute 7% of compensation and the employer contributes the additional required amount. All contributions made during 2016 were cash contributions. Administrative costs of the Plan are financed through investment earnings.

4. BENEFITS

A participant retiring at his normal retirement date is entitled to a benefit, payable in monthly installments equal to one-twelfth of the participant's accrued retirement income, which is calculated as 2.5% of final average salary multiplied by years of creditable service.

The **Plan** also provides adjusted benefits, in the case of early retirement and death or disability of a participant. Benefit provisions are established and may be amended by the State Legislature.

5. VESTING

Participants are at all times fully vested in their individual contributions to the Plan. Participants become fully vested in the retirement benefits attributable to them under the Plan, upon the completion of five years of creditable service with the City; however, benefits are not payable until the employee reaches age 60.

6. INVESTMENTS

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of June 30, 2016:

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities'

relationship to benchmark quoted prices. Commercial and residential mortgage-backed securities classified in Level 3 are valued using discounted cash flow techniques. Collateralized debt obligations classified in Level 3 are valued using consensus pricing.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table.

Investments Measured at the NAV

	Fair Value	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Mesirow Financial - Multi-manager/Multi-strategy Fund of hedge funds	$ 98,991,823	Quarterly	95 days

Mesirow Financial Multi-manager/Multi-strategy Fund of hedge funds. This type includes investment in 53 managed hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The fund's strategy allocation is shown in the chart below:

STRATEGY ALLOCATION[6] AS OF 8/1/2016	
Mesirow Institutional Multi-Strategy Fund, L.P. – A	
STRATEGY	%
Credit	19.42
Long / Short Credit	5.36
Long-Biased Credit	12.37
Structured Credit	1.69
Event	10.27
Event Equity	2.34
Merger Arb	2.13
Multi-Strategy Event	4.29
Reinsurance	1.52
Hedged Equity	36.93
Long-Biased Equity	4.31
Loose Neutral Equity	6.76
Opportunistic Equity	22.64
Short-Biased Equity	3.22
Macro & Commodity	9.34
Diversified Global Macro	9.34
Multi Strategy	4.98
Multi-Strategy	4.98
Relative Value	12.98
Multi-Strategy Relative Value	7.99
Strict Market Neutral	3.14
Volatility Arbitrage	1.85
Liquidating/Cash	6.07
Liquidating	0.62
Cash	5.45

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration (period of time to maturity or redemption) is the primary measure of the sensitivity of investment risk. The Plan has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Board of Managers recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Plan's objectives. However, the investment managers are to make reasonable efforts to control risk, and will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.

Custodial Credit Risk is the risk that the party holding the funds might not be able to pay those funds to the Trust upon maturity or demand. Bank deposits are covered by federal depository insurance (FDIC) or are collateralized by a multiple financial institution collateral pool administered by the State Treasurer.

Concentration of Investments

The Plan did not hold investments in any one organization that represented 5 percent or more of the Pension Plan's fiduciary net position.

Fair Value of Investments

Investments are reported at fair value, based on quoted market prices.

7. NET PENSION LIABILITY:

The components of the net pension liability of the Plan at June 30, 2016 were as follows:

Total Pension Liability	$ 2,022,255,368
Plan Fiduciary Net Position	981,796,080
The Plan's Net Pension Liability	$ 1,040,459,288
Plan Fiduciary Net Position as a percentage of Total Pension Liability	48.55%
Health Department Employees	
Total Pension Liability	$ 10,824,469
Plan Fiduciary Net Position	14,880,920
The Plan's Net Pension Liability	$ (4,056,451)
Plan Fiduciary Net Position as a percentage of Total Pension Liability	137.47%

Actuarial Assumptions:
The total pension liability was determined by an actuarial valuation as of July 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement, with the results rolled forward to June 30, 2016:

Inflation	2.50%
Salary increases	2.50%, plus age-related salary scale based on participant group
Investment rate of return	7.50%, including inflation, net of pension plan investment expense

Health Mortality rates were based on the sex distinct RP-2014 Blue Collar Employee Mortality Table, set forward two years for males and four years for females. Disabled Mortality rates were based on the sex distinct RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an experience study for the period July 1, 2010 to June 30, 2015.

7. NET PENSION LIABILITY: (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	42%	6.75%
International developed markets equity	20%	7.45%
Core fixed income	20%	1.75%
High yield fixed income	5%	4.95%
Real estate	5%	4.55%
Hedge funds	5%	3.75%
Short term governmental money market	3%	1.15%
Total	100%	

Discount rate:

Retirement and Relief System: The blended discount rate used to measure the total pension liability was 4.13%. The projection of cash flows used to determine the discount rate assumed contributions will continue to be made at 7.00% of compensation from plan members and 7.00% of compensation from the City. For this purpose, only employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are included. Projected employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are excluded, as are projected employee contributions from future plan members. Based on these assumptions, the System's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the System's investments was applied to the first 23 periods of projected benefit payments and a 2.85% municipal bond rate was applied to all periods thereafter to determine the total pension liability. The 2.85% municipal bond rate was based on an index of 20-year, tax-exempt general obligation bonds, published weekly by the Federal Reserve. (The chosen rate is the Bond Buyer 20-Bond GO Index rate published closest to, but not later than, the measurement date of June 30, 2016.)

***Health Department Employees*:** The discount rate used to measure the total pension liability is 7.50%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at 6.00% of compensation from plan members and no contributions will be made from the County. Based on these assumptions, the Department's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Department's pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

7. NET PENSION LIABILITY: (CONTINUED)

Sensitivity of the net pension liability to changes in the discount rate:
Retirement and Relief System: The following presents the net pension liability of the County, calculated using the discount rate of 4.13%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (3.13%) or one-percentage-point higher (5.13%) than the current rate:

	1% Decrease (3.13%)	Current Discount (4.13%)	1% Increase (5.13%)
Net pension liability	$1,333,015,425	$1,040,459,288	$800,333,820

Health Department Employees
Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the County, calculated using the discount rate of 7.50%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.50%) or one-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount (7.50%)	1% Increase (8.50%)
Net pension liability	$(3,077,531)	$(4,056,451)	$(4,903,288)

8. MEMBERSHIP INFORMATION

Membership of the Plan consisted of the following at July 1, 2015, the date of the latest actuarial valuation:

Active employees	3,871
Inactive Participants	384
Retired Participants and Beneficiaries	2,924
	7,179

Health Department Employees	
Active employees	9
Retired Participants and Beneficiaries	37
	46

10. DATE OF MANAGEMENT'S REVIEW

In preparing these financial statements, the Plan has evaluated events and transactions for potential recognition or disclosure through October 21, 2016, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

THE CITY OF BIRMINGHAM
RETIREMENT AND RELIEF SYSTEM
RETIREMENT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
FOR YEAR ENDED JUNE 30, 2016

Schedule of Changes in the Plan's Net Pension Liability and Related Ratios

	2016	2015	2014
Total Pension Liability			
Service Cost	$43,377,051	$ 36,945,277	$ 35,473,452
Interest	80,457,568	80,340,821	78,078,837
Changes of Benefit Terms	(337,185)	-	-
Differences Between Expected and Actual Experience	19,757,884	11,335,035	-
Changes of Assumptions	382,927,078	89,619,076	-
Benefit Payments, Including Refunds of Employee Contributions	(78,753,617)	(76,439,094)	(72,124,342)
Net Change in Total Pension Liability	447,428,779	141,801,115	41,427,947
Total Pension Liability – Beginning	1,574,826,589	1,433,025,474	1,391,597,527
Total Pension Liability - Ending (a)	$2,022,255,368	$ 1,574,826,589	$ 1,433,025,474
Plan fiduciary net position			
Contributions – Employer	$ 16,370,100	$ 14,464,552	$ 14,039,103
Contributions- Employee	13,843,088	12,227,545	11,984,752
Net Investment Income	4,081,529	43,686,697	143,936,432
Benefit Payments, Including Refunds of Employee Contributions	(78,753,617)	(76,439,094)	(72,124,342)
Administrative Expense	(266,304)	(178,807)	(186,812)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	(44,725,204)	(6,239,107)	97,649,133
Plan Fiduciary Net Position – Beginning	1,026,521,284	1,032,760,391	935,111,258
Plan Fiduciary Net Position - Ending (b)	981,796,080	1,026,521,284	1,032,760,391
The Plan's Net Pension Liability - Ending (a) – (b)	$1,040,459,288	$ 548,305,305	$ 400,265,083
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.55%	65.18%	72.07%
Covered Employee Payroll	197,758,400	188,116,077	184,380,800
The Plan's Net Pension Liability as a Percentage of covered Employee Payroll	526.13%	291.47%	217.09%
Schedule of Investment Returns			
Annual money-weighted rate of return, net of investment expense	1.38%	4.68%	

Notes to the above schedule:
The only change in benefit provisions since GASB 67 implementation was an increase in the Retirement and Relief contribution rate from 6.50% to 7.00%. The discount rate for GASB reporting purposes decreased from 5.76% as of June 30, 2014 to 5.24% as of June 30, 2015, and to 4.13% as of June 30, 2016. A detailed study of experience for the City's Retirement and Relief System for the five-year period ending June 30, 2015 was performed and the recommendations of the experience study were approved by the Board in May, 2016. Historical information prior to the implementation of GASB 67/68 is not required.

Health Department Employees	2016	2015	2014
Total Pension Liability			
Service Cost	$ 61,004	$ 64,181	$ 62,675
Interest	749,345	764,708	765,878
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(187,011)	(202,192)	-
Changes of Assumptions	(84,528)	-	-
Benefit Payments, Including Refunds of Employee Contributions	(838,553)	(853,769)	(836,771)
Net Change in Total Pension Liability	(299,743)	(227,072)	(8,218)
Total Pension Liability – Beginning	11,124,212	11,351,284	11,359,502
Total Pension Liability - Ending (a)	$ 10,824,469	$ 11,124,212	$ 11,351,284
Plan fiduciary net position			
Contributions – Employer	$ 12,474	$13,888	$ 14,707
Contributions- Employee	31,055	34,556	36,616
Net Investment Income	61,975	665,531	2,288,551
Benefit Payments, Including Refunds of Employee Contributions	(838,553)	(853,769)	(836,771)
Administrative Expense	-	-	-
Other	-	-	-
Net Change in Plan Fiduciary Net Position	(733,049)	(139,794)	1,503,103
Plan Fiduciary Net Position – Beginning	15,613,969	15,753,763	14,250,660
Plan Fiduciary Net Position - Ending (b)	14,880,920	15,613,969	15,753,763
The Plan's Net Pension Liability - Ending (a) - (b)	$ (4,056,451)	$ (4,489,757)	$ (4,402,479)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	137.47%	140.36%	138.78%
Covered Employee Payroll	517,583	575,933	610,267
The Plan's Net Pension Liability as a Percentage of covered Employee Payroll	-783.73%	-779.56%	-721.40%

Notes to the above schedule:
Benefit changes: There have been no changes to benefits provisions since the implementation of GASB 67.
Change of assumptions: A detailed study of experience for the City's Retirement and Relief System for the five-year period ending June 30, 2015 was performed and the recommendations of the experience study were approved by the Board in May, 2016. Historical information prior to the implementation of GASB 67/68 is not required.

THE CITY OF BIRMINGHAM
RETIREMENT AND RELIEF SYSTEM
RETIREMENT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
FOR YEAR ENDED JUNE 30, 2016

Schedule of the Employer's Contributions

	2016	2015	2014
Actuarially Determined Contributions	$29,898,918	$ 30,398,187	$ 30,553,712
Contributions in Relation to the Actuarially Determined Contributions	16,370,100	14,464,552	14,039,103
Contribution Deficiency (Excess)	13,528,818	15,933,635	16,514,609
Covered Employee Payroll*	197,758,400	188,116,077	184,380,800
Contributions as a Percentage of Covered Employee Payroll	8.28%	7.69%	7.61%

Schedule of the Employer's Contributions

Health Department Employees

	2016	2015	2014
Actuarially Determined Contributions	$ -	$ -	$ -
Contributions in Relation to the Actuarially Determined Contributions	12,474	13,888	14,707
Contribution Deficiency (Excess)	$ (12,474)	$ (13,888)	$ (14,707)
Covered Employee Payroll*	517,583	575,933	610,267
Contributions as a Percentage of Covered Employee Payroll	2.41%	2.41%	2.41%

Notes to Schedule:

*Payroll is estimated based on the actual employee contributions received and a 7.00% contribution rate, for Health Department Employees the rate is 6.00%.
Historical information prior to implementation of GASB 67/68 is not required.

THE CITY OF BIRMINGHAM
RETIREMENT AND RELIEF SYSTEM
RETIREMENT PLAN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	7/1/15
Actuarial cost method	Entry Age Normal Cost
Amortization method	Level percent of payroll, using 2.5% annual increases
Remaining amortization period	Rolling 30 years
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a 5 year period, further adjusted, if necessary, to be within 20% of the market value.
Actuarial assumptions:	
Investment rate of return	7.50%, including inflation, net of pension plan investment expense
Projected salary increase	2.50%, plus age-related salary scale based on participant group
Inflation rate	2.50%
Cost of living adjustments	N/A

City of Atlanta
Police Officers' Pension Fund

Actuarial Valuation
As of July 1, 2016

Determines the Contribution
For the 2017/18 Fiscal Year

SOUTHERN
ACTUARIAL
SERVICES

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September 21, 2016

Introduction

This report presents the results of the July 1, 2016 actuarial valuation of the City of Atlanta Police Officers' Pension Fund. This valuation is based upon the participant data provided as of July 1, 2016 by the plan administrator and asset information provided as of June 30, 2016 by the City. Except for a cursory review for reasonableness, we have not attempted to verify the accuracy of this information.

The primary purpose of this report is to provide a summary of the funded status of the plan as of July 1, 2016 and to determine the minimum required contribution under Georgia Code Section 47-20-10 for the City's 2017/18 fiscal year. In addition, this report provides a projection of the long-term funding requirements of the plan, statistical information concerning the assets held in the trust, statistical information concerning the participant population, and a summary of any recent plan changes.

The liabilities and cost presented in this report are based on numerous assumptions concerning the cost of benefits to be provided in the future, long-term investment returns, and the future demographic experience of the current participants. Anyone referring to this report should remember that the cost developed herein is only an *estimate* of the true cost of providing post-employment pension benefits. No one can predict with certainty whether the true cost will be higher or lower than the cost presented in this report. The calculated cost is entirely dependent upon the assumptions that are described in Table IV-A. If any of the assumptions is changed, then the cost shown in this report will change accordingly. Likewise, if any of the assumptions is not completely realized, then the cost shown in this report will change in the future.

Certain assumptions play a bigger role than others in determining the cost of the post-employment pension benefits. In some cases, relatively small changes in a particular assumption can have a dramatic impact on the anticipated cost of benefits. Although a thorough analysis of the impact of such changes is beyond the scope of this report, Table I-B illustrates the impact that alternative long-term investment returns would have on the minimum required contribution rate.

Minimum Required Contribution

Table I-A shows the development of the minimum required contribution for the City's 2017/18 fiscal year. The minimum required contribution rate is 34.72% of covered payroll, which represents an increase of 6.28% of payroll from the prior valuation.

Table I-C provides a breakdown of the sources of change in the contribution rate. Significantly, the rate increased by 5.77% of payroll due to investment losses and increased by another 0.51% of payroll due to demographic experience. The market value of assets lost 1.03% during the 2015/16 plan year, whereas a 7.50% annual investment return was required to maintain a stable contribution rate.

Georgia Code Section 47-20-10 sets forth many of the rules concerning the minimum required contribution for public pension plans within the state. In addition, Georgia Code Section 47-20-13 exempts public plan sponsors from the minimum funding requirements if the plan's actuarial value of assets exceeds 150% of the present value of accumulated retirement system benefits.

Based on the current assets, participant data, and actuarial assumptions and methods that are used to value the plan, the present-day value of the total long-term funding requirement is $1,450,425,077. As illustrated in Table I-A, current assets are sufficient to cover $950,415,000 of this amount, the employer's expected contribution for the 2016/17 plan year will cover $26,919,363 of this amount, the employer's expected contribution for the 2017/18 plan year will cover $34,176,199 of this amount, and future employee contributions will cover $81,040,801 of this amount, leaving $357,873,714 to be covered by future employer funding. Again, demographic and investment experience that differs from that assumed will either increase or decrease the future employer funding requirement.

Contents of the Report

Tables I-D through I-G provide a detailed breakdown of various liability amounts by type of benefit and by participant group. Tables II-A through II-F provide information concerning the assets of the trust fund. Specifically, Table II-A shows the development of the actuarial value of assets, which is based on the market value. Tables III-A through III-F provide statistical information concerning the plan's participant population. In particular, Table III-F gives a 10-year projection of the cash that is expected to be required from the trust fund in order to pay benefits to the current group of participants. Finally, Tables IV-A through V-B provide a summary of the actuarial assumptions and methods that are used to value the plan's benefits and of the relevant plan provisions as of July 1, 2016, as well as a summary of the changes that have occurred since the previous valuation report was prepared.

Certification

This actuarial valuation was prepared by me or under my direct supervision and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate and, in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Georgia Code Section 47-20-10. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material change in plan costs or required contribution rates have been taken into account in the valuation.

For the firm,

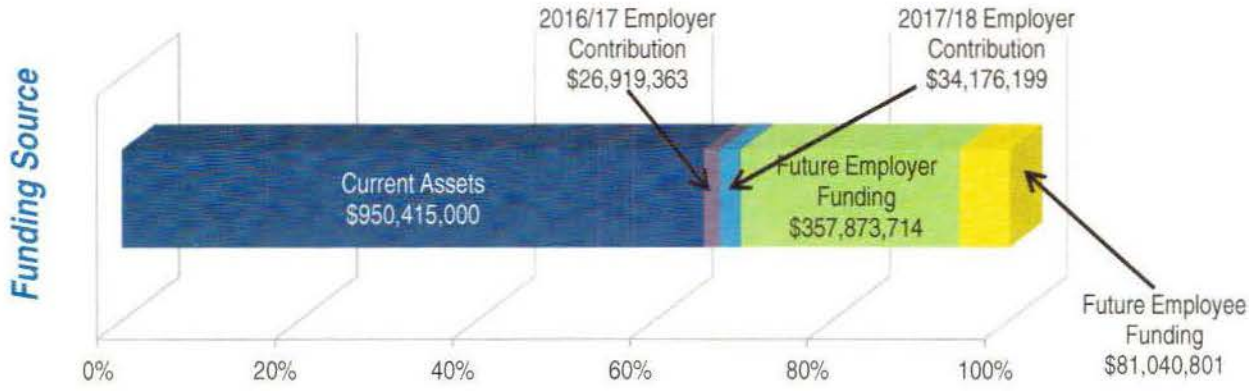
Charles T. Carr
Consulting Actuary
Southern Actuarial Services Company, Inc.

Enrolled Actuary No. 14-04927

The individual above is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Minimum Required Contribution

Table I-A



	For the 2017/18 Fiscal Year
Entry Age Normal Cost for the 2016/17 Plan Year	$21,968,370
Unfunded Liability Amortization Payment for the 2016/17 Plan Year	$20,232,144
Expense Allowance for the 2016/17 Plan Year	$709,899
Expected Employee Contribution for the 2016/17 Plan Year	($10,478,107)
Adjustment to Reflect Semi-Monthly Employer Contributions	$1,237,602
	$33,669,908
Expected Employer Contribution for the 2016/17 Plan Year	($26,919,363)
Remaining Contribution Due/(Credit) for the 2016/17 Plan Year	$6,750,545
	x 0.075
One Year's Interest Charge/(Credit) on the Remaining Contribution	$506,291
Preliminary Employer Contribution for the 2017/18 Fiscal Year	$34,176,199
Expected Payroll for the 2017/18 Fiscal Year	*÷ $98,439,303*
Minimum Required Contribution Rate	**34.72%**

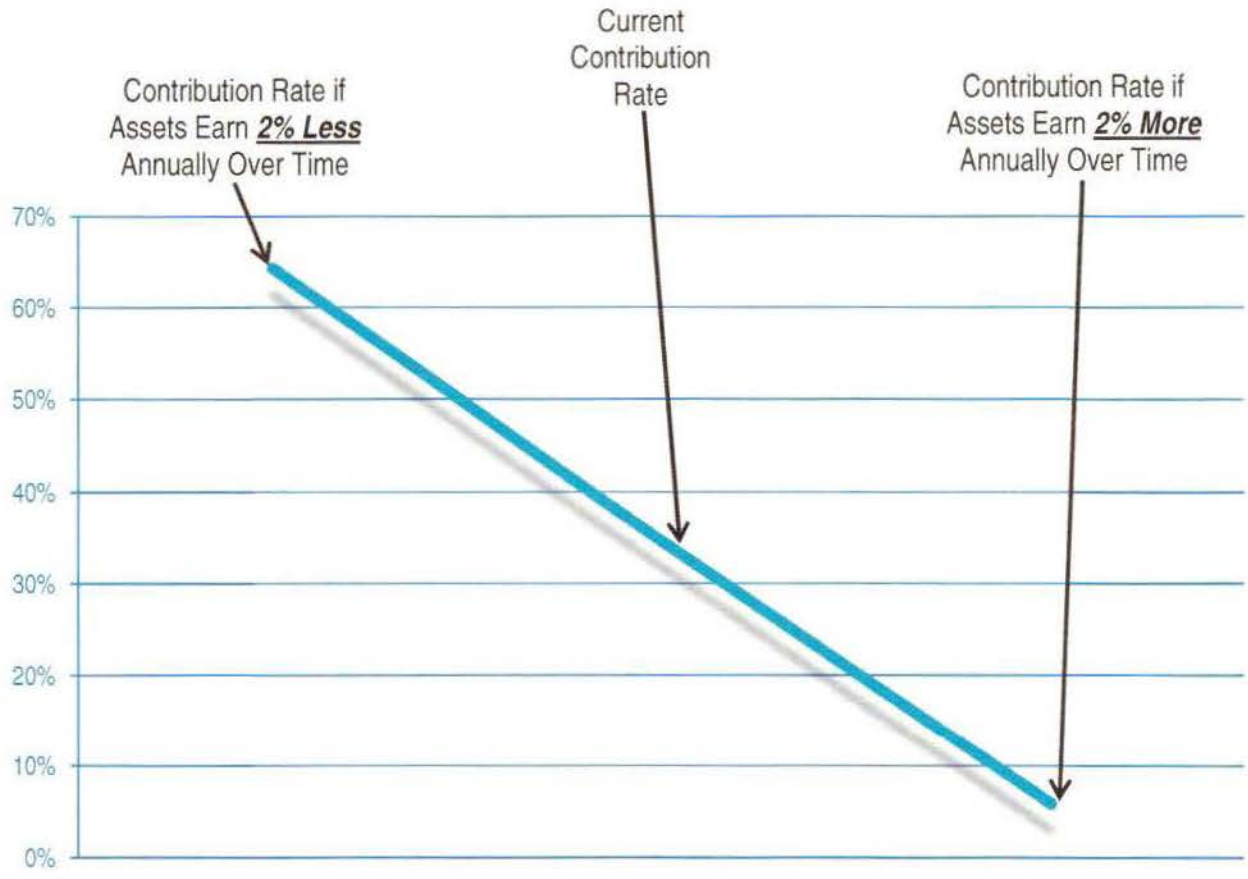
(The actual contribution should be based on the minimum required contribution rate multiplied by the actual payroll for the fiscal year.)

Additional Disclosures

Present Value of Future Compensation	$731,913,576
Present Value of Future Employer Contributions	$418,969,276
Present Value of Future Employee Contributions	$81,040,801

Sensitivity Analysis

Table I-B



The line above illustrates the sensitivity of the contribution rate to changes in the long-term investment return.

Gain and Loss Analysis

Table I-C

Source of Change in the Contribution Rate

Previous minimum required contribution rate	28.44%
Increase (decrease) due to investment gains and losses	5.77%
Increase (decrease) due to demographic experience	0.51%
Increase (decrease) due to plan amendments	0.00%
Increase (decrease) due to actuarial assumption changes	0.00%
Increase (decrease) due to actuarial method changes	0.00%
Current minimum required contribution rate	34.72%

Source of Change in the Unfunded Liability

Previous unfunded liability	$264,072,987
Increase due to interest	$19,805,474
Decrease due to amortization payments	($14,898,383)
Increase (decrease) due to plan experience	$80,789,225
Increase (decrease) due to plan amendments	$0
Increase (decrease) due to actuarial assumption changes	$0
Increase (decrease) due to actuarial method changes	$0
Current unfunded liability	$349,769,303

Present Value of Future Benefits

Table I-D

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$551,327,915	$551,327,915	$551,327,915
Termination benefits	$26,074,949	$26,074,949	$26,074,949
Disability benefits	$26,182,963	$26,182,963	$26,182,963
Death benefits	$8,283,951	$8,283,951	$8,283,951
Refund of employee contributions	$1,290,988	$1,290,988	$1,290,988
Sub-total	**$613,160,766**	**$613,160,766**	**$613,160,766**
Deferred Vested Participants			
Retirement benefits	$603,871	$603,871	$603,871
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$603,871**	**$603,871**	**$603,871**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$721,657,808	$721,657,808	$721,657,808
Disability retirements	$54,888,462	$54,888,462	$54,888,462
Beneficiaries receiving	$54,624,818	$54,624,818	$54,624,818
DROP participants	$0	$0	$0
Sub-total	**$831,171,088**	**$831,171,088**	**$831,171,088**
Grand Total	**$1,444,935,725**	**$1,444,935,725**	**$1,444,935,725**

Present Value of Accrued Benefits

Table I-E

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$316,814,291	$316,814,291	$316,814,291
Termination benefits	$14,895,251	$14,895,251	$14,895,251
Disability benefits	$19,215,335	$19,215,335	$19,215,335
Death benefits	$5,232,873	$5,232,873	$5,232,873
Refund of employee contributions	$843,890	$843,890	$843,890
Sub-total	**$357,001,640**	**$357,001,640**	**$357,001,640**
Deferred Vested Participants			
Retirement benefits	$603,871	$603,871	$603,871
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$603,871**	**$603,871**	**$603,871**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$721,657,808	$721,657,808	$721,657,808
Disability retirements	$54,888,462	$54,888,462	$54,888,462
Beneficiaries receiving	$54,624,818	$54,624,818	$54,624,818
DROP participants	$0	$0	$0
Sub-total	**$831,171,088**	**$831,171,088**	**$831,171,088**
Grand Total	**$1,188,776,599**	**$1,188,776,599**	**$1,188,776,599**
Funded Percentage	79.95%	79.95%	79.95%

Present Value of Vested Benefits

Table I-F

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$289,271,019	$289,271,019	$289,271,019
Termination benefits	$13,250,904	$13,250,904	$13,250,904
Disability benefits	$19,215,335	$19,215,335	$19,215,335
Death benefits	$5,183,702	$5,183,702	$5,183,702
Refund of employee contributions	$2,396,498	$2,396,498	$2,396,498
Sub-total	**$329,317,458**	**$329,317,458**	**$329,317,458**
Deferred Vested Participants			
Retirement benefits	$603,871	$603,871	$603,871
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$603,871**	**$603,871**	**$603,871**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$721,657,808	$721,657,808	$721,657,808
Disability retirements	$54,888,462	$54,888,462	$54,888,462
Beneficiaries receiving	$54,624,818	$54,624,818	$54,624,818
DROP participants	$0	$0	$0
Sub-total	**$831,171,088**	**$831,171,088**	**$831,171,088**
Grand Total	**$1,161,092,417**	**$1,161,092,417**	**$1,161,092,417**

Entry Age Normal Accrued Liability

Table I-G

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$424,743,872	$424,743,872	$424,743,872
Termination benefits	$18,649,785	$18,649,785	$18,649,785
Disability benefits	$18,042,258	$18,042,258	$18,042,258
Death benefits	$6,119,621	$6,119,621	$6,119,621
Refund of employee contributions	$853,808	$853,808	$853,808
Sub-total	**$468,409,344**	**$468,409,344**	**$468,409,344**
Deferred Vested Participants			
Retirement benefits	$603,871	$603,871	$603,871
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$603,871**	**$603,871**	**$603,871**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$721,657,808	$721,657,808	$721,657,808
Disability retirements	$54,888,462	$54,888,462	$54,888,462
Beneficiaries receiving	$54,624,818	$54,624,818	$54,624,818
DROP participants	$0	$0	$0
Sub-total	**$831,171,088**	**$831,171,088**	**$831,171,088**
Grand Total	**$1,300,184,303**	**$1,300,184,303**	**$1,300,184,303**
less Actuarial Value of Assets	*($950,415,000)*	*($950,415,000)*	*($950,415,000)*
Unfunded Accrued Liability	**$349,769,303**	**$349,769,303**	**$349,769,303**

Entry Age Normal Cost

Table I-H

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$18,063,198	$18,063,198	$18,063,198
Termination benefits	$1,547,169	$1,547,169	$1,547,169
Disability benefits	$1,740,023	$1,740,023	$1,740,023
Death benefits	$365,408	$365,408	$365,408
Refund of employee contributions	$252,572	$252,572	$252,572
Sub-total	**$21,968,370**	**$21,968,370**	**$21,968,370**
Deferred Vested Participants			
Retirement benefits	$0	$0	$0
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$0**	**$0**	**$0**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$0	$0	$0
Disability retirements	$0	$0	$0
Beneficiaries receiving	$0	$0	$0
DROP participants	$0	$0	$0
Sub-total	**$0**	**$0**	**$0**
Grand Total	**$21,968,370**	**$21,968,370**	**$21,968,370**

City of Atlanta
Police Officers' Pension Fund

Actuarial Valuation
As of July 1, 2015

GASB 67/68 Supplement
As of June 30, 2016

SOUTHERN ACTUARIAL SERVICES

DISCLOSURES RELATED TO THE POLICE OFFICERS' PENSION PLAN

NET PENSION LIABILITY AS OF JUNE 30, 2016

Total pension liability	$1,317,840,021 *
Less fiduciary net position	(950,415,000)
Net pension liability	**$367,425,021** **

** This amount has been rolled forward from July 1, 2015.*
*** This amount is recognized on the employer's balance sheet.*

PENSION EXPENSE FOR THE 2015/16 FISCAL YEAR

Service cost	$21,572,685
Other recognized changes in net pension liability:	
Expected interest growth	23,403,248
Investment gain/loss	6,861,794
Demographic gain/loss	(2,879,892)
Employee contributions	(11,825,000)
Administrative expenses	429,000
Changes in benefit terms	0
Assumption changes	1,206,955
Pension expense	**$38,768,790** *

** This amount is recognized on the employer's income statement, along with the employer contribution for the 2015/16 fiscal year.*

DEFERRED INFLOW AND OUTFLOW OF RESOURCES

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Balance as of June 30, 2015	$91,932,584	$96,498,625
Change due to:		
Amortization payments	$(33,685,706)	$(28,496,849)
Investment gain/loss	$82,016,415	$0
Demographic gain/loss	$0	$34,252,674
Assumption changes	$0	$0
Total change	$48,330,709	$5,755,825
Balance as of June 30, 2016	**$140,263,293** *	**$102,254,450** *

** These amounts are recognized on the employer's balance sheet.*

BALANCE EQUATION

Net pension liability as of June 30, 2015	$311,522,347
Plus pension expense for the 2015/16 fiscal year	$38,768,790
Minus employer contribution for the 2015/16 fiscal year	$(25,441,000)
Plus change in balance of deferred outflows of resources	$48,330,709
Minus change in balance of deferred inflows of resources	$(5,755,825)
Net pension liability as of June 30, 2016	$367,425,021

DISCLOSURES RELATED TO THE POLICE OFFICERS' PENSION PLAN *(continued)*

DEFERRED INFLOW AND OUTFLOW OF RESOURCES *(continued)*

Amortization schedule for deferred outflows and inflows of resources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Balance as of June 30, 2016	$140,263,293	$102,254,450
Amount recognized in the 2016/17 pension expense:		
Investment gain/loss	$29,196,947	$22,335,153
Demographic gain/loss	$3,281,804	$6,161,696
Assumption changes	$1,206,955	$0
Total	$33,685,706	$28,496,849
Balance as of June 30, 2017	$106,577,587	$73,757,601
Amount recognized in the 2017/18 pension expense:		
Investment gain/loss	$29,196,947	$22,335,155
Demographic gain/loss	$3,281,804	$6,161,696
Assumption changes	$1,206,955	$0
Total	$33,685,706	$28,496,851
Balance as of June 30, 2018	$72,891,881	$45,260,750
Amount recognized in the 2018/19 pension expense:		
Investment gain/loss	$29,196,947	$0
Demographic gain/loss	$3,281,804	$6,161,696
Assumption changes	$1,206,955	$0
Total	$33,685,706	$6,161,696
Balance as of June 30, 2019	$39,206,175	$39,099,054
Amount recognized in the 2019/20 pension expense:		
Investment gain/loss	$16,403,283	$0
Demographic gain/loss	$3,281,804	$6,161,696
Assumption changes	$1,206,955	$0
Total	$20,892,042	$6,161,696
Balance as of June 30, 2020	$18,314,133	$32,937,358
Amount recognized in the 2020/21 pension expense:		
Investment gain/loss	$0	$0
Demographic gain/loss	$3,281,804	$6,161,696
Assumption changes	$1,206,955	$0
Total	$4,488,759	$6,161,696
Balance as of June 30, 2021	$13,825,374	$26,775,662

DISCLOSURES RELATED TO THE POLICE OFFICERS' PENSION PLAN *(continued)*

CHANGES IN THE NET PENSION LIABILITY

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balance as of June 30, 2015	$1,294,907,347	$(983,385,000)	$311,522,347
Change due to:			
Service cost	$21,572,685	$0	$21,572,685
Expected interest growth	$95,435,663	$(72,032,415)	$23,403,248
Unexpected investment income	$0	$82,016,415	$82,016,415
Demographic experience	$(34,252,674)	$0	$(34,252,674)
Employer contributions	$0	$(25,441,000)	$(25,441,000)
Employee contributions	$0	$(11,825,000)	$(11,825,000)
Benefit payments & refunds	$(59,823,000)	$59,823,000	$0
Administrative expenses	$0	$429,000	$429,000
Changes in benefit terms	$0	$0	$0
Assumption changes	$0	$0	$0
Balance as of June 30, 2016	$1,317,840,021	$(950,415,000)	$367,425,021

COMPARISON OF NET PENSION LIABILITY USING ALTERNATIVE DISCOUNT RATES

	Discount Rate Minus 1.00%	7.41% Discount Rate	Discount Rate Plus 1.00%
Total pension liability	$1,497,648,165	$1,317,840,021	$1,171,129,834
Less fiduciary net position	(950,415,000)	(950,415,000)	(950,415,000)
Net pension liability	$547,233,165	$367,425,021	$220,714,834

HISTORICAL TREND INFORMATION

Measurement Date	Total Pension Liability	Fiduciary Net Position	Net Pension Liability	Funded Percentage	Covered Payroll	Net Pension Liability as a % of Covered Payroll
June 30, 2016	$1,317,840,021	$950,415,000	$367,425,021	72.12%	$92,964,978	395.23%
June 30, 2015	$1,294,907,347	$983,385,000	$311,522,347	75.94%	$93,836,338	331.98%
June 30, 2014	$1,270,493,965	$987,507,000	$282,986,965	77.73%	$91,840,000	308.13%
June 30, 2013	$1,158,630,982	$828,815,000	$329,815,982	71.53%	$88,296,903	373.53%
July 1, 2012	$1,059,361,784	$733,546,000	$325,815,784	69.24%	$88,296,903	369.00%
July 1, 2011	$1,036,001,393	$735,470,000	$300,531,393	70.99%	$73,688,100	407.84%
January 1, 2011	$1,056,240,007	$697,667,506	$358,572,501	66.05%	$83,550,807	429.17%
January 1, 2010	$990,600,036	$591,980,609	$398,619,427	59.76%	$78,519,495	507.67%
January 1, 2009	$986,376,000	$571,768,000	$414,608,000	57.97%	$82,030,000	505.43%
January 1, 2008	$909,410,000	$596,457,000	$312,953,000	65.59%	$84,016,000	372.49%
January 1, 2007	$850,886,000	$512,259,000	$338,627,000	60.20%	$77,168,000	438.82%

DISCLOSURES RELATED TO THE PENSION PLAN ***(continued)***

HISTORICAL TREND INFORMATION *(continued)*

Changes in the net pension liability by source

Fiscal Year	Service Cost	Expected Interest Growth	Unexpected Investment Income	Demographic Experience	Employer Contributions	Employee Contributions	Benefit Payments & Refunds	Administrative Expenses	Changes In Benefit Terms	Assumption Changes
2015/16	$21,572,685	$23,403,248	$82,016,415	$(34,252,674)	$(25,441,000)	$(11,825,000)	$0	$429,000	$0	$0
2014/15	$22,386,890	$18,619,235	$63,968,320	$(32,549,450)	$(32,693,000)	$(11,224,000)	$(496,613)	$524,000	$0	$0
2013/14	$23,755,271	$28,481,665	$(111,675,767)	$36,362,384	$(26,525,000)	$(11,157,000)	$229,368	$327,000	$0	$13,373,062

NOTE: The amortization period for demographic experience and assumption changes was 11.08 years for the 2013/14 fiscal year, 10.65 years for the 2014/15 fiscal year, and 11.03 years for the 2015/16 fiscal year.

DISCLOSURES RELATED TO THE POLICE OFFICERS' PENSION PLAN *(continued)*

HISTORICAL TREND INFORMATION *(continued)*

Fiscal Year End	(1) Actuarially Determined Contribution	(2) Contributions Recognized By the Plan	(3) Difference Between (1) and (2)	Covered Payroll	Column (3) as a % of Covered Payroll
June 30, 2016	$25,441,000	$25,441,000	$0	$92,964,978	0.00%
June 30, 2015	$32,693,000	$32,693,000	$0	$93,836,338	0.00%
June 30, 2014	$30,197,000	$30,197,000	$0	$91,840,000	0.00%
June 30, 2013	$26,525,000	$26,525,000	$0	$88,296,903	0.00%
June 30, 2012	$33,748,000	$33,748,000	$0	$73,688,100	0.00%
June 30, 2011	$19,567,500	$19,567,500	$0	$83,550,807	0.00%
June 30, 2010	$40,422,017	$40,422,017	$0	$78,519,495	0.00%
June 30, 2009	$41,213,384	$41,213,384	$0	$82,030,000	0.00%
June 30, 2008	$44,433,944	$44,433,944	$0	$84,016,000	0.00%
June 30, 2007	$45,229,000	$45,229,000	$0	$77,168,000	0.00%

INFORMATION USED TO DETERMINE THE NET PENSION LIABILITY

Employer's reporting date: *June 30, 2017*
Measurement date: *June 30, 2016*
Actuarial valuation date: *July 1, 2015*

Actuarial assumptions

Discount rate: *7.41% per annum (2.25% per annum is attributable to long-term inflation); this rate was used to discount all future benefit payments.*

Salary increases: *4.00% per annum*

Cost-of-living increases: *1.00% per annum (employees hired after August 31, 2011) or 3.00% per annum (employees hired before September 1, 2011)*

Mortality basis: *Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; future generational improvements in mortality have not been reflected.*

Retirement: *Retirement is assumed to occur at normal retirement age.*

Other decrements: *Employment termination is assumed based on an experience study covering the period 1982 through 1986; disability is assumed in accordance with the Wyatt 1985 Disability Study (Class 4).*

Non-investment expenses: *0.75% of future payroll*

Future contributions: *Contributions from the employer and employees are assumed to be made as legally required; employer contributions are assumed to equal 28.44% of pensionable earnings.*

Changes: *No assumptions were changed since the last measurement date.*

DETERMINATION OF THE LONG-TERM EXPECTED RATE OF RETURN ON PLAN ASSETS

Investment Category	Target Allocation	Expected Long-Term Real Return
Broad equity market	7.00%	6.01% per annum
Domestic large-cap equity	30.00%	6.91% per annum
Domestic mid-cap equity	15.00%	8.91% per annum
Domestic small-cap equity	9.00%	5.01% per annum
International equity	9.00%	3.31% per annum
Domestic fixed income	25.00%	0.81% per annum
Alternative investments	5.00%	7.51% per annum
Total or weighted arithmetic average	100.00%	5.16% per annum

DISCLOSURES RELATED TO THE POLICE OFFICERS' PENSION PLAN *(continued)*

PENSION PLAN DESCRIPTION

Name of the pension plan:	*City of Atlanta Police Officers' Pension Fund*
Legal plan administrator:	*Board of Trustees of the City of Atlanta Police Officers' Pension Fund*
Plan type:	*Single-employer defined benefit pension plan*
Number of covered individuals:	*3,524 (1,446 inactive employees and beneficiaries currently receiving benefits; 55 inactive employees entitled to but not yet receiving benefits; 2,023 active employees)*
Contribution requirement:	*Employer contributions are actuarially determined; employees must contribute either 8% of base pay (hired after August 31, 2011), 12% of base pay (hired before September 1, 2011 without an eligible beneficiary) or 13% of base pay (hired before September 1, 2011 with an eligible beneficiary); contribution requirements may be amended by City ordinance, but employer contribution requirement is subject to State minimums.*
Pension plan reporting:	*The plan issues a stand-alone financial report each year, which contains information about the plan's fiduciary net position. The plan's fiduciary net position has been determined on the same basis used by the pension plan and is equal to the market value of assets calculated under the accrual basis of accounting. This report is available to the public at the plan's administrative office: Zenith American Solutions, 100 Crescent Centre Parkway, Suite 400, Tucker, GA 30084-7042, (770) 934-3953.*

Description of the benefit terms

Employees covered:	*Full-time police officers employed by the City of Atlanta*
Types of benefits offered:	*Retirement, disability, and pre-retirement death benefits*
Basic pension formula:	*1% of average earnings x up to 80 years of service (for employees hired after August 31, 2011)* *2% of average earnings x up to 50 years of service (for employees hired during the period July 1, 2010 through August 31, 2011)* *3% of average earnings x up to 26.667 years of service (for employees hired before July 1, 2010)*
Early retirement adjustment:	*Retirement benefit is reduced by ½% for each month by which the participant's early retirement age precedes his normal retirement age (for employees hired after August 31, 2011)* *Retirement benefit is reduced by ½% for each of the first 60 months and by ¼% for each additional month by which the participant's early retirement age precedes his normal retirement age (for employees hired before September 1, 2011)*
Disability pension:	*Basic pension formula * (for a non-service-connected disability with at least five years of service)* *Larger of 70% of top salary for the employee's grade and position or basic pension formula * (for a service-connected disability if the employee is not covered by the 1986 amendment)* *Larger of 50% of average earnings or basic pension formula ** (payable until normal retirement age for a service-connected disability if the employee is covered by the 1986 amendment)* *Basic pension formula including service credit for the period of disability (payable after normal retirement age for a service-connected disability if the employee is covered by the 1986 amendment)* *100% of top salary for the employee's grade and position (for a catastrophic injury incurred in the line-of-duty)* ** Benefit is offset by worker's comp payments to the extent both payments exceed 100% of salary* *** Benefit is offset by worker's comp payments to the extent both payments exceed 75% of salary*
Pre-retirement death benefit:	*75% of the basic pension formula (payable to the eligible beneficiary upon death not in the line-of-duty)* *100% of base pay offset by worker's comp or other payments (payable to the eligible beneficiary for first two years after death in the line-of-duty)* *75% of the larger of the basic pension formula or 70% of top salary for the employee's grade (payable to the eligible beneficiary beginning two years after death in the line-of-duty)* *75% of the basic pension formula (payable to the eligible beneficiary beginning two years after death in the line-of-duty if the employee was covered by the 1986 amendment)*
Normal retirement age:	*Age 65 with at least five years of service* *Age 57 with at least 15 years of service* *Age 55 with at least 15 years of service (for employees hired before September 1, 2011)* *Age 55 with at least 10 years of service (for employees hired before July 1, 2010)* *Any age with at least 30 years of service (for employees covered by the 2005 amendment)*
Early retirement age:	*Age 47 with at least 15 years of service (for employees hired after August 31, 2011)* *Any age with at least 15 years of service (for employees hired during the period July 1, 2010 through August 31, 2011)* *Any age with at least 10 years of service (for employees hired before July 1, 2010)*

DISCLOSURES RELATED TO THE POLICE OFFICERS' PENSION PLAN *(continued)*

PENSION PLAN DESCRIPTION *(continued)*

Description of the benefit terms *(continued)*

Vesting requirement:	*25% vesting with five years of service, graded up to 100% vesting with 15 years of service (for employees hired after June 30, 2010)*
	25% vesting with five years of service, graded up to 100% vesting with 10 years of service (for employees hired before July 1, 2010)
Form of payment:	*Single life annuity (for employees without an eligible beneficiary)*
	75% joint and contingent annuity (for employees with an eligible beneficiary; survivor annuity is only payable for life if the beneficiary is a spouse or domestic partner and, in the case of employees who are not covered by the 1986 amendment, the spouse or domestic partner does not re-marry; survivor annuity is actuarially adjusted if the employee was hired after August 31, 2011)
Average earnings:	*Average of the highest 120 consecutive months of base pay plus a credit for unused vacation (for employees hired after August 31, 2011)*
	Average of the highest 36 consecutive months of base pay plus a credit for unused sick leave and vacation (for employees hired before September 1, 2011)
Cost-of-living adjustment:	*Based on the CPI limited to 1% per year (for employees hired after August 31, 2011)*
	Based on the CPI limited to 3% per year (for employees hired before September 1, 2011)
Legal authority:	*Plan was initially established under State law and has been amended numerous times by City ordinance.*
Changes:	*The benefit terms did not change from the prior measurement date.*

DISCLOSURES RELATED TO THE POLICE OFFICERS' PENSION PLAN *(continued)*

PROJECTION OF THE FIDUCIARY NET POSITION

Date	BOY Balance	Contributions	Benefit Payments	Administrative Expenses	Investment Earnings	EOY Balance
July 1, 2015	$983,385,000	$37,266,000	$59,823,000	$429,000	-$9,984,000	$950,415,000
July 1, 2016	$950,415,000	$38,331,080	$61,416,720	$761,650	$69,557,997	$996,125,707
July 1, 2017	$996,125,707	$39,864,323	$64,733,008	$802,777	$72,878,783	$1,043,333,028
July 1, 2018	$1,043,333,028	$41,458,896	$69,017,071	$855,905	$76,277,047	$1,091,195,995
July 1, 2019	$1,091,195,995	$43,117,252	$72,760,292	$902,326	$79,746,140	$1,140,396,769
July 1, 2020	$1,140,396,769	$44,841,942	$76,691,384	$951,077	$83,309,857	$1,190,906,107
July 1, 2021	$1,190,906,107	$46,635,620	$79,245,272	$982,749	$87,023,784	$1,244,337,490
July 1, 2022	$1,244,337,490	$48,501,045	$82,712,901	$1,025,752	$90,923,183	$1,300,023,065
July 1, 2023	$1,300,023,065	$50,441,087	$86,899,327	$1,077,669	$94,965,854	$1,357,453,010
July 1, 2024	$1,357,453,010	$52,458,730	$90,623,925	$1,123,859	$99,157,620	$1,417,321,576
July 1, 2025	$1,417,321,576	$54,557,079	$94,255,459	$1,168,895	$103,536,452	$1,479,990,753
July 1, 2026	$1,479,990,753	$56,739,362	$97,603,389	$1,210,414	$108,136,312	$1,546,052,624
July 1, 2027	$1,546,052,624	$42,437,526	$100,500,577	$1,246,343	$112,404,352	$1,599,147,582
July 1, 2028	$1,599,147,582	$0	$103,549,172	$1,284,150	$114,682,165	$1,608,996,425
July 1, 2029	$1,608,996,425	$0	$106,155,067	$1,316,466	$115,315,965	$1,616,840,857
July 1, 2030	$1,616,840,857	$0	$108,771,672	$1,348,916	$115,800,844	$1,622,521,113
July 1, 2031	$1,622,521,113	$0	$111,971,292	$1,388,596	$116,103,880	$1,625,265,105
July 1, 2032	$1,625,265,105	$0	$114,711,574	$1,422,579	$116,206,260	$1,625,337,212
July 1, 2033	$1,625,337,212	$0	$117,955,906	$1,462,813	$116,092,084	$1,622,010,577
July 1, 2034	$1,622,010,577	$0	$121,187,547	$1,502,890	$115,726,529	$1,615,046,669
July 1, 2035	$1,615,046,669	$0	$124,343,034	$1,542,022	$115,094,258	$1,604,255,871
July 1, 2036	$1,604,255,871	$0	$126,302,334	$1,566,320	$114,222,481	$1,590,609,698
July 1, 2037	$1,590,609,698	$0	$128,076,185	$1,588,318	$113,145,952	$1,574,091,147
July 1, 2038	$1,574,091,147	$0	$130,007,375	$1,612,267	$111,850,784	$1,554,322,289
July 1, 2039	$1,554,322,289	$0	$131,436,497	$1,629,990	$110,333,264	$1,531,589,066
July 1, 2040	$1,531,589,066	$0	$132,724,272	$1,645,961	$108,601,291	$1,505,820,124
July 1, 2041	$1,505,820,124	$0	$133,946,213	$1,661,114	$106,646,797	$1,476,859,594
July 1, 2042	$1,476,859,594	$0	$134,619,071	$1,669,459	$104,476,035	$1,445,047,099
July 1, 2043	$1,445,047,099	$0	$135,295,272	$1,677,844	$102,093,818	$1,410,167,801
July 1, 2044	$1,410,167,801	$0	$135,153,119	$1,676,082	$99,514,499	$1,372,853,099
July 1, 2045	$1,372,853,099	$0	$134,812,193	$1,671,854	$96,762,039	$1,333,131,091
July 1, 2046	$1,333,131,091	$0	$133,715,084	$1,658,248	$93,859,055	$1,291,616,814
July 1, 2047	$1,291,616,814	$0	$132,416,809	$1,642,148	$90,830,674	$1,248,388,531
July 1, 2048	$1,248,388,531	$0	$130,920,063	$1,623,586	$87,682,597	$1,203,527,479
July 1, 2049	$1,203,527,479	$0	$129,230,341	$1,602,631	$84,420,641	$1,157,115,148
July 1, 2050	$1,157,115,148	$0	$127,278,995	$1,578,432	$81,053,374	$1,109,311,095
July 1, 2051	$1,109,311,095	$0	$125,049,098	$1,550,778	$77,593,241	$1,060,304,460
July 1, 2052	$1,060,304,460	$0	$122,565,894	$1,519,983	$74,053,329	$1,010,271,912
July 1, 2053	$1,010,271,912	$0	$119,806,407	$1,485,762	$70,447,574	$959,427,317
July 1, 2054	$959,427,317	$0	$116,783,729	$1,448,276	$66,791,343	$907,986,655
July 1, 2055	$907,986,655	$0	$113,490,415	$1,407,435	$63,100,913	$856,189,718
July 1, 2056	$856,189,718	$0	$109,937,171	$1,363,370	$59,393,659	$804,282,836
July 1, 2057	$804,282,836	$0	$106,130,520	$1,316,162	$55,687,593	$752,523,747
July 1, 2058	$752,523,747	$0	$102,084,393	$1,265,985	$52,001,300	$701,174,669
July 1, 2059	$701,174,669	$0	$97,817,138	$1,213,065	$48,353,536	$650,498,002
July 1, 2060	$650,498,002	$0	$93,352,259	$1,157,694	$44,762,878	$600,750,927
July 1, 2061	$600,750,927	$0	$88,720,194	$1,100,250	$41,247,261	$552,177,744
July 1, 2062	$552,177,744	$0	$83,957,839	$1,041,191	$37,823,430	$505,002,144
July 1, 2063	$505,002,144	$0	$79,091,073	$980,836	$34,507,006	$459,437,241
July 1, 2064	$459,437,241	$0	$74,156,464	$919,641	$31,312,433	$415,673,569
July 1, 2065	$415,673,569	$0	$69,182,350	$857,955	$28,252,788	$373,886,052
July 1, 2066	$373,886,052	$0	$64,192,274	$796,071	$25,340,163	$334,237,870
July 1, 2067	$334,237,870	$0	$59,220,771	$734,418	$22,585,379	$296,868,060

DISCLOSURES RELATED TO THE POLICE OFFICERS' PENSION PLAN *(continued)*

PROJECTION OF THE FIDUCIARY NET POSITION *(continued)*

Date	BOY Balance	Contributions	Benefit Payments	Administrative Expenses	Investment Earnings	EOY Balance
July 1, 2068	$296,868,060	$0	$54,297,913	$673,368	$19,997,631	$261,894,410
July 1, 2069	$261,894,410	$0	$49,446,591	$613,205	$17,584,802	$229,419,416
July 1, 2070	$229,419,416	$0	$44,716,374	$554,544	$15,352,662	$199,501,160
July 1, 2071	$199,501,160	$0	$40,131,626	$497,686	$13,304,618	$172,176,466
July 1, 2072	$172,176,466	$0	$35,759,786	$443,470	$11,440,914	$147,414,124
July 1, 2073	$147,414,124	$0	$31,571,228	$391,526	$9,760,327	$125,211,697
July 1, 2074	$125,211,697	$0	$27,631,452	$342,667	$8,260,266	$105,497,844
July 1, 2075	$105,497,844	$0	$23,973,194	$297,300	$6,934,237	$88,161,587
July 1, 2076	$88,161,587	$0	$20,614,559	$255,648	$5,773,349	$73,064,729
July 1, 2077	$73,064,729	$0	$17,568,462	$217,873	$4,766,888	$60,045,282
July 1, 2078	$60,045,282	$0	$14,828,943	$183,899	$3,903,069	$48,935,509
July 1, 2079	$48,935,509	$0	$12,394,005	$153,702	$3,169,536	$39,557,338
July 1, 2080	$39,557,338	$0	$10,262,338	$127,267	$2,553,142	$31,720,875
July 1, 2081	$31,720,875	$0	$8,412,768	$104,330	$2,040,597	$25,244,374
July 1, 2082	$25,244,374	$0	$6,845,811	$84,897	$1,618,414	$19,932,080
July 1, 2083	$19,932,080	$0	$5,521,443	$68,473	$1,273,561	$15,615,725
July 1, 2084	$15,615,725	$0	$4,404,829	$54,626	$994,855	$12,151,125
July 1, 2085	$12,151,125	$0	$3,488,696	$43,265	$771,878	$9,391,042
July 1, 2086	$9,391,042	$0	$2,737,844	$33,953	$595,016	$7,214,261
July 1, 2087	$7,214,261	$0	$2,127,042	$26,378	$456,218	$5,517,059
July 1, 2088	$5,517,059	$0	$1,639,231	$20,329	$348,426	$4,205,925
July 1, 2089	$4,205,925	$0	$1,255,980	$15,576	$265,390	$3,199,759
July 1, 2090	$3,199,759	$0	$959,421	$11,898	$201,758	$2,430,198
July 1, 2091	$2,430,198	$0	$721,455	$8,947	$153,500	$1,853,296
July 1, 2092	$1,853,296	$0	$549,800	$6,818	$117,075	$1,413,753
July 1, 2093	$1,413,753	$0	$417,940	$5,183	$89,363	$1,079,993
July 1, 2094	$1,079,993	$0	$317,214	$3,934	$68,342	$827,187
July 1, 2095	$827,187	$0	$236,716	$2,936	$52,574	$640,109
July 1, 2096	$640,109	$0	$180,511	$2,239	$40,782	$498,141
July 1, 2097	$498,141	$0	$137,028	$1,699	$31,864	$391,278
July 1, 2098	$391,278	$0	$105,133	$1,304	$25,121	$309,962
July 1, 2099	$309,962	$0	$80,846	$1,003	$19,990	$248,103
July 1, 2100	$248,103	$0	$63,478	$787	$16,046	$199,884
July 1, 2101	$199,884	$0	$51,127	$634	$12,928	$161,051
July 1, 2102	$161,051	$0	$41,526	$515	$10,404	$129,414
July 1, 2103	$129,414	$0	$33,740	$418	$8,347	$103,603
July 1, 2104	$103,603	$0	$27,844	$345	$6,651	$82,065
July 1, 2105	$82,065	$0	$22,892	$284	$5,238	$64,127
July 1, 2106	$64,127	$0	$18,608	$231	$4,066	$49,354
July 1, 2107	$49,354	$0	$14,938	$185	$3,107	$37,338
July 1, 2108	$37,338	$0	$11,845	$147	$2,330	$27,676
July 1, 2109	$27,676	$0	$9,280	$115	$1,709	$19,990
July 1, 2110	$19,990	$0	$7,186	$89	$1,217	$13,932
July 1, 2111	$13,932	$0	$5,511	$68	$829	$9,182
July 1, 2112	$9,182	$0	$4,177	$52	$527	$5,480
July 1, 2113	$5,480	$0	$3,133	$39	$291	$2,599
July 1, 2114	$2,599	$0	$2,333	$29	$107	$344

NOTES: The fiduciary net position is projected to be sufficient to cover all future benefit payments when due.
The plan requires only a 7.41% average investment return per year to avoid a crossover date.
The projection shown above does not reflect future new entrants into the pension plan.

Actuarial Value of Assets

Table II-A

Market Value of Assets as of July 1, 2016	$950,415,000
Minus advance employer contributions	$0
Actuarial Value of Assets as of July 1, 2016	**$950,415,000**

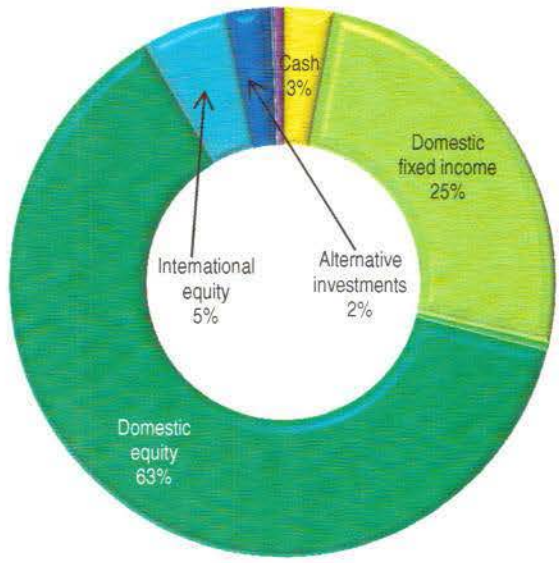
Historical Actuarial Value of Assets

January 1, 2008	$596,457,000
January 1, 2009	$571,768,000
January 1, 2010	$591,980,609
January 1, 2011	$697,667,506
July 1, 2011	$735,470,000
July 1, 2012	$733,546,000
July 1, 2013	$828,815,000
July 1, 2014	$987,507,000
July 1, 2015	$983,385,000
July 1, 2016	$950,415,000

Market Value of Assets

Table II-B

	As of July 1, 2016
Market Value of Assets	**$950,415,000**
Cash	$28,289,000
Domestic fixed income	$244,386,000
International fixed income	$4,403,000
Domestic equity	$600,262,000
International equity	$49,329,000
Alternative investments	$20,316,000
Real estate	$4,646,000
Income receivable	$1,227,000
Employer contribution receivable	$1,144,000
Employee contribution receivable	$418,000
Net due to brokers	($3,891,000)
Net accounts payable	($114,000)

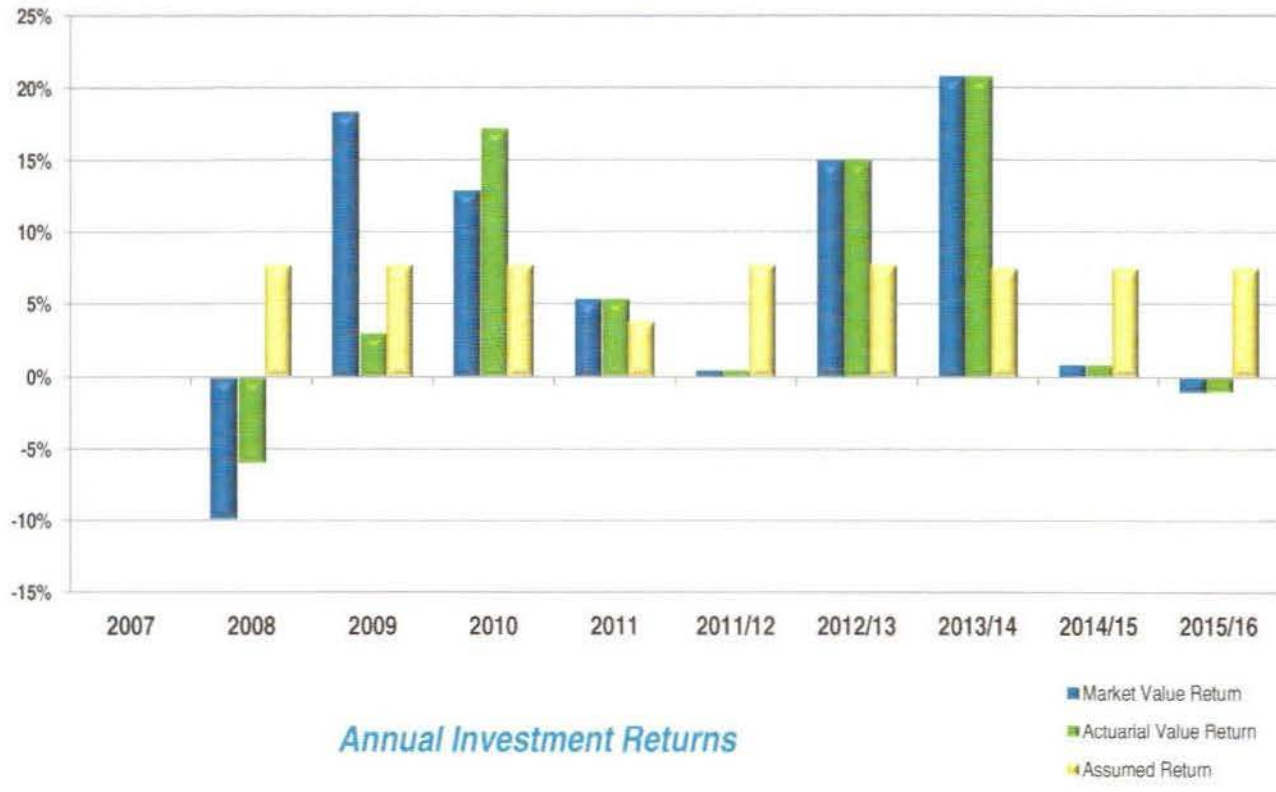


Historical Market Value of Assets

January 1, 2008	$561,226,686
January 1, 2009	$516,308,590
January 1, 2010	$614,490,006
January 1, 2011	$697,667,506
July 1, 2011	$735,470,000
July 1, 2012	$733,546,000
July 1, 2013	$828,815,000
July 1, 2014	$987,507,000
July 1, 2015	$983,385,000
July 1, 2016	$950,415,000

Investment Return

Table II-C



Annual Investment Returns

Plan Year	Market Value Return	Actuarial Value Return	Assumed Return
2007	N/A	N/A	N/A
2008	-9.85%	-5.92%	7.75%
2009	18.40%	3.02%	7.75%
2010	12.93%	17.21%	7.75%
2011	5.37%	5.37%	3.80%
2011/12	0.51%	0.51%	7.75%
2012/13	15.03%	15.03%	7.75%
2013/14	20.81%	20.81%	7.50%
2014/15	0.89%	0.89%	7.50%
2015/16	-1.03%	-1.03%	7.50%
8.5yr. Avg.	6.96%	6.21%	7.66%

Asset Reconciliation

Table II-D

	Market Value	Actuarial Value
As of July 1, 2015	**$983,385,000**	**$983,385,000**
Increases Due To:		
Employer Contributions	$25,441,000	$25,441,000
Employee Contributions	$11,825,000	$11,825,000
Total Contributions	$37,266,000	$37,266,000
Interest and Dividends	$17,196,000	
Gains (Losses)	($24,251,000)	
Total Investment Income	($7,055,000)	($9,984,000)
Other Income	$193,000	
Total Income	**$30,404,000**	**$27,282,000**
Decreases Due To:		
Benefit Payments	($59,823,000)	($59,823,000)
Total Benefit Payments	($59,823,000)	($59,823,000)
Investment Expenses	($3,122,000)	
Administrative Expenses	($429,000)	($429,000)
Advance Employer Contribution		$0
Total Expenses	**($63,374,000)**	**($60,252,000)**
As of July 1, 2016	**$950,415,000**	**$950,415,000**

Historical Trust Fund Detail

Table II-E

Income

Plan Year	Employer Contribs.	Employee Contribs.	Interest / Dividends	Gains / Losses	Other Income
2007	N/A	N/A	N/A	N/A	N/A
2008	$44,433,944	$5,632,058	$19,659,840	-$73,068,655	$306,310
2009	$41,213,384	$7,428,867	$10,062,495	$86,832,237	$412,899
2010	$40,422,017	$6,522,505	$10,973,135	$71,141,601	$110,624
2011	$19,567,500	$3,366,500	$5,409,500	$33,529,994	$0
2011/12	$33,748,000	$9,541,000	$13,407,000	-$6,450,000	$12,000
2012/13	$26,525,000	$11,157,000	$15,319,000	$96,713,000	$0
2013/14	$30,197,000	$11,232,000	$18,045,000	$156,987,000	$3,000
2014/15	$32,693,000	$11,224,000	$17,346,000	-$5,290,000	$4,000
2015/16	$25,441,000	$11,825,000	$17,196,000	-$24,251,000	$193,000

Expenses

Plan Year	Benefit Payments	Admin. Expenses	Invest. Expenses
2007	N/A	N/A	N/A
2008	$38,530,904	$607,811	$2,742,878
2009	$44,024,211	$1,692,242	$2,052,013
2010	$43,378,646	$54,705	$2,559,031
2011	$22,588,000	$40,500	$1,442,500
2011/12	$48,746,000	$192,000	$3,244,000
2012/13	$51,299,000	$327,000	$2,819,000
2013/14	$53,279,000	$653,000	$3,840,000
2014/15	$56,253,000	$524,000	$3,322,000
2015/16	$59,823,000	$429,000	$3,122,000

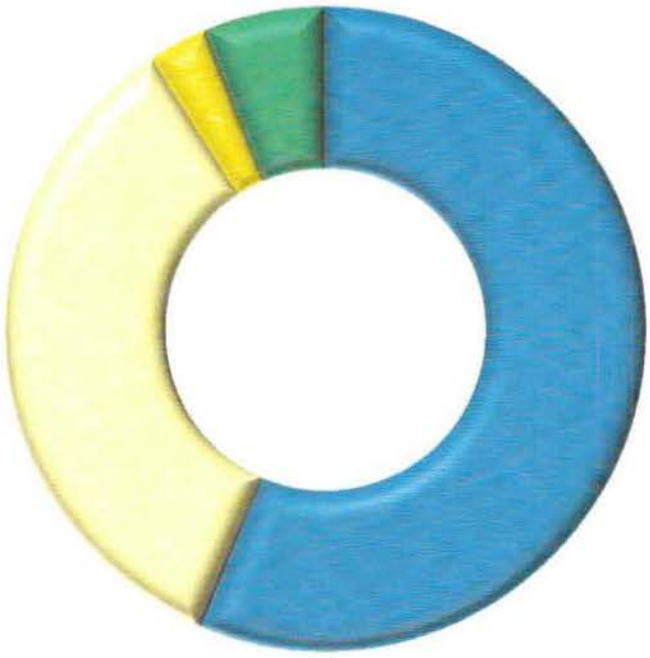
Other Actuarial Adjustments

Advance Employer Contribs.
N/A
$0
$0
$0
$0
$0
$0
$0
$0
$0

Note: Amounts shown for the 2011 short plan year are estimated.

Summary of Participant Data

Table III-A



Participant Distribution by Status

As of July 1, 2016

Actively Employed Participants	
Active Participants	1,962
DROP Participants	0
Inactive Participants	
Deferred Vested Participants	13
Due a Refund of Contributions	0
Deferred Beneficiaries	0
Participants Receiving a Benefit	
Service Retirements	1,195
Disability Retirements	104
Beneficiaries Receiving	211
Total Participants	**3,485**

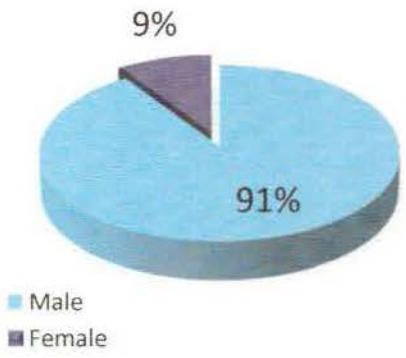
Number of Participants Included in Prior Valuations

	Active	*DROP*	*Inactive*	*Retired*	*Total*
January 1, 2008	1,811	0	0	1,272	3,083
January 1, 2009	1,639	0	0	1,355	2,994
January 1, 2010	1,574	0	3	1,293	2,870
January 1, 2011	1,554	0	18	1,345	2,917
July 1, 2011	1,639	0	29	1,401	3,069
July 1, 2012	1,870	0	29	1,402	3,301
July 1, 2013	2,021	0	30	1,405	3,456
July 1, 2014	2,025	0	35	1,420	3,480
July 1, 2015	2,023	0	55	1,446	3,524
July 1, 2016	1,962	0	13	1,510	3,485

Active Participant Data

Table III-B

Gender Mix



As of July 1, 2016

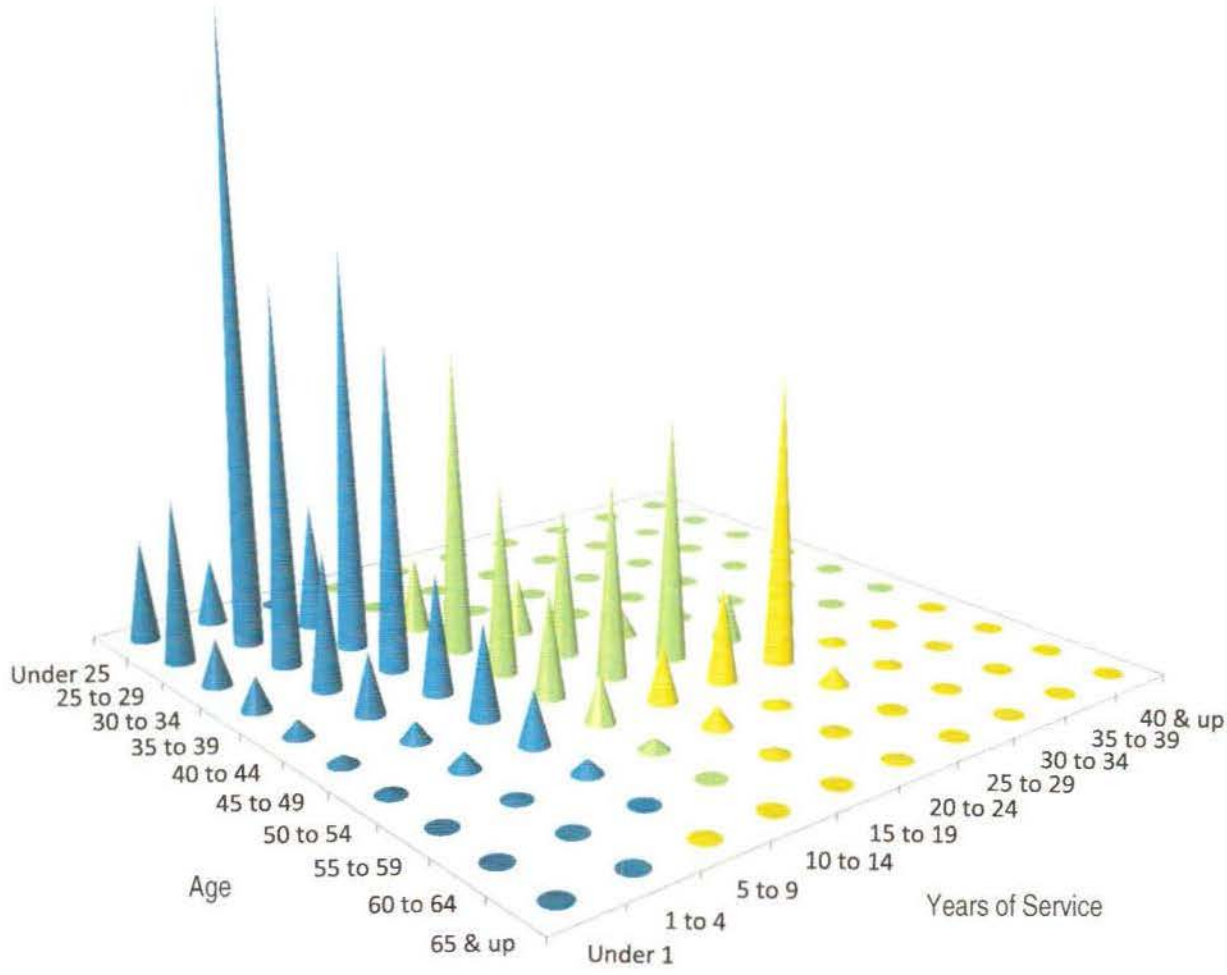
Average Age	37.9 years
Average Service	9.8 years
Total Annualized Compensation for the Prior Year	$95,566,988
Total Expected Compensation for the Current Year	$94,653,176
Average Increase in Compensation for the Prior Year	N/A
Expected Increase in Compensation for the Current Year	4.00%
Accumulated Contributions for Active Employees	$100,636,682

Active Participant Statistics From Prior Valuations

	Average Age	*Average Service*	*Average Salary*	*Average Expected Salary Increase*	*Average Actual Salary Increase*
January 1, 2008	37.5	10.4	$48,199	4.00%	3.44%
January 1, 2009	37.9	11.0	$51,008	4.00%	3.69%
January 1, 2010	38.9	10.8	$50,854	4.00%	2.06%
January 1, 2011	39.3	11.0	$55,477	4.00%	8.14%
July 1, 2011	37.9	10.0	$46,046	1.98%	N/A
July 1, 2012	37.4	9.5	$48,806	4.00%	N/A
July 1, 2013	37.1	9.2	$45,098	4.00%	N/A
July 1, 2014	37.3	9.4	$46,295	4.00%	N/A
July 1, 2015	37.7	9.6	$46,010	4.00%	N/A
July 1, 2016	37.9	9.8	$48,709	4.00%	N/A

Active Age-Service Distribution

Table III-C



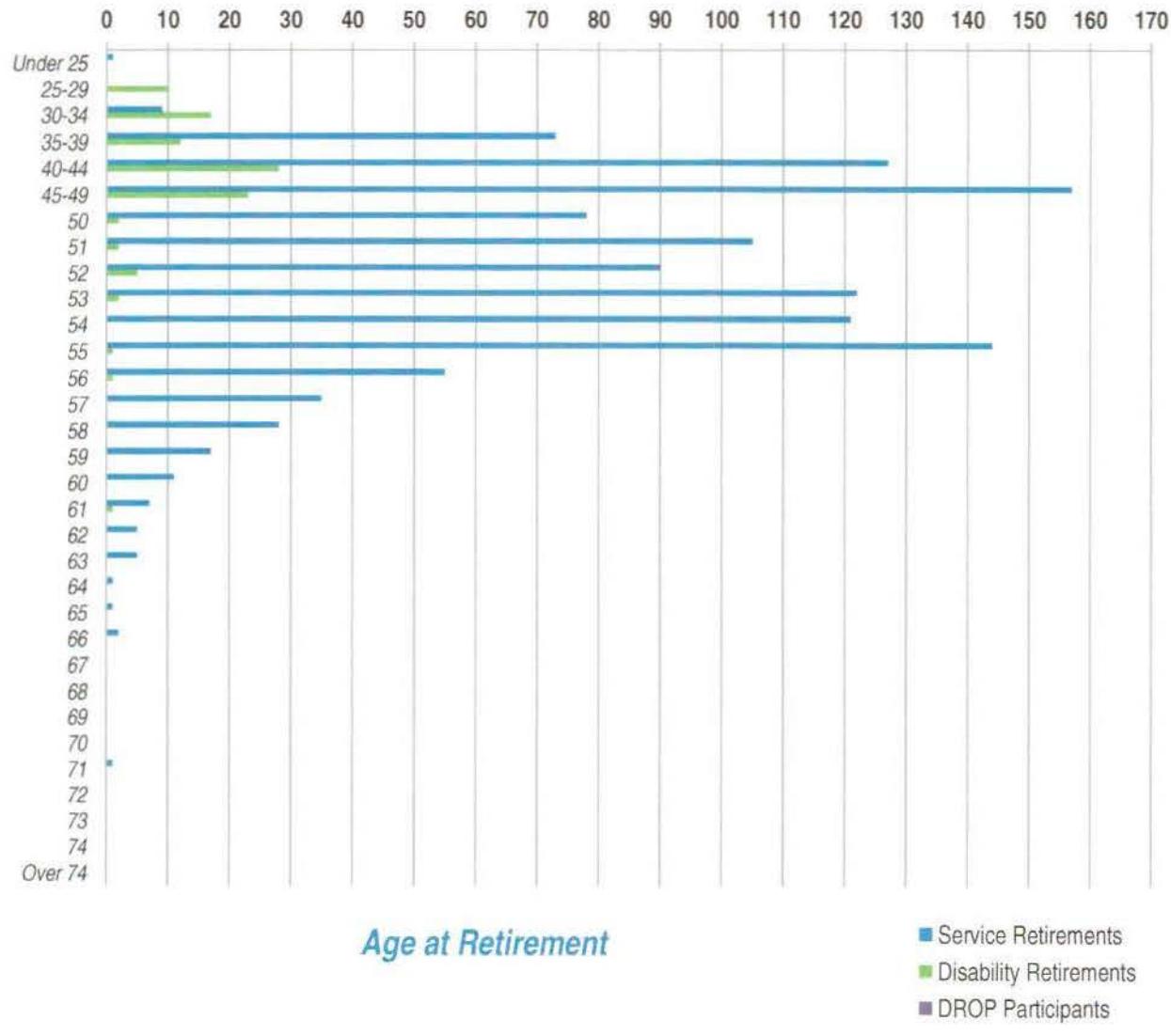
Active Age-Service-Salary Table

Table III-D

Attained Age	Completed Years of Service										
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25	42	27	0	0	0	0	0	0	0	0	69
Avg.Pay	15,403	37,149	0	0	0	0	0	0	0	0	23,912
25 to 29	68	256	52	0	0	0	0	0	0	0	376
Avg.Pay	16,712	37,780	38,059	0	0	0	0	0	0	0	34,008
30 to 34	19	152	163	31	0	0	0	0	0	0	365
Avg.Pay	17,292	37,943	42,670	53,665	0	0	0	0	0	0	40,314
35 to 39	14	55	133	126	24	0	0	0	0	0	352
Avg.Pay	19,145	36,007	45,510	56,266	62,742	0	0	0	0	0	48,001
40 to 44	7	25	48	78	63	11	0	0	0	0	232
Avg.Pay	19,290	36,421	47,423	54,675	66,806	65,906	0	0	0	0	53,966
45 to 49	4	8	38	43	81	101	21	0	0	0	296
Avg.Pay	20,323	40,163	44,291	54,124	65,791	70,496	73,448	0	0	0	62,178
50 to 54	2	7	22	20	23	38	117	2	0	0	231
Avg.Pay	12,372	38,057	47,852	57,608	66,470	67,954	78,027	65,165	0	0	68,686
55 to 59	0	1	6	5	9	3	8	2	0	0	34
Avg.Pay	0	40,321	49,446	50,142	71,745	64,796	66,972	152,485	0	0	66,722
60 to 64	0	0	0	0	2	1	1	1	0	0	5
Avg.Pay	0	0	0	0	58,437	83,876	77,908	59,269	0	0	67,585
65 & up	0	0	1	0	0	1	0	0	0	0	2
Avg.Pay	0	0	44,412	0	0	76,519	0	0	0	0	60,466
Total	156	531	463	303	202	155	147	5	0	0	1,962
Avg.Pay	16,801	37,591	43,931	55,274	66,015	69,562	76,770	98,914	0	0	48,709

Inactive Participant Data

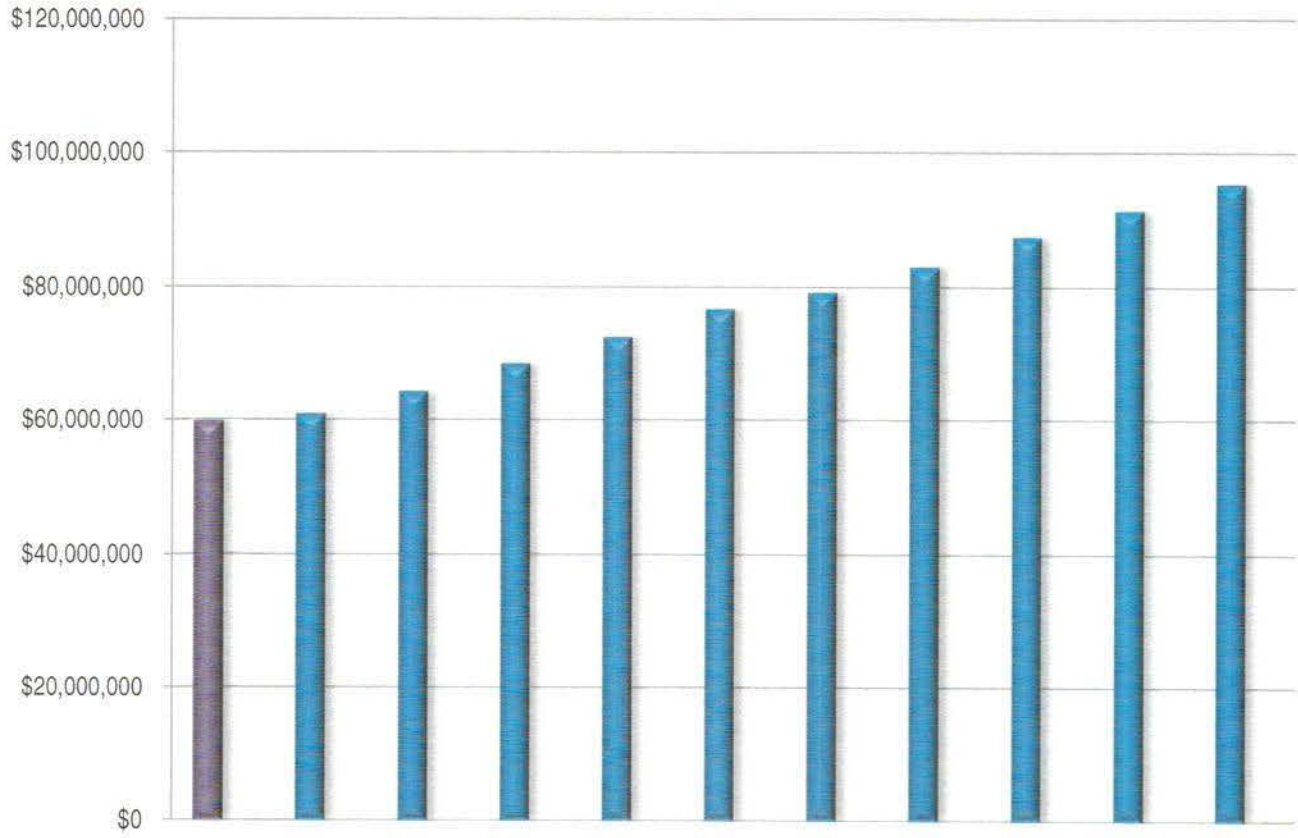
Table III-E



	Average Monthly Benefit
Service Retirements	*$3,516.88*
Disability Retirements	*$3,073.51*
Beneficiaries Receiving	*$2,038.01*
DROP Participants	*Not applicable*
Deferred Vested Participants	*$628.70*
Deferred Beneficiaries	*Not applicable*

Projected Benefit Payments

Table III-F



Actual	
For the period July 1, 2015 through June 30, 2016	$59,823,000
Projected	
For the period July 1, 2016 through June 30, 2017	$60,926,066
For the period July 1, 2017 through June 30, 2018	$64,366,542
For the period July 1, 2018 through June 30, 2019	$68,637,595
For the period July 1, 2019 through June 30, 2020	$72,638,314
For the period July 1, 2020 through June 30, 2021	$76,745,268
For the period July 1, 2021 through June 30, 2022	$79,323,589
For the period July 1, 2022 through June 30, 2023	$83,019,641
For the period July 1, 2023 through June 30, 2024	$87,513,862
For the period July 1, 2024 through June 30, 2025	$91,380,116
For the period July 1, 2025 through June 30, 2026	$95,305,748

Summary of Actuarial Methods and Assumptions — Table IV-A

NOTE: The following assumptions and methods have been selected and approved by the Board of Trustees based in part on the advice of the plan's enrolled actuary in accordance with the authority granted to the Board under the pension ordinances and State law.

1. Actuarial Cost Method

Individual entry age normal cost method. Under this actuarial cost method, a level funding cost is developed with respect to each benefit for each participant. The level funding cost for each benefit applies to the period beginning when the participant's service commences and ending when the participant is assumed to cease active participation due to each respective decrement. The actuarial accrued liability is equal to the accumulated level funding cost to the valuation date for all participants. The normal cost is equal to the level funding cost for the year immediately following the valuation date for all active participants.

2. Asset Method

The actuarial value of assets is equal to the market value of assets.

3. Interest (or Discount) Rate

7.50% per annum

4. Salary Increases

Plan compensation is assumed to increase at the rate of 4.00% per annum, unless actual plan compensation is known for a prior plan year.

5. Decrements

- Pre-retirement mortality: Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; deaths prior to retirement are assumed not to be service-connected; future generational improvements in mortality have not been reflected.

- Post-retirement mortality: Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; future generational improvements in mortality have not been reflected.

Summary of Actuarial Methods and Assumptions — Table IV-A

(continued)

- Disability: Sex-distinct rates set forth in the Wyatt 1985 Disability Study (Class 4); 75% of disabilities are assumed to be service-connected.

- Termination: Withdrawal rates were derived from a study of actual plan experience covering the period 1982 through 1986. A sample of the withdrawal rates is set forth in the following table:

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	15.0%	30	7.8%	40	2.30%	50	0.956%
25	11.4%	35	4.9%	45	1.35%	55	0.000%

- Retirement: Retirement is assumed to occur at normal retirement age.

6. Unused Vacation

All participants are assumed to have accumulated 30 days of unused vacation upon termination of employment, retirement, or death.

7. Payroll Increase and Amortization Period

Total payroll has been assumed to grow at the rate of 4.00% per year for purposes of amortizing the unfunded actuarial accrued liability as a level percentage of payroll; the amortization period is established by City ordinance as a closed 30-year period beginning July 1, 2011.

8. Expenses

Administrative expenses are assumed to be 0.75% of future payroll. In addition, the interest rate set forth in item 3. above is assumed to be net of investment expenses and commissions.

9. Cost-of-Living Adjustment

We have assumed that all eligible retirees will receive an automatic cost-of-living adjustment equal to 3.00% per annum.

10. Surviving Beneficiaries

Those active participants who are making the additional 1% employee contribution to provide a survivor benefit to their eligible beneficiaries are assumed to have only one surviving beneficiary of the opposite gender of the employee. Males are assumed to be three years older than females for this purpose.

Changes in Actuarial Methods and Assumptions

Table IV-B

No assumptions or methods were changed since the previous valuation was completed.

Summary of Plan Provisions

Table V-A

1. Monthly Accrued Benefit

For participants who are hired after August 31, 2011:
1% of Average Monthly Earnings multiplied by up to 80 years of Creditable Service
For participants who are hired during the period July 1, 2010 through August 31, 2011:
2% of Average Monthly Earnings multiplied by up to 50 years of Creditable Service
For all other participants:
3% of Average Monthly Earnings multiplied by up to 26.667 years of Creditable Service

2. Normal Retirement Age and Benefit

- **Age**
  Any age with at least 30 years of Creditable Service *(only for participants who are covered by the '05 Amendment)*; or
  Age 55 with at least 10 years of Creditable Service *(only for participants who are hired prior to July 1, 2010)*; or
  Age 55 with at least 15 years of Creditable Service *(only for participants who are hired prior to September 1, 2011)*; or
  Age 57 with at least 15 years of Creditable Service; or
  Age 65 with at least 5 years of Creditable Service
- **Amount**
  Monthly Accrued Benefit
- **Form of Payment**
  Life annuity *(for those participants without an eligible beneficiary)*; or
  75% joint and contingent annuity *(for those participants with an eligible beneficiary; benefits continue in equal shares to the participant's dependent children upon the death of the participant's spouse or domestic partner or, for participants not covered by the '86 Amendment, upon the remarriage of the participant's spouse or domestic partner; survivor benefits are actuarially adjusted with respect to participants who are hired after August 31, 2011)*

  Note: All annuity forms of payment include an automatic cost-of-living adjustment effective each January 1 based on the increase in the Consumer Price Index as of the preceding November 1 and limited to 3% *(limited to 1% with respect to participants who are hired after August 31, 2011)*. All annuity forms of payment also provide a minimum payout equal to the employee's accumulated contributions, with interest credited after 1985 at the rate of 5% per year (or less than 5% with respect to any year during which the trust fund earns less than 5% on its investments).

Summary of Plan Provisions

Table V-A

(continued)

3. **Early Retirement Age and Benefit**

- **Age**
  Any age with at least 10 years of Creditable Service Service *(15 years of Creditable Service for participants who are hired after June 30, 2010; minimum age of 47 for participants who are hired after August 31, 2011)*
- **Amount**
  Monthly Accrued Benefit *(payable at Normal Retirement Age)*; or
  Monthly Accrued Benefit reduced by ½% for each of the first 60 months and by ¼% for each additional month by which the participant's Early Retirement Age precedes Normal Retirement Age *(payable at Early Retirement Age and applicable only to those participants who are hired prior to September 1, 2011)*; or
  Monthly Accrued Benefit reduced by ½% for each month by which the participant's Early Retirement Age precedes Normal Retirement Age *(payable at Early Retirement Age and applicable only to those participants who are hired after August 31, 2011)*; or
  Monthly Accrued Benefit reduced by ¼% for each month by which the participant's Early Retirement Age precedes age 55 *(payable at Early Retirement Age and only applicable if the participant was hired prior to April 1, 1978 and has earned at least 25 years of Creditable Service)*
- **Form of Payment**
  Same as for Normal Retirement

4. **Delayed Retirement Age and Benefit**

- **Age**
  After Normal Retirement Age
- **Amount**
  Monthly Accrued Benefit
- **Form of Payment**
  Same as for Normal Retirement

Summary of Plan Provisions

Table V-A

(continued)

5. Disability Retirement Eligibility and Benefit

- **Eligibility**
  All active participants are eligible if the disability is service-connected;
  At least five years of Creditable Service is required otherwise.
- **Condition**
  The participant must become "totally and permanently disabled" and must remain so disabled until age 55. "Totally and permanently disabled" means the participant is in a continuous state of incapacity due to illness or injury, is prevented from performing his regular assigned or comparable duties during the first 12 months of his disability, and is thereafter prevented from engaging in any occupation for which he is or becomes reasonably qualified by education, training, or experience. With respect to participants who are not covered by the '86 Amendment, the participant must only be prevented from performing his regular assigned or comparable duties during the entire period of his disability.

- **Amount**
  For participants who incur a catastrophic injury in the line of duty:
    100% of the top salary for the grade and position occupied by the participant at the time of disability
  For all other participants who are covered by the '86 Amendment:
    Greater of 50% of Average Monthly Earnings at the time of disability or Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 75% of the participant's salary at the time of disability *(payable until the earlier of recovery from disability or Normal Retirement Age)*; and
    Monthly Accrued Benefit based on Average Monthly Earnings at the time of disability and Creditable Service including the period during which the participant was disabled, but excluding any cost-of-living adjustments that were previously applied to the participant's disability payments *(payable at Normal Retirement Age)*
  For all other participants with a service-connected disability:
    Greater of 70% of the top salary for the grade and position occupied by the participant at the time of disability or Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 100% of the participant's salary at the time of disability
  For all other participants:
    Monthly Accrued Benefit, offset by worker's compensation payments such that the combination of payments does not exceed 100% of the participant's salary at the time of disability
- **Form of Payment**
  Same as for Normal Retirement

Summary of Plan Provisions

Table V-A

(continued)

6. Deferred Vested Benefit

- **Age**
  Any age with at least five years of Creditable Service
- **Amount**
  Monthly Accrued Benefit multiplied by the participant's Vested Percentage and payable at age 60
- **Form of Payment**
  Same as for Normal Retirement

7. Pre-Retirement Death Benefit

For participants who die in the line of duty and who are covered by the '86 Amendment:

100% of the participant's base salary at the time of his death, offset by worker's compensation or other payments received for line of duty injuries prior to the participant's death *(payable for the first two years after the participant's death)*; and

75% of the Monthly Accrued Benefit *(payable thereafter)*

For all other participants who die in the line of duty:

100% of the participant's base salary at the time of his death, offset by worker's compensation or other payments received for line of duty injuries prior to the participant's death *(payable for the first two years after the participant's death)*; and

75% of the greater of: (a) the Monthly Accrued Benefit, or (b) 70% of the top salary for the grade and position occupied by the participant at his death *(payable thereafter)*

For all other participants:

75% of the Monthly Accrued Benefit

Summary of Plan Provisions

Table V-A

(continued)

8. Vested Percentage

Retirement benefits with respect to those participants who are hired prior to July 1, 2010 become vested in accordance with the following schedule:

Years of Creditable Service	Vested Percentage
Less than five	0%
At least five, but less than six	25%
At least six, but less than seven	30%
At least seven, but less than eight	35%
At least eight, but less than nine	40%
At least nine, but less than 10	45%
At least 10	100%

Retirement benefits with respect to those participants who are hired after June 30, 2010 become vested in accordance with the following schedule:

Years of Creditable Service	Vested Percentage
Less than five	0%
At least five, but less than six	25%
At least six, but less than seven	30%
At least seven, but less than eight	35%
At least eight, but less than nine	40%
At least nine, but less than 10	45%
At least 10, but less than 11	50%
At least 11, but less than 12	55%
At least 12, but less than 13	60%
At least 13, but less than 14	65%
At least 14, but less than 15	70%
At least 15	100%

Summary of Plan Provisions

Table V-A

(continued)

9. Average Monthly Earnings

The participant's Average Monthly Earnings is equal to: (a) the average of the participant's Base Salary for the highest 36 consecutive months during his period of Creditable Service; plus (b) the difference between the highest and lowest daily rate of pay during such 36-month period multiplied by the days of unused sick leave and divided by 36; plus (c) a credit based on accumulated unused vacation. *(The averaging period is 120 months with respect to participants who are hired after August 31, 2011 and average monthly earnings does not include unused sick leave for these participants.)*

10. Base Salary

The employee's basic salary excluding overtime pay and other special compensation; pursuant to Internal Revenue Code (IRC) section 401(a)(17), total annual plan compensation is limited to $200,000 as indexed.

11. Employee Contribution

All participating employees must make the required pre-tax contribution to the plan. The required contribution for participants who were hired prior to 1984 is 8% of basic salary for those participants who have an eligible beneficiary and 7% of basic salary for those participants who do not have an eligible beneficiary. The required contribution for participants who were hired during the period 1984 through August 31, 2011 is 13% of basic salary (8% prior to November 1, 2011) for those participants who have an eligible beneficiary and 12% of basic salary (7% prior to November 1, 2011) for those participants who do not have an eligible beneficiary. The required contribution for participants who are hired after August 31, 2011 is 8% of basic salary. An eligible beneficiary is the participant's legal spouse, registered domestic partner, or unmarried child under the age of 18. The participant must have been married or registered to his legal spouse or domestic partner for at least one year prior to his death in order for such individual to be an eligible beneficiary. *(During the period March, 1994 through June, 2009, the required contribution was 1% lower for all participants; prior to March, 1994, the contribution was made on an after-tax basis.)*

Summary of Plan Provisions

Table V-A

(continued)

12. Creditable Service

Creditable Service includes "base creditable service" *(plus an "unused sick leave service credit" for those participants who were hired prior to September 1, 2011)* plus military service as required by federal law. Base creditable service is granted for all periods of full-time employment as a firefighter with the City of Atlanta provided that the employee has made the required contribution for such period of service. With respect to eligible participants, an unused sick leave service credit is granted by dividing the participant's days of unused sick leave by the number of work days set forth in the following chart:

Years of Base Creditable Service	Work Days
Less than five	239
At least five, but less than 10	236
At least 10, but less than 15	233
At least 15, but less than 20	230
At least 20	226

Creditable Service also includes other service with the City of Atlanta if the relevant contributions are transferred into this plan and may include prior service with the State of Georgia, Fulton County, Dekalb County, or as a teacher in a public school system or private college or university within the State of Georgia if the required contribution is made to the plan.

13. Participation Requirement

All full-time police officers employed by the City of Atlanta are eligible to participate in the plan.

14. Plan Effective Date

April 1, 1978

Summary of Plan Amendments

Table V-B

No plan changes have been adopted since the previous valuation was completed.

City of Birmingham Retirement and Relief System

Actuarial Valuation and Review as of
July 1, 2016

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Segal Consulting
2018 Powers Ferry Road, Suite 850 Atlanta, GA 30339-7200
T 678.306.3100 www.segalco.com

April 7, 2017

Board of Managers
City of Birmingham Retirement and Relief System
710 North 20th Street, GA 100 City Hall
Birmingham, Alabama 35203-2216

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of July 1, 2016. It summarizes the actuarial data used in the valuation, analyzes the preceding year's experience, and establishes the funding requirements for the 2016-2017 fiscal year.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist in administering the Retirement System. The census information on which our calculations were based was prepared by the City and the financial information was provided by the City's Finance Department. That assistance is gratefully acknowledged.

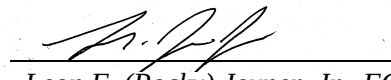
The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the smoothing of investment gains and losses); and changes in plan provisions or applicable law.

The actuarial calculations were directed under the supervision of Deborah K. Brigham, FCA, ASA, MAAA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards to render the actuarial opinion herein. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board of Managers are reasonably related to the experience of and the expectations for the System.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

Segal Consulting, a Member of The Segal Group, Inc.

By: 

Leon F. (Rocky) Joyner, Jr., FCA, ASA, MAAA, EA
Vice President and Consulting Actuary

Deborah K. Brigham

Deborah K. Brigham, FCA, ASA, MAAA, EA
Vice President and Actuary

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Purpose

This report has been prepared by Segal Consulting to present a valuation of the City of Birmingham Retirement and Relief System as of July 1, 2016. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Pension Plan, as administered by the Board of Managers;
- The characteristics of covered active participants, inactive vested participants, and retired participants and beneficiaries as of June 30, 2016, provided by the City;
- The assets of the Plan as of June 30, 2016, provided by the City's Finance Department;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

The assumptions and methods used to value the Plan were approved by the Board of Managers based on a five-year experience study for the period ended June 30, 2015.

Significant Issues in Valuation Year

1. The recommended contribution for the upcoming year is $44,578,596, an increase of $903,089 from last year. The contribution as a percentage of payroll increased from 22.19% of pay to 22.27% of pay, based on a 30-year level percent-of-pay amortization of the unfunded actuarial accrued liability.

2. The City is expected to continue to contribute 7.00% of pay, and members are expected to contribute 7.00%. **City and employee contributions combined are thus 14.00% of payroll, producing an expected deficit of 8.27% when compared to the recommended contribution of 22.27%.** The City is ultimately responsible for Plan funding. If employee contributions remain at their current level, the City's share is 15.27% of pay.

3. The normal cost, for benefits and expenses allocated to the current year, is 11.80% of pay after adjustment for timing and is fully covered by the 14.00% ultimate contribution rate. However, the unfunded liability is not being amortized by the remaining 2.20% of pay. Projections were provided to the Board under separate cover. **The assets are projected to be drawn down, the unfunded liability will continue to grow, and the funded ratio will decline unless the contribution rates are increased, plan provisions are changed, or there are significant gains from investments or other sources.** A proposal currently before the Legislature, if approved, will increase the City's contributions and modify the benefit provisions for future hires. Although these changes are not expected to fully solve the funding issues, they should improve the System's position.

4. The investment rate of return on an actuarial basis for the year ended June 30, 2016 was 7.36%. Since the rate of return was less than the assumed rate of 7.50% per year, there was an actuarial investment loss amounting to $1,321,079. The rate of return on a market basis was 0.41%. As of the valuation date, the smoothed actuarial value of assets is equal to 103.5% of market value.

5. The Schedule of Funding Progress, provided in Exhibit III of Section 4, shows that the funded ratio on an actuarial basis is 75.51% as of July 1, 2016. On a market value basis, the funded ratio is 72.94%.

6. There have been no assumption or plan changes since the prior valuation.

7. The actuarial valuation report as of July 1, 2016 is based on financial information as of June 30, 2016. Changes in the value of assets subsequent to that date are not reflected. Unfavorable asset experience will increase the actuarial cost of the Plan, while favorable experience will decrease the actuarial cost of the Plan.

8. The disclosures required for compliance with GASB Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68, *Accounting and Financial Reporting for Pensions* were released to the City's Finance Department on October 18, 2016.

Summary of Key Valuation Results

	2016	2015
Contributions for plan year beginning July 1:		
Recommended	$44,578,596	$43,675,507
Recommended contribution as a percentage of payroll	22.27%	22.19%
Actual contributions (employer and employee)	--	30,213,188
Funding elements for plan year beginning July 1:		
Normal cost, including administrative expenses	$22,714,932	$22,101,375
Market value of assets	981,796,080	1,026,521,284
Actuarial value of assets	1,016,437,956	993,856,763
Actuarial accrued liability	1,346,038,138	1,319,287,541
Unfunded actuarial accrued liability	329,600,182	325,430,778
Funded ratio – Actuarial basis	75.51%	75.33%
Funded ratio – Market basis	72.94%	77.81%
Demographic data for plan year beginning July 1:		
Number of retired participants and beneficiaries	3,017	2,924
Number of vested former participants*	358	351
Number of active participants	3,852	3,871
Total payroll	$200,205,482	$196,808,411
Average payroll	51,974	50,842

**Includes future pensioners currently receiving benefits from the Supplemental System and excludes terminated participants due a refund of contributions.*

Important Information About Actuarial Valuations

An actuarial valuation is a budgeting tool with respect to the financing of future projected obligations of a pension plan. It is an estimated forecast – the actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

In order to prepare a valuation, Segal Consulting ("Segal") relies on a number of input items. These include:

- **Plan of benefits** Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report to confirm that Segal has correctly interpreted the plan of benefits.
- **Participant data** An actuarial valuation for a plan is based on data provided to the actuary by the City. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
- **Assets** The valuation is based on the market value of assets as of the valuation date, as provided by the City's Finance Department which uses an "actuarial value of assets" that differs from market value to gradually reflect year-to-year changes in the market value of assets in determining the contribution requirements.
- **Actuarial assumptions** In preparing an actuarial valuation, Segal projects the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This projection requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year. In addition, the benefits projected to be paid for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments. The projected benefits are then discounted to a present value, based on the assumed rate of return that is expected to be achieved on the plan's assets. There is a reasonable range for each assumption used in the projection and the results may vary materially based on which assumptions are selected. It is important for any user of an actuarial valuation to understand this concept. Actuarial assumptions are periodically reviewed to ensure that future valuations reflect emerging plan experience. While future changes in actuarial assumptions may have a significant impact on the reported results, that does not mean that the previous assumptions were unreasonable.

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The actuarial valuation is prepared at the request of the City. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement of the plan's assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.
- If the City or Board is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. The Board of Managers should look to their other advisors for expertise in these areas.

As Segal Consulting has no discretionary authority with respect to the management or assets of the System, it is not a fiduciary in its capacity as actuaries and consultants with respect to the System.

A. PARTICIPANT DATA

The Actuarial Valuation and Review considers the number and demographic characteristics of covered participants, including active participants, vested terminated participants, retired participants and beneficiaries.

This section presents a summary of significant statistical data on these participant groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B, and C.

A historical perspective of how the participant population has changed over the past ten valuations can be seen in this chart.

CHART 1

Participant Population: 2007 – 2016

Year Ended June 30	Active Participants	Vested Terminated Participants*	Retired Participants and Beneficiaries	Ratio of Non-Actives to Actives
2007	3,760	211	2,352	0.68
2008	3,782	205	2,464	0.71
2009	4,017	211	2,516	0.68
2010	4,073	232	2,555	0.68
2011	3,807	246	2,803	0.80
2012	3,907	250	2,802	0.78
2013	3,901	283	2,834	0.80
2014	3,889	303	2,897	0.82
2015	3,871	351	2,924	0.85
2016	3,852	358	3,017	0.88

**Includes future pensioners currently receiving benefits from the Supplemental System and excludes terminated participants due a refund of employee contributions.*

Active Participants

Plan costs are affected by the age, years of service and payroll of active participants. In this year's valuation, there were 3,852 active participants with an average age of 45.3, average years of service of 11.9 years and average payroll of $51,974. The 3,871 active participants in the prior valuation had an average age of 45.3, average service of 12.1 years and average payroll of $50,842.

Inactive Participants

In this year's valuation, there were 358 participants with a vested right to a deferred or immediate vested benefit. This includes 302 individuals currently receiving benefits from the Firemen's and Policemen's Supplemental Pension System.

In addition, there were 63 participants entitled to a return of their employee contributions.

These graphs show a distribution of active participants by age and by years of service.

CHART 2

Distribution of Active Participants by Age as of June 30, 2016

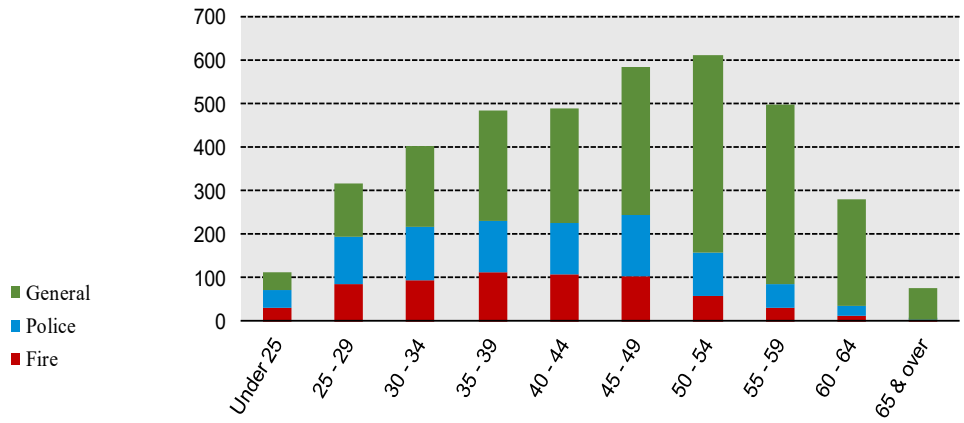
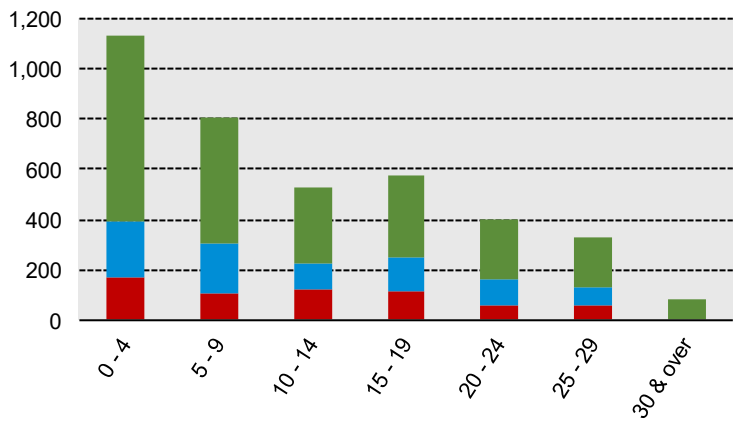


CHART 3

Distribution of Active Participants by Years of Service as of June 30, 2016



Retired Participants and Beneficiaries

As of June 30, 2016, 2,484 retired participants and 533 beneficiaries were receiving total monthly benefits of $6,290,793. For comparison, in the previous valuation, there were 2,407 retired participants and 517 beneficiaries receiving monthly benefits of $5,989,129.

These graphs show a distribution of the current retired participants and beneficiaries based on their monthly amount and age, by type of pension.

CHART 4

Distribution of Retired Participants and Beneficiaries by Type and by Monthly Amount as of June 30, 2016

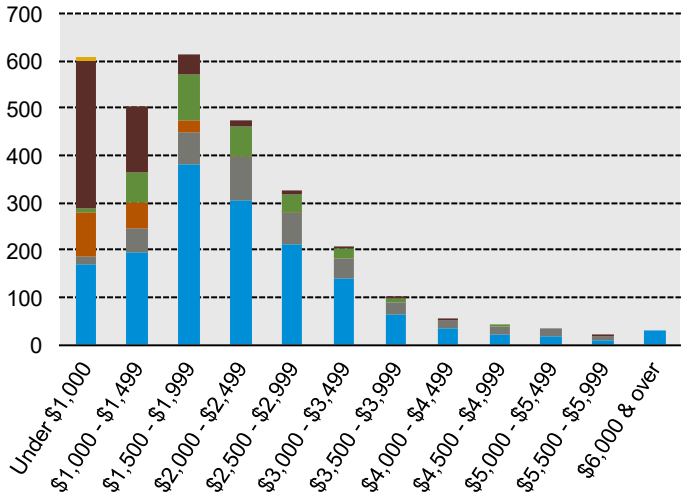
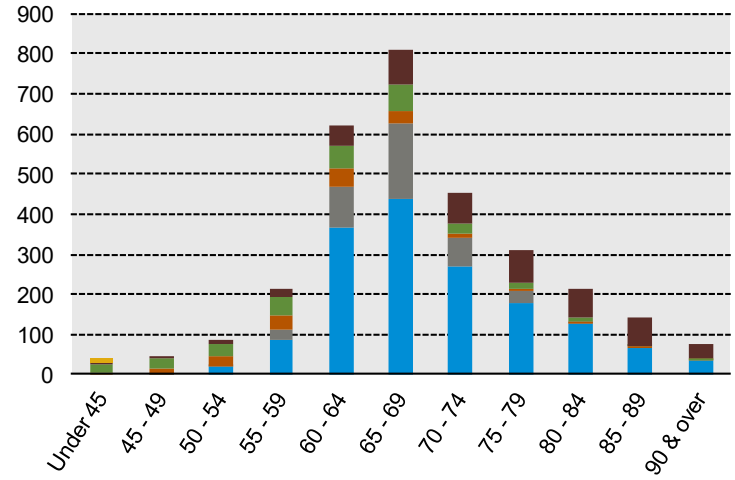


CHART 5

Distribution of Retired Participants and Beneficiaries by Type and by Age as of June 30, 2016



B. FINANCIAL INFORMATION

Retirement plan funding anticipates that, over the long term, both contributions (less administrative expenses) and net investment earnings (less investment fees) will be needed to cover benefit payments.

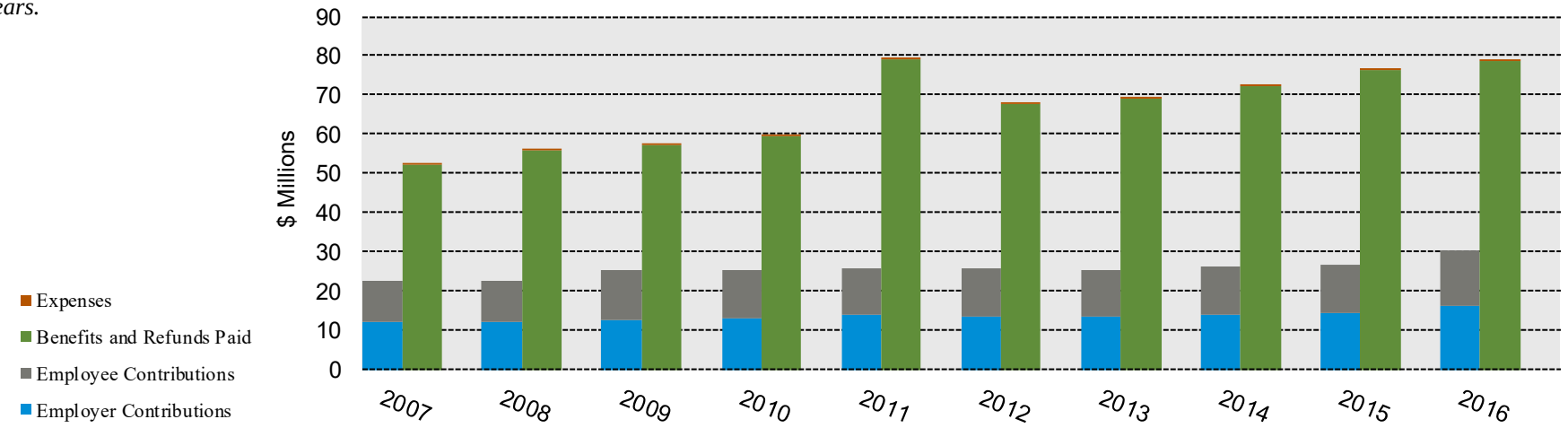
Retirement plan assets change as a result of the net impact of these income and expense components. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits D, E and F.

Total contributions were $30.2 million for the year ended June 30, 2016. Benefit payments and refunds totaled $78.8 million, and are projected to increase over the next ten years. To the extent that future contributions are less than benefit payments, investment earnings or fund assets will be needed to cover the shortfall.

The chart depicts the contributions made and benefits and expenses paid over the last ten years.

CHART 6

Comparison of Contributions Made and Benefits and Expenses Paid for Years Ended June 30, 2007 – 2016



Note: The Plan experienced a spike in benefit payments in the 2010-2011 plan year due to a voluntary retirement incentive program.

It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board of Managers has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

The chart shows the determination of the actuarial value of assets as of the valuation date.

CHART 7

Determination of Actuarial Value of Assets for Year Ended June 30, 2016

1. Market value of assets, June 30, 2016			$981,796,080
2. Calculation of unrecognized return	Original Amount*	Unrecognized Return**	
(a) Year ended June 30, 2016	-$71,077,315	-$56,861,852	
(b) Year ended June 30, 2015	-27,004,744	-16,202,846	
(c) Year ended June 30, 2014	80,815,186	32,326,074	
(d) Year ended June 30, 2013	30,483,738	6,096,748	
(e) Year ended June 30, 2012	-32,071,454	0	
(f) Total unrecognized return			-34,641,876
3. Preliminary actuarial value: (1) - (2f)			1,016,437,956
4. Adjustment to be within 20% corridor			0
5. Final actuarial value of assets as of June 30, 2016: (3) + (4)			$1,016,437,956
6. Actuarial value as a percentage of market value: (5) ÷ (1)			103.5%
7. Amount deferred for future recognition: (1) - (5)***			-$34,641,876

**Total return minus expected return on a market value basis*

***Recognition at 20% per year over five years*

****Deferred return as of June 30, 2016 recognized in each of the next four years:*

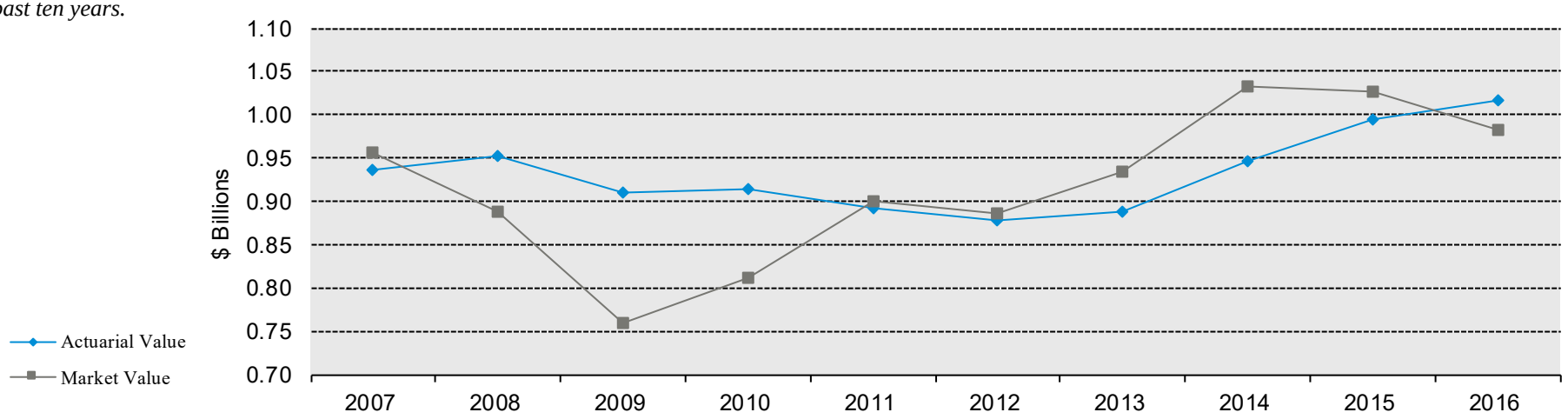
(a) Amount recognized on June 30, 2017	*$2,643,373*	*(c) Amount recognized on June 30, 2019*	*-$19,616,412*
(b) Amount recognized on June 30, 2018	*-3,453,375*	*(d) Amount recognized on June 30, 2020*	*-14,215,463*

Both the actuarial value and market value of assets are representations of the System's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The actuarial asset value is significant because the System's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

This chart shows the change in the actuarial value of assets versus the market value over the past ten years.

CHART 8

Actuarial Value of Assets vs. Market Value of Assets as of June 30, 2007 – 2016



C. ACTUARIAL EXPERIENCE

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total gain is $12,745,116, including a loss of $1,321,079 from investments offset by $14,066,195 in gains from all other sources. The net experience variation from individual sources other than investments was 1.0% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

This chart provides a summary of the actuarial experience during the past year.

CHART 9

Actuarial Experience for Year Ended June 30, 2016

1.	Net loss from investments*	-$1,321,079
2.	Net loss from administrative expenses	-94,402
3.	Net gain from other experience	14,160,597
4.	Net experience gain: (1) + (2) + (3)	$12,745,116

**Details in Chart 10*

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the System's investment policy. For valuation purposes, the assumed rate of return on the actuarial value of assets is 7.50%. The actual rate of return on an actuarial basis for the 2015-2016 plan year was 7.36%.

Since the actual return for the year was less than the assumed return, the System experienced an actuarial loss during the year ended June 30, 2016 with regard to its investments.

This chart shows the loss due to investment experience.

CHART 10

Actuarial Value Investment Experience for Year Ended June 30, 2016

1.	Actual return	$71,387,926
2.	Average value of assets	969,453,397
3.	Actual rate of return: (1) ÷ (2)	7.36%
4.	Assumed rate of return	7.50%
5.	Expected return: (2) x (4)	$72,709,005
6.	Actuarial loss: (1) – (5)	-$1,321,079

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial basis compared to the market value investment return for the last ten years, including five-year and ten-year averages.

Based upon this experience and future expectations, the Board has maintained the assumed rate of return of 7.50%.

CHART 11

Investment Return – Actuarial Value vs. Market Value: 2007 - 2016

Year Ended June 30	Net Interest and Dividend Income		Recognition of Capital Appreciation		Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
2007	$38,017,026	4.30%	$28,826,146	3.25%	$66,843,172	7.55%	$86,398,586	9.76%
2008	30,863,174	3.35	19,934,936	2.17	50,798,110	5.52	-33,654,898	-3.58
2009	29,426,568	3.14	-39,403,205	-4.20	-9,976,637	-1.06	-96,873,908	-11.09
2010	24,452,410	2.73	12,425,399	1.39	36,877,809	4.12	86,792,989	11.68
2011	19,155,247	2.16	13,654,863	1.54	32,810,110	3.69	142,064,641	18.06
2012	32,400,056	3.71	-4,339,151	-0.49	28,060,905	3.22	29,540,542	3.36
2013	16,556,971	1.93	36,583,999	4.26	53,140,970	6.19	91,188,014	10.52
2014	20,310,562	2.34	83,837,293	9.67	104,147,855	12.02	144,761,454	15.85
2015	17,160,468	1.86	81,376,835	8.82	98,537,303	10.68	43,686,697	4.33
2016	19,673,538	2.03	51,714,388	5.33	71,387,926	7.36	4,081,529	0.41
Total	$248,016,020		$284,611,503		$532,627,523		$497,985,646	
					Five-year average return	7.91%		6.70%
					Ten-year average return	5.91%		5.59%

Note: Each year's yield is weighted by the average asset value in that year.

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

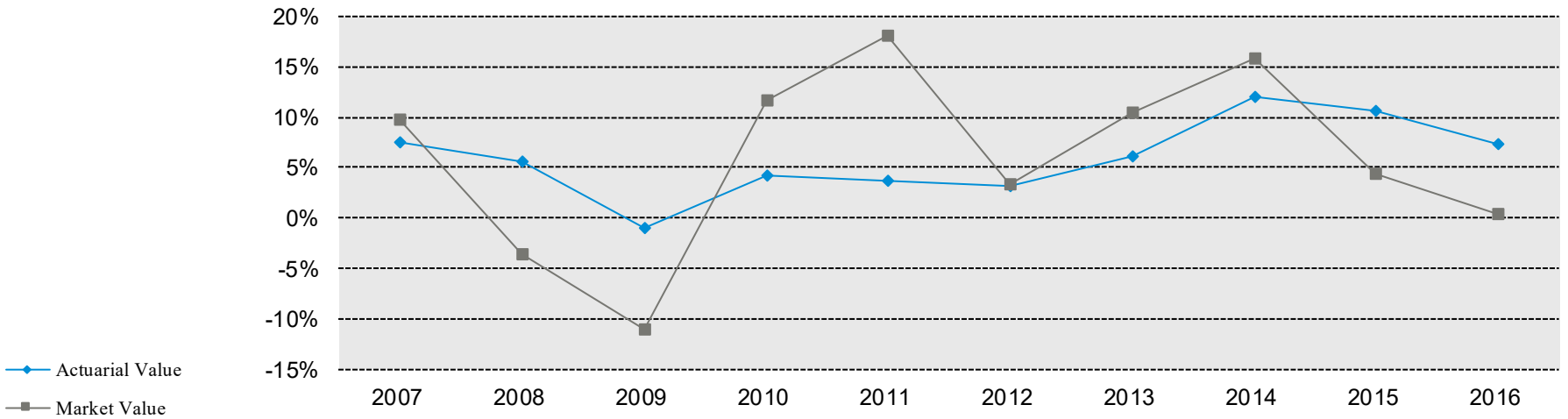
Administrative Expenses

Administrative expenses for the year ended June 30, 2016 totaled $266,304 compared to the assumption of $175,000. This resulted in a loss of $94,402 for the year when adjusted for timing. Administrative expenses were much higher than usual in the past year. We have maintained the assumption of $175,000 for the current year, but will continue to monitor expenses.

This chart illustrates how this leveling effect has actually worked over the years 2007 - 2016.

CHART 12

Market and Actuarial Rates of Return for Years Ended June 30, 2007 - 2016



Other Experience
There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

The net gain from this other experience for the year ended June 30, 2016 amounted to $14,160,597, which is 1.1% of the actuarial accrued liability.

Actuarial Assumptions
The System undergoes an in-depth study every five years to compare the actuarial assumptions to actual experience. The assumptions are then updated as appropriate. The last experience review was completed for the five-year period ended June 30, 2015.

D. RECOMMENDED CONTRIBUTION

The amount of annual contribution required to fund the Plan is comprised of a normal cost payment and a payment on the unfunded actuarial accrued liability. This total amount is then divided by the total payroll for active members to determine the funding rate of 22.27% of payroll.

The recommended contribution is based on a rolling 30-year amortization of the unfunded actuarial accrued liability as a level percent of pay, assuming a payroll growth of 2.50%. For the plan year beginning July 1, 2016, both the City and members contribute 7.00% of pay. The combined total of 14.00% of payroll results in an annual deficit of 8.27% when compared to the recommended contribution of 22.27%. A higher contribution will be required to fund this System on an ongoing basis and meet accepted principles and practices. The unfunded actuarial accrued liability is not being amortized by the current contribution levels.

The chart compares this valuation's recommended contribution with the prior valuation.

CHART 13

Recommended Contribution

	Year Beginning July 1			
	2016		2015	
	Amount	% of Payroll	Amount	% of Payroll
1. Normal cost*	$22,546,618	11.26%	$21,933,061	11.14%
2. Administrative expenses	168,314	0.09%	168,314	0.09%
3. Employer normal cost: (1) + (2)	$22,714,932	11.35%	$22,101,375	11.23%
4. Actuarial accrued liability	1,346,038,138		1,319,287,541	
5. Actuarial value of assets	1,016,437,956		993,856,763	
6. Unfunded actuarial accrued liability: (4) - (5)	$329,600,182		$325,430,778	
7. Payment on unfunded actuarial accrued liability	20,160,396	10.07%	19,905,370	10.11%
8. Total recommended contribution: (3) + (7), adjusted for timing**	$44,578,596	22.27%	$43,675,507	22.19%
9. Total payroll	$200,205,482		$196,808,411	

**Includes net obligations from the Supplemental System of -$2,587,230 for July 1, 2016 and -$2,781,508 for July 1, 2015 (-$2,690,010 and -$2,892,006 adjusted for timing).*

***Recommended contributions are assumed to be paid at the beginning of every month.*

The contribution requirements as of July 1, 2016 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Contribution

The chart below details the changes in the recommended contribution from the prior valuation to the current year's valuation.

The chart reconciles the contribution from the prior valuation to the amount determined in this valuation.

CHART 14

Reconciliation of Recommended Contribution from July 1, 2015 to July 1, 2016

Recommended Contribution as of July 1, 2015	$43,675,507
Effect of expected change in amortization payment due to payroll growth	517,403
Effect of maintaining a rolling 30-year amortization period	-327,193
Effect of contributions less than recommended contribution	898,139
Effect of investment loss	85,327
Effect of other gains and losses on accrued liability	-908,519
Net effect of other changes	637,932
Total change	$903,089
Recommended Contribution as of July 1, 2016	$44,578,596

EXHIBIT A

Table of Plan Coverage

Category	Year Ended June 30 2016	2015	Change From Prior Year
Active participants in valuation:			
Number	3,852	3,871	-0.5%
Average age	45.3	45.3	N/A
Average years of service	11.9	12.1	N/A
Total payroll	$200,205,482	$196,808,411	1.7%
Average payroll	51,974	50,842	2.2%
Account balances	129,055,599	122,432,826	5.4%
Total active vested participants	2,721	2,854	-4.7%
Vested terminated participants*	358	351	2.0%
Retired participants:			
Number in pay status	2,014	1,929	4.4%
Average age	69.7	69.6	N/A
Average monthly benefit	$2,472	$2,430	1.7%
Disabled participants:			
Number in pay status	470	478	-1.7%
Average age	61.5	60.9	N/A
Average monthly benefit	$1,662	$1,673	-0.7%
Beneficiaries in pay status:			
Number in pay status	533	517	3.1%
Average age	73.7	73.6	N/A
Average monthly benefit	$996	$972	2.5%
Terminated participants due a refund of employee contributions	63	33	90.9%

**Includes future pensioners currently receiving benefits from the Supplemental System.*

EXHIBIT B

Participants in Active Service as of June 30, 2016
By Age, Years of Service, and Average Payroll

		Years of Service								
Age	**Total**	**0 - 4**	**5 - 9**	**10 - 14**	**15 - 19**	**20 - 24**	**25 - 29**	**30 - 34**	**35 - 39**	**40 & over**
Under 25	114	114	- -	- -	- -	- -	- -	- -	- -	- -
	$37,100	$37,100	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	317	258	58	1	- -	- -	- -	- -	- -	- -
	41,582	40,424	$46,965	$27,972	- -	- -	- -	- -	- -	- -
30 - 34	402	186	169	46	1	- -	- -	- -	- -	- -
	46,250	42,265	48,334	55,104	$28,263	- -	- -	- -	- -	- -
35 - 39	482	149	157	121	54	1	- -	- -	- -	- -
	48,894	41,507	47,784	55,873	56,889	$47,719	- -	- -	- -	- -
40 - 44	489	96	103	121	135	34	- -	- -	- -	- -
	53,795	46,200	49,036	55,296	60,214	58,823	- -	- -	- -	- -
45 - 49	584	99	101	84	145	119	35	1	- -	- -
	55,883	45,856	48,202	52,719	60,314	65,172	$64,066	$45,502	- -	- -
50 - 54	611	94	89	64	116	107	130	11	- -	- -
	55,471	49,786	48,979	50,291	55,146	56,616	65,589	59,430	- -	- -
55 - 59	498	76	65	54	68	87	113	31	4	- -
	54,861	51,687	50,188	48,574	57,428	54,907	57,558	65,142	$75,435	- -
60 - 64	278	42	43	30	46	45	41	21	8	2
	56,061	50,927	46,153	59,022	54,366	55,673	59,761	66,185	88,287	$69,185
65 - 69	58	12	13	5	12	4	6	2	1	3
	67,523	58,545	62,362	68,406	55,965	51,738	68,278	85,803	81,576	173,230
70 & over	19	5	8	2	- -	1	2	- -	1	- -
	54,479	53,415	40,544	65,862	- -	58,120	84,075	- -	85,679	- -
Total	3,852	1,131	806	528	577	398	327	66	14	5
	$51,974	$43,673	$48,455	$54,031	$57,971	$58,815	$62,082	$64,850	$83,949	$131,612

EXHIBIT C

Reconciliation of Participant Data

	Active Participants	Vested Former Participants	Fire and Police Retirees	Disableds	Retired Participants	Beneficiaries	Total
Number as of July 1, 2015	3,871	44	307	478	1,929	517	7,146
New participants	292	N/A	0	N/A	N/A	N/A	292
Terminations – with vested rights	-25	25	0	0	0	0	0
Terminations – without vested rights	-36	N/A	0	N/A	N/A	N/A	-36
Retirements	-130	-5	50	N/A	85	N/A	0
New disabilities	-6	0	0	6	N/A	N/A	0
Deceased	-5	0	-3	-16	-53	-22	-99
New beneficiaries	0	0	0	0	0	38	38
Lump sum payoffs	-115	-11	0	0	0	0	-126
Rehire	6	0	0	N/A	0	N/A	6
Certain period expired	N/A	N/A	0	0	0	-2	-2
Data adjustments	0	3	0	2	1	2	8
Retirees transferring from Supplemental Plan	0	0	-52	0	52	0	0
Number as of July 1, 2016	3,852	56	302	470	2,014	533	7,227

EXHIBIT D

Summary Statement of Income and Expenses on an Actuarial Value Basis

	Year Ended June 30, 2016		Year Ended June 30, 2015	
Net assets at actuarial value at the beginning of the year		$993,856,763		$945,245,264
Contribution income:				
Employer contributions	$13,837,061		$14,464,552	
Employee contributions	13,843,088		12,227,545	
F&P Supplemental contributions*	2,533,039		0	
Less administrative expenses	-266,304		-178,807	
Net contribution income		29,946,884		26,513,290
Investment income:				
Interest, dividends and other income	$23,199,694		$21,176,818	
Recognition of capital appreciation	51,714,388		81,376,835	
Less investment fees	-3,526,156		-4,016,350	
Net investment income		71,387,926		98,537,303
Total income available for benefits		$101,334,810		$125,050,593
Less benefit payments:				
Benefits	-$73,684,920		-$70,471,935	
Refunds	-2,062,507		-3,046,830	
DROP payments	-3,006,190		-2,920,329	
Net benefit payments		-$78,753,617		-$76,439,094
Change in actuarial value of assets		$22,581,193		$48,611,499
Net assets at actuarial value at the end of the year		$1,016,437,956		$993,856,763

**Prior to 2016, the contributions received from the Fire and Police Supplemental Plan on behalf of retired police officers and firefighters were included with employer contributions.*

Note: A portion of the Retirement and Relief System's assets is allocated to the Health Department. The above summary excludes the Health Department portion.

EXHIBIT E

Summary Statement of Income and Expenses on a Market Value Basis

	Year Ended June 30, 2016		Year Ended June 30, 2015	
Net assets at market value at the beginning of the year		$1,026,521,284		$1,032,760,391
Contribution income:				
Employer contributions	$13,837,061		$14,464,552	
Employee contributions	13,843,088		12,227,545	
F&P Supplemental contributions*	2,533,039		0	
Less administrative expenses	-266,304		-178,807	
Net contribution income		29,946,884		26,513,290
Investment income:				
Interest, dividends and other income	$23,199,694		$21,176,818	
Asset appreciation	-15,592,009		26,526,229	
Less investment and administrative fees	-3,526,156		-4,016,350	
Net investment income		4,081,529		43,686,697
Total income available for benefits		$34,028,413		$70,199,987
Less benefit payments:				
Benefits	-$73,684,920		-$70,471,935	
Refunds	-2,062,507		-3,046,830	
DROP payments	-3,006,190		-2,920,329	
Net benefit payments		-$78,753,617		-$76,439,094
Change in market value of assets		-$44,725,204		-$6,239,107
Net assets at market value at the end of the year		$981,796,080		$1,026,521,284

**Prior to 2016, the contributions received from the Fire and Police Supplemental Plan on behalf of retired police officers and firefighters were included with employer contributions.*

Note: A portion of the Retirement and Relief System's assets is allocated to the Health Department. The above summary excludes the Health Department portion.

EXHIBIT F

Summary Statement of Plan Assets

	Year Ended June 30, 2016		Year Ended June 30, 2015	
Cash equivalents		$29,127,351		$37,281,660
Accounts receivable:				
Employee loans	$10,541,522		$10,393,818	
Employee contributions	2,406,910		0	
Miscellaneous	0		34,119	
Total accounts receivable		12,948,432		10,427,937
Investments:				
Corporate stock	$630,411,756		$648,334,725	
Domestic corporate bonds	116,568,486		121,730,114	
Alternative investments	97,513,822		97,408,915	
U.S. Government obligations	96,026,334		112,251,045	
Total investments at market value		940,520,398		979,724,799
Total assets		$982,596,181		$1,027,434,396
Less accounts payable		-$800,101		-$913,112
Net assets at market value		$981,796,080		$1,026,521,284
Net assets at actuarial value		$1,016,437,956		$993,856,763

EXHIBIT G

Development of the Fund Through June 30, 2016

Year Ended June 30	Employer Contributions	Employee Contributions	Other Income	Net Investment Return[1]	Administrative Expenses	Benefit Payments	Actuarial Value of Assets at End of Year
2007	$12,006,508	$10,707,106	$16,000	$66,843,172	$180,000	$52,242,705	$935,821,094
2008	12,061,584	10,604,722	1,000	50,798,110	183,375	56,023,465	953,079,670
2009	12,770,110	12,433,019	11,000	-9,976,637	245,261	57,302,709	910,769,192
2010	13,224,808	11,896,839	17,000	36,877,809	263,250	59,444,574	913,077,824
2011	13,772,490	11,881,396	8,000	32,810,110	273,817	79,179,627	892,096,375
2012	13,676,554	12,027,821	12,000	28,060,904	145,619	67,679,529	878,048,507
2013	13,591,846	11,786,408	890,918[2]	53,140,970	138,933	69,109,986	888,209,730
2014	14,039,103	11,984,752	-888,918[2]	104,147,855	122,916	72,124,342	945,245,264
2015	14,464,552	12,227,545	0	98,537,303	178,807	76,439,094	993,856,763
2016	13,837,061	13,843,088	2,533,039[3]	71,387,926	266,304	78,753,617	1,016,437,956

[1] *Net of investment fees*

[2] *As of June 30, 2013, there was a contribution balance of $888,918 for active fire and police employees with more than 30 years of service, which was understood to be a pending transfer from the Supplemental System. Segal Consulting adjusted the market value of assets to account for this pending transfer. This adjustment was reversed as of June 30, 2014, as the transfer was within the Supplemental System accounts, and not to the Retirement and Relief System.*

[3] *Prior to 2016, contributions received from the Fire and Police Supplemental Plan on behalf of retired police officers and firefighters were included with employer contributions. This year, they are shown as other income.*

EXHIBIT H

Development of Unfunded Actuarial Accrued Liability for Year Ended June 30, 2016

1. Unfunded actuarial accrued liability at beginning of year		$325,430,778
2. Normal cost at beginning of year		22,101,375
3. Total contributions		-30,213,188
4. Interest		
(a) For whole year on (1) + (2)	$26,064,911	
(b) Monthly on (3)	-1,038,578	
(c) Total interest		25,026,333
5. Expected unfunded actuarial accrued liability		$342,345,298
6. Changes due to net experience gain		-12,745,116
7. Unfunded actuarial accrued liability at end of year		$329,600,182

EXHIBIT I

Section 415 Limitations

Section 415 of the Internal Revenue Code (IRC) specifies the maximum benefits that may be paid to an individual from a defined benefit plan and the maximum amounts that may be allocated each year to an individual's account in a defined contribution plan.

A qualified pension plan may not pay benefits in excess of the Section 415 limits. The ultimate penalty for non-compliance is disqualification: active participants could be taxed on their vested benefits and the IRS may seek to tax the income earned on the plan's assets.

In particular, Section 415(b) of the IRC limits the maximum annual benefit payable at the Normal Retirement Age to a dollar limit of $160,000 indexed for inflation. That limit is $210,000 for 2016. Normal Retirement Age for these purposes is age 62. These are the limits in simplified terms. They must be adjusted based on each participant's circumstances, for such things as age at retirement, form of benefits chosen and after tax contributions.

Benefits in excess of the limits may be paid through a qualified governmental excess plan that meets the requirements of Section 415(m).

Legal Counsel's review and interpretation of the law and regulations should be sought on any questions in this regard.

EXHIBIT J

Comparative Summary of Principal Valuation Results

	Year Ended June 30, 2016	Year Ended June 30, 2015
Participant data		
Active members	3,852	3,871
Total annual payroll	$200,205,482	$196,808,411
Retired members and beneficiaries	3,017	2,924
Total annualized benefit	$75,489,507	$71,869,548
Terminated vested members	56	44
Total annualized benefit	$740,886	$506,553
Future pensioners currently receiving benefits from Supplemental System	302	307
Total annualized benefit	$12,814,948	$12,701,662
Terminated participants due a refund of contributions	63	33
Actuarial value of assets	$1,016,437,956	$993,856,763
Actuarial accrued liability:		
Active members	$515,908,438	$524,055,953
Terminated vested members*	5,794,733	3,620,184
Retired members and beneficiaries	712,564,782	679,871,199
Future pensioners currently receiving benefits from Supplemental System	111,770,185	111,740,205
Total	$1,346,038,138	$1,319,287,541
Unfunded actuarial accrued liability	$329,600,182	$325,430,778

**Includes terminated participants due a refund of contributions*

EXHIBIT K

Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial Assumptions: The estimates on which the cost of the Plan is calculated including:

(a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;

(b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;

(c) Retirement rates — the rate or probability of retirement at a given age;

(d) Withdrawal rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal Cost: The amount of contributions required to fund the benefit allocated to the current year of service.

Actuarial Accrued Liability For Actives: The value of all projected benefit payments for current members less the portion that will be paid by future normal costs.

Actuarial Accrued Liability For Pensioners: The single-sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

Unfunded Actuarial Accrued Liability: The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan. There is a wide range of approaches to paying off the unfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

Amortization of the Unfunded Actuarial Accrued Liability: Payments made over a period of years equal in value to the Plan's unfunded actuarial accrued liability.

Investment Return: The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.

EXHIBIT I

Summary of Actuarial Valuation Results

The valuation was made with respect to the following data supplied to us:			
1.	Retired participants as of the valuation date (including 533 beneficiaries in pay status)		3,017
2.	Participants inactive during year ended June 30, 2016 with vested rights (including 302 future pensioners currently receiving benefits from the Supplemental System)		358
3.	Participants active during the year ended June 30, 2016		3,852
	Fully vested	2,721	
	Not vested	1,131	
4.	Terminated participants due a refund of contributions		63
The actuarial factors as of the valuation date are as follows:			
1.	Normal cost, including administrative expenses		$22,714,932
2.	Actuarial accrued liability		1,346,038,138
	Retired participants and beneficiaries	$712,564,782	
	Inactive participants with vested rights*	116,943,123	
	Active participants	515,908,438	
	Terminated participants due a refund of contributions	621,795	
3.	Actuarial value of assets ($981,796,080 at market value as reported by the City)		1,016,437,956
4.	Unfunded actuarial accrued liability		$329,600,182
The determination of the recommended contribution is as follows:			
1.	Normal cost		$22,546,618
2.	Administrative expenses		168,314
3.	Employer normal cost: (1) + (2)		$22,714,932
4.	Payment on unfunded actuarial accrued liability		20,160,396
5.	Total recommended contribution: (3) + (4), adjusted for timing		$44,578,596
6.	Total payroll		$200,205,482
7.	Total recommended contribution as a percentage of projected payroll: (5) ÷ (6)		22.27%

**Includes liability for deferred benefits from the Retirement and Relief System payable to pensioners currently receiving benefits from the Supplemental System.*

EXHIBIT II

History of Employer Contributions

Plan Year Ended June 30	Actuarially Determined Employer Contributions (ADEC)*	Actual Contributions	Percentage Contributed
2011	$18,147,790	$13,772,490	75.9%
2012	18,904,668	13,676,554	72.3%
2013	20,516,938	13,591,846	66.2%
2014	30,553,712	14,039,103	45.9%
2015	30,398,187	14,464,552	47.6%
2016	29,898,918	13,837,061	46.3%
2017	30,564,212	--	--

**Prior to July 1, 2013, this amount was the Annual Required Contribution (ARC) and was calculated presuming that the employees would be responsible for an equal share of the cost of the System. However, if employee contribution rates were insufficient to cover half of the cost, the City was ultimately responsible for the funding of the Plan. Beginning July 1, 2013, the Actuarially Determined Employer Contribution (ADEC) is equal to the total calculated contribution in the most recent actuarial valuation, minus the portion expected to be covered by employee contributions.*

EXHIBIT III

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
07/01/2011	$892,096,375	$1,158,070,396	$265,974,021	77.03%	$177,977,161	149.44%
07/01/2012	878,048,507	1,181,090,260	303,041,753	74.34%	181,406,586	167.05%
07/01/2013	888,209,730	1,216,684,458	328,474,728	73.00%	182,634,179	179.85%
07/01/2014	945,245,264	1,263,665,128	318,419,864	74.80%	191,299,778	166.45%
07/01/2015	993,856,763	1,319,287,541	325,430,778	75.33%	196,808,411	165.35%
07/01/2016	1,016,437,956	1,346,038,138	329,600,182	75.51%	200,205,482	164.63%

EXHIBIT IV

Funded Ratio

A critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the actuarial value of assets to the actuarial accrued liabilities of the Plan as calculated. High ratios indicate a well-funded plan with assets sufficient to cover the plan's actuarial accrued liabilities. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other factors.

The chart below depicts a history of the funded ratios for this plan, on both an actuarial value (AVA) and a market value (MVA) basis.

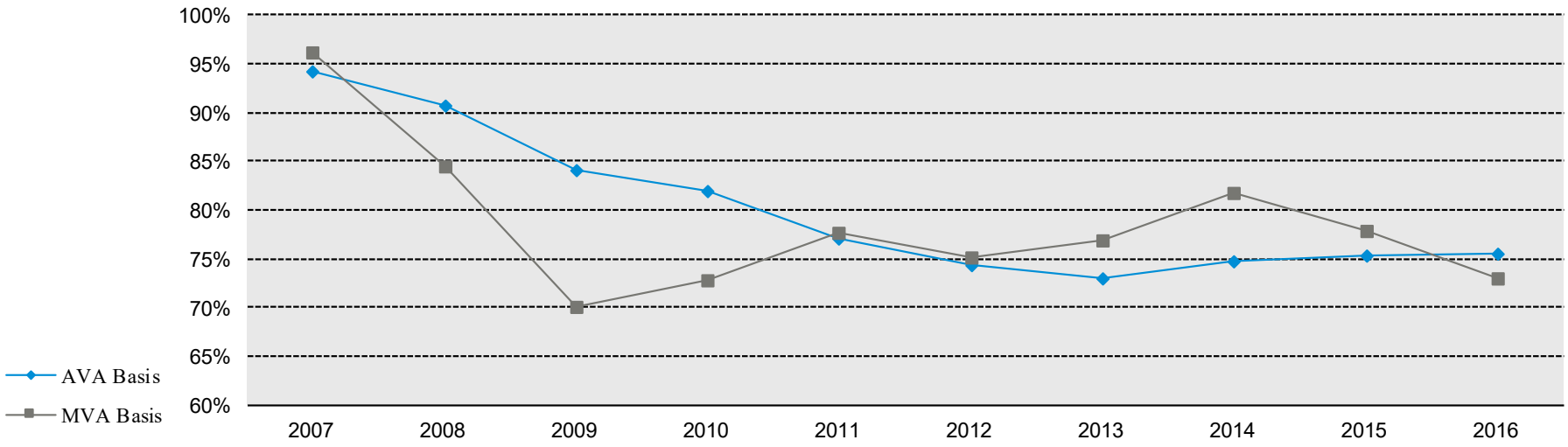


EXHIBIT V

Actuarial Assumptions and Actuarial Cost Method

Rationale for Assumptions:	The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation are shown in the Experience Study Report for the five-year period ended June 30, 2015. Based on the results of that study as well as professional judgment, no additional demographic changes are warranted at this time and will be assessed again in the next five-year review.
Mortality Rates:	
Pre-retirement:	RP-2014 Blue Collar Employee Mortality Table, set forward two years for males and four years for females, projected generationally using Scale MP-2015
Healthy annuitants:	RP-2014 Blue Collar Employee Healthy Annuitant Mortality Table, set forward two years for males and four years for females, projected generationally using Scale MP-2015
Disabled annuitants:	RP-2014 Disabled Retiree Mortality Table, projected generationally using Scale MP-2015
	The tables above, with adjustments as shown, reasonably reflect the mortality experience of the Fund as of the measurement date. The mortality tables were then generationally projected using Scale MP-2015 to reflect future mortality improvement.
On the Job Disability:	
General	50%
Fire	80%
Police	100%
On the Job Death:	
General	5%
Fire and Police	15%

Termination Rates Before Retirement:

	Rate (%)				
	Mortality*		Disability		
Age	Male	Female	General	Fire	Police
20	0.06	0.02	0.08	0.15	0.15
25	0.06	0.02	0.11	0.15	0.15
30	0.06	0.03	0.14	0.15	0.15
35	0.07	0.04	0.19	0.95	0.15
40	0.09	0.07	0.29	0.95	0.50
45	0.16	0.11	0.47	0.95	0.50
50	0.27	0.17	0.79	0.95	0.50
55	0.44	0.25	1.31	0.95	0.50
60	0.56	0.38	2.12	0.95	0.50

**Rates shown do not include generational projection.*

Termination Rates Before Retirement (continued):

Years of Service	Rate% Withdrawal General	Rate% Withdrawal Fire and Police
1	10.00	5.00
2	9.00	4.50
3	8.00	4.25
4	7.50	4.00
5	7.00	3.75
6	6.50	3.50
7	6.00	3.25
8	5.50	3.00
9	5.00	2.50
10	4.50	2.00
11	4.00	1.75
12	3.50	1.50
13	3.00	1.25
14	2.50	1.00
15	2.00	1.00
16	1.50	1.00
17-20	1.00	0.50
20-30	1.00	0.00

Retirement Rates: Fire and Police employees are assumed to retire in accordance with the following rates. Benefits are payable from the Firemen's and Policemen's Supplemental Pension System until the participant reaches their Normal Retirement Age under the Retirement and Relief System.

Fire		Police	
Years of Service*	Rate%	Years of Service*	Rate%
20	15.0	20	30.0
21	10.0	21	15.0
22-25	5.0	22	7.5
26-27	2.0	23-25	25.0
28	10.0	26	20.0
29	50.0	27-28	10.0
30-32	0.0	29	40.0
33	50.0	30-32	0.0
34	20.0	33	100.0
35	100.0		

**Retirement is assumed to occur no later than age 65*

General employees are assumed to retire, after meeting the service requirements, in accordance with the following rates:

Age	Rate%
Under 50	0.0
50-54	35.0
55-60	20.0
61	25.0
62	40.0
63-64	25.0
65-73	35.0
74 & Over	100.0

Description of Weighted Average Retirement Age:	Age 59.4, determined as follows: The weighted average retirement age for each participant is calculated as the sum of the product of each potential current or future retirement age times the probability of surviving from current age to that age and then retiring at that age, assuming no other decrements. The overall weighted retirement age is the average of the individual retirement ages based on all the active participants included in the July 1, 2016 actuarial valuation.
Retirement Age for Inactive Vested Participants:	60
Interest on DROP Accounts:	5.00%
Utilization of BackDROP:	40% of retiring General Employees are assumed to elect a three-year BackDROP. General Employees who retire prior to 33 years of service are not assumed to utilize the BackDROP provisions of the plan. 90% of retiring Firefighters are assumed to elect a three-year BackDROP. Firefighters who retire prior to 23 years of service are not assumed to utilize the BackDROP provisions of the plan. 70% of retiring Police Officers are assumed to elect a three-year BackDROP. Police Officers who retire prior to 23 years of service are not assumed to utilize the BackDROP provisions of the plan.
Unknown Data for Participants:	Same as those exhibited by Participants with similar known characteristics. If not specified, Participants are assumed to be male.
Percent Married:	75%
Age of Spouse:	Females three years younger than males
Net Investment Return:	7.50% The net investment return assumption was chosen by the Retirement System's Board of Trustees, with input from the actuary. This assumption is a long-term estimate derived from historical data, current and recent market expectations, and professional judgment. As part of the analysis, a building block approach was used that reflects inflation expectations and anticipated risk premiums for each of the portfolio's asset classes, as well as the System's target asset allocation.
Administrative Expenses:	$175,000, payable monthly, equivalent to $168,314 at the beginning of the year.

Salary Scale:

	Rate (%)		
Age	**General**	**Years of Service**	**Fire and Police**
20	7.00	0-1	6.75
25	6.25	1-2	6.50
30	5.50	2-3	6.25
35	4.75	3-4	6.00
40	4.00	4-5	5.75
45	3.50	5-6	5.50
50	3.00	6-7	5.25
55	2.75	7-8	5.00
60	2.50	8-9	4.75
65	2.50	9-10	4.50
70 & over	2.50	10-14	4.00
		15-19	3.50
		20-24	3.00
		25-29	2.75

The salary scale assumption includes an allowance for inflation of 2.50% per year. The assumption is based on the City's pay plan, along with analysis completed in conjunction with an Experience Study Report for the five-year period ended June 30, 2015.

Actuarial Value of Assets: Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.

Actuarial Cost Method: Entry Age Normal Actuarial Cost Method. Entry Age is the age at the time the participant would have commenced employment if the plan had always been in existence. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by service, with Normal Cost determined as if the current benefit accrual rate had always been in effect. Actuarial Liability is allocated by salary.

Change in Assumptions: There have been no changes in actuarial assumptions since the last valuation.

EXHIBIT VI

Summary of Plan Provisions

This exhibit summarizes the major provisions of the Retirement and Relief System included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Plan Year:	July 1 through June 30
Plan Status:	Ongoing
Normal Pension:	
Eligibility	A participant may retire at (a) age 60 if he has completed 5 years of credited service, or (b) any age if he has completed 30 years of credited service.
Amount:	2.50% of final average salary for each year of credited service. This amount cannot be greater than 75.0% of the final average salary nor less than $400 per month. Service credit used to determine the benefit amount may be increased by credit granted for unused sick leave (on a percent of possible total basis). Final average salary is defined as the highest average compensation over any 36-month period of the employee's last ten years of participation.
Early Retirement Pension:	
Eligibility	A City participant may retire at age 55 if he has completed 25 years of credited service.
Amount	1.85% of final average salary for each year of credited service.

Disability:	
Ordinary	
Service Requirement	5 years credited service.
Amount	2.00% of final average salary at disability for each year of credited service, payable immediately. This amount cannot be greater than 60% of final average salary nor less than $400.
Extraordinary	
Service Requirement	None
Amount	70% of final monthly salary at disability, offset by the maximum Worker's Compensation benefit, payable immediately.
Termination:	To a participant terminating before becoming eligible for a vested deferred pension from the plan, a lump sum of his or her own contributions without interest is payable. Participants terminating after 5 years of actual service who leave their contributions in the System Fund have a non-forfeitable right to a monthly pension beginning at age 60. The form and amount of the pension are the same as the normal pension.
Death Benefits:	If a participant dies prior to his or her attainment of eligibility for retirement, a lump sum of his or her own contributions without interest is payable to his or her beneficiary. If an active participant who is eligible to retire or a retired participant dies, 60% of the accrued pension benefit is payable to the surviving spouse, if any, during his or her remaining lifetime. If an active participant (other than a participant of the Firemen and Policemen Supplemental System) who is not eligible to retire, but who has completed 5 years of service dies, a portion of 60% of the accrued pension benefit is payable to the spouse during her remaining lifetime. This portion is defined as follows:

Number of Years of Service	Portion of Entitled Benefit
10	50%
11	60
12	70
13	80
14	90
15 or more	100

This benefit is payable at the earlier of (a) the date that the deceased participant would have attained age 60 or (b) the date the deceased participant would have completed 20 years of service. In lieu of the above, for all participants, an annuity of 60% of salary is payable to the surviving spouse and 10% is payable to a minor child if death is service connected; the maximum for spouse and children is 75% and the maximum for children if no spouse is 60%. The minimum spouse benefit is $320 per month.

Back-DROP:	An employee with 33 years of service or who is at least age 63 with 23 years of service may elect up to a 36-month Back-DROP. The employee's monthly benefit will be calculated using service and final average salary as of the Back-DROP date and the employee will receive a lump sum equal to the number of months dropped back times the retirement benefit, accumulated with interest.
Participation:	All qualified employees of the Retirement and Relief System are required to participate.
Contributions:	
Employees	7.00% of compensation
City	7.00% of compensation
Changes in Plan Provisions:	There have been no changes in plan provisions since the last valuation.

Combined Plan for the General Retirement System of the City of Detroit

Financial Report
with Supplemental Information
June 30, 2016

Combined Plan for the General Retirement System of the City of Detroit

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plante moran

Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Independent Auditor's Report

To the Board of Trustees
Combined Plan for the General Retirement
System of the City of Detroit

Report on the Financial Statements

We have audited the accompanying financial statements of the Combined Plan for the General Retirement System of the City of Detroit (the "System") as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

To the Board of Trustees
Combined Plan for the General Retirement
System of the City of Detroit

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Combined Plan for the General Retirement System of the City of Detroit as of June 30, 2016 and the changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Effective June 30, 2016, the System adopted the provisions of GASB 72, *Fair Value Measurement and Application*, as discussed in Note 4. This new accounting standard provided guidance for determining fair value measurement and resulted in significant changes to the disclosures related to all fair value measurements. Our opinion is not modified with respect to this matter.

As explained in Note 1, the financial statements include investments valued at approximately $376,000,000 (19 percent of net position) at June 30, 2016, whose fair values have been estimated by management in the absence of readily determinable market values. Management's estimates are based on information provided by investment managers, general partners, real estate advisors, and other means. Our opinion has not been modified with respect to this matter.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Board of Trustees
Combined Plan for the General Retirement
System of the City of Detroit

Report on Summarized Comparative Information

We have previously audited the Combined Plan for the General Retirement System of the City of Detroit's June 30, 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 17, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Plante & Moran, PLLC

December 19, 2016

Using this Annual Report

This annual report consists of three parts: (1) management's discussion and analysis (this section), (2) the basic financial statements, and (3) the required supplemental information. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by sections of required supplemental information that further explain and support the information in the financial statements.

Condensed Financial Information

The table below compares key financial information in a condensed format between the current year and the prior year:

	Fiscal Year Ended	
	June 30, 2016	June 30, 2015
Total assets	$ 2,074,728,834	$ 2,323,341,226
Total liabilities	102,327,418	170,369,422
Fiduciary net position restricted for pensions	**$ 1,972,401,416**	**$ 2,152,971,804**
Net investment (loss) income	$ (12,502,147)	$ 93,112,980
Contributions:		
Employee	12,559,259	13,366,105
Employer	82,644,517	96,157,790
State and Foundations	32,886,828	103,800,000
Total contributions	128,090,604	213,323,895
ASF recoupment	4,585,453	132,529,998
Other income	1,366,916	2,750,373
Benefits paid to members and retirees:		
Retirees' pension and annuity benefits	243,215,619	253,533,495
Member annuity refunds and withdrawals	52,058,780	44,321,041
Total benefits paid	295,274,399	297,854,536
Benefits paid in excess of contributions	(167,183,795)	(84,530,641)
Ratio of contributions to benefits paid	43.38%	71.62%
Other expenses	6,836,815	6,098,785
Net (decrease) increase in fiduciary net position restricted for pensions	**$ (180,570,388)**	**$ 137,763,925**

Fund Overview, Membership, and Governance

The General Retirement System of the City of Detroit (DGRS or the "System") consists of defined benefit pension plans and defined contribution plans for the non-uniformed employees of the City of Detroit (the "City"), comprised of Component I and Component II, which are memorialized in a document entitled *The Combined Plan for the General Retirement System of the City of Detroit, Michigan*, made effective July 1, 2014, as amended and restated December 8, 2014 (the "Combined Plan"). This discussion and its accompanying financial statements are primarily concerned with Component I, a new pension plan created by the City effective July 1, 2014 for active non-uniformed employees of the City to earn pension benefits on and after that date (also referred to as the "Hybrid Plan"), and Component I, the legacy pension plan where benefits were earned through June 30, 2014.

As discussed in greater detail below, at the conclusion of the 2014 fiscal year, the City "froze" Component II. The "freeze" of Component II, which was the pension plan that existed as of June 30, 2014, means that no further benefit accruals occurred after that date and no new employees are allowed to participate as members.

DGRS exists to pay benefits to its members. Members of the System include active non-uniformed City employees, retirees, and their beneficiaries. Active members still employed with the City on and after July 1, 2014 earn service credit that entitles them to receive benefits in the future in Component I, but not in Component II, which, as noted above, has been frozen. Both the employer and municipal plan sponsor for the System, the City, and actively employed members have historically contributed to the System (the employee contributions were voluntary prior to July 1, 2014). Retirees, their beneficiaries, and disabled members are those currently receiving benefits, though the City elected in fiscal year 2015 to transition new disability claims from the benefit program administered by the System to one administered by a third-party insurance carrier.

Component I of DGRS is a newly created plan (effective July 1, 2014), with more active members earning service credit than members eligible to receive or receiving benefits. As of June 30, 2015, there were 4,997 active members, with 212 retirees and 149 terminated plan members entitled to, but not yet receiving benefits.

Component II of DGRS is a relatively mature plan in that there are more members receiving current benefits than active members. As of June 30, 2015, in Component II there were 4,688 active members, with 11,884 members receiving benefits, and 2,732 terminated plan members entitled to but not yet receiving benefits. On June 30, 2014, the Emergency Manager of the City of Detroit issued Order #30, which froze Component II. After that date, no new employees were allowed to participate in Component II and benefit accruals for members with respect to service rendered prior to July 1, 2014 were frozen based on the member's years of service, average final compensation, and the pension multiplier formula as of the freeze date. Employees working after July 1, 2014 are now earning service credit in the Hybrid Plan, or Component I.

By way of background, a brief review of the City's migration from the Legacy Plan to the Hybrid Plan is appropriate. On June 30, 2014, the Emergency Manager of the City of Detroit issued Order #30, which froze Component II. After that date, no new employees were allowed to participate in Component II and benefit accruals for members with respect to service rendered prior to July 1, 2014 were frozen based on the member's years of service, average final compensation, and the pension multiplier formula as of the freeze date. Employees working after July 1, 2014 are now earning service credit in the Hybrid Plan, or Component I. On July 1, 2014, the City first published the Combined Plan with the city clerk. By August 1, 2014, the City completed the payroll information systems project transitions required to allow now-mandatory employee contributions to be contributed to Component I. The City completed payment of its employer contributions for the first year fiscal year of Component I as of June 30, 2015, and later successfully met its employer contribution obligations for Component I's second year as of June 30, 2016.

On October 19, 2014, the Emergency Manager issued Order No. 43, which amended and restated the Combined Plan. On December 8, 2014, before leaving office, the Emergency Manager issued Order No. 44, which again amended and restated the Combined Plan. According to Order No. 44, the latest amendments and restatements to the Combined Plan conformed the Combined Plan terms to the requirements of the City's bankruptcy plan, and made clarifying modifications. The Combined Plan is available at DGRS's website, www.rscd.org.

In December 2014, DGRS governance was modified as part of the City's bankruptcy plan. DGRS is governed by a board of trustees (the "Board"). Although DGRS's investment management is now the ultimate responsibility of a seven-member investment committee (the "Investment Committee"), the Board maintains its role as the governing board vested with responsibility for the general administration, management, and operation of the System, with which the Investment Committee assists, pursuant to Michigan law.

The Board is comprised of 10 members. Five members are elected by the active membership to serve six-year terms. A sixth member is elected by the retiree membership to serve a two-year term. A seventh member is appointed by the mayor of the City of Detroit from the citizens of the City to serve a six-year term. The three remaining members serve *ex officio*, these members being the mayor of the City (or designee), the city treasurer, and one representative from the Detroit City Council. Expirations of terms of elected trustees are staggered, while the remaining trustees serve in accordance with their office or as a designee of an office.

The Investment Committee has five independent members appointed to initial terms with staggered expirations, which terms will all eventually become six years. Two additional members, one active and one retired, serve on the Investment Committee based on appointment by the Board. The Investment Committee will be in place through at least December 2034.

The City of Detroit's Chapter 9 Bankruptcy Case, the Plan of Adjustment, and Implementation

In March 2013, after the City had endured years of financial difficulty, the governor appointed an Emergency Manager for the City pursuant to Michigan Public Act 436 of 2012 (PA 436), which is a law that includes the ability for an Emergency Manager to file a bankruptcy proceeding. In anticipation of that possibility, DGRS had assembled a restructuring team of professional legal, financial, actuarial, and other advisors to assist the System's on-staff professionals with meeting the unknown challenges that could arise if the City filed for bankruptcy protection. At the direction of the board of trustees, the team of DGRS on-staff and other professionals met those challenges, which ultimately revealed themselves as unprecedented in scope and implication for DGRS and its members.

On July 18, 2013, the City filed a petition in the United States Bankruptcy Court for the Eastern District of Michigan (the "Bankruptcy Court") seeking protection from its creditors under Chapter 9 of the United States Bankruptcy Code (the "Chapter 9 Case"). DGRS, one of the City's largest creditors because of its duty to collect employer contributions from the City and the City's delinquency in making required employer contributions as of fiscal year 2013, objected to the City's request for Chapter 9 relief on the basis that Article IX, section 24 of the Michigan Constitution of 1963 prevented the City from diminishing accrued pension benefits, even in bankruptcy. On December 5, 2013, after a hearing lasting several weeks, the Bankruptcy Court entered an order determining that the City was eligible for Chapter 9 relief, and holding that accrued pension benefits could be impaired in bankruptcy despite the language of the Michigan Constitution. DGRS immediately filed an appeal with the United States Court of Appeals for the Sixth Circuit.

The Bankruptcy Court also ordered DGRS and other creditors to mediate their disputes with the City, a process which gained momentum in early 2014. As a result of Court-ordered mediation, DGRS supported a proposed settlement of DGRS member pension claims which was memorialized in the City's Fourth Amended Plan for the Adjustment of Debts of the City of Detroit, filed on May 5, 2014 along with an accompanying Fourth Amended Disclosure Statement (the "Pension Settlement"). On May 12, 2014, the City issued ballots to all DGRS members as claim holders in Class 11 under the City's classification system for its creditors, seeking their approval of the Pension Settlement.

On June 11, 2014, the Board adopted a resolution supporting treatment of the DGRS Class II claim holders as part of the Pension Settlement. DGRS thereafter issued correspondence to its membership in support of the treatment of Class 11 claims. Also in June, the Michigan legislature adopted legislation, which the governor signed, conditionally approving the State's contribution of $194.8 million, split between DGRS and the Police and Fire Retirement System of the City of Detroit, to support the resolution of the Chapter 9 Case.

In a balloting process that closed on July 11, 2014, the pension claim holders, including DGRS members, were deemed by the Bankruptcy Court to have supported the City's treatment of pension claims in the Pension Settlement. In order to facilitate the orderly flow of information on a timely basis to DGRS members concerning their individual pension claims against the City, the System and its professionals provided material logistical support to the City in connection with the balloting process, without which the City would not have met the deadlines required by the Bankruptcy Court.

Meanwhile, in June 2014, separate and apart from the Chapter 9 Case, the Emergency Manager directed the City and its professional pension advisors to undertake efforts to prepare documentation and Emergency Manager Orders necessary to freeze the Legacy Plan as of June 30, 2014 and establish the Hybrid Plan effective July 1, 2014. As alluded to earlier, the Emergency Manager effectuated this action pursuant to authority under PA 436, separate and apart from those pension changes requiring Bankruptcy Court approval. The System and its professionals provided timely cooperation to the City in this effort, without which the City could not have accomplished the active pension transitions it deemed necessary.

In the Chapter 9 Case, the Pension Settlement's terms were carried forward to the Eighth Amended Plan for Adjustment of Debts of the City of Detroit (the "Plan of Adjustment"), filed with the Bankruptcy Court on October 22, 2014. In November 2014, after a confirmation hearing lasting several weeks, the Bankruptcy Court confirmed the Plan of Adjustment, which became effective December 10, 2014. The Pension Settlement, as part of the Plan of Adjustment, compromised pension claims and provided funding support for legacy pension benefit obligations under DGRS Component II from the State of Michigan, the Detroit Institute of Arts, and certain foundation donors.

Those governance changes included establishment of the Investment Committee effective December 10, 2014, which officially marked the beginning of implementation of the Plan of Adjustment, though DGRS had for months already undertaken contingency planning for all of the pension adjustments required by the Pension Settlement. The governance changes also included periodic and interim special reporting requirements for the Board and the Investment Committee to the City, the Foundation for Detroit's Future, and the State of Michigan.

For DGRS, with respect to Component II benefit adjustments, the Pension Settlement (for which benefit levels were and are contingent on other factors, including receipt of outside contributions), provided: for a loss of cost of living adjustments, or "escalators" (COLAs) paid after July 1, 2014; for a 4.5 percent cut to the remaining accrued pension benefit after the COLA loss; and, for DGRS members who participated in the Annuity Savings Fund plan between 2003 and 2013, subject to certain caps, recoupment of certain amounts of interest deemed by the City to be in "excess" of that which should have been credited to individual ASF accounts, referred to as "ASF Recoupment." ASF Recoupment, like other provisions of the Pension Settlement, was not optional. Most members will pay their ASF Recoupment by a monthly deduction from their future pension benefits for a set term of months, including interest calculated at 6.75 percent. All members were offered a lump-sum cash option, which was limited in the aggregate to $30 million in member recoupment. The Plan of Adjustment also included the possibility of restoration of certain pension benefit cuts, based on a program for the most financially vulnerable pensioners and beneficiaries through the State of Michigan Treasury Department as well as a new feature of Component II allowing restoration depending on the System's funding level over time.

Other components of implementation of the Plan of Adjustment proceeded between December 2014 and March 2015, and included dismissal of related litigation proceedings, including DGRS's appeal of the Bankruptcy Court's eligibility determination in the United States Court of Appeals for the Sixth Circuit. The process of implementing the Plan of Adjustment is expected to continue through 2016 and beyond, with monitoring, compliance, and other activity by DGRS, its board of trustees, and its investment committee. On December 1, 2014, DGRS provided its retirees and beneficiary members with applications for the Income Stabilization Program (the "ISF Program") established as part of the State Contribution Agreement, another facet of the Pension Settlement. The ISF Program, supported by City funds arising from an unlimited tax general obligation bonds settlement, is intended to ensure that the most financially vulnerable retirees and beneficiaries do not fall below the poverty line as a result of bankruptcy-related pension changes. The ISF Program was implemented March 1, 2015, along with other bankruptcy-related pension benefit changes.

DGRS, with considerable contributions from its executive staff, management, and information technology professionals, in addition to outside professional advisors, successfully implemented the vast majority of pension adjustment required by the Plan of Adjustment in a timely fashion on March 1, 2015.

As of that date, less than three months after the effective date of the Plan of Adjustment, DGRS successfully implemented the vast majority of benefit changes required by the plan, including the ISF Program coordinated in conjunction with the Michigan Department of Treasury. DGRS continues to implement the Plan of Adjustment with ongoing compliance and additional reporting requirements by the Board and the Investment Committee, annual review of benefit levels, and essentially provides for a 40-year plan to close the DGRS Legacy Component II underfunded liability. ASF Recoupment, in particular, is a notable facet of the Plan of Adjustment that will continue to be implemented as members apply for Component II pension benefits over time. DGRS met its obligations in fiscal year 2016 concerning implementation of the Plan of Adjustment.

Contributions to the System

Historically, both the City and active employees have made regular contributions to the System, though employee contributions were optional in Component II, essentially before July 1, 2014, though there was a period of transition due to the City's aging information technology infrastructure which meant that voluntary employee contributions to Component II continued through July 2014, and mandatory employee contributions to Component I from active payroll were implemented as of August 1, 2014.

Basic pension and disability benefits in Component II had been funded through employer contributions plus investment earnings on those contributions, but employee contributions are mandatory in Component I. The required employer contributions had been determined by the System's actuaries using the entry age normal cost method, which is still the case. Assumptions used by the actuaries are subject to experience testing every five years, which is also still the case. Effective December 10, 2014, as part of the resolution of the Chapter 9 Case, the investment return assumption and discount rate used by the System's actuary for purposes of determining the System's assets and liabilities for funding purposes was fixed at 6.75 percent through the period ending June 30, 2023. This applies to both Component I and Component II.

Prior to the filing of the Chapter 9 case, the City's General Fund stopped making payments related to unsecured funded debt and legacy liabilities, including payments to the System for Component II on behalf of most of DGRS's members. Notably, for some segments of DGRS's member population, such as those employees and retirees from the Detroit Library Commission, the Detroit Water and Sewerage Department, and the COBO Authority, employer contributions continued to be remitted to DGRS even after the Chapter 9 case was filed. These situations led to disputes in the Bankruptcy Court which were eventually resolved by the Plan of Adjustment.

When the City filed the Chapter 9 case, obligations owed by the City became potentially subject to compromise in the bankruptcy process. The pension claims of DGRS members were determined by the Bankruptcy Court to be included as unsecured obligations. The City's last General Fund employer contribution before the Chapter 9 case on behalf of employee and retiree groups not listed above was made on November 30, 2012. During fiscal year 2014, the City did not make any contributions to the System from the General Fund, but the Library, DWSD, and COBO Authority did remit payments. In the Chapter 9 case, DGRS filed a claim against the City for $66.6 million as of July 18, 2013, reflecting past due employer contributions with interest for fiscal years 2012 and 2013. This amount did not reflect the full unfunded actuarial accrued liability of the System.

Going forward, the obligations for contributions to support Component II of the System through 2023 are determined as fixed amounts by the provisions in the Plan of Adjustment. Pursuant to the Plan of Adjustment, the System is expected to receive contributions of a total of $718.6 million through fiscal year 2023. The Plan of Adjustment calls for the System to receive $98.8 million from the State of Michigan; $428.5 million from DWSD; $31.7 from UTGO settlement proceeds; the present value equivalent or actual contribution of $50 million from the DIA and its foundation donors during a 10-year period ending in 2024; the present value equivalent or actual contribution of $18.3 million per year from 2025 through 2034 from certain foundations; and $114.6 million from the other City-related employer contribution sources, such as the General Fund, Detroit Library Commission, and COBO Authority, over a 10-year period covering fiscal year 2014 through fiscal year 2023. After 2023, the City, and various other employer constituents such as the Library, DWSD, and COBO Authority, will retain responsibility for the full funding obligations of Component II of the System, consistent with Michigan law.

The Plan of Adjustment allows for certain of the Legacy Plan funding obligations to DPFRS through 2034 to be met by pre-payment of the present value equivalent using a discount rate of 6.75 percent. In fiscal year ended June 30, 2016, a portion of the DIA obligation to make annual $5 million contributions over 10 years ending in 2034 were prepaid. This present value pre-payment resulted in DGRS receiving $32,511,827 on June 30, 2016 from the DIA, which represents the present value, using a 6.75 percent discount rate, of $4,625,000 per year for the nine years remaining on that annual $5,000,000 commitment ending in 2024. Pursuant to the Plan of Adjustment, DGRS still expects to receive the equivalent or actual remaining $375,000 per year from the DIA for that 10-year period ending 2024, and did also receive on June 30, 2016, the amount of $375,000 in satisfaction of the fiscal year 2016 obligation from the DIA that was not prepaid.

With respect to Component I, the Hybrid Plan, non-uniformed employees who are members of DGRS are now required to make mandatory contributions of 4 percent of pay toward their defined benefit pensions earned with the City, and the City contributes an additional 5 percent of pay. The City no longer counts overtime in the calculation of its employer contribution.

The City is also setting aside an additional 0.75 percent of payroll to meet the premium payments required for the disability insurance established with a third-party carrier. DGRS is not administering those third-party carrier-managed disability benefits.

On June 30, 2016, the City met its obligation for Component I employer contributions by contributing $9,048,831 to DGRS.

Impact of City of Detroit Collective Bargaining and Bankruptcy Pension Adjustments

Pursuant to Emergency Manager Order No. 30, the existing Component II defined contribution plan and defined benefit plan were frozen, preventing any future accruals or new members in Component II effective June 30, 2014.

The following changes became effective July 1, 2014, with the advent of Component I:

- The Hybrid Plan defined benefit plan commenced with mandatory contributions of 4 percent of base pay. The City contributes 5 percent of employee base pay, not including overtime;
- A new Hybrid Plan defined contribution plan for the Annuity Savings Fund. Employees may make voluntary Annuity Savings Fund contributions up to 7 percent of total after-tax pay. Interest will be credited at the actual net investment rate of return of DGRS, but will, in no event, be lower than 0 percent or higher than 5.25 percent; and
- The Hybrid Plan provides that future duty disability and non-duty disability retirement allowances for members who become disabled after July 1, 2014, move to a commercial insurance program through the City.

Benefit Payments

The System exists to pay the benefits which its members have earned pursuant to benefits promised by the City, subject to the Chapter 9 case benefit adjustments going forward in the Legacy Plan and the new promises in the Hybrid Plan. Benefits are paid monthly. In fiscal year 2016, DGRS paid out $295.3 million in benefits, consisting of $243.2 million in benefits to retirees and beneficiaries plus $52.1 million in refunds of Annuity Savings Fund balances. The benefits and refunds represent approximately 15.0 percent of the net position of the System as of June 30, 2016. Employer, State and Foundations, and employee contributions were $128 million or 6.5 percent of the net position of the System. The excess of benefits over contributions of $167 million is funded through investment income. The public capital markets represent the primary source of opportunities to earn investment income.

Asset Allocation

The Board and Investment Committee of the DGRS believe that the principal determinant of total fund investment performance over long periods of time is asset allocation. The DGRS asset allocation is built upon the foundation that the obligations of the System to pay the benefits promised to its members are very long-term obligations. Accordingly, the Board and Investment Committee must make investment decisions that it believes will be the most beneficial to the System over many years, not just one or two years.

DGRS has established asset allocation policies which are expected to deliver more than enough investment income over a very long period of time to satisfy the obligations to pay the benefits promised to the members of the System. The following is a summary of the DGRS asset allocation policy as of June 30, 2016:

Asset Class	Target Allocation
Global Equity	43.00%
Fixed Income	12.00%
Global Asset Allocation/Risk Parity	16.00%
Real Estate	10.00%
Real Assets	5.00%
Private Equity	8.00%
Hedge Funds	5.00%
Cash	1.00%

DGRS asset allocation policies comply with Michigan law.

Investment Results

DGRS calculates investment results on a time weighted Global Investment Performance Standard (GIPS) basis, unless explicitly stated otherwise. All returns for periods of one year or greater have been annualized.

Total Fund Composite

DGRS total fund composite return for the year was 1.4 percent, net of fees and expenses using a time-weighted methodology. The fund returned 6.0 and 5.9 percent, respectively, for its three-year and five-year annualized returns, net of fees and expenses.

Global financial markets faced a number of headwinds over the course of the fiscal year as a result of continued economic uncertainty: growth in the U.S. was muted; commodity prices declined significantly; and uncertainty in the developed markets punctuated by Brexit and negative interest rates. While the total plan return did not keep pace with the long-term target, on a relative basis, the return compared favorably to the plan's peer group.

As part of the resolution of the City of Detroit's Chapter 9 Bankruptcy Case, the discount rate assumption used to meet current and future benefit obligations was set at 6.75 percent through the period ending June 30, 2023. This discount rate assumption provided in the Chapter 9 Case does not purport to establish an investment return assumption or discount rate for purposes of, or in accordance with, generally accepted accounting principles. Although the fund's return for this year fell below this assumption, the fund's longer-term return expectation, which this assumption is intended to characterize, still exceeds this assumption.

Total plan returns, net of fees and expenses, for the recent prior fiscal years ended June 30 are shown below:

2015	2.6%
2014	14.5%
2013	11.7%
2012	0.1%
2011	19.7%

Money Weighted Rate of Return

GASB Statement No. 67 requires the disclosure of the annual money-weighted rate of return. A money-weighted rate of return (as opposed to the time-weighted rate of return discussed in the previous section) considers both the size and timing of cash flows over the course of the year to determine an internal rate of return (sometimes referred to as "IRR"). This return is calculated net of expenses and uses cash flows determined on a monthly basis. The DGRS money-weighted rate of return for the year using end-of-the-month cash flows was 1.1 percent.

Contacting the General Retirement System's Management

This financial report is intended to provide a general overview of the System's finances and investment results in relation to actuarial projections. It shows the System's accountability for the money it receives from employer and employee contributions. If you have questions about this report or need additional information, we welcome you to contact the System's office or visit their website at www.rscd.org.

Combined Plan for the General Retirement System of the City of Detroit

Statement of Fiduciary Net Position
June 30, 2016

	Component II Plan (Legacy)			
	Defined Benefit Fund	Income Stabilization Fund	Component I Plan (Hybrid)	Total Combined Plan
Assets				
Cash and cash equivalents (Note 3)	$ 114,972,767	$ 2,606,554	$ 12,813,262	$ 130,392,583
Investments - At fair value (Notes 3 and 4):				
Global equities	843,597,171	-	12,263,170	855,860,341
Global fixed income	98,577,668	-	1,432,912	100,010,580
Real assets	390,579,155	-	6,042,403	396,621,558
Private equity	101,770,053	-	1,479,190	103,249,243
Diversifying strategies	248,182,711	-	3,607,571	251,790,282
Receivables:				
Accrued investment income	1,328,554	-	16,784	1,345,338
Receivables from investment sales	10,219,977	-	148,558	10,368,535
Other receivable	683,705	-	-	683,705
ASF recoupment receivable (Note 1)	104,575,110	-	-	104,575,110
Notes receivable from participants	8,179,203	-	-	8,179,203
Restricted assets (Note 1)	24,803,369	-	359,834	25,163,203
Cash and investments held as collateral for securities lending (Note 3):				
Asset-backed securities	25,924,215	-	376,833	26,301,048
Repurchase agreements	177,644	-	2,582	180,226
Corporate floating rate	58,948,338	-	856,869	59,805,207
Capital assets (Note 1)	202,672	-	-	202,672
Total assets	2,032,722,312	2,606,554	39,399,968	2,074,728,834
Liabilities				
Accrued expenses	2,819,104	-	1,184,116	4,003,220
Payables for investment purchases	10,963,346	-	159,363	11,122,709
Due to the City of Detroit	454,105	-	454,105	908,210
Amounts due broker under securities lending arrangements (Note 3)	84,294,535	-	1,225,299	85,519,834
Other liabilities	649,915	-	123,530	773,445
Total liabilities	99,181,005	-	3,146,413	102,327,418
Net Position - Restricted for pensions	**$ 1,933,541,307**	**$ 2,606,554**	**$ 36,253,555**	**$ 1,972,401,416**

The Notes to Financial Statements are an Integral Part of this Statement.

Combined Plan for the General Retirement System of the City of Detroit

Statement of Changes in Fiduciary Net Position

	Year Ending June 30, 2016				June 30, 2015
	Component II Plan (Legacy)				
	Defined Benefit Fund	Income Stabilization Fund	Component I Plan (Hybrid)	Total Combined Plan	Total
Additions					
Investment income:					
Interest and dividends	$ 29,131,909	$ 25,008	$ 440,665	$ 29,597,582	$ 24,881,986
Net (decrease) increase in fair value of investments	(33,163,905)	-	(396,860)	(33,560,765)	78,421,363
Less investment expense	(9,229,284)	-	(132,773)	(9,362,057)	(11,017,368)
Net investment (loss) income	(13,261,280)	25,008	(88,968)	(13,325,240)	92,285,981
Securities lending income:					
Interest and dividends	487,524	-	7,650	495,174	288,204
Net unrealized gain on collateralized securities	323,209	-	4,710	327,919	538,795
Net securities lending income	810,733	-	12,360	823,093	826,999
Contributions:					
Employer	71,905,829	1,689,857	9,048,831	82,644,517	96,157,790
Employee	-	-	12,559,259	12,559,259	13,366,105
State and foundations (Note 2)	32,886,828	-	-	32,886,828	103,800,000
Total contributions	104,792,657	1,689,857	21,608,090	128,090,604	213,323,895
ASF recoupment interest (Note 1)	4,585,453	-	-	4,585,453	132,529,998
Other income	1,360,330	-	6,586	1,366,916	2,750,373
Total additions - Net	98,287,893	1,714,865	21,538,068	121,540,826	441,717,246
Deductions					
Retirees' pension and annuity benefits	242,470,451	705,006	40,162	243,215,619	253,533,495
Member refunds and withdrawals	49,811,728	-	2,247,052	52,058,780	44,321,041
General and administrative expenses	3,742,618	-	3,094,197	6,836,815	6,098,785
Total deductions	296,024,797	705,006	5,381,411	302,111,214	303,953,321
Net (Decrease) Increase in Net Position Held in Trust	(197,736,904)	1,009,859	16,156,657	(180,570,388)	137,763,925
Net Position Restricted for Pensions - Beginning of year	2,131,278,211	1,596,695	20,096,898	2,152,971,804	2,015,207,879
Net Position Restricted for Pensions - End of year	**$ 1,933,541,307**	**$ 2,606,554**	**$ 36,253,555**	**$ 1,972,401,416**	**$ 2,152,971,804**

The Notes to Financial Statements are an Integral Part of this Statement.

Note 1 - Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies used by the Combined Plan for the General Retirement System of the City of Detroit:

Reporting Entity

The City of Detroit (the "City") sponsors the Combined Plan for the General Retirement System of the City of Detroit (the "System"), which consists of two contributory single-employer retirement plans, as described below.

Component II - This is the legacy plan which is the original defined benefit plan, which includes a defined benefit component and a defined contribution component. Component II generally applies to benefits accrued by members prior to July 1, 2014. On June 30, 2014, as a result of negotiations between the City and the public employee unions, the existing plan benefit formulas were frozen and no employees were allowed to earn benefits under the existing plan. The Emergency Manager issued Order #30 (General Retirement System of the City of Detroit) on June 30, 2014 which put these changes into effect. Except as specifically provided in Combined Plan, benefits provided under Component II are frozen effective June 30, 2014.

Component I - As of July 1, 2014, all current and future employees participate in the new hybrid pension plan, or Component I. Active city employees who participated in the legacy plan will receive the benefits they have earned under the Retirement System through June 30, 2014 plus an additional benefit under the new hybrid plan formula, assuming all vesting requirements are met.

The Combined Plan is a separate and independent trust qualified under applicable provisions of the Internal Revenue Code; it is an independent entity (separate and distinct from the employer/plan sponsor) as required by (1) state law and (2) Internal Revenue Code provisions setting forth qualified plan status. The trustees of the plan have a fiduciary obligation and legal liability for any violations of fiduciary duties as independent trustees. The Combined Plan provides retirement, disability, and survivor benefits to plan members and beneficiaries.

Note 1 - Summary of Significant Accounting Policies (Continued)

The financial statements for fiscal year 2016 represent the legacy plan or "Component II" as well as the new hybrid plan or "Component I." Component II also includes the Income Stabilization Fund. The fund, which is part of Component II only and established as a special plan of adjustment provision, was established for the sole purpose of paying the Income Stabilization Benefits and Income Stabilization Benefits Plus to Eligible Pensioners. A portion of the funds received by the System from UTGO Bond Tax Proceeds is credited to the Income Stabilization Fund. The allocation is based on the "Aggregate Payments to Plan Assignees" included in the POA. After 2022, the Investment Committee may recommend to the board that a portion or all of the assets that exceed income stabilization benefits (including Income Stabilization Benefits Plus) to be paid in the future be used to fund regular pension payments.

The financial statements for the System are also reported in the financial statements of the City of Detroit as a pension trust fund. The assets of the pension trust funds include no securities of or loans to the City or other related parties.

These financial statements include comparative columns for 2015. Such information is not meant to be a complete presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the plan's financial statements for the year ended June 30, 2015.

Plan Sponsor Financial Condition - Impact on System

In the past, the City of Detroit (the "plan sponsor") has experienced significant financial difficulty and liquidity concerns. As of June 2013, the City had defaulted on approximately $36 million of pension contributions due to the System. During fiscal year 2014, the City did not pay any employer contributions into the System, despite the fact that there were actuarially required contributions.

In February 2013, the governor appointed a financial revenue team, which determined that a local government financial emergency existed in the City. This culminated in bankruptcy proceedings which the City initiated in July 2013. Part of the federal court's ruling in December 2013 indicated that the bankruptcy status usurped whatever protections may be offered governmental pensions under the Michigan Constitution. On December 10, 2014, the City exited from bankruptcy through the Eighth Amended Plan for the Adjustment of Debts of the City of Detroit (the "POA"). The POA specifies certain provisions pertinent to the Legacy and Hybrid plans, including contributions and benefits.

Note 1 - Summary of Significant Accounting Policies (Continued)

In fiscal year 2016, the contributions that were received by the System were made in accordance with the provisions of the POA. See Note 10 for significant changes that were implemented by the System under the POA.

Accounting and Reporting Principles

The System follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board.

Basis of Accounting

The System uses the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due pursuant to legal requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Specific Balances and Transactions

Cash and Cash Equivalents - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Investments - Investments are reported at fair value or estimated fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments. The fair value of real estate investments is based on periodic appraisals as well as the judgment of independent real estate advisors and management. Investments that do not have an established market value are reported at estimated fair value as determined by the System's management.

Note 1 - Summary of Significant Accounting Policies (Continued)

Approximately $376,000,000 or 19 percent of the System's net position as of June 30, 2016 is not publicly traded and therefore, does not always have a readily determinable market value.

Investments for which market quotations are readily available are generally priced by the custodian using nationally recognized pricing services and practices. For investments that do not have readily observable market prices, including but not limited to private equity, public and private real estate, alternatives and direct loans, management's estimate of their fair value is based on information provided by investment managers, general partners, real estate advisors, and other means. These sources are held to a standard of reasonable care in verifying that the valuations presented reasonably reflect the underlying fair value of the investments. A variety of factors is considered in the valuation process, including the nature of the investment, local market conditions, trading values on public exchanges for comparable investments, and current and projected operating performance. However, due to the inherent uncertainty and the degree of judgment involved in determining fair value for such investments, the values reflected in the financial statements may differ significantly from values that would have been used had a readily determinable market value for the investments existed, and the difference could be material.

ASF Recoupment Receivable - Component II (Legacy) - For members who elected to make employee contributions into the defined contributions-style program, referred to as the annuity saving fund (ASF), between July 1, 2003 and June 30, 2013, the POA called for recoupment of amounts that the City calculated were "excess interest" credited to individual ASF accounts. In 2011, the City Council adopted an ordinance which limited ASF interest credits to the plan's net investment return, with a cap of 7.9 percent and a floor of 0 percent. The POA calculation of "excess interest" applies the interest formula in the 2011 Ordinance to the July 1, 2003 - June 30, 2013 recoupment period with a 20 percent cap on the highest balance in this given period. The recoupment amount is also capped at 15.5 percent of the monthly pension check. The City offered both a limited lump sum or monthly payment option. Repayment of these excess interest amounts is not optional. As of June 30, 2016, the System has approximately $104.6 million to be collected. The receivable will be collected, with 6.75 percent interest, as a reduction to monthly pension benefits for those with recoupment balances outstanding.

Note 1 - Summary of Significant Accounting Policies (Continued)

Receivable/Payable from Investment Sales/Purchases - The System liquidated investments prior to year end and reported a receivable from investment sales at June 30, 2016 in the amount of $10,963,346. The proceeds from the sales were received subsequent to year end. In addition, the System purchased investments prior to year end and reported a payable from investment purchases at June 30, 2016 in the amount of $10,219,977. This amount was paid subsequent to year end.

Notes Receivable from Participants - In Component II (Legacy), any active general employee who is or has been a participant in the 1973 defined contribution plan (annuity savings fund) may be eligible for the employee loan program. The minimum amount of the loan was established at $1,000. The maximum loan is the lesser of 50 percent of the member's account balance in the annuity saving fund or $10,000. Members can borrow as either a general purpose loan payable in one to five years or a residential loan payable in 1 to 15 years. A member can have only two outstanding loans. The balance of these loans for the year ended June 30, 2016 was $8,179,203. The balance is measured at the unpaid principal balance plus any accrued but unpaid interest. Participant notes receivable are written off when deemed uncollectible.

Although Component I (Hybrid) allows participant loans, there are none outstanding at June 30, 2016.

Restricted Assets - The System has entered into a collateral maintenance and security agreement whereby the plan agreed to set aside $25,163,203 as collateral in exchange for a bank backing on debt related to one of its investments. At June 30, 2016, this amount has been shown as a restricted asset.

Capital Assets - Capital assets for the System include land, office equipment, and furniture. Depreciation expense is calculated by allocating the net cost of the assets over their estimated useful lives.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Note 2 - Pension Plan Description

Component II (Legacy Plan) and Component I (Hybrid Plan)

Plan Administration - The System's governance was modified in December 2014 as part of the City's bankruptcy plan. The System's board of trustees and Investment Committee administer the Combined Plan for the General Retirement System of the City of Detroit Pension Plan - a single-employer defined benefit and defined contribution plan that provides retirement benefits, as well as survivor and disability benefits, for plan members and beneficiaries. Plan members include active employees, retirees, and beneficiaries from various departments within the City of Detroit. Benefit terms have been established by contractual agreements between the System and the employees' collective bargaining unit, as modified by the POA. Future amendments are subject to the same process. However, pursuant to the POA, pension benefit terms presently expressed in the Combined Plan are not subject to amendment before June 30, 2023, unless an amendment is required to maintain the tax-qualified status of the system. The obligation to contribute to and maintain the System was established by the City Charter and negotiations with the employees' collective bargaining units.

The board is comprised of 10 members. Five members of the board are elected by the active membership to serve six-year terms. One member is elected by the retiree membership to serve a two-year term. One member is appointed by the mayor of the City of Detroit from the citizens of the City to serve a six-year term. Three members serve ex-officio, these members being the mayor of the City (or designee), the city treasurer, and one representative from the Detroit City Council. Expirations of terms of elected trustees are staggered.

The Investment Committee has five independent members appointed to initial terms with staggered expirations, which terms will all eventually become six years. Two additional members, two active members, and two retired members serve on the Investment Committee based on appointment by the board. The Investment Committee will be in place through at least December 2034.

Plan Membership - At June 30, 2015, the membership consisted of the following:

	Component II	Component I
Inactive plan members or beneficiaries currently receiving benefits	11,884	149
Inactive plan members entitled to but not yet receiving benefits	2,732	212
Active plan members	4,688	4,981
Total	19,304	5,342

Note 2 - Pension Plan Description (Continued)

As of June 30, 2014, Component II has been frozen. As of that date, no new participants were allowed to enter the plan and no new benefit accruals were allowed for existing participants.

After July 1, 2014, active members will retain existing service credit in the Legacy Plan, but will only earn existing service credit in the new Hybrid Plan. Employees retiring during FY 2016 only earned approximately $40,000 in benefits from the Hybrid Plan.

Benefits Provided - The System provides retirement, disability, and death benefits. Benefit terms had been established by negotiations between the City Council and the employees' collective bargaining unit and subject to amendment by the City Council. Further changes to benefits were provided for under the POA.

Contributions - Article 9, Section 24 of the State of Michigan Constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, in the past, the System had retained an independent actuary to determine the annual contribution. The actuarially determined rate was the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. However, until 2024, contributions are based on specific provisions in accordance with the Plan of Adjustment.

The City filed for bankruptcy in 2013 and on November 12, 2014, the United States Bankruptcy Court for the Eastern District of Michigan entered an order confirming the Eighth Amended Plan for the Adjustment of Debts of the City of Detroit. Going forward, the obligation for the City to contribute to the System will be determined by the provisions in the Eighth Amended Plan for the Adjustment of Debts of the City of Detroit. Please read Note 10 for further information.

Note 2 - Pension Plan Description (Continued)

Employer Contributions

Component II:

For Component II, during fiscal year 2016, employer contributions are not actuarially determined but determined by the provisions of the POA detailed under Exhibit II.B.3.q.ii.A of the POA. Included within contributions for fiscal year 2016 in Component II are contributions from the Foundation for Detroit's Future (the "Foundation") in the amount of $32.9 million, $4.0 million from Unlimited Tax General Obligation bonds (UTGO), and approximately $67.9 million of contributions from the City and related entities. Of the $32.9 million from the Foundation, $32.5 million related to prepayment from the DIA. The POA allows for certain funding obligations to the System to be met by prepayment of the present value equivalent using a discount rate of 6.75 percent. The present value prepayment resulted in the System receiving the $32.5 million in fiscal year 2016. Employer contributions were also made into the Income Stabilization Fund for $1,689,857 from the UTGO proceeds.

Component I:

For Component 1, during fiscal year 2016, employer contributions are not actuarially determined, but are determined by the provisions of the Combined Plan detailed under Section 9.3, of Component 1. Per Section 9.3, commencing July 1, 2014 and ending June 30, 2023, the City is required to contribute 5 percent of compensation of active members. A portion of the employer's annual contribution for each plan year as determined by the City shall be credited to the Rate Stabilization Fund reserve with the remainder allocated to the Pension Accumulation Fund reserve. During fiscal year 2016, the City and related entities contributed $9,048,831 into the Hybrid Plan. Beginning in 2024, the employer contributions will be actuarially determined based on the amount necessary to fund the plan on an actuarial basis.

Because there were no actuarially determined contributions for Component I, there is no Required Schedule of the City Contributions included within these financial statements.

Employee Contributions

Component II - Contribution requirements of plan members were historically established and amended by the board of trustees in accordance with the City Charter, union contracts, and plan provisions. For the year ended June 30, 2016, there were no employee contributions into Component II, as the plan was frozen as of June 30, 2014.

Note 2 - Pension Plan Description (Continued)

Component I - Contribution requirements of plan members are established in Sections 9.3 and 10.1 of Component I of the Combined Plan. For the year ended June 30, 2016, the required active member contribution rate for employees was 4.0 percent of annual pay. Additionally employees can make voluntary contributions of 3 percent, 5 percent, or 7 percent of annual pay. During fiscal year 2016, the plan received mandatory and voluntary employee contributions of $12,559,259.

Fiscal Responsibility Provision

To safeguard the long-term actuarial and financial integrity of the System, in the event the funding level of Component I projected over a five-year period falls below 100 percent, certain remedial actions are required as set forth in section 9.5 of Component I of the Combined Plan, including elimination of COLA, transfers from the Rate Stabilization Fund reserve, to the Pension Accumulation Fund reserve and increases in mandatory employee contributions from 4 percent to 5 percent.

In the event the funding level of Component I is projected to fall below 80 percent, additional remedial actions are required including further increasing the mandatory employee contributions to 6 percent and the potential for reducing the retirement allowance.

Note 3 - Deposits and Investments

The System is authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The investment policy adopted by the board is in accordance with Public Act 196 of 1997 and has authorized investments according to Michigan Public Act 314 of 1965, as amended. The System's deposits and investment policies are in accordance with statutory authority.

The System invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, credit risks, and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported on the statement of changes in fiduciary net position.

Note 3 - Deposits and Investments (Continued)

The System's cash and investments are subject to various risks, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the System's deposits may not be returned to it. The System does not have a deposit policy for custodial credit risk. Approximately $8.7 million of the System's checking account balances was uninsured and uncollateralized at June 30, 2016. The System believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the System evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The System's investment policy does not restrict investment maturities.

At June 30, 2016, the average maturities of debt investments are as follows:

Investment Type	Fair Value (in thousands)	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
U.S. government	$ 60,865	$ 54,030	$ -	$ -	$ 6,835
Corporate**	22,757	423	4,701	13,290	4,343
Private placement	13,375	272	1,298	9,234	2,571
Term loans**	4,075	-	2,008	2,067	-
Total	$ 101,072	$ 54,725	$ 8,007	$ 24,591	$ 13,749

** Not all global fixed income is subject to interest rate risk.

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The System has no investment policy that would further limit its investment choices.

Note 3 - Deposits and Investments (Continued)

As of June 30, 2016, the credit quality ratings of debt securities (other than the U.S. government) as rated by Moody's are as follows:

	Investment Type and Fair Value (in thousands)														
	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Caa2	Caa3	WR	NR
Corporate fixed income	$ 144	$ 632	$ 515	$ 423	$ 708	$2,296	$5,748	$3,572	$2,733	$2,024	$1,914	$ 864	$ 140	$ 98	$ 947
Government fixed income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60,863
Private placements	-	-	341	609	2,355	962	2,011	1,554	1,427	1,357	819	374	-	3	1,563
Term loans	-	-	-	-	564	-	799	765	290	341	260	210	-	-	845
Total	$ 144	$ 632	$ 856	$1,032	$3,627	$3,258	$8,558	$5,891	$4,450	$3,722	$2,993	$1,448	$ 140	$ 101	$64,218

Foreign Currency Risk - Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. The System does not restrict the amount of investments in foreign currency.

As of June 30, 2016, the following deposits and securities are subject to foreign currency risk (in thousands):

	Equity	Fixed Income	Cash	Forward Contracts (Including Receivable/ (Payable)
Australian dollar	$ -	$ -	$ 6	$ -
British pound sterling	-	2,210	20	(2,237)
Canadian dollar	-	-	2	-
Euro currency	-	1,318	74	(1,332)
Japanese yen	-	-	1	-
Polish zloty	-	-	12	-
Total	$ -	$ 3,528	$ 115	$ (3,569)

Securities Lending

As permitted by state statutes and under the provisions of a securities lending authorization agreement, the System lends securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The System's custodial bank manages the securities lending program and receives cash, government securities, or irrevocable bank letters of credit as collateral. The custodial bank does not have the ability to pledge or sell collateral securities unless the borrower defaults. Borrowers are required to deliver collateral for each loan equal to not less than 102

Note 3 - Deposits and Investments (Continued)

percent of the market value of the loaned securities.

As of June 30, 2016, the collateral provided was 101.11 percent of the market value of the loaned securities which is less than the required 102 percent.

The System did not impose any restrictions during the fiscal year on the amount of loans made on its behalf by the custodial bank. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or custodial bank.

The System and the borrower maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested together with the cash collateral of other lenders in an investment pool. The average duration of this investment pool as of June 30, 2016 was 34.77 days. Because the loans are terminable on demand, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2016, the System had no credit risk exposure to borrowers. The collateral held (at cost) and the fair market value of underlying securities on loan for the System as of June 30, 2016 were $85,847,938 and $84,902,984, respectively.

The following represents the balances relating to the securities lending transactions as of June 30, 2016; investments are reported at fair value:

Securities Lent	Underlying Securities
U.S. government and agencies	$ -
U.S. corporate fixed income	5,177,478
U.S. equities	78,138,773
Non-U.S. equities	1,586,733
Total	$ 84,902,984

The fair market value of the collateral pool related to securities lending at June 30, 2016 was $86,008,151. The investments were in asset-backed securities, floating rate notes, and repurchase agreements. Approximately 74.11 percent of these securities had a duration of less than one year, 21.10 percent had a duration between one and three years, and 4.79 percent had a duration over 15 years.

Note 3 - Deposits and Investments (Continued)

The credit ratings of the securities lending collateral pool held at June 30, 2016 as rated by S&P are as follows:

Ratings		Amount
AAA		$ 24,514,361
AA		35,250,161
A		21,954,268
CCC		2,960,287
D		1,158,763
NR		170,311
	Total	$ 86,008,151

Note 4 - Fair Value Measurements

During the year, the System adopted GASB Statement No. 72, *Fair Value Measurement and Application*. As a result, the notes to the financial statements now include enhanced disclosures about fair value measurement, the level of fair value hierarchy, and valuation techniques.

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The System's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Note 4 - Fair Value Measurements (Continued)

The System has the following recurring fair value measurements as of June 30, 2016:

Assets Measured at Fair Value on a Recurring Basis

		Fair Value Measurement Using		
	Balance at June 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities:				
U.S. government mortgage-backed securities	$ 1,803	$ -	$ 1,803	$ -
Privately negotiated debt	6,889,000	-	-	6,889,000
Corporate bonds	38,992,455	-	36,148,029	2,844,426
Total debt securities	45,883,258	-	36,149,832	9,733,426
Equity securities:				
Common stock	489,096,567	489,096,567	-	-
Preferred stock	602,800	-	602,800	-
Total equity securities	489,699,367	489,096,567	602,800	-
Private equity funds	106,498,271	-	-	106,498,271
Partnership investments	4,242,000	-	-	4,242,000
Real estate private equity funds	117,700,331	-	-	117,700,331
Real estate related investments	137,657,363	-	-	137,657,363
Collateral from securities lending	86,106,255	-	86,106,255	-
Total investments by fair value level	987,786,845	$ 489,096,567	$ 122,858,887	$ 375,831,391
Investments measured at net asset value (NAV):				
International equity funds	294,530,570			
Fixed-income funds	177,347,370			
Global asset allocation funds	187,237,501			
Hedge funds	43,372,572			
Real estate funds	128,166,770			
Total investments measured at NAV	830,654,783			
Total investments measured at fair value	$ 1,818,441,628			

A total of $180,226 of repurchase agreements that are recorded at amortized cost is not included in the fair value table above.

Note 4 - Fair Value Measurements (Continued)

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of preferred stock and debt securities at June 30, 2016 was determined primarily based on Level 2 inputs. The System estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals for identical or similar assets.

The fair value of the remaining investments at June 30, 2016 was determined primarily based on Level 3 inputs. The System estimates the fair value of these investments using the System's own pricing estimate methodology, pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the following table.

Investments in Entities that Calculate Net Asset Value per Share

The System holds shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At the year ended June 30, 2016, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
International equity funds	$ 294,530,570	$ -	Monthly	Up to 30 days
Fixed-income funds	177,347,370	-	Daily	10 business days
Global asset allocation funds	187,237,501	-	Monthly	15 business days
Hedge funds	43,372,572	-	Quarterly	Up to 95 days
Real estate funds	128,166,770	-	Quarterly	90 days
Total investments measured at NAV	$ 830,654,783	$ -		

Multiple funds are held in each category. For reporting purposes, the redemption frequency and redemption notice period provided are the most restrictive of any of the funds in the category.

Note 4 - Fair Value Measurements (Continued)

The international equity funds class includes investments in funds that invest predominantly in equity securities of non-U.S. companies. The funds invest in developed and emerging market countries and utilize investments across the capitalization spectrum from large to small companies. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

The fixed-income funds class includes investments in funds that invest predominantly in fixed-income instruments in the U.S. and developed and emerging market countries. The funds invest across a diverse group of security types including government, corporate, and mortgage-backed debt and across the credit quality spectrum of investment grade and high yield. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

The global asset allocation funds class includes investments in funds that are designed to capture growth with less risk than equities by managing a broad opportunity set of asset classes including, but not limited to, global equities, global bonds, commodities, currencies, and cash. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

The hedge funds class includes investments in funds that achieve capital appreciation through multimanager and/or multistrategy investments. Within this group of funds, there is exposure to investment strategies including, but not limited to, credit, event-driven, equity, and relative value. The funds have the ability to invest across all markets and across all asset classes to implement their various strategies. The fair values of the investments in this class have been estimated using the net asset value per share of the investments. Approximately 1 percent of the value of the investments in the hedge fund class above is in the process of being liquidated by the fund manager. Distributions from each fund will be received as the underlying investments of the fund are liquidated. It is estimated that the underlying investments of the fund will be liquidated over the next 12-18 months.

The real estate funds class includes investments in funds whose objective is to operate a core portfolio of real estate investments predominantly located in the U.S. The funds acquire ownership in underlying investments either through direct real estate ownership or ownership in real estate companies or the equity of real estate investment trusts. The funds predominantly target purchases in office, industrial, retail, or multifamily real estate classes. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

Note 5 - Pension Plan Investments - Policy and Rate of Return

Component II (Legacy Plan) and Component I (Hybrid Plan)

Investment Policy - The assets of Component II and I are commingled and invested together as allowed by the POA. The plan's policy in regard to the allocation of invested assets is established and may be amended by governance by a majority vote of its members. It is the policy of the governance to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the governance's adopted asset allocation policy as of June 30, 2016.

Asset Class	Target Allocation
Global equity	43.00 %
Global fixed income	12.00
Real estate	10.00
Private equity	8.00
Hedge funds	5.00
Global asset allocation/risk parity/real assets (liquid)	21.00
Cash	1.00

Rate of Return - For the year ended June 30, 2016, the annual money-weighted rate of return on the plan's investments, net of investment expense, was 1.1 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 6 - Pension Plan Reserves

Component II (Legacy Plan)

In accordance with the Combined Plan for the General Retirement System of the City of Detroit, Michigan, and state law, the following reserves are required to be set aside within the Component II (Legacy) pension plan:

Annuity Reserve Fund - The annuity reserve fund is an accumulation of transfers that is made from the annuity savings fund, when an employee retires, becomes disabled, or if a surviving spouse elects an annuity rather than a lump-sum payout of accumulated employee contributions.

Note 6 - Pension Plan Reserves (Continued)

Pension Reserve Fund - The pension reserve fund represents funded pension benefits available for retired members and is funded by actuarially determined transfers from the pension accumulation fund. The actuarially determined transfer is still pending for FY 2016. Approximately $158,873,200 of the actuarially determined transfer from the pension accumulation fund for fiscal year 2015 has not been made, and this amount is reflected in the difference between the required reserve and amount funded for the pension reserve fund.

The employee reserve (Annuity Savings Fund or "ASF") is credited as employee contributions are received throughout the year; ASF maintains a record of the amount contributed by each employee, and credits interest annually at a rate approved by the board. During fiscal year 2016, the board approved the interest rate at 5.25 percent. Eligible active members may elect to withdraw their accumulated (annuity) contributions plus investment earnings. Upon retirement, a member can elect to annuitize or receive a lump sum of their accumulated contribution and interest earnings. When an employee retires, becomes disabled, or if a surviving spouse elects an annuity rather than a lump-sum payout of accumulated employee contributions, the balance is transferred to the annuity reserve fund. See Note 10 for disclosure of significant changes to the ASF going forward.

The pension accumulation fund is the fund which will accumulate reserves for the pensions and other benefits payable from the contributions made by the City including various departments thereof, and certain third parties pursuant to the POA and from which pensions and other benefits will be paid on account of members with prior service credit and transfers as provided in this section E-18. Contributions to the pension accumulation fund from the effective date of the POA through fiscal year 2023 shall be made only in the amounts and from the sources identified in the POA.

The expense fund is the fund which will be credited with all money provided by the City to pay the administrative expenses of the System, and from which all the expenses necessary in connection with the administration and operation of the System will be paid. At year end, this reserve balance is zero as all employer contributions were credited to the pension accumulation fund.

Note 6 - Pension Plan Reserves (Continued)

The income fund shall be the fund to which all interest, dividends, and other income derived from the investments of Component II of the System will be credited. Transfers from the income fund will be made to credit earnings and losses to various reserves of the System in accordance with the provisions of Component II of the Combined Plan Document. Amounts credited to the income fund in excess of amounts needed to credit earnings and losses of the System as provided in Component II for any plan year shall be transferred to the pension accumulation fund and used to pay retirement allowances and other benefits on account of members. During fiscal year 2016, the income fund reserve was not utilized and all investment income was credited to the pension accumulation fund.

The balances of the reserve accounts for Component II (excluding the Income Stabilization Fund) as of June 30, 2016 are included in the table below. The reserve balances as of June 30, 2016 shown below do not include the current year transfer amount related to fiscal year 2016 retirements for amounts which are transferred from the pension accumulation fund to the pension reserve fund.

	Required Reserve	Amount Funded
Annuity Savings Fund	$ 146,377,716	$ 146,377,716
Pension Reserve Fund	1,933,995,838	1,775,122,658
Annuity Reserve Fund	12,040,933	12,040,933
Pension Accumulation Fund	N/A	-

Component I (Hybrid Plan)

In accordance with the Combined Plan for the General Retirement System of the City of Detroit and state law, the following reserves are required to be set aside within the Component I (Hybrid) pension plan:

The accumulated mandatory employee contribution fund shall be the fund in which shall be accumulated the contributions of members to provide their retirement allowances. Upon the retirement, termination, or death of a member with a vested retirement allowance, the member's accumulated mandatory employee contributions shall be deemed to be part of the pension reserve which shall be used to pay the member's retirement allowance.

The accumulated voluntary employee contribution fund shall be the fund in which shall be accumulated the voluntary after-tax contributions of members together with earnings thereon.

Note 6 - Pension Plan Reserves (Continued)

The pension accumulation fund shall be the fund in which shall be accumulated reserves for the retirement allowances and other benefits payable from that portion of the employer's annual contribution that is not credited to the rate stabilization fund and amounts transferred to Component I and from which shall be paid retirement allowances and other benefits on account of members. During fiscal year 2016, all employer contributions were directed by the City into the pension accumulation fund and no amounts were credited to the rate stabilization fund.

The rate stabilization fund shall be the fund which shall be credited with the employer's annual contributions in excess of the amount of the employer's contribution which is credited to the pension accumulation fund and amounts transferred to Component I as provided in Section E-16(C) of Component II. See Note 9 for details on the transfer provisions related to transfers between Component II and Component I. During fiscal year 2016, no amounts were credited to the rate stabilization fund. Therefore, this reserve balance is zero.

The medical benefit fund shall be the fund which will be credited with contributions made for the purpose of funding medical benefits. During the year, no such contributions were made and therefore this reserve balance is zero.

The expense fund shall be the fund to which will be credited any money provided by the employers to pay the administrative expenses of the System, and from which certain expenses incurred in connection with the administration and operation of the System will be paid. At year end, this reserve balance is zero as all employer contributions were credited to the pension accumulation fund.

The income fund shall be the fund to which all interest, dividends, and other income derived from the investments of Component I of the System will be credited. Transfers from the income fund will be made to credit earnings and losses to various reserves of the System in accordance with the provisions of Component I of the Combined Plan Document. Amounts credited to the income fund in excess of amounts needed to credit earnings and losses of the System as provided in Component I for any plan year shall be transferred to the pension accumulation fund. During fiscal year 2016, investment income was minimal and therefore this reserve balance at June 30, 2016 remains unfunded.

Note 6 - Pension Plan Reserves (Continued)

The balances of the above reserves for Component I which were funded as of June 30, 2016 are as follows:

	Required Reserve	Amount Funded
Accumulated Mandatory Employee Contribution Fund	$ 13,433,871	$ 13,433,871
Accumulated Voluntary Employee Contribution Fund	10,198,653	10,198,653
Pension Accumulation Fund	N/A	12,621,031

Note 7 - Net Pension Liability of the City for Component II (Legacy Plan)

The net pension liability of the City has been measured as of June 30, 2016 and is comprised of the following:

Total pension liability	$ 2,925,203,804
Plan fiduciary net position	1,933,541,307
City's net pension liability	$ 991,662,497
Plan fiduciary net position as a percentage of the total pension liability	66.10 %

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of June 30, 2015, which used updated procedures to roll forward the estimated liability to June 30, 2016. The valuation used the following actuarial assumptions applied to all periods included in the measurement:

Inflation	N/A	
Salary increases	N/A	No inflation assumption or salary increases due to plan freeze as of June 30, 2014
Investment rate of return	7.23%	Net of pension plan investment expense, including inflation

Based on an experience study from 2008-2013 issued in February 2015, the mortality table assumption was based on the RP-2014 Blue Collar Annuitant Table for males and females. The tables are projected to be fully generational, based on the two-dimensional sex distinct mortality scale MP-2014.

Note 7 - Net Pension Liability of the City for Component II (Legacy Plan) (Continued)

The actuarial assumptions other than mortality and the investment rate of return, used in the June 30, 2015 valuation to calculate the total pension liability as of June 30, 2016, were based on the results of an actuarial experience study for the period 2002-2007.

Attribution period: As addressed more fully in Note 10, as of June 30, 2014, the plan was frozen such that no new benefit accruals were allowed and no new members could join. Starting July 1, 2014, the participants in this legacy plan (Component II) will now be earning benefits under a newly created defined benefit plan (Component I). GASB Statement No. 67 requires that the service costs of all pensions be attributed through all assumed exit ages, through retirement. Neither GASB Statement No. 67 nor any other GASB standard has set forth guidance specifically related to frozen plans with successor plans in place. Absent any guidance to the contrary, due to the status as a frozen plan combined with the fact that individuals are now earning service in a new defined benefit pension plan, the retirement date for purposes of attribution was assumed to be June 30, 2014 for all members. Therefore, the total pension liability at June 30, 2016 is equal to the present value of projected benefit payments.

Note that the long-term assumed rates of return used for the purpose of the GASB 67 valuations were determined in accordance with generally accepted accounting principles. This should not be confused with the provisions in the Plan of Adjustment which established a 6.75 percent assumed rate of return for purposes of the various provisions within the plan; the Plan of Adjustment did not attempt to dictate the long-term rate of return to be used for accounting purposes.

Discount Rate - The discount rate used to measure the total pension liability as of June 30, 2016 was 7.23 percent; however, the single discount rate used at the beginning of the year was 7.61 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Note 7 - Net Pension Liability of the City for Component II (Legacy Plan) (Continued)

Projected Cash Flows - Based on the above assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees both at the beginning of the year as well as at the end of the year. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate. Contributions of the System are projected to be at the minimum amounts required by the Plan of Adjustment through 2023, followed by actuarially determined contributions beginning in 2024. While no funding policy has been adopted by the City of Detroit, the projection of cash flows assumes full funding of contributions such that the plan's net position will be sufficient to make all benefit payments. The System believes that the funding practice adopted by the City will be consistent with the underlying objective used in the projection to develop the single discount rate.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return as of June 30, 2016 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment note, are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Global equity	6.22 %
Global fixed income	2.95
Real estate	3.92
Private equity	7.35
Hedge funds	4.41
Global asset allocation/risk parity/commodities	5.02
Cash	0.98

Note 7 - Net Pension Liability of the City for Component II (Legacy Plan) (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City, calculated using the discount rate of 7.23 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.23 percent) or 1 percentage point higher (8.23 percent) than the current rate:

	1% Decrease (6.23%)	Current Discount Rate (7.23%)	1% Increase (8.23%)
Net pension liability of the City	$ 1,257,227,563	$ 991,662,497	$ 765,833,652

Note 8 - Net Pension Liability of the City for Component I (Hybrid Plan)

The net pension liability of the City has been measured as of June 30, 2016 based on benefits in force as of that date and is comprised of the following:

Total pension liability	$ 49,198,806
Plan fiduciary net position	36,253,555
City's net pension liability	$ 12,945,251
Plan fiduciary net position as a percentage of the total pension liability	73.7 %

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of June 30, 2015, which used updated procedures to roll forward the estimated liability to June 30, 2016. The following are the significant assumptions:

Wage inflation assumption was 2 percent for five years, 2.5 percent for the next five years, and 3 percent thereafter.

The investment rate of return (net of pension plan investment expense, including inflation) applied to the beginning of year total pension liability was 7.61 percent as compared to 7.23 percent which was the assumed long-term rate of return as of the end of year. The rates were determined in accordance with generally accepted accounting principles. This should not be confused with the provisions in the Plan of Adjustment which established a 6.75 percent assumed rate of return for purposes of the various provisions within the plan; the Plan of Adjustment did not attempt to dictate the long-term rate of return to be used for accounting purposes.

Note 8 - Net Pension Liability of the City for Component I (Hybrid Plan) (Continued)

Based on an experience study from 2008-2013 issued in February 2015, the mortality table assumption was based on RP-2014 Blue Collar Annuitant Table for males and females. The tables are projected to be fully generational, based on the two-dimensional sex distinct mortality scale MP-2014.

Cost of living adjustments: This plan has a postretirement COLA feature known as the Variable Pension Improvement Factor (VPIF) of a 2 percent simple COLA. It can be granted beginning July 1, 2018 only if the five-year projection shows the plan funded status at 100 percent based upon 6.75 percent future investment return. For purposes of the total pension liability, the actuary assumed a 0.50 percent simple COLA beginning July 1, 2018 to model the potential average COLA over time. Had no COLA been assumed, the net pension liability would have been $11,414,916. Had the full 2 percent COLA been assumed, the net pension liability would have been $17,538,062.

There were no changes in benefit provisions during the year affecting the total pension liability.

Other than mortality and the investment rate of return, the actuarial assumptions used in the June 30, 2015 valuation, to calculate the total pension liability as of June 30, 2016, were based on the results of an actuarial experience study for the period 2002-2007 modified as necessary to account for the difference in eligibility of this new plan.

Discount Rate - The discount rate used to measure the total pension liability as of June 30, 2016 was 7.23 percent; however, the single discount rate used at the beginning of the year was 7.61 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Note 8 - Net Pension Liability of the City for Component I (Hybrid Plan) (Continued)

Projected Cash Flows - Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees both at the beginning of the year as well as at the end of the year. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate. Contributions of the System are projected to be at the minimum amounts required by the Plan of Adjustment through 2023, followed by actuarially determined contributions beginning in 2024. While no funding policy has been adopted by the City of Detroit, the projection of cash flows assumes full funding of contributions such that the plan's net position will be sufficient to make all benefit payments. The System believes that the funding practice adopted by the City will be consistent with the underlying objective used in the projection to develop the single discount rate.

The long-term expected rate of return on future pension plan investments is the same as Component II given that the assets are commingled (See Note 7).

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City, calculated using the discount rate of 7.23 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.23 percent) or 1 percentage point higher (8.23 percent) than the current rate:

	1% Decrease (6.23%)	Current Discount Rate (7.23%)	1% Increase (8.23%)
Net pension liability of the City	$ 19,354,239	$ 12,945,251	$ 7,702,925

Note 9 - Commitments

When the System enters into various investments, it may not completely fund the entire investment at the beginning. Rather, it enters into commitments to fund remaining capital amounts at certain points in time. At June 30, 2016, the remaining capital funding commitment for the System is approximately $40 million.

Note 9 - Commitments (Continued)

In addition, the Combined Plan document setting forth the Legacy Plan (Component II) contain a provision for the transfer of certain excess investment returns to the new Hybrid Plan (Component I). In any plan year during the period beginning on or after July 1, 2014 and ending June 30, 2023, if the annual rate of return credited to member annuity savings fund accounts is less than the actual rate of return net of expenses of the Plan's invested assets for the second plan year preceding the plan year in which the annual rate of return is credited, the excess earned shall be transferred to the pension accumulation fund maintained under Component I of the Combined Plan and will be used to fund transition costs related to Component I. The transition cost is a measure of the liability that Component I of the Retirement System has at its inception due to the fact that members in Component I receive vesting and eligibility credit under Component I for service that was earned prior to July 1, 2014 and is otherwise credited to members under Component II. Such transition costs will be calculated by the Plan's actuary. This transfer will be calculated and transferred in the second year following the year in which the return is earned based on a two-year 'lookback'; therefore, for example, any transfers based on the plan year ended June 30, 2015 will be calculated and transferred during the plan year ending June 30, 2017.

Note 10 - City of Detroit's Chapter 9 Bankruptcy Plan of Adjustment and Continuing Impact on the Plan

In March 2013, after enduring years of financial difficulty, the City of Detroit filed for bankruptcy protection. The Eighth Amended Plan for Adjustment of Debts of the City of Detroit (the "Plan of Adjustment") was filed with the Bankruptcy Court on October 22, 2014. In November 2014, after a confirmation hearing lasting several weeks, the Bankruptcy Court confirmed the Plan of Adjustment (POA), which became effective December 10, 2014.

Note 10 - City of Detroit's Chapter 9 Bankruptcy Plan of Adjustment and Continuing Impact on the Plan (Continued)

Legacy Plan (Component II)

The Pension Settlement, as part of the Plan of Adjustment, compromised pension claims and provided funding support for legacy pension benefit obligations under the General Retirement System of the City of Detroit (DGRS or the "System") Component II from the State of Michigan, the Detroit Institute of Arts, and certain foundation donors. The Plan of Adjustment also required certain governance changes for DGRS. Those governance changes included establishment of the Investment Committee effective December 10, 2014, which officially marked the beginning of implementation of the Plan of Adjustment, though DGRS had for months already undertaken contingency planning for all of the pension adjustments. In addition to governance changes, the POA requires of the System, through its board of trustees and Investment Committee, certain periodic and interim reporting obligations to the City, the Foundation for Detroit's Future, and the State of Michigan. Though there were some delays in meeting certain obligations because of new actuarial reporting requirements for governmental systems, which in turn impacted the preparation of the System's audited financial statements, the System believes it has ultimately met its special reporting obligations in fiscal year 2016.

For DGRS, with respect to Component II benefit adjustments, the Pension Settlement (for which benefit levels were and are contingent on other factors, including receipt of outside contributions) provided for:

- A loss of cost of living adjustments, or "escalators" (COLAs) paid after July 1, 2014;
- A 4.5 percent cut to the remaining accrued pension benefit after the COLA loss;
- For DGRS members who participated in the Annuity Savings Fund plan between 2003 and 2013, subject to certain caps, recoupment of certain amounts of interest deemed by the City to be in "excess" of that which should have been credited to individual ASF accounts, referred to as "ASF Recoupment". ASF Recoupment, like other provisions of the pension settlement, was not optional. Most members will pay their ASF Recoupment by a monthly deduction from their future pension benefits for a set term of months, including interest calculated at 6.75 percent. All members were offered a lump-sum cash option, which was limited in the aggregate to $30 million in member recoupment. In fiscal year 2016, the Bankruptcy Court approved certain additional members whose application submissions were not timely received to participate in the lump-sum cash option.

Note 10 - City of Detroit's Chapter 9 Bankruptcy Plan of Adjustment and Continuing Impact on the Plan (Continued)

- The possibility of restoration of certain pension benefit cuts, based on a program for the most financially vulnerable pensioners and beneficiaries through the State of Michigan Treasury Department, as well as a new feature of Component II allowing restoration depending on the System's funding level over time.

- An Income Stabilization Program (the "ISF Program") was established as part of the State Contribution Agreement, another facet of the Pension Settlement. The ISF Program, supported by city funds arising from an unlimited tax general obligation bonds settlement, is intended to ensure that the most financially vulnerable retirees and beneficiaries do not fall below the poverty line as a result of bankruptcy-related pension changes. Beginning March 1, 2015, certain DGRS members also received benefit pension cut restoration under the ISF Program administered by DGRS pursuant to the State Contribution Agreement based on eligibility and benefit payments calculated by the State of Michigan. Following the close of the fiscal year ended June 30, 2016, and pursuant to Component II of the Combined Plan and the State Contribution Agreement, the System implemented the first annual ISF Program benefit adjustments effective July 1, 2016.

- The POA also discusses a "restoration plan". Terms of the pension restoration are contained in "Exhibit II.B.3q.ii.C" of the POA and the terms govern how accrued pensions, including COLA benefits that were reduced as a part of the POA, may be restored over the 30-year period following the Confirmation Order. The Investment Committee will supervise the restoration process in accordance with the restoration plan. The restoration plan shall be deemed a part of Component II. The funding levels have not been attained yet as of June 30, 2016 for the restoration process to initiate.

Note 10 - City of Detroit's Chapter 9 Bankruptcy Plan of Adjustment and Continuing Impact on the Plan (Continued)

Going forward, the obligations for contributions to support Component II of the System through 2023 are determined as fixed amounts by the provisions in the Plan of Adjustment. Pursuant to the Plan of Adjustment, the System is expected to receive contributions of a total of $718.6 million through fiscal year 2023. The Plan of Adjustment calls for the System to receive $98.8 million from the State of Michigan; $428.5 million from DWSD; $31.7 from UTGO settlement proceeds; the actual or present value equivalent of $50 million from the DIA and its foundation donors; and $114.6 million from the other City-related employer contribution sources, such as the General Fund, Detroit Library Commission, and COBO Authority, over a 10-year period covering fiscal year 2014 through fiscal year 2023. Between 2025 and 2034, DGRS will receive $18.3 million per year from certain foundation donors. After 2023, the City, and various other employer constituents such as the Library, DWSD, and COBO Authority, will retain responsibility for the full funding obligations of Component I of the System, consistent with Michigan law.

In fiscal year 2016, DGRS received from the City, its employer-related contribution sources, the State of Michigan, and the DIA and its foundation donors, all contributions required by the Plan of Adjustment. DGRS also received prepayment of a portion of the $50 million obligation of the DIA to contribute to DGRS from 2015 to 2024. Those payment obligations were set forth in the POA as an annual $5 million contribution in each of those 10 years. The POA provided the option for the DIA to meet its obligations with prepayment of the present value of that obligation using a 6.75 percent discount rate. On June 30, 2016, DGRS received $32,511,827 from the DIA, which represents the present value at a 6.75 percent discount rate of the $4,625,000 of the remaining annual $5,000,000 commitment over the period 2017 to 2024. DGRS also received on June 30, 2016 the $375,000 in satisfaction of the non-prepaid portion of the DIA contribution for 2016. The DIA's obligation to contribute $375,000 per year for the remaining eight (8) years of that obligation to DGRS, from 2017 to 2024, has not been prepaid, and so that obligation remains.

As of March 1, 2015, less than three months after the effective date of the POA, DGRS successfully implemented the vast majority of benefit changes required by the plan, including the ISF Program coordinated in conjunction with the Michigan Department of Treasury.

Note 10 - City of Detroit's Chapter 9 Bankruptcy Plan of Adjustment and Continuing Impact on the Plan (Continued)

DGRS continues to implement the POA, which includes ongoing compliance and additional reporting requirements by the board and the Investment Committee, annual review of benefit levels, and essentially provides for a 40-year plan to close the DGRS Legacy Component II underfunded liability. ASF Recoupment, in particular, is a notable facet of the Plan of Adjustment that will continue to be implemented as members apply for Component II pension benefits over time.

Required Supplemental Information

Combined Plan for the General Retirement System of the City of Detroit

Required Supplemental Information
Schedule of Changes in the City's Net Pension Liability and Related Ratios (Legacy Plan)
Last Three Fiscal Years

	2016	2015	2014
Total Pension Liability			
Service cost	$ -	$ -	$ 32,736,019
Interest	213,957,125	263,007,329	242,611,073
Changes in benefit terms	-	(732,535,007)	(113,311,571)
Differences between expected and actual experience	(44,173,106)	24,644,530	-
Changes in assumptions	90,034,927	(101,559,893)	(271,190,194)
Benefit payments, including refunds	(292,282,181)	(297,538,991)	(397,733,807)
Net Change in Total Pension Liability	(32,463,235)	(843,982,032)	(506,888,480)
Total Pension Liability - Beginning of year	2,957,667,039	3,801,649,071	4,308,537,551
Total Pension Liability - End of year	**$ 2,925,203,804**	**$ 2,957,667,039**	**$ 3,801,649,071**
Plan Fiduciary Net Position			
Contributions - Employer, State, and Foundation	$ 104,792,657	$ 189,282,094	$ 25,126,131
Contributions - Employee	-	609,073	10,241,761
Net investment (loss) income	(12,450,547)	93,054,981	289,789,607
Administrative expenses	(3,742,618)	(4,617,194)	(11,237,767)
Benefit payments, including refunds	(292,282,179)	(297,538,991)	(397,733,807)
Other additions (includes ASF recoupment)	5,945,783	135,280,369	-
Net Change in Plan Fiduciary Net Position	(197,736,904)	116,070,332	(83,814,075)
Plan Fiduciary Net Position - Beginning of year	2,131,278,211	2,015,207,879	2,099,021,954
Plan Fiduciary Net Position - End of year	**$ 1,933,541,307**	**$ 2,131,278,211**	**$ 2,015,207,879**
City's Net Pension Liability - Ending	**$ 991,662,497**	**$ 826,388,828**	**$ 1,786,441,192**
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	66.10 %	72.06 %	53.01 %
Covered Payroll*	$ 185,147,364	$ 188,210,536	$ 238,669,871
City's Net Pension Liability as a Percentage of Covered Employee Payroll	535.6 %	439.1 %	748.5 %

* Covered payroll excludes overtime and longevity pay, which was included as compensation for purposes of determining employer contributions.

Combined Plan for the General Retirement System of the City of Detroit

Required Supplemental Information
Schedule of Investment Returns (Legacy and Hybrid Plan)
Last Three Fiscal Years

	2016	2015	2014
Annual money weighted rate of return - Net of investment expense	1.1 %	2.4 %	16.3 %

* GASB Statement No. 67 was implemented June 30, 2014 and does not require retroactive implementation. Data will be added as information is available until 10 years of such information is available.

Fiscal years 2014 and 2015 do not include information related to the Hybrid Plan. The Hybrid Plan was effective July 1, 2014 and for the first year (fiscal year 2015) did not invest in anything other than cash and cash equivalents.

Combined Plan for the General Retirement System of the City of Detroit

Required Supplemental Information
Schedule of City Contributions (Legacy Plan)
Last Ten Fiscal Years

	2016 *	2015 *	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	N/A	N/A	$ 72,643,307	$ 62,297,432	$ 64,065,214	$ 55,138,011	$ 37,338,960	$ 41,395,719	$ 43,168,448	$ 41,444,808
Contributions in relation to the actuarially determined contribution	N/A	N/A	25,126,131	26,515,782	64,065,214	55,138,044	37,338,960	41,395,719	43,168,448	41,444,808
Contribution Deficiency	**$ -**	**$ -**	**$ 47,517,176**	**$ 35,781,650**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Covered Employee Payroll	$ -	$ -	$ 238,669,871	$ 213,291,083	$ 257,992,240	$ 303,379,482	$ 334,343,506	$ 357,072,833	$ 368,470,990	$ 361,701,481
Contributions as a Percentage of Covered Employee Payroll	- %	- %	10.5 %	12.4 %	24.8 %	18.2 %	11.2 %	11.6 %	11.7 %	11.5 %

* The contributions starting with fiscal year 2015 were determined by the provisions of the POA; the contributions were not actuarially determined and therefore not subject to disclosure on accordance with GASB 67 within this schedule.

Notes to Schedule of System Contributions (Legacy and Hybrid Plans)

Actuarial valuation information relative to the determination of contributions:

Valuation date — N/A - Starting in FY 2015, contributions are not actuarially determined.

Methods and assumptions used to determine contribution rates:

- Actuarial cost method
- Amortization method
- Remaining amortization period
- Asset valuation method
- Inflation
- Salary increases
- Investment rate of return
- Retirement age
- Mortality
- Other information

Combined Plan for the General Retirement System of the City of Detroit

Required Supplemental Information
Schedule of Changes in the City's Net Pension Liability and Related Ratios (Hybrid Plan - Component 1)
Last Two Fiscal Years

	2016	2015
Total Pension Liability		
Service cost	$ 18,302,706	$ 19,318,576
Interest	2,495,896	695,469
Difference between expected and actual experience	2,111,447	(1,202,108)
Assumption changes	(1,225,597)	-
Voluntary employee contributions	5,216,480	5,775,885
Benefit payments, including refunds	(2,289,948)	-
Net Change in Total Pension Liability	24,610,984	24,587,822
Total Pension Liability - Beginning of year	24,587,822	-
Total Pension Liability - End of year	**$ 49,198,806**	**$ 24,587,822**
Plan Fiduciary Net Position		
Employer contributions	$ 9,048,831	$ 8,811,369
Mandatory employee contributions	7,345,516	6,970,544
Net investment (loss) income	(70,025)	20,690
Administrative expenses	(3,094,197)	(1,481,590)
Voluntary employee contributions	5,216,480	5,786,488
Benefit payments, including refunds of mandatory contributions	(1,031,059)	(10,603)
Benefit payments and refunds based on voluntary contributions	(1,258,889)	-
Net Change in Plan Fiduciary Net Position	16,156,657	20,096,898
Plan Fiduciary Net Position - Beginning of year	20,096,898	-
Plan Fiduciary Net Position - End of year	**$ 36,253,555**	**$ 20,096,898**
City's Net Pension Liability - Ending	**$ 12,945,251**	**$ 4,490,924**
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	73.69 %	81.74 %
Covered Payroll	$ 185,147,364	$ 180,069,852
City's Net Pension Liability as a Percentage of Covered Employee Payroll	7.0 %	2.5 %

Combined Plan for the General Retirement System of the City of Detroit

Notes to Pension Required Supplemental Information Schedules
Year Ended June 30, 2016

Changes in Assumptions (Legacy Plan and Hybrid Plan)

The discount rate used to calculate the June 30, 2016 total pension liability was 7.23 percent. The discount rate used to calculate the total pension liability as of June 30, 2015 was 7.61 percent.

CITY OF HARTFORD

MUNICIPAL EMPLOYEES' RETIREMENT FUND (MERF)

Actuarial Valuation as of July 1, 2016

hooker & holcombe

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Report Prepared By:

Timothy A. Ryor
Sr. Vice President & Consulting Actuary
860.856.2102
tryor@hhconsultants.com

Ellen A. Kucenski
Consulting Actuary
860.856.2053
ekucenski@hhconsultants.com

Brianne Fayed
Senior Actuarial Analyst
860.856.2072
bfayed@hhconsultants.com

Section I

Valuation Report

A. Purpose of the Valuation

The purpose of the valuation is to determine the funded status of the plan as well as the recommended cash contribution for the plan year. The information found in Section II of the report has been developed for this purpose.

The ultimate cost of a pension plan is based primarily on the level of benefits promised by the plan. The pension fund's investment earnings serve to reduce the cost of plan benefits and expenses. Thus,

City's ultimate cost	=	*benefits paid*	+	*expenses incurred*	-	*investment return*	-	*employee contributions*

B. Contribution for 2017-2018 Fiscal Year

The City's recommended contribution for the 2017-2018 fiscal year, determined from the July 1, 2016 actuarial valuation, is shown below. We have shown the recommended contribution for the 2017-2018 fiscal year as a percentage of payroll, as well as an *estimated* dollar amount. Also shown are last year's figures for comparison.

	Recommended 2017-2018 Fiscal Year Net Contribution (July 1, 2016 Valuation)		Recommended 2016-2017 Fiscal Year Net Contribution (July 1, 2015 Valuation)	
	% of payroll	**$ in millions (est.)**	**% of payroll**	**$ in millions (est.)**
Police	42.23%	$16.80	39.08%	$15.92
Firefighters	35.49%	$10.87	30.58%	$9.97
Board of Education	9.50%	$4.37	8.01%	$3.91
Municipal Services	47.23%	$11.42	38.61%	$10.23
Library	22.94%	$0.91	18.58%	$0.82
Total		**$44.37**		**$40.85**

Please see Section II, Exhibit A for the development of these figures.

The recommended City contribution is expressed as a percentage of the payroll for each of the five groups of employees covered by the plan: Police, Firefighters, Board of Education, Municipal Services, and Library. Under the contribution procedure currently used by the MERF, the annual contribution is first developed as a flat dollar amount for each group and then converted to a percentage of payroll using an *estimated* payroll figure. Each of those percentages is then applied against the *actual* payroll for each group for the fiscal year, to yield the *actual* dollar amount of the cash contribution that will be paid to the fund.

The dollar amount shown above is an *estimate* of the cash contribution required. So, while the percentages of payroll will not change because they are set by the valuation, the dollar amount of the City's actual contribution will change -- upward or downward -- depending on whether *actual* payrolls in the fiscal year are more, or less, than currently estimated.

Section I

Valuation Report
(continued)

C. Funded Status

The funded status of the plan as of July 1, 2016 is summarized below. The figures are useful in accessing the health of the plan overall.

Specifically, the funded status is based on the smoothed (actuarial) value of assets used in the valuation, as well as a measure of the plan's liability known as the Actuarial Accrued Liability. The Actuarial Accrued Liability is the liability for benefits expected to be paid from the plan for inactive participants, as well as the liability for future expected benefit payments for active participants. For actives, the liability measure includes the impact of assumed future salary increases on projected benefits, but includes only that portion of their overall liability attributable to services rendered as of the valuation date.

	July 1, 2016
Actuarial Accrued Liability	$1,425,378,000
Actuarial Value of Assets	1,066,750,000
Unfunded Status	358,628,000
Funded Percentage	74.8%

During the 2015-2016 fiscal year, the plan's funded status decreased from 77.6% as of July 1, 2015 to 74.8% as of July 1, 2016, as detailed above. This was mostly due to continued recognition of asset losses and the change in investment return assumption from 7.75% to 7.50%.

Even with a funded status of less than 100%, the plan is still in a healthy position with the ability to pay benefits due at the current 74.8% level. It is not the intent of the plan's funding method to fully fund such shortfalls in just one year. Absent of other significant changes, such underfunding will be reduced over a period of years as it is spread into future contribution requirements.

Section I

Valuation Report

(continued)

D. Plan Experience During Period Under Review

The recommended City contribution for the 2017-2018 fiscal year has increased from last year by approximately $3.5 million based on estimates of payroll. This increase is the net impact of annual plan asset, liability experience, and assumption and method changes.

The July 1, 2015 Valuation produced a net City contribution of $40.9 million for the 2016-2017 fiscal year. Based on July 1, 2016 participant data and assets, the 2017-2018 net City contribution is $44.4 million.

During 2015-2016, the market value of assets decreased from $1,038.19 million to $999.6 million, resulting in an asset return of approximately 0.9% over the period. In order to avoid dramatic fluctuations in contribution requirements with large swings in the market, a "smoothed" or "actuarial" value of assets is used to perform the valuation. This smoothed value recognizes the difference between the expected return on the market value of assets and the actual return over a 5-year period at 20% per year.

As of July 1, 2016, the actuarial value of assets used in the development of the contribution requirement was approximately $1,066.7 million, $67.1 million higher than the market value of assets of $999.6 million at such date. The return for the year on the actuarial value was 5.2%. Since 5.2% is less than the MERF's 7.75% return assumption for the 2015-2016 plan year, asset losses were generated that increased the fiscal year 2017-2018 contribution requirement. Specifically, these losses represented approximately a $3.1 million increase in contribution.

Changes in the plan's population and the resulting impact on plan liabilities had the net effect of decreasing the recommended City contribution by approximately $0.1 million. While actual experience is reviewed each year and compared to expected, a full experience study was computed for the period 2010-2015. Assumptions have been updated to reflect actual experience. The net impact of these assumption changes (other than the investment return assumption) was a decrease in contribution of $1.1 million.

In conjunction with the reduced inflation assumption (3.0% to 2.75%), the investment return assumption was also reduced by 25 basis points, from 7.75% to 7.50%. The unfunded liability as of July 1, 2016 will be amortized over a closed 25 year period and the mortality assumption phase in was removed. The net impact of the investment return assumption change and method changes was an increase in contribution of $3.2 million.

Finally plan changes in the Fire group decreased the contribution by $1.6 million.

Section I

Valuation Report

(continued)

E. Changes Since The Last Valuation

As a result of an Experience Study that was conducted for the period July 1, 2010 through June 30, 2015, several changes were made to the actuarial assumptions. See the Experience Study report for details.

The investment return assumption was changed from 7.75% to 7.50%.

The amortization period for the Unfunded Actuarial Accrued Liability as of July 1, 2016 was set to a 25-year level dollar closed period. Future gains and losses after July 1, 2016 will continue to be amortized over a 15-year level dollar open period.

F. Future Contribution Requirements

The use of a smoothed (actuarial) value of assets is meant to produce a more level funding pattern, given asset volatility. With a large decrease (increase) in the market, asset losses (gains) are spread over a five-year period, leveling out the recommended funding rather than providing for a spike (drop) in contribution requirements in one year. As of July 1, 2016, there were approximately $67.1 million in net unrecognized asset losses that eventually will be recognized in future City contribution requirements because of the use of this smoothing method. Due to these outstanding losses the City's contribution is expected to increase for the 2018-2019 fiscal year, absent other significant changes.

To provide a sense of the level of expected future contributions, an estimate for the 2018-2019 fiscal year has been calculated. Specifically, the City's net estimated recommended contribution for that fiscal year is currently **$46.9 million**. This figure is based on a projected market value of assets at July 1, 2017 of $1,015.9 million, determined by projecting the market value of assets as of July 1, 2016 to June 30, 2017 assuming a 7.50% return. Projected plan liabilities inherent in this calculation were based on the results of the July 1, 2016 valuation, including the assumptions, methods, and census data as of such date.

The projected asset value and estimated contribution for the 2018-2019 fiscal year assume the City funds the recommended contribution for 2016-2017. If the City contributes an amount other than the annual recommended contribution, the estimated future contribution will vary from the amount shown here.

The final 2018-2019 recommended contribution will be based upon final liabilities, assets, and the investment return and other actuarial assumptions used in the July 1, 2017 Actuarial Valuation.

Section I

Valuation Report
(continued)

G. Certification

This report presents the results of the July 1, 2016 Actuarial Valuation for the City of Hartford Municipal Employees' Retirement Fund (MERF) (the Plan) for the purpose of estimating the funded status of the Plan and determining the Actuarial Determined Contribution (ADC) for the fiscal year ending June 30, 2018. This report is intended to satisfy the requirements of Connecticut General Statute 7-450a.

The valuation has been performed in accordance with generally accepted actuarial principles and practices. It is intended to comply with all applicable Actuarial Standards of Practice.

We certify that the actuarial assumptions and methods that were selected by us and represent our best estimate of anticipated actuarial experience under the Plan.

In preparing this valuation, we have relied on employee data and asset and contribution information provided by the Plan Sponsor. We have audited neither the employee data nor the financial information, although we have reviewed them for reasonableness.

The results in this valuation report are based on the Plan as summarized in the *Summary of Plan Provisions* section of this report and the actuarial assumptions and methods detailed in the *Description of Actuarial Methods and Assumptions* section of this report.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of this report, an analysis of the potential range of such future measurements has not been performed.

We are members of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.

Timothy A. Ryor, FSPA, FCA, MAAA
Enrolled Actuary 17-05126

Ellen A. Kucenski, FSA, MAAA
Enrolled Actuary 17-07674

April 25, 2017

Section II

Supporting Exhibits

A. Entry Age Normal Actuarial Accrued Liability as of July 1, 2016

	Police	Firefighters	Board Of Education	Municipal Services	Library	Total Membership
A. Covered Payroll						
Annual Payroll (000)	$38,824	$29,905	$48,002	$23,538	$3,852	$144,121
B. Actuarial Accrued Liability (AAL)						
Entry Age Normal AAL (000)						
1. Active Members						
a. Active Members' MERF Liability	$115,505	$90,076	$86,228	$52,937	$8,678	$353,424
b. Local 566 Payment Present Value	0	0	1,622	0	0	
c. Local 1716 Payment Present Value	0	0	0	0	0	
d. Total for Active Members	115,505	90,076	87,850	52,937	8,678	355,046
2. Terminated Non-Vested Members [allocated by (1d)]	425	331	317	195	32	1,300
3. Terminated Vested Members	1,635	1,293	11,017	10,031	304	24,280
4. Retired Members	357,715	289,941	106,333	272,492	17,852	1,044,333
5. Old Plans Cola 1987/1990/1997/1999/2001/2005/2007	226	141	43	8	0	418
6. Total	475,506	381,783	205,560	335,663	26,866	1,425,378
C. Valuation Assets (Adjusted Value)						
1. Amount prior to Recognizing Receivable (000)	$349,416	$286,878	$172,747	$237,626	$20,084	$1,066,750
2. Contribution Receivable (000)	0	0	0	0	0	0
3. Valuation Assets after Recognition of Receivable (000)	349,416	286,878	172,747	237,626	20,084	1,066,750
D. Unfunded Actuarial Accrued Liability (000)	$126,090	$94,905	$32,813	$98,037	$6,782	$358,628
E. Funded Percent (C. / B.)	73.5%	75.1%	84.0%	70.8%	74.8%	74.8%

Section II

Supporting Exhibits
(continued)

B. Cash Contributions

July 1, 2017 – June 30, 2018 Fiscal Year Contribution

	Police	Firefighters	Board Of Education	Municipal Services	Library	Total Membership
1. Development of Amortization						
a. Unfunded Actuarial Accrued Liability	$126,089,831	$94,905,534	$32,813,390	$98,037,034	$6,782,503	$358,628,292
b. Amortization of Unfunded AAL (25 year closed)	10,522,422	7,920,036	2,738,336	8,181,366	566,012	29,928,172
c. Amortization of Unfunded AAL (15 year open)	0	0	0	0	0	0
d. Total Amortization	10,522,422	7,920,036	2,738,336	8,181,366	566,012	29,928,172
2. Normal Cost Development						
a. Normal Cost Beginning of Year prior to Expense Load	$4,531,877	$1,777,080	$1,313,008	$2,075,391	$242,984	$9,940,340
b. Normal Cost Projected One Year prior to Expense Load	4,871,768	1,910,361	1,411,484	2,231,045	261,208	10,685,866
c. Expense Load (Allocated by AAL)	855,467	686,853	369,816	603,880	48,334	2,564,350
3. Fiscal Year Contribution for 07/01/2017 - 06/30/2018 Before Mortality Assumption Phase-In						
I. Gross City Contribution						
a. Total Contribution Due as of Beginning of Year (1d+2b+2c)	16,249,657	10,517,250	4,519,636	11,016,291	875,554	43,178,388
b. Total Interest Adjusted Gross City Contribution	16,848,003	10,904,517	4,686,058	11,421,934	907,794	44,768,305
II. Annual Adjusted Payroll as of 07/01/2016 w proj	39,891,740	30,727,835	49,322,318	24,185,576	3,957,788	148,085,257
III. Contribution as a % of Payroll prior to adjustments	42.23%	35.49%	9.50%	47.23%	22.94%	30.23%
IV. 07/01/2017 Payment for Local 566 (000)	0	0	303,918	0	0	303,918
V. 07/01/2017 Payment for Local 1716 (000)	0	0	0	0	0	0
VI. Old Plans COLA Annual Payment (000)	50,905	32,004	11,694	2,056	0	96,659
VII. Net City Contribution [(I.) - (IV.) - (V.) - (VI.)]	16,797,098	10,872,513	4,370,446	11,419,878	907,794	44,367,728

	2017 - 2018 Contribution Sensitivity*					
	Police	Firefighters	Board of Education	Municipal Services	Library	Total
Estimated 2017-2018 Fiscal Year Payroll +5%	$41,886,327	$32,264,227	$51,788,434	$25,394,855	$4,155,677	$155,489,520
Net City Contribution Estimate for 2017-2018	17,637,691	11,418,570	4,604,289	11,991,934	953,312	46,605,796
Estimated 2017-2018 Fiscal Year Payroll -5%	37,897,153	29,191,443	46,856,202	22,976,297	3,759,899	140,680,994
Net City Contribution Estimate for 2017-2018	15,953,063	10,328,039	4,135,727	10,849,649	862,521	42,128,999

**Based on contribution policy of depositing a % of payroll using actual fiscal year payroll.*

Section II

Supporting Exhibits
(continued)

C. Actuarial Balance Sheet

	July 1, 2016	July 1, 2015
Actuarial Liabilities		
Present Value of Future Benefits for:		
Active Employees	$538,716,685	$574,053,746
Inactive Members		
• Regular Retirees	946,740,544	866,500,823
• Disability Retirees	75,523,523	65,530,128
• Survivors	22,069,312	23,481,467
• Terminated Non-Vesteds	1,300,000	1,147,476
• Terminated Vesteds	24,279,902	23,061,690
• Old Plans COLA	419,321	516,140
TOTAL	$1,609,049,287	$1,554,291,470
Source of Funds		
1. Actuarial Value of Assets	$1,066,749,972	$1,060,206,696
2. Present Value of Future Employee Contributions	97,592,435	89,923,326
3. Present Value of Future City Normal Cost Contributions	86,078,588	97,997,871
4. Unfunded Accrued Liability	358,628,292	306,163,577
5. TOTAL = (1) + (2) + (3) + (4)	$1,609,049,287	$1,554,291,470

Section II

Supporting Exhibits

(continued)

D. Value of Accrued Benefits as of July 1, 2016

	Police	Firefighters	Board Of Education	Municipal Services	Library	Total Membership
A. Covered Payroll						
Annual Payroll	$38,824	$29,905	$48,002	$23,538	$3,852	$144,121
B. Actuarial Accrued Liability (AAL)						
Unit Credit AAL						
1. Active Members						
a. Active Members' MERF Liability	$79,289	$70,473	$60,200	$45,048	$6,932	$261,942
b. Local 566 Payment Present Value	0	0	1,622	0	0	1,622
c. Local 1716 Payment Present Value	0	0	0	0	0	0
d. Total for Active Members	79,289	70,473	61,822	45,048	6,932	263,564
2. Terminated Non-Vested Members [allocated by (1d)]	425	331	317	195	32	1,300
3. Terminated Vested Members	1,635	1,293	11,017	10,031	304	24,280
4. Retired Members	357,715	289,941	106,333	272,492	17,852	1,044,333
5. Old Plans Cola 1987/1990/1997/1999/2001/2005/2007	226	141	43	8	0	418
6. Total	439,290	362,179	179,532	327,774	25,120	1,333,895

Section II

Supporting Exhibits

(continued)

E. Development of Asset Values

The Actuarial Value of assets is used in the determination of plan contributions. It phases in recognition of asset gains and losses. A method of smoothing is used because the Market Value can swing widely from one year to the next, resulting in undesirable fluctuations in pension contributions. The smoothing is accomplished by recognizing asset gains and losses over a five-year period at 20% per year.

Relationship of Actuarial Value to Market Value		
1. Market value 7/1/2016	$	999,612,429
2. Gain / (loss) not recognized in actuarial value 7/1/2016		(67,137,543)
3. Preliminary actuarial value 7/1/2016: (1)-(2)		1,066,749,972
4. Preliminary actuarial value as a percentage of market value: (3)÷(1)		106.7%
5. Gain / (loss) recognized for corridor min/max		N/A
6. Actuarial value 7/1/2016 after corridor min/max: (3)+(5)		1,066,749,972
7. Actuarial value as a percentage of market value: (6)÷(1)		106.7%

Development of Asset Gain / (Loss) for 2015-2016 Plan Year		
1. Market value 7/1/2015	$	1,038,194,319
2. Contributions		56,933,079
3. Benefit payments		101,778,027
4. Administrative expenses		2,433,813
5. Expected return at 7.75%		78,667,209
6. Expected value 7/1/2016: (1)+(2)-(3)-(4)+(5)		1,069,582,767
7. Market value 7/1/2016		999,612,429
8. Asset gain / (loss) for -1 Plan Year: (7)-(6)		(69,970,338)

Recognition of Gain / (Loss) in Actuarial Value

Year	(a) Gain / (loss)	(b) Recognized as of 7/1/2015	(c) Recognized in current year: 20% of (a)	(d) Total recognized as of 7/1/2016: (b)+(c)	(e) Not recognized as of 7/1/2016: (a)–(d)
2011-2012	$ (58,190,952)	$ (46,552,760)	$ (11,638,192)	$ (58,190,952)	$ 0
2012-2013	3,810,109	2,286,066	762,022	3,048,088	762,021
2013-2014	59,992,444	23,996,978	11,998,489	35,995,467	23,996,977
2014-2015	(59,867,117)	(11,973,423)	(11,973,423)	(23,946,846)	(35,920,271)
2015-2016	(69,970,338)	0	(13,994,068)	(13,994,068)	(55,976,270)
Total			(24,845,172)		(67,137,543)

Section II

Supporting Exhibits
(continued)

E. Development of Asset Values

Summary of Fund Activity		
	Market Value	**Actuarial Value**
1. Beginning value 7/1/2015		
a. Trust assets	$ 1,038,194,319	$ 1,060,206,696
b. Accrued contribution	0	0
c. Benefits payable	0	0
d. Administrative expenses payable	0	0
e. Net: (a)+(b)-(c)-(d)	1,038,194,319	1,060,206,696
2. Contributions		
a. Employer contributions during year	43,890,588	43,890,588
b. Employee contributions during year	13,042,491	13,042,491
c. Change in accrued contribution	0	0
d. Total for plan year	56,933,079	56,933,079
3. Disbursements		
a. Benefit payments during year	101,778,027	101,778,027
b. Administrative expenses during year	2,433,813	2,433,813
c. Change in benefits payable	0	0
d. Change in administrative expenses payable	0	0
e. Total for plan year	104,211,840	104,211,840
4. Net investment return		
a. Interest and dividends	17,445,154	N/A
b. Change in accrued income	0	N/A
c. Realized gain (loss)	25,091,532	N/A
d. Unrealized gain (loss)	(27,288,022)	N/A
e. Expected return	N/A	78,667,209
f. Recognized gain (loss)	N/A	(24,845,172)
g. Required adjustment due to corridor	N/A	0
h. Reversal of prior year required adjustment	N/A	0
i. Investment-related expenses	(6,551,793)	N/A
j. Total	8,696,871	53,822,037
5. Ending value 7/1/2016		
a. Trust assets: (1a)+(2a)-(3a)-(3b)+(4j)	999,612,429	1,066,749,972
b. Accrued contribution	0	0
c. Benefits payable	0	0
d. Administrative expenses payable	0	0
e. Net: (a)+(b)-(c)-(d)	999,612,429	1,066,749,972
6. Approximate rate of return 2015-2016	0.9%	5.2%

Section II

Supporting Exhibits
(continued)

E. Development of Asset Values

Rate of Return on Market Value of Assets				
	Average Annual Effective Rate of Return			
Period Ending June 30	1 Year	3 Years	5 Years	10 Years
2007	15.6%	10.8%	6.6%	8.7%
2008	-1.9%	11.1%	10.4%	8.3%
2009	-15.0%	-1.2%	9.0%	8.3%
2010	11.1%	-2.5%	2.7%	6.3%
2011	17.7%	3.6%	4.7%	3.7%
2012	1.9%	10.0%	2.1%	5.7%
2013	8.4%	9.1%	4.2%	6.2%
2014	14.1%	8.0%	10.5%	6.6%
2015	2.0%	8.1%	8.6%	6.5%
2016	0.9%	5.5%	5.3%	5.0%

Section II

Supporting Exhibits
(continued)

F. Membership Data

Summary – Active Members as of July 1, 2016

	Number	Payroll*	Average Annual Pay*
Police	411	$38,824,078	$94,462
Firefighters	293	29,905,435	102,066
Board of Education	995	48,002,256	48,243
Municipal Services	380	23,538,274	61,943
Library	70	3,851,862	55,027
Total	**2,149**	**$144,121,905**	**$67,065**

**Basic salary plus overtime.*

Summary – Pensioners as of July 1, 2016

	Service Pensions*		Disability Pensions		Survivor Benefits*		Total	
	Count	Total Monthly Annuities	Count	Total Monthly Annuities	Count	Total Monthly Annuities	Count	Total Monthly Annuities
Police	539	$2,542,727	73	$158,594	113	$71,677	725	$2,772,998
Firefighters	382	1,974,008	122	335,153	132	94,555	636	2,403,716
Board of Ed.	621	973,841	22	12,092	68	15,777	711	1,001,710
Municipal Svcs.	766	2,248,214	9	7,706	108	42,780	883	2,298,700
Library	81	163,969	2	1,867	5	930	88	166,766
Vested Deferred	218	260,163	--	--	--	--	218	260,163
TOTAL**	**2,389**	**$8,162,922**	**228**	**$515,412**	**426**	**$225,719**	**3,043**	**$8,904,053**

** 19 pensioners receiving benefits as retirees and as survivors are included in both groups.*

*** Additional monthly benefits for the July 1, 1987, July 1, 1990, July 1, 1997, July 1, 1999, July 1, 2001, July 1, 2005, and July 1, 2007 COLA's for the unfunded plans (PBF, FRF, and RAF) are also included in the total liabilities for MERF. Such participants are not included in the counts shown here.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Police

Participant Data				
	Active	**Terminated Vested**	**Pensioners**	**Total**
Total Participants 7/1/2015	**446**	**3**	**706**	**1,155**
Adjustments	-8	+2	0	-6
Retirements	-28	-2	+30	0
Disabilities	-2	0	+2	0
Terminations				
Vested	-4	+4	N/A	0
Non-vested	-5	N/A	N/A	-5
Deaths	0	0	-18	-18
New beneficiaries	N/A	0	+5	+5
Lump Sum Settlements	N/A	0	0	0
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	+12	N/A	N/A	+12
Total Participants 7/1/2016	**411**	**7**	**725**	**1,143**
Average Age				
7/1/2015	39.8			
7/1/2016	40.1			
Average Service				
7/1/2015	11.0			
7/1/2016	11.2			
Payroll**				
7/1/2015	$38,890,802			
7/1/2016	38,824,078			
Total monthly benefits*				
7/1/2015		$8,626	$2,588,893	
7/1/2016		13,879	2,772,998	

* *Excludes old plan COLA participants.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Firefighters

Participant Data				
	Active	**Terminated Vested**	**Pensioners**	**Total**
Total Participants 7/1/2015	**341**	**9**	**593**	**943**
Adjustments	0	0	0	0
Retirements	-44	-6	+50	0
Disabilities	-4	0	+4	0
Terminations				
Vested	-2	+2	N/A	0
Non-vested	0	N/A	N/A	0
Deaths	0	0	-20	-20
New beneficiaries	N/A	0	+9	+9
Lump Sum Settlements	N/A	-1	0	-1
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	+2	N/A	N/A	+2
Total Participants 7/1/2016	**293**	**4**	636	**933**
Average Age				
7/1/2015	40.8			
7/1/2016	40.1			
Average Service				
7/1/2015	13.2			
7/1/2016	12.3			
Payroll**				
7/1/2015	$31,355,468			
7/1/2016	29,905,435			
Total monthly benefits*				
7/1/2015		$47,443	$2,110,486	
7/1/2016		10,372	2,403,716	

* *Excludes old plan COLA participants.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Board of Education

Participant Data				
	Active	**Terminated Vested**	**Pensioners**	**Total**
Total Participants 7/1/2015	**1,096**	**94**	**704**	**1,894**
Adjustments	-9	+5	+1	-3
Retirements	-14	-15	+29	0
Disabilities	0	-1	+1	0
Terminations				
Vested	-32	+32	N/A	0
Non-vested	-91	N/A	N/A	-91
Deaths	-1	0	-31	-32
New beneficiaries	N/A	0	+7	+7
Lump Sum Settlements	N/A	-2	0	-2
Transfer group	0	0	0	0
Rehires	+1	-1	0	0
New entrants	+45	N/A	N/A	+45
Total Participants 7/1/2016	**995**	**112**	**711**	**1,818**
Average Age				
7/1/2015	46.6			
7/1/2016	47.6			
Average Service				
7/1/2015	9.9			
7/1/2016	10.9			
Payroll**				
7/1/2015	$50,347,161			
7/1/2016	48,002,256			
Total monthly benefits*				
7/1/2015		$103,442	$965,455	
7/1/2016		124,065	1,001,710	

* *Excludes old plan COLA participants.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Municipal Services

Participant Data				
	Active	**Terminated Vested**	**Pensioners**	**Total**
Total Participants 7/1/2015	**414**	**62**	**880**	**1,356**
Adjustments	+1	+5	0	+6
Retirements	-20	-3	+23	0
Disabilities	0	0	0	0
Terminations				
Vested	-25	+25	N/A	0
Non-vested	-27	N/A	N/A	-27
Deaths	-1	-1	-28	-30
New beneficiaries	N/A	0	+8	+8
Lump Sum Settlements	N/A	0	0	0
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	+38	N/A	N/A	+38
Total Participants 7/1/2016	**380**	**88**	**883**	**1,351**
Average Age				
7/1/2015	49.5			
7/1/2016	48.9			
Average Service				
7/1/2015	11.0			
7/1/2016	11.0			
Payroll**				
7/1/2015	$26,516,085			
7/1/2016	23,538,274			
Total monthly benefits*				
7/1/2015		$72,628	$2,290,485	
7/1/2016		107,361	2,298,700	

* *Excludes old plan COLA participants.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Library

Participant Data				
	Active	**Terminated Vested**	**Pensioners**	**Total**
Total Participants 7/1/2015	**73**	**5**	**83**	**161**
Adjustments	0	0	+1	+1
Retirements	-6	-1	+7	0
Disabilities	0	0	0	0
Terminations				
Vested	-3	+3	N/A	0
Non-vested	-6	N/A	N/A	-6
Deaths	0	0	-4	-4
New beneficiaries	N/A	0	+1	+1
Lump Sum Settlements	N/A	0	0	0
Transfer group	0	0	0	0
Rehires	0	0	0	0
New entrants	+12	N/A	N/A	+12
Total Participants 7/1/2016	**70**	**7**	**88**	**165**
Average Age				
7/1/2015	48.0			
7/1/2016	46.2			
Average Service				
7/1/2015	12.7			
7/1/2016	12.3			
Payroll**				
7/1/2015	$4,195,509			
7/1/2016	3,851,862			
Total monthly benefits*				
7/1/2015		$5,075	$156,690	
7/1/2016		4,486	166,766	

* *Excludes old plan COLA participants.*

Section II

Supporting Exhibits
(continued)

F. Membership Data

Data Reconciliation – Total

Participant Data				
	Active	**Terminated Vested**	**Pensioners**	**Total**
Total Participants 7/1/2015	**2,370**	**173**	**2,966**	**5,509**
Adjustments	-16	+12	+2	-2
Retirements	-112	-27	+139	0
Disabilities	-6	-1	+7	0
Terminations				
Vested	-66	+66	N/A	0
Non-vested	-129	N/A	N/A	-129
Deaths	-2	-1	-101	-104
New beneficiaries	N/A	0	+30	+30
Lump Sum Settlements	N/A	-3	0	-3
Transfer group	0	0	0	0
Rehires	+1	-1	0	0
New entrants	+109	N/A	N/A	+109
Total Participants 7/1/2016	**2,149**	**218**	**3,043**	**5,410**
Payroll				
7/1/2015	$151,305,025			
7/1/2016	144,121,905			
Total monthly benefits*				
7/1/2015		$237,214	$8,112,009	
7/1/2016		260,163	8,643,890	

* *Excludes old plan COLA participants.*

Age, Service, Salary Information for City of Hartford MERF - Police

	Completed Years of Credited Service																			
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	8	43,632	4	50,567																	12	45,944
25 to 29	2	43,632	14	62,498	14	90,180	1	93,726													31	74,790
30 to 34	1	43,632	12	63,271	53	95,269	17	99,832	1	86,527											84	90,903
35 to 39			3	62,669	30	96,592	40	107,009	11	97,999	1	90,441									85	100,406
40 to 44	1	43,632	3	70,921	19	87,428	33	102,915	16	108,467	6	107,912									78	98,675
45 to 49			2	67,505	12	93,285	24	104,824	26	106,429	12	110,773	1	120,137							77	103,724
50 to 54			1	112,678	6	89,912	7	86,942	6	110,165	5	106,803	1	111,368	1	114,166					27	99,307
55 to 59			1	68,145	1	74,165	5	94,709	1	95,217	2	79,447	4	78,661							14	84,615
60 to 64									1	94,745	1	75,410			1	64,389					3	78,182
65 to 69																						
70 & over																						
All ages	12	43,632	40	63,828	135	93,361	127	102,876	62	105,131	27	105,019	6	91,025	2	89,278					411	94,462

Age, Service, Salary Information for City of Hartford MERF - Fire

	Completed Years of Credited Service																	
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25			1	66,407																	1	66,407
25 to 29			23	66,772	24	85,935															47	76,557
30 to 34			12	67,348	29	88,167	1	92,100													42	82,312
35 to 39			11	67,811	25	87,428	9	96,579	10	89,274											55	85,338
40 to 44			2	67,818	15	84,545	7	92,969	23	90,906	14	96,740	1	83,781							62	90,058
45 to 49			1	69,147	2	89,352	5	93,183	14	96,664	16	100,127	1	124,154			1	100,687			40	97,348
50 to 54			1	66,407	2	85,502	3	96,566	9	89,663	15	102,587	3	109,042	2	94,332					35	96,819
55 to 59					1	92,100	1	79,889	5	86,535	3	101,464					1	101,442			11	91,863
60 to 64																						
65 to 69																						
70 & over																						
All ages			51	67,205	98	86,887	26	94,138	61	91,418	48	99,991	5	107,012	2	94,332	2	101,064			293	87,686

Age, Service, Salary Information for City of Hartford MERF - Board of Education

	Completed Years of Credited Service																			
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	2	47,227	14	34,626																	16	36,201
25 to 29	9	38,454	52	38,047	3	55,127															64	38,905
30 to 34	5	45,423	48	43,323	16	40,493	12	38,197	1	33,633											82	42,030
35 to 39	3	58,629	30	45,053	41	50,027	25	44,118	11	38,050											110	46,331
40 to 44	9	51,488	29	44,165	27	54,554	24	64,124	25	44,291	5	47,423									119	51,265
45 to 49	7	37,616	45	43,857	22	58,013	25	40,700	35	54,699	14	47,913	6	41,859			1	84,247			155	48,073
50 to 54	4	35,034	29	41,239	26	55,591	25	54,277	41	51,097	14	49,948	13	52,088	1	55,808	1	29,669			154	49,969
55 to 59	1	50,995	15	44,350	25	50,299	23	50,136	26	38,483	17	43,836	8	56,780	4	52,454	2	54,234	1	91,124	122	47,018
60 to 64			14	34,888	10	51,908	20	47,283	24	44,345	16	52,316	7	40,066	6	59,813	3	48,851	2	38,448	102	46,248
65 to 69			6	41,971	9	51,412	12	43,167	9	51,922	5	54,245	7	52,343	2	62,696	1	36,236	3	39,627	54	48,481
70 & over			1	29,669	2	25,427	5	44,683	4	38,153	3	56,745	1	40,647					1	34,796	17	41,308
All ages	40	44,035	283	41,625	181	51,662	171	48,625	176	46,896	74	49,066	42	49,287	13	57,684	8	50,647	7	45,957	995	46,868

Age, Service, Salary Information for City of Hartford MERF - Municipal Services

	Completed Years of Credited Service																			
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25			9	28,778																	9	28,778
25 to 29	4	54,136	14	51,288	2	36,929															20	50,422
30 to 34	6	69,500	19	56,438	8	62,455	3	70,760													36	61,019
35 to 39	4	65,573	12	74,364	10	64,919	6	64,728	4	64,528	1	68,650									37	68,080
40 to 44	3	59,639	8	70,270	11	80,650	12	66,651	3	86,224			2	80,923							39	73,040
45 to 49	1	78,222	5	79,023	10	67,698	13	79,949	7	62,267	2	64,870	3	88,016			2	56,696			43	72,854
50 to 54	4	49,901	11	69,274	11	72,147	12	58,369	5	17,787	7	51,633	5	36,135	1	65,226	1	68,650	6	61,503	63	56,978
55 to 59	1	15,000	8	61,185	9	67,862	17	69,967	9	51,652	5	86,807	2	64,798	2	78,636	1	9,994			54	64,823
60 to 64	2	105,000	5	74,192	11	83,710	10	72,287	11	51,427	4	56,464	3	39,539	4	70,255					50	68,316
65 to 69	1	15,000	4	68,043	1	83,695	4	45,402	3	32,685	1	11,048					1	68,994	1	7,608	16	46,136
70 & over	2	67,169	2	35,565	1	15,000	4	28,250	1	11,048	2	10,998	1	11,048							13	29,043
All ages	28	61,676	97	60,420	74	70,415	81	66,014	43	50,727	22	56,943	16	54,115	7	71,931	5	52,206	7	53,804	380	62,066

Age, Service, Salary Information for City of Hartford MERF - Library

	Completed Years of Credited Service																	
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
Attained Age	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	2	42,411																			2	42,411
25 to 29	2	41,326	4	44,421																	6	43,390
30 to 34	2	55,778	2	65,421			1	43,975	1	40,758											6	54,522
35 to 39	1	70,799	5	68,083	1	56,427	2	43,975	1	43,975	1	46,613									11	57,810
40 to 44					1	41,437			1	46,724	1	40,758									3	42,973
45 to 49	2	116,638	1	56,427			4	54,284			1	43,975	3	50,087	1	48,504					12	62,465
50 to 54	2	43,797	3	78,657			2	58,999	2	87,289	2	54,459	3	42,903							14	60,983
55 to 59					3	65,920	2	44,328					1	44,814	2	52,824					8	54,610
60 to 64							1	42,679							1	50,784					2	46,731
65 to 69	1	60,024			1	52,195	1	40,758					2	72,567			1	40,758			6	56,478
70 & over																						
All ages	12	60,894	15	62,375	6	57,970	13	49,166	5	61,207	5	48,053	9	52,102	4	51,234	1	40,758			70	55,824

Age, Service, Salary Information for City of Hartford MERF - All Groups

Attained Age	Completed Years of Credited Service																			
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 and over		All years	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	12	44,028	28	36,159																	40	38,519
25 to 29	17	43,091	107	49,392	43	82,888	1	93,726													168	57,592
30 to 34	14	57,093	93	52,197	106	82,581	34	73,643	3	53,639											250	68,224
35 to 39	8	63,623	61	57,503	107	73,492	82	82,059	37	72,740	3	68,568									298	72,214
40 to 44	13	52,765	42	52,175	73	73,026	76	84,023	68	77,044	26	87,681	3	81,876							301	74,280
45 to 49	10	57,481	54	48,690	46	70,682	71	74,023	82	78,912	45	83,907	14	64,982	1	48,504	4	74,582			327	70,992
50 to 54	10	42,733	45	52,733	45	65,544	49	62,728	63	60,737	43	75,406	25	57,001	5	84,773	2	49,159	6	61,503	293	62,145
55 to 59	2	32,997	24	50,953	39	57,237	48	62,180	41	48,617	27	60,835	15	62,886	8	59,092	4	54,976	1	91,124	209	56,788
60 to 64	2	105,000	19	45,231	21	68,566	31	55,200	36	47,909	21	54,206	10	39,908	12	62,922	3	48,851	2	38,448	157	53,893
65 to 69	2	37,512	10	52,400	11	54,418	17	43,551	12	47,113	6	47,045	9	56,837	2	62,696	3	48,663	4	31,623	76	48,619
70 & over	2	67,169	3	33,600	3	21,951	9	37,380	5	32,732	5	38,446	2	25,847					1	34,796	30	35,993
All ages	92	51,550	486	50,524	494	72,974	418	71,326	347	65,809	176	72,494	78	57,513	28	65,199	16	56,818	14	49,880	2,149	64,526

Section II

Supporting Exhibits

(continued)

G. IRC Section 415(m) Valuation

The IRC Section 415(m) Fund* is an unfunded "excess benefit plan" to provide that portion of certain retirees' pension benefits that exceed the limits permitted under Section 415 of the Federal Internal Revenue Code (IRC).

		July 1, 2016	July 1, 2015
1.	Number of retirees and beneficiaries receiving benefits	9	9
2.	Annual benefits payable	$78,000	$79,000
3.	Present value of benefits	$315,000	$299,000

The “actives” are funded through MERF. The City provides contributions for the retirees’ benefits payable each year, as determined by the Pension Commission.

Actuarial Assumptions

The actuarial assumptions used in the 2016 Section 415(m) Fund valuation are as follows:

Mortality Basis

RP-2014, fully projected (projected to the year of decrement), with separate male & female tables and separate rates for annuitants and non-annuitants, with occupational adjustment. Mortality Improvement is based on the MP-2016 scale.

Mortality Improvement

Projected to date of decrement using Scale MP-2016 (generational mortality).

Termination

N/A.

Salary Scale

N/A.

Investment Return

7.50% per year, net of investment expenses. (Prior Valuation: 7.75%.)

Assumed Retirement age

Immediate as all are retired.

Increases in dollar limit on benefits under IRC Section 415

2.75% per year. (Prior Valuation: 3.0%.)

This assumption is based on long term historical inflation numbers. While near term averages have been lower, we do not believe this trend will continue indefinitely and expect that there will be a reversion to the long term average.

Benefits

Retiree pension amounts in excess of IRC Section 415 limits. Benefits which do not exceed such amounts are payable from the City’s MERF Plan. IRC Section 415 limits are assumed to increase annually and thus decrease the benefits payable from this Plan and increase the portion of the benefits payable from the City’s MERF Plan.

**Section 415(m) Fund adopted by the Court of Common Council on March 24, 1997.*

Section III

Actuarial Cost Methods and Assumptions

A. Actuarial Cost Methods

Asset Valuation Method – Actuarial Value of Assets

In order to smooth the year-to-year fluctuations in asset values, the asset values are adjusted by phasing in recognition of gains and losses over a five-year period. (Phase-in started July 1, 2003). Gains and losses are defined as the difference between the actual and the expected return on assets.

The July 1, 2009 valuation reflected a change in the asset valuation method from the use of a four-year smoothing period for gains and losses to the use of a five-year period. In the year of implementation of the change, the five-year smoothing methodology was retroactively applied to the gains and losses for previous years.

The assets held by the insurance companies include the funds on deposit for future purchase of annuities, as well as the reserves and contingency reserves for annuities already purchased which are subject to experience rating.

Actuarial Funding Method

The "Entry Age Normal Actuarial Cost Method" is used to determine plan liabilities. The Unfunded Actuarial Accrued Liability developed with the July 1, 2016 valuation is amortized over 25 years using a level dollar, closed period. Future gains and losses after July 1, 2016 are amortized over a 15 year level dollar, open period. (Prior: 25 years level dollar closed as of July 1, 2013.)

Since the MERF fund includes several classifications of members who have different provisions for benefits and contributions, it was necessary to apply this method by separate actuarial valuations for Police, Firefighters, Board of Education, Municipal Services, and Library participants.

Section III

Actuarial Cost Methods and Assumptions

(continued)

B. Actuarial Assumptions

The actuarial assumptions used in the 2016 MERF valuation are as follows:

Mortality Basis

RP-2014, fully projected (projected to the year of decrement), with separate male & female tables and separate rates for annuitants and non-annuitants, with occupational adjustment. Mortality Improvement is based on the MP-2016 scale.

Mortality Improvement

Pre and Post-retirement: Projected to date of decrement using Scale MP-2016 (generational mortality).

We have selected this mortality assumption and mortality improvement scale because it is based on the latest published pension mortality study released by the Society of Actuaries.

Termination

Police and Fire

Annual rates of termination are illustrated by the sample rates as follows:

Age	Police	Fire
20-24	4.50%	1.00%
25-29	3.25%	1.00%
30-34	2.50%	1.00%
35-39	2.00%	1.00%
40-44	1.25%	0.75%
45-49	0.75%	0.25%
50+	0.00%	0.00%

Bd of Ed

Annual rates of termination are illustrated by the sample rates as follows:

	Years of Service					
Age	<1	1	2	3	4	5+
20 -29	30.0%	30.0%	24.0%	22.5%	18.5%	14.5%
30 -39	23.0%	23.0%	18.0%	16.0%	12.5%	8.0%
40 -49	20.0%	20.0%	14.0%	13.0%	9.0%	7.0%
50 -54	18.0%	18.0%	11.0%	10.0%	7.0%	6.0%
55+	13.0%	13.0%	9.5%	8.0%	6.5%	5.5%

Section III

Actuarial Cost Methods and Assumptions

(continued)

Termination (cont.)

Munic. Svc. & Lib.

Annual rates of termination are illustrated as follows:

	Years of Service					
Age	**<1**	**1**	**2**	**3**	**4**	**5+**
20-29	29.00%	27.00%	25.00%	18.00%	15.00%	12.00%
30-39	22.00%	19.00%	16.00%	14.00%	12.00%	7.00%
40-49	16.50%	12.00%	9.00%	8.00%	7.00%	5.50%
50-54	10.00%	8.00%	7.00%	6.00%	5.00%	4.00%
55+	8.00%	7.00%	6.00%	5.00%	4.00%	3.50%

The actuarial assumption in regards to rates of termination shown above is based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2015.

Investment Return

7.50% per year, net of investment expenses.

This rate is supported by the City's target asset allocation and long term expected rates of return by asset class provided by the investment advisor.

Inflation

2.75%

This assumption is based on long term historical inflation numbers. While near term averages have been lower, we do not believe this trend will continue indefinitely and expect that there will be a reversion to the long term average.

Section III

Actuarial Cost Methods and Assumptions

(continued)

Salary Scale

2.75% for inflationary salary increases plus a percentage for promotion or merit increases as follows.

Yearly Rates of Increases for Promotion or Merit

Age	Police	Fire	Bd of Ed	Munic. Svc. & Lib.
25	5.25%	4.00%	3.50%	5.15%
30	4.35%	2.25%	3.00%	3.85%
35	2.79%	1.75%	2.50%	2.25%
40	1.76%	1.25%	1.50%	2.00%
45	1.35%	0.75%	1.00%	1.65%
50	1.10%	0.50%	0.75%	1.25%
55+	1.00%	0.50%	0.50%	1.00%

Salaries are adjusted for Board of Education groups by 2.75% per year and 0% for City groups for the period of each open contract, for one full fiscal year from the measurement date. Any wage increases negotiated beyond the valuation date have been reflected in our projections.*

* The following groups have future salary increases that have been negotiated and are reflected in this valuation:
  Firefighters
  Police
  Corridor Supervisors
  CHPEA

For Police, final average pay is loaded by a percentage for assumed private duty and overtime as follows: Pre-7/1/1999 hires: 43%; Post 7/1/1999 hires: 19% for employees remaining in the pre 2012 plan; 25% for employees moving to the 7/1/2012 plan.

The salary scale assumptions above are based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2015.

Assumed Retirement Age

Retirement Rates: Police

Service	Age <50	Age >50	Age >60
20	55.0%	32.5%	100.0%
21-24	30.0%	16.5%	100.0%
25-29	25.0%	12.5%	100.0%
30+	50.0%	50.0%	100.0%

100% retire at age 60, regardless of service; must be age 40 to retire.

Section III
Actuarial Cost Methods and Assumptions
(continued)

Assumed Retirement Age (cont.)

Retirement Rates: Fire

Years of Service		
Age	20-24	25-29
45-49	4.0%	7.5%
50-54	10.0%	25.0%
55-59	15.0%	40.0%
60-64	30.0%	50.0%
65+	100.0%	100.0%

100% retire at 30 years of service for all ages.

Retirement Rates: Board of Education

Age	Rate
55	8.0%
56-57	7.0%
58-61	9.0%
62-64	14.0%
65	35.0%
66-74	15.0%
75+	100.0%

Retirement Rates: Municipal Services and Library

Age	<20 yrs svc or over age 65	Service	+20 on yrs svc and under age 65
55	12.0%	20	17.5%
56-59	9.0%	21	20.0%
60-62	12.5%	22	15.0%
63-64	20.0%	23	12.5%
65	25.0%	26-27	16.0%
66-74	17.5%	28	17.0%
75	100.0%	29	12.0%
		30	25.0%
		31-34	15.0%
		35	100.0%

The actuarial assumption in regards to rates of retirement shown above is based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2015.

Section III

Actuarial Cost Methods and Assumptions

(continued)

Social Security

Future tax wage bases are developed by projecting the 2016 base of $118,500 forward at 4% per year.

Marital Status at Retirement

Non-Uniformed:

Males - 80% married, spouse 3 years younger.

Females - 60% married, spouse same age.

Uniformed: All - 80% married, spouse 2 years younger.

Disability

DP-85 Class 1 Male and Female Disability Incidence Rate Table increased 200% for Firefighter groups, 150% for Police and 10% for all other groups.

DP85 Class 1 Disability Incidence Table: Sample male and female rates

Age	Male	Female
15	0.021%	0.023%
20	0.029%	0.030%
25	0.038%	0.047%
30	0.048%	0.080%
35	0.069%	0.136%
40	0.117%	0.211%
45	0.202%	0.323%
50	0.358%	0.533%
55	0.722%	0.952%
60	1.256%	1.159%
65	1.753%	1.358%

The actuarial assumption in regards to disability rates shown above is based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2015.

Expenses other than Investment Expenses

An explicit dollar amount was included in the development of the normal cost equal to an estimate of expenses (other than investment expenses) for the upcoming year. The estimate was developed based on an average of actual expenses over the last four years. For the 2016 valuation, $2,564,350 was used. Estimated expenses were then allocated to the various groups by the actuarial accrued liability.

Section III

Actuarial Cost Methods and Assumptions

(continued)

Sick Exchange

Four years are exchanged by all actives if provision available. For Firefighters hired prior to July 1, 2003, six years are exchanged.

Military and Prior Service

Buy-backs: When a decision to buy-back service occurs, date of hire is adjusted accordingly.

Additional Liabilities

COLAs: Included in this valuation is the liability for the Cost of Living Adjustments (COLAs) effective July 1, 1987, July 1, 1990, July 1, 1997, July 1, 1999, July 1, 2001, July 1, 2005, and July 1, 2007 for both the MERF and the unfunded "Old Plans" (PBF, FRF, and RAF).

Local 566: Included in this valuation is the obligation for Local 566 (included merged Local 1303) members who transferred to State MERF B on August 1, 1988.

30-year amortization payments (split between the City administration and the pension fund) commenced August 1, 1988 for this obligation. As of July 1, 2016, the City payment will be $303,918 ($850,000 on a present value basis) and the pension fund payment will be $276,288 ($772,000 on a present value basis).

For a detailed description of the prior year assumptions and the impact of the changes on liability, see the July 1, 2010 to June 30, 2015 Experience Study report.

Section IV
Hartford MERF - Summary of Principal Provisions of Pension Plan
July 1, 2016

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Retirement Pensions:	Firefighters hired before July 1, 2003: 2.80% of Final Average Pay (rate of weekly pay immediately preceding retirement times 52, plus for firefighters who work a 42 hour week, holiday pay) multiplied by years of service up to 25 plus 2.0% for years over 25. Firefighters hired after June 30, 2003: 2.5% of Final Average Pay (rate of weekly pay immediately preceding retirement times 52, plus for firefighters who work a 42 hour week, holiday pay) multiplied by years of service up to 20 plus 2% of Final Average Pay for years of service over 20. Sworn Police Officers hired before July 1, 1999: 2.65% of Final Average Pay for highest 3 of last 5 years multiplied by years of service up to 20 plus 3% for year 21 plus a decreasing percentage for years over 21. Final Average Pay includes a provision for over-time and private duty pay. Sworn Police Officers hired after June 30, 1999 not opting into 2013 plan: 2.5% of Final Average Pay for highest 3 of last 5 years times years of service up to 20 plus 2% for years of service-over 20. Final Average Pay includes a provision for over-time and private duty pay. Sworn Police Officers hired after the July 1, 2013 and officers hired after June 30, 1999 opting into new Plan: 2.8% of final rate of pay times years of service up to 25 years plus 2.5% for years of service over 25. Final Average Pay includes a provision for over-time.	2% (2.5% for HFSHP, HSSSA and HESP) of Final Average Pay for highest 5 of last 10 years times years of service, with maximum benefit of 70% of Final Average Pay. Final Average Pay for HFSHP, HESP, HSSSA, and Local 2221, Hartford Federation of Paraprofessionals are based on highest 3 out of last 5 years. Benefit for Local 2221 is 2.5% of Final Average Pay multiplied by years of service up to 20 plus 2% of Final Average Pay for years of service over 20 (maximum of 10 years). Effective July 1, 2008 for Local 818, employees hired prior to March 1, 2007 will get 2.5% of Final Average Pay (for each year of service) and employees hired after March 1, 2007 will get 2.0%. Final Average Pay is the highest 3 of the 7 years. Maximum benefit is 70% of pay. Nonunion employees hired after September 30, 2010 no longer participate in the MERF.	For Library and MLA hired on or after July 1, 2006, HMEA hired after July 1, 2003, CHPEA hired after June 23, 2003, 2% of Final Average Pay for highest 2 of last 5 years times years of service with a maximum benefit of 70% of Final Average Pay. For Library with 5-year option, Final Average Pay is highest 5 of last 10 years. For CHPEA hired on or before June 23, 2003, MLA hired before July 1, 2006, and Non-bargaining, 2.5% of Final Average Pay for highest 2 of last 5 years times years of service. Maximum benefit of 70% of Final Average Pay for CHPEA, 80% for Non-bargaining and MLA. For Non-bargaining with 5-year option, Final Average Pay is highest 5 of last 10 years. For Non-bargaining municipal employees hired after January 1, 2011 and MLA employees hired after November 26, 2013, retirement benefit multiplier is reduced to 1.75%. For HMEA hired before July 1, 2003, 2.75% of Final Average Pay for highest 2 of last 5 years times years of service with a maximum benefit of 75% (was 70%) of Final Average Pay. For SCGA, 2% of Final Average Pay for highest 5 of last 10 years reduced by 1% of average Social Security covered earnings for all years included in computation of Social Security primary benefits. Maximum benefit of 100% of Final Average Pay.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Retirement Pensions:	Non-Sworn Police Officers: 2.5% of Final Average Pay for highest 3 of last 5 years times years of service, with maximum benefit of 80% of Final Average Pay. Sworn Police Officers have a maximum benefit of 70% of Final Average Pay. For Sworn Police Officers hired before July 1, 1999 and after July 1, 2013 or hired between July 1, 1999 and June 30, 2013 opting into 2013 plan, increase maximum benefit to 80% of Final Average Pay with sick exchange provision for pre July 1, 1999 hires only. Firefighters have a maximum benefit of 80% of Final Average Pay (85% with sick exchange if hired prior to July 1, 2003). Assistant Police Chief, Police Chief, Assistant Fire Chief and Fire Chief: Same as Non-Bargaining.		
Normal Form of Benefit:	For unmarried members: life annuity. For married members: surviving spouse benefit of 25% of member's final year's earnings, if non-service connected death, and 50% of member's final year's earnings, if service connected death. Minimum of 50% of pension benefit for firefighters for non-service connected death. For married Non-Sworn Police Officers: life annuity with 50% to survivor.	For unmarried members: life annuity. For married members: life annuity with 50% to survivor.	For unmarried members: life annuity. For married members: life annuity with 50% to survivor.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Normal Retirement Age and Service Requirement:	Firefighters and Sworn Police Officers hired before July 1, 1999: Full benefits after 20 years of continuous service. Sworn Police Officers hired after June 30, 1999: Full benefits after 25 years of continuous service. Sworn Police Officers hired after June 30, 2013, full benefits after 25 years of continuous service and age 55. Non-Sworn Police Officers: Full benefits after 20 years of service, or age 60 plus 5 years of continuous service, or after 15 years of service, if contributions are left in the MERF until would have had 20 years of service.	Age 60 plus 10 (5 for non-bargaining – was 10) years of service (continuous service for Local 2221). Members are also eligible at age 55 with 25 years of service. Local 818 employees hired prior to March 1, 2007 may retire after 20 years of service, regardless of age. For HSSSA, age 55 and 5 (was 10) years of service.	For SCGA and MLA hired on or after July 1, 2006, earlier of (1) age 60 plus 5 years of continuous service or (2) age 55 with 25 years of continuous service. For Non-bargaining and MLA hired prior to July 1, 2006, earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of service, or (3) after 20 years of service if participant leaves after 15 years of service and contributions are left in the MERF until would have had 20 years of service. For CHPEA, earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of aggregate service if hired on or before June 23, 2003, age 55 with 25 years of aggregate service if hired after June 23, 2003. For HMEA earlier of (1) age 60 plus 5 years of continuous service or (2) 20 years of continuous service if hired before July 1, 2003, age 55 with 25 years of continuous service if hired after July 1, 2003. For Library non-union, earlier of (1) age 60 plus 5 years of continuous service or (2) 25 years of continuous service. For Library union, (1) age 60 plus 10 years of continuous service or (2) 25 years of continuous service. For Non-bargaining municipal employees hired after January 1, 2011, earlier of age 55 with 20 years of service and age 62 with 5 years of service.

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Optional Early Retirement:	Sworn Police Officers: Age 50 with 10 years of continuous service, actuarially reduced for years prior to Normal Retirement Age. Non-Sworn Police Officers: Age 55 with 5 years of continuous service, reduced at 4% per whole year prior to age 60. Firefighters: Age 50 with 5 years of continuous service, actuarially reduced or reduced at 2% per year (prorated for fractional years) prior to Normal Retirement Age.	At age 55 with 10 years (5 years for HESP) of service (continuous service for Local 2221), reduced at 4% per whole year prior to age 60. For Local 818, reduction is adjusted for partial years.	For Library union, age 55 with 10 years of continuous service. For all others, age 55 with 5 years of continuous service. Benefit reduced at 4% per whole year prior to age 60 (prorate for partial years for HMEA and CHPEA). For SCG members, reduction is 2% per whole year and fraction of a year prior to age 60. For Non-bargaining municipal employees hired after January 1, 2011, early retirement reduction is 4% per year prior to age 62.
Vesting of Earned Deferred Pension:	Sworn Police Officers: After 10 years of continuous service. Firefighters and Non-Sworn Police Officers: After 5 years of continuous service.	After 10 years (5 years for HESP, HSSSA and non-bargaining) of continuous service. Payments begin no earlier than age 55. (Was 10 years for HSSSA and non-bargaining).	For Library union, 10 years of continuous service. For all others, 5 years of continuous service. Payments begin no earlier than age 55.
Benefits to Survivors: (Death of Active Member Prior to Retirement)	Surviving Spouse: 25% of final year's earnings (50% if service connected death), payable until death or remarriage. Minimum of 50% of pension benefit for Firefighters for non-service connected death. Surviving Child: $100 per month for first child, $50 for each additional child (10% of final year's earnings if service connected death, or 15% if no surviving spouse). Total benefit, including Worker's Compensation, cannot exceed 100% of current pay rate for Member's rank. Non-Sworn Police Officers: Same as General Government members.	Member must meet qualifications for vesting. Surviving Spouse: 50% of pension which Member is receiving or would be entitled to when retired, payments beginning no earlier than date of Member's 55th birthday. Surviving Spouse benefits are payable until death or remarriage.	

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Refund of Contributions upon Discontinuance of Employment or at Death (Non-Vested Members): (May be taken in lieu of earned deferred pension by vested members)	Refund of total contributions, without interest. Non-Sworn Police Officers: Same as General Government members.	Termination: Refund of total contributions, with 3% interest compounded annually. Death: Refund of total contributions with interest preretirement and without interest postretirement.	
Pensions for Permanent, Total Disability - Service Requirements:	5 years of continuous service, but no requirement if disability is service connected as defined in Worker's Compensation Act. Non-Sworn Police Officers: Same as General Government members.	10 years of continuous service, except no requirement if disability is service connected as defined in Worker's Compensation Act.	
Amount of Total Disability Pension: (Payable as long as total disability continues.)	Retirement Pension with minimum of 25% of "final average pay." If disability is service connected, the pension equals 100% of the Member's final annual pay less Worker's Compensation benefits. Non-Sworn Police Officers: Same as General Government members.	Retirement Pension using Final Average Pay for last 10 years. If disability is service connected, amount not less than 50% of Member's final annual pay at time of disability. Maximum benefit of 2/3 of 10-year Final Average Pay less Social Security benefit. Minimum benefit of $30 per month. All service connected disability benefits are offset by benefits payable by Worker's Compensation (exception: no offset for $30 minimum). If non service connected, same as above, but no 50% Final Average Pay minimum and minimum benefit equals $10 per month instead of $30 per month.	
Pensions for Permanent Partial Disability: (Where earnings capacity is reduced by at least 10%.)	Ten years of continuous service, but no service requirement if disability is service connected. Same as retirement pension with reduction for less than 15 years of service. If non-service connected, retirement pension, subject to a minimum equal to 25% of Final Average Pay. This minimum is reduced by earnings if less than 15 years of service at time of disability. If service connected, pension equals 50% of final annual pay (regular 20 year pension for Firefighters) if 15 years of service, with reductions for earnings if less than 15 years of service. If at least 20 years of service, pension equals retirement pension. Non-Sworn Police Officers: Same as General Government members.	10 years of continuous service, except no requirement if disability is service connected as defined in Worker's Compensation Act. Retirement Pension using Final Average Pay for last 10 years (with offset for Worker's Compensation benefits if service-related disability), subject to a minimum pension of $10 monthly (non-service connected), or $30 (service connected). If the disability is service connected, benefit not less than 50% of the reduction in earnings with offset for Worker's Compensation benefits. For service connected disability, the maximum benefit is 2/3 of 10 year final average pay less Worker's Compensation and Social Security benefits. For non-service connected disability, the maximum is 2/3 of 10 year final average pay less Social Security benefits, or 1-^{2}/3% of the reduction in income times years of service.	

PROVISIONS FOR:	POLICE OFFICERS AND FIREFIGHTERS	BOARD OF EDUCATION MEMBERS	MUNICIPAL SERVICES & LIBRARY MEMBERS
Member's Contribution Rate of Total Earnings: (City pays full balance of costs to fund MERF benefits; also Members and City pay taxes for those covered by Social Security.)	Firefighters and Sworn Police Officers hired before July 1, 1999: 8%. *Sworn Police Officers hired after June 30, 1999: 6.5%. If opt into 2013 plan, rate increases to 8.0%* *Sworn Police Officers hired after June 30, 2013, 9.5%* Non-Sworn Police Officers: 4% on earnings taxed for Social Security and 7% on excess. Sworn and Non-Sworn Police Officers hired prior to July 1, 2013 had the option to elect retiree health insurance. If such election was made, the employee contribution rate increases by 1.5%. Assistant Police Chief, Police Chief, Assistant Fire Chief and Fire Chief: Same as Non-Bargaining. Effective the pay period after the approval of the 2016-2020 Agreement, all Firefighters contribute 11% of gross wages.	4% on earnings taxed for Social Security and 7% on excess. For HESP, 9% and 12%, respectively. For HSSSA, 9.25% and 12.25%, respectively (was 8.75%/11.75%). For HFSHP 10.14% and 13.14%, respectively. For Non-bargaining 4.5% and 7.5%, respectively (was 4%/7%). For Local 818, 5.2% up to Social Security Wage Base and 8.2% of the excess. If hired on or after March 1, 2007, 7.1% and 10.1%, respectively.	For Non-bargaining, 6.5% on earnings taxed by Social Security and 9.5% on excess if 5 year Final Average Pay option elected (was 5%/8%). With 2 year option, 7.5% and 10.5%, respectively (was 6%/9). For Library, 4% on earnings taxed by Social Security and 7% on excess if 5 year Final Average Pay option elected. With 2 year option, 5% and 8%, respectively. For MLA, HMEA hired after July 1, 2003, and CHPEA hired after June 30, 2003, 5% on earnings taxed by Social Security and 8% on excess. For CHPEA hired on or before June 30, 2003, 6.5% and 9.5%, respectively. For HMEA hired before July 1, 2003, 7.8% on all earnings. For SCGA, 4% on earnings taxed by Social Security and 7% on excess (was 3%/6%).

Note 1 Any Member (other than a Police Officer or Firefighter) who was a Member before January 1, 1958 is guaranteed a minimum total benefit, including Social Security based on earnings from the City, equal to the pension the Member would have received under the terms of the MERF plan in existence prior to the enactment of the 1957 Special Act No. 347. Also, several active Members who transferred to MERF on or after July 1, 1968 from the City's Retirement Allowance Fund are entitled to a pension determined by the RAF provisions if it is greater than that based on the MERF provisions.

Note 2 Section 2-166 of the Municipal Code provides a minimum benefit of $155 monthly for all pensions granted by reason of service or for service-connected disability, and for joint annuitants under elected options, except members for whom Social Security taxes have been paid and anyone for whom more than half of the total pension is paid by the Metropolitan District.

Note 3 All members (other than SCG) may purchase up to 4 years of pension credit for military service. Pension credit is at the following rates of Final Average Pay per year purchased:

HMEA members hired before July 1, 2003	2.75%
Sworn Police Officers, Firefighters, CHPEA members hired on or before June 23, 2003, HFSHP, Local 818 hired prior to March 1, 2007, HSSSA, HESP, Non-bargaining (including Assistant Police Chief, Police Chief, Assistant Fire Chief, and Fire Chief), Non-Sworn Police Officers, and MLA hired prior to July 1, 2006	2.50%
Other (including CHPEA members hired after June 23, 2003, HMEA members hired prior to July 1, 2003, MLA hired on or after July 1, 2006, and Local 818 hired on or after March 1, 2007)	2.00%

Note 4 All members (other than Sworn Police Officers hired after July 1, 1999, all Board of Education members, CHPEA hired after June 23, 2003, HMEA hired on or after July 1, 2003, Library, SCG and MLA hired on or after July 1, 2006, Non-bargaining municipal members hired after January 1, 2011) may exchange accumulated sick leave upon retirement for up to 4 years (6 years for Firefighters hired prior to July 1, 2003) of pension service time. Additional pension service time may be purchased from accumulated sick leave at the rate of twenty days of accumulated sick leave for each year of pension service time.

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City of Miami

Fire Fighters' and Police Officers' Retirement Trust

October 1, 2016

Actuarial Valuation Report

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At the request of the plan sponsor, this report summarizes the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2016. The purpose of this report is to communicate the following results of the valuation:

- Determine Funded Status; and
- Determine Recommended Contribution for the fiscal year October 1, 2017 through September 30, 2018.

This report has been prepared in accordance with the applicable Federal and State laws. Consequently, it may not be appropriate for other purposes. Please contact Nyhart prior to disclosing this report to any other party or relying on its content for any purpose other than that explained above. Failure to do so may result in misrepresentation or misinterpretation of this report.

The results in this report were prepared using information provided to us by other parties. The census information has been provided to us by the plan administrator. Asset information has been provided to us by the plan administrator. We have reviewed the provided data for reasonableness when compared to prior information provided, but have not audited the data. Where relevant data may be missing, we have made assumptions we believe to be reasonable. We are not aware of any significant issues with and have relied on the data provided. Any errors in the data provided may result in a different result than those provided in this report. A summary of the data used in the valuation is included in this report.

The actuarial assumptions and methods were chosen by the Board. In our opinion, all actuarial assumptions and methods are individually reasonable and in combination represent our best estimate of anticipated experience of the plan. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:

- plan experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic assumptions;
- increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and
- changes in plan provisions or applicable law.

We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement. This report has been prepared in accordance with generally accepted actuarial principles and practice.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

With respect to reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1), F.S., the actuarial disclosures required under this section were prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, meet the requirements of Section 112.664 (1), Florida Statutes, and Rule 60T-1.0035, Florida Administrative Code.

Neither Nyhart nor any of its employees have any relationship with the plan or its sponsor which could impair or appear to impair the objectivity of this report. To the extent that this report or any attachment concerns tax matters, it is not intended to be used and cannot be used by a taxpayer for the purpose of avoiding penalties that may be imposed by law.

The undersigned are compliant with the continuing education requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States and are available for any questions.

Nyhart

David D. Harris, ASA, EA, MAAA
Enrolled Actuary No. 14-5609

Heath W. Merlak, FSA, EA, MAAA
Enrolled Actuary No. 14-5967

May 4, 2017
Date

Copies of this Report are to be furnished to the Division of Retirement within 60 days of receipt from the actuary at the following addresses:

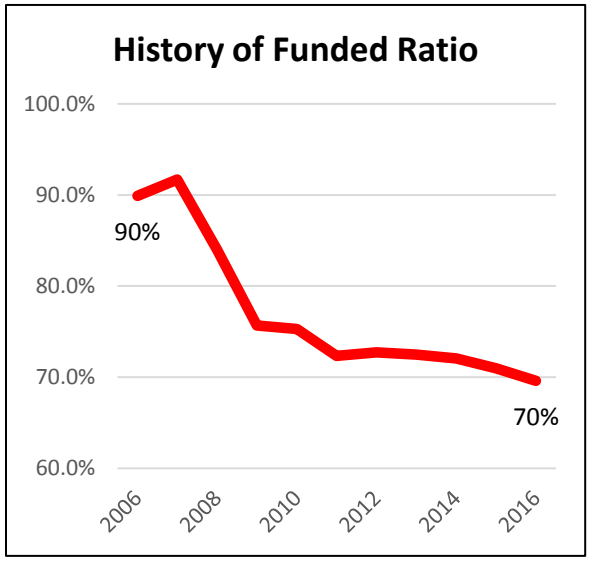
Ms. Sarah Carr
Benefits Administrator
Municipal Police Officers' &
Firefighters' Trust Funds
Division of Retirement
Post Office Box 3010
Tallahassee, FL 32315-3010

Mr. Keith Brinkman
Bureau Chief, Bureau of Local Retirement Systems
Florida Department of Management Services
Division of Retirement
Department of Management Services
P. O. Box 9000
Tallahassee, FL 32315-9000

Summary Results

The actuarial valuation's primary purpose is to produce a scorecard measure displaying the funding progress of the plan toward the ultimate goal of paying benefits at retirement. The accrued liability is based on an entry age level percentage of pay.

	October 1, 2015	October 1, 2016
Funded Status Measures		
Accrued Liability	$1,616,131,503	$1,654,140,143
Actuarial Value of Assets	1,147,334,950	1,150,653,520
Unfunded Accrued Liability	$468,796,553	$503,486,623
Funded Percentage (AVA)	71.0%	69.6%
Funded percentage (MVA)	67.5%	67.1%
Cost Measures		
Recommended Contribution For Next Fiscal Year	$47,102,220	$50,591,604
Recommended Contribution (as a percentage of payroll)	44.3%	38.0%
Asset Performance		
Market Value of Assets (MVA)	$1,090,944,360	$1,109,146,744
Actuarial Value of Assets (AVA)	$1,147,334,950	$1,150,653,520
Actuarial Value/Market Value	105.2%	103.7%
Participant Information		
Active Members	1,650	1,869
Terminated Vested Members	15	15
Retirees, Beneficiaries, and Disabled Members	1,952	2,014
DROP Participants	278	191
Total	3,895	4,089
Expected Payroll	$106,278,378	$133,083,231
Total Payroll	$133,966,173	$153,785,532



Changes Since Prior Valuation and Key Notes

The benefit for police officers who had not reached rule of 64 by 9/30/2010 increased to a 3.5% from 3.0% accrual for service over 15 years. Normal Retirement eligibility for police members who were not eligible for Rule of 64 on 9/30/2010 is changed to age 49 and 10 years of service along with Rule of 70 attainment.

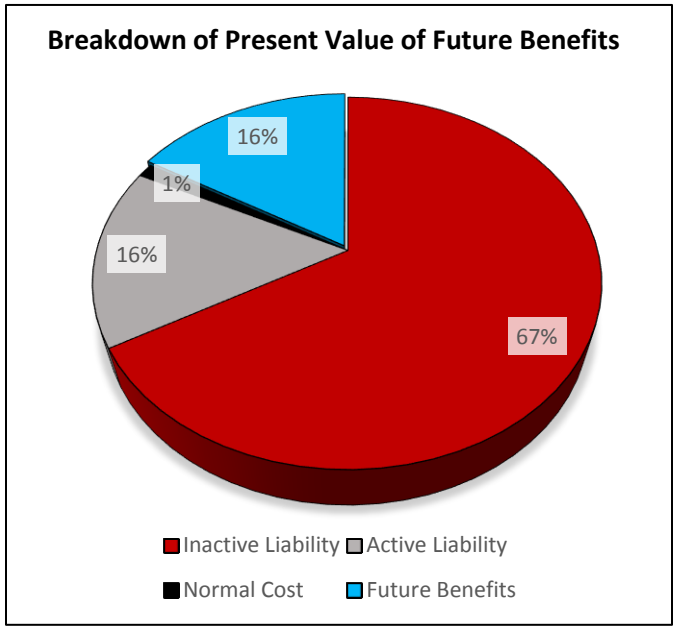
The mortality assumption was changed to match the Florida Retirement System's special-risk mortality assumption used to develop the 7/1/2015 Florida Retirement System Actuarial Valuation.

The administrative expense has increased to $2,086,709 from the prior year.

Present Value of Future Benefits

The Present Value of Future Benefits represents the current future benefits payable to the participant.

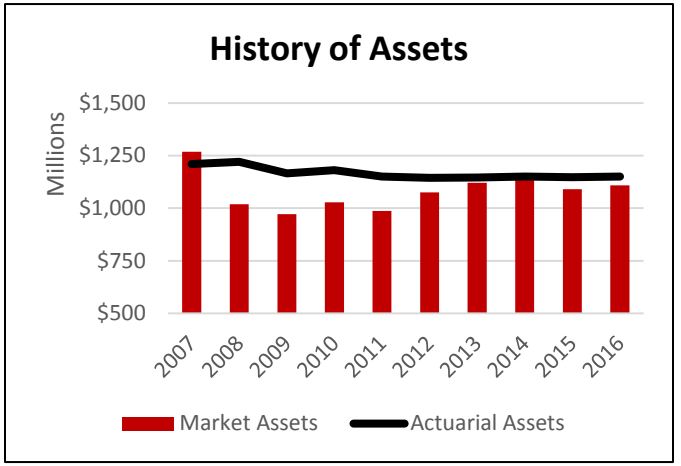
Present Value of Future Benefits	October 1, 2016
Active members	
Retirement	$531,124,441
Disability	70,880,719
Death	24,275,385
Termination	31,513,031
Refund of contributions	3,616,362
Total active	$661,409,938
Inactive members	
Retired members	$1,120,930,085
DROP members	156,155,292
Beneficiaries	32,336,943
Disabled members	28,355,157
Terminated vested members	2,905,971
Total inactive	$1,340,683,448
Total	$2,002,093,386
Present value of future payrolls	$2,016,178,212



Asset Information

The amount of assets backing the pension promise is the most significant driver of volatility and future costs within a pension plan. The investment performance of the assets directly offsets the ultimate cost.

	October 1, 2016
Market Value Reconciliation	
Market value of assets, beginning of prior year	$1,090,949,934
Employer contributions (incl. discounted accrued items)	42,747,818
Member contributions	12,082,805
Investment income, net expenses	90,869,162
Benefit payments and refunds	(125,313,793)
Administrative expenses	(2,029,168)
Other expenses	(160,014)
Market value of asset, beginning of current year	$1,109,146,744
Return on Market Value	8.4%
Actuarial value of assets	
Value at beginning of current year	$1,150,653,520



Asset Information (continued)

Plan Assets are used to develop funded percentages and contribution requirements.

	October 1, 2016
1. Expected actuarial value of assets	
(a) Actuarial value of assets – beginning of prior year	$1,147,334,950
(b) City Contributions	42,747,818
(c) Member Contributions	12,082,805
(d) Benefits payments and refunds	125,313,793
(e) Expected return	84,178,434
(f) Expected actuarial value of assets – beginning of current year	$1,161,030,214
2. Market value of assets – beginning of current year	$1,109,146,744
3. Present value of COLA transfers	
(a) Current year	$0
(b) Next year	0
(c) Total	$0
4. Market value net COLA transfer [(2)-(3)]	$1,109,146,744
5. Amount subject to phase in [(4)-(1f)]	$(51,883,470)
6. Phase in of asset gain loss [(5)x20%]	$(10,376,694)
7. Preliminary actuarial value of assets – beginning of current year [(1f)+(6)]	$1,150,653,520
8. 80% of Market value of assets	$887,317,395
9. 120% of Market value of assets	$1,330,976,093
10. Adjusted actuarial value of assets	$1,150,653,520
11. Contribution surplus account balance	$0
12. Final actuarial value of assets – beginning of current year [(10)-(11)]	$1,150,653,520
13. Return on actuarial value of assets	6.51%

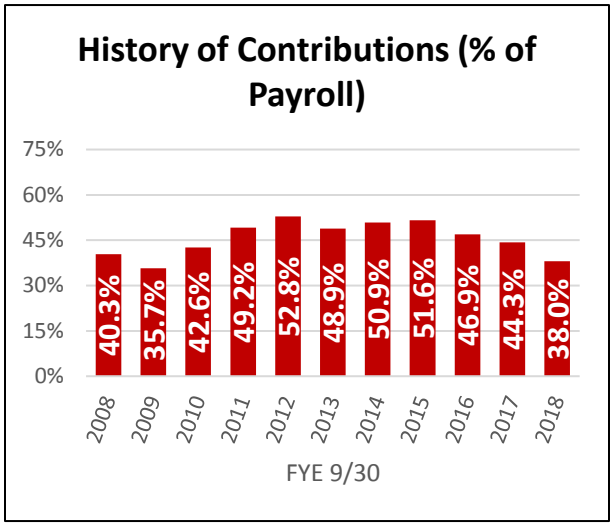
Reconciliation of Gain/Loss

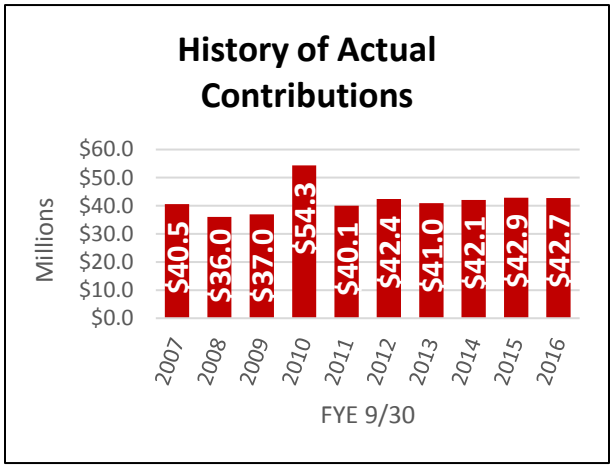
	October 1, 2016
Liability (gain)/loss	
Present value of future benefits	$1,899,835,287
Present value of employee contributions	(128,995,783)
Expected employee contribution	8,692,737
Benefit payments	(125,313,793)
Interest	127,475,334
Expected liability	$1,781,693,782
Plan changes	$17,831,166
Assumption change	$18,359,483
Expected after changes	$1,817,884,431
Actual liability	$1,832,548,453
Liability (gain)/loss	$14,664,022
Asset (gain)/loss	
Actuarial value of assets, beginning of prior year	$1,147,334,950
Contributions	54,830,623
Benefit payments and expenses	(125,313,793)
Expected Investment return	84,178,434
Expected actuarial value of assets, beginning of current year	$1,161,030,214
Actual actuarial value of assets, beginning of current year	$1,150,653,520
Asset (gain)/loss	$10,376,694
Total (gain)/loss	$25,040,716

Development of Recommended Contribution

The actuarial determined contribution is the annual amount necessary to fund the plan according to funding policies and/or applicable laws.

	October 1, 2016
1. Present value of future benefits	$2,002,093,386
2. Actuarial value of assets	1,150,653,520
3. Present value of future member contributions	169,544,933
4. Present value of future normal Cost [(1)-(2)-(3)]	$681,894,933
5. Present value of future payroll	$2,016,178,212
6. Normal cost accrual rate [(4)/(5)]	33.82%
7. Administrative expenses	$2,086,709
8. Expected payroll	$133,083,231
9. Applicable interest	7.42%
10. Normal cost [(6)x(8)+(7)]	$47,097,006
11. Interest to estimated payment date	$3,494,598
12. Total recommended contribution as of end of year [(10)+(11)]	$50,591,604
13. As a percentage of expected payroll	38.02%
14. As a percentage of total payroll	32.90%





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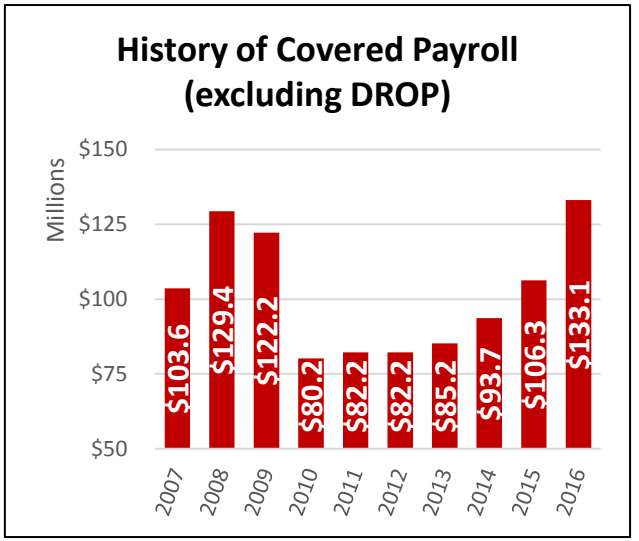
Demographic Information

The foundation of a reliable actuarial report is the member information provided by the plan sponsor. Monitoring trends in demographic information is crucial for long-term pension planning.

	October 1, 2016
Member Counts	
Active Members	1,869
Retired Members	1,607
Beneficiaries	264
Disabled Members	143
Terminated Vested Members	15
DROP Members	191
Total	4,089
Active Participant Demographics	
Average Age	35.75
Average Service	8.73
Average Compensation	$71,206
Covered Payroll	$133,083,231
Total Payroll	$153,785,532



Demographic Information (continued)

	October 1, 2016
Retired Member Statistics	
Average Age	64.96
Average Monthly Benefit	$5,437
Beneficiary Statistics	
Average Age	76.24
Average Monthly Benefit	$1,142
Disabled Member Statistics	
Average Age	71.22
Average Monthly Benefit	$1,873
Terminated Member Statistics	
Average Age	42.60
Average Monthly Benefit	$2,240
DROP Member Statistics	
Average Age	52.27
Average Monthly Benefit	$5,647
Payroll	$20,702,301

Participant Reconciliation

	Active	Terminated Vested	Disabled	Retired	Beneficiaries	Totals
Prior Year	1,650	15	147	1,824	259	3,895
Active						
To Terminated Vested						0
To Retired	(5)			5		0
To Refund	(40)					(40)
To Death	(2)					(2)
Terminated Vested						
To Retired						0
Disabled						
To Death			(4)			(4)
Retired						
To Death				(31)		(31)
Survivor						
To Death					(19)	(19)
Additions	266				24	290
Current Year	1,869	15	143	1,798	264	4,089

Active Participant Schedule

Active participant information grouped based on age and service.

Age Group	Years of Service										Total	Average Pay
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up		
Under 25	86	81	1								168	$49,458
25 to 29	100	249	30	2							381	55,265
30 to 34	46	152	157	74	1						430	66,269
35 to 39	10	40	86	104	53						293	77,595
40 to 44	4	16	42	68	106	45	3				284	84,129
45 to 49	2	4	26	36	85	49	14				216	90,214
50 to 54		3	11	12	24	16	13	2			81	92,689
55 to 59				2	1	3	3	1			11	106,175
60 to 64				1	1	1	2				5	86,539
65 to 69											0	0
70 & up											0	0
Total	248	545	354	299	271	114	35	3	0	0	1,869	$71,206

Plan Status

January 1, 1940, as restated effective May 23, 1985, and amended through the valuation date.

Eligibility for Participation

Police officers and fire fighters.

Accrual of Benefits

The accrued benefit is determined as follows:

For Police Officers who have reached Rule of 64 by 9/30/2010:
3% of Average Final Compensation for the first 15 years of Creditable Service plus 3.5% of Average Final Compensation after 15 years. Maximum of 100% of Average Final Compensation.

For all other Police Officers:
3% of Average Final Compensation for the first 15 years of Creditable Service plus 3.5% of Average Final Compensation after 15 years. Maximum of 100% of Average Final Compensation and the final benefit may not exceed the larger of the 9/30/2010 accrued benefit and $100,000.

For Firefighters who have reached Rule of 64 by 9/30/2009 or Rule of 68 by 9/30/2010:
3% of Average Final Compensation for the first 15 years of Creditable Service plus 3.5% of Average Final Compensation after 15 years. Maximum of 100% of Average Final Compensation.

For all other Fire Fighters:
3% of Average Final Compensation for the first 15 years of Creditable Service plus 3.5% of Average Final Compensation after 15 years. Maximum of 100% of Average Final Compensation and the final benefit may not exceed the larger of the 9/30/2010 accrued benefit and $100,000.

Benefits

Normal Retirement

Eligibility	Age plus Creditable Service equal to 64 (Rule of 64) on 9/30/2010 for police officers active 9/30/2010 and firefighters active 9/30/2009. Age plus Creditable Service equal to 68 (Rule of 68) on 9/30/2010 for fire fighters active 9/30/2010 and not eligible for Rule of 64 at 9/30/2009. Age plus Creditable Service equal to 70 (Rule of 70) with attainment of age 50 for Firefighters and age 49 for Police Officers and 10 years of Creditable Service for all members hired on or after 10/1/2010 and police officers and fire fighters who were not eligible for the Rule of 64 or the Rule of 68 on the specified dates above.
Benefit	Unreduced Accrued Benefit payable immediately.

Early Retirement

Eligibility	Completion of 20 years of Creditable Service.
Benefit	Accrued Benefit adjusted with actuarial equivalence for early commencement.

Late Retirement

Eligibility	Participation continues after normal retirement date.
Benefit	Accrued Benefit

Ordinary Death before Retirement

Eligibility	Participant with 3 years of Creditable Service who dies off duty.
Benefit	Between 3 and 10 years of Creditable Service: Lump sum benefit equal to 50% of Compensation received in year preceding death. After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement: Accrued benefit, deferred to earlier of police officer member's 49th and firefighter member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferred period or 10 years' certain period. If eligible for Service, Early Service, or Rule of 64 retirement, considered to have retired on the date of death. Surviving spouse would receive 40% of the member's monthly retirement allowance.

Accidental Death before Retirement

Eligibility	Member who dies during performance of duties.
Benefit	Pension of 50% of Average Final Compensation to spouse until death or remarriage. If there is no spouse, or if spouse dies or remarries before youngest child is 18, payable to child until attainment of age 18. If no spouse or no children under 18, benefit is payable to dependent parents. After 10 years of Creditable Service - Beneficiary receives benefit otherwise payable to member at early or normal retirement for a period of 10 years.

Termination Benefit

Eligibility	Fully vested after completion of 10 years of Creditable Service.
Benefit	Accrued Benefit payable at the member's Early or Normal Retirement Date. If the member terminates prior to 10 years of Creditable Service a refund of accumulated contributions with interest will be issued.

Ordinary Disability Benefit

Eligibility	Completion of 10 years of Creditable Service.
Benefit	90% of benefit rate times Average Final Compensation times Creditable Service, with a minimum benefit of 30% of Average Final Compensation. The normal form is a 10 year certain and life normal form.

Accidental Disability Benefit

Eligibility	Immediately upon permanent disability
Benefit	66 2/3% of Average Final Compensation, or 66 2/3% of Final Compensation, whichever is greater. The normal form is a 40% joint & survivor annuity, with a minimum of 10 years' certain and life.

Compensation

Earnable Compensation
An employee's base salary, including pick-up contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death-in-family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.

Average Final Compensation
For members who retire or terminate employment with ten or more years of creditable service prior to 10/1/2010: the annual earnable compensation of a member during either the last one year or the highest year of membership service, whichever is greater.

For members who retire on or after 10/1/2010: the Average Final Compensation shall mean the average of the highest 5 years of service, to be phased in effective 9/30/2010 over the next 4 years as follows:

For members who retire between 10/1/2010 and 9/30/2011: the average of the highest 2 years of membership service

For members who retire between 10/1/2011 and 9/30/2012: the average of the highest 3 years of membership service

For members who retire between 10/1/2012 and 9/30/2013: the average of the highest 4 years of membership service

For members who retire on or after 10/1/2013: the average of the highest 5 years of membership service.

Provided, in no event shall the Average Final Compensation of any member who was employed as a police officer or fire fighter on 9/30/2010 and retires on or after 10/1/2010, be less than the highest year of membership service prior to 9/30/2010.

Creditable Service

For Vesting and Benefit Accrual
Service credited under Retirement System; military service (maximum of four years) during wartime for which Member makes contributions; maternity leave (maximum of 180 days for each leave) for which Member makes contributions; up to 5 years, without member contributions, if member was an employee before period of military service.

Accumulated leave balances may be transferred into system immediately prior to retirement to purchase up to 3 whole years of additional Creditable Service, on an actuarially equivalent basis.

457 balances of Firefighters may be transferred into System at retirement to purchase up to 3 whole years of additional Creditable Service for multiplier purposes.

Member Contributions

Police Officers:	7% (10% if hired on or after 10/1/2012)
Fire Fighters:	10%

DROP

Eligibility	Election must be made within 10 years after eligibility for normal retirement. Members eligible for forward DROP as of 1/1/2013 or vested as of 1/1/2010 remain eligible for forward DROP.
Benefit	Effective 1/1/2013 members may elect the BackDROP option (maximum of 7 years). Members receive a monthly benefit based on an earlier retirement date and a lump sum of past payments compounded at 3%/year.

COLA

Eligibility	Participant or Beneficiary
Benefit	Amount varies annually with the adjustment on January 1

Payment Forms

Normal Form
For Police Officers who have reached Rule of 64 by 9/30/2010 or Fire Fighters who reached Rule of 64 by 9/30/2009: Joint and 40% Contingent Survivor with a minimum 10 years Certain and Life

For Fire Fighters who have reached Rule of 68 by 9/30/2010: Joint and 40% Contingent Survivor with a minimum of 10 years Certain and Life

For all others:

Benefits based on service prior to 10/1/2010: Joint and 40% Contingent Survivor with minimum of 10 years Certain and Life

Benefits based on service after 9/30/2010: 10 years Certain and Life

Optional Forms
Option 1 – Cash refund annuity based on Present Value at retirement
Option 2 – Joint and 100% Contingent Annuity
Option 3 – Joint and 50% Contingent Annuity
Option 4 – Joint and Contingent Annuity approved by the Board
Option 5 – Determined by Board due to incapacity of member
Option 6 – Withdrawal of member contributions with interest and benefit that is ½ of normal level

Plan Provision Not Included

The COLA benefits and liabilities are not included in this report; these benefits are reported in a separate COLA report dated December 7, 2016. We are not aware of any other provisions not included in this report.

Adjustments Made for Subsequent Events

We are not aware of any event following the measurement date and prior to the date of this report that would materially impact the results.

Pension Stabilization Fund

Beginning October 1, 2008, any time the city's contributions to normal cost fall below 37% of valuation payroll, the difference will be deposited into the Pension Stabilization Fund to be used in subsequent years when the city's required contributions exceed 37%. No payment to this trust is required if the funded level of this trust exceeds 10% of the actuarial value of assets of the retirement system.

Changes Since Prior Report

The benefit for police officers who had not reached rule of 64 by 9/30/2010 increased to a 3.5% from a 3% accrual for service over 15 years. Normal retirement eligibility for police members who were not eligible for Rule of 64 on 9/30/2010 is changed to age 49 and 10 years of service along with Rule of 70 attainment.

Cost Method (CO)

Aggregate Cost Method

Asset Valuation Method (CO)

20% Write-Up Method: Expected actuarial value of assets, adjusted by 20% of the difference between expected actuarial value and actual market value (net of pending transfers to the COLA Fund).

The result cannot be greater than 120% of market value or less than 80% of market value (net of pending COLA transfers).

Interest Rates (CO)

7.42% net of investment expenses

Annual Pay Increases (FE)

3.25% inflation and 1.5% for promotions and other increases plus salary merit scale below.

Service	Police	Fire
0-6	5.0%	5.0%
7	2.5%	5.0%
8-9	5.0%	5.0%
10-14	1.0%	0.0%
15-16	1.25%	2.5%
17-21	1.0%	1.0%
22+	0.0%	0.0%

There is no additional increase at retirement.

Expense and/or Contingency Loading (FE)

$2,086,709

Mortality Rates (CO)

Healthy — Florida Retirement System special risk mortality projected with scale BB generationally
Disabled — Florida Retirement System disabled mortality projected with scale BB generationally

100% of the assumed deaths are expected to be ordinary deaths

Retirement Rates (FE)

If eligible for Retirement, the following decrements apply, based on service.

Years of Service	Police %	Fire %
<20	0	0
20	10	10
21-24	3	3
25-29	40	5
30-34	50	25
35	100	25
36		25
37		100

All Members are assumed to elect a 5-year BackDROP when they reach five years following first retirement eligibility.

Disability Rates (FE)

100% of the disabilities are expected to be accidental with the following probabilities. No recovery is assumed.

Age	Rates
35	0.285%
40	0.390%
45	0.800%
50	1.210%

Withdrawal Rates (FE)

Based on Years of Creditable Service using the rates below

Age	<5	5+
30	2.40%	1.92%
35	2.40%	1.92%
40	1.80%	1.44%
45	1.20%	0.96%
50	0.00%	0.00%

Marital Status and Ages

100% of Members are assumed to be married. Female spouses assumed to be 3 years younger than male spouses.

Compensated Absence Balance Transfers

No liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.

Withdrawal of Employee Contributions	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
COLA	COLA benefits are assumed to increase as indicated in the COLA table; these are documented in a separate COLA report. No increase to the table is assumed to occur.
Changes Since Prior Report	The administrative expense increased to $2,086,709. The mortality assumption was updated to match the Florida Retirement System mortality assumption used in the July 1, 2015 FRS Actuarial Valuation.

FE indicates an assumption representing an estimate of future experience.
MO indicates an assumption representing an observation of estimates inherit to market data.
CO indicates an assumption representing a combination of an estimate of future experience and observations of market data.

The actuarial report also shows the necessary items required for plan reporting and the any state requirements.

- ✓ Market Value Reconciliation
- ✓ Membership and Benefits Cost-Of-Living Adjustment Account Summary
- ✓ Investment Results
- ✓ Florida State Requirements
  - Comparative Summary of Principal Valuation Results
  - Separation for Police & Fire
  - Comparison of payroll growth, salary increases and investment returns
  - Requirements under Florida Statute 112.664 and F.A.C. 60T-1.0035

Market Value Reconciliation

The amount of assets backing the pension promise is the most significant driver of volatility and future costs within a pension plan. The investment performance of the assets directly offsets the ultimate cost.

September 30, 2016

		Membership and Benefits Accounts	COLA I Account	COLA II Account
1.	Market value – beginning of prior year	$1,090,949,934	$58,704,997	$322,735,565
2.	Book value – beginning of prior year	$1,005,082,463	$54,083,337	$297,327,609
3.	Income			
	(a) City contributions	$42,747,818	$0	$5,924,797
	(b) Member contributions	12,082,805	0	0
	(c) Other contributions	0	0	0
	(d) Interest and dividends	20,454,896	926,564	4,982,081
	(e) Net realized gains (losses)	24,626,040	1,132,923	5,998,492
	(f) Securities lending income	508,249	23,016	123,887
	(g) Rental and other income	256,145	11,800	62,666
	(h) Income transfer	0	0	0
	(i) Total	$100,675,953	$2,094,303	$17,091,923
4.	Disbursements			
	(a) Benefit payments and refunds	$125,313,793	$148,647	$24,195,678
	(b) Custodial and investment expenses	4,452,336	201,308	1,084,778
	(c) Administrative expense	2,029,168	0	0
	(d) Other expense	0	0	0
	(e) Securities lending fees	126,960	5,749	30,947
	(f) Building depreciation	33,054	1,556	8,115
	(g) Total	$131,955,311	$357,260	$25,319,518
5.	Book value – beginning of current year [(2)+(3i)-(4g)]	$973,803,105	$55,820,380	$289,100,014
6.	Net change in unrealized gains (losses)	$49,476,168	$3,136,513	$14,772,495
7.	Unrealized gains (losses)	$135,343,639	$7,758,173	$40,180,451
8.	Market value – beginning of current year [(1)+(3i)-(4g)+6]	$1,109,146,744	$63,578,553	$329,280,465
9.	Current year allocation to COLA II (discounted)	$0	N/A	$0
10.	Net market value – beginning of current year	$1,109,146,744	$63,578,553	$329,280,465

Membership and Benefits Cost-Of-Living Adjustment Account Summary

		September 30, 2016	
		Market	Book
1.	Investments		
	(a) Bill, bonds, notes	$462,528,174	$449,808,326
	(b) Domestic stocks	366,888,111	280,932,014
	(c) International stocks	196,875,984	167,884,174
	(d) Private equity	138,484,218	128,438,057
	(e) Money market fund and time deposit	12,658,011	13,007,125
	(f) Mutual fund	259,649,195	213,731,734
	(g) Real estate	1,829,010	1,829,010
	(h) Securities lending adjustment	0	0
	(i) Total investment	$1,438,912,703	$1,255,630,440
2.	Cash	$61,257,643	$61,257,643
3.	Receivables		
	(a) City contributions	$0	$0
	(b) Member contributions	5,768	5,768
	(c) Accounts receivable	0	0
	(d) Accrued interest and dividend	3,299,182	3,299,182
	(e) Securities sold	12,299,282	12,299,282
	(f) Total receivables	$15,604,232	$15,604,232
4.	Payables:		
	(a) Budget advance	$0	$0
	(b) Accrual expense	255,594	255,594
	(c) Transfer	0	0
	(d) Tax withheld	1,773	1,773
	(e) Accounts payable	7,276,547	7,276,547
	(f) Securities purchased	6,234,902	6,234,902
	(g) Total payables	$13,768,816	$13,768,816
5.	Total [(1i)+(2)+(3f)-(4g)]	$1,502,005,762	$1,318,723,499
6.	COLA I account	$63,578,553	$55,820,380
7.	COLA II account	$329,280,465	$289,100,014
8.	Current year COLA II transfer	$0	$0
9.	Membership & benefits account [(5)-(6)-(7)-(8)]	$1,109,146,744	$973,803,105

Investment Results - Membership and Benefits Accounts

September 30, 2016

	Dollar Return	Market Return	Book Return
Interest	$11,205,501	1.0%	1.2%
Dividends	9,249,395	0.9%	1.0%
Rental and other income, less depreciation	223,091	0.0%	0.0%
Realized gains	24,626,040	2.3%	2.5%
Securities lending (net)	381,289	0.0%	0.0%
Increase in unrealized gains	49,476,168	4.6%	N/A
Custodial and investment expenses	(4,452,336)	(0.4)%	(0.5)%
Total return on investment	$90,709,148	8.4%	4.2%

Investment Results – COLA I and II Accounts

September 30, 2016

COLA I Account

	Dollar Return	Market Return	Book Return
Interest	$507,040	0.9%	0.9%
Dividends	419,524	0.7%	0.8%
Rental and other income, less depreciation	10,244	0.0%	0.0%
Realized gains	1,132,923	1.9%	2.1%
Securities lending (net)	17,267	0.0%	0.0%
Increase in unrealized gains	3,136,513	5.3%	N/A
Custodial and investment expenses	(201,308)	(0.3)%	(0.4)%
Total return on investment	$5,022,203	8.5%	3.4%

COLA II Account

	Dollar Return	Market Return	Book Return
Interest	$2,728,508	0.9%	0.9%
Dividends	2,253,573	0.7%	0.8%
Rental and other income, less depreciation	54,551	0.0%	0.0%
Realized gains	5,998,492	1.9%	2.1%
Securities lending (net)	92,940	0.0%	0.0%
Increase in unrealized gains	14,772,495	4.7%	N/A
Custodial and investment expenses	(1,084,778)	(0.3)%	(0.4)%
Total return on investment	$24,815,781	7.9%	3.4%

Information to Comply with Florida 60T–1.003(4)(i)

Comparative Summary of Principal Valuation Results

	10/1/016 7.42% (assumption & plan changes)	10/1/016 7.42% (plan changes)	10/1/2016 7.42% (prior methods & assumptions)	10/1/2015 7.42%
Participant Data				
Active members	1,869	1,869	1,869	1,650
Total annual payroll	$133,083,231	$133,083,231	$133,083,231	$106,278,378
Members in DROP	191	278	191	278
DROP Payroll	20,702,301	20,702,301	20,702,301	27,687,795
Projected total payroll	$153,785,532	$153,785,532	$153,785,532	$133,966,173
Retired members and beneficiaries	1,871	1,871	1,871	1,805
Total annualized benefit	$121,415,032	$121,415,032	$121,415,032	$121,842,316
Disabled members receiving benefits	143	143	143	147
Total annualized benefit	$3,214,574	$3,214,574	$3,214,574	$3,271,325
Terminated vested members	15	15	15	15
Total annualized benefit	$403,236	$403,236	$403,236	$403,236
Assets				
Actuarial value of assets	$1,150,653,520	$1,150,653,520	$1,150,653,520	$1,147,334,950
Market value of assets	$1,109,146,744	$1,109,146,744	$1,109,146,744	$1,090,944,360

Information to Comply with Florida 60T–1.003(4)(i)

Comparative Summary of Principal Valuation Results (continued)

	10/1/016 7.42% (assumption & plan changes)	10/1/016 7.42% (plan changes)	10/1/2016 7.42% (prior methods & assumptions)	10/1/2015 7.42%
Liabilities, present value of all future expected benefit payments				
Active members				
Retirement benefits	$531,124,441	$543,536,290	$525,352,834	$455,877,149
Vesting benefits	31,513,031	32,272,321	32,289,917	26,849,525
Disability benefits	70,880,719	69,805,182	71,183,875	56,071,742
Death benefits	24,275,385	9,296,380	9,433,988	8,046,397
Return of contribution	3,616,362	3,626,751	3,629,791	2,462,886
Total	$661,409,938	$658,536,924	$641,890,405	$549,307,699
Terminated vested members	$2,905,971	$2,918,944	$2,918,944	$2,715,494
Retired members and beneficiaries	$1,309,422,320	$1,298,669,350	$1,298,669,350	$1,319,774,303
Disabled members	$28,355,157	$27,132,912	$27,132,912	$28,037,791
Total	$2,002,093,386	$1,987,258,130	$1,970,611,611	$1,899,835,287
Liabilities due and unpaid	$0	$0	$0	$0
Actuarial accrued liability	N/A	N/A	N/A	N/A
Unfunded actuarial accrued liability	N/A	N/A	N/A	N/A

Information to Comply with Florida 60T–1.003(4)(i)

Comparative Summary of Principal Valuation Results (continued)

	10/1/016 7.42% (assumption & plan changes)	10/1/016 7.42% (plan changes)	10/1/2016 7.42% (prior methods & assumptions)	10/1/2015 7.42%
Actuarial present value of accrued benefits				
Statement of actuarial present value of all accrued benefits				
Vested accrued benefits				
Inactive members and beneficiaries	$1,340,683,448	$1,328,721,206	$1,328,721,206	$1,350,527,588
Active members	274,796,357	271,660,453	266,087,636	241,943,732
Total value of all vested accrued benefits	$1,615,479,805	$1,600,381,659	$1,594,808,842	$1,592,471,320
Non-vested accrued benefits	18,027,036	19,186,617	16,855,380	17,066,732
Total actuarial present value of all accrued benefits	$1,633,506,841	$1,619,568,276	$1,611,664,222	$1,609,538,052
Statement of changes in total actuarial present value of all accrued benefits (ASC 960)				
Actuarial present value of accrued benefits, beginning of year	$1,609,538,052	$1,609,538,052	$1,609,538,052	$1,589,617,624
Increase (decrease) during year				
Benefits accumulated	$12,578,198	$12,578,198	$12,578,198	$30,941,588
Plan amendment	7,904,054	7,904,054	0	1,779,692
Changes in actuarial assumptions	13,938,565	0	0	0
Interest	114,861,765	114,861,765	114,861,765	113,353,058
Benefits paid	(125,313,793)	(125,313,793)	(125,313,793)	(126,153,910)
Other changes	0	0	0	0
Net increase (decrease)	$23,968,789	$10,030,224	$2,126,170	$19,920,428
Actuarial present value of accrued benefits, end of year	$1,633,506,841	$1,619,568,276	$1,611,664,222	$1,609,538,052

Information to Comply with Florida 60T–1.003(4)(i)

Comparative Summary of Principal Valuation Results (continued)

	10/1/016 7.42% (assumption & plan changes)	10/1/016 7.42% (plan changes)	10/1/2016 7.42% (prior methods & assumptions)	10/1/2015 7.42%
Pension cost				
Normal Cost	$62,475,043	$60,270,032	$58,697,406	$56,329,666
Member contributions	$11,883,439	$11,883,439	$11,883,439	$9,227,446
Expected plan sponsor contribution	$50,591,604	$48,386,593	$46,813,967	$47,102,220
As % of payroll	38.02%	36.36%	35.18%	44.32%
As % of total payroll	32.90%	31.46%	30.44%	35.16%
Member Contributions as % of payroll	8.93%	8.93%	8.93%	8.68%
Past contributions	9/30/2016			9/30/2015
Required plan sponsor contribution	$42,747,818			$42,919,757
Required member contribution	$12,082,805			$9,317,231
Actual contributions made by:				
Plan's sponsor	$42,747,818			$42,919,757
Members	$12,082,805			$9,317,231
Other	$0			$0
Net actuarial gain (loss) (if applicable)	N/A	N/A	N/A	N/A
Other disclosures (where applicable)				
Present value of active member				
Future salaries at attained age	$2,016,178,212	$2,054,307,299	$2,069,587,840	$1,585,673,300
Future contributions at attained age	$169,544,933	$173,069,161	$174,253,808	$128,995,783

Information to Comply with Florida 60T–1.003(4)(i)

	Police	Fire	Total
Unfunded actuarial accrued liability	$0	$0	$0
Liabilities, present value of all future expected benefit payments			
Active members			
Retirement benefits	$317,686,662	$213,437,779	$531,124,441
Vesting benefits	16,943,000	14,570,031	31,513,031
Disability benefits	11,748,139	12,527,246	24,275,385
Death benefits	39,528,139	31,352,580	70,880,719
Return of contribution	2,106,804	1,509,558	3,616,362
Total	$388,012,744	$273,397,194	$661,409,938
Terminated vested members	$2,511,840	$394,131	$2,905,971
Retired members and beneficiaries	$719,495,473	$589,926,847	$1,309,422,320
Disabled members	$24,718,662	$3,636,495	$28,355,157
Total	$1,134,738,719	$867,354,667	$2,002,093,386
Entry age reserve			
Active	$179,348,997	$134,107,698	$313,456,695
Inactive	$746,725,975	$593,957,473	1,340,683,448
Total	$926,074,972	$728,065,171	$1,654,140,143
Actuarial asset value[1]	$644,196,582	$506,456,938	$1,150,653,520

[1]Allocated based on Entry Age Reserve

Information to Comply with Florida 60T–1.003(4)(i)

Hypothetical City Contribution Requirement for 2015/2016 Fiscal Year

	Police	Fire	Total
Normal cost			
Total present value of future benefits	$1,134,738,719	$867,354,667	$2,002,093,386
Present value of future member contributions	($80,288,895)	($89,256,038)	($169,544,933)
Actuarial asset value	($644,196,582)	($506,456,938)	($1,150,653,520)
Unfunded actuarial accrued liability	$0	$0	$0
Present value of future normal costs	$410,253,242	$271,641,691	$681,894,933
Present value of future payrolls	$1,043,239,107	$972,939,105	$2,016,178,212
Administrative expense[1]	$1,168,250	$918,459	$2,086,709
Current payroll	$71,235,597	$61,847,634	$133,083,231
Interest rate	7.42%	7.42%	7.42%
Current normal cost at end of year	$31,346,887	$19,535,545	$50,591,604
As a percentage of payroll	43.95%	31.59%	38.02%
Hypothetical Total			$50,882,432

[1]Allocated based on Entry Age Reserve

Information to Comply with Florida 60T–1.003(4) (i)

Historical Salary Increases and Asset Performance

Year Ending	Payroll Growth	Salary Growth	Expected Salary Growth	Asset Return (Market)	Asset Return (Actuarial)	Asset Return (Expected)
9/30/2016	25.22%	10.46%	7.85%	8.42%	6.51%	7.42%
9/30/2015	13.42%	12.60%	7.79%	2.80%	6.18%	7.42%
9/30/2014	10.00%	1.38%	7.72%	8.60%	7.18%	7.50%
9/30/2013	3.70%	3.64%	7.77%	11.20%	6.95%	7.50%
9/30/2012	0.10%	(0.75%)	7.92%	17.40%	5.98%	7.50%
9/30/2011	2.50%	7.14%	7.48%	3.60%	3.98%	7.50%
9/30/2010	(34.40%)	(9.33%)[1]	7.51%	9.80%	4.48%	7.75%
9/30/2009	(5.50%)	6.35%	7.26%	(0.30%)	(1.31%)	7.75%
9/30/2008	24.80%	18.20%	7.17%	(14.30%)	3.65%	7.75%
9/30/2007	14.70%	18.19%[1]	5.81%	14.20%	8.27%	7.75%
Averages						
3-year				6.57%	6.62%	
5-year				9.58%	6.56%	
10-year	5.45%			5.78%	5.15%	
20-year				7.56%	7.02%	

[1]Including impact of change in valuation pay definition

Information to Comply with Florida Statute 112.664 and Florida Administrative Code 60T-1.0035[1]

October 1, 2016

	Valuation	- 200 bp[2]	Funding Rate[2]	+ 200 bp[2]
	7.42%	5.42%	7.42%	9.42%
Total pension liability				
Service Cost	$19,679,702	$19,679,702	$19,679,702	$19,679,702
Interest	131,123,890	131,123,890	131,123,890	131,123,890
Benefit changes	11,004,231	11,004,231	11,004,231	11,004,231
Difference between expected and actual experience	(2,290,194)	(2,290,194)	(2,290,194)	(2,290,194)
Changes in assumptions	16,156,199	395,698,629	16,156,199	(255,212,073)
Benefit payments	(141,504,824)	(141,504,824)	(141,504,824)	(141,504,824)
Contribution refunds	(354,321)	(354,321)	(354,321)	(354,321)
Net change in pension liability	$33,814,683	$413,357,113	$33,814,683	($237,553,589)
Total pension liability, beginning of year	$1,818,418,199	$1,818,418,199	$1,818,418,199	$1,818,418,199
Total pension liability, end of year	$1,852,232,882	$2,231,775,312	$1,852,232,882	$1,580,864,610
Plan fiduciary net position				
Contributions - Employer	$42,747,818	$42,747,818	$42,747,818	$42,747,818
Contributions - State	12,082,805	12,082,805	12,082,805	12,082,805
Contributions - Member	0	0	0	0
Net investment income	102,731,865	102,731,865	102,731,865	102,731,865
Benefit payments	(141,504,824)	(141,504,824)	(141,504,824)	(141,504,824)
Contribution refunds	(354,321)	(354,321)	(354,321)	(354,321)
Administrative expense	(2,029,168)	(2,029,168)	(2,029,168)	(2,029,168)
Other	334,252	334,252	334,252	334,252
Net change in plan fiduciary net position	$14,008,427	$14,008,427	$14,008,427	$14,008,427
Plan fiduciary net position, beginning of year	$1,293,231,055	$1,293,231,055	$1,293,231,055	$1,293,231,055
Plan fiduciary net position, end of year	$1,307,239,482	$1,307,239,482	$1,307,239,482	$1,307,239,482
Net pension liability/(asset)	$544,993,400	$924,535,830	$544,993,400	$273,625,128
Funded ratio	70.58%	58.57%	70.58%	82.69%
Years that Assets support expected benefit payments	13	11	13	15
Estimated city contribution				
Annual dollar value	$50,591,604	$77,962,261	$50,591,604	$26,856,829
Percentage of payroll	38.02%	58.58%	38.02%	20.18%

[1]Includes DROP assets and liabilities
[2]Based on valuation assumption with the following changes
-interest rate (as noted)

Information to Comply with Florida Statute 112.664 and Florida Administrative Code 60T-1.0035[1]

October 1, 2016

Sustainment of Expected Benefit Payments

Mortality	Valuation
Interest	7.42%

Year	Market Value of Assets	Investment Return	Benefit Payments
1	$1,307,239,482	$85,194,159	$323,936,371[1]
2	1,068,497,270	74,721,065	125,189,575
3	1,018,028,760	70,991,187	124,781,035
4	964,238,912	66,988,346	125,100,355
5	906,126,903	62,626,604	126,467,976
6	842,285,531	57,798,618	128,964,275
7	771,119,874	52,440,988	131,081,357
8	692,479,505	46,448,790	135,392,525
9	603,535,770	39,747,512	138,182,415
10	505,100,867	32,382,989	139,847,042
11	397,636,814	24,356,214	141,300,065
12	280,692,963	15,631,526	142,602,449
13	153,722,040	6,089,486	145,917,776
14	13,893,750		150,775,489

[1]Benefit payments include the DROP balance at 9/30/2016

Information to Comply with Florida Statute 112.664 and Florida Administrative Code 60T-1.0035[1]

October 1, 2016

Sustainment of Expected Benefit Payments

Mortality	FRS Special Risk Generational with Scale BB
Interest	5.42%

Year	Market Value of Assets	Investment Return	Benefit Payments
1	$1,307,239,482	$62,189,537	$323,936,371[1]
2	1,045,492,648	53,317,829	125,189,575
3	973,620,902	49,433,306	124,781,035
4	898,273,173	45,340,920	125,100,355
5	818,513,738	40,981,385	126,467,976
6	733,027,147	36,281,254	128,964,275
7	640,344,126	31,201,219	131,081,357
8	540,463,988	25,672,424	135,392,525
9	430,743,887	19,650,986	138,182,415
10	312,212,458	13,182,067	139,847,042
11	185,547,483	6,277,968	141,300,065
12	50,525,386		142,602,449

[1]Benefit payments include the DROP balance at 9/30/2016

Information to Comply with Florida Statute 112.664 and Florida Administrative Code 60T-1.0035[1]

October 1, 2016

Sustainment of Expected Benefit Payments

Mortality	FRS Special Risk Generational with Scale BB
Interest	7.42%

Year	Market Value of Assets	Investment Return	Benefit Payments
1	$1,307,239,482	$85,194,159	$323,936,371[1]
2	1,068,497,270	74,721,065	125,189,575
3	1,018,028,760	70,991,187	124,781,035
4	964,238,912	66,988,346	125,100,355
5	906,126,903	62,626,604	126,467,976
6	842,285,531	57,798,618	128,964,275
7	771,119,874	52,440,988	131,081,357
8	692,479,505	46,448,790	135,392,525
9	603,535,770	39,747,512	138,182,415
10	505,100,867	32,382,989	139,847,042
11	397,636,814	24,356,214	141,300,065
12	280,692,963	15,631,526	142,602,449
13	153,722,040	6,089,486	145,917,776
14	13,893,750		150,775,489

[1]Benefit payments include the DROP balance at 9/30/2016

Information to Comply with Florida Statute 112.664 and Florida Administrative Code 60T-1.0035[1]

October 1, 2016

Sustainment of Expected Benefit Payments

Mortality	FRS Special Risk Generational with Scale BB
Interest	9.42%

Year	Market Value of Assets	Investment Return	Benefit Payments
1	$1,307,239,482	$108,227,879	$323,936,371[1]
2	1,091,530,990	97,058,472	125,189,575
3	1,063,399,887	94,427,332	124,781,035
4	1,033,046,184	91,553,311	125,100,355
5	999,499,140	88,330,214	126,467,976
6	961,361,378	84,622,707	128,964,275
7	917,019,810	80,348,260	131,081,357
8	866,286,713	75,370,716	135,392,525
9	806,264,904	69,588,215	138,182,415
10	737,670,704	63,050,001	139,847,042
11	660,873,663	55,748,823	141,300,065
12	575,322,421	47,629,934	142,602,449
13	480,349,906	38,530,885	145,917,776
14	372,963,015	28,191,390	150,775,489
15	250,378,916	16,420,430	155,630,763
16	111,168,583		158,986,340

[1]Benefit payments include the DROP balance at 9/30/2016

Employees' Retirement System of the County of Milwaukee

Actuarial Valuation Report

Plan Year January 1, 2016 – December 31, 2016

July 2016

Larry Langer
Principal and
Consulting Actuary

Buck Consultants, LLC.
123 North Wacker Drive
Suite 1000
Chicago, IL 60606

larry.langer@xerox.com
tel 312.846.3669
fax 312.846.3502

July 2016

The Retirement Board
Employees' Retirement System of the County of Milwaukee
901 N. 9th St.
Milwaukee, WI 53233

Certification of Actuarial Valuation

Ladies and Gentlemen:

This report presents the results of the annual actuarial valuation of the Employees' Retirement System of the County of Milwaukee as of January 1, 2016. The valuation takes into account all of the promised benefits to which members are entitled as of January 1, 2016, including pension and survivor benefits; and as required by the Retirement Code is the basis for the Budget Contribution for fiscal year 2016.

The valuation was based on the actuarial assumptions and methods as adopted by the Board of Trustees, including a valuation interest rate of 8% per annum compounded annually. Based on our recommendations in November 2012, the Board adopted revised actuarial assumptions effective with the January 1, 2013 valuation.

Use of this report for any other purpose may not be appropriate and may result in mistaken conclusions due to failure to understand applicable assumptions, methodologies, or inapplicability of the report for that purpose. Because of the risk of misinterpretation of actuarial results, you should ask Buck to review any statement you wish to make on the results contained in this report. Buck will not accept any liability for any such statement made without prior review by Buck.

Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the economic and demographic assumptions, changes expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions, applicable law or regulations. Because of limited scope, Buck performed no analysis of the potential range of such future differences.

In our opinion, the actuarial assumptions used are reasonable, taking into account the experience of the Plan and reasonable long-term expectations, and represent our best estimate of the anticipated long-term experience under the Plan. The actuary performs an analysis of Plan experience periodically and recommends changes if, in the opinion of the actuary, assumption changes are needed to more accurately reflect expected future experience. The Experience Study for the period January 1, 2007 to December 31, 2011 was prepared by Buck Consultants and approved by the Board for use beginning with the January 1, 2013 actuarial valuation and will remain in effect for valuation purposes until such time as the Board adopts revised assumptions. The next Experience Study will be based on the period from January 1, 2012 to December 31, 2016 and upon approval by the Board will be the basis of valuations performed from January 1, 2018 through January 1, 2022. A summary of the actuarial assumptions and methods used in this actuarial valuation are shown in Table 19.

Where presented, references to "funded ratio" and "unfunded accrued liability" typically are measured on an actuarial value of assets basis. It should be noted that the same measurements using market value of assets would result in different funded ratios and unfunded accrued liabilities. Moreover, the funded ratio presented is

appropriate for evaluating the need and level of future contributions but makes no assessment regarding the funded status of the plan if the plan were to settle (i.e. purchase annuities) for a portion or all of its liabilities.

Assets and Membership Data

The Retirement System reported the individual data for members of the System as of the valuation date to the actuary. For 2016 we received the data in multiple files. Missing information was updated with either supplemental information sent or by using assumptions based on the prior year's data. While we did not verify the data at their source, we did perform tests for internal consistency and reasonableness. The amount of assets in the trust fund taken into account in the valuation was based on statements prepared for us by the Retirement System.

Funding Adequacy

The 2015 valuation performed last year resulted in an Actual Funding Contribution of $57,853,824 against which $39,347,374 in County contributions and $9,690,685 in Member contributions (adjusted for interest as shown in Table 11) were actually contributed. The difference is a deficiency of $8,815,765 that is included in the increase of unfunded actuarial accrued liability amortization as of January 1, 2016.

The Actual Funding Contribution for 2016, based on the results of this valuation, is $63,067,396. It is expected that $59,436,000 ($59,436,000 in expected contribution plus $0 interest) will be contributed during 2016 on behalf of the 2016 plan year. The deficiency in contributions of $3,631,396 will be amortized over five years as of January 1, 2017.

Budget Contribution

The 2017 Budget Contribution, expected to be contributed in 2017, is $65,461,000.

Financial Results and Membership Data

Detailed summaries of the financial results of the valuation and membership data used in preparing the valuation are shown in the valuation report. The actuary prepared supporting schedules and required supplementary information included in the County of Milwaukee Annual Report of the Pension Board.

Compliance with Actuarial Standards of Practice

Except as specially noted otherwise, the work in this report was performed in accordance with all applicable Actuarial Standards of Practice.

Qualifications

The undersigned actuaries are members of the American Academy of Actuaries and are experienced in performing actuarial valuations of public employee retirement systems. To the best of our knowledge, this report is complete and accurate and has been prepared in accordance with generally accepted actuarial principles and practice. We are qualified to render the opinions set forth in this report and are available to answer questions about it.

Respectfully submitted,

Larry Langer, ASA, EA, MAAA
Principal, Consulting Actuary

Troy Jaros, FSA, EA, MAAA
Senior Consultant, Retirement Actuary

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Executive Summary

This report presents the actuarial valuation as of January 1, 2016 for the Employees' Retirement System of the County of Milwaukee. The principal valuation results include:

- The Actual Funding Contribution for fiscal year 2016, which is $63,067,396.
- The Budget Contribution for fiscal year 2017, which is $65,461,000.
- The total funded ratio of the plan determined as of January 1, 2016, which is 78.1% based on the accrued liability and the actuarial value of assets. On a market value basis, the plan is 75.8% funded.
- The determination of the unexpected change in the unfunded accrued liability (UAL) as of January 1, 2016, which is an increase in the UAL of $41,364,891.

The valuation was based on membership and financial data submitted by the Retirement System.

Changes since Last Year

Legislative and Administrative Changes

No legislative or administrative changes have been adopted since the previous valuation.

Note that for purposes of the contribution rates shown in the report, these amounts are gross contribution amounts. It is our understanding that County staff will net out the amount of employee contributions that are collected to arrive at a net County contribution. The benefit and contribution provisions are outlined in Table 19.

Actuarial Assumptions and Methods

No actuarial assumptions have changed for 2016 since the previous valuation.

The actuarial assumptions and methods are outlined in Table 18.

Contribution Amounts

The results of the valuation as of January 1, 2016 determine the Actual Funding Contribution for fiscal year 2016 and the Budget Contribution for fiscal year 2017. The Actual Funding Contribution for fiscal year 2016 is $63,067,396. The Budget Contribution for fiscal year 2017 is $65,461,000. These amounts are based on assumptions and methods as adopted by the Board and participant data as of January 1, 2016.

Reasons for Change in Budget Contribution Calculated by the Actuary

The Budget Contribution calculated by the actuary increased from $59,436,000 for fiscal year 2016 to $65,461,000 for fiscal year 2017. A reconciliation of the increase of $6,025,000 is shown in the following table:

Item		Amount
1. 2016 Budget Contribution		$ 59,436,000
2. Increase / (Decrease) during 2015 due to		
a. Unanticipated liability loss (gain)	4,049,000	
b. Asset experience other than expected	944,000	
c. 2015 reimbursable expenses other than assumed	(355,000)	
d. 2015 contribution variance other than assumed	(1,007,000)	
e. Full recognition of bases	-	
f. Increase due to assumption/method/plan changes	-	
h. Total		3,631,000
3. 2016 Actual Contribution (1 + 2)		$ 63,067,000
4. Expected Increase / (Decrease) during 2016 due to		
a. Normal cost and existing amortization base	$ 768,000	
b. Phase-in of deferred asset (gains) losses	694,000	
c. Increase in reimburseable expenses	22,000	
d. Expected contribution variance for 2016	910,000	
e. Full recognition of bases	-	
f. Change in Assumption	-	
g. Total		2,394,000
5. 2017 Budget Contribution (3 + 4)		$ 65,461,000

Summary of Principal Results

Summarized below are the principal financial results for the Employees' Retirement System of the County of Milwaukee based upon the actuarial valuation as of January 1, 2016. Comparable results from the January 1, 2015 valuation are also shown.

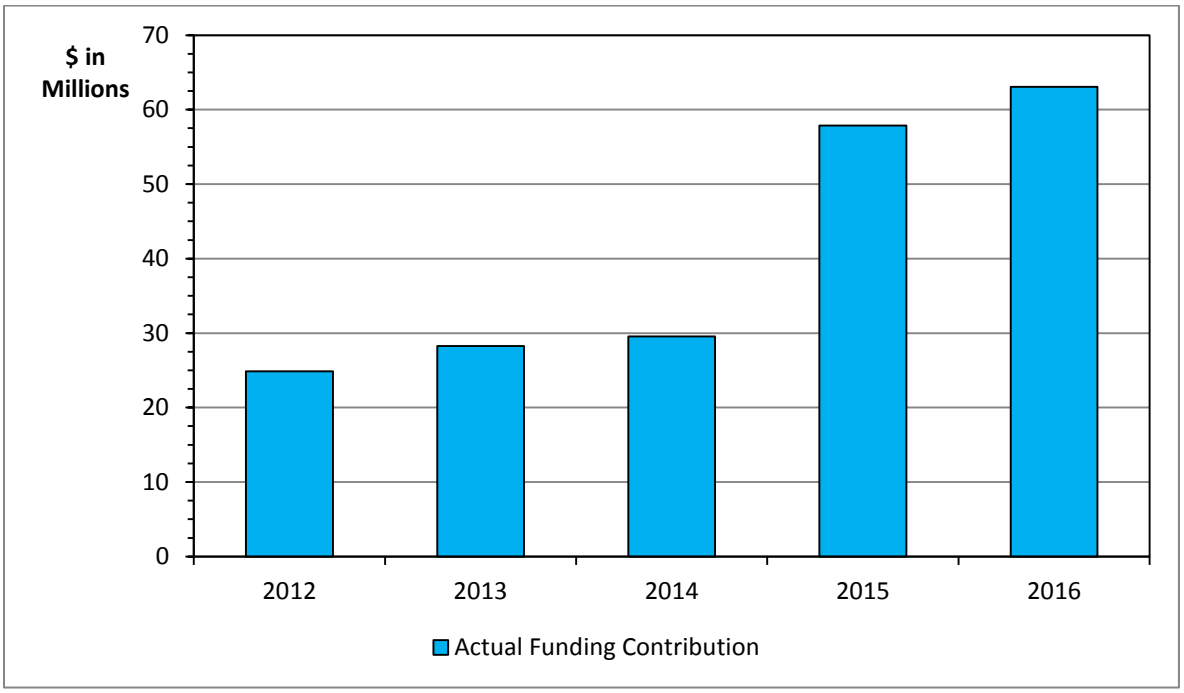
Item	January 1, 2016	January 1, 2015
Demographics		
Active Members		
• Number	3,619	3,680
• Average Annual Pay	$ 53,847	$ 53,868
Inactive Members		
• Members Receiving Benefits		
• Number	7,991	7,979
• Average Annual Benefit Payment	$ 21,180	$ 20,687
• Members With Deferred Benefits		
• Number	1,387	1,370
• Average Annual Benefit Payment	$ 7,993	$ 1,370
Actual Funding Contribution	**(Fiscal Year 2016)**	**(Fiscal Year 2015)**
• Normal Cost with Interest	$ 17,381,870	$ 16,999,506
• Net Amortization Payments	44,459,669	39,300,143
• Expense	1,225,857	1,554,175
• Total Contribution	$ 63,067,396	$ 57,853,824
Actuarial Funded Status		
• Accrued Liability	$ 2,262,851,177	$ 2,222,620,399
• Actuarial Value of Assets	1,767,419,752	1,773,638,120
• Unfunded Accrued Liability	$ 495,431,425	$ 448,982,279
• Funded Ratio	78.1%	79.8%

Five-Year History of Principal Financial Results

Five-Year History of Contribution Amounts

Valuation as of January 1		Actual Funding Contributions		
	Normal Cost with Interest	Net Amortization Payments	Expenses	Total
2016	$ 17,381,870	$ 44,459,669	$ 1,225,857	$ 63,067,396
2015	16,999,506	39,300,143	1,554,175	57,853,824
2014	15,235,436	14,329,489	N/A	29,564,925
2013	16,105,425	12,164,620	N/A	28,270,045
2012	14,488,711	10,386,482	N/A	24,875,193

Chart of Five-Year History of Actual Funding Contributions



Funded Ratio

The financing objective of the System is to:

- Fully fund all current costs based on the normal contribution rate determined under the funding method; and
- Liquidate the unfunded accrued liability based on the amortization schedules as required by Section 3.1 of the retirement code, i.e., a schedule of 5 or 20 years for each change in the unfunded accrued liability.

The total Actual Funding Contribution of $63,067,396, when taken together with the contributions payable by the members and asset returns, is the amount sufficient to achieve the financing objective for 2016.

The System's total funded ratio on the funding basis is measured by comparing the actuarial value of assets (based on a 10-year moving average market value) with the accrued liability. The accrued liability is the present value of benefits accumulated to date under the System's funding method and reflects future pay increases for active employees.

On this basis, the System's funded ratio is 78.1% as of January 1, 2016. This funded ratio is based on an actuarial value of assets of $1,767,419,752 and an accrued liability of $2,262,851,177.

Reasons for Change in the Funded Ratio

The total funded ratio decreased from a reported 79.8% as of January 1, 2015 to 78.1% as of January 1, 2016. Returns on actuarial assets from 2015 were 8.0% as expected. Overall liability experience was worse than expected, which was slightly offset by the favorable asset experience (unrounded returns were just higher than the 8.0%).

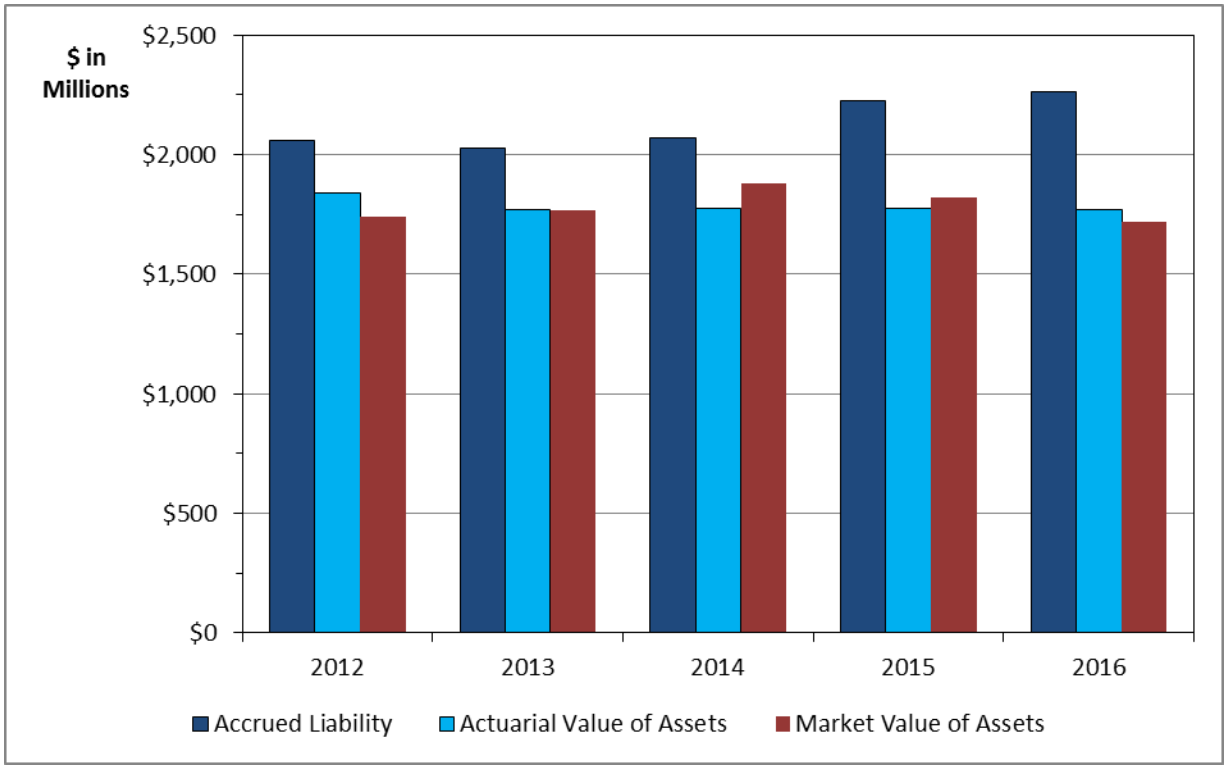
Five-Year History of Funded Ratio Based on Actuarial Value of Assets
($ Amounts in Thousands)

Valuation as of January 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability	Funded Ratio (a / b)	Unfunded Actuarial Accrued	Covered Payroll (c)	Unfunded as a Percentage of Covered Payoll
2016	$ 1,767,420	$ 2,262,851	78.1%	$ 495,431	$ 194,872	254.2%
2015	1,773,638	2,222,620	79.8%	448,982	191,432	234.5%
2014	1,772,750	2,069,547	85.7%	296,797	188,605	157.4%
2013	1,768,435	2,025,319	87.3%	256,884	189,132	135.8%
2012	1,836,543	2,059,554	89.2%	223,011	190,748	116.9%

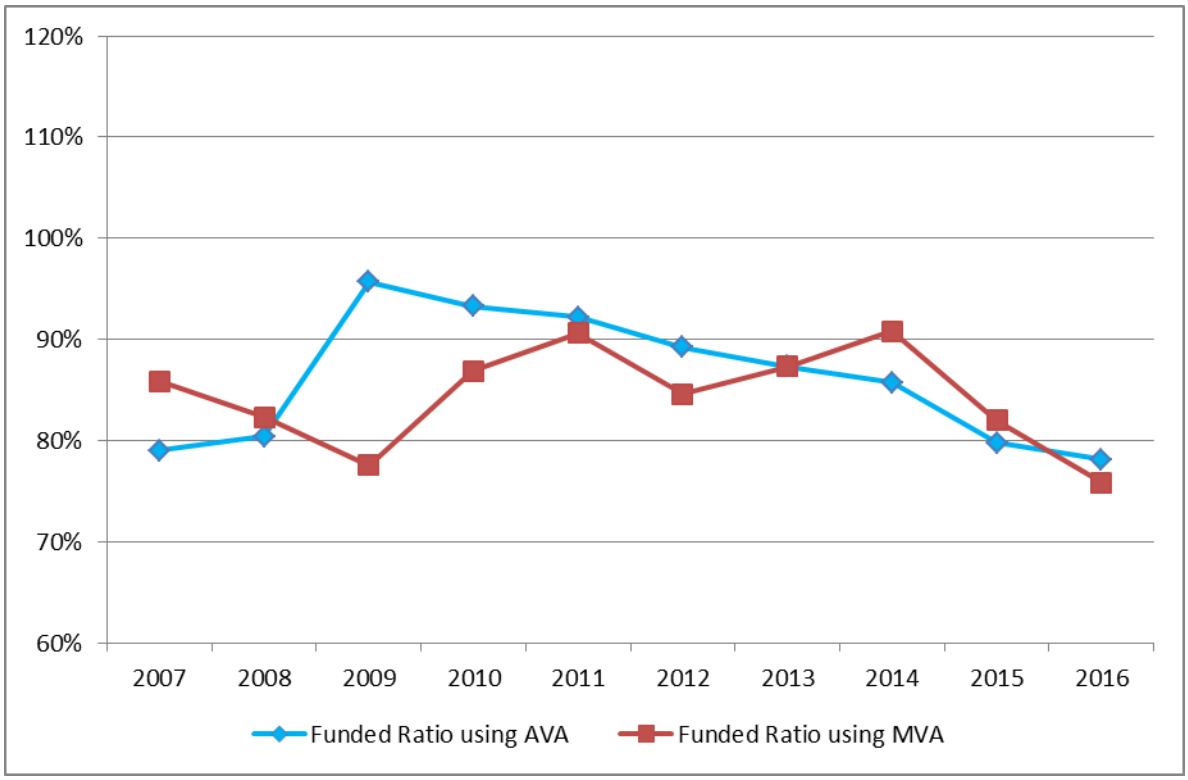
Five-Year History of Funded Ratio Based on Market Value of Assets
($ Amounts in Thousands)

Valuation as of January 1	Market Value of Assets (a)	Actuarial Accrued Liability (b)	Funded Ratio (a / b)	Unfunded Actuarial Accrued Liability (b - a)	Covered Payroll (c)	Unfunded as a Percentage of Covered Payoll [(b - a) / c]
2016	$ 1,716,152	$ 2,262,851	75.8%	$ 546,699	$ 194,872	280.5%
2015	1,822,579	2,222,620	82.0%	400,041	191,432	209.0%
2014	1,879,234	2,069,547	90.8%	190,313	188,605	100.9%
2013	1,768,435	2,025,319	87.3%	256,884	189,132	135.8%
2012	1,742,107	2,059,554	84.6%	317,447	190,748	166.4%

Chart of Five-Year History of Accrued Liability and Actuarial Value of Assets



Ten-Year History of Funded Ratio



Rate of Return

The investment return of the trust fund (i.e. total return including both realized and unrealized gains and losses) for fiscal years 2011 through 2015 is shown in the table below. The return based on the actuarial value of assets used for determining annual contribution rates is also shown.

The rate of return on market value reflects the investment earnings on the market value of assets from the beginning of the fiscal year to the end of the fiscal year. The actuarial assets are the assets recognized for valuation purposes. Actuarial assets are based on a smoothed market value that spreads the difference between the actual and expected return over a period of ten years. The rate of return on the actuarial value of assets is a measure of the increase in the actuarial value of assets from the beginning of the fiscal year to the end of the fiscal year. The rates of return shown below have been developed by the actuary for illustrative purposes only. They are based on simplifying assumptions and, as such, likely will not exactly match the returns presented by your investment consultants. The reader is encouraged to use the returns developed by the investment consultants.

Five-Year History of Asset Returns

As of	Asset Values		Rates of Return		
12/31	Market	Actuarial	Market	Actuarial	Assumed
2011	$ 1,742,106,887	$ 1,836,542,926	0.2%	3.5%	8.0%
2012	1,768,434,628	1,768,434,628	10.8%	4.8%	8.0%
2013	1,879,234,430	1,772,749,644	15.0%	8.7%	8.0%
2014	1,822,579,695	1,773,638,120	5.2%	8.9%	8.0%
2015	1,716,151,763	1,767,419,752	2.0%	8.0%	8.0%
	Compound Rate of Return (five years):		6.5%	6.8%	8.0%

GASB No. 67 and GASB No. 68 Disclosure

Please note that GASB Statement No. 25 (Financial Reporting for Defined Benefit Pension Plans) is applicable for fiscal years ending prior to 2014 and has been replaced by GASB Statement No. 67 (Financial Reporting for Pension Plans) for fiscal years ending 2014 and later. Similarly, GASB Statement No. 27 (Accounting for Pensions by State and Local Governmental Employers) is applicable for fiscal years ending prior to 2015 and has been replaced by GASB Statement No. 68 (Accounting and Financial Reporting for Pensions) for fiscal years ending 2015 and later.

The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumed that System contributions will continue to follow the current funding policy. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Net Pension Liability (Asset)	December 31, 2015	December 31, 2014
Total Pension Liability	$ 2,262,851,177	$ 2,222,620,399
Plan Fiduciary Net Position	1,716,151,763	1,822,579,695
Net Pension Liability (Asset)	$ 546,699,414	$ 400,040,704
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	75.84%	82.00%
Covered Employee Payroll	$ 191,432,915	$ 188,605,492
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	285.58%	212.10%

Please see Tables 12 – 17 for a summary of all GASB 67 and GASB 68 results.

TABLE 1 - Summary of Results of Actuarial Valuation

Item	January 1, 2016	January 1, 2015
Participant Data		
1. Number of Participants		
a) Active Participants	3,619	3,680
b) Participants with Deferred Benefits	1,387	1,370
c) Participants Receiving Benefits	7,991	7,979
d) Total	12,997	13,029
2. Annualized Salaries*	$ 194,871,557	$ 191,432,915
3. Annual Annuities	$ 169,278,563	$ 165,058,644
Valuation Results		
4. Present Value of Future Benefits		
a) Active Participants	$ 595,350,716	$ 605,180,196
b) Participants with Deferred Benefits	74,513,301	70,895,992
c) Participants Receiving Benefits	1,697,765,361	1,649,471,985
d) Total	$ 2,367,629,378	$ 2,325,548,173
5. Present Value of Future Normal Cost	$ 104,778,201	$ 102,927,774
6. Actuarial Accrued Liability: (4 - 5)	$ 2,262,851,177	$ 2,222,620,399
7. Actuarial Value of Assets	$ 1,767,419,752	$ 1,773,638,120
8. Funded Status: (7 / 6)	78.1 %	79.8 %
9. Unfunded Actuarial Accrued Liability: (6 - 7)	$ 495,431,425	$ 448,982,279
10. Normal Cost for the Plan Year	$ 16,094,324	$ 15,740,283
Actual Funding Contribution and Annual Required Contribution for Fiscal Year **		
11. Actual Funding Contribution Calculated by Actuary		
a) Normal Cost with Interest	$ 17,381,870	$ 16,999,506
b) Net Annual Amortization Payments	44,459,669	39,300,143
c) Expenses	1,225,857	1,554,175
d) Total Contribution: ((a + b + c), not less than zero)	$ 63,067,396	$ 57,853,824

* For 2015, the amount displayed has been adjusted to reflect that there were 27 pay periods in 2014 rather than the typical 26

** Effective January 1, 2011 Elected Officials and Non-Represented employees contributed 2% of compensation. For all Non-Represented employees (other than elected officials), the contribution rate increased to 4% of compensation effective December 11, 2011. During 2011, State mandated contributions were implemented. The amounts shown above are gross of member contributions.

TABLE 2 - Security of Promised Benefits - Unfunded Actuarial Accrued Liability - Funded Status

Item	January 1, 2016	January 1, 2015
1. Actuarial Accrued Liability		
a. Active Participants		
Retirement Benefits	$ 454,933,671	$ 467,388,602
Withdrawal Benefits	27,672,128	26,864,486
Disability Benefits	4,622,567	4,743,238
Death Benefits	3,344,149	3,256,096
Total Active	490,572,515	502,252,422
b. Participants with Deferred Benefits	74,513,301	70,895,992
c. Participants Receiving Benefits	1,697,765,361	1,649,471,985
d. Total All Participants	2,262,851,177	2,222,620,399
2. Actuarial Value of Assets	1,767,419,752	1,773,638,120
3. Unfunded Actuarial Accrued Liability (1d - 2)	495,431,425	448,982,279
4. Funded Status (2 / 1d)	78.1%	79.8%

The interest rate used as of January 1, 2016 and January 1, 2015 was 8.00%

TABLE 3 – Unexpected Change in Unfunded Actuarial Accrued Liability for Plan Year Ending

Item	December 31, 2015	December 31, 2014
1. Actuarial Accrued Liability at the Beginning of the Year	$ 2,222,620,399	$ 2,069,546,764
2. Increases/(Decreases) During the Year		
a. Normal Cost for the Year	15,740,283	14,660,305
b. Benefit Payments and Refunds	(188,819,565)	(177,366,124)
c. Assumed Interest to End of Year	171,661,372	159,575,042
d. Plan and Assumption Changes	-	-
e. Total: (a + b + c + d)	(1,417,910)	(3,130,777)
3. Expected Liability at the End of the Year: (1 + 2)	2,221,202,489	2,066,415,987
4. Impact of COLA reinclusion	N/A	178,053,780
5. Expected Accrued Liability at End of Year After COLA Reinclusion (3 + 4)	NA	2,244,469,767
6. Actuarial Accrued Liability at the End of the Year	2,262,851,177	2,222,620,399
7. Other Unexpected Liability Changes at End of Year (6 - 5)	-	(21,849,368)
8. Liability Unexpected Change on UAL: (6 - 3) for 2015; (4 + 7) for 2014	**$ 41,648,688**	**$ 156,204,412**
9. Actuarial Value of Assets at the Beginning of the Year	$ 1,773,638,120	$ 1,772,749,644
10. Increases/(Decreases) During the Year		
a. County Contributions	39,080,593	19,005,395
b. Member Contributions	9,324,866	10,051,605
c. Benefit Payments and Refunds	(188,819,565)	(177,366,124)
d. Administrative Expenses Payable to the County	(1,204,226)	(1,329,904)
e. Assumed Interest to End of Year	135,116,167	135,256,142
f. Total: (a + b + c + d + e)	(6,502,165)	(14,382,886)
11. Expected Actuarial Assets at the End of the Year (9 + 10)	1,767,135,955	1,758,366,758
12. Actuarial Value of Assets at the End of the Year	1,767,419,752	1,773,638,120
13. Actuarial Asset Unexpected Change on UAL: (11 - 12)	**$ (283,797)**	**$ (15,271,362)**
14. Total Unexpected Change in UAL: (8 + 13)	**$ 41,364,891**	**$ 140,933,050**

The unexpected change in UAL for the plan year ending December 31, 2014 includes the effects of the re-inclusion of the COLA liabilities that were not included in the valuations for the plan year ending December 31, 2013 and December 31, 2012.

TABLE 4 - Amortization Schedule for Funding

For Actual Funding Contribution for 2016

Type of Payment	Amortization Period: Date Created	Initial Years	Remaining Years	Last Payment	Balances: Initial	Outstanding	Payment
1. Charges							
Reestablished unfunded	1/1/2015	21	20	2035	$ 448,982,279	$ 445,600,718	$ 39,987,896
Increase to unfunded	1/1/2016	20	20	2035	$ 49,830,707	$ 49,830,707	$ 4,471,773
Total Charges						$ 495,431,425	44,459,669
2. Credits							
3. Net Amount (1 - 2)						$ 495,431,425	$ 44,459,669

For Budget Contribution for 2017

Type of Payment	Amortization Period: Date Created	Initial Years	Remaining Years	Last Payment	Balances: Initial	Outstanding	Payment
1. Charges							
Reestablished unfunded	1/1/2015	21	19	2035	$ 448,982,279	$ 441,260,879	$ 40,687,684
Increase to unfunded	1/1/2016	20	19	2035	$ 49,830,707	$ 49,345,391	$ 4,550,029
Loss	1/1/2017	20	20	2036	$ 7,732,969	$ 7,732,969	$ 693,951
Variance	1/1/2017	5	5	2021	3,631,396	3,631,396	$ 909,506
Total Charges						$ 501,970,635	46,841,170
2. Credits							
3. Net Amount (1 - 2)						$ 501,970,635	$ 46,841,170

TABLE 5 - Development of Normal Cost for Current and Prior Plan Year Actual Funding Calculations

Item	January 1, 2016	January 1, 2015
1. Present Value of Projected Benefits		
a. Active Participants		
Retirement Benefits	$ 539,947,745	$ 551,900,428
Withdrawal Benefits	41,230,704	39,095,107
Disability Benefits	6,509,230	6,596,585
Death Benefits	7,663,037	7,588,076
Total Active	595,350,716	605,180,196
b. Participants with Deferred Benefits	74,513,301	70,895,992
c. Participants Receiving Benefits	1,697,765,361	1,649,471,985
d. Total All Participants	2,367,629,378	2,325,548,173
2. Actuarial Value of Assets	1,767,419,752	1,773,638,120
3. Unfunded Actuarial Accrued Liability	495,431,425	448,982,279
4. Present Value of Future Normal Costs (1d - 2 - 3)	104,778,201	102,927,774
5. Individual Normal Cost		
Retirement Benefits	$ 12,867,341	$ 12,896,983
Withdrawal Benefits	2,338,415	1,956,427
Disability Benefits	602,552	600,195
Death Benefits	286,016	286,678
Total Individual Normal Cost	16,094,324	15,740,283
6. **Normal Cost for the Plan Year**	**16,094,324**	**15,740,283**

* Prior-year earnings increased by the salary assumption and limited by the IRS compensation limit for those under the mandatory retirement age.

TABLE 6 - Gross Contribution Requirements

Item	2017 Budget	2016 Actual	2016 Budget
1. Normal Cost with Interest	$ 17,372,000	$ 17,381,870	$ 17,070,000
2. Net Annual Amortizations	46,841,000	44,459,669	40,785,000
3. Expenses	1,248,000	1,225,857	1,581,000
4. Total Contribution (1 + 2 +3, not less than zero)	$ 65,461,000	$ 63,067,396	$ 59,436,000

The budgeted contributions shown above for the 2017 and 2016 plan years were estimated based on participant data as of January 1, 2016, and January 1, 2015, respectively.

The 2016 Actual and Budget Contributions are based on financing all unfunded actuarial accrued liability (UAAL) as of January 1, 2016 over 20 years. For the 2017 Budget Contribution, a base for unexpected change in UAAL during 2016 is added and amortized over 20 years. In addition, a contribution variance base is added and amortized over 5 years for the amount of the 2016 Actual Contribution determined in this report that is not contributed during 2016.

Note that for purposes of the contribution rates shown in the report, these amounts are gross contribution amounts. It is our understanding that County staff will net out the amount of employee contributions that are collected to arrive at a net County contribution.

STATE MANDATED MEMBER CONTRIBUTIONS

Item	Results Based on Current Contributions			
	Non-Contributors	Public Safety	General	All Members
Valuation Results as of January 1, 2016				
1. Present Value of Future Benefits				
a) Active Participants *	$ -	$ 103,037,819	$ 492,312,897	$ 595,350,716
b) Participants with Deferred Benefits	74,513,301	-	-	74,513,301
c) Participants Receiving Benefits	1,697,765,361	-	-	1,697,765,361
d) Total	$ 1,772,278,662	$ 103,037,819	$ 492,312,897	$ 2,367,629,378
2. Present Value of Future Normal Cost	$ -	$ 11,705,460	$ 93,072,741	$ 104,778,201
3. Actuarial Accrued Liability: (1 - 2)	$ 1,772,278,662	$ 91,332,359	$ 399,240,156	$ 2,262,851,177
4. Actuarial Value of Assets	$ 1,384,253,788	$ 71,335,940	$ 311,830,024	$ 1,767,419,752
5. Funded Status: (4 ÷ 3)	78.1%	78.1%	78.1%	78.1%
6. Unfunded Actuarial Accrued Liability: (3 - 4)	$ 388,024,874	$ 19,996,419	$ 87,410,132	$ 495,431,425
7. Total Normal Cost for the Plan Year	$ -	$ 1,889,617	$ 14,204,707	$ 16,094,324
Projected Employee Contribution for 2017				
1. Actual Contribution for 2016				
a) Normal Cost with Interest	$ -	$ 2,040,786	$ 15,341,084	$ 17,381,870
b) Net Annual Amortization Payments **	34,821,080	1,794,465	7,844,124	44,459,669
c) Expenses	960,098	49,478	216,281	1,225,857
d) Total Contribution: ((a + b + c), not less than zero)	$ 35,781,178	$ 3,884,729	$ 23,401,489	$ 63,067,396
2. Employee Contribution (50% of 1d for Contributors)	N/A	$ 1,942,365	$ 11,700,745	N/A
3. Expected Salaries in 2016	$ -	$ 22,945,144	$ 171,926,413	$ 194,871,557
4. Employee Contribution Rate ($2 \div 3 \div 1.08^{1/2}$)	N/A	8.1%	6.5%	N/A

* The actives in the Public Safety group include 307 members comprised of Represented Firefighters and Sheriffs and Non-Represented Firefighters and Sheriffs.

** The Net Annual Amortization Payments for the Contributors was prorated based on the contributors' actuarial accrued liability compared to total actuarial accrued liability of the Retirement System.

TABLE 7 - Summary Statement of Market Value of Plan Assets

Asset Category	Market Value as of December 31, 2015		Market Value as of December 31, 2014	
1. Cash and Cash Equivalents		$ 75,932,273		$ 76,430,193
2. Investments at Fair Value				
a. Domestic common and preferred stocks	$ 578,057,529		$ 635,015,427	
b. Futures contracts	158,689		-	
c. Corporate bonds	291,782,236		331,429,376	
d. International common and preferred stocks	146,364,857		156,474,024	
e. Federal agency and mortgage-backed certificates	-		-	
f. International fixed income	-		-	
g. Venture Capital	-		-	
h. Real estate investment trusts	198,099,895		180,397,035	
i. Long/Short hedge funds	177,426,363		186,478,839	
j. Infrastructure	151,437,209		151,805,271	
k. Private equity	91,577,424		73,703,610	
l. Total Investments		1,634,904,202		1,715,303,582
3. Contributions Receivable for OBRA and ERS		39,520,593		19,445,395
4. (Payable) to OBRA Pension Plan		(1,292,204)		(1,655,306)
5. Net All Other Receivables (Liabilities)		(32,913,101)		13,055,831
6. Net Assets Held in Trust for ERS Pension Benefits (1 + 2l + 3 + 4 + 5)		$ 1,716,151,763		$ 1,822,579,695

TABLE 8 - Summary Reconciliation of Market Value of Plan Assets

Item		Amount
1. Market Value of Assets as of December 31, 2014		$ 1,822,579,695
2. Contributions for Plan Year		
a. County	$ 39,080,593	
b. Member	9,324,866	
c. Total		48,405,459
3. Disbursements for Plan Year		
a. Benefit payments and refunds	$ 188,819,565	
b. Administrative expenses payable to County	1,204,226	
c. Total		190,023,791
4. Market Value of Assets as of December 31, 2015		1,716,151,763
5. Net Investment Income * (4 - 1 - 2c + 3c)		35,190,400
6. Expected Net Investment Income (8.00% per annum)		139,031,493
7. Unexpected Change of Market Value of Assets (5 - 6)		(103,841,093)
8. Estimated Rate of Return		2.0%

*Net Investment Income is the change in the value of assets for reasons other than contributions and disbursements.

TABLE 9 - Derivation of Actuarial Value of Plan Assets

1. Market Value of Assets as of December 31, 2015					$ 1,716,151,763
2. Determination of Unexpected Change in Assets					
Year	Unexpected Change		Percentage Deferred	Amount Deferred	
2015	$	(103,841,093)	90%	$ (93,456,984)	
2014	$	(50,790,631)	80%	$ (40,632,505)	
2013	$	118,316,429	70%	$ 82,821,500	
2012	$	-	60%	$ -	
2011	$	-	50%	$ -	
2010	$	-	40%	$ -	
2009	$	-	30%	$ -	
2008	$	-	20%	$ -	
2007	$	-	10%	$ -	
2006	$	-	%	$ -	
Total					(51,267,989)
3. Actuarial Value of Assets (1 - 2)					$ 1,767,419,752

Assets were re-established at market value on January 1, 2013, so actual Unexpected Changes prior to 2013 are not applicable

TABLE 10 - Summary Reconciliation of Actuarial Value of Plan Assets

Item	For Year Ending December 31, 2015	For Year Ending December 31, 2014
1. Actuarial Value of Assets at the Beginning of the year	$ 1,773,638,120	$ 1,772,749,644
2. Contributions for Plan Year		
a. County	$ 39,080,593	$ 19,005,395
b. Member	9,324,866	10,051,605
c. Total	48,405,459	29,057,000
3. Disbursements for Plan Year		
a. Benefit payments and refunds	$ 188,819,565	$ 177,366,124
b. Administrative expenses payable to County	1,204,226	1,329,904
c. Total	190,023,791	178,696,028
4. Actuarial Value of Assets at the End of the Year	1,767,419,752	1,773,638,120
5. Net Investment Income * (4 - 1 - 2c + 3c)	135,399,964	150,527,504
6. Expected Net Investment Income (8.00% per annum)	135,116,167	135,256,142
7. Unexpected Change of Actuarial Value of Assets (5 - 6)	283,797	15,271,362
8. Estimated Rate of Return	8.0%	8.9%

* Net Investment Income is the change in the value of assets for reasons other than contributioins and disbursements.

TABLE 11 - Contributions for 2015 Plan Year and Variance from the Funding Calculation Contribution

Item				Amount
1. Total Funding Calculation, End-of-Year Basis, for 2015 Plan Year (from January 1, 2015 actuarial valuation report)				$ 57,853,824
2. Total Employer Contributions Made:				
Contribution Made	Fraction of a Year Invested	Contribution Amount	Interest to Year End*	End of Year Amount
Bi-weekly	50.0%	$ -	$ -	$ -
11/20/2015	11.5%	10,000,000	88,951	10,088,951
11/25/2015	10.1%	10,000,000	78,320	10,078,320
12/4/2015	7.7%	10,000,000	59,213	10,059,213
12/11/2015	5.8%	9,080,593	40,297	9,120,890
Total		$ 39,080,593	$ 266,781	$ 39,347,374
3. Total Member Contributions Made:				
Contribution Made	Fraction of a Year Invested	Contribution Amount	Interest to Year End*	End of Year Amount
Bi-weekly	50.0%	$ 9,324,866	$ 365,819	$ 9,690,685
4. Variance from Funding Calculation Amount** (2 + 3 - 1)				$ (8,815,765)

Note that for purposes of the contribution rates shown in the report, these amounts are gross contribution amounts. It is our understanding that County staff will net out the amount of employee contributions that are collected to arrive at a net County contribution.

TABLE 12 – Actuarial Methods and Assumptions for GASB 67/68 Disclosure Purposes

The total pension liability as of December 31, 2015 was determined as of December 31, 2015 using the following actuarial methods and assumptions. All other assumptions such as retirement rates, termination rates, and disability rates used to determine the total pension liability are set forth in Table 18 – Description of Actuarial Assumptions and Methods.

Please note that the results presented as of December 31, 2014 are an update and a revision to the results contained in the 2014 Actuarial Valuation Report dated August 2015. All previous GASB results presented is superseded by the results presented herein.

Valuation Date:	December 31, 2015
Discount Rate:	8.0% net of all administrative expenses, compounded annually
Actuarial Cost Method:	Entry Age Normal – Level Percentage of Pay
Amortization Method:	For pension expense; the difference between expected and actual liability experience and changes of assumptions are amortized over the average expected remaining service lives of all members as of the Valuation Date. The difference between projected and actual earnings is amortized over a closed period of five years.
Mortality:	Healthy pensioners: The sex-distinct UP-1994 Mortality Table with Projection scale AA to 2012 and then fully generational thereafter using scale AA. Active members: 70% of the rates applicable to healthy pensioners.
Experience Study:	The actuarial assumptions used were based on the results of an actuarial experience study for the period January 1, 2007 through December 31, 2011.

TABLE 13 – GASB 67 Net Pension Liability as of December 31, 2015 and December 31, 2014

Schedule of Changes in Net Pension Liability	Fiscal Year Ending December 31, 2015	Fiscal Year Ending December 31, 2014
Total Pension Liability		
Service Cost	$ 15,740,283	$ 15,299,451
Interest	171,661,372	172,040,282
Changes of Benefit Terms	-	-
Difference between Expected and Actual Experience	41,648,688	(17,331,161)
Change of Assumptions	-	-
Benefit Payments, including Refund of Member Contributions	(188,819,565)	(177,366,124)
Net Change in Total Pension Liability	40,230,778	(7,357,552)
Total Pension Liability - Beginning of Year	$ 2,222,620,399	$ 2,229,977,951
Total Pension Liability - End of Year	$ 2,262,851,177	$ 2,222,620,399
Plan Fiduciary Net Position		
Employer Contributions	$ 39,080,593	$ 19,005,395
Member Contributions	9,324,866	10,051,605
Net Investment Income	39,451,297	96,721,345
Benefit Payments, including Refund of Member Contributions	(188,819,565)	(177,366,124)
Administrative Expenses	(5,465,123)	(5,066,956)
Other	-	-
Net Change in Plan Fiduciary Net Position	(106,427,932)	(56,654,735)
Plan Fiduciary Net Position - Beginning of Year	$ 1,822,579,695	$ 1,879,234,430
Plan Fiduciary Net Position - End of Year	$ 1,716,151,763	$ 1,822,579,695

Net Pension Liability (Asset)	December 31, 2015	December 31, 2014
Total Pension Liability	$ 2,262,851,177	$ 2,222,620,399
Plan Fiduciary Net Position	1,716,151,763	1,822,579,695
Net Pension Liability (Asset)	$ 546,699,414	$ 400,040,704
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	75.84%	82.00%
Covered Employee Payroll	$ 191,432,915	$ 188,605,492
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	285.58%	212.10%

TABLE 14 – Sensitivity of the Net Pension Liability as of December 31, 2015 and December 31, 2014 to Changes in the Discount Rate

Sensitivity of the Net Pension Liability to Changes in the Discount Rate December 31, 2015			
	1% Decrease	Current	1% Increase
Discount Rate	7.00%	8.00%	9.00%
Net Pension Liability (Asset)	770,471,173	546,699,414	356,602,059

Sensitivity of the Net Pension Liability to Changes in the Discount Rate December 31, 2014			
	1% Decrease	Current	1% Increase
Discount Rate	7.00%	8.00%	9.00%
Net Pension Liability (Asset)	619,184,225	400,040,704	213,727,573

TABLE 15 – Pension Expense for Year Ended December 31, 2015 and December 31, 2014 and Deferred Inflows & Outflows of Resources Related to Pensions

Exhibit 1: Pension Expense

Pension Expense. For the period ending December 31, 2016, pension expense (based on a measurement date of December 31, 2015) is shown in the table below. The corresponding results for the period ending December 31, 2015 are shown for comparison purposes.

Pension Expense for the Plan Fiscal Year Ended	December 31, 2015 (For Plan Sponsor 2016 FY)	December 31, 2014 (For Plan Sponsor 2015 FY)
Service cost	$ 15,740,283	$ 15,299,451
Interest	171,661,372	172,040,282
Projected earnings on plan investments	(139,031,493)	(143,774,925)
Employee contributions	(9,324,866)	(10,051,605)
Administrative expense	5,465,123	5,066,956
Current priod:		
Difference between expected and actual experience	15,425,440	(6,665,832)
Changes in assumptions	-	-
Difference between expected and actual investment earnings	19,916,040	9,410,716
Changes of benefit terms	-	-
Recognition of prior years'		
Deferred outflows of resources	9,410,716	-
Deferred inflows of resources	(6,665,832)	-
Total Pension Expense	82,596,783	41,325,043

For 2015, the difference between expected and actual experience is recognized over the average expected remaining service lives of active and inactive members as of December 31, 2015 (2.7 years).

For 2014, the difference between expected and actual experience is recognized over the average expected remaining service lives of active and inactive members as of December 31, 2014 (2.6 years).

The difference between projected and actual investment earnings is recognized over 5.0 years.

Details of the deferred inflows and outflows of resources are shown in Exhibit 2 and Exhibit 3.

TABLE 15 – Pension Expense for Year Ended December 31, 2015 and December 31, 2014 and Deferred Inflows & Outflows of Resources Related to Pensions

Exhibit 2: Amortization of Differences between Expected and Actual Liability Experience

Measurement Year End	2014	2015	2016	2017	2018
Amount Established	$ (17,331,161)	$ 41,648,688			
Recognition Period	2.6	2.7			
Annual Recognition	$ (6,665,832)	$ 15,425,440			

Measurement Year End	Amount Recognized					Outflows	Inflows	Total
	2014	2015	2016	2017	2018			
2014	$ (6,665,832)	$ -	$ -	$ -	$ -	$ -	$ (6,665,832)	$ (6,665,832)
2015	(6,665,832)	15,425,440	-	-	-	15,425,440	(6,665,832)	8,759,608
2016	(3,999,497)	15,425,440	-	-	-	15,425,440	(3,999,497)	11,425,943
2017	-	10,797,808	-	-	-	10,797,808	-	10,797,808

Measurement Year End	Deferred Balance					Outflows	Inflows	Total
	2014	2015	2016	2017	2018			
2014	$ (10,665,329)	$ -	$ -	$ -	$ -	$ -	$ (10,665,329)	$ (10,665,329)
2015	(3,999,497)	26,223,248	-	-	-	26,223,248	(3,999,497)	22,223,751
2016	-	10,797,808	-	-	-	10,797,808	-	10,797,808
2017	-	-	-	-	-	-	-	-

TABLE 15 – Pension Expense for Year Ended December 31, 2015 and Deferred Inflows & Outflows of Resources Related to Pensions

Exhibit 3: Amortization of Differences between Projected and Actual Earnings

Measurement Year End	2014	2015	2016	2017	2018
Amount Established	$ 47,053,580	$ 99,580,196			
Recognition Period	5.00	5.00			
Annual Recognition	$ 9,410,716	$ 19,916,040			

Measurement Year End	Amount Recognized					Outflows	Inflows	Total
	2014	2015	2016	2017	2018			
2014	$ 9,410,716	$ -	$ -	$ -	$ -	$ 9,410,716	$ -	$ 9,410,716
2015	9,410,716	19,916,040	-	-	-	29,326,756	-	29,326,756
2016	9,410,716	19,916,040	-	-	-	29,326,756	-	29,326,756
2017	9,410,716	19,916,040	-	-	-	29,326,756	-	29,326,756
2018	9,410,716	19,916,040	-	-	-	29,326,756	-	29,326,756
2019	-	19,916,036	-	-	-	19,916,036	-	19,916,036

Measurement Year End	Deferred Balance					Outflows	Inflows	Total
	2014	2015	2016	2017	2018			
2014	$ 37,642,864	$ -	$ -	$ -	$ -	$ 37,642,864	$ -	$ 37,642,864
2015	28,232,148	79,664,156	-	-	-	107,896,304	-	107,896,304
2016	18,821,432	59,748,116	-	-	-	78,569,548	-	78,569,548
2017	9,410,716	39,832,076	-	-	-	49,242,792	-	49,242,792
2018	-	19,916,036	-	-	-	19,916,036	-	19,916,036
2019	-	-	-	-	-	-	-	-

TABLE 16 – Projection of Fiduciary Net Position

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fidiciary Net Position
2016	$ 1,716,151,763	$ 59,436,000	$ 185,313,628	$ 5,563,291	$ 134,359,632	$ 1,719,070,476
2017	1,719,070,476	63,930,357	188,223,211	5,178,791	134,179,208	1,723,778,039
2018	1,723,778,039	64,053,513	191,334,155	4,837,244	134,167,482	1,725,827,635
2019	1,725,827,635	64,296,754	194,160,136	4,529,288	133,980,486	1,725,415,451
2020	1,725,415,451	64,619,951	195,770,144	4,250,990	133,667,373	1,723,681,641
2021	1,723,681,641	65,025,700	196,979,633	3,996,550	133,282,845	1,721,014,003
2022	1,721,014,003	64,662,895	198,111,233	3,761,804	132,842,021	1,716,645,882
2023	1,716,645,882	65,263,636	198,472,405	3,536,164	132,302,481	1,712,203,430
2024	1,712,203,430	66,972,507	199,132,551	3,324,602	131,756,242	1,708,475,026
2025	1,708,475,026	68,236,109	199,285,806	3,125,448	131,296,686	1,705,596,567
2026	1,705,596,567	68,514,730	199,499,775	2,931,734	130,906,986	1,702,586,774
2027	1,702,586,774	68,853,039	199,676,735	2,740,028	130,509,796	1,699,532,846
2028	1,699,532,846	69,241,730	199,981,152	2,544,716	130,101,264	1,696,349,972
2029	1,696,349,972	69,668,002	199,620,818	2,349,887	129,708,871	1,693,756,140
2030	1,693,756,140	70,104,776	199,124,629	2,158,774	129,371,829	1,691,949,342
2031	1,691,949,342	70,566,089	198,512,632	1,966,189	129,101,145	1,691,137,755
2032	1,691,137,755	71,141,101	197,424,655	1,773,557	128,928,714	1,692,009,358
2033	1,692,009,358	71,798,555	196,080,916	1,599,870	128,915,742	1,695,042,869
2034	1,695,042,869	72,537,647	193,895,861	1,440,297	129,119,732	1,701,364,090
2035	1,701,364,090	73,349,188	191,693,977	1,294,922	129,598,469	1,711,322,848
2036	1,711,322,848	11,326,429	188,962,441	1,161,863	130,398,589	1,662,923,562
2037	1,662,923,562	10,182,654	185,696,967	1,038,809	126,558,813	1,612,929,253
2038	1,612,929,253	9,093,147	182,086,517	923,384	122,610,917	1,561,623,416
2039	1,561,623,416	8,052,045	178,106,001	818,271	118,580,656	1,509,331,845
2040	1,509,331,845	7,063,286	173,843,785	719,307	114,487,381	1,456,319,420
2041	1,456,319,420	6,121,967	169,240,564	626,277	110,354,442	1,402,928,988
2042	1,402,928,988	5,224,521	164,281,190	541,420	106,211,607	1,349,542,506
2043	1,349,542,506	4,374,323	159,274,072	461,888	102,075,113	1,296,255,982
2044	1,296,255,982	2,064,826	153,946,399	390,200	97,965,307	1,241,949,516
2045	1,241,949,516	537,109	148,607,827	325,710	93,779,944	1,187,333,032
2046	1,187,333,032	426,155	143,149,215	267,268	89,579,205	1,133,921,909
2047	1,133,921,909	333,698	137,544,497	214,852	85,485,325	1,081,981,583
2048	1,081,981,583	257,536	132,003,400	169,766	81,512,328	1,031,578,281
2049	1,031,578,281	195,334	126,295,743	131,727	77,674,321	983,020,466
2050	983,020,466	145,279	120,582,826	100,365	73,989,365	936,471,919
2051	936,471,919	105,962	115,008,381	74,978	70,464,376	891,958,898
2052	891,958,898	75,648	109,386,732	54,872	67,108,198	849,701,140
2053	849,701,140	52,393	103,901,466	38,997	63,930,390	809,743,460
2054	809,743,460	35,031	98,520,625	26,988	60,935,506	772,166,384
2055	772,166,384	22,806	93,214,441	18,053	58,130,538	737,087,234
2056	737,087,234	14,425	88,025,068	11,727	55,522,856	704,587,720
2057	704,587,720	8,611	82,897,168	7,384	53,120,679	674,812,458
2058	674,812,458	5,079	77,891,905	4,412	50,932,699	647,853,919
2059	647,853,919	2,806	73,013,730	2,610	48,965,985	623,806,370
2060	623,806,370	1,412	68,279,168	1,434	47,227,003	602,754,183
2061	602,754,183	585	63,705,360	733	45,721,713	584,770,388
2062	584,770,388	224	59,285,076	324	44,456,101	569,941,313
2063	569,941,313	82	55,021,048	124	43,436,899	558,357,122
2064	558,357,122	23	50,917,084	48	42,671,105	550,111,118
2065	550,111,118	6	46,971,399	12	42,166,188	545,305,901
2066	545,305,901	3	43,185,104	4	41,930,303	544,051,099
2067	544,051,099	-	39,393,242	-	41,978,672	546,636,529
2068	546,636,529	-	35,953,526	-	42,320,448	553,003,451
2069	553,003,451	-	32,679,659	-	42,958,237	563,282,029
2070	563,282,029	-	29,580,068	-	43,902,122	577,604,083

TABLE 17 – Actuarial Present Values of Projected Benefit Payments

Year	Projected Beginning Fiduciarty Net Position	Projected Benefit Payments	Funded Portion of Projected Benefit Payments	Unfunded Portion of Projected Benefit Payments	Present Value of Funded Benefit Payments at 8.00%	Present Value of Unfunded Benefit Payments at 3.20%	Present Value of Benefit Payments Using Single Discount Rate of 8.00%
2016	$ 1,716,151,763	$ 185,313,628	$ 185,313,628	$ -	$ 178,318,122	$ -	178,318,122
2017	1,719,070,476	188,223,211	188,223,211	-	167,701,731	-	167,701,731
2018	1,723,778,039	191,334,155	191,334,155	-	157,845,830	-	157,845,830
2019	1,725,827,635	194,160,136	194,160,136	-	148,312,216	-	148,312,216
2020	1,725,415,451	195,770,144	195,770,144	-	138,464,857	-	138,464,857
2021	1,723,681,641	196,979,633	196,979,633	-	129,000,285	-	129,000,285
2022	1,721,014,003	198,111,233	198,111,233	-	120,130,889	-	120,130,889
2023	1,716,645,882	198,472,405	198,472,405	-	111,435,089	-	111,435,089
2024	1,712,203,430	199,132,551	199,132,551	-	103,523,831	-	103,523,831
2025	1,708,475,026	199,285,806	199,285,806	-	95,929,171	-	95,929,171
2026	1,705,596,567	199,499,775	199,499,775	-	88,918,674	-	88,918,674
2027	1,702,586,774	199,676,735	199,676,735	-	82,405,136	-	82,405,136
2028	1,699,532,846	199,981,152	199,981,152	-	76,417,376	-	76,417,376
2029	1,696,349,972	199,620,818	199,620,818	-	70,629,337	-	70,629,337
2030	1,693,756,140	199,124,629	199,124,629	-	65,234,979	-	65,234,979
2031	1,691,949,342	198,512,632	198,512,632	-	60,217,114	-	60,217,114
2032	1,691,137,755	197,424,655	197,424,655	-	55,451,005	-	55,451,005
2033	1,692,009,358	196,080,916	196,080,916	-	50,994,062	-	50,994,062
2034	1,695,042,869	193,895,861	193,895,861	-	46,690,558	-	46,690,558
2035	1,701,364,090	191,693,977	191,693,977	-	42,741,055	-	42,741,055
2036	1,711,322,848	188,962,441	188,962,441	-	39,011,128	-	39,011,128
2037	1,662,923,562	185,696,967	185,696,967	-	35,497,198	-	35,497,198
2038	1,612,929,253	182,086,517	182,086,517	-	32,228,737	-	32,228,737
2039	1,561,623,416	178,106,001	178,106,001	-	29,189,073	-	29,189,073
2040	1,509,331,845	173,843,785	173,843,785	-	26,380,144	-	26,380,144
2041	1,456,319,420	169,240,564	169,240,564	-	23,779,280	-	23,779,280
2042	1,402,928,988	164,281,190	164,281,190	-	21,372,647	-	21,372,647
2043	1,349,542,506	159,274,072	159,274,072	-	19,186,325	-	19,186,325
2044	1,296,255,982	153,946,399	153,946,399	-	17,170,878	-	17,170,878
2045	1,241,949,516	148,607,827	148,607,827	-	15,347,615	-	15,347,615
2046	1,187,333,032	143,149,215	143,149,215	-	13,688,770	-	13,688,770
2047	1,133,921,909	137,544,497	137,544,497	-	12,178,531	-	12,178,531
2048	1,081,981,583	132,003,400	132,003,400	-	10,822,138	-	10,822,138
2049	1,031,578,281	126,295,743	126,295,743	-	9,587,225	-	9,587,225
2050	983,020,466	120,582,826	120,582,826	-	8,475,511	-	8,475,511
2051	936,471,919	115,008,381	115,008,381	-	7,484,903	-	7,484,903
2052	891,958,898	109,386,732	109,386,732	-	6,591,702	-	6,591,702
2053	849,701,140	103,901,466	103,901,466	-	5,797,368	-	5,797,368
2054	809,743,460	98,520,625	98,520,625	-	5,089,939	-	5,089,939
2055	772,166,384	93,214,441	93,214,441	-	4,459,076	-	4,459,076
2056	737,087,234	88,025,068	88,025,068	-	3,898,920	-	3,898,920
2057	704,587,720	82,897,168	82,897,168	-	3,399,804	-	3,399,804
2058	674,812,458	77,891,905	77,891,905	-	2,957,895	-	2,957,895
2059	647,853,919	73,013,730	73,013,730	-	2,567,268	-	2,567,268
2060	623,806,370	68,279,168	68,279,168	-	2,222,957	-	2,222,957
2061	602,754,183	63,705,360	63,705,360	-	1,920,415	-	1,920,415
2062	584,770,388	59,285,076	59,285,076	-	1,654,782	-	1,654,782
2063	569,941,313	55,021,048	55,021,048	-	1,422,003	-	1,422,003
2064	558,357,122	50,917,084	50,917,084	-	1,218,460	-	1,218,460
2065	550,111,118	46,971,399	46,971,399	-	1,040,777	-	1,040,777
2066	545,305,901	43,185,104	43,185,104	-	886,001	-	886,001
2067	544,051,099	39,393,242	39,393,242	-	748,339	-	748,339
2068	546,636,529	35,953,526	35,953,526	-	632,404	-	632,404
2069	553,003,451	32,679,659	32,679,659	-	532,239	-	532,239
2070	563,282,029	29,580,068	29,580,068	-	446,072	-	446,072

TABLE 18 – Description of Actuarial Assumptions and Methods

ASSUMPTIONS

Interest Rate: 8.0% per annum, compounded annually. The components are 3.0% for inflation and 5.0% for the real rate of return.

Separation from Service: Illustrative rates of assumed separation from service are shown in the following tables.

Annual Rates per 100 Participants

Mortality*				
Attained Age	Healthy Pensioners		Disabled Pensioners	
	Males	Females	Males	Females
45	0.09	0.05	2.26	0.75
50	0.14	0.08	2.90	1.15
55	0.23	0.15	3.54	1.65
60	0.44	0.30	4.20	2.18
65	0.84	0.59	5.02	2.80
70	1.34	0.94	6.26	3.76
75	2.14	1.47	8.21	5.22
80	3.86	2.59	10.94	7.23
85	6.40	4.55	14.16	10.02

* Healthy pensioners: The sex-distinct UP-1994 Mortality Table with projection scale AA to 2012 and then fully generational thereafter using scale AA.

Active members: 70% of the rates applicable to healthy pensioners.

Disabled pensioners: RP2000 Disabled Mortality Table.

Annual Rates per 100 Participants

Attained Age	Withdrawal – Ultimate			Disability
	General Employees	Elected Officials*	Deputy Sheriffs	
20	20.00	2.00	20.00	0.00
25	18.10	2.00	18.10	0.04
30	8.10	2.00	8.10	0.05
35	5.20	2.00	5.20	0.07
40	4.00	2.00	4.00	0.12
45	3.70	2.00	3.70	0.16
50	3.70	2.00	3.70	0.16
55	1.00	2.00	1.00	0.16
60	0.00	0.00	0.00	0.16
65	0.00	0.00	0.00	0.16

* Select rates for elected officials assume no turnover for first four years.

Annual Rates per 100 Participants

Retirement Rates				
Attained Age	**General Employees** (backdrop eligible)	**General Employees** (not backdrop eligible)	**Elected Officials**	**Deputy Sheriffs**
45-49	14.0	0.0	0.0	15.0
50-54	14.0	14.0	0.0	30.0
55	14.0	14.0	19.8	30.0
56	15.0	15.0	19.8	30.0
57	16.0	16.0	23.0	30.0
58	17.0	17.0	20.4	30.0
59	17.0	17.0	24.8	30.0
60	17.0	17.0	19.4	30.0
61	25.0	25.0	22.5	50.0
62	30.0	30.0	28.4	50.0
63	30.0	30.0	26.6	50.0
64	30.0	30.0	24.3	50.0
65	40.0	40.0	30.4	100.0
66	40.0	40.0	22.5	100.0
67	40.0	40.0	25.7	100.0
68	40.0	40.0	34.2	100.0
69	40.0	40.0	36.0	100.0
70	100.0	100.0	100.0	100.0

Salary Increase: Effective average of 3.5% per annum, compounded annually. Representative values are as follows:

Annual Rate of Salary Increase

Age	General Employees	Elected Officials	Deputy Sheriffs
20	9.5%	3.0%	9.5%
25	5.0	3.0	8.0
30	4.0	3.0	6.1
35	3.7	3.0	4.6
40	3.5	3.0	3.7
45	3.0	3.0	3.3
50	3.0	3.0	3.0
55	3.0	3.0	3.0
60	3.0	3.0	3.0
Average	3.3	3.0	4.3

Payroll Growth: 3.5% per annum.

MISCELLANEOUS

Percentage Married/Age Difference: Male 80%, female 80%. Beneficiaries are assumed to be the same age as the participant.

Percentage Married with at Least One Dependent Child: 21.6% for General Employees, 43.2% for Deputy Sheriffs and Elected Officials. For those who die prior to age 60, it is assumed at least one child will remain a dependent until the member would have turned age 60.

Backdrop Rate: 75% of eligible retirees are assumed to elect a backdrop. Of those electing, 75% are assumed to take the maximum period available to them and 25% take half the maximum period available based on eligibility for an unreduced retirement benefit.

Assumed Type of Disability: For represented employees, the assumption is 50% Ordinary and 50% Accidental and for non-represented employees, the assumption is 100% Ordinary and 0% Accidental.

METHODS

Calculations: The actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system, and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System.

Actuarial Cost Method: Liabilities and contributions shown in this report are computed using the Individual Entry Age Normal Cost Method. The outstanding balance of the unfunded actuarial accrued liability (UAAL) as of January 1, 2015 and any changes to the UAAL arising from plan changes, assumption changes, and unexpected changes in UAL are amortized as a level percentage of payroll over a 20-year period.

The full administrative expenses incurred by the County related to the System are payable by the System to the County. The County then reimburses the System for this payment in the annual contribution.

The variance between the amount contributed to the System for a plan year, and the actual contribution requirement for that year is amortized on a level dollar basis over 5 years. POB proceeds were not subject to the contribution variance requirements.

Asset Valuation Method: A ten-year moving market average value of assets that recognizes the actuarial expected investment return immediately and spreads the difference between the actual and expected return over a period of ten years. Assets were re-established at market value on January 1, 2013.

DATA

Census and Assets: The valuation was based on members of the System as of January 1, 2016 and does not take into account future members. All census data was supplied by the System and was subject to reasonable consistency checks. Asset data was supplied by the System.

TABLE 19 - Summary of Benefit and Contribution Provisions

MEMBERSHIP

Any person regularly employed by the County at an annual wage or salary, including any person employed by the State of Wisconsin, but receiving part of his compensation from the County.

VESTING SERVICE

Service during period of employment in the County or in any department in any town, village, city or metropolitan sewerage commission in the County, which department has by consolidation or merger been absorbed by the County.

Creditable service shall consist of “prior service”, “military service”, and “membership service”, for which service credit is allowable under Section 4, Chapter 201, Laws of 1937, as well as service under Executive Order 11231, July 8, 1965, for Vietnam. Additional credit for periods of military service will be earned in accordance with the following chart:

Years of Service with Milwaukee County	Maximum Years of Military Service Granted
0-4	0
5-9	1
10-14	2
15-19	3
20+	4

BENEFIT SERVICE

Same as vesting service except service prior to becoming a participant does not count

EARNINGS

Earnable compensation is the full rate of compensation payable to member if he worked the full normal working time for his position, including authorized overtime payments and the compensation rate assumed to have been received while the member is on authorized leave of absence. In cases where compensation includes maintenance, the Pension Board shall fix the value of that part of the compensation not payable in money. Compensation shall not exceed $260,000 in the pension calculation as indexed for changes in the cost of living.

For all members except certain deputy sheriffs hired on or after January 1, 1982, the final average salary means the average annual salary for the highest three (3) consecutive years of service. For deputy sheriffs hired on or after January 1, 1982, excluding DA Investigators and non-represented deputy sheriffs, the final average salary means the average annual salary for the highest five (5) consecutive years of service. For DA Investigators and non-represented deputy sheriffs hired before July 1, 1995 and all non-deputy sheriff members hired before January 1, 1982, the final average salary is

increased 7.5% for each year worked after January 1, 2001 to a maximum of 25%.

VOLUNTARY EMPLOYEE CONTRIBUTUION

Up to 10% of earnings, provided that the employee was contributing on January 1, 1971.

MANDATORY EMPLOYEE CONTRIBUTION

Effective January 1, 2011 Elected Officials and Non-Represented employees contributed 2% of compensation. For all Non-Represented employees (other than elected officials), the contribution rate increased to 4% of compensation effective December 11, 2011.

BENEFITS

Normal Retirement

Eligibility

Elected Officials:

Age 60, or age 55 with 30 years of service. For elected officials hired before January 1, 2006, the combination of age and service adding up to 75 (Rule of 75) also applies.

General Employees:

For firefighters, Federated Nurses, and Machinists:

Age 60 with 5 years of service, or age 55 with 30 years of service. For firefighters hired before December 1, 1996, Federated Nurses hired before January 1, 1997, and Machinists hired before January 1, 1994, Rule of 75 also applies. For Federated Nurses and Machinists hired after January 1, 2012, age 64 or age 55 with 30 years of service.

For Attorneys, Skilled Trades, non-represented employees, DC48, and Teamco:

Age 60, or age 55 with 30 years of service. For attorneys, Skilled Trades, and non-represented employees hired before January 1, 2006 and DC48 and Teamco hired before January 1, 1994, Rule of 75 also applies.

For attorneys, Skilled Trades, non-represented employees, and TEAMCO hired after January 1, 2010, age 64 or age 55 with 30 years of service.

For DC48 hired after August 1, 2011, age 64 or age 55 with 30 years of service.

For non-represented employees (excluding Elected Officials, Deputy Sheriffs), attorneys, machinists and TEAMCO hired after January 1, 2010, retirement age is 64.

Deputy Sheriffs:

Age 57, or age 55 with 15 years of service. For deputy sheriffs, DA Investigators, and non-represented deputy sheriffs hired before January 1, 1994, Rule of 75 also applies.

Amount

Elected Officials:

For elected officials hired before March 15, 2002, 2.5% of final average salary per year of service before October 14, 2010 and 1.6% of final average salary per year of service thereafter, not greater than 80%. For elected officials hired on or after March 15, 2002, 2.0% of final average salary per year of service before October 14, 2010 and 1.6% of final average salary per year of service thereafter, not greater than 80%.

General Employees:

2.0% of final average salary per year of service, not greater than 80%. For non-represented employees (excluding Elected Officials and Deputy Sheriffs), 1.6% of final average salary per year of service from January 1, 2010; for attorneys and TEAMCO, the 1.6% provision is effective May 1, 2010; for machinists, June 1, 2010; for DC48, effective August 1, 2011; for building trades and FNHP, effective January 1, 2012.

Deputy Sheriffs:

For deputy sheriffs hired before July 1, 1995 and DA Investigators and non-represented deputy sheriffs, 2.5% of final average salary per year of service, not greater than 80%. For deputy sheriffs hired on or after July 1, 1995, 2.0% of final average salary per year of service, not greater than 80%.

For all members, 1.6% of final average salary per year of service after 80% of final average salary has been reached.

In addition to the pension portion, the benefit includes any voluntary contribution balance. Benefits should not be less than under previous system.

Early Retirement

Eligibility	Age 55 with 15 years of service.
Amount	Benefits reduced by 5/12 of 1% for each month by which commencement of payments precedes Normal Retirement Age. For deputy sheriffs, DA Investigators, and non-represented deputy sheriffs, benefit reduction does not apply.

Ordinary Disability Benefit

Eligibility	After 15 years of service.
Amount	Benefits calculated as for normal retirement benefits. Minimum benefit is 25% of final average salary.

Accidental Disability Benefit

Eligibility	Immediate.
Amount	Benefits are the same as normal retirement benefits if the employee has attained the minimum Normal Retirement Age. If less than Normal Retirement Age at time of disability, the benefit is computed the same as for normal retirement but is not less than 75% or 60% of final average salary.

Elected Officials

For elected officials hired before February 19, 1987, the benefit is not less than 75% of final average salary. For all other elected officials, the benefit is not less than 60% of final average salary.

General Employees

For non-represented employees hired before February 19, 1987, attorneys hired on or after January 1, 1987, Skilled Trades hired before October 30, 1987, Federated Nurses hired before January 1, 1987, Machinists hired before May 18, 1988, DC48 hired before July 24, 1987, and Teamco hired before January 12, 1988, the benefit is not less than 75% of final average salary. For all other general employees, the benefit is not less than 60% of final average salary.

Deputy Sheriffs

For all deputy sheriffs, the benefit is not less than 75% of final average salary. For DA Investigators and non-represented deputy sheriffs hired on or after February 19, 1987, the benefit is not less than 60% of final average salary.

Ordinary Death Benefit

Upon the death of a deputy sheriff in active service for any cause other than accidental, the surviving spouse or child shall be entitled to receive the benefit under the provision of survivor benefits if the deceased member has completed at least one (1) year of service and is not eligible for normal retirement.

Accidental Death Benefit

Upon the death of a deputy sheriff caused by an accident in active duty, a survivorship benefit equal to fifty (50) percent of final average salary shall be granted to the following members:

1) A surviving spouse for life or until remarriage, or
2) If there is no spouse or spouse dies or remarries before the youngest child has attained age 18, the benefit is payable to his child(ren) under age 18 until the youngest child attains said age, or
3) If there is no spouse or child(ren) under age 18, the benefit is payable to his dependent father or mother to continue for life.

The monthly benefit aforementioned shall not be less than the benefit under ordinary death benefit section if death had not occurred in performance of duty.

Lump Sum Benefit upon Death

Upon a death of members, a lump sum benefit of one-half the final average salary of the deceased member, not greater than two thousand dollars ($2,000) shall be paid to designated beneficiary if such member has completed one (1) year of service and no survivors' benefits payable under any other survivorship benefits.

Deferred Vested Benefit

Upon termination of employment, a member who does not elect to withdraw any part of his membership account shall be eligible for a deferred vested benefit if:

1) The accrued benefit at age 60 is at least $10 per month
2) 5 years of service

The benefit is computed the same as for a normal retirement benefit considering earnings and service prior to date of termination.

Survivor Benefit

Upon the death of a member prior to age 60 and after completing at least one (1) year of service, a monthly benefit equal to 40% of the member's salary for the year of his death less monthly survivor benefits payable under the Social Security law shall be payable to his surviving spouse if she has at least one dependent child and was married to the member at least one (1) year prior to his death. Upon attainment of age 60 the dependent spouse shall be paid a benefit equal to 50% of the normal pension which the member would have received assuming service had continued to accrue to age 60 and the final average salary determined at death. In addition, a monthly benefit equal to 10% of the member's monthly salary less the benefits payable to child under Social Security law shall be payable to each eligible

children until he attains age 18 or marries, or until attainment of age 22 if he is a student and not married.

Any member eligible for normal retirement may elect the protective survivorship option by selecting option 2 or 3 under the Optional Benefit section. This survivorship option shall become effective at the death of the member. If any member eligible to elect an option shall die in active service, without selecting an option, his surviving spouse shall be paid a survivorship benefit equal to the amount that would have been payable if such member had retired under option 3 immediately prior to his death.

Optional Benefit

In lieu of the full retirement benefit, any member at retirement may elect to receive an actuarial equivalent reduced retirement benefit in accordance with the following options:

Option 1. In case of death before benefits attributable to his mandatory account have equaled the amount of his membership account at the date of retirement, the balance shall be paid to a designated beneficiary or to his estate; or

Option 2. At the death of the member, one-half of the reduced benefit shall be continued throughout the life of designated beneficiary; or

Option 3. At the death of the member, the same reduced benefit shall be continued throughout the life of designated beneficiary.

Other Benefits

Simple COLA	2% of original benefit increase per year to retired employees (surviving beneficiary receives proportionate amount based on survivorship percentage).
Contribution Refund	Refund of employee voluntary contribution upon severance.
Backdrop Benefit	Employee may opt to receive a monthly benefit earned as of a specific date in the past (backdrop date). The backdrop date may not be prior to the earliest date that the member was eligible to retire and shall not be less than one (1) year prior to the date the member leaves active County service. Employee receives a cash payment equal to monthly benefits that would have been paid between backdrop date and actual retirement date plus interested earned. Effective with backdrop dates on or after April 1, 2013, the monthly drop benefit shall be based on the salary, service and multipliers as of April 1, 2013, except for Elected Officials, Skilled Trades, Machinists, Federated Nurses and Firefighters.

Members not eligible for backdrop benefits are Elected Officials, non-represented employees and deputy sheriffs hired on or after March 15, 2002, Machinists and Teamco hired on or after November 4, 2005, Attorneys hired on or after January 1, 2006, Federated Nurses hired on or after December 15, 2005, Firefighters hired on or after June 19, 2007 and DC48 hired on or after February 1, 2007.

TABLE 20 - Summary of Membership Data as of January 1, 2016

Active Participants

Item	General Employees	Deputy Sheriffs*	Elected Officials	Total
Number of Participants	3,309	288	22	3,619
Average Annual Salaries **	$ 51,883	$ 75,003	$ 72,237	$ 53,847
Average Age	45.6	45.5	51.1	45.7
Average Service	10.9	17.4	11.3	11.4

* Includes 18 non-represented deputy sheriffs.

** The salaries shown in the table above represent a rate of pay increased by the salary assumption.

Inactive Participants

Item	Number	Annual Annuities	Average Annuities	Average Age
Participants with Deferred Benefits	1,387	$ 11,085,984	$ 7,993	51.0
Retired Participants	6,816	149,319,398	21,907	71.2
Beneficiaries	914	13,937,264	15,249	78.0
Disability Retirees	261	5,988,783	22,946	64.5
Total	9,378	$ 180,331,429	$ 19,229	68.7

TABLE 21 - Active Membership Statistics (Unaudited)

	2015
Members as of January 1	5,050 *
Changes during the year:	
New enrollments	477
Nonvested terminations	(291)
Retirements	(235)
Deaths in active service	(13)
New deferred beneficiaries	0
Data Adjustment	18
Members as of December 31	5,006 *

*This total includes vested inactive members.

RETIREMENTS AND SURVIVORS (UNAUDITED)

	Retirements granted								Survivors & Benefi-ciaries	Total
	Maxi-mum Pension	Options								
		Refund	100%	75%	50%	25%	10-yr	Other		
January 1, 2015	3,303	333	1,436	258	1,012	478	227	45	887	7,979
Changes during the year:										
Adjustments (actuary) *	-	-	-	-	-	-	-	-	-	-
Retirements	149	4	49	9	23	27	14	2	85	362
Pensioner deaths	(164)	(33)	(40)	(6)	(45)	(2)	(1)	(1)	(58)	(350)
December 31, 2015	3,288	304	1,445	261	990	503	240	46	914	7,991

* Adjustments as a result of reclassifications made to beginning balances by the actuary:

EXHIBIT I - Active Membership Data – All Employees

Number and Average Annual Salary*
as of January 1, 2016

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	67 $36,987									67 $36,987
25-29	270 $39,016	19								289 $39,374
30-34	258 $44,244	71 $46,970	11							340 $44,631
35-39	197 $53,654	112 $53,810	80 $50,696	25 $58,367						414 $53,409
40-44	164 $51,469	75 $57,388	91 $52,355	117 $60,472	22 $66,632					469 $55,545
45-49	134 $51,791	76 $53,131	86 $57,513	159 $63,016	121 $67,494	26 $56,742	1	1		604 $59,129
50-54	105 $49,141	48 $55,451	60 $48,592	84 $52,104	124 $61,965	94 $59,992	15	1		531 $55,312
55-59	83 $53,604	60 $48,506	77 $52,977	98 $56,752	88 $60,132	84 $61,445	37 $55,029	3		530 $55,925
60-64	51 $61,098	28 $58,887	43 $52,645	45 $52,591	47 $58,980	49 $69,018	28 $72,889	7	3	301 $60,931
Over 64	5	13	21 $71,136	11	5	11	3	5		74 $ 62,335
Total	1,334 $47,476	502 $52,602	469 $53,184	539 $58,335	407 $63,079	264 $62,309	84 $62,483	17	3	3,619 $53,847

* Compensation in cells with fewer than 20 records has been suppressed.

EXHIBIT II - Active Membership Data – General Employees

Number and Average Annual Salary*
as of January 1, 2016

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	65 $36,645									65 $36,645
25-29	253 $38,407	19								272 $38,831
30-34	251 $44,500	69 $47,007	11							331 $44,826
35-39	192 $53,763	110 $53,788	71 $48,653	18						391 $52,646
40-44	161 $51,521	73 $57,003	85 $51,161	80 $51,293	8					407 $52,378
45-49	131 $50,901	76 $53,131	78 $55,654	116 $57,065	69 $57,838	25 $55,738	1	1		497 $54,686
50-54	103 $48,760	47 $55,178	58 $47,668	80 $50,623	90 $55,267	86 $58,341	14	1		479 $52,719
55-59	80 $52,787	60 $48,506	75 $51,661	89 $54,534	80 $56,785	80 $60,584	36 $54,098	3		503 $54,372
60-64	51 $61,098	26 $56,980	42 $52,272	45 $52,591	46 $59,127	48 $68,693	28 $72,889	7	2	295 $60,676
Over 64	5	12	19	10	5	10	3	5		69 $ 62,575
Total	1,292 $47,326	492 $52,386	439 $51,842	438 $53,460	298 $56,812	249 $61,423	82 $61,668	17	2	3,309 $51,883

EXHIBIT III - Active Membership Data – Deputy Sheriffs

Number and Average Annual Salary*
as of January 1, 2016

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	2									2
25-29	16									16
30-34	7	2								9
35-39	3	2	7	7						19
40-44	1	1	6	37 $80,318	14					59 $77,419
45-49	2		7	42 $79,709	52 $80,307	1				104 $79,801
50-54	2	1	2	4	34 $79,695	8	1			52 $79,201
55-59	2		1	9	6	4	1			23 $78,775
60-64		1	1			1			1	4
Over 64										
Total	35 $48,801	7	24 $72,482	99 $80,029	106 $79,565	14	2		1	288 $75,003

EXHIBIT IV - Active Membership Data – Elected Officials

Number and Average Annual Salary*
as of January 1, 2016

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25										
25-29	1									1
30-34										
35-39	2		2							4
40-44	2	1								3
45-49	1		1	1						3
50-54										
55-59	1		1		2					4
60-64		1			1					2
Over 64		1	2	1		1				5
Total	7	3	6	2	3	1				22 $72,237

* Compensation in cells with fewer than 20 records has been suppressed.

EXHIBIT V - Active and Deferred Vested Members Obtaining Retirement Eligibility over Next Five Calendar Years

Actives Reaching Retirement Eligibility

Year	General Employees	Elected Officials	Deputy Sheriffs	Total
Eligible at Valuation Date	523	9	14	546
2016	137	1	11	149
2017	100	0	7	107
2018	116	0	12	128
2019	107	0	11	118
2020	103	2	10	115
Total Over Next 5 Years	563	3	51	617
Grand Total Eligible	1,086	12	65	1,163

Deferred Vesteds Reaching Retirement Age

Year	Total
2016	72
2017	77
2018	74
2019	69
2020	64
Total Over Next 5 Years	356

EXHIBIT VI - Retiree and Beneficiary Membership Data as of January 1, 2016

Number and Average Annual Benefit

Age Last Birthday	Number	Annual Benefit	Average Annual Benefit
Retired Participants			
Under 60	590	$ 17,174,182	$ 29,109
60 - 64	1,328	29,425,498	22,158
65 - 69	1,771	39,784,615	22,464
70 - 74	1,033	22,852,981	22,123
75 - 79	774	16,359,282	21,136
Over 79	1,320	23,722,840	17,972
Total	6,816	$ 149,319,398	$ 21,907
Beneficiary Participants			
Under 60	58	$ 764,392	$ 13,179
60 - 64	73	1,172,082	16,056
65 - 69	97	1,782,512	18,376
70 - 74	97	1,619,936	16,700
75 - 79	123	2,006,048	16,309
Over 79	466	6,592,294	14,147
Total	914	$ 13,937,264	$ 15,249
Disabled Participants			
Under 60	106	$ 2,833,112	$ 26,727
60 - 64	38	934,436	24,590
65 - 69	26	591,697	22,758
70 - 74	37	687,077	18,570
75 - 79	20	388,062	19,403
Over 79	34	554,399	16,306
Total	261	$ 5,988,783	$ 22,946
Grand Total	7,991	$ 169,245,445	$ 21,180

EXHIBIT VII - 5-Year History of Membership Data

Active Participants

Valuation as of January 1	Number of Active Participants	Percentage Change in Membership	Total Annual Payroll	Percentage Change in Payroll
2016	3,619	(1.66)%	$ 194,871,557	(1.70)%
2015	3,680	(5.91)%	198,235,780	5.11 %
2014	3,911	(0.58)%	188,605,492	4.81 %
2013	3,934	(0.96)%	189,131,711	(0.85)%
2012	3,972	(10.70)%	190,747,973	(13.94)%

Retired, Disabled, and Beneficiary Participants

Valuation as of January 1	Number on roll	Additions	Deletions	Percentage Change in Membership	Annual Annuities	Percentage Change in Annuities
2016	7,991	362	350	0.15 %	169,278,563	2.56 %
2015	7,979	365	326	0.49 %	165,058,644	1.70 %
2014	7,940	319	246	0.93 %	162,296,676	2.69 %
2013	7,867	412	292	1.55 %	158,040,281	6.18 %
2012	7,747	576	270	(0.22)%	148,838,576	2.24 %

EXHIBIT VIII - Detailed Tabulations of the Data

TABLE VIII-A

The Number and Annual Salaries of Members in Active Service Distributed by Age as of January 1, 2016 All Employees

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
17				
18				
19	1			
20				
21	1		2	
22	5		7	
23	8		7	
24	19		17	
25	25	$ 886,144	24	$ 1,025,563
26	26	1,029,276	29	1,136,873
27	24	1,007,722	37	1,365,359
28	23	909,623	27	1,015,050
29	33	1,378,783	41	1,624,817
30	32	1,351,649	25	1,010,832
31	35	1,535,278	33	1,401,683
32	32	1,571,007	39	1,962,952
33	31	1,415,529	38	1,552,240
34	31	1,419,260	44	1,954,019
35	32	1,919,404	45	2,064,087
36	41	2,233,093	40	1,933,183
37	31	1,630,864	49	2,693,958
38	50	2,812,297	40	2,064,189
39	38	2,199,552	48	2,560,797
40	58	3,568,429	44	2,077,512
41	46	2,861,971	49	2,325,867
42	24	1,381,505	44	2,146,944
43	52	2,956,082	43	2,452,014
44	56	3,547,482	53	2,732,665
45	55	3,608,144	58	3,155,068
46	72	4,560,623	61	3,484,256
47	39	2,546,945	65	3,482,829
48	53	3,424,014	66	3,177,132
49	68	4,747,384	67	3,527,402

TABLE VIII-A

The Number and Annual Salaries of Members in Active Service Distributed by Age as of January 1, 2016 All Employees

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
50	58	$ 3,395,552	62	$ 3,248,183
51	43	2,599,223	71	3,569,259
52	46	2,896,935	55	2,986,082
53	57	3,267,808	62	3,237,505
54	38	2,242,118	39	1,927,971
55	61	3,679,010	78	4,059,357
56	49	3,139,286	55	2,892,289
57	49	2,567,019	59	2,811,298
58	39	2,258,276	43	2,531,344
59	43	2,984,285	54	2,718,172
60	54	3,695,049	43	2,192,421
61	32	2,071,019	28	1,456,199
62	36	2,171,130	29	1,722,940
63	13		26	1,376,772
64	24	1,891,758	16	
65	14		8	
66	7		8	
67	6		4	
68	3		6	
69	4		2	
70			1	
71	1			
72	1		2	
73	1		2	
74	2			
75				
76				
77			1	
78				
79	1			
80				
Total	1,723	$ 99,982,789	1,896	$ 94,888,767

TABLE VIII-B

The Number and Annual Salaries of Members in Active Service Distributed by Years of Credited Service as of January 1, 2016 All Employees

(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
0	204	$ 9,698,937	273	$ 11,676,177
1	93	4,577,904	160	7,553,818
2	104	5,796,108	150	6,762,824
3	93	4,807,853	89	4,133,166
4	88	4,521,511	80	3,804,644
5	51	2,508,909	47	2,473,607
6	43	2,351,568	61	3,036,188
7	74	3,820,409	63	3,118,066
8	35	1,981,194	42	2,233,091
9	43	2,392,799	43	2,490,235
10	48	2,541,347	64	3,301,127
11	38	2,312,909	46	2,331,220
12	33	1,807,279	36	1,839,562
13	55	3,165,652	24	1,065,340
14	67	3,864,971	58	2,713,778
15	72	4,229,765	79	3,862,430
16	64	3,855,419	67	3,728,785
17	48	3,044,656	42	2,294,170
18	48	3,243,750	41	2,400,949
19	40	2,799,072	38	1,983,666
20	40	2,988,398	20	1,108,300
21	45	3,024,237	42	2,389,234
22	34	2,251,171	37	2,044,057
23	56	4,038,667	50	2,719,079
24	45	2,990,910	38	2,119,011
25	40	2,699,651	31	1,466,190
26	28	1,803,702	50	2,977,985
27	19		38	2,299,184
28	17		19	
29	8		14	
30	20	1,293,897	16	
31	6		12	
32	4		8	
33	5		3	
34	3		7	
35	1		3	
36	4		3	
37	1		1	
38	2			
39	4		1	
Total	1,723	$ 99,982,789	1,896	$ 94,888,767

TABLE VIII-C

The Number and Annual Salaries of Members in Active Service Distributed by Age as of January 1, 2016 General Employees

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
17				
18				
19	1			
20				
21	1		2	
22	5		7	
23	8		7	
24	18		16	
25	20	$ 634,051	24	$ 1,025,563
26	24	934,111	28	1,085,115
27	21	861,500	36	1,322,005
28	22	858,345	26	963,772
29	31	1,293,042	40	1,584,510
30	29	1,228,666	25	1,010,832
31	34	1,492,073	33	1,401,683
32	31	1,522,808	39	1,962,952
33	30	1,400,361	38	1,552,240
34	30	1,404,136	42	1,861,812
35	31	1,852,202	41	1,845,579
36	38	2,014,501	39	1,864,530
37	26	1,354,396	48	2,610,847
38	47	2,605,798	40	2,064,189
39	35	1,952,879	46	2,419,622
40	46	2,653,528	42	1,915,334
41	40	2,422,798	46	2,129,143
42	20	1,062,301	43	2,064,745
43	41	2,057,989	42	2,370,059
44	40	2,312,714	47	2,329,231
45	34	1,905,291	54	2,868,663
46	53	3,018,815	59	3,315,087
47	21	1,089,625	60	3,093,017
48	40	2,414,036	60	2,683,561
49	51	3,382,282	65	3,408,615

TABLE VIII-C

The Number and Annual Salaries of Members in Active Service Distributed by Age as of January 1, 2016 General Employees

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
50	47	$ 2,515,745	59	$ 3,003,331
51	36	2,019,753	68	3,357,486
52	37	2,213,582	53	2,822,662
53	50	2,687,210	58	2,926,132
54	32	1,778,318	39	1,927,971
55	53	3,048,577	74	3,743,291
56	40	2,429,588	55	2,892,289
57	48	2,485,279	59	2,811,298
58	39	2,258,276	43	2,531,344
59	38	2,431,024	54	2,718,172
60	51	3,506,229	43	2,192,421
61	30	1,903,663	28	1,456,199
62	35	2,086,493	29	1,722,940
63	13		26	1,376,772
64	24	1,891,758	16	
65	13		8	
66	6		8	
67	6		4	
68	3		5	
69	3		2	
70			1	
71	1			
72			2	
73	1		2	
74	2			
75				
76				
77			1	
78				
79	1			
80				
Total	1,477	$ 81,310,880	1,832	$ 90,370,531

TABLE VIII-D

The Number and Annual Salaries of Members in Active Service Distributed by Years of Credited Service as of January 1, 2016 General Employees

(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
0	187	$ 8,829,891	268	$ 11,422,183
1	91	4,493,522	160	7,553,818
2	98	5,487,272	149	6,718,855
3	89	4,584,830	88	4,092,859
4	85	4,295,021	77	3,666,792
5	49	2,397,400	47	2,473,607
6	42	2,265,278	61	3,036,188
7	70	3,555,113	62	3,049,413
8	34	1,932,995	41	2,180,891
9	43	2,392,799	43	2,490,235
10	44	2,331,525	64	3,301,127
11	36	2,166,710	44	2,213,761
12	30	1,567,592	35	1,770,922
13	45	2,407,360	24	1,065,340
14	60	3,288,734	57	2,645,779
15	59	3,204,145	73	3,392,924
16	47	2,473,030	63	3,402,020
17	37	2,182,566	35	1,769,047
18	28	1,621,859	37	2,098,915
19	25	1,570,162	34	1,700,681
20	21	1,409,088	16	
21	25	1,419,144	39	2,142,943
22	19		32	1,644,626
23	30	1,926,054	43	2,171,177
24	36	2,254,541	37	2,036,522
25	34	2,229,948	31	1,466,190
26	23	1,415,526	49	2,896,150
27	19		36	2,135,762
28	16		19	
29	8		14	
30	18		16	
31	6		12	
32	4		8	
33	5		3	
34	3		7	
35	1		3	
36	4		3	
37	1		1	
38	2			
39	1		1	
40	2			
Total	1,477	$ 81,310,880	1,832	$ 90,370,531

TABLE VIII-E

The Number and Annual Salaries of Members in Active Service Distributed by Age as of January 1, 2016 Deputy Sheriffs

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
24	1		1	
25	4			
26	2		1	
27	3		1	
28	1		1	
29	2		1	
30	3			
31	1			
32	1			
33	1			
34	1		2	
35	1		2	
36	2		1	
37	4		1	
38	3			
39	3		2	
40	9		2	
41	6		3	
42	4		1	
43	11		1	
44	16		6	
45	21	$ 1,702,853	3	
46	19		2	
47	18		5	
48	13		6	
49	15		2	
50	11		3	
51	7		3	
52	9		2	
53	7		4	
54	6			
55	8		4	
56	8			
57	1			
58				
59	2			
60	2			
61	1			
62	1			
Total	228	$ 17,305,056	60	$ 4,295,872

TABLE VIII-F

The Number and Annual Salaries of Members in Active Service Distributed by Years of Credited Service as of January 1, 2016 Deputy Sheriffs

(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
0	15	$	5	
1	2			
2	6		1	
3	2		1	
4	1		2	
5	2			
6				
7	3		1	
8	1			
9				
10	3			
11	2			
12	2		1	
13	8			
14	7		1	
15	12		6	
16	17		4	
17	10		7	
18	20	1,621,891	4	
19	15		4	
20	18		4	
21	20	1,605,093	3	
22	15		5	
23	24	1,931,663	7	
24	9		1	
25	6			
26	5		1	
27			2	
28				
29				
30	2			
31				
32				
33				
34				
35				
36				
37				
38				
39				
40	1			
Total	228	$ 17,305,056	60	$ 4,295,872

TABLE VIII-G

The Number and Annual Salaries of Members in Active Service Distributed by Age as of January 1, 2016 Elected Officials

(Compensation in cells with fewer than 20 records has been suppressed)

Age	Men		Women	
	Number	Compensation	Number	Compensation
25	1			
35			2	
36	1			
37	1			
40	3			
45			1	
49	2			
56	1			
59	3			
60	1			
61	1			
65	1			
66	1			
68			1	
69	1			
72	1			
Total	18		4	

TABLE VIII-H

The Number and Annual Salaries of Members in Active Service Distributed by Years of Credited Service as of January 1, 2016 Elected Officials

(Compensation in cells with fewer than 20 records has been suppressed)

Years of Service	Men		Women	
	Number	Compensation	Number	Compensation
0	2			
1				
2				
3	2			
4	2		1	
5				
6	1			
7	1			
8			1	
9				
10	1			
11			2	
12	1			
13	2			
14				
15	1			
16				
17	1			
18				
19				
20	1			
21				
22				
23	2			
24				
25				
26				
27				
28	1			
Total	18		4	

TABLE VIII-I

The Number and Annual Benefits Payable to All Members Receiving Benefits as of January 1, 2016

Age	Men		Women	
	Number	Annuities	Number	Annuities
16	1	$ 4,484		
17	1	3,995		
19	1	3,997		
21	2	10,601		
22			1	$ 7,780
26			1	7,780
27			1	7,071
32	1	3,693		
33	1	15,738		
35	1	20,434	1	4,223
37	1	2,368	1	16,217
38	1	34,845	1	6,018
40	1	24,554	1	16,702
41	2	52,298	1	46,075
42	1	5,405		
44	4	131,577	3	67,523
45	4	143,049		
46	8	221,796		
47	2	52,811		
48	3	111,268	4	70,530
49	1	13,821	5	223,540
50	3	97,173	7	200,630
51	10	410,431	25	651,880
52	8	285,577	29	802,624
53	17	533,404	14	437,909
54	18	554,110	36	930,642
55	13	438,190	48	1,168,386
56	31	953,959	56	1,407,336
57	38	1,397,185	58	1,589,887
58	43	1,192,409	103	2,673,136
59	62	1,835,727	79	1,880,898
60	83	2,290,453	129	2,455,843
61	100	2,504,795	148	2,960,365
62	128	3,072,614	172	3,179,203
63	134	3,800,358	194	3,474,422
64	145	3,749,805	206	4,044,158
65	183	4,743,798	196	3,261,538

TABLE VIII-I

The Number and Annual Benefits Payable to All Members Receiving Benefits as of January 1, 2016

Age	Men		Women	
	Number	Annuities	Number	Annuities
66	174	$ 4,492,083	229	$ 4,007,470
67	161	4,681,527	194	3,610,957
68	185	4,554,380	223	4,274,446
69	152	4,254,024	197	4,278,601
70	116	2,849,502	138	2,740,698
71	104	2,556,611	146	2,777,246
72	100	2,621,888	143	2,556,016
73	100	2,831,408	138	2,453,869
74	68	1,709,030	114	2,063,726
75	85	2,300,003	100	1,775,491
76	77	1,926,223	112	2,024,095
77	65	1,538,861	113	2,093,192
78	73	1,713,668	114	1,688,466
79	76	1,904,354	102	1,789,039
80	49	1,303,575	115	2,081,404
81	53	1,547,854	93	1,580,174
82	50	1,425,021	84	1,345,157
83	64	1,436,468	90	1,458,771
84	60	1,530,523	89	1,558,388
85	42	956,026	121	1,743,325
86	36	705,689	103	1,397,669
87	38	787,334	89	1,194,225
88	42	897,074	89	1,191,179
89	20	437,609	76	1,019,543
90	26	553,045	54	690,947
91	24	390,250	54	734,885
92	17	278,754	51	567,705
93	12	214,105	34	360,083
94	12	193,223	40	386,781
95	4	35,460	26	254,727
96	5	41,087	16	138,932
97	1	21,308	16	142,153
98	1	44,255	9	41,387
99	2	51,928	4	37,547
100			2	35,302
101	1	6,131	5	45,961
103			1	6,569
Total	3,147	$ 81,507,003	4,844	$ 87,738,442

TABLE VIII-J

The Number and Annual Benefits Payable to Retired Members as of January 1, 2016

Age	Men		Women	
	Number	Annuities	Number	Annuities
48			1	$ 24,439
49			3	131,380
50	1	$ 43,053	4	131,901
51	6	252,734	13	321,173
52	6	265,044	19	565,684
53	14	432,000	13	423,700
54	16	519,273	28	784,086
55	13	438,190	40	1,070,676
56	26	803,645	49	1,249,297
57	33	1,308,660	53	1,530,638
58	37	1,080,109	88	2,362,302
59	54	1,642,306	73	1,793,892
60	78	2,198,422	109	2,107,099
61	94	2,411,091	132	2,612,318
62	118	2,820,523	162	2,999,142
63	125	3,580,003	182	3,268,439
64	139	3,707,332	189	3,721,129
65	177	4,619,295	178	2,888,851
66	169	4,388,060	215	3,756,441
67	154	4,553,933	173	3,225,482
68	180	4,498,191	200	3,841,662
69	145	4,090,899	180	3,921,801
70	108	2,760,114	121	2,320,426
71	95	2,447,361	125	2,403,277
72	90	2,494,794	121	2,231,180
73	94	2,726,835	115	2,056,463
74	66	1,660,977	98	1,751,554
75	79	2,204,778	78	1,386,441
76	74	1,898,504	102	1,857,530
77	58	1,454,586	89	1,557,815
78	63	1,559,140	89	1,356,493
79	66	1,774,879	76	1,309,116
80	48	1,291,759	84	1,485,045
81	52	1,539,380	65	1,098,924
82	46	1,374,576	59	988,636
83	60	1,429,428	60	847,398
84	55	1,437,838	56	945,157

TABLE VIII-J

The Number and Annual Benefits Payable to Retired Members as of January 1, 2016

Age	Men		Women	
	Number	Annuities	Number	Annuities
85	38	$ 905,699	78	$ 1,178,348
86	32	684,787	64	875,500
87	37	783,697	57	726,295
88	39	858,952	49	618,989
89	20	437,609	41	493,240
90	23	524,691	34	445,661
91	17	341,416	30	356,248
92	15	271,082	35	353,515
93	10	189,852	17	180,672
94	10	173,582	26	205,015
95	4	35,460	14	138,510
96	4	38,395	12	106,846
97	1	21,308	9	89,902
98	1	44,255	6	35,702
99	2	51,928	4	37,547
100			1	31,246
101	1	6,131	4	42,619
Total	2,893	$ 77,076,556	3,923	$ 72,242,842

TABLE VIII-K

The Number and Annual Benefits Payable to Beneficiary Members as of January 1, 2016

Age	Men		Women	
	Number	Annuities	Number	Annuities
16	1	$ 4,484		
17	1	3,995		
19	1	3,997		
21	2	10,601		
22			1	$ 7,780
26			1	7,780
27			1	7,071
32	1	3,693		
33	1	15,738		
35			1	4,223
37	1	2,368	1	16,217
38			1	6,018
40			1	16,702
41	1	8,158		
42	1	5,405		
44			2	34,503
46	2	20,243		
47	1	6,425		
48			1	5,497
50			1	8,017
51			4	74,914
52	1	5,465	3	99,327
53	1	8,425		
54			3	70,125
55			5	44,201
56			2	37,828
57			4	37,374
58			6	87,057
59	3	77,205	2	23,556
60	2	35,158	17	274,822
61	2	11,123	14	315,996
62	3	25,851	8	133,319

TABLE VIII-K

The Number and Annual Benefits Payable to Beneficiary Members as of January 1, 2016

Age	Men		Women	
	Number	Annuities	Number	Annuities
63	2	$ 17,403	11	$ 192,584
64	3	7,640	11	158,186
65	4	71,505	15	314,341
66	2	15,040	10	170,874
67	4	53,359	18	340,974
68	4	23,007	20	381,295
69	4	65,088	16	347,029
70	3	38,834	15	358,957
71	5	32,261	15	293,620
72	8	72,395	19	268,502
73	3	33,203	17	299,573
74			12	222,591
75	3	36,601	19	332,309
76	2	9,874	9	145,874
77	6	58,240	23	520,611
78	7	92,638	23	292,540
79	7	61,861	24	455,500
80	1	11,816	30	573,669
81			24	428,662
82	2	13,011	23	320,280
83	4	7,040	25	524,997
84	3	25,205	30	576,323
85	4	50,327	41	520,830
86	4	20,902	34	455,465
87	1	3,637	29	425,941
88	3	38,122	39	558,732
89			34	512,823
90	3	28,354	20	245,286
91	6	38,163	24	378,637
92	2	7,672	15	198,431
93	2	24,253	17	179,411
94	2	19,641	14	181,766
95			12	116,217
96	1	2,692	4	32,086
97			7	52,251
99				
100			1	4,056
102				
103			1	6,569
Total	130	$ 1,228,118	784	$ 12,709,146

TABLE VIII-L

The Number and Annual Benefits Payable to Disabled Members as of January 1, 2016

Age	Men		Women	
	Number	Annuities	Number	Annuities
35	1	$ 20,434		
38	1	34,845		
40	1	24,554		
41	1	44,140	1	$ 46,075
44	4	131,577	1	33,020
45	4	143,049		
46	6	201,553		
47	1	46,386		
48	3	111,268	2	40,594
49	1	13,821	2	92,160
50	2	54,120	2	60,712
51	4	157,697	8	255,793
52	1	15,068	7	137,613
53	2	92,979	1	14,209
54	2	34,837	5	76,431
55			3	53,509
56	5	150,314	5	120,211
57	5	88,525	1	21,875
58	6	112,300	9	223,777
59	5	116,216	4	63,450
60	3	56,873	3	73,922
61	4	82,581	2	32,051
62	7	226,240	2	46,742
63	7	202,952	1	13,399
64	3	34,833	6	164,843
65	2	52,998	3	58,346

TABLE VIII-L

The Number and Annual Benefits Payable to Disabled Members as of January 1, 2016

Age	Men		Women	
	Number	Annuities	Number	Annuities
66	3	$ 88,983	4	$ 80,155
67	3	74,235	3	44,501
68	1	33,182	3	51,489
69	3	98,037	1	9,771
70	5	50,554	2	61,315
71	4	76,989	6	80,349
72	2	54,699	3	56,334
73	3	71,370	6	97,833
74	2	48,053	4	89,581
75	3	58,624	3	56,741
76	1	17,845	1	20,691
77	1	26,035	1	14,766
78	3	61,890	2	39,433
79	3	67,614	2	24,423
80			1	22,690
81	1	8,474	4	52,588
82	2	37,434	2	36,241
83			5	86,376
84	2	67,480	3	36,908
85			2	44,147
86			5	66,704
87			3	41,989
88			1	13,458
89			1	13,480
91	1	10,671		
92			1	15,759
Total	124	$ 3,202,329	137	$ 2,786,454

EXHIBIT IX - Glossary

Accrued Liability	The difference between (a) the present value of future plan benefits, and (b) the present value of future normal cost. It is the portion of the present value of future plan benefits attributable to service accrued as of the valuation date. Sometimes referred to as "actuarial accrued liability."
Accrued Service	The service credited under the plan, which was rendered before the date of the actuarial valuation.
Actual Funding Contribution	The Actual Funding Contribution for a plan year is calculated using census and asset information as of the first day of the plan year, and includes Normal Cost, with interest to the end of the plan year, and a net amortization payment.
Actuarial Assumptions	Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.
Actuarial Cost Method	A mathematical budgeting procedure for allocating the dollar amount of the "present value of future plan benefits" between the present value of future normal cost and the accrued liability. Sometimes referred to as the "actuarial funding method."
Actuarial Equivalent	A series of payments is called an actuarial equivalent of another series of payments if the two series have the same actuarial present value.
Actuarial Value of Assets	The value of current plan assets recognized for valuation purposes. Based on a smoothed market value that recognizes Unexpected Changes in the market value over a period of ten years.
Amortization	Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

EXHIBIT IX - Glossary (cont'd)

Annual Required Contribution	The Annual Required Contribution, or ARC, is the amount determined in accordance with Governmental Accounting Standards Board Statements Nos. 25 and 27.
Budget Contribution	The Budget Contribution for a year is based on census and asset information as of the first day of the PRIOR plan year, rolled forward to the next plan year based on all actuarial assumptions being met. For example, the Budget Contribution for 2012 is based on census and asset information as of January 1, 2010, rolled forward to January 1, 2011.
Contribution Variance	The difference between the Actual Contribution and the Budget Contribution for a plan year is referred to as the Contribution Variance. A Contribution Variance resulting from an overpayment is amortized over 5 years as a level dollar credit. A Contribution Variance resulting from an underpayment is amortized over 5 years as a level dollar charge.
Unexpected Experience	A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.
Normal Cost	The annual cost assumed, under the actuarial funding method, for current and subsequent plan years. Sometimes referred to as "current service cost."
Present Value	The amount of funds presently required to provide a payment or series of payments in the future. The present value is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.
Unfunded Accrued Liability	The difference between the actuarial accrued liability and valuation assets.

Montgomery County Employee Retirement Plans

Comprehensive Annual Financial Report

Employees' Retirement System
Retirement Savings Plan
Deferred Compensation Plan

(*Trust Funds of Montgomery County, Maryland*)

Fiscal Year 2016
July 1, 2015 – June 30, 2016

Prepared by Montgomery County Employee Retirement Plans
101 Monroe Street, 15th Floor
Rockville, Maryland 20850

MONTGOMERY COUNTY
17 76
CARDEZ BIEN
MARYLAND

MONTGOMERY COUNTY, MARYLAND
EMPLOYEE RETIREMENT PLANS
Fiscal Year Ended June 30, 2016
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MONTGOMERY COUNTY
17 76
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MARYLAND

INTRODUCTION SECTION

OFFICES OF THE COUNTY EXECUTIVE

Isiah Leggett
County Executive

Timothy L. Firestine
Chief Administrative Officer

November 23, 2016

Honorable County Executive and
Members of the Montgomery County Council

I am pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Montgomery County, Maryland (County) Employee Retirement Plans (Plans) for the fiscal year ended June 30, 2016. This annual report is designed to assist you in understanding the structure and current status of the Plans.

FORMAL TRANSMITTAL OF THE CAFR

This report was prepared pursuant to the provisions of Section 33-51(b) of the Montgomery County Code, 2004, as amended (Code), and includes the independent auditor's report, issued by the County Council's appointed independent public accounting firm. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation including all disclosures rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the plan net assets and the changes in plan net assets and financial position of the Plans; and that all disclosures necessary to enable the reader to gain the maximum understanding of the financial affairs of the Plans have been included.

PROFILE OF THE RETIREMENT PLANS

History

The Employees' Retirement System (System) was established in 1965, as a cost-sharing, multiple-employer defined benefit pension plan providing benefits to the employees of the County and other agencies or political subdivisions who elect to participate. Participating agencies and subdivisions include the following: Montgomery County Revenue Authority; Housing Opportunities Commission of Montgomery County; Town of Chevy Chase; Strathmore Hall Foundation, Inc.; Washington Suburban Transit Commission; Montgomery County Employees Federal Credit Union; and certain employees of the State Department of Assessments and Taxation; and the District Court of Maryland. The System is closed to employees hired on or after October 1, 1994, except public safety bargaining unit employees and Guaranteed Retirement Income Plan (GRIP) participants. The Montgomery County Council passed legislation in FY 2009 enabling the County to establish and maintain a GRIP, a cash balance plan that is part of the System, for employees. During FY 2010, eligible County employees who were members of the Retirement Savings Plan (RSP) were granted the option to elect to participate in the GRIP, to transfer their RSP member account balance to the GRIP, and to cease being a member of the RSP. There were 5,513 active members, including 1,526 in the GRIP, and 6,453 retirees and beneficiaries participating in the System as of June 30, 2016.

The RSP was established in 1994 as a cost-sharing multiple-employer defined contribution plan providing benefits to all non-public safety and certain public safety employees hired on or after October 1, 1994. Employees covered by the System may make an irrevocable decision to transfer to the RSP. At June 30, 2016, there were 3,670 active plan members.

The Deferred Compensation Plan (DCP) was established pursuant to Section 457 of the Internal Revenue Code, as amended. During FY 1999, in accordance with Federal legislation, the assets of the County Plan were placed in trust for the sole benefit of participants and their beneficiaries.

Benefit Provisions

The benefit provisions of the System are established by the Code. The System provides for normal service retirement and early service retirement benefits for members who attain age and service requirements. The System also provides options for disability and death benefits to eligible participants. Members are vested after five years of service.

The RSP provides for immediate vesting of employee contributions, and employer contributions are vested after three years of service or upon death, disability, or reaching retirement age.

Major Initiatives

During FY 2016, the Board continued to implement portfolio adjustments which will result in further diversification of the investment portfolio and better management of the System's risk. Toward this effort, new investments were approved in the following sectors: private equity, private real assets, and opportunistic.

INFORMATION USEFUL IN ASSESSING THE RETIREMENT PLANS' ECONOMIC CONDITION

Financial Information

Accounting System and Reports

The Plans' financial statements have been prepared under the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due. Benefits, refunds and distributions are recognized when due in accordance with the terms of the Plans.

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A), found on pages 15 to 19 of this report, provides a brief analysis of the financial performance of the Plans and an introduction to the financial statements of the Plans for the year ended June 30, 2016.

Investments

Montgomery County has established a Board to be responsible for the investment management of the Plans' assets for the exclusive benefit of the members and participants. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

In overseeing the management of the assets of the Plans, the Board has developed sound and prudent investment policies. The Board believes an appropriate balance must be struck between risks taken and returns sought to ensure the long-term health of the defined benefit plan. The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long- term increases in the value of assets. To achieve this objective, System assets are allocated to a broad array of investment sectors as follows: domestic equities 18.8 percent, private equity/debt 7.8 percent, international equities 14.7 percent, global equities 3.6 percent, fixed income 26.2 percent, inflation indexed bonds 10.7 percent, opportunistic 3.3 percent, private real assets 5.4 percent, and public real assets 9.5 percent. For the twelve months ended June 30, 2016, the total return achieved by the System's investments was a gain of 1.90 percent, compared to

the gain recorded by the System's benchmark index of 2.75 percent and the actuarial assumed rate of return of 7.5 percent.

Section 33-125 of the Montgomery County Code authorizes the Board to establish for members of the RSP a diversified slate of mutual and commingled investment funds from which participants may select options. The Board has developed an investment policy outlining its oversight of the investment products offered.

The Board has also established a diversified slate of mutual and commingled funds for the County Plan which offers a range of options from which participants may select. The Board has constructed an investment policy stipulating investment objectives and oversight by the Board.

Funding

The System's actuary uses a five-year smoothed market-related value to determine the actuarial value of assets. The smoothing prevents extreme volatility in employer contribution rates due to short-term fluctuations in the investment markets. For the June 30, 2016 valuation, the actuarial value of assets was $3.8 billion and the aggregate actuarial liability was $4.1 billion, resulting in a funded status ratio of 91.7%.

The Schedule of Changes in the Employers' net pension liability and related ratios, included as Required Supplementary Information in the Financial Section, expresses the System's actuarial value of assets as a percentage of the total pension liability, providing one indication of the System's funding status on a going-concern basis. The actuary has determined that the present net asset base, expected future contributions, and investment earnings thereon, are sufficient to provide for full payment of future benefits under the entry-age normal actuarial cost method.

Internal Control Structure and Budgetary Controls

The Plans' management is responsible for maintaining internal accounting controls to provide reasonable assurance that transactions are properly authorized and recorded as necessary to permit preparation of financial statements in conformity with U.S. generally accepted accounting principles. We believe the internal controls in effect during the fiscal year ended June 30, 2016 adequately safeguard the Plans' assets and provide reasonable assurance regarding the proper recording of financial transactions. In addition, the Board, in conjunction with the Chief Administrative Officer, approves and actively monitors the annual budgets for each plan. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement.

Independent Audit and Actuarial Certification

An independent auditor's report and actuarial certification are included in this report.

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement for Excellence in Financial Reporting

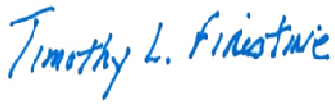
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Montgomery County Employee Retirement Plans for its comprehensive annual financial report for the fiscal year ended June 30, 2015. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Montgomery County Employee Retirement Plans have received the Certificate of Achievement for the last fifteen consecutive years. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

Acknowledgements

The Plans' CAFR was prepared by the Montgomery County Employee Retirement Plans' staff in conjunction with staff support from the County's Department of Finance. I would like to express my appreciation to the employees who have worked hard throughout the year to ensure the successful operation of the Plans.

Respectfully submitted,



Timothy L. Firestine
Chief Administrative Officer
Plan Administrator

BOARD OF INVESTMENT TRUSTEES

Joseph F. Beach
Chair
Montgomery County Director of Finance
Ex-Officio Member

Gino Renne
Vice Chair
OPT/SLT Bargaining Unit Designee

Bradley Stelzer
Secretary
Montgomery County Council Representative
Term Expires March 2018

Shawn Stokes
Montgomery County Director
Of Human Resources
Ex-Officio Member

Diane Wurdeman
Non-Bargaining Unit Representative
Term Expires March 2017

Jeffrey D. Buddle
Fire & Rescue Bargaining Unit Designee

Stephen B. Farber
Montgomery County Council Administrator
Ex-Officio Member

Jennifer A. Hughes
Montgomery County Director of
Management and Budget
Ex-Officio Member

David J. Locke
Montgomery County Council Representative
Term Expires March 2017

Jennifer E. Barrett
Retired Employees Representative
Term Expires March 2018

Kelda J.C. Simpson
Police Bargaining Unit Designee

George Willie
Public Representative
Term Expires March 2017

ADMINISTRATIVE ORGANIZATION

Professional Services

Actuary	Auditor	Custodial Bank
Gabriel Roeder Smith & Company	CliftonLarsonAllen LLP	The Northern Trust Company

Investment Consultants

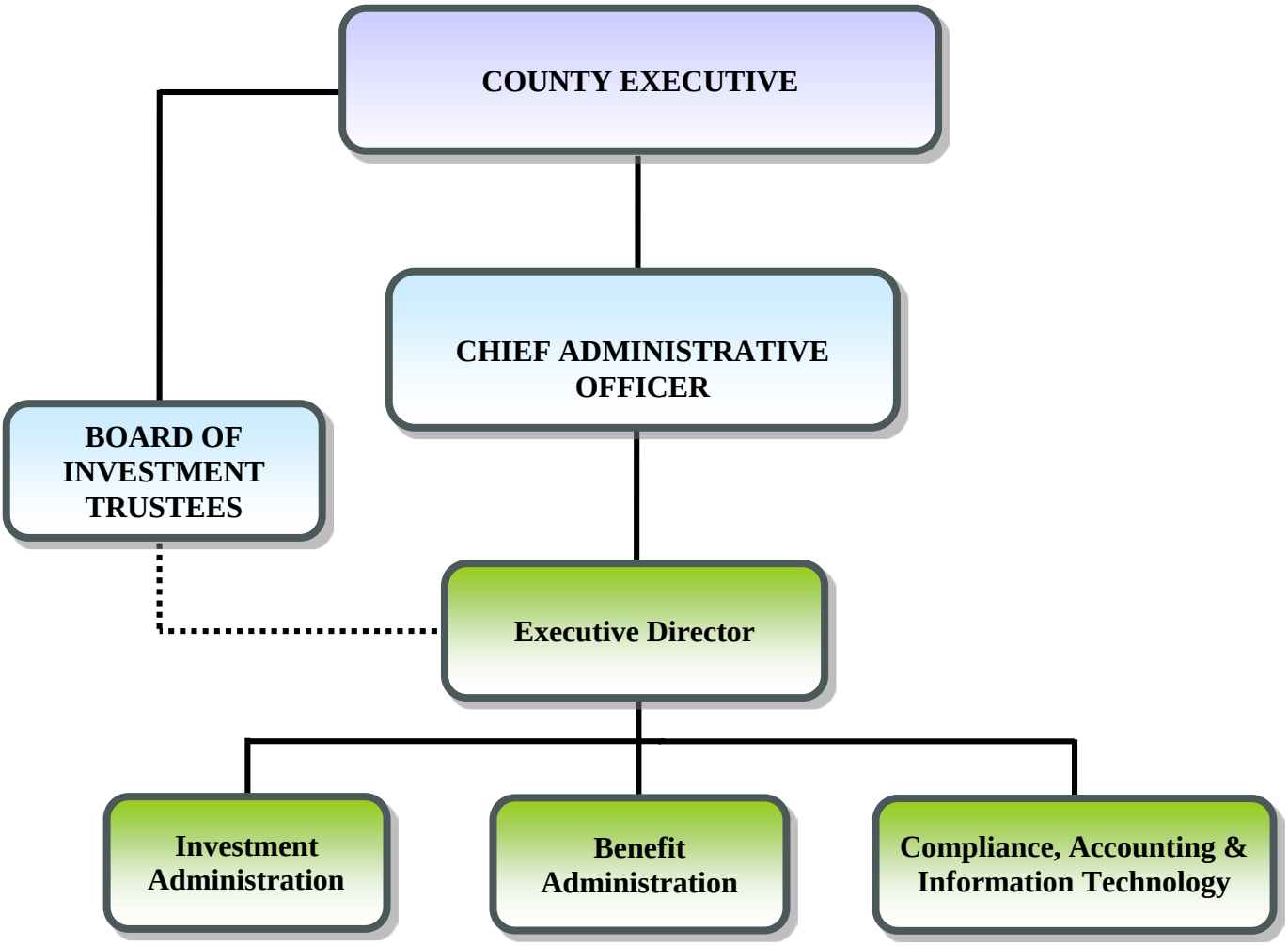
Wishire Associates	Albourne America, LLC
Franklin Park	Aberdeen Asset Management, Inc.

Investment Managers-Employees' Retirement System

Aberdeen Asset Management, Inc.	Adams Street Partners	AEW Partners
Altaris Capital Partners	Altus Capital Partners	Atlas Capital Resources
Barrow, Hanley, Mewhinney & Strauss	BlackRock Financial Management	Bridgewater Associates
Carmel Partners	Castlelake	Chickasaw Capital Management
Clearlake Capital Group	CoreCommodity Management	Cornerstone Real Estate Advisers LLC
DW Healthcare Partners	Eagle Asset Management	EnerVest Ltd.
First Quadrant LP	Franklin Park	GMO, LLC
Grosvenor Capital Management	Gryphon International Investment Corporation	Hampshire Companies
HarbourVest Partners	Highclere International Investors LLP	Homestead Capital
Hudson Bay Capital Management LP	Jennison Associates	J.F. Lehman & Company
JP Morgan Investment Management	Juniper Capital LP	K1 Investment Management, LLC
KPS Capital Partners, LP	Landmark Partners Inc.	LBA Realty
Levine Leichtman Capital Partners	Lime Rock Resources	Loomis Sayles & Co.
Los Angeles Capital Management	Luxor Capital Partners	Lyme Timber Company
Marathon Asset Management LLP	Mason Wells	Meridian Realty Partners
MKP Opportunity Partners	Mondrian Investment Partners Ltd.	Nomura Asset Management
Och-Ziff Capital Management	Odyssey Investment Partners	Pearlmark Real Estate Partners
PineBridge Investments LLC	Pomona Capital	Resource Land Holdings
RhumbLine Advisors	Riverside Partners	Sands Capital Management
Schroder Investment Management	Scopia Capital Management	Siris Capital Group LLC
Sunstone Partners	TA Associates	TA Associates Realty LLC
Thoma Bravo	Wellington Management	Wicks Group

* Public equity commission brokers are listed on page 58.

Montgomery County Employee Retirement Plans
Administrative Organization Chart



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

The Honorable County Council of Montgomery County, Maryland
Board of Investment Trustees
Montgomery County Employee Retirement Plans
Rockville, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the Montgomery County Employee Retirement Plans (the Plans), which comprise the statements of fiduciary net position as of June 30, 2016, and the related statements of changes in fiduciary net position for the year then ended and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plans as of June 30, 2016, and the respective changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the schedules of changes in the employers' net pension liability and related ratios, employer contributions and investment returns and related notes, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plan's financial statements. The schedules of administrative expenses and investment expenses and the statements of fiduciary net position and changes in fiduciary net position for the employees retirement system, retirement savings plan and the deferred compensation plan (supplementary information), as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the Montgomery County Employee Retirement Plans financial statements for the year ended June 30, 2015, which are presented with the accompanying financials statements. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plans financial statements as a whole. The statements of fiduciary net position as of June 30, 2015, and the related statements of changes in fiduciary net position for the year then ended, are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2015 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statements of fiduciary net position as of June 30, 2015, and the related statements of changes in fiduciary net position for the year then ended are fairly stated in all material respects in relation to the financial statements from which they have been derived.

The introduction, investment, actuarial, and statistical sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2016, on our consideration of the Plans' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plans' internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
November 23, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The following Management's Discussion and Analysis (MD&A) of the Montgomery County Employee Retirement Plans (Plans) financial performance provides an introduction to the financial statements of the Plans as of and for the year ended June 30, 2016. Since the MD&A is designed to focus on current activities, resulting changes and current known facts, it should be read in conjunction with the transmittal letter in the Introduction Section on page 4, and the financial statements, required supplementary information, and other supplementary information which follow this discussion.

REQUIRED FINANCIAL STATEMENTS

The financial statements for the Plans have been prepared under the accrual basis of accounting in conformity with U.S. generally accepted accounting principles, promulgated by the Governmental Accounting Standards Board. The Statements of Fiduciary Net Position comprise the Plans' assets and liabilities and provide information about the nature and amount of investments, as well as the liabilities. The Statements of Changes in Fiduciary Net Position report the changes of the Plans' net position, measured by the additions by major sources and deductions by type. Comparative financial statements of the three plans are presented in the latter part of the financial section.

FINANCIAL ANALYSIS OF THE MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS

Shown below is a condensed presentation of the net position of the Employees' Retirement System (ERS), Retirement Savings Plan (RSP), and Deferred Compensation Plan (DCP) at June 30:

Net Position
(Millions)

	ERS		RSP		DCP	
	2016	2015	2016	2015	2016	2015
Assets:						
Cash and investments	$ 3,829.6	$ 3,925.6	$ 334.3	$ 313.8	$ 348.1	$ 351.9
Receivables	41.7	15.1	1.7	1.5	0.9	0.7
Capital assets	0.3	0.6	-	-	-	-
Total assets	3,871.6	3,941.3	336.0	315.3	349.0	352.6
Liabilities	230.0	279.6	-	-	-	-
Total net position	$ 3,641.6	$ 3,661.7	$ 336.0	$ 315.3	$ 349.0	$ 352.6

Shown below is a condensed summary of the changes in net position of the ERS, RSP, and DCP for the years ended June 30:

Changes in Net Position
(Millions)

	ERS		RSP		DCP	
	2016	2015	2016	2015	2016	2015
Additions:						
Employer contributions	$ 134.8	$ 151.3	$ 19.7	$ 18.5	$ -	$ -
Member contributions	27.0	26.6	10.7	9.7	18.8	19.2
Net investment income (loss)	57.7	67.1	0.5	7.5	(0.1)	15.3
Total additions	219.5	245.0	30.9	35.7	18.7	34.5
Deductions:						
Benefits	230.7	230.6	-	-	-	-
Refunds and distributions	5.9	2.9	10.0	12.7	22.3	26.1
Administrative expenses	3.0	2.7	0.2	0.2	-	-
Total deductions	239.6	236.2	10.2	12.9	22.3	26.1
Total change in net position	$ (20.1)	$ 8.8	$ 20.7	$ 22.8	$ (3.6)	$ 8.4

The following schedules provide a comparative summary and an analysis of each Plan's assets, liabilities and net position, at June 30:

Employees' Retirement System
Net Position
(Millions)

	2016	2015	Percentage Change
Assets:			
Cash and investments	$ 3,829.6	$ 3,925.6	(2.5) %
Receivables	41.7	15.1	176.2
Capital Assets	0.3	0.6	(50.0)
Total assets	3,871.6	3,941.3	(1.8)
Liabilities:			
Benefits payable and other liabilities	5.3	5.7	(7.0)
Obligations under securities lending agreements	224.7	273.9	(18.0)
Total liabilities	230.0	279.6	(17.7)
Total net position	$ 3,641.6	$ 3,661.7	(0.5) %

The table shown above reflects a slight decrease of $20.1 million, a 0.5 percent decrease in ERS' net position during fiscal year (FY) 2016.

Retirement Savings Plan Net Position (Millions)			
	2016	2015	Percentage Change
Assets:			
Cash and investments	$ 334.3	$ 313.8	6.5 %
Receivables	1.7	1.5	13.3
Total net position	$ 336.0	$ 315.3	6.6 %

During FY 2016, net position increased 6.6 percent to $336.0 million. The change is primarily due to increased employee and employer contributions due to higher salaries and an increase in the number of new hires versus the prior fiscal year.

Deferred Compensation Plan Net Position (Millions)			
	2016	2015	Percentage Change
Assets:			
Investments	$ 348.1	$ 351.9	(1.1) %
Receivables	0.9	0.7	28.6
Total net position	$ 349.0	$ 352.6	(1.0) %

Net position of the DCP decreased 1.0 percent to $349.0 million during FY 2016. The change is attributable to slightly lower employee contributions during the period.

ADDITIONS

The primary sources of additions for the Plans include member and employer (where applicable) contributions and investment income. The following tables compare the source and amount of additions for each Plan during FY 2016 and FY 2015.

Employees' Retirement System Contributions and Investment Income (Millions)			
	2016	2015	Percentage Change
Employer contributions	$ 134.8	$ 151.3	(10.9) %
Member contributions	27.0	26.6	1.5
Net investment income	57.7	67.1	(14.0)
	$ 219.5	$ 245.0	(10.4) %

Net investment income decreased by 14.0 percent during FY 2016 due to the continued weakness of the financial markets.

The net investment income for the ERS totaled $57.7 million for FY 2016, comprised of $2.9 million in net appreciation in fair value of investments, $70.5 million in dividends and interest, $1.2 million from securities lending activities, and $16.9 million

related to investment expenses. This is compared to net investment income of $67.1 million in FY 2015. The decrease in investment earnings compared to the previous fiscal year is due to the continued weakness of the financial markets in FY 2016.

Retirement Savings Plan
Contributions and Investment Income
(Millions)

	2016	2015	Percentage Change
Employer contributions	$ 19.7	$ 18.5	6.5 %
Member contributions	10.7	9.7	10.3
Net investment income	0.5	7.5	(93.3)
	$ 30.9	$ 35.7	(13.4) %

Employer contributions to the RSP were $19.7 in FY 2016, an increase of 6.5 percent from the FY 2015 level due to higher salaries and an increase in the number of new hires versus the prior fiscal year. The higher member contributions in FY 2016 was due to increased rollovers. The lower investment income in FY 2016 is primarily attributable to the continued weakness of the financial markets during the twelve-month period.

Deferred Compensation Plan
Contributions and Investment Income
(Millions)

	2016	2015	Percentage Change
Member contributions	$ 18.8	$ 19.2	(2.1) %
Net investment income (loss)	(0.1)	15.3	(100.7)
	$ 18.7	$ 34.5	(45.8) %

Member contributions to the DCP were $18.8 million for FY 2016, a decrease of 2.1 percent from the FY 2015 level due to fewer rollover contributions.

Net investment income for the DCP was a loss of $0.1 million compared to a gain of $15.3 million in the previous fiscal year. The lower level in FY 2016 is primarily due to weaker returns from the financial markets during the fiscal year.

DEDUCTIONS

The primary sources of deductions from the Plans include the payment of retiree and survivor benefits, participant refunds and distributions, and administrative expenses. The following tables show the use and amount of deductions for each plan during FY 2016 and 2015.

Employees' Retirement System
Deductions by Type
(Millions)

	2016	2015	Percentage Change	
Benefits	$ 230.7	$ 230.6	0.0	%
Refunds	5.9	2.9	103.4	
Administrative expenses	3.0	2.7	11.1	
	$ 239.6	$ 236.2	1.4	%

During FY 2016, refunds increased by $3.0 million primarily due to increased employee withdrawals at termination of employment versus the prior year.

Retirement Savings Plan
Deductions by Type
(Millions)

	2016	2015	Percentage Change	
Distributions	$ 10.0	$ 12.7	(21.3)	%
Administrative expenses	0.2	0.2	-	
	$ 10.2	$ 12.9	(20.9)	%

The expenses related to the RSP are comprised of distributions and administrative costs. During FY 2016, distributions paid from the RSP decreased 21.3% from the FY 2015 level due to less terminated and/or retired employees electing to withdraw their account balances.

Deferred Compensation Plan
Deductions by Type
(Millions)

	2016	2015	Percentage Change	
Distributions	$ 22.3	$ 26.1	(14.6)	%

During FY 2016, distributions paid from the DCP decreased 14.6% from the FY 2015 level.

For additional information regarding this report, please contact the Board of Investment Trustees at 240-777-8220.

MONTGOMERY COUNTY, MARYLAND
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2016

	Employees' Retirement System	Retirement Savings Plan	Deferred Compensation Plan
ASSETS			
Equity in County's pooled cash	$ 1,151,082	$ 636,194	$ 9,244
Investments:			
Government and agency obligations	403,510,670	-	-
Municipal/Provincial obligations	15,015,541	-	-
Asset-backed securities	3,713,101	-	-
Corporate bonds	709,062,527	-	-
Collateralized mortgage obligations	840,430	-	-
Commerical mortgage-backed securities	726,834	-	-
Common and preferred stock	1,506,763,258	-	-
Mutual and commingled funds	389,914,184	333,662,465	348,083,230
Short-term investments	94,518,574	-	-
Cash collateral received under securities lending agreements	224,650,451	-	-
Private real assets	196,611,691	-	-
Private equity/debt	283,122,107	-	-
Total investments	3,828,449,368	333,662,465	348,083,230
Dividend, interest, and other receivables	32,931,237	-	-
Contributions receivable	8,727,701	1,693,054	878,384
Capital assets	900,043	-	-
Less accumulated depreciation	600,028	-	-
Net Capital assets	300,015	-	-
Total assets	3,871,559,403	335,991,713	348,970,858
LIABILITIES			
Payable for collateral received under securities lending agreements	224,650,451	-	-
Benefits payable and other liabilities	5,306,338	30,956	-
Total liabilities	229,956,789	30,956	-
Net position restricted for pensions	$ 3,641,602,614	$ 335,960,757	$ 348,970,858

See accompanying notes to financial statements.

MONTGOMERY COUNTY, MARYLAND
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

	Employees' Retirement System	Retirement Savings Plan	Deferred Compensation Plan
ADDITIONS			
Contributions:			
Employer	$134,806,256	$ 19,681,949	$ -
Members	27,056,040	10,713,887	18,760,847
Total contributions	161,862,296	30,395,836	18,760,847
Investment income (loss)	73,371,263	504,640	(62,774)
Less investment expenses	16,862,178	4,908	-
Net gain (loss) from investment	56,509,085	499,732	(62,774)
Income from securities lending	1,605,465	-	-
Less securities lending expenses	438,493	-	-
Net income from securities lending	1,166,972	-	-
Total additions	219,538,353	30,895,568	18,698,073
DEDUCTIONS			
Retiree benefits	171,391,248	-	-
Disability benefits	50,287,324	-	-
Survivor benefits	9,017,219	-	-
Refunds and distributions	5,887,137	10,054,841	22,374,067
Administrative expenses	3,014,055	180,886	-
Total deductions	239,596,983	10,235,727	22,374,067
Increase (decrease) in net position	(20,058,630)	20,659,841	(3,675,994)
Net position restricted for pensions			
Beginning of year	3,661,661,244	315,300,916	352,646,852
End of year	$ 3,641,602,614	$ 335,960,757	$ 348,970,858

See accompanying notes to financial statements.

INTRODUCTION

The Montgomery County Employee Retirement Plans (Plans) are offered to Montgomery County (County) employees whose eligibility to participate is based on employment status and other factors. Each of the Plans described below was established under a separate section of the Montgomery County Code (Code). The accompanying notes summarize the significant accounting policies and plan provisions for each of the Plans, including the Employees' Retirement System, a defined benefit pension plan; the Retirement Savings Plan, a defined contribution plan; and the Deferred Compensation Plan, a plan established pursuant to Section 457 of the Internal Revenue Code.

EMPLOYEES' RETIREMENT SYSTEM - Defined Benefit Pension Plan

The Montgomery County Employees' Retirement System (System or Plan) is considered part of the County's financial reporting entity and is included in the County's basic financial statements as a pension and other employee benefit trust fund. The accompanying financial statements present only the operations of the System in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to public employee retirement systems. They are not intended to present fairly the financial position and results of operations of the entire County.

The Montgomery County Council passed legislation in FY 2009 enabling the County to establish and maintain a Guaranteed Retirement Income Plan (GRIP), a cash balance plan that is part of the Plan, for employees. During FY 2010 eligible County employees who were members of the Retirement Savings Plan (RSP) were granted the option to elect to participate in the GRIP and to transfer their RSP member account balance to the GRIP and cease being a member of the RSP.

A. Plan Description and Contribution Information

Plan Membership. At June 30, 2016, the date of the latest actuarial valuation, membership in the System consisted of:

Retirees and beneficiaries receiving benefits	6,453
Terminated plan members entitled to but not yet receiving benefits	395
Active plan members	5,513

Plan Administration. The System, a cost-sharing multiple-employer defined benefit pension plan, was established in 1965 and is sponsored by the County. Eight other agencies and political subdivisions have elected to participate. The System is closed to employees hired on or after October 1, 1994, except public safety bargaining unit employees and GRIP participants. All covered full-time employees of the County and participating agencies must become members of the System as a condition of employment. All covered career part-time employees of the County and participating agencies may become members on an individual basis.

Contributions. The System is a contributory plan with employees contributing a percentage of their base annual salary. Contribution rates range from 6 percent to 11.25 percent of regular earnings annually based on group classification and contributions earn interest at the rate of 4 percent per annum as specified under Section 33-39(b) of the Code. The County and each participating agency are required to contribute the remaining amounts necessary to fund the System using the actuarial basis as specified in Section 33-40 of the Code. Employee contributions for the Elected Officials' Plan are 4 percent of regular earnings.

The GRIP, as defined in Section 33-35 of the Code, requires non-public safety employees to contribute 4 percent of regular earnings up to the Social Security wage base and 8 percent above the Social Security wage base. Public safety employees are required to contribute 3 percent of regular earnings up to the Social Security wage base and 6 percent above the Social Security wage base. Section 33-40 of the Code requires

the County and each participating agency to contribute 8 percent and 10 percent of regular earnings for non-public safety and public safety employees, respectively.

Benefit Provisions. Benefit provisions are established under the Code beginning with Section 33-35. All benefits vest at five years of service. There are different retirement groups within the System. Members enrolled before July 1, 1978, belong to either the optional non-integrated group or the optional integrated group. Members enrolled on or after July 1, 1978, belong to the mandatory integrated group. Within the groups are different retirement membership classes. The retirement group assigned depends upon the job classification of the member (i.e., non-public safety, police, fire, sheriffs and correctional staff). Normal and early retirement eligibility, the formula for determining the amount of benefit, and the cost of living adjustment varies depending upon the retirement group and retirement membership class. Normal retirement is a percentage of earnings multiplied by years of credited service. Earnings for optional non-integrated group members and optional integrated group members is defined as the high 12 months and for mandatory integrated plan members, the high 36 months. The percentage of earnings, the maximum years of credited service and the cost of living adjustment varies depending upon the retirement membership class and group. Members who retire early receive normal retirement benefits reduced by a minimum of 2 percent to a maximum of 60 percent depending on the number of years early retirement precedes normal retirement. The System provides options for disability and death benefits to eligible participants. Annual cost-of-living adjustments are provided to retirees and beneficiaries based on the percentage change in the Consumer Price Index.

Deferred Retirement Option Plans (DROP). Legislation enacted by the Montgomery County Council in November 1999 required the Chief Administrative Officer of the County to establish Deferred Retirement Option Plans, or DROP Plans, allowing any employee who is a member of a specified membership group or bargaining unit, and who meets certain eligibility requirements, to elect to "retire" but continue to work for a specified time period, during which pension payments are deferred. When the member's participation in the DROP Plan ends, the member must stop working for the County, draw a pension benefit based on the member's credited service and earnings as of the date that the member began to participate in the DROP Plan, and receive the value of the DROP Plan payoff. The assets held by the System pursuant to DROP Plans at June 30, 2016 were $17,575,314.

For members of the GRIP, employee contributions and earnings thereon vest immediately and employer contributions and earnings thereon are vested after three years of service or upon death, disability, or reaching retirement age. At separation, a participant's benefit is determined based upon the account balance which includes contributions and earnings.

B. Summary of Significant Accounting Policies

Basis of Accounting. The System's financial statements have been prepared under the accrual basis of accounting. Member and employer contributions are recognized in the period in which the contributions are required to be made as specified under the County Code. Benefits and refunds are recognized when due in accordance with the terms of the Plan. The cost of administering the Plan is paid by the System.

Method Used to Value Investments. Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2016. Fair value for private investments funds, including private equity and private real assets, is determined using unit values supplied by the fund managers, which are based upon the fund managers' appraisals of the funds' underlying holdings. Such values involve subjective judgment and may differ from amounts which would be realized if such holdings were actually sold. The fair value of limited partnership investments are based on valuations of the underlying assets of the limited partnerships as reported by the general partner. Cash received as collateral on securities lending transactions and investments made with such cash are reported as assets along with a related liability for collateral received.

Equity in County's Pooled Cash and Investments. The System maintains its short-term cash with the County, which invests cash and allocates interest earned, on a quarterly basis to the System based on the System's average daily balance of its equity in pooled cash. The County's policy is to fully collateralize the cash maintained in the pool.

Capital Assets. The System reports capital assets, which include computer software, in the Statements of Fiduciary Net Position. The System defines capital assets as assets with an initial, individual cost of $10,000 or more, and an estimated useful life in excess of one year. Such assets are valued at cost where historical

records are available and at estimated historical cost where no historical records exist. An asset's cost basis may be adjusted after acquisition due to improvements or impairments to the asset. However, the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over three years.

Accounting Changes. GASB Statement No. 72, *Fair Value Measurement and Application*, which was adopted during the year ended June 30, 2016, addresses accounting and reporting issues related to the fair value measurements. This Statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques.

C. Net Pension Liability

The components of the net pension liability of the System as of June 30, 2016, were as follows:

Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)	Plan Fiduciary Net Position as a % of Total Pension Liability (b/a)
$4,182,704,477	$3,641,602,614	$541,101,863	87.06%

Additional information as of the latest actuarial valuation is as follows.

Valuation date	June 30, 2016
Actuarial cost method	Individual Entry Age Normal
Amortization method for funding	Level percentage of payroll, separate closed period bases for Public Safety and GRIP, single closed period amortization base for non-Public Safety.
Amortization period for funding	For Public Safety and GRIP: Initial amortization period of 20 years for the base established July 1, 2015. Initial amortization period of 20 years for subsequent bases. For non-Public Safety: Single closed amortization period of 9 years established July 1, 2015. Average amortization period of 10.0 years for total ERS.
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	7.50% per year
Projected salary increases depending on service	3.25%-9.50%
Cost-of-living (inflation rate) adjustments	2.75% on the benefit attributable to credited service earned prior to June 30, 2011. 2.3% on the benefit attribution to credited service earned on or after July 1, 2011, reflecting the 2.5% cap.
Post-retirement Increases	Consumer Price Index - by Group
Mortality rates after retirement	RP-2014 Healthy Annuitant Mortality Table, sex-distinct for healthy mortality. Rates are set forward six years for male disabled mortality and eight years for the female disabled mortality assumption. To provide a margin for future mortality improvements, generational mortality improvements from 2014 using projection scale MP-2014 was used.

An experience study was conducted for the period July 1, 2009 to July 1, 2014 in September 2015. The results of the experience study have been incorporated into the financial statements where applicable. An actuarial experience study is conducted every five years.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the

target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 (see the discussion of the System's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equities	4.80 %
International Equities	4.80
Emerging Market Equities	4.80
Global Equities	5.00
Private Equity	6.56
Credit Opportunities	5.45
Long Duration Fixed Income	1.75
High Yield Bonds	4.20
Global ILs	1.17
Private Real Assets	6.66
Public Real Assets	4.55
Hedge Funds	4.53
Cash	0.00

Discount Rate. The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and contributions from the County and other participating agencies will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the System calculated using the discount rate of 7.5%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net pension liability	$1,014,371,804	$541,101,863	$142,642,796

D. Trustees of the Plan

The County established a Board of Investment Trustees (Board) for the System to be responsible for the investment management of the System's assets for the exclusive benefit of the members. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

E. Investments

Section 33-61C of the Code, authorizes the Board to act with the care, skill, prudence and diligence under the circumstances that a prudent person acting in a similar capacity and familiar with the same matters would use to conduct a similar enterprise with similar purposes. The Code also requires that such investments be diversified so as to minimize the risk of large losses unless it is clearly not prudent to diversify under the circumstances. The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long term increases in the value of assets. The overall investment policies do not address specific levels of credit risk, interest rate risk or foreign currency risk. The Board believes that risks can be managed, but not eliminated, by establishing constraints on the investment portfolios and by monitoring the financial markets, the System's asset allocation and the investment managers hired by the System. Each investment manager has a specific benchmark and investment guidelines appropriate for the type of investments they are managing.

The following was the Board's adopted asset allocation policy as of June 30, 2016:

Asset Class	Target Allocation	
Domestic Equities	14.40	%
International Equities	11.50	
Emerging Market Equities	2.90	
Global Equities	3.20	
Private Equity	11.00	
Credit Opportunities	4.00	
Long Duration Fixed Income	10.50	
High Yield Bonds	8.00	
Global ILs	12.00	
Private Real Assets	10.00	
Public Real Assets	6.50	
Hedge Funds	5.00	
Cash	1.00	
Total	100.00	%

Rate of Return. The annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, for FY 2016 was 1.42%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Fair Value Measurement. The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level I measurements) and the lowest priority to unobservable inputs (level III measurements).

Level I– Unadjusted quoted prices for identical assets or liabilities in active markets.
Level II – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets are not active; and model-derived valuations in which all significant inputs are observable.
Level III – Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The System's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. The table on the next page shows the fair value leveling of the System's investments.

	6/30/2016	Fair Value Measurements Using Quoted Prices in Active Markets for Level I	Significant Other Observable Inputs Level II	Significant Unobservable Inputs Level III
Investments by fair value level				
Debt securities				
Government and agency obligations	$ 145,848,573	$ -	$ 144,450,769	$ 1,397,804
Municipal/Provincial obligations	15,015,541	-	15,015,541	-
Asset-backed securities	3,713,101	-	3,713,101	-
Corporate bonds	654,995,569	-	636,524,576	18,470,993
Collateralized mortgage obligations	840,430	-	840,430	-
Commercial mortgage-backed securities	726,834	-	726,834	-
Total debt securities	821,140,048	-	801,271,251	19,868,797
Equity securities				
Consumer goods	177,959,094	177,749,222	208,599	1,273
Energy	62,210,336	62,210,336	-	-
Financial services	282,698,946	282,613,862	27,291	57,793
Health care	116,728,312	116,728,312	-	-
Industrials	145,024,032	145,016,441	-	7,591
Information technology	142,289,316	142,289,316	-	-
Materials	49,848,982	49,838,882	-	10,100
Telecommunication services	11,081,607	11,081,485	122	-
Utilities	9,895,078	9,895,078	-	-
Other	552,571	22,322	-	530,249
Total equity securities	998,288,274	997,445,256	236,012	607,006
Total investments by fair value level	1,819,428,322	$ 997,445,256	$ 801,507,263	$ 20,475,803
Investments measured at the net asset value (NAV)				
Commingled equity funds	510,235,176			
Commingled bond funds	312,207,520			
Commingled real asset funds	145,794,154			
Commingled funds (other)	2,763,039			
Hedge funds	238,787,579			
Securities lending collateral fund	224,650,451			
Private real assets	196,611,691			
Private equity/debt	283,122,107			
Total investments measured at the NAV	1,914,171,717			
Short-term investments	94,518,574			
Synthetic guaranteed investments contracts measured at contract value	330,755			
Total investments	$ 3,828,449,369			

Equity securities classified in Level I are valued using prices quoted in active markets for those securities.

Debt securities classified in Level II and Level III are valued using either a bid evaluation, or matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices. Level II debt securities have non-proprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market. Level III debt securities use proprietary information or single source pricing. Equity securities classified in Level II are securities whose values are derived daily from associated traded securities. Equity securities classified in Level III are valued with last trade data having limited trading volume. Short-term investments are cash or cash equivalents and generally include investments in money market-type securities reported at cost plus accrued interest, which approximates market or fair value.

The valuation method for investments measured at the net asset value (NAV) per share, or equivalent, is presented in the table below.

Investments Measured at the NAV

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled equity funds	$ 510,235,176	$ -	Daily, Monthly	0-15 days
Commingled bond funds	312,207,520	-	Daily	1-2 days
Commingled real asset funds	145,794,154	-	Daily, Bi-weekly, Monthly	0-5 days
Commingled funds (other)	2,763,039	-	Daily	None
Hedge funds	238,787,579	-	Monthly, Quarterly	5-125 days
Securities lending collateral fund	224,650,451	-	Daily	None
Private real assets	196,611,691	65,089,315	Not eligible	N/A
Private equity/debt	283,122,107	236,263,149	Not eligible	N/A
Total investments measured at the NAV	$ 1,914,171,717	$ 301,352,464		

Commingled Bond Funds, Equity Funds and Real Asset Funds. Three bond funds, five equity funds and four real asset funds are considered to be commingled in nature. The fair value of the investments in these types of funds has been determined using the NAV per share of the investments.

Hedge Funds. The fair values of the investments in this type have been determined using the NAV per share of the investments. Eight funds are categorized in this category. All funds in this category could be subject to varying degrees of redemption restrictions based on market conditions that may impact their underlying portfolios.

Securities Lending Collateral. The System's custodian is the agent in lending the System's securities for collateral and investments are in a commingled fund.

Private Real Assets. The portfolio consists of twenty private real asset limited partnerships. Private real asset funds include U.S. real estate, oil and gas, timber, agriculture and other real asset investments. The fair value of these funds have been determined using the net asset values as of June 30, 2016. Net asset values one quarter in arrears plus current quarter cash flows are used when the most recent information is not available. These funds are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over a span of 5 to 10 years.

Private Equity/Debt. The portfolio consists of fifty-one private equity/debt limited partnerships. Private equity funds include buyout, turnaround, fund-of-funds, and growth equity investments. Private debt funds include distressed and structured equity investments. The fair value of these funds have been determined using the net asset values as of June 30, 2016. Net asset values one quarter in arrears plus current quarter cash flows are used when the most recent information is not available. These funds are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over a span of 3 to 10 years.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. The Board's investment policies and guidelines manage interest rate risk by establishing duration constraints on each fixed income manager's portfolio based on the duration of each manager's respective benchmark. Duration is a measure of interest rate risk based on a bond price's sensitivity to a 100-basis point change in interest rates. The greater the duration of a bond, or a portfolio of bonds, the greater its price volatility will be in response to a change in interest rates and vice-versa. Duration of eight would mean that, given a 100-basis point change up/down in rates, a bond's price would move down/up by 8 percent. As of June 30, 2016, the System's fixed income portfolio had the following sensitivity to changes in interest rates included in the table on the next page:

Type of Investment	Effective Duration in Years	Fair Value	Percentage of Portfolio
U.S. Government Obligations	18.41	$ 137,626,607	11.22 %
Foreign Government Obligations	1.68	6,824,161	0.56
Asset-Backed Securities	2.23	3,713,100	0.30
Collateralized Mortgage Obligations	(0.19)	840,430	0.07
Commercial Mortgage-Backed Securities	0.85	726,834	0.06
Municipal/Provincial Obligations	15.93	15,015,541	1.22
Corporate Bonds	8.81	639,355,218	52.13
Fixed Income Pooled Funds	N/A	328,767,211	26.81
Short-term Investments and Others *	N/A	93,542,556	7.63
Total Fixed Income Securities		$ 1,226,411,658	100.00 %

*Short-term investments consist of U.S. Treasury and government sponsored securities, money market funds, commercial paper, certificates of deposit, repurchase agreements, asset backed securities, notes and bonds issued by U.S. corporations, and other allowable instruments that meet short-term maturity or average life, diversification, and credit quality restrictions.

Credit Risk/Concentration of Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Board's investment policies and guidelines limit the percentage of the total fund and individual manager's account which can be invested in fixed income securities rated below investment grade. In addition, the Board's investment policies and guidelines, for the majority of public fund managers, limit the percentage of each investment manager's account that may be allocated to any one security, position, issuer or affiliated issuer, to less than 5 percent of the fair value of the investment manager's account. The System does not have investments (other than those issued or explicitly guaranteed by the U.S. Government or pooled investments) in any one company that represents 5 percent or more of net assets.

The quality ratings of investments in fixed income securities as described by nationally recognized rating organizations as of June 30, 2016 are as follows:

Type of Investment	Quality Rating	Fair Value	Percentaage of Portfolio
U.S. Government Obligations*	AAA	$ 137,626,607	11.22 %
Foreign Government Obligations	AAA	690,778	0.06
	A	1,890,462	0.15
	B	999,269	0.08
	Unrated	3,243,652	0.27
Asset-Backed Securities	AAA	3,713,100	0.30
Commercial Mortgage-Backed	B	726,834	0.06
Non-Government Backed C.M.O.s	Unrated	840,430	0.07
Municipal/Provincial Bonds	AAA	1,846,941	0.15
	AA	11,053,492	0.90
	BBB	1,350,851	0.11
	Unrated	764,257	0.06
Corporate Bonds	AAA	6,532,595	0.53
	AA	28,490,143	2.32
	A	141,792,867	11.56
	BBB	167,060,325	13.62
	BB	121,481,999	9.91
	B	116,177,193	9.47
	CCC	33,645,599	2.74
	CC	1,576,767	0.13
	C	11,375	0.00
	D	4,143,287	0.34
	Unrated	18,443,068	1.51
Fixed Income Pooled Funds	Unrated	328,767,211	26.81
Short-term Investments and others	Unrated	93,542,556	7.63
Total Fixed Income Securities		$ 1,226,411,658	100.00 %

*Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Board's International Investing Policy's objective is to achieve long-term capital appreciation and current income by investing in diversified portfolios of non-U.S. equities and bonds. The System has indirect exposure to foreign currency risk as follows:

International Securities	Equity	Fixed Income	Short-term and Other	Total Non-U.S. Dollar
Euro	$ 128,603,712	$ 1,216,355	$ 48,419,910	$ 178,239,977
Japanese yen	130,802,220	-	20,931,390	151,733,610
British pound sterling	74,814,041	-	25,540,434	100,354,475
Swiss franc	25,526,291	-	-	25,526,291
Hong Kong dollar	23,942,652	-	-	23,942,652
Danish krone	13,270,828	-	-	13,270,828
Mexican peso	-	4,198,613	-	4,198,613
Canadian dollar	892,213	-	2,549,221	3,441,434
South Korean won	2,790,366	-	-	2,790,366
Norwegian krone	1,465,135	-	573,300	2,038,435
Other Currencies	41,279,508	3,395,784	(127,435,340)	(82,760,048)
Total International Securities	$ 443,386,966	$ 8,810,752	$ (29,421,085)	$ 422,776,633

Derivatives. In accordance with the Board's Statement of Investment Policy and Objectives, the System regularly invests in derivative financial instruments in the normal course of its investing activities to manage exposure to certain risks within the fund. During FY 2016, the System invested directly in various derivatives including exchange-traded futures contracts, forward currency contracts, and swaps. Investment managers are prohibited from purchasing securities on margin or using leverage unless specifically permitted within the investment manager's guidelines. These investments generally contain market risk resulting from fluctuations in interest and currency rates. The credit risk of these investments is associated with the creditworthiness of the related parties to the contracts. The System could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. The Board's Statement of Investment Policy and Objectives seeks to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring procedures. In addition, the System has indirect exposure to market and credit risk through its ownership interests in certain mutual and commingled funds which may hold derivative financial instruments. The System is not a dealer, but an end-user of these instruments.

The notional or contractual amounts of derivatives indicate the extent of the System's involvement in the various types of derivative financial instruments and do not measure the System's exposure to credit or market risk and do not necessarily represent amounts exchanged by the parties. The amounts exchanged are determined by reference to the notional amounts and the other terms of the derivatives.

As permitted by the Board's policies, the System holds off-financial statement derivatives in the form of exchange-traded financial futures, and foreign currency exchange contracts.

Futures contracts are contracts in which the buyer agrees to purchase and the seller agrees to make delivery of a specified financial instrument at a predetermined date and price. Gains and losses on futures contracts are settled daily. Futures contracts are standardized and are traded on exchanges. The exchange assumes the risk that a counterparty will not pay. As of June 30, 2016, the System held 119 long US Treasury futures contracts with a fair value of $18,647,023 and 172 short US Treasury futures contracts with a fair value of ($26,555,219).

Foreign exchange contracts involve an agreement to exchange the currency of one country for the currency of another country at an agreed-upon price and settlement date. Foreign exchange contracts contain market risk resulting from fluctuations in currency rates. The credit risk is associated with the creditworthiness of the related parties to the contracts. As of June 30, 2016, the System held $686,508,221 buy foreign exchange contracts and ($722,742,107) sell foreign exchange contracts. The unrealized gain on the System's contracts was $1,108,942.

Securities Lending. Board policy permits the System to lend its securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The System's custodian

is the agent in lending the System's securities for collateral of 102 percent for domestic and 105 percent for international securities. The custodian receives cash, securities or irrevocable bank letters of credit as collateral. All securities loans can be terminated on demand by either the System or the borrower. Cash collateral received from the borrower is invested by the lending agent, as an agent for the System, in a short-term investment pool in the name of the System, with guidelines approved by the Board. Such investments are considered a collateralized investment pool. The relationship between the maturities of the investment pool and the System's loans is affected by the maturities of securities loans made by other plan entities that invest cash collateral in the investment pool, which the System cannot determine. The System records a liability for the return of the cash collateral shown as collateral held for securities lending in the statement of fiduciary net position. The agent indemnifies the System by agreeing to purchase replacement securities, or return the cash collateral thereof, in the event a borrower fails to return loaned securities or pay distributions thereon. There were no such failures by any borrower during the fiscal year, nor were there any losses during the period resulting from a default of the borrower or lending agent.

As of June 30, 2016, the fair value of securities on loan was $336,136,121. Cash received as collateral and the related liability of $224,650,451 as of June 30, 2016, is shown on the Statement of Fiduciary Net Position. Securities received as collateral are not reported as assets since the System does not have the ability to pledge or sell the collateral securities absent borrower default. Securities lending revenues and expenses amounting to $1,605,465 and $438,493, respectively, have been classified with investment income and investment expenses, respectively, in the accompanying financial statements.

The following represents the balances relating to the securities lending transactions at June 30, 2016:

Securities Lent	Underlying Securities	Non-Cash Collateral Value	Cash Collateral Investment Value
Lent for Cash Collateral:			
Government Obligations	$ 46,013,506	$ -	$ 46,910,056
Corporate Bonds	64,746,372	-	65,752,597
Equities	110,292,060	-	111,987,798
Lent for Non-Cash Collateral:			
Government Obligations	16,823,306	17,996,448	-
Corporate Bonds	147,054	149,013	-
Equities	98,113,823	104,363,052	-
Total	$ 336,136,121	$ 122,508,513	$ 224,650,451

At year-end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceeded the amounts the borrowers owe the System. The System is fully indemnified by its custodial bank against any losses incurred as a result of borrower default.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2016, there were no funds held by a counterparty that was acting as the System's agent in securities lending transactions.

F. Capital Assets

On June 30, 2014, the Employees' Retirement System purchased a computer software system, which was depreciated using a straight-line method over three years as shown below:

	Balance 6/30/2015	Increases	Decreases	Balance 6/30/2016
Depreciable Capital Assets:				
Capital Assets	$ 600,029	$ -	$ 300,014	$ 300,015

G. Allocated Insurance Contract

On August 1, 1986, the County entered into an agreement with Aetna Life Insurance Company (Aetna) wherein Aetna accepted future responsibility for monthly payments to all members retired prior to January 1, 1986, in exchange for a lump sum payment. The County is liable for cost of living increases effective January 1, 1986, and later. Monthly payments made under this agreement have not been recognized in the System's financial statements.

H. Income Taxes

The Internal Revenue Service issued a determination letter in October 2016, which stated that the System and its underlying trust qualify under the applicable provisions of the Internal Revenue Code and are exempt from federal income taxes. In the opinion of the plan administrator, the System and its underlying trust have operated within the terms of the System and are qualified under the applicable provisions of the Internal Revenue Code.

RETIREMENT SAVINGS PLAN - Defined Contribution Pension Plan

The Montgomery County Retirement Savings Plan (Plan) is considered part of the County's financial reporting entity and is included in the County's basic financial statements as a pension and other employee benefit trust fund. The accompanying financial statements present only the operations of the Plan in conformity with GAAP. They are not intended to present fairly the financial position and results of operations of the entire County.

The Montgomery County Council passed legislation in FY 2009 enabling the County to establish and maintain a Guaranteed Retirement Income Plan (GRIP), a cash balance plan that is part of the Employees' Retirement System, for employees. During FY 2010 eligible County employees who were members of the Retirement Savings Plan (Plan) were granted the option to elect to participate in the GRIP and to transfer their Plan member account balance to the GRIP and cease being a member of the Plan.

A. Plan Description and Contribution Information

Membership. At June 30, 2016 membership in the Plan consisted of:

Active plan members	3,670
Inactive plan members	954

Plan Description. The Plan, a cost-sharing multiple-employer defined contribution plan, was established in 1994 and is sponsored by the County. Eight other agencies or political subdivisions have elected to participate. All non-public safety and certain public safety employees not represented by a collective bargaining agreement and hired on or after October 1, 1994 are covered by the Plan unless they elect to participate in the GRIP. Eligible employees covered by the Montgomery County Employees' Retirement System may make an irrevocable decision to transfer to this Plan.

Contributions. For fiscal year 2016, under Section 33-116 of the Code, the Plan required non-public safety employees to contribute 4 percent of regular earnings up to the Social Security wage base and 8 percent above the Social Security wage base. Public safety employees are required to contribute 3 percent of regular earnings up to the Social Security wage base and 6 percent above the Social Security wage base. Section 33-117 of the Code requires the County and each participating agency to contribute 8 percent and 10 percent of regular earnings for non-public safety and public safety employees, respectively. In accordance with IRS regulations and the County Code, $300,000 in accumulated revenue was used to reduce employer contributions in FY2016.

Benefit Provisions. Employee contributions and earnings thereon vest immediately and employer contributions and earnings thereon are vested after three years of service or upon death, disability, or reaching retirement age. Members are fully vested upon reaching normal retirement (age 62) regardless of years of service. At separation, a participant's benefit is determined based upon the account balance which includes contributions and investment earnings.

B. Summary of Significant Accounting Policies

Basis of Accounting. The Plan's financial statements have been prepared under the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are required to be made as specified in the County Code. Benefits, refunds and distributions are recognized when due in accordance with the terms of the Plan. The cost of administering the Plan is paid by the County and participating agencies.

Method Used to Value Investments. Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2016.

Equity in County's Pooled Cash and Investments. The Plan maintains its short-term cash with the County, which invests cash and allocates interest earned, on a quarterly basis to the Plan based on the Plan's average daily balance of its equity in pooled cash. The County's policy is to fully collateralize the cash maintained in the pool.

C. Trustees of the Plan

The County established a Board of Investment Trustees (Board) for the RSP to oversee the investment program. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

D. Investments

Section 33-125 of the Code authorizes the Board to establish a diversified slate of mutual and commingled investment funds from which participants may select an option. The Board exercises the Standard of Care as delineated in Section 33-61 of the Code. As of June 30, 2016, the fair value of the mutual and commingled investment funds was $333,662,465, of which $111,128,729 was invested in international mutual funds.

Fair Value Measurement. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level I measurements) and the lowest priority to unobservable inputs (level III measurements).

Level I– Unadjusted quoted prices for identical assets or liabilities in active markets.
Level II – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets are not active; and model-derived valuations in which all significant inputs are observable.
Level III – Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Plan's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. The table below shows the fair value leveling of the Plan's investments.

		Fair Value Measurements Using		
	6/30/2016	Quoted Prices in Active Markets for Level I	Significant Other Observable Inputs Level II	Significant Unobservable Level III
Investments by fair value level				
Equity securities	$ 4,502,592	$ 4,502,592	$ -	$ -
Total investments by fair value level	4,502,592	$ 4,502,592	$ -	$ -
Investments measured at the net asset value (NAV)				
Commingled equity funds	54,452,950			
Commingled bond funds	10,079,192			
Commingled funds (other)	258,176,266			
Total investments measured at the NAV	322,708,408			
Synthetic guaranteed investments contracts measured at contract value	6,451,465			
Total investments	$ 333,662,465			

Equity securities classified in Level I are valued using prices quoted in active markets for those securities.

The valuation method for investments measured at the net asset value (NAV) per share, or equivalent, is presented in the table below.

Investments Measured at the NAV

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled equity funds	$ 54,452,950	$ -	Daily	None
Commingled bond funds	10,079,192	-	Daily	None
Commingled funds (other)	258,176,266	-	Daily	None
Total investments measured at the NAV	$ 322,708,408	$ -		

Commingled Bond Funds, Equity Funds and Other Funds. Five bond funds and eleven equity funds are considered to be commingled in nature. Other commingled funds include eleven life cycle funds and one other fund. The fair value of the investments in these types of funds have been determined using the NAV per share of the investments.

E. Income Taxes

The Internal Revenue Service issued a determination letter in October 2016, which stated that the Plan and its underlying trust qualify under the applicable provisions of the Internal Revenue Code and are exempt from federal income taxes. In the opinion of the plan administrator, the Plan and its underlying trust have operated within the terms of the Plan and are qualified under the applicable provisions of the Internal Revenue Code.

DEFERRED COMPENSATION PLAN

During FY 2005, the Montgomery County Council passed legislation enabling the County to establish and maintain one or more additional deferred compensation plans for employees covered by a collective bargaining agreement. All County non-represented employees, those County represented employees who elected to participate, and employees who were retired at the time of transfer, continue to participate in the Montgomery County Deferred Compensation Plan administered by the County (the County Plan). County represented employees who elected and all represented employees hired after March 1, 2005 participate in the newly created Montgomery County Union Employees Deferred Compensation Plan (the Union Plan) administered by the bargaining units. The purpose of these Plans is to extend to employees deferred compensation plans pursuant to Section 457 of the Internal Revenue Code of 1986, as amended.

The accompanying financial statements present only the operations of the County Plan in conformity with GAAP. They are not intended to present fairly the financial position and results of operations of the entire County. The assets of the Union Plan are not included in the accompanying financial statements since neither the County nor the Board of Investment Trustees (Board) have fiduciary or other responsibility for the Union Plan except as required by federal law, including any regulation, ruling, or other guidance issued under law.

A. Plan Description and Contribution Information

Plan Description. During 1999, in accordance with Federal legislation, the assets were placed in Trust for the sole benefit of participants and their beneficiaries. Trust responsibilities for the County Plan are assigned to the Board. The Board has a third-party administrator contract to provide investment vehicles and administrative services to plan participants. Under the County Plan, contributions are sent to the providers for different types of investments as selected by the participants. A separate account, which reflects the monies deferred, investment of the monies, and related investment earnings is maintained for each participant by the third-party administrator. Withdrawals are made upon retirement, termination of employment, death, and/or in unforeseeable emergencies.

Plan Contributions. In accordance with Section 457 of the IRC, the Plan limits the amount of an employee's annual contributions to an amount not to exceed the lesser of $18,000 in 2015 and $18,000 in 2016 or 100% of the employee's eligible compensation. The Plan also provides certain catch-up contribution provisions for participants age 50 or older and for participants within three years of their normal retirement age. Amounts contributed by employees are deferred for federal and state income tax purposes until benefits are paid to the employees. Under Section 33-11 of the County Code, all eligible employees hired after July 1, 2008 are automatically enrolled in the Plan with a 1% contribution unless they elect out within 60 days from the date of hire. If they do not opt out of the Plan within 60 days from the date of hire, they begin making a contribution equivalent to 1% of their salary.

B. Summary of Significant Accounting Policies

Basis of Accounting. The County Plan's financial statements have been prepared under the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are made. Distributions are recognized when paid in accordance with the terms of the County Plan, and administrative costs are recognized as incurred.

Method Used to Value Investments. Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2016.

C. Trustees of the Plan

The County established a Board to oversee the investment program of the County Plan. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

D. Investments

The Board is required to establish a diversified slate of mutual and commingled funds from which participants may select investment options. The Board exercises the Standard of Care as delineated in Section 33-61 of the Code. As of June 30, 2016, the fair value of the mutual and commingled investment funds was $348,083,230, of which $52,303,983 was invested in international mutual funds.

Fair Value Measurement. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level I measurements) and the lowest priority to unobservable inputs (level III measurements).

Level I– Unadjusted quoted prices for identical assets or liabilities in active markets.
Level II – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets are not active; and model-derived valuations in which all significant inputs are observable.
Level III – Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Plan's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. The table below shows the fair value leveling of the Plan's investments.

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets	**Significant Other Observable Inputs**	**Significant Unobservable Inputs**
	6/30/2016	**Level I**	**Level II**	**Level III**
Investments by fair value level				
Equity securities	$ 8,975,950	$ 8,975,950	$ -	$ -
Total investments by fair value level	8,975,950	$ 8,975,950	$ -	$ -
Investments measured at the net asset value (NAV)				
Commingled equity funds	199,500,896			
Commingled bond funds	37,196,301			
Commingled funds (other)	54,558,616			
Total investments measured at the NAV	291,255,813			
Synthetic guaranteed investments contracts measured at contract value	47,851,467			
Total investments	$ 348,083,230			

Equity securities classified in Level I are valued using prices quoted in active markets for those securities.

The valuation method for investments measured at the net asset value (NAV) per share, or equivalent, is presented in the table below.

Investments Measured at the NAV

	Fair Value	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**
Commingled equity funds	$ 199,500,896	$ -	Daily	None
Commingled bond funds	37,196,301	-	Daily	None
Commingled funds (other)	54,558,616	-	Daily	None
Total investments measured at the NAV	$ 291,255,813	$ -		

Commingled Bond Funds, Equity Funds and Other Funds. Five bond funds and eleven equity funds are considered to be commingled in nature. Other commingled funds include eleven life cycle funds and one other fund. The fair value of the investments in these types of funds have been determined using the NAV per share of the investments.

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REQUIRED SUPPLEMENTARY INFORMATION

Historical trend information about the Employees' Retirement System (System) defined benefit pension plan is presented below as required supplementary information. This information is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

SCHEDULE OF CHANGES IN THE EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS

Fiscal year ending June 30,	2016	2015	2014
Total Pension Liability			
Service Cost	$ 70,847,993	$ 74,984,370	$ 70,019,055
Interest on the Total Pension Liability	300,076,908	291,040,049	281,988,785
Benefit Changes	-	3,626,601	-
Difference between Actual and Expected Experience	(34,032,308)	602,431	-
Assumption Changes	-	(12,706,870)	-
Benefit Payments	(230,695,791)	(230,646,729)	(229,664,720)
Refunds	(5,887,137)	(2,874,357)	(4,329,834)
Net Change in Total Pension Liability	100,309,665	124,025,495	118,013,286
Total Pension Liability - Beginning	4,082,394,812	3,958,369,317	3,840,356,031
Total Pension Liability - Ending (a)	$ 4,182,704,477	$ 4,082,394,812	$ 3,958,369,317
Plan Fiduciary Net Position			
Contributions - Employer	$ 134,806,256	$ 151,301,867	$ 144,709,675
Contributions - Member	27,056,040	26,627,493	26,462,839
Net Investment Income	57,676,057	67,070,433	534,397,733
Benefit Payments	(230,695,791)	(230,646,729)	(229,664,720)
Refunds	(5,887,137)	(2,874,357)	(4,329,834)
Administrative Expense	(3,014,055)	(2,684,560)	(2,953,807)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	(20,058,630)	8,794,147	468,621,886
Plan Fiduciary Net Position - Beginning	3,661,661,244	3,652,867,097	3,184,245,211
Plan Fiduciary Net Position - Ending (b)	$ 3,641,602,614	$ 3,661,661,244	$ 3,652,867,097
Net Pension Liability - Ending (a) - (b)	541,101,863	420,733,568	305,502,220
Plan Fiduciary Net Position as a Percentage of Total Pension	87.06%	89.69%	92.28%
Covered Employee Payroll *	$ 427,622,475	$ 418,728,584	$ 402,899,096
Net Pension Liability as a Percentage of Covered Employee Payroll	126.54%	100.48%	75.83%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2007	$ 109,436,001	$ 109,436,001	-	$ 352,636,518	31.03 %
2008	117,686,375	117,686,375	-	372,214,906	31.62
2009	109,567,014	109,567,014	-	376,895,171	29.07
2010	113,957,784	113,957,784	-	431,226,155	26.43
2011	109,343,933	109,343,933	-	405,336,529	26.98
2012	107,855,595	107,855,595	-	398,460,248	27.07
2013	127,887,620	127,887,620	-	395,988,026	32.30
2014	144,709,675	144,709,675	-	402,899,096	35.92
2015	151,301,867	151,301,867	-	418,728,584	36.13
2016	134,806,256	134,806,256	-	427,622,475	31.52

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

Valuation Date:	July 1, 2015
Notes	Actuarially determined contribution rates are calculated as of July 1, 2013 which is 24 months prior to the end of the fiscal year in which contributions are reported. Assumptions were updated in the 2015 valuation, which first affects fiscal year 2017 contributions.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level percentage of pay, separate closed period bases
Remaining Amortization Period	Initial amortization period of 18 years for the base established July 1, 2010. Initial amortization period of 20 years for subsequent bases. Average amortization period of 13 years.
Asset Valuation Method	5-year smoothed market
Inflation	2.75% per year
Salary Increases	3.25%-9.50%
Investment Rate of Return	7.50% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition and years of service. Last updated for the 2015 valuation pursuant to an experience study of the period 2009-2014.
Mortality	RP-2014 Healthy Annuitant Mortality Table, sex-distinct for healthy mortality. Rates are set forward six years for the male disabled mortality and eight years for the female disabled mortality assumption. To provide a margin for future mortality improvements, generational mortality improvements from 2014 using projection scale MP-2014 was used.

Other Information:

Notes	Effective July 1, 2015, a DROP was implemented for eligible uniformed correctional officers and sworn deputy sheriffs participating in Group E. Effective July 1, 2015, updated actuarial assumptions were used in the valuation, which first affect fiscal year 2017 contributions and are summarized above.

Amortization Period (beginning with the valuation as of July 1, 2015): For Public Safety and GRIP: Initial amortization period of 20 years for the base established July 1, 2015. Initial amortization period of 20 years for subsequent bases. For non-Public Safety: Single closed amortization period of nine years established July 1, 2015.

SCHEDULE OF INVESTMENT RETURNS

Fiscal year ending June 30	2016	2015	2014
Annual money weighted rate of return, net of investment expense	1.42%	2.19%	16.95%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SCHEDULE OF ADMINISTRATIVE EXPENSES
EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2016

Personnel Services:	
Salaries and wages	$ 1,257,745
Retirement contributions	83,460
Insurance	116,631
Social security	84,313
Total personnel services	1,542,149
Professional Services:	
Actuarial	227,158
Independent public accountants	44,644
Outside legal	57,825
Computer technical support	137,594
Other professional services	7,864
Total professional services	475,085
Benefit Processing:	
Disbursement services	36,600
Recordkeeping services	109,456
Disability management	449,861
Total benefit processing	595,917
Due diligence and continuing education	22,819
Office Management:	
Office equipment and supplies	76,082
Depreciation expense	300,014
Miscellaneous	1,989
Total office management	378,085
Total administrative expenses	$ 3,014,055

SCHEDULE OF INVESTMENT EXPENSES
EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2016

Investment Management Expenses:		
Aberdeen Asset Management Inc	$	994,603
Barrow Hanley Mewhinney & Straus LLC		516,404
BlackRock Financial Management		298,933
Bridgewater Associates		3,638,505
Chickasaw Capital Management LLC		219,200
CoreCommodity Management LLC		103,483
Eagle Asset Management		510,302
First Quadrant L.P.		300,000
Gryphon International Investment		845,357
Jennison Associates LLC		602,357
JP Morgan Investment Management		765,448
Los Angeles Capital Management		417,096
Loomis Sayles		842,030
Marathon London		1,116,465
Mondrian Investment Partners Ltd.		675,310
Nomura Asset Management		797,967
RhumbLine Advisors		14,137
Sands Capital Management		662,607
Schroder Investment Management		443,193
Wellington Management		621,784
Wellington Trust Company		229,109
The Northern Trust Company		434,546
Abel Noser Corp.		5,000
Aetna Life Insurance Company		2,961
Albourne America LLC		400,000
Bloomberg Financial Systems		17,556
Flag Capital Management LLC		550,000
Franklin Park		525,000
MSCI		11,500
Wilshire Associates		301,325
Total investment management expenses		16,862,178
Securities lending borrower rebates		232,900
Securities lending agent fees		205,593
Total securities lending expenses		438,493
Total investment expenses	$	17,300,671

EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2016 AND 2015

	2016	2015
ASSETS		
Equity in County's pooled cash	$ 1,151,082	$ 981,456
Investments:		
Government and agency obligations	403,510,670	395,527,073
Municipal/Provincial bonds	15,015,541	12,358,783
Asset-backed securities	3,713,101	3,464,339
Corporate bonds	709,062,527	656,471,268
Collateralized mortgage obligations	840,430	-
Commercial mortgage-backed securities	726,834	-
Common and preferred stock	1,506,763,258	1,455,833,853
Mutual and commingled funds	389,914,184	365,620,792
Short-term investments	94,518,574	119,853,979
Cash collateral received under securities lending agreements	224,650,451	273,912,882
Real assets	196,611,691	380,180,632
Private equity/debt	283,122,107	261,364,506
Total investments	3,828,449,368	3,924,588,107
Dividend, interest, and other receivables	32,931,237	6,640,354
Contributions receivable	8,727,701	8,443,224
Capital assets	900,043	900,043
Less accumulated depreciation	600,028	300,014
Net Capital Assets	300,015	600,029
Total assets	3,871,559,403	3,941,253,170
LIABILITIES		
Payable for collateral received under securities lending agreements	224,650,451	273,912,882
Benefits payable and other liabilities	5,306,338	5,679,044
Total liabilities	229,956,789	279,591,926
Net Position restricted for pensions	$ 3,641,602,614	$ 3,661,661,244

EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
ADDITIONS		
Contributions:		
Employer	$ 134,806,256	$ 151,301,867
Members	27,056,040	26,627,493
Total contributions	161,862,296	177,929,360
Investment Income:		
Net appreciation in fair value of investments	2,895,480	22,807,866
Dividends and interest	70,475,783	65,680,347
Total income from investment activities	73,371,263	88,488,213
Less investment expenses	16,862,178	22,506,400
Net income from investment activities	56,509,085	65,981,813
Income from securities lending	1,605,465	1,156,632
Less securities lending expenses	438,493	68,012
Net income from securities lending	1,166,972	1,088,620
Total additions	219,538,353	244,999,793
DEDUCTIONS		
Retiree benefits	171,391,248	171,784,946
Disability benefits	50,287,324	49,879,651
Survivor benefits	9,017,219	8,982,132
Refunds and distributions	5,887,137	2,874,357
Administrative expenses	3,014,055	2,684,560
Total deductions	239,596,983	236,205,646
Net increase (decrease) in net position	(20,058,630)	8,794,147
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of year	3,661,661,244	3,652,867,097
Ending of year	$ 3,641,602,614	$ 3,661,661,244

RETIREMENT SAVINGS PLAN
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2016 AND 2015

	2016	2015
ASSETS		
Equity in County's pooled cash	$ 636,194	$ 671,139
Investments	333,662,465	313,170,346
Contributions receivable	1,693,054	1,483,331
Total assets	335,991,713	315,324,816
LIABILITIES		
Accrued expenses	30,956	23,900
Net position held in trust for pension benefits	$ 335,960,757	$ 315,300,916

RETIREMENT SAVINGS PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
ADDITIONS		
Contributions:		
Employers	$ 19,681,949	$ 18,502,353
Members	10,713,887	9,728,222
Total contributions	30,395,836	28,230,575
Investment income	212,203	7,050,419
Other income	292,437	447,749
Net investment income	504,640	7,498,168
Less investment expenses	4,908	5,437
Total additions	30,895,568	35,723,306
DEDUCTIONS		
Distributions	10,054,841	12,693,995
Administrative expenses	180,886	235,300
Total deductions	10,235,727	12,929,295
Net increase	20,659,841	22,794,011
Net position - beginning of year	315,300,916	292,506,905
Net position - end of year	$ 335,960,757	$ 315,300,916

DEFERRED COMPENSATION PLAN
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2016 AND 2015

	2016	2015
ASSETS		
Equity in County's pooled cash	$ 9,244	$ -
Investments	348,083,230	351,892,072
Contributions receivable	878,384	754,780
Total position and net position held in trust for pension benefits	$ 348,970,858	$ 352,646,852

DEFERRED COMPENSATION PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
ADDITIONS		
Contributions - members	$ 18,760,847	$ 19,228,978
Investment income (loss)	(62,774)	15,258,958
Total additions	18,698,073	34,487,936
DEDUCTIONS		
Distributions	22,374,067	26,122,796
Total deductions	22,374,067	26,122,796
Net increase (decrease)	(3,675,994)	8,365,140
Net position - beginning of year	352,646,852	344,281,712
Net position - end of year	$ 348,970,858	$ 352,646,852

INVESTMENT SECTION

Employees' Retirement System

EMPLOYEES' RETIREMENT SYSTEM

INVESTMENT PERFORMANCE, POLICY, STATISTICS AND ACTIVITY

The Board of Investment Trustees (Board), and the investment staff, are responsible for managing the $3.6 billion Employees' Retirement System (the System), invested solely in the interests of its beneficiaries. It is a significant responsibility due to the majority of the average retiree's benefit coming from investment earnings on contributions from members, the County, and participating agencies. According to Wilshire Associates, a national consulting firm, the median return among U.S. public pension plans over $1 billion in size in FY 2016 was a gain of 0.97%, gross of fees. The System's return for the fiscal year was a gain of 1.90% gross of fees, ranking top quartile in the universe. The key drivers of the performance for the twelve month period ending June 30, 2016 were the System's private equity and public fixed income holdings. The same study ranked the System's three-year gain of 7.25% in the second quartile and its five-year return of 7.57% in the top quartile of this universe. The gross return for the one-year period was below the performance benchmark established by the Board by 85 basis points, with returns for the three-year and five-year periods exceeding the performance benchmarks by 77 basis points and 89 basis points, respectively. Returns for the System are calculated on a time weighted basis (except where noted on page 52).

In the investment of public funds, adequate funding of employee retirement benefits at a reasonable and affordable cost is a paramount concern. An appropriate balance must be struck between risks taken and returns sought to ensure the long term health of the System. The Board has adopted an investment policy that works to control the extent of downside risk to which the System is exposed while maximizing the potential for long term increases in the value of assets.

Specific investment objectives include:

- To realize the actuarial assumed rate of return of 7.5 percent.
- To manage portfolio risk so as to limit potential downside fluctuations in the value of the total System assets.
- To realize as high a rate of total return as possible consistent with the above.

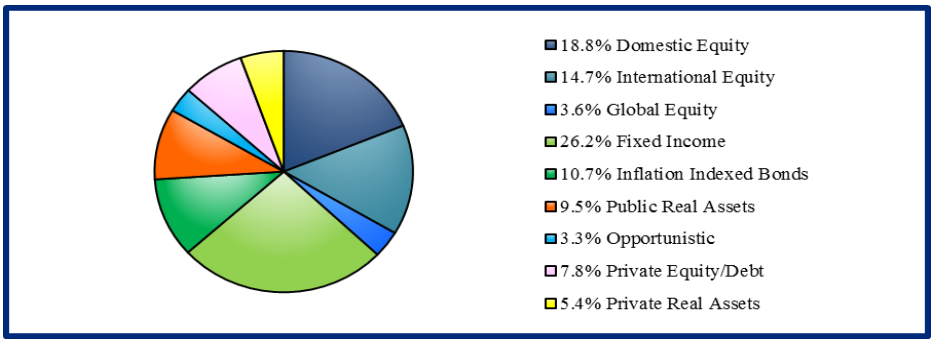
To achieve these objectives, the following investment policies are employed:

- Allocate System assets to a broad array of investment sectors and strategies.
- Maintain the asset allocation in compliance with the Board's rebalancing policy (+/- 5% for major asset classes and +/- 1.5% to 3% for sub-asset classes).
- Monitor the individual investment managers' market value to ensure compliance with the Board's Manager Funding Policy.
- Evaluate the performance of all investment managers against their specific performance and style objectives, assigned risk, and the returns achieved by other similar managers.
- Evaluate the System's overall risk exposure and modify investments through rebalancing when necessary.

During FY 2016, the Board continued to implement portfolio strategies and the hiring of investment managers which will result in further diversification of the investment portfolio and better management of the System's risk. Toward this effort, the Board approved new investments in the following sectors: public equities, private equity, private real assets, public real assets, and opportunistic.

The following pages reflect comments on the investment portfolio and were prepared by the Board.

ASSET ALLOCATION – JUNE 30, 2016



INVESTMENT PERFORMANCE SUMMARY

ANNUALIZED DATA FOR PERIOD ENDING JUNE 30, 2016

	1 Year	3 Year	5 Year
Total Fund Time-Weighted Returns			
MCERS	1.90[A] %	7.25[A] %	7.57[A] %
Policy Benchmark	2.75[A]	6.48[A]	6.68[A]
Total Domestic Equities			
MCERS	(1.85)	10.76	11.44
Russell 3000 Benchmark	2.14	11.13	11.60
Total Private Equities			
MCERS	6.80[B]	14.30[B]	10.90[B]
Russell 3000 + 300 Bpts Benchmark	4.50[B]	14.90[B]	14.90[B]
Total International Equities			
MCERS	(8.29)	2.76	2.63
Custom International Equity Benchmark	(10.17)	1.19	0.12
Total Global Equities			
MCERS	(3.78)	2.05	N/A
MSCI All Country World Benchmark	(3.73)	6.03	N/A
Total Private Real Assets			
MCERS	10.96[B]	13.16[B]	11.43[B]
CPI + 500 Bpts Benchmark	6.04[B]	6.10[B]	6.32[B]
Total Private Debt			
MCERS	11.80[B]	11.50[B]	N/A
BofA ML U.S. HY Cons. + 300 Bpts Benchmark	5.50[B]	5.00[B]	N/A
Total Fixed Income			
MCERS	9.21	7.84	8.29
Custom Fixed Income Benchmark	9.26	6.91	7.36
Total Opportunistic			
MCERS	(6.19)[C]	0.48[C]	1.99[C]
HFRI Fund of Funds Benchmark	(5.89)[C]	2.22[C]	1.81[C]
Total Public Real Assets			
MCERS	(0.80)	(2.24)	N/A
Custom Public Real Asset Benchmark	(0.84)	(1.53)	N/A
Total Global Inflation Indexed Bonds			
MCERS	6.86	10.70	10.95
Custom IIB Benchmark	12.30	8.83	8.24

Return data for the System was calculated on a time weighted basis (except where noted). Returns shown are provided by the System's custodian bank, The Northern Trust Company. Valuations are based on published national securities exchange prices, where available, and all valuations are reconciled between the various investment managers and the custodian bank. Returns are gross of fees paid to investment managers except where noted.

A: Total Fund returns utilize lagged valuations for private equity, private debt, and private real assets investments.
B: Returns computed on dollar-weighted basis and are net of investment management fees.
C: Returns computed net of investment management fees and lagged valuations.

PORTFOLIO HIGHLIGHTS

PUBLIC EQUITY

The market value of the total Public Equity Portfolio as of June 30, 2016 represented approximately 37.1% of the total Fund, split between Domestic Equity at 18.8%, International Equity at 14.7%, and Global Equity at 3.6%. The Domestic Equity Portfolio underperformed the Russell 3000 Benchmark by 3.99% for the one year ending June 30, 2016. U.S. equity markets struggled during the first seven months of the fiscal year due to continued weakness in the energy sector in addition to concerns about U.S. Dollar strength and the trajectory of the Federal Reserve's interest rate hikes. U.S. equity markets entered correction territory in February before rallying significantly to finish the fiscal year in positive territory. The rally was driven by recovering energy prices, a weakening U.S. Dollar, and indications that the Fed would show restraint in further increasing the Fed Funds Rate. The markets were led by the utilities, telecom, and consumer staples sectors, which benefit from continued low interest rates, while the financials, energy, materials, and health care sectors finished down for the fiscal year.

As of June 30, 2016, the International Equity Portfolio was allocated as follows: 71.9% EAFE, 18.7% emerging markets, and 9.4% small capitalization stocks. The International Equity Portfolio outperformed the custom international equity benchmark by 1.88% for the fiscal year ending June 30, 2016. International markets struggled during the fiscal year with both international developed markets and emerging markets finishing down double digits. Much like U.S. equity markets, international markets sold off sharply in the first half of the fiscal year and rallied strongly in the second half. Despite accommodative central bank policy in Europe and Japan, which includes negative short-term interest rates, economic growth and inflation failed to gain momentum during the fiscal year. Emerging markets trailed both the U.S. and international developed markets due primarily to China, which sold off more than 20% during the fiscal year on concerns about decreasing economic growth, particularly within the manufacturing sector.

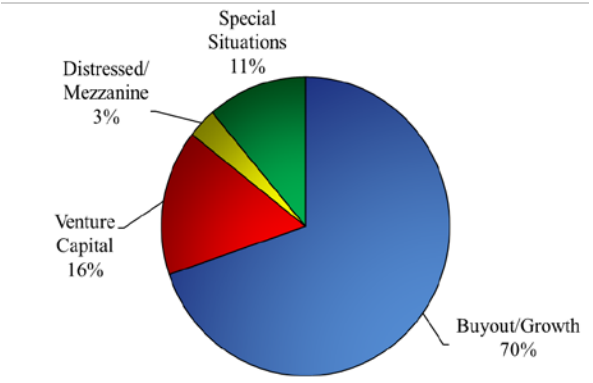
Equity: Top 15 Holdings

The top 15 holdings in the Public Equity Portfolio comprised 3.1% of ERS assets at June 30, 2016. In comparison to the top 15 holdings of last year, Facebook, VISA, Novartis, Fresenius, Koninklijke Ahold, Salesforce.com, Seven & I Holdings, Inditex, ING Groep, Smith (DS), and Adecco remained while Total, AIA Group, Amazon.com, and Toray were added.

Equity	Shares	Value
Facebook	86,369	9,870,249
VISA	132,344	9,815,954
Novartis	116,215	9,561,314
Fresenius	126,172	9,226,041
Koninklijke Ahold	385,782	8,528,832
Salesforce.Com	102,582	8,146,037
Total	153,329	7,389,386
Seven & I Holdings	162,100	6,764,305
Inditex	201,187	6,685,145
AIA Group	1,116,800	6,672,340
Amazon.Com	9,134	6,536,473
ING Groep	598,566	6,103,823
Smith(DS)	1,135,090	5,861,671
Toray Industries	691,000	5,855,887
Adecco	116,559	5,849,486

PRIVATE EQUITY

The System began investing in private equity in 2003 to achieve returns greater than those available in the public equity markets and to gain exposure to diversified alpha sources. At June 30, 2016, the Private Equity Portfolio comprised 7.2% of total Fund assets, and approximately 66% of the dollars committed had been called. On a long-term basis, the Private Equity program seeks to outperform the Russell 3000 Index by 3%. System returns are calculated on a dollar-weighted or internal rate-of-return (IRR) basis, and the annualized return since inception (2003) through June 30, 2016 was 8.9%. By comparison, the dollar-weighted return for the Russell 3000 Index plus 3% for the same period was 11.4%.



As compared to the prior fiscal year, U.S. buyout investment activity related to invested capital was up while the number of deals saw a decline. Buyout fundraising accelerated during the latter part of the fiscal year. U.S. venture investment activity continued to cool down from mid-2015 peaks both in terms of deals completed and dollar invested. However, U.S. venture fundraising is on pace to exceed the post-crisis peak of $31 billion in 2014. The exit environment of buyout investments slowed after an active 2015 while venture continued to see steady exit activity. Purchase valuations were in line versus the prior fiscal year while leverage fell slightly from the peaks of the previous two years.

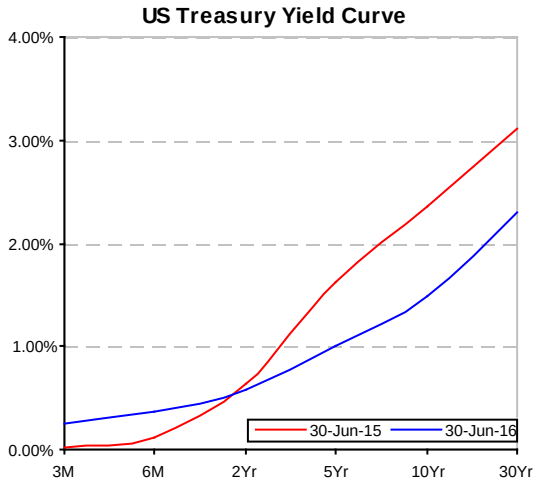
PRIVATE DEBT

The System began investing a portion of its portfolio in Private Debt in 2014 to enhance returns and further diversify the portfolio. The market value of the Private Debt Portfolio as of June 30, 2016 represented approximately 0.6% of the total Fund, and to date, approximately 55% of the committed capital has been called. On a dollar weighted, or IRR basis, the portfolio returned 11.8% for the fiscal year, outperforming the benchmark index, Bank of America Merrill Lynch U.S. High Yield Master Constrained Index plus 3%, by 6.3%.

The MCERS portfolio consists of managers who specialize in making direct loans to privately held middle-market companies in need of less dilutive forms of growth capital. Direct (levered) loan issuance cooled in FY16 as interest rate concerns, commodity price declines, and volatility caused yields to rise. MCERS private debt managers also purchase debt securities in the secondary markets which may be distressed in an effort to restructure workout solutions with the borrowers. The current opportunity set for distressed investments remains subdued, as the U.S. default rate remains below the 20-year average of approximately 4.5%.

FIXED INCOME

The System invests a portion of its portfolio in fixed income securities to reduce total Fund volatility, produce income and provide a measure of protection in the event of a slowing economic environment, in which these lower volatility assets should provide downside protection. The market value of the Fixed Income Portfolio as of June 30, 2016 represented approximately 26.2% of the total Fund. The Fixed Income Portfolio returned 9.21%, roughly in-line with the benchmark's return of 9.26% during the fiscal year. High yield and long duration investments represent approximately 9.8% and 13.3%, of total Fund assets, respectively.



In December 2015, the Federal Reserve voted to increase the Federal Funds Rate by 25 bps for the first time since 2006, which is evidenced by a rise in the short-end of the yield curve (see chart to the right). The market initially priced in further interest rate hikes throughout the remainder of the fiscal year; however, a continued slowdown in global growth prompted the Fed to refrain from further monetary policy tightening. As market volatility increased during the beginning of calendar year 2016, longer-term yields fell sharply and the yield curve flattened as investors moved funds into safe-haven assets. As of June 30, 2016, the 10-year treasury yield stood at 1.49%, or 86 bps lower than the same period one-year ago. Negative interest rates in pockets of developed Europe's largest bond markets drove significant foreign capital into U.S. Treasuries, increasing prices and causing yields to decline further. A flattening long-end of the yield curve is generally indicative of investor's expectations for lower economic growth and inflation going forward.

Fixed Income: Top 15 Holdings

Fifteen Largest Fixed Income Holdings	Interest Rate	Maturity Date	Fair Value
United States Treasury Bonds	3.000 %	May 15, 2045	$ 29,142,243
United States Treasury Bonds	2.500	February 15, 2045	22,904,926
United States Treasury Bonds	2.875	August 15, 2045	17,151,037
United States Treasury Bonds	2.875	May 15, 2043	17,024,809
United States Treasury Bonds	3.125	August 15, 2044	14,682,081
United States Treasury Bonds	3.000	November 15, 2045	10,739,543
United States Treasury Bonds	2.500	February 15, 2046	9,584,024
GE Capital International	4.418	November 15, 2035	7,673,891
HSBC	7.000	January 15, 2039	7,166,842
United States Treasury Bonds	2.125	May 15, 2025	6,875,385
Wells Fargo	5.606	January 15, 2044	6,331,746
Bank of America	6.000	October 15, 2036	6,120,070
United States Treasury Bonds	2.250	November 15, 2024	5,811,485
Verizon Communications	4.672	March 15, 2055	4,990,445
Metlife	5.875	February 6, 2041	4,585,054

OPPORTUNISTIC

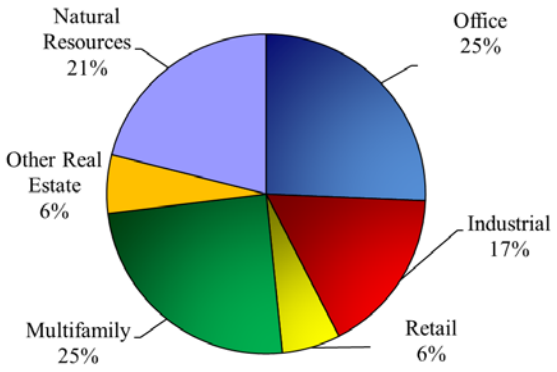
The System invests a portion of its portfolio in absolute return strategies (hedge funds) to enhance returns and reduce total fund volatility. The market value of the Opportunistic Portfolio as of June 30, 2016 represented approximately 3.3% of the total Fund. The Portfolio underperformed the benchmark return by 0.30%.

Within the hedge fund universe, performance for most strategies was negative for the fiscal year as equity long short, event driven and relative value strategies declined by 5.0%, 3.8%, and 0.2%, respectively. In contrast, directional strategies benefitted from additional volatility and dispersion across asset classes and gained 1.9% for the fiscal year.

PRIVATE REAL ASSETS

The System began investing in value-added and opportunistic private real estate and natural resources in 2006 to attain real returns less correlated with the broad public securities markets. Returns are computed on a dollar-weighted or internal rate-of-return basis, and from inception (2006) to June 30, 2016 the investments generated an annualized gain of 5.0%. By comparison, the dollar-weighted return for the benchmark CPI + 5% for the same period was a gain of 6.6%. The Private Real Assets Portfolio comprised 5.4% of the Fund at June 30, 2016 with approximately 82% of the dollars committed called.

During the fiscal year, real estate transaction activity increased significantly and capitalization rates declined across all major property types (multi-family, industrial, retail and office) in the United States. Domestic energy investments declined noticeably as many upstream oil and gas companies decreased capital expenditure programs due to lower energy prices.



PUBLIC REAL ASSETS

The market value of the total Public Real Assets Portfolio as of June 30, 2016 represented approximately 9.5% of the total Fund and was allocated as follows: 63.0% global real estate securities, 29.1% commodities, and

7.9% master limited partnerships (MLPs). The System began investing in Public Real Assets in January 2009 to further diversify the portfolio to reduce risk and to provide a hedge against inflation.

Listed global real estate security prices advanced strongly during the fiscal year on dovish global monetary bank policies, improving fundamentals, and strong capital flows from investors seeking higher yielding assets. For the fiscal year, commodity futures broadly declined on continued U.S. dollar strength, deflationary concerns in Europe, and the slowing of the Chinese economy. However commodities experienced a meaningful rebound in the final quarter of the fiscal year due to improving supply and demand fundamentals. MLPs declined for the fiscal year due to steep declines in oil and gas prices. However MLPs experienced a strong price recovery in the last quarter of the fiscal year due to improving sentiment as oil and gas prices rebounded. For the fiscal year, the public real asset portfolio outperformed the custom benchmark by 0.04%.

Global Inflation-Indexed Bonds

The System allocates a portion of Fund assets to inflation-indexed bonds which provide protection against inflation risk as well as providing a diversified return stream to manage volatility. The Inflation-Indexed Bond Portfolio represented 10.7% of total Fund assets at June 30, 2016. The Portfolio, which also includes an absolute return fund, returned 6.86% during the fiscal year, underperforming the benchmark's return of 12.30%.

The returns on global inflation-indexed bonds were positive during the fiscal year, as real yields, used to measure the change in purchasing power, declined and moved into negative territory across much of the developed world. However, performance of the total portfolio was negatively impacted from the opportunistic allocations made by the absolute return fund to nominal bonds, developed market equities, currencies, and corporate credit.

Inflation-Indexed Bonds - Country Exposures		
United States	45	%
United Kingdom	20	
Canada	10	
France	10	
Germany	7	
Sweden	5	
Australia	3	

INVESTMENT MANAGERS

The diversified investment structure as of June 30, 2016 is reflected in the following table, which lists System managers by asset class and style.

Public Equity	Investment Style
Domestic Equity	
Eagle Asset Management	Small Cap Growth
Barrow, Hanley, Mewhinney & Strauss	Large Cap Value
JP Morgan Investment Management*	Large Cap Core Plus
Los Angeles Capital Management*	Large Cap Alpha
RhumbLine Advisors	Russell 1000 Index
Sands Capital Management	Large Cap Growth
Wellington Management	Small Cap Value
International Equity	
Gryphon Int'l Investment Corp.	EAFE
Highclere Int'l Investors LLP*	Small Cap
Marathon Asset Management LLP	EAFE
Mondrian Investment Partners Ltd*	Emerging Markets
Global Equity	
Aberdeen Asset Management*	Global

Private Real Assets	Investment Style
Aberdeen*	Fund-of-Funds
AEW Partners*	Real Estate
Carmel Partners*	Real Estate
EnerVest, Ltd.*	Energy
Hampshire Companies*	Real Estate
Homestead Capital*	Agriculture
Juniper Capital LP*	Energy
LBA Realty*	Real Estate
Lime Rock Resources*	Energy
Lyme Timber Company*	Timber
Meridian Realty Partners*	Real Estate
Pearlmark Real Estate Ptrs*	Real Estate
Resource Land Holdings*	Diversified Natural Reources
TA Associates Realty LLC*	Real Estate

Public Real Assets	Investment Style
BlackRock Financial Mgt.*	Commodities
BlackRock Financial Mgt.*	Real Estate
Chickasaw Capital Management	MLPs
CoreCommodity Mgt.*	Commodities
Cornerstone Real Estate Advisers	Real Estate
Wellington Management*	Commodities

Private Debt	Investment Style
Castlelake*	Distressed
Clearlake Capital Group*	Distressed/Pvt Equity/Tnrnd
Levine Leichtman Capital Partners*	Structured Equity
PineBridge Investments LLC*	Structured Equity

Opportunistic	Investment Style
GMO, LLC*	Global Macro
Grosvenor Capital Management*	Fund-of-Funds
Hudson Bay Capital Mgmt*	Relative Value
Luxor Capital Partners*	Event Driven
MKP Opportunity Partners*	Global Macro
Och-Ziff Opportunity Partners*	Multi-Strategy
Scopia Capital Management*	Equity Long/Short

Private Equity	Investment Style
Adams Street Partners*	Fund-of-Funds
Altus Capital Partners*	Buyout
Altaris Capital Partners*	Buyout
Atlas Capital Resources*	Turnaround
DW Healthcare Partners*	Buyout
Franklin Park*	Fund-of-Funds
J.F. Lehman & Company*	Buyout
HarbourVest Partners*	Fund-of-Funds
K1 Investment Mgmt. LLC*	Growth/Buyout
KPS Capital Partners*	Turnaround
Landmark Partners, Inc.*	Fund-of-Funds
Mason Wells*	Buyout
Odyssey Inv. Partners*	Buyout
Pomona Capital*	Fund-of-Funds
Riverside Partners*	Buyout
Siris Capital Group LLC*	Buyout
Sunstone Partners*	Growth Equity
TA Associates*	Growth Equity
Thoma Bravo*	Buyout
Wicks Group*	Buyout

Fixed Income	Investment Style
BlackRock Financial Mgt.*	Core
Loomis Sayles & Co.	High Yield
Jennison Associates	Long Duration
Nomura Asset Management	High Yield
Schroder Investment Mgt.	Long Duration

Inflation-Indexed Bonds	Investment Style
Bridgewater Associates*	Passive

Foreign Currency	Investment Style
First Quadrant LP*	Foreign Currency

* Pooled Funds

PUBLIC EQUITY COMMISSIONS

January 1, 2015 Through December 31, 2015

Brokers	Commissions (thousands)
Deutsche Bank	$ 29
Sanford Bernstein	19
UBS	12
JPM	11
Society Generale	11
Goldman Sachs	10
Merrill Lynch Pierce Fenner & Smith	9
Joh. Berenberg, Gossler	9
Weeden and Co	8
Parel	8
Jefferies and Co	8
Other Brokers (85 brokers)	102
Total	**$ 236**

INVESTMENT SUMMARY

	2016 Fair Value	Percent of Total Value	2015 Fair Value	Percent of Total Value
Government and agency obligations	$ 403,510,670	11.20 %	$ 395,527,073	10.84 %
Municipal/Provincial obligations	15,015,541	0.42	12,358,783	0.34
Asset-backed securities	3,713,101	0.10	3,464,339	0.09
Corporate bonds	709,062,527	19.67	656,471,268	17.98
Collateralized mortgage obligations	840,430	0.02	-	-
Commerical mortgage-backed securities	726,834	0.02	-	-
Common and preferred stock	1,506,763,258	41.81	1,455,833,853	39.88
Mutual and commingled funds	389,914,184	10.82	365,620,792	10.02
Short-term investments	94,518,574	2.62	119,853,979	3.28
Private real assets	196,611,691	5.46	380,180,632	10.41
Private equity/debt	283,122,107	7.86	261,364,506	7.16
Total	$ 3,603,798,917	100.00 %	$ 3,650,675,225	100.00 %

Cash collateral received under securities lending agreements is not included in the investment summary shown above.

ACTUARIAL SECTION

Employees' Retirement System

GRS
Gabriel Roeder Smith & Company
Consultants & Actuaries
120 North LaSalle Street
Suite 1350
Chicago, IL 60602
312.456.9800 phone
312.683.3271 fax
www.gabrielroeder.com

November 23, 2016

Ms. Linda Herman
Executive Director
Montgomery County Employee Retirement Plans
101 Monroe Street, 15th Floor
Rockville, MD 20850

Dear Linda:

At your request, we have performed an actuarial valuation for funding purposes and a separate actuarial valuation for accounting purposes of the Montgomery County Employees' Retirement System ("System") as of July 1, 2016. The purpose of the funding actuarial valuation, which is performed annually, is to determine the funding status and annual contribution requirements of the System. The actuarial valuations were performed specifically at your request and are intended for use by the System and Montgomery County ("County") and those designated by the System and the County. This report may be provided to parties other than the System and County only in its entirety and only with the permission of the System and County. GRS is not responsible for reliance upon this valuation for any other purpose, or by any other party.

Funding Objective

The funding objective for the System is to collect employer and employee contributions sufficient to pay the benefits of the Montgomery County Employees' Retirement System when due and to achieve a funded ratio of 100 percent at the end of the amortization period. The total contribution rate is equal to the normal cost rate plus amortization of the unfunded liability as a level percentage of payroll. The unfunded liability as of July 1, 2015, for the Non-Public Safety groups (Groups A and H) was amortized over a closed period of 9 years (8 years remaining at the actuarial valuation as of July 1, 2016) and the unfunded liability base established as of July 1, 2016, was amortized over an 8-year closed period. The unfunded liability as of July 1, 2015, for the Public Safety groups (Groups E, F and G) and GRIP was amortized over a closed period of 20 years (19 years remaining at the actuarial valuation as of July 1, 2016) and the unfunded liability base established as of July 1, 2016, was amortized over a 20-year closed period. The single equivalent amortization period for the System in total as of July 1, 2016, is 10.0 years. This funding policy is consistent with generally accepted actuarial standards for the funding of retirement systems. The total contribution rate minus the average employee contribution rate equals the County contribution rate. The funding actuarial valuation as of July 1, 2016, establishes the County contribution rate for fiscal year beginning July 1, 2017.

Actuarial Assumptions and Methods

The actuarial cost method used in this valuation is the same as the method used in the prior actuarial valuation. The actuarial method utilized by the System for both non-GRIP and GRIP

members is the individual Entry-Age Normal method. The objective of this method is to finance the benefits of the System as a level percentage of payroll over the members' careers. Any Unfunded Actuarial Accrued Liability (UAAL) under this method is separately financed. All actuarial gains and losses under this method are reflected in the UAAL. The actuarial assumptions used in the actuarial valuation as of July 1, 2016, are the same as those used in the actuarial valuation as of July 1, 2015. The actuarial assumptions are based on an experience review for the five-year period ending July 1, 2014.

The actuarial assumptions and methods used, including the economic and demographic assumptions, the actuarial cost method and asset method, are in conformity with the Actuarial Standards of Practice issued by the Actuarial Standards Board for the funding of public sector pension plans and are set by the County. Assumptions and methods required under GASB Statement 67 and 68 were used in the preparation of the accounting disclosures and schedules required by GASB 67 and 68.

Benefit Provisions
There have been no plan changes reflected in the actuarial valuation as of July 1, 2016, since the actuarial valuation at July 1, 2015.

Participant Data
A total of 5,513 active members (excluding DRSP and DROP) were included in the actuarial valuation as of July 1, 2016. Between the 2015 and 2016 actuarial valuations, the number of active employees decreased by 28 members, or 0.5 percent. The average annual actuarial valuation pay (excluding DRSP and DROP) increased by 2.6 percent, from $75,569 to $77,566 between the 2015 and 2016 actuarial valuation. The number of benefit recipients (including DRSP and DROP) increased from 6,380 to 6,453, or 1.1 percent, since the last actuarial valuation. The average monthly benefit increased by 1.1 percent, from $3,077 to $3,110.

Aetna Contract
There is a group of retirees who have benefits that are insured by Aetna. The total benefit amounts reported for these members in the actuarial valuation report include the insured benefit amount. The actuarial liabilities calculated in the actuarial valuation report exclude the value of the insured benefits. The liabilities for these members that are included in the actuarial valuation are for the cost of living adjustments provided and are paid by the Montgomery County Employees' Retirement System.

Actuarial Valuation Assets
On a market value basis, the Plan assets had an investment return of approximately 1.42 percent (net of investment expenses). Recognition of the fiscal year end 2012, 2015, and 2016 investment losses were partially offset by recognition of investment gains during fiscal years ending 2013 and 2014, which resulted in an estimated net asset rate of return of 6.86 percent on an actuarial value of assets basis, which compares to the assumed rate of return of 7.50 percent.

Reliance on Others

The actuarial valuation was based upon information furnished by the County Staff, concerning benefits provided by the Montgomery County Employees' Retirement System, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the County Staff.

The trend data in the Financial Section and the schedules and other data in this Section are prepared by County Staff with our input.

Accounting Schedules Under GASB Statement Nos. 67 and 68

The total pension liability (actuarial accrued liability) is based on a measurement date of July 1, 2015, with results projected to July 1, 2016, assuming no liability gains and losses, under the Entry Age Normal actuarial cost method. A single discount rate of 7.50 percent, which is the same rate that is used in the funding actuarial valuation, was used to measure the total pension liability. All other assumptions and methods used in the funding actuarial valuation for calculation of the actuarial accrued liabilities as of July 1, 2016, were used in the GASB 67/68 actuarial valuation for calculation of the total pension liability for fiscal year ending June 30, 2016.

The net pension liability is measured as the total pension liability, less the amount of the pension plan's fiduciary net position (market value of assets) as of June 30, 2016.

Certification

To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Montgomery County Employees' Retirement System as of the valuation date of July 1, 2016, based on the data and actuarial techniques described above and applicable statutes. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. Lance Weiss and Amy Williams are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

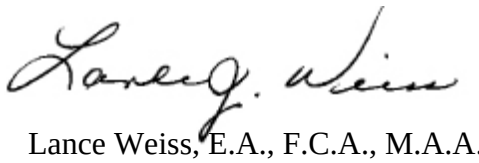
Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements in this report.

This report should not be relied on for any purpose other than the purpose stated.

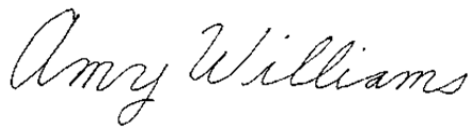
Ms. Linda Herman
Montgomery County Employee Retirement
Plans November 23, 2016

The signing actuaries are independent of the plan sponsor.

Respectfully submitted,
Gabriel, Roeder, Smith & Company



Lance Weiss, E.A., F.C.A., M.A.A.A.
Senior Consultant and Team Leader



Amy Williams, A.S.A., M.A.A.A., F.C.A.
Consultant

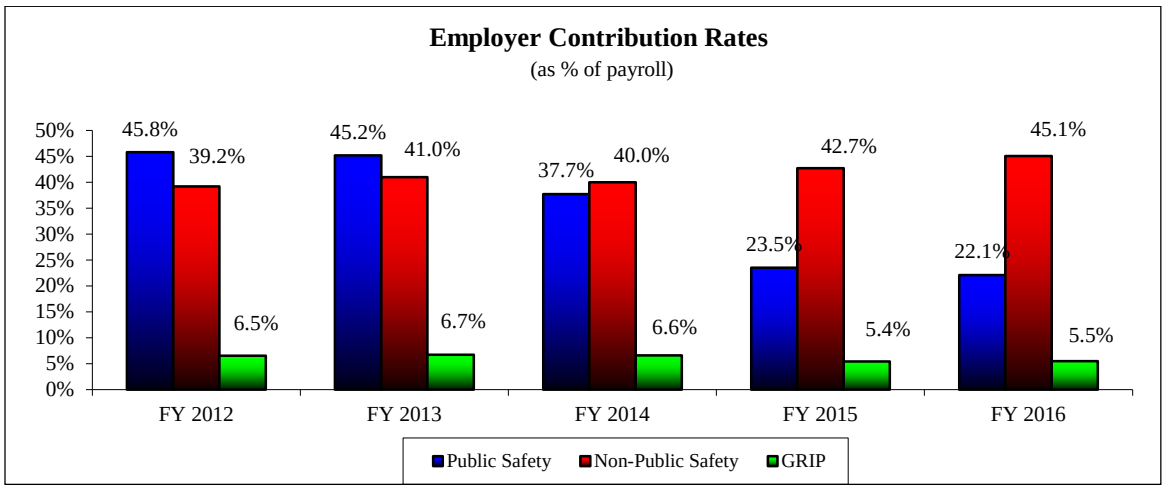
AW:rg

SUMMARY OF VALUATION RESULTS
EMPLOYEES' RETIREMENT SYSTEM

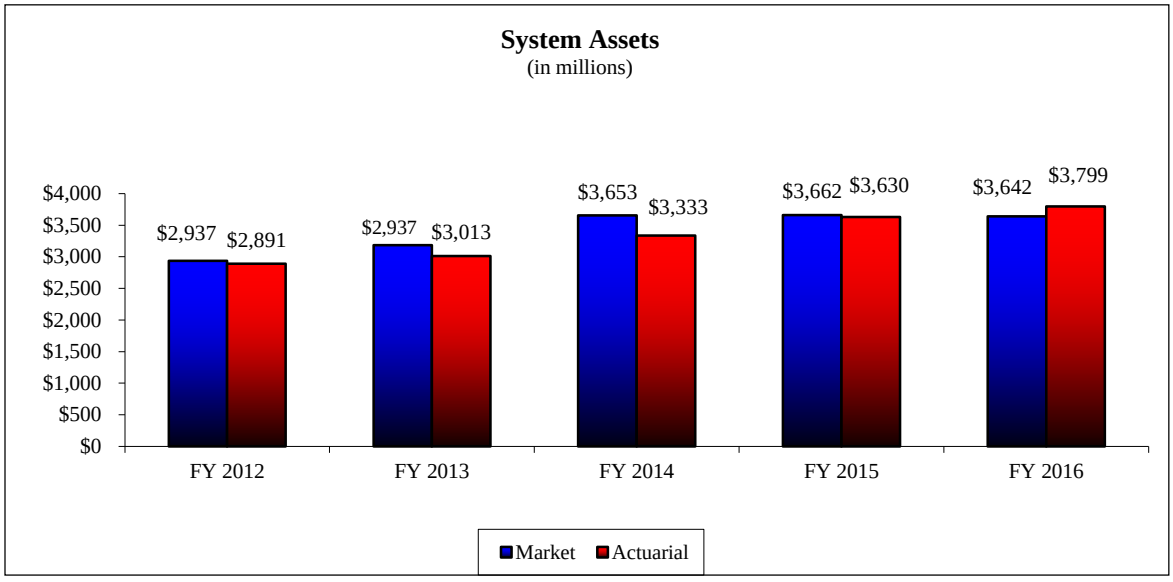
A. Overview

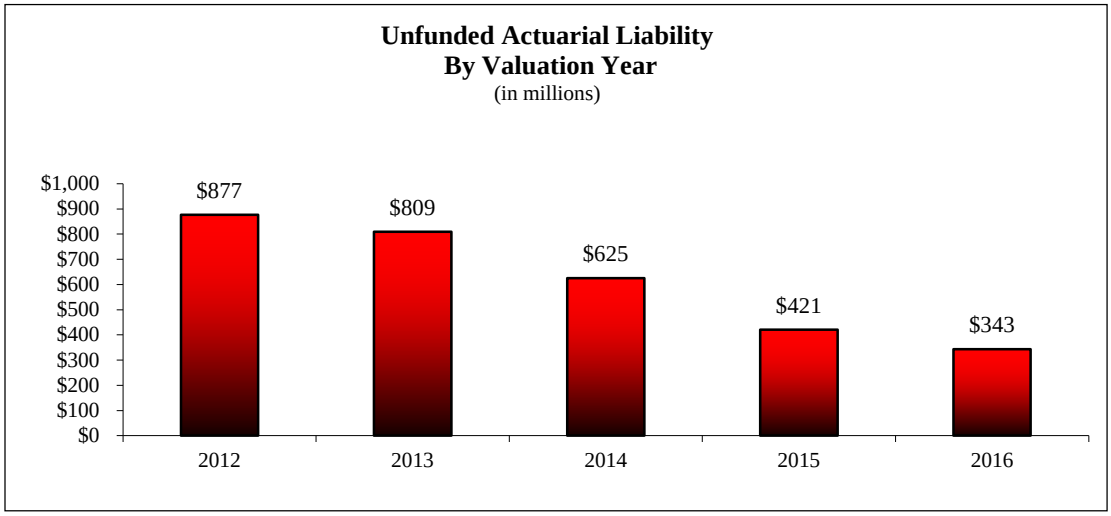
This report presents the results of our June 30, 2016 actuarial valuation of the Montgomery County Employees' Retirement System.

The major findings of the valuation are summarized in the following charts:

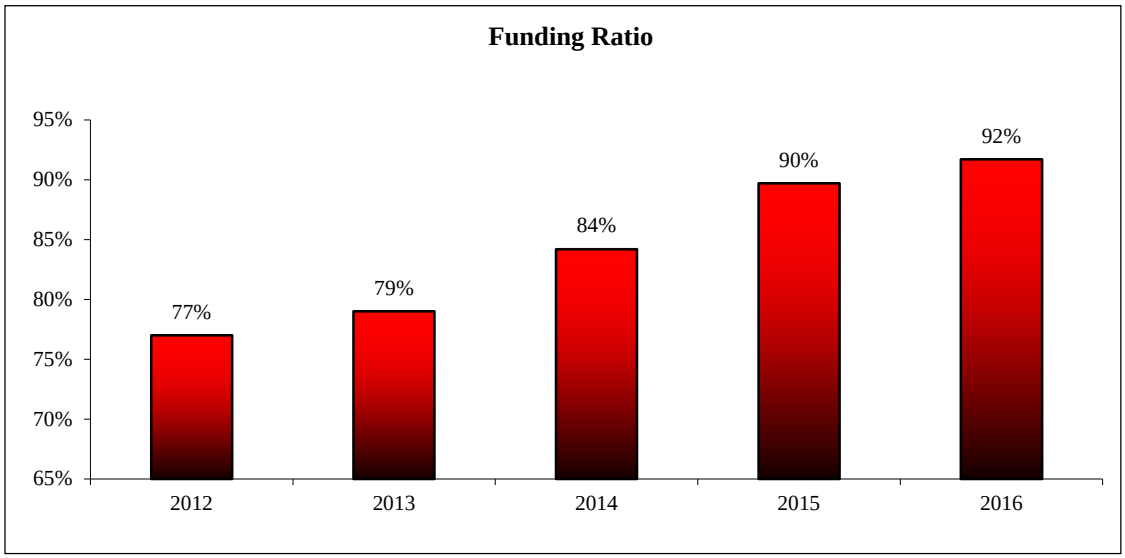


The change in the employer contribution rate in FY 2016 was due to actual System experience versus actuarial assumptions.





The unfunded actuarial liability decreased in FY 2016 primarily due to deferred asset gains and lower than expected cost of living increases for retired members.



The ratio of actuarial assets to the actuarial accrued liability has improved primarily due to the factors noted above.

B. Summary of Results

	July 1, 2015	July 1, 2016
Actuarial Liability		
a. Active Members	$1,352,696,130	$1,393,485,137
b. Retired Members and Beneficiaries	2,671,003,607	2,718,476,430
c. Vested Former Members	27,037,115	29,099,401
d. Total	$4,050,736,852	$4,141,060,968
Valuation Assets	$3,630,075,610	$3,798,555,275
Unfunded Actuarial Accrued Liability	$420,661,242	$342,505,693
Normal Cost		
a. Gross Normal Cost	$73,661,793	$74,716,528
b. Anticipated Employee Contributions	$24,551,555	$24,812,730
c. County Normal Cost (a -b)	$49,110,238	$49,903,798
Amortization Payment	$42,872,473	$39,202,730
County Contribution Required at Date Shown	$91,982,711	$89,106,528
County FY 2016/FY 2017 Contribution		
(as a % of covered payroll)		
Public Safety Employees	23.51%	22.05%
Non-Public Safety Employees	42.71%	45.12%
Guaranteed Retirement Income Plan	5.35%	5.46%

C. Valuation Highlights

1. System Assets

As of June 30, 2016, the System had assets, valued at market, of $3.642 billion, as compared to $3.662 billion at June 30, 2015. The decrease of $20 million was attributable to the following:

a. An increase of $162 million from employer and employee contributions;
b. An increase of $58 million from investment gain;
c. A decrease of $240 million due to the payment of benefits to System participants and administrative expenses.

When measured on an actuarial basis, System assets were $3.799 billion at June 30, 2016, and $3.630 billion at June 30, 2015. The asset valuation method smooths the fluctuations generated by intermittent market gains and losses. This method phases-in investment gains and losses arising during and after the 1994 fiscal year over a five-year period from the date established. Effective July 1, 1997, the calculation of the actuarial value of assets was changed to exclude the present value of estimated accrued contributions.

2. System Liabilities

The Unfunded Actuarial Liability decreased $78 million, from $421 million at July 1, 2015, to $343 million at July 1, 2016, as follows:

Unfunded Actuarial Liability at beginning of year	$	420,661,242
Unfunded Actuarial Liability at end of year		342,505,693
Decrease in Unfunded Actuarial Liability	$	78,155,549

The decrease in Unfunded Actuarial Liability for the year ended June 30, 2016, is comprised of the following:

Increase due to loss on actuarial value of assets	$	(23,178,967)
Decrease due to demographic gain and other factors		41,438,180
Decrease due to amortization payment and contributions		59,896,336
Increase/decrease due to plan changes		0
Decrease in Unfunded Actuarial Liability	$	78,155,549

3. System Contributions

Contributions to the System include a "normal cost" rate which covers the portion of projected liabilities related to service of members. In addition, an amortization payment is made to fund the unfunded liability related to changes made to benefits in previous years which are being funded over a specific period of time.

The increase/decrease in the employer contribution rate is attributable to the following:

	Non-Public Safety (non-GRIP)		Public Safety (non-GRIP)		GRIP	
Employer contribution rate - June 30, 2015	42.71	%	23.51	%	5.35	%
Increase due to gain on actuarial value of assets	1.69		0.42		0.06	
Increase/decrease due to actuarial gains & losses	0.72		(1.88)		0.05	
Increase/decrease due to plan changes	0.00		0.00		0.00	
Increase/decrease due to assumption and method changes	0.00		0.00		0.00	
Employer contribution rate - June 30, 2016	45.12	%	22.05	%	5.46	%

4. Membership

The active membership of the System decreased from 5,541 at June 30, 2015 to 5,513 at June 30, 2016. The System was closed to all new employees hired after October 1, 1994, except public safety, bargaining unit employees and GRIP participants. Inactive members, including retirees and beneficiaries, increased from 6,380 at June 30, 2014 to 6,453 at June 30, 2016 and the number of former members with vested rights decreased from 402 to 395.

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
EMPLOYEES' RETIREMENT SYSTEM

A. Funding Method

The funding method used for the System's valuation is the "Individual Entry-Age Normal" actuarial cost method. The objective of this method is to finance the benefits of the System as a level percentage of payroll over the members' careers. The normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement. Each annual normal cost is a constant percentage of the member's year by year projected covered pay. An *actuarial liability* is calculated at the valuation date as the present value of benefits allocated to service prior to that date. The *Unfunded Actuarial Liability* at the valuation date is the excess of the actuarial liability over the assets of the System.

B. Actuarial Value of Assets

The actuarial value of assets is used for purposes of determining the County's contribution to the System. The asset adjustment method dampens the volatility of asset values that could occur because of short term fluctuations in market conditions. Use of an asset smoothing method is consistent with the long term nature of the actuarial valuation process. Assets are valued at market value but with a phase-in of investment gains and losses arising after July 1, 1994, over a 5-year period. The gains and losses are net of expenses. Effective July 1, 1997, the calculation of the actuarial value of assets does not include the present value of accrued contributions.

ACTUARIAL ASSUMPTIONS AND METHODS
EMPLOYEES' RETIREMENT SYSTEM

A. Demographic Assumptions

1. Mortality

MP-2014 Employee and Healthy Annuitant (non-disabled)

	Pre-Retirement Future Life Expectancy (years) in 2016		Post-Retirement Future Life Expectancy (years) in 2016			Pre-Retirement Future Life Expectancy (years) in 2016		Post-Retirement Future Life Expectancy (years) in 2016	
Age	**Men**	**Women**	**Men**	**Women**	**Age**	**Men**	**Women**	**Men**	**Women**
20	69.21	73.49	66.86	69.82	65	22.61	26.59	21.81	23.91
25	63.88	68.16	61.45	64.38	70	18.23	21.79	17.65	19.53
30	58.55	62.83	56.09	58.99	75	14.17	17.18	13.78	15.45
35	53.21	57.52	50.79	53.69	80	10.51	12.81	10.31	11.75
40	47.88	52.21	45.58	48.48	85	7.36	8.89	7.37	8.54
45	42.58	46.94	40.48	43.36	90	5.06	6.00	5.07	5.96
50	37.35	41.72	35.53	38.32	95	3.52	4.10	3.52	4.10
55	32.24	36.59	30.77	33.37	100	2.51	2.87	2.51	2.87
60	27.30	31.54	26.20	28.55	105	1.89	2.10	1.89	2.10

2. Rates of Termination of Employment (prior to retirement eligibility)

Years of Service	Non-Public Safety and GRIP		Public Safety			
			Group E		Group F and G	
	Male	**Female**	**Male**	**Female**	**Male**	**Female**
0	11.50%	12.50%	12.00%	15.00%	6.00%	9.00%
1	9.50	10.50	10.00	12.00	5.00	7.00
2	8.00	9.50	6.00	7.00	4.00	5.00
3	6.00	6.50	5.00	6.50	3.00	4.50
4	4.50	4.50	4.00	4.00	2.50	3.50
5	4.00	4.25	3.90	3.90	2.25	3.00
6	4.00	4.25	3.80	3.80	2.00	2.75
7	4.00	4.25	3.70	3.70	1.75	2.50
8	4.00	4.25	3.60	3.60	1.50	2.00
9	4.00	4.25	3.50	3.50	1.25	1.75
10	3.25	2.75	2.00	2.00	1.00	1.50
11	3.25	2.75	1.50	1.50	0.75	1.25
12	3.25	2.75	1.00	1.00	0.50	1.00
13	3.25	2.75	1.00	1.00	0.50	0.75
14	3.25	2.75	1.00	1.00	0.50	0.50
15+	2.00	2.50	1.00	1.00	0.50	0.50

Vested participants that terminate are assumed to elect the option with the greater present value:

1) A refund of their accumulated contributions with interest or
2) A deferred benefit.

3. Disability

Annual Disabilities per 1,000 Members

	Non-Public Safety Employees		Public Safety Employees					
			Group E		Group F		Group G	
Age	Male	Female	Male	Female	Male	Female	Male	Female
20	0	0	1	0	1	1	1	1
25	1	0	1	1	2	3	2	3
30	1	0	2	2	4	8	4	8
35	1	1	3	3	5	12	5	12
40	2	1	4	5	7	16	9	16
45	3	3	7	12	13	44	16	44
50	6	4	11	17	22	59	26	59
55	7	4	14	17	27	62	35	62
60	8	4	14	17	27	62	35	62

4. Deaths

	Disabled Mortality Future Life Expectancy (years) in 2016	
Age	Men	Women
20	60.67	61.59
25	55.28	56.19
30	49.96	50.89
35	44.73	45.69
40	39.64	40.59
45	34.71	35.56
50	29.94	30.62
55	25.35	25.83
60	20.97	21.31
65	16.86	17.11
70	13.11	13.29
75	9.75	9.87
80	6.92	7.02

5. Rates of Retirement

Age	Non Public Safety		GRIP	
	Under 30 Years of Service	30 Years of Service & Over	Under 15 Years of Service	15 Years of Service & Over
45 - 49	2.0%	2.0%	0.0%	0.0%
50 - 54	3.0	15.0	0.0	0.0
55	6.0	15.0	3.0	3.0
56	6.0	15.0	3.0	3.0
57	6.0	15.0	6.0	6.0
58	8.0	15.0	6.0	6.0
59	8.0	15.0	6.0	6.0
60	13.0	18.0	6.0	10.0
61	13.0	18.0	6.0	10.0
62	13.0	18.0	8.0	25.0
63	13.0	18.0	8.0	25.0
64	13.0	18.0	8.0	25.0
65 - 69	20.0	25.0	20.0	30.0
70 - 74	40.0	40.0	50.0	50.0
75	100.0	100.0	100.0	100.0

Age	Public Safety							
	Group E		Group F			Group G		
	Under 25 Years of Service	25 Years of Service & Over	Under 25 Years of Service	25 Years of Service	26 Years of Service & Over	Under 20 or 21 - 24 Years of Service	20 Years of Service	25 Years of Service & Over
Under 42	3.5%	3.5%	2.5%	20.0%	2.5%	2.5%	10.0%	5.0%
42 - 44	3.5	3.5	2.5	20.0	2.5	5.0	10.0	5.0
45	3.5	8.0	2.5	20.0	2.5	7.5	10.0	10.0
46	3.5	8.0	3.5	20.0	3.5	7.5	10.0	10.0
47	3.5	8.0	4.5	20.0	4.5	7.5	10.0	10.0
48	3.5	8.0	5.5	20.0	5.5	7.5	10.0	10.0
49	3.5	8.0	6.5	20.0	6.5	7.5	10.0	10.0
50	10.0	10.0	10.0	20.0	20.0	10.0	15.0	17.5
51	10.0	10.0	10.0	20.0	20.0	10.0	15.0	17.5
52	10.0	12.0	10.0	20.0	20.0	12.5	20.0	25.0
53	10.0	12.0	15.0	25.0	25.0	12.5	20.0	25.0
54	10.0	12.0	15.0	25.0	25.0	12.5	20.0	25.0
55 - 59	15.0	30.0	15.0	40.0	40.0	20.0	40.0	35.0
60 - 64	25.0	50.0	25.0	70.0	70.0	40.0	40.0	40.0
65	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

6. Sick Leave Credit

Service credit is increased by 2.2% for Group A employees, 2.5% for Group E employees, 4.0% for Group F employees, 3.1% for Group G employees, and 1.6% for Group H employees to account for additional credit from unused sick leave. Sick leave is capped at 2 years.

7. Marital assumption

80% of active participants are assumed to be married. Women are assumed to be three years younger than their spouses.

B. Economic Assumptions

1. Investment Return: 7.5% compound per annum

2. Cost-of-Living Increases: 2.75% on credited service earned prior to June 30, 2011. 2.3% on credited service earned on or after July 1, 2011, reflecting the 2.5% cap

3. Increase in Social Security Wage Base: 3.25% compound per annum

4. Expense load: Assumed administrative expenses are based on 105% of the average of the administrative expenses over the past three years. For FY 2018 this figure is $3,028,300.

5. Salary Increase: Merit and promotional increases assumed to be based on service as shown below:

Service	Non-Public Safety*	Service	Group E	Service	Group F	Service	Group G
1	6.00%	1	9.50%	1 – 3	8.00%	1	9.50%
2	5.50	2	9.00	4	6.50	2	9.00
3	5.00	3	7.00	5	6.00	3	7.00
4	4.50	4	6.50	6	5.50	4	6.50
5 – 10	4.00	5	6.00	7	5.00	5 – 10	6.00
11+	3.25	6	5.50	8	4.50	11 – 15	4.50
		7	5.00	9 – 20	4.00	16 – 20	4.00
		8	4.50	21+	3.25	21+	3.25
		9 – 20	4.00				
		21+	3.25				

* *Includes GRIP*

ANALYSIS OF FINANCIAL EXPERIENCE

Gains and Loss in Accrued Liability During Years Ended June 30 Resulting from Differences Between Assumed Experience and Actual Experience

Type of Activity	2013	2014	2015	2016
Investment gain/(loss)	$ (33,134,494)	$ 163,194,287	$ 107,001,671	$ (23,178,967)
Combined liability experience	93,060,972	7,865,965	81,145,514	86,796,201
Gain/(loss) during year	$ 59,926,478	$ 171,060,252	$ 188,147,185	$ 63,617,234

Aggregate Accrued Liability

Valuation Date	(1) Active Members Contributions	(2) Retirees, Vested Terms, Beneficiaries	(3) Active Members (Employer Financed Portion)	Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets (%) (1)	(2)	(3)
6/30/2009	$ 200,669,572	$ 1,892,331,796	$ 1,396,056,191	$ 2,736,010,044	100	100	46
6/30/2010	213,191,851	2,054,949,883	1,377,434,607	2,791,144,974	100	100	38
6/30/2011	236,934,960	2,181,816,842	1,325,970,792	2,869,422,276	100	100	34
6/30/2012	210,537,737	2,465,714,392	1,092,493,833	2,891,435,563	100	100	20
6/30/2013	248,331,006	2,526,844,154	1,046,205,572	3,012,547,244	100	100	23
6/30/2014	265,055,643	2,585,446,584	1,108,427,491	3,333,484,724	100	100	44
6/30/2015	280,135,577	2,698,040,722	1,072,560,553	3,630,075,610	100	100	61
6/30/2016	297,715,372	2,747,575,831	1,095,769,765	3,798,555,275	100	100	69

SCHEDULE OF RETIREES AND SURVIVORS
During Years Ended June 30

	New Retirees and Disableds	Survivors	Total
July 1, 2009	**4,993**	**386**	**5,379**
New retirements & disabilities	328	0	328
Deaths with beneficiaries	(22)	22	0
Deaths/benefits ended	(88)	(28)	(116)
July 1, 2010	**5,211**	**380**	**5,591**
New retirements & disabilities	282	0	282
Deaths with beneficiaries	(20)	20	0
Deaths/benefits ended	(154)	(7)	(161)
July 1, 2011	**5,319**	**393**	**5,712**
New retirements & disabilities	201	0	201
Deaths with beneficiaries	(47)	47	0
Deaths/benefits ended	(87)	(2)	(89)
July 1, 2012	**5,386**	**438**	**5,824**
New retirements & disabilities	269	0	269
Deaths with beneficiaries	(38)	38	0
Deaths/benefits ended	(104)	(28)	(132)
July 1, 2013	**5,513**	**448**	**5,961**
New retirements & disabilities	400	0	400
Deaths with beneficiaries	(23)	23	0
Deaths/benefits ended	(100)	(19)	(119)
July 1, 2014	**5,790**	**452**	**6,242**
New retirements & disabilities	264	0	264
Deaths with beneficiaries	(24)	24	0
Deaths/benefits ended	(98)	(28)	(126)
July 1, 2015	**5,932**	**448**	**6,380**
New retirements & disabilities	203	0	203
Deaths with beneficiaries	(20)	20	0
Deaths/benefits ended	(107)	(23)	(130)
July 1, 2016	**6,008**	**445**	**6,453**

SCHEDULE OF ANNUAL ALLOWANCE
During Years Ended June 30

	New Retirees and Disableds	Survivors	Total
July 2009	**$ 164,350,720**	**$ 6,150,629**	**$ 170,501,349**
Average Annual Allowance	32,916	15,934	31,698
Annual Allowances Added to the Rolls	13,218,960	304,035	13,522,995
Annual Allowances Removed From the Rolls	(1,306,672)	(419,291)	(1,725,963)
July 2010	**$ 176,263,008**	**$ 6,035,373**	**$ 182,298,381**
Average Annual Allowance	33,825	15,883	32,606
Annual Allowances Added to the Rolls	14,287,432	580,328	14,867,760
Annual Allowances Removed From the Rolls	(868,937)	(103,095)	(972,032)
July 2011	**$ 189,681,503**	**$ 6,512,606**	**$ 196,194,109**
Average Annual Allowance	35,661	16,572	34,348
Annual Allowances Added to the Rolls	8,947,253	1,102,270	10,049,523
Annual Allowances Removed From the Rolls	(2,498,388)	(34,529)	(2,532,917)
July 2012	**$ 196,130,368**	**$ 7,580,347**	**$ 203,710,715**
Average Annual Allowance	36,415	17,307	34,978
Annual Allowances Added to the Rolls	11,709,284	867,622	12,576,906
Annual Allowances Removed From the Rolls	(5,027,794)	(572,950)	(5,600,744)
July 2013	**$ 202,811,858**	**$ 7,875,019**	**$ 210,686,877**
Average Annual Allowance	36,788	17,578	35,344
Annual Allowances Added to the Rolls	21,907,364	699,388	22,606,753
Annual Allowances Removed From the Rolls	(3,506,950)	(217,824)	(3,724,774)
July 2014	**$ 221,212,272**	**$ 8,356,583**	**$ 229,568,855**
Average Annual Allowance	38,206	18,488	36,778
Annual Allowances Added to the Rolls	8,938,666	612,732	9,551,398
Annual Allowances Removed From the Rolls	(3,140,736)	(366,643)	(3,507,379)
July 2015	**$ 227,010,202**	**$ 8,602,672**	**$ 235,612,874**
Average Annual Allowance	38,269	19,202	36,930
Annual Allowances Added to the Rolls	8,783,325	490,043	9,273,368
Annual Allowances Removed From the Rolls	(3,486,640)	(535,806)	(4,022,446)
July 2016	**$ 232,306,887**	**$ 8,556,909**	**$ 240,863,796**
Average Annual Allowance	**38,666**	**19,229**	**37,326**

Schedule of Active Member Valuation Data

Valuation Date	Number	Annual Payroll	Annual Average Pay	% Increase in Average Pay
July 1, 2009	5,012	$376,014,994	$75,023	0.96%
July 1, 2010	5,786	431,226,155	74,529	-0.66
July 1, 2011	5,515	405,336,529	73,497	-1.38
July 1, 2012	5,554	398,460,248	71,743	-2.39
July 1, 2013	5,606	395,988,026	70,636	-1.54
July 1, 2014	5,535	402,899,096	72,791	3.05
July 1, 2015	5,541	418,728,584	75,569	3.82
July 1, 2016	5,513	427,622,475	77,566	2.64

STATISTICAL SECTION

Employee Retirement Plans

STATISTICAL SECTION

The Statistical Section presents detailed information in the areas shown below, as a context for understanding what the information in the Financial Section says about the overall financial health of the Employee Retirement Plans:

The schedules beginning on page 80 are designed to show financial trend information to assist users in understanding and assessing how the Employee Retirement Plans' financial position has changed over the past ten years. The financial trend schedules presented are:

- Changes in Fiduciary Net Position – Information to help the reader understand the Plans' historical contributions, earnings, and expenses.

- Benefit, Refund and Distribution Deductions from Fiduciary Net Position – Information to help the reader understand the historical benefits, refund, and distribution deductions.

The schedules beginning on page 86 display demographic, economic, and operating information. The demographic and economic information is intended to assist users in understanding the environment in which the Employee Retirement Plans operate. The operating information is intended to provide contextual information about the Employee Retirement Plans' operations to assist readers in using financial statement information. The demographic and economic information and the operating information presented include:

- Principal Participating Employers
- Retired Members by Benefit Type
- Average Benefit Amounts
- Retired Members by Type of Retirement
- Average Benefit Payments and Average Final Valuation Pay
- Schedule of Participating Agencies and Political Subdivisions

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CHANGE IN FIDUCIARY NET POSITION
JUNE 30, 2016
LAST TEN FISCAL YEARS
(dollars in thousands)

	2007	2008	2009	2010	2011
Additions					
Member contributions	$ 16,362	$ 18,851	$ 18,245	$ 20,431	$ 18,592
Employer contributions	109,436	117,686	109,567	113,958	109,344
Transfer of member account asset balances	-	-	-	31,530	-
Investment income (loss) (net of expenses)	420,847	(81,746)	(428,525)	304,185	510,018
Total additions	546,645	54,791	(300,713)	470,104	637,954
Deductions					
Benefit payments	136,833	147,027	168,618	169,089	178,792
Refunds	793	673	668	1,415	1,568
Administrative expenses	2,431	2,557	2,803	2,907	3,079
Total deductions	140,057	150,257	172,089	173,411	183,439
Change in net position	$ 406,588	$ (95,466)	$ (472,802)	$ 296,693	$ 454,515

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF BENEFIT AND REFUND DEDUCTIONS FROM FIDUCIARY NET POSITION BY TYPE
JUNE 30, 2016
LAST TEN FISCAL YEARS
(dollars in thousands)

	2007*	2008	2009	2010	2011
Type of Benefit					
Service benefits:					
Retirees	$ 98,653	$ 105,369	$ 123,560	$ 122,861	$ 129,941
Survivors	5,952	6,723	7,333	7,620	7,944
Disability	32,228	34,935	37,725	38,608	40,907
Total benefits	$ 136,833	$ 147,027	$ 168,618	$ 169,089	$ 178,792
Refund of Contributions	$ 793	$ 673	$ 668	$ 1,415	$ 1,568

*Allocation method used in FY 2007 was changed to reflect the actual classification of benefits.

2012	2013	2014	2015	2016
$ 22,833	$ 24,854	$ 26,463	$ 26,627	$ 27,056
107,855	127,888	144,710	151,302	134,806
-	-	-	-	-
117,692	307,859	534,397	67,071	57,676
248,380	460,601	705,570	245,000	219,538
202,773	208,804	229,664	230,647	230,696
2,495	1,925	4,330	2,874	5,887
3,546	2,401	2,954	2,685	3,014
208,814	213,130	236,948	236,206	239,597
$ 39,566	$ 247,471	$ 468,622	$ 8,794	$ (20,059)

2012	2013	2014	2015	2016
$ 150,413	$ 153,566	$ 172,472	$ 171,785	$ 171,391
8,233	8,602	8,586	8,982	9,017
44,127	46,636	48,606	49,880	50,288
$ 202,773	$ 208,804	$ 229,664	$ 230,647	$ 230,696
$ 2,495	$ 1,925	$ 4,330	$ 2,874	$ 5,887

MONTGOMERY COUNTY, MARYLAND
RETIREMENT SAVINGS PLAN
SCHEDULE OF CHANGE IN FIDUCIARY NET POSITION
JUNE 30, 2016
LAST TEN FISCAL YEARS
(dollars in thousands)

	2007	2008	2009	2010	2011
Additions					
Member contributions	$ 6,798	$ 8,118	$ 11,263	$ 8,871	$ 8,686
Employer contributions	11,227	13,583	20,625	16,401	16,072
Transfer of member account asset balances	-	-	-	(31,530)	-
Investment income (loss) (net of expenses)	17,174	(8,383)	(26,722)	14,191	32,877
Total additions	35,199	13,318	5,166	7,933	57,635
Deductions					
Distributions	4,455	5,216	3,669	3,902	5,854
Administrative expenses	293	258	300	237	244
Total deductions	4,748	5,474	3,969	4,139	6,098
Change in net position	$ 30,451	$ 7,844	$ 1,197	$ 3,794	$ 51,537

MONTGOMERY COUNTY, MARYLAND
RETIREMENT SAVINGS PLAN
SCHEDULE OF DISTRIBUTION DEDUCTIONS FROM FIDUCIARY NET POSITION
JUNE 30, 2016
LAST TEN FISCAL YEARS
(dollars in thousands)

	2007	2008	2009	2010	2011
Distributions	$ 4,455	$ 5,216	$ 3,669	$ 3,902	$ 5,854

2012	2013	2014	2015	2016
$ 8,435	$ 8,274	$ 8,695	$ 9,728	$ 10,714
11,792	15,629	17,117	18,502	19,682
-	-	-	-	-
143	23,716	42,432	7,493	500
20,370	47,619	68,244	35,723	30,896
6,950	9,389	11,682	12,694	10,055
305	201	197	235	181
7,255	9,590	11,879	12,929	10,236
$ 13,115	$ 38,029	$ 56,365	$ 22,794	$ 20,660

2012	2013	2014	2015	2016
$ 6,950	$ 9,389	$ 11,682	$ 12,694	$ 10,055

MONTGOMERY COUNTY, MARYLAND
DEFERRED COMPENSATION PLAN
SCHEDULE OF CHANGE IN FIDUCIARY NET POSITION
JUNE 30, 2016
LAST TEN FISCAL YEARS
(dollars in thousands)

	2007	2008	2009	2010	2011
Additions					
Member contributions	$ 16,649	$ 17,294	$ 18,058	$ 17,029	$ 17,029
Investment income (loss) (net of expenses)	32,394	(9,378)	(44,479)	19,411	42,988
Total additions	49,043	7,915	(26,421)	36,440	60,017
Deductions					
Distributions	12,410	15,714	13,391	8,723	16,178
Administrative expenses	-	-	-	-	-
Total deductions	12,410	15,714	13,391	8,723	16,178
Change in net position	$ 36,633	$ (7,799)	$ (39,812)	$ 27,717	$ 43,839

MONTGOMERY COUNTY, MARYLAND
DEFERRED COMPENSATION PLAN
SCHEDULE OF DISTRIBUTION DEDUCTIONS FROM FIDUCIARY NET POSITION
JUNE 30, 2016
LAST TEN FISCAL YEARS
(dollars in thousands)

	2007	2008	2009	2010	2011
Distributions	$ 12,410	$ 15,714	$ 13,391	$ 8,723	$ 16,178

2012	2013	2014	2015	2016
$ 14,974	$ 18,229	$ 17,011	$ 19,229	$ 18,761
286	34,096	48,864	15,259	(63)
15,260	52,325	65,875	34,488	18,698
17,688	19,847	25,506	26,123	22,374
-	-	-	-	-
17,688	19,847	25,506	26,123	22,374
$ (2,428)	$ 32,478	$ 40,369	$ 8,365	$ (3,676)

2012	2013	2014	2015	2016
$ 17,688	$ 19,847	$ 25,506	$ 26,123	$ 22,374

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
PRINCIPAL PARTICIPATING EMPLOYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO
JUNE 30, 2016

	2016*		2007	
Participating Government	**Covered Employees**	**Percentage of Total System**	**Covered Employees**	**Percentage of Total System**
Montgomery County	5,370	97.4%	5,102	96.2%
Town of Chevy Chase	1	0.0%	5	0.1%
Strathmore Hall	9	0.2%	7	0.1%
Housing Opportunities Commission	127	2.3%	147	2.8%
Revenue Authority	4	0.1%	15	0.3%
Washington Suburban Transit Commission	-	-	1	0.1%
Montgomery County Employees Federal Credit Union	1	0.0%	8	0.2%
State Department of Assessment and Taxation	-	-	5	0.1%
District Court	1	0.0%	4	0.1%
Total	5,513	100%	5,294	100%

* Includes GRIP participants

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF RETIRED MEMBERS BY BENEFIT TYPE
JUNE 30, 2016

Fiscal Year	Retiree	Disability	Survivor	Total
2007*	3,661	975	361	4,997
2008	3,905	1,021	380	5,306
2009	3,957	1,036	386	5,379
2010	4,132	1,079	380	5,591
2011	4,245	1,074	393	5,712
2012	4,309	1,077	438	5,824
2013	4,412	1,101	448	5,961
2014	4,669	1,121	452	6,242
2015	4,807	1,125	448	6,380
2016	4,882	1,126	445	6,453

*Allocation method used in FY 2007 was changed to reflect the actual classification of benefits.

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF AVERAGE BENEFIT AMOUNTS
JUNE 30, 2016

Fiscal Year	Retiree	Disability	Survivor	Total
2007*	26,947	33,055	16,487	27,383
2008	26,983	34,216	17,692	27,710
2009	31,226	36,414	18,997	31,347
2010	29,734	35,781	20,052	30,243
2011	30,610	38,088	20,214	31,301
2012	34,907	40,972	18,797	34,817
2013	34,807	42,357	19,201	35,028
2014	36,940	43,360	18,995	36,793
2015	35,736	44,337	20,049	36,152
2016	35,107	44,660	20,263	35,750

*Allocation method used in FY 2007 was changed to reflect the actual classification of benefits.

MONTGOMERY COUNTY, MARYLAND
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF RETIRED MEMBERS BY TYPE OF RETIREMENT
AS OF JUNE 30, 2016

Amount of Monthly Benefit	Number of Retired Members	Type of Retirement [a]			Option Selected [b]						
		1	2	3	1	2	3	4	5	6	7
Deferred	395										
$ 1 – $ 500	471	406	59	6	241	109	15	7	38	18	43
501 – 1,000	574	438	114	22	249	128	30	18	44	39	66
1,001 – 1,500	660	494	96	70	266	149	26	22	50	41	106
1,501 – 2,000	577	442	54	81	226	134	22	30	20	51	94
2,001 – 2,500	583	429	42	112	222	131	17	30	21	53	109
2,501 – 3,000	533	397	24	112	172	119	13	30	28	62	109
3,001 – 3,500	521	352	22	147	160	123	9	26	22	71	110
3,501 – 4,000	474	341	11	122	144	116	7	23	17	70	97
Over 4,000	2,060	1,583	23	454	836	459	7	101	60	311	286
Total	6,848	4,882	445	1,126	2,516	1,468	146	287	300	716	1,020

Notes:

[a] Type of retirement:
1—Retiree
2—Beneficiary
3—Disabled Retiree

[b] Option selected:
Option 1—Modified Cash Refund
Option 2—Certain and Continuous
Option 3—Life Annuity
Option 4—Joint and Survivor 50%
Option 5—Joint and Survivor 100%
Option 6—Other Joint and Survivor Options
Option 7—Social Security Adjustment Options

EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF AVERAGE BENEFIT PAYMENTS AND AVERAGE FINAL VALUATION PAY
LAST EIGHT FISCAL YEARS

	Years Credited Service						
Retirement Effective Dates	**0 – 5**	**5 – 10**	**10 – 15**	**15 – 20**	**20 – 25**	**25 – 30**	**30 +**
Period 7/1/2008 to 6/30/2009							
Average monthly benefit*	$ -	$ -	$ 2,821	$ 2,760	$ 3,560	$ 4,309	$ 5,425
Average final valuation pay**	$ -	$ -	$ 77,385	$ 77,304	$ 88,521	$ 87,167	$ 98,906
Number of retired members***	-	-	5	20	21	16	12
Period 7/1/2009 to 6/30/2010							
Average monthly benefit*	$ -	$ 3,212	$ 2,747	$ 2,815	$ 3,548	$ 4,008	$ 5,289
Average final valuation pay**	$ -	$ 63,839	$ 82,064	$ 83,152	$ 85,524	$ 83,495	$ 86,947
Number of retired members***	-	6	6	43	49	39	68
Period 7/1/2010 to 6/30/2011							
Average monthly benefit*	$ 1,965	$ 3,412	$ 2,674	$ 3,091	$ 3,303	$ 4,136	$ 5,079
Average final valuation pay**	$ 46,807	$ 65,268	$ 65,263	$ 85,031	$ 82,627	$ 88,067	$ 84,544
Number of retired members***	1	4	5	37	80	50	57
Period 7/1/2011 to 6/30/2012							
Average monthly benefit*	$ -	$ -	$ 1,738	$ 1,840	$ 3,020	$ 5,064	$ 5,546
Average final valuation pay**	$ -	$ -	$ 56,551	$ 61,633	$ 80,696	$ 98,400	$ 90,742
Number of retired members***	-	-	3	14	30	34	57
Period 7/1/2012 to 6/30/2013							
Average monthly benefit*	$ -	$ 331	$ 1,595	$ 2,147	$ 3,063	$ 4,641	$ 5,845
Average final valuation pay**	$ -	$ 50,497	$ 56,936	$ 72,901	$ 76,904	$ 90,509	$ 94,904
Number of retired members***	-	1	5	17	46	38	69
Period 7/1/2013 to 6/30/2014							
Average monthly benefit*	$ -	$ -	$ -	$ 2,636	$ 2,941	$ 4,552	$ 5,790
Average final valuation pay**	$ -	$ -	$ -	$ 71,521	$ 75,097	$ 90,425	$ 92,772
Number of retired members***	-	-	-	17	53	98	71
Period 7/1/2014 to 6/30/2015							
Average monthly benefit*	$ -	$ -	$ 2,231	$ 1,654	$ 3,273	$ 4,388	$ 5,062
Average final valuation pay**	$ -	$ -	$ 72,858	$ 62,439	$ 82,958	$ 90,297	$ 91,982
Number of retired members***	-	-	1	11	49	74	57
Period 7/1/2015 to 6/30/2016							
Average monthly benefit*	$ -	$ -	$ 1,697	$ 2,309	$ 3,054	$ 4,510	$ 5,274
Average final valuation pay**	$ -	$ -	$ 65,941	$ 74,376	$ 84,079	$ 94,265	$ 99,878
Number of retired members***	-	-	6	5	32	63	37

* Based on current benefits only. Does not take into account any future benefits.

** Pay used for last valuation (when member was an active employee).

*** Only includes participants who changed from active to retiree status.

Beginning with periods after 7/1/2011, counts include members that were in DRSP or DROP in the previous valuation and were retired in the current valuation.

SCHEDULE OF PARTICIPATING AGENCIES AND POLITICAL SUBDIVISIONS EMPLOYEES' RETIREMENT SYSTEM RETIREMENT SAVINGS PLAN

Town of Chevy Chase
Strathmore Hall Foundation, Inc.
Housing Opportunities Commission of Montgomery County
Montgomery County Revenue Authority
Washington Suburban Transit Commission
Montgomery County Employees Federal Credit Union

Certain employees of the:
State Department of Assessments and Taxation
District Court of Maryland

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The City of Omaha
Police & Fire Retirement System

Actuarial Valuation as of
January 1, 2016

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September 14, 2016

Board of Trustees
City of Omaha Police and Fire Retirement System
1819 Farnam Street
Omaha, NE 68183

RE: January 1, 2016 Actuarial Valuation

Dear Members of the Board:

In accordance with your request, we have completed an actuarial valuation of the City of Omaha Police and Fire Retirement System as of January 1, 2016 for the plan year ending December 31, 2016. The major findings of the valuation are contained in this report. There have been no changes to the plan provisions, actuarial assumptions, or other actuarial methods since the prior report.

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by the City's staff. This information includes, but is not limited to, statutory provisions, employee data, and financial information. We found this information to be reasonably consistent and comparable with information provided in prior years. There was no labor agreement with the Police union in place so the reported salaries for 2015 reflected the 2014 pay schedules. As a result, active salary amounts were increased by 2% to anticipate higher pay rates once an agreement is reached. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete, our calculations may need to be revised.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: experience differing from that anticipated by the economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the System's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

Actuarial computations presented in this report are for purposes of determining the actuarial contribution rates for funding the System based on the funding policy. The calculations in the enclosed report have been made on a basis consistent with our understanding of the System's funding requirements and goals. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes. For example, actuarial computations for purposes of fulfilling financial accounting requirements for the System under Governmental Accounting Standards No. 67 and No. 68 are provided in separate reports.

The consultants who worked on this assignment are pension actuaries. CMC's advice is not intended to be a substitute for qualified legal or accounting counsel.

This is to certify that the independent consulting actuaries are members of the American Academy of Actuaries, have experience in performing valuations for public retirement plans, and meet the qualification standards of the American Academy of Actuaries to render the actuarial opinion contained herein. The valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board and the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement plan and on actuarial assumptions that are internally consistent and reasonable based on the actual experience of the System and future expectations. However, the Board of Trustees has the final decision regarding the selection of the assumptions and adopted them as indicated in Appendix B.

We respectfully submit the following report and look forward to discussing it with you.

Sincerely,

Patrice A. Beckham, FSA, EA, FCA, MAAA
Principal and Consulting Actuary

Brent A. Banister, PhD, FSA, EA, FCA, MAAA
Chief Pension Actuary

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EXECUTIVE SUMMARY

This report presents the results of the January 1, 2016 actuarial valuation of the City of Omaha Police and Fire Retirement System. The primary purposes of performing the valuation are:

- to estimate the liabilities for the future benefits expected to be paid by the System;
- to determine the actuarial contribution rate, based on the System's funding policy;
- to measure and disclose various asset and liability measures;
- to monitor any deviation between actual plan experience and experience predicted by the actuarial assumptions so that recommendations for assumption changes can be made when appropriate;
- to analyze and report on any significant trends in contributions, assets and liabilities over the past several years.

There have been no changes to the plan provisions, actuarial assumptions, or actuarial methods since the prior valuation. There was no labor agreement in place with the Police bargaining unit for 2015 so the actual reported salaries for 2015 in the valuation data reflected the 2014 pay schedules. For valuation purposes, active salary amounts for 2015 were increased by 2% to approximate the higher pay rates that might occur once an agreement is reached. While the actual salary increase amount for 2015 in the final labor agreement may differ from that assumed, this methodology should reduce the likelihood of an actuarial gain from salary experience in the 2016 valuation, followed by an actuarial loss in the 2017 valuation.

The actuarial valuation results provide a "snapshot" view of the System's financial condition on January 1, 2016. The unfunded actuarial liability (UAL) in the current valuation is $603 million, an increase of $4 million from last year's UAL of $599 million.

The valuation results reflect net unfavorable experience for the past plan year as is demonstrated by an unfunded actuarial liability that was higher than expected, based on the actuarial assumptions used in the January 1, 2015 actuarial valuation. Unfavorable experience on the actuarial value of assets resulted in a loss of $9 million, and favorable demographic experience produced an actuarial gain on liabilities of $7 million. Based on the amortization methodology and period, the UAL was expected to increase by $11 million. This report reflects a change to the valuation methodology for records with a Qualified Domestic Relations Order (QDRO). When a new QDRO is approved, a new record is created in the data for the alternate payee's benefit amount. In the past, this benefit amount has been valued as a system obligation. During our review of this year's data, we became aware of the fact that the member's record reflects the total benefits to be paid to both the member and the alternate payee, so the benefit amount for the alternate payee should not be valued separately. This change reduced the actuarial liability by $9 million (and the beneficiary count by 35).

The System uses an asset smoothing method in the valuation process. As a result, the System's funded status and the actuarial contribution rate are based on the actuarial (smoothed) value of assets – not the pure market value. The investment return on the market value of assets during 2015, net of expenses, was 0.2%, lower than the assumed rate of 8.0%. However, due to deferred favorable investment experience from prior years, the rate of return on the actuarial value of assets for the 2015 plan year was 6.5%. The System's deferred investment experience went from a $10 million deferred gain in last year's valuation to a $27 million deferred loss in the current valuation (actuarial value of assets greater than market value). Actual returns over the next few years will determine the rate at which the deferred investment loss of $27 million is recognized. With the current deferred losses, a return of 13% on the market value of assets in 2016 would result in an 8% return on the actuarial value of assets.

ASSETS

As of January 1, 2016, the System had total funds of $594.2 million, when measured on a market value basis. This was a decrease of $5.7 million from the prior year and represents an approximate rate of return, net of expenses, of 0.2%.

The market value of assets is not used directly in the actuarial calculation of the System's funded status and the actuarial contribution rate. An asset valuation method is used to smooth the effects of market fluctuations. The actuarial value of assets is equal to the expected asset value (based on last year's actuarial value of assets, net cash flows and a rate of return equal to the actuarial assumed rate of 8.0%) plus 25% of the difference between the actual market value and the expected asset value. See Exhibit 2 for the detailed development of the actuarial value of assets as of January 1, 2016. The rate of return on the actuarial value of assets was 6.5%.

The components of the change in the market value and actuarial value of assets are shown below:

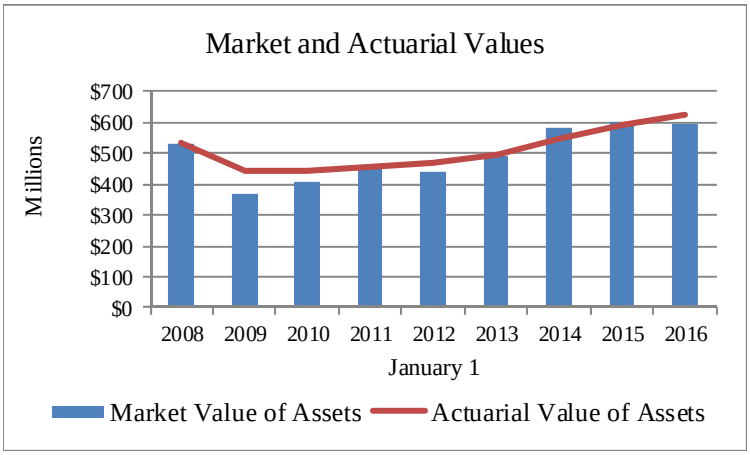
	Market Value ($M)	Actuarial Value ($M)
Net Assets, January 1, 2015	**$** 599.9	**$** 590.2
• City and Member Contributions	+ 61.8	+ 61.8
• Benefit Payments and Refunds	– 68.5	– 68.5
• Investment Gain/(Loss)	+ 1.0	+ 37.9
Net Assets, January 1, 2016	**$** 594.2	**$** 621.4
Estimated Net Rate of Return	0.2%	6.5%

The total investment loss that is not recognized as of January 1, 2016 is $27.2 million, a $36.9 million decrease from the deferred gain of $9.7 million in last year's valuation. The unrecognized losses will be reflected in the determination of the actuarial value of assets for funding purposes over time, to the extent there are not future gains to offset the deferred losses. This means that earning the assumed rate of investment return of 8.0% per year on a market value basis will result in an actuarial loss on the actuarial value of assets in the future.

The unrecognized investment loss is 4.6% of the market value of assets at January 1, 2016. If the deferred losses were recognized immediately in the actuarial value of assets, the unfunded actuarial liability would increase by $27.2 million to $629.8 million, the funded percentage would decrease from 51% to 49%, the actuarially determined contribution rate would increase from 50.097% to 51.336%, and the contribution margin of 0.446% would turn into a contribution shortfall of 0.793%.

A comparison of asset values on both a market and actuarial basis for the last six years is shown below:

	January 1 ($M)					
	2016	**2015**	**2014**	**2013**	**2012**	**2011**
Actuarial Value of Assets	$621	$590	$548	$496	$467	$456
Market Value of Assets	$594	$600	$579	$490	$440	$453
Actuarial Value/Market Value	105%	98%	95%	101%	106%	101%



An asset smoothing method is used to mitigate the volatility in the market value of assets. By using a smoothing method, the actuarial (or smoothed) value is expected to be both above and below the pure market value at different points in time. The significant investment losses in 2008 resulted in the actuarial value of assets exceeding the market value from 2009 through 2013. In the current valuation, the actuarial value of assets is again larger than the market value of assets due to the 2015 investment loss.

LIABILITIES

The first step in determining the contribution level for the System is to calculate the liabilities for all expected future benefit payments. These liabilities represent the present value of future benefits (PVFB) expected to be earned by the current members, assuming that all actuarial assumptions are realized. Thus, the PVFB reflects service and salary increases that are expected to occur in the future before benefit payments commence. The various components of the PVFB can be found in the liabilities portion of the valuation balance sheet (see Exhibit 3).

The other critical measurement of System liabilities in the valuation process is the actuarial liability (AL). This is the portion of the PVFB that will not be paid by the future normal costs (i.e. it is the portion of the PVFB that is allocated to past service).

The following chart compares the Actuarial Liability (AL) and assets for the current and prior valuation.

	As of January 1	
	2016	2015
Actuarial Liability (AL)	$ 1,223,966,110	$ 1,189,002,221
Assets at Actuarial Value	621,403,975	590,191,585
Unfunded Actuarial Liability (Actuarial Value)	$ 602,562,135	$ 598,810,636
Funded Ratio (Actuarial Value)	51%	50%
Assets at Market Value	$ 594,178,499	$ 599,927,168
Unfunded Actuarial Liability (Market Value)	$ 629,787,611	$ 589,075,053
Funded Ratio (Market Value)	49%	50%

Note that the funded ratio does not indicate whether or not the System assets are sufficient to settle benefits earned to date. The funded ratio by itself also may not be indicative of future funding requirements.

EXPERIENCE FOR THE 2015 PLAN YEAR

The difference between the actuarial liability and the actuarial value of assets at the same date is referred to as the unfunded actuarial liability (UAL). Benefit improvements, experience gains/losses, changes in the actuarial assumptions or methods, and actual contributions made will impact the amount of the unfunded actuarial liability.

Actuarial gains (or losses) result from actual experience that is more (or less) favorable than anticipated based on the actuarial assumptions. These "experience" (or actuarial) gains or losses are reflected in the unfunded actuarial liability and are measured as the difference between the expected unfunded actuarial liability and the actual unfunded actuarial liability, taking into account any changes due to assumptions, methods or benefit provision changes. The experience for 2015, in total, was unfavorable. There was an actuarial loss of around $9 million on the actuarial value of assets and an actuarial gain of about $7 million on liabilities.

The change in the unfunded actuarial liability between January 1, 2015 and January 1, 2016 is shown below (in millions):

Unfunded Actuarial Liability, January 1, 2015	$599
• Expected change in UAL	11
• Contribution surplus in 2015	0
• Investment experience	9
• Demographic experience	(7)
• Other experience	0
• Change in valuation methodology for QDROs	(9)
Unfunded Actuarial Liability, January 1, 2016	$603

CONTRIBUTION LEVELS

The actuarial contribution to the System is composed of two parts:

(1) The normal cost (which is the allocation of costs attributed to the current year of service) and,
(2) The amortization payment on the Unfunded Actuarial Liability (UAL).

The normal cost rate is independent of the System's funded status and represents the cost, as a percent of payroll, of the benefits provided by the System which is allocated to the current year of service. The UAL payment is intended to fund the UAL over the amortization period set in the funding policy, a closed 30-year period that began on January 1, 2014 of which 28 years remain in the current valuation.

		January 1, 2016	January 1, 2015	% Chg
1.	Normal Cost Rate	22.146%	22.191%	(0.2)
2.	UAL Contribution Rate	27.951%	27.840%	0.4
3.	Total Contribution Rate (1) + (2)	50.097%	50.031%	0.1
4.	Less Employee Contribution Rate	(16.177%)	(16.195%)	(0.1)
5.	Less City Contribution Per Ordinance	(33.342%)	(33.339%)	0.0
6.	Less City Prior Service Payment	(1.024%)	(1.047%)	(2.2)
7.	Contribution Shortfall/(Margin)	(0.446%)	(0.550%)	(18.9)

The total normal cost for the System is 22.146% of pay, or about $27 million this year. When offset by the expected employee contributions, the employer portion of the normal cost is 5.969% of pay, or about $7 million. The normal cost represents the long-term cost of the benefit structure in the System, given the current actuarial assumptions and plan membership. As new members who are covered by a different benefit structure with a lower cost enter the System in future years, the normal cost rate is expected to decline.

The System's total actuarial contribution rate (payable as a percent of member payroll) increased by 0.066% of pay, from 50.031% in the January 1, 2015 valuation to 50.097% in the January 1, 2016 valuation. As a result, there is a contribution margin of 0.446% in the current valuation. The primary components of the change in the total actuarial contribution rate are shown in the following table:

	Rate	
Total Actuarial Contribution Rate, January 1, 2015	50.031	%
• Actuarial (Gain) / Loss - Investment Experience	0.397	
• Actuarial (Gain) / Loss - Demographic Experience	(0.321)	
• Other Experience	(0.006)	
• Contributions Above The Actuarial Rate	(0.033)	
• Change in Normal Cost Rate	(0.045)	
• Payroll Growth Lower than Expected	0.484	
• Change in Valuation Methodology for QDROs	(0.410)	
Total Actuarial Contribution Rate, January 1, 2016	50.097	%

As the table above shows, the actuarial contribution rate increased from 50.031% to 50.097%. The most significant factor for the increase in the actuarial contribution rate was the lower payroll growth than expected from January 1, 2015 to January 1, 2016, based on actuarial assumptions. The UAL as of January 1, 2016 is $603 million and the resulting UAL payment is 27.951% of pay. As a result, the total contribution rate for 2016 is 50.097% of pay (22.146% + 27.951%). The scheduled contributions for the year are 50.543%, resulting in a contribution margin of 0.446%.

COMMENTS

On January 1, 2016, the actuarial value of assets was $621 million and the market value of assets was $594 million. Due to the return on the market value of assets of 0.2%, the deferred investment gain of $10 million that existed in the prior valuation has been eliminated and a $27 million deferred loss now exists. The return on the actuarial value of assets was below the assumed 8.0% and resulted in a $9 million actuarial loss. There was a liability gain of $7 million during 2015, primarily due to salary increases that were smaller than were expected based on the actuarial assumptions. The funded ratio of the System remains low, but held steady (50% as of January 1, 2015 to 51% as of January 1, 2016), based on the actuarial value of assets.

Scheduled contribution rates for the members and City exceed the actuarial contribution rate, but only by 0.446% of pay. Given the volatility inherent in investment returns from year to year and the related impact it has on the actuarial contribution rate, the contribution margin this year could revert to a contribution shortfall in future years. Given that fact and the current funded status of the System, we firmly believe that no action should be taken to reduce contributions to the system at this time.

The contribution margin of 0.446% is based on the actuarial valuation performed on January 1, 2016 which is a snapshot measurement on that date and which assumes no future change in either the normal cost rate or the UAL contribution rate. While the System's financial health is expected to improve in future years due to a decrease in the normal cost over time, the impact on the System's long-term funding cannot be quantified without performing an open group projection of future valuation results. Such analysis was not performed because it is outside the regular scope of services requested by the Board and a special request was not made.

As mentioned earlier in this report, the System uses an asset smoothing method in the actuarial valuation. While this is a very common practice for public retirement systems, it is important to be aware of the potential impact of the unrecognized investment experience. The key valuation results from the 2016 valuation, using both the actuarial and market value of assets, are shown in the following table to provide full disclosure of the impact of asset smoothing on the funding of the System. Because the actuarial and market value of assets are only slightly different, so are the actuarial contribution rates.

	$ Millions	
	Using Actuarial Value of Assets	**Using Market Value of Assets**
Actuarial Liability	$1,224.0	$1,224.0
Asset Value	621.4	594.2
Unfunded Actuarial Liability	602.6	629.8
Funded Ratio	50.8%	48.5%
Normal Cost Rate	22.146%	22.146%
UAL Contribution Rate	27.951%	29.190%
Actuarial Contribution Rate	50.097%	51.336%
Employee Contribution Rate	(16.177%)	(16.177%)
City Contribution Rate	(34.366%)	(34.366%)
Contribution Shortfall/(Margin)	(0.446%)	0.793%

THE CITY OF OMAHA POLICE AND FIRE RETIREMENT SYSTEM

PRINCIPAL VALUATION RESULTS

		January 1, 2016	January 1, 2015	% Chg
MEMBERSHIP				
1.	Active Membership			
	- Number of Active Members	1,398	1,370	2.0
	- Number of DROP Participants	47	51	(7.8)
	- Total Employees	1,445	1,421	1.7
	- Projected Payroll for Upcoming Fiscal Year	$129,633,658	$126,843,763	2.2
	- Average Projected Payroll	$89,712	$89,264	0.5
	- Average Active Attained Age	40.9	40.4	1.2
	- Average Active Entry Age	28.5	28.5	0.0
2.	Inactive Membership			
	- Number of Retirees / Beneficiaries	1,249	1,278	(2.3)
	- Number of Disabilities	224	222	0.9
	- Number of Deferred Vesteds	11	10	10.0
	- Average Annual Benefit	$45,569	$44,209	3.1
ASSETS AND LIABILITIES				
1.	Net Assets			
	- Market Value	$594,178,499	$599,927,168	(1.0)
	- Actuarial Value	$621,403,975	$590,191,585	5.3
2.	Projected Liabilities			
	- Retired Members and Beneficiaries	$672,741,277	$674,225,250	(0.2)
	- Disabled Members	82,337,776	80,612,025	2.1
	- DROP Participants	52,944,166	53,772,291	(1.5)
	- Other Inactive Members	2,283,932	2,950,879	(22.6)
	- Active Members, Non-DROP	698,268,037	667,687,486	4.6
	- Total Liability	$1,508,575,188	$1,479,247,931	2.0
3.	Actuarial Liability	$1,223,966,110	$1,189,002,221	2.9
4.	Unfunded Actuarial Liability	$602,562,135	$598,810,636	0.6
5.	Funded Ratios			
	Actuarial Value Assets / Actuarial Liability	50.77%	49.64%	2.3
	Market Value Assets / Actuarial Liability	48.55%	50.46%	(3.8)
CONTRIBUTIONS				
1.	Normal Cost Rate	22.146%	22.191%	(0.2)
2.	UAL Rate	27.951%	27.840%	0.4
3.	Total Contribution Rate (1) + (2)	50.097%	50.031%	0.1
4.	Less Employee Contribution Rate	(16.177%)	(16.195%)	(0.1)
5.	Less City Contribution Per Ordinance	(33.342%)	(33.339%)	0.0
6.	Less City Prior Service Payment	(1.024%)	(1.047%)	(2.2)
7.	Contribution Shortfall/(Margin)	(0.446%)	(0.550%)	(18.9)

EXHIBIT 1
SUMMARY OF FUND ACTIVITY

(Market Value Basis)

For Year Ended December 31, 2015

Assets at January 1, 2015	$	599,927,168
Receipts:		
City Contributions		42,138,403
Employee Contributions		19,704,991
Investment Earnings, Net of Expenses		935,657
Total Receipts		62,779,051
Disbursements:		
Benefits Payments		66,980,108
Refund of Contributions		1,529,544
Administrative Expenses		18,068
Total Disbursements		68,527,720
Assets as of December 31, 2015	$	594,178,499
Annualized Net Yield		0.2%

EXHIBIT 2

DETERMINATION OF ACTUARIAL VALUE OF ASSETS

The actuarial value of assets is used to minimize the impact of annual fluctuations in the market value of investments on the contribution rate. The current asset valuation method is called the "Expected +25% Method."

The "expected value" of assets is determined by applying the investment return assumption to last year's actuarial value of assets and the net difference of receipts and disbursements for the year. The actual market value is compared to the expected value and 25% of the difference (positive or negative) is added to the expected value to arrive at the actuarial value of assets for the current year.

1.	Actuarial Value of Assets as of January 1, 2015	$	590,191,585
2.	Actual Receipts / Disbursements		
	a. Total Contributions		61,843,394
	b. Benefit Payments/Other		(68,509,652)
	c. Net Change		(6,666,258)
3.	Expected Actuarial Value of Assets as of January 1, 2016 [(1) * 1.08] + [(2c) * $1.08^{½}$]		630,479,133
4.	Market Value of Assets as of January 1, 2016		594,178,499
5.	Excess of Market Value over Expected Actuarial Value as of January 1, 2016		(36,300,634)
6.	Preliminary Actuarial Value of Assets as of January 1, 2016 [(3) + 25% of (5)]		621,403,975
7.	Calculation of 20% Corridor		
	a. 80% of (4)		475,342,799
	b. 120% of (4)		713,014,199
8.	Final Actuarial Value of Assets as of January 1, 2016 (6), but not < (7a), nor > (7b)	$	621,403,975
9.	Rate of Return on Actuarial Value of Assets		6.5%

EXHIBIT 2 (continued)

A historical comparison of the market and actuarial value of assets is shown below:

Date	Market Value of Assets (MVA)	Actuarial Value of Assets (AVA)	AVA / MVA
1/1/2008	$529,923,390	$530,493,413	100.1%
1/1/2009	365,923,877	439,108,652	120.0%
1/1/2010	405,390,038	440,478,409	108.7%
1/1/2011	452,640,303	456,158,774	100.8%
1/1/2012	440,429,392	467,375,458	106.1%
1/1/2013	489,800,140	495,847,234	101.2%
1/1/2014	579,494,652	548,360,223	94.6%
1/1/2015	599,927,168	590,191,585	98.4%
1/1/2016	594,178,499	621,403,975	104.6%

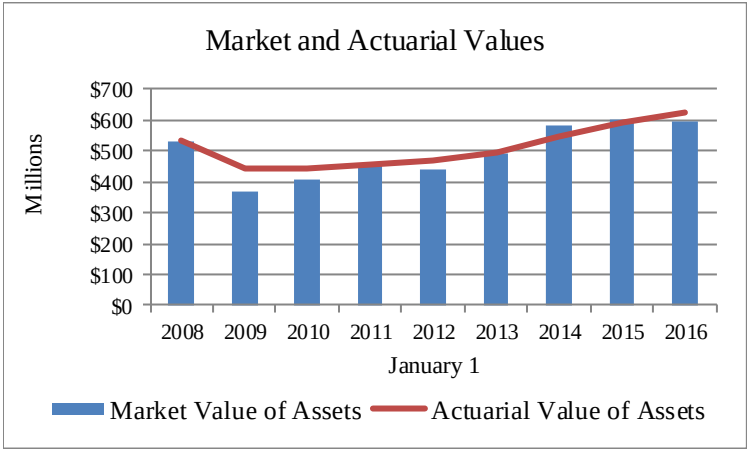


EXHIBIT 3

ACTUARIAL BALANCE SHEET

An actuarial statement of the status of the plan in balance sheet form as of January 1, 2016 is as follows:

Assets

Current assets (actuarial value)		$ 621,403,975
Present value of future normal costs		284,609,078
Present value of future contributions to fund unfunded actuarial liability		602,562,135
Total Assets		$ 1,508,575,188

Liabilities

Present value of future retirement benefits for:

Active employees	$ 683,102,208	
Retired employees, contingent annuitants and spouses receiving benefits	672,741,277	
DROP Participants	52,944,166	
Deferred vested employees	1,816,199	
Inactive employees due refunds	467,733	
Inactive employees – disabled	82,337,776	
Total		$ 1,493,409,359
Present value of future death benefits payable upon death of active members		10,536,759
Present value of future benefits payable upon termination of active members		4,629,070
Total Liabilities		$ 1,508,575,188

EXHIBIT 4

UNFUNDED ACTUARIAL LIABILITY

As of January 1, 2016

The actuarial liability is the portion of the present value of future benefits which will not be paid by future normal costs. The actuarial value of assets is subtracted from the actuarial liability to determine the unfunded actuarial liability.

The City makes scheduled payments of $1,327,600 annually through the year 2028 in addition to the payroll related contributions. The present value of these contributions was applied to the Unfunded Actuarial Liability (UAL) to determine the amount of the UAL to be funded as a percent of payroll (contribution rates).

1.	Present Value of Future Benefits	$ 1,508,575,188
2.	Present Value of Future Normal Costs	284,609,078
3.	Actuarial Liability (1) – (2)	1,223,966,110
4.	Actuarial Value of Assets	621,403,975
5.	Unfunded Actuarial Liability (3) – (4)	602,562,135
6.	Present Value of Prior Service Payments	10,904,700
7.	Adjusted Unfunded Actuarial Liability (Payable from Payroll Related Contributions) (5) – (6)	$ 591,657,435

EXHIBIT 5

CALCULATION OF ACTUARIAL GAIN / (LOSS)
For Plan Year Ending December 31, 2015

Liabilities		
1. Actuarial liability less prior service payments as of January 1, 2015	$	1,177,627,792
2. Normal cost for 2015		26,946,719
3. Interest at 8.00% on (1) and (2) to December 31, 2015		96,365,961
4. Benefit payments during 2015		(68,509,652)
5. Interest on benefit payments		(2,687,667)
6. Change in valuation methodology for QDROs		(9,356,078)
7. Expected actuarial liability as of December 31, 2015	$	1,220,387,075
8. Actuarial liability less prior service payments as of December 31, 2015	$	1,213,061,410
Assets		
9. Actuarial value of assets as of January 1, 2015	$	590,191,585
10. Contributions during 2015		61,843,394
11. Benefit payments during 2015		(68,509,652)
12. Interest on items (9), (10) and (11)		46,953,806
13. Expected actuarial value of assets as of December 31, 2015	$	630,479,133
14. Actual actuarial value of assets as of December 31, 2015	$	621,403,975
Gain / (Loss)		
15. Expected unfunded actuarial liability (7) – (13)	$	589,907,942
16. Actual unfunded actuarial liability (8) – (14)	$	591,657,435
17. Actuarial Gain / (Loss) (15) – (16)	$	(1,749,493)
18. Actuarial Gain / (Loss) on Actuarial Assets (14) – (13)	$	(9,075,158)
19. Actuarial Gain / (Loss) on Actuarial Liability (7) – (8)	$	7,325,665

EXHIBIT 6

ANALYSIS OF EXPERIENCE

The purpose of conducting an actuarial valuation of a retirement plan is to estimate the costs and liabilities for the benefits expected to be paid from the plan, to determine the annual level of contribution for the current plan year that should be made to support these benefits and, finally, to analyze the plan's experience. The costs and liabilities of this retirement plan depend not only upon the benefit formula and plan provisions but also upon factors such as the investment return on the Fund, mortality rates among active and retired members, withdrawal and retirement rates among active members, rates at which salaries increase and the rate at which the cost of living increases.

The actuarial assumptions employed as to these and other contingencies in the current valuation are set forth in Appendix B of this report.

Since the overall results of the valuation will reflect the choice of assumptions made, periodic studies of the various components of the plan's experience are conducted in which the experience for each component is analyzed in relation to the assumption used for that component (called an experience study). This summary is not intended to be an actual "experience study" but rather an analysis of sources of gain and loss in the past plan year.

Gain/(Loss) By Source

The System experienced a net actuarial gain on liabilities of $7.3 million during the plan year ended December 31, 2015, and an actuarial loss on assets of $9.1 million. The net actuarial loss was $1.7 million. The major components of this net actuarial experience loss are shown below:

Liability Sources		**Gain/(Loss)**
Salary Increases	$	8,994,000
Mortality		(2,434,000)
Terminations		(106,000)
Retirements/DROP		(379,000)
Disability		896,000
New Entrants/Rehires		(95,000)
Miscellaneous		450,000
Total Liability Gain/(Loss)	$	7,326,000
Asset Gain/(Loss)	$	(9,075,000)
Net Actuarial Gain/(Loss)	$	(1,749,000)

EXHIBIT 7

DEVELOPMENT OF 2016 ACTUARIAL CONTRIBUTION RATE

The actuarial cost method used to determine the required level of annual contributions to support the expected benefits is the Entry Age Normal Cost Method. Under this method, the total cost is comprised of the normal cost rate and the unfunded actuarial liability (UAL) payment. The System is financed by contributions from the employees and the City.

1.	(a)	Normal Cost	$	27,426,921
	(b)	Expected Payroll in 2016 for Current Actives	$	123,843,261
	(c)	Normal Cost Rate (a) / (b)		22.146%
2.		Unfunded Actuarial Liability Payable from Payroll Related Contributions	$	591,657,435
3.		Amortization Factor Level Percent of Payroll over 28 Years*		17.61505
4.		Unfunded Actuarial Liability (UAL) Payment [(2) / (3)] x $1.08^{½}$	$	34,905,859
5.		Prior Service Payment		1,327,600
6.		Total Projected Payroll for the Year, Including DROP Members	$	129,633,658
7.		UAL and Prior Service Payments as Percent of Pay [(4) + (5)] / (6)		27.951%
8.		Total Contribution Rate (1c) + (7)		50.097%
9.		Employee Contribution Rate		16.177%
10.		City Ordinance Contribution Rate		33.342%
11.		City Prior Service Contribution Rate		1.024%
12.		Contribution Shortfall/(Margin) (8) – (9) – (10) – (11)		(0.446%)

* Assumes all actuarial assumptions are met in the future, including a 4% annual increase in covered payroll.

SECTION II

OTHER INFORMATION

The actuarial liability is a measure intended to help the reader assess (i) a retirement system's funded status on an ongoing concern basis and (ii) progress being made toward accumulating the assets needed to pay benefits as due. Allocation of the actuarial present value of projected benefits between past and future service was based on service using the Entry Age Normal actuarial cost method. Assumptions, including projected pay increases, were the same as used to determine the System's level percent of payroll annual required contribution between entry age and assumed exit age. Entry age was established by subtracting credited service from current age on the valuation date. The actuarial assumptions used in determining the actuarial liability as of January 1, 2016 can be found in Appendix B.

In the past, Governmental Accounting Standards Board (GASB) Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans*, and Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, applied to the preparation of financial reports of pension plans for state and local governments. GASB 67, which was first effective for the plan year ended December 31, 2014, replaced GASB 25 and GASB 68 has replaced GASB 27 for fiscal year end 2015.

GASB 67 separates accounting from funding by creating disclosure and reporting requirements that may or may not be consistent with the basis used for funding the System. A separate report that contains all of the information and exhibits of an actuarial nature that are necessary for the System's financial reporting under GASB 67 and the City's financial reporting under GASB 68 are prepared annually.

EXHIBIT 8

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending	Annual Required Contribution* (a)	Total Employer Contribution* (b)	Percentage of ARC Contributed (b) / (a)
12/31/2005	$ 26,255,804	$ 17,762,209	67.65%
12/31/2006	31,102,053	20,171,610	64.86%
12/31/2007	34,842,280	20,699,211	59.41%
12/31/2008	38,073,021	21,700,806	57.00%
12/31/2009	50,507,561	22,701,608	44.95%
12/31/2010	55,488,062	24,183,493	43.58%
12/31/2011	49,945,979	30,775,568	61.62%
12/31/2012	54,310,693	35,302,037	65.00%
12/31/2013	52,895,180	43,838,750	82.88%
12/31/2014	43,524,890	41,851,986	96.16%
12/31/2015	41,910,737	42,138,403	100.54%

*Information prior to 2011 was provided by the prior actuary and has not been reviewed or verified by Cavanaugh Macdonald Consulting.

EXHIBIT 9

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date[1]	Actuarial Value of Assets (a)	Actuarial Liability (AL) (b)	Unfunded AL (UAL)[2] (b-a)	Funded Ratio (a / b)	Covered Payroll (P / R)[3] (c)	UAL as a Percentage of Covered P / R [(b-a) / c]
12/31/2005	$453,300,000	$ 703,800,000	$250,500,000	64.4%	$ 86,800,000	288.6%
12/31/2006	507,600,000	801,100,000	293,500,000	63.4%	91,700,000	320.1%
12/31/2007	530,800,000	882,700,000	351,900,000	60.1%	99,600,000	353.3%
12/31/2008	365,900,000	947,600,000	581,700,000	38.6%	99,500,000	584.6%
12/31/2009	405,400,000	1,026,200,000	620,800,000	39.5%	103,900,000	597.5%
12/31/2010	452,600,000	1,093,300,000	640,700,000	41.4%	111,200,000	576.2%
1/1/2011	456,158,774	1,028,866,353	572,707,579	44.3%	105,025,610	545.3%
1/1/2012	467,375,458	1,077,607,299	610,231,841	43.4%	110,027,537	554.6%
1/1/2013	495,847,234	1,108,874,778	613,027,544	44.7%	116,056,740	528.2%
1/1/2014	548,360,223	1,170,967,753	622,607,530	46.8%	124,051,668	501.9%
1/1/2015	590,191,585	1,189,002,221	598,810,636	49.6%	126,843,763	472.1%
1/1/2016	621,403,975	1,223,966,110	602,562,135	50.8%	129,633,658	464.8%

1. Results prior to 2011 were provided by the prior actuary and were reported at the end of the year rather than the valuation date. All information prior to 2011 in this exhibit was provided by the prior actuary and has not been reviewed or verified by Cavanaugh Macdonald Consulting, LLC

2. As of 1/1/2011, the Unfunded AL is not reduced by the Present Value of Prior Service Payments. For the calculation of the Unfunded AL used for funding purposes, please refer to Exhibit 4 of this report.

3. As of 1/1/2014, covered payroll includes DROP participants' pay.

APPENDIX A

SUMMARY OF PLAN PROVISIONS

Average Final Monthly Compensation: Section 22 - 63	Police: Pensionable pay excludes certain overtime pay. For those hired before January 1, 2010, an adjustment is made to include a career average of overtime pay. For those who were age 45 and had at least twenty years of service as of January 1, 2010, highest average monthly compensation is calculated using the highest consecutive twenty-six (26) pay periods out of the last five years of service as a member of the system for which service credit had been earned. All others use the highest seventy-eight (78) pay periods with the final 130 pay periods of service. Fire: For members who were age 45 and had at least 25 years of service or age 50 with at least 20 years of service as of January 1, 2013, highest average monthly compensation during any consecutive twenty-six (26) pay periods out of the last five years of service as a member of the system for which service credit had been earned. All others use the highest seventy-eight (78) pay periods with the final 130 pay periods of service.
Career Overtime Average (COTA):	All Members: Each hour an employee earns for overtime is computed back to their date of hire or 1991 (whichever is later) and divided by the number of years the employee worked after December 31, 1990. This amount shall be included in the member's pension calculation. COTA is excluded for all Police members hired on or after January 1, 2010 and Fire members hired on or after January 1, 2013.
Member Contributions: Section 22 – 73(a) Section 22 - 68	Rates effective January 1, 2014 Police: 15.35% of total monthly salary for police. Fire: 17.15% of total monthly salary for fire.
City of Omaha Contributions: Section 22 – 73(b)	Rates effective January 1, 2013 Police: 33.67% of each member's pensionable earnings Fire: 32.965% of each member's pensionable earnings In addition, the City shall make contributions of $1,327,600 annually through the year 2028.
Service Retirement Eligibility Section 22 - 75	Police: After age 55 and 10 years of service or age 45 and 20 years of service. Members hired after January 1, 2010 must be 50 rather than 45. If retiring with less than 30 years of service a 7% reduction is applied for each year prior to age 55. Fire: Age 55 and 10 years of service or age 50 and 20 years of service. Members hired before 1/1/2013 can also retire at age 45 if they have at least 25 years of service.

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

Service Retirement Pension
Section 22 - 76

For Police with at least 20 years of service as of latest contract effective date **and Fire members with at least 15 years of service** as of latest contract effective date, the following schedule applies.

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	45**	55%*
25 years	45	75%

*55% at 20 years of service, plus 2% for each additional six months of service after 20 years and before 25 years.

** The minimum retirement age with less than 25 years is 50 for Fire.

For Police who did not have 20 years of service and Fire who did not have 15 years of service as of the latest contract effective date, the following schedule applies:

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	45***	50%*
25 but less than 30	45	70%**
30 years	45	75%

*50% at 20 years of service, plus 2% for each additional six months of service after 20 years and before 25 years.

**70% at 25 years of service, plus 1% for each additional six months of service after 25 years and before 27 years, with an additional 0.5% 29 and 30 years, for a maximum of 75%.

*** The minimum retirement age with less than 25 years is 50 for Fire.

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

For police hired after January 1, 2010, the following schedule applies:

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	50	50%*
25 but less than 30	50	65%**
30 years	50	75%

*50% at 20 years of service, plus 1.5% for each additional six months of service after 20 years and before 25 years. Early retirement reduction applies if less than 30 years of service.

**65% at 25 years of service, plus 1% for each additional six months of service after 25 years and before 30 years. Early retirement reduction applies if less than 30 years of service.

For Fire hired after January 1, 2013, the following schedule applies:

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	50	45%
25 but less than 30	50	55%*
30 years	50	65%

*55% at 25 years of service, plus 2% for each additional year of service after 25 years and before 30 years. Early retirement reduction applies if under age 55, unless the member has 30 years of service.

Cost of Living Adjustment (COLA): The monthly pension shall be increased by the lesser of 3% or $50 ($65 for Fire retirements after June 30, 2007). The increase will be made annually, beginning in the 13th month of retirement.

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

Deferred Retirement Option Program (DROP):

Police: A DROP program was instituted with the last contract. After three years, this will be reviewed to determine if it is cost neutral before continuing it. Members may participate in the DROP for three to five years once they reach retirement eligibility with a minimum of 25 years of service (certain current members have a service threshold of 22.5 years). Members continue to make contributions to the system during the DROP period. During the DROP period, the member is credited with the benefits that would have been paid if the member had retired at the start of the DROP period, along with interest at the end of the year. At the end of the DROP period, the member ends employment, receives the DROP account balance, and begins to receive payments as though retirement had occurred at the beginning of the DROP period.

Fire: A DROP program was instituted with the last contract. After three years, this will be reviewed to determine if it is cost neutral before continuing it. Members may participate in the DROP for three to five years once they reach retirement eligibility. Current members who, as of January 1, 2013, are age 50 or older with at least 20 years of service or age 45 with at least 25 years of service are eligible to participate in DROP. All other members will be required to have 25 years of service for eligibility. Members continue to make contributions to the system during the DROP period. During the DROP period, the member is credited with the benefits that would have been paid if the member had retired at the start of the DROP period, along with interest at the end of the year. At the end of the DROP period, the member ends employment, receives the DROP account balance, and begins to receive payments as though retirement had occurred at the beginning of the DROP period.

APPENDIX A

SUMMARY OF PLAN PROVISIONS (continued)

Disability Retirement

1. In Line of Duty
Section 22 - 78

A member shall become entitled to the following benefits while permanently disabled.

Years of Service	Percentage of Average Final Monthly Compensation
Less than 20	50%*
20 or more	Same as Service Retirement Pension, without any reduction for early commencement

* 55% for Fire members who were age 45 and had at least 25 years of service or age 50 with at least 20 years of service as of latest contract effective date.

2. Not in Line of Duty
Section 22 - 79

A member shall become entitled to the following benefits while permanently disabled.

Years of Service	Percentage of Average Final Monthly Compensation
Up to 10 years	10%
10 but less than 15	20%
15 but less than 20	30%
20 or more	Greater of 45% or the Service Retirement Pension without any reduction for early commencement

Note: Not payable while full salary continues

Spouse's pension:

1. Death of Active member in Line of Duty:

A monthly pension equal to 49% (52% Fire members who were age 45 and had at least 25 years of service or age 50 with at least 20 years of service as of most recent contract date) of the member's average final monthly compensation is paid to the surviving spouse if death occurs while the active member has less than 25 years of service. A monthly pension equal to 69% (72% Fire members who were age 45 and had at least 25 years of service or age 50 with at least 20 years of service as of most recent contract date) of the member's average final monthly compensation is paid to the surviving spouse if death occurs after the active member has 25 years or more of service.

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

2. Death of Active member Not in Line of Duty:

The following monthly pension is paid to the surviving spouse.

Years of Service at Death	Percentage of Average Final Monthly Compensation*
0-3	0.0%
3-10	35.0%
11	36.4%
12	37.8%
13	39.2%
14	40.6%
15	42.0%
16	43.4%
17	44.8%
18	46.2%
19	47.6%
20-25	49.0%
25+	69.0%

* add 3% to each number for Fire members who were age 45 and had at least 25 years of service or age 50 with at least 20 years of service as of most recent contract date

Note: Benefit terminates upon remarriage of spouse.

3. Death of Member Eligible for Retirement or Death of Retired Member:
Section 22 - 82

Police: 75% of the pension the member was receiving or was eligible to receive at the time of death. 50% of the pension the member was receiving or was eligible to receive for Police members hired after January 1, 2010. Upon spouse's remarriage, all benefits cease.

Fire: 75% of the pension the member was receiving at the time of death for Fire members who began receiving benefits before July 1, 2007. 90% of the pension the member was receiving or was eligible to receive at the time of death for Fire members who were hired before January 1, 2013 and were not receiving benefits before July 1, 2007. 50% of the pension the member was receiving or was eligible to receive for Fire members hired after January 1, 2013. Upon spouse's remarriage, all benefits cease.

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

Children's Pension
Section 22 - 82

Upon the death of an active or retired member, the following benefit will be paid to the surviving children until age 18.

Number of Dependent Children	Percentage of Average Final Monthly Compensation
1	15%
2	30%
3	45%
4 or more	50%

Lump Sum Death Benefits

1. Active Member without Eligible Dependents:
Section 22 – 84(a)

Accumulated member's contributions, or $500 if greater.

2. Retired Member without Eligible Dependents:
Section 22 – 84(b)

Accumulated member's contributions, less previous pension payments made, or $500 if greater.

3. Active Member with Eligible Dependents:
Section 22 – 84(c)

An amount payable immediately, equal to one year's salary computed on the basis of the maximum monthly rate for patrolmen and firefighters, plus the decreased member's accumulated contributions less pension payments to his dependents, payable to the dependent who last ceases to receive pension benefits.

4. Retired Member with Eligible Dependents:
Section 22 – 84(c)

$1,000 ($5,000 for Fire retirements after June 30, 2005) payable immediately, plus the excess over $1,000 ($5,000 for Fire retirements after June 30, 2005) if any, of the deceased member's accumulated contributions less pension payments to the member and his dependents, payable to the dependent who last ceases to receive pension benefits.

APPENDIX A

SUMMARY OF PLAN PROVISIONS
(continued)

Vesting:

Section 22 - 86

Upon severance of employment by a member with less than 10 years of service and prior to obtaining eligibility under Section 22 – 75, a refund of such member's accumulated contributions.

Section 22 - 86

Upon severance of employment by a member before age 45 with more than 10 years of service and prior to obtaining eligibility under Section 22 – 75, the member may elect, in lieu of receiving a refund of contributions, to receive a monthly pension, according to the table below, commencing at age 55. Such deferred pension shall be based on service credited to the date of severance.

Years of Service	Minimum Age	Percentage of Average Final Monthly Compensation
10 but less than 15	55	20%
15 but less than 20	55	30%
20 but less than 25	50	55%
25 or more	45	75%

For Police members and Fire members with less than 15 years of service as of the latest effective contract date, the schedules shown under service retirement apply as appropriate.

APPENDIX B

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Cost Method

Valuations of the plan use the *"entry age-normal"* cost method. Under this actuarial method, the value of future costs attributable to future employment of participants is determined. This is called present value of future normal costs. The following steps indicate how this is determined for benefits expected to be paid upon normal retirement or the end of the Deferred Retirement Option Plan (DROP).

1. The expected pension benefit payable at the end of the employee's period in covered employment (later of normal retirement or the end of the DROP, is applicable) is determined for each participant.

2. A normal cost, as a level percent of pay, is determined for each participant assuming that such level percent is paid from the employee's entry age into employment to the end of his covered employment. This normal cost is determined so that its accumulated value at the end of covered employment is sufficient to provide the expected pension benefits.

3. The sum of the normal costs for all participants for one year determines the total normal cost of the plan for one year.

4. The value of future payments of normal cost in future years is determined for each participant based on his years of service to the end of covered employment.

5. The sum of the value of future payments of normal cost for all participants determines the present value of future normal costs.

The value of future costs attributable to past employment of participants, which is called the actuarial liability, is equal to the present value of benefits less the present value of future normal costs. The unfunded actuarial liability is equal to the excess of the actuarial liability over assets.

As experience develops with the plan, actuarial gains and actuarial losses result. These actuarial gains and losses indicate the extent to which actual experience is deviating from that expected on the basis of the actuarial assumptions. In each year, as they occur, actuarial gains and losses are recognized in the unfunded actuarial liability as of the valuation date.

Actuarial Value of Assets

The actuarial value of assets is equal to the expected asset value (based on last year's actuarial value of assets, net cash flows and a rate of return equal to the actuarial assumed rate of 8.0%) plus 1/4 of the difference between the actual market value and the expected asset value. The actuarial value of assets cannot exceed 120% or fall below 80% of the market value of assets.

Unfunded Actuarial Liability Amortization Method

The unfunded actuarial liability is amortized, as a level percentage of payroll, over a closed 30-year period that began on January 1, 2014.

APPENDIX B

ACTUARIAL METHODS AND ASSUMPTIONS (continued)

Interest:	8.00% per year, (net of investment expenses)
Salary Increases:	Merit increases based on service plus a general wage increase
Service Retirement Age:	Graduated rates based on service
Mortality:	
Active Members	RP-2000 Employee Table with generational improvements, set forward one year
Service Pensioners and Beneficiaries	RP-2000 Healthy Annuitant Table with generational improvements, set forward one year
Disabled	RP-2000 Healthy Annuitant Table with generational improvements, set forward five years
Disability:	Graduated Rates by age. See table on next page
Percent of Disabilities in Line of Duty:	85%
Medical Expenses for Disabilities in Line of Duty:	5% load on liability for current and future disabled members.
Percent Married at Death or Retirement:	75%
Spouse Age Difference:	Husbands assumed to be 3 years older than wives
Turnover:	Graduated rates by age. See table on next page
COTA Adjustment:	Members are assumed to retire with their current COTA
Increase in Total Annual Payroll:	4.00%
Assumed Annual Rate of Inflation:	3.25%
Decrement Timing:	Middle of year

APPENDIX B

ACTUARIAL METHODS AND ASSUMPTIONS (continued)

SAMPLE RATES

Age on 1/1/2010	Annual Mortality Rates		Current Age	Annual Disability Rates	Annual Turnover Rates
	Males	Females			
20	.03%	.02%	20	.21%	1.41%
30	.05	.03	30	.24	1.69
40	.10	.07	40	.42	.63
50	.19	.15	50	.76	.00
60	.46	.41	60	1.16	.00

Salary Progression - Police

Years of Service	Inflation	Productivity	Merit & Longevity	Total Increase
1	3.25%	0.75%	9.0%	13.0%
5	3.25%	0.75%	2.2	6.2
10	3.25%	0.75%	2.0	6.0
15	3.25%	0.75%	1.0	5.0
20	3.25%	0.75%	0.5	4.5
25	3.25%	0.75%	0.0	4.0

Salary Progression – Fire

Years of Service	Inflation	Productivity	Merit & Longevity	Total Increase
1	3.25%	0.75%	5.0%	9.0%
5	3.25%	0.75%	4.5	8.5
10	3.25%	0.75%	1.0	5.0
15	3.25%	0.75%	1.0	5.0
20	3.25%	0.75%	0.0	4.0

APPENDIX B

ACTUARIAL METHODS AND ASSUMPTIONS (continued)

Retirement Rates

Assumed retirement rates for Police members hired before January 1, 2010 and Fire members hired before January 1, 2013 are as follows:

Years of Service	Distribution	Annual Rate
Less than 25	0.0%	0.0%
25	100.0	100.0

If a member was hired after age 37, then it is assumed that member would retire at the later of age 62 or 10 years of service.

Assumed retirement rates for Police members hired after January 1, 2010 and Fire members hired after January 1, 2013 are as follows:

Years of Service	Distribution	Annual Rate
Less than 30	0.0%	0.0%
30	100.0	100.0

If a member was hired after age 30, then it is assumed that member would retire at the later of age 60 or 10 years of service.

DROP Participation Rate: 70% of retirement-eligible members are assumed to enter DROP

DROP Period: 5 years, but not beyond age 60

Interest Credited to DROP Accounts: 4% annually

MEMBERSHIP DATA FOR VALUATION

The summary of employee characteristics presented below covers the employee group as of January 1, 2016. The schedules at the end of the report show the distribution of the various employee groups by present age along with other pertinent data.

Total number of employees in valuation:

(a) Active employees	1,398
(b) DROP Participants	47
(c) Deferred vested employees	11
(d) Disabled employees	224
(e) Retired employees, spouses and children receiving benefits	1,249
(f) Total employees in valuation	2,929

Average age of employees in valuation:

(a) Active employees	
Attained Age	40.9
Hire Age	28.5
(b) DROP Participants	53.5
(c) Deferred vested employees	45.8
(d) Disabled employees	67.7
(e) Retired employees	65.1
(f) Spouses and children receiving benefits	68.5

Active employees eligible for vested benefits as of January 1, 2016:

(a) Employees eligible for deferred vested benefits	684
(b) Employees eligible for early or normal retirement benefits	186
(c) Employees eligible for refund of contributions only	528
(d) Total	1,398

MEMBERSHIP DATA RECONCILIATION

January 1, 2015 to January 1, 2016

The number of members included in the valuation, as summarized in the table below, is in accordance with the data submitted by the City for eligible employees as of the valuation date.

	Active Members	Deferred Vested	Disabled	DROP Participants	Retirees	Beneficiaries	Total
Members as of 1/1/2015	1,370	10	222	51	973	305	2,931
New Members	56	0	0	0	0	0	56
Terminations							
Rehired	0	0	0	0	0	0	0
Refunded: Paid	(4)	0	0	0	0	0	(4)
Refunded: Due	(6)	0	0	0	0	0	(6)
Deferred Vested	(3)	3	0	0	0	0	0
Disabled	(3)	0	3	0	0	0	0
Retirements	(11)	(2)	0	(4)	17	0	0
Participating in DROP	0	0	0	0	0	0	0
Benefit Payments Ended	0	0	0	0	0	0	0
Data Corrections	0	0	1	0	(1)	(35)*	(35)
Deaths							
With Beneficiary	(1)	0	(1)	0	(16)	19	1
Without Beneficiary	0	0	(1)	0	(3)	(10)	(14)
Total Members 1/1/2016	1,398	11	224	47	970	279	2,929

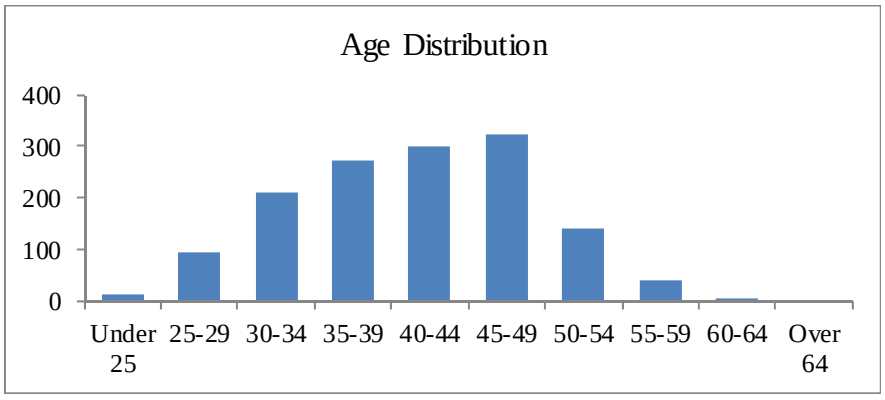
* 35 records for QDROs are no longer being valued.

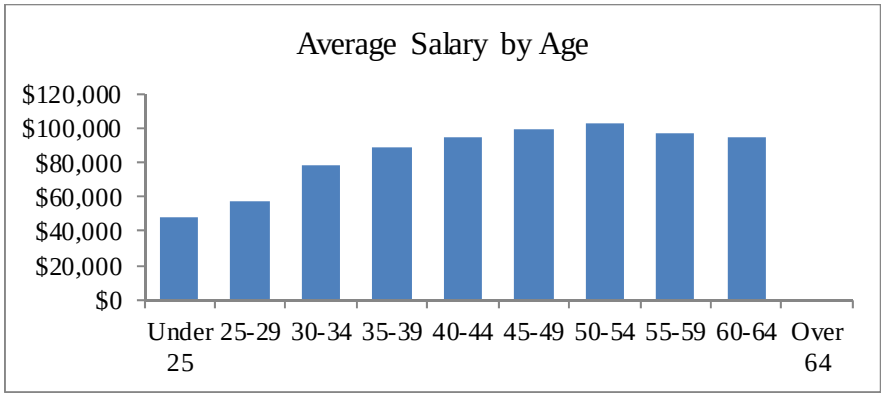
SCHEDULE I

ACTIVE MEMBERS AS OF JANUARY 1, 2016

Total

	Count of Members			Valuation Salaries of Members		
Age	Males	Females	Total	Males	Females	Total
Under 25	13	1	14	$ 657,561	$ 20,435	$ 677,996
25-29	82	13	95	4,770,607	683,776	5,454,383
30-34	186	23	209	14,773,461	1,584,941	16,358,402
35-39	240	33	273	21,236,857	2,822,509	24,059,366
40-44	258	41	299	24,403,578	3,720,422	28,124,000
45-49	280	43	323	27,724,182	4,291,798	32,015,980
50-54	124	18	142	12,710,498	1,843,290	14,553,788
55-59	37	3	40	3,570,213	281,585	3,851,798
60-64	3	0	3	282,518	0	282,518
Over 64	0	0	0	0	0	0
Total	1,223	175	1,398	$110,129,475	$15,248,756	$125,378,231



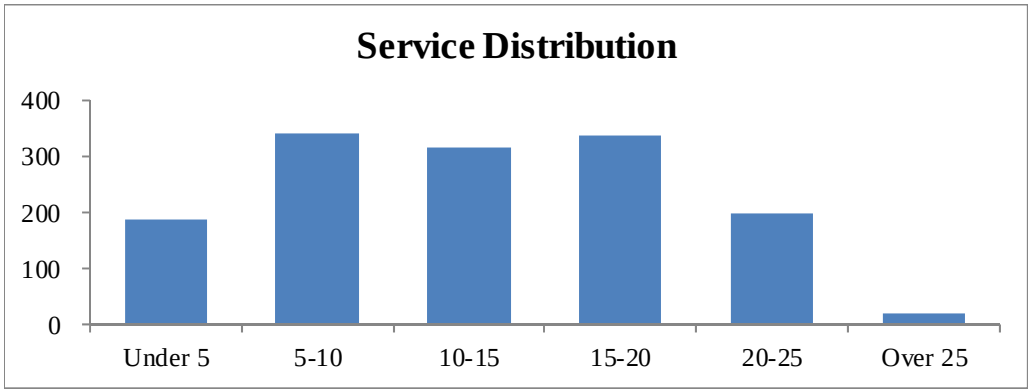


SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2016

Total

	Service									
Age	Under 5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	Total
Under 25	14	0	0	0	0	0	0	0	0	14
25-29	75	20	0	0	0	0	0	0	0	95
30-34	56	129	24	0	0	0	0	0	0	209
35-39	26	108	108	31	0	0	0	0	0	273
40-44	12	54	100	112	21	0	0	0	0	299
45-49	5	24	60	119	108	7	0	0	0	323
50-54	0	1	20	53	58	10	0	0	0	142
55-59	0	4	4	20	9	3	0	0	0	40
60-64	0	0	0	0	2	1	0	0	0	3
Over 64	0	0	0	0	0	0	0	0	0	0
Total	188	340	316	335	198	21	0	0	0	1,398

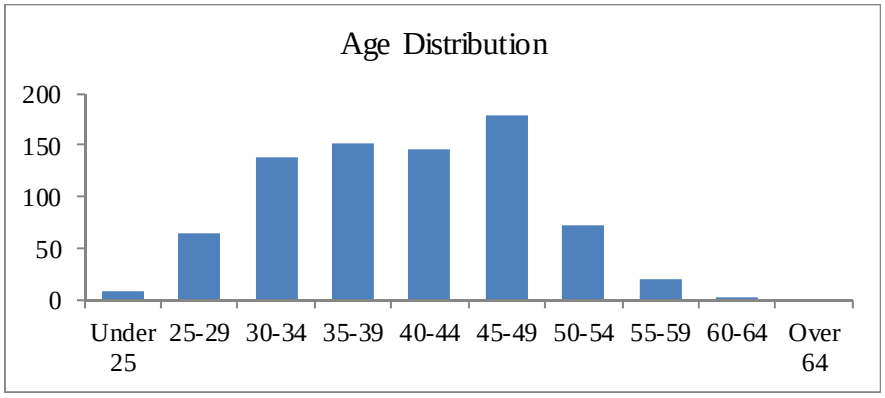


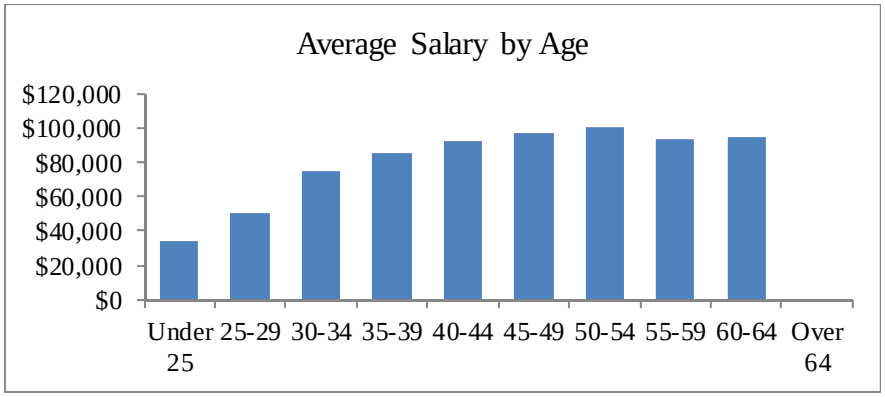
SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2016

All Police Members

	Count of Members			Valuation Salaries of Members		
Age	Males	Females	Total	Males	Females	Total
Under 25	7	1	8	$ 253,676	$ 20,435	$ 274,111
25-29	53	12	65	2,618,670	614,276	3,232,946
30-34	120	19	139	9,210,698	1,249,136	10,459,834
35-39	125	27	152	10,734,158	2,265,968	13,000,126
40-44	112	33	145	10,445,200	2,960,393	13,405,593
45-49	142	36	178	13,627,737	3,578,665	17,206,402
50-54	58	15	73	5,825,132	1,528,131	7,353,263
55-59	16	3	19	1,501,934	281,585	1,783,519
60-64	3	0	3	282,518	0	282,518
Over 64	0	0	0	0	0	0
Total	636	146	782	$54,499,723	$12,498,589	$66,998,312



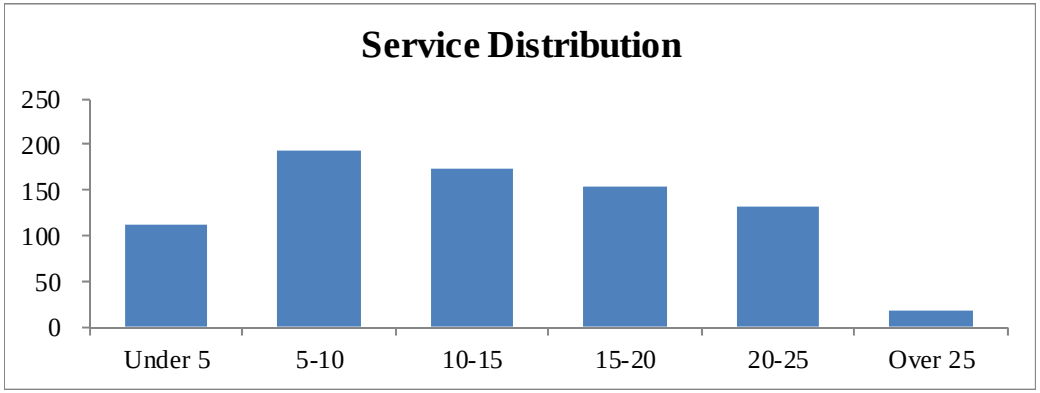


SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2016

All Police Members

	Service									
Age	Under 5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	Total
Under 25	8	0	0	0	0	0	0	0	0	8
25-29	51	14	0	0	0	0	0	0	0	65
30-34	30	87	22	0	0	0	0	0	0	139
35-39	14	52	69	17	0	0	0	0	0	152
40-44	7	26	43	53	16	0	0	0	0	145
45-49	3	12	31	53	75	4	0	0	0	178
50-54	0	0	6	26	32	9	0	0	0	73
55-59	0	3	3	4	6	3	0	0	0	19
60-64	0	0	0	0	2	1	0	0	0	3
Over 64	0	0	0	0	0	0	0	0	0	0
Total	113	194	174	153	131	17	0	0	0	782

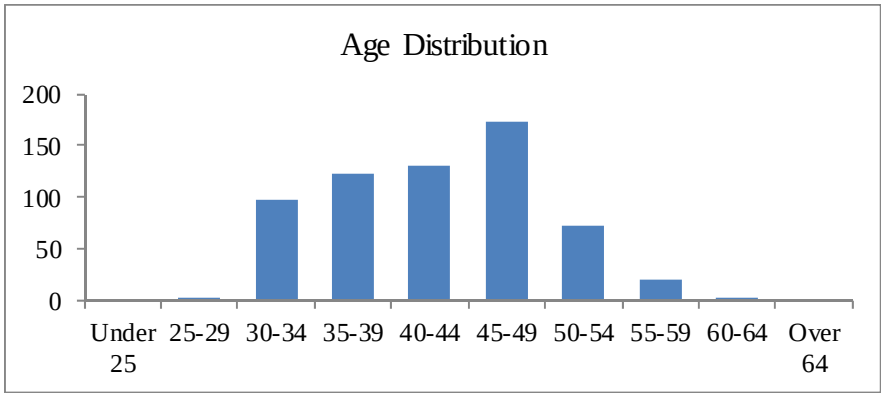


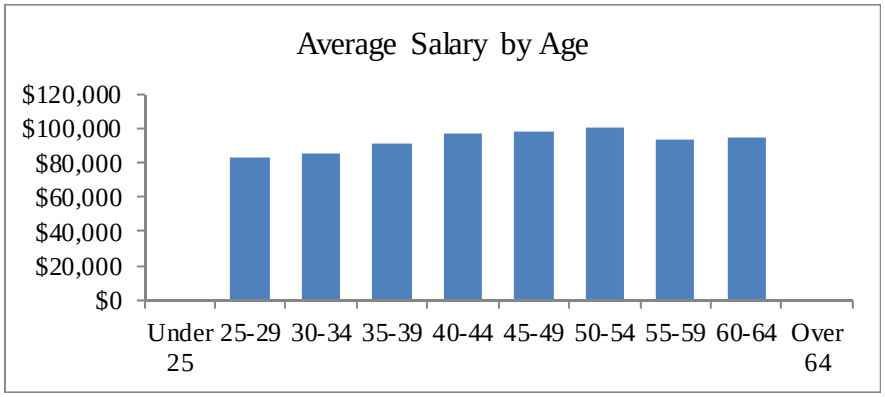
SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2016

Police Members Hired Before January 1, 2010

	Count of Members			Valuation Salaries of Members		
Age	Males	Females	Total	Males	Females	Total
Under 25	0	0	0	$ 0	$ 0	$ 0
25-29	3	0	3	247,985	0	247,985
30-34	86	12	98	7,405,690	972,143	8,377,833
35-39	99	24	123	9,093,984	2,068,545	11,162,529
40-44	100	31	131	9,746,566	2,865,126	12,611,692
45-49	137	36	173	13,368,763	3,578,665	16,947,428
50-54	58	15	73	5,825,132	1,528,131	7,353,263
55-59	16	3	19	1,501,934	281,585	1,783,519
60-64	3	0	3	282,518	0	282,518
Over 64	0	0	0	0	0	0
Total	502	121	623	$47,472,572	$11,294,195	$58,766,767



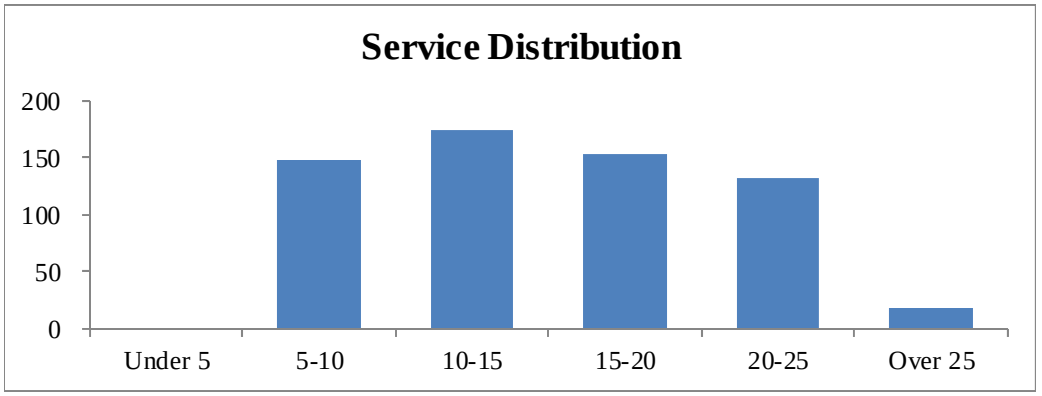


SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2016

Police Members Hired Before January 1, 2010

	Service									
Age	Under 5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	Total
Under 25	0	0	0	0	0	0	0	0	0	0
25-29	0	3	0	0	0	0	0	0	0	3
30-34	0	76	22	0	0	0	0	0	0	98
35-39	0	37	69	17	0	0	0	0	0	123
40-44	0	19	43	53	16	0	0	0	0	131
45-49	0	10	31	53	75	4	0	0	0	173
50-54	0	0	6	26	32	9	0	0	0	73
55-59	0	3	3	4	6	3	0	0	0	19
60-64	0	0	0	0	2	1	0	0	0	3
Over 64	0	0	0	0	0	0	0	0	0	0
Total	0	148	174	153	131	17	0	0	0	623

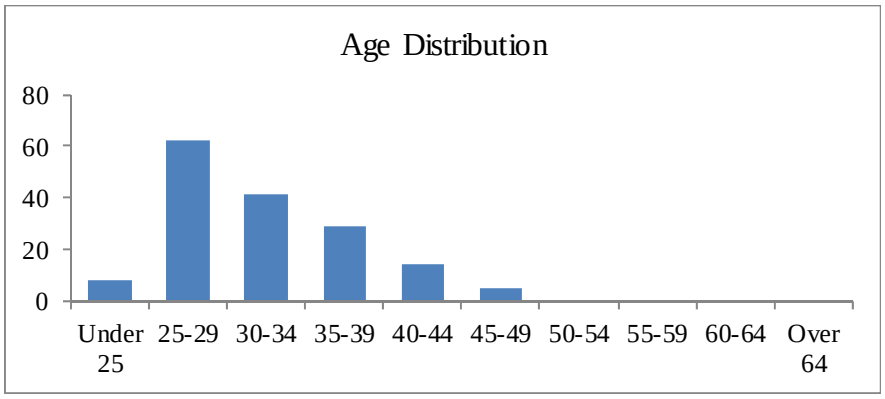


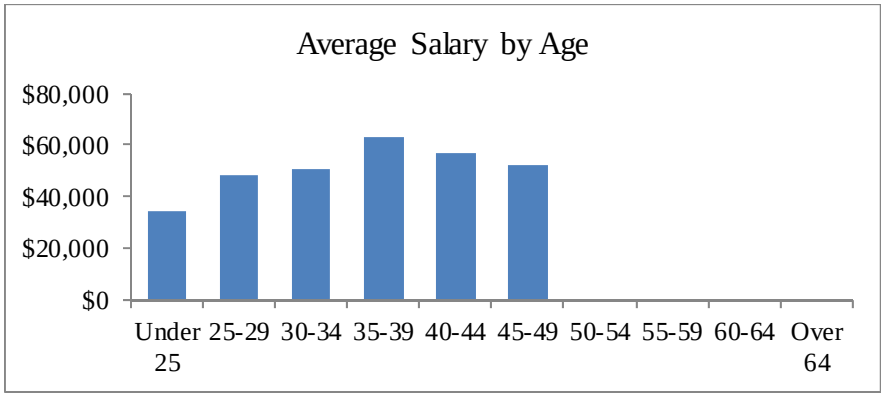
SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2016

Police Members Hired On or After January 1, 2010

	Count of Members			Valuation Salaries of Members		
Age	Males	Females	Total	Males	Females	Total
Under 25	7	1	8	$ 253,676	$ 20,435	$ 274,111
25-29	50	12	62	2,370,685	614,276	2,984,961
30-34	34	7	41	1,805,008	276,993	2,082,001
35-39	26	3	29	1,640,174	197,423	1,837,597
40-44	12	2	14	698,634	95,267	793,901
45-49	5	0	5	258,974	0	258,974
50-54	0	0	0	0	0	0
55-59	0	0	0	0	0	0
60-64	0	0	0	0	0	0
Over 64	0	0	0	0	0	0
Total	134	25	159	$7,027,151	$1,204,394	$8,231,545



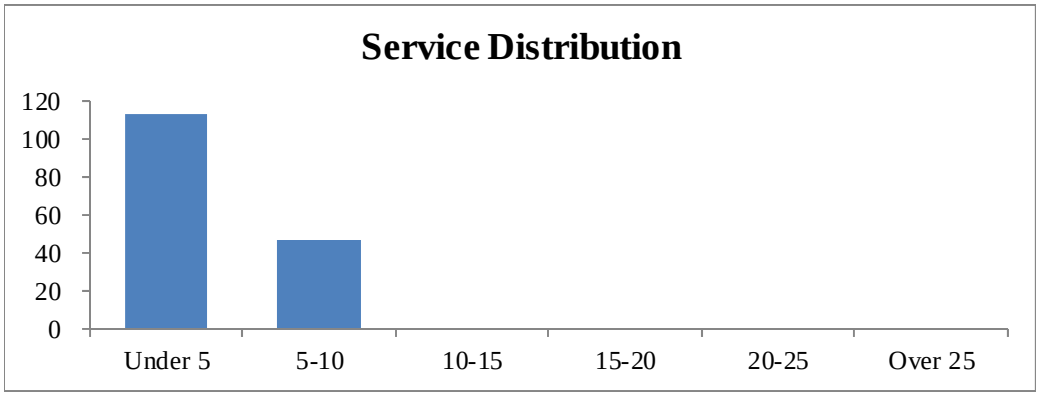


SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2016

Police Members Hired On or After January 1, 2010

	Service									
Age	Under 5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	Total
Under 25	8	0	0	0	0	0	0	0	0	8
25-29	51	11	0	0	0	0	0	0	0	62
30-34	30	11	0	0	0	0	0	0	0	41
35-39	14	15	0	0	0	0	0	0	0	29
40-44	7	7	0	0	0	0	0	0	0	14
45-49	3	2	0	0	0	0	0	0	0	5
50-54	0	0	0	0	0	0	0	0	0	0
55-59	0	0	0	0	0	0	0	0	0	0
60-64	0	0	0	0	0	0	0	0	0	0
Over 64	0	0	0	0	0	0	0	0	0	0
Total	113	46	0	0	0	0	0	0	0	159

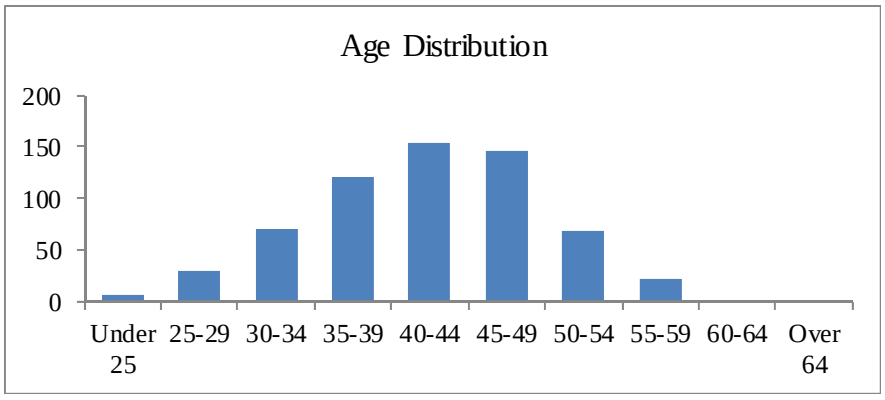


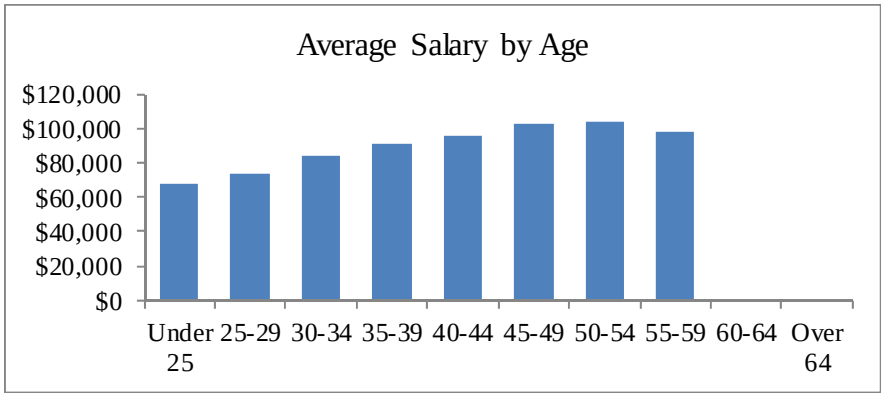
SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2016

All Fire Members

	Count of Members			Valuation Salaries of Members		
Age	Males	Females	Total	Males	Females	Total
Under 25	6	0	6	$ 403,885	$ 0	$ 403,885
25-29	29	1	30	2,151,937	69,500	2,221,437
30-34	66	4	70	5,562,763	335,805	5,898,568
35-39	115	6	121	10,502,699	556,541	11,059,240
40-44	146	8	154	13,958,378	760,029	14,718,407
45-49	138	7	145	14,096,445	713,133	14,809,578
50-54	66	3	69	6,885,366	315,159	7,200,525
55-59	21	0	21	2,068,279	0	2,068,279
60-64	0	0	0	0	0	0
Over 64	0	0	0	0	0	0
Total	587	29	616	$55,629,752	$2,750,167	$58,379,919



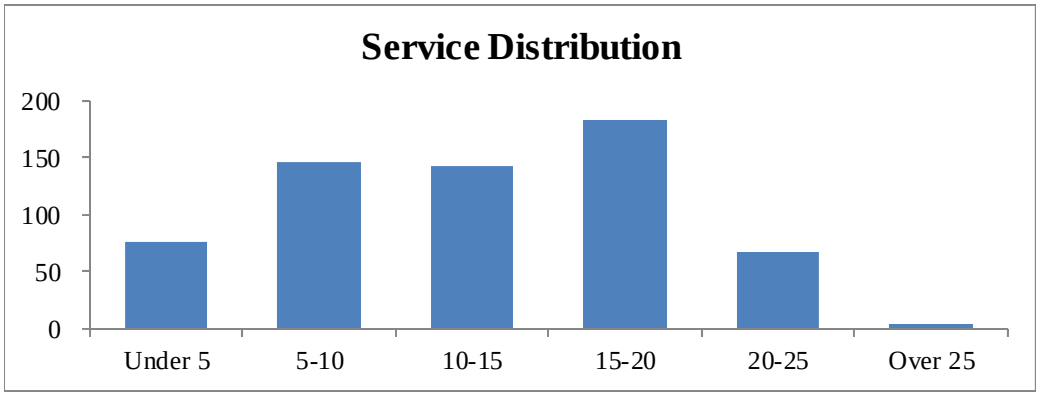


SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2016

All Fire Members

	Service									
Age	Under 5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	Total
Under 25	6	0	0	0	0	0	0	0	0	6
25-29	24	6	0	0	0	0	0	0	0	30
30-34	26	42	2	0	0	0	0	0	0	70
35-39	12	56	39	14	0	0	0	0	0	121
40-44	5	28	57	59	5	0	0	0	0	154
45-49	2	12	29	66	33	3	0	0	0	145
50-54	0	1	14	27	26	1	0	0	0	69
55-59	0	1	1	16	3	0	0	0	0	21
60-64	0	0	0	0	0	0	0	0	0	0
Over 64	0	0	0	0	0	0	0	0	0	0
Total	75	146	142	182	67	4	0	0	0	616

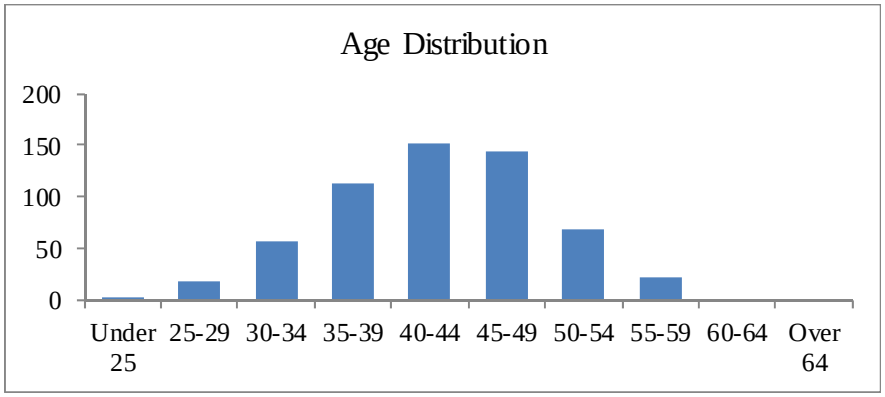


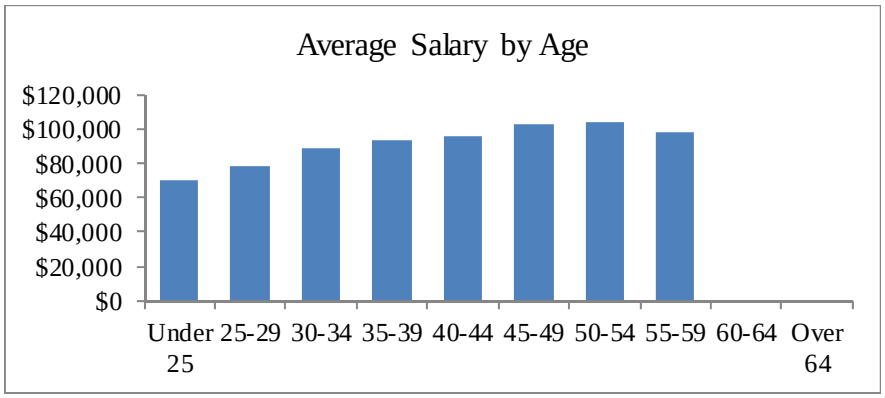
SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2016

Fire Members Hired Before January 1, 2013

	Count of Members			Valuation Salaries of Members		
Age	Males	Females	Total	Males	Females	Total
Under 25	1	0	1	$ 69,515	$ 0	$ 69,515
25-29	16	1	17	1,255,400	69,500	1,324,900
30-34	53	3	56	4,680,911	269,696	4,950,607
35-39	108	5	113	10,034,446	483,069	10,517,515
40-44	143	8	151	13,760,150	760,029	14,520,179
45-49	137	7	144	14,027,075	713,133	14,740,208
50-54	66	3	69	6,885,366	315,159	7,200,525
55-59	21	0	21	2,068,279	0	2,068,279
60-64	0	0	0	0	0	0
Over 64	0	0	0	0	0	0
Total	545	27	572	$52,781,142	$2,610,586	$55,391,728



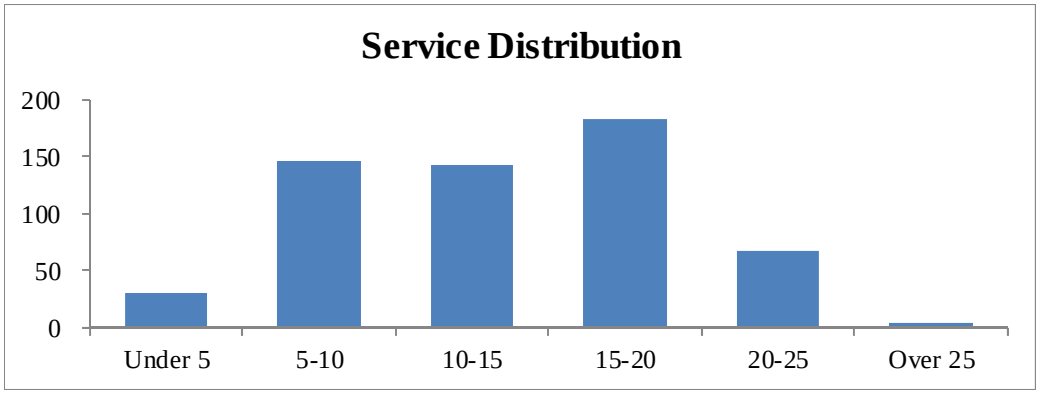


SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2016

Fire Members Hired Before January 1, 2013

	Service									
Age	Under 5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	Total
Under 25	1	0	0	0	0	0	0	0	0	1
25-29	11	6	0	0	0	0	0	0	0	17
30-34	12	42	2	0	0	0	0	0	0	56
35-39	4	56	39	14	0	0	0	0	0	113
40-44	2	28	57	59	5	0	0	0	0	151
45-49	1	12	29	66	33	3	0	0	0	144
50-54	0	1	14	27	26	1	0	0	0	69
55-59	0	1	1	16	3	0	0	0	0	21
60-64	0	0	0	0	0	0	0	0	0	0
Over 64	0	0	0	0	0	0	0	0	0	0
Total	31	146	142	182	67	4	0	0	0	572

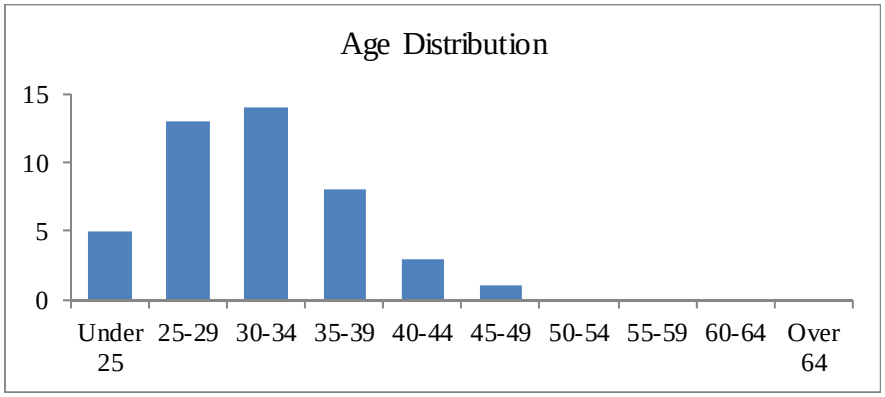


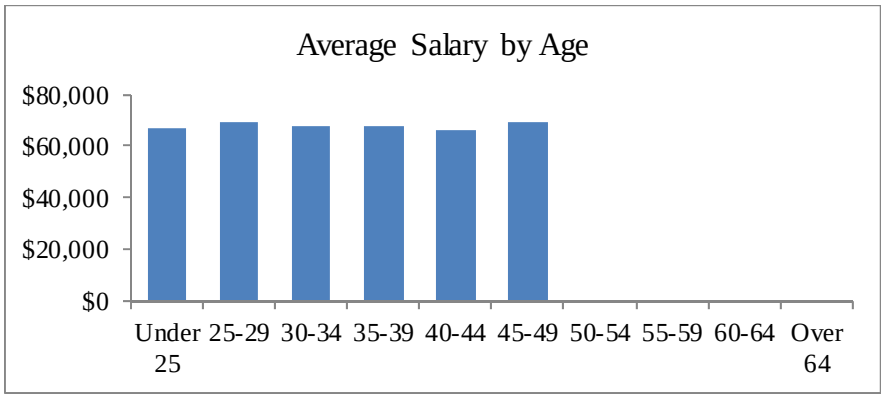
SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2016

Fire Members Hired On or After January 1, 2013

	Count of Members			Valuation Salaries of Members		
Age	Males	Females	Total	Males	Females	Total
Under 25	5	0	5	$ 334,370	$ 0	$ 334,370
25-29	13	0	13	896,537	0	896,537
30-34	13	1	14	881,852	66,109	947,961
35-39	7	1	8	468,253	73,472	541,725
40-44	3	0	3	198,228	0	198,228
45-49	1	0	1	69,370	0	69,370
50-54	0	0	0	0	0	0
55-59	0	0	0	0	0	0
60-64	0	0	0	0	0	0
Over 64	0	0	0	0	0	0
Total	42	2	44	$2,848,610	$139,581	$2,988,191



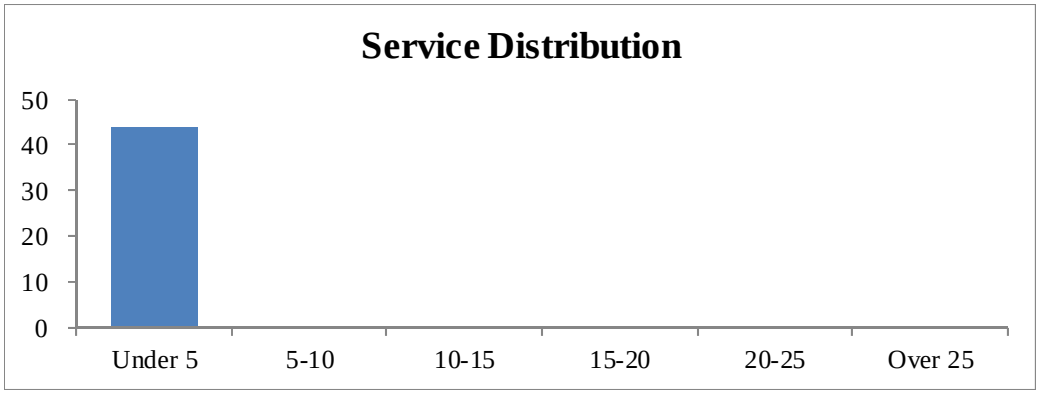


SCHEDULE I (continued)

ACTIVE MEMBERS AS OF JANUARY 1, 2016

Fire Members Hired On or After January 1, 2013

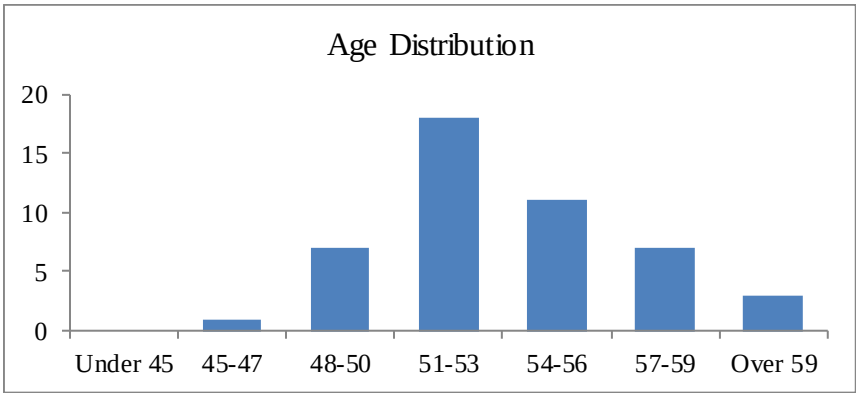
	Service									
Age	Under 5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	Total
Under 25	5	0	0	0	0	0	0	0	0	5
25-29	13	0	0	0	0	0	0	0	0	13
30-34	14	0	0	0	0	0	0	0	0	14
35-39	8	0	0	0	0	0	0	0	0	8
40-44	3	0	0	0	0	0	0	0	0	3
45-49	1	0	0	0	0	0	0	0	0	1
50-54	0	0	0	0	0	0	0	0	0	0
55-59	0	0	0	0	0	0	0	0	0	0
60-64	0	0	0	0	0	0	0	0	0	0
Over 64	0	0	0	0	0	0	0	0	0	0
Total	44	0	0	0	0	0	0	0	0	44

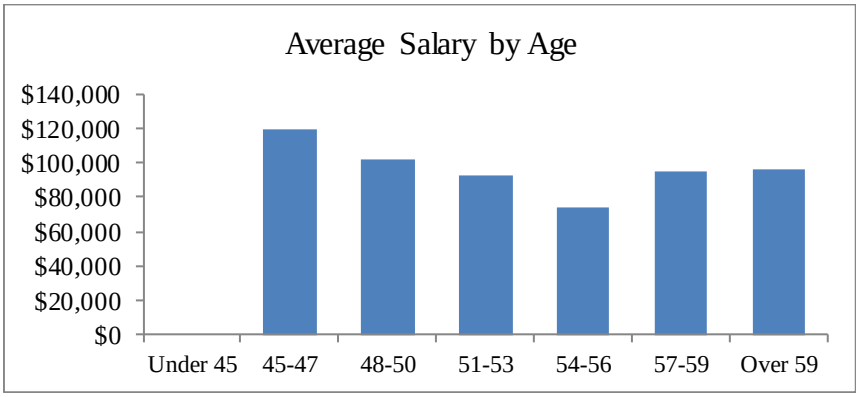


SCHEDULE II

DROP PARTICIPANTS AS OF JANUARY 1, 2016

	Count of Members			Valuation Salaries of Members		
Age	Males	Females	Total	Males	Females	Total
Under 45	0	0	0	$ 0	$ 0	$ 0
45-47	1	0	1	119,396	0	119,396
48-50	7	0	7	708,947	0	708,947
51-53	16	2	18	1,439,301	227,704	1,667,005
54-56	11	0	11	809,226	0	809,226
57-59	6	1	7	584,024	78,073	662,097
Over 59	3	0	3	288,756	0	288,756
Total	44	3	47	$3,949,650	$305,777	$4,255,427

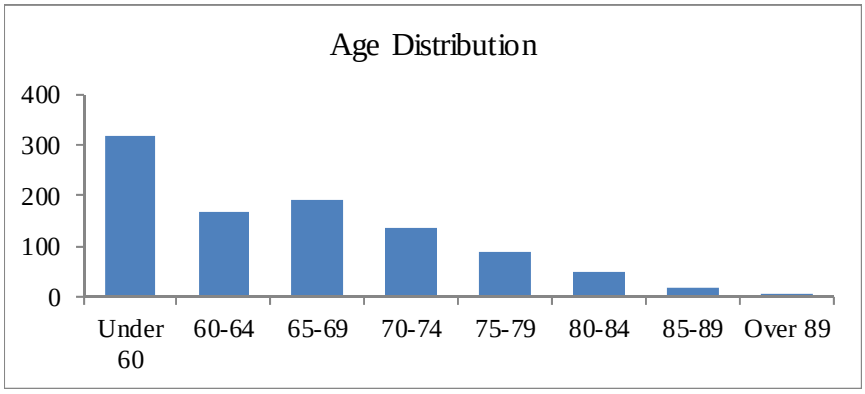


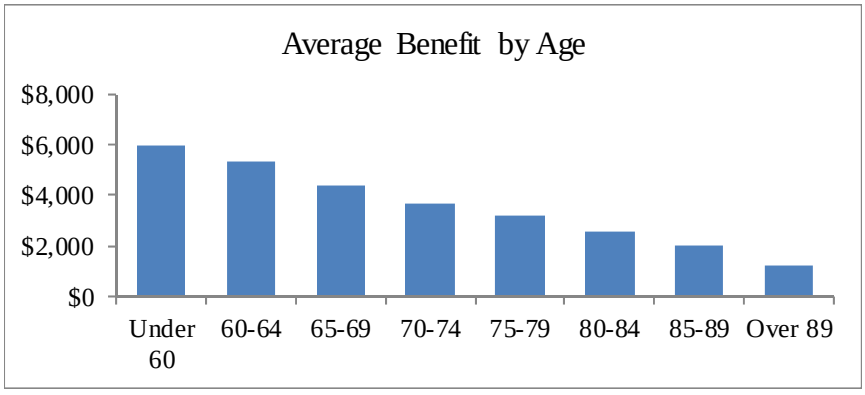


SCHEDULE III

RETIRED MEMBERS AS OF JANUARY 1, 2016

	Count of Retirees			Current Monthly Benefits		
Age	Males	Females	Total	Males	Females	Total
Under 60	276	40	316	$1,673,231	$199,240	$1,872,471
60-64	158	11	169	839,993	59,836	899,829
65-69	184	5	189	807,048	17,193	824,241
70-74	134	2	136	493,681	8,656	502,337
75-79	87	0	87	278,090	0	278,090
80-84	48	0	48	121,886	0	121,886
85-89	19	0	19	37,808	0	37,808
Over 89	6	0	6	7,435	0	7,435
Total	912	58	970	$4,259,172	$284,925	$4,544,097

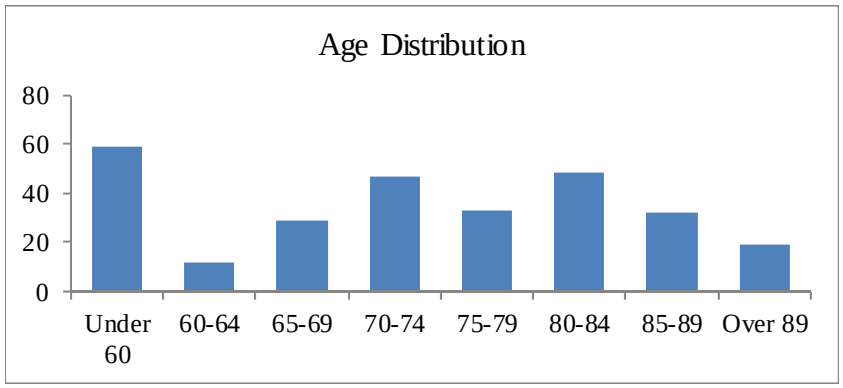


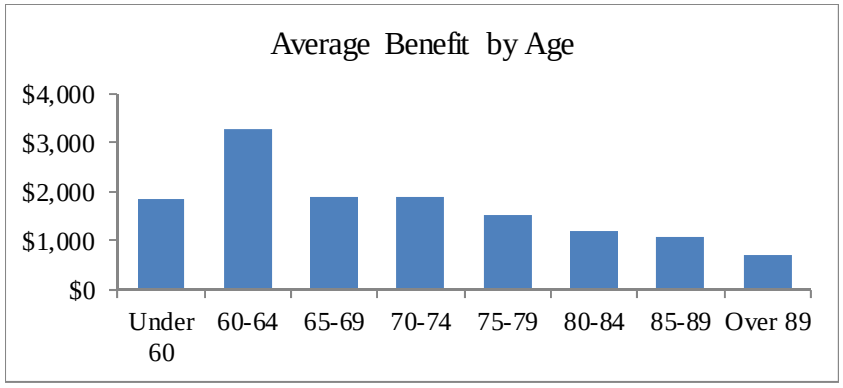


SCHEDULE IV

BENEFICIARIES RECEIVING BENEFITS AS OF JANUARY 1, 2016

	Count of Beneficiaries			Current Monthly Benefits		
Age	Males	Females	Total	Males	Females	Total
Under 60	13	46	59	$17,458	$ 90,656	$108,114
60-64	0	12	12	0	39,288	39,288
65-69	0	29	29	0	54,253	54,253
70-74	0	47	47	0	88,142	88,142
75-79	0	33	33	0	49,818	49,818
80-84	0	48	48	0	56,389	56,389
85-89	0	32	32	0	34,327	34,327
Over 89	0	19	19	0	13,161	13,161
Total	13	266	279	$17,458	$426,034	$443,492





SCHEDULE V

DEFERRED VESTED MEMBERS AS OF JANUARY 1, 2016

	Count of Members			Expected Monthly Benefit		
Age	Males	Females	Total	Males	Females	Total
Under 25	0	0	0	$ 0	$ 0	$ 0
25-29	0	0	0	0	0	0
30-34	0	0	0	0	0	0
35-39	2	1	3	3,266	1,349	4,615
40-44	2	0	2	3,458	0	3,458
45-49	1	0	1	1,268	0	1,268
50-54	5	0	5	8,646	0	8,646
55-59	0	0	0	0	0	0
Over 59	0	0	0	0	0	0
Total	10	1	11	$16,638	$1,349	$17,987

SCHEDULE VI

DISABLED MEMBERS AS OF JANUARY 1, 2016

	Count of Members			Current Monthly Benefits		
Age	Males	Females	Total	Males	Females	Total
Under 30	0	0	0	$ 0	$ 0	$ 0
30-34	0	0	0	0	0	0
35-39	1	0	1	2,794	0	2,794
40-44	4	3	7	14,428	8,616	23,044
45-49	8	3	11	25,201	11,580	36,781
50-54	16	4	20	56,952	11,213	68,165
55-59	11	6	17	30,959	17,568	48,527
60-64	12	2	14	46,577	3,280	49,857
65-69	41	0	41	131,819	0	131,819
70-74	50	0	50	134,028	0	134,028
75-79	30	0	30	75,898	0	75,898
80-84	17	0	17	36,234	0	36,234
85-89	15	0	15	21,413	0	21,413
Over 89	1	0	1	1,251	0	1,251
Total	206	18	224	$577,554	$52,257	$629,811

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Financial Statements and Supplemental Schedules

June 30, 2016 and 2015

(With Independent Auditors' Report Thereon)

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

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KPMG LLP
Suite 2000
303 Peachtree Street, N.E.
Atlanta, GA 30308-3210

Independent Auditors' Report

The Board of Trustees
City of Atlanta, Georgia
Police Officers' Pension Plan:

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Atlanta, Georgia Police Officers' Pension Plan (the Plan), which comprise the statements of fiduciary net positions as of June 30, 2016 and 2015, and the statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the City of Atlanta, Georgia Police Officers' Pension Plan as of June 30, 2016 and 2015, and the changes in fiduciary net position for the years then ended, in accordance with U.S. generally accepted accounting principles.

KPMG LLP is a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative ("KPMG International"), a Swiss entity.

Emphasis of Matter

As discussed in note 2(b) to the basic financial statements, the System adopted, in 2016, Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 3–9 and Required Supplementary Information on pages 31–35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2016 on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

KPMG LLP

Atlanta, Georgia
November 9, 2016

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Management's Discussion and Analysis

June 30, 2016 and 2015

(Unaudited)

As management we offer readers of the Police Officers' Pension Plan (the Plan) financial statements, this narrative overview and analysis of the financial activities of the Plan for the year ended June 30, 2016. This overview compares the year ended June 30, 2016 with the year ended June 30, 2015 and the year ended June 30, 2015 with the year ended June 30, 2014. Readers are encouraged to read the notes to the financial statements in conjunction with the financial statements presented following this narrative.

The Plan is administered as a single employer plan by the Board of Trustees (the Board), which includes an appointee of the Mayor, the City's Chief Financial Officer, a member of City Council, two representatives elected by the retired membership, and three representatives elected by active City membership.

Financial Highlights

- At June 30, 2016, the assets of the Plan exceeded its liabilities by $950.4 million. At June 30, 2015, the assets of the Plan exceeded its liabilities by $983.4 million. This amount represents the Plan's net position.
- The Plan's total net position decreased in fiscal year 2016 by approximately $33.0 million or 3.4% as compared with net position at June 30, 2015. The Plan's total net position increased in fiscal year 2015 by approximately $4.1 million or 0.4% over the net position at the beginning of the fiscal year.
- Net investment income decreased by $18.9 million compared to fiscal year 2015. Net investment income decreased in 2015 by $162.5 million compared to fiscal year 2014.
- Contributions received from employer and employees totaled $37.3 million in fiscal year 2016 compared to $43.9 million in fiscal year 2015.
- Benefit payments in fiscal year 2016 totaled $59.8 million, an increase of $3.6 million or 6.3% when compared with fiscal year 2015. Benefit payments in fiscal year 2015 totaled $56.3 million, an increase of $3.0 million or 5.6% when compared with fiscal year 2014.

Fiduciary funds. The Plan is considered a fiduciary fund of the City of Atlanta, Georgia (City) and its financial statements are included in the City's Comprehensive Annual Financial Report (CAFR) as part of the Pension Trust Funds. The City's most recent CAFR for the years ended June 30, 2016 and 2015 should be read in conjunction with these financial statements.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government, but over which the government maintains a meaningful degree of ongoing responsibility. The financial statements of fiduciary funds are presented using the economic resources measurement focus, or full accrual basis of accounting, similar to private sector businesses.

Directly following this discussion are the *basic financial statements*. The *basic financial statements* and required disclosures are prepared in accordance with accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board (GASB).

Basic financial statements comprise:

The *Statement of Fiduciary Net Position* presents information on the assets and liabilities of the Plan, with the difference between the two reported as net position. The investments of the Plan in this statement are presented at fair value.

The *Statement of Changes in Fiduciary Net Position* presents information showing how the Plan's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Changes would include investment income, employee and employer contributions to the Plan, benefit payments to members, and administrative expenses.

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the Plan's financial statements. The notes can be found following the financial statements in this report.

Required Supplementary Information. In addition to the *basic financial statements*, this report also presents certain *required supplementary information* concerning the changes in net pension liability, net pension liability, employer contributions, and the Plan's money-weighted rate of return. Required supplementary information can be found following the notes to the financial statements in this report.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial stability. In the case of the Plan, assets exceeded liabilities by $950.4 and $983.4 million, respectively, at the close of the years ended June 30, 2016 and 2015. Table 1 summarizes the major categories of assets, liabilities, and net position. Table 2 summarizes the changes in the Plan's net position for the years ended June 30, 2016 and 2015.

Table 1. Police Officers' Pension Plan Net Position, as of June 30, 2016, 2015, and 2014 (dollars in thousands):

	June 30		Amount	Percentage
	2016	2015	change	change
Assets:				
Cash and deposits	$ 7,852	4,729	3,123	66.0%
Receivables	5,595	6,040	(445)	(7.4)
Investments	943,779	975,214	(31,435)	(3.2)
Total assets	957,226	985,983	(28,757)	(2.9)
Liabilities:				
Due to brokers for investments purchased	6,368	2,067	4,301	208.1
Other	443	531	(88)	(16.6)
Total liabilities	6,811	2,598	4,213	162.2
Net position restricted for pensions	$ 950,415	983,385	(32,970)	(3.4)%

	June 30		Amount	Percentage
	2015	2014	change	change
Assets:				
Cash and deposits	$ 4,729	4,531	198	4.4%
Receivables	6,040	6,199	(159)	(2.6)
Investments	975,214	981,680	(6,466)	(0.7)
Total assets	985,983	992,410	(6,427)	(0.6)
Liabilities:				
Due to brokers for investments purchased	2,067	3,925	(1,858)	(47.3)
Other	531	978	(447)	(45.7)
Total liabilities	2,598	4,903	(2,305)	(47.0)
Net position restricted for pensions	$ 983,385	987,507	(4,122)	(0.4)%

The net position of the Plan decreased by approximately $33.0 million or 3.4% when compared to 2015. This is mainly attributable to the decrease in investments during fiscal year 2016. Total assets for the Plan decreased by $28.8 million or 2.9% compared to 2015. Total cash and investments decreased by $28.3 million offset by

(Continued)

$0.4 million decrease in amounts due from brokers for securities sold. Investments represent 98.6% of total assets as of June 30, 2016 compared to 98.9% as of June 30, 2015. The Plan's liabilities do not include future benefits payable to plan participants, but an actuarially determined estimate of this amount is included in the *Required Supplementary Information* section of this report.

Table 2. Police Officers' Pension Plan Changes in Net Position, years ended June 30, 2016, June 30, 2015, and June 30, 2014 (dollars in thousands):

	June 30		Amount change	Percentage change
	2016	2015		
Additions to plan net position:				
Investment (loss) income:				
Net (depreciation) appreciation in fair value of investments	$ (24,251)	(5,290)	(18,961)	(358.4)%
Interest and dividends	17,196	17,346	(150)	(0.9)
Less investment expenses	(3,122)	(3,322)	200	6.0
Net investment (loss) income	(10,177)	8,734	(18,911)	(216.5)
Employee contributions	11,825	11,224	601	5.4
Employer contributions	25,441	32,693	(7,252)	(22.2)
Other income	193	4	189	4,725.0
Total additions	27,282	52,655	(25,373)	(48.2)
Deductions from plan net position:				
Benefit payments	59,823	56,253	3,570	6.3
Administrative expense	429	524	(95)	(18.1)
Total deductions	60,252	56,777	3,475	6.1
(Decrease) increase in net position restricted for pensions	$ (32,970)	(4,122)	(28,848)	699.9%
Net position restricted for pensions:				
Beginning of year	$ 983,385	987,507		
(Decrease) increase	(32,970)	(4,122)		
End of year	$ 950,415	983,385		

(Continued)

	June 30		Amount change	Percentage change
	2015	2014		
Additions to plan net position:				
Investment income:				
Net (depreciation) appreciation in fair value of investments	$ (5,290)	156,987	(162,277)	(103.4)%
Interest and dividends	17,346	18,045	(699)	(3.9)
Less investment expenses	(3,322)	(3,840)	518	(13.5)
Net investment income	8,734	171,192	(162,458)	(94.9)
Employee contributions	11,224	11,232	(8)	(0.1)
Employer contributions	32,693	30,197	2,496	8.3
Other income	4	3	1	33.3
Total additions	52,655	212,624	(159,969)	(75.2)
Deductions from plan net position:				
Benefit payments	56,253	53,279	2,974	5.6
Administrative expense	524	653	(129)	(19.8)
Total deductions	56,777	53,932	2,845	5.3
(Decrease) increase in net position restricted for pensions	$ (4,122)	158,692	(162,814)	(102.6)%
Net position restricted for pensions:				
Beginning of year	$ 987,507	828,815		
(Decrease) increase	(4,122)	158,692		
End of year	$ 983,385	987,507		

Financial Analysis of June 30, 2016 to June 30, 2015

Total additions to the Plan's net position decreased by $25.4 million, or 48.2%, compared to fiscal 2015. This decrease is primarily attributed to the decrease in net investment income and employer contributions. Net investment loss was $(10.2) million for 2016, a decrease of $18.9 million compared to fiscal 2015. Employer contributions were $25.4 million for 2016, a decrease of $7.3 million compared to fiscal 2015. The investment portfolio comprises 68.8% equities, 26.4% fixed income, 2.6% alternative investments and 2.2% short term investments in cash and cash equivalents as of June 30, 2016, compared to 74.3% equities, 21.2% fixed income, 2.3% alternative investments including real estate and 2.2% short term investments in cash and cash equivalents as of June 30, 2015. The overall portfolio return was (0.18%), net of fees, for the fiscal year ended June 30, 2016, compared with 0.52%, net of fees, for the fiscal year ended June 30, 2015. The S&P 50 index rose 3.99% and 7.42%, respectively, during the same time periods.

Employee contributions to the Plan remained relatively flat, increasing only 5.4% and decreasing 0.1%, respectively, during 2016 and 2015. Employer contributions decreased by $7.3 million, or 22.2%, to $25.4 million due to lower actuarially determined contribution (ADC) for fiscal 2016. Benefit payments increased by $3.6 million, or 6.3%, to $59.8 million. The increase in benefit payments is primarily the result of increased payments to members.

Financial Analysis of June 30, 2015 to June 30, 2014

As noted earlier, net position may serve over time as a useful indicator of financial stability. In the case of the Plan, assets exceeded liabilities by $983.4 million at the close of the year ended June 30, 2015. Table 1 summarizes the major categories of assets, liabilities, and net position. Table 2 summarizes the changes in the Plan's net position for the years ended June 30, 2015 and 2014.

The net position of the Plan decreased by $4.1 million or - (102.6%) when compared to 2014. This is mainly attributable to the decrease in net investment income, which was related to investment market performance during fiscal year 2015. Total assets for the Plan decreased by $6.4 million or 0.65% compared to 2014. Total cash and investments decreased by $6.3 million offset by a $0.3 million decrease in amounts due from brokers for securities sold. Investments represent 98.9% of total assets as June 30, 2015, compared to 98.9% as of June 30, 2014. The Plan's liabilities do not include future benefits payable to plan participants, but an actuarially determined estimate of this amount is included in the Required Supplementary Information section of this report.

Total additions to the Plan's net position decreased by $160.0 million or 75.2% compared to fiscal 2014. As mentioned earlier this decrease is primarily attributed to the decrease in net investment income. Net investment income was $8.7 million for 2015, a decrease of $162.5 million compared to fiscal 2014. The investment portfolio comprised of 74.3% equities, 21.2% fixed income, 2.3% alternative investments including real estate and 2.2% short term, investments in cash and cash equivalents as of June 30, 2015, compared to 75.4% equities, 16.4% fixed income, 1% alternative investments including real estate and 7.2% short term investments in cash and cash equivalents as of June 30, 2014. The overall portfolio returned 0.52% for the fiscal year ended June 30, 2015, compared with 20.85% for the fiscal year ended June 30, 2014. The S&P 500 index rose 7.42% and 24.62%, respectively during the same time periods.

Employee contributions to the Plan remained relatively flat, decreasing 0.1% in 2015 and 0.7%, respectively, during fiscal years 2015 and 2014. Employer contributions increased by $2.5 million or 8.3% to $32.7 million due to a higher actuarially determined required contribution (ADC) for fiscal 2015. Benefit payments increased by $3.0 million, or 5.6% to $56.3 million. The increase in benefit payments is primarily the result of increased payments to members.

The latest experience study was through June 30, 2011. In preparing the latest actuarial valuation the results of the experience study are reviewed against the actuarial valuation results.

Requests for Information

This financial report is designed to provide a general overview of the Plan's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Chief Financial Officer, 11100 City Hall Tower, 68 Mitchell St., SW, Atlanta, Georgia 30303.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Statements of Fiduciary Net Position

June 30, 2016 and 2015

(Dollars in thousands)

Assets	**2016**	**2015**
Cash and deposits	$ 7,852	4,729
Receivables:		
Contributions receivable from employer	1,144	3,440
Contributions receivable from employees	418	413
Due from brokers for investments sold	2,477	265
Investment income	1,227	1,751
Other	329	171
Total receivables	5,595	6,040
Investments:		
Short term investments	20,437	21,428
Domestic fixed income securities	244,387	205,106
Domestic equities	600,262	676,593
International fixed income securities	4,403	2,037
International equities	49,329	47,633
Real estate	4,646	4,324
Alternative investments	20,315	18,093
Total investments	943,779	975,214
Total assets	957,226	985,983
Liabilities		
Due to brokers for investments purchased	6,368	2,067
Other	443	531
Total liabilities	6,811	2,598
Net position restricted for pensions	$ 950,415	983,385

See accompanying notes to financial statements.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Statements of Changes in Fiduciary Net Position

June 30, 2016 and 2015

(Dollars in thousands)

	2016	2015
Additions:		
Contributions:		
Employer	$ 25,441	32,693
Employee	11,825	11,224
Total contributions	37,266	43,917
Investment (loss) income:		
Net appreciation (depreciation) in fair value of investments	(24,251)	(5,290)
Interest and dividends	17,196	17,346
Less investment expenses	(3,122)	(3,322)
Net investment (loss) income	(10,177)	8,734
Other	193	4
Total additions	27,282	52,655
Deductions:		
Benefit payments, including refunds of member contributions	59,823	56,253
Administrative expense	429	524
Total deductions	60,252	56,777
Net increase (decrease) in net position	(32,970)	(4,122)
Net position restricted for pensions:		
Beginning of year	983,385	987,507
End of year	$ 950,415	983,385

See accompanying notes to financial statements.

(1) Plan Description

City of Atlanta, Georgia Police Officers' Pension Plan (the Plan) was established by a 1924 Act of the State of Georgia Legislature to provide retirement benefits for full-time sworn police officers of the City of Atlanta (the City) Police Department. Until 1983, the Georgia Legislature established all requirements and policies of the Plan. By a constitutional amendment, effective July 1983, control over all aspects of the Plan transferred to the City under the principle of Home Rule. The types of benefits offered by the Plan are retirement, disability, and preretirement death benefits. The Plan is a single-employer defined benefit pension plan. Participants should refer to the Atlanta, Georgia, Code of Ordinances, Section 6 (Plan agreement) for more complete information. Under the principle of Home Rule and the Atlanta Code of Ordinances, Section 6, the Board of Trustee (Board) has the authority to establish and amend benefit terms and contributions.

The Plan is considered a fiduciary fund of the City and its financial statements are included in the City of Atlanta, Georgia's Comprehensive Annual Financial Report (CAFR) as part of the Pension Trust Funds. The City's most recent CAFR for the years ended June 30, 2016 and 2015 should be read in conjunction with these financial statements.

(a) Administration of the Plan

The Plan is administered as a single-employer defined-benefit plan by the Board of Trustees of the City of Atlanta, Georgia Police Officers' Pension Board (the Board), which includes an appointee of The Mayor or his designee, the City's Chief Financial Officer, a member of City Council, two active employee representatives and one retired employee representative. All modifications to the plan must be supported by actuarial analysis and receive the recommendations of the City Attorney, the Chief Financial Officer, and the Board of Trustees. Each pension law modification must be adopted by at least two-thirds vote of the City Council and approved by the Mayor.

(b) Contribution Requirements

Under the Georgia Legislature principle of Home Rule and the Atlanta Code of Ordinances, Section 6, the Pension Board has the authority to administer the Plan including establishing and amending contribution requirements. The funding methods and determination of benefits payable were established by the Atlanta Code of Ordinances, Section 6 legislative acts creating the Plan, as amended, and in general, provide that funds are to be accumulated from employee contributions for defined contributions, City contributions, and income from the investment of accumulated funds.

Sworn personnel employed by the Atlanta Police Department are required to contribute to the Plan. Employees must contribute either 8% of base pay, if hired after August 31, 2011, 12% of base pay, if hired before September 1, 2011 without an eligible beneficiary, or 13% of base pay, if hired before September 1, 2011 with an eligible beneficiary. Contribution requirements may be amended by City ordinance, but the employer contribution requirement is subject to State minimums.

On November 1, 2011, the sworn personnel of the Police Department participating in the Plan and hired before September 1, 2011, or after January 1, 1984, had an increase of 5% in their mandatory contributions into the Plan. The contribution is such that the new contribution is 12% of salary (without

a designated beneficiary) or 13% of salary (with a designated beneficiary). Where an Actuarial Valuation anticipates that the City's actuarially determined contribution (ADC) for the next fiscal year will exceed 35% of the total payroll, contributions may be increased, by no more than 5% of compensation, in order to fund the overage.

Employees hired on or after September 1, 2011 who are sworn members of the Police Department are required to participate in a hybrid defined benefit plan with a mandatory defined contribution component (see discussion below regarding Amendments to the Defined Contribution Plan). The defined benefit portions of this plan includes a mandatory 8% employee contributions and a 1% multiplier. The retirement age is increased to age 57 for participants in the Plan. Early Retirement Age is changed from any age (as long as vested) with penalty to age 52 for hires after September 1, 2011. Upon retirement, these participants will receive an annually calculated cost of living increase to their pension benefit that may not exceed 1% and is based upon the Consumer Price Index. Sick and vacation leave are no longer applied to retirement benefits for hires after September 1, 2011.

(c) Description of the Benefit Terms

In June 2011, the City Council approved changes for the City's three defined benefit plans, effective on September 1, 2011 for new hires, and November 1, 2011 for existing employees. Currently sworn personnel employed by the Atlanta Police Department are required to contribute to the Plan.

Prior to the change approved in June 2011, the Plan provided monthly retirement benefits that initially represent 3% for each year of credited service times the participants' final average three-year earnings (limited to 80% of the average). Retirement benefits were adjusted annually based on the change in the consumer price index, limited to 3% per year. Upon the death of a vested participant who has beneficiary coverage, his or her eligible beneficiary (ies) would be entitled to three fourths of the amount the deceased participant was receiving or would have been entitled to receive. Below are the terms the Plan has established to receive benefits.

Normal retirement age:	Age 65 with at least five years of service Age 57 with at least 15 years of service Age 55 with at least 15 years of service (hired before September 1, 2011) Age 55 with at least 10 years of service (hired before July 1, 2010) Any age with at least 30 years of service

For early retirement there is an adjustment of the retirement benefit being reduced by 0.5% for each month by which the participant's early retirement age precedes normal retirement age (for employees hired after August 31, 2011). The retirement benefit is reduced by 0.5% for each of the first 60 months and by 0.25% for each additional month by which the participant's early retirement age precedes the normal retirement age (for employees hired before September 1, 2011).

Early retirement age:	Age 47 with at least 15 years of service (hired after August 31, 2011) Any age with at least 15 years of service (hired during the period July 1, 2010 through August 31, 2011) Any age with at least 10 years of service (hired before July 1, 2010)

For participants who incur a catastrophic injury in the line of duty, the basic pension formula is 100% of the top salary for the grade and position occupied by the participant at the time of disability.

For a service-connected disability for participants hired before January 1, 1986, the basic pension formula is the greater of 70% of the top salary for the employee's grade and position occupied by the participant at the time of disability or basic pension formula, offset by workers' compensation payments such that the combination of payments does not exceed 100% of the participant's salary at the time of disability.

For participants hired on or after January 1, 1986, the basic pension formula is the greater of 50% of average monthly earnings at the time of disability or basic pension formula, offset by workers' compensation payments such that the combination of payments does not exceed 75% of the participant's salary at the time of disability (payable until the earlier of recovery from disability or normal retirement age).

Preretirement death benefit:	75% of the basic pension formula (payable to the eligible beneficiary upon death not in the line-of-duty). 100% of base pay offset by worker's compensation or other payments (payable to the eligible beneficiary for first two years after death in the line-of-duty).

75% of the larger of the basic pension formula or 70% of top salary for the employee's grade (payable to the eligible beneficiary beginning two years after death in the line-of-duty).
75% of the basic pension formula (payable to the eligible beneficiary beginning two years after death in the line-of-duty if the employee was covered by the 1986 amendment).

Amendments to Defined Contribution Plan

Employees hired on or after September 1, 2011 who are either sworn members of the police department or fire department are required to participate in the mandatory defined contribution component. The defined contribution element is governed and accounted for separately, and includes a mandatory employee contribution of 3.75% of salary, which is matched 100% by the City. Additionally, these employees may voluntarily contribute up to an additional 4.25% of salary, which is also matched 100% by the City. Employees vest in the amount of the City's contributions at a rate of 20% per year and become fully vested in the City's contribution after 5 years of participation.

(d) Plan Membership

As of the beginning of the fiscal year ended June 30, 2016 and 2015, participation in the Plan was as follows:

		2016	2015
Inactive plan members or beneficiaries currently receiving benefits	$	1,446	1,420
Inactive plan members entitled to, but not yet receiving benefits		55	35
Active plan members		2,023	2,025
	$	3,524	3,480

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements are prepared on the accrual basis of accounting. Employee and employer contributions are recognized as additions to plan net position in the period in which withheld from the employees' salary and paid by the employer. Benefits and refunds are recognized as deductions from plan net position when due and payable.

(b) New Accounting Pronouncements

Effective during fiscal year 2016, Governmental Accounting Standards Board (GASB) GASB Statement No. 72, *Fair Value Measurement and Application*, was implemented. This Statement addresses accounting and financial reporting issues related to fair value measurements. This statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to fair value measurements. The impact to the Plan is expanded footnote disclosures around fair value including the fair value hierarchy and valuation techniques. This standard has been applied retrospectively.

Effective during fiscal year 2016, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68*, was also implemented. This statement establishes standards of accounting and financial reporting for defined benefit pensions and defined contributions pensions that are provided to employees not within the scope of GASB 68. There was no impact to the Police Officers' Defined Benefit Plan.

(c) Cash and Cash Equivalents

Cash represents cash deposits held at financial institutions. The Plan considers all highly liquid debt securities with an original maturity of three months or less when purchased to be cash equivalents.

(d) Investments

The Plan's investments are stated at fair value. Quoted market prices are used to value all investments in equities based on closing prices on the U.S. national securities exchange. Securities traded on the open market for which no sale was reported on that date are valued at the most recent quoted bid price.

Estimated fair values provided by third-party vendors are used to value U.S. government notes, corporate bonds, mutual funds, and U.S. government and agency guaranteed bonds, if not traded in an active market. Partnership investments and certain commingled vehicles are valued based on the net asset value (NAV) of the partnership, as reported by the investment managers, without further adjustment. Net asset value is based upon the fair value of the underlying investments. Information provided by partnerships regarding the methods they use to value the underlying investments of the partnership and any restrictions on or illiquidity of the interests of partnerships are considered in determining fair value.

The net appreciation (depreciation) in the fair value of investments held by the Plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of the balance sheet date. Investment income is recognized on the accrual basis as earned by the Plan.

(e) Use of Estimates

Management of the Plan has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosures of contingent assets and liabilities and the additions to and deductions from net position to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

(f) Reclassifications

Certain items in the 2015 financial statements have been reclassified to conform to the presentation adopted in 2016.

(3) Pension Plan Investments

The Plan investments are made within the Public Retirement Systems Investment Authority Law of the Georgia Code (O.C.G.A. 47-20-80). The Board has been granted the authority by City Ordinance to establish and amend the Plan investment policy. The Board is responsible for making all decisions with regard to the administration of the Plan, including the management of Plan assets, and for carrying out the investment policy on behalf of the Plan.

The Plan's investments are managed by various investment managers under contracts with the Plan who have discretionary authority over the assets managed by them and within the Plan's investment guidelines, established by the Board. The investments are held in trust by the Plan's custodian in the Plan's name. These assets are held exclusively for the purpose of providing benefits to members of the Plan and their beneficiaries.

State of Georgia and City statutes authorize the Plan to invest in U.S. government obligations, U.S. government agency obligations, State of Georgia obligations, obligations of a corporation of the U.S. government and the Georgia Fund 1 (a government investment pool maintained by the State of Georgia), and alternative investments. The Plan invests in repurchase agreements only when they are collateralized by U.S. government or agency obligations. The Plan is also authorized to invest in collateralized mortgage obligations (CMOs) to maximize yields. These securities are based on cash flows from interest payments on underlying mortgages. CMOs are sensitive to prepayment by mortgagees, which may result from a decline in interest rates. For example, if interest rates decline and mortgagees refinance their mortgages, thereby prepaying the mortgages underlying these securities, the cash flows from interest payments are reduced and the value of these securities declines. Likewise, if mortgagees pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated.

In the development of a current asset allocation plan, the Board reviews the long-term performance and risk characteristics of various asset classes, balancing the risks and rewards of market behavior, and reviewing state legislation regarding investments options. The below asset classes were selected to achieve the plan objectives: Domestic Equities, International Equities, Domestic Fixed Income, Alternative Investments, and cash equivalents.

The Police Officers' Pension Fund Investment Policy did not change during the fiscal year. The policy may be amended by the Board by a majority vote of its members. The below asset allocation target assets mix implemented in fiscal year 2015 remain in effect during fiscal year 2016.

	Fiscal year 2016 and 2015		
	Minimum	**Target**	**Maximum**
Domestic equity:			
All/Flex Cap	5%	7%	10%
Large Cap	25	30	35
Mid Cap	10	15	20
Small Cap	4	9	14
International equity	4	9	14
Total equity	48%	70%	93%
Alternative investments	—%	5%	5%
Fixed income:			
Core	10%	14%	19%
Intermediate	5	10	15
Cash equivalents	—	1	2
Total fixed income and cash equivalents	15%	25%	36%

Identified below are the investment types that are authorized by the Board for the Plan.

The Plan, by policy, is to invest the Plan's funds in domestic equities, domestic fixed income securities, international equities, international fixed income, alternative investments, and cash equivalents. These instruments consist of common and preferred stock, obligations of the U.S. government and agencies (GNMA, FHLMC, and FNMA securities and CMO's), corporate bonds, and certificates of deposit. The Plan has strict limitations on the amounts managers are allowed to invest in any one issuer in all classes of securities. The Plan also invests in repurchase agreements, which must be fully collateralized by U.S. government or agency guaranteed securities. The Plan is in compliance with the policy.

The Plan maintains cash to meet its immediate liquidity needs. Cash not immediately needed is invested in either short-term or long-term investment securities as directed by management.

For the years ended June 30, 2016 and 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was (0.71%) and 1.22%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

(a) Investment Risk Disclosures

Interest Rate Risk

Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Additionally, the fair values of the investments may be highly sensitive to interest rate fluctuations. The Plan has no specific policy to address interest rate risk.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating to each investment by a nationally recognized statistical rating organization. The Plan has no specific policy to address credit risk.

As of June 30, 2016 and 2015, the Plan had the following fixed income investments (dollars in thousands), with the corresponding credit ratings and maturities.

		June 30, 2016					
		Maturity					
Type of investments	Credit rating	Under 1 year	1–3 Years	3–5 Years	5–10 Years	Over 10 years	Fair value
U.S. treasury securities	NR	$ 1,472	12,827	10,074	19,473	6,966	50,812
U.S. government agencies	AA+	—	18,357	4,140	1,737	3,483	27,717
U.S. government agencies	AGY	—	—	26	7,626	25,328	32,980
Corporate bonds	AAA/A-	1,489	10,383	6,871	17,030	5,472	41,245
Corporate bonds	BBB+/B+	698	5,864	1,097	7,521	4,000	19,180
Corporate bonds	NR	58,525	440	—	275	184	59,424
Asset-backed securities	AAA	—	1,781	4,484	294	—	6,559
Asset-backed securities	NR	—	354	934	—	—	1,288
CMO's	AAA/A	—	—	—	—	2,591	2,591
CMO's	NR	—	—	—	—	3,045	3,045
State and local obligations	AAA/A	—	—	—	697	—	697
State and local obligations	AA/AA+	—	—	—	323	474	797
State and local obligations	AA-/A-	—	—	—	—	858	858
State and local obligations	BBB+	—	—	—	106	—	106
Other fixed income	NR	—	243	1,248	—	—	1,491
		$ 62,184	50,249	28,874	55,082	52,401	248,790

		June 30, 2015					
		Maturity					
Type of investments	Credit rating	Under 1 year	1–3 Years	3–5 Years	5–10 Years	Over 10 years	Fair value
U.S. treasury securities	NR	$ 2,662	11,442	7,686	31,455	9,420	62,665
U.S. government agencies	AAA/AA+	—	869	4,351	7,446	3,483	16,149
U.S. government agencies	A/AA-	1,379	—	1,829	—	—	3,208
U.S. government agencies	NR-AGY		—	2,437	6,311	31,595	40,343
Corporate bonds	AAA/A-	867	12,736	9,996	16,757	5,029	45,385
Corporate bonds	BBB+/B+	694	808	4,700	5,804	5,302	17,308
Corporate bonds	NR	523	443	—	195	—	1,161
Asset-backed securities	AAA	457	960	2,786	412	—	4,615
Asset-backed securities	NR	—	647	2,477	—	—	3,124
Automotive Loan Receivable	NR	—	—	248	—	—	248
CMO's	AAA/A	—	—	—	—	5,625	5,625
CMO's	NR	—	—	—	—	1,746	1,746
State and local obligations	AAA/A	—	—	—	662	—	662
State and local obligations	AA/AA+	—	—	—	318	415	733
State and local obligations	AA-/A-	—	—	—	182	790	972
Other fixed income	NR	—	1,727	1,225	247	—	3,199
		$ 6,582	29,632	37,735	69,789	63,405	207,143

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Plan will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Custodial credit risks for investments, is the risk that in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The City requires that uninsured collected balances held in trust by the City for the Plan plus accrued interest in depository accounts be collateralized and that the market value of collateralized pledged securities must be at least 110% of the deposit balances, and 102% of collateral value for repurchase agreements.

All investments of the Plan are either held by the Plan or by the counterparty in the Plan's name; therefore, the Plan's investments had no custodial risks as of June 30, 2016 and 2015.

Concentration Credit Risk

The Plan does not have a policy regarding the concentration of credit risk. Investments in any one issuer representing 5% or more of the net position restricted for pensions at June 30, 2016 and 2015 are as follows (dollars in thousands):

Issuer	Investment type	Fair value 2016	Fair value 2015
Colchester	Commingled Bond Fund	$ 58,525	—
BlackRock Value Index Fund	Commingled Equity Fund	104,899	—
NTGI Russell Growth Index Fund	Commingled Equity Fund	—	168,558
Ishares Russell Value ETF	Commingled Equity Fund	—	72,900
BlackRock Growth Index Fund	Commingled Equity Fund	149,394	—

(Continued)

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates could adversely affect an investment's or deposits fair value. The Plan does not have a policy regarding foreign currency risk.

Although all of the foreign equity securities are American Depository Receipts (ADR's), this does not eliminate the foreign currency risk involved in purchasing foreign securities.

The following tables provide the value in U.S. dollars by foreign currency denominations and investment type for the Plan investments denominated in foreign currencies as of June 30, 2016 and 2015 (dollars in thousands):

	June 30, 2016			
	Short term	Fixed income	Equities	Total
Currency:				
Australia	$ —	166	—	166
Belgium	—	1,375	—	1,375
Canada	—	1,092	—	1,092
China	—	—	603	603
Europe/Far East Region	—	—	346	346
France	—	242	—	242
Germany	—	603	—	603
International Region	—	—	47,108	47,108
Ireland	—	—	776	776
Netherlands	—	160	496	656
United Kingdom	—	765	—	765
	$ —	4,403	49,329	53,732

	June 30, 2015			
	Short term	Fixed income	Equities	Total
Currency:				
Australia	$ —	168	—	168
Canada	—	710	736	1,446
China	247	—	2,352	2,599
France	—	235	—	235
International Region	—	—	41,948	41,948
Ireland	—	—	819	819
Israel	—	—	1,777	1,777
Netherlands	—	150	—	150
United Kingdom	—	774	—	774
	$ 247	2,037	47,632	49,916

(b) Fair Value of Investments

GASB Statement No. 72, *Fair Value Measurement and Application*, enhances comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. The standard establishes a hierarchy of inputs used to measure fair value that prioritizes the inputs into three categories – Level 1, Level 2 and Level 3 inputs – considering the relative reliability of the inputs. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted (unadjusted) prices in active markets for identical financial assets or liabilities that are accessible at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the financial asset or liability.

The level in the fair value hierarchy within which a fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The Plan also has investments held through limited partnerships and commingled vehicles for which fair value is estimated using the NAV reported by the investment manager as a practical expedient to fair value. Such investments have not been categorized within the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of fiduciary net position.

The following tables present the financial assets carried at fair value by level within the valuation hierarchy as of June 30, 2016 and 2015 (in thousands):

	2016			
	Level 1	**Level 2**	**Level 3**	**Total**
Short term investments:				
Cash and cash equivalents	$ 20,437	—	—	20,437
Debt securities:				
Asset backed securities	—	46,462	—	46,462
Corporate and municipal bonds	—	65,274	—	65,274
U. S. agency Securities	—	27,717	—	27,717
U. S. treasury Securities	50,812	—	—	50,812
Total debt securities	50,812	139,453	—	190,265
Equity securities:				
Commingled equity fund	—	254,292	—	254,292
Common stock	251,725	—	—	251,725
Exchange traded funds	104,446	—	—	104,446
Total equity securities	356,171	254,292	—	610,463
Total investments at fair value	$ 427,420	393,745	—	821,165
Investments measured at NAV:				
Commingled bond funds				58,525
Commingled equity funds				39,128
Private equity funds				20,315
Real estate fund				4,646
Total investments measured at NAV				122,614
Total investments				$ 943,779

(Continued)

	2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Short term investments:				
Cash and cash equivalents	$ 21,428	—	—	21,428
Debt securities:				
Asset backed securities	—	52,323	—	52,323
Corporate and municipal bonds	—	69,667	—	69,667
U. S. agency Securities	—	22,488	—	22,488
U. S. treasury Securities	62,665	—	—	62,665
Total debt securities	62,665	144,478	—	207,143
Equity securities:				
Common stock	250,588	—	—	250,588
Exchange traded funds	262,448	—	—	262,448
Total equity securities	513,036	—	—	513,036
Total investments at fair value	$ 597,129	144,478	—	741,607
Investments measured at NAV:				
Commingled equity funds				211,190
Private equity funds				18,093
Real estate fund				4,324
Total investments measured at NAV				233,607
Total investments				$ 975,214

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 1 are valued using prices quoted in active markets. Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices. These securities have non-proprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

Commingled equity funds classified in Level 2 are valued using prices quoted in active markets for those investment types and the readily determinable fair value per share (unit) which is determined based on the publication of the price or on the basis of current transactions.

Investments in privately held limited partnerships and commingled vehicles which do not have a readily determined fair value are valued using the NAV provided by the general partner/investment manager as of June 30, 2016. The monthly or quarterly values of the partnership investments provided from the general partner are reviewed by the Plan to determine if any adjustments are necessary. The Plan currently has no plans to sell any of the investments resulting in these assets being carried at the NAV estimated by the general partner/investment manager.

(c) Securities Lending

State statutes and Board of Trustees policies permit the Plan to lend its securities to broker dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. As of June 30, 2016 and 2015, the Plan has no credit risk exposure to securities lending.

(d) Alternative Investments

The Board has authorized the Plan to invest in alternative investments. As of June 30, 2016 and 2015, a total of $20,315,000 and $18,093,000, respectively, are included in alternative investments as part of the partnership agreement. The Plan may not voluntarily withdraw from the partnership prior to its dissolution, and no limited partnership interest is redeemable or repurchasable by the partnership at the option of the Plan.

As of June 30, 2016, the related unfunded commitments of the Plan's alternative investments and limitations and restrictions on the Plan's ability to redeem or sell are summarized as follows (in thousands):

	Unfunded commitments	Redemptions frequency (if currently eligible)	Redemptions notice period
Private equity fund	$ 4,977	not eligible	not eligible

Although the Plan is obligated to fund these commitments, many of these agreements allow resale.

(e) Real Estate Investments

Real estate investments may include joint ventures, partnerships and other participation interests with real estate owners, developers and others for the purpose of owning and operating any particular investment. As of June 30, 2016 and 2015, a total of $4,646,000 and $4,324,000, respectively, are included in alternative investments as part of the partnership agreement.

(4) Contributions Required and Contributions Made

The required contribution percentages developed in the most recent actuarial valuation for the Plan for the years ended June 30, 2016 and 2015 and the actual contributions made are as follows (dollars in thousands):

		2016
Service cost		23.21%
Amortization of the unfunded actuarial accrued liability		21.81
Total required contributions as a percentage of covered payroll		45.02%
Actual employee contributions:		
Dollar amount	$	11,825
Percent of covered payroll		12.72%
Actual employer contributions:		
Dollar amount	$	25,441
Percent of covered payroll		27.37%

		2015
Service cost		23.86%
Amortization of the unfunded actuarial accrued liability		22.41
Total required contributions as a percentage of covered payroll		46.27%
Actual employee contributions:		
Dollar amount	$	11,224
Percent of covered payroll		11.96%
Actual employer contributions:		
Dollar amount	$	32,693
Percent of covered payroll		34.84%

The annual covered payroll for the City Police was $92,965,000 and $93,836,000, respectively, for the years ended June 30, 2016 and 2015. The actual employer contributions shown above include amounts used to fund retiree supplemental cost of living increases and other minimum benefits. These amounts are components of the City's contributions for purposes of meeting actuarially determined funding requirements.

(5) Contributions Receivable

(a) Employer

Employer contributions receivable represents Annual Required Contributions owed, but not yet remitted to the Plan by the City. Total contributions receivable from the employer was $1,144,000 and $3,440,000, respectively, as of June 30, 2016 and 2015.

(b) Employees

Employees may receive credit for years of service from employment with certain state and local governmental agencies as well as prior employment with the City, upon payment to the Plan of an amount, as defined in the 1927 Act, as amended, representing contributions applicable to such service period. These contributions may be paid over a future period, even after retirement. In addition, 1962 and 1978 amendments to the Plan increased pension benefits and the related employee contribution rates. Active employees may retroactively increase their contribution rates from the date of employment in order to receive the maximum increased benefits available under the 1962 and 1978 amendments. These "back contributions" may also be paid over a future period. Contributions from employees include amounts withheld from employees' pay but not yet remitted to the Plan. Total contributions receivable from employees were $418,000 and $413,000, respectively, as of June 30, 2016 and 2015.

(6) Tax Status

The Plan and its trust are intended to be qualified under Sections 401(a) and 501(c) of the Internal Revenue Code (IRC) such that they are not subject to tax under federal income tax laws. The Internal Revenue Service (IRS) issued a favorable determination letter on February 11, 2013 with respect to the Plan, in which the IRS stated that the Plan, as then designed, was in compliance with the applicable requirements of the IRC.

(7) Net Pension Liability of the Plan

The components of the net pension liability at June 30, 2016 and 2015 were as follows:

		2016	2015
Total pension liability	$	1,317,840	1,294,907
Fiduciary net position		950,415	983,385
Net pension liability	$	367,425	311,522
Fiduciary net position as a percentage of total pension liability		72.12%	75.94%

(a) Actuarial Assumptions

The total pension liability was determined by the actuarial valuation as of July 1, 2015 for 2016 and as of July 1, 2014 for 2015, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.25%
Salary increases	4%
Investment rate of return	7.41%, net of pension plan investment expense, including inflation

(Continued)

Mortality rates were based on the sex-distinct rates set forth in the RP-2000 Mortality Table projected to 2015 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) Section 430; future generational improvements in mortality have not been reflected.

The Plan provides for an annual cost-of-living adjustment based on the CPI limited to 1% per year for employees hired after August 31, 2011, or 3% per year for employees hired before September 1, 2011.

The latest experience study was through June 30, 2011. In preparing the latest actuarial valuation the results of the experience study are reviewed against the actuarial valuation results.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of real rates of return for each major asset class included in the Plan's target asset allocation as of June 30, 2016 and 2015 are summarized in the following tables:

	2016	
Asset class	**Target allocation**	**Expected long-term real rate of return**
Domestic equity	7%	6.01%
Domestic large-cap equity	30	6.91
Domestic mid-cap equity	15	8.91
Domestic small-cap equity	9	5.01
International equity	9	3.31
Fixed income and cash equivalents	25	0.81
Alternative investments	5	7.51
	100%	

(Continued)

	2015	
Asset class	**Target allocation**	**Expected long-term real rate of return**
Domestic equity	7%	6.01%
Domestic large-cap equity	30	6.91
Domestic mid-cap equity	15	8.91
Domestic small-cap equity	9	5.01
International equity	9	3.31
Fixed income and cash equivalents	25	0.81
Alternative investments	5	7.51
	100%	

(b) Discount Rate

A discount rate of 7.41% was applied in the measurement of the total pension liability as of June 30, 2016 and June 30, 2015. The rate reflects current economic conditions. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and the employer contributions will be made at the rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(c) Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of June 30, 2016 and 2015, calculated using the discount rate of 7.41%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.41%) or 1-percentage-point higher (8.41%) than the current rate (dollars in thousands):

		2016		
		1% Decrease 6.41%	**Current discount rate 7.41%**	**1% Increase 8.41%**
Total pension liability	$	1,497,648	1,317,840	1,171,130
Less fiduciary net position		950,415	950,415	950,415
Net pension liability	$	547,233	367,425	220,715

(Continued)

	2015		
	1% Decrease 6.41%	Current discount rate 7.41%	1% Increase 8.41%
Total pension liability	$ 1,474,145	1,294,907	1,148,919
Less fiduciary net position	983,385	983,385	983,385
Net pension liability	$ 490,760	311,522	165,534

(d) Actual Valuation Date

The total pension liability at June 30, 2016 is based on July 1, 2015 actuarial valuation and the pension liability at June 30, 2015 is based on the July 1, 2014 actuarial valuation. The expected total pension liabilities were determined as of June 30, 2016 and 2015 using standard roll-forward techniques. The roll-forward calculation adds the annual normal cost (also called service cost), subtracts the actual benefit payments, and refunds for the plan year, and then applies the expected investment rate of return for the year.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

(See Accompanying Independent Auditors' Report)

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Required Supplementary Information

Schedule of Changes in Net Pension Liability

June 30, 2016

(Dollars in thousands)

(Unaudited)

	2016	2015	2014
Total pension liability:			
Service cost	$ 21,573	22,387	23,302
Interest	95,436	91,326	170,229
Changes of benefit terms	—	—	—
Differences between expected and actual experiences	(34,253)	(33,047)	(40,172)
Changes of assumptions	—	—	—
Benefit payments, including refunds of member contributions	(59,823)	(56,253)	(53,279)
Net change in total pension liability	22,933	24,413	100,080
Total pension liability – beginning	1,294,907	1,270,494	1,170,414
Total pension liability – ending	1,317,840	1,294,907	1,270,494
Plan fiduciary net position:			
Contributions – employer	25,441	32,693	30,197
Contributions – employee	11,825	11,224	11,232
Net investment (loss) income	(10,177)	8,734	171,192
Other income	193	4	3
Benefit payments, including member refunds	(59,823)	(56,253)	(53,279)
Administrative expenses	(429)	(524)	(653)
Net change in plan fiduciary net position	(32,970)	(4,122)	158,692
Plan fiduciary net position – beginning	983,385	987,507	828,815
Plan fiduciary net position – ending	950,415	983,385	987,507
Plan net pension liability – ending	$ 367,425	311,522	282,987

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Required Supplementary Information

Schedule of Net Pension Liability and Related Ratios

June 30, 2016

(Dollars in thousands)

(Unaudited)

		2016	2015	2014
Total pension liability	$	1,317,840	1,294,907	1,270,494
Plan fiduciary net position		950,415	983,385	987,507
Net pension liability	$	367,425	311,522	282,987
Plan fiduciary net position as a percentage of the total pension liability		72.12%	75.94%	77.73%
Covered-employee payroll	$	92,965	93,836	91,840
Net pension liability as a percentage of covered-employee payroll		395.23%	331.99%	308.13%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Required Supplementary Information

Schedule of Employer Contributions

Year ended June 30, 2016

(Dollars in thousands)

(Unaudited)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	$ 25,441	32,693	30,197	26,525	33,748	19,568	40,422	41,213	44,434	45,229
Contributions in relation to the actuarially determined contribution	25,441	32,693	30,197	26,525	33,748	19,568	40,422	41,213	44,434	45,229
Contribution deficiency (excess)	$ —	—	—	—	—	—	—	—	—	—
Covered-employee payroll	$ 92,965	93,836	91,840	88,297	73,688	83,551	78,519	82,030	84,015	77,168
Contributions as a percentage of covered-employee payroll	27.37%	34.83%	32.88%	30.04%	45.80%	23.42%	51.48%	50.24%	52.89%	58.61%

See accompanying independent auditors' report.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Required Supplementary Information

Schedule of Investment Returns

Year ended June 30, 2016

(Unaudited)

	2016	2015	2014	2013	2012	2011	2010	2009
Annual money-weighted rate of return, net of net of investment expense	(0.71)%	1.22%	21.37%	15.73%	0.99%	21.30%	12.07%	(13.15)%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

CITY OF ATLANTA, GEORGIA
POLICE OFFICERS' PENSION PLAN

Notes to Required Supplementary Information

Year ended June 30, 2016

(Unaudited)

(1) Schedule of Changes in Net Pension Liability

The total pension liability contained in this schedule was provided by the Plan's actuary, Southern Actuarial Services. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the Plan.

(2) Schedule of Employer Contributions

The actuarially determined contributions and comparison to those contributions actually made are presented in the schedule.

(3) Actuarial Methods and Assumptions

Changes of assumptions: No assumptions were changed since the last measurement date.

Method and assumptions used in calculations of actuarially determined contributions: The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Valuation date	July 1, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percentage, closed
Remaining amortization period	26 years
Asset valuation method	Market value
Inflation rate	2.25%
Salary increases	4.00
Investment rate of return	7.41

GRS Gabriel Roeder Smith & Company
Consultants & Actuaries

MONTGOMERY COUNTY EMPLOYEES' RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF JULY 1, 2016

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GRS
Gabriel Roeder Smith & Company
Consultants & Actuaries
120 North LaSalle Street
Suite 1350
Chicago, IL 60602
312.456.9800 phone
312.683.3271 fax
www.gabrielroeder.com

November 17, 2016

Ms. Linda Herman
Executive Director
Montgomery County Employee Retirement Plans
101 Monroe Street, 15th Floor
Rockville, MD 20850

Dear Linda:

We are pleased to provide our formal annual Actuarial Valuation Report as of July 1, 2016, for the Montgomery County Employees' Retirement System ("System"). The actuarial valuation was performed at the request of Montgomery County ("County") and is intended for use by the County and the System and those designated by the County and the System. This report may be provided to parties other than the County and System only in its entirety and only with the permission of the County and System. GRS is not responsible for unauthorized use of this report.

This report provides, among other things, the recommended annual contribution to the System for the Plan Year commencing July 1, 2017, and ending on June 30, 2018. Information required by GASB Statement Nos. 67 and 68 is provided in a separate report. This report should not be relied on for any purpose other than the purpose described.

The actuarial valuation was based upon information furnished by the County Staff, concerning benefits provided by the Montgomery County Employees' Retirement System, financial transactions, plan provisions and census data for active members, terminated members, retirees and beneficiaries as of July 1, 2016. We checked for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the County Staff.

The actuarial assumptions and methods have remained unchanged since the last actuarial valuation, performed as of July 1, 2015. The average County contribution requirement as a percentage of payroll calculated in this actuarial valuation is approximately 1 percent of pay lower and the estimated County contribution requirement as a dollar amount is approximately $3 million lower than the County contribution requirement calculated in the last actuarial valuation. Because the System is less than 100 percent funded, the County may want to consider contributing an amount that is not less than the prior year County contribution amount.

All plan provisions have remained unchanged since the last actuarial valuation, performed as of July 1, 2015.

To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Montgomery County Employees' Retirement System as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

Lance J. Weiss and Amy Williams are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions herein.

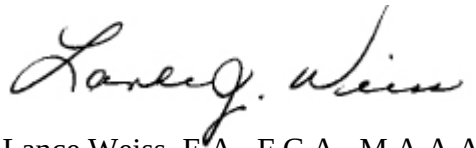
The signing actuaries are independent of the plan sponsor.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.

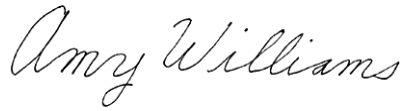
We will be pleased to review this report with you at your convenience.

Respectfully submitted,

Gabriel, Roeder, Smith & Company



Lance Weiss, E.A., F.C.A., M.A.A.A.
Senior Consultant and Team Leader



Amy Williams, A.S.A., M.A.A.A., F.C.A.
Consultant

LW/AW:rmn

SECTION A

ACTUARIAL VALUATION RESULTS

COMMENTS ON THE ACTUARIAL VALUATION

At your request, we have performed an actuarial valuation of the Montgomery County Employees' Retirement System as of July 1, 2016.

The purposes of this actuarial valuation are as follows:

- To determine the funding status of the System as of the actuarial valuation date;
- To determine the recommended contribution for the fiscal year beginning July 1, 2017; and
- To provide other data required by the System.

Accounting information required under Governmental Accounting Standards Board ("GASB") Statement Nos. 67 and 68 is presented in a separate report.

We received the data from the Montgomery County Employees' Retirement System Staff. We performed certain checks for reasonableness and found the data to be complete and reliable for actuarial valuation purposes. However, we did not audit the data.

A total of 5,513 active members (excluding DRSP and DROP) were included in the actuarial valuation as of July 1, 2016. Between the 2015 and 2016 actuarial valuations, the number of active employees decreased by 28 members, or 0.5 percent. The average annual actuarial valuation pay (excluding DRSP and DROP) increased by 2.6 percent, from $75,569 to $77,566 between the 2015 and 2016 actuarial valuation. The number of benefit recipients (including DRSP and DROP) increased from 6,380 to 6,453, or 1.1 percent, since the last actuarial valuation. The average monthly benefit increased by 1.1 percent, from $3,077 to $3,110. Section B summarizes the membership data.

There is a group of retirees that have benefits that are insured by Aetna. The total benefit amount reported for each of these members in the actuarial valuation report includes the insured benefit amount. The actuarial liabilities calculated in the actuarial valuation report exclude the value of the insured benefits. The liabilities for these members that are included in the actuarial valuation are for the cost of living adjustments provided and are paid by the Montgomery County Employees' Retirement System.

Section C outlines the actuarial assumptions and methods used in the actuarial valuation. The actuarial assumptions used in this actuarial valuation are the same as those used in the actuarial valuation at July 1, 2015. The assumption for administrative expenses is equal to 105 percent of the average of the prior three years' administrative expenses. This amount has increased from $2,813,800 to $3,028,300.

Section D outlines the principal benefit provisions of the System. There have been no plan changes since the last actuarial valuation as of July 1, 2015.

During the plan year ending June 30, 2016, the unfunded actuarial accrued liability ("UAAL") decreased from $420,661,242 as of July 1, 2015, to $342,505,693 as of July 1, 2016, which is a decrease of $78,155,549. The key factors contributing to the decrease in the UAAL were contributions under the funding policy that are expected to decrease the UAAL, higher dollar contributions than expected and lower than expected cost of living (COLA) increases for retired members. (The COLA increase was 1.212 percent compared to an assumed COLA increase of 2.75 percent from last year's actuarial valuation for benefits attributable to service prior to July 1, 2011, and an assumed COLA increase of 2.30 percent for benefits attributable to service on or after July 1,

2011. For members that receive an increase based on 60 percent of CPI, the actual increase was 0.727 percent compared to an assumption of 1.65 percent from last year's valuation.) These gains were partially offset by recognition of deferred asset losses from fiscal years 2012, 2015, and 2016.

On a market value basis, the Plan assets had an investment return of approximately 1.42[1] percent (net of investment expenses). Recognition of the fiscal year end 2012, 2015, and 2016 investment losses were partially offset by recognition of investment gains during fiscal years ending 2013 and 2014, which resulted in an estimated net asset rate of return of 6.86 percent on an actuarial value of assets basis, which compares to the assumed rate of return of 7.50 percent.

The funded ratio (ratio of assets to liabilities) increased from 89.6 percent to 91.7 percent on an actuarial value of assets basis, but decreased from 90.4 percent to 87.9 percent on a market value of assets basis between the 2015 and 2016 actuarial valuations.

The funded ratio and unfunded actuarial accrued liability are appropriate for assessing the need for and the amount of future unfunded liability contributions (excludes normal cost contributions). They are not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the System's benefit obligations.

Recommended County Contributions

The total contribution rate is equal to the normal cost rate plus amortization of the unfunded liability as a level percentage of payroll. The unfunded liability as of July 1, 2015, for the Non-Public Safety groups (Groups A and H) was amortized over a closed period of 9 years (8 years remaining at the actuarial valuation as of July 1, 2016) and the unfunded liability base established as of July 1, 2016, was amortized over an 8-year closed period. The unfunded liability as of July 1, 2015, for the Public Safety groups (Groups E, F and G) and GRIP was amortized over a closed period of 20 years (19 years remaining at the actuarial valuation as of July 1, 2016) and the unfunded liability base established as of July 1, 2016, was amortized over a 20-year closed period.

The single equivalent amortization period for the System in total as of July 1, 2016, is 10.0 years. The single equivalent amortization period is 8.0 years for the Non-Public Safety groups, 18.6 years for the Public Safety groups, and 19.0 years for GRIP as of July 1, 2016. The current unfunded liability as of July 1, 2016, is expected to be fully paid off after eight years (at the end of fiscal year 2025) for the non-public safety groups and after 20 years (at the end of fiscal year 2037) for the public safety groups and GRIP. (Because the unfunded liability base established as of July 1, 2016, was negative, which results in amortization credits, the unfunded liability is expected to be fully paid off after 19 years.)

The unfunded liability is amortized as a level percentage of payroll and assumes that total payroll will increase by 3.25 percent each year. Groups A and H are closed plans (no new members are entering), and payroll is expected to decrease as members retire or otherwise exit the active population. Based on the level percentage of payroll amortization method, the portion of the County contribution rate attributable to the unfunded liability is expected to increase significantly as a percentage of payroll, as payroll declines. However, if all assumptions are realized, the unfunded liability contribution will increase as a dollar amount by 3.25 percent each year. The payroll basis used in calculating the percentage of pay contribution for amortizing the unfunded liability for fiscal year 2018 reflects the assumption that fiscal year 2018 payroll will decrease from the payroll as of July 1, 2016, for the closed groups.

[1] *As provided by Montgomery County ERS.*

The total contribution rate minus the average employee contribution rate equals the County contribution rate. The actuarial valuation as of July 1, 2015, established the County contribution rate for fiscal year beginning July 1, 2016 and ending June 30, 2017. The actuarial valuation as of July 1, 2016, establishes the County contribution rate for fiscal year beginning July 1, 2017, and ending June 30, 2018.

Non-GRIP

The unfunded liability by group as of July 1, 2016, was calculated as the difference between the actuarial accrued liability and the actuarial value of assets as of July 1, 2016. The unfunded liability as of July 1, 2016, is amortized over a single closed eight year period for non-Public Safety (Groups A and H). The unfunded liability for Public Safety (Groups E, F and G) as of July 1, 2015, was amortized over an initial closed period of 20 years (19 years remaining at the actuarial valuation as of July 1, 2016) as a level percentage of payroll. The additional unfunded liability from the actuarial valuation as of July 1, 2016 (and each subsequent actuarial valuation) is amortized over a 20-year closed period as a level percentage of payroll. Additional details on the unfunded liability and amortization payments by group can be found in Section C.

The amortization base for GRIP is separately tracked. Outside agencies are separately amortizing their portion of the non-GRIP unfunded liability as a level dollar amount over a 20-year closed period as of July 1, 2015. In determining the unfunded actuarial accrued liability base and amortization of unfunded liability contribution rate for Group A, the non-GRIP outside agencies' unfunded liability was deducted along with excluding the non-GRIP outside agencies' contribution basis payroll for amortization of the unfunded actuarial accrued liability.

The County contribution rate for fiscal year 2018 decreased for Public Safety and increased for non-Public Safety from the fiscal year 2017 County contribution rate. Both Public Safety and non-Public Safety groups experienced favorable experience during fiscal year 2016, including lower retiree COLA increases than expected under the actuarial assumptions and higher contributions than expected. This favorable experience was partially offset by recognition of deferred asset losses from fiscal years 2012, 2015, and 2016.

The average County contribution requirement as a percentage of payroll calculated in this actuarial valuation is approximately 1 percent of pay lower and the estimated County contribution requirement as a dollar amount is approximately $3 million lower than the County contribution requirement calculated in the last actuarial valuation. Because the System is less than 100 percent funded, the County may want to consider contributing an amount that is not less than the prior year County contribution amount.

The actuarial value of assets is currently 104 percent of the market value of assets. There is $151,588,453 in net asset losses currently being deferred ($156,952,661 in total for GRIP and non-GRIP) that will be phased into the actuarial value of assets over the next four years. Assuming all future assumptions are realized, there is projected to be an increase in the recommended County contribution as the remaining deferred asset losses are recognized.

GRIP

Beginning with the July 1, 2015, actuarial valuation, amortization bases established prior to July 1, 2015, were recombined into a single amortization base equal to the unfunded liability as of July 1, 2015. The unfunded liability for GRIP as of July 1, 2015, was amortized over an initial closed period of 20 years (19 years remaining at the actuarial valuation as of July 1, 2016) as a level percentage of payroll. The additional unfunded liability from the actuarial valuation as of July 1, 2016 (and each subsequent actuarial valuation) is amortized over a 20-year closed period as a level percentage of payroll.

The County contribution rate for fiscal year 2018 increased for GRIP members from the fiscal year 2017 rate. The increase in the County contribution rate is mainly attributable to amortizing the negative unfunded liability contribution over a larger payroll base, which results in a lower unfunded liability amortization rate.

The actuarial value of GRIP assets is approximately 104 percent of the market value of assets. There is $5,364,208 in net losses currently being deferred that will be phased into the actuarial value of assets over the next four years. Assuming all future assumptions are realized, there is projected to be an increase in the recommended County contribution as the remaining deferred asset losses are recognized.

SUMMARY OF ACTUARIAL VALUATION RESULTS

		July 1, 2015 Results	July 1, 2016 Results
Membership Data	Active Members	5,541	5,513
	DRSP/DROP	95	105
	Deferred Vested	402	395
	Retirees and Beneficiaries	6,285	6,348
	TOTAL	12,323	12,361
Plan Liabilities	Actuarial Accrued Liability:		
	Active Members	$ 1,352,696,130	$ 1,393,485,137
	DRSP/DROP	94,230,847	102,641,844
	Deferred Vested	27,037,115	29,099,401
	Retirees and Beneficiaries	2,576,772,760	2,615,834,586
	TOTAL	$ 4,050,736,852	$ 4,141,060,968
	Actuarial Value of Assets at Valuation Date	$ 3,630,075,610	$ 3,798,555,275
	Unfunded (Overfunded) Actuarial Accrued Liability	$ 420,661,242	$ 342,505,693
	Funded Position of Plan's Actuarial Accrued Liability [1]	89.6 %	91.7 %

		Fiscal Year 2017	Fiscal Year 2018
Recommended Annual Contribution Requirements [2]	Annual Normal Cost as of Valuation Date	$ 70,847,993	$ 71,688,228
	Normal Cost Expense Load	2,813,800	3,028,300
	Amortization Payment	42,872,473	39,202,730
	Total Annual Required Contribution	116,534,266	113,919,258
	Expected Employee Contributions	24,551,555	24,812,730
	County Contribution Requirement	$ 91,982,711	$ 89,106,528
	Contribution Basis Payroll:		
	For Normal Cost	$ 399,844,856	$ 407,676,995
	For Amortization of Unfunded Liability	$ 399,838,119	$ 408,401,466
	County Contribution % of Payroll		
	Public Safety	23.51%	22.05%
	Non-Public Safety	42.71%	45.12%
	GRIP	5.35%	5.46%

[1] *Equals the ratio of the actuarial value of assets to the total actuarial accrued liability.*

[2] *Includes the Retirement Incentive cost. Excludes the non-GRIP outside agency unfunded liability contribution of $1,244,997. Includes the GRIP outside agency estimated normal cost and unfunded liability contribution of $372,542 and the non-GRIP outside agency estimated normal cost contribution of $157,494. County estimated contribution is $88,576,492.*

CONTRIBUTION RATE SUMMARY
ALL PLANS

	Valuation as of July 1, 2016									July 1, 2015
	Non-Public Safety			Public Safety						
	Group A	Group H	Total Non PS	Group E	Group F	Group G	Total PS	GRIP	Total	Total
County Contribution Requirement ($)										
Non-GRIP	$ 15,986,431	$ 19,476,538	$ 35,462,969	$ 6,349,798	$ 17,267,166	$ 24,542,019	$ 48,158,983	$ -	$ 83,621,952	$ 87,287,525
GRIP	-	-	-	-	-	-	-	5,484,576	5,484,576	4,695,186
Total All Plans	$ 15,986,431	$ 19,476,538	$ 35,462,969	$ 6,349,798	$ 17,267,166	$ 24,542,019	$ 48,158,983	$ 5,484,576	$ 89,106,528	$ 91,982,711
County Normal Cost Contribution Requirement (% of Payroll)										
Non-GRIP	5.64%	5.55%	5.60%	13.95%	17.97%	19.02%	17.62%		14.10%	13.90%
GRIP								6.62%	6.62%	6.61%
Total All Plans	5.64%	5.55%	5.60%	13.95%	17.97%	19.02%	17.62%	6.62%	12.24%	12.28%
County UAL Contribution Requirement (% of Payroll)										
Non-GRIP	37.59%	41.21%	39.52%	1.60%	0.66%	10.03%	4.43%		13.38%	14.34%
GRIP								-1.16%	-1.16%	-1.26%
Total All Plans	37.59%	41.21%	39.52%	1.60%	0.66%	10.03%	4.43%	-1.16%	9.60%	10.72%
Total County Contribution Requirement (% of Payroll)										
Non-GRIP	43.23%	46.76%	45.12%	15.55%	18.63%	29.05%	22.05%		27.48%	28.24%
GRIP								5.46%	5.46%	5.35%
Total All Plans	43.23%	46.76%	45.12%	15.55%	18.63%	29.05%	22.05%	5.46%	21.84%	23.00%

	Valuation as of July 1, 2015									July 1, 2014
	Non-Public Safety			Public Safety						
	Group A	Group H	Total Non PS	Group E	Group F	Group G	Total PS	GRIP	Total	Total
County Contribution Requirement ($)										
Non-GRIP	$ 15,808,781	$ 20,193,086	$ 36,001,867	$ 7,124,759	$ 18,746,781	$ 25,414,118	$ 51,285,658	$ -	$ 87,287,525	$ 109,897,544
GRIP	-	-	-	-	-	-	-	4,695,186	4,695,186	4,930,008
Total All Plans	$ 15,808,781	$ 20,193,086	$ 36,001,867	$ 7,124,759	$ 18,746,781	$ 25,414,118	$ 51,285,658	$ 4,695,186	$ 91,982,711	$ 114,827,552
County Normal Cost Contribution Requirement (% of Payroll)										
Non-GRIP	5.63%	5.56%	5.60%	14.00%	17.93%	18.99%	17.56%		13.90%	17.60%
GRIP								6.61%	6.61%	7.27%
Total All Plans	5.63%	5.56%	5.60%	14.00%	17.93%	18.99%	17.56%	6.61%	12.28%	15.44%
County UAL Contribution Requirement (% of Payroll)										
Non-GRIP	34.23%	39.63%	37.11%	2.61%	2.47%	11.61%	5.95%		14.34%	20.24%
GRIP								-1.26%	-1.26%	-0.66%
Total All Plans	34.23%	39.63%	37.11%	2.61%	2.47%	11.61%	5.95%	-1.26%	10.72%	15.64%
Total County Contribution Requirement (% of Payroll)										
Non-GRIP	39.86%	45.19%	42.71%	16.61%	20.40%	30.60%	23.51%		28.24%	37.84%
GRIP								5.35%	5.35%	6.61%
Total All Plans	39.86%	45.19%	42.71%	16.61%	20.40%	30.60%	23.51%	5.35%	23.00%	31.08%

Beginning in fiscal year 2017 for non-GRIP members, outside agencies will make normal cost contributions for their active employees (based on payroll) plus a level dollar amortization payment of $1,244,997 (which is not included in the amounts above). The level dollar amortization payment will be made for 20 years and is not based on payroll. There are 19 years remaining in the 20-year closed amortization period as of July 1, 2016.

The unfunded liability for the non-Public Safety groups was amortized over a single nine-year closed period and the unfunded liability for the Public Safety groups and GRIP was amortized over separate 20-year closed periods beginning July 1, 2015.

ACTUARIAL VALUATION RESULTS
ALL PLANS

	Valuation as of July 1, 2016								July 1, 2015	
	Non-Public Safety		Public Safety							
	Group A	Group H	Group E	Group F	Group G	GRIP	Total	% of Payroll	Total	% of Payroll
Total All Plans										
Active Members										
Number	447	665	583	1,198	1,094	1,526	5,513		5,541	
Average Age	57.4	57.9	43.8	39.0	38.7	48.7	45.9		45.6	
Average Service	27.1	25.5	12.4	13.3	12.5	8.0	14.2		14.0	
Total Base Payroll	$ 46,836,047	$ 49,424,131	$ 42,790,779	$ 96,127,773	$ 86,442,465	$ 106,001,280	$ 427,622,475		$ 418,728,584	
Contribution Basis Payroll:										
For Normal Cost	$ 43,551,017	$ 46,061,369	$ 40,620,151	$ 92,581,455	$ 83,476,239	$ 101,386,764	$ 407,676,995		$ 399,844,856	
For Amortization of Unfunded Liability*	35,985,028	41,054,141	42,790,779	96,127,773	86,442,465	106,001,280	408,401,466		399,838,119	
DRSP/DROP Members										
Number			23	39	43		105		95	
Total Base Payroll			$ 2,222,867	$ 4,082,407	$ 4,750,449		$ 11,055,723		$ 9,795,371	
Total Benefits			1,338,295	2,613,118	2,839,457		6,790,870		6,050,676	
Terminated Vested Members										
Number	57	74	33	33	21	177	395		402	
Total Benefits	$ 587,053	$ 575,867	$ 513,580	$ 384,236	$ 162,769		$ 2,223,505		$ 2,164,397	
Retired Members and Beneficiaries										
Number						3	6,348		6,285	
Total Benefits						$ 22,477	$ 234,072,926		$ 229,562,199	
Total Membership							12,361		12,323	
Actuarial Accrued Liability										
Active Members	$ 224,054,934	$ 205,088,252	$ 150,640,366	$ 387,871,192	$ 327,789,480	$ 98,040,913	$ 1,393,485,137		$ 1,352,696,130	
DRSP/DROP Members			19,543,200	39,966,991	43,131,653		102,641,844		94,230,847	
Terminated Vested Members	4,874,868	4,780,222	4,716,849	3,223,076	868,598	10,635,788	29,099,401		27,037,115	
Retired Members and Beneficiaries	735,017,172	528,704,554	253,523,215	604,546,998	493,839,967	202,680	2,615,834,586		2,576,772,760	
Total	963,946,974	738,573,028	428,423,630	1,035,608,257	865,629,698	108,879,381	4,141,060,968		4,050,736,852	
Actuarial Value of Assets	$ 856,238,444	$ 620,535,139	$ 419,426,613	$ 1,027,901,530	$ 748,958,159	$ 125,495,390	$ 3,798,555,275		$ 3,630,075,610	
Unfunded Actuarial Accrued Liability	$ 107,708,530	$ 118,037,889	$ 8,997,017	$ 7,706,727	$ 116,671,539	$ (16,616,009)	$ 342,505,693		$ 420,661,242	
Outside Agency Non-GRIP Unfunded Liability	13,328,949	-	-	-	-	-	13,328,949		13,644,019	
Net Unfunded Actuarial Accrued Liability	94,379,581	118,037,889	8,997,017	7,706,727	116,671,539	(16,616,009)	329,176,744		407,017,223	
Funded Ratio (Actuarial Value of Assets)	88.8%	84.0%	97.9%	99.3%	86.5%	115.3%	91.7%		89.6%	
Annual Gross Normal Cost										
Benefits	$ 4,643,157	$ 4,885,095	$ 8,086,150	$ 22,063,048	$ 21,355,927	$ 10,654,851	$ 71,688,228	(17.58%)	$ 70,847,993	(17.72%)
Expenses of Administration	486,913	445,695	327,369	842,915	712,347	213,061	3,028,300	(0.75%)	2,813,800	(0.70%)
Total	5,130,070	5,330,790	8,413,519	22,905,963	22,068,274	10,867,912	74,716,528	(18.33%)	73,661,793	(18.42%)
Amortization of Unfunded Liability [1]	$ 13,528,485	$ 16,919,694	$ 682,771	$ 630,583	$ 8,667,757	$ (1,226,560)	$ 39,202,730	(9.60%)	$ 42,872,473	(10.72%)
Annual Contribution Requirement:										
County Portion	$ 15,986,431	$ 19,476,538	$ 6,349,798	$ 17,267,166	$ 24,542,019	$ 5,484,576	$ 89,106,528	(21.84%)	$ 91,982,711	(23.00%)
Employee Portion	2,672,124	2,773,946	2,746,492	6,269,380	6,194,012	4,156,776	24,812,730	(6.09%)	24,551,555	(6.14%)
Total	18,658,555	22,250,484	9,096,290	23,536,546	30,736,031	9,641,352	113,919,258	(27.93%)	116,534,266	(29.14%)
Non-Public Safety/Public Safety/GRIP County Portion		$ 35,462,969			$ 48,158,983	$ 5,484,576				
*Excludes Non-GRIP Payroll from Outside Agencies										
Outside Agency UAL Payroll	$ 2,539,450									

[1] *Amortization bases established prior to the July 1, 2015, actuarial valuation were recombined into a single amortization base equal to the total unfunded liability as of July 1, 2015. Beginning July 1, 2015, amortization of the current and future unfunded liability will occur over a single closed period of nine years for the non-Public Safety groups and separate closed 20-year amortization periods for the Public Safety groups and GRIP.*

ACTUARIAL VALUATION RESULTS
OUTSIDE AGENCIES

Valuation as of July 1, 2016

Non-GRIP	Assessment and Taxation	Circuit Court	CRU 92 Credit Union	District Court	Housing Opportunities Commission	Revenue Authority	Strathmore Hall	Town of Chevy Chase	Washington Suburban Transit Commission	Total Agency (Excluding GRIP)	Total Non-Agency (Excluding GRIP)	Total ERS (Excluding GRIP)
Actuarial Accrued Liability												
Active Members (Non-GRIP)	$ -	$ 615,210	$ 600,869	$ -	$ 11,503,086	$ 394,172	$ 837,896	$ -	$ -	$ 13,951,233	$ 1,281,492,991	$ 1,295,444,224
DRSP/DROP Members	-	-	-	-	-	-	-	-	-	-	102,641,844	102,641,844
Terminated Vested Members	-	-	-	-	1,361,905	-	-	25,153	-	1,387,058	17,076,555	18,463,613
Retired Members and Beneficiaries	13,015,922	-	3,994,454	1,492,038	38,071,392	4,601,808	2,456,257	1,097,575	258,622	64,988,068	2,550,643,838	2,615,631,906
Total	$ 13,015,922	$ 615,210	$ 4,595,323	$ 1,492,038	$ 50,936,383	$ 4,995,980	$ 3,294,153	$ 1,122,728	$ 258,622	$ 80,326,359	$ 3,951,855,228	$ 4,032,181,587
Actuarial Accrued Liability by Group												
Group A	$ 13,015,922	$ 615,210	$ 4,595,323	$ 1,492,038	$ 50,936,383	$ 4,995,980	$ 3,294,153	$ 1,122,728	$ 258,622	$ 80,326,359		
Remaining Unfunded Actuarial Accrued Liability												
Non-GRIP	$ 2,257,758	$ 82,597	$ 748,050	$ 396,294	$ 8,074,932	$ 983,893	$ 534,401	$ 139,285	$ 111,739	$ 13,328,949	$ 345,792,753	$ 359,121,702
20-Year Level Dollar Amortization of Unfunded Actuarial Accrued Liability[1]												
Non-GRIP	$ 210,887	$ 7,715	$ 69,872	$ 37,016	$ 754,243	$ 91,901	$ 49,916	$ 13,010	$ 10,437	$ 1,244,997		
Contribution Basis Payroll:												
For Normal Cost (Non-GRIP)	$ -	$ 66,002	$ 115,546	$ -	$ 2,334,961	$ 78,270	$ 197,666	$ -	$ -	$ 2,792,445	$ 303,497,786	$ 306,290,231
Normal Cost Contribution Requirement (% of Payroll)	5.64%	5.64%	5.64%	5.64%	5.64%	5.64%	5.64%	5.64%	5.64%	5.64%		
Estimated Normal Cost $ Contribution Requirement	$ -	$ 3,723	$ 6,517	$ -	$ 131,692	$ 4,414	$ 11,148	$ -	$ -	$ 157,494	$ 43,035,168	$ 43,192,662
Actual $ UAL Contribution Requirement	210,887	7,715	69,872	37,016	754,243	91,901	49,916	13,010	10,437	1,244,997	40,429,290	41,674,287
Estimated Total $ Contribution Requirement	$ 210,887	$ 11,438	$ 76,389	$ 37,016	$ 885,935	$ 96,315	$ 61,064	$ 13,010	$ 10,437	$ 1,402,491	$ 83,464,458	$ 84,866,949

GRIP	Assessment and Taxation	Circuit Court	CRU 92 Credit Union	District Court	Housing Opportunities Commission	Revenue Authority	Strathmore Hall	Town of Chevy Chase	Washington Suburban Transit Commission	Total Agency (GRIP Only)	Total Non-Agency (GRIP Only)	Total ERS (GRIP Only)
Contribution Basis Payroll:												
For Normal Cost (GRIP)	$ -	$ 977,805	$ -	$ -	$ 5,432,117	$ 101,895	$ 330,076	$ 35,943	$ -	$ 6,877,836	$ 94,508,928	$ 101,386,764
For Amortization of Unfunded Liability (GRIP)	-	1,002,402	-	-	5,646,891	105,788	343,650	36,674	-	7,135,405	98,865,876	106,001,280
Normal Cost Contribution Requirement (% of Payroll)	6.62%	6.62%	6.62%	6.62%	6.62%	6.62%	6.62%	6.62%	6.62%			
UAL Contribution Requirement (% of Payroll)	-1.16%	-1.16%	-1.16%	-1.16%	-1.16%	-1.16%	-1.16%	-1.16%	-1.16%			
Estimated Normal Cost $ Contribution Requirement	$ -	$ 64,731	$ -	$ -	$ 359,606	$ 6,745	$ 21,851	$ 2,379	$ -	$ 455,313	$ 6,255,823	$ 6,711,136
Estimated $ UAL Contribution Requirement	-	(11,628)	-	-	(65,504)	(1,227)	(3,986)	(425)	-	(82,771)	(1,143,789)	(1,226,560)
Estimated Total $ Contribution Requirement	$ -	$ 53,103	$ -	$ -	$ 294,102	$ 5,518	$ 17,865	$ 1,954	$ -	$ 372,542	$ 5,112,034	$ 5,484,576
Total Non-GRIP and GRIP												
Fixed 20-Year Level Dollar Amortization Payment	$ 210,887	$ 7,715	$ 69,872	$ 37,016	$ 754,243	$ 91,901	$ 49,916	$ 13,010	$ 10,437	$ 1,244,997		
Estimated $ Contribution for Payroll Based Contribution	-	56,825	6,517	-	425,794	9,933	29,013	1,954	-	530,036		
Total Estimated Contribution	$ 210,887	$ 64,540	$ 76,389	$ 37,016	$ 1,180,037	$ 101,834	$ 78,929	$ 14,964	$ 10,437	$ 1,775,033	$ 88,576,492	$ 90,351,525

[1] *The remaining amortization period is 19 years as of July 1, 2016.*

Beginning in fiscal year 2017 for non-GRIP members, outside agencies will make normal cost contributions for their active employees (based on payroll) plus the level dollar amortization payment shown above. The level dollar amortization payment will be made for 20 years and is not based on payroll. Contributions for GRIP members will continue to be made based on the contribution rates determined in the actuarial valuations and actual payroll. Contribution basis payroll for normal cost that is shown is the fiscal year 2017 amount. Actual projected payroll for non-GRIP for fiscal year 2018 may be lower than the amount shown (or $0 if there are no remaining active members).

ACTUARIAL VALUATION RESULTS
GUARANTEED RETIREMENT INCOME PLAN (GRIP)

	Valuation as of July 1, 2016							July 1, 2015	
	Agency								
	CC	CM	CN	CP	CZ	Total GRIP		Total	
Total All Plans									
Active Members									
Number	-	1,015	498	5	8	1,526		1,352	
Average Age		48.0	50.0	55.1	57.6	48.7		49.5	
Average Service		7.7	8.4	11.0	7.8	8.0		8.4	
Total Base Payroll	$ -	$ 59,279,514	$ 45,040,774	$ 703,524	$ 977,468	$ 106,001,280		$ 92,688,914	
Contribution Basis Payroll:									
For Normal Cost	$ -	$ 56,750,461	$ 43,043,969	$ 678,164	$ 914,170	$ 101,386,764		$ 88,754,341	
For Amortization of Unfunded Liability	-	59,279,514	45,040,774	703,524	977,468	106,001,280		92,688,914	
Terminated Members									
Number	1	94	82			177		177	
Retired Members and Beneficiaries									
Number	-	2	1	-	-	3		1	
Total Benefits		8,811	13,666			22,477		5,024	
Total Membership	1	1,111	581	5	8	1,706		1,530	
Actuarial Accrued Liability									
Active Members	$ -	$ 51,578,675	$ 44,462,034	$ 1,147,683	$ 852,521	$ 98,040,913		$ 86,379,933	
Terminated Vested Members	88,057	5,055,181	5,492,551	-	-	10,635,788		8,988,686	
Retired Members and Beneficiaries	-	202,680	-	-	-	202,680		44,531	
Total	88,057	56,836,536	49,954,585	1,147,683	852,521	108,879,381		95,413,150	
Actuarial Value of Assets	$ 101,495	$ 65,510,320	$ 57,578,120	$ 1,322,830	$ 982,624	$ 125,495,390		$ 111,825,416	
Unfunded Actuarial Accrued Liability	$ (13,438)	$ (8,673,784)	$ (7,623,535)	$ (175,147)	$ (130,103)	$ (16,616,009)		$ (16,412,266)	
Funded Ratio (Actuarial Value of Assets)	115.3%	115.3%	115.3%	115.3%	115.3%	115.3%		117.2%	
Annual Gross Normal Cost									
Benefits	$ -	$ 5,933,244	$ 4,545,811	$ 80,350	$ 95,446	$ 10,654,851	(10.51%)	$ 9,316,983	(10.50%)
Expenses of Administration	172	111,221	97,754	2,246	1,668	213,061	(0.21%)	179,684	(0.20%)
Total	172	6,044,465	4,643,565	82,596	97,114	10,867,912	(10.72%)	9,496,667	(10.70%)
Amortization of Unfunded Liability	$ (992)	$ (640,281)	$ (562,754)	$ (12,929)	$ (9,604)	$ (1,226,560)	-(1.16%)	$ (1,171,867)	-(1.26%)
Annual Contribution Requirement:									
County Portion	$ (820)	$ 3,133,758	$ 2,258,253	$ 43,431	$ 49,954	$ 5,484,576	(5.46%)	$ 4,695,186	(5.35%)
Employee Portion	-	2,270,426	1,822,558	26,236	37,556	4,156,776	(4.10%)	3,629,614	(4.09%)
Total	(820)	5,404,184	4,080,811	69,667	87,510	9,641,352	(9.56%)	8,324,800	(9.44%)
Non-Public Safety County Portion						$ 5,441,145	(5.46%)	$ 4,650,007	(5.34%)
Public Safety County Portion (Agency CP)						$ 43,431	(6.47%)	$ 45,179	(6.48%)

ACTUARIAL VALUATION RESULTS
AMORTIZATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY AND AMORTIZATION PAYMENTS BY GROUP

Non-Public Safety

Base Year	Description	Unfunded Liability Base Group A	Unfunded Liability Base Group H	Unfunded Liability Base Total	Remaining Financing Period	Amortization Factor	Amortization Payment Group A	Amortization Payment Group H	Amortization Payment Total
2015	Pre FY 2015 Retirement Incentive	$ 9,102,612	$ 12,478,602	$ 21,581,214	8 yrs.	6.976360	$ 1,304,780	$ 1,788,698	$ 3,093,478
2015	Pre FY 2015 Plan Experience	73,824,201	80,862,826	154,687,027	8	6.976360	10,582,051	11,590,976	22,173,027
2015	Pre FY 2015 Plan Changes	28,699,656	39,399,739	68,099,395	8	6.976360	4,113,844	5,647,607	9,761,451
2015	Pre FY 2015 Cost Method Changes	6,882,560	5,344,347	12,226,907	8	6.976360	986,555	766,065	1,752,620
2015	FY 2015 Plan Experience	(50,239,894)	(29,467,152)	(79,707,046)	8	6.976360	(7,201,448)	(4,223,858)	(11,425,306)
2015	FY 2015 Assumption and Method Changes	26,855,918	17,240,512	44,096,430	8	6.976360	3,849,560	2,471,276	6,320,836
2015	FY 2015 Plan Changes	-	-	-	8	6.976360	-	-	-
2016	FY 2016 Plan Experience	(745,472)	(7,820,985)	(8,566,457)	8	6.976360	(106,857)	(1,121,070)	(1,227,927)
Unfunded Liability		$ 94,379,581	$ 118,037,889	$ 212,417,470	8.0 yrs.	6.976360	$ 13,528,485	$ 16,919,694	$ 30,448,179

Public Safety

Base Year	Description	Unfunded Liability Base Group E	Unfunded Liability Base Group F	Unfunded Liability Base Group G	Unfunded Liability Base Total	Remaining Financing Period	Amortization Factor	Amortization Payment Group E	Amortization Payment Group F	Amortization Payment Group G	Amortization Payment Total
2015	Pre FY 2015 Retirement Incentive	$ 1,054,343	$ -	$ -	$ 1,054,343	19 yrs.	13.540546	$ 77,866	$ -	$ -	$ 77,866
2015	Pre FY 2015 Plan Experience	38,366,885	112,718,605	114,317,274	265,402,764	19	13.540546	2,833,481	8,324,524	8,442,590	19,600,595
2015	Pre FY 2015 Plan Changes	3,427,301	(1,655,427)	70,948,956	72,720,830	19	13.540546	253,114	(122,257)	5,239,741	5,370,598
2015	Pre FY 2015 Cost Method Changes	210,632	355,568	1,344,537	1,910,737	19	13.540546	15,556	26,260	99,297	141,113
2015	FY 2015 Plan Experience	(23,058,800)	(60,096,773)	(40,782,002)	(123,937,575)	19	13.540546	(1,702,945)	(4,438,283)	(3,011,843)	(9,153,071)
2015	FY 2015 Assumption and Method Changes	(8,112,062)	(18,547,806)	(8,221,617)	(34,881,485)	19	13.540546	(599,094)	(1,369,797)	(607,185)	(2,576,076)
2015	FY 2015 Plan Changes	4,585,494	-	-	4,585,494	19	13.540546	338,649	-	-	338,649
2016	FY 2016 Plan Experience	(7,476,776)	(25,067,440)	(20,935,609)	(53,479,825)	20	14.005222	(533,856)	(1,789,864)	(1,494,843)	(3,818,563)
Unfunded Liability		$ 8,997,017	$ 7,706,727	$ 116,671,539	$ 133,375,283	18.6 yrs.	13.362769	$ 682,771	$ 630,583	$ 8,667,757	$ 9,981,111

GRIP

Base Year	Description	Unfunded Liability Base GRIP	Remaining Financing Period		Amortization Factor	Amortization Payment
2015	Pre FY 2015 Retirement Incentive	$ -	19	yrs.	13.540546	$ -
2015	Pre FY 2015 Plan Experience	(7,301,853)	19		13.540546	(539,258)
2015	Pre FY 2015 Plan Changes	(2,150,826)	19		13.540546	(158,843)
2015	Pre FY 2015 Cost Method Changes	2,269,265	19		13.540546	167,590
2015	FY 2015 Plan Experience	(3,464,878)	19		13.540546	(255,889)
2015	FY 2015 Assumption and Method Changes	(5,735,137)	19		13.540546	(423,553)
2015	FY 2015 Plan Changes	-	19		13.540546	-
2016	FY 2016 Plan Experience	(232,580)	20		14.005222	(16,607)
Unfunded Liability		$ (16,616,009)	19.0	yrs.	13.546837	$ (1,226,560)

ACTUARIAL VALUATION RESULTS
AMORTIZATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY AND AMORTIZATION PAYMENTS BY GROUP (CONTINUED)

Total

Base Year	Description	Unfunded Liability Base Group A	Group H	Group E	Group F	Group G	GRIP	Total
2015	Pre FY 2015 Retirement Incentive	$ 9,102,612	$ 12,478,602	$ 1,054,343	$ -	$ -	$ -	$ 22,635,557
2015	Pre FY 2015 Plan Experience	73,824,201	80,862,826	38,366,885	112,718,605	114,317,274	(7,301,853)	412,787,938
2015	Pre FY 2015 Plan Changes	28,699,656	39,399,739	3,427,301	(1,655,427)	70,948,956	(2,150,826)	138,669,399
2015	Pre FY 2015 Cost Method Changes	6,882,560	5,344,347	210,632	355,568	1,344,537	2,269,265	16,406,909
2015	FY 2015 Plan Experience	(50,239,894)	(29,467,152)	(23,058,800)	(60,096,773)	(40,782,002)	(3,464,878)	(207,109,499)
2015	FY 2015 Assumption and Method Changes	26,855,918	17,240,512	(8,112,062)	(18,547,806)	(8,221,617)	(5,735,137)	3,479,808
2015	FY 2015 Plan Changes	-	-	4,585,494	-	-	-	4,585,494
2016	FY 2016 Plan Experience	(745,472)	(7,820,985)	(7,476,776)	(25,067,440)	(20,935,609)	(232,580)	(62,278,862)
Unfunded Liability		$ 94,379,581	$ 118,037,889	$ 8,997,017	$ 7,706,727	$ 116,671,539	$ (16,616,009)	$ 329,176,744

Base Year	Description	Remaining Financing Period	Amortization Factor	Amortization of Unfunded Liability Base Group A	Group H	Group E	Group F	Group G	GRIP	Total
2015	Pre FY 2015 Retirement Incentive	8.2 yrs.	7.137528	$ 1,304,780	$ 1,788,698	$ 77,866	$ -	$ -	$ -	$ 3,171,344
2015	Pre FY 2015 Plan Experience	12.5	10.010775	10,582,051	11,590,976	2,833,481	8,324,524	8,442,590	(539,258)	41,234,364
2015	Pre FY 2015 Plan Changes	11.3	9.261170	4,113,844	5,647,607	253,114	(122,257)	5,239,741	(158,843)	14,973,206
2015	Pre FY 2015 Cost Method Changes	9.4	7.959407	986,555	766,065	15,556	26,260	99,297	167,590	2,061,323
2015	FY 2015 Plan Experience	12.4	9.940811	(7,201,448)	(4,223,858)	(1,702,945)	(4,438,283)	(3,011,843)	(255,889)	(20,834,266)
2015	FY 2015 Assumption/Method Changes	1.0	1.047754	3,849,560	2,471,276	(599,094)	(1,369,797)	(607,185)	(423,553)	3,321,207
2015	FY 2015 Plan Changes	19.0	13.540551	-	-	338,649	-	-	-	338,649
2016	FY 2016 Plan Experience	16.5	12.300547	(106,857)	(1,121,070)	(533,856)	(1,789,864)	(1,494,843)	(16,607)	(5,063,097)
Amortization Payments		10.0 yrs.	8.396781	$ 13,528,485	$ 16,919,694	$ 682,771	$ 630,583	$ 8,667,757	$ (1,226,560)	$ 39,202,730

ACTUARIAL VALUATION RESULTS
GAIN/LOSS ANALYSIS

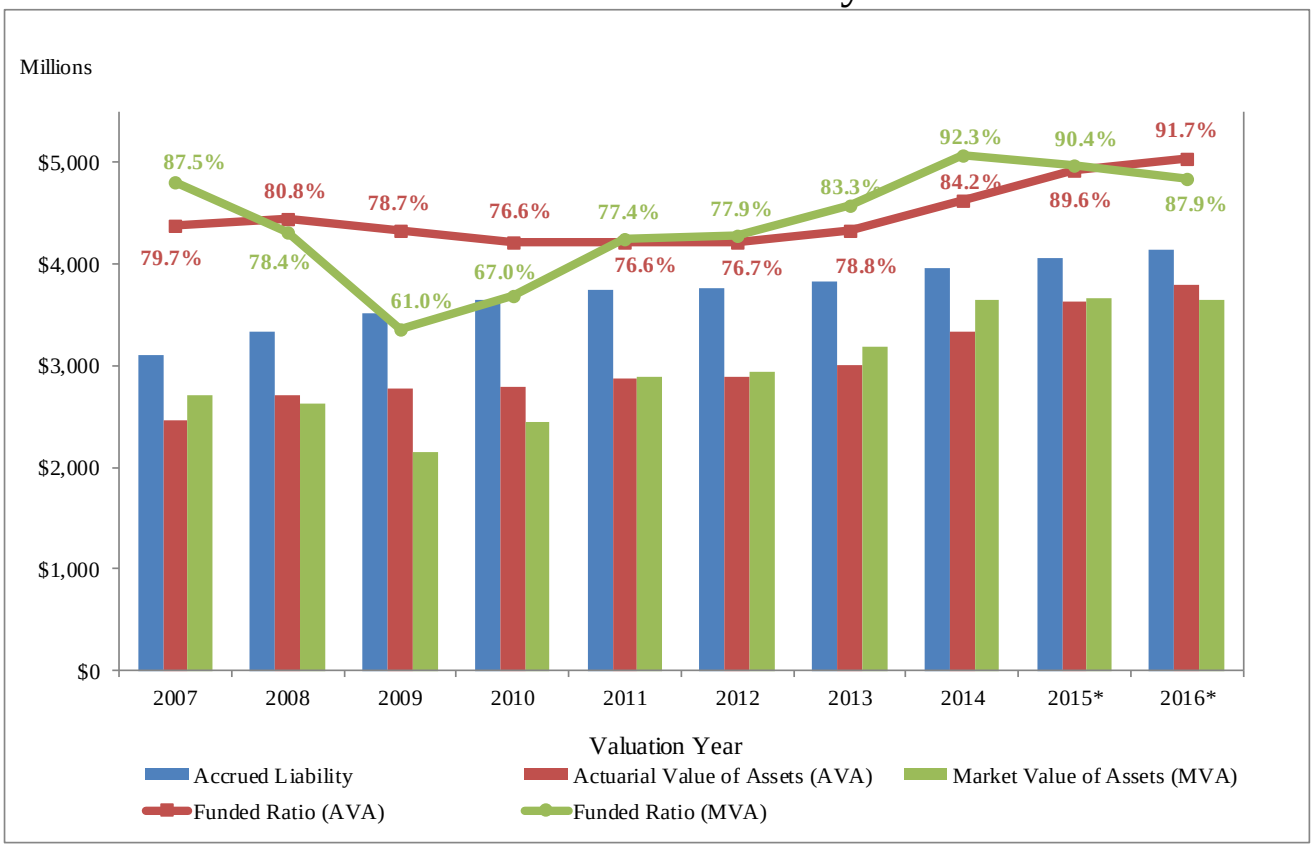
	Non-Public Safety	Public Safety	GRIP	Total
Unfunded liability at previous valuation	$ 249,889,500	$ 187,184,008	$ (16,412,266)	$ 420,661,242
Expected unfunded liability at current valuation				
Normal cost for plan year	11,097,998	53,067,128	9,496,667	73,661,793
Interest on unfunded liability and normal cost	19,150,364	15,992,842	(881,233)	34,261,973
Contributions with interest to current valuation date	44,486,615	69,388,869	8,586,597	122,462,081
Total expected change in unfunded liability at current valuation	(14,238,253)	(328,899)	28,837	(14,538,315)
Total expected unfunded liability at current valuation	235,651,247	186,855,109	(16,383,429)	406,122,927
Change due to:				
Recognition of asset (gains)/losses	9,086,279	13,208,591	884,097	23,178,967
Salary increases	(1,050,308)	909,198	-	(141,110)
COLA increases	(17,694,638)	(18,952,125)	-	(36,646,763)
Amount and timing of contributions	(3,490,763)	(39,472,602)	(2,394,656)	(45,358,021)
Demographic experience and other	3,244,602	(9,172,888)	1,277,979	(4,650,307)
Change in actuarial assumptions	-	-	-	-
Plan improvements	-	-	-	-
Measurement improvements	-	-	-	-
Total change	(9,904,828)	(53,479,826)	(232,580)	(63,617,234)
Unfunded liability at current valuation	$ 225,746,419	$ 133,375,283	$ (16,616,009)	$ 342,505,693

	Non-Public Safety	Public Safety	GRIP
FY 2017 County Contribution	42.71%	23.51%	5.35%
Expected FY 2018 County Contribution	46.63%	23.69%	5.45%
Change due to:			
Recognition of asset (gains)/losses	1.69%	0.42%	0.06%
Salary increases	-0.11%	0.02%	0.00%
COLA increases	-3.29%	-0.60%	0.00%
Amount and timing of contributions	-0.65%	-1.25%	-0.16%
Demographic experience and other	0.85%	-0.23%	0.11%
Measurement improvements	0.00%	0.00%	0.00%
Plan improvements	0.00%	0.00%	0.00%
Change in assumptions and amortization period	0.00%	0.00%	0.00%
Total change	-1.51%	-1.64%	0.01%
FY 2018 County Contribution	45.12%	22.05%	5.46%

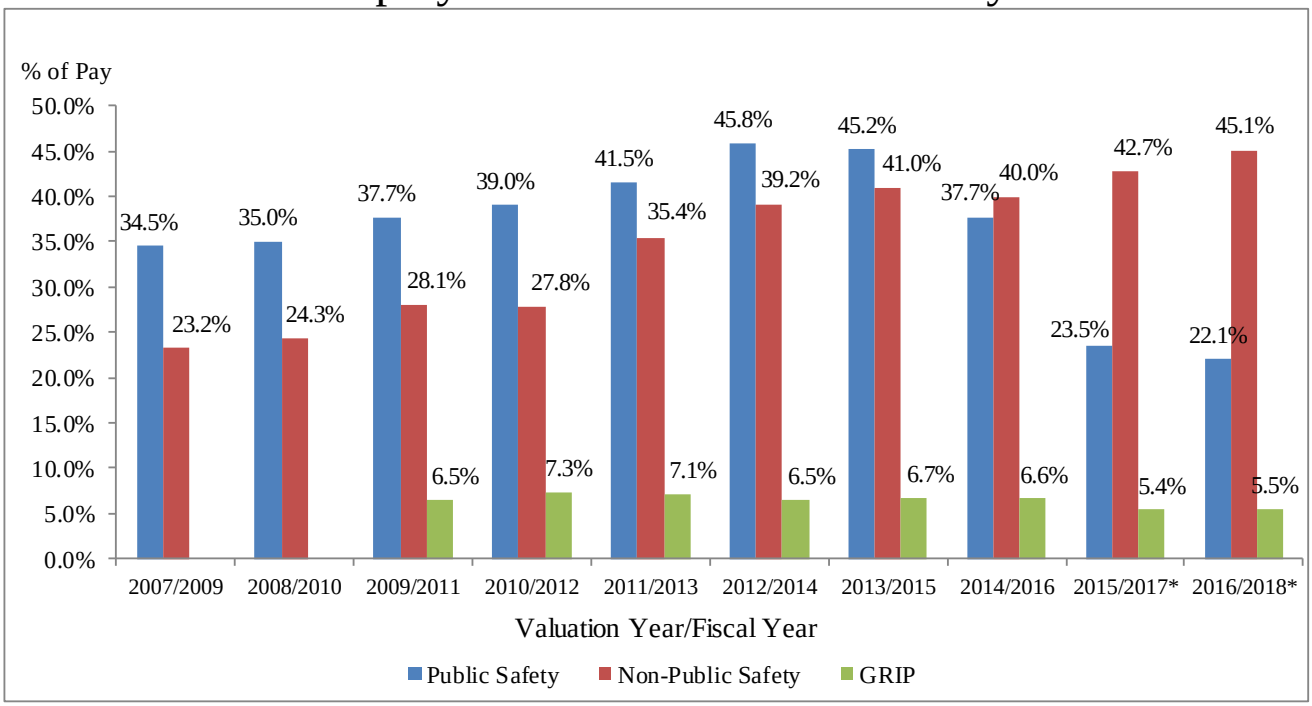
Demographic Experience and Other includes changes due to retirement, mortality, disability and termination experience that varied from the actuarial assumptions, and data changes.

HISTORICAL TRENDS OF FUNDED RATIO AND EMPLOYER CONTRIBUTIONS

Funded Ratio History



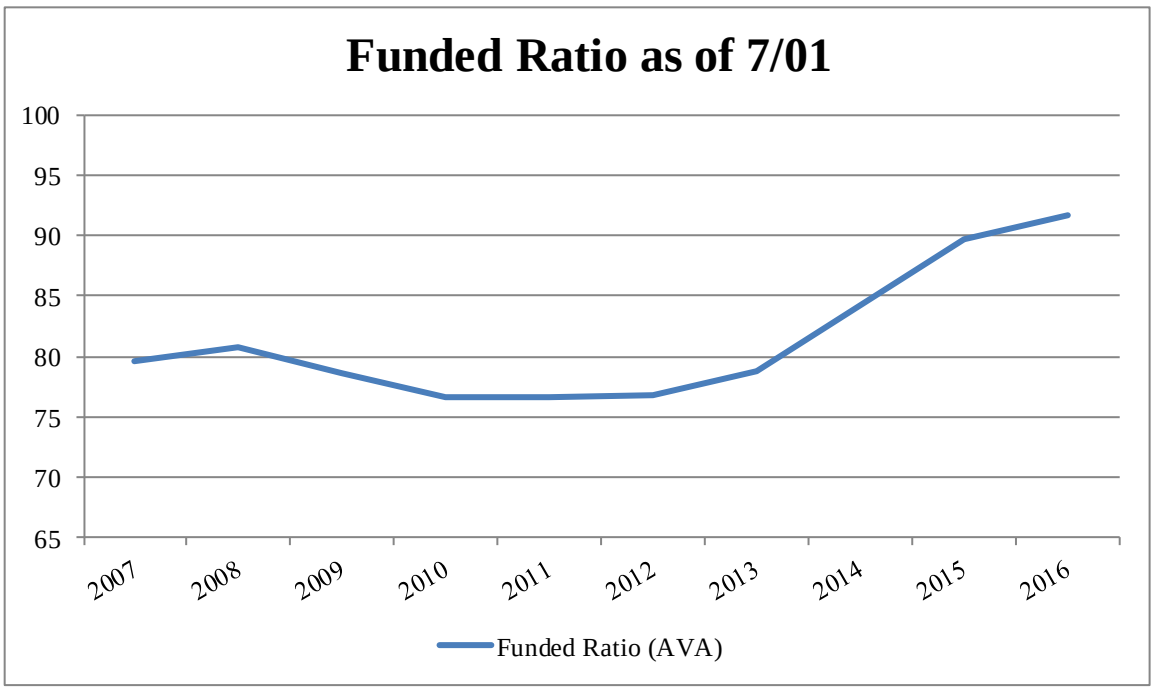
Employer Contribution Rate History



**Results beginning with the 2015 valuation (FY 2017) include changes to amortization periods used to finance the unfunded liability and changes to the actuarial assumptions used in the valuation, based on the key findings from an experience review of the System for the period from July 1, 2009, to July 1, 2014.*

FUNDED RATIO HISTORY

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b – a)	Funded Ratio (AVA) (a / b)
07/01/2007	$ 2,469,933,200	$ 3,100,637,723	$ 630,704,523	79.7 %
07/01/2008	2,701,119,470	3,341,549,425	640,429,955	80.8
07/01/2009	2,766,230,073	3,516,824,342	750,594,269	78.7
07/01/2010	2,791,144,974	3,645,576,341	854,431,367	76.6
07/01/2011	2,869,422,276	3,744,713,474	875,291,198	76.6
07/01/2012	2,891,435,563	3,768,745,962	877,310,399	76.7
07/01/2013	3,012,547,244	3,821,380,732	808,833,488	78.8
07/01/2014	3,333,484,724	3,958,929,718	625,444,994	84.2
07/01/2015	3,630,075,610	4,050,736,852	420,661,242	89.6
07/01/2016	3,798,555,275	4,141,060,968	342,505,693	91.7



ACTUARIAL VALUATION RESULTS
SOLVENCY TEST

Valuation Date 6/30	Total Actuarial Accrued Liability	(1) Active Member Contributions	(2) Retirees, Term Vested and Beneficiaries	(3) Active Members (Employer Financed Portion)	Actuarial Value of Assets	Portion (%) of Present Value Covered By Assets (1)	(2)	(3)
1998	$1,660,034,038	$121,197,443	$899,019,607	$639,816,988	$1,496,651,390	100%	100%	74%
1999	1,818,990,623	124,544,357	943,551,243	750,895,023	1,707,450,187	100%	100%	85%
2000	1,931,914,313	136,181,427	1,014,314,792	781,418,094	1,911,114,401	100%	100%	97%
2001	2,111,946,453	143,356,036	1,029,982,653	938,607,764	1,990,882,017	100%	100%	87%
2002	2,273,179,216	146,500,545	1,125,070,362	1,001,608,309	2,036,100,709	100%	100%	76%
2003	2,411,492,724	155,686,014	1,247,359,872	1,008,446,838	2,029,314,438	100%	100%	62%
2004	2,561,328,232	160,523,789	1,354,272,329	1,046,532,114	2,045,098,796	100%	100%	51%
2005	2,775,047,412	166,078,802	1,426,030,001	1,182,938,609	2,100,532,623	100%	100%	43%
2006	2,918,336,073	177,391,695	1,578,703,590	1,162,240,788	2,222,724,295	100%	100%	40%
2007	3,100,637,723	187,104,227	1,661,692,386	1,251,841,110	2,469,933,200	100%	100%	50%
2008	3,341,549,425	186,171,030	1,847,516,034	1,307,862,361	2,701,119,470	100%	100%	51%
2009	3,516,824,342	210,385,653	1,892,331,796	1,414,106,893	2,766,230,073	100%	100%	47%
2010	3,645,576,341	213,191,851	2,054,949,883	1,377,434,607	2,791,144,974	100%	100%	38%
2011	3,744,713,474	237,074,023	2,181,816,842	1,325,822,609	2,869,422,276	100%	100%	34%
2012	3,768,745,962	210,537,737	2,465,714,392	1,092,493,833	2,891,435,563	100%	100%	20%
2013	3,821,380,732	248,331,006	2,526,844,154	1,046,205,572	3,012,547,244	100%	100%	23%
2014	3,958,929,718	265,055,643	2,585,446,584	1,108,427,491	3,333,484,724	100%	100%	44%
2015	4,050,736,852	280,135,577	2,698,040,722	1,072,560,553	3,630,075,610	100%	100%	61%
2016	4,141,060,968	297,715,372	2,747,575,831	1,095,769,765	3,798,555,275	100%	100%	69%

DRSP and DROP member liability included in item (2) with retirees beginning in 2012.

Results in 2009 and 2011 are measured as of July 1, and differ from the Comprehensive Annual Financial Report (CAFR). Results in the CAFR are as of June 30, and do not reflect the transfer of members effective July 1 of those years.

STATEMENT OF FIDUCIARY NET POSITION

	Fiscal Year Ending	
Assets	**June 30, 2015**	**June 30, 2016**
Equity in County's pooled cash and investments	$ 981,456	$ 1,151,082
Investments:		
Government and agency obligations	395,527,073	403,510,670
Municipal/Provincial obligations	12,358,783	15,015,541
Asset-backed securities	3,464,339	3,713,101
Corporate bonds	656,471,268	709,062,527
Collateralized mortgage obligations	-	840,431
Commercial mortgage-backed securities	-	726,834
Common and preferred stock	1,455,833,853	1,506,763,258
Mutual and commingled funds	365,620,792	389,914,184
Short-term investments	119,853,979	94,518,574
Cash collateral received under securities lending agreements	273,912,882	224,650,451
Real estate	380,180,632	196,611,691
Private equity	261,364,506	283,122,107
Total Investments	3,924,588,107	3,828,449,369
Dividend, interest, and other receivables	6,640,354	32,931,236
Contributions receivable	8,443,224	8,730,338
Capital Assets	600,029	300,015
Total assets	3,941,253,170	3,871,562,040
Liabilities		
Payable for collateral received under securities lending agreements	273,912,882	224,650,451
Benefit payable and other liabilities	5,679,044	5,308,975
Total liabilities	279,591,926	229,959,426
Net position restricted for pensions	$ 3,661,661,244	$ 3,641,602,614

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
TOTAL EMPLOYEES' RETIREMENT SYSTEM (ERS)

	Fiscal Year Ending	
	June 30, 2015	**June 30, 2016**
Additions:		
Contributions:		
Employer	$ 151,301,867	$ 134,806,256
Members	26,627,493	27,056,040
Total contributions	177,929,360	161,862,296
Investment income	88,488,213	73,371,263
Less investment expense	22,506,400	16,862,178
Net gain from investment activities	65,981,813	56,509,085
Income from securities lending	1,156,632	1,605,465
Less securities lending expenses	68,012	438,493
Net income from securities lending	1,088,620	1,166,972
Total additions	244,999,793	219,538,353
Deductions:		
Retiree benefits	171,784,946	171,391,248
Disability benefits	49,879,651	50,287,324
Survivor benefits	8,982,132	9,017,219
Refunds and distributions	2,874,357	5,887,137
Administrative expenses	2,684,560	3,014,055
Total deductions	236,205,646	239,596,983
Increase in net position	8,794,147	(20,058,630)
Net position restricted for pensions		
Beginning of year	3,652,867,097	3,661,661,244
End of year	$ 3,661,661,244	$ 3,641,602,614

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
ALLOCATION BETWEEN GRIP AND NON-GRIP ASSETS

	Fiscal Year Ending June 30, 2015	Fiscal Year Ending June 30, 2016		
	Total	Non-GRIP	GRIP	Total
Additions:				
Contributions:				
Employer	$ 151,301,867	$ 128,254,449	$ 6,551,807	$ 134,806,256
Members	26,627,493	23,016,586	4,039,454	27,056,040
Total contributions	177,929,360	151,271,035	10,591,261	161,862,296
Net Investment income	67,070,433	55,840,107	1,835,950	57,676,057
Total additions	244,999,793	207,111,142	12,427,211	219,538,353
Deductions:				
Benefit Payments and distributions	233,521,086	232,119,493	4,463,435	236,582,928
Administrative expenses	2,684,560	2,834,371	179,684	3,014,055
Total deductions	236,205,646	234,953,864	4,643,119	239,596,983
Increase in net position	8,794,147	(27,842,722)	7,784,092	(20,058,630)
Net position restricted for pensions				
Beginning of year	3,652,867,097	3,549,314,154	112,347,090	3,661,661,244
End of year	$ 3,661,661,244	$ 3,521,471,432	$ 120,131,182	$ 3,641,602,614

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS (TOTAL ERS)

Fiscal Year Ending	2016	2017	2018	2019	2020
Beginning of Year:					
(1) Market Value of Assets	$ 3,661,661,244				
(2) Actuarial Value of Assets	3,630,075,610				
End of Year:					
(3) Market Value of Assets	3,641,602,614				
(4a) Contributions	161,862,296				
(4b) Net Disbursements	239,596,983				
(5) Total Investment Income					
=(3)-(1)-(4a)+(4b)	57,676,057				
(6) Projected Rate of Return	7.50%				
(7) Projected Investment Income					
=(1)x(6)+([1+(6)]^.5-1)x(4a-4b)	271,762,241				
(8) Asset Adjustment	-				
(9) Investment Income in					
Excess of Projected Income	(214,086,184)				
(10) Excess Investment Income Recognized					
This Year (5 year recognition)					
(10a) From This Year	$ (42,817,237)				
(10b) From One Year Ago	(40,949,749)	$ (42,817,237)			
(10c) From Two Years Ago	59,600,269	(40,949,749)	$ (42,817,237)		
(10d) From Three Years Ago	17,964,997	59,600,269	(40,949,749)	$ (42,817,237)	
(10e) From Four Years Ago	(19,346,169)	17,964,996	59,600,269	(40,949,750)	$ (42,817,236)
(10f) Total Recognized Investment Gain/(Loss)	(25,547,889)	(6,201,721)	(24,166,717)	(83,766,987)	(42,817,236)
(11) Change in Actuarial Value of Assets					
=(4a)-(4b)+(7)+(8)+(10f)	168,479,665				
End of Year:					
(3) Market Value of Assets	**$ 3,641,602,614**				
(12) Final Actuarial Value of Assets as of 6/30 = (2)+(11)	**$ 3,798,555,275**				
(13) Difference Between Market & Actuarial Values	(156,952,661)				
(14) Estimated Market Value Rate of Return on Total Plan Assets	1.59%				
(15) Estimated Market Value Return on Invested Plan Assets [1]	1.42%				
(16) Actuarial Value Rate of Return	6.86%				
(17) Ratio of Actuarial Value to Market Value	104.3%				

[1] *Rate calculated and provided by the County.*

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS
(ASSETS ALLOCATED TO GRIP)

Fiscal Year Ending	2016	2017	2018	2019	2020
Beginning of Year:					
(1) Market Value of Assets	$ 112,347,090				
(2) Actuarial Value of Assets	111,825,416				
End of Year:					
(3) Market Value of Assets	120,131,182				
(4a) Contributions	10,591,261				
(4b) Net Disbursements	4,643,119				
(5) Total Investment Income					
=(3)-(1)-(4a)+(4b)	1,835,950				
(6) Projected Rate of Return	7.50%				
(7) Projected Investment Income					
=(1)x(6)+([1+(6)]^.5-1)x(4a-4b)	8,645,055				
(8) Asset Adjustment	-				
(9) Investment Income in					
Excess of Projected Income	(6,809,105)				
(10) Excess Investment Income Recognized					
This Year (5 year recognition)					
(10a) From This Year	$ (1,361,821)				
(10b) From One Year Ago	(1,208,679)	$ (1,361,821)			
(10c) From Two Years Ago	1,630,977	(1,208,679)	$ (1,361,821)		
(10d) From Three Years Ago	447,153	1,630,977	(1,208,679)	$ (1,361,821)	
(10e) From Four Years Ago	(430,853)	447,155	1,630,979	(1,208,677)	$ (1,361,821)
(10f) Total Recognized Investment Gain/(Loss)	(923,223)	(492,368)	(939,521)	(2,570,498)	(1,361,821)
(11) Change in Actuarial Value of Assets					
=(4a)-(4b)+(7)+(8)+(10f)	13,669,974				
End of Year:					
(3) Market Value of Assets	**$ 120,131,182**				
(12) Final Actuarial Value of Assets as of 6/30 = (2)+(11)	**$ 125,495,390**				
(13) Difference Between Market & Actuarial Values	(5,364,208)				
(14) Estimated Market Value Rate of Return on Total Plan Assets	1.59%				
(15) Estimated Market Value Return on Invested Plan Assets [1]	1.42%				
(16) Actuarial Value Rate of Return	6.73%				
(17) Ratio of Actuarial Value to Market Value	104%				

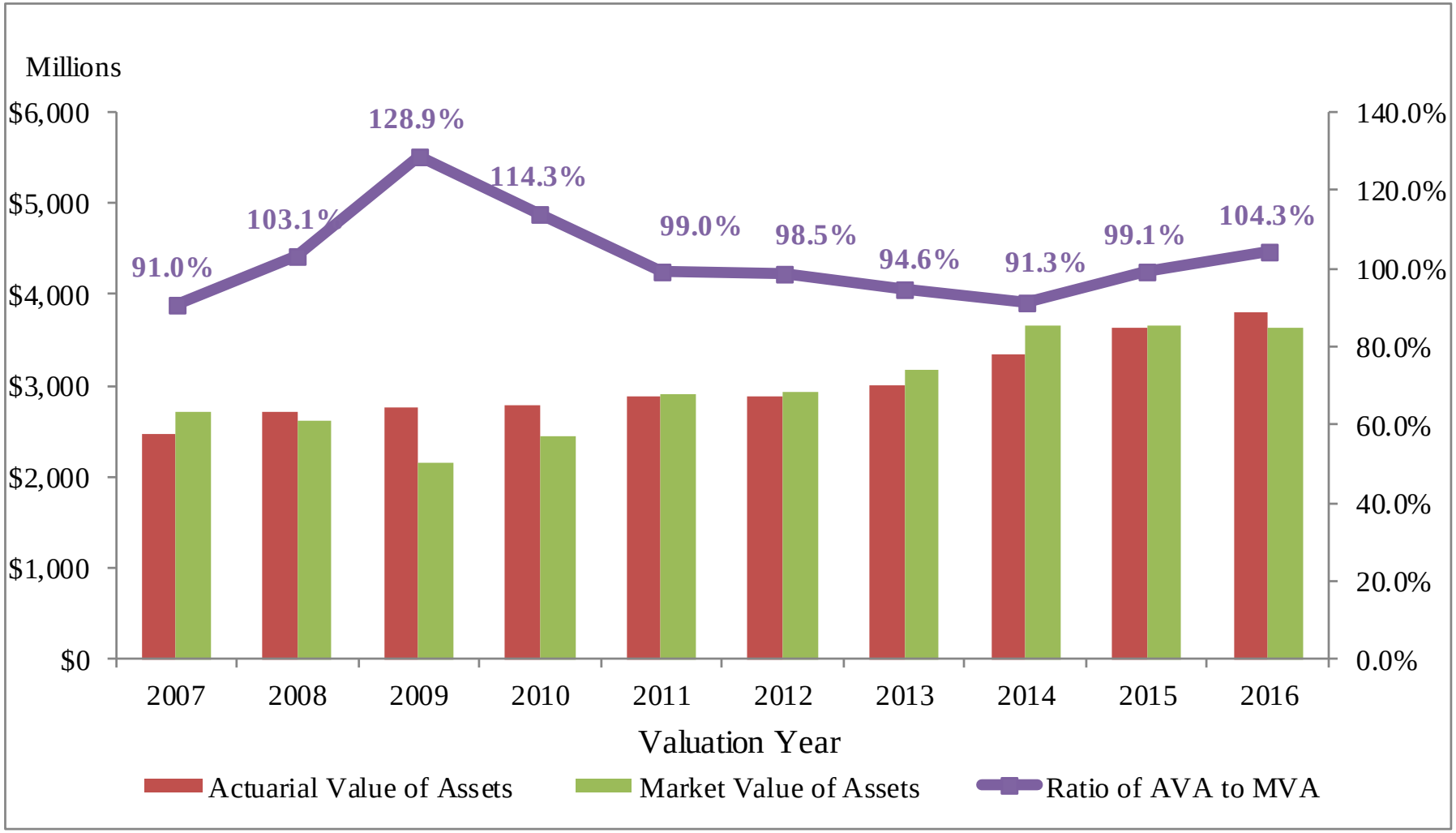
[1] *Rate calculated and provided by the County.*

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS
(ASSETS ALLOCATED TO ALL BENEFIT GROUPS)

	Valuation as of July 1, 2016						
	Non-Public Safety		Public Safety				
	Group A	Group H	Group E	Group F	Group G	GRIP	Total
Beginning of Year:							
(1) Actuarial Value of Assets [1]	$ 847,202,949	$ 605,492,066	$ 398,313,672	$ 970,774,943	$ 696,466,564	$ 111,825,416	$ 3,630,075,610
End of Year:							
(2a) County Contributions	$ 19,398,491	$ 21,404,797	$ 14,570,919	$ 35,295,703	$ 37,584,539	$ 6,551,807	$ 134,806,256
(2b) Employee Contributions	3,108,491	3,242,587	3,162,866	6,821,780	6,680,862	4,039,454	27,056,040
(2c) Total Contributions [2]	$ 22,506,982	$ 24,647,384	$ 17,733,785	$ 42,117,483	$ 44,265,401	$ 10,591,261	$ 161,862,296
(3a) Benefit Payments and Refunds	$ 69,476,297	$ 49,810,501	$ 23,393,603	$ 50,438,004	$ 39,001,088	$ 4,463,435	$ 236,582,928
(3b) Administrative Expenses	503,303	460,006	344,839	829,217	697,006	179,684	3,014,055
(3c) Total Deductions [3]	$ 69,979,600	$ 50,270,507	$ 23,738,442	$ 51,267,221	$ 39,698,094	$ 4,643,119	$ 239,596,983
(4) Investment Return (AVA Basis)	$ 56,508,113	$ 40,666,196	$ 27,117,598	$ 66,276,325	$ 47,924,288	$ 7,721,832	$ 246,214,352
(5) Actuarial Value of Assets	$ 856,238,444	$ 620,535,139	$ 419,426,613	$ 1,027,901,530	$ 748,958,159	$ 125,495,390	$ 3,798,555,275
(6) AVA Rate of Return	6.86%	6.86%	6.86%	6.86%	6.86%	6.73%	6.86%

[1] *Actuarial value of assets by group is from the actuarial valuation as of July 1, 2015.*
[2] *Contributions by group allocated based on fiscal year 2016 contribution rates and expected fiscal year 2016 payroll from the prior actuarial valuation as of July 1, 2015.*
[3] *Deductions by group allocated based on amounts projected by group from the prior actuarial valuation as of July 1, 2015.*

HISTORICAL COMPARISON OF ACTUARIAL VALUE OF ASSETS TO MARKET VALUE OF ASSETS (TOTAL ERS)



SECTION B

ACTUARIAL VALUATION DATA

SUMMARY OF PARTICIPANT DATA
(JULY 1, 2016 AND JULY 1, 2015)

	Valuation as of July 1, 2016						
	Non-Public Safety		Public Safety				
	Group A	Group H	Group E	Group F	Group G	GRIP	Total
Total All Plans							
Active Members							
Number	447	665	583	1,198	1,094	1,526	5,513
Average Age	57.4	57.9	43.8	39.0	38.7	48.7	45.9
Average Service	27.1	25.5	12.4	13.3	12.5	8.0	14.2
Total Base Payroll	$ 46,836,047	$ 49,424,131	$ 42,790,779	$ 96,127,773	$ 86,442,465	$ 106,001,280	$ 427,622,475
Contribution Basis Payroll:							
For Normal Cost	$ 43,551,017	$ 46,061,369	$ 40,620,151	$ 92,581,455	$ 83,476,239	$ 101,386,764	$ 407,676,995
For Amortization of Unfunded Liability*	35,985,028	41,054,141	42,790,779	96,127,773	86,442,465	106,001,280	408,401,466
DRSP/DROP Members							
Number			23	39	43		105
Total Base Payroll			$ 2,222,867	$ 4,082,407	$ 4,750,449		$ 11,055,723
Total Benefits			1,338,295	2,613,118	2,839,457		6,790,870
Terminated Vested Members							
Number	57	74	33	33	21	177	395
Total Benefits	$ 587,053	$ 575,867	$ 513,580	$ 384,236	$ 162,769		$ 2,223,505
Retired Members and Beneficiaries							
Number						3	6,348
Total Benefits						$ 22,477	$ 234,072,926
Total Membership						1,706	12,361

	Valuation as of July 1, 2015						
	Non-Public Safety		Public Safety				
	Group A	Group H	Group E	Group F	Group G	GRIP	Total
Total All Plans							
Active Members							
Number	483	719	630	1,232	1,125	1,352	5,541
Average Age	57.1	57.2	43.6	38.1	37.9	49.5	45.6
Average Service	26.5	24.8	12.2	12.3	11.6	8.4	14.0
Total Base Payroll	$ 49,347,557	$ 52,217,370	$ 44,963,880	$ 94,711,068	$ 84,799,795	$ 92,688,914	$ 418,728,584
Contribution Basis Payroll:							
For Normal Cost	$ 46,199,907	$ 48,913,390	$ 42,488,047	$ 91,504,350	$ 81,984,821	$ 88,754,341	$ 399,844,856
For Amortization of Unfunded Liability*	38,579,217	44,095,246	44,963,880	94,711,068	84,799,795	92,688,914	399,838,119
DRSP/DROP Members							
Number				39	56		95
Total Base Payroll				$ 3,932,109	$ 5,863,262		$ 9,795,371
Total Benefits				2,506,780	3,543,896		6,050,676
Terminated Vested Members							
Number	64	81	28	33	19	177	402
Total Benefits	$ 685,941	$ 641,753	$ 355,828	$ 384,579	$ 126,296		$ 2,194,397
Retired Members and Beneficiaries							
Number						1	6,285
Total Benefits						$ 5,024	$ 229,562,199
Total Membership						1,530	12,323

**Excludes Non-GRIP UAL Payroll from Outside Agencies. As of July 1, 2016, this amount is $2,539,450, and as of July 1, 2015, this amount is $2,810,590.*

SUMMARY OF ACTIVE PARTICIPANT DATA
BY PLAN

Valuation as of July 1, 2016 Including DROP/DRSP Actives

	Non-Public Safety		Public Safety				
	Group A	Group H	Group E	Group F	Group G	GRIP	Total
Optional Non-Integrated							
Number	2	7	-	-	1		10
Total Base Payroll	$ 205,762	$ 612,578	$ -	$ -	$ 105,718		$ 924,058
Optional Integrated							
Number	11	7	-	-	1		19
Total Base Payroll	$ 1,076,025	$ 467,229	$ -	$ -	$ 139,180		$ 1,682,434
Mandatory Integrated							
Number	434	651	606	1,237	1,135		4,063
Total Base Payroll	$ 45,554,260	$ 48,344,324	$ 45,013,646	$ 100,210,180	$ 90,948,016		$ 330,070,426
GRIP							
Number						1,526	1,526
Total Base Payroll						$ 106,001,280	$ 106,001,280
Total All Plans							
Number	447	665	606	1,237	1,137	1,526	5,618
Total Base Payroll	$ 46,836,047	$ 49,424,131	$ 45,013,646	$ 100,210,180	$ 91,192,914	$ 106,001,280	$ 438,678,198

Valuation as of July 1, 2016 Excluding DROP/DRSP Actives

	Non-Public Safety		Public Safety				
	Group A	Group H	Group E	Group F	Group G	GRIP	Total
Optional Non-Integrated							
Number	2	7	-	-	1		10
Total Base Payroll	$ 205,762	$ 612,578	$ -	$ -	$ 105,718		$ 924,058
Optional Integrated							
Number	11	7	-	-	1		19
Total Base Payroll	$ 1,076,025	$ 467,229	$ -	$ -	$ 139,180		$ 1,682,434
Mandatory Integrated							
Number	434	651	583	1,198	1,092		3,958
Total Base Payroll	$ 45,554,260	$ 48,344,324	$ 42,790,779	$ 96,127,773	$ 86,197,567		$ 319,014,703
GRIP							
Number						1,526	1,526
Total Base Payroll						$ 106,001,280	$ 106,001,280
Total All Plans							
Number	447	665	583	1,198	1,094	1,526	5,513
Total Base Payroll	$ 46,836,047	$ 49,424,131	$ 42,790,779	$ 96,127,773	$ 86,442,465	$ 106,001,280	$ 427,622,475

SUMMARY OF PARTICIPANT DATA
OUTSIDE AGENCIES

Total All Plans	Assessment and Taxation	Circuit Court	CRU 92 Credit Union	District Court	Housing Opportunities Commission	Revenue Authority	Strathmore Hall	Town of Chevy Chase	Washington Suburban Transit Commission	Total Agency	Total Non-Agency	Total ERS
	Valuation as of July 1, 2016											
Non-GRIP Membership												
Active Members												
Number	-	1	1	-	34	2	2	-	-	40	3,947	3,987
Average Age	-	65.6	49.7	-	55.7	46.7	45.7	-	-	54.8	44.7	44.8
Average Service	-	45.0	25.8	-	26.9	26.2	22.9	-	-	27.1	16.4	16.5
Total Base Payroll	$ -	$ 75,562	$ 117,543	$ -	$ 2,582,553	$ 79,518	$ 200,234	$ -	$ -	$ 3,055,409	$ 318,565,786	$ 321,621,195
DRSP/DROP Members												
Number											105	105
Total Base Payroll											$ 11,055,723	$ 11,055,723
Total Benefits											$ 6,790,870	$ 6,790,870
Terminated Vested Members												
Number	-	-	-	-	19	-	-	1	-	20	198	218
Total Benefits	$ -	$ -	$ -	$ -	$ 10,381	$ -	$ -	$ 364	$ -	$ 10,745	$ 2,212,760	$ 2,223,505
Retired Members and Beneficiaries												
Number	21	-	7	8	141	20	5	4	1	207	6,138	6,345
Total Benefits	$ 1,160,596	$ -	$ 326,500	$ 189,917	$ 3,344,817	$ 465,318	$ 173,591	$ 93,067	$ 20,226	$ 5,774,032	$ 228,276,417	$ 234,050,449
Total Non-GRIP Membership	21	1	8	8	194	22	7	5	1	267	10,388	10,655
GRIP Membership												
Active Members												
Number	-	12	-	-	93	2	6	1	-	114	1,412	1,526
Average Age	-	48.7	-	-	47.4	47.7	37.1	38.1	-	46.9	48.8	48.7
Average Service	-	9.0	-	-	6.0	8.9	2.0	5.5	-	6.2	8.1	8.0
Total Base Payroll	$ -	$ 1,002,402	$ -	$ -	$ 5,646,891	$ 105,788	$ 343,650	$ 36,674	$ -	$ 7,135,405	$ 98,865,876	$ 106,001,280
Terminated GRIP Members		1	1		15		3			20	157	177
Retired GRIP Members											3	3
Total GRIP Membership	-	13	1	-	108	2	9	1	-	134	1,572	1,706
Total GRIP and Non-GRIP Membership	21	14	9	8	302	24	16	6	1	401	11,960	12,361

AGE/SERVICE BY GROUP AS OF JULY 1, 2016

Group A

Current Age	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 and Over	Totals	Valuation Payroll
Under 25	-	-	-	-	-	-	-	-	-	**0**	**$ -**
25-29	-	-	-	-	-	-	-	-	-	**0**	**-**
30-34	-	1	-	-	-	-	-	-	-	**1**	**68,303**
35-39	1	-	3	-	-	-	-	-	-	**4**	**285,988**
40-44	-	1	-	3	4	4	1	-	-	**13**	**1,027,443**
45-49	-	-	2	-	20	27	-	-	-	**49**	**4,301,753**
50-54	-	-	-	6	19	47	16	-	-	**88**	**8,799,071**
55-59	-	2	-	3	19	80	25	7	1	**137**	**14,832,510**
60-64	1	1	-	2	19	41	23	8	3	**98**	**10,886,294**
65-69	-	-	2	1	10	15	9	6	4	**47**	**5,346,546**
70-74	-	-	-	-	1	3	2	-	-	**6**	**917,430**
75 and Over	-	-	-	-	-	3	-	1	-	**4**	**370,709**
Total	**2**	**5**	**7**	**15**	**92**	**220**	**76**	**22**	**8**	**447**	**$ 46,836,047**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Current Valuation		Previous Valuation	
Average Age:	57.4	Average Age:	57.1
Average Service:	27.1	Average Service:	26.5
Average Annual Pay:	$ 104,779	Average Annual Pay:	$ 102,169
Vested Participants	445	Vested Participants	482
Nonvested Participants	2	Nonvested Participants	1
Total Participants	447	Total Participants	483

Group H

Current Age	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 and Over	Totals	Valuation Payroll
Under 25	-	-	-	-	-	-	-	-	-	**0**	**$ -**
25-29	-	-	-	-	-	-	-	-	-	**0**	**-**
30-34	-	3	1	-	-	-	-	-	-	**4**	**246,123**
35-39	-	2	1	2	-	-	-	-	-	**5**	**327,427**
40-44	-	2	2	3	5	-	-	-	-	**12**	**869,282**
45-49	1	2	5	15	31	23	-	-	-	**77**	**5,667,238**
50-54	-	2	6	12	38	54	14	1	-	**127**	**9,625,120**
55-59	-	2	2	11	48	82	20	12	-	**177**	**13,209,251**
60-64	-	1	5	6	40	71	21	15	3	**162**	**12,255,488**
65-69	-	-	2	7	18	25	12	11	1	**76**	**5,590,739**
70-74	-	1	1	1	5	1	3	2	1	**15**	**990,902**
75 and Over	-	-	-	-	2	5	1	-	2	**10**	**642,561**
Total	**1**	**15**	**25**	**57**	**187**	**261**	**71**	**41**	**7**	**665**	**$ 49,424,131**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Current Valuation		Previous Valuation	
Average Age:	57.9	Average Age:	57.2
Average Service:	25.5	Average Service:	24.8
Average Annual Pay:	$ 74,322	Average Annual Pay:	$ 72,625
Vested Participants	664	Vested Participants	717
Nonvested Participants	1	Nonvested Participants	2
Total Participants	665	Total Participants	719

AGE/SERVICE BY GROUP AS OF JULY 1, 2016

Group E

Current Age	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 and Over	Totals	Valuation Payroll
Under 25	15	-	-	-	-	-	-	-	-	**15**	**$ 724,423**
25-29	35	7	-	-	-	-	-	-	-	**42**	**2,188,138**
30-34	37	23	9	-	-	-	-	-	-	**69**	**3,909,397**
35-39	21	19	28	13	-	-	-	-	-	**81**	**5,515,843**
40-44	14	12	36	30	9	-	-	-	-	**101**	**7,565,261**
45-49	8	12	25	36	20	8	-	-	-	**109**	**9,031,786**
50-54	7	4	26	27	15	14	2	-	-	**95**	**7,885,339**
55-59	3	3	15	5	2	10	2	1	-	**41**	**3,538,288**
60-64	-	3	8	8	2	5	-	-	-	**26**	**2,117,696**
65-69	1	-	2	-	-	1	-	-	-	**4**	**314,608**
70-74	-	-	-	-	-	-	-	-	-	**0**	**-**
75 and Over	-	-	-	-	-	-	-	-	-	**0**	**-**
Total	**141**	**83**	**149**	**119**	**48**	**38**	**4**	**1**	**-**	**583**	**$ 42,790,779**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Current Valuation		Previous Valuation	
Average Age:	43.8	Average Age:	43.6
Average Service:	12.4	Average Service:	12.2
Average Annual Pay:	$ 73,398	Average Annual Pay:	$ 71,371
Vested Participants	442	Vested Participants	481
Nonvested Participants	141	Nonvested Participants	149
Total Participants	583	Total Participants	630

Group F

Current Age	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 and Over	Totals	Valuation Payroll
Under 25	44	-	-	-	-	-	-	-	-	**44**	**$ 2,337,718**
25-29	171	18	-	-	-	-	-	-	-	**189**	**10,833,007**
30-34	53	134	27	-	-	-	-	-	-	**214**	**14,617,933**
35-39	11	47	134	10	-	-	-	-	-	**202**	**16,182,107**
40-44	9	16	59	82	17	-	-	-	-	**183**	**16,317,192**
45-49	2	7	30	59	117	23	-	-	-	**238**	**23,034,486**
50-54	-	2	5	12	30	40	4	-	-	**93**	**9,352,997**
55-59	1	-	1	1	3	10	10	-	-	**26**	**2,634,490**
60-64	1	1	-	-	3	1	1	1	-	**8**	**725,548**
65-69	-	-	-	-	-	-	1	-	-	**1**	**92,295**
70-74	-	-	-	-	-	-	-	-	-	**0**	**-**
75 and Over	-	-	-	-	-	-	-	-	-	**0**	**-**
Total	**292**	**225**	**256**	**164**	**170**	**74**	**16**	**1**	**-**	**1,198**	**$ 96,127,773**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Current Valuation		Previous Valuation	
Average Age:	39.0	Average Age:	38.1
Average Service:	13.3	Average Service:	12.3
Average Annual Pay:	$ 80,240	Average Annual Pay:	$ 76,876
Vested Participants	906	Vested Participants	905
Nonvested Participants	292	Nonvested Participants	327
Total Participants	1,198	Total Participants	1,232

AGE/SERVICE BY GROUP AS OF JULY 1, 2016

Group G

Current Age	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 and Over	Totals	Valuation Payroll
Under 25	44	-	-	-	-	-	-	-	-	**44**	**$ 2,315,439**
25-29	131	31	4	-	-	-	-	-	-	**166**	**9,227,235**
30-34	64	78	73	4	-	-	-	-	-	**219**	**14,717,805**
35-39	31	36	88	33	2	-	-	-	-	**190**	**14,865,655**
40-44	8	18	49	77	16	2	-	-	-	**170**	**15,378,578**
45-49	4	11	32	43	51	51	-	-	-	**192**	**18,670,109**
50-54	2	4	4	14	14	34	6	-	-	**78**	**7,845,684**
55-59	-	-	3	1	1	14	3	3	-	**25**	**2,468,436**
60-64	-	2	2	2	-	1	-	1	1	**9**	**828,662**
65-69	-	-	-	-	-	1	-	-	-	**1**	**124,862**
70-74	-	-	-	-	-	-	-	-	-	**0**	**-**
75 and Over	-	-	-	-	-	-	-	-	-	**0**	**-**
Total	**284**	**180**	**255**	**174**	**84**	**103**	**9**	**4**	**1**	**1,094**	**$ 86,442,465**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Current Valuation		Previous Valuation	
Average Age:	38.7	Average Age:	37.9
Average Service:	12.5	Average Service:	11.6
Average Annual Pay:	$ 79,015	Average Annual Pay:	$ 75,378
Vested Participants	810	Vested Participants	832
Nonvested Participants	284	Nonvested Participants	293
Total Participants	1,094	Total Participants	1,125

GRIP

Current Age	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 and Over	Totals	Valuation Payroll
Under 25	16	-	-	-	-	-	-	-	-	**16**	**$ 632,455**
25-29	98	8	-	-	-	-	-	-	-	**106**	**5,265,498**
30-34	111	24	3	-	-	-	-	-	-	**138**	**7,647,615**
35-39	71	27	18	2	-	-	-	-	-	**118**	**7,555,027**
40-44	94	28	35	21	1	-	-	-	-	**179**	**12,610,962**
45-49	82	48	36	32	5	-	-	-	-	**203**	**13,629,252**
50-54	81	56	56	43	7	-	-	-	-	**243**	**17,634,229**
55-59	74	46	58	51	11	-	-	-	-	**240**	**18,437,190**
60-64	41	44	41	41	17	-	-	-	-	**184**	**14,498,732**
65-69	8	21	22	24	5	1	1	-	-	**82**	**6,779,680**
70-74	1	-	6	4	2	-	-	-	-	**13**	**1,001,398**
75 and Over	1	2	-	-	1	-	-	-	-	**4**	**309,242**
Total	**678**	**304**	**275**	**218**	**49**	**1**	**1**	**-**	**-**	**1,526**	**$ 106,001,280**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Current Valuation		Previous Valuation	
Average Age:	48.7	Average Age:	49.5
Average Service:	8.0	Average Service:	8.4
Average Annual Pay:	$ 69,463	Average Annual Pay:	$ 68,557
Vested Participants	1,097	Vested Participants	1,050
Nonvested Participants	429	Nonvested Participants	302
Total Participants	1,526	Total Participants	1,352

AGE/SERVICE BY GROUP AS OF JULY 1, 2016

Total All Groups

Current Age	Under 5	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 and Over	Totals	Valuation Payroll
Under 25	119	-	-	-	-	-	-	-	-	**119**	**$ 6,010,035**
25-29	435	64	4	-	-	-	-	-	-	**503**	**27,513,878**
30-34	265	263	113	4	-	-	-	-	-	**645**	**41,207,176**
35-39	135	131	272	60	2	-	-	-	-	**600**	**44,732,047**
40-44	125	77	181	216	52	6	1	-	-	**658**	**53,768,717**
45-49	97	80	130	185	244	132	-	-	-	**868**	**74,334,624**
50-54	90	68	97	114	123	189	42	1	-	**724**	**61,142,440**
55-59	78	53	79	72	84	196	60	23	1	**646**	**55,120,165**
60-64	43	52	56	59	81	119	45	25	7	**487**	**41,312,421**
65-69	9	21	28	32	33	43	23	17	5	**211**	**18,248,730**
70-74	1	1	7	5	8	4	5	2	1	**34**	**2,909,730**
75 and Over	1	2	-	-	3	8	1	1	2	**18**	**1,322,512**
Total	**1,398**	**812**	**967**	**747**	**630**	**697**	**177**	**69**	**16**	**5,513**	**$ 427,622,475**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Current Valuation		Previous Valuation	
Average Age:	45.9	Average Age:	45.6
Average Service:	14.2	Average Service:	14.0
Average Annual Pay:	$ 77,566	Average Annual Pay:	$ 75,569
Vested Participants	4,364	Vested Participants	4,467
Nonvested Participants	1,149	Nonvested Participants	1,074
Total Participants	5,513	Total Participants	5,541

SCHEDULE OF ACTIVE MEMBER DATA AS OF JULY 1, 2016

Valuation Date 7/1	Number	Annual Payroll	Average Annual Pay	% Increase in Avg Pay
2002	5,983	$333,449,862	$55,733	5.33%
2003	5,876	336,019,788	57,185	2.61%
2004	5,670	341,629,327	60,252	5.36%
2005	5,628	355,105,993	63,096	4.72%
2006	5,362	357,361,131	66,647	5.63%
2007	5,294	374,792,608	70,796	6.23%
2008	5,060	376,002,333	74,309	4.96%
2009	5,012	376,014,994	75,023	0.96%
2010	5,786	431,226,155	74,529	-0.66%
2011	5,515	405,336,529	73,497	-1.38%
2012	5,554	398,460,248	71,743	-2.39%
2013	5,606	395,988,026	70,636	-1.54%
2014	5,535	402,899,096	72,791	3.05%
2015	5,541	418,728,584	75,569	3.82%
2016	5,513	427,622,475	77,566	2.64%

Prior to the July 1, 2014, valuation, counts and payroll include DRSP and DROP members.

SCHEDULE OF MEMBERS IN PAY STATUS AS OF JULY 1, 2016

Valuation Date 7/1	Annuitants	Survivors	Disableds	Total Number	Total Annual Benefits	Total Average Annual Benefit
2002	3,002	330	783	4,115		$24,259
2003	3,203	350	817	4,370		25,204
2004	3,348	360	851	4,559		26,276
2005	3,443	369	853	4,665		27,591
2006	3,564	365	919	4,848		29,229
2007	3,661	361	975	4,997		30,011
2008	3,905	380	1,021	5,306		31,808
2009	3,957	386	1,036	5,379		31,698
2010	4,132	380	1,079	5,591		32,606
2011	4,245	393	1,074	5,712		34,348
2012	4,309	438	1,077	5,824	$203,710,715	34,978
2013	4,412	448	1,101	5,961	210,686,878	35,344
2014	4,669	452	1,121	6,242	229,568,856	36,778
2015	4,807	448	1,125	6,380	235,612,875	36,930
2016	4,882	445	1,126	6,453	240,863,796	37,326

Total Annual Benefits first shown in actuarial valuation report in 2012. Amounts in prior years are not readily available. Beginning with the July 1, 2014, valuation, counts for annuitants and annual benefit amounts include DRSP and DROP members.

RECONCILIATION OF PARTICIPANT DATA AS OF JULY 1, 2016

Non-Public Safety

	Actives	Deferred Vested	Retirees and Beneficiaries*	Total
Participants at 07/01/2015	1,202	145	-	1,347
New Entrants and Rehires	-	-	-	-
Transfers To DROP/DRSP	-	-	-	-
Non-Vested Terminations/ Refund of Contributions	(1)	-	-	(1)
Vested Terminations	-	-	-	-
Transfers to GRIP	-	-	-	-
Transfer to E, F, G	-	-	-	-
Transfer from E, F, G	5	-	-	5
Service Retirements	(90)	(13)	-	(103)
Disability	(4)	-	-	(4)
New Beneficiaries	-	-	-	-
Deaths	-	(1)	-	(1)
Benefit Terminations	-	-	-	-
Status Adjustments	-	-	-	-
Participants at 07/01/2016	1,112	131	-	1,243

Public Safety

	Actives	Deferred Vested	Retirees and Beneficiaries*	DRSP/DROP Members	Total
Participants at 07/01/2015	2,987	80	-	95	3,162
New Entrants and Rehires	28	-	-	-	28
Transfers To DROP/DRSP	(46)	-	-	46	-
Non-Vested Terminations/ Refund of Contributions	(45)	-	-	-	(45)
Vested Terminations	(11)	11	-	-	-
Transfers to GRIP	-	-	-	-	-
Transfer to A, H	(5)	-	-	-	(5)
Transfer from A, H	-	-	-	-	-
Service Retirements	(18)	(4)	-	(33)	(55)
Disability	(12)	-	-	(3)	(15)
New Beneficiaries	-	-	-	-	-
Deaths	(3)	-	-	-	(3)
Benefit Terminations	-	-	-	-	-
Status Adjustments	-	-	-	-	-
Participants at 07/01/2016	2,875	87	-	105	3,067

**Reconciliation of non-GRIP retirees and beneficiaries shown in total only.*

RECONCILIATION OF PARTICIPANT DATA AS OF JULY 1, 2016

GRIP

	Actives	Deferred Vested	Retirees and Beneficiaries	Total
Participants at 07/01/2015	1,352	177	1	1,530
New Entrants and Rehires	268	(3)	-	265
Transfers To DROP/DRSP	-	-	-	-
Non-Vested Terminations/ Refund of Contributions	(43)	(50)	-	(93)
Vested Terminations	(49)	49	-	-
Transfers	-	-	-	-
Service Retirements	(2)	-	2	-
Disability	-	-	-	-
Lump Sum Retirement	-	-	-	-
Deaths	-	-	-	-
Benefit Terminations	-	-	-	-
Status Adjustments	-	4	-	4
Participants at 07/01/2016	1,526	177	3	1,706

Total

	Actives	Deferred Vested	Retirees and Beneficiaries	DRSP/DROP Members	Total
Participants at 07/01/2015	5,541	402	6,285	95	12,323
New Entrants and Rehires	296	(3)	-	-	293
Transfers To DROP/DRSP	(46)	-	-	46	-
Non-Vested Terminations/ Refund of Contributions	(89)	(50)	-	-	(139)
Vested Terminations	(60)	60	-	-	-
Transfers	-	-	-	-	-
Service Retirements	(110)	(17)	160	(33)	-
Disability	(16)	-	19	(3)	-
New Beneficiaries	-	-	29	-	29
Deaths	(3)	(1)	(135)	-	(139)
Benefit Terminations	-	-	(15)	-	(15)
Adjustments	-	4	5	-	9
Participants at 07/01/2016	5,513	395	6,348	105	12,361

SECTION C

ACTUARIAL VALUATION METHODS AND ASSUMPTIONS

ACTUARIAL COST METHOD

Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using the ***Individual Entry-Age Normal*** *actuarial cost method* having the following characteristics:

- The normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement; and
- Each annual normal cost is a constant percentage of the member's year by year projected covered pay.

Financing of Unfunded Actuarial Accrued Liabilities. The unfunded actuarial accrued liability is amortized using a level-percentage of pay amortization of a closed period amortization base. The amortization method was changed from an 18-year closed period amortization of the base established on July 1, 2010, and 20-year closed period amortization of the bases established thereafter, to recombining all amortization bases established prior to July 1, 2015, into a single amortization base equal to the unfunded actuarial liability as of July 1, 2015. The single amortization base as of July 1, 2015, and subsequent unfunded liability arising in future valuations are amortized over a single nine-year closed period for non-public safety groups and separate 20-year closed periods for public safety groups and GRIP beginning July 1, 2015.

Allocation of Unfunded Liability and Amortization Payments by Group. The amortization payments for non-GRIP members are allocated between Groups A, E, F, G and H. The amortization payment schedule by group for the bases established prior to the 2012 valuation is based on the allocation established by the prior actuary. The amortization payment schedule by group for the bases established beginning in the 2012 valuation is based on allocations calculated by GRS using a consistent method with the prior actuary.

The unfunded liability as of July 1, 2014, was calculated for each group based on the amortization payment amounts in that valuation and the remaining amortization period for each payment. Beginning with the July 1, 2015, actuarial valuation, changes in the unfunded liability are separately calculated and reported for each group.

The actuarial value of assets by group as of July 1, 2014, was calculated as the difference between the actuarial accrued liability and the unfunded liability as of July 1, 2014. Beginning with the actuarial valuation as of July 1, 2015, the non-GRIP actuarial value of assets by group is calculated using the following methodology:

(1) Beginning of year actuarial value of assets for each benefit group (calculated in the prior year's valuation); plus
(2) Non-investment cash flows (allocated based on each group's projected non-investment cash flows from the prior valuation); plus
(3) Assumed investment return on the actuarial value of assets (rate of return equal to the rate of return on an actuarial value of assets basis for non-GRIP assets).

Actuarial Value of Pension Plan Assets. The calculated value is determined by adjusting the market value of assets to reflect the investment gains and losses (the difference between the actual investment return and the expected investment return) during each of the last five years at the rate of 20 percent per year.

Contribution Basis Payroll. The payroll for each member who is active at the actuarial valuation date is called the Base Payroll. For purposes of calculating the contribution rates based on the dollar contributions determined, different payroll amounts are used.

Contribution Basis Payroll for Normal Cost is the expected payroll for current active members payable in the upcoming year and reflects that a percentage of members will exit the active population due to retirement, termination, death or disability. This payroll is on a consistent basis with the normal cost dollars shown in the report.

Contribution Basis Payroll for Amortization of Unfunded Liability is equal to the total base payroll for the open groups (groups that are enrolling new members) and projected payroll for the period July 1, 2017, through June 30, 2018, for the closed groups (groups that are closed to new members). The projected payroll for the closed groups reflects that a percentage of members will exit the active population due to retirement, termination, death or disability and no additional employees will be hired into those groups. The objective of using this payroll basis is to have the actual County contribution made in fiscal year 2018 for the amortization of the unfunded liability (which is based on a contribution rate and actual payroll during the year) be as close as possible to the dollar amount calculated in the 2016 actuarial valuation report.

Groups A and H are closed and the remaining groups are open.

ACTUARIAL ASSUMPTIONS IN THE VALUATION PROCESS

The contribution and benefit values of the System are calculated by applying actuarial assumptions to the benefit provisions and census information furnished, using the actuarial cost method described on the previous page.

The principal areas of financial risk which require assumptions about future experiences are:

- Long-term rates of investment return to be generated by the assets of the Plan;
- Patterns of pay increases to members;
- Rates of mortality among members, retirees and beneficiaries;
- Rates of withdrawal of active members;
- Rates of disability among members; and
- The age patterns of actual retirement.

In an actuarial valuation, the monetary effect of each actuarial assumption is calculated for as long as a present covered person survives; a period of time which can be as long as a century.

Actual experience of the Plan will not coincide exactly with assumed experience. Each actuarial valuation provides a complete recalculation of assumed future experience and takes into account all past differences between assumed and actual experience. The result is a continual series of adjustments (usually small) to the computed contribution rate.

From time to time it becomes appropriate to modify one or more of the assumptions, to reflect experience trends (but not random year-to-year fluctuations). Thus, an experience review of the Montgomery County Employees' Retirement System for the period July 1, 2009, to July 1, 2014, was performed to compare the demographic and economic experience against the actuarial assumptions used in the actuarial valuations. The actuarial assumptions described in this section were adopted by the Directors for use beginning with the July 1, 2015, actuarial valuation. Additional information regarding the rationale for the actuarial assumptions may be found in the 2015 experience review report. All actuarial assumptions are expectations of future experience, not current market measures.

The assumed rate of price inflation is 2.75 percent.

The assumed COLA is as follows:

	Assumed COLA
100% of CPI, benefit attributable to pre 7/1/2011 service	2.75%
60% of CPI, benefit attributable to pre 7/1/2011 service	1.65%
100% of CPI*, benefit attributable to service on or after 7/1/2011	2.30%

**Capped at 2.5 percent.*

The following groups have a COLA equal to 60 percent of the increase in CPI:

- Unrepresented Non-Public Safety Enrolled 7/1/78 & after-retired before 11/1/01
- Certain Sheriffs and Inspectors Enrolled 7/1/78 & after-retired prior to 11/1/01
- Represented Non-Public Safety Enrolled 7/1/78 & after-retired prior to 11/1/01
- Sheriffs/Corrections Enrolled 7/1/78 & after-retired prior to 11/1/01
- Fire Enrolled 7/1/78 & after-retired prior to 3/1/00
- Police Enrolled 7/1/78 & after-retired prior to 3/1/00

The assumed rate of investment return used was 7.50%, net of expenses, annually.

The rates of annual salary increase used for individual members are in accordance with the following table. This assumption is used to project a member's current salary to the salaries upon which benefit amounts will be based.

Service At Assumed Pay Increase	Group A, H and GRIP	Group E	Group F	Group G
1	6.00%	9.50%	8.00%	9.50%
2	5.50%	9.00%	8.00%	9.00%
3	5.00%	7.00%	8.00%	7.00%
4	4.50%	6.50%	6.50%	6.50%
5	4.00%	6.00%	6.00%	6.00%
6	4.00%	5.50%	5.50%	6.00%
7	4.00%	5.00%	5.00%	6.00%
8	4.00%	4.50%	4.50%	6.00%
9	4.00%	4.00%	4.00%	6.00%
10	4.00%	4.00%	4.00%	6.00%
11	3.25%	4.00%	4.00%	4.50%
12	3.25%	4.00%	4.00%	4.50%
13	3.25%	4.00%	4.00%	4.50%
14	3.25%	4.00%	4.00%	4.50%
15	3.25%	4.00%	4.00%	4.50%
16	3.25%	4.00%	4.00%	4.00%
17	3.25%	4.00%	4.00%	4.00%
18	3.25%	4.00%	4.00%	4.00%
19	3.25%	4.00%	4.00%	4.00%
20	3.25%	4.00%	4.00%	4.00%
21+	3.25%	3.25%	3.25%	3.25%

The assumed rate of total payroll growth used in amortizing the unfunded liability as a level percentage of pay is 3.25 percent.

The assumed increase in the Social Security Taxable Wage Base is 3.25 percent.

The mortality assumptions are as follows:

	Male Set Forward	Female Set Forward
RP-2014 Employee, sex distinct (pre-retirement, non-service connected)*	None	None
RP-2014 Healthy Annuitant, sex distinct (non-disabled post-retirement)	None	None
RP-2014 Healthy Annuitant, sex distinct (disabled post retirement)	6 years	8 years

**Rates multiplied by 15 percent were used for pre-retirement service connected mortality for Groups F and G.*

To provide a margin for future mortality improvements, generational mortality improvements from 2014 using projection scale MP-2014 was used.

	Healthy Mortality				Disabled Mortality	
	Pre-Retirement Future Life Expectancy (years) in 2016		Post-Retirement Future Life Expectancy (years) in 2016		Future Life Expectancy (years) in 2016	
Age	Men	Women	Men	Women	Men	Women
20	69.21	73.49	66.86	69.82	60.67	61.59
25	63.88	68.16	61.45	64.38	55.28	56.19
30	58.55	62.83	56.09	58.99	49.96	50.89
35	53.21	57.52	50.79	53.69	44.73	45.69
40	47.88	52.21	45.58	48.48	39.64	40.59
45	42.58	46.94	40.48	43.36	34.71	35.56
50	37.35	41.72	35.53	38.32	29.94	30.62
55	32.24	36.59	30.77	33.37	25.35	25.83
60	27.30	31.54	26.20	28.55	20.97	21.31
65	22.61	26.59	21.81	23.91	16.86	17.11
70	18.23	21.79	17.65	19.53	13.11	13.29
75	14.17	17.18	13.78	15.45	9.75	9.87
80	10.51	12.81	10.31	11.75	6.92	7.02
85	7.36	8.89	7.37	8.54	4.77	4.86
90	5.06	6.00	5.07	5.96	3.34	3.38
95	3.52	4.10	3.52	4.10	2.41	2.42
100	2.51	2.87	2.51	2.87	1.84	1.85
105	1.89	2.10	1.89	2.10	1.58	1.57

Life expectancy based on non-service connected mortality rates only.

Rates of separation from active membership are represented by the following table (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members terminating employment.

Service Beginning of Year	Group A, H and GRIP		Group E		Group F and G	
	Male	Female	Male	Female	Male	Female
0	11.50%	12.50%	12.00%	15.00%	6.00%	9.00%
1	9.50%	10.50%	10.00%	12.00%	5.00%	7.00%
2	8.00%	9.50%	6.00%	7.00%	4.00%	5.00%
3	6.00%	6.50%	5.00%	6.50%	3.00%	4.50%
4	4.50%	4.50%	4.00%	4.00%	2.50%	3.50%
5	4.00%	4.25%	3.90%	3.90%	2.25%	3.00%
6	4.00%	4.25%	3.80%	3.80%	2.00%	2.75%
7	4.00%	4.25%	3.70%	3.70%	1.75%	2.50%
8	4.00%	4.25%	3.60%	3.60%	1.50%	2.00%
9	4.00%	4.25%	3.50%	3.50%	1.25%	1.75%
10	3.25%	2.75%	2.00%	2.00%	1.00%	1.50%
11	3.25%	2.75%	1.50%	1.50%	0.75%	1.25%
12	3.25%	2.75%	1.00%	1.00%	0.50%	1.00%
13	3.25%	2.75%	1.00%	1.00%	0.50%	0.75%
14	3.25%	2.75%	1.00%	1.00%	0.50%	0.50%
15	2.00%	2.50%	1.00%	1.00%	0.50%	0.50%
16	2.00%	2.50%	1.00%	1.00%	0.50%	0.50%
17	2.00%	2.50%	1.00%	1.00%	0.50%	0.50%
18	2.00%	2.50%	1.00%	1.00%	0.50%	0.50%
19	2.00%	2.50%	1.00%	1.00%	0.50%	0.50%
20+	2.00%	2.50%	1.00%	1.00%	0.50%	0.50%

Vested participants that terminate are assumed to elect the option with the greater present value:

1) *A refund of their accumulated contributions with interest or*
2) *A deferred benefit.*

Rates of disability were as follows:

	Non-Public Safety		Public Safety					
	Groups A and H		Group E		Group F		Group G	
Age	Male	Female	Male	Female	Male	Female	Male	Female
20	0.0257%	0.0068%	0.0515%	0.0315%	0.1029%	0.1125%	0.1029%	0.1125%
25	0.0527%	0.0180%	0.1054%	0.0840%	0.2107%	0.3000%	0.2107%	0.3000%
30	0.1078%	0.0480%	0.2156%	0.2240%	0.4312%	0.8000%	0.4312%	0.8000%
35	0.1323%	0.0705%	0.2646%	0.3290%	0.5292%	1.1750%	0.5292%	1.1750%
40	0.1752%	0.0983%	0.3504%	0.4585%	0.7007%	1.6375%	0.9109%	1.6375%
45	0.3332%	0.2631%	0.6664%	1.2278%	1.3328%	4.3850%	1.5994%	4.3850%
50	0.5537%	0.3537%	1.1074%	1.6506%	2.2148%	5.8950%	2.5692%	5.8950%
55	0.6762%	0.3717%	1.3524%	1.7346%	2.7048%	6.1950%	3.5162%	6.1950%
60	0.7987%	0.3789%	1.3524%	1.7346%	2.7048%	6.1950%	3.5162%	6.1950%

The assumed split of service-connected and non-service connected disabilities is as follows:

	Total	Total	Service Connected Disability	
	Non-Service	Service	Total Incapacity	Partial Incapacity
Group	Connected	Connected	70% Benefit	52.5% Benefit
A and H	65%	35%	17.5%	17.5%
E	40%	60%	20.0%	40.0%
F	5%	95%	30.0%	65.0%
G	5%	95%	30.0%	65.0%

VALUATION ASSUMPTIONS (CONTINUED)

Rates of retirement for members eligible to retire during the next year were as follows:

	Groups A and H (Non Public Safety)		Group E			Group F			Group G			GRIP	
Age	Under 30 Years of Service	30 Years of Service and Over	Under 25 Years of Service	25 Years of Service	26 Years of Service and Over	Under 25 Years of Service	25 Years of Service	26 Years of Service and Over	Under 20 or 21 - 24 Years of Service	20 Years of Service	25 Years of Service and Over	Under 15 Years of Service	15 Years of Service and Over
Under 42			3.50%	3.50%	3.50%	2.50%	20.00%	2.50%	2.50%	10.00%	5.00%		
42			3.50%	3.50%	3.50%	2.50%	20.00%	2.50%	5.00%	10.00%	5.00%		
43			3.50%	3.50%	3.50%	2.50%	20.00%	2.50%	5.00%	10.00%	5.00%		
44			3.50%	3.50%	3.50%	2.50%	20.00%	2.50%	5.00%	10.00%	5.00%		
45	2.00%	2.00%	3.50%	8.00%	8.00%	2.50%	20.00%	2.50%	7.50%	10.00%	10.00%		
46	2.00%	2.00%	3.50%	8.00%	8.00%	3.50%	20.00%	3.50%	7.50%	10.00%	10.00%		
47	2.00%	2.00%	3.50%	8.00%	8.00%	4.50%	20.00%	4.50%	7.50%	10.00%	10.00%		
48	2.00%	2.00%	3.50%	8.00%	8.00%	5.50%	20.00%	5.50%	7.50%	10.00%	10.00%		
49	2.00%	2.00%	3.50%	8.00%	8.00%	6.50%	20.00%	6.50%	7.50%	10.00%	10.00%		
50	3.00%	15.00%	10.00%	10.00%	10.00%	10.00%	20.00%	20.00%	10.00%	15.00%	17.50%		
51	3.00%	15.00%	10.00%	10.00%	10.00%	10.00%	20.00%	20.00%	10.00%	15.00%	17.50%		
52	3.00%	15.00%	10.00%	12.00%	12.00%	10.00%	20.00%	20.00%	12.50%	20.00%	25.00%		
53	3.00%	15.00%	10.00%	12.00%	12.00%	15.00%	25.00%	25.00%	12.50%	20.00%	25.00%		
54	3.00%	15.00%	10.00%	12.00%	12.00%	15.00%	25.00%	25.00%	12.50%	20.00%	25.00%		
55	6.00%	15.00%	15.00%	30.00%	30.00%	15.00%	40.00%	40.00%	20.00%	40.00%	35.00%	3.00%	3.00%
56	6.00%	15.00%	15.00%	30.00%	30.00%	15.00%	40.00%	40.00%	20.00%	40.00%	35.00%	3.00%	3.00%
57	6.00%	15.00%	15.00%	30.00%	30.00%	15.00%	40.00%	40.00%	20.00%	40.00%	35.00%	6.00%	6.00%
58	8.00%	15.00%	15.00%	30.00%	30.00%	15.00%	40.00%	40.00%	20.00%	40.00%	35.00%	6.00%	6.00%
59	8.00%	15.00%	15.00%	30.00%	30.00%	15.00%	40.00%	40.00%	20.00%	40.00%	35.00%	6.00%	6.00%
60	13.00%	18.00%	25.00%	50.00%	50.00%	25.00%	70.00%	70.00%	40.00%	40.00%	40.00%	6.00%	10.00%
61	13.00%	18.00%	25.00%	50.00%	50.00%	25.00%	70.00%	70.00%	40.00%	40.00%	40.00%	6.00%	10.00%
62	13.00%	18.00%	25.00%	50.00%	50.00%	25.00%	70.00%	70.00%	40.00%	40.00%	40.00%	8.00%	25.00%
63	13.00%	18.00%	25.00%	50.00%	50.00%	25.00%	70.00%	70.00%	40.00%	40.00%	40.00%	8.00%	25.00%
64	13.00%	18.00%	25.00%	50.00%	50.00%	25.00%	70.00%	70.00%	40.00%	40.00%	40.00%	8.00%	25.00%
65	20.00%	25.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	20.00%	30.00%
66	20.00%	25.00%										20.00%	30.00%
67	20.00%	25.00%										20.00%	30.00%
68	20.00%	25.00%										20.00%	30.00%
69	20.00%	25.00%										20.00%	30.00%
70	40.00%	40.00%										50.00%	50.00%
71	40.00%	40.00%										50.00%	50.00%
72	40.00%	40.00%										50.00%	50.00%
73	40.00%	40.00%										50.00%	50.00%
74	40.00%	40.00%										50.00%	50.00%
75	100.00%	100.00%										100.00%	100.00%

Assumption for DRSP and DROP eligible members are as follows:

	Group E (DROP)	Group F (DRSP)	Group G (DROP)
Percent Assumed to Participate	75%	75%	75%
Average Years of Participation	3 years	3 years	3 years

Assumed Additional Sick Leave Credit: Members are assumed to accumulate additional service credit at termination or retirement for unused sick leave credit up to a maximum of 2 years.

Group	Years of Sick Leave Per Year of Credited Service
A	0.022
E	0.025
F	0.040
G	0.031
H	0.016

Marital Status: It is assumed that 80 percent of active participants have an eligible spouse. The male spouse is assumed to be three years older than the female spouse.

Form of Payment:

Plan	Normal Form	Assumed in Valuation
Mandatory Integrated	Life Annuity, guaranteed returned employee contributions with interest	3 Year Certain and Continuous Annuity
Optional Integrated	Life Annuity with 120 monthly payments guaranteed	10 Year Certain and Continuous Annuity
Optional Non-Integrated	Life Annuity with 120 monthly payments guaranteed	10 Year Certain and Continuous Annuity
GRIP	Lump Sum	Lump Sum at Termination or Retirement

Benefit Service: Exact fractional years of service are used to determine the amount of benefit payable.

Decrement Timing: All decrements are assumed to occur at the middle of the year.

Decrement Operation: Turnover decrements do not operate after the member reaches retirement eligibility.

Eligibility Testing: Eligibility for benefits is determined based upon the age nearest birthday and service on the date the decrement is assumed to occur.

Pay Increase Timing: End of (fiscal) year.

Expenses: Assumed administrative expenses were added to the Normal Cost and are based on 105 percent of the average of the administrative expenses over the past 3 years. The assumed amount added to the Normal Cost is:

Valuation Year	Actual Administrative Expenses 3 Years Prior	2 Years Prior	1 Year Prior	3 Year Average	Assumed Expenses Added to Normal Cost
2014	$ 3,545,654	$ 2,400,996	$ 2,953,807	$ 2,966,819	$ 2,966,800
2015	2,400,996	2,953,807	2,684,560	2,679,788	2,813,800
2016	2,953,807	2,684,560	3,014,055	2,884,141	3,028,300

Assumptions for Missing or Incomplete Data:

Active members:
If payroll was not provided, the current year payroll was set equal to the prior year payroll. For new hires, the current year payroll was set equal to the average payroll for new hires in the same group (A, E, F, G, H, GRIP).

Vesting service and credited service were calculated for GRIP members based on date of hire and the valuation date.

Retired members:
If a beneficiary date of birth was not provided for members with a joint and survivor option, it was assumed that there was a beneficiary and males are three years older than their female spouses.

SECTION D

BENEFIT PROVISIONS

BRIEF SUMMARY OF PLAN PROVISIONS AS OF JULY 1, 2016

Following is a summary of the major plan provisions used in the valuation summarized in this report. Montgomery County is solely responsible for the validity, accuracy and comprehensiveness of this information. If any of the plan provisions shown below are not accurate and complete, the valuation results may differ significantly from those shown in this report and may require a revision of this report. Moreover, these plan provisions may be susceptible to different interpretations, each of which could be reasonable, and the different interpretations could lead to different valuation results.

1. Effective Date of the Plan

   August 15, 1965. Latest changes to the plan were made for group A, group E, group F, group G, group H and GRIP members in FY11 and were reflected in the 2011 actuarial valuation. Some of the changes were effective July 1, 2011, while others were effective July 1, 2012.

2. Employee Eligibility Requirements

   A. Optional non-integrated retirement plan: Employees enrolled prior to July 1, 1978, who do not elect to join the integrated retirement plan.

   B. Optional integrated plan: Employees enrolled prior to July 1, 1978, who elect to join the integrated retirement plan.

   C. Mandatory integrated retirement plan: Employees enrolled on or after July 1, 1978. The Plan is closed to Non-Public Safety employees hired or rehired after September 30, 1994.

3. Membership Groups and Eligibility

   - Group A: Any employee who is not eligible for coverage under another membership group.

   - Group B: Any correctional officer, fire prevention officer, or deputy sheriff appointed or promoted to the position on or before June 30, 1978 who has not elected to transfer to another membership group.

   - Group D: Any full-time police officer appointed on or before August 15, 1965, who has been continuously employed as a police officer and has not elected to transfer to any other membership group.

   - Group E: The chief administrative officer, the director of the council staff, the hearing examiners, the county attorney and each head of a principal department, office or agency of the county government, if appointed before July 30, 1978, or a member having held such position on or before October 1, 1972. Any sworn deputy sheriff and such correctional staff as designated by the chief administrative officer.

   - Group F: Any sworn police officer who is not eligible for coverage under another membership group.

- Group G: Any paid firefighter, paid fire officer or paid rescue service personnel not eligible for coverage under another membership group.

- Group H: Any member, including any probationary employee, who holds a bargaining unit position, unless the member is eligible for membership in Groups B, D, E, F or G.

4. Member Contributions as a Percent of Regular Base Earnings

Effective July 1, 1989, member contributions are pre-tax and interest shall be credited annually on each member's accumulated contributions at a 4.0 percent annual rate.

A. Optional non-integrated plan:

	Prior to 7/1/2001	Effective 7/1/2001	Effective 7/1/2011	Effective 7/1/2012 and After
Group A	6%	6%	7%	8%
Group B*	7%	n/a	n/a	n/a
Group D**	n/a	n/a	n/a	n/a
Group E	7½%	8½%	9½%	10½%
Group F	7½%	8½%	9½%	10½%
Group G	7½%	8½%	9½%	10½%
Group H	6%	6%	7%	8%

* The last Group B member retired August 1, 1998

** The last Group D member retired November 1, 1992

B. Optional integrated plan:

	Prior to 7/1/2001*		Effective 7/1/2001*		Effective 7/1/2011		Effective 7/1/2012 and After	
	Up to SSTWB	In excess of SSTWB	Up to SSTWB	In excess of SSTWB	Up to SSTWB	In excess of SSTWB	Up to SSTWB	In excess of SSTWB
Group A	3%	6%	4%	6%	5%	7%	6%	8%
Group B**	3½%	7%	4½%	7%	n/a	n/a	n/a	n/a
Group D	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Group E	3¾%	7½%	4¾%	8½%	5¾%	9½%	6¾%	10½%
Group F	4%	8%	4¾%	8½%	5¾%	9½%	6¾%	10½%
Group G with less than 25 years of service								
	4¾%	8½%	5½%	9¼%	6½%	10¼%	7½%	11¼%
Group G with at least 25 years of service								
	4¾%	8½%	4¾%	8½%	5¾%	9½%	6¾%	10½%
Group H	3%	6%	4%	6%	5%	7%	6%	8%

* 7/1/2007 for Group G

** The last Group B member retired February 1, 2008

SSTWB means Social Security Taxable Wage Base.

C. Mandatory integrated plan:

	Prior to 7/1/2001*		Effective 7/1/2001*		Effective 7/1/2011		Effective 7/1/2012 and After	
	Up to SSTWB	In excess of SSTWB	Up to SSTWB	In excess of SSTWB	Up to SSTWB	In excess of SSTWB	Up to SSTWB	In excess of SSTWB
Group A	3%	6%	4%	6%	5%	7%	6%	8%
Group B	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Group D	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Group E	3¾%	7½%	4¾%	8½%	5¾%	9½%	6¾%	10½%
Group F	4%	8%	4¾%	8½%	5¾%	9½%	6¾%	10½%
Group G with less than 25 years of service								
	4¾%	8½%	5½%	9¼%	6½%	10¼%	7½%	11¼%
Group G with at least 25 years of service								
	4¾%	8½%	4¾%	8½%	5¾%	9½%	6¾%	10½%
Group H	3%	6%	4%	6%	5%	7%	6%	8%

* 7/1/2007 for Group G

5. Credited Service

A member's credited service is the total service rendered under the Employees' Retirement System of Montgomery County, plus credited service earned under State of Maryland and/or Montgomery County Police Relief and Retirement Fund Law or any other Maryland Public Plan, plus any purchased prior service or granted.

A. Full-time: Full-time members receive one year of credited service for rendering the full normal working time in a 12-month period.

B. Part-time: Part-time members working less than the normal scheduled workweek for full-time employees on a continuing basis shall receive one year of credited service for each 12-month period.

C. Combined part-time and full-time: Combined part-time and full-time employees will receive one month of credited service for 176 hours worked each fiscal year. Accumulated hours of 88 to 176 or 15 days or more in any calendar month will equal one month of credited service.

D. Sick Leave: Any employee whose retirement is effective on or after May 1, 1970, will have 176 hours of accumulated sick leave equivalent to one month of credited service up to a maximum of 4,224 hours. Accumulated sick leave of less than 11 days shall not be credited; 11 to 22 days shall be credited as one month for retirement purposes. Any member who vests on or after October 1, 1971, may have sick leave credited for vesting purposes on the same basis.

6. Average Final Earnings

For members enrolled on or before June 30, 1978, average final earnings are equal to the

regular earnings for the 12-month period immediately preceding retirement, or any consecutive 12-month period, if greater.

For members enrolled on or after July 1, 1978, average final earnings are equal to the average of regular annual earnings for the 36-month period immediately preceding retirement, or any consecutive 36-month period, if greater.

7. Social Security Wage Base

For any particular year, the maximum amount of earnings creditable for benefit computation purposes under the Old Age, Survivors and Disabilities Insurance Program established by the Federal Social Security Act.

Year	Social Security Taxable Wage Base
2011	$106,800
2012	$110,100
2013	$113,700
2014	$117,000
2015	$118,500

8. Social Security Maximum Compensation Level

The maximum dollar amount of earnings upon which Social Security benefits are based, assuming: (1) an employee's annual compensation is at least as great as the taxable wage base each year, for a 35-year period through the year in which the employee attains Social Security Retirement Age, (2) the employee remained in covered employment during each calendar year, (3) the taxable wage base stays level from date of retirement to Social Security Retirement Age.

9. Social Security Retirement Age

- Age 65 for employees born prior to January 1, 1938.
- Age 66 for employees born on or after January 1, 1938, and prior to January 1, 1955.
- Age 67 for employees born on or after January 1, 1955.

10. Regular Earnings

Gross pay for actual hours worked, excluding overtime.

Imputed Compensation for FY2010 only (effective July 1, 2009):

- Regular earnings for a Group A, E or H member who is employed on July 1, 2009, includes amounts as if the member had received an increase of 4.5% in the member's gross pay as of July 1, 2009, except for the purpose of calculating a member's contribution.

- Regular earnings for a Group F member who is employed on July 1, 2009, includes amounts as if the member had received an increase of 4.25 percent in the member's gross pay as of July 1, 2009, except for the purpose of calculating a member's contribution.
- Regular earnings for a Group G member who is employed on July 1, 2009, includes amounts as if the member had received an increase of 4.00 percent in the member's gross pay as of July 1, 2009, except for the purpose of calculating a member's contribution.

11. Benefits

A. Normal Retirement Date:

Age and Service Requirement:

- Group A: Age 60 and five years of credited service, or age 55 and 30 years of credited service *(after June 30, 2002, age 60 and five years of credited service, or age 50 and 30 years of credited service for members who are Police Telecommunicators).*
- Group B: Age 55 and 15 years of credited service, or age 51 and 30 years of credited service.
- Group D: The requirements contained in the police relief and retirement fund law of the county.
- Group E: Age 55 and 15 years of credited service, or age 46 and 25 years of credited service.
- Group F: Age 55 and 15 years of credited service, or 25 years of credited service (effective July 1, 2008; previously, age 55 and 15 years of credited service, or age 46 and 25 years of credited service).
- Group G: Age 55 and 15 years of credited service, or any age with 20 years of credited service (effective July 1, 2007; previously age 55 and 15 years of credited service, or any age with 25 years of credited service).
- Group H: Age 60 and five years of credited service, or age 55 and 30 years of credited service (after June 30, 2002, age 60 and five years of credited service, or age 50 and 30 years of credited service for members who are Police Telecommunicators or members of the Service, Labor and Trades (SLT) bargaining unit).

B. Benefit Amount:

1. Optional non-integrated plan: All groups other than Group E, F or G – 2 percent of average final earnings multiplied by years of credited service, up to a maximum of 36 years, plus sick leave credits.

- Group E: 2.4 percent of average final earnings for each of the first 25 years of credited service, plus 2 percent of average final earnings for each year of credited service after 25 years up to a maximum of 31 years, plus sick leave credits. Sick leave credit in excess of 25 years is credited at 2 percent of average final earnings.

- Group F: 2.4 percent of average final earnings for each year of credited service, up to a maximum of 36 years, plus sick leave credits.

- Group G: 2.5 percent of average final earnings for each of the first 20 years of credited service, plus 2 percent of average final earnings for each year of credited service after 20 years up to a maximum of 31 years, plus sick leave credits (effective July 1, 2007; previously 2 percent of average final earnings for each of the first 20 years of credited service, plus 3 percent of average final earnings for each year of credited service from 21st year through 24th year, plus 8 percent of average final earnings for the 25th year of credited service, plus 2 percent of average final earnings for each year of credited service after 25 years up to a maximum of 31 years, plus sick leave credits).

2. Integrated plans:

   a. From date of retirement to Social Security Retirement Age:

      - For groups other than Groups E, F or G: 2 percent of average final earnings multiplied by years of credited service, up to a maximum of 36 years, plus sick leave credits.

      - Group E: 2.4 percent of average final earnings for each of the first 25 years of credited service, plus 2 percent of average final earnings for each year of credited service more than 25 years up to a maximum of 31 years, plus sick leave credits.

      - Group F: 2.4 percent of average final earnings multiplied by years of credited service, up to a maximum of 36 years of service including sick leave credits. (Effective 7/1/2008; previously 2.4 percent of average final earnings for each year of credited service, up to a maximum of 30 years, plus sick leave credits. Sick leave credit in excess of 30 years is credited at 2 percent of average final earnings).

      - Group G: 2.5 percent of average final earnings for each of the first 20 years of credited service, plus 2 percent of average final earnings for each year of credited service after 20 years up to a maximum of 31 years, plus sick leave credits (effective 7/1/2007; previously 2 percent of average final earnings for each of the first 20 years of credited service, plus 3 percent of average final earnings for each year of credited service from 21st year through 24th year, plus 8 percent of average final earnings for the 25th year of credited service, plus 2

percent of average final earnings for each year of credited service after 25 years up to a maximum of 31 years, plus sick leave credits).

b. From attainment of Social Security Retirement Age:

- For Groups A, B or H: 1.25 percent of average final earnings up to Social Security maximum covered compensation plus 2 percent of average final earnings above Social Security maximum covered compensation, multiplied by years of credited service up to 36 years, plus sick leave credits.

- Group D: 1 percent of average final earnings up to Social Security maximum covered compensation plus 2 percent of average final earnings above Social Security maximum covered compensation, multiplied by years of credited service up to 36 years, plus sick leave credits.

- Group E: 1.25 percent (effective 7/1/2009: 1.65 percent) of average final earnings up to Social Security maximum covered compensation for each year of credited service up to a maximum of 31 years plus sick leave credits, plus 2.4 percent of average final earnings above Social Security maximum covered compensation for each of the first 25 years, and 2 percent of average final earnings above Social Security maximum covered compensation for each year of credited service after 25 years up to a maximum of 31 years, plus sick leave credits. Sick leave credits used for years in excess of 25 years is credited at 2 percent of average final earnings above Social Security maximum covered compensation.

- Group F: 1.65 percent of average final earnings up to Social Security maximum covered compensation for each year of credited service up to a maximum of 36 years including sick leave credits and 2.4 percent of average final earnings above Social Security maximum covered compensation for each year of credited service up to a maximum of 36 years including sick leave credits. (Effective 7/1/2008; previously 1.65 percent of average final earnings up to Social Security maximum covered compensation for each year of credited service up to a maximum of 30 years, plus 1.25 percent of average final earnings up to Social Security maximum covered compensation for each year of credited service in excess of 30 years, plus sick leave credits, and 2.4 percent of average final earnings above Social Security maximum covered compensation for each year of credited service up to a maximum of 30 years, plus sick leave credits. Sick leave credits used for years in excess of 30 years is credited at 2 percent of average final earnings above Social Security maximum covered compensation).

- Group G: 1.71875 percent of average final earnings for each of the first 20 years of credited service, plus 1.375 percent of average final earnings for each year of credited service after 20 years up to a maximum of 31 years, plus sick leave credits.

12. Early Pension

A. Age and service requirements:

- Group A: Age 50 and 15 years of credited service, or age 45 and 20 years of credited service.
- Group B: Age 45 and 15 years of credited service.
- Group D: Not applicable.
- Group E: Age 45 and 15 years of credited service, or age 41 and 20 years of credited service.
- Group F: Age 45 and 15 years of credited service, or age 41 and 20 years of credited service.
- Group G: Only normal retirement is allowed (effective 7/1/2007, previously age 45 and 15 years of credited service, or age 41 and 20 years of credited service).
- Group H: Age 50 with 15 years of credited service, or age 45 and 20 years of credited service.

B. Benefit amount: Regular pension accrued, reduced by the following schedule:

MONTHS EARLY	YEARS EARLY 0	1	2	3	4	5	6	7	8	9	10
0	100.00%	98.00%	95.00%	91.00%	86.00%	80.00%	72.00%	64.00%	56.00%	48.00%	40.00%
1	99.83%	97.75%	94.67%	90.58%	85.50%	79.33%	71.33%	63.33%	55.33%	47.33%	
2	99.67%	97.50%	94.33%	90.17%	85.00%	78.67%	70.67%	62.67%	54.67%	46.67%	
3	99.50%	97.25%	94.00%	89.75%	84.50%	78.00%	70.00%	62.00%	54.00%	46.00%	
4	99.33%	97.00%	93.67%	89.33%	84.00%	77.33%	69.33%	61.33%	53.33%	45.33%	
5	99.17%	96.75%	93.33%	88.92%	83.50%	76.67%	68.67%	60.67%	52.67%	44.67%	
6	99.00%	96.50%	93.00%	88.50%	83.00%	76.00%	68.00%	60.00%	52.00%	44.00%	
7	98.83%	96.25%	92.67%	88.08%	82.50%	75.33%	67.33%	59.33%	51.33%	43.33%	
8	98.67%	96.00%	92.33%	87.67%	82.00%	74.67%	66.67%	58.67%	50.67%	42.67%	
9	98.50%	95.75%	92.00%	87.25%	81.50%	74.00%	66.00%	58.00%	50.00%	42.00%	
10	98.33%	95.50%	91.67%	86.83%	81.00%	73.33%	65.33%	57.33%	49.33%	41.33%	
11	98.17%	95.25%	91.33%	86.42%	80.50%	72.67%	64.67%	56.67%	48.67%	40.67%	

Unreduced early retirement benefits are available if the member's age and service equals 85 with at least 35 years of credited service.

13. Disability Pension

A. Non-service-connected disability retirement:

Age and service requirement: Five years of credited service.

Amount: The greater of the accrued benefit under 11(B) or 33⅓ percent of final earnings.

B. Service-connected disability retirement:

Age and service requirement: None

Benefit amount:

1. For total incapacity: The greater of the accrued benefit under 11(B) or 66⅔ percent of final earnings.

2. For Group G members: Benefits described in (1.) above are modified as follows:

   - The minimum benefit is 70 percent of final earnings if the member meets the definition of Social Security disability.

   - The minimum benefit is 52½ percent of final earnings if the member is disabled but does not qualify for the 70 percent minimum benefit above. The Chief Administrative Officer of the County may offer a disabled member an alternative position with the County with a 5 percent pay increase in lieu of this disability benefit.

   - Certain causes of disability are automatically deemed to be service-connected.

Effective July 1, 2012, the service-connected benefit amount is modified as follows:

- Total incapacity: the minimum benefit is 70 percent of final earnings if the Disability Review Panel approves. If the member has been granted Social Security disability benefits, the Disability Review Panel must recommend total incapacity status if the Social Security award is based primarily on the impairment for which plan benefits are paid.

- Partial incapacity: the minimum benefit is 52½ percent of final earnings if the member is disabled but does not qualify for the 70 percent minimum benefit above.

- Group G: The Chief Administrative Officer of the County may offer a disabled member an alternative position with the County with a 5 percent pay increase in lieu of this disability benefit. This does not apply to Group F.

14. Termination of Employment

A. Vesting provision:

Service requirement: Effective July 1, 1989, all employees who render five or more years of credited service become fully vested. Previously, vesting was based on a five to 10-year graded vesting schedule. Elected officials become vested after five years of service with a minimum monthly benefit of $150.

Benefit amount: The monthly vested pension payable at normal retirement date is the benefit determined according to the normal retirement pension provisions based on credited service to the date of termination.

Effective July 1, 2010, unreduced benefit commencement date provision clarification for future terminated vested members: The unreduced benefit commencement date for groups A and H is age 60. The comparable date for groups E, F and G members is age 70 ½ for members who are not 55 years old with 15 years of service at their termination date.

B. Return of employee contributions:

A member's contributions plus interest will be refunded if:

- A member's service with the county terminates before the member becomes eligible to vest.
- A member eligible to vest terminates service and voluntarily elects to withdraw.

15. Discontinued Service Pension

Applies if employment ends because of an administrative action and participant has 10 or more years of continuous service. Discontinued service pension begins at early retirement date but no reductions are made for early retirement. A participant may not receive a discontinued service pension if the participant was terminated for cause or resigned.

A. Groups A, E, F, G and H

1. Optional Non-Integrated plan members and Optional Non-Integrated plan members who elected to transfer to the Optional Integrated plan on or before September 26, 1983.

   Eligibility: 10 or more years of continuous or credited service, and not an elected or appointed member.

   Benefit amount: The amount of pension that the participant would receive for a regular retirement modified as follows:

   - Substitute final earnings for average final earnings
   - Add 5 percent of final earnings
   - No reduction at Social Security Normal Retirement Age

2. Optional Non-Integrated plan members who transferred to the Optional Integrated plan after September 26, 1983.

   Eligibility: 10 or more years of credited or continuous service, and not an elected or appointed member.

Benefit amount: The amount of pension that the participant would receive for a regular retirement modified as follows:

- Substitute final earnings for average final earnings
- Add 5 percent of final earnings

3. Mandatory Integrated plan:

Eligibility: 10 or more years of continuous service and not an elected or appointed member.

Benefit amount: The amount of pension that the participant would receive for a regular retirement without any reduction for early retirement.

B. Elected and appointed members:

On or before September 26, 1983

Eligibility: 10 or more years of credited service and enrolled or re-enrolled *on or before* September 26, 1983, or submits an application to transfer from the optional plan to the integrated plan *before* September 26, 1983.

Benefit amount: Regular pension accrued under 11(B) except that "final earnings" replaces "average final earnings" in the calculation, minimum $300.00 monthly.

After September 26, 1983

Eligibility: 10 or more years of credited service and enrolled or re-enrolled after September 26, 1983, or submits an application to transfer from the optional plan to the integrated plan after September 26, 1983.

Benefit amount: Regular pension accrued under 11(B) except that "final earnings" replaces "average final earnings" in the calculation, minimum $300.00 monthly.

C. Notwithstanding the above provisions, any member covered by this plan on April 1, 1970, who has reached early retirement date with 20 years of continuous or credited service is eligible to receive a pension commencing immediately in an amount not less than 50 percent of final earnings.

16. Death Benefits

A. Non service-connected:

Eligibility: None.

Benefit amount:

1. Return of member contributions with interest;
   plus
2. 50 percent of average final earnings if the member was a member of the Employees' Retirement System on or before December 31, 1966, and was a Maryland State plan member on August 15, 1965.
   or
3. Alternate death benefits listed under (C.) below.

B. Service-connected:

Eligibility requirement: None

Benefit amount:

1. The spouse* will receive a benefit equal to 25 percent of the member's final earnings, with a minimum of $250.00 per month. The child will receive a benefit equal to 5 percent of the member's final earnings with a minimum of $50.00 per month to age 21 or life if disabled;
   plus
2. 50 percent of average final earnings if the member was a member of the Employees' Retirement System on or before December 31, 1966, and was a Maryland State plan member on August 15, 1965;
   or
3. Alternate death benefits listed under (C.) below.

4. For Group F and Group G members: if the member dies while performing duties for the County, the plan will pay death benefits to the spouse or domestic partner and child as if they were receiving a service-connected disability at the 70 percent minimum benefit level at the time of death and had elected the 100 percent joint and survivor option.

C. Alternative death benefits:

Eligibility: Member was eligible for vesting or retirement.

Benefit amount:

1. Spouse* or child may elect to receive the amount that would have been paid had the member elected to receive a 100 percent joint and survivor pension; plus

2. 50 percent of average final earnings if the member was a member of the Employees' Retirement System on or before December 31, 1966, and was a Maryland State plan member at August 15, 1965.

** Domestic partners who meet the requirements for domestic partnership are also eligible.*

17. Forms of Payment

A. Normal form:

1. Optional non-integrated plan: Lifetime benefit, with first 120 monthly payments guaranteed.
2. Optional integrated plan: Lifetime benefit, with first 120 monthly payments guaranteed.
3. Mandatory integrated plan: Lifetime benefit with refund of remaining contributions and interest.

B. Optional forms: A member may elect an optional form of pension actuarially equivalent to the normal form of retirement, otherwise payable, excluding members who qualified for a non-service-connected disability retirement before reaching early retirement date.

Available forms of payment are:

Modified Cash Refund Annuity	Lifetime benefit with return of employee contributions with interest guaranteed
10-Year Certain and Continuous Annuity	Lifetime benefit with 120 monthly payments guaranteed
Social Security Adjustment Option Combined with either Modified Cash Refund Annuity or a 10-Year Certain and Continuous Annuity	Provides a nearly level total income, from the Plan and Social Security, from date of retirement to date of death. At death, payment will continue to the beneficiary if the guarantee provided under the normal form of payment has not been exhausted.
Joint and Survivor Annuity	Provides a lifetime benefit and a continuation of a percentage of the retiree benefit upon death to the beneficiary. The minimum percentage is 10 percent. A guaranteed payment of employee contributions with interest is provided for the mandatory plan and 120 monthly payments from date of retirement for the optional plans.
Joint and Survivor Annuity with Pop-Up	Provides a lifetime benefit and a continuation of a percentage of the retiree benefit upon death to the beneficiary. The minimum percentage is 10 percent. If the beneficiary predeceases or divorces from the retiree, the monthly benefit pops up to the amount it would have been under the Modified Cash Refund option. A guaranteed payment of employee contributions with interest is provided.
Social Security Adjustment Option Combined with Joint and Survivor Annuity Option	Provides a nearly level total income, from the Plan and Social Security, from date of retirement to date of death and a continuation of a percentage of the retiree benefit upon death to the beneficiary. The minimum percentage is 10 percent.
Social Security Adjustment Option Combined with Joint and Survivor Annuity Pop-Up Option	Provides a nearly level total income, from the Plan and Social Security, from date of retirement to date of death and a continuation of a percentage of the retiree benefit upon death to the beneficiary. The minimum percentage is 10 percent. If the beneficiary predeceases or divorces from the retiree, the monthly benefit pops up to the amount it would have been under the Modified Cash Refund option. A guaranteed payment of employee contributions with interest is provided.

18. Post-Retirement Increases

Optional non-integrated plan: Annual adjustment to the benefit equal to 100 percent of the change in Consumer Price Index for the Washington Metro Area for years and months of credited service before July 1, 2011. For years and months of credited service after June 30, 2011, any adjustment will not exceed 2.5 percent.

Optional integrated plan: Annual adjustment to the benefit equal to 100 percent of the change in Consumer Price Index for the Washington Metro Area for years and months of credited service before July 1, 2011. For years and months of credited service after June 30, 2011, any adjustment will not exceed 2.5 percent.

Mandatory integrated plan:

- Participants who enrolled on or after July 1, 1978, and retired before November 1, 2001 – Annual adjustment to the benefit equal to 60 percent of CPI increase, limited to 5 percent. However, if over age 65 or disabled, then the maximum limit of 5 percent does not apply.

- Participants who enrolled on or after July 1, 1978, and retired on or after November 1, 2001 – Annual adjustment to the benefit equal to 100 percent of the change in Consumer Price Index for the Washington Metro Area up to 3 percent, plus 60 percent of any change in Consumer Price Index greater than 3 percent, not to exceed a total of 7.5 percent for years and months of credited service before July 1, 2011. The maximum 7.5 percent does not apply to disability retirees or retirees over age 65 for years of service before July 1, 2011. For years and months of credited service after June 30, 2011, any adjustment will not exceed 2.5 percent.

Disability Benefits:

For a disability occurring after June 30, 2011, as determined by the Disability Review Panel, any postretirement adjustment of the disability retirement benefit will not exceed 2.5 percent.

Sick Leave:

For purposes of applying any post-retirement adjustment, any sick leave will be credited as years and months of service as of the date of retirement. For participants who retire after July 1, 2011, any post-retirement adjustment will not exceed 2.5 percent on any sick leave credited as years and months of service.

DRSP Participants:

Effective July 1, 2011, any additional sick leave credited as years and months of service at DRSP exit is subject to the 2.5 percent post-retirement adjustment limit.

DROP Participants:

Effective July 1, 2011, any additional sick leave credited as years and months of service at DROP exit is subject to the 2.5 percent post-retirement adjustment limit.

Transferred Service:

For purposes of applying any post-retirement adjustment, any transferred service will be credited as years and months of service as of the date a properly completed application is filed with the Benefits Team. For applications to transfer service credit filed after June 30, 2011, any post-retirement adjustment will not exceed 2.5 percent on the transferred service.

Purchased Service:

For purposes of applying any post-retirement adjustment, any purchased service will be credited as years and months of service as of the date a properly completed application is filed with the Benefits Team. For applications to purchase service credit filed after June 30, 2011, any post-retirement adjustment will not exceed 2.5 percent on the purchased service.

19. Deferred Retirement Option Plan (DROP) for Group E *(effective 7/1/2015)*

A. Eligibility for DROP entry:

Any group E uniformed correctional officers or sworn deputy sheriffs who are at least 55 years old and have at least 15 years of credited service or have attained age 46 and 25 years of credited service may participate in the DROP plan.

B. Exit from DROP:

The first day of any month not to exceed 36 months.

C. The DROP account is:

- A member-directed account outside the System's usual investment.
- Credited with the investment gains and losses of the chosen investments.
- Credited with the monthly benefits that the member would have received if the member had retired at DROP entry.

Upon exit from DROP, the member can receive the DROP account as a lump sum payment or as actuarially equivalent monthly benefits.

D. Post-DROP monthly benefit:

The amount the participant would have received at DROP entry with post-retirement increases for the period in DROP.

E. Disability while in DROP:

Non-Service Connected: The member will receive a pension benefit calculated as if they retired with a non-service connected disability on the date they exited DROP and their DROP account.

Service Connected Disability: The member can elect (i) their DROP account and the post-DROP monthly benefit or (ii) a disability benefit calculated as if the member had never entered DROP.

F. Death while in DROP:

The beneficiary will receive the greater of (i) the death benefit that the beneficiary would have received if the member had died at DROP entry with post-retirement increases plus the DROP account or (ii) the death benefit calculated as if the member had never entered DROP.

G. Member Contributions:

Members do not contribute while in DROP.

20. Discontinued Retirement Service Program (DRSP) for Group F *(effective 7/1/2008)*

H. Eligibility for DRSP entry:

Any group F member who has attained age 46 and 25 years of credited service may participate in the DRSP plan.

I. Exit from DRSP:

The first day of any month not to exceed 36 months.

J. The DRSP account is:

- A member-directed account outside the System's usual investment.
- Credited with the investment gains and losses of the chosen investments.
- Credited with the monthly benefits that the member would have received if the member had retired at DRSP entry.

Upon exit from DRSP, the member can receive the DRSP account as a lump sum payment or as actuarially equivalent monthly benefits.

K. Post-DRSP monthly benefit:

The amount the participant would have received at DRSP entry with post-retirement increases for the period in DRSP.

L. Disability while in DRSP:

Non-Service Connected: The member will receive a pension benefit calculated as if they retired with a non-service connected disability on the date they exited DRSP and their DRSP account.

Service Connected Disability: The member can elect (i) their DRSP account and the post-DRSP monthly benefit or (ii) a disability benefit calculated as if the member had never entered DRSP.

M. Death while in DRSP:

The beneficiary will receive the greater of (i) the death benefit that the beneficiary would have received if the member had died at DRSP entry with post-retirement increases plus the DRSP account or (ii) the death benefit calculated as if the member had never entered DRSP.

N. Member Contributions:

Members do not contribute while in DRSP.

21. Deferred Retirement Option Plan (DROP) for Group G

A. Eligibility for DROP entry:

Any group G member who has met the age and service requirements for a normal retirement may participate in the DROP plan *(effective 7/1/2007; previously only Group G members with at least 25 years of credited service).*

B. Exit from DROP:

The first day of any month not to exceed 36 months.

C. The DROP account collects:

- The member's contributions while in DROP.
- The monthly benefits that the member would have received if the member had retired at DROP entry.
- 8.25 percent interest on the amount in the account.

Upon exit from DROP, the member can receive the DROP account as a lump sum payment or as actuarially equivalent monthly benefits.

D. Post-DROP monthly benefit:

The amount the participant would have received at DROP entry with post-retirement increases for the period in DROP.

E. Disability while in DROP:

Non-Service Connected: The member will receive a pension benefit calculated as if they retired with a non-service connected disability on the date they entered DROP and their DROP account.

Service Connected Disability: The member can elect (i) their DROP account and the post-DROP monthly benefit or (ii) a disability benefit calculated as if the member had never entered DROP.

F. Death while in DROP:

The beneficiary will receive the greater of (i) the death benefit that the beneficiary would have received if the member had died at DROP entry with post-retirement increases plus the DROP account or (ii) the death benefit calculated as if the member had never entered DROP.

22. Guaranteed Retirement Income Plan *(effective 7/1/2009)*

A. Eligibility for GRIP entry:

- Full-time Non-Public Safety employees hired on or after July 1, 2009, who do not participate in the retirement savings plan may make a one-time irrevocable election to participate in the GRIP within the first 150 days of full time employment. Participation in the plan begins 180 days after employment.
- Part-time or temporary Non-Public Safety employees hired on or after October 1, 1994, who do not participate in the retirement savings plan may make a one-time irrevocable election to participate in the GRIP after at least 150 days of employment. Participation in the plan begins 180 days after employment.

B. The GRIP account collects:

- Member contributions (pre-tax unless noted otherwise)
  a. Non-public safety employees: 4 percent of regular base earnings up to the maximum Social Security wage base plus 8 percent of the excess.

  b. Public safety employees: 3 percent of regular base earnings up to the maximum Social Security wage base plus 6 percent of the excess.

  c. Effective July 1, 2011, members had the option to contribute an additional 2 percent of regular earnings for service between June 30, 2011 and July 1, 2012, on an after-tax basis by making an election in writing on or before September 1, 2011.

- Employer contributions

  a. Non-public safety employees: 8 percent of regular base earnings. Effective July 1, 2011, the employer contribution was 6 percent of regular base earnings for service between June 30, 2011, and July 1, 2012.

  b. Public safety employees: 10 percent of regular base earnings. Effective July 1, 2011, the employer contribution was 8 percent of regular base earnings for service between June 30, 2011, and July 1, 2012.

- 7.25 percent interest credited from the date of contribution.

C. Vesting Schedule:

- Employees are 100 percent vested in employee contributions at all times.
- County contributions are 0 percent vested from 0-3 years of credited service and 100 percent vested at 3 or more years of credited service.
- Participants become 100 percent vested at death or disability.

D. Normal Form of Payment – Lump sum

E. Optional Forms of Payment:

- Direct rollover
- Life annuity purchased from MCERP

F. Eligible Agencies:

- CC – credit union employees (outside agency)
- CM – union employees (represented)
- CN – non-bargaining employees (non-represented)
- CP – public safety employees
- CZ – elected officials who transferred from the EOP

23. Retirement Incentive Program *(effective 6/1/2010 for one time election)*

The Retirement Incentive Program offered a one-time election in June 2010 and provided enhanced benefits to 64 group A, group H and group E participants. Each retiree received up to a $35,000 lump sum payment. The early retirement reductions that would normally apply were reduced for some participants and eliminated for others.

24. Elected Officials' Plan (EOP)

The Elected Officials' Plan is a defined contribution plan within the Employees' Retirement System.

A. Participant and Eligibility:

- Elected officials are eligible to participate in the EOP. An elected official is the sheriff, the state's attorney, a County Council member, the County Executive and any County official elected for a fixed term as specifically provided in the Charter.
- Unless an elected official was an active member of a County retirement plan before becoming an elected official, which includes being on leave without pay, an elected official must participate in the EOP upon becoming an elected official. An elected official who chooses to continue to participate in another County retirement plan may become a member of the EOP at any time while an elected official after terminating participation in the other plan.

B. Transfer to the Guaranteed Retirement Income Plan (GRIP):

- An individual who is an elected official after December 6, 2010, may make a one-time irrevocable decision to terminate participation in the EOP and participate in the GRIP. An elected official must elect to participate in the GRIP during the first 150 days after becoming an elected official. Participation will begin on the first pay period after the elected official has been in office for 180 days. The elected official will have his or her EOP account transferred to the GRIP and the amount transferred into the GRIP will become the elected official's beginning GRIP account balance.
- An elected official who does not elect to participate in the GRIP must continue to participate in the EOP.

C. EOP Contributions:

- Employee contributions: 4 percent of pay (regular earnings) on a before-tax basis. Members may make an additional voluntary after tax contributions into the account of up to 7 percent of bi-weekly gross pay.
- Employer contributions: 8 percent of pay (regular earnings before taxes).

25. Changes in plan provisions

With the exception of the DROP implementation for Group E eligible uniformed correctional officers and sworn deputy sheriffs, there were no additional changes in plan provisions since the last actuarial valuation as of July 1, 2014.

SECTION E

GLOSSARY OF TERMS

GLOSSARY OF TERMS

Actuarial Accrued Liability (AAL). The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as "accrued liability" or "past service liability."

Actuarial Assumptions. Estimates of future plan experience such as investment return, expected lifetimes and the likelihood of receiving a pension from the Pension Plan. Demographic, or "people" assumptions, include rates of mortality, retirement and separation. Economic, or "money" assumptions, include expected investment return, inflation and salary increases.

Actuarial Cost Method. A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future plan benefits" between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the "actuarial funding method."

Actuarial Present Value of Future Plan Benefits. The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

Actuarial Value of Assets (AVA). Smoothed value of assets that recognizes the difference between the expected investment return using the valuation assumption of 7.50 percent and the actual investment return over a five-year period. Dampens volatility of asset value over time.

Amortization. Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

Annual Required Contribution. The sum of the normal cost and amortization of the unfunded actuarial accrued liability.

Asset Return. The net investment return for the asset divided by the mean asset value. Example: if $1.00 is invested and yields $1.075 after a year, the asset return is 7.50 percent.

Funded Ratio. The actuarial value of assets divided by the actuarial accrued liability. Measures the portion of the actuarial accrued liability that is currently funded.

Market Value of Assets (MVA). The value of assets currently held in the trust available to pay for benefits of the Pension Plan. Each of the investments in the trust is valued at market price which is the price at which buyers and sellers trade similar items in the open market

Normal Cost (NC). The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as "current service cost." Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

Unfunded Actuarial Accrued Liability (UAAL). The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as "unfunded accrued liability."